

Chapter-II

Revenue Sector

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Revenue Sector

2.1 Introduction

2.1.1 Trend of Revenue Receipts

Tax and non-tax revenue raised by the Government of Uttarakhand during the year 2014-15, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grants-in-aid received from the Government of India during the year, and the corresponding figures for the preceding four years are mentioned in **Table 2.1.1**.

Table 2.1.1: Trend of revenue receipts (₹ in crore)

Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1	Revenue raised by the State Government					
	• Tax revenue	4,405.48	5,615.62	6,414.25	7,355.34	8,338.47
	• Non-tax revenue	678.06	1,136.13	1,602.88	1,316.54	1,110.44
	Total	5,083.54	6,751.75	8,017.13	8,671.88	9,448.91
2.	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties ¹	2,460.07	2,866.04	3,272.88	3,573.38	3,792.30
	• Grants-in-aid	4,064.56	4,073.45	4,457.21	5,075.27	7,005.34
	Total	6,524.63	6,939.49	7,730.09	8,648.65	10,797.64
3.	Total revenue receipts of the State Government (1 and 2)	11,608.17	13,691.24	15,747.22	17,320.53	20,246.55
4.	Percentage of 1 to 3	44	49	51	50	47

Source: Finance Account

The above table indicates that during the year 2014-15, the revenue raised by the State Government (₹ 9,448.91 crore) was 47 per cent of the total revenue receipts. The balance 53 per cent (₹ 10,797.64 crore) of the receipts during 2014-15 were from the Government of India as the share of net proceeds of divisible Union taxes and duties, and Grants-in-aid.

2.1.2 The details of the tax revenue raised during the period 2010-11 to 2014-15 are given in **Table 2.1.2**.

¹ Note: For details, please see statement No.14: Detailed accounts of revenue by minor heads in the Finance Accounts (Vol.-II) of Government of Uttarakhand for the year 2014-15. Figures under the "share of net proceeds assigned to States" under the major heads-0020-corporationtax, 0021-taxes on income and expenditure, 0032 - taxes on wealth, 0037 - customs, 0038-union excise duties and 0044-service taxes booked in the Finances Accounts under 'A-tax revenue' have been excluded from the revenue raised by the State Government and included in the 'State share of divisible Union taxes' in the above table.

Table 2.1.2: Details of Tax Revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2010-11		2011-12		2012-13		2013-14		2014-15		Percentage of increase (+) or decrease (-) in actual of	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	2014-15 over BE 2014-15	2014-15 over actual 2013-14
1.	Taxes on sales, trade etc.	2,586.00	2,940.48	3,187.60	3,643.51	4,088.10	4,289.41	4,847.22	4,902.91	5,459.01	5,464.84	(+0.11	(+11.46
2.	State excise	686.93	755.92	727.67	843.65	942.15	1,117.92	1,149.25	1,269.29	1,345.40	1,486.66	(+10.50	(+17.13
3.	Stamps Duty and Registration Fees	425.65	439.50	483.85	524.05	573.95	648.40	640.40	686.71	708.79	714.06	(+0.74	(+3.98
4.	Motor Vehicles Tax	225.30	227.26	249.53	334.69	275.00	304.29	320.00	368.83	360.00	393.70	(+9.36	(+6.74
5.	Taxes and duties on electricity	72.00	2.16	75.00	229.02	60.00	2.71	100.00	64.66	100.00	192.65	(+92.65	(+197.94
6.	Land revenue	11.73	18.31	13.48	10.18	8.55	10.59	8.15	21.65	9.05	39.26	(+333.81	(+81.34
7.	Other taxes and Duties on Commodities and Services	8.68	12.15	10.60	16.52	17.50	23.13	24.41	23.47	25.01	25.26	(+1.00	(+7.63
8.	Others	8.00	9.70	12.00	14.00	15.00	17.80	22.00	17.82	16.00	22.04	(+37.75	(+23.68
Total		4,024.29	4,405.48	4,759.73	5,615.62	5,980.25	6,414.25	7,111.43	7,355.34	8,023.26	8,338.47	(+3.93	(+13.37

Source: Finance Account

The State's own tax revenue increased (89.27 per cent) from ₹ 4,405.48 crore in 2010-11 to ₹ 8,338.47 crore in 2014-15. It increased by 13.36 per cent from 2013-14 to 2014-15. However, the rate of growth during the year in comparison to previous year decreased marginally by 1.33 per cent. The revenue from taxes on Sales, Trade, etc. not only comprised a major share of tax revenue (65.53 per cent) but also registered an increase of 11.46 per cent over the previous year. The State Excise was another major contributor to the State's own tax revenue.

The respective Departments reported the following reasons for variations:

Taxes on Vehicles: The increase of Actual Receipts in Major Head "0041" of 2014-15 in comparison to 2013-14 is due to revised taxation reforms in "Motor Yan Sudhar Niyamawali/Adhiniyam 2003".

Taxes and duties on Electricity: The significant increase in the Taxes and Duties on Electricity over the previous years was due to depositing of a huge amount of electricity duty by the Uttarakhand Power Corporation Ltd.

Land Revenue: Reason for increase in Revenue during the year 2014-15 is attributed to collection charge for recovery of miscellaneous dues of various departments e.g. Trade tax, forest dues, transport tax, Excise duty, industries, Electricity dues, Finance Corporation, bank dues, stamp duty, etc.

