सत्यमेव जयते

Report of the
Comptroller and Auditor General of India
on
Revenue, Economic, Social and General Sectors and PSUs
for the year ended 31 March 2019

भारतीय लेखापरीक्षा और लेखा विभाग ✦ INDIAN AUDIT AND ACCOUNTS DEPARTMENT

सत्यमेव जयते

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Government of National Capital Territory of Delhi
Report No. 1 of the year 2021

Report of the
Comptroller and Auditor General of India

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Annexures

Preface

This Report contains three parts.

Chapter-I of this Report relates to the audit of Revenue Sector Departments of the Government. The audit of receipts is conducted under Section 16 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. This portion of the Report has been prepared for submission to the Lieutenant Governor of the National Capital Territory of Delhi under Section 48 of the Government of National Capital Territory of Delhi Act, 1991 for being laid before the Legislative Assembly of the National Capital Territory of Delhi. This Chapter presents the results of audit of receipts such as value added tax, stamps and registration fees and taxes on vehicles of the Government of NCT of Delhi for the year ended 31 March 2019.

Chapter-II of this Report relates to the audit of State Public Sector Undertakings. Audit of accounts of Government Companies is conducted by the Comptroller and Auditor General under the provisions of Section 619 of the Companies Act, 1956 and Sections 139 and 143 of the Companies Act, 2013 and audit of Statutory Corporations under their respective legislation. The Government is required to submit this portion of the Audit Report to the Legislative Assembly of National Capital Territory of Delhi under Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

Chapter-III of this Report relates to the audit of the Departments of the Government of National Capital Territory of Delhi under Social, General and Economic Sectors. This portion of the Report has been prepared for submission to the Lieutenant Governor of the National Capital Territory of Delhi under Section 48 of the Government of National Capital Territory of Delhi Act, 1991 for being laid before the Legislative Assembly of the National Capital Territory of Delhi.

The instances mentioned in this Report are those which came to notice in the course of test audit for the year 2018-19 as well as those which had come to notice in earlier years, but could not be incorporated in previous Reports. Matters relating to the period subsequent to 2018-19 have also been included, wherever necessary.

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

Overview

OVERVIEW

This Report comprises three chapters containing audit findings pertaining to Revenue, Economic, Social and General Sectors and Public Sector Undertakings (PSUs). Chapter I relating to Revenue Sector contains seven compliance audit paragraphs involving ₹ 137.77 crore on under-assessment, short levy of tax, interest and penalty. Chapter II relating to PSUs contains an overview on functioning of power and non-power sector PSUs and four compliance audit paragraphs involving ₹ 30.23 crore and Chapter III relating to Social and General Sectors contains three compliance audit paragraphs involving ₹ 29.76 crore. Some of the major findings detailed in the Report are summarised below.

Chapter I: Revenue Sector

Introduction

The total revenue receipts of the Government of National Capital Territory of Delhi (GNCTD) for the year 2018-19 were ₹ 43,112.60 crore as compared to ₹ 38,667.27 crore in the year 2017-18. Out of this, 86 *per cent* was raised through tax revenue (₹ 36,624.67 crore) and non-tax revenue (₹ 644.16 crore). The balance 14 *per cent* was received from the Government of India as Grants-in-Aid (₹ 5,843.77 crore). The increase in tax revenue was 2.54 *per cent* and decrease in non-tax revenue was 15.91 *per cent* over the previous year.

(Paragraph 1.1.1)

Test-check of the records of 60 units of the Department of Trade and Taxes, Revenue, and Transport conducted during the year 2018-19 revealed underassessment/short levy/loss of revenue and other irregularities involving ₹ 521.61crore in 394 cases. During the course of the year, the concerned Departments accepted underassessment and other deficiencies of ₹ 96.32 crore.

(Paragraph 1.1.8.1)

Compliance Audit Paragraphs

Department of Revenue

In 118 agreements, executed during 2014-15 to 2018-19, the stamp duty and registration fee leviable was not paid which resulted in short realisation of revenue of ₹ 25.68 crore.

(Paragraph 1.2)

Incorrect categorisation of properties and wrong calculation of valuation of properties resulted in short levy of stamp duty and registration fee of ₹ 3.19 crore.

(Paragraph 1.3)

Department of Trade and Taxes

The Assessing Authorities allowed Input Tax Credit of ₹ 2.56 crore to the assessees without verifying the details of tax deposited by the selling dealers which resulted in short levy of tax of ₹ 2.25 crore. In addition, interest of ₹ 1.21 crore and penalty of ₹ 2.25 crore were also leviable.

(Paragraph 1.4)

Failure of the Assessing Authority to ensure eligibility of the assessee for concessional rate of tax resulted in short levy of tax of ₹ 1.91 crore. In addition, interest of ₹ 1.60 crore and penalty of ₹ 1.91 crore were also leviable.

(Paragraph 1.5)

Failure of the Assessing Authorities to levy interest on additional demand resulted in non-levy of interest of ₹ 3.10 crore.

(Paragraph 1.6)

The Department failed to recover demand of ₹ 87.15 crore from assessees whose registrations had been cancelled.

(Paragraph 1.7)

The assessee had disclosed less sale of ₹ 29.94 crore in respect of construction material which resulted in short levy of tax of ₹ 2.72 crore. In addition, interest of ₹ 2.08 crore and penalty of ₹ 2.72 crore were also leviable.

(Paragraph 1.8)

Chapter II: Public Sector Undertakings (PSUs)

Functioning of PSUs

As on 31 March 2019, there were 19 State PSUs which included 17 Government companies and two statutory corporations. The working PSUs registered an annual turnover of ₹ 9,318.69 crore as per their latest finalised accounts as on 30 September 2019. This turnover was equal to 1.20 *per cent* of Gross State Domestic Product (GSDP) for the year 2018-19 (₹ 7,79,652.31 crore). The working PSUs incurred loss of ₹ 3,492.05 crore as per their latest finalised accounts. As on March 2019, the State PSUs had employed 0.30 lakh employees.

(Paragraph 2.1.1.2)

As on 31 March 2019, the total investment (equity and long term loans) in five power sector undertakings was ₹ 11,698.68 crore. The investment consisted of 64.17 *per cent* towards equity and 35.83 *per cent* in long-term loans.

(Paragraph 2.1.2.4)

The profit earned by Power Sector Undertakings was ₹ 806.48 crore in 2018-19 against ₹ 297.55 crore in 2014-15. According to their latest accounts received, out of these five PSUs, three PSUs earned profit and two PSUs incurred losses. The top profit making companies were Delhi Transco Limited (₹ 398.00 crore) and Pragati Power Corporation Limited (₹ 264.38 crore). Indraprastha Power Generation Company Limited incurred loss of ₹ 19.84 crore.

(Paragraph 2.1.2.9)

The overall accumulated profits of five power sector undertakings were ₹ 869.91 crore as against the capital investment of ₹ 7,506.79 crore resulting in net worth of ₹ 8,375.83 crore. Out of the five power sector undertakings, the net worth was eroded completely in Delhi Power Company Limited (-₹ 615.17 crore).

(Paragraph 2.1.2.13)

As on 31 March 2019, the total investment (equity and long term loans) in 14 State PSUs (other than power sector) was ₹ 14,093.20 crore. The investment consisted of 16.76 *per cent* towards equity and 83.24 *per cent* in long-term loans. The Long term loans advanced by the Government of National Capital Territory of Delhi (GNCTD) constituted 99.84 *per cent* (₹ 11,712.20 crore) of the total long term loans whereas 0.16 *per cent* (₹ 18.74 crore) of the total long term loans were availed from other financial institutions.

(Paragraph 2.1.3.4)

Of the total 14 PSUs (other than power sector), 12 PSUs had finalised 12 annual accounts during the period 1 October 2018 to 30 September 2019. Further, 15 annual accounts were in arrears which pertain to eight PSUs.

(Paragraph 2.1.3.8)

The PSUs (other than power sector) incurred overall losses during the five year period from 2014-15 to 2018-19. As per the latest accounts received, out of the 14 PSUs, five PSUs earned profit of ₹ 68.42 crore and five PSUs incurred losses of ₹ 4,366.95 crore (of which loss of DTC was ₹ 4,329.41 crore) and four PSUs had marginal loss.

(Paragraph 2.1.3.12)

Out of 14 non power sector PSUs, GNCTD invested in nine PSUs of which, the net worth was completely eroded in Delhi Transport Corporation (-₹ 31,489.06 crore).

(Paragraph 2 .1.3.17)

Compliance Audit Paragraphs

Department of Industries

Delhi State Industrial and Infrastructure Development Corporation Limited

Audit of "Operation and Maintenance of Industrial Areas at Bawana and Narela by Delhi State Industrial and Infrastructure Development Corporation Limited"

Delhi State Industrial and Infrastructure Development Corporation Limited (DSIIDC) was entrusted the responsibility of securing orderly establishment of industrial areas in NCTD, including their Operation and Maintenance.

The work of re-development and Operation and Maintenance of Industrial Areas at Bawana and Narela for a period of 15 years was allotted to M/s Bawana Infra Development Private Ltd (M/s Bawana) and M/s PNC Delhi Industrial Infra Private Limited (M/s PNC) respectively. The overall responsibility of management of Industrial Areas and services rendered by the concessionaires rested with DSIIDC.

(Paragraph 2.2.1)

The audit of operation and maintenance of these two Industrial Areas revealed serious deficiencies on the part of DSIIDC with respect to ensuring proper discharge of functions by the two concessionaires as per the concession agreement. DSIIDC neither had the complete details of the charges due and paid by each industrial unit, nor ensured the required certification of income and expenditure by the Statutory Auditors before transferring the amount collected to concessionaires. The concessionaires were given undue financial benefit by allowing escalation of monthly maintenance charges without obtaining the details of expenditure incurred by the concessionaires on Operation and Maintenance activities.

(Paragraphs 2.2.2.1 and 2.2.2.2)

There was unauthorised collection of water and sewer connection charges by the concessionaire in Narela Industrial Area and delay in adjustment of the same. Besides, there was delay in adjustment of parking charges also. Further, there was delay in adjustment of water and sewer connection charges as well as electricity and water bills in Bawana Industrial Area.

(Paragraphs 2.2.2.3 and 2.2.2.4)

Improper monitoring by DSIIDC led to adverse environmental implications, e.g. non-disposal and accumulation of Municipal Solid Waste in these Industrial Areas leading to choking of drains and sewers; industrial effluents were discharged directly into storm water drains. There were instances of inadequate sweeping of roads, watering and cleaning of parks and slow progress of repair works etc.

(Paragraphs 2.2.4.1, 2.2.4.2 and 2.2.4.3)

Third Party Engineer failed to discharge its duties effectively by highlighting the repeated occurrences of deficiencies in operation and maintenance and recommending recovery of penalties but DSIIDC failed to take any action against the Third Party Engineer in the absence of any penal clause in the agreement with Third Party Engineer, despite directions from the CMD to incorporate this clause while granting extension to the Third Party Engineer.

(Paragraphs 2.2.3 and 2.2.5.1)

The grievance redressal mechanism was not functioning adequately and effectively.

(Paragraph 2.2.5.3)

Failure of Delhi State Industrial and Infrastructure Development Corporation to timely assess the income tax liability and consequent non-payment of advance tax resulted in avoidable payment of interest of ₹ 3.74 crore.

(Paragraph 2.3)

Department of Power

Pragati Power Corporation Limited

Pragati Power Corporation Limited suffered a loss of ₹ 22.83 crore as it had undervalued the assets under "Machinery Breakdown" policy by excluding the value of Excise and Custom duties element, at the time of taking insurance of its Power Plant.

(Paragraph 2.4)

Department of Tourism

Delhi Tourism and Transportation Development Corporation Limited

Delhi Tourism and Transportation Development Corporation Limited failed to recover service tax timely from the concessionaires and paid ₹ 93.91 lakh including interest on service tax from its own funds.

(Paragraph 2.5)

Chapter III: Social, General and Economic Sectors (Non-PSUs)

This portion of the Report contains three paragraphs with financial implication of ₹ 29.76 crore relating to Functioning of Delhi Building and Other Construction Workers Welfare Board, Government of National Capital Territory of Delhi, excess expenditure on electricity charges by Delhi Technological University and excess payment of transport allowance to employees by Indraprastha Institute of Information Technology Delhi.

Compliance Audit Paragraphs

Department of Labour

Audit of Functioning of Delhi Building and Other Construction Workers Welfare Board, Government of National Capital Territory of Delhi

The Delhi Building and Other Construction Workers' Welfare Board was constituted in September 2002 to collect Cess and utilise the same for providing social security, health care etc. to construction workers in Delhi. However, the Board did not prepare any long term perspective plan or annual plan to ensure fulfilment of its mandated objectives. During the years 2002-19, the Board received ₹ 3,273.64 crore as cess, interest on cess collected and registration fee out of which it spent only ₹ 182.88 crore (5.59 *per cent)* on welfare of construction workers and the cess and fee collected alongwith interest had accumulated to ₹ 2,709.46 crore as of March 2019.

(Paragraph 3.2.6.2)

Construction workers are required to be registered with the Board for availing benefits of the welfare schemes. However, the Board did not conduct any survey for identification of construction workers in Delhi for improving the registration of number of workers. As of March 2019, only 17,339 (1.7 *per cent*) out of an estimated 10 lakh construction workers were registered with the Board, thereby depriving 98 *per cent* of the workers of the benefits of welfare schemes of the Board. Even in the case of registered workers, the benefits provided were limited as there was no outgo on six out of the 15 welfare schemes implemented by the Board. The administrative expenses of the Board was also much in excess of the prescribed limit of five *per cent* of total expenditure, and was 14.42 *per cent* in 2016-17 and 12.20 *per cent in* 2018-19.

(Paragraphs 3.2.6.1 and 3.2.10.1)

Directorate of Training and Technical Education

Failure of Delhi Technological University to assess the sanctioned load in consonance with actual requirement resulted in excess expenditure of ₹ 1.55 crore during the period from July 2018 to March 2020 on account of fixed charges.

(Paragraph 3.3)

Grant of Transport Allowance at enhanced rates to the employees of Indraprastha Institute of Information Technology, Delhi without the prior concurrence of the Finance Department of GNCTD resulted in irregular payment of extra TA amounting to ₹ 1.03 crore.

(Paragraph 3.4)

Chapter-I

Revenue Sector

Chapter-I

Revenue Sector

1.1 Introduction

1.1.1 Trend of revenue receipts

1.1.1.1 The tax and non-tax revenue raised by the Government of National Capital Territory of Delhi (GNCTD) during the year 2018-19, Grants-in-aid received from the Government of India (GoI) during the year and the corresponding figures for the preceding four years are depicted in **Table-1.1**.

Table-1.1: Trend of revenue receipts

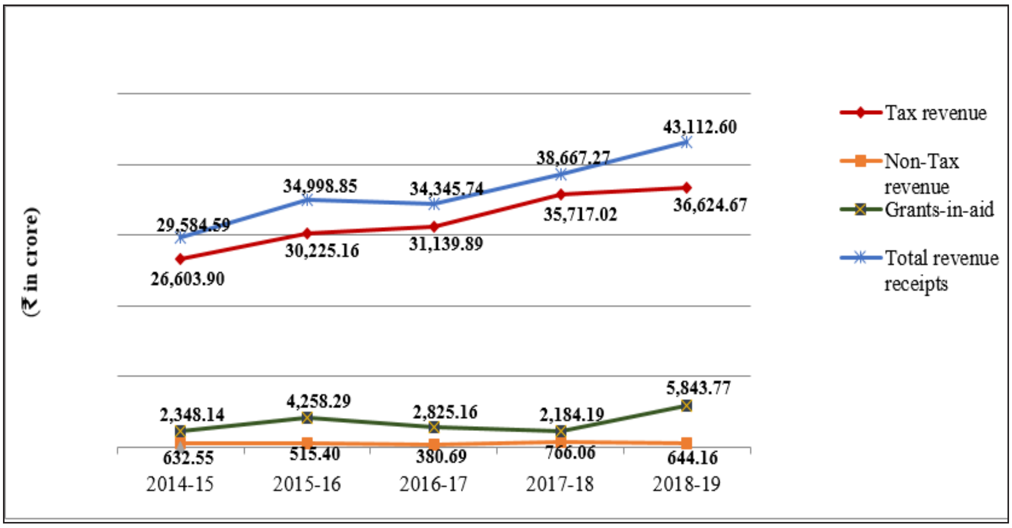
(₹ in crore)

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1	**Revenue raised by GNCTD**					
	Tax revenue	26,603.90	30,225.16	31,139.89	35,717.02	36,624.67
	Non-tax revenue	632.55	515.40	380.69	766.06	644.16
	Total	**27,236.45**	**30,740.56**	**31,520.58**	**36,483.08**	**37,268.83**
2	**Receipts from the Government of India**					
	Grants-in-aid	2,348.14	4,258.29	2,825.16	2,184.19	5,843.77[1]
3	**Total revenue receipts of the GNCTD (1 and 2)**	**29,584.59**	**34,998.85**	**34,345.74**	**38,667.27**	**43,112.60**
4	**Percentage of 1 to 3**	**92**	**88**	**92**	**94**	**86**

Source: Finance Accounts of GNCTD

The year-wise trend in revenue receipts during 2014-15 to 2018-19 is depicted in **Chart-1.1**.

Chart-1.1



[1] This includes an amount of ₹ 4,182 crore received in 2018-19 for compensation of loss of revenue arising out of implementation of Goods and Services Tax (GST). In the year 2017-18, compensation received for loss of revenue was ₹ 157.00 crore only.

The revenue (Tax and non-tax) raised by the GNCTD of ₹ 37,268.83 crore during the year 2018-19 was 86 *per cent* of the total revenue receipts. The balance 14 *per cent* of the receipts during 2018-19 came as Grants-in-aid from the Government of India.

1.1.1.2 The details of tax revenue raised during the period 2014-15 to 2018-19 are given in **Table-1.2**.

Table-1.2: Details of Tax Revenue raised

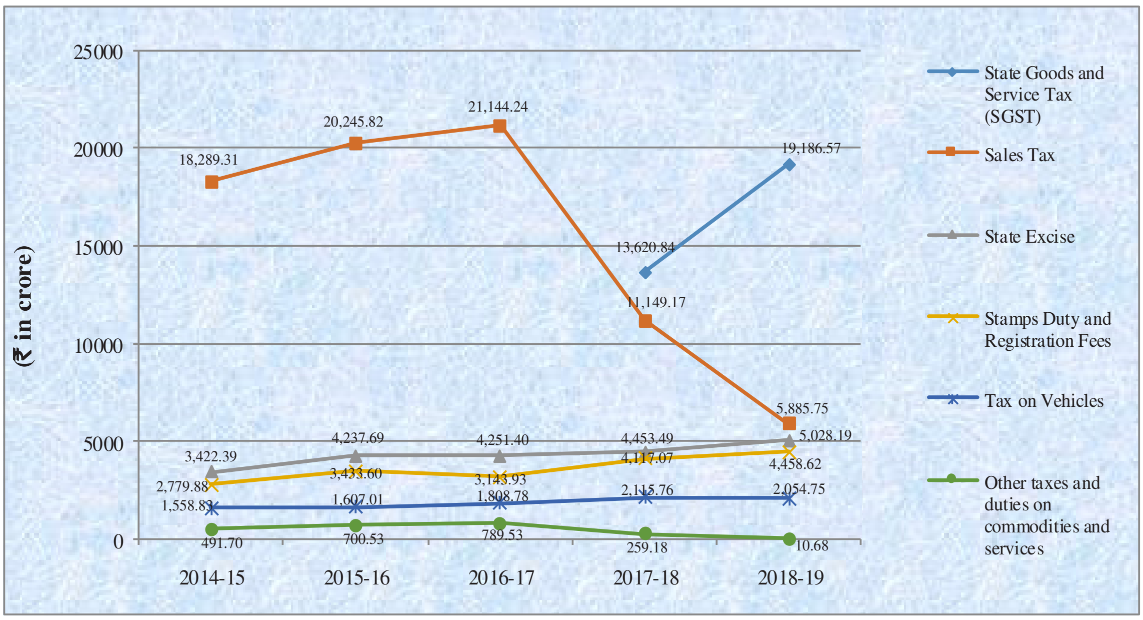
(₹ in crore)

Sl. No.	Head of revenue	2014-15 (percentage of total tax revenue)	2015-16 (percentage of total tax revenue)	2016-17 (percentage of total tax revenue)	2017-18 (percentage of total tax revenue)	2018-19 (percentage of total tax revenue)	Percentage of increase (+) or decrease (-) in actual of 2018-19 over 2017-18
1	**State Goods and Service Tax (SGST)**	-	-	-	13,620.84 (38.14%)	19,186.57 (52.39%)	40.86
2	**Sales Tax**	18,289.31 (68.75%)	20,245.82 (66.98%)	21,144.24 (67.90%)	11,149.17 (31.21%)	5,885.75 (16.07%)	-47.21
3	**State Excise**	3,422.39 (12.86%)	4,237.69 (14.02%)	4,251.40 (13.65%)	4,453.49 (12.47%)	5,028.19 (13.73%)	12.90
4	**Stamps and Registration Fees**	2,779.88 (10.45%)	3,433.60 (11.36%)	3,143.93 (10.10%)	4,117.07 (11.53%)	4,458.62 (12.17%)	8.30
5	**Tax on Vehicles**	1,558.83 (5.86%)	1,607.01 (5.32%)	1,808.78 (5.81%)	2,115.76 (5.92%)	2,054.75 (5.61%)	-2.88
6	**Other taxes and duties on commodities and services**	491.70 (1.85%)	700.53 (2.32%)	789.53 (2.53%)	259.18 (0.73%)	10.68 (0.03%)	-95.88
7	**Land Revenue**	61.79 (0.23%)	0.51 (0.002%)	2.01 (0.01%)	1.51 (0.004%)	0.11 (0.0003%)	-92.72
	Total Tax Revenue	**26,603.90**	**30,225.16**	**31,139.89**	**35,717.02**	**36,624.67**	

Source: Finance Accounts of GNCTD

Year-wise trend of various tax revenues is depicted in **Chart-1.2**.

Chart-1.2



The actual tax receipts of the NCT of Delhi increased by ₹ 907.65 crore (2.54 *per cent*) from ₹ 35,717.02 crore in 2017-18 to ₹ 36,624.67 crore in 2018-19. The overall actual tax receipts of the NCT of Delhi showed an increasing trend which increased to ₹ 36,624.67 crore in 2018-19 from ₹ 26,603.90 crore in 2014-15, a growth of 37.67 *per cent*. The major contribution to revenue receipts was from Sales Tax/SGST which grew by 1.22 *per cent* in 2018-19 over the previous year. The actual receipts for the year 2018-19 under the heads 'State Excise' and 'Stamps and Registration Fees' increased by 12.90 *per cent* and 8.30 *per cent* respectively while receipts under the heads 'Tax on Vehicles' and 'Land Revenue' decreased by 2.88 *per cent* and 92.72 *per cent* respectively over the previous year. After subsuming in GST, tax receipts under the head 'Other taxes and duties on commodities and services' reduced to ₹ 10.68 crore in 2018-19 from ₹ 259.18 crore in 2017-18.

The respective Departments reported the following reasons for variation during the year:

SGST/ Sales Tax

The Department stated that GST was introduced w.e.f. 01 July 2017, in the financial year 2017-18. Since 01 July 2017, Value Added Tax (VAT) is collected on petroleum products and liquor only, and all other goods are covered under GST.

State Excise

Excise revenue had increased due to collective efforts made by the Enforcement branch and Excise Intelligence Bureau (EIB). EIB branch had seized 3,65,391 bottles during the year 2018-19 and 100 *per cent* sale of liquor was done through scanning of bar codes allotted to individual bottles.

Other taxes and duties on commodities and services

The Department stated that tax revenue under the Major Head 'Other taxes and duties on commodities and services' for the year 2018-19 decreased as Delhi Entertainment and Betting Tax has been repealed and subsumed in GST w.e.f. 01 July 2017.

Land Revenue

Land and Building Department is not a regular collector of land revenue. In October 2013, an order was passed by the Hon'ble Delhi High Court awarding a sum of ₹ 2.48 crore along with interest at the rate of nine *per cent* per annum to the Department. In compliance of the above order, part amount of ₹ 1.50 crore was received in 2017-18. Further, in the year 2018-19 an amount of ₹ 10.00 lakh only was received in another judgment of the Hon'ble Delhi High Court.

Stamps and Registration Fees

Revenue receipts increased due to increase in registration of documents, starting of registration of unauthorised colonies, constant monitoring of tax collection and online stamp duty payment by Stock Holding Corporation of India Limited (SHCIL).

Tax on Vehicles

Shortfall in revenue collection was primarily due to reduction in registration of vehicles by 2.11 *per cent* (from 7,20,828 vehicles in 2017-18 to 7,05,618 vehicles in 2018-19).

1.1.1.3 The details of non-tax revenue raised during the period 2014-15 to 2018-19 are indicated in **Table-1.3**.

Table-1.3: Details of Non-tax Revenue raised

(₹ in crore)

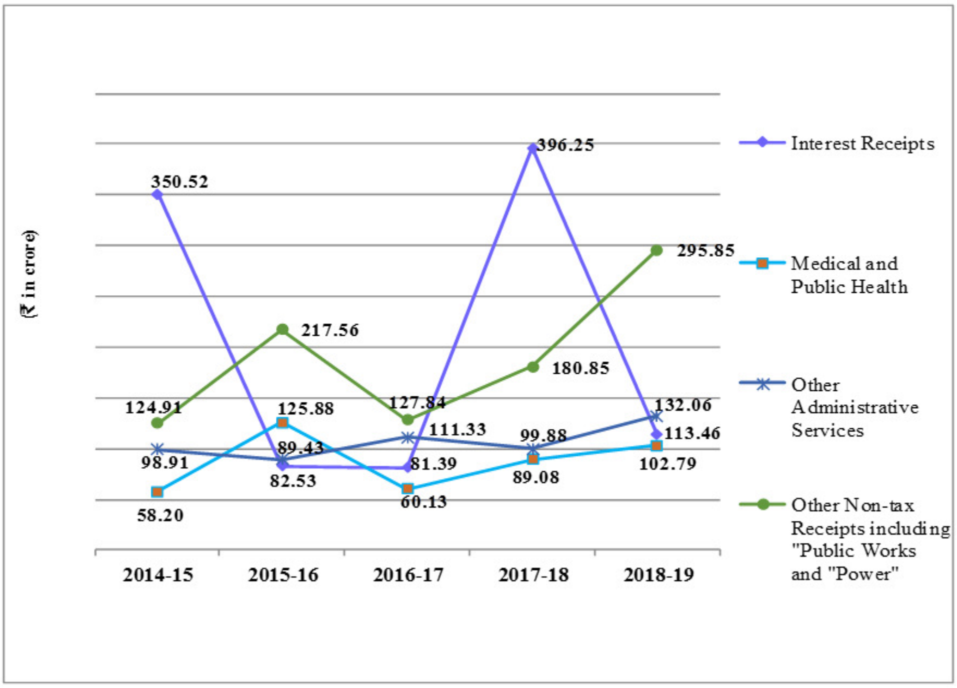
Sl. No.	Head of Revenue	2014-15	2015-16	2016-17	2017-18	2018-19	Percentage of increase (+) or decrease (-) in Actual of 2018-19 over 2017-18
1	Interest Receipts	350.52	82.53	81.39	396.25	113.46	-71.37
2	Medical and Public Health	58.20	125.88	60.13	89.08	102.79	15.39
3	Public Works	14.74	18.47	22.23	14.34	17.75	23.78
4	Power	16.38	42.06	21.40	26.25	53.15	102.48
5	Other Administrative Services	98.91	89.43	111.33	99.88	132.06	32.22
6	Other[2] Non-tax Receipts	93.79	157.03	84.21	140.26	224.95	60.38
Total		**632.54**	**515.40**	**380.69**	**766.06**	**644.16**	

Source: Finance Accounts of GNCTD

[2] Dividends and Profits, Public Service Commission, Police, Jails, Education, Family Welfare, Housing, Urban Development, Information & Publicity, Labour and Employment, Social Security and Welfare, Crop Husbandry, Animal Husbandry, Fisheries, Forestry and Wildlife, Cooperation, Other Agricultural Programmes, Other Rural Development Programmes, Medium Irrigation, Village and Small Industries, Non-ferrous mining and metallurgical industries, Tourism, Civil Supplies, Other general economic services.

Year-wise trend of various non-tax revenues is depicted in **Chart-1.3**.

Chart-1.3



The non-tax receipts of the NCT of Delhi have been fluctuating over the period 2014-15 to 2018-19. It declined by 15.91 *per cent* in 2018-19 over the revenue attained in 2017-18. The major contribution in non-tax revenue receipts was from 'Interest Receipts' and 'Other Administrative Services'. However, 'Interest Receipts' declined by ₹ 282.79 crore (71.37 *per cent*) while 'Other Administrative Services' increased by ₹ 32.18 crore (32.22 *per cent*) during the current year over the previous year.

Revenue receipts under the head 'Medical and Public Health', 'Power' and 'Public Works' for the year 2018-19 increased by ₹ 13.71 crore (15.39 *per cent*), ₹ 26.90 crore (102.48 *per cent*) and ₹ 3.41 crore (23.78 *per cent*) respectively. The respective Departments reported the following reasons for variation during the year:

Interest Receipts

The decrease in Interest Receipts in 2018-19 as compared to 2017-18 was due to payment of ₹ 300 crore by Delhi Transco Limited (DTL) on account of interest on loans related to previous periods in 2017-18.

Medical and Public Health

The increase in 'Medical and Public Health' was due to revision of contribution under Delhi Government Employees Health Scheme (DGEHS).

Power

Increase in revenue was due to receipts of annual license fee from Tata Power Delhi Distribution Limited (TPDDL) and DTL.

Other Non-tax Receipts

The major increase was attributed to receipts under Urban Development. Receipts under the heads Dividends and Profits and Labour and Employment had decreased.

(i) Receipts under Urban Development during 2018-19 was ₹ 132.08 crore as compared to previous year receipts of ₹ 32.23 crore as the Member of Legislative Assembly Local Area Development (MLALAD) scheme under District Urban Development Agency (DUDA) was reverted back from DUDA to Urban Development Department and the amount was refunded;

(ii) Receipts under Dividends and Profits during the year 2018-19 was ₹ 14.31 crore as compared to previous year receipts of ₹ 15.91 crore;

(iii) Receipts under Labour and Employment during the year 2018-19 decreased to ₹ 10.52 crore as compared to previous year receipts of ₹ 20.79 crore.

1.1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2019 under some principal heads of revenue amounted to ₹ 36,226 crore of which ₹ 4,033 crore was outstanding for more than five years as depicted in **Table-1.4**.

Table-1.4: Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total Amount outstanding as on 31 March 2019	Amount outstanding for more than five years as on 31 March 2019	Remarks
1	Taxes on Sales, Trade etc.	36,226	4,033	Department did not provide reasons for accumulation of arrears and efforts made to recover the same, despite request.
2	State Excise	Not provided	Not provided	Excise Department did not provide figures of arrears of revenue despite request.
Total		**36,226**	**4,033**	

Source: Department of Trade and Taxes.

Arrears of ₹ 4,033 crore pertaining to Department of Trade & Taxes (DTT) could not be recovered for more than five years which indicates that the Department did not take effective steps to recover these arrears. Besides, arrears of DTT increased from ₹ 33,010.14 crore on 31 March 2018 to

₹ 36,226 crore on 31 March 2019. Arrears of tax revenue are accumulating year after years.

The Department should draw up an action plan for recovery of arrears of taxes in a time-bound manner so that they do not become time-barred.

1.1.3 Arrears in assessments

The details of units/cases pending at the beginning of the year, units/cases becoming due for assessment, units/cases disposed of during the year and number of units/cases pending for finalisation at the end of the year as furnished by the Department of Excise, Entertainment and Luxury Tax and Department of Trade and Taxes are depicted in **Table-1.5**.

Table-1.5: Arrears in assessments

Head of revenue	Opening balance of units/cases	New units/ cases due for assessment during 2018-19	Total assessments due	Units/cases disposed off during 2018-19	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	2	3	4	5	6	7
Luxury Tax	2530	0	2530	1688	842	66.72
Taxes on Sales, Trade etc.	0	4,13,135	4,13,135	4,13,135	0	100

Source: Departments of Trade and Taxes, and Excise, Entertainment and Luxury Tax

The percentage of disposal of assessment cases was 100 *per cent* in respect of Department of Trade and Taxes.

1.1.4 Details of pendency of refund cases

The number of refund cases pending at the beginning of the year 2018-19, claims received during the year, refunds allowed during the year and the cases pending at the end of 2018-19 as reported by the Departments are depicted in **Table-1.6:**

Table-1.6: Details of pendency of refund cases

(₹ in crore)

Sl. No.	Particulars	Sales Tax/VAT/GST		Excise, Entertainment and Luxury tax		Transport	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1	Claims outstanding at the beginning of the year	54,126	2,383.44	22	1.86	Nil	Nil
2	Claims received during the year	11,273	645.90	02	0.03	203	284.79
3	Total claims	65,399	3,029.34	24	1.89	203	284.79
4	Refunds made during the year	34,739	1,023.61	23	1.53	203	284.79
5	Percentage of refunds to the total claims	53.12	33.79	95.83	80.95	100	100
6	Balance outstanding at the end of year	30,660	2,005.73	1	0.36	Nil	Nil

Delhi VAT Act provides for payment of interest at an annual rate notified by the Government, if the excess amount is not refunded to the dealer within 60 days from the date of the order. Not refunding the claims within the stipulated period may attract payment of interest. However, the amount of interest paid on refunds was not provided by the Departments.

1.1.5 Response of the Government/Departments to Audit

The Principal Accountant General (Audit), Delhi (PAG) conducts periodical inspection of the Government Departments to test-check transactions and verify maintenance of accounts and other records as prescribed in the rules and procedures. These inspections are followed up through Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The Heads of the offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance to the PAG within four weeks from the date of receipt of the IRs. Serious financial irregularities are reported to the Heads of the Departments and the Government.

The summarised position of the IRs issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2019 is depicted in **Annexure 1.1**.

The number of pending paras increased from 4,481 (from 289 IRs) involving an amount of ₹ 3,093.36 crore in 2009-10 to 9,595 (from 910 IRs) involving money value of ₹ 7,346.42 crore at the end of the year 2018-19 which indicates that the Department did not take adequate steps to settle the outstanding paragraphs.

This large pendency of paras due to non-receipt of replies is indicative of the fact that the Heads of offices and the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the Audit in the IRs. Lack of executive action on audit observations weakens accountability and raises the risk of avoidable loss of revenue. The continuous increase in the number of pending audit paragraphs merits the attention of the Government to ensure effective mechanisms to regularly monitor and review the compliance and settlement of audit observations.

1.1.5.1 Departmental Audit Committee Meetings

The Government set up an Audit Committees to monitor and expedite the progress of settlement of audit paragraphs in the IRs. However, no audit committee meeting was held by the Departments during the year 2018-19.

1.1.5.2 Non-production of records to Audit for scrutiny

As per Section 18 (1) (b) of CAG's DPC Act, 1971, any accounts, books, papers and other documents which deal with or form basis or are otherwise relevant to the transactions to which his duties in respect of audit extended, shall be sent to such place as he may appoint for his inspection. The programme of local audit of Tax Revenue offices is drawn up sufficiently in advance and intimations are issued, usually one month before the commencement of audit, to the Departments to enable them to keep the relevant records ready for audit scrutiny.

Primary records of the dealers were available in the DVAT system of the Department, however, in some cases these records were not considered sufficient for any audit conclusion. Audit requisitioned physical records of 4,021 dealers during the year 2018-19 for intensive scrutiny but the Department provided only records of 1,454 (36 *per cent*) dealers which is a violation of CAG's powers provided under Section 18 (1) (b) of DPC Act, 1971. Consequently, the revenue involved in these cases could not be ascertained. Departments of Revenue and Transport provided 100 *per cent* records requisitioned.

1.1.5.3 Follow up on Audit Reports – summarised position

To ensure accountability of the executives to the issues dealt with in various Audit Reports, the administrative departments are to issue *suo-motu* Action Taken Notes (ATNs) on all audit paragraphs and performance audits featuring in the Audit Reports irrespective of the fact whether these are taken up for discussion by the Public Accounts Committee (PAC) or not. These ATNs are to be submitted to the PAC duly vetted by the Principal Accountant General (Audit), Delhi within a period of four months from the date of presentation of Audit Reports in the Legislative Assembly of Delhi.

However, ATNs on the Reports were delayed in respect of 21 paragraphs and one Performance Audits (PAs) included in the Reports of the CAG of India on the Revenue Sector of the GNCTD for the years ended 31 March 2014, 2015, 2016, 2017 and 2018 placed before the State Legislative Assembly between May 2015 and December 2019. The ATNs from the concerned Departments were received late with an average delay of six months in respect of each of these Audit Reports. ATNs in respect of 18 paragraphs and one PA from the Departments had not been received in respect of the Audit Reports for the year ended 31 March 2014, 2015, 2016, 2017 and 2018 as depicted in **Table-1.7**.

Table-1.7: Details of Paragraphs, Performance Audits and the ATNs

Sl. No.	Year of Report ending 31 March	Number of Paragraphs and Performance Audits printed in Report	Number of Paragraphs and Performance Audits for which ATNs were awaited
1.	**2014**	3+0 (PA)	2+0 (PA)
2.	**2015**	0+1 (PA)	0+1 (PA)
3.	**2016**	4+0 (PA)	3+0 (PA)
4.	**2017**	7+0 (PA)	6+0 (PA)
5.	**2018**	7+0 (PA)	7+0 (PA)
Total		**21+1 (PA)**	**18+1(PA)**

PAC did not discuss paragraphs/PAs pertaining to the Audit Reports (Revenue Sector) for the period 2013-14 to 2017-18.

1.1.6 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Departments and the amount recovered are depicted in **Annexure 1.2**.

The reports for the year 2008-09 to 2017-18 contained audit findings involving ₹ 9,054.81 crore, out of which, observations involving money value of ₹ 732.28 crore were accepted by the Departments. However, only an amount of ₹ 1.85 crore (0.25 *per cent*) was recovered by the Department which was negligible. It was also observed that the recovery in 2018-19 was nil. The meagre amount of recovery depicts lackadaisical approach of the Department and poor monitoring.

Departments may consider fixing responsibility of all the officers who have failed to effect recoveries in accepted cases.

1.1.7 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 the audit observations and other parameters. The annual audit plan is prepared on the basis of a risk analysis which takes into account matters highlighted in the 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, factors of the tax administration, audit coverage and its impact during the past five years.

During the year 2018-19, there were 166 auditable units of which 60 units were planned and audited.

1.1.8 Results of Audit

1.1.8.1 Position of local audits conducted during the year

Audit of 60 units[3] out of 166 auditable units[4] involving tax revenue receipts[5] of ₹ 12,214.73 crore was conducted during the year 2018-19. Test-check of records revealed under-assessment/short levy/loss of revenue and other irregularities involving ₹ 521.61 crore in 394 paragraphs as categorised in **Table-1.8**.

Table-1.8: Category-wise audit observations

Sl. No.	Categories	No. of paragraphs/ cases	Amount (₹ in crore)
Sales Tax/Value Added Tax			
1	Irregular claim of Input Tax Credit	9	5.71
2	Irregular claim of concessional rate of tax on Inter-state sale to local dealers	1	5.42
3	Non -levy of interest	2	3.10
4	Non-recovery of demand and consequential loss of interest	3	87.15
5	Short levy of tax	1	7.52
6	Other irregularities	211	379.73
	Total	**227**	**488.63**
Motor Vehicle Tax			
1	Other Irregularities	42	0.00
	Total	**42**	**0.00**
Stamp Duty and Registration Fee			
1	Non-levy of Stamp Duty and Registration Fees	1	25.68
2	Short levy of Stamp Duty and Registration Fees	1	3.19
3	Other Irregularities	123	4.11
	Total	**125**	**32.98**
	Grand Total	**394**	**521.61**

During the year, Audit pointed out instances of short/non-levy of tax/duties amounting to ₹ 521.61 crore, out of which the concerned Departments accepted under-assessment and other deficiencies of ₹ 96.32 crore.

1.1.9 Coverage of the Revenue Chapter

This Chapter on Revenue Sector contains seven paragraphs involving financial effect of ₹ 137.77 crore. The Government has accepted audit observations involving ₹ 96.32 crore. These are discussed in the succeeding paragraphs.

[3] Value Added Tax-42, Motor Vehicles Tax-7, Stamps and Registration Fees-11

[4] Value Added Tax-126, Stamps and Registration Fees-22, Motor Vehicles Tax-17, State Excise-1

[5] Include the amount of tax receipts of audited period.

Compliance Audit Paragraphs

Department of Revenue

1.2 Non-levy of stamp duty and registration fee on lease deeds

In 118 agreements, executed during 2014-15 to 2018-19, the stamp duty and registration fee leviable was not paid which resulted in short realisation of revenue of ₹ 25.68 crore.

As per Section 2(16) of the Indian Stamp Act, 1899, 'lease' means a lease of immovable property and includes also (a) a *patta*; (b) 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; (c) any instrument by which tolls of any description are let; (d) any writing on an application for a lease intended to signify that the application is granted. Further, as per item 35 of Schedule IA of the Indian Stamp Act, any instrument for leasing or sub-leasing immovable property or any agreement to let or sub-let is chargeable to stamp duty. Further, Section 17(1)(d) of the Registration Act, 1908 also 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 reserved and on the basis of period of lease[6].

Reference is invited to Para no. 2.6.6.1 of Audit Report No. 1 of the Comptroller and Auditor General of India for the year ended 31 March 2013, wherein non-registration of lease deeds by three[7] Municipal Corporations of Delhi (MCsD) was commented upon. In reply to this observation, the Department had replied (March 2014) that the three MCsD have been directed to charge requisite stamp duty while entering into lease deeds/agreements on the instrument for registering the same as per Section 17 of the Registration Act.

During test-check of records of three MCsD, audit observed (between April and July 2019) that they were executing agreements with private entrepreneurs for award of contracts of parking sites for commuters, unipoles, banquet halls and 'right to collect tolls' for periods exceeding one year. Stamp duty and registration fee were leviable on such agreements. However, audit observed 118 agreements executed during 2014-15 to 2018-19 where the stamp duty

[6] Rates of stamp duty on lease/rent agreements of a property are
- Upto 5 years- 2% of the average annual rent.
- Upto 10 years- 3% of the average annual rent
- Upto 20 years- 6% of the average annual rent
- Upto 30 years- 9% of the average annual rent

[7] East Delhi Municipal Corporation (EDMC), North Delhi Municipal Corporation (NDMC), and South Delhi Municipal Corporation (SDMC).

and registration fee was leviable but was not paid. This resulted in short realisation of revenue amounting to ₹ 25.68 crore.

The Department without contesting the audit observation stated (November 2020) that the audit observation on non-registration of lease deeds has been communicated to the three MCsD and has requested for strict compliance of the relevant statutes and also asked them to furnish the authentic copies of the instruments executed between them and private companies/entrepreneurs.

The Department needs to devise a formal mechanism to periodically obtain the details of all agreements executed and to ensure that revenue due is realised.

1.3 Short levy of stamp duty and registration fee

Incorrect categorisation of properties and wrong calculation of valuation of properties resulted in short levy of stamp duty and registration fee of ₹ 3.19 crore.

The Government of NCT of Delhi (GNCTD) introduced minimum circle rates for valuation of land and buildings under different categories of areas (‘A’ to ‘H’)[8] vide notification dated 18 July 2007. The minimum circle rates were last revised vide notification dated 22 September 2014.

Section 27 of the Indian Stamp Act, 1899 stipulates that consideration (if any) and all other facts and circumstances affecting the chargeability of any instrument with duty, or the amount of the duty with which it is chargeable, shall be fully and truly set forth therein. Where the deficiency of stamp duty is not determinable in the absence of facts and circumstances affecting the chargeability of duty and the document has been executed in contravention of Section 27 of the Act, the registering officers are empowered to refer such cases to the Collector of Stamps for prosecution under Section 64 of the said Act.

