



सत्यमेव जयते

**Report of the
Comptroller and Auditor General of India
on
Revenue Sector
for the year ended 31 March 2019**



लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest



**Government of Uttar Pradesh
Report No. 3 of the year 2020**

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PREFACE

This Report for the year ended March 2019 has been prepared for submission to the Governor of Uttar Pradesh under Article 151 of the Constitution of India.

The Report contains significant results of the compliance audit of the Departments of the Government of Uttar Pradesh under Revenue Sector including Departments of State Excise, Commercial Tax, Stamps and Registration, Geology and Mining and Transport.

The instances mentioned in this Report are those which came to notice in the course of test audit for the period 2018-19 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 2018-19 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

This Report contains 23 paragraphs relating to State Excise, Tax on Sales, Trade etc., Stamps and Registration Fees, Mining Receipts and Taxes on Vehicles, Goods and Passengers. The total financial implication of the Audit findings is ₹ 1,881.32 crore, of which the concerned Departments accepted audit observations amounting to ₹ 36.91 crore. Some of the major findings are mentioned below:

Chapter-I: General

Total receipts of the Government of Uttar Pradesh for the year 2018-19 were ₹ 3,29,977.51 crore, of which ₹ 1,50,222.57 crore (45.53 *per cent*) constituted the State's own receipts. Government of India contributed ₹ 1,79,754.94 crore (54.47 *per cent*), comprising State's share of divisible Union taxes and duties of ₹ 1,36,766.46 crore (41.45 *per cent* of total receipts) and grants-in-aid of ₹ 42,988.48 crore (13.03 *per cent* of total receipts). The State's own tax revenues and the State's share in Central taxes increased during the period 2014-15 to 2018-19.

Wide variations between the budget estimates approved by the Finance Department and actual revenues during the year 2018-19 under different heads of revenue indicated that the budget estimates were not prepared on a realistic basis.

Audit recommends that the Finance Department should revisit their budgeting methods to make the budget estimates more realistic.

(Paragraph 1.2)

The arrears of revenue as on 31 March 2019 on Tax on Sales, Trade etc., Stamps and Registration Fees, Taxes on Vehicles, Goods and Passengers, State Excise and Entertainment Tax amounted to ₹ 30,285.43 crore, of which ₹ 13,129.57 crore were outstanding for more than five years. The Departments did not maintain any centralised database of outstanding arrears. Figures of outstanding arrears were compiled by the concerned Departments each year, at the instance of Audit, from the data furnished by their respective field offices.

Audit recommends that the Departments should create a centralised database of outstanding arrears addressing issues relating to integrity of the data and monitor the progress of arrears on a periodic basis. The reasons for accumulation of the arrears should also be analysed and mechanisms/procedures developed to prevent any further accumulation of arrears.

(Paragraph 1.3)

Chapter-II: State Excise

The Excise Department failed to effectively monitor the quantity of inputs utilised by the assessee and the resultant products manufactured during the period 2013-14 to 2016-17 resulting in non-realisation of revenue of ₹ 1,646.04 crore.

Audit recommends that:

- 1. The Government may take immediate action to raise the demand from the assessee and recover the same.**
- 2. The Government may consider issue of appropriate instructions to its field offices for cross-verification of the information submitted by the assesseees with those submitted to the other taxation authorities.**
- 3. The Government may consider undertaking an investigation on how the assessing officer, including those located in the premises of the assessee, failed in the discharge of their duties, which led to concealment of large amounts of revenue by the assessee. Responsibility may be suitably fixed.**

(Paragraph 2.3)

The Department failed to act on the recommendation made by the Public Accounts Committee for timely deposit of basic license fee and license fee on settlement of shops. It did not initiate any action for cancellation of settlement and forfeiture of license fee/basic license fee (₹ 8.41 crore) and security (₹ 6.88 crore) totalling ₹ 15.29 crore, in contravention of the rules.

Audit recommends that the Department should ensure adherence to the provisions of the Act/Rules and the recommendation made by the Public Accounts Committee, to safeguard the financial interests of the State.

(Paragraph 2.4)

There was loss of additional consideration fee of ₹ 4.01 crore on 3.58 crore small bottles of Indian Made Foreign Liquor due to anomaly in the Excise Policy 2018-19.

(Paragraph 2.5)

Chapter-III: Tax on Sales, Trade etc.

Audit cross-verified the records submitted by the dealer to the Income Tax Department and the Commercial Tax Department and found that he had concealed turnover of goods valued at ₹ 21.85 crore which resulted in non-levy of tax of ₹ 3.17 crore and penalty of ₹ 9.51 crore.

Audit recommends that:

- 1. The Department may consider instituting a system for undertaking cross-verification of actionable information submitted to the Commercial Tax Department with the other taxation authorities to protect the interest of revenue.**
- 2. The Department may initiate action against the Chartered Accountant firms for furnishing false certificates by *inter-alia* taking up the matter with the Institute of Chartered Accountants of India.**

(Paragraphs 3.3)

Assessing Authorities accepted the tax rates on sale of goods worth ₹ 23.07 crore as mentioned in the tax returns without verification. Thus, tax amounting to ₹ 1.95 crore was short/not levied.

Audit recommends that the Department should institute a system of periodic reviews of the assessment orders passed by the Assessing Authorities by the higher level authorities.

(Paragraphs 3.4)

The dealers had purchased goods valued at ₹ 14.32 crore, which were not covered under the Registration Certificates or used them for purposes other than those for which the Registration Certificates were granted, at concessional rates of tax against the declaration in form 'C'. However, penalty of ₹ 2.48 crore was not imposed by the Assessing Authorities.

Audit recommends that the Department may ensure that when finalising the assessments, the Registration Certificates and Utilisation Certificates, where such concessions are being considered, should be carefully examined.

(Paragraphs 3.5)

The dealers wrongly claimed Input Tax Credit amounting to ₹ 2.88 crore which was irregularly allowed by the Assessing Authorities. This resulted in non-reversal of Input Tax Credit along with interest totalling ₹ 4.52 crore.

Audit recommends that the Department should carefully examine and verify the transactions where Input Tax Credit are being claimed by the dealers and benefit of Input Tax Credit are being allowed by the Assessing Authorities.

(Paragraphs 3.6)

The Assessing Authorities had not imposed penalty amounting to ₹ 16.29 crore on dealers for not depositing the tax deducted at source amounting to ₹ 8.15 crore within the prescribed time.

Audit recommends that the Department should ensure levy of penalty in cases of delay in deposit of tax deducted at source by the dealers/contractors.

(Paragraphs 3.7)

Chapter-IV: Stamps and Registration Fees

Under Section 39 of the Uttar Pradesh Urban Planning and Development Act, 1973, two *per cent* additional stamp duty shall be levied on any deed of transfer of immovable property situated within a 'development' area. All amounts collected as additional stamp duty shall, after deduction of incidental expenses, if any, be allocated and paid by the State Government at its discretion, either to the Development Authority alone or to the Development Authority, the Uttar Pradesh *Avas Evam Vikash Parishad* and the *Nagar Mahapalika* or the Municipal Board, as the case may be, in such proportion as may from time to time be determined.

In absence of a sub-head to account for additional stamp duty, the levies with respect to stamp duty for transfer of immovable property in ‘development’ areas and other areas are getting merged with collection of additional stamp duty for the transfer of property in ‘development’ areas. As such, it is not possible at present to ascertain specifically how much money is received in the Government account with respect to two *per cent* additional stamp duty leviable in transfer of an immovable property within a ‘development’ area. Further, as additional stamp duty collected on leases and mortgages for immovable properties have been booked as stamp duty in *SYAHA* (Fees Register) and not separately noted or accounted for, it is not clear whether the amounts of additional stamp duty so collected with respect to leases and mortgages are being transferred/allocated to the entities.

Audit recommends that:

- 1. With a view to effecting transparency in the budgeting and accounting of additional stamp duty a distinct sub-head may be opened in the Government account to account for their levy and collection.**
- 2. While accounting for additional stamp duty it needs to be ensured that all receipts under this category are included *viz.* conveyance deeds, leases and mortgages.**

(Paragraph 4.3)

Limiting the amount of stamp duty on mortgage deeds to ₹ five lakh resulted in short levy of stamp duty of ₹ 8.82 crore.

(Paragraph 4.4)

Residential land measuring 2.03 lakh square meter was wrongly registered for ₹ 37.74 crore at agricultural rates. Correct valuation at the residential rate worked out to ₹ 125.43 crore which resulted in short levy of stamp duty and registration fees by ₹ 5.66 crore.

Audit recommends that the Department should ensure correct valuation of property using the *PRERNA* software and after mandatory physical verification by the Sub-Registrar or *Tehsildar/Patwari* where a part of the same *arazi* (land holding number) has been sold within a reasonably short period at residential rates.

(Paragraph 4.5)

Stamp duty of ₹ 1.47 crore was short levied as Service Tax/Goods and Services Tax amount was not included in the consideration amount on which the stamp duty was calculated.

(Paragraph 4.6.1)

Contribution payable to the District Mineral Foundation Trust was not included in consideration of 56 mining lease deeds which resulted in short levy of stamp duty of ₹ 6.53 crore.

(Paragraph 4.6.2)

Chapter-V: Mining Receipts

The State Government, in violation of Articles 266 (1) and 204 (3) of the Constitution, formed District Mineral Foundation Trusts, maintained the Trust funds in the scheduled commercial banks and allowed the Governing Councils and the Management Committees to incur expenditure therefrom without prior legislative authorisation.

Audit recommends that:

- 1. The amount of royalty being contributed to the Trust should form part of Government Accounts of the State. The Government may create District Mineral Foundation Trust fund in the Public Accounts to enable incurrence of expenditure in accordance with the codal provisions. The Government may take steps to ensure that the District Mineral Foundation Trust fund maintained in the Public Accounts are transferred and used for the intended purposes only.**
- 2. The Government may provide for audit by the Comptroller And Auditor General of India of the District Mineral Foundation Trust fund on the lines of the National Mineral Exploration Trust where the Union Government had effected amendment in the relevant rules in this respect.**

(Paragraph 5.3)

Failure of the State Government to amend penal provisions with respect to grant of mining lease through auction led to a peculiar situation where the leaseholder has to pay lower penalty for illegal extraction as against the amount payable for legal extraction.

Audit recommends that:

- 1. The Government should clearly define/redefine what constitutes ‘price of mineral’ and royalty in terms of Section 21(5) of the Mines and Mineral (Development and Regulations) Act in areas leased out through auction.**
- 2. The Government may review and revise the amount of penalty payable as provided for in the Uttar Pradesh Minor Mineral Concession Rules, 1963 for illegal mining to serve as a deterrent.**

(Paragraph 5.4)

The Department did not recover cost of minerals amounting to ₹ 116.85 crore and due penalty in 904 cases from contractors undertaking civil works, for raising mineral without lawful authority.

Audit recommends that the Department should ensure co-ordination with the executing agencies undertaking civil works to ensure that the contractors have sourced minerals from legitimate licensees, and possess valid MM-11/Form C for transporting such minerals.

(Paragraph 5.5)

Cost of excavated minerals valuing ₹ 2.99 crore was not recovered from four lessees for excavating 35,319 cu.m. of minor minerals without Environmental Clearance.

(Paragraph 5.6.1)

Cost of minerals amounting to ₹ 79.20 lakh was not recovered from a lessee for excavating minerals beyond the limit fixed in the mining plan.

(Paragraph 5.6.2)

Cost of minerals amounting to ₹ 1.44 crore was not recovered from four lessees for excavating minerals without mining plan.

(Paragraph 5.6.3)

The Department failed to forfeit pre-bid earnest money of ₹ 1.05 crore for delayed deposit of royalty and security deposit of ₹ 12.96 crore.

(Paragraph 5.7)

Royalty of ₹ 7.38 crore, permit application fees of ₹ 9.32 lakh and District Mineral Foundation Trust amount of ₹ 94.06 lakh was not realised in 570 cases from brick kiln owners, though the same was specified in the One Time Settlement Scheme.

Audit recommends that the Department should ensure that all brick kiln owners in the State abide by the provisions of the One Time Settlement Scheme as applicable in the given brick year (October to September). Efforts should also be made to recover the outstanding royalty from the defaulting brick kiln owners.

(Paragraph 5.8)

Interest of ₹ 2.78 crore was not charged on 38 lessees and interest of ₹ 90.13 lakh was not charged on 281 brick kiln owners for delay in deposit of royalty/dead rent.

(Paragraph 5.9)

Chapter-VI: Taxes on Vehicles, Goods and Passengers

Non-deposit of Government receipts led to embezzlement of ₹ 9.48 lakh.

(Paragraph 6.3)

Additional tax of ₹ 4.98 crore was not levied on 557 Jawarharlal Nehru National Urban Renewal Mission buses plying outside the designated municipal areas.

(Paragraph 6.4)

Penalty of ₹ 9.48 crore was not imposed on Jawarharlal Nehru National Urban Renewal Mission buses for delay in payment of additional tax.

(Paragraph 6.5.1)

Penalty of ₹ 4.46 crore was not imposed on Uttar Pradesh State Road Transport Corporation buses for delay in payment of additional tax.

(Paragraph 6.5.2)

Composite and authorisation fees amounting to ₹ 1.36 crore was not realised from 778 goods vehicles found plying on roads without renewal of authorisation of national permit.

(Paragraph 6.6)

The errors/omissions pointed out are on the basis of a test audit. The Government/Department may, therefore, undertake a thorough review of all units to check whether similar errors/omissions have taken place elsewhere and if so, to rectify them and put in place a system that would prevent such errors/omissions.

CHAPTER-I: GENERAL

1.1 Introduction

This Chapter presents an overview of the trend of revenue receipts of the Government of Uttar Pradesh (GoUP), and the arrears of revenue, both tax and non-tax, pending collection against the backdrop of the audit findings.

1.2 Trend of receipts

1.2.1 The tax and non-tax revenue raised by the GoUP, the State's share of the net proceeds of the divisible Union taxes and duties assigned to States, grants-in-aid received from the Government of India (GoI) during the year 2018-19, and the corresponding figures for the preceding four years are presented in **Table - 1.1**.

Table - 1.1
Trend of revenue receipts

(₹ in crore)						
Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1	Revenues raised by the State Government					
	• Tax Revenue	74,172.42	81,106.26	85,965.92	97,393.00	1,20,121.86
	Percentage of growth compared to previous year	11.40	9.35	5.99	13.29	23.34
	• Non-tax Revenue	19,934.80	23,134.65	28,944.07	19,794.86	30,100.71
	Percentage of growth compared to previous year	21.19	16.05	25.11	(-) 31.60	52.06
	Total	94,107.22	1,04,240.91	1,14,909.99	1,17,187.86	1,50,222.57
2	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties	66,622.91	90,973.69	1,09,428.29	1,20,939.14	1,36,766.46 ¹
	• Grants-in-aid	32,691.47	31,861.34	32,536.87	40,648.45	42,988.48 ²
	Total	99,314.38	1,22,835.03	1,41,965.16	1,61,587.59	1,79,754.94
3	Total revenue receipts of the State Government (1 and 2)	1,93,421.60	2,27,075.94	2,56,875.15	2,78,775.45	3,29,977.51
4	Percentage of 1 to 3	49	46	45	42	46

Source: Finance Accounts of the Government of Uttar Pradesh.

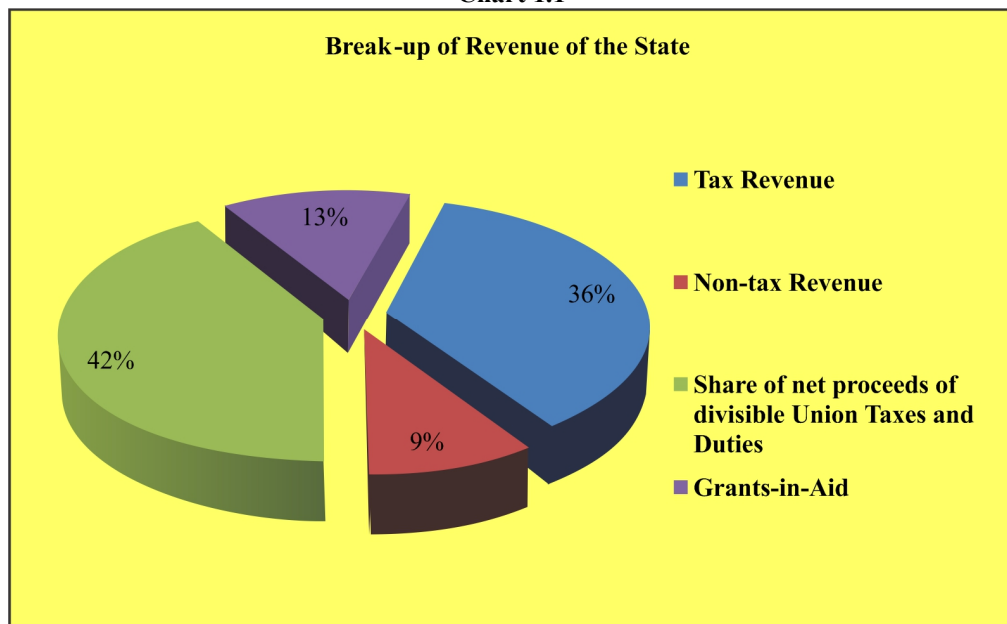
The above table indicates that the average annual growth rate in respect of tax revenue and non-tax revenue were 12.67 *per cent* and 16.56 *per cent* respectively during the period 2014-19.

¹ For details, please see Statement No. 14 - Detailed accounts of revenue by the minor heads in the Finance Accounts of the Government of Uttar Pradesh for the year 2018-19. Figures under the major heads 0005 - Central Goods and Services Tax, 0008 - Integrated Goods and Services Tax, 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 duties, 0044 - Service tax and 0045 - Other taxes and duties on commodities and services, Minor Head 901 - Share of net proceeds assigned to States booked in the Finance Accounts under 'A - Tax revenue' have been excluded from revenue raised by the State and included in 'State's share of net proceeds of divisible Union taxes and duties' in this statement.

² Includes compensation of ₹ 308 crore towards loss of revenue arising out of the implementation of the Goods and Services Tax.

The break-up of revenue receipts of the State for the year 2018-19 in terms of percentage is shown in **Chart – 1.1**.

Chart 1.1



1.2.2 Details of the tax revenue raised during the period 2014-15 to 2018-19 are given in **Table - 1.2**.

Table - 1.2
Details of tax revenue

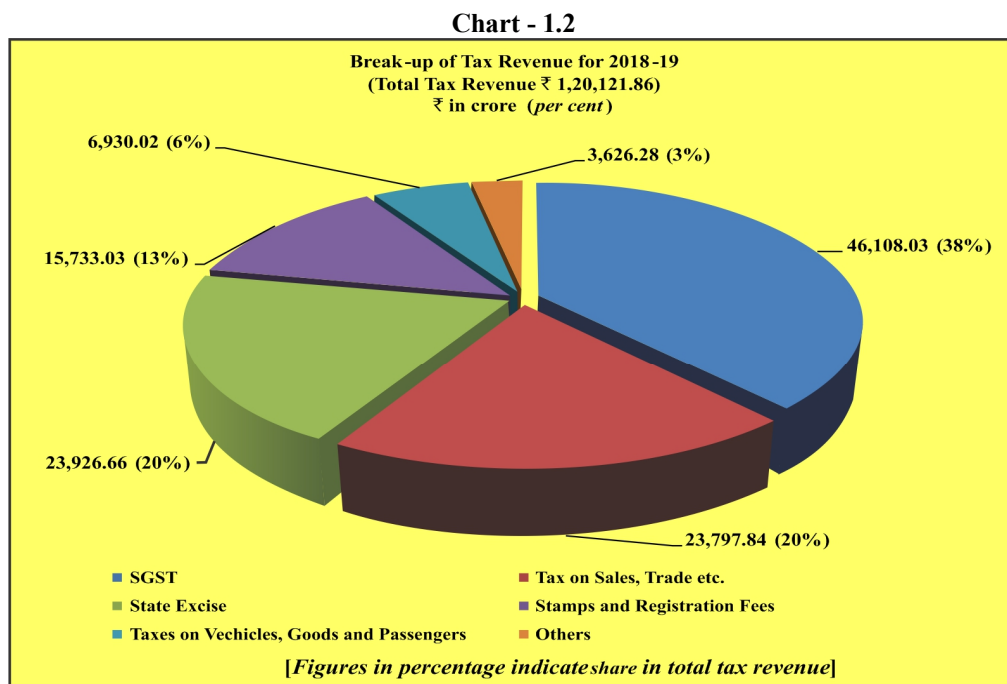
(₹ in crore)								
Sl. No.	Head of revenue	2014-15	2015-16	2016-17	2017-18	2018-19	Percentage of increase (+) or decrease (-) in actuals of 2018-19 in comparison to	
		BE Actual	BE Actual	BE Actual	BE Actual	BE Actual	BE of 2018-19	Actuals of 2017-18
1	Tax on Sales, Trade etc.	47,497.92 42,931.54	52,670.69 47,692.40	57,940.30 51,882.88	36,397.30 31,112.52	22,078.00 23,797.84	(+) 7.79	(-) 23.51
	State Goods and Services Tax (SGST)				28,602.70 25,373.96	49,422.00 46,108.03	(-) 6.71	(+) 81.71 ³
2	State Excise	14,500.00 13,482.57	17,500.00 14,083.54	19,250.00 14,273.49	20,593.23 17,320.27	23,000.00 23,926.66	(+) 4.03	(+) 38.14
3	Stamps and Registration Fees	12,722.67 11,803.34	14,836.00 12,403.72	16,319.60 11,564.02	17,458.34 13,397.57	18,000.00 15,733.03	(-) 12.59	(+) 17.43
4	Taxes on Vehicles, Goods and Passengers (0041 & 0042)	3,950.00 3,797.58	4,658.00 4,410.53	5,123.80 5,148.37	5,481.20 6,403.69	7,400.00 6,930.02	(-) 6.35	(+) 8.22
5	Others ⁴	2,327.34 2,157.39	2,250.31 2,516.07	2,622.80 3,097.16	2,969.13 3,784.99	2,800.00 3,626.28	(+) 29.51	(-) 4.19
Total		80,997.93 74,172.42	91,915.00 81,106.26	1,01,256.50 85,965.92	1,11,501.90 97,393.00	1,22,700.00 1,20,121.86	(-) 2.10	(+) 23.34

Source: Finance Accounts of the Government of Uttar Pradesh and budget estimates as per the Statement of Revenue and Receipts of the Government of Uttar Pradesh.

³ SGST collection in the year 2018-19 was for the whole year against nine months (July 2017 to March 2018) in the year 2017-18.

⁴ Includes receipts (less than five *per cent* of tax revenue) from the following:
Taxes and duties on Electricity, Land Revenue, Hotel Receipt Tax, Other Taxes and Duties on Commodities and Services etc.

The break-up of tax revenue for the year 2018-19 is shown in **Chart - 1.2**.



Reasons for wide variation in actual receipts during the year 2018-19 over the previous year are discussed below:

- The overall growth of 23.34 *per cent* in own tax revenue during the year 2018-19 was mainly due to increase in 'State Goods and Services Tax (SGST)' (by ₹ 20,734.07 crore), 'State Excise' (by ₹ 6,606.40 crore), 'Stamps and Registration Fees' (by ₹ 2,335.46 crore), and 'Taxes on Vehicles, Goods and Passengers' (by ₹ 526.33 crore).
- Tax on Sales, Trade etc. decreased by ₹ 7,314.68 crore during the year 2018-19 in comparison to the previous year, as this tax was subsumed in Goods and Services Tax (GST) which was implemented from 1 July 2017. However, SGST collection increased by ₹ 20,734.07 crore during the year 2018-19. SGST collection in the year 2018-19 was for the whole year against nine months (July 2017 to March 2018) in the year 2017-18. The main reason for the increased SGST collection was increase in receipts by transfer/advance apportionment from Integrated GST (IGST) and input tax credit cross utilisation of SGST and IGST.
- The growth in 'State Excise' was due to increase in the receipts from the sale of country spirits (by ₹ 2,722.39 crore), foreign liquor and spirits (by ₹ 2,659.98 crore) and malt liquor (by ₹ 1,474.67 crore). The growth in State Excise revenue was due to increased consumption of country liquor, Indian Made Foreign Liquor (IMFL) and beer, increase in levy of Excise duty and increase in the settlement of shops in respect of country liquor, IMFL, beer and model shops.
- The receipts under 'Stamps and Registration Fees' increased mainly due to net effect of increase in the receipts on account of sale of non-judicial stamps (₹ 4,084.38 crore) and decrease due to less sale of judicial stamps (₹ 1,616.37 crore). Receipts from sale of non-judicial stamps increased due to registration of 35.81 lakh documents/deeds in the year 2018-19 in comparison to 30.77 lakh documents/deeds registered in the previous year.

- The increase of receipts under ‘Taxes and duties on Electricity (from ₹ 2,124.13 crore in 2017-18 to ₹ 2,978.22 crore in 2018-19) was due to more collection of taxes on consumption and sale of electricity (₹ 738.10 crore).

1.2.3 Details of the non-tax revenue raised during the period 2014-15 to 2018-19 are indicated in **Table - 1.3**.

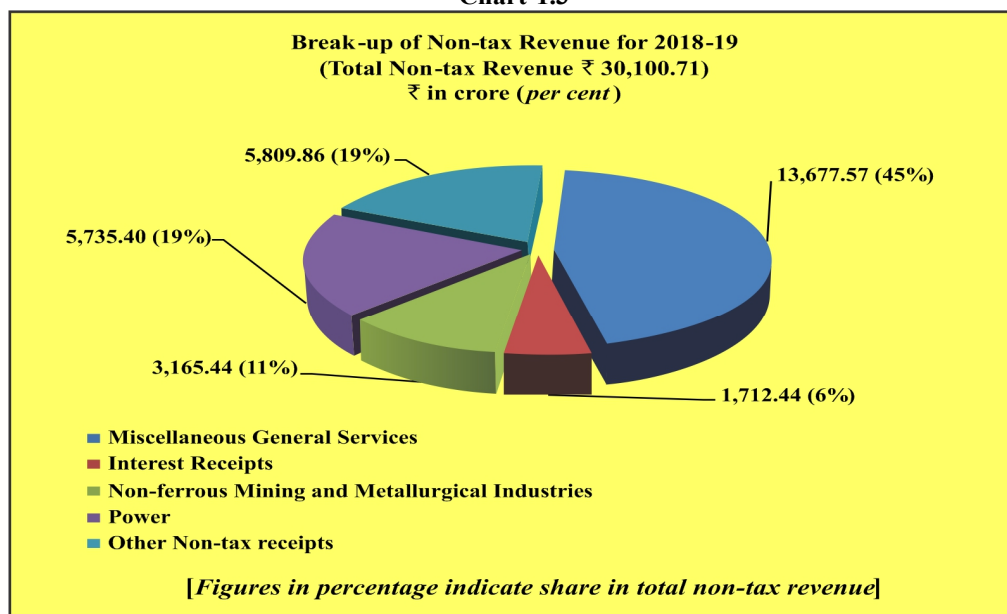
Table - 1.3
Details of non-tax revenue

(₹ in crore)								
Sl. No.	Head of revenue	2014-15	2015-16	2016-17	2017-18	2018-19	Percentage of increase (+) or decrease (-) in actuals of 2018-19 in comparison to	
		<u>BE</u> Actual	<u>BE</u> Actual	<u>BE</u> Actual	<u>BE</u> Actual	<u>BE</u> Actual	BE of 2018-19	Actuals of 2017-18
1	Miscellaneous General Services	4,037.81 6,400.41	4,774.00 4,949.22	4,220.61 4,460.40	4,502.00 4,841.11	12,758.33 13,677.57	(+) 7.21	(+) 182.53
2	Interest Receipts	1,434.90 2,302.82	1,000.00 632.78	750.00 1,164.94	800.00 1,093.38	843.60 1,712.44	(+) 102.99	(+) 56.62
3	Non-ferrous Mining and Metallurgical Industries	1,100.00 1,029.42	1,500.00 1,222.17	1,650.00 1,548.39	3,200.00 3,258.88	4,000.00 3,165.44	(-) 20.86	(-) 2.87
4	Power	2,700.00 967.87	2,700.00 1,322.17	2,700.00 2,938.85	4,448.34 4,695.85	5,700.00 5,735.40	(+) 0.62	(+) 22.14
5	Other Non-tax receipts ⁵	10,959.24 9,234.28	11,662.32 15,008.31	10,959.24 18,831.49	5,486.37 5,905.64	5,519.73 5,809.86	(+) 5.26	(-) 1.62
Total		20,231.95 19,934.80	21,636.32 23,134.65	24,240.85 28,944.07	18,436.71 19,794.86	28,821.66 30,100.71	(+) 4.44	(+) 52.06

Source: Finance Accounts of the Government of Uttar Pradesh and budget estimates as per the Statement of Revenue and Receipts of Government of Uttar Pradesh.

The break-up of non-tax revenue for the year 2018-19 is shown in **Chart-1.3**

Chart-1.3



⁵ Others includes receipts (less than five *per cent* of non-tax revenue) from the following: Housing, Public Works, Stationery and Printing, Social Security and Welfare, Roads & Bridges, Other Administrative Services, Medium Irrigation, Village and Small Industries, Forestry and Wild Life, Medical and Public Health, Urban Development, etc.

