Overview

OVERVIEW

This Report comprises two chapters containing audit findings pertaining to Revenue and Economic, Social and General Sectors. Chapter I relating to Revenue Sector contains one Performance Audit on "Electronic-Way Bills (E-Way Bills) System under Goods and Services Tax" and one Subject Specific Compliance Audit on "*Department's Oversight on Goods and Services Tax Payment and Returns Filing for the years 2018-19 to 2020-21*" and two compliance audit paragraphs involving aggregate monetary value of ₹ 1985.04 crore. Chapter II relating to Social, General and Economic Sectors contains two Subject Specific Compliance Audit-- one on "*Administration of Electricity Subsidy by Government of NCT of Delhi*" and another on "*Implementation of e-Procurement System by Government of NCT of Delhi*" and also has six compliance audit paragraphs with monetary value ₹ 45.12 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 2022-23 were ₹ 62,703 crore as compared to ₹ 43,112.60 crore in the year 2018-19. Out of the total revenue in 2022-23, ₹ 47,363 crore (75.53 *per cent*) was tax revenue with non-tax revenue of ₹ 581 crore (0.93 *per cent)* and Grants-in-Aid from the Government of India of ₹ 14759 crore (23.54 *per cent*).

(Paragraph 1.1.1)/Page-1

Test-check of the records of 22 units relating to Goods and Services Tax, Value Added Tax, Stamp Duty and Registration Fees, Motor Vehicles Tax and State Excise conducted during the year 2023-24 revealed non/short levy of tax/fees and other irregularities involving ₹ 220.59 crore in 145 cases. The Departments concerned did not provide any reply to these audit findings.

(Paragraph 1.1.6)/Page-6

Compliance Audit Paragraphs

Department of Revenue

Short payment of Stamp Duty and Registration Fee of ₹ 1.91 crore - Short payment of Stamp Duty and Registration Fee of ₹ 1.91 crore due to incorrect application of Agricultural rate instead of Industrial/Residential rates.

(Paragraph 1.2)/Page-7

Performance Audit

Department of Trade and Taxes

E-Way Bills System under Goods and Services Tax

Electronic-Way Bill (EWB) introduced with effect from 1 April 2018, is a document required for movement of goods and is designed to capture details of goods before being moved. A Performance Audit on "E-Way Bills System under Goods and Services Tax" covering the period 1 April 2018 to 31 March 2022. Audit selected 120 EWBs of 36 Taxpayers, eight other EWBs of eight taxpayers were selected for Cross PAN analysis and one EWB of high money value was also selected, for the period 2018-19 to 2021-2022 for examination of EWB mechanism and its effectiveness in protecting revenue. Audit also selected only anti-evasion unit verifying EWBs and examined 50 booked cases from the selected unit for ensuring efficiency and effectiveness of the enforcement activities related to EWBs.

Audit observed systemic lapses on examining the EWB system such as 'Ineligible taxpayers continuing under Composition Levy Scheme' and 'Taxpayers filing nil returns or not filing of returns despite generation E-Way Bills'. Compliance deviation in the categories of 'E-Way Bills generated by the cancelled taxpayers and generation of multiple EWBs on the same invoices' were observed. Gaps were also seen in the efficacy of the Department in utilising the information available in EWB system to ensure compliance by the taxpayers.

(Paragraph 1.3)/Page-8

Some of audit findings having monetary value and incorporated in report are as below:

- Five taxpayers, who generated 759 Electronic-Way Bills (EWBs), had not discharged tax liabilities of ₹ 4.68 crore against outward supplies of ₹ 33.89 crore involved in these EWBs as scrutiny of data on GSTN portal for the corresponding months revealed that the taxpayers had filed nil GSTR-3B returns.
- 15 taxpayers generated 580 EWBs during the period 2018-19 to 2021-22 having assessable value of ₹ 252.66 crore and tax of ₹ 31.46 crore but did not file GSTR3B returns in the corresponding months, hence no tax liability was discharged.
- Registration of 28 taxpayers were cancelled between July 2017 and January 2021. These taxpayers generated 3,629 EWBs involving assessable value of ₹ 734.75 crore prior to cancellation of registration with tax implication of ₹ 99.39 crore, as seen from EWBs MIS report on GSTN Portal, and were required to discharge their final tax liabilities by filing GSTR-10 returns. Audit observed that none of the 28 cancelled taxpayers had filed GSTR-10

returns after cancellation of registration and the Department had not initiated action to assess taxpayer's pending tax liabilities.

