REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR
THE YEAR 1984-85

UNION GOVERNMENT (CIVIL)

VOLUME II

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PREFATORY REMARKS

As mentioned in the prefatory remarks of Volume I of the Report of the Comptroller and Auditor General of India for the year 1984-85 - Union Government (Civil), the results of test audit of the financial transactions of the Civil and Revenue Departments of the Union Territory of Delhi Administration are set out in this Volume.

2. This report includes, among others, reviews/paragraphs on Adult Education, Universalisation of Elementary Education, construction activities etc. of Delhi Development Authority, Assessment and Collection of Motor Vehicles Tax and Fees and Arrears of Sales Tax.

CHAPTER I

CIVIL DEPARTMENTS OF DELHI ADMINISTRATION

DIRECTORATE OF EDUCATION

1. Adult Education Programme in the Age Group 15-35 Delhi Administration

1.1 *Introductory:* The Centrally sponsored National Adult Education Programme in respect of urban and rural illiterates was launched in the Union Territory of Delhi in 1979 to attain 100 per cent literacy by 1990 in respect of adult illiterates who are in the age group 15-35. According to the 1981 Census, Delhi had 6.51 lakhs adult illiterates. The rural component of the programme i.e. Rural Functional Literacy Project aimed at setting up of 300 adult education centres per annum to cover 9,000 adult illiterates each year. For urban illiterates, 20 Projects were to be started to cover 2.88 lakhs beneficiaries. A Project Office was required to be opened for 100 centres. Under both the Schemes each centre was required to enrol 30 illiterate adults. The financial pattern of the projects provided funds for field costs, teaching, learning materials, Project administration, Training and non-recurring costs on office furniture, as well as jeeps for supervision. The State Resource Centre established in 1981-82 with cent per cent Central assistance, was required to provide a variety of technical services such as development of curriculum, appropriate instructional and learning materials, training evaluation, etc. for implementing the programme.

1.1.2 The Administrative Control for implementation devolved on the Delhi Administration. The State Education Board (Adult Education) under the Chairmanship of Lt. Governor was constituted in January 1981 to assist and advise the Delhi Administration for successful implementation of the scheme. Both the schemes were fully financed by the Government of India.

1.2 Targets and achievements

1.2.1 For the urban illiterates, the Delhi Administration was required to open 9,600 centres during 1980-85 (Under State Adult Education Programme). However, only 5,376 centres could be opened and 1.36 lakhs beneficiaries were covered during the Sixth Plan against the envisaged target of 2.88 lakhs.

1.2.2 Under Rural Functional Literacy Project (RFLP), the Delhi Administration was required to open 1,500 centres during 1980-85. However, only 1,288 centres could be opened and 38,756 beneficiaries were covered during the Sixth Plan against the envisaged target of 45,000. 15,670 beneficiaries could not qualify the test of literacy and 3,885 beneficiaries dropped out during the ten months training period and 138 centres closed down before completing the ten months course.

1.3 Financial Outlay

1.3.1 The yearwise allotment and expenditure incurred on both the programmes during the Sixth Plan period were as below:–

Urban Literacy Programme

Year	Budget allocation	Expenditure	Saving
			(Rupees in lakhs)
1980-81	25.00	19.79	5.21
1981-82	30.00	25.07	4.93
1982-83	40.00	27.45	12.55
1983-84	48.00	37.41	10.59
1984-85	70.00	42.58	27.42
	213.00	**152.30**	**60.70**

Saving was mainly due to non implementation of the scheme i.e. required number of centres were not opened, learning and teaching materials were not purchased and supplied to the centres according to the norms laid down by Government. Under the Rural Functional Literacy Programme (RFLP)) the total allotment was Rs.28.59 lakhs against which an expenditure of Rs.23.14 lakhs was incurred in the Sixth Plan.

1.4 Implementation of the Scheme

1.4.1 As a result of audit scrutiny of the records of Directorate and the field projects the following points were noticed:–

1.4.1.1 The State Adult Education Scheme provided for appointment of one supervisor for 30 centres and one Project Officer for 100 centres. The number of Supervisors appointed in excess of the norms ranged from 58 per cent in 1980-81 to 28 per cent in 1984-85, while the number of Project Officers was around 30 per cent in excess of norms from 1982-83 onwards.

1.4.1.2 The Delhi Administration drafted Trained Teachers from Directorate of Education to work as Supervisors who were paid normal Pay and Allowances instead of recruiting Supervisors on fixed salary of Rs.500 per month as provided in the scheme. This resulted in excess expenditure of Rs.26.06 lakhs, which was irregular. Under Rural Functional Literacy Project (RFLP) the excess expenditure on this account amounted to Rs.8.05 lakhs.

1.4.1.3 The Scheme envisaged payment of a fixed T.A. of Rs.150 per month to the Supervisors for visiting the centres under their control. No fixed T.A. was paid to the Supervisors during 1980-85. Similarly, the

Project Officers/Asstt. Project Officers were also not paid the fixed T.A. of Rs.200 per month as provided in the Scheme. No records of touring done by the Project Officers/Asstt. Project Officers/Supervisors were kept in the Project. No Survey Reports of the Supervisors were available.

1.4.1.4 The Scheme provided that beneficiaries of the programme should be given primers, work books, supplementary learning materials, slates and pencils etc. This part of the Scheme was not implemented adequately. The records of the Project showed that 19, 201 beneficiaries completed the ten months course successfully. However, it was noticed that only 8,850 primers and 7,500 work books were issued to the beneficiaries from 1980 to 1985. The total expenditure incurred by the Project on reading/writing materials during the Sixth Plan was Rs.0.81 lakh against the provision of Rs.3.68 lakhs. The Delhi Administration, however, intimated to Government of India that Rs.2.14 lakhs were spent.

1.4.1.5 No expenditure was incurred on the purchase of teaching material during 1979-80 to 1982-83. The Delhi Administration, however, spent Rs.317.50 only during the Sixth Plan period against the provision of Rs.0.90 lakh in the scheme. The Administration, however, showed an expenditure of Rs.0.91 lakh which included the cost of Durries, Office stationery and sewing machines etc. which did not form part of the teaching material as envisaged in the financial pattern of the scheme. It was observed that no expenditure on teachers' guide, teaching chart, supplementary learning charts and other teaching learning material, was incurred. Though Rs.0.21 lakh was spent on sewing and knitting machines for use at the centres, the Instructors were not trained for imparting training in sewing and knitting skills to the beneficiaries.

1.4.1.6 A jeep was purchased for the Rural Functional Literacy Project in October 1979. However, from March 1982, the jeep was in the Directorate of Education. From March 1982 to 1985 an expenditure of Rs.0.78 lakh was incurred on pay of driver and running and maintenance expenditure of the jeep. Although the jeep was in the Directorate, the expenditure on the jeep was debited to the Project funds.

1.5.1 The Directorate covered 1.36 lakhs beneficiaries under the State Adult Education Programme. However, during 1980-85, only 53,928 beneficiaries successfully completed the course. The learning material supplied was grossly inadequate to meet the requirement of the adult illiterates enrolled under the scheme. As against 1.36 lakhs adults enrolled, only 39,100 primers were supplied. While the supply of primers was inadequate in 1980-81, it was noticed that primers were not supplied in 1984-85 but 18,469 adults were shown as having completed the course successfully. In 1983-84 only 1,720 primers were supplied but 16,337 adults were shown as having completed the course. During 1980-85, 48,678 work books were supplied to the projects. Out of these 42,835 were supplied in 1980-81 and 1981-82 and during 1982-83 to 1984-85 only 5,843 work books were supplied to cover 96,936 beneficiaries. The stock registers of the centres were not being maintained by the Instructors and as such the supply and utilisation of learning and teaching material being used at the centres could not be verified. The State Resource Centre, Delhi, developed primer and other post literacy books and the same were supplied to the Project Offices of the Delhi Administration in March 1985 for the first time.

1.5.2 The Directorate spent Rs.35.71 lakhs on contingencies during 1980-85 on the State Adult Education Scheme. However, the Contingent Register was not maintained in accordance with the financial pattern of expenditure approved by Government. It could not, therefore, be verified whether the expenditure was according to the norms laid down by the Government of India.

1.5.3 The scheme of Incentive Awards was designed to promote adult literacy among women in the age group 15-35 years. The scheme provided for awards at 3 levels i.e. Centre level award for purchase of knitting and sewing machines, books, etc; at the District level for purchase of multi-purpose mobile van and at the State/Union Territory level for opening of multi-purpose hostel-cum-training Institute.

A sum of Rs.11.25 lakhs was allocated by Government of India to Delhi Administration during 1983-84 as incentive grant for promotion of adult female literacy. But the award money had not been utilised during 1983-84 and 1984-85. The Directorate did not utilise the grant for want of trained Instructors/Supervisors who could impart training to female neo-literates in tailoring, stitching, knitting, etc.

1.5.4 In the Directorate of Adult Education the programme was to be coordinated and monitored by an Additional Director and Deputy Director. While the post of Additional Director had been held in abeyance since October 1984, the post of Deputy Director was vancant in 1981-82 and 1982-83. No records were available in the Directorate to show the field visits made by the Officers of the Directorate and the utilisation of 2 jeeps.

1.5.5.1 The adult education centres under both the schemes were being run from the houses of Instructors. No accommodation for running the centres was provided by the Directorate. In July 1982, the Delhi Municipal Commissioner assured that Corporation school buildings could be made available for running the centres of State Adult Education Schemes. This was not followed up by the Directorate with the Municipal Corporation.

1.5.5.2 Test check of the attendance registers of 7 Adult Education Projects covering 445 centres showed

that attendance ranged between 0-10 in 267 Centres and 11-20 in 147 Centres against the norm of 30 per Centre.

1.6 Training

Training of block level functionaries i.e. Supervisors and Instructors was an important component of the Adult Education Scheme. The State Resource Centre organised Training Programme for Project and Block level functionaries. The records of the State Resource Centre showed that they had trained only 97 out of 1,561 Instructors.

1.7 *Monitoring and Evaluation*

The Instructors were not preparing monthly monitoring reports as required under the schemes. However, the Supervisors were preparing monthly and quarterly monitoring reports for the Centres under their control. The basis on which the Supervisors consolidated their reports could not be verified as the initial reports of the Instructors were not forthcoming.

The State Resource Centre, Delhi was required to conduct the survey-cum-evaluation of the functioning of the Delhi Adult Education Programmes. However, the Directorate of Adult Education did not respond to the proposal dated 23rd November 1984 of State Resource Centre for carrying out evaluation and no such evaluation was done.

1.8 Post Literacy Programme

The Post Literacy Programme was designed with a view to preventing the neo-literates, who had just acquired literacy through the Adult Education Centres in ten months course, from sliding back to illiteracy and to make them self reliant and induct them into the process of continuing education. The scheme was initiated in 194 centres in 1982-83, 218 centres in 1983-84 and 180 centres in 1984-85.

While the Post Literacy and Follow up Programme (PLFP) had been given high priority by the Union Government since 1984-85, it was noticed that the Delhi Administration did not allocate funds separately for the programme. The number of Post Literacy centres opened since 1982-83 were sufficient to cater to the requirements of only 6,000 adults whereas Administration claimed that 73,129 adults had successfully completed the first phase of the programme. Therefore, only 8 per cent adults could be covered under the programme. Attendance registers for the beneficiaries were not kept and the Directorate had no information as to the number of adults enrolled for the programme. As there was no separate trained staff to run the scheme, the Post Literacy centres were being run by the Instructors of the Adult Education Programme as additional work and received an honorarium of Rs.20 in additon to Rs.100 per month for running the adult education centres. The learning material developed by the State Resource Centre was not obtained from them for the benefit of neo-literates by the Directorate in the Sixth Plan. Therefore, the Post Literacy programme which covered phases II and III of the Adult Education Programme was not implemented.

Summing up

- According to the 1981 Census there were 6.51 lakhs adult illiterates in Delhi. During the Sixth Plan, however, only 1.75 lakhs adults were covered. Against the envisaged target of 11,100 centres, only 6,664 centres could be opened during the Sixth Plan.
- While there was a shortfall in the opening of adult education centres, it was noticed that at the project level under State Adult Education Programme there was excess appointment of Supervisors and Project Officers to the extent of 30 per cent from 1982-83.
- There was an excess expenditure of Rs.34.11 lakhs on the salary and allowances of Supervisors. Project Officers and Supervisors were not paid fixed T.A. as envisaged in the Scheme.
- The State Education Board set up to advise the Delhi Administration on implementation of th scheme held only one meeting since it was constituted in January 1981.
- Against 1.75 lakhs adults covered during 1980-85 only 73,129 adults successfullv completed the ten months' course.
- For 1.75 lakhs adults, 47,950 primers only were issued during Sixth Plan. During 1984-85, 18,469 adults were made literate under State Adult Education. It was, however, noticed that primers were not supplied to them.
- Rs.11.25 lakhs allocated under the scheme of incentive awards to promote adult literacy among women were not utilised.
- Only 8 per cent neo-literates were covered under Post Literacy and Follow up Programme; the centres opened were sufficient to cater to the requirement of 6,000 beneficiaries against 73,129 neo-literates.

2. Universalisation of Elementary Education

2.1 Non-Formal Education

2.1.1 Introductory:– Non-Formal Education (NFE) Scheme is a Centrally Sponsored Scheme for imparting education under the school system to non-enrolled and non-attending children in the age group 6 to 14.

2.2 *Targets and Achievements*

2.2.1 According to the draft Sixth Five Year Plan of the Union Territory of Delhi there were 40,000 children in the age group 6 to 11 and 90,000 children in 11 to 14 age group who were not attending schools.

2.2.2 Keeping in view the number of non-enrolled and non-attending children, the Sixth Plan document on Delhi envisaged coverage of 77,200 beneficiaries by opening 2,240 centres during the period 1980-85 and during 1984-85 alone it was planned to open 1048

centres to cover 41,440 beneficiaries. This target was scaled down by Delhi Administration in their Annual Plans and the coverage was reduced to 11,760 beneficiaries by opening 307 centres during 1980-85. However, actual coverage under the programme during 1980-85 was only 6,049 beneficiaries which included 4,025 girls. The Directorate was able to set up only 233 centres against the revised target of 307.

Children in the age group of 6 to 11 alone were covered under the scheme leaving out the age group 11 to 14.

2.3 Financial Outlays

2.3.1 Against the total outlay of Rs.35.32 lakhs for 1980-85 provided in the Sixth Plan, an expenditure of Rs.18.97 lakhs was incurred on Pay and Allowances of Social Workers/Supervisors (Rs.16.61 lakhs) and on payment of honorarium to Instructors (Rs.2.36 lakhs) as per details given below:–

Year	Pay and Allowances of Social Workers/ Supervisors	Honorarium to Instructors	Total
			(Rupees in lakhs)
1980-81	0.62	0.04	0.66
1981-82	2.29	0.45	2.74
1982-83	3.23	0.28	3.51
1983-84	4.77	0.78	5.55
1984-85	5.70	0.81	6.51
Total	**16.61**	**2.36**	**18.97**

The Directorate of Education, Delhi stated (January 1986) that due to administrative difficulties and ban imposed by Government of India, no further sanction for opening of the NFE centres was given by Delhi Administration and as such the prescribed targets could not be achieved. However, the ban was imposed on regular recruitment and not on engaging part-time Instructors on payment of honorarium.

2.3.2 The Scheme provided for (i) a full time Officer of the level of Joint Director of Education; (ii) one Supervisor for 40 Centres; (iii) teachers on payment of honorarium at the rate of Rs.105 per month for each centre for 25-35 children. The work relating to this scheme was, however, being handled by an Assistant Director as additional charge. The Directorate stated (January 1986) that the scheme was implemented by the Adult Education Branch working under the guidance of Additional Director of Education and 24 Supervisors were sanctioned for the scheme.

2.3.3 Under the Scheme, one Supervisor or Social Worker was to look after the working of 40 centres each. It was, however, noticed that 24 Supervisors were appointed for 72 centres resulting in appointment of 22 Supervisors in excess of the norms prescribed by the government. The excess expenditure incurred on appointment of Supervisors thus worked out to Rs.15.48 lakhs.