Reasons for wide variation in actual receipts during the year 2018-19 over the previous year are discussed below:

- There was overall increase of 52.06 *per cent* in non-tax receipts amounting to ₹ 10,305.85 crore during the year 2018-19 over 2017-18, mainly under the head 'Interest Receipts' which was due to more interest realised from loans to sugar mills and investment of cash balances and under 'Miscellaneous General Services' which was mainly due to more transfer of ₹ 8,271.28 crore from Sinking Fund to this head during the year 2018-19 in comparison to that in 2017-18.
- The increase under revenue head 'Power' by 22.14 *per cent* was due to the increased receipts from the GoI to the Energy Department, GoUP for rural electrification.

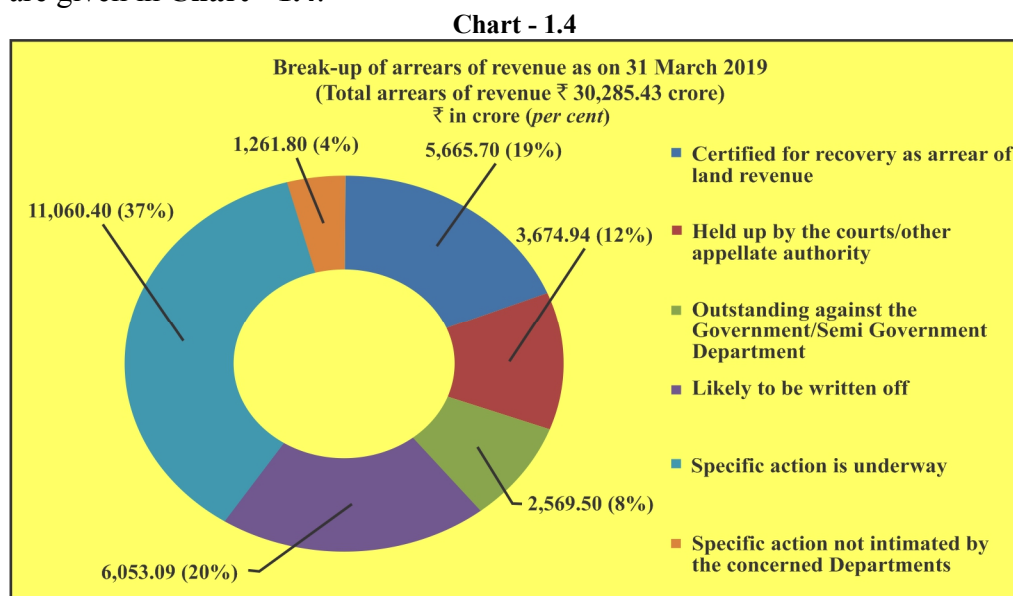
Further, Audit noted wide variations between the budget estimates approved by the Finance Department and actual revenues during the year 2018-19 under the different heads of revenue (refer Table 1.2 and 1.3) which indicated that the budget estimates were not prepared on a realistic basis.

Recommendation:

The Finance Department should revisit their budgeting methods to make the budget estimates more realistic.

1.3 Analysis of arrears of revenue

Arrears of revenue as on 31 March 2019 in respect of some principal heads of revenue amounted to ₹ 30,285.43 crore⁶, of which ₹ 13,129.57 crore⁷ were outstanding for more than five years. Details as provided by the Departments are given in **Chart - 1.4**.



⁶ Tax on Sales, Trade etc.: ₹ 28,987.75 crore; Stamps and Registration Fees: ₹ 654.73 crore; Taxes on Vehicles, Goods and Passengers: ₹ 108.34 crore; State Excise: ₹ 54.57 crore; Entertainment Tax: ₹ 480.04 crore; Geology and Mining Department: figures were not available with the Department.

⁷ Tax on Sales, Trade etc.: ₹ 12,668.82 crore; Stamps and Registration Fees: ₹ 399.22 crore; Taxes on Vehicles, Goods and Passengers: figures were not available with the Department; State Excise: ₹ 51.41 crore; Entertainment Tax: ₹ 10.12 crore; Geology and Mining Department: figures were not available with the Department.

At ₹ 30,285.43⁸ crore, the total arrears in revenue at the end of 2018-19 constituted 20 *per cent* of the total revenue receipts of the State (₹ 1,50,222.57 crore) of which 43 *per cent* (₹ 13,129.57⁹ crore) of the arrears were pending recovery for periods of five years or more. This is indicative of lax revenue administration and non-compliance in the State. The quantum of arrears is unsustainably large and calls for concerted efforts for recovery of the same.

Only the two Departments¹⁰ intimated pendency at different stages out of the six Departments¹¹, but individual records relating to outstanding arrears were not made available for examination. Further, the Departments¹² did not maintain any centralised database of outstanding arrears. Figures of outstanding arrears were compiled by the concerned Departments each year, at the instance of Audit, from the data furnished by their respective field units.

For study of defaulters of arrears of revenue, Audit test checked the list of 200 major defaulters provided by the Commercial Tax Department (CTD), having arrears of revenue of ₹ 4,479.19 crore in the CTD. Out of these 200 cases, 168 cases of defaulters pertaining to four Zones *viz* Ghaziabad, Gautam Buddh Nagar, Kanpur and Lucknow having arrears of revenue of ₹ 3,960.13 crore were selected for detailed study. The study revealed that:

- i. In 160 cases out of 168 cases of defaulters selected involving arrears of revenue of ₹ 3,794.75 crore (96 *per cent*), it was observed that *ex-parte* assessment orders were passed by the Assessing Authorities due to non-appearance of the dealers.
- ii. In 92 cases of defaulters involving arrear of revenue of ₹ 2,837.83 crore (72 *per cent*), it was observed that the recoveries were pending before various Appellate Authorities/Courts.
- iii. In case of two defaulters, it was noticed that Recovery Certificates (RCs) were issued twice in each case which resulted in duplicate arrears of revenue of ₹ 35.48 crore in the list of arrears.
- iv. In case of five defaulters involving RCs amounting to ₹ 86.69 crore, the cases were re-opened after being remanded back by the Appellate Authorities or on the application of the dealers, but RCs continued to be reflected in the list of arrears.
- v. In case of two defaulters, RCs of ₹ 29.11 crore had been pending for deletion for more than four years after these cases were decided in favour of the dealers by the Appellate Authorities and it continued to be reflected in the list of arrears.
- vi. In case of one defaulter, an excess arrear of revenue of ₹ 75.60 crore was shown due to a calculation mistake in the assessment order.

From the above it is noted that a large percentage of arrears of revenue were lying in appeal and pending. It was also observed that the database maintained by the CTD on arrears of revenue suffered from numerous infirmities casting

⁸ Excluding Geology and Mining Department.

⁹ Excluding Transport Department, Geology and Mining Department.

¹⁰ Commercial Tax and State Excise.

¹¹ Commercial Tax, State Excise, Transport, Stamps and Registration, Entertainment Tax and Geology and Mining.

¹² Commercial Tax, State Excise, Transport, Stamps and Registration, Entertainment Tax and Geology and Mining.

doubts on the integrity of data. Poor data quality would impact follow-up and recovery.

Recommendation:

The Departments should create a centralised database of outstanding arrears addressing issues relating to integrity of the data and monitor the progress of arrears on a periodic basis. The reasons for accumulation of the arrears should also be analysed and mechanisms/procedures developed to prevent any further accumulation of arrears.

1.4 Follow up on the Audit Reports-summarised position

To ensure accountability of the executive in respect of all the issues dealt with in various Audit Reports (ARs), the Department of Finance issued instructions in June 1987 to initiate *suo motu* action on all Paragraphs/Performance Audits figuring in the Audit Reports irrespective of whether the cases were taken up for examination by the Public Accounts Committee (PAC) or not. Significant delays were observed in submission of explanatory notes (replies of the Departments) itself, with delays ranging between 193 days and 809 days in respect of 36 Paragraphs (including Performance Audits) appearing in the CAG's Revenue Audit Reports for the year ended 31 March 2014. Moreover, explanatory notes were not received (September 2020) for Audit Reports for the years 2014-15, 2015-16, 2016-17 and 2017-18 which were placed before the State Legislative Assembly between August 2015 and February 2020. Details of pending explanatory notes pertaining to the various Departments are given in **Table - 1.4**.

Table - 1.4

Sl. No.	Audit Report ending on	Date of presentation in the Legislature	Number of paragraphs	Number of paragraphs where explanatory notes received	Number of paragraphs where explanatory notes not received
1	31 March 2014	17 August 2015	43	36 ¹³	07
2	31 March 2015	06 March 2016	31	00	31
3	31 March 2016	18 May 2017	26	00	26
4	31 March 2017	19 July 2019	15	00	15
5	31 March 2018 (Stand Alone, State Excise)	19 July 2019	08	00	08
6	31 March 2018	24 February 2020	17	00	17
Total			140	36	104¹⁴

In the year 2018-19, the PAC discussed 47¹⁵ selected paragraphs pertaining to the Audit Reports for the years 2001-02, 2007-08 and 2010-11 to 2013-14. However, Action Taken Notes (ATNs) have not been received in respect of

¹³ Commercial Tax (11 paragraphs), State Excise (06 paragraphs), Transport (10 paragraphs), Geology and Mining (06 paragraphs) and Entertainment Tax (03 paragraphs).

¹⁴ Commercial Tax (24 paragraphs), State Excise (22 paragraphs), Transport (19 paragraphs), Stamps and Registration (16 paragraphs), Geology and Mining (18 paragraphs) and Entertainment Tax (05 paragraphs).

¹⁵ Commercial Tax (04 paragraphs), State Excise (03 paragraphs), Transport (19 paragraphs), Stamps and Registration (04 paragraphs), Geology and Mining (14 paragraphs) and Entertainment Tax (03 paragraphs).

these paragraphs from the concerned Departments (September 2020). Audit Reports for the years 2014-15 to 2017-18 have not been discussed in PAC meetings.

1.5 Response of the Government/Departments towards Audit

On completion of the audit of the Government/Departments and the offices, Audit issues Inspection Reports (IRs) to the concerned head of the offices, with copies to their superior officers for corrective action and monitoring. Serious financial irregularities are reported to Heads of the Departments and the Government.

Review of IRs issued up to March 2019 revealed that 44,545 paragraphs relating to 12,044 IRs remained outstanding at the end of June 2019. The potentially recoverable revenue brought out in these IRs is as much as ₹ 11,533.96 crore, whereas the total revenue collection of the State is ₹ 1,50,222.57 crore. Department-wise details relating to the revenue sector of the State Government are given in **Table - 1.5**.

Table - 1.5
Department-wise details of Inspection Reports

(₹ in crore)					
Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
1	Finance	Tax on Sales, Trade etc.	5,857	25,718	3,953.42
		Entertainment tax	201	474	22.45
2	State Excise	State Excise	974	1,863	1,145.92
3	Transport	Taxes on vehicles	1,412	6,298	2,289.00
4	Stamps and Registration	Stamps and registration fees	3,365	9,042	2,470.53
5	Geology and Mining	Non-ferrous mining and metallurgical industries	235	1,150	1,652.64
Total			12,044	44,545	11,533.96

Even the first replies, required to be received from the heads of offices within four weeks of receipt of IRs, were not received in time. Out of total 243 IRs issued during the year 2018-19, Audit received first reply from the heads of offices in case of seven IRs within six months and in respect of 21 IRs beyond six months. The first replies had not been received in case of remaining 215 IRs issued during the year 2018-19. This large pendency of the IRs and non-receipt of first replies from the Departments is indicative of the fact that the Heads of Auditee units have failed to take cognisance of the reported Audit findings and initiate any corrective action in this regard. Irregularities of similar nature are being reported year after year with no improvement/evidence of any corrective action by the concerned Departments visible at the ground level. This adversely affected the effectiveness of Audit.

Recommendation:

The State Government should introduce a mechanism to ensure that the Departmental officers respond to IRs promptly, take corrective action, and work closely with the Audit to bring about early settlement of the IRs.

1.6 Results of audit

Position of local audit conducted during the year

Audit covered six Departments¹⁶ of the State Government and test-checked the records of 245 out of 1,556 auditable units (16 *per cent*) relating to Tax on Sales, Trade etc., State Excise, Taxes on Vehicles, Goods and Passengers, Stamps and Registration Fees, Entertainment Tax and Mining receipts during the year 2018-19. In these six Departments, revenue of ₹ 97,172.11 crore was collected during the year 2017-18, out of which the 245 audited units collected ₹ 28,550.28¹⁷ crore. In 245 audited units, records were test-checked on the basis of turnover/tax payments which revealed underassessment/short levy/loss of revenue aggregating to ₹ 4,151.75 crore in 52,956 cases which were reported to the Departments through Inspection Reports. Out of this, the Departments concerned accepted (between April 2019 and August 2020) underassessment and other deficiencies of ₹ 99.05 lakh in 35 cases and reported recovery of ₹ 18.43 lakh in 17 cases. Further, in respect of audit observations reported prior to year 2018-19, the Department concerned accepted (between October 2019 and March 2020)¹⁸ underassessment and other deficiencies of ₹ 67.99 crore in 185 cases and reported recovery of ₹ 6.85 crore in 116 cases.

Recommendation:

The State Government should evolve a mechanism to ensure that the Departments recover all under-assessments/short levies pointed out by the Audit and accepted by the Departments.

1.7 Coverage of this Report

This Report contains 23 paragraphs from local audits conducted during the year and those of earlier years which could not be included in the previous reports involving financial effect of ₹ 1881.32 crore.

The Departments have accepted audit observations involving ₹ 36.91 crore and recovered ₹ 1.93 crore. These are discussed in the succeeding Chapter II to VI.

The errors/omissions pointed out are on the basis of a test audit. **The Government/Department may, therefore, undertake a thorough review of all units to check whether similar errors/omissions have taken place elsewhere and if so, to rectify them and put in place a system that would prevent such errors/omissions.**

¹⁶ Commercial Tax, State Excise, Transport, Stamps and Registration, Entertainment Tax and Geology and Mining.

¹⁷ Commercial Tax Department could not provide unit-wise revenue collection to the Audit party after the implementation of GST and hence, this figure does not include revenue of audited units of the Department.

¹⁸ Acceptance/Recovery reported by the Departments during the period April 2019 to September 2019 in respect of audit observations prior to the year 2018-19 have already been reported in the Audit Report for the year 2017-18.

CHAPTER-II: STATE EXCISE

2.1 Tax administration

Various kinds of liquor, such as Country Liquor (CL) and Indian Made Foreign Liquor (IMFL) are manufactured from alcohol. Excise duty on production of alcohol and liquor in distilleries and breweries forms a major part of the State's excise revenue¹. Apart from excise duty, license fee² also forms a part of excise revenue. The United Provinces Excise Act, 1910 and Rules made thereunder govern the levy and collection of excise duty on liquor for human consumption and applicable license fee.

The Principal Secretary (State Excise) is the administrative head of the State Excise Department (Department) at the Government level. The Department is headed by the Excise Commissioner (EC) who is assisted by two Additional Excise Commissioners (AECs). The Department has five zones headed by Joint Excise Commissioners (JECs) who are assisted by 18 Deputy Excise Commissioners (DECs). Assistant Excise Commissioners (AECs) head the districts. They are assisted by Excise Inspectors (EIs) to oversee and regulate levy/collection of excise duties and allied levies. Additional District Magistrate (Finance & Revenue) is in charge of collection and account of excise receipts under the overall administrative control of the District Collector.

2.2 Results of audit

During 2018-19, test-check of records in 39 units³ out of 128 auditable units of the Department revealed non/short realisation of excise duty/license fee/interest and other irregularities involving ₹ 1,839 crore in 2,414 cases which fall under the following categories as mentioned in **Table - 2.1**.

Table - 2.1

Sl. No.	Categories	Number of cases	Amount (₹ in crore)
1	Non-realisation of revenue due to concealment of quantity of consumed excise material and interest thereon	1	1,646.04
2	Short realisation of excise duty	106	16.10
3	License fee/interest not realised	1,391	151.93
4	Other irregularities ⁴	916	24.93
Total		2,414	1,839.00

The Department accepted three cases pointed out in the year 2018-19 and reported recovery of ₹ 2.70 lakh between April 2019 and August 2020. Further, in respect of audit observations prior to the year 2018-19, the

¹ CL formed 50 per cent, IMFL 34 per cent, beer 12 per cent and others 4 per cent of total excise revenue of 2017-18.

² License fee is applicable on licensees of CL, IMFL, beer, bars, distilleries, breweries, pharmacies, etc. and on other manufacturing units using alcohol as raw material.

³ This consists of Excise Commissioner (HOD), 15 District Excise Officers and 23 distilleries.

⁴ Non-imposition of penalty for non-compliance of provisions of Acts/Rules, short imposition of compounding money for failure to achieve minimum production of alcohol, proper action not taken in cases of sale of liquor above MRP, non-imposition of penalty to get minimum distillation efficiency etc.

Department accepted (between October 2019 and March 2020) 53 cases amounting to ₹ 55.29 crore and reported recovery of ₹ 4.76 crore in 51 cases.

This Chapter discusses 548 cases worth ₹ 1,665.34 crore. The Department accepted 40 cases amounting to ₹ 71.62 lakh. Out of these cases, some irregularities have been repeatedly reported during the last five years as detailed in **Table-2.2**. The errors/omissions pointed out are on the basis of a test audit. **The Government/Department may, therefore, undertake a thorough review of all units to check whether similar errors/omissions have taken place elsewhere and if so, to rectify them and put in place a system that would prevent such errors/omissions.**

Table - 2.2

Nature of observation	₹ in crore)											
	2013-14		2014-15		2015-16		2016-17		2017-18		Total	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Failure to cancel the settlement of shops and forfeiture of basic license fee and security deposit	-	-	32	3.66	1,007	37.43	14,334	1,297.07	714	58.85	16,087	1,397.01
Loss of additional excise duty due to wrong computation of EDP of small bottles of IMFL	-	-	-	-	-	-	-	-	-	227.98	-	227.98

2.3 Non-realisation of revenue due to concealment of quantity of consumed excise material and interest thereon

The Excise Department failed to effectively monitor the quantity of inputs utilised by the assessee and the resultant products manufactured during the period 2013-14 to 2016-17 resulting in non-realisation of revenue of ₹ 1,646.04 crore.

Section 28 of United Provinces Excise Act, 1910 provides that excise duty at such rate or rates as the State Government shall direct may be imposed on any excisable article manufactured in any distillery established or any distillery or brewery licensed under Section 18 of the Act *ibid*.

Under the provisions of Section 38A of the United Provinces Excise Act, 1910, where any excise revenue is not paid within three months from the date on which it becomes payable, interest at the rate of 18 *per cent* per annum is recoverable from the date on which such excise revenue becomes due.

Molasses, grains and malt used as input products are fermented and distilled to obtain spirit/wash as an intermediate product, which is redistilled, compounded, blended, processed and diluted to produce final products like liquors and other intoxicants. Under Rule 813 of the Uttar Pradesh Excise Manual, a maximum monthly storage wastage up to 0.4 *per cent* is allowed during the process of production.

During audit of the office of the Assistant Excise Commissioner, Wave Distilleries and Breweries Limited, Aligarh (August 2019), audit examined the records⁵ being maintained in respect of Wave Distilleries & Breweries Ltd. Aligarh for the period from 2013-14 to 2016-17 pertaining to various materials

⁵ Monthly stock register for molasses (MF-6 Register) and all types of spirit (BWL-5 register), returns submitted to the office of the Excise Commissioner and information provided by the audited entity.

such as molasses, malt, Extra Neutral Alcohol (ENA), grain spirit, rectified spirit, malt spirit etc., used for manufacture of liquor.

Audit compared the consumption figures of molasses/rectified spirit/ENA/ grain spirit/malt spirit submitted by the assessee through statutory returns to the Income Tax Department (ITD) with the respective quantities depicted in the records of the Assistant Excise Commissioner, Wave Distilleries and Breweries Ltd., Aligarh and noticed large variations in the quantities disclosed in the records/returns submitted to these two Departments. The discrepancies found in the consumed material indicate that the assessee had understated the consumption of inputs/intermediates which resulted in evasion of excise revenue of ₹ 816.58 crore on which interest of ₹ 829.46 crore was leviable as detailed in the following **Table-2.3**.

Table-2.3

Type of material	Financial Year ⁶	Consumption as per ITR ⁷	Consumption as per Excise Department	Difference	Excise revenue involved	Period of delay in months ⁸	₹ in lakh)	
							Interest due up to 30 June 2020	Total
Molasses (in quintal)	2014-15	9,70,382	9,55,960	14,422	1,821.95	63	1,721.74	3,543.69
	2015-16	11,70,100	11,54,520	15,580	2,352.36	51	1,799.55	4,151.91
	2016-17	12,48,841	11,76,292	72,549	12,760.63	39	7,464.97	20,225.61
Malt (in quintal)	2014-15	25,720	24,762	958	170.88	63	161.48	332.36
	2016-17	96,760	96,758	2	0.45	39	0.26	0.71
ENA/ Grain Spirit (in Bulk Litre)	2013-14	3,96,62,275	2,82,80,745	1,13,81,530	62,242.08	75	70,022.34	1,32,264.42
	2014-15	3,55,42,661	3,54,25,165	1,17,496	740.22	63	699.5	1,439.72
RS (in BL)	2014-15	1,65,591	1,64,543	1,048	6.53	75	7.35	13.88
ENA/Grain Spirit/RS (in BL)	2015-16	3,35,77,543	3,34,59,382	1,18,161	858.14	51	656.47	1,514.61
	2016-17	3,63,99,843	3,63,19,442	80,401	703.5	39	411.55	1,115.04
Malt Spirit (in BL)	2014-15	37,352	37,187	165	0.68	63	0.64	1.31
	2015-16	21,998	21,861	137	0.69	51	0.53	1.21
Total		14,89,19,066	13,71,16,617	1,18,02,449	81,658.11		82,946.38	1,64,604.47

The above **Table 2.3** indicates that the Excise Department failed to effectively monitor the quantity of inputs utilised by the assessee and the resultant products manufactured by it over an extended period from 2013-14 to 2016-17. This resulted in non-realisation of revenue amounting to ₹ 1,646.04 crore to the Government even after allowing for the maximum admissible wastage of 0.4 per cent per month, details of which are shown in **Appendix-I**.

It may be further mentioned that during the course of audit (August 2019), the office of the Assistant Excise Commissioner, Wave Distilleries and Breweries Ltd. Aligarh, based on specific request of audit, provided information relating to items used in production of liquor. It however did not furnish information regarding consumption of malt which is the main input material in production of beer. Subsequently (November 2019), the Department furnished information with regard to malt indicating consumption of 1,666.50 quintals

⁶ In the following cases, the quantities depicted in Form 3CD were lower than those depicted in the records of the AEC:

Type of material	Year	Consumption as per Form 3CD	Consumption as per AEC records
Molasses (in quintal)	2013-14	9,94,280	9,98,360
Malt (in quintal)	2013-14	19,160	19,161.70
	2015-16	17,610	18,570.40
Malt Spirit (in BL)	2013-14	26,688	26,702
	2016-17	86,269	1,02,550
Rectified Spirit (in BL)	2013-14	Nil	3,06,807

⁷ Information contained in Form 3CD of the Income Tax Department.

⁸ Delay is on account of non-payment of excise revenue and has been worked out from the last day of the financial year concerned upto 30 June 2020.

for two years i.e. 2014-15 and 2016-17. Audit observed that the figures provided were in respect of malt consumption in the distillery only although the assessee's distillery and brewery were located in the same premises. Subsequently (February 2020), Assistant Excise Commissioner, Wave Distilleries and Breweries Ltd. Aligarh furnished a revised set of data indicating malt consumption of 1,21,520.10 quintals for the aforementioned years for both the distillery and brewery. The different sets of consumption figures furnished to Audit with respect to malt, a key input in production of beer, appear to be doubtful as the Assistant Excise Commissioner did not provide supporting documents i.e., copies of Monthly Stock Taking and returns furnished to Excise Commissioner in respect of malt consumption despite request by the Audit. The revenue impact of the revised information provided by the Assistant Excise Commissioner, Wave Distilleries and Breweries Ltd. Aligarh works out to ₹ 466.98 crore (excise revenue ₹ 284.78 crore plus interest of ₹ 182.20 crore).

From the facts brought out by the Audit, in addition to providing varying sets of data for a key input, viz. malt, which has substantial implication for revenue, there was a clear case of suppression/concealment of particulars by the assessee over a four-year period. The amount of non-realisation of revenue to the Government on account of this is extremely large. The Finance Department, Government of Uttar Pradesh in its instructions dated 11 June 2020 had also specifically advised the Excise Department that in all cases where it is established that the assessee has suppressed/concealed particulars in its returns, demand should be raised to protect the interest of revenue.

The matter was brought to the notice of the Department and the Government in December 2019, however, till date no action with respect to raising demand from the assessee has been intimated to the Audit (September 2020).

Recommendations:

The Government may:

- 1. Take immediate action to raise the demand from the assessee and recover the same.**
- 2. Consider issue of appropriate instructions to its field offices for cross-verification of the information submitted by the assessees with those submitted to the other taxation authorities.**
- 3. Consider undertaking an investigation on how the assessing officer, including those located in the premises of the assessee, failed in the discharge of their duties, which led to concealment of large amounts of revenue by the assessee. Responsibility may be suitably fixed.**

2.4 Failure to cancel the settlement of shops and forfeiture of basic license fee (BLF)/license fee (LF) and security deposit

The Department failed to act on the recommendation made by the Public Accounts Committee for timely deposit of basic license fee and license fee on settlement of shops. It did not initiate any action for cancellation of settlement and forfeiture of license fee/basic license fee (₹ 8.41 crore) and security (₹ 6.88 crore) totalling ₹ 15.29 crore, in contravention of the rules.

Excise Policy of Uttar Pradesh for the years 2017-18 and 2018-19 stipulate that the amount of License Fee⁹ (LF)/Basic License Fee¹⁰ (BLF) shall be deposited in full within three working days, half of the security amount¹¹ within 10 working days and rest of the amount within 20 working days of receipt of intimation of the selection of shop. The Excise Policy for 2017-18, also stipulates that in case of renewal of shops, half of the LF/BLF shall be deposited at the time of application, half of the security amount within 10 days of renewal of shop and the remaining amount of LF/BLF and security deposit shall be deposited before 15 March 2018. In case of default, the renewal/selection of shop would be cancelled and the amount of LF/BLF and security deposits are required to be forfeited, and these shops need to be resettled.

In a similar issue highlighted in the Para 3.8.8.1 of the Audit Report (Revenue Sector) 2012-13, the Public Accounts Committee had recommended (May 2015) to the Government to take action against the defaulting licensees and ensure that similar irregularity is not repeated in future.

Audit test-checked the records of 10 District Excise Offices (DEOs) and noticed (between October 2018 and March 2019) that licensees of 540 out of 5,367 liquor shops (10.06 *per cent*) in 10 districts, which were settled or renewed during the years 2017-18 and 2018-19, did not deposit the entire amount of security deposit and LF/BLF within the prescribed time frame. During examination of the Departmental records (G-12 Register prescribed for settlement of shops) audit specifically checked therein the due date of deposit, actual date of deposit, delayed deposit of LF/BLF and security deposit etc. and noted that only partial amount of LF/BLF and security deposit was deposited within the prescribed timelines by the licensees at the time of issue of license. The delay¹² ranged from one to 275 days. No action was however initiated by the concerned DEOs as envisaged under the Rules according to which no relaxation is allowed. Inaction on delays in deposit of due amounts resulted in non-forfeiture of an amount of ₹ 15.29 crore (LF/BLF ₹ 8.41 crore and security deposit ₹ 6.88 crore) as shown in **Appendix-II**.

Audit reported the matter to the Department (between October 2018 and April 2019). In reply (June 2020), the Department accepted the audit observation in case of 40 shops amounting to ₹ 71.62 lakh and for the remaining 500 shops the Department stated that the settlement of the shops was a very time

⁹ LF - ₹ 226 per BL (2017-18) and ₹ 222 per BL (2018-19).

¹⁰ BLF - ₹ 25 per BL (2017-18) and ₹ 28 per BL (2018-19).

¹¹ 10 *per cent* of the license fees fixed for the shop.

¹² Delay up to 15 days, shops - 225, amount - ₹ 3.37 crore; delay between 16 to 30 days, shops - 118, amount - ₹ 1.58 crore; and delay more than 30 days, shops - 197, amount - ₹ 10.34 crore.

consuming process due to delay in clearance of demand drafts by the banks, challans being issued late by the banks etc., the LF/BLF were deposited with delays. Regarding delay in deposit of security deposits, the Department stated that security deposit is not revenue for the Department but is an instrument to secure the State revenue in case of any possible loss of revenue on the part of the licensee. The reply of the Department is not acceptable since the due date and actual date of deposit of LF/BLF and security deposit as recorded in the G-12 Register maintained by the Department, and checked in the audit, clearly indicated that there was delay in payment of LF/BLF and security deposit. Further, in support of their contention, no supporting documents were made available to the audit. Therefore, audit is unable to comment on whether the delay was on the part of the licensee or the Department itself. In the Excise Policy of the State, it is clearly mentioned that the LF/BLF and security deposit is to be forfeited if it is not deposited within the timelines prescribed and the Public Accounts Committee had made similar recommendations (May 2015) to the Government.

Recommendation:

The Department should ensure adherence to the provisions of the Act/Rules and the recommendation made by the Public Accounts Committee, to safeguard the financial interest of the State.

2.5 Loss of additional consideration fee due to anomaly in the Excise Policy 2018-19

There was loss of additional consideration fee of ₹ 4.01 crore on 3.58 crore small bottles of Indian Made Foreign Liquor (IMFL) due to anomaly in the Excise Policy 2018-19.

