



सत्यमेव जयते

**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

**FOR THE YEAR ENDED 31 MARCH 1988
No. 8 of 1989**

**UNION GOVERNMENT
(DELHI ADMINISTRATION)**

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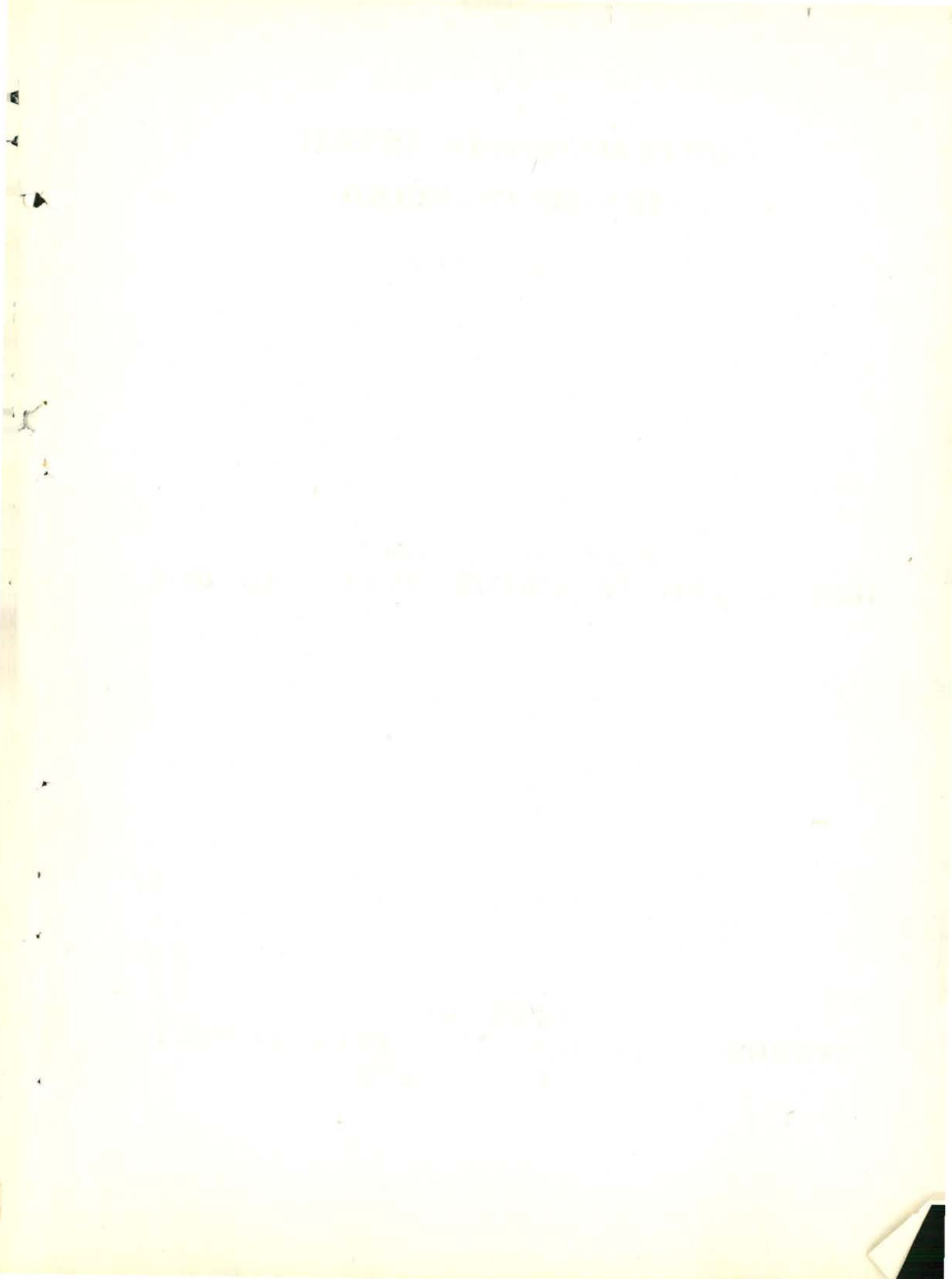


TABLE OF CONTENTS

	PARAGRAPH	PAGE
Prefatory remarks		(iv)
Overview		(v)
CHAPTER I		
General	1	1
CHAPTER II		
CIVIL DEPARTMENTS OF DELHI ADMINISTRATION		
Ministry of Human Resource Development (Directorate of Education - Delhi Administration)		
Additional schooling facilities in the age group 11-14 and 14-18 years	2	3
Non-utilisation of equipment for over eight years	3	10
Public Works Department - Delhi Administration		
Collapse of a school building	4	11
Directorate of Social Welfare - Delhi Administration		
Integrated Child Development Services	5	13
Department of Delhi Archives - Delhi Administration		
Idle investment on a microfilm camera	6	27
Directorate of Training and Technical Education - Delhi Administration		
Embezzlement of Government money	7	28
Ministry of Agriculture (Development Department - Delhi Administration)		
Poultry development scheme	8	29

Ministry of Home Affairs
(Delhi Administration)

Irregularities in purchase of
gas masks 9 31

Commissioner of Police - Delhi Administration

Avoidable expenditure on hiring of cars 10 33

Under-charging of composition fee 11 34

Ministry of Surface Transport
(Public Works Department - Delhi Administration)

Undue delay in taking delivery of
empty bitumen drums from a contractor 12 36

Development Department - Delhi Administration

Drought subsidy for agricultural inputs 13 37

Drought subsidy for fodder 14 38

Public Works Department - Delhi Administration

Procurement of fire fighting equipment 15 40

Non-recovery of dues from a contractor 16 41

Irregular drawal and blockage of funds 17 43

Labour Commissioner - Delhi Administration

Non-renewal of registration of establishments 18 44

CHAPTER III

Ministry of Urban Development
(Delhi Development Authority)

Slum clearance and improvement of slums and
economically weaker sections housing programme 19 46

Leasing of shops and parking site etc. at
Inter State Bus Terminus 20 51

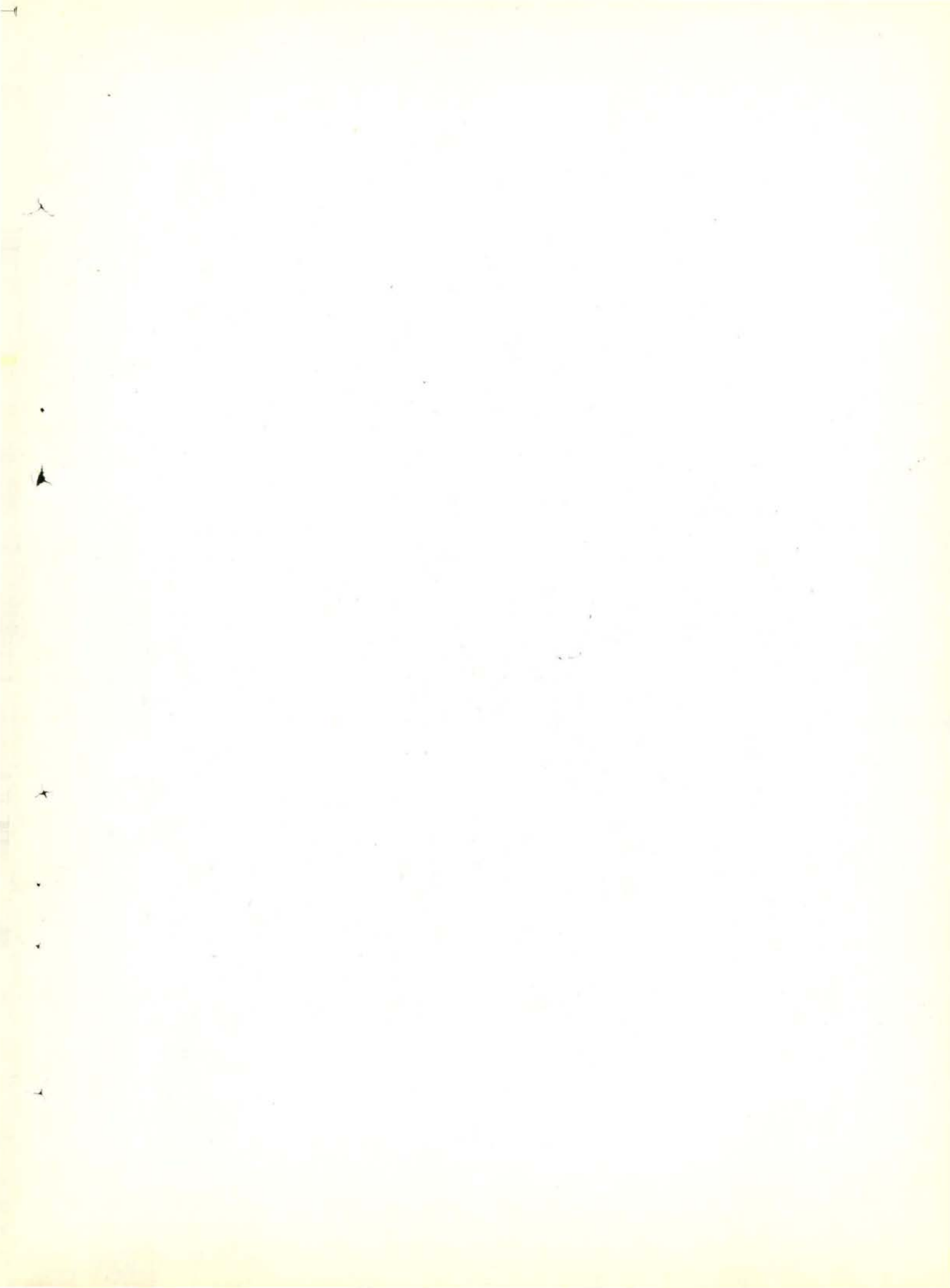
	PARAGRAPH	PAGE
General		
Losses and irrecoverable dues written off and ex-gratia payment made	21	55
CHAPTER IV		
REVENUE DEPARTMENTS OF DELHI ADMINISTRATION		
Trend of revenue receipts	22	56
Collection of tax revenue vis-a-vis budget estimates	23	57
Sales Tax		
General	24	58
Short levy due to non-detection of false/ invalid declarations or interpolations in the declarations	25	61
Short levy due to non-detection of suppression of sales	26	68
Short levy of tax due to incorrect allowance of concessional rate of tax	27	71
Short levy due to non-detection of invalid declarations -Form 'C'	28	72
Irregular grant of exemption from tax	29	73
Non-levy of tax	30	74
Incorrect rate of tax	31	76
State Excise		
Loss of revenue due to incorrect fixation of whole-sale prices of liquor	32	77
Short recovery of licence fee from whole sale licensees	33	78
Entertainment Tax		
Short levy of entertainment tax	34	79
Appendix		81

PREFATORY REMARKS

As mentioned in the Prefatory Remarks of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1988 - Union Government Civil (No. 1 of 1989), the results of test audit of the financial transactions of the Civil and Revenue Departments of the Union Territory of Delhi Administration are set out in this Report.

This Report includes among others, reviews/paragraphs on Additional schooling facilities, Integrated Child Development Services, Slum Clearance and Improvement of Slums and Economically Weaker Sections Housing Programme, construction activities etc. of Delhi Administration and Delhi Development Authority, loss of revenue due to suppression of sales, interpolations and declarations, incorrect fixation of whole sale prices of liquor and entertainment tax.

The cases mentioned in this Report are among those which came to notice in the course of test audit during the year 1987-88 as well as those which came to notice in earlier years but could not be dealt with in previous Reports, matters relating to the period subsequent to 1987-88 have also been included, wherever considered necessary.



OVERVIEW

The Audit Report for the year ended 31 March 1988 contains 34 paragraphs including three reviews. The points highlighted in the Report are summarised below :

I Additional schooling facilities

Out of a provision of Rs.245.79 crores made for opening of new schools and providing necessary infrastructure during 1980-81 to 1987-88, a sum of Rs.17.99 crores remained unutilised. Against the target of opening 115 middle schools during the Sixth Plan, only 61 schools were opened resulting in a shortfall of 47 per cent. Educational facilities in resettlement colonies/slum areas were lacking as compared to urban areas. As many as 50 schools were being run in tents and another 120 partly in tents exposing the students to inclement weather conditions. Furniture provided to the newly opened schools were also not adequate. A sum of Rs.3.01 crores paid during 1981-82 to 1986-87 was blocked with Delhi Development Authority as possession of 21 sites was not handed over. There was no system of monitoring the implementation or evaluation of the scheme in the Directorate of Education.

(Paragraph 2)

II Non-utilisation of equipment for over eight years

Equipment costing Rs.1.30 lakhs were purchased during 1978-79 and 1979-80 by the Science-cum-Central Workshop of the Directorate of Education for imparting practical training in vocational and socially useful productive work subjects. However, these were not

utilised for over eight years.

(Paragraph 3)

III Collapse of a school building

A part of the three storied building of a school, on which a sum of Rs.33.26 lakhs had already been paid to a contractor, collapsed in July 1983. The Chief Engineer, Public Works Department, recommended in May 1987 that the entire building be demolished and reconstructed. Final decision was yet to be taken by Delhi Administration.

(Paragraph 4)

IV Integrated Child Development Services

Functionaries of Integrated Child Development Services were to be trained or appropriately oriented for the task expected of them. A large number of anganwadi workers were untrained during 1984-85 to 1987-88, and did not belong to the same village as envisaged in the scheme.

There was no correlation between the actual number of births reported during the year and the number of beneficiaries exhibited in the monthly progress reports of the project officers, the survey and beneficiaries figures were inflated on the whole by 55 per cent to enable increased drawal of funds from the Centre and Delhi Administration.

Children and women covered under supplementary nutrition were given less than 50 per cent of calories and proteins envisaged under the scheme.

Reports regarding supply of sub-standard quality of bhuna chana and murmura supplied by Delhi State Civil Supplies Corporation through a contractor during 1987-88 were received from various Child Development Project Officers from September 1987 onwards. The supply of these items was also irregular. The Directorate took up the matter with the Corporation only in April 1988 i.e., after expiry of the agreement. Purchase of biscuits worth about Rs.200 lakhs during 1987-88 was made from a company through an intermediary (Super Bazar) without inviting open tenders.

No records were maintained by the Directorate relating to the immunisation against tetanus of expectant women during 20-36 weeks of pregnancy. No guidelines were formulated by the Directorate for imparting non-formal education to the children in the age group 3-6 years. There had been no proper sitting accommodation for the children in the anganwadis for giving non-formal education to them. No norms were laid down by the Directorate to carry out inspections of projects by higher Officers of the Department.

(Paragraph 5)

V Idle investment on a microfilm camera

A microfilm camera and allied accessories purchased by the Department of Delhi Archives, at a cost of Rs.1.78 lakhs in 1981 had not been utilised so far for want of proper photo section and dark room, though an Assistant Microphotographer was appointed for operating the equipment in April 1982. A sum of Rs. 1.10 lakhs had been paid upto April 1988 towards his pay and allowances.

(Paragraph 6)

VI Poultry Development Scheme

The poultry farm, under the administrative control of the Development Commissioner, Delhi Administration, suffered a total loss of Rs.31.01 lakhs from 1979-80 to 1986-87 although it was to be run on 'No profit-no loss' basis. Proforma accounts from 1983-84 onwards had not been prepared.

(Paragraph 8)

VII Irregularities in purchase of gas masks

Delhi Administration decided in February 1986 to purchase 1000 gas masks as part of a contingency plan. Order for the purchase was placed with a firm in March 1987 and a cheque for Rs.106.60 lakhs was drawn in advance in the same month in anticipation of supplies to avoid lapse of funds. The gas masks were supplied by the firm between June 1987 and July 1988 and payment of Rs.53.30 lakhs relating to 500 gas masks was made in March 1988. Penalty leviable on the firm for delay in supply of the gas masks had not been imposed.

(Paragraph 9)

VIII Avoidable expenditure on hiring of cars

The office of the Commissioner of Police failed to avail of the discount of Rs.0.32 lakh offered by a contractor for supply of cars. A further sum of Rs.2.54 lakhs recoverable under the terms of the agreement from another contractor for breach of contract, could not be recovered as no legal notice was issued to him. The Commissioner of Police had also incurred an extra expenditure of Rs.1.57 lakhs due to acceptance of higher rates of another contractor for supply of cars.

(Paragraph 10)

IX Under-charging of composition fee

In contravention of the orders issued by the Administrator of the Union Territory of Delhi to compound traffic offences subject to charging a minimum amount of composition fee under Motor Vehicles Act 1939, Deputy Commissioner of Police (Traffic) authorised the subordinate traffic staff to charge composition fee less than the minimum prescribed fee. As a result, a sum of Rs.2.64 lakhs was undercharged by the traffic staff in the month of September 1984 alone, in 11 out of the 16 circles, from traffic offenders. On the objection being pointed out by Audit, the order was cancelled in November 1987.

(Paragraph 11)

X Drought subsidy for agricultural inputs and fodder

Out of the total allotment of Rs.280 lakhs made by the Delhi Administration in November 1987 for distribution of agricultural inputs at subsidised rates to farmers holding land upto five acres, Rs.112.11 lakhs remained unutilised. On test check of records of 28 villages maintained by the Block Development Officers out of 212 villages, it was noticed that payment of subsidy for Rs.9.55 lakhs in 978 cases was inadmissible.

Out of Rs.190 lakhs allotted in December 1987 for distribution of fodder at subsidised rates, an amount of Rs.48.04 lakhs only was utilised. Sixty one per cent of the permits were issued to ineligible persons. The quality of fodder supplied by the sales depots was not properly checked by the authorised representative of Animal Husbandry Department of Delhi Administration.

(Paragraphs 13 and 14)

XI Procurement of fire fighting equipment

An Executive Engineer of the Public Works Department split up the purchases of fire fighting equipment for Rs.9.10 lakhs for installation in four different buildings to enable the Assistant Engineers to invite tenders. Against the total tendered amount of Rs.6.17 lakhs, payment of Rs.48.52 lakhs was made on running bills for supply of equipment. The rates paid in respect of certain items were excessive and resulted in extra expenditure of Rs.26.05 lakhs. Out of the equipment for Rs.49.62 lakhs procured by the Department during 1985-86 and 1986-87, equipment costing Rs.27.35 lakhs had not been installed.

(Paragraph 15)

XII Non recovery of dues from a contractor

A sum of Rs.27.35 lakhs in respect of five works awarded by the Public Works Department of Delhi Administration between May 1979 and February 1982 had not been recovered from a contractor even after a lapse of more than five years.

(Paragraph 16)

XIII Irregular drawal and blockage of funds

A sum of Rs.40 lakhs was paid to the Delhi Development Authority in March 1980 for construction of a road without identifying its location, length, etc. Delhi Development Authority failed to commence the work due to delay of more than eight years in finalisation of the alignment of the road. Though the construction of the road has been taken up in November 1987 by the Public Works Department of Delhi Administration, the amount paid to

Delhi Development Authority has not been recovered.

(Paragraph 17)

XIV Non-renewal of registration of establishments

Registration of 90636 establishments which became due by 31st March 1987 under the Delhi Shops and Establishments Act, 1954 had not been renewed by the Labour Commissioner. Non-renewal of registration defeated the very purpose of the Act apart from the non-realisation of fee amounting to Rs.9.06 lakhs.

(Paragraph 18)

XV Slum clearance and improvement of slums and economically weaker sections housing programme

Delhi Administration had released total loans and grants of Rs.66.26 crores to the Slum Wing of Delhi Development Authority during 1980-81 to 1987-88 for the schemes of slum clearance and improvement of slums, environmental improvement of slum areas and construction of flats for economically weaker sections and providing developed plots for self housing. An expenditure of Rs.44.53 crores only was incurred resulting in unutilised balance of Rs.21.73 crores. Not a single instalment was repaid against the loans of Rs.17.05 crores released by Delhi Administration during 1954-55 to 1987-88, though a sum of Rs.6.46 crores on account of principal and Rs.5.87 crores as interest thereon were due from Delhi Development Authority as on 31st March 1988. Out of 6646 flats completed during 1980-81 to 1987-88, 2128 flats were lying vacant in March 1988. Riot victims were allotted 755 flats in lieu of property owned by them but properties against which the allotments were made had not been taken over. As on

31 March 1988 a sum of Rs.140.32 lakhs on account of licence fee for the period ended 31 March 1985 was recoverable from slum dwellers to whom the flats were allotted. Land comprising 42.78 acres which was meant for construction of flats for slum dwellers had been encroached upon and 71 acres of land was lying vacant.

(Paragraph 19)

XVI Leasing of shops and parking site etc. at Inter State Bus Terminus

A sum of Rs. 62.58 lakhs was not recovered by Delhi Development Authority from eleven ex-allottees of shops and parking site at Inter State Bus Terminus. There was evidence of non-adherence to the terms and conditions of allotment, handing over the possessions without obtaining proper security and failure to take effective steps for recovery from time to time. Besides, three cases for recovery of Rs.16.02 lakhs in respect of a shop and parking site were pending in the courts.

(Paragraph 20)

XVII Revenue receipts - General

The total receipts of the Union Territory of Delhi during 1987-88 amounted to Rs.677.19 crores (Rs.653.28 crores tax receipts and Rs.23.91 crores non-tax receipts). This represents an increase of 14 per cent over the total receipts of Rs.595 crores (Rs.570 crores tax receipts and Rs.25 crores non-tax receipts) during 1986-87. Tax receipts were mainly derived from Sales Tax (Rs.431.82 crores), State Excise (Rs.131.43 crores), Motor Vehicles and Goods and Passengers Taxes (Rs.51.84 crores) and Stamps and Registration fees (Rs.24.73 crores).

