

## Report of the Comptroller and Auditor General of India on Revenue Sector for the year ended 31 March 2012





Government of Uttar Pradesh Report No. 3 of the year 2013

### Report of the Comptroller and Auditor General of India

#### For the year ended 31 March 2012

(Revenue Sector)

# Government of Uttar Pradesh *Report No. 3 of the year 2013*

http://www.cag.gov.in/html/cag\_reports/up/index.htm

#### TABLE OF CONTENTS

Particulars	Reference to	
	Paragraph (s)	Page (s)
Preface		vii
Overview		ix
CHAPTER – I: GENERA	Ĺ	
Trend of revenue receipts	1.1	1
Response of the Department/Government towards Audit	1.2	4
Failure of senior officials to enforce accountability and protect the interest of the State Government	1.2.1	4
Departmental audit committee meetings	1.2.2	5
Response of the Department to the draft audit paragraphs	1.2.3	5
Follow-up on Audit Reports - summarised position	1.2.4	6
Compliance with the earlier Audit Reports	1.2.5	6
Analysis of the mechanism for dealing with the issues raised by Audit	1.3	7
Position of Inspection Reports	1.3.1	7
Assurances given by the Department/Government on the issues highlighted in the Audit Reports	1.3.2	8
Recovery of accepted cases	1.3.2.1	8
Action taken on the recommendations accepted by the Departments/Government	1.3.2.2	8
Audit planning	1.4	9
Results of audit	1.5	9
Position of local audit conducted during the year	1.5.1	9
This Report	1.5.2	10
CHAPTER – II: COMMERCIAL TAX/VA	LUE ADDED T	TAX
Tax Administration	2.1	11
Trend of receipts	2.2	11
Analysis of arrears of revenue	2.3	12
Cost of VAT per assessee	2.4	12
Arrears in Assessment	2.5	12
Cost of collection	2.6	13
Revenue impact of Audit	2.7	13
Results of Audit	2.8	14
Audit Observations	2.9	15

Particulars	<b>Reference</b> to	
	Paragraph (s)	Page (s)
Non/short levy of tax due to application of incorrect rate of tax and misclassification of goods	2.10	15
Non-imposition of penalty and non-charging of interest	2.11	17
Irregular exemption of tax on various declaration forms	2.12	23
Non-levy of entry tax	2.13	26
Non-levy of State Development Tax	2.14	27
Irregular grant of Registration/Recognition Certificate	2.15	28
Irregularities related to Input Tax Credit claims	2.16	30
Non/short levy of tax due to non-registration of dealers	2.17	33
Absence of provision for confirmation of deposit of tax	2.18	34
Non-conducting of tax audit	2.19	35
Idle expenditure	2.20	36
CHAPTER – III : STATE EX	CISE	
Tax Administration	3.1	37
Trend of receipts	3.2	37
Analysis of arrears of revenue	3.3	38
Cost of collection	3.4	38
Revenue impact of audit	3.5	39
Results of audit	3.6	39
Audit observations	3.7	40
Short levy of licence fee on the model shops	3.8	40
Loss of licence fee on shops of foreign liquor	3.9	41
Non-levy of interest on belated payment of excise revenue	3.10	42
Transit and storage loss of Total Reducing Sugar (TRS)	3.11	42
Low yield of alcohol from molasses	3.12	44
Short realisation of testing fee	3.13	45
Short levy/realisation of licence fee for FL-2 licences	3.14	46
Non/short levy of licence fee on wholesale supply of beer	3.15	47

Particulars	<b>Reference</b> to	
	Paragraph (s)	Page (s)
CHAPTER – IV: TAXES ON VEHICLES, GOO	DS AND PASS	SENGERS
Tax Administration	4.1	49
Trend of receipts	4.2	49
Analysis of arrears of revenue	4.3	50
Cost of collection	4.4	50
Revenue impact of audit	4.5	50
Results of audit	4.6	51
Audit observations	4.7	52
Short levy of tax due to adoption of lesser seating capacity of Tata Magic Vehicle	4.8	52
Non-realisation of tax/additional tax in respect of vehicles surrendered beyond three months	4.9	53
Vehicles carrying excess load	4.10	54
Absence of monitoring and follow up mechanism for realisation of arrears	4.11	56
Non-levy of tax and fines on the tractors registered for agricultural purposes which were engaged in commercial activities	4.12	57
Non-realisation of permit fee on school vehicles	4.13	58
Non/short realisation of penalty from vehicles registered late	4.14	58
Non-realisation of revenue due to non renewal of authorisation of National Permit	4.15	59
Non-realisation of revenue due to vehicles plying without certificate of fitness	4.16	60
Unproductive expenditure on pay and allowances	4.17	60
CHAPTER-V : STAMPS AND REGIST	RATION FEES	5
Tax Administration	5.1	61
Cost of collection	5.2	61
Revenue impact of audit	5.3	61
Results of audit	5.4	62
Working of Stamps and Registration Department (A Performance Audit)	5.5	64
CHAPTER – VI : MINING REC		
Tax Administration	6.1	103
Trend of revenue	6.2	103
Revenue Impact	6.3	103

Particulars	<b>Reference to</b>	
	Paragraph (s)	Page (s)
Results of Audit	6.4	104
Audit Observations	6.5	105
Non-realisation of royalty	6.6	105
Non-levy of penalty for illegal removal of brick earth	6.7	106
Absence of provision for payment of Stamp Duty and Registration fees	6.8	107
Non-levy of interest for belated payment of royalty	6.9	108
Loss of revenue due to non renewal/grant of fresh leases	6.10	109
Non/short realisation of royalty	6.11	111
Unauthorised extraction	6.12	112
Inconformity between MMDR Act and UPMMC Rules	6.13	114
Non-recovery of cost of minerals and royalty on unauthorised excavation	6.14	115
Coal leases	6.15	116
Maintenance of Stock Register of transit passes	6.16	117
Mechanism to curb transportation of illegally mined minerals	6.17	118
Non/short levy of royalty on collection of stone ballast/soil	6.18	122
Misclassification	6.19	123
CHAPTER – VII : OTHER TAX AND NON	-TAX RECEI	PTS
Results of audit	7.1	125
Audit observations	7.2	126
Non-charging of interest on belated payment of tax	7.3	126
Short realisation of royalty on Tendu leaves	7.4	127
Wasteful expenditure	7.5	128
Avoidable expenditure on growing new plants without requirement	7.6	129
Short levy of User Charges	7.7	130
Short levy of Service Charge on Transfusion of Blood and Blood Components	7.8	131
Non-compliance of Pre-Conception and Pre-Natal Diagnostic Techniques (PNTD) Rules	7.9	132
Non-disposal of the unserviceable/condemned vehicles	7.10	133

Particulars	<b>Reference to</b>	
	Paragraph (s)	Page (s)
Non/Short realisation of revenue in auction of cycle stand	7.11	133
Non-imposition of cane purchase tax, penalty and interest	7.12	134
Non-realisation of meter verification and stamping fee from Auto-rickshaws	7.13	135
Non-realisation of fee/additional fee	7.14	136
Appendices		141 - 180