2.1.3 The details of the non-tax revenue raised during the period 2010-11 to 2014-15 are indicated in **Table 2.1.3**.

Table 2.1.3: Details of Non-tax revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2010-11		2011-12		2012-13		2013-14		2014-15		Percentage of increase (+) or decrease (-) in actual	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	2014-15 over BE 2014-15	2014-15 over Actual 2013-14
1.	Power	230.00	13.54	235.00	41.24	84.00	150.04	122.55	121.11	122.55	45.01	(-)63.28	(-)62.84
2.	Interest receipts	62.00	53.76	52.01	50.62	35.00	114.76	44.83	51.12	33.10	108.17	(+)226.80	(+)111.60
3.	Forestry and wild life	266.10	229.69	286.83	234.26	296.71	238.20	309.34	362.70	342.06	351.24	(+)2.68	(-)3.16
4.	Public works	14.51	24.83	17.27	17.85	16.16	18.13	9.15	15.51	19.11	28.29	(+)48.04	(+)82.40
5.	Misc. general services	22.00	28.23	14.00	37.57	11.00	25.85	3.55	48.74	21.00	8.26	(-)60.67	(-)83.05
6.	Other administrative services	10.12	47.15	12.21	70.15	11.82	38.72	3.73	32.38	19.13	33.50	(+)75.12	(+)3.46
7.	Police	9.00	11.26	9.00	11.41	10.11	10.98	11.21	13.39	11.47	16.51	(+)43.94	(+)23.30
8.	Medical and Public Health	11.48	29.01	17.93	23.20	23.16	30.00	22.10	44.04	24.52	37.78	(+)54.08	(-)14.21
9.	Co-operation	5.18	1.70	1.02	2.93	2.21	1.38	2.23	9.78	2.01	1.17	(-)41.79	(-)88.04
10.	Major and medium Irrigation	3.32	5.10	3.31	8.07	2.37	7.65	2.42	6.75	2.42	9.22	(+)280.99	(+)36.59
11.	Non Ferrous Mining and Metallurgical industries	99.01	93.62	110.01	112.58	131.00	109.85	151.00	249.99	301.00	223.72	(-) 25.67	(-) 10.51
12.	Other Non-tax receipts	382.28	140.17	888.52	526.25	584.63	857.32	534.15	361.03	909.09	247.57	(-) 72.76	(-) 31.43
	Total	1,115.00	678.06	1,647.11	1,136.13	1,208.17	1,602.88	1,216.26	1,316.54	1,807.46	1,110.44	(-)38.56	(-)15.65

Source: Finance Account

Non-tax revenue increased continuously during the period 2010-11 to 2012-13 but it shows decreasing trend from 2013-14 onwards. During the year 2014-15, it decreased by ₹ 206.10 crore (15.65 per cent) against the previous year's decrease of ₹ 286.34 crore (17.86 per cent).

The respective Departments reported the following reasons for variations:

Police: The increase in Revenue Receipts in this head of revenue over the previous year was due to depositing of prescribed fee received along with the application forms from the candidates of Departmental Exams.

Medical and Public Health: The Department stated (July 2015) that before 2014-15, revenue receipts of Medical Education were deposited under the receipt head of the Department. Now, they were being kept in the Accounts of the Medical Colleges as the decision in this regard was pending at the Government level. Thus, due to less deposit of receipts of Medical Education in the revenue head, there was a decrease in the revenue receipt of the Department over the previous year.

Co-operation: The main reason of decrease of revenue receipts over the previous year was due to the huge amount deposited as audit fees by co-operatives/institutions;

trimming down in the recoupment of grant from the Nation Co-operative Development Corporation and less receipt from arbitration, and registration of *Samitis*.

Mining Industries: Reasons for decrease in revenue receipts during the year 2014-15 over the previous year included surrender of approved leased mining, non-approval of the proposal by the GoI for mining in the Forest area, and discontinuation of mining works on the Gola River in Nainital District.

Power: As per the Finance Accounts, Non-Tax Receipts under the Power Department were ₹ 45.01 crore during 2014-15. However, the Department intimated that the actual receipt during the year 2014-15 was ₹ 179.31 crore and further informed that the main reasons for increase in the booked Revenue Receipts against the BE and over the previous year was due to payments/adjustments of earlier arrears. This showed that the Department failed to reconcile the differences of the figures of Revenue Receipts booked by the Department with the Finance Accounts.

2.1.4 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2015 on some principal heads of revenue amounted to ₹ 7,024.24 crore of which ₹ 687.49 crore were outstanding for more than five years, as detailed in **Table 2.1.4**.

Table 2.1.4: Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total Amount outstanding as on 31 March 2015	Amount outstanding for more than five years as on 31 March 2015	Replies of Department
1.	Taxes/VAT on Sales, Trade etc.	6,462.49	669.88	Recovery of ₹ 491.50 crore (1,820 cases) is subjudice Recovery certificates have been issued for remaining ₹ 5,970.99 crore in the cases wherever required.
2.	Taxes and Duties on Electricity	523.22	0	The Department stated that it is in regular correspondence with the UPCL.
3.	Co-operation	19.57	10.71	Demand of recovery has been processed through the district level officer.
4.	Stamp Duty and Registration Fees	13.29	3.71	Recovery of ₹ 0.30 crore is subjudice and in rest of the cases, demand for recovery have been processed.
5.	Taxes on Vehicles	4.77	2.57	The thirteen cases (₹ 0.10 crore) are pending in the courts of law. In remaining cases, recovery certificates have been issued.
6.	State Excise	0.60	0.60	Two cases amounting to ₹ 0.25 crore are pending in the courts of law. In other cases, action is being taken to recover the amount (₹ 0.35 crore).
7.	Taxes on purchase of Sugarcane	0.20	0	Taxes on Purchase of sugar cane are being regularly deposited on issue of sugar bags from sugar mills.
8.	Entertainment Tax	0.10	0.02	Cases amounting to ₹ 0.02 crore are pending in the courts of law. In remaining cases, recovery certificates have been issued.
Total		7,024.24	687.49	

Source: Concerned Departments

2.1.5 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year, and the number of cases pending for

finalisation at the end of the year as furnished by the Commercial Tax Department in respect of sales tax are given below in **Table 2.1.5**.

Table 2.1.5: Arrears in assessments

Head of revenue	Opening balance	New cases due for assessment during 2014-15	Total assessments due	Cases disposed of during 2014-15	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	2	3	4	5	6	7
Taxes/VAT on sales, Trade etc.	1,08,617	1,38,822	2,47,439	1,68,235	79,204	67.99

Source: Information provided by the Commercial Tax Department.

The Department should make more efforts for early disposal of the assessment cases.

2.1.6 Evasion of tax detected by the Commercial Tax Department

The details of cases of evasion of tax detected by the Commercial Tax Department, cases finalised, and the demands for additional tax raised in 2014-15 as reported by the Department are given in **Table 2.1.6**.

Table 2.1.6: Evasion of Tax

(₹ in crore)

Head of revenue	Cases pending as on 31 March 2014	Cases detected during 2014-15	Total	Number of cases in which assessment/ investigation completed and additional demand with penalty etc. raised		Number of cases pending for finalization as on 31 March 2015
				Number of cases	Amount of demand	
Taxes/VAT on sales, Trade etc.	216	902	1,118	923	320.75	195
Entertainment Tax	206	204	410	270	0.04	140

The amount of recovery made against the demands raised was not intimated by the Department (August 2015).

