



**Report of the
Comptroller and Auditor General of India
on
Revenue Sector
for the year ended 31 March 2016**



Government of Chhattisgarh

Report No. 4 of the year 2016

**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

FOR THE YEAR ENDED 31 MARCH 2016

(REVENUE SECTOR)

GOVERNMENT OF CHHATTISGARH

Report No. 4 of the year 2016

TABLE OF CONTENTS

	Paragraph	Page
Preface		v
Overview		vii
Chapter I: General		
Trend of revenue receipts	1.1	1
Analysis of arrears of revenue	1.2	7
Arrears in assessments	1.3	8
Evasion of tax detected by the Department	1.4	8
Pendency of refund cases	1.5	9
Response of the Government/Department towards Audit	1.6	9
Analysis of the mechanism for dealing with the issues raised by Audit	1.7	13
Audit Planning	1.8	17
Results of Audit	1.9	17
Coverage of this report	1.10	17
Amendments at the instance of audit	1.11	18
Chapter II: Exemptions and subsidies to industries under Industrial Policies		
Performance Audit on “Exemptions and subsidies to industries under Industrial Policies”	2.1	19
Chapter III: Forestry and Wild Life (Expenditure)		
Tax administration	3.1	51
Results of Audit	3.2	52
Audit on “Implementation of National Afforestation Programme in Chhattisgarh”	3.3	54
Avoidable expenditure on plantation	3.4	70
Irregular expenditure due to execution of ANR work in already treated coupes	3.5	72
Avoidable expenditure on construction of Cement Concrete Roads	3.6	73
Chapter IV: Commercial Tax		
Tax administration	4.1	75
Internal Audit	4.2	76
Results of Audit	4.3	76
Incorrect allowance of Input Tax Rebate (ITR)	4.4	77

Short levy of tax	4.5	78
Concealment of sale led to evasion of tax	4.6	80
Concessional rate of tax allowed under Central Sales Tax (CST) Act without declaration forms	4.7	82
Exemption of tax allowed in transit sales and branch transfer under Central Sales Tax (CST) Act without statutory forms	4.8	83
Entry tax short levied/not levied due to incorrect application of rates	4.9	84
Chapter V: Stamps and Registration Fees		
Tax administration	5.1	87
Internal Audit	5.2	88
Results of Audit	5.3	88
Misclassification of instruments	5.4	89
Undervaluation of the properties situated on main roads	5.5	90
Undervaluation of agricultural properties	5.6	92
Undervaluation of properties	5.7	93
Chapter VI: Other Tax Receipts		
<i>Section A: State Excise</i>		
Tax administration	6.1	95
Internal Audit	6.2	95
Results of Audit	6.3	96
Short realisation of license fee from FL3 licensee	6.4	97
Duty on excess wastage of foreign liquor not recovered	6.5	97
Undue benefit to the licensee	6.6	98
<i>Section B: Taxes on vehicles</i>		
Tax administration	6.7	99
Internal Audit	6.8	100
Results of Audit	6.9	100
Motor vehicle tax from the owners of passengers and goods vehicle not levied	6.10	101
Chapter VII: Non-tax Receipts		
<i>Section A: Non-ferrous Mining and Metallurgical Industries</i>		
Tax administration	7.1	103
Internal Audit	7.2	104
Results of Audit	7.3	104

Short realisation of royalty on coal due to incorrect application of coal prices	7.4	105
Short realisation of royalty on coal due to wrong application of rate of royalty	7.5	106
Environment and Development Cess not realised from the lessee	7.6	106
Undue benefit to the lessee for delayed payment of Environment Cess and Development Cess	7.7	107
<i>Section B: Forestry and Wild Life (Receipts)</i>		
Tax administration	7.8	108
Internal Audit	7.9	109
Results of Audit	7.10	110
Sale of forest produce below <i>nistar</i> value	7.11	111
<i>Appendices</i>		115
<i>Glossary of Abbreviations</i>		145

PREFACE

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2016 has been prepared for submission to the Governor of Chhattisgarh under Article 151 of the Constitution of India.

The Report contains significant findings of audit of Receipts and Expenditure of major Revenue earning Departments under the Revenue Sector conducted under the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those, which came to notice in the course of test audit during the period 2015-16 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; instances relating to the period subsequent to 2015-16 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

OVERVIEW

OVERVIEW

This Report contains 24 paragraphs including one Performance Audit on “**Exemptions and subsidies to industries under Industrial Policies**” and audit on “**Implementation of National Afforestation Programme in Chhattisgarh**” involving ₹ 111.10 crore relating to underassessment, short levy of revenue and tax not levied, irregular/ avoidable expenditure etc. Some of the major findings are mentioned below:

I. General

Total receipts of the Government of Chhattisgarh for the year 2015-16 were ₹ 46,067.71 crore. The revenue raised by the State Government amounted to ₹ 22,289.65 crore comprising tax revenue of ₹ 17,074.86 crore and non-tax revenue of ₹ 5,214.79 crore. The receipts from Government of India were ₹ 23,778.06 crore (States’ share of divisible Union taxes: ₹ 15,716.47 crore and Grants-in-aid: ₹ 8,061.59 crore). Thus, the State Government’s own contribution was 48 *per cent* of the total revenue.

(Paragraph 1.1)

Test check of the records of 86 units of Commercial Taxes, State Excise, Stamps and Registration Fees, Land Revenue, Mining Receipts, Taxes on Vehicles and Forestry and Wildlife and Electricity Duty conducted during the year 2015-16 showed under-assessment/short levy/loss of revenue aggregating to ₹ 329.30 crore in 55,971 cases. During the course of the year, the Departments concerned accepted underassessment and other deficiencies of ₹ 72.80 crore in 27,557 cases and recovered ₹ 72.22 lakh in 15 cases which were pointed out in audit during 2015-16.

(Paragraph 1.9)

II. Exemptions and subsidies to industries under Industrial Policies

A Performance Audit on “**Exemptions and subsidies to industries under Industrial Policies**” indicated the following deficiencies:

Industrial Policies (IP) promulgated by the Government from time to time allowed full exemption to industries from payment of Electricity Duty. Energy Department, in its notification made under the Electricity Act, 2003 allowed exemption on Electricity Duty on self consumption. The Industries Department did not make suitable provisions in the IP in accordance with the notification issued by Energy Department and Electricity Act, 2003. As a result the Government was deprived of revenue of ₹ 6.03 crore.

(Paragraph 2.10)

Though the time limit for commencement of commercial production is prescribed in the IP, option by the IP for industries to choose between the policies coupled with lack of provision for treating the exemption already availed in IP allowed exemption to industries in more than one policy.

(Paragraph 2.11)

The Industries Department issues Stamp Duty Exemption Certificate, on the basis of which the Commercial Tax (Registration) Department provides exemption from payment of Stamp Duty. The benefited industry is to commence commercial production within two to five years from the date of issue of certificate for exemption from payment of Stamp Duty. It was observed that the Industries Department while issuing subsequent exemption certificates to the industries did not restrict the date of commencement of commercial production as per the initial date, due to which the time limit got extended beyond the time limit prescribed in the IP.

(Paragraph 2.12)

The Industries Department allowed Stamp Duty exemption of ₹ 1.68 crore to an industry under diversification which neither fulfilled the condition of commencing commercial production in its existing industry nor did it commence commercial production of its new product within the IP period under which it was benefited.

(Paragraph 2.18)

An industry which was eligible for exemption, sold one of its units to an industry which was not eligible for any exemption. The sold out unit which was now a part of ineligible industry was allowed irregular exemption of Electricity Duty of ₹ 1.08 crore.

(Paragraph 2.19)

Industries included in the negative list of the IP were not eligible for any benefit under IP. However, the Industries Department allowed exemption and subsidies of ₹ 76.29 lakh to the industries included in negative list.

(Paragraph 2.20)

As per the conditions mentioned in the IP, any industry after availing the benefits of IP is to function continuously for at least five years. Absence of monitoring mechanism in the Industries Department not only resulted in failure by three industries to function continuously but also five industries were not set up. These industries availed exemptions/subsidies of ₹ 7.38 crore which was recoverable.

(Paragraph 2.25 and 2.27)

III. Forestry and Wild life (Expenditure)

Audit on “**Implementation of National Afforestation Programme in Chhattisgarh**” indicated the following deficiencies:

Delay in submission of Annual Plan of Operations (APOs) by the State Forest Development Agency (SFDA) and absence of timeframe for sanctioning the APO by National Afforestation and Eco-Development Board (NAEB) led to delay of 37 to 137 days in release of funds by NAEB to SFDA. Further, SFDA and subsequently Forest Development Agencies (FDAs) did not observe the guidelines for timely transmission of the funds as a result of which the funds reached to Joint Forest Management Committees (JFMCs) in next financial year.

(Paragraph 3.3.7.1 and 3.3.7.2)

In two FDAs, plantations in 445 hectare forest area were carried out incurring expenditure of ₹ 1.50 crore in the ineligible areas/areas where previous treatments were already in progress from other heads.

(Paragraph 3.3.9)

The Member Secretary, SFDA ordered the diversion of funds provided for execution of forestry activities as approved in the Annual Plan of Operation (APO), for installation of Improved Biomass Chulhas (IBCs) on the basis of false statement that no new area of plantation was sanctioned and without having approval from NAEB or SFDA. As a result, ₹ 83.98 lakh was misutilised on the basis of false statement.

(Paragraph 3.3.8.1)

An amount of ₹ 66.69 lakh was irregularly paid to a Non-Government Organisation (NGO) for the work which was not included in the Annual Plan of Operations. Further, the payment was made to the NGO without evaluating the work for which payment was made.

(Paragraph 3.3.8.2)

Despite prohibiting plantation or rehabilitation work by Principal Chief Conservator of Forests (PCCF) in the areas where treatment was in progress, two divisions incurred expenditure of ₹ 1.08 crore in 2014-15 and 2015-16 on the plantations carried out in 175 hectare forest area where treatment was already in progress from 2010-11 to 2014-15.

Other Audit Observations:

(Paragraph 3.4)

Assisted Natural Regeneration (ANR) work was undertaken in Kawardha Forest Division from State CAMPA fund in nine coupes which had already been treated from Departmental budget resulting to irregular expenditure amounting to ₹ 56.27 lakh.

(Paragraph 3.5)

IV. Commercial Tax

Eight Assessing Officers (AOs) applied incorrect rate of Entry Tax (ET) in 10 cases of eight dealers for the assessment years from 2007-08 to 2010-11 which resulted in short realisation of ET amounting to ₹ 4.22 crore. Besides penalty of ₹ 2.15 lakh was also leviable.

(Paragraph 4.9)

In 12 offices, AOs allowed the concessional rate of tax without ensuring submission of declaration forms "C", "E-1/C" and "F" by 28 dealers for the assessment years from 2008-09 to 2013-14 resulting in short levy of CST amounting to ₹ 5.39 crore. Besides, penalty of ₹ 3.94 lakh was also leviable.

(Paragraph 4.7 and 4.8)

The transactions of the dealers were not cross verified by the AOs while making assessment. This led to concealment of sale by three dealers during the assessment for the year from 2008-09 to 2010-11 resulting in evasion of tax of ₹ 1.11 crore. Besides penalty of ₹ 1.99 crore was also leviable.

(Paragraph 4.6)

During the assessment for the year 2010-11 to 2013-14, two AOs allowed Input Tax Rebate (ITR) to eight dealers whom had increased the purchased value in annual returns. In another case a dealer who had no turnover was allowed ITR on the purchases of goods of capital nature and civil construction goods. Thus the failure of AOs to cross-check transactions with the Chartered Accountant's report and to verify the returns resulted in incorrect/excess allowance of ITR of ₹ 13.47 lakh. Besides penalty of ₹ 1.74 lakh was also leviable.

(Paragraph 4.4)

V. Stamps and Registration Fees

Four Sub Registrars (SRs), while registering the properties, valued 29 properties situated on the main roads as situated off the road. This resulted in undervaluation of properties and subsequent short realisation of Stamp Duty and Registration Fees (SD & RF) amounting to ₹ 74.91 lakh.

(Paragraph 5.5)

SR, Raipur did not adhere the provisions of market value guidelines in determining the market value of agricultural properties situated in Municipal Corporation/Municipal Council/*Nagar Panchayat* in 15 cases which resulted in short realisation of SD & RF of ₹ 53.81 lakh.

(Paragraph 5.6)

Market value guidelines were not observed by the three SRs while determining the value of properties in 11 cases. This resulted in undervaluation of properties and subsequent short realisation of SD & RF amounting to ₹ 50.00 lakh.

(Paragraph 5.7)

VI. Other Tax Receipts

The Collector did not forward the case of surrendering the licence to the Excise Commissioner (EC) as required under the Act and cancelled the licence. Also, duty and licence fee of ₹ 49.03 lakh could not be realised from the ex-licensee.

(Paragraph 6.6)

The distiller while exporting India Made Foreign Liquor (IMFL) incurred excess wastage/loss than the permissible limit and the excise duty of ₹ 28.34 lakh on excessive wastage was not realised from the distiller.

(Paragraph 6.5)

VII. Non-Tax Receipts

Royalty on coal middlings, which were to be used for production of sponge iron and captive power, was determined by Deputy Director Mining Administration (DDMA), Raigarh as per the rate of "power utilities" instead of "for sectors other than power utilities" resulted in short realisation of royalty amounting to ₹ 14.14 crore.

(Paragraph 7.4)

DDMA, Raigarh did not calculate the royalty as per new grading of coal which resulted in short realisation of royalty of ₹ 27.29 lakh and interest of ₹ 25.31 lakh.

(Paragraph 7.5)

In two Forest Divisions, 10,575.5 fuel stacks and 11,702 poles were sold in auctions at the rates below their *nistar* rates. This resulted in loss of revenue amounting to ₹ 33.74 lakh.

(Paragraph 7.11)

CHAPTER-I
GENERAL

CHAPTER-I: GENERAL

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by the Government of Chhattisgarh (GoCG) during the year 2015-16, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grants-in-aid received from the Government of India (GoI) during the year and the corresponding figures for the preceding four years are mentioned in **Table 1.1**:

Table 1.1
Trend of revenue receipts

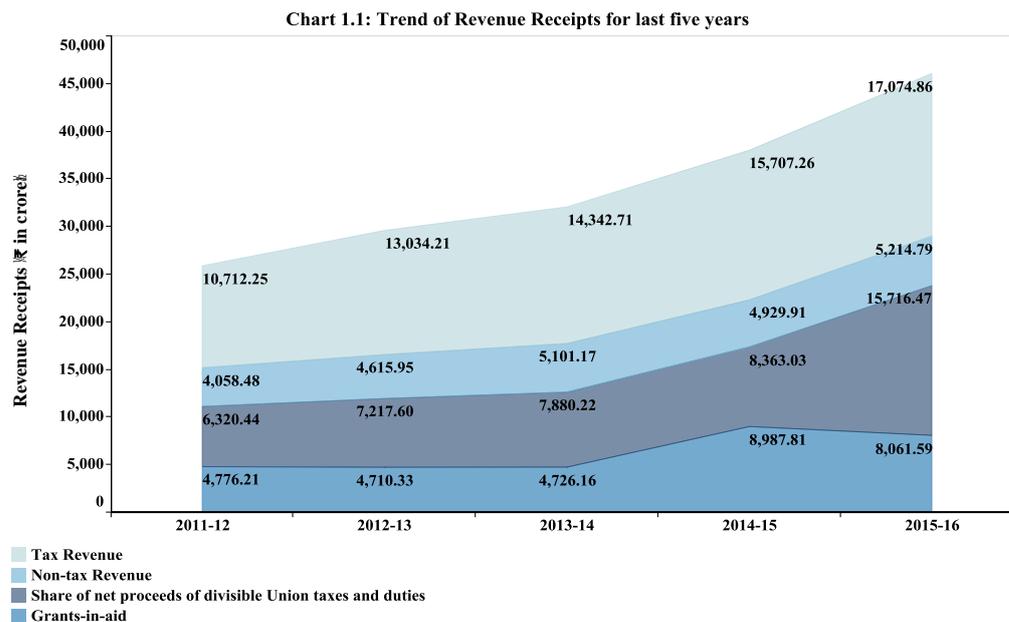
(₹ in crore)

Sl. No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
1.	Revenue raised by the State Government					
	• Tax Revenue	10,712.25	13,034.21	14,342.71	15,707.26	17,074.86
	• Non-tax Revenue	4,058.48	4,615.95	5,101.17	4,929.91	5,214.79
	Total	14,770.73	17,650.16	19,443.88	20,637.17	22,289.65
2.	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties	6,320.44	7,217.60	7,880.22	8,363.03	15,716.47 ¹
	• Grants-in-aid	4,776.21	4,710.33	4,726.16	8,987.81	8,061.59
	Total	11,096.65	11,927.93	12,606.38	17,350.84	23,778.06
3.	Total revenue receipts of the State Government (1 and 2)	25,867.38	29,578.09	32,050.26	37,988.01	46,067.71
4.	Percentage of 1 to 3	57	60	61	54	48

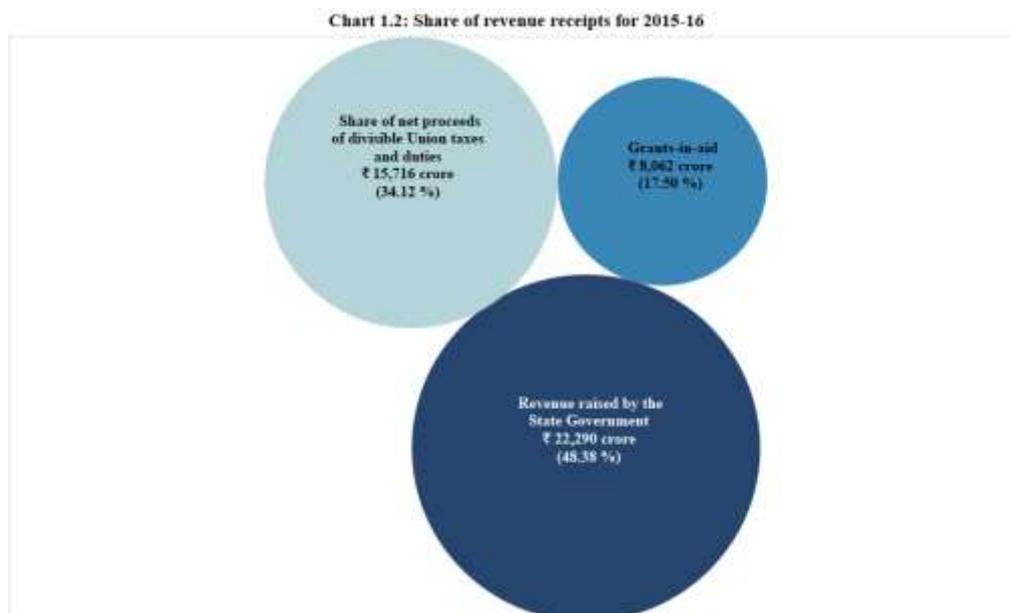
(Source: Finance Accounts of the Government of Chhattisgarh)

The above table indicates that during the year 2015-16, the revenue raised by the State Government (₹ 22,289.65 crore) was 48 per cent of the total revenue receipts. The balance 52 per cent of the receipts during 2015-16 was from the GoI.

¹ For details please refer "tax revenue" of Statement 14, detailed accounts of revenue by minor heads of the Finance Accounts of the Government of Chhattisgarh for the year 2015-16. The amount under the minor head 901- share of net proceeds assigned to the State booked under the major heads 0020- Corporation tax, 0021- Taxes on income other than Corporation Tax, 0028 – Other Taxes on Income and Expenditure, 0032- Taxes on wealth, 0037- Customs, 0038- Union excise duty and 0044- Service tax under 'A-tax revenue' have been excluded from the revenue raised by the State and included in the State's share of divisible Union taxes in this statement.



It may be seen from the above Chart that the revenue receipts of the State for the year 2015-16 increased by eight *per cent* over the previous year, whereas the share of receipts from GoI in 2015-16 increased substantially by 37 *per cent* over 2014-15.



The share of revenue receipts from own sources was 48 *per cent* which was six *per cent* less than the previous year. While analysing the receipts from the GoI it was seen that, 34 *per cent* was from share of net proceeds of divisible Union taxes and duties and 18 *per cent* from Grants-in-aid.

1.1.2 The details of the tax revenue raised during the period 2011-12 to 2015-16 are given in **Table 1.2:**

Table 1.2
Details of Tax Revenue raised by the Government

(₹ in crore)

Sl. No.	Head of Revenue		2011-12	2012-13	2013-14	2014-15	2015-16	Percentage of increase or decrease (-) in actual receipts in 2015-16 over 2014-15	Percentage of variation between actual receipts and budget estimates in 2015-16
1.	Taxes on sales, trade etc.	BE	6,000.00	7,310.20	8,436.00	9,800.00	10,998.00	(+5.69	(-) 19.00
		Actual	6,006.25	6,928.65	7,929.51	8,428.61	8,908.36		
2.	State Excise	BE	1,550.00	2,200.00	2,675.00	3,150.00	3,528.00	(+15.42	(-) 5.37
		Actual	1,596.98	2,485.68	2,549.15	2,892.45	3,338.40		
3.	Taxes and duties on electricity	BE	600.00	780.00	1,000.00	1,100.00	1,400.00	(+ 4.56	(-)1.94
		Actual	637.97	860.75	1,020.44	1,312.93	1,372.84		
4.	Stamps and Registration Fees	BE	875.00	950.00	1,150.00	1,250.00	1,350.00	(+15.82	(-)12.21
		Actual	845.82	952.47	990.24	1,023.33	1,185.22		
5.	Taxes on goods and passengers	BE	700.00	950.00	1,192.00	1,335.00	1,441.80	(+ 5.95	(-)27.85
		Actual	825.67	954.31	945.44	981.88	1,040.26		
6.	Taxes on vehicles	BE	475.00	605.71	731.38	800.00	864.00	(+17.87	(-)4.03
		Actual	502.18	591.75	651.07	703.48	829.22		
7.	Land Revenue	BE	250.00	346.00	415.00	460.00	496.80	(+ 9.74	(-)26.76
		Actual	270.56	234.11	226.06	331.56	363.84		
8.	Other receipts tax	BE	12.14	19.27	25.62	31.26	7.25	(+ 11.21	(+406.48
		Actual	26.82	26.49	30.80	33.02	36.72		
Total		BE	10,462.14	13,161.18	15,625.00	17,926.26	20,085.85	(+)8.71	(-)14.99
		Actual	10,712.25	13,034.21	14,342.71	15,707.26	17,074.86		

(Source: Finance Accounts of the Government of Chhattisgarh)

It may be seen from the above table that the tax revenue of the State increased in 2015-16 by 8.71 per cent over the receipts in 2014-15. However, as against the Budget Estimates (BEs), there was shortfall of actual receipts by 14.99 per cent in 2015-16.

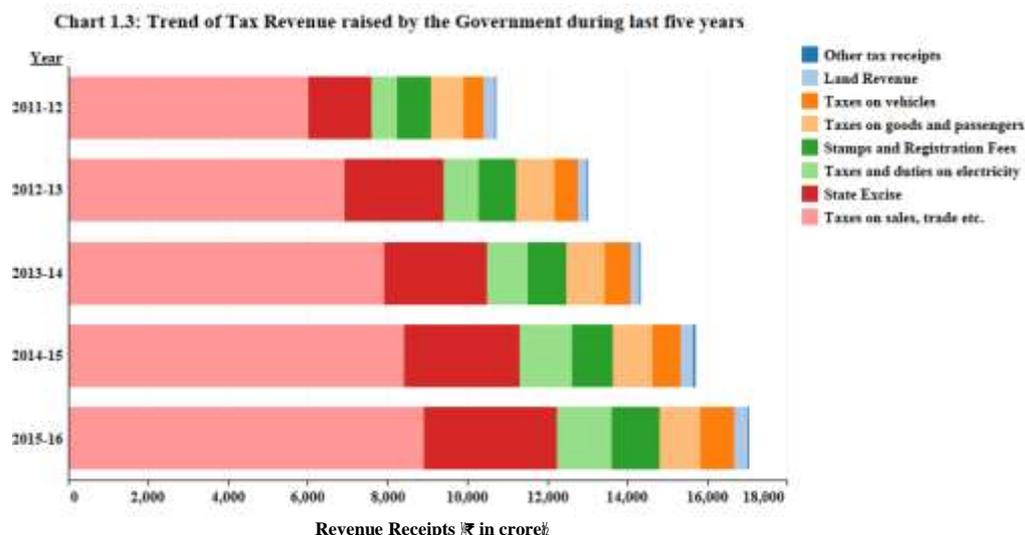


Chart 1.4: Head-wise share of tax revenue during 2015-16



The respective Departments reported the following reasons for variation:

(a) Reasons for variation of receipts of 2015-16 over the receipts of 2014-15:

Taxes on vehicles: The increase (17.87 per cent) was due to increase in rate of Lifetime tax and Quarterly tax.

Stamps and Registration Fees: The increase (15.82 per cent) was due to increase in registration of mining leases.

State Excise: The increase (15.42 per cent) was due to increase in the annual revenue of country/Foreign liquor shops by 25 per cent and due to receipt of processing fee for allotment of liquor shops for 2016-17 in 2015-16 itself.

(b) Reasons for variation of actual receipts from BEs during 2015-16:

Taxes on sales, trade etc.: The decrease (19 per cent) was due to less realisation of Value Added Tax (VAT) from the petroleum and iron and steel

industries and due to less inter-state transactions and purchases of raw materials by Public Sector Undertakings.

Land Revenue: The decrease (26.76 per cent) was due to less realisation of revenue due to declaration of 119 *Tehsil* as drought affected.

Stamps and Registration Fees: The shortfall (12.21 per cent) was due to not revising of BE by Finance Department on basis of the receipts in the first quarter of the year.

Energy Department did not report any specific reason for the variation in BE and actual receipts.

We recommend that the Government may prepare realistic BE so that the variation between actual and BE may not vary more than 10 per cent.

1.1.3 The details of the non-tax revenue raised during the period 2011-12 to 2015-16 are indicated in **Table 1.3**:

Table 1.3
Details of Non-tax revenue raised

(₹ in crore)

Sl. No.	Head of Revenue		2011-12	2012-13	2013-14	2014-15	2015-16	Percentage of increase(+) or decrease (-) in actual receipts in 2015-16 over 2014-15	Percentage of variation between BEs and actual receipts in 2015-16
1.	Non-Ferrous Mining and Metallurgical industries	BE	2,700.00	3,105.00	3,510.00	4,100.00	7,000.00	(+3.83	(-)47.01
		Actual	2,744.82	3,138.18	3,236.01	3,572.68	3,709.52		
2.	Forestry and Wild life	BE	400.00	405.00	450.00	520.00	500.00	(+17.50	(-)18.05
		Actual	341.64	363.96	405.91	348.72	409.75		
3.	Interest receipt	BE	302.40	321.94	399.14	323.40	260.67	(-)37.04	(-)58.48
		Actual	216.57	243.13	380.64	171.89	108.23		
4.	Major and Medium irrigation	BE	282.71	391.46	426.11	421.50	392.53	(+21.71	(+29.49
		Actual	336.49	357.23	348.64	417.62	508.27		
5.	Other non-tax receipts	BE	852.07	624.54	1,048.86	819.72	509.79	(+14.32	(-)6.04
		Actual	418.96	513.45	729.70	419.00	479.02		
	Total	BE	4,537.18	4,847.94	5,834.11	6,184.62	8,662.99	(+5.78	(-)39.80
		Actual	4,058.48	4,615.95	5,101.17	4,929.91	5,214.79		

(Source: Finance Accounts of the Government of Chhattisgarh)

It may be seen from the above table that the non-tax revenue of the State increased marginally in 2015-16 by 5.78 per cent over the receipts in 2014-15. However, as against the BEs, there was shortfall of 39.80 per cent in actual receipts in 2015-16.

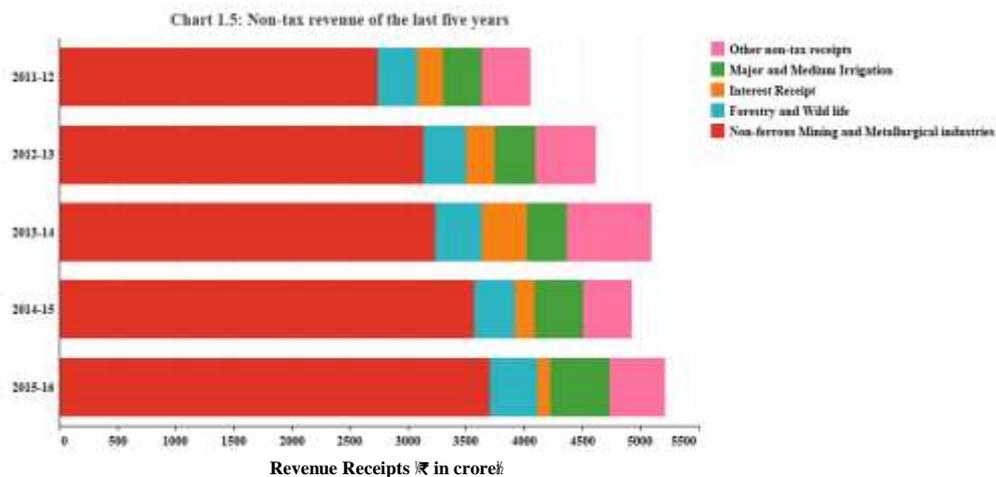
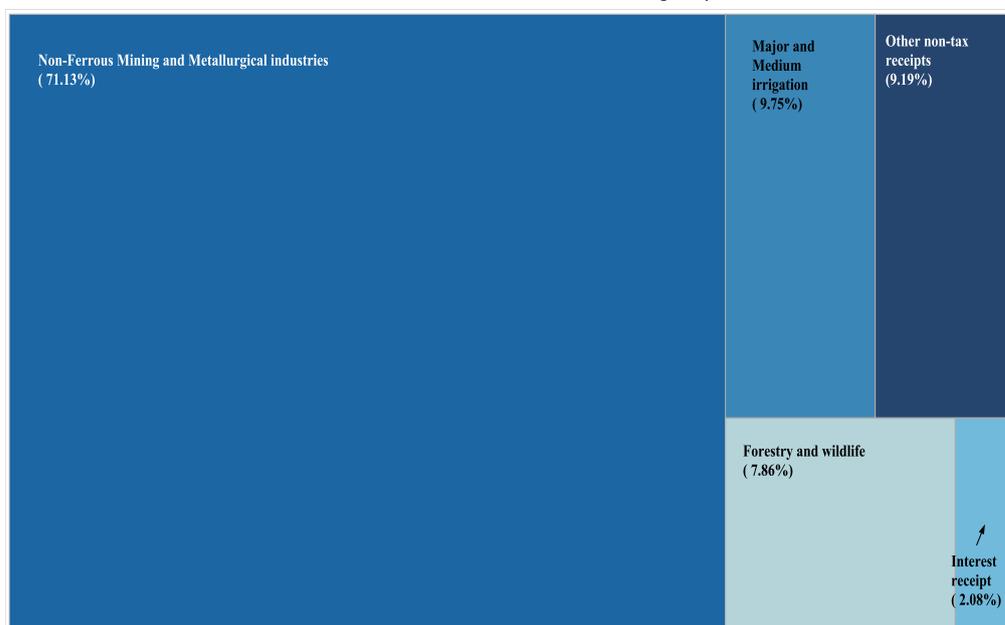


Chart 1.6: Head-wise share of Non-tax revenue during the year 2015-16



The respective Departments reported the following reasons for variation:

(a) Reasons for variation of receipts of 2015-16 over the receipts of 2014-15:

Forestry and Wild Life: The increase (17.50 per cent) was due to increase in production of forest produce and realisation of higher sale value in auction and nistar depots.

Major and Medium irrigation: The increase (21.71 per cent) was due to full realisation of water tax from two companies of Chhattisgarh State Power Generation Company Limited (CSPGCL) and higher growth target fixed for realisation of water tax from industrial establishments.

(b) Reasons for variation of receipts from BEs during 2015-16:

Non-Ferrous Mining and Metallurgical industries: The decrease (47.01 per cent) was due to setting BE in anticipation of the realisation of penalty at the rate of ₹ 295 per Metric Tonne (MT) from the minerals lessee on allotment of

coal block for the year 2015-16 as per judgment of Hon'ble Supreme Court. However it could not be achieved.

Forestry and Wild Life: The shortfall against the BEs (18.05 per cent) was due to not approving of Working Plans of East Bhanupratappur, West Bhanupratappur, Kondagaon (South) and Narayanpur divisions by GoI.

Major and Medium irrigation: The increase (29.49 per cent) was due to full realisation of water tax from two companies of CSPGCL and higher growth target fixed for realisation of water tax from industrial establishments.

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2016 in respect of some principal heads of revenue amounted to ₹ 1,663.09 crore of which ₹ 474.65 crore was outstanding for more than five years, as detailed in the **Table 1.4:**

Table 1.4: Arrears of revenue

(₹ in crore)

Sl. No.	Head of Revenue	Total amount outstanding as on 31 March 2016	Amount outstanding for more than five years as on 31 March 2016	Reply of Department
1.	Taxes on sales, trade etc.	1,004.83	334.08	Of the total outstanding amount as on 31 March 2016, ₹ 625.18 crore corresponds to pending recovery due to stay by the courts, Revenue Recovery Certificate (RRC) cases sent to other states not disposed, closure of the firm, inadequate movable/immovable property in write-off cases etc. In rest of the cases, RRC had been issued for recovering outstanding dues.
2.	Taxes and Duties on Electricity	476.30	6.25	Efforts are being taken to recover the outstanding dues.
3.	Taxes on Vehicles	12.47	3.48	Arrears was due to not depositing tax amount in due period by the vehicle owners. Notice has been issued to vehicle owners and instructions have been issued to officials of check posts/Flying Squad for speedy recovery of arrears.
4.	Stamps and Registration Fees	16.47	-	Department did not furnish information regarding arrears outstanding for more than five years. Recovery of arrears was being done in accordance with the demand notices issued by the District Registrars (DRs).
5.	Non-Ferrous Mining and Metallurgical industries	85.91	85.91	Instructions had been issued to field offices for recovering the outstanding arrears through special drive. The proposals for write-off of irrecoverable dues had been sent to the Government.
6.	Land Revenue	37.11	44.93	The arrears was due to not realising the premium from Municipal Corporation/Council, pending recovery in naxal affected and drought affected areas and due to involvement of staff in various other works.
TOTAL		1,633.09	474.65	

(Source: Information furnished by the Departments concerned)

It may be seen from the above table that arrears of ₹ 1,633.09 crore were pending for recovery. Out of this, arrears amounting ₹ 474.65 crore were pending for more than five years and it was 29 *per cent* of the total outstanding amount and sincere efforts are required to be made to recover them.

We recommend that the Government may take necessary action for collection of the arrears of revenue outstanding for more than five years.

1.3 Arrears in assessments

The details of cases pending at the beginning of the year 2015-16, cases becoming due for assessment, cases disposed off during the year and number of cases pending for finalisation at the end of the year as furnished by the Commercial Tax Department in respect of VAT, Professional tax, Entry tax, Luxury tax and tax on works contracts is mentioned in **Table 1.5**:

Table 1.5: Arrears in assessments

Head of revenue	Opening balance	New cases due for assessment during 2015-16	Total assessments due	Cases disposed off during 2015-16	Balance at the end of the year	Percent age of disposal (col. 5 to 4)
1	2	3	4	5	6	7
Value Added Tax	50,018	82,062	1,32,080	90,985	41,095	68.89
Professional Tax	8,617	842	9,459	9,236	223	97.64
Entry Tax	20,768	45,183	65,951	46,556	19,395	70.59
Luxury Tax	78	142	220	129	91	58.64
Tax on works contract	118	740	858	600	258	69.93
Total	79,599	1,28,969	2,08,568	1,47,506	61,062	70.72

(Source: Information furnished by the Department)

It may be seen from the above table that at the end of the year 2015-16, only 70.72 *per cent* of the total assessment cases had been disposed of by the Department.

The Government may initiate timely action for expeditious disposal of the pending assessment cases to maximise the revenue.

1.4 Evasion of tax detected by the Department

The details of cases of evasion of tax detected, cases finalised and the demands for additional tax raised as reported by the Commercial Tax Department are given in **Table 1.6**:

Table 1.6: Evasion of tax(*₹ in lakh*)

Sl. No.	Head of Revenue	Cases pending as on 31 March 2015	Cases detected during 2015-16	Total	Number of cases in which assessment/investigation completed and additional demand with penalty etc. raised		Number of cases pending for finalisation as on 31 March 2016
					No. of cases	Amount of Demand	
1.	Taxes on Sales, Trade etc.	136	36	172	78	40,696.88	94
Total		136	36	172	78	40,696.88	94

(Source: Information furnished by the Department)

It is seen from the above table that nearly 55 per cent of cases are pending for finalisation as on 31 March 2016.

We recommend that the Government may take timely action for speedy disposal of the pending cases to avoid loss of revenue to Government.

1.5 Pendency of refund cases

The number of refund cases pending at the beginning of the year 2015-16, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2015-16 as reported by the Commercial Tax Department is given in **Table 1.7**:

Table 1.7: Details of pendency of refund cases(*₹ in crore*)

Sl. No.	Particulars	Sales Tax/ VAT	
		No. of cases	Amount
1.	Claims outstanding at the beginning of the year	839	10.07
2.	Claims received during the year	3,856	228.55
3.	Refunds made during the year	3,492	227.31
4.	Balance outstanding at the end of the year	1,203	11.31

(Source: Information furnished by the Department)

It may be seen from the above table that the refunds were allowed in only 74 per cent of the total refund cases.

We recommend that Government may take necessary action for early disposal of the refund claims to avoid interest liability.

1.6 Response of the Government/ Departments towards Audit

The Accountant General(Audit), Chhattisgarh conducts periodical inspection of the Government Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the Inspection Reports (IRs) incorporating the observations detected during the inspection and not settled on the spot, which are issued to the Heads of the Offices inspected with the copies to the next higher authorities for taking prompt corrective action.

The Heads of the Offices/ Government are required to comply promptly with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the AG within four weeks from the date of receipts of IRs. Serious financial irregularities are reported to the Heads of the Department and the Government.

Analysis of IRs issued upto 31 March 2016 revealed that 11,685 paragraphs involving ₹ 12,980.27 crore relating to 2,934 IRs remained outstanding at the end of June 2016 as mentioned below in **Table 1.8** alongwith the corresponding figures for the preceding two years.

Table 1.8
Details of pending Inspection Reports

	June 2014	June 2015	June 2016
Number of IRs pending for settlement	2,645	2,811	2,934
Number of outstanding audit observations	10,419	11,073	11,685
Amount of revenue/expenditure involved (₹ in crore)	6,090.69	7,132.64	12,980.27

1.6.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2016 and the amounts involved are mentioned in the following **Table 1.9**:

Table 1.9
Department-wise details of IRs

(₹ in crore)

Sl. No.	Name of Department	Nature of receipt	Type of IRs	No. of outstanding IRs	No. of outstanding audit observations	Money value involved
1.	Commercial Tax	Taxes on Sales, Trade etc.	Rev.	449	2,827	507.69
			Exp.	23	44	5.42
2.	Commercial Tax (Excise)	State Excise	Rev.	133	364	401.24
		Entertainment tax	Rev.	74	117	3.94
		Excise and Ent. Tax	Exp.	14	28	0.22
3.	Commercial Tax (Registration)	Stamp Duty and Registration fee	Rev.	236	670	89.45
			Exp.	4	10	1.81
4.	Revenue and Disaster Management	Land Revenue	Rev.	580	1,802	1,058.18
			Exp.	31	75	13.21
5.	Transport	Taxes on motor vehicles	Rev.	160	1,221	183.49
			Exp.	30	70	0.13
6.	Mineral Resources	Non-ferrous mining and metallurgical industries	Rev.	149	542	860.52
			Exp.	15	25	225.67
7.	Forest	Forestry and Wildlife	Rev.	339	1,034	1,260.17
			Exp.	393	1,734	736.78
8.	Energy	Taxes on Electricity and	Rev.	14	66	1,650.06
			Exp.	1	4	5,330.97

		duty				
9.	Other Tax Departments	Other receipts	Rev.	288	1,042	651.19
			Exp.	1	10	0.13
Total				2,934	11,685	12,980.27

Rev.- Revenue; Exp.-Expenditure

Out of 155 IRs issued during 2015-16, audit did not receive even the first replies from the heads of offices for 121 IRs (78 per cent). This large pendency of the IRs due to non-receipt of the replies is indicative of the lack of seriousness of the Heads of Department towards audit observations.

1.6.2 Departmental Audit Committee Meetings (ACMs)

The Government sets up audit committees to monitor and expedite the progress of the settlement of the IRs and paragraphs in the IRs.

The details of ACMs held during the year 2015-16 are detailed in **Table 1.10**

Table 1.10

Details of ACM conducted

Department	No. of meetings organised	No. of paragraphs settled	Amount (₹ in lakh)
Commercial Tax	1	11	12.35
Mineral Resources	1	21	425.29
Total	2	32	437.64

It may be seen from the above table that two ACMs were conducted in the year 2015-16 and 32 paragraphs involving amount of ₹ 437.64 lakh had been settled.

1.6.3 Records not produced to audit for scrutiny

The programme of local audit of Tax Revenue/Non-tax Revenue offices is drawn up sufficiently in advance and intimations are issued to the departments to enable them to keep the relevant records ready for audit scrutiny.

During the year 2015-16, 41 assessment files of Commercial Tax Department and five cases of Revenue and Disaster Management were not made available to audit as given in **Table 1.11**.

