Report of the
Comptroller and Auditor General of India
on
Revenue
and
Social and Economic Sectors (PSUs)
for the year ended 31 March 2017

Government of National Capital Territory of Delhi

Report No. 2 of the year 2018

Report of the
Comptroller and Auditor General of India

on

Revenue
and
Social and Economic Sectors (PSUs)
for the year ended 31 March 2017

Government of National Capital
Territory of Delhi

Report No. 2 of the year 2018

Table of Contents

Annexures

Preface

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2017 has been prepared for submission to the Lieutenant Governor of Delhi. This Report contains two parts.

Chapter-I of this Report relates to the audit of Revenue Sector departments of the Government. The audit of receipts is conducted under Section 16 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and is required to be placed before the Legislative Assembly of National Capital Territory of Delhi under Section 48 of the Government of National Capital Territory of Delhi Act, 1991. This Chapter presents the results of audit of receipts such as value added tax, state excise and taxes on motor vehicles of the Government of NCT of Delhi for the year ended 31 March 2017.

Chapter-II of this Report relates to the audit of State Public Sector Undertakings. Audit of accounts of Government Companies is conducted by the Comptroller and Auditor General under the provisions of Section 619 of the Companies Act, 1956 and Sections 139 and 143 of the Companies Act, 2013 and audit of Statutory Corporations under their respective legislation. The Government is required to submit this portion of the Audit Report to the Legislative Assembly of National Capital Territory of Delhi under Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those which came to notice in the course of test audit during the year 2016-17 as well as those which had come to notice in earlier years, but could not be dealt with in previous Reports; instances relating to the period subsequent to 2016-17 but pertaining to the year 2016-17 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

Overview

This Report comprises two chapters containing audit findings pertaining to Revenue and Social and Economic Sectors (PSUs). Chapter I relating to Revenue Sector contains seven paragraphs involving ₹ 254.46 crore on underassessment, short payment/loss of revenue, interest and penalty and Chapter II relating to Social and Economic Sectors (PSUs) contains one Performance Audit and eight paragraphs (including one follow up audit) involving ₹ 102.38 crore. Some of the major findings are mentioned below:

Chapter-I: Revenue Sector

The total revenue receipts of the Government for the year 2016-17 were ₹ 34,345.74 crore as compared to ₹ 34,998.85 crore in the year 2015-16. Out of this, 92 *per cent* was raised through tax revenue (₹ 31,139.89 crore) and non-tax revenue (₹ 380.69 crore). The balance eight *per cent* was received from the Government of India as grants-in-aid (₹ 2,825.16 crore). The increase in tax revenue was 3.03 *per cent* and decrease in non-tax revenue was 26.14 *per cent* over the previous year.

(Paragraph 1.1.1)

Test check of the records of 88 units of the Department of Trade and Taxes, State Excise, Transport and Revenue conducted during the year 2016-17 revealed under assessment/short levy/loss of revenue and other irregularities involving ₹ 416.94 crore in 650 cases. During the course of the year, the concerned Departments accepted under assessment and other deficiencies of ₹ 7.04 crore.

(Paragraph 1.1.9)

Department of Trade and Taxes and Department of Transport

Issue of Statutory Forms

There was inadequate due diligence and oversight of the Ward Officers over issue of the Statutory Forms coupled with failure to strengthen/address the obvious deficiencies in DVAT system. Statutory Forms were issued to the dealers without ensuring recovery of past demand and cross checking the purchase amount declared in the returns. The dealers were issued Statutory Forms without having the details of branches/consignment agents and items to be traded, in their certificate of registration. Departmental instructions to check misuse of downloading of Forms were not followed by the Ward Authorities, which led to irregular downloading of Forms by the dealers. Even after cancellation of the Certificate of Registration (RC) on the basis of adverse remarks, Statutory Forms were issued to the dealers. Flaws in the system design and absence of proper validation checks resulted in issue of multiple Forms containing same serial number and also single transaction value being used twice to download Statutory Forms. As a result of such shortcomings, there was irregular issue of Statutory Forms of ₹ 1,892.78 crore.

This also resulted in escape of levy of tax/penalty in some cases amounting to ₹ 248.08 crore.

(Paragraph 1.2)

Due to failure of the assessing officer to ensure eligibility of dealers for the concessional tax, there was a loss of revenue of ₹ 52.93 lakh consisting of short levy of tax of ₹ 20.91 lakh, interest of ₹ 11.11 lakh and penalty of ₹ 20.91 lakh.

(Paragraph 1.3)

The Assessing Authorities allowed Input Tax Credit of ₹ 18.80 lakh to the assessees without verifying the details of tax deposited by the selling dealers, resulting in short levy of tax of ₹ 18.80 lakh, besides interest of ₹ 10.80 lakh and penalty of ₹ 18.80 lakh were also leviable.

(Paragraph 1.4)

The Department failed to recover demand of ₹ 3.90 crore from the dealers whose registration had been cancelled.

(Paragraph 1.5)

Failure of Assessing Authority in ascertaining the correct tax liability of a dealer resulted in short payment of tax of ₹ 4.68 lakh. Interest of ₹ 4.75 lakh and penalty of ₹ 16.51 lakh were also due from the dealer.

(Paragraph 1.6)

Excess allowance of concessional rate of tax on Form 'C' resulted in short levy of tax of ₹ 63.79 lakh. In addition, interest of ₹ 37.70 lakh was also leviable.

(Paragraph 1.7)

Delays in deposits of receipts in the government accounts resulted in loss of interest of ₹ 20.20 lakh.

(Paragraph 1.8)

Chapter-II: Public Sector Undertakings (PSUs)

As on 31 March 2017, there were 17 PSUs which included 15 Government companies and two statutory corporations. The investment in these 17 PSUs as on 31 March 2017 was ₹ 30,433.81 crore. This total investment consisted of 31.54 *per cent* towards capital, 10.56 *per cent* towards free reserves and 57.90 *per cent* in long-term loans. The total investment increased by 12.73 *per cent* from ₹ 26,995.92 crore in 2012-13 to ₹ 30,433.81 crore in 2016-17. The Government contributed ₹ 2,214.75 crore towards Equity, Loans and Grants/ Subsidies to State PSUs during 2016-17.

(Paragraphs 2.1.6 and 2.1.7)

The number of accounts in arrears increased from 12 (2012-13) to 29 (2016-17). One PSU, namely the Delhi SC/ST/OBC/Minorities & Handicapped Financial and Development Corporation Limited had an arrear of accounts of 13 years while the arrear in other PSUs ranged from one to three years as on 30 September 2017.

(Paragraph 2.1.9)

Out of 17 PSUs, 10 PSUs earned profit of ₹ 967.60 crore, six PSUs incurred loss of ₹ 3,488.55 crore. One PSU prepared its accounts on a 'no profit no loss' basis.

(Paragraph 2.1.12)

In respect of the 19 accounts received during the period October 2016 to September 2017, the Statutory Auditors gave unqualified certificates for six accounts, qualified certificates for 12 accounts and adverse certificate (which means that accounts do not reflect a true and fair position) for one account.

(Paragraph 2.1.13)

Department for the Welfare of SC/ST/OBC/Minorities

A performance audit of the working of **Delhi Scheduled Castes, Scheduled Tribes, Other Backward Classes, Minorities and Handicapped Financial and Development Corporation Limited** covering the period of 2012-13 to 2016-17, brought out deficiencies in poor coverage of targeted population, drawl of lesser funds against allocation and poor recovery of loans. Some of the significant audit findings are as under:

The Company neither conducted any survey for identification of targeted groups nor maintained any database of intended beneficiaries.

(Paragraph 2.2.2)

The Company has not been finalising its Financial Statements on regular basis. Financial Statements for the year 2004-05 and subsequent years have not been audited.

(Paragraph 2.2.3.1)

Percentage of disbursement of loan which was 45.41 *per cent* of total available funds in 2012-13 declined to 12.90 *per cent* in 2016-17.

(Paragraph 2.2.3.2)

There were significant shortfalls in achieving physical target of lending activities of the Company. The achievements ranged between one and 61 *per cent* of the targets under various schemes during the period 2012-17.

(Paragraph 2.2.4.1)

There were deficiencies in extending financial assistance with significant delays in disbursement of loans.

(Paragraph 2.2.4.4)

The system for follow up of the recovery from the beneficiaries was unsatisfactory as the total recovery made during the year 2016-17 was only 11 *per cent.* There was non-recovery of ₹ 23.77 crore as on 31 March 2017, from the beneficiaries in respect of overdue cases.

(Paragraph 2.2.5)

The recovery process in as many as 3,533 cases out of 5,192 cases, who had not been issued no objection certificates, was not initiated.

(Paragraph 2.2.5.2)

The grievances redressal mechanism was inadequate and the internal control system was weak and ineffective.

(Paragraph 2.2.7)

Department of Power

Delhi Power Company Limited failed to assess the Minimum Alternate Tax liability timely and consequently non-payment of advance tax resulted in avoidable payment of penal interest of ₹ 60.01 lakh.

(Paragraph 2.3)

Delhi Transco Limited purchased a land in 2014 at annual recurring cost of ₹ 1.34 crore without ensuring its suitability for the proposed sub-station. This has resulted in revenue loss in term of interest paid on its borrowing which worked out to be ₹ 79.92 lakh on ₹ 4.08 crore paid up to July 2017 for the land which remains blocked and has become unproductive.

(Paragraph 2.4)

Department of Tourism

Delhi Tourism and Transportation Development Corporation

Initiation of construction of Dilli Haat at Mayur Vihar in infringement of Supreme Court and Delhi Development Authority directions and despite refusal of change of land use by DDA in October 2013 and prohibition by UTTIPEC, resulted in infructuous expenditure of ₹ 39.66 lakh.

(Paragraph 2.5)

Delhi Tourism and Transportation Development Corporation suffered a loss of interest of ₹ 1.18 crore due to incurring expenditure on deposit work without ensuring prior receipt of deposits from the client department

(Paragraph 2.6)

Inadequate due diligence and planning on the part of DTTDC resulted in avoidable delay of 12 years in developing the land for the stated use and wasteful expenditure of ₹ 23.19 lakh. Besides, idling of investment in land means interest cost of ₹ 1.27 crore to the DTTDC on blocked funds of ₹ 1.79 crore with no corresponding revenue generation.

(Paragraph 2.7)

Department of Transport

Delhi Transport Corporation

Due to inadequacy in contract management coupled with delayed action attributed to DTC management, DTC could not recover the losses from Tata Motors Limited resulting from 17 burnt buses with depreciated value of ₹ 5.86 crore. Besides, due to non-availability of 17 buses, DTC has been suffering an annual loss of contribution of ₹ 1.13 crore and total loss up to June 2017 was ₹ 2.82 crore. Not ensuring insurance cover for 2,682 buses means undue benefit extended to TML equivalent to cost of insurance cover.

(Paragraph 2.8)

Failure to monitor the progress of deposit work assigned to the executing agency for development of Dwarka-VIII bus depot coupled with inadequate planning resulted in avoidable payment of electricity charges of ₹ 50.72 lakh.

(Paragraph 2.9)

PART 'A'

Revenue Sector

Chapter-I

Revenue Sector

Chapter-I

Revenue Sector

1.1 Introduction

1.1.1 Trend of revenue receipts

1.1.1.1 The tax and non-tax revenue raised by the Government of National Capital Territory of Delhi (GNCTD) during the year 2016-17 and Grants-in-aid received from the Government of India (GoI) during the year and the corresponding figures for the preceding four years are depicted in **Table-1.1**.

Table-1.1: Trend of revenue receipts

(₹ in crore)

Sl. No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
1	**Revenue raised by the State Government**					
	Tax revenue	23,431.52	25,918.69	26,603.90	30,225.16	31,139.89
	Non-tax revenue	626.93	659.14	632.55	515.40	380.69
	Total	**24,058.45**	**26,577.83**	**27,236.45**	**30,740.56**	**31,520.58**
2	**Receipts from the Government of India**					
	Grants-in-aid	1,502.52	1,402.86	2,348.14	4,258.29	2,825.16
3	**Total revenue receipts of the State Government (1 and 2)**	**25,560.97**	**27,980.69**	**29,584.59**	**34,998.85**	**34,345.74**
4	**Percentage of 1 to 3**	**94**	**95**	**92**	**88**	**92**

Source: Finance Accounts

The revenue raised by the NCT of Delhi (₹ 31,520.58 crore) during the year 2016-17 was 92 *per cent* of the total revenue receipts. The balance eight *per cent* of the receipts during 2016-17 was Grants-in-aid from the GoI.

1.1.1.2 The details of tax revenue raised during the period 2012-13 to 2016-17 are given in **Table-1.2**.

Table-1.2: Details of Tax Revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2012-13		2013-14		2014-15		2015-16		2016-17		Percentage of increase(+) or decrease(-) in Actual of 2016-17 over 2015-16
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
1	Taxes on sales, trade etc.	16,500.00	15,803.68	18,200.00	17,925.71	19,000.00	18,289.31	21,000.00	20,245.82	22,000.00	21,144.24	4.44
2	State Excise	3,000.00	2,869.74	3,200.00	3,151.63	3,550.00	3,422.39	4,500.00	4,237.69	4,700.00	4,251.40	0.32
3	Stamp Duty	3,799.97	3,098.06	3,799.98	2,969.07	2,938.15	2,779.88	3,449.98	3,433.60	3,098.00	3,143.93	-8.44
4	Motor Vehicles Tax	1,370.00	1,240.18	1,400.00	1,409.27	1,600.00	1,558.83	1,700.00	1,607.01	1,750.00	1,808.78	12.56
5	Other taxes and duties on commodities and services	487.00	419.84	475.00	463.00	520.00	491.70	720.00	700.53	880.00	789.53	12.70
6	Land Revenue	0.03	0.01	0.02	0.01	61.85	61.79	0.02	0.51	2.00	2.01	294.12
	Total	**25,157.00**	**23,431.51**	**27,075.00**	**25,918.69**	**27,670.00**	**26,603.90**	**31,370.00**	**30,225.16**	**32,430.00**	**31,139.89**	

Source: Finance Accounts

It is observed that the actual tax receipt of the state shows an increasing trend which increased to ₹ 31,139.89 crore in 2016-17 from ₹ 23,431.51 crore in 2012-13. The actual receipts for the year 2016-17 under the heads 'Motor Vehicles Tax' and 'Taxes on Sales, Trade etc.' increased by 12.56 *per cent* and 4.44 *per cent* respectively while receipt under the head 'Stamp Duty' decreased by 8.44 *per cent* from ₹ 3,433.60 crore to ₹ 3,143.93 crore over the previous year.

The departments had not provided any reasons for increase/decrease in revenue.

1.1.1.3 The details of the non-tax revenue raised during the period 2012-13 to 2016-17 are indicated in **Table-1.3**.

Table-1.3: Details of Non-tax Revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2012-13		2013-14		2014-15		2015-16		2016-17		Percentage of increase (+) or decrease (-) in Actual of 2016-17 over 2015-16
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
1	Interest receipts	473.54	340.03	754.50	379.35	604.00	350.52	173.16	82.53	120.00	81.39	-1.38
2	Medical and Public Health	44.24	54.32	65.00	63.05	73.00	58.20	129.23	125.88	82.10	60.13	-52.23
3	Public Works	23.10	25.55	20.00	18.59	17.50	14.74	19.00	18.47	18.00	22.23	20.36
4	Power	14.00	9.93	22.01	18.46	24.01	16.38	32.01	42.06	25.00	21.40	-49.12
5	Other administrative services	91.00	95.60	115.00	91.04	112.17	98.91	106.18	89.43	122.71	111.33	24.49
6	Other[1] Non-tax receipts	123.66	101.50	111.42	88.65	133.32	93.79	109.42	157.03	88.19	84.21	-46.37
Total		**769.54**	**626.93**	**1087.93**	**659.14**	**964.00**	**632.54**	**569.00**	**515.40**	**456.00**	**380.69**	

Source: Finance Accounts

It is evident from above that the non-tax receipts of the State shows decreasing trend from ₹ 626.93 crore in 2012-13 to ₹ 380.69 crore in 2016-17. The actual receipts under the heads of 'Medical and Public Health' and 'Power' for the year 2016-17 decreased by 52.23 *per cent* and 49.12 *per cent* respectively while the head of 'Other Administrative Services' increased by 24.49 *per cent* over the previous year.

Receipts under the heads 'Civil Supplies', 'Public Service Commission' and 'Jails' for the year 2016-17 decreased by 98.58 *per cent*, 97.50 *per cent* and 70.35 *per cent* respectively over the previous year.

[1] Dividends and Profits, Public Service Commission, Police, Jails, Education, Village and Small Industries, Non-ferrous mining and metallurgical industries, Tourism, Civil Supplies, Other general economic services, Housing etc.

The Government stated that decrease in non-tax receipts under the head 'Interest Receipts' during 2015-16 and 2016-17 was due to less collection from Local Bodies on account of interest of loans while decrease in 'Medical and Public Health', 'Power', and 'Other Non-tax receipts' in 2016-17 was due to less collection. The Government should analyse the significant decrease in revenue receipts under heads for taking appropriate action.

1.1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2017 under some principal heads of revenue amounted to ₹ 26,958.44 crore of which ₹ 10,043.20 crore was outstanding for more than five years as depicted in the **Table-1.4**.

Table-1.4: Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total Amount outstanding as on 31 March 2017	Amount outstanding for more than five years as on 31 March 2017	Remarks
1.	Taxes on sales, trade etc.	7,069.14	7,069.14	Amount pertains to Delhi Sales Tax and Central Sales Tax regime. (DST and CST)
2.	Value Added Tax	19,626.00*	2,971.00	DVAT regime
3.	State Excise, Entertainment and Luxury Tax	263.30	3.06	Revised license fee, Court cases.
Total		**26,958.44**	**10,043.20**	

Source: Department of Trade and Taxes, State Excise, Entertainment and Luxury Tax.
** includes ₹ 9,278 crore as penalty.*

₹ 7,069.14 crore pertaining to DST and CST regime remained recoverable for more than five years means that Department did not take effective steps to recover these arrears. Arrears of VAT increased from ₹ 17,175.75 crore on 31 March 2016 to ₹ 19,626.00 crore on 31 March 2017. Department stated that the multiplicity of avenues for filing of objections/appeals available to the tax payers led to protracted and wide spread litigation. Department should analyse, review and prepare roadmap and take effective steps to recover these arrears which adds up to more than their annual revenues from VAT.

1.1.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year as furnished by Department of Trade and Taxes (DTT) and Department of State Excise, Entertainment and Luxury Tax are depicted in **Table-1.5**.

Table-1.5: Arrears in assessments

Head of revenue	Opening balance	New cases due for assessment during 2016-17	Total assessments due	Cases disposed of during 2016-17	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	2	3	4	5	6	7
Taxes on sales, trade etc.	nil	2,29,097	2,29,097	2,29,097	0	100
State Excise, Entertainment and Luxury Tax	1,841	674	2,515	1,291	1,224	51.33

Source: Department of Trade and Taxes, State Excise, Entertainment and Luxury Tax

The percentage of disposal of assessment cases was 51.33 *per cent* in respect of Department of State Excise, Entertainment and Luxury Tax, whereas no assessment was pending in respect of DTT.

1.1.4 Evasion of tax detected by the department

During 2016-17, the Enforcement Branch (DTT) detected 154 cases on search and raised a demand of ₹ 15.74 crore and the same was realised.

1.1.5 Details of pendency of refund cases

The number of refund cases pending at the beginning of the year 2016-17, claims received during the year, refunds allowed during the year and the cases pending at the end of 2016-17 as reported by Departments are depicted in **Table 1.6**.

Table-1.6: Details of pendency of refund cases

(₹ in crore)

Sl. no.	Particulars	Sales Tax/VAT		Entertainment Tax		Stamp and Registration		Transport	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1	Claims outstanding at the beginning of the year	93,410	2,623.57	111	7.81	Nil	Nil	Nil	Nil
2	Claims received during the year	16,345	851.26	140	2.09	650	24.32	38	0.13
3	Total claims	1,09,755	3,474.83	251	9.90	650	24.32	38	0.13
4	Refunds made during the year	26,197	827.18	35	1.65	393	12.90	38	0.13
5	Percentage of refunds to the total claims	23.87	23.80	13.94	16.67	60.46	53.04	100	100
6	Balance outstanding at the end of year	83,558	2,647.65	216	8.25	257	11.42	Nil	Nil

Section 42 of Delhi Value Added Tax Act (DVAT Act), provides for payment of interest at an annual rate notified by the Government, if the excess amount is not refunded to the dealer within 60 days from the date of the order. Not refunding the claims within the stipulated period may attract the payment of interest. However, the interest paid on refund was not provided by the department and informed that no such data has been maintained in the Department.

1.1.6 Response of the Government/Departments to Audit

The Accountant General (Audit), Delhi (AG) conducts periodical inspection of the Government departments to test check transactions and verify maintenance of accounts and other records as prescribed in the rules and procedures. These inspections are followed up through Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of the offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance to the AG within four weeks from the date of receipt of the IRs. Serious financial irregularities are reported to the heads of the Departments and the Government.

The summarised position of the IRs issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2017 is depicted in **Table-1.7**.

Table-1.7: Position of Inspection Reports

(₹ in crore)

Sl. No.	Year	Opening Balance			Addition during the year			Clearance during the year			Closing Balance during the year		
		IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
1.	**2007-08**	223	2,582	1,030.98	62	1,329	1,077.42	79	1,266	349.89	206	2,645	1,758.51
2.	**2008-09**	206	2,645	1,758.51	89	2,265	1,748.24	6	429	413.39	289	4,481	3,093.36
3.	**2009-10**	289	4,481	3,093.36	108	2,972	2,900.71	11	301	218.47	386	7,152	5,775.60
4.	**2010-11**	386	7,152	5,775.60	54	2,009	1,831.89	85	564	434.09	355	8,597	7,173.40
5.	**2011-12**	355	8,597	7,173.40	96	2,204	3,079.27	24	657	394.02	427	10,144	9,858.65
6.	**2012-13**	427	10,144	9,858.65	104	1,610	1,209.64	62	520	571.99	469	11,234	10,496.31
7.	**2013-14**	469	11,234	10,496.31	92	790	1,099.45	3	83	-	558	11,941	11,595.76
8.	**2014-15**	558	11,941	11,595.76	76	506	159.57	15	159	7.40	619	12,288	11,747.93
9.	**2015-16**	619	12,288	11,747.93	80	458	52.23	09	129	4.12	690	12,617	11,796.04
10.	**2016-17**	690	12,617	11,796.04	111	650	169.04	11	357	484.30	790	12910	11,480.78

The number of pending paras increased from 2,582 involving an amount of ₹1,030.98 crore in 2007-08 to 12,910 involving money value of ₹ 11,480.78 crore at the end of the year 2016-17 which indicates that the Department did not take adequate steps to settle the outstanding paragraphs.

1.1.6.1 Departmental Audit Committee Meetings

The Government set up Audit Committees to monitor and expedite the progress of settlement of audit paragraphs in the IRs. A meeting was held in March 2017 with the members of Audit Committee constituted by the DTT. In the meeting, the Additional Commissioner was asked to provide replies of outstanding paras for their early settlement. The Additional Commissioner assured to take necessary action in this matter. However, no audit committee meeting was held by the Departments of Transport, State Excise and Revenue.

1.1.6.2 Non-production of records to Audit for scrutiny

The programme of local audit of Tax Revenue offices is drawn up sufficiently in advance and intimations are issued, usually one month before the commencement of audit, to the departments to enable them to keep the relevant records ready for audit scrutiny.

DTT did not provide 9,822 assessment files/cases (89 *per cent*) out of 11,053 files/cases, requisitioned during the year 2016-17. Consequently, the revenue involved in these cases could not be ascertained.

1.1.6.3 Follow up on Audit Reports – summarised position

The Public Accounts Committee (PAC) stipulates that after presentation of the Report of the CAG of India in the Legislative Assembly, Departments shall initiate action on the audit paragraphs and the Action Taken Notes (ATNs) thereon should be submitted by the Government within three months of tabling the Report, for consideration of the Committee. However, ATNs on the Reports were delayed in respect of 25 paragraphs and three Performance Audits (PAs) included in the Reports of the CAG of India on the Revenue Sector of the GNCTD for the years ended 31 March 2012, 2013, 2014, 2015 and 2016, placed before the State Legislative Assembly between March 2013 and June 2017. The ATNs from the concerned Departments were received late with an average delay of six months in respect of each of these Audit Reports. ATNs in respect of 12 paragraphs and two PAs from the departments had not been received in respect of the Audit Reports for the year ended 31 March 2012, 2013, 2014, 2015 and 2016 as depicted in the **Table-1.8**.

Table-1.8: Details of paragraphs, performance audits and the ATNs

Sl. No.	Year of Report ending 31 March	Number of Paragraphs and Performance Audits printed in Report	Number of Paragraphs and Performance Audits for which ATNs were awaited
1	**2012**	16+1 (PA)	3+0(PA)
2	**2013**	2+1 (PA)	2+1(PA)
3	**2014**	3+0 (PA)	3+0(PA)
4	**2015**	0+1 (PA)	0+1(PA)
5	**2016**	4+0 (PA)	4+0 (PA)
Total		**25+3 (PA)**	**12+2(PA)**

PAC did not discuss paragraphs/PAs pertaining to the Audit Reports (Revenue Sector) for the period 2011-12 to 2015-16.

1.1.7 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Departments and the amount recovered are depicted in **Table-1.9**.

Table-1.9: Position of paragraphs included, accepted and amount recovered

(₹ in crore)

Year of Audit Report	Number of Paragraphs included	Money value of the Paragraphs	Number of Paragraphs accepted	Money value accepted	Amount recovered during the year 2016-17	Cumulative position of recovery of accepted cases as of 31 March 2017	Percentage of recovery
2006-07	16	254.93	13	209.06	-	0.27	0.13
2007-08	11	945.52	7	28.17	-	0.18	0.64
2008-09	15	1,729.62	7	109.00	-	0.14	0.13
2009-10	18	1,764.20	5	49.36	-	0.39	0.79
2010-11	15	1,479.98	4	58.00	-	0.06	0.10
2011-12	17	2,363.11	1	19.14	-	1.23	6.43
2012-13	3	536.00	3	70.16	-	00	0.00
2013-14	3	98.39	3	20.83	-	00	0.00
2014-15	1	1.34	1	1.34	-	0.02	1.49
2015-16	4	122.13	4	7.02	0.01	0.01	0.14
Total	**103**	**9,295.22**	**48**	**572.08**	**0.01**	**2.30**	**0.40**

It was observed that the progress of recovery, even in accepted cases was negligible. The reports for the year 2006-07 to 2015-16 contained audit findings involving ₹ 9,295.22 crore, out of which the observations involving money value of ₹ 572.08 crore were accepted by the Department. However, only an amount of ₹ 2.30 crore (0.40 *per cent*) was recovered by the Department.

The Department may initiate prompt action to pursue and monitor recovery of dues in the accepted cases.

1.1.8 Audit Planning

The unit offices under various Departments are categorised into high, medium and low risk units according to their revenue position, past trends of the audit observations and other parameters. The annual audit plan is prepared on the basis of a risk analysis which takes into account matters highlighted in the budget speech, white paper on State Finances, Reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, factors of the tax administration, audit coverage and its impact during the past five years.

During the year 2016-17, there were 153 auditable units of which 80 units were planned and audited. 8 units were additionally covered due to availability of mandays.

1.1.9 Results of audit

1.1.9.1 Position of local audits conducted during the year

Test check of the records of 88 units of the Department of Trade and Taxes, State Excise, Transport and Revenue conducted during the year 2016-17 revealed under assessment/short levy/loss of revenue and other irregularities involving ₹ 416.94 crore in 650 paragraphs as categorised in **Table-1.10**.

Table-1.10: Category wise Audit observations

Sl. No.	Categories	No. of paras/ cases	Amount (₹ in crore)
Sales Tax/Value Added Tax			
1	'Issue of Statutory Forms'	1	248.08
2	Loss of revenue due to irregular claim of concessional rate of tax by the dealers	1	0.53
3	Irregular claim of Input Tax Credit	3	0.48
4	Non-recovery of demand and consequential loss of interest	3	3.90
5	Loss of revenue due to non-payment of tax	1	0.26
6	Excess allowance of concessional rate of tax due to non-submission of details of Forms 'C'	1	1.01
7	Other irregularities	337	156.09
	Total	**347**	**410.35**
Motor Vehicle Tax			
1	Loss of interest due to delay in deposit of receipts to the Government Accounts	1	0.20
2	Miscellaneous Irregularities	119	0.98
	Total	**120**	**1.18**
Stamp Duty and Registration Fee and State Excise, Entertainment and luxury tax			
1	Other Irregularities	183	5.41
	Total	**183**	**5.41**
	Grand Total	**650**	**416.94**

During the course of the year, audit pointed out instances of short/non levy of revenue amounting to ₹ 416.94 crore out of which the concerned Departments accepted under assessment and other deficiencies of ₹ 7.04 crore.

1.1.10 Coverage of the Revenue Chapter

This chapter on Revenue Sector contains six paragraphs involving financial effect of ₹ 6.38 crore. In addition, the system of 'Issue of statutory forms' was also analysed and it was noticed that there were irregular issue of statutory forms of the value of ₹ 1,892.78 crore involving tax effect of ₹ 248.08 crore. The Departments have accepted audit observations involving ₹ 7.04 crore. These are discussed in the succeeding paragraphs. The paragraphs were forwarded to the Government; their reply was awaited (January 2018).

Department of Trade and Taxes

1.2 Issue of Statutory Forms

There was inadequate due diligence and oversight of the Ward Officers over issue of the Statutory Forms coupled with failure to strengthen/address the obvious deficiencies in DVAT system. As a result, there was irregular issue of Statutory Forms of ₹ 1,892.78 crore. This also resulted in escape of levy of tax/penalty in some cases amounting to ₹ 248.08 crore.

