

Chapter V : Revenue Receipts

General

5.1 Trend of revenue receipts

Tax and non-tax revenue raised by the government of Chhattisgarh during the year 2001-2002, the state's share of divisible union taxes and grants-in-aid received from the Government of India during the year are given below:

<i>(Rupees in crore)</i>		
Sl. No.	Particulars	2001-2002 ⁵⁷
I.	Revenue raised by the State Government	
	(a) Tax Revenue	2001.75
	(b) Non-Tax Revenue	722.38
	Total-I	2724.13
II.	Receipts from the Government of India	
	(a) State's share of divisible Union taxes	1167.24 ⁵⁸
	(b) Grants-in-aid	484.39
	Total-II	1651.63
III.	Total receipts of the State (I+II)	4375.76

5.2 Tax revenue raised by the State

(i) The details of tax revenue raised by the State Government during the year 2001-2002 are given below:

<i>(Rupees in crore)</i>		
Sl. No.	Head of Revenue	2001-2002
1.	Taxes on Sales, Trade etc.	940.09
2.	State Excise	313.61
3.	Taxes and Duties on Electricity	226.06
4.	Taxes on Goods and Passengers	196.27
5.	Taxes on Vehicles	124.88
6.	Stamp Duty and Registration Fees	121.35
7.	Land Revenue	16.57
8.	Other Taxes and Duties on Commodities and Services	13.19
9.	Other Taxes on Income and Expenditure	48.70
10.	Hotel Receipts Tax	1.03
	Total	2001.75

⁵⁷ Provisional figures

⁵⁸ For details, please see Statement No.11 "Detailed Accounts of Revenue by Minor Heads" in the Finance Accounts of the Government of Chhattisgarh for the year 2001-2002. Figures under the head "0021-Taxes on Income other than Corporation Tax-Share of net proceeds assigned to States" booked in the Finance Accounts under A-Tax Revenue have been excluded from Revenue raised by the State and included in State's share of divisible Union taxes in this statement.

(ii) The details of major non-tax revenue received during the year 2001-2002 are given below:

		<i>(Rupees in crore)</i>
Sl. No.	Head of Revenue	2001-2002
1.	Forestry and Wildlife	98.19
2.	Non-ferrous Mining and Metallurgical Industries	454.04
3.	Interest Receipts	49.12
4.	Major, Medium and Minor Irrigation	43.38
5.	Water Supply and Sanitation	1.56
6.	Others	76.09
	Total	722.38

5.3 Variation between budget estimates and actual

The variations between the budget estimates and actual receipts for the year 2001-2002, under the principal heads of revenue are as under:

Head of Revenue		Budget estimates	Actual receipts	Variation Increase (+) Decrease(-)	Percentage of variation
(A)	Tax Revenue	<i>(Rupees in crore)</i>			
1.	Taxes on Sales, Trade etc.	775.48	940.09	(+) 164.61	(+) 21.22
2.	State Excise	399.97	313.61	(-) 86.36	(-) 21.59
3.	Taxes and Duties on Electricity	230.50	226.06	(-) 4.44	(-) 1.92
4.	Taxes on Goods and Passengers	160.75	196.27	(+) 35.52	(+) 22.09
5.	Taxes on Vehicles	113.60	124.88	(+) 11.28	(+) 9.92
6.	Stamp Duty and Registration Fees	130.09	121.35	(-) 8.74	(-) 6.71
7.	Land Revenue	10.47	16.57	(+) 6.10	(+) 58.26
8.	Other Taxes and Duties on Commodities and Services	8.54	13.19	(+) 4.65	(+) 54.45
9.	Other Taxes on Income and Expenditure	74.42	48.70	(-) 25.72	(-) 34.56
10.	Hotel Receipts Tax	1.10	1.03	(-) 0.07	(-) 6.36
	Total	1904.92	2001.75	(+) 96.83	(+) 5.08
(B)	Non-Tax Revenue				
1.	Forestry and Wildlife	120.00	98.19	(-) 21.81	(-) 18.18
2.	Non-ferrous Mining and Metallurgical Industries	455.00	454.04	(-) 0.96	(-) 0.21
3.	Interest Receipts	50.64	49.12	(-) 1.52	(-) 3.00
4.	Major, Medium and Minor Irrigation	55.86	43.38	(-) 12.48	(-) 22.34
5.	Water Supply and Sanitation	1.01	1.56	(+) 0.55	(+) 54.46
6.	Others	61.69	76.09	(+) 14.40	(+) 23.34
	Total	744.20	722.38	(-) 21.82	(-) 2.93

Stamp Duty and Registration Fees : The reasons for variation was due to less receipts of documents.

The reasons for substantial variations in respect of other heads, though called for, have not been received from the concerned Departments (November 2002).

5.4 Arrears of revenue

Arrears of revenue, as reported by the concerned departments, as on 31 March 2002 were as under:

Revenue Head	Amount of		Remarks
	Arrears as on 31 March 2002	Outstanding for more than five years as on 31 March 2002	
	<i>(Rupees in crore)</i>		
Stamp duty and registration fees	0.40	0.18	Rs.0.24 crore intimated for recovery as arrears of land revenue, recoveries of Rs.0.16 crore stayed by judicial authorities/Government

Similar information, though called for from the other Departments, have not been received (October 2002).

5.5 Results of audit

Test-check of records of the Commercial Tax, State Excise, Motor Vehicle Tax, Land Revenue and other departments conducted during 2001-2002 revealed under-assessment, losses etc., of revenue amounting to Rs.351.99 crore in 32824 cases. During the year (2001-2002), the departments accepted under-assessment etc., of Rs.99.70 crore involved in 7615 cases, of which 6484 cases involving Rs.44.73 crore were pointed out in audit during 2001-2002 and the rest in earlier years. No amount was recovered during 2001-2002.

This report contains 34 paragraphs involving revenue of Rs.21.19 crore. The departments concerned accepted observations involving Rs.3 crore, and Rs.0.69 lakh including interest had been recovered up to June 2002. No reply has been received in remaining cases.

5.6 Outstanding inspection reports and audit observations

Audit observations on incorrect assessments, short-levy of taxes, duties, fees etc. and also defects in the maintenance of initial records which are not settled on the spot are communicated to the heads of offices and other departmental authorities through inspection reports. The more important irregularities are reported to the heads of department and the Government. The heads of offices are required to furnish replies to the inspection reports through the respective heads of departments within a period of two months.