Table 1.11

Details of records not produced

Name of the Office/Department	Year in which it was to be audited	Number of cases not audited
Commercial Tax	2015-16	41 cases of five ² units
Revenue and Disaster Management	2015-16	5 cases of five ³ units

It may be seen from the above table that 46 records were not produced to audit which hampered the functions of audit in discharging the constitutional

² 24 cases of Commercial Tax Officer (CTO)-III, Raipur; three cases of CTO-II, Bilaspur; one case of CTO-I, Raipur, one case of Assistant Commissioner(AC)-I, Division-II, Raipur and 12 cases of Dy. Commissioner (DC)(HQ), Raipur

³ One each of Tehsildar, Baikunthpur; Tehsildar, Mahasamund; Tehsildar, Pandaria; Collector, Koriya and Collector, Mungeli

responsibility and deprives the State of additional revenue that may accrue due to audit.

1.6.4 Response of the Departments to the draft audit paragraphs

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

Twenty four draft paragraphs including one Performance Audit were sent to the Principal Secretaries/ Secretaries of the respective Departments in July 2016. The Exit Conference of Mineral Resources Department and Commercial Tax Department were held on 21 October 2016 and 24 October 2016 respectively. The replies of the Principal Secretaries/ Secretaries of the Departments on the draft paragraphs have been appropriately incorporated and commented upon in this Report.

1.6.5 Follow up on the Audit Reports-summarised position

According to the instructions issued by the Finance Department, all Departments are required to furnish explanatory memoranda (Departmental Notes) to the Chhattisgarh *Vidhan Sabha* Secretariat, in respect of paragraphs included in the Audit Reports, within three months of their being laid on the table of the House. The Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Chhattisgarh for the years ended 31 March 2009, 2010, 2011, 2012, 2013, 2014 and 2015 containing 179 paragraphs including Performance Audit were placed before the State Legislative Assembly between March 2010 and March 2016. Action taken explanatory notes in respect of twenty one paragraphs for the Audit Report for the year ended 31 March 2005 to the Audit Report for the year ended 31 March 2014 had not been received from the departments concerned till 30 June 2016.

The Public Accounts Committee (PAC) discussed 124 out of 157 selected paragraphs pertaining to the Audit Reports for the years from 2000-01 to 2013-14 and its recommendations on 75 paragraphs were incorporated in their Reports of years 2007-08 and 2009-10. However, Action Taken Notes (ATNs) have not been received in respect of 15 recommendations of the PAC from the Departments concerned as mentioned in the **Table 1.12**:

Table 1.12
Details of non-receipt of ATNs in respect of recommendations

Year	Name of Department							Total
	Mining	Excise	Electricity	Transport	Commercial Tax	Registration	Forest	
2000-01	-	-	-	-	-	1	-	1
2004-05	1	-	-	-	-	-	1	2
2005-06	1	-	-	-	3	-	-	4
2006-07	-	-	-	-	1	-	-	1
2007-08	-	1	1	2	2	-	-	6
2008-09	-	-	-	1	-	-	-	1
Total	2	1	1	3	6	1	1	15

1.7 Analysis of the mechanism for dealing with the issues raised by Audit

To analyse the system of addressing the issues highlighted in the Inspection Reports/ Audit Reports by the Departments/ Government, the action taken on the paragraphs and performance audits included in the Audit Reports of the last 10 years for one Department was evaluated and included in this Audit Report.

The succeeding paragraphs 1.7.1 to 1.7.3 discusses the performance of the **Forest Department** and cases detected in the course of local audit during the last 10 years and also the cases included in the Audit Reports for the year 2005-06 to 2014-15.

1.7.1 Position of Inspection Reports of Forest Department

The summarised position of the inspection reports issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2016 are tabulated below in **Table-1.13**

Table 1.13
Position of Inspection Reports

(₹ in crore)

Sl. No.	Year		Opening Balance			Additions during the year			Clearance during the year			Closing Balance		
			IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
1.	2005-06	Rev.	256	883	811.95	11	58	104.48	1	31	28.42	266	910	888.01
		Exp.	291	1030	209.49	2	12	13.30	1	6	3.04	292	1036	219.75
2.	2006-07	Rev.	266	910	888.01	-	00	0.00	-	-	-	266	910	888.01
		Exp.	292	1036	219.75	13	107	40.78	4	49	10.16	301	1094	250.37
3.	2007-08	Rev.	266	910	888.01	-	00	0.00	-	-	-	266	910	888.01
		Exp.	301	1094	250.37	1	08	1.27	1	6	0.03	301	1096	251.61
4.	2008-09	Rev.	266	910	888.01	10	38	164.59	2	34	13.27	274	914	1039.33
		Exp.	301	1096	251.61	11	78	55.89	3	53	15.92	309	1121	291.58
5.	2009-10	Rev.	274	914	1039.33	2	25	17.11	3	34	11.81	273	905	1044.63
		Exp.	309	1121	291.58	7	44	17.86	2	23	2.34	314	1142	307.10
6.	2010-11	Rev.	273	905	1044.63	13	69	206.52	-	4	0.38	286	970	1250.77
		Exp.	314	1142	307.10	16	131	116.66	-	13	4.91	330	1260	418.85
7.	2011-12	Rev.	286	970	1250.77	13	46	16.24	-	6	147.76	299	1010	1119.25
		Exp.	330	1260	418.85	15	155	61.15	-	12	1.53	345	1403	478.47
8.	2012-13	Rev.	299	1010	1119.25	13	37	24.14	5	95	64.00	307	952	1079.39
		Exp.	345	1403	478.47	21	177	95.99	7	74	40.10	359	1506	534.36
9.	2013-14	Rev.	307	952	1079.39	16	48	16.45	2	24	84.26	321	976	1011.58
		Exp.	359	1506	534.36	22	208	163.65	4	80	33.99	377	1634	664.02
10.	2014-15	Rev.	321	976	1011.58	11	46	230.10	-	1	0.01	332	1021	1241.67
		Exp.	377	1634	664.02	13	112	64.75	1	43	14.36	389	1703	714.41

The Government arranges ACMs between the Department and AG's office to settle the old paragraphs. As it would be evident from the above table, against 558 (266 revenue and 292 expenditure) outstanding IRs with 1,946 (910 revenue and 1,036 expenditure) paragraphs as in 2005-06 the number of outstanding IRs increased to 721 (332 revenue and 389 expenditure) with 2,724 (1021 revenue and 1703 expenditure) paragraphs at the end of 2014-15. Forest Department did not conduct any ACM during 2015-16.

1.7.2 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Forest Department and the amount recovered are mentioned in **Table 1.14**:

Table 1.14
Details of accepted cases

(₹ in crore)

Year		No. of paragraphs included	Money value	No. of paragraphs accepted	Money value of accepted paragraphs	Amount recovered
2005-06	Rev.	3	43.74	-	36.22	-
	Exp.	2	0.70	1	0.35	-
2006-07	Rev.	2	2.43	-	-	-
	Exp.	2	0.32	-	-	-
2007-08	Rev.	-	-	-	-	-
	Exp.	-	-	-	-	-
2008-09	Rev.	-	-	-	-	-
	Exp.	-	-	-	-	-
2009-10	Rev.	-	-	-	-	-
	Exp.	-	-	-	-	-
2010-11	Rev.	4	15.00	3	1.70	-
	Exp.	-	-	-	-	-
2011-12	Rev.	4	0.72	1	0.04	-
	Exp.	9	14.48	3	0.58	-
2012-13	Rev.	1	0.01	1	0.01	-
	Exp.	4	9.15	-	-	-
2013-14	Rev.	5	8.28	1	0.06	-
	Exp.	5	5.67	-	-	-
2014-15	Rev.	2	0.17	-	-	-
	Exp.	3	2.19	-	-	-
Total		46	102.86	10	38.96	

It is evident from the above table that there is no recovery even in the accepted cases during last 10 years. The recovery of accepted cases was to be pursued as arrears recoverable from the concerned parties. Further, the arrear cases including accepted audit observations were not available with the office of the Forest Department. In absence of a suitable mechanism, the Department could not monitor the recovery of accepted cases.

The Department may take immediate action to pursue and monitor prompt recovery of the dues involved in accepted cases.

1.7.3 Action taken on the recommendations accepted by the Departments/Government

The drafts of Performance Audits (PAs) conducted by the AG are forwarded to the concerned Department/Government for their information with a request to furnish their replies. These PAs are also discussed in exit conference and the Department's/Government's views are included while finalising the Audit Reports.

The following PA on the Forest Department was featured in Audit Report for the year 2009-10, 2012-13 and 2013-14. The details of recommendations and their status are given in **Table 1.15**:

Table 1.15: Details of Status of recommendations

Year of Report	Number of Recommendations	Details of Recommendations	Status
“Assessment and collection of Forest Receipts”			
2009-10	8	Issue necessary instructions for realisations of the arrears in the time bound manner	Reply awaited (November 2016).
		The Department may consider issuing necessary orders for depositing Sales Tax/VAT under proper head of account	Reply awaited (November 2016).
		Monitor the preparation of Working Plans and implementation of their prescriptions strictly. The work plan may be prepared realistically discounting the produce from troubled/unapproachable areas	Instructions has been issued (January 2015) by the PCCF to all Chief Conservator of Forests (CCFs) and Divisional Forest Officers (DFOs) vide letter no. 66 dated 13.1.05, letter no. 10 and 18 dated 1.1.16.
		Make necessary arrangements to ensure timely preparation and submission of Coupe Control Registers (CCRs), Compartment Histories (CHs) and timber accounts	Instructions have been issued by PCCF to all circles vide letter no. 14/Production.1/12, 14, 16 dated 1.1.16 and letter no. 519 dated 21.3.16.
		Take specific measures in fixing the targets and disposal of forest produce from <i>nistar</i> depots	Instructions have been issued by PCCF to all circles vide letter no. 14/Production3/1489 dated 14.07.11, letter no. 916 dated 24.5.16 and 944 dated 26.5.16.
		Issue necessary instructions to the divisions to ensure compliance to the provisions relating to proper realisation and timely deposit of revenue into the Government accounts	Instructions have been issued by PCCF to all circles vide letter no. Production3/1527 dated 13.9.13, letter no. 968 dated 19.6.14 and 946 dated 27.05.16.
		Strengthen the established Internal Audit Wing (IAW) and prescribe a time frame for taking remedial measures on its observations	Reply awaited (November 2016)
		Issue necessary instructions to the CFs/DFOs/other officials to maintain the detailed records of auctions in order to ensure the transparency in the auction of the forest produce and also to maximise the receipts from sale of forest produce	Instructions have been issued by Government, Forest Department to all circles vide letter no. 299 dated 3.3.05 and PCCF letter 265, 267 and 269 dated 30.4.15.
“Chhattisgarh State Compensatory Afforestation Management Planning Authority (CAMP A)”			
2012-13	7	The execution of Compensatory Afforestation (CA) in revenue land earmarked by the Government for this purpose	Department stated that the Compensatory Afforestation is normally done in non-forest area only, but sometimes the plantation work is done in blank areas also to avoid encroachment.
		The use of forest land for non-forestry purposes only after compliance of all the conditions imposed by GoI and obtaining final approval from the GoI	The Department stated (November 2016) that the Forest Conservation (FC) Act, 1980 as amended 1981 and 1988 along with the revised notification of 1992 is being scrupulously followed.
		Expeditious finalisation of mining renewal cases pending at various levels and effectively control the execution of mining activities in those areas	Reply awaited (November 2016)
		Fixing a time frame for notification of the	The non-forest land received in

		revenue land received from user agencies as forest land	lieu of the diversion of the forest land for non-forestry purposes are being notified as per the provisions contained in amended Forest Conservation (FC) Act, 1980.
		Existence of a suitable mechanism for raising demands for Net Present Value (NPV), CA etc. in accordance with the provisions of Forest Conservation (FC) Act and in consonance with the records available with the Department	Instructions to all forest circles have been issued by PCCF vide letter no.358 dated 11.3.13 and letter no. 540 dated 5.4.13.
		Implementation of the norms, rates etc. as fixed for the forestry works by the Department in the works performed under CAMPA fund	At present the norms fixed by the Principal Chief Conservator of Forest (PCCF) for the departmental work is done under CAMPA. No separate norms are there for CAMPA.
		Maintenance of the records of the works executed under CAMPA as prescribed in the WP manual	Out of the 807 sanctioned work till March 2013, Plantation journal/Nursery journal/Measurement Book (MB) of 321 work have been verified. The records of the remaining work will be verified in due course of time.
“Production and treatment of Bamboo in Chhattisgarh”			
2013-14	9	The Government may consider evolving an effective system of monitoring and evaluation of treatment of degraded bamboo forests so that the productivity of the treated area could have been assessed and accordingly further treatment or production of bamboo may be taken up in those areas.	Reply awaited (November 2016)
		The Government may consider ensuring the treatment of unprofitable/unproductive bamboo coupes in due time.	Reply awaited (November 2016)
		The Government may consider implementing the prescriptions of WPs approved by the GoI and departmental instructions to ensure the management of degraded bamboo forest area for sustainable development of bamboo.	Reply awaited (November 2016)
		The Government may consider strengthening the internal control mechanism to ensure the execution of treatment work in due time period and in an effective manner	Reply awaited (November 2016)
		The Government may consider issuing the proper format for plantation journal and ensure maintenance of the same as per the provisions envisaged in WPs for effective monitoring of progress of plantation.	Reply awaited (November 2016)
		The Government/Department should make a long term plan for exploitation of bamboo in naxal affected areas and carry out adequate silvicultural activities in financially non-viable bamboo coupes	Instructions have been issued by PCCF to all circles vide letter no. 66 dated 13.1.05.
		The Government may consider evolving a system to check excessive variation between estimated and actual production by establishing a benchmark in this regard to safeguard the revenue interest of the	Instructions have been issued by PCCF to all circles vide letter no. 14/Production3/15/443 dated 24.3.15.

		Government.	
		The Government should take effective measures to avoid the transit wastages during transportation from coupes to depots beyond the prescribed limits.	Reply awaited (November 2016)
		The Government may consider evolving an effective system to ensure the compliance of the conditions of sale by the Department and the purchasers so that optimum revenue collection during the sale of industrial bamboo may be assured.	Reply awaited (November 2016)

1.8 Audit Planning

The unit offices under various Departments are categorised into high, medium and low risk units according to their revenue position, past trends of the audit observations and other parameters etc. The annual audit plan is prepared on the basis of risk analysis which *inter-alia* include critical issues in Government revenues and tax administration i.e. budget speech, white paper on State finances, Reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, factors of the tax administration, audit coverage and its impact during past five years etc.

During the year 2015-16, there were 463 total units, of which 86 offices, were audited, which is 100 *per cent* of the total units planned. The list of offices audited during the year 2015-16 is given in **Appendix 1.1**.

Besides the compliance audit mentioned above, one Performance Audit and one audit was also taken up to examine the efficacy of the tax administration and implementation of the scheme.

1.9 Results of audit

Position of local audit conducted during the year

We conducted test check of the records of 86 units of Commercial Taxes, State Excise, Stamps and Registration Fees, Land Revenue, Mining Receipts, Taxes on Vehicles, Forestry and Wild Life and Electricity Duty conducted during the year 2015-16 and observed short levy or not levy of taxes, duties and fees, loss of revenue, etc. aggregating to ₹ 329.30 crore in 55,971 cases. The Departments concerned accepted underassessment and other deficiencies of ₹ 72.80 crore in 27,557 cases and recovered ₹ 72.22 lakh in 15 cases which were pointed out in audit during 2015-16.

1.10 Coverage of this Report

This Report contains 24 paragraphs including one Performance Audit on “**Exemptions and subsidies to industries under Industrial Policies**” and audit on “**Implementation of National Afforestation Programme in Chhattisgarh**” involving ₹ 111.10 crore. The Departments/Government have accepted audit observations involving ₹ 37.19 crore out of which ₹ 72.22 lakh had been recovered in 15 cases. The replies in the remaining cases have not been received (November 2016). These are discussed in succeeding Chapters II to VII.

1.11 Amendments at the instance of audit

Following amendments have been made by the Commercial Tax Department at the instance of observation made by the audit during the previous Audit Report:

**Table 1.16:
Amendments at the instance of audit**

Name of the Department	Reference to para and Audit Report	Amendments carried out at the instance of audit
Commercial Tax Department	Para 2.2.16 of Audit Report on Revenue Sector for the year ended 31 March 2015.	Previously the dealer was liable to furnish the details of purchases of ₹ one lakh and above. By the amendment (April 2016), the dealer has to furnish all the details in respect of Input Tax Rebate (ITR).

CHAPTER-II
PERFORMANCE AUDIT

CHAPTER II: Performance Audit on “Exemptions and subsidies to industries under Industrial Policies”

HIGHLIGHTS:

Industrial Policies (IP) promulgated by the Government from time to time allowed full exemption to industries from payment of Electricity Duty. Energy Department, in its notification made under the Electricity Act, 2003 allowed exemption on Electricity Duty on self consumption. The Industries Department did not make suitable provisions in the IP in accordance with the notification issued by Energy Department and Electricity Act, 2003. As a result the Government was deprived of revenue of ₹ 6.03 crore.

(Paragraph 2.10)

Though the time limit for commencement of commercial production is prescribed in the IP, option by the IP for industries to choose between the policies coupled with lack of provision for treating the exemption already availed in IP allowed exemption to industries in more than one policy.

(Paragraph 2.11)

The Industries Department issues Stamp Duty Exemption Certificate, on the basis of which the Commercial Tax (Registration) Department provides exemption from payment of Stamp Duty. The benefited industry is to commence commercial production within two to five years from the date of issuing the certificate for exemption from Stamp Duty. It was observed that the Industries Department while issuing subsequent exemption certificates to the industries did not restrict the date of commencement of commercial production as per the initial date, due to which the time limit got extended beyond the time limit prescribed in the IP.

(Paragraph 2.12)

The Industries Department allowed Stamp Duty exemption of ₹ 1.68 crore to an industry under diversification which neither fulfilled the condition of commencing commercial production in its existing industry nor did it commence commercial production of its new product within the IP period under which it was benefited.

(Paragraph 2.18)

An industry which was eligible for exemption, sold one of its units to an industry which was not eligible for any exemption. The sold out unit which was now a part of ineligible industry was allowed irregular exemption of Electricity Duty of ₹ 1.08 crore.

(Paragraph 2.19)

Industries included in the negative list of the IP were not eligible for any benefit under IP. However, the Industries Department allowed exemption and subsidies of ₹ 76.29 lakh to the industries included in negative list.

(Paragraph 2.20)

As per the conditions mentioned in the IP, any industry after availing the benefits of IP is to function continuously for at least five years. Absence of monitoring mechanism in the Industries Department not only resulted in failure by three industries to function continuously but also five industries were not set up. These industries availed exemptions/subsidies of ₹ 7.38 crore which was recoverable.

(Paragraph 2.25 and 2.27)

2.1 Introduction

The Government of Chhattisgarh (GoCG) has introduced Industrial Policies (IPs) in the State for various periods 2001-06, 2004-09, 2009-14 and 2014-19.

Some of the main objectives of the IPs are

- (a) to encourage development of allied sectors parallel to core sector and to generate self-employment as well as additional employment opportunities to the local residents of the State in industries by granting them various exemptions and subsidies,
- (b) to make special efforts towards bringing the poor, backward class people such as Scheduled Caste (SC)/Scheduled Tribes (ST), females, handicapped persons, retired soldiers, naxalite affected families into the mainstream of economic and industrial development,
- (c) to offer more incentives to industries in backward areas of the State for balanced industrial development, and
- (d) to promote private sector participation for the development of basic and industrial infrastructure and to create competitive platform for investments.

The Department of Commerce and Industries (Industries Department), GoCG is the nodal agency for implementation of IPs. Under the IPs promulgated from time to time by the GoCG, industrial units are granted 13 types of exemptions and subsidies. Major amount of exemptions and subsidies are covered under exemptions from payment of stamp duty, exemption from payment of electricity duty, subsidy on capital investment and interest subsidy. These exemptions are granted upto a specified period on fulfillment of certain terms and conditions. Further, date of commencement of commercial production is the criteria for claiming exemptions/subsidies under any particular policy.

The Director (Industries) issues exemption certificates to industries (excluding small and micro industries) from payment of stamp duty after receipt of applications from the industries under an IP and the Commercial Tax (Registration) Department allows the exemption from payment of stamp duty. Exemption certificates for stamp duty to small and micro industries are granted by the respective District Trade and Industries Centre (DTIC).

In case of electricity duty, the Energy Department grants the exemption certificates to new industries after scrutiny of eligibility criteria and on the basis of recommendation made by the Industries Department.

Industries Department grants fixed capital investment subsidy and interest subsidy to new industries. Industries whose date of fixed capital investment commences within the effective period of the IP are entitled for exemption under that IP. The industries have been categorised on the basis of capital investment as Micro, Small and Medium industries (upto ₹ 10 crore), Large scale industries (between ₹ 10 and ₹ 100 crore), Mega industries (between ₹ 100 to ₹ 1,000 crore) and Ultra Mega projects (exceeding ₹ 1,000 crore).

2.2 Effect of Industrial policies in the State

The Government of Chhattisgarh declared the IPs for various periods such as IP for 2001-06, 2004-09, 2009-14 and 2014-19 to encourage the industrial development in the State. Under the IPs the industries granted 13 types of exemptions and subsidies. The Government provided incentives in the form of exemptions and subsidies to attract the investors for making more investments in the State.

Before the introduction of first IP in 2001 for State, there were only 68 large, mega and ultra mega industries in the State. However, after introduction of the IPs, 190 new large, mega and ultra mega industries having capital investment of ₹ 57,093.83 crore had been established in the State during the period between 2001-02 and 2015-16 from which 42,715 new direct employments had been generated as shown in **Table 2.1** below:

Table 2.1: Details of large/mega/ultra-mega industries set up in the State after introduction of Industrial Policies

Year	No. of Industries	Total Capital Investment (₹ in crore)	No. of employment generated
Upto 2011-12	162	47,667.40	37,120
2012-13	8	484.37	969
2013-14	8	170.59	2,043
2014-15	4	1,864.34	1,109
2015-16	8	6,907.13	1,474
Total	190	57,093.83	42,715

(Source: Information provided by Directorate of Industries)

Further, scrutiny revealed that the Government signed 124 Memorandum of Understandings (MoUs) to establish the industrial projects in core sector. Out of this, in 61 projects the work is under process in which capital investment amounting to ₹ 60,617.88 crore has been invested by the investors in addition to the above. Also there was capital investment of ₹ 480.89 crore in food processing units.

The incentives provided by the Government through various IPs not only attracted the investment in large, mega and ultra mega units but also attracted the investments in micro and small industries.

After the introduction of first IP in 2001, 20,246 micro and small industries having capital investment of ₹ 2,777.84 crore have been established in the

State between 2001-02 and 2015-16 in which 1,25,649 new direct employments has been generated as shown in **Table 2.2** below:

Table 2.2: Details of micro and small industries set up in the State after introduction of Industrial Policies

Year	No. of Industries	Total investment (₹ in crore)	Capital (₹ in crore)	No. of employment generated
Upto 2011-12	16,016		1,547.02	91,532
2012-13	1,172		312.07	12,219
2013-14	1,193		257.89	8,212
2014-15	1,228		420.42	8,456
2015-16	637		240.44	5,230
Total	20,246		2,777.84	1,25,649

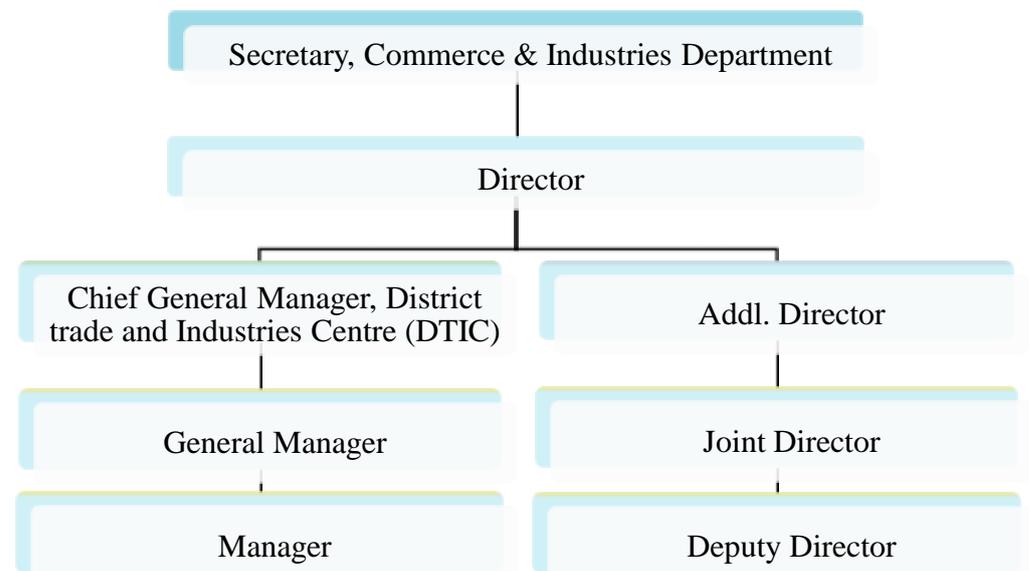
(Source: Information provided by Directorate of Industries)

As can be seen, the GoCG has taken proactive measures after formation of the State and the investment as well as employment in these increased manifolds. Various incentives played a major role in attracting investment. None the less audit found various systemic as well as individual infirmities in implementing the concession/incentive regime, which have been discussed in the report.

2.3 Organisational Setup

Industries Department, GoCG is the implementing agency of the IPs. The Secretary, Industries Department, GoCG is the head of the Department at Government level. The Department is headed by the Director (Industries) and assisted by Additional (Addl.) Directors, Joint Directors and Deputy Directors. At District level, Director (Industries) is assisted by Chief General Manager/General Managers, who are the head of units.

Chart 2.1: Organisational set up



2.4 Audit objectives

The Performance Audit was conducted with a view to evaluate:

- Whether exemptions/subsidies were allowed as per the provisions;
- Whether any mechanism exists in the Department to ensure that all the terms and conditions were followed by the industries before giving exemption/subsidy;
- Whether any coordination exists between the Departments to ascertain the adequacy of measures taken against the defaulters for safeguarding revenue;
- Whether there exists any post-exemption monitoring mechanism for violation of any of the conditions; and
- Whether the objectives of granting concessions were fulfilled after availing of concessions by industries.

2.5 Scope and methodology of Audit

The Performance Audit on “Exemptions and subsidies to industries under Industrial Policies” was conducted in three departments viz., Industries Department, Commercial Tax (Registration) Department and Energy Department. As Industries Department is the implementing agency for the IPs and Director (Industries) issues exemption certificates to all the industries except micro and small industries, it has been selected for audit.

The stamp duty exemption certificates to micro and small industries are issued by DTICs at district level. In all, 17 DTICs have given exemptions to industries. However, in case of a large number of DTICs the exemptions were minimal. Hence, three DTICs¹ which allowed exemption of ₹ 10.87 crore (approximately 83 *per cent*) out of the total exemption of ₹ 13.19 crore, have been selected for audit.

In Energy Department, the Chief Electrical Inspector (CEI) issues certificates to all the industries for exemption from payment of Electricity Duty (ED). Hence all the records pertaining to granting of electricity duty were examined at this office. Records relating to Land Premium exemption allowed to industries were also scrutinised in Chhattisgarh State Industrial Development Corporation (CSIDC), Raipur.

Further, in Commercial Tax (Registration) Department, exemption to industries from payment of stamp duty was allowed in 17 districts. Out of these, six² districts were selected on Random Sampling without Replacement (RSWOR) basis which constitutes 35 *per cent* of total districts.

Audit covered the exemption certificates issued by the Industries Department during the period 2011-12 to 2015-16 under various IPs. The Performance Audit was conducted between February 2016 and June 2016.

¹ Raigarh, Raipur and Rajnandgaon

² Baloda Bazar, Durg, Korba, Raigarh, Raipur and Rajnandgaon

The scope and methodology of audit was discussed with the Secretary, Commerce and Industries in the Entry Conference held on 6 June 2016. The draft report was forwarded to the Government and the Department on 25 July 2016. The Exit Conference was held on 3 November 2016 wherein the audit findings, conclusions and recommendations were discussed. The Government was represented by the Secretary, Commerce and Industries Department. The replies received during exit conference and at other points of time have appropriately been incorporated in the relevant paragraphs of the report.

2.6 Audit criteria

Audit findings are based on the following criteria:

- The IPs (2001-06, 2004-09 and 2009-14) declared by the Government;
- Indian Stamp (IS) Act, 1899;
- Indian Registration Act, 1908;
- Chhattisgarh Preparation and Revision of Market Value Guideline Rules, 2000;
- Chhattisgarh Electricity Duty Act, 1949;
- Chhattisgarh Electricity Duty Rules, 1949;
- Electricity Act, 2003;
- Central Electricity Rules 2005;
- Performance appraisal reports of the respective department;
- Chhattisgarh Industrial Land and Building Management Rule 2015 and
- Various notifications and circulars issued by these Departments and the Government from time to time.

2.7 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation of Industries Department, Commercial Tax (Registration) Department, Energy Department and CSIDC for providing requisite information and records to audit.

2.8 Process of issuing exemptions and subsidies

Industries eligible under the IPs are required to apply to the Industries Department with valid documents such as Entrepreneur's Memorandum (EM) part-I, Industrial Entrepreneur's Memorandum (IEM) or MoU and the requirement of land. The agreement for purchase of land is to be submitted where the purchase of land has been made directly from farmers and in case of land allotted by CSIDC, the land allotment letter issued by CSIDC is to be submitted to the Industries Department. On the basis of these documents, the Industries Department issues certificate for exemption from payment of stamp duty. On production of this exemption certificate, the Commercial Tax (Registration) Department allows the exemption from payment of stamp duty during the registration of the land purchased/leased for the industrial purpose.

On the commencement of commercial production, the industry needs to apply for EM Part II with the requirement of capacity of the electrical energy and in case of power producing industry, it has to apply with the generating capacity

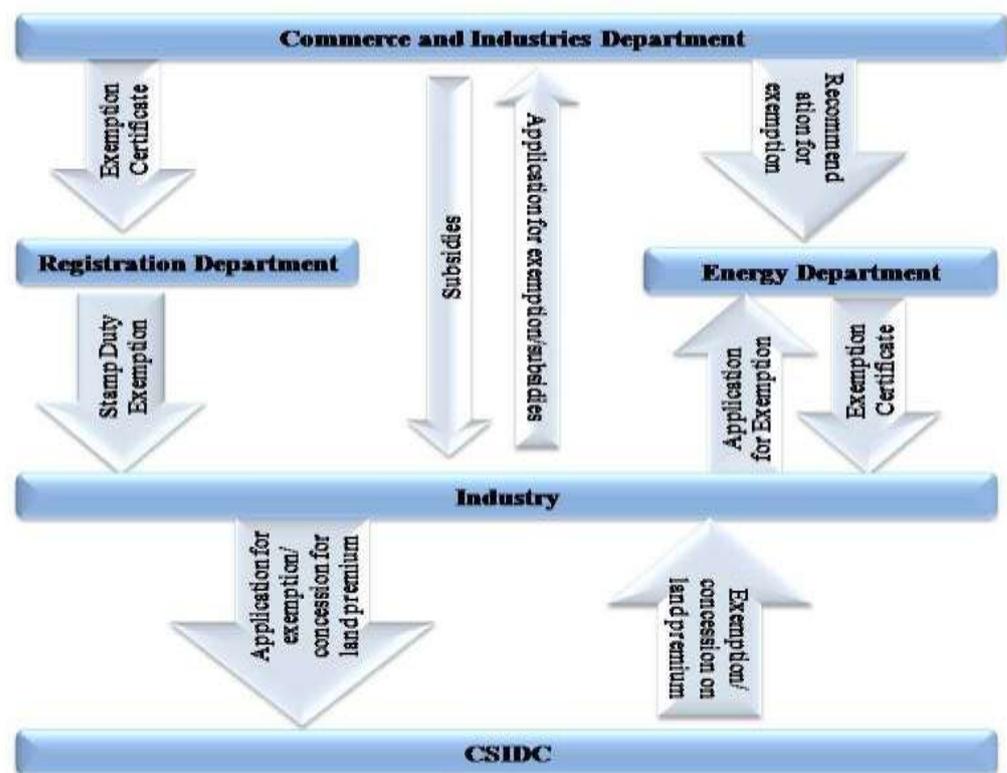
of Turbine Generator (TG) sets for the exemption of electricity duty and need to apply to both the departments i.e., Industries Department and Energy Department. After deciding the eligibility, the Industries Department recommends for exemption from payment of electricity duty. On the basis of recommendation and eligibility criteria, the Energy Department issues exemption certificate.

To claim fixed capital investment subsidy and interest subsidy, the industry needs to apply within one year from the date of commencement of commercial production. For the capital subsidy, the industry shall produce all the relevant documents such as EM Part II, details of investments made upto the commencement of commercial production. On the basis of these documents, the Industries Department grants subsidies. Capital subsidy ranging between ₹ 25 lakh to ₹ 5 crore and interest subsidy between ₹ 5 lakh to ₹ 60 lakh is provided as per the eligibility of the industry.

Concession/exemption on land premium is also allowed to eligible industries when land is allotted in industrial area and service charge concession is allowed to industries when land is allotted outside industrial area. These concessions are allowed by CSIDC. After fulfilment of the terms and conditions mentioned in the letter of intent, CSIDC issues land allotment letter to the industry after which the industry is required to execute lease deed within the prescribed time limit.

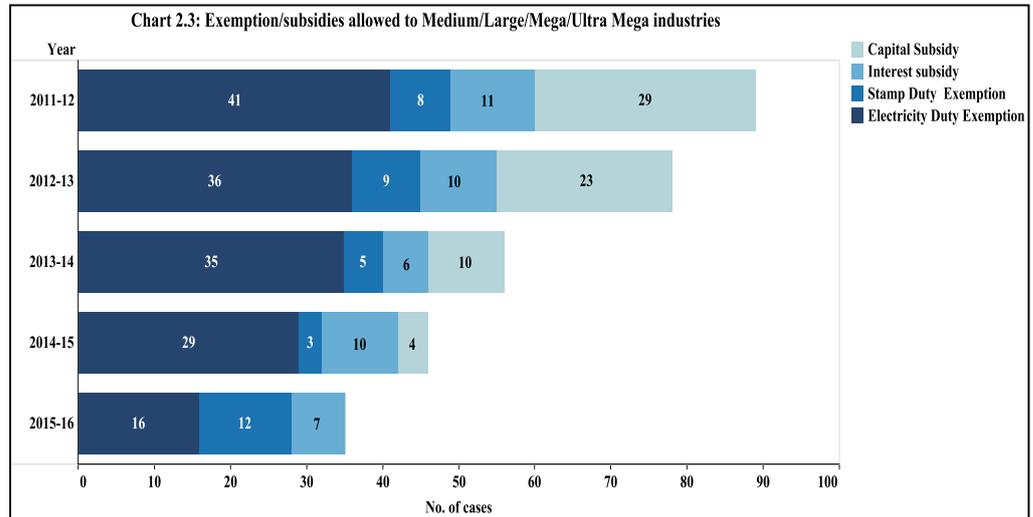
Process flowchart of exemptions and subsidies to industries is given in **Chart 2.2** herein below:

Chart 2.2: -Process flow chart

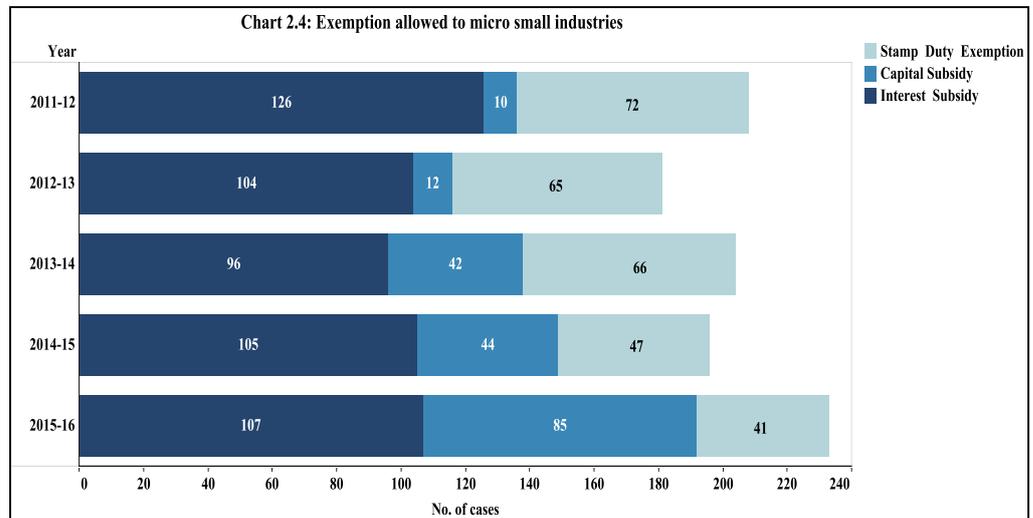


2.9 Total number of cases in which exemption and subsidies were allowed

Number of cases in which stamp duty exemption, electricity duty exemption, capital subsidies and interest subsidies were allowed to medium/large/mega/ultra mega industries is detailed in **Chart 2.3** and number of cases in which stamp duty exemption, capital subsidies and interest subsidies to micro/small industries is shown in **Chart 2.4**.



Source: Directorate of industries



Source: District Trade and Industries Centre, Raipur/Rajnandgaon/Raigarh

Audit Finding

Inconsistency in Industrial Policy

The notification issued by the Energy Department allowed exemption from payment of electricity duty only on self-consumption of electricity produced but in contravention to the departmental notification the IP allowed full exemption to industries from payment of electricity duty. There were three cases in which the industries did not consume the electrical energy produced by it, however the Energy Department issued the certificates for exemption

from payment of electricity duty. Further, in six cases benefit of exemption/subsidy were allowed in more than one policy and in two cases we found that the Industries Department did not restrict the date of commencement of commercial production on subsequent certificates, as per the date of initial exemption certificate issued to same industry. Thus, due to inconsistency in the IP, electricity duty exemption of ₹ 19.08 crore and capital subsidy of ₹ 36.19 lakh was allowed in nine cases out of 157 cases of Electricity Duty exemptions and 66 cases of Capital subsidies which are mentioned in the following paragraphs.

2.10 Absence of provision for exemption from electricity duty in industrial policy in accordance with the departmental notifications

The Industries Department did not make provision in IP for exemption from the payment of electricity duty in accordance with the notification issued by the Energy Department and Electricity Act, 2003.

As per the IP 2004-09, any industry categorised in special thrust area is fully exempted from payment of electricity duty for 15 years from the date of commencement of commercial production. Production of electrical energy from non-conventional source is included in special thrust sector. As per the notification issued (November 2014) by the Energy Department under the IP 2004-09, exemption from electricity duty is allowed to an industry on self-consumption of electricity. The departmental notification prevails over the terms and conditions of IP. Further as per Rule 3 of Electricity Rules, 2005 formulated under Electricity Act, 2003, if any producer consumed less than 51 percent of the total units of electricity energy produced, it would be treated as Independent Power Plant (IPP).

During scrutiny of monthly returns form 'G' submitted by producers in the office of Chief Electrical Inspector, Raipur, we noticed that three³ industries commenced the commercial production of electrical energy between July 2006 and November 2006. These industries produced 509.47 MU of electricity from November 2006 to March 2016 out of which, 444.40 MU were sold by them to Chhattisgarh State Power Distribution Company limited (CSPDCL).

As these industries were selling the entire electrical energy except auxiliary consumption produced by them, these were not eligible for exemption from payment of electricity duty as per the notification issued in November 2014 under IP 2004-09. However the Industries Department recommended for exemption and CEI issued the exemption certificates. As per Electricity Duty Act, 1949 electricity duty amounting to ₹ 6.03 crore was leviable on auxiliary consumption of 65.07 MU. Further ₹ 2.22 crore was leviable on the energy sold/supplied to CSPDCL.

Further, scrutiny revealed that as per the notification issued by the Energy Department, demand notices have been sent (May 2015) to these industries by Energy Department for payment of electricity duty for energy sold/supplied to

³ RR Energy, Ecofern and Neeraj Power

CSPDCL, which was challenged by these industries with reference to the provisions of IP.

It was also recommended in paragraph 6.2.25 of the Audit Report of the Comptroller and Auditor General of India on Revenue Sector for the year ended 31 March 2012, Government of Chhattisgarh that the Government may consider to ensure withdrawal of the existing IP prior to introduction of a new policy. However, the Government did not take the remedial action in regard. As a result of not withdrawing the earlier policy, the Departments continued to issue clarifications/instructions in respect of previous IPs. As such, suitable provision was not included in the IP in accordance with the Act which not only deprived the GoCG of revenue amounting ₹ 6.03 crore but also ₹ 2.22 crore remained pending in the court of law.

During the Exit Conference, the Government stated (November 2016) that electricity duty exemption is governed by the notification issued by the Energy Department. As per notification issued by Energy Department in November 2014, the electricity duty exemption is allowed only on self-consumption of electrical energy. Such condition was not mentioned in previous notification. Thus a letter has since been sent to Energy Department to take necessary action in accordance with notification of November 2014.

The Government may ensure that the provisions of Industrial Policies are modified in accordance with the departmental notifications to avoid deprivation of Government revenue.

2.11 Benefit of exemption allowed to industries under more than one policy

The Department granted different types of exemptions and subsidies to same industries under different IPs.

As per the IPs promulgated by the GoCG from time to time, an industry is eligible to avail exemption/subsidy under the policy, only if commercial production has commenced within the period of the said policy. If any industry fails to commence the commercial production in the prescribed period, it is allowed to opt exemption/subsidy as availed under the previous policy, on commencing commercial production within one year from the last date of validity of previous policy. Further in every policy, the benefits to be provided keep varying along with the list of negative industries.

Though the industry has the option to choose the IP under which the benefits are to be availed, it is silent about how it is to be treated if the industry had already availed any benefit under the earlier policies. Due to this discrepancy in the policy, the industries availed different benefits under two different policies.

