

## CHAPTER-VI OTHER TAX AND NON-TAX RECEIPTS

### 6.1 Results of audit

Test check of the records of the offices of Irrigation, Forest and Entertainment Tax Departments conducted during the year 2010-11 revealed non-realisation of centage charges, royalty, interest etc. of ₹ 310.75 crore in 304 cases which fall under the following categories:

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
<b>Irrigation Department</b>			
1.	Non-realisation of centage charges	04	0.29
2.	Non-realisation of royalty	08	2.62
3.	Other irregularities	57	5.83
	<b>Total (A)</b>	<b>69</b>	<b>8.74</b>
<b>Forest Department</b>			
1.	Miscellaneous losses	48	205.01
2.	Idle investment, idle establishment, blocking of funds	6	1.92
3.	Pending recoveries	46	24.27
4.	Non-achievement of objectives	1	0.14
5.	Other irregularities	71	68.50
	<b>Total (B)</b>	<b>172</b>	<b>299.84</b>
<b>Entertainment Tax Department</b>			
1.	Non-realisation of interest	07	0.08
2.	Non-realisation of tax	33	1.63
3.	Other irregularities	23	0.46
	<b>Total (C)</b>	<b>63</b>	<b>2.17</b>
	<b>Grand total (A+B+C)</b>	<b>304</b>	<b>310.75</b>

During the year 2010-11, the Department recovered ₹ 32.50 lakh involved in 19 cases of which one case involving ₹ 1.09 lakh had been pointed out during 2010-11 and the remaining in the earlier years.

A few illustrative cases involving ₹ 91.91 lakh are mentioned in the succeeding paragraphs.

## 6.2 Audit observations

*Our scrutiny of records in the offices of the Irrigation, Controller of Weights and Measures, Forest and Entertainment tax revealed cases of non-realisation of centage charges, non-verification of weights and measures, non-realisation of cost of forest land and non-charging of interest as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out by us. Such omissions are pointed out by us each year, but not only do the irregularities persist; these remain undetected till an audit is conducted. There is need for the Government to improve the internal control system so that recurrence of such lapses in future can be avoided.*

## 6.3 Non-levy of centage charges on deposit works

Under the provisions of the Financial Hand Book Volume-VI read with Government order dated 19 August 1998, centage charges at the rate of 12.5 per cent in respect of Public Works Department/ Irrigation Department on the actual outlay on works are to be levied and credited to the Government account in respect of deposit works undertaken by the Irrigation Division on behalf of commercial departments and autonomous bodies/ local bodies in the State.

On test check of records of two Executive Engineers, Irrigation Division<sup>1</sup>, (between June 2010 and August 2010), we observed that during the period between October 2006 and March 2010 the divisions undertook deposit works of

₹ 96.52 lakh on behalf of local bodies and commercial units<sup>2</sup>. However, the centage charges at the rate of 12.5 per cent amounting to ₹ 12.07 lakh were not levied by the divisions, though it is the responsibility of the Executive Engineer concerned to realise the same according to progress of work.

We reported the matter to the Department and the Government between September 2010 and August 2011. We have not received any reply (December 2011).

---

<sup>1</sup> Narora Khand Lower Ganga Canal Aligarh, Meerut Khand Ganga Canal, Merrut.

<sup>2</sup> N.E. Railway Izzatnagar, Bareilly (₹ 42.40 lakh); Nagar Nigam Meerut (₹ 22.67 lakh); Daurala Sugar Mill, Daurala Meerut (₹ 4.03 lakh); Nagar Palika Parishad, Modinagar (₹ 4.57 lakh); Airtel Ltd, New Delhi (₹ 22.85 lakh).

#### 6.4 Non-realisation of fee/additional fee

Under the provision of the Standard of Weights and Measures (Enforcement) Act, 1985 (SOWM) read with rule 14 and 15 of the U.P. Standard of Weights and Measures (Rules) 1990, (U.P. SWM), every person in possession, custody or control of any Weight and Measure (including capacity measurement like storage tank, lorries dispensing measurement etc.) which he intends to use or is likely to use in any transaction or for industrial production, shall present such weight and measure for verification or re-verification and get it stamped at least once in five years, as the case may be, on payment of the prescribed fees. Contravention of the provisions of the Act attracts penalty under section 47 with fine which may extend to ₹ 500. Further, under rule 17 (3) of the U.P. SWM Rules, additional fee at half the rates specified in schedule XII of the U.P.SWM Rules is also payable after expiry of the validity of stamping for every quarter of the year or part thereof for re-verification.