(i) The number of inspection reports and audit observations relating to revenue receipts issued up to 31 December 2001, which were pending settlement by the departments as on 30 June 2002 are as below:

	At the end of June 2002
Number of inspection reports pending settlement	1646
Number of outstanding audit observations	5788
Amount of revenue involved (Rupees in crore)	1724.81

(ii) Department-wise details of the inspection reports and audit observations outstanding as on 30 June 2002 are given below:

S.No.	Nature of Receipts/ Name of Department	Outstanding Audit observations	Amount involved (Rupees in crore)	Number of Inspection Reports outstanding	
				Total	Issued between January and December 2001 and remaining unreplied
1.	Commercial Tax	1538 (400)	178.05 (51.32)	234 (95)	54
2.	Land Revenue	1116	475.67	581	Nil
3.	Forestry and Wildlife	869 (458)	423.61 (67.88)	238 (139)	Nil
4.	State Excise	243 (90)	76.75 (25.33)	62 (32)	2
5.	Entertainment Duty	56 (30)	1.30 (0.68)	35 (23)	Nil
6.	Stamp Duty and Registration Fees	452 (197)	18.92 (12.21)	180 (100)	6
7.	Water Resources	342 (251)	30.07 (16.26)	60 (41)	1
8.	Public Works	231 (134)	18.45 (4.14)	60 (39)	6
9.	Mining	202	300.71	59	Nil
10.	Motor Vehicle Tax	522 (346)	139.96 (8.82)	60 (41)	5
11.	Electricity Duty	6	0.12	2	Nil
12.	Others	211 (142)	61.20 (14.36)	75 (48)	5
	Total	5788 (2048)⁵⁹	1724.81 (200.99)⁵⁹	1646 (558)⁵⁹	74

The matter was brought to the notice of the Government; intimation regarding steps taken by the government to settle the outstanding inspection reports and audit observations has not been received (November 2002).

1223 objections were settled during local audit and 14 objections were settled after review in the Accountant General's office.

⁵⁹

Figures in bracket indicate items outstanding for more than 5 years

5.7 Follow up on Audit Reports

First meeting of the Public Accounts Committee of Chhattisgarh State was held on 22nd May 2001. 28 paras of the Audit Report for the year 1998-99, 22 paras of the Audit Report for the year 1999-2000 and 19 paras of the Audit Report (Revenue Receipts) for the year 2000-2001 have been selected for oral evidence.

5.8 Response of the State Government to Draft Audit Paragraphs

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

34 Draft Paragraphs included in this Report were sent to the Principal Secretaries/Secretaries of the respective department by name (between August 1999 and June 2002). The Principal Secretaries/Secretaries of the departments did not send replies to the draft paragraphs despite issue of reminders (November 2002). These paragraphs have been included in this report without the response of the Principal Secretaries/Secretaries of the Departments.

Commercial Tax

5.9 Application of incorrect rate of tax

Schedule II to Madhya Pradesh *Vanijyik Kar Adhiniyam*, (*Adhiniyam*) 1994, (as adapted by Chhattisgarh State) specifies rates at which commercial tax is leviable on different commodities. Linear Alkaline Benzene as per Central Excise Tariff is a petroleum product.

(i) Test-check of records at Regional Office, Durg revealed (April 2001) that while assessing a dealer (February 2001) for the year 1997-98 the assessing authority treated Linear Alkaline Benzene as a chemical instead of a petroleum product. Consequently, tax was levied at 4 per cent instead of 8 per cent resulting in short levy of tax of Rs.12.27 lakh.

On this being pointed out in audit (April 2001) the Assessing Officer stated (January 2002) that tax had been levied correctly treating it as a chemical as decided (January 2000) by Board of Revenue. (BOR). The reply is not tenable as the decision of BOR relates to naphthalene powder and is not applicable to this case.

(ii) In 10 other cases of 8 dealers assessed (between August 1999 and March 2001) for the period April 1995 to March 2000 in 3 Regional Offices⁶⁰ and 4 Circle Offices⁶¹, it was observed (between December 2000 and October 2001) that application of incorrect rates of tax on sale of goods viz. rubber solution, masala, computer parts timber fabrics etc valued at Rs.6.36 crore resulted in short-levy of tax of Rs.25.44 lakh.

On this being pointed out in audit, the department accepted (February 2001 to March 2002) audit observations involving Rs.9.53 lakh, of which demand for Rs.1.20 lakh stands raised. However, in case of rubber solution and rubber hardware used in works contract, the department stated that it was consumed in the manufacture of goods and dissolved as a chemical and as such these were not exigible to tax. The reply of the department is not tenable since these remain in existence in one form or the other.

In case of computer parts, the department stated that tax was levied correctly; the reply is not tenable, as the tax was levied at the rates applicable to computers and not at the rates applicable to the parts of computers, which are electronic goods and attract higher rate of tax.

In respect of "Banfool", the department stated that it was an Ayurvedic drug which is not tenable since it is a hair oil⁶².

⁶⁰ Regional offices- Bilaspur, Raigarh and Raipur.

⁶¹ Circle Offices- Bilaspur, Raigarh and Raipur (2).

⁶² Decision of West Bengal Taxation Tribunal in the case of *M/s Prabhu Dayal Sharma Vs CCT West Bengal (STC Vol.120 P/241)*.

The matter was reported to the Government (between March 2001 and October 2001); their reply has not been received (November 2002).

5.10 Incorrect determination of turnover

Madhya Pradesh General Sales Tax Act (MPGST Act), 1958, *Adhiniyam*, 1994 and Rules made thereunder (as adapted by Chhattisgarh State) provide that cost incurred on freight or delivery form a part of sale price, if not charged separately.

Test-check of records revealed the following :

(i) At Circle Offices-I and II, Durg in the case of 9 dealers assessed (between December 2000 and February 2001) for the period 1997-98, deduction of Rs.3.23 crore on account of transportation charges was incorrectly allowed from sale price. This resulted in non-levy of tax of Rs.12.92 lakh.

On this being pointed out (between April 2000 and May 2001) in audit the assessing officers stated that delivery of goods was taken at mines site and transportation charges were charged separately. The reply is not acceptable in view of the conditions mentioned in the agreement according to which transportation charges had not been charged separately and formed part of sale price.

(ii) The Madhya Pradesh, Rules, 1994 provide that timber is taxable at 20 per cent. Further, in case of concealment of a part or whole of turnover, by a dealer, Commissioner of Sales Tax may impose penalty, which shall not be less than 3 times and not more than 5 times of the tax.

At Circle Office, Ambikapur in case of a dealer assessed in December 2000 for the period 1997-98, sale of timber valued Rs.2.82 lakh was not shown in sale account. This resulted in non-levy of tax of Rs.0.57 lakh and interest of Rs.0.47 lakh. Besides, minimum penalty of Rs.1.71 lakh could have been levied.

On being pointed out in audit (June 2001), the assessing officer accepted the audit observation; however, further action taken was not intimated (November 2002).

The matter was reported to the Government (August 2001); their reply has not been received (November 2002).