2.3.4 The Supervisors were also required to conduct surveys to identify students who were not attending schools; it was noticed in Audit that no such surveys were conducted.

2.4 Training

The Scheme envisaged strengthening of the Teachers Training Institutes by appointment of the required staff and providing necessary teaching equipment, furniture, etc. in order to get the Instructors trained in these Institutes. It was, however, noticed that no such action was taken by the Department and as a result out of 72 Instructors, only 11 were trained.

2.5 Financial Assistance, etc.

2.5.1 The Scheme provided for incurring of expenditure as indicated below:–

(i) Contingent expenditure including lighting @ Rs.350.00 per centre per annum.
(ii) Teaching material (like slates, exercise books, pencils etc.) Rs. 3 per pupil per annum.
(iii) Equipment @ Rs.250 per centre for the minimum period of three years.

The Directorate of Education stated (January 1986) that the beneficiaries were given teaching material like slates, exercise books and the centres were provided with Durries, Black Boards, Chalks, etc. but these were not as per fixed norms of the Ministry. However, it was noticed in Audit that no expenditure on any of the above items was sanctioned/incurred.

2.5.2 *Providing curricula, syllabus, reading material to students*

The State Resource Centre of Delhi Administration in collaboration with the National Council of Educational Research and Training, New Delhi (NCERT) was to draw up feasible programme for the NFE outlining the curricula, syllabus and reading material for the courses etc. It was, however, noticed that neither such curricula, syllabus and reading material was prescribed nor such materials developed by the State Resource Centre and the NCERT.

2.5.3 *NFE Centres*

The scheme envisaged that the NFE Centres would be located in the primary and middle schools or local Panchayat Ghar or Community Centre or any accommodation provided by the community. It was observed in Audit that accommodation was not available for the scheme as most of the school buildings were utilised for running two shifts and no accommodation was made available either by Panchayat or by Community Centre as envisaged in the Scheme. As a result the centres were located at the residences of the Instructors. It was noticed in Audit that only 19 centres were being run in school buildings. Direcotrate of Education stated (January 1986) that Centres were run in

school buildings, if available and at a convenient place near the residence of the beneficiaries where such accommodation was not available.

2.6 Central Commodity Assistance in the form of paper

2.6.1 190 M.T. of Swedish paper was allotted by the Government of India to the Union Territory of Delhi for bringing out reading and learning material for the Non-Formal Education Scheme. The Directorate of Adult Education received 196.5 M.T. of paper against the allotted quota. Entire quantity of 196.5 M.T. of paper was not utilised for bringing out learning and reading material for beneficiaries as envisaged in the Scheme.

112.656 M.T. of paper valuing Rs.8.05 lakhs approximately was issued to the following 6 Organisations/Units on loan:–

i) Patrachar Vidyalaya	3935 Reams
ii) Delhi Book Text Bureau, New Delhi	2239 Reams
iii) State Resource Centre, Delhi	661 Reams
iv) Population Cell	200 Reams
v) State Institute of Education, Delhi	5 Reams
vi) Editor, Adult Education Branch for News letters.	1.5 Reams
	7041.5 Reams

The Directorate stated (January 1986) that the paper was used for correspondence courses/Adult Education or by Bureau of Text Books.

2.7 Monitoring and Evaluation

2.7.1 The Instructors were not preparing monthly monitoring reports as required under the Scheme. However, the Supervisors were preparing monthly and quarterly monitoring reports for the centres under their control. The basis on which the Supervisors consolidated the reports could not be verified as the initial reports of the Instructors were not forthcoming.

2.7.2 The State Resource Centre, Delhi was required to conduct the evaluation of the Non-Formal Education Programme. The Delhi Administration did not respond to the proposal of the State Resource Centre for carrying out evaluation.

Summing up

- The coverage of children under the Non-Formal Education Scheme was very low.
- Against an outlay of Rs.35.32 lakhs the Directorate spent Rs.18.97 lakhs which was accounted for by the salary of Supervisors and Instructors. No expenditure was incurred on reading and writing material.
- There was an excess expenditure of Rs.15.48 lakhs in the appointment of Supervisors.
- Out of 72 Teachers only 11 were trained.
- Though the Scheme envisaged opening of Primary and Middle Centres, only Primary Centres were opened; no middle Centres for children in the age group 11 to 14 were started though according to the Sixth Plan document there were 90,000 children in Delhi not attending schools in this age group.
- The Directorate did not utilise 196.5 M.T. of paper received from the Government of India for utilisation in the Non-Formal Education Scheme. 112.656 M.T. of paper valued at Rs.8.05 lakhs was loaned to 6 Organisations/ Units. No efforts were, however, made to get back the paper.

Directorate of Health Services

3. Mis-appropriation of receipts from patients of a Nursing Home

Gobind Ballabh Pant Hospital has been running a paying Nursing Home since 1964-65 with average monthly receipts from patients being of the order of Rs.0.76 lakh in 1982-83. Charges from the patients were collected in advance and adjusted periodically against actual charges payable and final settlement was done at the time of discharge of patients from the Nursing Home. The amount of advance was kept in a separate cash chest. A separate cash book and a separate patient-wise ledger was maintained. Periodically, the actual amount of charges leviable was credited to Hospital account.

A test check of the accounts of the Hospital for 1982-83 in January 1984 showed that:–

Heavy cash balances remained in the cash chest, the amount in hand on 31st March 1982, 31st October 1982, 30th November 1982, 31st March 1983, 31st December 1983, and 5th January 1984 being Rs.3.11, Rs.5.16, Rs.4.91, Rs.3.01, Rs.3.41 and Rs.3.58 lakhs respectively though the monthly requirements for refunds ranged from Rupees one thousand to two thousands.

The cash handling of the Nursing Home was entrusted to 3 persons of subordinate rank posted at the reception counter from whom no security etc. was obtained. The cash chest of Nursing Home was also not provided with double lock.

Entries in the subsidiary cash book were neither checked by any responsible Officer/Drawing and Disbursing Officer with reference to cash receipt nor were cross checked with patient wise ledger. The cash balance was also not subjected to surprise checks or periodicall physical verification by any Supervising Officer.

Sotck register of blank receipts books was not maintained and no checks were exercised to see that the receipts books were issued in chronological order and only on return of the used ones.

A test check in audit of the patients ledger with cash book showed that Rs.0.39 lakh collected in advance from the patients against cash receipts issued during

February to March 1983 and credited in patients ledger was not accounted for in this cash book. On being pointed out in audit, (January 1984) the internal audit party of Delhi Administration was deputed from 13th February 1984 to 14th May 1984 to investigate the matter. On the basis of their report (June 1984), a sum of Rs.1,36,400/- was found embezzled as detailed in the annexure, out of which Rs.89,478.25 is to be recovered after making adjustment of Rs.46,921.75 which include Rs.41,487 recovered from the defaulters on 2nd February 1984 and deposited into State Bank of India. Ministry stated (September 1985) that criminal cases have been registered and three persons arrested.

The Hospital authorities also intimated (October 1985) that the amount received from Nursing Home patients including Security Money and other charges is now being deposited with the cashier daily and no amount is allowed to remain with the Reception Assistant, Nursing Home for more than a few hours.

The matter was referred to Ministry of Health/Delhi Administration (December 1985) whose comments were awaited (March 1986).

ANNEXURE

Para No. of the internal audit report	Brief Description of the amount embezzled	Amount in Rupees
1(a)	Amounts realised but not credited in the cash book.	40,028.00
1(b)	Amounts realised but not credited in the cash book.	22,493.50
1(c)	Refunds debited in the cash book more than once	1,689.25
1(d)	Amounts shown as refunded in cash book but not debited in Ledger	639.75
1(e)	Minus balances in the ledger, although the amounts were realised from the patients.	35,178.75
1(f)	Receipts credited short in cash book.	1,272.00
1(g)	Charged more in Nursing Home cash book than credited in the main cash book.	81.75
1(h)	Refunds charged more in cash book.	15.00
1(i)	Amounts credited but subsequently cancelled	300.00
1(j)	Receipts fraudulently cancelled after receipt of cash	476.00
1(k)	Miscellaneous cases	1,006.50
1(l)	Mis-appropriation due to totalling mistakes.	2593.50
Para 3	Debits not found posted in the ledger	17,494.00
Para IV	Cash refunds not supported by payees receipts	11,564.00
Para V	Debits posted less in the individual ledger at the time of discharge of patients. This amount might have been realised and mis-appropriated.	1,568.00
	Total	**Rs. 1,36,400.00**

The above amount of embazzlement gets reduced by Rs.46,921.75 as per details given below:-

Para No. of Internal Audit Report	Brief discription of Adjustment.	Amount (Rs.)
Introductory(i)	Amount deposited by the defaulters.	41,487.00
Para XVI	Amount credited in the cash book in excess of actual realisation	114.00
Para XIX	Cash refunds to the patients but not debited in the cash book.	5,290.50
Para XXIII	Amounts of refund charged less in the cash book.	30.25
	Total	**Rs. 46,921.75**
	Amount of embezzlement still to be recovered	Rs. 89,478.25

Directorate of Industries

4. *Blocking of Funds and infructuous expenditure*

With a view to provide protection to the consumers against electrical hazards, the Household Electrical Appliances (Quality Control) order was promulgated in May 1976 under the Essential Commodities Act, 1955 by the Government of India, Ministry of Industry (Department of Industrial Development). This Order that came into force with effect from 1st January 1978, prohibited the manufacture and sale of household electrical appliances, not conforming to the specified standard. Another Order on the subject was issued in November 1981 repealing the earlier Order of May 1976. The Directors of Industries of State Governments were required to implement the Order. The Directorate of Industries, Delhi Administration spent Rs.7.46 lakhs between 1976 and 1981 (1976-77: Rs.0.50 lakh, 1977-78: Rs.1.27 lakhs, 1978-79: Rs.0.88 lakh, 1979-80: Rs.1.60 lakhs and 1980-81: Rs.3.21 lakhs) on the purchase of machinery and equipment for testing the quality of electrical appliances. The laboratory for quality marking after testing of elctric appliances was initially set up (1976-77) in the office of the Directorate of Industries and later shifted (April 1980) to a premises rented @ Rs.13,676 per month in ISBT building. Delhi Administration stated (September 1985) that this rent pertained to the entire portion housing the office of RFS, Survey Cell, Planning Cell and the office of the South Zone and JDI (QMS) besides the laboratory. It was subsequently stated (November 1985) that no separate accommodation was set out for the laboratory before February 1985 and the place where the equipment of the

laboratory was kept was also being used for other official purposes. The machines and laboratory had not been put to use (August 1985) resulting in blockade of entire expenditure. Department stated (May and September 1985) that the said machinery could not be put to use as the laboratory could not undertake testing of samples pending recognition by the Indian Standard Institution (ISI) for want of certain facilities like, air-conditioned room, more staff and space. It was further stated that though air-conditioners had been installed in March 1985, renovation of the room to suit the air-conditioning requirements as per the standards of the ISI was yet to be completed for which estimates had been approved by the Finance Department.

The Department employed certain staff for the work of the laboratory in 1977-78 and incurred an expenditure of Rs.2.11 lakhs on their pay and allowances upto June 1985 but no quality control work was done (August 1985).

The Director of Industries, Delhi Administration sanctioned (22nd March 1983) Rs.0.76 lakh for the purchase of one Bradma Embossing machine alongwith its complete accessories and attachments against Directorate General Supplies and Disposals (DGSD) Rate contract with M/s.Bradma of India Ltd., Bombay. The sanction was revised (31st March 1983) to Rs.0.77 lakh plus taxes extra. The supply order was placed with the firm on 31st March 1983 and a sum of Rs.0.80 lakh was drawn on the same day. The inspection of equipment was conducted by the DGSD on 28th April 1983. The machine was, however, lying idle (August 1985). The Department stated (May/September 1985) that the machine could not be put to use as the post of Bradma machine operator could not be created due to ban on creation of posts, imposed in June 1984, and use of this machine was likely to start soon by deputing staff members from existing strength. It was reported in September 1985 that the machine had been put to use in that month.

Following points emerge:-

- Even though expenditure of Rs.7.46 lakhs was incurred on purchase of machines and Rs.2.11 lakhs on pay and allowances of laboratory staff, no quality control work could be done till August 1985.
- The Order of the Government of India which came into force on 1st January 1978 to protect the consumers against electrical hazards, could not be implemented (August 1985) in the Union Territory of Delhi.
- Bradma machine costing Rs.0.80 lakh purchased in March 1983 was lying idle till August 1985.

CHAPTER II

Delhi Development Authority

5. Construction of 1296 Dwelling Units (DUs) at Kishangarh (Vasant Kunj)

5.1 The Delhi Development Authority (DDA) undertook the construction of 1296 dwelling units (DUs) under the Self Financing Scheme (SFS) at Kishan Garh (Vasant Kunj) under three schemes consisting of 768, 384 plus 48 and 96 units respectively. The construction work of these 1296 DUs was awarded through eight different contracts as per details given in the Annexure.

5.2.1 The scheme of 768 units (Main Scheme for 944 DUs) was divided into four groups of 192 units each. The contracts were awarded in June 1982 to four contractors with the approval of Work Advisory Board (WAB) at negotiated rate of 85.57%, 88.25%, 89% and 89.80% respectively above the estimated cost of Rs.84.78 lakhs for each group (Total Rs.3.39 crores) and against the justified rate of 78 *per cent* worked out by the DDA. The works were awarded in anticipation of Administrative approval and expenditure sanction which was subsequently received in May 1983 for Rs.12.38 crores.

5.2.2 A test check of these schemes was conducted in Audit. The following observations are made:-

5.2.2.1 *Construction of 192 DUs by contractor 'A':* The civil work of 192 DUs was awarded to contractor 'A' at a negotiated tendered cost of Rs.160.23 lakhs i.e. 89% above the estimated cost of Rs.84.78 lakhs and 11% above the justified rate of 78% above the estimated cost. The work was started in July 1982 and was to be completed in July 1983.

5.2.2.2 During the execution of the work, a number of defects of bad workmanship viz. non-following of structural drawings correctly, weak cement mortar, cracked walls, lateral shifting of RCC columns, development of cracks in RCC slabs and lintels, inadequate beam bearing and defective flush door shutters etc., were noticed by Quality Control Wing of DDA during their inspections conducted on 12th January 1983, 1st October 1983 and 3rd December 1983.

DDA stated (November 1985) that all the defects referred to by the Quality Control in the three Inspections conducted had been set right except replacement of one RCC slab which had developed cracks and could not be completed as the work was suspended by the contractor in February 1984. It was also stated that the balance work was being got completed at the risk and cost of the original contractor.

5.2.2.3 After completion of 75 *per cent* of the above work, it was noticed by the Executive Engineer in February 1984 that the houses had inadequate foundation. The depth of the foundation as provided at site was ranging from 0.5 metre to 0.8 metre as against the actual requirement of 1.2 metres and beyond. Similarly, width of the foundation ranged from 0.6 metre to 0.715 metre instead of 0.750 metre to 1.1 metres.

5.2.2.4 The case was referred to Indian Institute of

Technology, Delhi for their expert advice and a fee of Rs.0.47 lakh was paid to them. They recommended laying of piles on either side of the foundation walls and connecting them through holes bored into the walls so that the weight of the four storeyed building could be borne by the piles.

5.2.2.5 The work lies at stand still since February 1984. DDA stated (November 1985) that the work of consultancy in respect of strengthening the foundation of the defective blocks had been entrusted to the IIT Delhi. It was also stated that the final proposals of each defective work are being worked out in consultation with the Experts, which is a time consuming process and any hasty decision may lead to future problems and complications.

5.2.2.6 However, the payments had been made for th full quantitites as per specification though the execution was for much less quantitites. This shows that the quantitiies executed were not noted in the records of DDA after actual measurements and payments were made for fictitious quantitites.

