

CHAPTER - VI : REVENUE RECEIPTS

GENERAL

6.1 Trend of revenue receipts

6.1.1 The total receipts of Government of Arunachal Pradesh for the year 2000-2001 were Rs.961.41 crore against the budget estimates of Rs.997.98 crore. The position of revenue raised by the State Government and State's share of divisible Union taxes and grants-in-aid received from Government of India during the year 2000-01 and preceding two years is given below :

Table 6.1

Sl. No.	Head of revenue	1998-1999	1999-2000	2000-2001
		(Rupees in crore)		
I.	Revenue raised by State Government			
	(a) Tax Revenue	11.29	13.88	20.63
	(b) Non-tax revenue	64.54	67.01	63.65
	Total	75.83	80.89	84.28
II.	Receipts from Government of India			
	(a) State's share of divisible union taxes	268.84	340.77	115.67
	(b) Grants-in-aid	578.90	587.26	761.46
	Total	847.74	928.03	877.13
III.	Total receipts of State (I + II)	923.57	1008.92	961.41
IV.	Percentage of (I to III)	8	8	9

6.2 Tax revenue raised by the State

6.2.1 Receipts from tax revenue constituted 24 per cent of State's own revenue receipts during the year 2000-2001. Details of tax revenue for the year 2000-2001 and those of the preceding two years are given below :

Table 6.2

Sl. No.	Head of revenue	1998-1999	1999-2000	2000-2001		Percentage of increase (+) / Decrease (-) over	
				Budget estimate	Actual receipts	Receipts of 1999-2000	Budget estimate of 2000-01
				(Rupees in lakh)			
1.	State Excise	757.59	1007.90	934.00	901.83	(-) 11	(-) 3
2.	Taxes on Vehicles	101.49	111.73	124.00	112.12	(+) 0.35	(-) 10
3.	Land Revenue	132.73	135.67	165.00	144.85	(+) 7	(-) 12
4.	Other Taxes and Duties on commodities and Services	58.93	52.52	72.00	60.19	(+) 15	(-) 16
5.	Sales Tax	28.07	35.03	1034.00	818.83	(+) 2238	(-) 21
6.	Stamps and Registration fees	49.88	44.79	62.00	25.32	(-) 43	(-) 59
7.	Taxes and Duties on Electricity	0.02	0.004	...	0.006	(+) 50	...
	Total	1128.71	1387.644	2391.00	2063.146	(+) 49	(-) 14

6.2.2 The reasons for shortfall in collection of Tax revenue of all the items (Sl. No. 1 to 6) with reference to Budget estimate of the year have not been furnished (December 2001).

6.3 Non-Tax revenue of the State

Table 6.3

Sl. No.	Head of revenue	1998-1999	1999-2000	2000-2001		Percentage of increase (+) / Decrease (-) over	
				Budget estimate	Actual receipts	Receipts of 1999-2000	Budget estimate of 2000-01
				(Rupees in lakh)			
1.	Forestry and Wild Life	1288.89	1623.28	3000.00	1299.72	(-) 20	(-) 57
2.	Power	1240.20	707.83	1446.00	1207.50	(+) 71	(-) 16
3.	Miscellaneous General Services	659.91	402.05	770.00	326.86	(-) 19	(-) 58
4.	Interest Receipts	609.64	422.75	665.00	898.55	(+) 113	(+) 35
5.	Road Transport	545.34	607.00	633.00	639.63	(+) 5	(+) 1
6.	Public Works	124.89	176.41	146.00	158.35	(-) 10	(+) 8
7.	Others	1128.28	1320.82	1605.00	937.84	(-) 29	(-) 42
8.	Other Administrative Services	169.27	661.59	199.00	78.01	(-) 88	(-) 61
9.	Non-Ferrous Mining and Metallurgical Industries	320.07	432.17	374.00	518.36	(+) 20	(+) 39
10.	Animal Husbandry	94.33	92.94	110.00	73.55	(-) 21	(-) 33
11.	Crop Husbandry	140.98	162.12	164.00	111.05	(-) 32	(-) 32
12.	Village and Small Industries	55.53	36.50	65.00	42.85	(+) 17	(-) 34
13.	Education, Sports, Art and Culture	76.61	55.80	90.00	72.22	(+) 29	(-) 20
	Total	6453.94	6701.26	9267.00	6364.49	(-) 5	(-) 31

6.3.1 Reason for increase/decrease in collection of receipts has not been furnished by the State Government though called for in November 2001.

