

OVERVIEW

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This Report contains 29 paragraphs including three Performance Audits involving ₹ 614.76 crore. The Departments/Government have accepted audit observations involving ₹ 153.15 crore out of which ₹ 1.06 lakh was recovered. Some of the major findings are mentioned below:

I General

The total receipts of the State Government for the year amounted to ₹ 88,640.78 crore against ₹ 75,749.24 crore for the previous year. Out of this, 53 *per cent* was raised by the State through tax revenue (₹ 36,567.31 crore) and non-tax revenue (₹ 10,375.23 crore). The balance 47 *per cent* was received from the Government of India as State's share of divisible union taxes (₹ 24,106.80 crore) and grants-in-aid (₹ 17,591.44 crore).

(Paragraph 1.1.1)

We test checked records of 515 units of Commercial Tax, State Excise, Taxes on Vehicles, Land Revenue, Stamps and Registration Fees, Mining receipts, Forest Receipts and Electricity Duty during the year 2014-15 and observed underassessment/short levy/loss of revenue amounting to ₹ 1,486.50 crore in 13,55,453 cases. The Departments concerned accepted underassessment and other deficiencies of ₹ 411.49 crore involved in 2,49,393 cases which were pointed out in audit during 2014-15 and collected ₹ 4.85 crore in 654 cases.

(Paragraph 1.9)

II Commercial Tax

Performance Audit on "**System of assessment under VAT**" revealed the following:

The Assessing Authorities (AAs) underdetermined the taxable turnover of the dealers as against the aggregate turnover of the dealers recorded in their audited books of accounts, sale list and other records available in the case files. As a result, turnover aggregating ₹ 499.41 crore was not assessed to tax resulting in non-levy of tax of ₹ 82.08 crore including penalty of ₹ 41.84 crore in 160 out of 9,063 assessment cases test-checked in 30 offices.

(Paragraph 2.2.11)

The AAs levied incorrect rates of tax on turnover of ₹143.54 crore which resulted in non/short levy of VAT amounting to ₹ 38.57 crore including penalty of ₹ 26.80 crore in 51 out of 5,044 assessment cases test-checked in 24 offices.

(Paragraph 2.2.12)

The AAs while determining the turnover deducted the amount of tax from the aggregate of sale price although the amount of tax was not included in aggregate of sale price. This resulted in short levy of tax of ₹ 32.22 crore in 27 out of 5,469 assessment cases test-checked in 17 offices.

(Paragraph 2.2.13)

Dealers sold taxable commodity and claimed it as tax free. AAs while assessing the cases had also not levied tax treating them incorrectly as tax free

goods. This resulted in non-levy of tax of ₹ 1.82 crore including penalty of ₹ 1.26 crore in nine out of 4,068 assessment cases test-checked in seven offices.

(Paragraph 2.2.14)

Allowance of ITR on purchases over and above the purchases certified in the Audited Accounts, ITR on non-eligible goods and non-reversal/less reversal of ITR in the event of the goods stock transferred out of State etc. resulted in incorrect/excess allowance of ITR of ₹ 10.37 crore in 79 cases out of 13,840 assessment cases test-checked in 31 offices.

(Paragraph 2.2.15)

Interstate sales turnover of ₹ 267.72 crore was assessed without submission of C/F-form and also against defective C/F-form. This resulted in short levy of tax of ₹ 11.86 crore including penalty of ₹ 1.22 crore in 29 out of 1,629 assessment cases test-checked in 17 offices.

(Paragraph 2.2.17.1)

Irregular grant of deduction in respect of transit sale under Section 6(2) of CST Act involving turnover of ₹ 229.21 crore resulted in short levy of tax of ₹ 9.87 crore including penalty of ₹ 9.33 lakh in seven out of 99 assessment cases test-checked in five offices.

(Paragraph 2.2.17.3)

The AAs allowed adjustment of TDS from assessed tax for the sale of soyabean and cotton against TDS certificates covering transactions of more than one calendar month. This resulted in irregular adjustment of TDS of ₹ 4.45 crore in 40 out of 4,226 assessment cases test-checked in 13 offices.

(Paragraph 2.2.18)

III State Excise

Issuance of export/transport permits without recovering the prescribed duty/without obtaining the sufficient bank guarantee and solvent securities resulted in non-realisation of duty of ₹ 8.54 crore.

(Paragraph 3.3)

The Department did not impose penalty amounting to ₹ 1.27 crore for not maintaining the minimum stock of bottled country liquor at the country liquor warehouses as required under the Rules.

