



सत्यमेव जयते

**Report of the
Comptroller and Auditor General of India
on
Revenue Sector
for the year ended 31 March 2016**



Government of Bihar
Report No. 1 of the year 2017

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PREFACE

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2016 has been prepared for submission to the Governor of Bihar under Article 151 of the Constitution of India.

The Report contains significant findings of audit of Receipts and Expenditure of major Revenue earning Departments under Revenue Sector conducted under the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those, which came to notice in the course of test audit during the period 2015-16 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; instances relating to the period subsequent to 2015-16 have also been included wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

OVERVIEW

This Report contains 40 paragraphs including one Performance Audit of 'Levy and collection of motor vehicle tax' and two Audits of 'Levy and collection of Stamp duty and Registration fee' and 'System for collection of arrears of revenue in Commercial Taxes Department' relating to underassessment/short levy of tax, duty, fees, interest, penalty etc. involving ₹ 1,416.97 crore. Some of the major findings are mentioned below:

I General

Total receipts of the Government of Bihar for the year 2015-16 were ₹ 96,123.10 crore. The revenue raised by the State Government amounted to ₹ 27,634.82 crore comprising tax revenue of ₹ 25,449.18 crore and non-tax revenue of ₹ 2,185.64 crore. The receipts from the Government of India were ₹ 68,488.28 crore (States' share of divisible Union taxes: ₹ 48,922.68 crore and grants in aid: ₹ 19,565.60 crore). Thus, revenue raised by the State Government was only 29 *per cent* of total revenue receipts. Taxes on Sales, Trade etc. (₹ 10,603.40 crore) and Non-ferrous Mining and Metallurgical Industries (₹ 971.34 crore) were the major sources of tax and non-tax revenue respectively during 2015-16.

(Paragraph 1.1.1)

The number of inspection reports (IRs) and paragraphs issued up to December 2015 but not settled by June 2016 stood at 2,008 and 15,426 respectively involving ₹ 10,662.75 crore. We are yet to receive even first replies for 1,209 IRs though these were required to be furnished within four weeks of its receipt.

(Paragraph 1.6)

We conducted test-check of the records of commercial taxes, State excise, taxes on vehicles, stamp duty and registration fees, land revenue and non-ferrous mining and metallurgical industries during the year 2015-16 and observed underassessment/short levy/loss of revenue of ₹ 3,663.11 crore in 2,990 cases. During the period 2015-16, the Department accepted underassessment and other deficiencies of ₹ 275.41 crore in 293 cases.

(Paragraph 1.9)

II Taxes on Vehicles

The Performance Audit of 'Levy and collection of motor vehicle tax' indicated the following deficiencies:

- More than 80 *per cent* of people living in urban areas are exposed to air quality levels that exceed the limits specified by World Health Organisation (WHO). A survey conducted by WHO based on Central Pollution Control Board (CPCB) reports found that Patna is the sixth most polluted city in the world with an annual averaged ultrafine particle level of 2.5 or less microns at 149 (year 2013) and level of particles of 10 and above microns at 167 (year 2012). The Indira Gandhi Science Centre Planetarium, Patna under CPCB declared (16 December 2016) the air quality of the City as 'Most Unhealthy' with Respirable Suspended Particulate Matter (RSPM) at
-

280 against a permissible limit of 60 microgram per cubic metre ($\mu\text{g}/\text{m}^3$). Guidelines for Ambient Air Quality Monitoring issued by CPCB states that one of the main sources of RSPM is vehicular emission. Audit observed that Patna witnessed a steep increase in number of vehicles from 2.34 lakh as on 1 April 2011 to 6.74 lakh as on 31 March 2016. This made it clear that the exponential increase in number of vehicles in Patna played an important role in the rise in pollution level in the City.

(Paragraph 2.4.9.1)

- Though the vehicular pollution levels in the City has increased as per data maintained by CPCB, scrutiny of records in State Transport Commissioner (STC), Bihar, Patna, revealed that the office was not maintaining the database of pollution testing stations in the City as well as in the State. As a result, the Department could not monitor the standards of pollution testing stations to ensure that the tests conducted by them are authentic and only those vehicles which were certified as 'Pollution under Control' (PUC) after following due procedure were allowed to ply in the State. Absence of any control by STC over the functioning of the pollution testing stations may be a reason for the increased pollution levels in Patna.

(Paragraph 2.4.9.2)

- There were 35 cases of fictitious transactions (in district transport office, West Champaran) and 81 cases of irregular cancellation of money receipts (in five district transport offices) due to absence of validation checks and proper monitoring. The scale of fictitious transactions/malpractices in handling money receipts rendered the integrity and security of VAHAN database doubtful.

(Paragraph 2.4.8)

- Due to absence of validation checks in registration module of VAHAN software and lack of inter-connectivity amongst the district transport offices, 132 vehicles were registered at reduced sale value. Further, 52 vehicles were registered in other districts after the actual date of purchase and on reduced sale amount. There was delivery of 19,447 vehicles without assigning temporary registration number and 32,797 commercial tractors were registered without trailers. These irregularities resulted in short realisation of revenue of ₹ 30.90 crore.

(Paragraph 2.4.10)

- In district transport office, West Champaran, driving licences were issued to 3,188 applicants without conducting test of competency to drive motor vehicle. However, SARATHI database indicated that the licences were issued after passing the test which indicates that the database was tampered with. Issue of licences in such a way is also fraught with risks of accident and fatalities.

(Paragraph 2.4.11)

- As the Department failed to inter-link the database of offices of the District Transport Officers with that of offices of Regional Transport

Authorities, the plying of three wheelers, tractor-trailer combination and buses of educational institutions without valid permit remained undetected.

(Paragraph 2.4.12)

- An amount of ₹ 10.10 crore collected as fees was remitted into Government account with a delay ranging from two days to 10 months in contravention of the provision of the Bihar Financial Rules. Further, 596 bank drafts received from different States/Regional Transport Authorities as permit fee were not encashed during their validity period.

(Paragraph 2.4.14)

In 17 district transport offices, tax dues of ₹ 94.22 lakh pertaining to 698 transport vehicles for the period between March 2011 and July 2015 were neither paid by the vehicle owners nor notices of demand for realisation of dues of ₹ 2.82 crore (including penalty) were issued by the concerned District Transport Officers.

(Paragraph 2.6)

In 15 district transport offices, the owners of 5,150 vehicles either not paid One Time Tax or paid short. The taxing officers did not impose the leviable One Time Tax/penalty amounting to ₹ 4.41 crore.

(Paragraph 2.8)

III Stamps and Registration Fee

Audit of **'Levy and collection of Stamp duty and Registration fee'** indicated the following deficiencies:

- In the offices of the four District Sub Registrars, 93 cases referred to Assistant Inspector General during the period between January 2013 to December 2015 involving stamp duty of ₹ 1.65 crore were pending for disposal till date of audit, though required to be disposed off within 90 days.

(Paragraph 3.4.8)

- Nine Registering Authorities had irregularly granted exemption of stamp duty of ₹ 7.57 crore in 99 cases without ensuring fulfilment of conditions for claiming exemption.

(Paragraph 3.4.10)

IV Commercial Taxes

Audit of **'System for collection of arrears of revenue in the Commercial Taxes Department'** indicated the following deficiencies:

- In the selected circles, the amount of arrear increased from ₹ 378.60 crore as on 1 April 2011 to ₹ 3,637.55 crore as on 31 March 2016, thus registering an increase of 860.79 *per cent* during 2011-12 to 2015-16.

(Paragraph 4.4.9)

- The provisions of the Act/Rules/instructions regarding recovery of arrears of taxes/interest/penalty were not complied in 230 cases out of test-checked 2,787 cases in 15 circles, as a result arrears of ₹ 223.89 crore including leviable interest of ₹ 11.64 crore and penalty of ₹ 35.86 crore was not recovered by the Assessing Authorities (AAs).

(Paragraph 4.4.11)

- In 15 circles, out of 11,497 cases of arrears involving ₹ 3,637.55 crore as on 31 March 2016, only 2,641 cases involving ₹ 83.19 crore (2.29 per cent) were covered by certificate cases.

(Paragraph 4.4.12.1)

- No time limit for issuing of demand notice and standard procedures such as attachment of Bank account, filing of certificate cases and enforcing the liability of surety was prescribed in the BVAT Act.

(Paragraph 4.4.13)

- Arrears of ₹ 1,203.95 crore were blocked due to pendency of 2,454 cases in the Appellate as well as Commissioner of Commercial Taxes Court as on 31 March 2016.

(Paragraph 4.4.21.1 and 4.4.21.2)

Absence of a system of cross-verification of the turnover as disclosed in the returns with other records of the dealer or information of sales and purchases obtained from the records of other dealers resulted in under-assessment of tax of ₹ 12.41 crore including leviable penalty and interest.

(Paragraph 4.6)

In eight Commercial Taxes circles, Assessing Authorities could not detect the actual import value of scheduled goods of ₹ 776.12 crore in respect of eight dealers, which resulted in short levy of entry tax of ₹ 78.27 crore.

(Paragraph 4.20)

In Patna Special Commercial Taxes circle, Assessing Authorities did not detect the availing of deduction of entry tax on account of scheduled goods manufactured or produced within the local area by a dealer, which resulted in short levy of entry tax of ₹ 740.70 crore.

(Paragraph 4.22)

V Other Tax Receipts

Two District Land Acquisition officers did not ensure realisation and remittances of the establishment charges of ₹ 111.72 crore for lands acquired on behalf of requisitioning body/departments.

(Paragraph 5.5)

District Land Acquisition Officer, Bhagalpur did not realise ₹ 11.68 crore relating to transfer of Government land from the requisitioning authority.

(Paragraph 5.6)

Excise authorities had cancelled 95 groups of excise shops with delay and did not cancel 33 groups of excise shops for not paying the monthly licence fee, which resulted in short realisation of Government dues of ₹ 9.15 crore.

(Paragraph 5.9)

VI Non-Tax Receipts

Due to lack of inter-departmental coordination, penalty of ₹ 44.69 crore against the works contractors for illegal procurement of minerals was not levied in 20 District Mining offices.

(Paragraph 6.5.1)

Penalty of ₹ 7.80 crore was not levied on works contractors for extraction of ordinary earth without obtaining requisite quarrying permits.

(Paragraph 6.5.2)

Chapter-I

(General)

CHAPTER-I: GENERAL

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by the Government of Bihar during the year 2015-16, the State's share of net proceeds of divisible Union taxes and duties assigned to States and Grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned in **Table-1.1**.

Table-1.1
Trend of revenue receipts

(₹ in crore)						
Sl. No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
1.	Revenue raised by the State Government					
	• Tax revenue	12,612.10	16,253.08	19,960.68	20,750.23	25,449.18 ¹
	• Non-tax revenue	889.86	1,135.27	1,544.83	1,557.98	2,185.64
	Total	13,501.96	17,388.35	21,505.51	22,308.21	27,634.82
2.	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties	27,935.23	31,900.39	34,829.11	36,963.07	48,922.68 ²
	• Grants-in-aid	9,882.98	10,277.92	12,584.03	19,146.26	19,565.60
	Total	37,818.21	42,178.31	47,413.14	56,109.33	68,488.28
3.	Total revenue receipts of the State Government (1 and 2)	51,320.17	59,566.66	68,918.65	78,417.54	96,123.10
4.	Percentage of 1 to 3	26	29	31	28	29

(Source: Finance Accounts, Government of Bihar)

¹ This includes ₹ 7.54 lakh booked by Treasury as 'Other Receipts'.

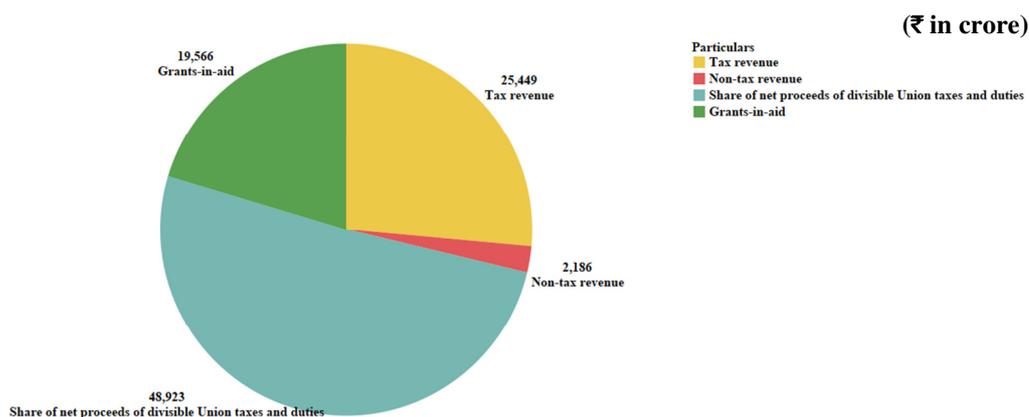
² For details, please see Statement No. 14 - Detailed accounts of revenue by minor heads in the Finance Accounts of Government for the year 2015-16. Figures under Minor Head – 901 - Share of net proceeds assigned to the State under the Major Heads 0020 - Corporation Tax (₹ 15,377.40 crore), 0021 - Taxes on income other than Corporation Tax (₹ 10,643.04 crore), 0028 – Other taxes on Income and expenditure (₹ 0.39 crore), 0032 - Taxes on Wealth (₹ 4.31 crore), 0037 – Customs (₹ 7,849.43 crore), 0038 - Union Excise Duties (₹ 6,577.11 crore) and 0044 - Service Tax (₹ 8,430.37 crore) and 0045 – Other taxes and duties on commodities and services (₹ 40.63 crore) booked in the Finance Accounts under A - Tax Revenue have been excluded from the revenue raised by the State and included in State's share of divisible union taxes in this statement.

The above table indicates that during the year 2015-16, the revenue raised by the State Government (₹ 27,634.82 crore) was only 29 per cent of the total revenue receipts.

