Report of the Comptroller and Auditor General of India on Revenue and Social & Economic Sector (PSUs) for the year ended 31 March 2014

Government of National Capital Territory of Delhi

Report No. 1 of the year 2015

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Table of Contents

ANNEXURES

PREFACE

This Report is prepared for submission to the Lieutenant Governor of Delhi and contains two Chapters.

Chapter–I of this Report relates to the audit of Revenue Sector departments of the Government. The audit of receipts is conducted under Section 16 of the Comptroller & Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and required to be placed before the State Legislature under Article 151(2) of the Constitution of India. This Chapter presents the results of audit of receipts such as sales tax/ value added tax, taxes on motor vehicles of the Government of NCT of Delhi for the year ended 31 March 2014.

Chapter–II of this Report relates to the audit of State Public Sector Undertakings. Audit of accounts of Government Companies is conducted by the CAG under Section 619 of the Companies Act, 1956 and audit of Statutory Corporations under their respective legislation. The Government is required to submit this portion of the Audit report to the State Legislature under Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those which came to the notice in the course of test audit during the year 2013-14 as well as those which had come to the notice in earlier years, but could not be dealt with in previous Reports; instances relating to the period subsequent to 2013-14 but pertaining to the year 2013-14 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued (March 2002) by the Comptroller and Auditor General of India.

OVERVIEW

This Report comprises of two chapters containing audit findings pertaining to Revenue Sector and Social & Economic Sector (PSUs). Chapter I relating to Revenue Sector contains three paragraphs involving ₹ 98.39 crore, relating to underassessment, short payment/loss of revenue, interest and penalty etc. and Chapter II relating to PSUs-contains one Performance Audit and two paragraphs involving ₹ 81.50 crore. Thus, the total money value of this Report containing one Performance Audit and five audit paragraphs is ₹ 179.89 crore. Some of the major findings are mentioned below:

Chapter-I: Revenue Sector

The total revenue receipts of the Government for the year 2013-14 were ₹ 27980.69 crore as compared to ₹ 25560.97 crore in the year 2012-13. Out of this, 95 *per cent* was raised through tax revenue (₹ 25918.69 crore) and non-tax revenue (₹ 659.14 crore). The balance five *per cent* was received from the Government of India as grants-in-aid (₹ 1402.86 crore). The increase in tax revenue and non-tax revenue was 10.61 *per cent* and 5.14 *per cent* respectively over the previous year.

(Paragraph 1.1.1)

Test check of records of 80 units of the Department of Trade and Taxes, State Excise, Transport and Revenue conducted during the year 2013-14 showed underassessment/short levy/loss of revenue aggregating ₹ 905.66 crore in 2001 cases. During the course of the year, concerned departments accepted under assessment and other deficiencies of ₹ 20.83 crore involved in 16 cases which were pointed out in audit during 2013-14.

(Paragraph 1.1.8)

Sales Tax/Value Added Tax

Failure of the Department of Trade and Taxes to institute a system of inter-departmental cross-verification for detection of cases of un-registered works contractors, suppression of turnover, non-filing of returns, non-deduction of TDS and underassessment of turnover in 55 cases led to short levy of tax of ₹ 98.26 crore including interest and penalty.

(Paragraph 1.2)

Motor Vehicle Tax

Poor contract management and not taking timely action by the Department resulted in extra burden of ₹ 3.19 crore on vehicle owners. Only 170581 out of 1017764 vehicles were affixed with High Security Registration Plates (HSRPs). The Department has no mechanism to trace out vehicles plying without valid Certificate of Fitness.

(Paragraph 1.4)

Chapter-II: Public Sector Undertakings (PSUs)

Status of State Public Sector Undertakings

As on 31 March 2014, there were 17 PSUs (all working), which included 15 Government Companies and two Statutory Corporations. The investment in these 17 PSUs as on 31 March 2014 was ₹ 28518.73 crore. It grew by 48 *per cent* from ₹ 19327.44 crore in 2009-10. The Government contributed ₹ 5094.53 crore towards Equity, Loans and Grants/Subsidies to State PSUs during 2013-14.

(Paragraphs 2.1.2 and 2.1.3)

Out of 17 working PSUs for which the accounts were received up to 30 September 2014, eleven PSUs earned profit of ₹ 1315.42 crore, five PSUs incurred loss of ₹ 2950.45 crore and one PSU was at breakeven.

(Paragraph 2.1.5)

Four PSUs had arrears of 14 accounts as of September 2014. The delay in finalisation of accounts resulted in violation of the provisions of the Companies Act, 1956.

(Paragraph 2.1.6)

Six out of 15 accounts finalised during October 2013 to September 2014 received qualified certificates and one account received not true and fair view certificate. There were six instances of non-compliance with Accounting Standards (AS) in accounts of three Companies and two Corporations.

(Paragraph 2.1.7)

A performance audit on the **Working of Delhi Tourism and Transportation Development Corporation Limited** was conducted. Some of the major findings are mentioned below:

- Company did not formulate a perspective plan for tourism promotion in the city despite 39 years of its formation (1975).

(Paragraph 2.2.3.1)

- Tourist inflow in Delhi as a whole, registered an increase of 108 *per cent*, whereas it increased only by 30 *per cent* in the tourist spots owned by the Company during 2009-14. Vacant craft and food stalls and non-holding of cultural events on regular basis at the Dilli Haats, led to declining footfall and consequent inadequate exposition of Indian Art and Crafts, Culture and Cuisine.

(Paragraphs 2.2.3.3, 2.2.4.2 (ii), 2.2.4.3 and 2.2.4.4)

- The net profit dipped from ₹ 18.47 crore in 2012-13 to ₹ 5.32 crore in 2013-14. Company's tourist spots viz. Delhi Haat-Pitampura and Garden of Five Senses (GFS) incurred losses of ₹5.58 crore and ₹1.60 crore respectively, during 2009-14, due to low income and high fixed costs. Tourism and Travel Division incurred loss of ₹28.30 crore and

₹ 2.63 crore respectively, during 2009-14, as earnings were not sufficient to set off expenses.

(Paragraphs 2.2.2.1, 2.2.4.1(ii) & (iii), 2.2.4.5 and 2.2.4.6)

- The profit of ₹ 4.59 crore earned by the five outsourced Coffee Homes was eroded by loss incurred in Canteen in Vidhan Sabha and departmentally run Coffee Homes, which resulted in loss of ₹ 1.37 crore to Catering Division.

(Paragraph 2.2.4.7)

- Contribution from liquor sale to total turnover, was above 91 *per cent*, but its share in profit ranged between 13 and 42 *per cent* only. Despite availability of stock, order was placed for purchase of liquor by applying higher growth factor without rationale. The Company did not havea system either to rebrand or renovate its liquor outlets.

(Paragraphs 2.2.2.1(i) and 2.2.5.2)

- Shifting of Electric Services before getting necessary approvals for the Mayur Vihar Dilli Haat project resulted in infructuous expenditure of ₹ 6.95 crore. Irregular incorporation of escalation clause in contracts by Engineering Division resulted in extra payment of ₹117.06 crore in three works.

(Paragraphs 2.2.4.9(iii) and 2.2.6.3)

Transaction audit

Delhi Transport Infrastructure Development Corporation Limited

Absence of efficient fund management and tax planning in Delhi Transport Infrastructure Development Corporation Limited, resulted in loss of interest of ₹ 2.46 crore, avoidable payment of penal interest of ₹ 1.71 crore, non-availing of tax benefit of ₹ 2.28 crore and undue benefit of ₹ 1.57 crore to Delhi Integrated Multi Modal Transit System Ltd. (DIMTS) in rent. Besides, the company created an avoidable liability of ₹ 3.72 crore as penal interest on interest due on loans, it secured from the Transport Department.

(Paragraph 2.2.10)

Department of Information Technology

The Delhi State Spatial Data Infrastructure Project has not achieved its objective despite release of ₹ 116.86 crore towards the cost of the project. Subsequent performance showed slackness in the implementation of the project and uncertainty about the usability of the data resulting in unfruitful expenditure of ₹ 50.29 crore. Out of 38 line departments, the Geo Spatial Delhi Limited (GSDL) signed MoUs with only four line departments. Certain essential components amounting to ₹ 7.23 crore were not included in the estimate. Funds amounting to ₹ 3.00 crore, released for setting up of data centers remained unutilized.

(Paragraph 2.2.11)

Chapter-I

Revenue Sector

1.1 Introduction

1.1.1 Trend of revenue receipts

1.1.1.1 The tax and non-tax revenue raised by the Government of National Capital Territory (NCT) of Delhi during the year 2013-14, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned in the **Table 1.1.**

Table: 1.1
Trend of revenue receipts

(₹ in crore)

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1	**Revenue raised by the State Government**					
	• **Tax revenue**	13,447.85	16,477.75	19,971.67	23,431.52	25,918.69
	• **Non-tax revenue**	3,467.40	4,188.95	460.87	626.93	659.14
	Total	**16,915.25**	**20,666.70**	**20,432.54**	**24,058.45**	**26,577.83**
2	**Receipts from the Government of India**					
	• **Grants-in-aid**	3,536.08	4,357.40	1,960.64	1,502.52	1,402.86
3	**Total revenue receipts of the State Government (1 and 2)**	**20,451.33**	**25,024.10**	**22,393.18**	**25,560.97**	**27,980.69**
4	**Percentage of 1 to 3**	**83**	**83**	**91**	**94**	**95**

(Source: Pay and Accounts Office Delhi Govt.)

The above table indicates that during the year 2013-14, the revenue raised by the State Government (₹ 26577.83 crore) was 95 *per cent* of the total revenue receipts. The balance five *per cent* of the receipts during 2013-14 was from the Government of India.

1.1.1.2 The details of tax revenue raised during the period 2009-10 to 2013-14 are given in **Table 1.2**.

Table 1.2
Details of tax revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2009-10		2010-11		2011-12		2012-13		2013-14		Percentage of increase (+) or decrease(-) in 2013-14	
		BE[1]	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	Actual over BE for 2013-14	Actual of 2013-14 over 2012-13
1	Taxes on sales, trade etc.	10000.00	10126.01	12600.00	12068.62	14000.00	13750.95	16500.00	15803.68	18200.00	17925.71	**(-)01.51**	**(+)13.43**
2	State Excise	1512.00	1643.56	2000.00	2027.09	2400.00	2533.72	3000.00	2869.74	3200.00	3151.63	**(-)01.51**	**(+)9.82**
3	Stamp Duty	900.00	929.97	1399.97	1355.75	2399.97	2240.25	3799.97	3098.06	3799.98	2969.07	**(-)21.87**	**(-)04.16**
4	Motor Vehicles Tax	450.00	462.65	650.00	707.55	950.00	1049.19	1370.00	1240.18	1400.00	1409.27	**(+)0.66**	**(+)13.63**
5	Others	312.00	285.64	311.00	318.71	378.00	397.54	487.00	419.84	475.00	463.00	**(-)02.53**	**(+)10.28**
6	Land revenue	0.00	0.02	0.03	0.02	0.03	0.01	0.03	0.01	0.02	0.01	**(-)50.00**	**0.00**
	Total	**13174.00**	**13447.85**	**16961.00**	**16477.74**	**20128.00**	**19971.66**	**25157.00**	**23431.51**	**27075.00**	**25918.69**		

(Source: Finance Account)

[1] Budget Estimates

The above table shows that actual receipts for the year 2013-14, under the Heads Stamp Duty and Land Revenue decreased by 21.87 *per cent* and 50 *per cent* respectively over Budget Estimates. The actual receipts for the year 2013-14 under the Head Stamp Duty decreased by 4.16 *per cent* over the previous year. Revenue Department stated (January 2015) that decrease in revenue collection was due to striking down of the Court Fees (Delhi Amendment) Act, 2012 by the Hon'ble High Court of Delhi, slump in economy, high interest rates, rising cost of properties and affordable properties in the peripheral area of National Capital Region.

1.1.1.3 The details of the non-tax revenue raised during the period 2009-10 to 2013-14 are indicated in **Table 1.3**.

Table 1.3
Details of non-tax revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2009-10		2010-11		2011-12		2012-13		2013-14		Percentage of increase (+) or decrease (-) in 2013-14 over 2012-13	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	Actual over BE for 2013-14	Actual of 2013-14 over 2012-13
1	Interest receipts	3257.00	3236.62	3918.17	3869.84	369.81	174.14	473.54	340.03	754.50	379.35	(-)49.72	(+)11.56
2	Other administrative services	55.80	67.93	57.50	71.95	78.00	92.93	91.00	95.60	115.00	91.04	(-)20.83	(-)4.77
3	Other Non-tax receipts	101.82	107.87	188.00	183.71	116.66	107.97	123.66	101.50	111.42	88.65	(-)20.44	(-)12.66
4	Medical and Public Health	23.66	24.65	26.50	36.28	41.00	47.56	44.24	54.32	65.00	63.05	(-)3.00	(+)16.07
5	Public Works	11.00	14.99	15.50	15.64	20.00	26.15	23.10	25.55	20.00	18.59	(-)7.05	(-)27.24
6	Power	10.00	15.34	17.00	11.53	15.00	12.12	14.00	9.93	22.01	18.46	(-)16.13	(+)85.90
Total		**3459.28**	**3467.40**	**4222.67**	**4188.95**	**640.47**	**460.87**	**769.54**	**626.93**	**1087.93**	**659.14**		

(Source: Finance Account)

The above table shows that actual receipts for the year 2013-14, decreased between 3 to 49.72 *per cent* over Budget Estimates. The Actual receipts under the Heads Public Works and Other Non-tax receipts for the year 2013-14, decreased by 27.24 *per cent* and 12.66 *per cent* respectively, over the previous year. Finance Department stated (December 2014) that the reasons for above variation were that Budget Estimates are prepared in advance and actual realization in the financial year are based on number of service takers/ services provided, and Non-Tax revenue receipts were not a regular income but were charges on account of various commodities, services, fines and other receipts, collected there under.

1.1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2014 on some principal heads of revenue amounted to ₹ 21810.54 crore, as detailed in the **Table 1.4**.

Table 1.4
Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total Amount outstanding as on 31 March 2014	Amount outstanding for more than 5 years as on 31 March 2014	Remarks
1	**Taxes on sales, trade etc.**	21,797.10	Not available	Reasons for arrear of revenue not furnished by the department.
2	**State excise, Entertainment and Luxury**	13.44	2.79	In most of the cases operation of hotels were transferred on lease and lessee had left the premises and could not be located at their given address.
Total		**21,810.54**	**2.79**	

(Source: Depts. of Trade & Taxes and State Excise, Entertainment & Luxury)

1.1.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year as furnished by the Department of Trade and Taxes and State Excise, are as given in **Table 1.5**.

Table 1.5
Arrears in assessments

Head of revenue	Opening Balance	New cases due for assessment during the year 2013-14	Total assessments due	Cases disposed of during the year 2013-14	Balance at the end of the year	Percentage of disposal (col.5 to 4)
1	2	3	4	5	6	7
Taxes on sales, trade etc.	1,305	2,50,632	2,51,937	2,51,837	100	99.96
State Excise	1,923	754	2,677	836	1,841	31.23

(Source: Depts. of Trade & Taxes and State Excise, Entertainment & Luxury)

It would be seen from the above table that percentage of disposal of assessment cases was as low as 31.23 *per cent* in respect of Department of State Excise.

1.1.4 Response of the Government/ Departments towards Audit

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

Inspection reports issued up to December 2013 disclosed that 12,500 paragraphs involving ₹ 11,456.63 crore relating to 663 IRs remained outstanding at the end of June 2014 as mentioned below along with the corresponding figures for the preceding two years in **Table 1.6**.

Table 1.6

Details of pending Inspection Reports

	June 2012	June 2013	June 2014
Number of IRs pending for settlement	483	624	663
Number of outstanding audit observations	10,028	12,224	12,500
Amount of revenue involved (₹ in crore)	**8,938.03**	**11,054.77**	**11,456.63**

1.1.4.1 Department wise details of IRs

The Department-wise details of the IRs and audit observations outstanding as on 30 June 2014 and the amounts involved are mentioned in the **Table 1.7**.

Table 1.7

Department wise details of IRs

(₹ in crore)

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
1	Trade and Taxes	Taxes on Sales, Trade etc.	527	11,911	11,329.22
2	State Excise	State Excise Entertainment & luxury tax etc.	8	33	61.67
3	Transport	Taxes on motor vehicles	55	120	20.42
4	Revenue	Stamps and Registration fees	73	436	45.32
Total			**663**	**12,500**	**11,456.63**

Audit did not receive even the first reply in any case, from the heads of offices within period of four weeks from the date of receipt of the IRs, during 2013-14. This large pendency of the IRs due to non-receipt of replies, is indicative of the fact that the heads of offices and the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out in IRs.

The Government may consider to have an effective system for prompt and appropriate response to audit observations.

1.1.4.2 Departmental Audit Committee Meetings

The Government set up Audit Committees to monitor and expedite the progress of the settlement of audit paragraphs in the IRs.

One Audit Committee meeting was held with the Department of Trade and Taxes only, however, no outstanding paragraph was settled.

The Government may take concrete steps to clear outstanding paragraphs.

1.1.4.3 Non-production of records to audit for scrutiny

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

During the year 2013-14, 1,464 assessment files/ cases out of 6,469 files/ cases, were not made available to audit by the Department of Trade and Taxes representing 23 *per cent* and revenue involved in these cases could not be ascertained.

1.1.4.4 Response of the Departments to the draft audit paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the PAG to the Principal Secretaries/ Secretaries of the concerned Department, drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of non-receipt of the replies from the Department/ Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Three draft paragraphs were sent to the Government/ Departments during August 2014 to January 2015. Department's replies in respect of all the draft paragraphs have been received and suitably incorporated in the Audit Report.

1.1.4.5 Follow up on Audit Reports – summarized position

The internal working system of the Public Accounts Committee lays down that after presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, Departments shall initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling the Report, for consideration of the Committee. In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately in 60 paragraphs and eight performance audits included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of NCT of Delhi for the years ended 31 March 2009, 2010, 2011, 2012 and 2013, placed before the State Legislature Assembly between March 2010 to July 2014. The action taken explanatory notes from the concerned departments on these paragraphs were received late with the average delay of six months in respect of each of these Audit Reports. Action taken explanatory notes in respect of 37 paragraphs and four performance audits (PAs) from the departments had not been received for the Audit Reports year ended 31 March 2009, 2010, 2011, 2012 and 2013 as mentioned in the **Table 1.8**.

PAC did not discuss paragraphs pertaining to the Audit Reports (Revenue Sector) for the period 2008-09 to 2012-13.

Table 1.8

Sl. No.	Year of Report ending 31 March	Number of Paragraphs and Performance Audits printed in Report	Number of Paragraphs and Performance Audits for which ATNs were awaited
1	2009	13+2(PAs)	9+2(PAs)
2	2010	17+1 (PAs)	13+0(PAs)
3	2011	12+3(PAs)	10+1(PAs)
4	2012	16+1(PAs)	3+0(PAs)
5	2013	2+1(PAs)	2+1(PAs)

1.1.5 Status of Inspection Reports and recovery of amount in accepted cases

The status of the Inspection Reports and recovery of amounts in accepted cases for the last 10 years for the Department of Trade and Taxes, State Excise, Revenue and Transport are given in paragraphs 1.1.5.1 and 1.1.5.2:

1.1.5.1 Position of Inspection Reports

The summarized position of the inspection reports issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2014 are given in **Table 1.9**.

Table 1.9
Position of Inspection Reports

(₹ in crore)

Sl. No.	Year	Opening Balance			Addition during the year			Clearance during the year			Closing Balance during the year		
		IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
1	2004-05	1145	10821	1127.42	93	1436	306.27	668	7468	404.91	570	4789	1028.78
2	2005-06	570	4789	1028.78	81	1377	399.89	227	1916	174.95	424	4250	1253.72
3	2006-07	424	4250	1253.72	64	880	320.51	265	2548	543.25	223	2582	1030.98
4	2007-08	223	2582	1030.98	62	1329	1077.42	79	1266	349.89	206	2645	1758.51
5	2008-09	206	2645	1758.51	89	2265	1748.24	6	429	413.39	289	4481	3093.36
6	2009-10	289	4481	3093.36	108	2972	2900.71	11	301	218.47	386	7152	5775.60
7	2010-11	386	7152	5775.60	54	2009	1831.89	85	564	434.09	355	8597	7173.40
8	2011-12	355	8597	7173.40	96	2204	3079.27	24	657	394.02	427	10144	9858.65
9	2012-13	427	10144	9858.65	104	1610	1209.64	62	520	571.99	469	11234	10496.31
10	2013-14	469	11234	10496.31	92	790	1099.45	3	83	--	558	11941	11595.76

It is evident from the above table that at the beginning of 2004-05 there were 10,821 paras involving audit objections of ₹ 1,127.42 crore awaiting response from the departments but at the end of year 2013-14, number of paras increased to 11,941 involving money value of ₹ 11,595.76 crore. This is indicative of the fact that the Departments did not take adequate steps to settle outstanding paragraphs.