Examination of records revealed the following cases of short levy of stamp duty and registration fee:

a. Incorrect categorisation of properties

For charging stamp duty and registration fee, minimum value of property is to be worked out by multiplying the area of the property with the minimum circle rates, as per the category of the locality. Further, for calculating the cost of land for residential and commercial purpose, a multiplicative factor of ‘one’ and ‘three’ respectively is used.

[8] Highest circle rate for ‘A’ category and lowest circle rate for ‘H’ category.

During test-check of registered instruments, audit observed (between April and July 2019) six cases in two[9] SRs **(Annexure 1.3)** wherein the properties comprising of land and building were "commercial", but stamp duty and registration fee was charged as applicable on "residential" properties. This resulted in short levy of stamp duty and registration fee amounting to ₹ 2.39 crore. Audit further verified two out of these six cases (properties) and found that these two properties were categorised (since inception) as commercial in the records of the concerned MCD.

The Department stated (November 2020) that the cases highlighted by audit have been referred to the concerned SR/Collector of Stamps/Registrar with direction to take remedial measures i.e., impounding, recovery of duty, prosecution as per the provisions of the Indian Stamp Act.

b. Wrong calculation of the valuation of properties

Stamp duty is charged at the time of registration of a property as per the rates fixed vide notification of September 2014. As per Rule 5(1) of Delhi Stamp (Prevention of Undervaluation of Instrument) Rules, 2007, the party presenting an instrument relating to immovable property, shall submit a statement in duplicate in 'Form A' along with the instrument.

During test-check of registered instruments in nine[10] SRs, audit found (between April and July 2019) 82 cases **(Annexure 1.4)**, wherein stamp duty and registration fee were calculated on incorrect consideration amount due to various reasons such as variation in area disclosed in the instrument and Form A, incorrect calculation, wrong category of area, error in calculation of land value etc. This resulted in short levy of stamp duty and registration fee of ₹ 80.41 lakh.

The Department stated (November 2020) that the cases highlighted by audit have been referred to concerned SR/Collector of Stamps/Registrar with direction to take remedial measures i.e. impounding, recovery of duty, prosecution as per the provisions of the Indian Stamp Act.

Department of Trade and Taxes

1.4 Irregular claim of Input Tax Credit

The Assessing Authorities allowed Input Tax Credit (ITC) of ₹ 2.56 crore to the assessees without verifying the details of tax deposited by the selling dealers which resulted in short levy of tax of ₹ 2.25 crore. In addition, interest of ₹ 1.21 crore and penalty of ₹ 2.25 crore were also leviable.

Section 9 (2) (g) of the Delhi Value Added Tax (DVAT) Act, 2004 stipulates that no tax credit shall be allowed to a dealer or class of dealers unless the tax

9 Asaf Ali and Basai Darapur.
10 Asaf Ali road, Basai Darapur, Kalkaji, Lajpat Nagar, Pitampura, Rohini, Sarojini Nagar, Seelampur and Vivek Vihar.

paid by the purchasing dealer has actually been deposited by the selling dealer with the Government or has been lawfully adjusted against output tax liability and correctly reflected in the return filed for the respective tax period. Section 86 (10) of the DVAT Act stipulates that any person who furnishes a return under this Act which is false, misleading or deceptive in a material particular shall be liable to pay by way of penalty a sum of ten thousand rupees or the amount of tax deficiency, whichever is greater. Interest shall also be liable under Section 42 (2) of the DVAT Act for default in making the payment of any amount.

Audit scrutiny of records (between June 2018 and February 2019) of nine wards[11] revealed that 34 assessees filed their quarterly returns along with summary of purchases (Annexure-2A) for the assessment years 2014-15 to 2016-17. As per purchase summary (Annexure-2A) of these assessees available on online portal of the Department of Trade and Taxes for the assessment years 2014-15 to 2016-17, the assessees claimed ITC of ₹ 2.56 crore on local purchases of ₹ 63.40 crore. However, on cross verification from sales summary (Annexure-2B), it was found that the selling dealers had shown sales of only ₹ 3.98 crore to the assessees for the respective tax periods. This implies that the assessees had shown irregular local purchase in the Annexure-2A and claimed inadmissible ITC.

Thus, failure of the Assessing Authorities in verifying the details of tax deposited by the selling dealers during assessment between 19 August 2015 and 23 September 2016 resulted in short levy of tax of ₹ 2.25 crore. In addition, interest of ₹ 1.21 crore and penalty of ₹ 2.25 crore were also leviable.

The Government accepted the facts and stated (July 2020) that all the assessees have been re-assessed between 23 July 2018 and 07 July 2020 and an additional demand of ₹ 4.25 crore including interest and penalty has been raised. Further response was awaited (January 2021).

1.5 Irregular claim of concessional rate of tax on Inter-state sale to local dealers

Failure of the Assessing Authority to ensure eligibility of the assessee for concessional rate of tax resulted in short levy of tax of ₹ 1.91 crore. In addition, interest of ₹ 1.60 crore and penalty of ₹ 1.91 crore were also leviable.

Section 8(1) of the Central Sales Tax (CST) Act, 1956 provides that every dealer, who in the course of inter-state trade or commerce, sells goods to a registered dealer, shall be liable to pay tax under this Act, which shall be two *per cent* of his turnover or at the rate applicable to the sale or purchase of

[11] Ward Nos. 44, 52, 58, 61, 62, 63, 84, 91 and 97

such goods inside the appropriate State under the sales tax law of the State, whichever is lower. Otherwise, the dealer shall be liable to pay tax under Section 6 of CST Act on inter-state trade as applicable. Section 86 (10) of the DVAT Act, 2004 stipulates that any person who furnishes a return under this Act which is false, misleading or deceptive in a material particular shall be liable to pay, by way of penalty, a sum of ten thousand rupees or the amount of tax deficiency, whichever is higher. Interest shall also be liable under Section 42 (2) of the DVAT Act for any default in making the payment of any amount.

During scrutiny (between April 2018 and May 2018) of cases assessed in the year 2017-18 in Ward 202, audit observed that online sales summary (DVAT-31)/Annexure 2B of an assessee[12] reflected inter-state sale of ₹ 18.23 crore, for which concessional rate of tax of two *per cent* was paid. However, online data available on departmental portal of DTT revealed that the sale of ₹ 18.23 crore was in fact made to two local dealers only on which normal tax of 12.5 *per cent* was applicable.

Thus, failure of the Assessing Authority to ensure eligibility of the assessee for concessional rate of tax resulted in short levy of tax of ₹ 1.91 crore[13]. In addition, interest[14] of ₹ 1.60 crore and penalty of ₹ 1.91 crore were also leviable.

The Government accepted the facts and stated (July 2019) that the case has been reassessed and an additional demand of ₹ 3.40 crore including interest raised. Further response was awaited (January 2021).

1.6 Non-levy of interest

Failure of the Assessing Authorities to levy interest on additional demand resulted in non-levy of interest of ₹ 3.10 crore.

Section 42(2) of the Delhi Value Added Tax (DVAT) Act, 2004 stipulates that when a person is in default in making payment of any tax, penalty or other amount due under this Act, he shall, in addition to the amount assessed, be liable to pay simple interest on such amount at the annual rate notified by the Government from time to time, computed on a daily basis, from the date of such default for so long as he continues to make default in payment of the said amount. The Government notified the annual rate of interest as 15 *per cent* for the purpose of the said Section vide notification dated 25 April 2005.

Scrutiny of records (between September 2018 and February 2019) of two wards[15] for the years 2013-14 to 2014-15 revealed that the assessments of

12 TIN No. 07270393028
13 Calculated at the rate of 10.5 *per cent* (12.5 *per cent* -2 *per cent*) on sale of ₹ 18.23 crore.
14 Interest @ 15 *per cent* per annum from the day immediately following the due date of tax calendar month i.e. 22nd of the following month of the quarter upto 31 May 2019.
15 Ward Nos. 63 and 83

five assessees[16] were completed between December 2016 and February 2018. The assessment orders revealed that Assessing Authorities (AAs) while assessing the cases disallowed (i) the Input Tax Credit (ITC) of ₹ 4.21 crore in four cases and (ii) an amount of ₹ 0.16 crore on account of inter-state sale of goods sold locally without issuing invoices in one case and reversed the same by raising additional tax demand of ₹ 4.37 crore. However, audit noticed that the AAs failed to levy interest on additional demand of ₹ 4.37 crore, which resulted in non-levy of interest of ₹ 3.10 crore from the date of such default i.e. for the period between 22 October 2013 to 31 May 2019.

The Government accepted the facts and stated (July/August 2020) that new assessment was framed on the five assessees and interest of ₹ 1.46 crore[17] has been levied on tax. However, the assessees had not paid the demands and therefore writs of demand have been issued. Further response was awaited (January 2021).

1.7 Non-recovery of demands of tax, interest and penalty

The Department failed to recover demand of ₹ 87.15 crore from assessees whose registrations had been cancelled.

Sections 32(2) and 33(2) of the Delhi Value Added Tax (DVAT) Act, 2004 provides that the amount of additional tax and penalty assessed is due and payable within the date stipulated in the assessment order served by the Commissioner. Any amount of tax, interest or penalty, composition money or other amount due under this act which remains unpaid even after the due date shall be recoverable under Section 43 of the DVAT Act. Further, Section 22(9) of the DVAT Act stipulates that the cancellation of registration shall not affect the liability of any person to pay tax due for any period and unpaid as on the date of such cancellation or which is assessed thereafter notwithstanding that he is not otherwise liable to pay tax under this Act. Interest shall also be leviable under Section 42(2) of the DVAT Act for default in making the payment of any amount.

Scrutiny of records of three wards[18] for the year 2014-15 revealed (between July 2018 and February 2019) that the assessment of 14 assessees[19] was completed under Sections 32 and 33 of the DVAT Act between August 2015 and July 2018 by raising additional demand of ₹ 75.09 crore (tax ₹ 39.77 crore; interest ₹ 11.99 crore and penalty ₹ 23.33 crore) though their

[16] TIN Nos. 07946918577, 07120134169, 07250360835, 07940197447 and 07960390466

[17] In case of two assessees (TIN Nos. 07946918577 and 07120134169) the AAs did not levy interest from the date of default till the date of assessment and as such there was less levy of interest.

[18] Ward Nos. 25, 52 and 63.

[19] TIN Nos. 07586920327, 07246920320, 07486920285, 07416920275, 07766920325, 07396920286, 07656920822, 07056920279, 07146920278, 07860185269, 07376950270, 07096919384, 07946918577 and 07686913482.

registrations had already been cancelled between February 2014 and September 2016, by the Department. The assessees were directed to deposit the demand within the time period mentioned in the assessment order. In case the demand was not deposited within the prescribed time period, the Department was required to initiate proceedings for recovery of tax, interest and penalty by issuing recovery certificates under Section 43 of the DVAT Act. However, audit noticed that the Department did not take any action for realising the demands against the assessees. This resulted in non-realisation of revenue amounting to ₹ 87.15 crore (tax- ₹ 39.77 crore; interest[20] ₹ 24.05 crore and penalty-₹ 23.33 crore).

On this being pointed out, the Government issued (between May 2019 and September 2020) recovery certificates/writs of demand after a lapse of 27 months to 50 months from the date of issue of the assessment orders. However, the demand of ₹ 87.15 crore has not yet been recovered (January 2021).

1.8 Short levy of tax

The assessee had disclosed less sale of ₹ 29.94 crore in respect of construction material which resulted in short levy of tax of ₹ 2.72 crore. In addition, interest of ₹ 2.08 crore and penalty of ₹ 2.72 crore were also leviable.

In accordance with provision to Section 4 of the DVAT Act, 2004 and Section 8 of the CST Act, tax shall be paid at the rate applicable on the turnover of the dealer pertaining to goods, as defined from time to time. Further, Section 86(10) of the DVAT Act stipulates that any person who furnishes a return under this Act which is false, misleading or deceptive in a material particular shall be liable to pay by way of penalty a sum of ten thousand rupees or the amount of tax deficiency, whichever is the greater. Interest shall also be liable under Section 42(2) of the DVAT Act for default in making the payment of any amount.

Scrutiny of records of Ward-110 revealed (March 2019) that an assessee[21] filed its quarterly returns for the assessment year 2013-14 and claimed input tax credit (ITC) on purchase of goods worth ₹ 63.38 crore (excluding capital goods). As the assessee had claimed ITC on purchase of goods worth ₹ 63.38 crore, it establishes that minimum[22] purchase value of construction material i.e. goods that are transferred in execution of works contract was ₹ 63.38 crore. The assessment of the assessee for the year was done in

[20] Interest has been calculated upto 31 May 2019.
[21] TIN No. 07180476546
[22] As audit does not have break up of inter-state purchases (other than Capital Goods), audit has not considered any part of the inter-state purchases as purchase of construction material. However, there is possibility that the assessee might have made inter-state purchase of construction material.

November 2016. The assessee had shown 'Nil' closing stock of construction material as on 31 March 2013 and closing stock of ₹ 13.68 crore as on 31 March 2014 in its Balance Sheet. Hence, construction material consumed during the year works out to ₹ 49.70 crore (opening stock: ₹ nil + Purchase: ₹ 63.38 crore- closing stock: ₹ 13.68 crore). However, Audit noted that the assessee disclosed total sale of ₹ 19.76 crore (excluding labour component) during 2013-14. Thus, the assessee had disclosed less corresponding sale of construction material of ₹ 29.94 crore (₹ 49.70 crore - ₹ 19.76 crore) in his quarterly returns for the year 2013-14. This resulted in short levy of tax of ₹ 2.72 crore[23]. Besides, interest of ₹ 2.08 crore and penalty of ₹ 2.72 crore were also leviable.

The Government stated (July 2020) that the matter was taken up with the assessee who stated that audit has not considered the labour components and stock of consumables. It further stated that in this case assessment was made under Section 32 of DVAT Act by the Assessing Authority after considering work contract summary, DVAT Form 30 and 31, Trading Account etc. and accordingly demand of tax and interest of ₹ 6.22 lakh was created. However, the reply is not acceptable as while calculating the construction material consumed, Audit had excluded labour components and stock of stores and consumables.

[23] Short levy of tax has been worked out @ 5 *per cent* on ₹ 13.69 crore and @ 12.5 *per cent* on ₹ 16.25 crore considering the ratio of turnover on which the assessee had calculated tax liability @ 5 *per cent* and 12.5 *per cent*.

Chapter-II

Public Sector Undertakings

Chapter II

Introduction

2.1 Functioning of State Public Sector Undertakings

2.1.1 General

2.1.1.1 State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory corporations. State PSUs are established to carry out activities of a commercial nature and occupy an important place in the State economy. As on 31 March 2019, there were 19[1] PSUs in the Government of National Capital Territory of Delhi (GNCTD), including two[2] Statutory corporations and 17 Government companies under the audit jurisdiction of the Comptroller and Auditor General of India (CAG). None of these Government companies was listed on the stock exchange.

2.1.1.2 The financial performance of the PSUs is on the basis of latest finalised accounts received from PSUs as on 30 September 2019 except for the years 2014-15 to 2017-18. The nature of PSUs and the position of accounts are indicated in **Table-2.1.1.1**.

Table-2.1.1.1: Nature of PSUs covered in the Report

Nature of PSUs	Total Number	Number of PSUs whose accounts were received during the reporting period[3]					Number of PSUs whose accounts are in arrear (total accounts in arrear) as on 30 September 2019
		Accounts upto 2018-19	Accounts upto 2017-18	Accounts upto 2016-17	Accounts prior to 2016-17	Total	
Working Government companies[4]	17	10	3	1	1	15	7(14)
Statutory corporations	2	0	1	-	-	1	2(2)
Total	**19**	**10**	**4**	**1**	**1**	**16**	**9(16)**

Source: Compiled based on accounts received during the period from October 2018 to September 2019

The working PSUs registered an annual turnover of ₹ 9,318.69 crore as per their latest finalised accounts received as on 30 September 2019. This turnover was equal to 1.20 *per cent* of Gross State Domestic Product (GSDP) for the year 2018-19 (₹ 7,79,652.31 crore). The working PSUs incurred loss

[1] Includes NDMC Smart City Limited, incorporated in 2016-17 through equity contribution by NDMC. The GNCTD has not made any investment in the Company. It also includes Intelligent Communication Systems India Limited, incorporated in April 1987 whose audit was entrusted to Pr. Accountant General (Audit), Delhi w.e.f. December 2018.

[2] Delhi Financial Corporation and Delhi Transport Corporation

[3] From October 2018 to September 2019.

[4] Government PSUs include other companies referred to in Section 139(5) and 139(7) of the Companies Act, 2013.

of ₹ 3,492.05 crore as per their latest received accounts. As on March 2019, the State PSUs had employed 0.30 lakh employees.

Accountability framework

2.1.1.3 The procedure for audit of Government companies is laid down in Sections 139 and 143 of the Companies Act, 2013 (Act 2013). According to Section 2(45) of the Act 2013, a Government company means any company in which not less than 51 *per cent* of the paid-up share capital is held by the Central Government or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary company of such a Government company. Besides, any other company[5] owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments is referred to in this Report as Government Controlled other Company.

The Comptroller and Auditor General of India (CAG) appoints the statutory auditors of a Government company and Government Controlled Other Company under Sections 139(5) and (7) of the Companies Act, 2013. Section 139(5) of the Companies Act, 2013 provides that the statutory auditors in case of a Government company or Government Controlled Other Company are to be appointed by the CAG within a period of 180 days from the commencement of the financial year. Section 139(7) of the Companies Act, 2013 provides that in case of a Government Company or Government Controlled Other Company, the first auditor is to be appointed by the CAG within 60 days from the date of registration of the Company and in case CAG does not appoint such auditor within the said period, the Board of Directors of the Company or the members of the Company have to appoint such auditor.

Further, as per sub-Section 7 of Section 143 of the Act 2013, the Comptroller and Auditor General of India may, in case of any company covered under sub-Section (5) or sub-Section (7) of Section 139, if considered necessary, by an order, cause test audit to be conducted of the accounts of such Company and the provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test audit. Thus, a Government company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments is subject to audit by the CAG. An audit of the financial statements of a Company in respect of the financial years that commenced on or before 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

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[5] Ministry of Corporate Affairs- (Removal of Difficulties) Seventh Order 2014 dated 4 September 2014.

Statutory audit

2.1.1.4 The financial statements of the Government companies (as defined in Section 2(45) of the Act 2013) are audited by Statutory Auditors, who are appointed by the CAG as per the provisions of Section 139(5) or (7) of the Act, 2013. The Statutory Auditors submit a copy of the Audit Report to the CAG including, among other things, financial statements of the Company under Section 143(5) of the Act 2013. These financial statements are also subject to supplementary audit by the CAG within 60 days from the date of receipt of the audit report under the provisions of Section 143(6) of the Act, 2013.

Audit of Statutory corporations is governed by their respective legislations. Out of two Statutory corporations in GNCTD, the CAG is sole auditor for Delhi Transport Corporation. In respect of Delhi Financial Corporation, the audit is conducted by Chartered Accountants appointed under the State Financial Corporations Act, 1951 and supplementary audit is conducted by the CAG.

Submission of accounts by PSUs

2.1.1.5 Need for timely finalisation and submission

According to Sections 394 and 395 of the Companies Act, 2013, an Annual Report on the working and affairs of a Government company is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after such preparation, laid before the Houses or both the Houses of State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. Almost similar provisions exist in the respective Acts regulating Statutory corporations. This mechanism provides the necessary legislative control over the utilisation of public funds invested in the companies from the Consolidated Fund of the State.

Section 96 of the Companies Act, 2013 requires every company to hold an AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statement for the financial year has to be placed in the said AGM for their consideration. Section 129(7) of the Companies Act, 2013 provides for levy of penalty, like fine and imprisonment, on persons, including directors of the Company, responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

Role of Government and Legislature

2.1.1.6 The State Government exercises control over the affairs of these PSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the State Government.

The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this, the Annual Reports together with the Statutory Auditors' Reports and comments of the CAG in respect of State Government companies, and Separate Audit Reports (SAR) in case of Statutory corporations, are to be placed before the State Legislature under Section 394 of the Companies Act, 2013 or as stipulated in the respective Acts. The Audit Reports of the CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

Investment by GNCTD in State Public Sector Undertakings (PSUs)

2.1.1.7 GNCTD has high financial stakes in the PSUs. This is mainly of two types:

- **Share capital and loans –** In addition to the share capital contribution, GNCTD also provides financial assistance by way of loans to the PSUs from time to time.
- **Special financial support –** GNCTD provides budgetary support by way of grants and subsidies to the PSUs as and when required.

2.1.1.8 The sector-wise summary of investment in the PSUs as on 31 March 2019 is given in **Table-2.1.1.2**.

Table-2.1.1.2: Sector-wise investment in PSUs as on 31 March 2019

Name of sector	Government Companies[6]	Statutory Corporations	Total	Investment[7] (₹ in crore)		
				Equity	Long term loans	Total
Power	4	-	4	7,106.78	2,709.81	9,816.59
Finance	1	1	2	51.38	33.92	85.30
Service	3	-	3	24.04	2.14	26.18
Infrastructure	2	-	2	21.00	0	21.00
Transport	1	1	2	1,994.50	11,676.14	13,670.64
Total	**11**	**2**	**13**	**9,197.70**	**14,422.01**	**23,619.71**

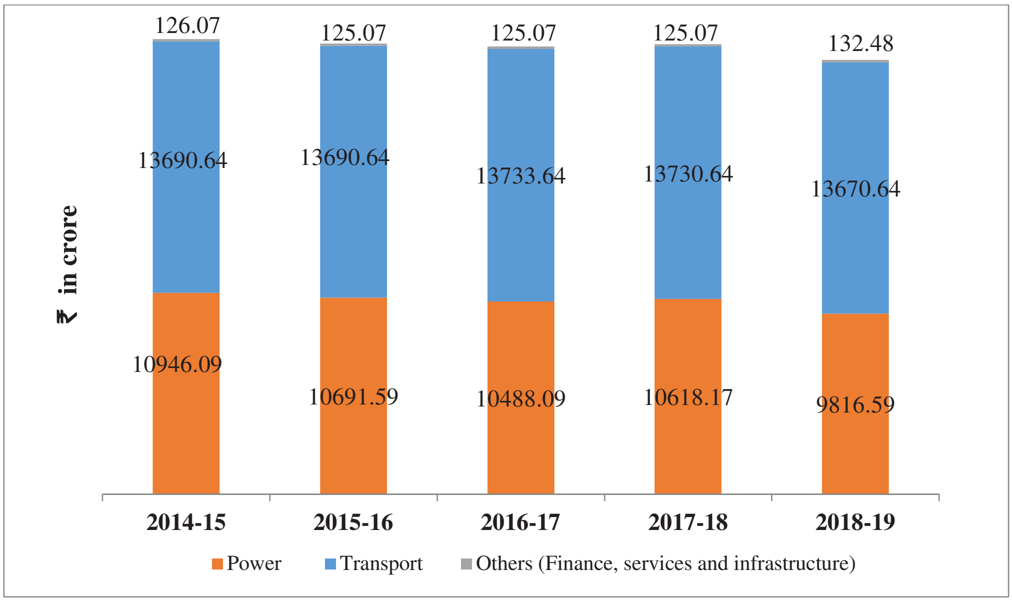
Source: Compiled based on information received from PSUs.

2.1.1.9 The investment in various important sectors made by the State government during the years 2014-15 to 2018-19 is indicated in **Chart-2.1.1.1**.

6 Excluding NDMC Smart City Limited, Intelligent Communication Systems India Limited, Delhi Creative Arts Development Limited, DSIIDC Liquor Limited, DSIIDC Maintenance Services Limited and DSIIDC Energy Limited in which no investment was made by GNCTD.

7 Investments include equity and long term loans.

Chart-2.1.1.1: Sector-wise investment in PSUs



Source: Compiled based on information received from PSUs

The total investment (equity and long term loans) between 2014-15 and 2018-19 in the power sector ranged between ₹ 9,816.59 crore and ₹ 10,946.09 crore, in transport sector ranged between ₹ 13,670.64 crore to ₹ 13,733.64 crore and in other sectors (including finance, services and infrastructure sector) ranged between ₹ 125.07 crore to ₹ 132.48 crore.

Keeping in view the level of investment in the power sector, the results of audit of five power sector PSUs are being presented in Part I[8] of this report and of the balance 14 PSUs (other than power sector) in Part II[9] of the report.

Compliance Audit Paragraphs

2.1.1.10 For the Report of the Comptroller and Auditor General of India (Public Sector Undertakings) for the year ended 31 March 2019, four compliance audit paras (including one long para on Operation and Maintenance of Industrial Areas at Bawana and Narela) included in Part -III of the report, were issued to the Principal Secretaries/ Secretaries of the respective Administrative Departments with request to furnish replies. Replies on all compliance audit paras have been received from the Government and taken into account while finalising the paras. The total financial impact of these four compliance audit paras is ₹ 30.23 crore.

[8] Part I includes Chapter-I (Functioning of Power Sector Undertakings)
[9] Part II includes Chapter-II (Functioning of PSUs other than Power Sector)

PART-I

2.1.2 Functioning of Power Sector Undertakings

Introduction

2.1.2.1 Power Sector Undertakings play an important role in the economy of the State. Apart from providing critical infrastructure required for development of the State's economy, the sector also adds to the GSDP of the State. A ratio of power sector PSUs' turnover to GSDP shows the extent of activities of PSUs in the State economy. **Table-2.1.2.1** provides the details of turnover of the power sector undertakings and GSDP of Delhi for a period of five years ending March 2019:

Table-2.1.2.1: Details of turnover of Power Sector Undertakings vis-à-vis GSDP of Delhi

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Turnover[10]	3,640.67	4,410.86	3,617.57	4,178.31	4,938.10
GSDP of Delhi	4,94,803.02	5,50,803.70	6,15,605.26	6,90,098.28	7,79,652.31
Percentage of turnover to GSDP of Delhi	0.74	0.80	0.59	0.61	0.63

Source: Accounts of PSUs and State GSDP data.

The growth of turnover of power sector undertakings has shown a mixed trend till 2016-17 and has improved subsequently ranging between (-) 17.98 *per cent* to 21.16 *per cent* while the growth of GSDP of Delhi has shown an increasing trend ranging between 11.32 *per cent* to 12.98 *per cent.*

Compounded annual growth is a useful method for measuring growth rate over multiple time periods. Against the compounded annual growth of 12.04 *per cent* of GSDP during the last five years, the turnover of power sector undertakings recorded a lower compounded annual growth at 7.92 *per cent.* The share of turnover of these power sector undertakings to GSDP has reduced from 0.74 *per cent* in 2014-15 to 0.63 *per cent* in 2018-19.

Formation of Power Sector Undertakings

2.1.2.2 The Government of National Capital Territory of Delhi (GNCTD) enacted (November 2000) the Delhi Electricity Reform Act 2000 (DERA 2000) to provide for the constitution of an Electricity Regulatory Commission, restructuring of the electricity industry (rationalisation of generation, transmission, distribution and supply of electricity), increasing avenues for participation of private sector in the electricity industry and for taking measures conducive to the development and management of the electricity industry in an efficient, commercial, economic and competitive manner in the

[10] The figures for the years 2014-15 to 2017-18 have been taken as per previous year Audit Reports and for 2018-19 as per the latest accounts received as on 30 September 2019.

National Capital Territory of Delhi and for matters connected therewith or incidental thereto. Pursuant to the provisions of the Act, GNCTD notified the Delhi Electricity Reform (Transfer Scheme) Rules, 2001 (November 2001). The Transfer Scheme provided for the unbundling of the functions of the Delhi Vidyut Board (DVB) and transfer of existing assets, liabilities, proceedings and personnel of the Board in the successor entities. Accordingly, six new companies viz.,(i) Holding company (Delhi Power Company Limited-DPCL), (ii) GENCO (Indraprastha Power Generation Company Limited-IPGCL), (iii) TRANSCO (Delhi Transco Limited- DTL), (iv) DISCOM-1, (v) DISCOM-2 and (vi) DISCOM-3 were incorporated (July 2001) but started functioning from 1 July 2002. DISCOM-1, DISCOM-2 and DISCOM-3 were transferred to the private sector (July 2002). In addition to the above, audit of two Power Sector Undertakings viz., Pragati Power Corporation Limited (PPCL, incorporated in January 2001) and Delhi State Industrial and Infrastructure Development Corporation (DSIIDC) Energy Limited (incorporated in May 2011) was entrusted to the Principal Accountant General (Audit), Delhi, bringing five power sector undertakings under the audit purview was indicated in Table 2.1.2.2.

Disinvestment, restructuring and privatisation of Power Sector Undertakings

2.1.2.3 There was no disinvestment, restructuring and privatisation of power sector undertakings by GNCTD during the year 2018-19.

Investment in Power Sector Undertakings

2.1.2.4 The activity-wise summary of investment in power sector undertakings as on 31 March 2019 is given in **Table-2.1.2.2**.

Table-2.1.2.2: Activity-wise investment in power sector undertakings

Activity	Number of PSUs	Investment (₹ in crore)				
		Equity		Long term loans		Total
		GNCTD	Others[11]	GNCTD	Others	
Generation of Power[12]	2	2,670.73	140.00	1,115.92	957.79	4,884.44
Transmission of Power[13]	1	3,691.00	260.00	263.33	524.29	4,738.62
Distribution of Power[14]	-	0.00	0.00	0.00	0.00	0.00
Other[15]	2	745.05	0.01	1,330.56	0.00	2,075.62
Total	**5**	**7,106.78**	**400.01**	**2,709.81[16]**	**1,482.08**	**11,698.68**

Source: Compiled on the basis of latest accounts received as on 30 September 2019.

11 Others include Government of India (GoI), Government PSUs and others.
12 Includes IPGCL and PPCL.
13 DTL.
14 The DISCOMs are functioning in the private sector.
15 Includes DPCL and DSIIDC Energy Limited.
16 The long term loans of GNCTD do not include an amount of ₹ 588.70 crore which have been depicted as Current Liability in accounts of PSUs being current maturity of the loan i.e. loan to be repaid during the next year (as per Ind AS).

As on 31 March 2019, the total investment (equity and long-term loans) in five power sector undertakings was ₹ 11,698.68 crore. The investment consisted of 64.17 *per cent* towards equity and 35.83 *per cent* in long-term loans. Equity contribution by GNCTD constituted 94.67 *per cent* (₹ 7,106.78 crore) of the total equity whereas 5.33 *per cent* (₹ 400.01 crore) of the equity was contributed by GoI/others. The long-term loans advanced by GNCTD constituted 64.64 *per cent* (₹ 2,709.81 crore) of the total long-term loans whereas 35.36 *per cent* (₹ 1,482.08crore) of the total long-term loans were availed from other financial institutions and banks.

Budgetary Support to Power Sector Undertakings

2.1.2.5 GNCTD provides financial support to power sector undertakings in various forms through the annual budget. The summarised details of budgetary outgo towards equity, loans and grants/subsidies released during the year in respect of power sector undertakings for the last three years ending March 2019 are given in **Table-2.1.2.3**.

Table-2.1.2.3: Details of budgetary support to power sector undertakings during the last three years

(₹ in crore)

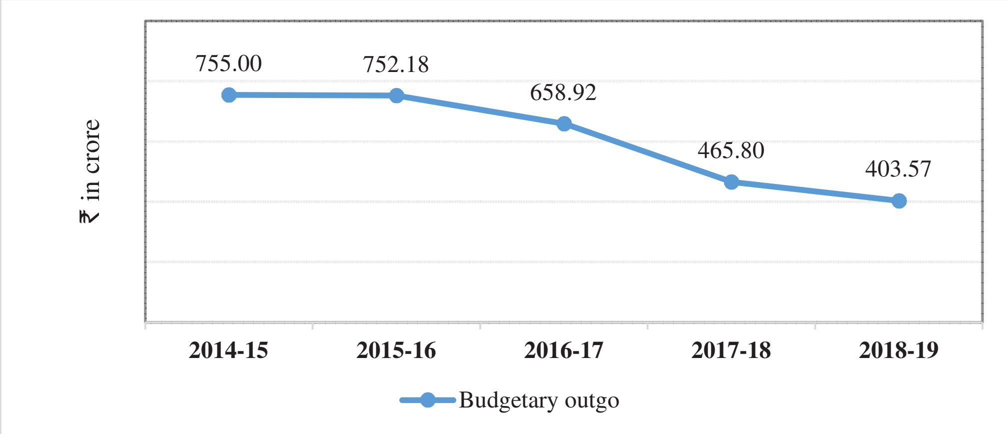
Particulars[17]	2016-17		2017-18		2018-19	
	Number of PSUs	Amount	Number of PSUs	Amount	Number of PSUs	Amount
Equity Capital (i)	0	0.00	0	0.00	0	0.00
Loans given (ii)	3	469.98	3	465.80	2	400.00
Grants/Subsidy provided (iii)	3	188.94	0	0	1	3.57
Total Outgo (i+ii+iii)	4	658.92	3	465.80	2	403.57

Source: Information furnished by PSUs.

The details of budgetary support towards equity, loans and grants/subsidies for the last five years ending March 2019 are given in **Chart-2.1.2.1**.

[17] Amount represents outgo from State Budget only.

Chart-2.1.2.1: Budgetary support towards Equity, Loans and Grants/ Subsidies



Source: Information received from PSUs

The budgetary assistance received by these PSUs during the year ranged between ₹ 403.57 crore and ₹ 755.00 crore during the period 2014-15 to 2018-19. The budgetary assistance of ₹403.57 crore received during the year 2018-19 consisted of loan of ₹ 400 crore and grants/subsidy of ₹ 3.57 crore given by GNCTD.

Reconciliation with Finance Accounts of GNCTD

2.1.2.6 The figures in respect of equity and loans outstanding as per records of State PSUs should agree with the figures appearing in the Finance Accounts of GNCTD. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. The differences in figures of loans as on 31 March 2019 is given in**Table-2.1.2.4**.

Table-2.1.2.4: Loans outstanding as per Finance Accounts vis-à-vis records of power sector undertakings

(₹ in crore)

Particulars	Outstanding Loans		Difference
	As per Finance Accounts	As per records of power sector undertaking[18]	
Total Loan	5,426.02	5,436.70	-10.68

Source: Information collected from PSUs and PAOs, GNCTD.

The differences between the figures relates to DTL (₹ 10.14 crore) and IPGCL (₹ 0.54 crore). **It is recommended that the State Government and the PSUs reconcile the differences in a time-bound manner.**

[18] It includes long term loans of ₹ 2,377.17 crore +current maturity of the loan of ₹ 588.70 crore to be repaid during the next year + Loan transferred to current liability yet to be repaid though due in earlier years of ₹ 2,470.83 crore as depicted in the accounts of the Power Sector Undertakings.

Submission of accounts by Power Sector Undertakings

2.1.2.7 Timeliness in preparation of accounts by power sector undertakings

There were five power sector undertakings under the audit purview of CAG as of 31 March 2019. Accounts for the year 2018-19 were submitted by four working PSUs by 30 September 2019 as per statutory requirement. Details of arrears in submission of accounts of power sector undertakings as on 30 September of each financial year for the last five years are given in **Table-2.1.2.5**.

Table-2.1.2.5: Position relating to submission of accounts of power sector undertakings

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1	Number of PSUs	5	5	5	5	5
2	Number of accounts submitted during the current year	5	0	6	9	4
3	Number of current year accounts received during the year	1	0	1	4	4
4	Number of previous year accounts received during the current year	1	4	5	4	0
5	Number of PSUs with arrears in accounts	0	5	4	0	1[19]
6	Number of accounts in arrears	0	5	4	0	1
7	Extent of arrears	Nil	one year	one year	Nil	one year

Source: Compiled based on accounts of PSUs received during the period from October 2014 to September 2019.

Performance of Power Sector Undertakings

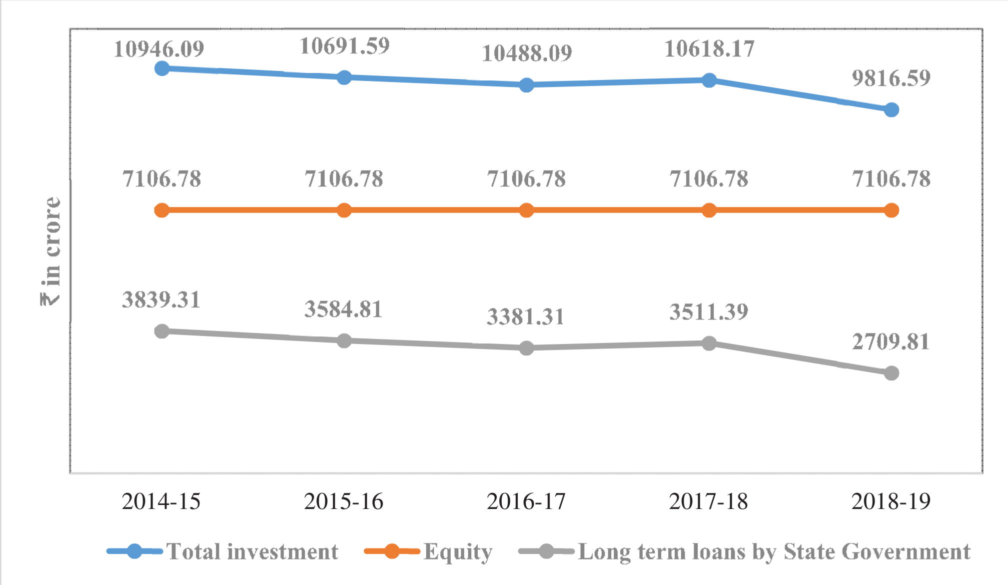
2.1.2.8 The financial position and working results of five power sector undertakings as per their latest accounts received as of 30 September 2019 are detailed in **Annexure 2.1**.

The public sector undertakings are expected to yield reasonable return on investment made by the Government in the undertakings. The amount of investment in the five power sector PSUs as on 31 March 2019 was ₹ 11,698.68 crore consisting of ₹ 7,506.79 crore as equity and ₹ 4,191.89 crore as long-term loans. Out of this, GNCTD has investment of ₹ 9,816.59 crore in four power sector undertakings (except in DSIIDC Energy Limited), consisting of equity of ₹ 7,106.78 crore and long-term loans of ₹ 2,709.81 crore.

The year-wise status of investment of GNCTD in the form of equity and long-term loans in the power sector undertakings during the period 2014-15 to 2018 - 19 is given in **Chart-2.1.2.2**.

[19] Delhi Power Company Limited

Chart-2.1.2.2: Total investment of GNCTD in power sector undertakings



Source: Accounts of PSUs

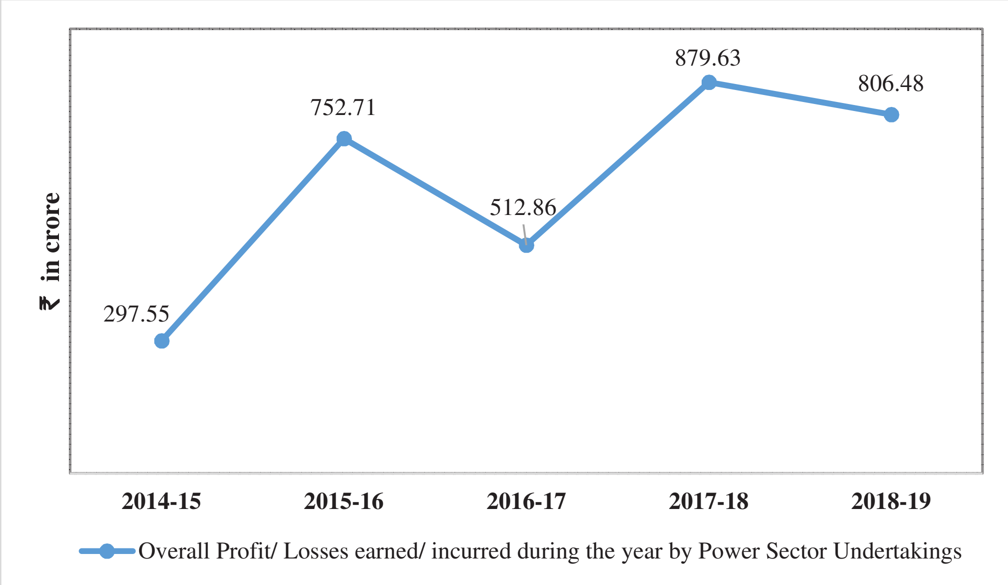
The profitability of a company is traditionally assessed through return on investment, return on equity and return on capital employed. Return on investment measures the profit or loss made in a fixed year relating to the amount of money invested in the form of equity and long-term interest-free loans and is expressed as a percentage of profit to total investment. Return on capital employed is a financial ratio that measures the company's profitability and the efficiency with which its capital is used and is calculated by dividing the company's Earnings Before Interest and Taxes by Capital Employed. Return on equity is a measure of performance calculated by dividing net profit after tax by shareholders' fund.

Return on Investment

2.1.2.9 Return on investment is the percentage of profit or loss to the total investment. The overall position of profit[20] earned by the five power sector undertakings during 2014-15 to 2018-19 is depicted in **Chart-2.1.2.3**.

[20] The figures for the years 2014-15 to 2017-18 have been taken as per previous year Audit Reports and for 2018-19 as per the latest accounts received as on 30 September 2019.

Chart-2.1.2.3: Profit earned by Power Sector Undertakings



Source: Accounts of PSUs.

The profit earned by these PSUs was ₹ 806.48 crore in 2018-19 against ₹ 297.55 crore in 2014-15. According to their latest received accounts, out of these five PSUs, three PSUs[21] earned profit and two PSUs[22] incurred losses (**Annexure 2.1**). The top profit making companies were Delhi Transco Limited (₹ 398.00 crore) and Pragati Power Corporation Limited (₹ 264.38 crore).

Position of power sector undertakings which earned/incurred profit/loss during 2014-15 to 2018-19 is given in **Table-2.1.2.6**.

Table-2.1.2.6: Power Sector Undertakings which earned/incurred profit/loss

Financial year	Total PSUs in power sector	Number of PSUs which earned profit during the year	Number of PSUs which incurred loss during the year
2014-15	5	3	2
2015-16	5	5	0
2016-17	5	3	2
2017-18	5	4	1
2018-19	5	3	2

Source: Compiled on the basis of accounts of PSUs.

(a) Return on the basis of historical cost of investment

2.1.2.10 Out of five power sector undertakings of the State, GNCTD infused funds in the form of equity, loans and grants/subsidies in four power sector undertakings only. GNCTD did not infuse any direct funds in one power sector undertaking i.e., DSIIDC Energy Limited, being a subsidiary company

[21] PPCL, DTL and DPCL.
[22] IPGCL (- ₹ 19.84 crore) and DSIIDC Energy Limited (- ₹ 19,500)

of another public sector undertaking i.e., Delhi State Industrial and Infrastructure Development Corporation Limited (DSIIDC), which contributed towards its capital.

The Return on Investment from the four PSUs has been calculated on the investment made by GNCTD in the PSUs in the form of equity only as there were no interest-free loans (IFL) extended to PSUs. Further, the funds made available in the form of the grants/subsidy other than for management and operational expenses have not been reckoned as investment since they do not qualify to be considered as investment.

The return on investment on historical cost basis for the period 2014-15 to 2018 -19 is given in **Table-2.1.2.7**.

Table-2.1.2.7: Return on GNCTD's Investment on historical cost basis

Financial year	Funds infused by GNCTD in the form of Equity, IFL and grants and subsidies for operational and management expenses on historical cost basis (₹ in crore)	Total Earnings/ Losses (₹ in crore)	Return on Investment (in *per cent)*
2014-15	8,955.86	297.47	3.32
2015-16	9,138.04	752.63	8.24
2016-17	9,314.05	512.86	5.51
2017-18	9,315.59	879.63	9.44
2018-19	9,319.16	806.48	8.65

Source: Information received from PSUs and their accounts

The return on investment of the four power sector PSUs has shown a mixed trend during 2014-19.

