

CHAPTER-VII OTHER TAX AND NON-TAX RECIEPTS

7.1 Tax administration

This chapter consists of receipts from Power sector projects, Mining, Industries, Irrigation & Public Health and Public Works Departments. The tax administration is governed by Acts and Rules framed separately for each Department.

7.2 Results of audit

In 2012-13, test check of the records of 35 units relating to the Public Works Department showed non / short credit of lapsed deposits into Government revenue account and other irregularities amounting to ₹520.85 crore in 93 cases, which fall under the following categories as indicated in **Table 7.1**:

Table 7.1

Sr. No.	Categories	₹ in crore)	
		Number of cases	Amount
1.	Non / short credit of lapsed deposits into Government revenue account	25	7.06
2.	Other irregularities	68	513.79
Total		93	520.85

During the course of the year, the Department accepted underassessment and other deficiencies of ₹511.17 crore in 37 cases which were pointed out in earlier years. An amount of ₹242.98 crore was realised in 11 cases during the year 2012-13.

A few illustrative cases involving ₹494.55 crore are discussed in the following paragraphs.

A. Multi Purpose Projects and Power Department

7.3 Non-deposit of electricity duty into Government account

According to the Himachal Pradesh Electricity (Duty) Act, 1975, and the Rules made there under, electricity duty (ED) is leviable on energy supplied by the Himachal Pradesh State Electricity Board (Board) to consumers. Under the rules *ibid*, the duty collected by the Board in monthly bills for the energy supplied, shall be deposited into the Government account half yearly i.e. in April and October every year. There is no provision for levy of interest / penalty for non / belated depositing of electricity duty into the Government account.

Audit collected the information from the office of the Chief Electrical Inspector (CEI) and noticed (April 2013) that ED of ₹514.41 crore realised by the Board upto 30 September 2012, was payable by March 2013 against which ₹21.01 crore had been deposited by the Board on 2nd April 2012. The balance amount of ₹493.40 crore of ED had not been deposited by the Board till April 2013.

This resulted in non-deposit of ED amounting to ₹493.40 crore into the Government account. Thus, in absence of the provision for levy of interest / penalty on delayed / non-payment of electricity duty, the Board was making payment of Government dues at its own will and not on due dates. In case the Board had made payments on due dates, the Government could have saved the minimum interest liability of ₹34.06 crore on loans raised by it, calculated at the rate of 8.42 *per cent* (Borrowing rates).

After this was pointed out (April 2013) by audit, the Chief Electrical Inspector intimated (June 2013) that the administrative approval / expenditure sanction amounting to ₹240.00 crore had been given as equity and subsidy Tariff Roll Back against Electricity Duty (between October and November 2012) subject to the condition that the entire amount to be transferred to relevant receipt head by way of contra-Credit without involving any cash transaction. The action of the Government had by-passed the provisions of the Financial Rules which *inter alia* state that direct utilisation of Government receipts towards expenditure and non-deposit thereof in the Government account was in contravention of the Financial Rules. Further reply has not been received (November 2013).

The matter was reported to the Government in May 2013. The replies have not yet been received (November 2013).

B. INDUSTRIES DEPARTMENT

7.4 Non / short realisation of dead rent and interest

As per Himachal Pradesh Minor Minerals (Concession) Revised Rules 1971, dead rent¹ of the leased area or royalty due from the mineral extracted from the leased area whichever is higher shall be payable by a lessee. The Government of India, Ministry of Mines vide notification dated 13.08.2009 had revised the rates of dead rent in respect of leases for the period exceeding fourth years from ₹400 to ₹1,000 per *hectare* per annum with effect from 13 August 2009 for low value minerals. In case of default in payment of royalty or dead rent for more than 60 days from the due date of payment, interest at the rate of 24 *per cent* per annum is also leviable.

Audit test checked the records of two MOs, (Shimla and Solan) between August 2011 and February 2012 and noticed that seven lessees with leased area of 243.2940 *hectares* did not extract any produce during 2007-08 to 2010-11. Therefore, these lessees were liable to pay dead rent of ₹8.88 lakh including interest of ₹2.15 lakh. However, one lessee had paid dead rent of ₹1.51 lakh instead of ₹3.78 lakh recoverable from him. This resulted in non-recovery of dead rent and interest amounting to ₹7.37 lakh including interest.

After this was pointed out by audit (August 2011 and March 2012), the Department intimated in July 2013 that an amount of ₹3.72 lakh had been recovered in respect of four lessees² and the notices had been issued to the

¹ Dead rent is the rent fixed by the Government for mines without considering the fact whether the mines are profitable or not and minerals are being extracted from the mines or not.

² M/s Kanwar Singh: ₹28,907, Jagdish Chand: ₹7,506 and Krishan Chand: ₹1.08 lakh and NMDC Solan ₹2.27 lakh

remaining defaulters to deposit the outstanding amount of dead rent. Further report on recovery has not been received (November 2013).

C PUBLIC WORKS DEPARTMENT


7.5 Non-credit of lapsed deposits to the Government revenue account

The Himachal Pradesh Financial Rules, 1971, stipulate that all balances which remained unclaimed for more than three complete account years shall, at the close of March in each year, be credited to the Government account by means of transfer entries. The rules also forbid direct utilization of receipts towards expenditure.

Audit test checked security / deposits registers of eight Buildings and Roads divisions³ between May 2012 and February 2013 and found that an amount of ₹1.08 crore⁴ for 1,879 items deducted from the contractors bills on account of deposits during 1998-99 to 2008-09, was not credited to the Government account as required. Thus, ₹1.08 crore remained out of the revenue account, which also resulted in understatement of revenue to that extent.


After this was pointed out between May 2012 and February 2013, the Government intimated (September 2013) that an amount of ₹48.98 lakh for 957 items had been adjusted. Further report on recovery has not been received (November 2013).

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³ Chamba, Dehra, Ghumarwin, Hamirpur, Jubbal, Karsog, Kullu-II and Padhar

⁴ 2006-07: 925 items: ₹53.40 lakh; 2007-08: 261 items: ₹17.63 lakh and 2008-09: 693 items: ₹36.65 lakh