1.2.1 Introduction

1.2.1.1 The Department of Trade and Taxes (DTT), GNCTD is entrusted with implementing the Delhi Value Added Tax (DVAT) Act, 2004, Central Sales Tax (CST) Act, 1956 and Rules made thereunder. To encourage interstate trade and commerce between the registered dealers, the CST Act provides concessional rate of tax or exemption of tax against the transactions made by the dealers of different states in the course of interstate trade and commerce. To avail such concession or exemption of tax, different types of Statutory Forms[2] are issued to the purchasing dealers by the concerned State VAT/Commercial Tax Department where they are registered. The selling dealers can claim payment of concessional rate of tax or exemption of tax on production of such Statutory Forms. The total amount of Statutory Forms 'C' and 'F' issued by DTT during 2013-14 to 2015-16 are as follows: -

(₹ in crore)

Year	Form 'C'		Form 'F'	
	Number of Forms issued	Amount	Number of Forms issued	Amount
2013-14	6,24,264	1,14,513.91	1,54,131	1,39,629.77
2014-15	6,15,918	1,22,204.01	1,40,029	1,42,819.41
2015-16	5,80,429	1,26,596.75	1,21,173	1,34,775.94

1.2.1.2 The main types of Statutory Forms issued by the DTT are:

(i) **Form 'C'-** A registered dealer who purchases goods from another dealer registered in some other State shall issue Form 'C' to the selling dealer. The selling dealer charges CST at a concessional rate of two *per cent* on the value of goods sold and submit the Form 'C' to his assessing authority as proof of sale under CST and pays concessional rate of tax for such sale.

[2] **C-** Concessional Form used in inter-state sale, **F-** Form used for transfer of goods to its branch/ agent in other state, **E-I/II** Form used for transit sale, **H-** Form used in export of goods

(ii) Form 'F'- Transfer of goods not by reason of sales by a registered dealer to any other place of his business outside the state or to his agent or principal in other state is exempt from payment of tax on production of declaration in Form 'F'. The transferor of goods can claim exemption from CST on submitting Form 'F' to the Department.

1.2.1.3 The main audit objective was to assess the compliance of relevant Acts, Rules and instructions issued by DTT for issuing of Statutory Forms. Audit test-checked the cases which were assessed and/or Statutory Forms ('C' and 'F') were issued during 2013-14 to 2015-16. We reviewed data and case files of the selected assessees available in the DVAT system. This audit was conducted during April-July 2017 and replies of the DTT received in September 2017 to our audit observations have been suitably incorporated.

Audit findings

1.2.2 Issue of Forms without ensuring recovery of previous demands

Rule 5(4) of CST (Delhi) Rules, 2005 stipulates that if the applicant (the purchasing dealer) at the time of making the application for issue of Statutory Forms has defaulted in making the payment of tax assessed, re-assessed or the penalty imposed by the Commissioner under DVAT Act or under CST Act and in respect of which no orders for installment/stay have been obtained from the competent authority under the provision of law, the Commissioner shall withhold the issue of Declaration Forms to the applicant after affording him an opportunity of being heard and it was reiterated vide circular dated 28 August 2012.

Analysis and scrutiny of data available in the DVAT system revealed that demand ranging between ₹ 5 lakh and ₹ 10 lakh was raised on the basis of assessment in 514 cases during 2013-14 to 2015-16. In the system, these demands were shown as paid and subsequently Forms were issued to the dealers. We test checked 120 cases out of 514 cases and found that in 10 cases, 60 Forms of ₹ 211.73 crore **(Annexure 1.2.1)** were issued to the dealers by the DTT despite the fact that demands of ₹ 66.86 lakh were pending till 31 December 2016 but were incorrectly shown as 'paid' in the system.

Audit noted that the date of payment by the dealers predates the date of demand notice which is not possible. This means that there could be a possibility that it was done to enable issue of Forms and should be investigated to enforce the accountability of wrong doing. Thus, Forms of ₹ 211.73 crore to the defaulting dealers were issued without ensuring the recovery of past demands which was in violation of Rule 5(4) of CST (Delhi) Rules, 2005.

The DTT stated (September 2017) that concerned Assessing Authorities (AAs) and System Branch have been directed to take note of the observations and take all necessary action regarding making assessment/re-assessment of the dealers for creating lawful demands as well as for recovery of pending demands. System Branch has also been directed to inquire into the matter and to strengthen the DVAT System. However, reply of the System Branch was still awaited mainly on how it was shown as paid.

1.2.3 Issue of Statutory Forms in excess of declared purchase amount

Rule 5, 7 and 8 of CST (Delhi) Rules, 2005 stipulates that the purchasing dealer shall be issued such Statutory Forms by the Commissioner on the basis of requisition made by the dealer. DTT started the process of online issue of Forms to the dealers for the year 2012-13 in August 2012. As per the circular dated 28 August 2012, 'Forms will be issued on the basis of the data regarding purchases filed in Annexure 2A[3]'.

Scrutiny of 86 cases (where Statutory Form of ₹ 10 crore or more were issued in each case) on the system revealed that in two cases, Statutory Forms of ₹ 43.39 crore were issued to the dealers whose registration was already cancelled while as per their returns, items of only ₹ 2.98 crore were purchased. Thus, these dealers managed to download excess Statutory Forms of ₹ 40.41 crore **(Annexure 1.2.2)** which resulted in loss of revenue of ₹ 1.30 crore (under section 23 of DVAT Act) to the DTT. Besides, the possibility of illegal sale of these goods could not be ruled out. Moreover, the online system of issuing Statutory Forms should not have enabled the dealers whose registrations were cancelled to download the Forms in excess of their declared purchase amount. Thus, deficiencies in the system design and failure of the Ward Officers to monitor resulted in issue of excess amount of Statutory Forms of ₹ 40.41 crore to the dealers with revenue implication of ₹ 1.30 crore.

DTT stated (September 2017) that necessary directions have been issued to the AAs concerned to conduct assessment/re-assessment of all cases as per law for creating lawful demands and recovery of demand amount. It was also replied that the System Branch has been directed to inquire into the matter and strengthen the DVAT system by putting necessary corrective measures.

The Department may consider reviewing the cases where Forms were downloaded *vis-à-vis* the purchase amount declared by the dealers in their return and take action against the dealers who misused the system of downloading the Forms as the possibility of fraud by the dealers could not be ruled out. The reasons for failure of the Ward Officers to find these violations on their own and possible deficiency in system design of online downloading the Statutory Forms should be analysed for corrective action.

[3] Annexure 2A is a part of the periodic return which contains all the details of purchases (local as well as interstate) made by the dealer in a particular tax period.

1.2.4 Issue of Statutory Forms to the dealers without verifying the details in Certificate of Registration

Rule 5(1) of CST (Registration and Turnover) Rules, 1957 stipulates that Certificate of Registration (RC) of a dealer who is registered under CST Act, shall contain the class or classes of goods specified for the purpose of purchase and sale, principal place of business and details of additional places of business in other States from where the dealer conducts its business. Under Section 2 (dd) of CST Act, 1956, 'place of business' include the place of business of an agent through whom a dealer carried out its business.

(i) Issue of Forms to the dealers against the items not included in RC

Section 10(b) and 10(A)(1) of CST Act, 1956 *inter-alia* stipulates that if any registered dealer falsely represents when purchasing any class of goods that goods of such class are covered by his RC, the competent authority may impose upon him by way of penalty a sum not exceeding one-and-a half times the tax which would have been levied in respect of the sale to him of the goods. Section 10(A)(2) of CST Act, 1956 states that the penalty imposed shall be collected in the State in which the person purchasing the goods obtained the Form in connection with the purchase of such goods.

Scrutiny of 86 cases (where Forms of ₹ 10 crore or more were issued in each case) revealed that in seven cases, the purchasing dealers were allowed to download 'C' and 'F' Forms of ₹ 348.44 crore against the items which were not mentioned in their RCs. These dealers, thus were liable to pay penalty of ₹ 69.37 crore **(Annexure 1.2.3)** against such purchases but DTT failed to cross-check the RC prior to issuing the Forms and did not levy the penalty.

(ii) Issue of Forms 'F' without branch/consignment agent details in Registration Certificate

In cases of branch transfer/consignment sale, Section 6A (1) of CST Act provides tax exemption to the transferor provided that in support of such sale, the transferee issues Form 'F' to him.

Scrutiny of 86 cases (where Forms of ₹ 10 crore or more were issued in each case) revealed that in two cases[4], the dealers were allowed the claim of consignment purchase/branch transfer of goods of ₹ 136.73 crore as shown in their returns and Forms 'F' were issued though the RC of these dealers did not contain the details of the branches/consignment agents from whom the purchases were made. Thus, to prevent misuse of 'F' Forms, the competent authority prior to issuing Form 'F' to the purchasing dealer should have checked the details of branch/consignment agent in his RC. In the absence of this, authenticity of purchases on branch transfer of ₹ 136.73 crore made by the dealers against Forms 'F' could not be verified in audit and there is a risk

[4] (a)TIN – 07636895807, Ward – 24, Amount of Forms - ₹ 72,97,67,389
(b)TIN – 07756894189, Ward- 62, Amount of Forms - ₹ 63,75,43,901

that these were not branch transfer/consignment purchase and levy of tax could have escaped.

Thus, non-compliance of the provisions of CST Act and Rules by the Ward Officers led to irregular issue of Forms aggregating to ₹ 485.17 crore and non-levy of penalty of ₹ 69.37 crore.

DTT, on both the issues stated (September 2017) that an 'Add Item' link was made available on dealer portal of the DVAT System to add any item and branch/consignment agent details which was not mentioned in DVAT-04 or RC. This was done so that the dealer can add such details before downloading the Forms. It contended that in these cases, even though the items and branch/consignment agent details were not included in RC, download of the Forms was allowed as such details were added online by the dealers.

The reply is not acceptable as amendment in RC, like addition of new items to be traded, new branch/consignment agent details etc., in respect of interstate trade is allowed under Section 7(4) of CST Act and Rule 9 of CST (Registration and Turnover) Rules. This was to be done either on the basis of the application made by the dealer or after giving due notice to the dealer by the Department and in these cases, neither was done. The creation of 'Add Item' link in the DVAT system is against the provision of CST Act and Rules.

The Department should enquire all such violations and take actions as per the provisions of the Act. Besides, the Department should also review the existing system to prevent misuse of Statutory Forms by ensuring checking of the details of items, branches/agents available in the RC prior to allowing the dealers to download the Forms.

1.2.5 Non-adherence to the instructions led to irregular issue of Statutory Forms of ₹ 499.49 crore

(i) To prevent the misuse of downloading of Statutory Forms from DVAT system without showing any corresponding sale (local/inter-state) or negligible sale, the DTT in November 2015 restricted the system and decided not to allow the dealers to download Statutory Forms whose total sale for a tax period is less than 60 *per cent* of total purchase amount. The Ward Officer concerned was required to keep a watch on high value Forms downloaded by any dealer. The limit of 60 *per cent* was reduced to 45 *per cent* in January 2016.

Audit selected 86 cases where in each case, Forms amounting to ₹ 10 crore or more were issued. In addition, 55 cases were selected where in each case, sale purchase ratio was less than 60 *per cent* and single Form was greater than ₹ one crore and was issued after 18 November 2015. Scrutiny of these cases revealed that in the following 16 cases, the said instructions were not followed by the Ward Officers which resulted in irregular downloading of Statutory

Forms by the dealers as detailed below:-

a) In two cases, the dealers showed purchase of ₹ 51.74 crore and sale of only ₹ 12.40 crore. The sale, purchase ratio of the dealers was worked out to 23 *per cent*[5] and 29 *per cent*[6], which was less than threshold limit of 60 *per cent* fixed by the DTT to download the Statutory Forms. Audit noted that these dealers were allowed to download Forms of ₹ 41.15 crore.

b) In 13 cases, the sales to purchase ratio of the dealers was 'Zero' and these dealers were allowed to download Statutory Forms of ₹ 154.50 crore **(Annexure 1.2.4)** from the departmental website.

c) In one case, the registration of a dealer[7] was cancelled by the DTT on 24 February 2014 on the basis of DVAT-11[8], issued on 11 June 2015. As per the last revised returns filed by the dealer, its sale for the year 2014-15 was ₹ 89.96 crore and total interstate purchase was ₹ 480.49 crore. Even though the sales to purchase ratio was only 19 *per cent,* the dealer was allowed to download Statutory Forms of ₹ 240.37 crore after November 2015. Similarly, for the period 2015-16, the sales to purchase ratio was 'Zero', but interstate purchase of ₹ 239.52 crore against Forms was claimed by the dealer. However, the dealer was allowed to download Forms of ₹ 63.46 crore after November 2015. Hence, the dealer was irregularly allowed to download Statutory Forms of ₹ 303.83 crore for the years 2014-16.

Thus, failure of the Ward Officers to implement the instructions issued by DTT in November 2015 which prohibited online issue of Forms to the dealers who showed high interstate purchase but negligible corresponding sale led to irregular issue of Forms amounting to ₹ 499.49 crore to the ineligible dealers.

(ii) Section 23 of DVAT Act *inter-alia* stipulates that a person whose registration has been cancelled, shall pay tax in respect of the goods held on the date of cancellation, if these were sold at their fair market value.

Audit noted that the Ward Officers failed to assess the closing stock of ₹ 823.89 crore held by these 16 dealers and did not levy tax of ₹ 46.11 crore **(Annexure 1.2.5)** stipulated under Section 23 of DVAT Act, as the RC of these dealers was cancelled.

(iii) In three out of 16 cases, the dealers had shown ₹ 81.24 crore as interstate sale against statutory Forms. However, the Ward Officers did not assess the cases under CST Act and the possible amount of loss of revenue worked out to ₹ 4.20 crore (**Annexure 1.2.6**). The system also lacked necessary checks to block downloading of the Forms by the ineligible dealers.

---

5 TIN- 07020475664, Ward-66, 2014-15

6 TIN- 07816977932, Ward-24, 2015-16

7 TIN- 07826913211, Ward-24

8 DVAT-11 is issued to cancel RC of a dealer on the basis of show cause notice issued by DTT

DTT replied (September 2017) that in three cases[9], the Forms were downloaded online, though the dealers did not fulfill the criteria of sale to purchase ratio of 60 *per cent*. It stated that in these cases, the forms might have been downloaded during the intervening period between the date of issue of circular and actual date of implementation of related software on the DVAT module.

The reply is not acceptable as Forms were allowed to be downloaded by the DTT to the ineligible dealers, in violation of the departmental guidelines. These Forms were downloaded between 20 November 2015 and 8 March 2016 while the circular was issued on 18 November 2015. The sale to purchase ratio in all these cases ranges between zero to 29 *per cent* which was far less than the threshold limit of 45 *per cent* and 60 *per cent.* The reply indicates non-synchronisation of system updation and the intent of DTT towards debarring unscrupulous dealers from misusing the facility of downloading Statutory Forms. The Department should fix the responsibility of the Ward Officers who failed to implement the departmental instructions and did not act as per the provisions of DVAT Act, CST Act.

1.2.6 Irregular issue of Statutory Forms after filing of DVAT-09, issue of DVAT-11 and non-assessment of the dealers

Under Section 22 of DVAT Act, 2004 and Rule 16 of DVAT Rules, 2005, the registration of a dealer can be cancelled either on the request of the dealer in Form DVAT-09 or by the DTT. In the cases where the RC is cancelled by the DTT, it is done by issue of Form DVAT-11 only after serving a 'show cause notice' (in Form DVAT-10) to the concerned dealer. In addition to the issue of notice, the DTT conducts verification of the dealer by deputing VAT Inspectors. Circular dated 31 October 2008 *inter-alia* stipulates that the concerned Ward Officer should conduct immediate assessment in the cases where the dealers have closed down their business and to take steps in effecting recovery of demand, if any. Analysis of database and scrutiny of 86 selected cases (where Statutory Forms amounting to ₹ 10 crore or more were issued in each case) revealed the following irregularities:-

(a) In four cases, it was observed that the RC of the dealers was cancelled on the basis of request made by the assessee (DVAT- 09) and no dealer had applied for the restoration of RC. However, these dealers were allowed to download Forms of ₹ 374.46 crore (between October 2014 and January 2016) on the basis of original/revised returns filed after submitting DVAT-09 (between August 2014 and June 2015). It was observed that the dealers made interstate sale of ₹ 389.11 crore against Forms but the Ward Officers had not

[9] TIN- 07020475664, Ward-66, 2014-15
TIN- 07816977932, Ward-24, 2015-16
TIN- 07826913211, Ward-24

completed assessment under CST Act which resulted in non-levy of tax of ₹ 42.68 crore **(Annexure 1.2.7 (a))** as the assessees had shown the interstate sale but the details of the Statutory Forms in Form-9 has not been submitted by them. Moreover, in two cases as per the last returns filed, the dealers had closing stock of goods of ₹ 447.97 crore but the Ward Officers did not impose tax of ₹ 72.05 crore **(Annexure 1.2.7 (a))** under Section 23 of DVAT Act on such stocks held.

(b) Test check of seven out of 86 cases revealed that the DTT cancelled the RC by issuing DVAT-11, after verification by the VAT Inspectors. The verification reports stated that these dealers were not functioning at their address registered with the DTT. However, these dealers were allowed to download Forms of ₹ 196.37 crore **(Annexure 1.2.7 (b))** even after the issue of DVAT-11. It was also noted that these dealers claimed interstate sale of ₹ 247.38 crore against Forms but the details of the Statutory Forms were not submitted by the dealers in Form-9. The Ward Officers did not conduct assessment under CST Act prior to allowing them to download the Forms, which resulted in non-levy of tax of ₹ 12.37 crore **(Annexure 1.2.7 (b))**.

Thus, absence of system checks and non-monitoring by the Ward Officers led to irregular issue of forms of ₹ 570.83 crore to the dealers whose RCs were already cancelled on the basis of DVAT-09 and DVAT-11. There was non-compliance of the provisions of CST Act and departmental instructions by the Ward Officers which led non-assessment of interstate sale of ₹ 636.49 crore and subsequent non-levy of tax of ₹ 55.05 crore.

The matter was referred to the Department in September 2017; their reply was awaited (January 2018).

The Department should fix the accountability of the Ward Officers for their failure in conducting assessment and ascertaining tax liabilities of the dealers whose RCs were already cancelled. Besides, the Department should also review the existing system to prevent misuse of Statutory Forms.

1.2.7 Deficiency in system for issue of Statutory Forms

The DTT introduced (August 2012) online generation of Statutory Forms to its registered dealers for the financial year 2012-13 and onwards, which was later extended (August 2013) for the earlier periods. The dealers could download Forms by uploading details of interstate purchases made against Forms. As per circular issued in August 2012, each Statutory Form issued online was to bear a unique number, barcode, electronic seal and watermark. The DVAT system was to be equipped with necessary validation checks to prevent generation and issue of defective Statutory Forms to the dealers. Data analysis of 86 cases where Statutory Forms in excess of ₹ 10 crore were issued to each dealer revealed that:-

(a) in four cases, for five transactions of purchase aggregating to ₹ 61.75 crore (**Annexure 1.2.8**), multiple Statutory Forms were issued by the DTT against each purchase amount.

(b) in two cases, 50 Statutory Forms of ₹ 1.22 crore (**Annexure 1.2.9 (a)**) bearing same serial numbers were issued to the dealers. One dealer[10] was issued four 'C' Forms and five 'F' Forms containing same serial number which indicates flaws in the system designing, as the basic requirement of issue of Statutory Forms, having unique identification number was not fulfilled.

(c) in another case, the dealer was issued four 'F' Forms having 'nil' value but in the 'Dealer Profile' in the system, the transaction value of ₹ 22.18 crore (**Annexure 1.2.9 (b)**) was reflected.

Above discrepancies resulted in issue of multiple Forms against same transaction, generation of same serial number for different Forms and issue of 'nil' value Forms.

DTT replied (September 2017) that in two cases, the system branch is enquiring issue of multiple Statutory Forms against single transaction of purchase and necessary validation checks are being implemented. Further, it was stated that AAs have been issued instructions to make assessment/reassessment of these cases as per law for creating lawful demands and recovery of demand. In two cases, where Statutory Forms bearing same serial numbers were issued, DTT stated that it seems to be a technical anomaly and the System Branch is taking necessary action to ensure such instances are not repeated in future.

The generation of multiple Forms against single purchase value and multiple Forms having same serial number is generally not possible in automated environment and therefore the possibility of fraudulent and/or unauthorised overriding of controls should be effectively investigated.

1.2.8 Conclusion

There was inadequate due diligence and oversight of the Ward Officers over issue of the Statutory Forms coupled with failure to strengthen/address the obvious deficiencies in DVAT system. Statutory Forms were issued to the dealers without ensuring recovery of past demand and cross checking the purchase amount declared in the returns. The dealers were issued Statutory Forms without having the details of branches/consignment agents and items to be traded, in their certificate of registration. Departmental instructions to check misuse of downloading of Forms were not followed by the Ward Authorities, which led to irregular downloading of Forms by the dealers. Even after cancellation of the RC on the basis of adverse remarks, Statutory Forms

[10] TIN 07310254878, Ward-64

were issued to the dealers. Flaws in the system design and absence of proper validation checks resulted in issue of multiple Forms containing same serial number and also single transaction value being used twice to download Statutory Forms. As a result of such shortcomings, there was irregular issue of Statutory Forms of ₹ 1,892.78 crore. This also resulted in escape of levy of tax/penalty in some cases amounting to ₹ 248.08 crore. The Department should enquire all such violations and take actions as per the provisions of the Act. Besides, Department should also review the existing system to prevent misuse of Statutory Forms.

Further, the observations pointed out in this report are on sample basis. However, the DTT may look into such issues on similar lines as pointed out by audit and take appropriate action for enforcing the accountability of Ward Officers and recovery of short payment of taxes, if any.

The matter was reported to the Government in August 2017; their reply was awaited (January 2018).

1.3 Loss of revenue due to irregular claim of concessional rate of tax by the dealers

Due to failure of the assessing officer to ensure eligibility of dealers for the concessional tax, there was a loss of revenue of ₹ 52.93 lakh consisting of short levy of tax of ₹ 20.91 lakh, interest of ₹ 11.11 lakh and penalty of ₹ 20.91 lakh.

Sections 8(1) and 8(4) of the CST Act, 1956 provides that every dealer who in the course of inter-state trade or commerce sells to a registered dealer shall be liable to pay tax of two *per cent* of his turnover provided the dealer selling the goods furnishes a declaration in Form 'C' duly filled and signed by the purchasing dealer. Further, Section 86(10) of the DVAT Act, 2004 stipulates that the dealer shall be liable to pay by way of penalty a sum of ten thousand rupees or the amount of the tax deficiency, whichever is the higher. Interest shall also be payable under Section 42(2) of the DVAT Act for default in making the payment of any amount.

Records of Ward-17 revealed that three dealers[11] filed online purchase and sales in Form 2A/2B for the assessment year 2012-13 to 2014-15. These dealers made inter-state sale of ₹ 1.99 crore against 'C' Forms and paid concessional rate of tax @ two *per cent* on such sales. Online data of Rajasthan departmental site showed that the registration of purchasing dealers was already cancelled before the transactions took place with the selling dealers. On cross-verification by audit, the Commercial Tax Department, Government of Rajasthan also confirmed that the registration of two purchasing dealers had been cancelled. The department assessed the cases

[11] TIN-07780109944, 07300245329, 07830376521

between March 2014 and March 2017 but could not detect this irregularity. Hence, concessional rate of tax claimed by the selling dealers was inadmissible. Therefore, the dealers are liable to pay remaining tax of ₹ 20.91 lakh (@ 10.5% of ₹ 1.99 crore) alongwith, interest of ₹ 11.11 lakh and penalty of ₹ 20.91 lakh.

Thus, due to failure of the Assessing Authority to ensure eligibility of dealers for the concessional tax, there was a loss of revenue of ₹ 52.93 lakh consisting of short levy of tax of ₹ 20.91 lakh, interest of ₹ 11.11 lakh and penalty of ₹ 20.91 lakh.

The Department (September 2017) stated that demand of ₹ 24.75 lakh against two dealers[12] have been created alongwith interest by making default assessment for the year 2013-14 and 2014-15. In other two cases the Department stated that demand had already been created. Reply is not tenable as the demand pointed out by audit is for different 'C' forms for which no demand has been created by the Department. Reply also did not cover the aspect of failure of AA.

The matter was referred to the Government in August 2017; their reply was awaited (January 2018).

1.4 Irregular claim of Input Tax Credit

The Assessing Authorities allowed Input Tax Credit of ₹ 18.80 lakh to the assessees without verifying the details of tax deposited by the selling dealers, resulting in short levy of tax of ₹ 18.80 lakh, besides interest of ₹ 10.80 lakh and penalty of ₹ 18.80 lakh were also leviable.

Section 9 (2) (a) of the Delhi Value Added Tax (DVAT) Act, 2004 stipulates that no tax credit shall be allowed to assessee for goods purchased from a person who is not a registered dealer. Section 9 (2) (g) stipulates that no tax credit shall be allowed to the dealers or class of dealers unless the tax paid by the purchasing dealer has actually been deposited by the selling dealer with the Government or has been lawfully adjusted against output tax liability and correctly reflected in the return filed for the respective tax period. Section 86 (10) of the DVAT Act stipulates that any person who furnishes a return under this Act which is false, misleading or deceptive in a material particular shall be liable to pay by way of penalty a sum of ten thousand rupees or the amount of tax deficiency, whichever is the greater. Interest shall also be liable under the Section 42 (2) of the DVAT Act for default in making the payment of any amount. DTT, however did not adhere to these provisions of the DVAT Act

[12] TIN-07780109944,07300245329

in the following cases:

1. The records of two Wards[13] revealed that two assessees[14] filed quarterly return alongwith summary of purchases and sales for the assessment years 2011-12 and 2014-15. As per purchase summary (Annexure 2A) of these assessees available on the server of the DTT for the assessment years 2011-12 and 2014-15, the assessees claimed Input Tax Credit (ITC) of ₹ 14.71 lakh on local purchases of ₹ 2.94 crore. However, on cross verification, it was found that the selling dealers had not shown the sales to the assessees for the respective tax periods.

2. Similarly, three assessees[15] under Ward 70, had purchased goods of ₹ 0.82 crore and availed benefit of ITC of ₹ 4.09 lakh for the assessment year 2010-11. Audit verified purchase summary (Form DVAT 30/Annexure 2A) of these assessees and found that the claim of ITC was irregular as the selling dealers were not registered with the DTT and did not have Taxpayer Identification Number.

Thus, failure of the Assessing Authority in verifying the details of tax deposited by the selling dealers resulted in short levy of tax of ₹ 18.80 lakh (₹ 14.71 lakh + ₹ 4.09 lakh), besides interest of ₹ 10.80 lakh and penalty of ₹ 18.80 lakh were also leviable.

The Department accepted (September 2017) the facts in cases of two assessees[16] and created an additional demand of ₹ 33.44 lakh. In remaining cases of three assessees[17], the department stated that dealers had already been assessed and created demands. Department's reply is not acceptable, as in these cases the assessments were done only for pending statutory forms and sale of assets. The reply is silent as why AA allowed ITC without verification of deposit of tax by selling dealer.

The matter was referred to the Government in August 2017; their reply was awaited (January 2018).

1.5 Non-recovery of demand and consequential loss of interest

The Department failed to recover demand of ₹ 3.90 crore from the dealers whose registration had been cancelled.

Sections 32(2) and 33(2) of the DVAT Act, 2004 and Section 9(2) of the CST Act, 1956 provide that the amount of additional tax and penalty assessed is due and payable within the date stipulated in the assessment order served by

[13] Ward nos.14 and 95
[14] TIN-07850108596,07760263409
[15] TIN-07320165487,07340340173,07700135402
[16] TIN-07850108596,07760263409
[17] TIN-07320165487,07340340173,07700135402

the Commissioner. Any amount of tax, interest or penalty, composition money or other amount due under this act which remains unpaid even after the due date shall be recoverable under Section 43 of DVAT Act, 2004. Further, Section 22(9) of DVAT Act, 2004 stipulates that the cancellation of registration shall not affect the liability of any person to pay tax due for any period and unpaid as on the date of such cancellation or which is assessed thereafter notwithstanding that he is not otherwise liable to pay tax under this Act.

Scrutiny of records of three wards[18] for the years 2008-09 to 2013-14 revealed that the assessment of 12 dealers was completed under Section 32 and 33 of the DVAT Act, 2004 and Section 9(2) of the CST Act between May 2013 and September 2015 creating a demand of ₹ 3.90 crore (tax ₹ 1.79 crore; interest ₹ 0.39 crore and penalty ₹ 1.72 crore) though their registration had been cancelled by the department.

As per the orders of Assessing Authority, the dealers were to deposit the demand within a period of one month from the date of issue of assessment notice. In case, the demand was not deposited within the prescribed period, the department was liable to start further proceedings for recovery of tax, interest and penalty and to issue recovery certificates under Section 43 of DVAT Act, 2004. However, audit noticed that the Department did not take any action for realising the demand against the dealers whose registration certificates had been cancelled even after lapse of 20 months to 49 months.

The department (September 2017) stated that the proceedings of recovery had already been initiated by issuing Recovery Notice/writ of demands to the dealers. Notices have been issued towards their bank account attachments to recover the demand with interest. Dealers have been instructed through field functionaries to pay the amount urgently. The reply is not tenable as the recovery notices/writ of demands under Section 43 of DVAT Act, were to be issued immediately after expiry of one month from the date of assessment notice, whereas the department issued such notices after lapse of 20 months to 49 months, when it was pointed out in Audit. Moreover, as of 31 October 2017, the assessed demand was not recovered. There is a need to enforce accountability of officials for delay in issuing recovery notices under Section 43 of DVAT Act.

The matter was reported to the Government in July 2017; their reply was awaited (January 2018).

[18] Ward no.57, 62 and 86.

