

OVERVIEW

This Report contains 26 paragraphs including two reviews relating to non/short levy/loss of tax involving ₹ 237.97 crore. Some of the major findings are mentioned in the following paragraphs:

I. General

The total receipts of the Government of Jharkhand for the year 2009-10 were ₹ 15,118.47 crore against ₹ 13,212.84 crore during 2008-09. The revenue raised by the State Government amounted to ₹ 6,754.27 crore comprising tax revenue of ₹ 4,500.12 crore and non-tax revenue of ₹ 2,254.15 crore. The receipts from the Government of India were ₹ 8,364.20 crore (State's share of divisible Union taxes: ₹ 5,547.57 crore and grants-in-aid: ₹ 2,816.63 crore). Thus, the State Government could raise only 45 *per cent* of the total revenue. Taxes on sales, trade etc. (₹ 3,597.20 crore) and non-ferrous mining and metallurgical industries (₹ 1,733.15 crore) were the major (78.92 *per cent*) source of tax and non-tax revenue respectively during the year 2009-10.

(Paragraph 1.1)

The number of inspection reports and audit observations issued upto December 2009, but not settled by June 2010, stood at 2,166 and 10,772 respectively involving ₹ 7,676.65 crore. In respect of 471 inspection reports issued upto December 2009, even the first replies had not been received though these were required to be furnished within one month of their receipt.

(Paragraph 1.2.1)

During the years 2004-05 to 2008-09, the departments/Government accepted audit observations with a total revenue impact of ₹ 953.03 crore (out of total observation ₹ 3,633.69 crore pointed out in the Audit Reports) of which, ₹ 784.22 crore had been recovered as on 31 March 2010.

(Paragraph 1.2.6)

Test check of the records of 112 units of commercial taxes, state excise, motor vehicles, land revenue, stamps and registration fees, electricity duty, mines and geology, forest and other non-tax receipts conducted during the year 2009-10 revealed underassessments/short levy/loss of revenue aggregating ₹ 849.88 crore in 5,576 cases. During the course of the year, the departments concerned accepted underassessments and other deficiencies of ₹ 76.90 crore involved in 4,488 cases.

(Paragraph 1.5.1)

II. Taxes on sales, trade etc.

Failure of the Department to collect data/information from different departments and cross verify the transactions shown in the returns resulted in short realisation of revenue of ₹ 15.06 crore including penalty of ₹ 7.84 crore.

(Paragraph 2.11)

Irregularities in determination of sales/purchase turnover resulted in non/short levy of tax and penalty of ₹ 79.95 crore.

(Paragraph 2.12)

Application of incorrect rate of tax resulted in short levy of tax of ₹ 22.78 crore.

(Paragraph 2.13)

Incorrect/irregular grant of exemptions resulted in non/short levy of tax of ₹ 28.93 crore.

(Paragraph 2.15)

Irregularities in compliance of the Central Sales Tax Act resulted in short levy of tax and penalty of ₹ 21.95 crore.

(Paragraph 2.17)

III. State excise

Non-renewal and non/delayed settlement of wholesale country spirit and retail excise shops resulted in loss of excise revenue of ₹ 18.08 crore.

(Paragraph 3.7)

In one excise district, short lifting of liquors by the retail vendors resulted in non-realisation of Government revenue of ₹ 48.71 lakh.

(Paragraph 3.8)

IV. Taxes on vehicles

Tax of ₹ 12.13 crore due, for the period between 2004-05 and 2009-10, from 2,534 vehicle owners was neither paid nor was it demanded by the department.

(Paragraph 4.10)

In one district transport office, due to non-operation of the *Sarathi* package for issue of computerised driving licence, licences were issued manually resulting in loss of fee of ₹ 7.72 lakh.

(Paragraph 4.14)

V. Land revenue

A review on “Working of Revenue and Land Reforms Department” revealed the following :

- The Department could not computerise the land revenue activities, although a sum of ₹ 6.56 crore was allotted to the Deputy Commissioners during 2007-08 and 2008-09.

