

**Chapter – V: Non Tax Receipts**

**5.1 Results of audit**

Test check of records relating to Development/Urban Development, Transport, Public Works, Medical & Health, Land & Building, Industry and Home departments conducted during the year 2005-06 revealed non/short realisation of tax and other irregularities involving Rs.123.50 crore in eight cases which broadly fall under the following categories:

(Rupees in crore)			
Sl. No.	Categories	No. of cases	Amount
<b>A.</b>	<b>Interest receipts</b>		
1.	Non/short levy of penal interest on overdue amount of principal and interest	1	37.41
<b>B.</b>	<b>Departmental receipts</b>		
1.	Non deposit of receipts into Government account	1	78.47
2.	Lapsed deposits not credited into Government account	1	1.96
3.	Unauthorised and irregular retention of Government money	1	1.03
4.	Loss of revenue due to delay in fixation of room rates of private wards	1	1.02
5.	Non recovery of license fee for overstaying in Government accommodation	1	0.45
6.	Non realisation of rent and interest from allottees of plots/flatted factories	1	1.57
7.	Non recovery of interest	1	1.59
<b>Total</b>		<b>8</b>	<b>123.50</b>

During the year 2005-06, the concerned department accepted non recovery of licence fee, rent and interest of Rs.2.02 crore. An amount of Rs.59 lakh was recovered at the instance of audit.

A few illustrative cases involving Rs.93.14 crore highlighting important observation are given in the following paragraphs.

**A. Interest Receipts**

**5.2 Non realisation of interest receipts**

Interest receipts from loans sanctioned to various bodies constitute the primary source of non tax revenue of Government of Delhi. Test check of records of the Development Department and the Department of Urban Development revealed non recovery of interest receipts due to the public exchequer amounting to Rs.37.41 crore out of which Rs.32.93 crore pertains to last five years as detailed below.

**5.2.1 Development Department**

The Development Department sanctioned loans amounting to Rs.147.15 crore to the Municipal Corporation of Delhi (MCD) during the period from April 2001 to March 2006. The loans were repayable within a period of 15 years and carried a rate of interest of 13.5 *per cent* per annum. In the event of default of repayment of either the principal or interest, penal interest at the rate of 13.5 *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 records relating to recovery of these loans and interest thereon revealed that the MCD had neither repaid any instalment of the principal amount of Rs.19.25 crore due as of April 2006 nor the interest of Rs.26.72 crore. Moreover, penal interest amounting to Rs.6.21 crore leviable for non payment of instalment of both principal and interest was neither imposed nor paid as depicted below:

Year	Amount of Loan (Rs.)	Principal due for repayment (Rs.)	Loan outstanding (Rs.)	Interest due (Rs.)	Penal interest recoverable on overdue loan and interest	
					Loan (Rs.)	Interest (Rs.)
2001-02	22,20,56,055	--	--	--	--	--
2002-03	30,00,00,000	1,48,03,737	22,20,56,055	94,52,608	19,98,505	12,76,102
2003-04	32,64,87,585	3,48,03,737	52,20,56,055	2,99,77,567 1,22,73,180	46,98,505	57,03,850
2004-05	44,70,47,000	5,65,69,576	84,85,43,640	7,04,77,567 1,49,82,703	76,36,893	1,15,37,136
2005-06	17,58,60,000	2,63,72,709	1,29,55,90,640	11,45,53,391 1,55,26,426	1,16,60,315	1,75,60,775
<b>Total</b>	<b>1,47,14,50,640</b>	<b>19,25,49,759</b>	<b>2,88,82,46,390</b>	<b>26,72,43,442</b>	<b>2,59,94,218</b>	<b>3,60,77,863</b>

Thus failure to take action to recover the interest due and impose penal interest resulted in non realisation of interest receipts of Rs.32.93 crore.

After this was pointed out, Government stated in June 2006 that recovery of the interest due was being pursued with the MCD.