On test check of records of two distilleries<sup>3</sup> between June 2010 and December 2010, we observed that storage vats/tanks were in use in these distilleries without verification by the Weights and Measures Department after lapse of the valid period of five years. The Department did not conduct inspections for verification/re-verification as laid down in rule 15(7) *ibid* and the users also did not get the vats/storage tanks verified as laid down in Rule 15(1) *ibid*. This

resulted in non-realisation of fee and additional fee amounting to ₹ 12.29 lakh besides penalties leviable for contravention of the Act. Further, non-calibration of the vats/storage tanks carried the risk of incorrect determination of the volume of liquor stored in them resulting in incorrect assessment of excise duty.

The Department accepted our observation and replied in May 2011 that in one case notice has been issued to the distillery. In another case the distillery has deposited ₹ 5000 as late fees and further action is being taken. We have not received further report on action taken for realisation of fee/penalty (December 2011).

#### 6.5 Non-realisation of Net Present Value for using forest land

As per Uttar Pradesh Government order dated 22 August 2008 the rates of Net Present Value (NPV) recoverable from the agencies using forest land for non-forestry purposes shall be worked out on the basis of quality of land. The earlier rate of ₹ 9.20 lakh was revised to five times of ₹ 7.30 lakh per hectare for open land of wild life sanctuaries from May 2008.

On test check of the records of Divisional Forest Officer (DFO), Bijnore (March 2011) we observed that 2.125 hectares of forest land was transferred to the

<sup>3</sup> (i) Kisan Sahkari Chini Mills Ltd, Sampoorna Nagar Ashwani, Lakhimpur-Kheri not verified since 1999 and  
(ii) M/s K.M. Sugar Mill Ashwani Masaudha, Faizabad: not verified between 1995 to 1998 since installation.

Irrigation Department in June 2008 for construction of a canal. The Forest Department demanded and received ₹ 19.55 lakh from the Irrigation Department against the NPV of this land of ₹ 77.56 lakh (2.125 hectare x 7.30 lakh x 5). As per the condition No.6 of the approval letter issued by the Ministry of Environment and Forest dated 30.05.2008, the purchaser is bound to pay any additional/differential amount arising due to revision of rates. Despite these provisions, the DFO did not raise the demand at the revised rate. This resulted in non-realisation of NPV of ₹ 58.01 lakh (₹ 77.56 lakh - ₹ 19.55 lakh).

The matter was reported to the Department and the Government between June 2011 and August 2011. We have not received their reply (December 2011).

## 6.6 Non-charging of interest on belated payment of tax

### Six Entertainment Tax Officers<sup>4</sup>

Under the Uttar Pradesh Entertainment and Betting Tax Act, 1979, entertainment tax is to be deposited within three days from the close of the week by the cinema owners and within one week after the closure of the month by the cable operators. In case of default, interest at the rate of one and a half *per cent* per month for the first three months and two *per cent* thereafter is recoverable from the cinema owners and in case of cable operators, it is recoverable at the rate of two *per cent* per month.

On test check of the records between December 2008 and August 2010, we noticed from the arrear register that entertainment tax of ₹ 22.41 lakh due from two cinema owners and 25 cable operators was deposited/collected between December 2000 and August 2009. The delay ranged from two to

120 months. The interest amounting to ₹ 9.54 lakh though leviable has not been charged by the Department. As the details were available in the arrear register, inaction on the part of the Department led to non-realisation of interest of ₹ 9.54 lakh.

---

<sup>4</sup> Bagpat (₹ 1.05 lakh), Barabanki (₹ 3.27 lakh), Farrukhabad (₹ 0.55 lakh), Gonda (₹ 0.60 lakh), Gorakhpur (₹ 3.05 lakh) and Siddharth Nagar (₹ 1.02 lakh).

After we pointed this out, ETO Barabanki stated that ₹ 25,000 has been recovered from the cinema owner. We have not received replies in remaining cases (December 2011).

We reported the matter to the Department and the Government between January 2009 and August 2011; their replies have not been received (December 2011).

Lucknow,  
The



(Dr. Smita S. Chaudhri)  
Accountant General (C&RA)  
Uttar Pradesh

Countersigned

New Delhi,  
The



(VINOD RAI)  
Comptroller and Auditor General of India