

OVERVIEW

This report contains 81 paragraphs including three reviews relating to non/short levy of tax, interest, penalty, etc. involving Rs. 1,339.50 crore. Some of the major findings are mentioned below:

I. General

The total revenue receipts of the State Government for the year amounted to Rs. 33,577.21 crore against Rs. 30,688.73 crore for the previous year. Fifty *per cent* of this was raised by the State through tax revenue (Rs. 13,613.50 crore) and non-tax revenue (Rs. 3,342.86 crore). The balance 50 *per cent* was received from the Government of India as State share of divisible union taxes (Rs. 10,767.14 crore) and grants-in-aid (Rs. 16,620.85 crore).

(Paragraph 1.1)

Test check of records of commercial tax, state excise, motor vehicles tax, stamps duty and registration fee, land revenue, other tax receipts, forest receipts and other non-tax receipts conducted during the year 2008-09 revealed under-assessment/short levy/loss of revenue amounting to Rs. 2,342.15 crore in 2,96,745 cases.

(Paragraph 1.13)

II. Commercial Tax

A review of '**Transition from Madhya Pradesh Commercial tax to Value Added tax**' revealed the following:

- Cross verification of sale could not be conducted due to lack of provision in the Act to furnish sale list.

(Paragraph 2.2.7.2)

- Lack of mandatory provision for furnishing security by the dealers resulted in non-realisation of revenue of Rs. 2.18 crore.

(Paragraph 2.2.7.5)

- Incorrect availing of inventory rebate and input tax credit of Rs. 15.70 lakh.

(Paragraph 2.2.11.1)

- Loss of revenue of Rs. 50.73 lakh due to non-levy of tax on fabric, sugar and tobacco products.

(Paragraph 2.2.12)

Non/short levy of tax resulted in non-realisation of revenue of Rs. 3 crore including penalty.

(Paragraph 2.4)

Application of incorrect rate of tax resulted in short levy of tax of Rs. 2.57 crore and interest/penalty of Rs. 6.61 lakh.

(Paragraph 2.5)

Non-registration of dealers resulted in non-realisation of profession tax of Rs. 1.89 crore.

(Paragraph 2.6)

Incorrect deduction of tax free sales resulted in non-realisation of tax of Rs. 1.80 crore.

(Paragraph 2.7)

Non/short levy of entry tax resulted in non-realisation of revenue of Rs. 1.41 crore including interest and penalty of Rs. 33.99 lakh.

(Paragraph 2.8)

Incorrect grant of exemption resulted in non-realisation of revenue of Rs. 1.09 crore.

(Paragraph 2.9)

Incorrect deduction of tax paid sales resulted in non-realisation of tax of Rs. 1.01 crore.

(Paragraph 2.10)

Grant of inadmissible discount resulted in non-realisation of tax of Rs. 72.59 lakh.

(Paragraph 2.11)

Incorrect grant of refund resulted in short realisation of revenue of Rs. 70.96 lakh.

(Paragraph 2.12)

III. State Excise

Non-receipt of verification reports of export/transport of foreign liquor/beer/spirit within the prescribed period resulted in non-realisation of excise duty of Rs. 13.47 crore.

(Paragraph 3.3)

Incorrect fixation of reserve price resulted in short realisation of revenue of Rs. 3.03 crore.

(Paragraph 3.4)

Non-disposal of spirit and foreign liquor resulted in non-realisation of excise duty of Rs. 1.28 crore.

(Paragraph 3.5)

Penalty of Rs. 1.16 crore was not imposed for non-maintenance of minimum stock of spirit by distilleries.

(Paragraph 3.6)

IV. Taxes on Vehicles

Vehicle tax of Rs. 18.59 crore including penalty of Rs. 7.46 crore on 4,851 vehicles was neither paid by the vehicle owners, nor was it demanded by the department.

(Paragraph 4.3.1)

Vehicle tax of Rs. 47.22 lakh and penalty of Rs. 25.65 lakh on 30 public service vehicles plying on all India tourist permits was neither paid by the operators, nor was it demanded by the department.

(Paragraph 4.3.2)

V. Other Tax Receipts

Stamp duty and registration fee

Non-submission of instruments to the public officers for determination of proper duty leviable thereon resulted in short levy/realisation of stamp duty and registration fee of Rs. 5.95 crore.

(Paragraph 5.3)

Inordinate delay in disposal of cases referred to the Collector resulted in non-realisation of revenue of Rs. 4.85 crore.

(Paragraph 5.4)

Loss of revenue of Rs. 3.71 crore due to inconsistency in rules.

