

OVERVIEW

This Audit Report contains 29 paragraphs and 3 reviews involving Rs.572.62 crore. The draft audit paragraphs and draft audit reviews were sent to the concerned secretary to the State Government by the Accountant General, demi-officially with a request to furnish replies within 6 weeks. The Secretaries were also reminded. However, despite such efforts, in 28 audit paragraphs and 3 reviews, no response was received from the concerned Secretary of the State Government. The matter was also brought to the notice of Chief Secretary. Reply is still awaited.

1 General

(i) The total receipts of the State Government for the year 2000-2001 were Rs.9376.86 crore. Revenue raised by the Government during the year was Rs.7830.45 crore, comprising tax revenue of Rs.4895.22 crore and non-tax revenue of Rs.2935.23 crore. The State Government also received Rs.719.33 crore as State's share of divisible Union taxes and Rs.827.08 crore as grants-in-aid from the Government of India. The increase in the State's share of Union taxes was mainly due to collection of more revenue under the head 'Union Excise Duties' and corresponding release of more share to the State whereas the increase in the grants-in-aid was mainly due to more receipts under 'Non-Plan Grants'. Receipts under Taxes on Sales, Trade etc. (Rs.2644.41 crore) and State Excise (Rs.1324.67 crore) constituted a major portion of receipts of tax revenue. Under non-tax revenue, the major receipts were from Interest Receipts (Rs.706.11 crore) and Road Transport (Rs.242.46 crore).

(Paragraph 1.1)

(ii) Arrears of revenue at the end of March 2001, as reported by some of the departments, were Rs.3438.51 crore.

(Paragraph 1.4)

(iii) Test check of records of the Taxes on Sales, Trade etc., Taxes on Vehicles, State Excise, Stamp Duty and Registration Fees, Land Revenue and some of the other departmental offices conducted during 2000-2001 revealed under assessments/short-levy/non-levy/loss of revenue amounting to Rs.160.83 crore in 1858 cases. The departments accepted related audit observations involving Rs.1.76 crore in 335 cases of which 215 cases involving Rs.1.21 crore had been pointed out in audit during the year 2000-2001 and the rest in earlier years.

(Paragraph 1.7)

(iv) 5157 inspection reports containing 10160 audit objections with money values of Rs.551.42 crore issued upto December 2000 were outstanding for want of final replies from the departments.

{Paragraph 1.9(i)}

2 Taxes on Sales, Trade etc.

(a) A review on 'Disposal of Appeal and Remand Cases' revealed the following:

(i) 938 appeal cases involving tax revenue of Rs.69.90 crore were pending hearing with various appellate authorities in the State as on 31 March 2000.

{Paragraph 2.2.5(a)}

(ii) 182 applications involving tax revenue of Rs.11.91 crore were pending disposal with appellate authorities as on 31 March 2000 with no reasons to explain for non-finalisation.

{Paragraph 2.2.5(c)}

(iii) 106 cases involving tax revenue of Rs.40.93 crore were pending re-assessment. 76 cases were more than one year old and 13 cases more than five years old as on 31 March 2000.

{Paragraph 2.2.7(a)}

(iv) 61 cases involving tax revenue of Rs.6.27 crore were not re-assessed by the appellate authorities within the stipulated period of three months. 6 cases were more than five years old.

{Paragraph 2.2.7(b)}

(b) (i) Non inclusion of receipts from sale of REP licence in gross turnover resulted in short levy of tax of Rs.8.93 lakh.

(Paragraph 2.5)

(ii) Incorrect allowance of deduction from turnover of sale of goods, which were liable to tax at the first stage, resulted in non levy of tax of Rs.16.21 lakh.

(Paragraph 2.7)

(iii) Incorrect grant of exemption from payment of tax resulted short levy of tax of Rs.287.52 lakh and penalty Rs.0.65 lakh.

{Paragraph 2.9(a) to (c)}

3 Taxes on Vehicles

(i) Plying of vehicles in excess of permitted Kms by State Roadways during 1999-2000 resulted in evasion of SRT of Rs.4.46 crore.

(Paragraph 3.2)

(ii) SRT of Rs.41.26 lakh was neither determined nor levied during 1999-2000 in the case of private transport company (Rs.22.69 lakh), and 13 Tourist Buses (18.57 lakh).