2.1.7 Refund cases

The number of refund cases pending at the beginning of the year 2014-15, claims received during the year, refunds allowed during the year, and the cases pending at the close of the year 2014-15 as reported by the Commercial Tax Department are given in **Table 2.1.7**.

Table 2.1.7: Details of refund cases

(₹ in lakh)

Sl. No.	Particulars	Sales tax / VAT	
		No. of cases	Amount
1.	Claims outstanding at the beginning of the year	735	2,011.53
2.	Claims received during the year	7,138	8,434.62
3.	Refunds made during the year	7,191	8,154.11
4.	Balance outstanding at the end of year	682	2,292.04

Source: Concerned State Department.

Uttarakhand VAT Act, 2005 provides for payment of interest at the rate of one *per cent* per month, if the excess amount is not refunded to the dealer within 90 days from the date of order and, thereafter, at the rate of 1.5 *per cent* per month till the refund is made. To avoid the interest liability, the State Government may make efforts to dispose of the refund claims in time.

2.1.8 Response of the Departments/Government towards audit

The Accountant General (Audit), Uttarakhand conducts periodical inspection of the Government Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the Heads of the Offices inspected with copies to the next higher authorities for taking prompt corrective action. The Heads of the Offices / Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions, and report compliance through initial reply to the Accountant General within four weeks from the date of receipts of the IRs. Serious financial irregularities are reported to the Heads of the Department and the Government.

Inspection Reports issued up to June 2015 disclosed that 1,985 paragraphs involving ₹ 188.66 crore relating to 922 IRs remained outstanding at the end of June 2015 as mentioned below along with the corresponding figures for the preceding two years in **Table 2.1.8**.

Table 2.1.8: Details of pending Inspection Reports

Details of IRs	June 2013	June 2014	June 2015
Number of IRs pending for settlement	919	891	922
Number of outstanding audit observations	1,936	1,944	1,985
Amount of revenue involved (₹ in crore)	178.58	173.54	188.66

2.1.8.1 The Department-wise details of the IRs and outstanding audit observations as on 30 June 2015, and the amounts involved are mentioned in the **Table 2.1.9**.

Table 2.1.9: Department wise details of IRs

(₹ in crore)

Sl. No	Name of the Department	Nature of receipts	Numbers of outstanding IRs	Numbers of outstanding audit observations	Money value involved
1.	Finance	Taxes on Sales, Trade etc. and luxury tax etc.	445	1,131	111.75
		Entertainment	10	15	0.15
2.	Excise	State Excise	67	114	29.58
3.	Transport	Taxes on motor vehicles	103	266	35.63
4.	Stamp and Registration	Stamp and registration fees	297	459	11.55
Total			922	1,985	188.66

Audit did not receive even the first replies from the Heads of Offices within the stipulated time in respect of 66 IRs, out of 74 IRs issued during July 2014 to June 2015. This large pendency of the IRs due to non-receipt of the replies is indicative of the fact that the Heads of Offices and the Departments did not initiate necessary action to rectify the defects, omissions and irregularities pointed out by the Accountant General in the IRs.

The Government may consider putting in place an effective system for ensuring prompt and appropriate response to audit observations.

2.1.8.2 Departmental audit committee meetings

The Government set up audit committees to monitor and expedite the progress of the settlement of the IRs and paragraphs in the IRs. During the year 2014-15, two departmental audit committee meetings were held where 31 paras involving an amount of ₹ 0.19 crore were settled as detailed in **Table 2.1.10**.

Table 2.1.10: Details of Departmental audit committee meetings (₹ in crore)

Sl. No.	Head of revenue	Number of meetings held	Number of paras settled	Amount
1.	Entertainment Tax	01	06	0.05
2.	Motor Vehicles Tax	01	25	0.14
Total		02	31	0.19

2.1.8.3 Response of the Departments to the draft audit paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Accountant General to the Principal Secretaries / Secretaries of the concerned Departments, drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of non-receipt of the replies from the Departments / Government is invariably indicated at the end of such paragraphs included in the Audit Report.

One² Thematic Audit and eight³ draft paragraphs were sent to the Principal Secretaries / Secretaries of the respective Departments by name between February 2015 and July 2015. Out of these eight Draft Paragraphs, recovery had been made by the Department in two cases. In the case of the Draft Paragraphs, the subject matter was reported to the Government, and the replies were awaited (December 2015). Such Draft Paragraphs have been included in this Report without the response of the Government. However, the response from the concerned auditee units has been received and the same has been included in the paras suitably.

2.1.8.4 Follow up on the Audit Reports-summarized position

The internal working system of the Public Accounts Committee, notified in December 2002, laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling the Report, for consideration of the Committee. In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately. Twenty three paragraphs (including performance audit) included in the Audit Reports for the years 2008-09 to 2013-14 were placed before the State Legislature Assembly between 2009 and 2015. The action taken explanatory notes from the concerned Departments on these paragraphs were received late with an average delay of 25 months in respect of each of these Audit Reports. Action

² Pendency of cases in the Revenue Department.

³ Commercial Tax Department.

taken explanatory notes in respect of three paragraphs from two departments⁴ had not been received for the Audit Report year ended 31 March 2013 so far (August 2015). The Audit Report for the year 2013-14 was placed before the Legislative Assembly on 03 November 2015 and action taken explanatory notes are not due yet (December 2015). The PAC discussed five selected paragraphs pertaining to the Audit Reports for the years from 2008 to 2013. However, ATNs have not been received in respect of one recommendation of the PAC from the concerned Department as mentioned in **Table 2.1.11**.

Table 2.1.11

Year	Name of the Department	Para Details	Total	Remarks
2010-11	Motor Vehicle Department	5.2 Performance Audit on "Computerisation in the Motor Vehicle Department (5.2.30 Non-levy of additional tax on Industrial Buses)	01	Settled on 24.02.2014, but ATN has not been received in respect of one recommendation of PAC

2.1.9 Analysis of the mechanism for dealing with the issues raised by Audit

To analyze the system of addressing the issues highlighted in the Inspection Reports / Audit Reports by the Departments / Government, the action taken on the paragraphs and Performance Audits included in the Audit Reports of the last five years for Commercial Tax Department is evaluated and included in this Audit Report.