The tax and non-tax revenue raised by the Government of Bihar, the State's share of net proceeds of divisible Union taxes and duties assigned to States and Grants-in-aid received from the Government of India during the year 2015-16 is also shown in the pictorial Chart-1.1 below:

Chart-1.1

Trend of revenue receipts for the year 2015-16 (₹ 96,123.10 crore)



1.1.2 The details of the tax revenue raised during the period 2011-12 to 2015-16 are given in **Table-1.2**.

Table-1.2
Details of Tax Revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2011-12	2012-13	2013-14	2014-15	2015-16	Percentage of increase (+)/decrease (-) in actual of 2015-16 in comparison to	
		<u>BE</u> Actual	<u>BE</u> Actual	<u>BE</u> Actual	<u>BE</u> Actual	<u>BE</u> Actual	BE of 2015-16	Actual of 2014-15
1.	Taxes on Sales, Trade etc.	<u>6,508.00</u> 7,476.36	<u>8,071.00</u> 8,670.79	<u>12,324.04</u> 8,453.02	<u>12,820.15</u> 8,607.16	<u>16,025.18</u> 10,603.40	(-) 33.83	(+) 23.19
2.	Taxes on Goods and Passengers	<u>1,940.00</u> 828.30	<u>2,800.00</u> 1,932.12	<u>1,192.75</u> 4,349.00	<u>4,117.50</u> 4,451.25	<u>5,146.88</u> 6,087.12	(+) 18.27	(+) 36.75
3.	State Excise	<u>1,790.00</u> 1,980.98	<u>2,715.00</u> 2,429.82	<u>3,300.00</u> 3,167.72	<u>3700.00</u> 3,216.58	<u>4,000.00</u> 3,141.75	(-) 21.46	(-) 2.33
4.	Stamps and Registration Fees	<u>1,600.00</u> 1,480.07	<u>1,906.00</u> 2,173.02	<u>3,200.00</u> 2,712.41	<u>3,600.00</u> 2,699.49	<u>4,000.00</u> 3,408.57	(-) 14.79	(+) 26.27
5.	Taxes on Vehicles	<u>537.00</u> 569.13	<u>644.40</u> 673.39	<u>800.00</u> 837.48	<u>1,000.00</u> 963.56	<u>1,200.00</u> 1,081.22	(-) 9.90	(+) 12.21
6.	Land Revenue	<u>125.20</u> 167.49	<u>185.00</u> 205.45	<u>205.00</u> 201.71	<u>250.00</u> 277.13	<u>300.00</u> 695.15	(+)131.72	(+) 150.84
7.	Taxes and Duties on Electricity	<u>60.70</u> 54.69	<u>60.70</u> 102.55	<u>66.17</u> 141.31	<u>82.70</u> 374.76	<u>102.50</u> 297.99	(+)190.72	(-) 20.49
8.	Other Taxes and Duties on Commodities and Services	<u>24.99</u> 25.52	<u>41.99</u> 28.99	<u>34.14</u> 50.43	<u>48.59</u> 105.34	<u>45.43</u> 69.36	(+) 52.67	(-) 34.16
9.	Other Taxes on Income and Expenditure- Taxes on Professions, Trades, Callings and Employment	<u>23.30</u> 29.56	<u>31.00</u> 36.95	<u>32.59</u> 47.60	<u>44.00</u> 54.96	<u>55.00</u> 64.55	(+) 17.36	(+) 17.45
Total		<u>12,609.19</u> <u>12,612.10</u>	<u>16,455.09</u> <u>16,253.08</u>	<u>21,154.69</u> <u>19,960.68</u>	<u>25,662.94</u> <u>20,750.23</u>	<u>30,874.99</u> <u>25,449.11</u>	(-) 17.57	(+) 22.64

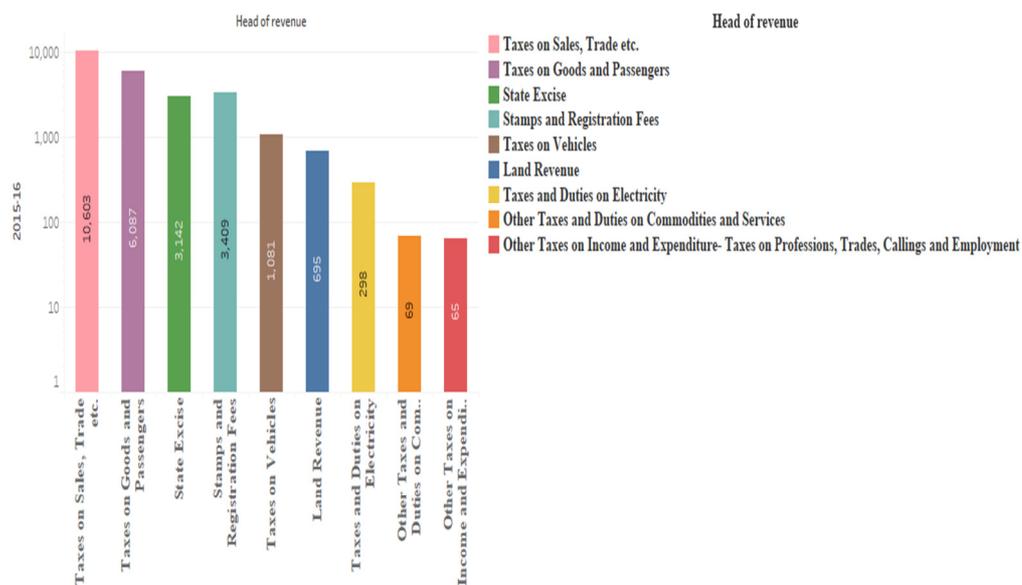
{Source: Finance Accounts, Government of Bihar and Revenue and Capital Receipts (Detail)}

The tax revenue raised by the Government of Bihar during the year 2015-16 is also shown in the pictorial **Chart-1.2** below:

Chart-1.2

Tax revenue raised during the year 2015-16 (₹ 25,449.11 crore)

(₹ in crore)



It can be seen from the foregoing table that there was a variation of (-) 33.83 to (+) 190.72 *per cent* between the budget estimates and the actual during 2015-16. Further there was a variation of (-) 34.16 *per cent* to (+) 150.84 *per cent* between actuals of 2014-15 and 2015-16 under various heads of taxes.

The following reasons for variation were reported by the concerned Departments.

Taxes on Sales, Trade etc.: The increase (23.19 *per cent*) over the actual of 2014-15 was due to enhancement of rate of tax on some commodities (packed, branded and preserved namkin, UPS, dry fruit, auto parts, battery parts, industrial cable and electrical goods under industrial inputs) from 5 *per cent* to 13.5 *per cent*; enhancement of rate of tax from 13.5 *per cent* to 14.5 *per cent* on unscheduled commodities; enhancement of rate of surcharge from 20 *per cent* to 30 *per cent*; massive mobile checking and inspection of business premises and increase in number of registered tax payee dealers.

Taxes on Goods and Passengers: The increase (36.75 *per cent*) over the actual of 2014-15 was due to enhancement of rate of Entry tax on electrical goods from 8 *per cent* to 12 *per cent*.

State Excise: The decrease (21.46 *per cent*) over the BE for the year 2015-16 was attributed to the announcement of prohibition.

Stamps and Registration fees: The increase (26.27 *per cent*) over the actual of 2014-15 was due to increase in number of registered documents.

Land Revenue: The increase over the actuals of 2014-15 (150.84 per cent) and over the BE for the year 2015-16 (131.72 per cent) was due to collection of establishment charges in respect of acquisition of land and cost of alienated Government land to the Bihar State Electricity Board and other companies and also increase in demand during the year.

The Transport Department did not inform (October 2016) the reasons for variation, despite being requested (between April and July 2016).

We recommend that while preparing budget estimates, the State Government may make realistic assumptions, as significant variations were noticed between budget estimates and actual.

1.1.3 The details of non-tax revenue raised during the period 2011-12 to 2015-16 are indicated in **Table-1.3**.

Table-1.3
Details of Non-tax Revenue raised

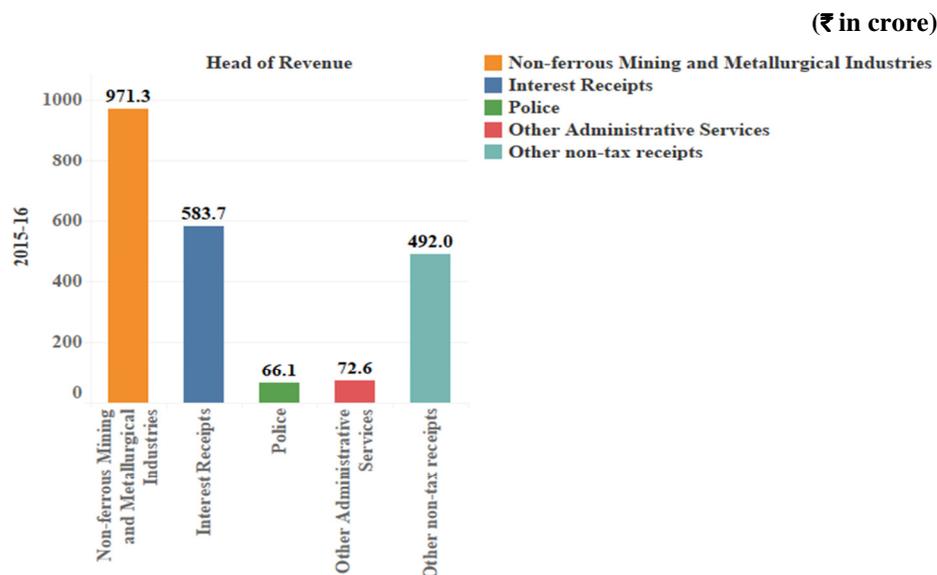
(₹ in crore)

Sl. No.	Head of Revenue	2011-12	2012-13	2013-14	2014-15	2015-16	Percentage of increase (+)/decrease (-) in actual of 2015-16 in comparison to	
		<u>BE</u> Actual	<u>BE</u> Actual	<u>BE</u> Actual	<u>BE</u> Actual	<u>BE</u> Actual	BE of 2015-16	Actual of 2014-15
1.	Non-ferrous Mining and Metallurgical Industries	<u>280.00</u> 443.10	<u>470.00</u> 511.08	<u>641.00</u> 569.14	<u>750.00</u> 879.87	<u>1,000.00</u> 971.34	(-) 2.87	(+) 10.40
2.	Interest Receipts	<u>370.82</u> 573.70	<u>263.74</u> 167.12	<u>338.48</u> 269.48	<u>202.22</u> 344.77	<u>312.13</u> 583.66	(+) 86.99	(+) 69.29
3.	Police	<u>12.62</u> 9.26	<u>67.83</u> 25.01	<u>70.59</u> 27.27	<u>69.74</u> 29.50	<u>28.93</u> 66.05	(+) 128.31	(+) 123.90
4.	Other Administrative Services	<u>59.64</u> 11.49	<u>46.56</u> 10.01	<u>65.01</u> 10.18	<u>251.60</u> 21.77	<u>51.25</u> 72.61	(+) 41.68	(+) 233.53
5.	Other non-tax receipts	(-) 147.69	422.05	668.26	282.07	491.98		(+) 74.42
Total receipts		889.86	1,135.27	1,544.83	1,557.98	2,185.64		(+) 40.29

{Source: Finance Accounts, Government of Bihar and Revenue and Capital Receipts (Detail)}

The non-tax revenue raised by the Government of Bihar during the year 2015-16 is also shown in the pictorial **Chart-1.3** below:

Chart-1.3
Non-tax revenue raised during the year 2015-16 (₹ 2,185.64 crore)



It can be seen from the foregoing table that there was a variation of (-) 2.87 to (+) 128.31 *per cent* between the budget estimates and the actual during 2015-16. Further, there was a variation of (-) 10.40 *per cent* to (+) 233.53 *per cent* between actuals of 2014-15 and 2015-16 under various heads of non-tax revenues.

The reasons for variation were not reported (October 2016) by the concerned Departments, despite being requested (between April and July 2016).

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2016 in respect of the principal heads of revenue amounted to ₹ 5,728.97 crore of which ₹ 500.03 crore was outstanding for more than five years as detailed in the **Table-1.4**.

Table-1.4
Arrears of revenue

(₹ in crore)

Sl. No.	Heads of revenue	Total amount outstanding as on 31 March 2016	Amount outstanding for more than five years as on 31 March 2016	Stages of pendency
1.	Taxes on Sales, Trade etc.	2,206.42	315.95	Out of ₹ 2,206.42 crore, demands for ₹ 309.93 crore were certified for recovery as arrears of land revenue, recovery of ₹ 318.44 crore and ₹ 61.55 crore were stayed by the courts and the Government respectively, a sum of ₹ 76.18 lakh was held up due to assesses/dealers becoming insolvent,

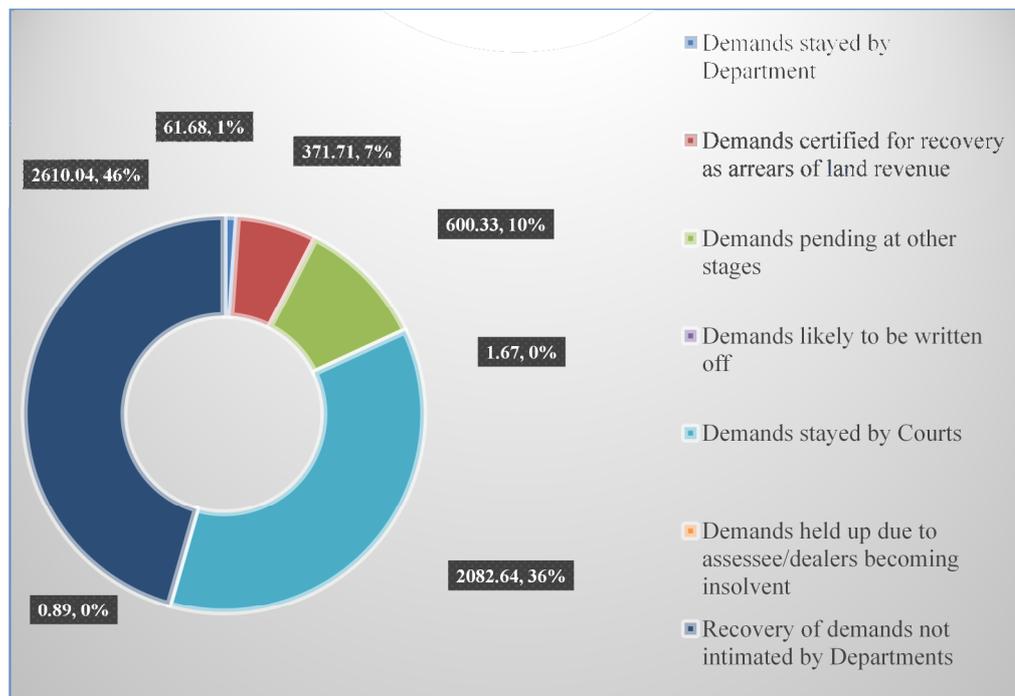
				₹ 1.27 crore likely to be written off and an amount of ₹ 1,514.47 crore was pending at other stages.
2.	Taxes on Goods and Passengers	1,960.94	9.98	Out of ₹ 1,960.94 crore, demands for ₹ 76.50 lakh were certified for recovery as arrears of land revenue, recovery of ₹ 1,738.07 crore was stayed by the courts and an amount of ₹ 222.10 crore was pending at other stages.
3.	Taxes and Duties on Electricity	891.54	2.11	Out of ₹ 891.54 crore, recovery of ₹ 20.73 crore was stayed by the courts and an amount of ₹ 870.81 crore was pending at other stages.
4.	State Excise	60.09	16.13	Out of ₹ 60.09 crore, demands for ₹ 52.59 crore were certified for recovery as arrears of land revenue, recovery of ₹ 5.38 crore and ₹ 12.54 lakh were stayed by the Courts and Government respectively, recovery of ₹ 13.50 lakh was held up due to dealer/party becoming insolvent, an amount of ₹ 40.35 lakh was likely to be written off and ₹ 1.46 crore was pending at other stages.
5.	Taxes on vehicles	192.20	Not furnished	Arrear outstanding for more than five years and stages at which the arrears were pending for collection have not been intimated, despite being requested (between April and July 2016).
6.	Other Taxes and Duties on Commodities and Services	9.65	8.25	Out of ₹ 9.65 crore, demands for ₹ 8.42 crore were certified for recovery as arrears of land revenue, recovery of ₹ 2.40 lakh was stayed by the courts and an amount of ₹ 1.20 crore was pending at other stages.
7.	Land Revenue	142.92	Not furnished	Arrear outstanding for more than five years and stages at which the arrears were pending for collection have not been intimated, despite being requested (between April and July 2016).
8.	Mines and Geology	246.62	145.89	Stages at which the arrears were pending for collection have not been intimated, despite being requested (between April and July 2016).
9.	Stamps and Registration fees	18.59	1.72	Stages at which the arrears were pending for collection have not been intimated, despite being requested (between April and July 2016).
TOTAL		5,728.97	500.03	

(Source: Information furnished by the Departments)

The following **chart-1.4** depicts the breakup of arrears of revenue as on 31 March 2016:

Chart-1.4
Breakup of arrears of revenue as on 31 March 2016 (₹ 5,728.97 crore)

(₹ in crore)



It can be seen from the above chart that out of total outstanding arrears of revenue of ₹ 5,728.97 crore, demands for ₹ 371.71 crore were certified for recovery as arrears of land revenue, recovery of ₹ 2,082.64 crore and ₹ 61.68 crore were stayed by the courts and the Government respectively, a sum of ₹ 89.68 lakh was held up due to assesses/dealers becoming insolvent, ₹ 1.67 crore likely to be written off and an amount of ₹ 2,610.04 crore was pending at other stages. Stages at which arrears of revenue of ₹ 600.33 crore were pending for collection were not intimated by the four departments³, despite being requested.

In view of the fact that State is likely to forgo annual excise revenue to the tune of ₹ 4,000 crore⁴ approximately due to implementation of State prohibition policy 2016, Government/Department should expedite its arrear revenue collection efforts to minimise the overall revenue loss.

1.3 Arrear in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year as furnished by the Commercial Taxes Department in respect of Taxes on Sales, Trade etc., Taxes on Goods and Passenger, Other Taxes and Duties on Commodities and Services and Taxes and Duties on Electricity are as given in **Table-1.5**.

