

## CHAPTER-VII OTHER TAX AND NON-TAX RECEIPTS

### 7.1 Results of audit

Test check of the records of the offices of Entertainment Tax and Forest Departments conducted during the year 2011-12 revealed non realisation of tax and interest, loss of revenue, idle investment, etc. of ₹ 539.95 crore in 405 cases which fall under the following categories:

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
<b>Entertainment Tax Department</b>			
1.	Non-realisation of interest	07	0.74
2.	Non-realisation of tax	15	0.29
3.	Other irregularities	14	15.54
	<b>Total (A)</b>	<b>36</b>	<b>16.57</b>
<b>Forest Department</b>			
1.	Miscellaneous losses/loss of revenue	61	44.57
2.	Idle investment, idle establishment, blocking of funds	89	95.03
3.	Pending recoveries	13	4.39
4.	Non-achievement of objectives	01	0.02
5.	Other irregularities	205	379.37
	<b>Total (B)</b>	<b>369</b>	<b>523.38</b>
	<b>Grand total (A+B)</b>	<b>405</b>	<b>539.95</b>

During the year 2011-12, the Department accepted underassessment and other deficiencies of ₹ 7.32 crore involved in 51 cases of which 11 cases involving ₹ 4.33 crore had been pointed out during 2011-12 and the remaining in the earlier years. The Department recovered ₹ 3 crore in 40 cases during the year 2011-12, which were related to the earlier years.

A few illustrative cases involving ₹ 82.88 crore are mentioned in the succeeding paragraphs.

## 7.2 Audit observations

*Our scrutiny of records in the offices of the Controller of Weights and Measures, Forest and Entertainment tax revealed cases of short realisation of royalty, non-verification of weights and measures, non-charging of interest, wasteful expenditure, etc. as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out by us. Such omissions are pointed out by us each year, but not only do the irregularities persist; these remain undetected till an audit is conducted. There is need for the Government to improve the internal control system so that recurrence of such lapses in future can be avoided.*

## Entertainment Tax Department

### 7.3 Non-charging of interest on belated payment of tax

Under the Uttar Pradesh Entertainment and Betting Tax Act, 1979, entertainment tax is to be deposited within three days from the close of the week by the cinema owners and within one week after the closure of the month by the cable operators. In case of default, interest at the rate of one and a half *per cent* per month for the first three months and two *per cent* thereafter is recoverable from the cinema owners and in case of cable operators, it is recoverable at the rate of two *per cent* per month.

During the audit (April 2011) of the records<sup>1</sup> of district entertainment tax officer, Mau, we observed that entertainment tax of ₹ 30.63 lakh due (September 2004 to October 2008) from two cinema owners and two cable operators was deposited/collected between December 2005 and January 2011. The delay ranged from one to

68 months. The interest amounting to ₹ 21.03 lakh though leviable has not been charged by the Department. As the details were available in the arrear register, inaction on the part of the Department led to non-realisation of interest of ₹ 21.03 lakh.

After we reported the matter in September 2011, the Department has agreed with our findings and stated (August 2012) that the recovery of interest of ₹ 5031 has now been made from the two cable operators and partial recovery of ₹ 6 lakh made from one cinema owner. The process of recovering the balance amount is underway. Recovery is awaited (February 2013).

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<sup>1</sup> Arrear Register, Cash Book and Treasury Statements.

## Forest Department

### 7.4 Short realisation of royalty on Tendu leaves

As per G.O. No. 2109/14.02.2001-28/89 Van Aubhag-2 dated 25 July 2001 royalty of Tendu leaves was payable on the basis of following formula by Van Nigam:-

Royalty of accessing year = Royalty of last year + amount equal to the enhancement of royalty in such percentage as it was enhanced in percentage in the rate of Tendu leaves sold by Nigam last year in comparison to that of its preceding year + amount equal to abnormal enhancement in the market rate (Selling price) of Tendu leaves in accessing year.

If there is minus enhancement in the rate, that will also be taken in account at the time of fixation of royalty.