1.6 Loss of revenue due to non-payment of tax

Failure of Assessing Authority in ascertaining the correct tax liability of a dealer resulted in short payment of tax of ₹ 4.68 lakh. Interest of ₹ 4.75 lakh and penalty of ₹ 16.51 lakh were also due from the dealer.

Section 26 of DVAT Act, 2004 inter-alia provides that every registered dealer who is liable to pay tax shall furnish returns for each tax period to the Commissioner in the prescribed form. Section 42(2) of DVAT Act states that when a person is in default in making the payment of any tax, penalty or other amount due under this Act, he shall, in addition to the amount assessed, be liable to pay simple interest on such amount at the annual rate notified by the Government from time to time, computed on daily basis, from the date of such default for so long as he continues to make default in the payment of the said amount. Further, Section 86(12) of DVAT Act *inter-alia* stipulates that "where a tax deficiency arises, the dealer shall be liable to pay penalty, equal to one *per cent* of tax deficiency per week or rupees one hundred per week, whichever is higher, for the period of default".

Scrutiny of records of VATO, Ward 96 for the assessment year 2010-11 (Assessed during 2014-15), revealed that a dealer had shown total tax due as ₹ 12.90 lakh pertaining to the months of April, June and July 2010 but only ₹ 8.22 lakh was paid by the dealer. Assessing Authority (AA), however, did not scrutinise its returns to ascertain the correctness of tax paid by the dealer which resulted in short payment of tax of ₹ 4.68 lakh on which interest of ₹4.75 lakh and penalty of ₹ 16.51 lakh were also leviable.

Thus, failure of AA in ascertaining the correct tax liability of a dealer resulted in short payment of tax of ₹ 4.68 lakh, besides interest of ₹ 4.75 lakh and penalty of ₹ 16.51 lakh were also leviable.

The matter was referred to the Department/Government in June 2017; the Department stated (October 2017) that there has been wrong calculations of input tax, purchase return have been counted twice, due to which there is apparent difference between net tax shown in returns and actual tax due. The reply of the Department is not acceptable as input tax and amount of purchase return were correctly reflected in the returns but there was a short payment of regular tax which was not correctly detected by the AA. The Government reply was awaited (January 2018).

1.7 Excess allowance of concessional rate of tax due to non-submission of details of Forms 'C'

Excess allowance of concessional rate of tax on Form 'C' resulted in short levy of tax of ₹ 63.79 lakh. In addition, interest of ₹ 37.70 lakh was also leviable.

As per Section 8(1) of the CST Act, 1956, every dealer, who in the course of inter-state trade or commerce, sells to a registered dealer shall be liable to pay tax at the rate of two *per cent* of his turnover or at the rate applicable to the sale or purchase of such goods inside the appropriate State under the sales tax law of that State, whichever is lower. Section 8(4) of the CST Act, 1956 provided that a dealer furnishes to the prescribed authority a declaration in Forms 'C' duly filled and signed by the registered dealer to whom the goods are sold containing the prescribed particulars in the prescribed manner. Further, Rule 4(1) of CST (Delhi) Rules, 2005 states that every dealer shall furnish an electronically Reconciliation Return for a year in Form-9 relating to receipt of declarations/ certificates (statutory forms) within a period of six months from the end of the year to which it relates. The last date of filing the Form-9 details by the dealers for the year 2012-13 was 30 September 2014.

Scrutiny of records of Ward 202 revealed that a dealer[19] had claimed inter-state sale of ₹ 33.91 crore against Forms 'C' for the assessment year 2012-13 but shown the details of Forms 'C' of only ₹ 12.65 crore in Form-9 between November 2015 and January 2016, which implies that dealer did not furnish details of Forms 'C' of ₹ 21.26 crore. This resulted in excess allowance of concessional sale of ₹ 21.26 crore involving tax effect of ₹ 63.79 lakh. In addition, interest of ₹ 37.70 lakh was also leviable.

The Department stated (September 2017) that execution of DVAT Act 2004 and Rules thereunder is software module based including assessment and for assessment of time barring cases (as also applicable in respect of the referred dealer and the period), said software/module generates lists of the dealer who have filed Form-9 and who have not filed Form-9. In the instant case, the said dealer appeared on both the lists and the action was taken accordingly with subsequent rectifications on reconciliation of factual position in this regard. Further, in the mean-time, audit brought out its examination report in respect of the dealer. After checking and verifying facts and figures as given in audit report, the dealer has been assessed and raised a demand of ₹ 1.01 crore for the year 2012-13. The demand raised by the department however, has not been realised as of November 2017. Moreover, there is a need to enforce the accountability of the officers of DTT who failed to assess this case correctly as revenue loss could have gone undetected had the audit not pointed out to the department.

[19] TIN-07870184051

The matter was reported to the Government in July 2017; their reply was awaited (January 2018).

Department of Transport

1.8 Loss of interest due to delay in deposit of receipts to the Government Accounts

Delays in deposits of receipts in the Government accounts resulted in loss of interest of ₹ 20.20 lakh.

Rule 6(1) of the Central Government Account (Receipts and Payments) Rules, 1983 stipulates that all moneys received by or tendered to Government officers 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.

Records of the Transport Department (Department), Delhi for 2015-16 and 2016-17 showed that the Department receives cheques/demand drafts on monthly basis towards its share of consolidated fees deposited in the National Permit Account and Environment Compensation Charges from Pay and Accounts Office (Secretariat), Ministry of Shipping, Road Transport and Highways, New Delhi and South Delhi Municipal Corporation. Department deposited these cheques/demand drafts of ₹ 155.31 crore consisting of ₹ 123.91 crore on account of National Permit fees and ₹ 31.40 crore on account of Environment Compensation charges. Audit noted that these high value monthly receipts were not deposited timely in 22 months out of 24 months. Out of these 22 cases, there was a delay in deposit ranging between 11 days and 68 days in six cases, resulted in loss of interest [20]of ₹ 18.35 lakh.

Further, the Department made an agreement with the concessionaire in April 2012 for implementation of High Security Registration Plate (HSRP) project. The agreement Clause 5.17.1 stipulates that out of the total fee collected by concessionaire, an amount equal to two *per cent* of the total amount before tax shall be paid to the Department as Royalty. Audit found (July 2017) that concessionaire paid royalty cheques of ₹ 10.46 lakh to Department's Operations Branch for affixation of HSRP in the vehicles. The cheques of ₹ 10.46 lakh dated between 09 March 2015 and 04 January 2016 were sent to Accounts Office on 13 April 2016 after lapse of validity of three months. This resulted in loss of interest [21]of ₹ 1.85 lakh.

[20] Interest has been calculated @ 9.5 *per cent* per annum upto 31 March 2016 and 8.8 *per cent* per annum from April 2016 to 31 July 2017 which is charged by Central Government in respect of the central loan given to States and Union Territories.

[21] Interest has been calculated @ 9.5 *per cent* per annum upto 31 March 2016 and 8.8 *per cent* per annum from 1 April 2016 to 31 July 2017.

Department replied (July 2017) that the cheques in respect of National Permit fee and Environment Compensation Charges reaches in the accounts branch after four to five days due to marking by various officers of State Transport Authority and Accounts Branch. The time consumed on routine processing of DAK may not be termed as delay in remittance and in future Pay and Accounts Office (Secretariat), Ministry of Shipping, Road Transport and Highways would be informed that cheques and letters may be sent directly to Senior Accounts Officer, Transport Department directly. In the case of HSRP the Department while accepting the facts and figures stated (November 2017) that cheques/DDs were returned to operation branch for revalidation and has now been received after revalidation. The same had been deposited into bank on 9 November 2017 and thus there is no delay in depositing of Government receipts into the bank.

The Department's reply in both the cases is not acceptable. The cheques/ demand drafts in respect of National Permit fee and Environment Compensation Charges were in its custody only and Accounts Branch is a part of it and these were to be remitted to the government account as per above said Rule. In the case of HSRP though the cheques of ₹ 10.46 lakh have been deposited into the bank but the fact remains that the Department suffered a loss of interest of ₹ 1.85 lakh on these cheques, had these been timely deposited.

The matter was referred to the Government in August 2017; their reply was awaited (January 2018).

PART 'B'

Public Sector Undertakings

Chapter-II

Public Sector Undertakings

Chapter - II

Public Sector Undertakings

2.1 Functioning of State Public Sector Undertakings

2.1.1 Introduction

The State Public Sector Undertakings (PSUs) are established to carry out activities of commercial nature and occupy an important place in the State's economy. As on 31 March 2017, there were 17 PSUs, all working, in NCT of Delhi. Of these, no company was listed on the stock exchange(s). During the year 2016-17, no PSU was incorporated or closed down. The details of the State PSUs in NCT of Delhi as on 31 March 2017 are given in **Table 2.1.1**.

Table 2.1.1: Total number of PSUs as on 31 March 2017

Type of PSUs	Working PSUs	Total
Government Companies	15	15
Statutory Corporations	2	2
Total	**17**	**17**

The working PSUs registered a turnover of ₹ 7,718.33 crore as per their latest finalised accounts as of 30 September 2017. This turnover was equal to 1.24 *per cent* of State's Gross Domestic Product (GDP) for 2016-17. The working PSUs incurred loss of ₹ 2,520.95 crore as per their latest finalised accounts as of 30 September 2017. They had 0.36 lakh employees as at the end of March 2017.

2.1.2 Accountability framework

Audit of Government Companies is governed by Section 143(6) of the Companies Act, 2013 (Act). According to Section 2(45) of the Act, a Government company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s) and includes a subsidiary company of a Government company. Further, as per Section 143(7) of the Act, in case of any other company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments or partly by Central Government and partly by one or more State Governments, the Comptroller and Auditor General of India (CAG), may, by an order, cause test audit to be conducted of the accounts of such Company and provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, shall apply to such test audit. Audit of the financial statements in respect of the financial years that commenced earlier than 1 April 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

2.1.3 Statutory Audit

The financial statements of Government companies (as defined in Section 2(45) of the Companies Act, 2013) are audited by Statutory Auditors, who are appointed by the CAG as per the provisions of Section 139(5) or (7) of the Companies Act, 2013. As per provisions of Section 143(6) of the Act, *ibid*, these financial statements are also subject to supplementary audit to be conducted by CAG within sixty days from the date of receipt of the audit report under Section 143(5).

Audit of Statutory Corporations, is governed by their respective legislations. CAG is the sole auditor for Delhi Transport Corporation. Audit of Delhi Financial Corporation is conducted by chartered accountants appointed under the State Financial Corporations Act, 1951 and supplementary audit by CAG.

2.1.4 Role of Government and Legislature

The State Government exercises control over the affairs of these PSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the Government.

The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this purpose, the Annual Reports together with the Statutory Auditors' Reports and comments of the CAG in respect of State Government companies and Separate Audit Reports in case of Statutory Corporations are to be placed before the Legislature within three months of their finalisation or as stipulated in the respective Acts. The Audit Reports of CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

2.1.5 Stake of Government of NCT of Delhi

The GNCTD has substantial financial stake in these PSUs. This stake is of mainly three types:

- **Share Capital and Loans**: In addition to the Share Capital contribution, GNCTD also provides financial assistance by way of loans to the PSUs from time to time.
- **Special Financial Support:** GNCTD provides budgetary support by way of grants and subsidies to the PSUs as and when required.
- **Guarantees:** GNCTD also guarantee the repayment of loans with interest availed by the PSUs from Financial Institutions.

2.1.6 Investment in State PSUs

As on 31 March 2017, the investment (paid up capital, free reserves and long-term loans) in 17 PSUs was ₹ 30,433.81 crore as depicted in **Table 2.1.2**.

Table 2.1.2: Investment in PSUs

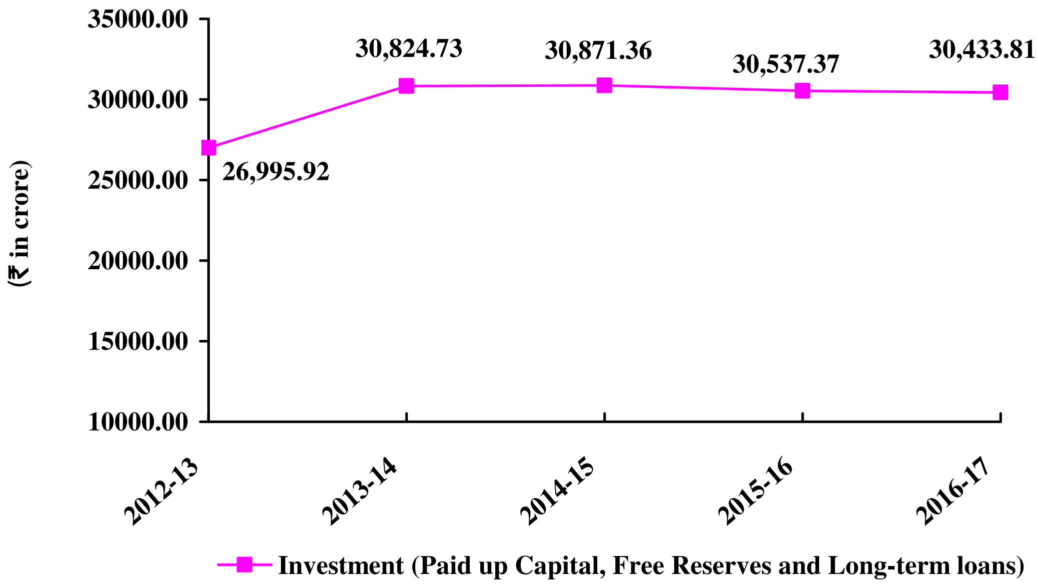
(₹ in crore)

Type of PSUs	Government Companies				Statutory Corporations				Grand Total
	Paid up Capital	Long Term Loans	Free Reserves	Total	Paid up Capital	Long Term Loans	Free Reserves	Total	
Working PSUs	7,588.43	5,897.97	3207.38	16,693.78	2,010.27	11,723.14	6.62	13,740.03	30,433.81

Source: Information collected from PSUs and from annual accounts.

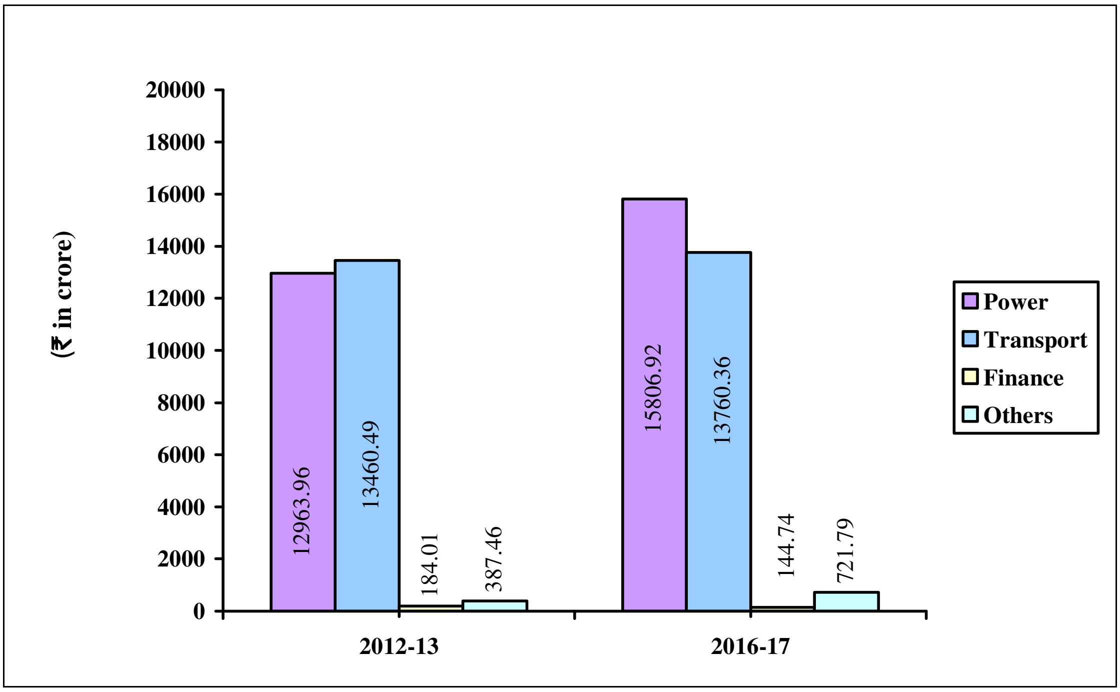
As on 31 March 2017, total investment consisted of 31.54 *per cent* towards paid up capital, 10.56 *per cent* in free reserves and 57.90 *per cent* in long-term loans. The investment has increased by 12.73 *per cent* from ₹ 26,995.92 crore in 2012-13 to ₹ 30,433.81 crore in 2016-17 as shown in **chart 2.1.1**.

Chart 2.1.1: Total investment in PSUs



The investment in four significant sectors at the end of 31 March 2013 and 31 March 2017 are indicated in **chart 2.1.2**.

Chart 2.1.2: Sector wise investment in PSUs



It is observed that the investment in power sector[1] increased from ₹ 12,963.96 crore in 2012-13 to ₹ 15,806.92 crore in 2016-17 and in transport sector[2] it increased from ₹ 13,460.49 crore in 2012-13 to ₹ 13,760.36 crore in 2016-17.

2.1.7 Special support and returns during the year

The GNCTD provides financial support to PSUs in various forms through the annual budget. The summarised details of budgetary outgo towards equity share capital, loans and grants/ subsidies in respect of State PSUs are given in **Table 2.1.3** for the three years ended 2016-17.

Table 2.1.3: Details regarding budgetary support to PSUs

(₹ in crore)

Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Share Capital outgo from budget	-	-	-	-	-	-
2.	Loans given from budget	2	200.00	3	565.00	3	469.98
3.	Grants/Subsidy from budget	6	1,603.35	4	1,339.41	5	1,744.77
	Total Outgo (1+2+3)		**1,803.35**		**1,904.41**		**2,214.75**

Source: Information collected from PSUs

[1] DPCL, DTL, IPGCL, PPCL and DSIIDC Energy Limited
[2] Delhi Transport and Infrastructure Development Corporation Limited and Delhi Transport Corporation.

2.1.8 Reconciliation with Finance Accounts

The figures in respect of share capital and loans outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2017 is given in **Table 2.1.4**.

Table 2.1.4: Share capital and loans outstanding as per finance accounts *vis-a- vis* records of PSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs*	Difference
Share capital[3]	9,297.92	9,197.64	100.28
Loans[4]	18,084.93	15,612.23	2,472.70

**Source: Information collected from PSUs*

Audit observed that the differences occurred in respect of eight[5] PSUs. Non-reconciliation of the figures lead to correct governmental expenditure being not available for legislative purview and other users. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

2.1.9 Arrears in finalisation of accounts

The financial statements of companies for every financial year are required to be finalised within six months from the end of the relevant financial year *i.e.* by September end, in accordance with Section 96(1) read with Section 129(2) of the Companies Act, 2013. Failure to do so may attract penal provisions under Section 99 of the Act *ibid*. Similarly, in case of statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

Table 2.1.5 provides the details of progress made by PSUs in finalisation of accounts as of 30 September 2017.

[3] Share capital figure consists of the share of State Government only.

[4] Figures of Loan were taken from the records of companies and matched with the information sourced from PAOs.

[5] DSCFDC, PPCL and DTIDC for equity figures and DSCFDC, PPCL, DTIDC, DTL, IPGCL, DPCL, DSCSC and DTTDC for loan figures.

Table 2.1.5: Position relating to finalisation of accounts of working PSUs

Sl. No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
1.	Number of working PSUs	17	17	17	17	17
2.	Number of accounts finalised during the year	21	15	9	12	15
3.	Number of accounts in arrears	12	14	22	27	29
4.	Number of working PSUs with arrears in accounts	3	4	11	14	15
5.	Extent of arrears (numbers in years)	1 to 9	1 to 10	1 to 11	1 to 12	1 to 13

PSUs having arrears of accounts need to take effective measures for early clearance of backlog and to make the accounts up-to-date. The PSUs should also ensure that at least one year's accounts are finalised so as to restrict further accumulation of arrears.

The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though the Finance Department was informed monthly by the Audit, of the arrears in finalisation of accounts, adequate remedial measures were not taken. As a result, the net worth of these PSUs could not be assessed in audit. The matter was also taken up with the Chief Secretary, Government of NCT of Delhi in November 2017.

The GNCTD had invested ₹ 2,373.31 crore in seven PSUs {share capital: ₹ 19.28 crore (one PSU), loans: ₹ 522.47 crore (four PSUs) and grants/ subsidy ₹ 1,831.56 crore (six PSUs)} during the years for which accounts have not been finalised as detailed in **Annexure 2.1(i)**. In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted for and whether the purpose for which the amount was invested was achieved or not. Thus, Government's investment in such PSUs remained outside the control of State Legislature.

2.1.10 Placement of Separate Audit Reports

Table 2.1.6 shows the status of placement of Separate Audit Reports (SARs) issued by the CAG on the accounts of Statutory Corporations in the Legislature.

Table 2.1.6: Status of placement of SARs in Legislature

Sl. No.	Name of statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature	
			Year of SAR	Date of issue to the Government/Present Status
1.	Delhi Transport Corporation	2014-15	2015-16	17.05.2017
2.	Delhi Financial Corporation	2014-15	2015-16	15.11.2016

2.1.11 Impact of non-finalisation of accounts

Delay in finalisation of accounts may result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant statutes. In view of the above state of arrears of accounts, the contribution of PSUs to the State GDP for the year 2016-17 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

2.1.12 Performance of PSUs as per their latest finalised accounts

The financial position and working results of Government companies and Statutory Corporations are detailed in **Annexure 2.1(ii)**. The ratio of PSU turnover to State GDP shows the extent of PSUs activities in the State economy. **Table 2.1.7** provides the details of turnover of working PSUs and State GDP for the period of five years ending 2016-17.

Table 2.1.7: Details of working PSUs turnover *vis-a-vis* State GDP

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Turnover[6]	8,465.57	8,415.09	8,210.02	8,597.77	7,718.33
State GDP*	3,91,238	4,43,783	4,92,424	5,51,963	6,22,385
Percentage of Turnover to State GDP	2.16	1.90	1.67	1.56	1.24

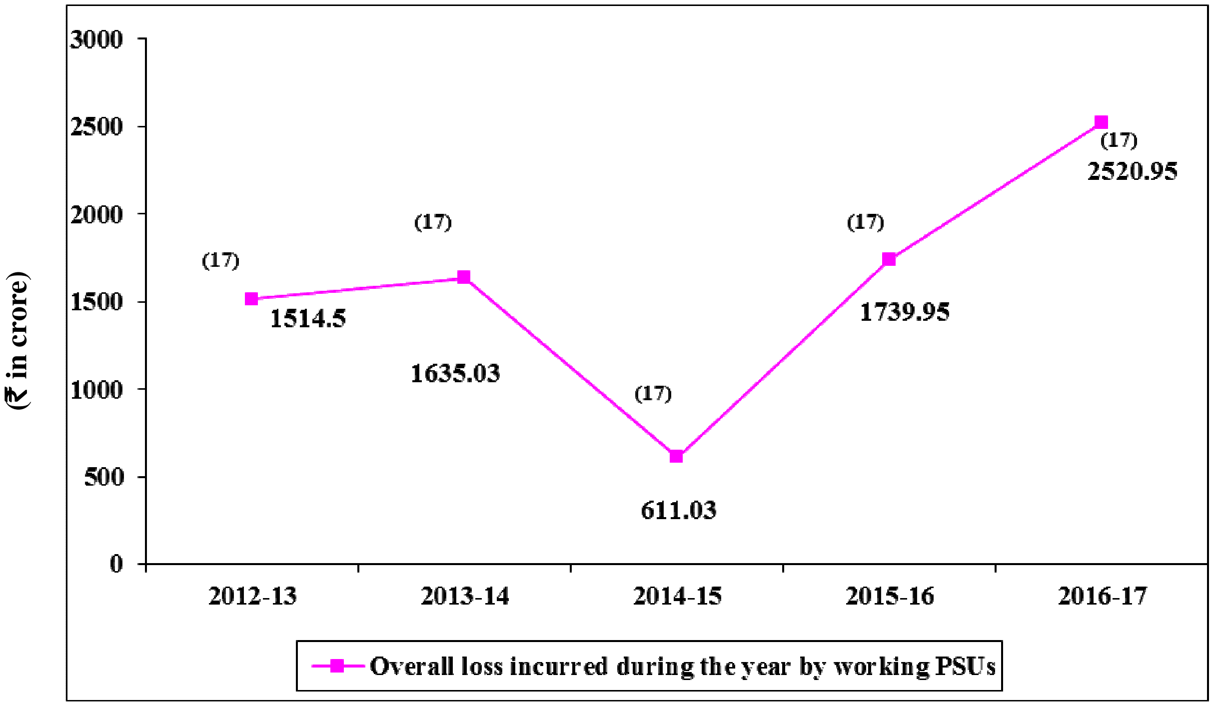
(Source: Information collected from PSUs and State GDP Data)

It is observed that the turnover of State PSUs to the State GDP in percentage terms decreased from 2.16 *per cent* in 2012-13 to 1.24 *per cent* in 2016-17.

Overall losses incurred by State working PSUs during 2012-13 to 2016-17 are given in a **chart 2.1.3**.

[6] Turnover as per the latest finalised accounts as of 30 September .
*State GDP figures are based on current prices of base year 2011-12.

Chart 2.1.3: Loss of working PSUs



(Figures in brackets show the number of working PSUs in respective years)

It is observed that the overall losses suffered by the PSUs increased from ₹ 1,514.50 crore in 2012-13 to ₹ 2,520.95 crore in 2016-17.

The summarized financial results of Government companies and Statutory Corporations for the latest year for which accounts were finalized are given in **Annexure 2.1(ii)**. During the period from 01 October 2016 to 30 September 2017, out of 17 working PSUs, one working PSU[7] prepared its accounts on a 'no profit no loss' basis, ten PSUs earned profit of ₹ 967.60 crore and six PSUs incurred loss of ₹ 3,488.55 crore as depicted in **Table 2.1.8 (a)** and **(b)**.

Table 2.1.8 (a): Details of working PSUs registering profit

(₹ in crore)

Name of the Company	Period of accounts	Year in which accounts finalised	Net profit
Delhi SC /ST /OBC Minorities, Handicapped Financial and Development Corporation Limited	2003-04	2013-14	5.57
Delhi State Industrial & Infrastructure Development Corporation Limited	2015-16	2016-17	38.46
Delhi Power Company Limited	2015-16	2016-17	81.91
Delhi Transco Limited	2015-16	2016-17	545.31
Pragati Power Corporation Limited	2015-16	2016-17	250.75
Delhi State Civil Supplies Corporation Limited	2015-16	2016-17	8.49

[7] Shahjahanabad Redevelopment Corporation Ltd.

Delhi Tourism and Transportation Development Corporation Limited	2015-16	2016-17	2.48
Geospatial Delhi Limited	2015-16	2016-17	4.77
Delhi Transport and Infrastructure Development Corporation Limited	2013-14	2016-17	28.16
Delhi Financial Corporation	2015-16	2016-17	1.70
Total			**967.60**

Table 2.1.8 (b): Details of working PSUs registering loss

(₹ in crore)

Name of the Company	Period of accounts	Year in which accounts finalised	Net loss
Indraprastha Power Generation Company Limited	2015-16	2016-17	77.45
DSIIDC Energy Limited	2016-17	2017-18	0.00[8]
Delhi Creative Arts Limited	2015-16	2016-17	0.00[9]
DSIIDC Liquor Limited	2015-16	2016-17	0.00[10]
DSIIDC Maintenance Services Limited	2016-17	2017-18	0.00[11]
Delhi Transport Corporation	2015-16	2017-18	3,411.10
Total			**3,488.55**

- The major contributors to profit were Delhi Transco Limited (₹ 545.31 crore), Pragati Power Corporation Limited (₹ 250.75 crore), Delhi Power Company Limited (₹ 81.91 crore) and Delhi State Industrial and Infrastructure Development Corporation Limited (₹ 38.46 crore).
- Losses were incurred by Delhi Transport Corporation (₹ 3,411.10 crore) and Indraprastha Power Generation Company Limited (₹ 77.45 crore).

Some other key parameters of PSUs are given in **Table 2.1.9**.

8 ₹ 17,410
9 ₹ 29,500
10 ₹ 29,500
11 ₹ 28,750

Table 2.1.9: Key Parameters of State PSUs

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Equity	-8,263.37	-9,614.56	-10,964.73	-13,043.99	-15,873.47
Investment	26,995.92	30,824.73	30,871.36	30,537.37	30,433.81
Net Profit before Tax, Interest and Dividend	965.65	1,167.13	2,636.33	1,796.98	1,489.39
Net profit after tax and preference dividend	-1,775.79	-2,034.72	-942.44	-2,049.74	-2,867.88
Return on Investment[12]	0.04	0.04	0.09	0.06	0.05
Return on Equity[13]	Not measurable as Equity in all the year's is negative.				
Debt	16,554.03	18,776.68	18,809.72	17,789.86	17,621.11
Turnover[14]	8,465.57	8,415.09	8,210.02	8597.77	7718.33
Debt/ Turnover Ratio	1.96:1	2.23:1	2.29:1	2.07:1	2.28:1
Interest Payments	2,478.64	2,801.25	3,243.56	3,537.25	4,010.34
Accumulated Profits (losses)	(16,907.61)	(19,211.44)	(20,561.61)	(22,642.63)	(25,470.56)

Source: As per latest finalised Annual Accounts of PSUs

As per their latest finalised accounts, 10 PSUs earned an aggregate profit of ₹ 967.60 crore and one PSU namely Delhi State Civil Supplies Corporation Limited declared a dividend of ₹ 0.50 crore. The remaining nine PSUs did not declare dividend despite earning profit of ₹ 959.11 crore.

