

OVERVIEW

This Report contains 36 paragraphs including 2 reviews relating to non-levy/short levy/loss of tax involving Rs.837.65 crore, which is 23.79 per cent of revenue receipts of 2000-01. Some of the major findings are mentioned below:-

1. General

The total receipts of the Government of Bihar for the year 2000-2001 were Rs.11177.31 crore against Rs.10659.53 crore during 1999-2000. The revenue raised by the State Government amounted to Rs.3520.91 crore comprising tax revenue of Rs.2809.23 crore and non-tax revenue of Rs. 711.68 crore. The receipts from Government of India were Rs.7656.41 crore (State's share of divisible Union taxes Rs.6575.63 crore and grants-in-aid Rs.1080.78 crore). Thus, the State Government could raise only 31 per cent of total revenue. Taxes on Sales, Trade etc. (Rs.1821.47 crore) and Non-ferrous Mining and Metallurgical Industries (Rs.409.92 crore) were the major source of tax and non-tax revenue respectively during the year 2000-01.

[Paragraph 1.01(i) and (ii)]

The percentage of cost of collection in respect of State Excise and Stamp and Registration fee during the years 1995-96 to 1999-2000 was notably higher than that of all India average percentage for the corresponding period.

[Paragraph 1.03(b)]

Test check of the records of Commercial Taxes, State Excise, Taxes on Vehicles, Land Revenue, Non-ferrous Mining and Metallurgical Industries and other departmental offices conducted during the year 2000-2001 revealed under-assessment/short levy/loss of revenue amounting to Rs.968.95 crore in 10627 cases. During the course of the year 2000-2001, the concerned departments accepted under-assessments etc of Rs.40.86 crore involved in 5303 cases of which 4952 cases involving Rs.32.75 crore had been pointed out in audit during 2000-2001 and the rest in earlier year.

[Paragraph 1.09]

The number of inspection reports and audit observations issued upto December 2000 but not settled by June 2001 stood at 7356 and 40695 respectively involving Rs 2483.90 crore. In respect of 1745 inspection reports, even the first replies have not been received although these were required to be furnished within one month of their receipts.

[Paragraph 1.10]

2. Topics of Special Importance

Cross verification of records of 8 Commercial Taxes Circles with records of the Central Excise Department revealed that 44 manufacturers/dealers

suppressed taxable turnover of Rs. 136.23 crore. This resulted in short levy of tax amounting to Rs. 32.75 crore including penalty.

[Paragraph 2.01(i) and (ii)]

Cross verification of records of 41 Commercial Taxes Circles with sale statements of 26 manufacturers of scheduled goods revealed that 1276 dealers of scheduled goods were neither registered nor they paid entry tax on entry of goods. This resulted in non-levy of tax amounting to Rs. 24.16 crore including penalty and fine.

[Paragraph 2.02(a)(i)]

In one Revenue Anchal of Ranchi district, non-renewal of 1381 leases resulted in non-realisation of revenue amounting to Rs. 367.65 crore in the shape of *salami*, penal rent and interest.

[Paragraph 2.03]

3. Taxes on Sales, Trade etc.

A review on 'Exemption and concession in Sales Tax against declaration forms/ certificates' revealed as under: -

- Suppression of receipts of goods by 50 manufacturing dealers in 12 Commercial Taxes Circles resulted in non/short accounting of goods valued at Rs. 58.84 crore and evasion of tax amounting to Rs. 11.93 crore including penalty.

[Paragraph 3.02.05(i)&(ii)]

- Cross verification of sales by a dealer with records of 7 dealers of 7 Commercial Taxes Circles revealed suppression of sales valued at Rs.12.56 crore and evasion of tax amounting to Rs.5.71 crore including penalty.

[Paragraph 3.02.05(iii)(b)]

- In 10 cases of 6 circles, on transfer/sale of goods valued at Rs. 417.91 crore not supported by prescribed declaration forms under Central Sales Tax Act, tax amounting to Rs. 32.37 crore was short levied.

[Paragraph 3.02.06(i)(ii)]

In 3 Commercial Taxes Circles, incorrect allowance of exemption to 3 dealers on goods valued at Rs.383.52 crore resulted in non-levy of tax amounting to Rs.42.54 crore.

[Paragraph 3.04]

In 3 cases of a Circle, due to sales valued at Rs 391.02 crore not supported by prescribed declaration forms, tax amounting to Rs. 8.11 crore was short levied.

[Paragraph 3.05]

4. State Excise

In 13 Excise districts, non-settlement of 231 retail excise shops and failure of the department to run them departmentally resulted in loss of excise revenue of Rs.12.72 crore.

[Paragraph 4.02]

Non-institution of certificate proceedings in one district excise office resulted in loss of interest of Rs.1.42 crore.

[Paragraph 4.05]

5. Taxes on Vehicles

A review on “Levy and collection of taxes and fees on vehicles” revealed as under:-

- In 22 District Transport Offices, demand notices were not issued against 67526 owners of tax defaulter vehicles resulting in non-realisation of tax amounting to Rs. 181.39 crore.

[Paragraph 5.02.06(a)]

- Arrears of Rs.38.47 crore against 4047 vehicles belonging to Government/ Public Sector Undertakings were not paid even after 30 years.

[Paragraph 5.02.10(iii)]

- Due to non-utilisation of system of issuing cheques for deposit of balance of revenue collection into Government account, an amount of Rs.4.26 crore was retained by 16 collecting banks as on 31 March 2001.

[Paragraph 5.02.12(b)]

6. Land Revenue

In one district, non-distribution/ settlement of 29121.6075 acres of *Bhoodan* land resulted in non-realisation of revenue amounting to Rs 3.56 crore in shape of rent and cesses.

[Paragraph 6.02 (a)]

In 10 Revenue Anchals in 7 districts, 327 *raiya*s (tenants) converted 63 acres of agricultural land for commercial purposes by constructing/installing thereon shops, petrol pumps, saw mills, cinema halls etc which resulted in non-realisation of revenue of Rs 1.12 crore.

[Paragraph 6.04]

7. Other Tax Receipts

A. Stamps and Registration Fees

Incorrect grant of exemption by 6 District Sub-Registrar and 3 Sub-Registrar Offices in respect of 304 instruments resulted in non-realisation of Rs 0.50 crore in shape of Stamp Duty and Registration Fees.

[Paragraph 7.02]

B. Electricity Duty

In 2 Commercial Taxes Circles, in case of 3 licensees the assessing officers while finalising assessment levied surcharge of Rs 0.02 crore against leviable surcharge of Rs.0.38 crore on 19.10 crore units of energy sold. This resulted in short levy of surcharge of Rs.0.36 crore.

[Paragraph 7.03]

C. Taxes on Sugarcane

Short payment of tax on purchase of sugarcane by 5 sugar factories for the crushing season 1999-2000 amounted to Rs.0.46 crore.

[Paragraph 7.04]

8. Mineral concession, Fees and Royalties

Penalty amounting to Rs 8.83 crore for unauthorised operation of 4005 brick kilns in 14 District Mining Offices was either not levied or short levied.

[Paragraph 8.02]

In 5 District Mining Offices, settlement of 161 sand bearing areas without executing proper deeds of settlement resulted in loss of stamp duty of Rs.0.74 crore.

[Paragraph 8.03]

9. Other Non-Tax Receipts

In 3 cases of a Forest Division, demand for NPV at revised rates amounting to Rs 0.40 crore on diversion of 11.62 hectares of land for non-forest purposes was not raised.

[Paragraph 9.02]