(b) Rate of Real Return (RORR) on Government Investments

2.1.2.11 In view of the significant investment by GNCTD in the four power sector undertakings, return on such investment is essential from the perspective of the State Government. Traditional calculation of return based only on historical cost of investment may not be a correct indicator of the adequacy of the return on the investment since such calculations ignore the Present Value (PV) of money. The PV of the Government investments has been computed to assess the rate of return on the PV of investments of GNCTD in the State PSUs as compared to historical value of investments. In order to bring the historical cost of investments to its PV at the end of each year upto 31 March 2019, the past investments/year-wise funds infused by GNCTD in the State PSUs have been compounded at the year-wise average rate of interest on government borrowings which is considered as the minimum cost of funds to the Government for the concerned year. Therefore, PV of GNCTD investment has been computed where funds have been infused by GNCTD in the form of equity, interest free loans and grants and subsidies for operational and management expenses since 2002-03[23] till 31 March 2019.

The PV of GNCTD's investment in power sector undertakings was computed on the basis of the following assumptions:

- The funds made available in the form of grant/subsidy other than for management and operational expenses have not been reckoned as investment.
- The average rate of interest on Government borrowings for the concerned financial year[24] was adopted as compounded rate for arriving at PV since they represent the cost incurred by the Government towards investment of funds for the year and was therefore considered as the minimum expected rate of return on investments made by the Government.

2.1.2.12 The company-wise position of GNCTD investment in the four[25] power sector undertakings in the form of equity and interest free loans since 2001-2002 till 31 March 2019 is indicated in **Annexure 2.2**. The consolidated position of the PV of GNCTD investment relating to the four power sector undertakings since 2002-03 till 31 March 2019 is indicated in **Table-2.1.2.8**.

[23] As per figures received from the companies.

[24] The average rate of interest on government borrowings was adopted from the Reports of the CAG of India on State Finances (GNCTD) for the concerned year. The average borrowing rate for 2001-02 was not available.

[25] There is no investment of GNCTD in DSIIDC Energy Ltd.

Table-2.1.2.8: Year-wise details of investment by the GNCTD and Present Value (PV) of government funds from 2002-03 to 2018-19

(₹ in crore)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the state government during the year	grants and subsidies for operational and management expenses	Total investment during the year	Total investment at the end of the year	Average rate of interest on government borrowings (in %)	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings for the year [26]
i	ii	iii	iv	V (iii + iv)	vi = (ii+iii+iv)	vii	viii ={vi*(1+ vii)/100}	ix=(vii*vi)/ 100	x
2002-03	-	323.14	0	323.14	323.24[27]	11.17	359.35	36.11	-1104.40
2003-04	359.35	0.00	0.00	0.00	359.35	10.65	397.62	38.27	0.00
2004-05	397.62	0.00	0.00	0.00	397.62	10.34	438.73	41.11	-683.40
2005-06	438.73	0.00	0.00	0.00	438.73	8.87	477.65	38.92	-1002.00
2006-07	477.65	1.00	0.00	1.00	478.65	9.35	523.40	44.75	-13.15
2007-08	523.40	4087.50	13.13	4100.63	4624.03	9.84	5079.03	455.00	-575.26
2008-09	5079.03	464.50	0.00	464.50	5543.53	9.90	6092.34	548.81	27.27
2009-10	6092.34	497.54	75.00	572.54	6664.88	9.52	7299.38	634.50	222.95
2010-11	7299.38	239.00	332.35	571.35	7870.73	9.10	8586.97	716.24	420.50
2011-12	8586.97	450.00	175.00	625.00	9211.97	9.77	10111.97	900.01	216.41
2012-13	10111.97	299.00	463.65	762.65	10874.62	9.73	11932.73	1058.10	470.50
2013-14	11932.73	745.00	434.95	1179.95	13112.68	9.21	14320.35	1207.68	758.96
2014-15	14320.35	0.00	355.00	355.00	14675.35	8.59	15935.97	1260.61	297.47
2015-16	15935.97	0.00	182.18	182.18	16118.15	8.54	17494.64	1376.49	752.63
2016-17	17494.64	0.00	176.01	176.01	17670.65	8.65	19199.16	1528.51	512.86
2017-18	19199.16	0.00	1.54	1.54	19200.70	8.58	20848.12	1647.42	879.63
2018-19	20848.12	0.00	3.57	3.57	20851.69	8.64	22653.27	1801.59	806.48
Total		**7,106.68**	**2,212.38**	**9,319.16**					

Source: Information received from PSUs and Report of the CAG of India on State Finances.

The equity investment of GNCTD in these four companies at the end of the year increased to ₹ 7,106.78[28] crore in 2018-19 from ₹ 323.24 crore in 2002-03. The PV of investments of GNCTD upto 31 March 2019 worked out to ₹ 22,653.27 crore.

It can be seen from the table that total earnings of the companies have remained lower than the minimum expected return throughout the period from 2002-03 to 2018-19.

A comparison of returns on investment as per historical cost and present value of such investment during 2014-15 to 2018-19 is given in **Table-2.1.2.9**.

[26] For 2002-03 to 2011-12, the figures for Profit before Tax are taken as Profit after Tax were not available.

[27] Includes the initial equity investment of ₹ 0.05 crore each in PPCL and DPCL in 2001-02.

[28] Includes the initial equity investment of ₹ 0.05 crore each in PPCL and DPCL in 2001-02.

Table-2.1.2.9: Return on GNCTD's Funds

(₹ in crore)

Year	Total Earnings/ Loss (-)	Funds infused by the GNCTD in form of Equity, IFL and grants and subsidies for operational and management expenses on historical cost basis (₹ in crore)	Return on GNCTD's investment on the basis of historical value (%)	Present value of the GNCTD's investment at end of the year	Return on GNCTD's investment considering the present value of the investments (%)
2014-15	297.47	8,955.86	3.32	15,935.97	1.87
2015-16	752.63	9,138.04	8.24	17,494.64	4.30
2016-17	512.86	9,314.05	5.51	19,199.16	2.67
2017-18	879.63	9,315.59	9.44	20,848.12	4.22
2018-19	806.48	9,319.16	8.65	22,653.27	3.56

Source: Information received from PSUs and their Accounts.

Return based on historical cost was 8.65 *per cent* during 2018-19; however, return based on PV was just 3.56 *per cent*.

Net worth

2.1.2.13 Net worth means the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially it is a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment by the owners has been wiped out by accumulated losses and deferred revenue expenditure.

The overall accumulated profit[29] of five power sector undertakings were ₹ 869.91 crore as against the capital investment of ₹ 7,506.79 crore, resulting in net worth of ₹ 8,375.83 crore after deducting the deferred revenue expenditure of ₹ 0.87 crore (**Annexure-2.1**). Out of the five power sector undertakings, the net worth was eroded completely in Delhi Power Company Limited (- ₹ 615.17 crore).

Table-2.1.2.10 indicates the total paid up capital, accumulated profit/loss and net worth of the four power sector undertakings in which GNCTD has infused equity during the period 2014-15 to 2018-19:

Table-2.1.2.10: Net worth of four power sector undertakings during 2014-15 to 2018-19

(₹ in crore)

Year	Paid up capital at end of the year	Accumulated Profit (+)/ Loss (-) at end of the year	Deferred revenue expenditure	Net worth
2014-15	7,506.78	(-) 2,087.31	1.70	5,417.77
2015-16	7,506.78	(-) 1,658.02	1.59	5,847.17
2016-17	7,506.78	(-) 1,096.46	1.61	6,408.71
2017-18	7,506.78	92.50	0.32	7,598.96
2018-19	7,506.78	869.69	0.87	8,375.60

Source: Accounts of PSUs

[29] Free reserves - Accumulated losses

The accumulated losses of the four power companies decreased substantially from ₹ 2,087.31 crore in 2014-15 to ₹ 1,096.46 crore in 2016-17 and improved to accumulated profit of ₹ 869.69 crore in 2018-19. The net worth has improved from ₹ 5,417.77 crore in 2014-15 to ₹ 8,375.60 crore in 2018-19.

Out of four[30] PSUs, net worth of one PSU i.e., DPCL was negative throughout the previous five years from 2014-15 to 2018-19 as detailed in **Table-2.1.2.11**.

Table-2.1.2.11: Net worth of DPCL during 2014-15 to 2018-19

(₹ in crore)

Year	Paid up capital at end of the year	Accumulated Profit (+)/ Loss (-) at end of the year	Deferred revenue expenditure	Net worth
2014-15	745.05	(-)1,660.24	0.00	(-)915.19
2015-16	745.05	(-)1,609.47	0.00	(-)864.42
2016-17	745.05	(-)1,536.61	0.00	(-)791.56
2017-18	745.05	(-)1,524.16	0.00	(-)779.11
2018-19	745.05	(-)1,360.22	0.00	(-)615.17

Accumulated losses of DPCL were mainly due to provision for interest of ₹ 1,639.77 crore on the outstanding loan payable to Central Power Sector Undertakings at the time of unbundling of erstwhile Delhi Vidyut Board.

Dividend Payout

2.1.2.14 Dividend payout relating to four power sector undertakings where equity was infused by GNCTD during the period is shown in **Table-2.1.2.12**.

Table-2.1.2.12: Dividend Payoutof four power sector undertakings during 2014-15 to 2018-19

(₹ in crore)

Year	Total PSUs where equity infused by GNCTD		PSUs which earned profit during the year		PSUs which declared/paid dividend during the year		Dividend Payout Ratio (%)
	Number of PSUs	Equity infused by GNCTD	Number of PSUs	Equity infused by GNCTD	Number of PSUs	Dividend declared/paid by PSUs	
i	ii	iii	iv	iv	vi	vii	viii=vii/v*100
2014-15	4	7,106.78	2	2,670.73	0	0	-
2015-16	4	7,106.78	4	7,106.78	0	0	-
2016-17	4	7,106.78	3	6,510.24	0	0	-
2017-18	4	7,106.78	4	7,106.78	0	0	-
2018-19	4	7,106.78	3	6,510.24	0	0	-

Source: Information received from PSUs

During the period 2014-15 to 2018-19, the number of PSUs which earned profit ranged between two and four, but none of the undertakings declared dividend during any of the years.

[30] IPGCL, PPCL, DTL and DPCL.

The State Government may formulate a dividend policy specifying minimum rate of dividend to be contributed by PSUs.

Return on Equity

2.1.2.15 Return on Equity (RoE) is a measure of financial performance to assess how effectively management is using the company's assets to create profits and is calculated by dividing net income (i.e. net profit after taxes) by shareholders' fund. It is expressed as a percentage and can be calculated for any company if net income and shareholders' fund are both positive numbers.

Shareholders' fund of a company is calculated by adding paid up capital, free reserves and surplus net of accumulated losses and deferred revenue expenditure and reveals how much would be left for a company's stakeholders if all assets were sold and all debts paid. A positive shareholders' fund reveals that the company has enough assets to cover its liabilities while negative shareholder equity means that liabilities exceed assets.

Return on Equity has been computed in respect of four power sector undertakings where funds had been infused by GNCTD. The details of Shareholders' fund and RoE relating to these four power sector undertakings during the period 2014-15 to 2018-19 are given in **Table-2.1.2.13**.

Table-2.1.2.13: Return on Equity relating to four power sector undertakings where funds were infused by the GNCTD

Year	Net Income/total Earnings for the year[31] (₹ in crore)	Shareholders' Fund (₹ in crore)	RoE (%)
2014-15	297.47	5,417.77	5.49
2015-16	752.63	5,847.17	12.87
2016-17	512.86	6,408.71	8.00
2017-18	879.63	7,598.96	11.58
2018-19	806.48	8,375.60	9.63

Source: Accounts of PSUs

As can be seen from the above table, during the five-year period ending March 2019, the Net Income and Shareholders' fund were positive with the RoE showing a mixed trend.

Return on Capital Employed

2.1.2.16 Return on Capital Employed (RoCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed.

RoCE is calculated by dividing a company's Earnings Before Interest and Taxes (EBIT) by the capital employed[32]. The details of RoCE of four power

[31] The figures for the years 2014-15 to 2017-18 have been taken as per previous year Audit Report (regrouped wherever necessary) and for 2018-19 as per the latest accounts received as on 30 September 2019.

[32] Capital employed = Paid up share capital + free reserves and surplus + long term loans - accumulated losses - deferred revenue expenditure. The figures for the years 2014-15 to 2017-18 have been taken as per previous year Audit Report (regrouped wherever necessary) and for 2018-19 as per the latest accounts received as on 30 September 2019.

sector undertakings during the period 2014-15 to 2018-19 are given in **Table-2.1.2.14**.

Table-2.1.2.14: Return on Capital Employed

Year	EBIT (₹ in crore)	Capital Employed (₹ in crore)	RoCE (%)
2014-15	1,276.80	12,459.40	10.25
2015-16	1,701.99	12,044.43	14.13
2016-17	1,485.48	12,229.72	12.15
2017-18	1,789.37	12,832.62	13.94
2018-19	1,659.63	12,567.49	13.21

Source: Accounts of PSUs.

The RoCE of the four power sector undertakings has shown a mixed trend during the period from 2014-15 to 2018-19.

Analysis of Long-term loans of the Companies

2.1.2.17 The analysis of the long-term loans of the companies which had leverage during 2014-15 to 2018-19 was carried out to assess the ability of the companies to service the debt owed by the companies to Government, banks and other financial institutions. This is assessed through the interest coverage ratio and debt-turnover ratio.

Interest Coverage Ratio

2.1.2.18 Interest coverage ratio is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's EBIT by interest expenses of the same period. The lower the ratio, the less the ability of the company to pay interest on debt. An interest coverage ratio below one indicates that the Company is not generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio in power sector undertakings which had interest burden during the period 2014-15 to 2018-19 are given in **Table-2.1.2.15**.

Table-2.1.2.15: Interest coverage ratio

Year	Interest (₹ in crore)	Earnings Before Interest and Taxes (₹ in crore)	Number of PSUs having liability of loans from Government and Banks and other Financial Institutions	Number of companies having interest coverage ratio more than 1	Number of companies having interest coverage ratio less than 1
2014-15	725.21	1,276.80	4	2	2[33]
2015-16	675.00	1,701.99	4	4	0
2016-17	684.96	1,485.48	4	3	1[34]
2017-18	577.92	1,789.37	4	4	0
2018-19	496.06	1,474.03	3	2	1[35]

Source: Accounts of PSUs.

33 DPCL and DTL
34 IPGCL
35 IPGCL

The number of power sector undertakings with interest coverage ratio of more than one kept fluctuating during the period from 2014-15 to 2018-19.

Debt-Turnover Ratio

2.1.2.19 During the last five years, the turnover of five power sector undertakings recorded compounded annual growth of 7.92 *per cent* and compounded annual decline in debt was 12.16 *per cent* due to which the Debt-Turnover Ratio improved from 1.93 in 2014-15 to 0.85 in 2018-19 as given in **Table-2.1.2.16.**

Table-2.1.2.16: Debt Turnover ratio relating to power sector undertakings

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Debt from Government/Banks and Financial Institutions	7,041.63	6,197.26	5,821.01	5,233.66	4,191.89
Turnover	3,640.67	4,410.86	3,617.57	4,178.31	4,938.10
Debt-Turnover Ratio	1.93	1.41	1.61	1.25	0.85

Source: Accounts of PSUs (figures for the years 2014-15 to 2017-18 have been taken as per previous year Audit Reports and the figures for the year 2018-19 are as per the latest accounts received as on 30 September 2019).

Comments on Accounts of Power Sector Undertakings

2.1.2.20 Out of five power sector undertakings, four companies forwarded their audited accounts to the Principal Accountant General during the period October 2018 to September 2019. All the four accounts were selected for supplementary audit which was under progress[36] as on 30 September 2019. The Audit Reports of Statutory Auditors and supplementary audit conducted by the CAG indicated that the quality of accounts needs to be improved substantially. The details of aggregate money value of the comments of Statutory Auditors and the CAG for the accounts of 2016-19 are given in **Table-2.1.2.17**.

Table-2.1.2.17: Impact of audit comments on power sector undertakings

(₹ in crore)

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1	Decrease in profit	3	694.80	2	1,027.19	1	1,323.77
2	Increase in profit	1	433.27	6	2,325.39	2	2,288.54
3	Increase in loss	1	91.04	1	93.30	0	0
4	Decrease in loss	1	229.94	1	171.71	0	0
5	Non-disclosure of material facts	3	145.58	0	0	0	0
6	Errors of classification	0	0	1	3	0	0

Source: Compiled from Audit Report of the Statutory Auditors/CAG comments issued in respective years.

[36] C&AG comments not issued by 30 September 2019.

The Statutory Auditors had issued qualified certificates for all the five accounts and three instances of non-compliance to the Accounting Standards were noticed in three accounts.

Follow up action on Audit Reports

2.1.2.21 To ensure accountability of the executive in respect of all audit paragraphs contained in the Audit Reports, the departments are required to submit the Action Taken Notes (ATNs) to the Committee on Government Undertakings (CoGU) duly vetted by Audit within four months of tabling of the Audit Report in the Legislative Assembly. The position of ATNs on Audit Reports in respect of five power sector undertakings is given in **Table-2.1.2.18**.

Table-2.1.2.18: Position of ATNs on Audit Reports (as on 31 March 2020)

Audit Report for the year ended	Date of placement of Audit Report in the State Legislature	Total Performance Audits (PAs) and Paragraphs in the Audit Report		Number of PAs/ Paragraphs for which ATNs were not received	
		PAs	Paragraphs	PAs	Paragraphs
2014	30.06.2015	0	0	0	0
2015	13.06.2016	0	5	0	0
2016	10.03.2017	1	3	0	0
2017	03.04.2018	0	3	0	1
2018	03.12.2019	0	0	0	0

Source: Compiled based on ATNs received from GNCTD.

Discussion of Audit Reports by Committee on Government Undertakings (COGU)

2.1.2.22 The status of discussion of Performance Audits and Paragraphs that appeared in Audit Reports (PSUs) by COGU as on 31 March 2020 is given in **Table-2.1.2.19**.

Table-2.1.2.19: Performance Audits/Paragraphs appeared in Audit Reports *vis*-à-*vis* discussed as on 31 March 2020

Audit Report for the year ended	Number of Performance Audits/Paragraphs			
	Appeared in Audit Report		Paragraphs discussed	
	Performance Audit	Paragraphs	Performance Audit	Paragraphs
2014	0	0	0	0
2015	0	5	0	0
2016	1	3	0	0
2017	0	3	0	2
2018	0	0	0	0

Source: Compiled based on the discussions of COGU on the Audit Reports.

Compliance to Reports of COGU

2.1.2.23 No Report has been received from COGU for the period 2014 to 2018.

Part II

2.1.3 Functioning of State Public Sector Undertakings (other than Power Sector)

Introduction

2.1.3.1 There were 14 Public Sector Undertakings (PSUs) as on 31 March 2019 which were related to sectors other than power sector. These State PSUs were incorporated between 1967 to 2016 and included 12 Government companies and two Statutory corporations i.e., Delhi Financial Corporation and Delhi Transport Corporation. They included one Company i.e., NDMC Smart City Limited[37] (Smart City), incorporated in 2016-17 entrusted to Principal Accountant General (PAG) though there is no equity contribution by GNCTD. They also include another company, Intelligent Communication Systems India Limited[38] (ICSIL), incorporated in April 1987 and audit entrusted to PAG w.e.f. December 2018.

The State Government provides financial support to the State PSUs in the form of equity, loans and grants/subsidies from time to time. Of the 14 PSUs, the GNCTD invested funds in nine State PSUs only and it did not infuse any funds in five Government companies i.e. three Government companies which were incorporated as subsidiary of DSIIDC and two Government companies (Smart City and ICSIL) with no investment of GNCTD.

Contribution to Economy of the State

2.1.3.2 A ratio of turnover of the PSUs to the GSDP shows the extent of activities of the PSUs in the State economy. **Table-2.1.3.1** provides the details of turnover of PSUs (other than power sector) and GSDP of Delhi for a period of five years ending March 2019:

Table-2.1.3.1: Details of turnover of PSUs (other than power sector) *vis-à-vis* GSDP of Delhi

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Turnover[39]	4,569.35	4,186.91	4,100.76	3,940.75	4,380.59
GSDP of Delhi	4,94,803.02	5,50,803.70	6,15,605.26	6,90,098.28	7,79,652.31
Percentage of Turnover to GSDP of Delhi	0.92	0.76	0.67	0.57	0.56

Source: Accounts of PSUs and State GSDP data.

37 NDMC Smart City Limited is incorporated through equity contribution by New Delhi Municipal Corporation (NDMC) and Grant from Government of India for smart city mission of GoI.

38 ICSIL is incorporated through equity contribution by DSIIDC, TCIL and Orison Infocom Pvt. Ltd.

39 The figures for the years 2014-15 to 2017-18 have been taken as per previous year audit reports and the figures for the year 2018-19 as per the latest accounts received as on 30 September 2019.

The turnover of these PSUs showed a declining trend till 2017-18 and has increased to ₹ 4,380.59 crore in 2018-19. The rate of decrease in turnover during the period from 2014-15 to 2017-18 ranged from 8.37 *per cent* to 2.06 *per cent*, however, it increased to 11.16 *per cent* in 2018-19. The rate of increase in GSDP of Delhi ranged between 11.32 *per cent* to 12.98 *per cent* during the same period. The compounded annual growth of GSDP was 12.04 *per cent* during the last five years. Against the compounded annual growth of 12.04 *per cent* of GSDP, the turnover of public sector undertakings (other than power sector) recorded negative compounded annual growth of 1.05 *per cent* during the last five years. This resulted in a fall in the share of turnover of these PSUs in the state GSDP from 0.92 *per cent* in 2014-15 to 0.56 *per cent* in 2018-19.

Investment in State PSUs

2.1.3.3 There are some PSUs which function as instruments of the State Government to provide certain services which the private sector may not be willing to extend due to various reasons. Besides, the Government has also invested in certain business segments through PSUs which function in a competitive environment with private sector undertakings. The position of these PSUs has therefore been analysed under two major classifications *viz.,* those in the social sector and those functioning in competitive environment. Besides, three of these State PSUs incorporated to perform certain specific activities on behalf of the State Government have been categorised under 'Others'. Details of investment made in these 14 PSUs in the form of equity and long term loans upto 31 March 2019 are detailed in **Annexure 2.3**.

2.1.3.4 The sector-wise summary of investment in these State PSUs as on 31 March 2019 is given in **Table-2.1.3.2**.

Table-2.1.3.2: Sector-wise investment in State PSUs (other than power sector)

Sector	No. of PSUs	Investment (₹ in crore)						
		Equity contribution by GNCTD	Equity contribution by others[40]	Total Equity	Long term loans from GNCTD	Long term loans from others	Total Long term loans	Total
Social Sector	2[41]	40.33	11.88	52.21	3.06	13.33	16.39	68.60
PSUs in Competitive Environment	9[42]	2,039.83	9.46	2,049.29	11,709.14	5.41	11,714.55	13,763.84
Others	3[43]	10.76	250.00	260.76	0.00	0.00	0.00	260.76
Total	**14**	**2,090.92**	**271.34**	**2,362.26**	**11,712.20**	**18.74**	**11,730.94**	**14,093.20**

Source**:** Compiled on the basis of latest accounts received as on 30 September 2019.

[40] Others include Government of India (GoI), Government PSUs and others.

[41] Delhi SC/ST/OBC Minorities, Handicapped Financial and Development Corporation Limited (DSCFDC) and Delhi State Civil Supplies Corporation Limited (DSCSCL).

[42] Delhi State Industrial and Infrastructure Development Corporation (DSIIDC) Limited, Delhi Tourism and Transportation Development Corporation (DTTDC) Limited, Delhi Creative Arts Development Limited (DCADL), DSIIDC Liquor Limited (DLL), DSIIDC Maintenance Services Limited (DMSL), Delhi Transport and Infrastructure Development Corporation Limited (DTIDC), ICSIL, Delhi Financial Corporation (DFC) and Delhi Transport Corporation (DTC)

[43] Geospatial Delhi Limited (GDL), Shahjahanabad Redevelopment Corporation Limited (SRCL) and Smart City.

As on 31 March 2019, the total investment (equity and long term loans) in these 14 PSUs was ₹ 14,093.20 crore. The investment consisted of 16.76 *per cent* towards equity and 83.24 *per cent* in long-term loans. Equity contribution by GNCTD constituted 88.51 *per cent* (₹ 2,090.92 crore) of the total equity whereas 11.49 *per cent* (₹ 271.34 crore) of the equity was contributed by GoI/others. The long-term loans advanced by GNCTD constituted 99.84 *per cent* (₹ 11,712.20 crore) of the total long-term loans whereas 0.16 *per cent* (₹ 18.74 crore) of the total long-term loans were availed from other financial institutions.

The investment has grown by 1.68 *per cent* from ₹ 13,859.88 crore in 2014-15 to ₹ 14,093.20 crore in 2018-19. The investment increased mainly due to the addition of ₹ 250 crore towards equity in Smart City during 2014-15 to 2018–19.

Disinvestment, restructuring and privatisation of State PSUs

2.1.3.5 During the year 2018-19, no disinvestment, restructuring or privatisation was done by GNCTD in State PSUs.

Budgetary Support to State PSUs

2.1.3.6 GNCTD provides financial support to State PSUs in various forms through the annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidies during the year in respect of State PSUs (other than power sector) for the last three years ending March 2019 are given in **Table-2.1.3.3**.

Table-2.1.3.3: Details regarding budgetary support to State PSUs (other than Power Sector) during the last three years

(₹ in crore)

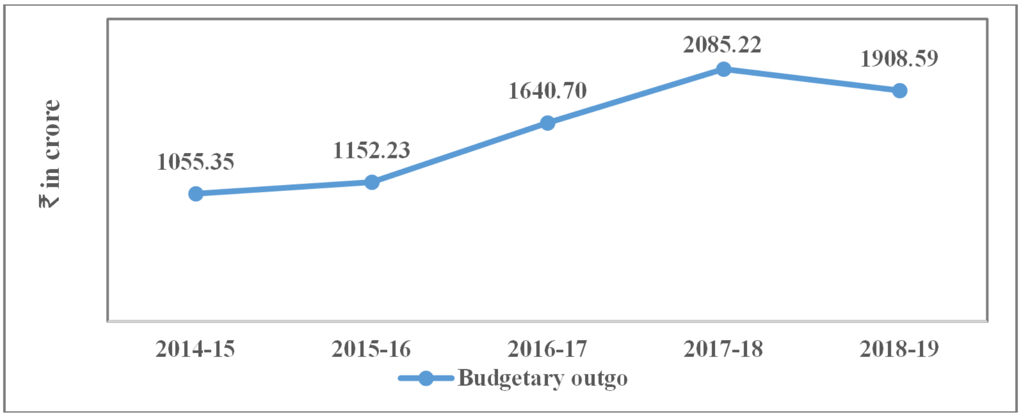
Particulars[44]	**2016-17**		**2017-18**		**2018-19**	
	Number of PSUs	**Amount**	**Number of PSUs**	**Amount**	**Number of PSUs**	**Amount**
Equity Capital outgo (i)	0	0	0	0	0	0
Loans given (ii)	0	0	0	0	0	0
Grants/Subsidy provided (iii)	3	1,640.70	4	2,085.22	5	1,908.59
Total Outgo (i+ii+iii)	3	**1,640.70**	**4**	**2,085.22**	**5**	**1908.59**

Source: Information furnished by PSUs

The details regarding budgetary outgo towards equity, loans and grants/subsidies for the last five years ending March 2019 are given in **Chart-2.1.3.1**.

44 Amount represents outgo from State Budget only.

Chart-2.1.3.1: Budgetary outgo towards Loans and Grants/Subsidies



Source: Information received from PSUs

The annual budgetary assistance to these PSUs ranged between ₹ 1,055.35 crore and ₹ 1,908.59 crore during the period 2014-15 to 2018-19. The budgetary assistances during 2014-19 were in the form of loans and grants/subsidies mainly to DTC (₹ 1,855.17 crore). GNCTD did not provide any assistance in the form of equity to these PSUs during 2014-19.

Reconciliation with Finance Accounts of GNCTD

2.1.3.7 The figures in respect of equity and loans as per records of State PSUs (other than power sector) should agree with that of the figures appearing in the Finance Accounts of GNCTD. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. The position in this regard as on 31 March 2019 is given in **Table-2.1.3.4**.

Table-2.1.3.4: Equity and loans outstanding as per Finance Accounts of GNCTD vis-à-vis records of State PSUs (other than power sector)

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of State PSUs	Difference
Equity	2,095.71	2,090.91	4.80
Loans	11,783.32	11,772.00	11.32

Source**:** Information collected from PSUs and PAOs.

Audit observed that out of nine State PSUs in which the State Government had made investment, such differences occurred in respect of two[45] PSUs as shown in **Annexure 2.4**. The differences between the figures are persisting since last several years. **It is, therefore, recommended that the State Government and the respective PSUs reconcile the differences in a time-bound manner**.

Submission of accounts by PSUs

2.1.3.8 All 14 PSUs (12 Government companies and two Statutory corporations) were under the purview of CAG as of 31 March 2019. The

[45] DSCFDC and DSCSC

status of timelines followed by the PSUs in preparation of accounts is as detailed under:

Timeliness in preparation of accounts by the working State PSUs

Accounts for the year 2018-19 were required to be submitted by all the working PSUs by 30 September 2019. However, out of 12 Government companies, six Government companies submitted their accounts for the year 2018-19 for audit by CAG on or before 30 September 2019 whereas accounts of six Government companies were in arrears. Out of two[46] Statutory Corporations, the CAG is the sole auditor of DTC. Accounts of both the Statutory Corporations for the year 2018-19 were awaited as on 30 September 2019.

Details of arrears in submission of accounts of working PSUs (other than power sector) as on 30 September 2019 are given in **Table-2.1.3.5**.

Table-2.1.3.5: Position relating to submission of accounts by the working PSUs (other than power sector)

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1	Number of PSUs (other than Power Sector)	12	12	12	13	14
2	Number of accounts submitted during the current year	9	7	15	18	12
3	Number of current year accounts received during the year	5	3	1	6	6
4	Number of previous year accounts received during the current year	3	5	8	12	6
5	Number of working PSUs with arrears in accounts	4	8	7	4	8
6	Number of accounts in arrears	15	20	17	12	15
7	Extent of arrears	one to 11 years	one to 12 years	one to 13years	one to six years	one to seven years

Source: Compiled based on accounts of PSUs received during the periodfrom October 2014 to September 2019.

Of these 14 PSUs, 12 PSUs had finalised 12 annual accounts during the period 1 October 2018 to 30 September 2019 which included six annual accounts for the year 2018-19 and six annual accounts for previous years. Further, 15 annual accounts were in arrears which pertain to eight PSUs as detailed in **Annexure 2.5**. 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 stipulated period. The Finance Department was informed frequently by the Audit of the arrears in finalisation of accounts and the matter was also taken up with the Chief Secretary, GNCTD in May 2019 and December 2019.

46 DTC and DFC

GNCTD had provided ₹ 1,997.40 crore (Loan: ₹ 56 crore, Grants/Subsidies: ₹ 1,941.40 crore) during the period for which accounts were in arrears to three PSUs[47], the accounts of which had not been finalised by 30 September 2019 as prescribed under the Companies Act, 2013 and Road Transport Corporation Act, 1950. PSU-wise details of investment made by the State Government during the years for which accounts are in arrears are shown in **Annexure 2.5**. However, accounts of four[48] PSUs for the period 2018-19 were finalised and submitted for audit during the period October 2019 to December 2019. 11 accounts pertaining to four[49] working State PSUs were awaited till December 2019.

In the absence of finalisation of accounts and their subsequent audit in the remaining four PSUs, it could not be ensured whether the investments and expenditure incurred had been properly accounted for and the purpose for which the amount was invested was achieved. GNCTD investment in these PSUs, therefore, remained outside the control of the State Legislature.

Placement of Separate Audit Reports of Statutory Corporations

2.1.3.9 The accounts of both the Statutory Corporations for the year 2018-19 were awaited as on 30 September 2019.

Separate Audit Reports (SARs) are audit reports of the CAG on the accounts of Statutory corporations. These reports are to be laid before the Legislature as per the provisions of the respective Acts. Status of annual accounts of Statutory corporations and placement of their SARs in the legislature is given in **Table-2.1.3.6**.

Table-2.1.3.6: Status of placement of SAR of the Statutory Corporations

Name of the Corporation	Year of Accounts	Date of submission to GNCTD	Month of placement of SAR
Delhi Financial Corporation	2015-16	25.01.2017	yet to be placed
	2016-17	04.11.2019	yet to be placed
	2017-18	04.11.2019	yet to be placed
Delhi Transport Corporation	2016-17	19.12.2018	25.02.2019

Source: Information received from PSUs.

Impact of non-finalisation of accounts of State PSUs

2.1.3.10 As pointed in paragraph 2.1.3.8, the delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant statutes. In view of the above state of arrears of accounts, the actual contribution of the State PSUs to State GDP for the year 2018-19 could not be ascertained and their contribution to the State exchequer was also not reported to the State Legislature.

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[47] DSCFDC, DSCSC and DTC

[48] DSCSC, DSIIDC, ICSIL and DFC.

[49] DSCFDC (7 accounts from 2012-13 to 2018-19), DTIDC (2), NDMC Smart City (1) and DTC (1)

It is, therefore, recommended that the Administrative Department should strictly monitor and issue directions to liquidate the arrears in accounts. The Government should also look into the constraints attributable to delay in finalisation of accounts of the PSUs and fix responsibility on the officers accountable for delays in the finalisation of the accounts.

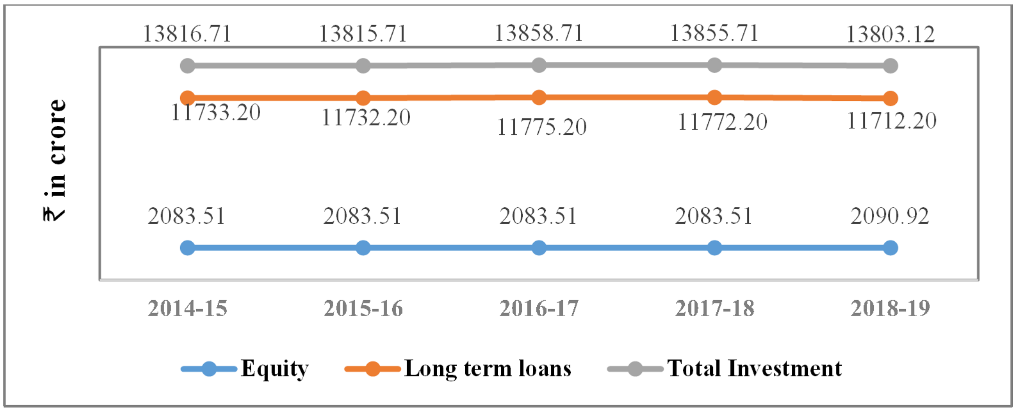
Performance of State PSUs

2.1.3.11 The financial position and working results of the 14 PSUs as per their latest finalised accounts received as of 30 September 2019 are detailed in **Annexure 2.6**.

The Public Sector Undertakings are expected to yield reasonable return on investment made by Government in the undertakings. The amount of investment as on 31 March 2019 in the PSUs (other than power sector) was ₹ 14,093.20 crore, consisting of ₹ 2,362.26 crore as equity and ₹ 11,730.94 crore as long-term loans. Out of this, GNCTD has investment of ₹ 13,803.12 crore in the nine PSUs[50], consisting of equity of ₹ 2,090.92 crore and long term loans of ₹ 11,712.20 crore.

The year-wise status of investment of GNCTD in the PSUs (other than power sector) during the period 2014-15 to 2018-19 is depicted in **Chart-2.1.3.2**.

Chart-2.1.3.2: Total investment of GNCTD in PSUs (other than power sector)



Source: Accounts of PSUs

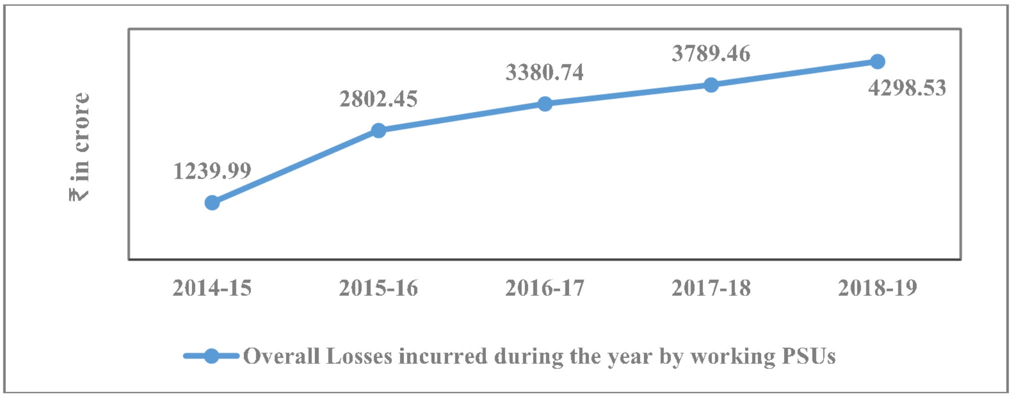
The profitability of a company is traditionally assessed through return on investment, return on equity and return on capital employed. Return on investment measures the profit or loss made in a fixed year relating to the amount of money invested in the form of equity and long term loans and is expressed as a percentage of profit to total investment. Return on capital employed is a financial ratio that measures the company's profitability and the efficiency with which its capital is used and is calculated by dividing company's Earnings Before Interest and Taxes by Capital Employed. Return on equity is a measure of performance calculated by dividing net profit after tax by shareholders' fund.

[50] Excluding DCADL, DLL, DMSL, ICSIL and NDMC Smart City Limited

Return on Investment

2.1.3.12 The Return on Investment is the percentage of profit or loss to the total investment. The overall position of profit/loss earned/incurred by the 14 working State PSUs (other than power sector) during 2014-15 to 2018-19 is depicted in **Chart-2.1.3.3**.

Chart-2.1.3.3: Losses incurred by working PSUs during the years



Source: Accounts of PSUs (The figures for the years 2014-15 to 2017-18 have been as per previous audit reports and the figures for the year 2018-19 have been taken as per the latest accounts received as on 30 September 2019).

The PSUs incurred overall losses during the five year period from 2014-15 to 2018-19. As per the latest accounts received, out of the 14 PSUs, five PSUs earned profit of ₹ 68.42 crore and five PSUs incurred losses of ₹ 4,366.95 crore (of which loss of DTC was ₹ 4,329.41 crore) and four PSUs had marginal loss[51] as detailed in **Annexure 2.6**.

The top profit making company was DTTDC (₹ 37.26 crore) while Delhi Transport Corporation incurred heavy losses of ₹ 4,329.41 crore.

Of the 14 PSUs as on 31 March 2019, position of working PSUs which earned/incurred profit/loss during 2014-15 to 2018-19 is given in **Table-2.1.3.7**.

[51] DMSL, DLL, DCADL and SRDC incurred losses of ₹ 33,500, ₹ 32,700, ₹ 33,000 and ₹ 25,370 respectively.

Table-2.1.3.7: Details of working Public Sector Undertakings (other than power sector) which earned/incurred profit/loss during 2014-15 to 2018-19

Financial year	Total number of PSUs (other than Power Sector)	Number of PSUs which earned profits during the year	Number of PSUs which incurred loss during the year
2014-15	12	7	5
2015-16	12	8	4
2016-17	12	8	4
2017-18	13	5	8
2018-19	14	5	9

Source: Compiled on the basis of accounts of PSUs

Return on Investment on the basis of historical cost of investment

2.1.3.13 Out of 14 Public Sector Undertakings of the State, GNCTD infused funds in the form of equity, long-term loans and grants/subsidies in nine PSUs only. GNCTD has invested ₹ 13,803.12 crore in these nine PSUs including equity of ₹ 2,090.92 crore and long-term loans of ₹ 11,712.20 crore.

The Return on Investment from the PSUs has been calculated on the investment made by GNCTD in the PSUs in the form of equity and loans. In the case of loans, only interest-free loans are considered as investment since the Government does not receive any interest on such loans and are therefore of the nature of equity investment by Government except to the extent that the loans are liable to be repaid as per terms and conditions of repayment. Thus, investment of GNCTD in these nine (other than power sector) undertakings has been arrived at by considering the equity and the interest free loans and in cases where interest-free loans (IFL) have been repaid by the PSUs, the value of investment based on historical cost and Present Value (PV) was calculated on the reduced balances of interest free loans over the period as detailed in **Table-2.1.3.8 and Table-2.1.3.9**. The funds made available in the forms of the grants/subsidies other than for management and operational expenses have not been reckoned as investment since they do not qualify to be considered as investment.

As on 31 March 2019, the equity of the State government in these nine PSUs was ₹ 2,090.92 crore. Out of the released long-term loans of ₹ 11,712.20 crore, ₹ 98.00 crore were IFL based on the reduced balances of IFLs over the period and grants/subsidies for operation and management expenses (from 2001-02 to 2018-19) was ₹ 10,620.81 crore. Thus, the investment of GNCTD in these nine PSUs on the basis of historical cost stood at ₹ 12,809.73 crore (₹ 2,090.92 crore+ ₹ 98.00 crore + ₹ 10,620.81 crore).

The sector-wise return on investment on the basis of historical cost of investment for the period 2014-15 to 2018-19 is as given in **Table-2.1.3.8**.

Table-2.1.3.8: Return on State Government Funds on the basis of historical cost of investment

Year wise Sector-wise break-up	Total Earnings for the year (₹ in crore)		Funds invested by GNCTD in form of Equity, IFLs and operational grants on historical cost (₹ in crore)		Return on State Government investment on historical cost basis (%)	
Social Sector						
2014-15	13.00		96.33		13.50	
2015-16	11.24		96.33		11.67	
2016-17	11.60		96.33		12.04	
2017-18	-1.89		96.33		-1.96	
2018-19	-2.87		96.33		-2.98	
Others						
2014-15	1.26		18.69		6.74	
2015-16	3.19		18.69		17.07	
2016-17	3.19		18.69		17.07	
2017-18	2.92		18.69		15.62	
2018-19	2.51		18.69		13.43	
Competitive Sector						
	Including DTC	**Excluding DTC**	**Including DTC**	**Excluding DTC**	**Including DTC**	**Excluding DTC**
2014-15	-1,254.24	109.50	5,874.18	101.02	-21.35	108.39
2015-16	-2,816.87	100.89	7,108.93	101.77	-39.62	99.14
2016-17	-3,395.53	15.57	8,725.58	102.52	-38.91	15.19
2017-18	-3,776.22	67.40	10,803.76	103.52	-34.95	65.11
2018-19	-4295.71	33.70	12,694.71	105.02	-33.84	32.09
Total for all sectors						
2014-15	-1,239.98	123.76	5,989.20	216.04	-20.70	57.29
2015-16	-2,802.44	115.32	7,223.95	216.79	-38.79	53.19
2016-17	-3,380.74	30.36	8,840.60	217.54	-38.24	13.96
2017-18	-3,775.19	68.43	10,918.78	218.54	-34.58	31.31
2018-19	-4,296.07	33.34	12,809.73	220.04	-33.54	15.15

Source: Information received from PSUs and accounts of PSUs

The overall return on State Government investment is worked out by dividing the total earnings[52]of these PSUs by the cost of the State Government investments. Return earned on GNCTD investment by nine non-power PSUs ranged between (-) 38.79 *per cent* and (-) 20.70 *per cent* during the period 2014-15 to 2018-19. Negative returns was on account of huge losses incurred by Delhi Transport Corporation (DTC), ranging from ₹ 1,363.74 crore in 2014-15 to ₹ 4,329.41 crore in 2018-19. After excluding DTC return on investment for remaining eight PSUs was positive for all the five years from 2014-15 to 2018-19, ranging from 13.96 *per cent* to 57.29 *per cent*.

Rate of Real Return (RoRR) on Government Investments

2.1.3.14 An analysis of the earnings vis-a-vis investments in respect of those nine PSUs (other than power sector) where funds had been infused by the

[52] This includes net profit/loss for the concerned year relating to those State PSUs where the investments have been made by the State Government.

State Government was carried out to assess the profitability of these PSUs. Traditional calculation of return based only on the basis of historical cost of investment may not be a correct indicator of the adequacy of the return on the investment since such calculations ignore the present value of money.