2.1.13 Accounts Comments

Fourteen working companies forwarded their 19 audited accounts to Accountant General during the period from October 2016 to September 2017. Out of these, 15 accounts of 14 companies were selected for supplementary audit and four accounts were selected for issue of Non review certificate. Out of these, twelve accounts (ten[15] PSUs) were finalised and remaining seven[16] accounts were under finalization as on 30 September 2017. Ten accounts of ten companies, which were under finalisation as of 30 September 2016 were also finalised during the above period. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given in **Table 2.1.10**.

[12] Return on Investment = Profit before dividend, tax and Interest/ Investment where Investment = Paid up Capital + Free Reserves + Long term loans

[13] Return on Equity = (Net Profit after tax and Preference dividend) / Equity where Equity = Paid up capital + Free Reserves and Surplus minus Accumulated Losses minus Deferred Revenue Expenditure

[14] Turnover of working PSUs as per the latest finalised accounts as of 30 September 2017

[15] DTL, IPGCL, PPCL, DSCSC, DPCL, DSIIDC, DSIIDC Maintenance Services Limited, Delhi Creative Arts Limited, DSIIDC Energy Limited, DSIIDC Liquor Limited for the year 2015-16 and DSIIDC Maintenance Services Limited and DSIIDC Energy Limited for the year 2016-17.

[16] GSDL, SRDC, DTTDC, DSIIDC, DSIIDC Liquor Limited and Delhi Creative Arts Limited for the year 2016-17 and DTIDC (2014-15).

Table 2.1.10: Impact of audit comments on working Companies

(₹ in crore)

Sl. No.	Particulars	2014-15		2015-16		2016-17[17]	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	-	-	6	359.42	6	716.74
2.	Increase in profit	2	0.25	3	339.47	2	433.77
3.	Decrease in loss	-	-	-	-	2	230.00
4.	Increase in loss	1	2.59	-	-	1	91.04
5.	Non-disclosure of material facts	1	3.15	1	57.43	4	153.54
6.	Errors of classification	1	3.54	2	31.36	-	-

- During the year, the Statutory Auditors had given unqualified certificates for six accounts[18], qualified certificates for twelve accounts[19] and adverse certificate (i.e., accounts do not reflect a true and fair position) for one account[20].
- Qualifications by statutory auditors had the effect of decreasing the reported profit (₹ 81.91 crore) of DPCL by ₹ 690.02 crore for the year 2015-16. Qualifications by the CAG had the effect of increasing the reported loss (₹ 77.45 crore) of Indraprastha Power Generation Company Limited for the year 2015-16 by ₹ 91.04 crore.
- The compliance of companies with the accounting standards remain poor. There were 15 instances of non-compliance in six accounts.

Similarly, two Statutory Corporations forwarded their two accounts for audit during the period from October 2016 to September 2017. Of these, one account of Delhi Transport Corporation pertained to sole audit by CAG which was completed and SAR was issued for the year 2015-16. Remaining one account of Delhi Financial Corporation for the year 2016-17 was selected for supplementary audit which was under finalization as on 30 September 2017. The Audit Reports of Statutory Auditors and the sole/ supplementary audit of CAG indicated the need to improve the quality of maintenance of accounts. The details of aggregate money value of comments of statutory auditors and CAG on the accounts audited during the last three years are given in **Table 2.1.11**.

17 Impact of accounts comments for DTIDC is for the year 2013-14.
18 DSCSC, DCAL, DSIIDC Liquor Limited (2015-16) and DTTDC, GSDL, SRDC (2016-17)
19 DPCL, DTL, IPGCL, PPCL, DSIIDC, DSIIDC Maintenance Services Limited, DSIIDC Energy Limited (2015-16) and DSIIDC Maintenance Services Limited, DSIIDC Energy Limited, Delhi creative Arts Limited, DSIIDC Liquor Limited and DSIIDC (2016-17)
20 DTIDC (2013-14)

Table 2.1.11: Impact of audit comments on Statutory Corporations

(₹ in crore)

Sl. No.	Particulars	2014-15		2015-16		2016-17[21]	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	-	-	1	0.16	1	3.79
2.	Increase in profit	-	-	-	-	-	-
3.	Decrease in loss	1	24.56	-	-	1	15.10
4.	Increase in loss	1	2,695.74	1	1,978.50	1	2,389.34
5.	Non-disclosure of material facts	-	-	1	964.04	2	127.94
6.	Errors of classification	-	-	-	-	1	25.24

2.1.14 Response of the Government to Audit

For the Report of the Comptroller and Auditor General of India (CAG) for the year ended 31 March 2017, one Performance Audit (PA) and eight compliance audit paragraphs (including one follow up audit) were issued to the Additional Chief Secretaries/Principal Secretaries of the respective Departments with request to furnish replies within six weeks. However, replies in respect of the performance audit and six compliance audit paragraphs were awaited from the State Government (January 2018).

2.1.15 Follow up action on Audit Reports

The Public Accounts Committee (PAC) stipulates that after presentation of the Report of the CAG of India in the Legislative Assembly, Departments shall initiate action on the audit paragraphs and the Action Taken Notes (ATNs) thereon should be submitted by the Government within four months of tabling the Report, for consideration of the Committee. However, Action Taken Notes were not received in 20 percent of the performance audits and 33 *per cent* of the audit paragraphs as on 30 September 2017 as depicted in **Table 2.1.12**.

[21] The impact of accounts comments for DTC and DFC is for the year 2015-16.

Table 2.1.12: Action Taken Notes not received as on 30 September 2017

Period of Audit Report	Date of placement of Audit Report in the State Legislature	Number of reviews/ paragraphs			
		Appeared in Audit Report		Pending ATNs	
		PAs	Paragraphs	PAs	Paragraphs
2012	02.04.2013	1	3	1	Nil
2013	01.08.2014 (In Parliament)	1	7	Nil	Nil
2014	30.06.2015	1	2	Nil	2
2015	13.06.2016	1	6	Nil	3
2016	10.03.2017	1	6	Nil	3
Total		**5**	**24**	**1**	**8**

2.1.16 Discussion of Audit Reports by Committee on Government Undertakings (COGU)

The status as on 30 September 2017 of PAs and paragraphs that appeared in Audit Reports (PSUs) and discussed by the COGU was as given in **Table 2.1.13**.

Table 2.1.13: Reviews/paras appeared in Audit Reports and discussed as on 30 September 2017

Period of Audit Report	Number of reviews/ paragraphs			
	Appeared in Audit Report		Paras discussed	
	PAs	Paragraphs	PAs	Paragraphs
2012	1	3	Nil	Nil
2013	1	7	1	3
2014	1	2	1	Nil
2015	1	6	Nil	Nil
2016	1	6	Nil	Nil
Total	**5**	**24**	**2**	**3**

2.1.17 Disinvestment, Restructuring and Privatisation of PSUs

The State Government had not undertaken the exercise of disinvestment, privatisation or restructuring of any of the State PSUs during 2016-17.

2.1.18 Coverage of the Chapter

This chapter contains eight paragraphs (including one follow up audit on performance audit of Delhi Transco Limited) and one performance audit on the 'Working of Delhi Scheduled Castes, Scheduled Tribes, Other Backward Classes, Minorities and Handicapped Financial and Development Corporation Limited' involving financial implications of ₹ 102.38 crore.

Department for the Welfare of SC/ST/OBC/Minorities

2.2 Working of Delhi Scheduled Castes, Scheduled Tribes, Other Backward Classes, Minorities and Handicapped Financial and Development Corporation Limited.

Delhi Scheduled Castes, Scheduled Tribes, Other Backward Classes, Minorities and Handicapped Financial and Development Corporation Limited is a State owned Company of the Government of National Capital Territory of Delhi (GNCTD) to finance, facilitate and promote the economic activities for all round development and economic upliftment of the members of Scheduled Castes/ Scheduled Tribes/ Other Backward Classes/ Minorities/ Safai Karamcharis and Handicapped persons who are living below the poverty line in National Capital Territory of Delhi through formulation of economic development schemes and mobilization of institutional credits while functioning as a promoter and catalyst. Some of the significant audit findings are summarised below:

Highlights

The Company neither conducted any survey for identification of targeted groups nor maintained any database of intended beneficiaries.

(Paragraph 2.2.2)

The Company has not been finalising its Financial Statements on regular basis. Financial Statements for the year 2004-05 and subsequent years have not been audited.

(Paragraph 2.2.3.1)

Percentage of disbursement of loan which was 45.41 *per cent* of total available funds in 2012-13 declined to 12.90 *per cent* in 2016-17.

(Paragraph 2.2.3.2)

There were significant shortfalls in achieving physical target of lending activities of the Company. The achievements ranged between one and 61 *per cent* of the targets under various schemes during the period 2012-17.

(Paragraph 2.2.4.1)

There were deficiencies in extending financial assistance with significant delays in disbursement of loans.

(Paragraph 2.2.4.4)

The system for follow up of the recovery from the beneficiaries was unsatisfactory as the total recovery made during the year 2016-17 was only 11 *per cent.* There was non-recovery of ₹ 23.77 crore as on 31 March 2017, from the beneficiaries in respect of overdue cases.

(Paragraph 2.2.5)

The recovery process in as many as 3,533 cases out of 5,192 cases , who had not been issued no objection certificates, was not initiated.

(Paragraph 2.2.5.2)

The grievances redressal mechanism was inadequate and the internal control system was weak and ineffective.

(Paragraph 2.2.7)

2.2.1 Introduction

Delhi Scheduled Castes Financial and Development Corporation Limited was established in 1983 under Companies Act, 1956 and renamed Delhi Scheduled Castes, Scheduled Tribes, Other Backward Classes, Minorities and Handicapped Financial and Development Corporation Limited (Company). The Company was set up to assist the members of Scheduled Castes, Scheduled Tribes, Other Backward Classes, Minorities and Handicapped who are living below the poverty line in National Capital Territory of Delhi (NCTD) by financing and mobilising institutional credits; facilitating and promoting the economic activities; imparting training to youths in various income generating and job oriented courses and functioning as a promoter and catalyst for their all-round development and economic upliftment.

The Company has been designated as State Channelising Agency (SCA) to implement the schemes financed by National Apex Corporations viz. National Scheduled Castes Finance and Development Corporation (NSFDC), National Scheduled Tribes Finance and Development Corporation (NSTFDC), National Backward Classes Finance and Development Corporation (NBCFDC), National Minorities Development and Finance Corporation (NMDFC), National Safai Karamcharis Finance and Development Corporation (NSKFDC) and National Handicapped Finance and Development Corporation (NHFDC).

For implementing the schemes, the Company receives funds from Apex Corporations which carry interest at the rate of three *per cent* per annum. The Company charges interest at the rate of six *per cent* from the beneficiaries. This generates income for the Company to the extent of three *per cent* on its lending activities. Besides, the Company also earns income from interest on funds deposited with banks and renting space in its office building.

2.2.1.1 Organisational set-up

The management of the Company is vested in the Board of Directors (BoDs) comprising 12 Directors with Chairman-cum- Managing Director (CMD) as the Chief Executive of the Company. Apart from the CMD, the BoDs consists of two nominated members each from the GNCTD and Government of India, one member each from NHFDC, NMDFC and NBCFDC and four eminent persons from the group of targeted beneficiaries. The Minister of the Department for the Welfare of SC/ST/OBC/Minorities, GNCTD is the Chairman, and Principal Secretary/ Secretary (SC/ST/OBC/Minorities Department) and Special Secretary (Finance Department) represent the GNCTD.

2.2.1.2 Audit Objectives

The audit objectives of this performance audit were to assess whether:

(i) the Company had planned, formulated and implemented the designated financial assistance schemes effectively, economically and efficiently and

(ii) there was an effective oversight and monitoring system over selection, sanction, release and recovery of credits extended to the targeted beneficiaries.

2.2.1.3 Audit Scope and Methodology

This Performance Audit was conducted during April 2017 to September 2017 covering the activities of the Company during the five year period from April 2012 to March 2017. During this period, the Company disbursed 89, 72, 173, 501 and 2 loans under the Education Loan Scheme, Transport Loan, Dilli Swarojgar Yojna, Composite Loan and Big Loan Schemes respectively, of which Audit selected 23, 22, 25, 60 and 2 loan cases respectively, covering 16 *per cent* of total numbers of loans disbursed during this period. The records of the Company's head office and three zonal offices, were examined.

An entry conference was held (May 2017) with the Company to discuss audit methodology, scope, objectives and criteria for the performance audit. The audit findings were reported (September 2017) to the Management and exit conference was held (September 2017) which was attended by the Executive Director along with the officers of the Company. The replies of the Company dated 30 January 2018 have been suitably incorporated in this report.

2.2.1.4 Audit criteria

The audit findings were benchmarked against criteria derived from the following:

(i) Agenda and minutes of the Board meetings of the Company and Delegation of powers;

(ii) Policy/Framework/Criteria/guidelines laid down by the State/Central Government/National Apex Corporations;

(iii) Procedures of the Company for sanction, disbursement, recovery and monitoring of loans; and

(iv) Office records/orders/circular/instructions issued by the Company.

Audit findings

2.2.2 Inadequate Planning

There were inadequacies in planning. The Company prepared a Memorandum of Understanding (MoU) indicating its objectives for each financial year and submitted them to the Administrative Ministry but the same could not be executed. The proposed MoU were received back from the Administrative Ministry after the particular financial year was over. As a result, the MoU could not be executed.

The Company also prepared its annual plans as well as a five year plan (2012-17) though there were significant shortfalls in achieving target of lending activities ranging between 38.80 and 99.04 *per cent,* under various schemes during the period of 2012-17. This shows that implementation of the welfare schemes was poor, thereby depriving the targeted beneficiaries of intended benefits as discussed in the performance audit.

Further, the Company needed to profile the population of the target groups living in the GNCTD plan and fix progressive targets for disbursing the assistance under the stated schemes and prepare an action plan for effective implementation of the said schemes. Identification of beneficiaries was crucial given that the development schemes were targeted to the downtrodden strata of the society, having a greater risk of exclusion owing to their lack of awareness. This called for maintenance of reliable database of SC/ST/OBC/ Minorities/Handicapped population through suitable survey, which would provide a base for planning and extending financial assistance and to cover the entire targeted population in a phased manner. The Company however did not conduct any survey to identify the target groups and for identification of viable professions and trades to which loans can be given. It also did not maintain any database of intended beneficiaries.

The Company while accepting the facts stated that targets could not be achieved mainly due to implementation of model code of conduct during elections between 2013 and 2015, non-availability of sanctioning authority for more than a year, time taken in making amendments in Delhi Swarojgar Yojna. The reply is not acceptable as the Company should have taken more proactive efforts to manage these issues. Moreover, the Company could not achieve its physical targets of disbursement of loans in all five years covered in audit.

2.2.3 Financial Management

2.2.3.1 Arrears in finalisation of Annual Accounts

The Company has finalised its financial statements only upto the year 2003-04. In absence of the audited Financial Statements for the periods 2004-05 and thereafter, adequacy and effectiveness of the financial controls and accountal of the receipts, expenditure, assets and liabilities including investments and utilisation of funds for stated purpose could not be vouch-safed. The Company had fixed assets of ₹ 5.20 crore as per unaudited accounts on 31 March 2011 but it did not maintain the fixed assets register nor had conducted any physical verification of its assets since inception.

The Company while confirming the facts stated that accounts could not be finalised due to non-availability of qualified officials. They added that accounts for the year 2015-16 has now been finalised and that fixed assets register as per Company Act is under preparation and the physical verification would be carried out very soon. The reply of the Management could not be verified in the absence of any records to support the averments. Audit, however, observed that the accounts for the year 2004-05 and 2005-06 have been audited by the statutory auditors as of 30 January 2018.

2.2.3.2 Receipts and Disbursements

The Company gives loans to eligible beneficiaries under various schemes as enumerated below:

Composite Loan Scheme: Under this scheme, loan assistance ranging from ₹ 50,000 to ₹ Two lakh only for members of Scheduled Castes, Other Backward Classes, Minorities, Safai Karamcharis and Physically Handicapped is sanctioned and disbursed for any income generating activity in various trades approved by the Municipal Corporations of Delhi (MCD), such as vegetable/fruit/flower shop, bakery items, kiryana/general store, dairy products/Photostat/cyber café, chemist shop, pan shop, tailoring shop, atta chakki, laundry etc.

Transport Loan Scheme: Under this scheme, the Company provides loans for approved commercial vehicles. The value of loan disbursed depend amount the cost of the vehicle. This target category are members of Scheduled Castes, Other Backward Classes, Minorities, Safai Karamcharies and Physically Handicapped.

Education Loan Scheme: Under the scheme, the Company provides loans to students of target groups for pursuing professional and technical courses. The Company advances loan to a maximum of ₹ 7.50 lakhs, if studying in India and up to ₹ 15.00 lakh, if studying abroad.

Big Loan Scheme: The loan under this category is provided for setting up of economic activities in small scale (for project costing upto ₹ five lakh). The loan under this category is provided in agriculture and allied sector, traditional occupations and small and tiny industries.

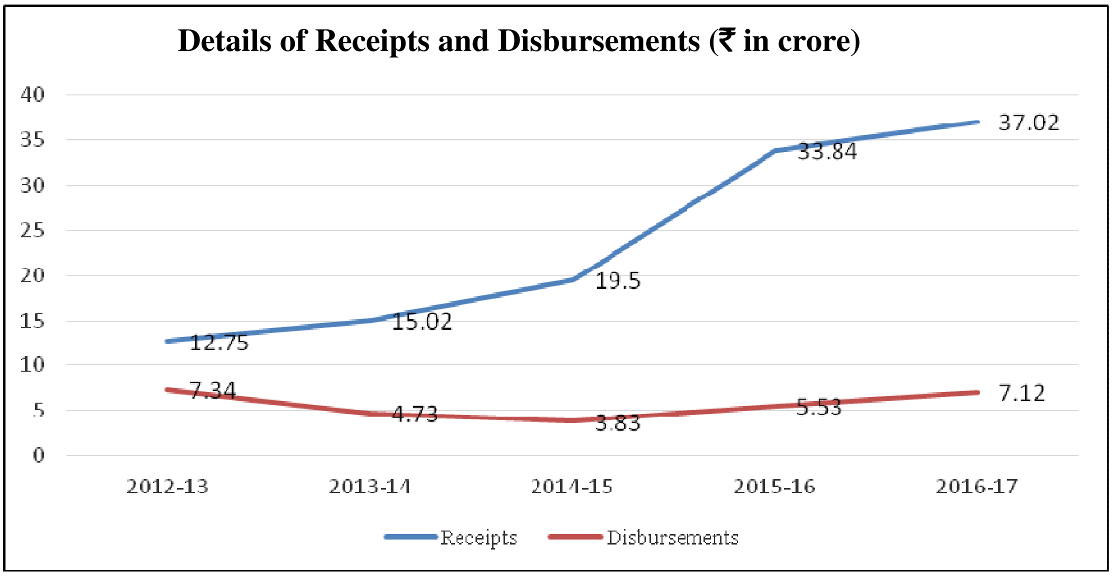
Dilli Swarojgar Yojna: Under this scheme, loans up to ₹ five lakh for Scheduled Castes, Other Backward Classes, Minorities, Safai Karamcharis and Physically Handicapped is sanctioned and disbursed for any income generating activity in various trades approved by the MCD. The scheme is to be run out of the interest income received by the Company against the corpus of ₹ 50 crore received from GNCTD.

The year-wise position of receipts consisting of funds received from Apex Corporations[22] and loan recoveries and the Company's disbursements under various schemes is shown in **Table-2.2.1**.

Table 2.2.1: Details of Receipts and Disbursements

(Amount ₹ in lakh)

	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Receipts	Opening Balance	161.31	541.62	1029.04	1567.30	2831.25
	Composite Loan Scheme	209.75	8.50	0.00	1080.00	110.00
	Transport Loan Scheme	323.30	0.00	0.00	0.00	54.36
	Education Loan Scheme	0.00	9.25	16.53	4.65	1.65
	Big Loan Scheme	0.00	0.00	0.00	4.00	3.90
	Dilli Swarojgar Yojna	200.96	455.00	450.00	388.56	397.25
	Recoveries	379.89	487.48	454.24	339.65	303.37
Total Receipts		1275.21	1501.85	1949.81	3384.16	3701.78
Disbursements	Composite Loan Scheme	173.70	67.70	20.70	45.55	238.92
	Transport Loan Scheme	221.98	3.48	0.00	0.00	15.73
	Education Loan Scheme	10.87	40.45	29.74	36.93	18.69
	Big Loan Scheme	0.00	0.00	0.00	4.00	0.00
	Dilli Swarojgar Yojna	0.00	4.50	41.10	173.45	165.02
	Repayment/ Refund to Apex	327.04	356.68	290.97	292.98	273.74
Total Disbursements		733.59	472.81	382.51	552.91	712.10
Closing Balances		541.62	1029.04	1567.30	2831.25	2989.68
% of Disbursement to funds available for disbursement		45.41	11.45	6.12	8.54	12.90



From the above Table read with Line Diagram, it could be seen that:

(a) There were sufficient funds for disbursal of loans and they were accumulating year after year. Total funds drawn from all Apex

[22] NSFDC, NSTFDC, NBCFDC, NMDFC, NSKFDC and NHFDC.

Corporations/GNCTD during 2012-17 was ₹ 37.18 crore against which the Company could disburse only ₹ 13.13 crore during the same period. Year-end balances increased from ₹ 5.42 crore in 2012-13 to ₹ 29.90 crore in 2016-17. Percentage of disbursement of loan which was 45.41 *per cent* in 2012-13 declined to 12.90 *per cent* in 2016-17.

It was further observed that instead of finding eligible beneficiaries to disburse the concessional loans, the Company placed the surplus funds in banks and earned interest. The Company earned ₹ 35.53 crore as interest from funds deposited with banks constituting 91 *per cent* of its total income.

(b) During 2012-17, ₹ 3.78 crore were received under scheme for 'Transport Loan' out of which ₹ 1.36 crore was not utilised. There was no disbursement during 2014-16.

(c) During the period 2012-17, ₹ 18.92 crore were received by the Company under Dilli Swarojgar Yojna, out of which ₹ 3.84 crore could only be disbursed.

(d) During 2012-17, ₹ 14.08 crore were received by the Company under Composite Loan Schemes, out of which only ₹ 5.46 crore could be disbursed.

Significantly low disbursal of loans to the beneficiaries could be attributed to non-profiling of target beneficiaries to have their database, lack of adequate awareness programme, non revision of income criteria which is even less than minimum wages fixed by GNCTD etc.to cover the target beneficiary groups in a time-bound manner.

The Management stated that some of the conditions for availing loans were cumbersome and Board of Directors had constituted a Committee to suggest best possible remedial steps. The reply is not acceptable as percentage of disbursement to funds available for disbursement had sharply decreased from 45.41 *per cent* in 2012-13 to a mere 12.90 *per cent* in 2016-17 which support audit contention. Even if Management contention of cumbersome procedural issues is accepted, it may not have still been able to reach the target population because of non profiling of beneficiaries and lack of awareness of its schemes.

2.2.3.3 Blocking of funds and consequential loss of interest

The Ministry of Social Justice and Empowerment, GoI introduced (1986-87) a fully funded family oriented scheme of economic development for the members of SCs living below the poverty line. As per scheme, out of the funds received from GoI, the Company was to provide a non-refundable subsidy to an extent of 50 *per cent* of loan given to SC beneficiary or ₹ 10,000, whichever is less. Trainings were also to be imparted to SC candidates under various job oriented trades. Under this scheme, the Company received funds of ₹ 9.68 crore during the period 1997-98 to 2016-17 while it spent a sum of ₹ 18.05 crore on the training and subsidy payments resulting in additional outgo of ₹ 8.37 crore till 31 March 2017. The extra expenditure was met from the interest earned on the surplus funds of the Company. Major expenditure was incurred during the period 2001-05, when the Company received GoI funds of ₹ 3.68 crore while it spent ₹ 13.39 crore by utilising Company's own funds for which no prior approval of the Board was taken with respect to excess expenditure incurred. The Company also did not seek refund of excess expenditure incurred. Audit noted that the Company did not receive GoI funds after 2007-08 except in the year 2012-13 though it continues to incur expenditure under this scheme. Non-receipt of funds was attributed to non-submission of the Company's audited accounts and utilisation certificate as commented in Paragraph 2.2.3 of this performance audit. The non-receipt of GoI funds and incurring expenditure out of its own funds resulted in a loss of interest income of ₹ 9.10 crore during 2005-06 to 2016-17, on the excess expenditure of ₹ 8.37 crore. The Company accepted the facts and stated that GoI did not release the funds due to delay in finalisation and statutory audit of accounts.

2.2.3.4 Loss of interest due to delay in investment of surplus funds

The Company receives annual allocation of funds for various schemes in advance at the beginning of the year from the Apex Corporations followed by sanction and release of funds. Due to poor implementation of welfare schemes by the Company, undisbursed funds get accumulated as commented above. The Company, however, does not have an investment policy on using surplus funds and as a result, investment decisions including extension of the existing bank deposits get delayed. The delay in investments of surplus funds is given in **Table 2.2.2**.

Table 2.2.2: Details of delay in investment of funds

Surplus Funds (₹ in crore)		Date of investment	Delay in days	Applicable Interest rate (%)	Loss (₹ in lakh)
Amount	Available on				
50	19.10.2012	02.11.2012	14	9	17.26
20	23.12.2012	02.01.2013	9	9.25	4.56
7	23.12.2012	24.01.2013	32	9	5.52
15	26.06.2013	03.07.2013	7	9.10	3.69
45	02.11.2013	07.11.2013	5	9.10	5.60
5	02.11.2013	07.11.2013	5	9.25	0.63
7	11.04.2016	27.04.2016	16	7.5	2.30
5	11.04.2016	27.04.2016	16	7.55	1.65
5	11.04.2016	27.04.2016	16	7.60	1.66
10	09.11.2016	06.01.2017	58	6.9	10.96
10	09.11.2016	06.01.2017	58	7	11.12
Total					**64.95**

The Company suffered a loss of interest of ₹ 64.95 lakh due to delay in decision making while investing surplus funds. The Company accepted the facts and attributed the delay to administrative and procedural reasons and informed that it has been decided to put up investment proposals at least 30 days before the maturity of every investment

2.2.3.5 Non-recovery of ₹ 2.15 crore due to delayed execution of rent agreement

The Company allotted its premises of 227.05 sq. mtrs. at Kalyan Building, Raigar Pura, New Delhi to the office of Delhi Commission for Safai Karamchari (DCSK) in July 2007 without entering into a rent agreement. The Company did not take up the matter with Public Works Department (PWD) for fixation of rent of said premises till April 2009. The rent was fixed by the Rent Fixation Committee of PWD in June 2015 and the rent agreement was signed on 23 March 2017, i.e., after occupying the space for about ten years. Based on the rent of ₹ 2.29 lakh per month, the total rent recovery worked out to be ₹ 3.53 crore out of which the Company recovered ₹ 1.38 crore in March 2017. The avoidable delay in rent fixation and recovery had resulted in loss of interest income of ₹ 1.69 crore as of March 2017. The Company stated (January 2018) that regular follow up is being made for the recovery of remaining amount.

2.2.3.6 Avoidable expenditure of ₹ 98.66 lakh on purchase/Maintenance of staff cars

The Board did not frame any policy for placing the official cars at the disposal of officers including those on additional charge. A full time Chairman and Managing Director and the sole Executive Director of the Company could be entitled for official cars. As on 31 March 2017, the Chairperson and Managing Director and the Executive Director were using the official cars The Company, however, was having a fleet of 10 staff cars as on 31 March 2017. Thus, the Company was having additional eight cars than required, as per entitlement. It was also observed that against the surplus eight cars, the Company was not having any special vehicle suitable for taking inspection teams or undertaking any awareness programme. The expenditure in respect of these eight cars on account of cost price and their maintenance amounted to ₹ 98.66 lakh. Moreover, use of general pool cars for productive use is not supported, for the fact that the implementation of the financial assistance schemes to the target groups was poor and funds received by the Company from Apex Corporations were largely kept in the Banks as fixed deposits.

It was also observed that at the time of purchase of new car on 29 July 2015, it was recorded that the car was being purchased due to condemnation of a Rural Transport Vehicle (RTV) which was used for recoveries and awareness camp while car has been deployed for CMD. Thus, the purchase of staff car in place of RTV to be used for the purpose of spreading awareness of the Company's schemes was not justified. One more car was purchased for CMD in April 2016, at a cost of ₹ 6.88 lakh, while a car was already purchased in 2015.

The Company stated that the cars are procured only as per requirement of the Corporation. The reply is not acceptable as only two vehicles were required in the Company for the two entitled officers.

2.2.4 Implementation of the Schemes

As per census 2011, the population of SC and Handicapped persons in Delhi was 28.12 lakh and 2.35 lakh respectively. The minority population was 21.72 lakh. Widowed, separated and divorced women were 10.78 lakh. 54 notified Other Backward Castes (OBC) in Delhi accounts for about 51 *per cent* of total population (1.67 crore) of Delhi. Three Municipal Corporations of Delhi alone have 64,000 Safai Karamcharis. Thus, there was significant population of target groups who could be brought under the various credit schemes implemented by the Company. There were sufficient funds from the Apex Corporations to provide credits to these target groups (See **Table 2.2.1** and **2.2.4**). However, as commented below, the Company showed no urgency or concern to implement these credit schemes.

2.2.4.1 Targets and achievements

At the time of annual allocations, the Apex Corporations also fix the State-wise and beneficiary category-wise physical and financial targets. In case of NSFDC, the average loan amount to SC beneficiaries was targeted at ₹ 0.45 lakh. In case of NBCFDC, the average loan amount to backward class beneficiaries was targeted at ₹ 0.45 lakh. In case of NHFDC, the average loan amount to Handicapped beneficiaries was targeted at ₹ 0.60 lakh, while in case of NMDFC, the average loan amount to Minorities beneficiaries was targeted at ₹ 1.11 lakh.

The targets and achievements of the Company during 2012-17 are given in **Table 2.2.3**.

