

**Report of the  
Comptroller and Auditor General of India  
on  
Revenue Sector  
for the year ended 31 March 2016**



**Government of Assam**  
*Report No. 3 of 2017*

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## **PREFACE**

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2016 has been prepared for submission to the Governor of Assam under Article 151 of the Constitution of India.

The Report contains significant findings of audit of Receipts and Expenditure of major Revenue earning Departments under Revenue Sector conducted under the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those, which came to notice in the course of test audit during the period 2015-16 as well as those which came to notice in the earlier years, but could not be reported in the previous Audit Reports; instances relating to the period subsequent to 2015-16 have also been included, wherever necessary.

The Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.





## OVERVIEW

**This Report contains 38 draft paragraphs relating to non/short levy of taxes/duties/royalty, interest and penalty etc., loss of revenue, irregular exemption, unfruitful expenditure and other irregularities. It also contains a Performance Audit on 'Working of Transport Department', an Information Technology Audit of the Registration System 'e-Panjeeyan' and two Compliance Audit on - (i) 'Impact of Tax Exemptions to Industrial Units of Assam' and (ii) 'State Compensatory Afforestation Fund Management and Planning Authority'. Some of the major findings are mentioned below:**

### I. GENERAL

- The total receipts of the State for the year 2015-16 were ₹ 42,457.68 crore against ₹ 38,181.49 crore in the previous year. Of this, 30 *per cent* was raised by the State Government through tax revenue (₹ 10,106.49 crore) and non-tax revenue (₹ 2,741.56 crore). The balance 70 *per cent* was received from the Government of India in the form of State's share of net proceeds of divisible Union taxes (₹ 16,784.88 crore) and grants-in-aid (₹ 12,824.75 crore).

*(Paragraph 1.1)*

- Failure of senior officials to ensure timely replies and accountability resulted in 3,521 audit observations not being settled involving revenue implication of ₹ 7,169.23 crore at the end of June 2016.

*(Paragraph 1.6)*

- During the year 2015-16, only three Audit Committee meetings in respect of Environment and Forests, State Excise and Mines and Minerals departments were held in which 332 paragraphs were settled.

*(Paragraph 1.6.2)*

- Test check of records of 108 units of sales/value added tax, motor vehicles, state excise, forests, other tax and non-tax receipts conducted during the year 2015-16 revealed under assessment/short levy/short demand having revenue implication of ₹ 431 crore in 601 cases.

*(Paragraph 1.9.1)*

## **II. TAXES ON SALES, TRADE ETC.**

### **A Compliance Audit on ‘Impact of Tax Exemptions to Industrial Units of Assam’ revealed the following:**

- Tax exemptions of 200 *per cent* were allowed to Mega Projects, despite the decision taken by the Task Force of the Empowered Committee of Finance Ministers constituted by the Government of India (GoI) that incentives should generally be in the range of 25-50 *per cent* and that, only in the rarest of rare cases, should 100 *per cent* incentive should be granted.

*(Paragraphs 2.4.6 & 2.4.10.2)*

- Though substantial tax incentives (200 *per cent*) were granted to Mega Projects, the employment generated by them was far below that generated by Small/Medium/Large scale industries receiving lesser tax incentives.

*(Paragraph 2.4.12.2)*

- There was loss of revenue of ₹ 34.80 crore on account of irregular grant of entry tax exemptions not provided for under the Industrial Policy, 2008 while tax exemptions of ₹ 110.34 crore were granted irregularly to two Mega Projects.

*(Paragraphs 2.4.10.1 & 2.4.11)*

- Despite the judgment of Supreme Court prohibiting the coverage of certain activities under the term ‘manufacture’, tax exemptions, aggregating ₹ 78.48 crore, were irregularly granted to 45 ineligible industries.

*(Paragraph 2.4.9)*

- No mid-course corrections were initiated in regard to tax incentives.

*(Paragraph 2.4.7)*

### **Other audit observations**

- Acceptance of purchase price of coal at rates lower than that applicable at the source of coal in Meghalaya led to short levy of tax by ₹ 14.67 crore on which interest of ₹ 8.57 crore was additionally leviable.

*(Paragraph 2.6)*

- Two dealers declared a portion of the turnover as exempted sales/applied lower rate of tax resulting in short levy of tax by ₹ 1.88 crore on which interest of ₹ 88.41 lakh was additionally leviable.

*(Paragraph 2.7)*

- Concealment of turnover by a dealer and failure of the Assessing Officer (AO) to detect the same resulted in tax of ₹ 54.73 lakh remaining unrealised on which interest of ₹ 22.99 lakh was additionally leviable.

*(Paragraph 2.8)*

- Irregular allowance of concessional rate of tax against declaration forms issued by an unregistered dealer resulted in short levy of tax of ₹ 31.78 lakh on which interest of ₹ 19.07 lakh was additionally leviable.  
*(Paragraph 2.9)*
- Incorrect grant of concession against invalid declaration form led to revenue of ₹ 28.39 lakh including interest remaining unrealised.  
*(Paragraph 2.10)*
- Assessment of purchase price of coal at lower rates led to short determination of turnover and consequent non-realisation of entry tax of ₹ 2.29 crore on which interest of ₹ 1.58 crore was additionally leviable.  
*(Paragraph 2.11)*
- Determination of purchase turnover without considering the freight charges resulted in short determination of turnover and consequent short levy of tax of ₹ 1.73 crore.  
*(Paragraph 2.12)*
- Failure of the AO to bring all taxable goods imported under the tax net resulted in entry tax of ₹ 61.63 lakh including interest remaining unrealised.  
*(Paragraph 2.13)*
- Failure to register two dealers under the Assam Entry Tax Act, 2001 resulted in entry tax of ₹ 29.34 lakh (including interest) remaining unrealised.  
*(Paragraph 2.14)*
- Application of incorrect rate of tax resulted in short payment of entry tax of ₹ 13.91 lakh on which interest of ₹ 9.39 lakh was additionally leviable.  
*(Paragraph 2.15)*

### III. STATE EXCISE

- Revenue of ₹ 1.02 crore was not realised against damaged stock allowed for destruction.  
*(Paragraph 3.4)*
- Revenue of ₹ 70.70 lakh involved in stock of India Made Foreign Liquor (IMFL) damaged in fire was not recovered despite specific orders of the Commissioner of Excise.  
*(Paragraph 3.5)*
- Three bonded warehouses, one bottling unit, two retail 'OFF' and three 'ON' bar licencees did not pay the annual licence fees resulting in licence fees of ₹ 34.17 lakh not being realised.  
*(Paragraph 3.6)*

- Short realisation of excise duty of ₹ 31.90 lakh on IMFL/Wine/Beer issued to the retailers by two bonded warehouses.  
*(Paragraph 3.7)*
- Stock of IMFL/Beer/Wine was irregularly deducted from the stock register resulting in evasion of revenue of ₹ 29.56 lakh.  
*(Paragraph 3.8)*
- Irregular allowance of godown wastage leading to revenue of ₹ 23.38 lakh not being realised.  
*(Paragraph 3.9)*
- Five consignments of IMFL were not accounted for by two bonded warehouses on which demand was not raised by the Superintendents of Excise resulting in revenue of ₹ 14.21 lakh remaining unrealised.  
*(Paragraph 3.10)*
- Non-monitoring of stock of IMFL held by a bonded warehouse and enhancement of bond limit without realising the balance licence fees resulted in short realisation of licence fees of ₹ 7.50 lakh.  
*(Paragraph 3.11)*

#### **IV. MOTOR VEHICLE TAXES**

**A Performance Audit on ‘Working of Transport Department’ revealed the following:**

- Due to the absence of a mechanism to review the combined register at periodical intervals, the concerned district transport offices could not detect non-payment of tax of ₹ 2.94 crore by the vehicle owners.  
*(Paragraph 4.2.8)*
- Fitness fee of ₹ 1.28 crore could not be recovered due to not verifying the fitness of the vehicles at the due time.  
*(Paragraph 4.2.9)*
- Failure to renew the licences of Agents of Goods and Passenger Vehicles resulted in renewal license fee of ₹ 73.60 lakh not being realised.  
*(Paragraph 4.2.11)*
- Inadequate existence of internal control system led to misappropriation and not-depositing of Government revenue.  
*(Paragraph 4.2.29)*

## V. ENVIRONMENT AND FORESTS

### A Compliance Audit on ‘State Compensatory Afforestation Fund Management and Planning Authority (State CAMPA)’ revealed the following:

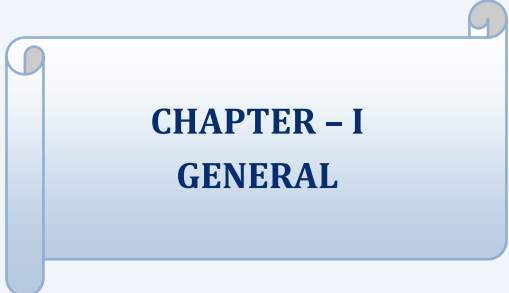
- Discrepancy on remittance of fund of ₹ 90.57 crore received from user agencies had not been reconciled.  
(Paragraph 5.4.6)
- Short realisation of Net Present Value (NPV) of ₹ 24.54 crore from user agencies for diversion of forest land for non-forest purpose.  
(Paragraph 5.4.6)
- Non-remittance of ₹ 17.41 crore to *Ad-hoc* CAMPA received from user agencies.  
(Paragraph 5.4.7.1)
- State CAMPA incurred expenditure of ₹ 53.50 lakh towards purchase of vehicles and repair of Forest Inspection *Bungalow* in violation of CAMPA guidelines.  
(Paragraph 5.4.7.5)
- There was failure of plantation in 3,256.50 hectares involving expenditure of ₹ 6.51 crore due to non-release of fund in time for maintenance.  
(Paragraph 5.4.7.5)

## VI. STAMP DUTY AND REGISTRATION FEE

### An Information Technology Audit of the Registration System ‘*e-Panjeeyan*’ revealed the following:

- The full features of computerisation of the Registration application ‘*e-Panjeeyan*’ are yet to be implemented, even five years after the system was rolled out in September 2011.  
  
Lack of integration with the Land Records Application made the system vulnerable to unauthorised processing, with even government land being sold to individuals.  
(Paragraph 6.2.9.1)
- The Post Data Module remained non-functional, due to lack of inter-connectivity among the Sub-Registrar Offices and the Data Centre, as a result of which, data backup is not being maintained properly at the Data Centre.  
(Paragraph 6.2.9.2)

- No concrete steps have been taken to update the Legacy Data.  
*(Paragraph 6.2.9.3)*
- Flaws in System Design and inappropriate Programme Formulae resulted in manual entries of Registration Fee.  
*(Paragraph 6.2.11.3)*
- Absence of Input Controls and Validation Checks led to inadequate assurance regarding the completeness and validity of data.  
*(Paragraph 6.2.12)*
- Inadequate security controls resulted in modification of registration details without authorisation by superior officers.  
*(Paragraph 6.2.13)*



**CHAPTER - I**  
**GENERAL**







## CHAPTER-I: GENERAL

### 1.1 Trends of Revenue Receipts

**1.1.1** The tax and non-tax revenue raised by the Government of Assam (GoA) during the year 2015-16, the State's share of net proceeds of divisible Union taxes and duties assigned to State, Grants-in-aid received from the Government of India(GoI) during the year and the corresponding figures for the preceding four years are mentioned in **Table 1.1.1**.

**Table 1.1.1**  
**Trend of Revenue Receipts**

(₹ in crore)						
Sl. No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
<b>1.</b>	<b>Revenue raised by the State Government</b>					
	• Tax revenue	7,638.23	8,250.21	8,994.92	9,449.81	10,106.49
	• Non-tax revenue	2,866.76	2,473.59	2,705.03	2,412.89	2,741.56
	<b>Total</b>	<b>10,504.99</b>	<b>10,723.80</b>	<b>11,699.95</b>	<b>11,862.70</b>	<b>12,848.05</b>
	Percentage of increase over previous year	--	2.08	9.10	1.39	8.31
<b>2.</b>	<b>Receipts from Government of India</b>					
	• Share of net proceeds of divisible Union taxes and duties	9,283.53	10,601.26	11,574.52	12,283.71	16,784.88 <sup>1</sup>
	• Grants-in-aid	7,666.87	9,365.92	8,938.32	14,035.08	12,824.75
	<b>Total</b>	<b>16,950.40</b>	<b>19,967.18</b>	<b>20,512.84</b>	<b>26,318.79</b>	<b>29,609.63</b>
<b>3.</b>	<b>Total receipts of the State Government (1 and 2)</b>	<b>27,455.39</b>	<b>30,690.98</b>	<b>32,212.79</b>	<b>38,181.49</b>	<b>42,457.68</b>
<b>4.</b>	<b>Percentage of 1 to 3</b>	<b>38</b>	<b>35</b>	<b>36</b>	<b>31</b>	<b>30</b>

*Source: Finance Accounts.*

<sup>1</sup> Note: For details, please see statement No.14: Detailed accounts of revenue by minor heads in the Finance Accounts (Volume-2) of Government of Assam for the year 2015-16. Figures under the "share of net proceeds assigned to States" under the major heads -0020-corporation tax, 0021- taxes on income and expenditure, 0028- Other Taxes on Income and Expenditure, 0032-taxes on wealth, 0037-customs, 0038-union excise duties, 0044-service taxes and 0045-other taxes and duties on commodities and services booked in the Finance Accounts under 'A- tax revenue' have been excluded from revenue raised by the State Government and included in 'States' share of divisible Union taxes' in the above table.

The above table indicates that during the year 2015-16, the revenue raised by the State Government (₹ 12,848.05 crore) was 30 per cent of the total revenue receipts as against 31 per cent during the previous year. The balance 70 per cent of the receipts during 2015-16 was from the GoI.

**1.1.2** Details of tax revenue raised during the period 2011-12 to 2015-16 are given in **Table 1.1.2**.

**Table 1.1.2**  
**Tax revenue**

(₹ in crore)

Sl. No.	Head of revenue	2011-12		2012-13		2013-14		2014-15		2015-16		Percentage of increase (+)/ decrease (-) in 2015-16 over 2014-15	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual
1.	Taxes on sales, trade etc.	4,875.00	5,693.96	5,980.76	6,223.13	6,835.05	6,848.01	8,367.50	7,351.25	9,810.55	7,493.72	17	02
2.	State Excise	400.00	503.35	530.00	568.11	609.05	610.26	763.72	664.99	878.77	807.96	15	22
3.	Stamp duty and Registration fees	145.00	175.15	151.18	252.29	211.94	251.51	554.33	188.51	362.19	224.83	(-35)	19
4.	Taxes and duties on electricity	41.11	36.67	46.64	41.83	49.24	40.54	56.44	44.00	58.38	48.64	03	11
5.	Taxes on vehicles	270.00	293.70	335.00	328.09	365.38	351.11	441.31	364.53	505.59	442.73	15	21
6.	Taxes on goods and passengers	411.20	536.39	492.75	369.10	482.11	413.89	504.27	396.94	596.00	583.12	18	47
7.	Other taxes on income and expenditure – Tax on professions, trades, callings and employments	166.00	164.27	187.16	168.31	181.08	186.36	235.05	191.28	268.36	182.93	14	(-) 04
8.	Other taxes and duties on commodities and services	10.99	11.76	13.32	71.11	36.09	47.60	110.39	54.92	68.54	61.09	(-38)	11
9.	Land revenue	141.62	139.71	160.81	145.91	140.34	155.65	201.64	142.32	224.14	229.46	11	61
10.	Taxes on agricultural income	105.00	83.27	111.61	82.33	73.50	89.99	110.77	51.07	119.88	32.01	08	(-) 37
	<b>Total</b>	<b>6,565.92</b>	<b>7,638.23</b>	<b>8,009.23</b>	<b>8,250.21</b>	<b>8,983.78</b>	<b>8,994.92</b>	<b>11,345.42</b>	<b>9,449.81</b>	<b>12,892.40</b>	<b>10,106.49</b>	<b>14</b>	<b>07</b>

*Source: Annual Financial Statement and Finance Accounts.*

The reasons for major variations in respect of tax revenues during 2015-16 over those of 2014-15 as reported by the concerned department(s) were as follows:

**State Excise:** The increase was mainly due to introduction of application fee, increase of different kind of license fee, *advalorem* levy, transport fee, import fee etc.

**Land Revenue:** The increase in land revenue in the year 2015-16 over the year 2014-15 was mainly due to classification of land.

**Stamp Duty and Registration Fees:** The increase of revenues in respect of the stamps (judicial) was mainly due to increase of legal procedures cases during 2015-16, so the sale of judicial stamp papers had increased over 2014-15. As regards, the registration fees and the stamps (non-judicial), the increase was mainly due to increase in registration of flats/properties in major towns during 2015-16.

The other departments did not intimate (January 2017) the reasons for increase/decrease though called for.

**1.1.3** Details of non-tax revenue raised during the period 2011-12 to 2015-16 are indicated in **Table 1.1.3**.

**Table 1.1.3**  
**Details of Non-tax revenue**

(₹ in crore)

Sl. No.	Head of revenue	2011-12		2012-13		2013-14		2014-15		2015-16		Percentage of increase (+) / decrease (-) in 2015-16 over 2014-15	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual
1.	Petroleum	1,741.33	1,970.63	2,582.96	1,589.55	2,285.09	1,791.31	3,200.02	1,421.15	3,200.06	1,672.03	0.001	18
2.	Interest receipts	523.69	475.93	503.21	510.21	544.90	418.61	628.63	313.99	515.76	298.80	(-)18	(-) 05
3.	Dairy development	0.21	0.22	0.25	0.49	0.28	0.48	9.61	0.43	0.59	0.07	(-)94	(-) 84
4.	Forestry and wildlife	183.82	152.85	158.71	110.56	195.17	100.92	136.22	115.99	124.34	117.30	(-)09	01
5.	Non-ferrous mining and metallurgical industries	1.41	0.85	1.00	1.10	1.08	0.48	1.35	0.96	0.60	3.31	(-)56	245
6.	Miscellaneous general services	500.06	0.24	0.01	0.01	30.15	60.02	0.01	268.50	73.94	4.81	7,39,300	(-) 98
7.	Major and medium irrigation projects	0.68	0.21	0.46	0.38	0.27	0.43	0.47	0.62	0.53	0.84	13	35
8.	Medical and public health	8.13	10.42	10.19	12.13	13.31	11.29	14.95	11.38	13.91	15.47	(-)07	36
9.	Co-operation	0.79	0.44	0.89	0.58	0.56	0.63	0.71	0.47	0.78	0.64	10	36
10.	Public works	4.52	3.12	3.81	3.32	3.63	2.01	4.09	1.14	2.47	3.84	(-)40	237
11.	Police	35.38	29.51	30.40	36.22	34.42	59.40	44.63	43.54	73.19	52.62	64	21
12.	Other administrative services	141.23	49.31	71.26	56.75	57.51	62.48	69.92	69.25	76.98	329.16	10	375
13.	Coal and lignite	35.95	26.34	35.52	43.95	50.00	38.76	54.15	51.22	47.75	32.58	(-)12	(-) 36
14.	Roads and bridges	91.43	79.19	27.37	52.62	101.12	50.40	64.83	42.18	62.10	28.69	(-)04	(-) 32
15.	Others	57.32	67.50	61.41	55.72	82.82	107.81	68.66	72.07	132.86	181.40	94	152
	<b>Total</b>	<b>3,325.95</b>	<b>2,866.76</b>	<b>3,487.45</b>	<b>2,473.59</b>	<b>3,400.31</b>	<b>2,705.03</b>	<b>4,298.25</b>	<b>2,412.89</b>	<b>4,325.86</b>	<b>2,741.56</b>	<b>01</b>	<b>14</b>

*Source: Annual Financial Statement and Finance Accounts.*

The reasons for major variations in respect of non-tax revenues during 2015-16 over those of 2014-15 as reported by the concerned department(s) were as follows:

**Department of Geology and Mining:** The increase in receipts under the head ‘Petroleum’ was due to increase in production. As regards, Non-ferrous mining and metallurgical industries, the increase was mainly due to increase in royalty rate and in respect of ‘coal and lignite’ the Department stated that the decrease was mainly due to decrease in production.

**Police:** The increase was mainly due to increase in sale proceeds by auctioning of old vehicles, battery, etc. and scrap materials like tyres, tubes and empty bullet cartridges; collection of cost against deployment of police guards in various establishments; realisation of house rent from police personnel for occupying Government quarters; and realisation of rent from banks for installations of ATMs within the office campuses of the Superintendents of Police/Commandants.

The other departments did not intimate (January 2017) the reasons for increase/decrease though called for.

### 1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2016 in respect of the Taxation Department, State Excise Department and Mines and Minerals Department amounted to ₹ 4,924.36 crore of which ₹ 2,048.14 crore was outstanding for more than five years, as detailed in the **Table – 1.2**.

**Table 1.2**  
Arrears of revenue

(₹ in crore)

Sl. No.	Heads of Revenue	Name of Department	Total Amount outstanding as on 31 March 2016	Amount outstanding for more than five years as on 31 March 2016	Replies of the Department
1.	Agricultural Income Tax (0022)	Taxation Department	55.35	8.90	The total arrear outstanding as on 31 March 2016 of ₹ 4,921.65 crore attributable to: <ul style="list-style-type: none"> <li>▪ Some amount of dues become arrears when the amount is not paid by the dealers on due date. The assessing officer issue notices to the defaulters for payment of arrears.</li> <li>▪ For amount which cannot be realised by the assessing officers <i>in spite</i> of all efforts, arrear certificates are issued by the assessing officers to the <i>Bakijai</i> Officers for realisation of the amount and these amounts remain as arrear with Superintendent of Taxes (Recovery) till recovery of arrear amount.</li> </ul>
2.	Professional Tax (0028)		2.21	1.71	
3.	Specified Land (0029)		1,885.44	1,007.47	
4.	Sales Tax (0040)		2,754.45	870.85	
5.	Entry Tax (0042)		220.35	153.31	
6.	Other Taxes on Commodity and Services (0045)		3.85	3.22	

Sl. No.	Heads of Revenue	Name of Department	Total Amount outstanding as on 31 March 2016	Amount outstanding for more than five years as on 31 March 2016	Replies of the Department
					<ul style="list-style-type: none"> <li>▪ Pending of cases involving arrear of revenue in High Court/ Supreme Court/ Board of Revenue and with Appellate / Revision Authority.</li> <li>▪ Untraceability of dealers.</li> </ul>
7.	State Excise (0039)	Excise Department	1.58	1.58	Though Excise levies are prepaid, due to non-payment of renewal licence fee by M/s Nixil Pharmaceuticals, Balipara, Tezpur, the total arrear outstanding as on 31 March 2016 of ₹ 1.57 crore and the same is non-functional.
8.	Non-ferrous Mining and Metallurgical Industries (0853)	Mines and Minerals Department	1.13	1.10	Non-payment of royalty on limestone by NECEM Cements Ltd. and Vinay Cements Ltd.
<b>Total</b>			<b>4,924.36</b>	<b>2,048.14</b>	

The reply is not acceptable as the reply is general and the fact remains that recovery of ₹ 2,048.14 crore was pending for more than five years and no efforts were being made to recover them. Arrears of ₹ 4,924.36 crore were pending with the departmental authorities.

### 1.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessments, cases disposed of during the year and number of cases pending for finalisation at the end of the year as furnished by the Sales Tax Department in respect of Sales Tax, Motor Spirit Tax, Luxury Tax and Tax on works contract were as given in **Table 1.3**.

**Table 1.3**  
**Arrears in assessments**

Head of revenue	Opening Balance as on 01 April 2015	New cases due for assessments during 2015-16	Total assessment due	Cases disposed of during 2015-16	Balance at the end of the year	Percentage of disposal (col. 5 to col. 4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Sales Tax (AGST/VAT /CST)	17,377	17,074	34,451	17,617	16,834	51.14
APTC & E Tax Act	31,258	41,221	72,479	47,033	25,446	64.89
Entry Tax	3,359	1,850	5,209	1,871	3,338	35.92

Head of revenue	Opening Balance as on 01 April 2015	New cases due for assessments during 2015-16	Total assessment due	Cases disposed of during 2015-16	Balance at the end of the year	Percentage of disposal (col. 5 to col. 4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Luxury Tax	458	462	920	495	425	53.80
Electricity Duty Act	2,015	910	2,925	517	2,408	17.68
Specified Land	838	865	1,703	1,189	514	69.82
Agricultural Income Tax	978	762	1,740	699	1,041	40.17
<b>Total</b>	<b>56,283</b>	<b>63,144</b>	<b>1,19,427</b>	<b>69,421</b>	<b>50,006</b>	<b>58.13</b>

Thus, the assessments pending at the end of the year decreased over the opening balance in respect of all the Acts except Electricity Duty Act and Agricultural Income Tax Act. The percentage disposal against Electricity Duty Act was particularly very poor. Further, the overall percentage of completion of assessment remained at the level of about 58 per cent.

#### 1.4 Evasion of tax detected by the Department

The details of cases of evasion of tax detected by the Taxation Department and State Excise Department, cases finalised and the demands for additional tax raised as reported by the departments are given in **Table 1.4**.

**Table 1.4**  
Evasion of tax

Head of revenue	Cases pending as on 31 March 2015	Cases detected during 2015-16	Total	Number of cases in which assessment/ investigation completed and additional demand with penalty etc. raised.		Number of cases pending for finalisation as on 31 March 2016
				Number of cases	Amount of demand (₹ in crore)	
Sales Tax/ VAT	255	2,069	2,324	2,033	13.40	291
State Excise	03	01	04	04	43.94	--
<b>Total</b>	<b>258</b>	<b>2,070</b>	<b>2,328</b>	<b>2,037</b>	<b>57.34</b>	<b>291</b>

Thus, the departments detected 2,070 cases of evasion of taxes and raised additional demand of ₹ 57.34 crore during the year. However, the cases pending at the end of the year stood at 291 against the opening balance of 258.

#### 1.5 Pendency of refund cases

The number of refund cases pending at the beginning of the year 2015-16, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2015-16, as reported by the Department is given in **Table 1.5**.

**Table 1.5**  
**Details of pendency of refund cases**

Sl. No.	Particulars	Sales Tax/VAT	
		No. of cases	Amount
1.	Claims outstanding at the beginning of the year	56	11.17
2.	Claims received during the year	107	15.88
3.	Refunds made during the year	106	8.61
4.	Balance outstanding at the end of the year	57	18.44

Assam Value Added Tax Act 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 the order and thereafter at the rate of 1.5 *per cent* per month till the refund is made. Thus, the Department needs to put in place a mechanism for monitoring the pendency of refund cases to ensure that there is no delay in refund of dues.

### 1.6 Response of Government/departments towards audit

The Accountant General (Audit), Assam (AG) 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 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 AG within one month from the date of issue of the IRs. Serious financial irregularities are reported to the heads of the Department and the Government.

IRs issued upto December 2015 disclosed that 3,521 paragraphs involving ₹ 7,169.23 crore relating to 918 IRs remained outstanding at the end of June 2016 as mentioned below, alongwith the corresponding figures for the preceding two years in **Table 1.6**.

**Table 1.6**  
**Details of pending Inspection Reports**

	June 2014	June 2015	June 2016
Number of IRs pending for settlement	811	867	918
Number of outstanding audit observations	3,216	3,281	3,521
Amount of revenue involved (₹ <i>in crore</i> )	6,991.70	6,943.11	7,169.23

**1.6.1** The Department wise details of the IRs and audit observations outstanding as on 30 June 2016 and the amounts involved are mentioned in the **Table 1.6.1**.



**Table 1.6.1**  
**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 (Taxation)	Taxes on Sales, Trade etc.	217	1,340	526.83
		Agricultural Income Tax	14	40	8.52
		Other Taxes	95	273	73.16
2.	Excise	State Excise	102	444	289.86
3.	Transport	Taxes on Motor Vehicles	114	384	48.69
4.	Stamp and Registration	Stamp Duty and Registration Fees	91	181	7.67
5.	Mines and Minerals	Non-ferrous mining and metallurgical industries	12	63	6,042.87
6.	Environment and Forests	Forestry and Wildlife	273	796	171.63
<b>Total</b>			<b>918</b>	<b>3,521</b>	<b>7,169.23</b>

Audit did not receive even the first replies from the heads of offices within one month from the date of issue of the IRs, for 105 IRs issued during 2015-16. 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 action to rectify the defects, omissions and irregularities pointed out by the AG in the IRs.

### 1.6.2 Departmental audit committee meetings

The Government sets up audit committees to monitor and expedite the progress of the settlement of the IRs and paragraphs in the IRs. The details of the audit committee meetings held during the year 2015-16 and the paragraphs settled are mentioned in **Table 1.6.2**.

**Table 1.6.2**  
**Details of Departmental audit committee meetings**

(₹ in crore)

Sl. No.	Head of revenue	Number of meetings held	Number of paras settled	Amount
1.	Environment and Forests	01	298	12.20
2.	State Excise	01	32	0.21
3.	Geology and Mining	01	02	--
<b>Total (Revenue and Expenditure)</b>		<b>03</b>	<b>332</b>	<b>12.41</b>

Thus, 332 paragraphs could be settled in respect of the above three departments through the audit committee meetings held during the year. Further, an analysis of the outstanding paragraphs indicated that major outstanding objections related to the Taxation Department. The Taxation Department and also the other departments, thus, need to move more audit committee meetings at regular intervals so that the arrears in settlement of audit observations of IRs could be cleared.

### 1.6.3 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 AG to the Principal Secretaries/Secretaries of the concerned Department, 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.

Besides 40 draft paragraphs, a Performance Audit (PA) on 'Working of Transport Department', an Information Technology (IT) Audit of the Registration System 'e-Panjeeyan' and two Compliance Audits on (i) 'Impact of Tax Exemptions to Industrial Units of Assam' and (ii) 'State Compensatory Afforestation Fund Management and Planning Authority (State CAMPA)' were sent to the Principal Secretaries/Secretaries of the respective departments between April and September 2016. The departments/ Directorates did not provide replies to 23 draft paragraphs despite requests and the same have been incorporated in this Report without the response of the Department. The replies furnished by the departments/Directorates has been appropriately incorporated in the respective paragraphs. Further, Excise Department had recovered full objected amount of ₹ 10.89 lakh in case of two draft paragraphs and the same have been suitably included in the results of audit.

### 1.6.4 Follow up on the Audit Reports

The internal working system of the Public Accounts Committee (PAC), 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 Reports, for consideration of the Committee. In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately. 174 paragraphs (including PA) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Assam for the years ended 31 March 2011-15 were placed before the State Legislature Assembly between March 2012 and July 2016. In none of the cases, *suo-motu* reply of the Departments was received within the stipulated date.

During 2015-16, the PAC discussed one PA pertaining to the Audit Report for the year 2011-12 and a standalone Report on "Kaziranga National Park – Issues and Challenges". No recommendation of the PAC has been received in this year.

## 1.7 Analysis of the mechanism for dealing with the issues raised by audit

To analyse the system of addressing the issues highlighted in the IRs/Audit Reports by the departments/Government, the action taken on the paragraphs and PAs included in the Audit Reports of the last five years for one Department is evaluated in detail and included in this Audit Report.

The succeeding paragraphs 1.7.1 and 1.7.2 discuss the performance of **Environment and Forests Department** in respect of the cases detected in the course of local audit during the last five years and also the cases included in the audit reports for years 2010-11 to 2014-15.

### 1.7.1 Position of Inspection Reports

The summarised position of IRs issued during the last five years, paragraphs included in these reports and their status as on 31 March 2015 are tabulated in **Table 1.7.1**.

**Table 1.7.1**  
**Position of IRs**

(₹ in crore)

Year	Opening Balance			Addition during the year			Clearance			Closing Balance		
	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value
2010-11	267	797	127.75	24	140	24.89	01	08	0.37	290	929	152.27
2011-12	290	929	152.27	20	107	72.45	61	246	49.64	249	790	175.08
2012-13	249	790	175.08	18	83	31.60	00	01	0.37	267	872	206.31
2013-14	267	872	206.31	29	126	11.42	09	14	0.56	287	984	217.17
2014-15	287	984	217.17	23	67	4.25	42	236	25.99	268	815	195.43

The Government arranges audit committee meetings between the Department and AG's office to settle the old paragraphs. As would be evident from the above table, against 267 outstanding IRs with 797 paragraphs as on start of 2010-11, the number of outstanding IRs increased to 268 with 815 paragraphs at the end of 2014-15.

### 1.7.2 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last five years, those accepted by the Department and the amount recovered are mentioned in **Table 1.7.2**.

Table 1.7.2

						(₹ in crore)
Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted including money value	Money value of accepted paragraphs	Amount recovered	Cumulative position of recovery of accepted cases as of 31 March 2016
2010-11	04	2.48	02	1.12	Nil	Nil
2011-12	01 <sup>2</sup>	1,154.43	--	Nil	NA	
2012-13	--	--	--	--	--	
2013-14	12 <sup>3</sup>	28.93	03	24.17	Nil	
2014-15	06 <sup>4</sup>	8.68	02	0.29	Nil	

It is evident from the above table that the progress of recovery even in accepted cases was very slow during the last five years. The Department may take immediate action to pursue and monitor recovery of the dues involved at least in the accepted cases.

### 1.7.3 Action taken on the recommendations accepted by the departments/ Government.

The PAs conducted by the AG (Audit) are forwarded to the concerned departments/Government with a request to furnish their replies. These PAs are also discussed in the exit conference and the department's/Government's views received during the exit conferences and at other points are included while finalising the PAs for the Audit Reports. Besides, recommendations are also suggested through compliance audit paragraphs wherever appropriate.

During 2013-14, a PA titled "Kaziranga National Park - Issues and Challenges" was carried out, wherein 39 recommendations were suggested to the Environment and Forests Department. However, the information on action taken/action proposed to be taken on the recommendations including their current status have not been intimated to audit. The Department needs to follow up these so that the deficiencies mentioned in the PA can be rectified and their recurrence prevented.

## 1.8 Audit Planning

The unit offices under various Departments are categorised into high, medium and low risk units according to their revenue position, past trends of the audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter-alia* includes critical issues in Government Revenue and tax administration *i.e.* budget speech, white paper on state finances, Reports of the Finance Commission

<sup>2</sup> "Performance Audit on Forest Receipts" - a standalone report.

<sup>3</sup> Including Standalone PA Report – "Kaziranga National Park- Issues and Challenges"

<sup>4</sup> Including a Theme Based Audit 'Planning and Financial management of Major wildlife areas in Assam – Impact on Conservation efforts'

(State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, factors of the tax administration, audit coverage and its impact during past five years etc.

During the year 2015-16, there were total 360 auditable units, of which 111 units were planned and 108 units had been audited, which is 30 *per cent* of the total auditable units.

Besides the compliance audit mentioned above, one PA, one IT Audit and two Compliance Audits as mentioned in paragraph 1.6.3, were also taken up.

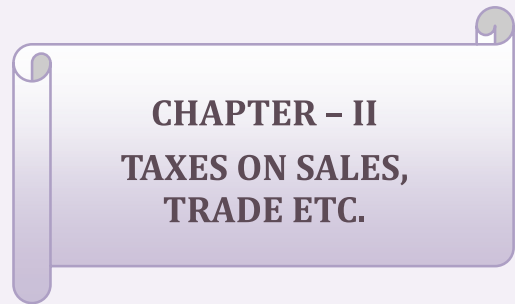
## **1.9 Results of Audit**

### **1.9.1 Position of local audit conducted during the year**

Test check of the records of 108 units of Sales Tax/Value Added Tax, State Excise, Motor Vehicles, Forest and other Departmental offices conducted during the year 2015-16 showed under assessment/short levy/loss of revenue aggregating ₹ 431 crore in 601 cases. During the course of the year, the departments concerned accepted under assessment and other deficiencies of ₹ 65.89 lakh involved in 10 cases which were pointed out in audit during 2015-16. The departments collected ₹ 94.99 lakh in 40 cases during 2015-16, pertaining to the audit findings of previous year and during 2015-16.

### **1.9.2 Coverage of this Report**

This Report contains 38 paragraphs suitably clubbed into appropriate captions (selected from the audit detections made during the local audit referred to above and during earlier years, which could not be included in earlier reports), a PA on 'Working of Transport Department', an IT Audit of the Registration System '*e-Panjeeyan*' and two Compliance Audits on (i) 'Impact of Tax Exemptions to Industrial Units of Assam' and (ii) 'State Compensatory Afforestation Fund Management and Planning Authority (State CAMPA)', involving financial effect of ₹ 338.90 crore of which the departments accepted cases involving revenue of ₹ 11.81 crore and recovered ₹ one lakh. In addition, financial irregularities of ₹ 1.20 crore were accepted by the Chief Executive Officer, State CAMPA. These are discussed in succeeding Chapters II to VI.

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**CHAPTER - II**  
**TAXES ON SALES,**  
**TRADE ETC.**





## CHAPTER – II: Taxes on sales, trade etc.

### 2.1 Tax Administration

The Finance (Taxation) Department is responsible for the administration of taxes on sales, trade etc., in the State. The Commissioner of Taxes (CT) is the Head of the Department and responsible for administration of all taxation measures and for general control and supervision over the zonal and unit offices and the staff engaged in collection of taxes and to guard against evasion of taxes. He is also the authority for disposing of revision petitions under all taxation acts and laws besides providing clarification under Assam Value Added Tax (AVAT) Act, 2003. He is assisted by Additional Commissioner of Taxes, Joint Commissioners of Taxes, Deputy Commissioners of Taxes, Assistant Commissioner of Taxes (AsCT), Superintendents of Taxes, Inspectors of Taxes both at the Headquarters and regional/unit levels. The Commissionerate of Taxes has one Head Office/Commissioner's Office, 10 Zonal Offices, five Appellate Offices, 34 unit Offices, 23 recovery Offices and 10 check posts.

The functioning of the Department is governed by the provisions of the AVAT Act, 2003 (*w.e.f.* 01.05.2005); the Central Sales Tax (CST) Act, 1956; the Assam Entry Tax Act, 2008 (*w.e.f.* 01.06.2008); the Assam Professions, Trades, Callings and Employments Taxation Act, 1947; the Assam Tax on Luxuries (Hotels and Lodgings Houses) Act, 1989; the Assam Amusement and Betting Taxation Act, 1939; the Assam Electricity Duty Act, 1964; the Assam Taxation (on Specified Lands) Act, 1990; the Assam Agricultural Income Tax Act, 1939 and various administrative orders issued from time to time.

### 2.2 Working of internal audit wing

Internal audit, a vital component of internal control mechanism, functions as 'eyes and ears' of the Department and is a vital tool which enables the management to assure itself that prescribed systems are functioning reasonably well.

It was observed that an Internal Audit Wing (IAW) was created by the Government in May 1988 with staff strength of eight internal auditors in the office of the CT, Assam. There was only one Senior Auditor in the IAW who has retired from service and, at present, there is no personnel in the Wing.



### 2.3 Results of audit

In 2015-16, test check of the records of 20 units relating to VAT/Sales tax assessments and other records showed turnover escaping assessment of tax and other irregularities involving ₹ 113.90 crore in 177 cases. Besides a Compliance Audit on ‘Impact of Tax Exemptions to Industrial Units of Assam’ was also conducted during the year involving revenue implication of ₹ 251.12 crore. These are mentioned in **Table – 2.1**.

**Table 2.1**  
**Results of Audit**

Sl. No.	Categories	Number of cases	Amount (₹ in crore)
<b>Sales Tax</b>			
1.	<b>A Compliance Audit on – ‘Impact of Tax Exemptions to Industrial Units of Assam’</b>	<b>01</b>	<b>251.12</b>
2.	Turnover escaping assessment	03	19.47
3.	Irregular grant of Input Tax Credit (ITC)	14	14.88
4.	Concealment of turnover	12	10.65
5.	Short levy of tax and interest	36	28.09
6.	Non-levy of tax and interest	20	2.09
7.	Irregular allowance of concessional rate of tax	16	4.56
8.	Other irregularities	48	26.00
<b>Total</b>		<b>150</b>	<b>356.86</b>
<b>Other Taxes</b>			
1.	Short/non-levy of Entry Tax	08	3.26
2.	Short/non-payment of interest	03	0.04
3.	Short/non-levy of Professional Tax	07	0.10
4.	Other irregularities	10	4.76
<b>Total</b>		<b>28</b>	<b>8.16</b>
<b>Grand Total</b>		<b>178</b>	<b>365.02</b>

During the course of the year, the Department accepted underassessment and other deficiencies of ₹ 30.02 crore in 73 cases which were pointed out in audit during 2015-16 and earlier years. An amount of ₹ 36.60 lakh was recovered in 18 cases during the year 2015-16 pertaining to earlier years.

A Compliance Audit on ‘**Impact of Tax Exemptions to Industrial Units of Assam**’ involving revenue implication of ₹ 251.12 crore and a few illustrative cases involving ₹ 34.32 crore are discussed in the following paragraphs.

## SECTION : A

### 2.4 A Compliance Audit on ‘Impact of Tax Exemptions to Industrial Units of Assam’

#### 2.4.1 Introduction

**2.4.1.1** With the introduction of the North East Industrial and Investment Promotion Policy (NEIIPP), 2007, the Government of India (GoI) approved a package of fiscal incentives and other concessions for the North Eastern Region. In synergy with the NEIIPP, the Government of Assam (GoA) rolled out special industrial incentives, comprising of various subsidies and exemptions, through the Industrial Policies (IPs), 2008<sup>1</sup> and 2014 (*hereinafter referred to as ‘Industrial Policies’, unless the specific year is mentioned*), both of which were rolled out for five-year periods<sup>2</sup>, with the primary purposes of creation of income and generation of employment in the State.

**2.4.1.2** The main aims and objectives of these IPs included *inter alia*:

- *generating economic development by accelerating the process of industrialisation;*
- *generating employment and increasing income by encouraging the establishment of micro enterprises;*
- *increasing the share of the industrial sector in the State Domestic Product;*
- *to make nature-economics centric development; and*
- *creating avenues for sustained growth and development of small scale and micro industries*

**2.4.1.3** This audit covers the period from 2010-11 to 2014-15, during which the IP, 2008 was in currency until 31 March 2014, while the IP, 2014 became applicable from 1 April 2014 onwards. It lays focus on these policies, as well as the cases finalised in terms of these policies.

**2.4.1.4** The admissible quantum of tax exemptions under the AVAT/CST Acts and the system of granting tax exemptions, to various categories of industrial units<sup>3</sup> engaged in the manufacture or production of goods in the State of Assam, is shown in **Appendix I(A) and I(B)**.