Maximum Retail Prices (MRP) of IMFL are determined as per the formulae provided in the excise policies issued by the Government from year to year. Excise Policy 2018-19 prescribed that if the MRP calculated as per the formula was not a multiple of ten, MRP would be rounded off to the next higher ten rupees and the differential amount would be payable as additional consideration fee. Irregularity at any stage of computation/adding of different components of MRP (Ex-distillery price (EDP), consideration fee, wholesalers'/retailers' margins) affects additional consideration fee which may accrue to the state exchequer from rounding off the MRP to the next higher ten rupees.

Excise Policy 2018-19 prescribed that the consideration fee for 750 ml bottles of IMFL would be calculated first and thereafter consideration fee for smaller bottles would be calculated on proportionate basis. However, for calculation of EDP of smaller bottles, it was prescribed that EDP of 750 ml bottles would be calculated first and thereafter EDP for small bottles would be calculated on proportionate basis (as per complete number of smaller bottles being made from 750 ml bottle) by adding ₹ 2/₹ 3 (375 ml/180 ml) to the EDP of 750 ml.

As per the above provisions of the Excise Policy, the consideration fee for 180 ml bottles of IMFL was collected on the actual quantity of liquor in the bottle (i.e. consideration fee for 750 ml bottle*180/750) whereas at the time of calculation of EDP of 180 ml bottles, the EDP was fixed by adding ₹ 3 to EDP of 750 ml bottle and then dividing it by four. Thus, for 180 ml bottles,

distillers got EDP for 187.5 ml (750 ml divided by 4) but paid the consideration fee for 180 ml only.

This anomaly in the Excise Policy had the effect of unduly increasing the profits of the private distillers and depriving the state exchequer of commensurate additional consideration fee.

Audit examined the records of all the seven brand approval files in 2018-19, in the office of the Assistant Excise Commissioner, United Spirit Limited, Meerut and found (March 2019) that by allowing additional amount of EDP¹³ in favour of the distiller instead of levying additional consideration fee on 180 ml bottles, the Department permitted short levy of additional consideration fee resulting in undue benefit of ₹ 4.01 crore on the sale of 3.58 crore small bottles of IMFL to the distillery, as detailed in **Appendix-III**.

Audit reported the matter to the Department (April 2019). In reply (June 2020), the Department stated that EDP for 180 ml bottles was calculated as per the Excise Policy 2018-19. The fact remains that the anomaly in the Excise Policy resulted in loss of ₹ 4.01 crore in the form of additional consideration fee. Earlier, in a similar audit observation reported in the Para 4.2.1 of the CAG's Audit Report on 'Pricing of Production and Sale of Liquor' for the year ended 31 March, 2018 for the State of Uttar Pradesh, the Department had accepted and assured (July 2018), that the anomaly would be removed through an amendment in the Excise Policy. Audit noticed that this discrepancy has been rectified in the Excise Policy 2019-20.

¹³ Calculating EDP of 187.5 ml instead of 180 ml.

CHAPTER-III: TAX ON SALES, TRADE ETC.

3.1 Tax administration

The Additional Chief Secretary (Commercial Tax and Entertainment Tax), Uttar Pradesh administers the Sales Tax/Value Added Tax (VAT) laws and rules framed thereunder. The Commissioner, Commercial Tax (CCT), Uttar Pradesh is the head of the Commercial Tax Department. He/she is assisted by 100 Additional Commissioners, 157 Joint Commissioners (JCs), 494 Deputy Commissioners (DCs), 964 Assistant Commissioners (ACs) and 1,275 Commercial Tax Officers (CTOs.). Since 1 July, 2017, the Department is also administering the Goods and Services Tax (GST) in the State.

3.2 Results of audit

• Access to GST database

With the introduction of Information Technology (IT) platform for GST implementation, access to GST Portal data and back-end system of the tax department becomes necessary for audit so that assurance regarding robustness of the system can be derived. With respect to the CAG's requirement for complete access to the GST IT systems and data, GSTN had recommended (October 2016) to the Government of India to create login credentials for the CAG teams.

The State Government was informed by this office¹ (April 2018) that GST data could be shared with the C&AG of India subject to relevant protocols. The Department responded² (May 2018) that the issue of providing access to the GSTN portal and creating role script was possible only through the GST Council.

In June 2020, the GST Implementation Committee accepted the data access arrangement proposed by C&AG according to which Audit will have access to full pan-India data at GSTN premises and to back-end systems of the tax departments. Accordingly, access to GST data has been provided at GSTN premises. However, access to the back-end application of the State Commercial Tax Department has yet not been provided, without which audit of GST receipts is not possible as most GST records have now been digitised. In view of this, the matter relating to access to back-end systems of the State Commercial Tax Department was taken up in September 2020 with the Government of Uttar Pradesh. Response of the State Government in the matter is awaited (September 2020).

• Local audit during the year 2018-19

During 2018-19, test-check of records in 94 units³ out of total 769 auditable units of the Commercial Tax Department revealed under-assessment of tax and other irregularities involving ₹ 108.20 crore in 579 cases which fall under the following categories as tabulated in **Table - 3.1**.

¹ Vide letter no. AG(E&RSA), UP/Sectt/2018-19/03 dated 5 April 2018.

² Vide letter no. Joint Commissioner (Audit)/2018-19/431/*Vanijya Kar* dated 21 May 2018.

³ This consists of *Apar Mukhya Sachiv Vanijya Kar* *evam Manoranjan Kar* Uttar Pradesh *Shasan* (01), JCs (19), Sectors (64), Mobile Squad Units (09) and Administration Unit (01).

Table - 3.1

Sl. No.	Categories	Number of cases	Amount (₹ in crore)
1	Under-assessment of tax	127	29.64
2	Acceptance of defective statutory forms	22	2.14
3	Evasion of tax due to suppression of sale/ purchase	04	0.17
4	Irregular/Incorrect/ Excess allowance of Input Tax Credit (ITC)	83	8.21
5	Non/short charging of interest	68	3.08
6	Non-imposition of penalty	243	59.45
7	Other irregularities ⁴	32	5.51
	Total	579	108.20

The Department accepted (between April 2018 and August 2020) 31 cases amounting to ₹ 94.61 lakh pointed out in the year 2018-19 and reported recovery of ₹ 11.29 lakh in 13 cases. Further, in respect of audit observations prior to the year 2018-19, the Department accepted (between October 2019 and March 2020) 132 cases amounting to ₹ 12.70 crore and reported recovery of ₹ 2.09 crore in 65 cases.

This Chapter discusses 67 cases worth ₹ 37.92 crore. These cases pertain to assessment years for which the Uttar Pradesh Value Added Tax (UPVAT) Act, 2008 and Central Sales Tax (CST) Act, 1956 were applicable. The Department accepted 43 cases amounting to ₹ 29.06 crore, out of which in 13 cases the Department reported recovery of ₹ 78.68 lakh. Some of these irregularities continue to persist, despite similar cases having been repeatedly reported during the last five years as detailed in **Table - 3.2**. The errors/omissions pointed out are on the basis of a test audit. **The Government/Department may, therefore, undertake a thorough review of all units to check whether similar errors/omissions have taken place elsewhere and if so, to rectify them and put in place a system that would prevent such errors/omissions.**

Table - 3.2

Nature of observations	(₹ in crore)											
	2013-14		2014-15		2015-16		2016-17		2017-18		Total	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Application of incorrect rate of tax	75	8.49	132	7.49	35	2.72	24	2.00	58	12.36	324	33.06
Irregular concession allowed on goods not covered under the Registration Certificate (RC)	16	1.03	9	0.41	7	0.27	24	3.80	14	1.05	70	6.56
Inadmissible ITC	15	12.41	21	0.87	15	0.77	20	1.18	27	1.01	98	16.24
Delayed deposit of tax deducted at source	28	8.74	25	8.75	14	2.98	28	8.05	69	26.80	164	55.32

The repetitive nature of irregularities makes it evident that the State Government and the Commercial Tax Department have not taken effective measures to address the persistent irregularities being pointed out year after year by the Audit.

⁴ Non-forfeiture of excess money realised by dealers against provisions of the Act, non-registration of unregistered dealers, delayed deposit of realised revenue in the treasury, non-maintenance of documents/registers etc.

Recommendation:

Given that assessments of legacy VAT cases is underway, the State Government may take steps to prevent recurrence of the reported irregularities before such cases become time-barred. There is a high probability that undetected leakages of revenue at this stage would go unaddressed as the system would be totally focussed upon GST administration in the future.

3.3 Turnover escaping assessment

Audit cross-verified the records submitted by the dealer to the Income Tax Department and the Commercial Tax Department and found that he had concealed turnover of goods valued at ₹ 21.85 crore which resulted in non-levy of tax of ₹ 3.17 crore and penalty of ₹ 9.51 crore.

Under UPVAT Act, 2008⁵, the Assessing Authority (AA) is required to finalise the assessment after examining the books, accounts and documents kept by the dealer in relation to his business and other relevant records. Further, under UPVAT Act⁶, where a dealer has concealed particulars of his turnover or has deliberately furnished inaccurate particulars of such turnover, or submitted a false tax return under this Act or evaded payments of tax which he is liable to pay under this Act, the AA may direct that such dealer shall, in addition to the tax, if any, payable by him, pay by way of penalty, a sum equal to three times the amount of tax concealed or avoided.

Audit cross-verified in the office of Joint Commissioner (Corporate Circle), Commercial Tax, Allahabad, the annual return, Form No. 3CD⁷, Balance Sheet and Trading & Profit & Loss Account submitted by a dealer and the VAT assessment orders of the dealer for the period 2013-14 to 2015-16 with Form No. 3CD, Balance Sheet and Trading & Profit & Loss Account obtained from the Income Tax Department (December 2019) and found that the dealer concealed sales turnover of vehicles and vehicle accessories and spare parts of ₹ 21.85 crore in his returns filed in the Commercial Tax Department (CTD) when compared with the returns filed in the Income Tax Department for the years 2013-14 to 2015-16. It was observed that the same Chartered Accountant firm prepared different sets of Form 3CD which were submitted to the Commercial Tax Department and the Income Tax Department. The AA, while finalising the assessments of the dealer between September 2017 and March 2019 for the above years, failed to detect this concealed turnover of ₹ 21.85 crore. This led to non-levy of tax of ₹ 3.17 crore and consequently penalty of ₹ 9.51 crore for concealment of turnover was also not imposed. Details are mentioned in **Table 3.3**.

⁵ Section 28 of the UPVAT Act, 2008.

⁶ Section 54(1)(2) of the UPVAT Act, 2008.

⁷ 3CD is a statement of particulars required to be furnished under section 44AB of the Income Tax Act, 1961, and contains details such as name of partners/members and their profit sharing ratio, turnover, gross profit, method of valuation of closing stock and particulars of depreciation.

Table - 3.3
Turnover escaping assessment

							(₹ in lakh)
Year	Sales turnover shown in 3CD filed in ITD	Sales turnover shown in 3CD filed in CTD	Sales turnover shown in Form-LII ⁸	Turnover on which tax assessed in assessment order	Turnover on which tax not assessed (1-3) ⁹	Tax leviable on sales short declared (at the rate of 14.5 per cent)	Penalty imposable on concealed turnover
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2013-14	10,213.91	9,683.43	9,683.43	9,683.43	530.48	76.92	230.76
2014-15	13,255.24	12,408.13	12,408.13	12,411.63	847.11	122.83	368.49
2015-16	14,942.96	14,135.38	14,135.38	14,138.88	807.58	117.10	351.30
Total	38,412.11		36,226.94		2,185.17	316.85	950.55

Audit reported the matter to the Department in December 2019. In response (June 2020), the Department stated that it was taking necessary action to reassess the case based on audit observation.

Recommendations:

1. The Department may consider instituting a system for undertaking cross-verification of actionable information submitted to the CTD with the other taxation authorities to protect the interest of revenue.
2. The Department may initiate action against the Chartered Accountant firms for furnishing false certificates by *inter-alia* taking up the matter with the Institute of Chartered Accountants of India.

3.4 Application of incorrect rate of tax

Assessing Authorities accepted the tax rates on sale of goods worth ₹ 23.07 crore as mentioned in the tax returns without verification. Thus, tax amounting to ₹ 1.95 crore was short/not levied.

Under the UPVAT Act, 2008, tax-free goods are mentioned in Schedule-I and taxable goods are mentioned in Schedules-II to IV according to the applicable rates of tax on such goods. Goods not mentioned in any of the above schedules are covered under Schedule-V and are taxable at the rate of 12.5 per cent. In addition to the above tax, additional tax notified by the Government from time to time is also levied.

Audit test-checked (between September 2018 and March 2019) assessment records of 2,277 dealers in 10 CTOs and noticed that in the case of 13 dealers, the AAs, while finalising the assessments (between April 2017 and March 2018) for the years 2013-14 to 2015-16, accepted tax rates of zero to five per cent on the sale of goods worth ₹ 23.07 crore as mentioned by the dealers in their respective tax returns. The AAs failed to verify and levy the applicable rates of five to 14.5 per cent on such goods as per the schedules. Thus, tax amounting to ₹ 1.95 crore was short/not levied (**Appendix-IV**).

⁸ LII is an annual return submitted by the dealer in the CTD and contains details of purchase, sale, ITC, computation of tax, etc.

⁹ Columns 1 and 3 here are taken for tax not assessed as in these columns the dealer himself declares its turnover both in the ITD and in the CTD, whereas column 4 shows sales declared by the dealer plus concealed turnover of burnt oil not disclosed by the dealer in its annual return to the CTD.

Audit reported the matter to the Department (between October 2018 and April 2019). In reply (March 2020), the Department accepted the audit observations in seven cases amounting to ₹ 1.62 crore, out of which in three cases recovery of ₹ 6.68 lakh was reported by them. In two cases, the Department did not accept the audit observation. The analysis of the Department's replies in these two cases is listed in **Table 3.4**.

Table - 3.4

Sl. No.	Audited Unit/ Observation in brief	Department's reply in brief	Rebuttal
1	DC-Sec 5 Ghaziabad: Sale of plastic poultry equipment was taxed at the rate of five <i>per cent</i> against the leviable rate of 14 <i>per cent</i> .	Due to typographical error in the assessment order in place of plastic goods, poultry equipment was mentioned, which has been amended under Section 31 on 4 June 2019.	The reply is not acceptable, as in the initial assessment order passed on 30 May 2017 sale of poultry equipment was shown on numerous pages. A typographical error cannot occur on several pages. Further, it is also notable that the dealer himself in his annual return has shown the same commodity. No supporting documents were made available to the audit to establish the claim of the Department on sale of plastic goods. As such, plastic poultry equipment is taxable at the rate of 14 <i>per cent</i> as per UPVAT Act.
2	DC-Sec 18 Ghaziabad: Sale of wood was taxed in the assessment order at the rate of five <i>per cent</i> against the leviable rate of 14 <i>per cent</i> .	The Department stated that as per the purchase list wooden shaving packing had been purchased which has also been verified from the selling dealer's list.	The reply is not acceptable, as both in the annexures and annual return submitted by the dealer and also in the assessment order passed by the AA, sale of wood was shown. As such, wood is taxable at the rate of 14 <i>per cent</i> , as per UPVAT Act.

In the remaining four cases, amounting to ₹ 27.60 lakh, the Department stated that action was under process (September 2020).

Recommendation:

The Department should institute a system of periodic reviews of the assessment orders passed by the AAs by the higher level authorities.

3.5 Irregular concession allowed on goods purchased against Form 'C'

The dealers had purchased goods valued at ₹ 14.32 crore, which were not covered under the Registration Certificates (RC) or used them for purposes other than those for which the RCs were granted, at concessional rates of tax against the declaration in form 'C'. However, penalty of ₹ 2.48 crore was not imposed by the AAs.

Under CST Act, 1956¹⁰, a registered dealer may purchase any goods from outside the State at a concessional rate of tax against a declaration in form 'C' issued by the purchasing dealer. If his registration certificate does not cover such goods or if such goods are used for purposes other than those for which the RC is granted, the dealer is liable for prosecution under the CST Act.¹¹ However, if the AA deems it fit, he may, in lieu of prosecution, impose penalty up to one and a half times the tax payable on the sale of such goods.

Audit test-checked (between January 2018 and March 2019) assessment records of 2,323 dealers in nine CTOs and noticed that 10 dealers had purchased goods valued at ₹ 14.32 crore during the years 2011-12 and 2013-14 to 2015-16, at concessional rates of tax against declaration in Form 'C'. However, the goods purchased were not covered by their respective RCs or were used for purposes other than those for which the RC was granted, due to which they were liable to pay penalty at one and a half times of the tax payable on the sale of such goods, in lieu of prosecution. The AAs, while finalising the assessment between July 2014 and March 2018, did not scrutinise the relevant RCs and the utilisation details of forms 'C' of the dealers in question and consequently penalty of ₹ 2.48 crore could not be imposed (**Appendix-V**).

Audit reported the matter to the Department (between February 2018 and April 2019). In reply (March 2020), the Department accepted the audit observations in nine cases amounting to ₹ 63.28 lakh, out of which in five cases, recovery of ₹ 36.06 lakh was effected.

In the remaining one case, amounting to ₹ 1.84 crore, the Department stated that action was under process (September 2020).

Recommendation:

The Department may ensure that when finalising the assessments, the RCs and utilisation certificates, where such concessions are being considered, should be carefully examined.

¹⁰ Section 8 of the CST Act, 1956.

¹¹ Section 10-A and 10-D of the CST Act, 1956.

3.6 Inadmissible ITC allowed to dealers

The dealers wrongly claimed ITC amounting to ₹ 2.88 crore which was irregularly allowed by the AAs. This resulted in non-reversal of ITC along with interest totalling ₹ 4.52 crore.

Under UPVAT Act, 2008¹², in cases of tax paid on purchase of goods from registered dealers against tax invoices within the State or cash deposited on purchase of goods from unregistered dealers, ITC to the extent provided under the relevant clauses of the said Act, is allowed to the dealer subject to certain conditions and restrictions for resale or use in manufacture of goods intended for sale. Further¹³, if any dealer has wrongly claimed ITC in respect of any goods, benefit of ITC to the extent it is not admissible, shall stand reversed along with simple interest at the rate of 15 per cent per annum.

Audit test-checked (between September 2018 and March 2019) assessment records of 6,694 dealers in 18 CTOs and noticed that 18 dealers had wrongly claimed ITC of ₹ 2.88 crore during the years 2013-14 to 2015-16, which was not admissible to them. The AAs, while finalising the assessments (between November 2016 and March 2018), were required to reverse the inadmissible ITC and direct the dealers to pay such amount of ITC which was reversed along with simple interest. Failure to do so resulted in non-reversal of ITC along with interest totalling ₹ 4.52 crore (ITC ₹ 2.88 crore and interest ₹ 1.64 crore) (**Appendix-VI**).

Audit reported the matter to the Department (between October 2018 and May 2019). In reply (March 2020), the Department accepted the audit observations in six cases amounting to ₹ 1.48 crore, out of which, in one case, recovery of ₹ 9.33 lakh was reported by the Department. In five cases, the Department did not accept the audit observation. The analysis of the Department's replies in these five cases is listed in **Table 3.5**.

Table - 3.5

Sl. No.	Audited Unit/ Observation in brief	Department's reply in brief	Rebuttal
1	JC-(CC) Agra: ITC of ₹ 1.46 crore was not found verified during the cross verification. Therefore, it should be reversed along with interest.	The Department stated that ITC was allowed at the time of assessment after scrutinising the accounts of the dealer and tax paid on the purchases made by him.	The reply is not acceptable, as internal correspondence of the Department reveals that ITC of ₹ 1.46 crore was not found verified during the cross verification within the Department.
2	DC-Secundrabad Bulandshahar: ITC was claimed on exempted (no tax) items Organic Manure and Bio fertilisers, Zinc Sulphate fertilisers and Macro Nutrient mixture as per the return submitted by the dealer. Hence, ITC	Due to typographical error in the monthly returns, purchase of Organic Manure and Bio fertilisers, Zinc Sulphate fertilisers and Macro Nutrient mixture was shown in the dealer's purchase list in place of pesticide, fertiliser and	The reply is not acceptable, as Organic Manure and Bio fertilisers, Zinc Sulphate fertilisers and Macro Nutrient mixture are exempted items entailing no levy of VAT. Further, no supporting documents were made available to the audit to establish the claim of the

¹² Section 13 of UPVAT Act, 2008.

¹³ Under Section 14 (2) of UPVAT Act, 2008.

Sl. No.	Audited Unit/ Observation in brief	Department's reply in brief	Rebuttal
	claimed by the dealer on the purchase of the exempted item should be reversed.	urea, which was amended under Section 31 on 1 February 2020.	Department. Hence, the basis of giving the excess benefit of ITC on the above item is not clear and the reply regarding typographical error is not acceptable.
3	DC-Sec 22 Lucknow: The entire ITC earned on capital goods (tools) was claimed and adjusted against tax payable in the same year. As per VAT rules, ITC on capital goods is to be claimed in three successive years in three equal instalments. Hence, it should be reversed along with interest.	The dealer has claimed ITC on consumable goods such as printing ink, paint and varnish etc., which in his annual return has been mentioned as tools. Thus, these are not capital goods but consumable goods which the dealer used in his manufacturing process.	The reply is not acceptable. As per the records submitted by the dealer 'tools' has been mentioned and the same has been accepted by the AA at the time of assessment. Further, no supporting documents were made available to the audit to establish the claim of the Department. As such, tools being a capital good, ITC should be claimed in three successive years in three equal instalments.
4	DC-Sec 3 Noida: Excess ITC brought forward from the previous year was allowed to the dealer in the assessment order against the brought forward ITC claimed by the dealer in his annual return and also in Audit Report (Form XXIII) certified by the Chartered Accountant (CA).	The Department stated that at the time of assessment a revised annual return was submitted by the dealer in which ITC shown as brought forward was allowed to the dealer at the time of assessment.	The reply is not acceptable, as a revised annual return was submitted by the dealer and accepted by the AA at the time of assessment without the revised Audit Report (Form XXIII) certified by the CA. Further, no supporting documents were made available to the audit to establish the claim of the Department. As such, without the revised Form XXIII certified by the CA, benefit of ITC is in question.
5	DC-Sec 8 Varanasi: Due to calculation mistake, while allowing ITC as per the ITC admissible on the purchase, excess ITC was allowed.	The Department stated that total tax payable on sale was ₹ 6,02,483. This was paid by adjusting ITC of ₹ 4,16,694 and payment of tax of ₹ 1,85,796 by the dealer. However, due to typographical error, ITC allowed was shown as ₹ 6,02,483 in assessment order, which has now been rectified under Section 31 on 6 February 2020.	The reply is not acceptable, as in the initial order passed by the AA on 20 March 2018, there was no mention made in the assessment order regarding the amount deposited by the dealer. It is also notable that both in the records submitted by the dealer and in the assessment order, ITC earned during the year was shown as ₹ 6,02,483. Further, no supporting documents were made available to the audit to establish the claim of the Department. Hence, the reply regarding typographical error is not acceptable.

In the remaining seven cases, amounting to ₹ 41.71 lakh, the Department stated that action was under process (September 2020).

Recommendation:

The Department should carefully examine and verify the transactions where ITC are being claimed by the dealers and benefit of ITC are being allowed by the AAs.

3.7 Delayed deposit of tax deducted at source

The Assessing Authorities had not imposed penalty amounting to ₹ 16.29 crore on dealers for not depositing the tax deducted at source amounting to ₹ 8.15 crore within the prescribed time.

Under UPVAT Act, 2008¹⁴, a person responsible for making payment to a contractor for the use of goods in pursuance of works contract, shall deduct tax equal to four *per cent* of such sum payable under the Act, on account of such works contracts. In case of failure to deduct the tax or deposit the tax so deducted into the Government treasury before the expiry of the 20th day of the month following the month in which the deduction was made, the AA may direct such person to pay, by way of penalty, a sum not exceeding twice the amount so deducted.

Audit test-checked (between October 2018 and March 2019) assessment records of 6,336 dealers in 16 CTOs and noticed that 25 dealers had deducted tax amounting to ₹ 8.15 crore at source while making payments to the contractors during the years 2013-14 to 2015-16 but did not deposit the same into the Government treasury within the prescribed time frame. The delays ranged from five days to 301 days. The AAs, while finalising the assessments (between October 2016 and March 2018), neither imposed the due penalty amounting to ₹ 16.29 crore nor recorded any reason for not imposing the same (**Appendix-VII**).

Audit reported the matter to the Department (between November 2018 and May 2019). In reply (March 2020), the Department accepted the audit observations in 20 cases amounting to ₹ 12.65 crore, out of which, in four cases, recovery of ₹ 26.61 lakh was reported by the Department.

In the remaining five cases amounting to ₹ 2.70 crore, the Department stated that action was under process (September 2020).

Recommendation:

The Department should ensure levy of penalty in cases of delay in deposit of tax deducted at source by the dealers/contractors.

¹⁴ Section 34 (8) read with Section 34 (1) of UPVAT Act, 2008.

CHAPTER-IV: STAMPS AND REGISTRATION FEES

4.1 Tax administration

The levy and collection of Stamp duty and Registration fees in the State is governed by the Indian Stamp (IS) Act, 1899, the Registration Act, 1908 and the rules framed thereunder as applicable in Uttar Pradesh. Stamp duty and Registration fees are levied on the execution of instruments at the rates prescribed under the above Acts. Valuation of properties is decided as per the circle rates fixed by the Collector of the district as per the provisions of the Uttar Pradesh Stamp (Valuation of Property) Rules, 1997.

The determination of policy, monitoring and control at the Government level is carried out by the Principal Secretary, Stamps and Registration. The Inspector General (Registration) (IGR) is the head of the Stamps and Registration Department. He/she is empowered with the task of superintendence and administration of the registration work. The IG is assisted by 92 Assistant Inspectors General (AIsG) at the district/headquarters level and 355 Sub-Registrars (SRs) at the *tehsil* level respectively.

4.2 Results of audit

During 2018-19, test-check of records in 64 units¹ out of 431 auditable units of the Stamps and Registration Department revealed short levy of stamp duty and registration fees and other irregularities involving ₹ 91.69 crore in 2,577 cases, which fall under the following categories as mentioned in **Table - 4.1**.

Table- 4.1

Sl. No.	Categories	Number of cases	Amount (₹ in crore)
1	Short levy of Stamp duty and Registration fees due to undervaluation of properties	41	1.13
2	Short levy of Stamp duty and Registration fees due to misclassification of documents	895	81.31
3	Other irregularities ²	1,641	9.25
Total		2,577	91.69

Irregularities involving 404 cases worth ₹ 22.48 crore have been illustrated in this Chapter. The Department accepted 17 cases amounting to ₹ 71.62 lakh, out of which in eight cases, recovery of ₹ 11.43 lakh was reported. Out of these cases, some irregularities have been repeatedly reported during the last five years as detailed in **Table - 4.2** (cases pertaining to previous audit reports). The errors/omissions pointed out are on the basis of a test audit. **The Government/Department may, therefore, undertake a thorough review of all units to check whether similar errors/omissions have taken place elsewhere and if so, to rectify them and put in place a system that would prevent such errors/omissions.**

¹ One Principal Secretary Stamps and Registration Lucknow and 63 SRs.

² Improper allocation of collected additional stamp duty, short levy of stamp duty on lease deeds, excess expenditure against the allocated budget etc.

Table – 4.2
Cases pertaining to previous audit reports

(₹ in crore)												
Nature of observation	2013-14		2014-15		2015-16		2016-17		2017-18		Total	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Residential land valued at agricultural rate	97	4.35	194	7.78	214	9.66	157	6.05	266	11.42	928	39.26

4.3 Systemic deficiencies in collection, allocation and accountal of Additional Stamp Duty

Under Section 39 of the Uttar Pradesh Urban Planning and Development (UPUPD) Act, 1973, the duty imposed by the IS Act, 1899 on any deed of transfer of property shall, in case of an immovable property situated within a ‘development³’ area, be increased by two *per cent* on the amount or value of consideration with reference to which the duty is calculated under the said Act. The area to be earmarked as ‘development’ area is notified by the State Government from time to time. All collection resulting from the said increase shall, after deduction of incidental expenses, if any, be allocated and paid by the State Government at its discretion, either to the Development Authority alone or to the Development Authority, the Uttar Pradesh *Avas Evam Vikash Parishad* and the *Nagar Mahapalika* or the Municipal Board, as the case may be, in such proportion as may from time to time be determined.

An examination of the current system of collection, accountal and allocation of additional stamp duty revealed a number of deficiencies, both systemic and at the implementation level. These are detailed in the succeeding paragraphs.

(i) Failure to create a sub-head:

As per the existing system of classification, Stamps and Registration Fees (including additional stamp duty) is accounted for under the major head 0030-Stamps and Registration Fees, 02-Stamps Non-Judicial, 102-Sale of Stamps. No sub-head has been opened by the State Government for accounting of additional stamp duty.

Audit observed, based on examination of records in offices of the Sub-Registrar (SR), that the amounts being collected with respect to additional stamp duty are being depicted as stamp duty under the IS Act, 1899.

In absence of a sub-head to account for additional stamp duty, the levies with respect to stamp duty for transfer of immovable property in ‘development’ areas and other areas together with collection of additional stamp duty for the transfer of property in ‘development’ areas are getting merged. Since the UPUPD Act, requires that amounts collected as additional stamp duty is to be earmarked specifically for entities as notified by the State Government and it is not possible at present to ascertain specifically how much money is received in the Government account with respect to two *per cent* additional stamp duty leviable in transfer of an immovable property within a ‘development’ area, it is essential both from the point of view of transparency as well as adherence to

³ “Development area” means any area declared development area under Section 3 of UPUPD Act, 1973.

the provisions of the UPUPD Act that a specific sub-head be created for collection and accounting of additional stamp duty.