The PV of the Government investments has been computed to assess the rate of return on the PV of investments of GNCTD in the State PSUs as compared to historical value of investments. In order to bring the historical cost of investments to its PV at the end of each year upto 31 March 2019, the past investments/year-wise funds infused by GNCTD in the State PSUs have been compounded at the year-wise average rate of interest on Government borrowings which is considered as the minimum cost of funds to the Government for the concerned year. Therefore, PV of the State Government investment was computed in respect of those nine State PSUs (other than power sector) where funds had been infused by the State Government in the shape of equity, IFL and grants and subsidies for operational and management expensesupto 31 March 2019. During the period from 2014-15 to 2018-19, these nine PSUs had a negative Return on Investment.

The PV of the State Government investment in the nine undertakings was computed on the following assumptions:

- Interest-free loans have been considered as fund infusion by the State Government. However, in case of repayment of loans by the PSUs, the PV was calculated on the reduced balances of interest-free loans over the period. The funds made available in the form of grant/subsidy other than for management and operational expenses have not been reckoned as investment since they do not qualify to be considered as investment as indicated by the nature of subsidy indicated in Para 2.1.3.13.
- The average rate of interest on Government borrowings for the concerned financial year[53] was adopted as compounded rate for arriving at PV since they represent the cost incurred by the Government towards investment of funds for the year and therefore considered as the minimum expected rate of return on investments made by the Government.

For the years 2014-15 to 2018-19, when these nine companies incurred losses, a more appropriate measure of performance is the erosion of net worth due to the losses. The erosion of net worth of the companies is commented upon in Para 2.1.3.17.

2.1.3.15 The PSU-wise position of State Government investment in these nine State PSUs in the form of equity, loans and grant/subsidy for management and operational expenses on historical cost basis for the period from 2002-03 to 2018-19 is indicated in **Annexure 2.7**. Further, consolidated position of PV of

[53] The average rate of interest on government borrowings was adopted from the State Finances Audit Reports of the CAG of India on (GNCTD) for the concerned year.

the State Government investment and the total earnings relating to these PSUs for the same period is indicated in **Table-2.1.3.9**.

Table-2.1.3.9: Year wise details of investment by the GNCTD and Present Value of government investment for the period from 2002-03 to 2018-19 including DTC

(₹ in crore)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the state government during the year	Interest free loans given by the state government during the year	Grants and subsidies for operational and management expenses	Total investment during the year	Total investment at the end of the year	Average rate of interest on government borrowings (in %)	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings for the year[54]
i	ii	iii	iv	v	vi=iii+iv+v	vii=ii+vi	viii	ix={vii*(1+viii)/100}	x={viii*vii)/100}	xi
2002-03	182.96[55]	1.27	0.00	0.20	1.47	184.43	11.17	205.03	20.60	-768.54
2003-04	205.03	0.00	0.00	0.20	0.20	205.23	10.65	227.09	21.86	-534.27
2004-05	227.09	0.00	0.00	0.20	0.20	227.29	10.34	250.79	23.50	-691.88
2005-06	250.79	0.00	0.00	130.87	130.87	381.66	8.87	415.51	33.85	-857.78
2006-07	415.51	2.11	0.00	42.07	44.18	459.69	9.35	502.67	42.98	-850.94
2007-08	502.67	384.30	0.00	20.43	404.73	907.40	9.84	996.69	89.29	-1174.20
2008-09	996.69	250.69	0.00	19.25	269.94	1266.63	9.90	1392.03	125.40	-1699.94
2009-10	1392.03	630.71	0.00	21.25	651.96	2043.99	9.52	2238.58	194.59	-2011.63
2010-11	2238.58	225.00	0.00	70.63	295.63	2534.21	9.10	2764.82	230.61	-1978.31
2011-12	2764.82	215.48	40.00	589.59	845.07	3609.89	9.77	3962.58	352.69	-2185.59
2012-13	3962.58	199.55	50.00	846.89	1096.44	5059.02	9.73	5551.26	492.24	-2246.25
2013-14	5551.26	0.00	1.00	974.75	975.75	6527.01	9.21	7128.15	601.14	-2793.65
2014-15	7128.15	-1.15	7.00	1083.75	1089.60	8217.75	8.59	8923.65	705.90	-1239.98
2015-16	8923.65	0.00	0.00	1234.75	1234.75	10158.40	8.54	11025.93	867.53	-2802.44
2016-17	11025.93	0.00	0.00	1616.65	1616.65	12642.58	8.65	13736.16	1093.58	-3380.74
2017-18	13736.16	0.00	0.00	2078.18	2078.18	15814.34	8.58	17171.21	1356.87	-3775.19
2018-19	17171.21	0.00	0.00	1890.95	1890.95	19062.16	8.64	20709.13	1646.97	-4296.07
Total		**1907.96**	**98.00**	**10620.61**	**12809.53**					

Source: Information received from PSUs and State Finances Audit Report of the CAG of India

The investment by GNCTD in these PSUs at the end of the year increased to ₹ 19,062.16 crore in 2018-19 from ₹ 184.43 crore in 2002-03 as GNCTD made further investments in the form of equity, interest-free loans and grants and subsidies for operational and management expenses during the period 2002-03 to 2018-19. The PV of funds infused by the State Government upto 31 March 2019 amounted to ₹ 20,709.13 crore.

During 2002-03 to 2018-19, total earnings for the year remained below the minimum expected return to recover cost of funds infused in these PSUs as DTC incurred substantial losses during this period. The main reasons for increasing losses of DTC were increasing interest cost (₹ 4,487.48 crore for the current year which was not paid), Annual Maintenance Charges (AMC)

[54] For 2002-03 to 2011-12, the figures for Profit before Tax are provided as Profit after Tax were not available. 2012-13 onwards Profit after Tax figures have been depicted.

[55] This is opening balance of investment made by GNCTD

cost, provision of pay revision (2015-16 to 2017-18), increased scrapping of buses and uneconomic fare structure (the fares were last revised in November 2009).Earnings of the other PSUs during the period from 2002-19, were set off towards the losses incurred by DTC due to which the total earnings remained below the minimum expected return as detailed in **Table-2.1.3.9**. Net Present Value by excluding DTC has been worked out in **Annexure 2.8**. It is seen that total earnings of all PSUs (excluding DTC) exceeded the minimum expected return in all the years during 2002-03 to 2018-19 except during 2008-09, 2016-17 and 2018-19**.**

2.1.3.16 During the years 2014-15 to 2018-19, the Government had negative returns on investments made in these PSUs.

Erosion of Net worth

2.1.3.17 Net worth means the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially, it is a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment by the owners has been wiped out by accumulated losses and deferred revenue expenditure.

Table-2.1.3.10 indicates total paid up capital, total accumulated profit/loss, and total net worth of these non-power sector companies[56] where GNCTD has made direct investment:

Table-2.1.3.10: Net worth of other than power sector undertakings during 2014-15 to 2018-19

(₹ in crore)

Year	Paid Up Capital of PSUs at end of the year		Accumulated Profit (+) Loss (-) at end of the year		Deferred revenue Expenditure	Net Worth of companies	
	Including DTC	Excluding DTC	Including DTC	Excluding DTC		Including DTC	Excluding DTC
2014-15	2,091.76	107.91	-18,474.36	496.66	0	-16,382.60	604.57
2015-16	2,091.82	107.97	-21,249.72	639.06	0	-19,157.90	747.03
2016-17	2,091.88	108.03	-24,565.12	734.88	0	-22,473.24	842.91
2017-18	2,091.94	108.09	-28,307.57	835.92	0	-26,215.63	944.01
2018-19	2,111.22	127.37	-32,607.67	865.24	0	-30,496.45	992.61

Source: Accounts of PSUs

Out of the 14 non-power PSUs, GNCTD invested in nine PSUs. Out of these nine, there was positive net worth in seven PSUs[57] and negative net worth in DTC (for one company[58] the net worth was considered zero). The positive net worth of the seven PSUs (₹ 992.61 crore) was outweighed by negative net worth of DTC (₹ 31,489.06 crore) and the total net worth of these nine PSUs

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[56] Excluding NDMC Smart City, ICSIL, DMSL, DLL and DCADL

[57] DSCFDC, DSCSC, DSIIDC, DTTDC, DTIDC, DFC and GDL

[58] SRDC is a non-profit making Company registered under Section 8 of the Companies Act, 2013.

during 2014-15 to 2018-19 remained negative. However, after excluding DTC the total net worth of the seven PSUs was positive during this period.

Dividend Payout

2.1.3.18 Dividend payout relating to nine PSUs (other than power sector) where equity was infused by GNCTD during the period is shown in **Table-2.1.3.11**.

Table-2.1.3.11: Dividend Payout of nine PSUs during 2014-15 to 2018-19

(₹ in crore)

Year	Total PSUs where equity infused by GNCTD		PSUs which earned profit during the year		PSUs which declared/paid dividend during the year		Dividend Payout Ratio (*per cent*)
	Number of PSUs	Equity infused by GNCTD	Number of PSUs	Equity infused by GNCTD	Number of PSUs	Dividend declared/paid by PSUs	
I	ii	iii	iv	v	vi	vii	viii=vii/v*100
2014-15	9	2,083.51	6	81.61	1	0.50	0.61
2015-16	9	2,083.51	7	99.66	1	0.50	0.50
2016-17	9	2,083.51	7	99.66	1	0.50	0.50
2017-18	9	2,083.51	5	66.74	1	0.50	0.75
2018-19	9	2,090.92	4	34.69	0	0	-

Source: Information received from PSUs

During the period 2014-15 to 2018-19, the number of PSUs which earned profits ranged from four to seven. During the period 2014-15 to 2017-18, only one PSU (DSCSC) declared/paid dividend to GNCTD and the dividend payout ratio ranged from 0.50 *per cent* to 0.75 *per cent*. None of the four profit making companies paid dividend during 2018-19.

The State government may formulate a dividend policy specifying minimum rate of dividend to be contributed by PSUs.

Return on Equity

2.1.3.19 Return on Equity (RoE) is a measure of financial performance to assess how effectively management is using shareholders' fund to create profits and is calculated by dividing net income (i.e. net profit after taxes) by shareholders' fund. It is expressed as a percentage and can be calculated for any company if net income and shareholders' fund are both positive numbers.

Shareholders' fund of a company is calculated by adding paid up capital and free reserves net of accumulated losses and deferred revenue expenditure and reveals how much would be left for a company's stakeholders if all assets were sold and all debts paid. A positive shareholders fund reveals that the company has enough assets to cover its liabilities while negative shareholder equity means that liabilities exceed assets.

RoE has been computed in respect of nine (other than power sector) undertakings where funds had been infused by GNCTD. The details of shareholders' funds and ROE relating to nine PSUs (other than power sector) during the period from 2014-15 to 2018-19 are given in **Table-2.1.3.12**.

Table-2.1.3.12: Return on Equity relating to PSUs where funds were infused by GNCTD

Year	Net profit/ loss after taxes of nine PSUs (₹ in crore)		Shareholders' Fund of nine PSUs (₹ in crore)		RoE (*per cent*)	
	Including DTC	Excluding DTC	Including DTC	Excluding DTC	Including DTC	Excluding DTC
2014-15	-1,239.98	123.76	-16,382.60	604.57	-	20.47
2015-16	-2,802.44	115.32	-19,157.90	747.03	-	15.44
2016-17	-3,380.74	30.36	-22,473.24	842.91	-	3.60
2017-18	-3,775.19	68.43	-26,215.63	944.01	-	7.25
2018-19	-4,296.07	33.34	-30,496.45	992.61	-	3.36

Source: Accounts of PSUs

During the last five years, the net income in respect of eight companies, other than DTC, was positive for all the five years and as a result, there was positive return on equity ranging from 3.36 *per cent* to 20.47 *per cent*. However, due to heavy losses incurred by DTC which increased from ₹ 1,363.74 crore in 2014 - 15 to ₹ 4,329.41 crore in 2018-19, the net income for the nine companies became negative in all the five years and thus, the RoE could not be worked out for this period.

Return on Capital Employed

2.1.3.20 Return on Capital Employed (RoCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed. RoCE is calculated by dividing a company's Earnings Before Interest and Taxes (EBIT) by the capital employed[59]. The details of total RoCE of nine PSUs (other than power sector) during the period from 2014-15 to 2018-19 are given in **Table-2.1.3.13**.

[59] Capital employed = Paid up share capital + long term loans +free reserves - accumulated losses- deferred revenue expenditure.

Table-2.1.3.13: Return on Capital Employed

Year[60]	EBIT for PSUs (₹ in crore)		Capital Employed for PSUs (₹ in crore)		RoCE for PSUs[61] (*per cent*)	
	Including DTC	Excluding DTC	Including DTC	Excluding DTC	Including DTC	Excluding DTC
2014-15	1,356.53	230.07	-4,614.54	696.49	-	33.03
2015-16	94.89	176.68	-7,396.50	832.29	-	21.23
2016-17	3.91	112.61	-10,673.17	966.84	-	11.65
2017-18	180.58	174.00	-14,438.43	1,045.07	-	16.65
2018-19	376.98	201.39	-18765.59	1047.33	-	19.23

Source: Accounts of PSUs

During the last five years for the period ended March 2019, the overall capital employed in respect of eight companies, other than DTC, was positive for all the five years and as a result the return on capital employed was also positive ranging from 11.65 *per cent* to 33.03 *per cent*. However, with the inclusion of DTC, the capital employed for these companies turned negative for all the five years.

Analysis of Long-term loans of the PSUs

2.1.3.21 Analysis of the long-term loans of the PSUs (other than power sector) which had leverage during 2014-15 to 2018-19 was carried out to assess the ability of the companies to serve the debt owed by the companies to the Government, banks and other financial institutions. This is assessed through the interest coverage ratio and debt turnover ratio.

Interest Coverage Ratio

2.1.3.22 Interest coverage ratio is used to determine the ability of a PSU to pay interest on outstanding debt and is calculated by dividing EBIT of a PSU by interest expenses of the same period. The lower the ratio, the less the ability of the PSU to pay interest on debt. An interest coverage ratio below one indicates that the PSU is not generating sufficient revenues to meet its expenses on interest. The details of positive and negative interest coverage ratio in respect of the PSUs which had interest burden during the period from 2014-15 to 2018-19 are given in **Table-2.1.3.14**.

[60] The figures for the years 2014-15 to 2017-18 have been as per previous audit report and the figures for the year 2018-19 have been taken as per the latest accounts received as on 30 September 2019.

[61] The capital employed for PSUs including DTC is negative for all the years and thus, Return on capital employed could not be worked out for the period.

Table-2.1.3.14: Interest Coverage Ratio relating to State PSUs

Year	Interest (₹ in crore)	EBIT (₹ in crore)	Number of PSUs having liability of loans from Government and Banks and other financial institutions	Number of PSUs having interest coverage ratio more than 1	Number of PSUs having interest coverage ratio less than 1
2014-15	2,518.35	1,356.52	7	3	4[62]
2015-16	2,862.25	94.88	6	3	3[63]
2016-17	3,325.38	3.91	6	3	3[64]
2017-18	3,874.95	166.31	6	2	4[65]
2018-19	4,509.40	171.13	6	1[66]	5[67]

Source: Accounts of PSUs (The figures for the years 2014-15 to 2017-18 have been taken as per previous year audit report and for 2018-19 as per the latest accounts received as on 30 September 2019.

Of the six PSUs (other than power sector) having liability of loans from Government as well as banks and other financial institutions during 2018-19, one PSU had interest coverage ratio of more than one whereas two PSUs had interest coverage ratio below one which indicates that these two PSUs could not generate sufficient revenues to meet their expenses on interest during the period. The remaining three PSUs had no interest liability.

Debt Turnover Ratio

2.1.3.23 During the last five years, the turnover of the PSUs recorded compounded annual decline of 1.05 *per cent* and compounded annual growth of debt of 0.08 *per cent* due to which the debt turnover ratio deteriorated from 2.58 in 2014-15 to 2.68 in 2018-19 as given in **Table-2.1.3.15.**

Table-2.1.3.15: Debt Turnover Ratio relating to the State PSUs (other than power sector)

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Debt from Government and others (Banks and Financial Institutions)	11,768.09	11,761.43	11,800.10	11,801.24	11,730.94
Turnover	4,569.35	4,186.91	4,100.76	3,940.75	4380.59[68]
Debt-Turnover Ratio	2.58:1	2.81:1	2.88:1	2.99:1	2.68:1

Source**:** The figures for the years 2014-15 to 2017-18 have been as per previous audit report and the figures for the year 2018-19 have been taken as per the latest accounts received as on 30 September 2019

The debt-turnover ratio ranged between 2.58 and 2.99 during this period.

62 DSCSC, GDL, DCAD and DTC
63 DSCFDC, DSCSC and DCAD
64 DSCSC, DCAD and DTC
65 DSCFDC, DSCSC, DCAD and DTC
66 DSCFDC
67 DFC and DTC have interest coverage ratio of less than 1. DSCSC, DCAD and DLL have no interest liability.
68 Turnover for 14 companies

Comments on Accounts of State PSUs

2.1.3.24 Eleven companies forwarded their 11 audited accounts to the Principal Accountant General during the period 1 October 2018 to 30 September 2019. All these 11[69] accounts were selected for supplementary audit. The Audit Reports of Statutory Auditors and supplementary audit conducted by the CAG indicated that the quality of accounts needs to be improved substantially. The details of aggregate money value of the comments of Statutory Auditors and the CAG are given in **Table-2.1.3.16**.

Table-2.1.3.16: Impact of audit comments on Working Companies (other than power sector)

(₹ in crore)

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
1	Decrease in profit	2	15.94	2	39.36	2	17.30
2	Increase in profit	0	0	1	0.05	2	9.41
3	Increase in loss	0	0	1	4.45	2	152.5
4	Decrease in loss	1	0.06	1	0.4	2	2.12
5.	Non-disclosure of material facts	1	7.96	1	1.22	1	165.29
6.	Errors of classification	0	0	1	1.74	1	16.13

Source: Compiled from comments of the Statutory Auditors/ CAG in respect of Government Companies.

During the year 2018-19, the Statutory Auditors had issued adverse opinion for one[70] account, qualified certificates on five[71] accounts and unqualified certificate for five[72] accounts. Compliance to the Accounting Standards by the PSUs remained poor as the Statutory Auditors/CAG pointed out nine instances of non-compliance to the Accounting Standards in three accounts.

2.1.3.25 GNCTD has two Statutory Corporations *i.e.*, (i) Delhi Transport Corporation (DTC) and (ii) Delhi Financial Corporation (DFC). The CAG is sole auditor in respect of DTC.

During 1 October 2018 to 30 September 2019, DTC forwarded its annual accounts for the year 2017-18 whereas annual accounts of DFC for the year 2017-18 were finalised. The Audit Reports of Statutory Auditors and the sole/supplementary audit of CAG indicated the need to improve the quality of maintenance of accounts. The Statutory Auditor pointed out one instance of non-compliance to the Accounting Standard in one account.

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69 Audit of six accounts out of 11 accounts under progress as on 30 September 2019.

70 DTIDC (2016-17)

71 DSCFDC (2011-12), DSCSC (2017-18), DSIIDC (2017-18), NDMC Smart City (2017-18) and DLL (2018-19).

72 DTTDC (2018-19), DML (2018-19), DCAD (2018-19), GDL (2018-19) and SRDC (2018-19)

The details of aggregate money value of the comments of Statutory Auditors and sole/supplementary audit by the CAG in respect of Statutory Corporations are given in **Table-2.1.3.17**.

Table-2.1.3.17: Impact of audit comments on Statutory Corporations

(₹ in crore)

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
1	Decrease in profit	1	3.78	1	10.56	0	0
2	Increase in profit	0	0	1	0.37	0	0
3	Increase in loss	1	2,389.34	1	2,332.74	1	11.09
4	Decrease in loss	1	15.1	1	19.65	1	0.18
5	Non-disclosure of material facts	2	127.94	2	125.39	0	0
6	Errors of classification	1	25.24	1	1.02	0	0

Source: Compiled from comments of the Statutory Auditors/CAG in respect of Statutory Corporations.

Follow up action on Audit Reports

Replies outstanding

2.1.3.26 To ensure accountability of the executive in respect of all audit paragraphs contained in the Audit Reports, the departments are required to submit the Action Taken Notes (ATNs) to the Committee on Government Undertakings (CoGU) duly vetted by Audit within four months of tabling of the Audit Report in the Legislative Assembly. The position of ATNs on Audit Reports related to PSUs (other than power sector) is given in **Table-2.1.3.18**.

Table-2.1.3.18: Position of ATNs on Audit Reports related to PSUs other than power sector (as on 31 March 2020)

Audit Report for the year ended	Date of placement of Audit Report in the State Legislature	Total Performance Audits (PAs) and Paragraphs related to Non-Power Sector in the Audit Report		Number of PAs/ Paragraphs for which ATNs were not received	
		PAs	Paragraphs	PAs	Paragraphs
2014	30.06.2015	1	2	0	0
2015	13.06.2016	1	1	0	0
2016	10.03.2017	0	3	0	1
2017	03.04.2018	1	5	0	0
2018	03.12.2019	1	2	1	2

Source: Compiled based on ATNs received from GNCTD

Discussion of Audit Reports by Committee on Government Undertakings

2.1.3.27 The status of discussion of Performance Audits and paragraphs related to PSUs (other than power sector) that appeared in Audit Reports (PSUs) by COGU as on 31 March 2020 are given in **Table-2.1.3.19**.

Table-2.1.3.19: Status of PAs/Paras in the Audit Reports which have been discussed in COGU (as on 31 March 2020)

Audit Report for the year ended	Number of Performance Audits/Paragraphs			
	Appeared in Audit Report		Paragraphs discussed	
	Performance Audit	Paragraphs	Performance Audit	Paragraphs
2014	1	2	1	0
2015	1	1	0	0
2016	0	3	0	0
2017	1	5	0	0
2018	1	2	0	0

Source: Compiled based on the discussions of COGU on the Audit Reports

Compliance to Reports of COGU

2.1.3.28 No report has been received from COGU for the period 2014 to 2018.

Department of Industries

Delhi State Industrial and Infrastructure Development Corporation Limited

2.2 Operation and Maintenance of Industrial Areas at Bawana and Narela

2.2.1 Introduction

Industrial Policy 2010-21 for the Government of National Capital Territory of Delhi (GNCTD) envisioned infrastructure development through better operation and maintenance of Industrial Areas (IAs) as the planned industrial estates had poor infrastructure and suffered from water logging, bad quality roads and encroachments. The foremost constraints faced in planning infrastructure and industrial development was funding. In pursuance of this, the Delhi Industrial Development Operation and Maintenance Act, 2010 (DIDOM Act) was enacted (March 2010) for the purpose of securing orderly establishment of industrial areas, industrial estates and flatted factory complexes in NCTD, including their operation and maintenance by a single implementing agency, i.e. Delhi State Industrial and Infrastructure Development Corporation Limited (DSIIDC)[73]. As per DIDOM Act, DSIIDC was allowed to create a fund for development, operation and maintenance of industrial estates, industrial areas and flatted factory complexes (FFC) by crediting all the monies received by DSIIDC from and on account of industrial areas, estates and FFC viz, from disposal of land, building and immovable items, all fees, charges, rent etc.

Department of Industries, GNCTD entrusted (1998) the work of relocation of industries to DSIIDC consequent upon orders (1996) of the Hon'ble Supreme Court to relocate industrial units operating in residential areas. Under the Relocation Scheme, land was acquired in Bawana and nearby villages, Narela, Badli, Jhilmil and Patparganj Industrial areas.

Delhi has 33 IAs spread over an area of 4,647 acres. Out of this total area, Bawana (1,922 acres) and Narela (496 acres) IAs comprise of 2,418 acres (52.03 *per cent*) as on July 2020. The Bawana and Narela[74] IAs were developed in 2001-02 under the Relocation Scheme. As on August 2019, 15,756 out of 16,312 plots were occupied in Bawana IA and 3,222 out of 3,376 plots were occupied in Narela IA.

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[73] PSU established in 1971

[74] Narela IA initially came into existence in 1978 and was further developed under the Relocation Scheme.

Figure 1: Map of NCT of Delhi, with indicative location of Bawana and Narela IAs.

The development and operations in Bawana and Narela IA was approved (March 2010) by the GNCTD to be done on public-private partnership (PPP) basis through a special purpose vehicle (SPV). M/s Infrastructure Development Finance Corporation (IDFC) was appointed (January 2009) as consultant for assessing the financial viability of the projects for re-development of IAs, including those at Bawana and Narela.

DSIIDC however, decided to upgrade and re-develop the existing infrastructure with private sector participation on an Upgrade-Operate-Maintain-Transfer (UOMT) basis for the IAs at Bawana and Narela. For this purpose IDFC estimated (April 2011) the project life-cycle costs (including capital and operation & maintenance expenditure) and total revenues (maintenance charges and other charges), and concluded that financial assistance (in the form of fixed annuity payments) would be required to be provided towards the projects by DSIIDC to the private concessionaire.

On the basis of the lowest bids for annuity payments (from the date of completion of re-development works), the work of re-development and operation and maintenance of IAs at Bawana and Narela for a period of 15 years was allotted to M/s Bawana Infra Development Private Ltd (M/s Bawana) and M/s PNC Delhi Industrial Infra Private Limited (M/s PNC) respectively. The concession agreements for both IAs were entered into in July 2011. The re-development work of Bawana and Narela IAs were completed[75] in December 2013 and October 2013 respectively. However, the overall responsibility of management of IAs and services rendered by the concessionaires rested with DSIIDC.

2.2.1.1 Audit objectives, scope and methodology

Bawana and Narela IAs were developed to provide a modern industrial estate with all requisite infrastructure such as roads, drainage, water supply, sewerage systems, street lighting and parking facilities.

The audit objectives were to assess whether:

- the industrial areas at Bawana and Narela were being managed efficiently and effectively;
- a mechanism for monitoring and supervision of performance of the concessionaires existed and was adequate; and
- an effective mechanism to address the grievances of industrial units existed.

The audit was conducted during the period from May 2019 to November 2019. Audit examined records pertaining to the operation and maintenance of Bawana and Narela IAs for the period 2016-17 to 2018-19. Audit also conducted physical verification of the IAs relating to dumping of solid waste, cleanliness of roads and parks etc, choking and overflow of storm water drains etc jointly with the representative of DSIIDC. Audit also obtained feedback about the quality of service facilities rendered by the concessionaires in the IAs through a questionnaire and obtained feedback from 483 industrial units and three industrial associations.

The Entry and Exit conferences were held on 30 April 2019 and 29 January 2020 respectively with the management. The replies to the draft compliance audit report were received from the Government in August 2020 and have been suitably incorporated.

Audit Findings

The concession agreements required the concessionaires to operate and maintain the project facilities, i.e., facilities related to roads, drainage, sewerage, street lighting, water supply, solid waste disposal etc., in accordance with the service level standards laid down in the agreement. However, DSIIDC is responsible for overall monitoring and supervising the service facilities through progress/inspection reports.

[75] As per provisional certificate issued by Third Party Engineer (TPE).

2.2.2 Financial management of collection and payments to concessionaires

As per Section 11.4 of the concession agreement, concessionaires were entitled to charge and collect maintenance charges from annuity commencement date[76] and water, sewerage charges and CETP charges from the unit holders from the appointed date[77]. The charges so collected were to be deposited in a designated account. As per Section 11.6, the concessionaire would open an escrow account and DSIIDC would deposit all payments due and payable to the concessionaire within 15 days of close of the month into this account.

The collection amount deposited by concessionaires were paid to it through escrow account after making deduction on account of penalty levied for service level deficiencies, if any, water and electricity bills payable by the concessionaires but paid by DSIIDC and rent of office premises occupied by the concessionaires.

The details of deposits made by concessionaires out of collections made by them from industrial units and payments made by DSIIDC to it during the period 2012-13 to 2018-19 are given below in **Table-2.2.1**. Year-wise details of monthly charges collected by each concessionaire are given in **Annexure 2.9**.

Table-2.2.1: Details of monthly charges deposited by concessionaires in designated account and released by DSIIDC to escrow account

(₹ in crore)

IA	CETP charges	Water charges	Maintenance charges	Total amount deposited into designated account	Amount released by DSIIDC into escrow account
Bawana	56.65	48.23	144.22	249.10	205.34
Narela	20.57	11.55	57.42	89.54	80.90
Total	77.22	59.78	201.64	338.64	286.24

[76] The annuity commencement date is the date on which completion certificate in relation to all mandatory capital projects is issued in accordance with the concession agreement. As per Section 9.10 of the concession agreement, the project shall be deemed to be complete when the completion certificate or the provisional certificate, as the case may be, is issued. The PC in the case of Narela IA was issued on 31.10.2013 and in case of Bawana IA on 15.12.2013.

[77] The appointed date (15 December 2011) is the date when the concessionaires and DSIIDC fulfill their respective conditions precedent referred to in Sections 3.2 and 3.3 of the concession agreement.

2.2.2.1 Failure of DSIIDC to insist on certified utilisation certificate before release of monthly collection amount

As per Section 11.7 (a) of the concession agreement, any claim or document provided by the concessionaire to DSIIDC relating to income and expenditure in connection with the project shall be valid and effective only if certified by the concessionaire's Statutory Auditors.

Audit noticed that ₹ 286.24 crore released to the concessionaires up to March 2019, relating to collection from CETP, maintenance and water charges, was done solely based on self-certification by the concessionaires that the amounts released in the escrow account were utilised on operation and maintenance activities, and not on the basis of certification by the Statutory Auditors as required under the concession agreement.

Further, DSIIDC did not have the details of monthly charges due and paid by the individual unit holders, which was essential in order to reconcile the amounts collected and deposited by the concessionaires. As collections were also being made by the concessionaires in cash, in the absence of unit-wise details, the correctness of the collections could not be vouchsafed in audit.

The Government in their reply (August 2020) did not offer any comment on the issue.

2.2.2.2 Fixation of Maintenance Charges

GNCTD notified (January 2012) that to meet the expenditure incurred on building, maintenance and operation of the project facilities, the concessionaires would collect a monthly maintenance charges at the rate of ₹ 10 per square meter (sqm.) from the industrial units (w.e.f. the annuity commencement date). Also, the monthly maintenance charges were to be escalated annually as per the cost inflation index having regard to expenditure involved in building; maintenance and management and operation of project facilities. Based on the above notification and as per the terms of the agreement, the concessionaires started collecting maintenance charges at ₹ 10 per sqm from annuity commencement date (31 October 2013 – Narela IA and 15 December 2013 – Bawana IA) and these were escalated by them to ₹ 11.51, ₹ 11.98, ₹ 12.34 and ₹ 12.70 per sqm. for the years 2015-16, 2016-17, 2017-18 and 2018-19 respectively.

The details of fixation of monthly maintenance charges of ₹ 10 per sqm were not provided to audit. Also, the maintenance charges were uniform across all industrial units, irrespective of their industry type, although the maintenance requirements would vary depending on the nature of the industry. Further, allowing escalation of monthly maintenance charges on yearly basis was not justified as the concessionaires have not provided the details of the expenditure incurred on the operation and maintenance of these IAs along with certification of Auditors for any of these years as per the concession agreement as stated in Para 2.2.2.1.

The Government replied (August 2020) that after due consideration, the initial maintenance charges of ₹ 10 per sqm. was adopted and the escalation was allowed based on cost inflation index as per notification of 2012. The Government, however, failed to provide any document to substantiate their contention that maintenance charges of ₹ 10 per sqm were fixed after due consideration. Moreover, the collection of maintenance charges was not linked to actual expenditure involved in operation and management. This indicates that the maintenance charges were fixed in an unscientific manner, without considering the actual maintenance requirements and expenses involved.

2.2.2.3 Non-recovery/adjustment of parking, water and sewer connection charges

As per section 11.4 (a) of the concession agreement, the concessionaires were authorised to collect only maintenance, water charges, sewerage charges and CETP charges. In this regard Audit observed that:

- DSIIDC authorised the concessionaires of Narela and Bawana IAs, in March 2016 and June 2016 respectively, to collect parking charges also. However, DSIIDC recovered parking charges amounting to ₹ 45.93 lakh, collected by the concessionaire of Narela IA only, for the period from June 2017 to March 2018 in September/October 2018. This resulted in loss of interest of ₹ 3.59 lakh on the said amount. In respect of Bawana IA, since DSIIDC failed to furnish details of parking charges collected by the concessionaire, audit could not assess the extent of loss to DSIIDC.

- The concessionaire of Narela IA was not authorised by DSIIDC to collect water and sewer connection charges. However, the concessionaire collected these charges amounting to ₹ 1.06 crore for the period from 2013-14 to 2018-19 without authorisation. Although the monthly reconciliation statements furnished by the concessionaire specifically mentioned details of collection of these charges, however, DSIIDC failed to recover the same from the designated account till date (August 2020) while releasing payments to the concessionaire. Thus, there was avoidable loss of interest of ₹ 29.75 lakh[78] to DSIIDC, which could have been earned thereon.

- In respect of Bawana IA, DSIIDC authorised the concessionaire (December 2016) to sanction water and sewer connection to the unit holders and to collect the charges and deposit the amount in the designated account. However, audit noticed that DSIIDC failed to recover the collections for the period from 24 February 2017 to 20 October 2017,

[78] Calculated till July 2019

amounting to ₹ 1.11 crore, in a timely manner, and these deductions were made only in the months of March and April 2018. For the subsequent period from 21 October 2017 to 31 March 2019 charges amounting to ₹ 1.11 crore remained unrecovered. This has resulted in loss of interest of ₹ 12.05 lakh thereon.

The Government stated (August 2020) that recovery of parking charges from the concessionaire of Narela IA was done from July 2017 onwards when the concessionaire started depositing the same into bank account. The reply confirms that though the collection of parking charges was done by the concessionaire from June 2017, the same was recovered by DSIIDC only in September and October 2018. The Government did not reply about collection of parking charges for the period from April 2016 to May 2017 in Narela IA and for the entire period in respect of Bawana IA. The Government accepted the audit observations on water and sewer connection charges.

2.2.2.4 Delay in payment of electricity and water bills

As per Section 6.10 of the agreement the concessionaire was to make electricity and water bills payments to the utility providers. Audit, however, noticed that the concessionaire of Bawana IA failed to pay the electricity bills and water bills to the utility providers, on several occasions during the period covered in audit, i.e., 2016-17 to 2018-19. In order to maintain uninterrupted services of these utilities in the area, DSIIDC made payments for electricity and water charges on such occasions thereby giving undue benefit to the concessionaire. DSIIDC had not taken any penal action against the concessionaire despite persistent failure on the part of the concessionaire. The direct payments made by DSIIDC on behalf of M/s Bawana resulted in loss of interest amounting to ₹ 9.34 lakh, which could have been earned by DSIIDC had it not made the payments to the utilities directly.

2.2.3 Appointment of Third Party Engineer

Section 10.1 of the concession agreement stipulated that DSIIDC would appoint an independent consultant ("Third Party Engineer" (TPE)) to monitor the implementation of the project facilities/works done by the concessionaires for compliance as per the provisions of the agreement and good industry practices.

Audit observed that DSIIDC entered into an agreement with the TPE in December 2011 at a remuneration of ₹ 90 lakh[79] for a period of three years for each industrial area. It was further noticed that the TPE was appointed on nomination basis without inviting any bids to evaluate the competitiveness of offers. In the absence of availability of competitive rates, the reasonableness of the rates offered to the TPE could not be vouched for in audit. Though the

[79] ₹ 3 lakh * 12 months * 2 years = ₹ 72 lakh during re-development period plus ₹ 1.50 lakh * 12 months * 1 year = ₹ 18 lakh for one year maintenance period for each IA.

TPE was appointed on nomination basis for a period of three years i.e. up to December 2014, however, its tenure was extended without making any efforts to appoint a new TPE till March 2017. Thereafter, DSIIDC invited bids four times since April 2017 for appointment of a new TPE but due to poor response received, no firm could be selected and the tenure of the existing TPE was extended up to August 2019. Subsequently, a new TPE was appointed (September 2019) on nomination basis at a remuneration of ₹ 1.60 lakh per month and ₹ 1.40 lakh per month for Bawana and Narela IAs respectively.

Audit observed that the tenure of the TPE was extended from time to time after completion of three years of the agreed period treating its performance as satisfactory. Though the TPE did not discharge some of the duties assigned to it as mentioned in Para 2.2.5.1, no penalty could be levied on it as there was no provision in the agreement with the TPE for levy of penalty for deficiencies in their services.

It is pertinent to mention that while granting extension to the TPE in 2015, the Competent Authority (CMD) of DSIIDC directed to incorporate the penalty clause in the agreement but the same was not adhered to and no such clause was included while granting extensions to the TPE and also while awarding work on nomination basis to the new TPE.

2.2.4 Deficiencies in Operation and Maintenance of IAs

During scrutiny of records relating to operation and maintenance of IAs at Bawana and Narela by the concessionaires, audit observed the following deficiencies:

2.2.4.1 Deficiencies in disposal of Municipal Solid Waste (MSW)

As per Section 2D of Schedule 2 of the concession agreement, the concessionaires were to provide facilities relating to solid waste disposal. The service level standards (SLS) for MSW as per schedule 3 D (iii) required the concessionaires to ensure proper transportation of MSW, door-to-door collection of waste, transportation to treatment facility or landfill facility, and segregation of waste into biodegradable and non-biodegradable components.

Audit noticed that disposal of MSW in IAs at Bawana and Narela was very poor as instances of dumping of solid waste in the open, in storm water drains and in the sewerage system were repeatedly reported at various platforms viz; Grievance Redressal Committee (GRC), Maintenance Board (MB) meetings etc. For disposal of MSW, the agreement required the concessionaire to dispose the waste at a landfill site within 4-5 kms. However, the landfill site used/ provided for disposing the waste was located at a distance of 20 km (approx.). This reflects poor designing of the agreement. This was also observed by audit during joint physical verification conducted along with the DSIIDC representative, as shown in the photographs below:

Photographs 1 and 2: Instances of dumping of MSW in open area in Bawana IA, observed during joint physical verification (December 2019)

Photograph 3: Instances of dumping of MSW in open area in Narela IA, observed during joint physical verification (January 2020)

It was further observed that the Environment Pollution Control Authority (EPCA) directed (December 2017) DSIIDC that the waste from Bawana and Narela IAs be disposed of at the Waste-to-Energy (WTE) plant at Bawana being run by M/s. Ramky Limited to prevent accumulation as well as open burning of solid waste. DSIIDC obtained requisite permission from North Delhi Municipal Corporation (NDMC) in October 2018, and 49,827 metric tonnes of *malba* (garbage) was disposed of at WTE plant up to July 2019. Out of the above, about 34,123 metric tonnes of garbage pertained to the period up to October 2018 which indicated accumulation of garbage during the period prior to October 2018. This reflects improper waste disposal and inadequate efforts for disposal of garbage by the concessionaires and monitoring of the same by DSIIDC during the initial years of operation of the IAs.

EPCA also noticed instances of open dumping and burning of solid waste during their visit to the IAs in October 2018, and directed that boundary walls be constructed around the vacant plots to prevent dumping of solid waste in them. However, action for the same was initiated only in Bawana IA (May 2019).

It was only after the visits of the EPCA that some action was taken by DSIIDC in the form of conducting inspections, sealing defaulting units, and forwarding lists of defaulters to Delhi Pollution Control Committee (DPCC) for strict action and imposing fines. Audit observed that the TPE had repeatedly (since January 2016) highlighted deficiencies in disposal of MSW (**Annexure 2.10**) which was the responsibility of the concessionaires. However, DSIIDC did not impose penalties on the concessionaires (except once in May 2018 when penalty of ₹ 18.55 lakh was imposed on M/s Bawana) for their failure to properly dispose of MSW.

The Government accepted (August 2020) that *dhalaos*[80] became full from time to time. The Government further stated that surveys/inspections were conducted by DSIIDC on its own and recoveries on account of service-level deficiencies are also being imposed on the concessionaires regularly on monthly basis w.e.f. February 2019 onwards.

The fact remains that although the situation has improved after October 2018 and regular imposition of penalties started from February 2019 onwards, instances of dumping of solid waste in the open, in storm-water drains etc. still continued to be reported in GRC meetings as discussed in para no. 2.2.5.3. Also, the reply was silent regarding lack of action against the concessionaires in previous years for these deficiencies.

2.2.4.2 Deficiencies in maintenance of drainage and sewerage system and operation and maintenance of Common Effluent Treatment Plant (CETP)

The service level standards (SLS) for storm-water drains (Section 3A3(II) of Schedule 3A(iii)) of the concession agreement required that the concessionaire ensure that there is no mixing of sewage into the storm-water drains, the drains are cleaned at regular intervals to facilitate storm-water flow, storm-water is not discharged into open areas causing flooding/water logging in the industrial area. Further, the SLS in respect of sewerage system (Section 3C3(II) of Schedule 3C(iii)) required the concessionaire to ensure that there is no leakage in the sewer collection system and check for clogged inlets and drains. The maintenance of CETP required the concessionaires to meet the SLS (Section 3C3(III) of Schedule 3C(iii)) to ensure final deposition of sewage effluent in accordance with discharge requirement, conduct outfall tests to check water quality at regular intervals and ensure adequate disposal of sludge.

Audit observed that various agencies viz, Monitoring Committee for river Yamuna constituted by the National Green Tribunal (NGT), Industries Department, GNCTD, Maintenance Board, etc., had noticed a number of instances of industrial effluents being discharged directly into the storm water drains and ultimately into the main drain without treatment, thereby leading to water pollution. Further, during joint physical verification of Bawana and Narela IAs with representatives of DSIIDC, audit also observed such instances as shown in the following photographs:

[80] Concrete structure meant for storage of MSW


Photographs 4 and 5: Choked drains and overflowing drains in Narela IA, as observed during joint physical verification in January 2020


Photographs 6 and 7: Dumping of waste in drains and choked drains in Bawana IA, as observed during joint physical verification in December 2019

The Industrial Associations and unit holders of both Bawana and Narela IAs also raised the issue of choked drains and sewers repeatedly in various meetings of the Grievance Redressal Committee and Maintenance Board.

Audit observed that the TPE had repeatedly (since January 2016) highlighted non-removal of silt from the CETPs, drains and sewers (**Annexure 2.10**), which was the responsibility of the concessionaires. However, DSIIDC did not impose penalties on the concessionaires (except once in May 2018 when penalty of ₹ 13.60 lakh was imposed on M/s Bawana) for their failure to maintain the drainage and sewerage system and CETP.

The matter of discharge of industrial effluents into storm water drains by industrial units was also highlighted (December 2018) in the meeting of the Monitoring Committee (constituted by the NGT) and during inspection by Minister of Industries, GNCTD in December 2018. To address these concerns, DSIIDC conducted surveys during December 2018 to July 2019 and imposed environmental compensation charge of ₹ 50,000 per unit on 1,358 and 340 units in Bawana and Narela IAs respectively. However, only 510 units and 180 units in Bawana and Narela IAs respectively paid the penalty till July 2019.

Test-check of water samples (September 2019) of the storm water drains in Bawana and Narela IAs conducted by DPCC at the request of Audit showed that exceptionally high levels of Total Suspended Solids (TSS), Bio-Chemical Oxygen Demand (BOD) and Chemical Oxygen Demand (COD) were present in seven out of nine samples indicating that the storm water drains meant for carrying storm/rain water only were actually carrying industrial waste, as shown in **Table-2.2.2**.

Table-2.2.2: Results of samples of storm water drains of Bawana and Narela IAs taken in September 2019

	TSS	BOD	COD
Maximum Permissible Limit	**100**	**30**	**250**
Bawana Escape drain	280	110	360
Bawana IA Sec 5	480	165	440
Bawana IA Sec5 Pkt P near CNG pump	140	135	396
Bawana Escape drain after meeting Sec 5 Pkt P	160	135	440
Bawana outlet CETP just before meeting Bawana escape drain	40	25	84
Narela IA Road no 55 left side	244	125	368
Narela IA Road no 55, right side	972	200	680
Narela IA Road no 102 right side	926	180	540
Narela IA Road no 102 left side	50	28	100

Moreover, no third party inspection reports on the condition of the CETPs, as required by the concession agreement, were available. However, as per the records, day-to-day repair and maintenance of the CETPs was being carried out.