³ Mines and Geology Department; Registration, Excise and Prohibition (Registration) Department; Revenue and Land Reforms Department and Transport Department,

⁴ Based on the budget estimates and actual revenue collection for the year 2015-16.

Table-1.5
Arrears in assessments

Head of revenue	Opening balance	New cases due for assessment during 2015-16	Total assessments due	Cases disposed of during 2015-16	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	2	3	4	5	6	7
Taxes on Sales, Trade etc.	80,989	73,149	1,54,138	50,452	1,03,686	32.73
Taxes on Goods and Passenger	5,575	4,569	10,144	5,912	4,232	58.28
Other Taxes and Duties on Commodities and Services	2,166	766	2,932	644	2,288	21.96
Taxes and Duties on Electricity	324	55	379	72	307	19

(Source: Information furnished by the Department)

It can be seen from the above table that in Commercial Taxes Department the percentage of finalisation of assessment ranged from 19 *per cent* to 58.28 *per cent* only during the year.

1.4 Evasion of tax

The details of cases of evasion of tax detected, cases finalised and the demands for additional tax raised as reported by the Commercial Taxes Department and Registration, Excise and Prohibition Department are given in **Table-1.6**.

Table-1.6
Evasion of Tax

Sl. No.	Head of revenue	Cases pending as on 31 March 2015	Cases detected during 2015-16	Total	Number of cases in which assessments/investigation completed and additional demand including penalty etc, raised during the year 2015-16		Number of cases pending for initialisation as on 31 March 2016
					Number of cases	Amount of demand	
1.	Commercial Taxes ⁵	319	1,179	1,498	1,019	21.00	479
2.	State Excise	36	11	47	Nil	Nil	47
3.	Stamps and Registration fees	4	Nil	4	Nil	Nil	4

It can be seen from the above table that in case of State excise the number of cases pending at the end of the year was more than the number of cases

⁵ Commercial taxes include Taxes on Sales, Trade etc., Taxes on Goods and Passengers; Taxes and Duties on Electricity; Other Taxes on Income and Expenditure-Taxes on Professions, Trades, Callings and Employment and Other Taxes and Duties on Commodities and Services.

pending at the beginning of the year, which shows that no action was taken by the Department in finalising the pending cases of evasion of tax.

1.5 Pendency of Refund cases

The number of refund cases pending at the beginning of the year 2015-16, claims received during the year, refunds allowed during the year and cases pending at the close of the year 2015-16 as reported by the Department is given in **Table-1.7**.

Table-1.7
Details of pendency of refund cases

Sl. No.	Particulars	Taxes on Sales, Trade etc.		Entry tax		Entertainment tax		State excise	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	1,647	71.34	105	16.12	6	0.02	260	16.15
2.	Claims received during the year	247	136.81	14	23.33	Nil	Nil	464	23.85
3.	Refunds made during the year	208	138.31	13	11.84	Nil	Nil	366	11.84
4.	Balance outstanding at the end of the year	1,686	69.85	106	27.61	6	0.02	358	28.16

(Source: Information furnished by the Department)

Section 70 (1) of the Bihar VAT Act provides for payment of interest, at the rate of six *per cent* per annum, if the excess amount is not refunded to the dealer within 90 days⁶ from the date of the order.

The progress of disposal of the refund cases of Tax on sales, trade etc. and entry tax was very slow during the year.

1.6 Response of the Government/departments towards audit

The Accountant General (AG), Audit, Bihar conducts periodical inspection of the Government Departments to test-check the transactions and verify the maintenance of the important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of the offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and

⁶ Substituted as 60 days by Act 4 of 2016 dated 4 April 2016.

report compliance through initial reply to the AG within four weeks of its receipt. Serious financial irregularities are reported to the heads of the Department and the Government.

Analysis of Inspection Reports issued upto December 2015 disclosed that 15,426 paragraphs involving ₹ 10,662.75 crore relating to 2,008 IRs remained outstanding at the end of June 2016 as mentioned below along with the corresponding figures for the preceding two years in **Table-1.8**.

Table-1.8
Details of pending Inspection Reports

	June 2014	June 2015	June 2016
Number of IRs pending for settlement	4,806	1,790	2,008 ⁷
Number of outstanding audit observations	27,764	13,028	15,426
Amount of revenue involved (₹ in crore)	17,825.55	9,157.77	10,662.75

1.6.1 The Department-wise details of the IRs and audit observations outstanding as on December 2015 and the amounts involved are mentioned in the **Table-1.9**.

Table-1.9
Department wise details of IRs

(₹ in crore)					
Sl. No.	Name of the departments	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
1.	Commercial Taxes	Taxes on Sales, Trade etc, Entry tax Electricity duty Entertainment tax, Luxury tax, etc.	312	6,210	5,746.49
2.	Registration, Excise and Prohibition (Excise)	State Excise	283	1,271	1,073.44
3.	Transport	Taxes on Vehicles	329	2,318	1,241.58
4.	Revenue and Land Reforms	Land Revenue	514	3,104	1,260.44
5.	Registration, Excise and Prohibition (Registration)	Stamps and Registration Fee	280	799	213.58
6.	Mines and Geology	Non-ferrous Mining and Metallurgical Industries	290	1,724	1,127.22
Total			2,008	15,426	10,662.75

Audit did not receive even the first replies from the heads of offices within four weeks of its receipt, for 1,209 IRs issued upto December 2015. This large

⁷ The responsibility to follow up/settlement of the outstanding Inspection Reports upto 2006-07 had been left to the Departments concerned except the cases pending with Public Accounts Committee and the Hon'ble courts.

pendency of the IRs due to not receiving the replies, is indicative of the fact that the heads of offices and the departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the AG in the IRs.

The Government should provide for prompt and appropriate response to audit observations, so that audit observations are settled and corrective measures on deficiencies pointed out by audit are taken.

1.6.2 Departmental audit committee meetings

The Government set up audit committees to monitor and expedite the progress of the settlement of IRs and paragraphs in the IRs. During the course of the year, only two audit committees were held in which 148 paragraphs involving ₹ 55.28 crore were settled as mentioned in the **Table-1.10**.

Table-1.10
Audit Committee meetings

(₹ in crore)			
Head of revenue	Number of meetings held	Number of paragraphs settled	Amount
Commercial Taxes	1	95	15.04
State Excise	1	53	40.24
Total	2	148	55.28

Holding of only two meetings during the entire year (2015-16) had deprived the Government of the opportunity of settling more outstanding audit observations as was mentioned in preceding paragraph.

The Government should take suitable steps to hold departmental audit committee meetings at regular intervals for the settlement of outstanding IRs/paragraphs.

1.6.3 Records not produced to audit for scrutiny

The programme of local audit of Tax revenue/Non-tax revenue offices is drawn up sufficiently in advance and intimations are issued, usually one month before the commencement of audit, to the departments to enable them to keep the relevant records ready for audit scrutiny.

During the year 2015-16 as many as 320 assessment files, returns, refunds, registers and other relevant records were not made available to audit. In none of these cases the revenue involved could be ascertained. Break up of these cases are given in **Table-1.11**.

Table-1.11
Details of records not produced to audit

Name of the Department	Year in which it was to be audited	Number of cases not audited
Commercial Taxes	2015-16	4
Registration, Excise and Prohibition (Excise)	2015-16	12
Revenue and Land Reforms	2015-16	263
Transport	2015-16	8
Mines and Geology	2015-16	33

Name of the Department	Year in which it was to be audited	Number of cases not audited
Registration, Excise and Prohibition (Registration)	2015-16	-
Total		320

1.6.4 Response of the Departments to the draft audit paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the AG to the Principal Secretaries/Secretaries of the concerned Department, drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of not receiving the replies from the Departments/Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Thirty seven draft paragraphs, one Performance Audit and two thematic paragraphs were sent to the Principal Secretaries/Secretaries of the respective Departments by name between May and July 2016. Registration, Excise and Prohibition Department had sent replies of two paragraphs (one partial) relating to State excise and reply of one thematic paragraph on 'Levy and collection of Stamp duty and Registration fee'. Commercial Taxes Department had sent replies of two paragraphs (one partial) relating to commercial taxes and reply of one thematic paragraph on 'System for collection of arrears of revenue in Commercial Taxes Department. Transport Department had sent partial reply of one paragraph and Mines and Geology Department had sent replies of six paragraphs. Further, the Transport Department had also sent reply of the Performance Audit on 'Levy and collection of motor vehicle tax'. The Principal Secretaries/Secretaries of the remaining departments did not send replies despite being requested (between May and August 2016) and the audit observations have been included in this Report without the response of the Government/Department.

1.6.5 Follow up on the Audit Reports-summarised position

The Manual of Instructions (1998) of the Finance Department, Government of Bihar envisages that the Secretaries to Government of the concerned Departments submit explanatory notes to the Assembly Secretariat on audit paragraphs and performance audits included in Audit Reports (AR) after vetting in audit, within two months from the date of presentation of the ARs to the State Legislature, without waiting for any notice or call from the Public Account Committee (PAC). In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately. Three hundred twenty two paragraphs (including performance audit) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector, Government of Bihar for the years 2005-06 to 2014-15 were placed before the State Legislature Assembly between July 2007 and March 2016. Action taken explanatory notes in respect of 142 paragraphs from departments concerned had not been received for the Audit Report for the years 2005-06 to 2014-15 so far (March 2016).

1.7 Analysis of the mechanism for dealing with the issues raised by Audit

To analyse the system of addressing the issues highlighted in the Inspection Reports/Audit Reports by the Departments/Government, the action taken on the paragraphs and performance audits included in the Audit Reports of the last ten years for one Department is evaluated and included in this Audit Report.

The succeeding paragraphs 1.7.1 to 1.7.3 discuss the performance of the Mines and Geology Department under revenue head '0853-Non-ferrous Mining and Metallurgical Industries' and cases detected in the course of local audit during the last nine years and also the cases included in the Audit Reports for the years 2007-08 to 2015-16.

1.7.1 Position of Inspection Reports

The summarised position of the Inspection Reports issued during the period 2007-08 to 2015-16, paragraphs included in these reports and their status as on 31 March 2016 are mentioned in **Table-1.12**.

Table-1.12
Position of Inspection Reports

(₹ in crore)

Sl. No.	Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance		
		IRs	Parag raphs	Money value	IRs	Parag raphs	Money value	IRs	Parag raphs	Money value	IRs	Parag raphs	Money value
1.	2007-08 ⁸	--	--	--	19	89	52.63	--	--	--	19	89	52.63
2.	2008-09	19	89	52.63	51	237	95.74	3	5	0.15	67	321	148.22
3.	2009-10	67	321	148.22	31	175	230.74	--	6	0.73	98	490	378.23
4.	2010-11	98	490	378.23	27	161	281.86	--	17	1.95	125	634	658.14
5.	2011-12	125	634	658.14	39	226	149.04	--	8	1.42	164	852	805.76
6.	2012-13	164	852	805.76	31	225	73.88	3	31	129.82	192	1046	749.82
7.	2013-14	192	1046	749.82	39	226	61.20	--	2	0.01	231	1270	811.01
8.	2014-15	231	1270	811.01	51	344	184.53	--	4	0.18	282	1610	995.36
9.	2015-16	282	1610	995.36	38	259	229.78	1	16	0.86	319	1853	1224.28

The Government arranges ad-hoc Committee meetings between the Department and AG's office to settle the old paragraphs. As would be evident from the above table, the number of outstanding IRs accumulated to 319 with 1,853 paragraphs at the end of 2015-16. This is indicative of the fact that adequate steps regarding settlement of audit observations were not taken by the Department which resulted in heavy accumulation of the outstanding IRs and paragraphs.

1.7.2 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last ten years, those accepted by the Department and the amount recovered thereagainst are mentioned in **Table-1.13**.

⁸ The responsibility to follow up/settlement of the outstanding Inspection Reports up to 2006-07 had been left to the Departments concerned except the cases pending with Public Accounts Committee and the Hon'ble courts.

Table-1.13
Recovery of accepted cases

(₹ in crore)

Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	Position of recovery of accepted cases as of 31.03.2016
2005-06	2	6.51	1	2.04	Nil
2006-07	1(Review)	38.32	1 (partial)	26.21	Nil
2007-08	4	2.38	3	1.21	Nil
2008-09	2	2.33	2	2.33	Nil
2009-10	5	4.46	3+1 (partial)	1.80	0.64
2010-11	3	5.53	3	5.53	6.09
2011-12	6	9.04	2+1 (partial)	6.04	1.13
2012-13	1(Review)	23.85	1 (partial)	Nil	Nil
2013-14	7	10.58	1	0.33	Nil
2014-15	5	60.69	2+1 (partial)	1.74	0.95

It is evident from the above table that the progress of recovery even in accepted cases was very slow throughout during the last ten years except 2010-11. The recovery of accepted cases was to be pursued as arrears recoverable from the concerned parties. No mechanism for pursuance of the accepted cases had been put in place by the Department/Government. In the absence of a suitable mechanism, the Department could not monitor the recovery of accepted cases.

The Department should take immediate action to pursue and monitor prompt recovery of the dues involved in accepted cases.

1.7.3 Action taken on the recommendations accepted by the Departments/Government

The draft performance audits conducted by the AG are forwarded to the concerned Department/Government for their information with a request to furnish their replies. These performance audits are also discussed in an exit conference and the Department's/Government's views are included while finalising the performance audits for the Audit Reports.

Two performance audits on the Department of Mines and Geology are featured in the last ten years Reports, wherein eight recommendations were made. However, no action was taken as yet by the Department on our recommendations (October 2016).

1.8 Audit execution for the financial year 2015-16

The unit offices under various Departments are categorised into high, medium and low risk units according to their revenue position, past trends of the audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which inter-alia includes critical issues in Government revenues and tax administration i.e. budget speech, white paper on state finances, reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, factors of the tax administration, audit coverage and its impact during past five years etc.

During the year 2015-16, there were 1,198 auditable units, of which 296 units were planned and 269 units⁹ had been audited, which is 22.61 per cent of the total auditable units. The details are shown in the **Table-1.14** below:

Table-1.14
Audit execution during 2015-16

Department	Total no. of auditable unit	No. of units planned	No. of units audited
Commercial Taxes	63	40	39
Excise	51	39	37
Land Revenue	839	108	91
Transport	49	35	33
Stamps and Registration fees	140	39	34
Mines	56	35	35
Total	1198	296	269

Besides the compliance audit mentioned above, one performance audit and two thematic audits were also taken up to examine the efficacy of the tax administration.

1.9 Results of audit

Deficiencies noticed in the audit conducted during the year

Test-check of the records of 269 units of Commercial Taxes, State Excise, Taxes on vehicles, Stamp duty and registration fees, Land revenue and receipts from Mines and minerals conducted during the year 2015-16 showed underassessment/short levy/loss of revenue aggregating ₹ 3,663.11 crore in 2,990 cases. During the period 2015-16, the Department accepted underassessment and other deficiencies of ₹ 275.41 crore in 293 cases.

1.10 Coverage of this Report

This Report contains 40 paragraphs (selected from the audit detections made during the local audit referred to above and during earlier years, which could not be included in earlier reports) including one Performance Audit of 'Levy and collection of motor vehicle tax' and two audits of 'Levy and collection of Stamp Duty and Registration fee' and 'System for collection of arrears of revenue in Commercial Taxes Department', involving financial effect of ₹ 1,416.97 crore.

The Departments/Government have accepted (upto October 2016) audit observations involving ₹ 796.14 crore, out of which ₹ 22.29 crore was recovered. The recoveries in the remaining cases have not been intimated (October 2016). These are discussed in succeeding Chapters II to VI.

⁹ Due to Panchayat election in the State and not functioning of settlement offices of Revenue and Land Reforms Department, audit of 27 planned units could not be conducted.