{Paragraph 3.3(a)(b)}

(iii) Incorrect acceptance of SRT on the Kms actually covered instead of on Kms permitted to be covered by 57 private transport companies (Rs.137.63 lakh) and Rajasthan State Road Transport Corporation (Rs.2.95 lakh) resulted in short levy of SRT of Rs.140.58 lakh, besides penalty of Rs.5.63 lakh.

(Paragraph 3.4)

(iv) Motor vehicle tax (token tax) including penalty and interest of Rs.26.69 lakh was not levied/realized during 1999-2000 from 26 transport companies (Rs.22.69 lakh) and 13 Tourist buses (Rs.4.00 lakh).

{Paragraph 3.5(a)(b)}

4 State Excise.

In 2 distilleries, sub normal yield of spirit from molasses resulted in short realisation of Excise duty of Rs.313.95 lakh during 1999-2000.

(Paragraph 4.2)

5 Stamp Duty and Registration Fees

(a) A review on 'Concessions, Exemptions and Remissions' under the Indian Stamp Act and Indian Registration Act revealed the following:

(i) Stamp duty and registration fees of Rs.2.63 crore was incorrectly remitted on mortgage deeds executed by the Punjab State Federation of Co-operative House Building Societies Limited.

{Paragraph 5.2.5(a)}

(ii) Stamp duty and registration fees of Rs.4.82 lakh was incorrectly remitted on mortgage deeds executed by individuals not being members of Urban Co-operative House Building Societies.

{Paragraph 5.2.5(b)}

(iii) Stamp duty and registration fees amounting to Rs.1.73 crore had not been levied on deeds executed for securing loan not covered by exemptions granted by the Government.

{Paragraph 5.2.6(a, b & c)}

(iv) Stamp duty and registration fees of Rs.2.63 lakh was not levied on mortgage deeds executed in favour of Punjab Financial Corporation by individual.

{Paragraph 5.2.7(a)}

(b)(i) 3619.80 Acres of land was acquired between 1995 and 2000 and transferred to Punjab Urban Planning and Development Board (403.58 Acres), Punjab Small Industries and Export Corporation (616.80 Acres) and Industries department, Improvement Trust and Punjab State Electricity Board (2599.42 Acres) valuing Rs.21204.33 lakh without execution of conveyance deeds which resulted in non levy of Stamp duty and registration fee of Rs.12.72 crore.

{Paragraph 5.3.2(i) to (iii)}

(ii) Misclassification of instruments resulted in short levy of Stamp duty and registration fee of Rs.9.93 lakh.

(Paragraph 5.5)

6. Other Tax Receipts

A: Entertainment duty/tax

(i) Entertainment duty of Rs.27.54 lakh was not charged on the cricket matches organized by Punjab Cricket Association.

(Paragraph 6.2)

(ii) Department failed to collect entertainment duty of Rs.64.40 lakh from 347 cable operators during the year 1998-99 and 1999-2000.

(Paragraph 6.3)

(iii) Due to non revision in the rates of admission and application of incorrect formula, entertainment tax of Rs.41.08 lakh was short collected from 9 cinema houses.

{Paragraph 6.5(i)&(ii)}

7 Non Tax Receipts

A review on 'Receipts of Interest on loans and advances' revealed the following:

(i) Position of re-payment of principal loans/advances and interest thereon was not available with the Finance department. Interest and penal interest of Rs.425.21 crore accrued and recoverable as of March 2000 besides unpaid principal of Rs.131.64 crore was neither worked out nor demanded by the departments.

{Paragraph 7.1.6(a)}

(ii) Interest and penal interest of Rs.4.22 crore recoverable were neither worked out nor demanded by Agriculture department.

{Paragraph 7.1.6(b)}

A: Lottery department

(i) Incentive claims submitted by agents/sub-agents/sellers were irregularly accepted and paid by the department in violation of the instructions resulted in loss of Rs.2.06 crore.

(Paragraph 7.3.1(i))

(ii) Incentive claims against prize winning tickets during the period 1999-2000 was made to sub agents/sellers through agents without any provision of rules resulting in irregular payment of Rs.34.87 lakh.

{Paragraph 7.3.1(ii)}

B: Forest department

(i) Non-raising of demand resulting in non-realisation of royalty amounting to Rs.55.52 lakh from the Forest Corporation.

(Paragraph 7.6)