

EXECUTIVE SUMMARY

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The Report of the Comptroller and Auditor General of India on Revenue Sector for the year ended 31 March 2017 (Government of Meghalaya) is brought out in six chapters. The Report contains a Performance Audit on “Wildlife and Forest Management in Meghalaya” and 28 Audit Paragraphs relating to Taxation, State Excise, Transport and Mining & Geology departments involving ₹ 361.51 crore. The major findings are mentioned below:

Chapter-I: General

➤ During the year 2016-17, the revenues raised by the State Government (₹ 1871.25 crore) was 20.93 *per cent* of the total revenue receipts (₹ 8938.95 crore). The balance 79.07 *per cent* of receipts during 2016-17 comprised of State’s share of net proceeds of divisible taxes and duties amounting to ₹ 3911.05 crore and grants-in-aid from Government of India amounting to ₹ 3156.65 crore.

Paragraph 1.1

➤ Test check of the records of taxes on sale, trade *etc.*, state excise, motor vehicles tax, forest receipts and other non-tax receipts conducted during the year 2016-17 revealed under assessments/short/non-levy/loss of revenue amounting to ₹ 877.87 crore in 397 cases. During the year, the departments accepted under assessments/short/non-levy/loss of revenue of ₹ 387.17 crore in 201 cases pointed out in 2016-17, and recovered ₹ 0.67 crore.

Paragraph 1.9.1

Chapter-II: Taxation Department

➤ Two dealers concealed purchase of ‘tobacco/cigarettes’ worth ₹ 16.30 crore in course of inter-State trade and evaded tax of ₹ 3.26 crore.

Paragraphs 2.4 & 2.5

➤ A dealer paid tax on sale of ‘automobiles’ at 5 *per cent* instead of 13.5 *per cent*, resulting in short payment of tax of ₹ 6.34 crore.

Paragraph 2.6

➤ A dealer closed down his business and did not pay tax amounting to ₹ 1.43 crore on closing stock worth ₹ 28.67 crore.

Paragraph 2.7

➤ Acceptance of obsolete declaration forms by the ST, Nongpoh, resulted in underassessment of tax amounting to ₹ 65.04 lakh.

Paragraph 2.8



➤ A dealer concealed sale of 'electronic goods' amounting to ₹ 8.44 crore resulting in evasion of tax amounting to ₹ 71.74 lakh.

Paragraph 2.9

➤ A dealer engaged in work contracts claimed excess deduction of ₹ 3.46 crore as labour charges, resulting in short payment of tax amounting to ₹ 46.73 lakh.

Paragraph 2.10

➤ The Superintendent of Taxes (ST) accepted false declarations in Form 'C' in support of inter-State sale of ₹ 6.06 crore resulting in under assessment of tax of ₹ 0.18 crore.

Paragraph 2.11

➤ Two dealers concealed sale/inter-State purchase of ₹ 22.91 crore and evaded tax of ₹ 4.28 crore.

Paragraphs 2.12 & 2.13

➤ Acceptance of inadmissible declarations in form 'F' by the ST in support of stock transfer of coal amounting to ₹ 22.96 crore resulted in under assessment of tax of ₹ 1.15 crore.

Paragraph 2.14

➤ Application of incorrect rate of tax on work contracts resulted in short payment of tax of ₹ 0.23 crore.

Paragraph 2.15

➤ Two bonded warehouses irregularly sold alcoholic liquor worth ₹ 16.29 crore without payment of tax amounting to ₹ 3.26 crore.

Paragraph 2.17

Chapter-III: State Excise Department

➤ Two hundred and thirty-eight Indian Made Foreign Liquor (IMFL) retail licencees failed to renew their licences resulting in revenue amounting to ₹ 1.41 crore not being realised.

Paragraph 3.4

➤ Twenty-seven distilleries/companies/bonded warehouses failed to register the brand names of 198 brands resulting in revenue amounting to ₹ 75 lakh not being realised.

