Empty coffers may stall govt projects

Delhi’s Tax Collection Is At An All-Time Low

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New Delhi: With the tax collection dropping to an all-time low and no source of revenue currently available due to the nationwide lockdown, Delhi government may have to postpone some of its development and welfare projects this year.

Deputy chief minister Manish Sisodia, who also holds the portfolio of the finance department, had last week said that it will take the government a lot of time to tide over the economic crisis inflicted by the outbreak of novel coronavirus.

“Since all businesses are closed, tax generation has stopped and the expenditure to tackle Covid-19 is also increasing. There is going to be a huge shortfall of tax revenue this year... The government may have to postpone some welfare projects to overcome the crisis,” Sisodia had claimed.

Of the Rs 65,000 crore budget for 2020-21, the state government has set aside Rs 29,500 for various schemes, programmes and capital projects. Among the major promises that AAP government made while presenting the budget included procurement of new buses, better health facilities, new schools and colleges, basic amenities in unauthorised colonies and Delhi darshan for senior citizens.

MANISH SISODIA SAYS
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The government had also set aside Rs 50 crore to fight the coronavirus pandemic, but expenses have already increased manifold, officials claimed.

With expenses to tackle Covid-19 rising, chief minister Arvind Kejriwal had earlier in April directed government departments to cut down on expenses other than staff salaries. The decision had been taken with a view to save money to combat the outbreak. “We will have to heavily cut expenses looking at revenue situation,” the CM had tweeted.

Sources said in comparison to Rs 3,566 crore collected from taxes in April 2019, the state government barely managed to collect Rs 350 crore in the first month of the current fiscal.

While about 70% of tax revenues are collected from GST and VAT, about 14% comes from excise and a little over 10% from stamp duty and registration fee from sale and purchase of properties. The remaining, meanwhile, comes from road tax and registration fee on new motor vehicles.

With all hotels, bars, clubs and commercial establishments in the city closed, no sale of new vehicles and registration of properties completely stopped, tax collection has dipped to an all-time low and may not revive anytime soon.