5.2.2.7 The contractor has been debarred (30th May 1985) from tendering any work in DDA. DDA stated (November 1985) that the matter relating to payments in excess of quantity executed at site had been under investigation by their Vigilance Department.

5.2.2.8 An expenditure of Rs.137 lakhs had been incurred upto 18th running account bill paid in January 1984. Further expenditure to be incurred on rectification of defects was being estimated (July 1985) by the DDA.

DDA stated (November 1985) that the entire strengthening work was being carried out at the risk and cost of the contractor but the amount likely to be incurred on the rectification could not be estimated at present till the final design of rectification of defects was finalised in consultation with the IIT Delhi.

5.2.3 *Construction of 192 units (96 Category III and 96 Category II by Contractor 'B')*

5.2.3.1 The civil work of 192 units (Pocket C)(Group IV) was awarded to contractor 'B' at a negotiated tendered cost of Rs.161.00 lakhs i.e. 89.80% above the estimated cost of Rs.84.78 lakhs and 11.80% above the justified rate of 78%.

5.2.3.2 The work was commenced in July 1982 and was scheduled to be completed in 12 months. It was, however, completed in 28 months. The delay was attributed to non-availability of water, cement and structural drawings in the initial stages.

DDA stated (November 1985) that delay in completion was due to difficult site conditions.

5.2.3.3 The work was technically examined by the Quality Control Wing of DDA and found to be of very poor and sub-standard quality. Some very serious defects such as "structurally dangerous" and "foundation width being less than stipulated" were also listed by Quality Control Wing.

DDA stated (November 1985) that the defects pointed out by the Quality Control Wing had been rectified.

5.2.3.4 The houses were completed in October 1984 but could not be allotted (July 1985) because basic essential amenities like water, sewage and electricity were yet to be provided.

DDA stated (November 1985) that it had no control over other civic bodies responsible for the provision of basic amenities like water, sewerage and electricity etc.

5.2.3.5 The entire expenditure of Rs.202.67 lakhs incurred (July 1985) stood blocked as the houses could not be allotted. The lack of proper planning and co-ordination with the municipal authorities and lack of supervision by the DDA during execution of work had led to the above state of affairs.

5. 2.4 *Construction of 192 DUs (96 Category III and 96 Category II by Contractor 'C')*

5.2.4.1 The lowest tender of contractor 'C' was accepted by the WAB at negotiated tendered cost of Rs.157.32 lakhs i.e. 85.57% above the estimated cost of Rs.84.78 lakhs against the justified rate of 78% above the estimated cost worked out by the Department. The work was started in July 1982 and was scheduled for completion by July 1983. The contractor took 1.5 years to execute 30% of the work till September 1983.

5.2.4.2 As the progress of work was slow the Executive Engineer rescinded the contract in December 1983. The Fact Finding Committee (Vaish Committee) and Quality Control Wing of the DDA during their respective inspections in March 1983 pointed out serious structural defects and found the execution below specification. The defects persisted till rescission of the work.

DDA stated (November 1985) that most of the defects had since been got rectified and others would be got rectified.

5.2.4.3 A local Commissioner was appointed to make a list of material brought at site by the contractor. The list prepared by the Commissioner was not acceptable to the contractor. The contractor also challenged the appointment of an arbitrator by the Department in Delhi High Court (December 1983) and also appealed against the list prepared by the local Commissioner, of the materials brought at site by the contractor. The matter is subjudice (July 1985). An

amount of Rs.56.45 lakhs (compensation under clause 2 Rs.8.48 lakhs, penalty for balance work Rs.14.12 lakhs, Security Rs.0.90 lakh, excess payment of bricks escalation Rs.0.94 lakh, empty cement bags Rs.0.25 lakh, for labour returns Rs.0.02 lakh, recovery for hand work Rs.0.13 lakh, loss suffered by the department Rs.1.50 lakhs, secured advance Rs.16.03 lakhs, material Rs.10.42 lakhs, interest on secured advance Rs.2.42 lakhs and interest on departmental material Rs.1.14 lakkhs, cost of Arbitration Rs.0.10 lakh) has been counter-claimed by the Department against the claim of Rs.8.85 lakhs, preferred by the contractor.

Although the work stood abandoned since September 1983 the balance work was yet to be awarded (July 1985). This had resulted in the blockade of funds to the tune of Rs.51.71 lakhs incurred on the project.

DDA stated (November 1985) that tenders had been called and the work would be taken up at the earliest.

5.2.5 *Construction of 192 Dwelling Units (96 Category III and 96 Category II by Contractor 'D')*

5.2.5.1 The construction of 192 units was awarded to contractor 'D' at a negotiated tendered cost of Rs.159.60 lakhs i.e. 88.25% above the estimated cost of Rs.84.78 lakhs against the justified rate of 78 *per cent* above the estimated cost.

5.2.5.2 The work was to be completed within 12 months i.e. by July 1983. Upto July 1985, 99 *per cent* of the work was complete. The delay was attributed to late receipt of structural drawings, change of site, shortage of construction material like cement, steel, shortage of funds, extra and substituted items, etc.

5.2.5.3 The work was examined by the Vigilance Commission during October 1983 and the following defects of bad workmanship were pointed out:-

(i) Cement mortar used in brick work did not have desired strength.
(ii) Thickness of M.S. sheet used in the manufacture of pressed steel door frames was less than specified.
(iii) The girth of profile was less than specified. Binding of reinforcement was done in one direction and as such steel could not be considered as tightly held in position.
(iv) Rocking of joints in brick was not done during course of laying brick work.
(v) Cement concrete used in foundation had no strength and mostly fine sand was found.
(vi) Stone ballast was also over-sized etc.

DDA stated (November 1985) that some of the defects pointed out by the Chief Technical Examiner had been complied with and some minor defects which were not of structural nature remained to be attended for which payment would be made to the contractor at reduced rate.

5.2.5.4 Although the work had almost been completed (99 *per cent*) the trunk services for water supply, sewage and electricity, etc. were yet to be provided thereby blocking a sum of Rs.206.41 lakhs invested on the Project (July 1985).

DDA stated (November 1985) that as the services which were to be provided by MCD and DESU were not available, necessary arrangement had been made by the DDA itself and the houses since released for allotment. DDA had, however, not intimated the number of houses actually allotted and number of houses in respect of which possession had been given.

5.3 *Consruction of 384 units (main scheme for 400 DUs) was divided in three groups of 128, 112 and 144 units each.*

5.3.1 The construction works of 384 units were awarded in April 1983 in anticipation of Administrative approval and expenditure sanction which were awaited (July 1985) although the works had reached the level of 89 to 97 *per cent*. The following points were noticed during review of the three contracts awarded for construction of these houses.

5.3.2 Construction of 128 units (64 Category III and 64 Category II) Grade II by Contractor 'E'

5.3.2.1 The civil work of 128 units was awarded to contractor 'E' in April 1983 by H.D.I on the basis of negotiated tendered cost of Rs.112.23 lakhs i.e. 96 *per cent* above the estimated cost of Rs.57.26 lakhs. The work was scheduled for completion by April 1984 (12 months). Till August 1983 no part of the site could be handed over to the contractor and till August 1984 the site for 16 units could not be made available.

5.3.2.2 The work on remaining 112 dwelling units was inspected by Superintending Engineer during February 1984, March 1984 and also by Quality Control Wing of DDA during March 1984 who found a number of structural defects, poor workmanship and usage of sub-standard bricks and execution of work below specificaton.

DDA stated (November 1985) that the lapses relating to stuctural defects had since been attended to and for other defects amount had been withheld and payment would be made at reduced rate.

DDA stated (November 1985) that all 128 houses had been completed and were scheduled to be allotted by December 1985.

5.3.3 *Construction of 112 DUs (56 Category III and 56 Category II) by Contractor 'F'*

The civil work on 128 units to be constructed in 8 blocks consisting of 16 units each was awarded to

contractor 'F' by Housing Division I during March 1983 at a tendered cost of Rs.112.29 lakhs i.e. 96.10 *per cent* above the estimated cost of Rs.57.26 lakhs (DSR - 1977). The stipulated date of completion of this work was 1st April 1984.

5.3.3.1 The work was initially taken up on 128 DUs. However, due to court's stay order issued on 3rd December 1983 the work on 3 blocks of 48 DUs was suspended and the contractor was offered alternative sites for two blocks consisting of 32 houses. The work was thus carried out in 112 DUs excluding 48 DUs where the work was suspended after partial construction as a result of stay order by the Court in December 1983. The stay order for 48 DUs has been vacated by the Court in March 1985. The contractor was asked by the DDA to take up work on the partially completed DUs. The firm demanded 50 *per cent* above the DSR 1981 for the balance work due to increase in market rates. DDA stated (November 1985) that the balance work would be carried out after call of fresh tenders which had been invited. The work on 112 DUs was also held up due to non-availability of G.I. pipes. DDA stated (November 1985) that the total quanity of G.I. pipes required for 112 DUs had been arranged and the DUs would be ready for allotment in December 1985.

5.3.3.2 The work was inspected by the Quality Control Wing of DDA during December 1983 who pointed out a number of defects e.g. weak concrete in RCC columns, weak mortar in foundation brick work, RCC columns out of plumb, slabs carrying brick wall but not designed for it, reinforcement displaced from position, etc. DDA stated (November 1985) that in view of Court's stay order the rectification work could not be carried out in the group of 48 DUs. It was also stated that the contractor had already been directed to rectify the defects which would be completed before the balance work was awarded to a new agency. It was also stated that in other houses, defects had been rectified.

5.3.3.3 So far a sum of Rs.108.83 lakhs has been spent (July 1985) which has been blocked.

5.3.4 *Construction of 144 Dwelling Units (72 Category III and 72 Category II by Conractor 'D')*

5.3.4.1 The civil work of 144 units was awarded in April 1983 by Housing Division I to contractor 'D' with the approval of the WAB at the negotiated tendered cost of Rs.126.58 lakhs i.e. at the rate of 96.50 *per cent* above the estimated cost of Rs.64.42 lakhs and against the justified rate of 89.16 *per cent*. The work was scheduled to be completed by April 1984 (12 months) but was delayed due to late finalisation and revision of lay out plan, revision of plinth level, non-availability of G.I. pipe 20 mm dia etc.

5.3.4.2 The Superintending Engineer inspected the work during May 1984 and observed the following major defects:-

Defective Caulking,
Weak Cement mortar,
SCI pipe not of good quality,
The quality of Badarpur was not good,
Weak brick massonary and plaster,
Cement concrete blocks made for the hold fasts of doors and windows were of less dimensions and
Cement concrete sills did not achieve proper strength etc.

5.3.4.3 The work was also examined by the Quality Control Wing of DDA during March 1985 who also found major defects like defective re-inforced concrete slabs, less lead used in joints than required, RCC circular tanks had cracks, weak plaster, etc. DDA stated (November 1985) that rectification work had been carried out and that rate reduction was also being proposed for the approval of the competent authority.

5.3.4.4 Although 97 *per cent* of the work has been completed, essential basic civic amenties like water, sewage, electricity, etc. were yet to be provided. Consequently, entire expenditure of Rs.155.60 lakhs incurred (July 1985) stood blocked. DDA stated (November 1985) that alternative arrangements had been made and the sevices had since been completed.

5.4.1 *Construction of 96 Dwelling Units by Contractor 'A'*

5.4.1.1 The construction work of 96 Dwelling Units was awarded by the Housing Division I in October 1983 to the lowest tenderer 'A' at the negotiated tendered cost of Rs.82.69 lakhs i.e. 92.97% above the estimated cost of Rs.42.85 lakhs inspite of the fact that the work being executed by the contractor in other Divisions was not satisfactory as per reports of the Quality Control Wing of DDA

5.4.1.2 The work was started in October 1983 in anticipation of Administrative Approval and Expenditure sanction and was scheduled to be completed by October 1984.

5.4.1.3 The work was inspected by the Superintending Engineer during February and March 1984 who found the workmanship thoroughly unsatisfactory. The work was also technically examined by the Quality Control Wing in October 1984 and major structural defects were noticed. The Chief Engineer, Quality Control specifically pointed out that the concrete in many RCC columns was found to be weak and suggested investigating the strength with the help of CRI, CERI, IIT etc. and strengthening being carried out. No steps were taken for the rectification of defects as no compliance report was found on record. It was also noticed that the contractor did not employ proper technical staff as required under clause 36 of the Agreement.

DDA stated (November 1985) that some of the defects had been rectified and the remaining defects would be got rectified at the risk and cost of the contractor.

5.4.1.4 Consequent upon being debarred on 30th May 1985 from tendering in DDA, the contractor stopped the work in June 1985 when 65 *per cent* of the work was complete. The delay in execution of work was attributed to non-availability of water, steel, G.I. pipe, late receipt of foundation drawings, earth for filling low lying area, etc.

5.4.1.5 Amount of Rs.69.95 lakhs paid upto June 1985 had thus been blocked due to selection of unsuitable contractor and lack of proper supervision during execution of work.

DDA stated (November 1985) that tenders for the balance work had been called for at the risk and cost of the original contractor.

The following are the main points that emerge:-

- The construction of 1296 Dwelling units was taken up in anticipation of administrative approval and expenditure sanction. In respect of 768 dwelling units the sanction was subsequently received but in respect of the remaining 480 + 48 dwelling units the sanction was awaited (July 1985).
- The construction of 4 pockets each containing 192 dwelling units was awarded at rates ranging from 85.57 to 89.80 *per cent* above the estimated cost as against the justified rates of 78 *per cent* above the estimated cost worked out by the Department. The works executed contained serious defects like structural unsoundness, inadequate foundations, cracked walls, weak RCC, weak mortar.
- There was lack of supervision during the execution of works and the payment was made for quantities which had not been actually executed.
- Essential basic amenities like sewage, water supply and electricity had not been provided. The DDA did not take timely action to provide these essential services concurrently with the construction of the Dwelling units. The result was that 656 dwelling units on which expenditure of Rs.692.95 lakhs had been incurred upto July 1985 and which were complete to the extent of 93 to 100 *per cent* could not be allotted to the registered applicants (November 1985).
- Works in respect of 480 dwelling units on which expenditure of Rs.258.66 lakhs had been incurred (July 1985) had been held up at various stages due to poor workmanship, inadequate foundation or slow progress of works by the contractors.
- The work of 48 units was suspended after partial construction due to Court stay orders in December 1983 Construction work thereon had not been resumed (November 1985) even though the Court stay orders were vacated in March 1985. Expenditure of Rs.108.83 lakhs incurred upto July 1985 stood blocked.
- Even after incurring expenditure of Rs.1,060.44 lakhs (July 1985) on the construction of 1296 dwelling units in Kishangarh, no dwelling units could be allotted (November 1985) on account of stuctural defects, inadequate foundation and non-availability of essential basic amenities, etc.