Scrutiny of records<sup>2</sup> of two Forest divisions<sup>3</sup> (February and March 2011) and correlating the same with information collected (May 2011) from Uttar Pradesh Van Nigam (UPVN), we observed that instead of revising the royalty of Tendu leaves as per the formula fixed by Government, Forest Department had fixed royalty as per formula up to 2002-03 and fixed interim royalty

for the year 2003-04 to 2009-10. As per the formula ₹ 96.36 crore was payable as royalty from seven divisions<sup>4</sup> of Allahabad region and seven divisions<sup>5</sup> of Jhansi region for the period 2003-04 to 2009-10 but actual payment of royalty was only ₹ 49.72 crore. Due to non-calculation of royalty payable as per formula by the Department, there was short assessment / realisation of royalty amounting to ₹ 46.64 crore as detailed in **Appendix-XXIV**.

We reported the matter to the Department/Government in December 2011. We have not received reply (February 2013).

<sup>2</sup> Tendu Leaves Royalty Files, Cash-book and Treasury Statements.

<sup>3</sup> DFO Sonebhadra and Varanasi.

<sup>4</sup> Renukut, Obra, Mirzapur, Sonebhadra, Kaimur wildlife, Kashi wildlife and Allahabad.

<sup>5</sup> Hamirpur, Mahoba, Chitrakut, Banda, Lalitpur, Jhansi and Orai/Jalaun.

## Observations on Expenditure

### 7.5 Wasteful expenditure

As per forestry norms, the plants of each species acquire suitable height for plantation within two years. After two years the survival of plants depends on irrigation, shifting, pruning and root cutting etc.

To increase the forest coverage, the State Government formulated (December 2006) the scheme of planting 30 crore plants of 12 feet height. However, only 10 crore plants were raised during 2006-07 in the State. The Government released ₹ 24.83 crore (for raising in 2006-07: ₹ 12.33 crore in March 2007 and for maintenance during 2007-08 and 2008-09: ₹ 8 crore in November 2007 and ₹ 4.50 crore in April 2008 respectively). The plants raised in 2006-07 were to be planted in 2009-10.

Our scrutiny (December 2009 to March 2010) of records<sup>6</sup> of forest divisions of six districts<sup>20</sup> and information collected (December 2011) revealed that the scheme was closed (November 2007) after one year. Consequently plants grown were either planted or transferred to other divisions leaving 39.29 lakh plants<sup>7</sup> unplanted (March 2009). The Government did not

make budget provision for maintenance, irrigation, shifting, pruning and root cutting etc. of residual plants for 2009-10 and the balance plants became unfit for plantation. As such, the expenditure of ₹ 97.44 lakh<sup>8</sup> incurred during 2006-09 on raising and maintenance of these plants was rendered wasteful.

After we pointed this out, the Government replied (October 2011) that only 2.56 lakh plants remained utilised in six districts and the maintenance of saplings was done from Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS) and other schemes.

The audit observation is based on balance plants at the end of 2008-09 which became unfit for plantation due to non availability of budget for maintenance in 2009-10 and 2010-11. The fact was accepted by Hardoi Division where no budget provision was made for maintenance under any scheme. Similarly, in Meerut division loss of 5.28 lakh out of 6.18 lakh plants, shown to be transferred, was accepted. In Kasha Wildlife Forest Division, Ramnagar, Varanasi, funds were received for plantation under MNREGS but the copies of working plan and budget documents collected (March 2012) from the division revealed that these funds were released for "Bundelkhand/Bindhyachal special plantation drive" and not for "12 feet plantation scheme". There was no mention of maintenance/plantation in the working plan about 12 feet plantation scheme.

<sup>6</sup> Plantation Files of plants of 12 feet height, Bills and Vouchers, Expenditure Files and Working Plan Files.

<sup>7</sup> Agra: 10.73 lakh, Bahraich: 0.83 lakh, Hardoi: 1.09 lakh, Kanpur Dehat: 5.45 lakh, Meerut: 9.74 lakh and Varanasi: 11.45 lakh.

<sup>8</sup> ₹ 39.29 lakh x ₹ 2.48 per plant = ₹ 97.44 lakh.