**2.4.1.5** In regard to eligibility of units for such tax exemptions, the IPs, unless otherwise specified, specify that:

<sup>1</sup> Preceded by five IPs, introduced in the years 1982, 1986, 1991, 1997 and 2003.

<sup>2</sup> IP, 2008 *w.e.f.* 1 October 2008 to 31 March 2014 (*this period includes an extension of six months*) and IP, 2014 *w.e.f.* 1 April 2014 to 31 March 2019.

<sup>3</sup> Industries specified in the First Schedule to the Industries (Development and Regulation) Act, 1951.

- A unit that is engaged in the manufacture or production of goods pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 is eligible.
- New Units set up on or after 1 October 2008 as well as existing units undergoing substantial expansion at the same place in the State of Assam on or after 1 October 2008 shall be eligible for incentives under IP, 2008 provided that for the units undergoing substantial expansion, the fiscal incentives will be only against the additional investments made on Plant and Machinery (P&M).
- A unit shall have employment of 80 *per cent* people of Assam in the managerial cadre and 90 *per cent* people of Assam in the non-managerial cadre and that over a period of five years from the commencement of commercial production, such unit would take all effective steps to ensure 100 *per cent* employment of people of Assam in non-managerial cadre and at least 90 *per cent* in managerial post.
- A unit availing grants/incentives from a Department/an Agency under the State/Central Government/foreign agencies shall not be eligible for similar type of incentives under this policy.
- Incentives/subsidies/concessions/financial support under this policy shall be applicable to units in the private sector, joint sector, co-operatives as well as units set up by State Government only.
- The non-eligible industries mentioned in the IP will not be eligible for any incentives under the IP.
- In case a new unit is promoted in the premises of an existing unit, it should be distinctly identifiable and be located in the open spaces available in the premises. The earlier unit in the premise should not be closed nor any P&M be dislodged from the earlier unit.
- Mega Projects with a minimum capital investment of ₹ 100 crore or generating a minimum of regular employment of 1,000 persons and having potential for development of ancillary industries based on their products.

**2.4.1.6** An interim study to assess and evaluate the impact of the NEIIPP was conducted by the North Eastern Development Finance Corporation Limited (NEDFi) in September 2010. The study discussed a number of issues and suggested some remedial measures in this regard.

**Out of the various subsidies and exemptions allowed by the GoA to the industrial units set up within the State, exemption of Sales Tax/VAT constitutes a major component, impacting the State exchequer in a substantive manner. Accordingly, a Compliance Audit was conducted, in order to examine the efficacy and effectiveness of the ‘Tax Exemptions granted to the Industrial Units of Assam’ and its impact on the State. The audit so conducted considered a number of issues, which are discussed in the succeeding paragraphs.**

## 2.4.2 Scope and Methodology of Audit

**2.4.2.1** The records pertaining to the period covered by the financial years 2010-11 to 2014-15, pertaining to IPs and grant of tax exemptions to the industrial units maintained in the office of the Commissioner & Secretary, Finance Department, GoA; Commissioner & Secretary, Industries & Commerce Department, GoA; Commissioner of Industries, Assam; the Managing Director (MD), Assam Industrial Development Corporation (AIDC); and the CT, Assam, were test checked between May and June 2016. In addition, audit team visited selected industries to ascertain the status regarding employment of local people and setting up of ancillary units, which both were major conditions for allowing tax exemptions.

**2.4.2.2** Audit observations made during the course of regular audit, as well as those appearing in the previous year's Audit Report, have been included at appropriate places in this study, to present a holistic picture of the tax exemptions granted to industrial units, covered under the IPs of Assam.

## 2.4.3 Audit objectives

This audit was conducted with a view to ascertain whether the benefits accrued through tax exemption had been reviewed periodically and Rules and guidelines under the IPs and system of granting tax exemption were adequate and effective.

## 2.4.4 Acknowledgement

The Indian Audit and Accounts Department acknowledges the co-operation of the Finance Department and the Industries & Commerce Department at the Government level and also the Commissioner of Industries, Assam, the MD, AIDC and the CT, Assam.

## 2.4.5 VAT collections vis-à-vis Exemptions

The year-wise position of tax exemptions granted, vis-a-vis VAT and CST collections during 2010-11 to 2014-15, was as mentioned in the following **Table - 2.2**.

**Table- 2.2**  
**Tax Exemptions vis-a-vis VAT and CST collections over last five years**

(₹in crore)

Year	Total VAT and CST collections	Exemptions granted	Percentage of exemptions on total VAT and CST collections	Percentage of growth of overall VAT and CST collections w.r.t previous year	Percentage of growth in exemptions w.r.t previous year
(1)	(2)	(3)	(4)	(5)	(6)
2010-11	4,318.60	160.83	3.72	--	--
2011-12	5,693.95	164.35	2.89	31.85	2.19
2012-13	6,223.13	182.97	2.94	9.29	11.33
2013-14	6,848.01	238.38	3.48	10.04	30.28
2014-15	7,351.25	263.55	3.59	7.35	10.56

Source: Information furnished by the CT, Assam

In reply to audit query regarding the total VAT and CST exemptions allowed year-wise, the Department stated that such information was not readily available and would have to be collected from the respective districts. This points towards the absence of MIS data at the headquarters of the Taxation Department and indicates that the Department was not monitoring the impact of tax exemptions *vis-a-vis* the total VAT and CST collections at the apex level.

Information collected from the CT, Assam indicated that the tax exemptions allowed during the period 2010-11 to 2014-15 registered a steady increase from ₹ 160.83 crore in 2010-11 to ₹ 263.55 crore in 2014-15. The amount may be expected to increase substantially when all the Mega Projects start commercial production. However, the percentage of tax exemptions allowed year-to-year, as a percentage of the total VAT and CST collections, remained within four *per cent*.

### **Audit findings**

#### **2.4.6 Meeting of Task Force (Working Group) on Incentives Schemes formed by the GoI**

In order to deliberate and come to some joint conclusions on incentives to industries, a meeting of the Task Force<sup>4</sup> of the Empowered Committee on Incentive Schemes was held on 3 July 2012 at the office of CT, Chennai. The following decisions were taken in the meeting:

- There is a need to curb the unhealthy competition in industrial incentives.
- In no State, should any tax-side incentives be given. If any incentive is given, it should be from the expenditure side, so that the actual expenditure on the incentive passes through the process of legislative scrutiny.
- The unhealthy competition is mainly in the area of Mega Projects and not in small scale industries. Such projects should be attracted by giving improved infrastructural support, such as interest free/concessional interest bearing loans, rather than by giving financial incentives.
- In no case should the industrial incentive exceed the amount of total capital investment made by the industry and further, 100 *per cent* incentive should be granted in rarest of rare cases and generally the incentives should not exceed 25–50 *per cent*.

There is nothing on record to show that any action was taken on the decisions taken by the Empowered Committee. Consequently, industries continued to reap the benefits of tax exemptions without any check.

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<sup>4</sup> Members – CTs and Addl. CTs of - Andhra Pradesh, Assam, Gujarat, Karnataka, Maharashtra, Odisha and Tamil Nadu; Secretaries of Governments of Tamil Nadu, Gujrat and Odisha.

#### 2.4.7 Absence of mid-term review/ ‘Outcome Budget’ of Policies

NEDFi, in its study (*para 2.4.1.7*) conducted in September 2010, had suggested setting of criteria/benchmarks to prevent misuse of policy benefits. Major findings of study are:

- There are many units that are not benefitting the economy of the region but are still operational and are getting benefits. Thus, criteria or benchmarks are necessary to prevent the misuse of IP.
- IP should support activities that have clear potential to attract other complimentary investment.
- Labour productivity needs to be measured for evaluation purposes.
- Maximising the likelihood of its contributing to economic growth.
- To ensure mistakes are not repeated and bad projects are automatically phased out .

Though there was grant of substantial financial incentives, the IPs had been laid down for mid term review of the achievement of the conditions attached to the industrial exemption.

In reply, the Commissioner of Industries and Commerce (CI&C) stated (December 2016) that the NEDFi study relates to implementation of NEIIPP, 2007 declared by GoI. Moreover, the policy is periodically reviewed by the District Level Committee (DLC) and the State Level Committee (SLC) and in every meeting, the committee takes some vital decisions in connection with the implementation of the policy and accrued benefits to the State, in terms of investment, industrialisation and employment generation.

Further, while replying to an audit query regarding maintenance of a database on tax exemptions, the Industries Department, as well as Commissioner of Industries, stated that no database of units closed down after availing the tax exemption benefits, was being maintained by the Department. It is noteworthy that absence of such a database automatically forecloses the possibility of any meaningful outcome budgeting.

The fact, however, remains that no record was furnished to audit to show that there was any system to monitor that the purpose for which tax exemptions were given was being achieved. Further, the database of the units closed down after exhaustion of tax benefits and unit-wise exemptions availed was not available with the Department, which indicated the absence of proper periodical reviews.

The Department may, therefore, consider taking steps to ensure periodical review, in order to prevent misuse of policy benefits by industries.

**2.4.8** In order to give effect to the IP, 2008, the Industries and Commerce Department had brought out operational guidelines specifying the procedures to be observed for obtaining Eligibility Certificate (EC) for availing the incentives provided in the Policy. As depicted in **Appendix-I (B)**, EC, pertaining to different categories of industries, falling under the Mega, Large, Medium, Small and Micro categories, are dealt by different agencies.

Test check of the system of grant of ECs to various categories of industries by the AIDC and the CI&C revealed the use of significantly different criteria for this purpose by both agencies, as mentioned in the following **Table - 2.3**.

**Table - 2.3**

Definition of 'fixed capital investment' (FCI)			FCI considered by	
As per NEIIPP	As per Policy of 2008	As per Policy of 2014	AIDC	CI&C
Value of P&M like the cost of industrial P&M as erected at site, including productive equipments such as tools, jigs, dies and moulds.	Investment in P&M or additional investment in P&M and building connected directly with manufacturing process.	Investment in P&M or additional investment in P&M and factory building.	P&M, buildings connected to manufacture, office buildings and staff quarters, equipment, accessories, components & fittings, electrical installations, utility installations, miscellaneous fixed assets (though the cases were finalised under Policy of 2008).	P&M and factory building directly connected to manufacture as per the Policy of 2008 ( <i>almost all the cases finalised were under the Policy of 2008</i> ).  <i>It was observed during test check of records that the CI&amp;C had instituted a mechanism for examining P&amp;M and also excluded a number of items, while allowing eligible amounts, such as for equipment, accessories, components and fittings, electrical installations, utility installations etc.</i>

It was observed that even though the NEIIPP took 'fixed capital investment' to mean 'plant and machinery', as erected at site, the Policies of 2008 and 2014 included factory buildings connected directly with the manufacturing process. Thus, inclusion of building without any linkage either with the production capacity or value of P&M led to undue aid to industries in the form of tax exemptions.

It was observed that there were variations in the methodology adopted by the AIDC and CI&C in calculating the amount of FCI, while issuing ECs. While CI&C generally examined cases as per the Policy of 2008, AIDC deviated from the Policy and included a number of elements, such as office buildings and staff quarters, equipment, accessories, components and fittings, electrical installations, utility installations, miscellaneous fixed assets etc., which were specifically excluded by the CI&C while calculating the FCI. However, the Industries and Commerce

Department, as well as the SLC, cleared the proposals despite the disparity in consideration of eligible elements between these two agencies.

Scrutiny of the ECs of the 63 units issued by the AIDC revealed that in 24 out of 63 cases (*i.e.* 38 *per cent* cases), elements inadmissible under the Policy of 2008, as stated above, were included while calculating the FCI, resulting in allowance of excess and irregular tax exemption of ₹ 27.50 crore. A detailed list of these cases is appended as **Appendix - II**.

The fact of irregular inclusion of inadmissible elements by the AIDC while calculating FCI, was also discussed by the SLC in its meeting of May 2010 and it was decided that the “*Operational Guidelines cannot supersede the Industrial Policy 2008*”. Accordingly, the SLC recommended amendment of the operational guidelines by issue of a corrigendum on eligible and non-eligible items under P&M for consideration of FCI to the Industrial Units and the CI&C forwarded the recommendation of SLC to the Government for amendment. The amendment was, however, not processed further for the Government approval till December 2014, by which time the Policy of 2014 was almost ready to be operational. Thus, failure of the Government to timely issue the corrigendum, resulted in irregular issue of ECs, leading to excess outgo of Government revenue to the tune of ₹ 27.50 crore.

In reply, AIDC stated (December 2016) that it was following the Rules and criteria as described in the operational guidelines of IPs approved by GoA. In some cases, items which are eligible as P&M and had been claimed by the unit under the category of miscellaneous fixed assets, were considered.

The reply is not tenable as none of the components pertaining to the objected amount of ₹ 27.50 crore falls under the category of P&M which is eligible for Industrial Tax Exemptions. Moreover, misclassification of items by units should have been corrected by AIDC while issuing ECs to avoid loss of revenue to the State exchequer.

**2.4.9** The Supreme Court, with regard to classification of industries for the purpose of availing exemption, from time to time termed a number of activities as not falling under the terminology of ‘manufacture’ for e.g. withering, crushing and roasting of tea leaves, conversion of wire rod to wire etc. Further, GoA, also issued a notification<sup>5</sup> (3 November 2009) stating some activities including Tea Industry and conversion of plain rod to tor rod, shall not be treated as manufacture for the purpose of the Act retrospectively *w.e.f.* October 2008.

It was, however, noticed that such activities were generally not incorporated in the ‘*negative list*’<sup>6</sup> under the IPs<sup>7</sup>. As a result, those industries were continuing to avail the benefits of tax exemptions and no steps were taken to cancel those ECs. Details

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<sup>5</sup> Notification no. FTX.55/2005/Pt-VI/41.

<sup>6</sup> List of non-eligible activities.

<sup>7</sup> Of 2003, 2008 and 2014.



of some major instances are given in the following **Table - 2.4**, while the full table is enclosed as **Appendix - III**.

**Table - 2.4**

Activity	Apex Court verdict and details of verdict	No. of cases wherein Tax Exemptions allowed by the SLC	Tax Exemptions allowed (₹ in crore)
Conversion of green tea leaves into black tea leaves	Tea leaves are not marketable fresh from the garden and are only fit after a minimal process; yet tea leaves do not change their character and are sold in the market as such ( <i>Commissioner of Sales Tax Vs D S Bisht – [1979] 44 STC 392</i> )	42	75.27
Conversion of Wire Rod to Wire	Conversion of Wire Rod to Wire is only reduction in gauge and the product continues to be 'wire' ( <i>CCE Vs Technoweld Industries</i> )	03	3.21
<b>Total</b>		<b>45</b>	<b>78.48</b>

Thus, irregular issue of ECs in the above cases led to loss of revenue of ₹ 78.48 crore.

In reply, the CI&C stated (December 2016) that these industries were given tax exemptions under the IP, 2003 and no such cases were cleared by the SLC under the IPs, 2008 and 2014.

The fact, however, remains that failure to consider the Supreme Court's guidelines and not cancelling the tax exemptions of the said industries as per the notification of 2009 resulted in undue grant of tax exemptions.

#### Working of the High Power Committee (HPC)

**2.4.10** To encourage the establishment of Mega Projects, the IP, 2008 provided for constitution of HPC, with the powers to relax all incentives, including priority land allotment, the ceiling amount of subsidy and/or the period of validity of tax concession under the Policy.

The GoA notified (July 2009 and January–February 2010) the HPC<sup>8</sup> and following the constitution of the HPC, six meetings were held, between February 2010 and February 2016, in which 18 industries were granted the status of Mega Projects. However, major tax incentives granted to 16 out of 18 industries and the conditions attached to such incentives were as summarised as follows:

#### **Tax incentives**

- VAT exemption of 99 per cent for seven/10 years or 100 per cent of FCI/200 per cent of value of P&M directly related to manufacturing process, whichever is earlier.

<sup>8</sup> With the Chief Minister as the Chairman and the Minister of Industries and Commerce; Chief Secretary, Assam; Additional Chief Secretary, Industries & Commerce; Principal Secretaries- Revenue & Disaster Management, Finance, Environment & Forests and Chairman, ASEB, as members.

- Entry Tax exemption on P&M and DG set for three years.
- Entry Tax exemption on raw materials for seven years.

### Conditions

- The installed capacity of the unit shall not be lower than 90 per cent of the proposed capacity.
- The unit shall start commercial production within three years from the date of issue of letter assuring the tax concessions.
- In case the commercial production does not start within the stipulated time, the unit shall deposit the entry tax amount payable on P&M and DG set imported.
- The project will be implemented in one go i.e. it should not be staggered implementation.
- The final project cost shall not be exceeded by more than 15 per cent of proposed project cost.
- The actual amount of VAT exemptions will be calculated after commissioning of the project through physical and documentary verification of cost of P&M connected directly with manufacturing process by Industries and Taxation Departments.

A detailed list of the 16 industries receiving Mega Status as well as VAT exemptions, amount of capital investment and the incentives granted, are enclosed in **Appendix - IV**.

**2.4.10.1** A scrutiny of the tax incentives and conditions attached to such incentives revealed that:

- The HPC was vested with the discretion to relax all incentives, including priority land allotment, ceiling amount of subsidy and/or the validity period of tax concessions under the IP, 2008 on a case-to-case basis.

The Policy of 2008 did not provide for any incentive covering the exemption of 'Entry Tax'. However, the IP, 2014 incorporated exemption from payment of Entry Tax on P&M brought from outside the state but not on raw materials.

However, the HPC granted Entry Tax benefits on P&M, as well as raw materials, going beyond the discretionary powers available to it under the ambit of the IP. This was, *prima facie*, in contradiction to the objective regarding growth of ancillary industries, based upon the operation of Mega Projects, incorporated under the Policy, as grant of Entry Tax exemption on raw materials was likely to create an incentive for the units to import the base materials from outside the State.

- It was observed that as on March 2016, only two Mega Projects and one project<sup>9</sup> under special project had started functioning in the State. It was

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<sup>9</sup> M/s Calcom Cement India Ltd. - Government has allowed tax exemptions of 200 per cent as a special package.

observed that the value of the Entry Tax exemptions availed by these units was ₹ 34.80 crore, as mentioned in the following **Table - 2.5**.

**Table - 2.5**

Name of the industries and date of commencement of commercial production	Value of P&M imported as shown in the Entry Tax Return/EC	Entry Tax exemption (two per cent)	Raw materials imported, as shown in the Entry Tax Return	Entry Tax exemption (two per cent)	Total Entry Tax exemption
M/s Topcem India 25 November 2011	11.78	0.24	532.17	10.64	10.88
M/s Cement Manufacturing Company Ltd. (Star Cement) 31 January 2013	183.99	3.68	895.73	17.91	21.59
M/s Calcom Cement India Ltd. 18 August 2010	116.81	2.33	(exemption not granted)		2.33
<b>Total</b>		<b>6.25</b>	<b>1,427.90</b>	<b>28.55</b>	<b>34.80</b>

*(Figures of raw materials for the period of commencement of production till March 2015 have been considered)*

With most of the Mega Projects being in the construction stage, the figure is likely to rise with the commencement of commercial production by these units.

**2.4.10.2** An analysis of the VAT exemptions granted to the units by the HPC revealed that in eight out of 16 units, VAT exemption of 200 per cent of the P&M was allowed, while in the remaining cases, VAT exemption of 100 per cent of the FCI was granted. It was, however, observed that the maximum benefit, in terms of VAT exemption, allowable to large industries, under the IP, 2008 is limited to 100 per cent of the FCI. Further, as per the decision of the Task Force of the Empowered Committee of GoI, the maximum benefit of VAT exemptions that could be granted was to be limited to 100 per cent, with 100 per cent exemptions being granted only in the 'rarest of rare' cases. In respect of seven cases<sup>10</sup> alone, against which figures were readily available in records, tax exemptions of ₹ 811.11

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(₹ in crore)

Sl. no.	Name of the industry	Value of P&M	Tax Exemptions granted (200 per cent)	Tax Exemptions granted in excess (200 per cent minus 100 per cent)
1.	Cement Manufacturing Company Ltd (Star Cement)	183.99 (EC)	367.98	183.99
2.	Topcem India	62.51 (EC)	125.02	62.51
3.	Adhunik Cement	197.68 (Project Cost)	395.36	197.68
4.	Sturdy Industries	48.95 (Project cost)	97.90	48.95
5.	JVL Agro Industries	136.17 (as per minutes of HPC)	272.34	136.17
6.	Britannia Industries	65.00 (Project Cost)	130.00	65.00
7.	Calcom Cement India Ltd.	116.81 (EC)	233.62	116.81
	<b>Total</b>		<b>1,622.22</b>	<b>811.11</b>

crore were granted over and above the maximum ceiling provided under the IP and prescribed by the Task Force of the Empowered Committee.

It was also observed that out of 16 applicants, tax exemption of 100/200 *per cent* was granted to eight/six applicants, as sought for by them. However, in the case of M/s Topcem India, tax exemption of 200 *per cent* was granted against applied tax exemption of 150 *per cent*, whereas in case of M/s Britannia Industries, 200 *per cent* tax exemption was granted against applied exemption of 100 *per cent*.

**2.4.10.3** It was further observed that while deliberating upon the applications for Mega Projects, the HPC failed to consider aims and objectives, as well as the thrust areas specified under the IP. A few such instances are mentioned in the following paragraphs:

- One of the aims and objectives, specified under para 4.1 (4) of IP, 2008 was to ensure ‘Nature – Economics Centric Development’<sup>11</sup>. It was, however, seen that industries namely M/s Topcem India and M/s Cement Manufacturing Company Ltd. (Star Cement) which were granted Mega Status and were functional as on March 2016, fell under the ‘Red Category’<sup>12</sup>. It was also observed that in the case of one of the applicants, *i.e.* M/s Cement Manufacturing Company Ltd., public complaints were received against setting up of cement units on the grounds that cement units are highly polluting units, despite which tax exemptions was granted to the unit at the rate of 200 *per cent*.
- The proposals of three grain based distilleries, namely M/s Terai Tea Company Ltd, M/s N V Distillery and M/s Brahmaputra Biochem Pvt. Ltd., which had applied for manufacturing Extra Neutral Alcohol required for production of India Made Foreign Liquor, were considered by the HPC, without obtaining the views of the Excise Department.
- The IP emphasised major factors like employment generation, development of rural areas and growth of ancillary industries. However, these objectives did not find adequate reflection in the pre-conditions imposed by the HPC while granting Mega status to various units. The ECs issued by the Industries and Commerce Department also did not indicate these core objectives as pre-conditions. Further, in absence of any system of reviewing the progress of benefits accrued through industrialisation, as well as the non-preparation of an outcome budget, there was no mechanism to ensure that the industries were adhering to the employment generation guaranteed or the development of the rural areas, as assured by them while applying for Mega status. Audit findings related to these issues have been incorporated separately under the para titled ‘*Functional Mega Projects*’.

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<sup>11</sup> Means economic development, while keeping focus on the intrinsic value of nature.

<sup>12</sup> Heavy Polluting Industries, as categorised by the Central Pollution Control Board (Annexure VI of IP of Assam, 2008).

- Though substantial revenue was at stake because of grant of tax exemptions and such exemptions were granted for a definite period, **no condition was incorporated to ensure continuation of the industries after availing of the tax exemptions.** Replying to an audit query as to whether the Industries Department was maintaining any database of industries that had closed down after availing tax benefits, the Department stated that no such database was being maintained.

#### **Good practice in other States**

Rajasthan has introduced a condition that if the unit closes down after enjoying the tax exemptions, the entire amount of exemptions would be reversed and collected from the unit along with interest.

#### **Functional Mega Projects**

**2.4.11** It was observed that out of the 18 industries declared as Mega Projects, only two industries had commenced commercial production (as on March 2016), namely M/s Topcem India and M/s Cement Manufacturing Company Ltd (Star Cement). In addition, another unit named M/s Calcom Cement India Ltd was granted tax exemptions of 200 *per cent* of value of P&M aggregating ₹ 233.62 crore. Verification of the records and physical visits to the industrial units revealed the following:

##### **2.4.11.1 M/s Topcem India**

A perusal of the project report submitted by the unit, at the time of applying for Mega Status, indicated that unit had projected direct employment of 500 persons and indirect employment of 150 persons.

However, information on actual manpower, collected during the course of physical verification, revealed that the unit had employed only 99 persons, thereby showing a deficit in the projected direct employment of 401 persons *i.e.* 80 *per cent* shortfall.

The Finance Department issued notification granting tax exemptions of 200 *per cent* of investment in P&M connected directly with the manufacturing process, as approved by the HPC. The AIDC worked out the admissible amount as ₹ 62.51 crore.

It was, however, observed that even though the HPC, in its meeting dated 17 August 2009, had approved 150 *per cent* (as initially applied by the unit) tax exemption amounting to ₹ 93.77 crore, the same was irregularly enhanced to 200 *per cent* amounting to ₹ 125.03 crore citing the fact of keeping the incentives at par with the incentive granted to M/s Calcom Cement India Ltd.

It was further observed in audit that while working out the value of P&M, the AIDC included ineligible items like power distribution system<sup>13</sup>, amounting to

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<sup>13</sup> Operational Guidelines framed under the IP, 2014.

₹ 6.29 crore. This resulted in extension of irregular and undue benefits of ₹ 12.58 crore to the unit.

Thus, though the HPC was vested with the power to decide the special incentives to be made applicable to Mega Industries on a case-to-case basis, the increase of 50 *per cent* exemption on P&M and inclusion of ineligible elements resulted in an extra benefit of ₹ 40.70 crore to the unit. It was further revealed that as of March 2015, the unit had already consumed ₹ 97.15 crore, out of the total benefit of ₹ 125.03 crore.

In reply, AIDC stated (December 2016) that granting of 200 *per cent* VAT exemption on P&M, instead of 150 *per cent*, was as per powers vested with the various appropriate levels of the Government. It was further stated that the power distribution system was directly mounted to the P&M for efficient control of operation of machines.

The fact, however, remains that the unit had applied for 150 *per cent* VAT exemption, which was approved in the first meeting of HPC. Hence, the allowance of 200 *per cent*, at a later stage, merely on the basis of the grounds cited by the HPC, *i.e.* to keep it with in par with similar industry, was irregular. In so far as allowance of power distribution system is concerned, the item was placed under the non-eligible list in the operational guidelines only in IP, 2014.

#### **2.4.11.2 M/s Cement Manufacturing Company Ltd. (Star Cement)**

A perusal of the EC along with project report of the unit revealed that while working out the amount for tax exemptions, the AIDC considered amounts relating to power distribution, electrical and instrumentation, miscellaneous and railway siding etc, which was included with the value of P&M. Inclusion of other elements with P&M was irregular, as the HPC had specifically mentioned ‘exemption of 200 *per cent* of investment in P&M’. The irregular inclusion of these items valuing ₹ 34.82 crore, resulted in excess grant of tax exemption amounting to ₹ 69.64 crore. It was further revealed that as of March 2015, the unit had already consumed ₹ 96.98 crore, out of the total benefits of ₹ 367.98 crore.

In reply, AIDC stated (December 2016) that the electrical items were considered as per operational guidelines of IP, 2008 and no items like miscellaneous and railway siding were considered.

The fact, however, remains that list of items considered in P&M by the AIDC was not made available to audit.

#### **2.4.11.3 M/s Calcom Cement India Ltd.**

A perusal of the EC issued to the unit revealed that the unit has a production capacity of seven lakh MT<sup>14</sup> cement. It was observed that, though the GoA had allowed the unit tax exemptions of 200 *per cent* of the value of P&M, as a special

<sup>14</sup> Metric Ton (Tonne).

package, prior to commencement of the IP, 2008 the SLC allowed (January 2013) tax exemptions of only 100 *per cent*, as the production of the unit was very low<sup>15</sup>. However, in its subsequent meeting (October 2014), the SLC proceeded to grant tax exemptions of 200 *per cent*, as had been allowed by the Government. As per information collected during audit, the percentage utilisation by the unit during 2013-14 was raised only to 44.68 *per cent*, from 24.34 *per cent* in 2012-13. It was observed that SLC took the decision to allow the above mentioned tax exemptions of an additional 100 *per cent* of the value of P&M, despite the shortfall in production, led to extra benefit of ₹ 116.81 crore (being the cost of P&M), reasons for which were not available on record.

It was further revealed that as on March 2016, against tax exemption of ₹ 233.62 crore, the unit had given employment to only 55 persons. Thus, employment generation was insignificant in comparison with the parameter suggested by the Study conducted by the Taxation Department.

In reply, AIDC stated (December 2016) that the proposed capacity of the unit was 14 lakh MT per annum (two cement mills having capacity of seven lakh MT each), but the unit commenced its commercial production (August 2010) based on one cement mill. The EC was issued (January 2013) based on the installed capacity of one commissioned cement mill at seven lakh MT per annum. The second mill was, however, commissioned in March 2014. As on September 2014, the unit was operating at a steady rate of production of 50 *per cent*.

AIDC's reply needs to be viewed in the light that while raising tax exemption limit from 100 *per cent* to 200 *per cent* of P&M, the production of the unit was far below the desired level, even after commissioning of the second mill. Moreover, while furnishing its reply, AIDC failed to mention the production rate of the unit during 2014-15 and 2015-16.

**2.4.12** The core objectives of the IP, 2008, *inter alia* included generation of economic development, by accelerating the process of industrialisation; generation of employment; and increasing the share of the industrial sector in the Gross State Domestic Product (GSDP).

During the course of audit, an attempt was made to ascertain whether the objectives of IP had been met.

#### **2.4.12.1 Contribution of Industry sector in overall GSDP**

A perusal of the Economic Survey of Assam, for the year 2014-15, brought out by the Directorate of Economics and Statistics, indicated the following:

- Although the manufacturing and processing industries have ruled the Industry sector in the State, the contribution of these industries to the State economy was not as impressive as was expected.

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<sup>15</sup> Percentage utilisation - 2010-11 – 22.50 *per cent* (for seven months); 2011-12 – 15.98 *per cent*; 2012-13 – 24.34 *per cent*.

- The percentage contribution of the Industry Sector (*comprising of the mining and quarrying, manufacturing, electricity, gas and water supply and construction sectors*) to the State Economy has shown a decreasing trend, with the contribution of the sector declining from 27.54 *per cent* in 2004-05 to 23 *per cent* in 2014-15, as may be seen from the following **Table-2.6**.

**Table - 2.6**

Year	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Contribution of Industry Sector to GSDP	27.54	25.7	24.5	23.6	23.8	23.8	23.0	22.8	23.2	22.8	23.0

- The contribution of manufacturing sector to the State's GDP remains low, at about 10 *per cent*, compared to the all India figure of about 19 *per cent*.

Accordingly, it is seen that there has been no significant growth in the GSDP, despite the grant of tax exemptions amounting to ₹ 1,010.08<sup>16</sup> crore during the financial years 2010-11 to 2014-2015.

The CI&C, in its reply, while accepting the slow growth rate, stated (December 2016) that the major reasons include poor infrastructure, shortage of power, difficulty in conversion of land and fear amongst the investors regarding law and order.

#### 2.4.12.2 Analysis of employment in Mega Projects *vis-à-vis* Medium/Large industries

As per information collected from the AIDC and the Industries Department, tax exemptions of ₹ 1,662.95 crore was granted to 63 industries, under the Mega/Large and Medium categories, under the IP, 2008. In addition, tax exemptions were also granted by the HPC to other 14 units, which were yet to commence commercial production, as on March 2016. For the purpose of this analysis, tax exemptions granted to the units which had started production had been considered. The employment generated, *vis-à-vis* the tax exemptions, was as mentioned in the following **Table-2.7**.

**Table - 2.7**

No of industries granted EC under IP, 2008	Tax exemptions granted (₹ in crore)	Employment generated (as on March 2016)
<b>Small Scale Industries – 150 per cent tax exemptions</b>		
300	799.24	5,102
<b>Medium and Large Industries – 100 per cent tax exemptions</b>		
60	936.32	3,962
<b>Mega Projects – 200 per cent tax exemptions</b>		
3 <sup>17</sup>	726.63	288

Source: Data furnished by the CI&C and as per ECs obtained from AIDC.

<sup>16</sup> Para 2.4.5, Table – 2.3, Column – (3).

<sup>17</sup> Including M/s Calcom Cement India Ltd. – being a Large Industry, which was granted special incentive of VAT exemption upto 200 *per cent* of value of P&M.



From the above data, it may be seen that the 300/60 Small/Medium and Large projects, with tax exemptions of ₹ 799.24 crore and ₹ 936.32 crore, generated employment of 5,102 and 3,962 persons respectively. The two Mega Projects and one Large Project with Mega Status, having revenue impact of ₹ 726.63 crore, generated only 288 jobs. Thus, though 200 *per cent* tax exemptions was granted to the Projects with Mega status, the employment generated was far below that generated by Small and Medium/Large units which consumed comparatively lesser revenue.

AIDC, in its reply, stated (December 2016) that with the development of modern technology, the requirement of man-power in industry sector has been reduced substantially, resulting in lesser absorption of employees in the unit set up recently. AIDC's reply needs to be viewed in the light that employment generation is one of the main objectives of the IP.

#### **2.4.12.3 Passing of benefits accruing through tax exemptions**

A study conducted by the Taxation Department, in the State of Assam between August 2012 and June 2013, revealed the following:

- *Overall contribution of manufacturing sector to the net State Domestic Product (SDP) in Assam was just seven per cent, while its contribution to the SDP in the past five years showed stagnation;*
- *Employment intensity in the organised industrial sector of the State showed a decline, compared to improvement in the national context;*
- *The Mega Projects are not only causing higher revenue loss but are also generating insignificant employment;*
- *Growth of ancillary industries is found to be absent; and*
- *There is no price advantage to the consumers of the State of Assam in respect of goods manufactured by the local cement industries.*

For the purpose of further analysis, the two Mega Projects which were already functioning in the State were selected.

Analysis of information on the Maximum Retail Price (MRP) of cement per bag, as gathered from M/s Topcem India and M/s Cement Manufacturing Company Ltd (Star Cement), *vis-à-vis* the market price of cement of all brands collected from the Directorate of Economics and Statistics indicated that during the period 2012-13 to 2014-15, MRP of the cement bags meant for sale in Assam manufactured by the Mega Projects, was the same as the prevalent MRP of cement manufactured in other States and brought to Assam, as shown in the following **Table - 2.8**.

Table - 2.8

Period	Market price of Cement as collected from Directorate of Economics and Statistics	MRP of Topcem India	MRP of Cement Manufacturing Company Ltd. (Star Cement)
	(₹ per bag)		
2012-13	Between 344 and 378	Between 350 and 410	NA
2013-14	Between 348 and 378	Between 350 and 390	Minimum 380
2014-15	Between 360 and 390	Between 380 and 400	Minimum 360

Thus, despite huge sacrifice of State revenue in way of tax exemptions to these Mega industries, there was no price advantage to the consumers of the State.

### 2.4.13 Internal controls and monitoring

#### 2.4.13.1 Absence of checklist for working out the eligible amount

Scrutiny of the records relating to issue of ECs indicated that the Industries and Commerce Department had put in place a system of obtaining the views of the Taxation Department before finalising the eligible amount, with the least of the amounts worked out by these two Departments being allowed as the eligible amount.

It was, however, observed that, neither the Industries and Commerce Department nor the Taxation Department, had put in place a check list in regard of the elements which would be eligible for inclusion in the final amount. As a result, there were wide variations between the figures worked out by both the Departments. Some cases of major variations are mentioned in **Appendix - V**.

It was observed that there were variations ranging between ₹ 4.05 crore and ₹ 26.21 crore, which indicated the absence of clear guidelines for working out the eligible amount. Further, even though the eligible amounts worked out by the Taxation Department, would generally be expected to be on the conservative side, because of tax revenue being at stake, it was noticed that the amounts worked out by the Taxation Department were higher than the eligible amounts worked out by the Industries and Commerce Department, in almost all the cases.

### Conclusion

Audit of the impact of tax exemptions granted to industrial units *inter alia* indicated the following:

- Tax exemptions of 200 *per cent* were allowed to Mega Projects, despite the decision taken by the Task Force of the Empowered Committee of Finance Ministers constituted by the GoI that incentives should generally be in the range of 25-50 *per cent* and that, only in the rarest of rare cases, should 100 *per cent* incentive should be granted.

(Paragraphs 2.4.6 & 2.4.10.2)

- Though substantial tax incentives (200 *per cent*) were granted to Mega Projects, the employment generated by them was far below that generated by Small/Medium/Large scale industries receiving lesser tax incentives.  
*(Paragraph 2.4.12.2)*
- There was loss of revenue of ₹ 34.80 crore on account of irregular grant of Entry Tax exemptions not provided for under the IP, 2008 while tax exemptions of ₹ 110.34<sup>18</sup> crore were granted irregularly to two Mega Projects.  
*(Paragraphs 2.4.10.1 & 2.4.11)*
- Despite the judgment of Supreme Court prohibiting the coverage of certain activities under the term 'manufacture', tax exemptions, aggregating ₹ 78.48 crore, were irregularly granted to 45 ineligible industries.  
*(Paragraph 2.4.9)*
- No mid-course corrections were initiated in regard to tax incentives.  
*(Paragraph 2.4.7)*

### **Recommendations**

In order to streamline the system of allowing tax exemptions, the GoA may consider the following recommendations:

- A review of the system of allowing tax exemptions may be conducted, in order to bring it in line with the decisions of the Task Force of Empowered Committee of GoI.
- Tax exemptions, over and above the maximum ceiling provided under the IPs should be discontinued and tax exemptions may be allowed to industrial units, only after removing the ineligible elements from P&M.
- Tax exemptions may be permitted on a staggered basis, following periodical performance reviews, based upon achievement of conditions such as employment generation; passing on of exemptions benefits to consumers; and development of ancillary industries etc., by the concerned industrial units.
- Conditions of recovery of the tax exemptions granted, along with penal interest, may be imposed; in case of the unit closing down the functioning after consumption of the tax exemptions, moreover a database should be maintained in regard to units which have been granted tax exemptions.

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<sup>18</sup> M/s Topcem India= ₹ 40.70 crore and M/s Cement Manufacturing Company Ltd. (Star Cement) = ₹ 69.64 crore.

## 2.5 Compliance Audit observations

*Scrutiny of records relating to sales/value added tax (VAT)/entry tax in the Taxation Department revealed several cases of provisions of Acts/Rules/departmental orders not being observed and other cases as mentioned in the succeeding paragraphs. These cases are illustrative and are based on a test check carried out by Audit. Some of the omissions on the part of assessing officers (AOs) are pointed out in audit each year, but not only do the irregularities persist; these remain undetected till next audit is conducted. It is a matter of concern as these observations are also sent to the higher authorities including the Secretaries each time these are detected. Government and the Department need to strengthen measures to effectively monitor the cases, arrest recurrence of the irregularities and improve the internal control system including internal audit so that such mistakes and omissions are detected, corrected and avoided.*

### SECTION : B VALUE ADDED TAX

#### 2.6 Acceptance of purchase price of coal at rates lower than that applicable at the source of coal in Meghalaya led to short levy of tax by ₹ 14.67 crore on which interest of ₹ 8.57 crore was additionally leviable

*[AsCT, Unit – B and Unit - C, Guwahati; October - December 2014 and June - August 2014]*

As per Section 40 of the Assam Value Added Tax (AVAT) Act, 2003, if the prescribed authority has reason to believe that any part of the turnover had been under-assessed, he may proceed to assess the amount of tax due from the dealer in respect of such turnover within a period of eight years. Interest at 1.5 *per cent* is leviable for delayed payment of tax. During the relevant periods ‘coal’ was taxable at four *per cent*.

The coal based industries and the resellers of coal in Assam depend largely on coal mined from various parts of Meghalaya while a limited volume pertains to the coalfields located at Margherita in Assam. As per information collected, the pithead price of coal in Meghalaya ranged between ₹ 1,400 - ₹ 1,500 per MT<sup>19</sup> during 2002. Thereafter, the Government of Meghalaya (GoM) during their survey<sup>20</sup> in 2009 found the prices of coal at the source (coal fields) as ₹ 3,200 per MT and accordingly fixed the royalty on coal as ₹ 290 per MT<sup>21</sup>.

<sup>19</sup> As ascertained by the Taxation Department, GoM.

<sup>20</sup> Carried out in view of GoI, Ministry of Coals orders that the royalty on coal would be ₹ 130 + five *per cent* of the pithead price of coal excluding taxes, levies and other charges by GoM from August 2009.

<sup>21</sup> ₹ 130 plus five *per cent* of ₹ 3,200 per MT (pithead price of coal).

During test check of records in the above Offices it was noticed that nine dealers disclosed purchase price of Meghalaya based coal aggregating 18.43 lakh MT as ₹ 101.84 crore during the years 2008-09 to 2011-12. Thus, purchase price of coal worked out to ₹ 500 - ₹ 1,620 per MT. The AOs accepted the purchase value and assessed the dealers accordingly under the AVAT Act. However, the purchase price of coal as disclosed by the dealers were far below the minimum rate prevalent during the respective years *i.e.* ₹ 1,400 per MT during 2009-10 and ₹ 3,200 per MT during 2010-11 and 2011-12 and the short determination of purchase turnover resulted in short determination of sales turnover by at least ₹ 366.90 crore and consequent short levy of tax by ₹ 14.67 crore. Interest of ₹ 8.57 crore was additionally leviable<sup>22</sup> on tax remaining unpaid. Details are in the following **Table - 2.9**.

**Table - 2.9**

Name of dealer	Year	Coal imported (in lakh MT)	Total value shown to have been paid	Value determined as per pithead price	Turnover short determined	Short determination of tax	Interest leviable
M/s Jai Coke Industries	2009-10 to 2011-12	2.63	13.13	67.83	54.70	2.19	1.25
M/s Raj Coke Industries	2009-10 to 2011-12	2.60	13.00	66.18	53.18	2.13	1.22
M/s Sheo Shakti Coke Industries	2009-10 to 2011-12	2.08	10.40	58.00	47.60	1.90	1.04
M/s Sethi Coke Industries	2008-09 to 2011-12	3.46	17.33	76.67	59.34	2.37	1.56
M/s Shiva Coke Industries	2009-10 to 2011-12	2.57	12.87	66.46	53.59	2.14	1.22
M/s Sri Balaji Coke Industries	2009-10 to 2011-12	2.30	11.51	58.64	47.13	1.89	1.07
M/s Ganesh Met Coke Industries	2009-10 to 2011-12	2.19	14.16	55.92	41.76	1.67	0.93
M/s Jagati Coke Industries	2009-10 (November 2009 only) and 2010-11	0.17	2.48	5.29	2.81	0.11	0.07
M/s Global Coke Products	2009-10 (14 September 2009 to 31 March 2010)	0.43	6.96	13.75	6.79	0.27	0.21
<b>Total</b>		<b>18.43</b>	<b>101.84</b>	<b>468.74</b>	<b>366.90</b>	<b>14.67</b>	<b>8.57</b>

It may be mentioned that in five similar cases incorporated in previous years' Audit Report<sup>23</sup>, the Department had accepted the minimum price of coal as the pithead price of coal in Meghalaya and intimated (October 2015) that the assessments had been revised and demand notice issued.