Table 2.2.3: Details of Targets and Achievements

(Amount ₹ in lakh)

Year ending March	Target		Achievement		Achievement (%)	
	Physical (No. of cases)	Financial (Amount)	Physical (No. of Cases)	Financial (Amount)	Physical (No. of Cases)	Financial (Amount)
NSFDC Schemes for Scheduled Castes						
2013	701	277.46	207	368.88	30	133
2014	766	337.64	56	57.88	7	17
2015	833	375.99	16	15.90	2	4
2016	875	437.70	40	39.70	5	9
2017	*	615.55	140	219.34	NA	36
Total		**2,044.34**	**459**	**701.70**		**34**
NBCFDC Schemes for Other Backward Classes						
2013	300	150	22	17.00	7	11.33
2014	250	150	12	3.40	5	2.27
2015	115	150	9	9.35	8	6.23
2016	430	200	12	1.90	3	0.95
2017	925	255.43	23	10.61	2	4.15
Total	**2020**	**905.43**	**78**	**42.26**	**4**	**4.67**
NHFDC Schemes for Handicapped						
2013	109	60.00	4	4.00	3	7
2014	127	70.00	2	4.75	2	7
2015	108	81.00	4	12.65	4	16
2016	141	105.00	5	8.89	4	8
2017	211	105.00	9	6.28	4	4
Total	**696**	**421**	**24**	**36.57**	**3**	**23**
NMDFC Schemes for Minorities						
2013	105	100	4	3.80	4	4
2014	105	100	6	6.50	6	6
2015	105	100	1	0.69	1	1
2016	67	100	7	12.58	10	13
2017	67	100	41	29.80	61	30
Total	**449**	**500**	**59**	**53.37**	**13**	**11**

* Allocation letter does not mention about physical target.

It was observed:

a) that the number of beneficiaries covered during the period, under NSFDC schemes, was ranging from two to 30 *per cent* only and only 34 *per cent* of funds available was utilised.;

b) that the number of beneficiaries covered during the period, under NBCFDC schemes, was ranging from two to eight *per cent* only and only 4.67 *per cent* of funds was utilised;

c) that the number of beneficiaries covered during the period, under NHFDC schemes, was ranging from two to four *per cent* only and only 23 *per cent* of funds could be utilised; and

d) that the number of beneficiaries covered during the period, under NMDFC schemes, was ranging from one to 61 *per cent* and only 11 *per cent* of funds could be utilised.

Audit observed that acceptance of higher targets and fund allocations from Apex Corporation without corresponding plan or roadmap from the Company for loan disbursement to the beneficiaries became a regular beneficial tool in the hand of the Company to earn interest income from unutilized funds to meets its establishment expenditure and to justify its economic viability to the detriment of the interest of the target groups for whose benefit, the Company came into existence.

The Company accepted the facts and stated that it made all efforts to provide financial assistance to the targeted groups during 2012-2017, but due to non-availability of sanctioning authority for more than a year, time taken in making amendments in Delhi Swarojgar Yojna, non revision of income criteria which is even less than minimum wages fixed by GNCTD and implementation of model code of conduct during elections between 2013 and 2015, it could not achieve the targets. The Management reply is not acceptable as it does not address the audit contention of acceptance of higher targets and fund allocations from central level organisations without plan for disbursement, thereby earning interest income on unutilized funds kept in banks. As a result of lack of any plans significant shortfalls in achieving target of lending activities, which ranged between 38.80 and 99.04 *per cent,* under various schemes during the period of 2012-17 were observed.

2.2.4.2 Allocation of funds from Apex Corporations and utilization thereof

Apex Corporations fix the targets on the basis of which notional allocation of funds to the Company is made each year which in turn submits proposals indicating number of beneficiaries and aggregate funds required for sanctions by the Apex Corporations. **Table 2.2.4** indicates consolidated fund allocations by NSFDC for SC beneficiaries, NBCFDC for backward Classes and NHFDC for handicapped beneficiaries; funds drawn and loans disbursed during the period 2012-17.

Table 2.2.4: Details of consolidated funds allocated, sanctioned and drawn during 2012-17

(Amount ₹ in lakh)

Apex Corporations	Fund Allocation by Apex	Proposal submitted by the Company	Fund sanctioned by Apex	Amount drawn by the Company for beneficiaries	Funds not drawn by the Company against funds sanctioned	
					Amount	(In *per cent)*
NSFDC	2,338.37	2,225.50	2,044.34	795.16	1,249.18	61
NBCFDC	905.43	875.45	905.43	46.75	858.68	95
NHFDC	421.00	414.50	421.00	49.46	371.54	88
Total	**3,664.80**	**3,515.45**	**3,370.77**	**891.37**	**2,479.40**	**74**

The three Apex Corporations together allocated ₹ 3,664.80 lakh for the benefits of SC/BC/handicapped beneficiaries during five years period 2012-17. The Company submitted the proposals for ₹ 3,515.45 lakh out of which

₹ 3,370.77 lakh were sanctioned. The Company however could draw only ₹ 891.37 lakh (26 *per cent* of sanctioned funds) for disbursal of loans. Non-drawal of sanctioned funds in case of BC and Handicapped beneficiaries was 95 and 88 *per cent* respectively. Inability of the Company to fully draw the sanctioned amount for disbursing loans to all three categories of beneficiaries despite their significant presence among Delhi population means the Company has effectively failed to perform its stated responsibilities. The target group-wise Audit findings are as under.

(a) For Scheduled Castes

459 no. of SC beneficiaries during the period 2012-17 were disbursed loans of ₹ 701.70 lakh under the Schemes of the Company against the target of 3,175 beneficiaries. NSFDC requires the Company to allocate 50 *per cent* of entire loan meant for SC beneficiaries among agriculture sector, 40 *per cent* in service sector and 10 *per cent* in industry sector, and within each such sector, coverage of educated unemployed/under employed, women and others should be to the extent of 40 *per cent*, 40 *per cent* and 20 *per cent* respectively. The Company, however, did not do such prioritization to adhere to norms while disbursing loans to the SC beneficiaries. It also did not require any sector wise change to be made in the urban state like Delhi, if the specified sectoral allocation was not found feasible. Further, NSFDC introduced scheme for 'single women' in February 2013 and 'Green Business Scheme' (GBS) in December 2014 for providing financial assistance in the form of loan for e-rickshaws, solar pumps, etc. to tackle the challenges of climate change along with income generation. The GBS was approved by the Company's Board in July 2015. The Company however did not disburse the loans under both the Schemes as of 31 March 2017. The Company also did not take adequate action for Cluster Development for ensuring convergence of NSFDC's concessional loan with other schemes for socio economic development of this target group.

The NSFDC introduced (February 2014) a Vocational Education and Training Loan Scheme (VETLS) and the details were also communicated to the Company. The scheme covers courses of six months to 24 months for the target group resulting in wage placement. The Company was to give wide publicity to generate sufficient proposals and sponsor them to NSFDC from 2014-15 which it did not do thus deprived the intended benefits to the SC beneficiaries.

(b) For Backward Classes

78 no. of Other Backward Class (OBC) beneficiaries during the period 2012-17, were given loan of ₹ 42.26 lakh under the schemes of the Company against the target of 2020 beneficiaries. During 2014-15 and 2015-16, the Company did not draw any amount against sanctioned amount of ₹ 350 lakh for the benefits of the Backward Class (BC) beneficiaries. While allocating

funds, NBCFDC considered the lack of awareness among the under privileged and illiterate masses about the loan assistance schemes and specifically directed the Company to organise awareness camps and schemes be given due publicity among the target groups. The Company however did not take adequate action in this respect and disbursal of loans had been mainly based on beneficiaries reaching out to the Company rather than the Company's outreach activities to for BC beneficiaries through awareness programmes despite availability of funds from the NBCFDC during 2012-17 lying in bank deposits. **(Table 2.2.4)**

(c) For the disabled population

24 no. of disabled beneficiaries, during the period 2012-17, were given loans of ₹ 36.57 lakh under the Schemes of the Company. Against the disabled population of 2.35 lakh, the Company could disburse loans to only 887 beneficiaries during the period 2003-04 to 2016-17. The company could disburse loans to only 24 beneficiaries, during 2012-13 to 2016-17, against the target of 696. The poor performance and complaints in granting loans to the person with disabilities by the Company was pointed out by the Apex Corporation in September 2015. NHFDC specifically directed the Company to forward more proposals for extending benefits. The Company was to take a special drive by sensitizing the district offices to sponsor more number of proposals of Persons with disabilities (PwDs). It also directed the Company to compile a list of un-employed people from the database of special employment exchange and training institute in Delhi and also to explore the possibility of extending collateral free loans to PwDs through public sector banks or National Small Scale Industry Corporation (NSIC) under Credit Guarantee Scheme of Government of India. But the Company did not take the required steps despite availability of funds from the NHFDC during 2012-17 lying in its bank deposits (**Table 2.2.4**).

(d) For Minorities

The Company submitted proposals to NMDFC for allocation of ₹ 332.95 lakh for the years 2015-16 and 2016-17. Against this the Company was sanctioned ₹ 200 lakh but drew only ₹ 25.50 lakh for loan disbursement to minority beneficiaries. The Company disbursed loans to only 59 minority beneficiaries during the five years period covering 2012-17, which is unexplainable considering Delhi NCT has significant minority population. Audit noted that NMDFC additionally allocated ₹ 2.50 lakh annually to the Company during 2012-17 for organising a minimum of five awareness campaign/loan melas but the Company did not organise any awareness camp. The information in respect of proposals submitted and amount sanctioned/drawn for the years 2012-13 to 2014-15 was not furnished.

Further, the Apex Corporation required the Company to get the insurance of beneficiaries against death/ disabilities and the assets at the time of financing and the premium amount should be made part of the loan amount. For this purpose, the Company was to enter into an understanding with an Insurance Company for insuring the beneficiaries and their assets. The Company, however, failed to obtain insurance cover for its beneficiaries.

The Company accepted the points at sl. no. (a) to (d) above and attributed the reasons for shortfall in utilizing the sanctioned funds to non-revision of income criteria which is even less than minimum wages fixed by GNCTD and implementation of model code of conduct during elections between 2013 and 2015. The model code of conduct during election time cannot be attributed to poor implementation of ongoing welfare schemes and that it was the responsibility of the Company and the GNCTD to revise income criteria if they found it below the statutory minimum wages fixed by GNCTD.

(e) For Safai Karamcharis

National Safai Karamcharis Finance and Development Corporation (NSKFDC) allocated ₹ 166.80 crore during 2012-17. The Company however could draw ₹ nine crore only (5.39 *per cent*) in March 2016 from NSKFDC for implementing various schemes for this target group (having annual income of upto ₹ 1.20 lakh) which was also not utilized. Audit also did not see any action plan for disbursement of unutilised funds to Safai Karamcharis which were kept invested with the Bank.

The Company stated that funds could not be utilised as certain eligibility guidelines were not informed by Apex Corporation. The reply is not tenable as the Company failed to obtain or resolve the issue with the Apex Corporation in this respect for five years.

(f) For Scheduled Tribes

As per Census 2011, there were no original/indigenous Scheduled Tribes in Delhi. However, to recognise the presence of Scheduled tribes of other States residing in Delhi and realising the need of providing financial assistance for their economic upliftment, the GNCTD amended (25 July 2001) the Company's MoA and also declared it as a Channelising agency for the funds to be received from the National Scheduled Tribes Finance and Development Corporation (NSTFDC) for the benefits of ST population in Delhi. The Company took up the matter for release of funds to ST population living in Delhi in October 2002 with CMD, NSTFDC. But there was no evidence of follow up with the Apex Corporation after 2002 or any deliberation made in this regard, and as a result, the ST population residing in Delhi could not be given benefits under the various credits schemes of the Company.

The Company attributed the reasons to non-disbursement of loan due to absence of clear cut guidelines from GNCTD and non-recognition of STs in Delhi even in Economic Survey Report. The reply is not acceptable as Company did not take any steps after 2002 to release funds to ST population in Delhi. The reasons cited for non-disbursal were within the mandate of the GNCTD and should have been effectively addressed.

2.2.4.3 Failure of the Company to sponsor sufficient candidates for training in training facility created out of government funds

The Company signed (December 2007) a MoU with Apparel Training and Design Centre (ATDC), for developing training infrastructure out of the Government Grant of ₹ 30 lakh for imparting training to the target groups to create employment opportunities in garment industry. The following inadequacies were found.

a) As per terms and conditions of the grant, the Company was to sponsor 500 persons per annum belonging to the target groups (SC/ST/OBC/Handicapped/Minorities/Safai Karamchari) for such training whereas the Company could sponsor/train only 342 candidates against the target of 2500 persons of the target groups during the period 2012-2017 covered in Audit. Thus, the stated objective to run a training centre out of the government grants was not achieved. The Company stated that GNCTD did not release the funds for the years 2015-16 and 2016-17. The Management reply did not address audit contention of non-achievement of target in earlier years.

b) As per MoU, the Company was to provide 5875 Sq fts work space at Company's Head office at Ambedkar Bhawan for setting up of this Centre at nominal rent of ₹ one per annum. In violation of the terms and conditions of MoU, the Company allowed ATDC to occupy an additional space of 4092 Sq. fts during December 2007 to November 2013 without charging any rent. Thus, the facility created by the Company by way of giving space for training of targeted group was not used optimally. Rent fixed by the PWD for this additional space, however, was ₹ 9.82 lakh per annum which worked out to be ₹ 58,92,480 for unauthorized period and for which the Company did not raise any demand for recovery.

2.2.4.4 Deficiencies in implementation of Loan Schemes

The following shortcomings in granting loans to the beneficiaries were noticed:

(i) Absence of Survey - The Company did not conduct any survey of beneficiaries living below the poverty line (BPL) so as to formulate a base for planning and extending financial assistance and to cover the entire targeted population in a phased manner. The Company also did not conduct any feasibility study for the identification of viable profession and trades for the population living below the poverty line of the targeted beneficiaries. As a result the beneficiaries who were in need of financial assistance could not avail the benefits of the schemes.

(ii) Non- compliance of conditions of grant of loans - The following major deviations were found in disbursement of Composite Loan and Transport Loans:

a) Out of total 501 Composite Loans disbursed during 2012-17, audit test-checked 60 such loan cases and found that no supplier bill was obtained from the beneficiaries as required by the terms and conditions of the loan to authenticate the utilization of loan for the purpose it was released.

b) As per the Citizen Charter of the Company, the maximum timeline for the disbursal of all loans was 52 days. Audit test-checked 22 Transport and 60 Composite Loan disbursal cases and observed that transport loans were disbursed with a delay ranging between 766 and 1055 days while Composite Loan scheme cases showed delay of 13 to 393 days. Out of which, in 23 cases there was delay of more than 100 days.

c) To safeguard the Company's interest, the conditions of loan disbursement included signing of a hypothecation deed for assets financed out of loans and an insurance of the hypothecated assets. Audit noted that hypothecation deed for such assets (except transport loan) were not signed after disbursal of loans. In case of Transport Loans, the beneficiaries had submitted the comprehensive insurance policies for first year but renewal of such policy in subsequent years, however, was not ensured.

The Company stated that directions have been issued to comply with the terms and conditions of the sanction letter and to follow the timelines stipulated in the Citizen Charter.

(iii) Loan under Dilli Swarojgar Yojna (DSY) - The Scheme, started during 2012-13, was to be funded by the Company out of interest accrued on the Corpus fund of ₹ 50 crore given by GNCTD as first installment out of total Corpus of ₹ 100 crore. A test check of 25 DSY loan cases to whom ₹ 75.20 lakh was disbursed, showed the following deficiencies:

a) The Company disbursed loans with delay ranging between 175 and 938 days, against maximum of 52 days envisaged in its Citizen Charter.

b) In July 2015, a circular was issued by the Company wherein Branch/ Scheme-in-charges were instructed to take immediate steps to cover all the loan beneficiaries with the insurance cover of ₹ two lakh each at nominal rate of premium which will be deducted annually from the bank account of the beneficiary. The loan beneficiaries, however, were not covered with insurance in 10 out of 25 cases audited.

c) As the Company suffered losses due to premature closure of accounts, the CMD instructed (February 2015) the Branch-in-charges to issue letters to the concerned bank managers that they should not close the accounts of the beneficiaries without informing the Company if the applicant/ beneficiary has not repaid the entire loan to the Company. These instructions however were not complied in test-checked cases.

The Company stated that out of 54 beneficiaries who closed their bank accounts, 17 beneficiaries had repaid their loan dues. However, the fact remains that CMD instructions were not followed by the Branch-in-charges. The Company may like to examine as to why the Branch-in-charges did not comply with these instructions and take appropriate action.

d) In five cases, the bills for the assets created out of loan were not obtained from the beneficiaries, to ensure that the loan/ funds were utilized by the beneficiary for the purpose for which it was sanctioned.

e) The Corpus was not kept in a separate bank account as DSY was to be run from interest income of the Corpus and was not to be utilised for other purpose

(iv) Lack of transparent procedure while cancelling loan proposals under all the schemes

Listing and records of rejected cases were not properly maintained. We however could test-checked 93 rejected cases and the following discrepancies were noted in rejected loan cases pertaining to 2012-17 period. Some of significant findings as discussed below:-

a) In five cases, initially found suitable for disbursal of loans in field survey reports conducted after receipt of applications were later rejected on the parameters on which the field survey reports has confirmed their suitability.

In four cases, deficiency memos were issued to the applicant on multiple occasions after long intervals which pointed out different deficiencies on each occasion. All these deficiencies could have been pointed out at one single occasion.

b) In five cases, applications were rejected on the grounds of non-compliance of requirements which were already met by the applicant. The applications were rejected on the ground that the applicant did not have knowledge of proposed work in a case where the applicant intends to start business of routine nature e.g. sale of ready-made garments.

c) In three cases, loan applications were rejected citing family income more than the stipulated ceiling which was not justified as the income of a father (a Govt. employee) was also included in the family income of a married applicant in violation of the established criteria.

d) In five cases, the applications were rejected on the grounds that the applicant submitted faulty project report or does not have suitable workplace.

Standard format of the project report was not provided to the applicants by the Company due to which applicants could not avail intended benefits of the schemes.

The Company stated that the main reasons for cancellation of loan proposals even after being found suitable during field survey was non-completion of stipulated formalities as laid down in scheme or inadequacy of work place. The reply is not acceptable as Audit has pointed out rejected cases which were not processed in objective manner.

2.2.5 Recovery performance

2.2.5.1 Dismal Recovery Performance

The Company disburses the loans to the beneficiaries with repayment period ranging between three to five years except in case of Education Loan. For loans up to ₹ 50000, no security is taken by the Company whereas for loan above ₹ 50000, the assets purchased out of the loan amount is hypothecated in favour of the Company. The principal amount and interest is recovered through equated monthly installments by cash/cheques/post-dated cheques deposited by the beneficiaries. Details of recoveries effected during the year 2016-17 is shown in **Table 2.2.5**.

Table 2.2.5: Details of loan recovery during the year 2016-17

(Amount ₹ in lakh)

Recovery on	Recoverable amount as on 1 April 2016	Recovered during 2016-17	% of Recovery
1	**2**	**3**	**4 = 3/2x100**
Running Cases	210.52	198.96	94.51
Overdue Cases	2,480.98	104.42	4.21
Total	**2,691.50**	**303.38**	**11.27**

It is observed that the Company is not able to recover the amount from overdue cases, and against ₹ 24.81 crore outstanding as on 1 April 2016, only ₹ 1.04 crore could be recovered during 2016-17. Non-recovery of loans also restricts the ability of the Company to provide credits to other target beneficiaries.

The Company stated that in order to recover the outstanding loan, the Board of Directors has decided in October 2017 to constitute a committee to suggest best possible ways including one time settlement scheme.

2.2.5.2 Non-recovery of outstanding dues in 3533 loan case files

The Company disbursed loans to 10,647 beneficiaries since inception up to March 2017 and 5,455 accounts had been cleared and NOCs were issued. Thus, the Company should be in possession of loan files of 5,192 beneficiaries for which recovery process should have been initiated. However, up to March 2017, Recovery Division issued notices to only 1524 beneficiaries involving recoverable amount of ₹ 9.19 crore and Legal Division filed 135 recovery suits for recoverable amount of ₹ 1.75 crore. This could be a matter of investigation as to how the recovery follow up for the remaining 3,533 unsettled loan cases were not proceeded.

The Company while confirming the facts stated that the competent authority has constituted a committee to search and locate the missing files. The reply shows that management oversight over loan recovery was poor as they should not have waited for Audit to point out this and should have initiated action on their own.

2.2.5.3 Loss due to zero recovery of loan installments

89 beneficiaries to whom loan of ₹ 62.48 lakh was disbursed between the years 2000 and 2017 had not paid even a single installment so far. Though the Company had obtained post-dated cheques from the borrowers at the time of disbursement of loans but the cheques were dishonoured when presented for clearing. No action had ever been taken against Government servants who had given guarantee at time of sanctioning of these 89 loans. Further, the Company had neither issued recovery notices/reminders nor handed over such cases to Revenue Department for recovery of dues as arrears of land revenue resulting in loss of ₹ 62.48 lakh as shown in **Table 2.2.6**.

Table 2.2.6: Details of beneficiaries not repaying single installment

Year	No. of beneficiaries	Loan amount in Rupees
2000-01	1	1,36,487
2001-02	10	6,81,232
2002-03	17	11,97,087
2003-04	29	20,79,446
2004-05	9	6,71,705
2005-06	8	5,12,722
2006-07	6	4,00,664
2007-08	2	1,39,804
2009-10	2	41,484
2010-11	2	2,54,330
2015-16	1	80,816
2016-17	2	51,756
Total	**89**	**62,47,533**

The Company stated that in order to recover the outstanding loan, the Board of Directors decided (October 2017) to constitute a committee to suggest best possible ways including one time settlement scheme. Further, the Board in its meeting held in July 2015 resolved that police complaint (FIR) be lodged against 66 beneficiaries who had closed their bank accounts after obtaining loan from the Company.

The Company stated that it had written a letter to SHO, Police Station, Rohini on 25 September 2012 to lodge FIR. The reply is not acceptable as neither FIR could be lodged nor status on action taken was placed before the Board of the Company.

2.2.5.4 Non- recovery of ₹ 8.27 crore under various Schemes

The following audit findings relate to the cases where the Company officials did not take adequate action for recovery of ₹ 8.27 crore outstanding under various loan schemes and the Company also did not take action against the responsible officials to enforce their accountability in this respect.

(a) Under the RTV Scheme/Hari Bhari Scheme for financing commercial transport vehicles, loans were given to 63 beneficiaries. Total 25 beneficiaries paid their dues and remaining 38 beneficiaries became defaulters and their outstanding amount of ₹ 2.69 crore was written off by the Board (February 2016) on representation of the borrower and/or recommendations of the politicians. Audit noted that the Company did not make independent determination as to how and whether these borrowers indeed were not in position to repay and what happened to the vehicles that was financed by the Company. Moreover, the beneficiaries who had repaid the loan will be demoralized and it will encourage the other beneficiaries to default on repayment of their loan. In meantime, the Company requested grants-in-aid of ₹ three crore from GNCTD to cover the amount written off and decision of the government thereon is awaited.

The Company stated that the beneficiaries were not given profitable route permit by the Transport Authority of Delhi and as a result the beneficiaries could not repay the loan. The reply is not tenable.as Transport Authority of Delhi works under the GNCTD and any shortcomings in awarding route permit should have been resolved. Further, decision to write off ₹ 2.69 crore means that the effect of non-recovery was now to be passed on to the Government by claiming grants-in-aid of ₹ three crore.

(b) The Company disbursed loans to SC beneficiaries for diesel operated Deluxe Buses and Tempo Travellers for commercial use between 1997 and 2000 with repayment period of five years against undated cheques. These loans were disbursed despite the fact that the Supreme Court had passed number of orders during 1986-1998 in favour of CNG vehicles in Delhi to minimise the air pollution and to stop diesel run passenger vehicles after 31 March 2001. These company financed vehicles stopped plying after 31 March 2001 and all the SC beneficiaries stopped making repayment of loans to the Company. A High Court stay on recovery action of the company was vacated in the year 2007 thus allowing the Company to present the cheques for recovery of loans. The Company however did not take any action in this respect during next six years and presented the cheques of the borrowers in 2013 which were dishonoured. The Company however did not take any follow up action against defaulting borrowers for recovery nor did it enforce accountability of the responsible officials for their failure to present the cheques after vacation of stay in 2007. As a result, ₹ 2.69 crore remain unrecovered for last 11 years and has become bad debts.

(c) A law suit was reportedly filed between 2004 and 2008 for repayment of ₹ 1.43 crore disbursed in 133 loan cases between 1991-92 and 1995-96. However, there were no records of consulting law officers, court proceedings, and court judgements, if any, for such legal action. After seven years in March 2015, the CMD of the Company referred these cases to the recovery section for recovery through SDM office as arrears of Land Revenue and ordered severe action against responsible officials after preliminary inquiry report. Audit however did not find any evidence in the file for any follow up action as ordered by the CMD.

(d) In 65 legal suits involving ₹ 1.09 crore filed by the company for recovery of dues were decreed in favour of Company in 2006 but the execution petitions were not filed to make recovery. The reasons for non-filing of petitions was that certified copies of decision of the court was not available with the Company. After eight years, these cases were assigned to three advocates in January 2014 for obtaining copies of the judgment and to file the execution petitions. Further, after assigning the work in January 2014, neither any written confirmation from three advocates in support of filing petitions was received nor any progress of case was communicated after a lapse of almost three years. This resulted in blocking of ₹ 1.09 crore and loss of interest thereon.

(e) A committee was constituted in July 2016 to review the 47 loan cases disbursed during 2005-07 at Mangolpuri branch. At the time of sanction of these cases, there was a doubt expressed by the GM that some of the eligibility certificates could be not genuine. In spite of doubt expressed, the loan amounting to ₹ 23.75 lakh was disbursed. After partial recovery, there was outstanding amount of ₹ 21.76 lakh as on 31 March 2017. No inquiry was conducted/completed as per orders issued in July 2016.

The Company in respect of sl. no. (b) to (e) above stated that the Board of Directors in October 2017 decided to constitute a committee to suggest best possible for the recovery of outstanding loans including special recovery drive through 'One Time Settlement Scheme'.

2.2.6 Manpower Management

Vacancies in operational Positions

The sanctioned strength of 155 officials was approved by the Board in March 1996 against which 164 officials were in various positions as on 31 March 2017. Out of 164, there were 67 multi tasking staff (MTS) in regular appointment against sanctioned strength of 32, whereas there were significant vacancies in operational positions. The accountability of officials responsible for keeping MTS in excess of the sanctioned posts was not enforced. The Company replied that all vacant posts have been abolished and present strength of 164 officials is now their sanctioned strength including 73 MTS presently employed. Audit observed that there were only two managers against five sanctioned posts and 8 lower divisional clerks against 31 sanctioned posts. All positions of field inspectors (8), statistical assistants (3) and Dy. Manager, Legal (1) were vacant. Raising sanctioned strength to 73 MTS out of 164 total officials of the company does not seem to be a viable organisational structure for a government finance corporation. The GNCTD should examine whether recruitment of 73 MTS was done as per extant rules and procedures and was needed for proper functioning of the organisation. Audit further observed that out of 164 employees, 78 employees could be considered as directly responsible for the disbursement of loans who disbursed 837 loans in five years. Thus, on an average, each staff disbursed two loans in a year. The Company should examine how to improve employee-loans disbursal ratio in overall context of effective implementation of concessional loan schemes.

2.2.7 Internal Control System

Internal Control is a management tool used to provide reasonable assurance that management's objectives are being achieved in an efficient, effective and orderly manner. An internal control structure includes an efficient and effective internal audit wing, and manuals and standard operating procedures to guide its operations. Audit noticed the following deficiencies in Internal Control System.

a) The Company did not have policy, manuals, and standard operating procedures to effectively manage its credit disbursal and recovery operations.

b) Though the Company is engaged in extending financial assistance to the beneficiaries since 1983, it has not introduced any internal audit system to evaluate the level of compliance with the existing rules and regulations.

c) No record was maintained in support of visits made by the officials of the recovery section for the recovery of loan instalments/default amount. Therefore, it could not be ensured whether the recovery staff was doing its duty properly or not.

d) The Company has not been maintaining the record of receipts and the disposal of the public grievances. These grievances and their settlement were not brought into the knowledge of the MD of the Company.

The Company stated that it follows the Citizen Charter in disbursal of loans. As per Company Act, 2013 there was no requirement of internal audit as its paid up capital is below ₹ 50 crore. Further, the Company communicates suitable replies to the applicants and take necessary action as required in the grievances. The reply is not acceptable as for effective implementation of various loan schemes, the Company was to frame manuals, policies and standard operating procedures. Internal audit is an effective tool to evaluate the level of compliance with the existing rules and regulations. Grievances records were not maintained and such grievances were also never brought into the knowledge of MD of the Company.

2.2.8 Conclusion

The Company had sufficient funds from the Apex Corporations to provide credits to target groups, however, it failed to perform its responsibilities. There were deficiencies in extending financial assistance. It had not conducted any survey of the targeted population and there were significant delays in disbursement of loans. There was shortfall in achievement of annual financial and physical targets. Total funds drawn from the all Apex Corporations during 2012-17 was ₹ 37.48 crore against which the Company could disburse only ₹ 13.13 crore during the same period. The disbursement of loan which was 45.41 *per cent* of total available funds in 2012-13 declined to 12.90 *per cent* in 2016-17. The Company instead of adopting an outreach policy of finding eligible beneficiaries to disburse the concessional loans, kept the funds idle in the banks and interest thus earned was used to meet its establishment expenditure, to the detriment of the interests of the target groups.

The system for follow up of the recovery from the beneficiaries was far from satisfactory. The total recovery effected by the Company during the year 2016-17 was only 11 *per cent* and the Company was not having any data of actual recovery for the previous years. The post loan disbursement monitoring was not prevalent in the Company and thus there was non-verification of the assets created, poor recovery of loans and lack of impact studies. The Company has not introduced Internal Audit System to exercise control over sanction and disbursement of loan to beneficiaries.