2.11.1 We found during scrutiny of 157 cases of Electricity Duty exemption, 37 cases of Stamp Duty exemption, 66 cases of Capital Subsidy and 44 cases of Interest Subsidy in the office of Director (Industries) that in three cases the Department issued the exemption certificates from payment of stamp duty

under the IP 2001-06 between March 2004 and May 2004. Out of these, in two⁴ cases the industries commenced the commercial production between December 2004 and March 2005 and the Department has granted fixed capital investment subsidy amounting to ₹ 36.19 lakh under the IP 2004-09 between March 2013 and September 2013. In remaining one⁵ case, on the basis of the recommendation of Industries Department (January 2010), CEI issued the exemption certificate under IP 2004-09 for exemption from payment of electricity duty for the period from March 2006 to March 2021. The industry produced and consumed 381.8 MU (August 2006 to May 2014) of electrical energy on which electricity duty amounting to ₹ 10.41 crore was exempted.

2.11.2 Similarly, in three⁶ cases the Department issued the exemption certificates from payment of stamp duty under the IP 2004-09 between February 2009 and February 2010. These industries commenced the commercial production between February 2010 and November 2012. However, the Department issued the exemption certificates for exemption from payment of electricity duty under the IP 2009-14. The industries consumed 110.53 MU of electrical energy on which electricity duty amounting ₹ 2.64 crore was exempted.

Thus, the allowance of exemptions/subsidies under different policies and failure in establishing the industry during one policy period led to delay in achieving the objectives of IPs such as development of industrial sector in the State, employment generation, development of backward classes etc.

During the Exit Conference, the Government stated (November 2016) that Stamp duty exemption is granted before the establishment of any industry. The industries are also required to complete further formalities such as construction of building, electricity connection, supply of plant and machinery etc. before the commencement of commercial production. Further, some industries which have been granted stamp duty exemption at the end of the IPs are not able to commence the commercial production at the end of the same policy. As such it is not possible to restrict all activities regarding establishment of industry in one policy.

The reply of the Government is not acceptable as while being established, the industry was aware of the policy for which the benefits were to be taken. Further, as the benefits offered in IPs keep varying along with the list of negative industries in every policy, all the benefits to an industry may be granted in one policy so that the delay in achieving the objectives of IPs may be avoided.

The Government may consider making necessary amendments in the IP so that all the facilities are availed by the industry in one policy only to avoid the delay in achievement of the objectives of the IPs.

⁴ Aarti Sponge Limited and Nandan Steel Limited.

⁵ Crest Steel and Power Limited

⁶ Asan Steel, Jai Ambey Wires and Super Global Limited.

2.12 Time limit for commencement of commercial production not confined as per the initial certificate issued for exemption for stamp duty

The Department did not ensure that the industry restrict to date for commencement of commercial production as per the initial certificate issued for the exemption from payment of stamp duty.

As per the terms and conditions mentioned in the exemption certificate, any industry is required to commence commercial production within five years from the date of issue of the exemption certificate.

During scrutiny of registered documents in the office of SR, Baloda Bazar and Rajnandgaon we noticed that two⁷industries have availed exemption from payment of stamp duty between November 2007 and October 2010. Scrutiny of exemption certificates issued by the Industries Department revealed that as per the terms and conditions of the exemption certificate, the industry is required to commence commercial production within five years from the date of issue of the exemption certificate. Further scrutiny revealed that in those cases where additional certificates for exemption from payment of stamp duty were issued for purchase of additional land, the department did not restrict the date for commencement of commercial production as per the initial certificate issued for the registration of the land. Due to this the effective period of commencement of commercial production got extended beyond the period mentioned in the certificate issued initially.

During Exit Conference, the Government stated (November 2016) that exemption from Stamp Duty had granted before establishment of certain industries in which there are formalities to be completed before the commencement of commercial production. In respect of certain other industries Stamp Duty exemption was granted at the end of IP period. Therefore, the date of commencement of commercial production cannot be restricted.

The reply of the Government confirms that the initial date of exemption period was not considered while issuing subsequent exemption certificates as there was no such restriction on the date of commencement of commercial production mentioned in the prescribed format.

The Government while issuing subsequent exemption certificates for payment of stamp duty may consider restricting the time of commencement of commercial production according to the exemption certificate issued initially so that benefits of industrialisation occur in time.

Irregular Exemptions

Audit scrutiny revealed that Industries Department allowed/granted exemptions/subsidies in contravention of provisions of IPs. In one case, Industries Department issued recommendations for exemption from payment of electricity duty to an industry on expanded capacity which had already

⁷ Emami Cement and VandanaVidyut Limited

availed the benefits in earlier policy and in four cases exemption was allowed on expansion. Further, Industries Department also granted subsidies to industries which had failed to submit EM part II in stipulated time, industry which was not owing the land in own name, old industries, industries which did not apply within the time prescribed and were not having valid documents, industries included in negative list and industries which sold out certain units etc. Thus there was irregular exemption of ₹ 44.30 crore in 63 cases which are mentioned in the following paragraphs.

2.13 Irregular exemption of electricity duty on expanded capacity

The Industries Department issued recommendation for exemption from payment of electricity duty on expansion of industry which had already availed the same benefits under previous policy. The Industries Department also recommended for exemption from payment of electricity duty on expanded capacities of industries in contravention to the notification issued under IP. The CEI issued the exemption certificates on the basis of these recommendations.

As per IP 2004-09 and notification issued in July 2008, Energy Department allows exemption to only new industries and not to the industries on expansion.

2.13.1 We found during scrutiny of 157 cases relating to exemption of Electricity Duty in the office of Director (Industries) that M/s Bajrang Power and Ispat Limited, commenced commercial production (July 2005 and August 2005) from 8 Mega Watt (MW) and 10 MW TG sets respectively on which the Energy Department issued (May 2006) exemption certificates for exemption from electricity duty for 15 years under the IP 2001-06. The industry expanded its capacity by installing 8 MW TG set which commenced commercial production in August 2008. As the industry was already allowed exemption under the IP 2001-06, the exemption given on expanded TG set of 8 MW under IP 2004-09 in December 2012 was irregular. The industry produced and consumed 409.3 MU (between August 2008 to March 2016) of electrical energy on which electricity duty exemption amounting to ₹ 11.66 crore was irregularly allowed was recoverable.

During Exit Conference, the Government stated (November 2016) that revised recommendation was issued under IP 2004-09 to rectify the earlier order in September 2012. Commencement of commercial production is the basis of exemption from electricity duty and as the industry had commenced the commercial production from April 2005 it was covered under IP 2004-09.

The reply of the Government was not acceptable because the industry had opted (February 2011) to avail the benefits of IP 2001-06 and in lieu of this the Department also issued the exemption certificate under the IP 2001-06. Therefore, addition of 8 MW TG set from August 2008 should be treated as expansion which was not eligible for exemption under IP 2004-09.

2.13.2 Similarly, we found that the Industries Department issued the recommendation for exemption from payment of electricity duty to four

industries⁸ between January 2012 and November 2013. On the basis of these recommendations Energy Department issued exemption certificates for these industries between February 2012 and September 2014. As per the certificate issued by the Energy Department, the installed/required capacity of the electrical energy of these industries was 500 Kilo Volt Ampere (KVA) to 10000 KVA. Further scrutiny revealed that these industries had commenced the commercial production between March 2007 and January 2012 and the installed/ required capacity of the electrical energy of these industries was 300 KVA to 5000 KVA. As such, these industries had expanded their capacities. As per the IP and notification, expansion of the industry was not eligible for the exemption. Despite this, the CEI, instead of declining the exemption and intimating it to the Industries Department, allowed electricity duty exemption ₹ 9.58 crore on consumption of 346.57 MU. Thus, failure to scrutinise the case on the part of Industries department and Energy Department resulted in irregular allowance of exemption of ₹ 9.58 crore.

During Exit Conference, the Government stated (November 2016) that these industries had extended the installation capacity of the electrical energy during the period of commencement of IPs. As per the provisions mentioned in the IP, extended capacity is also treated as the new industry.

The reply of the Government was not acceptable because the benefits had been granted under the IPs as per the date of commencement of commercial production. Thus, any enhancement in the capacity after commencement of commercial production in same industry would be treated as expansion which was not eligible for exemption as per notification issued by the Energy Department.

2.14 Sanction of subsidies to the ineligible industries

The Department granted subsidy to such industries which had failed to submit documents to prove commencement of production/activity (EM Part II) within stipulated time.

Chhattisgarh State Interest Grant Rule, 2009 stipulates that eligible industrial units need to furnish valid EM part-I/small industries registration certificate/IEM/industrial license followed by EM part-II (document to be filed after commencement of production/activity) issued by competent authority along with certificate of commencement of commercial production for claiming interest subsidy and fixed capital investment subsidy.

Further, micro and small industries as defined in clause 8A of Appendix 1 of IP 2009-14 means industrial enterprises falling under the definition of micro and small enterprises notified from time to time by GoI under Micro, Small and Medium Entrepreneur Development Act, 2006 (MSMED Act), and is in possession of EM Part I issued by DTIC of district concerned and also in possession of EM Part II and Commercial production certificate issued by the competent authority after commencement of commercial production. As per notification issued in September 2006 by GoI, micro, small or medium

⁸ Accurate Weld Arc Limited, J. D. Ispat Private Limited, Tankeshwari Metals & Powder Products Private Limited and Gayatri Rolling Mills Limited.

enterprises were required to file EM part-I followed by EM part-II within two years from the date of filing of EM part-I to the DTIC and in case of not filing of EM Part-II within specified time period, EM part-I filed by the entrepreneur become invalid.

We found during scrutiny of 117 cases of DTIC, Raipur relating to Capital Subsidy that five industries which received fixed Capital Investment subsidy of ₹ 1.80 crore and 25 industries which received Interest Subsidy of ₹ 3.70 crore (as shown in *Appendix 2.1*) did not submit their EM part II within the validity period of two years from the date of filing of EM part-I. This indicates that commercial production had not been commenced by the industries within the time stipulated.

Since these industries failed to comply with the provisions of the notification and IP, these were not eligible to avail any kind of subsidies and facilities under the IP 2009-14. Thus, sanction of interest subsidy of ₹ 3.70 crore and fixed capital investment subsidy of ₹ 1.80 crore was irregular.

During Exit Conference, the Government stated (November 2016) that EM part –I and EM part II was filed under the provisions of MSMED Act which was withdrawn by the Government in September 2015. If EM Part II was not issued within two years from the date of issue of EM part I, then EM part I became invalid and thus the intention of establishing the industry would also become invalid and the use was only for filing purpose. Further, there were no provisions in IP 2009-14 and Fixed capital/Interest Grants Rule, 2009 to file EM part II within two years from the date of issuance of EM part I. The commercial production could be commenced within the prescribed time limit of IP.

Reply of the Government was not acceptable because as per the Act, these industries should have filed EM Part II within two years otherwise EM part I became invalid. Further, at the time of submission of EM part II by these industries the Act was in force. Hence these industries could have submitted EM part II in stipulated time as prescribed in the Act and on the basis of invalid document grant of subsidies is irregular.

2.15 Irregular exemption from payment of electricity duty

The CEI issued certificate for exemption from payment of electricity duty to an industry which had already availed exemption under another notification.

As per notification issued in November 1992 by Energy Department, any person or undertaking producing electrical energy from a generating set with a capacity of more than 125 KVA for self-consumption is exempted from payment of electricity duty for five years from the date of commencement of commercial production. The Government has withdrawn the notification in December 2008 and stated that exemption will have to be continued for those industries which were granted exemption prior to 2008 for the period mentioned in the exemption certificate and such industries will not be eligible for any further exemption under IP 2001-06 or any other policy declared by the Government from time to time.

During scrutiny of 'G' forms in the office of CEI, we noticed that M/s Navdurga Fuels limited had commenced commercial production from 4 MW TG set from July 2006. The Industries Department recommended (April 2013) for exemption from payment of electricity duty for 10 years to the industry under IP 2001-06. Further scrutiny of records revealed that the industry was already granted exemption (May 2005) from payment of electricity duty for five years on two Diesel Generator (DG) sets from March 2005 to March 2010. Thus, as per notification issued in December 2008 by the Department, the industry was not eligible for further exemption. However, the CEI instead of declining exemption and intimating it to the Industries Department granted the exemption certificate to the industry in September 2014 for the period from July 2006 to March 2015.

The industry produced and consumed 86.89 MU of electrical energy and availed exemption of ₹ 4.68 crore on electricity duty from commencement of commercial production to March 2016 which should be recovered.

During Exit Conference, the Government stated (November 2016) that as per the information received from CEI, the industry was granted electricity duty exemption earlier under the notification of 1992 and action was taken to withdraw the recommendation issued under IP.

2.16 Irregular exemption allowed to existing industries by considering them as new industries

The Industries and Energy Departments allowed exemption/subsidies to existing industries considering as new industries.

As per IP 2004-09, new industrial unit means an industrial unit which had commenced the commercial production between 1 November 2004 and 31 October 2009. Further as per IP 2009-14 new industrial unit had been defined as an industrial unit which proposes to commence commercial production on or after 1 November 2009 and was in possession of E.M. part-I/I.E.M., letter of intent, industrial license issued by competent authority for this purpose. It should also possess E.M. part II and commercial production certificate issued by competent authority on commencement of commercial production in industry.

2.16.1 During scrutiny of the subsidy cases in the office of Director (Industries) and DTIC, Raigarh and Rajnandgaon we noticed that the Department sanctioned subsidies (capital subsidy and interest subsidy) amounting to ₹ 2.37 crore to five industries⁹. Further scrutiny revealed that as per the registration certificates issued by the Registrar of Companies (RoC) and Commercial Tax Department (CTD), these industries were in existence since 1993 and onwards. Thus, sanction of subsidies to old industries treating them as new industry was irregular.

During Exit Conference, the Government stated (November 2016) that IPs 2004-09 and 2009-14 defines new industry as an industry which commence commercial production within the time limit prescribed in the policies.

⁹ M/s Dongargaon Paper Mills, Atmasco Private Limited, Symphony Tradecom, GNS Gases and Regencies Industries.

Further, the expansion of old industries was also treated as new industry. Therefore, it does not matter that these industries were registered in RoC or CTD since or after 1993.

The reply of the Government was not acceptable as these industries were in existence since 1993 and the case files of these industries had no mention regarding expansion of industry as basis for availing subsidy in IP. Further, no records have been furnished by the Department regarding expansion of industries as described in Appendix 1 of IP in support of their reply.

2.16.2 During scrutiny of exemption cases in Director (Industries), we noticed that in two¹⁰ cases the Industries Department issued the recommendation for exemption from payment of electricity duty considering commencement of commercial production between April 2009 and October 2010. Further scrutiny revealed that out of these, in one case CSIDC had already allotted the land for the industry in March 1997 and the industry had merely changed its name to avail the benefits provided to new industries under IP. In other case, an old industry was purchased by an entrepreneur who renamed the industry and showed it as new. These companies availed the exemption of ₹ 2.30 crore on consumption of 99.60 MU electrical energy.

During Exit Conference, the Government stated (November 2016) that CSIDC allotted the land to Chhattisgarh Ferro Traders in 1997. The product of the industry was agricultural equipment. However the industry had not been established. After implementation of IP 2009-14, the same industry after changing the name as Chhattisgarh Ferro Traders Private Limited established the new industry of semi finished non alloys steel and MS ingots. Further, in another case, after purchasing the old industry from Kavita Polymers, fresh investments were made to establish the industry.

The reply of the Government was not acceptable because an industry cannot be treated as new industry by merely changing the name of already existing industry. Further, Government reply itself confirmed that some new products are included in existing industry after making some fresh investments which could not be treated as new industry as per the provision of IP.

2.17 Irregular exemption allowed to industries which did not own land in its name

The Department granted subsidy to such industries which did not own land.

As per the IP 2009-14 it is mandatory for new industrial units to own land in its own name.

2.17.1 We found during scrutiny of 66 cases of Capital Subsidy and 44 cases of Interest Subsidy in the office of Director (Industries) that in eight¹¹(two cases of IP 2004-09 and six cases of IP 2009-14) cases, the industries commenced the commercial production between May 2008 and July 2014.

¹⁰ Chhattisgarh Ferro Traders and Jai Balaji Plastics

¹¹ Ambey Agro, Singhal Forestry, SS Agro, Rajnandgaon Paper Mills, Arora Warehousing, Gold Green Irrigation Private Limited, Sai Baba Agro and Shakti Warehousing

The Industries Department sanctioned the fixed capital investment subsidy of ₹ 2.43 crore and interest subsidy of ₹ 79 lakh to these industries between January 2012 and December 2015. Further scrutiny revealed that these industries did not own the land in its own name. As such, these industries were not eligible for any exemption/subsidy under the IPs. However, the Department granted the subsidy of ₹ 2.43 crore and interest subsidy of ₹ 79 lakh which was irregular as per the provision of IP.

During Exit Conference, the Government stated (November 2016) that there is no provision in IP 2004-09 that the land should be in the name of industry. In IP 2009-14, provision for leased land for 30 years was also made. Further, necessary action has been taken to register the notarised agreements.

The reply of the Department was not acceptable as the exemption/subsidies are granted to promote the industries. The benefit under IP 2004-09 is provided to an industry and not to the proprietor. Further, cost of the land is also included for the consideration of capital subsidy, therefore, registration of land in the name of industries is essential as per the law. In the cases of grant of subsidy under IP 2009-14, lease agreement were neither executed before the commencement of commercial production nor registered.

2.17.2 We found during scrutiny of 117 cases of Capital Subsidy in the office of DTIC, Raipur that four industries had commenced commercial production between February 2010 and March 2013. The Department sanctioned the fixed capital investment subsidy amounting to ₹ 69.94 lakh to these industries between May 2013 and March 2016 under IP 2009-14. As per the provisions of IP 2009-14, the land should be owned in the name of industry. Further, scrutiny revealed that the lease deeds were executed in the name of industry between March 2010 and May 2014. However lease deeds were not registered to the Commercial Tax (Registration) Department. As such, at the time of commencement of commercial production these industrial units did not own the land in industry's name. However the Department sanctioned the capital subsidy amounting to ₹ 69.94 lakh which was irregular as per the provisions of IP.

During the Exit Conference, the Government stated (November 2016) that lease was registered/ notarised after the commencement of commercial production. Necessary orders would be issued for acceptance of registered lease or agreements only.

2.18 Irregular exemption from stamp duty on diversification

The exemption certificate issued by the Department for exemption from payment of stamp duty on diversification was irregular.

As per IP 2009-14, diversification means such existing industrial unit/industry which has been established and commenced its commercial production prior to appointed day under IP 2009-14 (1 November 2009) and is in possession of E.M. part-II and commercial production certificate issued by competent authority, in case of inclusion of new product in industry after the appointed day of IP 2009-14 such new product shall fall under diversified category, provided industrial unit/industry had invested minimum 25 per cent capital investment of eligible investment in the existing plant and machinery after 1

November 2009. For this purpose commercial production of new product should have commenced before 31 October 2014.

During scrutiny of registered documents in the office of SR, Raigarh we noticed that the Industries Department issued the exemption certificate for exemption from payment of stamp duty in September 2014 for diversification under the IP 2009-14 to M/s Jindal Steel and Power Limited for which lease deed was executed in November 2014.

Further scrutiny of certificate issued for the exemption from payment of stamp duty revealed that the industry had commenced commercial production from March 2013 which is after the appointed date of IP 2009-14 i.e. 1 November 2009. On cross verification with the records of DTIC, Raigarh it was revealed that the industry did not commence commercial production of the new product, till date (April 2016) which should have been commenced by 31 October 2014. As such the industry failed to comply with both the conditions mentioned in the IP 2009-14 and thus was not eligible for exemption from payment of stamp duty. However on the basis of the exemption certificate issued by the Industries Department, the SR concerned allowed the exemption of ₹ 1.68 crore which was irregular. The Industries Department also did not initiate any action to recover the revenue.

During Exit Conference, the Government stated (November 2016) that time limit for the commencement of commercial production is mentioned in the exemption certificate issued for the payment of stamp duty. Exemption from stamp duty is provided before the establishment of the industry. As per notification issued by Commercial Tax (Registration) Department in June 2010, stamp duty exemption is also permissible on diversification. Further, as per the exemption certificate issued by the Industries Department, the industry was required to commence the commercial production within five year i.e. before September 2019.

The reply was not acceptable as the industry failed to commence commercial productions of its existing unit before 1 November 2009 and commercial production of the new product also did not commence by 31 October 2014 as per the terms and conditions mentioned in IP 2009-14.

2.19 Irregular issue of exemption certificate to sold out unit of an industry

The Industries Department issued recommendation for exemption from payment of electricity duty for the sold out part of the industry. The CEI also issued the exemption certificate on the basis of recommendation.

As per the IP 2004-09 and notifications issued there under, exemption from electricity duty was to be granted only to new industries. The industries, which had expanded their capacity, were not eligible for exemption under the new policy.

During scrutiny of the 'G' forms in the office of CEI, we found that M/s Shivalik Power and Steel Private Limited commenced the commercial production from its 8.5 MW bio mass TG set from December 2006. The industry was also manufacturing auto components and engineering spares of metal casting. As such, power production unit was one of the part of the

industry. The industry commenced the commercial production during the period of IP 2004-09 and was eligible for exemption under the said policy. Further scrutiny of the records revealed that the industry sold its power production unit to another industry, M/s Hira Ferro Alloys Limited in December 2011 and the unit was renamed Balaji Power Limited. As such, M/s Shivalik Power and Steel Private Limited which is still in existence is eligible for exemption under the IP 2004-09 and the unit which was sold out by the industry was not eligible for exemption under said policy as Hira Ferro Alloys Limited is not eligible for any exemption being an existing industry. Further scrutiny of records revealed that as per 'G' forms submitted by the industry, sold out unit of the industry renamed as Balaji Power Limited was working as an undertaking of Hira Ferro Alloys Limited. As the sold out unit was functioning as expansion of an existing industry, it was also not eligible for exemption. However the Industries Department issued the recommendation to the sold out unit of the industry and the Energy Department, instead of declining exemption and intimating it to the Industries Department, issued exemption certificate in January 2015 for the period of 15 years from the date of commencement of commercial production.

The industry produced and consumed 25.24 MU of electrical energy after the sale on which electricity duty amounting to ₹ 70.32 lakh was leviable. Besides, an amount of ₹ 38.14 lakh was also leviable on 190.68 MU energy sold to the CSPDCL.

During Exit Conference, the Government stated (November 2016) that the Department granted the permission for sale of one section of the industry to another industry in September 2005. The industry commenced the commercial production since December 2006. Thus exemption was regular to old industry before the date of sale and the same benefits could be availed by new industry after the date of sale.

The reply of the Government was not acceptable as the industry which was eligible for exemption had sold out its unit to an industry which was not eligible for any exemption.

2.20 Irregular allowance of exemption to industries included in the negative list of IP

The products of the industries were included in the negative list of the IP. However, the Department issued certificates for exemption from payment of stamp duty which was irregular.

In the IPs, some categories of industries have been included in the negative list which are not eligible to avail any exemptions under the said policy. In the IP 2004-09 confectionery, biscuit and bakery product (excluding certified machine processed and branded products) and in IP 2009-14 coal briquette, coke and coal screening, coal fuel are included in the negative list. Further, as per the IPs 2009-14 and 2014-19, in case of establishment of an industry of saturated category along with the industry of any other category, the eligibility of subsidy and exemption/concession shall be determined by considering the entire project as that of saturated category.

2.20.1 In two¹² cases the Industries Department issued exemption certificates between October 2012 and May 2015 from payment of stamp duty under IPs 2009-14 and 2014-19. Further scrutiny of exemption certificates revealed that the industries had shown their products as manufacture of wash coal, other coal and coal tar product not elsewhere classified and mining and agglomeration of coal with coal washery. As the products of these industries were included in saturated list those were not eligible for exemption from payment of stamp duty. However the department issued the exemption certificates between October 2012 and May 2015.

These industries have purchased land admeasuring 42.633 hectare. As per Indian Stamp Act and market value guideline, stamp duty amounting to ₹ 37.11 lakh was leviable. However, the SR concerned allowed exemption from payment of stamp duty.

During Exit Conference, the Government stated (November 2016) that products of these industries were coal washery, which was not included in the negative list of IPs.

The reply was not acceptable because in case of establishment of industry of a saturated category along with industry of any other category, the eligibility of subsidy and concession shall be determined by considering the entire project as saturated category as per the provisions of IP and in this case apart from coal washery, the industries was dealing in other coal products also.

2.20.2 During scrutiny of exemption records in the office of CSIDC we noticed that in two¹³ cases the CSIDC allowed 50 *per cent* concession from payment of premium under the IP 2009-14 to rice mill and mini cement plant. As these products were included in negative list of the IP 2009-14, concession amounting to ₹ 21.55 lakh granted to these industries was irregular.

During Exit Conference, the Government stated (November 2016) that the industry is situated in the backward area. As per the IP 2014-19, rice mill situated in backward area was not included in negative list. Further, the product of the other industry was 'cement pipe' which was also not included in negative list.

The reply was not acceptable as the concession was granted under the IP 2009-14 in which rice mill was included in negative list and in other case as per EM part I, the product of the industry was cement.

2.20.3 We found during scrutiny of 157 cases of Electricity Duty exemption, 37 cases of Stamp Duty Exemption, 66 cases of Capital Subsidy and 44 cases of Interest Subsidy in the office of Director (Industries) that the Industries Department granted capital subsidy of ₹ 15.99 lakh to one bakery industry (March 2013) under the IP 2004-09 which has commenced its commercial production from November 2009. Further scrutiny revealed that the industry was granted certificate for mechanised processing for branded packaged products in December 2010. From the above fact it was clear that the industry was producing unbranded bakery products at the time of commencement of

¹² Bhatia Energy Limited and Vedanta Washeries Limited.

¹³ Bastar Agro and Krishna Cement.

commercial production. Hence, the industry was not entitled for capital subsidy. However the Department granted the capital subsidy of ₹ 15.99 lakh which is irregular.

During Exit Conference, the Government stated (November 2016) that trade mark of this industry was approved in June 2008 before commencement of commercial production in November 2009. However trademark was issued in December 2010.

The reply was not acceptable because at the time of commencement of commercial production, the industry did not have trademark certificate.

2.20.4 During scrutiny of records relating to exemptions and subsidies in the office of Director (Industries), we noticed that the Industries Department issued the certificate for exemption from payment of stamp duty in November 2007 under the IP 2004-09 to M/s C.G. Coal and Power Limited for the execution of lease for the land admeasuring 4.148 hectare. Since the product of the industry was coal beneficiation and coal dust, which are included in appendix 2, sl. No. 14 of the negative list of the said policy, the exemption allowed was irregular. Further scrutiny revealed that the industry also failed to commence the commercial production within the time prescribed in the exemption certificate with a reason that allotted land was not sufficient for establishment of the industry and applied for the additional land. As the industry not only failed to comply with the terms and condition of the IP 2004-09 but also product of industry was included in negative list. The Department should have recovered the amount of stamp duty with interest. However, instead of recovering the amount of stamp duty with interest, the Industries Department issued another exemption certificate for exemption from payment of stamp duty in August 2014 under another IP 2009-14 considering it as a new industry. The industry availed the exemption of stamp duty amounting to ₹ 1.64 lakh on the execution of two lease deeds.

Thus, the Department allowed the benefit under two different IPs to such industry which was not only included in negative list but also failed to commence the commercial production within prescribed time limit which resulted in undue benefit to the industry.

During Exit Conference, the Government stated (November 2016) that the industry failed to commence the commercial production in stipulated time and therefore demand notice had been issued in July 2016 to recover the amount of stamp duty.

2.21 Irregular exemption allowed on addition of a new product

The Industries Department granted subsidy to an industry on addition of new product treating it as expansion of existing industry.

As per Appendix-I, note (1) of IP 2009-14, addition of new product in existing unit shall not be considered as new industrial unit.

We found during scrutiny of 117 cases relating to Capital Subsidy at DTIC, Raipur that an industry M/s Mohan Feeds and Chemicals Private Limited was engaged in production of cattle feed since 1987. The production capacity of the cattle feed is 12,500 MT per year. The industry expanded its production

capacity from 12,500 MT to 25,000 MT by including new products as poultry feed and fish feed. As the industry included new product in the existing unit, it was not to be considered as new industry and was not eligible for any exemption/subsidy under the IP. However, the Industries Department sanctioned the capital subsidy amounting to ₹ 30 lakh in February 2015. Thus, sanction of capital subsidy to a new product included in the existing industry and treating it as a new industry was irregular.

During the Exit Conference, the Government stated (November 2016) that as per IP 2009-14, new product shall be included in existing industry under diversification. The diversified industry was also eligible for grants. The inclusion of poultry feed and fish feed has been treated as diversification instead of new product.

The reply of the Government was not acceptable because as per the production certificate issued by the Department, poultry feed and cattle feed were shown as new products.

2.22 Irregular allowance of subsidy to those industries which have not applied for within the prescribed time limit

The Industries Department granted subsidy to such industries which failed to apply within time stipulated by the notification.

As per notification issued in March 2012 the industries were to apply for fixed capital investment subsidy within one year from the date of commencement of commercial production.

2.22.1 We found during scrutiny of 66 cases of Capital Subsidy and 44 cases of Interest Subsidy in the Director (Industries) that an industry, M/s Thermocare Rockwool (Industries) Private Limited commenced the commercial production from August 2007. As per the notification, the industry needed to apply within one year from the date of commencement of commercial production. However, the company applied for fixed investment capital subsidy in June 2010 i.e., after two and half years stating that the Government granted the status of thrust sector industry only since September 2009. The Industries Department, while accepting the reason for the delay, granted the capital subsidy of ₹ 25 lakh. Further scrutiny of application of the industry revealed that the industry submitted the application for status of thrust sector in February 2009 which was also beyond the prescribed time limit. Thus, the application of the industry should have been rejected.

During Exit Conference, the Government stated (November 2016) that eligibility for special thrust sector status was given in September 2009 by Directorate of Industries. The industry became eligible for grants after the sanction of special thrust sector status and the industry applied within one year (June 2010) from the date of approval of special thrust sector status.

The reply of the Government was not acceptable because the industry did not mention any sufficient reason for the delay in submission of application. Further, the sanction of special thrust area did not specify that the industry may apply within one year from the date of such approval. The committee also while accepting the delay, did not specify any substantive reason.

2.22.2 Similarly scrutiny of 42 cases of Capital Subsidy in the office of the DTIC, Rajnandgaon we found that two industries, M/s Jain Industries Corporation and M/s Jain Industrial Corporation have commenced the commercial production from May 2011. Further scrutiny revealed that these industries applied for the fixed capital investment subsidy in June 2014 with the delay of more than three years. The industries did not mention any reason for the delay in submission of application. As such the application of the industries should not have been considered. However the Department accepted the application without any reason and sanctioned the subsidy of ₹ 4.91 lakh

During the Exit Conference, the Government stated (November 2016) that the application was received in September 2011 within prescribed time limit.

The reply of the Government was not acceptable. As per the acknowledgements of the applications for capital subsidy, the industries had applied for the same in June 2014 only.

2.23 Undue benefit given to industries having no valid documents

The Industries Department issued the recommendation for exemption from payment of electricity duty accepting the commencement of commercial production before the date of approval of the factory layout and factory license.

As per IP 2004-09, new industrial unit means an industrial unit which has commenced the commercial production between 1 November 2004 and 31 October 2009. Further as per IP 2009-14, new industrial unit has been defined an industrial unit which proposes to commence commercial production on or after 1 November 2009 and is in possession of E.M. part-1/I.E.M., letter of intent, industrial license issued by competent authority for this purpose and possesses E.M. part II and commercial production certificate issued by competent authority on commencement of commercial production in industry.

During scrutiny of records relating to exemption, in the office of Director (Industries) we noticed that the Department recommended for exemption from payment of electricity duty to an industry, M/s Aristo Transmission Line Private Limited under the IP 2004-09. Subsequently the Energy Department issued exemption certificate from payment of electricity duty for a period of 10 years from April 2010.

Further scrutiny of the records revealed that the lease deed for the land allotted by CSIDC was registered in February 2010 and the factory building layout was approved in May 2010. The factory license was issued in July 2010. Thus, the commencement of commercial production (April 2010) by the industry before the date of approval of factory layout and factory license was not possible.

The industry availed the electricity duty exemption amounting to ₹ 14.27 lakh from the commencement of commercial production which was irregular.

During Exit Conference, the Government stated (November 2016) that electricity supply of the industry was started since February 2010. Further the industry started various activities since 2009 for establishment of the industry. Thus commencement of commercial production since April 2010 was correct.

The reply of the Government was not acceptable because the possession of land was taken by the factory in February 2010, while the layout and factory license was approved in May 2010 and July 2010 respectively. The commencement of industry without approved layout and license was not possible.

Monitoring Mechanism

There was no proper coordination between the Industries Department, Commercial Tax (Registration) and Energy Department. The necessary data such as list of industries in which exemption was allowed, date of probable commencement of production, location and area of industries and the amount of exemption is to be maintained in the Commercial Tax (Registration) Department. However the requisite data was not being maintained by the Department. The monitoring mechanism which is the most essential part was absent in the Industries Department. Due to this, the Industries Department remained unaware about the industries were which were not set up after availing exemptions and which did not function for the minimum prescribed period of five years after availing subsidies. The Industries Department also remained unaware that the industries did not divert entire land for industrial purpose.

2.24 Lack of coordination, documentation and monitoring

There was lack of coordination between the implementing agency, Commercial Tax (Registration) Department and Energy Department.

The implementation of IPs and the extent of the specific allowance of exemptions and subsidies covered under audit involves three departments i.e. Commercial Tax (Registration) Department for exemption on stamp duty and Energy Department for exemption on electricity duty besides the Industries Department, which while implementing the policies also grants fixed capital subsidy and interest subsidy. Hence for successful implementation of the IPs it is vital that a well-planned and drawn coordination exists among these departments.

Successful implementations of IPs involving various departments necessarily have a detailed procedure/mechanism well documented clearly drawing the responsibilities of each of the departments, since granting of these exemptions/subsidies were not only on fulfilment of certain specific conditions but also were liable to be withdrawn if the industry failed to keep the specific conditions for the period specified under the IP.

During the Performance Audit we noticed that the Commercial Tax (Registration) Department had no information regarding the establishment of the industry or the commencement of the commercial production of those industries to which exemption certificates have been issued. Further, the requisite information to be prepared by the Head of the Department was also not prepared. In absence of such records Commercial Tax (Registration) Department does not have any information as to the status of exemption certificates issued and whether the particular industry had fulfilled the specific conditions of IPs to avail the exemption. Further, the Commercial Tax

(Registration) Department did not initiate any action to maintain/keep/collect such information.

Further, during scrutiny of records relating to stamp duty exemption certificates issued by the Director, Industries under the IP, we noticed that 48 industries were issued exemption certificates during the period 2010-11. On cross verification of these data with that of DTIC, Raipur, Rajnandgaon and Raigarh, we observed that out of the 48 industries, seven industries were not registered, two were under construction, nine were not established and four were closed after issue of exemption certificates. Further DTIC, Raipur stated that one industry which was closed, had availed exemption from electricity duty and interest subsidy. However, the Director, Industries when asked to provide the details of industries which were not functioning or established after the issue of exemption certificates, replied that none of the industries were closed after availing exemption which showed lack of monitoring at the implementing agency level.

As could be seen from the above, there did not exist any such documented procedure to fix responsibility of any Department involved in granting of exemptions/subsidies under the IPs.

Further, during scrutiny of records relating to exemptions given under IP in the office of Director (Industries), DTICs, CEI and SRs, we noticed that there was no coordination between the implementing agency and the departments concerned. Due to absence of coordination and documentation between the departments and absence of monitoring by the implementing department, the following irregularities were noticed:

- The industries which were allotted land for industrial purpose did not fully utilise the land for the purpose allotted but were allowed the exemption/subsidy.(mentioned in Paragraph 2.26)
- There were cases where industries were not set up after availing exemption but no action was taken(mentioned in Paragraph 2.25)
- The CEI allowed exemption to those units which had already taken the benefit under the earlier policy, instead of referring the case back to the Industries Department (mentioned in Paragraph 2.13)

During Exit Conference, the Government stated (November 2016) that the Department started the single window online system since 2016, in which intention for establishment of industry, approval from various departments, and issuance of grants / exemption certificates would be done online. Further, all information regarding the industry such as working, date of connection of electrical energy, commencement of commercial production etc. was also available on same portal.

The Government may consider strengthening the monitoring mechanism, ensure coordination between Industries and other Departments and initiate suitable action to maintain database of the benefitted industries so that the benefits of IPs are not availed by ineligible industries.

2.25 Industry not set up after availing exemption

The Industries Department did not prepare any roster for physical verification of industries benefitted under the IPs. Further, as the yearly returns were not submitted by the industries to the Industries Department, the Department failed to recover stamp duty from such industries which had not commenced commercial production within the time stipulated.

As per the condition of exemption certificate issued by the Industries Department for the exemption from payment of stamp duty, the industries should commence the commercial production within two to five years from the date of issue of such certificates. Failure to comply with the conditions mentioned in the certificate, the industry was liable to refund the exempted amount of stamp duty with interest at the rate of 12.50 *per cent per annum*.

We found during scrutiny of exemption and subsidies cases in the selected DTICs that the industries were not submitting the prescribed returns (audited accounts and production/sale Statement) yearly. The DTICs concerned also did not initiate any action to receive the requisite periodical returns. Further scrutiny revealed that the department did not prepare any roster for physical inspection of the benefitted industries under the various IPs, leaving the Department vulnerable to risk of misuse of the benefits as mentioned below:

During scrutiny of the registered documents in the offices of the three SR offices we noticed that five¹⁴ industries had availed the exemptions from payment of stamp duty on the purchase of land for setting up of industries. The Industries Department issued the exemption certificates from payment of stamp duty to these industries between December 2007 and March 2014. On cross verification with the Industries Department, it was revealed that four industries failed to commence the commercial production within period specified in the certificates and one industry sold entire land to another industry.

The Commercial Tax (Registration) Department granted exemption from payment of stamp duty on the basis of exemption certificates issued by the Industries Department on the execution and registration of the sale/lease deeds to these industries. As per the Indian Stamps Act and Market Value Guideline, stamp duty amounting to ₹ 4.61 crore was leviable on the sale/lease deed executed by these industries. Neither did the Industries Department initiate any action to recover the amount of stamp duty nor did Commercial Tax (Registration) Department inform the Industries Department for cancellation of these certificates.

Thus, due to inaction on the part of both the departments, stamp duty amounting ₹ 4.61 crore was not realised from the defaulter industries. Besides, interest was also leviable as per the provisions mentioned in the exemption certificate.

¹⁴ Baldeo Energy and Chemicals, Emami Cement, Sona Power, Vandana Ispat limited, and Vandana Vidyut Limited

During Exit Conference, the Government stated (November 2016) that demand notices had since been issued for recovery of stamp duty.

2.26 Partial utilisation of land after availing exemption

The industries failed to utilise the entire land for the industrial purpose as against the condition of exemption certificate. However the Industries Department sanctioned the subsidies.

As per the condition of exemption certificate issued by the Industries Department for exemption from payment of stamp duty, the industries should utilise whole land allotted to the industry. Failure to comply with the conditions mentioned in the certificate, the industry is liable to refund the exempted amount of stamp duty with interest at the rate of 12.50 *per cent per annum*.

2.26.1 We found during scrutiny of 37 cases of Stamp Duty Exemption and 66 cases of Capital Subsidy in the office of Director (Industries) that the Industries Department issued exemption certificate from payment of stamp duty (November 2008) on purchase of land admeasuring 1.090 hectare to M/s Mahadevi Rice Mill under the IP 2004-09. The industry commenced the commercial production from October 2010. Further scrutiny revealed that the industry did not divert the entire land for industrial purpose and therefore, the Industries Department sanctioned the capital investment subsidy amounting ₹ 23.85 lakh excluding the cost of land. In another case, the Industries Department issued the exemption certificate from payment of stamp duty (July 2007) for the purchase of land admeasuring 3.13 hectare to M/s Tankeshwari Metal Product Private Limited under the IP 2004-09. The industry commenced commercial production from November 2008. Further scrutiny of records revealed that the industry diverted only two hectare land instead of 3.13 hectare. The Department sanctioned the capital investment subsidy amounting ₹ 25 lakh including the cost of land.

As these industries failed to fulfil the terms and conditions of the certificate issued under the IPs, these were not eligible for any subsidy and further exemption. However, the Industries Department sanctioned the subsidy amounting to ₹ 48.85 lakh which was irregular.

2.26.2 Similarly, during scrutiny of records relating to subsidies in the office of DTIC, Rajnandgaon we noticed that the Industries Department issued the exemption certificate from payment of stamp duty (January 2009) for the purchase of land admeasuring 5.40 hectare under the IP 2004-09 to M/s Panchsheel Solvent. As per another condition mentioned in the exemption certificate, the company should have commenced the commercial production within two years from the issuance of this certificate. The industry commenced the commercial production in April 2011. Further scrutiny revealed that the industry diverted land admeasuring 1.56 hectare for industrial purpose instead of 5.40 hectare. As such, the industry not only failed to commence commercial production within prescribed time limit but also failed to utilise entire land for the industrial purpose. Therefore, the industry was not eligible for any exemption/subsidy under the IP. Despite this, the Industries

Department, instead of recovering the amount of stamp duty, sanctioned the fixed investment capital subsidy of ₹ 1.10 crore which was irregular.

The above facts indicate that monitoring mechanism was lacking in the Industries Department to ensure that the benefit of exemption/subsidies were allowed to such industries which had fulfilled the objectives of the policies.

During Exit Conference, the Government stated (November 2016) that necessary action would be taken to recover the amount of subsidy and stamp duty.

2.27 Irregular allowance of subsidy/exemption to such industries which were not functioning continuously

In the absence of monitoring mechanism, the Industries Department allowed subsidy to such industries which were not functioning continuously.