### 5.2.2 Department of Urban Development

The department of Urban Development sanctioned loans to the MCD from 1949 upto March 1996. First Finance Commission for the NCT of Delhi constituted in April 1995 recommended that the outstanding loan and interest due from MCD as of March 1996 may be repaid by MCD in 20 instalments as the first charge on the municipal fund failing which they may be deducted from non plan grants or from other fiscal transfers of the respective year. The loans contracted after 1 April 1996 were to be recovered in accordance with their contract viz repayable within a period of 15 years at a rate of interest of 12.5 per cent per annum. 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 payment to the date preceding the date of actual payment.

Test check of records in May 2006 relating to recovery of these loans and interest thereon revealed that recovery of loans and interest started from 1999-2000 from MCD's share of tax assignment of the net proceeds of all taxes and duties collected by Government of Delhi as below:

(Rupees in crore)

Year	Amount of loan paid	Amount of loan & interest due for repayment		Amount of loan & interest repaid		Recoverable amount of loan & interest outstanding as on 31 March		Penal interest recoverable @ 2.75 per cent		Total amount of Col.no.6
		3		4		5		6		
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
1	2	Pre 1996 Post 1996	Pre 1996 Post 1996	Pre 1996 Post 1996	Pre 1996 Post 1996	Pre 1996 Post 1996	Pre 1996 Post 1996	Pre 1996 Post 1996	Pre 1996 Post 1996	7
Pre 1996 amount outstanding as of March 1996 as shown against column no.5	--	--	--	--	--	373.37	143.07	--	--	--
(Fresh loan released) 1996-97	48.18	18.67	7.15	--	--	18.67	7.15	--	--	--
1997-98	149.69	18.67 3.21	7.15 4.36	--	--	18.67 3.21	7.15 4.36	-- 0.09	-- 0.12	-- 0.21
1998-99	145.54	18.67 109.64	7.15 45.67	--	--	18.67 109.64	7.15 45.67	-- 3.01	-- 1.26	-- 4.27
1999-2000	217.54	18.67 77.01	7.15 63.16	56.01 171.29	21.45 107.34	--	--	--	--	--
<b>Total</b>										<b>4.48</b>

While no penal interest was recoverable in respect of loans pertaining to pre-1996 period in light of the recommendations of the Finance Commission, penal interest leviable on post 1996 loans was not recovered.

After this was pointed out, Government stated in August 2006 that recovery of principal and interest thereon in respect of loans given to MCD from 1996-97 onwards, commenced from 1999-2000 due to delay in submission of report of Finance Commission and action taken thereon by Government of Delhi and hence, there is no justification for levy of penal interest.

The reply is not tenable as the Finance Commission while rescheduling the recovery of pre 1996 loans had specifically stipulated that loans contracted after 1 April 1996 were to be serviced in full in accordance with their contracts. Sanction orders of post 1996 loans stipulated levy of penalty of 2.75 per cent for delay in repayment of loans. This was not modified by the Finance Commission in respect of post 1996 loans. Hence, penal interest was leviable.

Thus, failure to levy penal interest in respect of loans contracted after 1 April 1996 in accordance with the terms and conditions of the sanction while making recovery of principal along with interest due from the share of MCD's tax assignment of the net proceeds of all taxes and duties collected by Government of Delhi resulted in non realisation of penal interest receipts of Rs.4.48 crore.

## **B. Departmental Receipts**

### **5.3 Non deposit of receipts into Government account**

Receipts and Payment Rules (R&P Rules) 1983 stipulates that all moneys received by or tendered to Government officers on account of revenues or receipts or dues of Government shall without undue delay be paid in full into the accredited bank for inclusion in Government account. Money received shall not be utilised to meet departmental expenditure nor kept apart from the accounts of Government.

**5.3.1** April 1983, the Transport Department entered into a memorandum of understanding with the Delhi Development Authority (DDA) for taking over inter state bus terminus (ISBT) at Kashmeri Gate on permanent basis against a payment of Rs.20.77 crore with effect from 5 May 1993. All the assets and staff of ISBT were transferred to Government of Delhi and all the posts in operation in ISBT at the time of the transfer were to be added to the strength of the then Delhi Administration. Subsequently, two new ISBTs were constructed at Anand Vihar and Sarai Kale Khan in August 1993 and March 1996 respectively by the Public Works Department out of budgetary resources.