2.2.9 Recommendations

The Government may consider:

The Company was established in 1983 when banking system was not that prevalent. Now there are so many schemes of Government which are operated by banks which have requisite infrastructure and know how right from project evaluation to recovery stage so it is advised to review the receivables of the company to operate in this field mainly when it has failed to perform.

The Company may consider:

a) conducting outreach activities to profile the potential beneficiaries in each target group and prepare their database to determine economic viability of profession and trades to which loans could be granted and to generate awareness among them about the Company’s schemes to enable them to seek financial assistance.

b) ensuring that funds allocated and sanctioned by the Apex Corporations are fully drawn and utilised for the benefits of the intended beneficiaries.

c) strengthening the loan recovery mechanism and relevant record management to improve the performance of loan recovery.

d) improving its corporate governance and oversight mechanism to effectively promote the objects of the Company in the best interests of the intended beneficiaries.

The matter was referred to the Government (November 2017); their reply was awaited (January 2018).

Department of Power

Delhi Power Company Limited

2.3 Avoidable payment of penal interest

Failure of the Delhi Power Company Limited management to timely assess the Minimum Alternate Tax liability and consequently non-payment of advance tax resulted in avoidable payment of penal interest of ₹ 60.01 lakh.

GNCTD vide notification dated 20 November 2001 transferred and vested all the liabilities of the Delhi Vidyut Board in the holding company namely Delhi Power Company Limited (DPCL), which were not allocated to the other successor entities viz. Genco, Transco and DISCOMs. Further, DPCL was directed to manage liability of settlement of Central Power Sector Undertakings (CPSUs) dues of ₹ 3376.69 crore (including 8.5 *per cent* per annum interest) payable to NTPC, BTPS, NHPC, PGCIL and NPCIL. The CPSUs dues are cleared by DPCL out of grant approved by GNCTD.

Section 115JB Income Tax Act, 1961 (the Act) states that every taxpayer company is liable to pay Minimum Alternate Tax (MAT) if the income tax (including surcharge and cess) payable on the total income computed as per the provisions of the Act in respect of any year is less than 18.50 *per cent* of its book profit. The taxpayer who is liable to pay tax is required to estimate his current income and pay advance tax on his own. Section 208 of the Act states that advance tax is to be paid in instalments falling due on 15 of June, September, December and March. Section 234B of the Income Tax Act, 1961 provides for levy of simple interest at one *per cent* per month or part of a month when the taxpayer has failed to pay advance tax or where the advance tax paid by the taxpayer is less than 90 *per cent* of the assessed tax. Section 234C provides for levy of interest for default in payment of instalment(s) of advance tax.

Delay in payment of MAT for the financial year 2009-10 and subsequent payment of penal interest of ₹ 2.02 crore, in July 2014, under section 234B and 234C was pointed out in para 2.4 of Audit Report No. 1 of the Comptroller and Auditor General of India for the year ended 31 March 2015. DPCL management was therefore expected to be vigilant so that the same irregularity does not occur in future. Audit however noted that DPCL did not pay advance tax due to its failure to estimate MAT liability on book profits of ₹ 14.63 crore and ₹ 20.76 crore in the financial years 2015-16 and 2016-17, respectively. As a result, DPCL had to pay penal interest under Section 234B and 234C amounting to ₹ 60.01 lakh (₹ 37.63 lakh for 2015-16 and ₹ 22.38 lakh for 2016-17).

Instead of enforcing the accountability of the responsible officials for repeat violations of the Act that attracts penal interest, DPCL management regularised the violations, on file, stating that the amount of penal interest on delay in advance tax was considerably offset by interest earned on funds parked in the nationalised banks as fixed deposits. Management's this line of argument is not justified to defend the violation of provision of the Act. Moreover, interest earned on fixed deposits was ₹ 25.41 lakh less than the penal interest paid under Section 234B and 234C

Thus, failure of the DPCL to timely assess the MAT liability and consequent non-payment of advance tax resulted in avoidable payment of penal interest of ₹ 60.01 lakh.

The matter was reported (October 2017) to the Government; their reply was awaited (January 2018).

Delhi Transco Ltd.

2.4 Unproductive investment in purchase of land

Purchase of land in 2014 at annual recurring cost of ₹ 1.34 crore without ensuring its suitability for the proposed sub-station and no finite plan for setting it up to the year 2022, resulted in revenue loss in term of interest paid on its borrowing which worked out to be ₹ 79.92 lakh on ₹ 4.08 crore paid up to July 2017 for the land which remains blocked and has become unproductive.

The Delhi Development Authority (DDA) offered (December 2009) a site at Molar Band measuring 10800 Sqm to the Department of Power (DoP), GNCTD to set up a 66 KVA grid sub-station to energize upcoming 690 Lower Income Group DDA houses. Delhi Transco Limited (DTL), consented (December 2010) to jointly acquire this land with BSES Rajdhani Power Limited (BRPL), a privately owned power distribution company to co-locate their 220/66 KV grid sub-station (by DTL) and 66/11 KV distribution sub-station (by BRPL). The Department of Power (DoP) informed (May 2011) this to DDA.

As per DDA land policy, the land is allotted to DoP which in turn can license it to power utilities on 'Right to Use Basis' by charging annual license fee. DDA, however, allotted (November 2012) land to the extent of 8550 sqm only for which DoP paid (March 2013) ₹ 11.16 crore to DDA. Subsequently, DoP handed over (December 2014) the land to DTL (5133 sqm) and BRPL (3417 sqm).

While assessing the status of the ongoing electricity related projects, the Planning Steering Committee[23] (PSC) was informed (October 2015) that the said piece of land was not suitable for setting up 220/66 KV grid sub-station (by DTL) and 66/11 KV distribution sub-station because of its triangular shape and inadequate approach rendering the feasibility for infeed and outlets problematic. DTL finally decided in April 2017 after a delay of 19 months to not to set up the proposed facilities and return the land to DoP. In meantime, DTL continued to pay annual license fee to DoP. It had paid ₹ 4.08 crore (up to July 2017) which became unproductive. Audit noted the following:

1. Finding the same land as unsuitable in October 2015 and the proposed sub-stations no more required in April 2017 means that DoP and DTL did not do adequate due diligence for land acquired from DDA and the power load projections. DTL had not assessed the feasibility for setting up of the sub-station on the land before taking the possession. In fact, in the PSC meeting held on 12 December 2013, doubts were raised about suitability of layout of 8,550 Sqm plot for setting the sub-station. But DTL still chose to take possession of the land under the instructions of the DoP.

2. DTL took possession of land on 23 December 2014 and therefore was liable to pay license fee on pro-rata basis for 99 days (23 December 2014 to 31 March 2015) for the year 2014-15 but at the insistence of DoP, DTL had to pay the annual fee for full year 2014-15 whereas DoP allowed BRPL to pay only for 99 days. DTL thus paid ₹ 1.34 crore against its liability of ₹ 36.34 lakh.

3. Despite the PSC being informed (October 2015) that the land was not suitable for sub-stations, DoP continued to insist on payment of annual license fees for the succeeding period and charged interest of ₹ 6.42 lakh @ 1.25 *per cent* per month for delay in payment of annual fee for 2016-17.

In the process, DTL incurred a loss of interest of ₹ 79.92 lakh[24] on ₹ 4.08 crore paid for the land which remains blocked.

DTL replied (October 2017) that due to changed circumstances, it did not require the land and the portion of the land allocated to it has been handed over (5 September 2017) to BRPL for its license use. Further, the amount paid by DTL to DoP on account of its portion of the land is being settled with BRPL. The Management reply is not acceptable as assuming that the DTL will recover the amount of license fee already paid, from BRPL, there is no mention that DTL will also recover the cost of funds it used for paying the license fee during 2014-17.

---

[23] Planning Steering Committee was set up under the Delhi Electricity Regulatory Commission (State Grid Code) Regulation 2008. General Manager (Planning) of DTL is the chairman of this Committee which have representatives from DISCOMs.

[24] Calculated @ 10.50 *per cent*, which is borrowing rate of DTL for the said period.

Thus, purchasing a land in 2014, at annual recurring cost of ₹ 1.34 crore, without ensuring its suitability for the proposed sub-station and no finite plan for setting it up to the year 2022 was not justified. This has resulted in revenue loss in term of interest paid on its borrowing which worked out to be ₹ 79.92 lakh on ₹ 4.08 crore paid up to July 2017 for the land which remains blocked and has become unproductive.

The matter was referred (August 2017) to the Government; Reply was awaited (January 2018).

Department of Tourism

Delhi Tourism and Transportation Development Corporation

2.5 Infructuous expenditure of ₹ 39.66 lakh on the construction of Dilli Haat at Mayur Vihar

Initiation of construction of Dilli Haat at Mayur Vihar in infringement of Supreme Court and Delhi Development Authority directions and despite refusal of change of land use by DDA in Octobter 2013 and prohibition by UTTIPEC, resulted in infructuous expenditure of ₹ 39.66 lakh.

The Supreme Court issued (May 2006)[25] directions that before acquisition of lands for development, the consequences and adverse impact of development on environment must be properly comprehended and lands be acquired for development that do not gravely impair the ecology and environment. The Governing Body of Unified Traffic and Transportation Infrastructure (Planning and Engineering) Centre (UTTIPEC) of the Delhi Development Authority (DDA) prohibited (February 2010)[26] covering of drain in Delhi by any agency. It has been observed in Audit (March 2017) that on suggestion of a Member of Parliament, Delhi Tourism and Transportation Development Corporation (DTTDC) initiated (May 2012) a proposal to construct Dilli Haat by covering a portion of Shahdara Link Drain at Mayur Vihar and had applied (October 2012) to the DDA for change of land use[27]. Irrigation and Flood Control Department (IFCD) of GNCTD transferred (March 2013) the 27,000 square meter (Sqm) of land of Shahdara Link drain at Mayur Vihar to DTTDC on lease basis for 99 years. The Audit findings are as under:

1. Without waiting for permission for change of land use, the DTTDC appointed three consultants for structural design, proof checking of structural design, and architectural consultancy in June, August and September 2013 respectively. The request for change of land use however was not acceded in

[25] In the case of Karnataka Industrial Areas Development Board Vs C. Kenchappa & Others {Appeal (Civil) 7405 of 2000}

[26] Minutes of the 21st Meeting of the Governing Body of UTTIPEC

[27] Since the proposed site was an open drain, change of land use was required.

Board of Enquiry and Hearing of DDA held on 24 October 2013. The Company however did not foreclose the consultancy agreements and continued to take their services upto May 2015.

2. The judgement on an application[28] filed in 2013 with the National Green Tribunal for stay on land use change proceedings initiated by the DDA finally came in January 2015 which forbid the construction and/or coverage of any of the drains in Delhi by any Authority. The Company foreclosed the consultancy agreements in April/May 2015. By this time, the Company had already incurred an expenditure ₹ 39.66 lakh on the Project which became infructuous.

The Management replied (May 2017) that no violation has been done for initiating preplanning activities of the project. Approval for transfer of land for covering of Shahdara Link Drain in the said portion for construction of Dilli Haat at Mayur Vihar was accorded by the Lieutenant Governor, Delhi (LG). The pre-planning activities of project were reviewed a number of times by the Chief Minister and Chief Secretary, Delhi. The permission for change of land use was considered (April 2013) in a meeting of technical committee of DDA. The reply is not acceptable as this proposal was ab-initio wrong and change in land use was not acceded to by DDA in October 2013 and should be seen in the light of the fact that the LG approval letter for transfer of land stated that the DTTDC should take up the issue of land use change with DDA at its own and also should seek prior sanctions of all regulatory agencies prior to putting even a temporary structure on the land. Therefore, the DTTDC should not have financially committed itself by appointing the consultants without prior permission from the DDA.

The Government thus erred in ordering the Company to take up the project based on suggestion of a Member of Parliament ignoring the prohibition of covering of drains in Delhi by any agency vide decision of UTTIPEC in February 2010 and pronouncements of the Supreme Court and the competent bodies and incurred infructuous expenditure of ₹ 39.66 lakh whereas they should have first sought all the clearances.

The matter was reported to the Government in June 2017 and their reply was awaited as of (January 2018).

[28] No. 300 of 2013 and M.A. No. 877 of 2013 filed by Sh. Manoj Kumar Misra.

2.6 Loss of interest

Delhi Tourism and Transportation Development Corporation suffered a loss of interest of ₹ 1.18 crore due to incurring expenditure on deposit work without ensuring prior receipt of deposits from the client department.

The Revenue Department of GNCTD entrusted (August 2011) the work for construction and up-gradation of e-Sub-Registrar Office (RO) at Basai Darapur, Delhi to DTTDC on deposit work basis subject to observance of all codal formalities and related instructions as per Central Public Works Department (CPWD) Manual/ General Financial Rules (GFR) 2005.

Section 3.4(1) and (6) of the CPWD Works Manual provides that whenever a deposit work is to be undertaken, the deposit should be realised before any liability is incurred on the work and in no case should deposits received from a client department for its work be diverted to other works.

Audit observed that of the total construction cost of ₹ 15.09 crore, only ₹ 1.95 crore were realised before completion of contract. DTTDC realised ₹ 12.79 crore (85 *per cent* of total cost) after completion of work, during July 2013 to January 2017, a delay of between 2 and 44 months and ₹ 34.74 lakh remained unrealised as of July 2017.

Besides, DTTDC charges departmental charges at five *per cent* and consultancy fees at one to three *per cent* on the total cost of deposit works. DTTDC in this work did not charge consultancy fees and its revenue from departmental charges was ₹ 71.88 lakh. The non-receipt of required deposit prior to incurring the expenditure implied that DTTDC had used its own funds for execution of the work. The average interest DTTDC earns from its surplus funds, deposited with banks is about 6.5 *per cent* and by incurring expenditure on deposit work without ensuring prior receipt of deposits means DTTDC has forgone interest income of ₹ 1.18 crore. Thus, there was a net loss to DTTDC in undertaking this work.

The Government stated (November 2017) that the work was undertaken on the orders of GNCTD. It further stated that the funds utilised for the Basai Darapur project was from the same Head i.e. of the Revenue Department deposits against the other e-Sub-Registrar offices. The reply is not tenable as it was in violation of the provisions of the CPWD Works Manual and DTTDC used its own funds during execution of this work.

Thus, DTTDC suffered a loss of interest of ₹ 1.18 crore due to incurring expenditure on deposit work without ensuring prior receipt of deposits from the client department.

2.7 Wasteful expenditure

Inadequate due diligence and planning on the part of DTTDC resulted in avoidable delay of 12 years in developing the land for the stated use and wasteful expenditure of ₹ 23.19 lakh. Besides, idling of investment in land means interest cost of ₹ 1.27 crore to the DTTDC on blocked funds of ₹ 1.79 crore with no corresponding revenue generation.

DTTDC acquired (April 2005), from the Office of Director (Panchayat), GNCTD, 5.22 acres land on 99 years lease at the cost of one-time premium of ₹ 1.38 crore and ground rent of ₹ 3.44 lakh per annum for extension of its existing 20 acre garden, 'Garden of Five Senses' at Saidu-ul-Ajab village, New Delhi.

DTTDC did not take action to develop the land during first five years (2005-10). It decided (2010-12) to set up a Wellness Centre and Recreation Club (WCRC) without checking whether the construction of a WCRC on the land allotted for extension of the existing garden was allowed under the Delhi Master Plan (DMP) – 2021 notified by DDA in February 2007. DTTDC appointed (October 2012) a Project Development Advisor (PDA) for 'construction, operation, maintenance, management and transfer of WCRC on public-private partnership (PPP) mode'.

PDA in presenting (February 2013) its feasibility study and business plan to DTTDC, however, raised doubts whether the construction of WCRC would be permissible under DMP–2021. But even at this stage, DTTDC chose not to check with the DDA about this and ordered the PDA to conduct tendering process to appoint a PPP partner.

DTTDC sought (February 2014) the clarification from DDA only after the bidders at pre-bid meeting held (January 2014) told DTTDC that the construction of WCRC would require conversion of land use and requested the DTTDC to clarify. The DDA clarified (April 2014) that the construction of WCRC is not permissible under the DMP-2021 and for change of land use, a no objection certificate would be required from the Ridge Management Board and Central Empowered Committee constituted by the Supreme Court of India. DTTDC did not seek change of land use and foreclosed (October 2015) the contract with PDA and abandoned (June 2016) the proposal to construct WCRC. Thus, ₹ 15.19 lakh paid to PDA for consultancy and ₹ 8 lakh for tender advertisement became wasteful expenditure. Besides, DTTDC incurred interest cost of ₹ 1.27 crore[29] (up to July 2017) on blocked

[29] Calculated at the rate of interest which DTTDC was earning on its surplus invested ranging between 6.25 to 8 *per cent* per annum during the period 2005-06 to 2016-17.

funds of ₹ 1.79 crore[30] with no corresponding revenue generation envisaged in the business plan.

Management stated (May 2017) that the corrective action has since been taken and the land would now be developed for holding big events with the nominal infrastructure for that it has received Plan funds of ₹ 36.59 lakh in 2016-17. A boundary wall around the land has already been built and an architecture consultant has been appointed for developing it. The reply is not tenable as DTTDC did not take action to develop the land during first five years (2005-10), and its subsequent delay and wasteful expenditure was avoidable, had they checked the permissibility of land use before embarking on WCRC project.

Thus, inadequate due diligence and planning on the part of DTTDC resulted in avoidable delay of 12 years in developing the land for the stated use and wasteful expenditure of ₹ 23.19 lakh. Besides, idling of investment in land means interest cost of ₹ 1.27 crore (up to July 2017) to the DTTDC on blocked funds of ₹ 1.79 crore with no corresponding revenue generation envisaged in the business plan.

The matter was referred (August 2017) to the Government; their reply was awaited (January 2018).

Department of Transport

Delhi Transport Corporation

2.8 Non-recovery of losses from the Annual Maintenance Contractor

Due to inadequacy in contract management coupled with delayed action attributed to management, DTC could not recover the losses from Tata Motors Limited resulting from 17 burnt buses with depreciated value of ₹ 5.86 crore. Besides, due to non-availability of 17 buses, DTC has been suffering an annual loss of contribution of ₹ 1.13 crore and total loss up to June 2017 was ₹ 2.82 crore. Not ensuring insurance cover for 2682 buses means undue benefit extended to Tata Motors Limited equivalent to cost of insurance cover.

Under a contract signed (October 2008) between M/s Tata Motors Limited (TML) and Delhi Transport Corporation (DTC), TML supplied 2682 fully built low floor city buses during 2007-11 with responsibility of annual maintenance till 7,50,000 KMs beyond warranty period to ensure 92 *per cent* all time availability of buses for operation. As per practice DTC takes only third party insurance cover for its fleet which mitigates the risk/liability arising out of use of its fleet in public places to cover the losses for damage to

[30] Land cost of ₹ 1.38 crore and ground rent of ₹ 0.41 crore for 12 years

any third party but does not cover loss to motor vehicle. However, to safeguard against any loss while buses are in custody of maintenance contractor in the depots for maintenance, clause 46.20 of the Annual Maintenance Contract (AMC) with TML stipulates that TML would take adequate insurance cover for the buses in its custody for maintenance, which shall include buses parked in depots under repair during AMC period to protect DTC from any loss because of damage (including fire) to the bus.

Seventeen of these buses costing of ₹ 10.34 crore parked at Ambedkar Nagar Depot of DTC were burnt in a fire on 1st January 2015. A High Power Committee[31] (HPC) constituted (January 2015) by Delhi Government concluded (July 2015) that there was no mala-fide action behind the cause of fire and the exact cause of the fire was not ascertained. Audit findings are as under:

1. The buses under AMC were to be attended at DTC depots and AMC facilities of TML were to be co-located with DTC depots for this purpose on the space provided by DTC for TML's work force; storage of spares; and plant, machinery, tools etc. TML personnel were to conduct checking and preventive maintenance of buses at depot prior to the schedule of departure of each bus daily/regularly[32]. These AMC provisions collectively mean that the buses inside the depots were to be in effective custody of the TML until the buses in ready condition are removed from depots for operation. A Committee constituted (April 2016) by DTC to examine the report of HPC also concluded (May 2016) that buses were under the custody of TML when the fire started.

2. Audit noted that DTC authorities responsible for management of AMC did not ensure that TML had taken the required insurance cover for any of 2682 low floor buses under maintenance contract with TML. Even after this incident, TML has not taken insurance cover, rendering DTC vulnerable to the risk of incurring losses in such incidence, and there was no follow up by DTC in this regard. Besides, insurance cover for buses has cost to TML which they would have factored while quoting the price of AMC, and by not ensuring insurance cover for 2682 buses, the DTC extended undue benefit to TML equivalent to cost of insurance cover the latter could have saved.

---

[31] This was headed by Deputy Commissioner (South) and other two members of the committee were Joint Commissioner (Transport) and Deputy Chief General Manager (Mechanical), DTC.

[32] The latest time by which the bus has to be made available by the TML for use by the DTC was 8 AM for morning shift (Paragraph 46.5 read with 46.24). DTC was to inspect all the buses of depots for body conditions, assemblies etc. and TML was to be made responsible for any missing or lost items (Paragraph 46.30). The buses in the DTC depots were to be driven/handled by TML personnel only (Paragraph 46.32).

3. There were administrative delays and inaction on the part of DTC management in attending this case. The HPC report was available in July 2015 but DTC took nine months to obtain a copy of the report in April 2016 from Delhi Government for taking further action. Though, DTC considers TML as the custodian of buses in the depots under the Paragraph 46.20 of the AMC and was liable for repairing of burnt buses, it failed to initiate any action against TML as per Clause 46.7 (i)[33] of AMC - for non-repairing of these buses, instead it kept on requesting[34] TML for repairing the burnt buses. Consequently, even after a gap of more than two and a half years (January 2015 to June 2017) since the date of fire incident, the burnt buses could not be got repaired from TML.

4. TML refused to repair or make good the losses for want of the report of the HPC headed by Deputy Commissioner (South). Audit noted that despite persistent demand from TML, DTC furnished a copy of the enquiry report to TML only in October 2017.

The Management stated (June 2017) that they have sent the letters to TML to furnish details of insurance policies taken by them but their reply is awaited. Any loss because of damages shall be borne by the TML. Further course of action is under process. The reply is not tenable as DTC enquired about existence of insurance cover after the fire incident which they could have ensured immediately after signing the contract in October 2008 to safeguard their interest. DTC also failed to recover its losses out of AMC payments of ₹ 346.26 crore made to TML during April 2015 to March 2017 i.e. subsequent to the fire incident, and all 17 burnt buses are lying unrepaired for over two and half years.

Thus, due to inadequacy in contract management coupled with delayed action attributed to DTC management, DTC could not recover the losses from TML resulting from 17 burnt buses with depreciated value of ₹ 5.86 crore. Besides, due to non-availability of 17 buses, DTC has been suffering an annual loss of contribution[35] of ₹ 1.13 crore[36] and total loss up to June 2017 was

---

[33] Clause 46.7 (i)-Repair due to accidents because of the reason attributed to the defects/mechanical failure/fire of the bus shall be the responsibility of the contractor. Purchaser's decision, regarding whether the accident is because of defects/mechanical failure or otherwise shall be final

[34] 25 May, 5 August, 11 September, 16 September 2015, 29 January, 29 February, 27 December 2016

[35] Revenue per KM less variable cost per KM.

[36] No. of buses: 17 x Average 188 KM per bus per day x Contribution of ₹ 9.675 for AC Low Floor buses per KM x Days from 01.01.2015 to 30.06.2017 which works out to ₹ 1.13 crore annually and ₹ 2.82 crore for two and half years. (Contribution source- Average of physical and financial results of DTC for 2015-16 (Actuals) and 2016-17 (provisional).

₹ 2.82 crore. Not ensuring insurance cover for 2682 buses means undue benefit extended to TML equivalent to cost of insurance cover.

The matter was referred (July 2017) to the Government; their reply was awaited (January 2018).

2.9 Avoidable payment of electricity charges

Failure to monitor the progress of deposit work assigned to the executing agency for development of Dwarka-VIII bus depot coupled with inadequate planning resulted in avoidable payment of electricity charges of ₹ 50.72 lakh.

Department of Transport (DoT), GNCTD sanctioned in July 2007 the construction of bus depot at Dwarka Sector-VIII for DTC for parking of buses during the Commonwealth Games (CWG)-2010 at an aggregate amount of ₹ 6.73 crore which was later revised to ₹ 9.31 crore. DTC entrusted the work to Public Works Department (PWD), as deposit work, in August 2007. The work included civil construction and setting of an electrical sub-station (ESS) at bus depot within 18 months.

PWD completed the civil works of depot in October 2009. The ESS work was awarded later (October 2009) by PWD which had not been completed till July 2017. As the execution of ESS could not be completed timely, DTC had to take temporary electric connection in July 2009 for the depot to make it operational in time for CWG event. Further, DTC was still operating the depot on temporary connection as of July 2017 which resulted in extra payment of electricity charges of ₹ 50.72 lakh (for 93 months) as power distribution companies charged 30 *per cent* extra for temporary electric connections over and above the normal tariff rate. The use of temporary electricity connection at Dwarka-VIII bus depot continues at the avoidable recurring cost of ₹ 1 lakh per month.

Total extra expenditure of ₹ 50.72 lakh incurred by DTC was avoidable due to the following reasons.

1) DTC did not monitor the progress of such an important work during the civil construction phase and as a result, they missed the fact that executing agency did not synchronize the award of civil and electrical work to ensure timely completion of bus depot i.e. 18 months from the date of assignment of deposit work.

2) DTC did not involve the power distribution company to seek its requirements while finalising the scope of work for the ESS. During construction of ESS facility, modifications were to be done as per power supply specifications and standards which further delayed its readiness.

The Government stated (December 2017) that DTC regularly followed up the matter with the executing agency for early completion of ESS. However, PWD has still not installed the electric substation equipment in the electric substation building due to their dispute with the contractor and Dwarka Depot-VIII is still running on temporary electric connection. The extra amount paid to DISCOM on account of temporary electric connection has been work out which comes to ₹ 48.84 lakh (May 2017) for Dwarka Depot-VIII. DTC will not bear the loss due to delay attributed on part of executing agencies and it has initiated recoveries from PWD. The reply is not tenable and should be seen in the light of the facts that they failed to track the progress of work until January 2009 when they realised that ESS work was not started. DTC has not signed any formal agreement for awarding the deposit work under which they could seek compensation or recovery of additional burden of electricity charges incurred by DTC due to delays attributable to the executing agency.

Thus, failure to monitor the progress of deposit work assigned to the executing agency for development of Dwarka-VIII bus depot coupled with inadequate planning resulted in avoidable payment of electricity charges of ₹ 50.72 lakh.

Department of Power

2.10 Follow up Audit on Performance Audit of Delhi Transco Limited

2.10.1 Introduction

2.10.1.1 To assess the economy, efficiency and effectiveness of operations of Delhi Transco Limited, a Performance Audit covering the activities of the organisation during the period 2007-08 to 2011-12 was conducted and included in the Audit Report of the Comptroller and Auditor General of India for the year ended March 2012 - Government of National Capital Territory of Delhi (Audit Report No. 1 of the year 2013). The Audit Report was presented in the State Legislature on 2 April 2013. The Performance Audit had observed:

- delays in execution of major projects due to deficient planning and project management;
- Lack of synchronisation of activities;
- Non-achievement of targets of capacity addition;
- Delays in decision making, imprudent decisions and contracting affecting the operation and maintenance of sub-stations and lines;
- Inadequate disaster preparedness; and

- Deficiencies in procurement of materials and inventory.

The Performance Audit contained five recommendations and 48 observations out of which 34 were actionable.

2.10.1.2 Now, to assess the adequacy and effectiveness of actions taken on these 34 actionable observations – a follow up audit was conducted whose results are discussed below. The present status of actions taken on the recommendations and related audit observations has been categorised under three categories – 'Insignificant' or 'No Progress', 'Partial Implementation' and 'Full Implementation'.

The Performance Audit has not been discussed by the Committee on Government Undertakings as of June 2017.

Audit findings

2.10.2 Implementation of audit recommendations/observations

The category wise status of implementation of 34 audit observations under five recommendations that were included in the Performance Audit Report is given below:

A) Insignificant or No Progress

Gist of observations made in earlier Audit Report	Recommendation made	Current status as informed by the Company	Audit findings/comments
1. Loss of ₹ 16.91 crore due to excess payment of Custom Duty on import of 220 KV Gas Insulated Sub-station (GIS) on account of payment of non-leviable Countervailing Duty (CVD). **(Para No. 7.7.7.1)**	Projects of transmission lines and Sub-stations are synchronized in a way to avoid any idling of equipment and funds.	The DTL stated that rules were silent about CVD exemption; it has not imported any such equipment after 2012; and would obtain expert advice and approach Customs Department as and when it will import such equipment.	The DTL has not imported any such equipment after 2012.
2. Non-procurement of Polymer Insulators for DTL's	Installation of adequate numbers	The DTL stated that	In June 2017, Purchase Order has

220 KV Lines resulted in grid disturbances and infructuous expenditure of ₹ 0.23 crore in unwarranted procurement of porcelain type Anti Fog Insulators. **(Para No. 7.8.5.3)** To control the large number of tripping noticed in January 2010, December 2011 and January 2012, it was decided in February 2012 to procure Polymer Insulators and replace Porcelain Insulators on 220 KV transmission lines. It was noticed in audit that till 2012, these were not purchased and replaced as per the directions of Northern Regional Power Committee (NRPC)/Central Electricity Authority (CEA).	of Capacitor Bank/Shunt Reactors, Bus Bar Protection Panel to protect the Lines and Sub-stations to maintain system stability during grid disturbances and to reduce transmission losses.	procurement of Polymer Insulators for 220 KV transmissions system is under process.	been issued for supply of Polymer Insulator but order for Erection, Testing and Commissioning (ETC) of Polymer Insulators is still under process with the result porcelain type Insulators have not been replaced with Polymer Insulators.
3. Avoidable expenditure of ₹ 1.11 crore towards consultancy charges paid to PGCIL in procurement of Polymer Insulators for DTL's 400 KV transmission lines. **(Para No. 7.8.5.4)** To control the large numbers of tripping during the foggy conditions in Northern region, it was decided in 2008 to procure and replace the existing Porcelain Insulators on 400 KV transmission lines with Polymer Insulators. For this purpose, DTL procured Polymer Insulators through Power Grid Corporation of India Ltd. (PGCIL) in 2008-09 by paying consultancy charges (₹ 1.11 crore), which was not needed when DTL had full fledge Material Management and Store Division.			The Company has not procured any material from PGCIL after 2012, but there was delay in floating of NIT and award of Purchase Order for procuring Polymer Insulators as stated above.

