

Chapter - V: Non Tax Receipts

5.1 Results of audit

Test check of records relating to Urban Development, Transport, Power, Industry and Forest departments conducted in audit during the year 2004-05 revealed non assessment/under assessments of tax and other irregularities involving Rs.176.70 crore in four cases which broadly fall under the following categories:

(Rupees in crore)

Sl. No.	Categories	No. of cases	Amount
A.	Interest Receipts		
1.	Non levy of penal interest on overdue amount of principal and interest	1	165.14
B	Departmental Receipts		
1	Unauthorised retention of Government receipts	1	5.93
2.	Non realisation of lease rent	1	3.79
3.	Non recovery of Government dues	1	1.84
	Total:	4	176.70

During the year 2004-05, the concerned department accepted non recovery of penal interest of Rs.165.14 crore.

A few illustrative cases involving Rs.175.07 crore highlighting important observation are given in following paragraphs.

A. Interest Receipts

5.2 Non recovery of interest

Interest receipts from loans sanctioned to various bodies constitute the single most important source of non tax revenue of the Government of Delhi. Government of Delhi sanctioned loans totalling Rs.6,728.50 crore to the Delhi Transport Corporation (DTC) and the Delhi Jal Board (DJB) during the period from April 1996 to March 2004. The loans were repayable within a period ranging from 10 to 15 years with varying rates of interest. In the event of default of repayment of either the principal or interest, penal interest at the rate of 2.75 per cent was to be charged over and above the normal rate of interest from the due date of their payment to the date preceding the date of actual payment.

Test check of the records relating to the recovery of these loans and interest thereon revealed that neither DTC nor DJB had repaid any installment of the recoverable principal amount of Rs.667.22 crore as of March 2004. Though not envisaged in the terms of the sanction orders, interest amounting to Rs.1,616.16 crore due to the public exchequer from DTC and DJB as of March 2004 was converted into fresh loans. However, penal interest leviable for late/non payment of the installments of both principal and interest of Rs.165.14 crore was neither levied nor paid by the loanees as detailed below:

(Rupees in crore)

Sl. No.	Name of Organization	Amount of loans sanctioned/ year of sanction	Rate of interest in percentage	Principal repayable as of March 2004	Principal repaid as of March 2004	Interest due converted into fresh loan as of March 2004	Penal interest recoverable on overdue loan and interest @ 2.75%
1	Delhi Transport Corporation	Rs.2,641.38/ June 1996 to March 2004	11.5 to 15.5	237.50	Nil	834.87	152.28
2.	Delhi Jal Board	Rs.4,087.12/ 1998 to March 2004	12.5 to 13.5	429.72	Nil	781.29	12.86
	Total	6,728.50		667.22	Nil	1,616.16	165.14

Failure to take into account the penal interest in accordance with the terms of the sanction while converting the interest due into fresh loans resulted in non recovery of interest receipts of Rs.165.14 crore. Moreover, even the loan registers necessary for effective monitoring of recovery and for ascertaining

the full position of dues at any point of time were not properly maintained in the sanctioning departments.

Government stated in October 2005 that the amount of interest due from DTC and DJB would be adjusted from the subsequent loan released to these bodies during the year 2005-06.

B. Departmental Receipts

5.3 Unauthorised retention of Government receipts

Rule 6 of the Receipts and Payments Rules, 1983, states that all monies received by or tendered to government offices on account of revenues or receipts or dues of the government shall, without undue delay, be paid in full into the accredited bank for inclusion in Government account. Monies received shall not be utilised to meet departmental expenditure nor kept apart from Government account. Government of NCT of Delhi granted the status of a grantee institution to the Delhi Electricity Regulatory Commission (DERC) from 1 April 2002 for budget purposes and sanctioned a lump sum grants in aid to meet its day to day expenditure. The terms of the grant specifically stipulated that the receipts of the Commission as well as the interest earned on the grants were the receipts of the Government and were to be credited to government account and were not to be used for the expenditure of the Commission. DERC opened a separate current bank account on 18 June 2002 to accumulate the receipts of the Commission before they are transferred to Government account.

Audit scrutiny of the records of the Commission in December 2004 revealed that the receipts were not being regularly credited into the government account under 0801- Power. During 2003-04, DERC earned an amount of Rs.1.81 crore which was retained in the Commission's bank account without being transmitted to Government account before the close of the financial year.

After this was pointed out in December 2004, the Commission deposited the amount along with interest of Rs.4.55 lakh into the Government account on 13 January 2005 viz. in the last quarter of the ensuing financial year. However, it again retained Government receipts amounting to Rs.5.93 crore collected during 2004-05 as of June 2005.