Audit reported the matter to the Department (between October 2018 and April 2019). In reply (June 2020), the Department stated that additional stamp duty under the provisions of the UPUPD Act, 1973, on the transfer of immovable property situated in 'development' area is being collected together with stamp duty. Under the head of account 0030-Stamps and Registration Fees, a sub-head 02-Stamps-Non-Judicial is already provided. As such, there seems no requirement for opening a distinct sub-head.

The reply of the Department is not acceptable as the duty so collected under additional stamp duty is meant for fulfilling the specific intent of the UPUPD Act, 1973 viz. allocation to the Development Authority, the Uttar Pradesh *Avas Evam Vikash Parishad*, *Nagar Mahapalika* or Municipal Board. Therefore, it is essential to distinctly account for it for fulfilling the requirement of the UPUPD Act, 1973. In the absence of a distinct sub-head, the Department is not in a position to specifically ascertain how much money was received with respect to additional stamp duty.

(ii) Allocation of amounts with respect to lease and mortgage:

In addition to the systemic deficiencies observed with regards to accountal and subsequent allocation of amounts collected with respect to additional stamp duty, Audit also observed further systemic deficiency with respect to lease and mortgage deeds on which additional stamp duty is to be levied, collected and allocated.

Audit observed (March 2019) that additional stamp duty in case of transfer of immovable property was being levied/collected and noted in the *SYAHA* (Fees Register) maintained by the office of the SR. This provided a rough basis for allocation of amounts to the Development Authorities, the Uttar Pradesh *Avas Evam Vikash Parishad* and the *Nagar Mahapalika* or the Municipal Board etc. However, in respect of additional stamp duty to be levied for leases and mortgages for immovable properties, the same is being collected and accounted for under stamp duty head and not being separately noted or accounted for. It is therefore essential that amounts collected by way of additional stamp duty for lease and mortgage are distinctly accounted for separately from amounts collected by way of stamp duty in case of transfer of immovable property.

Audit test-checked the records of 30 Sub-Registrar Offices⁴ (SROs) and noticed (between August 2018 and March 2019) that in 226 deeds of mortgage/lease deeds registered in these SROs, SRs levied and realised stamp duty amounting to ₹ 3.54 crore and additional stamp duty amounting to ₹ 4.91 crore. Both the duties have not been recorded separately in the *SYAHA* (Fees Register), as stamp duty and additional stamp duty, as required by the Act. The duties so collected under two different Acts⁵ have been booked in one column of the *SYAHA* as stamp duty treating them as a duty leviable under the

⁴ *Sadar* I, II and III, Agra; *Sadar* I, II and III, Aligarh; *Sadar* I, Allahabad, *Sadar* I and II, Bareilly; Modinagar, *Sadar* I, II, III and IV, Ghaziabad; *Sadar* I and II, Gorakhpur; Baxi ka talab, *Sadar* I, II, III, IV and V, Lucknow; *Sadar* II and III, Meerut; *Sadar* I, Muzaffarnagar; *Sadar* III, Saharanpur; Chandausi, Sambhal; *Sadar* II, III and IV, Varansasi.

⁵ Under Article 40 of Schedule 1B of the IS Act and Section 39 of the UPUPD Act.

Stamp Act. In absence of this, it is not clear to Audit whether the amounts of additional stamp duty so collected with respect to mortgage and lease are being transferred/allocated to the Development Authority, the Uttar Pradesh *Avas Evam Vikash Parishad* and the *Nagar Mahapalika* or the Municipal Board etc.

In reply (June 2020), the Department stated that in 77 cases, due to deficiencies in the *PRERNA* software⁶, the amount so collected under additional stamp duty could not be shown separately with respect to lease and mortgage deeds. However, this is not revenue loss. In the monthly statements the amount of two *per cent* under additional stamp duty has been included.

The reply of the Department confirms the *PRERNA*-generated *SYAHA* did not include the amount of additional stamp duty collected with respect to mortgage and lease deeds as the Department itself has acknowledged the deficiencies in the *PRERNA* software and approached National Informatics Centre (NIC) for remedy.

Recommendations:

- 1. With a view to effecting transparency in the budgeting and accounting of additional stamp duty a distinct sub-head may be opened in the Government account to account for their levy and collection.**
- 2. While accounting for additional stamp duty it needs to be ensured that all receipts under this category are included viz. conveyance deeds, leases and mortgages.**

4.4 Short levy of stamp duty due to limiting stamp duty to ₹ five lakh

Limiting the amount of stamp duty on mortgage deeds to ₹ five lakh resulted in short levy of stamp duty of ₹ 8.82 crore.

In a notification⁷ dated 25 May 2001, the State Government remitted the stamp duty chargeable⁸ on instruments of mortgage to the extent of amount of stamp duty that exceeds ₹ five lakh. Vide a subsequent notification⁹ dated 10 July 2008, in partial modification of the earlier notification, the Government remitted the stamp duty chargeable (on any instrument of mortgage without possession), to the extent of the amount that exceeds the amount of duty calculated at the rate of ₹ five for every one thousand rupees or part thereof on the amount secured by such deeds.

Audit test-checked (between November 2018 and December 2018) 2,470 deeds in four SROs and noticed that in 17 deeds of simple mortgage (without possession) registered between June 2017 and October 2018, the duty chargeable on these documents was higher than ₹ five lakh as worked out at the rate of 0.5 *per cent*. However, the Department limited the stamp duty to ₹ five lakh which was not in accordance with the later notification dated 10 July 2008 which stipulated that stamp duty at the rate of 0.5 *per cent* was

⁶ *PRERNA* (Property Evaluation and Registration Application) software was introduced by the Department on 1 August 2006 for computerisation of the registration process.

⁷ Notification No. KN---3139/11-2001-500 (121)/2000 TC dated 25 May 2001.

⁸ Clauses (b) and (c) of the Article 40 of Schedule 1B.

⁹ Notification No. Ka.Ni. 5-2758/XI-2008-500 (159)-2000 dated 10 July 2008.

chargeable without limiting the duty to ₹ five lakh. The SRs failed to comply with the revised notification which resulted in short levy of stamp duty amounting to ₹ 8.82 crore as shown in **Appendix-VIII**.

Audit reported the matter to the Department (between December 2018 and January 2019). In reply (June 2020), the Department stated that through the notification dated 10 July 2008, clause B-1 has been inserted by partially modifying the earlier notifications issued in this behalf and Clause (b) and (c) of the notification dated 25 May 2001 has not been contravened. Therefore, as per the notification dated 25 May 2001 the chargeability of stamp duty on instruments of mortgage will be remitted to the extent of amount that exceeds ₹ five lakh and the stamp duty shall be payable according to the notification dated 10 July 2008. Thus, both the notifications will be applicable together.

The reply of the Department is not acceptable, as in the notification dated 25 May 2001 it was provided that stamp duty chargeable under clauses (b) and (c) of the Article-40 of Schedule 1B on instrument of mortgage shall be limited to ₹ five lakh. Subsequently this notification was partially modified vide notification dated 10 July 2008 which provided that the stamp duty on mortgage deeds under clauses (b) and (c) of the Article 40 would be leviable at ₹ five for every one thousand rupees or part thereof on the amount secured by such deeds.

While modifying the earlier notification of 2001 vide notification dated 10 July 2008, the provision of remission of stamp duty exceeding ₹ five lakh was not mentioned. In view of the foregoing, the contention of the Department does not appear to be correct and therefore limiting the stamp duty to ₹ five lakh in such cases were not as per the notification dated 10 July 2008.

4.5 Residential land valued at agricultural rate

Residential land measuring 2.03 lakh square meter was wrongly registered for ₹ 37.74 crore at agricultural rates. Correct valuation at the residential rate worked out to ₹ 125.43 crore which resulted in short levy of stamp duty and registration fees by ₹ 5.66 crore.

The IS Act, 1899 defines that stamp duty on a deed of conveyance is chargeable either on the value of the consideration set forth therein or on the market value of the property, whichever is higher. The Inspector General of Registration (IGR), vide guidelines issued in June 2003, further clarified that a property in the same *arazi*¹⁰ number should not be split in more than one part for different purposes i.e. one part for agriculture and the other for non-agriculture for the purpose of levy of stamp duty.

A *Khasra*-based search facility to get the details of lands sold in a given *Khasra* is available in the *PRERNA* software. However, this feature was not being used by the SRs while determining the stamp duty to be charged at the time of registration of the sale deeds of land.

Audit test-checked (between July 2018 and March 2019) 36,643 sale deeds in 35 SROs and noticed that 75 sale deeds related to 2.03 lakh square meters of residential land valued at ₹ 37.74 crore were registered (between January 2017 and February 2019) at agricultural rates in violation of the clarification of the

¹⁰ *Arazi/Khasra/Gata* indicate the particular number of a land holding in a locality.

IGR issued in June 2003. As a result, stamp duty and registration fees of only ₹ 2.51 crore was levied. Out of these 75 cases, Audit further noticed that a part of the same *arazi* was sold earlier or on the same day at residential rates (on the same day, one case involving short levy of stamp duty and registration fees of ₹ 0.05 crore, within one to 30 days, 14 cases - ₹ 0.84 crore and 31 days to 1,836 days, 60 cases - ₹ 4.75 crore). Hence, the land in question should have also been valued at ₹ 125.43 crore at the prevalent residential rates with due stamp duty and registration fees of ₹ 8.17 crore being charged. The incorrect valuation of property and under utilisation of the *PRERNA* software thus resulted in short levy of stamp duty and registration fees of ₹ 5.66 crore as shown in **Appendix-IX**.

Audit reported the matter to the Department (between October 2018 and April 2019). In reply (June 2020), the Department accepted 13 cases amounting to ₹ 30.57 lakh, out of which in eight cases, recovery of ₹ 11.43 lakh was reported by the Department. In the remaining 62 cases the Department stated that action was under process (September 2020).

Recommendation:

The Department should ensure correct valuation of property using the *PRERNA* software and after mandatory physical verification by the SR or *Tehsildar/Patwari* where a part of the same *arazi* has been sold within a reasonably short period at residential rates.

4.6 Irregularities relating to lease deeds

4.6.1 Non-levy of stamp duty on Service Tax/GST amount on lease

Stamp duty of ₹ 1.47 crore was short levied as Service Tax/GST amount was not included in the consideration amount on which the stamp duty was calculated.

Under the IS Act, 1899, chargeability of stamp duty on lease deeds is two *per cent*. The Act¹¹ further states that when a lessee undertakes to pay recurring charge, such as the Government revenue, the landlord's share of cesses or the owner's share of municipal rates or taxes, which by law, is recoverable from the lessor, the amount so agreed to be paid by the lessee shall be deemed to be part of the rent. Service tax is payable at the rate of 14 *per cent* of the rental income in case the rent for one year is more than ₹ 10 lakh up to 30 June 2017. Further, GST (which came into force from 01 July 2017) is payable at the rate of 18 *per cent* on amount of rent in case it is more than ₹ 20 lakh for 12 months.

Audit test-checked (between September 2018 and March 2019) 7,937 deeds in 12 SROs and noticed that 30 lease deeds of properties for different periods ranging from one year to 29 years were executed by different lessees. Under the Service Tax (ST) Act and Goods & Services Tax (GST) Act and Rules, liability to pay ST/GST is of the service provider/lessor. However, in these cases, the lessees have owned the responsibility of paying ST/GST. Under the IS Act, the amount of ST/GST was required to be included in the consideration while assessing the stamp duty. The SRs failed to comply with the above provision of IS Act and did not include ST/GST amount in consideration while

¹¹ Explanation (1) of Article 35 of schedule 1-B.

levying stamp duty. This resulted in short levy of stamp duty of ₹ 1.47 crore as shown in **Appendix-X**.

Audit reported the matter to the Department (between October 2018 and March 2019). In reply (June 2020), the Department accepted the audit observation in four cases amounting to ₹ 41.04 lakh. In the remaining 26 cases the Department stated that the action was under process (September 2020).

4.6.2 Short levy of stamp duty on mining lease deeds

Contribution payable to the District Mineral Foundation Trust (DMFT) was not included in consideration of 56 mining lease deeds which resulted in short levy of stamp duty of ₹ 6.53 crore.

Article 35(b)(i) of Schedule I-B of the IS the Act stipulates that where lease for a term not exceeding 30 years has been granted for a fine or premium, or for money advanced and where no rent is reserved, the stamp duty chargeable should be the same as a conveyance for a consideration equal to the amount or value of such fine or premium or advance as set forth in the lease. Vide Notification dated 10 July 2008, stamp duty on such lease deeds was chargeable at the rate of two *per cent* of the consideration. In addition, Explanation (I) of Article 35 stipulates that when a lessee undertakes to pay recurring charge, such as the Government revenue, the landlord's share of cesses or the owner's share of municipal rates or taxes, which by law, is recoverable from the lessor, the amount so agreed to be paid by the lessee shall be deemed to be part of the rent.

Under Rule 10 (2) of the Uttar Pradesh DMFT Rules, 2017, the lessees are also required to pay an amount equivalent to 10 *per cent* of royalty to the DMFT.

Further, Section 33(1) of the said Act stipulates that every person in charge of a public office, except an officer of police, before whom any instrument, chargeable, in his opinion, with duty, is produced or comes in the performance of his functions, shall, if it appears to him that such instrument is not duly stamped, impound the same.

In the course of test-check of mining lease deeds in Stamp and Registration Department and Mining Department, audit noticed that stamp duty was not levied on the amount payable to the DMFT. The details of the cases are discussed below:

- Audit test-checked (between July 2018 and March 2019) 4,541 deeds in seven SROs and noticed that in seven mining lease deeds, the amount of contribution payable to the DMFT were not included in the consideration for assessing the stamp duty at the time of execution of the lease deeds. Though recitals relating to deposit of contribution to the DMFT had been mentioned by each lessee in the respective lease deeds, these were not taken into account by the SRs. This resulted in short levy of stamp duty of ₹ 1.65 crore as shown in **Appendix-XI**.
- Audit test-checked (between October 2018 and March 2019) 99 lease deeds and related lease files in nine DMOs and noticed that only the amount of royalty was included in consideration in 49 mining lease deeds executed between February 2018 and February 2019 for charging stamp

duty. The amount of contribution payable to the DMFT was not included in consideration for chargeability of stamp duty. Stamp duty of ₹ 56.60 crore was charged on the consideration of ₹ 2,155.48 crore in these lease deeds against stamp duty of ₹ 61.48 crore chargeable on the consideration of ₹ 2,371.02 crore. Thus, the Government was deprived of revenue of ₹ 4.88 crore due to short levy of stamp duty as shown in **Appendix-XII**.

Audit reported the matter to the Mining Department (between March 2019 and April 2019) and the Stamp and Registration Department (September 2020). Their reply was awaited (September 2020).

CHAPTER-V: MINING RECEIPTS

5.1 Tax administration

The levy and collection of receipts from mining activities in the State is governed by the Mines and Minerals (Development and Regulation) (MMDR) Act, 1957, the Mineral Concession Rules, 1960, and the Uttar Pradesh Minor Mineral Concession (UPMMC) Rules, 1963. The Principal Secretary, Geology and Mining, Uttar Pradesh, is the administrative head of the Department at the Government level. The overall control and direction of the Geology and Mining Department (Department) is vested with the Director, Geology and Mining, Uttar Pradesh, Lucknow. At the Headquarters the Director, Geology and Mining is assisted by Joint Director who is further assisted by Chief Mining Officer. At district level, the District Mines Officer (DMO) is responsible for determining royalty, dead rent, and permit fee, etc. due and payable. Additional District Magistrate (Finance & Revenue) is in charge of collection and account of mining receipts under the overall administrative control of the District Collector.

5.2 Results of audit

During 2018-19, test-check of records in 20 units¹ out of 76 auditable units of the Geology and Mining Department revealed non/short realisation of royalty and other irregularities involving ₹ 239.91 crore in 2,169 cases as detailed in **Table-5.1**.

Table - 5.1

Sl. No.	Categories	Number of cases	Amount (₹ in crore)
1	Royalty non/short realised	589	22.49
2	Short levy of stamp duty on lease deeds	61	5.24
3	Non-imposition of penalty	71	1.73
4	Cost of minerals not recovered	979	168.96
5	Other irregularities ²	469	41.49
Total		2,169	239.91

The Department accepted (between April 2018 and August 2020) one case amounting to ₹ 4.44 lakh pointed out in the year 2018-19 and reported recovery of ₹ 4.44 lakh.

Irregularities involving 1,806 cases worth ₹ 135.21 crore have been illustrated in this Chapter. Out of these, some irregularities have been repeatedly reported during the last five years as detailed in **Table-5.2**:

¹ Principal Secretary and Director, Geology and Mining, Uttar Pradesh, Lucknow, and DMO: Agra, Aligarh, Allahabad, Bagpat, Banda, Bareilly, Etawah, Firozabad, G B Nagar, Ghaziabad, Jhansi, Kannauj, Lalitpur, Lucknow, Mahoba, Mainpuri, Mirzapur, Sonbhadra and Unnao.

² Non-recovery of contribution to DMFT from licenses/lease holders, non-charging of interest on belated payment of royalty from lessees, non-charging of interest on belated payment of royalty by the brick kiln owners etc.

Table - 5.2

(₹ in crore)												
Nature of observation	2013-14		2014-15		2015-16		2016-17		2017-18		Total	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Cost of minerals not realised	221	13.92	311	13.98	3,491	476.06	1,181	193.97	334	26.27	5538	724.20
Excavation of minerals without Environment Clearance (EC)	--	--	--	--	04	66.90	04	33.75	--	--	08	100.65
Royalty and permit application fees not realised from the brick kiln owners	412	3.87	1,430	6.84	39	0.25	353	6.66	660	7.07	2894	24.69

The errors/omissions pointed out are on the basis of a test audit. **The Government/Department may, therefore, undertake a thorough review of all units to check whether similar errors/omissions have taken place elsewhere and if so, to rectify them and put in place a system that would prevent such errors/omissions.**

5.3 Non-adherence of the Constitutional provisions in connection with the creation of the District Mineral Foundation Trust (DMFT)

The State Government, in violation of Articles 266 (1) and 204 (3) of the Constitution, formed DMFTs, maintained the Trust funds in the scheduled commercial banks and allowed the Governing Councils and the Management Committees to incur expenditure therefrom without prior legislative authorisation.

Article 266 (1) of the Constitution envisages *inter alia* that all revenues received by the Government of a State shall form part of the Consolidated Fund of the State. Article 204 (3) provides that no money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of this Article.

Under the provisions of Section 9B of the Mines and Minerals (Development and Regulation) Act, 1957, the Government of India (GoI) issued (16 September 2015) guidelines (i) directing the State Governments to set up a District Mineral Foundation in every district affected by mining related operations and (ii) directing District Mineral Foundation to implement a development programme for the mining affected areas. Ministry of Mines, GoI, vide notification dated 17 September 2015, fixed the rate of contribution to the Foundation in respect of mining lease at the rate of 30 *per cent* of the royalty in respect of mining lease granted before 12 January 2015 and 10 *per cent* of the royalty in respect of mining lease granted on or after 12 January 2015. This rate was applicable for mining minerals other than coal etc. Similarly, Ministry of Coal issued (20 October 2015), a notification vide which rate of contribution to be made to the Foundation in respect of mining of Coal, Lignite and sand for stowing was fixed at 30 *per cent* of the royalty in respect of mining lease granted before 12 January 2015 and 10 *per cent* of the royalty in respect of mining lease granted on or after 12 January 2015.

The DMFTs were established by the State Government through notification dated 25 April 2017. Government of Uttar Pradesh (GoUP) in May 2017

made the Uttar Pradesh District Mineral Foundation Trust Rules, 2017 to regulate the composition and functions of the DMFTs and the manner of carrying out development activities in the areas affected by mining activities. Further, as per Rule-4 of the said Rules, a Governing Council and a Managing Committee of the Trust have been entrusted with the task of laying down the broad policy framework for the functioning of the Trust and to incur expenditure in accordance with the aforesaid policy framework.

Audit observed (November 2019) that as per Rule 15 of the said Rules, the Trust Fund was to be kept in a scheduled commercial nationalised bank in the name of the Trust in individual districts. A sum of ₹ 432.37 crore levied and collected between 2017-18 and 2018-19 was deposited in various banks in the DMFTs of different districts of Uttar Pradesh. During the course of audit, it was observed that expenditure of ₹ 117.35 crore was incurred for various purposes (**Appendix-XIII**) in 45 out of 75 districts from the respective Trust Funds created in the districts. Audit further, noticed that in two districts³, an amount of ₹ 3.80 crore was incurred for the construction which did not conform to the guidelines⁴ issued by the GoI.

With respect to the creation of the DMFTs, audit observed the following:

- (i) The provision regarding maintaining the Trust Fund in the scheduled commercial nationalised bank is in contravention to Article 266 (1) of the Constitution which stipulates that all revenues received by the Government of the State should form part of the Consolidated Fund of the State. The creation of a Trust Fund with amount to be held in scheduled commercial bank outside the Government Account and specifically the Consolidated Fund of the State is therefore in breach of Constitutional provisions.
- (ii) The Governing Council and the Managing Committee have been entrusted to incur expenditure from the Trust Fund for purposes brought out in Rule 9 (vi) of the DMFT Rules 2017. The authorisation of expenditure by a Government Department should have prior legislative authorisation, through an appropriation made by law.

Audit further noticed that in similar case of National Mineral Exploration Trust (NMET), the Government of India, Ministry of Mines which earlier permitted the Trust to open and operate bank accounts in the scheduled bank has through notification dated 7 March 2018 amended the National Mineral Exploration Trust Rules, 2015 in the following manner.

- (i) The bank account of the Trust shall be closed as soon as possible after publication of the notification.
- (ii) Annual Budget provision shall also be made in the Demands for Grants of Central Government under the appropriate Head for incurring expenditure under the Fund.

³ Lalitpur and Sonebhadra.

⁴ GoI circulated (September 2015) the *Pradhan Mantri Khanij Kshetra Kalyan Yojana* (PMKKKY) which prescribed activities to be covered under the scheme from the DMFT funds.

- (iii) The expenditure under the Fund shall be incurred from the relevant sub-major or minor heads and on the basis of sanction issued by the Central Government.

In effect the Government of India has, through this notification, ensured compliance with the constitutional provisions, both with regard to treatment of receipts and authorisation of expenditure in so far as NMET is concerned.

In view of the forgoing, the entire arrangement of setting up of a District Mineral Foundation Trust Fund in respect of mining lease/permit and maintaining the trust in a scheduled commercial bank together with allowing the Governing Council and the Managing Committee to incur expenditure therefrom needs to be revisited.

Audit reported the matter to the Department (November 2019). In reply (May 2020), the Department stated that the amount of royalty received from the minerals is the amount of revenue, whereas the amount received towards the DMF on royalty is cess, which is not the amount of revenue of the State Government. It was further stated that the provisions in the DMFT Rules, 2017, have been made as per the guidelines received from the Government of India and it is not pertinent to comment on the provisions of the MMDR Act, 1957 by the State Government.

The reply of the Department is not acceptable as:

- (i) The collection made by the Government towards the Foundation are in the nature of revenue of the State Government being a levy made under the provision of the DMFT Rules, 2017, framed under the authority of the State. Therefore, as per the Article 266(1) of the Constitution, such proceeds should be part of the Consolidated Fund of the State.
- (ii) It is notable that the cesses levied by the State Government are being credited into the Consolidated Fund of the State. Rates and Cesses on Land (under Major Head-0029-Land Revenue-103-Rates and Cesses on Land) and receipts from cesses under other Acts (under Major Head-Service Tax-112- Receipts from cesses under other Acts) for example is levied, collected and deposited in the Consolidated Fund of the State.
- (iii) The manner in which accounting of cess receipt is undertaken in both the Union and the State Government stems from a common approach. In case of the Government of India cesses of varying nature e.g. cess on Coal and Coke, cess on Iron ore, cess on Mica and cess on Limestone and Dolomite etc. are all credited into the relevant receipt revenue head in the Consolidated Fund of India.
- (iv) As has been elaborated in the para, in the case of NMET, contribution made to this Trust is also a cess. Government of India through notification dated 7 March 2018, has ensured compliance with the constitutional provisions under the Article 266 (1) of the Constitution and contributions towards the trust were made part of the Consolidated Fund of India. Therefore, the State Government may take up the matter with the GoI to ensure compliance with the constitutional provisions under the Article 266 (1) of the Constitution.

Recommendations:

1. **The amount of royalty being contributed to the Trust should form part of Government Accounts of the State. The Government may create DMFT fund in the Public Accounts to enable incurrence of expenditure in accordance with the codal provisions. The Government may take steps to ensure that the DMFT fund maintained in the Public Accounts are transferred and used for the intended purposes only.**
2. **The Government may provide for audit by the CAG of India of the District Mineral Foundation Trust fund on the lines of the National Mineral Exploration Trust where the Union Government had effected amendment in the relevant rules in this respect.**

5.4 Failure of the State Government to amend Rules in respect of penalties for illegal mining

Failure of the State Government to amend penal provisions with respect to grant of mining lease through auction led to a peculiar situation where the leaseholder has to pay lower penalty for illegal extraction as against the amount payable for legal extraction.

Section 21(5) of the MMDR Act, 1957 stipulates that whenever any person raises, without any lawful authority, any mineral from any land, the State Government may recover from such person, the mineral so raised, or, where such mineral has already been disposed of, the price thereof, and may also recover from such person, rent, royalty or tax, as the case may be, for the period during which the land was occupied by such person without any lawful authority.

The Government, in its order dated 15 October 2015, clarified that the price of minerals is ordinarily five times of the royalty.

Rule 57 of UPMMC Rules, 1963 stipulates that whoever contravenes the provision of Rule 3⁵ shall on conviction be punishable with imprisonment of either description for a term which may extend up to six months or with fine which may extend to ₹ 25,000, or with both. Government vide order dated 18 May 2017 revised the penalty provisions of the said Rule to imprisonment of either description for a term which may extend up to five years or with fine which shall not be less than of ₹ two lakh per hectare and which may extend to ₹ five lakh per hectare of the area, or with both.

Rule 23(1) of the UPMMC Rules, 1963 stipulates that the State Government may by general or special order declare the area or areas which may be leased out by auction or by e-tender or by auction-cum tender or e-auction. Further, Rule 23(3), stipulates that on such declaration, Chapter III⁶ of the said Rules shall not apply to the area in respect of which the declaration has been issued.

Audit analysed the penal provisions in respect of notified areas settled through auction under two scenarios: Illegal mining in (a) auctioned areas and (b) areas contiguous to the auctioned areas. The results of the analysis are given below.

⁵ Mining operations shall be undertaken in accordance with the terms and conditions of a mining lease or mining permit granted under these Rules.

⁶ Provision relating to payment of royalty and dead rent.

(a) Analysis of amount of penalty imposed for illegal mining in auctioned areas:

Audit noted that the maximum amount of penalty payable for illegal mining had been raised by the Government to ₹ five lakh per hectare from ₹ 25,000 vide notification dated 18 May 2017.

In this connection 14 mining leases granted by the Department in two districts⁷ through e-auction were analysed. It was noticed that there was no mention in the lease agreements that the maximum amount of penalty payable for illegal mining was ₹ five lakh per hectare. Further, as Rule 23(3) of the UPMMC Rules, 1963 stipulates that for auctioned areas, royalty prescribed under Chapter III shall not be applicable, there is ambiguity as to the manner in which the price of minerals in case of illegal mining shall be determined in such cases.

It was further observed that the auction amount payable by the leaseholders during the lease period (five years) ranged between ₹ 27.31 crore and ₹ 189.28 crore (**Appendix XIV**).

In light of this, the levy of penalty, which is intended to serve as a deterrent to prevent illegal mining, should be of an appropriate amount. Even the revised amount of penalty of ₹ five lakh is a mere 0.18 *per cent* of the lowest auction amount (₹ 27.31 crore) paid by the leaseholder. Accordingly, a review of the penalty amount in respect of areas leased out through auction is warranted.

(b) Analysis of amount of penalty imposed for illegal mining in areas contiguous to auctioned areas:

Audit test-checked the records of four lessees in District Mines Office (DMO), Sonebhadra and noticed that in two cases where leases had been granted through e-auction, the investigation team from the O/o The Director, Geology and Mining had reported (19 June 2018) illegal excavation of 70,504.75 cu.m. of minor minerals (sand/morrum) by two lessees from areas adjacent to their sanctioned lease area. The details are given in **Table - 5.3** below.