As per notification no. F-14-2/03 issued in July 2003 under the IP it is necessary that the industry availing exemption/subsidy needs to function continuously for five years failing which the subsidy given to it shall be recovered. Further as per para 10 of Chhattisgarh State Fixed Capital Investment Rule, 2009, such industries which has granted the subsidies amounting to ₹ 25 lakh or more have to submit audited account with production/sale details yearly up to five years .

2.27.1 During scrutiny of the records relating to exemption and subsidies in office of the Director (Industries) we noticed that the industry M/s Priyadarshi Rice Product commenced commercial production from July 2010. The Industries Department sanctioned the fixed capital investment subsidy/interest subsidy amounting to ₹ 1.95 crore in March 2013. Further scrutiny revealed that the electricity supply of this industry was disconnected by CSPDCL in January 2013. As such the company was not functioning at the time of sanction of subsidies. However, the Department sanctioned the subsidies of ₹ 1.95 crore.

During the Exit Conference, the Government stated (November 2016) that after it came to notice that the electric supply has been disconnected, the grant was not disbursed.

2.27.2 Further, during scrutiny of the records relating to exemption and subsidies in office of DTIC, Rajnandgaon we noticed that M/s Sawariya Renewable Energy Limited has commenced the commercial production from January 2012. The Industries Department sanctioned (November 2014) the fixed capital investment subsidy of ₹ 80.79 lakh. Further scrutiny revealed that an agreement was executed for selling the industry in March 2014 and the electricity supply of the industry was disconnected in September 2015.

During the Exit Conference, the Government stated (November 2016) that the necessary action would be taken on further verification.

2.27.3 Similarly, the Industries Department issued the exemption certificate from payment of stamp duty to M/s Balaji Vidyut and Sponge Limited in March 2004 for the purchase of land admeasuring 3.242 hectare. The industry availed the exemption of ₹ 1.65 lakh on the purchase of land. Further scrutiny

revealed that instead of setting up the industry, the entire land was sold to another industry, M/s Baldev Alloys Limited in August 2006. Hence, allowance of ₹ 1.65 lakh on account of exemption of stamp duty was irregular.

During the Exit Conference, the Government stated (November 2016) that the information regarding sale of the land is not available in the Department. However, necessary action has since been initiated to recover the amount of stamp duty.

As these industries failed to comply with the conditions of the IPs, the subsidies/exemption amounting to ₹ 2.77 crore was recoverable from these industries. However in absence of the monitoring mechanism the department did not initiate any action to recover the amount.

Other issues

2.28 Short levy of land premium

The CSIDC failed to levy the enhanced rate of 10 per cent on land allotted to an industry which was situated on 80 feet wide road resulting in short realisation of land premium.

As per para 2.5.14 of Chhattisgarh Industrial Land and Building Management Rule, 2015, 10 per cent additional premium shall be leviable on allotment of land situated on corner and beside main road of width more than 80 feet. Further as per terms and condition mentioned in the letter of intent the industry is required to get the lease deed registered within 60 day from the issue of letter of allotment. Further, micro, small and medium scale industry, if established in economically backward areas, is granted exemption/concession of 50 per cent on land premium.

During scrutiny of files regarding exemption of land premium in the office of CSIDC we noticed that an industry¹⁵ which was granted exemption of 50 per cent on land premium was allotted land admeasuring 48,420 square feet for ₹ 4.95 lakh. Further scrutiny revealed that as per the land allotment letter issued in September 2015 the land is situated on the 100 feet wide road. As such 10 per cent additional premium was to be levied. However CSIDC failed to levy the additional premium which resulted in short levy of premium amounting to ₹ 49,483. Further the industry also did not submit the registered copy of the lease deed.

During the Exit Conference, the Government stated (November 2016) that demand notice for recovery of premium has since been issued.

2.29 Objectives for granting the concessions were not fulfilled

The Government failed to achieve the objective of setting up industries in the backward areas, thus depriving them of the benefits provided under IPs.

The Government of Chhattisgarh has introduced IPs for balanced development and growth of industries in the State. Among other objectives, the Government

¹⁵ M/s MRS Industries

also aims to generate self-employment as well as additional employment to the local residents, special efforts towards bringing the poor, backward class people such as SC/ST, females, bringing nalaxite affected families into mainstream of economic and industrial development

During scrutiny of records relating to the facilities provided to industries under various industrial policies, we found that though the Government made adequate provisions for establishment of industries in backward areas, but the entrepreneurs did not turn up to establish industries there as a result of which, the backward areas of the State were deprived of the benefits of IPs as shown below in **Table 2.3:**

Table 2.3:Percentage of sanction in backward area

Year	Electricity duty exemption			Stamp duty exemption			Capital subsidy			Interest subsidy		
	Total no. of cases of ED exemption	In backward areas	Percentage of sanction in backward areas	Total no. of cases of SD exemption	In backward areas	Percentage of sanction in backward areas	Total no. of cases of capital subsidy	In backward areas	Percentage of sanction in backward areas	Total no. of cases of interest subsidy	In backward areas	Percentage of sanction in backward areas
2011-12	41	3	7.3	8	0	0	29	11	37.90	11	1	9.10
2012-13	36	1	2.8	9	0	0	23	11	47.80	10	2	20.00
2013-14	35	1	2.9	5	1	20	10	2	20.00	6	1	16.70
2014-15	29	4	13.8	3	0	0	4	0	0.00	10	0	0.00
2015-16	16	0	0.0	12	1	8.3	0	0	0.00	7	1	14.30
Total	157	9	5.7	37	2	5.4	66	24	36.40	44	5	11.40

It may be seen from the above table that the percentage of granting exemptions and subsidies in backward areas is very less in comparison to the total number of industries facilitated in the State which indicates that the object of the policies regarding balanced industrial development was not achieved in the State.

Scrutiny of data regarding industries set up by the SC/ST, woman and nalaxite affected entrepreneurs revealed that the same was not being maintained by the Department. Further, physical verification of 15 industries in selected three DTICs revealed that though the norms regarding employment of domiciles of the State as mentioned in the policies were followed by these industries. To ascertain the domicile status of the employee, the Government was accepting identity proofs such as voter card, ration card etc. However, the domicile certificate is the only criteria to establish the domicile status due to which it could not be ascertained that the domiciles of the State were being benefited under the various IPs.

During Exit Conference, Government stated that the Government had already declared additional incentives for backward areas. Further the Government took many steps such as construction of new railway line and establishment of new steel plant for fast development of backward areas.

The Government may take suitable action for the balanced industrial development for backward areas in the State to achieve the objectives of the policies.

2.30 Conclusion

During the Performance Audit on “Exemptions and subsidies to industries under Industrial Policies”, we observed the following:

- The Industries Department did not make suitable provisions in the IP in accordance with the notification issued by Energy Department and Electricity Act, 2003. As a result the Government was not only deprived of revenue of ₹ 6.03 crore, but also ₹ 2.22 crore is pending in the court of law.
- Though the time limit for commencement of commercial production is prescribed in the IP, option by the IP for industries to choose between the policies coupled with lack of provision for treating the exemption already availed in IP allowed exemption to industries in more than one policy.
- As periodical returns and roster for physical inspection were not prepared, the Department failed to monitor those industries which were not set up after availing exemptions and industries which did not function continuously for atleast five years. These industries availed exemptions/subsidies of ₹ 7.38 crore.
- There was lack of coordination between the implementing agency and the departments concerned. Due to lack of coordination and proper implementation of the IPs, the broad objective of IPs were not achieved.
- There was no proper documentation of the industries to which exemptions were allowed by the Commercial Tax (Registration) Department, due to which the Department may not be able to monitor the compliance of the specific conditions of the IP by these industries.

2.31 Recommendations

- **The Government may ensure that the provisions of Industrial Policies are framed in accordance with the departmental notification to avoid the deprivation of Government revenue.**
- **The Government may consider making necessary amendments in the IP so that all the facilities are availed by the industry in one policy only to avoid the delay in the achievement of objectives of the IPs;**
- **The Government while issuing subsequent exemption certificates for payment of stamp duty may consider restricting the time of commencement of commercial production according to the exemption certificate issued initially so that benefits of industrialisation occur in time;**
- **The Government may consider strengthening the monitoring mechanism, ensure coordination between Industries and other Departments and initiate suitable action to maintain database of the benefitted industries so that the benefits of IPs are not availed by ineligible industries; and**
- **The Government may take suitable action for the balanced industrial development for backward areas in the State to achieve the objectives of the policies.**

CHAPTER-III
FORESTRY AND WILD
LIFE (EXPENDITURE)

CHAPTER III: FORESTRY AND WILD LIFE (EXPENDITURE)



3.1 Tax administration

The Principal Chief Conservator of Forests (PCCF) heads the Forest Department under the administrative control of the Principal Secretary (Forests) who is assisted by eight Additional PCCFs (APCCFs) and sixteen Chief Conservators of Forests (CCFs) at Headquarters. The forest area in the State has been divided in six circles each headed by a Chief Conservator of Forests (CCFs). These circles have been further divided into Forest Divisions which are administered by the Divisional Forest Officers (DFOs) who is assisted in field by the Sub Divisional Officers (SDOs) and Range Officers (ROs).

Chart 3.1: Organisational Setup



The Department is administered under provision of the following Acts and Rules:

- The Indian Forest (IF) Act, 1927 and rules made thereunder;
- Forest Conservation (FC) Act, 1980 and rules made thereunder;
- Forest Financial Rules;
- Chhattisgarh Financial Code;
- Working Plan of the Divisions;
- Instructions/orders issued by the Government/Department from time to time

3.2 Results of Audit

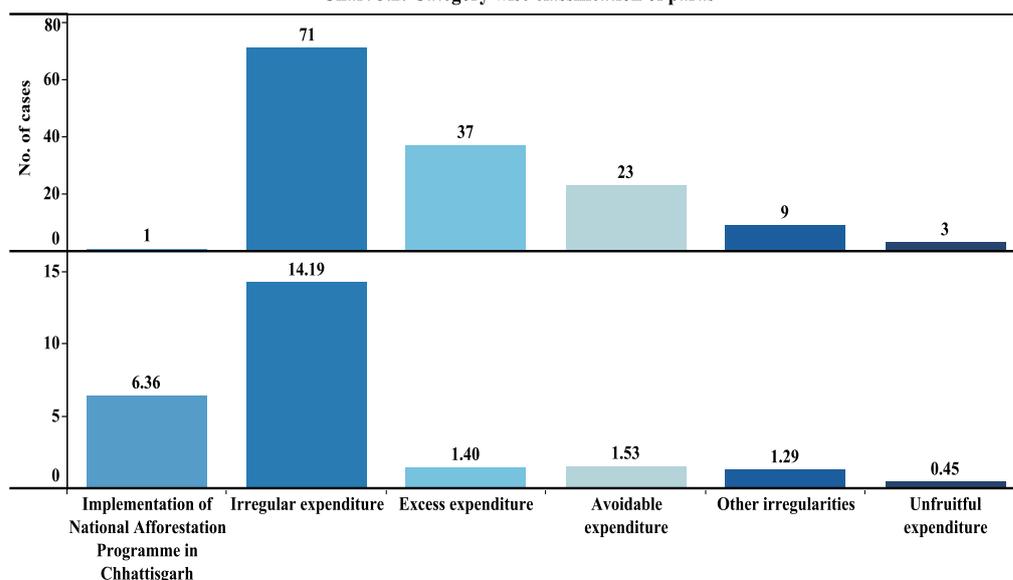
We conducted test check of the records of six¹ out of sixty offices relating to Forest Department during the year 2015-16. We found irregularities such as irregular, avoidable, unfruitful and excess expenditure etc. involving ₹ 25.22 crore in 144 cases which fall under the categories as detailed in the **Table 3.1**:

Table 3.1: Results of Audit

(₹ in crore)

Sl. No.	Category	No. of cases	Amount
1.	Implementation of National Afforestation Programme in Chhattisgarh	1	6.36
2.	Irregular expenditure	71	14.19
3.	Avoidable expenditure	23	1.53
4.	Unfruitful expenditure	3	0.45
5.	Excess expenditure	37	1.40
6.	Other irregularities	9	1.29
Total		144	25.22

Chart 3.2: Category wise classification of paras



¹ DFO, Bastar; DFO, Dhamtari; DFO, Katghora; DFO, Kondagaon (South); DFO, Marwahi and DFO, Rajnandgaon

During the course of the year, the Department accepted 34 cases involving ₹ 3.94 crore.

Audit of “**Implementation of National Afforestation Programme in Chhattisgarh**” involving financial impact of ₹ 6.36 crore and a few illustrative cases of avoidable and irregular expenditure involving ₹ 2.08 crore are discussed in the following paragraphs.

3.3 Audit on “Implementation of National Afforestation Programme in Chhattisgarh”

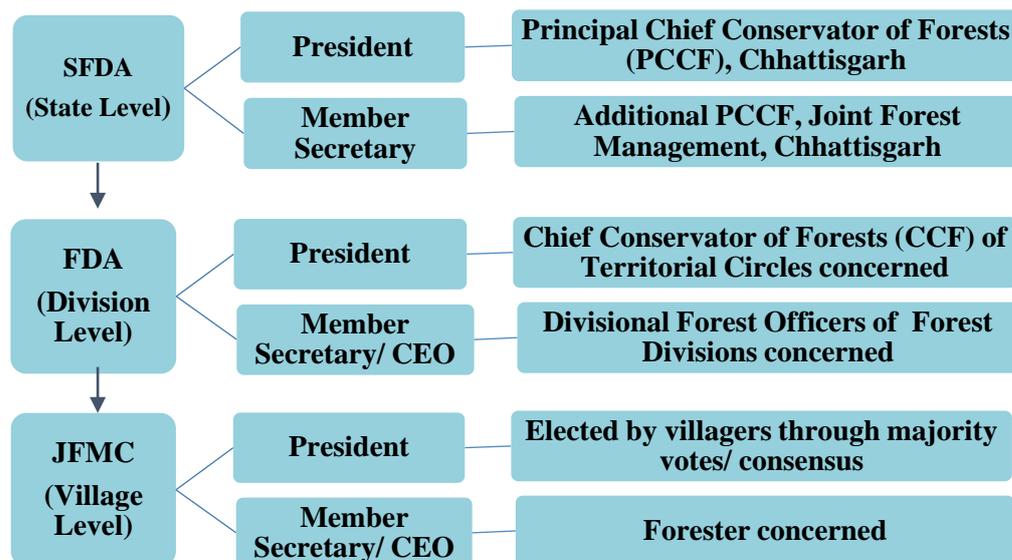
3.3.1 Introduction

National Afforestation Programme (NAP) is the scheme of National Afforestation and Eco-development Board (NAEB) under the Ministry of Environment and Forests (MoEF), Government of India (GoI). The funding of the scheme is done as 100 *per cent* grant to the States with the overarching objective of sustainable development of forests resources including increase/improvement of forest tree cover as well as rehabilitation of degraded forests and other areas by institutionalising decentralised/participatory forest management and supplementing livelihoods improvement processes. The major forestry activities to be carried out under NAP are Aided Natural Regeneration (ANR) (200 plants per hectare), Artificial Regeneration (AR) (1100 plants per hectare), Bamboo Plantation (BP) (625 plants per hectare), Pasture Development (400 plants per hectare), Mixed Plantation (1100 plants per hectare), Regeneration of Herbs and Shrubs (2000 plants per hectare). The other components for which sanctions are accorded by the GoI in the Annual Plan of Operation (APO) are Awareness Raising, Micro-planning, Soil & Moisture Conservation, Fencing, Monitoring and Evaluation, Overheads and Entry Point Activities. It was seen from the APO which was prepared by SFDA and submitted to the NAEB that four² activities of NAP were included in the APO out of 11 activities (as detailed in *Appendix 3.1*).

In accordance with the provisions of the revised operational Guidelines of the NAP (2009), the scheme is implemented through three tier institutional setup viz. State Forest Development Agency (SFDA) at the State Level, Forest Development Agency (FDA) at the territorial forest division level and Joint Forest Management Committees (JFMC) at the village level. The SFDA, FDAs and JFMCs are registered as Societies under Society Registration Act, 1860. The organisational setup of the scheme in Chhattisgarh is as follows:

² ANR of degraded areas; AR and enrichment planting; Entry Point Activity (EPA) and participatory Micro-planning; implementation and monitoring of projects

Chart 3.3: Institutional Setup for implementation of NAP



3.3.2 Audit Objectives

The Audit of “Implementation of NAP in Chhattisgarh” was conducted to ascertain whether:

- the financial management under the scheme was in accordance with the Scheme Guidelines and instructions issued by the GoI and State Government from time to time;
- the funds were utilised in accordance with the plan observing due economy and effectiveness; and
- the forestry activities under NAP were carried out in accordance with the provisions of guidelines and were in conformity with the prescriptions envisaged in the Working Plans of the Divisions and instructions issued by the Department and Government from time to time.

3.3.3 Audit Criteria

The following rules, guidelines and orders were used as the Audit Criteria:

- Revised operational Guidelines of National Afforestation Programme issued by GoI (2009);
- The Working Plan (WP) of the territorial Divisions;
- Forest Financial Rules and Store Purchase Rules of GoCG; and
- Instructions/circulars/orders issued by the GoI and GoCG from time to time.

3.3.4 Audit Scope and Methodology

In Chhattisgarh state there are 32 FDAs and 7,887 JFMCs. Audit was conducted during January 2016 to June 2016 covering the period between 2010-11 and 2014-15 in the offices of SFDA and the 12 FDAs³ (38 per cent) selected using Simple Random Sampling method. During the year between

³ Baloda Bazar, Balrampur, Bastar, Dhamtari, Jashpur, Katghora, Kondagaon (South), Korba, Koriya, Manendragarh, Marwahi and Surajpur

2010-11 and 2014-15, these 12 test checked FDAs had incurred expenditure of ₹ 56.88 crore under the NAP. Records related to NAP of 97 JFMCs out of 395 JFMCs (24.56 per cent) falling under these FDAs were also checked. The methodology adopted for audit included scrutiny of records, collection of information through requisitions, joint physical verification etc. The scope, objectives and methodology of audit was discussed with Principal Secretary, Forest Department in an entry conference held on 13 April 2016. The PCCF represented the Department during the entry conference. The exit conference was held on 24 October 2016 wherein the audit findings and the recommendations were discussed. The replies received during the exit conference and at other points of time were appropriately incorporated in the relevant paragraphs.

Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation extended by the Forest Department for timely providing requisite information and records to audit so as to complete audit within the time schedule.

3.3.5 Status of funds received and expenditure incurred under NAP

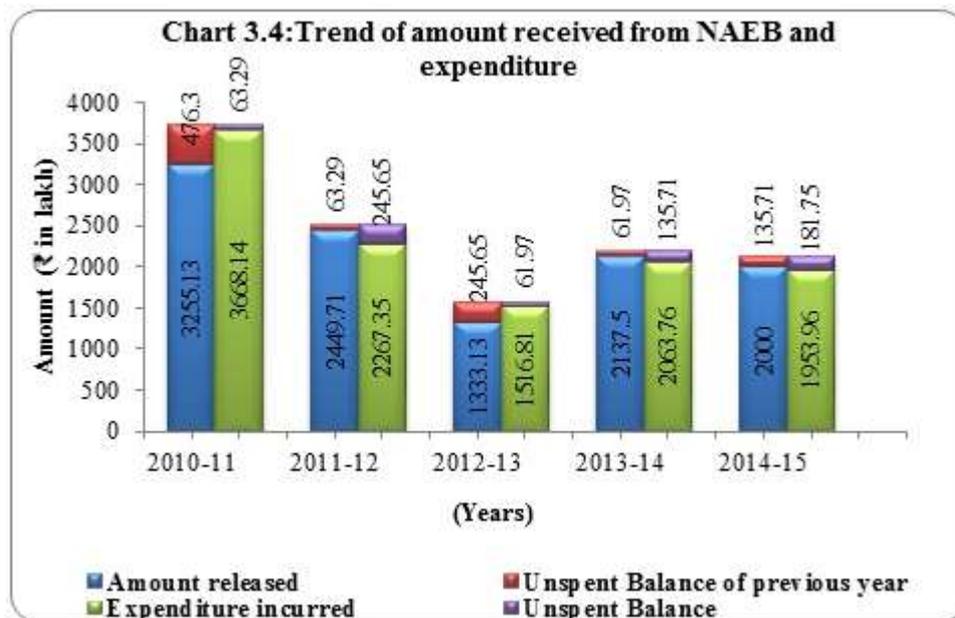
During the period between 2010-11 and 2014-15, the status of funds sanctioned by NAEB and expenditure incurred by the SFDA has been detailed in the following table:

Table 3.2: Trend of amount received from NAEB and expenditure

(₹ in lakh)

Year	Amount released	Unspent Balance of previous year	Total	Expenditure incurred	Unspent Balance (percentage)
2010-11	3,255.13	476.30	3,731.43	3,668.14	63.29 (1.70)
2011-12	2,449.71	63.29	2,513.00	2,267.35	245.65 (9.77)
2012-13	1,333.13	245.65	1,578.78	1,516.81	61.97 (3.92)
2013-14	2,137.50	61.97	2,199.47	2,063.76	135.71 (6.17)
2014-15	2,000.00	135.71	2,135.71	1,953.96	181.75 (8.51)
Total	11,175.47	982.92	12,158.39	1,1470.02	

(Source: Information provided by the Department)



A review of the funds released for NAP during the period 2010-11 to 2014-15 revealed that the Department could not spend the entire amount available and the savings ranged from 1.70 to 9.77 *per cent* in all these years.

After we pointed this out, the Government replied (October 2016) that the sanctioned amount could not be utilised due to delay in receipt of second and third installment from NAEB (in the month of January and February).

AUDIT FINDINGS

3.3.6 Micro-plans of the JFMCs not formulated

Before 2010-11, micro plans of 3,502 JFMCs had been prepared. During the period between 2010-11 and 2014-15, micro plans of only 376 JFMCs were prepared against the remaining 4,385 JFMCs.

As per the paragraph 4.3 of the revised guidelines of the NAP, after formation of FDA and JFMC, a micro-plan for each village shall be prepared by the FDA for each JFMC consisting of an integrated plan for forest development and village development. The forest development part of the micro-plan shall be based upon the WP of the territorial division concerned and the village development plan shall be made on the basis of ongoing and potential works that could be undertaken as part of Entry Point Activity (EPA) under NAP.

As per the APOs of the SFDA there are 32 FDAs and 7,887 JFMCs in the State which had already been formed before 2010-11. Of these, micro-plans of 3,502 JFMCs have been formulated till 31 March 2010. During scrutiny of APOs of SFDA forwarded to NAEB for approval during the period between 2010-11 and 2014-15, we noticed that NAEB sanctioned an amount of ₹ 70.29 lakh for preparation of micro-plans against which expenditure of ₹ 41.46 lakh was incurred. As per the APO submitted for the year 2015-16, micro-plans of only 376 JFMCs (nine *per cent*) have been prepared against the remaining 4,385 JFMCs. Further, only 10 JFMCs have produced their micro-plan during audit of FDAs out of 97 test checked JFMCs. In absence of the micro-plan, the base line information on the condition of forests under the charge of a JFMC

and its requirement remained unascertained. As a result, proper planning for need based annual work programme for village development in the JFMC area would not be feasible. As micro-plans were not prepared, there were instances of plantations in ineligible areas under NAP as discussed in the succeeding paragraphs.

After we pointed this out, the Government replied (October 2016) that micro-plan of JFMCs were not prepared as sufficient funds were not received for that. Reply is not acceptable as the funds sanctioned for the purpose of micro-planning were not fully utilised.

The Government may ensure micro-planning of all the JFMCs at the earliest so that activities under NAP are executed in a planned manner.

3.3.7 Financial Management

3.3.7.1 Delay in transfer of funds from NAEB to SFDA and then to the FDAs

Delay in submission of APOs by the SFDA and absence of timeframe regarding sanctioning the APO by NAEB led to the delay of 37 to 137 days in release of funds. Further, SFDA released funds to the FDAs against the approved APOs with a delay ranging from 46 to 133 days which resulted in reaching the funds to FDAs when the period for advance work and plantation is normally over.

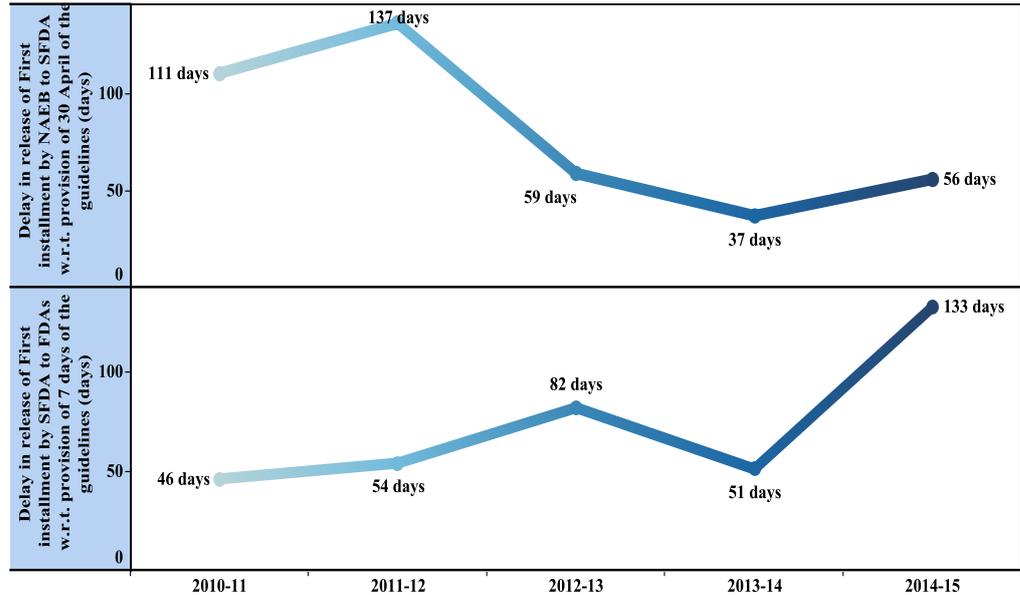
The NAEB instructed (July 2010) the SFDA to forward the APO of the State before 30 April of each year. As per the guidelines 50 *per cent* of the approved cost of the APO of the State was to be released by NAEB to the SFDA as first installment at the commencement of financial year, preferably by 30 April each year without waiting for Utilisation Certificates (UC) and progress reports of the previous year in order to match the timing of plantation activities. The SFDA is required to transfer the funds to the respective FDA within seven days of receipt from NAEB.

During the test check of sanction files in the SFDA, we observed the status of release of funds from NAEB to SFDA and SFDA to FDA during the period between 2010-11 and 2014-15 which has been detailed in the following table:

Table 3.3: Delay in transfer of funds from NAEB to SFDA and SFDA to FDAs

Year	Date of Submission of APO by SFDA to NAEB	Date of release of First installment by the NAEB to SFDA	Delay in release of First installment by NAEB to SFDA w.r.t. provision of 30 April of the guidelines (days)	Date of release of First installment by SFDA to FDAs	Delay in release of First installment by SFDA to FDAs w.r.t. provision of 7 days of the guidelines (days)
2010-11	(After 13-07-2010)	19-08-2010	111	11-10-2010	46
2011-12	02-08-2011	14-09-2011	137	14-11-2011	54
2012-13	08-10-2012	28-06-2012	59	25-09-2012	82
2013-14	17-04-2013	06-06-2013	37	03-08-2013	51
2014-15	29-04-2015	25-06-2014	56	12-11-2014	133

Chart 3.5: Dealy in release of funds from NAEB to SFDA and SFDA to FDA



It may be seen from the above table that during the period between 2010-11 and 2012-13, APOs were submitted by the SFDA with a delay of two to six months. However, APOs were timely submitted in 2013-14 and 2014-15. We further observed that there were no instructions/guidelines prescribing the time within which APOs were to be sanctioned by NAEB. Delay in submission of APOs by SFDA (2010-11 to 2012-13) to NAEB and absence of instructions/guidelines regarding sanctioning the APO by NAEB led to the delay of 37 to 137 days in release of first installments of the funds with respect to the provision of 30 April mentioned in the guidelines. Further, SFDA released funds to the FDAs against the approved APOs with a delay ranging from 46 to 133 days.

Though the delay of transmission of funds from NAEB to SFDA decreased from 2010-11 to 2014-15, the delay in transmission of funds from SFDA to FDAs increased during the same period. As a result of these delays in transmission of funds at NAEB and SFDA levels, the first installments reached FDAs between months of August and November (post monsoon) when the period for advance work and plantation is normally over.

After we pointed this out, the Government replied (October 2016) that delay in transfer of funds from SFDA to FDA was due to prescribed procedure for release of money to FDAs at Government level. The reply is not acceptable as the procedures for transmission of funds should have concurrence with the provisions of the guidelines. Department’s failure to adhere the time-frame prescribed in the guidelines while transferring the funds to FDAs led to the delay.

3.3.7.2 Delay in transfer of funds from FDAs to JFMCs

Guidelines for transferring the funds from FDAs to JFMCs were not observed which resulted in reaching the funds to JFMCs in the next financial year.

As per the guidelines, FDAs were required to transmit the 80 *per cent* of the funds to the respective JFMCs within 15 days from the receipt from the SFDA to undertake the implementation of the works envisaged in the APO. When 50 *per cent* of the funds released to a JFMC has been utilised, the balance 20 *per cent* of the funds should be released.

During the test check of allotment files of NAP in test checked 12 FDAs, we noticed that guidelines for transferring the funds to JFMCs were not observed by the eight FDAs⁴. There were delays in transfer of funds upto ten months. As a result of these delays, the funds reached JFMCs in the next financial year (as detailed in *Appendix 3.2*). Also, the funds reached to JFMCs when the periods of advance works as well as plantations was over.

After we pointed this out, the Government replied (October 2016) that instructions had been issued to the FDAs to release the fund on time.

3.3.7.3 Transfer of funds from one FDA to another in contravention of the guidelines of NAP

In contravention of the guidelines, funds were transferred from one FDA to another without prior approval of NAEB. Funds were transferred for establishing Handicraft Emporium in Raipur without being sanctioned in the APO.

The funds under NAP are allocated to the FDAs as per the proposed activities included in the APO approved by the NAEB. As per the provisions of guidelines, there shall be no diversion of funds from one FDA/JFMC to another FDA/JFMC save in exceptional circumstances and with the prior approval of NAEB. Guidelines prescribe for adjustment of unspent balance of previous year pertaining to an FDA in the grant of the next year.

During the test check of Cash Book and Note sheet files of FDAs, we observed the following cases of diversion of funds from one FDA to another:

- FDA, Dhamtari, Kondagaon (South) and Bastar transferred an amount of ₹ 24.75 lakh to FDA, Raipur in March 2011 and May 2011. As per the orders of SFDA (March and May 2011), these funds were transferred for Handicraft Emporium. However, establishment or operation of Handicraft Emporium was not included in the APO of SFDA. Also no prior sanction for inter-FDA transfer of funds has been taken by SFDA from NAEB.
- FDA, Kondagaon (South), Marwahi and Korba received an amount of ₹ 64.08 lakh from other FDAs for meeting the expenses of the works approved under the APOs. No prior sanction was found to be taken from NAEB regarding inter-FDA transfer of funds.

⁴ Balrampur, Baloda Bazar, Bastar, Dhamtari, Kondagaon (South), Koriya, Korba and Surajpur

Thus, funds were diverted from the intended activity as approved in APO to the other activities. Funds sanctioned for approved APOs of the FDAs were diverted to meet out the APO expenses of other FDAs without prior approval of NAEB.

After we pointed this out, the Government replied (October 2016) that the funds were utilised in establishment of Handicraft Emporium. Handicraft items which were made by the villagers of FDA were sold through the Handicraft Emporium, as generating employment in villages was an objective of NAP. The reply does not clarify the reasons for inter FDA transfer of funds without prior approval of NAEB as envisaged in guidelines. The Handicraft Emporium could have been established directly by the SFDA or sanctioning the fund to the FDA concerned by including the same in the APO instead of transferring the same from other FDAs.

3.3.7.4 Funds lying idle in the accounts of JFMCs

An amount of ₹ 1.10 crore was lying unutilised in the accounts of seven JFMCs. In absence of periodical returns to be submitted by the JFMCs to FDAs, we could not ascertain the activities to which these funds were related and for what reasons, expenditure was not incurred.

During the test check of pass books, cash books and other records of JFMCs, we noticed that in seven JFMCs pertaining to three FDAs, funds amounting more than ₹ 10 lakh were lying unutilised as detailed in the following table:

Table 3.4: Details of funds lying idle in JFMCs' accounts

Sl. No.	Name of JFMC	Name of FDA	Unutilised Amount		Date from which no amount was withdrawn
			(₹ in lakh)	As on	
1	Kaikachhar	Jashpur	10.24	May 2016	July 2014
2	Korchikani	Jashpur	13.03	May 2016	July 2014
3	Angaartoli	Jashpur	16.31	May 2016	July 2014
4	Potedand	Koria	10.52	May 2016	December 2014
5	Dumardeeh	Korba	23.21	June 2016	September 2014
6	Rajgamar	Korba	21.76	June 2016	April 2010
7	Godma	Korba	14.62	July 2016	April 2014
Total			109.69		

It may be seen from the above table that an amount of ₹ 1.10 crore pertaining to the period up to 2014-15 was lying idle for the period of almost two to six years in the accounts of the above JFMCs. In absence of periodical returns and work-wise segregation of funds in the accounts of JFMCs, audit could not ascertain that to which work, the funds were related and for what reasons, expenditure was not incurred.

After we pointed this out, the Government replied (October 2016) that clarification had been sought from DFOs concerned regarding unspent balance at JFMCs level. Unspent money would be adjusted in next Annual Working Plan.

The Government may consider streamlining the procedures for ensuring timely transmission of funds in accordance with the provisions of the guidelines, restrict the inter-FDA transfer of funds without prior approval of NAEB and avoid undue blockage of funds in the accounts of JFMCs.

3.3.8 Expenditure in contravention of guidelines of NAP

3.3.8.1 Installation of Improved Biomass Chulhas in JFMCs

The Member Secretary, SFDA ordered the diversion of funds provided for execution of forestry activities as approved in the APO, for installation of Improved Biomass Chulhas(IBC) on the basis of false statement and without having approval from NAEB or SFDA.

During scrutiny of allotment files of FDAs Baloda Bazar, Bastar, Dhamtari, Katghora, Kondagaon (South) and Korba we noticed that as per the guidelines of NAP, sanction of ₹ 121.02 lakh was accorded to the FDAs for Soil Moisture Conservation (SMC), Micro-planning, Awareness, Fencing, Monitoring and Evaluation and Overhead as a percentage of plantation cost for the year 2010-11.

Member Secretary, SFDA instructed (March 2011) that since no new area for plantation was sanctioned in 2010-11, there was no use of funds received in the heads other than Monitoring and Evaluation. Hence funds received in the other heads would be used for installing Improved Biomass Chulhas (IBC) by the JFMCs. The said instructions also included a list of FDAs with number of IBCs to be procured. However, we observed that in six out of 12 FDAs, IBCs were procured and installed incurring an expenditure of ₹ 83.98 lakh⁵. During further scrutiny, we noticed that in the APO of 2010-11, as approved by the NAEB, there was no proposal for purchase of IBCs at all instead there existed an approval for an advance work and plantation in 122 and 1070 (500+570) hectare area in the above FDAs. As such, it was falsely stated that there was no new area for plantation in 2010-11. Clearly, ₹ 83.98 lakh was misutilised on the basis of false statement.

After we pointed this out the Government replied (October 2016) that installation of Bio-Mass Chulhas was done under the Entry Point Activity (EPA) and the expenditure incurred from unspent balance of Overhead and EPA. However, a departmental enquiry was also being conducted on the above matter. The enquiry report would be intimated to the audit after its completion. Reply is not acceptable as the instructions issued by the Member Secretary, SFDA had falsely stated that there was no new work proposed and hence the funds of the heads other than monitoring and evaluation would be used for the installation of IBCs. Also, it falsely stated that the decision was taken by the SFDA as no meeting of General/Executive body of SFDA was held during the period between 2010-11 and 2014-15.

⁵ Baloda Bazar – ₹ 9.00 lakh; Bastar – ₹ 19.73 lakh; Dhamtari – ₹ 25.27 lakh; Katghora – ₹ 8.39 lakh, Kondagaon (South) – ₹ 8.07 lakh and Korba – ₹ 13.52 lakh

3.3.8.2 Irregular payment to NGO by diverting the funds of NAP for the works not proposed under the APO

Payment was made to an NGO and a JFMC for the work of cattle camp which was not approved in the APO. Further, there was no evidence in the FDA regarding execution, monitoring and evaluation of the work so that the basis of making payment could be established.

CEO, FDA (DFO), Dhamtari signed an MOU (May 2011) with a Non-Governmental Organisation (NGO) Haritima Paryavaran Sanrakshan Sewa Samiti (HPSSS) for developing secure, sustainable livelihood opportunities and building effective linkages covering 540 families of six villages during the period of one year. The work was named by the FDA as **Cattle Camp**⁶ in the sanction orders. Scrutiny of note sheets and cashbook of FDA revealed the following irregularities:

- No such work was proposed by the FDA in its APO submitted to SFDA and subsequently approved by the NAEB. Also, no approval from NAEB was found in the records regarding diversion of funds.
- The total project cost of the work was ₹ 66.69 lakh out of which ₹ 6.67 lakh was paid to HPSSS (June 2011) as the startup fund and as per the conditions of the MOU, after receipt of startup fund, HPSSS had to submit monthly reports and bills/vouchers to the Range Officer (RO) concerned who had to inspect the work and submit the same to the Sub-Divisional Forest Officer (SDO). SDO in turn was required to physically verify the work and submit his report to the DFO regarding quality and quantity of work. DFO would take decision for release of next installment on the basis of that report. However, we did not find any such documentation in the records of physical verification/certification by the authorities. The remaining amount of ₹ 60.05 lakh was transferred to JFMC, Budharao (July 2011) by DFO Dhamtari despite the fact that the same was not a beneficiary JFMC under the project as per the MOU. Despite several reminders during the course of audit, the JFMC did not submit any records to audit regarding the above payment and utilisation of money.
- Monthly, quarterly and annual returns as prescribed in the MOU, details of training programmes to the JFMCs and staff, assets created and photographs of the works executed under the programme were not found on record in the FDA.

The approval of above work by the FDA without being sanctioned under NAP and payment of ₹ 66.72 lakh was made to the HPSSS and JFMC, Budharao within the time span of 40 days for a work which had to be executed in a period of one year. No progress report, bills, vouchers and other records as enumerated in the MoU with NGO was found in records. JFMC, Budharao did not produce its accounts and other documents to audit. However, no cognisance was taken by the FDA as well as SFDA to monitor and evaluate the work till date. Thus, incurring an expenditure of ₹ 66.72 lakh through an NGO in the name of Cattle Camp was highly irregular and misappropriation of the funds could not be ruled out.

⁶ The name of CATTLE CAMP has no relation with the works executed by the HPSSS.

After we pointed this out the Government replied (October 2016) that a letter had been issued to the DFO concerned for clarification. After receiving reply, action would be taken as per rules.

3.3.8.3 Irregular advances to the Range Officers

Though ROs have no role in the structure of NAP, Forest Advances (FA) were given to them for meeting Government expenses. Further, no accounts were submitted by the ROs in respect of these advances.

As per the revised guidelines of NAP, the FDAs are required to transfer the funds to the JFMCs for the activities to be carried out and there is no provision for providing Forest Advances (FA) to Range Officers (RO) for meeting the expenses.

During scrutiny of cash books of test checked FDAs, we noticed in three FDAs⁷ that an amount of ₹ 74.24 lakh was given to ROs as FA during the period between 2010-11 and 2012-13 for meeting government expenses. However, neither any details of the works to be carried out were given in the sanction orders nor any accounts were submitted by the ROs against these advances.

After we pointed this out, the Government replied (October 2016) that a letter has been issued to DFOs concerned for clarification. After receiving reply, action would be taken as per rules.

3.3.8.4 Purchase of articles without observing Guidelines and Store Purchase Rules

In contravention to the provisions of guidelines, purchases were made from overhead for use in Divisions and higher offices. While making purchases, neither Store Purchase Rules were followed nor were store/stock accounts kept for articles so purchased.

As per the guidelines of NAP, overheads may include expenditure on hired staff including for purpose of finance and accounts/establishment/vehicles etc. Further, Rule 3 and 4 of Chhattisgarh Store purchase Rules, 2002 administering the purchases through tenders and quotations and maintenance of the Store/ Stock account of the articles purchased should be followed.

During the test check of payment vouchers of six out 12 FDAs, we observed that purchase of various items valuing ₹ 52.40 lakh was made during the period between 2010-11 and 2014-15 such as computers, computer peripherals, furniture, Close Circuit Television (CCTV) camera, Air Conditioners (ACs), Solar lanterns etc. by the FDAs/JFMCs from the funds allocated under overheads for use in Division/Circle offices as detailed in *Appendix 3.3*. The guidelines do not provide for making purchases from the overheads. However, expenditure was incurred for purchasing articles for use in divisions and higher offices. Further, no tenders/quotations were found in the records for the purchases as required under Rule 3 and 4 of the

⁷ Baloda Bazar – ₹ 31.35 lakh, Bastar – ₹ 29.93 lakh and Dhamtari – ₹ 12.96 lakh

Chhattisgarh Store Purchase Rules. Also, store/stock accounts of the articles purchased from NAP funds were not maintained in FDAs and JFMCs.

After we pointed this out, the Government replied (October 2016) that a letter had been issued to DFOs concerned for clarification. After receiving reply, action would be taken as per rules.

3.3.8.5 Irregular payment of Honorarium

Honorarium was irregularly paid to the Government servants on monthly basis for doing the work of NAP. Payment was irregularly made to a retired Government servant engaged in Circle office.