- Seven taxpayers under Delhi SGST Commissionerate, had generated 65 EWBs involving assessable value of ₹ 1.79 crore and tax of ₹ 0.32 crore on the strength of 32 invoices. Each invoice number was used for generating two to three EWBs. As the taxpayers had generated multiple EWBs using same invoice, there was a potential risk of under-reporting of outward supplies by the taxpayers in their GSTR-1 returns. It was also noticed that the respective taxpayers either did not report any consignments or reported only one consignment in their GSTR-1 returns. This indicates lack of validation controls in the EWB Common Portal to restrict generation of multiple EWBs using same/similar invoices.
- 18 EWBs were generated by 11 taxpayers having an assessable value of ₹ 4.72 crore using suspicious vehicles i.e. by using scrapped, stolen, surrendered, registration cancelled and suspended vehicles etc., therefore the veracity of these transactions was to be checked by the Department, which was not found to be done so.
- Three taxpayers had claimed ITC of ₹ 14.99 crore in GSTR-3B whereas ITC available as per GSTR-2A was only ₹ 5.29 crore. Thus these three taxpayers had availed excess ITC of ₹ 9.70 crore.
- Eight cases were selected for cross PAN_analysis. Returns of these eight taxpayers were scrutinised to examine the correctness of availment of ITC. It was observed that three out of eight taxpayers had availed ITC of ₹ 109.77 crore through GSTR-3B. However, as per GSTR-2A only ₹ 106.44 crore was available. Thus, ITC of ₹3.33 crore was availed in excess by these taxpayers.

Department's Oversight on Goods and Service Tax Payments and Returns Filing for the years 2018-19 to 2020-21.

A Compliance Audit on "Department's Oversight on GST Payments and Return Filing" for the years 2018-19 to 2020-21 was undertaken. Audit was predominantly based on data analysis, which highlighted risk areas, red flags and in some cases, rule-based deviations and logical inconsistencies in GST returns filed for 2018-21. The SSCA entailed assessing the oversight functions of Delhi State Tax Department jurisdictional formations (Sectors) at two levels i.e.– at the data level through pan State data queries and at the functional level with a detailed audit of Wards, GST returns and internal audit which involved accessing taxpayer records.

In centralised audit, out of 487 high value inconsistencies the Department provided responses in only 127 cases, out of which, the Department had initiated remedial action in 91 cases, by issuing SCN in 74 cases for ₹ 2,656.65 crore and ASMT-10 in 17 cases amounting to ₹ 273.87 crore. Detailed audit of GST returns also suggested significant mismatches in the GST returns of the taxpayers. Out of the 70 taxpayers that were selected, Audit observed 344 cases of non-compliance deficiencies with a revenue implication of ₹ 3,071.92 crore and mismatch of turnover of ₹ 3,710.17 crore.

(Paragraph 1.4)/Page-25

Irregular claim of Input Tax Credit - The Assessing Authority allowed Input Tax Credit (ITC) of ₹ 89.35 lakh to an assessee without verifying the details of tax deposited by the selling dealer which resulted in short levy of tax of ₹ 89.35 lakh. In addition, interest of ₹ 72.70 lakh and penalty of ₹ 89.35 lakh were also leviable.

(Paragraph 1.5)/Page-51

Chapter II: Economic, Social and General Sectors

Introduction

During the year 2022-23, the office of the Principal Accountant General (Audit), Delhi conducted the compliance audit of 240 units[1] (30.61 *per cent*) out of total 784 auditable units amongst 49 Departments of Government of NCT of Delhi. Chapter-II of this Report contains two Subject Specific Compliance Audit Paragraphs -- one on “Administration of Electricity Subsidy by Government of NCT of Delhi” and another on “Implementation of e-Procurement System by Government of NCT of Delhi” and also has six compliance audit paragraphs with monetary value ₹ 45.12 crore.

Compliance Audit

Delhi Subordinate Services Selection Board

Wasteful expenditure of ₹ 1.05 crore on conducting examination for the posts of Junior Engineer - DSSB conducted an examination for the posts of Junior Engineer in Delhi Jal Board overlooking the further intimation of withdrawal of the advertised vacancies and subsequent reminders in this regard, which resulted in wasteful expenditure of ₹ 1.05 crore.

(Paragraph 2.2)/Page-61

Department of Energy

Administration of Electricity Subsidy by Government of NCT of Delhi –

A Compliance Audit on “Administration of Electricity Subsidy by the Government of GNCTD” was conducted covering the period 2019-20 to 2022-23. This audit focused on examining the process of subsidy disbursal to consumers, assessing compliance with the applicable rules and guidelines

[1] Including 15 apex audit entities covering expenditure of ₹ 7128.72 crore

governing such disbursal, and analyzing the long-term implications of continued subsidy on consumer charges.