(Paragraph 22)

XVIII Loss of revenue

In 38 cases, non-levy, short-levy of tax, duty, penalties and losses of revenue were noticed in the Union Territory of Delhi. The tax effect of the various irregularities pointed out by Audit is about Rs.66 lakhs including penalty and interest. As a result of re-examination of some of the cases involved in these Audit objections, the department revised the assessment and raised a total demand of Rs.83.35 lakhs on account of tax, penalty and interest. Some of the important cases are given below :-

Sales Tax

Short levy of tax due to non-detection by department, of false/invalid declarations or interpolations in the declarations amounted to Rs.9.53 lakhs in 16 cases. Besides, penalty amounting to Rs.23.84 lakhs was also leviable

in these cases but was not levied. Short levy of tax due to non-detection of suppression of sales in eight cases involved a tax of Rs.3.99 lakhs. Besides, penalties upto Rs.9.98 lakhs could be levied on the dealers for suppression of turnover. Irregular grant of exemption from tax amounted to Rs.2.18 lakhs in four cases.

(Paragraphs 25, 26 and 29)

State Excise

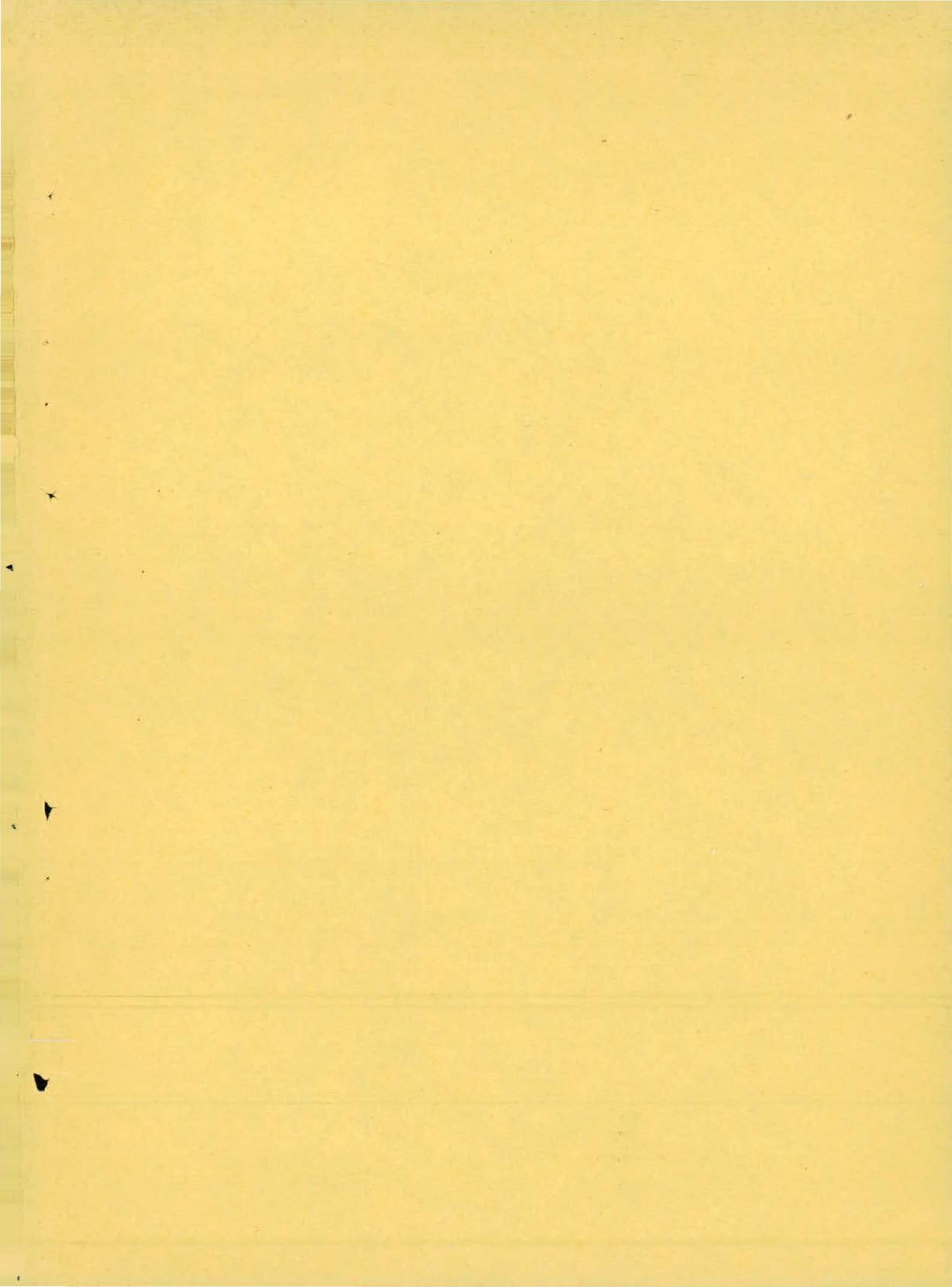
Loss of revenue due to incorrect fixation of wholesale price and short recovery of licence fee from wholesale licensees amounted to Rs.12.11 lakhs.

(Paragraphs 32 and 33)

Entertainment Tax

In one case short-levy of entertainment tax of Rs.1.78 lakhs was noticed.

(Paragraph 34)



CHAPTER - I

1. General

Delhi is a non-legislative Union Territory and its administration is vested in the President of India acting through an administrator designated as Lt. Governor. The peculiarity of the administrative set-up is that in a small territory of 1,483 sq.kms. there are two Governments, three local authorities, one development agency and a few statutory corporations. There is the Central Government, Delhi Administration and three local bodies namely, the Municipal Corporation of Delhi (MCD), the New Delhi Municipal Committee (NDMC) and the Delhi Cantonment Board (DCB). In addition to these three local bodies, there is the Delhi Development Authority (DDA) which is charged with the responsibility of deciding the land-use pattern and developing new residential, industrial and commercial areas. Further there is the Delhi Urban Art Commission which is responsible to preserve, develop and maintain the aesthetic quality of urban and environmental design within Delhi.

The Lt. Governor is the head of Delhi Administration and is assisted by two bodies, namely, the Metropolitan Council and the Executive Council. The main function of the Metropolitan Council is to discuss and make recommendations on the subjects in the State List and the Concurrent List in the Seventh Schedule of the Constitution. The Executive Council is organised on the lines of the Council of Ministers in a State but, unlike

the latter, all members of the Council are nominated by the President of India.

The budget of Delhi Administration forms part of the overall budget of the Central Government. The budgetary proposals are first introduced in the Lok Sabha by the Union Finance Minister and only later they are discussed by the Metropolitan Council. The Council cannot vote on the budget. The funds to meet the expenditure of the Union Territory are drawn from the Consolidated Fund of India and the revenues are credited directly to the Central Exchequer.

The following taxes are levied on behalf of Delhi Administration : (i) Land revenue; (ii) Stamps duties and registration fee; (iii) State excise duties; (iv) Sales tax; (v) Taxes on vehicles; (vi) Terminal tax and (vii) Entertainment and betting taxes. Of these, the proceeds from taxes on vehicles, terminal tax and entertainment and betting taxes are assigned to the local bodies. The terminal tax is in fact collected by the MCD for which it is paid collection charges. Apart from the aforesaid tax proceeds, the local bodies receive substantial grants-in-aid to meet the expenditure on education, health, urban development etc.

The total receipts and expenditure of Delhi Administration for the four years ending March 1988 were as under :-

(In crores of rupees)

Year	Receipts	Expenditure		
		Plan	Non-Plan	Total
1984-85	435.37	283.46	333.01	616.47
1985-86	515.62	401.78	408.55	810.33
1986-87	595.29	497.35	598.80	1096.15
1987-88	677.19	538.11	642.11	1180.22

CHAPTER - II

CIVIL DEPARTMENTS OF DELHI ADMINISTRATION

Ministry of Human Resource Development
(Directorate of Education - Delhi Administration)

2 Additional schooling facilities in the age group 11-14 and 14-18 years

were test checked during January to June 1988.

2.1 Introduction

2.3 Organisational set up

The population in the Union Territory of Delhi has, on an average, been growing by about two lakhs every year which means an increase of nearly 34,000 families (presuming that a family consists of six members). On the assumption that each additional family would be having one school going child in the age group of 11-18 years, it was envisaged that during the Sixth and Seventh Five Year Plans, enrolment capacity in the schools would have to be increased by 30,000 to 35,000 every year. The targeted coverage was planned by way of (i) opening of 800 to 1000 new sections in the existing schools (ii) upgradation of the existing middle and secondary schools to secondary and senior secondary levels respectively (iii) bifurcation of the existing over-crowded schools and (iv) opening of new schools including model and composite schools.

The scheme is administered by the Directorate of Education. The Union Territory has been divided into five districts each headed by a Deputy Director.

2.4 Highlights

2.2 Scope of Audit

The records relating to the scheme for the period 1980-81 to 1987-88 were test checked in the Directorate of Education. In addition, records of 32 schools (19 middle, 3 secondary and 10 senior Secondary Schools) out of 150 schools opened/upgraded during the last four years ending March 1988,

- Out of a provision of Rs.245.79 crores made for opening of new schools and providing necessary infrastructure during 1980-81 to 1987-88, a sum of Rs.17.99 crores remained unutilised.
- Against the target of opening of 115 middle schools during the Sixth Plan, 61 schools were opened resulting in short fall of 47 per cent.
- Educational facilities in resettlement colonies/slum areas were lacking as compared to urban areas. The drop out rate was also higher in resettlement colonies.
- Against the target of construction of 68 buildings for schools during the years 1980-81 to 1987-88, 58 buildings were reported to have been built. Fifty schools were being run in tents and another 120 partly in tents exposing the students to

- inclement weather conditions apart from expenditure on tents which had risen from Rs.15.80 lakhs in 1981-82 to Rs.54.61 lakhs in 1987-88.
 - Out of 985 pre-fabricated structures to be constructed in 1985-86 (estimated cost Rs.733 lakhs) for replacing tents, not a single structure was constructed during that year. The progress of construction of structures was slow during 1987-88 too as only 766 structures were completed against the target of 933 structures.
 - A sum of Rs.301 lakhs paid during 1981-82 to 1986-87 was blocked with Delhi Development Authority as possession of 21 sites was not made available by the DDA.
 - In 54 cases, where possession of land was given by the DDA, (on payment of Rs.122 lakhs during 1961 to 1987 in 34 cases alone) construction of school buildings could not commence as the cases were under litigation.
 - Furniture provided to the newly opened schools were not adequate.
 - In six schools, 57 extra posts were created on the basis of inflated figures of sections intimated by the schools.
 - Shortage of teachers upto 18 per cent of the sanctioned strength was noticed in 24 schools, test checked, during 1985-86 to 1987-88.
 - Land was being allotted to aided schools on concessional rate of Rs.5000 per acre as against the Government rate of Rs.3.00 lakhs for recognised unaided schools which encouraged the private agencies to open schools with the result undue advantage was taken by a Foundation and a Trust by getting land allotted in popular locations for aided schools and then converting the same into unaided ones.
 - There was no system of monitoring the implementation or evaluation of the scheme in the Directorate.
- 2.5 *Norms for the opening of new schools*
- The norms laid down for opening of new schools provided that
- (i) One school would be opened on a population of 7500 and that the middle and secondary schools should be provided within a radius of two to three kilometres in urban areas and within three to five kilometres in rural areas respectively.
 - (ii) Priority should be accorded to resettlement colonies and newly built colonies particularly those having high population of weaker sections of society.
 - (iii) A section should not have more than 30 to 33 students.
 - (iv) Adequate number of teachers would be provided, the norm

being one and half teacher per section.

- (v) Furniture and other equipment would be provided.

2.6 Financial arrangements

During Sixth Five Year Plan

(1980-85) against the actual release of funds of Rs.10,625 lakhs by Delhi Administration for the scheme, the expenditure was to the extent of Rs.9,737 lakhs. The position of funds released under Plan and non-Plan and the expenditure incurred there against during the first three years of Seventh Plan was as under :-

(In lakhs of rupees)

Year	Funds released			Actual expenditure			Excess(+) savings (-)	Percentage of variation
	Plan	Non- plan	Total	Plan	Non- plan	Total		
1985-86	462	3261	3723	148	3206	3354	-369	10
1986-87	410	4246	4656	449	3821	4270	-386	8
1987-88	886	4689	5575	882	4537	5419	-156	3

Out of a provision of Rs.245.79 crores made for opening of new schools and providing necessary infrastructure during 1980-81 to 1987-88, a sum of Rs.17.99 crores remained unutilised which indicated that provisions made for opening of new schools and providing adequate infrastructure were not fully utilised.

2.7 Targets and achievements

Against the target of opening of 115 middle schools during Sixth Five Year Plan only 61 schools were opened resulting in shortfall of 47 per cent.

The particulars of 700 sections reported to have been added every year during the Sixth Plan period and 948 sections added during 1985-86 and 1986-87 were not

available with the department.

2.8 Lack of educational facilities in resettlement colonies/ slum areas

In the Seventh Five Year Plan (1985-90), it was outlined that for opening of new schools, priority would be given to resettlement colonies which are inhabited predominantly by scheduled castes and scheduled tribes. Schools were, however, being opened without identifying the areas for new schools, on the basis of demand from different quarters like Gram Sabhas, Welfare Associations, public representatives, etc. Further, no targets were fixed for opening of schools in resettlement colonies nor were the areas identified to assess their requirements. Out of 44 resettlement colonies,

there were 83 schools in 25 colonies as on 30th September 1986. Nineteen colonies remained to be covered by additional schooling facilities. Number of resettlement colonies covered after September 1986 was not available with the

Directorate. A test check by Audit further revealed that during 1983-84 to 1985-86 the drop out rate of five to eight per cent in the resettlement colonies was also higher than those in urban areas viz., three to five per cent as under :-

Year	Total no. of colonies test-checked	Total no. of schools	Total no. of students	Total drop out	Percentage of drop out	
1983-84	Resettlement	7	7	5591	325	6
	Urban	11	11	5520	170	3
1984-85	Resettlement	7	7	5541	304	5
	Urban	16	16	7169	346	5
1985-86	Resettlement	8	8	5714	472	8
	Urban	19	19	8402	228	3

2.9 Buildings

- (i) Expenditure on tents :-
Against 68 school buildings required to be constructed during 1980-81 to 1987-88, 58

buildings were constructed by March 1988. A large number of schools were also being run in the tents involving heavy expenditure on hiring as shown below :-

Year	No. of schools run completely in tents	Partly in tents	Total	Expenditure on tents (in lakhs of rupees)
1981-82	NA	NA	135	15.80
1982-83	NA	NA	138	22.22
1983-84	NA	NA	141	28.21
1984-85	46	108	154	33.11
1985-86	48	127	175	44.83
1986-87	55	107	162	47.29
1987-88	50	120	170	54.61

In addition to hire charges, the contractor also claimed Rs.8.83 lakhs towards cost of the tents damaged by fire (Rs. 5.51 lakhs) and by children (Rs. 3.32 lakhs) during 1984-85 to 1986-87. The claim of the contractor was yet to be finalised by the Department (June 1988).

The Lt. Governor of Delhi had observed in July 1986 that the schools run in tents were shabby, the tents were badly torn and chil-

dren were being exposed to inclement weather conditions.

(ii) With a view to replacing tents by semi-pucca structures, Rs.2,197 lakhs were sanctioned during 1985-86 to 1987-88 for construction of 2618 structures. Against 2618 structures, 1637 were constructed by March 1988 leaving a backlog of 981 structures as indicated below :-

(In lakhs of rupees)

Year	Amount sanctioned	Number of structures to be constructed	Number of structures actually constructed	Backlog
1985-86	733	985	NIL	(-)985
1986-87	475	700	871	(+)171
1987-88	989	933	766	(-)167
Total	2197	2618	1637	(-)981

(iii) Blocking of funds with DDA :- After a decision to open a new school is taken by the Directorate, the Delhi Development Authority (DDA) is approached for allotment of site. On receipt of demand note for the cost of land from DDA, the Directorate issues sanction for the cost of land as well as for construction of school building by the Public Works - Department, Delhi Administration (PWD).

The Department had made payment of Rs.741 lakhs to DDA during 1981-82 to 1986-87 towards the cost of land for 47 sites. Possession of 21 sites for which payment of Rs.301 lakhs was made during 1981-82 to 1986-87 had not been made available (June 1988).

2.10 Cases under litigation

Fifty four cases, where possession of land was given by the DDA, were under litigation. The cases related to the period as back

as 1961. In 34 cases payment of Rs.122 lakhs had been made to the DDA, during 1961 to 1987. In other 20 cases, the cost of land paid was not available with the Department. Construction of school buildings could not be taken up on these sites as title of the land was disputed and the cases were sub-judice.

2.11 Furniture

A total expenditure of Rs.299.93 lakhs had been incurred on purchase of science tables (Rs. 52.21 lakhs) and desks (Rs.247.72 lakhs) during 1980-81 to 1987-88 out of plan and non-plan funds.

The expenditure on newly opened schools during the year was being debited to Plan budget and on others to non-Plan.

Scrutiny of records relating to purchases made during 1985-86 and 1986-87 revealed that sanctions were issued by the Directorate to the Principal/Drawing and Disbursing Officer (DDO) concerned for purchase of specified number of science tables and dual desks as per specifications and at prescribed rates from suppliers mentioned therein.

It was, however, noticed that one of the Principals did not accept the allotted number of dual desks as the same were not according to specifications. In three other cases, the contractor intimated the Directorate in March 1987 that the schools were not interested in taking delivery of the 200 desks allotted to them. The reasons for non-acceptance of allotted number of desks by the schools were, however, not on record.

It was also observed that the enrolment of students in the schools was not kept in view while providing dual desks. Out of 12 schools test checked in Audit, the number of dual desks provided in six schools were 894 only against the enrolment of 3186 students whereas in four schools the number of desks were 2875 against the enrolment of 2694 students.

2.12 Teachers

A comparative study in 20 test cases of the post fixation proforma sent by the schools on 15th May 1985 indicating their projected requirement to Post fixation cell and the statistical information (actual) as on 30th September 1985 furnished to the planning branch revealed that the posts created were more than the actual requirement of teaching staff. In six cases, alone excess number of sanctioned posts worked out to 57. On the other hand, shortage of staff vis-a-vis sanctioned strength was noticed in 24 schools. The shortage of teachers in these schools ranged upto 18 per cent during 1985-86 to 1987-88.

2.13 Conversion of aided to unaided schools

On the basis of no objection certificates issued in December 1979 by the Directorate of Education, the Slum Wing of Municipal Corporation of Delhi allotted in February 1980, a land measuring 2.79 acres in a slum area to Mahavir Foundation, registered under the Societies Registration Act of 1860, at a concessional rate of Rs.5,000 per acre on the following specific conditions :

- (i) that the Foundation would run

the school as recognised and aided school in accordance with the provisions of Delhi Administration Act/Rules 1973 and the instructions of Education Department (Delhi Administration).

- (ii) the tuition fees would be charged as prescribed for Government and aided schools, qualified staff would be employed and salaries and allowances paid on government grades.
- (iii) the Foundation would admit one fourth of their students from weaker sections and provide freeship to 15 per cent and half concession in fee to another 10 per cent students from weaker sections of the society.

Mahavir Foundation, however, started the schools from nursery to class IV standard as an un-aided school and the teaching staff also were not paid salary according to government grades. Fee charged from students varied from Rs.75 to Rs.90 per month.

The Directorate of Education referred the matter to DDA in July 1984 regarding violation of terms of allotment of land by the Foundation for taking suitable action.

The DDA decided in July 1986 to charge the cost of the land at Rs.3 lakhs per acre as applicable to un-aided schools. The cost of land at enhanced rate along with ground rent amounting to Rs. 9.69 lakhs was recovered from the Foundation in July 1986. The amount of interest to be charged, which was stated being worked out by the DDA in July 1986 had not been conveyed

to the Foundation and recovered even after a lapse of about two years (May 1988). The interest chargeable from the Foundation worked out to Rs.10.45 lakhs at the rate of 18 per cent per annum, which was yet to be recovered (July 1988).

Similarly, land was obtained by Bhai Joga Singh Girls Public Schools (Trust) on the recommendation of the Directorate of Education at a concessional rate in 1981 for running an aided school in Jhandewalan slum area. After allotment of land, the Trust started a public school (un-aided) which was given recognition by the Directorate of Education in November 1987 on condition that the management of the school would settle the price of the land with the DDA/Ministry of Urban Development, whichever had allotted the land. Further developments were not intimated (December 1988).

2.14 Monitoring and Evaluation

The establishment of an Evaluation and Monitoring Cell in the Directorate was proposed in the Seventh Plan (1985-90) to compile, process, monitor and analyse the data/information collected in the various schemes implemented by the Directorate. Apart from collection of data, five per cent of the institutions at random basis were to be checked to ensure correctness of the reports required for planning purposes. However, the cell had not been established (May 1988).

The work was looked after by Plan Evaluation Unit, but no study of the scheme of additional schooling facilities was ever conducted by the said unit.

Monthly progress report about the execution/completion of works was required to be furnished by the Executive Engineer (PWD) to the Directorate. Though 228 works at a cost of Rs.2920 lakhs were executed from 1984-85 onwards, the prescribed monthly progress report was not obtained by the Department.

The matter was reported to Ministry in September 1988; reply has not been received (December 1988).

3. Non-utilisation of equipment for over eight years

The Directorate of Education, Delhi Administration purchased typewriters and electronic, refrigeration and electric gadgets costing Rs.1.30 lakhs during 1978-79 and 1979-80 for the Science-cum-

Central Workshop of the Directorate at Lajpat Nagar. The equipment were meant for imparting practical training in vocational and socially useful productive work subjects. However, the equipment had not been put to any use for over eight years till August 1988.

On this being pointed out by Audit the Directorate stated in September 1988 that equipment have now been transferred to the schools for proper use and to the benefit of students. It is, however, not clear from the reply of the Directorate whether equipment transferred to the schools were in good condition and whether these have actually been put to use.

The matter was reported to the Ministry in July 1988; reply has not been received (December 1988).

