

CHAPTER-I

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GENERAL

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by the Government of West Bengal during the year 2013-14, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned in **Table – 1.1.1**.

Table – 1.1.1

Trend of revenue receipts

(₹ in crore)

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Revenue raised by the State Government					
	• Tax revenue	16,899.98	21,128.74	24,938.16	32,808.49	35,830.56
	• Non-tax revenue	2,438.11	2,380.49	1,340.25	1,918.15	2,022.72
	Total	19,338.09	23,509.23	26,278.41	34,726.64	37,853.28
2.	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties	11,648.16	15,954.95	18,587.81	21,226.27	23,175.02
	• Grants-in-aid	5,935.40	7,800.02	13,888.82	12,342.84	11,853.49
	Total	17,583.56	23,754.97	32,476.63	33,569.11	35,028.51
3.	Total revenue receipts of the State Government (1 and 2)	36,921.65	47,264.20	58,755.04	68,295.75	72,881.79¹
4.	Percentage of 1 to 3	52	50	45	51	52

The above table indicates that during the year 2013-14, the revenue raised by the State Government (₹ 37,853.28 crore) was 52 per cent of the total revenue receipts. The balance 48 per cent of the receipts during 2013-14 was from the Government of India.

1.1.2 The details of the tax revenue raised during the period 2009-10 to 2013-14 are given in **Table 1.1.2**.

¹ For details, please see Statement No. 11 – Detailed statement of revenue by minor heads in the Finance Accounts of Government of West Bengal for the year 2013-14. Figures under the heads 0020-Corporation tax, 0021 - Taxes on income other than Corporation tax, 0032- Taxes on wealth, 0037 – Customs duty, 0038 - Union Excise duties and 0044 - Service tax mentioned in the Statement under caption “A - Tax revenue” have been excluded from the revenue raised by the State and included in the State's share of divisible Union taxes.

Table 1.1.2
Details of Tax revenue raised

(₹ in crore)

Sl. No.	Head of Revenue	2009-10		2010-11		2011-12		2012-13		2013-14		Percentage of increase (+)/ decrease (-) in 2013-14 over 2012-13
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
1.	Taxes on sales, trade etc.	12,046.85	10,509.64	12,257.73	13,275.77	17,024.44	15,888.41	20,167.37	18,554.76	22,783.98	21,931.09	(+)18.20
2.	Stamp duty and registration fees	1,998.26	1,814.22	2,358.57	2,265.21	3,002.92	2,731.68	2,940.74	4,357.23	4,500.00	4,053.07	(-)6.98
3.	State excise	1,338.50	1,443.81	1,759.78	1,783.34	2,418.83	2,117.04	2,786.47	2,621.43	3,202.02	3,017.66	(+)15.12
4.	Land revenue	1,711.87	928.92	1,190.93	1,253.66	1,694.37	1,872.23	1,805.27	2,023.72	3,942.82	2,253.54	(+)11.36
5.	Taxes on vehicles	774.08	774.34	890.13	936.01	1,358.97	1,007.23	1,595.13	1,221.55	1,389.97	1,350.66	(+)10.57
6.	Taxes and duties on electricity	800.51	664.57	710.90	769.09	1,040.95	408.19	884.46	1,837.15	1,380.00	1,213.30	(-)33.96
7.	Others	805.71	764.48	839.68	845.66	1,149.51	913.38	1,042.80	2,192.65	2,584.83	2,011.24	(-)8.27
	Total	19,475.78	16,899.98	20,007.72	21,128.74	27,689.99	24,938.16	31,222.24	32,808.49	39,783.62	35,830.56	(+)9.21

Source : Finance Accounts and Budget Publications of the Government of West Bengal.

The Department reported the following reasons for large variation:

Taxes and duties on electricity: The large decrease in respect of taxes and duties on electricity was due to adjustment against energy bills of CMC / HMC / CTC to CESC, receipts in cash payable by CESC, waiving of State Government Electricity duty under West Bengal Incentive Scheme 1993, receipts of electricity duty payable by WBSEDCL, collection for the Electrical Inspection of cinemas and other receipts on taxes and duties on electricity.

