

OVERVIEW

This Report contains 15 paragraphs including three reviews involving underassessment/short payment/loss of revenue etc. of ₹ 1479.98 crore. Some of the major findings are mentioned below:

I. General

The total revenue receipts of the State Government during the year 2010-11 were ₹ 25,024.10 crore. Revenue raised by the State Government was ₹20,666.70 crore comprising of tax revenue of ₹ 16477.75 crore and non-tax revenue of ₹ 4188.95 crore and receipts from the Government of India were ₹4,357.40 crore. The increase in Revenue Receipts over the previous year by ₹ 4572.77 crore (22.36 per cent) was mainly on account of increase in the State's own tax and non-tax revenues.

(Paragraph 1.1.1)

Test check of the records of the Departments of Trade and Taxes, State Excise, Entertainment, Transport, Revenue, Public Works etc. conducted during the year 2010-11 revealed underassessment/short levy/loss of revenue aggregating to ₹ 2,019.31 crore in 2,471 cases. During the year 2010-11, the Departments concerned accepted underassessment and other deficiencies of ₹ 58 crore involved in 279 cases which have been pointed out by audit. Of these, the Departments recovered ₹ 5.69 lakh in 5 cases during the year 2010-11.

(Paragraph 1.5.1)

II. Sales Tax/Value Added Tax

A Performance Audit on “**Cross verification of Declaration Forms used in interstate Trade and Commerce**” revealed the following:-

- We came across irregular claims of concessional rate of tax/exemption of tax against fake forms submitted by the dealers in support of Inter-state sale. The revenue involved in these 10 cases was ₹ 8.13 lakh, besides penalty leviable for misdeclaration.

(Paragraph 2.12.6.1)

- There were instances of Forms C utilised by dealers other than those to whom they were issued. The revenue involved in these seven cases of misutilisation of forms was ₹ 9.54 lakh.

(Paragraph 2.12.6. 2)

- Concealment of sale by the dealers on Declaration Forms C and F, led to non-realisation of revenue of ₹ 12.50 lakh in seven cases.

(Paragraph 2.12.6.3)

- Excess claim of concession/exemption by the dealers on declaration forms led to non-realisation of revenue of ₹ 11.97 lakh in 22 cases.

(Paragraph 2.12.6.4)

- The Department had not put in place mechanism to verify whether every Declaration Form submitted by the dealers were verified with the database available in the TINXSYS website or otherwise, before allowing exemptions/concession of tax

(Paragraph 2.12.7)

- Due dates for filing of Declaration Forms under the CST Act/Rules were routinely extended by the Commissioner of Sales Tax, defeating the objectives for timely filing of the declaration forms.

(Paragraph 2.12.9.4)

Compliance deficiencies in VAT

Irregular claim of exemption/concessional rate of tax without proper supporting statutory forms C, F, E-1, E-2, H and I, resulted in short payment of tax of ₹ 1463.56 crore in 1408 cases across several wards of the Trade and Taxes Department. Besides, interest is also leviable on shortfall in payment.

(Paragraph 2.13.1)

Incorrect claims of exempted sale of unexempted goods under the schedule, resulted in short payment of tax of ₹ 2.30 crore.

(Paragraph 2.15)

There was excess claim by one dealer, of ITC of ₹ 3.19 lakh on purchase of capital goods.

(Paragraph 2.21)

III Motor Vehicle Tax

A Performance Audit on “**Computerisation in Motor Vehicles Departments**” revealed the following:-

- Computerisation for registration of non-transport (private) vehicles through VAHAN was introduced with effect from September 2004 and for issuing driving licenses through customised software with effect from September 2008 in all the 13 Zones of Delhi. Registration of limited commercial vehicles (auto rickshaw, school cab and maxi cab) with VAHAN was implemented in 2008 whereas for other transport vehicles legacy software was being used, which issues paper based Registration Certificate.

(Paragraph 3.7.7)

- The Department failed to formulate IT strategy or a well defined IT Plan and hence the computerization was fragmented and incomplete. Besides, Standard Operating Procedures were not prepared. The SARATHI application was replaced by customised application developed by DIMTS without intimating NIC and MORTH.

(Paragraph 3.7.7.1)

- The Delhi State Registers for VAHAN and SARATHI were not prepared as the Department could populate the State Registers with the data of non-transport (private) vehicles only.

(Paragraph 3.7.7.2)

- The databases were incomplete as certain essential information relating to vehicles owner/licencees details were not captured in the databases. Input controls and validation checks were absent leading to duplicate entries of engine number, chasis number, insurance cover note number, permit number, challan number and fitness certificate number etc. and unreliable database.

(Paragraph 3.7.8 and 3.7.9)

- The parking fee and fitness fee were short recovered to the tune of ₹2.43 lakh and ₹0.74 lakh respectively.

(Paragraph 3.7.10)

- Business Rules were not mapped resulting in short recovery of tax to the tune of ₹ 83.37 lakh on account of one time tax.

(Paragraph 3.7.11.1)

- 660 driving licences were issued irregularly to candidates whose learners' licence had become ineffective due to expiry. 209 persons were issued more than one driving licence.

(Paragraph 3.7.11.2)

- The Department failed to formulate any policy for issuing fancy numbers to vehicles and therefore lost out additional revenue on this account.

(Paragraph 3.7.13)

IV NON-TAX REVENUE

A Performance Audit on "Interest Receipts" revealed the following:-

- The loans sanctioned by the Government of NCT of Delhi (GNCTD) during the period 2006-07 to 2009-10 increased by 41 *per cent* and the outstanding loans stood at ₹ 39219.78 crore at the end of March 2010. The recovery of loans ranged from 0.76 to 2.63 *per cent* only. The interest receipts which rose to ₹ 3236.62 crore were largely by way of book adjustments by sanctioning further loans to cash strapped bodies of the GNCTD.

(Paragraph 4.5.6 and 4.5.8)

- The budgeting of interest receipts by the Administrative Departments was unrealistic in absence of proper records and there was no internal audit of loans sanctioned by the Government of NCT of Delhi

(Paragraph 4.5.7 and 4.5.10)

- Government utilised major portion of its tax revenue (47 *per cent*) to discharge its own debt liability and that of its loanees.

(Paragraph 4.5.8.1)

- There was no mechanism for levy, collection and monitoring of interest receipts as the PAOs and Administrative Departments had not maintained the loan records, watched repayment of loans and penal interest was neither levied nor collected.

(Paragraph 4.5.9)