1.1.5.2 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the departments and the amount recovered are mentioned in **Table 1.10**.

Table 1.10

						(₹ in crore)
Year of Audit Report	Number of Paragraphs included	Money value of the Paragraphs	Number of paragraphs accepted included money value	Money value accepted	Amount recovered during the year	Cumulative position of recovery of accepted cases as of 31 March 2014
2003-04	23	410.05	15	121.72	-	-
2004-05	27	402.36	12	200.31	-	0.10
2005-06	20	177.85	13	18.44	-	0.06
2006-07	16	254.93	13	209.06	-	0.27
2007-08	11	945.52	7	28.17	-	0.18
2008-09	15	1729.62	7	109.00	-	0.14
2009-10	18	1764.20	5	49.36	-	0.39
2010-11	15	1479.98	4	58.00	-	0.06
2011-12	17	2363.11	1	19.14	-	1.23
2012-13	3	536.00	3	70.16	-	-

It is evident from the above table that the progress of recovery, even in accepted cases was negligible, throughout during the last 10 years. The recovery of accepted cases was to be pursued as arrears recoverable from the concerned parties. No mechanism for pursuance of the accepted cases had been put in place by the Departments/ Government. Further, the arrear cases including accepted audit observations were not available with the Department of Trade and Taxes, State Excise, Revenue and Transport. In the absence of suitable mechanism, the Departments could not monitor the recovery of accepted cases.

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

1.1.6 Action taken on the recommendations accepted by the Department/ Government

The draft performance audits conducted by the PAG are forwarded to the concerned Departments/ Government for their information with a request to furnish their replies. These reviews are also discussed in an exit conference and the Department's/ Government's views are included while finalizing the reviews for the Audit Reports.

Eight Performance Audits (PA) were conducted and featured in the Audit Reports for the years 2008-09 to 2012-13. The audit had made 30 recommendations in the PAs. The departments concerned have not furnished their replies.

1.1.7 Audit Planning

The unit offices under various Departments are categorised into high, medium and low risk units according to their revenue position, past trends of the audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter-alia* include critical issues in government revenues and tax administration i.e. budget speech, white paper on State Finances, recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during past five years, factors of the tax administration, audit coverage and its impact during past five years etc.

During the year 2013-14, there were 150 auditable units, of which 89 units were planned and 80 units had been audited. Due to engagement of audit staff in Assembly Elections of Delhi, 9 planned units could not be audited.

1.1.8 Results of audit

1.1.8.1 Position of local audit conducted during the year

Test check of records of 80 units relating to VAT/ Sales Tax and Motor Vehicle Tax, conducted during the year 2013-14 showed under assessments/ short levy of tax/ loss of revenue and other irregularities involving ₹ 905.66 crore in 2001 cases which fall under the following categories as given in **Table 1.11**.

Table 1.11

Categories wise irregularities

			(₹ in crore)
Sl. No.	**Categories**	**No. of cases/ paras**	**Amount**
Sales Tax/Value Added Tax			
1	Assessment, levy and collection of Tax on Works Contract	1	98.26
2	Loss of revenue on account of allowance of inadmissible concessional rate of tax on inter-state sales.	1	0.13
3	Other irregularities	1045	794.25
	Total	**1047**	**892.64**
Stamp duty and Registration Fee			
1	Short levy of stamp duty and registration fee	180	0.17
2	Other irregularities	740	9.66
	Total	**920**	**9.83**
Motor Vehicle Tax			
1	Contract management in Motor Vehicle Department	1	3.19
2	Other irregularities	33	-
	Total	**34**	**3.19**
	Grand Total	**2001**	**905.66**

During the course of the year, the concerned Departments accepted under assessment and other deficiencies of ₹ 20.83 crore, which were pointed out in audit during 2013-14.

1.1.8.2 Internal control and internal audit

Every department responsible for tax collection is required to institute appropriate internal controls for its efficient and cost effective functioning for adequate safeguard against non/ short collection or evasion of taxes.

The Internal Audit Cell of the Department of Trade and Taxes neither prepared any plan nor conducted any audit for 2009-13, as of October 2014. Further, the Department did not furnish information on any audit conducted by the Directorate of Audit under the Finance Department of GNCTD. Internal Audit of the Transport Department (HQ) was conducted upto 2012-13 and Internal Audit of Department of Revenue was not conducted for the year 2013-14.

1.1.9 Contents of the Revenue Chapter

This chapter contains three paragraphs involving revenue implication of ₹ 98.39 crore. The concerned Departments have accepted audit observations involving ₹ 20.83 crore, out of which no amount was recovered. The replies of the departments have been received (March 2015) and suitably incorporated. These are discussed in succeeding paragraphs.

AUDIT OF TRANSACTIONS

TRADE AND TAXES DEPARTMENT

1.2 Audit on 'Assessment, Levy and Collection of Tax on Works Contract'

Failure of DTT to institute a system of inter-departmental cross-verification for detection of cases of un-registered works contractors, suppression of turnover, non-filing of returns, non-deduction of TDS and underassessment of turnover in 55 cases led to short levy of tax of ₹ 98.26 crore including interest and penalty.

The Audit of Department of Trade and Taxes (DTT) for the period 2009-13 was conducted during May to December 2014, to see whether the DTT has in place, proper system to ensure assessment, levy and collection of tax on Works Contract. Audit examined records of Special Zone of the DTT, Government of National Capital Territory of Delhi. Of 634 assessed cases, audit randomly selected 321 (50 *per cent*) cases of the Works Contracts, assessed during 2009-13 involving turnover of ₹ 5301.24 crore. Out of selected cases, the DTT provided only 38 cases (11.83 *per cent*) involving turnover of ₹ 307.21 crore for audit. The main audit findings are as under:

1.2.1 System deficiencies

Regular and systematic inter-departmental cross verification of database can assist in detecting unregistered works contractors, suppression of turnover, widening of tax base etc. However, existing system in the Department, for assessment, levy and collection of tax on works contract, has deficiencies enumerated in following sub-paragraphs.

1.2.1.1 Absence of a mechanism of cross verification of details of works contractors

A White Paper by the Empowered Committee of State Finance Ministers, constituted by the Ministry of Finance, GoI, which was released on 17 January 2005, emphasised the importance of cross-checking of tax returns and other documents of the VAT system of the States and those of Central Excise and Income Tax, to help reduce tax evasion and growth of tax revenue. However, the Department did not install and make use of the system of cross-verification of the data of the contractors registered/ engaged in other departments and undertakings of the Union and State Governments with the database of the dealers registered in the Department, to detect cases of the dealers not registered with the Department.

Further, the Department issued instructions (January 2006) for conducting surveys to identify the entities i.e. the dealers who were not registered even though they had become eligible for registration as per DVAT Act. However, the Department did not provide data to audit regarding the unregistered dealers/works contractors, detected as a result of survey conducted.

Thus, failure of the Department to institute a system of inter-departmental cross-verification for detection and registration of the works contractors resulted in loss of revenue to the State which was not possible to quantify in the absence of data. Audit, however, detected six cases of non-registration of contractors, 29 cases of suppression of turnover and four cases of concealment of turnover by contractors on cross verification of records of the Department with that of other departments, which are discussed in the following sub-paragraphs.

The Department in its reply (March 2015) stated that efforts are being made to evolve a mechanism to utilise database available with these departments.

(i) Loss of revenue due to non-registration of works contractors – ₹ 9.26 crore

Under Section 86(12) of DVAT Act, failure of a works contractor in registering his firm with the DTT and payment of applicable tax attracts penalty and interest on the unpaid amount of tax at the prescribed rates.

Audit cross verified records of the Department with the data and information obtained from the Pragati Power Corporation Limited (PPCL) and Delhi Metro Rail Corporation (DMRC) and observed that six[2] works contractors executed works contracts aggregating to ₹ 40.57 crore, with PPCL and DMRC during the period 2009-13. However, none of these six contractors was registered with the DTT and, hence, they were not assessed for their liability of tax on the works contracts they executed during that period. Had they been registered, assessed and tax levied on their turnover, the Department could have received additional tax revenue of ₹ 3.77 crore. Thus, the system of registration of works contractors in the Department, was deficient to the extent that it failed to unearth unregistered contractors and resulted in loss of revenue to the Government, which, in these six works out to ₹ 9.26 crore, including interest and penalty.

The Department, while accepting the audit observation, stated (March 2015) that efforts are being made to bring unregistered dealers in the ambit of Works Contract Tax.

(ii) Loss of revenue due to suppression of turnover and non filing of return

Section 32 of the Act provides that if the Commissioner is satisfied that any person, who has been liable to pay tax under the Act in respect of any period(s) has failed to get himself registered or has paid less tax, the Commissioner may, for reasons to be recorded in writing, assess to the best of his judgment the amount of net tax due for such tax period(s) and all subsequent tax periods. Also under Section 42(2) and 86(10) (b), interest and penalty are leviable respectively, for the amount of tax deficiency made by the contractor.

(a) Audit cross-verified records/data collected from DSIIDC, NBCC, PPCL, DJB and DDA, with the returns (DVAT 16 and 17), TDS certificate (DVAT 43) and annual accounts. The cross verification showed that in 29 cases of 22 works contractors, the Department under assessed turnover of works contracts during

[2] Four contractors of PPCL and Two contractors of DMRC

2009-13, due to suppressed or incorrect information, declared by the contractors in their returns. As per the departmental records, the Department assessed total turnover in these 29 cases, as ₹ 208.65 crore, whereas, on the basis of cross verification of records, it should have been ₹ 415.73 crore. This only showed that the Department did not have an in-built system in place, to verify or cross-verify correctness of the turnover declared by the contractors in their returns. The deficiency in the system allowed opportunity to works contractors for evasion of tax by suppression and concealment of turnover. In these 29 cases, there was suppression of turnover by ₹ 207.08 crore, and consequent loss of revenue of ₹ 52.29 crore, including interest and penalty.

On this being pointed out, the Department stated (March 2015) that there are many instances where dealers reflect their turnover on the basis of bills raised in a particular month but receive payment and TDS certificate after six months. Hence, receipt of TDS certificate cannot be correlated with the turnover and observations made by Audit are not based on the actual practice adopted in the industry.

Reply of the Department is not correct as the audit observation was made on the basis of information of actual payment made to the contractors by the departments of the State Government. Also amount credited to contractor as per TDS certificate was required to be included in their GTO during the financial year.

(b) Cross-verification of information collected from other departments in respect of payments made to contractors, with the online database of the Department, showed that nine contractors, though received payments for works contracts executed by them, did not file their returns, thereby concealing their turnover of ₹ 47.01 crore. As the Department did not have a system of cross-verification of contractee returns (DVAT- 48) with that of the contractors returns (DVAT -16 and 17), to detect cases of non-submission of returns by the contractors, nine contractors escaped the process of tax assessment, resulting in revenue loss of ₹ 11.44 crore, including interest and penalty.

The Department in its reply (March 2015) stated that efforts are being made to evolve a mechanism so that the database available with these departments can usefully be utilised by it. The reply confirms the audit observation.

(iii) Assessment without cross verification of details in returns with the data available with the Department

Under Section 36A (11) of the Act, every person (contractee), responsible for deducting tax at source, is required to furnish a TDS return (Form DVAT 48) annually (quarterly from April 2012), within a period of 28 days from the end of the year (quarter), in which tax at source has been deducted from the payment made to the contractors. The return should contain details of the works contractors engaged, gross value of their contract, amount paid to them during the year, etc. Under Section 42(2) and 86(10) (b), interest and penalty are leviable respectively, for the amount of tax deficiency made by the contractor.

Audit observed that no system existed in the Department, where information available in the returns filed by the contractee, are utilized to cross verify the correctness of turnover, TDS, etc., as declared by the corresponding contractors in their returns (Form DVAT 16 or DVAT 17). Such a cross verification can detect cases of suppression of turnover, excess claim of TDS and unearth works contractors who have not got themselves registered with the Department. However, as a result of cross verification of returns of contractee, with the returns of the contractors, available with the Department itself, audit detected cases of concealment of turnover by the contractors. During the period 2009-13, four contractors filed returns declaring their total turnover as ₹ 10.35 lakh. However, the TDS returns (DVAT 48) filed by the contractee in respect of these contractors, showed turnover of ₹ 12.44 crore. This resulted in non-levy of tax of ₹ 3.28 crore, including interest and penalty.

The Department in its reply (March 2015) stated that to contain leakage in VAT in works contract, it has developed a module, making mandatory for all contractee to file TDS return (DVAT-48) online and to issue online certificate to this effect (DVAT-43) after depositing the TDS online in the Government account.

The reply is silent with regard to above stated observation of non-levy of tax already occurred and recovery thereof.

1.2.1.2 Non-deduction of TDS

Under section 36A (1) of the DVAT Act, any person not being an individual or HUF who is responsible for making payment to any dealer for discharge of any liability on account of valuable consideration payable for the transfer of property in goods in pursuance of works contract, for the value exceeding twenty thousand rupees, shall at the time of credit of such sum to the account of the contractor or at the time of payment thereof in cash or by any other mode, whichever is earlier, deduct tax thereon at the rate prescribed.

The information collected from M/s. PPCL, showed that it got executed works contract and paid ₹ 21.51 crore to 13 contractors without deducting TDS from such payments during the period 2009-14. Further, it was seen that PPCL was not filing DVAT 48 return showing the details of TDS deducted and deposited and the Department also did not take any action to enforce the provisions of the Act on the contractee, for non-deduction of TDS. This resulted in revenue loss of ₹ 0.42 crore, besides penalty was also leviable.

The Department in its reply (March 2015) stated that it has been conducting various sensitization programmes with different departments to educate them regarding provisions of DVAT-36A. Department's reply is not satisfactory as PPCL is a registered contractee and the department should have imposed the penalty for non-filing of DVAT-48.

1.2.2 Compliance deficiencies

Cases of non-compliance of various provisions of the Act, Rules, notifications, instructions etc. noticed during audit, are discussed in succeeding paragraphs:

1.2.2.1 Irregular allowance of deduction

As per Section 5(2) of the Act, and Rule 3 of the DVAT Rules, in case of turnover arising from the execution of the works contract, the amount representing the taxable turnover shall exclude the charges towards labour and services etc., subject to the dealer's maintaining proper records evidencing payment of charges towards labour and services etc., to the satisfaction of the Commissioner. If the amount of the labour and services is not ascertainable from the accounts of the dealer, it should be deducted at the prescribed rate of 25 *per cent* of GTO, in case of civil works contract.

(a) Audit scrutiny showed that in four cases for the period 2009-14, the Assessing Authority (AA) allowed exemption ranging from 28 *per cent* to 98 *per cent* on account of labour and services of ₹ 311.76 crore, from the GTO of ₹ 337.12 without giving adequate reasons particularly in cases where allowed exemption was more than the prescribed rate. In one case of M/s. Gammon-Construtora Cidade-Tensaccai-JV Delhi, 98 *per cent* of GTO was claimed and allowed as labour and services without mentioning any basis. The GTO of the assessee for the year 2010-14 was ₹ 298.57 crore and as per DVAT Department's circular No. 9 of June 2005, the assessee having GTO more than ₹ 5 crore, was to be assessed compulsorily, however, no assessment was made in the case of Gammon-Construtora Cidade-Tensaccai-JV Delhi for the year 2010-2014.

On this being pointed out, the Department stated (March 2015) that in such instances, deduction claimed by the contractor was allowed by the Assessing Authority during scrutiny after verification of records and in most cases, documents were returned after checking. The reply is not tenable as there was nothing mentioned in the assessment order on which basis the labour component was allowed in excess of the prescribed limit of 25 *per cent.*

(b) In another case, a contractor claimed exemption of ₹ 6.64 crore on turnover, on account of inter-state purchases for the year 2009-11, for which there is no provision in the Act. However, the AA accepted the claim and allowed the exemption, which was irregular and resulted in short levy of tax of ₹ 2.14 crore, including interest and penalty. The department replied (March 2015) that exemption on turnover on account of interstate purchases were allowed after checking the terms of contract as per contract agreement in accordance with Section 3 & 4 of the CST Act, 1956. The Reply is not acceptable as neither the copy the agreement was furnished to audit nor the basis on which the exemption was allowed mentioned in the assessment order.

1.2.2.2 Underassessment of turnover

Audit noticed (May 2014 to December 2014) from the assessment record of ward 107 that the AA while finalising the assessment (May 2014) of contractor for the year 2009-10, allowed deduction of ₹ 57.27 crore from the GTO on account of material directly billed by the contractee to the contractor. The deduction so allowed was irregular as supply of the material by the contractee to the contractor tantamount to sale. This resulted in under assessment of tax of ₹ 7.16 crore, besides interest of ₹ 5.11 crore and penalty of ₹ 7.16 crore was also leviable.

The Department in its reply (March 2015) stated that in many instances dealers reflect their turnover on the basis of bills raised in a particular month but receive payment and TDS certificate after six months. Hence, receipt of TDS certificate cannot be correlated with the turnover and the Audit observations are not based on the actual practice adopted in the industry.

Reply of the Department is not correct as the audit observation was made on the basis of deduction allowed by the Assessing Authority from Gross Turnover (GTO) on account of material billed directly to the contractee.

1.2.3 Non-production of records

Section 18 of CAG's (DPC) Act, 1971 provides for co-operation by auditee department, in carrying out his constitutional duty. It further provides that the person in charge of any office or department, the accounts of which have to be inspected and audited by the Comptroller and Auditor-General, shall afford all facilities for such inspection and comply with requests for information in a complete form as possible and with all reasonable expedition.

The Department provided access to its online database for viewing and copying the dealer's profile/ returns. However, online database does not have details contained in other documents, submitted by the assessee either during the assessment proceedings or along with the hard copy of returns. Only on the basis of information available on online database, and which are very limited, audit could not derive complete assurance. Despite six meetings with higher authorities and repeated reminders, the Department provided only 38 files involving turnover of ₹ 307.21 crore and tax paid of ₹ 12.34 crore, out of selected 321 files involving turnover of ₹ 5301.24 crore.

The Department in its reply (March 2015) stated that out of 321 files demanded by the Audit, 165 assessment cases were done online, 21 were not done, 47 pertained to other wards and out of the remaining 88 cases, 44 were furnished to audit. It further stated that 230 cases were made available either through system or manually to Audit. The Department added that it is undergoing a complete transition from manual operations to digitization.

Reply of the department is not acceptable as 321 assessment cases were selected from the list provided by the Department. Out of 230 cases, 38 files were made available and for remaining cases, only limited online access was given on which audit could see only the dealers profile/ returns and the necessary documents[3] were not available on the online database. In the absence of these documents, it was not possible for audit to arrive at any conclusion.

1.2.4 Internal control

Every department responsible for tax collection is required to institute appropriate internal controls for its efficient and cost effective functioning for adequate safeguard against non/ short collection or evasion of taxes. Internal control mechanism in the department was not effective as audit had pointed out observations relating to cross verification of details of work contractors, non filing of returns by the registered dealers (Para 2.3.1.1) and working of the enforcement branch {Para 2.3.4(ii)}.

(i) Internal Audit

As per paragraph 2.13 of the 'White Paper' of the Empowered Committee on VAT, departmental audit should check the correctness of self-assessment, for which a certain percentage of dealers should be taken up for audit every year on a scientific basis. The Department has an Internal Audit Cell (IAC) under the charge of the Joint/Additional Commissioner (Audit). However, the IAC neither prepared any plan nor conducted any audit during 2009-13. Directorate of Audit under the Finance Department of GNCTD conducts audit of all the departments and offices of GNCTD. The Department did not furnish information regarding audit conducted by the Directorate of audit.

The Department stated (March 2015) that IAC is being strengthened.

(ii) Working of the Enforcement Branch

The Department has an Enforcement Branch (EB) headed by Additional Commissioner (Enforcement) to detect evasion of tax by conducting surveys, searches and seizures of the dealers in Delhi. Information provided by the EB showed that the Department did not have ward-wise fixed targets of the dealers to be selected for search or survey. During the period 2009-13, only seven enforcement activities i.e. searches/ surveys were conducted. Further, no record of search and survey conducted during 2009-13 was available with the Special Zone dealing exclusively with the cases of works contractors.

The Department stated (March 2015) that the Enforcement Branch had conducted 1508 surveys during the year 2013-14 and ₹ 14351.57 lakh has been deposited by the dealers voluntarily. These cases have further been assessed and sent to the concerned wards for recoveries.

Reply of the department is not satisfactory as the department has provided information regarding surveys conducted only during the year 2013-14, whereas

[3] Copies of DVAT Forms-43, 48, & 51, accounts and agreement of contract

the observations pertained to 2009-13. The Department is silent on enforcement activities pertaining to Special Zone.

The above points were reported to the Government (January 2015); Director (Finance) in its reply (March 2015) stated that the instructions have been issued to all assessing authorities to send replies within three days. The replies from the department were received and suitably incorporated.