The succeeding paragraph 2.1.9.1 discusses the performance of the Commercial Tax Department under revenue head "0040" and cases detected in the course of local audit during the last five years and also the cases included in the Audit Reports for the years 2010-11 to 2014-15.

2.1.9.1 Position of Inspection Reports

The summarised position of the Inspection Reports relating to the Commercial Tax Department issued during the last five years, paragraphs included in these reports, and their status as on 31 March 2015 are tabulated in **Table 2.1.12**.

Table 2.1.12: Position of Inspection Reports

(₹ in crore)

Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Para graphs	Money value	IRs	Para graphs	Money value	IRs	Para graphs	Money value	IRs	Para graphs	Money value
2010-11	312	751	50.01	54	158	89.37	6	32	0.70	360	877	138.68
2011-12	360	877	138.68	54	192	8.56	12	46	65.94	402	1,023	81.30
2012-13	402	1,023	81.30	37	151	23.79	27	78	11.20	412	1,096	93.89
2013-14	412	1,096	93.89	35	140	21.26	36	156	10.38	411	1,080	104.77
2014-15	411	1,080	104.77	44	135	8.83	17	100	13.12	438	1,115	100.48

The Government arranges ad-hoc Committee meetings between the Department and the Accountant's General office to settle the old paragraphs. As against 312 IRs with 751 outstanding paragraphs at the beginning of 2010-11, the number of outstanding IRs

⁴ 'Commercial Tax Department' and 'Stamp and Registration Department'.

rose to 438 with 1,115 paragraphs at the end of 2014-15, whereas only 412 paragraphs were cleared during the period 2010-11 to 2014-15.

2.1.10 Action taken on the recommendations accepted by the Departments/ Government

The Performance Audits conducted by the Accountant General are forwarded to the concerned Department/Government for their information with a request to furnish their replies. These are also discussed in an exit conference and the Department's / Government's views are included while finalizing the reviews for the Audit Reports.

Four Performance Audits (PAs) on Commercial Tax Department, one PA on Transport Department and one PA on Minor Minerals featured in the last four years' Audit Reports. A total of 28 recommendations had been made to the Government for consideration in the PAs. The details of ATNs on the recommendations are given in **Table 2.1.13**.

Table 2.1.13

Year of Audit Report	Name of PA	Number of Recommendation	Status
2008-09	Taxation on Transactions in the course of Inter-State Trade or commerce under Central Sales Tax Act, 1956 (Review)	05	ATN received on 19.09.2013. Pending for discussion
2009-10	Transition from Sales Tax to VAT (Review)	08	ATN received on 07.08.2014. Pending for discussion
2010-11	Cross Verification of Declaration Forms in Inter State Trade and Commerce (Review)	08	ATN not received
2011-12	Administration of VAT (Review)	07	ATN not received
2013-14	Levy and collection of Taxes on Motor Vehicles Tax	03	ATN not received
	Receipt of Minor Minerals	02	

2.1.11 Audit Planning

During the year 2014-15, there were 233 auditable units, of which 99 units were planned for audit, and 100 units were audited out of which two units were taken from the reserved units.

Besides the Compliance Audit mentioned above, one thematic audit on "Pendency of cases in the Revenue Department" was also taken up to examine the efficiency of administration of land revenue cases system in the Revenue Department.

2.1.12 Results of audit

Position of local audit conducted during the year

Test check of the records of 100 units of five Departments⁵ conducted during the year 2014-15 showed under assessment / short levy / loss of revenue aggregating ₹ 10.27 crore in 171 cases. During the course of the year, the concerned Departments accepted under assessment and other deficiencies of ₹ 0.45 crore involved in 24 cases

⁵ Commercial Tax, State Excise, Motor Vehicles, Stamp and Registration and Entertainment Tax Departments.

which were pointed out in audit during 2014-15. The Departments collected ₹ 0.40 crore in 58 cases during 2014-15, out of this, ₹ 0.004 crore in three cases pertained to the audit findings of the current year, and the rest pertained to the previous years.

2.1.13 Coverage of the Revenue Chapter

The Revenue Chapter contains seven paragraphs including one Thematic Audit on “**Pendency of cases in the Revenue Department**” involving financial effect of ₹ 2.47 crore. The Departments/Government have accepted audit observations amounting to ₹ 1.59 crore in four cases, out of which ₹ 0.04 crore in one case have been recovered. The replies in remaining cases have not been received. These are discussed in succeeding paragraphs:

COMPLIANCE AUDIT

COMMERCIAL TAX DEPARTMENT

2.2 Short levy of tax due to incorrect application of rate of VAT

Incorrect application of rate of tax by the Assessing Authority resulted in short levy of tax of ₹ 4.08 lakh, besides interest of ₹ 3.98 lakh was also leviable.

Section-4 (2) (b) of the Uttarakhand Value Added Tax (UVAT) Act, 2005 provides that goods mentioned in Schedule-II(A) are taxable at the rate of one *per cent*, goods mentioned in Schedule-II(B) are taxable at the rate of four *per cent*, goods mentioned in Schedule-II(C) are taxable at the specified rates therein, and goods not mentioned in any of the schedules i.e. unclassified items of sale would be taxable at 12.5 *per cent*. Further Section 34(4) of the Act provides that the tax admittedly payable shall be deposited within the time prescribed failing which simple interest at the rate of 15 *per cent* per annum shall become due and be payable on the unpaid amount with effect from the date immediately following the last date of payment of such amount.

Further, as per clarification (January 2012) of the Department, the taxes on scrap other than iron scrap are taxable at the rate of 13.5 *per cent* (it was 12.5 *per cent* in 2008-09) as per the arrangement given for unclassified goods in the sub-clause (i)(d) of clause(b), sub-section(2) of Section-4 of UVAT Act, 2005.

Audit scrutiny of records (November 2013) of the Deputy Commissioner (A)-I, Commercial Tax, Kashipur, U S Nagar showed that the Assessing Authority, while finalising the assessment (July 2012) of a dealer⁶ for the year 2008-09, had levied tax at the rate of four *per cent* on sale of scrap other than iron scrap amounting to ₹ 48.07 lakh as applicable to the classified goods of Schedule-II(B) whereas tax on sale

⁶ M/s Jindal Scrap Traders, Kashipur.

of scrap other than iron scrap was required to be levied at the rate of 12.5 *per cent* being an unclassified item of sale. Thus, application of incorrect rate of tax resulted in short levy of tax of ₹ 4.08 lakh at differential rate of 8.5 *per cent*, besides interest of ₹ 3.98 lakh⁷ was also leviable.