			Rs.in lakhs			Rs.in lakhs			Rs.in lakhs			
Sl. No.	Particulars of work	Name of Contractor	Estimated cost	Justified Rate above the estimated cost	Rate accepted above the estimated cost	Tendered cost	Date of start of work	Stipulated date of completion	Total Expenditure incurred (July 1985)	When last Running Account Bill paid to the contractor	Physical percentage of work done	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Construction of 768 DUs SH.192 DUs at Kishan Garh Pocket'C' Group I	A	84.78	78%	89%	160.23	July 1982	July 1983	137	January 1984	75%	The work lying suspended due to inadequate foundations since February 1984.
2	- do - Pocket 'C' Group IV	B	84.78	78%	89.80%	161	July 1982	July 1983	202.67	June 1985	100%	Work completed in October,1984. DUS still to be allotted due to lack of basic essential civic amenities.
3	- do - Pocket 'C' Group-II	C	84.78	78%	85.57%	157.32	July 1982	July 1983	51.71	September 1983	30%	Work resinded in December1983 due to slow progress of work
4	-d0- Pocket 'C' Group III Construction of 384 DUs at Kishan Garh	D	84.78	78%	88.25%	159.60	July 1982	July 1983	206.41	June 1985	99%	DUs are almost complete but could not be allotted due to lack of trunk services which are yet to be provided.
5	SHs Cons-truction of 128 DUs Group II	E	57.26	89.16%	96%	112.23	April 1983	April 1984	128.27	June 1985	93%	- do -
6	SHs Cons-truction of 112 DUs Group I Pocket'C' + 48 DUs	F	57.26	89.16%	96.10%	112.29	April 1983	April 1984	108.83	June 1985	89% for 112 DUs	Construction of 48 DUs was suspended in December 1983 due to stay orders and alterna-tive site for 32 DUs was given
7	SH Construc-tion of 144 DUs Group III Pocket'C'	D	64.42	89.16%	96.50%	126.58	April 1983	April 1984	155.6	June 1985	97%	DUs are almost complete but could not be allotted due to lack of trunk services which are yet to be provided.
8	SH.Construc-tion of 96 DUs Pocket'B'	A	42.85	99.22%	92.97%	82.69	October 1983	October 1984	69.95	June 1985	65%	Work stopped in June,1985 consequent upon the debaring of the firm on 30.5.1985

6. Blockade of funds and losses in Rohini Residential Project.

6.1 *Rohini Residential Project.*

6.1.1 The Construction of 2,304 Lower Income Group (LIG) and Economically Weaker Sections (EWS) houses was taken up by Rohini Project Division-I and II of Delhi Development Authority (DDA) during October to December 1982 and was scheduled to be completed during September to November 1983 as detailed in Annexure.

6.1.2 480 LIG and 190 EWS houses were completed to the extent of 99 *per cent* by April 1984 and the remaining houses to the extent of 93 *per cent* to 97.7 *per cent* by October 1984. None of the houses could be allotted and possession given to the registered applicants by October 1985 even though the scheduled date of completion was September to November 1983. The expenditure incurred on their construction was Rs.708.95 lakhs (July 1985). DDA stated (December 1985) that the work of flooring, plastering, fixing of shutters, etc. was completed during May 1984 to June 1985. It was also stated that allotment of these houses was taken up in October - November 1985 and was in progress.

6.1.3 As the major construction work was completed by October 1984, completion of the balance items could not have taken such a long period as the time allowed for the total construction of these houses was 12 months. The main reason for the delay in the allotment, therefore, was non-availability of essential basic amenities like water and sewage disposal. Municipal Corporation of Delhi (MCD) usually provides these services. In the meeting held in June 1982 between MCD and DDA officials, it was stated by the MCD that the approval and execution of sewage disposal plant of Rohini costing about Rs.45 crores was likely to take 4 to 5 years and , therefore, interim arrangements for the disposal of sewage of Rohini might be made by the DDA. In June 1983 also, the need for interim arrangement for sewage disposal was stressed by the water supply and sewage disposal undertaking of MCD to the DDA. DDA decided only in November 1983 to provide such arrangements but the matter was not properly pursued and monitored. Tenders for the oxidation pond were invited only in May 1985 and work awarded in June 1985 with the date of start as 1st July 1985. Oxidation plant and additional sump well, etc. which were necessary requirements for sewage disposal were completed by December 1985. Due to delay in providing sewage disposal, the allotment of the houses was delayed resulting in blockade of the expenditure incurred by the DDA, loss of interest on the sale value of these houses and ground rent etc. The delay also effected the prospects of registered applicants to get houses within a reasonable time.

6.2 The work of providing and laying of water supply distribution lines in respect of 1,386 houses whose construction was undertaken by Rohini Project Division-I was awarded at a tendered amount of Rs.32.39 lakhs which was 72.25 per cent above the estimated cost of Rs.18.19 lakhs. The dates of start and completion of work were 19th February 1982 and 18th June 1982 respectively. The work was completed on 20th April 1983 and expenditure incurred upto final bill paid in April 1985 was Rs.50.77 lakhs. The water supply distribution lines could not be commissioned (June 1985) for want of supply of water by the MCD. 628 spindles, sluice valve (Brass rods) of different sizes (100 mm to 750 mm) which were lying in the custody of the contractor till 10th May 1984 were handed over to the Junior Engineer in-charge of the work and entered in the material at site account of the sub-division. The spindles were kept in one of the houses under construction and locked by the Junior Engineer. It was noticed from the records (25th Feebruary 1985) that the locks were broken and 238 brass spindles of various sizes valuing Rs.0.80 lakh had been stolen. FIR was lodged with the Police. DDA stated (December 1985) that the matter was under investigation by the Superintending Engineer (Vigilance) and an Enquiry Officer had been appointed.

The following are the main points which emerge:-

- 2,304 houses constructed in Rohini project at a cost of Rs.708.95 lakhs which were scheduled to be completed during September to November 1983 could not be allotted to registered applicants (October 1985) due to delay in completion and non-availability of water and sewage disposal facilities. This resulted in blockade of DDA funds, loss of interest on their sale value and ground rent.

- Interim arrangement for sewage disposal was suggested by MCD in June 1982 and again in June 1983. The work was initiated by the DDA in November 1983 but was not properly followed up and monitored. Tenders for the oxidation pond were invited in May 1985 and work commenced in July 1985.

- There was loss of Rs.80,000 on account of theft (February 1985) of brass rods. Responsibility for the same had not been fixed (December 1985).

- The delay in allotment prevented the registered applicants from getting houses within a reasonable time.

ANNEXURE

Name of the Rohini Division	Particulars of work	Name of contractor	Estimated cost	Percentage above estimated cost	Tendered cost	Date of start of work	Stipulated date of completion	Expenditure upto July 1985 (Rs.in lakhs)	Remarks Progress of work	
			Rs.		Rs.					
Rohini Project Division No.I	C/o 480 LIG Houses	J	62,22,420	106%	above 1,28,18,185	25.10.1982	24.10.1983	159.71	93% 95%	October 1984 January 1985
-do-	C/o 336 LIG Houses	K	43,55,694	107.25%	above 90,27,176	28.11.1982	27.11.1983	115.60	94.72%	October 1984
-do-	C/o 380 EWS Houses	L	37,36,540	105.5%	above 76,78,540	25.10.1982	24.10.1983	84.96	96%	August 1984
-do-	C/o 190 EWS Houses 480 LIG Houses	M	18,63,520	102.94%	above 37,81,827	6.12.1982	5.9.1983	45.56	99%	March 1984
-do-	In Pocket A-3 Actually constructed - 438 Houses	J	61,24,940	106%	above 1,26,17,376	24.10.1982	23.10.1983	147.21	97.7%	September 1984
-do-	C/o 480 LIG Houses in pocket D-12,Rohini	N	62,22,420	106%	above 1,28,18,185	25.10.1982	24.10.1983	155.91	99.2%	April 1984
	Total No. of Houses	:	2,304	No. of Houses	1,386	RPI	Rs.405.83 lakhs	Expenditure Rs.708.95 lakhs		
				----do----	918	RPII	Rs.303.12 lakhs			
					Total		Rs.708.95 lakhs			

7. *Construction of Five Star Hotel at Indira Gandhi Stadium Complex*

The construction works of players' block (Five Star Hotel) Phase-I & II at Indira Gandhi Stadium Sports Complex, to meet the requirements of IX Asian Games 1982 were awarded to contractor 'A' during June 1981 and March 1982 at tendered amounts of Rs.227.08 lakhs and Rs.192.48 lakhs, which were 96.19% and 102.98% above the estimated cost of Rs.115.75 lakhs and Rs.94.82 lakhs respectively, while the Phase-I was to be completed by 31st May 1982, part of Phase-II was to be completed by 15th October 1982 and part by 15th August 1983.

Apart from the unpaid liabilities of Rs.18.53 lakhs, the total expenditure incurred on the work was Rs.529.88 lakhs (Civil Works Rs.488.36 lakhs and Electrical Works Rs.41.52 lakhs). Further expenditure of Rs.353.05 lakhs for completing the work relating to water storage, filtration plant, alumunium glazing, etc. and Rs.500.00 lakhs for sanitary fittings, air conditioning plant, internal electrification, lifts installation etc. is also anticipated.

The work has not yet (February 1986) been completed. There has been no progress in the work since March, 1984.

Normally the provision of internal conduits should precede the flooring and plastering work, however, in the guest rooms the plastering and flooring had been completed without providing the internal conduits which is bound to damage the flooring and plastering in addition to the incurring of extra expenditure.

The D.D.A. had not been able to find a suitable collaborator to run the five star hotel. The work in guest rooms, public and commercial areas had been held up because of not knowing the collaborator's requirements regarding the window fittings of the guest rooms, and specifications of electrical works, flooring, etc. in public and commercial areas.

The building contains 338 rooms with the attached toilets, hot and cold water lines etc. and was basically meant to be used as a Five Star Hotel. However due to D.D.A's inability to find a suitable collaborator, the use to which the building is to be put has not yet been decided.

The non completion of the building and uncertainity of the use to which the building is to be put has resulted not only in blocking of the funds to the tune of Rs.530.00 lakhs, but also to loss of interest charges of Rs.63.60 lakhs each year (@ 12% per annum) on the above amount apart from that on the cost of land and also incurring of the expenditure of Rs.6,000 p.m. on watch and ward of the building. Thus the expenditure incurred so far proved unproductive.

DDA stated (March 1986) that the building could not be completed as its final use had not been decided by the Government. It was also stated that initially the idea was to convert it into a Hotel to be run by a private agency in collaboration with the DDA, but keeping in view the response and the rates quoted, it was not considered to be commercially a viable project. It was further stated that the transfer of the building on "as is where is" basis to Ministry of Health for use as a Cancer Hospital was in an advanced stage of finalisation.

8. *Execution of sub-standard work – Infructuous Expenditure*.

The work of construction of 936 Janta houses at Pitam Pura Pocket – V (poorvi) was awarded by Development Division - II of D.D.A. to contractor 'A' at tendered amount of Rs.86.00 lakhs which was 52.50 per *cent* above the estimated cost of Rs.56.40 lakhs. The scheduled dates of start and completion of work were 20.10.1980 and 19.10.1981 respectively.

The contractor was required to construct three storeyed houses in 26 blocks. The contractor executed the work upto ground floor (roof level) in 2 blocks, upto lintel level in 14 blocks, upto window sill level in 4 blocks, and upto Damp Proof Concrete level in 3 blocks. No work was done in the remaining 3 blocks. After doing about 20% work, the contractor abandoned it on 17.10.1982. The Contract was rescinded on 3.11.1982, and was subsequently awarded on 31.10.1983 to contractor 'B' at Rs.92.40 lakhs which was 90.28% above the estimated cost of Rs.48.56 lakhs.

The work done by contractor 'A' was inspected by the Addl. Chief Engineer (Northern Zone) alongwith Addl. Chief Engineer (Design) and Chief Engineer (Quality Control) of DDA during October 1983. The Addl. Chief Engineer (Quality Control) inspected the work again on 15.11.1983. It was found that almost the entire quantity of brick work and RCC work was of sub-standard quality and beyond acceptable limits. The Executive Engineer DD-II suggested (18.11.1983) that the work done by the contractor should be got checked through Central Building Research Institute (CBRI) Roorkee. The work was entrusted to the CBRI on 20.12.1983 who submitted their report on 20.3.1984. It pointed out serious defects and opined that the entire RCC work and the superstructure would have to be dismantled. Regarding the brick work and the concrete work in foundations, the CBRI suggested certain strengthening measures. Chief Engineer, DDA, felt (April 1985) that the cost of strengthening measures would be comparable to the cost of construction of foundations afresh and recommended dismantling of the entire work. Final decision in the matter is still to be taken. DDA stated (January 1986) that the report of CBRI had pointed out that the quality of work was poor and not in accordance with specifications. It was further stated that report was under consideration with the authorities. The value of work executed by the contractor 'A' was Rs.17.94 lakhs against which payment of Rs.14.39 lakhs had already been made upto 8th running bill. The entire expenditure had thus become infructuous due to failure of supervision by the concerned Engineers of DDA during execution of the work resulting in sub-standard work being approved and paid for.

Contractor 'A' has been permanently debarred from tendering for works in DDA. D.D.A. stated (January

1986) that the contractor had gone for arbitration and the counter claims of the Department for sub-standard work had been filed with the Arbitrator. No responsibility had been fixed on any DDA Engineer. D.D.A., however, stated (January 1986) that action was being taken by their Vigilance Department separately.

Contractor 'B' who was awarded balance work in October 1983 had completed the work in respect of 3 blocks for which site was available. He had not started (August 1985) work at the site of 23 blocks where sub-standard structures built by contractor 'A' continued to exist (December 1985). This is delaying the completion of the balance work. The following are the main points which emerge:–

- There was failure of supervision by the concerned Engineers of DDA during execution of the work. The result was that sub-standard and unacceptable work continued to be approved and paid for.
- The contract was rescined in November 1982 and the balance work awarded in October 1983. The balance work had not been started in 23 blocks where sub-standard structures built by contractor 'A' continued to exist.
- There had been delay in taking decision on the report of CBRI submitted in March 1984 which had affected the prospects of registered applicants getting houses within a reasonable time.
- No responsibility had been fixed for the infructuous expenditure already incurred and the matter was stated (January 1986) to be under examination of Vigilance Department of the DDA.

PUBLIC WORKS DEPARTMENT

9. *Blocking of funds*

Advance payments totalling Rs.82.05 lakhs were made by PWD (Delhi Administration) during June 1980 to October 1980 to Delhi State Industrial Development Corporation (DSIDC) for supply of 12045 tonnes of imported cement. Against this, 8824.35 tonnes of cement costing Rs.61.42 lakhs had been received upto April 1982. Balance quantity of 3220.65 tonnes costing Rs.20.63 lakhs still remained unsupplied (July 1985).

Out of the above advance of Rs.82.05 lakhs an advance of Rs.39.05 lakhs was paid on orders of Chief Engineer while, for Rs.43 lakhs, no authority was on record. The department stated (June 1982) that advance payment was made on authorisation of Lt. Governor. However, specific sanction of Lt. Governor was not made available. Usual financial norm of not making the second advance unless the earlier advance has been adjusted, was also not followed.

Department was requested (July 1982) to furnish formal approval of Delhi Administration for making advance payment and to intimate terms and conditions settled with DSIDC for procurement and supply of cement alongwith reasons for delay in supply and also steps taken to obtain the balance supply/refund of balance amount. The Department stated (May 1985) that DSIDC had not finalised the accounts despite personal visits of Executive Engineer and that the matter was being referred to higher authorities in DSIDC.

The case revealed that:–

1. Advance payments totalling Rs.82.05 lakhs were made without proper authority.
2. Government's financial interest was not secured by executing a formal agreement specifying the terms and conditions governing advance payments and supply of cement.
3. Rs.20.63 lakhs representing unadjusted advance payment remained blocked with DSIDC since October 1980.

The matter was reported to Delhi Administration in August 1985 whose comments were awaited (March 1986).

GENERAL

10. *Losses and irrecoverable dues written off/waived and ex-gratia payments made*

A statement showing losses and irrecoverable revenues, duties, advances, etc. written off/waived and *ex-gratia* payments made during the year 1984-85 is given in Appendix 1 to this Report.

CHAPTER III

Receipts of the Administration of Union Territory of Delhi.

11. Trend of revenue receipts

11.1 The revenue receipts of the Administration of the Union Territory of Delhi during the year 1984-85 amounted to Rs.427.42 crores consisting of tax revenue amounting to Rs.416.78 crores and non-tax revenue amounting to Rs.10.64 crores. The receipts during the year under major heads of revenue, alongside corresponding figures for the preceding two years, are given below:–

	1982-83	1983-84	1984-85
	(In crores of rupees)		
A: Tax revenue			
1. Sales tax	211.02	230.83	278.09
2. State Excise	66.10	76.17	81.87
3. Taxes on goods and passengers **	20.13	21.25	22.75
4. Stamp duty and registration fees	10.80	11.93	13.24
5. Taxes on motor vehicles	7.27	8.78	10.89
6. Land revenue	0.26	0.17	0.19
7. Other taxes and duties on commodities and services	10.98	10.09	9.75
Total tax revenue	326.56	359.22	416.78
B: Non-tax revenue	8.18	11.87	10.64
C: Total revenue receipts	334.74	371.09	427.42

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

Note: 1. Details given in the table are indicative and

may differ from final accounts figures slightly.