<sup>22</sup> Calculated at 1.5 per cent till the date of Audit.

<sup>23</sup> Report of the Comptroller and Auditor General of India for the year ended 31 March 2015 (Revenue Sector), Government of Assam.

The cases were reported to the Department/Government between November 2014 - March 2015 and followed up in June 2016; their replies have not been received (January 2017).

**2.7 Two dealers declared a portion of the turnover as exempted sales/applied with lower rate of tax resulting in short levy of tax by ₹ 1.88 crore on which interest of ₹ 88.41 lakh was additionally leviable**

As per Section 40 of the AVAT Act, 2003, if the prescribed authority has reason to believe that any part of the turnover had been under-assessed, he may proceed to assess the amount of tax due from the dealer in respect of such turnover within a period of eight years. Interest at 1.5 per cent is leviable for delayed payment of tax. During the relevant periods, ‘air filter’ being ‘other goods’<sup>24</sup> was taxable at 12.5 per cent upto 30 October 2009 and 13.5 per cent thereafter.

*[ACT, Unit - B, Guwahati; October - December 2014]*

**2.7.1** During test check of records in the above Office it was noticed that a dealer M/s Fleet Guard Filters Pvt Ltd registered as reseller of ‘other goods’ only, disclosed sale turnover of ‘air filters’ during the years 2009-10 to 2012-13 as ₹ 23.22 crore<sup>25</sup>. The dealer however, instead of classifying the entire turnover of ‘air filters’ as taxable at 12.5/13.5 per cent as other goods, classified a portion of the turnover pertaining to all the four years<sup>26</sup> aggregating ₹ 20.70 crore as taxable at four/five per cent while the balance turnover of ₹ 2.52 crore was correctly classified as ‘other goods’ under 12.5/13.5 per cent. It was further observed that the misclassification of turnover relating to ‘air filters’ at lower rate of tax could not be detected by the AO during scrutiny of the returns conducted between April 2011 and June 2014, which resulted in short levy of tax by ₹ 1.76 crore<sup>27</sup> on which interest of ₹ 83.54 lakh was additionally leviable.

The case was reported to the Department/Government in March 2015 and followed up in June 2016; their replies have not been received (January 2017).

<sup>24</sup> As per the AVAT Act, 2003, goods not classified in any of the schedules are termed as ‘other goods’ taxable at 12.5/13.5 per cent being the highest rate of tax under VAT system.

<sup>25</sup> 2009-10 = ₹ 3.83 crore, 2010-11 = ₹ 5.20 crore, 2011-12 = ₹ 6.46 crore and 2012-13 = ₹ 7.73 crore.

<sup>26</sup> 2009-10 = ₹ 1.84 crore, 2010-11 = ₹ 5.04 crore, 2011-12 = ₹ 6.25 crore and 2012-13 = ₹ 7.57 crore.

Particulars	(Amount in ₹)				
	2009-10	2010-11	2011-12	2012-13	Total
Turnover of ‘Air Filter’ by charging lower rate of tax	1,83,71,616	5,03,67,099	6,25,01,907	7,57,16,652	
Tax leviable @ 13.5 per cent	24,80,168	67,99,558	84,37,757	1,02,21,748	
Tax already levied @ 5 per cent	9,18,581	25,18,355	31,25,095	37,85,833	
Short levy of tax	15,61,587	42,81,203	53,12,662	64,35,915	1,75,91,367
Interest leviable upto November 2014	12,88,309	27,61,375	24,70,388	18,34,235	83,54,307

**[ACT, Unit – A, Guwahati; July - September 2014]**

**2.7.2** Similarly, another dealer M/s Progressive Enterprise, who dealt in ‘books and textile’, disclosed sales turnover during the year 2011-12 as ₹ 5.94 crore. The dealer however, classified turnover of ₹ 5.43 crore as exempted sales while the remaining amount of ₹ 50.64 lakh was disclosed as taxable sales. Further scrutiny of the case records however, revealed that as per the copy of ledger on exempted sales available in the case records, the actual exempted sales was found to be ₹ 3.23 crore. Thus, the dealer had misclassified taxable sales aggregating ₹ 2.20 crore as exempted sales which could not be detected by the AO during scrutiny of the return. This resulted in short levy of tax by ₹ 11.60 lakh<sup>28</sup> (at minimum rate of five *per cent*) on which interest of ₹ 4.87 lakh was additionally leviable.

In reply the Department stated (August 2016) that while scrutinising the bills of the dealer, it was found to be sale of ₹ 5.43 crore of goods exempted under the AVAT Act.

However, reply of the Department is not tenable, as scrutiny of the reply along with list of sales of exempted goods (2011-12) revealed that the Department had also considered sale of exempted goods of ₹ 2.20 crore related to the year 2012-13.

The cases were reported to the Department/Government between December 2014 - March 2015 and followed up in June 2016; their replies have not been received (January 2017).

**2.8 Concealment of turnover by a dealer and failure of the AO to detect the same resulted in tax of ₹ 54.73 lakh remaining unrealised on which interest of ₹ 22.99 lakh was additionally leviable**

**[ACT, Unit - A, Guwahati; July - September 2014]**

As per Section 40 of the AVAT Act, 2003, if the prescribed authority has reason to believe that any part of the turnover had been under-assessed, he may proceed to assess the amount of tax due from the dealer in respect of such turnover within a period of eight years. Interest at 1.5 *per cent* is leviable for delayed payment of tax.

During test check of records in the above Office it was noticed that two dealers, M/s Gupta’s and M/s Ever Growing Iron & Finvest Ltd. disclosed inter-State purchases in the Annual Return/Audited Accounts as ₹ 3.79 crore and ₹ 113.16 crore respectively during 2011-12. Scrutiny of returns/audit assessments were

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Particulars	Amount in ₹
Exempted sales as disclosed by the dealer	5,43,15,242
Less-exempted sale as per ledger account	3,11,15,070
Misclassification of taxable sale as exempted	2,32,00,172
Tax leviable @ 5 <i>per cent</i> (Minimum rate)	11,60,009
Interest @ 1.5 <i>per cent</i> up to August 2014 (28 months)	4,87,204

carried out on different dates by the concerned AOs between May 2013 and October 2013 in respect of both the dealers. Further scrutiny, however, revealed that as per the utilisation statements available in the case records, the dealers had purchased taxable goods valuing ₹ 121.34 crore. Thus, the dealers had concealed the purchase turnover by ₹ 4.39 crore and consequently there was concealment of sales turnover to that extent. Though the cases were scrutinised as well as picked up for audit assessment, the concealment of turnover could not be detected at any level which resulted in tax of ₹ 54.73 lakh<sup>29</sup> remaining unrealised. Besides, interest of ₹ 22.99 lakh (calculated at 1.5 per cent per month up to the month of audit) was additionally leviable on the unpaid tax.

On being pointed out, the Department stated (August 2016) that in respect of M/s Gupta's the case had been sent for reassessment on the basis of audit observation and was under process. No further development had been received (January 2017).

As regards the other dealer, the AO stated (August 2016) that there was no concealment of turnover though while finalising the assessment, the AO found that there was discrepancy between the figures shown as outside purchase in Annual Return/Audit Report with that of utilisation statement of delivery notes as the dealer stated that there was some omission and commission due to oversight. The reply of the Department is not tenable as further scrutiny of utilisation statement revealed that the AO determined the value of outside purchases leaving many purchases against delivery notes to determine the actual outside purchases made by the dealer during 2011-12.

The cases were reported to the Department/Government in March 2015 and followed up in June 2016; their replies have not been received (January 2017).

**2.9 Irregular allowance of concessional rate of tax against declaration forms issued by an unregistered dealer resulted in short levy of tax of ₹ 31.78 lakh on which interest of ₹ 19.07 lakh was additionally leviable**

[ACT, Unit – A, Guwahati; July -September 2014]

As per the CST Act, 1956 as it stood during 2010-11, inter-State sale of goods, to the registered dealers if supported by valid declaration in form 'C' were taxable at

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Particulars	(Amount in ₹)		
	M/s Gupta's (Tobacco taxable @ 20 per cent)	M/s Ever Growing Iron & Finvest Ltd (Iron & Steel taxable @ 4 per cent)	Total
Turnover suppressed	2,32,38,601	2,06,37,677	4,38,76,278
Tax leviable	46,47,720	8,25,507	54,73,227
Interest leviable @ 1.5 per cent per month up to August 2014 (28 months)	19,52,042	3,46,713	22,98,755



the concessional rate of two *per cent*. Otherwise, tax was leviable at the rate of tax applicable to sale of such goods within the State. During 2010-11, tobacco products were taxable at the rate of 13.5 *per cent*.

During test check of records in the above Office it was noticed that a dealer M/s VST Industries Ltd., Guwahati disclosed inter-State sales turnover as ₹ 11.45 crore (including tax) for the year 2010-11 and paid tax at two *per cent*. The AO while assessing the dealer in May 2012 accepted the turnover and assessed the dealer accordingly. Scrutiny of the declaration forms submitted by the dealer in support of the inter-State sales revealed that two forms issued by M/s L.P. Electricals, Mizoram covering transactions of ₹ 2.82 crore (including tax of two *per cent*) between 6 April 2010 and 22 July 2010 were invalid as the purchasing dealer based in Mizoram was registered from 30 July 2010. Thus, failure of the AO to detect the invalid declaration forms and levy tax on the transaction at 13.5 *per cent* instead of two *per cent* resulted in short levy of tax by ₹ 31.78 lakh<sup>30</sup>. Interest of ₹ 19.07 lakh calculated upto the period of audit (August 2014) was additionally leviable on taxes paid short.

On being pointed out, the Department stated (August 2016) that the dealer M/s L.P. Electricals was registered under the CST Act since 30 September 2002. Verification of certificate of registration under the CST Act revealed that the dealer was actually registered since 30 September 2002 for “electrical goods” and amended the certificate on 23 November 2012 by including the item “Tobacco” etc. As such for the purpose of “Tobacco” the dealer was registered *w.e.f.* 23 November 2012. Hence, reply is not acceptable.

The case was reported to the Department/Government in December 2014 and followed up in June 2016; their replies have not been received (January 2017).

**2.10 Incorrect grant of concession against invalid declaration form led to revenue of ₹ 28.39 lakh including interest remaining unrealised**

[ACT, Unit – A, Guwahati; July – September 2014]

Under the CST Act, 1956 as it stood during the relevant years, inter-State sales of goods, to registered dealers if supported by valid declaration in form ‘C’ were taxable at the concessional rate of two *per cent*. Otherwise, tax was leviable at the rate of tax applicable to sale of such goods within the State. During the relevant period, computer parts, accessories, uninterrupted power services etc were taxable at five *per cent*. The CT, Nagaland, declared a series<sup>31</sup> of declaration forms ‘C’ as

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<sup>30</sup> ₹ 2.82 crore - ₹ 5.53 lakh (tax element) = ₹ 2.76 crore (taxable turnover) x 13.5 *per cent* = ₹ 37.30 lakh - ₹ 5.53 lakh (tax levied at two *per cent*) = ₹ 31.78 lakh.

<sup>31</sup> NL 076126 to NL 076225, NL 079651 to NL 079675, NL 095001 to NL 095250 and NL 098251 to NL 099250 = total 1,375 forms.

obsolete and invalid with effect from October 2011 as the forms were lost from its custody.

During test check of records in the above Office it was observed that the AO while assessing a dealer (M/s Link Telecom Private Limited, Guwahati) for the years 2009-10 to 2011-12 allowed concessional rate of tax at two *per cent* on turnover of ₹ 26.16 crore, ₹ 60.09 crore and ₹ 41.47 crore respectively. Scrutiny of declaration forms submitted by the dealer revealed that six declaration forms<sup>32</sup> involving turnover of ₹ 6.13 crore (₹ 0.93 crore : 2009-10, ₹ 3.42 crore : 2010-11, ₹ 1.77 crore : 2011-12 ) issued by a dealer of Nagaland (M/s Global Connection, Dimapur) were among the series of forms which were declared invalid by the Government of Nagaland. The AO, however, failed to detect the invalid declaration forms while completing the assessment and irregularly allowed concessional rate on those forms. This resulted in short levy of tax of ₹ 18.02 lakh<sup>33</sup> and interest of ₹ 10.37 lakh (at 1.5 *per cent* till the date of audit) was additionally leviable.

On being pointed out, the Department stated (August 2016) that on the basis of audit observation the assessments have been revised. However, being aggrieved the dealer filed revision petition and the revision authority set aside the re-assessment order and uphold the original assessment on the ground that the dealer obtained the forms well ahead of publication of notification and the dealer could not preempt that these 'C' forms would declare obsolete/invalid. Reply is not acceptable as 'C' forms were not issued to any dealer of Nagaland as these forms were lost from the custody of the taxation authority of Nagaland.

The case was reported to the Department/Government in December 2014 and followed up in June 2016; their replies have not been received (January 2017).

<sup>32</sup> 2009-10: NL 095088, 2010-11: NL 095089, NL 095090, NL 098637 and 2011-12: NL 098638, NL 098639.

<sup>33</sup>

Particulars	(Amount in ₹)			Total
	2009-10	2010-11	2011-12	
Gross Turnover	93,17,348	3,42,13,026	1,77,47,469	
Less under section 8A	1,82,693	6,70,844	3,47,990	
Taxable Turnover	91,34,655	3,35,42,182	1,73,99,479	
Tax leviable @ 5 <i>per cent</i>	4,56,733	16,77,109	8,69,974	
Tax paid @ 2 <i>per cent</i>	1,82,693	6,70,844	3,47,990	
Short levy of Tax	2,74,040	10,06,265	5,21,984	18,02,289
Interest @ 1.5 <i>per cent</i> leviable up to August 2014	2,13,751 (52 months)	6,03,759 (40 months)	2,19,233 (28 months)	10,36,743

**SECTION : C**  
**ENTRY TAX**

**2.11 Assessment of purchase price of coal at lower rates led to short determination of turnover and consequent non-realisation of entry tax of ₹ 2.29 crore on which interest of ₹ 1.58 crore was additionally leviable**

[ACT, Unit – B, C, Guwahati; June -December 2014]

As per Section 9 of the Assam Entry Tax (AET) Act, 2001 and 2008 read with Section 34 and 36 of the AVAT Act, 2003<sup>34</sup>, where the tax return furnished by a dealer appears to the prescribed authority to be incomplete or incorrect and if the dealer fails to furnish evidence of payment of tax, the prescribed authority shall proceed to assess the dealer to the best of his judgment (Section 34 of AVAT Act)/set aside the self assessment and assess<sup>35</sup> the amount of tax due (Section 36 of AVAT Act) on the basis of information received/collected by him and direct the dealer to pay the amount of tax so assessed. Interest<sup>36</sup> at 1.5 per cent per month is leviable for delayed payment of tax. As per Section 40 of the AVAT Act, if the prescribed authority has reason to believe that any part of the turnover had been under-assessed, he may proceed to assess the amount of tax due from the dealer in respect of such turnover within a period of eight years.

‘Coal’ was taxable at four per cent till 13 September 2009 and two per cent thereafter.

The coal based industries and the resellers of coal in Assam depend largely on coal mined from various parts of Meghalaya while a limited volume pertains to the coalfields located at Margherita in Assam. As per information collected, the pithead price of coal in Meghalaya ranged between ₹ 1,400 and ₹ 1,500 per MT<sup>37</sup> during 2002. Thereafter, the GoM during their survey<sup>38</sup> in 2009 found the prices of coal at the source (coal fields) as ₹ 3,200 per MT and accordingly fixed the royalty on coal as ₹ 290 per MT<sup>39</sup>.

<sup>34</sup> Assessments under the AET Act are to be conducted following same provisions as incorporated in the AVAT Act.

<sup>35</sup> After allowing the dealer an opportunity of being heard.

<sup>36</sup> Notified vide Government notification dated 28 February 2011.

<sup>37</sup> As ascertained by the Taxation Department, GoM.

<sup>38</sup> Carried out in view of GoI, Ministry of Coals orders that the royalty on coal would be ₹ 130 + five per cent of the pithead price of coal excluding taxes, levies and other charges.

<sup>39</sup> ₹ 130 plus five per cent of ₹ 3,200 per MT (pithead price of coal).

During test check of records in the above Office it was noticed that five dealers<sup>40</sup> disclosed purchase price of Meghalaya based coal ranging between ₹ 60.04 lakh and ₹ 7.11 crore during the years 2009-10 to 2011-12 as mentioned in the following **Table - 2.10** while the details is enclosed as **Appendix - VI**.

**Table - 2.10**

Name of dealer	Year	Coal imported (in MT)	Value disclosed	Rate per MT
			(₹ in crore)	(Amount in ₹)
M/s Sheo Shakti Coke Industries	2009-10	47,578.89	2.38	500
	2010-11	61,925.70	3.10	500
	2011-12	98,523.36	4.93	500
M/s Sri Balaji Coke Industries	2009-10	83,379.69	4.17	500
	2010-11	56,665.35	2.83	500
	2011-12	90,104.71	4.51	500
M/s Balaji Coke Industry	2009-10	94,164.00	7.11	755
M/s Global Coke Products	2009-10 <sup>41</sup>	42,959.62	6.96	1,620
M/s Jagati Coke Pvt. Ltd.	2009-10	12,009.37	0.60	500
	2010-11	16,516.00	2.48	1,500

Thus, purchase price of coal per MT worked out to ₹ 500 - ₹ 1,620 during the above years. The AO while assessing the dealer for the above years accepted the purchase turnover and assessed the dealer accordingly. However, the purchase price of coal as disclosed by the dealer was far below the minimum rate prevalent during the respective years *i.e.* ₹ 1,400 per MT during 2009-10 and ₹ 3,200 per MT during 2010-11, 2011-12 and thus there was concealment of purchase turnover totalling ₹ 111.48 crore<sup>42</sup> and consequent short levy of tax of ₹ 2.29 crore. Interest of ₹ 1.58 crore was additionally leviable<sup>43</sup> for non-payment of tax. The AO has the only option to re-open the assessments under Section 40 of the AVAT Act to make good the loss incurred by the State Government.

It may be mentioned that in five similar cases incorporated in previous years' Audit Report<sup>44</sup>, the Department had intimated (October 2015) that the assessments had been revised and demand notice issued.

On this being pointed out, the Department stated (June 2016) that assessments were revised in respect of four<sup>45</sup> dealers in line of objection raised by audit. However, M/s Global Coke Products, being aggrieved preferred appeal petition and the appellate authority set aside the re-assessment order on the ground that the AO

<sup>40</sup> M/s Sheo Shakti Coke Industries, M/s Sri Balaji Coke Industries, M/s Balaji Coke Industry, M/s Global Coke Products and M/s Jagati Coke Pvt Ltd.

<sup>41</sup> During the period 14 September 2009 to 31 March 2010.

<sup>42</sup> M/s Sheo Shakti Coke Industries - ₹ 47.60 crore, M/s Sri Balaji Coke Industries - ₹ 47.13 crore, M/s Balaji Coke Industry - ₹ 6.07 crore, M/s Global Coke Products - ₹ 6.79 crore and M/s Jagati Coke Pvt. Ltd. - ₹ 3.89 crore.

<sup>43</sup> Calculated at 1.5 per cent for 44 months from March 2011 till the date of Audit (October 2014).

<sup>44</sup> Report of the Comptroller and Auditor General of India for the year ended 31 March 2015 (Revenue Sector), Government of Assam.

<sup>45</sup> M/s Sheo Shakti Coke Industries, M/s Sri Balaji Coke Industries, M/s Global Coke Products, M/s Jagati Coke Pvt. Ltd.

while re-assessing the dealer did not confirm whether the pithead price was regulated by the GoM for the coal dealers to be strictly followed. The appellate authority has also opined that the pithead price could not be binding for the common dealers. The fact remains that though the appellate authority set aside the order of the AO in that particular case, the Department levied tax and interest in other cases. Thus, the Department needed to revisit the orders of the appellate authority in the interest of State revenue as the rate fixed by the GoM was the minimum rate at pithead for all coal mines. Besides, the appellate authority did not substantiate the purchase price of the dealer based on invoice of selling dealer of Meghalaya. Report on further developments had not been received (November 2016).

The case was reported to the Department/Government in November 2014 and followed up in May 2016; their replies have not been received (January 2017).

**2.12 Determination of purchase turnover without considering the freight charges resulted in short determination of turnover and consequent short levy of tax of ₹ 1.73 crore**

[ACT, Unit – C, Guwahati; June - August 2014]

As per Section 9 of the AET Act, 2001 and 2008, a registered dealer liable to pay tax is required to submit to the AO his monthly statement of all such purchase along with a copy of the treasury *challan* showing full payment of tax payable on the purchase value of goods disclosed in the statement. The statement is to be furnished before the expiry of the next succeeding month. The Hon'ble Supreme Court in the case of M/s Ponni Sugars (Erode) Limited vs The Deputy Commercial Tax Officer has held<sup>46</sup> (November 2005) that freight charges are components of purchase price of goods. Interest at 1.5 *per cent* per month is leviable for delayed payment of tax.

During test check of records in the above Office it was noticed that while completing the assessments of two dealers M/s Balaji Coke Industry for the years 2005-06 to 2007-08 in October 2009 and M/s G M Coke Industries for the year 2006-07 in November 2009, the AO determined turnover of ₹ 24.93 crore<sup>47</sup> and ₹ 4.44 crore and assessed tax payable as ₹ 1.61 crore and ₹ 17.76 lakh respectively. It was however, observed that while determining the turnover in the above cases the AO did not consider the freight element. Scrutiny of case records of the dealers revealed that during the aforesaid years the total landing cost<sup>48</sup> of goods including freight was ₹ 45.93 crore<sup>49</sup> and ₹ 10.28 crore. Thus, by not considering the freight element, the AO had short determined the turnover by ₹ 21.04 crore and ₹ 5.84

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<sup>46</sup> Appeal (Civil) 4757 - 4758 of 2000.

<sup>47</sup> ₹ 6.86 crore + ₹ 7.39 crore + ₹ 10.68 crore.

<sup>48</sup> "Landing cost/ import value" means the value of goods ascertained from the original invoice and includes the charges paid or payable for insurance, excise duty, freight charges and all other charges incidentally levied on the purchase of such goods.

<sup>49</sup> ₹ 14.24 crore + ₹ 14.25 crore + ₹ 17.44 crore.

crore respectively leading to short levy of tax of ₹ 1.73 crore<sup>50</sup> inclusive of interest of ₹ 66.03 lakh.

After this was pointed out, the Department stated (June 2016) that in respect of M/s G M Coke Industries, assessment had been completed raising demand of ₹ 1.09 crore (including interest). However, the dealer being aggrieved preferred revision petition and the revisional authority stayed the realisation of disputed dues till final disposal of the case. Report on further developments had not been received (January 2017). In case of other dealer, reply has not been received (January 2017).

The cases were reported to the Department/Government in November 2014 and followed up in May 2016; their replies have not been received (January 2017).

**2.13 Failure of the AO to bring all taxable goods imported under the tax net resulted in entry tax of ₹ 61.63 lakh including interest remaining unrealised**

[ACT, Bongaigaon; June 2014]

As per Section 40 of the AVAT Act, 2003<sup>51</sup>, if the AO is satisfied that whole or any part of the turnover of a dealer in respect of any period has been assessed at a rate lower than the rate at which it was assessable, he may within eight years from the end of the relevant year make a reassessment of the dealer. Besides, for delayed payment of tax, interest at 1.5 per cent per month is leviable for delayed payment of tax.

During test check of records in the above Office it was observed that while completing the assessments of a dealer M/s IOC Ltd for the year 2009-10, the AO determined turnover of ₹ 5,318.91 crore being the purchase price of crude oil, plants and machineries, cements and chemicals. However, scrutiny of the case records revealed that the dealer also imported ‘pipes’ and ‘air coolers’ valuing

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Name of the Dealer	Year	Import value disclosed by the dealer	Landing cost of raw material	Turnover escaped	Tax short levied	Interest leviable (from 28.02.2011)	Total payable
(1)	(2)	(3)	(4)	(5)=(4)-(3)	(6)	(7)	(8)=(6)+(7)
M/s Balaji Coke Industry	2005-06	6,86,03,518	14,24,07,455	7,38,03,937	29,52,157	18,15,576	
	2006-07	7,38,78,860	14,25,19,975	6,89,41,115	27,45,644	16,88,571	
	2007-08	10,68,08,095	17,44,18,396	6,76,10,301	27,04,412	16,63,213	
<b>Sub-total</b>		<b>24,92,90,473</b>	<b>45,93,45,826</b>	<b>21,03,55,353</b>	<b>84,02,213</b>	<b>51,67,360</b>	<b>1,35,69,573</b>
M/s G.M Coke Industries	2006-07	4,44,03,950	10,27,80,012	5,83,76,062	23,35,042	14,36,051	
<b>Sub-total</b>		<b>4,44,03,950</b>	<b>10,27,80,012</b>	<b>5,83,76,062</b>	<b>23,35,042</b>	<b>14,36,051</b>	<b>37,71,093</b>
<b>Grand Total</b>					<b>1,07,37,255</b>	<b>66,03,411</b>	<b>1,73,40,666</b>

<sup>51</sup> Assessments under the AET Act, 2001 are to be conducted following same provisions as incorporated in the AVAT Act.

₹ 17.38 crore<sup>52</sup> on which tax of ₹ 37.03 lakh was leviable, which was not done. This resulted in tax of ₹ 37.03 lakh remaining unrealised on which interest of ₹ 21.66 lakh was additionally leviable.

In respect of another dealer M/s North East Gases Pvt. Ltd., it was observed that the dealer imported 'chemicals' valuing ₹ 92.72 lakh during 2008-09, 2009-10 and 2010-11. It was noticed that the dealer neither paid the taxes due on the aforesaid purchase turnover nor was the case scrutinised by the AO. Meanwhile the case had become barred by limitation of time. This resulted in entry tax of ₹ 2.94 lakh<sup>53</sup> including interest remaining unrealised.

On being pointed out, the Department stated (June 2016) that in respect of M/s IOC Ltd., the dealer was re-assessed on the basis of audit observation by raising the turnover of the dealer and M/s North East Gases Pvt. Ltd. had been re-assessed raising demand of ₹ 2.88 lakh (including interest). Report on recovery had not been received (January 2017).

The cases were reported to the Department/Government in August 2014 and followed up in May 2016; their replies have not been received (January 2017).

**2.14 Failure to register two dealers under the AET Act, 2001 resulted in entry tax of ₹ 29.34 lakh (including interest) remaining unrealised**

[ACT, Unit - C, Guwahati; November 2015 - January 2016]

As per Section 9 of the AET Act, 2001 read with the AVAT Act, 2003, if the prescribed authority is satisfied that a dealer who has been liable to pay tax under this Act, in respect of any period has failed to get himself registered, he shall proceed to assess on best judgment basis the amount of tax due from the dealer for any periods. As per Section 39 of the AVAT Act, no assessment<sup>54</sup> shall be made

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Particulars	2009-10		
	Pipe @ 2 per cent	Air cooler @ 4 per cent	Total
Purchase value	16,25,16,566	1,13,04,867	17,38,21,433
Entry Tax leviable	32,50,331	4,52,194	37,02,525
Interest leviable from March 2011 to May 2014 (39 months) @ 1.5 per cent per month			21,65,977

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Particulars	2008-09	2009-10	2010-11	Total
	Chemicals @ 2 per cent			
Purchase value	32,88,499	32,54,054	27,29,951	92,72,504
Entry Tax leviable	65,770	65,081	54,599	1,85,450
Interest for 39 months (calculated from month of March 2011 to May 2014) @ 1.5 per cent per month				1,08,488

<sup>54</sup> Assessments under the AET Act are to be conducted following same provisions as incorporated in the AVAT Act.

after the expiry of five years from the end of the year to which the assessment relates. However, in cases where specific information is available, assessment can be made on best judgment basis under Section 40 of the AVAT Act as a special case within a period of eight years. Interest at 1.5 *per cent* per month is leviable for delayed payment of tax.

During test check of records in the above Office it was observed that two dealers (M/s Ghosh Brothers Motors Pvt Ltd and M/s Sun Calcimates) imported plant and machinery, DG sets, refrigeration equipments etc. from outside the State valuing ₹ 1.74 crore and ₹ 2.26 crore during the years 2008-09 and 2013-14 and between 2005-06 and 2013-14 respectively as per the utilisation statements of declaration forms 'C'/delivery notes submitted by the dealer. It was, however, noticed that the dealers neither sought registration under the AET Act, 2001 nor paid the tax of ₹ 8.70 lakh and ₹ 7.11 lakh respectively payable on the imported turnover. The AO also did not take up the assessments on best judgment basis despite availability of the utilisation statements of declaration forms/declaration notes in the case records which clearly showed import of goods taxable under the AET Act. This resulted in tax of ₹ 15.81 lakh remaining unrealised. Besides, interest of ₹ 13.53 lakh<sup>55</sup> at 1.5 *per cent* per month (from March 2011 till date of Audit) was also leviable. Scope of recovery of tax pertaining to the years prior to 2008-09 is remote as the cases had become time barred and only option is to open the assessment as a special case under Section 40 of the AVAT Act.

On being pointed out, the Department had stated (June 2016) that in respect of M/s Ghosh Brothers Motors Pvt. Ltd., assessment had been completed raising additional demand of ₹ 19.68 lakh including interest. Report on recovery had not been received (January 2017). In case of the other dealer, reply has not been received (January 2017).

The cases were reported to the Department/Government in March 2016 and followed up in May 2016; their replies have not been received (January 2017).

**2.15 Application of incorrect rate of tax resulted in short payment of entry tax of ₹ 13.91 lakh on which interest of ₹ 9.39 lakh was additionally leviable**

*[ACT, Unit – C, Guwahati; November 2015 - January 2016]*

As per Section 9 of the AET Act, 2001 and 2008, a registered dealer liable to pay tax is required to submit to the AO his monthly statement of all such purchase along with a copy of the treasury *challan* showing full payment of tax payable on the purchase value of goods disclosed in the statement. The statement is to be furnished

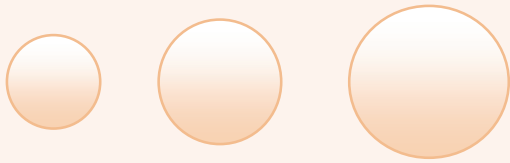
<sup>55</sup> ₹ 7.34 lakh plus ₹ 6.19 lakh.



before the expiry of the next succeeding month. Interest at 1.5 *per cent* per month is leviable for delayed payment of tax.

During test check of records in the above Office it was noticed that a dealer M/s Vinayak Cement submitted returns for the years 2009-10 to 2011-12, disclosing turnover of ₹ 10.86 crore and paid tax of ₹ 3.68 lakh. It was observed that the dealer disclosed purchase of plant and machinery valuing ₹ 10.31 crore taxable at 0.25 *per cent* and iron and steel valuing at ₹ 54.91 lakh taxable at two *per cent*. Scrutiny of the case records of the dealer revealed that as per the utilisation statements of declaration form 'C' the dealer imported plant and machinery valuing ₹ 98.75 lakh, iron and steel valuing ₹ 7.89 crore and electrical goods valuing ₹ 39.15 lakh which were taxable at the rate of 0.25 *per cent*, two *per cent* and four *per cent* respectively and the tax payable worked out to ₹ 17.59 lakh. Thus, there was mis-classification of goods imported coupled with application of lower rate of taxes by the dealer which resulted in short payment of tax by ₹ 13.91 lakh. For non-payment of tax, interest of ₹ 9.39 lakh (calculated upto the date of audit) was additionally leviable.. The AO could complete the assessment of 2011-12 only while the assessment for the years 2009-10 and 2010-11 had become time barred. The AO was required to exercise special power under Section 40 of the AVAT Act to assess the years 2009-10 and 2010-11 to make good the loss suffered to the State exchequer.

The cases were reported to the Department/Government in March 2016 and followed up in May 2016; their replies have not been received (January 2017).



**CHAPTER - III**  
**STATE EXCISE**





## CHAPTER – III: STATE EXCISE

### 3.1 Administration

The State Excise Department is responsible for collection of revenue under Assam Excise Act and enforcement of Excise laws on prohibition of illicitly distilled liquor, *Ganja*, *Bhang* and Opium. In addition, the Department is given the responsibility of enforcing the provisions of Narcotic Drugs and Psychotropic Substances Act and the Medicinal & Toilet Preparation Act. The Commissioner of Excise (CE), Assam is the head of the Department. He is primarily responsible for administration and execution of Excise policies and programmes of the State Government. He is assisted by an Additional Commissioner of Excise, a Joint Commissioner of Excise and two Deputy Commissioners of Excise, one at headquarters and another for Bodoland Territorial Area.

Source of excise revenue comes from *advalorem* levy, establishment charges, various kinds of licence fee on foreign liquor/beer, country spirit, rectified spirit etc. Further, import pass fee, export pass fee, transport pass fee and underbond pass fee, brand & label registration/renewal fee also generate revenue to Government exchequer.

During 2015-16, *advalorem* levy structure reviewed, licence fee of various excise licences revised, a new fee, *i.e.* Application Fee introduced, import/ transport Permit fee restructured and laws was amended for time bound deposit of licence fee.

### 3.2 Working of internal audit wing

Internal audit, a vital component of internal control mechanism, functions as ‘eyes and ears’ of the Department and is a vital tool which enables the management to assure itself that prescribed systems are functioning reasonably well.

The Department stated that the Finance Department has not put in place any separate internal audit system for Excise Department. However, inspections of different establishments under Excise Department are conducted by officers of the Department at different levels. Thus, had there been an effective internal audit system in the Department, the deficiencies could have been rectified through internal evaluation and the system would be functioning better.

**Recommendation 1: As the Finance Department has not arranged for internal audit of the State Excise units till now, the Department may in coordination with Finance Department, arrange to conduct internal audit of its records/unit Offices.**

### 3.3 Results of audit

In 2015-16, test check of the records of 19 units relating to excise duty, license fee receipts etc., showed non/short realisation of excise duty/license fee/renewal fee and other irregularities involving ₹ 19.82 crore in 129 cases, as mentioned in **Table 3.1**.

**Table 3.1**  
**Results of Audit**

Sl. No.	Category	(₹ in crore)	
		Number of cases	Amount
1.	Non-realisation of revenue against damaged stock allowed for destruction	05	5.32
2.	Non/Short payment of Licence Fee	20	4.31
3.	Loss due to non-levy of Excise Duty	07	0.46
4.	Non/Short realisation of Establishment Charges	04	0.40
5.	Other irregularities	93	9.33
<b>Total</b>		<b>129</b>	<b>19.82</b>

During the course of the year, the Department accepted underassessment and other deficiencies of ₹ 19.05 crore in 20 cases which were pointed out in earlier years and during the year 2015-16. An amount of ₹ 31.89 lakh was recovered in 16 cases during the year 2015-16.

A few illustrative cases involving ₹ 3.13 crore are discussed in the following paragraphs.

### Audit observations

#### **3.4 Revenue of ₹ 1.02 crore was not realised against damaged stock allowed for destruction**

As per Rule 43 of the Assam Bonded Warehouse (ABW) Rules, 1965, if spirits stored in a bonded warehouse are found to be of inferior quality or otherwise unsuitable for the purpose for which they were stored, they might be rejected or destroyed or otherwise dealt with under the orders of the CE. Further, Rule 32 of the ABW Rules mentions that the State Government shall not be held responsible for the destruction, loss or damage of any spirits stored in warehouse by fire or by gauging or by any other cause, whatsoever.

*[Superintendent of Excise (SE), Karbi Anglong, Diphu; May 2015]*

**3.4.1** During scrutiny of records of M/s Radiant Manufacturers Pvt. Ltd., Bokajan in the above SE Office, it was observed that the CE, Assam allowed (March 2015) destruction of 8,316 cases of India Made Foreign Liquor (IMFL) and 12,581 cases Beer involving excise duty of ₹ 72.79 lakh which were found to be unfit for human consumption due to prolonged storage. Accordingly the stock of IMFL/Beer was destroyed under supervision of the SE, Diphu and excluded from the stock in March 2015. This resulted in revenue of ₹ 72.79 lakh not being realised.

*[SE, Jorhat; May 2015]*

**3.4.2** During scrutiny of records of M/s Borgohain Enterprise Pvt. Ltd. under the above SE Office, it was observed that the CE, Assam allowed (February 2015) destruction of 30,567.61 LPL of IMFL and 34,172.25 BL of Beer involving excise duty of ₹ 28.81 lakh which were found to be unfit for human consumption due to prolonged storage. Accordingly the stock of IMFL/Beer was destroyed and excluded from the stock in March 2015. This resulted in revenue of ₹ 28.81 lakh not being realised.

On this being pointed out, the SE, Jorhat (August 2016) stated that the licensee (M/s Borgohain Enterprise Pvt. Ltd.) had filed a prayer petition for exemption of Excise Duty on the destroyed quantity. Report on further developments has been awaited (January 2017).

However, in the cases of the above two licensees it was noticed that though the Rule 32 of ABW Rules specifically states that the State Government shall not be responsible for any damage/destruction of IMFL/Beer, neither did the licensees pay the excise duty involved nor was any demand raised by the excise authorities for recovery of the same.

The cases were reported to the Department/Government between May and June 2015 and followed up in April 2016; their replies have not been received (January 2017).

**3.5 Revenue of ₹ 70.70 lakh involved in stock of IMFL damaged in fire was not recovered despite specific orders of the CE**

*[SE; Dibrugarh; February 2014 and August 2015]*

As per Rule 28 of the ABW Rules, 1965, a licensee of a bonded warehouse, who has imported or transported spirit under a bond for payment of duty, shall pay to the Government, excise duty at the prescribed rates on the quantity of spirits received in the warehouse and also for absence of the quantity of the spirit detected at the time when the spirit is measured, gauged and proved for removal. Rule 37 of the Rules *ibid* states that the licensee shall pay the duty as aforesaid in lieu of the duty payable unless he is able to account for the absence in respect of spirits in bottles and also subject to the allowances provided in respect of spirits. Further, Rule 32 of the ABW Rules absolves the State Government of any responsibility for the destruction, loss or damage of any spirits stored in warehouse by fire or by gauging or by any other cause, whatsoever.

During audit of M/s Zarang India Pvt Ltd, a bonded warehouse under the above SE, in February 2014 it was observed that the licensee had a closing stock of 90,547.08 LPL IMFL and 11,879.25 BL Beer as on 31 January 2014. In view of the stock being depicted in the books of accounts, SE was requested by audit to carry out a physical verification of the stock to ensure that it tallied with the book balance. During the subsequent audit of the above SE Office in August 2015 it was observed that the Deputy Superintendent of Excise of the district had carried out a physical verification of the stock on 20 March 2014 and submitted a report certifying the stock to be tallying with the book balance. Thereafter on 26 April 2014 the licensee reported that a fire broke out in the warehouse damaging most of the stock. Further scrutiny of the records revealed that the CE directed (July 2014) the SE to work out and recover the excise duty pertaining to the stock destroyed in fire within seven days. The SE accordingly worked out the excise duty as ₹ 70.70 lakh and directed (20 August 2014) the licensee to deposit the same within seven days. However, till the date of audit (August 2015) neither the licensee had deposited the revenue demanded nor was any action taken by the SE/CE to recover the same. This resulted in revenue of ₹ 70.70 lakh remaining unrealised.

The case was reported to the Department/Government in September 2015 and followed up in April 2016; their replies have not been received (January 2017).

**3.6 Three bonded warehouses, one bottling unit, two retail ‘OFF’ and three ‘ON’ bar licencees did not pay the annual licence fees resulting in licence fees of ₹ 34.17 lakh not being realised**

[SsE, Dibrugarh; Diphu and Sonitpur; May 2015, August 2015 and April - May 2015]

Rule 243 and 244 of the Assam Excise (AE) Rules, 1945 provide that the licencees of whole sale bonded warehouses and retail licencees are required to pay annual licence fees and wholesale licence fees (for bonded warehouses), in advance, before the

Bond limit	Licence Fees
Upto ₹ 25 lakh	₹ 1 lakh
From ₹ 25 lakh to ₹ 50 lakh	₹ 1.50 lakh
From ₹ 50 lakh to ₹ 1 crore	₹ 2.50 lakh
₹ 1 crore and above	₹ 5 lakh and ₹ 10 lakh (from June 2015)

commencement of the financial year. From 30 September 2010, the licence fees for retail ‘OFF’ and ‘ON’/Bar licencees<sup>1</sup> are ₹ 1 lakh and ₹ 50,000 per annum respectively. The bonded warehouses are required to pay licence fees depending upon the bond limits as shown in the inset. Besides, the bonded warehouses are also required to pay wholesale licence fees at ₹ 2 lakh per annum and the bottling units are liable to pay licence fees for compounding and blending, reduction and bottling, additional bottling fees, bonded warehouse and wholesale licence fees at prescribed rates<sup>2</sup>.

During scrutiny of the records in the above SE Offices, it was observed that though the licence fees are to be paid in advance before the commencement of the year, three bonded warehouse, one bottling unit, two ‘OFF’ retail licencees and three bar licencees did not pay the licence fees for the years falling between 2014-15 and 2015-16. Though the amounts were not paid by the licencees as prescribed, no demand notice was issued by the concerned SE to recover the outstanding amounts from the licencees. This resulted in revenue of ₹ 34.17 lakh not being realised. Details are shown in the following table:

<sup>1</sup> ‘OFF’ licencees – where IMFL/Beer can be sold and cannot be consumed in the premises of the licencee and ‘ON’ licencees – where IMFL/Beer can be consumed in the premises of the licencee.

<sup>2</sup> Compounding and bottling - ₹ 1.50 lakh, reduction and bottling - ₹ 1.50 lakh (upto 30 lakh LPL), additional bottling fees - ₹ 8 per case (beyond production of 30 lakh LPL) and bonded warehouses licence fees and wholesale licence fees as per the scale.