The NAP Guidelines prohibits creation of new posts for SFDA, FDAs and JFMCs. However, the expenditure on hired, contractual and outsourced persons could be met from the head 'overheads'. Further, As per Fundamental Rules 9 and 47 read with Subsidiary Rules 6, Honorarium is a non-recurring payment given to Government Officials from the consolidated fund of India or State as remuneration for special work of an occasional or intermittent character. It further clarifies that no matter how much special are the official duties of a government servant, Honorarium should not be sanctioned for the official duties performed by him.

During the test check of allotment files, note sheets and payment vouchers of the FDAs, we observed the irregular payment of honorarium as detailed below:

- During the period between 2010-11 and 2014-15, FDA, Dhamtari had paid honorarium of ₹ 8.82 lakh to government servants performing the regular duties in the division on monthly basis. Further, honorarium to the Government servants serving in the circle office were also paid who had no role in NAP as all the records are kept in the FDAs. As such, payment of ₹ 8.82 lakh as honorarium to the regular Government employees of the department for performing their regular duties was irregular.
- In FDA, Bastar, we noticed that a retired Government Servant hired in circle office was paid honorarium of ₹ 1.44 lakh during the period from September 2012 and April 2015 for maintaining the records of FDA at circle level. However, the records relating to NAP are maintained at FDA level which is the Division office and no records of NAP are maintained/kept at the circle level, i.e. CCF office. Hence payment of ₹ 1.44 lakh to a person hired in circle office, where no records of NAP are kept or maintained, was irregular.

As such payment of honorarium amounting ₹ 10.26 lakh was irregular, contrary to the provisions of guidelines and may be recovered.

After we pointed this out the Government replied (October 2016) that a letter had been issued to DFOs concerned for clarification. After receiving reply, action would be taken as per rules.

Government may consider ensuring that the FDAs/JFMCs must adhere due economy, comply with the guidelines of the scheme and observance of the Rules/provisions in force while incurring the expenditure.

3.3.9 Selection of ineligible sites for plantation

The revised operational guidelines of NAP provide for treatment of degraded forest areas through Artificial Natural Regeneration (ANR), Artificial Regeneration (AR), Bamboo Plantation (BP), Mixed Plantations and Pasture Development work. As per the type and density of the forests, WP of a division classifies the forests in separate working circles and provides prescriptions for each working circle. Further, PCCF had instructed (July 2013) that treatment of the same area during the same period of time under two different heads is irregular. Before forwarding the treatment projects to the PCCF, the DFO shall certify that no plantation or rehabilitation of degraded forest work was carried out in last five years and protection/maintenance work from any other head is not in continuation in the same area.

During test check of records of FDAs, we noticed that sites for treatments were selected in contravention to the above provisions as detailed in the following paragraphs.

3.3.9.1 Selection of sites for plantation in contravention to the provisions of WP

Plantation sites were selected in contravention to the provisions of WPs. As a result of this, there was negligible growth in plants in Manendragarh while all the plants of Bamboo plantation in Surajpur died.

- In FDA, Manendragarh and Surajpur, AR and BP were carried out in 200 hectares and 50 hectares area respectively incurring expenditure of ₹ 91.74 lakh⁸. These compartments belonged to Improvement Working Circle (IWC). During physical verification, these plantation sites were found covered with dense forests having abundant regeneration. The FDAs had taken up plantation in the dense forest as a 'gap plantation'. As a result of this, there was negligible/unsatisfactory growth of plants in sites of FDA, Manendragarh. The bamboo plantation in FDA, Surajpur was not successful and all the plants had died. There was no requirement of plantation in such sites and only protection was required for regeneration of the forests.

8	Name of FDA	Area (Ha.)	Compartment No.	Expenditure incurred (₹ in lakh)	Period of work
	Manendragarh	200	684, 753, 769, 770	84.38	2011-12 to 2015-16
	Surajpur	50	1820	7.36	2012-13 to 2014-15
	Total	250		91.74	



(Bamboo plantation site in Surajpur with abundant regeneration and dead bamboo plants)

- Further, AR work was taken up in 50 hectare area in compartment no. 902 of FDA, Manendragarh during the period between 2011-12 and 2014-15 and an expenditure of ₹ 13.73 lakh was incurred on plantation of 55,000 plants. Further scrutiny revealed that the areas selected for treatment belonged to Selection cum Improvement (SCI) working circle having forest of density of 0.5 and more. As per the prescriptions for treatment of SCI working circle, plantations should have been taken in the areas having density below 0.2 and blank areas of more than 5 hectares were available at one place which was not taken care of while taking up the above plantation.

After we pointed this out the Government replied (October 2016) that a physical verification would be conducted in respect of audit observation and the report would be intimated to audit.

3.3.9.2 Selection of sites already under treatment from other budget heads

Sites already under treatment from other budget heads were selected for plantation under NAP which has been prohibited by the Department in their circular of July 2013.

- In FDA, Dhamtari, Artificial Regeneration (AR) work was taken up in 120 hectare area of compartment no. 468 during the period between 2011-12 and 2014-15 and expenditure of ₹ 38.40 lakh was incurred on plantation of 1,32,000 plants. Further scrutiny revealed that the areas selected for treatment belonged to SCI working circle having dense forest of density 0.5 and more. Total area of the compartment was under treatment from Compensatory Afforestation Management and Planning Authority (CAMPA) fund as well as State Budget. No certification from DFO was found recorded in accordance with the Departmental instructions of July 2013 to the effect that no plantation or rehabilitation of the degraded forest work was carried out in last five years and protection/maintenance work from another head is in continuation in the same area.
- In FDA, Kondagaon (South), 20 and 5 hectare areas of compartment no. 723 and 722 were treated with Pasture development (PD) and AR

respectively and expenditure of ₹ 6.47⁹ lakh was incurred during the period between 2012-13 and 2014-15. However, the treatment of rehabilitation of degraded forests was in continuance till 2013-14 and 2014-15 in the whole area of the compartments. Further, no justification/certification was found recorded in accordance with the Departmental instructions. Also, areas identified for development of pasture should have not been treated further through any other forestry operations.

After we pointed this out the Government replied (October 2016) that a physical verification would be conducted in respect of audit observation and the report would be intimated to audit.

Government may consider ensuring the plantation only in eligible sites and in consonance with the prescriptions of WPs of the divisions. Government may also consider declaring the areas selected for pasture development as ineligible for further forestry operations.

3.3.10 Incomplete execution of works

As per the guidelines of NAP, the project of plantation is to be prepared over five years having an advance work i.e. site preparation in first year, creation i.e. plantation in second year, casualty replacements, security and upkeep in third year and maintenance, security and upkeep in fourth and fifth years are to be taken up. Once the sanction of advance work is made, sanctions for activities to be carried out in next four years are made by NAEB in subsequent years for creation in second year and maintenance in subsequent three years.

We observed that there were incomplete executions of forestry activities in three test checked FDAs as discussed in the succeeding paragraphs:

3.3.10.1 Preparation of incomplete Plantation projects and their execution

In contravention to the provision of guidelines of NAP, projects were not prepared for the period of five years. Preparation of partial projects and their execution led to incomplete execution of work.

We observed that in FDA, Jashpur in 16 JFMCs, sanctions of ₹ 1.22 crore were accorded in 2013-14 for execution of advance work and plantation under ANR treatment in 650 hectare area. Accordingly, expenditure of ₹ 1.22 crore was incurred. We further noticed that projects were prepared including the advance work and plantation only. Projects were not prepared for casualty replacements in third year as well as maintenance, security and upkeep in third to fifth years. We also noticed that sanction of ₹ 26.38 lakh was accorded by NAEB in the year 2015-16 for maintenance of above plantations. However, no expenditure was incurred by JFMCs for maintenance of the plantations due to absence of projects for the maintenance of plantations in subsequent years. Further, in absence of security and upkeep of the plantations in third to fifth years as per the standards of NAP, the plants are prone to mortality and the expenditure incurred on these plantations would prove unfruitful.

⁹ ₹ 4.67 lakh + ₹ 1.8 lakh

After we pointed this out, the Government replied (October 2016) that notice had been issued to the DFO concerned for regarding not incurring expenditure and preparation of incomplete project reports. Action would be taken as per rules after receipt of reply.

3.3.10.2 Maintenance and upkeep in AR work not done

Though the advance work, plantation and maintenance in third year were done, no maintenance and upkeep work was executed in fourth and fifth years were carried out. This led to the partial execution of the plantation activity.

We observed in FDA, Bastar that AR work was done in 100 hectare area under three JFMCs¹⁰ in 2012-13. The activities of first three years viz. advance work, plantation and casualty replacement, security and upkeep were carried out by the FDA during the period between 2011-12 and 2013-14 incurring an expenditure of ₹ 33.98 lakh. Further it was observed that though the sanctions for security and upkeep work was to be carried out in fourth and fifth years was accorded to the JFMCs in 2014 but no security and upkeep work of the plantation was carried out in the subsequent years. As a result, the funds allocated to the JFMCs were lying idle keeping the maintenance and security of the plantations unexecuted. Further, in absence of security and upkeep of the plantations in fourth and fifth year as per the standards of NAP, the plants are prone to mortality and the expenditure incurred on these plantations would prove unfruitful.

After we pointed this out the Government replied (October 2016) that notice had been issued to the DFO concerned for not executing the maintenance work and timely payment to the labours. Action would be taken as per rules after receipt of reply.

Government may consider ensuring the proper maintenance of the plantations raised/treatments done in the forest areas under the scheme.

3.3.11 Conclusion

Though the funds were allotted for micro-planning of the JFMCs, plans were prepared for nine *per cent* of the JFMCs for which micro-plans were to be prepared.

There were inordinate delays in transmission of funds from NAEB to SFDA, SFDA to FDAs and FDAs to JFMCs. Funds were transferred from one FDA to another without having prior approval of NAEB and for the purposes not mentioned/approved under the APOs.

Funds were irregularly paid to NGO for the works not approved under APOs. Neither any progress report/return regarding the work was submitted nor was any cognisance taken by the FDA/SFDA to monitor/evaluate the work done.

IBCs were installed in the JFMCs incurring expenditure from the funds provided for other purposes on the basis of false statements.

¹⁰ Rajnagar, Jhitkuguda and Pahurbel

Inappropriate sites/sites already under treatment were selected for plantations. There was incomplete execution of works due to preparation of incomplete projects/maintenance of plantations not done/stopping the works midway.

Thus, there was inadequate financial management of the scheme leading to delayed transmission of funds to the end user (JFMCs) and diversion of funds from the intended objectives. The Department lacked in observing the prescriptions of WPs and instructions issued for executing the forestry activities.

3.3.12 Recommendations

The Government may ensure micro-planning of all the JFMCs at the earliest so that activities under NAP be executed in a planned manner.

The Government may consider streamlining the procedures for ensuring timely transmission of funds in accordance with the provisions of the guidelines, restrict the inter-FDA transfer of funds without prior approval of NAEB and avoid undue blockage of funds in the accounts of JFMCs.

Government may consider ensuring that the FDAs/JFMCs must adhere due economy, comply with the guidelines of the scheme and observance of the Rules/provisions in force while incurring the expenditure.

Government may consider ensuring the plantation only in eligible sites and in consonance with the prescriptions of WPs of the divisions.

Government may consider ensuring the proper maintenance of the plantations raised/treatments done in the forest areas under the scheme.

Other Audit Observations

3.4 Avoidable expenditure on plantation

Expenditure of ₹ 1.08 crore was incurred on the plantations carried out in 175 hectare in contravention to the departmental instructions in forest areas of Dhamtari and Kondagaon (South) Divisions where previous works were still continuing.

Principal Chief Conservator of Forests (PCCF), Chhattisgarh had instructed (July 2013) the field offices, that the Conservators of Forests (CF), before forwarding the proposals for plantations to the PCCF shall take certificate from the Divisional Forests Officer (DFO), that no plantation or rehabilitation of degraded forests activity had been carried out in proposed area in last five years and no maintenance/protection activity is in progress from any other head. DFO shall thoroughly examine the proposals before forwarding them for approval. Treatment of same area under two heads simultaneously is irregular and deteriorates the image of the Department.

- During test check (January 2016) of plantation report for the year 2014-15 and 2015-16 in the office of Divisional Forest Officer (DFO), Dhamtari, we noticed that plantation in 100 hectare and 50 hectare were carried out in Compartment no. 443 and 111 in the year 2014-15 and 2015-16 by incurring expenditure of ₹ 59.03 lakh and ₹ 32.80 lakh respectively. Further scrutiny of Working Plan of the divisions and the progress report of the previous years we noticed that the position of the compartments (443 and

111) *vis a vis*' the works carried out between 2010-11 and 2014-15 are as follows:

Table 3.5: Details of the works done earlier

Compt. No.	Area of the compartment	Name of work	Period of work	Total area of the work (in ha.)
111	318.33	Departmental	2010-11 to 2014-15	165.00
		State CAMPA	2010-11 to 2014-15	100.00
		State CAMPA	2010-11 to 2014-15	40.00
443	145.564	RDF (Without plantation)	2010-11 to 2014-15	145.564
Total	463.894			450.564

From the above table it is clear that out of the total area of 463.894 hectare of two compartments, the Division had treated 450.564 hectare area between 2010-11 and 2014-15. Thus, only 13.33 hectare area was left untreated in Compartment No. 111 in 2014-15. DFO, Dhamtari without ensuring the above facts, prepared the projects for further plantation in 100 and 50 hectare area in Compartment No. 443 and 111 in the year 2014-15 and 2015-16 respectively and incurred expenditure amounting to ₹ 91.83 lakh (March 2016). This was in violation of the PCCF's instructions as 136.67 hectare area was treated with plantation work between 2014-15 and 2015-16 without any area for treatment. Further, we observed that no certificate by DFO, Dhamtari as prescribed by PCCF was available in the Project Report. Thus the DFO without ensuring the status of previous work forwarded the proposal to CF and carried out the plantation work in the already treated area. This resulted in avoidable expenditure amounting to ₹ 83.09 lakh¹¹.

After we pointed out this in audit (January 2016), DFO, Dhamtari replied that in compartment no. 111, out of the plantation work taken up under CAMPA in 140 hectares in 2011-12, plantation was actually carried out in 90 hectares only. Thus more than 50 hectare¹² area was available in the Compartment for any further treatment work. Accordingly, plantation in 50 hectare was taken in the Compartment in the year 2015-16. For compartment no. 443, the DFO replied that only protection and maintenance work was done between 2012-13 and 2014-15. Revised stock map of the compartment was prepared in 2012-13 and it was noticed that desired results of rehabilitation work without plantation done in the year 2010-11 were not achieved and hence the plantation work was taken up in the compartment.

Reply is not acceptable, as State CAMPA sanctioned the expenditure for 100 hectares as per the project report of Dhamtari Division. But the division had incurred the expenditure for 100 hectare when treatment was done only in 50 hectare. In Compartment No. 443, the DFO had already admitted that the plantation work was simultaneously carried out when the previous work was still under continuation. There was no mention of failure of earlier work in the Project report.

¹¹ Compt. No. 111 {₹ 32.80 lakh*(50.00 ha.-13.33 ha.)/50 ha.}= ₹ 24.06 lakh and Compt. No. 443 {₹ 59.03 lakh*(100.00 ha. -0 ha.)/100 ha.}=₹ 59.03 lakh

¹² 318.33-165-50-40= 63.33 hectare

- During scrutiny of plantation report for the year 2013-14 in the office of the DFO, Kondagaon (South) (January 2016), we noticed that teak plantation in 25 hectare area of the Compartment 723 was undertaken in 2013-14 by incurring expenditure of ₹ 24.68 lakh. Further scrutiny of Working Plan, Compartment History and other records, we noticed that the total area of the Compartment 723 is 191.150 hectare and Rehabilitation of Degraded Forests (without plantation) work was taken up in the entire area of 191.150 hectare between 2007-08 and 2013-14. Since the treatment of entire area of the Compartment was still continuing in 2013-14, no area was available in the compartment for further treatment with or without plantation work. But the DFO without verifying the previous work done from the compartment history, prepared project report and carried out plantation work by planting 62,500 teak plants in 25 hectares in 2014-15. Neither there was any certificate that no plantation or rehabilitation of degraded forest activity was carried out in last five year nor any document relating to failure of previous work was found in the project report during audit. Thus the execution of the plantation works, when the previous work was going on, resulted in avoidable expenditure of ₹ 24.68 lakh.

After we pointed (January 2016) out, DFO replied (January 2016) that between 2007-08 and 2013-14 rehabilitation work without plantation work was carried out in entire area of the Compartment no. 723. During field inspection of the site it was noticed that the density of the area ranged between 0.2 and 0.5. Thus site preparation work was taken up in 2013-14 and plantation was carried out in 25 hectare area of the Compartment in 2014-15.

Reply is not acceptable as in Compartment No. 723, the DFO had already admitted that plantation work was carried out when the previous work was still under continuation. There was no mention of failure of earlier work in the Project report.

Thus the failure of DFOs in ensuring the compliance to PCCF's instructions before forwarding the proposal for plantation to CF and the sanctioning of the plantation work by CF in absence of prescribed Certificate from DFOs resulted in avoidable expenditure of ₹ 1.08 crore.

The matter has been reported (May 2016) to the Government/Department for their comments. Their reply is awaited (November 2016).

3.5 Irregular expenditure due to execution of ANR work in already treated coupes

Assisted Natural Regeneration (ANR) work under State CAMPA was taken in nine already treated coupes resulting in irregular expenditure amounting to ₹ 56.27 lakh.

Principal Chief Conservator of Forest (PCCF) instructed that (November 2011) Assisted Natural Regeneration (ANR)¹³ work should be taken up only in those SCI/IWC coupes where felling work was taken up in the previous year. IWC coupes having density below 0.5 where plantation is required is not to be selected for ANR work.

¹³ Assisted Natural Regeneration is the forestry activity taken to improve the regeneration of healthy coppice generated after felling of trees through singling, soil and water conservation and protection work.

During test check (March 2015) of progress report of forestry works and vouchers in Divisional Forest Officer (DFO), Kawardha, we noticed that natural regeneration work in nine out of 12 main felling coupes of 2010-11 admeasuring 906.18 hectare was taken up in 2011-12 and incurred expenditure of ₹ 9.12 lakh under Departmental Head. Further cross verifying the APOs wise work progress report of State CAMPA, we noticed that the division had carried out ANR work in 22 coupes for the year (2013-14) under CAMPA Head. Out of the above 22 coupes, nine coupes belongs to those coupes where Natural Regeneration had already been taken up in 2011-12 under Departmental Head. Thus, the Division had carried out the ANR work in 2013-14 where felling work was carried out in 2010-11 and incurred expenditure of ₹ 56.27 lakh under CAMPA Head. This was in violation of instructions issued by PCCF as the ANR work for the year was to be done in only those coupes where felling work was carried out in the previous year. Whereas, the Division had carried out the ANR work in the year 2013-14 in the coupes under CAMPA Head where felling work (2010-11) and natural regeneration work (2011-12) had already been carried out under departmental Head.

After we pointed out in audit (March 2015), DFO replied (March 2015) that in 2011-12, regeneration work was carried out under departmental heads in nine Improvement Felling Series (IFS) in which felling work was carried out in 2010-11. Since the objectives of the work could not be achieved, work under CAMPA was taken up again as per approved norms. The work had been taken up in the coupes having density not below than 0.5.

Reply is not acceptable as no records were produced to audit stating that the previous work done under the departmental head was unsuccessful and the objectives of the work under approved norms could not be achieved. Thus execution of the same work by incurring expenditure of ₹ 56.27 lakh under CAMPA was irregular.

The matter has been reported (May 2016) to the Government/Department for their comments. Their reply is awaited (November 2016).

3.6 Avoidable expenditure on construction of Cement Concrete Roads

Instructions of Rural Engineering Services (RES) Department were not observed while constructing the Cement Concrete roads in forest villages resulted in avoidable expenditure of ₹ 43.29 lakh.

Development Commissioner (DC), Rural Engineering Services (RES) cell, Chhattisgarh, Raipur had instructed (February 2005) that the Cement Concrete (CC) roads shall be constructed in rural areas with a width of three meter, depth of 15 cm and ratio of 1:2:4¹⁴.

During test check (January 2016 and March 2016) of progress report of other forestry activities in the office of Divisional Forest Officer (DFO), Dhamtari and Katghora we noticed that expenditure of ₹ 1.09 crore was incurred in construction of eleven CC roads. Further scrutiny of Technical Sanction (TS),

¹⁴ Ratio of cement, sand and graded stone aggregate

vouchers and other records revealed that the Department constructed eleven roads of 1:2:4 mix with the following specifications:

Table 3.6 :Details of construction of CC Roads

Divisions	No. of roads	Total length (m)	Width (m)	Depth (m)	Quantity of work executed (cmt)	Quantity of work to be executed (cmt.)	Rate (₹ per cmt)	Expenditure incurred (₹ in lakh)	Expenditure to be incurred (₹ in lakh)
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6= (3)*(4)*(5)</i>	<i>7= (3)*3.00*0.15</i>	<i>8</i>	<i>9</i>	<i>10</i>
DFO, Dhamtari	1	230	4.00	0.20	184	103.50	3620.10	6.66	3.75
	3	425.75	4.00	0.22	374.66	191.59	3265.60	12.23	6.26
	5	1000	4.00	0.15	600	450.00	3265.60	19.59	14.70
DFO, Katghora	2	425	4.00	0.30	510	191.25	3190.50	16.27	6.10
Total	11	2080.75			1668.66	936.34		54.75	30.81

It can be seen from the above table that the Department executed 1668.66 cubic meter of work for constructing 2080.75 metre length of roads with four metre width and depth ranging from 0.15 metre to 0.30 metre by incurring expenditure of ₹ 54.75 lakh. But if the work were done as per the instruction of DC RES, the same would have been completed with an expenditure of ₹ 30.81 lakh. Thus by not complying the instructions of DC, RES 732.32 cubic meter of extra work was executed resulting in avoidable expenditure of ₹ 23.94 lakh. Further, in six roads of Dhamtari Division, after executing CC work in the ratio of 1:2:4, again CC work was done in the ratio of 1:3:6 and 1:4:8 in one km and 200 metre length respectively by incurring expenditure of ₹ 19.35 lakh¹⁵.

After this was pointed out in audit (January 2016 and March 2016) DFO, Dhamtari replied (January 2016) that the instructions of RES cell was not received in the division office. Further, the construction was done as per the demands of the villagers and physical verification of the site. Whereas, DFO, Katghora replied (March 2016) that the roads were in bad condition. The road was constructed with width of four metres and depth of 30 cm to protect from the damage due to sliding of rocks from hilly areas.

Replies are not acceptable as the work was to be executed as per the norms and Schedule of Rates (SOR) of RES Department. Thus the projects of village roads were to be prepared as per the norms and instructions prevailing in the RES Department. Also, no justification for deviations in respect of increased width, depth and double CC work had been incorporated while preparing and sanctioning the projects reports. Further, in one village in Dhamtari Division, the CC road was constructed exactly in accordance with the above mentioned instructions during the same period.

Thus construction of CC roads with more than width and depth prescribed by the DC and laying of extra layer resulted in avoidable expenditure of ₹ 43.29 lakh.

The matter has been reported (May 2016) to the Government/Department for their comments. Their reply is awaited (November 2016).

¹⁵ 1000 m * 4 m * 0.20 m = 800 cmt. * ₹ 2,264.60 = ₹ 18,11,680 (1:3:6) and 200 m * 3 m * 0.10 m = 60 cmt. * ₹ 2,051.00 = ₹ 1,23,060 (1:4:8)

CHAPTER-IV
COMMERCIAL TAX

CHAPTER IV: COMMERCIAL TAX



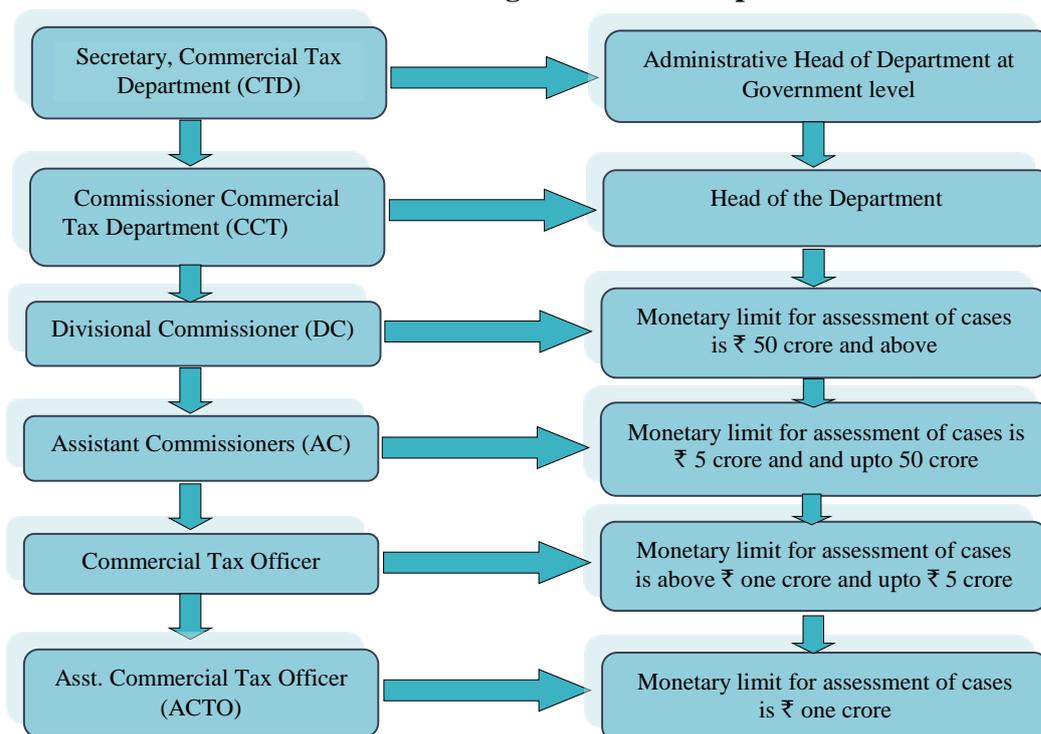
4.1 Tax administration

The Chhattisgarh Value Added Tax Act, 2005 (CGVAT Act) governs the levy, assessment and collection of Value Added Tax (VAT) in Chhattisgarh. VAT is a multi-stage tax levied at each stage of value addition chain, with a provision to allow Input tax Rebate (ITR) on tax paid at an earlier stage, which can be apportioned against the VAT liability on subsequent sale. The receipts of commercial taxes are administered under the provisions of:

- Chhattisgarh Value Added Tax Act, 2005 (CGVAT Act)
- Chhattisgarh Value Added Tax Rules, 2006 (CGVAT Rules)
- Central Sales Tax Act, 1956 (CST Act)
- Central Sales Tax Rules, 1957 (CST Rules)
- Chhattisgarh Entry Tax Act, 1976 (CGET Act)
- Rules, circulars, exemptions, notifications and instructions issued by the Department and State Government from time to time.

The Commissioner of Commercial Tax (CCT) assisted by four Additional Commissioners (Addl. Commissioners), 12 Deputy Commissioners (DCs), 26 Assistant Commissioners (ACs), 72 Commercial Tax Officers (CTOs), 121 Assistant Commercial Tax Officers (ACTOs) and 174 Inspectors of Commercial Tax (CTIs) in performance of such functions as may be assigned to them under the Act. Against the above sanctioned posts, nine DCs, 20 ACs, 36 CTOs, 68 ACTOs and 95 CTIs are presently working in the Department.

Chart 4.1: Organisational setup



4.2 Internal Audit

The Internal Audit Wing (IAW) of a Department is a special vehicle of the Internal Control Mechanism and is generally defined as the control of all controls to enable an organisation to assure itself that the prescribed systems are functioning reasonable well.

Audit scrutiny of the existence of Internal Control Mechanism consisting of IAW, ITR verification mechanism revealed (October 2016) that there are four Chartered Accountants (CAs), which functions as an internal auditor at the Head Office.

The Department did not intimate the number of cases checked and the observation made by the internal auditor along with the action taken by the Department.

We recommend that the Government may strengthen the internal audit wing so that timely detection and correction of errors in levy and collection of revenue are ensured.

4.3 Results of Audit

In the course of audit of 35 out of 53 units relating to VAT/ Sales tax/Entry Tax assessments and other records we noticed short levy of tax/tax not levied, incorrect grant of exemption/deduction, application of incorrect rate of tax and other irregularities involving ₹ 131.27 crore in 402 cases, which fall under the categories as given in **Table 4.1:**

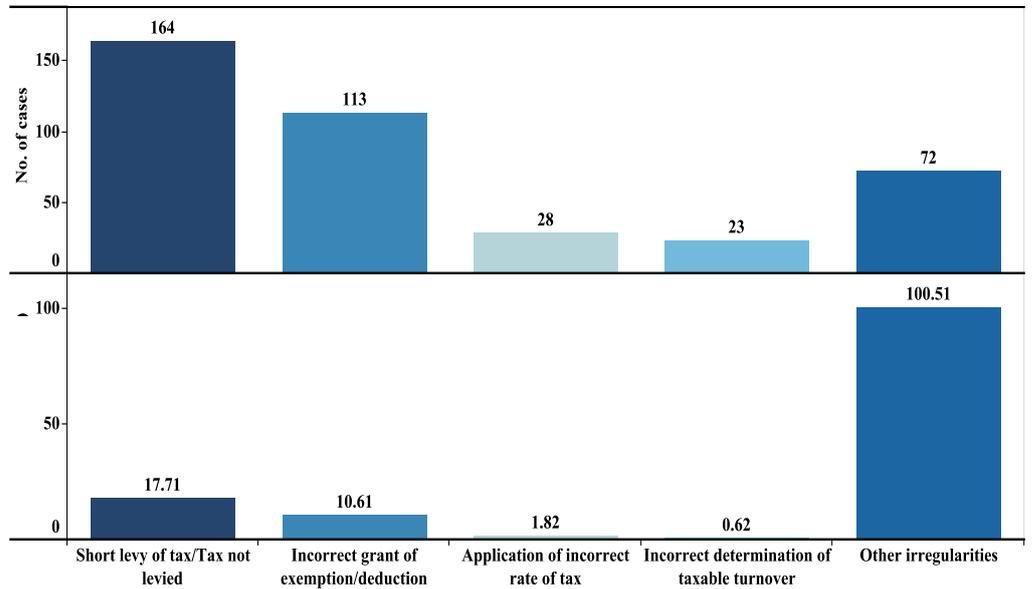
Table 4.1 Results of Audit

(*₹ in crore*)

Sl. No.	Category	No. of cases	Amount
1.	Short levy of tax/Tax not levied	164	17.71
2.	Incorrect grant of exemption/deduction	115	10.61
3.	Application of incorrect rate of tax	28	1.82
4.	Incorrect determination of taxable turnover	23	0.62
5.	Other irregularities	72	100.51
Total		402	131.27

The Department accepted underassessment of ₹ 4.38 crore in 61 cases and recovered ₹ 70.17 lakh in four cases.

Chart 4.2: Category-wise classification of paras



Out of the 35 units audited, 77 per cent of the paras raised relates to other irregularities, 13 per cent in respect of short levy of tax/tax not levied and eight per cent pertaining to incorrect grant of exemption/deduction.

After issue of Draft Paragraphs the Department recovered ₹ 3.39 lakh in one case.

Few illustrative cases involving financial impact of ₹ 14.03 crore are discussed in the following paragraphs.

Value Added Tax

4.4 Incorrect allowance of Input Tax Rebate (ITR)

The Assessing Officers (AOs) allowed ITR of ₹ 97.93 lakh, which was not in accordance with relevant provisions and rules. This resulted in incorrect/excess allowance of ITR of ₹ 13.47 lakh. Besides penalty of ₹ 1.74 lakh was also leviable.

Section 13 (1) (b) of CGVAT Act, 2005 read with Rule 9 of CGVAT Rules, 2006 provides that when a registered dealer purchases any goods specified in

part I, II and IV of Schedule II, other than those Specified in Schedule III within the State from another registered dealer after payment of input tax, for use or consumption in manufacture of any goods specified in Schedule II for sale within the State or in the course of inter-state trade or commerce, he shall be allowed the ITR. Further as per the circular (September 2013) issued by the Commissioner, Commercial Tax, Raipur, the amount received from the seller under credit note shall not form the part of sale price if the dealer submits a declaration as prescribed by the department. In cases of not submitting of prescribed declaration form, discount received shall form part of sale price.

- During test check (between October 2015 and January 2016) of 1,254 out of 2,289 assessment cases of two Commercial Tax Officers (CTOs)¹, we found that eight dealers assessed (between March 2012 and February 2015) were allowed ITR of ₹ 90.93 lakh on the purchases of ₹ 11.46 crore made between 2008-09 and 2013-14. In these cases the dealers incorrectly increased the purchase value in the annual returns as compared to the purchases mentioned in the Chartered Accountant's (CA) reports and availed an excess ITR of ₹ 6.47 lakh as detailed in **Appendix 4.1**.

During exit conference, the Government replied (October 2016) that in seven cases amount of ₹ 5.16 lakh and penalty of ₹ 1.74 lakh have been levied on the excess ITR claimed by the dealer. In another case, the Government stated (October 2016) that the input tax claimed by the dealer was correct.

Reply is not acceptable as the dealer who receives cash discount on the purchases has to furnish prescribed declaration form as per the instruction of Commissioner *ibid* and the same was not produced at the time of assessment.

- Further in CTO-IV, Raipur, test check of 673 cases out of 1,181 cases (October 2015) revealed that a dealer availed ITR of ₹ 7 lakh on the purchases made during 2010-11. However the annual returns (Form-18) 2010-11 showed that the dealer had no turnover for the period and the goods purchased were of capital nature and were used in civil constructions. The AO did not scrutinise the cases properly and incorrectly allowed ITR of ₹ 7 lakh.

After being pointed (May 2016) out the Department replied (July 2016) that the case was being reopened under Section 22(1) of the Act.

4.5 Short levy of tax

Application of lower rate of VAT resulted in short levy of tax of ₹ 67.43 lakh. Besides penalty of ₹ 43.72 lakh was also leviable.

According to entry I of part IV of Schedule II of the CGVAT Act, all other goods not included in Schedule I and in part I, II and III of Schedule-II are taxable at the rate of 12.5 *per cent* up to December 2009 and at 14 *per cent* thereafter. Goods such as multimedia speaker, Direct-to-Home (DTH), set-top box, sports apparels and cooked food were covered under residuary entry. Further, petrol and diesel covered under Part-III of Schedule-II were taxable at 22 *per cent* upto May 2009 and 25 *per cent* thereafter.

During test check of the assessment cases of 5,372 out of 10,568 dealers, we noticed (between November 2015 and February 2016) that the Assessing

¹ CTO-II, Raipur and CTO-II, Raigarh

Officers (AOs) applied lower rate of VAT in 10 assessment cases on the turnover of ₹ 7.92 crore which resulted in short levy of tax of ₹ 67.43 lakh. Further penalty of ₹ 43.72 lakh was also leviable as mentioned in **Table 4.2**:

Table 4.2: Details of short levy of tax

Sl. No.	Name of the unit	Assessment year(Month and year of assessment)	Audit observation
1	CTO-I, Raipur	2011-12 (May 2014)	A dealer engaged in trading of sports apparels and music systems assessed for the period 2011-12, sold sports apparels of ₹ 1.26 crore, which is taxable at the rate of 14 <i>per cent</i> . However, the AO incorrectly levied tax at five <i>per cent</i> treating it as readymade garments, which resulted in short levy of tax amounting to ₹ 11.35 lakh. During Exit Conference, the Government replied (October 2016) that there is no specific entry as “sports apparel” in the Schedule and the same would be covered under “readymade garments”. The reply is not acceptable as the entry no. 106 of VAT Act, 2005 states that “Sports item excluding apparels and footwear” which itself substantiates that the Sports apparel will be treated under residual entry.
2	ACCT Hqr. (Smt. Bhavana Ali), Raipur	2009-10 (January 2014)	Rate of tax on sale of petrol and diesel was 22 <i>per cent</i> up to May 2009 and at 25 <i>per cent</i> thereafter. We noticed from the quarterly returns of a dealer engaged in trading of petrol and diesel that the dealer sold goods valuing ₹ 1.44 crore for the period April and May 2009 and paid tax of ₹ 31.71 lakh at 22 <i>per cent</i> . But in the assessment order the AO had considered turnover of April and May 2009 as ₹ 3.47 crore. It is derived from the quarterly return of the dealer that ₹ 2.03 crore (₹ 3.47 crore- ₹ 1.44 crore) relates to period after May 2009. The AO wrongly determined the turnover and levied tax of ₹ 62.65 lakh at 22 <i>per cent</i> . Thus, the AO did not notice the turnover in the returns which led to short levy of tax of ₹ 6.09 lakh on the excess turnover of ₹ 2.03 crore at 3 <i>per cent</i> (25 <i>per cent</i> – 22 <i>per cent</i>). During Exit Conference, the Government accepted the fact and stated (October 2016) that demand of ₹ 6.09 lakh have been raised.
3	CTO-V, Raipur	2010-11 (Self assessment)	Annual returns (Form 18) of a dealer engaged in trading of electronic goods such as multimedia speaker, TV, refrigerator etc. revealed that the dealer had paid tax of ₹ 6.59 lakh on the sale of ₹ 1.32 crore at the rate of five <i>per cent</i> . Further scrutiny of “C” form revealed that the dealer had purchased multimedia speakers, DVD players which is covered under residuary entry of the Schedule-II and taxable at 14 <i>per cent</i> . However, the dealer wrongly paid the tax at five <i>per cent</i> in the annual returns instead of 14 <i>per cent</i> which resulted in short levy of tax of ₹ 11.88 lakh. During Exit Conference, the Government stated (October 2016) that the case would be reopened under Section 22(1).
4	CTO-I, Jagdalpur	2008-09 (April 2012)	The dealer engaged in trading of DTH, set-top box had shown sale of ₹ 80.53 lakh and paid tax of ₹ 3.35 lakh at the rate of four <i>per cent</i> up to December 2009 and at five <i>per cent</i> thereafter treating it as Information Technology

		2009-10 and 2010-11 (Self-assessment)	(IT) products. The Commissioner, Commercial tax clarified (July 2013) that sale of DTH and set-top box are covered under residuary goods and taxable at 12.5 per cent up to December 2009 and at 14 per cent thereafter. However, the AO did not observe the instructions of the Commissioner which led to short realisation of tax of ₹ 6.88 lakh. During Exit Conference, the Government replied (October 2016) that the case was reopened and the amount of ₹ 6.85 lakh and penalty amounting to ₹ 10.27 lakh for the year 2008-09 to 2010-11 have been levied.
5	CTO-II, Raipur	2008-09 (June 2013)	The dealer engaged in trading of DTH, set-top box shown had shown sale of ₹ 1.18 crore and did not pay tax treating the sale as installation and service charges. The Commissioner, Commercial tax clarified (July 2013) that sale of DTH and set-top box covered under residuary goods and taxable at 12.5 per cent. However, the AO did not observe the instructions of Commissioner, Commercial Tax which led to short realisation of tax of ₹ 14.74 lakh. During Exit Conference, the Government accepted (October 2016) the observation and replied (October 2016) that demand for ₹ 11.74 lakh had been raised.
6	CTO-III, Bilaspur	2007-08 (June 2011); 2008-09 (June 2013); 2009-10 (January 2014)	In three cases of a dealer who was engaged in catering, hoteling and trading of edible items purchased raw material of cooked food valuing ₹ 83.73 lakh and sold ₹ 1.32 crore of cooked food for the period 2007-08 to 2009-10. However, the AO did not levy the tax on the sales of cooked food of ₹ 1.32 crore treating it as tax-free sales while cooked food being residuary goods is taxable at 12.5 per cent. This resulted in short levy of tax of ₹ 16.49 lakh. During Exit Conference, the Government accepted the observation and replied (October 2016) that demand for ₹ 16.49 lakh and penalty of ₹ 33.45 lakh have been raised.

4.6 Concealment of sale led to evasion of tax

The AO did not cross verify the transactions of the dealers before assessing the tax. This has led to concealment of sale in three cases which resulted in evasion of tax of ₹ 1.11 crore. Besides penalty of ₹ 1.99 crore was also leviable.

Section 8 of CGVAT Act, 2005, provides that tax will be levied at the rate of four per cent upto December 2009 and five per cent thereafter on goods specified in Part I, II and III of Schedule II and all those goods not falling in the Part I, II and III of Schedule II will be taxed at the rate of 12.5 per cent upto December 2009 and 14 per cent thereafter. Nails and laminates being the residual items are taxable at the rate of 12.5/14 per cent. Petrol and diesel are taxable at the rate of 22 per cent up to May 2009 and 25 per cent thereafter. Similarly wire is taxable at the rate of four per cent upto 15 April 2011 and at the rate of five per cent thereafter. As per Section 54 (2) of CGVAT Act, 2005, the dealer shall, in addition to the tax payable by him, has to pay penalty of not less than three times and not exceeding five times of the amount of tax evaded.