** 2. Levied and collected by the Municipal Corporation of Delhi as agent of the Delhi Administration as per provisions of Section 178 of the Delhi Municipal Corporation Act,1957.

12. **Collection of tax revenue vis-a-vis budget estimates**

12.1 The collection of tax revenue during the year 1984-85 vis-a-vis the budget estimates, alongside the corresponding figures for the preceding two years, are given below:

Tax revenue	Year	Budget estimates	Actual receipts	Percentage increase (+) or decrease (-) of actuals over budget estimates
1	2	3	4	5
		(In crores of rupees)		
1. Sales-tax	1982-83	205.00	211.02	(+)3
	1983-84	245.00	230.83	(-)6
	1984-85	270.00	278.09	(+)3
2. State excise	1982-83	49.00	66.10	(+)35
	1983-84	62.00	76.17	(+)23
	1984-85	85.16	81.87	(-)4
3. Taxes on goods and Passengers (Terminal–Tax)	1982-83	19.50	20.13	(+)3
	1983-84	21.00	21.25	(+)1
	1984-85	22.00	22.75	(+)3
4. Stamp duty and registration fees	1982-83	8.95	10.80	(+)21
	1983-84	9.34	11.93	(+)28
	1984-85	10.55	13.24	(+)25
5. Taxes on motor vehicles	1982-83	9.11	7.27	(-)20
	1983-84	9.60	8.78	(-)9
	1984-85	11.60	10.89	(-)6
6. Land revenue	1982-83	0.22	0.26	(+)9
	1983-84	0.33	0.17	(-)48
	1984-85	0.26	0.19	(-)27
7. Other taxes and duties on commodities and Services (including entertainment tax)	1982-83	10.19	10.98	(+)8
	1983-84	11.98	10.09	(-)16
	1984-85	11.05	9.75	(-)12
TOTAL TAX REVENUE:	**1982-83**	**301.97**	**326.56**	**(+)8.13**
	1983-84	**359.25**	**359.22**	**Negligible**
	1984-85	**410.62**	**416.78***	**Negligible**

**Figures for 1984-85 are provisional*

13. **Cost of collection of tax revenue**

13.1 Cost of collection of tax revenue, as furnished by the departments (where records are maintained to determine the same) are given below:–

Tax revenue	Year	Tax receipts	Expenditure on collection	Cost of collection as percentage of collection (in round figures)
		(In crores of rupees)		
1. Sales-tax	1982-83	211.02	1.70	1
	1983-84	230.83	2.06	1
	1984-85	278.09	2.33	1
2. State excise	1982-83	66.10	0.40	1
	1983-84	76.17	0.46	1
	1984-85	81.87	0.58	1

Tax revenue	Year	Tax receipts	Expenditure on collection	Cost of collection as percentage of collection (in round figures)
		(In crores of rupees)		
3. Taxes on goods and passengers (Terminal tax)	1982-83	20.13	1.38	7
	1983-84	21.25	1.72	8
	1984-85	22.75	1.88	8
4. Stamp duty and registration fees	1982-83	10.80	0.27	3
	1983-84	11.93	0.10	1
	1984-85	13.24	0.05	*
5. Taxes on motor vehicles	1982-83	7.27	0.38	5
	1983-84	8.78	0.49	5
	1984-85	10.89	0.54	5
6. Land revenue	1982-83	0.26	0.17	71
	1983-84	0.17	0.17	100
	1984-85	0.19	**	-
7. Other taxes and duties on commodities and services	1982-83	10.98	0.08	1
	1983-84	10.09	0.05	*
	1984-85	9.75	0.05	1

*Negligible. **Information awaited from the department (December 1985).

14. **General**

14.1 Under the Delhi Sales Tax Act 1975, a dealer who is a trader is required to get himself registered and pay tax if his gross turnover exceeds Rs.1 lakh in a year. A dealer who is a manufacturer is required to do so if his turnover exceeds Rs.30,000 in a year. *Halwais* are required to get themselves registered, if their turnover exceeds Rs.75,000 in a year. The dealers are required to get themselves registered under the Central Sales Tax Act, 1956 also, if they engage themselves in inter-State sale or purchase for any amount. The number of registered dealers is given below. The figures within brackets indicate the number of dealers who are also registered under the Central Sales Tax Act.

	As on 31 March 1983	As on 31 March 1984	As on 31 March 1985
1. Total number of registered dealers	82,128 (75,855)	86,597 (80,631)	88,180* (82,959)
2. (a) Number of dealers having turnover exceeding Rs.10 lakhs	10,880 (10,272)	13,469 (12,679)	15,751 (15,095)
(b) Number of dealers having turnover exceeding Rs.5 lakhs	14,929 (13,606)	14,727 (13,810)	12,259 (11,570)
(c) Number of dealers having turnover exceeding Rs.1 lakh but below Rs.5 lakhs.	41,254 (38,578)	37,187 (34,793)	33,508 (31,177)
(d) Number of dealers having turnover less than Rs.1 lakh	15,065 (13,399)	21,214 (19,349)	25,769 (24,330)

*893 (Local) and 787 (Central) dealers were not classified for want of tax returns.

14.2 **Assessments pending finalisation**

14.2.1 The table below indicates the number of assessments due for completion during the years 1982-83, 1983-84 and 1984-85, the number of assessments completed during those years and the number of assessments pending finalisation at the end of those years. It also shows the year-wise break-up of the outstanding assessments at the end of the year 1984-85:–

Progress in sales tax assessments

	1982-83		1983-84		1984-85	
	Local	Central	Local	Central	Local	Central
a) Number of assessments due for completion during the year:						
Arrear cases	2,00,022	1,84,271	2,02,210	1,86,155	2,21,732	2,04,839
Current cases	77,970	72,964	83,269	76,639	86,545	80,172
b) Number of assessments completed during the year:						
Arrear cases	60,617	54,777	63,110	57,398	74,208	67,941
Current cases	780	689	637	557	684	606
c) Number of assessments pending finalisation at the end of the year:						
Arrear cases	1,39,405	1,29,494	1,39,100	1,28,757	1,43,621	1,34,505*
Current cases	77,190	72,275	82,632	76,082	83,475	78,542
d) Year-wise break-up of the pending assessments at the end of 1984-85:						
1980-81					22	22
1981-82					67,868	63,420
1982-83					75,731	71,063
1983-84					83,475	78,542
					2,27,096	**2,13,047**

*Position of pendency as per physical verfication report after reconciling all previous years' discrepancies.

15. Short levy due to non-detection of interpolations in declaration forms

15.1 Under the Delhi Sales Tax Act, 1975 and the Central Sales Tax Act, 1956, tax at prescribed rates is leviable on sales turnover of the dealers after allowing such deductions as are admissible under the Act. As per the Delhi Act and the rules framed thereunder, sales of goods made by one registered dealer to another registered dealer are to be allowed as a deduction from the turnover of the selling dealer, on his furnishing, alongwith his returns, a complete list of such sales, duly supported by prescribed declarations in form 'ST–I' obtained from the purchasing dealer. Under the Central Act, on inter-State sales of goods, made by one registered dealer to another registered dealer, tax is leviable at a concessional rate, provided the sales are supported by prescribed declarations in form 'C' obtained from the purchasing dealer. But, if a dealer conceals the particulars of his sales, peanlty not exceeding two and a half times the amount of tax, which would thereby have been avoided, is leviable, in addition to the tax payable on the sales.

15.1.1 In assessing (March 1983) a dealer on his sales for the year 1978-79, the assessing authority determined his turnover at Rs.48,20,328. A scrutiny in audit of the assessment records and the dealer's Trading Account, however, revealed that the actual sales of the dealer during that year amounted to Rs.1,46,74,541 and not Rs.48,20,328. Sales amounting to Rs.98,54,213 thus escaped assessment by the assessing authority.

The dealer had also claimed excess deductions amounting to Rs.1,32,548 on account of sales to other registered dealers by inflating the amounts of sales shown in the supporting declarations (in form ST–I) and by furnishing declarations which were otherwise defective or incomplete. The assessing authority failed to detect these manipulations and shortcomings in the declarations, and allowed the deductions claimed by the dealer.

The dealer was also allowed concessional rate of tax on inter-State sales amounting to Rs.4,17,691 although (i) sales amounting to Rs.4,05,206 were not supported by the prescribed declarations in form 'C' and certain bogus serial numbers of declaration forms had been quoted by the dealer in the list of sales furnished by him alongwith his returns and (ii) sales amounting to Rs.12,485 were supported by defective declarations.

The assessing authority's failure to check the returns and the supporting documents properly resulted in tax being levied short by Rs.7,24,135. Besides, penalty not exceeding Rs.67,780 (on the amount of tax evaded viz., Rs.27,113) was leviable on the dealer for furnishing incorrect particulars of sales to the assessing authority.

On the short-levy being pointed out in audit (April 1984) the department raised (March 1985) an additional demand for Rs.7,34,605 against the dealer and also imposed a penalty of Rs.70,415 on him for furnishing inaccurate particulars of sales. The department stated (May 1985) that necessary action to recover the dues from the dealer was being taken.

15.1.2 A dealer in Delhi claimed and was allowed exemption from payment of tax on his sales amounting to Rs.34,23,884, although the declaration furnished by him in support of sales amounting to Rs.34,19,809 were false

and those in support of sales amounting to Rs.4,075 were defective. The irregular grant of exemption resulted in tax amounting to Rs.2,39,590 not being realised. In additon, penalty not exceeding Rs.5,98,465 was leviable on the dealer.

On the irregularity being pointed out in audit (August 1984) the department stated (February 1985) that a demand for Rs.8,38,055 had since been raised against the dealer. The department also stated (April 1985) that the dealer has appealed against the additional demand and the Appellate Authority had stayed the recovery on furnishing a surety of Rs.1,00,000. Further developments are awaited (March 1986).

15.1.3 Sales amounting to Rs.8,04,186 made by a dealer during the year 1978-79 were excluded from his taxable turnover, although the declarations furnished by the assessee in support of the sales were either false or invalid. In one case, the declaration (in form ST–I) in support of sales for Rs.3,85,185 had been given in favour of certain other registered dealer and not the assessee. In another case, the figures of sale in the supporting declaration had been interpolated and changed from Rs.24,312.50 to Rs.4,19,001.50 to avail of the beneficial exemption. The irregular exclusion of the sales from the taxable turnover resulted in tax being levied short by Rs.54,591. Besides, penalty not exceeding Rs.1,36,478 was leviable on the dealer for furnishing incorrect particulars of sales to the assessing authority.

On the failure being pointed out in audit (February 1984) the department stated (June 1985) that the assessment had since been revised and an additional demand for Rs.54,591 raised against the dealer. The department also stated (January 1986) that on an appeal made by the dealer, the Appellate Authority had granted interim stay subject to the dealer depositing 25 per cent of the entire amount and furnishing surety for the balance. The department further stated that the dealer had been directed to deposit the entire amount because he had deposited Rs.13,648 only in July 1985 but did not furnish the required surety. Further developments are awaited(March 1986).

15.1.4 In the assessment year 1980-81, a registered dealer in Delhi claimed exemption from payment of tax on his sales amounting to Rs.4,95,707 by furnishing the prescribed declaration from the purchasing dealer, which was accepted by the assessing authority. The purchasing dealer had actually given the declaration in respect of sales amounting to Rs.1,92,523 only, but the selling dealer had subsequently made unauthorised additions of sales amounting to Rs.3,03,184 in the declaration. The assessing authority failed to detect the unauthorised additions, resulting in tax being realised short by Rs.15,159. In addition, penalty not exceeding Rs.37,897 was leviable on the dealer for furnishing inaccurate particulars of sales.

On the failure being pointed out in audit (August 1984), the department reassessed (July 1985) the dealer and raised additional demand for Rs.15,159 and penalty amounting to Rs.10,000. The department also stated (January 1986) that on an appeal filed by the dealer, the Appellate Authority had stayed recovery of the demand. Final decision on the appeal is awaited (March 1986).

15.1.5 A registered dealer in Delhi claimed exemption from payment of tax in respect of sales amounting to Rs.1,61,650 in the year 1978-79 by furnishing prescribed declaration from the purchasing registered dealer. His sales to registered dealers actually amounted to Rs.40,000. In the aforesaid declaration, the selling dealer had made certain interpolations and alterations inflating the sale value of the goods from Rs.40,000 to Rs.1,61,650. The assessing authority failed to detect these interpolation and alterations, resulting in tax being levied short by Rs.12,165. Further, penalty not exceeding Rs.30,412 was also leviable on the dealer for falsification of the records.

On the failure being pointed out in audit (December 1983), the department stated (July 1985) that an additional demand for Rs.42,165 (including a penalty of Rs.30,000) had since been raised against the dealer and that action was being taken to recover the dues from him.

The above cases were reported to the Ministry of Home Affairs between April 1985 and August 1985; their replies are awaited (March 1986) except in the case of sub-paragraph 15.1.4 above.

16. Short-levy due to non-detection of suppression of sales

16.1 Under the Delhi Sales Tax Act, 1975 and the rules made thereunder, a registered dealer can purchase goods from another registered dealer, without paying tax, if the goods are for re-sale within the Union Territory of Delhi, or for use in manufacture in Delhi, of goods, sale of which is taxable in Delhi. The facility is allowed, provided the purchasing dealer furnishes to the seller a declaration in a prescribed form ST-I to the said effect. Under the Central Sales Tax Act, 1956, a registered dealer in one State can purchase goods from a registered dealer of another State at a concessional rate of tax by furnishing declarations in a prescribed form 'C' . But if the dealer makes a false representation in regard to the goods or class of goods covered by his registration certificate or conceals the particulars of his sales or files inaccurate particulars of his sales, penalty not exceeding two and a half times the amount of tax, which would thereby have been avoided, will be leviable, in addition to the tax payable on the sales.

16.1.1 A registered dealer in Delhi purchased, without payment of tax, goods valuing Rs.16,25,744 from another registered dealer during the years 1978-79 and 1979-80 by furnishing eight prescribed declarations, but accounted for purchases amounting to Rs.6,50,028 only in his accounts records. The short accountal of purchases amounting to Rs.9,75,716 resulted in suppression of corresponding sales amounting to Rs.10,48,895 (including profit margin at 7.5 per cent). The suppression of sales was not detected by the assessing authority, and as a result, tax was levied short by Rs. 73,423. Further, penalty not exceeding Rs.1,83,557 was leviable on the dealer for furnishing inaccurate particulars. The dealer had also not furnished

any utilisation account in respect of 72 other declaration forms issued to him by the department.

On this being pointed out in audit (March 1984) the department stated that the dealer had been re-assessed and an additional demand for Rs.2,80,000 raised against him. The department also stated that the assessing authority had been advised to initiate penalty proceedings against the dealer for suppression of sales and also to recover Government dues from him.

16.1.2 In assessing a dealer for the year 1979-80, the assessing authority determined his turnover at Rs.2,80,000 *ex parte* on best judgement basis. The assessment was incorrect as -

16.1.2.1 in four cases alone, the dealer had purchased goods valuing Rs.5,26,877 without payment of tax (under the local Act) and goods valuing Rs.55,542 at a concessional rate of tax (under the Central Act) from other registered dealers during the year 1979-80 by furnishing the prescribed declarations. The dealer had been issued, by the Department, as many as 170 blank declaration forms (50 under the Central Act and 120 under the local Act) but utilisation account in respect of eight forms only was available on record. The dealer's purchases would be more than Rs.5,82,419 (Rs. 5,26,877 under the local Act and Rs.55,542 under the Central Act) if any of the remaining 162 forms, for which no utilisation account was available with the department, had also been used by the dealer.