6.4 Analysis of Actual Revenue receipts of the State

6.4.1 The trend of revenue receipts of the Government during the period 1996-97 to 2000-2001 are indicated in the following tables :

(a) Receipts of the State

Table 6.4

Year	Budget Estimate	Revised Estimate	Actual Revenue Receipts	Increase (+)/ Decrease (-) over the Budget estimate	Increase (+)/ Decrease (-) over the Revised estimate	Percentage Increase (+)/ Decrease (-) over	
						Budget estimate	Revised estimate
(In crore of rupees)							
1996-97	896.37	845.84	809.04	(-) 87.33	(-) 36.80	(-) 9.74	(-) 4.35
1997-98	924.94	881.49	835.45	(-) 89.49	(-) 46.04	(-) 9.68	(-) 5.22
1998-99	871.54	927.34	923.57	(+) 52.03	(-) 3.77	(+) 5.97	(-) 0.41
1999-2000	963.25	1023.94	1008.92	(+) 45.67	(-) 15.02	(+) 4.74	(-) 1.47
2000-2001	997.98	NA	961.41	(-) 36.57	NA	(-) 3.66	NA

(b) Trend of analysis

Table 6.5

Head of Revenue	1996-97	1997-98	1998-99	1999-2000	2000-2001
	(In crore of rupees)				
I. Revenue raised by the State Government					
Tax revenue	8.53	9.83	11.29	13.88	20.63
Non-Tax revenue	66.08	57.26	64.54	67.01	63.65
Total	74.61	67.09	75.83	80.89	84.28
II. Receipts from the Government of India					
State's share of divisible Union Taxes	179.03	243.83	268.84	340.77	115.67
Grants-in-aid	555.40	524.53	578.90	587.26	761.46
III. Total Receipts (I&II)	809.04	835.45	923.57	1008.92	961.41
IV. Percentage of I to III	9	8	8	8	9

6.4.2 The actual Revenue Receipts increased from Rs.809.04 crore in 1996-97 to Rs.1008.92 crore in 1999-2000 but declined to Rs.961.41 crore in 2000-2001. The Receipts from the GOI rose from Rs.734.43 crore in 1996-97 to Rs.928.03 crore in 1999-2000. During 2000-01, receipts from GOI was Rs.877.13 crore (91.23%) of the total revenue receipts (Rs.961.41 crore).

6.4.3 The Tax revenue of the State has shown an increase from Rs.8.53 crore in 1996-97 to Rs.20.63 crore in 2000-2001. The non-Tax Revenue collections by the State have however, declined from Rs.66.08 crore in 1996-97 to Rs.63.65 crore in 2000-01 except for the year 1999-2000 (Rs.67.01 crore).

6.4.4 Except in the years 1998-99 and 1999-2000, the actual Revenue receipts in the years 1996-97, 1997-98 and 2000-01 were less than the Budget Estimates. It is seen that the Budget Estimates increased year after year except for the year 1998-99. The reason for declining trend in collection of Non-tax revenue has not been furnished (December 2001).

6.5 Follow up on Audit Report – Summarised position

6.5.1 With a view to ensuring accountability of the executive in respect of all the issues dealt with in various Audit Reports, the Shakder Committee, appointed to review the response of the State Government to Audit Reports, had recommended (March 1993), inter alia that the concerned departments of the State Government should (i) without waiting for the receipt of any notice or call from the Public Accounts Committee (PAC), submit suo-motu replies on all paragraphs and reviews featuring in the Audit Reports within 3 months and (ii) submit Action Taken Notes (ATN) in respect of recommendations of the PAC within the dates as stipulated by the PAC or within a period of **six months** whichever is earlier.

6.5.2 While accepting the recommendations (1996), the Government specified the time frame of 3 months for submission of suo-motu replies by the concerned departments. But the time limit for submission of ATN is yet to be fixed.