Chapter-II

(Taxes on Motor Vehicles)

CHAPTER II: TAXES ON VEHICLES

2.1 Tax administration

The levy and collection of taxes on vehicles in the State is governed by the provisions of Motor Vehicles (MV) Act, 1988, Central Motor Vehicles (CMV) Rules, 1989, Bihar Motor Vehicle Taxation (BMVT) Act, 1994 and BMVT Rules, 1994. It is administered by the Principal Secretary, Transport Department at the Government level and by the State Transport Commissioner (STC) at the apex level of the Department. In performance of his duties, the STC is assisted by two Joint State Transport Commissioners at the headquarters. The State is divided into nine Regional Transport Authorities¹ (RTAs) and 38 District Transport Offices. They are assisted by the Motor Vehicle Inspectors (MVIs) in discharging their duties. The main function of the RTAs is to issue road permits to the vehicles and the responsibility of registration of motor vehicles, levy and collection of fees and taxes and grant of driving licences are assigned to the District Transport Officers (DTOs) in the State.

2.2 Internal Audit

The Internal Audit wing of any department is a special vehicle of the internal control mechanism and is generally defined as the control of all controls to enable an organisation to assure itself that the prescribed systems are functioning reasonably well.

There is an internal audit wing called Finance (Audit), which works under the Finance Department and internal audit of the different offices of the Government is conducted on the basis of requisitions received from the Administrative Department. The Chief Controller of Accounts can also select units for internal audit on availability of audit team.

We are yet to receive the information regarding requisitions received from the Administrative Department and number of units selected for internal audit by the Finance Department (October 2016).

2.3 Results of audit

There are 49 auditable units under Transport Department, of which 35 were planned for audit during 2015-16 and we have conducted audit of 33 units (DTOs: 29, RTAs: 2, STC: 1 and PSU: 1) during the year. We found short realisation, loss of revenue and other irregularities involving ₹ 94.57 crore in 299 cases which fall under the following categories as detailed in **Table-2.1**.

¹ Bhagalpur, Darbhanga, Gaya, Katihar, Madhubani, Muzaffarpur, Patna, Purnea and Vaishali.

Table-2.1

Results of audit

(₹ in crore)

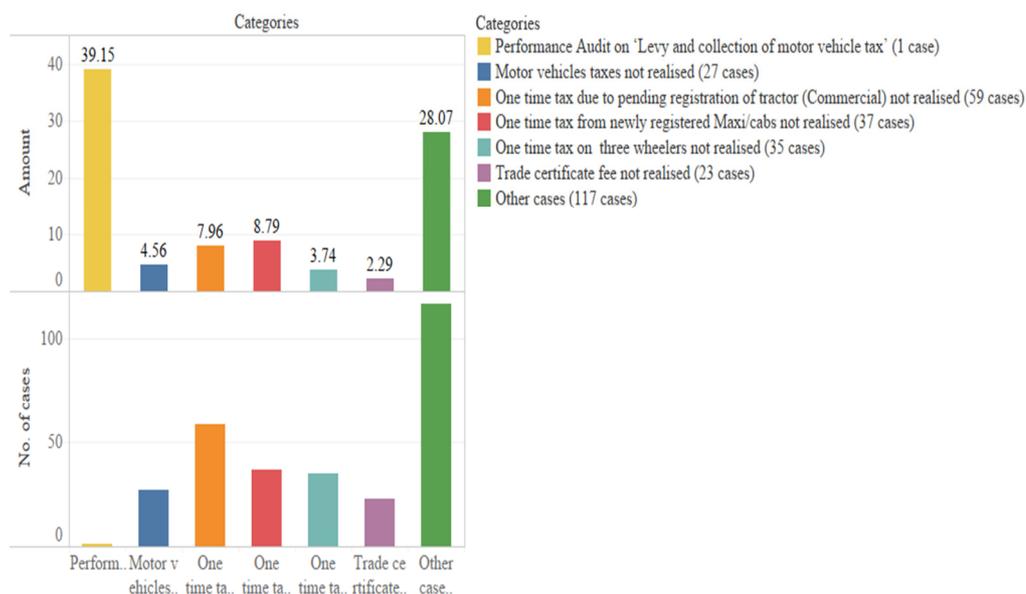
Sl. No.	Categories	No. of cases	Amount
1.	Performance Audit of 'Levy and collection of motor vehicle tax'	1	39.15
2.	One time tax from newly registered Maxi/cabs not realised	37	8.79
3.	One time tax due to pending registration of tractor (Commercial) not realised	59	7.96
4.	Motor vehicles taxes not realised	27	4.56
5.	One time tax on three wheelers not realised	35	3.74
6.	Trade certificate fee not realised	23	2.29
7.	Other cases	117	28.08
	Total	298	55.42
	Grand Total	299	94.57

The results of Audit in respect of our audit findings on taxes on motor vehicles during 2015-16 is depicted in the following **Chart-2.1**:

Chart-2.1

Results of audit (₹ 94.57 crore)

(₹ in crore)



Out of the cases mentioned above, the Department accepted short levy, short realisation and other deficiencies of ₹ 7.22 crore in 11 cases, of which four cases involving ₹ 7.07 crore were pointed out during the course of the year and the rest in earlier years.

Audit findings of the Performance audit of 'Levy and collection of motor vehicle tax' and a few other illustrative audit observations involving ₹ 48.57 crore are mentioned in the succeeding paragraphs.

2.4 Performance Audit of 'Levy and Collection of Motor Vehicle Tax'

Highlights

More than 80 *per cent* of people living in urban areas are exposed to air quality levels that exceed the limits specified by World Health Organisation (WHO). A survey conducted by WHO based on Central Pollution Control Board (CPCB) reports found that Patna is the sixth most polluted city in the world with an annual averaged ultrafine particle level of 2.5 or less microns at 149 (year 2013) and level of particles of 10 and above microns at 167 (year 2012). The Indira Gandhi Science Centre Planetarium, Patna under CPCB declared (16 December 2016) the air quality of the City as 'Most Unhealthy' with Respirable Suspended Particulate Matter (RSPM) at 280 against a permissible limit of 60 microgram per cubic metre ($\mu\text{g}/\text{m}^3$). Guidelines for Ambient Air Quality Monitoring issued by CPCB states that one of the main sources of RSPM is vehicular emission. Audit observed that Patna witnessed a steep increase in number of vehicles from 2.34 lakh as on 1 April 2011 to 6.74 lakh as on 31 March 2016. This made it clear that the exponential increase in number of vehicles in Patna played an important role in the rise in pollution level in the City.

(Paragraph: 2.4.9.1)

Though the vehicular pollution levels in the City has increased as per data maintained by CPCB, scrutiny of records in STC, Bihar, Patna, revealed that the office was not maintaining the database of pollution testing stations in the City as well as in the State. As a result, the Department could not monitor the standards of pollution testing stations to ensure that the tests conducted by them are authentic and only those vehicles which were certified as 'Pollution under Control' (PUC) after following due procedure were allowed to ply in the State. Absence of any control by STC over the functioning of the pollution testing stations may be a reason for the increased pollution levels in Patna.

(Paragraph: 2.4.9.2)

There were 35 cases of fictitious transactions (in district transport office, West Champaran) and 81 cases of irregular cancellation of money receipts (in five district transport offices) due to absence of validation checks and proper monitoring. The scale of fictitious transactions/malpractices in handling money receipts rendered the integrity and security of VAHAN database doubtful.

(Paragraph: 2.4.8)

Due to absence of validation checks in registration module of VAHAN software and lack of inter-connectivity amongst the district transport offices, 132 vehicles were registered at reduced sale value. Further, 52 vehicles were registered in other districts after the actual date of purchase and on reduced sale amount. There was delivery of 19,447 vehicles without assigning temporary registration number and 32,797 commercial tractors were registered without trailers. These irregularities resulted in short realisation of revenue of ₹ 30.90 crore.

(Paragraph: 2.4.10)

In district transport office, West Champaran, driving licences were issued to 3,188 applicants without conducting test of competency to drive motor vehicle. However, *SARATHI* database indicated that the licences were issued after passing the test which indicates that the database was tampered with. Issue of licences in such a way is also fraught with risks of accident and fatalities.

(Paragraph: 2.4.11)

As the Department failed to inter-link the database of offices of the District Transport Officers with that of offices of Regional Transport Authorities, the plying of three wheelers, tractor-trailer combination and buses of educational institutions without valid permit remained undetected.

(Paragraph: 2.4.12)

An amount of ₹ 10.10 crore collected as fees was remitted to Government account with a delay ranging from two days to 10 months in contravention of the provision of the Bihar Financial Rules. Further, 596 bank drafts received from different States/Regional Transport Authorities as permit fee were not encashed during their validity period.

(Paragraph: 2.4.14)

2.4.1 Introduction

Taxes on motor vehicles are levied and collected in accordance with the provisions of the Bihar Motor Vehicles Taxation (BMVT) Act, 1994 and the Bihar Motor Vehicles Taxation (BMVT) Rules, 1994. Fee for licences, registration of vehicles, certificate of fitness, permit and fines for compounding of offences are levied and collected under the provisions of the Motor Vehicles (MV), Act 1988, Central Motor Vehicles (CMV) Rules, 1989 and notifications issued thereunder.

The Government of India, in order to have a National Register of registered motor vehicles and driving licences and to provide data to the Centre and State security agencies, issued directives to all State Governments to adopt '*VAHAN*,²' and '*SARATHI*³' softwares. The softwares were developed by the National Informatics Centre (NIC), New Delhi. Apart from the National Register, these softwares were also intended to help develop the State Register of motor vehicles and licences. The functions of the Department had been computerised using these two computer application software since May 2008 and February 2009 respectively. The operating platform was Windows 2000 for server and Windows XP for all clients. The different modules in the *VAHAN* software were Vehicle registration, Renewal of vehicle registration, Transfer of ownership, Change of address, Removal of hypothecation, Permit and Taxes etc. and that of *SARATHI* were Issuance and renewal of driving licences.

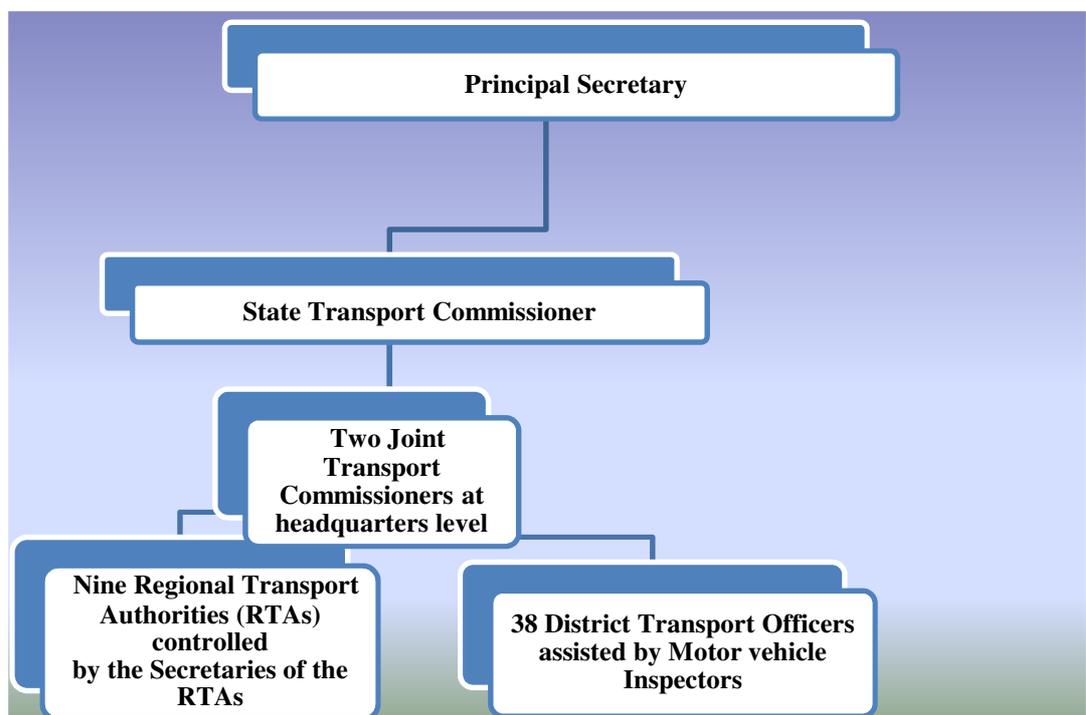
² An application developed for registration of vehicles and road tax clearance.

³ An application developed for issue of various licences.

2.4.2 Organisational set up

At the Government level the Department is administered by the Principal Secretary while the State Transport Commissioner (STC) Bihar is the head of the Department and responsible for the administration of the Acts and Rules. He is assisted by two Joint State Transport Commissioners at the headquarters. The State has been divided into nine regions and 38 districts which are controlled by the Secretaries of the Regional Transport Authorities (RTAs) and the District Transport Officers (DTO) respectively. DTOs are assisted by the Motor Vehicle Inspectors (MVIs) in discharging their duties. The organisational set-up of the Department is given in the following **Chart-2.2:**

Chart-2.2
Organisational set up



2.4.3 Audit objectives

The objectives of this Performance Audit was to ascertain whether:

- the provisions of the Acts and rules made thereunder and notifications issued from time to time for assessment, levy and collection of the motor vehicles taxes, fees and fines etc., were being implemented efficiently and effectively; and
- the Department had an effective and adequate internal control mechanism to levy and collect revenues and its remittance into Government Account.

2.4.4 Audit Criteria

The Audit criteria for the Performance Audit were derived from the following sources:

- The Motor Vehicles Act, 1988;
- The Central Motor Vehicles Rules, 1989;
- The Bihar Motor Vehicles Taxation Act, 1994;
- The Bihar Motor Vehicles Taxation Rules, 1994;
- The Bihar Motor Vehicles Rules, 1992;
- Notifications, circulars, executive and departmental orders and instruction issued by the Department from time to time;
- The Bihar and Orissa Public Demand and Recovery Act, 1914;
- Bihar Budget Procedure; and
- Bihar Financial Rules.

2.4.5 Audit Scope and methodology

Performance Audit was conducted during March to July 2016 covering the period from 2011-12 to 2015-16. Ten⁴ out of 38 district transport offices including three check posts⁵ and two (Muzaffarpur and Purnea) out of nine RTAs were sampled randomly selected on the basis of revenue generated by the districts for the period from 2010-11 to 2014-15 by using Interactive Data Extraction Analysis (IDEA) Software. Two district transport offices (Kaimur and Saharsa) were selected at the behest of the Department. Besides, office of the STC, being controlling office at the headquarter level, was also selected for the purpose of the performance audit.

Audit methodology included conducting field visits for examination of records, collection of data from the Department, issue of audit memoranda, questionnaires and obtaining replies from audited entities to arrive at the audit conclusion. An Entry Conference was held on 29 March 2016 with the State Transport Commissioner wherein scope of audit, methodology and audit objectives including sampling technique adopted were explained to the Department. An exit conference was held on 6 October 2016 with the State Transport Commissioner in which the audit findings were discussed. Their comments have suitably been incorporated in the relevant paragraphs.

2.4.6 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation of the Transport Department in providing necessary information and records for audit.

2.4.7 Trend of Revenue

As per Rule 54 of the Bihar Budget Procedure (BBP) the estimates of revenue and receipts should show the amounts expected to be realised within the year. In estimating fixed revenue for the ensuing year, the calculation should be based upon the actual demand, including any arrears due for past years and the

⁴ Begusarai, Kishanganj, Katihar, Gaya, Nalanda, Patna, Purnea, Rohtas, Vaishali and West Champaran.

⁵ Dalkhola (Purnea), Dobhi (Gaya) and Karamnasha (Kaimur).

probabilities of their realisation during the year. The arrears and current demands should be shown separately and reasons given if full realisation cannot be expected. In the case of fluctuating revenue, the estimate should be based upon a comparison of the last three years receipts.

Further, Rule 37 of the Bihar Financial Rules stipulates that it is the responsibility of the departmental officers to see that all sums due to the Government are regularly and promptly assessed, realised and duly credited in the Public Account and compare them with the records of the Accountant General (A&E) to see the amounts as realised have been duly credited in the Public Account.