5.11 Non-levy of tax

Under MPGST Act 1958, goods purchased by a registered dealer holding the recognition certificate are taxable at concessional rate if these are utilized as raw material in the manufacture of goods for sale. For violation of the provisions of the Act, the dealer shall be liable to pay tax or penalty at the rate

equal to the difference of full rate of tax and concessional rate of tax in respect of such goods.

Test-check (April 2001) at Regional Office, Bilaspur in case of a dealer re-assessed in December 1999 for the period 1993-94 revealed that a dealer holding recognition certificate purchased cement valued at Rs.39.63 lakh at concessional rate and did not utilize it for the manufacture of other goods for sale. However, the cement was supplied to a contractor for construction of building. The dealer was, thus, liable to pay differential amount of tax of Rs.3.17 lakh which was neither paid nor demanded by the department resulting in short realisation of government revenue to that extent.

The matter was reported to the Commissioner, Commercial Tax (CCT) and the Government (June 2001); their reply has not been received (November 2002).

5.12 Incorrect exemption from payment of tax to new industries

Under the *Adhiniyam*, 1994 and notifications issued thereunder, new industrial units of eligible categories holding eligibility certificates are exempted from payment of tax on sale of goods manufactured by them.

(i) Test-check of records of Circle Office, Korba revealed (March 1999 to May 2001) that a new industrial unit assessed in December 2000 for the period 1997-98 was allowed exemption on refilling of Liquefied Petroleum Gas (LPG), treating it as manufacturing process. Incorrect exemption from payment of tax on sale of LPG valued at Rs.1.32 crore resulted in non-levy of tax amounting to Rs.22.76 lakh.

On this being pointed out in audit, the Assessing Officer stated (June 2001) that eligibility certificate issued by Industries Department is binding on assessing authorities. The reply is not tenable in view of the decision of Hon'ble High Court of Gujarat⁶³ that refilling/re-packing of L.P.G is not manufacturing process. The case should have been referred to Industry Department for cancellation of eligibility certificate issued erroneously.

(ii) In 8 cases of 7 dealers at two Regional Offices⁶⁴ and four Circle Offices⁶⁵, exemption from payment of tax was granted in respect of those goods incorrectly valued at Rs.3.49 crore which were either not mentioned in the eligibility certificate or were not covered by the period of exemption on sale of goods between April 1993 and March 1998. This resulted in non-levy of tax Rs.17.57 lakh.

On this being pointed out in audit, the assessing officers stated that in two cases, action would be taken while in other five cases exemption granted was on the basis of eligibility certificates issued by the Industries Department. The replies are not tenable because silico-manganese, tractor trolley and hessian

⁶³ Decision of Hon'ble High Court of Gujrat in case of *M/s Kosan Gas Company Vs. State of Gujrat* (1992) 87 STC 236.

⁶⁴ Regional Offices- Raipur (2).

⁶⁵ Circle Offices- Durg (2), Raigarh and Raipur.

cloth were not mentioned in the eligibility certificate. In one case of enamelled wire, though the exemption period expired on 26 May 1996, exemption was still allowed for the year 1997-98.

The matter was reported to the CCT and the Government (between August 1999 and August 2001); their reply has not been received (November 2002).

5.13 Non-recovery of Commercial Tax from closed units

Under MPGST Act, 1958 and notifications issued thereunder an industrial unit availing exemption from payment of tax under Tax Exemption Scheme, 1986 shall keep such industrial unit in operation during the period of exemption and also for a further period of 5 years from the date of expiry of the exemption period. Violation of condition of the notification shall render the eligibility certificate liable for cancellation with consequent recovery of the amount of exemption availed by the unit.

(i) Test-check (between July 2000 and May 2001) at Regional Offices, Bilaspur and Raipur, in case of two dealers assessed (between July 1995 to February 1999) for the period 1992-93 to 1996-97 revealed that eligibility certificate and registration certificate of the industrial units availing exemption from payment of tax under Exemption Scheme 1986 for the period between 14 February 1992 to 13 February 1997 and 26 December 1991 to 25 December 1996 were cancelled in July 2000 and April 1997 respectively by the department due to violation of some conditions. The amount of exemption of Rs.1.63 crore availed by the industrial units was, however, not recovered.

On this being pointed out in audit, the department stated in the case of Raipur that the amount could not be recovered as eligibility certificate was not cancelled by the department. The reply is not tenable, as no steps were taken, either to get the eligibility certificate cancelled by the Industries department or to recover the same from the dealer.

The reply to another case has not been received (November 2002).

(ii) Test-check in March 1999 and May 2001 at Regional Office, Raipur and Circle Office, Korba in case of 2 dealers, assessed between May 1997 and June 2000 revealed that tax exemption aggregating Rs.3.15 crore granted to two new industrial units between June 1989 and October 1998 under Tax Exemption Scheme, 1986 was not recovered, although units were closed within five years (1994-95 and March 2001) from the date of expiry of the exemption period. This resulted in non-recovery/loss of revenue of Rs.3.15 crore.

The cases were reported to the CCT and the Government (between August 1999 and August 2001); their reply has not been received (November 2002).

5.14 Under-assessment/non-levy of entry tax

Under Madhya Pradesh *ke Sthaniya Kshetra Me Mal Ke Pravesh Par Kar Adhiniyam*, 1976 (as adapted by Chhattisgarh State) entry tax shall be levied on entry of goods at prescribed rates if entry of goods into local area is made for sale, consumption or use of such goods as raw material or incidental goods or as packing materials or in the execution of works contract. Rate of entry tax on raw materials used in manufacture is one per cent while on pay loaders, entry tax is leviable at 10 per cent.

(i) Test-check (between April 2001 and May 2001) at two Regional Offices⁶⁶ and circle office, Korba in six cases of five dealers assessed between November and December 2000 for the period April 1996 to March 2000 revealed that entry tax was not levied on coal (used as raw materials), motor parts and pay loaders valued at Rs.3.05 crore which entered local area, resulting in non-levy of entry tax amounting to Rs.16.59 lakh.

On this being pointed out in audit, the assessing authority in three cases of coal and motor parts stated that action would be taken and in case of pay loader stated that these were not covered under motor vehicles. Reply is not tenable as these are covered under the same.

The matter was reported to the CCT and the Government (between May 2001 and January 2002); their reply has not been received (November 2002).

5.15 Irregular grant of set off

Under the provisions of MPGST Act, 1958 a registered dealer can claim set off at a rate equal to the difference between the tax at full rate and the tax at concessional rate provided raw material or incidental goods are consumed in the manufacturing of other goods. No set off is admissible, if a dealer does not pay tax on the purchase of raw material.