Therefore, despite laxity in the operation/maintenance of storm water drains, sewers and CETPs by the concessionaires, DSIIDC failed to take action to enforce the service level standards prior to directions of other authorities. Even after 2018, deficiencies were reported in GRC/MB meetings and also noticed during site visit by Audit.

The Government stated (August 2020) that to prevent water pollution, door-to-door survey of the Narela and Bawana industrial areas was conducted and notices were served to defaulting units. Besides, environmental compensation was also charged in 2018-19, which resulted in increased flow of waste water in CETPs. It further stated that DPCC is the statutory authority responsible for implementing the provisions of environmental laws. It also stated that there are a number of street food vendors in IAs, who are discharging their waste water into the storm water drains directly.

The reply of the Government is not acceptable as the door-to-door survey of the industrial units, imposition of fines and sealing of units was done by DSIIDC and DPCC only after serious view was taken by other authorities[81]. Further, maintenance of the IAs rests with the concessionaires/DSIIDC and they should have ensured proper treatment of waste water and maintenance of drainage and sewerage system in these IAs as per environmental laws. Although there has been an increase in capacity utilisation of CETPs, it could

[81] Monitoring Committee and Minister of Industries, GNCTD.

be utilised only to the extent of 71 *per cent* and 46 *per cent* of CETPs capacity at Bawana and Narela IAs respectively. With more efforts, the concessionaires/DSIIDC could have ensured further increase in inflow of waste into CETPs. Regarding the unauthorised street food vendors and discharge of waste into drains, DSIIDC solely was responsible to control the same, which it failed to do.

2.2.4.3 Cleaning of Industrial Areas

As per Section 2 of Schedule 2 of the concession agreement, the concessionaires were responsible for providing other services, such as sweeping and keeping the roads free from litter, bushes and debris, repairing and painting of kerb stones etc. The service level standards (schedule 3A(iii)) of the concession agreement required the concessionaire to ensure that the roads are evenly surfaced and damaged roads are repaired, footpaths are not broken, all green areas, parks and landscaped areas are clean and all green litter, garbage and civil debris generated is disposed of, storage facilities/containers/bins for MSW are provided so that no unhygienic conditions are created.

However, as per the available monthly reports submitted by the TPE, grievances raised by Industrial Associations in GRC and feedback obtained from industrial associations/allottees by audit, it was observed that there was slow progress of repairing of roads and paver blocks, removal of garbage, inadequate watering and cleaning of parks and green belts and poor condition of dustbins.

Audit observed that appropriate action/penalties on the concessionaires were neither recommended by the TPE nor imposed by DSIIDC on its own except once in May 2018 when penalty of ₹ 18.66 lakh was imposed on M/s Bawana.

The following photographs taken during joint physical verification of the IAs by audit and representative of DSIIDC in December 2019 and January 2020 indicates the poor status of cleaning of IAs.

Photographs 8 and 9: Garbage/debris on road side and in open areas in Bawana IA, as observed during joint physical verification in December 2019

Photographs 10 and 11: Garbage/debris on road side and in open areas in Narela IA, as observed during joint physical verification in January 2020.

The Government stated (August 2020) that the maintenance work/services were attended by the concessionaire on a day-to-day basis and penalties were imposed if deficiencies were not attended by the concessionaires. The fact however remains that though deficiencies in services were noticed regularly, DSIIDC started imposing penalties on the concessionaires regularly from February 2019 only.

2.2.4.4 Inadequate water supply

DSIIDC was responsible for ensuring adequate water supply to meet the requirements of the industrial units in Bawana. However, it failed to do so and this issue was also highlighted by the units/ associations in GRC meetings as well as through feedback obtained by audit from Industrial Associations and allottees.

Audit noted that although DSIIDC had taken up the issue of inadequate supply of water with Delhi Jal Board (DJB) on many occasions, it never took up the matter at Government level. It was further seen that DSIIDC had 10 borewells in Bawana IA which were sealed by SDM office (seven in 2016 and three in 2017). DJB had granted permission to use these borewells in absence of supply of adequate water by DJB but the required codal formalities were not completed for regularising these borewells from DJB. Though DSIIDC completed the codal formalities with DJB (2017), it failed to take up this issue with the competent authorities to get these borewells de-sealed to ensure additional water supply in the area.

The Government stated (August 2020) that DSIIDC followed up the issue of desealing of borewells vigorously with SDM office. However, the fact remains that DSIIDC failed to take up the issue at higher levels with the Government to get these borewells desealed to augment the water supply.

2.2.4.5 Working of street lights

As per Service Level Standards mentioned in Section 9.1.1 (c) Schedule 3G(iii), of the concession agreement, not more than five *per cent* of the lights should be in non-working condition and the same should be rectified within 48 hours from receipt of complaint.

The position with regard to functioning of street lights during surveys conducted periodically by DSIIDC in Bawana and Narela IAs is given in **Table-2.2.3**.

Table-2.2.3: Details of survey conducted by DSIIDC in Bawana and Narela IAs

Sl. No.	Bawana Industrial Area		Narela Industrial Area	
	Date of survey	Percentage of street lights not found working	Date of survey	Percentage of street lights not found working
1	30 August 2018	28.70	31 August 2018	14.99
2	27 September 2018	19.63	17 September 2018	14.72
3	29 December 2018	15.73	17 October 2018	36.34
4	-	-	17 November 2018	32.93

It can be seen from the above table that street lights were not working in accordance with the Service Level Standards. However, no penalties were imposed by DSIIDC on the concessionaires.

The Government replied (August 2020) that deficiencies noticed in survey of street lights in these IAs were attended by the concessionaires within the permissible time. The reply is not satisfactory as audit found that these deficiencies were rectified by the concessionaires after the permissible time of 48 hours.

2.2.5 Deficiencies in Monitoring Mechanism

Apart from the deficiencies discussed above, the following shortcomings were also noticed in monitoring and supervision by DSIIDC/TPE of the operation and maintenance of Bawana and Narela IAs:

2.2.5.1 Deficiencies in reporting by the Third Party Engineer

As per Section 4 of Schedule 5 of the concession agreement, TPE shall review the monthly status report on maintenance of project facilities provided by the concessionaires and send its comments thereon to DSIIDC and the concessionaires. Besides above, TPE shall submit regular periodic Inspection Reports (IRs) (at least once every month) after conducting inspection of sites to DSIIDC which state the deficiencies, if any, particularly with reference to specifications and standards, and concessionaires shall rectify such deficiencies, if any, reported in IR. The TPE shall review the remedial measures taken by the concessionaire and determine if any delay has occurred in completion of repair or remedial works in accordance with the agreement, and shall determine the damage/penalty, if any, payable by the concessionaire to DSIIDC for such delay and deficiencies.

Audit observed that the TPE in its Monthly Progress Reports had been regularly observing deficiencies/shortcomings in the service facilities provided by the concessionaires and also communicating such deficiencies regularly to DSIIDC as detailed in **Annexure 2.10** but the same were not reported in the monthly IR submitted by it. Reporting of the deficiencies/ shortcomings in the IR would have resulted in quicker remedial measures since any delay in corrective action would have attracted damage/penalty on the concessionaires.

Audit also observed that the deficiencies (except relating to speeding up of cleaning and sweeping of roads, watering of green belts and parks etc.) highlighted by other agencies such as EPCA, NGT and Industries Department, and regularly raised by the industrial units, were never reported by the TPE in its IRs. Also, DSIIDC did not warn the TPE for its failure to discharge its duties effectively. Though the performance of the TPE was not satisfactory, no penalty could be levied on the TPE as there was no provision in the agreement with the TPE for levy of penalty as mentioned in Para 2.2.3.

The Government stated (August 2020) that deficiencies observed by TPE/DSIIDC were regularly informed to the concessionaires and in case there was slippage of time in redressal of complaints, penalty was imposed as per agreement.

The reply does not address the issue of unsatisfactory performance of the TPE and non-inclusion of penal clause in the agreement with it.

2.2.5.2 Shortcomings in complaints mechanism and action thereon

Section 10.3 and 10.4 of the concession agreement prescribes the procedure for grievance/complaint redressal by the concessionaires and provides for the following:

- maintenance of a complaint register for recording complaints with various details and action taken thereon.
- DSIIDC in consultation with concessionaires specify the procedure for making complaints in electronic form (including via web portal).

Further, DSIIDC was to advise the concessionaires to take appropriate action for grievance redressal on the basis of the complaint register to be provided by the concessionaires.

In this regard, audit observed that:

- Though the complaint register was maintained, entries in the complaint register of Bawana for the period from April 2016 to March 2019 indicated that 22,753 number of complaints were registered, on an average of 21 complaints per day (about 632 per month). Similarly, the complaint register for the period from April 2016 to March 2019 of Narela IA indicated that 9,428 number of complaints were registered, on an average of nine complaints per day (about 262 per month).
- No e-complaint portal was in existence in both IAs.

- TPE had repeatedly reported complaint related issues in their monthly progress reports on lack of evidence supporting closure of complaints/remedial action taken, photocopy of complaint register neither being signed nor stamped by any of the authorised representatives of the concessionaires and that the signature of the complainant was not obtained after attending to the complaint to enable authentication of the action taken. No corrective measures were also taken by the concessionaires to follow up the directions/instructions of the TPE to maintain the complaint register correctly. Besides, penal action was neither proposed by the TPE nor taken by DSIIDC.

The Government stated (August 2020) that complaints register were being maintained at Bawana and Narela including facilities of call centre for Bawana and all the complaints received were entered and attended (including of call centre). Further efforts are also being made to develop an online complaint system in Bawana.

The reply is not tenable as the TPE had repeatedly reported complaint-related issues in their monthly progress reports. Deficiencies were also reported regularly in GRC meetings which indicates that the complaints redressal mechanism was not satisfactory.

2.2.5.3 Ineffective supervision through Grievances Redressal Committee and Maintenance Board in both IAs

As per Section 10.5 of the concession agreement, DSIIDC shall constitute a Grievance Redressal Committee (GRC) with representatives of DSIIDC, concessionaire and association of units/occupiers of the industrial estate. In the event of receipt of a grievance from units/occupiers in the industrial estate, the GRC shall send a notice to the concessionaire who shall submit its response on the same within seven days. Based on the response, the decision of the GRC shall be communicated to the concessionaire which shall be binding on it. The DSIIDC may on receipt of the report of the GRC, also impose penalties, if any, on the concessionaire as per the agreement.

Audit noticed that GRC was constituted by DSIIDC only in September 2017 i.e. after a lapse of more than six years from the date of agreement. Thus, there was no mechanism for grievance redressal till the formation of GRC, thereby giving undue benefit to the concessionaires and leaving the interests of the beneficiaries unprotected.

On scrutiny of the minutes of the meetings of the GRC, audit observed that several deficiency related issues[82] were repeatedly raised by the allottees (industrial units) and their associations. DSIIDC/TPE did not follow-up on the complaints raised during the GRC meetings and decision taken by GRC.

[82] blockage of drains and sewer line, dumping of solid/industrial waste in open/vacant plots, cleaning of roads and parks, charging of provisional CETP charges.

Apart from this, DSIIDC also failed to constitute the Maintenance Board[83] (MB) as per Section 10.6 of the concession agreement till August 2017 to monitor the conditions of the project facilities through periodic inspections etc. Even when constituted, no inspections of project facilities were conducted by the MB resulting in ineffective supervision of the project facilities.

The Government accepted (August 2020) delay in formation of GRC and MB and stated that the office of DSIIDC, concessionaires; TPE; Industrial Association and unit holders are located within IAs of Bawana and Narela, so regular interactions were being held and remedial measures taken for deficiencies found.

However, the fact remains that as Bawana and Narela IAs are spread over an area of 2,418 acres, all industrial unit holders would not be in a position to approach the authorities personally and there is a need to have a more robust complaints mechanisms; like GRC and MB in place which would ensure proper and timely redressal of complaints and effective supervision. Further, DSIIDC has started imposing penalties for deficiencies in services regularly on a monthly basis from February 2019 onwards only.

2.2.5.4 Lack of input data to manage the service facilities

DSIIDC was responsible for day-to-day operation and maintenance of Bawana and Narela IAs, but it did not have any data/information relating to the industrial units, such as grant of license by Municipal Corporation, trade/manufacturing activity, change in trade, renewal of license, valid NOC from Fire department and DPCC, water intensive units, average quantity of industrial and solid waste generated by each industrial unit, installation/O&M of ETP by individual industrial unit and number of workers employed etc.

In the absence of such information and a control mechanism, DSIIDC could not accurately judge, prescribe and monitor the requirement of manpower and machines/equipment etc. to be deployed by the concessionaires for effective disposal of industrial waste and solid waste, including regular cleaning of roads/parks/vacant plots land and up-keep of street lights etc. which ultimately reflected in deficient services. Audit also observed that there was a major fire incident in Bawana IA in January 2018 in a unit manufacturing explosive materials/firecrackers which is in the prohibited list of industries in the Master Plan of Delhi-2021.

The Government stated (August 2020) that as these activities are not in the domain of DSIIDC, therefore, these are not monitored by DSIIDC. Further, it was stated that the requirement of manpower and machine/equipment were

[83] Comprising officers nominated by DSIIDC, representative of DPCC, concessionaire and Industrial Welfare Associations. There was no representative of DPCC among the members of MB formed by DSIIDC.

not prescribed but service level standards are stipulated in the concession agreement.

The fact remains that by prescribing mechanisms to collect periodic information on these aspects from the industrial units, being estate authority of these IAs, the DSIIDC/TPE could have better judged the requirement of facilities and managed these IAs by imposing service level standards effectively.

2.2.6 Conclusion

Industrial Policy 2010-21 for the Government of National Capital Territory of Delhi (GNCTD) envisioned infrastructure development through better operation and maintenance of Industrial Areas (IAs). Delhi State Industrial and Infrastructure Development Corporation Limited (DSIIDC) was entrusted the responsibility of securing orderly establishment of industrial areas in NCTD, including their operation and maintenance. Bawana and Narela are two of the largest industrial areas in the GNCTD and account for 52 *per cent* of the total area of all IAs.

The work of re-development and operation and maintenance of IAs at Bawana and Narela for a period of 15 years was allotted to M/s Bawana Infra Development Private Ltd (M/s Bawana) and M/s PNC Delhi Industrial Infra Private Limited (M/s PNC) respectively. The overall responsibility of management of IAs and services rendered by the concessionaires rested with DSIIDC.

The audit of operation and maintenance of these two IAs revealed serious deficiencies on the part of DSIIDC with respect to ensuring proper discharge of functions by the two concessionaires as per the concession agreement. DSIIDC neither had the complete details of the charges due and paid by each industrial unit, nor ensured the required certification of income and expenditure by the Statutory Auditors before transferring the amount collected to concessionaires. The concessionaires were given undue financial benefit by allowing escalation of monthly maintenance charges without obtaining the details of expenditure incurred by the concessionaires on O&M activities.

There was unauthorised collection of water and sewer connection charges by the concessionaire in Narela IA and delay in adjustment of the same. Besides, there was delay in adjustment of parking charges also. Further, there was delay in adjustment of water and sewer connection charges as well as electricity and water bills in Bawana IA. Issues like collection of water and sewer connection charges, parking charges, proper waste disposal etc. were not given due consideration in the agreement which led to operational problems at later stages. Thus, the agreements entered into by DSIIDC with the concessionaires were flawed from the very beginning. This also resulted in unlawful collection of water and sewer connection charges by the concessionaire of Narela.

Improper monitoring by DSIIDC led to adverse environmental implications, e.g. non-disposal and accumulation of MSW in these IAs leading to choking of drains and sewers; industrial effluents were discharged directly into storm water drains. There were instances of inadequate sweeping of roads, watering and cleaning of parks and slow progress of repair works etc.

Though the TPE failed to discharge its duties effectively by highlighting the repeated occurrences of deficiencies in operation and maintenance and recommending recovery of penalties, DSIIDC failed to take any action against the TPE in the absence of any penal clause in the agreement with TPE, despite directions from the CMD to incorporate this clause while granting extension to the TPE.

The grievance redressal mechanism was not functioning adequately and effectively.

2.2.7 Recommendations

DSIIDC needs to:

- to ensure that any new agreement for operation and maintenance works has suitable provisions relating to recovery of water connection, sewage connection and parking charges so that unlawful/unintended collection of money/incidentals could be avoided.
- have more effective monitoring and supervision of the O&M activities being performed by the concessionaires on a regular basis;
- obtain audited statements of income and expenditure of the concessionaires and ensure proper accounting of monthly collection charges so that the concessionaires do not recover any charges other than those allowed by the concession agreement. Besides, there should be regular adjustment of recoveries to be made from the concessionaires on a monthly basis.
- incorporate a suitable clause in the agreement with the TPE for levy of penalty for fixing responsibility for deficiency in services;
- monitor issues relating to MSW disposal and water pollution and attend to the same on a regular basis, so that their impact on environment and health of the public could be reduced or minimised;
- ensure a more effective role of GRC in attending complaints of industrial units/associations in implementation of O&M activities by the concessionaires and recommending imposition of penalties on concessionaires for not redressing grievances timely.

2.3 Avoidable payment of interest

Failure of DSIIDC to timely assess the income tax liability and consequent non-payment of advance tax resulted in avoidable payment of interest of ₹ 3.74 crore.

Section 208 of the Income Tax Act, 1961 (Act) states that advance tax is to be paid in instalments falling due on 15thof June, September, December and March. Section 234B of the Act provides for levy of simple interest at one *per cent* per month or part of a month when the taxpayer has failed to pay advance tax or where the advance tax paid is less than 90 *per cent* of the assessed tax. Section 234C of the Act provides for levy of interest for default in payment of instalment(s) of advance tax.

Audit noticed (June 2019) that Delhi State Industrial Infrastructure Development Corporation Ltd (DSIIDC) had assessed (March 2018) its taxable income for the assessment year 2018-19 as ₹ 92.38 crore and accordingly calculated its income tax liability as ₹ 31.97 crore and paid ₹ 31.11 crore[84] as advance tax by March 2018. However, DSIIDC subsequently revised (September 2018) its taxable income to ₹ 184.88 crore and accordingly computed income tax liability as ₹ 63.98 crore. The difference in revision of taxable income was mainly due to accounting of profit of ₹ 66.50 crore from sale of flats to Central Industrial Security Force (CISF). DSIIDC paid shortfall of income tax of ₹ 32.87 crore (₹ 63.98 crore - ₹ 31.11 crore) and ₹ 3.74 crore as penal interest under Section 234B and 234C in September 2018.

Audit further noticed that payment for flats was received between September 2015 to June 2017 and the process of handing over the flats to CISF was also completed by June 2017 but DSIIDC failed to account for the profit from the sale in estimated income. Had DSIIDC taken into account the profit of ₹ 66.50 crore before March 2018 for calculation of advance tax, and included the same while finalising the annual accounts of financial year 2017-18 i.e. in September 2018, the payment of interest of ₹ 3.74 crore could have been avoided.

The Government stated (August 2020) that DSIIDC has revised the taxable income based on new legal perceptions by claiming allowable deductions of business expenses of ₹ 28.64 crore. Due to revised taxable income, the interest under Section 234B and 234C works out to ₹ 2.64 crore against pre-revised interest of ₹ 3.74 crore. It also stated that DSIIDC could not consider the exact taxable profit while making the estimate of advance tax during the financial year 2017-18, as the cost of low cost housing project was not 100 *per cent* determinable due to pending claim of the contractor in arbitration

[84] ₹ 31.11 crore (₹ 22.47 crore Advance Tax and ₹ 8.64 crore TDS) by March 2018

litigation (still pending) and for this reason, it was not a normal routine income.

The reply is not tenable, as DSIIDC was well aware of the profit earned from sale of flats to CISF and receipt of payments between September 2015 and June 2017, and accordingly it was to pay advance tax by 31 March 2018. Further, the contention that the cost of flats could not be ascertained as on March 2018 due to pending arbitration litigation has no merit as the status of the arbitration case remained the same in September 2018 when DSIIDC deposited tax along with interest under Sections 234B and 234C. Further, the reply of the Government that the revised return by claiming deduction of ₹ 28.64 crore as business expenses stands filed before the assessing officer for consideration as on March 2020 is not satisfactory as acceptance of the same depends upon final assessment by the Income Tax department.

Thus, failure of DSIIDC to timely assess the income tax liability and consequent non-payment of advance tax resulted in avoidable payment of interest of ₹ 3.74 crore.

Department of Power

Pragati Power Corporation Limited

2.4 Loss of ₹ 22.83 crore due to under insurance

PPCL suffered a loss of ₹ 22.83 crore as it had undervalued the assets under "Machinery Breakdown" policy by excluding the value of Excise and Customs duties element, at the time of taking insurance of its Power Plant.

The Pragati Power Corporation Limited (PPCL) took an Industrial all-risks insurance policy (February 2015) for its 1,371.20 MW power plant at Bawana, commissioned in 2012, at a premium of ₹ 8.24 crore for the period 7 February 2015 to 6 February 2016, covering all risks under standard fire and special perils with sum insured of ₹ 4,321.09 crore with add-on coverage of earthquake (₹ 4,534.34 crore including plinth foundation), Fire loss of profit (₹ 1,187.39 crore) and machinery breakdown (₹ 3,152.27 crore) for its Combined Cycle Power Station.

As per clause 1 of Special Conditions to section I of the insurance policy, it was a requirement that the sums insured stated in the Schedule of the policy shall not be less than the cost of reinstatement/replacement cost[85] as if such property were reinstated on the first day of the period of insurance. However, audit noticed that though the sum insured in the policy for the period 7 February 2015 to 6 February 2016 was based on the reinstatement/ replacement cost, PPCL insured the sum of assets towards machinery

[85] Reinstatement cost of insurance is based on the sum insured of assets including cost plus applicable taxes and duties

breakdown based on capital cost of installation of the power plant, excluding the value of excise and customs duties being exempted on account of mega power plant[86] and escalations in the cost of the plant.

Audit noticed (March 2019) that a Gas Turbine (GT-1) of Power Plant was damaged on 16 July 2015 and was put back into service by December 2016 after necessary repairs. PPCL incurred ₹ 112.06 crore on the purchase of material, associated parts and repair of GT rotor and lodged a claim for equivalent amount under Machinery Breakdown clause in March, 2017 with the insurance company (M/s Oriental Insurance Co. Ltd) against which payment of ₹ 50 crore was released on 29 March 2017. The surveyor (August 2018) assessed the net liability of insurer at ₹ 88.02 crore. Based on the surveyor's report, the insurance company arrived at a payable net liability of ₹ 83.62 crore[87] and released the balance payment of ₹ 33.58 crore (net of some charges of ₹ 0.04 crore) on 14 November 2018. For arriving at net liability, the insurance company based on the surveyor's report deducted ₹ 24.02 crore from the loss of ₹ 112.05 crore on account of under insurance (21.44 *per cent*). This resulted in net loss of ₹ 22.83 crore to the PPCL[88].

It is pertinent to mention here that PPCL took an insurance policy for the period 7 February 2018 to 6 February 2019, by including the excise and customs duties in the reinstatement cost. Had PPCL renewed the policy on reinstatement cost, for the period 7 February 2015 to 6 February 2016, after including excise and customs duties in the reinstatement cost, as done for the period from 7 February 2018 to 6 February 2019, the loss of ₹ 22.83 crore would have been avoided.

The Government accepted (27 July 2020) the facts and stated that cost of reinstatement has been taken care of subsequently for further periods by PPCL.

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86 In terms of the notification of the Government of India, Ministry of Finance (Department of Revenue) No 21/2002-Cutoms dated 1st March, 2002 read with No. 49/2006-Customs dated 26th May 2006, the import of capital equipment would be free of customs duty for mega power projects. Certain specified goods such as machinery, apparatus, instruments, cables, components or raw material supplied to specified mega power projects were exempted from central excise duty vide entry No. 338 under notification No. 12/2012-Central Excise, dated 17th March 2012.

87 after deducting ₹ 4.40 crore on account of 5 *per cent* deductible as per terms of Policy

88 ₹ 24.02 crore @ 95 *per cent* as 5% was to be deducted on the basis of terms of insurance policy

Department of Tourism

Delhi Tourism and Transportation Development Corporation Limited

2.5 Non-recovery of Service Tax

DTTDC failed to recover service tax timely from the concessionaires and paid ₹ 93.91 lakh including interest on service tax from its own funds.

With the objective of beautification of roads, Public Works Department, (PWD) entrusted Delhi Tourism and Transportation Development Corporation Limited (DTTDC) the responsibility for issuing bid documents to applicants for the project "Installation and maintenance of street furniture[89] on identified PWD roads" in the vicinity of the Commonwealth Games venuesand to enter into concession agreement with the selected bidders for a period of seven years. DTTDC accordingly entered (May 2010) into concession agreements with four concessionaires for five clusters[90].

As per Article 4.9 (r) of the agreement, the concessionaire was liable to pay all taxes, duties and outgoings. Accordingly, the four concessionaires were liable to pay service tax[91] applicable for sale of space for advertisement being the service recipient.

Audit noticed (June 2019) that for the period November 2011 to June 2012, October 2014 to March 2016, service tax amounting to ₹ 60.50 lakh was not collected from the concessionaires by DTTDC and deposited with the Service Tax Department. However, DTTDC deposited service tax of ₹ 26.74 lakh along with interest of ₹ 4.20 lakh from its own funds for the year 2015-16, in July 2016, though it was required to be paid quarterly.

Further, service tax for the period November 2011 to March 2012 and April 2012 to March 2015 of ₹ 17.99 lakh and ₹ 15.77 lakh respectively was deposited by DTTDC from its own funds in November 2017 and January 2017, along with interest of ₹ 23.86 lakh and ₹ 10.62 lakh, after being pointed out by Audit in September 2016 and November 2017. DTTDC deposited service tax along with interest from its own funds as per the service tax law which provides that whether the service provider receives the payment from his client or not, he is legally bound to discharge the service tax liability in respect of services rendered by him.

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[89] Works such as traffic/police booths, vending kiosks, public toilets, tree guards, dust bins, information panels, benches, free standing panels and auto prepaid booths etc.

[90] Cluster1- Delhi University, Cluster 2- Indira Gandhi Stadium, Cluster 3- R K Khanna Tennis Complex, Cluster 4- Siri Fort Sports Complex and Dr Karni Singh Shooting Range and Cluster 5- Games Village and Yamuna Sports Complex.

[91] As per section 65(105) (ZZZM) of Finance Act, 1994.

DTTDC took up the issue of recovery of service tax and interest paid by it for the said periods with the concessionaires but could only recover ₹ 5.27 lakh on account of service tax for 2015-16.

The Government stated (March 2020) that DTTDC has already taken up the issue of reimbursement of service tax with the concessionaires, which has been deposited by DTTDC with the Service Tax Department. Further, from April 2016 onwards, DTTDC is issuing invoices to the concessionaires for fees and they are regularly paying the fees alongwith service tax/GST. It further stated that a legal notice has been issued to all the concessionaires (7 January 2020) for reimbursement of service tax paid by DTTDC. The fact however remains that service tax deposited by DTTDC on behalf of concessionaires has not been recovered so far (September 2020).

Thus, in spite of the fact that the liability to pay service tax was with the concessionaires and provision to recover the service tax from concessionaires existed in the agreement, DTTDC failed to recover service tax timely from the concessionaires and instead paid ₹ 93.91 lakh including interest on service tax from its own funds.

Chapter-III

Social, General and Economic Sectors (Non-Public Sector Undertakings)

Chapter III
Social, General and Economic Sectors (Non-PSUs)

3.1 Introduction

3.1.1 Budget profile

There are 81 departments and 67 autonomous bodies under Government of National Capital Territory of Delhi (GNCTD). There are also 23 Non-Government Organisations which received grants-in-aid in excess of ₹ 25 lakh in 2018-19 (**Annexure 3.1**). The position of budget estimates and actuals there against of the GNCTD during the period 2014-19 is given in **Table-3.1.1**.

Table-3.1.1: Budget and expenditure of the GNCTD during 2014-19

(₹ in crore)

Particulars	2014-15		2015-16		2016-17		2017-18		2018-19	
	Budget estimates	Actuals	Budget estimates	Actuals	Budget estimates	Actuals	Budget estimates	Actuals	Budget estimates	Actuals
Revenue Expenditure										
General services	6,763.15	5,983.40	7,055.66	6,427.12	7,210.04	6590.28	7,851.52	7,195.96	8,294.23	7,605
Social services	14,800.52	13,306.11	16,193.02	14,817.83	18,431.53	16,578.89	21,231.39	19,602.11	23,902.16	21,663
Economic services	3,573.12	3,318.99	4,302.65	4,138.71	5,412.43	5,111.41	6,149.61	5,862.01	5,332.53	5,219
Grants-in-aid and contributions	900.99	900.99	958.89	958.89	1,022.44	1,021.34	1,093.94	1,093.94	2,364.98	2,365
Total (1)	**26,037.78**	**23,509.49**	**28,510.22**	**26,342.55**	**32,076.44**	**29,301.92**	**36,326.46**	**33,754.02**	**39,893.89**	**36,852**
Capital Expenditure										
Capital outlay	4,937.41	4,403.94	5,308.25	4,723.47	4686.10	3,754.30	3,852.08	3,242.92	4,176.99	3,266
Loans and advances disbursed	2,138.06	1,679.94	2,711.35	2,684.32	2,782.84	2,552.52	2,509.03	2,247.49	2,492.76	2,402
Repayment of Public Debt	1,676.75	1,346.73	1,435.18	1,435.17	1,654.63	1,654.62	1,682.43	1682.43	3,636.36	3,636
Contingency Fund	0	0	0	10.00	0	0	0	2.40	0	90
Public Accounts disbursements	0	0	0	0	0	0	0	0	0	0
Closing cash balance	**0**	**1,517.07**	**0**	**3,654.94**	**0**	**2645.35**	**0**	**2982.52**	**0**	**4,463**
Total (2)	**8,752.22**	**8,947.68**	**9,454.78**	**12,507.90**	**9,123.57**	**10,606.79**	**8,043.54**	**10,157.76**	**10,306.11**	**13,857**
Grand Total (1+2)	**34,790.00**	**32,457.17**	**37,965.00**	**38,850.45**	**41,200.01**	**39,908.71**	**44,370.00**	**43,911.78**	**50,200**	**50,709**

Source: Annual Financial Statements and Finance Accounts of the GNCTD.

3.1.2 Application of resources of the Government

The total expenditure[1] of the GNCTD increased by 43.98 *per cent* from ₹ 29,593.37 crore in 2014-15 to ₹ 42,610 crore in 2018-19. While revenue expenditure increased by 56.75 *per cent* from ₹ 23,509.49 crore in 2014-15 to ₹ 36,852 crore in 2018-19, capital expenditure increased from ₹ 4,403.94 crore in 2014-15 to ₹ 4,723.47 crore in 2015-16, decreased to ₹ 3,754.30 crore in 2016-17 and further decreased to ₹ 3,242.92 crore in 2017-18, but increased to ₹ 3,266 crore in 2018-19.

[1] excluding repayment of public debt and cash balances

As a constituent of total expenditure, revenue expenditure increased from 79.44 *per cent* in 2014-15 to 86.49 *per cent* in 2018-19, while capital expenditure decreased from 14.88 *per cent* to 7.66 *per cent*. During the period 2014-19, total expenditure increased at an annual average rate of 5.99 *per cent* whereas revenue receipts grew from ₹ 29,584.59 crore to ₹ 43,112 crore at an annual average rate of 10.82 *per cent*.

3.1.3 Persistent savings

In three grants, there were persistent savings of more than ₹ 2.50 crore during the last five years as in **Table-3.1.2**.

Table-3.1.2: List of grants with persistent savings during 2014-19

(₹ in crore)

Sl. No.	Grant number and name	Amount of saving				
		2014-15	2015-16	2016-17	2017-18	2018-19
Revenue (Voted)						
1.	**Grant No. 3: Administration of Justice:** 2014 B.1(2)(1)-Judicial Magistrate's Courts	8.05 16.85%	15.29 24.50%	8.13 13.90%	7.86 13.31%	21.87 30.64%
2.	**Grant No.7: Medical and Public Health:** 2211 K 1 (3)(1)-Urban Family Welfare Centre (CSS)	9.21 86.32%	8.71 87.10%	17.76 92.21%	2.50 58.28%	16.53 82.69%
Capital (Voted)						
3.	**Grant No. 8: Social Welfare:** 5055 DD.1(3)(1)- Introduction of Electronic Trolley Buses-Alternative mode of Transport	3.00 100%	11.00 100%	11.73 100%	12.66 42.20%	4.37 28.27%

Source: Appropriation Accounts

The savings were mainly due to (i) non-filling of vacant posts, (ii) non-receipt of anticipated bills, and (iii) non-release of funds by Government of India (GoI).

3.1.4 Grants-in-aid from Government of India

The grants-in-aid received from GoI during the years 2014-19 have been given in **Table-3.1.3**.

Table-3.1.3: Year-wise details of Grants-in-aid from GoI

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Non-Plan Grants	327.95	2,905.02	1,118.71	0	0
Grants for State Plan Schemes	1,467.35	486.72	550.17	0	0
Grants for Centrally Sponsored plan Schemes	552.84	866.55	1,156.28	0	0
Centrally Sponsored Schemes	--	--	--	994.72	807
Other transfer/grants to State/UT with Legislature	--	--	--	1,189.46	5,037
Total	**2,348.14**	**4,258.29**	**2,825.16**	**2,184.18**	**5,844**
Percentage of increase (+)/decrease (-) over the previous year	(+) 67.38	(+) 81.35	(-)33.66	(-)22.68	(+)167.56
Revenue Receipts	29,584.59	34,998.85	34,345.74	38,667.27	43,113
GIA as a percentage of Revenue Receipts	7.94	12.17	8.23	5.65	13.55

Source: Report on State Finances for the year ended 31 March 2019

Grants-in-aid from GoI showed a fluctuating trend in these five years. While it increased in 2014-15 and 2015-16, it decreased in 2016-17 and 2017-18 and again increased in 2018-19. Its percentage share to revenue receipts ranged between 5.65 and 13.55 *per cent* during the period 2014-19.

3.1.5 Certification of Financial Statements of Autonomous Bodies - Arrears in finalisation of accounts

The financial statements of the autonomous bodies are audited by the Comptroller and Auditor General of India under Sections 19(3) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The financial statements include the Balance Sheet, the Income and Expenditure Account and/or the Receipt and Payments Account. Separate Audit Report (SAR) for each of the autonomous bodies audited contains CAG's comments on the accounting treatment with regard to classification, conformity with the best accounting practices, accounting standards, disclosure norms, etc. Audit of accounts of 10 Autonomous Bodies in NCTD is entrusted to the CAG. The status of entrustment of audit, rendering of accounts to audit, issuance of SARs and their placement in the Legislature as on 31 March 2019 is indicated in **Annexure 3.2**.

3.1.6 Planning and conduct of audit

The audit process commences with risk assessment of various departments, autonomous bodies, schemes/projects, etc. and includes assessing the criticality/complexity of activities, level of delegated financial powers, internal controls, concerns of stakeholders and previous audit findings. Based on this risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan is formulated.

After completion of audit, Inspection Reports containing audit findings are issued to the heads of the offices with the request to furnish replies within four weeks. Whenever replies are received, audit findings are either settled/or further action for compliance is advised. Important audit observations pointed out in these Inspection Reports are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India which are submitted to the Lieutenant Governor of Delhi under Section 48 of the Government of National Capital Territory of Delhi Act, 1991.

During 2018-19, compliance audit of 147 Drawing and Disbursing Officers (DDOs) of GNCTD and 15 autonomous bodies were conducted by the office of the Principal Accountant General (Audit), Delhi.

3.1.7 Response of the Government to Audit Report

In previous years, Audit has reported on several significant deficiencies in implementation of various programmes/activities as well as on the quality of internal controls in selected departments, which had negative impact on the success of programmes and functioning of the departments. The focus was on offering suitable recommendations to improve service delivery to the intended beneficiaries.

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Principal Accountant General (Audit), Delhi to the Principal Secretaries/Secretaries of the departments concerned, drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the departments/Government is invariably indicated at the end of such paragraphs included in the Audit Report. Three paragraphs, proposed to be included in this Chapter were sent to the Principal Secretaries/Secretaries of the respective departments. As of December 2020, no reply in respect of these paras were received.

3.1.8 Recoveries at the instance of Audit

Audit findings, involving recoveries that came to notice in the course of test audit of accounts of the departments of the Government, were referred to various departmental Drawing and Disbursing Officers (DDOs) for confirmation and further necessary action under intimation to Audit.

During the year 2018-19, against recovery of ₹ 161.59 crore pointed out in 108 cases, the DDOs concerned had effected recovery of only ₹ 5.44 crore (including recovery of previous years) in 78 cases.

3.1.9 Lack of responsiveness of the Government to Audit

The Principal Accountant General (Audit), Delhi conducts periodic inspection of Government departments by test-check of transactions and verifies maintenance of important accounting and other records as per the prescribed rules and procedures. These inspections are followed by issue of Audit Inspection Reports (IRs). When important irregularities etc., detected during audit inspections, are not settled on the spot, these IRs are issued to the heads of offices inspected. The heads of offices and next higher authorities are required to report their compliance to the Principal Accountant General (Audit), Delhi within four weeks of receipt of IRs.

As on 31 March 2019, 9,277 audit observations contained in 2,043 IRs remained outstanding as shown in **Table-3.1.4**.

Table-3.1.4: Details of Outstanding IRs and audit observations

(₹ in crore)

Name of sector	As on March 2017			As on March 2018			As on March 2019		
	IRs	Paras	Amount	IRs	Paras	Amount	IRs	Paras	Amount
Social Sector	1,124	4,578	106.41	1,097	4,191	105.49	1,152	4,746	105.95
General Sector	641	3,499	457.15	711	3,869	509.15	752	4,042	579.91
Economic Sector (Non- PSUs)	175	614	5,437.51	162	550	5,255.70	139	489	5,404.61
	1,940	**8,691**	**6,001.07**	**1,970**	**8,610**	**5,870.34**	**2,043**	**9,277**	**6,090.47**

The large number of outstanding audit observations indicates the need for the Government to take effective action to address the issues raised by Audit to improve financial management and accountability.

3.1.10 Follow-up on Audit Reports -Non-submission of suo-motu Action Taken Notes and discussion of paragraphs in Public Accounts Committee (PAC)

To ensure accountability of the executives to the issues dealt with in various Audit Reports, the administrative departments are to issue *suo-motu* Action Taken Notes (ATNs) on all audit paragraphs and performance audits featuring in the Audit Reports irrespective of the fact whether these are taken up for discussion by the Public Accounts Committee (PAC) or not. These ATNs are to be submitted to the PAC duly vetted by the Principal Accountant General (Audit), Delhi within a period of four months from the date of presentation of Audit Reports in the Legislative Assembly of Delhi.

Out of 36 performance audits and 119 audit paragraphs featured in the civil chapters of Audit Reports from 2008-09 to 2017-18, ATNs in respect of two performance audits and 17 audit paragraphs have not been received. Four performance audits and 19 audit paragraphs have been discussed by the PAC, up to 31 March 2019.

3.1.11 Year-wise details of performance audits and audit paragraphs that appeared in Audit Report

The year-wise details of performance audits and audit paragraphs that featured in the Audit Reports for the last three years along with their money value are given in **Table-3.1.5**.

Table-3.1.5: Details of performance audits and audit paragraphs appearing in Audit Reports on General, Social and Economic Sectors (Non-PSU) for the years ended March 2016-March 2018

Reports for the Year ended March	Performance Audits		Audit Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Audit Paragraphs
2016	5	107.93	15	365.91	4	12
2017	3	231.68	13	184.40	1	9
2018	1	136.15	10	128.14	1	2

Nine performance audits and 38 audit paragraphs were issued to the Government. However, replies in respect of only six performance audits and 23 audit paragraphs were received from the Government/departments.

For the Audit Report for the year ended March 2019, three audit paragraphs involving money value of ₹ 29.76 crore have been included in Chapter III of the Report. Replies, wherever received, have been incorporated at appropriate places.

Department of Labour

3.2 Functioning of Delhi Building and Other Construction Workers Welfare Board, Government of National Capital Territory of Delhi

3.2.1 Introduction

The Government of India (GoI) enacted the Building and Other Construction Workers' (BOCW) Act in 1996 with the aim of providing safety, health, and welfare measures for the benefit of building and other construction workers through levy/collection of cess, and also framed the Building and Other Construction Workers Welfare Cess Rules (Cess Rules) in 1998. The provisions of the Act are applicable to 'every establishment[2] which employs, or had employed on any day of the preceding twelve months, ten or more building workers in any building or other construction works'. Further, the Act provides that every building worker in the age group of 18 to 60 years who was not a member of any welfare fund established under any law and had completed a period of ninety days of service during the preceding twelve months as a construction worker in the State could be registered as a beneficiary.

In pursuance of the provisions of the Cess Act, Government of NCT of Delhi notified (January 2002) the Delhi Building and Other Construction Workers Rules, 2002 (DBOCW Rules) after a delay of five and a half years from the enactment of the BOCW Act and issued notification (10 January 2002) for collection of labour cess at the rate of one *per cent* of the cost of construction incurred by employers. The Delhi Building and Other Construction Workers Welfare Board (Board) was constituted (September 2002) for implementation of various welfare schemes. The functions of the Board, *inter alia*, include providing various facilities to beneficiaries such as assistance in case of accident; pension payment to those who have completed the age of sixty years; loans and advances for construction of house; Group Insurance Scheme; financial assistance for the education of children; medical expenses for treatment of major ailments; maternity benefits; and other welfare measures and facilities as prescribed.

2 Establishment means any establishment belonging to, or under the control of, the Government, anybody, corporate or firm, an individual or association or other body of individuals which or who employs building workers in any building or other construction work; and includes an establishment belonging to a contractor but does not include an individual who employs such workers in any building or construction work in relation to his own residence, the total cost of such construction not being more than ₹ 10 lakh.

Subsequently, based on a petition filed regarding non-effective implementation of the provisions of the BOCW Act, Hon'ble Supreme Court directed (18 January 2010) all State Governments to extend the benefits of the Act to unorganised section of building workers in a meaningful manner. It *inter alia* stipulated the following:

- Welfare Boards have to be constituted by each State with adequate full time staff within three months. The Board should meet at least once in two months or as specified in the rules, to discharge their statutory functions.
- Awareness should be built up, about the registration of building workers and about the benefits available under the Act. There should be effective use of media, AIR and Doordarshan, for awareness programmes regarding the Act, the benefits available there under and procedures for availing the benefits.
- Each state government shall appoint Registering Officers and set up centres in each district to receive and register the applications and issue receipts for the applications.
- Registered trade unions, Legal Service Authorities and NGOs are to be encouraged to assist the workers to submit applications for registration and for seeking benefits.
- All contracts with Governments shall require registration of workers under the Act and extension of benefits to such workers under the Act.
- The Member Secretary of the Welfare Boards and the Labour Secretary shall be responsible for due implementation of the provisions of the Act. The Labour Ministry of each state shall carry out special drives to implement the provisions of the Act.

  All Boards shall submit comprehensive reports as required under the Act and Rules to the respective Government.

3.2.2 Organisational set up

The Board is chaired by the Labour Minister as ex-officio Chairman. The Commissioner of Labour Department is the Chief Inspector for inspection of building and other construction works whereas Secretary, Board is the Chief Executive Officer. At district level, Deputy Labour Commissioners and Labour officers were designated as Registering Officers for registration of construction workers as well as for establishments engaging these workers (up to November 2018) respectively. In December 2018, the Board appointed Deputy Secretaries as registering officers for the purpose of registration of construction workers. The officers of Labour Department i.e. Labour officers/Inspecting officers and Deputy Labour Commissioner were notified (July 2005) by the Lieutenant Governor as Cess Collectors and Assessing Officers respectively.

3.2.3 Audit Framework

An audit of the Board for the years 2016-19 was conducted during the period April-December 2019 to ascertain whether assessment, levy and collection of cess was done efficiently, welfare measures were planned and implemented effectively, and monitoring mechanisms for cess collection and implementation of welfare schemes were in place.

For the purpose of audit, records of the Headquarters and three out of nine district[3] offices of the Board were examined. These districts were selected on the basis of higher amount of cess collected and number of workers registered during the period covered by audit.