1.1.3 The details of the non-tax revenue raised during the period 2009-10 to 2013-14 are indicated in **Table 1.1.3**.

Table 1.1.3
Details of Non-Tax revenue raised

(₹ in crore)

Sl. No.	Head of Revenue	2009-10		2010-11		2011-12		2012-13		2013-14		Percentage of increase (+)/ decrease (-)/ in 2013-14 over 2012-13
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
1.	Interest receipts	1,292.20	362.83	987.07	716.84	602.91	291.54	1,008.14	934.10	478.41	986.29	(+)-5.59
2.	Miscellaneous general services	110.15	86.61	392.24	71.36	158.61	273.10	88.71	187.96	330.46	231.78	(+)-23.31
3.	Police	151.12	68.67	112.73	103.62	130.91	152.79	127.67	133.76	184.87	139.17	(+)-4.04
4.	Forestry and wild life	66.14	64.17	59.96	75.49	84.86	92.47	93.00	113.61	111.89	123.76	(+)-8.93
5.	Other Non-tax receipts	1,109.46	1,855.83	1,965.54	1,413.18	2,217.17	530.35	1,945.34	548.72	650.57	541.72	(-)-1.28
	Total	2,729.07	2,438.11	3,517.54	2,380.49	3,194.46	1,340.25	3,262.86	1,918.15	1,756.20	2,022.72	(+)-5.45

Source : Finance Accounts and Budget Publications of the Government of West Bengal.

The respective Departments reported the following reasons for variation:

Miscellaneous general services: The large increase in respect of miscellaneous general services was due to unclaimed deposits, receipts from the state lotteries, Receipt and Guarantee Fees.

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2014 as furnished by the Directorate of Excise amounted to ₹ 45.85 crore. The Directorate further stated that the amount was outstanding for more than five years. The Directorate attributed accrual of revenue to non-disposal of cases before different Courts of Law. As per procedure described by the Directorate of Excise (November 2014), excise duties are collected at the time of issue of any portable liquor and license fees are collected before any service rendered to any licensee. The details regarding any arrear of revenue to be collected are maintained in the relevant file of the licensee and at the end of every financial year the district authorities send report on this to the directorate for compilation of figures.

The arrears of revenue as on 31 March 2014 as furnished by the Directorate of Electricity Duty amounted to ₹ 0.09 crore. The Directorate of electricity duty stated that they compiled the data furnished by the various District Collectors regarding estimation of electricity duty (November 2014).

On being asked about arrears, the Directorate of Registration and Stamp Revenue replied that arrears were not applicable for the Directorate (November 2014).

Despite being requested (October 2014), the other principal revenue generating Departments/ Directorates namely Directorate of Commercial

Taxes, Land and Land Reforms Department and Transport Department did not furnish the figures of arrears of revenue (November 2014).

1.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year as furnished by the Directorate of Electricity Duty and Commissioner of Agricultural Income Tax in respect of electricity duty and agricultural income tax are given in **Table 1.3**.

Table 1.3
Arrears in assessments

Head of revenue	Opening balance	New cases due for assesment during 2013-14	Total assessments due	Cases disposed of during 2013-14	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	2	3	4	5	6	7
Taxes and duties on electricity	Nil	149	149	149	Nil	100
Taxes administered by Directorate of Agricultural Income Tax	34,543	9,468	44,011	5,949	38,062	13.52

The Directorate of Agricultural Income Tax stated that details regarding number of assessment were obtained from demand and collection register etc.

The Directorate may expedite the assessment procedure so that due cases could be assessed on time.

1.4 Evasion of tax detected by the department

The Excise Department, the Directorate of Registration and Stamp Revenue and the Directorate of Electricity Duty stated that cases of evasion pending as on 31 March 2013 and cases detected during 2013-14 were nil.

Despite being requested (October 2014), the other principal revenue generating Departments/ Directorates namely Directorate of Commercial Taxes, Land and Land Reforms Department and Transport Department did not furnish details of evasion of tax (November 2014).

1.5 Pendency of Refund Cases

The number of refund cases pending at the beginning of the year 2013-14, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2013-14 as reported by the Departments are given in **Table 1.5**.

Table 1.5
Details of pendency of refund cases

(₹ in crore)

Sl. No.	Particulars	Stamp duty and registration fees		State excise		Taxes and duties on electricity	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	Nil	Nil	Nil	Nil	89	Not furnished
2.	Claims received during the year	Nil	Nil	Nil	Nil	73	Not furnished
3.	Refunds made during the year	Nil	Nil	Nil	Nil	82	20.24
4.	Balance outstanding at the end of year	Nil	Nil	Nil	Nil	80	Not furnished

The Directorate of Electricity Duty stated that the consumer applied to the Joint Secretary, Finance (Revenue) claiming refund. The same was forwarded to the Directorate for verification. Files with recommendations were sent back to the Finance (Revenue) for further process and issuing further order (November 2014).