6.5.3 Review of outstanding ATNs as of 31 August 2001 on paragraphs included in the Reports of the Comptroller and Auditor General of India revealed that :-

i) The departments of the State Government had not submitted suo-motu replies on 44 paragraph of Audit Reports for the years 1987-88 to 1999-2000 in respect of revenue receipts, the details are given below :-

Table 6.6

Year of Audit Report	Date of presentation of the Audit Report to the Legislature	Number of Paragraphs/reviews included in the Audit Report (excluding standard paragraph)		Number of Paragraphs/reviews on which suo-motu replies are awaited		Total (5+6)
		Para-graphs	Reviews	Para-graphs	Reviews	
1	2	3	4	5	6	7
1987-88	18.03.1992	6	-	3	-	3
1988-89	02.12.1992	4	-	4	-	4
1989-90	18.03.1993	3	-	1	-	1
1992-93	27.03.1995	3	-	3	-	3
1993-94	27.06.1995	1	-	1	-	1
1994-95	27.03.1996	2	-	2	-	2
1995-96	05.02.1998	7	-	1	-	1
1996-97	09.11.1998	6	1	5	1	6
1997-98	23.07.1999	5	-	5	-	5
1998-99	24.07.2000	8	1	8	1	9
1999-2000	21.09.2001	8	1	8	1	9
Total		53	3	41	3	44

ii) The departments failed to submit any ATN out of a total number of 20 paragraphs pertaining to Revenue Receipts for the years from 1983-84 to 1985-86 on which the recommendations were made by PAC in its Reports (23rd, 25th, 32nd and 33rd) presented before the State Legislature between September 1993 and June 1995. The details are given below :-

Table 6.7

Year of Audit Report	Number of paragraphs on which recommendations were made by PAC but ATNs are awaited	Particulars of Paragraphs	Number of PAC Report in which recommendations were made
1983-84	8	6.4, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11	1
1984-85	7	6.4, 6.5, 6.6, 6.7, 6.8, 6.10, 6.11	1
1985-86	5	6.4, 6.5, 6.6, 6.7, 6.8	1
Total	20		3

6.6 Response of the departments to Draft Paragraphs

6.6.1 The draft paragraphs are forwarded to the Secretaries of the concerned departments through Demi-official letters drawing their attention to the audit findings and requesting them to send their reply within six weeks. The fact of non-receipt of replies from the departments are invariably indicated at the end of each such paragraph included in the Audit Report.

6.6.2 9 Draft paragraphs pertaining to Revenue Receipts, proposed for inclusion in this Report were forwarded demi-officially to the Secretaries of the respective departments during May-July 2001.

6.6.3 The Secretaries of the departments did not send replies to 7 draft paragraphs and these paragraphs have been included in this Report without the response of the Departments.

SECTION – B - PARAGRAPHS

ENVIRONMENT AND FOREST DEPARTMENT

6.7 Loss of revenue

Erroneous determination/less demand of upset price of departmentally processed veneer led to loss of revenue of Rs.887.40 lakh

6.7.1 The Government of Arunachal Pradesh, Environment and Forest Department instructed (June 1989) that the upset price of seized log should be fixed by taking into account the schedule rate of royalty, additional royalty (@ 30% of royalty) prevalent rate of monopoly fee (on royalty plus additional royalty), departmental charges and actual or notional extraction cost upto the point of disposal. The departmental charges should be Rs.30 per cft in the case of log of Hollong species.

6.7.2 In Namsai Forest Division 10818 logs of Hollong species measuring 13154.076 cum involving upset price of Rs.1019.01 lakh were seized (between April 1994 and March 1996) at Stump site and extracted upto forest depot. These logs were departmentally processed into veneer after incurring a total expenditure of Rs.331.43 lakh towards costs of transportation (Rs.59.57 lakh) and peeling (Rs.271.86 lakh) during November 1998 and January 1999. Hence, the actual cost of departmentally processed veneer, including the upset price of seized logs was Rs.1350.44 lakh which was however, sold (between December 1998 and January 2000) at Rs.463.04 lakh. This resulted in loss of revenue of Rs.887.40 lakh.

6.7.3 On this being pointed out (April 2000) in audit, the department stated (August 2000) that the loss of revenue would be Rs.226.80 lakh after taking into account only 50 *per cent* of royalty, additional royalty and monopoly fee as upset price thereby excluding other elements like departmental charges and actual cost of extraction upto forest depot. The reply is not tenable as the determination of upset price of seized timber at 50 *per cent* without any basis was not only in contravention of the Government instruction (June 1989) but also detrimental to the interest of the State's revenue.

6.7.4 The case was reported to the Government (April, October 2000 and January 2001); their reply has not been received (December 2001).