The details of Budget Estimates (BE) and actual receipts (as per Finance Account) for the year 2011-12 to 2015-16 are mentioned in **Table-2.2** below:

Table-2.2
Trend of Revenue

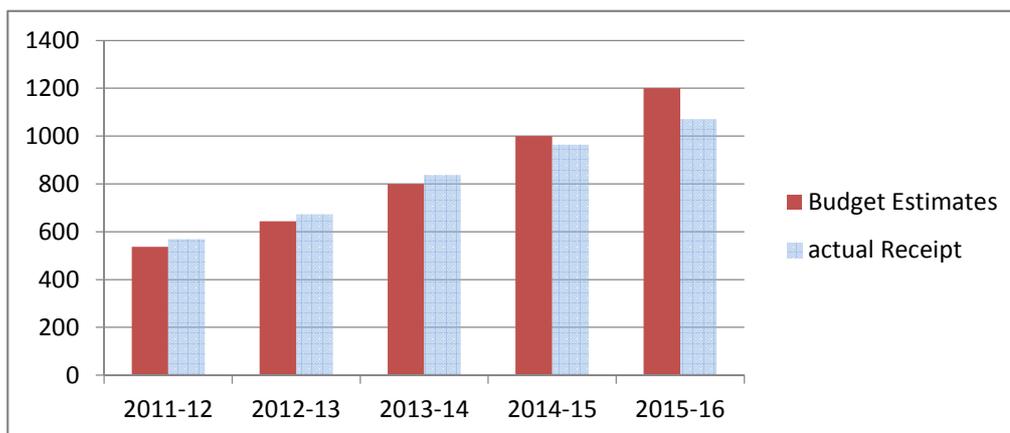
(₹ in crore)

Year	Budget Estimates	Receipts as per Finance Accounts	Receipts as per Department	Variation between BEs and Actual Receipts (3-2)	Percentage of variation	Variation between Actual Receipts as per Finance Accounts and as furnished by the Department (3-4)
1	2	3	4	5	6	7
2011-12	537.00	569.13	557.48	32.13	5.98	11.65
2012-13	644.40	673.39	669.30	28.99	4.50	4.09
2013-14	800.00	837.48	835.51	37.48	4.68	1.97
2014-15	1000.00	963.56	966.46	(-) 36.44	(-) 3.64	(-) 2.90
2015-16	1200.00	1081.22	1070.97	(-)118.78	(-) 9.90	(-)10.25

(Source: Information furnished by the Department and Finance Accounts, Government of Bihar.)

The budget estimates vis-a-vis actual receipts (as per Finance Accounts) for the year 2011-12 to 2015-16 is depicted in the following **Chart-2.3**:

Chart- 2.3
Trend of revenue



The above table indicates that actual receipts was more than budget estimate during 2011-12 to 2013-14. However, actual receipts decreased by 9.90 *per cent* over the budget estimates during the year 2015-16, which is a cause of concern and needs to be analysed by the Department. Further, the difference between receipts as per the Finance account and those furnished by the Department ranged between ₹ (-) 10.25 crore and ₹ 11.65 crore during 2011-12 to 2015-16, which indicates that timely reconciliation was not done. The Department did not reconcile revenue collection figure even after being intimated by the AG (A&E) in March 2016. We further observed that on-line facility is provided by the Department in all the selected district transport offices for collection of taxes and its accounting. Despite that most of the beneficiary are paying their taxes/fees manually on the counter of district transport offices.

On this being pointed out, the Department stated (October 2016) that receipts in the year 2015-16 decreased due to engagement of officers in the Assembly Election.

Recommendation-1: The Government/Department should ensure periodic reconciliation of the revenue collection figures with the accounts of the Accountant General (A&E) to ascertain the correct accountal of realised revenue and credit to treasury.

Audit findings

During test-check of the records in the offices of the DTOs, RTAs and STC, we observed a number of irregularities/deficiencies which are discussed in the succeeding paragraphs:

2.4.8 Defalcation of Government revenue

Due to absence of validation checks and proper monitoring, there were 35 cases of fictitious transactions (in district transport office, West Champaran) and 81 cases of irregular cancellation of money receipts (in five district transport offices). These irregularities resulted in defalcation of Government revenue of ₹ 20.63 lakh.

Rule 37 of the Bihar Financial Rules provides that all transactions must be brought into account without delay and money received should be duly credited into the Government account.

- **During cross-verification of manual cash book⁶ with the daily cash report generated by audit from the VAHAN software in the test-checked district transport offices, we observed (May 2016) that in the district transport office, West Champaran, the amount shown in generated copy of the daily cash report of VAHAN database was higher than the amount entered in the manual cash book of a particular day. We further observed that in daily cash report generated by audit for the period 30 September 2014 to 4 May 2016, 35 fictitious transactions were made after the date of actual transactions. Out of these transactions, two transactions were found recorded on future date i.e. on 8 December 2016. This resulted in loss of revenue of ₹ 11.41 lakh as detailed in Annexure-I.**

- **During data analysis of VAHAN software in selected 12 district transport offices, we observed in five district transport offices⁷ that tax of ₹ 19.20 lakh was initially collected from 81 vehicles during the period May 2011 to February 2016, but subsequently their receipts were found cancelled. Against which, in case of 63 cancelled receipts of ₹ 16.47 lakh, fresh receipts of reduced amount of ₹ 9.98 lakh were issued and in case of remaining 18 cancelled receipts involving ₹ 2.73 lakh, no fresh receipts were found generated but taxes (quarterly/one time tax) in case of all 81 vehicles in the VAHAN database were shown cleared and accounted for/smart card issued. This resulted in loss of revenue amounting to ₹ 9.22 lakh (₹ 19.20 lakh - ₹ 9.98 lakh) as detailed in Annexure-II.**

The scale of fictitious transactions/malpractices in handling money receipts rendered the integrity and security of VAHAN database doubtful.

On this being pointed out, the Department stated (October 2016) that FIR had been lodged (May 2016) and the employees concerned were arrested and sent to jail in West Champaran. The Department further stated (August 2016) that comprehensive directives were issued to all DTOs to monitor and safeguard the VAHAN and SARATHI database to prevent such malpractices.

Recommendation-2: The Government/Department should ensure biometric password policy and necessary validation checks in the VAHAN and SARATHI software to ensure data integrity and server security.

⁶ In the manual cash book the amount is recorded as per the cash report generated on the date of transaction.

⁷ Katihar, Kaimur, Purnea, Saharsa and West Champaran.

2.4.9 Vehicular pollution and testing of emission levels

2.4.9.1 Rise in vehicular pollution in Patna

Exponential increase in number of vehicles played an important role in rise of pollution level in Patna.

More than 80 *per cent* of people living in urban areas are exposed to air quality levels that exceed the limits specified by World Health Organisation (WHO). A survey conducted by WHO based on Central Pollution Control Board (CPCB) reports found that Patna is the sixth most polluted city in the world with an annual averaged ultrafine particle level of 2.5 or less microns at 149 (year 2013) and level of particles of 10 and above microns at 167 (year 2012). The Indira Gandhi Science Centre Planetarium, Patna under CPCB declared (16 December 2016) the air quality of the City as 'Most Unhealthy' with Respirable Suspended Particulate Matter (RSPM) at 280 against a permissible limit of 60 microgram per cubic metre ($\mu\text{g}/\text{m}^3$).

Guidelines for Ambient Air Quality Monitoring issued by CPCB states that one of the main sources of RSPM is vehicular emission. Audit observed that Patna witnessed a steep increase in number of vehicles from 2.34 lakh as on 1 April 2011 to 6.74 lakh as on 31 March 2016. This made it clear that the exponential increase in number of vehicles in Patna played an important role in the rise in pollution level in the City.

2.4.9.2 Absence of State-wise database of pollution testing stations

State Transport Commissioner did not maintain the State-wise database of pollution testing stations and 'Pollution under Control' certificate issued by them.

Though the vehicular pollution levels in the City has increased as per data maintained by CPCB, scrutiny of records in STC, Bihar, Patna, revealed that the office was not maintaining the database of pollution testing stations in the City as well as in the State. As a result, the Department could not monitor the standards of pollution testing stations to ensure that the tests conducted by them are authentic and only those vehicles which were certified as 'Pollution under Control' (PUC) after following due procedure were allowed to ply in the State. Absence of any control by STC over the functioning of the pollution testing stations may be a reason for the increased pollution levels in Patna.



2.4.9.3 Pollution testing equipment not utilised

District Transport Officers/Motor Vehicle Inspectors did not conduct test to check that motor vehicles met prescribed emission and pollution control norms, despite the fact that they were equipped with necessary equipment.

During scrutiny of pollution register in the office of STC, we observed (April 2016) that gas analyser/smoke meter supplied by the Government of India were issued (between March 2009 and June 2012) to eight DTOs⁸ and 22 MVIs to check that motor vehicles met emission and pollution control norms and issue the PUC certificates by charging the prescribed fee⁹. We however observed that no test was conducted to check that motor vehicles met prescribed emission and pollution control norms by the DTOs/MVIs, despite these enforcing agencies being equipped with necessary equipment. This was because of the shortage of trained staff. Thus, the gas analyser/smoke meter supplied by Government of India were not utilised and kept idle.

On this being pointed out, the Department stated (October 2016) that information is being sought for from concerned officials.

2.4.9.4 Loss of renewal fee

Licences of 106 pollution testing stations were not renewed as the STC did not maintain the State-wise database of pollution testing stations. Consequently, renewal fee of ₹ 11.30 lakh was not realised.

As per sub rule 6 (i) of Rule 163 E of the Bihar Motor Vehicle (BMV) Rules, 1992, a licence granted to pollution testing station shall remain valid for a period of two years and may be renewed for a further period of two years on payment of renewal fee of ₹ 5000.

As the STC failed to maintain the database of all the pollution testing stations in the State, we observed that out of 256 pollution testing stations recorded in the pollution register, entries relating to renewal of licences of 106 pollution testing stations were not available between July 2007 and January 2016. This resulted in loss of renewal fee of ₹ 11.30 lakh.

2.4.9.5 Returns not submitted by the pollution testing stations

Returns regarding number of vehicles tested and revenue collected not submitted by the pollution testing stations.

Sub-rule (8) (b) of Rule 163 E of the BMV Rules, 1992 provides that pollution testing station shall submit monthly return by 5th day of the succeeding month to the licensing authority, furnishing information as to the number of vehicle inspected, result of inspection and the number of PUC issued.

During scrutiny of pollution register in STC, Bihar, Patna, we observed that monthly return was not being submitted by the pollution testing stations. In the absence of return, the number of vehicle inspected, revenue collected and

⁸ Bhagalpur, Darbhanga, Gaya, Munger, Muzaffarpur, Purnea, Saharsa and Saran.

⁹ The prescribed fee for issue of PUC certificate is ₹ 30 for two-wheelers/auto-rickshaw, ₹ 50 for light motor vehicles and ₹ 75 for other vehicles.

deposited to the Government account by these stations could not be ascertained.

Recommendation-3: The Government/Department should maintain a State-wise database of pollution testing stations. It should also ensure that the tests conducted by them are authentic and due procedure has been followed by the stations while issuing the certificate. This would enable the Department to control the vehicular pollution in Patna and in the State.

2.4.10 Registration of vehicles

Due to absence of validation checks in registration module of VAHAN software and lack of inter-connectivity amongst the district transport offices, 132 vehicles were registered at reduced sale value. Further, 52 vehicles were registered in other districts after the actual date of purchase and on reduced sale amount. There was delivery of 19,447 vehicles without assigning temporary registration number and 32,797 commercial tractors were registered without trailers. These irregularities resulted in short realisation of revenue of ₹ 30.90 crore as detailed below:

2.4.10.1 Registration of vehicles on reduced sale amount

Registration of 132 personalised vehicles on reduced sale amount resulted in loss of revenue of ₹ 13.75 lakh.

Under Section 7(1) of the Bihar Motor Vehicle Taxation (BMVT) Act, 1994, as amended by Finance Act, 2011(with effect from 1st April 2011), one-time tax (OTT) at the rate of five *per cent* of the cost of vehicle excluding sales tax for the whole life of the vehicle shall be levied at the time of registration on personalised vehicles. Further, Bihar Finance Act, 2012 (Bihar Act 6, 2012) revised the rate of OTT at the rate of six *per cent* for vehicles costing upto rupees four lakh and seven *per cent* for vehicles costing more than rupees four lakh excluding sales tax. The rate of tax was again revised to seven *per cent* from 1 April 2013 for all personalised vehicles. Further, Transport Department issued directive in July 2013 to collect tax after verifying the sale amount mentioned in the sale certificate (Form-21) with the cost of vehicle provided by the dealer to DTOs.

During cross-verification of sale amount of vehicles as entered in the VAHAN database with actual cost of vehicles, we observed in three¹⁰ out of 12 test-checked district transport offices that sale amount shown in VAHAN database was less than the actual cost of the vehicle¹¹ in 132 personalised vehicles. Since there was no inter-connectivity in the VAHAN software of concerned

¹⁰ Katihar, Purnea and Saharsa.

¹¹ The sale price of motorcycle shown in database was ₹ 125 only and the tax was levied ₹ 9 only, but actual cost of motorcycle was ₹ 46,839 and leviable tax should be ₹ 3,279. Similarly, the sale price of Maruti Swift (Four wheeler) shown in database was ₹ 38,965 only and the tax was levied ₹ 2,728 only, but actual cost of the car was ₹ 3,93,984 and leviable tax should be ₹ 27,579. The actual cost of the vehicles was based on the price of the same maker model entered in the database during that period, which was also verified from some agencies.

district transport offices with database of sale/sale price of the dealers of vehicles in its jurisdiction, this difference in cost price could not be detected. Accordingly tax was calculated on reduced sale amount, which resulted in loss of revenue of ₹ 13.75 lakh as detailed in **Annexure-III**.

On this being pointed out, the Department stated (October 2016) that information is being sought for from concerned DTOs.

2.4.10.2 Registration of vehicles in other districts after actual date of purchase

Irregular registration of vehicles in other districts after actual date of purchase and on reduced sale amount resulted in loss of revenue of ₹ 8.11 lakh.

Section 40 of Motor Vehicles (MV) Act read with Rule 47 of CMV Rules provides that an application for registration of a new vehicle shall be submitted before the Registering Authority in whose jurisdiction the applicant is residing or having his business and the vehicle is normally kept. The application for registration shall be made in Form 20, within a period of seven days from the date of delivery of such vehicle excluding the period of journey. It shall be accompanied by necessary documents as per rules.

During verification of registration records of district transport offices Saran, West Champaran and Rohtas, we observed that 52 owners of commercial vehicles applied for registration between November 2011 and June 2014 and the registration of these vehicles was still pending. On analysis of the data in the VAHAN database of district transport offices, Vaishali, East Champaran and Kaimur, we observed that the same 52 vehicles (as their chasis number were same) were registered in these district transport offices. However, their date of purchase was after the date of actual purchase and also at reduced sale amount as depicted in earlier district transport offices. Thus, due to absence of interconnectivity amongst the district transport offices, these 52 vehicles were registered in another district transport offices on reduced sale amount and also after its actual date of purchase. This resulted in loss of revenue of ₹ 8.11 lakh as detailed in **Table-2.3** below:

Table-2.3

Irregular registration of vehicles

Sl. No	Name of the District where vehicles found registered	No. of vehicles	Period of registration	Name of the district where previously applied for registration	Amount (₹ in lakh)
1	East Champaran	9	between November 2011 and May 2013	West Champaran	1.41
2	Vaishali	36	between March 2013 and June 2014	Saran	6.33
3	Kaimur	7	between May 2012 and May 2014	Rohtas	0.37
		52			8.11

On this being pointed out, the Department stated (October 2016) that the matter would be looked into and further stated that detailed guidelines had

been issued (August 2016) to prevent tampering with VAHAN and SARATHI database.

2.4.10.3 Plying of vehicles with same registration number

Vehicles bearing same registration number are plying in different places, which is a serious security issue for law and order.

Section 46 of the MV Act provides that motor vehicle registered in any State shall not require to be registered elsewhere in India and a Certificate of Registration issued in respect of such vehicle shall be effective throughout India.

On cross-verification of 'owner table' of VAHAN database of district transport office, West Champaran with that of district transport office, East Champaran, we observed (May 2016) that Registering Authority, East Champaran assigned same registration mark to two vehicles in three cases. Out of which, three vehicles were paying road tax in district transport office, West Champaran whereas remaining three vehicles having same registration mark were found entered in tax table of district transport office, East Champaran. However, Chassis/Engine numbers in these cases were different as detailed in **Annexure-IV**.