In Delhi, an electricity subsidy has been granted since 2003-04. Households, the major electricity consumers in Delhi, account for approximately 60 *per cent* of the total electricity consumption. In 2019-20, an amount of ₹ 2405.59 crore was given as power subsidy, which subsequently increased by 31 *per cent* in three years and became ₹ 3161 crore in 2022-23.

- Audit observed that the subsidy policy of GNCTD for the power sector did not target the deserving and disadvantaged section of the population and paid it to nearly the entire domestic consumer base.
- Audit observed that the actual subsidy outgo per consumer was much higher for higher consumption bracket consumers. More than 30 lakh consumers, within the 0 to 200 unit consumption bracket, received an average per connection subsidy of ₹ 6,000 per annum, whereas approximately 16.60 lakh consumers, with consumption of more than 200 units, received approximately 70 *per cent* higher average subsidy per connection of over ₹ 10,000 per annum.
- More than fifty-thousand consumers had continuously zero consumption for more than 12 months and were provided a subsidy of ₹ 17.81 crore, more than ninety thousand consumers received a subsidy of ₹ 11.88 crore for continuously zero consumption for 6 to 11 months and more than 1 lakh 70 thousand consumers had continuous zero consumption for periods between 3 and 5 months and received subsidy of ₹ 12.57 crore. This is indicative of poor policy design and periodic analysis of data on electricity consumption may be useful in providing insights to the Government for framing a prudent policy for extending electricity subsidy to only the needy consumers. Subsidy outgo on account of connections remaining inactive/dormant for an extended duration of time is wasteful and serves no rational economic purpose.
- The focus of GNCTD was to offer electricity subsidy to nearly the entire domestic consumer base without considering their socio-economic status. Given the continuation of the current subsidy regime, the direct impact of inevitable tariff hikes would be on the subsidy bill of GNCTD, which might become unsustainable for the Government, if the policy is not revised towards a targeted consumer base only. The rationale for having a high threshold value of 400 units of consumption, which covered approximately 80 *per cent* of domestic consumers, was not found on record.
- Subsidies constituted nearly 10 *per cent* of GNCTD's total revenue expenditure. Power subsidy alone accounted for 66.96 to 70.39 *per cent* of the total subsidy during 2019-20 to 2022-23, emphasizing the need to assess

the process of providing electricity subsidy to consumers and its effectiveness.

➢ Tariffs have not been increased after 2014-15 and so the present tariff has not reflected the actual cost of power procurement and distribution. This mismatch between cost and recovery led to continuous accumulation of unrecovered expenses, which have been trued-up as "Regulatory Assets" year after year appearing in the balance sheet of the DISCOMs as an asset. It represents costs incurred by the DISCOMs that are recoverable from customers in the future through regulated rates or tariffs. The Regulatory Assets of Delhi DISCOMs, which stood at ₹ 9,063 crore in 2019-20, has arrived at ₹ 27,200.37 crore as of 31 March 2021.

(Paragraph 2.3)/Page-63

Recommendations: *Government should*

- *review the consumer billing data of the DISCOMs to use it for targeting the power subsidy to deserving beneficiaries.*
- *consider the DERC statutory advice for linking subsidy to sanctioned load up to 3KW to prevent a situation of inverted subsidy benefitting affluent consumers.*
- *explore the feasibility of introducing DBT to improve transparency and accountability in subsidy disbursement.*
- *assess the impact on future tariff charges due to mounting regulatory asset liability, along with the impact of revenue foregone on state finances due to negated consumer charges.*

Department of Health and Family Welfare

Avoidable payment of ₹ 1.93 crore due to deficient contract – GTB Hospital, on the directions of the administrative department, signed an agreement with M/s Sarvesh Securities Services Private Limited (M/s SSSPL) for providing 224 Nursing Orderlies and Group 'D' workers on 11 October 2014 and the agreement was extended up to 15 March 2016. The agreement *inter alia* had provisions for payment of minimum wages. The hospital refused to make the payment as per the revised rate of minimum wages approved by the Government from time to time after the agreement, which resulted in dispute with the contractor and ended after court interference and by making avoidable payment of ₹ 1.93 crore.