At Regional Office, Raipur in case of a dealer re-assessed for the period 1992-93 in October 2000, it was observed that set-off of Rs.1.85 lakh was incorrectly allowed on consumption of raw materials valued at Rs.27.89 lakh, purchased from new industrial unit which was exempted from payment of tax.

On this being pointed out in audit (March 2001), the Assessing Officer stated that set-off was allowed in view of decision⁶⁷ of Board of Revenue. Reply is not tenable in view of the fact that the above decision relates to the purchase of raw materials by new units availing exemption and not to other dealers. Moreover, section 8(a) of MPGST Act, 1958 read with Rule 20 of MPGST Rules, 1959, clearly indicate that a dealer who did not pay any tax is not

⁶⁶ Regional Office- Durg (2) and Raipur (2)

⁶⁷ Decision of Board of Revenue in the case of Unique Rolling Mills Raipur

entitled to set off. This view is confirmed by a decision⁶⁸ of Hon'ble High Court of Madhya Pradesh.

The matter was reported to the department and to the Government in May 2001; their reply has not been received (November 2002).

⁶⁸

(i) *Panam Packers (P) Ltd., Vs. State of Madhya Pradesh & Others (2002)*
35 VKN 9

(ii) *Decision of Supreme Court in the case of M/s Indore Iron and Steel Mills Private Ltd. Vs State of M.P. and others (1998 TLD Vol.2 P/163)*

Stamp duty and registration fees

5.16 Loss of revenue due to under valuation

The Indian Stamp Act, 1899 (Act 1899), as applicable to Chhattisgarh State requires the market value of the property to be specified in any deed for its conveyance. This value is the basis for determining the stamp duty and registration fees leviable. The Act empowers a sub-registrar to refer the documents to the collector for determination of market value of the property, if there are reasons to believe that market value of the property has not been truly set forth in the documents.

(i) Test-check (Between May 2001 and January 2002) of records of Sub-Registrars, Raipur revealed that 4 instruments registered between 01 November 1999 and 21 August 2000 were valued at Rs.39.11 crore whereas the market value of these instruments was Rs.48.45 crore at the time of execution. The sub-registrar did not refer these cases to the collector for determination of correct market value. This resulted in short realisation of stamp duty and registration fees by Rs.95.46 lakh.

(ii) Guidelines for market value are prepared every year by the sub-registrars to ascertain the value of the properties. The market value of pieces of agricultural land within or in the periphery of municipal areas was to be worked out at the rates prescribed in these guidelines during the period 1999-2000 and 2000-2001.

Test-check of the records of sub-registrars offices, Bilaspur, Korba and Raigarh revealed (September 2001 and January 2002) that incorrect rates were applied in 31 documents of sale deeds registered between April 1999 and March 2001. This resulted in under-assessment of market value of properties and consequential loss of revenue of Rs.26.81 lakh.

The matter was reported to the Inspector General of Registration and the Government (between March 2001 and May 2002); their reply has not been received (November 2002).

5.17 Short-levy of stamp duty and registration fee due to misclassification

According to the Indian Stamp Act, 1899 and the Registration Act, 1908 (Act 1908), instruments are liable for payment of stamp duty and registration fee at the rates prescribed therein based on nature and the value of properties which is subject matter of the instruments.

In 7 sub-registrar offices⁶⁹ it was noticed (between April 2001 and January 2002) that 147 documents registered between April 1997 and March 2001 were misclassified⁷⁰ and attracted lower rate of duty. This resulted in short-levy of stamp duty and registration fee of Rs.49.79 lakh.

The matter was reported to the Inspector General of Registration and the Government (between June 2001 and April 2002); their reply has not been received (November 2002).

5.18 Incorrect/unauthorised remission of stamp duty

Government notifications (September 1978 and March 1982), exempted mortgage/hypothecation deeds for securing loans for agricultural purposes executed by (i) *bhoomiswami*/lease holders belonging to scheduled castes/scheduled tribes and (ii) other *bhoomiswami*/ lease holders holding land not exceeding ten hectares from payment of stamp duty. Departmental instructions (August 1989) require that the specific agricultural purpose should be mentioned in the deeds for seeking exemption. Further, mortgage deeds executed by or on behalf of primary housing co-operative societies registered or deemed to be registered under Madhya Pradesh Co-operative Societies Act, 1960 for taking loan from other institutions/societies for house construction purpose, were exempted from payment of stamp duty vide notification dated 24 October 1980.

(i) Test-check (between February and December 2001) of records of 6 sub-registrar offices⁷¹ revealed that 180 mortgage deeds, in which specific purpose of loan was either not mentioned or the purpose was not agricultural and in one mortgage deed, executant of other category was holding land more than 10 hectares were incorrectly exempted from payment of stamp duty. This resulted in loss of revenue of Rs.16.39 lakh.

(ii) Test-check of records (May 2001) of sub-registrar, Raipur revealed that remission from payment of stamp duty was incorrectly granted in 41 mortgage deeds executed by various co-operative housing societies for securing loan for their members individually and not for societies themselves for construction of houses. This resulted in non-levy of stamp duty and registration fee of Rs.2.35 lakh.

The matter was reported to the Inspector General of Registration and the Government (between June 2001 and March 2002); their reply has not been received (November 2002).

⁶⁹ *Ambikapur (Surguja), Bilaspur, Jashpurnagar, Manendragarh (Korea), RamanujGanj (Surguja), Raigarh and Raipur.*

⁷⁰ (i) *Instruments of gift as acknowledgement of family settlement, settlement agreement, release, partition and power of attorney (39)* (ii) *New instruments as correction/ cancellation(13)*, (iii) *Instruments chargeable with duty of conveyance as instruments chargeable with fixed duty (13)* and (iv) *Agreement to sale with possession as without possession (7) etc.*

⁷¹ *Ambikapur, Begicha (Jashpurnagar), Narainpur (Bastar), Ramanujganj (Surguja), Raipur and Shakti (Janjgir).*

5.19 Loss of revenue in instruments executed by/in favour of Co-operative housing Societies

According to the Indian Stamp Act, 1899, market value of any property with effect from 15 November 1997, shall be the value, which in the opinion of collector or the appellate authority as the case may be, it would have fetched if sold in the market. As per Government notification of 24 October 1980, instruments executed in favour of societies for acquisition of land for housing purposes were exempted from payment of stamp duty.

During test-check of records (between May 2001 and January 2002) of 2 Sub-Registrar Offices (Bilaspur and Raipur), loss of revenue aggregating Rs.5.90 lakh in instruments executed by/in favour of societies was noticed as detailed below:

(i) Land (0.65 acre) previously purchased by a society (May and June 1999) for housing purpose with benefit of exemption from payment of stamp duty and registration fee, was sold without mention of purpose to a member (February 2001) of the society. Since the purpose, for which land was sold to the member, was not mentioned in the instrument, the exemption granted on account of housing purposes was incorrect and resulted in short realisation of stamp duty and registration fee of Rs.1.58 lakh.

