

OVERVIEW

This Report contains 50 paragraphs including two Performance Audits relating to non/short levy of tax, interest, penalty, etc. involving ₹ 247.82 crore. The Departments/Government have accepted audit observations involving ₹ 115.54 crore out of which ₹ 34.05 lakh has been recovered. Some of the major findings are mentioned below:

I. General

The total receipts of the State Government for the year amounted to ₹ 62,604.08 crore against ₹ 51,854.18 crore for the previous year. Fifty five *per cent* of this was raised by the State through tax revenue (₹ 26,973.44 crore) and non-tax revenue (₹ 7,482.73 crore). The balance 45 *per cent* was received from the Government of India as State's share of divisible union taxes (₹ 18,219.14 crore) and grants-in-aid (₹ 9,928.77 crore).

(Paragraph 1.1.1)

Test check of records of Commercial Tax, State Excise, Taxes on Vehicles, Stamps and Registration Fees, Land Revenue, Entertainment Duty, Taxes and duty on Electricity and Mining receipts conducted during the year 2011-12 revealed under-assessment/short levy/loss of revenue amounting to ₹ 807.47 crore in 6,54,887 cases.

(Paragraph 1.10.1)

II. Commercial Tax

A Performance Audit on "**Recovery of revenue arrears in Commercial Tax Department**" revealed that:

The arrears of ₹ 288.46 crore (54.44 *per cent* of the arrears outstanding as on 1 April 2011) in respect of 1,70,881 cases were pending for recovery for more than five years.

(Paragraph 2.10.6.3)

Absence of a separate recovery machinery led to mounting arrears and abnormal delays in initiating action for recovery.

(Paragraph 2.10.7)

There was delay in initiating recovery proceedings up to four years and six months in 38 cases involving arrears of tax of ₹ 2.86 crore.

(Paragraph 2.10.9)

Delay in issuing the RRCs outside the State and inadequate action taken by the Department resulted in non-realisation of dues of ₹ 28.44 crore in 31 cases.

(Paragraph 2.10.11)

Inaction in lodging/pursuing cases pending with the Official Liquidator (OL) resulted in non-realisation of dues of ₹ 1.50 crore in three cases.

(Paragraph 2.10.12)

The Department did not take action to attach property in six cases which resulted in non-realisation of dues of ₹ 62.12 lakh.

(Paragraph 2.10.13)

Abnormal delay in auctioning the attached properties resulted in non-realisation of dues of ₹ 7.11 crore in case of 12 dealers.

(Paragraph 2.10.14)

The Department did not take follow up action of submission of Modified Debt Rehabilitation Scheme (MDRS) in respect of the cases pending with BIFR involving recovery of dues amounting to ₹ 3.29 crore.

(Paragraph 2.10.15)

Tax of ₹ 3.67 crore was short realised from 50 dealers due to application of incorrect rate of tax in 50 cases in 31 offices.

(Paragraph 2.11)

There was non levy of tax of ₹ 2.82 crore including interest/penalty of ₹ 3.73 lakh due to incorrect determination of turnover in 44 cases of 43 dealers in 31 offices.

(Paragraph 2.12)

Tax of ₹ 87.18 lakh was short realised from 15 dealers in 15 cases due to irregular allowance of input tax rebate in 15 offices.

(Paragraph 2.13)

There was non/short levy of entry tax of ₹ 2.04 crore including interest and penalty of ₹ 79 lakh against 60 dealers in 67 cases in 37 offices.

(Paragraph 2.14)

There was non levy of tax of ₹ 19.96 lakh on sales of taxable commodities as they were incorrectly treated as tax free in three cases of three dealers in three offices.

(Paragraph 2.18)

III. State Excise

A Performance Audit on "**Collection of Excise receipts on liquor**" revealed that:

Penalty of ₹ 6.86 lakh was not imposed on short production of alcohol from molasses.

(Paragraph 3.5.9.3)

Spirit/Foreign liquor involving excise duty of ₹ 875.38 crore remained unsecured as irregular export/transport was allowed by the Department

without obtaining Bank Guarantee/Bond with solvent securities. Excise duty of ₹ 20.25 crore on unacknowledged liquor was also not recovered.

(Paragraph 3.5.14)

Minimum penalty of ₹ 9.90 crore was not imposed and recovered from the licensees on wastage in excess of the admissible limit during export/transport of liquor.

(Paragraph 3.5.16)

The labels of bottled country liquor were not got registered by the licensees, on which registration fee of ₹ 32.40 lakh was not realised. Manufacture of liquor without registration of labels was also irregular.

(Paragraph 3.5.20)

Liquor was issued to 143 licensees despite the fact that the licensees of liquor shops had not deposited the fortnightly licence fee/last installment of annual license fee of ₹ 1.20 crore within the prescribed time.

(Paragraph 3.5.21)

Excise Duty of ₹ 2.08 crore was short levied on issue of foreign liquor from Military canteen wholesale licensees to Military canteen retail licensees.

(Paragraph 3.5.22)

IV. Taxes on Vehicles

Tax and penalty of ₹ 7.16 crore was not realised in respect of 1,652 vehicles in 17 offices.

(Paragraph 4.7)

There was non/short realisation of trade fees of ₹ 1.82 crore from the dealers in six offices.

(Paragraph 4.9)

V. Land Revenue

The underassessment of premium and ground rent of Government land allotted to Gwalior Development Authority in May 2010 resulted in short levy/realisation of revenue of ₹ 7.79 crore.

(Paragraph 5.6)

Land revenue and *upkar* of ₹ 2.43 crore collected by 15 Tahsil offices between October 2006 and September 2011 was deposited in *Panchayat Nidhi* rather than in the treasury under Major Head '0029' Land Revenue.

(Paragraph 5.7)

The Government land measuring 0.420 hectare of village

The under assessment of diversion rent and premium in 18 cases of diversion decided between February 2007 and September 2011 in Collectorates resulted in short realisation of premium and diversion rent of ₹ 21.12 lakh.

(Paragraph 5.12)

VI. Stamps and Registration Fees

Incorrect determination of market va