Audit scrutiny of records in March 2006 of the three ISBTs for the period from 2001-02 to 2005-06 revealed that revenue generated at the ISBTs from stand fees, rent from shops/rooms, parking fees, etc. amounting to Rs.78.47 crore were not being credited into Government account but were kept in a bank account. Further scrutiny revealed that the General Manager, ISBT invested Rs.42.26 crore in bank/post office fixed deposits/current account as at 31 March 2006 which represented the net balance left after meeting all the expenditure of the ISBTs from the receipts. Both the expenditure as well as the receipts were kept out of the budgetary processes and the normal administrative framework.

Government stated in August 2006 that the proceeds of ISBT were being deposited into a bank account when it was under DDA and the same system was continued even after take over by Government of Delhi pending a final decision regarding the legal status of the ISBT.

The reply is not tenable as the revenues generated by the ISBTs should have been deposited into Government account in accordance with the R&P Rules and the expenditure met through the normal budgetary process. The issue of the future organisational structure and status of the ISBTs was not inextricably linked and could be decided separately. Thus, failure of the department to deposit the revenue receipts in accordance with the extant rules resulted in depriving Government of Rs.78.47 crore during the five years from 2001-02 to 2005-06.

**5.3.2** The Directorate General of Home Guards and Civil Defence was maintaining a band of 70 personnel. Pay and allowances of the members of the band were paid from the regular budget of the directorate. In addition to performing departmental duties, the band also performed at private functions and in various departments of the Central and Delhi Government on payment basis.

Audit scrutiny of records during July/August 2005 of the directorate revealed that the moneys realised from the parties that engaged the band were not being deposited into Government account under Major Head-0070, 900-other Receipts but were being kept in a separate 'band fund', created by the directorate in February 1986. It was further noticed that the directorate utilised Rs.33.53 lakh from this fund during the last five years for various purposes and for payment of advances to some members of the band. The balance amount was invested in nationalised banks and post offices. The amount in the band fund was Rs.69.63 lakh as on 20 April 2006.

Thus, retention of receipts of the band as well as expenditure therefrom without approval of the competent authority resulted in unauthorised retention of Government dues of at least Rs.1.03 crore (Rs.69.63 lakh plus Rs.33.53 lakh expended) in contravention of the extant rules.

The matter was referred to the department and Government in June 2006; their reply was awaited as of October 2006.

#### **5.4 Lapsed deposits not credited into Government account**

The CPWD Works Manual provides for deposit of earnest money and security deposit by contractors submitting tenders or awarded works by the department. Earnest money may be forfeited if a contractor fails to commence a work awarded to him or deviates from the terms of the tender/contract. R&P Rules stipulate that all deposits not exceeding Rs.25 unclaimed for one whole account year or residuary balance not exceeding the said amount out of deposits partly repaid during the year as well as all deposits or balances in excess of the aforesaid amount unclaimed for more than three complete account years shall be credited to the Consolidated Fund at the close of March each year after keeping necessary note in the register of deposits. However, deposits or balances of deposits which pertain to contracts or supply orders which are under litigation or arbitration should not be deemed as unclaimed deposits for the purpose of crediting to Government under this rule.

Test check of records of four public works divisions for the period 2004-05 revealed that deposits of earnest money amounting to Rs.1.96 crore of contractors were lying outstanding for more than three years as of 31 March 2006 and had not been credited into Government account as lapsed deposits though none of the balances were under litigation or arbitration as detailed below:

<b>Public Works Division</b>	<b>Period from which the deposit lying outstanding</b>	<b>Amount to be credited to Government account (Rs. in lakh)</b>
II	1986 to March 2003	29.29
III	1995 to March 2003	54.22
XI	1976 to 2003	36.20
XV	1995 to 2003	76.56
<b>Total</b>		<b>196.27*</b>

*\* This includes Rs.1.48 crore pertaining to last five years i.e. 1998-99 to 2002-03.*

It was evident that the divisional authorities failed to regularly review the old deposits for crediting into Government account as required under the extant

rules. Though no year wise break up could be furnished, it was apparent that there were lapsed deposits lying outstanding for periods ranging upto 30 years.