During test check (between October 2015 and February 2016) of 1,716 out of 2,974 assessment cases of two Commercial Tax Offices (CTO) and one ACCT,

we noticed that three dealers had concealed their turnover to the tune of ₹ 5.80 crore and resulted in evasion of tax of ₹ 1.11 crore .Besides penalty of ₹ 1.99 crore was also leviable on the evaded tax as detailed in the table below:

Table 4.3: Details of concealment of sales

(₹ in lakh)

Sl. No.	Name of the unit	Assessment year(month and year of assessment)	Audit observations
1.	ACCT Hqr, (Smt. Bhavana Ali) Raipur	2009-10 (January 2014)	<p>A dealer engaged in the business of trading of Motor Spirit (MS), High Speed Diesel(HSD), Mobil oil, Grease, Lubricants and Medicines and not bitumen had shown purchase of ₹ 2.58 crore bitumen from M/s Essar Oil Ltd. The dealer had shown the sale of bitumen as ₹ 2.99 crore (2009-10) in CA's audit report and paid tax on the same (4 per cent on ₹ 1.74 crore upto December 2009 and 5 per cent on ₹ 1.25 crore thereafter). Scrutiny of the register of details of 'C/F' forms (utilisation certificate) submitted by the dealer to the Department revealed that the dealer had mentioned the purchase of MS and HSD and not bitumen. However the bills showing the purchases of bitumen were actually the purchases of MS/HSD. Thus, the dealer had shown the sale of MS and HSD as sale of bitumen and evaded tax to the tune of ₹ 56.43 lakh (differential rate of 18 per cent of ₹ 1.74 crore + 20 per cent of ₹ 1.25 crore). The dealer is also liable to pay minimum penalty of ₹ 1.69 crore (three times of ₹ 56.43 lakh) as per Section <i>ibid</i>.</p> <p>During Exit Conference, the Government accepted (October 2016) the observation and replied (October 2016) that demand of ₹ 81.14 lakh had been raised and order for penalty will be issued in due course of time.</p>
2.	CTO IV Raipur	2008-09(June 2012) 2009-10 (August 2012), 2010-11	<p>A dealer engaged in manufacturing and trading of Hard Black (HB) wire and wire nails was assessed for the period between 2008-09 and 2010-11 had paid tax at the rate of four per cent for the sale of wire of ₹ 1.74 crore which was allowed by AO. Scrutiny of the CA's report of the above period revealed that the dealer had purchased wire and manufactured and sold nails valuing ₹1.74 crore using the above wire, which was taxable at 12.5/14per cent instead of four per cent. As the dealer had concealed the above facts and exhibited sale of nails as wire resulting in evasion of tax amounting to ₹ 15.24 lakh². Besides penalty of ₹ 29.52 lakh was also leviable.</p> <p>During Exit Conference, the Government replied (October 2016) that the demand for tax amounting to ₹ 8.94 lakh and penalty of ₹ 17.89 lakh had been levied for the year 2009-10 and 2010-11. No reply regarding 2008-09 was given by the Government.</p>
3.	CTO VIII Raipur	2009-10 (Self	<p>A dealer engaged in the trading of laminates and plywood had shown sale of ₹ 1.03 lakh at 12.5 per</p>

² (12.5-4)=8.5 per cent of ₹ 1.44 crore and (14-4)= 10 per cent of ₹ 0.30 crore

		assessment September 2012)	cent and ₹ 1.08 crore at four <i>per cent</i> respectively in Form 18 (annual statement). Further, it was noticed (December 2015) that the dealer had purchased laminates of ₹ 107.42 lakh from outside State which was taxable at 12.5 <i>per cent</i> . The dealer concealed the sale of laminates as sale of plywood taxable at the rate of four/five <i>per cent</i> instead of 12.5 <i>per cent</i> which resulted in evasion of tax of ₹ 14.83 lakh. During Exit Conference, the Government stated (October 2016) that during the period 2009-10 the rate of tax on laminates, as per notification (May 2009) was four/five <i>per cent</i> and accordingly the tax have been realised from the dealer. Reply is not acceptable as per the notification the Central Excise Tariff item 4412 pertains to “Decorative plywood” but not of laminates. Thus laminates was leviable at the rate of 12.5/14 <i>per cent</i> for the period 2009-10.
--	--	----------------------------------	--

Central Sales Tax

4.7 Concessional rate of tax allowed under Central Sales Tax (CST) Act without declaration forms

The AOs allowed the concessional rate of tax without ensuring submission of declaration form “C” resulting in short levy of CST amounting to ₹ 64.80 lakh.

Section 8 of the CST Act, 1956 provides for levy of tax at the rate of two *per cent* with effect from June 2008 on interstate sales of goods made against declaration in Form “C” and further in absence of statutory forms, the dealer is liable to pay tax at the rates prescribed in the CGVAT Act, 2005. Further as per Rule 12 of Central Sales Tax (Registration and Turnover) Rules, 1957 the declaration in Form ‘C’ or Form ‘F’ or the certificate in Form ‘E-I’ or Form ‘E-II’ shall be furnished to the prescribed authority within three months after the end of the period to which the declaration or the certificates relates. As per the directions issued under section 21(2) of CGVAT, 2005 in respect of self-assessed cases by the department (November 2012), the assessing authorities should make preliminary scrutiny regarding the completeness, timeliness and correctness of information while accepting the annual statement and other documents for finalising self-assessment cases.

During test check (between March 2015 and January 2016) of 9,140 out of 15,236 assessment cases of seven³ units, we noticed that in 14 cases of 12 dealers who were self-assessed for the financial year 2009-10 and 2010-11 had not furnished Form “C” valuing ₹ 9.77 crore in support of interstate sales and availed concessional rate of tax under CST. In absence of form “C”, the dealers were liable to pay the tax at the rates prescribed in the CGVAT Act, 2005. Failure on the part of assessing authorities to make preliminary scrutiny resulted in short realisation of tax amounting to ₹ 64.80 lakh as detailed in *Appendix 4.2*.

³ AC-II, Durg; ACCT (Hqr.)(Smt. Bhavana Ali), Raipur; CTO-II, Raigarh; CTO-I, Raipur; CTO-II, Raipur; CTO-IV, Raipur and CTO-V, Raipur

During Exit Conference, the Government reported (October 2016) that after the case was reopened under Section 22(1) interstate transactions involving ₹ 3.24 crore was not supported with “C” forms of 11 dealers. Accordingly demand of ₹ 16.64 lakh have been raised from the dealers.

Reply is not acceptable with regard to acceptance of “C” forms as the forms enclosed was not submitted within prescribed period, details of goods not mentioned as well as some of them were not enclosed.

4.8 Exemption of tax allowed in transit sales and branch transfer under Central Sales Tax (CST) Act without statutory forms

The AOs allowed exemption of tax to the tune of ₹ 4.74 crore without submission of statutory forms “E-1/C” and “F”. Further penalty of ₹ 3.94 lakh was also leviable.

Section 6(2) of the CST Act, 1956 states that in respect of transit sale (sales made during the movement of goods), selling dealers are required to furnish Form E-I/II and Form-C in support of such sale for claiming exemption from payment of tax. Further under Section 6(A) of the CST Act, consignment sale (branch transfer) shall be exempted from payment of tax on production of statutory Form-F. In the absence of E-I/II/C (transit sale) and Form “F” for consignment sale (branch transfer), the tax on these goods is leviable at the rates prescribed in the CGVAT Act and section 8 of the CST Act.

Rule 12 of Central Sales Tax (Registration and Turnover) Rules, 1957 provides that the declaration in Form ‘C’ or Form ‘F’ or the certificate in Form ‘E-I’ or Form ‘E-II’ shall be furnished to the prescribed authority within three months after the end of the period to which the declaration or the certificates relates.

4.8.1 During test check (between March 2015 and December 2015) of 1,262 out of 2,213 assessment cases in four⁴ units, we found that 13 dealers did not furnish E1-C form of ₹ 117.08 crore but claimed exemptions from payment of tax on the transit sale. In absence of statutory forms, the dealers were liable to pay the tax at the rates prescribed in the CGVAT Act, 2005 and under Section 8 of the CST Act, 1956. However, the AOs without verifying the statutory forms, allowed (between August 2012 and July 2014) exemption of tax which resulted in short realisation of tax amounting to ₹ 4.70 crore as detailed in *Appendix 4.3*.

4.8.2 Further, during the test check (December 2015) of 671 out of 1,139 assessment cases in two⁵ units, we noticed that three dealers did not furnish form “F” of ₹ 99.05 lakh for branch transfer but claimed exemption from payment of tax. In the absence of form “F”, the AOs should have levied tax as per rates prescribed in CGVAT Act, 2005. However, the AOs without verifying the statutory forms allowed (between November 2010 and September 2012) exemption of tax which resulted in short realisation of tax amounting to ₹ 3.96 lakh. Further Penalty of ₹ 3.94 lakh was also leviable as detailed in *Appendix 4.4*.

⁴ AC-II, Durg ;ACCT (Hqr.)(Smt. Bhavana Ali), Raipur; CTO-I, Raipur and CTO-V, Raipur

⁵ CTO-I, Raipur and CTO-VIII, Raipur

Thus, due to excess allowance of exemption to the dealers in inter-state transactions, tax amounting to ₹ 4.74 crore and penalty of ₹ 3.94 lakh was not levied.

During Exit Conference, the Government replied (October 2016) that cases were reopened under Section 22(1) and in 14 dealers transaction amounting to ₹ 31.39 crore and ₹ 99.05 lakh was not supported with “E1C” and “F” forms and accordingly demand of ₹ 95.61 lakh and penalty of ₹ 3.94 lakh have been raised from the concerned dealers, out of which ₹ 66.78 lakh have been recovered from three dealers.

Reply is not acceptable with regard to acceptance of “E1C” forms as the “C” forms enclosed was not submitted within prescribed period, details of goods not mentioned as well as some of them were not enclosed.

Entry Tax

4.9 Entry tax short levied/not levied due to incorrect application of rates

Application of incorrect rate of Entry Tax (ET) on the entry of the goods by the AOs resulted in short realisation of ET amounting to ₹ 4.22 crore. Besides penalty of ₹ 2.15 lakh was also leviable.

According to Section 3 of CGET Act, 1976 a dealer is liable to pay entry tax on the entry in the course of business of a dealer of goods specified in Schedule II, into each local area for consumption, use or sale therein. Further, entry tax at the rate of one *per cent* is leviable on goods specified in Schedule III entered into each local area for consumption or use but not for sale therein.

During scrutiny of the assessment records of eight units⁶ we noticed (between January 2015 and February 2016) that the AOs did not apply correct rates of entry tax while assessing/filing the cases/returns as detailed in the following table:

Table 4.4: Details of Entry tax not levied/short levied

(₹ in lakh)

Sl. No.	Name of Unit	Commodity	Assessment Year (month and year of assessment or self-assessment)	Schedule/ Noti. No. & Date	Purchase value	Rate of tax leviable / levied	Tax short/not levied
1.	CTO-VIII, Raipur	Concrete sleepers, Ballast, Mild Steel Liners, Fish bolt and Fish plate etc.	2009-10 (May 2013)	III	251.00	1/0	2.51
Concrete sleepers, ballast, mild steel liners, fish bolt and fish plate etc. were consumed in							

⁶ ACCT-II, Division I, Bilaspur; ACCT, Durg; ACCT (Hqrs.) (Smt. Bhavana Ali), Raipur; CTO-II, Raipur; CTO-IV, Durg; CTO-IV, Raipur; CTO-VIII, Raipur and DC, Durg

<p>construction of rail system. As these goods are covered under Schedule III of CGET Act, entry tax at rate of one <i>per cent</i> was leviable. However, the AO did not levy entry tax. During Exit Conference, the Government replied (October 2016) that as the contractor had purchased the item consumed in the construction of rail system were Schedule II tax-paid goods and remaining Schedule III goods were directly delivered, hence liability of payment of entry tax does not arise. The reply is not acceptable because regarding Schedule II goods the bills were not affixed “entry tax paid” and regarding Schedule III goods, the bills did not show that the goods were directly delivered.</p>							
2.	DC, Durg	Soya crude oil	2008-09 (February 2014) 2010-11 (December 2014)	III	5,976.73 18,314.89	1/0	59.77 183.15
<p>The dealer availed exemption from payment of entry tax on consumption of soya crude oil under exemption certificate. We scrutinised the dealer’s registration certificate and found that soya crude oil was not mentioned as raw material. However, the AO did not scrutinise the registration certificate and allowed deduction on purchases and consumption of soya crude oil of ₹ 24,291.62 lakh on which entry tax of ₹ 242.92 lakh was leviable at one <i>per cent</i>. During Exit Conference, the Government stated (October 2016) that the case would be reopened under Section 22(1).</p>							
3.	CTO-II, Raipur	Industrial chain	2008-09 (June 2013)	II	215.00	1/0	2.15
<p>The AO allowed exemption from payment of entry tax on purchase of industrial chain from outside the local area treating it as Schedule III goods. As per entry no. 54 of Schedule II, industrial chain covered under ‘machinery and its parts’. Entry tax of ₹ 2.15 lakh is leviable on purchase of industrial chain of ₹ 215 lakh. During Exit Conference, the Government while accepting the fact replied (October 2016) that “Industrial Chain” is covered under machinery and its parts and levied the Entry tax and penalty of ₹ 2.15 lakh on each.</p>							
4.	ACCT II, Div. I, Bilaspur	Extra Neutral Alcohol (ENA)	2009-10 (October 2013)	III	1,279.00	1/0	12.79
<p>The Hon’ble Madras High Court in the case of Commissioner of Income Tax <i>versus</i> Vinbros and Company (29 October 2007) and Hon’ble Jharkhand High Court in the case of M/s. Ajanta Bottlers and Blenders Vs. Excise department (July 2013) held that ENA is a raw material for production of alcohol. As per CGET Act read with Schedule I of Chhattisgarh VAT Act, 2005, goods on which duty is or may be levied under the Chhattisgarh Excise Act, 1915 are tax-free. Thus, liquor is excisable commodity and ENA is raw material on which duty is not paid. The dealer purchased ENA from other local area and entry tax at one <i>per cent</i> is leviable. However, the AO did not levy entry tax. During Exit Conference, the Government replied (October 2016) that ENA being excisable goods are covered under Entry I of Schedule I of CGET Act, 1976 and as per Hon’ble High Court of Uttarakhand in M/s India Glycols Ltd. <i>versus</i> State of Uttarakhand and others (January 2012) ENA is not a raw material for manufacturing of liquor. Thus Entry tax is not leviable on purchase of ENA. Reply is not acceptable as ENA is a raw material for manufacturing of alcohol and thus it is to be treated as Schedule III items for which Entry tax at the rate of one <i>per cent</i> is leviable.</p>							
5.	CTO-IV, Durg	Iron and steel	2007-08 (February 2011)	II	73.32	1.5/0	1.10
<p>The dealer had purchased iron and steel worth of ₹ 1.03 crore, out of which iron and steel worth of ₹ 73.32 lakh was from outside the local area. Entry tax of ₹ 1.10 lakh is leviable at 1.5 <i>per cent</i>. However, the AO did not levy entry tax treating the entire purchase as tax paid goods. During Exit Conference, the Government replied (October 2016), that the case was opened under Section 22(1) and Entry tax of ₹ 1.23 lakh on the purchases of iron and steel of ₹ 81.69 lakh was levied to dealer.</p>							
6.	ACCT	Mobile	2010-11	II	785.00	1/0	7.85

Audit Report for the year ended 31 March 2016 on Revenue Sector

	(Hqrs.), (Smt. BhavanaA li), Raipur	handset	(October 2012)				
<p>Hon'ble Madhya Pradesh (MP) High court held (2011) in the case of M/s Drive India Dot Com versus State of Madhya Pradesh and others that mobile handset is covered under wireless reception instruments and apparatus. The Commissioner, Commercial tax, Raipur also clarified (October 2012) that entry tax at one <i>per cent</i> on mobile handset was leviable. The dealer imported mobile handsets of ₹ 7.85 crore outside State but did not pay entry tax on the above goods. During Exit Conference, the Government accepted the facts and replied (October 2016) that demand for entry tax of ₹ 7.54 lakh had been raised.</p>							
7	ACCT, Durg	Conductor transformer insulator	2007-08(June 2011)	II	108.92 921.49 1,210.64	5/1 5/1 10/1	4.36 36.86 108.96
<p>The AO levied entry tax of ₹ 59.08 lakh on the purchase of ₹ 59.08 crore at one <i>per cent</i>. Further, we noticed that the dealer had purchased conductors, transformers, insulators and other ancillary equipments of sub-stations from outside the local area amounting to ₹ 22.41 crore. The AO levied entry tax at the rate of one <i>per cent</i> treating them as consumable goods under Schedule III of CGET Act, 1976. As per notifications no. 78 of September 1997 and 37 of April 2006, these goods are taxable at five and 10 <i>per cent</i>. During Exit Conference, the Government stated (October 2016) that the dealer is engaged in “transfer of power” work and maintenance of transmission line and sub-station, which cannot be classified as manufacturing work. Thus Entry tax at the rate of one <i>per cent</i> has been levied from the dealer. Reply is not acceptable as the dealer had purchased equipments for use in construction of sub-stations. Thus the constructions of sub-stations is itself the manufacturing process and thus Entry tax as per Section 4A of CGET Act, 1976 is leviable. Also as per Consumer Protection Act, 1986 the definition of “manufacturer” includes the person assembling any items and prepares a new product. Hence the dealer has to be treated as “manufacturer”.</p>							
8.	CTO-IV, Raipur	Tools	2007-08 2009- 10(August 2012)	II	45.48 101.00	1.5/0 1.5/0	2.20
<p>The dealer purchased tools from outside the local area and did not pay entry tax treating them Schedule III goods. Further the Commissioner, Commercial Tax clarified (2008) that tools was covered under “Iron and steel” which attracts entry tax at 1.5 <i>per cent</i>. Thus, entry tax was leviable on the purchase of tools. During Exit Conference, the Government accepted (October 2016) the audit observation and the demand for ₹ 2.11 lakh on the purchase of tools have been raised.</p>							
Total					29,282.47		421.70

The above table shows that while assessing/filing the cases/returns, the AOs/dealers did not apply the correct rates of entry tax as prescribed in the Schedules and notifications. Thus entry tax of ₹ 4.22 crore was not collected/received by the Department. Further penalty of ₹ 2.15 lakh was also leviable.

CHAPTER-V
STAMPS AND
REGISTRATION FEES

CHAPTER V: STAMPS AND REGISTRATION FEES



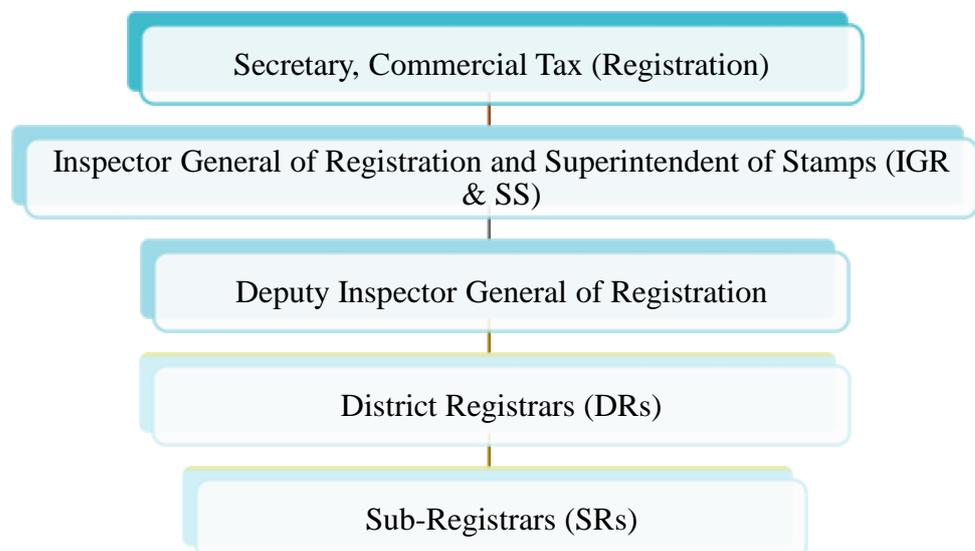
5.1 Tax administration

Receipts from Stamp Duty (SD) and Registration (RF) in the state are regulated under the Indian Stamp Act, 1899, Registration Act, 1908, the Indian Stamp Rules, 1975 and the Chhattisgarh preparation and revision of Market Value Guidelines Rules, 2000, rules made there under by the Chhattisgarh Government. The SD is payable on execution of instruments and RF is payable on registration of instruments. The role of District Registrar (DR) is to guide Sub-Registrars (SRs) in their day to day function, pass orders in cases of valuation of stamps required, penalty, refund and Inspection of SR and public officers where stamp duty is involved.

The SR Office is the place where all the registration works take place and having the maximum interaction with the public.

The Secretary, Finance (Revenue) cum Commercial Tax (Registration) is responsible for determination of policy, monitoring and control at the Government level. The Inspector General of Registration cum Superintendent of Stamps (IGR & SS) is the head of the Commercial Tax (Registration) Department who is assisted by two Deputy Inspector General Registration (DIGR), 16 DRs and 88 SRs.

Chart 5.1: Organisational setup



5.2 Internal Audit

The Internal Audit Wing (IAW) of a Department is a vital component of its internal control mechanism and is generally defined as control of all controls. It enables the organisation to ensure itself that the prescribed systems are functioning reasonably well.

The IAW has sanctioned posts of one Senior Accounts Officer and two Assistant Internal Audit Officers (AIAOs). As against this, the two AIAOs posts are lying vacant. In absence of the requisite manpower no units were planned for audit during the year 2015-16.

We recommend the Finance Department to take adequate steps to depute the personnel, so that regular audit could be conducted. This was also pointed out in earlier Audit Reports however the posts are vacant till date. As such these need immediate attention of the Government.

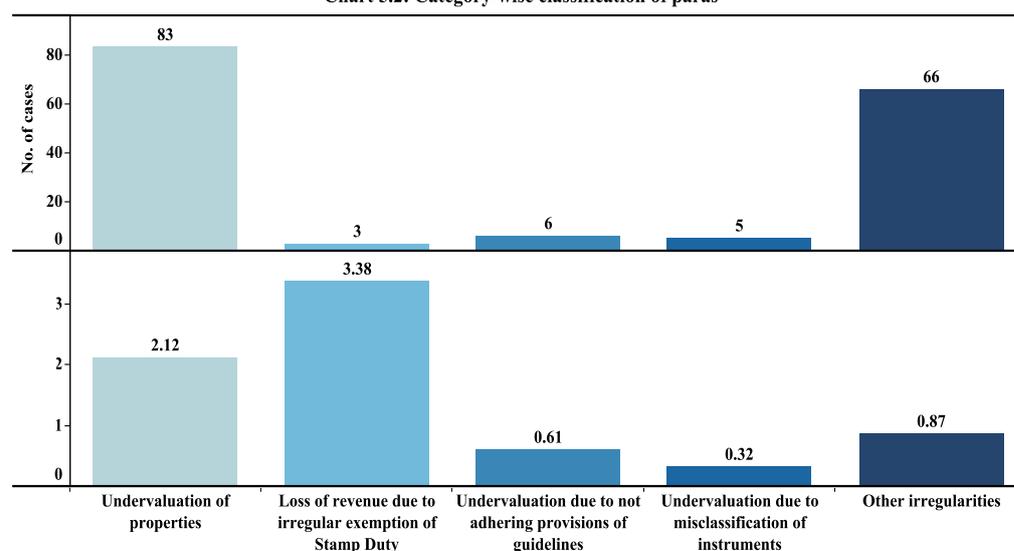
5.3 Results of Audit

We conducted test check of the records in the offices of nine¹ SRs out of 105 units in 2015-16. We found short levy/not levy of stamp duty and registration fees due to undervaluation of properties, misclassification of instruments and other irregularities involving ₹ 7.30 crore in 163 cases, which fall under the categories mentioned in **Table 5.1**:

Table 5.1: Results of Audit

(₹ in crore)			
Sl. No.	Category	No. of cases	Amount
1.	Undervaluation due to misclassification of instruments	5	0.32
2.	Undervaluation due not adhering provisions of guidelines	6	0.61
3.	Undervaluation of properties	83	2.12
4.	Loss of revenue due to irregular exemption of Stamp Duty	3	3.38
5.	Other irregularities	66	0.87
Total		163	7.30

Chart 5.2: Category-wise classification of paras



¹ SR, Ambikapur; SR, Baloda Bazar; SR, Dhamtari; SR, Janjgir-Champa; SR, Jagdalpur; SR, Nawagarh; SR, Raipur; SR, Rajnandgaon and SR, Takhatpur

The Department accepted underassessment of ₹ 44.43 lakh in eight cases pointed out during 2015-16 and recovered ₹ one lakh in two cases. After issue of Draft Paragraphs the Department recovered ₹ 1.00 lakh in two cases.

A few illustrative cases involving financial impact of ₹ 1.92 crore are discussed in the following paragraphs.

5.4 Misclassification of Instruments

While registering three instruments, the SR classified them on the basis of their titles instead of the recitals. This resulted in misclassification of the instruments and consequent short realisation of Stamp Duty and Registration Fee (SD & RF) amounting to ₹ 13.09 lakh.

As per Section 3 of Indian Stamp (IS) Act, 1899, the executants description of an instrument in it by a particular name is not the sole and indeed an essential guide in determining the true nature of the document. This has to be decided with reference to its contents and to the intention of the parties registering the document. The Government of Chhattisgarh, vide their notification (March 2014), stated that Stamp duty on the exchange deed will be levied on the difference between the market value of the properties exchanged. The property which is to be exchanged should not be *Nazul*/lease land. Clause one of Form I of Chhattisgarh Market Value Guidelines provides that if the agricultural properties sold in the urban area are below 0.202 hectare, then the property should be valued on slab basis. Further as per Schedule I to IS Act, an agreement relating to the construction of a building on a land by a person, other than the owner or lessee of such land, and with a condition in the agreement that after construction, such building shall be held jointly or severally by both the other person and the owner of the land or lessee, as the case may be of such land, then the Stamp Duty on such agreement will be two *per cent* of the market value of the land.

During test check (November 2015 and January 2016) of 8,868 out of 45,871 instruments registered (between April 2013 and March 2015) in two SR offices, we noticed that, the SRs while registering three instruments (between June 2013 and March 2015) classified them on the basis of their titles instead of the recitals of the documents, as detailed in the **Table 5.2:**

Table 5.2: Details of undervaluation of properties due to misclassification of instruments

(₹ in lakh)

Name of the SR	Document no. and date	Nature of Observation	Market Value as per guideline	Short levy of SD/RF
Raipur	11763 dt. 30.03.2015	In an instrument for mutual exchange of property, <i>Nazul</i> land (diverted) was exchanged with undiverted land. As per Government notification (March 2014), <i>Nazul</i> land should not be exchanged. As per notification (march 2014) the instrument ceases to be exchange deed and should be treated	89.87	4.67/0.68

		as Conveyance deed.		
Raipur	10972 dt. 30.03.2015	As per rule <i>ibid</i> valuation of the property under consideration of exchange should have equal value. In one of the instrument it was noticed that the vendors had exchanged the property by paying additional consideration of ₹ 23.06 lakh which was not included in valuation of property. Hence the same ceases to be exchange deed and valuation of property should have been done as per conveyance deed.	47.06	1.98/0.31
Dhamtari	63 dt. 20.06.2013	In one instrument, four people gave their land for partnership firm and the condition no. 4 of the agreement states that all the partners will be jointly and severally held responsible for the profit and loss as per their shareholders right. Hence agreement purports to be Development Agreement for which Stamp duty at the rate of two <i>per cent</i> was leviable. But the SR levied duty of ₹ 100 only.	195.00	3.89/1.56
Total	3		331.93	10.54/2.55

Thus, in accordance to the Section 3 of IS Act, the instrument ceases to be a exchange deed/agreement and amounts to conveyance deed for exchange of property for which Stamp Duty and Registration fee (SD & RF) amounting ₹ 13.97 lakh (SD - ₹ 11.31 lakh and RF - ₹ 2.66 lakh) was leviable. However, while registering the instruments, the SR overlooked the above recitals and registered them as exchange deed and simple agreement on the basis of title only and levied ₹ 0.88 lakh (SD - ₹ 0.77 lakh and RF - ₹ 0.11 lakh). Thus, misclassification of instruments resulted in short levy of SD & RF amounting ₹ 13.09 lakh (SD - ₹ 10.54 lakh and RF - ₹ 2.55 lakh).

The matter was reported to the Government and IGR (July 2016) and IGR replied (October 2016) that in the document no. 11763 dated 30.03.2015 the document was found to be duly stamped by the DR and in remaining two cases the action were being taken.

Reply is not acceptable in case of document no. 11763 dt.30.03.2015 as the copy of the said order of the DR was not provided to audit for scrutiny. Further progress in the remaining two cases are awaited (November 2016).

5.5 Undervaluation of the properties situated on main roads

The properties situated on the main roads were valued as situated off road. This resulted in undervaluation of properties and subsequent short realisation of SD & RF amounting to ₹ 74.91 lakh.

As per Clause five of Form I of Chhattisgarh Market Value Guideline, in urban areas the valuation of land up to the depth of 20 metres from the main road shall be valued adjacent to the main road. But if any purchaser purchases the land at the depth more than 20 metres adjacent to the main road, the entire

property should be treated as adjacent to the main road. Further this limit is up to 46 metres for agricultural land.

During test check of 10,480 out of 68,856 instruments registered in the four offices² we noticed (November 2015 to February 2016) that in 29 instruments, the properties were situated on the main road but the SR valued them as situated off road as detailed in **Table 5.3**:

Table 5.3: Details of instruments valued off main road

Name of Sub-Registrar	No. of cases	Nature of observation	Market value (₹ in crore)		Short levy of SD/RF (₹ in lakh)
			As per guidelines	As per instrument	
Raipur	13	As per the recitals of the instruments as well as map, <i>Khasra</i> etc. the properties transacted were located on the main roads of their respective areas. But the SR valued them as situated off road	17.83	10.14	58.51/7.59
Ambikapur	12	As per the recitals of the instruments as well as map, <i>Khasra</i> etc. the properties transacted were located on the main roads of their respective areas. But the SR valued them as situated off road	2.47	1.91	3.62/0.42
Dhamtari	2	As per the recitals of the instruments such as map, <i>Khasra</i> etc. the properties transacted were located on the main roads of their respective areas. But the SR valued them as situated off road	0.82	0.39	3.18/0.34
Jagdapur	2	As per the recitals of the instruments such as map, <i>Khasra</i> etc. the properties transacted were located on the main roads of their respective areas. But the SR valued them as situated off road	0.71	0.55	1.13/0.12
Total	29		21.83	12.99	66.44/8.47

The above table shows that as per the provisions of the guidelines, market value of these properties were ₹ 21.83 crore. However, the SRs considering the properties situated as off road worked out the market value of the properties as ₹ 12.99 crore. Thus there was undervaluation of properties by ₹ 8.84 crore and subsequent short levy of SD & RF amounting to ₹ 74.91 lakh (SD - ₹ 66.44 lakh and RF - ₹ 8.47 lakh) as detailed in **Appendix 5.1**.

The matter was reported to the Government and IGR (July 2016) and IGR replied (October 2016) that the cases has been referred to DR for further valuation. Further progress in these cases are awaited (November 2016).

² SR, Ambikapur; SR, Dhamtari; SR, Jagdalpur and SR, Raipur

5.6 Undervaluation of agricultural properties

The provisions of guidelines in determining the market value of agricultural properties situated in Municipal Corporation/Municipal Council/Nagar Panchayat areas were not adhered resulting in short realisation of SD & RF of ₹ 53.81 lakh.

During test check (December 2015) of 7,249 out of 38,833 instruments of the SR, Raipur, we noticed (December 2015) that in 15 instruments registered in March 2015, the market value of the agricultural properties were not determined as per the provisions of the guidelines as detailed in **Table 5.4** :

Table 5.4: Details of undervaluation of agricultural properties

Sl. No.	No. of cases	Nature of observation	Market value (₹ in crore) as per		Short levy of SD/RF (₹ in lakh)
			Instrument	Guidelines	
<p>Clause of Guideline: Clause five of Form III: Agricultural land sold below 0.202 hectare in Municipal area shall be valued at hectare rates if the land had been purchased for agricultural purposes and is adjacent to the purchaser's land as certified by the <i>Patwari</i> and supported by the document. Otherwise the valuation of the property shall be done on the slab basis at plot rates and such benefit shall not be extended for the lands situated in the midst of cities.</p>					
1	7	In seven instruments the properties were situated in the midst of Raipur city, and as per the revenue records these properties were <i>padat</i> ³ and certificate of <i>Patwari</i> regarding adjacent to purchasers land were also not available. But SR valued the land as per hectare rate instead of slab rate as detailed in <i>Appendix 5.2</i> .	3.09	9.30	37.98/4.97
<p>Clause of Guideline: Clause six of Form I read with Clause one of Form I: when the agricultural land is purchased together by more than one person not belonging to the same family and share of each comes upto 0.202 hectare in Municipal areas, the valuation of land shall be done on slab basis at plot rates for share of each purchaser.</p>					
2	1	Eight persons not belonging to the same family purchased 0.166 hectare of agricultural land in Raipur municipal area. Since the area of the land was below 0.202 hectare, the SR should have determined the market value on slab rate on each purchasers' share instead of applying the slab rate taking the entire land of eight persons together as detailed in <i>Appendix 5.3</i> .	3.21	4.37	6.01/0.93

³ *Padat* means agricultural land in which agricultural activities are not taking place for the last three years.

Clause of Guideline: Clause six of Form-III while determining market value of the agricultural property having dual crop pattern, the valuation should be done by adding 25 per cent of the rate of the market rate as per the type of agricultural land. Further separate rate have been provided in guideline for irrigated land.					
3	4	In two instruments the agricultural properties have dual crop pattern and in the remaining two instruments as per <i>patwari</i> record the land was irrigated with canal/tubewell. But the SR valued the property as per unirrigated rate as detailed in <i>Appendix 5.4</i> .	0.86	1.02	1.00/0.11
Clause of Guideline: Clause one of Form I: Agricultural land sold below 0.202 hectare in Municipal Corporation/Municipal Council area shall be valued on the slab basis at plot rates. Further as per special clause of the Guideline agricultural property sold below 0.101 hectare and 0.150 hectare in Mana and Nakti village respectively shall be valued as per the provisions of Clause one of Form I of the guidelines.					
4	3	In each instrument land was purchased from two vendors. Since each vendor had a separate <i>Khasra</i> and <i>Kisan Kitab</i> ⁴ for his piece of land, each property should have been valued separately. However, the executants clubbed the properties of both the vendors by which the area in each document exceeded the limit of 0.202 (Municipal Council, Birgaon)/0.101 (Mana)/0.150 (Nakti) hectare and valuation was done on hectare rate as detailed in <i>Appendix 5.5</i> .	0.60	1.00	2.48/0.33
Total	15		7.76	15.69	47.47/6.34

It may be seen from the above table that as per the provisions of the guidelines, the market value of these properties was ₹ 15.69 crore. However, the SR valued these properties as ₹ 7.76 crore. This resulted in short levy of SD & RF amounting to ₹ 53.81 lakh (SD - ₹ 47.47 lakh and RF - ₹ 6.34 lakh).

The matter was reported to the Government and IGR (July 2016) and IGR replied (October 2016) that the matter has been referred to DR for further valuation. Further progress in these cases are awaited (November 2016).

5.7 Undervaluation of properties

The provisions of guidelines were not observed by the SR while calculating the market value of the properties. This resulted in undervaluation of properties and subsequent short realisation of SD & RF amounting to ₹ 50.00 lakh.

The Registering Officer, i.e. SR, in accordance with the provisions of Indian Stamp (IS) Act, Registration Act and the Market Value Guidelines, shall

⁴ *Kisan Kitab* is the details of agricultural holdings and the tax fixed on each of holdings of the tenants.

calculate the SD & RF leviable on the document on the basis of valuation of property as per the abovementioned Guidelines and rates. Further, Section 47 (A) of IS Act empowers the SR to refer a document to the Collector of Stamps for determination of the correct market value of the property, if there are reasons to believe that the market value of property has not been set forth truly in the instrument.

During test check of 8,861 out of 61,818 instruments in three⁵ SRs, we noticed (December 2015 and February 2016) that in 11 instruments land admeasuring 63,330.18 square meters area was registered between April 2013 and March 2015 and valued by SRs at ₹ 6.25 crore. But as per provisions of the guidelines the market value of these properties was ₹ 13.40 crore. The provisions of guidelines were not observed by the SR while calculating the market value of the properties leading to short realisation of SD & RF of ₹ 50.00 lakh (SD - ₹ 44.28 lakh and RF - ₹ 5.72 lakh) as detailed in the ***Appendix 5.6***.

The matter was reported to the Government (July 2016) and IGR replied (October 2016) that the cases has been referred to DR for further valuation. Further progress in these cases are awaited (November 2016).

⁵ SR, Ambikapur; SR, Jagdalpur and SR, Raipur

CHAPTER-VI
OTHER TAX RECEIPTS

CHAPTER VI: OTHER TAX RECEIPTS

Section A: STATE EXCISE

6.1 Tax administration

The receipts of Excise Department are administered under the provisions of:

- Chhattisgarh Excise Act, 1915;
- Chhattisgarh Distillery Rules, 1995;
- Chhattisgarh Foreign Liquor Rules, 1996 and
- Chhattisgarh Country Spirit Rules, 1995

Under the provisions of the Chhattisgarh Entertainment Duty and Advertisement Tax Act, 1936, the Excise Department also collects revenue in the form of Entertainment Duty.

Secretary cum Excise Commissioner (EC) is responsible for formulation and implementation of the excise policy. Two Additional Excise Commissioners (AEC) assist him at the headquarters. The Department has three divisions each headed by a Deputy Commissioner (DC) who supervises district offices, distilleries and bottling plants in the division. The Collector is the head of excise administration in each of the 27 districts and is assisted by Assistant Excise Commissioner/District Excise Officer (DEO) at district headquarters/distilleries.

Chart 6.1: Organisational set up



6.2 Internal Audit

The Internal Audit is a vital arm of internal control mechanism and is generally defined as the control of all controls. It helps the organisation to ensure that the prescribed systems are functioning reasonably well.

As against sanctioned post of one Joint Director (JD), two Assistant Accounts Officer, one Assistant Grade-II and two Assistant Grade-III the men in position was one JD and two Assistant Grade-III. The remaining post was not filled by the Finance Department due to shortage of manpower. However no units were planned and conducted during 2015-16 due to dual charge of JD (Finance) and other staff not available.

We recommend that the Government may strengthen Internal Audit Wing so that timely detection and correction of errors in collection of revenue is ensured.

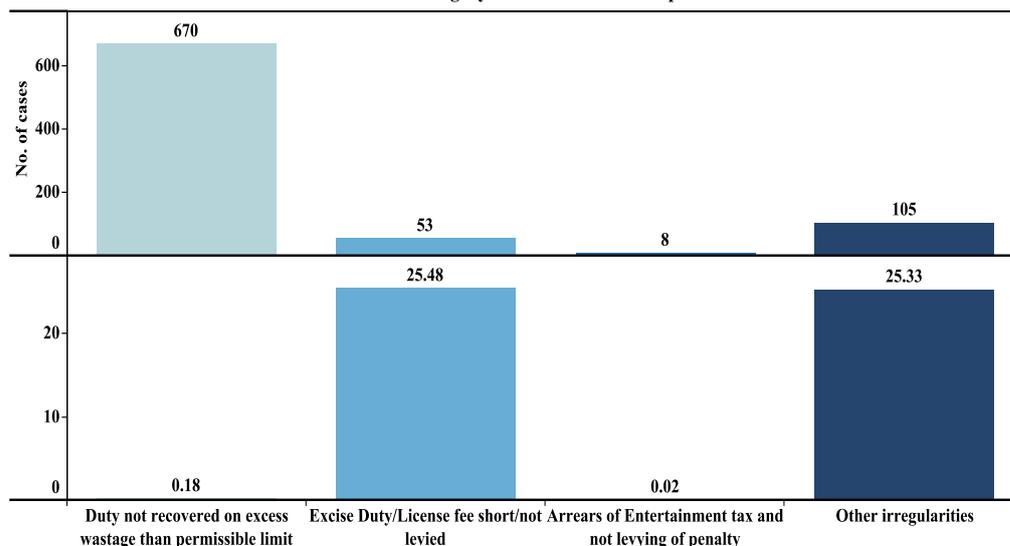
6.3 Results of Audit

In 2015-16, we test checked records of six units out of 27 units relating to Excise Department. During the course of audit we noticed different irregularities involving ₹ 51.01 crore in 836 cases, which fall under the following categories as given in **Table 6.1**:

Table 6.1: Results of Audit

(₹ in crore)			
Sl. No.	Category	No. of cases	Amount
1.	Excise Duty/License fee short/not levied	53	25.48
2.	Duty not recovered on excess wastage than permissible limit	670	0.18
3.	Arrears of Entertainment tax and not levying of penalty	8	0.02
4.	Other irregularities	105	25.33
Total		836	51.01

Chart 6.2: Category-wise classification of paras



During the year 2015-16 the Department accepted 696 cases involving ₹ 1.04 crore.

A few illustrative cases involving amount of ₹ 89.37 lakh are discussed in the following paragraphs.

6.4 Short realisation of licence fee from FL3 licensee

The DEO, Dhamtari did not include the entire population of the city/place while determining the licence fee resulting in short realisation of licence fee amounting to ₹ 12 lakh.

Rule 8(1) (c) of Chhattisgarh Foreign Liquor Rules, 1996 states that, any hotel desiring to serve foreign liquor at their licensed campus along with light food to their residents, visitors and guests have to take FL-3 licence . The Excise Commissioner (EC) issued (March 2013) instructions to all the collectors that a FL-3 licensee of a city/place having population of more than one lakh but less than three lakh shall pay licence fee of ₹ 12 lakh *per annum* for the period 2013-14.

During test check (November 2015) of files of four licensee out of four licensee relating to allotment of FL-3 licenses in DEO, Dhamtari, we noticed that the DEO issued (2013-14), licence to four licensees at the rate of ₹ nine lakh per licence keeping the population as 89,836. The District Planning and Statistics Officer, Dhamtari in his letter (March 2014) has stated that the population of Dhamtari Municipal Corporation was above one lakh (1,01,677) as per census 2011. But the DEO wrongly considered the population as less than one lakh and realised ₹ 36 lakh instead of ₹ 48 lakh from the four¹ licensees. This resulted in short realisation of licence fee of ₹ 12 lakh.