Audit findings

3.2.4 Absence of planning and budgeting for implementation of the Act

A long-term perspective plan outlining the year-wise developmental activities to be undertaken would go a long way in effectively carrying out the objectives of any organisation. Audit, however, observed that the Board had not prepared any long term perspective or annual plan for carrying out welfare activities and to provide social security, health benefits etc. to construction workers.

Section 25 of the BOCW Act stipulates that the Board shall prepare a budget for each financial year, showing estimated receipts and expenditure of the Board and forward it to the State Government and Central Government. However, it was observed that the Board had never prepared a budget since its inception in 2002, in contravention of the provision of the Act.

3.2.5 Collection of Cess

The Building and Other Construction Workers Welfare Cess Act, 1996 provides for levy and collection of cess at the rate of one *per cent* on the cost of construction incurred by the employer with a view to augmenting the resources of the Board constituted under the BOCW Act. Every construction worker shall be eligible for registration under the Board as a beneficiary by paying a registration fees of ₹ 5 and a subscription of ₹ 20 for a year. As per records of the Board Headquarters, the Board collected ₹ 581.08 crore as cess during the years 2016-19, out of which an amount of ₹ 324.29 crore pertained to the selected districts.

[3] South, South West and North West districts

The details of cess/subscription/registration fees collected and interest earned as of March 2019 are given in **Table-3.2.1**.

Table-3.2.1: Actual receipt of cess, beneficiaries' contribution and interest earned

(₹ in crore)

Year	Receipts			
	Cess Collected	Beneficiaries' contribution	Interest earned	Total
Upto 3/2016	1,608.67	1.72	606.70	2,217.09
2016-17	185.65	0.42	168.34	354.41
2017-18	199.20	0.42	151.08	350.70
2018-19	196.23	0.08	155.13	351.44
Total	**2,189.75**	**2.64**	**1,081.25**	**3,273.64**

Source: Information provided by the Board

Scrutiny of records of selected districts relating to collection of cess revealed the following:

3.2.5.1 Non-maintenance of District Master Register by the Cess Collectors

As per orders (August 2005) of Secretary (Labour), Cess Collectors are required to collect details of all building plans from local authorities duly approved since January 2002. Besides, as per the above order, the cess collectors were to collect the list of all construction works being maintained by the local Station Head Officers. Further, the Secretary had also instructed that a District Master Register (DMR) be maintained by the Cess Collectors wherein information like name and address of employer, number and date of sanction of building plan by local authority, address of construction site, date of receipt of return, date of assessment order, amount demanded and details of cess cheques collected etc. were required to be filled in.

Audit observed that Cess Collectors of the selected districts neither maintained the District Master Registers nor were aware about the number of building plans approved by local authorities. Audit noted that 4,682 building plans were approved by South and North Municipal Corporation of Delhi (MCD) during the years 2016-19. In the absence of the requisite records, the correctness and genuineness of cess collected and that actually deposited could not be verified/ascertained in audit.

The Government replied (September 2020) that cess collectors have been instructed to maintain registers and all the district in charges have also been directed to ensure proper maintenance of records.

3.2.5.2 Difference in figures of cess amount as per records of Cess Collectors, districts and Board Headquarters

After deducting cess from the contractors' bills, Government Departments and private entities pass on the same to the notified Cess Collectors (Labour Officer and Inspector) of the Labour Department through cheques. After receipt of the cheques, Cess Collectors hand these over to the Board staff posted at the district offices, who in turn deposit the cheques in the bank. The figures of cess collected as per Cess Collectors, selected districts and the Board Headquarters for the period 2016-19 are as given in **Table-3.2.2**.

Table-3.2.2: Cess collected as per records of Cess Collectors, District Offices and Board

(₹ in crore)

Year	Cess as per records of Cess Collectors			Cess amount as per district records			Difference between cess collectors and district offices			Cess amount as per Board			Difference between districts and Board		
1	2	3	4	5	6	7	8(5-2)	9(6-3)	10(7-4)	11	12	13	14 (11-5)	15(12-6)	16(13-7)
	SW	S	NW	SW	S	NW	SW	S	NW	SW	S	NW	SW	S	NW
2016-17	NA[4]	NA	28.22	25.66	45.87	28.22	NA	NA	NIL	25.78	46.11	28.14	0.12	0.24	0.08
2017-18	NA	NA	30.93	28.36	50.81	30.93	NA	NA	NIL	29.02	57.65	29.61	0.66	6.84	1.32
2018-19	13.30	NA	34.24	16.77	43.98	34.24	3.47	NA	NIL	26.72	48.53	32.73	9.95	4.55	1.51
Total	**13.30**	**NA**	**93.39**	**70.79**	**140.66**	**93.39**	**3.47**	**NA**	**NIL**	**81.52**	**152.29**	**90.48**	**10.73**	**11.63**	**2.91**

Source: Information provided by the Department

As seen from the table, there were differences in the figures of cess collected provided by Cess collectors, district offices and the Board itself. For the year 2018-19, there was a difference of ₹ 3.47 crore between the cess figures of cess collectors and district offices. Further, there were differences of ₹ 10.73 crore, ₹ 11.63 crore and ₹ 2.91 crore between the figures of districts (South-West, South and North-West) and the Board during 2016-17, 2017-18 and 2018-19 respectively. Audit noted that the differences were not reconciled and therefore, the correctness of the figures could not be verified in audit.

Further, data related to cess was not available with the cess collectors in South-West and South districts for the years 2016-17 and 2017-18 as indicated in the table. Also, no records related to cess were available in the South district for the year 2018-19.

The CAG had also, from time to time, raised the issue of non-maintenance of proper books of accounts and other relevant records by the Board, non-preparation of statement of receipts and payments, non-deposit of cess, non-preparation of bank reconciliation statement, not obtaining closing balance certificate from the bank and non-maintenance of cash book by the Board in the Separate Audit Reports issued till 2016-17. It was also highlighted that the cheque and remittance registers maintained for cess and membership fee collected at various zones were not signed/checked by a responsible officer/competent authority in token of authenticity.

[4] Not available

The Government, while accepting the facts, stated (September 2020) that all the district officers have been advised/briefed to reconcile cess figures of the respective districts in coordination with the Board.

3.2.5.3 Non-deposit of cess deducted by the MCsD

As per circular (July 2006) of MCD, at the time of sanction of building plan, one *per cent* of estimated cost was required to be collected as cess for further remittance to the Welfare Board.

While approving the plans, they collect the amount of cess due on the basis of estimated cost of construction. The cess collected was to be remitted to the Board by the MCsD after deducting cost of collection. During the years 2016-19, South and North MCsD approved building plans of 994 and 3688 private establishments respectively, against which cess amounting to ₹ 83.29 crore and ₹ 39.42 crore was collected. However, there was nothing in the records of district offices or the Board (Headquarters) to indicate whether the cess collected was deposited with the Board by MCsD. Further, the Board had never taken up the matter with the local bodies in respect of cess deducted and deposited by them.

In its reply (September 2020), the Government stated that the issue of non-deposit of cess has been taken up at various levels by the Labour Department Officer including Head of Department with the various municipal bodies.

3.2.5.4 Assessment of Cess

As per Section 4 of the Cess Act**,** every employer[5] who is carrying out any building or other construction work is required to furnish a return to the Assessing Officer containing *inter alia* information on estimated cost of construction and details of advance payment made, to enable assessment of the amount of cess payable. During the years 2016-19, the Assessing Officers in South, South West and North West districts assessed the cess payable in 15, 51 and 20 cases respectively. Scrutiny of the assessment files revealed the following deficiencies in assessment of cess.

- **Details of cost of construction not available**

As per Rule 3 of the Building and Other Construction Workers' Welfare Cess Rules, for the purpose of levy of cess, cost of construction shall include all expenditure incurred by an employer in connection with the building or other construction work, except cost of land and any compensation paid under the Workmen's Compensation Act, 1923.

[5] As per Section 2 (i) of the BOCW Act, employer in relation to an establishment means the owner thereof.

It was observed from scrutiny of records of South West and South districts that complete details of cost of construction such as borrowing cost, land development charges, costs of design and technical assistance and complete details of work in progress etc. were not furnished by the assessees in any of the 66 cases assessed nor were they sought by the Assessing Officers. In the absence of details, the Assessing Officer would not be in a position to accurately assess the cess payable and the possibility of under assessment could not be ruled out.

- **Non-availability of records relating to assessment of cess**

Rules 6 and 7 of the Cess Rules stipulate that every employer shall, within thirty days of commencement of his work, furnish to the Assessing Officer information in Form-I containing data relating to estimated cost of construction, details of payment of cess deposited etc. for ensuring that the cess due has been worked out correctly.

Scrutiny of the records of selected districts revealed that Assessing Officers had not maintained any records relating to Form-I furnished by the employers. In absence of data, audit could not verify whether the construction cost and the cess due had been worked out correctly.

Audit cross-checked information available on the website of Delhi Fire Service, and noticed that 23 shopping malls/office buildings/schools/banquet halls/guest houses/health and education society etc. were constructed in North West district and 31 in South district between the period 2003 and 2018. However, neither were these establishments registered with the Board nor was cess deposited by them. In case of South West district, it was noticed from the website that nine hotels were constructed at Aerocity, Indira Gandhi International Airport, during the period 2012 and 2016, but neither were these hotels registered with the district office/Board nor was cess on construction of these deposited.

While accepting the facts, the Joint Labour Commissioner (North West) stated (December 2019) that notices were issued to all the owners/employer with the direction to appear before the assessing officers. However, it was observed that the notices were issued after being pointed out by audit.

- **Short deposit of cess**

Scrutiny of assessment records of North West district revealed that M/s Saroj Super Specialty Hospital incurred an expenditure of ₹ 6.40 crore on repair and maintenance works executed during the years 2008-15. On the basis of assessment (29 June 2016) made by the Assessing Officer, the hospital was required to deposit cess amounting to ₹ 13.35 lakh, including interest of ₹ 6.96 lakh. The hospital deposited advance cess of ₹ 3.07 lakh (November 2015/January 2016). However, it was noticed that the remaining cess amounting to ₹ 10.28 lakh (Cess- ₹ 3.32 lakh and interest of ₹ 6.96 lakh) was not deposited as of March 2020.

The Government replied (September 2020) that the hospital had filed an appeal against the assessment order in July 2016 with the Board instead of Labour Commissioner who is the appellate authority and was advised to file the appeal with the appellate authority. However, the reply does not mention the outcome of the appeal.

- **Under assessment of cess**

As per order (January 2006) of Secretary (Labour), for the purpose of calculation of cost of construction in case of shopping malls/star hotels, an amount of ₹ 20,000 per square meter was required to be considered as cost of construction whereas in case of hospitals, the cost to be considered was ₹ 18,000 per square meter. The cost of other development works such as sewerage, external roads, approach roads, landscaping and cost of boundary wall should be taken separately. In case total cost indicated by the owner is higher than the cost calculated by the Assessing Officer, then higher cost should be considered for calculation of cess. For residential buildings, minimum rate of ₹ 6,000 per square meter, ₹ 6,200 per square meter and ₹ 8,000 per square meter were required to be considered for up to 4 storeys, beyond 4 storeys and basement respectively.

In the case of M/s Seven Seas Hospitality Private Limited, construction work was completed (March 2016) covering an area of 36,307.97 square meters, including basement area of 15,216.31 square meters. The assessee declared the cost of construction as ₹ 66.61 crore, which was higher than the cost of construction of ₹ 54.36 crore calculated by the Assessing Officer. Accordingly, the cess was calculated on the cost declared by the assessee. It was noticed that for 21,091.66 square meters, the cost of construction was calculated by the Assessing Officer @ ₹ 20,000 per square meter, whereas for basement having area of 15,216.31 square meters, the cost was calculated at the rate of ₹ 8,000 per square meter (rate for residential building) instead of ₹ 20,000 per square meter. In addition, the cost of boundary walls and other development charges amounting to ₹ 2.85 crore were not included in the cost of construction by the Assessing Officer. Thus, instead of actual cost of construction of ₹ 75.47 crore, assessment was made on ₹ 66.61 crore, resulting in under assessment of cost of construction by ₹ 8.86 crore involving cess of ₹ 8.86 lakh[6].

[6] One *per cent* of (₹ 75.47 crore- ₹ 66.61 crore)

The Government replied (September 2020) that the cost of construction declared by the management was higher than the cost assessed by the Assessing Authority and the assessment of cess was carried out on the basis of administrative order issued in 2006. The reply is not acceptable as the Assessing Authority had not assessed the cost on the basis of administrative orders of January 2006.

3.2.5.5 Non-realisation of cess due to dishonoured cheques

In district offices, cess is collected by the Cess Collectors (Labour Officers and Inspecting Officers) from employers, contractors, State Government, Public Sector Undertakings, Municipalities, etc. through account payee cheques. These cheques are then handed over to the Board staff posted at district offices for deposit into bank account.

Scrutiny of records of the selected districts revealed that nine cheques involving ₹ 16 lakh received and deposited by South district and 13 cheques of ₹ 26 lakh by South-West district during the period June 2016 to April 2019 were dishonored on account of insufficient balance in the account/outdated instruments/without mentioning specific reasons and were lying with the district offices. The Board/Cess Collectors did not take any action to recover these amounts. Thus, cess amounting to ₹ 42 lakh was not realised from the defaulters as of December 2019, resulting in loss of cess due to lack of monitoring by the Board.

This issue was also raised in the Report of the Comptroller and Auditor General of India for the year ended March 2014, pointing out that 28 cheques amounting to ₹ 54 lakh received during the year 2012-13 were dishonored and returned to South West district/Cess Collector, but no action was initiated as of January 2020.

The Government replied (September 2020) that the issue was discussed in various meetings and directions have been issued to District officers in this regard. However, documentary evidence in respect of the above reply was not furnished to audit.

3.2.6 Welfare measures

3.2.6.1 Identification and registration of construction workers

As per Rule 266 of Delhi BOCW Rules, 2002, for availing the benefits of various social security and welfare measures, a construction worker needs to be registered with the Board. To be registered, the workers need to be between the ages of 18 and 60 and to have been engaged in any building or other construction work for not less than 90 days during the preceding twelve months. The workers need to renew their registration every year. Further, as per Rule 266 (3) of DBOCWW, a certificate from the employer or contractor that the applicant is a construction worker should be produced along with the application for registration. In case such a certificate is not available, a certificate issued by the registered construction workers unions or a certificate issued by Assistant Labour Commissioner of the concerned area or by the Executive Officer of the Panchayat may also be considered.

Audit observed that the Board had not conducted any survey or devised any system to identify all construction workers in Delhi. As against the Board's estimate of 10 lakh (January 2019) construction workers in Delhi, only 17,339 (1.73 *per cent)* were registered as of March 2019 as given in **Table-3.2.3**.

Table-3.2.3: Number of construction workers registered with the Board

Sl. No.	Year	Number of registered workers at the beginning of the year	Number of workers (Out of Col.3) who renewed registration during the year	No. of new workers registered during the year	Total number of registered workers at the end of the year (Live members[7])
1	**2**	**3**	**4**	**5**	**6 (4+5)**
1	2016-17	1,52,289	34,266	1,11,352	1,45,618
2	2017-18	1,45,618	69,388	67,823	1,37,211
3	2018-19	1,37,211	11,930	5,409	17,339

Source: Information provided by the Board

As seen from the above table, the number of registered workers showed a declining trend over the years. Registration of workers was very low in the year 2018-19, declining from 67,823 in 2017-18 to 5,409.

Low registration of construction workers with the Welfare Board also hampered efforts in providing ex-gratia payments to the workers whose livelihoods were affected during the Covid-19 pandemic. As against the estimated 10 lakh construction workers, the Board disbursed two installments of ex-gratia relief payment of ₹ 5,000 to 37,127 registered workers as on 24 March 2020 and 39,600 registered workers as on 12 May 2020.

The Board, in its reply, admitted that it had not identified the estimated construction workers in Delhi.

(a) Shortcomings noticed in the registration process

- Out of 1,44,325 construction workers registered with the South West district as of March 2019, application forms of 1,43,904 construction workers registered up to November 2018 were not available with the district. In the absence of application forms, eligibility of the construction workers registered in the district office could not be verified in audit.
- Rule 266 (8) stipulates that the Secretary or other officer authorised by him shall issue to every beneficiary an identity card[8] with a photo of the

[7] Both new and old members whose registration have been renewed

beneficiary and maintain a register of identity cards in the prescribed form. Audit noted that South-West district had not maintained the identity card register of 1,43,904 workers registered up to November 2018, whereas out of 1,19,082 workers registered with North West district during the period April 2016 to March 2019, 45,545 identity cards were issued to various registered construction workers unions instead of construction workers, rendering the genuineness of the identity of workers doubtful.

- In order to speed up the processing of registration and renewal of registration of construction workers working at different construction sites and to prevent registration of bogus construction workers, Lieutenant Governor notified (April 2018) Assistant Engineer (Civil/ Electrical) of NDMC, PWD, CPWD, DJB, MCD, DDA etc. as Registering Officer for registration of construction workers working in their projects. However, none of these Registering Officers registered any construction worker working in any of their projects as of January 2020.

3.2.6.2 Implementation of welfare schemes by the Board

The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996, confer various benefits to the construction workers, like fixing hours for normal working days, weekly paid rest day, wages for overtime, basic welfare amenities at site, temporary living accommodation near site, safety and health measure. Besides, the Act also stipulates various social security and welfare schemes for the benefit of building and other construction workers. Section 22 of BOCW Act, 1996 stipulates 10 functions of the Board namely (i) providing immediate assistance to a beneficiary in case of accidents (ii) payment of pension to the beneficiaries who have completed the age of sixty years (iii) sanctions of loans and advances to a beneficiary for construction of a house (iv) payment in connection with premia for Group Insurance Scheme of the beneficiaries (v) financial assistance for the education of children of the beneficiary (vi) payment to meet medical expenses for treatment of major ailments of a beneficiary/dependents (vii) maternity benefit to female beneficiaries (viii) make provision and improvement of such other welfare measures and facilities (ix) grant loan or subsidy to local authority or an employer in aid of any scheme approved by the State Government for the purpose connected with the welfare of building workers in any establishment and (x) payment of grant-in-aid to a local authority or to an employer who provides to the satisfaction of the Board welfare measures and facilities of the standard

[8] Identity card serves as a documentary proof that the worker had been engaged in construction work for more than 90 days to be eligible for registration and availing benefits under the Act.

specified by the Board for the benefit of the building workers and the members of their family.

For this purpose, the Delhi BOCW Rules notified in 2002 prescribed 10 welfare schemes viz. i) Maternity benefit (ii) Advance for purchase or construction of house (iii) Disability Pension and ex-gratia payment (iv) Loan for purchase of work related tools (v) Payment of death benefit and Funeral Assistance (vi) Medical assistance to beneficiaries (vii) Financial assistance for education of children (viii) Financial assistance for Marriage (ix) Pension scheme and (x) Family Pension.

Subsequently, Delhi Government notified additional welfare schemes viz (i) Grant for purchase of work-related tools [2012] (ii) Imparting vocational training to registered construction workers and setting up of Construction Academy for construction workers [2012] (iii) providing items of utility [2012] and (iv) Financial Assistance for miscarriage [2016].

Audit noted that in three schemes specified in the BOCW Act, 1996 viz. (i) payment in connection with premia for Group Insurance Scheme of the beneficiaries, (ii) grant, loan or subsidy to local authority or an employer in aid of any scheme approved by the State Government for the purpose connected with the welfare of building workers in any establishment and (iii) payment of grant-in-aid to a local authority or to an employer who provides to the satisfaction of the Board welfare measures and facilities of the standard specified by the Board for the benefit of the building workers and the members of their family, the Labour Department, GNCTD had not taken any action for implementation of the schemes.

(a) Inadequate implementation of welfare schemes by the Board

The basic purpose of collecting cess was to finance various social security and welfare measures for construction workers. However, it was observed that only a small part of the cess collected was spent on welfare schemes and the cess collected has been accumulating over the years. During the period 2002-19, the Board received an amount of ₹ 3,273.64 crore as cess, interest earned on the cess and registration fee against which it had incurred expenditure of only ₹ 182.88 crore on welfare schemes. Hence, only 5.59 *per cent* of the cess collected was spent on providing benefits to the workers. During 2016-19, the cess collected was ₹ 1,056.55 crore and the expenditure on welfare schemes was ₹ 121.47 crore (11.50 *per cent)*. Cess and fee collected along with interest had accumulated to ₹ 2,709.46 crore as of March 2019. It was also observed that 3,919 claims of various welfare schemes were lying pending (July 2019) with the district offices for payment, but no efforts were made by the Board/district offices to clear the pending claims. The issue of idling of cess fund was also pointed out in the Report of Comptroller and Auditor General of India for the year ended March 2015 but no corrective measures were initiated in this regard.

(b) Non-adherence of the directives of the Supreme Court

As per the Supreme Court's directive (18 January 2010), the States were required to effectively use media, All India Radio and Doordarshan, for creating awareness about the registration of building workers, benefits available under the BOCW Act and procedures for availing the benefits.

Audit noted that no such activities for creating awareness of the benefits of the scheme was carried out by the Board during the period 2016-19. Besides there was nothing in the records of the Board in respect of camps organised or any pamphlets etc. ever distributed to enhance the awareness of the workers about the schemes being implemented.

Audit noted that only a few beneficiaries were availing the benefits of welfare schemes due to non-publicity of schemes run by the Board amongst the workers. Moreover, the Board did not make any effort to trace the workers who failed to renew their registration.

Thus, the Board could not discharge its functions of providing social security and welfare measures to construction workers effectively.

(c) Funding status of welfare schemes of the Board

A beneficiary registered under the Act is required to submit a claim application in the prescribed format for availing benefits under the schemes. The Board, after sanctioning the claim, disburses the financial assistance by cheque/RTGS.

Audit observed that there was no expenditure on six out of the 15 welfare schemes during 2016-19 (**Annexure 3.3**). Out of these, three schemes viz (i) Grants for purchase of work-related tools, (ii) imparting vocational training to registered construction workers and setting up of Construction Academy and (iii) providing of items of utility were meant for improvement of productivity of the workers. Non-incurrence of expenditure on these schemes deprived the workers of the opportunity of improving their skills/productivity which in turn could have increased the earnings of construction workers. During this period, the Board disbursed ₹ 121.47 crore on the nine remaining schemes, out of which ₹ 104.74 crore was disbursed as financial assistance for education to school children of registered construction workers through the Directorate of Education and also to children of MCD schools directly. However, no data relating to construction workers whose children were provided financial assistance was available with the Board.

Audit examined records of the three selected districts relating to payments made under four schemes i.e. Death benefits, Maternity benefits, Pension scheme and Marriage assistance as expenditure under other schemes was meagre. Expenditure during this period on these four schemes by the Board as a whole and by the selected districts is given in **Table-3.2.4**.

Table-3.2.4: Details of expenditure on four welfare schemes

(₹ in crore)

Welfare scheme	Amount disbursed by the Board as a whole		Amount disbursed by selected districts	
	No. of workers	Amount disbursed	No. of workers	Amount disbursed
Death benefits	671	5.88	391	3.35
Pension scheme	209	2.31	128	0.72
Maternity benefits	1508	3.52	936	2.07
Marriage assistance	1092	4.98	612	2.79
Total	**3480**	**16.69**	**2067**	**8.93**

Source: Information provided by the Board

Audit scrutinised 2,067 claims passed and paid under these four schemes during the 2016-19 in the selected districts and the irregularities observed are discussed in the succeeding paragraphs.

(i) Implementation of Scheme for death benefits

As per Rule 266 of Delhi BOCW Rules, 2002, for availing the benefits of various social security and welfare measures, a construction worker needs to be registered with the Board. To be registered, the workers need to be between the ages of 18 and 60 and to have been engaged in any building or other construction work for not less than 90 days during the preceding twelve months. The workers need to renew their registration every year. Further, as per Rule 266 (3) of DBOCWW, a certificate from the employer or contractor that the applicant is a construction worker should be produced along with the application for registration. In case such a certificate is not available, a certificate issued by the registered construction workers unions or a certificate issued by Assistant Labour Commissioner of the concerned area or by the Executive Officer of the Panchayat may also be considered. Rule 266 (8) stipulates that the Secretary or other officer authorised by him shall issue to every beneficiary an identity card with a photo of the beneficiary. The identity card serves as a documentary proof that the worker had been engaged in construction work for more than 90 days to be eligible for registration and availing benefits under the Act.

Rule 278 of the DBOCW Rules, 2002 stipulates that that Board may sanction an amount of ₹ one lakh to the nominees/dependents of a member towards death benefit, in case of death of a member. If the death is due to an accident during the course of employment, the nominee/dependents of the member may be sanctioned ₹ two lakh towards death benefit.

Audit observed that:

- In 54 cases where death benefits of ₹ 46.94 lakh were disbursed, it was found that the workers were issued identity cards even before they had applied for registration.
- Out of these, in seven cases in which payments of ₹ 6.60 lakh were made, the date of application for registration was after the date of death

of the construction worker, although the application bore the signature of the deceased worker and also contained the certificate of employment issued by the construction workers union. Further, in one of these cases, the age proof of the construction worker was attested by the Notary Public 225 days after the date of his death.

Issue of identity cards before submission of registration applications, discrepancies between the date of registration and date of certificate issued by the Unions etc. indicates serious weaknesses in the internal controls of the Board and the possibility of ineligible claimants availing benefits under the scheme cannot be ruled out.

(ii) Implementation of pension benefits

Rule 272 of the DBOCW Rules, 2002 stipulates that a member of the fund who has been working as a building worker for not less than one year after the commencement of the rules shall on completion of sixty years of age be eligible for pension[9]. Further, pensioners are required to produce a life certificate once a year.

Audit observed that:

- In seven cases involving release of pension amounting to ₹ 9.91 lakh, the workers to whom pension was released were registered after completion of 60 years of age as per additional documents available in the records which showed a different date of birth from those mentioned in the affidavit submitted by the applicants.
- In four cases, pension amounting to ₹ 2.67 lakh was released to construction workers before completion of 60 years of age.
- In seven cases in which pension amounting to ₹ 8.61 lakh was released, the workers were registered on the basis of certificates issued by Vice Principal/Programme Coordinator of Schools, which were invalid, since the DBOCW Rules requires certificate from the employer or contractor or a registered construction workers union, or Assistant Labour Commissioner of the concerned area or Executive Officer of the Panchayat.

In respect of 11 cases, the Board replied that date of birth was verified on the basis of affidavits submitted by these workers which is a valid document under the Rules. The reply does not address the issue of difference in date of birth appearing in other documents submitted by the workers. In the remaining seven cases, it was stated that the registration was done on the basis of verification report by Inspecting Officer/DCD and recommendation of

[9] ₹ 150 per month upto 9.2.2012, ₹ 1,000 per month upto 3.3.2016 and ₹ 3,000 per month from 4.3.2016 onwards with increase of ₹ 10 every year, ₹ 10 every year and ₹ 300 every year respectively.

Assistant Labour Commissioner (ALC)/Labour Officer. The contention of the Board is not correct since, as per Rule 266(2) of DBOCW Rules, registration can be granted only on the basis of certificate of employment issued by the contractor or registered construction workers union or by the ALC and not on the basis of verification by other officers and recommendation by ALC.

Thus, implementation of welfare schemes was deficient as the benefits under schemes of delivery/maternity benefits, pension etc. were extended to ineligible persons.

3.2.7 Non-provision of creches

Section 35 of BOCW Act, 1996, requires provision of creches in every place where more than 50 female building workers are ordinarily employed, along with suitable room or rooms for the use of children under the age of six years of such female workers.

Audit however noted that no directive/orders were issued by the Board in this regard.

3.2.8 Non-implementation of provisions of the Act relating to safety and health measures for construction workers

Sections 38 to 41 of the BOCW Act provide various safety and health provisions for the safety of construction workers viz., formation of safety committees, appointment of safety officer, measures to be taken for the safety and health of building workers in the course of their employment, equipment and appliances necessary to be provided for ensuring safety, health and protection during the employment, precautionary measures in connection with the demolition of buildings, adequate and suitable lighting at every workplace, safe transport of workers to or from any workplace, policy relating to steps to be taken to ensure the safety and health of the workers etc.

Section 42 of BOCW Act stipulates that the State Government may, by notification, appoint a Gazetted Officer of the Government to be the Chief Inspector of Inspection of Building and Other Construction for effectively carrying out the provisions of the Act. Further, the Government may appoint officers as inspectors for the purpose of the Act who shall work under the control and supervision of the Chief Inspector to perform his duties. Accordingly, Labour Commissioner and Inspectors were appointed as Chief Inspector and Inspectors for BOCW Act.

Audit noted that the work of enforcement of safety and health provisions for construction workers was entrusted (November 2010) to the Directorate of Industrial Safety and Health (DISH), Labour Department, Government of National Capital Territory of Delhi. It was further noted that due to non-sharing of data relating to registered establishments, construction sites etc. with the DISH, the safety and health measures for construction workers were not ensured by the Board/Labour Department.

Deputy Director (DISH) in its reply (August 2019) stated that no information regarding registration details such as number of sites, registration number, address, number of workers registered was provided by the JLC/DLC concerned for enforcement of the safety and health provisions under BOCW Act.

The Government, in its reply (September 2020), stated that in Delhi, *suo-moto* inspections of the establishments are not carried out as a policy matter and whenever there is complaint in writing, appropriate action as per law is taken. The reply is not acceptable as neither the DISH nor the Board ensured the implementation of the safety and health provisions for construction workers as provided in the Act.

3.2.9 Registration of establishments

3.2.9.1 Identification and registration of establishments engaged in construction work

Sections 6 and 7 of the BOCW Act stipulates that every employer undertaking construction by engaging construction workers shall make an application to the registering officer of the district for registration of the establishment within 60 days from the commencement of the work.

Audit observed instances where the Board was aware of establishments engaged in construction activities but did not take any action to get them registered as required under the Act. Moreover, the reasons for inaction on the part of the Board/district offices was not on record. These are discussed in the succeeding paragraphs.

- Although cess was deposited by various Government Departments such as Public Works Department, Delhi Development Authority, Delhi Jal Board, Municipal Corporation of Delhi etc. in respect of construction work carried out by them, no efforts were made to register the establishment of the contractors who were the actual employers of the construction workers.

  Audit noted that the data relating to actual number of establishments associated with construction activities in the State was not available with the Board/district offices. This indicates that no mechanism was constituted by the Board to identify unregistered establishments.

  Secretary (Board) in his reply (May 2019) admitted that no survey was conducted by the Board/State Government in this regard. The reply is indicative of the fact that the Board and Labour Officers did not take adequate action for proper registration of the workers.

- In South and South West districts, cess amounting to ₹ 13.23 crore and ₹16.82 crore respectively was deposited by 368 and 698 private establishments during the period April 2016 to March 2019. However, none of the establishments was found registered with the Board. In addition, out of 51 establishments where assessment of cess was made by the Assessing Officer (South West), 48 establishments were not found registered with the Board.

- South and North MCD had approved 4682 building plans in respect of construction works executed by private parties in selected districts. However, none of the establishments were found registered with the district offices.

Thus, due to lack of coordination with MCDs and other agencies who were designated to deduct and deposit cess with the Board, 5796 private establishments remained unregistered, in contravention of the provisions of the Act. Audit noted that there was no monitoring mechanism for ensuring registration of the private establishment whose building plans were approved by the local authorities and were engaged in building and other construction works.

The Government, in its reply, stated that after start of online registration in 2018, approximately 400 establishments were registered online. The reply is not acceptable as the establishments who deposited the cess with the Board were not found registered with the Board.

3.2.9.2 Delay in issue of certificates

Rule 24 (i) of the DBOCW Rules stipulates that the Registering officer, after receiving application, shall register the establishment and issue a certificate of registration to the applicant within fifteen days of receipt of the application.

Scrutiny of records revealed that 64 and 61 establishments engaged in construction activities were registered in South West and North West districts respectively during 2016-19, whereas 56 establishments were registered in South district during the years 2016-18 (data for 2018-19 was not furnished). Out of these 181 cases, there were delays ranging between 15 and 390 days in issuance of registration certificates in 70 (38 *per cent*) cases.

While accepting the audit findings, it was stated (August 2019) by Assistant Labour Commissioner (South West) that the delay occurred due to non-clearance of queries and server problems.

3.2.9.3 Non-furnishing of information relating to commencement of work resulting in non-levy of penalty

Section 48 of BOCW Act stipulates that if an employer fails to give notice of commencement of the building or other construction work, he shall be punishable with imprisonment for a term which may extend to three months, or with fine which may extend to ₹ 2,000, or with both.

Scrutiny of records of South West district revealed that out of 64 establishments registered with the Board, in nine cases no notice of commencement of work was submitted by the employers during the years 2016-19. Further, none of 698 (South West) and 368 (South) private establishments that deposited cess during the period submitted notice regarding commencement of work. In addition, out of 51 assessments made by the assessing officer of South West district, none of the employers furnished notice for commencement of work. In addition, none of the 4,682 establishments where the approval of building plans had been given by the MCsD had furnished the information relating to commencement of work. This indicates that neither the Registering Officer nor the Assessing Officer raised the said issue at the time of registration of establishment/assessment.

Thus, the Registering Officer/Assessing Officer failed to levy penalty of ₹ 1.16 crore[10], despite provision in the Act.

3.2.9.4 Non-furnishing of prescribed return by the employer

Rule 242 of the DBOCW Rules stipulates that every employer of a registered establishment shall send annually a return relating to the establishment in the prescribed format to the Registering Officer of their jurisdiction not later than the fifteenth of February following the end of each calendar year. In the format, information like name and address of establishment, name and address of the employer, nature of building work, number of building workers employed during the year, accidents which took place, if any, etc. were required to be furnished.

Test-check of records revealed that Registering Officers of South, South West and North West districts registered 56, 64 and 61 establishments during the years 2016-2019 respectively.

It was, however, noticed that neither the registered establishments furnished the prescribed return, nor was it asked for by the Registering Officers. In the absence of the returns, it could not be ensured by the Board that the construction workers working in these establishments were registered with the Board and availing the benefit of welfare schemes being run by the Board.

Assistant Labour Commissioner (South West) admitted (August 2019) that these returns were not being received due to lack of awareness. The fact remains that the prescribed returns were not furnished by the registered establishments.

[10] (698+368+51+9+4682) x ₹ 2,000

3.2.9.5 Non-inspection of employer records

Section 15 of the BOCW Act states that every employer shall maintain a register in such form as may be prescribed showing the details of employment of beneficiaries employed in the building or other construction work undertaken, and the same may be inspected without any prior notice by the Secretary of the Board or any other Officer duly authorized by Board. Further, Section 43 of the Act empowers the Inspector of Labour Department to inspect the premises of any establishment where construction work is being carried out. Such inspection would have helped in identifying any unregistered employers and beneficiaries.

Scrutiny in audit revealed that the Board/Assistant Labour Commissioners of the selected districts neither fixed any target for inspections nor maintained any data of inspections carried out by the Inspectors of the Labour Department. Consequently, there is every possibility that the workers engaged in construction works remained unregistered with the Board.

3.2.10 Other issues

3.2.10.1 Administrative expenditure in excess of the limits prescribed under the Act

Section 24(3) of the BOCW Act, 1996 provides that administrative expenses of the Board, in any financial year, should not exceed five *per cent* of the total expenditure incurred during that year. However, the administrative expenditure during 2016-17 and 2018-19 was 14.42 *per cent* and 12.20 *per cent* of the total expenditure respectively as detailed in **Table-3.2.5**. It can be seen from Table 3.2.5 that the percentage increase in the administrative expenses *vis-à-vis* total expenditure during the years 2016-17 and 2018-19 was due to less expenditure incurred on the welfare schemes.

Table-3.2.5: Details of expenditure

(₹ in crore)

Year	Expenditure on schemes	Administrative expenses	Total expenditure	Administrative expenditure as a percentage of total expenditure
2016-17	17.93	3.02	20.95	14.42
2017-18	72.89	3.59	76.48	4.69
2018-19	30.65	4.26	34.91	12.20

Source: Information provided by the Board

3.2.10.2 Non-preparation of cash book in district offices

Test check of records revealed that South, South West and North West districts were not maintaining cash books prior to January 2017, July 2016 and December 2016 respectively. There were 86,305 (up to November 2016) and 50,720 (up to December 2016) workers registered in North West and South districts respectively who would have paid a registration fee of

₹ 34.26 lakh[11] (approximately). However, in absence of cash books, Audit could not verify whether the amount so collected from the construction workers was actually deposited in Government account.

South West district was not aware of the total number of workers registered in the district before July 2016.

3.2.10.3 Receipt books not traceable

At the time of registration, district offices issue cash receipt (TR–5) for registration fees and annual charges paid by the construction workers. Audit noted that out of 33,000 TR-5 forms issued by the Board headquarters to South West district, records of only 600 were available with the district office. The records of the remaining 29,400 TR-5 forms/receipts issued and the total amount collected against these receipts was not available. Under such circumstances, the possibility of misappropriation of amount collected could not be ruled out.

3.2.10.4 Cash received not deposited in Board's Account

Scrutiny of the cash book of South West district for the year 2016-17 revealed that out of ₹ 7.63 lakh received on account of registration and renewal fees from the construction workers, an amount ₹ 7.16 lakh was deposited in the Board's account. The remaining amount of ₹ 0.47 lakh was not deposited as of January 2020. The amount short deposited was also not shown in the cash book. This indicated that there was no effective system or checks to ensure that money received was deposited in the Board's account.

3.2.10.5 Loss of interest

The Board operates 12 bank accounts for depositing cess and subscription fees from various establishments and construction workers.

Scrutiny of records revealed that the Board invited (May 2014) quotations from 47 banks for investment of funds ranging between ₹ 100 crore and ₹ 1,100 crore. Different rates of interest were offered by 34 banks and on the basis of highest rate of interest quoted by banks, amounts of ₹ 100 crore, ₹ 500 crore, ₹ 258.50 crore and ₹ 258.50 crore were invested with State Bank of Patiala, Vijaya Bank, Canara Bank and Central Bank of India respectively at rates of interest of 9.25 *per cent*, 9.15 *per cent*, 9.10 *per cent* and 9.10 *per cent* respectively.

Although Andhra Bank quoted a rate of interest of 9.15 *per cent* for investment of funds for ₹ 200 crore and above, the Board invested ₹ 517 crore at a lower rate of interest, i.e. 9.10 *per cent*, resulting in loss of interest of ₹ 0.50 crore as of March 2019.

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[11] No. of workers registered-137025 x ₹ 25

3.2.11 Monitoring and Internal control mechanism

An effective internal control system provides a reasonable assurance on the overall quality of management processes and shows the extent of monitoring of operations carried out by an organisation. The internal control and monitoring mechanism was weak as discussed in the succeeding paragraphs.

3.2.11.1 Shortfall in conducting meetings of the Board

The Board was entrusted with the responsibilities of administration of the welfare fund, submission of annual budget and reports to Government for sanction and approval, proper maintenance and audit of accounts, collection of contribution to the fund, sanction of benefits and proper and timely recovery of any amount due to the Board. Rule 253 of DBOCW Rules provides that the Board shall ordinarily meet once in two months to monitor the activities. Further, the Supreme Court also directed (December 2014) that the Board should meet at least once in two months to discharge its statutory duties.

It was noticed that as against the prescribed 18 meetings, only seven were conducted during the period covered by audit. Further, against the required number of 81 meetings to be conducted (from September 2002 to March 2016 i.e., since the constitution of the Board), only 27 meetings were conducted. Despite Hon'ble Supreme Court's direction, there was shortfall of 54 (33 *per cent*) in number of Board meetings, which indicates lack of proper supervision over the pursuance of mandated objectives of the Board by its functionaries.

3.2.11.2 Non-constitution of committees

- Section 4 (1) of the Act provides that the State Government shall constitute a committee viz, State Advisory Committee (SAC), to advise the State Government on such matters arising out of the administration of the Act and that the SAC had to conduct meetings[12] at least once in six months.

  Audit observed that the SAC[13] was constituted twice[14] after notification of DBOCW Rules. As per conditions of notification of the formation of SAC, the term of the Committee was three years from the date of notification. As such, the Committee formed in 2002 was in existence till 2005 and thereafter SAC was again re-constituted in June 2019, i.e. after 14 years from the date of completion of term of the initial SAC. Neither SAC held any meeting during its tenure. This was against the prescribed norm of holding a meeting once every six months.

[12] Under the provision of DBOCW Rule 20(1).

[13] Minister of Labour, GNCTD is the Chairman, 2 elected members of Legislative Assembly, Labour Commissioner and Director/Deputy Director Industrial Safety and Health are ex-officio members, one Central Government nominee, 4 employers and 4 employees representative, one State-level association of architects and one from accident insurance institution are the members of SAC.

[14] (i) October 2002 and (ii) June 2019

- Further, Section 5 (1) of the Act stipulates that the Government may constitute one or more expert committees consisting of persons specially qualified in building and other construction works for advising the Government for making rules under the Act.

  Audit noted that no such expert committees were constituted by the Government. In the absence of such committees, the schemes could not be implemented efficiently to provide due benefits to the workers.

In absence of the aforesaid committees, the Government did not have adequate mechanisms to ensure proper implementation of the Act and also the welfare of the building and other construction workers.

3.2.11.3 Non-preparation and submission of reports

Section 26 of the BOCW Act stipulates that the Board shall prepare an annual report, giving a full account of its activities during the previous financial year and submit a copy thereof to the State Government and the Central Government. Further, as provided in Section 27, the Board should maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as prescribed.

Section 27 of the BOCW Act stipulates that the Board shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Comptroller and Auditor General of India (CAG). The CAG audits the accounts of the Board under Section 19(2) of the CAG DPC Act read with Section 27(3) of the BOCW Act, 1996 and prepares a Separate Audit Report which is placed in the State Legislature.

The annual accounts of the Board were prepared and audited only up to the year 2016-17, while the annual accounts for the financial years from 2017-18 and 2018-19 were not prepared (December 2019). Besides none of the SARs issued to the Board has been laid before the Assembly. Consequent to non-preparation of accounts, the annual reports were also not prepared and submitted to the Government. As a result, the Government was not in a position to properly oversee the functioning/performance of the Board and its financial status.

3.2.12 Absence of Internal Audit

Internal Audit acts as an effective tool in exercising check on expenditure. Internal control systems help in exercising checks on various activities. Thus these are important mechanisms for ensuring the smooth working of an organisation. Audit scrutiny revealed that the Board had not established an internal audit and internal control wing in order to ensure effective control in exercising checks on various activities, including finances, and monitoring the activities of designated officers for the purpose of collection of cess and implementation of welfare schemes.

3.2.13 Conclusion

The Board was established with a view to providing safety, health, and welfare measures for the benefit of building and other construction workers in Delhi and levy and collection of cess was a means to this end. It was observed that the Board has been collecting cess and accumulating the same without providing any commensurate benefit to construction workers. It did not prepare any perspective plan or any annual plans for fulfilling its mandated responsibilities. Although the Board was required to prepare a budget for each financial year showing estimated receipts and expenditure of the Board and forward it to the Government, it had never prepared one since its inception in 2002, in contravention of the provision of the BOCW Act.

During the years 2002-19, the Board received an amount of ₹ 3,273.64 crore as cess, interest earned on cess and registration fee but it spent only ₹ 182.88 crore on welfare schemes for the benefit of workers which constituted a mere 5.59 *per cent* of the total collections. The administrative expenditure was in excess of the limit of five *per cent* of total expenditure, as prescribed in the Act, as it was 14.42 *per cent* in 2016-17 and 12.20 *per cent* in 2018-19. There was no expenditure on six out of the 15 welfare schemes during 2016-19.

Out of the 10 lakh construction workers in Delhi as estimated by DBOCW Board, only 17,339 (1.73 *per cent*) were registered with the Board as of March 2019 leaving the remaining workers (98 *per cent)* out of the ambit of welfare schemes implemented by the Board. Audit also found irregularities in disbursement of financial assistance under welfare schemes such as release of assistance to ineligible beneficiaries, payment without submission of proper documents or payment on the basis of invalid documents etc. due to inadequate scrutiny of claims and other documents submitted by the beneficiaries.