Thus, 39.29 lakh plants, which remained unplanted in 2009-10 and 2010-11 were not fit for further plantation and the expenditure incurred on these plants amounting to ₹ 97.44 lakh was rendered wasteful.

## 7.6 Avoidable expenditure on growing new plants without requirement

As per Plantation Code issued (March 2003) by Social forestry Uttar Pradesh, Lucknow 35 *per cent* plants in excess of requirement should be grown in nurseries.

During scrutiny (April 2011) of records<sup>9</sup> of Forest Conservator, Agra Circle, Agra, we observed that 107.56 lakh plants sown prior to 2009-10 were

available for plantation in the nurseries of four Social and Forestry Forest divisions<sup>10</sup> under the jurisdiction of the circle in beginning of the year 2009-10. Forest Conservator, Agra circle intimated (November 2009) to Additional Principal Forest Conservator, Social and Agricultural Forestry, Lucknow that due to availability of old plants in the nurseries of the circle as per requirement, there was no necessity of growing new plants. In spite of this information Chief Conservator of Forest, Social Forestry, Uttar Pradesh, Lucknow sanctioned and released ₹ 63.48 lakh (March 2010) for growing 33.99 lakh new plants in the nurseries of the circle under the schemes of Social Forestry and Nursery Management and Infrastructure Development Scheme in 2009-10 with the remarks that for the plantation to be done in rainy season of 2010, plants of proper height would be required, therefore, in view of that it would not be proper to decrease the target of growing plants in nurseries. Accordingly the divisions expended ₹ 63.48 lakh on growing 33.99 lakh more plants in 2009-10 and spent a further ₹ 49.09 lakh on their maintenance in 2010-11 and 2011-12.

Out of 107.56 lakh old plants available with the circle in April 2009, only 30.63 lakh, 20.69 lakh and 19.66 lakh plants were utilised during 2009-10, 2010-11 and 2011-12 respectively and 36.58 lakh plants remained as balance at the end of 2011-12. The main audit concern is towards 33.99 lakh plants which were grown in 2009-10. Thus, total of 70.57 lakh plants (36.58 lakh plants as previous balance + 33.99 lakh plants grown in 2009-10) remained unutilised at the end of 2011-12 as shown in **Appendix-XXV**.

On our pointing this out (July 2011) Conservator Forest, Agra Circle, Agra stated (April 2012) that the target for growing new plants had been reduced to zero by the Department in 2010-11. The reply of the Conservator Forest, Agra itself confirms the audit observations that the plants grown in 2009-10 were unnecessary.

Thus, the Circle made an avoidable expenditure of ₹ 1.13 crore on growing and maintaining new plants without requirement.

<sup>9</sup> Returns submitted by the Forest Divisions, plantation files and correspondence files.

<sup>10</sup> Agra, Firozabad, Mainpuri and Mathura.

## Medical Health and Family Welfare Department

### 7.7 Short levy of User Charges

With a view to provide better quality medical facilities, user charges in Government hospitals/dispensaries (except hospitals affiliated to Government medical colleges) was leviable as per GO No 984/5-1-2000-4(80)/95 dated 28 June 2000. These charges were to be enhanced 10 *per cent* in beginning of each calendar year. This increase was stayed for the year 2004 vide G.O. no. 4544/5-1-2003-4(143) dated 31 December 2003 and from 2008-09 onwards vide GO No 595/5-1-08-4(80)/95 dated 29 April 2008 and all other terms and conditions of order dated 28 June 2000 have been restored. For OPD the registration fees fixed by GO dated 28 June 2000 were reduced to ₹ one for both towns and rural areas vide GO No 3090/5-1-2003-4(80)/95 dated 30 Aug 2003. Further vide GO No 595/5-1-08-4(80)/95 dated 29 April 2008 (para 5), all the terms and conditions of GO No 984/5-1-2000-4(80)/95 dated 28 June 2000 were restored.

