

OVERVIEW

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This Report contains 25 paragraphs including one Performance Audit relating to non/short levy/loss of tax/duty having financial implication of ₹ 484.72 crore, of which audit observations of ₹ 311.07 crore have been accepted by the Government/Departments. Of ₹ 484.72 crore, ₹ 404.09 crore is recoverable and the balance amount of ₹ 80.63 crore was notional loss to the Government due to lacunae in the Acts/Rules and losses due to non-observance of norms/norms not being prescribed. Some of the major findings are mentioned in the following paragraphs.

I. General

The total receipts of the Government of Jharkhand for the year 2011-12 were ₹ 22,419.45 crore against ₹ 18,781.12 crore during 2010-11. The revenue raised by the State Government amounted to ₹ 9,992.11 crore comprising tax revenue of ₹ 6,953.89 crore and non-tax revenue of ₹ 3,038.22 crore. The receipts from the Government of India were ₹ 12,427.34 crore (State's share of divisible Union taxes: ₹ 7,169.93 crore and grants-in-aid: ₹ 5,257.41 crore). Thus, the State Government could raise only 45 *per cent* of the total revenue. During 2011-12, VAT/Taxes on Sales, Trade etc. (₹ 5,522.02 crore) and Non-ferrous Mining and Metallurgical Industries (₹ 2,662.79 crore) were the major source of tax and non-tax revenue respectively.

(Paragraph 1.1)

The number of inspection reports and audit observations issued upto December 2011, but not settled by June 2012, stood at 963 and 6,100 respectively involving ₹ 9,794.39 crore. In respect of 225 inspection reports, issued upto December 2011, even the first replies had not been received though these were required to be furnished within one month of the date of issue of the Report.

(Paragraph 1.6.1)

During the years 2006-07 to 2010-11, the Departments/Government accepted audit observations with a total revenue impact of ₹ 1,136.92 crore (out of total observations of ₹ 3,894.36 crore pointed out in the Audit Reports) of which ₹ 785.11 crore had been recovered as of 31 March 2012.

(Paragraph 1.6.6)

Test check of the records of 117 units of Commercial Taxes, State Excise, Motor Vehicles, Land Revenue, Stamps and Registration Fees, Electricity Duty, Mines and Geology conducted during the year 2011-12 revealed underassessments/short levy/loss of revenue aggregating ₹ 1,117.79 crore in 31,791 cases. During the course of the year, the Departments concerned accepted underassessments and other deficiencies of ₹ 306.28 crore involved in 19,193 cases.

(Paragraph 1.9.1)

II. Value added tax/Taxes on sales, trade etc.

Irregularities in determination of sales/purchase turnover resulted in non/short levy of tax and penalty of ₹ 72.83 crore.

(Paragraph 2.11)

In four Commercial Taxes Circles, in case of 19 assesseees, application of incorrect rate of tax resulted in short levy of tax of ₹ 24.17 crore including interest and penalty of ₹ 10 crore.

(Paragraph 2.12)

In five Commercial Taxes Circles, in case of six assesseees, there was inadmissible allowance of Input Tax Credit of ₹ 1.04 crore. Besides, penalty of ₹ 1.80 crore was also leviable.

(Paragraph 2.13)

Misuse of declaration forms by an assessee in Dhanbad Commercial Taxes Circle resulted in short levy of tax of ₹ 31.31 crore including penalty of ₹ 18.79 crore.

(Paragraph 2.15.1)

Penalty of ₹ 16.60 crore was not levied for excess collection of tax in case of two dealers in Katras Commercial Taxes Circle.

(Paragraph 2.16)

III. State Excise

Non/delayed settlement of retail excise shops resulted in loss of excise duty and licence fee of ₹ 80.63 crore.

(Paragraph 3.8)

In four excise districts, short lifting of liquor by 148 retail vendors resulted in non-realisation of Government revenue of ₹ 16.22 lakh.

(Paragraph 3.10)

Application of incorrect rate of licence fee on sale of IMFL in seven hotels, bars and restaurants resulted in short realisation of revenue of ₹ 21 lakh.

(Paragraph 3.11)

IV. Taxes on Vehicles

Tax of ₹ 12.60 crore due for the period between April 2007 and March 2012, from 2,975 vehicle owners was neither paid by the owners nor demanded by the Department.

(Paragraph 4.9)

In Giridih Transport Office, no tax was realised in case of nine vehicles even after the expiry of period of surrender resulting in non-realisation of tax and penalty of ₹ 14.49 lakh.

(Paragraph 4.13)

V. Land Revenue

Non-renewal of 155 leases involving 21.40 acres of *Khas Mahal* land, which had expired between 2004-05 to 2010-11, resulted in non-realisation of revenue of ₹ 10.28 crore in the shape of *salami*, penal rent and interest.

(Paragraph 5.9)

4.82 acres of GM *Khas/Aam* land was transferred for commercial purposes by *Anchal* office, Mandu without realisation of *salami* and capitalised value of ₹ 4.71 crore.

(Paragraph 5.10)

VI. Other Tax Receipts

Stamps and Registration Fees

Cross-verification of data/information collected in respect of 20 mobile service providers from Jharkhand Pollution Control Board, Ranchi with the records of five District Sub-Registrars revealed non-execution of lease deeds and consequent non-levy of Stamp Duty and Registration Fees of ₹ 56.28 lakh. Besides, maximum fine of ₹ 1.14 crore was leviable.

(Paragraph 6.8)

Electricity Duty

In Jharia Commercial Taxes Circle, in case of three assessee levy of Electricity Duty at incorrect rates resulted in short levy of duty of ₹ 1.83 crore.

(Paragraph 6.13)

VII. Mineral Concession, Fees and Royalty

A Performance Audit on “**Working of Mines and Geology Department in respect of Mining Receipts**” revealed the following;

- Jharkhand has not framed a State Mineral Policy along the lines of the Model State Mineral Policy 2010 circulated by the Central Government.

(Paragraph 7.4.2)

- In three offices of Deputy Director of Mines, arrears of ₹ 458.04 crore were pending for recovery.

(Paragraph 7.4.11.1)

- The internal control framework was deficient in terms of inadequate internal audit, non maintenance of important registers, non submission/assessment of returns and inadequate inspections by departmental officers.

(Paragraphs 7.4.13 and 7.4.14)

- Ninety eight per cent of the applications for grant of lease for Major Minerals during the period 2006-11 were pending for disposal.

(Paragraph 7.4.16.1)

- In six Mining Offices, in case of 62 leases, payment of royalty at incorrect rates resulted in short levy of royalty of ₹ 20.43 crore.

(Paragraph 7.4.17.1)

- In the Mining Offices, Bokaro and Dhanbad, downgrading of coal by two collieries resulted in short levy of royalty of ₹ 3.22 crore.

(Paragraph 7.4.17.2)

- In the Mining Offices, Dhanbad and Ramgarh, incorrect accounting of quantity of coal by two collieries resulted in excess adjustment of royalty of ₹ 77.04 lakh.

(Paragraph 7.4.17.3)

- Cross-verification of the returns filed by 56 lessees of six Mining Offices, with records of Commercial Taxes Department, Indian Bureau of Mines etc., revealed suppression of dispatch of mineral resulting in short levy of royalty of ₹ 117.60 crore.

(Paragraph 7.4.18)

- In 10 Mining Offices, extraction of minerals without obtaining permission from the Department, rendered the defaulters liable to pay the price of mineral of ₹ 2.50 crore.

(Paragraph 7.4.22)