(ii) In 53 instruments executed after 15 November 1997 value of plots was determined at rates lower than prevailing market rates. Action was, however, not initiated under provisions of the Act resulting in loss of stamp duty and registration fee of Rs.4.32 lakh.

The matter was reported to the Inspector General of Registration and Government (between June 2001 and March 2002); their reply has not been received (November 2002).

5.20 Short-levy of stamp duty on lease deeds due to incorrect assessment of premium and rent

According to the provisions of the Act, 1899 stamp duty on lease deeds is charged at the rate of 7.5 per cent of the amount of premium plus eight times of annual average rent reserved, where lease purports to be for a term of more than 30 years but less than 100 years. After amendment, effective from 1.8.2000 premium and rent were to be calculated at market value of the property. Registration fee is chargeable at three fourth of stamp duty.

Test-check of records of sub-registrars, Bilaspur and Raigarh revealed (December 2001 and January 2002) that stamp duty and registration fee of Rs.11.21 lakh as against Rs.15.83 lakh was assessed and recovered in 5 lease deeds registered between June 2000 and February 2002 due to incorrect assessment of premium and rent. This resulted in short-assessment/levy of stamp duty and registration fee of Rs.4.62 lakh.

The matter was brought to notice of the Inspector General of Registration and the Government (March and May 2002); their reply has not been received (November 2002).

5.21 Penalties not levied

The Act, 1899 requires that facts affecting the chargeability of duty on any instrument such as consideration, if any, the market value of the property and all other facts and circumstances shall be fully and truly set forth therein. Any persons who, with the intent to defraud the government by disclosing lesser value of the property or provide insufficient details of property, shall be punishable with a fine not exceeding Rs.5000.

Test-check of records of 5 sub-registrars⁷² (between December 2000 and December 2001) revealed that details in respect of agricultural land and building viz. irrigated/non-irrigated, quality of land, number of trees, location of land/plot and conditions, quality of construction of building, capital of partnership, amount of premium and rent, amount of loan, possession of property handed over or not etc. affecting the chargeability of instrument, were not fully set forth in 57 documents of gift, mortgage, lease, agreement to sell and partnership. Further, market value was not set forth in 33 documents of power of attorney. The maximum amount of fine leviable in 90 instruments aggregated Rs.4.5 lakh.

On this being pointed out in audit (between December 2000 and December 2001), Collector, Durg intimated (June 2002) that in 30 mortgage deeds orders for recovery of Rs.0.73 lakh have been passed, of which recovery of Rs.0.69 lakh was made. The action taken in the remaining cases has not been received (November 2002).

The matter was reported to the Inspector General of Registration and the Government (between February 2001 and May 2002); their reply has not been received (November 2002).

⁷²

Ambikapur, Bilaspur, Durg, Jagdalpur and Ramanujganj (Surguja)

OTHER TAX RECEIPTS

5.22 Short production of alcohol from molasses

Madhya Pradesh Distillery Rules, 1995 (Distillery Rules) (as adapted by Chhattisgarh State) require fermentation efficiency of molasses at a minimum of 84 percent to obtain yield of 91.8 proof litre alcohol from one quintal fermentable sugar. Any shortfall entails cancellation of licence and forfeiture of security deposit besides penalty leviable under the Act and Rules. Further, the Excise Commissioner may impose penalty at a rate not exceeding Rs.30 per proof litre in case there is a short recovery of alcohol under rules

(a) Short production of alcohol as per departmental chemical analysis report

Test-check of records of a⁷³ distillery of Durg district revealed (September 2001) that as against the production of 107.76 lakh proof litre of alcohol from 3.55 lakh quintal of molasses having 117394 quintal fermentable sugar as per departmental chemical analysis report, only 106.05 lakh proof litre alcohol was produced between January 2000 and January 2001. Thus, there was a shortfall of 1.71 lakh proof litres in production due to failure of distiller to maintain fermentation efficiency at 84 per cent minimum, for which maximum penalty of Rs.51.30 lakh could have been levied.

The matter was reported to the Excise Commissioner and the Government (April 2002); their reply has not been received (November 2002).

(b) Production of alcohol not in consonance with sugar contents

As per Rules, the Distillery Officer shall draw a number of samples of molasses at such intervals as may be prescribed by the Excise Commissioner from time to time and send to the departmental laboratory. On the basis of report furnished by departmental lab, the distillery officer shall calculate the minimum quantity of alcohol.

Test-check of records of a⁷⁴ distillery of Bilaspur District revealed (May 2001) that 72 out of 85 samples of molasses drawn by the department during January to October 2000 were sent to departmental laboratory after one to four months which resulted in reduction of sugar content from 41.36 per cent found in distillery reports to 35.97 per cent in departmental test reports. The distiller used 39030 quintal molasses during this period and produced 13.10 lakh proof litre alcohol against minimum yield of 14.08 lakh proof litre as per chemical

⁷³ M/s Kedia Castle Dellon Ltd., Durg.

⁷⁴ M/s Welcome Distillery, Bilaspur.

analysis reports of the distillery. Short-fall in recovery of alcohol of 0.98 lakh proof litre involved loss of excise duty of Rs.23.52 lakh.

On this being pointed out in audit, the Assistant Excise Commissioner, Bilaspur stated (May 2001) that production of alcohol was more than the norms fixed under the Rules. The reply is not tenable as the corresponding output was reduced because of inordinate delay in sending the molasses to the departmental lab.

5.23 Non-maintenance of minimum stock of spirit at distillery

According to Madhya Pradesh Distillery Rules, 1995, the licensee shall maintain prescribed minimum stock of spirit at the distillery. Excise Commissioner may impose a penalty not exceeding Rs.5 per proof litre on the quantity found short of the minimum prescribed stock.

Test-check of records of one distillery⁷⁵ in Durg district revealed (September 2001) that stock of spirit fell short of the minimum prescribed limit by 51.23 lakh proof litre on a number of occasions between April 2000 and August 2001. Penalty, amounting to Rs.2.56 crore was, however, not imposed.

On this being pointed out in audit, District Excise Officer stated (September 2001) that the cases were pending with Excise Commissioner for levy of penalty.

The matter was reported to the Excise Commissioner and the Government (between January and April 2002); their reply has not been received (November 2002).

5.24 Non recovery of expenditure incurred on State Government establishment

Distillery Rules 1995 provide that if the expenditure incurred on the state government establishment at a distillery exceeds five per cent of the revenue earned on the issues of spirit therefrom by export fee or any other levy, the amount in excess of the aforesaid five per cent, shall be realised from the distiller.