Public Works Department - Delhi Administration

4. Collapse of a school building

The work of major extension of Government Higher Secondary School, Sector - VII, R.K. Puram, New Delhi was awarded by the Public Works Department, (Division XXVII), Delhi Administration to contractor 'A' in January 1982 at tendered cost of Rs.38.58 lakhs which was 36.51 per cent above the estimated cost of Rs.28.26 lakhs. The work was to be completed in January 1983. When 85 per cent of the work had been completed a part of the three storied building collapsed suddenly on 17th July 1983. A sum of Rs.33.26 lakhs was paid to the contractor, in addition to secured advance of Rs.0.55 lakh and material worth Rs.0.82 lakh supplied departmentally. An Expert Committee was constituted by the Director General (Works), CPWD, in July 1983 to look into the causes of the collapse of the building and to suggest measures for safety of the neighbouring blocks and remedial action, if any, needed. The committee in its report observed in December 1983 that the collapse was due to the following drawbacks :-

(a) RCC work was of very poor quality, Mix was poor in cement content and sand contained large percentage of red bajri/materials containing excessive silt. The RCC surface in most of the areas was honey-combed and had inadequate strength.

(b) The brick masonry work was of very poor quality. The quality of mortar was poor and many of the joints in brick work were not filled with mortar.

The Committee *inter alia* recommended as under :-

(i) The school building should not be occupied unless the portion of the building which had not collapsed was made fully safe;

(ii) It would be necessary to load test each part of the structure before it can be declared fit for occupation. The steel stanchions below the beams should be built with proper footing as per the design of Superintendent Surveyor of Works before testing was done;

(iii) It would be necessary to fill up all the joints with cement mortar so that the brick walls were able to act as filler walls/load bearing walls as necessary; and

(iv) The stair-case landing slab and the parapets which were sources of danger should be dismantled and re-constructed.

The contractor was asked in April 1985 to reconstruct the collapsed portion and to carry out the load test on the remaining portion and thereafter carry out rectifications, where necessary, within a period of three months. As there was no response from him, compensation of Rs.2.83 lakhs was levied on him in October 1985 which is yet to be recovered.

In September 1986, the load testing was entrusted to the National Council for Cement Building Material (NCCBM) which observed in March 1987 that the building was too unsafe to permit loading as it was likely to collapse during the loading process because of the

extensive cracks already visible. An amount of Rs.0.45 lakh was paid to the NCCBM in August 1986 on account of testing fee.

Based on the test report of the NCCBM, the Chief Engineer, PWD recommended in May 1987 that the building be demolished and reconstructed. Final decision of Delhi Administration was, however, awaited (December 1988).

On the directions from the Delhi High Court (January 1987) as a result of a suit filed by the contractor in August 1986 the matter was referred by the Chief Engineer, PWD Zone II to an arbitrator in March 1987 to settle the disputes between the Department and the contractor. Against the claims of Rs.28 lakhs filed by the contractor, the Department counter-claimed Rs.28.71 lakhs before the arbitrator.

In December 1987, the arbi-

trator expressed his unwillingness to continue and resigned. The Chief Engineer PWD in his reply of August 1988, which was endorsed by Ministry in December 1988 stated that the counter claims for Rs.28.71 lakhs would be revised, taking into account the cost of construction as well as other liquidated damages and other expenditure involved, soon after the receipt of decision of Delhi Administration on the recommendations made by his office regarding demolition of building. Further developments have not been intimated (January 1989).

As a result of disciplinary proceedings, the services of one Junior Engineer and one Assistant Engineer were terminated in January and December 1986 respectively while the pension of the Executive Engineer incharge, was withheld permanently on the orders of Government of India in February 1988.

Directorate of Social Welfare - Delhi Administration

5. Integrated Child Development Services

5.1 Introduction

The scheme on Integrated Child Development Services was taken up in the Fifth Five Year Plan as a Centrally Sponsored scheme, with 100 per cent Central assistance. The objectives of the Scheme are to :

- (i) improve the nutritional standard and health status of children in the age group below six years;
- (ii) lay the foundation for proper psychological, physical and social development of children;
- (iii) reduce the incidence of mortality, morbidity, malnutrition and school drop outs;
- (iv) achieve effective co-ordination of policy implementation amongst the various departments to promote child development; and
- (v) enhance the capability of the mother through proper nutrition and health education for looking after the normal health and nutritional needs of the child.

For achievement of the objectives the scheme aimed at providing expectant and nursing mothers and children, an integrated package of services consisting of supplementary nutrition, immunisation, health check-up, referral services,

nutrition and health education for women and non-formal pre-school education to children below six years of age. These services were to be further supplemented by Functional Literacy for Adult Women, Drinking Water Supply and Supplementary Nutrition Programme, for which the funds were to be provided by the Union Territory Government.

5.2 Scope of Audit

The records of the Directorate of Social Welfare, Delhi relating to six projects and 25 anganwadis (focal points for the delivery of various services) for 1984-85 to 1987-88 were test checked by Audit during April to July 1988 and findings are given in the succeeding paragraphs.

5.3 Organisational set up

Director of Social Welfare, Delhi Administration has the overall responsibility for implementation of the scheme in the Union Territory of Delhi. In field, each project with a population of one lakh is headed by a Child Development Project Officer (CDPO) who is assisted by an Assistant Child Development Project Officer (ACDPO), Supervisors, clerical staff and a number of anganwadi workers.

5.4 Highlights

- Under the scheme, functionaries of Integrated Child Development Service projects were required to be trained or appropriately oriented for the task expected of them.

Apart from other officers, 443 to 558 anganwadi workers who were mainly responsible for rendering various services were untrained during 1984-85 to 1987-88. Besides, 70 to 232 posts of these workers remained vacant during the said period.

- Anganwadi workers were appointed on honorarium basis, but 59 per cent of them during 1987-88 did not belong to the same village as envisaged in the scheme.
- There was no correlation between the actual births reported during the year and the number of beneficiaries exhibited in monthly progress reports of the project officers, the survey and beneficiaries figures were inflated on the whole by 55 per cent to enable increased drawal of funds from the Centre and Delhi Administration.
- Thirty three per cent of 1.69 lakh children were below three years of age and were not eligible for supplementary nutrition. Their coverage resulted in avoidable expenditure of Rs.126 lakhs during 1984-85 to 1987-88.
- Children and women were given less than 50 per cent of the calories and proteins envisaged under the scheme reportedly due to increase in the prices of dietary articles.
- Reports regarding supply of sub-standard quality of bhuna chana and murmura supplied by Delhi State Civil Supplies Corporation through a contractor during 1987-88 were received from various Child Development Project Officers from September 1987 onwards. The supply of these items was also irregular. The Directorate took up the matter with the Corporation only in April 1988 i.e. after expiry of the agreement. Purchase of biscuits worth of Rs.200 lakhs during 1987-88 was made from a company through an intermediary (Super Bazar) without inviting open tenders.
- No records were maintained by the Directorate relating to the immunisation against tetanus of expectant women during 20-36 weeks of pregnancy.
- No guidelines have been formulated by the Directorate for imparting non-formal education to the children in the age group 3-6 years. There had been no proper sitting accommodation for the children in the anganwadis for giving non-formal education to them.
- No norms were laid down by the Directorate to carry out inspection of projects by higher officers of the Directorate. An Executive Councilor on his visit of six anganwadis in January 1985 reported that there was neither any anganwadi worker nor helper or any other staff. No child or inmate was found in the six centres.
- Sewing machines (564) worth

Rs.3.27 lakhs out of 1209 supplied to anganwadis were lying idle with the discontinuance of Functional Literacy for Adult women Scheme in January 1985.

The position of grants received and expenditure incurred thereagainst during 1984-85 to 1987-88 for various projects under the Integrated Child Development Services and Supplementary Nutrition Programme is given below :-

5.5 Financing the scheme

(In lakhs of rupees)				
Scheme	No. of projects	Grants received	Expenditure incurred	Savings(-) Excess (+)
<i>Centrally Sponsored scheme</i>				
Salary and allowances	21	696.43	688.67	(-) 7.76
<i>Supplementary Nutrition Programme</i>				
Food and cartage on distribution				
Plan :	21	911.00	908.93	(-) 2.07
Non-plan :	19	439.65	400.07	(-) 39.58
Salary, allowances and office expenses				
Non-plan :	2	78.73	80.26	(+) 1.53
Total		2,125.81	2,077.93	(-) 47.88

5.6 Functionaries of the scheme

The functionaries of the scheme were to be trained or appropriately oriented for the task expected of them. The number of

posts sanctioned, in position (trained and untrained) and vacant during the last four years were as under:-

Year	No. of projects	Child Development Project Officers				Supervisors				Anganwadi workers			
		No. of posts sanctioned	trained	Untrained	Vacant	No. of posts sanctioned	trained	Untrained	Vacant	No. of posts sanctioned	trained	Untrained	Vacant
1984-85	17	17	11	1	5	77	67	8	2	1825	1236	496	93
1985-86	19	19	8	2	9	86	67	8	11	2031	1461	443	127
1986-87	21	21	9	2	10	103	67	8	28	2495	1705	558	232
1987-88	21	21	4	15	2	108	67	8	33	2545	1985	490	70

From the table above, it would be seen that there had been a large number of vacancies of anganwadi workers. Moreover as a large number of workers had not been trained, it is doubtful whether these workers rendered appropriate service to fulfil the objectives of the scheme.

Under the scheme, an anganwadi worker has to be a woman belonging to the same village/local community. She is responsible for rendering a number of services. Some of them are indicated below :-

- (a) community survey and enlisting beneficiaries;
- (b) supplementary feeding of children below six years of age and pregnant/nursing mothers;
- (c) health and nutrition education to women and children;
- (d) community and population education to women and parents;
- (e) Assisting health staff in immunisation and health check up; and

- (f) referral services for severely under-nourished/malnourished, sick and at-risk children.

For discharging these functions, the anganwadi worker is paid a monthly honorarium of Rs.275. She is assisted by a helper who is paid a monthly honorarium of Rs.110. However, in the four projects test checked, it was seen that 311 of the 527 (59 per cent) anganwadi workers did not belong to the same village.

The Directorate stated in December 1988 that it was invariably ensured that all the anganwadi workers were appointed from the project area itself. The scheme, however, contemplated that an anganwadi worker should invariably belong to the same village/ward instead of the project area.

5.7 Reports and returns

5.7.1 Anganwadi workers carried out the survey of the area and reported on birth, pregnant and nursing women and children in various categories in the age group below six years so as to identify the beneficiaries. The reports furnished by

the workers were compiled by the supervisors and after countersignature of the Child Development Project Officer, these were sent to the Ministry and the Directorate. The total population of the project, number of births during the year, number of expectant and nur-

sing mothers and the children below one year of age as compiled by Audit from the Monthly Progress Reports of the CDOPs for the month of March in respect of preceeding four years ending March 1988 revealed wide variations with the assumed averages indicated below :-

(Figures in lakhs)

Year	No. of child development project offices	Total population as per monthly progress reports	Nursing and expectant mothers				Total no. of children less than 1 year	
			As per assumed Average		As per progress reports		As per assumed average	As per progress reports
			Nursing	Expectant	Nursing	Expectant	3 per cent	
			<u>per cent</u>	<u>per cent</u>				
1984-85	15	15.33	0.25	0.37	0.29	0.16	0.46	0.19
1985-86	12	12.71	0.20	0.30	0.25	0.11	0.38	0.16
1986-87	9	9.62	0.15	0.23	0.19	0.10	0.29	0.12
1987-88	19	22.33	0.36	0.54	0.47	0.26	0.67	0.28
Total			0.96	1.44	1.20	0.63	1.80	0.75

The reported number of expectant mothers was 0.63 lakh and the reported number of nursing mothers 1.20 lakhs. In the assumed averages, the ratio of the expectant mothers to nursing mothers was almost three to two whereas, as per progress reports the ratio between the two was almost three to six.

The Directorate stated in December 1988 that the reports furnished by anganwadi workers were periodically checked by Supervisors, Health visitors, Child development Project Officers, Medical officers and the Inspecting officers of the Headquarters. The

wide variations in the reported figures with assumed average did not, however, reflect that these were correctly reported.

5.7.2 It was observed that in addition to monthly progress reports, monthly reports indicating the actual number of beneficiaries during the month of March 1988 was also sent by the Child Development Projects Officers to the Directorate which were taken into consideration by that office for allotment of funds for supplementary nutrition. A test check of March 1988 reports revealed the following discrepancies :-

(Figures in lakhs)

Name of child development project office	Figures given to Ministry as per Monthly Progress reports		Monthly achievement reports intimated to the Directorate	
	Children	Women	Children	Women
Anand parbat	0.09	0.02	0.11	0.02
Jahangir puri	0.14	0.03	0.16	0.03
Khanpur	0.13	0.02	0.15	0.03
Mehrauli	0.17	0.04	0.21	0.04
Nand nagri	0.14	0.02	0.14	0.03
Nizamudin	0.10	0.02	0.14	0.02
Total	0.77	0.15	0.91	0.17

Thus the Child Development Project Officers had been maintaining two sets of figures, one for the Ministry and the other for use of the Directorate for allotment of funds.

The Directorate stated in December 1988 that reports sent to the Ministry as per monthly progress reports were the actual number of beneficiaries enrolled in each month and the reports sent to Headquarters in the target report showed the actual target to be achieved in a particular month. The reply was, however, not correct as monthly progress reports sent to the Directorate exhibited both actual number of beneficiaries and the targeted number during the month.

5.7.3 It was further noticed that there was only marginal change in population in five project areas (Bagh Karekhan, Shakarpur, Jahangirpuri, Inderpuri and Nabikarim) during 1985-86 to 1987-88 and 0.18

lakh child births were reported during the three years. These children were deemed to have become beneficiaries during 1987-88 in the age group up to three years. It was, however, seen that as against 0.18 lakh children beneficiaries in the age group upto three years, the survey figures for March 1988 were 0.58 lakh and supplementary nutrition was provided to 0.43 lakh children. Thus the figures were inflated. In the case of three projects (Sultanpuri, Inderpuri, Shakarpur) it was further observed that population, number of anganwadis and beneficiaries increased by 33 to 68 per cent during 1987-88. In case of one project (Sultanpuri) the excessive beneficiaries having been pointed out by Audit in May 1988, the project officer reduced the number of beneficiaries by 4058 and reported this in the reduced figure in the monthly progress report for May 1988 itself.

5.7.4 It was observed that there was no correlation between the

actual births reported during the year and the number of beneficiaries exhibited in the monthly progress reports of the project officers. The average number of

children beneficiaries during 1984-85 to 1987-88 vis-a-vis the figures adopted by the Directorate are given below :-

(Figures in lakhs)

Year	Number of projects checked	Total births reported during the year	Average No. of children beneficiaries below 6 years	Total children beneficiaries reported in monthly progress report for March	
				Survey	Actual
1984-85	15	0.19	1.14	2.62	1.69
1985-86	12	0.16	0.96	2.19	1.36
1986-87	9	0.12	0.72	1.66	1.19
1987-88	19	0.28	1.68	3.90	2.72
Total		0.75	4.50	10.37	6.96

From the above table it will be seen that the number of actual beneficiaries were inflated by 55 per cent to enable increased drawal of funds from the Centre and Delhi Administration.

5.8 Supplementary Nutrition Programme

5.8.1 Excessive coverage.- As per the scheme, the children beneficiaries, are to be selected carefully by a physical test and categorised in red, yellow and green zones according to the prescribed measurements of upper mid-arm. The children in red and yellow zones are entitled to supplementary nutrition benefits. Test check of progress reports for March 1988 of 12 projects revealed that of the

1.22 lakh children to whom supplementary nutrition was provided, 0.81 lakh (66 per cent) fell under green zone and thus were not entitled for the benefit.

The Directorate stated in July 1988, that as per Government of India's orders of December 1976, all Children in the pre-school age group three to six years were entitled to supplementary nutrition.

On test check of records of 22 projects for the month of March of the years 1984 to 1988, it was noticed that at least 33 per cent of 1.69 lakh beneficiaries of green Zone were children below three years of age and were not covered under the Government of India's orders. The details are

given below :-

(Figures in lakhs)

Reference to monthly progress reports	Number of projects test checked	Children falling under green zone as per progress reports	
		Total number covered under supplementary nutrition programme	Number of children below 3 years of age
March 1985	3	0.22	0.07
March 1986	6	0.43	0.16
March 1987	5	0.39	0.14
March 1988	8	0.65	0.19
Total	22	1.69	0.56

Thus excess coverage of 0.56 lakh children below three years of age resulted in an avoidable expenditure of Rs.126 lakhs.

5.8.2 Nutrition value of supplementary nutrition.- Under Supplementary Nutrition Programme, supplementary nutrition is to be given to needy children below six years of age and nursing and expectant mothers every day as indicated below :

Sl. No.	Name of beneficiaries	Calories (in number)	Protein (in grams)
1.	Children 7 months - 1 year	200	8-10
2.	Children 1 year - 6 years	300	10-12
3.	Nursing and expectant mothers	500	25

Upto 1986-87, food cooked on the spot like dalia, khichari was distributed amongst the children and women under Supplementary Nutrition Programme. From May 1987, the cooking system was stopped and the supply of semi-processed food articles, as shown below was introduced :-

Sl. No.	Name of items	Periodicity
1.	Fortified modern bread	twice a week
2.	Biscuit (Bakesman's)	twice a week
3.	Bhuna chana and murmura	once a week
4.	Ready to eat food (RTE)	once a week

The distribution of these items was made as under :-

	Calory contents	Pro-teins
	(In no.of calories)	(In grams)
<i>(i) Children</i>		
Bread - 2 pieces	125-150	3.25
Biscuits - 4 pieces	104	3.92
RTE - 60 grams	192	3.90
Bhuna chana and murmura - 60 gm.	210	7.35
<i>(ii) Nursing/expectant mothers</i>		
Bread - 3 pieces	200-226	4.87
Biscuits - 6 pieces	156	5.80
RTE - 100 gms	320	6.50
Bhuna chana and murmura - 100 grams	350	12.25

Interestingly, supplementary

nutrition which included bhuna chana and murmura was shown to have been provided during 1987-88 to 2.40 lakh children including 0.32 lakh children of the age group of seven months to one year. The Directorate stated in January 1989 that these items were issued to their mothers for grinding the same into powder before giving them to their children.

While entering into contract for supply of RTE food in August 1986, the Hindustan Vegetable Oils Corporation Limited (a Government of India Undertaking) claimed that RTE contained 16 per cent protein although on a chemical analysis (February 1987), the RTE was found to contain only 6.50 per cent protein.

Thus the needy children/women were being given less than 50 per cent calories and protein prescribed under Supplementary Nutrition Programme.

5.9 Purchase of nutrients

5.9.1 Sub-standard supply of bhuna chana and murmura :- An agreement was signed in June 1987 by the Directorate with Delhi State Civil Supplies Corporation Limited (DSCSC), New Delhi to supply food articles which included the supply of bhuna chana and murmura. These articles were to be supplied to various anganwadis at fixed centres under the programme. The rates of bhuna chana and murmura were Rs.9.75 and Rs.7.10 per kg. respectively. The agreement was valid upto November 1987 but it could be extended with the consent of both the parties. As per the scheme, the supply of commodities to various anganwadis was to be made regularly. It was also agreed that unless

there was failure on the part of the supplier for reasons beyond his control, the supplier shall pay compensation not exceeding 10 per cent of the cost of supply for that day. The supply was started by the DSCSC only from 10th August 1987. The following points were noticed :-

(a) The supply of these items was not regular as the DSCSC did not supply commodities from June 1987 to August 1987 and in some cases during November 1987 to January 1988 as reported by the project officers. Thus the children were not given supplementary nutrition as per schedule and also no action was taken by the Directorate to charge compensation for non-supply of items as provided in the agreement.

(b) Many of the project officers reported that the quality of bhuna chana and murmura supplied by the contractor (engaged by the DSCSC) was sub-standard and not fit for consumption. The contractor, however, continued to insist upon the various project officers to accept the supply of bhuna chana and murmura irrespective of the quality supplied by him. The Directorate took up the matter only in April 1988 (after expiry of the contract) with the DSCSC.

(c) Although the DSCSC continued to supply these items beyond November 1987, no formal agreement was executed with the DSCSC by the Directorate.

(d) It was further noticed that the DSCSC entered into agreement with the Directorate for supply of bhuna chana and murmura at the rate of Rs.9.75 and Rs.7.10 per kg. The DSCSC entered into agreement with a supplier for supply of these items

at the rate of Rs.7.25 and Rs.6.40 per kg. respectively. This supplier continued to supply these items at the central points. Thus DSCSC charged extra rate from the Directorate at the rate of Rs.2.50 per kg. on bhuna chana and Re.0.70 per kg. on murmura to act as an intermediary.

The Directorate stated in December 1988 that they had been discussing about the supply of sub-standard bhuna chana and murmura with various project officers in monthly meetings and it was incorrect to say that no action had been taken by them against the supplier. It was further stated that not only they discontinued the supply of these items but also stopped the payments for substandard supplies to DSCSC, New Delhi. The reply of the Directorate is not convincing as they took up the matter with DSCSC only in April 1988 i.e. after 10 months of the agreement in spite of the fact that most of the project officers complained from September 1987 and onwards that the items supplied by the contractor were of sub-standard quality.

5.9.2 *Purchase of biscuits* .- M/s Bakeman's Home Products Private Limited offered in September 1986, high protein biscuits to the Directorate at the rate of Rs.21 per kg. plus Sales Tax. In the same month, Delhi Consumer's Cooperative Wholesale Store Limited also offered to the Directorate to supply nutrition biscuits which they were supplying to various hospitals, hostels, police departments, etc.

The firm informed the Super Bazar in October 1986 that the Directorate had shown their keen interest in the high protein biscuits marketed by them and were

willing to purchase the same through the Super Bazar. For this, the firm offered to pay four per cent service charges to the Super Bazar.

In December 1986, the Directorate placed an order with the Super Bazar for supply of 30,000 kgs. of Bakeman's biscuits worth Rs.6.74 lakhs on trial basis.