As system did not have the automatic validation control, vehicles bearing same registration number were plying in different places. It is not only violation of the codal provisions but also a serious security issue for law and order.

On this being pointed out, the Department stated (October 2016) that information is being sought for from concerned DTOs.

2.4.10.4 Delivery of vehicles without temporary registration

Delivery of vehicles without temporary registration resulted in loss of ₹ 17.66 lakh as fee and also a sum of ₹ 3.89 crore was not levied as fine.

Rule 42 of the CMV Rules provides that no dealer of vehicle can deliver the unregistered motor vehicle to the purchaser. He can only deliver the vehicles which are temporarily/permanently registered in the district transport offices. Further, Section 39 of the MV Act provides that no owner of a motor vehicle can allow or permit the use of unregistered vehicle and no person can drive a motor vehicle, which is not registered. The delivery of motor vehicle to a purchaser without registration either temporary or permanent, violates the provisions of Section 39 of the Act *ibid*. The violation of the provisions of Section 39 of the Act entail the consequences contemplated under Rule 44 of the CMV Rules. Transport Department, Government of Bihar has already issued an instruction (28 July 2009) in this context. Further, in case of not complying the above provisions of the Act, a minimum fine of ₹ 2,000 shall be levied under the provisions of Section 192 of the MV Act.

During scrutiny of registration records of VAHAN database in selected 12 district transport offices, we observed (between May and June 2016) that in four district transport offices¹², 16 bona-fide dealers of two wheelers/four

¹² Kaimur, Kishanganj, Rohtas and West Champaran.

wheelers delivered 19,447 vehicles to the purchasers between August 2005 and March 2016 without registration. The Registering Authorities concerned issued registration mark to these motor vehicles which were delivered to the purchasers without registration, whether temporary or permanent, in contravention of the aforesaid rules. No action was taken by the Registering Authorities concerned against these dealers for violation of the provisions of the Act/Rules. Further, the owners of these vehicles were liable to pay fine under Section 192 of the MV Act. Thus, there was a loss of revenue in shape of temporary registration fee of ₹ 17.66 lakh and also fine of ₹ 3.89 crore was not levied as detailed in **Table-2.4** below:

Table-2.4**Delivery of vehicles without temporary registration**

(₹ in lakh)

Sl. No	Name of the District	No. of dealer	Period of sale of vehicles	Total no. of registered vehicles	Fee and tax due	Fine not levied
1	West Champaran	4	Between August 2005 and March 2016	138	0.12	2.76
2	Kaimur	2	Between April 2011 and February 2016	7,048	6.34	140.96
3	Rohtas	6	Between July 2013 and March 2016	4,801	4.49	96.02
4	Kishanganj	4	Between April 2015 and March 2016	7,460	6.71	149.20
Total		16		19,447	17.66	388.94

On this being pointed out, the Department stated (October 2016) that instruction had been issued to all DTOs for recovery of temporary registration fee from dealers. DTOs were further instructed to ensure that in future no dealer shall deliver the vehicle without registration, either temporary or permanent, to prevent the plying of unregistered vehicles.

2.4.10.5 Registration of tractor without trailer as a transport vehicle (Goods Carriage)

Due to registration of tractors without trailer as goods carriage (transport vehicle), tax of ₹ 19.89 crore and permit fee of ₹ 6.72 crore was not realised.

Section 2 of the MV Act provides that the tractor-trailer combination would constitute a transport vehicle. Further, Section 66 of the Act *ibid* provides that no owner of motor vehicles shall use or permit the use of the vehicle as a transport vehicle in any public place without permit obtained from Regional Transport Authority.

During scrutiny of registration records of VAHAN database of 12 district transport offices¹³ we observed (between April and July 2016) that 46,806

¹³ Begusarai, Gaya, Kaimur, Katihar, Kishanganj, Nalanda, Patna, Purnea, Rohtas, Saharsa, Vaishali and West Champaran.

commercial tractors were registered between April 2011 and March 2016. Out of which, 32,797 commercial tractors were registered as goods carriage without trailers. Thus, without registering 32,797 trailers and allowing those tractors as goods carriage vehicles, tax of ₹ 19.89 crore and permit fee of ₹ 6.72 crore was not realised.

On this being pointed out, the Department stated (October 2016) that due to registration of low number of trailers than the number of registered tractors, the loss of revenue occurred. However, the rate of One Time Tax (OTT) had been revised to 4.5 per cent (19 September 2014) of the cost of tractors for tractor-trailer combination.

But, the fact remains that the Government was deprived of revenue in shape of tax and permit fees by allowing tractors as goods carriage without trailer.

2.4.10.6 Dealer point registration

Allotment of registration mark out of sequence by the dealers without charging additional fee led to short realisation fee of ₹ 53.10 lakh and the dealers also deposited collected fee and taxes of ₹ 38.67 lakh with delay ranging between 50 and 1,488 days.

As per directive issued by the Department (28 July 2009) registration number shall be issued to the vehicles according to serial of their sale invoice. For any other number out of the available numbers, dealers may allot number of choice after charging additional fee of ₹ 5,000. Further, fees/taxes/documents collected by dealers under dealer point registration shall be deposited next day in the district transport offices concerned.

- On scrutiny of Dealer Point Registration in VAHAN database of 12 test-checked district transport offices, we observed (between May and July 2016) that in seven district transport offices¹⁴, 93 dealers had allotted 1,062 registration numbers (out of 1,17,416 registration numbers) out of sequence¹⁵ to the purchasers between November 2012 and March 2016 without charging the prescribed fee. As a result, a sum of ₹ 53.10 lakh was not realised.

On this being pointed out, the Department stated (October 2016) that necessary instructions had been issued (September 2016) to all DTOs to issue out of sequence registration number only after realising the prescribed fee. The Department further stated that notices of demand had been issued by the concerned DTOs and a sum of ₹ 1.20 lakh had also been recovered.

- During scrutiny of Dealer Point Registration in VAHAN database of 12 test-checked district transport offices, we observed (between June and July 2016) that in three district transport offices¹⁶, 21 dealers had allotted 891 registration marks to new vehicles delivered to the purchasers. The registration fee and tax of ₹ 38.67 lakh was collected from the owners of 891 vehicles, but dealers deposited the collected amount with delays ranging from nearly two months to over four years. Thus, dealers had temporarily misappropriated the

¹⁴ Begusarai, Gaya, Kaimur, Nalanda, Purnea, Vaishali and West Champaran.

¹⁵ In DTO Nalanda, BR 21 L 0989 was allotted on 30 March 2015 while subsequent number BR 21 L 0990 was allotted on earlier date 24 March 2015.

¹⁶ Begusarai, Katihar and Purnea.

Government money. The Government was also deprived of interest which may have accrued on that amount.

On this being pointed out, the Department stated (October 2016) that instruction had been issued to DTOs to deposit the revenue collected within 15 days.

Reply of the Department is not acceptable because as per the departmental order (July 2009), the documents along with fees/tax has to be deposited in the concerned district transport offices on the next working day, so that owners of vehicle can collect certificate of registration within one week from the date of purchase.

Recommendation-4: The Government/Department should ensure connectivity among district transport offices and dealers of vehicles to ascertain registration of vehicles based on actual cost and date of purchase of vehicle. Further, Government/Department should also ensure that no vehicle shall ply without registration and initiate action against errant official who allowed vehicles to ply without registration.

2.4.11 Issue of licences

2.4.11.1 Issue of driving licences without conducting test

Driving licences were issued to 3,188 applicants without conducting driving test. However, SARATHI database indicated that the licences were issued after passing the test which indicates that the database was tampered with. This is fraught with the risk of accident and fatalities.

As per Rule 15 of the CMV Rules, no person shall appear for the test of competence to drive unless the applicant has held a learner's licence for a period of at least 30 days. A person is granted the driving licence after successfully passing the test of competence to drive.

During test-check of driving test register and information provided by five district transport offices¹⁷, we observed (May 2016) in district transport office West Champaran, that 2,428 number of candidates were declared successful to drive the vehicle of same category during the period July 2015 to March 2016 but 5,616 number of licences were issued to the applicants during the same period. Thus, it is evident that 3,188 driving licences were issued to the applicants without conducting test of competency to drive motor vehicles. However, SARATHI database indicated that the licences were issued after passing the test which indicates that the database was tampered with. Issue of licences in such a way is also fraught with the risk of accidents and fatalities.

On this being pointed out, the Department stated (October 2016) that information is being sought for from DTO, West Champaran.

Recommendation-5: The Government/Department should ensure input of correct data regarding conducting test of competency to drive motor vehicle and results thereof and no licences are granted to drivers without driving test.

¹⁷ Begusarai, Nalanda, Patna, Vaishali and West Champaran.

2.4.11.2 Excess realisation of driving licence fee

Driving licences were issued by realising an additional amount of ₹ 40, which resulted in excess realisation of fee of ₹ 1.65 crore.

As per Rule 14 read with Rule 32 of the CMV Rules, 1989, the fee of ₹ 200 including the cost of computerised chip shall be charged for issuing the driving licence in Form-7. It further stipulates that ₹ 50 for test of competence to drive shall be charged. As per notification issued (October 1996) by the Government of Bihar, surcharge of ₹ 50 shall also be charged on such test.

We observed during data analysis of *SARATHI* software in eight district transport offices¹⁸ that the all driving licenses (non-transport) were issued to applicants by the licensing authorities in Form-7 during the period between April 2011 and December 2015 by realising an additional amount of ₹ 40. This resulted in excess realisation of fee of ₹ 1.65 crore as mentioned in **Table-2.5** below:

Table- 2.5
Excess realisation of driving licence fee

(Amount in ₹)			
Purpose	Amount charged by licensing authorities	Amount chargeable as per rule	Total number of driving licences (NT) issued between April 2011 and December 2015
Issue of driving licence in form 7	200	200	4,11,275
For test of competence to drive for each class	100	50+50 (surcharge)	
Excess charges	For one/two class category ₹ 40	No fee prescribed	
Total excess realisation- 4,11,275X ₹ 40			1,64,51,000

Similar issue was pointed out in the Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year ended 31 March 2011 and the Department accepted the audit observation. Despite this, excess realisation of driving licence fee from applicants was still persisting.

On this being pointed out, the Department stated (October 2016) that matter would be examined.

Reply of the Department was not acceptable because the then STC stated (November 2011) that gazette notification would be issued in this regard.

2.4.11.3 Irregular grant of licences to driving schools

Seven licences of motor driving schools were granted irregularly by Regional Transport Authority, Muzaffarpur.

Rule 24 of the CMV Rules provides that the licensing authority may, on receipt of an application and after satisfying that the applicant has complied with the requirements of sub-rule (3), grant or renew a licence for driving schools. For the purpose of this rule, the State Government had declared

¹⁸ Gaya, Kaimur, Kishanganj, Nalanda, Purnea, Rohtas, Vaishali and West Champaran.

(December 1992) the District Magistrate as “licensing authority” under the power conferred in Section 213 (1) of the MV Act.

During scrutiny of register of motor driving schools and relevant files in the office of the RTA Muzaffarpur, we observed that licences were granted for seven motor driving schools¹⁹ by the RTA during the year 2013 to 2015 (upto October 2015), though the power for granting such licence is vested with the District Magistrates concerned.

On this being pointed out, the Department accepted the audit observation and instructed (September 2016) the concerned RTA to take post-facto approval from the licensing authority.

2.4.12 Issue of permits

Section 66 of the MV Act 1988 provides that no owner of a motor vehicle shall use or permit the use of the vehicle as a transport vehicle in any public place whether or not such vehicle is actually carrying any passengers or goods save in accordance with the conditions of a permit granted. A permit other than a temporary permit issued under sub section (8) of Section 88 of the Act *ibid* shall be effective for a period of five years.

2.4.12.1 Irregular grant of permits to light goods vehicles

Irregular realisation of permit fees of ₹ 15.25 lakh from light goods vehicles in contravention of the provision of the Act.

As per Section 66 (3) (b) (i) of the MV Act, any transport vehicle used solely for police, fire brigade or ambulance purposes and goods vehicle, the gross vehicle weight (GVW) of which does not exceed 3,000 kgs shall be exempted from necessity of permits.

During scrutiny of permanent permit register of selected two RTAs (Muzaffarpur and Purnea), we observed that 744 permits were issued by realising permit fee of ₹ 2,050 each during the period January 2015 to March 2016 to light goods vehicles, the gross vehicle weight of which did not exceed 3,000 kilograms, in contravention of the provision of the Act *ibid*. The validity of such permits was granted for five years. This resulted in irregular realisation of permit fees of ₹ 15.25 lakh as detailed in **Table-2.6** below:

Table-2.6
Irregular grant of permit to light goods vehicles

Name of RTAs	No. of permit granted	Permit issued during the period	Permit fees charged	Total permit fees collected	Remarks
			(Amount in ₹)		
RTA, Muzaffarpur	669	January 2015 to March 2015	2050	13,71,450	The LGV having GVW upto 3000 Kgs is exempted from permit as per MV Act.
RTA, Purnea	75	January 2016 to March 2016		1,53,750	
Total	744			15,25,200	

¹⁹ Anand Motor Training Institute, Muzaffarpur; Jai Jagdish Motor Training Institute, Hajipur; Krishna Motor Driving Training School, Raxaul; Om Motor Driving School, Muzaffarpur; Rishabh Motor Training School, Hajipur; S.C. Motor Vehicle Training School, Hajipur and Sri Ram Motor Vehicle Training, Bettiah.

On this being pointed out, the Department stated (October 2016) that compliance would be made in future, however there was no loss of revenue. The facts remains that the Department collected permit fee without any provision in the relevant Acts/Rules.

2.4.12.2 Plying of three wheelers

Vehicles were plying without obtaining requisite permit, as a result a sum of ₹ 1.55 crore was not realised.

During scrutiny of registration records of three wheelers of VAHAN database in four district transport offices²⁰ and permit register in two RTAs (Patna and Purnea), we observed that 5,453 three wheelers were registered between September 2014 and March 2016. Out of which, only 595 permanent permits were issued between September 2014 and March 2016. Thus, 4,858 three wheelers did not obtain permanent permit. Thus, a sum of ₹ 77.73 lakh as permit fees was not realised.

On this being pointed out, the Department stated (October 2016) that in cases of vehicles plying without valid permit, Enforcement wing of the Department imposed fines on the owner of the defaulting vehicles.

The fact, however, remains that the Enforcement wing could not adequately inspect and identify all vehicles whose permit had expired and impose the required fine.

2.4.12.3 Plying of tractor-trailer

During scrutiny of VAHAN database of four district transport offices²¹ and permit register in RTAs (Patna and Purnea), we observed (June 2016) that 3,860 tractor-trailer combinations were registered between January 2013 and March 2016 and paid taxes as goods carriages. Out of which owners of only 92 tractor-trailer combinations obtained permit from the authorities concerned. Thus, 3,768 tractor-trailer combination were plying without obtaining permanent permit, as a result a sum of ₹ 77.24 lakh as permit fee was not realised.

On this being pointed out, the Department stated (October 2016) that in case of vehicles plying without valid permit, Enforcement wing of the Department imposed fines on the owner of the defaulting vehicles.

The fact, however, remains that the Enforcement wing could not adequately inspect and identify all vehicles whose permit had expired and impose the required fine.

2.4.12.4 Plying of educational institution buses

During cross verification of educational institution permit register of RTA, Patna with registration records of VAHAN database in district transport office, Patna, we observed that 186 buses were registered during July 2014 to October 2015 in the name of various educational institutions in Patna. Out of

²⁰ Kaimur, Nalanda, Purnea and Rohtas.

²¹ Kaimur, Katihar, Purnea and Rohtas.

these, only 149 buses had obtained permits. Further, out of remaining 37 buses, the owners of 15 buses had stopped payment of tax between August 2015 and October 2016. Thus a sum of ₹ 2.48 lakh (tax: ₹ 1.71 lakh and permit fee: ₹ 0.78 lakh) was not realised.

On this being pointed out, RTA, Patna stated (August 2016) that matter would be examined and suitable action would be taken.