Other principal revenue generating Departments/ Directorates namely Directorate of Commercial Taxes, Land and Land Reforms Department and Transport Department did not furnish details of refund cases (November 2014), though requested (October 2014).

1.6 Response of the Government/departments towards audit

The Accountant General (Economic and Revenue Sector Audit), West Bengal conducts periodical inspection of the Government Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the inspection reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of the offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the AG within one month from the date of issue of the IRs. Serious financial irregularities are reported to the heads of the Departments and the Government.

Inspection reports issued upto December 2013 disclosed that 3,997 paragraphs involving ₹ 1,472.12 crore relating to 882 IRs remained outstanding at the end of June 2014 as mentioned alongwith the corresponding figures for the preceding two years in **Table 1.6**.

Table 1.6
Details of pending Inspection Reports

	June 2012	June 2013	June 2014
Number of IRs pending for settlement	673	757	882
Number of outstanding audit observations	2,780	3,595	3,997
Amount of revenue involved (₹ in crore)	832.52	1,313.57	1,472.12

1.6.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2014 and the amounts involved are mentioned in the **Table 1.6.1**.

Table 1.6.1
Departmentwise details of IRs

(₹ in crore)

Sl. No.	Name of the Department	Nature of receipts	Numbers of outstanding IRs	Number of outstanding audit observations	Money value involved
1.	Finance	Sales Taxes/ VAT	195	1,308	718.90
		Electricity duty	34	64	69.06
		Amusement Tax	22	54	2.94
		Profession Tax	67	199	8.61
		Stamp duty and registration fees	241	654	78.68
		Non-judicial Stamp duty	14	33	8.47
2.	Excise	State excise	37	132	34.35
3.	Land and Land Reforms	Land Revenue	92	756	245.37
		Receipts from mines and minerals	102	426	145.56
4.	Transport	Taxes on motor vehicles	78	371	160.18
Total			882	3,997	1,472.12

Audit did not receive even the first replies from the heads of offices within one month from the date of issue of 234 IRs issued during 2013-14. This large pendency of the IRs due to non-receipt of the replies is indicative of the fact that the heads of offices and the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the AG in the IRs. The Government may consider instituting an effective system for prompt and appropriate response to audit observations.

1.6.2 Departmental audit committee meetings

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

committee meetings held during the year 2013-14 and the paragraphs settled are mentioned in Table 1.6.2.

Table 1.6.2
Details of Departmental audit committee meetings

(₹ in crore)

Sl. No.	Name of the Department	Nature of receipts	Number of meetings held	Number of paras settled	Amount
1.	Finance	Stamp duty and registration fees	1	3	0.16
2.	Excise	State excise	1	19	36.33
3.	Land and Land Reforms	Land Revenue	1	2	0.10
		Receipts from mines and minerals	1	2	0.01
Total			4	26	36.60

The progress of settlement of paragraphs pertaining to the Finance Department (Stamp Duty and Registration Fees), Excise Department and Land and Land Reforms Department was negligible as compared to the huge pendency of the IRs and paragraphs despite holding Departmental audit committee meetings.

1.6.3 Non-production of records to audit for scrutiny

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

During the year 2013-14 as many as 163 assessment files, returns, refunds, registers and other relevant records were not made available to audit involving tax effect of ₹ 7.10 crore in 52 cases and tax amount could not be ascertained in the remaining cases. Break up of these cases is given in Table 1.6.3.

Table 1.6.3
Details of non-production of records

(₹ in crore)

Name of the Office/Department	Year in which it was to be audited	Number of cases not audited	Tax amount
Sales Taxes/ VAT	2013-14	52	7.10
		87	Could not be ascertained.
Electricity Duty	2013-14	16	-do-
Land Revenue	2013-14	1	-do-
Motor Vehicles Tax	2013-14	7	-do-
Total		163	7.10

1.6.4 Response of the Departments to the draft audit paragraphs

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

37 draft paragraphs including two Performance audits were sent to the Principal Secretaries/Secretaries of the respective Departments by name between June 2014 and August 2014. The Principal Secretaries/Secretaries of the Departments did not send replies to 28 draft paragraphs despite issue of reminders (November 2014) and these have been included in this Report without the response of the Departments.