**Table No. 3.2**

Name of the licensee	Name of SE	Type of licence	Year	Category	Licence fees remaining unpaid (₹ in lakh)		
M/s N. K Bonded Warehouse	SE, Diphu	Bonded warehouse	2015-16	Bond renewal licence fees & Wholesale licence fees	1.50 2.00		
M/s Sara Distillery		Bottling & Bonded warehouse		Bond renewal licence fees Wholesale licence fees Compounding & blending fee Reduction and importing fee Importing Bonded warehouse	2.50 2.00 1.50 1.50 2.50		
Shri Ajit Teron		'OFF'		Retail licence fee	1.00		
Shri Jeevraj Singh		-do-		-do-	1.00		
Shri Ratan Dey		'ON'		Bar licence fees	0.50		
M/s Zarrang India Pvt Ltd Bonded Warehouse		SE, Dibrugarh		Bonded Warehouse and wholesale	2015-16	Bond renewal licence fees & Wholesale licence fees	9.17 <sup>3</sup> 2.00
M/s Sonitpur Bonded Warehouse		SE, Sonitpur		Bonded warehouse	2014-15	Renewal licence fees & Wholesale licence fees	1.50 1.50
	2015-16		Renewal Licence fees & Wholesale licence fees		1.50 1.50		
Shri Deepak Tamang	'ON'		2015-16	Bar licence fees	0.50		
N. Bar	-do-		2015-16	-do-	0.50		
<b>Total</b>					<b>34.17</b>		

On being pointed out, the SE, Diphu reported that the licensee Shri Ajit Teron had deposited the unpaid licence fee of ₹ one lakh for the year 2015-16. However, replies in respect of remaining licences had not been received (January 2017).

The cases were reported to the Department/Government between June and September 2015 and followed up in April 2016; their replies have not been received (January 2017).

<sup>3</sup> Licence fees for the period April - May 2015 at old rates - ₹ 83,333 and for the rest of the period from June 2015 to March 2016 - ₹ 8,33,333 (pro-rata of ₹ 10 lakh payable as annual licence fees as revised).

**3.7 Short realisation of excise duty of ₹ 31.90 lakh on IMFL/Wine/Beer issued to the retailers by two bonded warehouses**

[*SsE; Sonitpur Tezpur and Tinsukia; May and July - August 2015*]

Rule 25 of the ABW Rules, 1965 provides that spirits may be removed from a bonded warehouse on pre-payment of duty. The excise laws also provide for maintenance of a stock register to be kept under the Officer-in-charge deputed by the State Government and for submission of monthly reports to the CE through the concerned district excise authorities.

During scrutiny of the records of M/s Mid Assam Bonded Warehouse and M/s Mohit Enterprise Bonded Warehouse under the above SsE, it was observed that the officers-in-charge allowed lifting of 1,03,880.81 BL IMFL, 11,382 BL Beer and 54 BL Wine during the month of March 2015 in respect of M/s Mid-Assam Bonded Warehouse and 15,114.76 BL IMFL pertaining to Luxury Brand in respect of the other licensee. As per the applicable rate of excise duty prescribed by the State Government in September 2010, revenue of ₹ 70.10 lakh and ₹ 10.48 lakh respectively was realisable from the licensees on the aforesaid volume of IMFL/Beer/Wine. However, scrutiny of the revenue statement of the bonded warehouses revealed that during the same month revenue aggregating ₹ 46.52 lakh and ₹ 2.16 lakh respectively was realised by the bonded warehouses. This resulted in short realisation of revenue of ₹ 31.90 lakh. Though the monthly statement was sent to the CE through the district SE the short realisation was not addressed.

The case was reported to the Department/Government between June and September 2015 and followed up in April 2016; their replies have not been received (January 2017).

**3.8 Stock of IMFL/Beer/Wine was irregularly deducted from the stock register resulting in evasion of revenue of ₹ 29.56 lakh**

[*SE, Nagaon; November 2015*]

As per Rule 43 of the ABW Rules, 1965, if spirits stored in a bonded warehouse are found to be of inferior quality or otherwise unsuitable for the purpose for which they were stored, they might be rejected or destroyed or otherwise dealt with under the orders of the CE. Rule 32 of the ABW Rules mentions that the State Government shall not be held responsible for the destruction, loss or damage of any spirits stored in warehouse by fire or by gauging or by any other cause, whatsoever. Further, the officer-in-charge posted in the bonded warehouses are required to monitor the stock through stock registers and the same is intimated to the higher authorities through periodic reports/returns.

During scrutiny of records of M/s Dynasty Bonded Warehouse under the above SE, it was observed that on the request of the licensee, the CE directed (July 2015) for

destruction of 73,363.68 BL IMFL/Beer on the ground that the same were not fit for human consumption. Accordingly, the spirits were destroyed and reduced from the stock register in September 2015. Scrutiny of the records relating to the destruction revealed that out of the total volume allowed for destruction, IMFL totalled 50,706.81 LPL<sup>4</sup> pertaining to General, Luxury, Premium and Classic Premium brands and as claimed by the licensee the stock was lying idle for various periods falling between June 2002 and December 2012. Verification of the stock register maintained by the officer-in-charge revealed that as of March 2014, the licensee had only 19,841.59 LPL<sup>5</sup> of IMFL pertaining to brands destroyed. Analysis of the stock position of the brands as of March 2014 with those claimed to have been destroyed in September 2015 revealed that 30,980.44 LPL and 1,017.45 LPL of IMFL pertaining to Luxury and Premium brands respectively were shown to have been destroyed in excess of the stock available in March 2014. Thus, it is evident that the balance of 30,980.44 LPL and 1,017.45 LPL of IMFL was irregularly reduced from the stock as evident from the physical verification of the excise authorities which found the book and actual balance to be tallying after the reduction. This resulted in evasion of excise duty of ₹ 29.56 lakh<sup>6</sup>.

The case was reported to the Department/Government in December 2015 and followed up in April 2016; their replies have not been received (January 2017).

**3.9 Irregular allowance of godown wastage leading to revenue of ₹ 23.38 lakh not being realised**

As per Rule 37 of the ABW Rules, 1965 and subsequent executive instructions, the SE or the officer-in-charge of the bonded warehouse shall take stock of all spirits in the warehouse on the last day of the quarter and the licensee shall pay duty at prescribed rates on all spirits in excess of an allowance of one *per cent* on account of wastage allowance.

[SE; Karbi Anglong, Diphu, May 2015]

**3.9.1** During test check of records in the above Office, it was observed that a licensee M/s ANR Bonded Warehouse claimed godown wastage of 14,978.64 BL IMFL during the quarters ending January 2014 to March 2015. However, it was observed that during the same period there was no transaction (purchase/sales) and thus, the godown wastage involving revenue of ₹ 9.47 lakh claimed by the licensee was inadmissible and escaped the notice of the excise authorities. The

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<sup>4</sup> General brand 570.24 LPL; Luxury brand 47,699.55 LPL; Premium brand 2,243.70 LPL and Classic Premium 193.32 LPL.

<sup>5</sup> General brand 1,345.77 LPL; Luxury brand 16,719.11 LPL; Premium brand 1,226.25 LPL and Classic Premium 550.46 LPL.

<sup>6</sup> 30,980.44 LPL or 4,694 cases (@ 6.6 LPL per case) X ₹ 598.9 per case (excise duty pertaining to Luxury brand) = ₹ 28.11 lakh and 1,017.45 LPL or 154.16 cases (@ 6.6 LPL per case) X ₹ 942.5 per case (excise duty pertaining to Premium brand) = ₹ 1.45 lakh

irregular/inadmissible godown wastage resulted in revenue of ₹ 9.47 lakh not being realised.

[SE; Sonitpur Tezpur, April - May 2015]

**3.9.2** During test check of records in the above Office, it was observed that during the quarter endings March 2014 and June 2014, M/s Mid Assam Bonded Warehouse claimed godown wastage of 22,705.66 BL against the admissible wastage of 2,270.56 BL calculated at one *per cent* of the closing stock of 2,27,056.55 BL. The excess and inadmissible wastage of 20,435.1 BL or 2,322 cases<sup>7</sup> of IMFL pertaining to Luxury brand<sup>8</sup> claimed by the licensee escaped notice of the Departmental officer. The excess deduction of godown wastage led to non-realisation of revenue of ₹ 13.91 lakh calculated at the prevalent rate of excise duty *i.e.* ₹ 598.90 per case applicable to Luxury brand.

The cases were reported to the Department/Government in June 2015 and followed up in April 2016; their replies have not been received (January 2017).

**3.10 Five consignments of IMFL were not accounted for by two bonded warehouses on which demand was not raised by the SsE resulting in revenue of ₹ 14.21 lakh remaining unrealised**

[SsE; Karbi Anglong, Diphu and Tinsukia; May and August 2015]

Rule 21 of the ABW Rules, 1965 provides that the spirits intended for warehouse shall be conveyed thereto under bond, and at the sole risk of the licensee of the warehouse. The bond shall be discharged when the foreign liquors have been deposited in the warehouse and have been duly gauged and proved by the officer-in-charge and after the duty on the excess deficiency, if any, has been realised. The excise laws also provide for maintenance of a stock register to be kept under the Officer-in-charge deputed by the State Government and for submission of monthly reports to the CE through the concerned district excise authorities.

During scrutiny of the records of M/s Friend Distillery and Bottling Industries Bonded Warehouse, Khatkhathi and M/s Eastern Wines under the above SE Offices, it was observed that five permits<sup>9</sup> issued by the CE for lifting 1,100 cases of IMFL/11,444.40 BL IMFL from three bottling units M/s Saaran Industries, M/s Seven Sisters and M/s Aroma India Pvt Ltd were not accounted for in the stock register of the bonded warehouses. Though monthly reports were sent to the CE through the concerned SE Offices, the matter remained unnoticed. Consequently,

<sup>7</sup> Calculated at 8.8 BL per case (750 ml/375 ml cases contain 9 BL while 180 ml cases contain 8.6 BL – hence calculated at median of the two as production of 180 ml is more than the other two).

<sup>8</sup> IMFL is categorised into various brands like General, Regular, Luxury, Premium and Classic as per their cost price and excise duty is leviable at various rates as per the classification.

<sup>9</sup> Two permits bearing No. 101 and 102 dated 16 October 2014 pertaining to M/s Friend Distillery and Bottling Industries Bonded Warehouse and three permits bearing No. 402, 439 and 465 dated 10 October 2014, 8 January 2015 and 22 October 2014 respectively pertaining to the other licensee.

demand for recovery of revenue involved in the unaccounted volume of IMFL was not raised resulting in revenue of ₹ 14.21 lakh remaining unrealised.

On being pointed out, the SE Diphu stated (December 2016) that steps had been taken for realisation of demand of ₹ 6.59 lakh in respect of M/s Friend Distillery and Bottling Industries Bonded Warehouse, Khatkhati. Report on recovery had not been received (January 2017). Reply in case of other dealer had not been received (January 2017).

The case was reported to the Department/Government between June and September 2015 and followed up in April 2016; their replies have not been received (January 2017).

**3.11 Non-monitoring of stock of IMFL held by a bonded warehouse and enhancement of bond limit without realising the balance licence fees resulted in short realisation of licence fees of ₹ 7.50 lakh**

*[SE, Sonitpur Tezpur, April-May 2015]*

Rule 243 of the AE Rules, 1945 provide that the licensee of whole sale bonded warehouses are required to pay annual licence fees and wholesale licence fees (for bonded warehouses), in advance, before the commencement of the financial year. From 30 September 2010, the bonded

Bond limit	Licence Fees
Upto ₹ 25 lakh	₹ 1 lakh
From ₹ 25 lakh to ₹ 50 lakh	₹ 1.50 lakh
From ₹ 50 lakh to ₹ 1 crore	₹ 2.50 lakh
₹ 1 crore and above	₹ 5 lakh

warehouses are required to pay licence fees at various rates depending upon the bond limits as shown in the inset. The stock of IMFL/Beer is to be maintained in a separate register to be kept at the disposal of the officers-in-charge of the bonded warehouses.

During scrutiny of records of M/s Mid Assam Bonded Warehouse under the above SE Office it was observed that the bond limit of the licensee was fixed as ₹ 1 crore. The annual licence fees of ₹ 2.50 lakh per annum was accordingly paid by the licensee for the years 2013-14 and 2014-15. However, scrutiny of the stock register and monthly reports submitted to the CE by the licensee revealed that the stock of IMFL/Beer held by the licensee on various dates during the above years had crossed the bond limit fixed by the CE which made the licensee liable to payment of licence fees at rates higher than that paid by it. The differential licence fees were neither paid by the licensee of the bonded warehouse nor did the concerned Officer-in-charge/SE detect the excise duty involvement in IMFL/Beer in stock crossing the bond limit fixed by the CE. Consequently, there was a short realisation of licence fees of ₹ 5 lakh. Details are shown in the following table.

Table No. 3.3

Name of the licencee/ bond limit fixed by CE	Year/ Licence fees paid (₹ in lakh)	Instances of duty involved in stock crossing over the bond limit		Licence fees payable (₹ in lakh)	Licence fees short realised (col 5 – col 2) (₹ in lakh)
		Month	Excise duty involved in the stock held (₹ in lakh)		
(1)	(2)	(3)	(4)	(5)	(6)
M/s Mid Assam Bonded Warehouse/ ₹ 1 crore	2013-14/ 2.50	January 2014	188.13	5.00	2.50
		February 2014	177.58		
		March 2014	177.74		
	2014-15/ 2.50	January 2015	215.99	5.00	2.50
		February 2015	237.25		
		March 2015	154.44		
<b>Total</b>					<b>5.00</b>

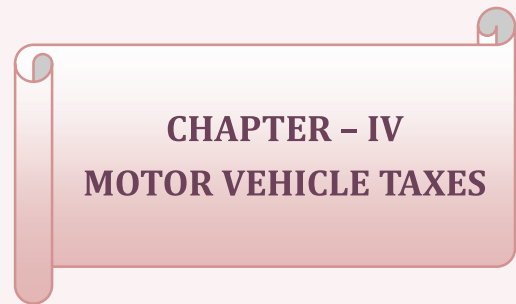
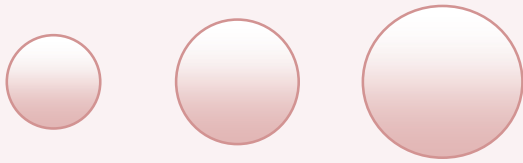
Similarly, during scrutiny of records of another licencee M/s Luit Valley Bonded Warehouse under the above SE, it was observed that the bond limit was enhanced by the CE (September 2014) from ₹ 80 lakh to ₹ 2.50 crore and the SE, Sonitpur Tezpur was instructed to recover the balance licence fees of ₹ 2.50 lakh<sup>10</sup> from the licencee. However, neither did the licencee pay the balance fees nor was any demand raised by the SE, Sonitpur Tezpur for recovery of the balance amount.

Thus, there was short realisation of revenue of ₹ 7.50 lakh from two bonded warehouses.

The case was reported to the Government in June 2015 and followed up in April 2016; reply has not been received (January 2017).

<sup>10</sup> As the licencee had already paid ₹ 2.50 lakh for 2014-15.



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**CHAPTER - IV**  
**MOTOR VEHICLE TAXES**







## CHAPTER – IV Motor Vehicles Taxes

### 4.1 Results of audit

Test check of records in 20 unit offices of the Transport Department during 2015-16 revealed non-realisation of road tax, non-assignment of new registration mark to vehicles from other States and other irregularities amounting to ₹ 13.83 crore in 107 cases. Besides, a Performance Audit (PA) on ‘Working of Transport Department’ was also conducted during the year involving revenue implication of ₹ 6.51 crore. These are mentioned in **Table – 4.1**.

**Table 4.1  
Results of Audit**

Sl. No.	Categories	Number of cases	Amount (₹ in crore)
1.	<b>A Performance Audit on ‘Working of Transport Department’</b>	<b>01</b>	<b>6.51</b>
2.	Non-realisation of road tax	20	6.38
3.	Non-assignment of new registration mark to vehicles from other States	06	0.98
4.	Offence cases	03	0.01
5.	Other irregularities	78	6.46
<b>Total</b>		<b>108</b>	<b>20.34</b>

During the course of the year 2015-16, the Department accepted 15 cases involving revenue of ₹ 6.09 crore and recovered ₹ 22 lakh in three cases during the year 2015-16.

A PA on ‘**Working of Transport Department**’ involving revenue implication of ₹ 6.51 crore is discussed in the following paragraphs.

## **4.2 Performance Audit on ‘Working of Transport Department’**

### **Highlights:**

- Due to the absence of a mechanism to review the combined register at periodical intervals, the concerned district transport offices could not detect non-payment of tax of ₹ 2.94 crore by the vehicle owners.  

*(Paragraph 4.2.8)*
- Fitness fee of ₹ 1.28 crore could not be recovered due to not verifying the fitness of the vehicles at the due time.  

*(Paragraph 4.2.9)*
- Failure to renew the licences of Agents of Goods and Passenger Vehicles resulted in renewal licence fee of ₹ 73.60 lakh not being realised.  

*(Paragraph 4.2.11)*
- Inadequate existence of internal control system led to misappropriation and not-depositing of Government revenue.  

*(Paragraph 4.2.29)*

### **4.2.1 Introduction**

The Transport Department of the Government of Assam (GoA) is the fourth largest revenue earning department of the State. It contributes ₹ 1,569.42 crore (Taxes on vehicle) out of total tax revenue collection ₹ 40,263.01 crore which was around four *per cent* of the total tax revenue of the State during the period between 2010-11 and 2014-15. The functioning of the Transport Department and levy, collection of tax and fee in the State of Assam are governed by the Motor Vehicles (MV) Act, 1988, the Central Motor Vehicles (CMV) Rules, 1989, the Assam Motor Vehicles Taxation (AMVT) Act, 1936 and the Assam Motor Vehicle (AMV) Rules, 2003. The main source of revenue in the Department comprises motor vehicle tax, fee for registration/grant of driving licences and issue of road permits, apart from fines and penalty for default. Tax is realised once for 15 years in the case of private vehicles while for commercial vehicles, it is realised each year, at the option of the vehicle owner to pay it every quarter, half yearly or annually. Besides, a composite fee *in lieu of* motor vehicles tax is also collected from commercial vehicles bearing national permit/tourist permit of other States willing to ply in the State.

The Transport Department had undertaken computerisation of its functions by implementing *VAHAN* (registration of vehicles) and *SARATHI* (grant of driving licences) softwares to achieve faster, transparent and better monitoring of revenue generation under the provision of aforementioned Acts and Rules.

### 4.2.2 Organisational setup

The Transport Commissionerate was created and established under Section 133 (A) of the MV Act, 1939 in the year 1952 to administer the provisions of the MV Acts and Rules.

The Commissioner and Secretary, Transport Department is in charge of the Department at the Government level. The Commissioner of Transport (CoT) heads the Transport Department and is responsible for overseeing the functioning of the various wings of the Department and implementation of the Acts and Rules governing the assessment, levy and collection of motor vehicles taxes, fees and fines. He is assisted by one Additional Commissioner of Transport, two Joint Commissioners of Transport<sup>1</sup> (JCoT), State Transport Authority (STA) and three Deputy Commissioners of Transport and five Assistant Commissioners of Transport. At the district level, there are 29 District Transport Officers (DTOs)/Regional Transport Authority (RTA) responsible for enforcing the provisions of the Acts and Rules. The Joint Commissioner of Transport in the capacity of Secretary, STA is responsible for issue of the national permit and permit for all stage carriages as specified in the MV Act.

### 4.2.3 Audit Objectives

The PA was undertaken with a view to examine whether-

- the provisions of the Acts and Rules governing administration of the motor vehicles were being implemented effectively and revenue due to the State exchequer is assessed, levied, collected and remitted promptly;
- the steps taken by the Department to ensure “pollution under control” were adequate and effective;
- the checkgates as well as the enforcement wing of the Department were effective in monitoring that the transport vehicles plying within the State were in conformity with requirements of fitness, carriage capacity and pollution clearance etc; and
- the internal control mechanism including the information technology systems in the Department was adequate and effective to ensure effective and efficient functioning of the Department.

### 4.2.4 Audit Scope and Methodology

The PA was conducted through test check of records relating to 2010-11 to 2014-15 between March and August 2016. Out of 29 DTOs, 11<sup>2</sup> DTOs were selected based on Probability Proportional to Size with Replacement (PPSWR) method with size

<sup>1</sup> One of whom is also the *ex-officio* Secretary.

<sup>2</sup> DTOs of Kamrup (R&L) Guwahati, Dhubri, Sonitpur Tezpur, North Lakhimpur, Dhemaji, Cachar Silchar, Karimganj, Dima Hasao Haflong, Dibrugarh, Jorhat and Sivasagar.

measurable as the total amount of revenue collected during the period. Besides, Office of the CoT, Assam being apex office and STA of the Department and all three MV check gates (Srirampur, Baxirhat and Digharkhal) were taken up for audit.

The audit methodology included scrutiny of files in the selected offices of the Transport Department, verification of the functions of the Enforcement wing, Auto Emission Testing Stations, Weigh bridges issuing weighment slips to commercial goods carriers and check gates of the Transport Department.

The audit methodology and scope of audit scrutiny was discussed with the Additional Commissioner of Transport and the Secretary, Transport Department, GoA in an entry conference held on 1 March 2016. The draft Report was forwarded to the Transport Department and Secretary, Transport Department, GoA on 1 September 2016. The audit findings and the recommendations were discussed in an exit conference on 27 October 2016. The replies furnished by the Department have been suitably incorporated in the Report.

#### **4.2.5 Audit Criteria**

The PA was conducted based on the following criteria:

- MV Act, 1988 and CMV Rules, 1989;
- AMVT Act, 1936;
- AMV Rules, 2003;
- Assam Financial (AF) Rules and Bengal Public Demand Recovery (BPDR) Act, 1913;
- Instructions issued by the Ministry of Road Transport and Highways, Government of India (GoI);
- Notifications/orders issued by the Transport Department, GoA; and
- Air quality standards prescribed by Central Pollution Control Board and Pollution Control Board of Assam (PCBA).

#### **4.2.6 Acknowledgement**

The Indian Audit and Accounts Department acknowledges the co-operation of the Transport Department in providing necessary information and records for audit.

#### **Audit Findings**

The PA revealed a number of deficiencies which are discussed in the following paragraphs.

### 4.2.7 Trend of Revenue

Table 4.2

(₹ in crore)

Year	Total revenue collection of the State	Budget Estimates	Motor Vehicle Tax (MVT) Revenue of the State	Variation between actual MVT revenue and Budget Estimates (4-3)	Percentage of MVT revenue as against total revenue of the State
(1)	(2)	(3)	(4)	(5)	(6)
2010-11	23,004.94	221.70	248.78	27.08	1.08
2011-12	27,455.39	281.00	312.12	31.12	1.14
2012-13	30,690.98	340.00	344.38	4.38	1.12
2013-14	32,212.79	380.59	361.54	(-) 19.05	1.12
2014-15	38,181.49	382.57	378.98	(-) 3.59	0.99

\*Source: Transport Department, GoA.

The share of total tax on MVT receipts which was around 1.08 *per cent* of the total collection of the State receipts during 2010-11 had shown a steady increase during next year and had reached 1.14 *per cent* during 2011-12. However, the receipts on MVT showed declining trend from 2012-13 and stood at 0.99 *per cent* during 2014-15. The reason for declining trend was mainly attributed to ban on coal mining in Meghalaya by the National Green Tribunal and Hon'ble Supreme Court order (September 2009) restricting movement of overloaded vehicle.

### 4.2.8 Failure in raising demands of MV Tax

Sub section (1) of Section 4A of the AMVT Act, 1936 provides that taxes on motor vehicles are to be paid in advance on or before 15 April of each year or optionally in four equal instalments payable on or before 15 April, 15 July, 15 October and 15 January respectively. Under section 5A of the AMVT (Amendment) Act, 2002, every owner of a motor vehicle who fails to pay the appropriate road tax in time shall be liable to pay a fine at a rate of ₹ 5 per day of such delayed payment with effect from 9 May 2002.

Further, as per the provisions of the Act, the DTO is required to maintain a Combined Register<sup>3</sup> to watch the recovery of tax. He is also required to review the register at periodic intervals and issue demand notices to defaulters.

<sup>3</sup> All the particulars relating to vehicle such as Registration No., Date of registration, Date of purchase, Date of validity of Registration, Engine No., Chassis No. and Name and address of vehicle owner etc. is noted in Combined Register.

Test check of the records of nine<sup>4</sup> DTOs revealed that road taxes amounting to ₹ 2.90 crore was due from 901 commercial vehicles for various periods between April 2010 and March 2015. Further, in DTO, Jorhat road taxes amounting to ₹ 3.71 lakh were also due from 11 vehicles which had entered from other States between November 2011 and February 2013. Due to absence of periodical review of the Combined Registers, those vehicles continued to ply in public places without payment of tax. There was also nothing on records to show that the owners of these vehicles surrendered the licences or submitted 'H' form<sup>5</sup>. Thus, failure of the DTOs to review the Combined Register at periodical intervals and issue demand notices to the defaulters resulted in non-realisation of tax and fine of ₹ 2.94 crore (as shown in **Appendix - VII and VIII**).

*The Department may ensure that the Combined Register is reviewed at regular intervals and ensure recovery of outstanding revenue from defaulters. Further, steps may be taken to make a provision in the VAHAN software to generate alerts.*

The CoT while accepting the recommendation has stated (October 2016) that instructions have been issued to DTOs in this regard.

#### **4.2.9 Non-realisation of fitness fees from the vehicle owners**

Under Section 56 of the MV Act, 1988, a transport vehicle shall not be deemed to be validly registered for the purpose of registration, unless it carries a certificate of fitness in such form containing such particulars and information as may be prescribed by the Central Government. As per provisions of the CMV Rules, 1989 the certificate of fitness issued at the time of registration of a new transport vehicle is valid for two years and it is to be renewed every year thereafter. In case of non-renewal of the certificate of fitness, fine of ₹ 2,000 is recoverable from the vehicle owners under Section 192 of the MV Act.

Test check of the records of seven<sup>6</sup> DTOs revealed that fitness fee and fine amounting to ₹ 1.28 crore was due from 5,332 commercial vehicles for various periods between April 2010 and March 2015. Plying of 5,332 motor vehicles without valid fitness certificates, besides jeopardising the public safety, resulted in non-realisation of Government revenue amounting to ₹ 1.28 crore (as shown in **Appendix -IX**).

*The Department may take immediate steps to verify the fitness of all the vehicles which are due.*

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<sup>4</sup> DTOs of Dhubri, Sonitpur Tezpur, Dhemaji, Cachar Silchar, Dima Hasao Haflong, Dibrugarh, Jorhat, Sivasagar and Karimganj.

<sup>5</sup> If a vehicle owner desires to withdraw his vehicle, off the road for repair etc. for a period more than 30 days continuously, he must submit application in Form 'H' in triplicate along with the documents of vehicle/number plates etc. before the Registering Authority for temporary exemption of taxes under Rule 49 (2) of the AMV Rules 2003.

<sup>6</sup> DTOs of Dhubri, Dhemaji, Cachar Silchar, Dima Hasao Haflong, Dibrugarh, Jorhat and Sivasagar.

The Department stated (October 2016) that all DTOs have been instructed to verify the fitness issue register and to report compliance within 31 December 2016.

#### **4.2.10 Non-assignment of local/new registration marks to vehicles entered from other States**

Section 47 of the MV Act, 1988 stipulates that a motor vehicle registered in one State and kept in another State for a period exceeding 12 months, must be registered in the later State. Rule 81 of the CMV Rules, 1989 prescribes the rate of registration fee for different category of motor vehicles. The AMV Rules, 2003 prescribes that if the owner of the vehicle of other States fails to apply for assignment of new registration mark under section 47 of the MV Act, he shall be liable to pay a fine of ₹ 100 if the application is not submitted within seven days after the expiry of the prescribed period. Further, if the vehicle is not reassigned within seven days of detection of not being registered in the new State by the Department, a fine of ₹ 300 shall be leviable and this procedure can be repeated after every seven days till the vehicle is assigned a new registration number.

Test check of Combined Registers for the period from April 2010 to March 2015 revealed that in five<sup>7</sup> DTOs, though 65 vehicles of other States were plying within the state of Assam for more than one year, yet the owners of these vehicles failed to apply for new registration marks. No action was taken by the DTOs as well. The Combined Registers were not reviewed periodically and hence no notices were issued to the vehicle owners for assignment of new registration marks. This resulted in non-realisation of reassignment fee of ₹ 0.27 lakh. Besides, fine of ₹ 33.70 lakh was also leviable (as shown in **Appendix -X**).

The Department stated (October 2016) that instructions would be issued to all DTOs to take steps for assignment of local/new registration marks to vehicles entered from other States.

#### **4.2.11 Non-realisation of renewal licence fee of Agents for Goods and Passenger Vehicles**

The AMV Rules, 2003 provide that fresh licences to agents for Goods and Passenger Vehicles shall be issued at the time of renewal of licence every year by paying the renewal fee at the prescribed rate by the licences. Rule 53(B) of the AMV Rules prescribed the rates of renewal of licence fee in respect of Agent's Licence<sup>8</sup> for Goods and Passenger Vehicles as under:

<sup>7</sup> DTOs of Dhubri, North Lakhimpur, Cachar Silchar, Dima Hasao Haflong and Dibrugarh.

<sup>8</sup> For the purpose of Agent's Licence, the licensee shall *inter-alia*, shall provide places for loading and unloading of goods, be responsible for proper arrangement for storage of goods collected for dispatch for delivery and exhibit the actual passengers fare for the route or the area.



**Table 4.3**

<b>Class of Licences</b>	<b>Annual Licence Fees</b>
Goods Vehicle	₹ 20,000 per year plus ₹ 1,200 per year for every Additional Branch <sup>9</sup> .
Passenger Vehicle	₹ 10,000 per year plus ₹ 600 per year for every Additional Branch.

Test check of records and information furnished by the CoT revealed that under the Commissionerate there were 36 numbers of Agents in respect of Goods Vehicles and 90 numbers of Agents in respect of Passenger Vehicles. Neither all these 126 Agents had renewed their respective licences between April 2010 and March 2015 nor the Commissionerate initiated action to realise the dues. This resulted in non-realisation of renewal fee of ₹ 73.60 lakh (as shown in **Appendix -XI and XII**).

The Department while accepting the audit observation stated (October 2016) that meetings with agents have been held and they have been instructed to renew the licences within the stipulated time. Also, all DTOs have been instructed to ensure that no agent operates without valid licence.

#### **4.2.12 Trade Licence fee not realised**

Under Rule 112(1) of the AMV Rules, 2003, no person shall establish a repairing centre for body building/weigh bridges and become a dealer/sub-dealer of motor vehicles, without a licence granted by the licencing authority, on realisation of licence fee as prescribed under Rule 112(7) of the AMV Rules. Rule 112(3) of the AMV Rules provides that licence shall be in force for five years and thereafter may be renewed for another five years on an application not less than six days before the date of expiry of previous licence. In case of non-renewal of licence in time, a fine of ₹ 2 per day shall be imposed.

Test check of the records of three<sup>10</sup> DTOs revealed that 52 repairing centres for body building/weigh bridges and the dealers/sub-dealers were running their businesses without renewal of trade licences for period ranging from April 2010 to March 2015. The Department had not taken any action towards cancellation of their trade licences. This resulted in fees and fine amounting to ₹ 2.96 lakh not being realised (as shown in **Appendix-XIII**).

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<sup>9</sup> The subordinate places of business of the Agent for goods and passengers vehicles which are controlled from the head office for enhancement of the business.

<sup>10</sup> DTOs of Kamrup (R&L) Guwahati, Dibrugrah and Sonitpur Tezpur.

The Department stated (October 2016) that DTOs will be instructed accordingly.

#### **4.2.13 Composite fee and Renewal Fee of National Permit holder not realised**

Section 88(9) of MV Act, 1988 provides that any STA may, for the purpose of promoting tourism, grant permits in respect of tourist vehicles valid for the whole of India, or in such contiguous States not being less than three in number including the State in which the permit is issued as may be specified in such permit in accordance with the choice indicated in application.

Also, Rule 11 of the Motor Vehicles (All India Permit for Tourist Transport Operators) Rules, 1993 provides that an All India Permit for Tourist Transport Operators shall be deemed to be invalid from the date on which the vehicle covered by the said permit completes nine years, in case of a motor cab and eight years in case of a vehicle other than a motor cab.

Further, as per Rule 87 of the CMV Rules, 1989, an application for the grant of an authorisation for a national permit shall be made to the competent authority with a fee of ₹ 500 per annum in the form of bank draft. After expiry of initial authorisation issued to the concerned vehicle owner, he shall renew the permit for the next year with a fee of ₹ 500. The bank drafts received in respect of taxes or fees shall invariably be forwarded by the authority who grants the authorisation to the respective States.

It was seen in audit that the Governments of Nagaland, Mizoram, Meghalaya, Arunachal Pradesh and Tripura vide their Notifications of 24 September 1993, 21 March 1995, 6 May 1997, 13 July 2000 and 2 July 2001 respectively specified the rates of composite fee in respect of motor vehicles registered in any State or Union Territory of India which were authorised to ply in the respective States under the tourist permits granted under Section 88 of the MV Act. As per Schedule of rates for Nagaland, Mizoram, Meghalaya, and Tripura, the composite fee for Maxi cab of 7-13 seats was fixed at ₹ 3,000 per quarter per State (other than home State). In case of Arunachal Pradesh, rate is ₹ 4,000 per year.

Test check of the National Permit Issue Register of Maxi cabs of 7-13 seats maintained by the CoT revealed that 12 tourist vehicles registered under DTO, Kamrup (R&L) Guwahati, were plying in different States without renewing their permit and without paying the composite fee as fixed by different States. This resulted in non-realisation of composite fee and renewal fee amounting to ₹ 1.97 lakh (as shown in **Appendix -XIV**). Moreover, surrender of National Permit by the permit holder was not recorded in the National Permit Issue Register.

#### **4.2.14 Non- realisation of licence fee for renting a Motor Cab**

In exercise of the powers conferred by Sub-section (i) of Section 75 of the MV Act, 1988, the Central Government introduced the scheme for regulating the business of renting of motor cabs. As per the scheme, no person shall engage himself in the business of renting a motor cab under this scheme without licence. For this, licence fee of ₹ 5,000 is payable for five years by the owner to the Transport Department, as specified in para 4 of the Rent a Cab Scheme, 1989.

As per information furnished by the Service Tax Department, Guwahati, 91 Motor Cab Operators were registered under the Service Tax during the period from 2007 to 2015. Test check of records of the CoT revealed that none of the Motor Cab Operators was found to have applied for licence in the Transport Department, in terms of the above mentioned provision of the MV Act. The Department also did not take any initiative to bring the information from the Service Tax Department and levy licence fee on the operators. This resulted in non-realisation of minimum licence fee of ₹4.55 lakh<sup>11</sup> for the first five years.

The Department stated (October 2016) that information from Service Tax Department would be sought and action will be taken accordingly.

#### **4.2.15 Short realisation of fee for fancy/choice numbers**

As per Section 41(6) of the MV Act, 1988, choice or fancy numbers are provided to owners of motor vehicles on payment of prescribed fee. The GoA fixed in June 2010 the fee for choice or fancy numbers at ₹ 5,000 for the registration numbers from 0001 to 0010 in each series. For other fancy numbers or choice numbers, the fee was fixed at ₹ 4,000.

Scrutiny of the Combined Register of DTO, Cachar Silchar revealed that the DTO issued two fancy numbers<sup>12</sup>, realising fee of ₹ 500 in each case, instead of ₹ 4,000 each, which resulted in short realisation of fee amounting to ₹ 7,000.

In some other States, like Delhi, Punjab etc., the system of auctioning of fancy numbers for number plates has been successfully implemented. However, the Transport Department, Assam, does not have the system of auctioning of fancy numbers.

***The Department may introduce the system of auctioning of fancy/choice numbers for the number plates which would augment the revenue collection of the Department.***

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<sup>11</sup> 91 Motor Cab Operators X ₹ 5,000 = ₹ 4,55,000.

<sup>12</sup> AS11/BC-0222 and AS11/BC-0333.

The Department while accepting the audit observation stated (October 2016) that the system of auctioning of fancy/choice numbers would be implemented shortly and for this purpose, guidelines had been framed and forwarded to Government for consideration.

#### **4.2.16 Plying of Auto Rickshaws without Fare Meter**

Under Rule 72 of the AMV Rules, 2003, no Motor Cab or Auto Rickshaws shall ply on road and carry any passenger without fare meter in working condition.

As per information furnished by CoT, 0.41 lakh auto rickshaws other than Radio Taxis (*viz.* Prime Cab and My Taxi) which were registered in Assam during the period from 2010-11 to 2014-15 plied on roads without fare meters. The Department failed to make it compulsory to affix fare meters in auto rickshaws, as per the above mentioned provision of the AMV Rules.

The Department stated (October 2016) that instructions will be issued to the RTA to address the issue.

#### **4.2.17 Authorisation of national permit for goods carriage**

Under the provisions of Section 81 of the MV Act, 1988 a permit<sup>13</sup> (for public carrier vehicles), other than a temporary or a special permit, shall be issued for a period of five years or up to the age of the vehicle not exceeding 15 years, whichever is less. As per the provisions of the National Permit Scheme, the owner of the vehicle is required to obtain an authorisation<sup>14</sup> for one year at a time on payment of a fee of ₹ 500, along with the prescribed composite fee for the State where the vehicle is to be plied. In case of non-payment of composite fee within the due date, *i.e.*, 15 days prior to the expiry of authorisation, penalty at the rate of ₹ 100 per month or part thereof is leviable.

Audit scrutiny revealed that, till March 2015, 4,726 national permit authorisations were issued by the Secretary, STA, Assam. However, there was no system in the Department to periodically review the National Permit Issue Register, to detect the non-payment of authorisation and composite fees by the national permit holders. As a result, the Government suffered loss of revenue in terms of authorisation fee and composite fee.

The Department stated (October 2016) that notices will be issued to such permit holders on a periodic basis.

<sup>13</sup> Permit means a permit issued by a STA or RTA or an authority prescribed in this behalf under this Act authorising the use of a motor vehicle as a transport vehicle.

<sup>14</sup> Authorisation means to give permission to drive vehicle in more than one State. Licence – An authorisation issued by the competent authority to drive vehicle in public places.

#### **4.2.18 Badge and uniform – loss of revenue**

##### **4.2.18.1 Badge and uniform for Drivers and Conductors**

Under Rule 5 of the AMV Rules, 2003, the driver of the public service vehicle, while on duty, shall wear and display on his left breast a metal badge. Moreover, the driver of the public service vehicle shall compulsorily wear, while on duty, a trouser and a bush shirt, both of *khaki* colour for ordinary vehicles and sky blue shirt and navy blue pant for Tourist Omni buses/deluxe buses/taxis. The fee for issue of a badge is ₹ 15.

Further, Under Rule 20 of the AMV Rules, the conductor of the public service vehicle, while on duty, shall wear and display on his left breast a metal badge. Moreover, the conductor of the public service vehicle shall compulsorily wear, while on duty, a trouser and a shirt, both of blue colour. The fee for issue of a badge is ₹ 10.

As per information furnished by CoT, the Department failed to introduce the wearing of badges and the uniforms for the drivers and conductors of the public service vehicles, while on duty. Non-issue of badges and the uniforms for the drivers and conductors of the public service vehicles frustrated the very purpose of the provision of the rule for which it was enacted. The wearing of badges and the uniforms for the drivers of the public service vehicles, while on duty, is essential for passenger safety and identification. During the period from 2010-11 to 2014-15, 1,38,639 driver's licences and 41,283 conductor's licences were issued to the drivers and conductors respectively. Non-issue of badges to the drivers and conductors resulted in loss of revenue to the tune of ₹ 24.92 lakh {₹ 20.79 lakh (1,38,639 x ₹ 15) and ₹ 4.13 lakh (41,283 x ₹ 10)}.

The Department stated (October 2016) that steps would be taken to ensure that no licences were issued to the drivers and conductors without issuance of badges.

#### **4.2.19 High Security Registration Plates (HSRPs)**

Mention was made, in the Report of the Comptroller and Auditor General of India on Revenue Sector for the year ended March 2015, Government of Assam (Report No. 4 of 2015 *vide* Paras 4.4.10 to 4.4.13) on the theme "Collection of Revenue from out-sourced activities in Transport Department", regarding HSRPs. The HSRPs scheme involves the affixing of registration number plates on motor vehicles in a manner which prevents removal or alteration of the number plates and also prevents the practice of tampering. The GoI had framed the HSRPs scheme by amending Rule 50 of the CMV Rules, 1989. Samples of HSRPs for the State of Assam are depicted through the following diagrams:



The objectives of implementation of the HSRPs scheme were (i) standardisation in display of vehicular registration numbers, (ii) securing the identification and registration of vehicles, (iii) creation of a central repository of nationwide vehicle population; (iv) setting up a national real-time information system; (v) registration plates issuance control by the Department under single window; and (vi) checking the rising instances of theft of motor vehicles and possible use of such stolen motor vehicles in criminal/terrorist activities.

An audit of the theme covered the period upto March 2015 and brought out the following findings:

- Deficiencies in implementation of the HSRPs scheme in respect of not fixing of targets for affixing HSRPs on all old and commercial vehicles and price revision to avoid loss of revenue in the shape of royalty and Value Added Tax.
- Foregoing of revenue due to HSRPs not being implemented in all vehicles.
- HSRPs not affixed to 61,099 new vehicles registered in the State.

In reply to the findings and recommendations made by Audit, the Department stated (August 2016) that steps were being taken to ensure affixture of HSRPs on all vehicles and necessary instruction had been issued to all registering authorities for this purpose. The Department further stated that price revision was made effective from May 2015. Further, the Department also stated (October 2016) that steps would be taken to ensure the same.

#### 4.2.20 Computerisation of Transport Department

##### 4.2.20.1 Short realisation of One Time Tax on personalised<sup>15</sup> four wheeler vehicle

GoA vide Notification of 24 May 2011, revised the rates of One Time tax on personalised vehicles from 1 September 2011 as mentioned in the following table.

<sup>15</sup> A certificate of registration issued under Sub-section (3) of Section 41 of the MV Act, 1988, in respect of motor vehicle, other than a transport vehicle, shall subject to the provisions contained in this Act, be valid only for a period of fifteen years from the date of issue of such registration certificate.