In the audit of 251 Chief Medical Superintendents, Community Health Centres and Primary Health Centres between October 2010 and September 2012, we observed from the examination of registers and subsidiary cash books that these hospitals/dispensaries<sup>11</sup> levied user charges of ₹ 30.47 crore between April 2005 to March 2012, against the chargeable amount of ₹ 59.46 crore. The levy of user charges at the pre-enhanced rates instead of the revised rate resulted in short levy of user charges of

₹ 28.99 crore as per details given below:

( In ₹ )

Item	Number of cases	Payable	Charged	Difference
Major operation	1,25,370	7,05,39,696	4,82,06,988	2,23,32,708
Medium operation	79,821	2,83,56,084	2,03,38,980	80,17,104
Minor operation	1,52,516	1,48,41,353	96,92,372	51,48,981
Medico Legal	12,45,519	11,38,80,059	6,60,51,208	4,78,28,851
ECG	41,109	35,25,772	28,39,532	6,86,240
X-ray	5,57,408	2,90,99,217	2,31,96,751	59,02,466
Ultrasound	1,02,983	2,53,94,588	1,99,00,287	54,94,301
Indoor	8,50,021	3,52,93,117	2,68,40,721	84,52,396
CT Scan <sup>12</sup>	4,251	46,25,138	32,20,734	14,04,404
Pathology	--	1,65,17,862	1,48,88,958	16,28,904
OPD	6,94,92,668	25,25,45,881	6,95,14,956	18,30,30,925
<b>Total</b>	<b>7,26,51,666</b>	<b>59,46,18,767</b>	<b>30,46,91,487</b>	<b>28,99,27,280</b>

<sup>11</sup> Allahabad (20), Aligarh (13), Auraiya (4), Ballia (2), Bareilly (10), Chitrakoot (4), Deoria (16), Etah (5), Etawah (8), Ghaziabad (8), Ghazipur (15), Hathras (5), Jalaun (1), Jaunpur (15), Jhansi (10), Kanpur (7), Lalitpur (5), Lucknow (11), Mahoba (1), Mainpuri (7), Meerut (11), Muzaffarnagar (15), Pilibhit (6), Pratapgarh (12), Raebareli (18), Rampur (7) and Varanasi (15).

<sup>12</sup> CMS Balrampur, SPM, Lucknow, CMS(M) Ghaziabad, CMS(M) Kanpur, CMS(M) Raebareli, CMS (DDU) Varanasi and CMS Beli, Allahabad

We also noticed that between May 2008 to March 2011, 186 hospitals/dispensaries<sup>13</sup> levied user charges at rates higher than the rate fixed. These hospitals charged fees of ₹ 4.89 crore against the revised fee of ₹ 3.58 crore. This arbitrary increase at local levels was a violation of Government orders and resulted in excess levy of user charges of ₹ 1.32 crore as per details given below:

(In ₹)

Item	Number of cases	Chargeable (a)	Charged (b)	Excess charged (b-a)
ECG	15,453	7,72,650	10,79,502	3,06,852
X-ray	2,98,843	89,65,290	1,19,95,304	30,30,014
Ultra sound	5,346	5,34,600	10,69,958	5,35,358
Indoor	11,27,672	2,55,06,457	3,47,84,913	92,78,456
<b>Total</b>	<b>14,47,314</b>	<b>3,57,78,997</b>	<b>4,89,29,677</b>	<b>1,31,50,680</b>

After we pointed out these issues, the Government, in July 2011, accepted the observation and replied that clear revised Government order will be issued. The fact remains that there was loss of revenue of ₹ 28.99 crore. Also the excess levy of user charges of ₹ 1.32 crore cannot be refunded to the users and the purpose of the Government Order to reduce burden on the public was nullified. The Department had no system to check the proper implementation of Government order regarding user charges.

### 7.8 Short levy of Service Charge on Transfusion of Blood and Blood Components

Government of India, Ministry of Medical, Health and Family Welfare, National AIDS Control Organisation vide circular dated 23 January 2008 levied service charges at the rate of ₹ 850 per unit for handling of blood and blood composition provided by Government and voluntary blood banks. These orders were circulated vide G.O. no. 438/Five-1-08 dated 18 April 2008 by Government of Uttar Pradesh in the Department.