On this being pointed out, the Department while accepting the facts re-assessed (November, 2014) the case and created an additional demand of ₹ 4.08 lakh and the assessee had filed an appeal (April 2015), which is still pending (November 2015).

The matter was referred to the Government (February 2015); the reply of Government was awaited (December 2015).

2.3 Unauthorized utilization of Form-11

Utilization of unauthorized declaration of Form-11 for the purchase of molasses at concessional rate which were used in manufacture & sale of non-taxable country liquor resulted in loss of revenue amounting to ₹ 16.85 lakh, besides penalty of ₹ 59.47 lakh was also leviable.

Uttarakhand, VAT Act 2005 Section 4 (7) (b) provides that where a dealer requires any goods referred to in clause (a) for use by him for the manufacture of any taxable goods in the State, or in the packing of such goods manufactured or processed by him, and such goods are intended to be sold by him in the State or in the course of inter-State trade or commerce or in the course of export out of India, he may apply to the Assessing Authority in such form and manner and within such period as may be prescribed, for the grant of a Recognition Certificate in respect thereof, and if the applicant satisfies such requirements including requirement of depositing late fee and conditions as may be prescribed, the Assessing Authority shall grant to him in respect of such goods a Recognition Certificate in such form and subject to such conditions, as may be prescribed.

Further, Uttarakhand, VAT Act 2005 Section 58 (1) (xxix) also provides that if the purchaser issues or furnishes a false or a wrong form of declaration or certificate by reason of which a tax on sale or purchase ceases to be leviable under this Act or rules, then a sum exceeding 40 *per cent* of the value of goods involved or three times leviable on such goods under provisions of this Act, whichever is higher would be imposed as penalty. Section 63 of this Act provides that notwithstanding anything to the contrary contained elsewhere in this Act, and without prejudice to Section 58, a person who issues a false or wrong certificate or declaration prescribed under any provision of this Act or the Rules framed thereunder, to another person by reason of which a tax leviable under this Act on the transaction of purchase or sale made to or by such other person ceases to be leviable or becomes leviable at a concessional rate, shall be liable to pay on such

⁷ Interest (from 01.10.2008 to 31.03.2015 = 78 months) = ₹ 4.08 lakh x 15x78/12x100 = ₹ 3.98 lakh.

transaction an amount which would have been payable as tax on such transaction had such certificate or declaration not been issued

Scrutiny of the records of the Dy. Commissioner (Assessment) VI, Dehradun showed (December 2013) that purchaser⁸ (assessed in November 2012) had issued 26 Form-11 to the seller⁹ during the assessment year 2008-09 for the purchase of molasses worth ₹ 99.11 lakh availing concessional rates of tax against this purchase. The purchaser subsequently manufactured and sold non-taxable country liquor worth ₹ 21.37 crore from the molasses. The concessional rates were, as per the Act, allowable to only those manufacturing units against Form-11 which would produce the taxable goods. The concessional rates of VAT allowed in this case were therefore irregular. Thus, utilization of unauthorized declaration Form-11 for the purchase of molasses at concessional rate which were subsequently used for manufacturing and sale of non-taxable country liquor, resulted in loss of revenue amounting to ₹ 16.85 lakh¹⁰ and penalty of ₹ 59.47 lakh¹¹.

On this being pointed out, the Department (March 2014) while accepting the facts re-assessed the case (April 2014) and created a demand of ₹ 76.32 lakh including penalty of ₹ 59.47 lakh. The Department also intimated (February 2015) that dealer had moved (July 2014) in appeal to the Joint Commissioner (appeal) against the reassessment and a decision of the same is awaited (November 2015).

The matter was referred to the Government (February, 2015); reply was awaited (December 2015).

2.4 Non-imposition of penalty

Non-imposition of penalty of ₹ 3.25 lakh for wrongly claiming Input Tax Credit

Section 58(1) (xi) of the Utrakhnad Value Added Tax Act, 2005 provides that if a dealer wrongly claims an amount as Input Tax credit (ITC) or claims an ITC credit on the basis of false sale invoice; a penalty of ₹ 5,000 or three times of the amount claimed, whichever is higher, will be imposed on him.

Scrutiny of the records of the Assistant Commissioner (Assessment)-II, Commercial Tax Department, Rudrapur showed (February 2014) that the dealer¹² had claimed ITC at the rate of four *per cent* on the purchase¹³ of ₹ 35.47 lakh during the assessment year 2008-09. The Assessing Authority, on cross verification of the selling dealer found (September 2012) that the dealer had wrongly claimed ITC on the purchase of ₹ 27.05 lakh and reversed the wrong ITC claim of ₹ 1.08 lakh but the penalty, as required under Section 58(1) (xi) of the Value Added Tax Act, 2005, of ₹ 3.25 lakh was not

⁸ Doon Valley Distillers, Kuanwala, Dehradun.

⁹ Doiwala Sugar Company Ltd.

¹⁰ Loss of revenue ₹ 99,11,176 x 17 *per cent* = ₹ 16,84,899.92.

¹¹ Penalty= Three times of leviable tax ₹ 19,82,235.20 (20 *per cent* of 99,11,176)= ₹ 59,46,705.60.

¹² Gaurav Madan and Sons, Main Road Gadarpur (Udham Singh Nagar).

¹³ Stone and Stone Chips.

imposed on the dealer by the department. The amount so reversed by the assessing authority was deposited by the dealer.

On this being pointed out, the Department, while accepting (May 2015) the audit observation, reassessed the case and created an additional demand of ₹ 3.25 lakh, the assessee had filed an appeal to the Joint Commissioner(Appeal); the decision is still pending (November 2015).

The matter was referred to the Government (March 2015); reply was awaited (December 2015).

2.5 Non-levy of penalty of ₹ 5.81 lakh for delayed payment of tax

Penalty of ₹ 5.81 lakh was not levied by the Assessing Authorities, even though the dealers failed to pay the tax due under the provision of the Act within the time allowed.

Section 58(1)(vii)(b) of the Uttarakhand Value Added Tax Act, 2005 provides that if the assessing authority is satisfied that any dealer has, without any reasonable cause failed to pay, within the time allowed, the tax due under the provision of the Act, such dealer shall pay, by way of penalty in addition to the tax, if any, a sum not less than 10 *per cent*, but not exceeding 25 *per cent* of the due if the amount due is up to ten thousand rupees and 50 *per cent* if the amount due is above ten thousand rupees.