(Paragraph 5.2.7.3)

- Central Coal Fields and Bharat Coking Coal Limited sold/dispatched sludge/slurry valued at ₹ 291.02 crore. This sludge/slurry was not settled as *sairat* resulting in loss of revenue to the Government.

(Paragraph 5.2.7.4)

- In six offices 921.5946 acres of *Khas Mahal* land valued at ₹ 1,092.44 crore remained under the illegal occupation of 2,939 persons who did not renew their leases.

(Paragraph 5.2.7.5)

- No action was taken by the Government for eviction of 209 persons who had encroached 13.7745 acres of public land.

(Paragraph 5.2.7.6)

- Out of 12,708.59 acres of land leased to TISCO in 1956 it applied for renewal in respect of 10,852.27 acres of land. The remaining 1,786.89 acres of land was completely under encroachment. Buildings, community hall, temple etc. were constructed on this encroached land.

(Paragraph 5.2.7.7)

- In Chaibasa, leases in respect of 796.79 acres of land under the occupation of two companies were not renewed resulting in blocking of revenue of ₹ 61.46 crore.

(Paragraph 5.2.7.8)

- Non-settlement of surplus *gairmazarua* land/*bhoodan yagna* land resulted in loss of revenue of ₹ 4.10 crore during 2004-05 to 2008-09.

(Paragraphs 5.2.8.1 and 5.2.8.2)

- Failure to raise the demand of *Salami* and rent against Bharat Coking Coal Limited and Damodar Valley Corporation resulted in non-realisation of revenue of ₹ 2.34 crore.

(Paragraph 5.2.8.4)

VI. Other Tax Receipts

A review on “Receipts from Stamp Duty and Registration Fees including IT aspect” revealed the following :

- Non-execution of deed of conveyance for 198 flats/shops resulted in non-levy of stamp duty, registration fees and penalty of ₹ 3.23 crore.

(Paragraph 6.3.11.1)

- Non-renewal of 176 mining lease deeds resulted in non-realisation of stamp duty and registration fees of ₹ 415.28 crore.

(Paragraph 6.3.11.2)

- In District Sub Registrar Office, Ranchi stamp duty and registration fees of ₹ 13.72 lakh was short levied in three lease deeds of *khas mahal*.

(Paragraph 6.3.12)

- Misclassification of lease deed as agreement resulted in short levy of registration fees of ₹ 13.32 lakh.

(Paragraph 6.3.14)

- Undervaluation of properties due to adoption of lower rates than the rates fixed as per the guideline register in 73 cases resulted in short levy of stamp duty and registration fees of ₹ 55.46 lakh.

(Paragraphs 6.3.15 and 6.3.16)

- Incorrect allowance of exemption on 26 deeds of purchases of flats from so called co-operative societies which actually acted like promoters/ builders and constructed flats from their own resources, resulted in short levy of stamp duty and registration fee of ₹ 12.84 lakh.

(Paragraph 6.3.17)

- There was no documented User Requirement Specification (URS), in the absence of which the success of the project in terms of extent to which desired benefits had been achieved, could not be assessed.

(Paragraph 6.3.21)

- The system was unable to calculate the delays in presentation of documents for registration and levy of fines at the time of registration due to absence of provision for capturing of actual date of execution of documents in the database.

(Paragraph 6.3.22.1)

- Non-provision in the software to capture details of boundaries in the four directions (North, East, South and West) of the properties registered in the database made the software deficient in describing the exact location and unique identification of the registered properties.

(Paragraph 6.3.22.2)

- There was no policy framed by the IG Registration for taking backup and preservation of the data as per rule. Copies of the backup data were neither prepared/preserved nor were sent to IG Registration office quarterly by the DSR.

(Paragraph 6.3.23.1)

- The software had been designed with inadequate validation checks thus failed to prevent registration of deeds having incomplete details.

(Paragraph 6.3.25.3)

Electricity Duty

In one commercial taxes circle, levy of electricity duty at incorrect rate resulted in short levy of electricity duty of ₹ 22.27 lakh.

(Paragraph 6.4)

VII. Non-Tax Receipts

In one district mining office, non-payment of royalty on coal at prescribed rates, resulted in short levy of royalty of ₹ 10.85 crore.

(Paragraph 7.6.2)