

## OVERVIEW

### I General

This Report contains 45 paragraphs and three performance audit reports highlighting non-levy or short levy of tax, interest, penalty, revenue foregone, etc., involving ₹ 1,032.61 crore<sup>1</sup>. Some of the major findings are mentioned below:

**(Paragraph 1.5.2)**

The total revenue receipts of the Government for the year 2010-11 amounted to ₹ 33,276.15 crore against ₹ 26,430.21 crore in the previous year. Of this, 48 *per cent* was raised by the State through tax revenue (₹ 11,192.67 crore) and non-tax revenue (₹ 4,780.37 crore). The balance 52 *per cent* was received from the Government of India in the form of State's share of divisible Union taxes (₹ 10,496.86 crore) and grants-in-aid (₹ 6,806.25 crore).

**(Paragraph 1.1.1)**

As on 30 June 2011, 3,267 inspection reports issued up to 31 December 2010 containing 9,712 audit observations involving ₹ 6,258.05 crore were outstanding for want of comments/final action by the concerned departments.

**(Paragraph 1.2.1)**

Test check of the records of commercial tax, motor vehicles tax, land revenue, state excise, forest receipts, mining receipts and other departmental offices conducted during the year 2010-11 and 2011-12 in one Performance Audit case relating to Motor Vehicles Department revealed underassessment/short levy/loss of revenue, etc., amounting to ₹ 2,138.56 crore in 1,83,397 cases. During the year 2010-11 and 2011-12, the concerned departments accepted underassessment and other deficiencies of ₹ 1,635.29 crore involved in 33,615 cases which were pointed out in 2010-11, 2011-12 and earlier years. The departments also recovered ₹ 31 crore during the year in 2,986 cases.

**(Paragraph 1.5.1)**

### II Value Added Tax, Central Sales Tax, Entry Tax and Profession Tax

A Performance Audit on “**Utilisation of declaration forms (‘C’ and ‘F’) in Inter State Trade and Commerce**” revealed the following:

- Out of 556 declaration forms received from other States by the Enforcement Wing (EW) of the Commissionerate of Commercial Taxes during the period from 2007-08 to 2009-10, result of verification in respect of only 35 declaration forms were sent and the position of cross verification in respect of the remaining 521 declaration forms

<sup>1</sup> It does not include the paragraphs on penalty, occupation of Government land without any revenue receipts and blocking of revenue.

were not received by the EW from the Enforcement Ranges. Cross verification of the details of declaration forms with other States was neither done by the test checked circles nor any monitoring thereof was done by the EW.

**(Paragraph 2.2.10)**

- Irregular grant of concession/ exemption of tax on sales/ branch transfer of goods not supported by declaration forms resulted in short levy of tax and penalty of ₹ 0.19 crore.

**(Paragraph 2.2.11)**

- Cross verification of declaration forms revealed that 14 dealers availed concession/exemption of tax of ₹ 0.12 crore against 40 declaration forms which were found to be fake.

**(Paragraph 2.2.12)**

- Cross verification of the details of declaration forms revealed that 20 dealers inflated inter-State sales figures by ₹ 4.45 crore against 38 forms and 13 dealers suppressed such sales figure by ₹ 0.38 crore against 15 forms. This led to escapement of tax of ₹ 0.32 crore. Moreover, six dealers in six circles evaded tax and penalty of ₹ 0.25 crore by fraudulent use of eight declarations in form 'C' issued in the name of other dealers.

**(Paragraph 2.2.13)**

- Irregular concession/exemption of tax against manipulated, photocopied, defective and duplicate forms resulted in short levy of tax of ₹ 1.69 crore.

**(Paragraph 2.2.14)**

- Internal Control Mechanism of the Department was inadequate.

**(Paragraph 2.2.16)**

Tax, penalty and interest of ₹ 8.17 crore was short levied due to application of lower rate of tax in audit assessments of two dealers.

**(Paragraph 2.4.1.1 and 2.4.1.2)**

Tax and penalty of ₹ 13.96 crore was not levied on purchase of unprocessed paddy by a dealer in the audit assessment.

**(Paragraph 2.4.2.1)**

Tax and penalty of ₹ 4.62 crore was short levied due to under-determination of taxable turnover of two dealers in audit assessments.

**(Paragraph 2.4.3.1 and 2.4.3.2)**

Inadmissible input tax credit (ITC) of ₹ 1.88 crore was allowed in the audit assessment and self assessed returns of 71 dealers. Besides penalty of ₹ 58.14 lakh was not levied in five cases.

**(Paragraph 2.4.4)**

Interest of ₹ 1.97 crore towards delayed payment of tax was not levied against 927 dealers.

**(Paragraph 2.4.5.1)**

Penalty of ₹ 1.22 crore being twice the tax assessed was not levied although tax of ₹ 61.08 lakh was additionally assessed in respect of nine dealers in audit assessments.

**(Paragraph 2.4.5.2)**

Penalty of ₹ 8.12 crore for non-submission of the certified report on the audited accounts of 3,313 dealers (whose gross turnover exceeded ₹ 40 lakh during the preceding financial year) within the prescribed period was not levied.

**(Paragraph 2.4.5.3)**

Tax and penalty of ₹ 6.70 crore was short levied due to allowance of inadmissible concessional rate of tax in audit assessment of three dealers.

**(Paragraph 2.5.1.1 to 2.5.1.3)**

Tax of ₹ 1.16 crore was short levied due to allowance of inadmissible exemption to penultimate sales turnover of four dealers in audit assessments.

**(Paragraph 2.5.2)**

Penalty of ₹ 6.27 crore being twice the tax assessed was not levied although tax of ₹ 3.13 crore was additionally assessed in respect of three dealers in audit assessments.

