

**Chapter-I: General**

**1.1 Trend of revenue receipts**

Tax and non tax revenue raised by Government of National Capital Territory (NCT) of Delhi during the year 2005-06, grants in aid received from Government of India during the year and the corresponding figures for the preceding four years are given below:

(Rupees in crore)

Sl. No.		2001-02	2002-03	2003-04	2004-05	2005-06
I	<b>Revenue raised by the NCT Government</b>					
	• Tax revenue	4,896.75	5,324.19	5,884.17	7,106.13	8,939.28
	• Non tax revenue	876.06	829.56	950.34	921.39	1,398.96
	<b>Total</b>	<b>5,772.81</b>	<b>6,153.75</b>	<b>6,834.51</b>	<b>8,027.52</b>	<b>10,338.24<sup>1</sup></b>
II	<b>Receipts from Government of India</b>					
	• Grants in aid*	480.90	512.19	514.02	535.11	505.29 <sup>2</sup>
III	<b>Total receipts of the State</b>	<b>6,253.71</b>	<b>6,665.94</b>	<b>7,348.53</b>	<b>8,562.63</b>	<b>10,843.53</b>
IV	<b>Percentage of I to III</b>	<b>92.30</b>	<b>92.30</b>	<b>93.00</b>	<b>93.75</b>	<b>95.34</b>

\* Includes grants under provision to Article-275(1) of the Constitution

<sup>1</sup> For details, please see statement No. 9 "Detailed Accounts of Revenue by Minor Heads" in the Finance Accounts of the Government of NCT of Delhi for the year 2005-06.

<sup>2</sup> Figures under the heads 0021 – Taxes on income other than corporation tax, 0028 – other taxes on income and expenditure – share of net proceeds assigned to Government of NCT of Delhi booked in the Finance accounts under –A-Tax revenue have been excluded from revenue raised by the Government of NCT of Delhi and included in grant in aid to Government of NCT of Delhi in lieu of share in central taxes and duties.

### 1.1.1 Tax revenue

The details of tax revenue raised during the year 2005-06 along with the figures for the preceding four years are given below:

**(Rupees in crore)**

Sl. No.	Head of revenue	2001-02	2002-03	2003-04	2004-05	2005-06	Percentage of increase (+) or decrease (-) in 2005-06 over 2004-05
1.	Sales tax/Value Added Tax	3,704.01	3,883.17	4,435.07	5,199.93	6,500.56	(+)25.01
2.	State excise	606.41	725.68	710.12	843.68	1,024.80	(+)21.47
3.	Stamp duty	283.16	436.80	435.23	668.34	827.65	(+)23.84
4.	Taxes on vehicles	166.76	160.40	175.24	195.98	298.74	(+)52.43
5.	Other taxes	136.41	118.14	128.51	198.20	287.53	(+)45.07
	<b>Total</b>	<b>4,896.75</b>	<b>5,324.19</b>	<b>5,884.17</b>	<b>7,106.13</b>	<b>8,939.28</b>	

Reasons for variation in receipts during the year 2005-06 as compared to those of 2004-05 as intimated by the respective departments are as follows:

- **Sales tax/ Value added tax:** Increase of 25.01 *per cent* was mainly due to introduction of DVAT regime with effect from 1 April 2005.
- **State excise:** Increase of 21.47 *per cent* was due to opening of new vends during the year.
- **Stamp duty:** Increase of 23.84 *per cent* was due to increase in property transactions during the year.
- **Taxes on vehicles:** Increase of 52.43 *per cent* was due to implementation of ad valorem tax on private vehicles with effect from March 2005.
- **Other taxes:** Increase of 45.07 *per cent* was attributed to increase in receipts from entertainment and betting tax arising from opening of new multiplexes and better enforcement and increase in receipts from luxury tax arising from opening of new hotels and shifting of tax collections from actual tariff to declared tariff basis.

### 1.1.2 Non tax revenue

The details of non tax revenue raised by the State during the year 2005-06 along with the figures for the preceding four years are given below:

(Rupees in crore)

Sl. no.	Head of revenue	2001-02	2002-03	2003-04	2004-05	2005-06	Percentage of increase (+) or decrease (-) in 2005-06 over 2004-05
1.	Interest receipts	789.83	741.42	868.83	821.96	1,254.17	(+)52.58
2.	Dividend & profit	7.17	7.19	6.03	3.75	38.62	(+)929.87
3.	General services	40.07	45.18	41.45	48.18	49.11	(+)1.93
4.	Social services	19.04	22.63	22.30	27.73	31.60	(+)13.96
5.	Economic services	19.95	13.14	11.73	19.77	25.46	(+)28.78
<b>Total</b>		<b>876.06</b>	<b>829.56</b>	<b>950.34</b>	<b>921.39</b>	<b>1,398.96</b>	

The reasons for variation though called for were not furnished upto October 2006.