4. Unscheduled Interchange Charges **(Para No. 7.9.5)** The gap in demand and supply position of energy leads to variation between actual generation or actual drawl and scheduled generation or scheduled drawl which is accounted through Unscheduled Interchange (UI) charges which State Load Despatch Centre (SLDC) worked out for each 15 minutes time block. The levy of UI charges acts as a commercial deterrent to curb over drawl or under injection during low frequency conditions. The UI charges collected are credited to a fund called UI Pool Account Fund. Audit pointed out that balance of ₹ 165 crore as on 31 March 2012 was lying in Pool Account Fund which was not utilised for any scheme for system improvement etc.	Installation of adequate numbers of Capacitor Bank/Shunt Reactors, Bus Bar Protection Panel to protect the Lines and Sub-stations to maintain system stability during grid disturbances and to reduce transmission losses.	The DTL stated that SLDC is the only nodal agency for collection and disbursement of UI amount. The usage of the surplus money available in the UI Pool Account is to be decided by Delhi Electricity Regulatory Commission (DERC). SLDC has approached the DERC but their decision is awaited.	There was no utilisation of funds available in UI Pool Account for any scheme for system improvement while balance amount has increased to ₹ 453.24 crore (March 2017). Further, DTL has not pursued with DERC regularly after August 2013 (except in October 2017 after issue was raised by Audit) to get the approval of utilisation of available funds for upcoming transmission projects of strategic importance in Delhi.
5. Tariff Fixation **(Para No.7.10.3)** DTL had incurred Operation and Maintenance (O&M) expenses in excess of actually allowed by DERC during 2007-08 to 2011-12 with the result, there was under realization of O&M expenses to the extent of ₹ 22.43 crore which was borne by the Company from its own sources and there was a need to curtail these expenses.	Curtailing expenditure and recover its dues from DISCOMs to reduce dependence on borrowed funds.	The DTL stated that issue was challenged before Appellate Tribunal of Electricity (ATE) in 2011, however, ATE upheld the decision of DERC in 2013.	DTL has not controlled its O&M expenses between 2012-13 and 2016-17 and incurred ₹ 27.77 crore during this period in excess of that allowed by DERC which the company had to bear from its own sources. Even after ATE upheld the decision of DERC in 2013, the Company did not make efforts to curtail these expenses.
6. Delay in finalization of tenders **(Para No. 7.11.2.1)** There was significant delay in finalization of contract from	DTL may consider to initiate steps to ensure Projects of transmission lines and Sub-stations	The DTL stated that efforts have been made to reduce the time in finalisation of	The situation has not improved after 2012 as Material Management division finalised and awarded the 15

the date of floating of tender. The Company took six to 19 months from the date of floating of NIT against the time period of five months allowed in Purchase Policy of DTL.	are synchronised in a way to avoid any idling of equipment and funds.	tenders.	Purchase Orders in nine to 32 months in respect of transmission lines and Sub-stations scheme and 70 Purchase Orders in five to 11 months in respect of other material items after receipt of indents during 2015-16 to 2016-17.
7. Loss of ₹ 2.54 crore due to delay in disposal of damaged transformers **(Para No. 7.11.2.2)** DTL has been following the practice of declaring the transformers as scrap, once it was declared damaged beyond repair. Scrap Disposal Committee thereafter fixes reserve price of the damaged transformers which are then sold through e-auction. Audit pointed out that these transformers were disposed off with delays (up to 80 months) after considering reasonable time period of six months in the absence of any time frame prescribed. This has resulted in loss of ₹ 2.54 crore of interest on blocked funds.	DTL may consider to initiate steps to ensure Projects of transmission lines and Sub-stations are synchronized in a way to avoid any idling of equipment and funds.	The DTL stated that there were considerable delays but after following the Scrap Disposal Procedure, the delays have been curtailed. Disposal procedures would be streamlined once scrap disposal policy is approved.	The Scrap disposal policy has been approved in September 2017, however, time period during which the scrap material to be disposed off is still not incorporated in the said policy. Delays in scrap disposal was also reported in CAG Report of 2016. Even after that one transformer was disposed off (₹ 1.23 crore) in 2016-17 with delay of 26 months.
8. Delay in procurement of Nitrogen Injection Fire Prevention-cum-Extinguishing System (NIFPES) for installation in transformers **(Para No. 7.11.2.7)** DTL issued a purchase order to M/s SERGI in December 2010 against NIT invited in February 2010 for supply, installation and commissioning of 64 nos of NIFPES for 100 MVA transformer at 220 KV Sub-station. Another bidder filed a legal suit against M/s SERGI and obtained Court order in February 2010 preventing M/s SERGI from selling NIFPES to DTL. DTL was aware of this fact, but, still placed order on M/s SERGI, with the result, NIFPES were yet to be procured and installed	DTL may consider to initiate steps to ensure adequate Safety measures and Infrastructure for disaster management.	The DTL stated that matter is sub-judice in Delhi High Court against M/s SERGI and NIFPES were not procured so far.	DTL has not procured the NIFPES so far to install them along with 100 MVA transformers as per guidelines of CEA to prevent fire.

which were necessary for safety as per guidelines of CEA.			

B) Partial Implementation

Gist of observations made in earlier Audit Report	Recommendation made	Current status as informed by the Company	Audit findings/comments
1. Transmission network and its growth. **(Para No. 7.7.2)** The DTL has a target of 255.01 CKM of lines and 7420 MVA of transmission Capacity against which 87.75 CKM of lines and 2380 MVA of transmission capacity were added/augmented during 2007-08 to 2011-12. 2. Project management of transmission system **(Para No. 7.7.3 and 7.7.4)** There were delay ranging between 13 months and 60 months in major transmission line projects and delay ranging between 23 months and 64 months in Substation projects against the prescribed norms of completion of 28 and 24 months respectively from the date of approval of the project. Further incomplete line projects and Sub-station projects were delayed by 16 months to 64 months and 21 months to 78 months respectively as on 31 March 2012. The reasons for delays were i) delay in inviting NIT, ii) excess time taken in	The recommendation of Task Force of GoI and directions of CEA/DERC on Transmission Projects are to be followed.	The DTL stated that it has streamlined the process of formulation of scheme, tendering and execution considerably to ensure minimum time in formulation of schemes/works.	After 2012, DTL added 4610 MVA of transformation capacity and 173.373 CKM of lines against target of 9255 MVA of transformation capacity and 374.36 CKM of lines (50 and 46 respectively between 2012-13 and 2016-17. This shows that DTL failed to achieve the targets. Scheme/work of construction and commissioning of Transmission Lines (five Nos.) and Sub-stations (five Nos.) which were under execution as on 31 March 2012 have been successfully completed and commissioned though there was delay of seven months to 34 months. Sub-station (Lodhi Road) was partially commissioned in November 2014 which was scheduled to be fully completed in July 2017 with delay of 50 months. However, in respect of new schemes/works undertaken w.e.f. 2014-15, there is a partial improvement as delays have been curtailed to between one month and 19 months in respect of 15 Sub-station

evaluation of bids and process of award of turnkey projects iii) Delay in acquisitions of land, iv) Delay in arranging Right of Ways (RoW) permission from civil agencies.			projects (three of establishment of sub-stations and 12 of augmentation works) and seven cable link projects (three of line erection works and four of augmentation works) respectively. The reasons causing delays viz. tendering in inviting and processing of NIT and in award of PO/work orders and in grant of RoW permission etc. though still persist.
3. Blockage of funds due to non-synchronization of transmission lines and SS projects. **(Para No.7.7.6).** Lack of Planning resulted in non-synchronization of interconnected project activities of execution of a Sub-station and four transmission lines leads to blockade of funds to the extent of ₹ 287.09 crore as detailed below: **4.** Establishment of 400 KV GIS at East of Loni Road (Harsh Vihar) **(Para No.7.7.6.1).** 5. 220 KV 1000 sq. mm U/G XLPE cable link from Shalimar Bagh Sub-station to proposed Wazir Pur Industrial Area Sub-station (₹ 24.78 crore). **(Para No.7.7.6.3)**	DTL may consider to initiate steps to ensure Projects of transmission lines and Sub-stations are synchronized in a way to avoid any idling of equipment and funds.	The DTL stated that it has taken due care for future projects in arranging lands in synchronization with award. DTL stated (June 2017) that it has streamlined the process of formulation of schemes, tendering and execution considerably since 2011 to ensure synchronization of	Sub-station has been successfully completed and commissioned though there was delay of 18 months. However, 15 new works/schemes were taken up w.e.f 2014-15 and the work was not held up after award of work due to land issue. The link was commissioned but with further delay of 14 months (a total delay of 78 months). However, in new schemes/ works w.e.f. 2014-15, delays have been curtailed. Only in

		inter connected projects.	case of construction of Transmission Line between Vasant Kunj and R. K. Puram, Audit noted that the line is partially utilised as 220 KV Sub-station at R. K. Puram is still under construction.
6. 220 KV underground cum overhead transmission link between Maharani Bagh Sub-station and Gazi Pur Sub-station (₹ 6.97 crore). **(Para No. 7.7.6.4)**		The DTL stated that to minimize the period in obtaining approval etc., it has raised issue at various levels from time to time with agencies like Forest, I&FCD, P&T, CEA etc. LG office has also issued necessary orders/instructions to cooperate with DTL for expeditious clearance in the absence of dedicated corridors for these transmission schemes.	The said link was completed and commissioned but with further delay of 15 months from expected completion date (March 2013). Due to delay, the company has incurred an avoidable payment of price variation of ₹ 52.72 lakh.
7. Avoidable expenditure of ₹ 7.97 crore paid as consultancy charges to PGCIL **(Para No. 7.7.7.2)** DTL allotted the work of construction of eight bays at Maharani Bagh Sub-station (August 2005) to PGCIL as turnkey project with consultancy fees and service charging of 13.50 *per cent*. Audit observed that the DTL was doing the execution of same type of project works on turnkey basis themselves in 2005-06, Allotment of the same type of work to PGCIL has caused avoidable expenditure of ₹ 7.97 crore towards consultancy charges.	The recommendation of Task Force of GoI and directions of CEA/DERC on Transmission Projects are to be followed.	The DTL stated that it normally floats tenders for various GIS station on its own but in some cases where a decision is taken at the level of Ministry of Power, GoI/CEA to get the scheme executed through PGCIL.	The DTL has not made any procurement through PGCIL on its own after 2012 except awarding of schemes of transmission lines, Sub-station and associated work as directed by GoI/CEA for expeditious execution of capital works and strengthening of transmission system.

8. Performance of Transformer **(Para No. 7.8.2.1)** One transformer to four transformers had failed every year during the period of five years from 2007-08 to 2011-12 (13 transformers failed during five year period)	DTL may consider to initiate steps to ensure installation of adequate numbers of Capacitor Bank/Shunt Reactors, Bus Bar Protection Panel to protect the Lines and Sub-stations to maintain system stability during grid disturbances and to reduce transmission losses.	The DTL stated (June 2017) that to reduce failure rate measures like periodical in house testing of transformers is carried out. Other measures taken include purchase of new transformers along with Nitrogen Injection Fire Prevention cum Extinguishing System (NIFPES) to prevent damage due to fire. It also stated that initial erection, testing and commissioning of transformer is now being carried out by Original Equipment Manufacturers (OEM) themselves.	There is improvement in failure rate of transformers as only nine transformers were failed out of 136 transformers between 2012-13 and 2016-17, out of which only seven were damaged during normal working life.
9. Voltage management **(Para No. 7.8.2.2)** As per CEA regulation, the transmission networks are required to maintain voltages between 420 KV and 380 KV for 400 KV Sub-stations and 245 KV and 198 KV for 220 KV Sub-stations. It was noticed that prescribed voltage level was not maintained which may affect the electric appliances of consumers. To stabilize the voltage according to demand and to protect the collapse of voltage, there was need to install adequate numbers of Capacitor Banks/Shunt Reactors**.** Further it was noticed that there was shortage of Capacitor Banks (7.98 *per cent* of the	Installation of adequate numbers of Capacitor Bank/Shunt Reactors, Bus Bar Protection Panel to protect the Lines and Sub-stations to maintain system stability during grid disturbances and to reduce transmission losses.	The DTL stated that requirement is being worked out in consultation with PGCIL, CEA and other Stake holders.	The Company managed to substantially improve the voltage level after 2012 as maximum and minimum voltage were within prescribed limit at 220 KV and 400 KV Sub-stations except high voltage problem noticed at 400 KV Sub-stations. As per recent study conducted by CPRI there is no need of increasing installed capacity of Capacitor Banks. The position of damaged Capacitor Bank has improved from 7.98 *per cent* to 2.15 *per cent* in 2016-17 which has further helped in improving voltage profile, however, Shunt Reactor at 400 KV Sub-stations has not been installed so far.

installed capacity of 754.48 MVAR) on account of being damaged and shunt reactor were not installed in its transmission system.			
10. Bus Bar Protection Panel (BBPP) **(Para No. 7.8.2.3)** BBPP limits the impact of bus bar faults on entire power network which prevents unnecessary tripping. As per grid norms, BBPP is to be kept in service at all 220 KV Sub-station to maintain system stability during grid disturbance and faster clearance of fault. Audit highlighted that out of 28 Sub-stations, two Sub-stations were not provided BBPP, at two Sub-stations these were not working and at four Sub-stations, these outlived their life span of 25 years. So, the running of system without BBPP and on old/obsolete BBPP means the system was at risk.	Installation of adequate numbers of Capacitor Bank/Shunt Reactors, Bus Bar Protection Panel to protect the Lines and Sub-stations to maintain system stability during grid disturbances and to reduce transmission losses.	The DTL stated that scheme for supply and ETC of 26 nos. of BBPP at various 400 KV and 220 KV Sub-stations has been approved and tender floated to replace the old and obsolete BBPP with Numerical BBPP for automation.	There is partial improvement as out of 35 Sub-stations, at one Sub-station, there is no BBPP installed, at two Sub-stations, these are not working and at three Sub-stations, these have outlived the useful life. DTL has also initiated action to replace old BBPP with new numerical BBPP for automation.
11. Management of Transmission System **(Para No. 7.8.3)** Regular and periodic maintenance of transmission system is of utmost importance for its uninterrupted operation and Government of India has prescribed certain techniques under best practices for maintenance of lines.	Installation of adequate numbers of Capacitor Bank/Shunt Reactors, Bus Bar Protection Panel to protect the Lines and Sub-stations to maintain system stability during grid disturbances and to reduce transmission losses.	The DTL stated that it is now performing hotline maintenance through in house thermo vision scanning since 2013-14 and following other best practices for maintenance like CBM; Ten delta; DGA; CRM; DCRM; wet cleaning etc. It further stated that NRPC is also carrying Pollution	There is partial improvement as DTL is doing in-house Thermo Vision Scanning since 2013-14 apart from adopting some of other techniques which helped in improving system stability and availability of transmission system (99 *per cent*) but still some of the prescribed

Audit pointed out that DTL did not have Separate Hotline Maintenance Division and other best practices of transmission recommended by the Committee viz. hot line puncture, detection of insulators, preventive maintenance by using portable earthing hotlines tools, line washing, vibration measurement of the lines etc. were not being conducted in DTL.		Mapping on 12 major locations of DTL.	techniques viz. preventive maintenance by using portable earthing hotlines tools and vibration measurement of the lines are required to be adopted.
12. Grid Coordination Committee Meeting **(Para No. 7.9.4)** As per the Delhi Grid Code Coordination Committee Rules, 2008, Grid Coordination Committee (GCC) meeting should be held at least once in three months. Audit highlighted that meetings were not conducted regularly on quarterly basis and were held after a gap of about 12 months to 18 months as a result purpose of continuous supervision/monitoring and follow up action on system related issues was defeated.	Installation of adequate numbers of Capacitor Bank/Shunt Reactors, Bus Bar Protection Panel to protect the Lines and Sub-stations to maintain system stability during grid disturbances and to reduce transmission losses.	The DTL stated that GCC meetings are now being conducted at regular intervals.	The DTL conducted three meetings in 2012-13, two meetings in 2013-14, one meeting in 2014-15, two meetings in 2015-16 and three meetings in 2016-17 against once in a year earlier.
13. Undue benefit extended to private DISCOMs (BRPL and BYPL) due to non-following the provisions of agreement resulting in non-recovery of long pending dues of over ₹ 700 crore. **(Para No. 7.10.4)**	Curtailing expenditure and recover its dues from DISCOMs to reduce dependence on borrowed funds.	The DTL stated that it has been regularly pursuing the matter with BRPL and BYPL directly as well as through GNCTD/DERC. It had also filed petition before ATE (January 2014) and the matter was also taken in	The outstanding dues recoverable from BRPL and BYPL have increased to ₹ 2269.97 crore (₹ 900.40 crore from BYPL and ₹ 1369.57 crore from BRPL) as on 31 March 2017 though DTL is

DTL raises monthly transmission bills for wheeling charges and other levies on DISCOMS (BRPL, BYPL, NDPL, NDMC and MES). Audit report highlighted that BRPL and BYPL were not regular in payment from October 2010 onwards and ₹ 705.70 crore (₹ 431.11 crore from BRPL and ₹ 274.59 crore from BYPL) were pending for recovery as on 31 March 2012.		Supreme Court (2014) along with some other issues with DISCOMS. The matter is pending and now regular hearings are going on till date.	pursuing regularly. The matter is also sub-judice in Honorable Supreme Court.
14. Physical verification of Stores **(Para No. 7.11.1)** The physical verification of Mehrauli Store was conducted upto 2009-10. Further DTL had not taken action to identify and dispose off the scrap/obsolete material.	Projects of transmission lines and Sub-stations are synchronized in a way to avoid any idling of equipment and funds.	The DTL stated that physical verification of Mehrauli Store for 2015-16 has been conducted while for 2016-17 it is under process.	Physical verification up to March 2016 has been conducted and DTL has sold scrap material regularly between 2012-13 and 2016-17.
15. Undue favour to supplier in the contract for procurement of ACSR Zebra Conductor and delay in initiating purchase at risk and cost of defaulting supplier **(Para No. 7.11.2.4)** DTL awarded (December 2009) order for procurement of 227 KM of ACSR Zebra Conductor. The contractor delivered only 56.345 KM of Conductor but no action was taken by DTL to procure balance quantity at risk and cost of party except encashment of performance guarantee of ₹ 19.36 lakh (October 2011).	Projects of transmission lines and Sub-stations are synchronized in a way to avoid any idling of equipment and funds.	The DTL stated that balance quantity of 170.655 KM has been procured at the risk and cost of first party.	The Company has procured the balance quantity at the risk and cost of first party and protected its interest fully by encashing the guarantee and not releasing payment against part supply made by the first party. However, final decision is yet to be taken in regard to finalization of total recovery for which committee has been formed (February 2017).

16. Non-recovery of ₹ 0.61 crore from a contractor in respect of procurement of material at risk cost **(Para No. 7.11.2.6)** DTL placed a purchase order on M/s Alpha (November 2009) for supply of material at a value of ₹ 1.62 crore, however, the material was not found acceptable during inspection and rejected by DTL. Later on DTL procured the material from another supplier at the risk and cost of first party at a value of ₹ 2.30 crore. DTL recovered only ₹ 7.30 lakh from first party by encashing bank guarantee and balance recovery of ₹ 0.61 crore was pending.	Projects of transmission lines and Sub-stations are synchronized in a way to avoid any idling of equipment and funds.	The DTL stated that matter of recovery of ₹ 0.61 crore towards purchase at risk and cost of M/s Alpha is sub-judice in Delhi High Court.	The matter is sub-judice in Delhi High Court since 2015.
17. Disaster Management for SLDC **(Para No. 7.12.1)** Back data of SLDC were stored at the same premises instead at separate back up site to prevent the damage in the event of disaster. 18. Disaster Management for Substations **(Para No. 7.12.2)** There was no Separate Disaster Management Centre/Cell existed in DTL. There was only Fire and Safety Cell existed since October 2009 with strength of only two persons. The training and mock drills etc. were conducted	Adequate Safety measures and Infrastructure for disaster management.	The DTL stated that following remedial action has been taken: i) All new transformers are procured along with NIFPES. ii) Purchased 18 High Pressure Water Mist Fire Extinguishers in April 2015 and another requirement is under process of procurement. iii) Strengthening of Fire and Safety Cell by deputing four more personnel is under process.	The setting up of backup SLDC (control data) Scheme was completed in December 2015. DTL had not established separate Disaster Management Cell so far. However, there is partial improvement as all 51 new transformers were procured alongwith NIFPES after 2012-13 onwards. This preventive system has not been procured and

occasionally only at eight Sub-stations. DTL has not provided NIFPES along with 100 MVA transformers at 220 KV Sub-stations to prevent fire etc as per guidelines of CEA. Further even other safety measures such as fire wall, oil pits and sand buckets were not provided at 15, five and five Sub-stations respectively out of 28 Sub-stations. There were four incidents of fire during the period 2007-08 to 2012-13 which resulted in loss of ₹ 2.31 crore.			installed alongwith old transformers yet. Instead DTL procured and provided other type of Fire Extinguisher for various sub-stations of DTL (18 numbers). Further there has been improvement noticed in taking other safety measures as firewall, oil pits and sand buckets were now available at 24 numbers, 33 numbers and 36 numbers of Sub-stations respectively (Total 39 Sub-stations). Moreover, no fire incident occurred during 2012-13 to 2016-17 which helped in improving efficiency and curtailing losses.
19. Internal controls and internal audit **(Para No. 7.13.2)** DTL did not have its own Internal Audit Manual prescribing the scope, coverage and periodicity etc. The work of internal audit was outsourced to private Charted Accountants from 2007-08. The intenal audit was not completed upto 2010-11. 20. Audit Committee **(Para No. 7.13.3)**	Adequate Safety measures.	The DTL stated that internal audit is being conducted on quarterly basis and has completed audit upto September 2016 covering all the divisions.	The DTL conducted four, three, four, three and four Audit Committee Meetings in 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17 respectively. Further, the internal audit reports up to first half of 2016-17 were discussed in these Audit Committee Meetings but attendance of Internal Auditor in Audit Committee Meeting had not been improved much as he attended only eight of 18 meetings held during 2012-13 to 2016-17. Further, Internal Audit

Audit highlighted delays in submission/discussion of internal audit report in Audit Committee Meetings and Internal auditor attended only seven meetings out of 18 such meetings.			Manual had not been formulated so far.

C) Full Implementation

Gist of observations made in earlier Report	Recommendation made	Current status as informed by the Company	Audit findings/comments
1. Avoidable expenditure of ₹ 24.86 crore on use of HDPE pipes in excess of ordered quantity due to delay in execution of transmission lines. **(Para No. 7.7.5)**	The recommendation of Task Force of GoI and directions of CEA/DERC on Transmission Projects are to be followed.	The DTL stated that for future schemes, the planning department of DTL is ensuring quantity of pipes keeping in view the norms of civil works and site conditions.	After 2012, DTL used pipes according to Bill of Quantities (BoQ) mentioned in NIT/turnkey project/scheme under per Km rate of transmission lines. No such case has now come to notice in Audit.
2. Blockage of funds due to non- synchronisation of transmission lines and SS projects. **(Para No.7.7.6).** 220 KV 1000 sq. mm U/G XLPE cable link (i) Mundka to Peera Garhi Sub-station and (ii) Peera Garhi to Wazir Pur Industrial Area Sub-station (₹ 102.18 crore). **(Para No.7.7.6.2)**	DTL may consider to initiate steps to ensure Projects of transmission lines and Sub-stations are synchronised in a way to avoid any idling of equipment and funds.	DTL stated (November 2017) the issue of foreign bidder having project office in India has now included in Instructions to Bidder (ITB) document of the company.	DTL did not award any work on turnkey basis to any foreign bidder after 2012, however it had incorporated the said clause in its latest ITB.
3. Transmission Losses **(Para No. 7.8.4)** The transmission losses were ranged between 1.21 *per cent* and 1.59 *per cent*	Installation of adequate numbers of Capacitor Bank/Shunt Reactors, Bus Bar Protection Panel	The details of transmission losses for 2012-13 to 2016-17 have been provided by the	The Company managed to reduce transmission losses during 2013-14 to 2016-17 and were within target of

during 2007-08 to 2011-12 against the norms of 0.95 *per cent* allowed by DERC which resulted into loss of 503 MUs valuing ₹ 10.54 crore.	to protect the Lines and Sub-stations to maintain system stability during grid disturbances and to reduce transmission losses.	DTL.	0.95 *per cent* which has been achieved by managing and running the transmission network at about 99 *per cent* availability.
4. Grid discipline by frequency management **(Para No. 7.9.2)** Audit report highlighted that SLDC (October 2008) could not control the over drawl of power under low frequency regime in Delhi grid system for which Central Electricity Regulatory Authority (CERC) levied penalty of ₹ 2.5 lakh.	Installation of adequate numbers of Capacitor Bank/Shunt Reactors, Bus Bar Protection Panel to protect the Lines and Sub-stations to maintain system stability during grid disturbances and to reduce transmission losses.	The DTL stated that DERC has allowed the penalty while truing up of expenses of SLDC in 2013. The discipline of grid has also improved due to various initiatives taken by CERC to control over drawl and under drawl of energy.	The CERC/DERC had not levied any penalty on DTL during 2012-13 to 2016-17 for any grid indiscipline.
5. Backing Down Instructions (BDI) **(Para No. 7.9.3)** SLDC had not maintained any separate record for compliance of BDIs by generating companies and also for levying penalties for the same. In the absence of which the purpose of issuing BDI was defeated.	Installation of adequate numbers of Capacitor Bank/Shunt Reactors, Bus Bar Protection Panel to protect the Lines and Sub-stations to maintain system stability during grid disturbances and to reduce transmission losses.	The DTL stated that Regional Load Despatch Centre (RLDCs) are maintaining the generation schedule for Interstate Generating Stations (ISGS) and SLDC are maintaining generating schedule on real time basis for preparation of Monthly Energy Accounts i.e. all the scheduling/backing down instructions are done through web based module.	All the scheduling of Power in Delhi system is now being maintained on real time basis and all the instructions are controlled through web based module and can be viewed any time for accounting purpose.
6. Energy Accounting and Audit **(Para No. 7.9.6)** DTL has not installed	Installation of adequate numbers of Capacitor Bank/Shunt Reactors, Bus Bar	The DTL stated that audit meters have now been installed at	The audit meters have now been installed at

interface meters for transmission utility at the incoming point of the energy received from central grid instead and depends on meters installed by PGCIL for energy accounting. DTL has provided audit meters on 147 out of 230 outgoing DISCOMS feeder from DTL's 66/33 KV Sub-stations.	Protection Panel to protect the Lines and Sub-stations to maintain system stability during grid disturbances and to reduce transmission losses.	remaining outgoing DISCOM feeders.	remaining feeders.

2.10.3 Conclusion

- The major projects of erection and commissioning of lines and substations which were under execution as on 31 March 2012 were successfully completed and commissioned though there was further delay of seven months to 34 months. Delays have been curtailed to between one month and 19 months and synchronisation has improved (except one case of underutilisation of cable link work) in respect of new major projects undertaken w.e.f. 2014-15, however, main reasons causing delays viz. inviting of notice inviting tenders (NIT) and award of orders; right of way (ROW) permission etc. still persist.

- The DTL failed to achieve the targets of capacity addition during 2012-13 to 2016-17 of transformation and transmission lines by 50 *per cent* and 54 *per cent* respectively, though deficit of achievement of targets has been curtailed as it was 68 *per cent* and 66 *per cent* respectively, during review period.

- The operation and maintenance improved which led to reduction in transmission losses from average of 1.40 *per cent* (range 1.21 to 1.59 *per cent*) during 2007-08 to 2011-12 to 0.92 *per cent* during 2012-13 to 2016-17 (range 1.15 to 0.70 *per cent*); improvement in voltage level at 220 KV; lesser failure of transformers and 99 *per cent* availability of transmission capacity.

- There has been improvement under disaster management. DTL started establishing new sub-stations and procuring new transformers along with NIFPES and provided sand buckets, firewall and oil pits at more sub-stations. DTL, however, failed to install NIFPES along with old transformers.

- Deficiencies persist in system of procurement and inventory control as delays have been noticed in processing of NIT and award of purchase orders.

Thus, out of 34 actionable observations under five recommendations, there were full implementation in case of six observations, partial implementation in respect of 20 observations and insignificant progress in regard to eight observations of the performance audit report. Hence, inadequacies highlighted in the earlier report on the functioning of the DTL have improved partially and significant work remains to be done to implement the audit recommendations fully.

The matter was referred to the Government (August 2017); their reply was awaited (January 2018).

