

OVERVIEW

I. General

This Report contains 38 paragraphs including four performance audits relating to underassessment/non-realisation/loss of revenue etc. involving ₹ 558.70 crore. Some of the major findings are mentioned in the following paragraphs:

The total receipts of the Government for the year 2010-11 increased to ₹47,264.20 crore against ₹36,921.65 crore in the previous year. Of this, 50 *per cent* was raised by the Government through tax revenue (₹21,128.74 crore) and non-tax revenue (₹2,380.49 crore). The balance 50 *per cent* was received from the Government of India as the State's share of net proceeds of divisible Union taxes (₹15,954.95 crore) and grants-in-aid (₹7,800.02 crore).

(Paragraph 1.1.1)

As on 30 June 2011, 1,007 inspection reports issued upto December, 2010 containing 3,039 audit observations involving ₹ 4,280.62 crore were outstanding for want of response or final action by the concerned departments.

(Paragraph 1.2.1)

Test check of the records of sales tax, land revenue, state excise, stamp duty and registration fees, profession tax, electricity duty, amusement tax, other tax and non-tax receipts conducted during the year 2010-11 indicated under-assessment/short levy/loss of revenue amounting to ₹ 1,734.96 crore in 1,072 audit observations. During the course of the year, the departments accepted underassessment of ₹ 330.69 crore in 332 audit observations pointed out in 2010-11 and recovered ₹3.29 crore at the instance of audit.

(Paragraph 1.5.1)

II. Sales Tax/Value Added Tax

A Performance audit on '**Utilisation of declaration forms in inter-state trade and commerce**' indicated the following deficiencies:

- Weak internal controls in the Department resulted in non-compliance of the rules in respect of maintaining accounts and custody of the declaration forms.

(Paragraph 2.10.7.1)

- The Department did not maintain a database of concessions and exemptions allowed to the dealers in course of inter-state trade.

(Paragraph 2.10.8)

- Inadequate uploading of the information of declaration forms in the Tax Information Exchange System (TINXSYS) defeated the purpose of introduction of TINXSYS.

(Paragraph 2.10.10.2)

- Weak monitoring of requisitions by the Verification Cell for cross verification of declaration forms resulted in low detection of irregularities in inter-state trade.

(Paragraph 2.10.11)

- Allowance of concessions/exemptions by the assessing authorities (AAs) without cross verification of declaration forms resulted in non-levy and non-realisation of tax of ₹ 4.78 lakh.

(Paragraph 2.10.12.1, 2.10.12.2 and 2.10.12.3)

- Irregular allowance of stock transfer of goods by the AAs in 15 cases of 15 dealers of six charges resulted in underassessment of tax of ₹ 9.57 crore.

(Paragraph 2.10.13)

Determination of gross turnover (GT)/taxable balance (TB) at ₹ 136.51 crore instead of ₹ 320.02 crore led to short determination of GT/TB by ₹ 183.51 crore resulting in short levy of tax of ₹ 20.11 crore in 16 cases.

(Paragraph 2.12.1 and 2.12.2)

Irregular allowance of remission of tax resulted in underassessment/irregular remission of tax of ₹ 28.80 lakh in six cases.

(Paragraph 2.13)

Non-levy of tax on contractual transfer price (CTP) and irregular allowance of deduction towards payment made to sub-contractor led to short determination of CTP of ₹ 40.50 crore with consequential tax effect of ₹ 2.64 crore in six cases.

(Paragraph 2.16.1 and 2.16.2)

Mistake in computation of output tax on the part of AAs led to short levy of output tax, surcharge and additional surcharge of ₹ 80.57 lakh in 10 cases.

(Paragraph 2.18.1 and 2.18.2)

Lack of cross verification of genuineness of dealer's fake claim led to allowance of Input Tax Credit (ITC) on fictitious/fake purchases worth ₹ 2.02 crore and non-imposition of penalty of ₹ 4.03 crore in 14 cases.

(Paragraph 2.22.1)

Failure of the Assessing Authorities (AAs) to detect purchase of goods from unregistered dealers led to irregular allowance of Input Tax Credit (ITC) to the tune of ₹ 77.80 lakh in nine cases.

(Paragraph 2.25.1, 2.25.2 and 2.25.3)

III. Land Revenue

Irregular conferment of absolute ownership of 237.71 acres of land owned by the State Government comprised in 14 textile mills of National Textile Corporation Limited (NTC) led to violation of the Land Transfer Rules.

(Paragraph 3.8)

Failure of the district authorities to settle the water bodies by calling fresh tenders and lack of internal control mechanism in maintaining registers led to non-realisation of lease rent/revenue to the tune of ₹ 14.87 lakh.

(Paragraph 3.10)

Failure of the department to finalise long term settlement with unauthorised occupiers led to non-realisation of revenue of ₹ 11.18 lakh.

