

CHAPTER VI: OTHER TAX AND NON-TAX RECEIPTS

6.1.1 Results of audit

Test check of the records in Excise and Taxation Department (Entertainment duty), Power (Taxes and duties on electricity), Mines and Geology, Industries and Land Revenue in 2012-13 revealed under assessments of tax and loss of revenue amounting to ₹ 1.04 crore in 333 cases which broadly fall under the categories detailed in Table 6.1.

Table 6.1

(₹ in crore)

Sr. No.	Category	Number of cases	Amount
A: Excise and Taxation Department (Entertainment duty)			
1.	Non-recovery of entertainment duty	1	0.02
B: Power Department (Taxes and duties on electricity)			
1.	Miscellaneous irregularities	56	0.04
C: Mines and Geology and Industries			
1.	Non-recovery of interest on late deposit of contract money	61	0.68
2.	Non-recovery of royalty and interest.	95	0.23
D: Land Revenue			
1.	Recovery of dues declared as arrears of land revenue	01	Nil
2.	Miscellaneous irregularities	119	0.07
Total		333	1.04

During the year 2012-13, the Department accepted under assessment and other deficiencies of ₹ 65.08 lakh involved in 171 cases, out of which ₹ 21.95 lakh involved in 168 cases were pointed out during 2012-13 and the rest in earlier years. The department recovered ₹ 47.79 lakh in 32 cases during the year 2012-13, out of which ₹ 4.48 lakh involved in 29 cases relate to the year 2012-13 and the rest in earlier years.

Some illustrative cases are mentioned in the following paragraph:

Audit findings

6.2 Recovery of dues declared as arrears of land revenue

6.2.1 Introduction

The Departments of Government are primarily responsible for recovery of dues pertaining to them. If Government dues cannot be recovered by the Departments after exhausting all possible means, such dues are to be recovered as arrears of land revenue under the Punjab Land Revenue Act, 1887 (PLR Act) as applicable to the State of Haryana. As per Section 62 of the PLR Act, an arrear of land revenue is the first charge upon the rents, profits and produce of the land. Under the provisions of Section 67 of the PLR Act, an arrear of land revenue may be recovered through any one or more of the processes namely; (i) by service of writ of demand on the defaulter; (ii) by arrest and detention of his person; (iii) by distress sale of his movable property and uncut or ungathered crops; transfer of the holding in respect of which the arrear is due; attachment of the estate or holding in respect of which the arrear is due; annulment of assessment of the estate or holding; sale of that estate or holding and by proceedings against other immovable property of the defaulter.

Under Revenue Recovery Act, 1890, (RR Act), where a sum recoverable as an arrear of land revenue is from a defaulter having property in a district other than the one in which the arrear accrued, the concerned Collector may send a revenue recovery certificate (RRC) to the Collector of that district, where property of the defaulter is situated to recover the amount as if it was an arrear of land revenue accrued in his own district. The Collector of the other district shall, on receiving the Certificate, proceed to recover the amount stated.

6.2.2 Position of arrears

As per details available with Revenue Department of seven districts, 2,044 cases involving amount of ₹ 102.36 crore recoverable as arrears of land revenue were pending as on 30 September 2012. Year-wise position of recoverable demand, cases returned without recovery, recovery made and balance during last five years ending 2011-12 (1 October 2007 to 30 September 2012) are given in **Table 6.2**.

Table 6.2

(₹ in crore)

Year	Opening Balance	Fresh Demand	Total Demand	Cases Returned without recovery	Amount recovered	Balance	Percentage of Recovery (5 to 3)	Percentage of returned cases (4 to 3)
	Amount/ Cases	Amount/ Cases	Amount/ Cases	Amount/ Cases	Amount/ Cases	Amount/ Cases	8	9
2007-08	47.64 (1,921)	103.37 (1,582)	151.01 (3,503)	100.01 (1,050)	4.85 (536)	46.15 (1,917)	3.21	66.23
2008-09	46.15 (1,917)	152.30 (1,600)	198.45 (3,517)	121.08 (894)	6.52 (550)	70.85 (2,073)	3.28	61.00
2009-10	70.85 (2,073)	63.29 (1,386)	134.14 (3,459)	71.78 (831)	10.69 (636)	51.67 (1,992)	7.97	53.51
2010-11	51.67 (1,992)	142.43 (1,487)	194.10 (3,479)	129.80 (979)	10.11 (695)	54.19 (1,805)	5.21	66.87
2011-12	54.19 (1,805)	163.65 (1,651)	217.84 (3,456)	104.18 (821)	11.30 (591)	102.36 (2,044)	5.19	47.82

(Number of cases shown in brackets)

The above table shows that the percentage of recovery of demand was quite low, ranging between 3.21 and 7.97 *per cent* during the five years. The percentage of cases returned by Collectors to Requisitioning Officers without recovery, for want of details of whereabouts/other details of the defaulters, ranged between 47.82 and 66.87 *per cent*. The Revenue Department did not fix any norms for disposal of certificate cases by each office leading to huge accumulation of pending cases.

6.2.3 Non/delayed accountal of Revenue Recovery Certificates (RRCs)

Test check of records of Running Register-II of the offices of District Revenue Officer (DRO) Gurgaon and Faridabad showed that DROs Gurgaon and Faridabad transferred 384 cases amounting to ₹ 90.11 crore to Tehsildar Gurgaon and Faridabad during five years but the concerned Tehsildars had not entered these RRCs in their RR-II registers which resulted in non-recovery of ₹ 90.11 crore. Test check of RR-II of Tehsildar Gurgaon, Faridabad and Ballabgarh in May 2013 showed that 67 cases amounting to ₹ 9.53 crore had been entered in the RR-II of the Tehsils with delay ranging between 8 to 88 months.