The Directorate stated in January 1989 that purchases from the Super Bazar were made in accordance with the orders issued by the Lt. Governor of Delhi in June 1982. The reply of the Directorate is not convincing as the Lt. Governor's orders quoted by the Directorate were not pertinent in as much as the orders did not limit the administration from making purchases from sources other than the Super Bazar. As such the Directorate was not precluded from negotiating with the firm directly in which case they would have in the least gained four per cent, which was the service charges offered by the firm to the Super Bazar. It would also have been appropriate to consider the offer of the Delhi Consumer's Co-operative Wholesale Store Limited or even invite open tenders for the purchase of biscuits as the Directorate purchased biscuits worth Rs.200 lakhs during 1987-88.

It was also noticed that in June 1986, the Lt. Governor had observed that the consumable articles supplied by the Super Bazar were of lower standard and had authorised purchases from other sources.

5.10 Surplus stores

Till April 1987, food under Supplementary Nutrition Programme

was being cooked at anganwadis and supplied to the beneficiaries. For the purpose of cooking food, utensils were procured by each project for the anganwadis. From May 1987, the supply of semi-processed food e.g., bread, biscuits and RTE was resorted to. With change in the system of providing supplementary nutrition, in nine projects where from the information was made available, utensils worth Rs.10.82 lakhs became redundant. Similarly with the discontinuance of Functional Literacy for Adult Women Scheme from January 1985, 1209 sewing machines were rendered surplus. The Directorate stated in December 1988 that 193 machines were transferred to other institutions and 452 had become unserviceable. Remaining 564 machines purchased for Rs.3.27 lakhs were lying idle in the anganwadis (December 1988). Regarding utensils, the Directorate stated that they had utilized most of the utensils in Homes and Institutions run by them thereby saving expenditure in those Homes.

5.11 Projectors remaining unutilised

The UNO had provided one projector and 100 slides to each of the 23 projects offices for information, education and communication activities. It was noticed that none of the 23 projectors and 2300 slides had been put to any use thus defeating the very purpose for which these items were given to the Project officers.

In December 1988, the Directorate stated that earlier difficulties had been overcome and the staff had been trained to operate the projectors.

5.12 Immunisation

The package of services in the scheme, *inter alia*, include immunisation of children below six years against diphtheria, whooping cough, tetanus, polimyelitis and tuberculosis. All expectant mothers were to be immunised against tetanus during 20-36 weeks of pregnancy.

The Directorate did not maintain any records regarding the number of women to be covered and those actually covered under immunisation against tetanus.

The Directorate stated in December 1988, that since the Government of India did not lay down any prescribed register the same was not maintained earlier. Proforma for maintaining the information has since been revised.

5.13 Nutrition and health education for mothers

Nutrition and health education for mothers was required to be given by anganwadi workers to all women in the age group of 18-45 years. A special follow up was to be made in respect of mothers whose children suffered from mal-nutrition and frequent illness. The message of health and nutrition was

also to be carried through various modes of publicity and campaign. The position of target and achievement in this regard was reported as under :-

(Number in lakhs)

Year	Target number of women	Number of women covered
1984-85	0.39	0.34
1985-86	0.42	0.40
1986-87	0.49	0.49
1987-88	0.53	0.61

No evaluation or study of the programme had been undertaken by the Directorate or the outside agency to see whether the impact of the education given, really benefited the women and their children.

5.14 Non-formal education

Non-formal education was to be imparted by an anganwadi worker to about 40 children in the age group 3-6 years in an anganwadi. The number of children targeted to be covered and actually covered is given below :-

(Number in lakhs)

Year	Number of anganwadis	Installed capacity for providing non-formal education	Average attendance of children
1984-85	1732	0.69	0.75
1985-86	1904	0.76	0.85
1986-87	2263	0.91	0.94
1987-88	2475	0.99	1.19

(i) During test check it was seen that the number of children under non-formal education and accommodation available with three anganwadis in a project was as under :-

Name of anganwadi	Area of room	No. of children on roll
42 Sultanpuri	61 sq.ft.	95
66 Sultanpur	109 sq.ft.	39
70 Sultanpuri	88 sq.ft.	50

It was doubtful if the objective of imparting non-formal education was achieved when the children had no proper sitting accommodation in the anganwadis. The Directorate stated in December 1988 that Delhi was a metropolitan city where rents were very high and they could not get a big room on a rent of Rs.125 per month which was the maximum ceiling fixed by the Government of India. It was further stated that in slum areas and re-settlement colonies where only 25 square yards of plots were allotted, big size rooms were not available and because of these handicaps imparting of pre-school education was very difficult and that the pre-school education was imparted to the beneficiaries within the space available in the adjoining open area wherever possible and in groups.

(ii) Though a period of 13 years had elapsed since the introduction of the scheme, no guidelines had been issued by the Directorate to prescribe any programme for imparting non-formal education to the pre-school children.

The Directorate stated in Decemb-

er 1988 that Government of India had not given any guidelines to prescribe a syllabus for pre-school education and this being a non-formal education, it could not be restricted to a prescribed syllabus and that the main object of the pre-schooling education was to familiarise the children with social habits and develop their physical and cognitive aspects through play activities, games, nursery rhymes and to develop social behaviour, sense of sharing, etc.

5.15 Inspections

The Directorate had not so far issued any instructions for carrying out inspection of the office of project officers. It was noticed by Audit that the Directorate conducted only one inspection on the functioning of the projects in 1984, none in 1985, 14 during 1986 and 11 in 1987.

The Directorate stated in December 1988 that during 1987-88, the senior officers of the Directorate carried out 300 inspections and during each visit checked three to four anganwadis and that pertinent issues raised in the inspections were monitored by the Directorate through various inspection reports issued by them. The fact could not, however, be verified from the records of the Directorate.

A report of the Executive Councillor (Health) of January 1985 indicated that at the time of his visit of six anganwadis, there was neither any anganwadi worker nor helper or any other staff. No child or inmate was found in the centres. Further, an inspection report of Joint Director of January 1986 revealed that in an anganwadi,

attendance of all children, pregnant and nursing mothers had been marked in advance in order to regularise the continuous supply of

dietary articles.

The matter was reported to Ministry in October 1988; reply has not been received (December 1988).

Department of Delhi Archives - Delhi Administration

6. Idle investment on a micro-film camera

The Delhi Archives, Delhi Administration, purchased during 1981 a microfilm camera and allied accessories manufactured by a foreign firm through their representative in India at a cost of Rs.1.78 lakhs for preparing micro-film copies of the records. Although the equipment could not be commissioned (April 1988) for want of proper photo section and dark room, the Department had appointed an 'Assistant Micro-photographer Grade II' in April 1982, for operating the equipment. The camera was guaranteed against manufacturing defects, faulty workmanship, material and performance for a period of 15 months from the date of despatch or 12 months from the date of installation whichever was earlier. The guarantee period thus expired even before commissioning of the camera. The Department had also purchased films costing Rs. 0.05 lakh in August 1983. The shelf life of these films expired in

January 1985. Besides, a sum of Rs.1.10 lakhs had been paid towards pay and allowances alone to the Assistant Micro-photographer upto April 1988. Thus purchase of the equipment and appointment of the Assistant Micro-photographer were done without ensuring the availability of the requisite photo section with dark room.

The Department stated in July 1988 that the photo section and the dark room were being constructed by the Public Works Department in the new building to which it had shifted and that the preliminary work of setting up of the unit was likely to be completed shortly. It was also stated that the services of the Assistant Micro-photographer were being utilised for proper planning and setting up of the unit. The Delhi Administration in October 1988 endorsed the views/action taken by the department.

The matter was reported to the Ministry in May 1988; reply has not been received (December 1988).

Directorate of Training and Technical Education -
Delhi Administration

7. Embezzlement of Government money

On test check of records of the Women Polytechnic, Maharani Bagh, it was noticed that bills on account of water and electricity charges relating to the residential quarters in the campus were being paid initially by the Polytechnic and subsequently recovered from the employees concerned by issuing receipts. The Principal of the Polytechnic issued three receipt books containing 50 leaves each to the Accounts Branch during April 1983 and March 1984 for collection of water and electricity charges. The counter foils of these receipt books were not made available to Audit and they were reported (February 1988) to be untraceable.

Audit scrutiny revealed that the cash book did not contain any entry relating to recoveries made through the aforesaid receipt books issued to the Accounts branch. The Polytechnic had raised a demand of Rs.1.61 lakhs on account of water and electricity charges during April 1981 to April 1987 of which Rs.1.01 lakhs were accounted for in the cash book and Rs.0.24 lakh were stated to be outstanding against the occupants of the quarters. The balance of Rs. 0.36 lakh had not been accounted for in the cash book though the amount had been shown as recovered in the Demand and Collection Register.

On this being pointed out by Audit in February 1988, the Principal made inquiries from the employees concerned and produced to Audit 38 receipts of the said receipt books against which an amount of Rs.5082.45 had been collected by an official of the Accounts branch between May 1983 and July 1984. These receipts were not found accounted for in the cash book of the Polytechnic. Thus the entire amount of Rs.0.36 lakh was embezzled. The orders under which the official of the Accounts branch was authorised to collect the dues were not made available to Audit. Security deposit as required under the rule was also not obtained from him.

The Directorate stated in October 1988 that it was a fact that Government funds had been misappropriated and admitted by the concerned official. The recovery of part amount had already been effected from the official and action for effecting recovery of the balance amount initiated. A detailed internal audit of the accounts of the Polytechnic was being undertaken. Vigilance action against the official and others found responsible was being initiated. Further progress was not intimated (December 1988).

The Ministry in December 1988 endorsed the views/action taken by the Directorate.

Ministry of Agriculture
(Development Department-Delhi Administration)

8. Poultry Development Scheme

Paragraph 49 of the Report of the Comptroller and Auditor General of India for 1966, Central Government (Civil) highlights certain aspects of the 'Poultry Development Scheme', Delhi which was under the administrative control of the Development Commissioner, Delhi.

The Public Accounts Committee in their Fifty-Ninth Report (Third Lok Sabha - 1966-67) desired that early steps should be taken to run the commercial side of the poultry farm on commercial lines or on business principles so that losses were minimised and that eventually the scheme should run at least on a 'no profit, no loss' basis.

A test check of records of the Poultry Farm revealed that an additional scheme for production of day old chicks (broilers) was

introduced in 1979-80 with the approval of Planning Commission. The scheme aimed at producing broilers and supplying chicks at rates cheaper than those charged by other hatcheries so as to bring down prices and enhance the margin of profit of breeders. The scheme was to be undertaken on 'No profit, no loss' basis by full utilisation of the existing infrastructure, and hatching facilities of the farm. Under the existing scheme of poultry development (non-plan), commercial layers produced at the farm were made available to small farmers for development of poultry industry in Delhi.

As per proforma accounts furnished (July 1988) by the Farm Superintendent, the farm suffered loss of Rs.16.77 lakhs (Plan scheme : Rs. 6.85 lakhs and non-plan scheme : Rs.9.92 lakhs) during 1979-80 to 1982-83 as shown below:-

(In lakhs of rupees)

Year	PLAN SCHEME			NON-PLAN SCHEME		
	Expendi- ture	Income	Loss	Expendi- ture	Income	Loss
1979-80	2.66	0.96	1.70	4.45	1.86	2.59
1980-81	2.79	0.66	2.13	3.05	1.14	1.91
1981-82	2.62	0.64	1.98	3.95	1.63	2.32
1982-83	2.72	1.68	1.04	4.61	1.51	3.10
TOTAL	10.79	3.94	6.85	16.06	6.14	9.92

Proforma accounts from 1983-84 onwards had not been prepared. It was, however, observed that expenditure under the plan scheme during 1983-84 to 1986-87 exceeded the total income of the farm by Rs.11.54 lakhs.

Under the non-plan scheme, the expenditure on feed and medicine alone exceeded by Rs.2.70 lakhs over the income during 1983-84 to 1986-87.

Thus the farm incurred a total loss of Rs.31.01 lakhs during 1979-80 to 1986-87.

The scheme provided for a parent stock of 4,000 from 1979-80 onwards and the sale every year of 2.76 lakh chicks, 1,500 culled birds and 1.98 lakh eggs found unfit for hatching. The farm, however, failed to maintain the required parent stock of 4,000 with the result that the expected production of chicks and eggs could not be achieved. Further even the actual parent stock maintained by the farm failed to produce chicks and eggs at the expected levels (69 chicks per annum per parent stock

and 49 eggs per annum per parent stock), the shortfall varying between 8 to 69 per cent during 1979-80 to 1986-87.

On the losses being pointed out in Audit (February 1988), the Farm Superintendent stated (May 1988) that with the object of providing quality chicks at cheaper rates to help the small farmers, the farm was selling chicks at Rs.4 each against the market price of Rs.6.50 and that the requisite parent stock of birds could not be maintained due to non-renovation of two of the poultry sheds. Besides the loss was also attributed to lack of qualified extension staff to propagate the facilities available at the poultry farm.

The Ministry, while agreeing with the observations, stated in September 1988 that there was obvious need for upward revision of prices of chicks and eggs keeping in view the prices prevailing in the market and that the Development Commissioner was being directed to improve the functioning of the farm.

Ministry of Home Affairs
(Delhi Administration)

9. Irregularities in purchase of gas masks

Delhi Administration decided in February 1986 to purchase 2,000 gas masks (compressed air breathing apparatus) to meet unforeseen eventualities arising out of fire accidents, gas leakage, etc. as part of a contingency plan. In March 1987, it was decided to purchase through Delhi Fire Service, 1,000 gas masks of the same foreign make and quality as were purchased by them for their own use.

On a request from Delhi Administration, Delhi Fire Service placed an order on 26th March 1987 with the firm for supply of 1000 gas masks costing Rs.106.60 lakhs.

On the basis of proforma invoice submitted by the firm on 27th March 1987, an advance of Rs.106.60 lakhs was sanctioned by Delhi Administration on 30th March 1987 subject to the condition that detailed accounts would be rendered to the Pay and Accounts Office (PAO) concerned within one month from the drawal of the advance. The Secretariat got a cheque of Rs.106.60 lakhs from the PAO on 31st March 1987 in favour of the firm and kept it in its cash chest. As per the terms and conditions for supply, the gas masks were to be supplied within a period of three months from the date of order.

In August 1987, Delhi Fire Service intimated that the firm had requested for extension of the period to 120 days to enable them to make a bulk supply of 1,000 gas masks. The firm, however, supplied

only 500 gas masks till November 1987. The supply of remaining 500 gas masks, which were imported by the firm in January 1988 was accepted by the Administration in July 1988. Penalty of Rs.10.66 lakhs which could be levied on the firm for the delay in supply was not levied by the Administration. In order to make payment for 500 gas masks supplied by the firm upto November 1987, cheque for Rs.106.60 lakhs drawn earlier was got cancelled on 17th March 1988 and a fresh cheque for Rs. 53.30 lakhs was got issued in favour of the firm on the same day. The payment for the 500 gas masks supplied by the firm in July 1988 was yet to be made (November 1988).

The following are the main points which emerge :

- Although it was decided in February 1986 to purchase the gas masks as part of a contingency plan, action for their purchase was initiated only in March 1987.
- A cheque for Rs. 106.60 lakhs was drawn in favour of the firm from the Government account and kept by the Administration for one year although the money was not required for immediate disbursement, thus infringing the provisions of Rule 100 (2) of Central Government Account (Receipts and Payments) Rule 1983.
- Against the order of 1,000 gas masks to be supplied by 30th June 1987, only 500 gas

masks were supplied by the firm till November 1987 and another 500 in July 1988.

Penalty leviable on the firm for delay in supply of gas masks had not been imposed.

On the irregularities being

pointed by Audit in June 1988, Delhi Administration in their reply of October 1988 which was endorsed by the Ministry in December 1988 had stated that the payment of Rs.53.30 lakhs to the supplier had been held up and the matter for levy of penalty of Rs.10.66 lakhs as proposed by Audit was under consideration.

Commissioner of Police-Delhi Administration

10. Avoidable expenditure on hiring of cars

Delhi Police has been hiring vehicles for (i) making law and order arrangements and (ii) providing security to VIPs and foreign dignitaries. The contract for hiring of cars was awarded to contractor 'A' the lowest tenderer on 28th March 1985 for 1985-86 at the negotiated rate of Rs.300 per car upto 24 hours inclusive of fuel upto 100 kms. The contractor, *inter alia* offered discount of one per cent if the payment was made to him within 40 days after submission of the bill. The Department did not avail of the benefit of discount reportedly because of the lengthy procedure involved in obtaining the approval of the Head of the Department for expenditure sanction. This resulted in an avoidable expenditure of Rs.0.32 lakh.

During 1986-87, the contract for hiring of cars was awarded to contractor 'B' for one year from 1st May 1986 on his lowest tendered rate of Rs.260 per car upto 24 hours inclusive of fuel upto 100 kms. and Rs.1.55 paise per km. extra over 100 kms. As the contractor failed to supply the requisite number of cars, the Department decided in August 1986 to cancel

the contract with contractor 'B' after observing the formalities. The contract was, however, cancelled in October 1986 for security reasons. Meanwhile, hiring of additional cars continued from open market at the rate of Rs.300 per car for 24 hours inclusive of fuel upto 100 kms. and Rs.1.60 paise per km extra over 100 kms. which was substantially higher than the contractual rates. Total number of 6338 cars were hired from open market from 7th May 1986 to 6th October 1986 which involved extra expenditure of Rs.2.54 lakhs. The decision to recover the extra expenditure from the contractor 'B' under the terms of contract was taken by the Department in November 1986. The recovery of Rs.2.54 lakhs was, however, not made (October 1988). Further, the bank drafts for security deposits of Rs.0.25 lakh obtained from contractor 'B' in 1986, which remained uncashed, were also returned to the contractor in April/May 1987.

After cancellation of the contract with contractor 'B', it was decided to award the work to another contractor 'C' in October 1986. The rates offered by the contractor at the time of opening of tenders on 27th February 1986 and subsequently at reduced rates on 28th March 1986 were as under :-

Particulars	Rate quoted in February 1986	Reduced rates offered in March 1986
(In rupees)		
Hire charges for a car for 12 hours	240.00	199.00
Hire charges for 24 hours	260.00	250.00#
Extra km. beyond 100 km.	1.60	1.55
Outstation charges per night	40.00	25.00

Offered to further reduce the rates by Rs.25 if a vehicle runs less than 50 kms. in a day (24 hours).

Strangely, the contractor was given an option in October 1986 to supply cars at either of the above mentioned rates. The contractor obviously opted for the higher rates. On 6th October 1986 the contract was awarded to him at the higher rates. Thus the offer of the Department for choosing either of the two rates further resulted in extra expenditure of Rs.1.57 lakhs.

The Department stated in August 1988 that as no legal notice for unsatisfactory supply of cars was issued to contractor 'B', action to forfeit the security deposit and to recover the extra cost from him was not considered necessary. Regarding contract with contractor 'C' at higher rates, it was stated that the contractor was called twice or thrice by the then officers of Police Headquarters to reduce the rates but he did not agree. However, there was nothing on record to show that any negotiations were held with the contractor.

The matter was reported to the Ministry in June 1988; reply has not been received (December 1988).

11. Under-charging of composition fee

Under Section 127-B of the Motor Vehicles Act 1939, the State Government may by notification authorise specified officers/authorities to compound certain offences, either before or after institution of prosecution. In exercise thereof, the Administrator of the Union Territory of Delhi had in a notification dated 1st October 1982 authorised police officers not below the rank of Sub-Inspector in the Delhi Traffic Police Branch to compound traffic offences which were punishable under various sections of the Motor Vehicles Act 1939 subject to the condition that the composition fee should not be less than the minimum and more than the maximum amounts specified in

the notification. In contravention of the conditions subject to which these powers were delegated by the Administrator, the Deputy Commissioner of Police (Traffic) in a circular issued in October 1982 authorised the traffic staff to charge composition fee less than the minimum prescribed by the Administrator.

In the month of September 1984 alone, in 11 out of 16 circles then existing (now raised to 19) test checked by Audit, the composition fee amounting to Rs. 2.64 lakhs

was undercharged from traffic offenders. On this being pointed out by Audit in August 1987, Delhi Police Headquarters stated in March 1988 that the specific aim behind delegation of powers to traffic officers was not revenue generation for the Government, but streamlining of the enforcement system thereby ensuring expeditious disposal of cases. It was further stated in June 1988 that the order issued in October 1982 had since been rescinded in November 1987. The Ministry in October 1988 endorsed the views/action taken by the Police Headquarters.

Ministry of Surface Transport
(Public Works Department - Delhi Administration)

12. Undue delay in taking delivery of empty bitumen drums from a contractor

The work of strengthening of National Highway-1 from Saleem Garh round-about to Rajghat and National Highway-2 from Rajghat to Ashram junction was awarded to a contractor in June 1982 at his tendered amount of Rs.63.93 lakhs. The work was completed in October 1982.

The contractor had been paid an amount of Rs.82.43 lakhs against the work of Rs.86.78 lakhs done by him. A total sum of Rs.2.62 lakhs (Rs.0.90 lakh for an item of work not executed as per agreement/specification and Rs.1.72 lakhs on account of material supplied departmentally) is recoverable from the contractor.

In addition to above, the delivery of 9911 empty drums valuing Rs.1.19 lakhs has not been taken by the department from the contractor who had repeatedly

requested the department to take delivery of the empty drums. The contractor informed the Executive Engineer in July 1986 that he would claim reimbursement of his expenses on watch and ward and rent of the land on which the drums were being stored. The Department, however, failed to accept the delivery of drums even after a lapse of more than six years after completion of the work.

The Chief Engineer (PWD) stated in January 1989 that the drums were not taken back from the contractor due to shortage of space and that a new space had since been located and the contractor directed to return the empty bitumen drums. It was also stated that the bill of the contractor would be finalised after return of the drums and completing other formalities.