Paragraph 3.5



- A bottling plant concealed 0.10 lakh Bulk Litres of Extra Neutral Alcohol and evaded excise duty payment of ₹ 17.37 lakh.

Paragraph 3.6

- There was loss of revenue amounting to ₹ 12 lakh as unpaid licence fee from two bonded warehouses in the absence of security deposits.

Paragraph 3.7

- There was evasion of excise duty amounting to ₹ 35.13 lakh by three bonded warehouses on account of stock found short during verification.

Paragraph 3.8

Chapter-IV: Transport Department

- Failure to enforce the provisions of the lease agreement for the weighbridge at Gasuapara resulted in loss of revenue amounting to ₹ 31.43 lakh.

Paragraph 4.4

- Delay in issuing instructions for weighing trucks carrying limestone resulted in loss of revenue due to non-realisation of penalty amounting to ₹ 10.51 crore on overloading.

Paragraph 4.5

Chapter-V: Forest & Environment Department

About 77 per cent of the Meghalaya State extending to 17217 sq. km. is forested. It has two National Parks, three wildlife Sanctuaries and 24 Reserved Forests. Only 12 per cent of the recorded forests is under the direct control of the State Forest Department, rest is owned by private individuals, clans, village councils, district councils and other traditional institutions.

A performance review on “Wildlife and Forest Management in Meghalaya” covering the period from 2012-13 to 2016-17 was conducted. It revealed a number of deficiencies in the way the Department had been functioning.

Audit observed that encroachment in the Reserved Forests was increasing continuously. As of March 2017, the total encroached forest area reported was 8600.51 ha. The Department had filed 1223 court cases for encroachment, however in no case, verdict had been awarded. Illegal felling of timber and illegal extraction of minerals was widespread. There were 348 unlicensed/illegal saw mills operating in the State. The Department’s attempts to close them down permanently have been mostly ineffective. The courts directed ban on coal mining, extraction of sand from river beds, and felling of timber *etc.* As the Department did not maintain data on the minerals transported during the ban period, it was not in a position to verify whether there was any illegal transportation.

There were large number of incidents of human-animal conflict, death of elephants due to electrocution and the Department was unable to secure Elephant habitats and corridors. Between 2012-13 and 2016-17, 9622 cases of human-elephant conflict were reported, resulting in death of 25 persons, injury to 22 persons, and damage of crop in 4009 ha area.

Due to dual control in collection of royalty on limestone by Forest and Mining Departments and absence of a mechanism for periodic exchange of information between the two departments, the transporters/companies evaded royalty.

Manpower available with the divisions was inadequate. Specialized facilities for research such as tissue culture Lab and seed testing centre remained in-operational due to lack of technical man-power. The Department did not exercise control and monitor the activities of the field offices effectively. Vital information such as progress of court cases details of illegal sawmill, royalty and cess collected by Mining Department was not available with the Forest Department thus hindering it in effectively tackling the menace of illegal felling and removal of timber or protect its revenue interests. Data on encroachment maintained by the field offices was not reliable. The Forest Department did not have a suitable control and monitoring mechanism in place to prevent unauthorised transport of forest minerals. This led to the four forest checkgates under reporting transportation of 142.29 lakh MT of limestone resulting in loss of revenue of ₹ 99.49 crore.

Paragraph 5.4

Chapter-VI: Mining & Geology Department

➤ Under-reporting of coal exported to Bangladesh resulted in short realisation of revenue of ₹ 46.41 crore.

Paragraph 6.4

➤ The Mining & Geology Department failed to realise royalty amounting to ₹ 51.78 crore on 7.67 lakh MT of assessed coal.

Paragraph 6.5

➤ There was evasion of cess amounting to ₹ 1.92 crore by three cement companies on 4.80 lakh MT of limestone.

Paragraph 6.6

➤ There was short payment of cess amounting to ₹ 3.33 crore on 16.67 lakh MT of limestone utilised by nine lessees/ companies.

Paragraph 6.7