1.6.5 Follow up on the Audit Reports-summarised position

The internal working system of the Public Accounts Committee, notified in December 2002, laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling the Report, for consideration of the Committee. In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately. 204 paragraphs (including Performance audits) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of West Bengal for the years ended 31 March 2009, 2010, 2011, 2012 and 2013 were placed before the State Legislature Assembly between 30 July 2010 and 10 July 2014. The action taken explanatory notes from the concerned Departments on 61 paragraphs were received late with average delay of 16 months in respect of Audit Reports for the years ended 31 March 2009, 2010 and 2011. Of these, action taken explanatory notes in respect of four paragraphs (reviews/ Performance audits) were received partly. Action taken explanatory notes in respect of remaining 143 paragraphs from five departments (Finance, Commerce & Industries, Transport, Home and Land & Land Reforms) had not been received for the Audit Reports for the years ended 31 March 2009, 2010, 2011, 2012 and 2013 so far (November 2014).

The PAC discussed six selected paragraphs/sub-paragraphs pertaining to the Audit Reports for the years from 2008-09 to 2010-11 and its recommendations on two sub-paragraphs were incorporated in their 7th Report of 2013-14.

However, ATNs have not been received in respect of three recommendations of the PAC from the Department concerned as mentioned in the **Table 1.6.5**.

Table 1.6.5

Year of AR	Name of the Department-Forest Department					Total
	No. of Para/PA	No. of Para/sub-paragraphs discussed	PAC Report	Date of Presentation in the assembly	No. of ATNs	
2009-10	26+1(PA)	02	7 th Report of 2013-14	13 February 2014	03	03

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

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

The succeeding paragraphs 1.7.1 and 1.7.2 discuss the performance of the Land and Land Reforms Department under revenue head Land Revenue and cases detected in the course of local audit during the last 10 years and also the cases included in the Audit Reports for the years 2004-05 to 2013-14.

1.7.1 Position of Inspection Reports

The summarised position of the inspection reports issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2014 are tabulated in Table 1.7.1.

Table 1.7.1

Position of Inspection Reports

(₹ in crore)

Sl. No.	Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance during the year		
		IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
1.	2004-05	166	1,246	511.91	5	108	20.86	9	247	204.67	162	1,107	328.10
2.	2005-06	162	1,107	328.10	7	63	10.50	1	27	0.89	168	1,143	337.71
3.	2006-07	168	1,143	337.71	8	117	13.73	2	15	0.47	174	1,245	350.97
4.	2007-08	174	1,245	350.97	7	43	3.79	1	5	0.82	180	1,283	353.94
5.	2008-09	180	1,283	353.94	8	72	13.53	3	22	1.97	185	1,333	365.50
6.	2009-10	185	1,333	365.50	10	207	21.45	89	822	204.30	106	718	182.65
7.	2010-11	106	718	182.65	5	54	17.63	42	273	42.09	69	499	158.19
8.	2011-12	69	499	158.19	10	165	37.90	0	34	4.53	79	630	191.56
9.	2012-13	79	630	191.56	9	163	49.81	2	77	19.91	86	716	221.46
10.	2013-14	86	716	221.46	11	298	49.47	1	45	5.34	96	969	265.59

The Government arranges ad-hoc Committee meetings between the Department and AG's office to settle the old paragraphs. As would be evident from the table, against 166 outstanding IRs with 1,246 paragraphs as at beginning of 2004-05, the number of outstanding IRs declined to 96 with 969 paragraphs at the end of 2013-14. This is indicative of improvements in this regard.

1.7.2 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Department and the amount recovered are mentioned in **Table 1.7.2**.