### 1.2 Variations between budget estimates and actuals

The variations between budget estimates and actuals of revenue receipts for the year 2005-06 in respect of principal heads of tax and non tax revenue are given below:

(Rupees in crore)

Sl. No.	Head of revenue	Budget estimates	Actuals	Variation excess (+) or shortfall (-)	Percentage of variation
<b>Tax revenue</b>					
1.	Sales tax/Value added tax	5,298.00	6,500.56	(+)1,202.56	(+)22.70
2.	State excise	900.00	1,024.80	(+)124.80	(+)13.87
3.	Stamp duties	700.00	827.65	(+)127.65	(+)18.24
4.	Taxes on vehicles	300.00	298.74	(-)1.26	(-)0.42
5.	Other taxes	195.00	287.53	(+)92.53	(+)47.45
<b>Total</b>		<b>7,393.00</b>	<b>8,939.28</b>		
<b>Non tax receipts</b>					
6.	Interest receipts	985.81	1,254.17	(+)268.36	(+)27.22
7.	Dividend and profit	7.00	38.62	(+)31.62	(+)451.17
8.	General services	46.53	49.11	(+)2.58	(+)5.54
9.	Social services	24.39	31.60	(+)7.21	(+)29.56
10.	Economic services	11.58	25.46	(+)13.88	(+)119.86
<b>Total</b>		<b>1,075.31</b>	<b>1,398.96</b>		

The reasons for variations between budget estimates and actual receipts during 2005-06 as intimated by the respective departments are given below:

- **Sales tax/Value added tax** Increase of 22.70 *per cent* was due to introduction of DVAT regime with effect from 1 April 2005.
- **Tax on vehicles:** Decrease of 0.42 *per cent* was due to non implementation of the scheme for goods and passengers.

### 1.3 Cost of collection

The gross collection in respect of major revenue receipts, expenditure incurred on their collection and percentage of such expenditure to gross collections during the years 2003-04 to 2005-06 along with the relevant all India average percentage of expenditure on collection to gross collection for the year 2004-05 were as follows:

**(Rupees in crore)**

Head of revenue	Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage for the year 2004-05
Sales tax/Value added tax	2003-04	4,435.00	22.27	0.5	0.95
	2004-05	5,200.00	28.66	0.5	
	2005-06	6,501.00	34.56	0.5	
State excise	2003-04	710.00	13.27	1.9	3.24
	2004-05	844.00	5.57	0.6	
	2005-06	1,025.00	4.99	0.5	
Motor vehicles taxes	2003-04	175.00	9.13	5.2	2.74
	2004-05	196.00	12.87	6.5	
	2005-06	299.00	9.87	3.3	
Stamp duty	2003-04	453.00	2.86	0.6	3.44
	2004-05	668.00	4.55	0.6	
	2005-06	828.00	16.44	1.99	

The table above shows that the percentage expenditure on collection under motor vehicle taxes was higher than the all India average percentage. The Transport department stated in September 2006 that expenditure on collection of tax had come down to 3.30 *per cent* as compared to previous year's 6.56 *per cent*.

The Divisional Commissioner informed that the increase in expenditure on collection of revenue under the stamp duty was due to introduction of selling of Judicial/Non Judicial stamp papers of above Rs.500 through 30 authorised branches of State Bank of India and Post Offices in Delhi on commission basis.

#### 1.4 Collection of sales tax/value added tax per assessee

According to information furnished by the department, sales tax/Value added tax collection per assessee during the years from 2003-04 to 2005-06 was as under:

(Rupees in lakh)

Year	No. of assessee	Sales tax/Value added tax revenue	Revenue/assessee
2003-04	1,84,303	4,435.07	2.41
2004-05	1,74,611	5,199.93	2.98
2005-06	1,86,086	6,500.56	3.49

#### 1.5 Analysis of arrears of revenue

As on 31 March 2006, arrears of revenue under principal heads of revenue, as reported by the department, were as under:

(Rupees in crore)

Sl. No.	Head of revenue	Amount outstanding as on 31 March 2006	Remarks
1.	Sales tax/Value added tax	9,615.38	The stage at which the amounts outstanding were pending collections was not made available.
2.	Luxury tax	0.96	In the beginning of the year, arrears of Rs.66 lakh were outstanding which increased to Rs. 96 lakh at the end of the year.
	<b>Total</b>	<b>9,616.34</b>	