1.3 Loss of revenue on account of allowance of inadmissible concessional rate of tax on inter-state sales

Acceptance of duplicate copy of 'C' Forms, which contained overwriting in name of the selling dealer, amount, number and date of bill, resulted in inadmissible claim of ₹ 91.59 lakh involving short realisation of tax of ₹ 9.62 lakh.

Section 8(4) of the Act stipulates that the provision of Section 8(1) shall not apply unless dealer selling the goods, furnishes to the prescribed authority in the prescribed manner a declaration duly filled and signed by the registered dealer to whom the goods are sold, containing the prescribed particulars in a prescribed form obtained from the prescribed authority. Further, as per High Court order in the case of Bharat Petroleum Corporation Ltd. *v/s* State of Kerala (2011), Forms would be treated as defective if, there were cuttings, erasures and manipulation of details on the forms and these deficiencies could not be removed merely through confirmation letters of the purchaser; and these could be removed by attestation of the purchaser on the form itself and counter-signature of the assessing officer of the issuing State.

Audit noticed during test check of the records of Ward 204 between February 2014 to May 2014 that in one case relating to the assessment year 2010-11 (assessed on 17 April 2012), the dealer claimed concession on interstate sale of ₹ 101.11 lakh against Form 'C' in the month of October 2010. Out of this claim of ₹ 91.59 lakh was against duplicate 'C' Forms, which contained overwriting in name of the selling dealer, amount, number and date of bill. However, the Assessing Authority did not look at these irregularities during assessment and allowed concessional rate of tax on the basis of defective Forms 'C'.

Thus, inadmissible allowance of concessional rate of tax on inter-state sales of ₹ 91.59 lakh, resulted in short realisation of tax of ₹ 9.62 lakh. Besides, interest of ₹ 2.94 lakh was also leviable.

The Department in its reply (30 March 2015), stated that correspondence with the concerned authorities of issuing State has been made (22 July 2014) to verify the Forms. In case the concerned authorities did not verify the amount claimed by the dealer, the case will be re-assessed and appropriate demand will be raised.

TRANSPORT DEPARTMENT

1.4 Motor Vehicle Tax

Poor contract management and not taking timely action by the Department resulted in extra burden of ₹ 3.19 crore on vehicle owners. Only 170581 out of 1017764 vehicles were affixed with HSRPs. The Department has no mechanism to trace out vehicles plying without valid Certificate of Fitness.

Audit of the Transport Department (the Department) for the period 2011-14 was conducted during June to August 2014, to see whether registration of vehicles, issuance of driving licenses, fitness certificates, permits, collection of road tax, etc., were in accordance with the provisions of Acts and Rules. Audit examined records at Transport Headquarters and randomly selected five[4] out of 15 offices of Motor Licensing Officers (MLOs). The findings are given in succeeding paragraphs.

1.4.1. Contract for registration of vehicles

The Department entered into an agreement with M/s. Shonkh Technology International Limited (STIL) in June 2003 to prepare vehicle registration certificates (VRCs) in smart cards and charge ₹ 416 per vehicle from the owner. As per clause 16(1) (b) of the agreement, the agreement could be terminated by both parties for any material breach of obligations.

1.4.1.1 Extra burden on vehicle owners due to poor contract management

The Reports of the Comptroller and Auditor General of India for the year ended 31 March 2008 and 31 March 2011 (Report No.2), highlighted issues like - lapses in the process of selection and award of work for implementation of Smart Card for registration of vehicles to STIL, failure of the Department to take concrete steps, inadequate monitoring of the contract, non-initiation of process to award the work afresh or to decide upon continuing with the services of STIL.

As per clause 5 (xiii) of the agreement, STIL was to maintain sufficient stock of blank smart cards to prepare new or replacement VRCs in smart cards within four working days of application. Scrutiny of records, however, showed that STIL did not maintain sufficient stock of blank smart cards. As such, the firm was not able to maintain timely issue of VRCs and as a consequence, 63082 VRCs were pending to be issued as of May 2013. In the meanwhile, the Department instead of taking a firm decision to terminate the agreement issued six[5] show cause notices to STIL from June 2006 to May 2013. In October 2013, when the Department decided to terminate the services of STIL from 31 December 2013, STIL got stay order from the Delhi High Court. The contract was finally terminated on 21 April 2014. However, by that time, pendency of issue of smart cards reached to 159619,

[4]MLO (ARU), MLO (VIU), MLO (Mall Road), MLO (Loni Road), and MLO (Vasant Vihar)
[5]07.06.2006, 06.07.2007, 02.05.2008, 07.03.2012, 21.09.2012 and 10.05.2013.

and the firm had collected ₹ 6.64 crore from the public against these pending cards at the rate of ₹ 416 per card.

On 22 April 2014, the work of issue of VRCs was allotted to Delhi Integrated Multi Modal Transit System Ltd. (DIMTS) at the rate of ₹ 200 per card on nomination basis due to urgency with the approval of Lieutenant Governor. However, vehicle owners who had earlier paid ₹ 416 per card to the previous vendor, were not allowed any credit for the same and they had to pay ₹ 200 per card afresh, to the new vendor for issue of VRCs for their vehicles. Thus, poor contract management and not taking timely action on the part of the Department, for termination of agreement with STIL, resulted in extra burden of ₹ 3.19 crore[6] on vehicle owners.

The Department in its reply (March 2015) stated that the contract was not managed poorly and the lapses of M/s. STIL were brought to its notice vide several memorandum/ show cause notices. As regards collecting ₹ 6.64 crore from vehicle owners against pending cards, the Department had asked the concerned Bank to invoke the Bank Guarantee of ₹ 50 lakh in favour of the Department and also claimed ₹ 6.64 crore from STIL before the Arbitral Tribunal. Reply of the department is not tenable as the Department, instead of taking timely decision to terminate the contract and encash bank guarantee, had only issued memorandum/ show cause notices to STIL during June 2006 to May 2013, despite pointed out in the Audit Reports for the year ended 31 March 2008 and 31 March 2011.

1.4.1.2 Non-retrieval of VRC's data

As per clause 21.2 of the agreement, on expiry of the contract, the vendor shall duly transfer all data and information to the vendee. On termination of the contract with STIL on 21 April 2014, the Department asked (June 2014) the vendor to provide all data including that of VRCs, however, it had not received the same as of March 2015.

The Department has accepted (March 2015) the audit observation and stated that the process is in progress.

1.4.2 Policy regarding High Security Registration Plates (HSRP)

As per the Supreme Court's direction (February 2012), all State Governments were to implement the scheme of HSRP in their entire state positively by 30 April 2012, in case of new vehicles and from June 2012 in case of old vehicles.

The Department selected M/s. Rosmerta Technologies Limited in April 2012 for affixation of HSRP on vehicles after bidding process. A notice for implementation of the scheme of HSRP was also published on 28 April 2012. All vehicles registered on or after 30 April 2012, were required to be affixed with HSRP by the firm at the time of registration of vehicle and from 15 June 2012 to 14 June 2014 in case of old vehicles.

[6] (159619 @ ₹ 200)

The firm was to guarantee vehicle owners imperishable nature of HSRP for a minimum period of five years, give cash receipt bearing the help line number, submit bi-weekly progress report, prepare a plan for affixation of HSRP on vehicles registered prior to 30 April 2012, device a system to reach out to all such vehicle owners, develop software for online booking of time slots for affixation of HSRP and provide HSRP pendency details along with a softcopy, to the Department.

Scrutiny of records showed that 1017764 HSRPs were required to be affixed by the vendor on vehicles registered from 30 April 2012 to 31 March 2014. However, the vendor fixed only 170581 HSRPs (17 *per cent*) on vehicles, leaving 847183 (83 *per cent*).

The Department stated (March 2015) that while it was considering action for termination of the contract, keeping in view lapses on the part of vendor, the vender initiated arbitration proceedings against the proposed action of the Department.

1.4.3 Vehicles plying without valid Certificates of Fitness (CoFs)

Section 56 of the Motor Vehicles Act, 1988 provides that subject to the provisions of section 59 and 60, a transport vehicle shall not be deemed to be validly registered unless it carries a CoF issued by the prescribed authority in the prescribed form. The CoF in respect of a new transport vehicle shall be valid for two years; which shall be renewed every year against receipt of prescribed fees for inspection and testing of the vehicles and grant or renewal of CoF. The CoF in respect of new non-transport vehicles shall be valid for 15 years; and after this, it shall be renewed every five years against receipt of prescribed fees for inspection and testing of the vehicles.

As per information made available by the Computer Branch (July 2014), there were 61283 commercial vehicles and 2680641 non-transport vehicles, whose fitness period had expired by 31 March 2014, but not reported for fitness test and were plying on roads. Thus, not only huge number of vehicles were plying without valid fitness certificates but also the Department was deprived of revenue on account of re-registration/renewal of fitness fee. The Department has no mechanism to trace out vehicles plying without valid CoF.

The matter was referred to the Department (December 2014). The reply is awaited (March 2015).

The above points were reported to the Government (December 2014); their reply is awaited (March 2015).

Chapter-II

Public Sector Undertakings

2.1 Overview of State Public Sector Undertakings

The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations.

As on 31 March 2014, there were 17 PSUs (all working), which included 15 Government Companies[1] and two Statutory Corporations[2]. None of these Companies was listed on any stock exchange. The investment in the PSUs as on 31 March 2014 was ₹ 28518.73 crore.

2.1.1 Audit mandate

Audit of Government Companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government Company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government Company includes a subsidiary of the Government Company as well. Further, a company in which not less than 51 *per cent* of the paid up capital is held in any combination by Government(s), Government Companies and Corporations controlled by Government(s), is treated as if it were a Government Company (deemed Government Company) as per Section 619-B of the Companies Act, 1956.

The accounts of the State Government Companies are audited by Statutory Auditors, appointed by the C&AG as per the provisions of Section 619(2) of the Companies Act, 1956 in addition to supplementary audit conducted by the C&AG as per the provisions of Section 619(3)(b) of the Companies Act, 1956.

Audit of Statutory Corporations is governed by their respective legislations. Out of two Statutory Corporations, the C&AG is the sole auditor for Delhi Transport Corporation. For Delhi Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit is conducted by the C&AG.

[1] (i) Delhi SC /ST /OBC Minorities, Handicapped Financial and Development Corporation Limited, (ii) Delhi State Industrial & Infrastructure Development Corporation Limited, (iii) Shahjahanabad Redevelopment Corporation, (iv) Delhi Power Company Limited, (v) Delhi Transco Limited, (vi) Indraprastha Power Generation Company Limited, (vii) Pragati Power Corporation Limited, (viii) DSIIDC Energy Limited, (ix) Delhi State Civil Supplies Corporation Limited, (x) Delhi Tourism and Transportation Development Corporation Limited, (xi) Geospatial Delhi Limited, (xii) DSIIDC Maintenance Services Limited, (xiii) DSIIDC Exim Limited, (xiv) DSIIDC Liquor Limited and (xv) Delhi Transport Infrastructure Development Corporation.

[2] (i) Delhi Financial Corporation and (ii) Delhi Transport Corporation.

2.1.2 Investment in State PSUs

As on 31 March 2014, investment in the 17 PSUs was ₹ 28518.73 crore as given in **Table 2.1.1.**

Table 2.1.1
Investment in PSUs

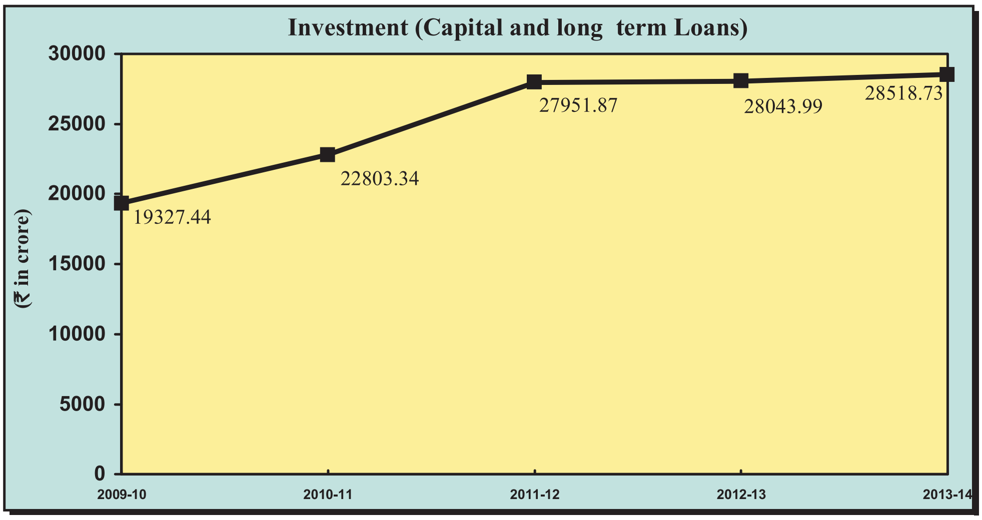
(₹ in crore)

	Nos.	Capital	Long term loans	Total
Government companies	15	7607.72	7167.73	14775.45
Statutory corporations	2	2010.15	11733.13	13743.28
Total	**17**	9617.87	18900.86	28518.73

(Source: Figures provided by Companies and Statutory Corporations)

A summarised position of Government investment in State PSUs is given in **Annexure 2.1.**

As on 31 March 2014, of the total investment in State PSUs, 33.72 *per cent* was towards Capital and 66.28 *per cent* towards long-term Loans. The capital investment has grown by 34.11 *per cent* from ₹ 7171.70 crore in 2009-10 to ₹ 9617.87 crore in 2013-14 whereas the loan investment has grown by 55.49 *per cent* from ₹ 12155.74 crore in 2009-10 to ₹ 18900.86 crore in 2013-14 as shown in the following graph:



The thrust of PSUs' investment was in Transport and Power sectors. The investment in Transport sector increased from ₹ 10911.84 crore in 2009-10 to ₹ 13740.64 crore in 2013-14. Its percentage share in total investment fell from 56.46 *per cent* (2009-10) to 48.18 *per cent* (2013-14). In Power sector, the investment increased from ₹ 8257.68 crore in 2009-10 to ₹ 14548.86 crore in

2013-14, its percentage share in total investment increased from 42.73 *per cent* (2009-10) to 51.02 *per cent* (2013-14).

2.1.3 Budgetary outgo, grants/ subsidies, guarantees and loans

The details regarding budgetary outgo towards equity, loans, grants/ subsidies, guarantees issued and loans converted into equity in respect of State PSUs are given in **Annexure 2.2**. The summarised details for three years ended 2013-14 are given in **Table 2.1.2**.

Table 2.1.2

Budgetary outgo to State PSUs

(₹ in crore)

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	5	1161.65	4	743.55	-	-
2.	Loans given from budget	5	1196.36	4	770.00	5	3639.39
3.	Grants/Subsidy received	5	917.03	5	1271.40	4	1455.14
4.	Total Outgo[3] (1+2+3)	9	3275.04	7	2784.95	8	5094.53

2.1.4 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the difference. The position in this regard as at 31 March 2014 is given in **Table 2.1.3**.

Table 2.1.3

Reconciliation with finance accounts

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity[4]	9177.78	9197.70	(-) 19.92
Loans[5]	15674.08	17230.37	(-) 1556.29

(Source: Finance accounts of Govt of NCT of Delhi and information from PSUs)

The difference occurred in Equity and Loan figures in respect of 12[6] PSUs. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

[3] Actual number of PSUs which received budgetary support.
[4] Equity figure consists the share of State Government only.
[5] Figures of Loan were taken from the records of companies and matched with the information sourced from PAOs.
[6] Equity figures of PSUs at Sl. No. 2, 3, 11, 15 and 17 and Loan figures of PSUs at Sl. No. 1, 4, 5, 6, 7, 9, 10, 11 and 17 in **Annexure 2.1.**

2.1.5 Performance of PSUs

The summarized financial results of Government companies and Statutory corporations for the latest year for which accounts were finalized are given in **Annexure 2.3.** Out of 17 working PSUs[7] for which the accounts were received upto 30 September 2014, eleven PSUs earned profit of ₹1315.42 crore, five PSUs incurred loss of ₹ 2950.45 crore and one PSU was at breakeven. The major contributors to profit were Pragati Power Corporation Limited (₹ 597.91 crore), Delhi Transco Limited (₹ 327.19 crore), Indraprastha Power Generation Company Limited (₹ 189.66 crore) and Delhi State Industrial and Infrastructure Development Corporation Limited (₹ 148.35 crore). Heavy losses were incurred by Delhi Transport Corporation (₹ 2914.40 crore).

A review of latest three years Audit Reports of the Comptroller and Auditor General shows that the State PSUs incurred losses to the tune of ₹ 1523.74 crore, which were controllable with better management, of which ₹ 81.50 crore pertains to current year's Audit Report. The year wise breakup is given in **Table 2.1.4**.

Table 2.1.4
Controllable losses of PSUs

(₹ in crore)

Particulars	2011-12	2012-13	2013-14
Controllable losses as per the C&AG's Audit Report	1259.35	182.89	81.50

As per their latest finalised accounts, 11[8] PSUs earned a profit of ₹ 1315.42 crore but only two companies viz. DTTDC and DSCSC declared dividends of ₹ 0.63 crore and ₹ 0.5 crore respectively.

2.1.6 Arrears in finalisation of accounts

As per Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956, the accounts of the companies for each financial year are required to be finalized within six months from the close of the relevant financial year. Similarly, in case of Statutory Corporations, their accounts are finalized, audited and presented to the Legislature as per the provisions of their respective Acts. The details of finalisation of accounts of working PSUs as on 30 September 2014 are given in **Table 2.1.5**.

[7] For the year 2003-04 (one PSU); 2011-12 (one PSU); 2012-13 (two PSUs); 2013-14 (13 PSUs).
[8] Serial No. 1, 2, 5, 6, 7, 8, 9, 10, 11, 15 and 16 in **Annexure 2.3**.

Table 2.1.5
Arrears in finalization of accounts

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Number of Working PSUs	12	13	17	17	17
2.	Number of accounts finalised during the year	14	11	12	21	15
3.	Number of accounts in arrears	9	11	16	12	14
4.	Average arrears per PSU (3/1)	0.75	0.85	0.94	0.71	0.82
5.	Number of working PSUs with arrears in accounts	3	4	8	3	4[9]
6.	Extent of arrears	1 to 7 years	1 to 8 years	1 to 9 years	1 to 9 years	1 to 10 years

The average number of accounts in arrears *per* working PSU increased from 0.75 in 2009-10 to 0.82 in 2013-14. One PSU namely Delhi SC/ ST/ OBC Minorities, Handicapped Financial and Development Corporation Limited had major backlog of 10 years of accounts. Other PSUs had only one to two year's accounts in arrears as on 30 September 2014.

The State Government had invested ₹ 1297.45 crore (equity: ₹ 19.28 crore, loans: ₹ 284.49 crore and grants/ subsidy: ₹ 993.68 crore) in the four PSUs during the years for which accounts have not been finalised as detailed in **Annexure 2.4.** In the absence of finalization of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not. Further, delay in finalisation of accounts resulted in violation of the provisions of the Companies Act, 1956.

The Administrative Departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. As a result of this, the net worth of these PSUs could not be assessed in audit. The matter of arrears in finalisation of accounts is taken up every month with the Principal Secretary (Finance), Government of NCT of Delhi to expedite clearance of the arrears in accounts in a time bound manner by the Principal Accountant General (Audit), Delhi. The matter was also taken up with the Chief Secretary, Government of NCT of Delhi in June 2014 and October 2014.

2.1.7 Accounts Comments and internal audit/ internal control

Thirteen working companies forwarded their 13 audited accounts during the period from October 2013 to September 2014. Of these, 12 accounts were selected for supplementary audit and one account was selected for issue of non-review certificate. Similarly, two working Statutory Corporations forwarded their two

[9] Serial No. 1, 5, 15 and 17 of **Annexure 2.3**. Accounts for the year 2013-14 in respect of PSUs at Sl. No. 5 and 17, though received in September 2014, were under finalization till 30 September 2014.

accounts during the period October 2013 to September 2014. The details of aggregate money value of comments of Statutory Auditors and the C&AG are given in **Table 2.1.6**.

Table 2.1.6

Aggregate money value of comments of Statutory Auditors and C&AG

(₹ in crore)

Sl. No.	Particulars	Companies				Corporations			
		2012-13		2013-14		2012-13		2013-14[10]	
		No. of instances	Amount	No. of instances	Amount	No. of instances	Amount	No. of instances	Amount
1.	Decrease in Profit	2	2.98	3	11.12	-	-	-	-
2.	Increase in Profit	4	66.76	3	68.29	1	0.01	-	-
3.	Increase in Loss	1	850.59	1	554.82	1	549.70	2	2569.52
4.	Decrease in Loss	-	-	-	-	-	-	1	1306.17
5.	Non-disclosure of material facts	4	1328.86	-	-	2	10.71	1	1.54
6.	Errors of classification	2	7.30	1	40.17	-	-	1	116.66

(Source: Annual accounts of PSUs)

During the year, the Statutory Auditors had given unqualified certificate for seven accounts and qualified certificates[11] for five accounts and not true and fair view on one accounts. There were three instances of non-compliance with Accounting Standards (AS) during the year in three companies. After supplementary audit, the C&AG also qualified one account.