**(Paragraph 2.5.3)**

Tax and penalty of ₹ 61.47 lakh was not assessed on entry of scheduled goods (gold jewellery) of a dealer in audit assessment.

**(Paragraph 2.6.1.1)**

Penalty of ₹ 1.45 crore being twice the tax of ₹ 72.43 lakh assessed in audit assessment was not imposed in respect of five dealers.

**(Paragraph 2.6.5.1)**

### III **Motor Vehicles Tax**

A Performance Audit on “**Computerisation in the Motor Vehicles Department**” revealed the following:

- Except for module of permit and temporary registration under ‘Vahan’ and enforcement module under ‘Sarathi’ all the modules of ‘Vahan’ and ‘Sarathi’ were implemented in all the 31 RTOs.

**(Paragraph 3.2.8.1)**

- Maintenance of real time records on centralised online data management system was not in place. Besides, there was non-customisation of permit module under Vahan software.

**(Paragraph 3.2.8.1 and 3.2.8.2)**

- Penalty of ₹ 71.05 lakh for delay in issue of smart card based registration certificates/driving licenses by the concessionaire was not imposed.

**(Paragraph 3.2.8.4)**

- Short engagement of IT personnel resulted in undue benefit of ₹ 34 lakh extended to the concessionaire.

**(Paragraph 3.2.8.5)**

- Service charges of ₹ 1.01 crore was irregularly collected by the concessionaire towards issue of paper-based learner licenses.

**(Paragraph 3.2.8.6)**

- Deficiencies were noticed in the mapping of business process rules and there were delays in mapping of business process rules.

**(Paragraph 3.2.8.7)**

- There was inadequacy in validation controls which resulted in issue of multiple driving licenses to a person and transport licenses to persons without requisite qualifications.

**(Paragraph 3.2.8.9)**

- There was non-continuity of registration numbers and irregularities in assignment/allotment of registration numbers.

**(Paragraph 3.2.8.11 and 3.2.8.15)**

- There was inadequacy in input controls which resulted in duplication of 422 engine numbers and 74 chassis numbers in the system.

- 13,370 driving licenses and 22,411 registration certificates were issued in smart card without activation of the card chips.

**(Paragraph 3.2.8.16)**

- There was duplication of data in Regional Transport Offices' databases due to lack of connectivity and no objection certificate/ tax clearance certificate procedure.

**(Paragraph 3.2.8.17)**

Motor vehicles tax and additional tax of ₹ 67.65 crore including penalty was either not realised or short realised in respect of 31,825 different categories of vehicles.

**(Paragraph 3.4.1.1 and 3.4.1.2)**

Motor vehicles tax and additional tax of ₹ 19.46 lakh including penalty was either not realised or short realised from 54 stage carriages plying without route permits.

**(Paragraph 3.4.2)**

Motor vehicles tax and additional tax of ₹ 23.28 lakh including penalty was not realised from 18 motor vehicles for violation of off road declaration.

**(Paragraph 3. 4.3)**

Process fee of ₹ 1.38 crore in respect of 1.38 lakh cases was not realised from the vehicle owners.

**(Paragraph 3. 5.1)**

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#### IV **Land Revenue, Stamp Duty and Registration Fee**

In three cases, 13 acres of Government land worth ₹ 5.35 crore was in occupation without any revenue being received by the Department.

**(Paragraph 4.3.1.1)**

Revenue of ₹ 4.14 crore was not realised due to non-regularisation of advance possession of 15 acres of Government land in three cases.

**(Paragraph 4.3.1.2)**

#### V **State Excise Duty and Fees**

Depot licence fees of ₹ 76 lakh against 16 country spirit (CS) depots was not realised from the Orissa State Beverage Corporation Limited (OSBC).

**(Paragraph 5.3.1)**

Excise duty of ₹ 38.37 lakh including fine was not realised from a licensee for non-lifting of the minimum guaranteed quantity (MGQ) of liquor.

**(Paragraph 5.3.2)**

Utilisation fee of ₹ 22.44 lakh including fine was not levied against a licensee for short fall in utilisation of the MGQ of molasses.

**(Paragraph 5.3.3)**

#### VI **Forest Receipts**

Interest of ₹ 95.18 lakh for delayed payment of royalty was not raised against the Orissa Forest Development Corporation Limited (OFDC).

**(Paragraph 6.3.1)**

#### VII **Mining Receipts**

Underassessment of royalty on steam coal resulted in short demand of ₹ 4.67 crore.

**(Paragraph 7.3.1)**

Assessment of royalty on processed iron ore instead of unprocessed iron ore resulted in underassessment of royalty of ₹ 17.35 crore in two cases.

**(Paragraph 7.3.2.1 and 7.3.2.2)**

₹ 216.69 crore towards price of iron ore unlawfully raised by a lessee was not demanded/realised.

**(Paragraph 7.3.3)**

## VIII **Other Departmental Receipts**

A performance audit on “**Interest Receipts on Loans and Advances**” revealed the following:

- Internal Control Mechanisms (ICMs) of Loan Sanctioning Departments (LSDs) were weak.

**(Paragraph 8.2.10)**

- Demands towards interest of ₹ 611.11 crore on loans granted to different loanees/organisations were not raised by three LSDs.

**(Paragraph 8.2.11 & 8.2.12.1)**

- There was loss of interest of ₹ 17.37 crore due to incorrect adjustment of repayments.

**(Paragraph 8.2.12.3)**

Electricity duty of ₹ 10.53 crore including interest on consumption of electricity by M/s Shyam DRI Power Limited was not levied

**(Paragraph 8.4.2.1(a))**