

**Report of the
Comptroller and Auditor General of India
on
Revenue Sector**

for the year ended 31 March 2012

Government of Madhya Pradesh
Report No. 1 of the year 2013

TABLE OF CONTENTS

Paragraph	Particulars	Page
	Preface	vii
	Overview	ix to xii
CHAPTER - I : GENERAL		
1.1	Trend of revenue receipts	3
1.2	Variations between the budget estimates and actual receipts	6
1.3	Analysis of arrears of revenue	6
1.4	Arrears in assessment	7
1.5	Evasion of tax	8
1.6	Refunds	8
1.7	Response of the Departments/Government towards audit	9
1.7.1	Failure of senior officials to enforce accountability and protect the interest of the State Government	9
1.7.2	Departmental audit committee meetings	10
1.7.3	Non-production of records to audit for scrutiny	11
1.7.4	Response of the Departments to the draft audit paragraphs	11
1.7.5	Follow up on Audit Reports - Summarised position	12
1.7.6	Compliance with the earlier Audit Reports	12
1.8	Analysis of the mechanism for dealing with the issues raised by audit	12
1.8.1	Position of Inspection Reports	13
1.8.2	Assurance given by the Departments/Government on the issues highlighted in the Audit Report	13
1.8.2.1	Recovery of accepted cases	13
1.8.2.2	Action taken on the recommendations accepted by the Departments/Government	14
1.9	Audit planning	14
1.10	Results of audit	15
1.10.1	Position of local audit conducted during the year	15
1.10.2	This Report	15
CHAPTER - II : COMMERCIAL TAX		
2.1	Tax administration	19
2.2	Trend of receipts	19

Paragraph	Particulars	Page
2.3	Assessee profile	20
2.4	Arrears of taxes on Sales, Trade etc.	21
2.5	Arrears in assessment	21
2.6	Cost of collection	22
2.7	Impact of audit	22
2.8	Working of internal audit wing	23
2.9	Results of audit	23
2.10	Performance Audit on “Recovery of revenue arrears in Commercial Tax Department”	25
2.11	Application of incorrect rate of tax	42
2.12	Incorrect determination of turnover	44
2.13	Allowance of inadmissible input tax rebate	46
2.14	Non/short levy of entry tax	49
2.15	Short imposition of penalty	52
2.16	Non/short levy of tax under the CST Act	53
2.17	Short levy of tax due to incorrect deduction	54
2.18	Non levy of tax on sales incorrectly treated as tax free	55
2.19	Mistake in computation of tax	56
2.20	Non realisation of profession tax	57
CHAPTER - III : STATE EXCISE		
3.1	Tax administration	61
3.2	Cost of collection	61
3.3	Impact of audit	62
3.4	Results of audit	62
3.5	Performance audit on “Collection of Excise receipts on liquor”	63
3.6	Non levy of penalty on excess wastage in manufacture of beer	86
CHAPTER - IV : TAXES ON VEHICLES		
4.1	Tax administration	89
4.2	Trend of receipts	89
4.3	Impact of audit	90

Paragraph	Particulars	Page
4.4	Cost of collection	91
4.5	Working of internal audit wing	92
4.6	Results of audit	92
4.7	Non-realisation of tax and penalty on vehicles	93
4.8	Short-realisation of tax and non-levy of penalty on motor vehicles	94
4.9	Non/short realisation of trade fee	95
4.10	Non-levy of vehicle tax and penalty on public service vehicles plying on all India tourist permits	96
CHAPTER - V : LAND REVENUE		
5.1	Tax administration	99
5.2	Trend of receipts	99
5.3	Impact of audit	100
5.4	Working of internal audit wing	101
5.5	Results of audit	102
5.6	Underassessment of premium and ground rent	103
5.7	Non remittance of land revenue and <i>upkar</i> in Government account	104
5.8	Non realisation of revenue due to non-disposal of attached properties	105
5.9	Loss of revenue due to allotment of Government land without charging any premium and ground rent	105
5.10	Non levy of service charges	106
5.11	Non recovery of process expenses	107
5.12	Under assessment of diversion rent and premium	107
CHAPTER - VI : STAMPS AND REGISTRATION FEES		
6.1	Tax administration	111
6.2	Trend of receipts	111
6.3	Impact of audit	112
6.4	Cost of collection	113
6.5	Working of internal audit wing	114
6.6	Results of audit	114
6.7	Incorrect determination of market value/non-finalisation of cases	116
6.8	Short levy of stamp duty and registration fees on lease deeds/ lease cum sale deeds	118

Paragraph	Particulars	Page
6.9	Short levy of Stamp duty and Registration fees on instruments of assignment of debt	119
6.10	Short levy of Stamp duty and Registration fees due to misclassification	120
6.11	Non-registration of instruments	121
6.12	Short levy of Stamp duty and Registration fees on instruments of power of attorney	123
6.13	Short levy of Stamp duty and Registration fees due to non-mentioning of facts affecting duty in instruments	124
6.14	Incorrect rebate of Stamp duty on sale deeds	125
6.15	Short levy of Stamp duty/incorrect exemption from payment of Stamp duty on agreement/memorandum relating to deposit of title deed	126
6.16	Non realisation of Stamp duty on amalgamation of companies	127
CHAPTER - VII : OTHER TAX RECEIPTS		
A: ENTERTAINMENT DUTY		
7.1	Tax administration	131
7.2	Results of audit	131
7.3	Short-levy of entertainment duty	134
7.4	Non-levy of entertainment duty on cinema houses	126
B: TAXES AND DUTIES ON ELECTRICITY		
7.5	Tax administration	135
7.6	Trend of receipts	135
7.7	Working of internal audit wing	136
7.8	Impact of audit	136
7.9	Results of audit	137
7.10	Short realisation of electricity duty	139
7.11	Follow-up action on inspections	139
CHAPTER - VIII : MINING RECEIPTS		
8.1	Tax administration	143
8.2	Trend of receipts	143
8.3	Impact of audit	144
8.4	Working of internal audit wing	145
8.5	Results of audit	145

Paragraph	Particulars	Page
8.6	Short realisation of revenue due to non-revision of contract money	146
8.7	Short realisation of royalty due to incorrect application of rate of royalty	147
8.8	Non realisation of rural infrastructure and road development tax	148
8.9	Non-working of mining leases	149
8.10	Short realisation of Contract Money	150
8.11	Short realisation of dead rent of quarry lease	151
8.12	Non realisation of dead rent of mining lease	151
8.13	Non levy/realisation of interest on defaulted payments	152
8.14	Short realisation of royalty on quarry lease	153
8.15	Short realisation of royalty on mining lease	153
8.16	Irregularities in issuing Temporary Permits	154
8.17	Non imposition of penalty due to non-submission of returns	154
Annexure		157 to 163