The Delhi Financial Corporation received qualified certificate from Statutory Auditors and the C&AG on its accounts for the year 2013-14. In Delhi Transport Corporation where the C&AG is the sole auditor, the separate audit report on the accounts for the year 2013-14 was issued (April 2015). There were three instances of non-compliance with Accounting Standards in the two Corporations.

Some of the important comments on accounts of Companies and Corporations audited and finalised upto 30 November 2014 are given in **Table 2.1.7**.

Table 2.1.7

Important comments on accounts of Companies and Corporations

Name of Company	Year of account	Gist of the comment
DPCL[12]	2013-14	• Cash and Cash equivalents were overstated by ₹ 1.53 crore. There was consequent understatement of Interest Accrued but not due. • Cash Flow from investing activities for the year 2013-14 incorrectly included dividend accrued for 2013-14, interest accrued and due/ not due on Loans, FDRs & Other Securities and excluded interest accrued & due for the year 2012-13 received during the year resulting in overstatement of Cash Flow from investing activities of ₹ 38.64 crore.

[10] Impact of comments on accounts in respect of Delhi Transport Corporation is for the year 2012-13 and in respect of Delhi Financial Corporation for the year 2013-14.

[11] Qualified certificate given by Statutory Auditors represent that there are certain exceptions/ qualifications on the financial statement, which do not comply with generally accepted accounting principles.

[12] Delhi Power Company Limited

DFC[13]	2013-14	• Service Tax recoverable from the licencees for the period 01 June 2007 to 31 March 2014 was overstated by ₹ 0.15 crore and loss was understated by the same amount.
DTC[14]	2012-13	• Revenue Grant-in-Aid (Ways and Means) of ₹ 1304 crore to meet working deficit were incorrectly shown as Liability instead of being credited to P & L A/c resulting in overstatement of Grant-in-Aid and understatement of extraordinary item (credit side). • DTC Employees' Superannuation Pension Trust as on 31 March 2013 showed availability of ₹ 159.38 crore in its Corpus Fund, as against the lowest assessed valuation of liability of Trust of ₹ 2087.37 crore. This resulted in understatement of Employer's contribution towards pension scheme as well as net loss carried to the Balance Sheet of ₹ 1927.99 crore. • The actuarial valuation for gratuity as on 31 March 2013 (in line with the AS-15) worked out to ₹ 700 crore for 26072 employees. However, the Corporation provided only ₹ 58.62 crore under Gratuity Fund, resulting in understatement of Gratuity Provision/ Losses and Gratuity Fund by ₹ 641.38 crore.

The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/ internal audit systems in the companies audited in accordance with the directions issued by the C&AG under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which need improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit/ internal Control system in respect of eight Companies[15] for the year 2013-14 are given in **Table 2.1.8**.

Table 2.1.8
Comments made by Statutory Auditors

Sl. No.	Nature of comments made by Statutory Auditors	Number of Companies where recommendations were made	Reference to serial number of the Companies as per Annexure 2.3
1.	Non-fixation of minimum/ maximum limits of store and spares	4	A - 5, 6, 7 & 9
2.	Absence of internal audit system commensurate with the nature and size of business of the Company	7	A - 2, 6, 7, 8, 9, 10 & 14
3.	Non-maintenance of proper records	3	A - 2, 9 & 10

(Source: Annual accounts of PSUs)

2.1.8 Status of placement of Separate Audit Reports

Table 2.1.9 shows the status of placement of Separate Audit Report (SAR) issued by the C&AG on the accounts of Statutory Corporation in the Legislature by the Government:

[13] Delhi Financial Corporation.
[14] Delhi Transport Corporation.
[15] Sl. No. 2, 5, 6, 7, 8, 9, 10 and 14 in **Annexure – 2.3**.

Table 2.1.9
Status of placement of SAR in legislature

<table>
<tr><th rowspan="2">Sl. No.</th><th rowspan="2">Name of Statutory corporation</th><th rowspan="2">Year up to which SAR placed in Legislature</th><th colspan="3">Year for which SARs not placed in Legislature</th></tr>
<tr><th>Year of SAR</th><th>Date of issue to the Government</th><th>Reasons for delay in placement in Legislature</th></tr>
<tr><td rowspan="2">1.</td><td rowspan="2">Delhi Financial Corporation</td><td rowspan="2">2011-12</td><td>2012-13</td><td>31.10.2013</td><td rowspan="3">NA</td></tr>
<tr><td>2013-14</td><td>07.11.2014</td></tr>
<tr><td>2.</td><td>Delhi Transport Corporation</td><td>2011-12</td><td>2012-13</td><td>19.03.2014</td></tr>
</table>

2.1.9 Disinvestment, Privatisation and Restructuring of PSUs

The State Government had not undertaken the exercise of disinvestment, privatization or restructuring of any of the State PSUs during 2013-14.

2.1.10 Response of the Government to Audit Report Material and coverage of the chapter

For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2014, one performance audit involving ₹ 8.04 crore and two audit paragraphs involving ₹ 73.46 crore were issued to Government with request to furnish replies within six weeks. However, replies to the audit paragraphs were awaited (April 2015) from Government. This Chapter of the Audit Report contains two audit paragraphs and one performance audit on 'Working of Delhi Tourism and Transportation Development Corporation Limited involving financial effect of ₹ 81.50 crore.

Performance Audit and Transaction Audit

2.2 Performance Audit of the Working of Delhi Tourism and Transportation Development Corporation Limited

Highlights

Company did not formulate a perspective plan for tourism promotion in the city despite 39 years of its formation (1975).

(Paragraph 2.2.3.1)

Tourist inflow in Delhi as a whole, registered an increase of 108 *per cent*, whereas it increased only by 30 *per cent* in the tourist spots owned by the Company during 2009-14. Vacant craft and food stalls and non-holding of cultural events on regular basis at the Dilli Haats, led to declining footfall and consequent inadequate exposition of Indian Art and Crafts, Culture and Cuisine.

(Paragraphs 2.2.3.3, 2.2.4.2(ii), 2.2.4.3 and 2.2.4.4)

The net profit dipped from ₹ 18.47 crore in 2012-13 to ₹ 5.32 crore in 2013-14. Company's tourist spots viz. Delhi Haat-Pitampura and GFS incurred losses of ₹ 5.58 crore and ₹ 1.60 crore respectively, during 2009-14, due to low income and high fixed costs. Tourism and Travel Division incurred loss of ₹ 28.30 crore and ₹ 2.63 crore respectively, during 2009-14, as earnings were not sufficient to set off expenses.

(Paragraphs 2.2.2.1, 2.2.4.1(ii) & (iii), 2.2.4.5 and 2.2.4.6)

The profit of ₹ 4.59 crore earned by the five outsourced Coffee Homes was eroded by loss incurred in Canteen in Vidhan Sabha and departmentally run Coffee Homes, which resulted in loss of ₹ 1.37 crore to Catering Division.

(Paragraph 2.2.4.7)

Contribution from liquor sale to total turnover, was above 91 *per cent*, but its share in profit ranged between 13 and 42 *per cent* only. Despite availability of stock, order was placed for purchase of liquor by applying higher growth factor without rationale. The Company did not have a system either to rebrand or renovate its liquor outlets.

(Paragraphs 2.2.2.1(i) and 2.2.5.2)

Shifting of Electric Services before getting necessary approvals for the Mayur Vihar Dilli Haat project resulted in infructuous expenditure of ₹ 6.95 crore. Irregular incorporation of escalation clause in contracts by Engineering Division resulted in extra payment of ₹ 117.06 crore in three works.

(Paragraphs 2.2.4.9(iii) and 2.2.6.3)

2.2.1 Introduction

The Delhi Tourism and Transportation Development Corporation (Company), a Government undertaking, was incorporated in December 1975 to promote tourism in Delhi. The Company was entrusted with the activities of sale of liquor (1979) and engineering and construction activities (1989). The management of the Company is vested in a Board of Directors (BoD) comprising of the Chairman, Managing Director and 12 Members. The Managing Director is the Chief Executive Officer of the company, who is assisted by a General Manager, a Chief Engineer and a Financial Controller.

2.2.1.1 Audit objectives

The performance audit was conducted with a view to ascertain whether:

- the Company was effectively and efficiently managing its financial resources,
- the Company was functioning as per its mandate and its tourism activities were in sync with its objectives,
- liquor sale was managed on viable basis,
- the Company executed works economically, efficiently and effectively, and
- adequate internal control mechanism was in place.

2.2.1.2 Scope of audit and methodology

The present Performance Audit of the Company covering the activities of tourism promotion, sale of liquor and engineering covering the period 2009-14, was conducted during April to September 2014. Records at the corporate office of the Company and its units engaged in tourism promotion and liquor sale were test checked. In addition, 41 out of 212 works (19 *per cent*) of Engineering Division were selected on the basis of higher tendered amount. Entry conference with the Management was held on 22 May 2014 to discuss audit objectives, scope, criteria and methodology. The last review was printed in CAG's report of 2004 covering the period 1998-99 to 2002-03.

Audit findings were issued to the Management, inviting their views and an exit conference was held on 03 March 2015, with the Management and Government. The views expressed in the exit conference and replies received from the Government subsequently, have been incorporated appropriately in the Report.

2.2.1.3 Audit criteria

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

- Annual plans, agenda notes and BoDs resolutions;
- Memorandum of understanding/agreement with private parties and Government agencies;
- Central Public Works Department Manual; and
- Central Vigilance Commission guidelines and the General Financial Rules.

Audit findings

2.2.2 Financial position

2.2.2.1 Capital structure and analysis of financial performance

As on 31 March 2014, paid up share capital of the Company was ₹ 6.28 crore (6,28,251 equity shares of ₹ 100 each, with 99.99 *per cent* held by GNCTD) and 'Reserves & Surplus' of ₹ 139.88 crore. The financial results of the Company for the period 2009-14, are detailed in **Annexure 2.2.1(a), 2.2.1(b) and 2.2.1(c)**, and summarised in **Table 2.2.1**. The Company undertakes tourism, travel, catering, liquor trade and engineering activities. The performance of the Company in different segments is discussed at appropriate places in the report. Briefly the financial position of the Company is as under:

Table 2.2.1
Financial results of the Company (2009-14)

(₹ in crore)

Year	Turnover	Other income	Total income	Total expenses	Net profit before tax	Net profit after tax
2009-10	739.27	30.37	769.64	760.19	9.45	4.66
2010-11	845.80	38.25	884.05	867.75	16.30	13.48
2011-12	932.06	37.91	969.97	949.11	20.86	18.40
2012-13	1040.32	58.20	1098.52	1064.83	33.69	18.47
2013-14	1050.60	48.35	1098.95	1079.69	19.26	5.32
Total	**4608.05**	**213.08**	**4821.13**	**4721.57**	**99.56**	**60.33**

(Source: Financial statements of the Company)

(i) The Analysis of financial statements of the period 2009-14, showed the following:

- The net profit dipped from ₹ 18.47 crore in 2012-13 to ₹ 5.32 crore in 2013-14 due to drop in other income from ₹ 58.20 crore to ₹ 48.35 crore.
- The percentage of return on capital employed, though showed improvement (4.87 *per cent* in 2009-10 to 12.91 *per cent* in 2010-11) it declined to 2.33 *per cent* in 2013-14 reflecting that Company was not able to generate sufficient earnings from its assets.

- Though contribution of liquor income to total income was in the range of 91 and 94 *per cent,* its contribution to profit before tax was only 13 to 28 *per cent* (except 42 *per cent* in 2011-12).
- If the interest income of ₹ 141.02 crore from unspent grants and deposit works funds is excluded from total income, the Company actually incurred loss of ₹ 41.46 crore in its mandated activities.
- 'Other Income' (interest on TDRs, licence fee, sale of empty cartons etc.) significantly contributed to total income (36 to 47 *per cent)* indicating inadequate income from core business.
- The company incurred loss in its tourism activity *viz.*, tourism, travel, catering, Dilli Haats, Garden of Five Senses (GFS), Delhi Institute of Tourism and Travel Management (DITTM) etc.

The Management confirmed (March 2015) the facts.

2.2.2.2 Utilization of Government grants

The Audit Report of the Comptroller and Auditor General of India on GNCTD for the year ending March 2003, highlighted delay in utilization of Government grants by the Company due to faulty conceptualization of projects and lack of adequate co-ordination and effective pursuance with other agencies. However, there was no evidence to show that the Company initiated remedial steps to ensure prudent and efficient utilisation of grants on earmarked activities. Some instances of shortcomings relating to grants are given below:

(i) The Company did not provide complete supporting documents (sanction letters, utilisation certificates etc.) regarding utilization of grants. Scrutiny of available information relating to grants revealed that the figures of unspent grants did not tally with those appearing in the Balance Sheets for the years 2010-13 reflecting a difference of ₹ 9.99 crore. This indicates that the Company is not monitoring utilisation of grants and in the absence of complete supporting documents, the actual and timely utilisation of grants on earmarked activities could not be verified in audit.

The Management stated (March 2015) that it had initiated maintenance of detailed grant register from 2014-15. The reply, however, was not accompanied by details of receipt and utilisation of grants for the period 2009-14.

(ii) The Planning Department, GNCTD, while examining the proposal to sanction expenditure for festivals and events, directed (March 2010) the Company to reduce dependency on grants. The Company, however, did not make adequate efforts in this direction. Audit observed that the Company was dependent on grants for organising events and the entire expenditure of ₹ 13.10 crore during 2009-14 were met through grants, except during 2013-14 when it incurred ₹ 0.14 crore from its resources.

The Management stated in March 2015 that it is the implementing agency for organising events etc. Reply is not acceptable as the Planning Department, GNCTD had instructed (March 2011) the Company to include a sharing formula in proposals for organizing festivals.

(iii) The Company utilised only ₹ 1.53 crore out of grants of ₹ 4.36 crore, received during 2010-11 for publicity. It did not surrender the unspent grant of ₹ 2.83 crore, but irregularly utilized ₹ 0.97 crore out of it during 2011-12. The Management stated (March 2015) that ₹ 2.50 crore was spent during 2011-12 and ₹ 1.87 crore refunded during 2012-14. Reply of the Management confirms the audit observation that the Company retained grants without approval of Finance Department, GNCTD.

(iv) The Company did not surrender unutilized grant of ₹ 0.35 crore received in July 2011 for purchase of boats. The Management stated (March 2015) that GNCTD allowed it to utilise the funds. Reply is not acceptable as the Planning Department, GNCTD directed (December 2013) the Company to utilise the grant of ₹ 0.35 crore before seeking further funds.

(v) An unspent grant of ₹ 2.06 crore out of ₹ 9.01 crore, received from Department of Power, GNCTD for shifting of Electric Services at proposed Mayur Vihar Dilli Haat, was unauthorisedly retained by the Company and was surrendered only in December 2014, after it was pointed out by Audit.

(vi) Despite being instructed by GoI in September 2012, to implement the scheme, the Company failed to utilise central assistance of ₹ 0.20 crore received in March 2009 for capacity building under 'Hunar Se Rozgar Tak' scheme and surrendered ₹ 0.18 crore in March 2014 after utilizing ₹ 0.02 crore only. Inadequate efforts by DTTDC led to failure of GoI initiative for creation of manpower for tourism purpose. The Management stated (September 2014) that the training could not be organized due to delayed sanction for advertisements, non-awareness of scheme among BPL population and dependency on outside Institutes. The reply confirms the audit contention.

2.2.3 Tourism- Policy and planning

2.2.3.1 Absence of tourism policy and perspective planning

In Delhi, DTTDC is vested with the role of an agency to promote tourism in the city. It was, however, observed that there existed no defined tourism policy for Delhi State in line with the National Tourism Policy, even after 20 years of formation of the Government of NCT of Delhi (1993). The Company also did not formulate a perspective plan for tourism promotion in the city despite 39 years of its formation (1975).

The Government stated (March 2015) that preparation of the draft tourism policy for Delhi has been started by a Committee constituted for the purpose.

2.2.3.2 Non-assessment of risks and impact of activities on tourism promotion

The Planning Department of GNCTD had instructed the Company in March 2010, to explore tourism activities and assess their impact in order to drop redundant schemes. Audit observed that the Company neither identified critical nodal areas to augment tourism, nor evaluated the outcome of activities undertaken, by assessing its impact on tourism promotion for phasing out redundant activities. Thus, the Company was ill-equipped to evolve a concrete plan to boost tourism in the city. The Management admitted (March 2015) that no road map or business plan has been formulated. It further added that regular meetings were held at higher level to identify critical areas of weakness and strengths. The reply is not acceptable as it is imperative for the Company to assess risks and impact of activities performed by it, to prepare a business plan to boost tourism in the city.

2.2.3.3 Non-maintenance of database of tourist inflow

The total number of domestic and foreign visitors visiting Delhi, doubled during the period 2009-14. (107.92 lakh in 2009-10 and 225.17 in 2013-14). The city of Delhi had the privilege of having more than one third of foreign tourist arrivals in the country every year, therefore, it had great potential to tap foreign tourists. Audit scrutiny showed that tourist inflow in Delhi as a whole, registered an increase of 108 *per cent*, whereas it increased only by 30 *per cent* in the tourist spots owned by the Company during 2009-14. However, the Company did not maintain statistical data to ascertain and analyse regional delineation of tourists' inflow in order to customize and plan its activities.

The Management admitted (March 2015) that it did not have any mechanism to maintain data of foreign and regional tourist arrivals and assured to maintain data of foreign tourist inflow to their tourist sites.. The reply confirms audit view that the Company did not utilise statistical data to identify areas of importance from tourism point of view to evolve a mechanism to attract more tourists.

2.2.3.4 Marketing strategy for promotion of tourism products

Advertisement provides an easy mode of publicity for attracting tourists, both foreign and domestic. Audit observed that though expenditure on advertisement and publicity increased from ₹ 0.36 crore in 2009-10 to ₹ 0.67 crore in 2013-14, it was not based on any analysis to arrest the declining trend in visitors and revenue generation at tourist locations of the Company. As the policy or the parameters were not decided before issue of advertisements, the Company released advertisements on adhoc basis. Moreover, there were no policy or norms in place for selection of marketing strategy.

The Management stated (March 2015) that advertising and publicity of events is done in tandem with the funds provided by GNCTD and undertaking market research would be an additional burden on the Company. It further stated that the publications are chosen on the basis of their brand expertise, varied database and the exposure the publication offers. Venue advertising was stated to be a part of the corporate publicity.

The reply is not acceptable as it was imperative for the Company to have at least internal analysis of market trends which would not have entailed any additional financial burden.

2.2.3.5 MoUs with Department of Tourism, GNCTD

An MoU between a Public Sector Undertaking (PSU) and the Government is an arrangement to monitor the performance of PSU against yearly targets fixed and included in the MoU. Audit observed that MoUs, fixing the targets for the Company, were not sent to the GNCTD for approval before the start of financial year, but with delays, as shown in **Table 2.2.2**.

Table 2.2.2
Delay in signing MoUs

Year	Date MoU sent to the Tourism Department:	Date MOU signed:
2009-10	07 September 2010	Not known to the Company
2010-11	23 August 2010	Not known to the Company
2011-12	12 January 2012	27 February 2012
2012-13	Relevant records not traceable in the Company	
2013-14	14 October 2013	24 October 2013

(Source: Information from Company)

Thus, the Company did not even have complete details of MoUs it signed with the Department. The MoUs prepared and signed at the fag end of the financial year, become redundant, as far as fixing and achieving targets, are concerned. Audit scrutiny revealed that targets as fixed in MoUs for 2011-12 and 2013-14, were not achieved except for Liquor Division in 2011-12 and Engineering and Catering Divisions in 2013-14. The Management stated (March 2015) that due care in this regard shall be taken in future.

2.2.4. Tourism activities

The Company is mandated for overall development and promotion of Delhi as a tourist destination for domestic and international tourists visiting India. For achieving the desired mandate, the Company undertakes various tourism activities through two Dilli Haats, one Garden of Five Senses, Tourism, Travel, Catering divisions and Delhi Institute of Tourism and Travel Management (DITTM). Analysis of these activities revealed the followings:

2.2.4.1 Delhi Haats and Garden of Five Senses (GFS): Financial Analysis

(i) Dilli Haat, INA (DH-INA): It was constructed in 1992 on a land allotted by NDMC for running food and craft *bazaar*. Audit scrutiny showed that the DH-INA earned profit of ₹ 17.50 crore showing an increasing trend during the period 2009-14. However, the increase in profit was not entirely due to extra tourist inflow but was also due to revision in entry ticket rates, food and rent charges for craft stalls during April 2011 to March 2014 **(Annexure 2.2.2)**.