Government stated in July 2005 that no expenditure had been incurred by the Commission from the revenue receipts. The Commission had approached Government in March 2004 for allowing it to retain its receipts so that these

could be transferred to the proposed State Electricity Regulatory Commission Fund after its formation. Since no reply was forthcoming from Government, the Commission parked the funds in fixed deposits. It added that there were no bar in retaining revenue receipts and earning interests thereon till it was returned to Government. The reply was not tenable as the Commission is not authorised to retain Government receipts outside Government accounts without specific prior approval of Government in view of the clear provisions of the Receipts and Payment Rules and the terms of Government grants. Failure to deposit Government dues within the financial year to which it pertained was thus irregular and resulted in depriving Government of its legitimate dues.

5.4 Non recovery of lease rent

Commissioner of Industries, Government of NCT of Delhi, allotted 3,425.39 sq.m of space in its flatted factories complex at Jhandewalan, New Delhi, to the Minerals and Metals Trading Corporation (MMTC) in April 1985 at a monthly rent of Rs.30 per sq.m. for further allotment to manufacturers of gold items for setting up 100 per cent export oriented units. In June 1986, MMTC sent a draft lease agreement to the department which stipulated inter alia that the lessee viz. MMTC was liable to pay the monthly rent by the 7th of every month failing which penal interest at the rate of 13.25 per cent per annum would be chargeable. The department did not however formally execute the lease agreement. In the meantime, MMTC allotted 2,874.14 sq.m consisting of 55 units to various entrepreneurs and retained 551.25 sq.m for its own use. The allottees however occupied an additional space of 1,070.36 sq.m in the corridors by fixing gates and grills.

On being asked to pay rent by the Department, MMTC stated that it was liable to pay rent only for the area occupied by them for their own use and that the department should deal directly with the defaulting units for recovery of rent. Thus no lease agreement could be executed. In October 1998, an arbitrator was appointed to resolve the dispute who resigned in August 2001 with no progress. In the meantime, rent not paid accumulated to Rs.3.78 crore of which Rs.1.39 crore pertained to undisputed area, Rs.1.43 crore pertained to disputed area while Rs.0.96 crore pertained to the period 15.7.1986 to 31.3.1988 which MMTC refused to pay due to non availability of infrastructure. Thus delay in settlement of case resulted in non realisation of Government revenue of Rs.3.78 crore out of which Rs.2.16 crore pertains to last five years.

The department confirmed the facts and intimated that another arbitrator was appointed in October 2005. Further progress in the case has not been received (December 2005).

5.5 Non recovery of Government dues

Delhi Preservation of Trees Act, 1994, stipulates that no person shall fell, remove or dispose of any tree in any land, whether in his ownership or occupancy or otherwise except with the previous permission of the designated tree officer. Section 10 of the Act provides that any person who is granted permission to fell or dispose of any tree shall be bound to plant such number and kind of trees in the area from which the tree is felled as may be directed by the tree officer. Section 12 prescribes that every such person who is under an obligation to plant trees shall start preparatory work within 30 days of the date of receipt of the orders and shall plant the trees in accordance with the orders in the ensuing rainy season or within such extended time that the tree officer may allow. In case of default, the tree officer may cause the trees to be planted and recover the cost of the plantation from the defaulter. Section 28 of the Act empowers the competent authority to recover the dues as arrears of land revenue.

Test check of records of the Deputy Conservators of Forest, Central and South, revealed that permission was granted to private parties between 1999-2000 to 2003-04 to fell 9,718 trees on the condition that the applicants will plant a total of 30,700 trees and report the replantation to the tree officer. The applicants will also maintain and preserve the replanted trees for two years and deposit a security of Rs.50 per tree to be replanted which could be refunded after verification by the department. In case of default, the tree officer shall arrange for replantation of the trees departmentally and recover Rs.650 per tree to be replanted from the private parties/permit holders. The year wise details of the trees permitted to be felled and the numbers actually replanted were as follows:

Year	No. of trees permitted to be felled	No. of trees to be replanted	No. of trees actually replanted
1999-2000	1,861	3,864	625
2000-01	1,717	9,186	536
2001-02	2,810	5,218	776
2002-03	2,249	5,986	65
2003-04	1,081	6,446	440
Total	9,718	30,700	2,442

Despite huge shortfall of 28,258 trees which were to be replanted, the department took no action to recover the cost of the replantation from the defaulting parties or undertake any replantation itself. Amount due for recovery worked out to Rs.1.84 crore at the rate of Rs.650 per tree to be replanted.

Government stated (December 2005) that department was making vigorous efforts to verify compensatory plantation done by the private parties. The reply is not tenable as the department failed to produce records in support of the

figures and hence the authenticity of the plantation done and its conformity with the time prescribed in the Act could not be assured in audit.

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Dated:

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