New Delhi	**(SUSHIL KUMAR JAISWAL)**
Dated: 19 March 2018	**Accountant General (Audit), Delhi**

Countersigned

New Delhi	**(RAJIV MEHRISHI)**
Dated: 22 March 2018	**Comptroller and Auditor General of India**

Annexures

Annexure 1.2.1
Issue of Forms without recovery of demands
(referred to in paragraph no. 1.2.2)

(Amount in ₹)

Sl. No.	TIN	Name of the Dealer	Ward No.	Date of assessment order (DOA)	Amount of Demand	Assessment Year	Date/period of payment matching	No. of forms issued after the DOA	Amount of Forms issued
1	7880054696	Nath Motors Private Ltd.	204	07-06-2014	5,10,308	2012-13	March 2013	2	1,82,183
2	7940163594	Rohtak Chain & Jewellery Pvt. Ltd.	16	08-01-2014	5,40,864	2013-14	March 2014	1	5,10,000
3	7390258714	Sify Tehnologies Limited	2	07-06-2014	9,16,332	2012-13	April 2008	5	54,95,121
4	7460057158	Upper India Trading Co. (Delhi) Pvt. Ltd.	204	25-05-2014	6,08,298	2013-14	November 2014	9	31,67,30,903
5	7180206498	Deep India Enterprises Pvt. Ltd.	204	07-06-2014	5,32,655	2012-13	October-November 2015	1	3,31,38,492
6	7250277512	Himgiri Cars Private Limited	204	30-01-2015	7,12,857	2014-15	July to September 2012	10	77,57,55,648
7	7230399355	Sikka Automobile Private Limited	204	05-02-2015	9,00,186	2014-15	April and May 2014	2	10,69,73,525
8	7500182751	Jubilant Foodworks Limited	205	07-06-2014	7,62,804	2012-13	September 2006 to February 2007	13	82,62,05,432
9	7500182751	Jubilant Foodworks Limited	205	07-06-2014	6,68,805	2012-13	September 2006 to February 2007	0	0
10	7920235967	Pataka Industries Private Limited	205	08-07-2014	5,32,507	2013-14	October and December 2006	17	5,23,06,977
TOTAL					**66,85,616**			**60**	**2,11,72,98,281**

Annexure 1.2.2
Issue of Forms in excess of declared purchase amount
(referred to in paragraph no. 1.2.3)

(Amount in ₹)

Sl. No.	Name of the Dealer, TIN & Ward No.	Date of cancellation	Tax Period	Amount of Interstate Purchase against form shown in return	Amount of forms downloaded	Excess amount of forms downloaded	Rate and amount of tax recoverable
1	M/s Abhishek Plastic , 07020468389, Ward-62	16.12.2013	2013-14	0	26,03,14,469	26,03,14,469	1,30,15,724 (tax @5%)
2	M/s FND Logistics Pvt. Ltd., TIN- 07970406320, Ward- 93	09.12.2014	2012-13	2,97,90,150	17,35,48,215	14,37,58,065	0 (exempted item)
	TOTAL			**2,97,90,150**	**43,38,62,684**	**40,40,72,534**	**1,30,15,724**

Annexure 1.2.3
Issue of Forms for the items not included in RC
(referred to in paragraph no. 1.2.4 (i))

(Amount in ₹)

Sl. No.	Name of the Dealer/TIN/ Ward No.	Asstt. Year	No. of Forms issued	Amount of Forms	Item Purchased	Items as per RC	Tax (calculated at different rates applicable on items purchased)	Penalty (tax *1.5)
1	Tirupati Sales Corp./ 07630423385/ Ward- 67	2012-13	2	2,13,91,821	Fabrics, Cement	Plastic raw material (Primary Plastic), Cement	1,69,677.00	2,54,515.50
2	Rama Enterprises/ 07636895807/ Ward- 24	2014-15	6	57,97,11,928	Auto Parts	Electric & electronics wires, sanitary goods / sanitary ware, furniture, ferrous & non-ferrous metal, other electronic goods	7,24,63,991.00	10,86,95,986.50
3	M/s Parkash Enterprises/ 07866924506/Ward-35	2014-15	56	1,11,90,27,722	Cigarettes, lubricants, tobacco, cement	Electronic appliances (domestic & commercial), electrification	20,47,25,160.93	30,70,87,741.39
4	M/s Pooja Enterprises/ 07780462830/ Ward-64	2013-14	26	37,74,74,949	Cigarettes, cement, Iron & steel, Glass & glass-ware	Timber, sanitary hardware items, wooden items	2,95,00,016.40	4,42,50,024.60
5	M/s Shree Shyam Traders/ 07716899061/ Ward 101	2014-15	45	55,09,86,257	Batteries, Paan & Tobacco Products, Spare Parts, Timber, Cement	Other electrical goods	6,47,74,094.80	9,71,61,142.20
6	M/s Shree Kanha Enterprises/ 07756894189/ Ward-62	2013-14	5	34,37,92,333	Timber	Paint & Varnish, Plastic Raw material, other chemicals, Colouring agents	4,29,74,041.63	6,44,61,062.44
		2014-15	3	30,33,84,016			3,79,23,002.00	5,68,84,503.00
7	M/s Ambey Trading Co./ 07956938667/ Ward-77	2014-15	4	12,54,12,015	Plastic Raw Material (Primary plastic)	Timber, Iron & Steel, Hardware & Tools, Marble Granite & Tiles, Cement	62,70,600.75	94,05,901.13
		2015-16	11	6,32,06,990			36,86,035.98	55,29,053.96
TOTAL				**3,48,43,88,031**			**46,24,86,620.48**	**69,37,29,930.71**

Annexure 1.2.4
Issue of Forms to the Dealers showing nil sale in returns
(referred to in paragraph no. 1.2.5 (i) (b))

(Amount in ₹)

Sl. No.	Name of Dealer, TIN, Ward	Tax Period	Sale	Purchase	Sale, Purchase Ratio	Amount of 'C' Form issued	Amount of 'F' Form issued	Total forms issued
1	M/s Mahavira Packaging, 07770474912, Ward-63	2013-14	0	15,12,41,291	0	15,12,41,291	**0**	15,12,41,291
2	M/s Raj Enterprises, 07176908864, Ward-25	2013-14	0	38,00,09,859	0	38,00,09,859	0	38,00,09,859
3	M/s Aggarwal & Co., 07166904359, Ward-24	2013-14	0	12,53,00,478	0	12,53,00,478	0	12,53,00,478
4	M/s Galaxy Enterprises, 07166894368, Ward-24	2013-14	0	18,57,47,910	0	18,57,47,910	0	18,57,47,910
5	M/s Om Enterprises, 07120442823, Ward-84	2015-16	0	2,89,84,842	0	2,89,84,842	0	2,89,84,842
6	M/s Shree Balaji Enterprises, 07216936358, Ward-62	2014-15	0	1,88,62,574	0	1,88,62,574	0	1,88,62,574
7	M/s MD Enterprises, 07266908863, Ward-25	2013-14	0	9,09,70,823	0	9,09,70,823	0	9,09,70,823
8	M/s KG Traders, 07110470910, Ward-52	2014-15	0	19,34,10,652	0	19,34,10,652	0	19,34,10,652
9	M/s Ankit Enterprises ,07786915464, Ward-25	2013-14	0	1,82,63,612	0	1,82,63,612	0	1,82,63,612
10	M/s E.M.D. Enterprises 07676907522,Ward -25	2013-14	0	8,97,31,227	0	8,97,31,227	0	8,97,31,227
11	M/s Aman Enterprises 07296913066,Ward-25	2013-14	0	1,50,48,036	0	1,50,48,036	0	1,50,48,036
12	M/s Kartik Trading Co. 07560373517, Ward-84	2013-14	0	10,14,55,750	0	54,21,798	9,60,33,952	10,14,55,750
13	M/s Amba Traders, 07270473344,ward-84	2013-14	0	14,60,21,558	0	0	14,60,21,558	14,60,21,558
TOTAL				**1,54,50,48,612**		**1,30,29,93,102**	**24,20,55,510**	**1,54,50,48,612**

Annexure 1.2.5
Non-levy of tax on closing stock of the cancelled dealers
(referred to in paragraph no. 1.2.5 (ii))

(Amount in ₹)

Sl. No.	Name of Dealer, TIN, Ward	Tax Period	Total forms issued after Nov'2015	Sale	Purchase	Sales and Purchase ratio (percent)	Closing Stock	Items	Rate of Tax	Tax due on closing stock
1	M/s Shubh Udyog, 07020475664, Ward-66	2014-15	35,11,06,750	10,62,12,343	45,69,59,160	23	35,07,46,817	Iron & Steel	5%	1,75,37,341
2	M/s Mahavira Packaging, 07770474912, Ward-63	2013-14	15,12,41,291	0	15,12,41,291	0	15,12,41,291	Dry Fruits	5%	75,62,065
3	M/s Yash Trading Co., 07826913211, Ward-24	2014-15	2,40,36,74,520	89,96,21,591	480,48,63,423	19	390,52,41,832	Edible Oil	5%	19,52,62,091
		2015-16	63,46,43,702	0	2,395,216,105	0	2,395,216,105	Edible Oil	5%	11,97,60,805
4	M/s Raj Enterprises, 07176908864, Ward-25	2013-14	38,00,09,859	0	38,00,09,859	0	38,00,09,859	Ball-bearing	12.50%	4,75,01,232
5	M/s Aggarwal & Co., 07166904359, Ward-24	2013-14	12,53,00,478	0	12,53,00,478	0	12,53,00,478	Iron & Steel	5%	62,65,024
6	M/s Galaxy Enterprises, 07166894368, Ward-24	2013-14	18,57,47,910	0	18,57,47,910	0	18,57,47,910	Dry Fruits	5%	92,87,396
7	M/s Om Enterprises, 07120442823, Ward-84	2015-16	2,89,84,842	0	2,89,84,842	0	2,89,84,842	Packaging Goods	5%	14,49,242
8	M/s Vivek Sales, 07816977932, Ward-24	2015-16	6,04,07,780	1,77,78,322	6,04,07,780	29	4,26,29,458	Betel Nuts & Paan inputs	12.50%	53,28,682
9	M/s Shree Balaji Enterprises, 07216936358, Ward-62	2014-15	1,88,62,574	0	1,88,62,574	0	1,88,62,574	Surgical Instrument	12.50%	23,57,822
10	M/s MD Enterprises, 07266908863, Ward-25	2013-14	9,09,70,823	0	9,09,70,823	0	9,09,70,823	Machinery Parts	12.50%	1,13,71,353
11	M/s KG Traders, 07110470910, Ward-52	2014-15	19,34,10,652	0	19,34,10,652	0	19,34,10,652	Polythene Packing Material	5%	96,70,533
12	M/s Ankit Enterprises, 07786915464, Ward-25	2013-14	1,82,63,612	0	1,82,63,612	0	1,82,63,612	Machinery Parts	12.50%	22,82,952
13	M/s E.M.D. Enterprises 07676907522, Ward -25	2013-14	8,97,31,227	0	8,97,31,227	0	8,97,31,227	Machinery Parts	12.50%	1,12,16,403

14	M/s Aman Enterprises, 07296913066, Ward-25	2013-14	1,50,48,036	0	1,50,48,036	0	1,50,48,036	Machinery Parts	12.50%	18,81,005
15	M/s Kartik Trading Co. 07560373517, Ward-84	2013-14	10,14,55,750	0	10,14,55,750	0	10,14,55,750	Iron &Steel	5%	50,72,788
16	M/s Amba Traders,07270473344, Ward-84	2013-14	14,60,21,558	0	14,60,21,558	0	14,60,21,558	Iron &Steel	5%	73,01,078
TOTAL			**4,99,48,81,364**	**102,36,12,256**	**926,24,95,080**		**823,88,82,824**			**46,11,07,812**

Annexure 1.2.6
Non-assessment of cancelled dealers under CST Act
(referred to in paragraph no. 1.2.5 (iii))

(Amount in ₹)

Sl. No.	Name of Dealer, TIN & Ward	Tax Period	Interstate Sale against Forms	Items	Rate of Tax	Tax due under CST Act (₹)
1	M/s Shubh Udyog, 07020475664, Ward-66	2014-15	10,62,12,343	Iron & Steel	5%	53,10,617
2	M/s Yash Trading Co., 07826913211, Ward-24	2014-15	68,84,46,874	Edible Oil	5%	3,44,22,344
3	M/s Vivek Sales, 07816977932, Ward-24	2015-16	1,77,78,322	Betel Nuts & Paan inputs	12.50%	22,22,290
TOTAL			**81,24,37,539**			**4,19,55,251**

Annexure 1.2.7 (a)
Issue of Forms after filing DVAT-09 by the dealers for cancellation of RC and non-assessment under CST Act
(referred to in paragraph no. 1.2.6 (a))

(Amount in ₹)

				Forms issued after DVAT-09			Interstate Sale against Forms (as per last revised return)								
Sl. No.	**Name of Assessee/ TIN/ Ward**	**Year**	**Date of filing of DVAT-09**	**C**	**F**	**Total Forms**	**C**	**F**	**I/H**	**E1**	**Stock after last revised return**	**Stock Declared in DVAT-09**	**Item/ Tax rate**	**Tax to be paid on ISS**	**Tax on stock**
1	Garg International/ 07876939584/ Ward-82	2015-16	23.06.2015	58,22,13,233	5,06,32,778	63,28,46,011	0	13,54,70,578	0	0	0	0	Rice & Paddy/ 0%	0	0
2	Spark Link Exim/ 07896913124/ Ward-28	2014-15	31.3.2015	4,03,07,194	1,46,86,00,146	1,50,89,07,340	1,81,27,82,805	2,22,23,520	15,46,000	88,14,039	3,31,01,64,050	760	Paan & Tobacco/ 20%	33,28,17,617	66,20,32,658
3	Parul Polymers Pvt. Ltd. 07970407193/ Ward-63	2014-15	6.8.2014	49,17,06,526	0	49,17,06,526	7,87,14,420	1,12,22,48,419	0	0	0	0	Plastic Raw Material/ 5%	5,84,73,854	0
4	Jagdamba Sales Corporation/ 07096910751/ Ward-64	2014-15	25.11.2014	0	1,11,11,62,732	1,11,11,62,732	0	13,84,45,872	57,08,52,467	0	1,16,95,08,534	9,08,599	Iron & Steel/ 5%	3,54,64,917	5,84,29,997
TOTAL				**1,11,42,26,953**	**2,63,03,95,656**	**3,74,46,22,609**	**1,89,14,97,225**	**1,41,83,88,389**	**57,23,98,467**	**88,14,039**	**4,47,96,72,584**	**9,09,359**		**42,67,56,388**	**72,04,62,655**

Annexure 1.2.7 (b)
Issue of Forms to the dealers after cancellation of RC through DVAT-11 and non-assessment under CST Act
(referred to in paragraph no. 1.2.6 (b))

(Amount in ₹)

				Forms issued after DVAT-11			Interstate Sale against Forms (as per last revised return)						
Sl. No.	**Name of the Assessee/ TIN/ Ward**	**Year**	**Date of filing of DVAT-11**	**C**	**F**	**Total Forms**	**C**	**F**	**I/H**	**C+E1**	**Total IS Sale against Forms**	**Major item/ Tax rate**	**Tax to be paid on ISS**
1	M/s Krishna International, 07086917692, Ward- 103	2014-15	27.06.2015	10,59,17,075	32,67,87,335	43,27,04,410	10,21,12,427	23,98,23,926	0	0	34,19,36,353	Auxiliary oriented poly propylene/ 5%	1,70,96,818
2	M/s Vrinda Enterprises, 07270427560 , Ward- 56	2014-15	31.10.2014	57,17,46,239	0	57,17,46,239	0	0	0	77,15,22,677	77,15,22,677	Plastic raw material/ 5%	3,85,76,134
3	M/s Mahima Exim, 07416898450, Ward- 80	2014-15	23.04.2014	16,55,85,589	0	16,55,85,589	0	15,70,29,839	0	0	15,70,29,839	5%	78,51,492
4	M/s Anand Enterprise, 07516941948, Ward- 28	2015-16	09.07.2015	22,40,69,515	0	22,40,69,515	0	0	0	26,60,32,074	26,60,32,074	5%	1,33,01,604
5	M/s Nisha International, 07556898276, Ward- 74	2014-15	10.07.2014	18,45,35,060	0	18,45,35,060	0	0	0	18,53,47,280	18,53,47,280	5%	92,67,364
6	M/s Divya Sales , 07350421502, Ward 71	2014-15	02.04.2013	12,62,51,190	1,27,98,415	13,90,49,605	0	0	0	11,66,19,045	11,66,19,045	Edible oil/ 5%	58,30,952
7	Unique International, 070226905697, Ward 75	2014-15	14.11.2014	24,60,25,032	0	24,60,25,032	0	0	0	63,52,63,013	63,52,63,013	Edible oil/ 5%	3,17,63,151
	TOTAL			**1,62,41,29,700**	**33,95,85,750**	**1,96,37,15,450**	**10,21,12,427**	**39,68,53,765**	**0**	**1,97,47,84,089**	**2,47,37,50,281**		**12,36,87,514**

Annexure 1.2.8
Issue of multiple Forms against one transaction value
(referred to in paragraph no. 1.2.7 (a))

(Amount in ₹)

Sl. No.	Name of the Dealer, TIN & Ward No.	Tax Period	Purchase Amount	No. of forms issued	Form type & Form Number issued	Amount of Form issued	Name &TIN of the selling dealer
1	Shree Bbalaji Overseas, 07766908782, Ward-13	Third Quarter (2014-15)	11,83,01,669	2	'C' Forms		Premier Carworld Pvt. Ltd. (Kolkata), TIN- 1945801010
					(1) 12130812040115	11,83,01,669	
					(2) 12155834970317	11,83,01,669	
2	Krishna Traders, 07780460793, Ward-61	May 2013	4,75,13,059	2	'F' Forms		Dinesh Oil Ltd., TIN- 9442800277
					(1) 12315287040913	4,75,13,059	
					(2) 12315061360913	4,75,13,059	
		May 2013	8,34,06,109	2	'F' Forms		Dinesh Oil Ltd., TIN- 9442800277
					(1) 12315061370913	8,34,06,109	
					(2) 12315287050913	8,34,06,109	
3	M/s R.K. Enterprises, 07290454806, Ward-96	Fourth Quarter (2012-13)	25,710,486	2	'C' Forms		Jindal Polyfilms Ltd., TIN- 27820000467
					(1) 12115501840913	26,224,696	
					(2) 12112315030513	25,710,486	
4	M/s Spark Link Exim / 07896913124, Ward- 28	First Quarter (2014-15)	34,25,30,269	4	'F' Forms		Dharampal Satyapal Limited , Uttar Pradesh/ TIN- 9265700298
					(1) 12325260590714	34,25,30,269	
		April 2014			(2) 12325313350714	4,72,38,568	
		May 2014			(3) 12325313360714	11,09,10,923	
					(4) 12325313370714	18,43,80,778	
TOTAL			**61,74,61,592**				

Annexure 1.2.9 (a)
Issue of Forms bearing same serial number
(referred to in paragraph no. 1.2.7 (b))

(Amount in ₹)

Sl. No.	Name of the dealer, TIN and Ward	Year	Type of forms	No. of forms issued	Serial Number of the Forms	Total value of forms Issued	Remarks
1	M/S UNISSI Indi Pvt. Ltd., TIN-07970192241, Ward- 97	2012-13	C	41	12112665100718	1,05,16,865	Each form shows different value
2	M/s Roni Wares, TIN-07310254878, Ward-64	2012-13	F	5	12112665115613	9,34,805	Each form shows same value
			C	4	12112665115613	7,47,844	
			TOTAL	**50**		**1,21,99,514**	

Annexure 1.2.9 (b)
Issue of Forms showing 'nil' value
(referred to in paragraph no. 1.2.7 (c))

(Amount in ₹)

Sl. No.	Name of the Dealer, TIN & Ward	Tax Period	Type of Form	Serial Number of the Form	Value of form (as per Dealer's Profile)	Amount printed on the Form	Name & TIN of selling dealer
1	M/s Spark Link Exim, 07896913124, Ward-28	May 2014	F	12325260600714	11,09,10,923	0	M/s Dharampal Satypal Limited
2		June 2014	F	12325260610714	11,09,10,923	0	-do-
3		January 2014	F	12323332260614	0	0	-do-
4		February 2014	F	12323332270614	0	0	-do-
TOTAL					**22,18,21,846**		

Annexure 2.1(i)
Statement showing investments made by State Government in PSUs whose accounts are in arrears
(Referred to in paragraph no. 2.1.9)

(Figures in columns 4 and 6 to 8 are ₹ in crore)

Sl. No.	Name of the Public Sector Undertaking	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Period of accounts pending finalisation	Investment made by State Government during the years for which the accounts are in arrears			
					Year	Equity	Loans	Grants/ Subsidy
(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)
A	**Working Companies/ Corporations**							
1	Delhi SC /ST /OBC Minorities, Handicapped Financial and Development Corporation Limited	2003-04	25.92	13 years (2004-05 to 2016-17)	2004-05*	0.00	0.00	2.04
					2005-06	1.81	0.00	0.66
					2006-07	0.00	0.34	0.00
					2007-08	7.00	2.15	0.00
					2008-09	0.64	0.00	0.36
					2009-10	6.00	0.00	0.64
					2010-11	3.83	0.00	0.51
					2011-12	0.00	0.00	0.50
					2012-13	0.00	50.00	0.53
					2013-14	0.00	0.00	81.00
					2014-15	0.00	0.00	0.00
					2015-16	0.00	0.00	0.55
					2016-17	0.00	0.00	0.00
2.	Delhi State Industrial & Infrastructure Development Corporation Limited	2015-16	21.00	1 year (2016-17)	2016-17*	0.00	0.00	0.00
3.	Shahjahanabad Redevelopment Corporation	2015-16	0.00	1 year (2016-17)	2016-17*	0.00	0.00	0.00
4.	Delhi Power Company Limited	2015-16	745.05	1 year (2016-17)	2016-17	0.00	0.00	176.01
5.	Delhi Transco Limited	2015-16	3,951.00	1 year (2016-17)	2016-17	0.00	100.00	11.34
6.	Indraprastha Power Generation Company Limited	2015-16	736.54	1 year (2016-17)	2016-17	0.00	30.00	1.59
7.	Pragati Power Corporation Limited	2015-16	2,074.19	1 year (2016-17)	2016-17	0.00	339.98	0.00
8.	Delhi State Civil Supplies Corporation Limited	2015-16	7.00	1 year (2016-17)	2016-17	0.00	0.00	0.00
9.	Delhi Tourism and Transportation Development Corporation Limited	2015-16	6.28	1 year (2016-17)	2016-17*	0.00	0.00	0.47
10.	Geospatial Delhi Limited	2015-16	10.76	1 year (2016-17)	2016-17*	0.00	0.00	0.00
11.	Delhi Creative Arts Limited	2015-16	0.01	1 year (2016-17)	2016-17*	0.00	0.00	0.00
12.	DSIIDC Liquor Limited	2015-16	0.01	1 year (2016-17)	2016-17*	0.00	0.00	0.00
13.	Delhi Transport and Infrastructure Development Corporation Limited	2013-14	10.65	3 year (2014-15 to 2016-17)	2014-15*	0.00	0.00	0.00
					2015-16	0.00	0.00	0.00
					2016-17	0.00	0.00	0.00
	Total A (Working Government Companies)		**7,588.41**			**19.28**	**522.47**	**276.20**
B	**Working Statutory Corporations**							
1.	Delhi Financial Corporation	2015-16	26.42	1 year (2016-17)	2016-17*	0.00	0.00	0.00
2.	Delhi Transport Corporation	2015-16	1,983.85	1 year (2016-17)	2016-17	0.00	0.00	1,555.36
	Total B (Working Statutory Corporations)		**2,010.27**			**0.00**	**0.00**	**1,555.36**
	Grand Total (A+B)		**9,598.68**			**19.28**	**522.47**	**1,831.56**

* Accounts were under finalisation as on 30 September 2017

Annexure 2.1(ii)

Summarised financial position and working results of Government companies and Statutory corporations as per their latest finalised financial statements/ accounts

(Referred to in paragraph 2.1.12)

(Figures in Columns 5 to 11 are ₹ in crore)

Sl.	Sector & Name of the Company	Period of Accounts	Year in which accounts finalised	Paid up Capital	Loans outstanding at the end of the year	Accumulated Profit (+)/ Loss (-)	Turnover	Net Profit (+)/ Loss (-)				Net Impact of Audit Comments[1]	Investment	Return on Investment	Manpower
								Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss (before tax)				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	9 (a)	9 (b)	9 (c)	9(d)	(10)	(11)	(12)	(13)
A. Working Government Companies															
FINANCE															
1	Delhi SC /ST /OBC Minorities, Handicapped Financial and Development Corporation Limited	2003-04	2013-14	25.92	11.79	26.99	11.09	6.22	0.40	0.25	5.57	0.00	64.70	0.09	165
Sector wise total				**25.92**	**11.79**	**26.99**	**11.09**	**6.22**	**0.40**	**0.25**	**5.57**	**0.00**	**64.70**	**0.09**	**165**
INFRASTRUCTURE															
2	Delhi State Industrial & Infrastructure Development Corporation Limited	2015-16	2016-17	21.00	0.00	523.04	1,079.70	40.15	0.00	1.69	38.46	14.10	544.04	0.07	1375
3	Shahjahanabad Redevelopment Corporation[2]	2015-16	2016-17	0.00	0.00	0.00	0.00	0.01	0.00	0.01	0.00	0.00	0.00	0.00	13
Sector wise total				**21.00**	**0.00**	**523.04**	**1,079.70**	**40.16**	**0.00**	**1.70**	**38.46**	**14.10**	**544.04**	**0.07**	**1388**
POWER															
4	Delhi Power Company Limited	2015-16	2016-17	745.05	2,014.13	-1,536.61	0.00	117.83	35.88	0.04	81.91	706.31	2,759.18	0.04	15
5	Delhi Transco Limited	2015-16	2016-17	3,951.00	1,724.80	-1,847.79	1,112.98	946.65	198.86	202.48	545.31	127.59	5,675.80	0.13	1363
6	Indraprastha Power Generation Company Limited	2015-16	2016-17	736.54	120.46	415.61	345.74	84.82	128.42	33.85	-77.45	325.92	1,272.61	0.04	804
7	Pragati Power Corporation Limited	2015-16	2016-17	2,074.19	1,961.62	2,063.29	2,158.85	866.90	321.80	294.35	250.75	434.81	6,099.10	0.09	306

[1] Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG issued during the period Oct 2016 to Sep 2017 on the latest finalised accounts and is denoted by (+) increase in profit/ decrease in losses, (-) decrease in profit/ increase in losses.

[2] SRC has a paid up capital of ₹ 700 only, interest of ₹ 658 and accumulated profit of ₹ 44492 only

8	DSIIDC Energy Limited	2016-17	2017-18	0.01	0.00	0.22	0.00	0.00	0.00	0.00	0.00	0.00	0.23	0.00	0
Sector wise total				**7,506.79**	**5,821.01**	**-905.28**	**3,617.57**	**2,016.20**	**684.96**	**530.72**	**800.52**	**1,594.63**	**15,806.92**	**0.09**	**2,488**
SERVICES															
9	Delhi State Civil Supplies Corporation Limited	2015-16	2016-17	7.00	2.14	29.49	915.05	9.52	0.00	0.69	8.49	6.00	38.63	0.22	557
10	Delhi Tourism and Transportation Development Corporation Limited	2015-16	2016-17	6.28	0.00	115.32	1112.70	6.79	0.00	4.23	2.48	8.84	121.60	0.02	701
11	Geospatial Delhi Limited	2015-16	2016-17	10.76	0.00	6.70	6.64	5.23	0.00	0.46	4.77	3.16	17.46	0.27	67
12	Delhi Creative Arts Limited	2015-16	2016-17	0.01	0.03	-0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.00	0
13	DSIIDC Liquor Limited	2015-16	2016-17	0.01	0.00	-0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0
14	DSIIDC Maintenance Services Limited	2016-17	2017-18	0.01	0.00	-0.08	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0
Sector wise total				**24.07**	**2.17**	**151.35**	**2,034.39**	**21.54**	**0.00**	**5.38**	**15.74**	**18.00**	**177.75**	**0.09**	**1325**
TRANSPORT															
15	Delhi Transport and Infrastructure Development Corporation Limited	2013-14	2016-17	10.65	63.00	26.72	43.34	48.30	17.78	1.89	28.16	10.30	100.37	0.46	127
Sector wise total				**10.65**	**63.00**	**26.72**	**43.34**	**48.30**	**17.78**	**1.89**	**28.16**	**10.30**	**100.37**	**0.46**	**127**
Total A (All sector wise working Government companies)				**7,588.43**	**5,897.97**	**-177.18**	**6,786.09**	**2,132.42**	**703.14**	**539.94**	**888.45**	**1637.03**	**16,693.78**	**0.10**	**5,493**
B. Working Statutory corporations															
FINANCE															
16	Delhi Financial Corporation	2015-16	2016-17	26.42	47.00	6.62	17.52	9.46	4.80	0.36	1.70	21.69	80.04	0.08	83
Sector wise total				**26.42**	**47.00**	**6.62**	**17.52**	**9.46**	**4.80**	**0.36**	**1.70**	**21.69**	**80.04**	**0.08**	**83**
TRANSPORT															
17	Delhi Transport Corporation	2015-16	2017-18	1,983.85	11,676.14	-25300.00	914.72	59.94	3,302.40	168.64	-3,411.10	2,539.72	13,659.99	-0.01	30,527
Sector wise total				**1,983.85**	**11,676.14**	**-25,300.00**	**914.72**	**59.94**	**3,302.40**	**168.64**	**-3,411.10**	**2,539.72**	**13,659.99**	**-0.01**	**30,527**
Total B (All sector wise working Statutory corporations)				**2,010.27**	**11,723.14**	**-25,293.38**	**932.24**	**69.40**	**3,307.20**	**169.00**	**-3,409.40**	**2,561.41**	**13,740.03**	**-0.01**	**30,610**
Grand Total (A + B)				**9,598.70**	**17,621.11**	**-25,470.56**	**7,718.33**	**2,201.82**	**4,010.34**	**708.94**	**-2,520.95**	**4,198.44**	**30,433.81**	**0.05**	**36,103**

www.cag.gov.in

www.agaudelhi.cag.gov.in