Table - 5.3
Details of illegal excavation

Sl. No.	Name of the lessee	Lease area	Period of lease	Quantity to be excavated each year (in cu.m.)	Rate of royalty per cu.m. (in ₹)	Quantity of sand/morrum illegally excavated (in cu.m.)
1	Sri Akhilesh Paul S/o Sri Yash Paul	Gata No.246, Area-12.146 hectare, vill-Khebandha, Tehsil-Robertsganj, Sonebhadra.	23.03.2018 to 22.03.2023	2.43 lakh	1,068	36,750.00
2	Sri Praveen Kumar S/o Sri Rajendra Prasad	Arazi no. 385, khand-A, area-12.146 hectare, vill-Barhmori, Tehsil-Robertsganj, Sonebhadra	02.04.2018 to 01.04.2023	2.43 lakh	1,067	33,754.75

In light of the illegal mining which came to notice of the authorities, the District Magistrate (DM) had issued demand notices on 29 August 2018 to

⁷ Jhansi and Sonebhadra.

both the lessees to pay ₹ 23.59 crore and ₹ 21.65 crore respectively as the amount of penalty for illegal excavation of sand/morrum based on his interpretation of the applicable penal provisions i.e. based on the rate of royalty fixed for the leaseholders as determined through e-auction. The lease holders appealed⁸ to the Principal Secretary to U.P. Government, Department of Geology and Mining (on 17 October 2018) to stay the operation and implementation of the order of DM dated 29 August 2018. The Special Secretary (vide orders dated 11 December 2018) revised the extant orders of the DM to the extent that the royalty shall be charged from the leaseholders at the rate of ₹ 150 per cu.m. as prescribed under Schedule I of the UPMMC Rules and accordingly the price of mineral shall also be calculated and charged.

Audit analysed the amount of penalty imposed by the DM and Special Secretary, Geology and Mining. The details are given in **Table - 5.4** below.

Table - 5.4
Analysis of the levy of the amount of penalty

Case	As per orders of Collector (DM) dated 29 August 2018	As per orders of Special Secretary dated 11 December 2018
I	Quantity illegally mined = 36,750 cu.m.	Quantity illegally mined = 36,750 cu.m.
	→ Royalty=36,750*1068 = ₹ 3.92 crore	→ Royalty=36,750*150 = ₹ 55.13 lakh
	→ Price of minerals = ₹ 19.62 crore	→ Price of minerals = ₹ 2.76 crore
	→ Penalty = ₹ 5.00 lakh	→ Penalty = ₹ 5.00 lakh
Total = ₹ 23.59 crore	Total = ₹ 3.36 crore	
Amount of penalty per cu.m. of illegally mined mineral ₹ 6,422.	Amount of penalty per cu.m. of illegally mined mineral ₹ 914.	
II	Quantity illegally mined = 33,754.75 cu.m.	Quantity illegally mined = 33,754.75 cu.m.
	→ Royalty=33,754.75*1067 = ₹ 3.60 crore	→ Royalty=33,754.75*150 = ₹ 50.63 lakh
	→ Price of minerals = ₹ 18.00 crore	→ Price of minerals = ₹ 2.53 crore
	→ Penalty = ₹ 5.00 lakh	→ Penalty = ₹ 5.00 lakh
Total = ₹ 21.65 crore	Total = ₹ 3.09 crore	
Amount of penalty per cu.m. of illegally mined mineral ₹ 6,417.	Amount of penalty per cu.m. of illegally mined mineral ₹ 915.	

An analysis of the orders of the DM and Special Secretary, Geology and Mining reveals the following:

- (i) The DM applied penalty based on the rate of royalty fixed for leaseholder as determined through e-auction. On the other hand, the Special Secretary applied penalty based on Schedule I of Chapter III of the UPMMC Rules as the illegal mining had been done in an area adjacent to the auctioned area, i.e. outside the notified area.
- (ii) The result of the two decisions, in terms of penalty applicable, is very wide. In the case of orders of DM the two lessees had to pay ₹ 23.59 crore and ₹ 21.65 crore respectively. On the other hand, based on the decision of the Special Secretary, Geology and Mining the two lessees had to pay penalty of ₹ 3.36 crore and ₹ 3.09 crore respectively.
- (iii) When the amounts are translated in terms of levy per cu.m. of sand/morrum extracted the results are even more stark. In the case of order of DM the amount payable works out to ₹ 6,422/₹ 6,417 per cu.m., while in case of the orders of Special Secretary, Geology and Mining, the rate works out to ₹ 914/₹ 915 per cu.m. Notably the amount of penalty

⁸ Under Rule 78 of UPMMC Rules, 1963.

payable for illegal mining in adjoining area in case of order of Special Secretary, Geology and Mining, at ₹ 914/₹ 915 per cu.m., is lower than the amount that the leaseholder is expected to pay for the legal extraction of sand/morrum which was fixed through e-auction at ₹ 1,067 and ₹ 1,068 respectively per cu.m.

(iv) What the above implies is that for illegal mining immediately outside the auctioned area, the leaseholder is required to pay lower penalty at ₹ 914/₹ 915 per cu.m. for illegal mining of sand/morrum as against the amount of ₹ 1,067/₹ 1,068 per cu.m. for legally extracting sand/morrum in terms of the lease conditions.

The above analysis of the penal provisions for mining in auctioned areas and other than auctioned areas indicates the following gaps:

- (a) Insofar as illegal mining in non-auctioned areas is concerned, the State Government, in its order dated 15 October 2015, clarified that the price of minerals is ordinarily five times of the royalty prescribed in Chapter III of UPMMC Rules, 1963. It may be mentioned that in the State of Rajasthan, the cost of mineral is computed as 10 times of the prevailing royalty which is recovered along with royalty from the person who raises and despatches minor minerals illegally while in the State of Madhya Pradesh, minimum penalty of 30 times of the royalty of illegally extracted/transported minerals is leviable which shall not be less than ₹ 10,000.
- (b) As penalty is defined in terms of royalty, these are not applicable in areas notified through auction as stipulated in Rule 23(3) of the UPMMC Rules, 1963.
- (c) In absence of clarity in provisions relating to levy of penalty in terms of Section 21(5) of the MMDR Act and due to non-rationalising the rate of royalty of sand/morrum prescribed in Schedule-I *vis-a-vis* the rate obtained in the auction, individual officers and their controlling officers are left to making their own interpretations, which may not be in the interest of revenue.

Audit reported the matter to the Department (May 2019). In reply (May 2020), the Government stated that the provisions have been made in the MMDR Act, 1957 for grant of concession of minerals through tender cum e-auction. The concession available for the minor minerals in the State is being granted through e-tender cum e-auction as stated in the Mining Policy 2017 of the State Government by adopting the above provision. Whenever cases of illegal mining come to notice, action is taken against them under the provisions of Section 21 of the MMDR Act, 1957 and Rule 57 of the UPMMC, 1963. Settlement of such cases of illegal mining on the basis of bidding price is not as per the Rule.

The reply of the Department does not address the issue raised by Audit. The illegal extraction of sand/morrum by leaseholder in areas contiguous to the leased area is required to be addressed through suitable levy of penalties. By not doing so, as pointed out by audit, the lease holder based on the existing provisions of the Act and UPMMC Rules in respect of minor minerals, is able to extract minerals illegally by paying a penalty amount which is lower than legal extraction through auction mode. Further, the rate of penalty leviable for illegal mining in auctioned areas is also ambiguous. There is a clear need to

disincentive illegal mining by putting in place appropriate penalties both for leases settled through auction as well as revising penalties for other than auctioned area.

Recommendations:

1. **The Government should clearly define/redefine what constitutes ‘price of mineral’ and royalty in terms of Section 21(5) of the MMDR Act in areas leased out through auction.**
2. **The Government may review and revise the amount of penalty payable as provided for in the UPMDC Rules, 1963 for illegal mining to serve as a deterrent.**

5.5 Cost of minerals not realised from contractors for works executed without transit passes

The Department did not recover cost of minerals amounting to ₹ 116.85 crore and due penalty in 904 cases from contractors undertaking civil works, for raising mineral without lawful authority.

The UPMDC Rules, 1963 and the Uttar Pradesh Minerals (Prevention of Illegal Mining Transportation and Storage) Rules, 2002 stipulate that no person shall transport any mineral without a valid transit pass (Form MM-11⁹/Form C¹⁰). The MMDR Act¹¹, 1957, stipulates that the price of minerals along with the royalty may be recovered for raising minerals without lawful authority. The Government, in its order dated 15 October 2015, reiterated that apart from royalty, the cost of minerals (ordinarily five times of royalty) be deducted from the contractor’s bill and deposited into the treasury, if the contractors do not produce the requisite royalty receipt in the form MM-11.

Audit test-checked the records¹² of 18 DMOs and noticed (between September 2018 and March 2019) that the executing agencies got 1,304 civil works executed through the contractors. In 904 cases (out of 1,242 tests-checked cases), the contractors did not submit the required MM-11 along with the bills for the minerals used in civil works. The executing agencies deducted royalty of ₹ 23.37 crore from the bills of the contractors and either deposited the same into the treasury or gave cheques to the concerned DMOs between October 2015 and January 2019. The concerned DMOs, despite having knowledge of deduction of royalty by the executing agency, did not raise the issue with them for ensuring recovery of the cost of minerals from the works contractors and failed to initiate any action to recover the cost of minerals valued at ₹ 116.85 crore as shown in **Appendix-XV**.

Audit reported the matter to the Department (between October 2018 and April 2019). Their reply was awaited (September 2020).

⁹ Transit pass (*Rawanna*) issued by the holder of the mining lease or crusher plant for transportation of minor minerals. It includes names and addresses of the lease holders, nature and quantity of minerals and vehicle registration number through which the minerals are transported.

¹⁰ The holder of licence for storage of minerals shall issue the transit pass in ‘Form-C’ for lawful transportation of minerals from the store.

¹¹ Section 21(5) of the MMDR Act.

¹² Treasury sheet, challan and statement of royalty provided by the executing agencies.

Recommendation:

The Department should ensure co-ordination with the executing agencies undertaking civil works to ensure that the contractors have sourced minerals from legitimate licensees, and possess valid MM-11/Form C for transporting such minerals.

5.6 Unauthorised extraction of minerals

The MMDR Act stipulates that mining operations shall be undertaken in accordance with the terms and conditions of a mining lease granted under the Act and the Rules made thereunder. It further stipulates that if any person raises without lawful authority, any mineral from any land, the State Government may recover from such person, the mineral so raised or where such mineral has already been disposed of, the price thereof along with the royalty. Under the UPMMC Rules, the total royalty has been fixed at the rate of not more than 20 *per cent* of the pit's mouth value¹³ of minerals.

The Environment Protection Act (EPA), 1986 stipulates that whoever fails to comply with or contravenes any of the provisions of this Act, shall be punishable for each failure with imprisonment, which may extend to five years, or with fine which may extend to ₹ one lakh, or both.

5.6.1 Excavation of minerals without Environment Clearance (EC)

Cost of excavated minerals valuing ₹ 2.99 crore was not recovered from four lessees for excavating 35,319 cu.m. of minor minerals without Environmental Clearance (EC).

The State Government ordered (May 2011 and March 2012) that mining lease holders shall get EC from the Ministry of Environment and Forest (MoEF). If any lease holder¹⁴ excavates minerals without EC, the same is to be treated as illegal mining and is therefore liable to pay royalty, cost of minerals and fine under the MMDR Act¹⁵.

Audit test-checked the records¹⁶ of 28 lessees in two¹⁷ DMOs and noticed (between November 2018 and March 2019) that in four cases the lessees had excavated 35,319 cubic meters of minor minerals between January 2017 and December 2017 without obtaining EC and paid royalty of ₹ 59.87 lakh. The excavation of minerals without EC was illegal. The concerned DMOs did not take steps to ensure that the lessees had obtained EC. They neither stopped the mining activities of these lessees nor stopped the issuance of MM-11. Thus, the concerned DMOs failed to recover the cost of mineral amounting to ₹ 2.99 crore (five times of the applicable royalty). Further, fine of ₹ one lakh each was also not imposed on the lessees for violation of environment rules.

Audit reported the matter to the Department (between December 2018 and April 2019). Their reply was awaited (September 2020).

¹³ "Pit's mouth value" means "the sale price of the minor minerals at the pit head or at the point of production."

¹⁴ Persons authorised to undertake mining operations in areas specified in lease under and in accordance with the terms and conditions of a mining lease granted under the MMDR Act and the Rules made there under.

¹⁵ Section 21(5) of the MMDR Act.

¹⁶ Individual lessee file, MM-11 issue register and challan.

¹⁷ Jhansi and Lalitpur.

5.6.2 Excavation of minerals beyond the limit fixed in mining plan

Cost of minerals amounting to ₹ 79.20 lakh was not recovered from a lessee for excavating minerals beyond the limit fixed in the mining plan.

Under UPMMC Rules, 1963, mining operation shall in respect of *in situ* rock deposits and sand or *morrum* or *bajari* or *boulder* or any of these in mixed state exclusively found in river bed be undertaken in accordance with the mining plan, detailing yearly development schemes duly approved by the Director of Geology and Mining Department. The mining plan, once approved shall be valid for the duration of the lease. Mining operations shall be undertaken in accordance with the approved mining plan. Any modification of the approved mining plan during the operation of a mining lease also requires prior approval of the competent authority.

Audit test-checked the records¹⁸ of 20 lessees in DMO Lalitpur and noticed (March 2019) that a lessee had excavated 10,517 cu.m. of minor minerals in excess of the quantity permitted in the mining plan between January 2017 and June 2017 and paid royalty of ₹ 15.84 lakh. The excess excavation of minerals was not only illegal but could also adversely affect the environment. The DMO neither took any action to stop the business nor recovered the cost of mineral amounting to ₹ 79.20 lakh (five times of the applicable royalty).

Audit reported the matter to the Department (April 2019). Their reply was awaited (September 2020).

5.6.3 Excavation of minerals without mining plan

Cost of minerals amounting to ₹ 1.44 crore was not recovered from four lessees for excavating minerals without mining plan.

The mining plan should be prepared by technical experts scientifically in such a manner so that it could help in development of the area. If the mining activities are done without an approved mining plan, the Department will not have any control over the same and the lessee may extract more minerals in an unscientific manner which would adversely affect the mineral resources and environment.

Audit test-checked the records¹⁹ of 32 lessees in two²⁰ DMOs and noticed (October 2018 and March 2019) that four lessees had excavated 19,847 cubic meters of minor minerals between October 2016 and August 2017 without any approved mining plan and paid royalty of ₹ 28.87 lakh. The total quantity of mineral excavated by the lessees was unauthorised and amounted to illegal mining. The DMOs neither stopped the mining activities nor stopped the issuance of MM-11. They also failed to recover the cost of mineral amounting to ₹ 1.44 crore (five times of the applicable royalty).

Audit reported the matter to the Department (between November 2018 and April 2019). Their reply was awaited (September 2020).

¹⁸ Individual lessee file, MM-11 issue register and challan.

¹⁹ Individual lessee file, MM-11 issue register and challan.

²⁰ Agra and Lalitpur.

5.7 Non-forfeiture of pre-bid earnest money for delay in deposit of Security amount and installment of royalty

The Department failed to forfeit pre-bid earnest money of ₹ 1.05 crore for delayed deposit of royalty and security deposit of ₹ 12.96 crore.

Government of Uttar Pradesh order²¹ (dated 14 August 2017) stipulates that every successful bidder of lease for minor minerals, after receiving letter of intent shall deposit 50 *per cent* of the first year's royalty due (25 *per cent* as security deposit and 25 *per cent* as first installment) on the e-payment gateway of Metal Scrap Trade Corporation (MSTC)²² through RTGS/NEFT within two working days from the date of issue of letter of intent. The pre-bid earnest money, deposited by the successful bidder, shall be adjusted before depositing this amount. Further, if the successful bidder fails to deposit the above amount, pre-bid earnest money deposited by him shall be forfeited and any complaint or application in this regard shall not be entertained.

Audit test-checked the records²³ of the Director, Geology and Mining, Uttar Pradesh and noticed (December 2018) that DM, Banda issued a letter of intent (on 27 May 2018) in favor of a successful bidder²⁴ for mining lease of 2.80 lakh cu. m sand/morrum (at the rate of ₹ 1,001 per cu.m) in a bid of e-tender cum e-auction in the district. The bidder was required to deposit ₹ 12.96 crore (50 *per cent* of first year's royalty due) within two working days from the date of issue of letter of intent. The bidder deposited the amount on 14 June 2018 with a delay of 15 days. The Department failed to forfeit pre-bid earnest money of ₹ 1.05 crore.

Audit reported the matter to the Department (January 2019). Their reply was awaited (September 2020).

5.8 Royalty and permit application fees not realised from the brick kiln owners

Royalty of ₹ 7.38 crore, permit application fees of ₹ 9.32 lakh and DMFT amount of ₹ 94.06 lakh was not realised in 570 cases from brick kiln owners, though the same was specified in the OTS scheme.

One Time Settlement Schemes (OTSS) for brick kilns, announced by the Government from time to time, provided for payment of a consolidated amount of royalty at the prescribed rates along with permit application fees. It also provided for charging of interest at the rate of 24 *per cent* on belated payment of royalty, fee or other sum due to the Government. In OTSS for the years 2015-16 to 2017-18, an additional 10 *per cent*²⁵ of royalty was to be levied for *palothan*²⁶ soil used in brick making. DMFT Rules 2017, stipulates that the holder of every mineral permit shall, in addition to royalty, pay to the Trust of the district in which mining operations are carried on, an amount equivalent to 10 *per cent* of royalty, which is leviable from 2015-16.

²¹ Para 19(2).

²² Service provider of the Geology and Mining Department for e-auction.

²³ Mining Plan Register, letter of intent etc.

²⁴ M/s Basudev Amar Ujala.

²⁵ 20 *per cent* for the year 2015-16.

²⁶ Sandy soil.

Audit test-checked the records²⁷ of 1,533 brick kilns in 12 DMOs and noticed (between September 2018 and March 2019) that 570 brick kiln owners did not pay any royalty, permit application fees and contribution of DMFT for the brick years²⁸ 2015-16 to 2017-18. The concerned DMOs neither initiated any action to stop the business nor made any efforts to realise the due amount of ₹ 8.41 crore (royalty of ₹ 7.38 crore, permit application fees of ₹ 9.32 lakh and DMFT amount of ₹ 94.06 lakh) as shown in **Appendix-XVI**.

Audit reported the matter to the Department (between October 2018 and March 2019). Their reply was awaited (September 2020).

Recommendation:

The Department should ensure that all brick kiln owners in the State abide by the provisions of the OTSS as applicable in the given brick year. Efforts should also be made to recover the outstanding royalty from the defaulting brick kiln owners.

5.9 Interest on belated payment was not charged

Interest of ₹ 2.78 crore was not charged on 38 lessees and interest of ₹ 90.13 lakh was not charged on 281 brick kiln owners for delay in deposit of royalty/dead rent.

UPMMC Rules²⁹, 1963, stipulates that interest at the rate of 24 *per cent* per annum (revised to 18 *per cent* from May 2017) will be charged for the delay in deposit of any rent, royalty, demarcation fee and any other dues to the State Government after the expiry of 30 days notice period.

In the course of test-check of records of lessees and brick kilns, failure to charge interest amounting to ₹ 3.68 crore was observed. The details of the cases are discussed below:

- Audit test-checked the records of 84 lessees in 11 DMOs and noticed (between November 2017 and March 2019) that 38 lessees deposited royalty/dead rent of ₹ 78.03 crore for the period from May 2011 to January 2019 with delays ranging from 15 days to 1,621 days. Though the details of delay in payment were available on record, the Department charged and realised interest of ₹ 27,588 against ₹ 2.78 crore leviable. As a result, interest of ₹ 2.78 crore was not charged by the Department as shown in **Appendix-XVII**.
- Audit test-checked the records of 710 brick kilns in seven DMOs and noticed (between September 2018 and February 2019) that 281 brick kiln owners deposited royalty of ₹ 4.13 crore for the period 2013-14 and 2015-16 to 2017-18 with delays ranging between 184 days and 1,897 days. Though the details of delay in deposits were available on record, the Department charged and realised interest of ₹ 6.41 lakh against ₹ 96.54

²⁷ Brick Register and challan.

²⁸ October to September.

²⁹ Rule 58(2).

lakh leviable. As a result, interest of ₹ 90.13 lakh was not charged by the Department as shown in **Appendix-XVIII**.

Audit reported the matter to the Department (between July 2017 and April 2019). Their reply was awaited (September 2020).

CHAPTER-VI: TAXES ON VEHICLES, GOODS AND PASSENGERS

6.1 Tax administration

The levy and collection of motor vehicles tax and fee in the State is governed under the Motor Vehicles (MV) Act, 1988, the Central Motor Vehicles (CMV) Rules, 1989, the Uttar Pradesh Motor Vehicles Taxation (UPMVT) Act, 1997, the Uttar Pradesh Motor Vehicles Taxation (UPMVT) Rules, 1998, the Carriage by Road (CBR) Act, 2007, the Carriage by Road (CBR) Rules, 2011 and various Notifications, Circulars and Government Orders (GOs) issued by the Government and the Department from time to time.

The Principal Secretary, Transport, Uttar Pradesh is the administrative head at the Government level. The entire process of assessment and collection of taxes and fee is administered and monitored by the Transport Commissioner (TC), Uttar Pradesh, who is assisted by five Additional Transport Commissioners at the Headquarters.

There are six¹ Deputy Transport Commissioners (DTCs), 19 Regional Transport Officers² (RTOs) and 75 Assistant Regional Transport Officers (ARTOs) (Administration) in the field. RTOs perform the overall work of issue and control of permits of transport vehicles. The ARTOs perform the work of assessment, levy of taxes and fee regarding both transport vehicles and other than transport vehicles. Respective RTOs are responsible for the overall administration of the Sub-Regional Transport Offices.

There are 114 Enforcement squads in the State, each consisting of one ARTO (Enforcement), one supervisor and three Enforcement constables. These are attached to the Headquarters and deployed at the district level.

A software *viz.*, *VAHAN* had been adopted (October 2006) by the Department for automating the processes of vehicle registration, issue/renewal of permits, calculation, payment of taxes and fees, issue/renewal of fitness certificates, issue of challans and payment of the penalty amount. This software also has the facility to generate reports like arrears of revenue, lists of vehicles without permit and certificate of fitness, etc. There is another software *viz.*, *SARATHI* (adopted in January 2013) for issuing Driving Licenses and compilation of data with respect to Vehicle Registration & Driving Licenses in the State Register.

6.2 Results of audit

During 2018-19, test-check of records in 21 units³ out of 76 auditable units of the Transport Department revealed non/short realisation of tax/penalty and other irregularities involving ₹ 1,427.40 crore in 12,965 cases, as shown in **Table - 6.1**.

¹ Agra, Bareilly, Kanpur Nagar, Lucknow, Meerut and Varanasi.

² Agra, Aligarh, Prayagraj, Azamgarh, Banda, Bareilly, Basti, Faizabad, Ghaziabad, Gonda, Gorakhpur, Jhansi, Kanpur Nagar, Lucknow, Meerut, Mirzapur, Moradabad, Saharanpur and Varanasi.

³ One Principal Secretary/Transport Commissioner, 10 RTOs and 10 ARTOs.

Table – 6.1

Sl. No.	Categories	Number of cases	Amount (₹ in crore)
1	Short realisation of Passenger tax/additional tax and Goods tax	1,193	927.31
2	Other irregularities ⁴	11,772	500.09
Total		12,965	1,427.40

Irregularities involving 5,126 cases worth ₹ 20.37 crore have been illustrated in this Chapter. The Department accepted 1,325 cases amounting to ₹ 6.41 crore, out of which in 550 cases recovery of ₹ 1.05 crore was reported. Some of these irregularities have been regularly reported during the last five years as detailed in **Table-6.2**. The errors/omissions pointed out are on the basis of a test audit. **The Government/Department may, therefore, undertake a thorough review of all units to check whether similar errors/omissions have taken place elsewhere and if so, to rectify them and put in place a system that would prevent such errors/omissions.**

Table - 6.2

Nature of observation	(₹ in crore)											
	2013-14		2014-15		2015-16		2016-17		2017-18		Total	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Additional tax on Jawaharlal Nehru National Urban Renewal Mission (JnNURM) buses not levied	248	19.20	464	30.36	805	35.69	210	1.95	393	2.61	2,120	89.81
Authorisation of National Permit not renewed	1,973	3.45	105	0.18	440	0.77	-	-	-	-	2,518	4.40

Recommendation:

The Department should ensure prompt recovery of the large amounts of non/short realisations pointed out in the Audit Reports.

6.3 Embezzlement of Government receipts

Non-deposit of Government receipts led to embezzlement of ₹ 9.48 lakh.

Financial Handbook⁵ of the Government of Uttar Pradesh provides that under the Treasury Rule⁶, all moneys as defined in the articles of the Constitution, received by or tendered to the Government servants in their official capacity shall, without undue delay be paid in full into the treasury or into the Bank and shall be included in the Government Account. Financial Handbook⁷ further provides that while checking the cash book, the Drawing and Disbursing Officer (DDO) should match cash receipts entered in the receipt side of the cash book with the concerned counterfoil of receipt and ensure that all cash amounts received in the office on the day for which the cash book is being

⁴ Vehicles plying without certificates of fitness, non-realisation of penalty on delayed payment of additional tax from UPSRTC buses, non-levy of additional tax on JnNURM buses, non-establishment of accident relief fund, irregular payment against Government order, etc.

⁵ Para 21 of Financial Hand Book-Vol-5, Part-I.

⁶ Treasury Rule-7(1).

⁷ Appendix XXVI (GO No. A-1-1330/10-4(1)-70 dated 17 May 1979) of Financial Hand Book-Vol.5, Part II.

checked, are entered in the cash book and receipt number is entered against them. DDO should record the words 'Entered into cash book' on the counterfoil of the receipt. When the receipt book has been fully used, it should be checked and certified that all receipts of counterfoils of the receipt book have been entered into the accounts.

Subject to certain exceptions, any defalcation or loss of Government money, Departmental revenue or receipts, stamps, opium, stores, or other property, discovered in a Treasury or other office or the Department, which is under the audit of the Accountant General, should be immediately reported to the Accountant General and to the Government through the Head of the Department or the Commissioner of the Division, even when such loss has been made good by the person responsible for it.

Audit test-checked the records⁸ (between September 2017 and December 2018) of ARTO (Admn.), Raebareli and noticed (January 2019) that the amounts, detailed in the following **Table 6.3**, received by the clerks in different sections of the office were neither found entered in the subsidiary cash book/cash book maintained by the cashier nor deposited into the Treasury/Bank. Audit noticed that the clerks had deposited the amounts with the cashier and had taken the initial of the cashier in a register maintained by them. Though the ARTO (Admn.), who was discharging the responsibility of DDO, had checked figures of the cash book with the treasury scroll, he failed to detect that the amounts received by the clerks were not entered in the cash book and were resultantly not deposited in the Treasury/Bank. This led to embezzlement of a sum of ₹ 9.48 lakh. The details are given in **Table-6.3**.

Table - 6.3

Sl. No.	Dates of deposit of amount in the office	Dates of receipt of amount by the cash wing	Amount (in ₹)	Type/details of receipt
1	23-01-2018	23-01-2018	69,100	Compounding fees deposited in Enforcement Wing
2	24-01-2018	24-01-2018	1,79,600	---do---
3	25-01-2018	25-01-2018	42,450	---do---
4	27-01-2018	Not recorded	57,950	---do---
5	29-01-2018	30-01-2018	56,100	---do---
6	02-04-2018	02-04-2018	1,95,400	---do---
7	16-05-2018	Not recorded	1,91,500	---do---
8	30-05-2018	Not recorded	78,249	Tax/fees deposited at the counter for registration of light private vehicles.
9	01-06-2018	11-06-2018	41,200	Compounding fees deposited in Enforcement Wing
10	07-06-2018	11-06-2018	36,500	---do---
Total			9,48,049	

Non-deposit of the Government receipts which led to the embezzlement of ₹ 9.48 lakh shows failure on the part of ARTO (Admn.) and needs further investigation and action against the defaulting officers.

Audit reported the matter to the Department (February 2019). In reply (July 2020), the Department accepted the audit observation and stated that ₹ 10.78 lakh has been recovered and deposited through challan against the loss of revenue amounting to ₹ 9.48 lakh. The Department further stated that the employees and the officers involved in the embezzlement have been placed

⁸ Main cash book, subsidiary cash books, treasury challans and treasury reconciliation sheets.

under suspension and disciplinary action initiated against them. The final outcome of the proceedings against the delinquent officers/officials was awaited (September 2020).

6.4 Additional tax on JnNURM buses not levied

Additional tax of ₹ 4.98 crore was not levied on 557 JnNURM buses plying outside the designated municipal areas.

No transport vehicle of the State Transport Undertaking (STU) shall be used in any public place in Uttar Pradesh unless additional tax prescribed under the UPMVT Act, 1997 (as amended on 28 October 2009) has been paid. Motor vehicles of STU operating within the limits of Municipal Corporation or Municipality are however exempted from payment of additional tax.

Audit test-checked the records⁹ of six RTOs during the year 2018-19, Audit cross-checked the list of JnNURM buses with routes defined under municipal corporations and noticed that 557 out of 1,044 JnNURM buses under six¹⁰ State Transport Undertakings were plying outside the designated municipal areas of these cities for periods between February 2017 and February 2019, for which they were liable to pay additional tax of ₹ 4.98 crore. The concerned RTOs did not check the route chart of these buses and therefore failed to notice that these JnNURM buses were plying outside the municipal areas as defined by the municipal corporation. As a result, additional tax of ₹ 4.98 crore was not levied as detailed in **Table - 6.4**.

Table - 6.4

(₹ in lakh)						
Sl. No.	Name of the unit		No. of buses under STUs	No. of cases in which irregularity noticed	Period for which additional tax leviable	Total Additional tax
1	RTO	Agra	170	36	02/17 to 08/18	33.52
2	RTO	Kanpur Nagar	231	23	05/17 to 09/18	16.22
3	RTO	Lucknow	260	179	07/17 to 11/18	139.60
4	RTO	Meerut	126	104	02/18 to 01/19	82.94
5	RTO	Prayagraj	127	113	02/17 to 09/18	115.50
6	RTO	Varanasi	130	102	07/17 to 02/19	110.67
Total			1,044	557		498.45

Audit reported the matter to the Department (between November 2018 and April 2019). In reply (July 2020), the Department stated that the action had been initiated and recoveries would be ensured.