6.8 Loss of revenue

Erroneous fixation of sale price on reduced volume of seized timber led to loss of revenue of Rs.10.54 lakh

6.8.1 A District Level Committee (DLC) after conducting physical verification submitted (August 1997) an inventorised report of all seized timber lying in forest floor under Pasighat Forest Division. Subsequently, the Principal Chief Conservator of Forests (PCCF) instructed (April 1998) to fix floor price* for sale of the DLC's inventorised seized timber and to allow reduction for deterioration of timber at the rates varying from 10 to 60 per cent depending on the degree of deterioration.

6.8.2 A test check of records of the Divisional Forest Officer (DFO), Pasighat revealed (February 2000) that as per the DLC's physical verification report (28 August 1997), inventorised seized timber of mixed species (1994.9006 cum) involving floor price of Rs. 56.81 lakh were available for sale in reserve forest floors of Ruksin, Mebo and Pasighat Ranges under the said Division. The aforesaid quantity of seized timber was sold through auction for Rs.46.27 lakh between April and November 1998 based on a floor price fixed at Rs.46.27 lakh against the actual floor price of Rs.56.81 lakh. Further scrutiny revealed (February 2000) that the purchasers were allowed to remove the full quantity of timber (1994.9006 cum) on the strength of 383 Transit passes issued by the Range Officers of the aforesaid three Ranges between April 1998 and February 1999. Thus, sale of timber at Rs.46.27 lakh against the floor price of Rs.56.81 lakh resulted in loss of revenue of Rs.10.54 lakh.

6.8.3 On this being pointed out in audit (April 2000), the DFO stated in reply (December 2000) that the timber in question was sold through auction after reducing the original volume by allowing deterioration percentage as per instruction (April 1998) of the PCCF and the transit passes were issued after full realisation of bid value. The reply was not tenable, as 1994.9006 cum of timber was actually removed based on Transit Passes issued by the Range Officers, which royalty was charged for 1573.1617 cum only. This resulted in a loss of revenue of Rs.10.54 lakh.

6.8.4 The case was reported (April 2000 and January 2001) to the Government; their reply has not been received (December 2001).

* **A** : Royalty (at the rate varying from Rs 48 to Rs 2911 per cum), Additional Royalty (30 per cent of royalty), Monopoly fee (32 per cent on Royalty and Additional Royalty) **B**: Notional cost of Cross cutting and transportation (Rs 5 per cft of timber seized from stump site and Rs. 15 per cft of timber seized away from stump site, **C**: Actual cost of dragging and transportation charges (Rs. 15.45 per cft) **D**: Departmental charges (20 per cent on A,B and C for Hollock-A-IV timber only **E**: Compensatory plantation charge (Rs. 1 per cft)

6.9 Loss of revenue

Failure of the department to bring 261 seized logs to a safer place led to loss of revenue of Rs.9.25 lakh in the shape of upset price

6.9.1 The Assam Forest Regulation 1891 (as applicable in Arunachal Pradesh) provides that when there is reason to believe that a forest offence has been committed in respect of any forest produce, such produce shall be seized and brought to the safe forest station under intimation to the higher authority and to the Court for speedy trial and disposal. Test check of records of two Forest Divisions disclosed the following cases of loss of revenue owing to non-compliance of the said provisions.

6.9.2 In Khonsa Forest Division, it was noticed in audit (May 1999) that 101 logs measuring 137.5512 cum of mixed wood species were seized (between April -May 1997) from flood-prone areas of Kuth Nallah, Tello Nallah and Tissa river bed within the reserve forests of Longding and Khonsa Ranges of the Division. No action was initiated to bring these seized logs to a safe place and during the monsoon of 1998 it was claimed by the Department that all the logs had been washed out by flood. This resulted in a loss of revenue of Rs.8.17 lakh * being upset price.

6.9.3 Similarly, in Hapoli Forest Division it was noticed in audit (June 2000) that 160 logs of soft wood species measuring 41.8215 cum whose upset price was Rs.1.08 lakh ** were seized (between April 1995 and March 1996) from Siro planation areas under the Division. Thereafter, these logs were neither brought from the seizure spot to a safer place nor was any attempt made for disposal of these logs. Due to the vagaries of nature the logs were rendered useless resulting in a loss of Rs.1.08 lakh to the Government.

6.9.4 In both the cases, the Divisional Forest Officers proposed (January 1999) to the Government for according write-off sanction to the aforesaid losses stating that the same occurred due to the reasons beyond the control of the department. The Government accorded sanction to these proposals in April 1999.

6.9.5 The inaction on the part of the Divisions to bring these seized logs to safer places from flood prone area and the seizure spots in above cases, which were very much within the control of the Division, had led to a loss of Rs.9.25 lakh.