Tehsildars Faridabad and Gurgaon replied that all the cases had been entered in RR-II and concerned Collectors also confirmed the facts but no further action for recovery of arrears of land revenue had been initiated. This shows that the Department failed to initiate the action to recover the arrears of land revenue. We had not received further progress report of recovery (June 2013).

6.2.4 Non follow-up/delayed action

During test check of records of RRCs for the period 1 October 2007 to 30 September 2012, we noticed that, even first notices were not issued in 35 cases amounting to ₹ 54.28 lakh (**Annexure VI**) in Madlauda (Panipat district), Faridabad tehsils by the Tehsildars even after a lapse of period ranging between 8 to 43 months and in seven tehsils¹, though notices were issued but not served after a lapse of period ranging between four to 249 months in 87 cases amounting to ₹ 9.52 crore (**Annexure VII**) and in three tehsils, in 51 cases amounting to ₹ 1.80 crore (**Annexure VIII**), though notices were served to defaulters but no further action had been initiated as per Section 67 of PLR Act.

6.2.5 Failure to follow up the RRCs sent to other Collectors

As per records, recoveries in 1,345 cases involving an amount of ₹ 69.25 crore were pending as on 30 September 2012 against the defaulters having properties outside the districts/State. In such cases, RRCs under Revenue Recovery Act for effecting recovery were sent to the District Collectors of the district/States concerned where the defaulters had properties.

6.2.6 Non conduct of Internal Audit

Internal audit is a tool in the hands of management to assure itself that the prescribed systems are functioning well. A scrutiny of records in the office of

¹ Gurgaon, Farukhnagar (Gurgaon), Pataudi (Gurgaon), Samalkha (Panipat), Madlauda (Panipat), Faridabad and Rewari.

Additional Chief Secretary and Financial Commissioner to Government, Haryana and Collectors and Tehsildars of seven districts namely Ambala, Panipat, Gurgaon, Faridabad, Rewari, Jind and Hisar showed that no separate internal audit of “Dues declared as arrears of Land Revenue” was being conducted by FCR’s office. While conducting the audit of revenue collection under Major Head 0029-Land Revenue, comments on RR-II only were being offered.

6.2.7 Inadequate monitoring

- Scrutiny of records of Additional Chief Secretary and Financial Commissioner office, revealed that the prescribed monthly returns regarding arrears of land revenue were being received in time from the offices of Collectors in the State but the year-wise and district-wise position of opening balance, fresh demands, total demands, cases returned without recovery, recovery made and closing balance had not been prepared by that office to assess the position for monitoring.
- No regular monthly meetings for reviewing the position of recovery by DCs with Tehsildars (except in HSR) were held during the period 1 October 2007 to 30 September 2012. The Collector, Ambala stated that there is no prescribed periodicity of meeting. The Collector, Rewari stated that efforts would be made for regular monthly meetings and outstanding amount also be reviewed.
- It is evident that internal checks and monitoring at department level were not adequate.

These points were brought to the notice of the Government (August 2013), the Government accepted the audit observations during the exit conference (November 2013) and stated that instructions would be issued to the concerned Collectors to make sincere efforts by way of holding monthly meetings with SRs for expediting the recovery of the outstanding arrears of land revenue and also assured that comprehensive internal audit would be done in future.

MINES AND GEOLOGY DEPARTMENT

6.3 Non/short recovery of royalty and interest

Rule 24 of the Punjab Minor Mineral Concession (Haryana Amendment) Rules, 2005, provides that brick kiln owners (BKO) shall pay annual amount of royalty at the prescribed rate in advance by 30th April of every year. State Government revised the rates of fixed royalty of various categories of BKOs with effect from June 2005. In case of default, interest at the rate of 24 *per cent* per annum is chargeable for the period of default. BKOs register is maintained at each mining office for levy and collection of royalty. The permits of such BKOs who do not pay royalty are required to be cancelled by the department by giving one month’s notice and any sum due from the permit holders on account of royalty and interest thereon is recoverable as arrears of land revenue. The Assistant Mining Engineers (AMEs)/Mining Officers (MOs) are responsible for monitoring recovery of outstanding dues.

During test check of records of seven offices² of MOs/AMEs, we noticed that 69 BKO's who were issued permits between April 2008 and April 2010 for the period of two years, did not pay due amount of royalty. The BKO's were required to pay royalty by 30th April of the respective years. Though, a period ranging between 12 to 36 months had elapsed up to March 2013, yet royalty of ₹ 10.14 lakh was neither paid by the BKO's nor it was demanded by the AMEs/MOs. No action to cancel the permits and/or to recover the dues as arrears of land revenue was taken. Lack of action on the part of the Department resulted in non-realisation of revenue of ₹14.88 lakh (including interest³ amounting to ₹ 4.74 lakh).

We reported the matter to the Government in July 2013. The Government accepted the audit observation during the exit conference (October 2013) and stated that an amount of ₹ 11.96 lakh (including interest of ₹ 3.62 lakh) had been recovered in 57 cases between October 2010 and September 2013 and efforts would be made to recover the outstanding amount of ₹ 2.92 lakh (including interest of ₹ 1.12 lakh) in 12 cases.

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² MOs: Bhiwani, Jind, Narnaul, Rewari and Panipat; AMEs: Faridabad and Panchkula.
³ Interest calculated upto March 2013.