Table 1.7.2

(₹ in crore)

Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	Amount recovered during the year	Cumulative position of recovery of accepted cases as of 31.03.2014
2003-04	4	1.84	--	--	--	0.29
2004-05	6	0.88	2	0.28	--	--
2005-06	4	13.22	1	0.02	--	0.01
2006-07	6	962.50	6	273.93	--	--
2007-08	5	0.70	4	0.40	--	--
2008-09	5	37.34	5 ²	37.03	--	14.22
2009-10	4	1.73	4 ³	1.10	--	0.18
2010-11	5	1.27	4 ⁴	1.25	--	0.21
2011-12	1	89.24	1 ⁵	82.47	--	0.43
2012-13	3	6.39	3 ⁶	5.83	--	0.13

It is evident from the above table that the progress of recovery even in accepted cases was very slow throughout during the last 10 years except for the Audit Report 2008-09. The recovery of accepted cases was to be pursued as arrears recoverable from the concerned parties. No mechanism for pursuance of the accepted cases had been put in place by the Department/Government.

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

2 Four paragraphs partly accepted.
 3 Partly accepted.
 4 One paragraph partly accepted.
 5 Partly accepted.
 6 One paragraph partly accepted.

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

The draft performance reviews conducted by the PAG/AG are forwarded to the concerned Department/Government for their information with a request to furnish their replies. These reviews are also discussed in an exit conference and the Department's/Government's views are included while finalising the reviews for the Audit Reports.

The status of action taken on recommendations as furnished by Departments till November 2014 is given in **Table 1.8.1**:

Table 1.8.1

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
2008-09	Assessment, levy and collection of Stamp Duty & Registration fees	3	<p>Maintenance of a centralised database of remissions/ concessions for effective monitoring of the schemes;</p> <p>Prescribe a time limit for ascertaining the market value and registration of document either by issuing executive orders or amending the rules; and</p> <p>Take appropriate measures for conducting internal audit of the directorate at regular intervals.</p>	<p>As per memo no. 3794-A/4R-154/07 dated 19.11.2014, the reply of the IGR & CSR, WB is as follows: Remissions/concessions are sanctioned by the Finance Department. Hence, the audit suggestion is noted for onward submission to the Finance (Revenue) Deptt.</p> <p>e-CORD (or e-NATHIKARAN) to be introduced w.e.f. 05/01/15 shall have features against this audit suggestion.</p> <p>Valued Audit suggestion is noted. Commissioner, Internal Audit, Finance Department shall be moved through proper channel.</p>
2008-09	Information Technology-Computerisation of Registration of Documents (CORD)	6	<p>Incorporate necessary controls into the software to ensure collection of correct amount of stamp duty;</p> <p>Strengthen physical access and logical access controls;</p> <p>Map all business process/rules etc; into CORD system and update regularly to avoid leakage of revenue;</p> <p>Build the validation controls into</p>	<p>As per memo no. 3794-A/4R-154/07 dated 19.11.2014, the reply of the IGR & CSR, WB is as follows: Existing CORD calculates correct amount of stamp duty. e-CORD will have some improved features also.</p> <p>Detailed discussion with the Sr. Scientist, NIC, WB on the issue was held to address specific areas of problems and their effective solution.</p> <p>Being done on a regular basis as and when required.</p> <p>Noted for next generation e-CORD</p>

			<p>the system to avoid inconsistent date entry;</p> <p>Design and incorporate audit trails in the system to track the transactions, in order to monitor exceptional changes made to the data; and</p> <p>Establish interface between CORD and other packages in local bodies and land revenue offices to derive the benefits envisaged.</p>	<p>(e-NATHIKARAN) being introduced from 05/01/15 or earlier.</p>
2010-11	Assessment, levy and collection of Excise Duty and fees	4	<p>Incorporating suitable provisions in the Acts and Rules regarding charging fees on short production of spirit from molasses, charging late fees for delay in application for renewal of licence for foreign liquor manufactories and charging interest for non/delayed payment of excise dues;</p> <p>Amending the provision of transit and handling wastages of spirit in respect of foreign liquor manufactories to remove the discrepancies of allowable wastages between the CS manufactories and FL manufactories and introduction of minimum penalty for contravention of conditions of license under the BE Act/WBMC Act;</p>	<p>As per memo no. 2A-09/2011-12/146 E.G dated 03.11.2014, the reply of the Excise Commissioner, WB is as follows:</p> <p>In terms of a policy decision taken by the Government, production of spirit has shifted from molasses-based to Grain-based. Accordingly, production of molasses-based spirit has been discontinued and being discouraged henceforth. Hence, recommendation in this context is not considered at present. Introduction of Penal Measure(s) by charging Late Fee and any other fees, as would deem fit by the Competent Authority, for delay in application for Foreign Liquor Manufactory(s), is under active consideration of the Government.</p> <p>Excise Duty(s) in respect of all Excise Licence(s) in West Bengal, is/are collected in advance, i.e., at the point of production or import. Hence, there is the least chance for non-payment of delayed payment of Excise duty(s). Therefore, the consideration of the recommendation in this context does not arise.</p> <p>In terms of Government Notification No: 300-EX; dated 19.03.2013, allowable limit of Transit Wastages, in respect of FL Manufactories [Rule-32 of the WBE (FL) Rules], has been revised downward; making the allowance at par with the CS Sector. A suitable amendment towards revision of the allowable handling wastages, in FL Sector, is under active consideration of the Government.</p> <p>In terms of existing provision of the Rules under BE Act, the Excise</p>