In our test check of Blood Bank register and subsidiary cash books for the period April 2005 to March 2011, in respect of 22 Chief Medical

Superintendents<sup>14</sup>, we observed that 57,618 units of Blood and Blood components were issued by these units on which service charges of ₹ 2.25 crore were levied during the period April 2008 to December 2010, against the leviable amount<sup>15</sup> of ₹ 4.90 crore. This resulted in short levy of ₹ 2.65 crore as service charge on transfusion of Blood and Blood components as shown in **Appendix-XXVI**.

After we pointed this out, the units replied that they received the order late by 24 months. Government accepted the loss and issued an order (July 2011) for recovery from the concerned employees and replied that it would be ensured that all Government orders will be uploaded on website in future. Information regarding recovery is awaited (February 2013).

<sup>13</sup> Allahabad (15), Aligarh (11), Auraiya (2), Bareilly (7), Chitrakoot (2), Deoria (9), Etah (3), Etawah (5), Ghaziabad (14), Ghazipur (10), Hathras (5), Jalaun (1), Jaunpur (14), Jhansi (7), Kanpur (10), Lalitpur (5), Lucknow (12), Mahoba (2), Mainpuri (5), Meerut (6), Muzaffarnagar (7), Pilibhit (8), Raebareilly (10), Rampur (6) and Varanasi (10).

<sup>14</sup> CMS(M)-Allahabad, Aligarh, Bareilly, Deoria, Etah, Etawah, Ghazipur, Jaunpur, Jhansi, Kanpur Nagar, Lalitpur, Mainpuri, Meerut, Muzaffarnagar, Pilibhit, Raebareilly, Rampur, Varanasi, CMS, RML, Lucknow, CMS, SPM, Lucknow and CMS, MMG, Ghaziabad.

<sup>15</sup> Charges leviable ₹ 850 per unit, actually levied at the rate of ₹ 250 & ₹ 500 per unit.



## 7.9 Non-compliance of Pre-Conception and Pre-Natal Diagnostic Techniques (PNTD) Rules

### 7.9.1 Non-imposition of penalty on the institutes running without registration

Registration of centres/institutes providing ultra sound facilities is done under Pre-Conception and Pre-Natal Diagnostic Techniques (PNTD) Rules 1996 by appropriate authorities. Rule 11 of the Rules *ibid* provides for seal and seizure of any ultrasound machine, scanner or any other equipment used by any unregistered organisation under the Act. The machines so seized may be released only on payment of penalty equal to five times of the registration fees.

In the audit of 16 Chief Medical Officers<sup>16</sup> (CMOs) between October 2010 and September 2012, we observed from register of ultrasound centre registration for the period

between April 2005 and September 2012 that registration of 226 centers/institutes were renewed late after expiry of their period of registration. The delay ranged from one month to 24 months. As per Rule 11, the Department has to charge penalty of five times of registration fee in such cases. We noticed that their machines were not seized and the prescribed penalty imposed. The running of these institutes/centers without valid registration carries the risk of misuse of these facilities and conducting of pre natal diagnostic procedures prohibited under the PNDT Rules 1996 apart from non-realisation of penalty of ₹ 40.95 lakh.

After we pointed this out, the Government, in July 2011, accepted the observation and replied that instructions have been issued<sup>17</sup> to all CMOs for action under PNDT Rules 1996. Two units<sup>18</sup> accepted the observation and replied that the due penalty of ₹ 5.91 lakh was imposed and deposited in bank. Further details of recovery are awaited (February 2013).

### 7.9.2 Short levy of registration fees

Under the provision of Rules 4, 5(a) and 5(b) of Pre-Conception and Pre-Natal Diagnostic Techniques (PNTD) Rules 1996, the fee for registration of Genetic counseling centre, Genetic Laboratory, Genetic Clinic, Ultra sound Clinic or Imaging Centre is ₹ 3000 and the fee for registration of an institute hospital/nursing home or any place providing the above said services jointly or any combination thereof is ₹ 4000. For the purpose of this an application for registration shall be made to Appropriate Authority. The certificate of registration shall be valid for a period of five years from the date of issue.