(ii) Dilli Haat, Pitampura (DH-PP): This Haat was constructed in April 2008 on a land taken from DDA, to preserve traditional tribal and rural arts and handicrafts of India, as part of endeavor of the Company to create more tourism infrastructure in Delhi. DH-PP incurred loss of ₹ 5.58 crore during 2009-14. Reasons for loss were attributed to low income from footfalls, food stalls, hall bookings and high fixed costs viz. employee cost, depreciation, revenue share to DDA, electricity, water charges, etc. The expenditure on salaries and wages alone accounted for 60 to 81 *per cent* of the total income during the period **(Annexure 2.2.2)**.

(iii) Garden of Five Senses (GFS): The GFS, inaugurated in February 2003, was designed to stimulate one's sensory responses to the environment with an amalgamation of colour, fragrance, texture and form to evoke the awareness of touch, smell, sight, sound and taste. The garden, however, incurred loss of ₹ 1.60 crore during 2009-14 due to low income on account of fewer footfalls, less space bookings and high fixed costs. In case of GFS, the expenditure on salaries and wages was 46 to 76 *per cent* of total income (**Annexure 2.2.2**).

The Management stated (March 2015) that the Delhi Metro work near DH-INA affected the footfall during last two years and DH-PP is not attracting many tourists due to its location. However, initiatives like organising festivals and full occupancy of stalls will attract the visitors. For GFS, steps are being taken to increase revenue and reduce cost elements. However, the fact remains that DH-PP and GFS incurred losses during 2009-14.

2.2.4.2 Declining trend in footfalls and occupancy of craft stalls at Haats

(i) The National Tourism Policy recognises shopping as an integral part of the tourism experience and a valuable contributor to the revenue. It emphasizes on development of dedicated shopping centres for traditional crafts. The DH- INA and DH-PP were developed as exposition of Indian Art and Crafts, Culture and Cuisine in the form of public space, where public (domestic as well as foreign visitors) could interact directly with the artisans and provide an ambience of a traditional rural 'Haat' or 'Village Market'.

Audit scrutiny showed that number of footfalls at DH-INA increased from 1149861 in 2009-10 to 1566115 in 2011-12, but declined thereafter. DH-PP, once awarded Pacific Asia Travel Association Gold Award in the heritage category in 2008, too was struggling to retain its past patronage with reduction in footfalls from 377663 in 2010-11 to 276527 in 2013-14. Further, the visit of children was also found decreasing from 36329 in 2010-11 to 13399 in 2013-14.

Further, the Company did not have any business strategy to check the decline in footfalls at its own tourist spots. The Haats, which were developed as exposition of Indian Art and Crafts, Culture and Cuisine did not have any business strategy to attract child segment which usually translate into the whole family coming along as escorts and would introduce appreciation of Arts and Culture on young impressionable minds.

The Management attributed (March 2015) downward trend of visitors to non-availability of parking area due to start of DMRC construction at DH-INA and less attractive location of DH-PP. Reply of the Management is not acceptable as these constraints are business risk factors which should have been addressed.

(ii) There are 108 craft stalls at DH-PP, of which 31 were directly managed by DH-PP and 77 stalls were rented out to various Government agencies on long term basis. Out of 31 stalls under the possession of DH-PP (21 stalls from September 2011), stalls ranging upto 20 (15 from September 2011) remained vacant during 2009-14. In case of 77 stalls allotted to various government agencies, DH-PP did not maintain any record of occupancy. Most of these stalls remained vacant as these agencies did not allot these stalls further to vendors, which ultimately failed to showcase Indian Art & Crafts Culture as intended. At DH-INA, though the craft stalls were mostly occupied during April 2011 to March 2014 (information not furnished for 2009-11), one to 26 stalls remained vacant out of 166 stalls, during April 2013 to September 2013. Further, data of artisans and weavers, to ensure prevention of unauthorized occupancy of stalls and sale of impermissible items, was also not maintained by DH-INA. While confirming non maintenance of data of artisans, the Management also stated (March 2015) that the issue of non-occupancy had been taken up with all agencies to ensure that stalls do not remain vacant.

2.2.4.3 Loss of ₹ 1.09 crore due to vacant food stalls in Dilli Haat

There are 45 food stalls (25 at DH-INA and 20 at DH-PP) for allotment to various State Tourism Corporations, NGOs with ethnic values and other private entrepreneurs, to popularize their regional cuisines. Audit observed that out of total 2700 available stall months[1] during 2009-14, the food stalls with 866.5 stall months (125.5 months at DH-INA and 741 months at DH-PP) remained vacant, resulting in loss of ₹1.09 crore to the Company. The low occupancy also reflected inadequate showcasing of Indian cuisine. From August 2013 all the food stalls at DH-PP were allotted to a private operator, but were not operational except five as stalls required renovation. The operator also stopped payment from November 2013 resulting in non-receipt of rent of ₹ 0.19 crore upto June 2014.

The Management stated (March 2015) that a show cause notice has been issued to operator for non-payment of dues at DH-PP. However, the reply is silent as to the action taken by them for operationalization of these stalls.

2.2.4.4 Non-holding of cultural events on regular basis

The National Tourism Policy recommends positioning of Delhi as the cultural capital of India supported by an ongoing and vibrant calendar of cultural events. Scrutiny of information on events organized during 2009-14, showed that barring a few events, the Company did not celebrate cultural themes on regular basis. The total number of festivals organized by the Company ranged between 5 and 14 only.

[1] Available Stall months : 45 stalls X 5 years X 12 months

However, at DH-PP the number of events organised ranged between 4 and 8 only despite appreciable increase in the footfalls.

The Management stated in March 2015 that it had started holding events on regular basis since September 2014. It further stated that calendar of cultural events were chalked out at divisional as well as corporate level, in addition to those organized in association with various other agencies. However, the reply was not supported by the calendar of events.

2.2.4.5 Tourism Division

The turnover of the Division (mainly receipts from adventure activities - Boating and school tours, hotel reservations and transport services) dropped from ₹ 12.25 crore in 2009-10 to ₹ 10.33 crore in 2013-14. The Division incurred loss of ₹ 28.30 crore during this period, as cost of material for activities alone constituted 61 to 86 *per cent* of the total income and salary and wages ranged between 39 and 166 *per cent* (**Annexure 2.2.3**). Since the Company runs on commercial lines, either cost of services should have been recovered or attempts should have been made to reduce the loss.

(i) The Transport Unit provides vehicles on hire for tours, local as well as outstation, organized by Tourism Division. In addition to its own fleet of four buses and 14 light vehicles, transport services are arranged by hiring of vehicles on commission basis. Audit observed that the Division incurred a loss of ₹ 9.65 crore on management of its fleet during 2009-14 **(Annexure 2.2.4)**, major factor being employee cost.

Scrutiny of records relating to deployment of vehicles, showed inadequate operation of vehicles for tourism purpose, which ranged between 20 and 25 *per cent*. Business plan was not prepared at the unit level to boost tourism in the city and the focus of the Company had shifted to providing vehicles to Government Departments. Moreover, no new tour package was offered during 2009-12 to attract tourists. Only one new tour package in 2012-13 and two in 2013-14 were introduced. The Company signed MoUs with 10 State Tourism Corporations, but without any physical and financial achievements, except one tour package in 2012-13, generating revenue of only ₹ 0.01 crore.

The Management stated (March 2015) that the role of its Transport Division was to maintain the fleet and that out of three tours introduced in 2012-14, one had gained popularity. It further stated that the loss was due to heavy salary burden. The reply is not acceptable as despite losses, no steps were taken by Company to popularize its tours or to reduce the salary amount.

(ii) **Adventure tourism:** Adventure Tourism caters to young tourists with marked preference for adventure as defined in National Tourism Policy 2002. Audit observed that the Company did not undertake activities to promote Adventure Tourism and restricted its activities only to boating. Activities like parasailing, rock climbing, trekking etc. were not undertaken.

Out of eight boating sites, only two earned profit of ₹ 0.40 crore, whereas six sites made loss of ₹ 1.81 crore, meaning overall loss of ₹ 1.42 crore. The Company was not even able to recover salary expenditure in loss making boating sites. The Management stated (March 2015) that efforts are being taken to achieve break-even point at loss making boating sites. The reply is not convincing as it did not elaborate on efforts made to diversify adventure activities and optimize profit.

Moreover, the Ministry of Tourism, GoI had shown concern over providing life jackets/ safety measures in the boats and directed (July 2011) Tourism Department, GNCTD to take suitable action. Audit observed that availability of life jackets was not proportionate to number of boats at lakes. As against 45 boats at India Gate Lake, only five life jackets were available.

(iii) Hotel reservation business: The Company has 45 hotels on its panel with which it does business of hotel reservation on commission basis[2]. It earned ₹ 0.11 crore through this business during 2009-14. It was observed that business earnings dipped to ₹ 0.01 crore in 2013-14 from ₹ 0.03 crore in 2009-10, but no effective steps were taken to arrest the trend. Further, there was no system of reviewing the panel of hotels periodically, instead hotels were added to the panel as and when requested by a hotel. The Company had no written agreement with hotels and there was no system to inspect infrastructure and facilities available in hotels.

The Management stated (September 2014) that though signing of agreement was not considered necessary, policy guidelines of DTTDC were followed while empanelling hotels. It further added that inspection of hotels was the responsibility of licensing authorities. The Management attributed (March 2015) the decline in business to the closure of information counter at international airport since August 2010.

Reply is not acceptable as agreement is necessary to enforce agreed terms and conditions. The importance of periodical inspection or survey of hotels cannot be undermined as it ensures quality of services in hotels. After closure of information counter, no other modes were explored to arrest the decline in hotel business since 2010.

2.2.4.6 Travel Division

Turnover of the Division constituted air ticket bookings and foreign exchange. Though the turnover increased from ₹ 1.93 crore in 2009-10 to ₹ 2.59 crore in 2013-14, the loss increased from ₹ 0.52 crore in 2009-10 to ₹ 0.73 crore in 2013-14. The cost of material for activities constituted 95 to 96 *per cent* of the total turnover, and salary and wages ranged between 16 and 23 *per cent* during 2009-14 (**Annexure 2.2.3**). Thus, earnings from air ticket bookings and foreign exchange were not sufficient to set off expenses of salary and wages and Division incurred total loss of ₹ 2.63 crore during 2009-14.

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[2] Fifty *per cent* commission of the first day room rent against DTTDC voucher

The Management attributed (March 2015) the loss to reduction in commission by airlines, reduced foreign exchange sales and decline in the travel business. The Management further stated that in 2014-15 they have tied up with a travel agency for online business and steps have been taken to improve sales. The fact remains that no action was taken to increase income during 2009-14.

2.2.4.7 Catering division

The Company has eight coffee homes and two canteens (Delhi Vidhan Sabha and Sachivalya) in Delhi. The Coffee Home at Connaught Place is being operated by the Company, while Coffee Home at IGI Airport was closed in June 2000. Other six Coffee Homes were outsourced to private parties. The Catering Division incurred loss of ₹ 1.37 crore during 2009-14 as depicted in **Table 2.2.3**.

Table 2.2.3

Income and expenditure of Catering Division

(₹ in crore)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Income	2.65	2.64	3.07	4.11	4.33	16.80
Expenditure	2.72	2.75	3.19	4.30	5.21	18.17
Loss	(-)0.07	(-)0.11	(-)0.12	(-)0.19	(-)0.88	(-)1.37

(Source: Records of Company)

(i) Outsourced Coffee Homes: Audit observed that the five outsourced coffee homes earned profit of ₹ 4.59 crore[3] during 2009-14 which was, however, eroded by loss incurred in Vidhan Sabha Canteen and Coffee Homes at Connaught Place, Bindapur (outsourced) and IGI Airport.

(ii) Delhi Vidhan Sabha Canteen: The Canteen was incurring loss since beginning but the Company did not take up the matter of reimbursement of loss with Assembly Secretariat. This was also pointed out in the Report of the Comptroller and Auditor General of India for the year ending March 2013. The Management stated (March 2015) that the Chief Secretary, GNCTD and Secretary Vidhan Sabha have been requested for outsourcing the operations and to reimburse the losses.

(iii) Company operated Coffee Homes:

(a) Coffee Home at Connaught Place: Scrutiny of records of Coffee Home at Connaught place showed that the cost of materials ranged between 60.65 and 73.86 *per cent,* while salary and wages constituted 53.46 to 64.91 *per cent* of total revenue, thereby, incurring loss of ₹ 3.28 crore during 2009-14. Thus, the operation of this Coffee Home was unviable and required rationalisation of strategy to run it departmentally.

Audit observed that rates of eatables were not revised on regular basis keeping in view the increase in price index, salary and wages, etc. Moreover, rates were neither based on specific food cost nor on any consistent norms. Lack of

[3] Laxmi Nagar (₹ 0.90 crore), R.K. Puram (₹ 2.45 crore), Media Coffee Home (₹ 0.25 crore), Vikas Puri (₹ 0.41 crore) and Shahid Bhagat Singh Place Coffee Home (₹ 0.58 crore)

innovativeness in adding new items and services and reasonable norms for revision of rates, Coffee Home remained prone to reduced clientage.

The Management attributed (October 2014) non-revision of rates and items on regular basis, to protest and poor response from customers, adding that rates are revised (average 10 to 15 *per cent*) by the Committee. It further added (March 2015) that rationalisation of manpower and various steps for revenue improvement were under process to remove financial burden. The reply confirms the Audit contention that the Company being a commercial entity, should function in such a way so as to atleast recover its input costs.

(b) Delay in handing over of closed Coffee Home at IGI Airport to AAI: The Company constructed a Coffee Home on a land allotted by the Airports Authority of India (AAI), near Terminal –II of IGI Airport in 1992 for a period of 30 years. An agreement was signed in July 1994 and the Coffee Home started in May 1996. The Company closed it in June 2000 due to loss incurred in its operation and paid license fee up to 2003. The issue of recurring loss due to rental payment was highlighted in the report of Comptroller and Auditor General of India for the year ending March 2003. In the Action Taken Note, Department of Tourism stated that it would require permission of AAI for change in use of the premises.

AAI did not accept the request of the Company to use the premises for other business and asked the Company to vacate the premises. AAI terminated the contract in May 2011. The Company did not vacate the premise as of September 2014 and made itself liable for licence fee of ₹ 0.77 crore as per the order of the Eviction Officer (30 April 2014), beside incurring ₹ 0.11 crore on wages, taxes, legal and professional charges, etc.

The Management stated (March 2015) that the area had been handed over to AAI on 19 December 2014 as per orders of Airport Appellate Tribunal and for settlement of dues, if negotiations with AAI fails, DTTDC would deposit ₹ 0.30 crore with AAI and appeal would be filed on merits. Fact remains that delay in handing over the site resulted in unwarranted liability to the Company.

(iv) Outdoor catering services: For providing outdoor catering services, the Division empanelled caterers which raised bills on DTTDC, which in turn, raised bills against clients after adding profit margin of 15 *per cent* and service charges of 10 *per cent*. Audit observed the followings:

- The Company earned profits of ₹ 0.35 crore through outdoor catering services during the period 2009-14. An amount of ₹ 0.26 crore was lying unrecovered from various departments of GNCTD as on 31 March 2014, though the Company had made itself liable to pay the outside caterers who rendered services.

  The Management while accepting the facts, stated (March 2015) that ₹ 0.06 crore have been recovered and further efforts are being made.

- The Company did not have a pre-defined policy for engaging caterers. Outdoor catering business of ₹ 1.16 crore (out of ₹ 3.49 crore) were arranged through caterers which were not on panel. Moreover, approvals of competent authorities for outsourcing services from non-empanelled caterers were being obtained *ex-post-facto,* thereby, leaving no option for the approving authority but to approve the proposal. The Management stated in March 2015 that they were compelled by the GNCTD, to get the job done through non-empanelled caterers**.** Reply of the Management is not acceptable as it not only defeats the purpose of preparation of a panel but also vitiates the empanelment. Moreover, the Company did not comply with the directions of MD & CEO (May 2011) for preparing a panel of high end caterers and avoid ex-post facto sanctions.
- The Delhi Scheduled Castes Financial Development Corporation (DSCFDC) hired catering services of M/s. Seven Seas Hospitality (non-empanelled caterer) for a function in January 2012, without involving DTTDC. However, DTTDC was directed by the GNCTD (March 2012) to raise the bill on DSCFDC and pay the bill of the caterer. The Management while accepting the facts, stated (March 2015) that except this case, no other case was entertained by it.

2.2.4.8 Delhi Institute of Tourism and Travel Management (DITTM)

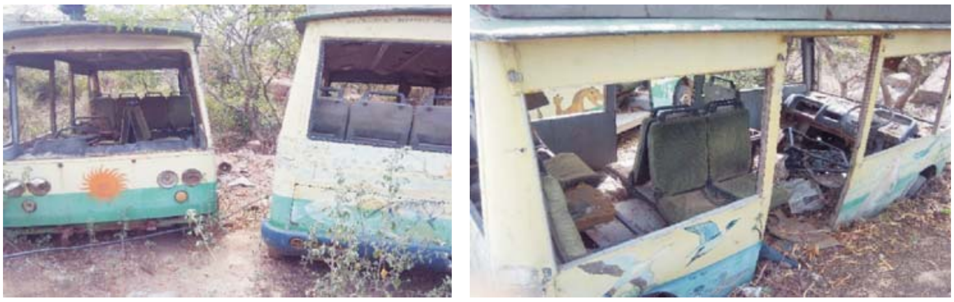
The DITTM, previously a part of IITM Gwalior, was taken over by DTTDC in January 1993. The IITM Gwalior withdrew DITTM's recognition as DTTDC did not apply for recognition with AICTE. Audit observed that in the absence of requisite infrastructure, the Institute was not affiliated to any university and organised only short term courses through part time faculty. Moreover, adequate publicity of courses offered was not undertaken. This led to decrease in enrolment of students from 806 in 2009-10 to 127 in 2013-14. The income of the institute also dropped from ₹ 0.48 crore in 2009-10 to ₹ 0.22 crore in 2013-14, due to fixed expenditure on salary, wages and rent, it incurred loss of ₹ 1.96 crore during 2009-14. Further, against eight types of courses organised in 2009-10, it organised only three during 2011-14.

Thus, the intended objective of the institute to provide academic opportunities for successful career in holiday and leisure management engaged in tourism business, was defeated. The Management attributed (March 2015) the decline in number of courses and students enrolled, to non-affiliation of the Institute with AICTE and lack of publicity. Reply was silent about steps taken by the Company to seek affiliation.

2.2.4.9 Development and maintenance of tourism infrastructure

(i) Non-functional Solar Park: A Solar Park was set up at GFS with one time Central Financial Assistance of ₹ 0.98 crore from the Ministry of Non-Conventional Renewable Energy Sources, GoI. Cost of repair, replacement and maintenance of devices was to be met from the revenues of the Park. The Park was intended to create awareness of renewable energy with various exhibits, including two small solar powered buses, exhibits on renewable sources, ten solar powered bicycles, two solar powered cars for children, three quiz computers and weighing machine.

The project was a major source of attraction for visitors, especially children, and generated revenue (₹ 0.15 crore during 2003-08). It was, however, observed that the unique feature which facilitated the project to find a place in the Limca Book of Records in 2004, was left without any AMC, after initial five years, resulting in deterioration of assets and their gradual transformation into non-functional assets. Thus, a casual approach of the Management towards upkeep of the Park, resulted in loss of a unique concept.



Dysfunctional solar power buses at GFS

The Management stated (March 2015) that assets became non-functional due to deterioration with passage of time. It further stated that revival of systems based on solar energy was under consideration. The reply is not acceptable as deterioration of assets was due to non-renewal of AMC after initial five years.

(ii) Non-development of theme gardens: In order to add more attraction for tourists and visitors, the Company proposed (Annual Plan 2010-11) to set up a Theme Garden (consisting of Herbal, Bonsai, Butterfly, Topiary and Fragrance gardens) within GFS. Central Financial Assistance of ₹ 1.92 crore was sanctioned in December 2011 by the Ministry of Tourism, for the project to be completed and commissioned by June 2012. It was, however, observed that the project, could not be completed as of February 2015 despite incurring ₹ 1.87 crore upto 15 April 2014. This deprived visitors of an attractive destination. The Management stated (March 2015) that the Theme Gardens would be completed by the end of March 2015. The fact remains that there has already been a delay of over two years in completing the project.