**Table 4.4**

<b>Schedule-I (One Time Tax)</b>		
See sections 4, 4A(3) and 4A(4) and 4D One Time Tax on personalised vehicles New personalised four wheeler vehicles		
Sub Article No.	Description of Vehicle	Rate of One Time Tax for 15 years (per cent)
1	Original cost price upto ₹ 4 lakh	4
2	Original cost price upto ₹ 6 lakh	5
3	Original cost price upto ₹ 12 lakh	6
4	Original cost price upto ₹ 15 lakh	6.5
5	Original cost price upto ₹ 20 lakh	7
6	Original cost price above ₹ 20 lakh	8

It was noticed that the date of effect of notification for enhancement of rate of One Time Tax calculation was not updated in the VAHAN software/modules. As a result, One Time Tax could not be automatically calculated. Analysis of data relating to DTOs of Kamrup (R&L) Guwahati, Jorhat and Sivasagar revealed that in 2,423 cases of private four wheelers (registered between 1 September 2011 and 31 March 2015), tax of ₹ 4.32 crore was shown to have been collected though revenue of ₹ 4.50 crore was still realisable. Thus, there was short realisation of ₹ 18.01 lakh. (as shown in **Appendix –XV**). Reasons for this need in the VAHAN software/modules are to be looked into by the Department.

The Department stated (October 2016) that VAHAN 4.0 is being rolled out in this financial year. As such, shortcomings as pointed out by audit will be suitably addressed in VAHAN 4.0.

***The Department may ensure proper validation with appropriate formula in the related module in the VAHAN software for automated calculation of correct tax rates.***

#### **4.2.20.2 Discrepancy in validation check**

Analysis of data collected from DTOs of Kamrup (R&L) Guwahati, Jorhat and Sivasagar revealed that inspite of validation checks in the VAHAN and SARATHI softwares, the following discrepancies were noticed

- 1,019 vehicles were registered and 155 driving licences were issued on Sundays which were non-working days; and
- 1,37,181 cases of duplicate Chassis Numbers and 1,38,250 cases of duplicate Engine Numbers were noticed:

The Department while accepting the audit observation stated (October 2016) that explanation would be called for from the concerned DTOs regarding issue of licence on holidays and existence of duplicate Chassis Numbers and Engine Numbers.

#### **4.2.20.3 Short/non-levy of fine for delay in registration**

As per Rule 42 of the CMV Rules 1989, no holder of a trade certificate shall deliver a motor vehicle to a purchaser without registration, whether temporary or permanent. Under Rule 47 of the CMV Rules, an application for registration of a motor vehicle shall be made to the registering authority within a period of seven days from the date of taking delivery of such vehicles and in respect of vehicles temporarily registered, the application is to be made before the temporary registration expires. Further, Gazette Notification of 24 May 2011 provides that, for non-transport (personalised vehicles), taxes shall be levied from date of the sale of such vehicles by the dealers. On delay of registration for a period of more than seven days from the date of sale of vehicles, a fine of ₹ 5 per day shall be levied from the date of sale.

Analysis of data relating to DTOs of Kamrup (R&L) Guwahati, Jorhat and Sivasagar revealed that in 53,437 private four wheelers (registered between 1 September 2011 and 31 March 2015), fines amounting to ₹ 62.03 lakh (As shown in **Appendix –XVI**) were not/short levied. This needs to be recovered immediately.

The Department stated (October 2016) that all DTOs will be instructed to ensure that no delivery of vehicles occurs without registration.

#### **4.2.20.4 Registration Certificate (RC) issued beyond the permissible period**

Section 41 (7) of the MV Act, 1988 provides that a RC in respect of motor vehicle, other than a transport vehicle, shall be valid for a period of 15 years from the date of issue of certificate and shall be renewed as per provisions of the Act. After expiry of 15 years, the RC shall be renewed for every five years, as per Rule 52(2) of CMV Rules, 1989.

Analysis of the database in the DTO, Kamrup (R&L) Guwhati revealed that in two four wheeler vehicles registered between April 2010 and March 2015, RCs were issued with a validity of more than 15 years. Since the database is designed to replace the Combined Register in the long run, it is expected to serve as a vital control register for the DTO for monitoring the validity of registration and tax payments by vehicle owners. Erroneous entries in the database would, thus, result in alerts not being raised by the system at the end of the 15 years' registration span. This may lead to plying of vehicles without valid registration and fitness, thereby compromising safety of public property and human lives. There would also be non-realisation of revenue in the form of registration fees and road tax. Reasons for this need to be looked into by the Department.



The Department while accepting the audit observation stated (October 2016) that explanation would be sought from the concerned DTO.

#### **4.2.20.5 Learner Licence issued without passing the test**

Section 8(5) of MV Act, 1988 provides that no learner licence shall be issued to any applicant unless he passes, to the satisfaction of the licencing authority, such test as may be prescribed by the Central Government.

Analysis of the *SARATHI* database in the DTO, Kamrup (R&L) Guwahati revealed that 1,855 Learner Licences were issued between April 2010 and March 2015, without passing of the preliminary test. Reasons for this need to be looked into by the Department.

The Department while accepting the audit observation stated (October 2016) that explanation would be sought from the concerned DTO.

#### **4.2.20.6 Pending backlog entries leading to incomplete State Register (SR) and National Register (NR)<sup>16</sup>**

Mention was made in the Report of the Comptroller and Auditor General of India on Revenue Sector for the year ended March 2011, Government of Assam (Report No. 3 *vide* Para No. 4.8.7.3) regarding pending backlog entries leading to incomplete State Register and National Register. Successful application of the *VAHAN* and *SARATHI* software would largely depend on the completeness, authenticity and reliability of data entered therein. Details of backlog data (data of pre-computerisation period) of vehicles registered and driving licences issued manually were required to be entered into the system, on priority.

On scrutiny of records relating to computerisation of Transport Department, it was noticed that as many as ₹ 10.95 lakh records pertaining to seven<sup>17</sup> DTOs were yet to be captured in the *VAHAN* and *SARATHI* applications. It was also noticed that the backlog entries were being captured only when the vehicle owner approached the Department for any further transaction, including payment of tax. The basic objective of creation of the SRs/NRs would be achieved only when the database is complete with details of vehicles and licence holders including those pertaining to the pre-computerisation period.

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<sup>16</sup> State Register and National Register – As soon as the vehicle is registered the necessary entries such as Class of vehicle i.e. transport or non-transport, details classification of vehicle, i.e. two wheelers, cars, goods carriage, etc. shall be taken up or entered in the SR of Motor Vehicle. The State Government shall supply to the Central Government a copy of the register for its inclusion in the NR, which is a Central repository of all crucial data/ information pertaining to all the vehicles in the country.

<sup>17</sup> DTOs of Kamrup (R&L) Guwahati, Cachar Silchar, Dima Hasao Haflong, Dibrugarh, Jorhat, Sivasagar and Karimganj.

Consequently, the Department could not complete the SR, thereby leading to non-alignment of the SR with the NR.

***The Department must ensure that the backlog data is entered into the VAHAN and SARATHI software to ensure its completeness.***

The Department stated (October 2016) that steps would be taken to set a specific target date for entering backlog data into the software and ensure that the work would be monitored properly to achieve timely completion.

#### **4.2.20.7 Partial utilisation of the system**

The VAHAN and SARATHI softwares were designed to automate the management of complete information relating to vehicle registrations and driving licences. Test check of data collected from the system in seven<sup>18</sup> DTOs revealed that the DTOs captured information relating only to vehicle registration, owner and vehicle details, collection of tax/fee and fitness and issuance of driving licences, the following modules/reports had not yet been made operational:

- Permits including inter-State movement;
- Enforcement/Vehicle Check Report;
- Temporary registration;
- Demand, collection and balance statements;
- Management Information System Report; and
- Conductor's Licence.

Thus, due to partial utilisation of the system, the Department failed to reap the benefits of VAHAN and SARATHI as Management Information System tools.

The Department stated (October 2016) that steps would be taken to utilise the software application fully after capacity building.

#### **4.2.20.8 Issue of duplicate licence without inserting 'DUPLICATE' mark**

Under Rule 26 of the CMV Rules, 1989, if, at any time, a licence granted is lost or destroyed, the holder of the licence, if applied for, shall be issued a duplicate licence clearly marked 'DUPLICATE'. Rule 4(5) of the AMV Rules, 2003 further provides that the word 'DUPLICATE' should be in red ink and shall bear the date and seal of the issuing Licencing Authority.

Scrutiny of the records of four<sup>19</sup> DTOs revealed that the DTOs were issuing duplicate licences to applicants whose original licences were lost or destroyed. However, the duplicate licences which were issued in the form of smart cards did not bear the mark

<sup>18</sup> DTOs of Kamrup (R&L) Guwahati, Cachar Silchar, Dima Hasao Haflong, Dibrugarh, Jorhat, Sivasagar and Karimganj.

<sup>19</sup> DTOs of Kamrup (R & L) Guwahati, Dibrugarh, Jorhat and Sivasagar.

'DUPLICATE' on the body of the licences in red ink, in terms of the said provisions of the Rules.

The Department stated (October 2016) that the provision of inserting the mark 'DUPLICATE' on the body of the smart card licences in red ink would be taken up with Assam Electronics Development Corporation Ltd. (AMTRON)/National Information Centre (NIC).

***The Department must ensure that duplicate licences are with the mark 'DUPLICATE' on the body of the smart card licences in red ink, as per provision of the Rule.***

#### **4.2.21 Monitoring of pollution from vehicles**

Rule 115(7) of CMV Rules, 1989 and Gazette Notification (Extraordinary) No. TNV-45/96/183 of 25 April 2000 and No. TNV 45/96/335 of 17 August 2001 of the GoA, Transport Department provides that every motor vehicle, on expiry of one year from the date of registration, should carry pollution under control certificate and thereafter the certificate is to be issued every six months. Further, Notification of 25 April 2010 also authorises Testing Stations to issue Pollution under Control Certificate on behalf of CoT. The Notification of 17 August 2001 provides that the officers of the PCBA are also authorised to check testing stations as and when necessary, in addition to CoT.

Emission from motor vehicles is measured on the basis of three parameters, viz. Carbon Monoxide, Hydrocarbon and Oxides of Nitrogen. The PCBA is the competent authority to check such parameters. Records of PCBA revealed that no inspection was carried out in Testing Stations by the PCBA and as a result there was possibility of pollution being increased manifold due to plying of unfit vehicles. The Commissionerate also stated (August 2016) that co-ordination between Transport Department and PCBA was limited.

The Department stated (October 2016) that the matter would be taken up with the PCBA.

#### **4.2.22 Offence cases**

- Test check of records of seven<sup>20</sup> DTOs revealed that 1,031 offence cases, relating to the period from April 2011 to March 2015, were lying outstanding. DTOs had neither compounded the cases, nor referred them to the Court for legal proceedings.
- As per Notification No. TMV. 293/99/35 of 26 July 2002, the rate of Compounding Fee (C.F.) was fixed by the GoA as under:

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<sup>20</sup> DTOs of Dhubri, North Lakhimpur, Cachar Silchar, Dima Hasao Haflong, Dibrugarh, Jorhat and Sivasagar

Table 4.5

Under Section-192	(Amount in ₹)	
	Amount of C.F. for the first offence	Amount of C.F. for the subsequent offence
For two wheelers	2,000	3,000 to 5,000
For three wheelers	3,000	4,000 to 5,000
For four wheelers and above	5,000	5,000 to 10,000

Scrutiny of the records of DTO, Sonitpur Tezpur revealed that the DTO had realised C.F. at lower rates for the first offence, in respect of 50 offence cases, relating to the period from May 2014 to March 2015, resulting in short realisation of C.F. of ₹ 0.81 lakh.

The Department stated (October 2016) that directions would be issued to DTO for realisation of C.F at the prescribed rate fixed by the GoA.

#### 4.2.23 Revenue Recovery Mechanism

Under the provisions of the BPDR Act, 1913 and rules made thereunder, any tax or penalty remaining unpaid is recoverable as arrears of land revenue.

As per information furnished by the CoT and scrutiny of the position of the outstanding revenue in respect of selected DTOs, it was revealed that the Department did not appoint any Recovery Officer (RO) or Certificate Officer (CO) in the department through whom speedy realisation of recovery of outstanding dues can be made, following the procedures as laid down in the BPDR Act.

*The Department may take initiative to nominate the RO or CO in the Department, so that the revenue remaining outstanding in the different units can be realised speedily. The Department may also prescribe a timeframe for sending the cases of arrears of revenue by the DTOs to the RO/CO.*

#### 4.2.24 Departmental manual not prepared

In order to ensure proper functioning of various wings of the Department, it is essential that a departmental manual is prepared, outlining the process required to be followed by different levels of staff.

It was, however, noticed in audit that there was no such manual in the Department. In the absence of a manual, various checks and balances to be exercised by various functionaries of the Department for registration of vehicles, levy of taxes etc. were not available at one place.

*The Transport Department, Assam may prepare a departmental manual.*

#### **4.2.25 Road Safety measures in the State**

Transport Department, being the nodal department for road safety measures in the State, is responsible for formulating plans/programmes for ensuring road safety and their implementation. While the number of vehicles on the road in the State increased from 12.43 lakh in 2010-11 to 21.62 lakh in 2014-15, road safety has assumed greater significance and has posed a bigger challenge to the State Government. Audit analysed the existence and efficacy of systems in place and found several deficiencies, as discussed in succeeding paragraphs:

##### **4.2.25.1 Inadequate allocation of fund towards road safety**

- Audit scrutiny revealed that fund allotment by the Transport Department, under the non-plan budget, during the years from 2011-12 to 2014-15, was ₹ 12.64 crore. This budget was to be utilised for non-plan expenditure like construction of office buildings and road safety measures. However, instead of releasing the allotted fund, only an amount of ₹ 6.44 crore was released by the Department, which was 51 *per cent* of the fund allotment. The Department could only purchase eight Traffic Interceptors<sup>21</sup>, against the minimum need of 30 Traffic Interceptors, due to inadequate release of funds which hampered the enforcement drive in respect of regular checking of vehicles and implementation of road safety measures.

- The Department collected ₹ 7.12 crore at one *per cent* as Road Safety Cess, during the period from 1 September 2011 to 31 March 2015, for the purpose of road safety measures. However, audit found that the amount, as collected for road safety, was not released by the Government.

Thus, inadequate release of funds and non-release of Road Safety Cess, even though the same had been collected, showed lack of attention of the State Government towards road safety measures in the State.

The CoT stated that the matter would be taken up with GoI for allocation of funds towards road safety.

##### **4.2.25.2 Trend of road accidents in the State**

Increase of vehicle population and inadequate enforcement of road safety measures has posed a serious threat for the State. The number of road accidents which occurred in the State and resultant casualties during 2010 to 2014, *vis-à-vis* the all India statistics on road accidents, were as under:

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<sup>21</sup> A special type of vehicle with sophisticated machine which captures the image of a high speed moving vehicle.

Table 4.6

Year	State Statistics		National Statistics*	
	No of road accidents	Loss of lives (in No.)	No of road accidents	Loss of lives (in No.)
2010	5,828	2,256	4,99,628	1,34,513
2011	6,569	2,342	4,97,686	1,42,485
2012	6,535	2,291	4,90,383	1,38,258
2013	7,211	2,441	4,86,476	1,37,572
2014	7,144	2,522	4,89,400	1,39,671
2015	6,959	2,397	5,01,423	1,46,133
<b>Total</b>	<b>40,246</b>	<b>14,249</b>	<b>29,64,996</b>	<b>8,38,632</b>

\*Source: Ministry of Road Transport and Highways, GoI.

It may be seen from the preceding table that during the period from 2010 to 2015, 40,246 accidents occurred in the State, claiming 14,249 lives, at an average of one death in 2.82<sup>22</sup> accidents, as against the National average of one death in 3.54<sup>23</sup> accidents. This showed that the average accident-death rate in the State was higher than the National average accident-death rate. Proper improvement of road safety measures, with sufficient release of funds for the purpose, could have reduced the accident-death rate in the State. Further, it may also be seen that during the period from 2010 to 2015, the number of road accidents increased only by 0.36 *per cent* at National level while the same increased by a remarkably high percentage of 19.40 at the State level. This shows that there is a considerable scope of improvement in the level of road safety at the State level.

The Department stated (October 2016) that Road Safety Authority and road safety policy were in the process of formulation and notification and mechanism were being devised to minimise road safety as part of Sustainable Development Goal.

***Government may use safety measures effectively to control road accidents, particularly the fatal accidents.***

#### 4.2.26 Irregular expenditure towards Bank Commission

As per Rule 54 of the AF Rules, any Government revenue collected by any department should immediately be deposited into the Government account, under the proper head. No expenditure is allowed to be incurred directly from the revenues collected, before it is deposited into the Government account.

Scrutiny of the records maintained at the MV Checkgate, Baxirhat, under DTO, Dhubri, revealed that the MV Checkgate authority collected revenue from vehicles in cash. The collected cash was subsequently deposited into State Bank of India, Chhagolia branch for obtaining bank draft, and bank charged commission for it.

<sup>22</sup> Ratio of death: 40,246/14,249 = 2.82 (State).

<sup>23</sup> Ratio of death: 29,64,996/8,38,632 = 3.54 (National).

From the records and the information furnished by DTO, Dhubri, it was seen that the DTO had received revenue of ₹ 2.28 crore from the checkgate, during the period from April 2010 to March 2015, out of which an expenditure of ₹ 6.03 lakh was incurred towards payment of commission to the Bank for obtaining bank drafts, instead of depositing the cash into the Government account through treasury *challans*. This irregular and avoidable expenditure resulted in loss of revenue of ₹ 6.03 lakh.

The Department stated (October 2016) that steps would be taken to rectify the same.

***The Department may discuss the matter with the banking authority to make a provision to deposit the collected revenue at the nearest branch of the bank i.e. State Bank of India, Chhagolia Branch.***

#### **4.2.27 Avoidable expenditure on electricity bills**

Scrutiny of records of CoT revealed that two separate agreements were made with AMTRON on 25 January 2006 and M/s Agros Impex (I) Pvt. Ltd. on 4 February 2012 by the Transport Department, GoA for printing 'Smart Cards based Driving Licence and Registration Certificate' and HSRPs respectively.

As per clause 6.3 of the agreement with AMTRON, "The First Party agrees that it shall grant an irrevocable licence to AMTRON to use the premises and its facilities, allotted to them by the First Party for the project, free of cost during the tenure of the Agreement." As per clause 4 (iii) of Description of Service, charges for utilities like electricity and water would be payable on actual basis by the concessionaire or his dealer.

Both AMTRON and M/s Agros Impex (I) Pvt. Ltd. avoided the payment of electricity bills. Their electricity bills were paid by the Department. This was irregular as the above mentioned clause did not entitle AMTRON and M/s Agros Impex (I) Pvt. Ltd. to use free electricity.

The Department after detecting the irregularities in respect of payment of electricity bills directed the AMTRON and M/s Agros Impex (I) Pvt. Ltd. during May 2015 for installation of separate Electricity Meter *w.e.f* 1 April 2015 and make payment of the electricity bill of their own.

Non-insertion of specific condition in the agreements regarding payment of electricity bill resulted in avoidable payment of electricity bill in respect of said two agents till March 2015. The actual amount of electricity bill paid by the Department on behalf of the agents could not be quantified as the bills of the agents were paid by the Department along with their own bill.

The Department stated (October 2016) that matter would be taken up with AMTRON and M/s Agros Impex (I) Pvt. Ltd. to make payment of the electricity bill.

#### 4.2.28 Man power Management

Effective functioning of an organisation largely depends upon appropriate human resources and manpower management. Substantial vacancies in different posts, as against the actual requirement of posts, especially in a department dealing in revenue collection on behalf of the Government, affects the functioning of the Department, which consequently becomes a barrier in the growth of revenue collection.

An analysis of the sanctioned strength, *vis-à-vis* men-in-position of the Department, as on 31 March 2015, revealed that against 512 sanctioned posts of District Transport Officers (DTOs), Motor Vehicle Inspectors (MVIs), Enforcement Inspectors (EIs), Asst. Enforcement Inspectors (AEIs) and Enforcement Checkers (ECs) there were 476 officers/officials in position, leaving a vacancy of 36 posts, which was around eight *per cent* of the sanctioned posts. Audit analysis further revealed that vacancy of posts in different levels adversely affected the functioning of the Department in many ways, such as realisation of motor vehicle taxes and fine, fitness fee, composite fee, renewal fee, trade licence fee etc. as discussed in the Performance Audit. Had the appropriate human resources and manpower management been applied in the Department, the functioning of the Department could have been better, as far as collection of revenues was concerned. It was further seen that although the department failed to fill up the existing vacancy of 36 posts, yet further requirement of 184 posts under various categories was proposed, on the grounds of substantial growth of vehicle population in the State (as shown in **Appendix-XVII**).

The Department stated (October 2016) that proposal to fill up the existing vacancies and for additional posts will be sent to the Government.

*The Department may take steps to fill up the existing vacancies for effective functioning of the Department.*

#### 4.2.29 Internal Control Mechanism

Internal controls are intended to provide reasonable assurance of orderly, efficient and effective operations, safeguarding of resources, adherence to laws, regulations and management directives and developing and maintaining reliable data.

➤ *Lack of monitoring system to check carriage of excess load of coal and limestone*

Section 113 of the MV Act, 1988 empowers the State Government to prescribe, *inter-alia*, the maximum weight to be carried by transport vehicles. Section 114 provides that vehicles suspected to be carrying more than the authorised weight can be weighed by a weighing device. Further, in terms of section 194 of the MV Act, whoever drives a



motor vehicle, or causes or allows a motor vehicle to be driven in contravention of the provisions of sections 113 and 114 of the MV Act, is punishable with a minimum fine of ₹ 2,000 per vehicle and an additional amount of ₹ 1,000 per MT of excess load.

The Hon'ble Supreme Court held<sup>24</sup> in September 2005 that trucks having maximum gross vehicle weight of 16.2 tons are permitted to carry payload of nine tons. In view of the adverse impact posed by overloading, the Apex Court directed all the State Governments to ensure that overloaded vehicles, once detected, should not be allowed to continue with excess load after levying fine and should be offloaded.

The State of Meghalaya is rich in coal and limestone. The State is landlocked and is connected by road through Assam only, while there is a long international boundary with Bangladesh. Hence, vehicles carrying coal from Meghalaya intended for consumption within the country (except the coal exported to Bangladesh through the international border), have to enter and ply through Assam to reach their destinations in Assam and beyond. There are three<sup>25</sup> checkgates of Assam for entry of vehicles carrying coal and limestone from Meghalaya.

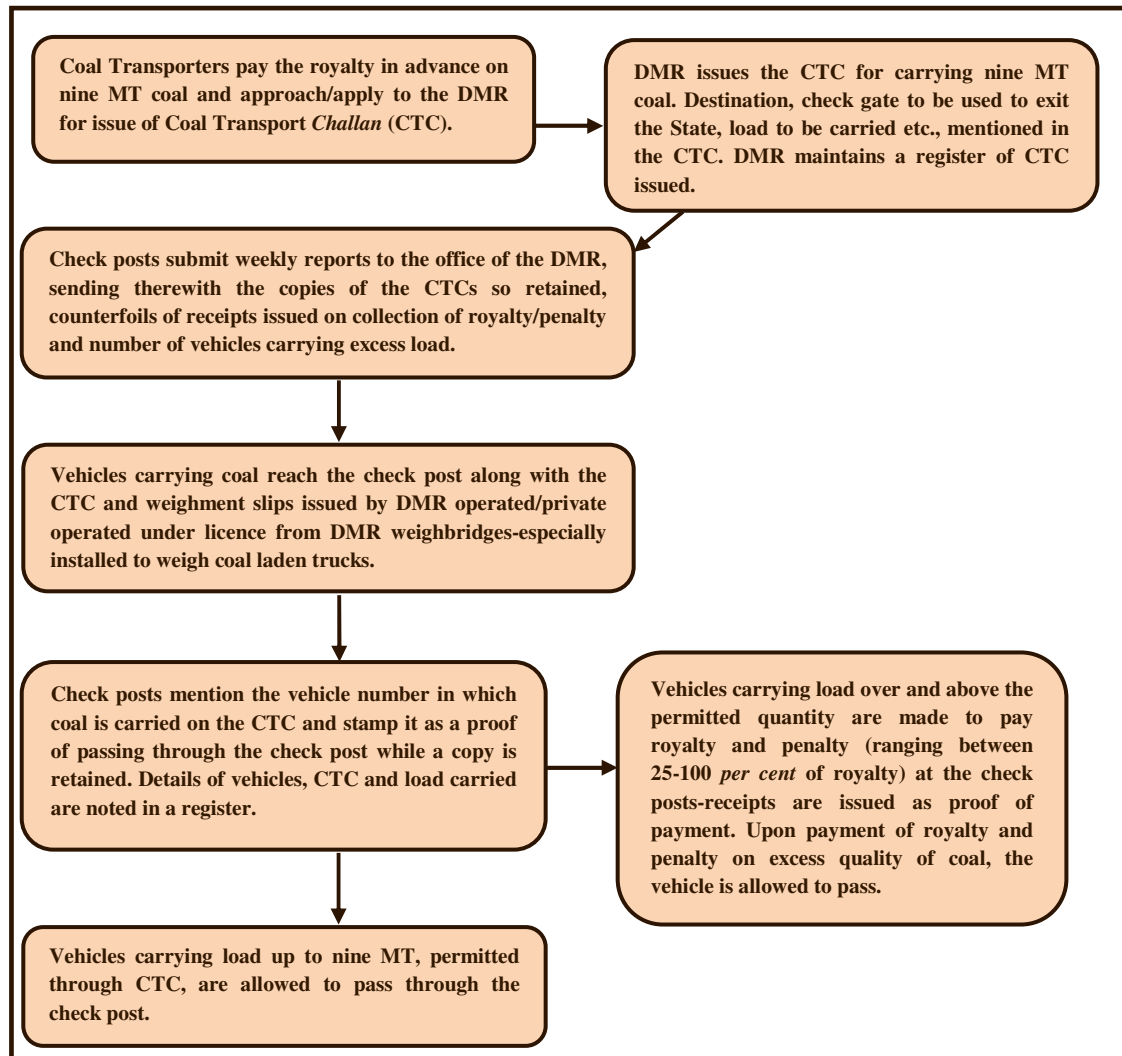
Audit has independently attempted to examine the extent of overloaded vehicles plying and passing through the State of Assam from Meghalaya *vis-a-vis* compliance of the provisions of MV Act and the Hon'ble Supreme Court's verdict on arresting overloading by the Transport Department of Assam. For this purpose, the Directorate of Mineral Resources (DMR), Meghalaya, Shillong, which controls the movement of coal and limestone from Meghalaya into Assam and elsewhere in the country, was approached, through the counterparts of Audit in Meghalaya.

Information on (i) system followed by the DMR to issue coal transport *challans*, (ii) levy and realisation of royalty and penalty on excess load at the check posts and (iii) reports/returns sent by the check posts to the DMR was gathered from DMR, Meghalaya and is depicted in the following diagram:

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<sup>24</sup> Source: The Hon'ble Supreme Court's verdict (September 2005) in the case of *Paramjit Bhasin vs Union of India and others* {WP (Civil) 136 of 2003}.

<sup>25</sup> Checkgates at Umling (exit towards Khanapara, Guwahati, Assam), Dainadubi (exit towards Goalpara District, Assam) and Digarkhal (exit towards Cachar District, Assam).



Verification of records of one Checkgate of DMR at Umling, Meghalaya (exit checkgate) revealed that 14,68,940 commercial trucks carried 6,42,906 MT of coal and limestone beyond the permissible limits, during the period from 2010-11 to 2014-15, from Meghalaya and passed through the Khanapara MV Checkpoint and then entered Assam.

On test check basis, Audit collected (August 2016) the registration numbers of some trucks carrying excess load of coal and limestone from Umling DMR Checkgate of Meghalaya, but could not cross-check the same with the records of MV Checkpoint of Khanapara, as DTO, Kamrup (Enforcement) stated (August 2016) that the MV Checkpoint did not maintain any records relating to overloaded trucks carrying minerals from Meghalaya.

Thus, due to lack of proper monitoring system at Khanapara MV Checkpoint, the DTO could not detect trucks carrying excess load of coal and limestone coming from

Meghalaya, which deprived the State Government revenue earnings of around ₹ 358.08<sup>26</sup> crore.

Had the Transport Department installed a mechanism of cross-verification with concerned departments of other adjoining States and maintained records relating to the number of overloaded trucks carrying minerals through the two other checkgates of Meghalaya and entering Assam, the State Government could have earned more revenue.

During the Exit Conference (October 2016), the CoT while accepting the audit observation stated that steps would be taken for installation of weigh-in-motion devices and also to strengthen the enforcement mechanism. Further, JCoT stated that check-posts are operational during day time only and over-loaded trucks carrying minerals enter Assam from Meghalaya at night to evade taxes. However, CoT stated that more emphasis would be given to strengthen the enforcement wing and also accepted that there was loss of revenue to the State exchequer.

➤ **Management of cash receipt**

As per Rule 54 of the AF Rules, the Government money collected by the Government officials is to be remitted in to Treasury on the same or the next working day. Further, in terms of GoA, Finance (Budget) Department's order No.BWI/2003/pt/149 of 20 January 2007, monthly reconciliation of figures, relating to drawals and deposits, is to be compulsorily carried out between the Heads of Department and Treasuries concerned, in the State.

• **Misappropriation of Government revenue**

Test check of the records of DTO, Jorhat revealed that the cashier attached to the DTO, Jorhat, had not deposited Government revenue amounting to ₹ 18.64 lakh in the bank, against revenues collected on 25, 26 and 27 June 2012, although the treasury *challans* were passed for deposit into the bank. Knowing the fact of not-depositing of the money by the cashier, the DTO lodged a FIR against the cashier in the concerned Police Station. The enquiry and other departmental proceedings confirmed the misappropriation of Government revenue and the cashier was terminated from his service in June 2014. Although, a *Bakijai*<sup>27</sup> case was initiated against the cashier for recovery of the said amount, no recovery could be made from the cashier (till August 2016).

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<sup>26</sup> As per records of DMR Umling Checkgate, Meghalaya:  
14,68,940 trucks X ₹ 2, 000 per truck = ₹ 293,78,80,000  
6,42,906 MT excess load X ₹ 1, 000 per MT of excess load = ₹ 64,29,06,000  
Total = ₹ 358,07,86,000

<sup>27</sup> *Bakijai* is a process of realisation of Government revenue as arrears of land revenue through issuance of warrant, arrest, detention, attachment of property etc. of defaulting person by a *Bakijai* Officer.

The Department stated (October 2016) the cashier in question had been dismissed from the service and further necessary action would be taken in compliance with audit observation.

• **Delay in deposit/non-deposit/short accounting/non-reconciliation of revenue**

During scrutiny of records of 11<sup>28</sup> DTOs and three Checkgates, it was noticed that there were delays in deposit of revenue, non-deposit/short accounting of revenue and non-reconciliation of monthly deposit of Government revenue with the concerned treasuries, as detailed below:

**Delay in deposit of revenue:**

During test check of the Cash Books, Treasury *Challans* and the Revenue Receipt Books of 11<sup>29</sup> DTOs it was noticed that, in 29 cases, two DTOs<sup>30</sup> and Srirampur Checkgate Authority had deposited the collected revenue into the treasuries belatedly, instead of depositing it on the same day of collection or on the next working day, as per the provisions of the AF Rules. Delays of deposit into the treasuries ranged between five to 69 days.

**Not-depositing of revenue:**

Test check of records of DTO, Dima Hasao Haflong, revealed that the DTO failed to deposit an amount of ₹ 0.89 lakh into the treasury, which was collected during the period from 29 October 2014 to 31 December 2014.

**Short accounting of revenue:**

Test check of the Subsidiary Cash Book, alongwith the Receipt Book and deposit slip of the main Cash Book, for the month of March 2015, of the office of the Digarkhal MV Checkgate, revealed that the actual amount received was not taken into the main Cash Book through deposit slip, which resulted in short accounting of Government money amounting to ₹ 24,645.

On this being pointed out by audit, the DTO deposited the amount vide treasury *challans* dated 22 April 2016.

**Non deposit of revenue against offence cases:**

During test check of Offence Case Registers and Cash Books of DTO, Sonitpur Tezpur, it was noticed that, in two cases, DTO failed to deposit ₹ 5,000 and ₹ 500 respectively into the treasury, which had been collected as penalty against offence case No.114 dated 20 March 2015 from a vehicle owner, using money Receipt No. 4695079 dated 23 March 2015, of Receipt Book No. 46951 and against offence case No.141 dated 18 March 2015 from another vehicle owner, using money Receipt No. 4694945, dated 19 March 2015, of Receipt Book No. 46950.

**Non-reconciliation of remittances:**

Records of five<sup>31</sup> DTOs out of 11 DTOs test checked revealed that DTOs did not reconcile the treasury remittances with the concerned Treasuries for the period ranging from April 2010 to March 2015, although during the said period, an amount of ₹ 74.36 crore had been remitted into the treasuries. In the absence of reconciliation of treasury remittances, the genuineness of deposits of revenue could not be ascertained by audit.

***The Department may deposit the Government revenue into the treasury without delay and install a mechanism for regular reconciliation of the treasury remittances to ensure the genuineness of the remittances into the appropriate Head of Accounts.***

<sup>28</sup> DTOs of Kamrup (R&L) Guwahati, Dhubri, Sonitpur Tezpur, North Lakhimpur, Dhemaji, Cachar Silchar, Karimganj, Dima Hasao Haflong, Dibrugarh, Jorhat and Sivasagar.

<sup>29</sup> DTOs of Kamrup (R&L) Guwahati, Dhubri, Sonitpur Tezpur, North Lakhimpur, Dhemaji, Cachar Silchar, Karimganj, Dima Hasao Haflong, Dibrugarh, Jorhat and Sivasagar.

<sup>30</sup> DTOs of Karimganj and Sivasagar.

<sup>31</sup> DTOs of Dhubri, Sonitpur Tezpur, Cachar Silchar, Karimganj and Dima Hasao Haflong.

The Department stated (October 2016) that efforts would be made to devise mechanism to reduce delay in deposit of revenue.

#### **4.2.30 Internal Audit**

Scrutiny of records and as per information furnished by the CoT, Assam, it was found that no internal audit wing existed in the Commissionerate. Audit further noticed that the Department had an Internal Audit Wing (IAW) consisting of one post of an Audit Officer and one post of an Assistant Audit Officer prior to 2004-05. However, no internal audit had ever been conducted to evaluate the system of working of the Department and to suggest ways and means to plug the leakage of revenue. Non-existence of internal audit is likely to weaken the internal control mechanism of the Department.

***Government may make the IAW operational and also strengthen it, so as to safeguard the interest of revenues and avoid recurrence of deficiencies brought out.***

The Department stated (October 2016) that the matter would be taken up with the Government.

#### **4.2.31 Compliance of outstanding audit observations**

External audit observations are to be attended by the Department after getting the inspection reports from the Accountant General (Audit). Moreover, there is a system of holding Audit Objection Committee (AOC) meeting at least once in a year, which is to be fixed by the Review Committee formed by the GoA.

Scrutiny of the outstanding position of inspection reports revealed that there were huge number of outstanding paras in respect of the Transport Department, which could not be settled, either due to lack of reply or not taking or taking the action partially, on the outstanding observations, by the Department. Moreover, no AOC meeting relating to revenue paras was convened after 2009-10. As a result, outstanding position of revenue paras, as on 30 June 2014, was as under:

**Table 4.7**

<b>Outstanding inspection reports</b>	<b>Outstanding paras</b>	<b>Money value involved</b>
94	315	₹ 36.55 crore

***The Department may take initiative to furnish reply in time and to conduct AOC meeting regularly to clear the backlog of audit observations.***

The Department stated (October 2016) that proposal had been made to hold AOC meeting and replies of the audit observations from respective DTOs had been called for.

#### 4.2.32 Conclusions

The Performance Audit on ‘Working of Transport Department’ revealed a number of deficiencies in enforcement of the provisions of the MV Act and Rules, which affected the collection of revenue adversely. The DTOs could not detect cases of non-payment of tax due to absence of a system of reviewing the Combined Registers. Failure of the STA to monitor number of vehicles permitted to ply in other States and recovery of composite fee thereof. Lack of regular checking of overloaded vehicles by the Check gates/Enforcement Wing resulted in loss of revenue. The system of auctioning of fancy/choice number for number plate could not be implemented. The Department did not take initiative to bring information from Service Tax Department resulted non-levy of licence fee from Motor Cab. The Department is functioning without departmental manual; it indicates there is no proper guideline and direction as regards maintenance of records and implementation of Acts and Rules etc. The internal control mechanism of the Department was weak, as is evidenced by the lack of an IAW and a management tool for plugging leakages of revenue. Government was unable to effectively use the safety measures, consequently road accidents increased by 19 *per cent* during 2010-15.

#### 4.2.33 Summary of Recommendations

The Department may consider implementing the recommendations with special emphasis on the following:

- The Department may ensure that the Combined Register is reviewed at regular intervals and ensure recovery of outstanding revenue from defaulters. Further, steps may be taken to request the NIC to make a provision in the VAHAN software to generate alerts.
- The Department may take immediate steps to verify the fitness of all the vehicles which are due.
- The Department may introduce the system of auctioning of fancy/choice numbers for the number plates which would augment the revenue collection of the Department.
- The Department may ensure proper validation with appropriate formula in the software for automated calculation of correct tax rates.
- The Transport Department, Assam may prepare a departmental manual.

- Government may make the IAW operational and also strengthen it, so as to safeguard the interest of revenues and avoid recurrence of the deficiencies brought out.
- Government may use safety measures effectively to control road accidents, particularly the fatal accidents.



**CHAPTER - V**  
**ENVIRONMENT AND**  
**FORESTS**







## CHAPTER – V Environment and Forests

### 5.1 Administration

The Principal Chief Conservator of Forests and Head of Forest Force (PCCF and HoFF), Assam who is in overall charge of the Department is assisted by four Principal Chief Conservator of Forests (PCCFs), 11 Additional Principal Chief Conservator of Forests (APCCF), 11 Chief Conservators of Forests (CCF) and nine Conservators of Forests (CF). There are 68 forest divisions each headed by Deputy Conservator of Forests (DCF)/ Divisional Forest Officers (DFOs). The divisions are further divided into ranges and beats for ensuring effective control and supervision of the forests of the State.

The principal Acts/Rules/Regulations under which the functioning of Department of Environment and Forests is governed, are the Assam Forest Regulation, 1891; Assam Sale of Forest Produce Coupes and *Mahals* Rules, 1977; Forest (Conservation) Act, 1980 and Assam Minor Minerals Concession Rules, 1994 as amended and notifications/ orders issued thereunder, from time to time.

### 5.2 Working of internal audit wing

Internal audit, a vital component of the internal control mechanism, functions as eyes and ears of the Department and is a vital tool which enables the management to assure itself that prescribed systems are functioning reasonably well.

It was observed that the Finance Department has not put in place any separate internal audit system for the Environment & Forests Department. Had there been an effective internal audit system in the Department, deficiencies detected during local audit could possibly have been detected, rectified and prevented.

### 5.3 Results of audit

In 2015-16, test check of the records of 28 units relating to forest receipts showed non/short recovery of royalty, non-levy of interest/VAT/extension fee and other irregularities involving ₹ 59.30 crore in 124 cases, which fall under the following categories in the **Table 5.1** including a Compliance Audit on 'State Compensatory

Afforestation Fund Management and Planning Authority (State CAMPA)' was conducted during the year.

**Table 5.1**  
**Results of Audit**

<b>Sl. No.</b>	<b>Category</b>	<b>Number of cases</b>	<b>Amount (₹ in crore)</b>
1.	<b>A Compliance Audit on 'State Compensatory Afforestation Fund Management and Planning Authority'</b>	<b>01</b>	<b>43.83</b>
2.	Non/short recovery of royalty	09	1.83
3.	Non-levy of interest/ VAT	11	0.28
4.	Non-levy of extension fee	09	0.06
5.	Other irregularities	94	13.30
<b>Total</b>		<b>124</b>	<b>59.30</b>

During the course of the year, the Department accepted 11 cases with revenue implication of ₹ 3.70 crore and recovered ₹ 2.50 lakh during 2015-16 in two cases.

## 5.4 A Compliance Audit on ‘State Compensatory Afforestation Fund Management and Planning Authority (State CAMPA)’

### Highlights:

- Discrepancy on remittance of fund of ₹ 90.57 crore received from user agencies had not been reconciled.  
(Paragraph 5.4.6)
- Short realisation of Net Present Value (NPV) of ₹ 24.54 crore from user agencies for diversion of forest land for non-forest purpose.  
(Paragraph 5.4.6)
- Non-remittance of ₹ 17.41 crore to *Ad-hoc* CAMPA received from user agencies.  
(Paragraph 5.4.7.1)
- State CAMPA incurred expenditure of ₹ 53.50 lakh towards purchase of vehicles and repair of Forest Inspection *Bungalow* in violation of CAMPA guidelines.  
(Paragraph 5.4.7.5)
- There was failure of plantation in 3,256.50 hectares involving expenditure of ₹ 6.51 crore due to non-release of fund in time for maintenance.  
(Paragraph 5.4.7.5)

### 5.4.1 Introduction

The Supreme Court of India directed in October 2002 that a ‘Compensatory Afforestation Fund’ (CAF) shall be created in which all the monies received from user agencies towards Compensatory Afforestation (CA), Additional Compensatory Afforestation (ACA), Penal Compensatory Afforestation (PCA), Net Present Value (NPV) of forest land, Catchment Area Treatment (CAT) Plan funds, etc. shall be deposited. The CAF was to compensate for the loss of tangible as well as intangible benefits from the forest lands which were diverted for non-forest use. The Court observed that the fund would not be part of general revenues of the Union, of the States or part of the Consolidated Fund of India. Ministry of Environment and Forests (MoEF) issued notification to constitute the Compensatory Afforestation Fund Management and Planning Authority (CAMPA) in April 2004 for the management of the compensatory afforestation fund. In May 2006, as the Supreme Court of India ordered that as CAMPA had still not become operational, an *ad-hoc* body (known as *Ad-hoc* CAMPA) should be constituted till CAMPA became operational and all monies recovered from October 2002 on behalf of CAMPA and lying with various officials of the State Government were to be transferred to *Ad-hoc* CAMPA.

MoEF in July 2009 framed State CAMPA guidelines for establishing CAMPAs in the States/ Union Territories and putting in place a funding mechanism for enhancing forest and tree cover and conservation and management of wildlife by utilising funds received towards CA, NPV etc., currently available with *Ad-hoc* CAMPA. On receipt (July 2009) of guidelines from the Government of India (GoI), Government of Assam (GoA) constituted the State CAMPA in August 2009.