(Paragraph 3.11)

IV. State Excise

A Performance audit on ‘Assessment, levy and collection of Excise Duty and Fees’ indicated the following deficiencies:

- Absence of provision of allowable transit and handling wastages of spirit for Foreign Liquor (FL) manufactories resulted in undue benefit of ₹7.78 crore.

(Paragraph 4.7.7)

- Absence of provision for imposition of late fee for delayed renewal of FL licenses led to non-realisation of excise revenue of ₹46.01 lakh.

(Paragraph 4.7.9)

- Short yield of beer by 114.35 lakh BL resulted in non-realisation of excise duty of ₹14.87 crore.

(Paragraph 4.7.11)

- Failure of the department to monitor and supervise the accounts of consumption of molasses resulted in non-realisation of excise duty of ₹ 206.62 crore.

(Paragraph 4.7.16)

- Failure of the department to detect transportation of molasses without/with expired transit pass led to non-imposition of maximum penalty of ₹ 17.56 crore.

(Paragraph 4.7.24)

V. Motor Vehicles Tax

A Performance audit on ‘**Computerisation in Motor Vehicles Department**’ indicated the following deficiencies:

The Department started implementation of ‘VAHAN’ and ‘SARATHI’ in the year 2004 without formulating any User Requirement Specification (URS).

(Paragraph 5.7.8)

The implementation of ‘VAHAN’ and ‘SARATHI’ was either not completed in all the motor vehicles offices or it was partially utilised even after the expiry of seven years. The motor vehicles check-posts were not computerised till November 2011 and the objective of uniform readable Driving License and Registration Certificate throughout the State had not been achieved.

(Paragraph 5.7.6, 5.7.7, 5.7.14 and 5.7.15)

There was failure in administrative controls which resulted in lack of security policy, non-updating of antivirus software and non-segregation of duties.

(Paragraph 5.7.9, 5.7.10 and 5.7.12)

The State Register of driving licences (SARATHI) was not prepared and the State Register of Registration Certificate (VAHAN) was not completed till November 2011.

(Paragraph 5.7.19)

There was absence of interconnectivity of the national permit system with the State Register and the system was not able to fetch the required information from the State Register for issue of national permits.

(Paragraph 5.7.20)

The Department had not taken any initiative to pursue centralised tendering process resulted in avoidable expenditure on data entry, oversized tax token and Annual Maintenance Contract.

(Paragraph 5.7.21.1, 5.7.21.2, 5.7.21.5 and 5.7.21.6)

Non-maintenance of Electronic Tax Demand Register (TDR) by the Regional Transport Officers (RTO) resulted in non-realisation of tax, additional tax and penalty of ₹73.41 crore from the owners of 1,14,987 vehicles.

(Paragraph 5.9)

VI. Electricity Duty

Weak monitoring of realisation of electricity duty by the district collectors resulted in non-realisation of revenue of ₹ 1.02 crore in eight cases.

(Paragraph 6.8)

VII. Other Tax Receipts

Absence of time limit for issuance of demand notice towards payment of stamp duty and registration fees in the Acts/Rules resulted in non-realisation of revenue of ₹ 5.23 crore.

(Paragraph 7.4.1 and 7.4.2)

Absence of a mechanism for cross verification with the license granting authorities to bring the tax evaders in the tax net led to non-realisation of profession tax of ₹ 36.80 lakh.

(Paragraph 7.5)

VIII. Mines and Minerals

Lack of initiation by the District Land and Land Reforms Officers (DL and LROs) to recover the price of brick earth extracted unauthorisedly resulted in non/short realisation of revenue of ₹ 70.53 lakh in 387 cases.

(Paragraph 8.7)

Inaction to assess dead rent on the part of the Chief Mining Officer led to non-assessment and non-realisation of dead rent of ₹ 22.58 lakh.

(Paragraph 8.9)

IX. Other Non-Tax Receipts

A Performance audit on ‘Assessment and collection of Police Receipts’ indicated the following deficiencies:

- Non-implementation and incorrect determination of average basic pay after implementation of ROPA, 2009 resulted in short recovery of police cost of ₹ 64.62 crore.

(Paragraph 9.3.6)

- Police cost demanded on actual number of force deployed instead of sanctioned strength resulted in short recovery of ₹ 14.62 crore.

(Paragraph 9.3.11.3)

- Lack of proper initiation on the part of the Home Department to obtain audit certificate led to non-raising of demand for re-imbursement of expenditure of ₹ 85.85 crore.

(Paragraph 9.3.12.1)

- Irregular adjustment of charges by the railway authority led to short realisation of police cost of ₹ 18.45 crore.

(Paragraph 9.3.13)

- Unserviceable vehicles not traceable in depot led to loss of revenue of ₹ 35.56 lakh.

(Paragraph 9.3.20.1)