(iii) Infructuous expenditure of ₹ 6.95 crore on a project without having necessary clearance

The Lieutenant Governor of Delhi sanctioned (March 2013) transfer of 27000 sqm of land of Shahadra Link Drain belonging to Irrigation and Flood Control Department (I&FCD), to the Company, where a Dilli Haat (Mayur Vihar) was to be constructed by covering the drain. The Company was also to obtain necessary prior sanctions from DDA, MCD, BSES, Forest and other regulatory agencies for the project. For shifting of 66 KV overhead lines for the proposed development of Dilli Haat Mayur Vihar, the Department of Power, GNCTD released ₹ 9.01 crore to

DTTDC in March 2013. The work was to be executed by BSES Yamuna Power Limited (BSES). Audit observed that though covering of the Nallah and land use change, were yet to be approved by the Government, the Company, in haste, undertook the work of shifting of overhead line from the site through BSES and released ₹ 8.11 crore to it in May and July 2013. Sanction of the project by Expenditure Finance Committee (EFC) was also not obtained before commencement of work. The work was completed by BSES in August 2013 at a cost of ₹ 6.95 crore.

However, the project was stalled due to filing of a PIL in National Green Tribunal (NGT) in October 2013. The NGT has directed (January 2015) that there shall be no construction and/or coverage of any of the drains in Delhi by any Authority or Municipal Corporation. Thus, shifting of Electric Services before getting necessary approvals for the project resulted in infructuous expenditure of ₹ 6.95 crore.

The Management accepted (February 2015) the fact that the project has been shelved. It further added (March 2015) that shifting work was completed in August 2013 and PIL was filed in October 2013. The reply does not relate to the audit point that the work was executed without necessary approvals.

(iv) **Non utilization of land:** The PWD handed over the possession of a land measuring 2.08 acres at NH-8 in 1992 free of cost, to DTTDC for setting up wayside tourist amenities. However, the Company could not develop the land into a wayside tourism place (September 2014). Only a consultant was appointed in June 2012. The casual approach of the Company led to non utilization of the land since 1992, though it had incurred an expenditure of ₹ 3.17 lakh on consultancy and ₹ 0.30 lakh per month on security.

The Management stated (September 2014) that the delay was not on its part, as terms and conditions with regard to land, were to be decided by the Government. It further added (March 2015) that it was pursuing the matter of finalisation of draft agreement with PWD. The reply is not acceptable as no concerted efforts were made by the Company for 20 years, even though this issue was highlighted in the Report of the Comptroller & Auditor General of India for the year ending March 2003.

(v) Guru Teg Bahadur (GTB) Memorial at Singhu Border (GT Karnal Road) was constructed by the Company as Deposit Work of Urban Development Department (UDD) of GNCTD in June 2009. The Company was assigned operation and maintenance of the Memorial, for which a MoU was also signed in September 2012. An amount of ₹ 2.59 crore out of expenditure incurred by the Company on operation and maintenance of the Memorial upto March 2014, was pending recovery from UDD, GNCTD, as on August 2014. The UDD disapproved (April 2014) Company's claim, saying that the expenditure was incurred without prior approval of the competent authority and was beyond the sanctioned amount. Incurring of expenditure in excess of sanctioned amount was a result of poor financial management, causing avoidable financial burden of ₹ 2.59 crore on the Company besides loss of interest of ₹ 0.30 crore (nine *per cent* p.a.) upto 31 August 2014.

The Management stated (March 2015) that it is regularly following up with UDD and the expenditure incurred on inauguration of GTB Memorial light and sound show in July 2013 was in the knowledge of UDD. The reply is not acceptable as major portion of ₹ 1.18 crore out of ₹ 2.59 crore was for this show, and though it was in the knowledge of UDD, it did not constitute approval and UDD did not approve the expenditure beyond the sanctioned amount. It was noticed that the Company further incurred ₹ 1.05 crore in 2014-15 without approval of UDD.

2.2.5 Liquor activities

The Indian Made Foreign Liquor (IMFL) trade was entrusted to the DTTDC in the year 1979 to ensure availability of genuine liquor to the public and also to generate revenue for financing tourism activities in Delhi. The retail sale trade of Country Liquor was transferred from the Excise Department to the Company in 1989. Audit scrutiny of records showed the followings:

2.2.5.1 Financial position of liquor activities

- The IMFL sale segment of the Division earned profit of ₹ 38.43 crore during 2009-14, whereas country liquor sale segment incurred loss of ₹ 15.08 crore. The overall profit of Liquor Division was between 0.30 and 0.97 *per cent* of total turnover (**Annexure 2.2.5**). The country liquor segment was unviable as cost of goods was 96 to 98 *per cent* and salary and wages constituted three to four *per cent* of total income of country liquor segment. Thus, the income was not sufficient to accommodate rent, licence fee, housekeeping expenses, etc.
- Twenty nine out of total 122 IMFL shops consistently incurred loss (₹ 5.13 crore) during 2009-14, but the Company did not initiate remedial action to check the loss or close down these loss making shops.

The Management stated (March 2015) that increase in margin by the Government, reduction in employee cost and additions of IMFL shops in Country Liquor shops, would increase profitability and reduce losses of country liquor division. However, the reply is silent as to the action taken in this regard.

2.2.5.2 Deficient ordering system and laxity in rebranding of liquor shops

(i) The Company has adopted an ordering formula[4] for projecting their requirement which is based on weekly consumption and inventory level. The deciding factor in the formula is the growth factor adopted for the inventory level (i.e. 7 days inventory level is equal to 1.00 growth factor and 20 days inventory level is equal to 2.75 growth factor).

[4] {(weekly sale x growth factor) – closing balance}

Test check of 109 cases showed that in 96 cases, despite availability of stock for more than 10 days, order was placed for purchase with growth factor ranging from 1 to 2.75.

The Management stated (March 2015) that since the order is released on weekly basis, the ordering formula controls the inventory, in case it increases. Reply is not tenable as, in the test checked cases, growth factor was applied without rationale resulting in excess holding of stock.

(ii) To undertake re-branding, white washing, putting up glow sign boards, upkeep and repair of all liquor shops, the Company signed (July 2011) an MoU with Intelligent Communications System India (ICSIL) for five years. ICSIL was to execute all these works in lieu of exclusive advertisement rights on all liquor shops. Audit noticed that as re-branding and renovation of shops was not done by ICSIL as per MoU, the Company decided (March 2013) to immediately terminate the contract. However, the decision was not implemented till September 2014.

Thus, the Company did not have a system either to re-brand and renovate its outlets to attract customers in the competing environment or control the level of inventory to enhance generation of revenue for viable functioning of its outlets.

The Management stated (September 2014) that agreement with ICSIL was not terminated and had provided copy of reply of ICSIL to the show cause notice issued by the Company in April 2013. The Management further stated (March 2015) that it would plough back some of the profits from liquor trade into renovation and rebranding of vends and it was aware of the work done by ICSIL. The reply is an afterthought and not acceptable in the light of the fact that termination notice was issued to ICSIL for not carrying out the work. Moreover simply accepting the reply of ICSIL that some works had been completed, establishes absence of monitoring mechanism. Further, the Company itself renovated two shops by incurring expenditure of ₹ 11.10 lakh.

2.2.6 Engineering activities

The Engineering Division of the Company, created in the year 1989, undertakes infrastructure projects, including deposit works on behalf of various Government agencies. The division generated a total profit of ₹ 20.73 crore during the period 2009-14. Irregularities noticed during test check of 41 selected works (tendered cost ₹ 802.15 crore) out of 212 works (tendered cost ₹ 1260.08 crore) awarded during 2009-14 of the Engineering Division, are discussed in the ensuing sub-paragraphs.

2.2.6.1 Non-incorporation of penal clause in the agreement with Architectural consultants

As per Central Vigilance Commission instructions (November 2002), there should be no major deviation in the scope of work after the contract is awarded and the consultant should be penalized for poor planning, if the deviations result in excessive cost overruns. Audit, however, observed that the agreement entered into with architectural consultants did not have any penal clause for variation in estimation of quantities. There were variations in the tendered cost and actual payment made in 11 works, ranging between 13 and 89 *per cent*, resulting in cost overrun of ₹ 35.65 crore. Wide deviation pointed to the fact that detailed scrutiny of projects was not done by the architectural consultants or by the Company while framing the estimates.

In its reply, the Management stated (March 2015) that in view of audit finding, suitable penalty clause would be incorporated in all future agreements.

2.2.6.2 Acceptance of single tenders on the basis of urgency-₹ 2.64 crore

(i) E-tendering was called for the work 'Construction of UG Tank, STP, Platform, Recharge well and Recharge trench of Rain Water Harvesting at Pusa' at a cost of ₹ 1.44 crore (estimated cost ₹ 1.38 crore). One bid was received and the same was accepted on the basis of urgency. However, Audit observed that tender was submitted to Chief Engineer after 45 days (29 June 2012) from the date of tender opening (16 May 2012) and awarded 58 days (13 July 2012) after opening of financial bid. The work was finally completed after 293 days (16 September 2013) from the stipulated date of completion (26 November 2012).

(ii) E-tendering was called for the work of 'Renovation of Auditorium including Fire Fighting Work, HVAC and Electrical work etc'. Out of two bids received, only one bidder was found to be qualified after evaluation of bids. The single qualified bid was accepted on the plea of urgency at a tendered cost of ₹ 1.23 crore (estimated cost of ₹1.03 crore). The work was stipulated to be completed on 3 May 2013. However, Audit scrutiny showed that work was actually awarded after 66 days (12 November 2012) from the date of opening of bids (5 September 2012) and was completed with a delay of 214 days (4 December 2013) from the stipulated date of completion.

Thus, the delay in actual award of works and their completion, established the fact that the Engineering Division had no real urgency to get these works done. Acceptance of single tenders on the plea of urgency was unjustified.

The Management assured (March 2015) to award the work at the earliest in future. The reply does not address the issue of acceptance of single tender citing urgency.

2.2.6.3 Irregular incorporation of escalation clause in lump sum contract

Rule 204 (ii) of the GFRs 2005, stipulates that standard Forms of contract should be adopted, wherever possible, with such modification as are considered necessary and modifications be adopted only after obtaining financial and legal advice. However, Audit noticed that for three works, Divisions of DTTDC modified CPWD-Form 12 (standard Form for lump sum contract) by incorporating price escalation clause, without seeking legal or financial advice. With price escalation clause operative in these three works contracts, the Company made extra payment of ₹ 117.06 crore (construction of main bridge-₹ 69.98 crore (upto March 2014), construction of approaches-₹ 36.66 crore (upto March 2014), and construction of

ROB and RUB at Nand Nagri-₹ 10.42 crore (March 2011) against tendered amount of ₹ 631.81 crore, ₹ 348.90 crore and ₹ 98 crore respectively) to the contractors on this account.

The Management assured (March 2015) to adopt Form PWD-8 i.e. Item Rate Tenders for all its future infrastructure projects.

2.2.6.4 Execution of work without AA&ES

Rule 129 of General Financial Rules stipulates that no work should be commenced or liability incurred until Administrative Approval and Expenditure Sanction (AA&ES) obtained. Test check of the records revealed that in two works, i.e. 'Construction of Sub-Registrar office at Bhalswa' (₹ 3.87 crore) and 'Construction of Sub-Registrar office at Janak Puri' (₹ 1.25 crore), payment of ₹ 5.12 crore was made without obtaining AA&ES from the client department, in disregard of GFRs.

In its reply, the Management stated (March 2015) that AA&ES for both the works has been received. Reply is not acceptable as department did not follow the provisions of GFRs.

2.2.6.5 Delay in completion of work

Section 15 of CPWD Works Manual stipulates that before approval of NIT, clear site should be available. Further, Section 29.1 provides for strict adherence to time schedule by the contractor. Test check of records revealed that 19 works having tendered amount aggregating to ₹ 1054 crore, were not completed (as of June 2014) although their stipulated dates of completion were already over with delay ranging between 66 and 925 days. This delay in completion of works deprived intended users of public facilities to the extent of the delay.

The Management stated (March 2015) that the delays were due to non-receipt of clearance and approval from various statutory and regulatory bodies, before the works were taken up. The reply is not acceptable as Engineering Wing did not fulfil the pre requisite conditions for award of work.

2.2.6.6 Execution of work without call of tender

Section 14.1 of CPWD Works Manual stipulates that normally tenders should be called for all works costing more than ₹ 50,000. Audit scrutiny of deviation statement of the work - 'Up gradation of Sub-Registrar Office at Kapashera and Nand Nagri', showed that a work of data networking at another site i.e. Sub Registrar office, Geeta Colony, was executed irregularly by treating it as a part of the former work. It was treated as deviation in quantities for which ₹1.06 crore was paid. Thus, the Division executed a work of ₹1.06 crore without calling tenders in violation of the prescribed rules.

In its reply, the Management assured (March 2015) to comply with provisions of the manual in future.

2.2.6.7 Blocking of funds due to non operationalization of projects

(i) The Company set up an eco-friendly Tourism Complex at Chhawla in September 2013 at a cost of ₹ 8.73 crore. However, the complex could not be operationalised as of September 2014, due to non-engagement of operator for running it. Delay in operationalisation of the complex, resulted in blocking of ₹ 8.73 crore.

In its reply (March 2015), Management stated that draft agreement proposed to be signed with I&FCD is under legal examination and process of appointment of operator will be taken up thereafter. The fact remains that the project is yet to be operationalised.

(ii) 'In another case, the work of 'Soft Adventure Park at Sanjay Lake, Mayur Vihar' was awarded in April 2010 at a cost of ₹ 4.79 crore, to be completed by 18 January 2011. However, after completion of 88 *per cent* of work and expenditure of ₹ 4.31 crore, the work was foreclosed on 7 March 2013 due to monorail proposal in that area. Audit observed that even the partially completed Park was not operationalised as of September 2014.

The Management stated (March 2015) that the work for running soft adventure activities has been awarded. The fact remains that adventure activities in the park is yet to be started.

2.2.7 Human Resource Management

Human Resource Management is important for execution of activities of an organisation over a period of time. The Company, however, did not maintain division wise details of sanctioned strength and men-in-position but maintained only group wise position. In the absence of division wise details of manpower, the Company was not in a position to rationalise manpower deployment according to workload associated with various divisions. The group wise sanctioned strength and actual men-in-position during the period 2009-14 is detailed in **Table 2.2.4**.

Table 2.2.4

Status of sanctioned strength and actual men-in-position

	2009-10		2010-11		2011-12		2012-13		2013-14	
Group	**Sancti-oned**	**Men in position**	**Sancti-oned**	**Men in position**	**Sancti-oned**	**Men in position**	**Sanct-ioned**	**Men in position**	**Sancti-oned**	**Men in position**
A	75	53	77	53	77	68	77	62	74	56
B	79	71	76	62	76	52	76	52	74	50
C	604	518	599	326	599	527	599	521	592	486
D	303	261	302	245	301	226	301	226	295	212
Total	**1061**	**903**	**1055**	**686**	**1053**	**873**	**1053**	**861**	**1035**	**804**

(Source: Information from Company)

Audit observed that the Company did not take any decision to implement the recommendations of the Administrative Reforms Department (ARD) of GNCTD issued in December 2013, on the basis of a Work Measurement Study conducted by it, on various issues *viz.* abolition of posts, rationalization of staff, induction of skilled and qualified manpower etc.

The Management stated (March 2015) that a consultant has been appointed to rationalise recruitment rules so that recommendations of the ARD report could be implemented. Reply is not acceptable as no action was taken to rationalise the manpower despite lapse of one year though the study was conducted on Company's request.

2.2.8 Internal control

(i) Internal control is a process designed for providing reasonable assurance of efficiency of operation, reliability of financial reporting and compliance with applicable laws and statutes. Audit noticed weaknesses in internal control system as:

- The Company did not maintain details of grants sanctioned, received and refund of unspent balances to the Government.
- Proper assets registers were not maintained.
- The Company did not have Manuals of accounting, internal audit and office procedure.
- There was no system for periodic reconciliation of inter-unit balances.
- There were cases of use of correction fluid in Cash Books and tender documents.

Management Information Systems (MIS) envisages regular flow of information regarding all the activities of the Company from operational level to top management, and thereby, facilitating timely decisions. The Company did not have a well-structured MIS, as periodical performance reports were not submitted to the top management. Thus, automatic swift flow of information at pre-determined intervals from bottom to top, was lacking.

The Management stated (March 2015) that there was sufficient internal control system commensurate with the size of the Company. The reply is not acceptable in view of shortcomings and deficiencies highlighted in this Report. Further, the Statutory Auditors in their Annual Reports during 2009-14, also stressed that internal audit was serving no real purpose and needed to be strengthened.

(ii) Audit Committee: The Company did not have its own Internal Audit Wing. Internal Audit was being done by chartered accountant firms. Annual Accounts and Internal Audit Reports are discussed by an Audit Committee constituted under the provisions of Section 292(a) of the Companies Act, 1956. Quarterly meetings of the Audit Committee were not held regularly, though it met twice/ thrice in a year, during 2009-14. The Management confirmed (March 2015) the facts.

(iii) **Frequent changes in incumbency**: The long term action plan was restricted as the post of CEO of Company was held by eight incumbents during 2009-14, with tenure ranging from one to 16 months. The Management stated (December 2014) that CEO is appointed by Government of Delhi.

2.2.9 Conclusion

The basic objective of forming the Company was to promote tourism . Liquor division was added subsequently to generate revenue for financing tourism activities and Project division was added later to undertake infrastructure development activities for other departments. Though other activities were profitable, the core activity of promoting tourism was neither profitable nor directed towards promotion of tourism. Combining three unrelated and diversified activities in the company portfolio compromised the basic purpose of setting up the company and diverted it from focusing on tourism promotion. The performance of the Company in promoting tourism was deficient despite the capital city offering a conducive atmosphere to the tourists. The Company did not have a comprehensive tourism promotional plan in the absence of which tourism activities were undertaken in an adhoc manner. The governance of the Company was marred by deficiencies like absence of a well-structured marketing strategy to attract tourists, resulting in operational losses. Non-fixation of targets, both physical and financial, coupled with poor budgetary control, further deteriorated the situation. Running commercially unviable liquor vends and holding unreasonably excess stock, contributed to the reduction in the profit margin of the Company. Delay in completion of tourism projects further denied offering of new products for developing and promoting tourism. Though staff cost constituted substantial expenditure of the Company, no action was initiated for rationalization of staff. The internal control mechanism was weak.

Recommendations

The Government and the Company may consider the following:

- initiating effective micro-level planning and devise a suitable action plan in line with the National Tourism Policy for promoting tourism in Delhi.
- strengthening contract management to check cost overrun and ensure timely completion of projects
- initiating rationalisation of staff to reduce establishment cost and
- strengthening internal controls by maintaining proper records of assets, devising manuals of accounting, internal audit and office procedure, reconciliation of inter unit balances etc.

2.2.10 Delhi Transport Infrastructure Development Corporation Limited

Absence of efficient fund management and tax planning in Delhi Transport Infrastructure Development Corporation Limited, resulted in loss of interest of ₹ 2.46 crore, avoidable payment of penal interest of ₹ 1.71 crore, non-availing of tax benefit of ₹ 2.28 crore and undue benefit of ₹ 1.57 crore to DIMTS in rent. Besides, the company created an avoidable liability of ₹ 3.72 crore as penal interest on loans, it secured from the Transport Department.

The Delhi Transport Infrastructure Development Corporation Limited (Company) incorporated in August 2010, is responsible for operation, maintenance and redevelopment work of existing three ISBTs in Delhi and for construction of proposed ISBTs at Dwarka and Narela. The Company's main sources of revenue are license fee, stand fee, composite fee and interest from banks. It earned a profit before tax of ₹ 14.04 crore and ₹ 14.72 crore during the year 2011-12 and 2012-13 respectively. The Statutory Auditors while giving opinion on the financial statements of the Company for the years 2011-12 and 2012-13 gave a 'not true and fair view' on the accounts. The accounts of the Company for the year 2013-14 are yet to be finalised (April 2015). Audit apprised the fund management and tax planning in the Company covering the period upto 2013-14. Important findings are as under:

(i) Loss of interest of ₹ 2.46 crore due to poor fund management: Rent from office space at ISBT buildings, is one of the major sources of revenue of Company, besides revenue from license fee from Bus Queue Shelter (BQS), composite fee, stand fee, sale of holograms of Pollution Under Control Certificate (PUCC) etc. As there remains time gap between the time of receipt of money and the time money is spent, prudent cash management calls for management of cash affairs in such a way as to keep cash balance at a minimum level and invest the surplus in profitable investments, like Term Deposit Receipts (TDR) with banks. Scrutiny of records for 2012-14 revealed that the Company had surplus funds lying in Current Accounts in various banks, but did not have an investment policy for investing surplus funds. This resulted in loss of interest of ₹ 2.46 crore.