As the Department failed to inter-link the database of offices of the District Transport Officers with that of offices of Regional Transport Authorities, the plying of 4,858 three wheelers, 3,768 tractor-trailer combination and 37 buses of educational institution without valid permit remained undetected.

Recommendation-6: The Government/Department should ensure automation of permit issuance through VAHAN software by interlinking database of district transport offices with that of Regional Transport Authorities.

2.4.13 Levy of tax/fee

2.4.13.1 One-time tax and penalty not levied/short levied

In 10 district transport offices, the owners of 2,329 vehicles either did not pay One Time Tax/penalty or paid it short. The taxing officer did not impose the leviable One Time Tax/penalty amounting to ₹ 3.77 crore.

Section 7 of the BMVT Act as amended by Bihar Finance Acts from time to time provide rates of OTT on different class of vehicles. Delay in payment of tax beyond 15 days attracts penalty from 25 *per cent* to twice the amount of tax due as per the provisions of Section 23 of the Act *ibid* read with Rule 4 (2) of BMVT Rules.

Further, Section 8 of the BMVT Act provides that when tax of a motor vehicle has been revised, the owner of the vehicle shall pay to the taxing officer a differential tax for the period for which the higher rate of tax is payable.

During data analysis of tax clearance table of the VAHAN database in test-checked 12 district transport offices, we observed that in 10 district transport offices²², the owners of 2,329 vehicles either not paid OTT/penalty or paid it short. The taxing officer did not impose the leviable OTT/penalty and also did not issue notices of demand to realise the dues. Thus, OTT amounting to ₹ 3.77 crore including penalty of ₹ 2.63 crore remained unrealised as detailed in **Annexure-V**.

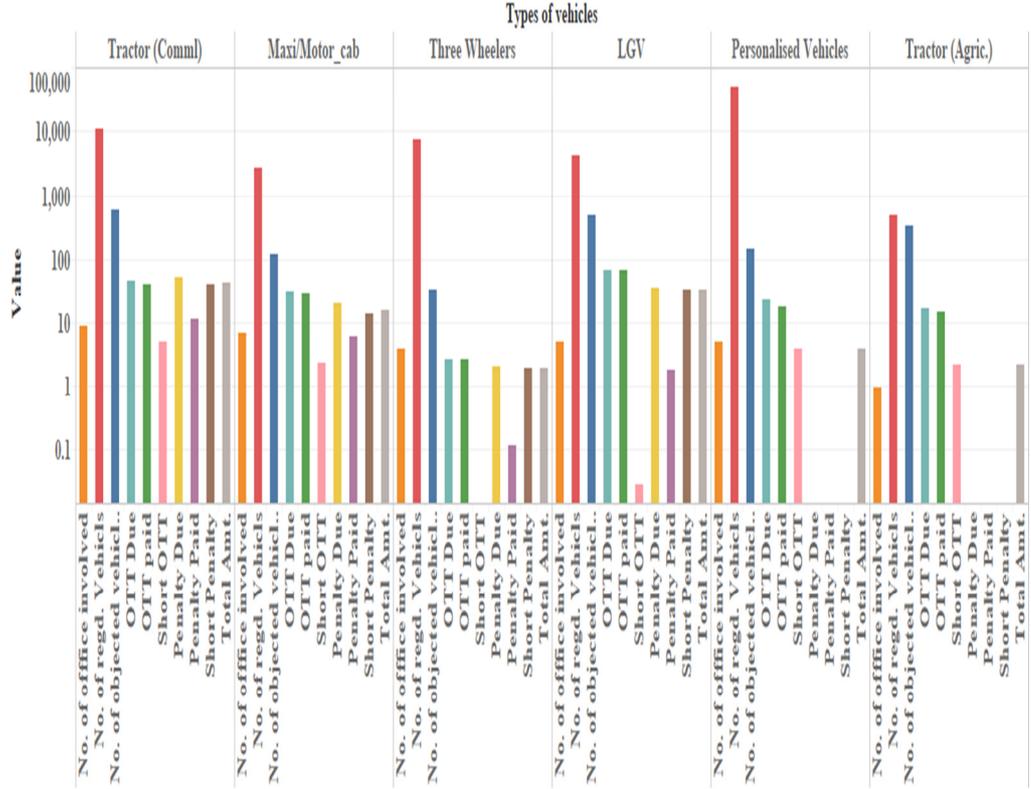
The following Charts depict the short realisation of OTT and penalty, OTT and penalty not realised and differential tax not realised from the vehicles:

²² Begusarai, Kaimur, Katihar, Kishanganj, Nalanda, Patna, Purnea, Rohtas, Saharsa and West Champaran.

Chart-2.4

Short realisation of OTT and penalty

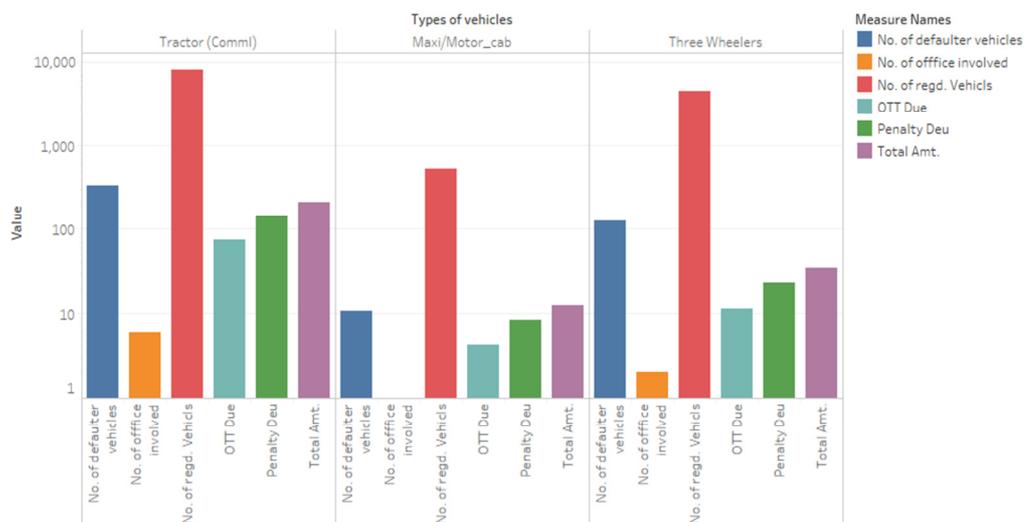
(₹ in crore)



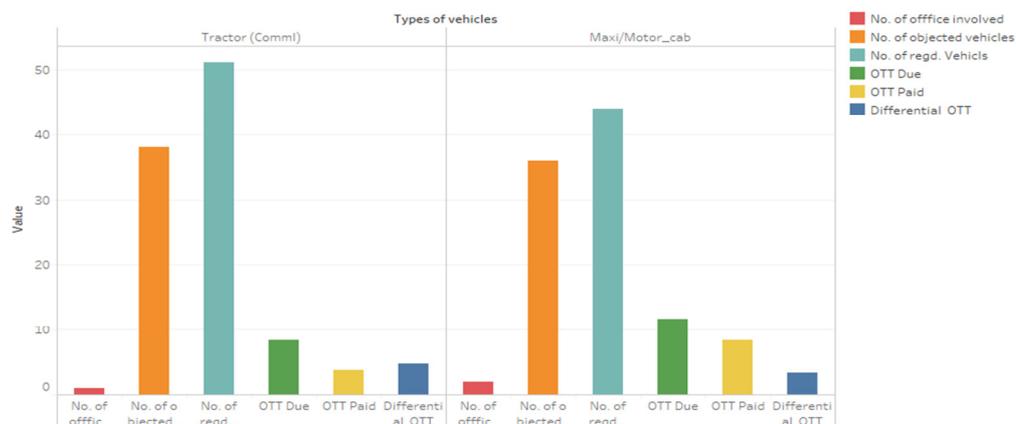
- Measure Names
- No. of office involved
 - No. of regd. Vehicles
 - No. of objected vehicles
 - OTT Due
 - OTT paid
 - Short OTT
 - Penalty Due
 - Penalty Paid
 - Short Penalty
 - Total Amt.

Chart-2.5**OTT and penalty not realised**

(₹ in crore)

**Chart-2.6****Differential tax not realised**

(₹ in crore)



On this being pointed out, the Department stated (October 2016) that information is being obtained from concerned DTOs.

2.4.13.2 Incorrect levy of tax on construction equipment/emergency vehicles

Due to incorrect levy of tax on 191 construction equipment/emergency vehicles, a sum of ₹ 6.24 lakh was collected in excess.

As per Section 2 of the MV Act 'Ambulance' means vehicle specially designed, constructed or modified and equipped and intended to be used for emergency transportation of persons who are sick, injured, wounded or otherwise incapacitated. The ambulance comes in category of emergency vehicles. Further, as per rule 2 (ca) of the CMV Rules, excavator (JCB) and loader is "construction equipment vehicle" and such vehicle shall be a

non-transport vehicle. Section 5 of BMVT Act read with the serial no. 7 of Part C of Schedule-I provides levy of tax at prescribed rate on these vehicles.

During scrutiny of registration records and collection of tax in respect of Ambulance and construction equipment vehicle in VAHAN software of two district transport offices (Patna and Vaishali), we observed between February and August 2016, that tax prescribed for taxi was being levied on ambulances and tax prescribed for goods carriages was being levied on construction equipment vehicles. Thus, due to incorrect levy of rate of tax, a sum of ₹ 6.24 lakh in excess was collected from 191 vehicles (ambulance, crane, JCB and loaders).

On this being pointed out, the Department stated (October 2016) that instruction had been issued (September 2016) to levy of tax as per Section 5 of the BMVT Act.

2.4.13.3 Short realisation of tax from stage carriages

A sum of ₹ 4.20 lakh was levied short due to incorrect classification of bus in accordance with seating capacity.

As per the provisions of the Bihar Finance Act, 2014 (effective from 14 September 2014), the tax from stage carriage shall be calculated on basis of its category (ordinary, semi deluxe and deluxe) and the number of seats for passengers. The provision of the Act *ibid* further prescribes that number of passenger in stage carriage is based on its wheel base and category of stage carriage.

We observed during scrutiny of owners table of VAHAN software of 12 selected district transport offices that in three district transport offices²³, tax was levied on 54 stage carriages on the basis of number of seat treating the stage carriage under the ordinary category. But, number of seats of these stage carriages were less than prescribed number of seats based on their wheel base. This resulted in short levy of tax of ₹ 4.20 lakh.

On this being pointed out, the Department stated (October 2016) that notices of demand for ₹ 2.94 lakh had since been issued by DTO, Nalanda, while information was being sought for from the remaining DTOs.

2.4.13.4 Short realisation of trade certificates fees

Dealers of motor vehicles possessed 18,784 vehicles against the single trade certificate. Thus, trade certificate fees of ₹ 11.06 lakh was not realised.

Rule 33 of the CMV Rules provides that for the purpose of the proviso to Section 39, a motor vehicle in possession of a dealer shall be exempted from the necessity of registration subject to the condition that he obtains a trade certificate from the registering authority having jurisdiction in the area in which the dealer has his place of business. Further, under Rule 34 of the Rules *ibid*, an application for the grant or renewal of a trade certificate shall be made in Form 16 and shall be accompanied by the appropriate fee (Motor

²³ Nalanda, Vaishali and West Champaran.

Cycle/Invalid carriage: 50 rupees for each vehicle; Others: 200 rupees for each vehicle) as specified in Rule 81 of the CMV Rules.

During scrutiny of Trade Tax Register along with relevant files in district transport office, Begusarai, we observed (July 2016) that trade certificates were granted to 10 *bonafide* dealers. Out of which, files of four dealers were scrutinised and we observed that the dealers had received 18,784 vehicles (two wheelers:17,668; four wheelers:1,116) during the period January 2014 to March 2016 against the single trade certificate as was evident from the declaration filed by the dealers. Thus, trade certificate fees of ₹ 11.06 lakh²⁴ was not realised.

On this being pointed out, the Department stated (October 2016) that information is being sought for from concerned DTO.

2.4.13.5 Short levy of fine on overloaded goods carriages

Short imposition of fine on overloaded goods carriages resulted in loss of ₹ 3.79 lakh.

As per Section 194 of the MV Act, 1988, whoever drives a motor vehicle or causes or allows a motor vehicle to be driven in contravention of the provisions of Section 113, 114 or 115 of the Act *ibid* which provides limits of weight and power to restrict the use of vehicles shall be punishable with minimum fine of two thousand rupees and an additional amount of one thousand rupees per tonne of excess load. Further, it stipulates that excess load shall be off loaded at the cost of the transporter.

During scrutiny of seizure books and money receipts in the office of STC, we observed (April 2016) that 15 Enforcement Officers seized 345 overloaded goods vehicles during January 2011 to December 2015 but did not impose fine in accordance with the overloaded quantity. This resulted in short levy of fine of ₹ 3.79 lakh. Further off-loading of overloaded truck could not be ascertained as documents were not provided to audit.

On this being pointed out, the Department stated (October 2016) that reply would be sent, however, District Magistrates were requested (September 2016) for arrangement of space to safe keep the offloaded goods.

2.4.13.6 Excess collection of OTT from agricultural tractors

Application of rate of tax prescribed for commercial tractors on 94 agricultural tractors resulted in excess collection of ₹ 1.29 lakh.

As per sub section (7) of section 7 of the Bihar Motor Vehicle Taxation Act 1994, the tractor and trailer used for transporting agricultural produce shall be clubbed together for the purposes of OTT and tax shall be levied at the rate of ₹ 3,000 per tractor-trailer in case the tractor is upto 25 HP capacity and the capacity of the trailer does not exceed 3 tonnes; and the rate shall be ₹ 5,000

²⁴

Calculation: Two wheelers: 17,665 (17,668-3) x ₹ 50 = ₹ 8,83,250

Four wheelers:1,115 (1,116-1) x ₹ 200 = ₹ 2,23,000

Total: ₹ 11,06,250

per tractor-trailer in case where the tractor has more than 25 HP capacity and the capacity of the trailer does not exceed 5 tonnes.

During scrutiny of owner table of VAHAN database in two district transport offices (Kishanganj and West Champaran), we observed that out of 523 agricultural tractors registered between November 2012 and January 2016, OTT was realised in excess from 94 tractors registered for agriculture purpose due to levy of tax at the rate prescribed for commercial tractor (two per cent from April 2013 and 4.5 per cent from September 2014 of the cost of the vehicle). Thus, the taxing officer collected ₹ 1.29 lakh in excess from the owners of 94 tractors.

On this being pointed out, the Department stated (October 2016) that information is being obtained from concerned DTOs.

Recommendation-7: The Government/Department should ensure timely and correct mapping of provisions of rate of tax in VAHAN software, discontinuance of manual issuance of tax receipts and generation of tax receipts through VAHAN software only after due tax is paid.

2.4.14 Remittances of revenue into Government Account

2.4.14.1 Delayed remittance of revenue into Government Account

Collected fee of ₹ 10.10 crore was remitted to the Government Account with delay ranging from two to 297 days.

Under the provisions of Rule 37 of the Bihar Financial (BF) Rules, it is the duty of the Departmental Controlling Officers to see that all sums due to Government are regularly and promptly assessed, realised and duly credited in the Public Account. The fee and tax collected by the authorised bank during a month is required to be remitted through treasury challan under head "0041-Taxes on Vehicles" latest by the first week of the following month and the amount collected in the month of March is to be transferred by the 31 March positively so that all the sum collected in a financial year stand transferred to the Government Account.

During scrutiny of the records of RTA, Muzaffarpur and district transport office, Gaya, we observed that ₹ 10.10 crore collected as fee through authorised banks during the period between October 2012 to March 2016 was remitted to the Government Account with delays ranging from two days to 10 months.

On this being pointed out, the Department stated (October 2016) that instruction had been issued to transfer the collected revenue within 15 days. The Department further stated that *E-KUBER* system for online deposit of revenue in the Government account was under proposal.

2.4.14.2 Collected drafts not encashed

Five hundred ninety six bank drafts received from different States/Regional Transport Authorities as permit fee were not encashed.