Test check of records revealed (October 2001) that the expenditure on Government establishment of two distilleries⁷⁶ of Durg District was Rs.24.09 lakh and the revenue earned by government was Rs.17.24 lakh during 1999-2001. Thus, expenditure of Rs.23.23 lakh was incurred in excess of five per cent of Rs.17.24 lakh, which was not recovered.

The matter was reported to the Excise Commissioner and the Government (between January and April 2002); their reply has not been received. (November 2002).

⁷⁵ *M/s Kedia Castle Delleon Industries Private Ltd., Kumhari (District Durg).*

⁷⁶ *1. M/s Kedia Castle Dellon Kumhari 2. M/s Kedia Distillery Ltd. Bhilai.*

5.25 Inadmissible wastage of spirit

The Rules allow wastage between 0.1 and 0.2 percent on account of leakage or evaporation of spirit transported from one distillery/ warehouse to another distillery/warehouse in the state or exported in tankers. In case of wastages beyond permissible limits or inadmissible under the Rules, the licensee is liable to pay penalty/duty at prescribed rates. However, no wastage is admissible due to breakage of filled bottles in transit from one warehouse to another.

Test-check of records of 4 District Excise Offices⁷⁷ revealed (between January 2000 and September 2001) that 17.40 lakh proof litres of rectified spirit was transferred from 3 distilleries to warehouses during the period from January 1998 to July 2001 and 16,415 proof litres of spirit was allowed as wastage against the admissible limit of 3144 proof litre. This resulted in excess allowance of 13271 proof litre of spirit for which penalty of Rs.3.98 lakh leviable was not levied. Further, wastage of 38919 proof litres in 31.36 lakh proof litres of country spirit in bottles transported on 821 permits from two warehouses⁷⁸ during September 2000 to December 2001 was inadmissible, on which duty of Rs.9.34 lakh was leviable. Thus, penalty and duty of Rs.13.32 lakh was not levied.

The matter was reported to the Excise Commissioner and the Government (April 2002); their reply has not been received (November 2002).

5.26 Non/short-recovery of vehicle tax and penalty

According to the provisions of Madhya Pradesh *Motoryan Karadhan Adhiniyam*, 1991 (as adapted by Chhattisgarh State) and *Niyam* made thereunder, a tax shall be levied on every motor vehicle used or kept for use in the state. If the tax due has not been paid, the owner shall, in addition to the payment of tax, be liable to pay a penalty at the rate of one third of the unpaid amount of tax for the default of each month or part thereof but not exceeding twice the unpaid amount of tax. In case the owner fails to pay the tax or penalty or both, the taxation authority is required to issue a demand notice and recover the dues as arrears of land revenue.

Test-check (between December 2001 and January 2002) of records of Regional Transport Office (RTO), Raipur, Additional Regional Transport Offices (ARTOs), Durg and Rajnandgaon revealed that vehicle tax aggregating Rs.1.09 crore and penalty of Rs.2.17 crore was short/not levied on different types of vehicles viz. goods vehicles, omnibuses, reserve/private service vehicles etc.

⁷⁷ Bilaspur, Durg, Janjgir and Raigarh

⁷⁸ Bilaspur and Bhilai

The matter was reported to the Transport Commissioner and the Government (between February and May 2002); their reply has not been received (November 2002).

5.27 Short-realisation of tax due to non-application of revised rates

The Government of Madhya Pradesh, Transport Department revised the rates of vehicle tax for spare buses with effect from 17 July, 2000 (as also applicable to Chhattisgarh).

Test-check of records of ARTO, Durg revealed (December 2001) that vehicle tax amounting to Rs.2.05 lakh in respect of 95 spare buses for the month of July and August 2000 was short-realised due to non-application of revised rates. Penalty amounting to Rs.4.10 lakh was also leviable on the same. This resulted in short realisation of tax of Rs.6.15 lakh including penalty.

The matter was reported to the Transport Commissioner and the Government (February/March 2002); their reply has not been received (November 2002).

5.28 Non-raising of demand of diversion rent and cess

According to the provisions of Revenue Book Circulars, the Revenue Authority shall intimate the tahsildar concerned the demand for diversion⁷⁹ rent on land to incorporate in tahsil records. Besides, the Madhya Pradesh *Panchayat Adhiniyam*, 1981 (as adapted by Chhattisgarh State) provides that panchayat cess is leviable annually on every tenure holder and government lessee in respect of land held by him in the gram panchayat area at the rate of 50 paise per rupee of land revenue or rent (including diversion rent) assessed, in addition to land revenue or rent.

Test-check of records of Collectorate, Raipur revealed (May 2001) that the demand for diversion rent assessed during 1998-99 and 1999-2000 in 16 villages and cess leviable thereon was not communicated to concerned tahsils. This resulted in non-raising of demand of diversion rent and cess amounting to Rs.17.02 lakh.

The matter was reported to the Government/Head of the Department (October 2001); their reply has not been received (May 2002).

5.29 Non-levy of penalty on belated payment of compounded entertainment duty

Act and Rules made thereunder provide that a proprietor of a cinema house shall be allowed to pay weekly instalment of compounded entertainment duty in advance before commencement of the week. If it is not paid in time, penalty at prescribed rates shall be leviable.

⁷⁹

Reassessed rent on agriculture land diverted for non agriculture purpose.

Test-check of records of entertainment duty in District, Durg revealed (October 2001) that though the proprietors of 5 cinema houses did not pay weekly instalments of compounded entertainment duty during the period from April 1997 to March 2001 before commencement of the week, penalty of Rs.1.51 lakh was not levied.

The matter was reported to the Excise Commissioner and the Government between December 2001 and April 2002; their reply has not been received (November 2002).

OTHER NON-TAX RECEIPTS

5.30 Non-levy of interest on belated payments of royalty

Under the Mineral Concession Rules, 1960 simple interest at twenty four per cent is leviable on any rent, royalty, fee or other sum due to the government from the sixtieth day of the expiry of the scheduled date for the payment, till payment of such royalty, rent, fee or other sum is actually made.

During test-check of records of the Mining Officer, Raipur it was noticed (March 2001) that a lessee delayed the payment of royalty of Rs.24 lakh due (between November 1996 to September 1997) and paid the same between December 1999 and January 2001. The Mining Officer did not levy the penalty of Rs.15.63 lakh.

The matter was reported to the Director, Geology and Mining and Government (April 2001); their reply has not been received (November 2002).

5.31 Failure to recover losses

As per terms and conditions of lease deed for collection of toll tax on bridges, the lessee is required to pay the instalments of lease money on the dates mentioned in the lease deed, failing which interest at the rate of 10 per cent per annum shall be charged.