After we pointed (May 2016) out the Government replied (November 2016) that the population of 1,01,677 includes four outer agglomeration area also, which do not form part of Dhamtari Municipal Corporation. As per government notification (July 2014) the population of Dhamtari Municipal Corporation is 89,860 only, thus the licence fee was realised at the rate of ₹ nine lakh per FL 3 licensee.

Reply is not acceptable as the outer agglomeration area also forms the part of Municipal Corporation as mentioned by the District Planning and Statistics Officer, Dhamtari. Thus DEO should have realised licence fee by reckoning the population as above one lakh. While renewing the licence fee for the year 2014-15, the DEO have realised the licence fee at the rate of ₹ 12 lakh per licensee taking into account the population of Dhamtari as above one lakh.

6.5 Duty on excess wastage of foreign liquor not recovered

The distiller while exporting Indian Made Foreign Liquor (IMFL) incurred excess wastage/loss than the permissible limit and the excise duty of ₹ 28.34 lakh on excessive wastage was not realised from the distiller.

Rule 16 (3) of Chhattisgarh Foreign Liquor Rules, 1996 states that the maximum wastage allowed during transportation for all exports of bottled IMFL shall be 0.25 *per cent*, irrespective of the distance. Further Rule 16 (5) states that if the wastage (0.25 *per cent*) during export of bottled IMFL is more

¹ Classical Hotel and Restaurant, Khushi Restaurant Hotel Bagga, Hotel Hariyali and Restaurant, Hotel Family Dhaba Kothari Park

than the permissible limit then duty on the excess loss will be recovered from the licensee.

During test check (December 2015) of 668 out of 817 consignments in DEO, Mungeli from the consignment register we found that M/s Bhatia Wine Merchant Private Limited, Mungeli had exported 48.09 lakh Proof Litre (PL) of foreign liquor to Assam under permit issued by DEO. Further we noticed that against dispatched quantity of 48.09 lakh PL, the warehouse of the consignee in Assam had received 47.69 lakh PL of foreign liquor only. Thus as against the allowable wastage of 0.12 lakh PL (0.25 per cent), the actual wastage was 0.40 lakh PL (0.83 per cent) which was 0.28 lakh PL excess than the permissible limit. Thus the licensee is liable to pay the excise duty of ₹ 28.34 lakh² on the excess wastage than the permissible limit as detailed in **Appendix 6.1**. The DEO did not levy any duty for excess wastage on exported liquor which resulted in duty amounting to ₹ 28.34 lakh being not realised.

After we pointed (May 2016) out, the Government accepted (November 2016) the fact and stated that the action for recovering the amount is under process.

6.6 Undue benefit to the licensee

The Collector did not forward the case of surrendering the licence to the Excise Commissioner (EC) as required under the Act and cancelled the licence. Also, duty and licence fee of ₹ 49.03 lakh could not be realised from the ex-licensee.

As per Section 33 (1) of Chhattisgarh Excise Act 1915, any holder of licence granted under this Act to sell an intoxicant may surrender his licence on the expiration of one month's notice in writing given by him to the Collector of his intention to surrender the same and on payment of the fee payable for the licence for the remainder of the period for which it would have been current put for such surrender, provided that if the EC is satisfied that there is sufficient reason for surrendering a licence he may remit to the holder thereof the sum so payable on surrender or any portion thereof.

During test check (October 2015) of records of allotment of retail country/IMFL shops for the year 2013-14 in the office of Assistant Commissioner (AC), Durg, we noticed that a licensee was allotted licence to sell country/foreign liquors. The annual revenue of the group of shops was fixed at ₹12.34 crore³. During further scrutiny of the case, we noticed that the licensee after operating the shops for two months, applied (May 2013) to the Collector for surrendering the license due to inability in running the shops. Though as per the provisions of the Act, the Collector had to forward the case to EC, he did not forward the case to EC and cancelled the licence after realising duty and fee of ₹ 3.26 crore for the period of operation (between April and June). After that, the Department operated the shops for the period between 30 June 2013 and 15 September 2013 and thereafter by the new licensee and realised ₹ 8.59 crore as against the realisable amount of ₹ 9.08 crore for the remaining year. The short realisation of duty and licence fee

² (40,367.214 PL-12,022.335 PL)= 28344.879 PL * ₹ 100 per PL

³ License fee: ₹ 8.02 crore and Excise Duty: ₹ 4.32 crore

amounting ₹ 49.03 lakh⁴ for the remaining period was realisable from the ex-licensee. However the ex-licensee did not deposit the difference amount till date. As such, the action of the Collector to *suo motto* decide the case without referring the matter to EC was in contravention to the provisions of the Act. Also, after the lapse of more than two years, the Department could not recover the difference amount of ₹ 49.03 lakh from the defaulter.

After this was pointed out (May 2016), the Government replied (November 2016) that RRC have been issued to ex-licensee for realising the dues. However, reply does not clarify the reason as to why the Collector had cancelled the license in contravention to the provisions of the Act.

Section B: TAXES ON VEHICLES



6.7 Tax administration

The receipts from taxes on vehicles are administered under the provisions of:

- Motor Vehicles (MV) Act, 1988;
- Central Motor Vehicle (CMV) Rules, 1989;
- Chhattisgarh *Motoryan Karadhan* (CGMK) *Adhiniyam*, 1991;
- Chhattisgarh *Motoryan Niyam*, 1994; and
- Executive orders issued under these Acts and Rules from time to time.

The Transport Department functions under the overall charge of the Principal Secretary-cum-Transport Commissioner (TC) who is assisted by one Additional TC, one Joint TC, one Assistant TC and one Deputy Director, Finance (DDF) at Headquarters. Besides, there are four Regional Transport Officers (RTO), two Additional Regional Transport Officers (ARTO) and 16 District Transport Officers (DTO) under the administrative control of TC. In addition, 15 check posts and one sub-check post are under the supervisory control of RTOs/ARTOs/DTOs concerned.

⁴ ₹ 9.08 crore-₹ 8.59 crore

Chart 6.3: Organisational set up



6.8 Internal Audit

The Internal Audit Wing (IAW) of a Department is a vital component of its internal control mechanism and is generally defined as control of all controls. It enables the organisation to ensure itself that the prescribed systems are functioning reasonably well.

As on March 2016 against sanctioned post of two senior auditors and four junior auditor, only two senior auditors were functioning in IAW under the supervision of Internal Audit Officer. During 2015-16, the Department inspected seven field offices out of planned 16 offices and made observations amounting to ₹ 74.04 lakh pertaining to 126 vehicles.

We recommend that the Government may consider strengthening the Internal Audit Wing, so that timely detection and correction of errors in levy and collection of revenue is ensured.

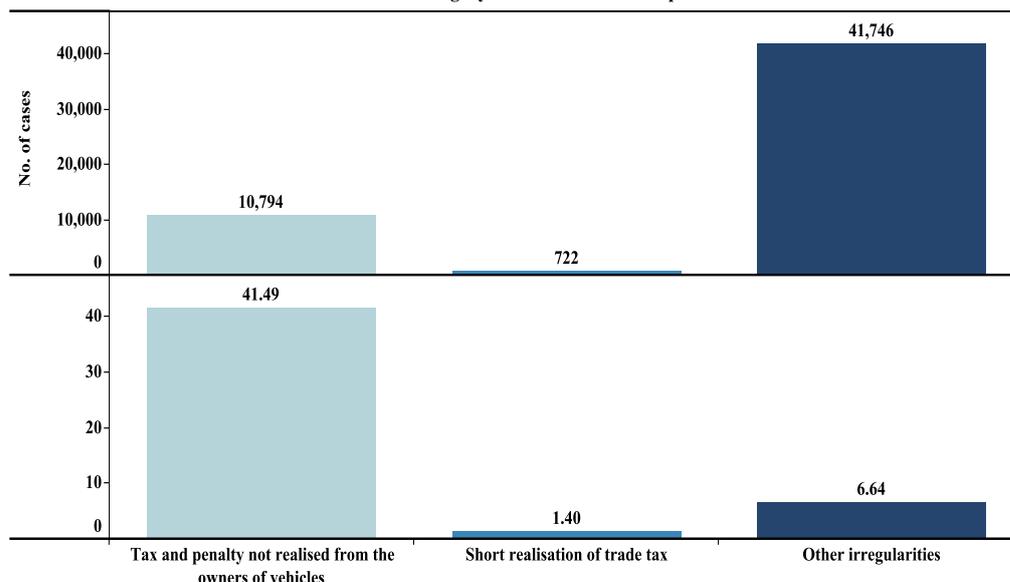
6.9 Results of Audit

We test checked the records of 13 out of 21 units of the Transport Department in 2015-16 and found short realisation of trade tax, tax not realised and penalty and other irregularities etc. amounting to ₹ 49.53 crore in 53,262 cases, which fall under the following categories in the **Table 6.2**:

Table 6.2: Results of Audit

<i>(₹ in crore)</i>			
Sl. No.	Category	No. of cases	Amount
1.	Short realisation of trade tax	722	1.40
2.	Tax and penalty not realised from the owners of vehicles	10,794	41.49
3.	Other irregularities	41,746	6.64
Total		53,262	49.53

Chart 6.4: Category-wise classification of paras



During the course of the year, the Department accepted short realisation of trade tax, tax and penalty not realised and other irregularities etc. of ₹ 47.31 crore in 26,202 cases and recovered ₹ 1.05 in nine cases.

A case involving ₹ 14.01 lakh is discussed in the following paragraph.

6.10 Motor Vehicle Tax from the owners of passengers and goods vehicle not levied

The failure on part of DTO, Janjgir-Champa to take action for realising the motor vehicle tax from 87 goods vehicles and seven passenger vehicles resulted in tax amount of ₹ 7.87 lakh being not realised. Besides penalty of ₹ 6.14 lakh was also leviable.

As per Section 3 of CGMK *Adhiniyam*, 1991 tax shall be levied on every goods vehicle used or kept for use in the State at the rate prescribed in the serial number 5 of the first schedule of the *Adhiniyam*. In case of tax being not paid, the owner shall in addition to payment of tax, is liable to pay penalty at the rate of one twelfth of the unpaid amount of tax for the default of each month or part thereof but not exceeding the unpaid tax as laid down under Section 13 (1) of the *Adhiniyam*.

During test check (February 2016) of VAHAN database of 384 passenger and goods vehicles out of 1,946 registered passenger and goods vehicle in the office of DTO, Jangir-Champa, we noticed that tax amounting to ₹ 7.87 lakh was outstanding as on 31 March 2016 from 87 goods vehicles and seven passenger vehicles. Further scrutiny revealed that no off-road declaration was given by the owners of vehicle. As the collection of tax and the outstanding tax is monitored by the Department through their monthly returns, the DTO should have initiated for recovering of outstanding dues by issuing demand notices to these vehicle owners. However no demand notice have been issued by the DTO to recover the tax. Thus motor vehicle tax of ₹ 7.87 lakh could not be realised. Further as per Section 13(1) of CGMK, *Adhiniyam*, 1991, penalty of ₹ 6.14 lakh was also leviable.

After we pointed (May 2016) out, the Government replied (September 2016) that as on June 2016 outstanding tax amount of ₹ 0.55 lakh and penalty amounting to ₹ 0.50 lakh has been recovered from one passenger and eight goods vehicles. Demand notices for the recovery of outstanding tax and penalty from the remaining vehicles had been issued and the concerned vehicle owners had been blacklisted.

CHAPTER-VII
NON-TAX RECEIPTS

CHAPTER VII: NON-TAX RECEIPTS

Section A: Non-ferrous Mining and Metallurgical Industries



7.1 Tax administration

The mining receipts are administered under the provisions of:

- Mines and Minerals (Development and Regulation) (MMDR) Act, 1957;
- Mineral Concession Rules (MC), 1960;
- Chhattisgarh Minor Mineral Rules (CMMR), 1996;
- The Chhattisgarh Minerals (Mining, Transportation and Storage) Rules, 2009; and
- Chhattisgarh (*Adhosanrachna vikas evam paryavran*) *Upkar Adhiniyam*, 2005

Secretary, Mineral Resources Department is responsible for administration and implementation of the related Acts and Rules in the Mineral Resources Department. The Commissioner-cum-Director Geology and Mining (DGM) is the head of the Mineral Resources Department who is assisted by one Additional Director Mining Administration (Addl. DMA), 26 District Mining Officers (DMO), 19 Assistant Mining Officer (AMO) and 65 Mining Inspector (MI).

Chart 7.1: Organisational setup



7.2 Internal Audit

The Internal Audit Wing (IAW) of a Department is a vital component of its internal control mechanism and is generally defined as control of all controls. It enables the organisation to ensure itself that the prescribed systems are functioning reasonably well.

An Internal Audit Wing (IAW) functions under the control of DGM. The wing is headed by Joint Director (Finance). As on 31 March 2016 one auditor was posted against the sanctioned post of three auditors. During the year 2015-16, the wing planned 16 units for inspections and covered all the units. However no information regarding the issue of inspection reports and the compliance of the observation made by IAW have been provided by the Department.

7.3 Results of Audit

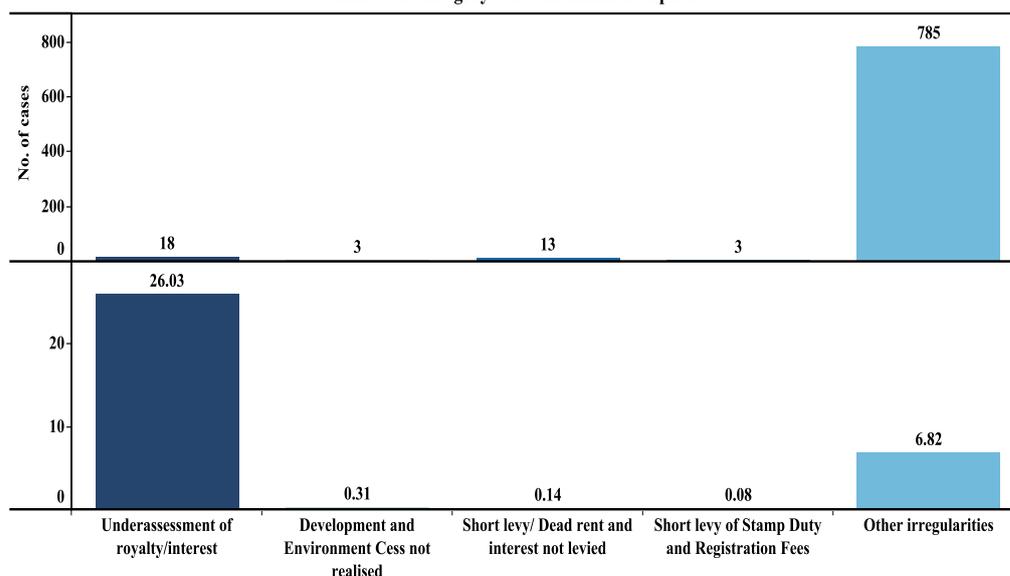
In year 2015-16, we test checked records of seven¹ out of 18 Mining offices of Mineral Resources Department and found underassessment of royalty and interest, short levy/realisation of stamp duty and registration fees, short/not levy of dead rent and interest and other irregularities etc. amounting to ₹ 33.38 crore in 822 cases, which fall under the categories as described in **Table 7.1**:

Table 7.1: Results of Audit

(₹ in crore)

Sl. No.	Category	No. of cases	Amount
1.	Underassessment of royalty/interest	18	26.03
2.	Short levy of Stamp Duty and Registration Fees	3	0.08
3.	Short levy/ Dead rent and interest not levied	13	0.14
4.	Development and Environmental Cess not realised	3	0.31
5.	Other irregularities	785	6.82
Total		822	33.38

Chart 7.2: Category-wise classification of paras



¹ DMO, Janjgir-Champa; DMO, Kawardha; DDMA, Korba; DMO, Koriya; DMO, Mahasamund; DDMA, Raigarh and DMO, Rajnandgaon

During the year 2015-16, the Department accepted underassessment and other deficiencies of ₹ 15.42 crore in 504 cases.

A few illustrative cases involving ₹ 14.93 crore are discussed in the following paragraphs.

7.4 Short realisation of royalty on coal due to incorrect application of coal prices

Royalty was calculated as per rate of “power utilities” instead of “for sectors other than power utilities” resulted in short realisation of royalty amounting to ₹ 14.14 crore.

According to Section 9(1) of MMDR Act, 1957 every lessee is liable to pay royalty in respect of minerals removed/consumed from the lease area at the rate specified in the Second Schedule. As per the notification (May 2012) the rate of royalty on coal shall be 14 *per cent ad valorem* of the price of the coal declared by Coal Controller of India for power utilities and for sectors other than power utilities as the case may be. Further as per the Central Statistics Office, Government of India (GoI) Publication (2015-16) Energy Statistics defines “non-utilities” as an Independent Power Producer (IPP) which is not a public utility but which own facilities, to general electric power for sale to utilities and end users.

During test check of monthly returns of production and dispatch of coal of three lessee out of seven lessee (December 2015) in the office of DDMA, Raigarh we noticed that a lessee, M/s Jindal Steel and Power Limited (JSPL), Raigarh fed the Run of Mine (ROM)² coal to Washery plant and dispatched 1.17 crore MT of coal middlings (May 2012 to March 2015). The coal was to be used for the production of sponge iron and for captive power generation as understood from the coal allocation letter of Ministry of Coal, GoI (January 2006) and environmental clearance letter of Ministry of Environment and Forest (MoEF), GoI (February 2014) along with the Annual Reports of the lessee for the year 2012-13 and 2013-14.

The royalty for middlings was to be calculated at rates “for sectors other than power” utilities as the power is used in producing sponge iron. But DDMA assessed the royalty as applicable to power utilities sector. Thus calculating at the lowest rate (G-17 grade) applicable for “sectors other than power utilities” royalty amounting to ₹ 85.46 crore was payable by the lessee. As against this, DDMA wrongly assessed the royalty amounting to ₹ 71.33 crore as applicable to power utilities sectors. Thus determination of royalty on the basis of power utilities companies instead of “sectors other than power utilities” resulted in short realisation of royalty amounting to ₹ 14.14 crore as detailed in *Appendix 7.1*.

During Exit Conference, the Government replied (October 2016) that the demand for royalty as per the price of “sectors other than power utilities” have been raised from the lessee.

² Run of mine coal is coal comprising of all sizes comes out of the mine without any crushing or screening Annual Report of JSPL.

7.5 Short realisation of royalty on coal due to wrong application of rate of royalty

Royalty rate on coal not calculated as per new grading resulted in short realisation of royalty of ₹ 27.29 lakh and interest of ₹ 25.31 lakh.

According to Section 9(2) of MMDR Act, 1957 the holder of a mining lease shall pay royalty in respect of any mineral removed or consumed by him or by his agent, manager, employee, contractor or sub-lessee from the leased area at the rate for the time being specified in the Second Schedule in respect of that mineral. As per Rule 64 A of the MCR, 1960 if the lessee fails to pay royalty on the due date, he shall be liable to pay interest at the rate of 24 per cent per annum from the 60th day of the due date of payment till the date of payment. The Coal Controller, Government of India vide its notification (January 2012) had stated that the rate of royalty will be calculated by adding specific and *ad valorem* rate as per the Gross Calorific Value (GCV). The specific component of 5200-5500 GCV is ₹ 90 per MT.

During test check of monthly returns of production and dispatch of coal of three lessee out of seven lessee (November 2015) in the office of DDMA, Raigarh, we noticed that a mineral lessee, M/s Monnet Ispat dispatched 1.36 lakh MT of G-7 grade of coal between January 2012 and May 2012. As per the grade of G-7 coal the rate of royalty is ₹ 176 per MT, whereas the DDMA determined the rate of royalty as mentioned in the table below.

Table 7.2: Calculation of Royalty

UHV	GCV band	Grade	Pit head ROM price for the period (per MT)	Applicable Rate			Applied by DDMA, Raigarh		
				Fixed component	Variable component rate	Rate of royalty	Fixed component	Variable component rate	Rate of royalty
(1)	(2)	(3)	(4)	(5)	(6)= 5% of (4)	(7)= (5)+(6)	(8)	(9)= 5% of (4)	(10)= (8)+(9)
4940-5600	5200-5500	G-7	₹ 1720	₹ 90	₹ 86	₹ 176	₹ 70	₹ 86	₹ 156

This resulted in short levy of royalty amounting to ₹ 27.29 lakh as detailed in *Appendix 7.2*. Further liability of interest of ₹ 25.31 lakh as per provision of MCR, 1960 is also leviable from the lessee.

During Exit Conference, the Government replied (October 2016) that the demand have been raised from the lessee.

7.6 Environment and Development Cess not realised from the lessee

Development and Environment Cess amounting to ₹ 11.12 lakh was not realised from the quarry lease holder.

According to Schedule I and II of Chhattisgarh (*Adhosanrachana vikas evam paryavaran*) *Upkar Niyam*, 2005 Development Cess and Environment Cess each is payable as:

- (a) ₹ five per tonne on annual despatch for the land covered under mining lease of iron and coal

(b) five *per cent* of annual royalty for mining lease except (a)

Further as per Rule 2(XXV) of CMMR, 1996 quarry lease means mining leases for minor minerals as mentioned in Section 15 of MMDR Act, 1957. Thus minor minerals are also covered under this provision and Development and Environment Cess are leviable at the rate mentioned in (b) above. Revenue and Disaster Management (RDM) Department, GoCG order (February 2016) also clarifies that minor minerals are also included under the provisions and Development and Environment cess is leviable for all quarry leases.

During test check (March 2016) of annual statement of royalty, dead rent and surface rent of quarry leases in the office of DDMA, Korba we noticed that the Department had collected royalty of ₹ 1.11 crore under minor minerals head in the year 2014-15. As per the definitions of the quarry leases in CMMR, 1996 Development and Environment Cess is also realisable from the lessee at the rate of five *per cent* each on annual royalty. But no such amount was realised by the Department. This resulted in cess being not realised of ₹ 11.12 lakh.

During Exit Conference, the Government stated (October 2016) that as the Cess was levied as per the order of RDM Department, the cess is to be realised by the RDM only.

Reply is not acceptable as the revenue collecting department has to charge the cess applicable for example, the responsibility of collection of education cess lies with the Income Tax Department. Hence the responsibility of collecting cess will be with the Mining Department only.

7.7 Undue benefit to the lessee for delayed payment of Environment Cess and Development Cess

The lessee paid Environment cess and Development cess for the whole of the year when it is to be paid quarterly resulting to undue benefit of ₹ 14.78 lakh to lessee.

According to Rule 5 of Chhattisgarh (*Adhosanrachana vikas evam paryavaran*) *Upkar Niyam*, 2005, development cess and environment cess shall be paid in four equal installments on the last day of each quarter. Further, Rule 6(1) stipulates that in case of default, the competent authority may impose penalty upto three times of cess after giving fifteen day of notice for reasonable opportunity of being heard.

We found (January 2016) during test check of records of DMO, Rajnandgaon that M/s Sarda Energy and Minerals Ltd., Raipur had dispatched 1.41 lakh MT of iron ore during the year 2014-15. The lessee paid ₹ 14.09 lakh (April 2015) on account of environment cess and development cess collectively for all the four quarters of 2014-15. Thus 49,256.31 MT³ of iron ore was dispatched (between April 2014 and December 2014) for which the lessee did not pay cess on the last day at the end of the first three quarters. As per provisions of above rule DMO should have issued fifteen day notice after giving due reasonable opportunity of being heard to the lessee and levy

³ 1,40,924.32 MT – 91,668.01 MT (January 2015 to March 2015) for which cess was paid on time.

penalty amounting to ₹ 14.78 lakh⁴ for the delay payment of cess (April 2014 to December 2014). But the DMO over looked the fact allowed the payment of cess (April 2015) for all quarters in one lumpsum without imposing any penalty.

During Exit Conference, the Government stated (October 2016) that as per the rule, the Cess has to be calculated on the basis of the annual dispatch of iron and coal as mentioned in the Schedule II, whereas as per Rule 5, cess is to be realised in each quarter. Thus ascertaining the annual dispatch in advance and realising cess on it is not possible. Further, the rule specifies that the amount of penalty is to be realised after giving 15 day notice for reasonable opportunity of being heard.

The reply of the Department is not acceptable as the DDMA should have taken necessary steps for realisation of cess on the basis of dispatch for each quarter. Further initiation for realisation of cess as per time schedule could have been taken up by the Department by issuing demand notice. The inconsonance in both the rules can be brought to the notice of the higher authorities and rectification can be done in the rules, so that the rules are not contradictory.

Section B: Forestry and Wild Life (Receipts)



7.8 Tax administration

The receipts of the Forest Department are administered under the provisions of:

- Indian Forest Act, 1927 and Rules made thereunder;
- Chhattisgarh *Van Upaj (Vyapar Viniyaman) Adhiniyam*, 1960 and Rules made thereunder;
- Forest Financial Rules;
- National Working Plan Code 2004; and
- Departmental instructions, executive orders, circulars etc. issued from time to time.

⁴ Development Cess-49,256.31 MT * ₹ 5* 3 times and Environment Cess-49,256.31 MT * ₹ 5* 3 times= ₹ 14,77,690

The Forest Department functions under the Principal Secretary (Forest). The Principal Chief Conservator of Forests (PCCF) heads the Forest Department who is assisted by eight Additional PCCFs (APCCFs) and sixteen Chief Conservators of Forests (CCFs) at Headquarters. The forest area in the State has been divided into six circles each headed by a Conservator of Forests (CF). These circles have been further divided into Forest Divisions which are administered by the Divisional Forest Officers (DFO) who is assisted in field by the Sub Divisional Forest Officers (SDO) and Range Officers (RO).

Chart 7.3: Organisational set up



7.9 Internal Audit

Internal Audit is a vital component of the internal control mechanism and enables an organisation to assure itself that the prescribed systems are functioning reasonably well.

An Internal Audit Wing (IAW) headed by Accounts Officer and is assisted by five auditors. As on 31 March 2016 against sanctioned post of five auditors, only three auditors were posted. During 2015-16 the Wing planned 17 units and conducted audit of all the 17 units raising 47 observations involving ₹ 4.95 lakh. Inspection Reports of all the units have been issued, but no compliance report of the observation has been received. This shows the lack of seriousness of the subordinate units towards the internal audit.

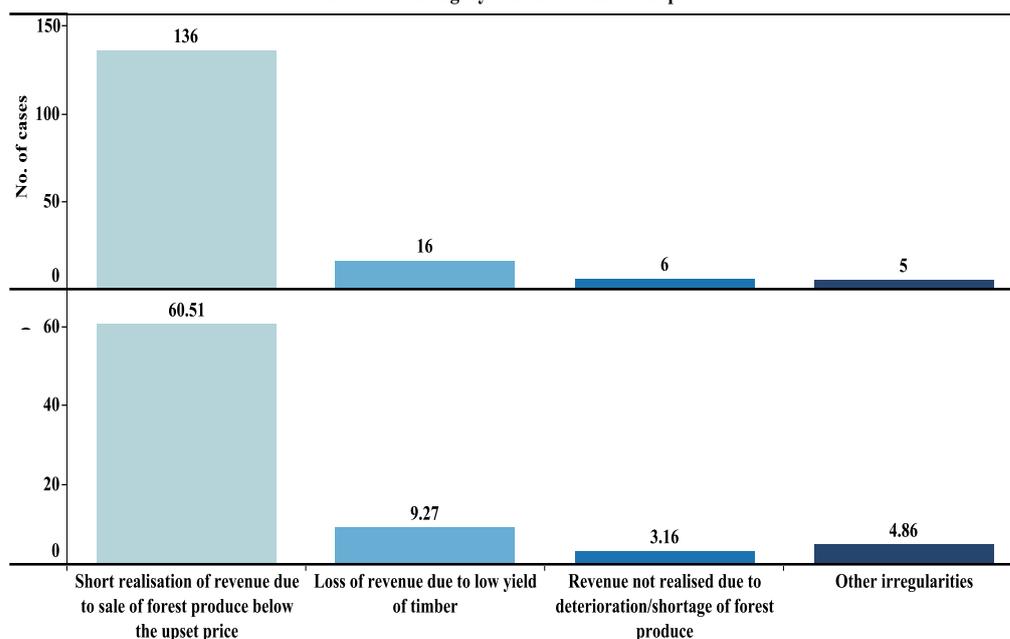
7.10 Results of Audit

In 2015-16, we test checked the records of six⁵ out of 60 offices which revealed short realisation of revenue due to sale of forest produce below upset price, short/not realisation of revenue due to deterioration/ shortage of forest produce, low yield of timber etc. involving ₹ 77.80 lakh in 163 cases, which fall under the following categories as mentioned in the **Table 7.3**:

Table 7.3: Results of Audit

(₹ in crore)			
Sl. No.	Category	No. of cases	Amount
1.	Short realisation of revenue due to sale of forest produce below the upset price	136	0.61
2.	Revenue not realised due to deterioration/shortage of forest produce	6	0.03
3.	Loss of revenue due to low yield of timber	16	0.09
4.	Other irregularities	5	0.05
Total		163	0.78

Chart 7.4: Category-wise classification of paras



During the course of the year, the Department accepted the observations of ₹ 16.15 lakh in 24 cases.

A case involving ₹ 33.74 lakh are discussed in the succeeding paragraph.

⁵ DFO, Bastar; DFO, Dhamtari; DFO, Katghora; DFO, Kondagaon (South); DFO, Marwahi and DFO, Rajnandgaon

7.11 Sale of forest produce below *nistar* value

The rates of fuel stacks and poles sold in auctions were below the *nistar* rates. This resulted in loss of revenue amounting to ₹ 33.74 lakh.

Market prices for sale of fuel stacks and poles are published in *Nistar Patrika* of each division for every calendar year⁶. *Nistar* rates are the lowest and subsidised rates of forest produce (bamboo/poles/fuel stacks). Villagers residing within 5 kilometers periphery of forest area can only purchase the fuel stacks through *Nistar/Consumer Depots*. *Nistar* rates are fixed by deducting all kinds of expenses on felling, collection, depots etc. from the commercial value⁷ of the produce. Whereas, upset price⁸ is the minimum price of the forest produce at which the auction begins. Upset price is set by Chief Conservator of Forests (CCFs) taking the average sales value in auctions for the previous six months along with the incidental expenses like transportation charges etc. incurred during that period and the margin of profit. Thus, the Upset price of the forest produce should not be less than the *Nistar* Value which does not account for the profit margin.

7.11.1 Sale of fuel stacks in auctions at price lower than *nistar* value

During scrutiny of *parinam patrak*⁹ of the auctions of the two Divisional Forest Offices (DFOs), we noticed that the fuel stacks were sold in auctions less than their sale price at *Nistar* depots. These fuel stacks were put to auction one to five times within six months of their introduction in the auctions and were sold below the *Nistar* rates as shown in the **Table 7.4**:

Table 7.4: Details of loss of revenue due to sale of fuel stacks through auctions

(₹ in lakh)

Sl. No.	Name of Division/ Month of audit	Period of auction	No. of fuel stacks	No. of auctions	Value of fuel stack as per <i>nistar</i> value	Sale value realised in auctions	Loss of revenue
1.	Dhamtari (January 2016)	May 2013 to September 2013	6,358	9	130.97	117.84	13.13
2.	Katghora (March 2016)	June 2014 to September 2015	4,217.5	6	86.86	73.64	13.22
	Total		10,575.5	15	217.83	191.48	26.35

⁶ *Nistar* Rates for the calendar years 2012, 2013 and 2014 in DFO, Dhamtari was ₹ 1,999, ₹ 2,000 and ₹ 2,150 and in DFO, Khatgora for 2014 and 2015 was ₹ 1,991 and ₹ 2,071 per fuel stack respectively.

⁷ Commercial value is the value of forest produce realisable by sale in the market.

⁸ Upset price is the reserve price of each forest produce below which it cannot be sold during its first auction and it is fixed by Chief Conservator of Forest (CCF).

⁹ *Parinam Patrak* is the lot wise statement prepared by the forest division mentioning the sale value realised during the auctions.

From the above table it is clear that in 15 auctions, 10,575.5 fuel stacks were sold at ₹ 1.91 crore. The value of these fuel stacks as per *nistar* rates were ₹ 2.18 crore. Since these fuel stacks were not receiving the bid value in the first and subsequent auctions, the Department should have disposed of these forest produce through *nistar*/Consumer Depots. Thus, resorting to sale of fuel stacks at lower rates within six months of introduction in the auction instead of *nistar*/consumer depots resulted in loss of revenue amounting to ₹ 26.35 lakh.

After this was pointed out in the audit (January 2016), DFO, Dhamtari replied (January 2016) that sale of fuel stacks were made below their upset prices as per the departmental instructions of March 2005 and there was no loss of revenue. DFO, Katghora replied (March 2016) that fuel stacks were put in auctions after approval of Conservator of Forests (CF). The fuel stack were not sold as expected price was not received during the first and second auctions. Thereafter, sale of fuel stacks through auctions was done as per instructions of Department (March 2005).

Reply is not acceptable as the sale through auction is done with the motive of getting competitive rates and higher revenue collection and it seems that in some of the cases, the price has been less than the rates of direct sale even in first auction. If the rates received during the auctions were lower than the rates of direct sale, stacks should have been sold through consumer depots instead of auctions. However, even after receiving lower rates during auctions, stacks were not put for direct sale resulting in loss of revenue of ₹ 26.35 lakh to the Government.

The matter was reported (May 2016) to the Government for their comments and their reply is awaited (November 2016).

7.11.2 Fixation of upset prices and sale of poles below nistar value

During scrutiny of *parinam patrak* of auction in the office of Divisional Forest Officer (DFO), Dhamtari (January 2016), we noticed that during the period between May 2013 and January 2015, 117 lots having 11,702 poles were kept for sale in seven auctions¹⁰ in Nagari Depot. The *nistar* value was ₹ 24.40 lakh and upset price of these lots was ₹ 15.23 lakh which was ₹ 9.17 lakh less than their *nistar* value. The sale price obtained from the auction of these poles was ₹ 17.01 lakh. Thus, lower fixation of upset price of poles than that of their *nistar* values led sale of poles below their *nistar* value, which resulted in loss of revenue amounting to ₹ 7.39 lakh.

After this was pointed out in the audit, DFO replied (January 2016) that upset price is fixed on the basis of average sale prices of previous six months, while *nistar* rates are fixed by the Chief Conservator of Forest (CCF) once in a calendar year. Though there is difference in both the rates, no loss has been incurred to the Government.

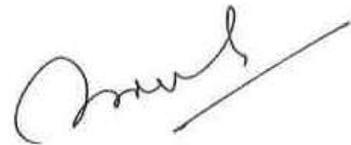
Reply is not acceptable as the upset prices were fixed and sale were made at the rates lower than the *nistar* rates which is the lowest rate. This indicates the failure of the Department to fix the upset price upto the *nistar* value. The

¹⁰ 15-05-2013; 16-08-2013; 12-06-2014, 10-07-2014, 10-09-2014, 13-11-2014 and 12-01-2015

purpose of auction is to obtain the optimum revenue through sale and thus sale prices in the auctions should not be less than the *nistar* value of the forest produce.

The matter has been reported (May 2016) to the Government for their comments and their reply is awaited (November 2016).

Raipur
The 02 FEB 2017



(BIJAY KUMAR MOHANTY)
Accountant General (Audit)
Chhattisgarh

Countersigned



New Delhi
The 07 FEB 2017

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

APPENDICES

Appendix 1.1

(Referred to in paragraph 1.8)

Sl. No.	Department	Units	Category
1.	Commercial Tax	AC (Hqr.) (Smt. Bhavana Ali), Raipur	A
2.		AC, Div-I, Raipur (Smt. LataTyagi)	A
3.		AC, Div-II, Raipur	A
4.		AC, Div-II, Raipur (Shri GopalVerma)	A
5.		AC, Jagdalpur	A
6.		AC, Korba	A
7.		AC, Raigarh	A
8.		AC, Rajnandgaon	A
9.		AC-II, Div-I, Bilaspur	A
10.		AC-II, Durg	A
11.		AC-III, Durg	A
12.		CTO, Dhamtari	A
13.		CTO-I, Bilaspur	A
14.		CTO-I, Jagdalpur	A
15.		CTO-I, Raigarh	A
16.		CTO-I, Raipur	A
17.		CTO-II, Bilaspur	A
18.		CTO-II, Durg	A
19.		CTO-II, Raigarh	A
20.		CTO-II, Raipur	A
21.		CTO-III, Bilaspur	A
22.		CTO-III, Durg	A
23.		CTO-III, Raipur	A
24.		CTO-IV, Durg	A
25.		CTO-IV, Raipur	A
26.		CTO-V, Raipur	A
27.		CTO-VI, Raipur	A
28.		CTO-VII, Raipur	A
29.		CTO-VIII, Raipur	A
30.		CTO-IX, Raipur	A
31.		DC (Smt.NilimaTigga), Raipur	A
32.		DC, Div-I, Bilaspur	A

33.		DC, Div-I, Raipur	A
34.		DC, Div-II, Raipur	A
35.		DC, Durg	A
36.	Commercial Tax (Excise)	AC, Bilaspur	A
37.		AC, Durg	A
38.		AC, Mungeli	T
39.		AC, Raipur	A
40.		DEO, Baloda Bazar	T
41.		DEO, Dhamtari	A
42.		Commercial Tax (Registration)	SR, Ambikapur
43.	SR, Baloda Bazar		B
44.	SR, Dhamtari		B
45.	SR, Jagdalpur		B
46.	SR, Janjgir-Champa		B
47.	SR, Nawagarh		B
48.	SR, Raipur		A
49.	SR, Rajnandgaon		B
50.	SR, Takhatpur		B
51.	Energy	CEI, Raipur	A
52.	Forest	DFO, Dhamtari	A
53.		DFO, Jagdalpur	A
54.		DFO, Katghora	A
55.		DFO, Marwahi	A
56.		DFO, Rajnandgaon	A
57.		DFO, Kondagaon (South)	A
58.	Revenue and Disaster Management	Collector, Durg	B
59.		Collector, Korla	B
60.		Collector, Mahasamund	B
61.		Collector, Mungeli	T
62.		Tehsildar, Durg	B
63.		Tehsildar, Korla	B
64.		Tehsildar, Mahasamund	B
65.		Tehsildar, Pandaria	T
66.		Tehsildar, Tilda	T
67.	Mineral Resources	DMO, Janjgir	A

68.		DMO, Kabirdham	B
69.		DMO, Korla	B
70.		DMO, Raigarh	A
71.		DMO, Raipur	A
72.		DMO, Rajnandgaon	A
73.		MO, Mahasamund	B
74.		Transport	ARTO, Durg
75.	ARTO, Rajnandgaon		A
76.	DTO, Janjgir-Champa		B
77.	DTO, Jashpur		B
78.	DTO, Kanker		B
79.	DTO, Korba		A
80.	DTO, Mahasamund		B
81.	DTO, Raigarh		A
82.	RTO, Ambikapur		A
83.	RTO, Bilaspur		A
84.	RTO, Jagdalpur		A
85.	RTO, Raipur		A
86.	TC, Raipur		B

A- Annual; B-Biennial and T-Triennial

Appendix 2.1

(Referred to in paragraph 2.14)

Sl. No.	Name of Industry	Date of submission of EM Part-I	Date of submission of EM Part-II	Amount of interest subsidy (₹ in lakh)	Amount of fixed capital investment subsidy (₹ in lakh)
1.	Arvind Inorganics Private Limited	11.04.08	10.06.10	49.86	
2.	Aqua Fresh Production	06.03.09	01.06.11	1.73	
3.	Bodhisatav Industries	02.03.05	01.07.10	5.1	
4.	Rajhans Industries	08.09.08	06.12.10	7.02	
5.	Nishant Udyog	24.01.09	06.07.11	15.31	
6.	Jagannath Herbal and Foods	13.09.07	15.11.09	16.59	30.00
7.	Jai Mata Di Paper Mill	16.12.08	15.05.11	41.25	30.00
8.	Calcitherm Engineer Private Limited	19.02.07	10.01.10	9.45	
9.	Arya Malleable Casting	12.01.09	10.10.11	18.18	29.68
10.	Lupin Gases Private Limited	23.04.08	25.01.11	31	30.00
11.	Sapna Steels	14.12.07	22.03.10	11.67	
12.	G R Minerals and Ind Private Limited	29.01.09	01.05.11	17.5	
13.	Shiva Dal Udyog	14.08.07	25.03.11	21.76	60.00
14.	Agrawal Cold Storage pro-Utkal Commercial Private Limited	21.01.10	28.02.12	27.31	
15.	B R Cement	11.12.06	07.10.10	0.78	
16.	Vigneshwar Ispat Private Limited	24.10.09	16.07.12	19.47	
17.	R-Quit Unit 2	19.03.10	19.06.12	10	
18.	Ankit Electro-getting	21.05.10	28.05.12	14.97	
19.	Hariom Bricks	13.07.10	25.12.11	1.45	
20.	Shubh Labh Ispat Private Limited	30.03.10	24.08.12	14.79	
21.	G N Cold Storage Private Limited	05.02.10	30.05.12	12.94	
22.	Mahesh Pulses	05.12.09	27.02.12	10.21	
23.	Parth Industries	02.09.10	24.10.12	3.86	
24.	J P Industries	23.07.09	23.03.12	1.22	
25.	Sagar Industries	07.06.11	24.04.13	7.04	
Total				370.46	179.68

Appendix 3.1

(Referred to in paragraph 3.3.1)

Sl. No.	Outputs	Activities
1.	Improved natural forest stock	ANR of degraded Areas
2.	Increased and improved FTC	(a) AR and enrichment Planting (b) Promotion of non-Timber Forest Products (NTFPs)
3.	Participatory forest management initiated by supporting the immediate needs of fringe community	Entry Point Activities
4.	Long-term participation of fringe community in forest management	(a) Participatory micro-planning, implementation and monitoring of projects (b) Flexible project design and cost norms
5.	Increased SMC	Biological SMC supplemented by physical SMC Treatment as per local site condition
6.	Improved forest/ Tree productivity	Promotion and use of improved technologies and high quality planting material
7.	Increased capacity of fringe community and frontline staff	Awareness Generation, Training
8.	Enhanced opportunity for local forest-based micro - enterprise	Value-addition and marketing of forest produce from project area
9.	Review and independent monitoring process internalized	Bottom-up internal monitoring of projects and independent third party concurrent and final evolutions of each projects
10.	Tree-cover in non-forest areas promoted	Agro-forestry on shifting cultivation lands and other farmlands
11.	Problem lands rehabilitated	Additional support for amelioration of soil in alkaline/saline, ravine, marshy, high-altitude, desert areas etc.