16.1.2.2 The turnover determined by the assessing authority for the year 1979-80 (Rs. 2,80,000) was extremely on the low side, as compared to the dealer's turnover during a short period of four and half months (after his registration in November 1978) for the earlier year 1978-79, which amounted to Rs.9,65,347. Even if the dealer's total purchases during the year 1979-80 were taken as Rs.5,82,419 only, his sales turnover for that year would be at least Rs.6,11,539 (assuming a profit margin of 5 per cent only), which was more than the turnover assessed by the assessing authority by Rs.3,31,539. The incorrect determination of the dealer's turnover resulted in under-assessment of tax amounting to Rs.16,577. Penalty not exceeding Rs.41,442 was also leviable on the dealer for suppression of his turnover.

On the short levy being pointed out in audit (September 1984), the department stated that the dealer had been re-assessed and a demand for Rs.1,00,100 (including penalty amounting to Rs.100) raised against him. The department also stated that a recovery certificate had been issued for recovery of the dues as arrears of land revenue. Report on recovery of the amount is awaited (March 1986).

16.1.3 A registered dealer purchased, without payment of tax, goods valuing Rs.7,53,120 from another registered dealer during the year 1979-80 by furnishing prescribed declarations, but accounted for purchases amounting to Rs. 63,590 only in his accounts records. The short accountal of purchases amounting to Rs.6,89,530 resulted in suppression of corresponding sales amounting to Rs.7,27,454 (including profit margin at 5.5 per cent). The suppression of sales was not detected by the assessing authority. The failure resulted in tax being levied short by Rs.72,745. Further, penalty not exceeding Rs.1,81,862 was leviable on the dealer for furnishing inaccurate particulars.

On the failure being pointed out in audit (August 1984), the department stated (May 1985) that a demand for Rs.77,745 including penalty, had since been raised. Report on recovery is awaited(March 1986).

16.1.4 The turnover of a registered dealer in Delhi for the year 1979-80, was determined (February 1984) *ex parte* at Rs.2,00,000 on best judgement basis. The dealer had, in fact, purchased, without payment of tax, goods valuing Rs. 6,08,386 from another registered dealer by furnishing prescribed declarations (in from ST-I) but had accounted for purchases amounting to Rs.18,394 only in his accounts records. The short accountal of purchases amounting to Rs.5,89,992 resulted in suppression of corresponding sales amounting to Rs.6,19,492 (including profit margin at 5 per cent). The suppression of sales was not detected by the assessing authority. The failure resulted in tax being levied short by Rs.61,949. Further, penalty not exceeding Rs.1,54,872 was leviable on the dealer for furnishing incorrect particulars of sales.

On the failure being pointed out in audit (November 1984), the department revised (January 1985) the assessment and raised additional demand for tax amounting to Rs.70,000. Report on recovery of tax and imposition of penalty is awaited (March 1986).

16.1.5 A registered dealer in Delhi purchased, without payment of tax, goods valuing Rs.3,97,674 from another registered dealer during the year 1978-79, by furnishing the prescribed declaration; but he did not account for the purchases in his accounts. The concealment which could not be detected by the assessing authority resulted in tax amounting to Rs.41,676 not being levied on the corresponding sales amounting to Rs.4,16,762 (including profit margin at 4.8 per cent). The dealer was also liable to pay penalty not exceeding Rs. 1,04,190 for furnishing inaccurate particulars.

On the failure to detect suppression of sales being pointed out in audit (July 1984), the department stated (August 1985) that an additional demand for Rs.42,120 had since been raised and penalty proceedings were also initiated against the dealer. It was also stated that necessary action to recover the dues from the dealer was being taken.

16.1.6 During the years 1976-77 and 1978-79 a dealer purchased, without payment of tax, goods valuing Rs.71,494 and Rs.3,42,675 respectively by furnishing the prescribed declarations, but did not account for these purchases in his purchase account. The suppression of purchases, which was not detected by the department, resulted in escapement of the corresponding sales amounting to Rs.4,52,160 (after adding a profit margin of 10 per cent during 1976-77 and 9 per cent during 1978-79 to purchases) and consequential non-levy of tax amounting to Rs.42,215. Penalty not exceeding Rs. 1,13,040 was also chargeable from the dealer for concealment of sales.

On the failure being pointed out in audit in December 1983, the department revised the assessment and stated

(November 1984) that demands for Rs.45,546 towards tax and Rs.1,13,865 towards penalty had since been raised against the dealer. In June 1985, the department intimated that the dealer had filed an appeal against the re-assessment. Further developments are awaited (March 1986).

The Ministry of Home Affairs to whom the case was reported in May 1985 accepted the facts in August 1985.

16.1.7 In assessing a dealer for the year 1979-80, the assessing authority determined (March 1984) his turnover at Rs.24,30,692 on best judgement basis, based on the purchases made by him from other registered dealers by furnishing five declarations in the prescribed form. However, the dealer had also made purchases amounting to Rs.4,79,450, without payment of tax, from another registered dealer, by furnishing the prescribed declaration. But these purchases (Rs. 4,79,450) had not been reflected by him in his purchase account. The concealment, which was not detected by the assessing authority, had resulted in tax amounting to Rs.35,240 not being levied on the corresponding sales amounting to Rs.5,03,422 (including profit margin at 5 per cent). Penalty not exceeding Rs.88,100 was also leviable on the dealer for furnishing inaccurate particualrs of sales. Further, the dealer had not furnished any utilisation account in respect of 39 other declaration forms issued to him by the department.

On this being pointed out in audit (September 1984), the department stated (July 1985) that the assessments for the years 1979-80 to 1982-83 had since been finalised / revised and demands for Rs.40,240 (including penalty of Rs.5,000) in respect of the year 1979-80 and for Rs.13,50,100 in respect of the years 1980-81 to 1982-83 had been raised against him. The department also stated that the registration of the dealer had been cancelled with effect from 23rd September 1982 and that efforts to trace the dealer and recover the dues from him were being made.

16.1.8 A registered dealer in Delhi purchased, without payment of tax, goods valuing Rs.3.95 lakhs from another registered dealer, during the years 1977-78 to 1979-80 by furnishing the prescribed declarations. However, he accounted for purchases amounting to Rs.1.65 lakhs only in his accounts records. The short accountal of purchases amounting to Rs.2.30 lakhs resulted in suppression of corresponding sales amounting to Rs.2.54 lakhs (including profit margin). The suppression of sales was not detected by the assessing authority, resulting in tax being levied short by Rs.25,436. Further, penalty not exceeding Rs.63,588 was leviable on the dealer for furnishing inaccurate particulars.

As per section 5 of the Delhi Sales Tax Act, 1975 and notification issued thereunder, on sale of certain notified goods, tax is leviable at the point of first sale within the Union Territory of Delhi. No tax is leviable at the subsequent points of sale of such goods, provided the dealer claiming exemptions produces bill(s) / cash memo(s) in support of purchase of such goods in Delhi.

The same dealer had claimed and been allowed exemption from levy of tax on sales amounting to Rs.10.62 lakhs during the years 1978-79 and 1979-80 on the ground that tax had already been paid earlier at the point of first sale, although his purchases corresponding to sales amounting to Rs.9.26 lakhs only were supported by relevant bills and cash memos. This resulted in tax being levied short by Rs.6,792.

On the mistakes being pointed out in audit (April 1984), the department stated that the demand for tax amounting to Rs.32,228 and penalty amounting to Rs.63,588 had since been raised against the dealer. The department also stated that on an appeal made by the dealer, the Appellate Authority had directed the dealer to deposit a sum of Rs.33,000 and stayed the rest of the demand on his furnishing a surety. The department also stated that the dealer had deposited Rs.33,000 in March 1985 and had also filed surety for the balance amount. The result of the appeal is awaited (March 1986).

16.1.9 A registered dealer in Delhi purchased, without payment of tax, goods valuing Rs.13,76,018 during the years 1978-79 and 1979-80 by furnishing the prescribed declarations, but accounted for purchases amounting to Rs.6,79,910 only in his accounts records. The short accountal of purchases amounting to Rs.6,96,108 resulted in suppression of corresponding sales amounting to Rs.7,30,913 (including profit margin of 5 per cent). The suppression of turnover was not detected by the assessing authority, resulting in tax being levied short by Rs.36,546. Further, penalty not exceeding Rs.91,364 was leviable on the dealer for furnishing inaccurate particulars.

On the failure to detect suppression of sales being pointed out in audit (December 1984), the department stated (May and June 1985) that an additional demand for Rs.38,942 had since been raised against the dealer and that a penalty of Rs.3,500 had also been imposed upon him.

The above cases were reported to the Ministry of Home Affairs between May 1985 and November 1985; their replies are awaited (March 1986), except in respect of sub-paragraph 16.1.6 above.

17. Short levy of tax due to incorrect allowance of concessional rate of tax

17.1 Under Section 8 of the Central Sales Tax Act, 1956, a dealer who, in the course of inter-State trade or commerce, sells any goods to a Government department or a registered dealer, shall be liable to pay tax at a concessional rate of 4 per cent, subject to his furnishing a declaration in the prescribed form. The Ministry of Finance had clarified in January 1959 that for the purpose of Central Sales Tax Act, the term "Government" excludes local bodies, municipalities, notified area committees, Government Undertakings or other statutory bodies or corporations, even if they are set up under statutes and are financed wholly or partly by Government. The term "Government" also excludes private and public limited companies wholly or partly owned by the Central or State Governments.

Under Section 10(a) *ibid,* a dealer can be prosecuted if he commits an offence by furnishing declarations or

certificates, which he knows or has reason to believe to be false.

17.1.1 On inter-State sales amounting to Rs.5.22 lakhs made by a dealer to the Beas Transmission Lines Project (set up by Government by a notification under a statute), tax was levied at the concessional rate of 4 per cent on the basis of a declaration issued by the Beas Transmission Lines Project, claiming that it was a department of the Central Government. However, as per the aforesaid notification issued on 12th January 1959, the Beas Transmission Lines Project was not a department of Government. As a result, tax was realised short by Rs.31,311.

In certain other cases also, on inter-State sales amounting to Rs.4.38 lakhs made by the same dealer to other registered dealers during the year 1978-79, tax was levied at the concessional rate of 4 per cent, although these sales were not supported by the prescribed declarations. In order to claim the concessional rate of tax, the dealer had, in his returns relating to sales amounting to Rs.3 .22 lakhs, quoted certain bogus serial numbers purporting to show that the sales were supported by the prescribed declarations. The misrepresentation was not detected by the assessing authority. The failure resulted in tax being levied short by Rs.26,241.

On the short levey being pointed out in audit (March 1984), the department stated (February 1985) that an additional demand for Rs.67,335 (including penalty of Rs.10,000 and interest) had since been raised. Report on recovery and levy of tax amounting to Rs.31,311 on sales made to the Beas Transmission Lines Project is awaited (March 1986).

17.1.2 In another case, on inter-State sales amounting to Rs.3.01 lakhs made by a dealer to the Beas Project during the year 1978-79, tax was levied at the concessional rate of 4 per cent, although it was leviable at the normal rate of 10 per cent, as the Beas Project was not a Government department. The mistake resulted in tax being levied short by Rs.18,090.

On the mistake being pointed out in audit (February 1984), the department revised the assessment and raised an additional demand for Rs.18,090. However, the dealer went in appeal against the revised assessment order. The Appellate Authority directed the dealer to deposit 50 per cent of the demand and furnish surety for the balance amount of 50 per cent by 30th July 1984. The dealer deposited Rs.9,045 on 16th March 1984 and filed surety bond for the remaining amount in December 1984. Further developments are awaited (March 1986).

17.2 As per the Delhi Sales Tax Act, 1975, and the rules framed thereunder, sales of goods made by one registered dealer to another registered dealer are to be allowed as a deduction from the turnover of the selling dealer on his furnishing, alongwith his returns, a complete list of such sales, duly supported by prescribed declarations in form ST–I obtained from the purchasing dealers. Under the Central Sales Tax Act, 1956 and the rules framed thereunder, on inter-State sales of goods made by one registered dealer to another registered dealer, tax is leviable at a concessional rate, provided the sales are supported by prescribed declarations in form 'C' from the purchasing dealers, alongwith the evidence of despatch of such goods. If a dealer conceals the particulars of his sales or furnishes inaccurate particulars of sales, penalty not exceeding two and a half times the amount of tax, which would thereby have been avoided, is leviable, in addition to the tax payable on the sales.

17.2.1 A registered dealer in Delhi was allowed deductions amounting to Rs.7,17,750 on account of sales made to other local registered dealers during the year 1978-79. The deductions allowed were not correct as (i) sales amounting to Rs.3,28,110 were not supported by the prescribed declarations in Form S.T–I (Totals in the covering list of sales were also incorrect), (ii) sales amounting to Rs.3,37,802 were supported by declarations which, in fact, had been given by the purchasing dealers in respect of purchases made in a different year (1979-80) or were not given to the seller in this case and (iii) sales amounting to Rs.51,838 were supported by declarations which were otherwise defective.

The dealer was also allowed concessional rate of tax on inter-State sales amounting to Rs.7,50,295. No concession was actually admissible, as (i) the sales had been inflated by the dealer to the extent of Rs.3,00,000 by striking wrong totals in the list of sales, (ii) sales amounting to Rs.92,547 were supported by defective declarations and (iii) sales amounting to Rs.3,57,748 were not supported by any proof of despatch of goods outside the Union Territory of Delhi.

The assessing authority's failure to check the returns and supporting documents properly, resulted in tax being levied short by Rs.1,16,793. Besides, penalty not exceeding Rs.2,11,477 (on the avaded tax of Rs.84,591) was leviable on the dealer for furnishing incorrect particulars of sales to the assessing authority.

On the omission being pointed out in audit (April 1984), the department raised (July 1985) an additional demand for Rs.1,16,793 against the dealer. Report on recovery of Rs.1,16,793 and levy of penalty is awaited (March 1986).

17.2.2 A registered dealer in Delhi was allowed concessional rate of tax (4 per cent) on his sales amounting to Rs.3,48,000 made by him to another registered dealer during the year 1979-80 on the basis of a declaration in the prescribed form 'C' . The concession allowed was incorrect, since as per information in the assessment records, the goods were delivered to the purchasers in Delhi had not been sold in the course of inter-State trade or commerce. Further, sales amounting to Rs.16,931 had been excluded from the dealer's turnover based on his claim that these goods had been returned to him by the purchasers. But the dealer had not furnished any evidence in support of his claim regarding return of goods. The assessing authority's failure to disallow the dealer's claim regarding inter-State sales and return of goods resulted in tax being levied short by Rs.11,625

On this being pointed out in audit (October 1983), the department stated (July 1985) that an additional demand for

Rs.11,625 had since been raised against the dealer and that he had deposited a sum of Rs.1,185 in May 1984. Report on recovery of the balance amount is awaited (March 1986).

17.3 By a notification issued in October 1975 under the Central Sales Tax Act 1956, Central Government reduced the rate of tax on inter-State sales of goods other than those specified in the First Schedule to the Delhi Sales Tax Act, 1975 from 4 per cent to 2 per cent. Electrical goods are included in the First Schedule to the Delhi Sales Tax Act, 1975 and, therefore, the concessional rate of two per cent was not applicable in respect of inter-State sales of these goods.

On inter-State sales of electrical goods amounting to Rs.7.98 lakhs, made by a dealer during the year 1978-79, the tax was wrongly assessed at the concessional rate of 2 per cent, instead of at 4 per cent. The mistake resulted in tax being levied short by Rs.15,958. Besides, interest amounting to Rs.16,095 was chargeable from the dealer for non-payment of the tax within the prescribed period.

On the mistake being pointed out in audit (April 1984), the department stated (May 1985) that an amount of Rs.32,132 (on account of tax and interest) had since been recovered from the dealer.

17.4 Under Section 8 of the Central Sales Tax Act 1956, on inter-State sales of goods made by a registered dealer to a Government department,tax is leviable at the concessional rate of 4 per cent, provided the sales are supported by a certificate in the prescribed form 'D' issued by the purchasing depatment. However, as per Government of India notification dated 25th March 1960, on sales of scientific goods made by a registered dealer to an educational institution or a hospital in another State, tax is leviable at the concessional rate of 5 per cent provided the sales are supported by prescribed declarations from the educational institution or hospital concerned. Under Rule 8 of the Central Sales Tax (Delhi Rules), levy of tax at the concessional rates is further subject to the condition that the selling dealer will furnish full particulars of despatch of such goods outside the Union Territory of Delhi.