(Paragraph 2.4)/Page-79

Department of Industries

Delhi State Industrial and Infrastructure Development Corporation (DSIIDC)

Unfruitful expenditure of ₹ 29.45 crore - DSIIDC acquired (December 2006) leasehold rights for 99 years over the land measuring 137.63 acres at Baprola from the Rural Development Department, GNCTD to setup Gems and Jewelry Park and Fashion Design Hub. Despite lapse of 18 years since allotment of the land, indecision and frequent changes in the intended/envisaged use of 59 *per cent* of the allotted land (measuring 81.42 acre) resulted in unfruitful expenditure of ₹ 29.45 crore. Besides, DSIIDC created undischarged liability of ₹ 15.79 crore towards pending annual ground rent of the allotted land.

(Paragraph 2.5)/Page-81

Department of Information Technology

Implementation of e-Procurement system by Government of NCT of Delhi

- Audit observed that besides manual floating of 1185 tenders, some of the key features of the modules were not fully functional. Earnest Money Deposit was collected offline due to non-integration of EMD payment gateway in the e-procurement portal. Manual intervention in technical and financial evaluation of the tenders and not mapping of business rules in the module was noticed showing design level control weakness and absence of proper validation control in the system.
- Data analysis revealed that out of total 50,903 registered bidders, the system allowed registration of 66 bidders without the mandatory PAN numbers, of which 12 bidders participated in 28 valid bids. Moreover, in 45 tenders involving tender value of ₹ 530.25 crore, bidders registered with common PAN bid in the same tender raising suspicion about collusion among bidders. Likewise, 12,283 bidders used just 5,658 email IDs indicating that the system allowed registration of multiple bidders with the same email ID. Notably, in 38 tenders (with tender value of ₹ 2.52 crore), all bids were placed by bidders registered with the same email ID indicating suspected cover bidding.
- Audit also observed departmental users and bidders registered with invalid/same mobile number showing absence of input validation control.
- Data analysis revealed that in case of 14,527 valid bids pertaining to 7,181 tenders having tender value of ₹ 3,217.44 crore, bidders used the same IP address indicating conflict of interest between departmental users and the bidders. Instances of Registration without date of birth details, Departmental users logged in the system post superannuation, Improper registration of bidders, uploading of documents with invalid DSCs and Decrypting of financial packets before technical evaluation were also noticed during audit.
- Audit observed lapses in the control mechanism of the department to provide assurance on the data integrity of the System. It was revealed that out of 1.55 lakh tenders, only 5,363 tenders (3.47 *per cent*) having tender value of ₹ 3,254.68 crore had Award of Contract details. Updation of

financial evaluation details of only around 34 *per cent* of the tenders in the system, incorrect mapping of 497 tenders of Irrigation and Flood Control Department, having tender value of ₹ 1,106.04 crore, against wrong TIAs, uploading of irrelevant and incomplete documents during tender evaluation, etc. were also seen during audit scrutiny showing inadequate built-in control mechanisms.

(Paragraph 2.6)/Page-83

Recommendations:

1. *All modules should be made operational with required customisation as per the need of all the Departments within a specified time span to optimise the use of the system.*
2. *The department must ensure that Tender Inviting Authorities (TIAs) float tenders, valued above the threshold limit, only on the e-Procurement system.*
3. *The extant business rules viz GFR, Procurement Manual, etc. should be rigorously mapped into the e-Procurement system.*
4. *Robust validation controls should be put in place to ensure transparency in the procurement process. Further, system level alerts should be generated to highlight shared credentials of bidders.*
5. *To ensure robust and secure e-procurement platforms, the Government must ensure the completeness and correctness of data by putting in place effective internal controls and checks in the e-Procurement system.*

Public Works Department

Avoidable payment of ₹ 5.63 crore on deviated quantities relating to dewatering - Not exercising of financial prudence and due diligence in working out the estimated quantities resulted in enhancement of deviation for more than permissible as per agreement and led to making of avoidable payment of ₹ 5.63 crore at market rates on the deviated quantities of three items relating to dewatering.

(Paragraph 2.7)/Page-101

Department of Transport

Loss of interest of ₹ 5.50 crore due to delay in investment of surplus funds - The DTC EPF Trust failed to timely invest the surplus funds of the employees' provident fund contributions during the period April 2020 to March 2023, which resulted in a potential loss of interest of ₹ 5.50 crore.

(Paragraph 2.8)/Page-102

Urban Development Department

Delhi Jal Board

Avoidable payment of ₹ 1.56 crore - Taking of electrical connection in the name of agency providing services for operations and maintenance work resulted in payment of electricity bills (under non-domestic category) at higher tariff of ₹ 8.50 per kVAH, despite having provision of lesser rate (₹ 6.25 per kVAH) fixed for public utility like DJB. Avoidable payment of ₹ 1.56 crore was made to the agency towards escalation in electricity cost.

(Paragraph 2.9)/Page-104

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