The matter was reported to the Ministry in September 1988; reply has not been received (December 1988).

Development Department - Delhi Administration

13. Drought subsidy for agricultural inputs

Delhi Administration sanctioned Rs.280 lakhs in November 1987 for payment of subsidy to farmers for agricultural inputs viz. seeds, fertilizers and insecticides as drought relief as per norms prescribed by the Government of India. Farmers whose land holdings were upto 24 bighas (five acres) were eligible to receive the assistance and the amount of subsidy to farmers ranged between Rs.15 and Rs.1400 for land holdings of five biswa and 24 bighas respectively. The scheme was implemented in Delhi through five Block Development Officers (BDOs) at Alipur, Mehrauli, Najafgarh, Nangloi and Shahdra, under the overall control of Development Commissioner, Delhi Administration.

Out of 212 villages, records of 28 villages maintained by the BDOs concerned were reviewed during February and March 1988 and the following points were noticed :-

(i) *Excess allocation of funds.*- Out of the total sanctioned amount of Rs.280 lakhs, a total expenditure of Rs.167.89 lakhs had been incurred for 212 villages in the five blocks resulting in unutilised balance of Rs.112.11 lakhs. Thus the amount sanctioned by the Delhi Administration to the Development Commissioner was far in excess of the actual requirement with the result that funds to the extent of 40 per cent remained unutilised.

(ii) *Payment of subsidy to ineligible farmers.* - A sum of Rs.1.47 lakhs was paid to 110 far-

mers on the basis of certificates furnished by patwaris that their land holdings were less than five acres each. On verification by Audit from the records of patwaris, it transpired that their land holdings were actually more than five acres each. Authorisation of payment of subsidy by the BDOs on the basis of false certificates issued by patwaris resulted in irregular payment of Rs.1.47 lakhs.

(iii) *Fraudulent payment of subsidy.*- In 128 cases, payment of Rs.1.12 lakhs was made on the basis of incorrect/forged certificates as per details given below :-

- In 47 cases, subsidy of Rs.0.22 lakh was claimed by farmers for more land than actually held by them.
- In 24 cases, subsidy of Rs.0.27 lakh was paid to farmers who held no land in their names.
- In 12 cases, the subsidy of Rs.0.10 lakh was claimed in excess by the farmers by interpolating/overwriting the figures of land holdings in the certificates issued by the patwari.
- In 42 cases, the subsidy of Rs.0.46 lakh was paid to farmers on the basis of certificates on which the signatures of the patwaris were forged. Of these, in 38 cases, the BDO made payment of Rs.0.41 lakh although the patwari reported that his signatures on the permit applications had been forged.

In three cases, subsidy of Rs.0.07 lakh was authorised in excess on duplicate/triplicate applications filled in the name of the same applicant.

(iv) *Irregular payment of subsidy on 'Sumbhag' basis* .- Although the scheme was meant for the benefit of small farmers with land holding upto five acres, the BDOs accepted separate applications from different members of a family on the basis of their shares of less than five acres each, though the area of the joint holding, as per patwaris records, was far in excess of five acres. The payment of subsidy on 740 applications was made on the basis of certificates issued by the patwaris indicating each individual's proportionate share (Sumbhag) in the land. This resulted in irregular payment of subsidy of Rs.6.96 lakhs.

Thus subsidy to the extent of Rs.9.55 lakhs paid in 978 cases in 28 villages alone was inadmissible.

The matter was reported to Delhi Administration in August 1988; reply has not been received (December 1988).

14. Drought subsidy for fodder

Delhi Administration sanctioned Rs.190 lakhs in December 1987 for distribution of fodder at subsidised rates to identified small farmers, marginal farmers and landless agricultural labourers to provide relief to them due to drought. Fodder was to be distributed through a contractor from 21 sales depots set up in five blocks to meet the requirement of 212 villages (Alipur 57 : Mehrauli 29 :

Najafgarh 61 : Nangaloi 44 : and Shahdra 21).

Test check of records in March-April 1988 disclosed the following :

(i) The Development Commissioner issued 22026 permit cards against which fodder was issued on 11812 permits. This involved total payment of subsidy to the extent of Rs.48.04 lakhs.

(ii) In three blocks, 7926 permits were issued involving a total subsidy of Rs.36.43 lakhs. The number of identified eligible small and marginal farmers and landless labourers was, however, 3063 only. Thus 61 per cent permits were issued to ineligible persons.

(iii) The Depot Incharge did not maintain the record containing information relating to opening, issue and closing balances of fodder available with the depot. In the absence of such record it was not ensured whether the fodder was actually issued before the subsidy was paid to the contractor. A test check of records of six depots (Mehrauli 3; Najafgarh 2 and Nangaloi 1) revealed that against 279.41 quintals of fodder available with the depots on 24th and 25th March 1988, cash memos for 1395.85 quintals of fodder involving subsidy of Rs.0.92 lakh were issued by the depots. The supply of fodder against these cash memos was certified by the Depot-Incharge as having been made.

Further, in five of these depots against 154 cash memos issued during 11th to 24th March 1988, fodder was not supplied although the supply was certified to have been made on all these cash

Public Works Department - Delhi Administration

15. Procurement of fire fighting equipment

The preliminary estimates for four works in Delhi sanctioned by Delhi Administration, contained provisions of Rs.9.10 lakhs for purchase of fire fighting equipment.

The provision of Rs.9.10 lakhs for purchase of fire fighting equipment was split up by the Executive Engineer, PWD XXV, Delhi Administration to below Rs.0.25 lakh each to enable the Assistant Engineers (AEs) to invite tenders or place work orders. The rates quoted by the suppliers exceeded the limit of Rs.0.25 lakh and these were approved by the Executive Engineer although the total value of 17 tenders/work orders was Rs.6.17 lakhs which attracted the sanction of the Superintending Engineer.

Against the total tendered amount of Rs.6.17 lakhs the payment of Rs.48.52 lakhs had already been made on running bills during 1985-86 and 1986-87 for supply of equipment worth Rs.49.62 lakhs. In individual agreements, the actual supplies were 3 to 13 times the quantities ordered. The amount paid on the basis of works executed exceeded the financial powers of the Superintending Engineers who were competent to accept tenders up to Rs.30 lakhs only. The excess of 786 per cent was not got regularised from the competent authority.

While considering the award of works, the rates quoted by the suppliers were not scrutinised, to ensure that these were reasonable.

The rates paid in respect of certain items were excessive compared to the rates paid by the EE, PWD II, during 1986-87 and the Assistant Engineer I of the same Division (PWD XXV) during 1985-86 and 1986-87 which led to extra expenditure of Rs.10.79 lakhs.

It was also noticed that the rates paid for certain items were much higher as compared to the rates received in quotation invited by the Division in December 1986. This also resulted in extra expenditure of Rs. 15.26 lakhs.

Out of the equipment costing Rs.49.62 lakhs procured by the Department, equipment costing Rs.13.53 lakhs were stated (May 1988) to have been used on the works under the jurisdiction of division XXV and the equipment costing Rs.8.74 lakhs transferred to other divisions during October and December 1986. Equipment costing Rs.27.35 lakhs had not been installed (May 1988).

Delhi Administration stated in November 1987 that the irregularities were noticed even before the same were pointed out by Audit and that the matter was referred to the Vigilance Unit in July 1986 for detailed investigation and for initiating disciplinary action. Results of the investigation and further action taken had not been intimated (December 1988).

The matter was again reported to Delhi Administration in June 1988; reply has not been received (December 1988).

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16. Non-recovery of dues from a contractor Public Works Division XI of Delhi Administration between May 1979 and February 1982 to contractor 'A' at his tendered cost of Rs.139.16 lakhs as per details given below :-
- Five works estimated to cost Rs.91.85 lakhs were awarded by the

Sl. No.	Name of the work	Date of award of work	Tendered cost	Stipulated date of commencement	Stipulated date of completion	Actual date of completion
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(In lakhs of rupees)

1.	*Construction of Government Higher Secondary School for 720 students at Bodella (Mahavir Nagar) Sub-head: Main School Building and Multipurpose Hall	26.5.79	27.48	6.6.79	5.7.80	17.11.84
2.	Construction of Police Training School at Jharoda Kalan, Delhi, Phase II, Sub-head: One block of Barrack and Kitchen block	26.6.79	15.98	6.7.79	5.7.80	1.7.82
3.	Construction of Police Training School at Jharoda Kalan, Delhi, Phase II, Sub-head: Construction of 72 nos. Type A, 24 nos. Type B quarters with cycle/scooter stand	4.3.80	21.74	14.3.80	13.3.81	14.12.82
4.	*Construction of building for Observation Home for girls at Nari Niketan	3.5.80	31.73	13.5.80	12.6.81	15.10.83

Sl. No.	Name of the work	Date of award of work	Tendered cost	Stipulated date of commencement	Stipulated date of completion	Actual date of completion
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(In lakhs of rupees)

5.	Construction of (i) additional quarters and barracks for 20 guards at Central Jail Tihar, Sub-Head: Quarters and barracks (ii) C/o staff quarters at Central Jail Tihar including development of site, Sub-head: Quarters.	11.2.82	42.23	21.2.82	20.2.83	27.6.85
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* Transferred to Public Works Division XXVII in January 1982.

On test check of records of the divisions No XI and XXVII in July 1987 and November 1986, the following points were noticed :

(i) In March and May 1980, the progress of works awarded to the contractor in May and June 1979 (Sl.No. 1 and 2) was only 31 per cent and 29.22 per cent respectively. Two more works (Sl.No. 3 and 4) were, however, awarded during March-May 1980 at tendered cost of Rs.21.74 lakhs and Rs.31.73 lakhs respectively. Subsequently another work (Sl.No. 5) was also awarded to him in February 1982 at tendered cost of Rs.42.23 lakhs.

(ii) Works costing Rs.15.98 lakhs and Rs.21.74 lakhs (Sl.No.2 and 3) scheduled to be completed in July 1980 and March 1981 were completed after delay of 24 months and 21 months respectively. Compensation of Rs.2.61 lakhs for delay in completion of these works was

levied on the contractor in 1983. Final bills in respect of these works were, however, passed by the Department in July 1987 and an amount of Rs.2.81 lakhs including compensation of Rs.2.61 lakhs was found recoverable from him.

(iii) The contractor abandoned the remaining three works (Sl.No. 1, 4 and 5) in November-December 1982 after completing 85, 95 and 11 per cent of the works respectively for Rs.58.23 lakhs against total tendered cost of Rs.101.44 lakhs for these works. In December 1982, show cause notice was issued to the contractor for taking action under various clauses of the agreement on account of breach of contract on his part. As the contractor did not respond, the contracts were rescinded in January 1983. The balance works were got completed departmentally or through other contractors at an extra cost of Rs.5.90 lakhs in November 1984, October 1983 and

June 1985 respectively.

(iv) While passing the final bills of the contractor during August 1987 and June 1988 for the abandoned works (Sl.No. 1, 4 and 5) a sum of Rs.24.54 lakhs on account of cost of materials used in works (Rs.5.30 lakhs), secured advance (Rs.0.21 lakh), penal recovery for materials found short and/or consumed in excess (Rs.5.21 lakhs), compensation for delay (Rs. 6.58 lakhs), work done at the risk and cost of the contractors (Rs.5.90 lakhs), other recoveries (Rs.1.34 lakhs) was found recoverable from him.

Thus a total sum of Rs.27.35 lakhs (Rs.2.81 lakhs in respect of completed works and Rs.24.54 lakhs in respect of abandoned works) had not been recovered from the contractor even after a lapse of more than five years.

The matter was reported to Delhi Administration in July 1988; reply has not been received (December 1988).

17. Irregular drawal and blockage of funds

A sum of Rs.40 lakhs was sanctioned on 31st March 1980 by Delhi Administration for construction of road, as deposit works, by Delhi Development Authority (DDA).

The name, location and length, etc. of the roads to be constructed were not specified in the sanction. The amount was paid to DDA by Public Works Department (PWD) on the same day and was debited to the final Head "537-Construction of Roads and Bridges" instead of keeping the same under "Suspense" till actual execution of work. The construction of road was, however, not taken up by DDA.

On this being pointed out by Audit in June 1987, the Department stated in February 1988 that DDA could not start the work due to delay in finalisation of the alignment of the road (No.13-A) to be constructed. It was also stated that the work had since been awarded (November 1987) by the PWD to a contractor and the DDA had been requested to refund the amount. Further developments were not intimated (December 1988).

Thus the sanction was issued by Delhi Administration without prior identification of the full particulars of road viz. location, length etc. and such payment resulted in blockage of funds to the extent of Rs.40 lakhs for more than eight years.

The matter was reported to Delhi Administration in May 1988; reply has not been received (December 1988).

18. Non-renewal of registration of establishments

Delhi Shops and Establishments Act, 1954 was passed on 19th June 1954 to amend and consolidate the law relating to the regulation of hours of work, payment of wages, leave, holidays, terms of service and other conditions of work of persons employed in shops, etc.

Under Section 5 of the said Act and the rules made thereunder, the occupier of every establishment is required to get himself registered within a period of 90 days from the date on which the establishment commences the work and to have his registration certificate renewed at the prescribed interval, presently of 21 years, within 30 days of expiry of Registration Certificate originally granted or subsequently renewed. The renewal fees vary from Rs. 5 to Rs.100 depending upon the number of persons employed and the nature of establishment. Under Sections 6 and 7 of the Act, any change and/or closure of the establishment is required to be brought to the notice of the Chief Inspector by the occupier within 30 days/15 days after the change/closure. Under Section 40 of the Act, if in any establishment there is any contravention of any of the provisions of the Act or order made thereunder, fine not less than Rs.25 which may extend to Rs.250 is leviable on the occupier on conviction.

It was noticed in Audit (July 1987) that renewal of registration of 90,636 establishments had become due by 31st March 1987, but the

renewals were not got done.

Failure on the part of the department to ensure timely renewal of registration certificates in so many cases would tend to defeat the very purpose of the enactment, apart from the non-realisation of a substantial amount of fees. Even at the small notional average rate of Rs.10 per establishment, the amount works out to Rs.9.06 lakhs.

The Office of the Labour Commissioner, Delhi Administration stated in July 1988 that on the basis of sample survey of 100 cases conducted in two markets, only the registrations of only 20 establishments were renewable and in as much as in 80 cases either the establishments concerned had been closed or new establishments with new names were functioning and got registered afresh under the Act. It was further stated that wide publicity was being given in various national newspapers for renewal of registration certificates and circulars were also being issued to the market associations to advise their members to get their registrations renewed and that if door to door survey in the entire Union Territory of Delhi was conducted for the purpose of renewal of registration, the cost of survey would be at least five times more than the amount to be realised on account of renewal of registration fee.

Results of sample survey conducted by the department indicated that the provisions relating to change and closure of establishments were not being followed

by the occupiers and no penal action had been taken by the department.

Delhi Administration in September 1988 endorsed the views/action taken by the office of the Labour Commissioner.

CHAPTER - III

Ministry of Urban Development (Delhi Development Authority)

19. Slum clearance and improvement of slums and economically weaker sections housing programme

19.1 Introduction

The slum clearance scheme was taken up in 1956 initially by the Municipal Corporation of Delhi (MCD). Under the scheme, selected areas were to be ear-marked for clearance after a survey of the slum areas, the buildings which were dangerous were to be demolished, the areas cleared and utilised for providing community facilities. The residents of such buildings were to be provided with flats on licence fee basis in the various slum - rehabilitation colonies. About 2200 hectares of area in Delhi has been designated as slum area from time to time since 1956 onwards.

The scheme 'Housing for economically weaker sections' designed to improve the quality of life by providing them shelters linked with their capacity to pay was taken up by the Slum Wing of the Delhi Development Authority in Seventh Five Year Plan.

The scheme "Environmental improvement in urban slums" was to be followed in the Sixth Plan and to continue in the Seventh Plan also.

19.2 Scope of Audit

The records for the period

1980-81 to 1987-88 of Slum Wing of DDA were test checked during April to July 1988 and the points noticed thereon are given in the succeeding paragraphs.

19.3 Organisational set up

The Slum Wing of DDA headed by Commissioner (Slums), is primarily responsible for implementation of the scheme within the ambit of the Slum Area (Improvement and Clearance) Act 1956 and allied schemes of Government of India/Delhi Administration.

19.4 Highlights

- Against the total loans/grants of Rs.6626.35 lakhs released to the Delhi Development Authority during 1980-81 to 1987-88 for the schemes on slum clearance and improvement of slums, environmental improvement of slum areas and construction of flats for economically weaker sections and providing developed plots for self housing, an expenditure of Rs.4453.13 lakhs had been incurred resulting in unutilised balance of Rs.2173.22 lakhs.
- Against the loans for the total amount of Rs.1705 lakhs released to the Slum Wing of DDA during 1954-55 to 1987-88, Rs.646 lakhs on account of principal and Rs.587 lakhs as interest were due to Delhi

Administration from DDA as on 31st March 1988.

- Against 6646 flats completed during 1980-81 to 1987-88, only 4518 were allotted and 2128 flats were lying vacant in March 1988 reportedly due to unwillingness of the families to move from slums.
- As many as 1942 flats were allotted to riot victims during 1984-85 to 1987-88 and a sum of Rs.10.46 lakhs on account of subsidy was due from Delhi Administration.
- Riot victims were allotted 755 flats in lieu of property owned by them but properties against which the allotments were made had not been taken over.
- No detailed records relating to fixation of targets, different facilities provided in the slum areas were maintained by DDA. The survey

prior to fixation of targets was also not conducted.

- A total amount of Rs.140.32 lakhs on account of licence fee for the period ended March 1985 was recoverable from the flat dwellers as on 31st March 1988. Land comprising 42.78 acres which was meant for construction of flats for slum dwellers had been encroached upon and 71 acres of land lying vacant.

19.5 Financial arrangements

19.5.1 *Unspent balance* .- The loans and grants received by DDA from Delhi Administration under the scheme 'Slum clearance and improvement of slums' 'Environmental improvement in urban slums' and construction of flats for economically weaker sections and providing developed plots for self housing during 1980-81 to 1987-88, expenditure incurred thereon and unspent balances were as under :-

(In lakhs of rupees)

Sl. No.	Scheme	Loans	Grants	Total	Expenditure	Unspent balance
(i)	Slum clearance and Improvement of slums	1127.53	1227.52	2355.05	2076.08	278.97
(ii)	Environmental improvement in urban slums	-	3002.50	3002.50	2376.67	625.83
(iii)	Construction of flats for economically weaker sections and providing developed plots for self housing	425.00	843.80	1268.80	0.38	1268.42
Total		1552.53	5073.82	6626.35	4453.13	2173.22

No separate accounts for the loans and grants received and expenditure incurred therefrom were prepared by the DDA. It was stated in November 1987 that no separate expenditure under the head loan/grants of the Plan Schemes was booked by the Engineering Department.

19.5.2 Outstanding loans - During 1954-55 to 1987-88, the Slum Wing received loans amounting to Rs.1705 lakhs from Delhi Administration for the scheme "Slum clearance and improvement of slums". As on 31st March 1988, Rs.646 lakhs on account of loan instalment and Rs.587 lakhs on account of interest had become payable to Delhi Administration under the scheme. Not a single instalment of loan and interest thereon was paid (June 1988) reportedly due to lack of resources.

19.6 Construction of flats for economically weaker sections and providing developed plots for self housing

(i) In the Seventh Five Year Plan (1985-90), a sum of Rs.26.80 crores has been provided for the construction of 9000 dwelling units. In March 1986, a loan of Rs.425 lakhs was released to Slum Wing of DDA on 'on account' basis by Delhi Administration for construction of 1700 dwelling units for economically weaker sections of the society with the specific condition that the loan amount would be utilised exclusively for the project. Not a single unit has been constructed by DDA and entire loan amount of Rs.425 lakhs remained unutilised with the Slum Wing. The detailed project report forwarded earlier by Delhi Administration in September

1985 was, however, not cleared by the Ministry of Urban Development as the Planning Commission did not approve the scheme and favoured only site and services scheme to cover the increased number of beneficiaries.

(ii) Likewise in the Seventh Five Year Plan an outlay of Rs.26 crores was approved for development of about 26,000 plots of 26 sq. metres each containing basic facilities of water, electricity and toilet in each plot for self help housing for economically weaker sections including scheduled castes and squatters. For the implementation of the scheme, Rs.78.40 lakhs and Rs.765.40 lakhs were released during 1985-86 and 1986-87 respectively against which an expenditure of Rs.0.38 lakh only had been incurred by Slum Wing of DDA during 1986-87.

(iii) In September 1986, the Ministry of Urban Development proposed that outlay for Seventh Plan for both the schemes should be utilised for providing developed plots to more persons belonging to economically weaker section and developed plots for self help housing to lower strata of the society in the Union Territory of Delhi. The proposal has not been cleared so far (December 1988).

Thus the funds to the extent of Rs.1268.42 lakhs (including loan of Rs.425 lakhs) were lying unutilised with the DDA (May 1988).

19.7 Construction of flats and utilisation

Against the total construction of 6646 flats completed during 1980-81 to 1987-88, 4518 flats were allotted and 2128 flats remained

vacant by March 1988.

It was observed that 1942 flats were allotted to riot victims during 1984-85 to 1987-88. According to a policy decision taken in January 1985, where a riot affected victim owned property in Delhi at the time of riots, the allotment of slum flats/DDA Janta flat was to be made in lieu of his property. Under this category, if the assessed value of property was greater than that of the slum flat/DDA Janta flat, there would be a straight barter i.e., pure and simple exchange and where the assessed value of the property was less than the cost of the slum flat/DDA Janta flat, the difference between the two would be payable by the allottee in easy instalments. Further at the time of allotment, the initial deposit of Rs.3000 was to be made by the allottee except the widows. The deposit was to be adjusted/refunded depending upon the assessed value of the surrendered property.