Deficiencies were noticed in assessment and collection of cess also. There was no mechanism in the district offices to ensure that the assessees included complete details of cost of construction in their cess returns, and where details were available, there were short levy of cess in some cases.

The annual accounts of the Board were prepared and audited only up to the year 2016-17. There were differences in the figures of cess collected provided by Cess collectors, district offices and the Board itself. The differences were not reconciled and therefore the correctness of the figures could not be verified in audit. There was also short realisation of cess due to dishonour of cheques by the banks for which no action was taken by the Board.

Thus, the Board was not able to effectively safeguard and promote safety, health and welfare of construction workers in Delhi as envisaged in the Act. The Government, therefore, needs to review the functioning of the Board and take corrective measures to ensure safety, health and social security of all construction workers in Delhi as laid down in the Act.

3.2.14 Recommendations

The Board needs to:

- devise a system to identify and register all the building and other construction workers.
- collect and maintain a complete list of establishments engaged in construction work.
- collect complete data of all building plans approved by local authorities and maintain District Master Registers as well as obtain information relating to estimated cost of construction, details of payment of cess etc. and ensure that the cess due has been worked out correctly.
- create awareness amongst the construction workers about benefits available to them under the Act.

Directorate of Training and Technical Education

3.3 Additional payment of ₹ 1.55 crore on fixed electricity charges due to excess sanctioned load

Failure of DTU to assess the sanctioned load in consonance with actual requirement resulted in excess expenditure of ₹ 1.55 crore during the period from July 2018 to March 2020 on account of fixed charges.

Delhi Electricity Supply Code and Performance Standards (3rd Amendment) Regulations, 2016 (Regulations) stipulates that the licensee shall review the sanctioned load of the consumer by taking the highest of average of Maximum Demand Readings recorded as per billing cycle covering any four consecutive calendar months in the previous financial year. In case of domestic category consumers having sanctioned load of more than 5 KW, the licensee was required to seek the consent of the consumer for load reduction where found required through a separate notice. Further, para 21 of the Delhi Electricity Supply Code and Performance Standards Regulation 2007 states that the consumer can apply for load reduction after one year from original energisation for connection up to 100 KW and two years from original energisation for connection above 100 KW along with the reasons for load reduction.

Delhi Technological University (DTU) has a domestic electricity connection of the licensee - Tata Power Delhi Distribution Limited (TPDDL) - with a sanctioned load of 4256 KW. The bills raised by TPDDL has a fixed component based on the sanctioned load and variable component on the basis of actual electricity consumption. Sanctioned load in excess of requirement entails excess expenditure due to increased fixed charges.

Audit scrutiny (April 2019) of the records of DTU revealed that the actual demand of electric power (maximum load) ranged between 756 - 1866 KW, 679 - 1962 KW and 714 - 2042 KW during the years 2015-16, 2016-17 and 2017-18 respectively. In spite of the actual requirement remaining much below the sanctioned load of 4256 KW, DTU did not take any action to approach the licensee to reduce the sanctioned load so as to avoid payment of fixed charges on excess sanctioned load. TPDDL informed (May 2018) DTU for reduction in the sanctioned load from the billing period beginning from July 2018 as the maximum demand during the year 2017-18 required a sanctioned load of only 1709 KW against the existing 4256 KW. However, despite receiving notice from TPDDL, DTU did not take any action to give consent for the same and continued to pay electricity charges based on the sanctioned load of 4256 KW. DTU thereby incurred an avoidable expenditure of ₹ 1.55 crore on this account during the period from July 2018 to March 2020.

On being pointed out, DTU stated (April 2019) that it was a research and innovation university and conducts various researches, which require ascertained availability of electricity all the time. It was, therefore, necessary that a sanctioned load be available to the university to cater to any unforeseen requirements.

The reason for not reducing the sanctioned load is not convincing as the actual requirement of the University was consistently lower than the sanctioned load during the past several years, both before and after the notice was received in May 2018 and there was no such uncertainty in requirements during these years. Further, the Regulations also provide for increasing the sanctioned load on the basis of actual consumption, whenever the need arises. Moreover, the sanctioned load was 149.03 *per cent* more than the maximum demand reading during 2017-18. Thus, the sanctioned load was not in sync with the actual electricity consumption and was to be reviewed to economise the expenses on account of fixed electricity charges. Failure of DTU to take action for revision of the sanctioned load based on actual requirement resulted in avoidable expenditure of ₹ 1.55 crore during the period from July 2018 to March 2020. If the sanctioned load is not revised based on actual consumption, this will lead to cumulative excess expenses in future also.

3.4 Irregular payment of extra Transport Allowance amounting to ₹ 1.03 crore

Grant of Transport Allowance (TA) at enhanced rates to the employees without the prior concurrence of the Finance Department of GNCTD resulted in irregular payment of extra TA amounting to ₹ 1.03 crore.

In terms of para 19(a) of Finance Department, Government of National Capital Territory of Delhi's (GNCTD) order dated 18 July 2011, the terms and conditions of service i.e. pay scales, allowances, etc., of employees of autonomous bodies/grantee institutions shall not be higher than those applicable to similar categories of the employees in the Government.

Indraprastha Institute of Information Technology, Delhi (IIITD) has been paying Transport Allowance (TA) to its employees living in the campus at rates prescribed for Government employees. Employees are also paid dearness allowance on the transport allowance. However, the Board of Governors of IIITD approved (August 2013) grant of TA at double the existing rates to the employees staying outside the campus for which the approval of Finance Department, GNCTD was not taken. As a result, 92 employees of IIITD who live outside the campus had been paid TA at double the rates with effect from August 2013 resulting in irregular expenditure of ₹ 103.45 lakh on extra transport allowance till May 2019 which was in contravention of the Government orders dated 18 July 2011.

IIIT, Delhi in its replies (April 2018 and July 2019) stated that the Institute is completely autonomous and its Board is empowered by its Act to independently determine the terms and conditions of different cadres of employees. It was further stated that keeping in view that the cost of transportation in Delhi being very high and has gone up substantially in recent years for those who live off campus and have to bear this extra burden, hence additional transport allowance has been allowed to them by its Board.

The reply of IIITD is not acceptable as, in terms of order dated 18 July 2011 of GNCTD, all autonomous bodies/grantee institutions were to observe all the economy instructions issued by GNCTD from time to time, in *toto*, to ensure financial discipline and expenditure management and concurrence of Finance Department was required for any relaxation to these instructions. Further, employees are also paid dearness allowance on transport allowance to compensate increase in transportation cost.

Thus, grant of Transport Allowance at double rates without prior concurrence of the Finance Department of GNCTD resulted in irregular payment of extra TA amounting to ₹ 1.03 crore.

New Delhi **(SAMAR KANT THAKUR)**
Dated: 24 May 2021 **Principal Accountant General (Audit), Delhi**

Countersigned

New Delhi **(GIRISH CHANDRA MURMU)**
Dated: 27 May 2021 **Comptroller and Auditor General of India**

Annexures

Annexure 1.1

(Referred to in paragraph 1.1.5)

Position of Inspection Reports

(₹ in crore)

Year	Opening Balance			Addition during the year			Clearance during the year			Closing Balance		
	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
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
2013-14	469	11,234	10,496.31	92	790	1,099.45	3	83	0.00	558	11,941	11,595.76
2014-15	558	11,941	11,595.76	76	506	159.57	15	159	7.40	619	12,288	11,747.93
2015-16	619	12,288	11,747.93	80	458	52.23	9	129	4.12	690	12,617	11,796.04
2016-17	690	12,617	11,796.04	111	650	169.04	11	357	484.30	790	12,910	11,480.78
2017-18	790	12,910	11,480.78	70	499	1,038.00	9	3,879	5,383.67	851	9,530	7,135.11
2018-19	851	9530	7,135.11	65	393	510.05	6	328	298.74	910	9,595	7,346.42

Annexure 1.2
(Referred to in paragraph 1.1.6)
Position of paragraphs included in the Audit Report, Accepted by the Departments and the amount recovered

(₹ in crore)

Year of Audit Report	Number of Paragraphs included	Money value of the Paragraphs	Number of Paragraphs accepted	Money value accepted	Amount recovered during the year 2018-19	Cumulative position of recovery of accepted cases as of 31 March 2019	Percentage of recovery
2008-09	15	1,729.62	7	109.00	-	0.14	0.13
2009-10	18	1,764.20	5	49.36	-	0.39	0.79
2010-11	15	1,479.98	4	58.00	-	0.06	0.10
2011-12	17	2,363.11	1	19.14	-	1.23	6.43
2012-13	3	536.00	3	70.16	-	00	0.00
2013-14	3	98.39	3	20.83	-	00	0.00
2014-15	1	1.34	1	1.34	-	0.02	1.49
2015-16	4	122.13	4	7.02	-	0.01	0.14
2016-17	7	254.46	7	7.04	-	00	0.00
2017-18	7	705.58	7	390.39	-	0.00	0.00
Total	**90**	**9,054.81**	**42**	**732.28**	**-**	**1.85**	**0.25**

Annexure 1.3
(Referred to in para 1.3(a))
Residential rates applied instead of Commercial

(Amount in ₹)

Sl. No.	Reg. No./ B.No./Vol No./Date	Area, Plinth area (Sq.m.)	Amount of the property as per circle rate	Stamp Duty (SD) and Registration Fee (RF) payable {Rate of SD-6% (male) or 4% (female), Rate of RF-1% }	Stamp Duty and Registration Fee paid	Difference	Remarks
1	5180/1/1743 4/91-106/ 28.05.2018	1227.67, 552	Land cost=127680*3*1227.67 = 470246717 Construction cost=12840*.6*552 = 4252608 Total : 474499325	SD-28469960 RF-4744993 Total=33214953	SD-9627000 RF-1604452 Total=11231452	21983501	The property was purchased by NITCO Logistics Pvt Ltd in 1975 and was used as its branch office. Later Sujata Hotels Pvt Ltd purchased it in the year 2005 but on its request the deed was made in favour of SHPL Realty Pvt Ltd through this deed. The property is in use as commercial one since 1975. Thus, it should be treated as commercial property.
2	14220/1/240 61/87-94 /14.12.2018	139.63, 130.90	Land cost=139.63*127680*3 = 53483875 Construction cost=130.90*12840 =1680756 Total : 55164631 50% of Cost of property =27582316	SD-1654939 RF-275823 Total=1930762	SD-921000 RF-153500 Total=1074500	856262	Property under transfer is built on commercial shop plot. Thus property is commercial.
3	10455/16734/ 1-15/ 08.12.2016	12.76, 63.777	Land cost =12.76*127680*3 = 4887590 Construction cost=63.777*12840 = 818897 Total cost = 5706487	SD-342389 RF-57065 Total=399454	SD-141000 RF-23500 Total=164500	234954	According to presentation details the property is shown as shop, also the entire floor is shown as shop in the map. The adjacent part is also registered between the same vendors and vendees as 'commercial' property.
4	10456/16734/ 16-30/ 08.12.2016	12.76, 63.777	Land cost =12.76*127680*3 = 4887590 Construction cost=63.777*12840 =818897 Total cost =5706487	SD-342389 RF-57065 Total=399454	SD-141000 RF-23500 Total=164500	234954	According to presentation details the property is shown as shop, also the entire floor is shown as shop in the map. The adjacent part is also registered between the same vendors and vendees as 'commercial' property.

5	10574/16739/ 59-68/ 19.12.2016	232.43, 901.29	Land cost =232.43*70080*3 =48866083 Construction cost=901.29*.6*10800 =5840359 Total cost = 54706442 15% share= 8205966	SD-328239 RF-82060 Total=410299	SD-192000 RF-48000 Total=240000	170299	According to presentation details the property contains no kitchen on any of the residential floors i.e. First Floor,Second Floor and Third Floor. Further, all the rooms on these floors have attached toilets and the rooms are so arranged as to serve each one in the passage as a hotel has. Further, property verified from NDMC found to be a commercial property
6	7728/1/2284 5/101- 120/11.08.20 16	108.70, 371.6	Cost of Land: 108.70*127680*3/4 =10409112 Cost of Construction: 92.90*12840 =1192836 Total-11601948	SD-696117 RF-116019 Total=812136	SD-360000 RF-60000 Total=420000	392136	Property under transfer is built on commercial shop plot.
Total						**23872106**	

Annexure 1.4
(Referred to in para 1.3(b))
Wrong Calculation of the valuation of properties

(Amount in ₹)

Sl. No.	Reg. No./ B.No./Vol. No./Date of registration	Area,Plinth area (Sq. m.)	Amount of the property as per circle rate	Stamp Duty {@6%(male) or 4% (female)} and Registration Fee(@1%) payable	Stamp Duty and Registration Fee paid	Differe-nce	Remarks
SR VIVEK VIHAR							
1	4704/1/811/ 05.07.2016	41.805, 82.9	**LC-**56640*41.805*1 = 2367835 **CC-**8220*82*.9*1 = 606636 **Second floor-**8220*41*1*1 = 337020 **Total cost -** 3311491	6%=198689 1% =33115 = 231804	Consideration amount ₹ 38000 199800 + 1000 = 200800	31004	Registration fee was paid ₹1000 instead of ₹ 33115.
2	4996/1/822/ 15.07.2016	32.16, 107.99	**LC-**127680*32.16*3 = 12318566 **CC-**12840*107.99*1*1 = 1386592 **Total cost –** 13705158 83.4% @6%- 11430102 16.6%@4% - 2275056	6% =685806 4%=91002 1%= 137052 = 913860	Consideration amount ₹ 7000000 749000 + 132000 = 881000	32860	Super area not taken while calculating the cost of construction.
3	5142/1/827/ 20.07.2016	7.54, 7.54	**LC-**70080*7.54*3 = 1585210 **CC-**10800*7.54*.8*1 = 65146 **Total cost -** 1650356	4%=66014 1% =16504 = 82518	Consideration amount ₹ 750000 30000 + 7500 = 37500	45018	As per description of property mentioned in the instrument land share should not be divided by any share
4	5161/1/828/ 21.07.2016	44.93, 44.93	**LC-**70080*44.93*3/1 = 9446083 **CC-**10800*44.93*.8*1 = 388195 **Total cost -** 9834278	6% =590057 1%=98343 = 688400	Consideration amount ₹ 3550000 213000 + 35500 = 248500	439900	As per description of the property shown in the instrument land share should not be divided by any share. The whole area of land should be taken while calculating the cost of the land.

Sl. No.	Reg. No./ B.No./Vol. No./Date of registration	Area,Plinth area (Sq. m.)	Amount of the property as per circle rate	Stamp Duty {@6%(male) or 4% (female)} and Registration Fee(@1%) payable	Stamp Duty and Registration Fee paid	Difference	Remarks
5	5162/1/828/ 21.07.2016	9.05, 9.05	**LC-**70080*9.05*3 = 1902672 **CC-**10800*9.05*1*1 = 97740 **Total cost -** 2000412	6%=120025 1%=20004 = 140029	Consideration amount ₹ 750000 45000 + 7500 = 52500	87529	As per description of property mentioned in the instrument land share should not be divided by any share
6	5362/1/835/ 28.07.2016	6.5, 6.5	**LC-**70080*6.5*3 = 1366560 **CC-**10800*6.5*.8*1 = 56160 **Total cost -** 1422720	6%=85363 1%=14227 = 99590	Consideration amount ₹ 600000 36000 + 6000 = 42000	57590	As per description of property mentioned in the instrument land share should not be divided by any share
7	8927/1/1294/ 15.12.2017	70.2324, 70.2324	**LC-**56640*70.2324*3/2 = 5966945 **LC-**56640*70.2324*1/2 =1988982 **CC-**9480*70.2324*0.8*1 = 532643 **Total cost-** 8488570	6%=509314 1% =84886 = 594200	Consideration amount ₹ 7170000 430200 + 71700 = 501900	92300	As per description of the property mentioned in the instrument land share should be divided by 2 instead of 3.
8	9074/1/1300/ 20.12.2017	55.60, 16.72	**LC-**56640*55.60 = 3149184 **LC-**56640*16.72*3 =2841062 **CC-**8220*55.60*0.8*1 = 365626 **CC-**9480*16.72*0.8*1 = 126804 **Total cost-** 6482676	4%=259307 1% =64826 = 324133	Consideration amount ₹ 2500000 100000 + 25000 = 125000	199133	As per description of property mentioned in the instrument, land share should not be divided by any share.
9	4278/1/1480/ 18.05.2018	10.37, 10.37	**LC-**70080*10.37*1/2 = 363365 **CC-**9360*10.37*0.9*1 =87357 **Total cost-** 450722	6%=27043 1% =4507 = 31550	Consideration amount ₹ 280000 16800 + 2800 = 19600	11950	As per description of the property mentioned in the instrument, land share should divided by 2 instead of 3.

Sl. No.	Reg. No./ B.No./Vol. No./Date of registration	Area,Plinth area (Sq. m.)	Amount of the property as per circle rate	Stamp Duty {@6%(male) or 4% (female)} and Registration Fee(@1%) payable	Stamp Duty and Registration Fee paid	Differe-nce	Remarks
10	4581/1/1492/ 29.05.2018	43.47, 42	**LC-**56640*43.47/3 = 820714 **CC-**8220*42*1*1 = 345240 **Total cost-** 1165954	6%=69957 1% =11660 = 81617	Consideration amount ₹ 1100000 66000 + 11000 = 77000	4617	Age factor for construction cost was used 0.8 instead of 1.
11	1601/1/1015/ 30.03.2017	193, 193	**LC-**193*70080 =13525440 **CC-**193*9360*1 =1806480 **Total cost-**15331920	4%=613277 1% =153319 =766596	Consideration amount ₹ 12520000 500800 + 125200 = 626000	140596	Property is in Krishna Nagar and it falls into category E instead of F. Hence rates of E category to be applied instead of F.
SR KALKAJI							
12	1926/1/14563/ 11.05.2017	Prop Land Share 36.89 (6896*59.78/1 1172.241) Plinth area 59.78	**LC-**36.89*127680*3*1 = 14130346 **CC-**59.78*12840*1*1 = 767575 **Total cost-** 14897921	6%=893875 1%=148979 = 1042854	Consideration amount ₹ 5949832 376800 + 59499 = 436299	606555	Amount of land share was not worked out, Stamp Duty &Registration Fee were paid only on plinth area by the Party.
13	1214/1/15314/ 07.03.2019	Prop Land Share 18.30 (6896*29.66/1 1172.241) Plinth area 29.66	**LC-**18.30*127680*3*1 = 7009632 **CC-**29.66*12840*1*1 = 380834 **Total cost-** 7390466	5%=369523 1%=73905 = 443428	Consideration amount ₹ 4120000 206000 + 41200 = 247200	196228	Calculation of Stamp Duty & Registration Fees were not applied as per para 1 & 3 of the annexure of Notification (i.e. Land Cost & Construction Cost separately.
SR ROHINI							
14	4353/I/6883/ 10.05.2016	34, 34	**LC-** 34*70080*1*1 =2382720 **CC-** 34*9360*1*1 =318240 **Total cost-** 2700960	6%=162058 1% =27010 = 189068	Consideration amount ₹ 2500000 150000 + 25000 = 175000	14068	As per Form A plinth area of the property under transfer is 34 Sq.m., but plinth are of 11.22 Sq.m. was taken for calculation instead of 34 Sq.m.
15	4743/I/6899/ 20.05.2016	60, 60	**LC-** 60*70080*1*1 =4204800 **CC-** 60*9360*1*1 =561600	5%=238320 1%=47664	Consideration amount ₹ 4400000 220000		As per Form A plinth area of the property under transfer is 60 Sq.m., but plinth area of 20 Sq.m. was taken for calculating the cost of

Sl. No.	Reg. No./ B.No./Vol. No./Date of registration	Area,Plinth area (Sq. m.)	Amount of the property as per circle rate	Stamp Duty {@6%(male) or 4% (female)} and Registration Fee(@1%) payable	Stamp Duty and Registration Fee paid	Difference	Remarks
			Total cost- 4766400	= 285984	+ 44000 = 264000	21984	construction instead of 60 Sq.m..
16	4825/I/6902/ 24.05.2016	60, 60	**LC-** 60*70080*1*1 =4204800 **CC-** 60*9360*1*1 =561600 **Totalcost**- 4766400	5%=238320 1%=47664 = 285984	Consideration amount ₹ 4400000 220000 + 44000 = 264000	21984	As per Form A plinth area of the property under transfer is 60 Sq.m. but plinth area of 20 Sq.m. was taken for calculating the cost of construction instead of 60 Sq.m.
17	2511/I/8356/ 07.03.2019	400, 660	**LC-** 400*46200*2*1 =36960000 **CC-** 660*8040*1*1 =5306400 **Totalcost**- 42266400	6%=2535984 1%= 422664 = 2958648	Consideration amount ₹ 41800000 2508000 + 418000 =2926000	32648	As per Form A year of Construction is 2000, hence, age factor should be applied 1.0 instead of 0.09 for calculation of the cost of construction of the property.
18	3068/I/8380/ 22.03.2019	56.144, 56.144	**Prop. land share** 996.387*56.144/5526.96 = 10.12 **LC-** 10.12*70080*3 =2127629 **CC-**56.144*10800*1*1 = 606355 **Total cost-**2733984	6%=164039 1%=27340 =191379	Consideration amount ₹ 2600000 156000 +26000 =182000	9379	Super area not taken for calculating the cost of construction of the property in the instrument.
19	3069/I/8380/ 22.03.2019	29.97, 29.97	**Prop. land share** 996.387*29.97/5526.96 = 5.40 **LC-** 5.40*70080*3 =1135296 **CC-** 29.97*10800*1*1 = 323676 **Total cost-**1458972	6%=87538 1%=14590 =102128	Consideration amount ₹ 1400000 84000 +14000 =98000	4128	Super area not taken for calculating the cost of construction of the property in the instrument.
SR, ASAF ALI							
20	4563/1/17407/ 10.05.2018	104.52, 43.025	**LC-**104.52*127680*1/4 =3336278 **CC-**43.025*11160*1*1	6%=228986	Consideration amount ₹ 3500000 210000		Cost of const. was taken for 14 Sq.m. instead of 43.025 Sq.m. (correct plinth area as per map). No consideration amount was taken

Sl. No.	Reg. No./ B.No./Vol. No./Date of registration	Area,Plinth area (Sq. m.)	Amount of the property as per circle rate	Stamp Duty {@6%(male) or 4% (female)} and Registration Fee(@1%) payable	Stamp Duty and Registration Fee paid	Differe-nce	Remarks
			=480159 **Total cost-** 3816437	1%=38164 =267150	+35000 =245000	22150	for third floor roof rights for calculation of total value of property transferred.
21	4159/1/17389/ 01.05.2018	125.42 ,104.518	**LC-**25.09*127680*1 =3203491 **CC-**11160*125.423*1*1 =1399721 **Total cost-** 4603212	5%=230160 1%=46032 =276192	Consideration amount ₹ 3450000 172500 +34500 =207000	69193	Cost of const. was taken for 20.91Sq.m. instead of 125.423 Sq.m. including kitchen room and toilet etc. constructed of fourth floor (correct plinth area).
22	5113/1/17431/ 30.05.2018	46.01, 46.01	**LC- for two floors** 46.01*127680*1*2/5 =2351866 **CC-for two floors**: 46.01*11160*1*1*2 =1026943 **Total cost-** 3378809	4%=135152 1%=33788 =168940	Consideration amount ₹ 1695000 67800 +16950 =84750	84190	Cost of land of only one floor included in the sale of two floors.
23	5212/1/17435/ 29.05.2018	71.81, 71.81	**LC-**71.81*127680*1/4 = 2292175 **CC-**71.81*11160*1*.8 =641120 **Total cost-** 2933295	4%=117332 1%=29333 =146665	Consideration amount ₹ 2500000 100000 +25000 =125000	21665	Cost of land was taken for 14.362 Sq.m. instead of 17.9525(71.81/4) Sq.m.
24	4134/1/17388/ 01.05.2018	57, 128.43	**LC-**40% 214.05*127680*40/100 = 10931962 **CC-**40% 214.05*11160*1.5*.6*40/100 = 859967 **Total cost-** 11791929	6%=707516 1%=117919 =825435	Consideration amount ₹ 11600000 696000 +116000 =812000	13435	40% share of entire property consisting of two floors is under transfer. Cost of construction of first floor not included.
25	4755/1/17415/ 15.05.2018	18.58, 74.36	**LC-**18.58*70080*3*1 = 3906259 **CC-**74.36*10800 = 803088 **Total cost-** 4709347	5%=235467 1%=47093 =282560	Consideration amount ₹ 4000000 200000 +40000 =240000	42560	Cost of land was taken for 14.87 Sq.m. instead of 18.58 Sq.m.(8*25/9/50*41.81)

Sl. No.	Reg. No./ B.No./Vol. No./Date of registration	Area,Plinth area (Sq. m.)	Amount of the property as per circle rate	Stamp Duty {@6%(male) or 4% (female)} and Registration Fee(@1%) payable	Stamp Duty and Registration Fee paid	Difference	Remarks
26	1195/1/17258/ 06.02.2018	117.4, 71.06&117.4	**LC-**[25% (117.4*70080*3/4) +(117.4*70080*3/4)}] = 3085272 **CC** 25%{(10800*71.06*.5) +(117.4*9360*3*.5}] = 508005 **Total cost-** 3593277	6%=215597 1%=35933 =251530	Consideration amount ₹ 3150000 189000 +31500 =220500	31030	Plot area of property was taken as 75.24Sq.m.instead of correct area 117.4Sq.m.
27	1197/1/17258/ 06.02.2018	117.4, 71.06&117.4	**LC-**[25% {(117.4*70080*3/4) +(117.4*70080*3/4)}] = 3085272 **CC-**[25%{(10800*71.06*.5) +(117.4*9360*3*.5}] = 508005 **Total cost-** 3593277	6%=215597 1%=35933 =251530	Consideration amount ₹ 3150000 189000 +31500 =220500	31030	Plot area of property was taken as 75.24Sq.m. instead of correct area 117.4Sq.m.
28	1196/1/17258/ 06.02.2018	117.4, 71.06&117.4	**LC-**[25% {(117.4*70080*3/4) +(117.4*70080*3/4)}] = 3085272 **CC-**[25%{(10800*71.06*.5) +(117.4*9360*3*.5}] = 508005 **Total cost-** 3593277	4%=143731 1%=35933 =179664	Consideration amount ₹ 3150000 126000 +31500 =157500	22164	Plot area of property was taken as 75.24 Sq.m. instead of correct area 117.4Sq.m.
29	1194/1/17258/ 06.02.2018	117.4, 71.06&117.4	**LC-**[25% {(117.4*70080*3/4) +(117.4*70080*3/4)}] = 3085272 **CC-**[25%{(10800*71.06*.5) +(117.4*9360*3*.5}] = 508005 **Total cost-** 3593277	4%=143731 1%=35933 =179664	Consideration amount ₹ 3150000 126000 +31500 =157500	22164	Plot area of property was taken as 75.24 Sq.m. instead of correct area 117.4Sq.m.
30	1130/1/17255/ 03.02.2018	64.431, 42.27	**LC-**66.431*56640*3/5 = 2257591		Consideration amount ₹ 1800000	71707	As per map attached with the instruments the plot area works out to 66.431

Sl. No.	Reg. No./ B.No./Vol. No./Date of registration	Area,Plinth area (Sq. m.)	Amount of the property as per circle rate	Stamp Duty {@6%(male) or 4% (female)} and Registration Fee(@1%) payable	Stamp Duty and Registration Fee paid	Difference	Remarks
			CC-66.431*9480*.9 = 566789 **Total cost-**2824380	6%=169463 1%=28244 =197707	108000 +18000 =126000		Sq.m.(55*130/9/50*41.81) instead of 42.27 Sq.m. mentioned in instruments.
31	9802/16705/ 31.10.2016	238.71, 167.09	**LC-**238.71*127680/4 = 7619623 **CC-**167.09*11160 = 1864724 **Cost of Stilt-**32.51*11160 =362812 **Total cost-** 9847159	4%=393886 1%=989472 =492358	Consideration amount ₹ 8400000 336000 +84000 =420000	72358	No. of floors is four. Proportionate land right transferred for four floors should be 1/4th but taken as 1/5th. Further,other part of property including other portions and common area not included in calculation of duty.
32	10734/16745/ 22.12.2016	1093.14 (28*125+80*125-65*26.67 sqft)(25% share in each case),1093.14	**LC-**1093.14*159840*3/5 = 104836499 **CC-**1093.14*15960*0.9 = 15701863 **Total-**120538362*25% share of each) (30134590/- in each case)	6%=1808075 1%=301346 = 2109421	Consideration amount ₹ 27650000 1659000 + 276500 = 1935500	173921	According to presentation details the land area works out to 1093.14 Sq.m. but the instrument registered with plinth area 1001.65 Sq.m. only.
33	10703/16744/ 22.12.2016	1093.14 (28*125+80*125-65*26.67 sqft)(25% share in each case),1093.14	**LC-**1093.14*159840*3/5 = 104836499 **CC-**1093.14*15960*0.9 = 15701863 **Total-**120538362*25% share of each) (30134590/- in each case)	6% = 1808075 1% = 301346 = 2109421	Consideration amount ₹ 27650000 1659000 + 276500 = 1935500	173921	According to presentation details the land area works out to 1093.14 Sq.m. but the instrument registered with plinth area 1001.65 Sq.m. only.
34	10705/16744/ 22.12.2016	1093.14 (28*125+80*125-65*26.67 sqft)(25% share in each case),1093.14	**LC-**1093.14*159840*3/5 = 104836499 **CC-**1093.14*15960*0.9 = 15701863 **Total-**120538362*25% share of each) (30134590/- in each case)	6%=1808075 1%=301346 = 2109421	Consideration amount ₹ 27650000 1659000 + 276500 = 1935500	173921	According to presentation details the land area works out to 1093.14 Sq.m. but the instrument registered with plinth area 1001.65 Sq.m. only.

Sl. No.	Reg. No./ B.No./Vol. No./Date of registration	Area,Plinth area (Sq. m.)	Amount of the property as per circle rate	Stamp Duty {@6%(male) or 4% (female)} and Registration Fee(@1%) payable	Stamp Duty and Registration Fee paid	Difference	Remarks
35	10706/16744/ 22.12.2016	1093.14 (28*125+80*125-65*26.67 sqft)(25% share in each case),1093.14	**LC-**1093.14*159840*3/5 = 104836499 **CC-**1093.14*15960*0.9 = 15701863 **Total-**120538362*25% share of each) (30134590/- in each case)	6%=1808075 1%=301346 = 2109421	Consideration amount ₹ 27650000 1659000 + 276500 = 1935500	173921	According to presentation details the land area works out to 1093.14 Sq.m. but the instrument registered with plinth area 1001.65 Sq.m. only.
36	1586/16819/ 14.03.2017	138.19, 73.67	**LC-**138.19*127680*1/5 = 3528820 **CC-**73.67*11160*1*1 = 822157 **Total cost** = 4350977	6%=261059 1% =43510 = 304569	Consideration amount ₹ 2800000 151200 + 28000 = 179200	125369	According to presentation details the land area works out to35ft*42.6ft (138.19 Sq.m.) but the instrument registered with land cost of 73.67 Sq.m. only.
37	10622/16741/ 20.12.2016	46.45/46.45	**LC-**46.45*70080*1/4 = 813804 **CC-**46.45*9360*1*1 = 434772 **Total cost-**1248576	6%=74914 1%=12486 =87400	Consideration amount ₹ 1095000 65700 +10950 =76650	10750	According to presentation details the land area is 92.85Sq.m. Super area on sale is 46.45Sq.m. and carpet area is 41.81Sq.m. Construction cost of only carpet area and not the super area included.
38	9108/16675/ 10.10.2016	Plot area = 362.86 Plinth area 412.7 (350 (R) + 62.7(C))	**Land Share Residential (R)** 350*362.86/412.7=**307.73** **Land Share Commercial (C)** 62.7*362.86/412.7=**55.13** **LC(R)-**.30.77*70080*1 =2156362 **LC (C)** -5.51*70080*3 =1158422 **CC(R)-**35*9360*0.5*1 = 163800 **CC(C)-**6.27*10800*.5*1 = 33858 **Total cost** = 3512442	6%=210747 1% =35124 =245871	Consideration amount ₹ 3200000 192000 +32000 =224000	21871	According to presentation details the land area is 362.86Sq.m. (434 sq.yd). Proportionate land area of Residential and Commercial Plinth is wrongly calculated as 33.15Sq.m. and 3.135 Sq.m.instead of 30.83Sq.m. and 5.52 Sq.m. respectively.

Sl. No.	Reg. No./ B.No./Vol. No./Date of registration	Area,Plinth area (Sq. m.)	Amount of the property as per circle rate	Stamp Duty {@6%(male) or 4% (female)} and Registration Fee(@1%) payable	Stamp Duty and Registration Fee paid	Differe-nce	Remarks
39	9109/16675/ 10.10.2016	Plot area = 362.86 Plinth area 412.7 (350 (R) + 62.7(C))	**Land Share Residential (R)** 350*362.86/412.7=**307.73** **Land Share Commercial (C)** 62.7*362.86/412.7=**55.13** **LC(R)-.**30.77*70080*1 =2156362 **LC (C)** -5.51*70080*3 =1158422 **CC(R)-**35*9360*0.5*1 = 163800 **CC(C)-**6.27*10800*.5*1 = 33858 **Total cost** = 3512442	6%=210747 1% =35124 =245871	Consideration amount ₹ 3200000 192000 +32000 =224000	21871	According to presentation details the land area is 362.86Sq.m.(434 sq.yd). Proportionate land area of Residential and Commercial Plinth is wrongly calculated as 33.15Sq.m.and 3.135 Sq.m. instead of 30.83 Sq.m. and 5.52 Sq.m.respectively.
40	9110/16676/ 10.10.2016	Plot area = 362.86 Plinth area 412.7 (350 (R) + 62.7(C))	**Land Share Residential (R)** 350*362.86/412.7=**307.73** **Land Share Commercial (C)** 62.7*362.86/412.7=**55.13** **LC(R)-.**30.77*70080*1 =2156362 **LC (C)** -5.51*70080*3 =1158422 **CC(R)-**35*9360*0.5*1 = 163800 **CC(C)-**6.27*10800*.5*1 = 33858 **Total cost** = 3512442	6%=210747 1% =35124 =245871	Consideration amount ₹ 3200000 192000 +32000 =224000	21871	According to presentation details the land area is 362.86Sq.m.(434 sq.yd). Proportionate land area of Residential and Commercial Plinth is wrongly calculated as 33.15 Sq.m. and 3.135 Sq.m. instead of 30.83 Sq.m. and 5.52Sq.m. respectively.

Sl. No.	Reg. No./ B.No./Vol. No./Date of registration	Area,Plinth area (Sq. m.)	Amount of the property as per circle rate	Stamp Duty {@6%(male) or 4% (female)} and Registration Fee(@1%) payable	Stamp Duty and Registration Fee paid	Differe-nce	Remarks
41	9111/16676/ 10.10.2016	Plot area = 362.86 Plinth area 412.7 (350 (R) + 62.7(C))	**Land Share Residential (R)** 350*362.86/412.7=**307.73** **Land Share Commercial (C)** 62.7*362.86/412.7=**55.13** **LC(R)-**.30.77*70080*1 =2156362 **LC (C)** -5.51*70080*3 =1158422 **CC(R)**-35*9360*0.5*1 = 163800 **CC(C)**-6.27*10800*.5*1 = 33858 **Total cost** = 3512442	6%=210747 1% =35124 =245871	Consideration amount ₹ 3200000 192000 +32000 =224000	21871	According to presentation details the land area is 362.86Sq.m.(434 sq.yd). Proportionate land area of Residential and Commercial Plinth is wrongly calculated as 33.15 Sq.m. and 3.135 Sq.m. instead of 30.83 Sq.m. and 5.52 Sq.m.respectively.
42	9130/16677/ 10.10.2016	Plot area = 362.86 Plinth area 412.7 (350 (R) + 62.7(C))	**Land Share Residential (R)** 350*362.86/412.7=**307.73** **Land Share Commercial (C)** 62.7*362.86/412.7=**55.13** **LC(R)-**.30.77*70080*1 =2156362 **LC (C)** -5.51*70080*3 =1158422 **CC(R)**-35*9360*0.5*1 = 163800 **CC(C)**-6.27*10800*.5*1 = 33858 **Total cost** = 3512442	6%=210747 1% =35124 =245871	Consideration amount ₹ 3200000 192000 +32000 =224000	21871	According to presentation details the land area is 362.86Sq.m.(434 sq.yd). Proportionate land area of ResidentialandCommercial Plinth is wrongly calculated as 33.15 Sq.m.and 3.135 Sq.m. instead of 30.83Sq.m. and 5.52 Sq.m. respectively.

Sl. No.	Reg. No./ B.No./Vol. No./Date of registration	Area,Plinth area (Sq. m.)	Amount of the property as per circle rate	Stamp Duty {@6%(male) or 4% (female)} and Registration Fee(@1%) payable	Stamp Duty and Registration Fee paid	Difference	Remarks
43	9131/16677/ 10.10.2016	Plot area = 362.86 Plinth area 412.7 (350 (R) + 62.7(C))	**Land Share Residential (R)** 350*362.86/412.7=**307.73** **Land Share Commercial (C)** 62.7*362.86/412.7=**55.13** **LC(R)-.**30.77*70080*1 =2156362 **LC (C)** -5.51*70080*3 =1158422 **CC(R)**-35*9360*0.5*1 = 163800 **CC(C)**-6.27*10800*.5*1 = 33858 **Total cost** = 3512442	6%=210747 1% =35124 =245871	Consideration amount ₹ 3200000 192000 +32000 =224000	21871	According to presentation details the land area is 362.86Sq.m.(434 sq.yd). Proportionate land area of Residential and Commercial Plinth is wrongly calculated as 33.15 Sq.m. and 3.135 Sq.m. instead of 30.83 Sq.m. and 5.52 Sq.m. respectively.
44	9145/16677/ 10.10.2016	Plot area = 362.86 Plinth area 412.7 (350 (R) + 62.7(C))	**Land Share Residential (R)** 350*362.86/412.7=**307.73** **Land Share Commercial (C)** 62.7*362.86/412.7=**55.13** **LC(R)-.**30.77*70080*1 =2156362 **LC (C)** -5.51*70080*3 =1158422 **CC(R)**-35*9360*0.5*1 = 163800 **CC(C)**-6.27*10800*.5*1 = 33858 **Total cost** = 3512442	6%=210747 1% =35124 =245871	Consideration amount ₹ 3200000 192000 +32000 =224000	21871	According to presentation details the land area is 362.86Sq.m. (434 sq.yd). Proportionate land area of Residential and Commercial Plinth is wrongly calculated as 33.15 Sq.m. and 3.135 Sq.m. instead of 30.83 Sq.m. and 5.52 Sq.m.respectively.
45	9146/16678/ 10.10.2016	Plot area = 362.86 Plinth area 412.7 (350 (R) + 62.7(C))	**Land Share Residential (R)** 350*362.86/412.7=**307.73** **Land Share Commercial (C)** 62.7*362.86/412.7=**55.13** **LC(R)-.**30.77*70080*1 =2156362		Consideration amount ₹ 3200000	21871	According to presentation details the land area is 362.86Sq.m.(434 sq.yd). Proportionate land area of Residential and Commercial Plinth is wrongly calculated as 33.15Sq.m. and 3.135 Sq.m.instead of 30.83Sq.m. and 5.52Sq.m.respectively.

Sl. No.	Reg. No./ B.No./Vol. No./Date of registration	Area,Plinth area (Sq. m.)	Amount of the property as per circle rate	Stamp Duty {@6%(male) or 4% (female)} and Registration Fee(@1%) payable	Stamp Duty and Registration Fee paid	Differe-nce	Remarks
			LC (C) -5.51*70080*3 =1158422 **CC(R)-**35*9360*0.5*1 = 163800 **CC(C)-**6.27*10800*.5*1 = 33858 **Total cost** = 3512442	6%=210747 1% =35124 =245871	192000 +32000 =224000		
46	9147/16678/ 10.10.2016	Plot area = 362.86 Plinth area 412.7 (350 (R) + 62.7(C))	**Land Share Residential (R)** 350*362.86/412.7=**307.73** **Land Share Commercial (C)** 62.7*362.86/412.7=**55.13** **LC(R)-.**30.77*70080*1 =2156362 **LC (C)** -5.51*70080*3 =1158422 **CC(R)-**35*9360*0.5*1 = 163800 **CC(C)-**6.27*10800*.5*1 = 33858 **Total cost** = 3512442	6%=210747 1% =35124 =245871	Consideration amount ₹ 3200000 192000 +32000 =224000	21871	According to presentation details the land area is 362.86Sq.m.(434 sq.yd). Proportionate land area of Residential and Commercial Plinth is wrongly calculated as 33.15Sq.m. and 3.135 Sq.m.instead of 30.83 Sq.m.and 5.52Sq.m. respectively.

Sl. No.	Reg. No./ B.No./Vol. No./Date of registration	Area,Plinth area (Sq. m.)	Amount of the property as per circle rate	Stamp Duty {@6%(male) or 4% (female)} and Registration Fee(@1%) payable	Stamp Duty and Registration Fee paid	Differe-nce	Remarks
47	9148/16678/ 10.10.2016	Plot area = 362.86 Plinth area 412.7 (350 (R) + 62.7(C))	**Land Share Residential (R)** 350*362.86/412.7=**307.73** **Land Share Commercial (C)** 62.7*362.86/412.7=**55.13** **LC(R)-**.30.77*70080*1 =2156362 **LC (C)** -5.51*70080*3 =1158422 **CC(R)**-35*9360*0.5*1 = 163800 **CC(C)**-6.27*10800*.5*1 = 33858 **Total cost** = 3512442	6%=210747 1% =35124 =245871	Consideration amount ₹ 3200000 192000 +32000 =224000	21871	According to presentation details the land area is 362.86Sq.m.(434 sq.yd). Proportionate land area of Residential and Commercial Plinth is wrongly calculated as 33.15 Sq.m. and 3.135 Sq.m.instead of 30.83 Sq.m.and 5.52 Sq.m.respectively.
SR, BASAI DARAPUR							
48	13712/1/24040/ 03.12.2018	207 , 176.62	**Land** (103.8*1+2.9*3+110.32*3+17.42*3)=495.72 **LC-**495.72*127680 /4 =15823382 **CC-**98.1545*11160*1*1 =1095404 **Total**- 16918786	4%=676751 1%=169188 =845939	Consideration amount ₹ 12300000 492000 +123000 =615000	230939	No. of floors is four. Hence, total plinth area given is incorrect. Total plinth area for 4 floors may be a maximum of 830.4 Sq.m. Total plinth area of basement not given, hence, area transferred is taken as half. Thus, Registration fee paid is less.
49	11513/1/23455/ 30.11.2017	167.22 ,78.39	**LC-** 167.22*127680/5 =4270130 **CC-**78.39*11160*1*1 =874832 **Total -** 5144962	4%=205799 1%=51450 257249	Consideration amount ₹ 4000000 160000 +40000 =200000	57249	Entire basement under transfer but land share taken in consideration is incorrect.
50	7892/1/22852/ 12.08.2016	22.4 , 22.4	**LC-**22.4*127680*3*2/3 =5720064 **CC-**443750 **Totalcost** - 6163814	6%=369829 1%=61638 =431467	Consideration amount ₹ 4135000 248100 +41350 =289450	142017	Number of floors only three but taken as four.