On sales of scientific goods amounting to Rs.2,95,060, made by a registered dealer during the year 1978-79, tax was levied at the concessional rate of 4 per cent, which was not correct as (i) sales amounting to Rs.70,245 were not supported by the prescribed certificates, (ii) sales amounting to Rs.2,02,609, which were made to educational institutions, were taxable at the rate of 5 per cent and not at 4 per cent, as actually levied and (iii) sales amounting to Rs.22,206 were supported by certain certificates, which had not been signed by the issuing authority.

Further, the dealer had been allowed concessional rate of tax on other inter-State sales amounting to Rs.1,96,322, even though he had not furnished any proof of despatch of those goods outside the Union Territory of Delhi. The assessing authority's failure to check the supporting documents and details properly resulted in tax being levied short by Rs.18,239.

On the short-levy being pointed out in audit (January 1984), the department stated (September 1985) that an additional demand for Rs.17,767 had since been raised against the dealer. The department also stated that the dealer had filed an appeal before the Assistant Commissioner, who had stayed the recovery of the dues till further orders.

The above cases were reported to Ministry of Home Affairs between February and October 1985; their replies are awaited (March 1986), except in the case of sub-paragraph 17.3 above.

18. Irregular grant of exemption from tax

18.1 As per notifications dated 31st January 1978 and 27th June 1978, issued under the Delhi Sales Tax Act, 1975 on sales of kerosene oil, tax was leviable at the rate of 3 per cent at the point of last sale during the period from 1st February 1978 to 30th June 1978. However, from 1st July 1978, sales of kerosene oil became taxable at the point of first sale. The Act also provides that if a dealer failed to pay the tax due as per his returns, he shall, in additon to the tax (including any penalty), be liable to pay simple interest on the amount so due, at one per cent per month (from the date immediately following the last date for the submission of the return), for a period of one month, and at one and a half per cent per month, thereafter, so long as he continues to make default in such payment or till the date of completion of the assessment, whichever is earlier.

18.1.1 A dealer claimed and was allowed exemption from payment of tax on sales of kerosene oil, amounting to Rs.14.42 lakhs, effected during the period from 1st April 1978 to 30th June 1978, on the ground that tax in respect of these goods had already been paid. The exemption granted was incorrect, as under the aforesaid notifications, the goods were actually taxable at the point of last sale and not earlier. The incorrect grant of exemption resulted in the tax amounting to Rs.43,247 not being realised. (The dealer had sold kerosene oil during February 1978 and March 1978 also, but the related records were not made available to Audit).

On the non-levy being pointed out in audit (August 1983), the department stated January 1985) that additional demand for Rs.92,549 (including interest of Rs.49,302) had since been raised against the dealer. Report on recovery is awaited (December 1985).

18.1.2 Under the Delhi Sales Tax Act 1975 and the Central Sales Tax Act 1956, tax at prescribed rates is leviable on the sales turnover of a dealer, after allowing such deductions as are admissible under the Acts. As per the State Act and the rules framed thereunder, sales of goods made by one registered dealer to another registered dealer are to be allowed as a deduction from the turnover of the selling dealer on his furnishing, alongwith his returns, a complete list of such sales, duly

supported by prescribed declarations, in form ST-I obtaianed from the purchasing dealers. Under Section 6(2) of the Central Act, where a sale of any goods in the course of inter-State trade or commerce, occasions the movement of goods from one State to another or is effected by a transfer of documents of title to such goods during their movement from one State to another, any subsequent sale to a registered dealer during such movement, effected by a transfer of documents of title to such goods is also exempted from tax, provided the sales are supported by a certificate in form 'E-1',duly filled and signed by the registered dealer from whom the goods are purchased and a declaration in form 'C' is given by the dealer, who purchases the goods in the other State.

A registered dealer in Delhi was allowed deductions amounting to Rs.69,831 (from his gross turnover for the year 1979-80) on the ground that these represented sales to another registered dealer. The deductions allowed were not correct as the sales in question were not supported by the prescribed declaration in form 'ST-I'. On the other hand, some bogus declaration forms had been quoted by the dealer in the list of sales furnished by him.

The dealer had also been allowed (i) exemption from payment of tax in respect of inter-State sales amounting to Rs.2,63,998 and (ii) concessional rate of tax at 2 per cent on inter-State sales amounting to Rs.44,551 which were stated to have been made to another registered dealer by transfer of documents of title to the goods during the movement of goods from one State to another. The exemption/concession allowed was not correct, as the sales were not supported by the prescribed declarations in form 'C' from the purchasing dealer.

The assessing authority's failure to check the returns and supporting documents properly resulted in tax being levied short by Rs.33,456. Besides, penalty not exceeding Rs.8,730 in respect of the evaded tax of Rs.3,492, was leviable on the dealer for furnishing incorrect particulars of sales to the assessing authority.

On the short levy being pointed out in audit (June 1984) the department recovered (December 1984) Rs.33,456 from the dealer. The department also stated (December 1985) that a penalty of Rs.1,000 had been imposed on the dealer. Report on recovery of the penalty imposed is awaited (March 1986).

The above cases were reported to the Ministry of Home Affairs between February and July 1985; their replies are awaited (March 1986), except in the case of sub-paragraph 18.1.2 above.

19. Non-levy of tax

19.1 As per Section 5 of the Bengal Finance (Sales Tax) Act, 1941 and the rules made thereunder, which were applicable in the Union Territory of Delhi upto 20th October 1975, on sales made by one registered dealer to another, tax was not leviable, provided the purchasing dealer furnished a declaration to the effect that the goods purchased were meant for re-sale or for use as raw material in the Union Territory of Delhi. If the goods so purchased were not utilised for the above purposes, tax was leviable on the purchase price of the goods.

In Delhi, a dealer purchased, without payment of tax, (by furnishing the prescribed declarations) certain raw materials during the years 1973-74 and 1974-75 and used the same in the manufacture of certain other goods. He transferred manufactured goods valuing Rs.29.97 lakhs during the year 1974-75 to his branches for sale in other States (He had made similar transfers during the year 1973-74 as well, but full details of those transfers could not be ascertained as the relevant records were not made available to Audit). As the finished products were not sold by the dealer within the Union Territory of Delhi, he was liable to pay purchase tax on the value of raw materials used by him, but no purchase tax was levied by the assessing authority. The value of raw materials liable to purchase tax during the year 1974-75 alone worked out to Rs.5,39,460 (as per procedure adopted by the assessing authorities according to departmental instructions) and tax leviable thereon amounted to Rs.48,551.

On the irregularity being pointed out in audit (September 1983), the department revised (October 1984 and August 1985) the assessment for the year 1974-75 and raised a demand for Rs.48,551, which was realised in October 1984 and August 1985. The department also revised the assessment for the year 1973-74 and raised a demand for Rs.1,18,843 (Rs.85,383 under the local Act and Rs.33,460 under the Central Act) in respect of that year. The dealer, however, filed an appeal against the re-assessment for the year 1973-74. Report on the out come of the appeal is awaited (March 1986).

The Ministry of Home Affairs to whom the case was reported in June 1985, confirmed the above facts in September 1985.

19.2 Under the provisions of the Delhi Sales Tax Act 1975, a registered dealer can purchase goods from another registered dealer, without payment of tax, if the goods are intended for use as raw material in the manufacture in Delhi, of goods, sale of which is taxable in Delhi. The facility is allowed, provided the purchasing dealer furnishes to the seller a declaration in prescribed form to the said effect and also indicates that the goods are covered by his certificate of registration. In November 1979 the High Court of Delhi had held* that calcium carbide, oxygen gas, electrodes and acetylene gases used for welding were not materials that went into any finished product and could not, therefore, be included in the certificates of registration as raw materials for manufacture. The Commissioner of Sales Tax clarified in 1979-80 that goods, which do not go into the manufacture of finished products, but are merely consumed in the process of manufacture, cannot be purchased without payment of tax and that such items should be deleted from the registration certificates of the dealers.

19.2.1 During the year 1979-80, two registered dealers purchased, without payment of tax, welding electrodes valuing Rs.3,96,348 and declared that they were covered by their regisration certificates. The assessing authority failed to disallow the dealers' claim and delete the items from their registration certificates. The failure resulted in tax amounting to Rs.27,744 not being realised.

On the failure being pointed out in audit (October 1984), the department accepted the audit objection and raised (June 1985) a demand for Rs.27,744. Report on recovery is awaited (March 1986).

**Commissioner of Sals Tax New Delhi vs. Standard Metal Industries (1980)(45 STC 229).*

19.2.2 On the strength of his registration certificate, a registered dealer purchased, without payment of tax, oxygen gas and calcium carbide valuing Rs.1,44,598. Although these goods were not used in the manufacture of any finished goods, the assessing authority failed to levy tax on the purchases, resulting in tax amounting to Rs.10,122 not being realised.

On the failure being pointed out in audit (October 1983), the department recovered Rs.10,199 from the dealer.

The Ministry of Home Affairs to whom the case was reported in May 1985, confirmed (November 1985) the facts.

19.2.3 During the year 1979-80, a registered dealer purchased, oxygen gas and calcium carbide valuing Rs.1,48,017 without payment of tax, and claimed that the goods were covered by his registration certificate. As the goods were not used in the manufacture of any finished products, the assessing authority should have disallowed the dealer's claim and levied tax on the purchases, but he failed to do so. The failure resulted in tax amounting to Rs.10,361 not being realised.

On this being pointed out in audit (June 1984), the department stated (June 1985) that a demand for Rs.10,361 had since been raised against the dealer. The department also stated (November 1985) that on an appeal made by the dealer, the Appellate Authority had directed the dealer to deposit a sum of Rs.2,000 and stayed recovery of the rest of the demand provided the dealer furnished a surety, which was complied with by the dealer. Result of the appeal is awaited (March 1986).

The above cases were reported to the Ministry of Home Affairs betwen May and August 1985; their replies are awaited (March 1986), except in the case of sub-paragraph 19.2.2 & 19.2.3 above.

20. Non-levy of interest

20.1 As per the Delhi Sales Tax Act 1975, if any dealer fails to pay the tax due, he shall, in addition to the tax (including penalty) due, be liable to pay simple interest on the amount so due at one per cent per month (from the date immediately following the last date for the submission of the return) for a period of one month, and at one and a half per cent per month, thereafter, so long as he continues to make default in such payment or till the date of completion of assessment, whichever is earlier.

20.1.1 In Delhi, a dealer collected sales tax amounting to Rs.24,319 on the sales made by him during the period from 1st October 1978 to 11th November 1978, but did not deposit this amount with the Government. After assessment, the department raised (March 1985) a demand for Rs.24,379 (including sales tax amounting to Rs.24,319 collected by the dealer) but did not take any action to levy interest for non-payment of tax.

On the omission being pointed out in audit (July 1984) the department stated (April 1985) that interest amounting to Rs.17,717 had since been recovered from the dealer.

The case was reported to the Ministry of Home Affairs in June 1985 who confirmed the fact (August 1985).

20.1.2 A dealer collected sales tax amounting to Rs.27,251 during the year 1978-79, but failed to deposit the same in the Government account. While raising the demand for Rs.27,251 against the dealer in March 1983, the department omitted to levy interest for non-payment of tax by the dealer within the prescribed period. The omission resulted in interest amounting to Rs.18,666 not being realised.

On the mistake being pointed out in audit (March 1984) the department recovered (January 1985) interest amounting to Rs.18,666 from the dealer.

The case was reported to Ministry of Home Affairs in February 1985. The Ministry confirmed the above facts in April 1985.

21. Non-imposition of penalty

21.1 Under the Delhi Sales Tax Act, 1975 and the rules made thereunder, a registered dealer can purchase goods from another registered dealer, without paying tax, if the goods are for resale within the Union Territory of Delhi or for use in manufacture (in Delhi) of goods, sale of which is taxable in Delhi. The facility is allowed, provided the purchasing dealer furnishes to the seller, a declaration in a prescribed form to the said effect. But if the dealer makes a false representation in regard to the goods or class of goods covered by his registration certificate or conceals the particulars of his sales, penalty not exceeding two and half times the amount of tax, which would thereby have been avoided, is leviable.

21.1.1 A registered dealer engaged in the business of paper, purchased, without payment of tax, wire and cables valuing Rs.15,03,323 during the year 1977-78 by misrepresenting that the goods were covered by his registration certificate. The assessing authority failed to notice the misrepresentation and imposed penalty on the

dealer for this offence. Penalty not exceeding Rs.2,63,082 was leviable on the dealer for this misrepresentation.

On the failure being pointed out in audit (June 1983) the department revised (February 1985) the assessment and imposed a penalty of Rs.1,50,332 on the dealer. Report on recovery is awaited (March 1986).

21.1.2 A dealer misdeclared goods valuing Rs.2.01 lakhs purchased by him during the year 1978-79 as covered by his registration certificate and did not pay tax amounting to Rs.20,171 leviable thereon. For this misrepresentation, penalty not exceeding Rs.50,427 was leviable on the dealer, but was not levied.

On the omission being pointed out in audit (May 1983), the department stated (July 1984 and March 1985) that tax amounting to Rs.20,171 and penalty amounting to Rs.300 had since been levied on the dealer, and that the dealer had appealed against the re-assessment. Further developments are awaited (March 1986).

The Ministry of Home Affairs to whom the case was reported in September 1984, confirmed the facts (March 1985).

21.1.3 During the year 1979-80, a dealer engaged in the business of iron and hardware goods purchased, without payment of tax, tubes and bulbs valuing Rs.2,14,919 by misrepresenting that the goods were covered by his certificate of registration. For this misrepresentation penalty upto Rs.26,865 could be imposed on the dealer, but no penalty was imposed by the assessing authority.

On the failure being pointed out in audit (November 1984) the department imposed (February 1985) a penalty of Rs.16,000. Report on recovery is awaited (March 1986).

21.1.4 A registered dealer in Delhi purchased, without payment of tax, goods valuing Rs.1,35,552 from another registered dealer by misrepresenting that the goods were covered by his registration certificate. The assessing authority had failed to detect the misrepresentation. Penalty not exceeding Rs.23,722 was leviable on the dealer for the misrepresentation.

On the failure being pointed out in audit (July 1984), the department stated (September 1985) that a penalty of Rs.13,500 had since been imposed on the dealer and that action to recover the dues was being taken.

21.1.5 In the registration certificate issued (Under the Central Sales Tax Act, 1956) to a dealer engaged in the manufacture and sale of cycle tool bags, items "leather board and solution" were allowed to be included by the department with effect from 28th November 1978. The dealer had, however, purchased leather board valuing Rs.5,07,395 even before 28th November 1978 by falsely representing that the goods were covered by his certificate of registration. For this misrepresentation, penalty not exceeding Rs.76,109 (equal to one and a half times the amount of tax of Rs.50,739) was chargeable, but was not charged.

On the omission being pointed out in audit (September 1982) the department stated (September 1984) that a penalty of Rs.50,738 had since been levied on the dealer. The dealer, however, filed an appeal against the imposition of penalty which was reported to be still pending (March 1986).

The above cases were reported to the Ministry of Home Affairs between September 1984 and October 1985; their reply is awaited (March 1986), except in the case of sub-paragraph 21.1.2 above.

22. Arears of tax.

22.1 In the Union Territory of Delhi, sales tax is levied and collected under the Delhi Sales Tax Act, 1975 and the rules made thereunder. The dealers are required to deposit tax alongwith their monthly/quarterly returns submitted to the department. On assessment by the Department, the tax already paid by the dealers, is adjusted and the demand for the balance, if any, is raised against them. The assessed tax, for which a demand is issued, is payable within 30 days from the date of service of the demand notice. If sales tax dues (including interest, penalty, composition fee, etc.) are not paid by the dealers within the time specified in the demand notices or within the extended time, if any, the assessing authority may apply to the Collector for recovery of the dues as arrears of land revenue from the defaulters under the Delhi Land Reforms Act, 1954. After approval by the Collector, the assessing authority (the Assistant Collector) is required to issue recovery certificates and take all legal steps necessary for recovery of the tax dues as arrears of land revenue.