Though, 755 allotments were made to the riot affected persons who owned properties in the Union Territory of Delhi at the time of riots, the properties in lieu of allotments made had not been taken over. The matter regarding disposal/surrender of the properties of these riot victims was stated (December 1988) to be under consideration by a Committee constituted for the purpose. No initial deposit had also been obtained from the allottees by the Slum Wing.

Another 1114 flats were to be allotted to the widows whose husbands were killed due to disturbances. The allotment was to be made on payment of Rs.1000 by the allottee and Rs.2000 from the Prime

Minister's Relief Fund as subsidy in each case. The balance cost of the flats was to be paid by each of the allottees in 15 annual instalments together with the interest. Initial deposit of Rs.11.14 lakhs at the rate of Rs.1000 each from all the 1114 allottees upto 31st March 1988 and subsidy of Rs.11.82 lakhs in respect of 591 cases had been received. Balance subsidy of Rs.10.46 lakhs was yet to be recovered from Delhi Administration. Besides, rate of instalment was yet to be fixed reportedly (December 1988) as the costing of the flats in various colonies was not finalised. As many as 73 slum flats were allotted to the victims on receipt of their full cost.

The scheme for construction of flats was discontinued from June 1984 as per instructions issued by the then Ministry of Works and Housing. The flats constructed after this date were those, the execution of which was initiated prior to the discontinuance of the scheme. Normal time taken for construction of housing complex was 12 to 18 months. However, the construction of 1024 flats initiated prior to June 1984 was still in progress (November 1988).

The number of flats constructed during 1983-84 (as reported to Delhi Administration) was 1540, the number of flats as per records of the Engineering Wing was 1500. The difference has not been reconciled by DDA.

Although there was acute shortage of housing in Delhi, yet slum flats ranging between 348 and 3092 remained vacant during 1980-81 to 1987-88. It was intimated that the families residing in slums did not move voluntarily. This led to

the slum flats remaining vacant.

The DDA (Slum Wing) could neither furnish any records nor intimate as to how much land/properties were vacated and acquired as a result of allotment of flats to slum dwellers and how the same were utilised.

19.8 Land and encroachments

It was noticed that out of 1194.96 acres of land acquired for construction of flats, 1081.18 acres had been utilised for the purpose, 71 acres was lying vacant whereas 42.78 acres had been encroached upon.

The Slum Wing had not maintained any Property Register showing details of property.

19.9 Environmental improvement in urban slums

Under the scheme of Environmental improvement in urban slums, one tap/hand pump for 150 persons; one lavatory seat/bath for 20 to 50 persons; widening and paving of existing lanes and street lights (one pole 30 metres), parks and play grounds; multipurpose community halls and baratghars for socio-cultural functions, vyayamshalas/akharas and any other item of improvement considered on merits in the conservation and rehabilitation areas on an extensive scale were to be provided.

Although no detailed records relating to fixation of targets, areas identified, the requisite facilities provided in different areas were produced to Audit, it was mentioned, however, in the Annual draft plan of 1987-88 of DDA that against the targets of 12.31

lakhs of population of slum-dwellers to be covered during Sixth Plan and first three years of Seventh Plan, 11.76 lakhs of population of slum dwellers was covered. The records relating to survey conducted by DDA prior to fixation of targets were not shown to Audit. In the absence of which, it is not clear how the targets were fixed without any formal

survey.

19.10 Licence fee recoverable

Slum flats were provided to slum dwellers and licence fee for total amount of Rs.208.85 lakhs was recoverable by the end of March 1985 from the slum dwellers as per details given below :-

Year	Amount due	Amount realised	Amount yet to be realised
(In lakhs of rupees)			
upto 31.3.80	-	-	70.29
1980-81	39.50	3.30	36.20
1981-82	39.50	13.34	26.16
1982-83	39.50	17.11	22.39
1983-84	39.50	13.54	25.96
1984-85	39.50	11.65	27.85
		TOTAL	208.85

In October 1986, it was decided by the Commissioner (Slums) that no licence fee would be charged with effect from 1st April 1985 as the flats were to be liquidated as per the decision of the then Ministry of Works and Housing taken in June 1984. A sum of Rs.68.53 lakhs was recovered during 1985-86 to 1987-88 leaving outstanding balance of Rs.140.32 lakhs as on 31st March 1988.

19.11 Evaluation

No evaluation of the programme was ever done by the Delhi Administration/Central Government. As a result, it is not clear to what extent the aims and objectives

of the scheme were achieved and whether these had any impact on the clearing of slums or improving of the living conditions of the slum dwellers.

The matter was reported to Ministry in August 1988; reply has not been received (December 1988).

20. Leasing of shops and parking site etc. at Inter State Bus Terminus

The Inter State Bus Terminus (ISBT) has 76 shops and a parking site and these have been leased out by auction as also by inviting tenders. As per terms and conditions shops and the parking site

were to be leased out on payment of licence fee for a period of 11 months from the date of possession, which could be relaxed upto three years in the case of bid for spare parts/godowns. At the time of allotment, the licensee was required to deposit security money equivalent to three months licence fee. Licence fee was payable in advance by fifth of every month. Electricity and water charges were payable separately on demand. In the event of default, the licensee was required to pay penal interest at the rate of 16 per cent per annum from the due date till payment.

On test check of records of the DDA, it was noticed that a sum of Rs.78.60 lakhs was due to be recovered from 14 ex-allottees of the shops and parking site on account of licence fee (Rs.22.70 lakhs), damages (Rs.18.07 lakhs), interest (Rs.37.43 lakhs) and water and electricity charges etc. (Rs.0.40 lakh). These outstanding recoveries pertained to the period from 1977 and onwards.

A test check of six cases of shops and a parking site which were allotted during July 1976 to June 1981 revealed the undermentioned irregularities :-

(i) The shops were allotted for a continuous period of five years instead of 11 months.

(ii) No agreement was executed between the DDA and the allottees although in two cases, formal agreements were submitted by the allottees in January/June 1977.

(iii) The allottees were given possession of the shops after obtaining security equivalent to

three months licence fee. A provision to obtain bank guarantee for continuous payment of licence fee during the period of lease (three years) was introduced only from January 1983.

The slackness and ineffective control by the DDA resulted in non-recovery of licence fee from the licensees as will be evident from the following instances :-

(a) A shop was allotted to licensee 'A' in March 1977 for a period of five years on a monthly licence fee of Rs.11,200. After the initial payment of licence fee for one month in March 1977 the licensee paid Rs. 14,000 only upto December 1978. The possession, was resumed by the DDA in December 1978. The action for recovery of Rs.2.49 lakhs (licence fee Rs.2.14 lakhs and interest Rs.0.35 lakh) due upto the date of resuming the possession was initiated only in February 1979. No recovery could, however, be effected as one of the partners expired in August 1980 and the wife of the allottee filed a suit in a court of law against DDA's action to recover the dues from her. In June 1988, the Manager (ISBT) informed the DDA that the appeal filed by the wife of the allottee had been dismissed by the court in May 1988 and asked DDA to take legal steps for recovery of the dues. No recovery could, however, be made as the stay had been granted by the court in June 1988 on an application filed by the wife of the allottee. The outcome of the final orders passed by the court was awaited (November 1988).

(b) Another shop was also allotted to the same licensee at a monthly licence fee of Rs.13,200 in January 1977 for a period of five

years. The licensee was not regular in payment of licence fee from the beginning and did not pay any licence fee after July 1980. In August 1980, the licensee filed a petition under section 20 of the Arbitration Act in a court stating that the ISBT authorities in violation of the terms of agreement had allotted other shops for sale of edibles and beverages due to which he had suffered heavy losses. The court directed in November 1980 to maintain the status quo to the extent that they were restrained from causing unnecessary harassment to the licensee.

After expiry of five years on 21st January 1982, the lease of the shop was terminated by the ISBT authorities. Action for the recovery of the arrears of Rs.5.35 lakhs upto September 1981 and Rs.6.09 lakhs upto 24th January 1982 was initiated through the Collector in October 1981 and July 1984 respectively. The licensee was still stated (June 1988) to be in possession of the shop, under stay order granted by the civil court. A bank guarantee for Rs.0.40 lakh furnished by the licensee at the time of allotment of shop expired in November 1982 without having been encashed. As in other cases, no agreement between the parties was executed which gave a free hand to the licensee to accumulate arrears on one pretext or the other.

(c) In another case, the shop was allotted to licensee 'B' in March 1977 for a period of five years on a monthly licence fee of Rs.10,200. The allottee paid licence fee of Rs.1.43 lakhs as against Rs.2.55 lakhs due from him upto March 1979. The lease was cancelled only in October 1980 after the demand

letters issued to the licensee for payment of licence fee were received undelivered in February and June 1980. The possession of the shop was, however, taken over by ISBT in July 1983 after the orders of a court of law on a writ filed by the licensee against the cancellation orders of DDA. Action for recovery of dues was, however, initiated only in February 1984. The recovery could not be effected as the current address of the licensee was stated to have not been available with the DDA.

(d) In yet another case a shop was allotted to licensee 'C' in May 1977 for a period of five years at a monthly licence fee of Rs.1,625 per month. The licensee paid Rs.0.18 lakh only during May 1977 and March 1979 against Rs.0.37 lakh due from him. The lease was cancelled in January 1980 after the licensee removed his belongings from the shop. The possession of the shop was, however, resumed only in January 1982 after initiating proceedings under the Public Premises (Eviction of Unauthorised Occupants) Act 1971. The arrears of Rs.1.55 lakhs were yet to be recovered (June 1988).

(e) The parking site was allotted to licensee 'D' in June 1981 without auction or without inviting tenders at the same licence fee (Rs.14,400 per month) at which it was let out earlier to another allottee. The possession of the site was handed over to the licensee although security deposit equal to three months' licence fee (Rs.0.44 lakh) was not paid by him and the formal agreement was not executed. The licensee expressed (July 1981) his inability to pay the monthly licence fee of Rs.14,400 and requested the DDA to

reduce the same to Rs.10,000. However, routine demand letters indicating the outstanding demand at Rs.14,400 per month were issued. The licensee made payment of Rs.10,000 only in February 1982 after the initial payment of one month's licence fee in June 1981. A notice for vacating the site was issued in May 1982. The possession was resumed by the DDA in June 1982. The arrears of Rs.3.02 lakhs were yet to be recovered from the licensee (June 1988).

(f) The cases for recovery of dues amounting to Rs.10.40 lakhs in respect of the parking site for the period from February 1980 to June 1981 and June 1982 to January 1984 from two different allottees were stated (June 1988) to be pending in the courts.

On non-recovery of dues having been pointed out by Audit,

the General Manager, ISBT stated in April 1988 that steps had been taken for recovery through the Collector (Recoveries) but the defaulters were not traceable.

Non-adherence to the terms and conditions of allotment, handing over the possession of shops and parking site without obtaining proper security and not to enforce bank guarantee from the very beginning and failure of DDA to take effective steps for recovery of licence fee from time to time resulted in virtual loss of Rs.62.58 lakhs. The outcome of recovery of Rs. 16.02 lakhs in respect of a shop and two cases of parking site pending in the courts was awaited (November 1988).

The matter was reported to Ministry in October 1988; reply has not been received (December 1988).

21. General

Losses and irrecoverable dues written off and ex-gratia payments made

A statement showing losses and irrecoverable revenues, duties, advances, etc. written off and ex-gratia payments made during 1987-88 is given in Appendix.

CHAPTER IV

REVENUE DEPARTMENTS OF DELHI ADMINISTRATION

22. Trend of revenue receipts out of which tax revenue amounted to Rs.653.28 crores. The revenue receipts during the year under major heads along side the corresponding figures for the preceding two years, are given below :-
(In Crores of rupees)

The revenue receipts of the Administration of the Union Territory of Delhi during the year 1987-88 amounted to Rs. 677.19 crores

Sl.No.	1985-86	1986-87	1987-88
A. Tax Revenue			
1. Sales Tax	325.53	379.16	431.82
2. State Excise	99.33	113.30	131.43
3. Taxes on Goods and Passengers (Terminal tax)	**26.50	30.34	33.26
4. Stamp duty and Registration fees	16.45	20.17	24.73
5. Taxes on Motor Vehicles	12.38	13.94	18.58
6. Land Revenue	0.15	0.03	0.01
7. Other Taxes and Duties on Commodities and Services including Entertainment tax	11.51	12.73	13.45
TOTAL TAX REVENUE	491.85	569.67	653.28
B. Non-Tax Revenue	23.77	25.62	23.91
C. TOTAL REVENUE RECEIPTS	515.62*	595.29*	677.19*

Most of the non-tax revenues are accounted for under the heads "Other Administrative Service", "Police" and "Education".

Note :- *Information furnished by the Controller General of Accounts.

**Tax on Goods and Passengers (Terminal Tax) are levied and collected by the Municipal Corporation of Delhi as agent of the Delhi Administration, as per provisions of Section 178 of Delhi Municipal Corporation Act, 1957.

23. Collection of tax revenue vis-a-vis budget estimates, vis-a-vis budget estimates alongside the corresponding figures for the preceding two years, are given below :-
- The collection of the tax revenue during the year 1987-88

Tax Revenue	Year	Budget estimates (in crores of rupees)	Actual receipts	Percentage increase (+) or decrease (-) of actuals over budget estimates
Sales Tax	1985-86	294.00	325.53	(+) 11
	1986-87	362.00	379.16	(+) 5
	1987-88	413.00	431.82	(+) 5
State Excise	1985-86	100.21	99.30	(-) 1
	1986-87	111.14	113.30	(+) 2
	1987-88	121.00	131.43	(+) 9
Taxes on Goods & Passengers (Terminal Tax)	1985-86	23.00	26.50	(+) 15
	1986-87	24.50	30.34	(+) 24
	1987-88	32.47	33.26	(+) 2
Stamp duty and Registration fees	1985-86	12.89	16.45	(+) 28
	1986-87	19.86	20.17	(+) 4
	1987-88	20.11	24.73	(+) 23
Taxes on Motor Vehicles	1985-86	11.85	12.38	(+) 4
	1986-87	14.84	13.94	(-) 6
	1987-88	17.81	18.58	(+) 4
Land Revenue	1985-86	0.23	0.15	(-) 35
	1986-87	0.03	0.03	-
	1987-88	0.07	0.01	(-) 86
Other Taxes and Duties on Commo- dities and Servi- ces (including Entertainment tax)	1985-86	12.31	11.51	(-) 6
	1986-87	12.40	12.73	(+) 3
	1987-88	12.54	13.45	(+) 7
TOTAL TAX REVENUE	1985-86	454.49	491.85	(+) 8
	1986-87	544.27	569.67	(+) 5
	1987-88	617.00	653.28	(+) 6

Sales Tax

24. General

24.1 *Total number of registered dealers.*— Under the Delhi Sales Tax Act, 1975 a dealer, who is a trader is required to get himself registered and pay tax, if his gross turnover exceeds Rs.1,00,000 in a year. A dealer, who is a manufacturer, is required to do so, if his turnover exceeds Rs.30,000 in a year. *Halwais* are required to get themselves registered, if their

turnover exceeds Rs.75,000 in a year. The dealers are required to get themselves registered under the Central Sales Tax Act, 1956, also if they engage themselves in inter-State sales or purchases for any amount. The number of registered dealers during the last three years ending 31st March 1988 is given below. The figures within brackets indicate the number of dealers who are registered under the Central Sales Tax Act, 1956.

	As on 31.3.1986	As on 31.3.1987	As on 31.3.1988
1. Total number of Registered dealers	89,179 (83,504)	96,080 (90,824)	1,00,207 (94,298)
2. (a) Number of dealers having turnover of Rs.10 lakhs and more	16,761 (15,813)	18,654 (17,802)	20,430 (19,313)
(b) Number of dealers having turnover exceeding Rs.5 lakhs but below Rs.10 lakhs.	15,792 (14,929)	17,221 (16,184)	19,299 (18,035)
(c) Number of dealers having turnover exceeding Rs.1 lakh but below Rs.5 lakhs.	33,523 (31,148)	35,001 (32,924)	35,552 (33,443)
(d) Number of dealers having turnover less than Rs.1 lakh	23,103 (21,614)	25,204 (23,914)	24,926 (23,507)

24.2 *Assessment pending finalisation* - The table below indicates the number of assessments due for completion during the years 1985-86, 1986-87 and 1987-88, the number of assessments completed during those years and the number of

assessments pending finalisation at the end of these years. It also shows the yearwise break up of outstanding assessments at the end of the years 1985-86, 1986-87 and 1987-88.

	1985-86		1986-87		1987-88	
	Local Dealers	Central Dealers	Local Dealers	Central Dealers	Local Dealers	Central Dealers
1. Number of assessments due for completion during the year :						
Arrear Cases	2,27,096	2,13,047	2,36,131	2,21,234	2,58,158	2,42,383
Current Cases	88,588	83,390	94,708	88,999	99,901	99,126
2. Number of assessments completed during the year :						
Arrear Cases	74,434	70,399	71,656	67,241	84,784	79,319
Current Cases	520	477	321	278	1,324	1,232
3. Number of assessments pending finalisation at the end of the year :						
Arrear Cases	1,48,398	1,39,171	1,63,771	1,53,662	1,73,009	1,60,593
Current Cases	87,733	82,063	94,387	88,721	98,264	92,553
4. Yearwise breakup of pending assessments :						
1981-82	-	-	-	-	-	-
1982-83	69,241	64,892	-	-	-	-
1983-84	79,157	74,279	76,968	72,427	-	-
1984-85	87,733	82,063	86,803	81,235	81,729	76,679
1985-86	-	-	94,387	88,721	91,280	83,914
1986-87	-	-	-	-	98,264	92,553
Total					2,71,273	2,53,146

The demand raised during March 1988 was Rs.7,125.23 lakhs and Rs.1,432.71 lakhs under the local and the Central Acts respectively which constituted 67.41 per cent and 59.65 per cent of the total demand raised during the year.

Note : Figures of pendencies and additional demands are provisional and subject to revision. Actual pendency is likely to be more than the figure shown above.

24.3 *Frauds and evasions* .- According to the information furnished by the Department (October 1988), 544 cases of frauds and evasions involving Rs.71.72 crores both under the local and Central Acts were detected during the year 1987-88.

The following table indicates the position of such cases pending at the commencement of the year 1985-86, 1986-87 and 1987-88, the cases disposed of during those years and cases outstanding at the end of those years.

	1985-86				1986-87				1987-88			
	No. of cases		Amount		No. of cases		Amount		No. of cases		Amount	
	Local	Central	Local	Central	Local	Central	Local	Central	Local	Central	Local	Central
			(In crores of rupees)				(In crores of rupees)				(In crores of rupees)	
A. i) Cases pending at the beginning of the year	469	255	8.4	5.6	460	107	3.5	2.9	754	454	8.24	2.24
ii) Cases detected during the year	2757	1307	177.3	44.2	866	790	20.15	10.81	294	250	51.72	20.00
B. Cases in which investigation/assessment were completed during the year												
i) Out of cases at A (i) above	410	222	7.0	4.8	159	50	3.2	2.5	388	102	4.10	1.14
(ii) Out of cases at A (ii) above	2356	1228	175.2	42.1	413	394	12.21	8.92	151	142	30.75	8.10
C. Cases which were pending at the end of the year												
(i) out of cases at A(i) above	59	33	1.4	0.8	301	57	0.3	0.4	366	352	4.14	1.10
(ii) out of cases at A(ii) above	401	74	2.1	2.1	453	396	7.94	1.89	143	108	20.97	11.90

24.4 *Recovery certificate pending.*-
The table below indicates the recovery certificates pending as at the

end of March 1988, according to the information furnished by the Department :-

	Number	Amount (In crores of rupees)
	-----	-----
1. Recovery certificates outstanding as on 1st April 1987	32,301	53.30
2. Recovery certificates issued during the year	8,165	51.42
3. Number of certificates disposed of after recovery of tax during the year	6,098	14.43
4. Total number of recovery certificates pending as on 31.3.88	34,368	90.29
5. Out of cases at Sl.No. 4 above, the number of recovery certificates pending where the amount of tax involved is Rs.10,000 or more in each case	5,095	Not furnished

25. Short-levy due to non-detection of false/invalid declarations or interpolations in the declarations

his sales, penalty not exceeding two and a half times of the amount of tax which would thereby have been avoided, is leviable, in addition to the tax payable on the sales.

Under the Delhi Sales Tax Act, 1975 and the rules framed thereunder, sales of goods made by one registered dealer to another registered dealer are to be allowed as a deduction from the turnover of the selling dealer, on his furnishing alongwith his returns a complete list of such sales, duly supported by prescribed declarations in form 'ST-I' obtained from the purchasing dealer. In case a dealer conceals the particulars of

In one case tax short levied amounting to Rs.19,651 due to non-detection of false/invalid declarations or interpolations in the declarations was recovered on being pointed out in audit. A few other cases are mentioned below:-

25.1 A dealer in Delhi claimed and was allowed deduction of sale amounting to Rs.4,95,320 from his

gross turn-over for the year 1981-82 on the ground that these sales were made to other local registered dealers during the year on the basis of declaration in forms ST-I issued by the purchasing dealers. As a result of cross verification done in audit with reference to the purchasing dealer's records, it was seen that the declaration for Rs.4,16,050 had been issued by the purchasing dealers in favour of certain other dealer and not in favour of assessee dealer and in one case deduction for Rs.97,750/- was claimed by the dealer against the purchase of Rs.18,480 shown in ST-II account. Thus, the deduction allowed was irregular.

On the irregularity being pointed out in audit (March 1987), the department re-assessed the case in May 1988 and raised an additional demand of Rs.34,672. The Department further stated in September 1988 that the demand has been stayed. Further report on recovery and initiation of penalty proceedings has not been received (December 1988).