Appendix 3.2
(Referred to in Paragraph 3.3.7.2)

(₹ in lakh)

Year	Funds transfer from SFDA to FDAs		Funds transfer from FDAs to JFMCs		Delay in transfer of first installment (in Days)
	Dates of transfer of funds	Amount	Period of funds transfer	Amount	
FDA, Dhamtari					
2010-11	11.10.10 (I), 24.02.11 (II), 06.04.11 (III)	275.54	25.05.11 to 14.10.11	146.88	211
2011-12	14.11.11 (I), 25.01.12 (II, III)	145.89	02.02.12 to 16.05.12	133.92	68
2012-13	25.09.12 (I), 15.03.13 (II)	81.41	05.10.12 to 25.02.13	89.95	No Delay
2013-14	03.08.13 (I), 18.03.14 (II)	109.55	25.10.13 to 09.03.15	83.06	87
2014-15	12.11.14 (I), 02.01.15 (II)	100.14	19.01.15, 09.03.15	57.67	53
	Total	712.53	Total	511.48	
FDA, Kondagaon (South)					
2010-11	13.10.10 (I), 13.10.10 (II)	99.95	18-03-11 to 17-01-12	97.42	140
2011-12	22.11.11 (I), 27.01.12 (II)	63.79	30-06-12, 28-07-12	56.54	204
2012-13	15.03.13	52.15	December 2013	53.92	240
2013-14	03.08.13 (I), 18.03.14 (II)	54.33	June 14, January 15	51.13	280
2014-15	12.11.14 (I), 02.01.15 (II)	116.29	February 15, May 15	95.08	70
	Total	386.51	Total	354.09	
FDA, Bastar					
2010-11					
2011-12	22.11.11 (I), 27.01.12 (II, III)	119.12	09.07.12 (I),	106.98	212
2012-13	25.09.12 (I), 11.04.13 (II)	79.36	22.11.12 (II), 10.12.13	79.65	42
2013-14	20.08.13 (I), 26.03.14 (II)	79.81	29.01.14, 06.08.14	46.21	146
2014-15	26.11.14 (I), 13.02.15 (II)	96.21	19.03.15, 04.08.15	66.34	98
	Total	374.50	Total	299.18	

FDA, Balrampur					
2010-11	11.10.10 (I), 24.02.11 (II)	107.05	_____ (I), 27.07.11 (II)	108.94	
2011-12	25.11.12 (I), 27.01.12 (II)	77.19	16.01.12 (I), _____ (II)	71.51	35
2012-13	25.09.12 (I), 15.03.13 (II)	87.27	30.06.13 (I)	81.96	262
2013-14	03.08.13 (I), 18.03.14 (II)	233.76	26.10.13 (I), 08.05.14 (II)	221.17	67
2014-15	12.11.14 (I), 02.02.15 (II)	240.40	31.01.15 (I), _____	143.70	65
	Total	745.67	Total	627.28	
FDA, Korla					
2010-11	13.10.2010(I), 24.02.2011(II) 06.04.2011(III)	78.84	29.03.2011(I)&(II), 14.06.2011(III)	56.93	152
2011-12	14.04.2011(I), 27.01.2012(II) &(III)	56.44	17.02.2012(I), 30.03.2012(II), 05.07.2012(III)	56.85	294
2012-13	25.09.2012(I), 15.03.2013(II)	36.70	08.11.2012(I), 28.04.2013(II)	29.57	28
2013-14	03.08.2013(I), 18.03.2014(II)	67.70	01.07.2013(I), 26.08.2013(II)	37.00	
2014-15	12.11.2014(I), 02.01.2015(II)	55.47	18.06.2014(I), 12.12.2014(II), 19.02.2015(III)	87.63	
	Total	295.15	Total	267.98	
FDA, Surajpur					
2010-11	14.10.2010	17.62	01.03.2011(I),	28.57	120
2011-12	25.11.2011(I), 27.01.2012(II) & (III)	88.71	12.07.2011(I),03.02.2012(II), 23.03.2012(III)	110.15	
2012-13	25.09.2012(I), 15.03.2013(II)	50.34	02.01.2013(I), 06.03.2013(II)	27.98	82
2013-14	03.08.2013(I), 18.03.2014(II)	26.80	05.06.2013(I), 20.02.2014(II)	33.68	
2014-15	12.11.2014(I), ---	10.06	11.08.14(I), 23.09.2014(II)	41.59	
	Total	193.53	Total	241.97	
FDA, Korba					
2010-11	11.10.2010(I), 28.02.2011(II) & 06.04.2011(III)	207.63	15.11.2010(I), 08.04.2011(II) & 23.07.2011	207.63	20
2011-12	15.11.2011(I), 27.01.2012(II) & 27.01.2012(III)	92.70	24.02.2012(I), 30.06.2012(II) & 29.09.2012	92.70	85
2012-13	25.09.2012(I), 15.03.2013(II)	91.42	28.09.2012(I), 06.06.2013(II)	91.42	
2013-14	03.08.013(I), 18.03.2014(II)	49.27	01.10.2013(I), 16.05.2014(II)	49.27	43

Audit Report for the year ended 31 March 2016 on Revenue Sector

2014-15	12.11.2014(I), 02.01.2015	35.79	20.02.2015(I), 20.02.2015(II)	32.54	85
	Total	476.81	Total	473.56	
<i>FDA, Baloda Bazar</i>					
2010-11	13.10.2010(I), 24.02.2011(II), 06.04.2011(III)	122.25	14.10.2010(I), 17.03.2011(II), 08.04.2011(III)	122.25	No delay
2011-12	09.11.2010(I), 27.01.2012(II), 27.01.2012(III)	133.18	30.12.2011(I), 20.03.2012(II), 05.05.2012(III)	133.18	35
2012-13	25.09.2012(I), 15.03.2013(II),	31.02	04.10.2012(I), 05.04.2013(II)	31.02	
2013-14	03.08.2013(I), 18.03.2014(II)	75.12	23.08.2013(I), 02.07.2014(II)	75.12	
2014-15	12.11.2014(I), 02.01.2015(II)	128.73	19.01.2015(I), 16.04.2015(II)	128.73	53
	Total	490.30	Total	490.30	

Appendix 3.3

(Referred to in Paragraph 3.3.8.4)

Name of FDA	Items purchased	Expenditure incurred (₹ in lakh)	Remarks
Dhamtari	Computers, computer peripherals, Photo copy machines, Air Conditioners, furniture	11.51	Items purchased were used in the divisions for regular works.
	Computers	0.98	Purchase was made from JFMC for use in Division office.
Jashpur	Computer, computer peripherals, CCTV Cameras, building material	13.43	Purchases were made for use in Division and circle office. Building material was purchased for construction of Division office building.
Balrampur	Computer, computer peripherals, furniture	2.68	Purchases were made from JFMC for use in Division office.
Katghora	ACs, coolers, inverter etc.,	4.82	Purchases were made for use in Division office.
	For laying of roads, on water arrangements	9.40	Purchases and construction works were done in the inspection bungalow of the Division.
Surajpur	Computers, Television, refrigerator, Air conditioner, furniture etc.	4.32	Purchases were made for use in Division office.
Korba	Purchase of Solar Lanterns	5.26	Purchase was done from NAP funds without having authority and process as mentioned in the purchase rules.
Total		52.40	

Appendix 4.1
(Referred to in paragraph 4.4)

(₹ in lakh)

Sl. No.	Name of Units	Name of the dealer/TIN No./Period	Goods	Purchases as per CA report/ Purchase list attached	ITR allowable	ITR claimed as per Form 18	Excess in ITR	Amount of excess ITR claimed	Penalty levied by the Department
1	2	3	4	5	6	7	8=(7)-(6)	9	10
1.	CTO-II, Raigarh	M/s Ramchand Agrawal (22235100885) (2013-14)	General goods	14%= 4.33	0.60	0.90	0.30	0.34	
				5% = 41.65	2.08	2.12	0.04		
2.	CTO-II, Raigarh	M/s Sumit Hardware (22575100947) (2010-11)	Cement, paint and hardware	14% =57.06	7.99	8.19	0.20	0.20	0.17
3.	CTO-II, Raigarh	M/s Kisan Enterprises (22405100798) (2010-11)	Pesticides and fertilizers	5% =94.40	4.72	5.55	0.83	0.83	0.83
4.	CTO-II, Raigarh	M/s Bansal Traders (22855101569)(2012-13)	Mobile Handsets	5%=0.75	0.04	0.77	0.74	0.74	0.74
5.	CTO-II, Raipur	M/s Satguru Traders (22491260524)(2010-11)	Electrical items and appliances	5%= 80.07	4.00	5.36	1.36	2.78	
				14%=262.84	36.80	38.22	1.42		
6.	CTO-II, Raipur	M/s Neta Mill Stores (2204120238)(2008-09)	Mills and machinery goods	4%=171.68	6.60	7.19	0.58	0.58	
7.	CTO-II, Raipur	M/s Computer Junction (22231205032) (2010-11)	Computers and its parts	5%=331.11	16.55	17.13	0.57	0.57	
8.	CTO-II, Raipur	M/s North Wind Traders (22661201158) (2010-11)	Computers and its parts	5%=101.61	5.08	5.50	0.42	0.42	
Total				1,145.50	84.46	90.93	6.47	6.47	1.74

Appendix 4.2
(Referred to in paragraph 4.7)

(₹ in lakh)

Sl. No.	Name of Unit	Name of the dealer/TIN No.	Assessment Year	Items	Interstate transactions without "C" Forms	Rate of tax leviable/levied	Short levy
1	AC-II, Durg	M/s Dev Steel, Durg (22353203360)	2009-10 (Self Assessment)	Iron and Steel	41.77	4/2	0.84
2	CTO-IV, Raipur	M/s Columbia Petrochemicals, Raipur (22561400742)	2009-10 (Self Assessment)	Petrochemicals	152.59	12.50/2	16.02
3	CTO-IV, Raipur	M/s Varun Steel, Bhanpuri (22081405565)	2009-10 (Self Assessment)	Iron and Steel	85.98	4/2	1.72
4	CTO-IV, Raipur	M/s Traansrect Industries, Raipur (22601404115)	2010-11 (Self Assessment)	Electrical items	70.96	5/2	2.13
5	CTO-II, Raigarh	M/s Pawan Traders (22695100008)	2013-14 (Self Assessment)	HDPE Bags and woven sacks	31.75	5/2	0.95
6	CTO-I, Raipur	M/s Oswal Hydraulics and Pneumatics, Raipur (22181100348)	2009-10 (Self Assessment)	Heavy machinery parts	65.28	4/2	1.31
7	CTO-II, Raipur	M/s Ismail Brothers (220312000292)	2009-10 (Self Assessment)	Fireworks	26.06	12.50/2	2.74
			2010-11 (Self Assessment)	Fireworks	65.88	14/2	7.91

Audit Report for the year ended 31 March 2016 on Revenue Sector

8	CTO-V, Raipur	M/s Build Care India (22111506574)	2010-11 (Self Assessment)	Wall putty and cement	16.97	14/2	2.04
9	CTO-V, Raipur	M/s Nathani Timber (22151500635)	2009-10 (Self Assessment)	Timber	95.33	12.50/2	10.01
			2010-11 (Self Assessment)	Timber	120.95	14/2	14.51
10	CTO-V, Raipur	M/s Vikas Iron and Foundry (2281505947)	2009-10 (Self Assessment)	Cast Iron	64.52	4/2	1.29
11	ACCT (Hqr.) (Smt. Bhavna Ali)	M/s Satyendra Traders Pvt. Ltd. (22251205118)	2009-10 (Self Assessment)	Jute Bag	55.78	5/2	1.67
12	ACCT (Hqr.) (Smt. Bhavna Ali)	M/s Adinath Steels (22071205120)	2009-10 (Self Assessment)	Iron and Steel	82.80	4/2	1.66
Total					976.62		64.80

Appendix 4.3

(Referred to in paragraph 4.8.1)

(₹ in lakh)

Sl. No.	Name of Unit	Name of the dealer/TIN No.	Assessment Year	Items	Interstate transactions without "E-1 C" Forms	Rate of tax leviable/levied	Tax leviable	Nature of observation
1.	AC-II, Durg	M/s Dev Steel, Durg (22353203360)	2009-10 (Self Assessment)	Iron and Steel	18.52	4/0	0.74	"E-1C" form not attached
2.	CTO-I, Raipur	M/s Shriya Marketing Services Pvt.Ltd., Raipur (22221100423)	2009-10 (Self Assessment)	Switch gears, Motors, cables etc.	212.25	5/0	10.61	"E-1C" form not attached
3.	CTO-I, Raipur	M/s SPV Mining Technologies Pvt.Ltd., Raipur (22921104888)	2010-11 (Self Assessment)	Heavy machinery parts	15.28	5/0	0.76	"E-1C" form not attached
4.	CTO-I, Raipur	M/s Shree Balaji Enterprises, Raipur (22151104002)	2010-11 (Self Assessment)	Iron and Steel	103.39	4/0	4.14	"E-1C" form not attached
5.	CTO-I, Raipur	M/s Shree Balaji Enterprises, Raipur (22151104002)	2009-10 (Self Assessment)	Iron and Steel	70.96	4/0	2.84	"E-1C" form not attached
6.	CTO-V, Raipur	M/s Eastern India Enterprises, Raipur (22031502156)	2011-12 (Self Assessment)	Steel Tube, beam, round, flat etc.	278.30	5/0	13.92	"E-1C" form not attached
7.	ACCT (Hqr.) (Smt.Bhavana Ali)	M/s R.B.Steel Corporation (22911203106)	2009-10 (Self-Assessment)	Iron and Steel	91.18	4/0	3.65	"C" form not attached in support of the transactions

Audit Report for the year ended 31 March 2016 on Revenue Sector

					83.22	4/2	1.66	“E1”form not attached in support of the transactions
8.	ACCT (Hqr.) (Smt.Bhavana Ali)	M/s Narindra and Narindra Steel Corporation (22221204310)	2009-10 (Self Assessment)	Iron and Steel	527.68	4/0	21.11	“C”form not attached in support of the transactions
					67.34	4/2	1.35	“E1”form not attached in support of the transactions
9.	ACCT (Hqr.) (Smt.Bhavana Ali)	M/s Ramkumar Suresh Kumar (22491205568)	2009-10 (Self Assessment)	Iron and Steel	9,796.77	4/0	391.87	“C”form not attached in support of the transactions
10.	ACCT (Hqr.) (Smt.Bhavana Ali)	M/s VishwaGeetaIspat (22271205204)	2009-10 (Self Assessment)	Iron and Steel	35.74	4/0	1.43	“C”form not attached in support of the transactions
11.	ACCT (Hqr.) (Smt.Bhavana Ali)	M/s Rama Power and Steel Pvt.Ltd. (22171205259)	2009-10 (Self Assessment)	MS Steel	281.43	4/0	11.26	“C”form not attached in support of the transactions
12.	ACCT (Hqr.) (Smt.Bhavana Ali)	M/s D K Marketing (22761201588)	2009-10 (Self Assessment)	Iron and Steel	82.88	4/0	3.32	“C”form not attached in support of the transactions
13.	ACCT (Hqr.) (Smt.Bhavana Ali)	M/s Shri Madhav Steels (22621200210)	2010-11 (Self Assessment)	Iron and Steel	43.06	4/0	1.72	“C”form not attached in support of the transactions
Total					11,708.00		470.38	

Appendix 4.4

(Referred to in paragraph 4.8.2)

(₹ in lakh)

Sl. No.	Name of Unit	Name of the dealer/TIN No.	Assessment Year	Items	Interstate transactions without "F" form	Rate of tax leviable/levied	Tax / penalty leviable	Nature of observations
1.	CTO-I, Raipur	M/s Allwin Industries, Raipur (22911103584)	2009-10 (Self Assessment)	Chemical fertilizer	33.45	4/0	1.34	Stock transfer not supported with "F" form
2.	CTO-VIII, Raipur	M/s Ventex Animal Health Ltd., Raipur (22441801903)	2009-10 (Self Assessment)	Animal Health products	28.60	4/0	1.14/1.72	Stock transfer not supported with "F" form
3.	CTO-VIII, Raipur	M/s Dhariwal Brothers, Raipur (22161800893)	2009-10 (Self Assessment)	Blanket	37.00	4/0	1.48/2.22	Stock transfer not supported with "F" form
Total					99.05		3.96/3.94	

Appendix 5.1
(Referred to in paragraph 5.5)

(₹ in lakh)

Name of Unit	Book No./Document No. and Date	Market Value		Leviable		Levied		Short Levy	
		Guideline	Document	SD	RF	SD	RF	SD	RF
SR, Raipur	66373/10355 dt. 30.03.2015	40.59	8.92	2.54	0.33	0.56	0.07	1.98	0.26
	66624/11107 dt. 30.03.2015	13.90	9.20	0.87	0.12	0.58	0.08	0.29	0.04
	66724/11328 dt. 31.03.2015	370.71	171.80	23.17	2.97	10.74	1.38	12.43	1.59
	66645/10874 dt.29.03.2015	37.67	30.69	2.35	0.30	1.92	0.25	0.43	0.05
	66223/9832 dt. 19.03.2015	37.85	25.53	2.37	0.30	1.60	0.21	0.77	0.09
	66056/10676 dt. 10.03.2015	28.64	19.69	1.49	0.23	1.02	0.16	0.47	0.07
	66130/9566 dt. 16.03.2015	25.50	19.89	1.59	0.21	1.25	0.16	0.34	0.05
	66458/11563 dt. 27.03.2015	25.41	20.10	1.59	0.20	1.26	0.17	0.33	0.03
	66151/9633 dt. 17.03.2015	826.15	342.70	51.63	6.61	21.42	2.74	30.21	3.87
	66149/9615 dt. 17.03.2015	200.08	82.95	10.40	1.60	4.31	0.67	6.09	0.93
	66516/10748 dt. 28.03.2015	60.08	33.24	3.60	0.48	2.00	0.27	1.60	0.21
	66502/11591 dt 28.03.2015	93.96	69.60	5.87	0.75	4.35	0.56	1.52	0.19
	66733/11408 dt 31.03.2015	22.91	179.80	2.74	0.39	0.69	0.18	2.05	0.21
	Total	1783.45	1014.11	110.21	14.49	51.70	6.9	58.51	7.59
SR, Ambikapur	8358/6100 dt. 05.03.2015	13.74	8.59	0.86	0.11	0.11	0.07	0.75	0.04
	8360/6121 dt 09.03.2015	1.36	0.57	0.08	0.01	0.04	0.01	0.04	0.00
	8360/6122 dt. 09.03.2015	1.28	0.54	0.06	0.01	0.03	0.01	0.03	0.00
	8360/6123 dt. 09.03.2015	0.83	0.35	0.05	0.01	0.02	0.01	0.03	0.00
	8360/6129 dt. 09.03.2015	5.82	2.92	0.29	0.05	0.15	0.02	0.14	0.03

	8362/6165 dt 10.3.2015	6.55	2.25	0.33	0.05	0.12	0.02	0.21	0.03
	8362/6164 dt.10.3.2015	6.55	2.25	0.33	0.05	0.12	0.02	0.21	0.03
	8367/6250 dt. 13.3.2015	2.38	1.50	0.15	0.02	0.09	0.01	0.06	0.01
	8360/6131 dt.09.03.2015	17.32	4.45	1.08	0.14	0.28	0.04	0.80	0.10
	7996/7833 dt. 31.03.2014	13.36	9.53	0.83	0.11	0.60	0.08	0.23	0.03
	8375/6393 dt 19.03.2015	16.47	10.77	0.82	0.13	0.56	0.09	0.26	0.04
	7600/1086 dt 26.03.2013	160.90	147.12	9.98	1.29	9.12	1.18	0.86	0.11
	Total	246.56	190.84	14.86	1.98	11.24	1.56	3.62	0.42
SR, Jagdalpur	5448/506 dt. 10.06.2013	43.91	38.40	3.07	0.35	2.69	0.31	0.38	0.04
	5435/392 dt. 28.05.2013	27.18	16.85	1.97	0.22	1.22	0.14	0.75	0.08
	Total	71.09	55.25	5.04	0.57	3.91	0.45	1.13	0.12
SR, Dhamtari	9412/87 dt. 21.04.2014	19.57	13.51	0.98	0.16	0.68	0.11	0.30	0.05
	9133/520 dt. 11.06.2013	62.27	25.00	4.51	0.50	1.63	0.21	2.88	0.29
	Total	81.84	38.51	5.49	0.66	2.31	0.32	3.18	0.34
Grand Total		2,182.94	1,298.71	135.60	17.70	69.16	9.23	66.44	8.47

SD- Stamp Duty

RF-Registration Fees

Appendix 5.2

(Referred to in Sl.No.1 of paragraph 5.6)

Detail of short realisation of SD & RF due to not following provisions of guidelines for valuing agricultural properties situated in Municipal area
(₹ in lakh)

S. No.	Document No./Date of execution	Location of property	Area (in sq.mt.)	Market Value		Leviable		Levied		Short levy	
				As per guideline	As per document	SD	RF	SD	RF	SD	RF
1.	66715/12028 dt. 31.03.2015	Kh.No. 480/7, 482/6,482/1,492/24 Tikrapara	1407	182.87	110.00	11.43	1.46	6.88	0.88	4.55	0.58
2.	66732/11397dt. /31.03.2015	Kh. No. 286/4B, Urla	1539	36.99	5.32	2.31	0.30	0.33	0.04	1.98	0.26
3.	66525/10823 dt. 28.03.2015	Kh.No. 102/2, Devpuri	1630	97.58	37.03	4.88	0.78	1.93	0.30	2.95	0.48
4.	66505/11623 dt. 28.03.2015	Kh.No. 103/1, Mathpurena	1801	84.84	35.60	5.30	0.68	2.23	0.29	3.07	0.39
5.	66137/11744 dt. 28.03.2015	Kh.No. 324/4, Sejbahar	1316	39.32	13.91	2.46	0.32	0.87	0.11	1.59	0.21
6.	66430/11453 dt. 27.03.2015	Kh. No. 202/12, Amlidih	1164	108.55	36.80	6.78	0.87	2.30	0.30	4.48	0.57
7.	66048/10630 dt. 10.03.2015	Kh. No. 400 and 402, Amlidih	2004	379.84	70.00	23.74	3.04	4.38	0.56	19.36	2.48
Total			10,861	929.99	308.66	56.90	7.45	18.92	2.48	37.98	4.97

SD- Stamp Duty
RF-Registration Fees

Appendix 5.3

(Referred to in Sl. No. 2 of paragraph 5.6)

Detail of short realisation of SD & RF due to not valuing the properties as per the guidelines

Document No. and Date	Seller/Purchaser	Location of property	Area (in sq.mt.)	Market Value (₹ in crore)		Leviable Value (₹ in lakh)		Levied Value (₹ in lakh)		Short levy Value (₹ in lakh)	
				As per guideline	As per document	SD	RF	SD	RF	SD	RF
10537/27.03.2015	Fatima/Smt. Vandana Agarwal and others	Kh.No. 575, Shankar Nagar	1680	₹ 4.37	₹ 3.21	22.71	3.50	16.70	2.57	6.01	0.93

Area of land: 1,680 sq.mt.

Share of each: 210 sq.mt.

Guideline rate: ₹ 26,000 per sq.mt.

Valuation: 210 * ₹ 26,000 * 8 persons = ₹ 4,36,80,000

Stamp Duty: Four per cent of ₹ 4,36,80,000	=	₹ 17,47,200
Nagar Nigam Cess: one per cent of ₹ 4,36,80,000	=	₹ 4,36,800
Cess: 5 per cent of ₹ 17,47,200	=	₹ 87,360
		₹ 22,71,360

Appendix 5.4

(Referred to in Sl.No.3 of paragraph 5.6)

Detail of short realisation of SD & RF due to not following of provisions of guidelines for valuing agricultural properties

(₹ in lakh)

Sl. No.	Book No./Document No./Date of execution	Area (in Ha.)	Market Value		Leviable		Levied		Short levy	
			As per Guideline	As per document	SD	RF	SD	RF	SD	RF
1.	66637/9157/31.03.2015	0.316	9.48	8.34	0.59	0.07	0.52	0.07	0.07	0.00
<i>As per the description of the land dual crop pattern is followed thus the valuation is done by adding 25% on the unirrigated rate</i>										
2.	66637/9159/31.03.2015	0.871	26.13	23.00	1.63	0.21	1.44	0.19	0.19	0.02
<i>As per the description of the land dual crop pattern is followed thus the valuation is done by adding 25% on the unirrigated rate</i>										
3.	66547/10891/29.03.2015	0.620	32.45	26.66	2.03	0.26	1.67	0.21	0.36	0.05
<i>As per B-II the land is irrigated so the valuation of property is to be done as per irrigated rate</i>										
4.	66547/10889/29.03.2015	0.650	34.02	27.95	2.13	0.27	1.75	0.23	0.38	0.04
<i>As per B-II the land is irrigated so the valuation of property is to be done as per irrigated rate</i>										
Total		2.457	102.08	85.95	6.38	0.81	5.38	0.70	1.00	0.11

Appendix 5.5

(Referred to in Sl. No. 4 of paragraph 5.6)

Detail of short realisation of SD & RF due to not following of provisions of guidelines

(` in lakh)

Sl. No.	Book No./Document No./Date of execution	First Seller/Second Seller	Area (in Ha.)	Market Value (` in lakh)		Leviable		Levied		Short levy	
				As per Guideline	As per document	SD	RF	SD	RF	SD	RF
1.	66498/11566 dt. 28.03.2015	Salik Ram Patel	0.106	13.78	22.49	2.35	0.30	1.41	0.18	0.94	0.12
		JanakBai	0.067	23.81							
<i>As per special clause of the guidelines agricultural properties up to 0.101 hectare situated in Mana Village should be valued as per plot rate on slab basis as per Clause one of Form I. The area of land for second seller was below 0.101 hectare thus the valuation of second seller should be done as per plot rate and for the first seller as per hectare rate.</i>											
2.	66539/8975 dt. 29.03.2015	Sarita	0.166	18.26	20.79	1.49	0.23	1.08	0.17	0.41	0.06
		Dhiraj	0.023	10.47							
<i>As per special clause of the guidelines agricultural properties up to 0.150 hectare situated in Nakti Village should be valued as per plot rate on slab basis as per Clause one of Form I. The area of land for second seller was below 0.150 hectare thus the valuation of second seller should be done as per plot rate and for the first seller as per hectare rate.</i>											
3.	66538/8962 dt. 28.03.2015	Chandra Ben Chopra	0.267	12.82	16.27	2.15	0.28	1.02	0.13	1.13	0.15
		Shantilal	0.072	21.56							
<i>As per Clause one of Form-I agricultural properties up to 0.202 hectare in municipal areas should be valued as per plot rate on slab basis. The Second seller land was below 0.202 hectare thus the valuation of the second seller should be as per plot rate and for the first seller as per hectare rate</i>											
Total			0.701	100.70	59.55	5.99	0.81	3.51	0.48	2.48	0.33

Appendix 5.6
(Referred to in paragraph 5.7)

Detail of short levy of SD & RF due to incorrect valuation of properties

(A)

Sl.No.	Name of SR	Document No. and Date	Area (in sq.mt.)	Market Price as per Guidelines(₹ in lakh)	Market price as per Document (₹ in lakh)	Short levy of Stamp Duty/Registration Fees(₹ in lakh)	Nature of observations
1.	SR, Jagdalpur	970 dt.09.07.2014	18,641	149.20	93.94	3.38/ 0.44	During test check of registered documents in the office of SR, Jagdalpur we noticed (January 2016) that in two instruments agricultural land admeasuring 4.67 hectare was situated in village Kangoli. As per market value guidelines the valuation of the property should be ₹ 81.00 lakh per hectare. As such the market value of the property was ₹ 3.79 crore, whereas the SR applied the rate of ₹ 51.00 lakh per hectare, without mentioning any facts. Thus the valuation of property arbitrarily by the SR resulted in undervaluation of property to the extent of ₹ 1.40 crore, consequently leading to short realisation of ₹ 9.70 lakh (Stamp Duty (SD) ₹ 8.58 lakh & Registration Fees (RF) of ₹ 1.12 lakh).
2.		971 dt. 09.07.2014	28,660	229.39	144.43	5.20/0.68	
Total			47,301.00	378.59	238.37	8.58/1.12	
3.	SR, Jagdalpur	368 dt.23.05.2013	162.63	27.32	23.52	0.28/0.03	During test check of registered documents in the office of SR, Jagdalpur we noticed (January 2016) that in six instruments the property was situated in municipal area and have multi storey flats having well furnished tiles. As per the guidelines the market value of these properties was ₹ 1.64 crore. However the SR valued the property as ₹ 1.41 crore which resulted in short levy of SD & RF of ₹ 1.70 lakh (SD-₹ 1.52 lakh and RF-₹ 0.18 lakh)
4.		553 dt.19.06.213	162.63	27.32	23.52	0.24/0.03	
5.		496 dt.10.06.2013	162.63	27.32	23.52	0.24/0.03	
6.		719 dt.17.07.2013	162.63	27.32	23.52	0.28/0.03	
7.		456 dt.05.06.2013	162.63	27.32	23.52	0.24/0.03	
8.		514 dt.11.06.2013	162.63	27.32	23.52	0.24/0.03	
Total			975.78	163.92	141.12	1.52/0.18	

9.	SR, Raipur	66687/11158 dt. 31.03.2015	972.40	111.83	77.85	2.12/0.27	In SR Raipur (Dec 15), during the scrutiny of the documents, it was observed that the property sold was situated in investment area and the market value of the said property should be valued as per separate rate mentioned for the investment area. However, the SR determined the market value of land as ₹ 87.65 lakh. As per the guidelines, the market value of property was ₹ 1.37 crore. However, the SR, while registering the document, did not take that in account. Thus, extension of undue benefit to the executants by the SR led to undervaluation of properties which resulted in short levy of SD & RF amounting ₹ 3.44 lakh (SD ₹ 3.05 lakh and RF ₹ 0.39 lakh)
10.		66038/10622 dt. 09.03.2015	651.00	24.74	9.80	0.93/0.12	
Total			1,623.40	136.57	87.65	3.05/0.39	
Grand Total			49,900.18	679.08	467.14	13.15/1.69	

Appendix 5.6 contd....
(Referred to in paragraph 5.7)

(B) Ambikapur

Document No. & Date	No. of instrument	Location of property	Properties	Descriptions	Valuation	Total value(₹ in lakh)
7558/345 dt. 25.04.2013	01	Kh. 323/16= 1.076 Ha. & 252= 0.267 Ha. Vill-Funderrahidari, Veer Sawarkar Ward (Banaras Road Pull)	Land	13430 square meter	4048 * ₹ 5,525 (main road)	223.65
					6712* ₹ 4,972.50 (main road)	333.75
					2670 * ₹ 3,040	81.17
			add Standing Trees	14 Trees	14*₹ 182= (₹2,548)	0.03
			add Shed Building	450 square feet	450 * ₹573	2.58
			add Pucca Shop	480 square feet	480* ₹968	4.65
			add Pucca Building	1000 square feet	1,000 * ₹651	6.51
			add 2 Kaccha Building	1200*2= 2400 square feet	2,400*₹367	8.81
			Total valuation of property			661.15
			less valuation as per document			157.60
			Less valuation (6-7)			503.55
			SD less levied			31.13
RF less levied			4.03			
Total (9+10)			35.16			

During test check of registered documents in the office of SR, Ambikapur we noticed (February 2016) that an agreement to sell the commercial property was signed between the executants on August 2008, mentioning the execution of the deeds within three months of signing of this agreement. Thereafter sale consideration of ₹ 65.00 lakh was executed (September 2012) and it was registered on April 2013 by determining the market value as ₹ 1.58 crore. As the document was registered in the year 2013-14, the SR should have determined the market value of the property as ₹ 6.61 crore, but the SR valued the property as per the date of execution of deeds resulting in undervaluation of property by ₹ 5.04 crore on which differential SD & RF of ₹ 35.16 lakh was recoverable.

Grand Total A & B

(₹ in lakh)

	A	B	Total	
Area (in square metre)	49,900.18	13,430.00	63,330.18	
Market Value as per Guidelines	679.08	661.15	1340.23	
Market Value as per Documents	467.14	157.60	624.74	
Short realisation	SD	13.15	31.13	44.28
	RF	1.69	4.03	5.72
	Total	14.84	35.16	50.00

Appendix 6.1

(Referred to in paragraph 6.5)

Detail of penalty not realised due to excess wastage in transportation of liquor

(*₹ in lakh*)

Month	Total Permit	Total Dispatched (in PL)	Total Received (in PL)	Permissible loss(in PL)	Actual loss(in PL)	Excess loss(in PL)	Loss in Duty
April 2014	65	4,58,939.900	4,56,721.520	1,147.350	2,218.381	1,071.031	1.07
May 2014	60	3,91,762.300	3,84,747.575	979.406	7,014.725	6,035.319	6.04
June 2014	68	4,92,706.700	4,90,218.028	1,231.767	2,488.672	1,256.905	1.26
July 2014	87	6,04,449.800	6,01,571.439	1,511.125	2,878.361	1,367.236	1.37
August 2014	70	5,09,766.240	5,07,257.442	1,274.416	2,508.798	1,234.382	1.23
September 2014	93	6,73,778.540	6,64,852.538	1,684.446	8,926.002	7,241.556	7.24
October 2014	38	2,74,943.160	2,73,702.365	687.358	1,240.796	553.438	0.55
November 2014	38	2,77,594.300	2,75,803.918	693.986	1,790.382	1,096.396	1.10
December 2014	36	2,50,664.450	2,49,500.563	626.661	1,163.887	537.226	0.54
January 2015	38	2,88,261.450	2,86,916.922	720.654	1,344.529	623.875	0.62
February 2015	41	3,17,599.650	3,16,342.124	793.999	1,257.526	463.527	0.46
March 2015	34	2,68,466.750	2,60,931.595	671.167	7,535.155	6,863.988	6.86
Total	668	48,08,933.240	47,68,566.027	12,022.335	40,367.214	28,344.879	28.34

Applicable rate of Excise Duty for the year 2014-15: ₹ 100 per Proof Litre

Appendix 7.1

(Referred to in paragraph 7.4)

Detail of less realisation of royalty on middling dispatch

Period	Quantity dispatched (in MT)	Basic pit head Run of Mines (ROM) price for sectors other than power utilities per MT	Rate of royalty	Royalty payable (₹ in lakh)	Amount paid (₹ in lakh)	Short realisation (₹ in lakh)
<i>1</i>	<i>2</i>	<i>3</i>	<i>4= 14 per cent of (3)</i>	<i>5=(2)*(4)</i>	<i>6</i>	<i>7=(5)-(6)</i>
10.05.2012 to 31.03.2013	40,18,953.64	₹ 490	₹ 68.60	₹ 2,757.00	₹ 2,306.88	₹ 450.12
01.04.2013 to 27.05.2013	6,18,226.21	₹ 490	₹ 68.60	₹ 424.10	₹ 354.86	₹ 69.24
28.05.2013 to 31.03.2014	32,28,478.29	₹ 540	₹ 75.60	₹ 2,440.73	₹ 2,033.94	₹ 406.79
01.04.2014 to 31.03.2015	38,68,347.51	₹ 540	₹ 75.60	₹ 2,924.47	₹ 2,437.06	₹ 487.41
Total	1,17,34,006.31			₹ 8,546.30	₹ 7,132.74	₹ 1,413.56

Appendix 7.2

(Referred to in paragraph 7.5)

Detail of less realisation of royalty on G-7 and G-12 grade coal

Month	Total Production (in MT)		Dispatch (in MT)			Royalty Payable(₹in lakh)			Royalty Paid (₹in lakh)	Short realisation(₹in lakh)	Interest @ 24% p.a.(₹in lakh)
	G-7	G-12	G-7	G-12	Total	G-7	G-12	Total			
January 2012	29,680	38,533	28,584.99	38,033.20	66,618.19	50.31	36.32	86.63	80.91	5.72	5.49
February 2012	36,113	26,381	35,774.90	27,558.40	63,333.30	62.96	26.32	89.28	82.13	7.15	6.73
March 2012	39,493	44,003	37,597.64	40,890.52	78,488.16	66.17	39.05	105.22	97.70	7.52	6.92
April 2012	26,852	31,718	27,168.46	33,528.29	60,696.75	47.82	32.02	79.84	74.40	5.44	4.89
May 2012 (upto 9.05.2012)	28,024	29,788	7,299.10	8,857.44	16,156.54	12.85	8.46	21.31	19.85	1.46	1.28
Total	1,60,162	1,70,423	1,36,425.09	1,48,867.85	2,85,292.94	240.11	142.17	382.28	354.99	27.29	25.31

Rate of Royalty for **G-7 grade** = ₹ 90 + 5 per cent of ₹ 1720 = ₹ 176 per MT

Rate of Royalty for **G-12 grade** = ₹ 55 + 5 per cent of ₹ 810 = ₹ 95.50 per MT

GLOSSARY

GLOSSARY OF ABBREVIATIONS

Abbreviation	Full form
AC	Assistant Commissioner
ACCT	Assistant Commissioner Commercial Tax
ACM	Audit Committee Meeting
ACTO	Assistant Commercial Tax Officer
AEC	Additional Excise Commissioner
AG	Accountant General
AIAO	Assistant Internal Audit Officer
AMO	Assistant Mining Officer
ANR	Assisted Natural Regeneration
AO	Assessing Officer
APCCF	Additional Principal Chief Conservator of Forest
APO	Annual Plan of Operations
ARTO	Assistant Regional Transport Officer
ATN	Action Taken Notes
BE	Budget Estimate
CA	Compensatory Afforestation
CA	Chartered Accountant
CAMPA	Compensatory Afforestation Management and Planning Authority
CC	Cement Concrete
CCF	Chief Conservator of Forest
CCR	Coupe Control Register
CCTV	Close Circuit Television
CEI	Chief Electrical Inspector
CF	Conservator of Forest
CGET	Chhattisgarh Entry Tax
CGMK	Chhattisgarh Motoryan Karadhan
CGVAT	Chhattisgarh Value Added Tax
CH	Compartment History
CL	Country Liquor
CMV	Central Motor Vehicle
CSIDC	Chhattisgarh State Industrial Development Corporation
CSPDCL	Chhattisgarh State Power Distribution Company Limited
CST	Central Sales Tax
CTI	Commercial Tax Inspector
CTO	Commercial Tax Officer
DC	Deputy Commissioner
DDF	Deputy Director Finance
DDMA	Deputy Director and Mining Administration
DEO	District Excise Officer
DFO	Divisional Forest Officer
DG	Diesel Generator
DGM	Director Geology and Mining
DMA	Director Mining Administration

Audit Report for the year ended 31 March 2016 on Revenue Sector

DMO	District Mining Officer
DR	District Registrar cum Collector of Stamps
DTIC	District Trade and Industries Centre
DTO	District Transport Officer
EC	Excise Commissioner
EM	Entrepreneur's Memorandum
EPA	Entry Point Activities
ET	Entry Tax
FA	Forest Advances
FC	Forest Conservation
FDA	Forest Development Authority
GCV	Gross Calorific Value
GIA	Grants-in-aid
GoI	Government of India
HB	Hard Black
HSD	High Speed Diesel
IAW	Internal Audit Wing
IBCs	Improved Bio-mass Chulhas
IEM	Industrial Entrepreneur's Memorandum
IGR	Inspector General of Registration
IMFL	Indian Made Foreign Liquor
IP	Industrial Policy
IR	Inspection Report
ITR	Input Tax Rebate
IWC/IFS	Improvement Working Circle/ Improvement Felling Series
JFMC	Joint Forest Management Committees
KVA	Kilo Volt Ampere
MCR	Mineral Concession Rule
MI	Mining Inspector
MMDR	Mines and Mineral Development and Regulation
MoEF	Ministry of Environment and Forest
MOU	Memorandum of Understanding
MS	Motor Spirit
MSMED	Micro, Small and Medium Entrepreneur Development
MT	Metric Tonne
MU	Million Unit
MV	Motor Vehicle
MW	Mega Watt
NAEB	National Afforestation and Eco-development Board
NAP	National Afforestation Programme
NGO	Non-governmental Organisation
NPV	Net Present Value
PA	Performance Audit
PCCF	Principal Chief Conservator of Forest
PSUs	Public Sector Undertakings
RDF	Rehabilitation of Degraded Forest
RES	Rural Engineering Service

RF	Registration Fees
RO	Range Officer
RoC	Registrar of Companies
ROM	Run of Mine
RRC	Revenue Recovery Certificate
RSWOR	Random Sampling Without Replacement
RTO	Regional Transport Officer
SCI	Selection cum Improvement Working Circle
SD	Stamp Duty
SDO	Sub-Divisional Officer
SFDA	State Forest Development Authority
SIM	Subscriber Identity Module
SMC	Soil Moisture Conservation
SR	Sub-Registrar
TC	Transport Commissioner
TG	Turbine Generator
TS	Technical Sanction
UC	Utilisation Certificate
UHV	Useful Heat Value
VAT	Value Added Tax
WP	Working Plan



**COMPTROLLER AND
AUDITOR GENERAL OF INDIA**

www.saiindia.gov.in

Email: agauchhattigarh@cag.gov.in