* Khonsa Forest Division : Royalty (Rs.3.67 lakh) + Addl royalty (Rs.0.92 lakh) + Monopoly fee (Rs.2.02 lakh)+Departmental charge (Rs.1.46 lakh) + Notional extraction cost (Rs.0.10 lakh)

** Hapoli Forest Division : Royalty (Rs.0.52 lakh) + Addl. Royalty (Rs.0.13 lakh) + Monopoly fee (Rs.0.18 lakh) +Departmental charge (Rs.0.22 lakh) + Notional extraction charge (Rs.0.03 lakh)

6.10 Loss of revenue

Disposal of 1471.9035 cum of timber below the upset price led to loss of revenue of Rs.7.90 lakh

6.10.1 In June 1989, the Government of Arunachal Pradesh (Environment and Forest Department) instructed that the upset price for allotment/disposal of seized timber to any person outside the committed Government quota, should be fixed taking into account the usual royalty, additional royalty at 25 **per cent** of royalty, monopoly fee, departmental charges at Rs.15 per cft for all classes of timber except Hollong, Titasopa, etc. and minimum actual/notional extraction cost at Rs.2 per cft if the seized timber is supplied from stump site and at the rate of Rs.5 per cft if the same is supplied from forest depot.

6.10.2 Test check of records of Bomdila Forest Division (December 1997) disclosed that the seized timbers were disposed of far below the upset price leading to loss of revenue as under :-

6.10.3 In 20 cases, 1004.106 cum (35460 cft) of timber of mixed species seized illegally felled between June 1995 and October 1996 was allotted to the offenders through compounding and by realising Rs.8.38 lakh against the upset price of Rs.13.20 lakh chargeable. This resulted in loss of revenue of Rs.4.82 lakh.

6.10.4 In another 7 offence cases, 467.7975 cum (16518.18 cft) of timber of mixed species was seized between April 1994 and March 1996 from forest areas of the Division. As the offenders in these cases were not known, the aforesaid timber was sold on auction between July 1994 and March 1996 to three bidders at Rs.3.13 lakh against the upset price of Rs.6.21 lakh. This resulted in loss of revenue of Rs.3.08 lakh.

6.10.5 On these being pointed out (February 1998) in audit the Divisional Forest Officer stated (January 2001) that due to paucity of funds the seized timber could not be brought to safe custody and the same was disposed of through compounding and auction by realising royalty value and fine which was above the Government's usual royalty. The reply is not tenable as the sale of timber below the upset price defeats the very purpose of fixation of the upset price.

6.10.6 These cases were reported to the Government in (February 1998); their reply has not been received (December 2001) despite reminders.

6.11 Short realisation of revenue

Realisation of annual lease rent and premium fee of Rs.0.37 lakh against Rs.3.43 lakh for allotment of 52600 sqm of Government forest land led to short realisation of revenue of Rs.3.06 lakh

6.11.1 The Government of Arunachal Pradesh instructed (April 1984) that annual lease rent and premium fee at Re.1 and Rs.4 per Square metre (Sqm) respectively was to be realised for use of Government land allotted for industrial purpose.

6.11.2 A test check of records of the Divisional Forest Officer, Khellong revealed (August 1999) that 52600 Sqm. of Government Land was allotted (between August 1988 and October 1993) to 21 owners of cane and wood based industries for establishing depots of cane/timber for which lease rent and premium fee of Rs.3.43 lakh was to be realised from these allottees. The Divisional Officer however, realised (between August 1988 and March 1994) Rs.0.37 lakh only against Rs.3.43 lakh. This led to short realisation of revenue of Rs.3.06 lakh.

6.11.3 On this being pointed out (November 1999 and January 2001) in audit, the Principal Chief Conservator of Forests stated (April 2000) that the matter was under examination and result thereof would be intimated soon. But the report on progress of recovery has not been received (December 2001).

6.11.4 The case was reported (November 1999, December 2000 and January 2001) to the Government; their reply has not been received (December 2001).

6.12 Short realisation of royalty

Realisation of royalty of Rs.0.95 lakh against Rs.2.58 lakh led to short realisation of royalty of Rs.1.63 lakh

6.12.1 Under the Arunachal Pradesh Forest Manual 1980, no forest produce shall be removed from forest area without payment of full royalty in advance.