⁹ VAHAN database, route files, Nagar Nigam rate list, etc.

¹⁰ Agra Mathura City Transport Services Limited, Kanpur City Transport Services Limited, Lucknow City Transport Services Limited, Meerut City Transport Services Limited, Prayagraj City Transport Services Limited, and Varanasi City Transport Services Limited.

6.5 Non-imposition of penalty on delayed payment of additional tax

No public service vehicle owned or controlled by a State Transport Undertaking shall be operated in any public place in Uttar Pradesh unless an additional tax as may be notified by the State Government in addition to tax payable has been paid in respect thereof. Under the UPMVT Rules¹¹, where the tax or additional tax is not paid within the period specified, penalty at the rate of five *per cent* of the due tax/additional tax per month or part thereof, (not exceeding the due amount) shall be payable. Principal Secretary directed (February 2006) the Uttar Pradesh State Road Transport Corporation (UPSRTC) to remit the total additional tax due so collected directly to the treasuries and submit the original challan to the headquarters of UPSRTC and copy to the concerned RTO.

6.5.1 Non-imposition of penalty on delayed payment of additional tax by *JnNURM* buses

Penalty of ₹ 9.48 crore was not imposed on *JnNURM* buses for delay in payment of additional tax.

Audit test-checked the records¹² of RTO Lucknow and noticed (December, 2018) that additional tax of ₹ 9.48 crore was due in respect of 138 *JnNURM* buses operated by Lucknow City Services Limited, Lucknow, for the period from October 2009 to June 2013. This amount was paid (31 August 2018) with delays ranging from 87 to 107 months. The Department did not impose and realise penalty of ₹ 9.48 crore for delayed payment of additional tax for these 138 *JnNURM* buses.

6.5.2 Non-imposition of penalty on delayed payment of additional tax by UPSRTC buses

Penalty of ₹ 4.46 crore was not imposed on UPSRTC buses for delay in payment of additional tax.

Audit test-checked the records¹³ of eight RTOs/ARTOs for the period from May 2017 to February 2019 and noticed (between October 2018 and March 2019) that in all 3,652 test-checked cases of UPSRTC buses, UPSRTC deposited the additional tax after the due date. The Department failed to impose penalty amounting to ₹ 4.46 crore (as shown in **Appendix-XIX**) for delays ranging from one month to three months in payment of additional tax on buses plying under UPSRTC.

Audit reported the matter to the Department (between December 2018 and April 2019). In reply (July 2020), the Department stated that there is no clear cut provision for calculating the due date of penalty on delay in payment of additional tax under Section 9 of the UPMVT Act, 1997. Due to absence of clear provision of penalty under Section 9(3) of the UPMVT Act, 1997 with reference to UPSRTC, penalty cannot be imposed.

The reply of the Department is not acceptable because Section 9(3) of the UPMVT Act, read with Rule 24 of the UPMVT Rules, 1998 clearly provides

¹¹ Section 6(1) of the UPMVT Act read with Rule 9 and 24.

¹² *VAHAN* database, route files, etc.

¹³ *VAHAN* database, monthly deposit scrolls of UPSRTC buses, deposit challans, etc.

for the imposition of the penalty on delayed payment of tax/additional tax at the rate of five *per cent* per month of the due tax/additional tax. The aforementioned provisions have universal applicability and do not provide for any exception to the corporation. Further, the Transport Commissioner specifically issued letters to UPSRTC from time to time detailing the calculation methodology of the penalty on delayed payment of additional tax, which clearly states that if the tax or additional tax is paid after the 15th of each calendar month, penalty at the rate of five *per cent* per month of the due tax/additional tax shall be payable as per the aforementioned provisions.

Recommendation:

The Department may institute a mechanism to periodically monitor the collection of revenue from the defaulter vehicles plying under JnNURM/UPSRTC and ensure strict adherence to the provisions of the Acts/Rules.

6.6 Authorisation of National Permit not renewed

Composite and authorisation fees amounting to ₹ 1.36 crore was not realised from 778 goods vehicles found plying on roads without renewal of authorisation of national permit.

Under the MV Act¹⁴, a permit other than a temporary permit shall be effective for a period of five years. As per CMV Rules¹⁵, authorisation for National Permit is for one year. As per orders of the Transport Commissioner (February 2000), the authorities concerned shall issue notice to the permit holder within 15 days of expiry of authorisation calling for his explanation as to why the permit should not be cancelled in case of non-renewal of authorisation and cancel the permit in case no explanation is received within the prescribed time. A composite fee of ₹ 16,500¹⁶ per annum for authorisation along with application fee amounting to ₹ 1,000 was to be deposited in the Government account for authorisation of national permit.

Audit test-checked the records¹⁷ of eight RTOs and noticed (between May 2017 and January 2019) that 778 out of 6,084 goods vehicles covered under national permit were plying on road (May 2017 to January 2019) without renewal of authorisation of national permit even after expiry of the validity period. All information such as date of expiry of authorisation, tax paid and other details of vehicle with national permit was available in the VAHAN database. In spite of this, these cases were not detected by the Department. The RTOs also did not initiate any action to issue notices to these permit holders and cancel the permit. As a result, composite fee and authorisation fee amounting to ₹ 1.36 crore was not realised (**Appendix-XX**).

Audit reported the matter to the Department (between November 2018 and April 2019). In reply (July 2020), the Department accepted the audit observation in case of 767 out of total 778 vehicles reported by audit, amounting to ₹ 1.34 crore. Of these, in case of 549 vehicles, recovery of

¹⁴ Section 81 of MV Act.

¹⁵ Rule 87(3) of CMV Rules.

¹⁶ GoI Ministry of Road Transport & Highways order No. RT-16031/6/2010-T dated 2 April 2012.

¹⁷ VAHAN database of National Permits, concerned files etc.

₹ 94 lakh was reported by the Department. In case of the remaining 218 vehicles, involving tax impact amounting to ₹ 40.32 lakh, the Department stated that recovery notice has been issued to the vehicle owners.


However, the Department contested an amount of ₹ 1.92 lakh in case of 11 vehicles stating that these vehicles owners have taken all-UP permit by getting the national permit cancelled and on plying elsewhere taking the No Objection Certificate (NOC). However, no details were provided in respect of these 11 vehicles.

Recommendation:

The Department may prescribe Standard Operating Procedure for utilising the VAHAN database to keep track of authorisation of national permits.

Lucknow
The

18 JANUARY 2021


(JAYANT SINHA)
Principal Accountant General
(Audit-II),
Uttar Pradesh

Countersigned

New Delhi
The

27 जनवरी 2021
JAN 2021


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

APPENDICES

APPENDIX-I
Non-realisation of revenue due to concealment of quantity of consumed excise material and interest thereon
(Reference Para No. 2.3)

Types of Excise material	Financial Year	Unit	Consumption as per ITR	Consumption as per Excise Department	Difference (Column 4-Column 5)	Minimum percentage ¹	Quantity of FS ² (88% of TRS) (In quintal) (Column 6 x Column 7/100 x 88/100)	Quantity of Alcohol ³ in Molasses and Malt {(Column 8 x 52.5) . For the rest Items {(Column 6 x Column 7/100)}	Quantity of alcohol in BL ⁴ (42.8 % v/v) (Column 9/42.8 x 100)	Quantity of alcohol in BL (42.8 % v/v) after allowing storage wastage of 0.4 per cent ⁵ (Column 10 x 99.6%)	Consideration Fee rate as per BL	Excise revenue involved (₹ in lakh) (Column 11 x Column 12)	Due Date of Payment	Period of Delay in Month upto 30.06.20	Due interest upto 30.06.20 (₹ in lakh) {(Column 13*1.5%} x Column 15}	Total (₹ in lakh) (Column 13+Column 16)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Molasses	2014-15	Quintal	970382	955960	14422	40.80	5178.07	271848.93	635161.05	632620.41	288	1821.95	31-03-2015	63	1721.74	3543.69
Molasses	2015-16	Quintal	1170100	1154520	15580	42.30	5799.50	304473.71	711387.17	708541.62	332	2352.36	31-03-2016	51	1799.55	4151.91
Molasses	2016-17	Quintal	1248841	1176292	72549	40.90	26111.84	1370871.39	3202970.55	3190158.67	400	12760.63	31-03-2017	39	7464.97	20225.61
Malt	2014-15	Quintal	25720	24762	958	57.60	485.64	25496.19	59570.54	59332.26	288	170.88	31-03-2015	63	161.48	332.36
Malt	2016-17	Quintal	96760	96758	2	57.60	0.91	47.90	111.92	111.47	400	0.45	31-03-2017	39	0.26	0.71
ENA/Grain Spirit	2013-14	B/L	39662275	28280745	11381530	94.00	Not required	10698638.63	24996819.23	24896831.96	250	62242.08	31-03-2014	75	70022.34	132264.42
ENA/Grain Spirit	2014-15	B/L	35542661	35425165	117496	94.00	Not required	110446.15	258051.74	257019.54	288	740.22	31-03-2015	63	699.5	1439.72
RS	2014-15	B/L	165591	164543	1048	93.00	Not required	974.64	2277.20	2268.09	288	6.53	31-03-2014	75	7.35	13.88
ENA/Grain Sprit/RS	2015-16	B/L	33577543	33459382	118161	94.00	Not required	111071.39	259512.59	258474.54	332	858.14	31-03-2016	51	656.47	1514.61
ENA/Grain Sprit/RS	2016-17	B/L	36399843	36319442	80401	94.00	Not required	75576.62	176580.89	175874.57	400	703.5	31-03-2017	39	411.55	1115.04
Malt Spirit	2014-15	B/L	37352	37187	165	61.00	Not required	100.73	235.35	234.41	288	0.68	31-03-2015	63	0.64	1.31
Malt Spirit	2015-16	B/L	21998	21861	137	65.00	Not required	89.05	208.06	207.23	332	0.69	31-03-2016	51	0.53	1.21
Total			148919066	137116617	11802449			12969635.33	30302886.28	30181674.74		81658.11			82946.38	164604.47

Source: Information available on the basis of Audit findings.

1 TRS/Alcohol Present in Molasses/Malt/ ENA/Grain Spirit/RS/Malt Spirit.
2 As per the Excise Commissioner Circular of 24 May 1995 a minimum 88 per cent Fermentable Sugar (FS) is present in Total Reducing Sugar (TRS).
3 Rule 710 of Uttar Pradesh Excise Manual provides that minimum 52.5 Alcoholic Litre (AL) of alcohol is produced in one quintal of fermentable sugar.
4 Consideration Fee on any kind of deficiencies is applicable in bulk litre (BL) having strength of 42.8 per cent V/v (vol by vol).
5 Rule 813 of Uttar Pradesh Excise Manual provides that a maximum 0.4 per cent wastage is admissible in any kind of deficiencies of Rectified Spirit.

APPENDIX-II
Failure to cancel the settlement of shops and forfeiture of basic licence fee (BLF)/license fee (LF) and security deposit
(Reference Para No. 2.4)

Sl. No.	Name of the unit	Year	Type of shops	No. of shops	No. of shops checked	No. of shops in which objection found	Period of late deposit of BLF/LF in days	Period of late deposit of Security Deposit in days	Overall Period of late deposit of BLF/LF and Security Deposit in days	Basic License Fee/License Fee required to be forfeited	Security Deposit required to be forfeited	Total Amount required to be forfeited
Delay upto 15 days												
1	DEO Agra	2018-19	Country Liquor	316	162	29	01 to 09	01 to 15	01 to 15	3192566	0	3192566
		2018-19	Foreign Liquor	224	142	31	03 to 09	06 to 13	03 to 13	4336500	0	4336500
		2018-19	Beer	202	120	34	03 to 09	02 to 14	02 to 14	2282000	0	2282000
2	DEO Aligarh	2018-19	Foreign Liquor	102	48	02	06	09	06 to 09	648500	0	648500
		2018-19	Beer	105	56	03	06	12	06 to 12	372000	0	372000
3	DEO Allahabad	2018-19	Model Shop	11	09	01	06	09	06 to 09	467000	0	467000
		2018-19	Country Liquor	421	120	18	08 to 09	03 to 09	03 to 09	2974405	457000	3431405
		2018-19	Foreign Liquor	197	90	12	01 to 09	04 to 15	01 to 15	1487000	5000	1492000
4	DEO Bareilly	2018-19	Beer	173	88	29	01 to 09	02 to 15	01 to 15	1270500	1500	1272000
		2018-19	Country Liquor	357	69	06	01 to 09	05 to 09	01 to 09	486632	0	486632
		2018-19	Foreign Liquor	89	41	05	06 to 09	03 to 12	06 to 12	419000	0	419000
		2018-19	Beer	71	21	01	04	10	04 to 10	8500	0	8500
		2018-19	Model Shop	09	06	01	09	09	09	177500	0	177500
5	DEO Bulandshahar	2018-19	Country Liquor	203	53	03	02 to 09	05 to 13	02 to 13	1540706	600000	2140706
		2018-19	Foreign Liquor	93	35	03	06 to 08	10 to 13	06 to 13	898000	0	898000
6	DEO Ghazipur	2018-19	Beer	102	38	02	06	05 to 09	05 to 09	144000	0	144000
		2018-19	Country Liquor	206	125	03	04 to 09	07 to 15	04 to 15	2085675	0	2085675
		2018-19	Foreign Liquor	82	42	09	01 to 09	07 to 15	01 to 15	3091000	0	3091000
		2018-19	Beer	72	32	02	09	15	09 to 15	146000	0	146000

Sl. No.	Name of the unit	Year	Type of shops	No. of shops	No. of shops checked	No. of shops in which objection found	Period of late deposit of BLF/LF in days	Period of late deposit of Security Deposit in days	Overall Period of late deposit of BLF/LF and Security Deposit in days	Basic License Fee/License Fee required to be forfeited	Security Deposit required to be forfeited	Total Amount required to be forfeited
7	DEO Gorakhpur	2017-18	Country Liquor	280	61	01	14	12	12 to 14	305375	531006	836381
		2018-19	Foreign Liquor	115	27	01	13	07	07 to 13	290000	0	290000
		2018-19	Beer	107	28	01	0	14	14	680000	0	680000
8	DEO Muzaffarnagar	2018-19	Country Liquor	161	59	04	01 to 09	07 to 11	01 to 11	829577	0	829577
		2018-19	Foreign Liquor	67	29	03	09	07 to 09	07 to 09	391000	0	391000
		2018-19	Beer	63	22	04	05 to 09	04 to 08	04 to 08	238500	0	238500
9	DEO Shahjahanpur	2018-19	Country Liquor	188	35	02	03 to 06	13	03 to 13	36960	0	36960
		2018-19	Foreign Liquor	55	30	15	03 to 13	06 to 11	03 to 13	3320000	0	3320000
	Total			4071	1588	225			01 to 15	32118896	1594506	33713402
Delay between 16 days and 30 days												
*	DEO Agra	2018-19	Country Liquor	0	0	07	08 to 09	16 to 30	upto 30	1052351	0	1052351
		2018-19	Foreign Liquor	0	0	05	08 to 09	16 to 28	upto 28	1095500	0	1095500
		2018-19	Beer	0	0	03	06 to 09	16 to 28	upto 28	325000	0	325000
*	DEO Aligarh	2018-19	Foreign Liquor	0	0	05	08 to 09	23 to 30	upto 30	1217500	0	1217500
		2018-19	Country Liquor	0	0	06	08 to 09	02 to 25	upto 25	1322194	0	1322194
		2018-19	Foreign Liquor	0	0	17	01 to 09	16 to 24	upto 24	1041500	0	1041500
*	DEO Bareilly	2018-19	Beer	0	0	11	05 to 09	16 to 29	upto 29	309000	0	309000
		2018-19	Country Liquor	0	0	06	09	20	upto 20	179795	0	179795
		2018-19	Beer	0	0	01	08	27	upto 27	39000	0	39000
*	DEO Bulandshahar	2018-19	Country Liquor	0	0	02	02 to 08	16 to 18	upto 18	320747	0	320747
		2018-19	Foreign Liquor	0	0	02	08 to 09	10 to 16	upto 16	432500	0	432500
		2018-19	Beer	0	0	01	08	22	upto 22	30500	0	30500
*	DEO Ghazipur	2018-19	Country Liquor	0	0	05	03 to 09	22 to 30	upto 30	1534438	200000	1734438
		2018-19	Foreign Liquor	0	0	05	01 to 09	21 to 30	upto 30	512500	0	512500
		2018-19	Beer	0	0	11	01 to 09	22 to 30	upto 30	1126500	0	1126500

Sl. No.	Name of the unit	Year	Type of shops	No. of shops	No. of shops checked	No. of shops in which objection found	Period of late deposit of BLF/LF in days	Period of late deposit of Security Deposit in days	Overall Period of late deposit of BLF/LF and Security Deposit in days	Basic License Fee/License Fee required to be forfeited	Security Deposit required to be forfeited	Total Amount required to be forfeited
*	DEO Gorakhpur	2017-18	Country Liquor	0	0	02	17 to 20	12 to 17	upto 20	0	278800	278800
		2018-19	Country Liquor	280	49	03	16 to 27	22 to 30	upto 30	350919	0	350919
		2018-19	Foreign Liquor	0	0	05	14 to 22	12 to 30	upto 30	1618000	0	1618000
		2018-19	Beer	0	0	05	13 to 28	15 to 25	upto 28	308500	0	308500
		2018-19	Model Shop	12	12	03	18 to 30	16 to 24	upto 30	837000	0	837000
*	DEO Muzaffarnagar	2018-19	Country Liquor	0	0	05	09	04 to 24	upto 24	988546	0	988546
		2018-19	Beer	0	0	01	09	04 to 24	upto 24	74000	0	74000
		2018-19	Country Liquor	153	125	01	04	22	upto 22	19959	0	19959
10	DEO Saharanpur	2018-19	Country Liquor	0	0	04	06 to 09	18 to 29	upto 29	497750	0	497750
		2018-19	Foreign Liquor	0	0	02	09	16 to 22	upto 22	128500	0	128500
	Total			445	186	118			upto 30	15362199	478800	15840999
Delay more than 30 days												
*	DEO Agra	2018-19	Country Liquor	0	0	08	08 to 179	06 to 158	upto 179	2075169	0	2075169
		2018-19	Foreign Liquor	0	0	04	07 to 09	71 to 171	upto 171	220000	0	220000
		2018-19	Beer	0	0	03	06 to 08	41 to 98	upto 98	252000	0	252000
*	DEO Aligarh	2018-19	Country Liquor	224	58	03	08	31 to 58	upto 58	429406	0	429406
		2018-19	Foreign Liquor	0	0	05	08	31 to 60	upto 60	1517000	0	1517000
		2018-19	Beer	0	0	04	08	33 to 46	upto 46	241500	0	241500
		2018-19	Model Shop	0	0	01	08	31	upto 31	467000	0	467000
*	DEO Allahabad	2017-18	Country Liquor	421	86	55	09 to 272	02 to 274	upto 274	9182175	42510070	51692245
		2018-19	Country Liquor	0	0	09	01 to 275	07 to 126	upto 275	2568624	457000	3025624
		2018-19	Foreign Liquor	0	0	01	08	65	upto 65	38000	0	38000
		2018-19	Beer	0	0	07	01 to 09	56 to 139	upto 139	429500	0	429500

Sl. No.	Name of the unit	Year	Type of shops	No. of shops	No. of shops checked	No. of shops in which objection found	Period of late deposit of BLF/LF in days	Period of late deposit of Security Deposit in days	Overall Period of late deposit of BLF/LF and Security Deposit in days	Basic License Fee/License Fee required to be forfeited	Security Deposit required to be forfeited	Total Amount required to be forfeited
*	DEO Bareilly	2018-19	Country Liquor	0	0	04	09 to 46	20 to 120	upto 120	967206	0	967206
		2018-19	Foreign Liquor	0	0	02	01 to 09	38 to 71	upto 71	620500	0	620500
		2018-19	Model Shop	0	0	01	04	66	upto 66	177500	0	177500
*	DEO Bulandshahar	2018-19	Country Liquor	0	0	01	0 to 0	0 to 51	upto 51	3316320	0	3316320
		2018-19	Beer	0	0	01	08 to 28	31	upto 31	7000	0	7000
*	DEO Ghazipur	2017-18	Country Liquor	205	55	15	05 to 49	105 to 138	upto 138	1096000	18818263	19914263
		2018-19	Country Liquor	0	0	10	01 to 09	09 to 142	upto 142	3263201	0	3263201
		2018-19	Foreign Liquor	0	0	01	06	114	upto 114	499950	0	499950
*	DEO Gorakhpur	2018-19	Beer	0	0	04	01 to 09	15 to 142	upto 142	38500	0	38500
		2017-18	Country Liquor	0	0	07	17 to 214	12 to 131	upto 214	0	4885626	4885626
		2018-19	Country Liquor	0	0	15	14 to 34	07 to 151	upto 151	2290882	0	2290882
*	DEO Muzaffarnagar	2018-19	Beer	0	0	05	35	17 to 24	upto 35	227000	0	227000
		2018-19	Model Shop	0	0	05	18 to 37	17 to 154	upto 154	1472500	0	1472500
		2018-19	Country Liquor	0	0	05	06 to 09	04 to 42	upto 42	1788393	0	1788393
*	DEO Saharanpur	2018-19	Country Liquor	0	0	05	02 to 92	33 to 61	upto 92	1276961	60268	1337229
		2018-19	Country Liquor	0	0	14	01 to 150	10 to 219	upto 219	1404796	0	1404796
		2018-19	Foreign Liquor	0	0	01	03	37	upto 37	334500	0	334500
	Total	2018-19	Model Shop	01	01	01	03	169	upto 169	467000	0	467000
				851	200	197			upto 275	36668583	66731227	103399810
				5367	1974	540	1 to 275	1 to 274	1 to 275	84149678	68804533	152954211

Source: Information available on the basis of Audit findings.

APPENDIX-III
Loss of additional consideration fee due to anomaly in the Excise Policy 2018-19
(Reference Para No. 2.5)

Sl. No.	Name of Brand	Category of IMFL	Observed by the	Capacity in ml	EDP (per bottle)	Consideration fee (per bottle)	Whole-salers' margin	Retailers' margin	MRP without rounding off (6+7+8+9)	MRP rounded to next ten rupees	Additional consideration fee (11-10)	Net consideration fee (7+12)	Short levy of additional consideration fee (per 180 ml bottle)	Quantity despatched in bottles	Additional consideration fee short levied (14 X 15)		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16		
1	McDowell's No.1 Platinum Deluxe Whisky	Regular	Department	750	141.30	377.28	7.96	89.13	615.67	620	4.33	381.61					
				180	36.08	90.55	1.91	21.39	149.93	150	0.07	90.62					
			Audit	180	34.63	90.55	1.91	21.39	148.48	150	1.52	92.07	1.45	11,84,784	17,17,937		
2	McDowell's No.1 Select Whisky	Medium	Department	750	82.69	327.81	6.32	76.54	493.36	500	6.64	334.45					
				180	21.42	78.67	1.52	18.37	119.98	120	0.02	78.69					
			Audit	180	20.57	78.67	1.52	18.37	119.12	120	0.88	79.55	0.86	2,00,29,872	1,72,25,690		
3	Royal Challenge Classic Premium Whisky	Medium	Department	750	122.57	360.51	7.43	84.51	575.02	580	4.98	365.48					
				180	31.39	86.52	1.78	20.28	139.97	140	0.03	86.55					
			Audit	180	30.14	86.52	1.78	20.28	138.73	140	1.27	87.80	1.24	1,07,24,352	1,32,98,196		
4	Signature Rare Aged Whisky	Regular	Department	750	189.47	417.26	9.31	93.95	709.99	710	0.01	417.27					
				180	48.12	100.14	2.23	22.55	173.04	180	6.96	107.10					
			Audit	180	46.19	100.14	2.23	22.55	171.12	180	8.88	109.03	1.92	4,39,632	8,44,093		
5	Signature Premium Grain Whisky	Regular	Department	750	234.40	454.55	10.56	98.44	797.95	800	2.05	456.60					
				180	59.35	109.09	2.53	23.63	194.60	200	5.40	114.49					
			Audit	180	56.98	109.09	2.53	23.63	192.22	200	7.78	116.87	2.37	8,33,664	19,75,784		
6	Antiquity Blue Ultra Premium Whisky	Regular	Department	750	250.00	467.50	11.00	100.00	828.50	830	1.50	469.00					
				180	63.25	112.20	2.64	24.00	202.09	210	7.91	120.11					
			Audit	180	60.72	112.20	2.64	24.00	199.56	210	10.44	122.64	2.53	14,01,648	35,46,169		

Sl. No.	Name of Brand	Category of IMFL	Observed by the	Capacity in ml	EDP (per bottle)	Consideration fee (per bottle)	Wholesalers' margin	Retailers' margin	MRP without rounding off (6+7+8+9)	MRP rounded to next ten rupees	Additional consideration fee (11-10)	Net consideration fee (7+12)	Short levy of additional consideration fee (per 180 ml bottle)	Quantity despatched in bottles	Additional consideration fee short levied (14 X 15)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
7	Captain Morgan Select-The Original Rum	Medium	Department	750	122.57	360.51	7.43	84.51	575.02	580	4.98	365.48			
			Audit	180	31.39	86.52	1.78	20.28	139.97	140	0.03	86.55			
Total															
					30.14	86.52	1.78	20.28	138.73	140	1.27	87.80	1.24	12,13,824	15,05,142
													0.86 to 2.53	3,58,27,776	4,01,13,012

Source: Information available on the basis of Audit findings.

Notes: (1) As per the Excise Policy, EDP of 180 ml bottle is calculated after adding ₹ three to the EDP of 750 ml bottle.

(2) Consideration Fee (per 750 ml bottle) - Regular- ₹ 260+83 per cent of EDP

Medium- ₹ 260+82 per cent of EDP

(3) Wholesalers' margin - Regular/Medium- ₹ 4+2.80 per cent of EDP

(4) Retailers' margin - Regular- ₹ 75+10 per cent of EDP

Medium- ₹ 60+20 per cent of EDP

APPENDIX-IV
Application of incorrect rate of tax
(Reference Para No. 3.4)

Sl. No.	Name of the unit	Number of dealers	Assessment year (month and year of assessment)	Name of the commodity	Value of goods	Rate of tax leviable (per cent)	Rate of tax levied (per cent)	Tax short levied
1	DC Sec. 19 CT Agra	1	2015-16 (November 2017)	Halogen lamps	36.07	14	5	3.25
2	JC (CC) CT I Ghaziabad	1	2014-15 (April 2017)	Old Plant and machinery, Office equipment, Furniture and fixture	172.83	5	0	8.64
3	DC Sec. 1 CT Ghaziabad	1	2015-16 (March 2018)	AC remote, Audio video lead	34.54	14	5	3.11
		1	2014-15 (February 2018)	Metal label	31.51	14	5	2.84
4	DC Sec. 5 CT Ghaziabad	1	2014-15 (May 2017)	Poultry equipment	30.15	14	5	2.71
		1	2014-15 (November 2017)	Adhesive	1,576.28	14	5	141.87
		1	2014-15 (March 2018)	Wood	31.27	14	5	2.81
5	DC Sec. 18 CT Ghaziabad	1	2013-14 (March 2018)	Diesel engine parts	20.24	14	5	1.82
		1	2014-15 (March 2018)	Diesel engine parts	17.37	14	5	1.56

(₹ in lakh)									
Sl. No.	Name of the unit	Number of dealers	Assessment year (month and year of assessment)	Name of the commodity	Value of goods	Rate of tax leviable (per cent)	Rate of tax levied (per cent)	Tax short levied	
6	DC Sec. 29 CT Kanpur	1	2014-15 (July 2017)	Old vehicles	24.69	5	0	1.23	
			2015-16 (September 2017)	Old vehicles	37.11	5	0	1.86	
7	DC Sec. 12 CT Lucknow	1	2014-15 (January 2018)	Marketing material planner, School bag, CD, DVD	88.49	5	0	4.42	
8	DC Sec. 21 CT Lucknow	1	2014-15 (December 2017)	Mobile accessories	32.98	14	5	2.97	
9	JC (CC) CT Muzaftarnagar	1	2014-15 (March 2018)	Dust tobacco, Nicotine gum, Talcum powder	144.79	14	5	13.03	
10	DC Sec. 8 CT Varanasi	1	2014-15 (March 2018)	E-Rickshaw	16.67	14	5	1.50	
			2015-16 (March 2018)	E-Rickshaw	12.15	14.5	5	1.15	
Total					2,307.14			194.77	

Source: Information available on the basis of Audit findings.