(Paragraph 3.4.1)

The Department did not recover penalty of ₹ 81.11 lakh from six licensees on wastage of 67,577.11 proof litre of foreign liquor and 51,413.57 bulk litre of beer, which was 41,470.55 PL foreign liquor and 30,624.46 BL of beer in excess of admissible limit.

(Paragraph 3.4.2)

IV Taxes on Vehicles

Buses having wheelbase of 3,800 mm, 4,200 mm and 5,639 mm were registered with less seating capacity than the seating capacity prescribed by the registration authority, resulting in loss of revenue of ₹ 29.92 lakh.

(Paragraph 4.3)

Motor vehicle tax in respect of 349 public service vehicles kept for use as reserve, 582 goods vehicles, 134 maxicabs/taxicabs, 525 Earthmovers/Harvesters and eight stage carriage vehicles amounting to ₹ 4.56 crore and penalty of ₹ 2.57 crore thereon was neither paid by the vehicle owners nor demanded by the TAs.

(Paragraph 4.4)

The Department failed to recover trade fee amounting to ₹ 2.06 crore on 2,17,408 two wheelers and 57,361 four wheelers from dealers of vehicles, registered between April 2011 and March 2014.

(Paragraph 4.5)

V Land Revenue

Performance Audit on "**Land Revenue Receipts in Madhya Pradesh**" revealed the following:

Land was allotted to private institutions for establishment of Private University, higher education complex and for establishment of petrol pumps at lower prices in contravention of the provisions of Revenue Book Circular (RBC) resulting in short realisation of revenue of ₹ 29.80 crore.

(Paragraph 5.2.8)

Out of 15,590 permanent lease cases of *nazul* land pending for renewal during the period 2010-11 to 2014-15, applications for renewal were received in 917 cases. No action for renewal of the remaining 14,673 cases which expired between 1962-63 and 2014-15 was taken by the Department.

(Paragraph 5.2.9)

In 12 Collectorates, the SDOs did not levy *panchayat upkar* on premium and ground rent on land situated in *gram panchayat* area depriving the Government of revenue of ₹ 14.33 crore in 1,063 cases.

(Paragraph 5.2.15)

In three Collectorates, SDO (Revenue) did not discharge their duties as Public Officer by non-impounding the cases of unduly stamped instruments, resulting in non recovery of Stamp Duty, Registration fees and penalty thereon amounting to ₹ 4.84 crore.

(Paragraph 5.2.16)

In 14 Collectorates, an amount of ₹ 264.80 crore of various heads of land revenue was pending for more than 30 days. No action was taken for recovery of outstanding revenue and levy of penalty up to 100 per cent.

(Paragraph 5.2.19)

Land revenue leviable on 252 major minerals leases having an area of 18,099.241 hectare land was not assessed which resulted in non-recovery of ₹ 31.15 crore.

(Paragraph 5.2.20)

There were four Commissionerate offices covered under Performance Audit, out of which Indore and Bhopal Commissionerates planned internal audit of 120 and 47 subordinate offices respectively and no audit plan was drawn in Sagar division. In Indore division, 60 offices were audited, while no audit was undertaken in Bhopal Division. Ujjain Commissionerate was the only one to achieve 90 per cent of targeted units. Besides, monthly *tauzi* were not being prepared by Tahsil offices to check the correctness of the figures shown in the monthly statements.

(Paragraph 5.2.23)

VI Stamps and Registration Fees

Cases referred by Sub registrar for determination of market value of properties had not been finalised by the Collector of Stamps (District Registrar), though the stipulated period of three months for disposal of referred cases had lapsed, resulting in non realisation of Stamp duty and Registration fees of ₹ 6.33 crore.

(Paragraph 6.3)

In 27 instruments, though the market value of the property was higher as per guidelines for the respective years, the SRs did not refer these instruments to the Collector of Stamps, for the determination of correct value of the properties. This resulted in short levy of Stamp duty and Registration fees of ₹ 51.56 lakh.

(Paragraph 6.4)

The registration authorities levied only ₹ 2.33 crore as stamp duty and ₹ 1.65 crore as registration fees against leviable stamp duty and registration fees of ₹ 2.55 crore and ₹ 1.91 crore respectively on 17 documents of lease deeds resulting in short realisation of stamp duty and registration fees of ₹ 21.89 lakh and ₹ 26.10 lakh respectively.