				<p>Commissioner/ WB has the power for composition of the contravention of the conditions of any Excise Licence, including Molasses Licence, to impose a fine/penalty, not exceeding ₹ one lakh, in lieu of cancellation or suspension of the licence under consideration.</p> <p>Introduction of minimum penalty will transgress into the discretionary power of the Trying Authority and would be ultra vires to the spirit of law.</p>
			<p>Introducing computerised system of chemical examination of samples to avoid delay and improving the infrastructure in the chemical examination laboratory; and</p>	<p>Introduction of computerised system for keeping a vigil on the samples under analysis and the report thereof, in the Chemical Examination Laboratory, has been prepared and is now under testing.</p> <p>It has been admitted by the Government that the process of analysis of samples of various alcoholic products suffered in the Chemical Examination Laboratory due shortage of men-in-position and inadequate infrastructure which were hitherto unavailable. However, attention is drawn to the reply furnished by the Government to the Audit Para(s) 4.7.26 and 4.7.27 of the CAG Report – 2011.</p> <p>In the mentioned reply, it was submitted that: (i) Stress has been given for utilisation of modern equipments and instruments, which were hitherto unavailable.(ii) Emphasis has been given to fill up the vacant posts.</p> <p>It may be mentioned that a number of technical posts have been filled up through Public Service Commission, West Bengal.</p>
			<p>Strengthening the internal control for effective implementation of Rules and Regulation and control over the functioning of the Department.</p>	<p>To improve the Internal Control of the Excise Department for effective implementation of Rules and Regulations, a re-organisation of the Excise Administration has been effected on and from November- 2012, in terms of Government Notification No: 1074-EX; dated 01.11.2012.</p> <p>In terms of this direction, Excise Districts have been divided in suitable numbers of Ranges and Ranges have been divided in suitable numbers of Circles, to provide round-the-clock vigil over</p>

				<p>the area under their control. Eight Excise Divisions have also been re-organised, headed by Additional Excise Commissioners, to control the 24 Excise Districts in this State.</p> <p>Further, vacant posts under different categories of Excise Establishment, are also being filled up through Public Service Commission/Staff Selection Commission.</p> <p>As stated by the Sr. JCCT, Information Systems Division on 16.10.2014, they have already been given effect.</p>
2011-12	e-Services in the Directorate of Commercial Taxes	5	<p>Put in place proper controls in the system for capturing correct, complete, valid and reliable data in the system and to update it promptly to provide the latest information.</p> <p>Incorporate business rules specifically in the system wherever required to avoid irregular transactions through the system.</p> <p>Integrate modules wherever required to make the IT application more efficient and effective.</p> <p>Introduce the system of user authentication for generation of e-TD for ensuring data reliability.</p> <p>Put in place effective business continuity and disaster recovery plan for providing smooth services.</p>	<p>The disaster recovery plan is under process of being finalised.</p>
2012-13	Evasion of Stamp Duty & Registration Fees	7	<p>Consider framing provisions for compulsory sharing of information by the Public Officers with the Registering Authorities relating to instruments executed in their offices in relation to the construction, development, sale, lease or transfer of any immovable property;</p> <p>Implement the system of regular inspection of the Public Offices to ensure collection of proper stamp duty and registration fees;</p> <p>Consider devising a system to check splitting of property with an</p>	<p>As per memo no. 3794-A/4R-154/07 dated 19.11.2014, the reply of the IGR & CSR, WB is as follows:</p> <p>It is a very good suggestion. However, as it amounts to policy decision, Government in Finance (Revenue) Department is being moved soliciting necessary instruction/ directions in this matter.</p> <p>It is a very good suggestion. However, as it involves policy decision, Government in Finance (Revenue) Department is being moved soliciting necessary instructions /directions in this matter.</p> <p>Circular from IGR has duly been issued as per audit suggestions. It</p>