#### **5.4.2 Organisational set up**

As per guidelines, State CAMPA was to function through a three-tier committee consisting of one Governing Body and two Committees *viz.*, State Level Steering Committee and State Level Executive Committee. The Governing Body, headed by the Chief Minister, formulates and reviews policies of the State CAMPA. The Steering Committee and the Executive Committee were headed by the Chief Secretary and the PCCF respectively and were responsible for preparation, implementation and monitoring of annual work plan, in order to make the organisation of State CAMPA more effective and accountable. The GoA notified Chief Executive Officer (CEO) of the State CAMPA in 2014. Besides, there were 58 forest divisions headed by DFOs / Field Directors (FDs) for implementing the activities of the State CAMPA at field levels.

#### **5.4.3 Audit Objectives**

The main audit objectives were to assess whether:

- planning process was in place for assessment and collection of user charges from user agencies and implementation of schemes for conservation and protection of protected forests was efficient;
- funds received from *Ad-hoc* CAMPA were allocated and utilised economically, efficiently, effectively for the purpose for which they were meant for; and
- monitoring mechanism for overseeing the implementation of CAMPA was in place and was effective.

#### **5.4.4 Scope of Audit and Methodology**

The activities of the State CAMPA for the period 2010-15 alongwith the inflow of funds to the *Ad-hoc* CAMPA covering period from April 2010 to March 2015 were test checked during February to May 2016 in the office of the CEO, State CAMPA and in randomly selected 15<sup>1</sup> out of 58 Forest divisions.

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<sup>1</sup> DFOs of Assam State Zoo, Guwahati, Social Forestry Division, Guwahati, North Kamrup Division, Rangia, Jorhat Division, Jorhat, Golaghat Division, Golaghat, Social Forestry Division, Golaghat, Nagaon Division, Nagaon, Social Forestry Division, Nagaon, Cachar Division, Silchar, Social Forestry Division, Silchar, Hailakandi Division, Hailakandi, Karbi Anglong East Division, Diphu, Karbi Anglong West Division, Diphu, Northern Afforestation Division, Diphu and FD, Manas Tiger Project, Barpeta Road.

### 5.4.5 Audit Criteria

The criteria used for assessing the Audit were derived from the Forest (Conservation) Act, (F.C. Act) 1980 and Rules, 2003, the Apex Court judgements and guidelines and instructions issued by the GoI, MoEF, National CAMPA Advisory Council (NCAC) and State CAMPA.

### Audit findings:

### 5.4.6 Receipt into CAMPA

The Central Government, while granting approvals under the F.C. Act, 1980, stipulated carrying out CA over equivalent land made available by the user agency or double the area of degraded forest land in case land was not made available by the user agency. The cost of such CA was to be borne by the user agency. As per information furnished by the State CAMPA, the user agencies had deposited ₹ 174.57 crore upto March 2015 towards CA/ACA/PCA/NPV and other activities. Audit observed that:

- Although ₹ 174.57 crore was realised from user agencies for compensatory afforestation, no assessment was made by the Nodal Officer (F.C. Act) to assure that the required amounts were correctly received from user agencies.

After this being pointed out by audit, the State CAMPA stated (August 2016) that the total amount received from the user agencies upto 2014-15 was ₹ 251.02 crore. However, evidence of assessment could not be made available by the Nodal Officer (F.C. Act) to show that the amount of CA received from the user agencies was based on assessment.

- State CAMPA records indicated that a total of ₹ 174.57 crore was remitted to the *Ad-hoc* CAMPA upto March 2015. However, as per records of *Ad-hoc* CAMPA an amount of ₹ 265.14 crore was available with *Ad-hoc* CAMPA as early as March 2013. The difference of ₹ 90.57 crore had not been reconciled.

On this being pointed out, the State CAMPA stated (August 2016) that amount received from user agencies and deposited to *Ad-hoc* CAMPA account was ₹ 251.02 crore and not ₹ 265.14 crore. The reply is not tenable as the Inspector General of Forest and CEO, *Ad-hoc* CAMPA, GoI, MoEF *vide* D.O. No. 15-2/2013-CAMPA dated 20 June 2013 intimated the PCCF, Assam that principal amount in the account of CAMPA pertaining to State of Assam as on 31 March 2013 was ₹ 265.14 crore.

- Under the provisions of the F.C. Act, 1980, Supreme Court's judgment of October 2002 and orders issued by CAMPA in October 2006, NPV of forest land was to be determined between ₹ 5.80 lakh and ₹ 9.80 lakh per hectare depending upon the quality of forest, density of vegetation and types of species

in the areas under diversion. Further, GoI, MoEF (FC Division) revised (February 2009) and fixed the rates of NPV varying from ₹ 4.38 lakh to ₹ 10.43 lakh per hectare after classifying the forest land into six categories<sup>2</sup>. The rate of NPV of Eco-Class I ranged between ₹ 7.30 lakh and ₹ 10.43 lakh per hectare.

Test check of records revealed that 443.195 hectare of forest land under Eco-Class I was diverted during 2012-13 to 2014-15 against which NPV of ₹ 14.56 crore was realised from the user agencies by the Nodal Officer (F.C. Act), E & F Department, GoA instead of ₹ 39.10 crore resulting in short realisation of ₹ 24.54 crore (**Appendix –XVIII**).

On this being pointed out, the State CAMPA stated (August 2016) that the confusion regarding the short realisation had perhaps arisen owing to the reflection in submission of information to audit in a jumbled way containing cumulative data of several past years. The reply of the CEO is not acceptable as the information on diversion of forest land for non-forest purpose was furnished year wise and not in a jumbled way. Report on further developments, if any had not been received (January 2017).

#### **5.4.7 Financial Management**

##### **5.4.7.1 Irregularities in deposit of receipts**

As per the Supreme Court's direction (29 October 2002) all the monies received from the user agencies were to be deposited to CAMPA account. Scrutiny of records revealed that the PCCF (Wildlife), Assam received ₹ 8.34 crore on 13 August 2009 for diversion of 7.021 hectare forest land from Amchung Wildlife Sanctuary for up-gradation and improvement of existing National Highway (NH) 37 and ₹ 9.07 crore on 16 May 2012 for diversion of 45 hectare of forest land under Lumding Reserve Forest for up-gradation and improvement of NH 54. Further, GoI, MoEF (FC Division) while granting diversion of 45 hectare forest land under Lumding Reserve Forest for up-gradation and improvement of NH 54 imposed condition that all the funds received from the User Agency under the project shall be transferred to CAMPA Account in Union Bank of India, Sunder Nagar, New Delhi. Accordingly, the total amount of ₹ 17.41 crore was to be deposited to *Ad-hoc* CAMPA but the same was deposited in Nationalised Banks (Corporation Bank ₹ 8.34 crore and Punjab National Bank ₹ 9.07 crore) as fixed deposits. Further, against fixed deposit of ₹ 9.07 crore, interest of ₹ 2.81 crore was accrued instead of

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<sup>2</sup> **Eco-Class I:** Consisting of Tropical Wet Evergreen Forests, Tropical Semi Evergreen Forests and Tropical Moist Deciduous Forests, **Eco-Class II:** Consisting of Littoral and Swamp Forests, **Eco-Class III:** Consisting of Tropical Dry Deciduous Forests, **Eco-Class IV:** Consisting of Tropical Thorn Forests and Tropical Dry Evergreen Forests, **Eco-Class V:** Consisting of Sub-tropical Broad Leaved Hill Forests, Sub-tropical Pine Forests and Sub-tropical Dry Evergreen Forests and **Eco-Class VI:** Consisting of Montane Wet Temperature Forests, Himalayan Moist temperature Forests, Himalayan Dry temperature Forests, Sub-Alpine Forest, Moist Alpine Scrub and Dry Alpine Scrub.

₹ 3.11 crore due to delay in deposit by 132 days<sup>3</sup>. The accrued interest was to be utilised for engagement of casual staffs under State CAMPA. Thus short receipt of interest could have hampered the engagement of casual staffs *vis-à-vis* maintenance of State CAMPA accounts.

After this being pointed out in audit, the State CAMPA stated (August 2016) that the amount of ₹ 17.41 crore was deposited in saving account of Nationalised Bank on the basis of permission given by the GoI, MoEF *vide* letter dated 23 March 2010. The reply is not acceptable as it was clear from the clause 4 of said letter that all the funds received from the user agency under the project was to be transferred to CAMPA Account No. 3449010070128 in Union Bank of India, Sunder Nagar, New Delhi. Further, the State CAMPA replied that delay in deposit was unavoidable and beyond the control of the PCCF (Wildlife) and Chief Wildlife Warden, Assam. The Department could not furnish any documentary evidence regarding action taken/proposed to be taken to deposit the same into *Ad-hoc* CAMPA Account.

#### 5.4.7.2 Inadequate release of funds

The year-wise details of funds received by State CAMPA from the *Ad-hoc* CAMPA and its further release to the DFOs/ FDs *vis-à-vis* expenditure incurred during 2010-11 to 2014-15 are given in the following table:

Table No. 5.2

Details of funds received and allocated by the State CAMPA and expenditure incurred during 2010-11 to 2014-15

(₹ in crore)					
Year	Amount received from <i>Ad-hoc</i> CAMPA	Total funds available	Funds released and utilised by DFOs/FDs	Balance with State CAMPA	Percentage of available Fund utilised
Upto 2010-11	22.83	22.83	0.12	22.71	0.53
2011-12	--	22.71	10.96	11.75	48.26
2012-13	15.06	26.81	22.06	4.75	82.28
2013-14	13.00	17.75	4.61	13.14	25.97
2014-15	--	13.14	1.51	11.63	11.49
<b>Total</b>	<b>50.89</b>		<b>39.26</b>		

Source: Information furnished by the State CAMPA

The *Ad-hoc* CAMPA released ₹ 50.89 crore upto March 2015, out of which the State CAMPA released ₹ 39.26 crore to the DFOs/FDs for implementation of activities of State CAMPA leaving an unspent amount of ₹ 11.63 crore with the State CAMPA as of March 2015. Thus, percentage of available fund utilised for the

<sup>3</sup> ₹ 9.07 crore deposited on 24 September 2012 instead of 15 May 2012 and interest calculated at 9.25 per cent with effect from 15 May 2012 to 23 September 2012 for 132 days (₹ 9.07 crore x 9.25 per cent x 132 days)/365 days = ₹ 30.34 lakh



activities under CAMPA ranged between 0.53 and 82.28. The reason for huge variation of utilisation of fund was though called for (December 2016) from the State CAMPA, no reply has been received (January 2017).

It was seen from records that release of less amount of fund was due to approval of Annual Plan of Operations (APOs) for the first year in July 2010, opening of bank accounts by the DFOs, finalisation of accounting procedure and selection of sites etc. It indicated that there was lack of initiative to utilise CAMPA fund for development of State forests.

On this being pointed out, the State CAMPA stated (August 2016) that 77.15 per cent of total fund received from *Ad-hoc* CAMPA had been utilised as per the approved items of APOs. However, reasons for non-utilisation of ₹ 11.63 crore (22.85 per cent) was not stated (January 2017).

#### **5.4.7.3 Payment of wages in cash**

As per the orders (July 2009) of the Hon'ble Supreme Court of India, while carrying out work with the funds received from *Ad-hoc* CAMPA the work was to be allotted mostly to rural unemployed people having job card paying minimum wages as per provisions of Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) and payment was to be made directly into their bank accounts. State CAMPA while implementing various CAMPA activities such as raising of nursery, plantation of seedlings and their protection and execution of infrastructure works engaged labourers for which ₹ 12.32 crore was paid to the labourers in cash during the period between 2010-11 and 2014-15 instead of depositing the amount in respective bank accounts, which was in violation of the Apex Court's orders.

On this being pointed out, the State CAMPA stated (August 2016) that the DFOs had not received any reference/communication from any *Gram Panchayat* about job seekers and also stated that payment was made in cash as most of daily labourers did not have access to the banking system due to non-availability of banks in their vicinity. The reply is not tenable as no effort was made by the DFOs to communicate with any *Gram Panchayat* about job seekers. Further, as per provisions of MNREGA, cash payment process must be video recorded. However, it was seen that no video-recording had been made for cash payment to daily labourers.

#### **5.4.7.4 Components of Expenditure**

As per Rule 11 (i) of the State CAMPA guidelines the money received from *Ad-hoc* CAMPA were to be utilised for enhancing forest and tree cover and conservation and management of wildlife etc. However, it was seen that more thrust was given in development of infrastructure (construction of Buildings etc.). Following table shows the composition of expenditure of fund released to all DFOs/FDs between 2010-11 and 2014-15:

**Table No.5.3**  
**Component wise details of expenditure incurred during 2010-11 to 2014-15**  
 (₹ in crore)

Sl. No.	Name of works	Fund released to DFOs/FDs from 2010-11 to 2014-15	Total Expenditure against the work	Work-wise Percentage of expenditure with that of Total Expenditure
1.	Nursery 1.5 ha	4.49	4.49	11.41
2.	Nursery 3.0 ha	9.55	9.55	24.26
3.	Plantation ANR	0.31	0.31	0.79
4.	Plantation Afforestation	0.69	0.69	1.75
5.	Site Specific Plantation	6.51	6.51	16.54
6.	Infrastructure (Construction of Buildings etc.)	17.52	17.52	44.51
7.	Overhead and Monitoring	0.22	0.22	0.56
8.	Publicity and Awareness	0.07	0.07	0.18
<b>Total</b>		<b>39.36</b>	<b>39.36</b>	

*Source: Information furnished by the State CAMPA*

- The utilisation of funds under infrastructure development during 2010-11 to 2014-15 was as high as 44.51 *per cent* of total expenditure.

After this was pointed out, the CEO, State CAMPA accepted the audit observation stating (August 2016) that overall percentage of utilisation for Infrastructure (Construction of Buildings etc.) was 44.51 *per cent* from the available fund of CAMPA since 2010-11. Though 44.51 *per cent i.e.* ₹ 17.52 crore was spent for development of infrastructure, most of the infrastructure either remained incomplete or unoccupied as mentioned in paragraph 5.4.7.5 under “Creation of Infrastructure”.

- Out of total expenditure of ₹ 39.36 crore made during 2010-11 to 2014-15, only ₹ 7.51 crore (ranging between 0.79 and 16.54 *per cent* of total expenditure) was provided for plantation which was the core component of the State CAMPA.

On this being pointed out, the State CAMPA stated (August 2016) that total expenditure in nurseries and plantations were ₹ 21.55 crore *i.e.* 54.75 *per cent* of total expenditure of ₹ 39.36 crore made during 2010-11 to 2014-15. The reply is not tenable as out of 1.07 crore seedlings produced in nurseries, 0.64 crore of seedlings were distributed to various organisations, schools, colleges, etc. free of cost though there was no provision in the CAMPA guidelines for free distribution of seedlings. Besides 0.23 crore seedlings were lying in the various nurseries which became unfit for plantation and 0.12 crore seedlings were found damaged and only 0.08 crore seedlings (7.48 *per cent*) of seedlings produced were utilised in plantations in 10<sup>4</sup> test checked forest divisions.

<sup>4</sup> DFOs of Social Forestry Division, Guwahati, North Kamrup Division, Rangia, Jorhat Division, Jorhat, Golaghat Division, Golaghat, Social Forestry Division, Golaghat, Nagaon Division, Nagaon, Social Forestry Division, Nagaon, Cachar Division, Silchar, Karbi Anglong East Division, Diphu, Karbi Anglong West Division, Diphu.

- Out of total expenditure of ₹ 39.36 crore, less than one *per cent* was expended for monitoring purpose though two *per cent* was to be spent as per guideline.

On this being pointed out, the State CAMPA stated (August 2016) that two *per cent* for monitoring and evaluation was provided, but scope of expenditure was limited. The reply is not tenable since independent monitoring was done till 2013-14 only by an independent monitoring agency, Green Initiative Certification and Inspection Agency, Noida which monitored that maximum of the works were found satisfactory though audit detected many irregularities as discussed in various paragraphs.

- For publicity and awareness, only ₹ 0.07 crore (0.18 *per cent*) of total expenditure was incurred and that too after a lapse of more than five years of commencement of the activities of State CAMPA.

The State CAMPA stated (August 2016) that efforts were made for publicity for plantation, forest and wildlife conservation for which ₹ 1.20 crore was earmarked in September 2015. The reply is not tenable since the activities of State CAMPA started from 2009-10 and provision of funds was made only in September 2015.

#### **5.4.7.5 Utilisation of Compensatory Afforestation Funds**

##### **➤ Inadmissible expenditure under CAMPA fund**

As per Rule 11(i) of the State CAMPA guidelines, the money available with State CAMPA was to be utilised for meeting the expenditure towards the development, maintenance and protection of forests and wildlife management as per the approved APOs. NCAC in its meetings held on 24 June 2010 and 24 January 2012 directed that certain expenditures such as expenditure on strengthening infrastructure at Headquarters, forest rest house and purchase of vehicles particularly for use by officers etc., were not permissible. Test check of records revealed that:

- State CAMPA had purchased one Scorpio and three Bolero vehicles incurring a total expenditure of ₹ 33.50 lakh out of CAMPA fund on 28 April 2014 and on 11 September 2014 and these vehicles were allotted to CEO, State CAMPA, Nodal Officer (F.C. Act) and other two DFOs though it was specifically stated by NCAC that purchase of vehicles was not permissible for officers.

After this being pointed out, the State CAMPA stated (August 2016) that the vehicles were purchased from the interest accrued from saving banks and purchase of vehicles were allowed in fifth NCAC meeting held on 24 November 2014. The reply is not tenable as the vehicles were purchased by the State CAMPA on 28 April 2014 and on 11 September 2014 *i.e.* before fifth NCAC meeting held on 24 November 2014.

- DFO, Cachar Division, Silchar incurred an expenditure of ₹ 20 lakh during May 2013 to December 2013 for repair of Forest Inspection *Bungalow* (IB) at Dholai. Since expenditure on infrastructure at Headquarters such as Forest rest house, etc. were not permissible out of CAMPA fund, the expenditure incurred was irregular and thus deprived the State of CA activities.

After this was pointed out, the State CAMPA stated (August 2016) that repair of IB at Hawaithang Range, Dholai was essential for the officers who had to stay and inspect the nursery and plantation works at Dholai as no other accommodation was available. The reply is not tenable as there was no provision for construction/ repair of IB from CAMPA fund.

- The DFO, Social Forestry Division, Karimganj received ₹ 58.86 lakh from State CAMPA during the years 2011-12 to 2014-15 and incurred expenditure of ₹ 49.41 lakh. Thus, balance in hand was to be ₹ 9.45 lakh but the division disclosed ₹ 5.39 lakh as balance in hand. Hence, there was short accounting of ₹ 4.06 lakh.

On this being pointed out by audit, the State CAMPA stated (August 2016) that ₹ 2.70 lakh was refunded on 11 December 2014 by the DFO, Karimganj Social Forestry Division to the State CAMPA as it was released by the State CAMPA as an excess amount by mistake. The reply is not tenable because in support of such claim no documentary evidence was furnished.

➤ **Release of fund without ensuring availability of land**

Test check of records of the State CAMPA and DFO, Jorhat Division revealed that the State CAMPA had released ₹ 28.71 lakh to DFO, Jorhat in the month of June 2011 for creation of 3.0 hectare nursery. However, the work of the nursery could not be started by the DFO due to unavailability of land and the fund of ₹ 28.71 lakh remained unutilised till June 2013. Thus, release of fund without ascertaining the availability of land for nursery resulted in an amount of ₹ 28.71 lakh remaining blocked for two years.

On this being pointed out, the State CAMPA stated (August 2016) that it was unintentional and beyond the control of DFO. It indicated that there was no co-ordination between DFO and CEO, State CAMPA.

➤ **Nursery area not as per norms**

The State CAMPA prepared norms for creation and maintenance of 1.5 hectare and 3.0 hectare nurseries for five years and accordingly funds were to be released. Scrutiny of records/ sanction letters of five<sup>5</sup> test check divisions revealed that fund of ₹ 51.66 lakh for creation and maintenance of five 1.5 hectare and one 3.0 hectare

<sup>5</sup> DFOs of Nagaon Social Forestry Division, Nagaon, Nagaon Division, Nagaon, Social Forestry Division, Silchar, Hailakandi Division, Hailakandi and Cachar Division, Silchar

nurseries (total 10.5 hectare) was released as per norms. Accordingly, a total fund of ₹ 51.66 lakh was expended by five divisions for creation of seedlings and maintenance of nurseries. However, it was seen from monitoring reports that the area covered by these nurseries was 7.75 hectare instead of 10.50 hectare which resulted in excess expenditure of ₹ 10.37 lakh as shown in **Appendix -XIX**.

After this was pointed out, the State CAMPA stated (August 2016) that it was reaffirmed that none of the nurseries had less perimeter and area as observed by audit. The reply is not tenable as the inspection reports of CF, Upper Assam Social Forestry Circle (September 2011) and CCF, CAMPA (January- February 2012) revealed the lower coverage of nursery area than the prescribed norms.

#### ➤ **Failure of plantations**

Audit observed that there was no norm prescribed by the State CAMPA, E & F Department, GoA regarding survival of plants below which the plantation should be termed as failure. Incidentally, Government of Bihar had fixed the desired level of survival percentage of plantation at 80 *per cent* and above, below which plantation is termed as failure. Moreover, Government of Jharkhand decided to fix responsibility where survival percentage was less than 60 *per cent*.

Scrutiny of records/information furnished by the State CAMPA revealed that the State CAMPA carried out CA plantation of 3,256.05 hectare at a total cost of ₹ 6.51 crore during 2010-11 to 2014-15. Out of 3,256.05 hectare, survival percentage of 3,170.26 hectare plantation involving expenditure of ₹ 6.34 crore ranged between 45 and 75 *per cent*. It was seen from records that the State CAMPA released funds in subsequent years for maintenance works of plantations of earlier years which might have led to failure of plantation.

After this was pointed out, the State CAMPA stated (August 2016) that the Assam forest department or Government had not provided any direction so far with regards to survival percentage of the plants. The reply of the State CAMPA was not tenable as there should have been a proper planning for plantation survival percentage of plant etc. before formulating projects.

#### ➤ **Creation of Infrastructure**

The State CAMPA started 111 numbers of projects and released ₹ 17.52 crore during 2012-13 for various construction works. In 15 test checked Forest Divisions total 35 projects were taken up, of which four projects were not completed. Test check of records relating to construction of infrastructure revealed the following:

- State CAMPA released fund of ₹ 52.93 lakh during 2012-13 to North Kamrup Division, Rangia for construction of Forest Force Camp. The DFO claimed to have completed 100 *per cent* of construction work during 2013-14 by incurring a total expenditure of ₹ 52.93 lakh though boundary walls with barbed wire and iron gate, tiles on the floor, installation of solar power had not been done as

reported (May 2015) by CCF, Central Assam Circle (CAC) to the APCCF (Territorial), Lower Assam Zone. The camp also remained vacant till May 2016. Thus, expenditure of ₹ 52.93 lakh remained idle.

On this being pointed out, the State CAMPA stated (August 2016) that the CCF, CAC had been directed to draw charges against the erring officials for departmental proceedings.

- Construction work of Forest Force Camp under Manas Tiger Project, Barpeta Road was started in November 2013 for which an amount of ₹ 52.93 lakh was provided to the FD during March 2013. It was noticed (May 2016) that after a lapse of more than three years, work had not been completed though expenditure of ₹ 40.40 lakh was incurred. This indicated that the construction of camp was not immediately necessary.

After this being pointed out, the State CAMPA stated (August 2016) that the FD, Manas Tiger Project, Barpeta Road had assured that remaining work would be completed after current rainy season. The reply of State CAMPA indicated that the construction work of Forest Force Camp was not urgently required.

- The DFO, North Kamrup Division, Rangia claimed to have completed the construction of the Range Officer's (RO's) Quarter during 2013-14 by utilising the entire expenditure of ₹ 18.65 lakh released for the purpose. However, monitoring report (8 April 2015) stated that about 50 *per cent* works were to be completed. Another monitoring report (10 April 2015) of CF, CAC, Guwahati stated that only 25-30 *per cent* works were completed. It was seen from Report (September 2013) of present RO that his predecessor spent ₹ 10 lakh and constructed the quarter only upto plinth level and did not hand over any records relating to expenditure and status of work done. The RO requested (September 2013) for additional fund of ₹ 4.50 lakh but neither the fund was provided nor any action was initiated against the outgoing RO. Thus, the claim of DFO that the work was completed during 2013-14 was incorrect.

On this being pointed out, the State CAMPA stated (August 2016) that the APCCF (Territorial), Lower Assam Zone had been requested to conduct departmental proceedings against the concerned officials.

- Under Kamrup East Division, Guwahati the RO's Quarter was constructed at a cost of ₹ 18.65 lakh in the vicinity of a *mahal*<sup>6</sup> pertaining to extraction of stones. The Executive Committee of State CAMPA visited the site (9 April 2014) and found that no electricity connection was provided and also opined that there was less chance of occupation of building due to cutting of stones in the area

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<sup>6</sup> As per the Assam Sale of Forest Produce, Coupes, and *Mahals* Rule, 1977, "*Mahal*" means a well defined area wherefrom certain types of forest produces are sold.

and covering of building by stone dust. Thus, due to improper selection of site of building, expenditure of ₹ 18.65 lakh became unfruitful.

After this was pointed out, the State CAMPA stated that the surrounding of the RO's quarter had been free from stone materials and therefore, no chance was there, of covering the building by stone dust. Moreover, the State CAMPA stated that the fund provision of electricity connection was not made available during the construction of RO's quarter and application to the Assam Power Distribution Company Ltd. had been given to provide electricity connection. The reply is not tenable as the Executive Committee of State CAMPA suggested that there was less chance of occupation of building due to cutting of stone in the area and covering of building by stone dust.

#### **5.4.8 Inadequate monitoring and supervision**

The State CAMPA suffered from many deficiencies and there was inadequate monitoring at all levels which is indicated as follows:

- The Governing Body headed by the Chief Minister of the State was mandated to lay down the broad policy framework for functioning of State level CAMPA and review its working from time to time. It was observed that the Governing Body could not hold a single meeting during 2009-15.
- The Steering Committee headed by the Chief Secretary of the State was mandated to lay down and approve Rules and procedures for the functioning of the body and its Executive Committee. As against the required 11 meetings during 2009-15, only five meetings were held. However, it was observed that there was no gap in the preparation and approval of the APOs of State CAMPA, by the Steering Committee.
- The Executive Committee of the State CAMPA, which was to supervise the works being implemented in the State out of the funds released from the State CAMPA inspected (April 2014) only two Forest Divisions in Guwahati since its constitution. Lack of inspection allowed the deficiencies in various works as pointed out in the earlier paragraphs.

It was also noticed that except for the year 2013-14, no fund had been earmarked for monitoring and evaluation during the period covered under audit. Further, even though a sum of ₹ 26 lakh was earmarked during 2013-14 for monitoring and evaluation, no expenditure was incurred by the State CAMPA for the purpose till March 2015.

After this being pointed out, the State CAMPA stated (August 2016) that there were adequate layers of monitoring and the expenditure involved in monitoring by the officials from RO to PCCF were made from State budget and the expenditure for

independent monitoring from the State CAMPA. The reply is not tenable as independent monitoring was not done after 2013-14.

#### **5.4.9 Conclusion**

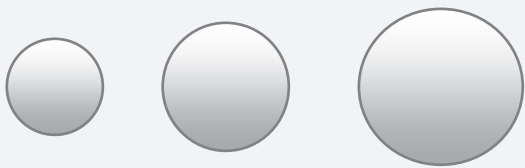
Besides short realisation of NPV, neither was the fee collected from user agencies remitted to *Ad-hoc* CAMPA nor was the difference between the figures of State CAMPA and *Ad-hoc* CAMPA reconciled. Core activities such as conservation, protection, regeneration and management of existing natural forests were not given adequate importance. Construction works were found to be implemented without adequate planning and supervision resulting in many buildings remaining incomplete and in many cases unoccupied even after completion. There was also evidence of poor monitoring of activities at all levels of State CAMPA.

#### **5.4.10 Recommendations**

- State CAMPA may give more emphasis to accelerate activities for CA and protection of forest and wildlife for which the State CAMPA was constituted.
- State CAMPA may carry out construction of infrastructures (Building etc.) which are of urgent nature instead of blocking the fund and compromising the core objectives of CAMPA.
- State CAMPA may consider prescribing norms for fixing survival percentage of plantations below which these should be termed as failed plantations and fix responsibility for such failure.
- State CAMPA may evolve proper monitoring and evaluation system to detect irregularities and proper utilisation of funds.







**CHAPTER - VI  
STAMP DUTY AND  
REGISTRATION FEE**





**CHAPTER – VI :**  
**Stamp Duty and**  
**Registration Fee**

**6.1 Results of audit**

Test check of records in 19 unit offices dealing with the Stamp Duty and Registration Fee under the Registration Department during 2015 revealed non/short levy and realisation of stamp duty and registration fees involving ₹ 101.09 crore in 54 cases. Besides, an Information Technology Audit of the Registration System ‘e-Panjeeyan’ was also conducted during the year. These are mentioned in **Table – 6.1.**

**Table 6.1**  
**Results of Audit**

Sl. No.	Categories	Number of cases	Amount (₹ in crore)
1.	<b>An Information Technology Audit of the Registration System ‘e-Panjeeyan’</b>	<b>01</b>	<b>--</b>
2.	Non-reconciliation of Treasury Remittance	11	99.33
3.	‘User Charge’ observation thereof	07	1.18
4.	Delay in deposit of Government Revenue	06	0.15
5.	Short Accountal of money in Cash book	05	0.06
6.	Discrepancy between Treasury Remittance figure and Departmental figure	03	0.20
7.	Other irregularities	22	0.12
<b>Total</b>		<b>55</b>	<b>101.09</b>

An **Information Technology Audit of the Registration System ‘e-Panjeeyan’** is discussed in the following paragraphs.

## **6.2 Information Technology Audit of the Registration System 'e-Panjeeyan'**

### **Highlights:**

- The full features of computerisation of the Registration application 'e-Panjeeyan' are yet to be implemented, even five years after the system was rolled out in September 2011.

Lack of integration with the Land Records Application made the system vulnerable to unauthorised processing, with even government land being sold to individuals.

*(Paragraph 6.2.9.1)*

- The Post Data Module remained non-functional, due to lack of inter-connectivity among the Sub-Registrar Offices and the Data Centre, as a result of which, data backup is not being maintained properly at the Data Centre.

*(Paragraph 6.2.9.2)*

- No concrete steps have been taken to update the Legacy Data.

*(Paragraph 6.2.9.3)*

- Flaws in System Design and inappropriate Programme Formulae resulted in manual entries of Registration Fee.

*(Paragraph 6.2.11.3)*

- Absence of Input Controls and Validation Checks led to inadequate assurance regarding the completeness and validity of data.

*(Paragraph 6.2.12)*

- Inadequate security controls resulted in modification of registration details without authorisation by superior officers.

*(Paragraph 6.2.13)*

### **6.2.1 Introduction**

The Project 'Computerisation of Registration of Properties' in the State of Assam, spearheaded by the Revenue & Disaster Management Department, was undertaken in two phases. In Phase I, the Government of Assam (GoA) undertook a pilot project for Computerisation of Registration, under the 'Horizontal Replication of Successful e-Governance Initiatives' programme of the Department of Information Technology (DIT), Government of India (GoI), with a total estimated cost of ₹ 1.40 crore. Under this initiative, four Sub-Registrar Offices (SROs) in Sonitpur District were computerised in the year 2007. SRO, Tezpur was inaugurated in May 2007 and SROs Biswanath Chariali, Sootea and Dhekiajuli were subsequently

inaugurated in the months of August and October 2007. The project sought to simplify the processes and work involved in the registration process of any document and provide speedier services to citizens by way of delivery of registered documents/deeds etc. The application software developed for computerising the property registration, *i.e.* ‘*e-Panjeeyan*’, having two main modules *viz.*, ‘Registration’ and ‘Marriage’, alongwith seven other additional Modules *viz.*, Enquiry, Post Data, Backlog Entry, Registers, Reports, Deed Search and Certificates, was developed by the National Informatics Centre (NIC), using MySQL as the database and Java as the front end application.

The department initiated a State-wide Rollout (Phase-II) in the year 2010, which covered the remaining 73 SROs throughout the State of Assam.

Funding support for phase-I was provided by DIT, GoI. For Phase-II, it was provided by the Asian Development Bank (ADB), under the Assam Governance and Public Resource Management Programme (AGPRMP), at a total cost of ₹ 14.59 crore. M/s Pricewaterhousecoopers Pvt. Ltd. was appointed as Project Consultant for the State-wide rollout of computerisation of Registration. After following an international competitive bidding process, the Finance Department, GoA, signed a contract with M/s IL & FS Technologies Ltd., which was chosen as the turnkey implementer for the State-wide rollout of computerisation. The turnkey implementer was given the task of (i) IT infrastructure procurement, installation, commissioning and maintenance, (ii) site preparation for SROs and (iii) training of departmental staff.

### 6.2.2 Organisational Structure

There are 77 SROs under 23 Districts in Assam. At the Directorate level, the structure is organised as Inspector General of Registration (IGR), Additional Inspector General of Registration (Addl. IGR), Assistant Inspector General of Registration (AIGR), Deputy Registrar and Senior Sub-Registrar/Sub-Registrar.

### 6.2.3 Year wise collection of Registration fees (2010-11 to 2015-16)

**Table No. 6.2**

Year	Amount of Registration Fees collected (₹ in Crore)
2010-11	54.18
2011-12	74.36
2012-13	120.36
2013-14	136.34
2014-15	55.18
2015-16	65.30

#### **6.2.4 System architecture**

The system architecture is a decentralised system, with all the processing being carried out in the Local Area Network (client server mode) and a server being located at each of the SROs. The Central Data Centre is located at the office of the IGR, Guwahati.

#### **6.2.5 Scope of Audit**

The IT Audit, covering the period 2007-16, was conducted during May – July 2016. It was carried out through detailed examination of records maintained in the offices of the Principal Secretary, GoA, Revenue and Disaster Management (R&DM) Department; and the IGR. The ‘*e-Panjeeyan*’ application software, used by the Sr. Sub-Registrar Office, Kamrup (Metro), was considered for analysing the process flows. Besides conducting physical verification in respect of the selected SROs, interaction with the officers/officials involved with the project, as well as other stakeholders of the project at the grass root level, was also carried out during the course of audit.

#### **6.2.6 Audit Methodology**

The Information Technology audit commenced with an entry conference, with the Principal Secretary, GoA, R&DM Department held on 29 April 2016, wherein the audit objectives, scope and audit criteria were discussed and inputs of the departmental officers obtained. For the purpose of this audit, ten SROs (except SRO, Nagaon), in eight districts, were selected, based on Probability Proportional to Size Without Replacement (PPSWOR) and Simple Random Sampling Without Replacement (SRSWOR) method, on the basis of the total revenue collection in each district. Data pertaining to these ten selected SROs, pertaining to May 2007 to June 2016, was analysed and checked using ‘IDEA 10.1’, after importing the data through MySQL for Excel from the server. At the conclusion of the audit, the findings were discussed in the exit conference held on 26 October 2016 with the Principal Secretary, GoA, R&DM Department.

#### **6.2.7 Audit Objectives**

The Audit Objectives were to evaluate and assess whether:

- the computerisation was in line with the objectives of the department;
- the system covered all the intended functions;
- the information in the database was reliable; and
- adequate security controls were in place.

#### **6.2.8 Audit Criteria**

The audit findings were benchmarked against the following sources of criteria:

- IT Audit Manual;
- User Manual of ‘*e-Panjeeyan*’;

- Live Registration process of Registration;
- Security features of ‘*e-Panjeeyan*’;
- Database Design Documentation.

## Audit Findings

### 6.2.9 General controls

For ensuring better IT planning and implementation there should be an active involvement of the Senior Level Management, so that IT is given the proper recognition, attention and resources required to meet the business objectives. As per the framework for upgradation of ‘*e-Panjeeyan*’ software, Government had sanctioned an amount of ₹ 13.47 lakh in January 2015, with the following major modifications and enhancements to be carried out by NIC:

- Integration with the Land Records Application (*Dharitree* software).
- Data backup to the District servers and Central Data Storage center.

#### 6.2.9.1 Land Records verification

Verification of the ‘*e-Panjeeyan*’ application revealed that, after the initial entry of the land details, there was no scope for the Registering Officer (RO) to verify the land data from the Land Records System, as there was no integration of ‘*e-Panjeeyan*’ with the Land Records Application. The RO had to rely on the initial verification done by the Deputy Commissioner (DC) office, whenever an application for Land Sale Deed was received. On data analysis, audit observed that in 52 cases (on the basis of *Dag Nos.*<sup>1</sup>), Government land, earmarked for water-bodies, was sold to individuals. As such, system deficiencies resulted in Government land, earmarked for water bodies, being sold to private individuals.

#### 6.2.9.2 Post Data Module

Audit also observed that, due to lack of connectivity between the SROs and the Data Centre<sup>2</sup>, the Post Data module of the ‘*e-Panjeeyan*’ was not functional. As a result, updated backups could not be sent to the main backup server at the Data Centre. With the backups being not upto date, the Department may have to face severe difficulties in revival of functioning of ‘*e-Panjeeyan*’, in case of any disaster.

#### 6.2.9.3 Legacy Data

One of the primary functions of the Registration Department was archival of the registered documents. The objective was to dispense with tedious methods of document management, involving preservation of manual volumes, which take up voluminous space, deteriorate with age, are inherently difficult to manage and have

<sup>1</sup> *Dag* stands for plots. Each and every plots of all settled and unsettled land is given a number.

<sup>2</sup> A Data Centre is a facility composed of networked computers and storage used to organise, process, store and disseminate large amounts of data.



little security from natural calamities, fire, floods etc. Audit scrutiny of the 'e-Panjeeyan' application revealed that the legacy data was not being updated uniformly. In a video conference held in December 2015, the Government issued directives, to all DCs, for ensuring updation of legacy data. However, the cut-off date and the timeline for updation of legacy data could not be made available to audit. Since the legacy data is incomplete and non-uniform, if any registrant applicant, who had registered prior to computerisation, applies for issue of duplicate deeds, it will not be possible for the SROs to issue the same through the computerised application. This indicates that the objective of preserving the documents was not met to that extent.

#### **6.2.9.4 Training**

The officers and staff of the SROs had been imparted training on the 'e-Panjeeyan' application process and 'Basic computer knowledge' in three levels. Test check of 10 SROs revealed that no officials had been trained on Database Administration (DBA) and System Administration (SA), for looking after the system, after withdrawal of the Technical Support Personnel (TSP) provided for two years (November 2011 to November 2013) by M/s IL&FS Technologies Ltd. It was, however, observed that Government had been engaging casual workers from NIC to look after DBA and SA, instead of training departmental IT capable personnel. Data analysis revealed a number of cases where editing and deletion of the First Party/Second Party/Land details was done by a user 'admin', used by the casual workers hired from NIC. In 1,485 cases, audit also noticed that transactions were also processed on non-working days like Sundays. Using personnel other than departmental staff is liable to make the system vulnerable to unauthorised changes. Further, even though the staff of the SROs had been imparted training by M/s IL&FS Technologies Ltd., such training was not sufficient, as stated by three SROs (Nagaon, Jakhlabandha and Barpeta). The application under the 'Marriage' Module in the SROs of Ratabari, Jakhlabanda, Barpeta and Mandia was also found to be unused, only due to the non-availability of skilled staff.

#### **6.2.10 IT Operational Controls**

The role of IT operations includes backup, business continuity and disaster recovery, as well as maintenance of hardware and software.

##### **6.2.10.1 Back-ups**

Test check of the Data Centre and sampled SROs revealed that due to lack of connectivity between the SROs and the Data Centre, the SROs were unable to send the data backup directly to the Data Centre (IGR, Rupnagar, Guwahati) through the on-line system. It was also observed that there was no uniform practice for data backup and all the sampled SROs were preserving backup data on a weekly/monthly basis, or as and when called for by the IGR. Due to a faulty online UPS, the server of the Central Data Center (IGR) has been out of order since June 2015. All SROs were, therefore, instructed by the AIGR, through SMS, not to send Data. Moreover,

SRO, Nagaon, failed to provide data backup during the course of audit, as the server had been out of order since December 2015.

### 6.2.10.2 Business Continuity and Disaster Recovery

The objective of having a business continuity and disaster recovery plan and associated controls is to ensure that the organisation can accomplish its mission and that it does not lose the capability to process, retrieve and protect information maintained by it, in the event of an interruption or disaster, leading to temporary or permanent loss of computer facilities. Test check of records, discussions with senior officers and replies received from the department revealed that there is no formal policy on **Business Continuity and Disaster Recovery in case of sudden disaster**. Thus, the absence of a well-defined and tested Business Continuity and Disaster Recovery Plan may pose the following major threats to the organisation in the event of a disaster:

- Retrieval and protection of the information maintained.
- Keeping intact all the organisational activities after the disaster.
- Starting its operations on full scale at the earliest, to minimise the business loss in terms of money, goodwill, human resources and capital assets.
- Ability to accomplish its mission after re-starting of operations.

### 6.2.10.3 Annual Maintenance Contract (AMC)

AMCs are essential for any IT organisation for ensuring smooth functioning of the hardware items and their regular maintenance. During visits to 10 sampled SROs, audit noticed that their hardware items were lying in a damaged condition (**Appendix - XX**). It was also observed that two DG sets were out of order in SRO, Ratabari; since May 2016 and SRO, Margherita; since March 2015. Therefore, the regular business of these two offices were kept in abeyance in case of power failure. The department made no effort to rectify the items, even after intimation was made by the concerned SROs. It was further observed that although the matter of AMC had been taken up by the IGR with the Principal Secretary, GoA, R&DM Department in March 2016, but no action had been taken up in this regard (as of August 2016).

## 6.2.11 System Design Deficiencies

### 6.2.11.1 Option for Type of Deeds

As per schedule I of “The Indian Stamp Act, 1899”, there are 63 types of Deeds/Instruments (**Appendix - XXI**) available for execution. Study of the ‘*e-Panjeeyan*’ system revealed that only 40 types of Deeds/Instruments (**Appendix - XXII**) have been incorporated in the system under ‘Deed Type’. It was also observed that out of the 40 types of Deeds/Instruments, 10 types of Deeds, not covered under the Stamp Act, 1899, had been incorporated in the system. The department could not produce any official order by which the new Deeds have been

incorporated in the system. Moreover, as all the deeds are not covered by 'e-Panjeeyan', customer coming for registration of any one of the remaining types of Deeds (**Appendix - XXIII**), the SRO would not be in a position to execute the same through the 'e-Panjeeyan' application and manual intervention would be necessary for the purpose.