As on 31st March 1984, sales tax dues amounting to Rs.75.75 crores were pending collection from defaulting assessees. Out of this, arrears amounting to Rs.31.07 crores were outstanding for more than 5 years.

According to the information furnished by the Department (December 1984), these arrears were in the following stages of action:-

Stage of action	Amount of arrears (In crores of rupees.)
(1) In process of recovery including amount covered by recovery certificates.	37.59
(2) Recovery stayed by Courts	0.71
(3) Recovery stayed by other authorities	10.78
(4) Recovery held up due to insolvency of dealers	2.37
(5) Recovery held up in appeal or review	14.44

(6) Demands likely to be written off	5.73
(7) Other stages	4.13
Total	75.75

Out of the arrears of Rs.37.59 crores, mentioned at (1) above, arrears amounting to Rs.15.59 crores only were covered by recovery certificates. No satisfactory explanation for non-issue of recovery certificates in respect of the remaining arrears of Rs.22 crores was forthcoming.

The table below indicates the position of certified demands pending for recovery at the beginning of the years 1981-82, 1982-83 and 1983-84, demands certified during those years, recoveries of arrears effected, certified demands returned without effecting recoveries and the pending cases at the close of those years:-

	1981-82		1982-83		1983-84	
	Number of certificates issued	Amount in crores of rupees	Number of certificates issued	Amount in crores of rupees	Number of certificates issued	Amount in crores of rupees
(a) Number and amount of certified demands pending for recovery from the previous year	8,739	3.69	14,583	7.03	31,282	11.59
(b) Demands certified for recovery during the year	13,121	7.08	31,441	9.46	11,889	8.90
(c) Certified demands recovered during the year	6,354	1.21	4,338	2.85	11,739	3.77
(d) Certified demands returned without effecting recovery	923	2.53	10,404	2.05	1,075	1.13
(e) Certified demands pending at the close of the year	14,583	7.03	31,282	11.59	30,357	15.59

The process of recovery was very slow, as out of the total outstandings of Rs. 10.77 crores, Rs. 16.49 crores and Rs.20.49 crores, mentioned in (a) and (b) above recoveries amounting to Rs. 1.21 crores, Rs.2.85 crores and Rs.3.77 crores (representing only 11 per cent, 17 per cent and 18 per cent of the total outstandings) were effected by the Assistant Collectors during the years 1981-82, 1982-83 and 1983-84 respectively.

The follwing illustrative cases would indicate that effective action was not being taken by the Department to effect recoveries from the defaulters.

22.1.1 A demand for Rs.3.17 lakhs pertaining to the period from 1973-74 to 1977-78 was outstanding against a dealer in Sales Tax Ward 16. In the course of the recovery proceedings initiated (August 1981) under the Land Revenue Act, it came to the notice of the department in August 1982 that the firm had gone into liquidation. The department directed the assessing authority in August 1982 to lodge the claim for Rs.3.17 lakhs with the liquidator. Although over three years have elapsed since then, no claim has been filed with the liquidator so far (March 1985).

22.1.2 A dealer in Sales Tax Ward 2 was registered on 22nd October 1977 with liability to pay tax from 21st July 1977. Its registration was cancelled with effect from 16th April 1980 and assessment for the years 1977-78 and 1978-79 made *ex-parte* on best judgement basis in March 1982 and March 1983 respectively, and additional demand for Rs. 6.69 lakhs raised against it. No recovery could, however, be made as the dealer was reported to be untraceable. The dealer had furnished surety of Rs.40,000 at the time of registration, but no action to recover the amount from the surety was taken by the department. Recovery proceedings under the Land Revenue Act were started in May 1982, and recovery certificates for Rs.2.96 lakhs issued against the dealer. A notice to deposit the amount by 2nd August 1982 was issued to the dealer on 22nd July 1982 at the postal address given by it but in August 1982, the Bailiff reported that no such firm was functioning at the given address. A notice was issued to the surety on 4th September 1982 to deposit the amount by 24th September 1982 (later extended upto 22nd October 1982). In October 1982, it was reported that the surety was also not available at the given address. No further action was thereafter taken by the department upto February 1985. In March 1983, demand notices under Section 25 of Delhi Sales Tax Act and Section 9 of the Central Sales Tax Act for Rs. 3,74,525 and Rs.100 respectively were issued against the dealer. These notices were also received back on 4th April 1983, as these were delivered to a wrong firm. No further action was taken by the department (February 1985).

22.1.3 Assessments of a dealer (Sales Tax Ward 19) for the years 1972-73 to 1976-77 were made on best judgement basis during February 1977 to March 1981 and additional demand for Rs.3.03 lakhs raised against it. On its failure to pay tax, recovery certificates for Rs.3.03 lakhs were issued against it upto October 1981. In February

1982, the Bailiff reported that no such firm was functioning at the given address. No further action to trace the dealer and to effect recovery from it was taken (February 1985).

22.1.4 A dealer (Sales Tax Ward 46) was registered on 30th October 1978, with liability to pay tax from 17th June 1978. The assessments of the dealer for the years 1978-79 and 1979-80 were made on best judgement basis in February 1983 and March 1984 and an additional demand for Rs.17.13 lakhs raised against him. No payment having been made by him, recovery certificates for Rs.0.15 lakh and Rs.18.18 lakhs (including interest amounting Rs.1.19 lakhs) were issued against him in June 1983 and September 1984 respectively. But no further action to recover the amounts was taken (February 1985). The dealer had furnished sureties amounting to Rs.0.40 lakh at the time of registration. Even this amount was not recovered from the sureties.

22.1.5 Tax demands totalling Rs.5.42 lakhs were raised against a dealer during March 1979 to March 1984. As the dealer did not make any payments recovery proceedings were started in August 1981 and recovery certificates for Rs.4.38 lakhs issued against it during August 1981 and May 1982. However, in the meanwhile, in September 1981, it was reported that the firm was no longer functioning. The dealer had at the time of registration under the Central and Local Sales Tax Acts furnished surety of Rs.20,000 from a firm. No recovery from the surety could also be effected as the surety firm was also reported to be not functioning.

22.2 Improper maintenance of arrears registers.

22.2.1 As per instructions issued by the Department in 1977, all sales tax wards were required to maintain, in a prescribed form, 'Arrears of Demand Register' with effect from Ist April 1977. All arrears of sales tax, pending collection were to be noted in this register. The deposits made by the assessees against the arrears from time to time, particulars of recoveries stayed by Courts or departmental authorities, decisions taken by the appellate authorities on appeals filed by the assessees, reductions or enhancements of dues on re-assessment of the dealers etc., were also required to be made against relevant entries in this register. The register was also required to be closed every year.

However, out of the 50 sales tax wards, 5 wards did not maintain the required register, with the result that no follow up action in regard to the arrears of Rs.4.65 crores in those wards were taken. The maintenance of such registers in other wards was also unsatisfactory, as complete details of the arrears, recoveries effected from time to time, decisions of the appellate authorities, reductions/enhancements of dues made on re-assessment etc., had not been completely and correctly reflected in the registers in many cases. Registers in the various wards were also not being generally closed at the end of each year, as required.

The above facts were reported to the Department and Ministry of Home Affairs in August 1985; their replies are awaited (March 1986).

23. Taxes on Motor Vehicles

23.1 *Assessment and collection of Motor Vehicles Tax and Fees*

23.1.1 Under the Delhi Motor Vehicles Taxation Act, 1962, motor vehicles tax (also called road tax) at prescribed rates is leviable on all motor vehicles used or kept for use in the Union Territory of Delhi, except in cases where any vehicles have been specifically exempted from payment of tax under the powers vested in the Lieutenant Governor. The administration of motor vehicles tax and fees in the Union Territory has been entrusted to the Transport Directorate of Delhi Administration.

23.1.2 *Administrative failures resulting in large scale evasion of tax by vehicle owners*

With a view to ensuring that the owners of motor vehicles had been paying road tax regularly, the Directorate of Transport was required to maintain a number of tax ledgers. The ledgers maintained were, however, incomplete in several respects. Even such important particulars as the names and addresses of the vehicle owners, types of vehicles registered, their unladen and laden weights, seating capacity, etc., had generally not been noted in the ledgers. The columns provided in the ledgers for showing details of road tax collected from vehicle owners from time to time had been left blank in a large number of cases. In cases where refunds of tax or exemptions from payment of tax had been allowed, necessary notes had not been kept in the ledgers. Further, the tax ledgers had not been closed at the end of any quarter or year, nor had any reconciliation between the tax receipts, as recorded in the cash book, and those indicated in the ledgers, been done at any stage. In view of the incomplete and improper maintenance of the tax ledgers, no effective check on the amounts of tax recoverable, tax actually recovered and arrears of tax could be exercised.

The assessment and other related records showed that about 4.55 lakhs, 5.07 lakhs, 5.77 lakhs and 6.59 lakhs taxable vehicles* of various types were on road in the Union Territory of Delhi during the years 1980-81, 1981-82, 1982-83 and 1983-84 respectively. Amounts of road tax realisable and the amounts actually realised in respect of these vehicles were estimated to be as under:-

	1980-81	1981-82	1982-83	1983-84
			(In lakhs of rupees)	
Amounts of road tax realisable	697.61	767.69	867.82	953.07
Amounts of road tax actually realised	518.40	539.39	539.09	690.79
Amounts of tax not recovered	179.21	228.30	328.73	262.28

* Excluding vehicles which were exempted from payment of tax in the Union Territory of Delhi or had been transferred to and re-registered in other States by obtaining no objection certificates from the State Transport Authority, Delhi or in respect of which the registration certificates had been surrendered by the vehicle owners.

Tax not realised by the Department during these four years alone thus amounted to about Rs.998.52 lakhs. The fact that there was large scale evasion of tax by the vehicle-owners was also established by the heavy incidence of challans made by the Enforcement Branch of the Directorate of Transport for violation of the provisions of the Motor Vehicles Act, 1939. For instance, the enforcement raids made during the years 1981,1982, 1983 and 1984 showed that 20.41 per cent, 20.33 per cent, 32.33 per cent and 42.31 per cent of two-wheelers detained for checking had been plying on road witout payment of road tax. Tax and penalty realised from the offenders in these cases alone amounted to Rs. 1.91 lakhs, Rs. 1.59 lakhs, Rs. 1.55 lakhs and Rs.2.08 lakhs during the years 1981,1982,1983 and 1984 respectively. About 1.32 lakhs other vehicles were also challaned for various offences, including non-payment of tax during 1981 to 1984. Fines imposed by the Courts on 1.18 lakh such vehicles amounted to Rs.57.55 lakhs.

23.1.3 *Loss of revenue due to delay in renewal of registration after 15 years*

The Delhi Motor Vehicles Rules, 1940 were amended in March 1984 to provide that the certificate of registration in respect of a non-transport vehicle shall be valid for a period of 15 years from the date of its issue. It would require to be renewed thereafter on payment of a fee of Rs.10 in respect of a motor car, jeep or station wagon and Rs. 5 in respect of a two-wheeler.

Registration of 41,380 cars, jeeps and station wagons and 54,980 scooters (initially registered prior to 31st December 1968) had become renewable by September 1984 as per notification issued by the department in March 1984, but upto December 1984, registration of only 4,336 cars, jeeps and station wagons and 3,370 scooters was renewed by the vehicle owners. No effective action had been taken by the department to require the defaulters to renew registration of their vehicles in the remaining cases. Failure to renew registration in those cases resulted in fees amounting to Rs. 6.28 lakhs being lost to Government.

It was stated by the department (February 1985) that the defaulters were being prosecuted by the Enforcement staff of the Directorate of Transport on being detected during the course of their checking of vehicles on the road side. There is a need for keeping a watch over re-registration of vehicles. Road-side checking by the Enforcement staff is a supplement to this. The checking by the Enforcement staff, however, was inadequate as during the period from October 1984 to December 1984, only 39 vehicles were challaned for plying without re-registration.

23.1.4 *Non-realisation of fees*

Under the Motor Vehicles Act, 1939, a transport vehicle shall not be deemed to be validly registered unless it carries a certificate of fitness issued by the prescribed authority to the effect that the vehicle complies with all requirements regarding construction, equipment and maintenances. The certificate shall remain effective for such period not being, in any case, more than two years or less than six months, as may be specified in the certificate by the prescribed authority. As per the Delhi Motor Vehicles Rules 1940, for every inspection, an inspection fee of Rs. 5 is leviable. If a vehicle is declared unfit on inspection, further fee of Rs. 2 is chargeable, when it is brought for re-inspection. No vehicle-wise register had been maintained by the department to ensure timely renewal of fitness certificates. However, as per information supplied by the department, during the years 1982-83 and 1983-84, out of 87,015 and 96,357 registered vehicles, only 66,131 and 67,451 vehicles were actually inspected. Failure on the part of the department to ensure timely renewal of certificates of fitness resulted not only in loss of revenue (in the form of inspection fee) but also tended to increase chances of road accidents and jeopardise public safety.

23.1.5 *Improper maintenance of stock account of receipt books and loss of books*

Stock account of receipt books used for collection of taxes had not been maintained properly. The blank receipt books received from the Government of India Press were not noted therein in a consecutive serial order. Issues of blank receipt books to counter-clerks, cashiers, post offices, Automobile Association of Upper India, etc., for collection of taxes were also not made in a proper serial order. The cashiers and counter-clerks did not maintain any subsidiary records showing the number of receipt books received and utilised and the balances left with them from time to time. The entries of receipts and issues in the main/stock registers were not attested by any responsible officer. The stock registers also contained numerous unauthorised alterations and over-writings. No physical verification of receipt books had ever been conducted by the Department.

Further, there were various missing links (involving 1,067 receipt books containing 100 leaves each) in the serial numbers of the blank receipt books received from the press during the years 1980-81 to 1982-83. No satisfactory explanation for these missing links was forthcoming. Another 21 receipt books were reported to be missing (1 receipt book from April 1984 and 20 receipt books from August 1984). The amounts of taxes and other Government dues collected and/ or misappropriated, if any, with the help of these missing books were not known.

The above facts were reported to the department and the Ministry of Home Affairs in August 1985, their replies are awaited (March 1986).

(A.K. JAIN)
Director of Audit II, Central Revenues

New Delhi
The 28 APR 1986

Countersigned

T.N. Chaturvedi

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Comptroller and Auditor General of India

New Delhi
The 28 APR 1986

APPENDIX 1
(Vide Paragraph 10)

Statement showing losses, irrecoverable revenue, duties, advances etc., written off/waived and ex-gratia payments made during the year 1984-85.

In 16 cases, Rs.12.09 lakhs representing mainly losses due to theft, fire, etc. and irrecoverable revenue, duties, advances etc. were written off/waived and in 2 cases ex-gratia payments aggregating Rs.13.10 lakhs were made during 1984-85 as detailed below:-

Department	Write off of losses, irrecoverable revenue, duties, advances etc.							
	Due to neglect fraud etc. on the part of the individual Government officials		Due to other reasons		Waiver of recovery		Ex-gratia payment	
	Number of cases	Amount (Rs.)	Number of cases	Amount (Rs.)	Number of cases	Amount (Rs.)	Number of cases	Amount (Rs.)
1	2	3	4	5	6	7	8	9
1. Commissioner of Police	1	23,500	3	34,047	1	10,41,386	--	--
2. Deputy Commissioner Delhi.	--	--	--	--	--	--	2	13,10,000
3. Director of Education, Delhi.	--	--	5	74,590	--	--	--	--
4. Directorate of Training and Technical Education	--	--	4	25,676	--	--	--	--
5. Public Works Department (Delhi Administration)	--	--	2	9,712	--	--	--	--
Total	1	23,500	14	1,44,025	1	10,41,386	2	13,10,000