The matter was referred to Government in June 2006; its reply is awaited (October 2006).

### **5.5 Loss of revenue due to delay in fixation of room rates of private wards**

Dr. Hedgewar Arogya Sansthan (hospital) is a 200 bedded multi disciplinary hospital with 152 beds in the general wards and 48 beds in private rooms. These private rooms were constructed by the Public Works Department (PWD) at a cost of Rs.1.37 crore to provide medical services to those who could afford them on payment basis. Revenue generated from these private rooms was to be utilised for expansion of the hospital and improvement of medical services provided to the general public.

Test check for the period from 2004-05 to 2005-06 in July 2005 revealed that though PWD handed over private rooms to the hospital authorities in September 2003, proposal for fixation of rent for the rooms was initiated only in January 2005 i.e. after 15 months from the date of handing over the rooms. The Health Department accorded its approval of the rates in March 2006; concurrence of the Finance Department was awaited as of May 2006. Pending finalisation of rates, the rooms could not be made functional. Thus, delay in fixation of rent resulted in loss of revenue of Rs.1.02 crore from September 2003 to March 2006 calculated on the basis of occupancy rate in GTB hospital and the rates approved by the Health Department.

After this was pointed out, the hospital in March 2006 attributed the delay in use of the private wards to both non fixation of rent as well as non availability of staff. The reply is not tenable as the hospital authorities should have moved the proposal for fixation of rent well in time instead of only in January 2005. It was also incumbent upon them to complete the formalities of approval of sanctioned strength and demarcation of separate staff for private wards so as to ensure functioning of the private wards and accrual of the anticipated revenue which was in turn to be used for improvement of medical services for the general public.

Thus, undue delay on the part of the hospital authorities in getting the rent fixed and in arranging the requisite staff resulted in loss of revenue of Rs.1.02 crore from September 2003 to March 2006 as well as non utilisation of private wards constructed at a cost of Rs.1.37 crore.

The matter was referred to Government in May 2006; its reply was awaited (October 2006).

**5.6 Non recovery of license fee for overstaying in Government accommodation**

Allotment rules framed by Government of Delhi provide for retention of Government accommodation after demitting of office on various grounds for different periods. Thereafter, damage charges are to be levied for overstay in Government accommodation in accordance with Rule 19 of the allotment rules. The rules also provide that if any person who has superannuated from service fails to pay his dues on account of license fee, the department may refer the case to the estate officer for initiating action against the defaulter for eviction and recovery of pending dues under the Public Premises (Eviction of Unauthorised Occupants) Act, 1971.

Test check of records in March 2006 for the period 2004-05 revealed that there were 23 cases of overstayed in Government accommodation and nonpayment of Government dues amounting to Rs.44.97 lakh as of May 2006. In addition, there were 410 cases pending with the estate officers for eviction proceedings/recoveries.

It was observed that the department had failed to initiate timely action to recover outstanding dues as envisaged in the allotment rules. The department had merely issued notices to the defaulters for early recovery without any follow up action despite lapse of periods ranging from four months to over four years from the date of expiry of the period of permitted occupation of the accommodation. There was no monitoring or pursuance of the 410 cases pending with the estate officers and the department was unable to furnish even the amount of recoveries outstanding in these cases or the yearwise breakup of pending cases. This was indicative of total lack of monitoring and pursuance of such cases which resulted in non recovery of Rs.44.97 lakh in 23 cases and an unquantified amount in 410 other cases.

After this was pointed out, Government stated in August 2006 that outstanding amount of Rs.2.99 lakh has since been recovered and the flats vacated in eight out of the 23 cases pointed out. The process of recovery of outstanding dues and eviction was underway in six cases while the remaining nine cases have



been referred to the drawing & disbursing officers/Assistant Housing Commissioner for recovery of outstanding dues. Further, the estate officers have been directed to settle the 410 cases pending with them on priority basis.

**New Delhi**

**Dated:**

**(R. K. GHOSE)**

**Accountant General (Audit), Delhi**

**Countersigned**

**New Delhi**

**Dated:**

**(VIJAYENDRA N. KAUL)**

**Comptroller and Auditor General of India**