#### **6.2.11.2 Option for Class of Land**

System study revealed that there are 46 different classes of land in the 'Class' option for land related deeds. While entering the data for Class of Land in the form for "Fee Entry for Registration", the user normally selects the class of land out of the available options. It was however, observed that the option for 'Agricultural land' was not covered in the drop down list and the user had no option but to select the option "ALL CLASS". It was noted that, though the class of land was clearly mentioned in the permission copies issued by the DC, the same could have been easily entered if the option for 'Agricultural Land' had been available in the application. Thus, the correct classification of land was not depicted in the software.

#### **6.2.11.3 Registration Fee and Stamp Fee**

As per notification dated 12 February 2014, the Registration Fees for Registration of Conveyance Deeds, as mentioned under Article 23 of schedule I of the Indian Stamp Act, 1899, has been reduced to the following rates:

- a. One *per cent* of the market value of the property in case of women.
- b. Two *per cent* of the market value of the property in case of joint registration with women.
- c. Two *per cent* of other registrants.

Analysis of data (Kamrup-Metro) revealed that for case dates related to the year 2015, under Category 11 (Sale Deed), in Registration type 'office', where the consideration amount was more than ₹ 5 lakh (5,161 records), 56 records were identified where the Registration Fees had been collected @ one *per cent* of the 'consideration amount', instead of @ two *per cent* of the 'consideration amount', resulting in short collection of registration fees to the tune of ₹ 4.32 lakh. In 56 cases, the purchasers were either 'Male' or 'other registrants' as could be verified from the details available in the database. In the 'e-Panjeeyan' application, there is no option to select for Male/Female/other applicants. Registration Fees are entered manually. There is also no formula programmed in the software for the automatic calculation of Registration Fees whenever the consideration amount is entered. Further, there is no option for capturing the Permanent Account Number (PAN) details of the applicants. Audit also observed that in 438 cases (covering all the SROs) under Category 11 (Sale Deeds), Stamp Fees were not captured as the field has not been made mandatory to capture data.

#### **6.2.11.4 Revocation of Deed**

Keeping a provision for "Revocation of Deed" is absolutely necessary (as stated by SRO, Margherita) in the 'e-Panjeeyan' software. Study of the 'e-Panjeeyan'

application revealed that for Sale Deed, in all the 10 sampled SROs, there was no provision of an option for ‘Revocation of deed’, in the ‘Sub Deed Type’, under the option ‘Deed type’. The revocation of deeds was, therefore, being done manually.

#### **6.2.11.5 Frequent hanging of ‘e-Panjeeyan’ application**

The ‘e-Panjeeyan’ software was found to stall several times after processing of 09/10 cases of deeds or marriage registration, and the server needed to be restarted, to start the whole process afresh, involving a fresh login to the ‘e-Panjeeyan’ application, hampering the registration process almost regularly. This was observed at the SROs of Kamrup (Metro), Kamrup (Sadar), and Jakhlabanda.

#### **6.2.11.6 Issue Dates not captured**

Analysis of the database revealed that, in 1,74,349 cases, the ‘issue dates’ were not being captured. In this regard, officials of the SRO-Kamrup (Metro) stated that the issue dates were being captured in the table report **issue\_register**. On further analysis, audit noticed that the said table<sup>3</sup> was incomplete, as only 86 deeds were shown as having been issued for the period 2013 and 2014, that no data had been captured thereafter. As such, the objective of issuing deeds within a single day<sup>4</sup> could not be verified by audit. Moreover, the ‘issue dates’ should have been captured in the main table **docdetail**<sup>5</sup>. As such, audit was of the opinion that the database design needs to be rectified, as this lacuna clearly frustrates the proper flow of data in a definite pattern, since database design requires that reports are generated from the main tables, using fields from these tables, as required.

### **6.2.12 Input Controls and Validation Checks**

Audit analysis of the absence of ‘input controls’ and ‘validation checks’ led to the detection of incomplete and invalid data as cited below:

#### ***Deficiencies noticed on Data Analysis of five major Tables of ‘e-panjeeyan’ database covering 10 SROs***

##### **6.2.12.1 Analysis of docdetail table, which contains yearwise data related to various types of deeds, revealed the following deficiencies:**

- Deed number is a unique field generated by the system after a deed is registered and identifies the complete registration of a deed. Since it is a machine generated number, there should not be any gap. In analysis of the data under Category 11 (Sale Deed) for the year 2015 and Type of Registration ‘Commissioned’ & ‘Office’ of the test checked SROs, 6,162 gaps were noticed in the deed numbers. This indicated that the deed numbers were either

<sup>3</sup> Report\_issue register was a temporary report, which could be generated, for indicating the issue of various kinds of deeds, their date of issue, deed no., to whom issued and username of the issuer.

<sup>4</sup> Mentioned at page 11 of the “Project Register for State Wide Rollout of Computerisation of Registration Assam”, Revenue & Disaster Management Department, Government of Assam.

<sup>5</sup> The docdetail table, which contains year-wise data related to various type of deeds, was found to be having no data under the fields ‘issue date’ and ‘user name’.

unauthorisedly deleted, or manipulated after the execution. Log files were also not maintained for ascertaining such deletion/manipulations.

- In 38,400 cases both the Finger & Image Scan were not captured.
- 90 pairs of Duplicate Deeds were noticed.

**6.2.12.2 Analysis of area\_detail table, which contains the area information of land related deeds, revealed the following deficiencies**

In any land related matter a complete information on the vital parameters such as *Dag Nos.*, *Patta Nos.*, Circle, *Mouza*, Village & Boundary Details are very important from any legal point of view. Analysis of database revealed the following deficiencies.

- In 213 cases *Dag Nos.* were shown as NIL/Nil/NO/0/00/000/..0.
- In 416 cases *Patta Nos.* were shown as N/K/x/NIL/Nil/NO/0.
- In 80 cases Circle were shown as Blank/NULL.
- In 324 cases *Mouza* were shown as Blank/NULL.
- In 140 cases Village were shown as Blank/NULL/Nil.
- In 55,953 case Boundary Details were shown as Blank/NULL/Nil.

**6.2.12.3 Analysis of ‘party’ table, which contains information on first/second party related to seller/purchaser, revealed the following deficiencies under Category 11 (Sale Deed):**

In any land related matter a complete information on first/second party related to seller/purchaser is very important while registering Sale Deed. Analysis of database revealed the following deficiencies.

- In 2,537 cases Father’s Name were shown as NI;NIL/NO.
- In 87 cases Address were shown as NI;NIL/NO.
- In 3,996 cases District were shown as NI;NIL/NO.

**6.2.12.4 Analysis of witness table, which contains information on various types of witnesses for land related sale/purchases, revealed the following deficiencies:**

In any land related matter a complete information on witness related to seller/purchaser is very important while registering Sale Deed. Analysis of database revealed the following deficiencies:

- In 237 cases the Name & Address of the witness type “witness” were shown as NIL/NO/NA.
- Under SRO Kamrup Metro it was noticed that in 82,337 cases the witness type “Drafter” were shown as NIL/NO/NA.

**6.2.12.5 Analysis of special marriage notice table (Kamrup-Metro/Kamrup-Sadar/ Tezpur/Udalguri/Barpeta), which contains information on issue of notice for performing New/Old marriages, revealed the following deficiencies:**

- In 10 cases Bride’s Father Name was shown as ‘Blank’, ‘female’, ‘student’, ‘a’, ‘fff’, ‘yyy’, ‘test’ and in six cases Bride’s name was not available. Audit

scrutiny revealed that these were test data. Test data are usually entered in Test environment and not in production environment. Availability of Test data in production environment is highly irregular which alone indicated that production environment is being used for testing any change in the system.

- In 280 cases Bride's occupation was shown as '29', '31', 'N/A', 'Blank', 'a', '51', 'T'.
- Data analysis revealed that in five cases age were captured as zero. There is no provision for entry of Date of Birth, alongwith automatic calculation of age as on current date, with a validation process to ensure that further data entry would not be allowed if the age criteria for Bride (18 years) and Bridegroom (21 years) was not met. These are two fields for entering the ages of the bride and bridegroom manually.

### 6.2.13 Security Controls

There are two basic levels of controls in an IT Security Policy –*firstly*, Physical Access Controls which restrict individual physical access to IT Resources and *secondly*, Logical Access Controls which restrict access to specific systems to authorise individuals and the functions each individual can perform on the system. It was observed that, though the department had implemented the computerised system of registration, it is yet to draft and adopt an IT Policy.

Audit noticed the following deficiencies:

#### 6.2.13.1 Secured authentication process through session expiry

The concept of Session Expiry in any application is very important to prevent unauthorised access and manipulation. In case of ongoing work, if a user leaves the system unattended, then, after a few seconds, the application should revert to login mode. Test check of 'e-Panjeeyan' application in the 10 SROs revealed that the concept of Session Expiry was absent and, if a user left the Personal Computer (PC) unattended, the application did not revert to initial login mode. Thus, the possibility of manipulation of data by unauthorised access cannot be ruled out.

#### 6.2.13.2 Verification by Registering Officer

As per the 'e-Panjeeyan' user manual, the RO needs to authenticate himself by fingerprint verification, for verifying and authenticating any Deed after the initial entry by the data entry operator. Test check of sampled 10 SROs revealed that the fingerprint verification mode was not available in the application, nor had any biometric device been installed. Analysis of the database in 1,74,349 cases (all the sampled SROs) also revealed that usernames of the SRO who had verified the deeds were not captured. As a result, the identity of the person who had actually verified and authenticated the deeds remains in doubt. Analysis of the access log database also revealed that in 12,586 cases, editing of witness, first party, second party, entries related to land etc., were being performed by a user at the level of assistant/writer/admin, instead of the SRO. Moreover, logs were being captured one

year after the date of implementation of the 'e-Panjeeyan' application, which made the audit trail incomplete.

#### **6.2.13.3 Physical Access Controls**

On physical verification at the main Data Centre, audit noticed that there was no proper protection/security in the entrance gate of the server room. In such a scenario, anybody could access the room at any given point of time, leading to a risk of physical damage to the hardware placed in the server room of the Data Centre. In the sampled SROs, audit also noticed that the server rooms were not well protected from outsiders. Any outsiders could enter the server room. It was also seen that outsiders were entering the room frequently. Thus, adequate measures need to be taken to secure the hardware.

#### **6.2.13.4 Weak Environmental Controls**

Physical verification conducted by audit at Data Centre and sampled SROs revealed that outdated sets of fire extinguishers were installed for firefighting protection and also that no alarm system was installed. For a secure IT set up, well-planned environmental controls are necessary, to protect the valuable hardware placed in the Data Centre, in case of any fire from short circuit/lightning etc.

#### **6.2.13.5 Vulnerability of the system to virus threats**

An anti-virus policy is essential for protecting data from being corrupted by viruses and computers infected with viruses might crash, delete or steal vital data. Test check of computers related to 10 sampled SROs revealed that different types of antivirus softwares were installed without proper updation. In two SROs, the antivirus software used had expired two years back, while, in one SRO, there no antivirus software had been installed. The department had not introduced any antivirus policy (August 2016), as result of which the risk of data corruption is very high.

#### **6.2.13.6 Password Policy**

For secured login and authentication, passwords should be changed at regular intervals. Test check of 10 sampled SROs revealed that passwords had never been changed. As a result, if passwords were revealed intentionally or accidentally, then any user could login and manipulate data.

#### **Reply of the Department**

During the exit conference (October 2016), the Department had accepted all the observations. The Department in its reply (November 2016) stated that they will initiate steps to rectify the deficiencies found in sub-Registrar offices under the guidance of NIC for observations which were discussed in the exit meeting except for some cases. It has also been stated that Government has already initiated measures as regards to network structure and connectivity.

### 6.2.14 Conclusion


'e-Panjeeyan', which was rolled out by the Registration Department, with a view to ensure processing of legal documents in a speedy and simplified manner, had deficiencies with respect to authentication, land verification, data backup, updation of system design, input controls, security controls, archival and training. This resulted in ineffective management of the system and rendered the information generated not fully reliable and safe. Failure to monitor implementation of the important phase of interconnecting the registration offices with the circle offices resulted in non-achievement of the full objective of transparency and speedy public service. The computerisation programme, which had started a decade ago, is yet to be completed, indicating deficiencies in planning and implementation of the project.

### 6.2.15 Recommendations

Government may consider initiating necessary action to:

- Correct the system deficiencies pointed out by audit and also ensure correctness of data entry, by enforcing strict input controls and validation checks;
- Have inbuilt adequate security controls to prevent unauthorised access to the system;
- Put in place a system for ensuring timely uploading of data from all the registration offices to the data centre for safe backup;
- Prepare a time bound programme for implementation and execution of the remaining modules, to realise the full potential of the computerised system ; and
- Fix timeframe for training of staff of Registration Office to take up the works of Data entry from casual employees.

Guwahati  
Dated : 03 April 2017

  
(RASHMI AGGARWAL)  
Accountant General (Audit), Assam

Countersigned

New Delhi  
Dated : 07 April 2017

  
(SHASHI KANT SHARMA)  
Comptroller and Auditor General of India







**APPENDICES**



**Appendix – I(A)**  
**(Reference - Paragraph 2.4.1.4)**

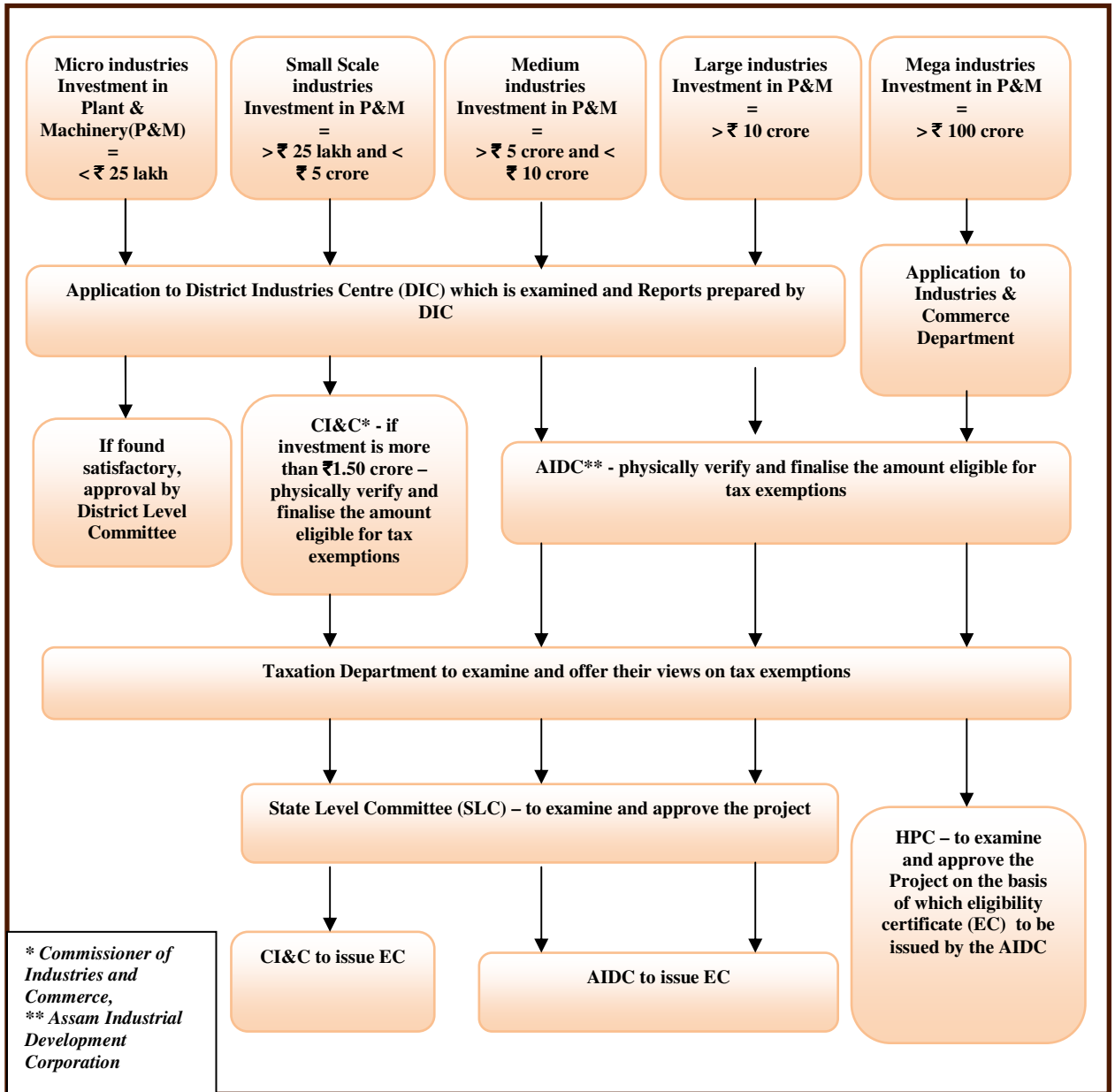
**Statement showing Quantum of tax exemptions admissible to various units  
under the IP, 2008**

Category	Micro	Small	Medium and Large	Mega
New	Seven years subject to maximum of 200 <i>per cent</i> of fixed capital investment.	Seven years subject to maximum of 150 <i>per cent</i> of fixed capital investment.	Seven years subject to maximum of 100 <i>per cent</i> of fixed capital investment.	Projects with large capital investment with a minimum of ₹ 100 crore or generating a minimum of 1,000 regular employment and having potential for development of ancillary industries based on their products will be given Mega Project status.
Substantial expansion	Seven years subject to maximum of 150 <i>per cent</i> of additional fixed capital investment.	Seven years subject to maximum of 100 <i>per cent</i> of additional fixed capital investment.	Seven years subject to maximum of 90 <i>per cent</i> of additional fixed capital investment.	To encourage the establishment of Mega Projects, all incentives including priority land allotment, the ceiling amount of subsidy and/ or the period of validity of tax concessions under this policy will be relaxable on case to case basis to be decided by a High Power Committee specially constituted by the Government for the purpose.

**Appendix – I(B)**

*(Reference - Paragraph 2.4.1.4)*

**Diagram showing System of granting Tax Exemptions in Assam**



**Appendix - II**  
**(Reference – Paragraph 2.4.8)**  
**Statement showing List of Industries of which Eligibility Certificates were issued by the AIDC**

Sl. No.	Name of industries	Type of industry	Capital investment (₹ in crore)	Ineligible elements considered	Amount involved (₹ in crore)	Total (₹ in crore)	Tax Exemption granted irregularly (₹ in crore)
1.	M/S Daya Engineering works Pvt. Ltd.	Expansion	6.94 (Additional Investment)	Equipments etc.	1.16	1.16	1.05
2.	Upper Assam Petrocoke Pvt. Ltd.	New	11.24	Equipments etc. Electric Installation	0.42 0.30	0.71	0.71
3.	M/S G.C Foods	New	11.13	Electric Installation	0.25	0.25	0.25
4.	M/S Gasgen Ferro Alloy LLP	New	20.83	Equipments etc.	1.68	1.68	1.68
5.	Purbachal Cement Ltd.	Expansion	34.67	Electric Installation	2.93	2.93	2.64
6.	M/S New Tech Steel & Alloy Pvt. Ltd.	New	19.66	Electric Installation	1.14	1.14	1.14
7.	M/S Barak Ispat Pvt. Ltd.	Expansion	4.76 (Additional Investment)	Electric Installation	0.17	0.17	0.15
8.	M/S Shivshakti Cement	New	18.22	Electric Installation	0.72	0.72	0.72
9.	M/S Kishlay Foods Pvt. Ltd.	Expansion	7.73	Utility Installation	0.09	0.09	0.08
10.	M/S Trinity Fructa Ltd.	New	27.21	Equipments etc. Electric Installation	2.41 2.17	4.58	4.58
11.	M/S Sunrise Biscuit Co. Pvt. Ltd.	Expansion	18.83	Electric Installation	0.56	0.56	0.50
12.	M/S SM Cement (company) Industries	Expansion	10.45 (Additional Investment)	Equipments etc. Electric Installation	0.10 0.61	1.05	1.05

Sl. No.	Name of industries	Type of industry	Capital investment (₹ in crore)	Ineligible elements considered	Amount involved (₹ in crore)	Total (₹ in crore)	Tax Exemption granted irregularly (₹ in crore)
				Utility Installation	0.34		
13.	M/S Premier Cryogenics Ltd.	Expansion	6.87	Electric Installation	0.37	0.37	0.33
14.	M/S Eastern Infratech	New	7.81	Equipments etc. Electric Installation	0.009 0.26	0.27	0.27
15.	M/S KD Iron & Steel Company	New	40.74	Electric Installation	3.96	3.96	3.96
16.	M/S KD Cements	New	34.89	Office Building Electric Installation	0.56 3.14	3.70	3.70
17.	M/S B.R Metalics	New	33.76	Electric Installation	2.99	2.99	2.99
18.	M/S Perfect Writing Instruments Pvt. Ltd.	New	6.63	Electric Installation Misc. fixed assets	0.05 0.09	0.14	0.14
19.	M/S Deepak Cables (India) Ltd.	New	17.24	Equipments etc. Electric Installation	0.04 0.08	0.12	0.12
20.	M/S York Print Pvt. Ltd.	New	18.18	Electric Installation	0.28	0.28	0.28
21.	M/S C.G. Foods	New	11.82	Electric Installation	0.17	0.17	0.17
22.	M/S Grihashaki Steel Pvt. Ltd.	New	6.64	Equipments etc.	0.39	0.39	0.39
23.	M/S Ladi Steel Industries	Expansion	5.02 (Additional Investment)	Electric Installation	0.64	0.64	0.58
24.	M/S RD Polyplast Pvt. Ltd. (Unit-II)	New	3.82	Electric Installation	0.02	0.02	0.02
<b>Total</b>						<b>28.09</b>	<b>27.50</b>

**Appendix - III**  
(Reference – Paragraph 2.4.9)

**Statement showing list of Industries not falling under the terminology of  
Manufacturing for grant of Tax Exemption**

Sl. No.	Name of the Unit	Activity	Tax Exemption Allowed (₹ in Lakh)
1.	M/s Rangchali Tea Company Pvt. Ltd. Dibrugarh	Conversion of green tea leaves into black tea leaves	76.55
2.	M/s Prabhuni Tea Company, Dibrugarh		288.77
3.	M/s Mohini Tea & Industries, Tinsukia		306.05
4.	M/s Ginni Tea, Tinsukia		216.14
5.	M/s Sree Ram Tea Industries, Sivasagar		318.29
6.	M/s Dhansiri Tea Industries, Jorhat		100.20
7.	M/s Ahinsha Chemicals Ltd., Nalbari		21.48
8.	M/s Danghria Tea Industries, Dibrugarh		176.37
9.	M/s Dhurjyoti Tea Company Pvt. Ltd. Tinsukia		158.53
10.	M/s Dupreme Tea Company, Guwahati		222.75
11.	M/s Sona Assam Tea Co. Tinsukia		130.23
12.	M/s Sree Shyam Tea Pvt. Ltd. Tinsukia		141.08
13.	M/s Dohutia Tea Company, Tinsukia		235.00
14.	M/s Sarla Tea Industries, Jorhat		137.10
15.	M/s Debendra Tea & Co. Pvt. Ltd. Tinsukia		179.09
16.	M/s Suprabhalam Tea Company Dibrugarh		252.48
17.	M/s Jayanti Tea Pvt. Ltd. Golaghat		358.31
18.	M/s Rangdoi Tea Company, Dibrugarh		297.38
19.	M/s Primax Tea Pvt. Ltd.		47.76
20.	M/s Keshan Tea Industries, Tinsukia		35.09
21.	M/s Chenimai Tea Company Tinsukia		208.08
22.	M/s Tauay Tea Golaghat		306.12
23.	M/s Kako Tea Pvt. Ltd. Tinsukia		76.48
24.	M/s Manpasand Tea Company Dibrugarh		199.07
25.	M/s Maa Tea Company Tinsukia		211.14



Sl. No.	Name of the Unit	Activity	Tax Exemption Allowed (₹ in Lakh)	
26.	M/s Assam Tea Industries Golaghat	<b>Conversion of green tea leaves into black tea leaves</b>	94.71	
27.	M/s Assam Tea Industries Jorhat		94.71	
28.	M/s Shyam Tea Products, Jorhat		292.57	
29.	M/s S. B. Plantation, Dibrugarh		169.19	
30.	M/s Aryaan Tea Co. Golaghat		256.96	
31.	M/s Dhansiri Tea Factory Golaghat		116.70	
32.	M/s Maruti Tea Industries Tinsukia		168.12	
33.	M/s Rupai Tea Industry Tinsukia		66.30	
34.	M/s Harujan Tea Company Dibrugarh		117.18	
35.	M/s Ever Assam Tea		70.38	
36.	M/s Anupam Tea Pvt. Ltd. Sivasagar		221.40	
37.	M/s North Bank Tea Company Sonitpur		75.64	
38.	M/s Cornhill Tea Pvt. Ltd. Tinsukia		192.84	
39.	M/s Shyam Tea Company Dibrugarh		285.51	
40.	M/s Swaraj (Assam) Tea Mfg.		41.84	
41.	M/s Borbheta Tea Company Jorhat		221.85	
42.	M/s Bhawanipur Tea Co. Sivsagar		177.57	
43.	M/s Rhino Wire & Allied Industries Guwahati		<b>Conversion of Wire Rod to Wire</b>	137.74
44.	M/s Satyam (NE) Wire Products Guwahati			183.52
45.	M/s Raghav Industries Guwahati			164.26
<b>Total</b>			<b>7,848.53</b>	

## Appendix - IV

(Reference – Paragraph 2.4.10)

## Statement showing the list of Industries receiving Mega Status and the incentives granted

Sl. No.	Name of Unit	HPC Meeting No.	Capital Investment (₹ in crore)	Incentives Granted by HPC
1.	M/s Cement Manufacturing Company Ltd. (Star Cement)	First Meeting	238.78 (As per EC)	<ul style="list-style-type: none"> <li>i. Exemption of 99 per cent of VAT payable for a period of seven years from the date of commercial production or upto 200 per cent of the value of P&amp;Ms connected directly with manufacturing process whichever is earlier</li> <li>ii. Exemption of Entry Tax on P&amp;M and DG set for a period of three years from the date of issues of letter of assurance of Tax Concession.</li> <li>iii. Exemption of Entry Tax on Raw Materials for a period of seven years from the date of commercial production.</li> </ul>
2.	M/s Topcem India Limited	First Meeting	120.14 (As per EC)	<ul style="list-style-type: none"> <li>i. Exemption of 99 per cent of VAT payable for a period of seven years from the date of commercial production or upto 200 per cent of the value of P&amp;Ms connected directly with manufacturing process whichever is earlier</li> <li>ii. Exemption of Entry Tax on P&amp;M and DG set for a period of three years from the date of issues of letter of assurance of Tax Concession.</li> <li>iii. Exemption of Entry Tax on Raw Materials for a period of seven years from the date of commercial production.</li> </ul>
3.	M/s Adhunik Cement	First Meeting	322.37	<ul style="list-style-type: none"> <li>i. Exemption of 99 per cent of VAT payable for a period of seven years from the date of commercial production or upto 200 per cent of the value of P&amp;Ms connected directly with manufacturing process whichever is earlier</li> <li>ii. Exemption of Entry Tax on P&amp;M and DG set for a period of three years from the date of issues of letter of assurance of Tax Concession.</li> <li>iii. Exemption of Entry Tax on Raw Materials for a period of seven years from the date of commercial production.</li> </ul>
4.	M/s Sturdy Industries Ltd.	Second Meeting	119.19	<ul style="list-style-type: none"> <li>i. Exemption of 99 per cent of VAT payable for a period of seven years from the date of commercial production or upto 200 per cent of the value of P&amp;Ms connected directly with manufacturing process whichever is earlier</li> <li>ii. Exemption of Entry Tax on P&amp;M and DG set for a period of three years from the date of issues of letter of assurance of Tax Concession.</li> </ul>

Sl. No.	Name of Unit	HPC Meeting No.	Capital Investment (₹ in crore)	Incentives Granted by HPC
				iii. Exemption of Entry Tax on Raw Materials for a period of seven years from the date of commercial production.
5.	M/s Kohinoor Pulp & Paper Limited	Second Meeting	488.00	<p>i. The period of validity of VAT exemption under IP, 2008 is extended to 10 years. Further the request of the company for extension by another five years will be examined.</p> <p>ii. Exemption of Entry Tax on P&amp;M and DG set for a period of three years from the date of issues of letter of assurance of tax concession.</p> <p>iii. Exemption of Entry Tax on Raw Materials for a period of seven years from the date of commercial production.</p>
6.	M/s Brahmaputra TMT Bars Pvt. Ltd.	Third Meeting	117.80	<p>i. VAT exemption will be allowed at 100 <i>per cent</i> of the fixed capital investment (<i>i.e.</i> P&amp;M and building connected directly with manufacturing process) or for a period of seven years, whichever is earlier, under the existing Assam Industries (Tax Exemption) Scheme, 2009.</p> <p>ii. Entry Tax exemption be allowed for a period of three years on import of P&amp;M and DG set and import of raw materials for a period of seven years.</p>
7.	M/s Brahmaputra Biochem Pvt. Ltd	Third Meeting	123.24	<p>i. VAT exemption will be allowed at 100 <i>per cent</i> of the fixed capital investment (<i>i.e.</i> P&amp;M and building connected directly with manufacturing process) or for a period of seven years, whichever is earlier, under the existing Assam Industries (Tax Exemption) Scheme, 2009.</p> <p>ii. Entry Tax exemption be allowed for a period of three years on import of P&amp;M and DG set and import of raw materials for a period of seven years.</p>
8.	M/s Emami Limited	Fourth Meeting	116.67	<p>i. VAT exemption will be allowed at 100 <i>per cent</i> of the fixed capital investment (<i>i.e.</i> P&amp;M and building connected directly with manufacturing process) or for a period of seven years, whichever is earlier, under the existing Assam Industries (Tax Exemption) Scheme, 2009.</p> <p>ii. Entry Tax exemption be allowed for a period of three years on import of P&amp;M and DG set and import of raw materials for a period of seven years.</p>
9.	M/s Sun Pharma Laboratories	Fourth Meeting	200.83	<p>i. VAT exemption will be allowed at 100 <i>per cent</i> of the fixed capital investment (<i>i.e.</i> P&amp;M and building connected directly with manufacturing process) or for a period of seven years, whichever is earlier, under the existing Assam Industries (Tax Exemption) Scheme, 2009.</p>

Sl. No.	Name of Unit	HPC Meeting No.	Capital Investment (₹ in crore)	Incentives Granted by HPC
				ii. Entry Tax exemption be allowed for a period of three years on import of P&M and DG set and import of raw materials for a period of seven years.
10.	M/s Ind-Swift Laboratories	Fourth Meeting	1,285.00	i. VAT exemption will be allowed at 100 <i>per cent</i> of the fixed capital investment ( <i>i.e.</i> P&M and building connected directly with manufacturing process) or for a period of seven years, whichever is earlier, under the existing Assam Industries (Tax Exemption) Scheme, 2009. ii. Entry Tax exemption be allowed for a period of three years on import of P&M and DG set and import of raw materials for a period of seven years.
11.	M/s Ajanta Pharma Ltd.	Fifth Meeting	177.67	i. VAT & CST exemption at 100 <i>per cent</i> as per provision of the policy. ii. Exemption of Entry Tax at rate of 100 <i>per cent</i> for a period of three years on P&M and DG sets before the date of commercial production.
12.	M/s Ecotech Papers	Fifth Meeting	140.19	i. VAT & CST exemption at 100 <i>per cent</i> as per provision of the policy. ii. Exemption of Entry Tax at rate of 100 <i>per cent</i> for a period of three years on P&M and DG sets before the date of commercial production.
13.	M/s North East Nutrients Pvt. Ltd.	Fifth and Sixth Meeting	146.00	i. VAT & CST exemption at 200 <i>per cent</i> on P&M as per the IP, 2014. ii. Exemption of Entry Tax at rate of 100 <i>per cent</i> for a period of three years on P&M and DG sets before the date of commercial production.
14.	M/s JVL Agro Industries	Sixth Meeting	167.48	i. VAT & CST exemption at 200 <i>per cent</i> on P&M as per the IP, 2014. ii. Exemption of Entry Tax at rate of 100 <i>per cent</i> for a period of three years on P&M and DG sets before the date of commercial production.
15.	M/s Britannia Industries Ltd.	Sixth Meeting	115.00	i. VAT & CST exemption at 200 <i>per cent</i> on P&M as per the IP, 2014. ii. Exemption of Entry Tax at rate of 100 <i>per cent</i> for a period of three years on P&M and DG sets before the date of commercial production.
16.	M/s DS (Assam) Hospitality Ltd.	Sixth Meeting	NA	i. VAT & CST exemption at 200 <i>per cent</i> on P&M as per the IP, 2014. ii. Exemption of Entry Tax at rate of 100 <i>per cent</i> for a period of three years on P&M and DG sets before the date of commercial production.

**Appendix -V**  
(Reference – Paragraph 2.4.13.1)

**Statement showing major variations between the Industries & Commerce and  
Taxation Departments in calculating FCIs**

Name of the Industry	Amount of eligibility worked out by		Amount considered for issue of Eligibility Certificate	Variation	Percentage variation
	Industries & Commerce Department	Taxation Department			
	(₹ in crore)				
M/s Sturdy Industries	58.04	63.39	58.04	5.35	8
M/s Ahura Mazda Metal Forming and Finishing	5.57	8.03	5.57	2.46	31
M/s Topcem Cement	62.51	88.72	62.51	26.21	30
M/s Purbanchal Cement Ltd	28.89	32.61	28.89	3.72	11
M/s Cement Manufacturing Company Ltd	183.99	208.65	183.99	24.66	12
M/s Shree Sanyeeji Rolling Mills	36.23	32.18	32.18	4.05	11

**Appendix -VI**  
**(Reference – Paragraph 2.11)**  
**Statement showing short levy of tax and interest**

(Amount in ₹)

Name of Dealer	Year	Coal imported in MT	Purchase price per MT of coal shown by the Dealer	Actual rate per MT	Value of coal imported as disclosed by the Dealer	Actual value of coal imported	Value of coal suppressed (Col. 7 - Col.6)	Short levy of tax	Interest leviable (upto October 2014)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
M/s Sheo Shakti Coke Industries	2009-10	47,578.89	500	1,400	2,37,89,445	6,66,10,446	4,28,21,001	8,56,420	5,65,237
	2010-11	61,925.70	500	3,200	3,09,62,850	19,81,62,240	16,71,99,390	33,44,988	22,07,032
	2011-12	98,523.36	500	3,200	4,92,61,680	31,52,74,752	26,60,13,072	53,20,261	35,11,373
<b>Sub Total</b>					<b>10,40,13,975</b>	<b>58,00,47,438</b>	<b>47,60,33,463</b>	<b>95,21,669</b>	<b>62,83,642</b>
M/s Sri Balaji Coke Industries	2009-10	83,379.69	500	1,400	4,16,89,845	11,67,31,566	7,50,41,721	15,00,834	9,90,551
	2010-11	56,665.35	500	3,200	2,83,32,675	18,13,29,120	15,29,96,445	30,59,929	20,19,553
	2011-12	90,104.71	500	3,200	4,50,52,355	28,83,35,072	24,32,82,717	48,65,654	32,11,332
<b>Sub Total</b>					<b>11,50,74,875</b>	<b>58,63,95,758</b>	<b>47,13,20,883</b>	<b>94,26,417</b>	<b>62,21,436</b>
M/s Balaji Coke Industry	2009-10	94,164.00	755	1,400	7,11,47,346	13,18,29,600	6,06,82,254	18,14,951	18,51,250
<b>Sub Total</b>					<b>7,11,47,346</b>	<b>13,18,29,600</b>	<b>6,06,82,254</b>	<b>18,14,951</b>	<b>18,51,250</b>
M/s Global Coke Products	2009-10	42,959.62	1,620	3,200	6,95,93,830	13,74,70,784	6,78,76,954	13,57,539	8,95,976
<b>Sub Total</b>					<b>6,95,93,830</b>	<b>13,74,70,784</b>	<b>6,78,76,954</b>	<b>13,57,539</b>	<b>8,95,976</b>
M/s Jagati Coke Pvt. Ltd.	2009-10	12,009.37	500	1,400	60,04,685	1,68,13,118	1,08,08,433	2,16,169	1,42,671
	2010-11	16,516.00	1,500	3,200	2,47,74,000	5,28,51,200	2,80,77,200	5,61,544	3,70,619
<b>Sub Total</b>					<b>3,07,78,685</b>	<b>6,96,64,318</b>	<b>3,88,85,633</b>	<b>7,77,713</b>	<b>5,13,290</b>
<b>Grand Total</b>					<b>39,06,08,711</b>	<b>153,27,20,625</b>	<b>111,47,99,187</b>	<b>2,28,98,289</b>	<b>1,57,65,594</b>

**Appendix-VII**

*(Reference – Paragraph 4.2.8)*

**Statement showing failure in raising demands of MV Tax**

(Amount in ₹)

Sl. No.	Name of the Units	No. of Vehicles	Road Tax realisable	Fine realisable	Total
1.	DTO,Dhubri	41	4,93,200	1,87,190	6,80,390
2.	DTO, Sonitpur Tezpur	99	4,47,965	1,43,880	5,91,845
3.	DTO, Dhemaji	163	56,47,956	11,14,995	67,62,951
4.	DTO, Cachar Silchar	68	21,24,327	1,94,945	23,19,272
5.	DTO, Dima Hasao Haflong	31	17,37,263	1,42,870	18,80,133
6.	DTO,Dibrugarh	211	58,73,115	11,25,315	69,98,430
7.	DTO,Jorhat	25	5,30,605	68,820	5,99,425
8.	DTO,Sivasagar	77	64,40,719	4,22,970	68,63,689
9.	DTO, Karimganj	186	17,66,571	5,46,455	23,13,026
<b>Total</b>		<b>901</b>	<b>2,50,61,721</b>	<b>39,47,440</b>	<b>2,90,09,161</b>

**Appendix-VIII**

*(Reference – Paragraph 4.2.8)*

**Statement showing failure in raising demands of MV Tax**

(Amount in ₹)

Sl. No.	Name of the Units	No. of Vehicles	Road Tax realisable	Fine realisable	Total
1.	DTO, Jorhat	11	3,06,590	64,350	3,70,940
<b>Total</b>		<b>11</b>	<b>3,06,590</b>	<b>64,350</b>	<b>3,70,940</b>

## Appendix- IX

(Reference – Paragraph 4.2.9)

## Statement showing non-realisation of fitness fee

(Amount in ₹)

Sl. No.	Name of the Units	No. of Vehicles	Fitness fee realisable	Fine realisable	Total
1.	DTO,Dhubri	41	22,200	82,000	1,04,200
2.	DTO, Dhemaji	163	55,100	4,89,400	5,44,500
3.	DTO, Cachar Silchar	396	1,40,700	7,92,000	9,32,700
4.	DTO, Dima Hasao Haflong	215	72,300	4,30,000	5,02,300
5.	DTO,Dibrugarh	309	2,29,000	6,20,000	8,49,000
6.	DTO,Jorhat	4,131	13,09,600	82,62,000	95,71,600
7.	DTO,Sivasagar	77	1,26,000	1,54,000	2,80,000
<b>Total</b>		<b>5,332</b>	<b>19,54,900</b>	<b>1,08,29,400</b>	<b>1,27,84,300</b>

## Appendix- X

(Reference – Paragraph 4.2.10)

## Statement showing non-assignment of local/ new registration mark to vehicles entered from other State

(Amount in ₹)

Sl. No.	Name of units	No. of foreign/ outside vehicles plying in the State for more than one year	Re-assignment fee	Fine	Total
1.	DTO, Dhubri	4	2,400	1,06,758	1,09,158
2.	DTO, North Lakhimpur	6	Paid	97,500	97,500
3.	DTO, Cachar Silchar	23	8,800	14,94,774	15,03,574
4.	DTO, Dima Hasao Haflong	4	Paid	2,89,144	2,89,144
5.	DTO, Dibrugarh	28	15,300	13,81,635	13,96,935
<b>Total</b>		<b>65</b>	<b>26,500</b>	<b>33,69,811</b>	<b>33,96,311</b>



**Appendix- XI**  
**(Reference – Paragraph 4.2.11)**  
**Statement showing non-realisation of renewal licence fee of Agents in respect of**  
**Goods Vehicles**

(Amount in ₹)

Sl. No.	Name and Address of the Licence and H.Q.	Licence No. & date of issue	Outstanding Period	Number of years	Rate Per year	Outstanding amount
1.	M/S Guwahati Rajasthan Roadways, N.H. 37, Beltola, Guwahati, Kamrup, Assam. H.Q. - Beltola	01/94 Dtd. 08/10/1994	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
2.	M/S Bharatpur Alwar Roadways, N.H.37, Beltola, Guwahati.H.Q. – Beltola	02/94 Dtd. 08/10/1994	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
3.	Prem Transport Co. , Prop- Sri Prem Chand Verma, N.H. 37, Beltola, Guwahati, Kamrup,H.Q. - Beltola	03/94 Dtd. 01/11/1994	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
4.	M/S Guwahati Mainpuri Roadways, N.H. 37, Beltola, Guwahati, Kamrup, Assam. H.Q. – Beltola	11/92 Dtd. 05/11/1992	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
5.	M/S Panchgram Brokers Associates, Panchgram, Hailakandi, Assam.	01/97 Dtd. 10/04/1997	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
6.	M/S Assam Roadways, Prop.- Sri Nand Kishore Chanani, S/O Lt. Chaganlal Chanani, B. R. Road, Gauripur, Dhubri,	01/95 Dtd. 02/02/1995	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
7.	M/S Assam Indore Roadways, Prop. Shri Hardev Singh, S/O Bachan Singh, Beltola, Guwahati H.Q.- Beltola	02/95 Dtd. 14/02/1995	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
8.	M/S Bihar Bengal Road Carriers, Prop.- Sri Niwas Agarwal, S/O Sri S.N. Agarwal, Beltola, Guwahati	03/95 Dtd. 14/03/1995	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
9.	M/S Litt Road Carriers, Prop.- Sri Avtar Singh, S/O Charan Singh, Beltola, Guwahati, H.Q. Beltola	04/95 Dtd. 22/03/1995	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
10.	M/S Malwa Guwahati Carriers, Prop.- Sri Guri	05/95 Dtd. 01/04/1995	1-04-2010 to 31-03-2015	Five	20,000	1,00,000