Sl. No.	Reg. No./ B.No./Vol. No./Date of registration	Area,Plinth area (Sq. m.)	Amount of the property as per circle rate	Stamp Duty {@6%(male) or 4% (female)} and Registration Fee(@1%) payable	Stamp Duty and Registration Fee paid	Difference	Remarks
51	8108/1/22860/ 22.08.2016	52.91, 52.91	**LC-**52.91*127680/2 = 3377774 **CC-**52.91*11160*.8 =472381 **Total cost**- 3850155	5%=192508 1%=38502 =231010	Consideration amount ₹ 2100000 105000 +21000 =126000	105010	No. of floors is two, plot size 25 Sq.m. and plinth area under transfer 52.91 Sq.m. as per instrument which is incorrect.
52	14021/1/24052/ 11.12.2018	50,45	**LC-**50*127680/2 = 3192000 **CC-**45*11160*.8 =401760 **Totalcost-** 3593760	4%=143750 1%=35938 =179688	Consideration amount ₹ 2400000 96000 +24000 =120000	59688	No. of floors is two, plot size 12.5 Sq.m. and plinth area under transfer 45 Sq.m. as per instrument which is incorrect. The plot area is 50 Sq.m. and not 12.5 Sq.m. as used in calculation.
53	7393/1/22832/ 01.08.2016	48 ,35	**LC-**48*127680/3 = 2042880 **CC-**35*11160*.9 = 351540 **Total cost**- 2394420	4%=95777 1%=23944 =119721	Consideration amount ₹ 1950000 78000 +19500 =97500	22221	Covered area as per instrument is 48 Sq.m.
54	11869/1/23469/ 11.12.2017	292.55,50.73	**LC-**50.73*3*127680/2 = 9715810 **CC-**50.73*12840*.7 = 455961 **Total cost-**10171771	6%=610306 1%=101718 =712024	Consideration amount ₹ 8000000 480000 +80000 =560000	152024	As per map attached with the instrument area under transfer is 50.73 Sq.m. 15*28+14*9=546 sqft 546 sqft =546/9*83.61*100= 50.73 Sq.m.
55	11848/1/23468/ 08.12.2017	260.12 ,92.34	**LC-** 127680*260.12*1/3*1/2 =5535354 **CC-**92.34*11160=1030514 Total**cost** : 6565868	4%=262635 1%=65659 =328294	Consideration amount ₹ 5186600 207500 +51830 =259330	68964	Since there are 3 floors, proportionate land share for half portion of one floor should be taken as 1/6th and not1/8th as considered while paying stamp duty.
56	11792/1/23466/ 08.12.2017	75.25 ,37.63	**LC-** 75.25*70080/2=2636760 **CC-**37.63*9360*0.6 = 211330 **Totalcost**- 2848090	4%=113924 1%=28481 =142405	Consideration amount ₹ 2750000 110000 +27500 =137500	4905	Half share transferred but construction cost of only 50% of half share has been taken as consideration amount in the instrument.

Sl. No.	Reg. No./ B.No./Vol. No./Date of registration	Area,Plinth area (Sq. m.)	Amount of the property as per circle rate	Stamp Duty {@6%(male) or 4% (female)} and Registration Fee(@1%) payable	Stamp Duty and Registration Fee paid	Difference	Remarks
57	11579/1/23457/ 04.12.2017	40.14,77.5	**LC-** 40.14*70080 =2813011 **CC-**77.5*9360*.8 = 580320 **Total cost-**3393331	6%=203600 1%=33933 =237533	Consideration amount ₹ 3200000 192000 +32000 =224000	13533	Cost of construction was taken for 44.5 Sq.m. Instead of 77.5 Sq.m.
58	11801/1/23466/ 08.12.2017	75.25,37.63	**LC-** 75.25*70080*1/2 = 2636760 **CC-** 37.63*9360*0.6 = 211330 **Totalcost-** 2848090	6%=170885 1%=28481 =199366	Consideration amount ₹ 2750000 165000 +27500 =192500	6866	Half share transferred but construction cost of only 50% of half share has been taken as consideration amount in the instrument.
59	11793/1/23466/ 08.12.2017	75.25,75.25	**LC-**75.25*70080*1 = 5273520 **CC-**75.25*9360*.6) = 422604 **Total cost-** 5696124	4%=227845 1%=56961 =284806	Consideration amount ₹ 2750000 220000 +55000 =275000	9806	Cost of construction was taken for 37.63Sq.m instead of 75.25 Sq.m.
60	11529/1/23455/ 01.12.2017	41.8 , 40	**LC-**41.8*56640*1 = 2367552 **CC-**40*8220*4*1 = 1315200 **Total cost-** 3682752	6%=220965 1%=36828 =257793	Consideration amount ₹ 2700000 162000 +27000 =189000	68793	Plinth area of only one floor included in the instrument in place of four.
61	14530/1/24073/ 21.12.2018	50,40	**LC-**50*127680/2 = 3192000 **CC-**40*11160 =446400 **Totalcost-** 3638400	6%=218304 1%=36384 =254688	Consideration amount ₹ 2100000 126000 +21000 =147000	107688	No. of floors is two, plot size 50 Sq.m. and plinth area under transfer 40 Sq.m. as per instrument which seems to be incorrect
SR SAROJINI NAGAR							
62	1414/1/150/ 12.04.2016	104.55 , 115	**LC-**(1st and 2nd floor) : 104.55*245520*2)/3 = 17112744 **CC-**115*17400*0.6) = 1200600 **Total cost-** 18313344	6%=1098801 1%=183133 =1281934	Consideration amount ₹ 10000000 600000 +100000 =700000	581934	Rate of Flat taken, but should have been treated as floor of B-category as Proportionate land right (FAR) has also been transferred

Sl. No.	Reg. No./ B.No./Vol. No./Date of registration	Area,Plinth area (Sq. m.)	Amount of the property as per circle rate	Stamp Duty {@6%(male) or 4% (female)} and Registration Fee(@1%) payable	Stamp Duty and Registration Fee paid	Differe-nce	Remarks
63	4338/1/788/ 29.08.2018	45.9, 287.5	**LC-**45.9*127680*1 = 5860512 **CC-**287.5*11160*1 = 3208500 **Total cost-** 9069012	6%=544141 1%=90690 =634831	Consideration amount ₹ 7750000 465000 +77500 =542500	92331	Total plinth area of the four floors is 1150 Sq.m.and land area is 306Sq.m. Basement floor area taken is incorrect. Thus plinth under transfer taken one-fourthof 1150Sq.m.
64	1577/1/157/ 23.04.2016	321.91,354.37	**LC-**321.91*774000*2/5 =99663336 **CC-**354.37*21960*1 =7781965 **Cost of stilt parking** 897.13*21960/4/4) =1231311 **Totalcost-** 108676612	5%=5433831 1%=1086766 =6520597	Consideration amount ₹ 89483333 4543000 +826000 =5369000	1151597	Proportionate land transferred out total for two floors out of 5 floors is 40% and not 30% as taken in the deed.
65	4426/1/511/ 10.10.2017	11.64, 11.64	**LC-**11.64*245520*3/2 = 4286779 **CC-**11.64*19920 = 231869 **Totalcost-** 4518648	6%=271119 1%=45186 =316305	Consideration amount ₹ 700000 42000 +7000 =49000	267305	Consideration amount of shop floor was calculated instead at the minimum rates for Built-up flats
66	4600/1/289/ 08.11.2016	14.35, 14.35	**LC-**14.35*245520*3 = 10569636 **CC-**14.35*19920 = 285852 **Totalcost-** 10855488	4%=434220 1%=108555 =542774	Consideration amount ₹ 3500000 140000 +35000 =175000	367774	Consideration amount of shop floor was calculated instead at the minimum rates for Built-up flats
SR LAJPAT NAGAR							
67	6079/1/483/ 13/12/2017	50.16, 50.16	**Land Share** 50.16/250.8*50.16=10.032 **LC-**10.032*127680*1=1280886 **CC-**50.16*11160*1=559786 **Totalcost-**1840672	4%=73627 1%=18407 =92034	Consideration amount ₹ 1300000 52000 +13000 65000	27034	Sewa Nagar falls into D category. However, Stamp duty levied on 'E' category.
68	4337/1/407/ 06.09.2017	10% of 150.15	**LC-**150.5*127680/5 =3843168 **CC-**112.56*11160*1	6%=305960	Consideration amount ₹ 3400000 204000	118953	Land share taken 10 *per cent* instead of proportionate land share.

Sl. No.	Reg. No./ B.No./Vol. No./Date of registration	Area,Plinth area (Sq. m.)	Amount of the property as per circle rate	Stamp Duty {@6%(male) or 4% (female)} and Registration Fee(@1%) payable	Stamp Duty and Registration Fee paid	Difference	Remarks
			=1256170 **Totalcost-**5099338	1%=50993 =356953	+34000 238000		
69	4642/1/707/ 25.08.2018	10% of 217.38	**LC-**217.38*159840/5 =6949204 **CC-**153*13920*1 =2129760 **Totalcost-**9078964	(6+6+4)/3% =484211 1%=90789 =575000	Consideration amount ₹ 6000000 (6+6+4)/3% 320000 +60000 380000	195000	Land share taken 10 *per cent* instead of proportionate land share.
70	1589/1/71/ 21.06.2016	12.5% of 150.5	**LC-**167.22*127680/5 =4270130 **CC-**150.5*11160*1 =1679580 **Totalcost-**5949710	5%=297486 1%=59497 =356983	Consideration amount ₹ 4200000 210000 +42000 =252000	104983	Land share taken 12.5 *per cent* instead of proportionate land share.
71	1598/1/71/ 21.06.2016	167.22	**LC-**167.22*159840/5 =5345688 **CC-**167.22*13920*.9 =2094932 **Totalcost-**7440620	6%=446437 1%=74406 =520843	Consideration amount ₹ 7500000 450000 +64000 =514000	6843	The registration fee paid on ₹ 64,00,000 instead of at ₹ 74,40,620.
72	2325/1/606/ 01.05.2018	83.61	**LC-**83.61*159840/4 =3341056 **CC-**13920*83.61 =1163851 **Totalcost-**4504907	6%=270294 1%=45049 =315343	Consideration amount ₹ 400000 271000 +4000 =275000	40343	The registration fee paid on ₹ 4,00,000 instead of at ₹ 45,04,906.
73	4805/1/714/ 04.09.2018	10% of 418.06	**LC-**41.806*774000*1 =32357844 **CC-**21960*110.14*.9 =2176807 **Totalcost-**34534651	5%=1726733 1%=345347 =2072080	Consideration amount. ₹ 15000000 1727500 +150000 =1877500	194580	The registration fee paid on ₹ 1,50,00,000 instead of ₹ 3,45,34,651.
74	6079/1/483/ 13/12/2017	50.16	**Land Share** 50.16/250.8*50.16=10.032 **LC-**10.032*127680*1	4%=73627	Consideration amount ₹ 1300000 52000	27034	Sewa Nagar falls into D category. However, Stamp duty levied on 'E' category instead of 'D'.

Sl. No.	Reg. No./ B.No./Vol. No./Date of registration	Area,Plinth area (Sq. m.)	Amount of the property as per circle rate	Stamp Duty {@6%(male) or 4% (female)} and Registration Fee(@1%) payable	Stamp Duty and Registration Fee paid	Difference	Remarks
			=1280886 **CC-**50.16*11160*1=559786 **Totalcost-**1840672	1%=18407 =92032	+13000 =65000		
SR PITAMPURA							
75	11281/1/7726/06.08.2018	62.7,47	**LC-**62.7*70080 =4394016 **CC-**9360*47*1 =439920 **Totalcost-**4833936	6%=290036 1%=48339 =338375	Consideration amount ₹ 4800000 288000 +48000 =336000	2375	Construction factor taken as 0.8 instead of 1.
76	14667/1/6610/08.11.2016	-	80000	80000*12*2 % =19200	17700	1500	Annual average rent calculated on rent of 11 months instead of 12 months.
SR SEELAMPUR							
77	2073/1/4876/ 20.12.2017	35,35	**LC-**70080*35/2 =1226400 **CC-**9360*35 =327600 **Totalcost-**1554000	4%=62160 1%=15540 =77700	Consideration amount ₹ 1150000 46000 +11500 =57500	20200	Property under transfer is double Storey but while calculating the land share it is divided by 3 instead of 2.
78	1109/1/4839/ 02.08.2017	41.8,20.9	**LC-**56640*41.80 =2367552 **CC-**8220*20.90 =171798 **Totalcost-**2539350	4%=101574 1%=25394 =126968	Consideration amount ₹ 2505000 100200 +25050 =125250	1718	Construction factor taken as 0.8 instead of 1,year of construction not available.
79	1228/1/4844/ 14.08.2017	83.61,142.13	**LC-**56640*83.61*1 =4735670 **CC-**8220*142.13 =1168309 **Totalcost-**5903979	4%=236159 1%=59040 =295199	Consideration amount ₹ 49000008 196000 +49000 =245000	50199	Stamp duty levied on 'G' category instead of 'F'. No category for Panchal Vihar and Shahdara and Karawal Nagar in F category.
80	583/1/4907/ 02.04.2018	83.61	**LC-**56640*83.61 =4735670	6%=284140	Consideration amount ₹ 3865000 231900	60947	Karawal Nagar is in 'F' category Stamp duty levied on 'G' category instead of 'F'.

Sl. No.	Reg. No./ B.No./Vol. No./Date of registration	Area,Plinth area (Sq. m.)	Amount of the property as per circle rate	Stamp Duty {@6%(male) or 4% (female)} and Registration Fee(@1%) payable	Stamp Duty and Registration Fee paid	Differe-nce	Remarks
				1%=47359 =331497	+38650 =270550		
81	695/1/4911/ 12.04.2018	106.18	**LC-**56640*106.18 =6014035	4%=240561 1%=60140 =300701	Consideration amount ₹ 4910000 196400 +49100 =245500	55201	Karawal Nagar is in 'F' category Stamp duty levied on 'G' category instead of 'F'.
82	780/1/4915/ 20.04.2018	41.80,41.80	**LC-**41.80*56640*1 =2367552 **CC-**8220*41.80*1 =343596 **Totalcost-**2711148	4%=108446 1%=27111 =135557	Consideration amount ₹ 2400000 96000 +4000 =120000	15557	Karawal Nagar is in 'F' category Stamp duty levied on 'G' category instead of 'F'.
Total						**8040741**	

- **LC:** Land cost, **CC:** Construction cost

Annexure 2.1

(Referred to in Paragraph 2.1.2.8, Paragraph 2.1.2.9 and Paragraph 2.1.2.13)

Summarised financial results of Power Sector Undertakings for the latest year for which accounts are finalised

(₹ in crore)

Sl. No.	Activity & Name of the Power Sector Undertaking	Period of accounts	Net profit/ loss before interest and tax	Net profit/ loss after interest and tax	Turn over	Paid up capital	Capital Employed	Net Worth[1]	Accumulated Profit/ loss (net of free reserves)
1	2	3	4	5	6	7	8		10
A.	**Generation**								
1	Indraprastha Power Generation Company Limited	2018-19	69.54	-19.84	449.52	736.54	6699.54	1,144.24	408.46
2	Pragati Power Corporation Limited	2018-19	679.48	264.38	3,234.61	2,074.19	1216.38	4,697.97	2,623.89
	Sub-total		**749.02**	**244.54**	**3,684.13**	**2,810.73**	**7915.92**	**5,842.21**	**3,032.35**
B.	**Transmission**								
3	Delhi Transco Limited	2018-19	725.01	398.00	1,144.79	3,951.00	3936.18	3,148.56	-802.44
	Sub-total		**725.01**	**398.00**	**1,144.79**	**3,951.00**	**3936.18**	**3,148.56**	**-802.44**
C.	**Others**								
4	Delhi Power Company Limited	2017-18	185.60	163.94	109.18	745.05	715.39	-615.17	-1,360.22
5	DSIIDC Energy Limited[2]	2018-19	0.00	0.00	0.00	0.01	0.23	0.23	0.22
	Sub-total		**185.60**	**163.94**	**109.18**	**745.06**	**715.62**	**-614.94**	**-1,360.00**
	Grand total		**1,659.63**	**806.48**	**4,938.10**	**7,506.79**	**12567.72**	**8,375.83**	**869.91**

[1] Net worth is the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Deferred Revenue Expenditure of ₹ 0.76 crore in respect of IPGCL and ₹ 0.11 crore in respect of PPCL was deducted to arrive at the net worth figures

[2] DSIIDC Energy has net loss of ₹ 19,500

Annexure 2.2

(Referred to in Paragraph 2.1.2.12)

Statement showing GNCTD funds infused in the four power sector undertakings since 2001-02 till 31 March 2019

(₹ in crore)

Year	IPGCL				PPCL				DTL				DPCL			
	Equity	Interest Free Loan (IFL)	IFL converted into equity	Grants and subsidies for operational and management expenses	Equity	Interest Free Loan (IFL)	IFL converted into equity	Grants and subsidies for operational and management expenses	Equity	Interest Free Loan (IFL)	IFL converted into equity	Grants and subsidies for operational and management expenses	Equity	Interest Free Loan (IFL)	IFL converted into equity	Grants and subsidies for operational and management expenses
2001-02	0	0	0	0	0.05	0	0	0	0	0	0	0	0.05	0	0	0
2002-03	0	0	0	0	323.14	0	0	0	0	0	0	0	0	0	0	0
2003-04	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2004-05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2005-06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2006-07	0	0	0	0	1.00	0	0	0	0	0	0	0	0	0	0	0
2007-08	0	0	0	13.13	635.50	0	0	0	3,452.00	0	0	0	0	0	0	0
2008-09	0	0	0	0	464.50	0	0	0	0	0	0	0	0	0	0	0
2009-10	497.54	0	0	75.00	0	0	0	0	0	0	0	0	0	0	0	0
2010-11	0	0	0	0	0	0	0	0	239.00	0	0	0	0	0	0	332.35
2011-12	50.00	0	0	5.00	400.00	0	0	0	0	0	0	0	0	0	0	170.00
2012-13	49.00	0	0	4.00	250.00	0	0	0	0	0	0	0	0	0	0	459.65
2013-14	0	0	0	4.00	0	0	0	0	0	0	0	0	745.00	0	0	430.95
2014-15	0	0	0	5.00	0	0	0	0	0	0	0	0	0	0	0	350.00
2015-16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	182.18
2016-17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	176.01
2017-18	0	0	0	1.54	0	0	0	0	0	0	0	0	0	0	0	0
2018-19	0	0	0	0	0	0	0	3.57	0	0	0	0	0	0	0	0
Total	**596.54**	**0**	**0**	**107.67**	**2,074.19**	**0**	**0**	**3.57**	**3,691.00**	**0**	**0**	**0**	**745.05**	**0**	**0**	**2,101.14**

Annexure 2.3
(Referred to in paragraph 2.1.3.3)

Statement showing position of equity and outstanding loans relating to State PSUs (other than Power Sector) as on 31 March 2019

(₹ in crore)

Sl. No.	Sector & Name of the PSU	Name of the Department	Month and year of incorporation	Equity at close of the year 2018-19[3]				Long term loans outstanding at close of the year 2018-19			
				GNCTD	GoI	Others	Total	GNCTD	GoI	Others	Total
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)
A	**Social Sector**										
1	Delhi SC /ST /OBC Minorities, Handicapped Financial and Development Corporation Limited	Welfare of SC/ ST/ OBC/ Minorities	Jan-83	33.33	11.88	0.00	45.21	0.92	13.33	0.00	14.25
2	Delhi State Civil Supplies Corporation Limited	Food, Supplies and Consumer Affairs	Nov-80	7.00	0.00	0.00	7.00	2.14	0.00	0.00	2.14
	Total A			**40.33**	**11.88**	**0.00**	**52.21**	**3.06**	**13.33**	**0.00**	**16.39**
B	**Competitive Environment**										
3	Delhi State Industrial & Infrastructure Development Corporation Limited	Industries	Feb-71	21.00	0.00	0.00	21.00	0.00	0.00	0.00	0.00
4	Delhi Tourism and Transportation Development Corporation Limited	Tourism	Dec-75	6.28	0.00	0.00	6.28	0.00	0.00	0.00	0.00
5	Delhi Creative Arts Development Limited	Industries	May-11	0.00	0.00	0.01	0.01	0.00	0.00	0.04	0.04
6	DSIIDC Liquor Limited	Industries	May-11	0.00	0.00	0.01	0.01	0.00	0.00	0.04	0.04
7	DSIIDC Maintenance Services Limited	Industries	May-11	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00
8	Delhi Transport and Infrastructure Development Corporation Limited	Transport	Aug-10	10.65	0.00	0.00	10.65	0.00	0.00	0.00	0.00

[3] Figures as per latest received accounts as on 30 September 2019

9	Intelligent Communication Systems India Limited	Joint Venture of DSIIDC and TCIL	Apr-87	0.00	0.00	1.00	1.00	0.00	0.00	0.00	0.00
	Total B-I			**37.93**	**0.00**	**1.03**	**38.96**	**0.00**	**0.00**	**0.08**	**0.08**
10	Delhi Financial Corporation	Finance	Apr-67	18.05	0.00	8.43	26.48	33.00	0.00	5.33	38.33
11	Delhi Transport Corporation	Transport	Nov-71	1,983.85	0.00	0.00	1,983.85	11,676.14	0.00	0.00	11,676.14
	Total B-II			**2,001.90**	**0.00**	**8.43**	**2,010.33**	**11,709.14**	**0.00**	**5.33**	**11,714.47**
	Total B (I+II)			**2,039.83**	**0.00**	**9.46**	**2,049.29**	**11,709.14**	**0.00**	**5.41**	**11,714.55**
C	**Others**										
12	Geospatial Delhi Limited	Information Technology	May-08	10.76	0.00	0.00	10.76	0.00	0.00	0.00	0.00
13	Shahjahanabad Redevelopment Corporation	Urban Development	May-08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	NDMC Smart City Limited	Ministry of Urban Development	Jul-16	0.00	250.00	0.00	250.00	0.00	0.00	0.00	0.00
	Total C			**10.76**	**250.00**	**0.00**	**260.76**	**0.00**	**0.00**	**0.00**	**0.00**
	Total A + B + C			**2,090.92**	**261.88**	**9.46**	**2,362.26**	**11,712.20**	**13.33**	**5.41**	**11,730.94**

Annexure 2.4
(Referred to in paragraph 2.1.3.7)

Statement showing difference between Finance Accounts of GNCTD and Accounts of the State PSUs (other than Power Sector) in respect of balances of Equity, Loans and Guarantee as on 31 March 2019

(₹ in crore)

Sl. No.	Name of PSU	As per records of the State PSUs			As per Finance Accounts of Government of GNCTD			Difference		
		Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed
1	2	3	4	5	6	7	8	9	10	11
1	Delhi SC/ST/OBC Minorities, Handicapped Financial and Development Corporation Limited	33.33	60.72	0.00	38.13	69.82	0.00	-4.80	-9.10	0
2	Delhi State Civil Supplies Corporation Limited	7.00	2.14	0.00	7.00	4.36	0.00	0.00	-2.22	0

Annexure 2.5
(Referred to in paragraph 2.1.3.8)

Statement showing position of State Government investment in working State PSUs (other than Power Sector) during the period for which accounts are in arrears

(₹ in crore)

Sl. No.	Name of PSU	Period upto which accounts finalised	Period for which accounts are in arrears	Paid up capital as per latest accounts finalised	Investment made by State Government during the period for which accounts are in arrears			
					Equity	Loans	Grants/Subsidy	Total
A	**Government Companies**							
1	Delhi SC/ST/OBC Minorities, Handicapped Financial and Development Corporation Limited[4]	2011-12	2012-13 to 2018-19	45.20	0.00	56.00	84.58	**140.58**
2	Delhi State Industrial and Infrastructure Development Corporation Limited	2017-18	2018-19	21.00	0.00	0.00	0	**0**
3	Delhi State Civil Supplies Corporation Limited	2017-18	2018-19	7.00	0.00	0.00	1.65	**1.65**
4	Delhi Transport and Infrastructure Development Corporation Limited[5]	2016-17	2017-18 to 2018-19	10.65	0.00	0.00	0	**0**
5	NDMC Smart City[6] Limited	2017-18	2018-19	250.00	0.00	0.00	0	**0**
6	Intelligent Communication Systems India Limited	2017-18	2018-19	1.00	0.00	0.00	0	**0**
	Total A			**334.85**	**0.00**	**56.00**	**86.23**	**142.23**
B	**Statutory Corporation**							
1	Delhi Financial Corporation	2017-18	2018-19	26.48	**0.00**	**0.00**	**0**	**0**
2	Delhi Transport Corporation[7]	2017-18	2018-19	1,983.85	0.00	**0.00**	1,855.17	**1,855.17**
	Total B			**2,010.33**	**0.00**	**0.00**	**1,855.17**	**1,855.17**
	Grand Total (A+B)			**2,345.18**	**0.00**	**56.00**	**1,941.40**	**1,997.40**

[4] The accounts of DSCFDC for the period 2009-10 to 2011-12 were under progress as on 30 September 2019
[5] The accounts of DTIDC for the period 2016-17 were under progress as on 30 September 2019
[6] The accounts of NDMC Smart City for the period 2017-18 were under progress as on 30 September 2019
[7] The accounts of DTC for the period 2017-18 were under progress as on 30 September 2019

Annexure 2.6
(Referred to in paragraph 2.1.3.11 and 2.1.3.12)

Summarised financial results of State PSUs (other than Power Sector) for the latest year for which accounts were finalised

(₹ in crore)

Sl. No.	Sector, Type and Name of the PSU	Period of accounts	Year in which received	Net profit/ loss before dividend, interest and tax	Net profit/loss after tax	Turn over	Paid up capital	Capital employed	Net Worth	Accumulated profit/loss
1	2	3	4	5	6	7	8	9	10	11
A.	**Social Sector**									
	Working Government Companies									
1	Delhi SC/ST/OBC Minorities, Handicapped Financial and Development Corporation Limited	2011-12	2018-19	-4.45	-4.85	1.48	45.20	75.54	61.29	16.09
2	Delhi State Civil Supplies Corporation Limited	2017-18	2018-19	2.76	1.98	934.53	7.00	39.18	37.04	30.04
	Total A			**-1.69**	**-2.87**	**936.01**	**52.20**	**114.72**	**98.33**	**46.13**
B.	**Competitive Environment Sector**									
	1. Working government companies									
3	Delhi State Industrial and Infrastructure Development Corporation Limited	2017-18	2018-19	99.66	-22.36	1,144.52	21	587.46	587.46	566.46
4	Delhi Tourism and Transportation Development Corporation Limited	2018-19	2019-20	42.88	37.26	1,257.38	6.28	180.28	180.28	174
5	Delhi Creative Arts Development Limited	2018-19	2019-20	0	0	0	0.01	0.00	-0.04	-0.05
6	DSIIDC Liquor Limited	2018-19	2019-20	0	0	0	0.01	0.00	-0.04	-0.05
7	DSIIDC Maintenance Services Limited	2018-19	2019-20	0	0	0	0.01	-0.07	-0.07	-0.08
8	Delhi Transport and Infrastructure Development Corporation Limited	2016-17	2018-19	57.02	23.01	68.33	10.65	73.98	73.98	63.33
9	Intelligent Communication Systems Private Limited	2017-18	2018-19	6.29	3.66	148.31	1.00	22.13	22.13	21.13
	Total B I			**205.85**	**41.57**	**2,618.54**	**38.96**	**863.78**	**863.70**	**824.74**
	2. Working government corporations									
9	Delhi Financial Corporation	2017-18	2018-19	-0.01	-4.21	10.29	26.48	67.78	29.45	2.97

10	Delhi Transport Corporation	2017-18	2018-19	175.59	-4,329.41	810.12	1,983.85	-19,812.92	-31,489.06	-33,472.91
	Total B II			**175.58**	**-4,333.62**	**820.41**	**2,010.33**	**-19,745.14**	**-31,459.61**	**-33,469.94**
	Total (B I + B II)			**381.43**	**-4,292.05**	**3,438.95**	**2,049.29**	**-18,881.36**	**-30,595.91**	**-32,645.20**
C.	**Others**									
11	Geospatial Delhi Limited	2018-19	2019-20	3.53	2.51	5.63	10.76	23.11	23.11	12.35
12	Shahjahanabad Redevelopment Corporation	2018-19	2019-20	0	0	0	0	0	0	0
13	NDMC Smart City Limited	2017-18	2019-20	-6.58	-6.12	0	250	229.61	229.61	-20.39
	Total C			**-3.05**	**-3.61**	**5.63**	**260.76**	**252.72**	**252.72**	**-8.04**
	Grand Total (A+B+C)			**376.69**	**-4,298.53**	**4,380.59**	**2,362.25**	**-18,513.92**	**-30,244.86**	**-32,607.11**

Annexure 2.7
(Referred to in Paragraph 2.1.3.15)

Statement showing State Government funds infused in State PSUs (other than Power Sector) during the period from 2000-01 to 2018-19

(₹ in crore)

A. Social Sector (1 and 2) and B. Competitive Environment Sector (3, 4 and 5)															
Sl. No.	**1**			**2**			**3**			**4**			**5**		
Year	**Delhi SC/ST/OBC Minorities, Handicapped Financial and Development Corporation Limited**			**Delhi State Civil Supplies Corporation Limited**			**Delhi State Industrial and Infrastructure Development Corporation Limited**			**Delhi Tourism and Transportation Development Corporation Limited**			**Delhi Transport and Infrastructure Development Corporation Limited**		
	Equity	**IFL**	**Grants and subsidies for operational and management expenses**	**Equity**	**IFL**	**grants and subsidies for operational and management expenses**	**Equity**	**IFL**	**grants and subsidies for operational and management expenses**	**Equity**	**IFL**	**grants and subsidies for operational and management expenses**	**Equity**	**IFL**	**grants and subsidies for operational and management expenses**
Since inception to 2002	12.77	0	0	7.00	0	0	21.86	0	0	6.28	0	0.2	0	0	0
2002-03	1.27	0	0	0	0	0	0	0	0	0	0	0.2	0	0	0
2003-04	0	0	0	0	0	0	0	0	0	0	0	0.2	0	0	0
2004-05	0	0	0	0	0	0	0	0	0	0	0	0.2	0	0	0
2005-06	0	0	0	0	0	0	0	0	0	0	0	0.2	0	0	0
2006-07	1.82	0	0	0	0	0	0.29	0	0	0	0	0.2	0	0	0
2007-08	7.00	0	0	0	0	0	0	0	0	0	0	0.25	0	0	0
2008-09	0.64	0	0	0	0	0	0	0	0	0	0	0.25	0	0	0
2009-10	0	0	0	0	0	0	0	0	0	0	0	0.25	0	0	0
2010-11	6	0	0	0	0	0	0	0	0	0	0	0.25	0	0	0

2011-12	3.83	0	0	0	0	0	0	0	0	0	0	0.59	10.65	0	0
2012-13	0	50.00	0	0	0	0	0	0	0	0	0	0.75	0	0	0
2013-14	0	0	0	0	0	0	0	0	0	0	0	0.75	0	0	0
2014-15	0	6.00	0	0	0	0	-1.15	0	0	0	0	0.75	0	0	0
2015-16	0	0	0	0	0	0	0	0	0	0	0	0.75	0	0	0
2016-17	0	0	0	0	0	0	0	0	0	0	0	0.75	0	0	0
2017-18	0	0	0	0	0	0	0	0	0	0	0	1.00	0	0	0
2018-19	0	0	0	0	0	0	0	0	0	0	0	1.50	0	0	0
Total	**33.33**	**56.00**	**0**	**7.00**	**0**	**0**	**21.00**	**0**	**0**	**6.28**	**0**	**9.04**	**10.65**	**0**	**0**

B. Competitive Environment Sector (6 and 7) and C. Others (8 and 9)												
Sl. No.	**6**			**7**			**8**			**9**		
Year	**Delhi Financial Corporation**			**Delhi Transport Corporation**			**Geospatial Delhi Limited**			**Shahjahanabad Redevelopment Corporation**		
	Equity	**IFL**	**Grants and subsidies for operational and management expenses**	**Equity**	**IFL**	**grants and subsidies for operational and management expenses**	**Equity**	**IFL**	**grants and subsidies for operational and management expenses**	**Equity**	**IFL**	**grants and subsidies for operational and management expenses**
Since inception to 2002	18.05	0	0	117	0	0	0	0	0	0	0	0
2002-03	0	0	0	0	0	0	0	0	0	0	0	0
2003-04	0	0	0	0	0	0	0	0	0	0	0	0
2004-05	0	0	0	0	0	0	0	0	0	0	0	0
2005-06	0	0	0	0	0	130.67	0	0	0	0	0	0
2006-07	0	0	0	0	0	41.87	0	0	0	0	0	0
2007-08	0	0	0	377.30	0	20.18	0	0	0	0	0	0
2008-09	0	0	0	250.00	0	19.00	0.05	0	0	0	0	0
2009-10	0	0	0	620.00	0	20.00	10.71	0	0	0	0	1.00
2010-11	0	0	0	219.00	0	65.45	0	0	0	0	0	4.93
2011-12	0	40	0	201.00	0	589.00	0	0	0	0	0	0
2012-13	0	0	0	199.55	0	846.14	0	0	0	0	0	0
2013-14	0	0	0	0	0	974.00	0	1.00	0	0	0	0
2014-15	0	0	0	0	0	1,083.00	0	1.00	0	0	0	0
2015-16	0	0	0	0	0	1,234.00	0	0	0	0	0	0
2016-17	0	0	0	0	0	1,615.90	0	0	0	0	0	0
2017-18	0	0	0	0	0	2,077.18	0	0	0	0	0	0
2018-19	0	0	0	0		1,889.45	0	0	0	0	0	0
Total	**18.05**	**40**	**0**	**1,983.85**	**0**	**10,605.84**	**10.76**	**2.00**	**0**	**0**	**0**	**5.93**

Annexure 2.8
(Referred to in paragraph no. 2.1.3.15)

Year wise details of investment by the GNCTD and present value of Government investment for the period from 2002-03 to 2018-19 excluding DTC

(₹ in crore)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the state government during the year	Interest free loans given by the state government during the year	grants and subsidies for operational and management expenses	Total investment during the year	Total investment at the end of the year	Average rate of interest on government borrowings (in %)	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings for the year
i	ii	iii	iv	v	vi=iii+iv+v	vii=ii+vi	viii	ix={vii* (1+ viii/100)}	x={vii*viii)/100}	xi
2002-03	65.96[8]	1.27	0	0.2	1.47	67.43	11.17	74.96	7.53	23.48
2003-04	74.96	0	0	0.2	0.2	75.16	10.65	83.17	8.00	12.07
2004-05	83.17	0	0	0.2	0.2	83.37	10.34	91.99	8.62	16.70
2005-06	91.99	0	0	0.2	0.2	92.19	8.87	100.36	8.18	21.60
2006-07	100.36	2.11	0	0.2	2.31	102.67	9.35	112.27	9.60	28.44
2007-08	112.27	7.00	0	0.25	7.25	119.52	9.84	131.28	11.76	48.77
2008-09	131.28	0.69	0	0.25	0.94	132.22	9.90	145.32	13.09	-2.25
2009-10	145.32	10.71	0	1.25	11.96	157.28	9.52	172.25	14.97	31.10
2010-11	172.25	6	0	5.18	11.18	183.43	9.10	200.12	16.69	64.42
2011-12	200.12	14.48	40.00	0.59	55.07	255.19	9.77	280.12	24.93	149.54
2012-13	280.12	0	50.00	0.75	50.75	330.87	9.73	363.07	32.19	184.82
2013-14	363.07	0	1	0.75	1.75	364.82	9.21	398.42	33.60	120.75
2014-15	398.42	-1.15	7	0.75	6.6	405.02	8.59	439.81	34.79	123.76
2015-16	439.81	0	0	0.75	0.75	440.56	8.54	478.18	37.62	115.32

[8] This is historical investment made by GNCTD in all 8 non-power PSUs excluding DTC till the year 2001-02. The PV for the same has not been calculated in absence of average rate of interest on government borrowings for the year 2001-02.

2016-17	478.18	0	0	0.75	0.75	478.93	8.65	520.36	41.43	30.36
2017-18	520.36	0	0	1	1	521.36	8.58	566.09	44.73	68.43
2018-19	566.09	0	0	1.5	1.5	567.59	8.64	616.63	49.04	33.34
Total		**41.11**	**98.00**	**14.77**	**153.88**					

Annexure 2.9
(Referred to in paragraph no. 2.2.2)

Details of collection of monthly charges in Bawana Industrial Area

(₹ in crore)

Year	CETP Charges	Water Charges	Maintenance Charges	Total collection amount	Payment made to concessionaire
2012-13	3.33	1.89	Nil	5.22	5.22
2013-14	5.64	2.67	Nil	8.31	7.49
2014-15	5.89	3.42	5.52	14.83	7.32
2015-16	6.77	4.73	13.28	24.78	14.47
2016-17	8.56	8.30	28.77	45.63	28.65
2017-18	10.10	11.78	24.84	46.72	40.89
2018-19	16.36	15.44	71.81	103.61	101.30
Total	**56.65**	**48.23**	**144.22**	**249.10**	**205.34**

Details of collection of monthly charges in Narela Industrial Area

(₹ in crore)

Year	CETP Charges	Water Charges	Maintenance Charges	Total collection amount	Payment made to concessionaire
2012-13	0.65	Nil	Nil	0.65	0.65
2013-14	3.20	0.04	0.19	3.43	3.36
2014-15	3.34	1.57	7.08	11.99	8.42
2015-16	2.68	1.83	8.03	12.54	14.10
2016-17	3.50	2.77	12.89	19.16	14.75
2017-18	3.02	2.49	12.09	17.60	17.30
2018-19	4.18	2.85	17.14	24.17	22.32
Total	**20.57**	**11.55**	**57.42**	**89.54**	**80.90**

Annexure 2.10
(Referred to in paragraph no. 2.2.4.1, 2.2.4.2 and 2.2.5.1)

Deficiencies as per Monthly Progress Report (MPR) * of the Third Party Engineer (TPE) in Bawana Industrial Area

		2016-17	2017-18	2018-19
Sl. No.	Service	No. of months for which the deficiency existed as per MPR	No. of months for which the deficiency existed as per MPR	No. of months for which the deficiency existed as per MPR
1.	**Drain re-cleaning work/ silt removal**	7	8	8
2.	**Sewer line**	7	10	8
3.	**Door to door garbage / Municipal Solid Waste (MSW)**	7	8	4
4.	**Road**	7	10	8
5.	**Horticulture work**	7	10	8
6.	**Water**	7	10	8
7.	**Electric work (Street light)**	3	0	0
8.	**CETP (sludge removal)**	Not mentioned in the report	2#	8

* Reports were available for 7 months only for 2016-17, for 10 months for 2017-18 and for 8 months for 2018-19.

The issue was not reported upon prior to February 2018 and the deficiency existed in all the months thereafter.

Deficiencies as per MPR ** of the Third Party Engineer in Narela Industrial Area

	2016-17	2017-18	2018-19
Service	No. of months for which the deficiency existed as per MPR	No. of months for which the deficiency existed as per MPR	No. of months for which the deficiency existed as per MPR
Drain re-cleaning work/ silt removal	11	12	8
Road	12	12	8
Horticulture work	3	12	8
Parking	12	12	8
Electric work (Street light)	Not mentioned in the report	9#	8
MSW	Not mentioned in the report	05 $	8

**Reports were available for 12 months for 2016-17, 12 months for 2017-18 and 8 months for 2018-19.
The issue was not reported upon prior to July 2017 and the deficiency existed in all the months thereafter.
$ The issue was not reported upon prior to November 2017 and the deficiency existed in all the months thereafter.

Annexure 3.1
(Referred to in paragraph 3.1.1)

Details of NGOs which received Grants-in-Aid of ₹ 25 lakh or above during 2018-19

(₹ in lakh)

Sl. No.	Name of NGO	Amount Received
Directorate of Education		
1.	Umeed Residential Hostel	38.19
Department of Women & Child Development		
2.	Prayas OHB 1	63.04
3.	Saraswati Educational Society	83.25
4.	Pardarshita	70.86
Department of Health & Family Welfare		
5.	Sharan	41.31
6.	Child Survival India	27.49
7.	SPYM	33.73
8.	Krishna Foundation	29.91
9.	Space	29.23
10.	Sharan-II	40.37
11.	Kinnar Bharti	27.82
12.	Space-II	29.32
13.	Sahyog Charitable Trust – IDU	35.36
14.	Love Faith & Action Trust – IDU	28.98
15.	Ganga Social Foundation T1-2 (IDU)	29.81
16.	Matrix Society for Social Service (IDU)	26.37
17.	Deep Shikha Samiti	26.05
18.	MITR (CBO)	26.81
19.	BPS – IDU	35.95
20.	Sharan – III	33.38
21.	Rural Association for Women Alligations Tribute (RAWAT)	28.05
22.	Human Development Society	31.65
23.	SPYM (II)	26.67
Grand Total		**843.60**

Annexure 3.2
(Referred to in paragraph 3.1.5)

Statement showing the details of rendering of accounts to CAG and submission of Audit Report to State Legislature by the autonomous bodies

Sl. No.	Name of the body	Period of entrustment of audit of accounts to CAG	Year up to which accounts were rendered	Year up to which Audit Report issued	Year up to which Audit Report submitted to State Legislature	Year for which accounts due	Period of delay in submission of accounts (up to 31st March 2019)
1.	Guru Gobind Singh Indraprastha Unviersity	Deemed entrustment (CAG office's clarification letter no 14-Audit-II/128-98 dated 15.01.2004)	2017-18	2016-17	2010-11	Nil	Nil
2.	Netaji Subhash Institute of Technology	2017-18 to 2021-22	2015-16	2014-15	2008-09	2016-17 2017-18	2
3.	Delhi Jal Board	Deemed entrustment (CAG Office's clarification letter no confidential note 497 dated 16.12.2003)	2012-13	2012-13	2005-06	2013-18	5
4.	Delhi Building |& Other Construction Workers Welfare Board	The Board is constituted and notified under the Act by the Parliament	2016-17	2015-16	Not laid	2017-18	1
5.	Indraprastha Institute of Information and Technology Delhi	2018-19 to 2022-23	2017-18	2016-17	2016-17	Nil	Nil
6.	Ambedkar University Delhi	Deemed entrustment (as the period not specified)	2017-18	2016-17	Not laid	Nil	Nil
7.	Delhi Kalyan Samiti	2014-15 to 2022-23	2016-17	2014-15	As per MoA of the Samiti SAR need not be laid before Legislature	2017-18	1
8.	Delhi Urban Sehlter Improvement Board	Deemed entrustment (as the period not specified)	Accounts not received since inception w.e.f. 2010	NIL	Accounts not received since inception.	2010-18	8

Sl. No.	Name of the body	Period of entrustment of audit of accounts to CAG	Year up to which accounts were rendered	Year up to which Audit Report issued	Year up to which Audit Report submitted to State Legislature	Year for which accounts due	Period of delay in submission of accounts (up to 31st March 2019)
9.	Delhi Electricity Regulatory Commission	Audit u/s 19(3) of CAG's DPC Act	2017-18	2017-18	2017-18	Nil	Nil
10	Delhi Legal Services Authority (DLSA)	Audit is conducted u/s 18(2) of Legal services Authorities Act,1987	2017-18	2017-18	No record available with DSLSA about last placing of SAR in State Legislature	Nil	Nil

Annexure 3.3
(Referred to in paragraph 3.2.6.2(c))

Implementation of Welfare schemes

(₹ in crore)

Sl. No.	Welfare scheme	Amount disbursed
1	Maternity benefits (Rule 271 of DBOCW)	3.52
2	Advance for purchase or construction of house (Rule 274 of DBOCW)	0
3	Disability Pension & ex-gratia payment (Rule 275 of DBOCW)	0.042
4	Loan for purchase of work related tools (Rule 276 of DBOCW)	0.002
5	Death benefit (Rule 278 of DBOCW) & Funeral Assistance (Rule 277 of DBOCW)	5.88
6	Medical Assistance to beneficiaries (Rule 280 of DBOCW)	0.005
7	Financial assistance for education of children (Rule 281 of DBOCW)	104.74
8	Financial assistance for Marriage (Rule 282 of DBOCW)	4.98
9	Pension Scheme (Rule 273 of DBOCW)	2.31
10	Grant for purchase of works related tool (Rule 276 A of DBOCW)	0
11	Imparting vocational training to registered construction workers & Setting up of Construction Academy for construction workers (Rule 283 of DBOCW)	0
12	Financial Assistance for miscarriage (Rule 271 A of DBOCW)	0
13	Providing item of utility (Rule 283 B of DBOCW)	0
14	Family pension (Rule 283 of DBOCW)	0
	Total	**121.47**

Though "Death benefits" and "Funeral assistance" are separate schemes, the expenditure is clubbed as these amounts are paid together.

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