Further, in a case¹⁴ Hon'ble High Court, Uttarakhand had given a decision, that penalty would be imposed on the dealer who failed to pay, within time allowed, the tax due, even though dealer deposited the due tax with interest for delay period.

Scrutiny of records (December and January 2014) of the two Commercial tax units¹⁵ showed that three dealers¹⁶ deposited their tax after the due dates with the delay ranging between 10 to 200 days. While dealers were assessed under section 25(7) of UVAT, Act 2005, the concerned Assessing Authorities issued notice to deposit the due tax with interest for delay. However, notice for penalty was not issued. In this case, the Assessing Authority had the discretion to impose a penalty of minimum 10 *per cent* and upto 50 *per cent* on account of delayed payment of tax as per Section 58(1) (vii) (b). Keeping in view, the discretionary power of Assessing Authority, minimum 10 *per cent* penalty was to be imposed, which worked out to ₹ 5.81 lakh. Thus, the department not

¹⁴ Anand Nishikava Company versus Commissioner, Trade tax revision no. 16/2005 and 17/2005 dated 18.06.2007.

¹⁵ Assistant Commissioner (A) Sector-VIII, Commercial Tax, Dehradun and Dy. Commissioner (A) II, Commercial tax, Haldwani.

¹⁶ M/s Khoday India Limited, Dehradun (Assessment Year 2010-11) related to Assistant Commissioner (A) Sector-VIII, Commercial Tax, Dehradun, M/s Kumaun Mines and Minerals, Bhawaniganj, Haldwani (Assessment Year 2008-09 and 2009-10) and M/s Kavisha Motors Limited, Vanshikunj, Tikoniya, Haldwani (Assessment Year 2008-09) related to Dy. Commissioner (A) Sector-II, Commercial tax, Haldwani.

only violated the provision of the Act but also overlooked the decision of the Hon'ble High Court in this regard.

On this being pointed out, the concerned authorities while accepting the audit observation created an additional demand of ₹ 5.81 lakh (April 2014, February 2015). Out of which, an amount of ₹ 4.20 lakh had been recovered (June 2014, March 2015).

The matter was referred to the Government (May 2015); the reply was awaited (December 2015).

2.6 Short levy of tax

Erroneous application of clause (c) of sub section (3) of Section 4 of the Act at the time of assessment of the tax on the sale of the earlier period when clause (c) was not applicable, resulted in short levy of tax ₹ 2.57 lakh at differential rate of 8.5 per cent besides interest of ₹ 2.15 lakh.

Section-4 (2) (b) (i) (d) of the Uttarakhand value Added Tax (UVAT) Act, 2005 provides that goods not mentioned in any of the schedules i.e. unclassified items of sale would be taxable at 12.5 per cent. Section-34 (4) of the Act provides that tax admittedly payable shall be deposited within the time prescribed failing which simple interest at the rate of 15 per cent per annum shall become due and be payable on the unpaid amount with effect from the date immediately following the last date prescribed till the date of payment of such amount.

Further, Clause (c) of sub-section (3) of Section 4 inserted¹⁷ (07.01.2010) in the Act provides that the rate of tax on such parts, spares and accessories, which are not classified elsewhere in the Principal Act, shall be same as applicable to that commodity under said Act.

Audit scrutiny of records (January 2015) of the Assistant Commissioner (A) Sector-I, Commercial Tax, Rudrapur showed that the assessing authority, while finalizing the assessment (April, 2013) of a dealer¹⁸ for the year 2009-10 had levied tax of ₹ 1.21 lakh¹⁹ at the rate of four per cent on sale (April 2009 to December 2009) of Mild Steel(MS) Rack amounting to ₹ 30.27 lakh as applicable to the classified goods of schedule-II (B) whereas tax on sale of M.S. Rack was required to be levied at the rate of 12.5 per cent i.e. ₹ 3.78 lakh²⁰ being an unclassified item of sale. Thus, due to erroneous application of clause (c) of sub section (3) of Section 4 of the Act at the time of assessment of the tax on the sale of the earlier period when clause (c) was not applicable, resulted in short levy of tax of ₹ 2.57²¹ lakh at differential rate of 8.5 per cent besides interest ₹ 2.15 lakh²².

¹⁷ Vide notification no. 22/xxxvi (3)/2010/76(1)/2009 dated 07.01.2010.

¹⁸ Precitech Enclosure Systems Pvt. Ltd.

¹⁹ ₹ 30.27 lakh @ 4 per cent = ₹ 1.21 lakh.

²⁰ ₹ 30.27 lakh @ 12.5 per cent = ₹ 3.78 lakh.

²¹ Short Levy Tax= ₹ 3.78 lakh-₹ 1.21 lakh= ₹ 2.57 lakh.

²² Interest= ₹ 2.57 lakh x 15 per cent x 67/12= ₹ 2.15 lakh (For the period 01.10.09 to 30.04.15 i.e. 67 months).

On this being pointed out, the Department replied (January 2015) that the commodity under consideration was an integral part of a transmission tower. The purchasing firm erects towers and this is a special commodity, the use of which is not otherwise possible. Being the integral part of the transmission tower, tax @ four *per cent* was levied under the section 4 (3) (c) of UVAT Act on the sale of the MS Rack. The reply of the Department was not acceptable as the sale of MS rack amounting to ₹ 30.27 lakh was related to the earlier period (April 2009 to December 2009) when clause (c) was not applicable, and therefore MS Rack was to be treated as an unclassified item.

The matter was referred to the Government (May 2015); the reply was awaited (December 2015).

2.7 Short levy of Tax against declaration Form-11 and Form-C

The main focus of the paragraph was to examine the tax benefits extended on account of concessional sale/purchase against declaration Form - 11 and Form - C. Form - 11 is a 'Declaration Form' used by a dealer for availing of concession of tax against Sale/Purchase. Audit findings are given in subsequent paragraphs:

2.7.1 Short levy of tax on transaction against local declaration Form-11.

Rule 23(3) of UVAT Rule 2005 provides that a blank Form-11 issued in a financial year shall be valid for the transaction of purchase or sale made during that financial year and also made during two financial years immediately preceding that financial year.