In two Public Works (Building and Roads) Divisions⁸⁰ it was noticed (between August and October 2001) that 8 leases for collection of toll tax for the period between April 1997 and March 2001 were auctioned for an aggregate amount of Rs. 20.67 lakh, out of which the lessees paid Rs.11.07 lakh only towards instalments, leaving a balance of Rs.9.60 lakh unpaid. Interest amounting to Rs.1.68 lakh was leviable on belated payment of instalments as of March 2002 but not levied.

The matter was reported to the Engineer-in-Chief and the Government (between October 2001 and May 2002); their reply has not been received (November 2002).

5.32 Non/Short-recovery of licence fee of Government buildings

(a) As per Madhya Pradesh Works Department Manual, 1983 (as adapted by Chhattisgarh State) the licence fee of a government building, if let out to a private person, company, club, association, local body, other institution etc. shall be recovered in accordance with the prescribed rates or at market rate fixed by the collector, whichever is higher.

⁸⁰

Jashpur Nagar and Korba II

Test-check of records of three PW Divisions⁸¹ revealed (between September and October 2001) that the licence fee of 8 government buildings let out to other Institutions/Bodies⁸² was not levied at prescribed rates. This resulted in short/non-levy of licence fee of Rs.3.93 lakh for the period from April 1995 to September 2001.

(b) The Government of Madhya Pradesh vide orders of April 1992 as amplified further in July 1993 (as adapted by Chhatisgarh state) decided to regularise the allotment of shops in unauthorised possession of shop-keepers after execution of lease deed for a period of 10 years subject to payment of arrears and payment of rent at the rate of Rs.3 per sq.feet. In the event of non-compliance of these conditions the shops were to be got vacated or reallocated.

Test-check of records of PW (B&R) Division, North Bastar Jagdalpur revealed (October 2001) that in the cases of 19 shops which were leased out to shop-keepers temporarily for a period of one year between 1981 and 1985, neither the leases were renewed nor was any action taken to recover licence fee arrears, etc. This resulted in short/non-levy of revenue of Rs.19.54 lakh in the shape of licence fee, premium etc. for the period from April 1997 to March 2001.

The matter was reported to Engineer-in-Chief and the Government (between February and April 2002); their reply has not been received (November 2002).

5.33 Non-levy of betterment contribution

The Madhya Pradesh Irrigation Act, 1931 provides for levy and recovery of betterment contribution at the rate of Rs. 140 per acre, payable in lump sum or at the rate of Rs. 224 per acre payable in 20 annual instalments, from the beneficiaries of a new canal constructed after 1 April 1951. The contribution is recoverable from such date as would be notified by Government but not earlier than 3 years from the date of commencement of operation of the canal.

During test check of records of 8 Water Resources Divisions⁸³ (WRD) it was noticed (between June 2000 and October 2001) that 82 irrigation schemes were completed during the years 1975 and 1999. The betterment contribution leviable between the years 1987 and 2000 was not levied. This resulted in non-levy of betterment contribution of Rs.3.21 crore as on 31 March 2002.

On this being pointed out in audit, Executive Engineer, Rudri stated (June 2002) that subordinate officers had been directed to levy and recover betterment contribution. Action was in process or yet to be initiated in other Divisions.

⁸¹ *Jashpur Nagar, Manendragarh and Raigarh.*

⁸² *Door Darshan Kendra, Post Office, Clubs (Raigarh), State Bank of India branch, Janakpur(Manendragarh), Door Darshan Kendra(Jashpur Nagar).*

⁸³ *W.R.D., Ambikapur, Baikunthpur (Korba), Gariaband (Raipur), Jagdalpur (Bastar), Kasdol (Raipur), Raigarh, Tandula (Durg) and Mahanadi Water Reservoir Project, Barrage Department, Division No.2 Rudri.*

The matter was reported to the Engineer-in-Chief and the Government (May 2002 and November 2002); their reply has not been received (November 2002).

5.34 Non-levy of licence fee on Government Buildings

According to government clarification (November 1985 and January 1988) read with provisions of M.P. Works Department Manual 1983 (as adapted by Chhattisgarh State) the licence fee of a government building, if let out to a private person, company, club, association, local body, other institution etc. shall be recovered in accordance with the prescribed rates or at the market rate fixed by the Collector, whichever is higher.

Test check of records of the Executive Engineer, Hasdeo Barrage, Water Management Division, Rampur, Korba revealed (November 2001) that 3 government buildings were let out to non-Government Educational Institutions between August 1983 and March 1997. Licence fee had not been fixed and levied for the period April 1995 to September 2001 resulting in loss of revenue of Rs.10.77 lakh.

The matter was reported to the Engineer-in-Chief and the Government (between February and May 2002); their reply has not been received (November 2002).

5.35 Short/Non-levy of licence fee and premium

The Government of Madhya Pradesh vide orders of April 1992 as amplified further in July 1993 (as adapted by Chhattisgarh State), decided to regularise allotment of shops unauthorisedly occupied by private shopkeepers after execution of lease deed for a period of 10 years subject to the condition that they deposit outstanding rent, non refundable premium and 4 months' advance rent to be adjusted/ refunded on vacation. Besides rent was recoverable at the rate of Rs.3 per sq.feet.

Test-check of records of Hasdeo Barrage, Right Bank canal, Water Management Division, Rampur, Korba revealed (October 2001) that 8 shops in occupation of shop keepers since 1964-65, were re-auctioned in 1971 but details of their auction and allotment were not on record. Since then, no action was taken to re-allot and recover the licence fee and premium of these shops as prescribed by the government (April 1992). This resulted in short levy/non-recovery aggregating Rs.9.10 lakh, of licence fee, premium and advance licence fee for the period from April 1995 to September 2001.

The matter was reported to the Engineer-in-Chief and the Government (between February, May 2002 and November 2002); their reply has not been received (November 2002).

5.36 Non-levy of water charges and cess

As per government notification (March 1983) effective from 1 April 1983 (as applicable in Chhattisgarh State), cess at the rate of Rs.10 per acre in addition to water charges at Rs.81 per acre for paddy is recoverable from permanent land holders benefited by irrigation canal.

Test check of records of Water Resources Division, Raigarh revealed (October 2001) that water charges and cess were not levied on 7733.57 acres of land irrigated through Mand Irrigation Project during the year 2000-2001. This resulted in non-realisation of revenue of Rs.7.04 lakh. Further, the records of land irrigated and levy and recovery of water rates and cess thereon were not maintained for the years 1998-1999 and 1999-2000.

The matter was reported to the Engineer-in-Chief and the Government (between January and May 2002); their reply has not been received (November 2002).

5.37 Non-levy of interest on belated refund of loan

The Food and Civil Supplies Department grant loans to various District Central Co-operative Banks for storage and distribution of food grains in inaccessible areas to be refunded by 31 October of the same year. In case of default, interest at the rate of 18 per cent is leviable.