6.12.2 A test check of records of the Divisional Forest Officer (DFO), Hapoli, revealed (June 2000) that an owner of a local Saw Mill was allowed to remove (March 1996) 774.9652 cum of marked and passed timber from Talla Valley Reserve Forest to the mill premises on realisation of only Rs.0.95 lakh against full royalty payment of Rs.2.58 lakh. This resulted in short realisation of royalty of Rs.1.63 lakh.

6.12.3 On this being pointed out (July 2000 and January 2001) by audit, the DFO stated (April 2001) that the balance quantity of 105.4239 cum of timber

involving royalty value of Rs.1.63 lakh was lying in the mill premises and the mill owner on principle agreed to pay the balance amount (Rs.1.63 lakh) on removal of the said quantity of timber as and when the mill starts functioning. The reply was not tenable since the full royalty charges were recoverable in advance before removal of timber from forest area, and not after removal from the mill premises as contended. Thus, the balance amount of Rs.1.63 lakh stands recoverable from the mill owner (April 2001).

6.12.4 The case was reported (July 2000 and January 2001) to the Government; their reply has not been received (December 2001).

6.13 Short realisation of royalty and monopoly fee

Incorrect application of rate resulted in short realisation of royalty and monopoly fee of Rs.1.03 lakh

6.13.1 The Government of Arunachal Pradesh in their notification of January 1997 revised the rates of royalty and monopoly fee on all forest produces with effect from 2 November 1996.

6.13.2 A test check of records of the Divisional Forest Officer (DFO), Pasighat revealed (March 1998) that 127.9114 cum of timber of mixed species was sold (December 1996) to nine local permit holders on realisation (December 1996) of royalty and monopoly fee of Rs.1.45 lakh at pre-revised rate against Rs.2.48 lakh due to be collected at the revised rates. This incorrect application of rates resulted in short realisation of royalty and monopoly fee to the tune of Rs. 1.03 lakh.

6.13.3 On this being pointed out (June 1998) by audit the DFO stated (May 2000) that demand was raised (December 1999) against these permit holders for recovery of the balance amount as per revised rate. The report on recovery has however, not been received (May 2001) despite reminders.

6.13.4 The case was reported (June 1998 and July 2000) to the Government; their reply has not been received (December 2001).

TRANSPORT DEPARTMENT

6.14 Unauthorised use of motor vehicles without payment of tax

Non-realisation of motor vehicles tax of Rs.8.14 lakh from the owners of 149 commercial vehicles led to unauthorised use of vehicles without payment of tax besides non-levy of maximum penalty of Rs.2.19 lakh

6.14.1 The Arunachal Pradesh Motor Vehicles Taxation Act, 1984 provides that a tax at the prescribed rate shall be levied and collected annually/quarterly/monthly, as the case may be, on all Motor Vehicles used or kept for use in the State unless an owner of such vehicle is exempted from tax based on his application to the effect that the vehicle would not be used in any public place and the registration certificate is surrendered. The Act, further provides that in event of failure to pay the tax due by an owner of motor vehicle, the Taxation Officer shall, in addition to the tax due, levy and collect penalty not exceeding one fourth of the annual tax.

6.14.2 Test check of records of the Deputy Commissioners (Motor Vehicle Tax) Changlang, Bomdila, Khonsa and Seppa revealed (March, July, December 2000 and February 2001) that 158 owners of commercial vehicles neither paid the road tax of Rs.8.76 lakh for different periods falling between October 1984 and December 2000 nor obtained any exemption by surrendering their registration certificates. For default in payment of the said tax, maximum penalty of Rs.2.19 lakh was leviable in these cases. No action was initiated at the level of the Deputy Commissioner (DC) to issue demand notices for collection of the tax and penalty from the defaulting vehicle owners. Thus, failure on the part of the authority to initiate appropriate and timely action had resulted in unauthorised use of these vehicles without payment of tax of Rs.8.76 lakh and penalty of Rs.2.19 lakh.

6.14.3 On this being pointed out (May, September 2000, January and April 2001) by audit the DCs, Khonsa and Bomdila stated (September and November 2001) that road tax of Rs.4316 (i.e. Rs.0.04 lakh) and Rs.0.58 lakh was recovered (between November 2000 and October 2001) from four and five owners of vehicles respectively. But the report on recovery of balance road tax of Rs.8.14 lakh and penalty of Rs.2.19 lakh from the remaining 149 owners of vehicles has not been received (December 2001) despite reminders.

6.14.4 These cases were reported to the Government in September 2000, January and April 2001; their reply has not been received (December 2001).