APPENDIX-V
Irregular concession allowed on goods purchased against Form 'C'
(Reference Para No. 3.5)

Sl. No.	Name of the unit	Number of dealers	Assessment year (month and year of assessment)	Name of commodity not covered by registration certificate	Amount of purchase	Rate of tax (per cent)	Rate of penalty leviable (per cent)	Penalty leviable (₹ in lakh)
1	DC Sec. 7 CT Allahabad	1	2011-12 (July 2014)	Tyre and Tube	20.07	13.5	20.25	4.06
2	JC(CC) CT Range B GB Nagar	1	2014-15 (August 2017)	M S Office	18.59	5	7.5	1.39
			2015-16 (February 2018)	Split AC, CCTV, Tower AC, Mobile terminal	17.76	14	21	3.73
3	DC Sec. 2 CT G B Nagar	1	2014-15 (May 2017)	Adhesive, Battery	23.60	14	21	4.96
			2015-16 (November 2017)	Adhesive	1.41	14.5	21.75	0.31
3	DC Sec. 2 CT G B Nagar	1	2014-15 (February 2018)	Building material	16.23	5	7.5	1.22
4	DC Sec. 9 CT Ghaziabad	1	2014-15 (August 2017)	Paver	20.53	14	21	4.31
5	DC Sec. 5 CT Kanpur	1	2014-15 (December 2017)	Plywood	13.00	14	21	2.73
				63 KVA T/F, Electrical Items, HBL Cell 110 V-200 AH Battery Set, Exide make battery	757.90	14	21	159.16
6	DC Sec. 18 CT Lucknow	1	2014-15 (March 2018)	Hand held computers (CMRI), TVN 02 3PH 110 V 1A, 145 KV 40KA 1250A, SF6, Circuit breaker, SF-6 Gas, Meters, 33 KV CT, 120 KV Lightening arrester	334.70	5	7.5	25.10
7	JC(CC) CT Muzaffarnagar	1	2013-14 (September 2017)	Fuel device, Gassifier, Air conditioner, Cooling tower	70.32	14	21	14.77
8	DC Sec. 1 CT Noida	1	2014-15 (February 2018)	Granular activated carbon	23.33	5	7.5	1.75
				Glass for calibration, Rain hood and Square duct	2.14	14	21	0.45
9	DC Sec. 14 Noida	1	2014-15 (March 2017)	Computer chairs, Fixtures, Security Systems, DG Sets, and AHU	112.54	14	21	23.63
Total					1,432.12			247.57

Source: Information available on the basis of Audit findings.

APPENDIX-VI
Inadmissible ITC allowed to dealers
(Reference Para No. 3.6)

Sl. No.	Name of the unit	Number of dealers	Assessment year (month and year of assessment)	Amount of ITC irregularly allowed	Reason for disallowance	Period of interest (days)	Interest leviable (₹ in lakh)
1	JC (CC) CT Agra	1	2015-16 (May 2017)	146.16	Purchase by the dealer was not verified	01.10.2015 to 05.03.2019 (1252)	75.20
2	DC Sec. CT Secundrabad Bulandshahar	1	2014-15 (February 2018)	7.01	ITC claimed on purchase of exempted goods	01.10.2014 to 22.02.2019 (1606)	4.63
3	DC Sec. 4 CT Ghaziabad	1	2014-15 (March 2018)	75.84	Sale price was less than purchase price	01.10.2014 to 10.10.2018 (1471)	45.85
4	DC Sec. 9 CT Ghaziabad	1	2014-15 (March 2018)	0.74	ITC claimed on manufacture of exempted goods	01.10.2014 to 02.03.2019 (1614)	0.49
5	DC Sec. 15 CT Ghaziabad	1	2014-15 (February 2018)	6.87	Excess claim of ITC	01.10.2014 to 29.03.2019 (1641)	4.63
6	DC Sec. 17 CT Ghaziabad	1	2013-14 (November 2016)	1.33	ITC claimed on manufacture of exempted goods	01.10.2013 to 24.10.2018 (1850)	1.01
			2014-15 (February 2018)	1.61	ITC claimed on manufacture of exempted goods	01.10.2014 to 24.10.2018 (1485)	0.98
7	JC (CC) CT Jhansi	1	2014-15 (March 2018)	5.05	Excess claim of ITC	01.10.2014 to 15.11.2018 (1507)	3.13
8	DC Sec. 28 CT Kanpur	1	2014-15 (January 2018)	3.68	Sale price was less than purchase price	01.10.2014 to 22.09.2018 (1453)	2.20
9	DC Sec. 1 CT Lucknow	1	2014-15 (March 2018)	1.99	Excess claim of ITC	01.10.2014 to 04.10.2018 (1465)	1.20
10	DC Sec. 2 CT Lucknow	1	2014-15 (May 2017)	1.49	Sale price was less than purchase price	01.10.2014 to 08.02.2019 (1592)	0.97
			2015-16 (March 2018)	1.39	Sale price was less than purchase price	01.10.2015 to 08.02.2019 (1227)	0.70

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Sl. No.	Name of the unit	Number of dealers	Assessment year (month and year of assessment)	Amount of ITC irregularly allowed	Reason for disallowance	Period of interest (days)	Interest leviable (₹ in lakh)
11	DC Sec. 9 CT Lucknow	1	2014-15 (February 2018)	1.87	ITC claimed on manufacture of exempted goods	01.10.2014 to 17.10.2018 (1478)	1.14
12	DC Sec. 22 CT Lucknow	1	2014-15 (March 2018)	3.59	ITC claimed on capital goods adjusted in the same year	01.10.2014 to 28.03.2019 (1640)	2.42
13	JC (CC) CT Muzaffarnagar	1	2014-15 (December 2017)	5.86	ITC claimed on higher rate	01.10.2014 to 15.12.2018 (1537)	3.70
14	DC Sec. 2 CT Noida	1	2013-14 (May 2017)	3.91	ITC claimed on manufacture of exempted goods	01.10.2013 to 05.02.2019 (1954)	3.14
			2014-15 (January 2018)	1.38	ITC claimed on manufacture of exempted goods	01.10.2014 to 05.02.2019 (1589)	0.90
15	DC Sec. 3 CT Noida	1	2014-15 (January 2018)	12.00	Excess claim of brought forward ITC	01.10.2014 to 20.02.2019 (1604)	7.91
16	DC Sec. 2 CT Raebareli	1	2014-15 (February 2018)	1.63	RITC not done on closing stock of cycle parts	27.09.2014 to 03.10.2018 (1468)	0.98
17	JC (CC) II CT Varanasi (Sonbhadra)	1	2014-15 (January 2018)	2.42	ITC claimed on capital goods adjusted in the same year	01.10.2014 to 21.02.2019 (1605)	1.60
18	DC Sec. 8 CT Varanasi	1	2014-15 (March 2018)	1.86	Excess claim of ITC	01.10.2014 to 25.03.2019 (1637)	1.25
Total				287.68			164.03

Source: Information available on the basis of Audit findings.

APPENDIX-VII
Delayed deposit of tax deducted at source
(Reference Para No. 3.7)

Sl. No.	Name of the unit	Number of dealers	Assessment year (month and year of assessment)	Amount of tax	Period of delay (in days)	Penalty leviable (₹ in lakh)
1	DC Sec. 1 CT Allahabad	1	2014-15 (February 2018)	1.74	05	3.48
2	DC Sec. 3 CT Allahabad	1	2015-16 (January 2018)	1.28	06	2.56
3	DC Sec. 1 CT Aligarh	1	2014-15 (February 2018)	5.57	06 to 56	11.14
		1	2014-15 (March 2018)	407.41	05 to 72	814.82
4	DC Sec. 3 CT Bulandshahar	1	2013-14 (February 2017)	13.92	05 to 50	27.84
5	DC Sec. 12 CT Ghaziabad	1	2014-15 (March 2018)	40.47	05 to 09	80.94
6	DC Sec. 15 CT Ghaziabad	1	2014-15 (March 2018)	2.92	19 to 25	5.84
		1	2014-15 (June 2017)	61.67	07 to 35	123.34
7	DC Sec. 16 CT Ghaziabad	1	2014-15 (March 2018)	6.02	25 to 56	12.04
		1	2014-15 (January 2018)	3.78	35	7.56
8	DC Sec. 19 CT Ghaziabad	1	2014-15 (March 2018)	5.11	26 to 60	10.22
		1	2014-15 (March 2018)	2.23	09	4.46
9	DC Sec. 22 CT Kanpur	1	2014-15 (July 2017)	6.06	07 to 10	12.12
10	DC Sec. 14 CT Lucknow	1	2014-15 (March 2018)	2.94	08 to 169	5.88
		1	2014-15 (March 2018)	33.46	09 to 301	66.92
11	DC Sec. 18 CT Lucknow	1	2014-15 (December 2017)	28.85	72 to 102	57.70
		1	2014-15 (March 2018)	11.13	06 to 147	22.26
12	DC Sec. 20 CT Lucknow	1	2014-15 (October 2017)	3.99	120 to 212	7.98
		1	2014-15 (November 2017)	15.48	09 to 41	30.96
13	DC Sec. 7 CT Meerut	1	2014-15 (March 2018)	45.93	08 to 36	91.86
		1	2014-15 (January 2018)	1.30	09	2.60
14	DC Sec. 10 CT Meerut	1	2014-15 (December 2017)	3.75	10 to 15	7.50
		1	2013-14 (October 2016)	19.63	08	39.26
15	DC Sec. 10 CT Noida	1	2014-15 (March 2018)	3.85	08	7.70
		1	2014-15 (October 2017)	86.03	61	172.06
Total		25		814.52		1,629.04

Source: Information available on the basis of Audit findings.

APPENDIX-VIII
Short levy of stamp duty due to limiting stamp duty to ₹ five lakh
(Reference Para No. 4.4)

Sl. No.	Name of the unit (Sub Registrar-SR)	Name of district	No. of deeds checked	No. of deeds in which the objection found	Type of deed	Deed no. & date of execution	Loan amount	Leviable stamp duty (@ 0.5 per cent)	Paid stamp duty	Difference of stamp duty
1	Greater Noida		670	01	Mortgage deed	34827/23.10.18	800000000	4000000	500000	3500000
2	Noida I		440	07	Mortgage deed	32956/03.10.18	650000000	3250000	500000	2750000
					Mortgage deed	6254/07.09.17	1200000000	6000000	500500	5499500
						4737/13.07.17	1705000000	8525000	500500	8024500
						5308/31.07.17	1750000000	8750000	1000000	7750000
						4225/27.06.17	2900000000	14500000	500000	14000000
						6597/22.09.17	900000000	4500000	500000	4000000
						3496/01.05.18	1821500030	9107500	500500	8607000
						3497/01.05.18	1821500030	9107500	500500	8607000
3	Noida II	G.B.Nagar	590	07	Mortgage deed	2759/18.04.18	350000000	1750000	500500	1249500
						2758/18.04.18	300000000	1500000	500500	999500
						668/03.02.18	570000000	2850000	500000	2350000
						858/15.02.18	440000000	2200000	500200	1699800
						3010/01.05.18	1821500030	9107500	500500	8607000
						7436/10.11.17	500000000	2500000	500300	1999700
						7512/15.11.17	1514007696	7570038	500000	7070038
4	Noida III		770	01	Mortgage deed	4967/08.10.18	400000000	2000000	500000	1500000
	Total		2470	17			19443507786	97217538	9004000	88213538

Source: Information available on the basis of Audit findings.

APPENDIX-IX
Residential land valued at agricultural rate
(Reference Para No. 4.5)

Sl. No.	Name of the unit (Sub Registrar-SR)	Name of district	No. of deeds checked	No. of deeds in which objection found	Deed No. & date of execution	Earlier deed no. & date of execution for same gata/khasra no.	Difference in no. of days between the execution of two deeds	Gata / Khasra No.	Land sold (In Sq. M)	Value of the property on which stamp duty levied	Rate on which property was required to be valued (In Sq Metre)	Value of the property on which stamp duty was required to be imposed	Total value of the property rounded to next thousands on which stamp duty was required to be imposed	Rate of stamp duty applicable	Leviable Stamp Duty	Due Reistration fees	Leviable stamp duty and registration fee	Stamp duty paid	Registration fee paid	Paid stamp duty and registration fee	Difference	(Amount in ₹)		
1	Sadar II		470	1	57/02.01.2019	9843/29.12.17	369	26	1038	1506000	5000	5190000	5190000	7	3633300	20000	3833300	105500	20000	125500		257800		
2	Sadar III	Agra	230	1	1652/22.02.2019	9108/23.01.18	395	408	2766	5214000	6500	17979000	17979000	6 & 7	1248530	20000	1268530	355000	20000	375000		893530		
			270	1	8185/18.09.2018	230/11.01.18	250	585	2000	3200000	5300	10600000	10600000	6 & 7	732000	20000	752000	214000	20000	234000		518000		
3	Sadar II		388	1	8019/29.12.2017	13881/19.12.12	1836	10	557.4	1732000	18000	10033200	10033200	7	702324	20000	722324	116000	20000	136000		586324		
4	Sadar III	Aligarh	390	1	3121/17.06.2017	505/13.02.17	123	91mi	1390	3944000	8000	11120000	11120000	6 & 7	768400	20000	788400	266200	20000	286200		502200		
			400	1	3218/23.06.2017	763/02.03.17	113	70	1305	2610000	7000	9135000	9135000	7	639450	20000	659450	182800	20000	202800		456650		
5	Phoolpur	Allahabad	2607	1	2357/13.03.18	1029/13.02.17	394	1506/1507/	6840	7730000	6000	41040000	41040000	41040000	6 & 7	2862800	20000	2882800	531100	20000	551100	2331700		
								1510/1511/																
								1514/1518/																
								1519/1521/																
1522/1523/	6676	5989000	6000	40056000	40056000	40056000	7	2803920	20000	2823920	419300	439300	2384620											
1524/1509/																								
1516/																								
1517/1520																								
0	1	7627/14.08.18	1796/1797/1798/21.03.17	511	1119 mi	6676	5989000	6000	40056000	40056000	40056000	7	2803920	20000	2823920	419300	20000	439300		2384620				
0	1	8854/21.12.17	7224/13.10.17	69	152	2622	3886000	7000	18354000	18354000	18354000	5	917700	20000	937700	195000	20000	215000		722700				
0	1	7771/28.08.18	7224/13.10.17	319	152	1710	3300000	7000	11970000	11970000	11970000	5	598500	20000	618500	165000	20000	185000		433500				
0	1	8215/28.08.18	6620, 6621/17.07.18	397	653mi, 654mi	1008	4291000	9500	9576000	9576000	9576000	6 & 7	660320	20000	680320	290500	20000	310500		369820				

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(Amount in ₹)																					
Sl. No.	Name of the unit (Sub Registrar-SR)	Name of district	No. of deeds checked	No. of deeds in which objection found	Deed No. & date of execution	Earlier deed no. & date of execution for same gata/khasra no.	Difference in no. of days between the execution of two deeds	Gata / Khasra No.	Land sold (In Sq. M)	Value of the property on which stamp duty levied	Rate on which property stamp duty was required to be imposed (In Sq Metre)	Value of the property on which stamp duty was imposed	Total value of the property rounded to next thousands on which stamp duty was required to be imposed	Rate of stamp duty applicable	Leviable Stamp Duty	Due Re-istration fees	Leviable stamp duty and registration fee	Stamp duty paid	Registration fee paid	Paid stamp duty and registration fee	Difference
6	Sadar I		290	1	4338/10-10-2017	5945/25.10.16	350	885	2966	3060000	5300	15719800	15719800	6 & 7	1090386	20000	1110386	204200	20000	224200	886186
			295	1	4840/13.09.2018	2791/26.05.16	502	377	3775	1977125	3060	11551500	11551500	6 & 7	798605	20000	818605	138500	20000	158500	660105
			280	1	4093/03.07.2018	4703/16.11.17	229	339/339k	1713.60	1615830	3740	6408864	6408864	6 & 7	438620	20000	458620.48	113500	20000	133500	325120.48
			307	1	4992/02.11.2017	7322/09.09.16	419	892	4400	7742000	4900	21560000	21560000	7	1509200	20000	1529200	428673	20000	448673	1080527
7	Sadar II		397	1	1721/24.03.2018	5102/5103/5104/16.06.16 2664/03.07.17	281	562 Mi	2500	5640000	4700	11750000	11750000	7	822500	20000	842500	394800	20000	414800	427700
			1105	1	2218/12.04.2017	3145/24.05.16 1880/24.03.17	19	435	1360.2	3925000	6000	8161200	8161200	7	571284	20000	591284	274750	20000	294750	296534
8	Sadar	Azamgarh	1460	1	10628/05.06.2018	10672/23.01.17	518	363mi	9000	7238000	2700	24300000	24300000	5	1215000	20000	1235000	365000	20000	385000	850000
			732	1	695/17.01.2019	3607/28.03.18	326	306	4673	8426000	5000	23365000	23365000	7	1635550	20000	1655550	590000	20000	610000	1045550
10	Sadar I		550	1	11783/26.10.2018	832/24.07.18	94	991, 994 and 995	1399	4120000	5000	6995000	6995000	7	489650	20000	509650	238400	20000	258400	251250
			972	1	6471/24.11.2017	5981/03.11.17 6179/13.11.17	21, 11	70A 70B	1403.3	1684000	8000	11226400	11226400	5	561320	20000	581320	84200	20000	104200	477120
11	Sadar	Basti	360	1	12528/26.06.2018	16504/17.10.16	252	336	1568	3136000	6000	9408000	9408000	5	470400	20000	490400	156800	20000	176800	313600
			440	1	20693/13.07.2017	4261/07.02.14	1252	117b,117n	8430	10882000	5800	48894000	48894000	5	2444700	20000	2464700	544100	20000	564100	1900600
			390	1	11959/09.05.2017	22286/10.08.16	282	458	6323	8200000	5000	31615000	31615000	7	2213050	20000	2233050	575200	20000	595200	1637850
			300	1	19141/30.06.2017	2846/06.02.15	875	779mi	1505	2095000	12500	18812500	18812500	5	940625	20000	960625	105000	20000	125000	835625
12	Dadri	G.B.Nagar	359	1	4531/02.06.2018	2676/04.04.18	59	879/2	5060	13500000	13000	65780000	65780000	5	3289000	20000	3309000	675000	20000	695000	2614000
			385	1	4528/02.06.2018	2676/04.04.18	59	879/2	2320	6200000	13000	30160000	30160000	4 & 5	1498000	20000	1518000	300100	20000	320100	1197900
			390	1	4530/02.06.2018	2676/04.04.18	59	879/2	1686	4452000	13000	21918000	21918000	5	1095900	20000	1115900	222600	20000	242600	873300
			400	1	4529/02.06.2018	2676/04.04.18	59	879/2	1054	2800000	13000	13702000	13702000	5	685100	20000	705100	140100	20000	160100	545000

(Amount in ₹)																					
Sl. No.	Name of the unit (Sub Registrar-SR)	Name of district	No. of deeds checked	No. of deeds in which objection found	Deed No. & date of execution	Earlier deed no. & date of execution for same <i>gata/khasra</i> no.	Difference in no. of days between the execution of two deeds	<i>Gata/Khasra</i> No.	Land sold (In Sq. M)	Value of the property on which stamp duty levied	Rate on which property was required to be valued (In Sq Metre)	Value of the property on which stamp duty was imposed	Total value of the property rounded to next thousands on which stamp duty was required to be imposed	Rate of stamp duty applicable	Leviable Stamp Duty	Due Re-istration fees	Leviable stamp duty and registration fee	Stamp duty paid	Registration fee paid	Paid stamp duty and registration fee	Difference
15	Sadar I		240	1	3878/29.06.2017	1185/23.02.16	495	264 mi	2488	8111000	8000	19904000	19904000	7	1393280	20000	1413280	568000	20000	588000	825280
			370	1	3875/29.06.2017	1185/23.02.16	495	264 mi	1500	4890000	8000	12000000	12000000	7	840000	20000	860000	342500	20000	362500	497500
			340	1	801/21.02.2017	4802/29.07.15	573	293 mi	2658	5445000	4600	12226800	12226800	6 & 7	845876	20000	865876	371200	20000	391200	474676
			300	1	800/21.02.2017	4802/29.07.15	573	293 mi	1772	3630000	4600	8151200	8151200	6 & 7	560584	20000	580584	244100	20000	264100	316484
16	Sadar II	Ghaziabad	618	1	2954/07.04.2017	11494/24.10.16	165	1114 mi	2300	8280000	7500	17250000	17250000	7	1207500	20000	1227500	579600	20000	599600	627900
			0	1	6168/30.06.2017	11494/24.10.16	249	1114 mi	1630	5868000	7500	12225000	12225000	7	855750	20000	875750	410800	20000	430800	444950
			0	1	7575/11.08.2017	3486/24.04.17	109	108 mi	1169	3500000	8000	9352000	9352000	7	654640	20000	674640	245000	20000	265000	409640
			0	1	7579/11.08.2017	3486/24.04.17	109	108 mi	1168	3500000	8000	9344000	9344000	7	654080	20000	674080	245100	20000	265100	408980
17	Sadar III		290	1	4462/28.07.2017	6170/24.08.16	336	963.963 mi	1264	1898000	5500	6952000	6952000	7	486640	20000	506640	133000	20000	153000	353640
			290	1	1987/20.03.2018	2302/10.05.16	314	296	3320	3950000	4800	15936000	14265600	7	998592	20000	1018592	92000	20000	112000	906592
18	Sadar V	Ghaziabad	310	1	107/06.01.2017	4267/03.08.15	522	398	1475	1328000	8200	12095000	12095000	7	846650	20000	866650	93000	20000	113000	753650
			240	1	5572/26.09.2017	5569/26.09.17	0	1135 Mi	668.26	4277000	16500	11026290	11026300	7	771841	20000	791841	300000	20000	320000	471841
19	Sadar	Gonda	2256	1	3306/21.04.2017	13004/19.10.16	184	382	1460	741000	8000	11680000	11680000	4 & 5	574000	20000	594000	29650	14820	44470	549530
			0	1	7417/03.08.2017	7223/31.07.17	3	272	1150	1380000	5200	5980000	5980000	7	418600	20000	438600	96600	20000	116600	322000
			0	1	10883/21.11.2017	10481/09.11.17	12	397	2020	647000	3700	7474000	7474000	4 & 5	363700	20000	383700	26000	12940	38940	344760
20	Sadar I	Gorakhpur	2256	1	11515/12.12.2017	10110/27.10.17	46	361	1690	484000	3850	6506500	6506500	5	325325	20000	345325	24200	9680	33880	311445
			375	1	197/09.01.2019	158/09.01.18	366	318 b 1114g	4270	4228000	7150	30530500	30530500	5	1526525	20000	1546525	211600	20000	231600	1314925
20	Sadar I	Gorakhpur	375	1	8703/26.09.2018	8492/18.09.18	8	539	2510	3389000	8000	20080000	20080000	5	1004000	20000	1024000	170000	20000	190000	834000

Audit Report (Revenue Sector) for the year ended 31 March 2019

(Amount in ₹)																					
Sl. No.	Name of the unit (Sub Registrar-SR)	Name of district	No. of deeds checked	No. of deeds in which objection found	Deed No. & date of execution	Earlier deed no. & date of execution for same gata/khasra no.	Difference in no. of days between the execution of two deeds	Gata / Khasra No.	Land sold (In Sq. M)	Value of the property on which stamp duty levied	Rate on which property was required to be valued (In Sq Metre)	Value of the property on which stamp duty was to be imposed	Total value of the property rounded to next thousands on which stamp duty was required to be imposed	Rate of stamp duty applicable	Leviable Stamp Duty	Due Re-istration fees	Leviable stamp duty and registration fee	Stamp duty paid	Registration fee paid	Paid stamp duty and registration fee	Difference
21	Sadar II		372	1	9290/07.08.2018	7420/28.06.18	40	372	2220	4995000	11000	24420000	24420000	7	1709400	20000	1729400	349700	20000	369700	1359700
			390	1	13399/26.11.2018	12572/02.11.18	24	765 MI	930	4278000	11000	10230000	10230000	7	716100	20000	736100	299500	20000	319500	416600
			375	1	4694/03.05.2018	3589/04.04.18	29	872MI	1178	8129000	11000	12958000	12958000	7	907060	20000	927060	569100	20000	589100	337960
22	Sadar	Jaunpur	1976	1	4773/13.06.2018	4588/07.06.18	6	110	2500	6625000	7200	18000000	18000000	7	1260000	20000	1280000	464000	20000	484000	796000
			1005	1	2298/17.04.2018	2037/06.04.18	11	93	1790	6239000	9500	17005000	17005000	7	1190350	20000	1210350	437000	20000	457000	753350
23	Sadar II		0	1	3777/12.06.2018	997/20.02.18	112	499.jh	3100	3761000	4200	13020000	13020000	7	911400	20000	931400	240250	20000	260250	671150
			0	1	1953/03.04.2018	997/20.02.18	42	499jh	1550	1870000	4200	6510000	6510000	7	455700	20000	475700	119440	20000	139440	336260
			883	1	10992/27.07.2018	10462/18.07.18	9	1548	2060	7880000	14000	28840000	28840000	7	2018800	20000	2038800	551600	20000	571600	1467200
24	Sadar III		0	1	17865/18.12.2018	14454/15.10.18	64	717	2150	9200000	10000	21500000	21500000	7	1505000	20000	1525000	386760	20000	406760	1118240
			0	1	5443/17.04.2018	3088/28.02.18	48	629mi	2150	7134000	10000	21500000	21500000	7	1505000	20000	1525000	500000	20000	520000	1005000
			0	1	11737/10.08.2018	11291/03.08.18	7	170/998	1160	4791000	12500	14500000	14500000	7	1015000	20000	1035000	158430	20000	178430	856570
25	Sadar I		0	1	5665/21.04.2018	1576/01.02.18	80	202	3590	4883000	3000	10770000	10770000	7	753900	20000	773900	342000	20000	362000	411900
			330	1	14245/25.09.2017	16660/31.08.16	400	497,498	14290	5716000	1800	25722000	25722000	7	1800540	20000	1820540	400500	20000	420500	1400040
			270	1	9876/11.09.2017	2158/09.03.17	186	34mi	1580	1896000	5200	8216000	8216000	7	575120	20000	595120	133000	20000	153000	442120
27	Sadar V		400	1	9416/16.12.2017	1972/07.04.17	253	1413	2037	15308940	9900	20166300	20166300	7	1411641	20000	1431641	1072700	20000	1092700	338941
			724	1	3656/14.03.2018	9495/18.08.17	208	1140	2766	4150000	4800	13276800	13276800	7	929376	20000	949376	207700	20000	227700	721676
28	Sadar I	Mathura	820	1	17413/15.12.2018	6380/11.05.16	948	372	1200	1236000	4500	5400000	5400000	6 & 7	368000	20000	388000	76520	20000	96520	291480
			1423	1	6769/15.06.2018	8945/25.09.17	263	366	6070	13669000	6000	36420000	36420000	7	2549400	20000	2569400	673500	20000	693500	1875900
29	Sadar II		0	1	4832/30.05.2017	730/28.01.17	122	375	7590	16100000	5000	37950000	37950000	7	2656500	20000	2676500	1127000	20000	1147000	1529500

(Amount in ₹)																					
Sl. No.	Name of the unit (Sub Registrar-SR)	Name of district	No. of deeds checked	No. of deeds in which objection found	Deed No. & date of execution	Earlier deed no. & date of execution for same gata/khasra no.	Difference in no. of days between the execution of two deeds	Gata / Khasra No.	Land sold (In Sq. M)	Value of the property on which stamp duty levied	Rate on which property was required to be valued (In Sq Metre)	Value of the property on which stamp duty was to be imposed	Total value of the property rounded to next thousands on which stamp duty was required to be imposed	Rate of stamp duty applicable	Leviable Stamp Duty	Due Re-istration fees	Leviable stamp duty and registration fee	Stamp duty paid	Registration fee paid	Paid stamp duty and registration fee	Difference
30	Sadar	Mau	1624	0	1567/13.03.2018	1514/08.03.18	5	14	1701	5089000	5500	9355500	9355500	7	654885	20000	674885	356230	20000	376230	298655
			0	0	5293/02.11.2017	3559/28.07.17	97	1646	2690	2154000	4000	10760000	10760000	5	538000	20000	558000	107700	20000	127700	430300
			0	0	1677/20.04.2017	782/22.02.17	57	1757	2214	1994000	4000	8856000	8856000	5	442800	20000	462800	99700	20000	119700	343100
31	Sadar I	Meerut	411	1	7655/18.08.2018	2899/23.03.18	148	246	2010	3528000	7300	14673000	14673000	7	1027110	20000	1047110	247000	20000	267000	780110
32	Sadar III		388	1	7496/01.09.2017	7871/15.07.16	413	823	2147	3006000	3900	8373300	8373300	7	586131	20000	606131	200500	20000	220500	385631
33	Sadar II	Moradabad	1276	1	6185/28.07.2018	6114/27.07.18	1	832	980	749000	4500	4410000	4410000	6 & 7	298700	20000	318700	45000	14980	59980	258720
34	Sadar I		854	1	3576/17.06.2017	5415/25.07.16	227	1046	3520	9970000	6500	22880000	22880000	7	1601600	20000	1621600	698000	20000	718000	903600
		Varanasi	325	1	4180/03.11.2017	4087/30.10.17	4	682	3180	11517000	8000	25440000	25440000	7	1780800	20000	1808800	806200	20000	826200	974600
35	Sadar IV		370	1	3683/27.09.2017	731/10.02.16	505	128	1500	5930000	6500	9750000	9750000	7	682500	20000	702500	415100	20000	435100	267400
Total			36643	75					203413.76	377438895			1254325264				81744530			25130223	56614307

Source: Information available on the basis of Audit findings.