25.2 A dealer in Delhi claimed and was allowed deduction of Rs.5,94,913 from his gross turnover on the ground that these sales had been made to other local registered dealers during the year 1981-82 against declaration in forms ST-I. As a result of cross verification with the record of purchasing dealer, it was seen in audit that the purchasing dealer had actually given the declaration for Rs.2,228 only, but the selling dealer had altered it to make the figure read as Rs.5,94,913 instead of Rs.2,228. The assessing authority's failure to detect the alteration resulted in tax being levied short by Rs.29,634 on the sale of

Rs.5,92,685. In addition, penalty not exceeding Rs.74,085 was leviable on the dealer for furnishing inaccurate and false particulars of sale.

On this being pointed out in audit (June 1985), the assessing authority re-assessed (March 1988) the case and raised an additional demand of Rs.32,598 as tax after enhancing the sale by 10 per cent and also imposed penalty amounting to Rs. 30,000 against the dealer. The Department stated in September 1988 that the demand had been stayed in appeal by appellate authority. Report on penalty proceedings has not been received (December 1988).

25.3 In the assessment years 1980-81 and 1981-82, a dealer in Delhi claimed and was allowed deduction from his gross turnover on account of sales amounting to Rs.32,10,420 (1980-81) and Rs.41,47,946 (1981-82) respectively made to other registered dealers. As a result of cross verification it was seen in audit that the declarations for sale amounting to Rs. 2,73,698 (1980-81) and Rs. 4,50,342 (1981-82) were false as the purchasing dealers had issued these declarations to certain other dealers and not in favour of the assessee dealer and that too for the sum of Rs.6,328 (1980-81) and Rs. 4,858 (1981-82). The irregular deduction from sale of Rs.7,24,040 from the taxable turnover of the assessee resulted in short levy of tax to the tune of Rs.72,404. Besides, penalty not exceeding Rs.1,81,010 was leviable on the dealer for furnishing inaccurate and false particulars of his sales.

On the irregularity being pointed out in audit (June 1986),

the department re-assessed the dealer (May 1988) and raised the demands of Rs.27,369 (1980-81) and Rs.45,034 (1981-82). The Department further stated in September 1988, that the recovery had been stayed in appeal. Report on levy of penalty has, however, not been received (December 1988).

25.4 A dealer in Delhi claimed and was allowed deduction of sales amounting to Rs.1,41,05,696 from the gross turnover on the ground that these sales had been made to other local registered dealers during the year 1980-81 against declarations in form ST-I. As a result of test check it was found that deductions amounting to Rs.11,51,663 allowed from his gross turnover against five ST-I forms were not correct, as these sales were supported by declarations in ST-I forms which in fact were not genuine as the same were not issued by the Sales Tax Department to the concerned purchasing dealer. Further, deduction allowed in respect of sales amounting to Rs.23,53,563 against defective ST-I forms was also inadmissible. Consequently the dealer was liable to pay tax at the rate of 4 per cent on the sale of Rs.35,05,226 which worked out to Rs.1,40,209. In addition penalty upto two and a half times of the tax was leviable.

On this being pointed out in audit (September 1988), the assessing authority got the genuineness of all the 108 ST-I forms submitted by the dealer, verified. Only three forms covering sales amounting to Rs.1,26,550 were accepted as valid and the remaining false/invalid forms amounting to Rs.1,39,70,166 were rejected. As a result of the assessment additional demand of Rs.16,77,500 including penalty of

Rs.11,18,333 was raised (October 1987) against the dealer. The Department stated in September 1988, that recovery had been stayed by the Additional Commissioner of Sales Tax subject to filing of surety for Rs.1,00,000 which the dealer had complied with.

25.5 In respect of the assessment year 1980-81, a dealer did not pay tax on sales amounting to Rs.11,65,797 on the ground that these sales had been made to other local registered dealers. The exemption allowed was not correct as (a) sales amounting to Rs.83,210 were supported by a declaration which was defective (the address of the purchasing dealer and the Sales Tax Ward in which he is assessed to tax was not recorded on the declaration form) and (b) the declarations in support of the remaining sales for Rs.10,82,587 were false as (i) sales amounting to Rs.1,24,940 were supported by declarations which were not issued to the purchasing dealer by the department (ii) the declarations in support of the sales for Rs.2,65,454 had been issued by the purchasing dealer in favour of certain other registered dealer and not in favour of the assessee, (iii) sales amounting to Rs.1,35,304 were supported by a declaration from a purchasing dealer whose sales and purchases for the year 1980-81 had been determined as 'NIL' and (iv) the accounts of declaration forms in support of sales amounting to Rs.5,56,889 were not available in the records of the issuing (purchasing) dealers. The irregular grant of exemption thus resulted in tax amounting to Rs.1,16,579 not being realised. In addition, penalty not exceeding Rs.2,91,447 was also leviable on the dealer for furni-

shing inaccurate particulars.

On the irregularity being pointed out in audit (March 1986), the department re-assessed the dealer (February 1988) and levied tax amounting to Rs.76,503 (on the sale of Rs.7,65,039). The Department further stated in September 1988 that the recovery proceedings against the dealer were under way. It was also stated that the case of purchasing dealers regarding suppression of purchases was under consideration of the assessing authority. Report on the levy of tax on the balance sales and imposition of penalty has not been received (December 1988).

25.6 Sales amounting to Rs.3,15,600 made by a registered dealer in Delhi during the year 1982-83 were excluded from his gross turnover as was evident from the declarations (ST-I) issued by the purchasing dealers. On cross verification with the records of the purchasing dealers it was seen that (i) on declarations in respect of purchases for Rs.1,50,630 given by the purchasing dealers, the selling dealer had made unauthorised additions amounting to Rs.75,320 thereby inflating the amount to Rs.2,25,950 and (ii) declarations furnished by the selling dealer in support of sales for Rs.89,650 had been issued by the purchasing dealer in favour of certain other registered dealers and not in favour of the assessee. The irregular grant of deduction of Rs.1,64,970 (Rs.75,320 + Rs.89,650) resulted in short-levy of tax amounting to Rs.16,497 at 10 per cent. In addition, penalty not exceeding Rs.41,242 was also leviable.

On the irregularity being

pointed out in audit (March 1988), the Department stated in September 1988 that this was a case of suppression of purchases by the purchasing dealer and the Assessing Authority has imposed penalty of Rs.20,000 upon the purchasing dealer. Report on levy of tax and recovery of penalty has not been received (December 1988).

25.7 A dealer in Delhi had claimed and was allowed deduction of Rs.12,35,110 from his gross turnover relating to the Assessment Year 1981-82 being sales made to other registered dealers by furnishing declaration in form ST-I obtained from the purchasing dealers. A test check of the records revealed that sales amounting to Rs.4,62,000 out of this were not actually supported by ST-I declaration. Further, cross verification of records revealed that some of the purchasing dealers had issued declaration for lesser amounts and this resulted in irregular deduction of Rs.3,89,860. It was detected that sales to the extent of Rs.3,83,250 were purportedly supported by ST-I forms issued by a dealer whose registration had already been cancelled. The irregular deductions from the assessee's sales resulted in short levy of tax amounting to Rs.86,458. Besides, penalty not exceeding Rs.2,16,145 was also leviable on the dealer for furnishing incorrect particulars of his sales.

On the irregularity being pointed out in audit (March 1987), the department re-assessed the dealer (May 1988) and raised an additional demand of tax Rs.87,454 and penalty Rs. 86,398. The Department further stated in October 1988 that Recovery Certificate was issued on 17.8.1988 and delivered

on 7.9.1988. Further report has not been received (December 1988).

25.8 A dealer in Delhi claimed and was allowed deduction of Rs.4,26,022 from his gross turnover for the years 1981-82 and 1982-83 on the ground that these sales were made to other local registered dealers and were supported by declaration in form ST-I obtained from the purchasing dealers. The declaration forms on which deduction of Rs.33,222 and Rs.3,92,800 was allowed for the years 1981-82 and 1982-83 respectively was not correct as these were valid upto 31.3.1978 and 31.3.1981 respectively. The irregular grant of deduction had resulted in short levy of tax amounting to Rs.42,602 apart from penalty that would be leviable.

On the irregularity being pointed out in audit (April 1985), the department stated (August 1985), that since the dealer had closed (30.4.1982) his business and his registration was also cancelled (28.6.1982), it was not possible to obtain fresh forms. The Department, however, intimated in October 1988 that Recovery Certificate had been issued on 9.9.1988 & Sales Tax Inspector deputed to recover the amount from the surety dealer. Further report on this account has not been received (December 1988).

25.9 A registered dealer in Delhi dealing in the business of Iron & Steel had claimed and was allowed deduction from his gross turnover of sales amounting to Rs.30,63,636 on the ground that these sales had been made to other local registered dealers during the year 1980-81. On cross verification with reference to the ST-II account of the purchasing dealers, it was revealed

that the purchasing dealers had issued these ST-I forms for only Rs.10,68,801. Thus the dealer was allowed excess deduction of sales worth Rs.19,94,835 involving tax effect of Rs. 79,793. The dealer was also liable to pay penalty upto two and a half time of the tax evaded.

On the irregularity being pointed out in audit (September 1986), the department stated in May 1988 that a demand of Rs. 2,79,276 was raised against the dealer. The Department further stated in October 1988 that the Additional Commissioner of Sales Tax had stayed the demand.

25.10 During the year 1981-82 a dealer in Delhi claimed and was allowed deduction of sales amounting to Rs.29,85,197 from his gross turnover on the ground that these sales had been made to other local registered dealers during the year on the basis of declarations in form ST-I. As a result of cross verification of records with reference to the purchasing dealer's records, it was seen that declarations amounting to Rs.7,77,079 had in fact been issued by the purchasing dealers either in favour of other dealers or for lesser amounts. The irregular grant of deduction led to short levy of tax amounting to Rs.54,395. Penalty not exceeding Rs.1,35,987 was also leviable.

On the irregularity being pointed out in audit (March 1987), the department re-assessed the dealer (May 1988) and raised (May 1988) additional demand of tax and penalty amounting to Rs.1,09,321 and Rs.1,09,242 respectively. The Department further stated in October 1988 that recovery certificate

had been issued on 17.8.1988 and delivered to the dealer on 7.9.1988. Report on recovery has not been received (December 1988).

25.11 During the year 1981-82 a dealer had purchased without payment of tax, goods valuing Rs.5,64,541 by furnishing 9 prescribed declarations in form ST-I as seen in audit from the assessment records of the selling dealer. He had however accounted for purchases amounting to only Rs.1,02,448 in his records against these declarations. The short account of purchases amounting to Rs.4,62,093 resulted into suppression of corresponding sales involving tax effect of Rs.18,484 even without inclusion of the profit margin. Further, penalty upto Rs.46,209 was also leviable for furnishing inaccurate particulars.

On the omission being pointed out in audit (November 1987), the department stated in October 1988 that the case had been re-assessed and demand of Rs.89,362 (Tax: Rs.33,836; Penalty: Rs.26,218 & Interest: Rs.29,308) raised against the dealer. Further report has not been received (December 1988).

25.12 A registered dealer engaged in the business of resale of petroleum products and distilled water was allowed exemption of tax on sales of Rs.15.57 lakhs on the ground that these sales were made to other local registered dealers, against declarations in form ST-I during 1980-81 and 1981-82. The exemption allowed was not correct as the sales were supported by the ST-I forms which were issued by the purchasing dealer to some other dealer and not to the assessee. The irregular grant of exemption resulted in tax levied short by

Rs.71,777. Further, penalty not exceeding Rs.1,79,443 was also leviable on the dealer for furnishing inaccurate particulars.

On the omission having been pointed out in audit (June 1987), the Assessing Authority re-assessed the dealer and raised (April 1988) additional demand of Rs.71,778. The Department, however, stated in October 1988 that the demand had been stayed by Assistant Commissioner. Report on initiation of penalty has not been received (December 1988).

25.13 A registered dealer in Delhi was allowed exemption from levy of tax in respect of sale amounting to Rs.2,60,834 on the ground that these sales had been made to other local registered dealers during the year 1981-82. The exemption allowed was not correct as part of above sales amounting to Rs.1,86,941 were supported by declarations in ST-I forms which were not issued by the department to the alleged purchasing dealer and the balance sales of Rs.73,893 were covered by ST-I forms which were issued by the purchasing dealer to the assessee and another dealer but for lesser amounts. The irregular grant of exemption resulted in short realisation of tax to the extent of Rs.26,083 besides penalty not exceeding Rs.65,208 was also leviable for furnishing incorrect particulars of sales.

On the irregularity having been pointed out in audit (July 1987), the department re-assessed the dealer and raised revised demand of Rs.33,896. The Department, however, stated in October 1988 that the demand had been stayed by Additional Commissioner of Sales Tax. Report on initiation

of penalty proceedings has not been received (December 1988).

25.14 A test check of the records of a selling dealer revealed that during the year, 1981-82 the dealer had purchased without payment of tax, goods valuing Rs.7,79,117 by furnishing 10 prescribed declarations in form ST-I. The dealer had, however, accounted for purchases amounting to Rs.27,507 only in his records against these declarations. The short account of purchases amounting to Rs.7,51,610 resulted into suppression of corresponding sales involving tax effect of Rs.30,064 even without including profit margin. Further, penalty not exceeding Rs.75,161 was also leviable on the dealer for furnishing inaccurate particulars.

On the matter being pointed in audit (November 1987), the department stated in October 1988 that the case had been re-assessed and the demand of Rs.3,61,942 (Tax: Rs.1,21,062, Penalty: Rs.1,12,867 and Interest: Rs.1,28,013) was raised. Further report has not been received (December 1988).

25.15 A test check of the records revealed that an assessee dealer was assessed to tax (1981-82) on his gross turnover of Rs.7,63,080. References received from other assessing officers filed with his assessment records, however, showed that the assessee had purchased without payment of tax, goods valuing Rs. 17,27,518 by furnishing ST-I forms. Thus sales amounting to Rs.9,64,438, (Rs.17,27,518 - Rs.7,63,080) even without adding the profit margin, was suppressed which has resulted in a short levy of tax of Rs.96,444. Further, penalty not exceeding Rs.2,41,110 was also leviable for furnishing

inaccurate particulars of purchases/sales.

On the omission being pointed out by audit (June 1985), the department re-assessed (June 1986) the dealer's turnover at Rs.75,00,000 by determining the total purchases made against 115 declarations in form ST-I and raised an additional demand of Rs.7,56,725. The Department, however, stated in October 1988 that no recovery had been made and the warrant of arrest against the dealer and surety dealer had been returned by Police with the remarks that no one was traceable. Report on levy of penalty has not been received (December 1988).

25.16 A dealer in Delhi claimed and was allowed deduction of sale amounting to Rs.5,88,528 from his gross turnover for the year 1981-82 on the ground that the sales had been made to other local registered dealers during the year and the declarations in form ST-I issued by the purchasing dealers were filed by him. A cross verification of the dealer's records with reference to the record of the purchasing dealers transpired that the purchasing dealer had in fact issued declaration for only Rs.56,557 in favour of the assessee dealer. Thus the assessee dealer had been granted excess deduction of Rs.5,31,971 resulting in short levy of tax amounting to Rs.37,238. Besides, penalty not exceeding Rs.93,095 was also leviable on the dealer for furnishing inaccurate particulars of sale.

On the the short levy being pointed out in audit (February 1987), the Department stated in October 1988 that the case was re-assessed (July 1988) and a demand

of Rs.1,42,754 (including penalty) was created and recovery certificate had been issued. Further report has not been received (December 1988).

The above cases were reported to the Ministry of Home Affairs between April 1988 and July 1988; their replies wherever received (December 1988) have been incorporated in the preceding paragraphs.

26. Short-levy due to non-detection of suppression of sale

Under the Delhi Sales Tax Act, 1975 and the rules made thereunder, a registered dealer can purchase goods from another registered dealer without paying tax, if the goods are required by the purchasing dealer for re-sale within the Union Territory of Delhi or for use in manufacture in Delhi, of goods, sale of which is taxable in Delhi. For availing of the facility, the purchasing dealer is required to furnish to the seller a declaration in the prescribed form. But if the dealer makes a false representation in regard to the goods or class of goods covered by his registration certificate or conceals the particulars of his sales or files inaccurate particulars of his sales, penalty not exceeding two and a half times the amount of tax, which would thereby have been avoided will be leviable, in addition to the tax payable on the sales.

During the period from 1st February 1978 to 9th November 1981, control over issue of blank declaration forms (ST-I) by the department to purchasing dealers was relaxed and an account of the forms utilised during the quarter was

required to be rendered with the quarterly returns to be submitted by dealers. With effect from 10th November 1981, fresh declaration forms were to be issued only after the concerned dealer had rendered complete account of the declaration forms issued to him earlier.

26.1 In assessing a dealer for the year 1980-81, the assessing authority determined his turnover at Rs.14,00,804 ex parte, on best judgement basis. As verified in audit with reference to the records of the selling dealers (one in the same ward and the other in another ward), this dealer had purchased goods valuing Rs.15,35,082 during the year, without payment of tax, by furnishing eight prescribed declarations (form ST-I) out of 85 blank declaration forms which were issued to him (between July 1979 and March 1981) by the Department, but for which the utilisation account was not furnished with the quarterly returns. Even if it is assumed that the dealer had not made any purchases against the remaining 77 declaration forms, his turnover during the year could not be less than Rs.16,11,836 (assuming a profit margin of five per cent). This exceeded the turnover as assessed (Rs.14,00,804) by the assessing authority by Rs.2,11,032. On this basis, underassessment of tax would amount to Rs.14,772, apart from penalty not exceeding Rs.36,930 that would also be leviable for suppression of sales.

On this being pointed out in audit (January 1986), the department re-assessed (February 1988) the dealer's turnover at Rs.57,50,000 and raised an additional demand of Rs.4,02,500. The Department further stated in September 1988 that demand of

Rs.5,02,500 (including penalty of Rs.1,00,000) had been created and the recovery proceedings were under way. Further report has not been received (December 1988).

26.2 During the years 1980-81 and 1981-82 a dealer had purchased without payment of tax, goods valuing Rs.13,09,483 and Rs.7,14,289 respectively by furnishing eight prescribed declarations in form ST-I (four in each year), as seen in audit from the assessment records of the selling dealer. He had, however, accounted for purchases amounting to Rs.88,811 (1980-81) and Rs.42,312 (1981-82) only in his account/records against these declarations. The short accountal of purchases amounting to Rs.18,92,649 resulted in suppression of corresponding sales amounting to Rs.19,49,428 (including profit margin at three per cent based on trading account). The suppression of sales was not detected by the assessing authority and as a result tax was short levied by Rs.1,36,459. Further, penalty not exceeding Rs.3,41,147 was also leviable on the dealer for furnishing false and inaccurate particulars.

On the omission being pointed out in audit (February/March 1986), the department stated in October 1988 that the dealer had been reassessed and additional demand of Rs.2,86,750 including a penalty Rs.50,000 for the Assessment Year 1980-81 and Rs.4,63,500 including penalty Rs. 75,000 for the Assessment Year 1981-82 created.

26.3 A test check of the assessment records of a selling dealer revealed that a registered dealer in Delhi had purchased, without payment of tax, goods valuing

Rs.1,85,495 and Rs.89,595 from another registered dealer during the years 1980-81 and 1981-82 respectively, by furnishing prescribed declaration (ST-I). Purchases amounting to Rs.1,305 and Rs.16,837 only have however been taken into account in his account records for the years 1980-81 and 1981-82 respectively against the said declarations. The short accountal of purchases amounting to Rs.2,56,948 resulted in suppression of corresponding sales amounting to Rs.2,69,795 (including estimated profit of five per cent). The suppression of sale not detected by the assessing authority has resulted in short levy of tax of Rs.18,885. Further, penalty not exceeding Rs.47,212 was leviable on the dealer for furnishing inaccurate particulars.

On the omission being pointed out in audit (March 1986), the department stated in September 1988 that the assessee filed revision petition on 2.9.1988 before Additional Commissioner of Sales Tax and the case was fixed for 20.9.1988. Further report has not been received (December 1988).

26.4 From the account of declaration forms (ST-I) submitted by a registered dealer in respect of his purchases it was noticed in audit that he had purchased goods worth Rs.6,69,551 without payment of tax during the year 1980-81 by furnishing the prescribed declarations. However, the dealer had shown purchases amounting to Rs.5,60,492 only in his trading account. The short accountal of purchases amounting to Rs.1,09,059 resulted in suppression of corresponding sales amounting to Rs.1,21,055 (including profit margin at 11 per cent). The suppression of sale

which was not detected by the assessing authority while finalising the assessment, resulted in short levy of tax by Rs.12,106. Further, penalty not exceeding Rs.30,264 was also leviable on the dealer for furnishing inaccurate particulars of his sales.

On the mistake being pointed out (September 1985) in audit, the department stated (April 1988) that an additional demand of Rs.12,106 towards tax had been raised against the dealer and that penalty proceedings had also been started. The Department, however, intimated in September 1988 that the recovery notice under rule 27 had been issued for Rs.44,269 including interest.

26.5 A test check of the assessment records of a selling dealer revealed that during the year 1980-81, a dealer had purchased without payment of tax goods valuing Rs.7,69,248 by furnishing two ST-I forms. Further scrutiny has revealed that purchases amounting to Rs.1,77,623 only has been taken into account against these declarations. The short accountal of purchases amounting to Rs.5,91,625 resulted in suppression of sale amounting to Rs.6,03,458 (including profit at two per cent). The suppression of sale was not detected by the assessing authority and as a result tax was short levied by Rs.42,242. Penalty not exceeding Rs.1,05,605 was also leviable on the dealer for furnishing inaccurate particulars of sales.

On the omission having been pointed out in audit (January 1986), the department after verifying the purchases made by the dealer against the statutory forms, reassessed the dealer's turnover

and enhanced the sale by Rs.1.10 crores and raised additional demand of Rs.5,64,231 (October 1986). The Department, however, stated in September 1988 that the dealer was not traceable. The dealer furnished security for Rs.4000 each under Local & Central Acts in the shape of Call Deposit Receipt which was being encashed. Report on levy of penalty has not been received (December 1988).