#### 1.6 Arrears in assessments

The details of luxury tax cases pending assessment at the beginning of the year 2005-06, cases becoming due for assessment during the year, cases disposed of during the year and number of cases pending finalisation at the end of the year 2005-06 as furnished by department were as follows:

Name of tax	Opening balance	Cases due for assessment during 2005-06	Total assessments due	Cases disposed of during 2005-06	Balance at the end of the year	Percentage of Column 6 to 4
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Luxury tax	612	632	1,244	580	664	53.38

#### 1.7 Evasion of tax

The number of cases of evasion of tax detected by the Department of Trade and Taxes during the years 2003-04 to 2005-06 as reported were 4,104, 2,708 and 255 respectively.

## 1.8 Refunds

The number of refund cases allowed during the year 2005-06 as reported by the departments was as follows:

**(Rupees in crore)**

Name of tax	No of cases	Amount
Sales tax/Value added tax	11,216	125.85
Tax on motor vehicles	64	0.01

## 1.9 Results of audit

Test check of records of sales tax/value added tax, motor vehicles tax, state excise and other revenue earning departments conducted during the year 2005-06 revealed under assessment/short levy/loss of revenue, etc. amounting to Rs.491.49 crore in 1,330 cases. The concerned departments accepted under assessment, non recovery, etc. of Rs.20.07 crore involved in 122 cases which had been pointed out in audit during 2005-06 and earlier years. Of these, the departments recovered Rs.62 lakh in three cases and raised additional demand of Rs.11.55 crore during the year 2005-06.

This report contains 19 paragraphs and one review relating to under assessment/short/non levy of taxes, etc. involving Rs.177.85 crore of which Rs.18.44 crore have been accepted by Government/departments. An amount of Rs.6 lakh was intimated recovered at the instance of audit as of November 2006.

## 1.10 Outstanding inspection reports and audit observations

Audit observations on under assessments, short determination/realisation of taxes, duties, fees, etc. and defects in the maintenance of initial records, which are not settled on the spot, are communicated to the heads of the departments through IRs. Replies to these IRs are to be furnished within one month.

In order to expedite the settlement of outstanding audit observations contained in the inspection reports, an Audit Review Committee (ARC) was constituted by the Department of Trade and Taxes in May 2004 at the instance of the Accountant General. Six meetings of the ARC were held during 2005-06 which resulted in settlement of 1,821 paras.

The number of IRs and audit observations relating to revenue receipts issued upto 31 March 2006 which were pending settlement with the departments as on

30 June 2006 along with figures for the preceding two years are given below:

Sl. No.		2003-04	2004-05	2005-06
1.	<b>Number of IRs pending settlement</b>	811	580	433
2.	<b>Number of outstanding audit observations</b>	5,364	4,354	3,745
3.	<b>Amount of revenue involved (Rupees in crore)</b>	1,206.08	930.98	927.71

Department wise break up of the IRs and audit observations outstanding as on 30 June 2006 is given below:

Sl. No.	Department	Number of outstanding IRs	Number of outstanding audit observations	Amount (Rs. in crore)	Number of IRs where even first reply has not been received	Earliest year to which reports relate
1.	<b>Trade and Taxes</b>	422	3,731	927.71	422	2001-02
2.	<b>Transport</b>	11	14	0	11	2005-06
	<b>Total</b>	<b>433</b>	<b>3,745</b>	<b>927.71</b>	<b>433</b>	

### 1.11 Response of the department to draft audit paragraphs

Draft paragraphs proposed for inclusion in the Audit Report are forwarded to the concerned departments through demi official letters drawing their attention to the audit finding and requesting them to send their response within the stipulated time of six weeks. The fact of non receipt of replies from Government is invariably indicated at the end of each such paragraph included in the Audit Report.

Nineteen paragraphs and one review proposed for inclusion in the Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year ended 31 March 2006 were forwarded to the respective departments between June and July 2006. Replies from the department were received in respect of 16 paragraphs and the review which have been reflected in the report.

### 1.12 Recovery of revenue of accepted cases

During the years between 2003-04 and 2004-05, the department/Government accepted audit observations involving Rs.322.03 crore of which an amount of Rs.0.67 crore was recovered till 31 March 2006 as detailed below:

(Rupees in crore)

Year of Audit Report	Total money value	Accepted money value	Recovery made
2003-04	410.05	121.72	0.57
2004-05	402.36	200.31	0.10
<b>Total</b>	<b>812.41</b>	<b>322.03</b>	<b>0.67</b>