APPENDIX-X
Non-levy of stamp duty on Service Tax/GST amount on lease
(Reference Para No. 4.6.1)

Sl. No.	Name of the unit (Sub Registrar-SR)	Name of district	No. of deeds checked	No. of deeds in which objection found	Deed No./date of execution	Period of Lease	Rate of rent	Total consideration	Leviable S.Tax @ 14 per cent/ GST @ 18 per cent	Value for calculation of stamp duty	Refundable interest free security deposit	Total value for calculation of stamp duty	Leviable stamp duty	Stamp duty paid	Difference	(Amount in ₹)														
1	Sadar I	Agra	310	1	1868/11.06.18	21	1294565 per month with 15% increase in 3 year	515760912	92836964	173885106	7767390	181652496	7266120	6263000	1003120															
																212	1	2362/17.07.18	5	1258880 1st three years and 1409918 per month 4 and 5 years	79157712	14248388	56043660	2244000	58287660	2331520	1944100	387420		
																													224	1
2	Sadar III		310	1	0113/04.01.19	21	540000 per month with 15% increase in every 3 year	215138556	38724940	72532428	0	72532428	2901297	2459000	442297															
3	Sadar I	Allahabad	270	1	3987/25.09.17	12	1436300 per month with 15% increase in every 3 year	258191487	46474468	126944150	4308900	131253050	5250122	4303500	946622															
4	Sadar II	Bareilly	696	1	4077/20.04.18	4	1270784 per month fixed and 859648 increase in every year	129955892	19823780	97466919	3924480	101391399	4055656	3461300	594356															
5	Modinagar	Ghaziabad	560	1	2845/12.04.17	1	240000 per Year	2880000	403200	3283200	0	3283200	131328	115200	16128															
				1	2846/12.04.17	1	240000 per Year	2880000	403200	3283200	0	3283200	131328	115200	16128															

Sl. No.	Name of the unit (Sub Registrar-SR)	Name of district	No. of deeds checked	No. of deeds in which objection found	Deed No./date of execution	Period of Lease	Rate of rent	Total consideration	Leviable S.Tax @ 14 per cent/ GST @ 18 per cent	Value for calculation of stamp duty	Refundable interest free security deposit	Total value for calculation of stamp duty	Leviable stamp duty	Stamp duty paid	Difference												
																(Amount in ₹)											
				1	2847/12.04.17	1	144000 per Year	1728000	241920	1969920	0	1969920	78797	69120	9677												
																1	5913/12.07.17	5	300000 per month	18000000	3240000	12744000	0	12744000	509760	432000	77760
																1	5914/12.07.17	5	300000 per month	18000000	3240000	12744000	0	12744000	509760	432000	77760
																1	7434/29.08.17	9	300000 per month with 10% increase in each 3 year	39616200	7130916	20776496	0	20776496	831060	725000	106060
																1	7679/05.09.17	5	1050000 per month	63000000	11340000	44604000	6300000	50904000	2036160	1764000	272160
6	Sadar II	Gorakhpur	410	1	2755/06.03.18	6	1407100 per month with 5% increase after one year in each year	114851664	20673300	90349976	3150000	93499976	3740000	3189000	551000												
																1	0228/08.01.19	10	798160 per month fixed	95779200	17240256	45207784	0	45207784	1808311	1532600	275711
7	Mohanalal-ganj	Lucknow	300	1	1608/30.01.18	6	2639750 per month with 15% increase in every 3 year	204316668	36777000	160729098	23757750	184486848	7379474	6430000	949474												
																1	1609/30.01.18	6	2729300 per month with 15% increase in every 3 year	211247820	38024608	166118620	24563700	190682320	7627293	6648000	979293
8	Sadar I		300	1	12140/08.06.18	9	1001846 per month with 5% increase in each year	132563040	23861347	69521948	6011073	75533021	3021321	2357000	664321												

(Amount in ₹)															
Sl. No.	Name of the unit (Sub Registrar-SR)	Name of district	No. of deeds checked	No. of deeds in which objection found	Deed No./date of execution	Period of Lease	Rate of rent	Total consideration	Leviable S.Tax @ 14 per cent/ GST @ 18 per cent	Value for calculation of stamp duty	Refundable interest free security deposit	Total value for calculation of stamp duty	Leviable stamp duty	Stamp duty paid	Difference
			330	1	11778/02.06.18	5	1082830 per month with 15% increase in every 3 year	69768000	12558240	49395744	2165660	51561404	2062456	1653000	409456
			330	1	14641/09.07.18	9	590000 per month with 15% increase in every 3 year	73755900	13276062	38680872	1500000	40180872	1607235	1311000	296235
			311	1	14228/03.07.18	3	668800 per month with 5% increase in each year	25300704	4554127	29854830	2006400	31861230	1274449	1012200	262249
			310	1	14640/09.07.18	20	1200000 per month with 15% increase in every 3 year	407422260	73336007	120189565	4800000	124989565	4999583	4075000	924583
9	Sadar II		298	1	6193/23.04.18	10	1750000 per month with 12% increase in every 2 year	266819592	48027527	125938848	6202135	132140983	5285639	4009700	1275939
			310	1	12332/11.10.17	9	603360 per month with 5% increase in each year	79835856	14370454	41869472	7240320	49109792	1964392	1420000	544392
			300	1	10344/03.07.18	9	696025 per month with 15% increase in every 3 year	87010092	15661817	45631960	1575000	47206960	1888278	1547000	341278
			325	1	4143/20.03.18	10	392356 per month with 10% increase in each year	75037740	13506793	35417812	2931708	38349520	1533980	1276000	257980

(Amount in ₹)															
Sl. No.	Name of the unit (Sub Registrar-SR)	Name of district	No. of deeds checked	No. of deeds in which objection found	Deed No./date of execution	Period of Lease	Rate of rent	Total consideration	Leviable S.Tax @ 14 per cent/ GST @ 18 per cent	Value for calculation of stamp duty	Refundable interest free security deposit	Total value for calculation of stamp duty	Leviable stamp duty	Stamp duty paid	Difference
10	Sadar III		410	1	5793/28.09.18	18	1574580 per month with 15% increase in every 3 year	496204560	89316820	162644825	9447480	172092305	6883692	5514000	1369692
			394	1	2443/23.04.18	10	1550000 per month for 2 year, 1736000 per month next 3 year, 1944320 per month next 3 year and last 2 year 2177638	221954832	39951870	104762680	2700000	107462680	4298507	3551400	747107
11	Sadar IV		332	1	9881/11.09.17	9	766054 per month with 15% increase in every 3 year	95764392	17237590	50223104	4596324	54819428	2192777	1886500	306277
12	Sadar III	Varanasi	395	1	1302/11.08.17	29	280000 per month with 15% increase in every 3 year	192841416	34711455	47079900	0	47079900	1883196	1596000	287196
Total			7937	30				4288539995	768069399	2059064717	127260612	2189257037	87570331	72878820	14691511

Source: Information available on the basis of audit findings

APPENDIX-XI
Short levy of stamp duty on mining lease deeds (Stamps and Registration Department)
(Reference Para No. 4.6.2 – 1st bullet)

Sl. No.	Name of the unit (Sub Registrar-SR)	Name of district	No. of deeds checked	No. of deeds in which objection found	Deed No./ date of execution	Royalty payable in five years	Amount of contribution payable to DMF in five years	Total amount of royalty and contribution to DMF	Rounded to next thousand for calculation of stamp duty	Leviable stamp duty (@ 2 per cent/ 4 per cent)	Paid stamp duty	Short levy of stamp duty
1	Sadar III	Agra	270	01	5244/20.06.18	50398824	5039882	55438706	55439000	2217560	2015960	201600
2	Sadar II	Allahabad	415	01	261/18.01.18	201468300	20146830	221615130	221616000	8864640	5164910	3699730
3	Noida III	G. B. Nagar	810	01	2364/17.05.18	498150519	49815052	547965571	547966000	10959320	9963100	996220
4	Sadar V	Ghaziabad	300	01	889/02.02.18	1045097882	104509788	1149607670	1149608000	22992160	12541180	10450980
5	Sadar I	Gorakhpur	810	01	2434/23.03.18	126680825	12668083	139348908	139349000	2786980	2533620	253360
6	Sadar II		660	01	3308/26.03.18	100123640	10012364	110136004	110137000	2202740	2022980	179760
7	Sadar I	Moradabad	1276	01	6235/05.04.18	251043866	25104387	276148253	276149000	11045960	10298800	747160
Total			4541	07		2272963856	227296386	2500260242	2500264000	61069360	44540550	16528810

Source: Information available on the basis of Audit findings.

APPENDIX-XII
Short levy of stamp duty on mining lease deeds (Mining Department)
(Reference Para No. 4.6.2 – 2nd bullet)

Sl. No.	Name of the unit	Total No. of lease deeds	No. of lease test checked	No. of objection found	Total royalty payable in five years	Total amount of contribution payable to DMF in five years	Total amount of royalty and contribution to DMF	Rounded to next thousand for calculation of stamp duty	Leviable stamp duty (@ 2 per cent/ 4 per cent)	Stamp duty paid	(Amount in ₹)	
											Short levy of stamp duty	
1	DMO Agra	12	12	04	246283397	24628340	270911737	270913000	10836520	8689280	2147240	
2	DMO Baghpat	05	05	05	2848647982	284864798	3133512780	3133525000	111004520	100913320	10091200	
3	DMO Banda	29	01	01	2051313600	205131360	2256444960	2256445000	45128900	41026400	4102500	
4	DMO Etawah	01	01	01	250913859	25091386	276005245	276006000	11040240	10036560	1003680	
5	DMO Firozabad	04	04	04	287997227	28799723	316796950	316799000	7837340	7124330	713010	
6	DMO Jhansi	13	13	13	8770012786	877001279	9647014065	9647021000	192940420	175400510	17539910	
7	DMO Mahoba	104	46	11	1194306924	119430692	1313737616	1313744000	26274880	23891160	2383720	
8	DMO Mirzapur	16	05	05	324180810	32418081	356598891	356602000	7132040	6485080	646960	
9	DMO Sonebhadra	43	12	05	5581097653	558109765	6139207418	6139210000	202663380	192458320	10205060	
	Total	227	99	49	21554754238	2155475424	23710229662	23710265000	614858240	566024960	48833280	

Source: Information available on the basis of Audit findings.

APPENDIX-XIII

Non-adherence of the Constitutional provisions in connection with the creation of the District Mineral Foundation Trust (DMFT)
(Reference Para No. 5.3)

Sl. No.	Name of district	2017-18		2018-19		Total	
		Amount deposited	Expenditure incurred	Amount deposited	Expenditure incurred	Amount deposited	Expenditure incurred
1	Agra	6937462	0	790955	2887000	7728417	2887000
2	Aligarh	1883159	0	2022545	1864940	3905704	1864940
3	Allahabad	32588859	0	65300696	0	97889555	0
4	Ambedkar Nagar	23232486	2600000	9162044	0	32394530	2600000
5	Amethi	2758665	0	264873	1200000	3023538	1200000
6	Amroha	90642	0	5100321	0	5190963	0
7	Auraiya	5382261	0	3518916	0	8901176	0
8	Azamgarh	3892952	0	11554969	5401997	15447921	5401997
9	Badaun	5276407	0	2308783	0	7585190	0
10	Bagpat	3294616	0	10051316	98400	13345932	98400
11	Bahraich	11532156	0	9053451	1812000	20585607	1812000
12	Ballia	1269461	0	3359024	2947000	4628485	2947000
13	Balrampur	2953357	0	2940727	1373000	5894084	1373000
14	Banda	54928782	0	64679504	11982220	119608286	11982220
15	Barabanki	9199378	0	4797002	0	13996380	0
16	Bareilly	1642581	0	3399980	0	5042561	0
17	Basti	7843523	0	11530494	1508120	19374017	1508120
18	Bijnor	2721166	0	3258802	0	5979968	0
19	Bulandsahar	8447812	1500000	8062773	3200000	16510585	4700000
20	Chandauli	1032640	0	7265703	2214000	8298343	2214000
21	Chitrakoot	17288616	0	37602080	552000	54890696	552000
22	Deoria	951627	0	1531904	0	2483531	0
23	Etah	325293	0	485950	0	811243	0
24	Etawah	2489952	0	3508923	0	5998875	0
25	Faizabad	15086371	0	3226567	1692089	18312938	1692089

Sl. No.	Name of district	2017-18		2018-19		Total	
		Amount deposited	Expenditure incurred	Amount deposited	Expenditure incurred	Amount deposited	Expenditure incurred
		(Amount in ₹)					
26	Farrukhabad	5066218	708	1851629	1577899	6917847	1578607
27	Fatehpur	9167051	0	26591872	7200009	35758923	7200009
28	Firozabad	1748764	0	1267114	129500	3015878	129500
29	Gautam Budh Nagar	23971651	0	15938267	2376000	39909918	2376000
30	Ghaziabad	14501379	0	6956232	8556349	21457611	8556349
31	Ghazipur	1602765	0	3218176	0	4820941	0
32	Gonda	4931686	0	6009241	0	10940927	0
33	Gorakhpur	5473645	0	6902173	4956000	12375818	4956000
34	Hamirpur	5779113	0	104534905	1100000	110314018	1100000
35	Hapur	3352197	0	1376229	102250	4728426	102250
36	Hardoi	8213071	0	5434379	0	13647450	0
37	Hathras	1419652	0	1355131	102600	2774783	102600
38	Jalaun	3498619	0	70730034	9358693	74228653	9358693
39	Jaunpur	3524287	0	5184663	0	8708950	0
40	Jhansi	59086353	0	62677223	25757000	121763576	25757000
41	Kannauj	4094925	0	4189833	0	8284758	0
42	Kanpur Dehat	14460986	0	16723438	7822000	31184424	7822000
43	Kanpur Nagar	9857897	0	3195068	1187000	13052965	1187000
44	Kasganj	5326656	0	932172	3747525	6258828	3747525
45	Kaushambi	12829326	0	31929852	7700000	44759178	7700000
46	Kushinagar	2135034	0	2257331	0	4392365	0
47	Lakhimpur Kheri	2753104	0	3126784	0	5879888	0
48	Lalitpur	6505504	1195000	7810494	8608480	14315998	9803480
49	Lucknow	9448613	0	4561926	0	14010539	0
50	Maharajganj	3120361	0	1221397	500000	4341758	500000
51	Mahoba	127457309	0	169252457	65930600	296709766	65930600
52	Mainpuri	894346	120000	777693	0	1672039	120000
53	Mathura	4942795	0	1493678	2300527	6436473	2300527

Sl. No.	Name of district	2017-18		2018-19		Total	
		Amount deposited	Expenditure incurred	Amount deposited	Expenditure incurred	Amount deposited	Expenditure incurred
54	Mau	0	0	503000	0	503000	0
55	Meerut	2626550	0	809783	0	3436333	0
56	Mirzapur	27249109	0	51692053	18137760	78941162	18137760
57	Moradabad	2706357	700000	1572668	1000000	4279025	1700000
58	Muzaffarnagar	2225102	0	2375337	0	4600439	0
59	Pilibhit	432946	0	5833803	0	6266749	0
60	Pratapgarh	1807463	0	3089249	0	4896712	0
61	Raebareli	3789698	96120	3136122	0	6925820	96120
62	Rampur	5330370	0	3413960	0	8744330	0
63	Saharanpur	7724508	0	5212544	5516000	12937052	5516000
64	Sambhal	1779671	0	2722622	0	4502293	0
65	Sant Kabir Nagar	4707407	0	11714448	0	16421855	0
66	Sant Ravidas Nagar	3799230	0	4166104	767250	7965334	767250
67	Shahjahanpur	8711687	0	6465943	0	15177630	0
68	Shamli	11493742	0	7181134	1002537	18674876	1002537
69	Shravasti	2914694	929	4242898	4733041	7157592	4733970
70	Siddharthnagar	1956328	0	7555957	3750000	9512285	3750000
71	Sitapur	7690694	0	11287726	3641000	18978420	3641000
72	Sonebhadra-Coal	2311684452	0	0	0	2311684452	0
	Lime Stone	167333520	0	45224696	0	212558216	0
	Minor Mineral	33299956	0	90571309	930956318	123871265	930956318
73	Sultanpur	5429360	0	958949	0	6388309	0
74	Unnao	5398170	0	3259583	0	8657753	0
75	Varanasi	8833113	0	1336168	0	10169281	0
	Total	3207137656	6212757	1116603748	1167249104	4323741404	1173461861

Source: Information available from Director, Geology and Mining.

APPENDIX-XIV
Failure of the State Government to amend Rules in respect of penalties for illegal mining
(Reference Para No. 5.4)

Sl. No.	Name of the unit	Name of the lease holder	Area of lease (in hectare)	Lease period (Five year)	Auction rate (₹ per cu.m)	Quantity for excavation per year (in cu.m)	Auction amount payable in a year (6*7)	Total auction amount payable during lease period
1	2	3	4	5	6	7	8	9
1	DMO Jhansi	M/s Sharad Enterprises	8.90	19.02.18 to 18.02.23	497	90,000	4.47	27.31
2	DMO Jhansi	M/s Betwa Trading Company	20.29	08.02.18 to 07.02.23	1,011	2,03,000	20.52	125.30
3	DMO Jhansi	M/s A D Agro Foods Pvt Ltd	20.23	19.02.18 to 18.02.23	576	3,04,000	17.51	106.90
4	DMO Jhansi	R S I Stone World Pvt Ltd	21.04	19.02.18 to 18.02.23	513	2,11,000	10.82	66.08
5	DMO Jhansi	Rising India	14.16	20.02.18 to 19.02.23	1,101	85,000	9.36	57.13
6	DMO Jhansi	Vikram Construction	24.28	19.03.18 to 18.03.23	1,002	1,95,000	19.54	119.29
7	DMO Jhansi	Vardaan Construction	12.14	15.05.18 to 14.05.23	532	1,83,000	9.74	59.44
8	DMO Jhansi	Ashish Yadav	12.14	04.04.18 to 03.04.23	324	1,83,000	5.93	36.20
9	DMO Jhansi	Kubernama Marbel Pvt Ltd	14.16	14.05.18 to 13.05.23	911	71,000	6.47	39.49
10	DMO Jhansi	Shailendra Yadav	8.09	07.04.18 to 06.04.23	1,000	1,22,000	12.20	74.48
11	DMO Jhansi	Mayank Tomar	12.14	07.04.18 to 06.04.23	1,127	1,22,000	13.75	83.94
12	DMO Sonebhadra	Akhilesh Paul	12.14	23.03.18 to 22.02.23	1,068	2,43,000	25.95	158.45
13	DMO Sonebhadra	Praveen Kumar	12.14	02.04.18 to 01.04.23	1,067	2,43,000	25.93	158.29
14	DMO Sonebhadra	Suraj Builders	11.33	03.04.18 to 02.04.23	1,367	2,26,800	31.00	189.28

Source: Information available from auditee units.

Note: As per mining lease deeds the auction amount of subsequent years is increased by ten *per cent* from previous year.

APPENDIX-XV
Cost of minerals not realised from contractors for works executed without transit passes
(Reference Para No. 5.5)

Sl. No.	Name of the unit	Total no. of cases	No. of cases test checked	No. of objection found	Period of royalty	Paid royalty	Due price of mineral
1	DMO Agra	79	79	76	03/16 to 08/18	2,09,49,097	10,47,45,485
2	DMO Aligarh	65	65	04	03/18 to 06/18	72,79,512	3,63,97,560
3	DMO Allahabad	18	18	18	04/18 to 11/18	82,61,224	4,13,06,120
4	DMO Bagpat	139	139	139	9/16 to 9/18	73,53,187	3,67,65,935
5	DMO Banda	65	03	03	06/17 to 11/17	23,06,834	1,15,34,170
6	DMO Bareilly	36	36	36	11/15 to 01/19	38,89,516	1,94,47,580
7	DMO Etawah	170	170	28	5/16 to 11/17	15,80,328	79,01,640
8	DMO Firozabad	47	47	34	10/15 to 7/17	1,14,84,834	5,74,24,170
9	DMO G.B.Nagar	58	58	58	1/17 to 8/18	2,56,53,336	12,82,66,680
10	DMO Ghaziabad	74	74	73	11/15 to 8/18	2,19,13,591	10,95,67,955
11	DMO Kannauj	48	48	48	2/16 to 5/18	1,13,26,113	5,66,30,565
12	DMO Lalitpur	32	32	32	04/17 to 12/18	66,88,884	3,34,44,420
13	DMO Lucknow	174	174	172	06/16 to 12/18	2,94,55,463	14,72,77,315
14	DMO Mahoba	32	32	14	05/18 to 12/18	18,71,720	93,58,600
15	DMO Mainpuri	54	54	02	06/17 & 12/17	18,58,493	92,92,465
16	DMO Mirzapur	87	87	41	03/18 to 12/18	1,58,69,341	7,93,46,705
17	DMO Sonbhadra	14	14	14	2/16 to 5/18	2,94,83,567	14,74,17,835
18	DMO Unnao	112	112	112	8/16 to 10/18	2,64,76,771	13,23,83,855
Total		1,304	1,242	904	10/15 to 01/19	23,37,01,811	1,16,85,09,055

Source: Information available on the basis of Audit findings.

APPENDIX-XVI
Royalty and permit application fees not realised from the brick kiln owners
(Reference Para No. 5.8)

Sl. No.	Name of the unit	Category of brick kiln	Total no. of brick kiln	No. of cases test checked	No. of objection found	Period of royalty	Royalty due on		Total royalty due	Permit application fees due	Contribution to be made in DMFT	Total royalty, permit application fees and DMF due
							soil	palothan soil				
1	DMO Agra	A	58	58	23	2015-16&2017-18	3717900	467910	4185810	46000	418581	4650391
2	DMO Allahabad	B	560	138	32	2017-18	3585600	358560	3944160	64000	394416	4402576
					56	2017-18 (DMF)	0	0	0	0	716364	716364
3	DMO Bagpat	A	202	202	34	2016-17&2017-18	7819200	781920	8601120	96000	860112	9557232
4	DMO Bareilly	A	205	90	8	2015-16	1306800	261360	1568160	16000	156816	1740976
			205	95	10	2016-17	2818800	281880	3100680	36000	310068	3446748
			250	103	20	2017-18	3186000	318600	3504600	40000	350460	3895060
5	DMO Etawah	A	121	48	25	2017-18	4220100	422010	4642110	50000	464211	5156321
6	DMO Firozabad	A	140	140	15	2017-18	2405700	240570	2646270	30000	264627	2940897
7	DMO G.B.Nagar	A	61	61	55	2017-18	8761500	876150	9637650	110000	963765	10711415
8	DMO Ghaziabad	A	160	160	67	2017-18	10905300	1090530	11995830	134000	1199583	13329413
9	DMO Kannauj	B	242	105	25	2015-16, 2016-17 & 2017-18	5194800	630450	5825250	84000	582525	6491775
10	DMO Mirzapur	C	352	127	50	2017-18	4584600	458460	5043060	100000	504306	5647366
					40	2017-18 (DMF)	0	0	0	0	399168	399168
11	DMO Mainpuri	A	177	45	18	2016-17 & 2017-18	2867400	286740	3154140	36000	315414	3505554
12	DMO Unnao	B	393	161	41	2015-16, 2016-17 & 2017-18	5434300	556120	5990420	90000	599042	6679462
Total			3126	1533	570		66808000	7031260	73839260	932000	9406496	8417756

Source: Information available on the basis of Audit findings.

APPENDIX-XVII
Interest on belated payment was not charged (Lease)
(Reference Para No. 5.9 1st bullet)

Sl No	Name of the unit	Total no. of cases	No. of cases test checked	No. of objection found	Amount due and deposited	Period in which amount was due for payment	Period of due deposit of amount	Delay in days	Interest due	Interest paid	Interest chargeable
1	DMO Allahabad	33	27	05	3,85,25,000	04/18	06/18	73 to 90	15,28,210	0	15,28,210
2	DMO Bagpat	05	05	03	7,50,58,654	4/18	05/18 to 06/18	52 to 79	27,71,150	0	27,71,150
3	DMO Etawah	01	01	01	1,02,74,765	07/18	08/18 to 10/18	39 to 92	2,57,069	0	2,57,069
4	DMO Firozabad	04	04	04	83,61,677	01/15 to 07/18	05/15 to 08/18	38 to 568	6,03,519	0	6,03,519
5	DMO G.B. Nagar	23	10	02	1,19,74,060	06/18	08/18	50 to 63	3,49,081	0	3,49,081
6	DMO Jalaun	06	06	02	22,75,500	10/11 to 10/16	10/15 to 11/16	15 to 1491	7,71,927	27,588	7,44,339
7	DMO Jhansi	27	07	03	10,95,60,125	05/11 to 07/18	11/15 to 09/18	19 to 1621	31,46,093	0	31,46,093
8	DMO Kannauj	05	05	05	2,07,69,000	03/18 to 10/18	01/18 to 07/18	32 to 92	5,55,968	0	5,55,968
9	DMO Lalitpur	08	05	05	47,71,260	04/18 to 10/18	06/18 to 02/19	72 to 212	3,00,354	0	3,00,354
10	DMO Mirzapur	16	10	05	59,25,000	07/18 to 10/18	10/18 to 01/19	92 to 106	3,18,070	0	3,18,070
11	DMO Sonbhadra	04	04	03	49,27,57,300	04/18 to 01/19	05/18 to 02/19	20 to 121	1,72,45,736	0	1,72,45,736
	Total	132	84	38	78,02,52,341	05/11 to 01/19	05/15 to 02/19	15 to 1621	2,78,47,177	27,588	2,78,19,589

Source: Information available on the basis of Audit findings.

APPENDIX-XVIII
Interest on belated payment was not charged (Brick Kiln)
(Reference Para No. 5.9 2nd bullet)

Sl. No.	Name of the unit	Total no. of cases	No. of cases test checked	No. of objection found	Royalty, palothan and application fee deposited	Period in which amount was due for payment	Period of deposit of due amount	Delay (in days)	Interest due	Interest paid	Interest chargeable
1	DMO Allahabad	560	97	21	26,28,870	2017-18	04/18 to 12/18	186 to 429	4,28,464	0	4,28,464
		560	100	61	80,50,280	2015-16	01/17 to 02/18	463 to 876	32,97,924	0	32,97,924
		560	100	65	82,05,150	2016-17	04/17 to 03/18	184 to 537	17,10,910	0	17,10,910
2	DMO Bagpat	385	48	29	50,50,570	2016-17 & 2017-18	07/17 to 09/18	282 to 389	9,94,264	0	9,94,264
3	DMO Bareilly	225	78	23	39,69,370	2016-17 & 2017-18	04/17 to 12/18	184 to 447	7,16,279	1,05,128	6,11,151
4	DMO Firozabad	140	32	11	19,92,460	2016-17 & 2017-18	06/17 to 09/18	240 to 416	3,62,345	74,746	2,87,599
5	DMO Ghaziabad	160	67	31	57,09,050	2015-16 & 2017-18	04/16 to 09/18	188 to 777	9,77,191	99,344	8,77,847
6	DMO Kannauj	242	105	21	31,21,030	2013-14, 2016-17 & 2017-18	10/17 to 10/18	227 to 1897	7,28,210	3,62,121	3,66,089
7	DMO Unmao	195	83	19	25,47,920	2015-16, 2016-17 & 2017-18	04/17 to 07/18	188 to 762	4,39,192	0	4,39,192
	Total	3027	710	281	4,12,74,700	2013-14 & 2015-16 to 2017-18	04/16 to 12/18	184 to 1897	96,54,779	6,41,339	90,13,440

Source: Information available on the basis of Audit findings.

APPENDIX-XIX
Non-imposition of penalty on delayed payment of additional tax by UPSRTC buses
(Reference para No. 6.5.2)

Sl. No.	Name of the unit		No of cases checked by the audit party	No. of cases in which objection found	Period (Penalty on Add. Tax leviable)	Delay in deposit (in months)	Total Amount of Penalty on delayed payment of Additional Tax
1	RTO	Allahabad	745	745	07/17 to 06/18	1 to 3	78,11,279
2	RTO	Bareilly	661	661	11/17 to 01/18	1	16,12,800
3	ARTO	Etawah	136	136	10/17 to 10/18	1 to 2	14,37,810
4	ARTO	Hardoi	338	338	05/17 to 12/18	1	44,29,893
5	RTO	Moradabad	734	734	02/18 to 01/19	1	64,82,605
6	ARTO	Raebareli	455	455	08/17 to 07/18	2 to 3	1,31,83,748
7	ARTO	Unnao	57	57	10/17 to 11/18	1	6,87,953
8	RTO	Varanasi	526	526	08/17 to 02/19	1	89,82,193
Total			3,652	3,652			4,46,28,281

Source: Information available on the basis of Audit findings.

APPENDIX-XX
Authorisation of National Permit not renewed
(Reference para No. 6.6)

Sl No.	Name of the unit	Total no of vehicles covered with the National Permit	No of vehicles checked by the Audit Party	No. of Goods Vehicles in which objection found	Period of authorisation expired	Composite fee	Authorisation Fee	Total fee	Total revenue
1	RTO Agra	40,025	425	34	12/17 to 07/18	16,500	1,000	17,500	5,95,000
2	RTO Allahabad	6,080	600	27	07/17 to 08/18	16,500	1,000	17,500	4,72,500
3	RTO Bareilly	5,602	300	43	06/17 to 10/18	16,500	1,000	17,500	7,52,500
4	RTO Ghaziabad	5,970	1,500	164	08/17 to 06/18	16,500	1,000	17,500	28,70,000
5	RTO Gorakhpur	8,305	1,030	61	05/18 to 11/18	16,500	1,000	17,500	10,67,500
6	RTO Kanpur Nagar	14,966	800	270	05/17 to 07/18	16,500	1,000	17,500	47,25,000
7	RTO Meerut	10,914	846	102	02/18 to 01/19	16,500	1,000	17,500	17,85,000
8	RTO Varanasi	12,051	583	77	05/17 to 07/18	16,500	1,000	17,500	13,47,500
	Total	1,03,913	6,084	778					1,36,15,000

Source: Information available on the basis of Audit findings.

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