In our test check of registers of ultrasound registration of 11 CMOs<sup>19</sup>, we found that 329 hospitals/nursing homes or ultra sound centre registered for providing the service of ultrasound as well as other facilities,

<sup>16</sup> Aligarh, Ambedkarnagar, Auraiya, Banda, Bareilly, Chitrakoot, Etah, Etawah, Ghazipur, Hathras, Jaunpur, Mainpuri, Mirzapur, Pilibhit, Pratapgarh and Rampur.

<sup>17</sup> DG letter No Pa. Ka./10- J.D./05/2011/3900-16 dated 18 July 2011

<sup>18</sup> CMO Bareilly, CMO Pratapgarh.

<sup>19</sup> Aligarh, Bareilly, Etawah, Hathras, Mainpuri, Pilibhit, Pratapgarh, Varanasi, Kanpur, Jaunpur and Jhansi.



deposited fees of ₹ 3000 per centre against the prescribed fee of ₹ 4000. We also noticed that three districts<sup>20</sup> had deposited the correct registration fee at the rate of ₹ 4000 for the same facilities. Non adherence to the rules resulted in short deposit of ₹ 3.18 lakh as shown in **Appendix – XXVII**.

After we pointed this out, the Government, in July 2011, replied that instructions have been issued<sup>21</sup> to all CMOs for action under Rules. The CMO Pratapgarh and Varanasi accepted the observation and stated that the amount of ₹ 40000 has been recovered from the hospitals/ nursing homes/ centres and deposited. Progress on recovery is awaited (February 2013).

### 7.10 Non-disposal of the unserviceable/condemned vehicles

Government vide its order no 1288(II)/30-4-2002-24 KM/76 dated 11 June 2002 instructed all Departments to auction the off road vehicles by declaring them condemned.

In our test check of records of 12 Chief Medical Officers<sup>22</sup> and their subordinate health centres and Chief Medical

Superintendents, we noticed that there were 112 vehicles, which were not in running condition for period ranging from five to 20 years. The vehicles not in running condition, were to be disposed of by auction as per the Government Order. The 62 vehicles valued at ₹ 17 lakh declared as condemned between 1992 to 2010, have not yet been auctioned. The condemnation process for the remaining 50 vehicles lying unused for five to 20 years and worth at least ₹ 13 lakh<sup>23</sup> has not been started. The long delay in condemning the vehicles and their disposal has led to deterioration in their condition as well as reduction in the net realisable value of ₹ 30.39 lakh.

After we pointed this out, the Government, in July 2011, replied that the instructions have been issued<sup>24</sup> to all concerned for taking immediate action. We feel the Department should ensure time bound disposal/auction of such vehicles. Details of auction taken are awaited (February 2013).

### 7.11 Non/Short realisation of revenue in auction of cycle stand

Parking space is an important part of the hospitals to provide safe and smooth parking of vehicles for not only patients, doctors, staff of the hospitals but also for ambulances within campus. This was allotted to contractor for one year by open auction. As per para 5 of agreements dated 18 April 2008 the contractor was allowed to pay the bid money in installments, failing which he was liable to pay interest. As per para 9 of agreement the contractor collected parking fees @ ₹ 3, ₹ 2 and ₹ 1 for car, motor cycle and cycle respectively.

From the records of CMS, Bareilly we noticed that in 2008-09 a parking space was allotted for this year to a contractor through an auction against his highest bid of ₹ 8 lakh. As per agreement, the contractor had to

<sup>20</sup> Etah, Muzaffarnagar and Pratapgarh.

<sup>21</sup> DG letter No Pa.Ka./10- JD/05/2011/3891-8 dated 18 July 2011

<sup>22</sup> Allahabad, Bareilly, Chitrakoot, Etawah, Jalaun, Jaunpur, Lucknow, Mainpuri, Muzaffarpur, Pilibhit, Raebareli and Rampur.

<sup>23</sup> Calculated at the rate ₹ 25000 per vehicle.