(Paragraph 5.5)

Short levy of stamp duty and registration fee of Rs. 2.05 crore on instruments of power of attorney.

(Paragraph 5.6)

Incorrect determination of market value resulted in short levy of stamp duty and registration fee of Rs. 1.49 crore.

(Paragraph 5.7)

Entertainment duty

Non-recovery of entertainment duty from cable operators and hotel owners resulted in non-realisation of revenue of Rs. 47.27 lakh.

(Paragraph 5.14)

Non-levy of penalty on cable operators for breach of rules resulted in non-realisation of revenue of Rs. 15.60 lakh.

(Paragraph 5.15)

Land Revenue

The department failed to recover process expenses at the rate of three *per cent* on principal amount of Rs. 51.14 crore which resulted in non-realisation of revenue of Rs.1.53 crore.

(Paragraph 5.18)

The department did not raise the demand of premium, diversion rent and fine which resulted in non-realisation of revenue of Rs. 1.27 crore.

(Paragraph 5.19)

Incorrect assessment of diversion rent and premium resulted in non-realisation of revenue of Rs. 1.45 crore.

(Paragraph 5.20)

Non-deduction of collection charges from *Panchayat Raj Nidhi* resulted in non-realisation of revenue of Rs. 38.50 lakh.

(Paragraph 5.21)

VI. Forest receipts

A review of **Forest Receipts in Madhya Pradesh** revealed the following:

- Due to incorrect classification of Commercial tax/VAT receipts under forest head, receipts of Forest Department were overstated by Rs. 270.67 crore.

(Paragraph 6.2.6)

- Due to absence of any system to monitor timely preparation of working plan, revenue of Rs. 185.84 crore remained deferred.

(Paragraph 6.2.7.1)

- Lack of any system to monitor timely preparation and submission of coupe records resulted in deferring and non-realisation of revenue of Rs. 143.80 crore.

(Paragraph 6.2.8.1)

- Non-exploitation of bamboo as per the working plan resulted in loss/deferring of revenue of Rs. 11.06 crore.

(Paragraph 6.2.8.3)

- Delay in communication of sanction of bids resulted in blocking of revenue of Rs. 9.38 crore.

(Paragraph 6.2.9)

- Delay in remittance of revenue in government account resulted in late accounting of Rs. 13.40 crore.

(Paragraph 6.2.10)

- Lack of uniform procedure for working out the cost of illicitly felled trees and seized material resulted in under reporting of revenue loss of Rs. 76 lakh.

(Paragraph 6.2.11.2)

- Large variation in the estimated and actual yields of forest produce resulted in loss of revenue of Rs. 4.80 crore.

(Paragraph 6.2.12)

- Sale of timber below upset price resulted in loss of revenue of Rs. 1.52 crore.

(Paragraph 6.2.13)

VII. Mining receipts

Non-assessment of road development tax resulted in non-realisation of revenue of Rs. 93.56 crore.

(Paragraph 7.3)

Irregular reduction of stock in the records of coal resulted in non-realisation of revenue of Rs. 2.76 crore.

(Paragraph 7.4)

Non-levy of interest on belated payment of contract money resulted in non-realisation of revenue of Rs. 1.98 crore.

(Paragraph 7.6)

Short realisation of revenue of Rs. 1.88 crore due to irregular issue of temporary permits.

(Paragraph 7.7)

Failure of the department to recover contract money resulted in short realisation of revenue of Rs. 1.53 crore.

(Paragraph 7.8)

VIII. Other non-tax receipts

Water resources department

A review of **Assessment and collection of water rates** revealed the following:

- Failure of the department to ensure execution of agreement before drawal of water, resulted in drawal of water without payment of water rates of Rs 586.64 crore.

(Paragraph 8.2.7.2)

- Failure of the department to optimally utilise the created irrigation potential resulted in loss of revenue of Rs. 160.85 crore.

(Paragraph 8.2.8)

- Incorrect application of water rates led to non/short realisation of revenue of Rs. 24.29 crore.

(Paragraph 8.2.11)

- Five users of water did not deposit security money of Rs. 2.21 crore.

(Paragraph 8.2.13)

- Loss of revenue of Rs. 10.14 crore due to non-levy of betterment contribution.

(Paragraph 8.2.14)

Electricity duty

Non-imposition of penalty on the owners of electrical installations for breach of rules resulted in non-realisation of revenue of Rs. 97.40 lakh.

(Paragraph 8.4)

Non-realisation of revenue of Rs. 83 lakh due to inaction of the department.

(Paragraph 8.5)