Test-check of records of two Food Offices⁸⁴, revealed (July and October 2001) that loans aggregating Rs.4.03 crore were paid to the District Central Co-operative Bank, Raigarh and Jagdalpur between May 1996 and July 2000 for procurement and storage of food grains in inaccessible areas. Re-payment of these loans by the banks was delayed upto 151 days each year and interest amounting to Rs.19.95 lakh on it was not levied and recovered.

The matter was reported to the Director, Food and Civil Supplies Department and Government in September 2001 and May 2002; their reply has not been received (November 2002).

5.38 Non-recovery of licence fee from fertilizer dealers

Under provisions of Fertilizer (Control) Order, 1995 (as applicable to Chhattisgarh State) Government prescribed fee of Rs.1,000 for issue of license/renewal of license for retail sale of fertilizers. Fee for renewal was further revised (April 1999) to Rs.1,250.

Test check (July and August 2001) of records of two Deputy Directors⁸⁵, Agriculture revealed that 362 co-operative societies were dealing in retail sale

⁸⁴ Food Officer, Raigarh and Food Controller, Jagdalpur.

⁸⁵ Raigarh and Raipur.

of fertilizers without obtaining licenses thereof during the period 1995-96 to 2001-02. This resulted in loss of revenue of Rs.8.14 lakh.

The matter was reported to the Director of Agriculture and the Government (September 2001 and January 2002); their reply has not been received (November 2002).

Forest Receipts

5.39 Loss due to low yield of Bamboo

Department prescribed (January 1984) that no variation between estimated and actual yield of bamboo is to be allowed. The estimated quantity of bamboo from the coupe is determined by survey by drawing a sample plot. The reasons for short fall in production due to variation in actual and estimated yield of bamboo are, therefore, required to be investigated and action taken accordingly.

(a) Test-check of records of Divisional Forest Officers (DFO) (General), Kawardha and (Production), Khairagarh revealed (January 2001 and April 2001) that only 309 Notional Tonnes⁸⁶ (NT) of commercial bamboo and 1178 NT of industrial bamboo were extracted against estimated yield of 1399 NT and 3376 NT respectively during 1998-99 and 1999-2000. This resulted in a loss of Rs.43.51 lakh.

On this being pointed out in audit, the DFO Kawardha stated (January 2001) that Range Officer, Taregaon adopted improper sample plotting, with the result the estimated production was worked out incorrectly and in some cases bamboo clumps were destroyed due to flowering which also resulted in low production.

The reply of the DFO Kawardha is not tenable as the estimation was done by drawing sample plot from the same coupe after considering all the factors.

The matter was reported to the Principal Chief Conservator of Forests (PCCF) Chhattisgarh and the Government (February 2002 and May 2002), their reply has not been received (November 2002).

(b) Test-check of records of DFO (General) Narayanpur revealed (February 2001) that in 6 coupes, the actual yield of bamboo was 2221 NT (Commercial 667 NT; Industrial 1554 NT) against the estimated yield of 2700 NT (Commercial 1779 NT; Industrial 921 NT). Less production of commercial bamboos by 1112 N.T. resulted in loss of revenue of Rs.46.10 lakh after adjustment of sale price of excess production of industrial bamboos (633 NT).

⁸⁶

Notional Tonne (NT) 2400 running meters equal to 1 NT in respect of measurement of bamboo.

On this being pointed out in audit, the DFO stated (February 2001) that the variation was due to geographical surroundings and unapproachable areas and possible omission in selection of sample plot. Further the bamboo was extracted only from silvi-cultural point of view as commercial extraction would have adverse effect on bamboo forests.

The reply is not tenable as the coupes were part of regular felling series and estimation was done by skilled and trained staff.

The matter was reported to the PCCF and the Government in February 2002 and May 2002; their reply has not been received (November 2002)

5.40 Loss of revenue due to classification of timber logs as poles

The PCCF allowed (August 1984) shrinkage in timber in coupes by 2 cms in girth and up to 9 cms in length. No further shrinkage was to be allowed at depot at the time of re-measurement. As such a timber log once categorised as log in coupe can not be re-categorised as pole in depot after re-measurement.

Test-check of records of DFO, Rajnandgaon (April 2000) revealed that 67590 timber logs measuring 6868 cu m were sent from 12 coupes to sale depots during 1998-99. Of these, 12808 timber logs measuring 628 cu m of timber were re-categorised as poles after re-measurement in depots. This resulted in loss of revenue to the extent of Rs.43.87 lakh at the prevailing average sale rate for timber logs.

On this being pointed out in audit, the DFO stated (April 2000) that measurements in coupes were not taken properly. He further added that classification of timber was done in accordance with departmental instructions (October 1997). The reply is not tenable as departmental instructions did not permit any allowance for shrinkage/ driage in depots and there should be no difference between measurements taken in coupes and those in depots.

The matter was reported to the PCCF and the Government in February 2002 and May 2002; their reply has not been received (November 2002).

5.41 Unauthorised use of forest produce for departmental work

The forest produce used in departmental works should be based on the estimates prepared by the division and covered by the sanction of the competent authority. The cost of such produce is to be remitted into government account before utilising the produce in work.

A test-check of records of DFO (East) Raipur and DFO (General) Raipur revealed (between April 2000 and May 2001) that 45349 bamboos, 17970 poles, 3440 fencing post and 210 quintal fuel wood valued at Rs.18.53 lakh were used for departmental works between 1996-97 and 2000-2001 without depositing cost of these produce in government account and also without any sanction of estimates of the concerned works.

On this being pointed out in audit (between April 2000 and May 2001) the DFO agreed to deposit the value of forest produce after scrutiny. Further report is awaited.

The matter was reported to the PCCF and the Government (April 2002 and May 2002); their reply has not been received (November 2002).

5.42 Shortage of forest produce in depots

According to the Madhya Pradesh Forest Financial Rules, the stock of coupes/ depots must physically be verified periodically. Departmental instructions (November 1993) provide for conducting physical verification of each depot/coupe latest by the end of July/August each year. Discrepancies and shortages, if any, found at the time of verification should be investigated promptly and suitable action taken. Further, all shortages & losses should promptly be reported to the higher authorities and to the Accountant General. Final loss report should be submitted within six months from the date of detection of loss.

Test-check of records of Raigarh (Territorial) and Raipur (General) Forest Divisions revealed (January 2000 and May 2001) that 4695 poles, 297 fuel stacks, 6752.62 quintals fuel wood and 8746 Commercial bamboos valued at Rs.14.50 lakh were found short during physical verification of 22 depots carried out between February 1997 and September 2000. But neither action to investigate the shortage was taken nor was the matter reported to the government and the Accountant General.

The matter was reported to the PCCF and the Government in March/April 2002; their reply has not been received (November 2002).