<sup>24</sup> DG letter No 15 Fa. / 120B /M/ 11/ 421 dated 19 July 2011.

pay ₹ 2 lakh upto 24 April 2008 and the balance in three equal installments of ₹ 2 lakh each payable on 31 July 2008, 31 October 2008 and 31 January 2009, failing which the contract was to be terminated. However, the contractor violated the conditions and deposited only ₹ 1 lakh upto 24 April 2008 and a total of ₹ 2.90 lakh till February 2009. Despite the contractor being irregular in deposit of the installments and not paying the full amount of ₹ 7.80 lakh<sup>25</sup> by the due date, the contract was not terminated. The contractor ran the stand till July 2009 and collected parking charges from the public. The CMS Bareilly issued recovery certificate for ₹ 5.10 lakh only in April 2009.

After we pointed this out, the Government, in July 2011, replied that instructions have been issued to District Magistrate for action under Land Revenue Rules. However, no recovery has been made so far (February 2013).

## Sugarcane Development Department

### 7.12 Non-imposition of cane purchase tax, penalty and interest

Under the Sub Section (1) of Section 3 of the Uttar Pradesh Cane Purchase Tax Act, 1961, cane purchase tax (CPT) shall be levied and collected on the quantity of the sugar cane purchased by the owner of a factory. Collector is the assessing authority for this purpose.

Sub Section (3) provides that any tax payable under this Act, if not paid by the date prescribed for payment thereof, shall carry interest at the rate of 12 *per cent* from such date to the date of payment.

Sub Section (4) further provides, where any tax payable under this Act, or interest thereof, or both, as the case may be, remains unpaid for a period exceeding fifteen days beyond the date prescribed for payment thereof, the person liable to pay the same shall also be liable to pay penalty calculated at such rates as may be prescribed.

We observed (May, 2010) from the records<sup>26</sup> of M/s Akabarpur Sugar Mills Ltd., Mijhaura, Ambedkar Nagar (a unit of Balrampur Sugar Mills Ltd.) that during the crushing season 2006-07, 69,04,746.76 quintals of sugar cane was purchased by Sugar Mill till the date 22.02.2007 (day before the date 23.02.2007 on which the Mill got eligibility certificate for getting exemption for payment of CPT in terms of the Sugar Promotion Policy,

2004). An amount of ₹ 1.38 crore was leviable as CPT on the aforesaid quantity of sugar cane against which only ₹ 61.80 lakh was paid by the Sugar Mill. Thus, the balance amount of the CPT ₹ 76.29 lakh and interest at the rate 12 *per cent* thereon were not imposed/realised.

After we pointed it out (September 2011), The Department stated (September 2012) that the balance amount of the CPT of ₹ 76.29 lakh and an additional amount of ₹ 76,000 as penalty at the rate of one *per cent* on the unpaid tax was recovered in January 2012. The amount of interest of ₹ 34.41 lakh was still not imposed and collected.

<sup>25</sup> ₹ 5.1 lakh for 2008-09 and ₹ 2.7 lakh for April 2009 to July 2009.

<sup>26</sup> Cane Purchase Register, CPT Register and Arrear Register.

## Weight and Measurement Department

### 7.13 Non-realisation of meter verification and stamping fee from Auto-rickshaws

As per schedule-XII, substituted under Rule 17(1) of the Uttar Pradesh Standard Weight & Measurement (Enforcement) Rules, 1990, meter for measurement of distance covered should be installed in the auto-rickshaw and ₹ 50 is payable as fee for verification and stamping of such installed meter.

Further, Section 24 of Uttar Pradesh Standard Weight & Measurement (Enforcement) Act, 1985, prescribes every weight or measure used or intended to be used in any transaction or for industrial production or for protection shall be verified or re-verified and stamped at least once in a year.

We scrutinised (June 2011 to March 2012) the records<sup>27</sup> of four RTOs<sup>28</sup> and five ARTOs<sup>29</sup> and observed that during the period June 2008 to February 2012, 26,677 auto-rickshaws were registered without getting meter verification certificate. There was lack of co-ordination between the Weight & Measurement Department and Transport Department

due to which Weight and Measurement Department failed to realise meter verification and stamping fees which resulted in non-realisation of fee amounting to ₹ 25.03 lakh.