			intent of avoidance of payment of additional stamp duty;	is however, considered to be a grave constraint to influence an agreement till the subject matter of the agreement remains legal and valid. The matter was also thoroughly discussed before the Public Accounts Committee in the year 2012.
			Incorporate all business rules properly in the CORD software for correct levy of stamp duty;	Being done on a regular basis as and when required.
			Direct the RAs to check the deeds scrupulously with respect to the market value assessment slips generated through the CORD software to detect the mismatch of particulars of properties to avoid evasion of stamp duty;	RAs duly verify Assessment Slip with that of the contents of the schedule of property given in the instrument. Under the new e-CORD system being introduced w.e.f. 05/01/15, the Assessment Slip shall also form part of the document as the conclusive details of the property.
			Consider stipulating a timeframe for disposal of pending cases and recovery of due taxes; and	Suggestion is noted. However, since the party concerned does not turn up, disposal of pending cases of yesteryears remain hindered. Recovery of tax dues as arrears of rent by applying coercive measures was also discussed at length before the Hon'ble PAC in 2012 which finally was not recommended by it.
			Establish an effective internal audit wing of its own to ensure that various provisions of the Acts and Rules are properly administered for effective tax administration.	The Directorate does not have internal audit wing of its own for internal audit purpose. However, the directorate has internal control mechanism at the district level through the DIGRs so far as the determination of proper market value of the property under the registration is concerned and the overall supervision and administrative control of the registering offices lie with the District Registrars. Within the registering offices there exists internal checking system under which a transaction is allowed to pass through several hands with a view to preventing mistakes, frauds, misrepresentations and internal collusion, if any.

Despite being requested (October 2014) to furnish status of recommendations of reviews/ Performance Audits featured in the last five years' Reports, the following Departments did not furnish the same as mentioned in **Table 1.8.2**.

Table 1.8.2

Name of the department	Year of Audit Report	Name of the Performance Audit
Finance	2008-09	Transition from Sales Tax to Value Added Tax
	2010-11	Utilisation of declaration forms in inter- state trade and commerce
	2012-13	Efficiency of the administration of Value Added Tax in West Bengal
Forest	2009-10	Management of Forest Receipts
Transport	2009-10	Collection of Motor Vehicle Taxes, Fees and Fines in the Transport Department
	2010-11	Computerisation in Motor Vehicles Department
Home	2010-11	Assessment and collection of Police Receipts
Land and Land Reforms	2011-12	Management of Government Land
		Receipts from Major Minerals

1.9 Audit Planning

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

During the year 2013-14, there were 573 auditable units, of which 173 units were planned and 184 units had been audited, which is 32.11 *per cent* of the total auditable units. The details are shown in the **Appendix – I**.

Besides, the compliance audit mentioned above, two performance audits were also taken up to examine the efficacy of the tax administration of these receipts.

1.10 Results of audit

Position of local audit conducted during the year

Test check of the records of 184 units of Sales Tax/Value Added Tax, State Excise, Motor Vehicles, Land and Land Reforms, Stamp Duty and Registration Fees and other Departmental offices conducted during the year 2013-14 showed under assessment/short levy/loss of revenue aggregating ₹ 735.95 crore in 1,797 cases. During the course of the year, the Departments concerned accepted under assessment and other deficiencies of ₹ 177.72 crore involved in 895 cases which were pointed out in audit during 2013-14. The

Departments collected ₹ 3.65 crore in 197 cases during 2013-14, pertaining to the audit findings of previous year.

1.11 Coverage of this Report

This Report contains 37 paragraphs (selected from the audit detections made during the local audit referred to above and during earlier years, which could not be included in earlier reports) including two Performance Audits on “Assessment, levy and collection of Value Added Tax from Works contractors” and “Administration of taxes under various Acts by Directorate of Agricultural Income Tax in West Bengal”, involving financial effect of ₹ 632.75 crore.

The Departments/Government have accepted audit observations involving ₹ 443.04 crore out of which ₹ 69.79 lakh had been recovered. The replies in the remaining cases have not been received (November 2014). These are discussed in succeeding Chapters II to VII.