26.6 During the scrutiny/cross-verification of the assessment records of the selling dealers, it transpired that a registered dealer engaged in the business of ferrous and non-ferrous metal had purchased goods valuing Rs.8,68,636 during 1979-80 but had accounted for the purchases for only Rs. 2,53,039 in his account records. The short accountal of purchases amounting to Rs. 6,15,597 resulted in suppression of corresponding sales of Rs.6,27,909 (inclusive profit margin at the rate of two per cent). This resulted in tax being levied short by Rs.43,954. Besides, penalty not exceeding Rs.1,09,885 was also leviable for furnishing inaccurate particulars. Further, the dealer did not submit utilisation account of 5 ST-I forms in respect of purchases amounting to Rs.12,76,461. After adding profit margin of two per cent, the corresponding sales of Rs.13,01,991 were liable to be taxed at seven per cent alongwith penalty upto two and a half times of the amount of tax evaded. The amount of tax alongwith penalty amounting to Rs.3,18,988 had thus been evaded.

On this being pointed out in audit (June 1985), the assessing authority re-assessed the dealer in January 1988 and revised the assessment order (June 1988) by raising

a demand of Rs.7,50,564 including Rs.4,72,826 representing the tax and penalty as pointed out in audit. The Department further stated in October 1988 that having been aggrieved with the re-assessment order the dealer went in appeal. Further report has not been received (December 1988).

26.7. A test check of the assessment records of the selling dealers and the documents submitted by the purchasing dealer revealed that a dealer purchased, without payment of tax, goods worth Rs.9,41,324 from other registered dealers during the year 1981-82 by furnishing prescribed declarations in form ST-I, but accounted for purchases amounting to only Rs.8,13,662 in his Trading Account for that year. The non-accountal of purchases of Rs.1,27,662 resulted in suppression of corresponding sales amounting to Rs.1,40,428 (after adding estimated profit of 10 per cent). This had resulted in short levy of tax amounting to Rs.14,043. Further, penalty not exceeding Rs.35,107 was also leviable on the dealer for furnishing inaccurate particulars.

On this being pointed out in audit (August 1987), the assessing authority re-assessed the dealer and raised (June 1988) a demand of Rs.49,150 including penalty of Rs.35,107. The Department further stated in October 1988 that the dealer was not traceable.

26.8. A registered dealer in Delhi engaged in the business of radio transistors and other electronics goods had accounted for purchases amounting to Rs.2,93,269 only in his account books during assessment period 1982-83. On cross verification with the assessment

records of the selling dealer and other documents submitted by the purchasing dealer, it was seen in audit that the dealer had actually purchased goods valuing Rs.5,08,125 from other registered dealer during 1982-83 by furnishing prescribed declarations. Thus purchases worth Rs.2,14,856 were not accounted for by the dealer. The short accountal of purchases had resulted in suppression of corresponding sales amounting to Rs.2,57,827 (including 20 per cent profit margin) and consequently evaded short levy of tax to the tune of Rs.25,783. Further, penalty not exceeding Rs.64,455 was also leviable on the dealer for furnishing inaccurate particulars.

On the omission being pointed out in audit (March 1988), the department re-assessed (June 1988) the dealer and raised an additional demand of Rs.57,081 (tax Rs.26,930, penalty Rs.30,100 and interest Rs.51). The Department further stated in October 1988 that the recovery was under way.

The above cases were reported to the Ministry of Home Affairs between April 1988 and August 1988; their replies wherever received (December 1988) have been incorporated in the preceding paragraphs.

27. Short-levy of tax due to incorrect allowance of concessional rate of tax

Under the Central Sales Tax Act, 1956 a dealer who, in the course of inter-State trade or commerce or export out of territory of India, sells any goods to a Government Department or a registered dealer shall be liable to pay tax at a concessional rate of four per cent or claim deduction from his

gross turnover to the extent of the value of goods exported out of India subject to his furnishing a declaration certificate in the prescribed form.

27.1 A dealer in Delhi claimed and was allowed concessional rate of tax on inter-State sales amounting to Rs.7,01,248 made to registered dealer in other States or export out of India during the year 1981-82 on the basis of declarations in form 'C' and 'H' and certificates in form 'D' furnished by the purchasing dealers. The levy of concessional rate of tax/exemption was irregular since (i) the despatch particulars in respect of sale amounting to Rs.52,439 were not recorded in the sale statement submitted by the dealer; (ii) certificate in form 'D' in respect of sale amounting to Rs.5,80,750 was not issued in favour of the assessee dealer by the purchasing dealer and (iii) the export of goods valuing Rs.68,059 out of India was not supported by documentary proof. The assessing authority failed to detect the above shortcomings in the declarations/certificates. This resulted in short levy of tax amounting to Rs.30,773.

On the omission being pointed out in audit (September 1986), the assessing authority re-assessed the case in April 1988 and raised an additional demand of Rs.30,773. The Department, however, stated in October 1988 that Assistant Commissioner had stayed the demand.

The matter was reported to Ministry of Home Affairs (July 1988); who endorsed (November 1988) the reply of the department.

28. Short-levy due to non-detection of invalid declarations - Form 'C'

Under the Central Sales Tax Act, 1956, and the rules framed thereunder, on inter-State sales of goods made by one registered dealer to another registered dealer tax is leviable at a concessional rate provided the sales are supported by prescribed declarations in form 'C' obtained from the purchasing dealer. But, if a dealer furnishes a certificate of declaration, which he knows or has reason to believe to be false, he shall be punishable with imprisonment or with fine or with both in addition to tax payable on the sales.

28.1 A dealer's turnover relating to inter-State sales amounting to Rs.2,44,793 made to registered dealers in other States during the year 1977-78 was subjected to concessional rate of tax on the basis of declarations in form 'C' furnished by the purchasing dealers. The tax levied at concessional rate was irregular as the period indicated in the 'C' forms did not cover this sale of goods assessed to tax by the assessing authority. The acceptance of invalid declarations by the assessing authority resulted in short levy of tax of Rs.14,688 apart from penalty leviable.

On the omission being pointed out in audit (April 1983), the assessing authority re-assessed (April 1988) the case and raised an additional demand of Rs.14,688 against the dealer. The Department further stated in October 1988 that the dealer had not paid the dues and recovery certificate had been issued on 30.9.1988. Report on the recovery of the demand and levy of

penalty has not been received (December 1988).

The matter was reported to Ministry of Home Affairs (September 1988), who endorsed (November 1988) the reply of the department.

29. Irregular grant of exemption from tax

Under section 6-A of the Central Sales Tax Act, 1956 where any dealer claims that he is not liable to pay tax on the ground that the movement of the goods concerned from one State to another was occasioned by reason of transfer of such goods by him to any other place of his business or to his agent or principal as the case may be, and not by reason of sale, may furnish to the assessing authority a declaration duly filled and signed by the principal officer of the other place of business or his agent or principal as the case may be containing the prescribed particulars in the prescribed form obtained from the prescribed authority alongwith the evidence of despatch of such goods.

29.1 A registered dealer of Delhi had claimed and was allowed deductions from his gross turnover amounting to Rs.11,94,114 (1981-82) on the basis of declaration form 'F' submitted by him in support of his claim. The scrutiny of 'F' forms revealed that the branch office was granted registration certificate under the Central Sales Tax Act, 1956 only with effect from 1.7.1982. Hence the exemption allowed prior to 1.7.1982 was incorrect and resulted in short levy of tax to the tune of R.1,19,411.

On the omission being pointed out in audit (July 1986), the

department stated in September 1988 that the case was fixed for hearing on 20.9.1988. Further developments have not been received (December 1988).

29.2 Under the Central Sales Tax Act, 1956, sales made in the course of export out of the territory of India are exempted from levy of tax and the last sale or purchase of any goods preceding the sale or purchase occasioning the export of those goods out of the territory of India shall also be deemed to be in the course of such export, provided such last sale or purchase took place after and is for the purpose of complying with the agreement or order for or in relation to such export, and the goods exported should be the same goods as those purchased in the preceding sale or purchase. In support of such claim, a dealer is required to furnish to the assessing authority a certificate in form 'H' duly filled in and signed by the exporter along with evidence of export of such goods.

29.2.1 A registered dealer in Delhi claimed exemption from payment of tax in respect of sales amounting to Rs.5,07,000 made to another registered dealer during the year 1980-81, on the ground that the sale of goods was for the purpose of sale in the course of export of those goods out of the territory of India. The 'H' forms submitted by the dealer were however for Rs.5,13,500. A test check of the records revealed that the prescribed certificates in form 'H' submitted in support of sales amounting to Rs.5,13,500 did not contain the number and date of purchase order and the bill of lading submitted in support of the export did not indicate the name of exporter. Hence the sale made on

these 'H' forms was liable to be taxed at the rate of 10 per cent which involved tax effect of Rs.51,350.

On this being pointed out in audit (February 1985), the department re-assessed (May 1988) the dealer and raised (May 1988) an additional demand of Rs.51,350. The department stated in October 1988 that the Assistant Commissioner had stayed the demand.

29.2.2 A registered dealer in Delhi was allowed exemption from payment of tax in respect of sales amounting to Rs.4,91,740 made to another registered dealer during the year 1980-81 on the ground that the sale of goods was for the purpose of sale in the course of export of those goods out of territory of India. The exemption allowed was incorrect as the assessee dealer had not furnished any proof of despatch of goods and evidence of export of goods out of the territory of India. The irregular grant of exemption resulted in the tax being levied short by Rs.34,422.

On the irregularity being pointed out in audit (January 1985), the department re-assessed the case in May 1988 and raised an additional demand of Rs.34,422 against the dealer. The department stated in October 1988 that the Assistant Commissioner had stayed the demand.

29.2.3 A register dealer in Delhi was allowed exemption from payment of tax in respect of his inter-state sales of Rs.1,23,220 made to another registered dealer during the year 1980-81, on the ground that the sale of goods was for the purpose of sale in the course of export of those goods out of the

territory of India. The exemption allowed was incorrect because the prescribed certificates in form 'H' submitted in support of the sale were not accompanied by the evidence of export out of the territory of India. The tax element involved in the irregular exemption allowed on the aforesaid sale worked out to Rs.12,322.

On the irregularity being pointed out in audit (June 1986), the department stated (July 1988) that the dealer had been reassessed and an additional demand of Rs.12,322 had been raised against him (May 1988). The department however intimated in October 1988 that the Assistant Commissioner had stayed the demand.

The matter was reported to Ministry of Home Affairs between June 1988 and July 1988, who endorsed (November 1988) the reply of the department.

30. Non-levy of tax

Under section 4(2)(v) of the Delhi Sales Tax Act, 1975, a registered dealer can purchase goods from another registered dealer without payment of tax, if the goods are intended for use as raw material in the manufacture in Delhi, of goods the sale of which is taxable in Delhi provided that where any goods purchased by a registered dealer for any purpose mentioned in sub-clause (v) are not utilised by him, the price of goods so purchased shall be allowed to be deducted from the turnover of the selling dealer but shall be included in the taxable turnover of the purchasing dealer. This facility is allowed if the purchasing dealer furnishes to the seller a declaration in the prescribed form

to the said effect and also indicates that the goods are covered by his certificate of registration. The Commissioner of Sales Tax had clarified in July 1979 that goods, which did not go into the manufacture of finished products, could not be purchased without payment of tax and that such items should be deleted from the registration certificate of the dealers. The High Court of Delhi has held* in November 1979 that calcium carbide, oxygen gas, electrodes and acetylene gases used for welding were not materials that went into the manufacture of any finished product and would not, therefore, be included in the certificates of registration as raw materials for manufacture.

In one case involving under assessment due to non-levy of tax an amount of Rs.17,513 on such material was recovered on the omission being pointed out in audit. A few other cases are mentioned below.

30.1 A registered dealer engaged in the business of manufacturing and sale of wires and cables was allowed to purchase di-octyl-phalate, Stabiliser and Tinsel for the purpose of manufacture. He had, however, sold Di-octyl-phalate, stabiliser and tinsel worth Rs.3,38,012 which were purchased on the strength of his registration certificate without payment of tax for manufacturing during the year 1980-81. The dealer claimed exemption from payment of tax on the sale by misrepresenting that the resale of these goods were covered by his registration certi-

ificate. While completing the assessment in March 1985, the assessing authority failed to detect the misrepresentation and consequently did not include this amount in the taxable turnover of the dealer. This irregularity resulted in short levy of tax amounting to Rs.23,661.

On the omission being pointed out in audit (June 1985), the department rectified the original assessment and raised (July 1985) an additional demand of Rs.33,801 by levying tax at 10 per cent. The dealer had gone in appeal and the demand had been stayed (September 1988) by the appellate authority. Further developments have not been received (December 1988).

30.2 During the year 1980-81, a registered dealer purchased without payment of tax, welding rods and other consumable raw material valuing Rs.2,22,477 which did not go into the finished product but were consumed in the process of manufacture and declared that these goods were covered by his registration certificate. While making the assessment in July 1984, the assessing authority failed to disallow the dealer's claim and deleted the said goods from his registration certificate in the light of aforesaid judicial pronouncement and departmental clarification. The failure resulted in non-realisation of tax amounting to Rs.15,573.

On this being pointed out in audit (March 1986), the department stated (May 1988) that a penalty of Rs.16,573 had been imposed on the dealer. The department further

* Commissioner, Sales Tax, New Delhi vs Standard Metal Industries (1980) 45-STC-229.

stated (September 1988) that the dealer had deposited Rs.2,000 and had furnished surety for Rs.14,573 as per stay granted by appellate authority in June 1988. Department's reply on leviability of tax has not been received (December 1988).

The matter was reported to Ministry of Home Affairs between July 1988 and September 1988; who endorsed (November 1988) the reply of the department.

31. Incorrect rate of tax

Under Section 4(1) of the Delhi Sales Tax Act, 1975 and rules made thereunder, the tax payable by a dealer shall be levied in the case of taxable turnover in respect of the goods specified in the First Schedule at the rate of ten paise in a rupee.

While finalising assessments of a registered dealer engaged in the business of auto parts for the years 1978-79, 1979-80 and 1980-81, the gross turnover of the dealer was enhanced by Rs.10 lakhs, Rs. 30 lakhs and Rs.12 lakhs respectively by the assessing authority. As per survey report (July 1983) the dea-

ler was dealing in auto parts including ball bearings used in motor vehicles which were taxable at 10 per cent. The enhanced turnovers were, however, taxed at seven per cent instead of 10 per cent. This resulted in short levy of tax amounting to Rs.1,56,000.

On this being pointed out in audit (September 1986), the department reassessed (November 1986) the dealer and created an additional demand of tax amounting to Rs.1,20,000 for the years 1978-79 and 1979-80. The department stated in October 1988 that the reassessment for the year 1980-81 had also been completed on 16.9.1988 creating additional demand for Rs.36,000 in addition to previous demand of Rs.1,49,032. It was further stated that Rs.2,000 had been recovered from surety dealer and the police authorities intimated that the dealer was not traceable. The Department was also making efforts to trace the partner of the firm.

The matter was reported to Ministry of Home Affairs in July 1988 who endorsed (November 1988) the reply of the department.

State Excise

32. Loss of revenue due to incorrect fixation of wholesale prices of liquor

The Delhi Liquor Licence Rules, 1976 empower the Commissioner to fix the price or the maximum price of any liquor in wholesale or in retail or in both with the approval of the Lieutenant Governor. The difference between the amount arrived at after deducting the element of sales tax and retailers profit from the retail price on the one hand and the sum of the wholesale price, special duty and assessed fee on the other is excise revenue.

The wholesale price of various brands of Whisky/Rum/Indian made foreign liquor marketed by certain L-I licensees during the year 1985-86 was fixed by the Commissioner on the basis of cost data furnished by them. It was noticed in audit (between November 1986 and February 1987) that either the distillary price indicated by the licensee in the cost sheet was higher than that paid for the purchases made subsequently, or other expenses claimed in the cost sheet were not incurred at all or had claimed freight and incidental/insurance etc. in excess of what had actually been paid/incurred. This resulted in a higher fixation of wholesale price in 4 cases which led to an unintended benefit of Rs.11.47 lakhs to the licensees on the sale of liquor, which otherwise was payable to Government as excise revenue.

On this being pointed out (July 1988) by audit, the Delhi Administration stated (September

1988) that till 1987-88 there was a definite relationship between wholesale price, excise revenue and retail price, with the underlying principle that higher the wholesale price, higher would be the excise revenue and consequently higher the retail sale price. Regarding unintended benefit given to the licensee due to fixation of wholesale price on the higher side, the administration stated that it was not intentionally done by the department but it was natural consequence of the wholesale price being on the higher side which fetched higher excise revenue to State Exchequer and that the excise department was following a certain price range both in wholesale and retail and therefore in order to fix a particular brand in a comparable price range such marginal anomalous situation was bound to arise.

In another case the department stated (August 1988) that fixation of wholesale and retail prices had been done on the information filed by the licensee. The brands were matched with closest available price range. It was also kept in view that the brand having the same wholesale price should have the same retail price and higher is wholesale price, the higher is the excise revenue.

However, excise revenue being the difference between the amount arrived at after deducting sales tax and retailer's profit (fixed) from the retail price fixed by the department on certain price range and the sum of wholesale price, special duty (fixed) and assessed fee (fixed), the higher fixation of

wholesale price on the basis of inflated cost data resulted in undue benefit to the licensee at the cost of exchequer.

The matter was reported to Ministry of Home Affairs during July 1988 and August 1988; their reply has not been received (December 1988).

33. Short recovery of licence fee from wholesale licensees

L-I Licences (for wholesale vend of foreign liquor) granted under the Delhi Liquor Licence Rules, 1976 expire each year on 31st March. In March 1986, Delhi Administration extended the existing L-I licences upto 30th April 1986 on payment of licence fee at the existing rates on prorata basis. Accordingly offer was made to the existing holders of L-I licence to get the licence extended, if so opted and the amount of prorata licence fee payable was also intimated in the letter of offer. The offer could either be accepted in toto or declined.

During the course of audit scrutiny, it was observed that eight

wholesale dealers in Indian made Foreign Liquor (who had opted for the extension) had either paid lesser amounts or the payments were made relating to the brands of liquor which individual licensee opted to market during the extended period instead of all the brands covered under the existing licences. There was no scope for such reduction in licence fee as this was extension of the existing licences. This resulted in short payment of licence fee amounting to Rs.0.64 lakh.

On the irregularity being pointed out (September 1987), the department stated (August 1988) that it was open to the licensee to seek extension of licence for all the brands or part of brands held by him because the licence fee is per brand and not fixed for all brands together. This being an extension of the existing licence such choice was not open to the licensees.

The matter was reported to Delhi Administration/ Ministry of Home Affairs in July 1988; their reply has not been received (December 1988).

Entertainment Tax

34. Short levy of entertainment tax

Under Section 3 of the United Provinces Entertainment and Betting Tax Act, 1937, as extended to Delhi, all payment for admission to any entertainment are chargeable to entertainment tax unless exempted under section 6 of the Act *ibid.* Section 6(3) empowers the Government to exempt any entertainment or class of entertainment from the liability to pay entertainment tax by general or special order.

An organiser of entertainments was granted exemption (November 1984) from levy of entertainment tax on 18 items of entertainment provided by him to the public, subject to charging admission money at the rates approved by the department. From 1st January 1985, the organiser revised the rates of admission in respect of two games and rides from Rs.2 to Rs.3 and introduced two new items and new package ticket of Rs.5 for children upto the age of eight years and Rs.10 for children above eight years without informing the department. The department issued a show cause notice (10th May 1985) to the organiser. After considering the reply, the department issued a warning letter (May 1985) and subsequently asked (July 1985) the assessee to pay tax on all the five items. The assessee challenged (5 December 1985) the levy of tax on the ground

that he had already been let off with a warning for the offence committed. Tax amounting to Rs.1.5 lakhs on the new games (including package ticket) and in respect of two games for which admission rates were enhanced, had however, been recovered (December 1987) by the department. But the tax on the latter was calculated on the element of unauthorised increase (Re.1) in the rates of admission.

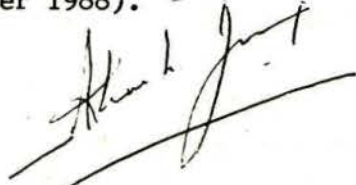
As the assessee had revised the rates of admission in respect of the two games in contravention of the conditions of exemption, the exemption ceased to operate and full tax on the admission rate of Rs.3 for each of the two games was chargeable. Further, the Act and the rules made thereunder provide for exempting any entertainment from tax in full and there is no provision for charging tax on part of the gate money. Charging entertainment tax on the unauthorised increase of Re.1 instead of on full rate of admission of Rs.3 was thus irregular and resulted in loss of revenue of Rs. 1.78 lakhs for the period 1st January 1985 to 15th July 1986.

On this being pointed out in audit (June 1987 and March 1988), the department stated (August 1988) that the action to recover the tax on the increased rate alone was taken on the advice of the Law Department. Further report has not

been received (December 1988).

The matter was reported to

Ministry of Home Affairs in July 1988; reply has not been received (December 1988).



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124 APR 1989

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Comptroller and Auditor General of India

Appendix
(Vide Paragraph 21)

Statement showing losses, etc. written off and exgratia payments made during 1987-88.

failure of system, neglect, fraud, etc. and due to other reasons were written off and in two cases, ex-gratia payments aggregating Rs.1.00 lakh were made during 1987-88 as detailed below :-

In four cases, Rs.0.36 lakh representing mainly losses due to

Write off of losses, irrecoverable revenues, duties, advances, etc.

Depart- ment	Due to failure of system		Due to neglect, fraud, etc. on the part of individual Government offi- cial		Due to other reasons		<u>Ex-gratia payments</u>	
	No.of cases	Amount (In lakhs of rupees)	No.of cases	Amount (In lakhs of rupees)	No.of cases	Amount (In lakhs of rupees)	No.of cases	Amount (In lakhs of rupees)
Commiss- ioner of Police	1	0.26	1	0.02	2	0.08	2	1.00
Total : 1		0.26	1	0.02	2	0.08	2	1.00