Sl. No.	Name and Address of the Licence and H.Q.	Licence No. & date of issue	Outstanding Period	Number of years	Rate Per year	Outstanding amount
	Charan Singh, 10S/O Guru Dayal Singh, 37, Beltola, Guwahati, Kamrup, H.Q. – Beltola					
11.	M/S Atul Roadways Carriers, Prop.- Sri Pawan Kr. Agarwal, R.K.Bose Road, Dhubri, Assam	06/95 Dtd. 06/05/1995	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
12.	Sri Surendra Kr. Agarwal, S/O Lt. P.C. Agarwal, A.T.Road, Guwahati, H.Q. A.T. Road, Guwahati.	01/96 Dtd. 14/05/1996	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
13.	M/S Sandhyachal Transport, Prop.- Sri Jiban Bora, S/O Mohan Bora, Basisthashram, Beltola, Guwahati. H.Q. Beltola	02/96 Dtd. 13/12/1996	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
14.	M/S Panchgram Brokers Associates , Panchgram, Hailakandi	01/97 Dtd. 10/04/1997	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
15.	M/S Hanuman Road Lines, Prop.- Sri Ramchandra Gashewal, Betkuchi, Guwahati-18, Kamrup, Assam	02/97 Dtd. 09/07/1997	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
16.	M/S Sibasai Roadlines, Prop. Shri Rajen Medhi, S/O Shri Joyram Medhi, Sawkuchi, Guwahati . H.Q.- Lakhara Chariali,	03/97 Dtd. 23/07/1997	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
17.	Sri Bikash Ranjan Das, S/O Lt. Lokesh Ch. Das, Charakuri, Karimganj. H.Q.- Charbazar, Karimganj.	AL(G) 01/96 Dt- 01/03/1996	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
18.	M/S Rana Rahil Goods Carriers, Prop. S. Charan Singh, S/O Lt. G. Singh, S.B. Market, Jawaharnagar, Guwahati, H.Q.- S.B.Market, Jawaharnagar	AL(G) 01/99 Dt- 16/03/1999	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
19.	Shri Showmendra Kalita, S/O Shri Phookan Kalita Jayanagar, Beltola, Guwahati. H.Q. Lohra,	AL 02 (G)/99 Dtd. 08/04/1999	1-04-2010 to 31-03-2015	Five	20,000	1,00,000

Sl. No.	Name and Address of the Licence and H.Q.	Licence No. & date of issue	Outstanding Period	Number of years	Rate Per year	Outstanding amount
	Betkuchi, Guwahati.					
20.	M/S Eastern Transport Agencies Prop. Rafiqul Islam, Karbala, P.O.Gobindapur, Goalpara, H.Q.-Karbala, Goalpara.	AL(G) 03/99 Dtd. 04/05/1999	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
21.	M/S Paul Road Ways, Prop. Shri Dilip Kr. Paul, S/O Shri Lakhi Kanta Paul, Beltola, Guwahati. H.Q.-N.H.37 Road,Beltola,	AL(G) 1/2000 Dt- 15/02/2000	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
22.	Md. Azgar Ali, S/O Munshi Mohmmad Ali, Abhapuri, W/No-4, Bongaigaon, H.Q. Kabaitari, Jogighopa.	AL(G) 02/2000 Dt- 14/03/2000	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
23.	M/S Jagiroad Parking Centre, Prop.-Sri Badar Dhar, S/O Shri Bhaba Dhar, Jagiroad, Ghunocha, Morigaon. H.Q.- Jagiroad.	03/2000 Dt- 13/07/2000	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
24.	M/S Un-Employment Broker Association, S.T.Road, Badarpur, Karimganj H.Q.- Badarpur.	01/2001 Dt- 19/03/2001	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
25.	M/S Willsons Transport Corporation, Prop. Rana Saidur Zaman, S/O Rahman Ali, Near Shakti Tyres, Jawaharnagar, Beltola, Guwahati. H.Q.-Beltola.	02/2001 Dtd. 28/03/2001	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
26.	M/S Vindyachal Transport Co. Prop.- Mr. Sunil Gogoi, Beltola, Basistha Chariali, Opp. Brahmaputra Board, Guwahati.	03/2001 Dtd. 19/11/2001	1-11-2011 to 31-03-2015	Four	20,000	80,000
27.	M/S P.K. Road Ways, Prop. Sri Pradip Kr. Gupta, S/O Daya Chand Gupta, Lalmati, Beltola, Guwahati. H.Q.-Lalmati.	01/2002 Dtd. 12/01/2002	1-01-2011 to 31-03-2015	Four	20,000	80,000
28.	M/S North East Lakhi Transport, Prop.-Sri Dhruba Talukdar, 2 No. Mathgharia, Noonmati,	02/2002 Dtd. 08/05/2002	1-04-2010 to 31-03-2015	Five	20,000	1,00,000

Sl. No.	Name and Address of the Licence and H.Q.	Licence No. & date of issue	Outstanding Period	Number of years	Rate Per year	Outstanding amount
	Guwahati					
29.	Shri Jayanta Borah, S/O Lt. Chikun Borah, Dekongaon, Sonitpur. H.Q.-N.B.Road, Tezpur	01/2005(G) Dt- 02/06/2005	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
30.	M/S A.M.B. Transport, N.H. 37, Kamakhya K Building, Beltola, Guwahati. H.Q.- Beltola, Guwahati	01/2008 Dtd. 01/09/2008	1-04-2010 to 31-03-2015	Five	20,000	1,00,000
31.	Sri Harbhajan Singh, S/O Sri S. Gurmit Singh, M/S S. Goods Carriers, Lalmati, Beltola, Guwahati-29, H.Q.- Beharbari, N.H.37, Guwahati.	01/2009 Dtd. 15/07/2009	1-08-2012 to 31-03-2015	Three	20,000	60,000
32.	M/S Speed Express, Hotel Bilash Complex, G.S.Road, Ulubari, Ghy-07, H.Q. Lohra Chariali, N.H.37, Near Bharat Petroleum Depot. Garchuk, Guwahati	02/2009 Dtd. 25/08/2009	1-09-2012 to 31-03-2015	Three	20,000	60,000
33.	M/s Hindustan Goods Carriers (P) Ltd. Prop.- Sri Akash Bahati, Kedar Road, Guwahati. H.Q.- Kedar Road, Guwahati.	03/2009 Dtd. 17/12/2009	1-01-2012 to 31-03-2015	Three	20,000	60,000
34.	Mr. Sikandar Ali, S/O Lt. Aber Ali, No. 3 Dawaguri, Goladangi, Gossaigaon, Kokrajhar,	01/2010 Dtd. 02/11/2010	1-11-2012 to 31-03-2015	Three	20,000	60,000
35.	M/S Eastern Road Carriers Pvt. Ltd. G.S.Road, Dispur, Guwahati-05	02/2010 Dtd. 30/12/2010	1-01-2012 to 31-03-2015	Three	20,000	60,000
36.	Rana Chandi Transport, Haflong, Dist Dima-Hasao, Prop.- (1) Sujoy Hasnu, S/O Mukta Hasnu, Nutan Lampu, Maibong, & (2) Dibosh Bathari, S/O Rajendra Bathari, Gunjung, Haflong.	01/2011 Dtd. 06/09/2011	1-09-2012 to 31-03-2015	Three	20,000	60,000
<b>Total</b>						<b>33,20,000</b>

**Appendix- XII**

*(Reference – Paragraph 4.2.11)*

**Statement showing non-realisation of renewal licence fee of Agents in respect of Passenger Vehicles**

(Amount in ₹)

Sl. No.	Name and Address of the Licence and H.Q.	Licence No. & date of issue	Outstanding period	No. of years	Rate Per year	Outstanding amount
1.	M/S Kashang Travels, Prop. Jagjit Ronghang, S/O-Sum Ronghang , Bokolia , Karbi-Anglong, Assam	A/L-02/2007	1-04-2010 to 31-03-2015	Five	10,000	50,000
2.	Sri Umashankar Singh S/O(L) Pyare Singh Laharijan , Karbi-Anglong, Assam	A/L-08/95	1-04-2010 to 31-03-2015	Five	10,000	50,000
3.	Seikh Jaiuddin (2) Bipin Puzari (3) Susanta Sarkar M/S Unique Tours & Travels Near Hotel Luit, R.S. Road, Tezpur, Assam	A/L- 03/2009	06-03-2011 to 31-03-2015	Five	10,000	50,000
4.	Sri Pabiran Hazarika S/O– Sri D.P. Hazarika, Kamarchubri, A.T.Road, Tezpur, Sonitpur, Assam	A/L- 01/2001	1-04-2010 to 31-03-2015	Five	10,000	50,000
5.	Sri Suresh Kr. Saraf, M/S Megha Travels S/O Sri Purnamal Saraf , Birj Rof Road , Tezpur	A/L-12/94	1-04-2010 to 31-03-2015	Five	10,000	50,000
6.	Sri Mrityonjay Debchoudhury, S/O(L) Sunil Debchoudhury, S.T. Road, Badarpur , Karimganj Assam	A/L-01/2003	1-04-2010 to 31-03-2015	Five	10,000	50,000
7.	Md. Siraj Uddin S/O(L) Yakub Ali, Dighirpar, Badarpur, Karimganj, Assam	A/L-01/2004	1-04-2010 to 31-03-2015	Five	10,000	50,000
8.	Sri Ujjal Choudhury, S/O(Lt.) Karuna Choudhury, Bilasipara, Dhubri, Assam	A/L-03/2001	1-04-2010 to 31-03-2015	Five	10,000	50,000
9.	Sri Akan Das Prop. M/S Dhabal Giri Travels, S/O(L) Ananda Mohan Das, Chapar , Dhubri, Assam	A/L-05/2000	1-04-2010 to 31-03-2015	Five	10,000	50,000

Sl. No.	Name and Address of the Licence and H.Q.	Licence No. & date of issue	Outstanding period	No. of years	Rate Per year	Outstanding amount
10.	Sri Paresh Ch. Baruah, Prop. M/S Aswimi Travels, S/O(L) Dinesh Ch. Baruah, D.K. Road, Dhubri, Assam	A/L-10/95	1-09-2010 to 31-03-2015	Five	10,000	50,000
11.	Sri Uttam Kr. Saha, S/O- Sri Gouranga Saha, C/O- Gouranga Saha, P.O+P.S-Mankachar, Dhubri	A/L-10/2009	16-11-2010 to 31-03-2015	Four	10,000	40,000
12.	Sri Narayan Ch. Saha, S/O (Lt.) Lakhon Ch. Saha, Ward No- 2, Gouripur, Dhubri	A/L-03/96	1-04-2010 to 31-03-2015	Five	10,000	50,000
13.	Sri Subal Rabha, Prop.- M/S Kalyan Travels, S/O- Sushil Rabha, P.O. & P.D.-Lakhipur, Goalpara, Assam	A/L-10/2005	1-04-2010 to 31-03-2015	Five	10,000	50,000
14.	Md. Sare Alam, S/O- Md. Sahanur Ali, Baladmari, Goalpara, Assam	A/L-12/1999	1-04-2010 to 31-03-2015	Five	10,000	50,000
15.	M/S Kalyan Travels, Part.-Sri S.K. Roy & Sri A. Seikh, Krishnai, Goalpara, Assam.	A/L-06/2000	1-04-2010 to 31-03-2015	Five	10,000	50,000
16.	M/S Narayan Travels, Bamunpara, Goalpara, Prop. Sri Gopal Krishna Choudhury	A/L-07/98	1-04-2010 to 31-03-2015	Five	10,000	50,000
17.	Dee Dar Alam S/O- Abdul Haj, Vill.- Islampur, Goalpara, Assam.	A/L-17/97	1-04-2010 to 31-03-2015	Five	10,000	50,000
18.	Sri Budhiman Regon, S/O- Sri Nandeswar Regon, W/No-2, Silapathar, Dhemaji, Assam.	A/L-02/2003	1-04-2010 to 31-03-2015	Five	10,000	50,000
19.	Sri Debo Kanta Doley, C/O- M/S Shiv Shakti Travels, Silapathar Town, Dhemaji	A/L-06/2003	1-04-2010 to 31-03-2015	Five	10,000	50,000
20.	Sri Kushal Pegu, S/O- Sri Ganeswar Pegu, Silapathar Town, Silapathar, Dhemaji	A/L-02/2002	1-04-2010 to 31-03-2015	Five	10,000	50,000

Sl. No.	Name and Address of the Licence and H.Q.	Licence No. & date of issue	Outstanding period	No. of years	Rate Per year	Outstanding amount
21.	Sri Lakhinath Narah,S/O–Sri Dhaneswar Narah, Dhemaji Town, W/No-3, Dhemaji	A/L-05/2001	1-04-2010 to 31-03-2015	Five	10,000	50,000
22.	Ayen Ali, S/O Shomez Uddin,Mandia, P.O- Mondia,Barpeta, Assam	A/L-09/2009	1-04-2010 to 31-03-2015	Five	10,000	50,000
23.	Sri Anilananda Pathak, S/O (L) Debananda Pathak, W/No- 7, Barpeta Road, Barpeta, Assam	A/L-01/2000	1-04-2010 to 31-03-2015	Five	10,000	50,000
24.	M/S Assam Travels Agency Prop.- Sri Dalim Pathak, S/O- Sri Kamalakanta Pathak, Gandhinagar, Barpeta, Assam	A/L-04/2000	1-04-2010 to 31-03-2015	Five	10,000	50,000
25.	Md. Mainul Haque Choudhury, S/O (L) G.S. Malla, Vill. & P.O.–Kujapath, Howly, Barpeta, Assam	A/L-03/99	1-04-2010 to 31-03-2015	Five	10,000	50,000
26.	Sri Biraj Hojai, S/O – Sri S.C. Hojai, P.O. & P.S.–Maibong, N.C. Hills.	A/L-11/99	1-04-2010 to 31-03-2015	Five	10,000	50,000
27.	Sri Rajesh Choudhury, S/O–Sri Rabindra Choudhury, Haflong, N.C. Hills, Assam	A/L-15/97	1-04-2010 to 31-03-2015	Five	10,000	50,000
28.	(1)Sri Atul Daulgapi (2) Sri Sunil Haflonfar S/O (L) M. Daulagapi & (2) W. Haflonfar, Umrangsho, N.C.Hills, Haflong	A/L-05/997	1-04-2010 to 31-03-2015	Five	10,000	50,000
29.	Sri Amrit Kr. Das, S/O–Mithran Das, Parbatia Road, Tinsukia, Assam	A/L-01/1993	1-04-2010 to 31-03-2015	Five	10,000	50,000
30.	Sri Pawan Kr. Agarwalla, Prop.-M/S Shivam Travels, S/O- Sri Hari Pd. Agarwalla, Makum Road, Tinsukia	A/L-06/996	1-04-2010 to 31-03-2015	Five	10,000	50,000

Sl. No.	Name and Address of the Licence and H.Q.	Licence No. & date of issue	Outstanding period	No. of years	Rate Per year	Outstanding amount
31.	M/s Trishul Transport Services, Prop.-Sri Girin Barthakur S/(L) Radhanath Barthakur, Tarajan, Jorhat, Assam	A/L-04/2001	1-04-2010 to 31-03-2015	Five	10,000	50,000
32.	Sri Jitendra Nath Boruah, S/O(L) Biman Borah, Tarajan, Jorhat, Assam	A/L-07/2000	1-04-2010 to 31-03-2015	Five	10,000	50,000
33.	Sri Cheni Ram Gogoi, S/O-Sri Padmeswar Gogoi, Sonari Town, Sivasagar	03/94	1-04-2010 to 31-03-2015	Five	10,000	50,000
34.	Sri Diganta Baruah, S/O- Sri Durgeswar Baruah, Station Road, Sivasagar	04/94	1-04-2010 to 31-03-2015	Five	10,000	50,000
35.	Sri Pranab Bargohain, S/O-Sri S. Bargohain, Sonari, Sivasagar, Assam	06/1998	1-04-2010 to 31-03-2015	Five	10,000	50,000
36.	Sri Prodip Dutta, S/O (L) Biren Dutta, Sapekhati, Sivasagar, Assam	10/1999	1-04-2010 to 31-03-2015	Five	10,000	50,000
37.	Sri Alok Kr. Thand, S/O-Banwarilal Thand, Dibrugarh, Assam	08/94	1-04-2010 to 31-03-2015	Five	10,000	50,000
38.	Sri Anil Kr. Sureka, S/O-Sri Mahabir Sureka, H. S. Road, Dibrugarh, Assam.	07/1995	1-04-2010 to 31-03-2015	Five	10,000	50,000
39.	Sri Gopal Ch. Dey, S/O (L) Nagen Ch. Dey, C/o-N.B. Enterprise, Santipara, Dibrugarh, Assam.	08/1999	1-04-2010 to 31-03-2015	Five	10,000	50,000
40.	Sri Raghunath Jaiswal, S/O-Sri Dwarika Pd. Jaiswal, Golaghat	3/1993	1-04-2010 to 31-03-2015	Five	10,000	50,000
41.	Sri Bidya Sagar Jaiswal, S/O-Sri D.P. Jaiswal, Hindi High School Road, Golaghat, Assam	01/1996	1-04-2010 to 31-03-2015	Five	10,000	50,000
42.	Sri Harendra Kr. Dutta, S/O (L) Padma Kr. Dutta, C/O-M/S Blomington Service, Golaghat	04/1998	1-04-2010 to 31-03-2015	Five	10,000	50,000
43.	Sri Pallav Kishre Phukan, S/O- Arun Kr. Phukan, Club and	06/2007	1-04-2010 to 31-03-2015	Five	10,000	50,000



Sl. No.	Name and Address of the Licence and H.Q.	Licence No. & date of issue	Outstanding period	No. of years	Rate Per year	Outstanding amount
	Mission Road , WNo.- 3 Golaghat , Assam					
44.	Sri Sashi Gupta S/O- Sri Jaspal Gupta, Premfala, Silchar, Assam	08/1997	1-04-2010 to 31-03-2015	Five	10,000	50,000
45.	Sti Rana Dev Saikia, S/O (Lt.) G.K. Saikia, N.T.Road, W/No.-7, North Lakhimpur, Assam	16/1997	1-04-2010 to 31-03-2015	Five	10,000	50,000
46.	(1)Sri Haridas Kar & (2) Sri Amrit Kar S/O Kishore Mohan Kar & Sri Barun Kar, Main Road, Hojai, M/S Hill View Travels	A/-01/94	1-04-2010 to 31-03-2015	Five	10,000	50,000
47.	Smti Bishnupriya Sah, W/O- Sri R.P. Sah Hojai Town, Hojai , M/S Aeroland Travels	A/-02/94	1-04-2010 to 31-03-2015	Five	10,000	50,000
48.	Md. Hayan Ali,S/O (L) Gulam Hasbi, Tapatali, Nagaon, Assam	A/-07/94	1-04-2010 to 31-03-2015	Five	10,000	50,000
49.	(1) Md. Mustafa Uddin Borbhuiya (2) Md. Imran Hussain, Debasthan Bazar , Nagaon , Assam	A/-09/95	1-04-2010 to 31-03-2015	Five	10,000	50,000
50.	Shri Rajat Kanti Barman, S/O Sri Ranjit Barman, Lanka, Nagaon	A/-09/97	1-04-2010 to 31-03-2015	Five	10,000	50,000
51.	Sri Dhiraj Dey, S/O– Sri Dharendra Dey, Rupnagar, W/No.- 2, P.O. & P.S.–Lanka, Nagaon	A/L-10/97	1-04-2010 to 31-03-2015	Five	10,000	50,000
52.	Sri Naresh Debnath, S/O (L) Nim Chand Debnath, Tinali Kasuwa, Nagaon, Assam	A/L-11/97	1-04-2010 to 31-03-2015	Five	10,000	50,000
53.	M/S Arunodoi Travels, Mori Kalang, M.D. Road, Nagaon	A/L-12/97	1-04-2010 to 31-03-2015	Five	10,000	50,000
54.	M/S Maa Kali Travels, Prop.–Sri Hari Mazumdar, S/O–Sri Haladhar Mazumdar, Lanka, Nagaon, Assam	A/L-13/97	1-04-2010 to 31-03-2015	Five	10,000	50,000

Sl. No.	Name and Address of the Licence and H.Q.	Licence No. & date of issue	Outstanding period	No. of years	Rate Per year	Outstanding amount
55.	M/S Meher Travels, Prop.-Md. Mahiuddin Ahmed, Afia, Jamunamukh, Nagaon	A/L-10/99	1-04-2010 to 31-03-2015	Five	10,000	50,000
56.	Sri Susanta Sekhar Bhadra, S/O(L) Sasadhar Bhadra, Hojai, Nagaon, Assam	A/L-02/1999	1-04-2010 to 31-03-2015	Five	10,000	50,000
57.	M/S Kachua Travels, Prop. Md. Abdul Rahim, Gerjapam, Kachua, Nagaon, Assam	A/L-02/1999	1-04-2010 to 31-03-2015	Five	10,000	50,000
58.	M/S Khusboo Travels, Prop. Sri Abdur Ahmed, Jamunamukh, Nagaon, Assam	A/L-06/1999	1-04-2010 to 31-03-2015	Five	10,000	50,000
59.	M/S F.M. Travels, Prop.-Md. Faruk Ahmed & Amirpatty R.D.N. Road, Nagaon, Assam	A/L-07/1999	1-04-2010 to 31-03-2015	Five	10,000	50,000
60.	Md. Ayub Alli, S/O-Hazi Alat Ali, Haiborgaon, Nagaon	A/L-02/1996	1-04-2010 to 31-03-2015	Five	10,000	50,000
61.	M/S Krishnajeet Travels, Prop. Biswajeet Mahanta, S/O(L) Kusha Chandra Mahanta, Katwatali Charali, Nagaon	A/L-02/1998	1-04-2010 to 31-03-2015	Five	10,000	50,000
62.	M/S Baby Tavel (India), Prop.-Md. Aatur Rahman, Vill & P.O.-Debothan Bazar, Nagaon	A/L-03/1998	1-04-2010 to 31-03-2015	Five	10,000	50,000
63.	Md. Anuar Wahid, S/O (Lt.) Abu Nasar Wahid, Moniran Dewan Road, Nagaon, Assam	A/L-11/2000	1-04-2010 to 31-03-2015	Five	10,000	50,000
64.	M/S Juria Mini Bus Stand, Prop.- Sri Gautam Barah, S/O- Sri Kamala Kanta Barah, Thiotangari, Juria, Nagaon	A/L-06/2001	1-04-2010 to 31-03-2015	Five	10,000	50,000
65.	Sri Bipul Bora, S/O- Sri Phani Bora, Raha, Nagaon, Assam	A/L-03/2002	1-04-2010 to 31-03-2015	Five	10,000	50,000
66.	Md. Samsuddin Choudhury, S/O(Lt.)	A/L-04/2002	1-04-2010 to 31-03-2015	Five	10,000	50,000

Sl. No.	Name and Address of the Licence and H.Q.	Licence No. & date of issue	Outstanding period	No. of years	Rate Per year	Outstanding amount
	Abdul Hakim Choudhury, Sarupathar, 48 no. Block, Nagaon, M/S Monoramo Travels					
67.	Sri Ananta Das, S/O (Lt.) Jhuleswar Das P.O.- Jugijan Bazar, Vill.- Pub Kandhulimani	A/L-04/2005	1-04-2010 to 31-03-2015	Five	10,000	50,000
68.	Sri Ajay Girisa, M/S– Hajik Lama Travels S/O(L)-Maheswar Girisa, Ward No.-11, P.O.& P.S. Lanka Nagaon, Assam	A/L-04/2005	1-04-2010 to 31-03-2015	Five	10,000	50,000
69.	Sri Padma Kanta Borah, S/O- Jadu Ram Das, Kathiatali, Nagaon, Assam	A/L-02/2006	1-04-2010 to 31-03-2015	Five	10,000	50,000
70.	M/S Umigue Travels, Prop.-Tapan Kr. Bora, S/O- Narayan Bora, Vill- Kamalhyagaon , P.O.-Silghat, P.S.- Kaliabar.	A/L-04/2006	1-04-2010 to 31-03-2015	Five	10,000	50,000
71.	M/S DLA Enterprise Jakkhalabondha, Nagaon	A/L-03/2007	1-04-2010 to 31-03-2015	Five	10,000	50,000
72.	Md. Nazir Ahmed S/O-(Lt.) Ahmed Ali M.D. Road, Nagaon, Assam	A/L-03/2000	1-04-2010 to 31-03-2015	Five	10,000	50,000
73.	Sri Tarun Ch. Borah, S/O(Lt.) Priyaram Barah, Vill.-Santipur, P.O-Bhomaguri, Dist.- Nagaon, Assam	A/L-13/1999	1-04-2010 to 31-03-2015	Five	10,000	50,000
74.	Md. Harun Rachid, S/O- Gulam Hasbi, Topatoli, Kamrup	A/L-05/1992	1-04-2010 to 31-03-2015	Five	10,000	50,000
75.	Sri Apurba Ballav Goswami, S/O(L) Chandik Ballav Goswami, Chandmari, Guwahati.	A/L-08/1992	1-04-2010 to 31-03-2015	Five	10,000	50,000
76.	Shri Shek Nasim, S/O-(L) Nidir Shah, M/S Explore Travels, Hotel Eden Premises, Paltanbazar	A/L-06/1993	1-04-2010 to 31-03-2015	Five	10,000	50,000
77.	Sri Santi Ratan Das, Director M/S East India Travels (P) Ltd., Panbazar, Guwahati	A/L-06/1993	1-04-2010 to 31-03-2015	Five	10,000	50,000

Sl. No.	Name and Address of the Licence and H.Q.	Licence No. & date of issue	Outstanding period	No. of years	Rate Per year	Outstanding amount
78.	Sri Joshodeep Das, S/O(L) Dr. Madhab Das, C/O- Silver Line, Paltanbazar, Guwahati	A/L-08/1993	1-04-2010 to 31-03-2015	Five	10,000	50,000
79.	Md. Arif Qurishal, M/S East Vally Travels ,Paltanbazar , Guwahati .	A/L-10/1994	1-04-2010 to 31-03-2015	Five	10,000	50,000
80.	Sri Gunamoni Dutta,S/o sri Sarat ch. Dutta, Chandmari, Nizarapar, Guwahati.	A/L-01/1995	1-04-2010 to 31-03-2015	Five	10,000	50,000
81.	Sri Rajendra Pd. Gupta, S/O (L) Ram Ch. Prasad, Paltanbazar, Guwahati	A/L-04/1995	1-04-2010 to 31-03-2015	Five	10,000	50,000
82.	Mrs. Bandana Gogoi, M/S Bandana Travels W/O–Sri J.K. Gogoi, Kahilipara, Dispur, Guwahati	A/L-06/1995	1-04-2010 to 31-03-2015	Five	10,000	50,000
83.	Md. Javed Ahmed, Prop.-M/S Mili Travels,S/O–Zahid Ahmed, Machkhowa, Guwahati	A/L-04/1997	1-04-2010 to 31-03-2015	Five	10,000	50,000
84.	Sri Awinash Kr. Rai S/O Balbant Kr. Rai, Sreenagar, Dispur, Guwahati.	A/L-11/1992	1-04-2010 to 31-03-2015	Five	10,000	50,000
85.	M/s Manipur Golden Travels Prop-Kuleant Singh Chuma Happy Lodge Hotel Complex Paltan bazar, Guwahati-8	A/L-05/1996	1-04-2010 to 31-03-2015	Five	10,000	50,000
86.	M/S India Tour & Travels Prop.Mrs. Malati Doley,W/o-Sri Badurai Dley, New Liud Complex, Paltanbazar	A/L-14/1999	1-04-2010 to 31-03-2015	Five	10,000	50,000
87.	Sri Kajal Ry, M/S Kanouj Tour & Travels Betkuchi, Guwahati	A/L-02/1993	1-04-2010 to 31-03-2015	Five	10,000	50,000
88.	M/S Sapana Travels Partner(1)Rafiuddin Ahmed(2)Jitu Hazarika (3)Sazil Zamal, Machkhwa, Guwahati	A/L-08/2000	1-04-2010 to 31-03-2015	Five	10,000	50,000

<b>Sl. No.</b>	<b>Name and Address of the Licence and H.Q.</b>	<b>Licence No. &amp; date of issue</b>	<b>Outstanding period</b>	<b>No. of years</b>	<b>Rate Per year</b>	<b>Outstanding amount</b>
89.	M/S Rajlaxmi Tours & Travels Prop.-Sri Charanprit Singh, S/O-Sri Jagjit Singh, Solapara Road, Guwahati	A/L-09/2000	1-04-2010 to 31-03-2015	Five	10,000	50,000
90.	M/S Willsons Tous & Travels Prop.- Rana Saidur ZamanN.H.-37, Opp. Assam Weigh Bidge, Near Shakti Tyres, Jawaharnagar, Beltola, Guwahati	A/L-02/2001	1-04-2010 to 31-03-2015	Five	10,000	50,000
<b>Total</b>						<b>40,40,000</b>

## Appendix- XIII

(Reference – Paragraph 4.2.12)

## Statement showing non-realisation of Trade License Fee

(Amount in ₹)

Sl. No	Name of units	No. of Repairing Centre/Dealer	License fee realisable	Fine realisable	Total (4+5)
(1)	(2)	(3)	(4)	(5)	(6)
1.	DTO, Kamrup (R& L) Guwahati	24	1,51,550	58,780	2,10,330
2.	DTO, Dibrugarh	18	39,200	0	39,200
3.	DTO, Sonitpur Tezpur	10	28,400	18,116	46,516
	<b>Total</b>	<b>52</b>	<b>2,19,150</b>	<b>76,896</b>	<b>2,96,046</b>

**Appendix- XIV**

*(Reference – Paragraph 4.2.13)*

**Statement of showing non-realisation of composite fee and renewal fee of National Permit holder Vehicles**

(Amount in ₹)

Sl. No.	Vehicle No.	Seat Capacity	Date of registration of Vehicle	Permit Valid upto	Permit Fee realisable		Renewal Fee for National Permit	Composite fee for Arunachal Pradesh/ Nagaland	Composite fee for Meghalaya	Total fee	No. of year outstanding	Outstanding total fee realisable
					From	To						
1.	AS-01/DC 2259	10	12.1.2011	31.7.2012	1.8.2012	31.7.2015	500	4,000	3,000	7,500	3	22,500
2.	AS-01/DC 3586	9	15.2.2011	31.7.2014	1.8.2014	31.7.2015	500	4,000	3,000	7,500	1	7,500
3.	AS-01/DD 0302	8	5.9.2011	31.8.2013	1.9.2013	31.8.2015	500	4,000	3,000	7,500	2	15,000
4.	AS-01/DD 0881	8	10.10.2011	30.9.2012	1.10.2012	30.9.2015	500	4,000	3,000	7,500	3	22,500
5.	AS-01/DD 2770	8	28.11.2011	30.11.2013	1.12.2013	30.11.2015	500	4,000	3,000	7,500	2	15,000
6.	AS-01/DC 4428	9	7.3.2011	30.11.2012	1.12.2012	30.11.2015	500	4,000	3,000	7,500	3	22,500
7.	AS-01/CC 4427	9	29.3.2010	30.11.2014	1.12.2014	30.11.2015	500	4,000	3,000	7,500	1	7,500
8.	AS-01/DD 1897	13	11.11.2011	31.10.2012	1.11.2012	31.10.2015	500	3,000	3,000	6,500	3	19,500
9.	AS-01/DD 1896	13	11.11.2011	31.10.2012	1.11.2012	31.10.2015	500	3,000	3,000	6,500	3	19,500
10.	AS-01/DD 6015	8	12.3.2012	28.02.2013	1.03.2013	28.02.2015	500	4,000	3,000	7,500	2	15,000
11.	AS-01/DD 6452	8	21.3.2012	28.02.2013	1.03.2013	28.02.2015	500	4,000	3,000	7,500	2	15,000
12.	AS-01/DD 7238	13	9.5.2012	30.4.2013	1.05.2013	30.04.2015	500	4,000	3,000	7,500	2	15,000
<b>Total</b>												<b>1,96,500</b>

**Note:-**

- Composite fee for Arunachal Pradesh ₹ 4,000 per year
- Composite fee for Nagaland ₹ 3,000 per year
- Composite fee for Meghalaya ₹ 3,000 per year

## Appendix –XV

(Reference : Paragraph- 4.2.20.1)

## Statement showing short realisation of One Time tax on personalised four wheeler vehicles

(Amount in ₹)

Name of DTO	No. of vehicles recorded	Tax realisable	Tax realised	Short realisation of one time tax
Kamrup (R&L) Guwahati	1,734	3,19,33,093	3,04,24,598	15,08,495
Jorhat	464	88,08,462	86,42,374	1,66,088
Sivasagar	225	42,55,584	41,28,702	1,26,882
<b>Total</b>	<b>2,423</b>	<b>4,49,97,139</b>	<b>4,31,95,674</b>	<b>18,01,465</b>

## Appendix –XVI

(Reference : Paragraph- 4.2.20.3)

## Statement showing short/non-levy of fine for delay in registration

(Amount in ₹)

Name of DTO	No. of vehicles/ recorded	Fine leviable	Fine levied	Short/non-levy of fine
Kamrup (R&L) Guwahati	6,325	6,95,115	-	6,95,115
Jorhat	37,041	41,77,510	3,130	41,74,380
Sivasagar	10,071	13,33,685	-	13,33,685
<b>Total</b>	<b>53,437</b>	<b>62,06,310</b>	<b>3,130</b>	<b>62,03,180</b>



**Appendix –XVII**

*(Reference : Paragraph- 4.2.28)*

**Statement showing sanction strength and men-in-position of Transport Department**

<b>Name of the Post</b>	<b>Sanction strength</b>	<b>Men-in-position</b>	<b>Vacancy</b>	<b>Percentage of Vacancy</b>	<b>Proposed requirement</b>
District Transport Officer	34	21	13	38	--
Motor Vehicle Inspector	55	46	09	16	44
Enforcement Inspector	88	74	14	16	88
Assistant Enforcement Inspector	189	189	--	--	--
Enforcement Checker	146	146	--	--	52
<b>Total</b>	<b>512</b>	<b>476</b>	<b>36</b>	<b>07</b>	<b>184</b>

## Appendix –XVIII

(Reference : Paragraph- 5.4.6)

Statement showing short realisation of Net Present Value (NPV) against Total Area of Forest Land Diverted for Non-forest purposes from User Agencies

(Amount in ₹)

Year	Total Area of Forest land diverted for Non-forest purposes (in Hectare)	Eco-Class I (in Hectare)			Rate of NPV per hectare			NPV Realisable			Total NPV Realisable	NPV Realised	Short Realisation of NPV
		Very Dense Forest	Dense Forest	Open Forest	Very Dense Forest	Dense Forest	Open Forest	Very Dense Forest	Dense Forest	Open Forest			
2012-13	368.698	120.60	77.289	170.809				12,57,85,800	7,25,74,371	12,46,90,570	32,30,50,741	9,12,28,438	23,18,22,303
2013-14	43.587	--	34.246	9.341	10,43,000	9,39,000	7,30,000	--	3,21,56,994	68,18,930	3,89,75,924	2,83,84,607	1,05,91,317
2014-15	30.910	--	30.910	--				--	2,90,24,490	--	2,90,24,490	2,59,93,050	30,31,440
<b>TOTAL</b>	<b>443.195</b>										<b>39,10,51,155</b>	<b>14,56,06,095</b>	<b>24,54,45,060</b>

**Appendix – XIX**

*(Reference : Paragraph 5.4.7.5)*

**Statement showing excess expenditure incurred for coverage of less area of Nursery than the norms**

**(₹ in lakh)**

<b>Name of Forest Division</b>	<b>Area to be covered (in hectare)</b>	<b>Actual Area covered (in hectare)</b>	<b>Expenditure incurred</b>	<b>Excess Expenditure incurred due to covering of less area</b>	<b>Basis on which excess expenditure worked out</b>
Social Forestry Division, Nagaon	1.5	1.1	4.59	1.22	Though 1.5 hectare and 3.0 hectare nurseries were to be created but as per inspection report of CF, Upper Assam Social Forestry Circle, Nagaon (7 September 2011), 1.1 hectare and 2.7 hectare nurseries respectively were created.
	3.0	2.7	28.71	2.87	
Nagaon Division, Nagaon	1.5	0.75	4.59	2.30	Though 1.5 hectare nursery was to be created but as per inspection report of CCF, CAMPA (14 January 2012), 0.75 hectare nursery was created.
Social Forestry Division, Silchar	1.5	1.0	4.59	1.53	Though 1.5 hectare nursery was to be created but as per inspection report of CCF, CAMPA (6 February 2012), 1.1 hectare nursery was created. Further, as per monthly progress report for the month of March 2014 of DFO, 1.0 hectare nursery was created expending ₹ 4.59 lakh meant for 1.5 hectare nursery.
Hailakandi Division, Hailakandi	1.5	1.0	4.59	1.53	Though 1.5 hectare nursery was to be created but as per inspection report of CCF, CAMPA (10 February 2012), 1.0 hectare nursery was created.
Cachar Division, Silchar	1.5	1.2	4.59	0.92	Though 1.5 hectare nursery was to be created but as per inspection report of CCF, CAMPA (7 February 2012), 1.2 hectare nursery was created.
<b>Total</b>	<b>10.50</b>	<b>7.75</b>	<b>51.66</b>	<b>10.37</b>	

**Appendix – XX**

*(Reference : Paragraph 6.2.10.3)*

**Statement showing hardware items lying damaged in SROs**

Sl No.	Name of the Unit	UPS	CPU	Scanner	Webcam	Bio-matric Finger Print	UPS Battery	Server	Adopter
1.	SRO, Margherita	01	01	02					
2.	SRO, Mandia	01			02	02	10		
3.	DRO, Barpeta	01						01	
4.	Sr. SRO, Udalguri			01					
5.	Sr. SRO, Tezpur				02	01			01
6.	SRO, Lakhipur			02	01			01	02

**Appendix – XXI**

*(Reference : Paragraph 6.2.11.1)*

**Statement showing Instruments/Deeds as per Schedule I of Stamp Duty Act 1899  
(P/94 of Stamp Act and Rules in Assam)**

Sl. No.	Description of Instrument	Sl. No.	Description of Instrument
1.	Acknowledgement	32.	Lease
2.	Administration-Bond	33.	Letter of Allotment of Shares
3.	Adoption-Deed	34.	Letter of credit
4.	Affidavit	35.	Letter of license
5.	Agreement or Memorandum of an agreement	36.	Memorandum of Association of a Company
6.	Agreement relating to deposit of title-Deeds, Pawn or pledge	37.	Mortgage-Deed
7.	Appointment in execution of a power	38.	Mortgage of a Crop
8.	Appraisalment or valuation	39.	Notarial Act
9.	Apprenticeship deed	40.	Note or memorandum
10.	Articles of association of a company	41.	Note of protest by the master of a ship
11.	Award	42.	Partition
12.	Bill of exchange	43.	Partnership
13.	Bill of landing	44.	Policy of insurance
14.	Bond	45.	Power of attorney
15.	Bottomry Bond	46.	Promissory note
16.	Cancellation	47.	Protest of Bill or note
17.	Certificate of sale	48.	Protest by the master of a ship
18.	Certificate or other document	49.	Proxy
19.	Charter-Party	50.	Receipt
20.	Composition-Deed	51.	Re-conveyance of Mortgaged property
21.	Conveyance	52.	Release
22.	Conveyance in the nature of part performance	53.	Respondentia Bond
23.	Copy or extract	54.	Security Bond/Mortgage Deed
23(A).	Counterpart duplicate	55.	Settlement
24.	Customs Bond	56.	Share warrants
25.	Debenture	57.	Shipping order
26.	Delivery-Order respect of goods	58.	Surrender of lease
27.	Divorce	59.	Transfer
28.	Exchange of property	60.	Transfer or lease
29.	Further charge	61.	Trust
30.	Gift	62.	Warrant for goods
31.	Indemnity-Bond		

## Appendix – XXII

(Reference : Paragraph 6.2.11.1)

**Statement showing Instruments/Deeds under ‘deed type’ module  
(including new 10 instruments)**

Sl. No.	Description of Instrument	Sl. No.	Description of Instrument
1.	Affidavit	21.	Divorce
2.	Agreement	22.	Will (New)
3.	Adoption-Deed	23.	Declaration (New)
4.	Rectification (New)	24.	Exchange of property
5.	Cancellation	25.	Reconveyance
6.	Power of attorney (Gen)	26.	Trust
7.	Power of attorney (Spl) (New)	27.	Relinquishment (New)
8.	Surrender of lease	28.	Hypothecation (New)
9.	Release	29.	Certificate or other document
10.	Penalty Bond (New)	30.	Composition-Deed
11.	Certificate of sale	31.	Conveyance
12.	Gift	32.	Customs Bond
13.	Mortgage-Deed (with possession)	33.	Revocation of trust (New)
14.	Mortgage-Deed (without possession) (New)	34.	Bond
15.	Partition	35.	Bottomry Bond
16.	Partnership	36.	Indemnity Bond
17.	Settlement	37.	Notarial Act
18.	Lease	38.	Award
19.	Revocation (New)	39.	Transfer or lease
20.	Security Bond or Mortgage Deed	40.	Warrant for goods

**Appendix – XXIII**

*(Reference : Paragraph 6.2.11.1)*

**Statement showing Instruments/Deeds not cover under ‘deed type’ module**

<b>Sl. No.</b>	<b>Description of Instrument</b>	<b>Sl. No.</b>	<b>Description of Instrument</b>
1.	Acknowledgement	17.	Letter of Allotment of Shares
2.	Administration-Bond	18.	Letter of credit
3.	Agreement relating to deposit of title-Deeds, Pawn or pledge	19.	Letter of licence
4.	Appointment in execution of a power	20.	Memorandum of Association of a Company
5.	Appraisalment or valuation	21.	Mortgage of Crop
6.	Apprenticeship deed	22.	Note or memorandum
7.	Articles of association of a company	23.	Note of protest by the master of a ship
8.	Bill of exchange	24.	Policy of insurance
9.	Bill of landing	25.	Promissory note
10.	Charter-Party	26.	Protest of Bill or note
11.	Counterpart duplicate	27.	Protest by the master of a ship
12.	Conveyance in the nature of part performance	28.	Proxy
13.	Copy or extract	29.	Respondentia Bond
14.	Debenture	30.	Share warrants
15.	Delivery-Order respect of goods	31.	Shipping order
16.	Further charge	32.	Transfer

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