Test-check (February 2015) of assessment files of Dy. Commissioner(DC) (A) Commercial Tax(CT), Vikasnagar showed that a dealer²³ engaged in manufacturing activities, sold Ferrite Transformer worth ₹ 719.31 lakh during the year 2010-11 against four Forms-11 which were issued in financial year 2008-09 and used for purchase of 2010-11 which is not allowable as per the provision *ibid*. The concerned AA, while finalizing assessment (April 2014) levied tax @ two *per cent* whereas tax should have been levied @ 13.5 *per cent*. This resulted in short levy of tax to the tune of ₹ 82.73 lakh.

On this being pointed out, the Department stated that there was no restriction on use of Form - 11 for succeeding years after the year in which Form - 11 issued.

Reply was not acceptable as blank Forms-11 issued in a financial year were valid for the transactions of purchase or sale made during that financial year and also during two financial years immediately preceding that financial year.

2.7.2 Short levy of tax on invalid declaration Form-C

Sections 8(1), 8(3), 8(4) of the CST Act 1956 provide that every dealer, who, in the course of interstate trade or commerce, sells to a registered dealer, goods of description covered by his registration certificate against declaration in Form-C, shall be liable to pay

²³ M/s Normag, Selaqui, Vikasnagar.

tax @ two per cent. One per cent under Notification no. 6,222 dated 25 May 2001 and Notification no. 335 dated 16 March 2005.

Test-check of assessment files of two Commercial Tax offices²⁴ (May 2015 to June 2015) showed that two dealers²⁵ (assessed during January 2015 to March 2015) engaged in manufacturing activities sold non woven fabrics/auto parts worth ₹ 526.46 lakh during the year 2010-11 and 2011-12 against eight declaration Forms - C. These forms were cross checked by audit on the website Tax Information Exchange System (TINXSYS) and it was found that these forms were actually not issued to purchasing dealers but to other dealers. The concerned AA, while finalizing assessment (January 2015 to March 2015), did not verify these forms and levied tax @ one per cent instead of @ 13.5 per cent. Thus, non-verification of forms by the AAs before finalizing the assessments resulted in Short levy of Tax to the tune of ₹ 65.81 lakh²⁶ at differential rate of 12.5 per cent.

On this being pointed out, the concerned authorities stated that matter would be looked into.

The matter was referred to the Government (August 2015); reply was awaited (December 2015).

REVENUE DEPARTMENT

The pendency of revenue cases increased from 16,108 (April 2003) to 34,209 (August 2015). Shortage of presiding officers, strike by advocates and bandh/hartals contributed to the pendency of cases.

2.8 Pendency of cases in the Revenue Department

2.8.1 Introduction

Land is an important asset and though the importance of land revenue has declined over the years, ensuring maintenance of well administered land holdings is still the key to harmonious and peaceful rural communities. Land Revenue Administration and adjudication of land revenue cases thus assumes importance. Revenue Administration is a core function of District Administration. The powers of Revenue Administration are derived from Revenue Acts/Codes, Tenancy Act, Land Ceiling Act and other State Government statutes. The Revenue Courts are a revenue officer such as a Collector, SDM, Assistant Collector, Tehsildar acting in a judicial capacity (related to land revenue alone) instead of an executive capacity. The territorial jurisdiction of Revenue Courts is often coterminous with the geographical jurisdiction of the Revenue Officer. The jurisdictions of each constituent of Revenue Courts is defined in the Land Revenue and

²⁴ DC (A) – I CT, Haridwar and DC (A) – I CT, Rudrapur.

²⁵ M/s Jeevan Polytex SIDCUL Haridwar, M/s Thai Sumit Neel Auto (P) Ltd Rudrapur.

²⁶ ₹ 526.46 lakh x 12.5 per cent = ₹ 65.81 lakh.

related legislations. The types of cases which are dealt by Revenue Courts are those related to agricultural land and cover matters pertaining to State's Land Revenue Act, Tenancy Act and rules made therein by the Government from time to time. Some examples are matters related to mutations in Jama bandis, partition cases, correctness of entries in land records, disputes over possession of land, declaratory suits for khatedaari, execution of decrees, *etc.* The Revenue Courts conduct their business largely in consonance with the Civil Procedure Code. In Uttarakhand, the Board of Revenue is the highest judicial body of the Revenue Department which is headed by the Chairman (Chief Revenue Commissioner) of the Board. Its aim is to control, regulate and upgrade all the judicial and administrative work of the Revenue Department. There are two Circuit Courts at Pauri & Nainital and 234 revenue courts²⁷ operative in the State for the disposal of revenue cases. The compliance audit focused on the deficiencies in the system of the Department to dispose of the pendency of revenue cases was conducted between April 2015 to June 2015 of Board of Revenue Court, Kumaun and Garhwal Commissioner Courts, four District Magistrate Courts and two Sub divisional magistrate courts covering the period April 2012 to March 2015. The following are the audit findings.

2.8.2 Pendency of revenue cases in the State

Records of the Board of Revenue showed that the pendency of revenue cases at various levels²⁸ increased from 16,108 (April, 2003) to 35,687 cases²⁹ (March 2015) (as detailed in **Appendix-2.8.1**). As on August 2015, it however stands at 34,209. Out of these, 78.72 per cent cases were pending in four districts of the State alone *viz.* Dehradun, Haridwar, Udham Singh Nagar and Nainital. The detailed age wise analysis of old pending revenue cases for more than six months is given below in **Table 2.8.1**:

Table 2.8.1: Age-wise analysis of pendency of revenue cases as on 31.08.2015

Courts	More than 6 months and less than 1 year	Pendency for 1-3 years	Pendency for 3-9 years	Pendency for 9-15 years	More than 15 years
Board of Revenue	840	258	322	14	0
Garhwal Commissioner	955	0	1,183	49	35
Kumaun Commissioner	72	0	476	3	0
13 Districts Courts	7,318	173	5,439	85	4
Total	9,185	431	7,420	151	39

Source: Board of Revenue

Age wise analysis revealed that 17,226 (50 per cent) out of 34,209 pending revenue cases were pending for a period of more than six months to more than 15 years. Out of these, 53 per cent revenue cases were pending for more than six months but less than one year.

²⁷ 225 Courts in districts and 9 Commissioner and Additional Commissioner Courts.

²⁸ Tehsil, District, Revenue Board.

