

## OVERVIEW

This report contains 31 Paragraphs and 3 Reviews relating to non-levy/short levy of tax, penalty, interest etc, involving Rs. 987.71 crore. Some of the major findings are mentioned below:

### 1. General

During the year 2001-2002 revenue raised by the State Government, both tax (Rs.10388.82.crore) and non tax (Rs. 1787.07 crore) amounted to Rs. 12175.89 crore as against Rs. 12924.62 crore during the previous year. Receipts under Trade Tax (Rs. 5052.40 crore) and State Excise (Rs. 1961.38 crore) accounted for a major portion (67.5 percent) of tax revenue receipts. Under non-tax revenue main receipts came from interest receipts (Rs. 543.49 crore), non-ferrous and mining and metallurgical industries (Rs. 190.19 crore) and forestry and wild life (Rs. 68.31 crore).

During 2001-2002 tax revenue and non tax revenue registered a decrease of 5.38 percent and 8.10 percent respectively over the receipts of the previous year.

*(Paragraph 1.1)*

Test check of records of Trade Tax, State Excise, Taxes on Vehicles, Goods and Passengers, Stamp Duty and Registration Fees, Land Revenue, Electricity Duty, Entertainment and Betting Tax, Forest Receipts and Other Departmental Receipts conducted during 2001-2002 revealed under assessment, short levy, loss of revenue etc. amounting to Rs.1298.13 crore in 2621 cases. During the course of the year 2001-2002, the departments concerned accepted under assessment and short levy etc. of Rs. 50.95 crore in 1026 cases of which 109 cases involving Rs.43.03 lakh had been pointed out in audit during 2001-2002 and the rest in earlier years.

*(Paragraph 1.7)*

Inspection Reports numbering 9323 issued upto 31 December 2001 containing 17168 audit observations with money value of Rs.5196.31 crore were not settled upto June 2002.

*(Paragraph 1.8)*

### 2. Trade Tax

A Review on "**Exemption/concession under U.P. Trade Tax Act**", revealed the following irregularities:

- 8 units in 6 circles were granted incorrect exemption from levy of tax amounting to Rs. 20.08 crore.

*(Paragraph 2.2.5)*

- 3 units in 2 circles were allowed excess grant of exemption from tax of Rs. 8.34 crore.

*(Paragraph 2.2.6)*

- The assessing authority incorrectly adjusted the tax at concessional rate for goods sold against declaration forms instead of at prevalent rate resulting in short adjustment of Rs. 3.02 crore.

*(Paragraph 2.2.7)*

- Grant of exemptions of tax on sales or purchases of goods with retrospective effect resulted in forgoing of revenue of Rs. 96.45 lakh.

*(Paragraph 2.2.8)*

- Irregular exemption on sales or purchases resulted in non-levy of tax of Rs. 2.11 crore

*(Paragraph 2.2.9)*

- Undue financial benefits of Rs. 115.81 crore accrued to dealers due to lacunae in Act/Rules/Notifications.

*(Paragraph 2.2.10)*

Other irregularities noticed in audit include:

- Non-finalisation of cases of 7 dealers under Section 30 resulted in blockage of Revenue of Rs. 45.29 crore.

*{(Paragraph 2.3. (A))}*

- Irregular reopening of cases under Section 30, resulted in loss of revenue amounting to Rs. 53.72 lakh.

*{Paragraph 2.3. (B)}*

- In 4 Trade Tax Offices, 4 dealers purchased raw material without payment of tax/at concessional rate for use in the manufacture of notified goods. But raw materials were not used for the purpose for which they were purchased and were disposed of otherwise by the dealers, but penalty of Rs. 5.12 crore was not levied.

*{Paragraph 2.12 (A)}*

### **3. State Excise**

- Due to shortfall in production as per prescribed norms, there was loss of excise duty amounting to Rs. 17.12 crore in 13 distilleries during the year 1998-99 to 2001-2002.

*(Paragraph 3.2)*

- Government was deprived of revenue of Rs. 15.98 lakh due to non levy of interest on belated payment of excise revenue.

*(Paragraph 3.3)*

#### **4. Taxes on Vehicles, Goods and Passengers**

- Additional tax amounting to Rs. 1.74 crore was not levied on the city buses operating outside the municipal/corporation area.

*(Paragraph 4.2)*

#### **5. Stamp Duty and Registration Fees**

- 28 District Excise officers executed agreements for due performance of the contract during the years 1998-1999 to 2000-2001 and made security deposit of Rs. 171.50 crore on which stamp duty was not levied resulting in loss of revenue amounting to Rs. 21.14 crore.

*(Paragraph 5.3)*

#### **6. Forest Receipts**

- Delay in fixation of royalty of Tendu leaves not only defeated the very spirit of the Act, but also deprived the Government of Rs. 76.84 crore.

*(Paragraph 8.2)*

#### **7. Irrigation Department**

Review on "**Receipts from Major Irrigation projects**" revealed as under:

- Water rates/royalty amounting to Rs. 242.08 crore was not recovered from agriculturists and commercial agencies.

*(Paragraph 9.5.7)*

- Water charges/royalty was not / short levied on water supplied for commercial purposes amounting to Rs. 1.99 crore.

*(Paragraph 9.5.8)*

- Wastage/seepage of water supply for commercial purposes resulted in loss of revenue of Rs. 11.72 crore.

*(Paragraph 9.5.9)*

#### **8. Finance Department**

Review on "**Interest Receipts on Government loans**" revealed as under:

- Due to lack of proper monitoring by heads of the departments, Government did not raise the demand for recovery of principal of Rs. 678.99 crore and interest accrued thereon of Rs. 545.73 crore for the period 1996-97 to 2000-2001.

***(Paragraph 9.6.6)***

- Issue of defective sanction orders caused loss of interest of Rs. 26.63 crore.

***(Paragraph 9.6.7)***

- Irregular rebate on interest was allowed to the tune of Rs. 12.72 crore.

***(Paragraph 9.6.8)***

- Loans retained and surrendered to the Government without utilization resulted in loss of interest of Rs. 2.52 crore.

***(Paragraph 9.6.9)***

- Interest to the tune of Rs. 41.19 crore was short paid due to computation mistakes.

***(Paragraph 9.6.10)***

- Delay in issue of share certificates on conversion of loans into equity resulted in loss of interest of Rs. 87.78 crore.

***(Paragraph 9.6.11)***