Thus, had the Company invested its surplus funds in TDR, instead of leaving them idle in Current Accounts, it could have earned additional interest of ₹ 2.46 crore during the period 2012-14**.**

(ii) Avoidable payment of penal interest of ₹ 1.71 crore: Under Section 208 of the Income Tax Act, 1961, it is obligatory to pay advance tax during the financial year, in every case in which tax payable is ₹ 10,000 or more. Under Section 209, advance tax is payable in four instalments on or before 15 June, 15 September, 15 December and 15 March of each financial year. In case of default, simple interest at the rate of one *per cent* per month is levied under Section 234(B) and simple interest at the rate of one *per cent* per month for deferment in instalments of advance tax under Section 234(C). The assessee is also liable to pay simple interest at the rate of one *per cent* per month for default in furnishing

Income Tax Return under Section 234 (A)[5]. Audit scrutiny of records revealed that the Company deposited income tax of ₹ 5.14 crore for financial year 2011-12 in September 2013 and filed the Income Tax Return in March 2014. Thus, the Company violated provisions of Sections 234 (A), (B) and (C) and as a consequence, paid penal interest of ₹ 1.33[6] crore. For the financial year 2013-14, the Company deposited advance tax of ₹ 9.55 crore in three instalments on (09/2013, 12/2013 and 03/2014) on the lower estimated income and consequently, it had to pay penal interest of ₹ 0.38 crore under section 234 (C). Had the Company, paid advance tax as per provisions of the Act, it could have saved ₹1.71 crore.

(iii) Non-availing of tax benefit of ₹ 2.28 crore: As per Section 36(1) (iii) and Explanation 8 to Section 43(1) of the Income Tax Act, if capital is borrowed for acquiring an asset and interest is paid (or payable) in respect of borrowed capital, then interest on such borrowed capital up to the time such asset is put to use, can be capitalised and interest expenses after the asset is first put to use can be claimed as revenue.

The Company did not pay interest on the loan of ₹ 70 crore taken from Transport Department for renovation of ISBT, Kashmere Gate, which was inaugurated on 2 May 2013. The accrued interest on this loan was ₹ 11.10 crore up to 1 May 2013 and ₹ 6.70 crore for the period 2 May 2013 to 31 March 2014. The interest of ₹ 6.70 crore accrued on the loan after the asset was put to use was to be treated as expenses but as per Section 43-B of Income Tax Act, such expenses are admissible only on payment basis, while computing the income of the Company. Since the Company did not pay the interest, it could not avail tax benefit available under Section 43-B and paid extra income tax of ₹ 2.28 crore in 2013-14 by way of payment of advance tax. Thus, the Company could have saved ₹ 2.28 crore had it discharged its loan obligation, as surplus cash was kept in 'Current Account' which generated no income.

(iv) Undue benefit of ₹ 1.57 crore to DIMTS: The Company had been renting out office/ commercial space at ISBT Kashmere Gate, to the Government Departments, Banks, Companies, individual licensees etc.. Scrutiny of records showed that Delhi Integrated Multi-Model Transit System Limited (DIMTS) was allotted office space[7] during June 2006 to September 2011 on rental basis. The Company enhanced the rent/ license fee of office space of all the licensees from ₹ 25.50 per sqft per month to ₹ 45 per sqft per month with effect from 1 January

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5 Section 234A provides that where the return of income for any assessment year under sub-section (4) of section 139, or in response to a notice under sub-section 142, is furnished after the due date, or is not furnished, the assessee shall be liable to pay simple interest at the rate of one percent for every month or part of a month comprised in the period commencing on the date immediately following the due date and
(a) where the return is furnished after the due date, ending on the date of furnishing of the return, or
(b) where no return has been furnished, ending on the date of completion of the assessment u/s 144.

6 ₹ 45.64 lakh under Section 234 (A), ₹ 68.46 lakh under Section 234 (B) and ₹ 19.20 lakh under Section 234(C)

7 29259.96 sqft = 6082.53 sqft (08.09.2006), 2688.40 sqft (09.06.2006), 6580 sqft (25.04.2007), 129.12 sqft (05.01.2007), 298.91 sqft (12.01.2007), 9868 sqft (07.04.2008), 3613 sqft (10.09.2011)

2011. However, the Company issued the bills for license fees to DIMTS at old rates, of ₹ 25.50 sqft per month for the period from 1 January 2011 to 31 December 2012, whereas all other licensees including Government Departments, were issued bills at enhanced rates during the same period.

Thus, non-raising of bills at the enhanced rates of license fee to DIMTS, for the period from 1 January 2011 to 31 December 2012, resulted in loss of ₹ 1.57[8] crore.

(v) Avoidable liability of ₹ 3.72 crore on account of penal interest on loan: The Transport Department, GNCTD sanctioned loan of ₹ 70 crore to the Company for renovation of ISBT Kashmere Gate in three instalments of ₹ 40 crore, ₹ 20 crore and ₹ 10 crore which were received on 31 March 2011, 7 April 2012 and 9 April 2013 respectively, with a moratorium period of three years. The loan carried an interest rate of 10.50 *per cent* per annum, to be paid on due dates, irrespective of the moratorium allowed for repayment of principal. The Company did not pay the interest due on loan, on annual basis, during the period 2010-14 and thus, was liable to pay penal interest of ₹ 3.72 crore as per conditions of sanction orders.

The paragraph was issued to the Government (October 2014), their reply was awaited (April 2015).

2.2.11 Department of Information Technology

The Delhi State Spatial Data Infrastructure Project has not achieved its objective despite release of ₹ 116.86 crore towards the cost of the project. Subsequent performance showed slackness in the implementation of the project and uncertainty about the usability of the data resulting in unfruitful expenditure of ₹ 50.29 crore. Out of 38 line departments, the GSDL signed MoUs with only four line departments. Certain essential components amounting to ₹ 7.23 crore were not included in the estimate. Funds amounting to ₹ 3.00 crore, released for setting up of data centers remained unutilized.

The project of developing 3D-Geospatial Information System (GIS) database to generate large-scale base map of NCT of Delhi was entrusted to Survey of India (SoI) as a turnkey project. The project was to have two parts (i) the Land Information System (LIS) of Delhi with cadastral[9] information, and (ii) Urban Spatial Information System (USIS) to meet the spatial data and information requirements of the urban planning. The comprehensive information system was to help in proper planning and maintenance of various utilities and to serve as database for all information. The Cabinet approved an expenditure of ₹ 120 crore for the Delhi State Spatial Data Infrastructure (DSSDI) project, and a Memorandum of Understanding (MoU) was signed on 30 November 2007, between GNCTD and the SoI. The project was to be completed in 24 months before the commencement of the Common Wealth Games.

[8] License fee ₹ 1.37 crore, water charges ₹ 0.07 crore and service tax ₹ 0.13 crore
[9] Showing or recording property boundaries, subdivision lines, buildings, and related details

A Special Purpose Vehicle *viz.* Geo Spatial Delhi Limited (GSDL) was set up in May 2008 under the Department of Information Technology (DIT), GNCTD, to be a repository of the data created under the project. 'The Delhi Geo Spatial Data Infrastructure (Management, Control, Administration, Security and Safety) Act, 2011 (DGSDI Act)' was enacted in April 2011 and the DGSDI Rules were framed thereunder in December 2011.

An audit appraisal of the implementation and performance of the project since its inception till March 2014, was carried out during July to December 2014 based on records and information furnished by the DIT, GSDL and the SoI.

2.2.11.1 Slackness in implementation of the project

The project of 3D-GIS data base was conceived to generate Geo Spatial Data and large-scale base map of NCT of Delhi, to meet the requirements of various departments, for urban planning, disaster management, traffic management, security of important buildings and other valuable infrastructural assets. Audit appraisal of the execution of the project and its subsequent performance, showed slackness in the implementation of the project and uncertainty about the usability of database developed under the project. Following sub-paragraphs highlight the issues observed.

2.2.11.2 Delay in completion of the project

As per the MoU, the SoI was to complete the project within 24 months (by November 2009). The contract was awarded to M/s. Navayuga Engineering Company (NEC) by SoI in March 2008 at a cost of ₹119.08 crore. The project was handed over by the SoI to the GSDL in July 2012, with a delay of more than two and half years. As of August 2014, the DIT had released ₹116.86 crore to the SoI.

Reasons for delay in completion of the project and extension of time it granted to SoI/NEC was called for but were not furnished. The delayed completion of the project deprived line departments[10], various agencies and general public, of intended facilities of data in their planning process.

2.2.11.3 Non-implementation of provisions of the Act

The DGSDI Act and Rules framed there under, define the responsibilities of GSDL and line departments to ensure that the Geo Spatial Database are updated regularly and remain useful for needy departments at all the time. However, provisions of the Act, were not fully implemented as detailed below:

(i) As per section 9 (3) of the DGSDI Act, the primary responsibility for updation of the geo spatial data, lies on respective departments. However, as per information provided by GSDL (August 2014), only 10 out of 38 line departments updated their data during 2013.

[10] Line departments include a department, corporation and board of the government, having right to access the base map through access control.

(ii) As per Section 9 (1) of the Act, GSDL was required to enter into formal Service Level Agreements (SLAs) with the line departments, for the usage of data. However, as of September 2014, GSDL signed MoUs with only four out of 38 line departments. This showed the slackness on part of GSDL in implementing the provisions of the Act and consequent promotion of use of essential data in the process of planning.

2.2.11.4 Questionable usability of Geo Spatial Database

Audit noticed that the 3D-GIS Database developed under the project, was not fully commensurate with the requirements of the user agencies. They faced problems in making use of data for their specific needs. The Chief Secretary, GNCTD forwarded letters of various line departments (April 2011) to the Ministry of Science and Technology, GoI, pointing out their grievances and need for immediate corrective action to ensure robustness of data created under the project. However, corrective action taken on the issues raised in this letter, was not on record.

Audit scrutiny further showed that the Delhi Spatial Data Regulatory Authority (the DSDRA), created under the Act to decide service charges, fees and costs for sharing Geo Spatial Data, maps etc., fixed (December 2012) the fee to be charged from the line departments for using the data. However, eight line departments did not pay the requisite fee to GSDL for reasons as enumerated below:

- Three departments (BYPL, IGL, TPDDL) had their own GIS infrastructure for meeting their needs,
- Three departments (TPDDL, SDMC and DUSIB) were not provided access to GIS platform or equipment, connectivity etc.
- IGL and DTC said that required applications were either not developed or if developed, did not meet the technical requirements of the departments.
- DFS pointed out that GIS data could not be used in the absence of requisite refreshing speed,
- As per DTC, data created under the project was faulty, and lease line connectivity was problematic, and,
- The Excise, Entertainment and Luxury Tax Department stated that application link could not be used, as database was not updated by GSDL.

As such, many line departments were not in a position to make use of available data, and did not pay fees amounting to ₹ 18.08 crore to GSDL, for the period 2012-14, despite the fact that GSDL had paid ₹ 2.00 crore as rent for the period 2010-14, for lease lines provided to them.

The issues raised by the line departments indicate that before launching the project, line departments were not consulted about their requirements as confirmed by DIT in its reply (December 2014). Consequently, Geo Spatial Data and the system as a whole, were deficient to cater to the needs of all the intended departments. Even in cases where data was found compatible, other constraints like connectivity, departments. This raised a question on the achievement of envisioned purpose of the project.

Further, in a specific case, it was seen that while assigning the work of 'Preparation of Delhi Drainage Master Plan' to IIT, Delhi, GNCTD assured that necessary data was available in the DSSDI database. However, Consultant for the project, later on pointed out that the data supplied by GSDL, was neither complete nor accurate and as such, much of it, was not usable in the study.

In its reply, GSDL accepted audit observation and assured (August 2014) to bring the matter of outstanding fee to the notice of Regulatory Authority in its next meeting.

2.2.11.5 Unfruitful expenditure of ₹ 50.29 crore

As per the agreement with SoI, NEC was to set up 10 Monitoring Centers (MCs) and install 63 IP cameras with change detection software, at various locations in Delhi. The MCs were to observe and archive video data transmitted through lease lines from the cameras to MCs and undertake change analysis of the data to monitor mainly unauthorised construction. The reports generated on the basis of change analysis, were to be forwarded to the relevant authorities for necessary action. As per information provided by GSDL, only four[11] out of 10 MCs, were functional, whereas in remaining six, only equipment have been installed. A visit to two[12] out of four stated to be functional MCs, showed that neither was functional, and equipments, peripherals were lying unattended in dismal condition. As per the project report, the estimated cost of these 10 MCs was ₹ 30 crore and actual cost was not made available to Audit.

Audit scrutiny showed that the issue of usability of the IP cameras was discussed by GSDL (January 2009). Due to technical issues relating to mounting of cameras and non-availability of software to register change detection between two real time videos all the technical equipment procured are not yet put to use. This has resulted in unfruitful expenditure of ₹ 50.29 crore (₹ 30 crore on MC and ₹ 20.29 crore on cameras).

In its reply, the DIT stated (November 2014) that the process of site selection and its preparedness for installation of the cameras, is complicated and time consuming and requires identification of buildings and permission from building owners. The reply of the department is not acceptable in view of the fact that MCs are not functional and the entire expenditure of ₹ 50.29 crore remains unfruitful.

2.2.11.6 Release of funds without ascertaining sites

GSDL awarded the work of civil and electrical works to PWD for installation of 63 cameras and released ₹ 74.90 lakh in March 2012 (₹ 10.67 lakh for civil work and ₹ 64.23 lakh for electrical work). Audit scrutiny showed that PWD had utilized

[11] Shahdara South, Shahdara North Zone, Delhi Police Headquarter and NDMC Palika Kendra
[12] Shahdara South and Shahdara North Zone

₹ 13.40 lakh only on electrical work as of June 2014. Release of funds before identification of sites was in contravention to Section 15.1 (2) of the CPWD Manual.

In its reply, DIT stated (October 2014) that the amount given to the PWD for construction of platform at 63 locations have been finalized in one go otherwise for every location a time consuming tender process may have to be followed. The reply is not acceptable as funds were released before identification of sites which was in violation of provisions of CPWD manual.

2.2.11.7 Non-installation of Radio Frequency Identification Devices (RFIDs)

SoI/ GNCTD was to provide Global Positioning System (GPS) units and Radio Frequency Clearance for installation of 1500 RFIDs. Though NEC has procured RFIDs costing ₹ 45 lakh RFIDs could not be installed due to non-provisioning of GPS units and Radio Frequency Clearance by GSDL. Thus, the benefit of the RFIDs could not be availed of as stipulated in the project, though a liability of ₹ 45 lakh was created against the DIT.

In its reply, the DIT stated (August 2014) that the GPS unit was not a part of the project, but an additional requirement to install the RFIDs. It further stated that as the installation of RFIDs takes place, provisioning of GPS unit or its alternative would be done and as technology advances, better options would be available. The reply confirms the audit observation that RFIDs were not installed.

2.2.11.8 Other issues

a) Non-inclusion of expenditure of capital nature in the project cost

The DIT released ₹ 7.23 crore to GSDL/ SoI for lease line connectivity (₹ 1.33 crore), hiring of Geo Spatial Advisors, (₹ 4.00 crore) and day to day expenses (₹ 1.90 crore) in relation to execution of DSSDI project apart from the sanctioned amount of ₹120 crore. These important and essential components of the project should have been included in the estimate.

The DIT replied (September 2014) that the actual number of lease lines required could not be ascertained in advance and the services of Geo Spatial Advisors were hired for coordinating and updating of database. As regards day to day expenses, the department intends to go for the Cabinet approval.

The reply is not acceptable as these expenditure are of capital nature and should have been part of the estimate for the project. This only indicated that the project was conceived, planned and executed in a hurried manner, where important and essential components were left to be considered at the planning stage.

b) Blockade of fund of ₹ 3.00 crore

DIT released ₹ 3.00 crore to GSDL in March 2010, for setting up of two Data Centers for performing its mandated activities. The Data Centers had not been set up so far (December 2014). The DIT stated (September 2014) that Data Centers were not in the scope of project and the amount was still lying unutilized with GSDL. However, the reply is silent on setting up of Data Centers or refund of unutilised money from GSDL.

The above points were reported to Government of Delhi in January 2015, their reply was awaited (April 2015)

New Delhi **(DOLLY CHAKRABARTY)**
Dated : 01 June 2015 **Principal Accountant General (Audit), Delhi**

Countersigned

New Delhi **(SHASHI KANT SHARMA)**
Dated : 03 June 2015 **Comptroller and Auditor General of India**

Annexure 2.1
(Reference : Paragraph 2.1.2;page 22)
Statement showing particulars of up to date Paid-up capital, Loans outstanding and manpower as on 31 March 2014 in respect of Government Companies and Statutory Corporations

(Figures in column 5 (a) to 6 (d) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
A. Working Government companies													
FINANCE													
1	Delhi SC/ST/OBC Minorities, Handicapped Financial and Development Corporation Limited	Welfare	Jan-83	33.33	11.88	0.00	45.21	52.49	0.00	0.00	52.49	1.16 (1.16:1)	166
Sector wise total				**33.33**	**11.88**	**0.00**	**45.21**	**52.49**	**0.00**	**0.00**	**52.49**	**1.16** (1.16:1)	**166**
INFRASTRUCTURE													
2	Delhi State Industrial & Infrastructure Development Corporation Limited	Industry	Feb-71	21.00	0.00	0.00	21.00	0.00	0.00	0.00	0.00	0.00 (-)	1577
3	Shahjahanabad Redevelopment Corporation*	Urban Development	May-08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00 (-)	18
Sector wise total				**21.00**	**0.00**	**0.00**	**21.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00 (-)**	**1595**
POWER													
4	Delhi Power Company Limited	Power	Jul-01	745.05	0.00	0.00	745.05	2683.47	0.00	506.51	3189.98	4.28 (3.55:1)	18
5	Delhi Transco Limited	Power	Jul-01	3691.00	0.00	260.00	3951.00	654.23	0.00	1041.00	1695.23	0.43 (0.42:1)	1519
6	Indraprastha Power Generation Company Limited	Power	Jul-01	596.54	0.00	140.00	736.54	74.94	0.00	13.21	88.15	0.12 (0.17:1)	994
7	Pragati Power Corporation Limited	Power	Jan-01	2074.19	0.00	0.00	2074.19	426.67	0.00	1642.04	2068.71	1.00 (1.03:1)	285
8	DSIIDC Energy Limited	Industry	May-11	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00 (-)	0.00
Sector wise total				**7106.78**	**0.00**	**400.01**	**7506.79**	**3839.31**	**0.00**	**3202.76**	**7042.07**	**0.94 (0.87:1)**	**2816**
SERVICES													
9	Delhi State Civil Supplies Corporation Limited	Public Distribution	Nov-80	7.00	0.00	0.00	7.00	2.14	0.00	0.00	2.14	0.31 (-)	677
10	Delhi Tourism and Transportation	Tourism	Dec-75	6.28	0.00	0.00	6.28	0.00	0.00	0.00	0.00	0.00	845

	Development Corporation Limited											(-)	
11	Geospatial Delhi Limited	IT	May-08	10.76	0.00	0.00	10.76	1.00	0.00	0.00	1.00	0.09 (-)	60
12	DSIIDC Maintenance Services Limited	Industry	May-11	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00 (-)	0
13	DSIIDC Exim Limited	Industry	May-11	0.00	0.00	0.01	0.01	0.00	0.00	0.03	0.03	3.00 (-)	0
14	DSIIDC Liquor Limited	Industry	May-11	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00 (-)	0
Sector wise total				**24.04**	**0.00**	**0.03**	**24.07**	**3.14**	**0.00**	**0.03**	**3.17**	**0.13 (-)**	**1582**
TRANSPORT													
15	Delhi Transport Infrastructure Development Corporation	Transport	Aug-10	10.65	0.00	0.00	10.65	70.00	0.00	0.00	70.00	6.57 (5.63:1)	135
Sector wise total				**10.65**	**0.00**	**0.00**	**10.65**	**70.00**	**0.00**	**0.00**	**70.00**	**6.57** (5.63:1)	**135**
Total A (All sector wise working Government companies)				**7195.80**	**11.88**	**400.04**	**7607.72**	**3964.94**	**0.00**	**3202.79**	**7167.73**	**0.94 (0.88:1)**	**6294**
B. Working Statutory corporations													
FINANCE													
16	Delhi Financial Corporation	Finance	Apr-67	18.05	0.00	8.25	26.30	33.00	0.00	23.99	56.99	2.17 (3.43:1)	102
Sector wise total				**18.05**	0.00	**8.25**	**26.30**	**33.00**	**0.00**	**23.99**	**56.99**	**2.17 (3.43:1)**	**102**
TRANSPORT													
17	Delhi Transport Corporation	Transport	Nov-71	1983.85	0.00	0.00	1983.85	11676.14	0.00	0.00	11676.14	5.89 (5.89:1)	35561
Sector wise total				**1983.85**	**0.00**	**0.00**	**1983.85**	**11676.14**	**0.00**	**0.00**	**11676.14**	**5.89 (5.89:1)**	**35561**
Total B (All sector wise working Statutory corporations)				**2001.90**	**0.00**	**8.25**	**2010.15**	**11709.14**	**0.00**	**23.99**	**11733.13**	**5.84 (5.85:1)**	**35663**
Grand Total (A + B)				**9197.70**	**11.88**	**408.29**	**9617.87**	**15674.08**	**0.00**	**3226.78**	**18900.86**	**1.97 (1.92:1)**	**41957**

$ *Paid-up capital includes share application money.*

** *Loans outstanding at the close of 2013-14 represent long-term loans only.*

**paid up capital of SRC is ₹ 700 only*

Annexure- 2.2
(Reference: Paragraph 2.1.3; page 23)
Statement showing grants and subsidy received/ receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2014

(Figures in column 3 (a) to 6 (d) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Equity/ loans * received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Govern-ment	State Govern -ment	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3(a)	3(b)	4(a)	4(b)	4 (c)	4(d)	5(a)	5(b)	6 (a)	6 (b)	6 (c)	6 (d)
A. Working Government Companies													
FINANCE													
1	Delhi SC /ST/ OBC Minorities, Handicapped Financial and Development Corporation Limited	0.00	0.00	0.00	81.00	0.00	**81.00**	0.00	0.00	0.00	0.00	0.00	**0.00**
Sector wise total		**0.00**	**0.00**	**0.00**	**81.00**	**0.00**	**81.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
POWER													
2	Delhi Power Company Limited	0.00	3326.39	0.00	430.95	0.00	**430.95**	0.00	0.00	0.00	0.00	0.00	**0.00**
3	Delhi Transco Limited	0.00	202.00	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	0.00	0.00	**0.00**
4	Pragati Power Corporation Limited	0.00	100.00	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	0.00	0.00	**0.00**
Sector wise total		**0.00**	**3628.39**	**0.00**	**430.95**	**0.00**	**430.95**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
SERVICES													
5	Delhi State Civil Supplies Corporation Limited	0.00	0.00	0.00	35.75	16.12	**51.87**	0.00	0.00	0.00	0.00	0.00	**0.00**
6	Geospatial Delhi Limited	0.00	1.00	10.55	0.00	0.00	**10.55**	0.00	0.00	0.00	0.00	0.00	**0.00**
Sector wise total		**0.00**	**1.00**	**10.55**	**35.75**	**16.12**	**62.42**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
TRANSPORT													
7	Delhi Transport Infrastructure Development Corporation	0.00	10.00	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	0.00	0.00	**0.00**
Sector wise total		**0.00**	**10.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Total A (All sector wise working Government companies)		**0.00**	**3639.39**	**10.55**	**547.70**	**16.12**	**574.37**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
B. Working Statutory corporations													
TRANSPORT													
8	Delhi Transport Corporation	0.00	**0.00**	0.00	907.44	0.00	**907.44**	0.00	0.00	0.00	0.00	0.00	**0.00**
Sector wise Total		**0.00**	**0.00**	**0.00**	**907.44**	**0.00**	**907.44**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Total B (All sector wise working Statutory corporations)		**0.00**	**0.00**	**0.00**	**907.44**	**0.00**	**907.44**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Grand Total (A + B)		**0.00**	**3639.39**	**10.55**	**1455.14**	**16.12**	**1481.81**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

** Represents Equity and Loans received during the year from GNCTD only*

@ Figures indicate total guarantees outstanding at the end of the year.