(Paragraph 6.5)

In 17 instruments of Power of Attorney (POA), these instruments were treated as POA to sell without consideration for a period not exceeding one year, though the power to sell, gift, exchange or permanent alienation of immovable property was given without explicitly mentioning that the power is given for a period not exceeding one year, resulting in short levy of stamp duty and registration fees of ₹ 28.27 lakh.

(Paragraph 6.6)

Plots in lieu of security for development work to be carried out by the coloniser were not mortgaged on which, the estimated development expenditure was calculated at ₹ 15.10 crore based on rates of Madhya Pradesh Housing Board applicable for that area/zone, resulting in non-levy of Stamp

duty and Registration fees on the cost of estimated development expenditure of ₹ 27.18 lakh.

(Paragraph 6.7)

VII Mining Receipts

Two hundred ten mining lessees had paid ₹ 5.67 lakh of rural infrastructure and road development tax against the payable amount of ₹ 6.47 crore for the period 2013-14. This resulted in short realisation of revenue amounting to ₹ 6.41 crore.

(Paragraph 7.3)

The Department failed in safeguarding the revenue interest of the State as instead of levying the stamp duty on full amount of contract money in accordance with the Departmental instructions, agreements of mining leases were executed on stamp papers of ₹ 100 resulting in short realisation of Stamp Duty and Registration Fees of ₹ 4.01 crore.

(Paragraph 7.4)

The Department recovered dead rent amounting to ₹ 9.11 lakh against the recoverable amount of ₹ 1.31 crore as per the provisions of Madhya Pradesh Minor Mineral Rules, 1996, while in the cases of mining leases, 53 lessees holding mining lease had not paid the amount of dead rent of ₹ 57.09 lakh due for the period January 2013 to January 2014 resulting in non-realisation of dead rent of ₹ 1.79 crore.

(Paragraph 7.5)

Two lessees had paid royalty of ₹ 5.83 crore between January 2012 and December 2013 for consumption/transportation of minerals against the payable amount of royalty of ₹ 6.81 crore, while in the cases of royalty on quarry leases, 34 lessees had paid royalty of ₹ 1.09 crore in respect of minerals removed between January 2009 and December 2014 against payable amount of ₹ 1.74 crore, resulting in short realisation of royalty of ₹ 1.63 crore.

(Paragraph 7.6)

The Department could recover contract money of only ₹ 3.34 lakh in 28 cases, against recoverable amount of ₹ 65.74 lakh resulting in non/short realisation of contract money of ₹ 62.40 lakh.

(Paragraph 7.7)

VIII Forest Receipts

Performance Audit on "**Forest Receipts in Madhya Pradesh**" revealed the following:

The production of timber and fuel wood was 11 to 95 *per cent* below the estimated production in 250 coupes of nine Divisions. Further, in 426 other coupes of eight Divisions, though variation in overall production was within 10 *per cent* of the estimation, the production of timber which is more valuable was 11 to 100 *per cent* short of estimation. This resulted in loss of ₹ 69.23 crore.

(Paragraph 8.2.9)

The Forest Department did not reconcile data regarding the quantity of minerals extracted and transported through forest area with the Mining Department. This resulted in short recovery of transit fee for transportation of minerals by ₹ 12.23 crore.

(Paragraph 8.2.12)

The e-auction was not implemented even after 9 years from its contemplation and incurring expenditure of ₹ 19.95 lakh.

(Paragraph 8.2.16)

Forest produce lying in depots was up to 33 years old involved in court cases and up to four years old in other cases, thus there was likely loss of ₹ 7.18 crore.

(Paragraph 8.2.18)

The forest produce sent from coupe and seized in illicit felling were found short on transportation to depot resulting in loss of ₹ 2.07 crore.

(Paragraph 8.2.20 and 8.2.21)

Non/short felling of trees in coupes as prescribed in Working Plan and non-felling of trees due to non-preparation of Working Plan resulted in non-realisation of revenue amounting to ₹ 23.87 crore.

(Paragraph 8.2.23)

VAT recovered from the sale of forest produce was deposited (₹ 251.58 crore) into Revenue Head of the Department and was paid (₹ 254.07 crore) to the Commercial Tax Department through budget allotment, resulting in overstatement of receipt and expenditure.

(Paragraph 8.2.29)

There was lack of preparation/ maintenance of necessary records such as timber account, monthly account of transit passes, quarterly returns from registered traders etc., and regular reconciliation of remittances.

(Paragraph 8.2.19, 8.2.27, 8.2.31 and 8.2.32)

The rate of handling charge levied on private producers was not revised for eight years.

(Paragraph 8.2.33)