We reported the matter to the Department/Government (July 2011 to April 2012). The Department stated (November 2012) that it is compulsory for the persons plying auto rickshaws to get the meter verified and that there is no system to cross check information of registered auto rickshaws from the RTO/ARTO office.

**We recommend that the Department develop a system to cross check with the RTO/ARTOs so that the meter verification is done and revenue realised.**

<sup>27</sup> Registration files of auto-rickshaws, vehicles database.

<sup>28</sup> RTO - Azamgarh, Bareilly, Banda and Aligarh.

<sup>29</sup> ARTO - Gautambudh Nagar, Siddharth Nagar, Firozabad, Deoria and Bulandshahar.

## 7.14 Non-realisation of fee/additional fee

Under the provision of the Standard of Weights and Measures (Enforcement) Act, 1985 (SOWM) read with rule 14 and 15 of the U.P. Standard of Weights and Measures (Rules) 1990, (U.P. SWM), every person in possession, custody or control of any Weight and Measure (including capacity measurement like storage tank, lorries dispensing measurement etc.) which he intends to use or is likely to use in any transaction or for industrial production, shall present such weight and measure for verification or re-verification and get it stamped at least once in five years, as the case may be, on payment of the prescribed fees. Contravention of the provisions of the Act attracts penalty under section 47 with fine which may extend to ₹ 500. Further, under rule 17 (3) of the U.P. SWM Rules, additional fee at half the rates specified in schedule XII of the U.P.SWM Rules is also payable after expiry of the validity of stamping for every quarter of the year or part thereof for re-verification.

On test check of records<sup>30</sup> of two distilleries<sup>31</sup> between June 2010 and December 2010, we observed that storage vats/tanks were in use in these distilleries without verification by the Weights and Measures Department since installation. The Department did not conduct inspections for verification/re-verification as laid down in rule 15(7) *ibid* and the users also did not get the vats/ storage tanks verified as laid down in Rule 15(1) *ibid*. This resulted in non-realisation of fee and additional fee amounting to ₹ 11.59

lakh<sup>32</sup> besides penalties leviable for contravention of the Act. Further, non-calibration of the vats/storage tanks carried the risk of incorrect determination of the volume of liquor stored in them resulting in incorrect assessment of excise duty.

<sup>30</sup> File of Licences and Certificates, Dip Books, Maintenance of Vats/Tanks Files.

<sup>31</sup> (i) Jain Distillery Nagina Road, Bijnore not verified since installation in January 2008.

(ii) Balrampur Chini Mill, Gonda not verified since 1999 .

(Amount in ₹)

Name of Distillery/ Sugar Mill	No. of VAT/ Tanks	Verifi- cation fees as per capacity of VAT/Tank	Year when verificati on was due	Period of delay	Delay in no. of qtrs.	Verifi- cation fee due	Additional fee due for delayed period	Total unrealised fee
Jain Distillery, Bijnor	14	2,454 to 5,000	January 2008	January 2008 to December 2011	16	52,354	4,18,832	4,71,186
Balrampur Chini Mill, Gonda	5	5,000	January 1999	January 1999 to February 2012	53	25,000	6,62,500	6,87,500
<b>Total</b>	<b>19</b>					<b>77,354</b>	<b>10,81,332</b>	<b>11,58,686</b>

After we pointed this out (between December 2011 and March 2012) the Government agreed with our finding that the checking was not done and stated in October 2012 that after the checks were carried out in June 2012 the first distillery has deposited ₹ 4.43 lakh as the due fees. In the second ₹ 7.63 lakh has been raised, however the matter is now in court. Since the number of distilleries and sugar mills in the state is well known, we recommend that the Department regularly inspects and verifies the storage vats/tanks as per rules.

Lucknow,  
The



**(Dr. Smita S. Chaudhri)**  
**Accountant General (E&RSA)**  
**Uttar Pradesh**

Countersigned



New Delhi,  
The

**(VINOD RAI)**  
**Comptroller and Auditor General of India**