Annexure– 2.3

(Reference: Paragraph 2.1.5: page 24)

Summarised financial results of Government Companies and Statutory Corporations for the latest year for which accounts were finalised

(Figures in column 5 (a) to (10) are ₹ in crore)

Sl.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed @	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss (before tax)							
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6	7	8	9	10	11	12
A. Working Government Companies														
FINANCE														
1	Delhi SC /ST /OBC Minorities, Handicapped Financial and Development Corporation Limited	2003-04	2013-14	6.23	0.40	0.25	5.58	11.09	0.00	25.92	26.99	81.94	5.98	7.30
Sector wise total				**6.23**	**0.40**	**0.25**	**5.58**	**11.09**	**0.00**	**25.92**	**26.99**	**81.94**	**5.98**	**7.30**
INFRASTRUCTURE														
2	Delhi State Industrial & Infrastructure Development Corporation Limited	2013-14	2014-15	150.04	0.00	1.69	148.35	1305.00	40.11	21.00	311.75	2026.06	148.35	7.32
3	Shahjahanabad Redevelopment Corporation	2013-14	2014-15	0.03	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.18	0.00	0.00
Sector wise total				**150.07**	**0.00**	**1.72**	**148.35**	**1305.00**	**40.11**	**21.00**	**311.75**	**2026.24**	**148.35**	**7.32**
POWER														
4	Delhi Power Company Limited	2013-14	2014-15	57.29	93.28	0.02	-36.01	0.00	-554.82	745.05	-1660.24	3837.82	57.27	1.49
5	Delhi Transco Limited	2012-13	2013-14	505.30	69.73	108.38	327.19	631.71	0.00	3951.00	-2393.26	3637.29	396.92	10.91
6	Indraprastha Power Generation Company Limited	2013-14	2014-15	350.20	122.76	37.78	189.66	969.12	0.00	736.54	438.57	701.84	312.42	44.51
7	Pragati Power Corporation Limited	2013-14	2014-15	1105.08	304.94	202.23	597.91	2139.00	-0.01	2074.19	1227.62	6112.18	902.85	14.77
8	DSIIDC Energy Limited	2013-14	2014-15	0.26	0.00	0.00	0.26	0.10	0.00	0.01	0.13	0.14	0.26	0.00
Sector wise total				**2018.13**	**590.71**	**348.41**	**1079.01**	**3739.93**	**-554.83**	**7506.79**	**-2387.18**	**14289.27**	**1669.72**	**11.69**
SERVICES														
9	Delhi State Civil Supplies Corporation Limited	2013-14	2014-15	11.78	0.00	0.56	11.22	1037.22	0.00	7.00	19.00	35.10	11.22	31.97
10	Delhi Tourism and Transportation Development Corporation Limited	2013-14	2014-15	22.41	0.00	3.15	19.26	1050.60	5.55	6.28	21.46	196.97	19.26	9.78
11	Geospatial Delhi Limited	2013-14	2014-15	2.34	0.00	0.42	1.92	4.64	0.00	10.76	2.57	23.31	1.92	8.24
12	DSIIDC Exim Limited	2013-14	2014-15	-0.01	0.00	0.00	-0.01	0.00	0.00	0.01	-0.04	0.01	-0.01	0.00
13	DSIIDC Liquor Limited	2013-14	2014-15	-0.02	0.00	0.00	-0.02	0.00	0.00	0.01	-0.04	-0.03	-0.02	0.00
14	DSIIDC Maintenance Services Limited	2013-14	2014-15	-0.01	0.00	0.00	-0.01	0.00	11.52	0.01	-0.06	-0.06	-0.01	0.00
Sector wise total				**36.49**	**0.00**	**4.13**	**32.36**	**2092.46**	**17.07**	**24.07**	**42.89**	**255.30**	**32.36**	**12.68**

TRANSPORT														
15	Delhi Transport Infrastructure Development Corporation	2011-12	2013-14	16.05	0.00	2.01	14.04	21.24	0.00	10.65	104.86	195.25	14.04	7.19
Sector wise total				**16.05**	**0.00**	**2.01**	**14.04**	**21.24**	**0.00**	**10.65**	**104.86**	**195.25**	**14.04**	**7.19**
Total A (All sector wise working Government companies)				**2226.97**	**591.11**	**356.52**	**1279.34**	**7169.72**	**-497.65**	**7588.43**	**-1900.69**	**16848.00**	**1870.45**	**11.10**
B. Working Statutory Corporations														
FINANCE														
16	Delhi Financial Corporation	2013-14	2014-15	7.45	7.10	0.32	0.03	16.99	-0.15	26.30	0.00	146.70	7.13	4.86
Sector wise total				**7.45**	**7.10**	**0.32**	**0.03**	**16.99**	**-0.15**	**26.30**	**0.00**	**146.70**	**7.13**	**4.86**
TRANSPORT														
17	Delhi Transport Corporation	2012-13	2013-14	-684.26	2057.04	173.10	-2914.40	1228.38	-1263.20	1983.85	-17607.28	2584.89	-857.36	0.00
Sector wise total				**-684.26**	**2057.04**	**173.10**	**-2914.40**	**1228.38**	-1263.20	**1983.85**	**-17607.28**	**2584.89**	**-857.36**	**0.00**
Total B (All sector wise working Statutory corporations)				**-676.81**	**2064.14**	**173.42**	**-2914.37**	**1245.37**	**-1263.35**	**2010.15**	**-17607.28**	**2731.59**	**-850.23**	**0.00**
Grand Total (A + B)				**1550.16**	**2655.25**	**529.94**	**-1635.03**	**8415.09**	**-1761.00**	**9598.58**	**-19507.97**	**19579.59**	**1020.22**	**5.21**

 # Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/ decrease in losses (-) decrease in profit/ increase in losses. As regards DTC and DTIDC, the impact is for 2012-13 and 2011-12 respectively.

@Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/ corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance).

$ Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

[a] SRC has a paid up capital of ₹ 700 only, interest of ₹ 152 and accumulated loss of ₹ 66388 only

Annexure- 2.4

(Reference: Paragraph 2.1.6; page 25)

Statement showing investment made by the State Government in PSUs where accounts are in arrears

(₹ in crore)

Name of PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which the accounts are in arrears			
			Year	Equity	Loans	Grants/ Subsidy
Working Companies/ Corporations						
Delhi SC /ST /OBC Minorities, Handicapped Financial and Development Corporation Limited	2003-04	25.92	2004-05	-	-	2.04
			2005-06	1.81	-	0.66
			2006-07	-	0.34	-
			2007-08	7.00	2.15	-
			2008-09	0.64	-	0.36
			2009-10	6.00	-	0.64
			2010-11	3.83	-	0.51
			2011-12	-	-	0.50
			2012-13	-	50.00	0.53
			2013-14	-	-	81.00
Delhi Transco Limited	2012-13	3951.00	2013-14	-	202.00	-
Delhi Transport and Infrastructure Development Corporation	2011-12	10.65	2012-13	-	20.00	-
			2013-14	-	10.00	-
Delhi Transport Corporation	2012-13	1983.85	2013-14	-	-	907.44
Total		**5971.42**		**19.28**	**284.49**	**993.68**

Annexure 2.2.1 (a)
(Reference: Paragraph 2.2.2.1; page 31)
Financial position of DTTDC for the period 2009-10 to 2013-14

(₹ in crore)

Year	Particular	2009-10	2010-11	2011-12	2012-13	2013-14
A	**Liabilities**					
a)	Paid up capital (including share application money)	6.28	6.28	6.28	6.28	6.28
	Reserve & Surplus	68.14	85.13	102.67	122.36	139.88
c)	Deferred Tax Liability (Net)	4.22	4.29	4.48	4.64	14.54
d)	Borrowing from financial institutions	0	0	0	0	0
e)	Current Liabilities and provisions	315.17	325.74	564.01	548.85	388.42
f)	Non –current Liabilities	0	0	58.01	125.58	34.08
g)	Deferred Revenue Income	2.11	3.05	2.75	2.61	2.19
	Total	**395.92**	**424.49**	**738.20**	**810.32**	**585.39**
B	**Assets**					
a)	Gross block	45.14	45.73	47.93	50.20	63.45
b)	Less cumulative depreciation	10.97	12.15	13.65	14.21	16.98
c)	Net block	34.17	33.58	34.28	35.99	46.52
d)	Capital work –in- progress	3.02	2.17	14.05	45.43	102.94
e)	Investments	0	0	0	0	0
f)	Current assets & loans & advances	358.73	388.74	638.00	689.25	415.84
g)	Other Non-current Assets and Long term loan & Advances	0	0	51.87	39.65	20.09
h)	Deferred tax assets (Net)	0	0	0	0	0
	Total	**395.92**	**424.49**	**738.20**	**810.32**	**585.39**
C	Capital employed	80.75	98.75	174.19	261.47	196.97
D	Ratio of Current Assets to Current Liabilities	**1:1.14**	**1:1.19**	**1:1.13**	**1:1.26**	**1:1.07**

Annexure 2.2.1 (b)
(Reference: Paragraph 2.2.2.1; page 31)
Working results of DTTDC for the period 2009-14

(₹ in crore)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Income					
Turnover	739.27	845.80	932.06	1040.32	1050.60
Less cost of purchases/service rendered	706.00	804.22	876.11	975.84	966.80
Operating profit	33.27	41.58	55.95	64.48	83.80
Add other income	30.37	38.25	37.91	58.20	48.35
Total Income after cost of purchases/services	**63.64**	**79.83**	**93.86**	**122.68**	**132.15**
Expenditure					
Employees remuneration, benefits	35.26	40.66	46.22	56.08	56.30
Administration & other expenditure	17.45	20.93	25.22	31.24	52.97
Depreciation	1.50	1.58	1.52	1.64	3.15
Provision for doubtful debts	0.07	0.25	0.04	0.03	0
Prior period adjustments	(-).09	0.11	0	0	0.47
Total Expenditure	**54.19**	**63.53**	**73.00**	**88.99**	**112.89**
Net profit before tax	**9.45**	**16.30**	**20.86**	**33.69**	19.26
Provision for income tax	2.35	2.75	2.27	15.06	4.03
Provision for deferred tax	2.44	0.07	0.19	0.16	9.91
Net profit after tax	**4.66**	**13.48**	**18.40**	**18.47**	**5.32**
Proposed dividend /interim divided	0.63	0.63	0.63	0.63	0.63
Tax on proposed dividend	0.10	0.10	0.10	0.10	0.10
Surplus	3.93	12.75	17.67	17.74	4.59
Return on Capital Employed	3.93	12.75	17.67	17.74	4.59
Percentage of return to capital employed	**4.87**	**12.91**	**10.14**	**6.78**	**2.33**
Percentage of other income to total income after cost of purchases/services	**47**	**47**	**40**	**47**	**36**

Annexure 2.2.1 (c)
(Reference: Paragraph 2.2.2.1; page 31)
Activity wise contribution of turnover in total turnover of DTTDC during 2009-14

(₹ in crore)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Income from Liquor activities	721.81	831.19	909.08	1003.31	1013.15	4478.54
Income from Tourism activities (Viz. DH-INA, DH-PP, GFS, Tourism, Travel, & Catering divisions, DITTM)	25.94	18.02	21.49	29.08	31.91	126.44
Income from activities other than tourism and liquor	21.89	34.84	39.40	66.13	53.89	216.15
Total Income of DTTDC	**769.64**	**884.05**	**969.97**	**1098.52**	**1098.95**	**4821.13**
Profit earned by liquor division	2.57	4.57	8.85	4.28	3.08	**23.35**
Losses incurred in tourism activities(Viz. DH-INA, DH-PP, GFS, Tourism, Travel, & Catering divisions, DITTM)	(-)2.4	(-)5.9	(-)4.45	(-)5.13	(-)6.06	(-)23.94
Percentage of contribution of liquor division profit in DTTDC's profit (before tax)	27	28	42	13	16	
percentage of liquor activity income to total turnover	94	94	94	91	92	
percentage of tourism activity income to total income	3	2	2	3	3	

Annexure- 2.2.2

(Reference: Paragraph 2.2.4.1; page 35 & 36)

Financial position of Dillihaat INA and Dilli Haat Pitampura and GFS

(₹ in crore)

Name of Unit	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Dillihaat INA	Income	5.98	5.71	7.94	8.68	9.81	38.12
	Expenditure	3.03	4.21	4.26	4.45	4.67	20.62
	Profit & Loss	2.95	1.50	3.68	4.23	5.14	**17.50**
	Salary & Wages Expenses	1.53	1.37	1.65	2.17	2.18	
	Percentage of salary & wages to Income	25.59	23.99	20.78	25.00	22.22	
DillihaatPitampura	Income	1.59	2.00	2.39	2.44	2.83	11.25
	Expenditure	3.02	3.16	3.67	3.80	3.18	16.83
	Profit & Loss	(-)1.43	(-) 1.16	(-) 1.28	(-) 1.36	(-) 0.35	**(-)5.58**
	Salary & Wages Expenses	1.20	1.45	1.74	1.98	1.71	
	Percentage of salary & wages to Income	75.47	72.14	72.80	81.15	60.42	
GFS	Income	1.06	1.26	1.78	2.32	1.80	8.22
	Expenditure	1.34	1.52	1.73	2.30	2.93	9.83
	Profit & Loss	(-)0.28	(-)0.26	0.05	0.02	(-) 1.13	**(-)1.60**
	Salary & Wages Expenses	0.81	0.78	0.89	1.07	1.00	
	Percentage of salary & wages to Income	76.42	61.90	50.00	46.12	55.56	

Annexure- 2.2.3

(Reference: Paragraphs 2.2.4.5 & 2.2.4.6; page 38 & 39)
Financial Position of Tourism and Travel Division for the period 2009-14

(₹ in crore)

Division	Particular	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Tourism Division	**Income**	**12.25**	**4.14**	**3.31**	**8.92**	**10.33**	38.95
	Total Expenses	**14.97**	**9.38**	**9.19**	**15.80**	**17.91**	67.25
	Profit/ Loss of Tourism Division	**(-) 2.72**	**(-) 5.24**	**(-) 5.88**	**(-) 6.88**	**(-) 7.58**	**(-)28.30**
	Cost of Materials Consumed	9.29	2.54	2.76	7.70	8.83	
	Salary & Wages expenses	4.81	5.63	5.50	6.25	6.87	
	% of cost of Material consumed to Income	75.84	61.35	83.38	86.32	85.48	
	% of Salary & Wages to Income	39.27	135.99	166.16	70.07	66.51	
Travel Division	**Income**	**1.93**	**1.81**	**2.72**	**2.37**	**2.59**	11.42
	Total Expenses	**2.45**	**2.21**	**3.17**	**2.90**	**3.32**	14.05
	Profit/Loss of Travel Division	**(-) 0.52**	**(-)0.40**	**(-) 0.45**	**(-) 0.53**	**(-) 0.73**	**(-)2.63**
	Cost of Material Consumed	1.84	1.74	2.59	2.29	2.50	
	Salary & Wages Expenses	0.45	0.37	0.44	0.42	0.53	
	% of cost of Material consumed to Income	95.34	96.13	95.22	96.22	96.53	
	% of Salary & Wages to Income	23.31	20.44	16.18	17.72	20.46	

Annexure-2.2.4
(Reference: Paragraph 2.2.4.5(i); page 38)
Details of Income and Expenditure of Vehicles owned by Transport Division

(₹ in crore)

Year	Income	Operation expenditure viz. POL, R&M and Rate & Taxes	Profit/(-) Loss for 18 vehicles owned by the company	Proportionate Employee cost	Net Loss after employee cost
2009-10	1.10	0.79	0.31	1.64	1.33
2010-11	1.12	0.80	0.32	1.96	1.64
2011-12	1.15	0.82	0.32	2.12	1.80
2012-13	1.16	0.80	0.36	2.65	2.29
2013-14	1.31	0.82	0.50	3.09	2.59
Total	**5.84**	**4.03**	**1.81**	**11.46**	**9.65**

Annexure-2.2.5

(Reference: Paragraph 2.2.5.1; page 45)

Financial Position of Country liquor and IMFL segments of the Liquor Division for 2009-10 to 2013-14

(₹ in crore)

Segment	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Country Liquor	Revenue from Liquor Sale	178.31	180.83	177.18	179.25	151.70	867.27
	Other Income	0.52	0.49	0.47	0.42	0.03	1.93
	Total Income	**178.83**	**181.32**	**177.65**	**179.67**	**151.73**	**869.20**
	Total Expenses	**181.03**	**184.29**	**179.77**	**182.93**	**156.26**	**884.08**
	Profit/Loss country liquor	-2.20	-2.97	-2.12	-3.26	-4.53	**(-)15.08**
	Liquor Purchases	174.32	177.03	171.31	173.29	145.75	
	Salary & Wages Exp.	5.12	5.69	6.54	6.87	5.54	
	% of Liquor purchases to Income	**97.48**	**97.90**	**96.43**	**96.45**	**96.06**	
	% of Salary & Wages to Income	2.87	3.14	3.68	3.82	3.67	
I.M.F.L.	Revenue from Liquor Sale	541.44	648.10	729.07	821.41	859.91	3599.93
	Other Income	1.54	1.77	2.36	2.23	1.51	9.41
	Total Income	**542.98**	**649.87**	**731.43**	**823.64**	**861.42**	**3609.34**
	total Expenses	**538.21**	**642.33**	**720.46**	**816.10**	**853.81**	**3570.91**
	Profit/Loss IMFL	4.77.	7.54	10.97	7.54	7.61	**38.43**
	Liquor Purchases	518.21	619.61	694.51	783.43	816.57	
	Salary & Wages Exp.	12.61	14.85	16.42	21.68	21.36	
	% of Liquor purchases to Income	**95.44**	**95.34**	**94.95**	**95.12**	**94.79**	
	% of Salary & Wages to Income	2.32	2.29	2.24	2.63	2.48	
Total liquor division Profit/loss		2.57	4.57	8.85	4.28	3.08	**23.35**
Total Liquor Division Turnover		721.81	831.19	909.08	1003.31	1013.15	
Percentage of profit to total sale of the Liquor division		0.35	0.55	0.97	0.43	0.30	