²⁹ 932 cases were pending in Board of Revenue, 23,412 revenue cases were pending in Garhwal Mandal and 11,343 revenue cases were pending in Kumaun Mandal Courts.

Further, 44 *per cent* cases were pending for periods between three years and more than 15 years. This pendency indicated following deficiencies in the land revenue courts in the State.

2.8.3 Disposal of revenue cases

For facilitating early resolution of pending revenue cases, the Chairman, Board of Revenue, fixed targets (September 2012) of nearly 150³⁰ *per cent* of the total instituted cases. Records showed that the set target was under achieved by approximately 50 *per cent* during the years 2013-14 and 2014-15.

In order to find out the proximate causes of pendency of revenue cases, files of 125 revenue cases of Dehradun³¹ and Almora³² districts were scrutinized from amongst the cases finalized in the last three years. The details of average time taken by the selected courts for disposing of the cases are given in **Table 2.8.2:**

Table 2.8.2: Detail of average time taken by the revenue courts

(in months)

Districts	Average time taken in to dispose of the case		
	DM Courts	SDM Courts	Tehsil Courts
Dehradun	69	20	14
Almora	13	22	5

Scrutiny of these cases showed that the petitioner had to run from pillar to post many times for getting justice done, causing mental harassment for a longer period of time on account of visiting the Court many times. Overall, there is wastage of time of both the litigants and the Courts. Further, it was observed that the pendency of cases in Revenue Court had several reasons which are discussed in the succeeding paragraphs. (*Please refer paragraphs 2.8.4 to 2.8.6*). These facts were also accepted by the Department.

2.8.4 Strike of advocates/hartals/ bandhs

In order to reduce the pendency of revenue cases, the Uttarakhand High Court, Nainital directed (November 2014) all the presiding officers of the Courts that “Judicial work should not be affected due to strike of advocates”. The Board of revenue also directed that the Commissioners and District Magistrates should establish co-ordination with the association of advocates to ensure that revenue court work is not hampered and number of sittings is maximized.

Audit observed that frequent strikes by advocates were delaying the hearings of revenue court cases. Scrutiny of records further showed that the Chief Revenue Commissioner (CRC) Court and the Kumaon Commissioner Court remained closed for 213 days and

³⁰ Total instituted cases during the year and 50 *per cent* pendency of previous cases.

³¹ Dehradun-DM court, two SDM courts and three tehsil courts.

³² Almora-DM court, eight SDM courts and nine tehsil courts.

176 days respectively from April 2012 to March 2015 due to strike of advocates and various other reasons³³ as given in **Table 2.8.3**:

Table 2.8.3: Details of year-wise breakup of days on which revenue court was closed during the periods 2012-15.

Year	Board of Revenue (CRC)	Kumaun Commissioner court
2012-13	80	21
2013-14	92	74
2014-15	41	81
Total	213	176

It was further noticed that during the period April 2012 to March 2015 the Revenue courts in Pithoragarh District could perform judicial activities on an average 58 days against 103 average working days in a year due to strike. No action was taken so far to achieve the target of 150 *per cent*. The Chairman, Board of Revenue accepted the facts.

2.8.5 Shortages of presiding officers

Presiding Officers³⁴ of respective revenue courts are key to quick disposal of the cases. However, it was found that against the sanctioned posts of 106 and 135 of Tehsildars and Naib Tehsildars, men in position was only 50 and 76 respectively in these cadres. Further, four out of 14 posts of Additional District Magistrate were also vacant. The shortage of Presiding Officers also led to the buildup of pendency of cases in the revenue courts.

2.8.6 Inspection of revenue courts

The Chief Secretary had issued directives (January 2013) to all the Commissioners and District Magistrates to conduct annual inspections of revenue courts. It was also instructed that during their visit, the officers would review works like verification of revenue cases, collection of government dues, *bandobast* and *chakbandi*.

Records showed that inspections of these courts were not being carried out regularly by the above said authorities despite repeated instructions issued by the Chairman, Board of Revenue. However, the Chairman, Board of Revenue, had inspected courts four times in the last three years *i.e.* during 2012-15. In the Inspection reports, the Chairman had commented that “officers were neither taking interest in judicial work nor had proper knowledge of rules and regulations related to judicial work.” Directions in this regard were also issued to reduce the pendency of cases noticed in the revenue courts. However, revenue courts did not follow the directions of Chairman to reduce the pendency of the cases.

³³ Bandh/ Hartal/Strike of employees.

³⁴ Chairman of the Board, Commissioners, Additional Commissioners, DM, ADM, SDM, Tehsildar and Naib-Tehsildar.

The Chairman, while accepting the facts, stated that presiding officers have been directed to attend the courts on more days than they normally do in order to reduce the pendency of land revenue cases.

2.8.7 Lok Adalats

In accordance with the directions received from the National Legal Services Authority, the State Legal authorities were to organize monthly Lok Adalats in their respective Courts on the specialized subject matters by constituting a Lok Adalat Bench for quick disposal of the cases. Audit found that no efforts were made by the Revenue Courts in the State to organize and conduct Lok Adalats.

On this being pointed out, the Chairman, Board of Revenue stated that due to low pendency of cases; such Lok Adalats were not formed. Reply is not convincing as the same authority had, in view of increasing number of pendency of cases, set targets for the settlement of nearly 150 *per cent* of instituted cases in a year thereby, indicating that the department, by choosing not to organize Lok Adalats, had missed an opportunity to provide speedy resolution of land revenue related disputes.

2.8.8 Online System/Website and management of revenue cases

The Board of Revenue has a website³⁵ to provide information about its services. However, in respect of revenue cases, no online database had been maintained on the website.

On this being pointed out Board of revenue replied that a database relating court cases would be created in future in collaboration with the National Informatics Centre (NIC).

Thus, both the authorities and the petitioners were deprived of getting information about various revenue cases from the website.

Conclusion and Recommendation

The shortage of Presiding Officers and frequent strikes by advocates led to the buildup of pendency of cases in the revenue courts. Set target for disposal of revenue cases was under achieved by approximately 50 *per cent* during the years 2013-14 and 2014-15. As a result the pendency of revenue cases at various levels increased from 16,108 (April, 2003) to 34,209 cases (August 2015).

For the speedy disposal of the revenue cases, the Government/Department may consider to fill vacant posts of presiding officers. The Government may also explore holding of Lok Adalats to expedite disposal of pending cases.

³⁵ www.uk.revenue.gov.in.