Under the provisions of the BF Rules, all transactions must be brought to account without delay and money received should be credited forthwith to Government account. Further as per notification of RBI effective from 1 April 2012, validity of cheques/drafts/pay orders/bankers cheques is three months from the date of its issuance.

During cross verification of bank draft register with bank scroll in the office of the STC, we observed (April 2016) that 596 numbers of bank drafts received (between January and March 2015) from different States/RTAs as permit fees were not deposited in bank for encashment till June 2015. As the time of three months stipulated for encashment of these drafts elapsed by 30 June 2015, these drafts become time barred and needed to be revalidated. Out of these, 149 bank drafts had money value of ₹ 2.48 lakh and money value of remaining 447 drafts was not found on record.

On this being pointed out, the Department stated (October 2016) that 11,409 drafts had lapsed which were sent to the concerned banks for revalidation. Out of these, 134 bank drafts involving amount of ₹ 3.62 lakh had been deposited in Government account.

In Paragraph 4.2.11.2 of the Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year ended 31 March 2009, it was recommended that mechanism be prescribed for monitoring the disposal and accounting of the bank drafts. However, this irregularity still persists.

Recommendation-8: The Government/Department should ensure strict adherence of the provisions of the Bihar Financial Rules relating to remittances of Government revenue into treasury.

2.4.15 Arrears of revenue**2.4.15.1 Arrears pending collection**

The arrears increased by 11 per cent from ₹ 173.15 crore as on 1 April 2011 to ₹ 192.20 crore as on 31 March 2016.

The opening balance, demand raised, collection and revenue pending for collection for the years 2011-12 to 2015-16 as reported by the Department is as mentioned in **Table-2.7** below :

Table-2.7
Arrears pending collection

(₹ in crore)

Year	OB		Addition		Total		Disposal		Balance		Percentage of Disposal
	No. of Cases	Amount	In terms of amounts								
2011-12	26301	173.15	1723	13.43	28024	186.58	220	1.39	27804	185.19	0.74
2012-13	27887	180.61	1735	7.83	29622	188.44	298	2.77	29324	185.67	1.47
2013-14	29295	187.27	681	10.96	29976	198.23	104	0.53	29872	197.70	0.26
2014-15	29458	191.33	155	1.88	29613	193.21	150	0.92	29463	192.29	0.47
2015-16	29397	191.57	46	93.07	29443	284.64	142	30.55	29301	192.20	0.48

(Source: Information furnished by the Transport Department.)

As is evident from the table that the figures of closing balance do not tally with the figures of opening balance of following years, which put the veracity of these figures in doubt. The arrears increased by 11 per cent from ₹ 173.15 crore as on 1 April 2011 to ₹ 192.20 crore as on 31 March 2016. The disposal rate in terms of amount involved in arrear cases ranged between 0.26 per cent and 1.47 per cent, which indicated poor recovery and lack of monitoring.

On this being pointed out, the Department stated (October 2016) that correspondence had been made with District Magistrates for speedy disposal of certificate cases.

2.4.15.2 Revenue Recovery Certificate case

Entries of Register-9 was not compared with the Register-10 periodically by the concerned officers. Further in 146 cases, an amount of ₹ 1.04 crore for the period April 2010 to March 2015 was pending for realisation.

Under the provisions of Section 21 of the BMVT Act, any tax or penalty remaining unpaid is recoverable as arrears of land revenue. Under the provisions of the Bihar and Orissa Public Demands and Recovery (PDR) Act, 1914, the concerned officer sends proposals for initiating certificate proceeding to the Certificate Officer and enters the details of such cases in Register-9. These are in turn entered in Register-10 maintained by the Certificate Officer for initiating certificate proceedings for realisation of arrears. As per para 46 of the Board's instructions under PDR Act, Register-9 is to be compared every month with the Register-10 of the Certificate Officer.

- **Register-9 not compared with Register-10**

During scrutiny of Register-9 in the office of six district transport officers²⁵, we observed that entries of Register-9 was not compared with the Register-10 periodically by the concerned officers. As such, actual position of disposal of certificate cases could not be ascertained from Register-9.

On this being pointed out, the Department stated (September 2016) that instruction for reconciliation of Register-9 with 10 had been issued to all the DTOs and RTAs.

²⁵ Begusarai, Gaya, Katihar, Kishanganj, Vaishali and West Champaran.

- **Certificate cases not initiated**

During scrutiny of records pertaining to arrear of revenue in the office of the two DTOs (Vaishali and West Champaran), we observed (February and May 2016) that 146 cases for the period April 2010 to March 2015, involving an amount of ₹ 1.04 crore was pending for realisation. In none of the cases, the revenue recovery certificate case in accordance with provision of Section 21 of the BMVT Act read with Section 5 and 6 of PDR Act, for recovery of arrear of revenue, was found initiated on record.

On this being pointed out, the Department stated (October 2016) that instruction regarding entry of details of vehicle owners in VAHAN database and timely issue of notices of demand to defaulters had been issued to DTOs and RTAs.

Recommendation-9: The Government/Department should take effective measures in coordination with the Certificate Officer for disposal of pending certificate cases.

2.4.16 Man-power management

A large number of vacancies existed in the Department which affected the collection of the revenue.

The cadre-wise sanctioned strength and men-in-position of the Department (as on 31 March 2016) is as mentioned in **Table-2.8** below:

Table-2.8

Sanction Strength and Person in Position

Sl.no.	Name of the post	Sanctioned strength	Men-in-position	Vacancy (percentage in bracket)
1.	District Transport Officer	37	31	06 (16.21)
2.	Assistant District Transport Officer	14	02	12 (85.71)
3.	Taxation Officer	06	01	05 (83.33)
4.	Motor Vehicle Inspector	67	32	35 (52.23)
5.	Enforcement Officer	10	0	10 (100)
6.	Enforcement Inspector	25	02	23 (92)
7.	Enforcement Sub-Inspector	61	41	20 (32.78)
8.	Mobile Squad Constable	35	04	31 (88.57)

(Source: Information furnished by the Department)

It is evident from above table that large number of vacancies existed in the cadre of Motor Vehicle Inspector, Assistant District Transport Officer, Enforcement Officer, Enforcement Inspector and Taxation Officer, who are mainly responsible for operational functions of the Department. This may affect the collection of the revenue and checking of illegal plying of vehicle in the state.

On this being pointed out, the Department stated (October 2016) that cadre rules are being prepared.

2.4.17 Internal control mechanism

2.4.17.1 Internal Audit

Internal audit of the field offices of the Department was not conducted, as a result the Department could not detect the deficiencies in its functioning.

The Internal Audit (IA) of a Department is a vital arm of the Internal Control Mechanism and is generally defined as the control of all controls to enable an organisation to assure itself that the prescribed systems are functioning reasonably well.

We noticed that there was no separate internal audit wing in the Transport Department. The Finance Department (Audit Cell) works as the internal audit department of the Transport Department. During the period between 2011-12 and 2015-16, the Finance Department did not conduct internal audit of the test checked offices.

On this being pointed out, the Department stated (October 2016) that requisition for internal audit had been made (February 2016) to Finance (Audit) and inspection by Finance Department would be conducted from next audit cycle.

2.4.17.2 Absence of departmental manual

Required controls could not be exercised in absence of the manual in the Department.

In order to ensure proper functioning of the various wings of the department, it is essential that a departmental manual is prepared outlining the process required to be followed by different levels of staff.

We observed that there was no such manual in the Department. In absence of the manual in the Department, required controls could not be exercised by the higher authorities.

On this being pointed out, the Department stated (September 2016) that usage of *VAHAN* and *SARATHI* database restricted the necessity of manual. However, it stated that relevant orders were being scrutinised in present circumstances and accordingly decision would be taken in this context.

2.4.18 Conclusions

The Performance Audit revealed:

- cases of defalcation of revenue and cases of irregular registration due to absence of validation checks and proper monitoring.
- licences of pollution testing stations were not renewed due to not maintaining State-wise database by the STC.
- cases of irregular registration of vehicles and plying of vehicles without valid permit due to lack of inter-connectivity amongst the district transport offices and offices of Regional Transport Authorities.
- cases of incorrect levy of tax, short levy of one-time tax and penalty in respect of personalised vehicles and commercial vehicles;

2.4.19 Summary of Recommendations

The Government/Department should ensure:

- **periodic reconciliation of the revenue collection figures with the accounts of the Accountant General (A&E) to ascertain the correct account of realised revenue and credit to treasury.**
- **biometric password policy and necessary validation checks in the VAHAN and SARATHI software to ensure data integrity and server security and also connectivity among district transport offices and dealers of vehicles to ascertain registration of vehicles based on actual cost and date of purchase of vehicles. Further, also ensure that no vehicle shall ply without registration and initiate action against errant officials who allowed vehicles to ply without registration.**
- **maintenance of a State-wise database of pollution testing stations and also ensure that the tests conducted by them are authentic and due procedure has been followed by the stations while issuing the certificate. This would enable the Department to control the vehicular pollution in Patna and in the State.**
- **input of correct data regarding conducting test of competency to drive motor vehicle and results thereof and no licences are granted to the drivers without driving test.**
- **automation of permit issuance through VAHAN software by interlinking database of district transport offices with that of Regional Transport Authorities.**
- **timely and correct mapping of provisions of rate of tax in VAHAN software, discontinuance of manual issuance of tax receipts and generation of tax receipts through VAHAN software only after due tax is paid.**
- **strict adherence of the provisions of the Bihar Financial Rules relating to remittances of Government revenue into treasury.**
- **effective measures in coordination with the Certificate Officer for disposal of pending certificate cases.**

2.5 Provisions of the Acts/Rules not complied

The provisions of the Bihar Motor Vehicles Taxation (BMVT) Act, 1994, Motor Vehicles (MV) Act, 1988 and Rules made there under require levy and payment of:

- *taxes on motor vehicles/additional tax by the vehicle owners at the appropriate rates;*
- *tax/additional tax in advance and within the prescribe period and*
- *penalty up to double the tax, if the tax is not paid within 90 days.*

The provisions of the Acts/Rules in some cases as mentioned in paragraphs 2.6 to 2.10 were not complied which resulted in short levy, short realisation of tax,

fee etc. of ₹ 9.42 crore. There is need for the Government to improve the internal control system so that such omissions can be prevented.

2.6 Motor vehicle taxes not realised

Due to absence of a mechanism for periodic review of the taxation registers/tax clearance table of VAHAN database by the DTOs, motor vehicle taxes of ₹ 2.82 crore was not realised in 17 district transport offices.

Under Section 5 and 9 of the Bihar Motor Vehicles Taxation (BMVT) Act, 1994, motor vehicles tax is to be paid to the taxing officer in whose jurisdiction the vehicle is registered. The vehicle owner can pay the tax to the new taxing officer in case of change of residence/business, subject to the production of No Objection Certificate (NOC) from the previous taxing officer. Further, the taxing officer may exempt the vehicle owner from payment of tax, if he is satisfied that the prescribed conditions have been fulfilled by the vehicle owner. The District Transport Officers (DTOs) are required to issue notices of demand to ensure timely realisation of tax.

Further, under Section 23 of the Act *ibid* read with Rule 4 (2) of the BMVT Rules, 1994, not paying the tax beyond 90 days attracts penalty at the rate of 200 *per cent* of the tax due. Under Section 22 of the BMVT Act, if the tax or penalty or both has not been paid in accordance with the provisions of the Act, an officer not below the rank of Inspector of Motor Vehicles or any other officer specially authorised by the State Transport Commissioner, may seize the motor vehicles and detain it till the payment of tax.

We observed that the Government/Department did not install a mechanism for periodic review of the taxation registers/tax clearance table of VAHAN database by the DTOs and also did not prescribe a time frame within which notices of demand are to be issued to the defaulting vehicle owners.

We scrutinised the taxation register of transport vehicles and the VAHAN database/Tax clearance table of 29 district transport offices²⁶ for the period 2014-15 and found (between January and December 2015) in 17 district transport offices²⁷ that out of 3,662 transport vehicles test-checked (total number of registered transport vehicles: 51,010), the owners of 698 vehicles did not pay tax of ₹ 94.22 lakh pertaining to the period between March 2011 and July 2015 within the due dates and the concerned DTOs neither seized the defaulting vehicles nor issued notices of demand for realisation of the dues from the defaulting vehicle owners. In none of the cases, change of addresses of the owners or surrender of documents for securing exemption from payment of tax was found on record. Thus, tax of ₹ 94.22 lakh and penalty of

²⁶ Araria, Arwal, Aurangabad, Banka, Bhagalpur, Bhojpur (Ara), Darbhanga, East Champaran, Gaya, Gopalganj, Jamui, Jehanabad, Katihar, Khagaria, Kishanganj, Madhubani, Muzaffarpur, Nalanda, Patna, Purnea, Samastipur, Saran (Chapra), Sasaram, Sheikhpura, Sheohar, Sitamarhi, Siwan, West Champaran and Vaishali (Hajipur).

²⁷ Arwal, Aurangabad, Banka, Bhagalpur, Bhojpur (Ara), Buxar, Darbhanga, East Champaran, Gopalganj, Jamui, Jehanabad, Madhubani, Muzaffarpur, Saran (Chapra) Sheikhpura, Sitamarhi and Siwan.

₹ 1.88 crore was not realised as detailed in **Annexure-VI**. This shows the slackness of the DTOs towards the review of VAHAN database as well as weak monitoring mechanism by higher authorities, though we have pointed this out repeatedly in the previous years.

On this being pointed out, the Department intimated in May 2016 that in respect of district transport office, Siwan a sum of ₹ 5.75 lakh had since been recovered in 17 cases and notices of demand for ₹ 19.19 lakh to the remaining vehicle owners had been issued while DTOs concerned of the remaining districts stated between February and November 2015 that notices of demand would be issued against vehicle owners for recovery of dues and necessary action would be taken as per rules.

The matter was reported to the Government/Department between August 2015 and February 2016; we are yet to receive their reply (October 2016).

2.7 Short realisation of Trade Certificate Fee

The registering authorities did not ensure realisation of trade certificate fees in respect of all motor vehicles in the possession of the dealers which resulted in short realisation of Trade Certificate Fees of ₹ 1.30 crore.

Section 39 of the Motor Vehicle (MV) Act, 1988 provides that no person shall drive any motor vehicle in any public place unless the vehicle is registered. Further, Rule 33 of the Central Motor Vehicles (CMV) Rules, 1989 provides that for the purpose of the proviso to Section 39, a motor vehicle in the possession of a dealer shall be exempted from the necessity of registration subject to the condition that he obtains a trade certificate from the Registering Authority having jurisdiction in the area in which the dealer has his place of business. Under Rule 34 of the Rules *ibid*, an application for the grant or renewal of a trade certificate shall be made in Form 16 and shall be accompanied by the appropriate fee (Motor Cycle/Invalid carriage: ₹ 50 for each vehicle; Others: ₹ 200 for each vehicle) as specified in Rule 81 of the CMV Rules.

Further, under Rule 37 of the CMV Rules, a trade certificate shall be in force for a period of 12 months from the date of issue or renewal thereof and shall be effective throughout India for the purposes specified under Rule 41 of the Rules *ibid*.

We scrutinised the trade tax registers and files/registration records in VAHAN database and statement submitted by the dealers regarding receipt of vehicles of 29 district transport offices for the period 2014-15 and found (between February and December 2015) in 12 district transport offices²⁸ that 180 trade certificates were granted to test-checked 109 dealers of vehicles (out of 236 dealers) during the period between April 2012 and July 2015, though, these dealers had received 2,04,759 vehicles during the period as evident from the declarations filed by dealers in Form B2. Though the information regarding number of vehicles in their possession was available to the Registering Authority, they did not initiate action to raise demand for trade certificate fees

²⁸ Aurangabad, Bhagalpur, Bhojpur (Ara), Darbhanga, East Champaran (Motihari), Gopalganj, Jamui, Madhubani, Muzaffarpur, Saran (Chapra), Sitamarhi and Siwan.

against the defaulting dealers for the remaining 2,04,579 vehicles under their possession as required under Rules *ibid*. Due to this omission there was short realisation of trade certificate fee of ₹ 1.30 crore.

The matters were reported to the Government/Department between September 2015 and February 2016; we are yet to receive their reply (October 2016).

2.8 One Time Tax

2.8.1 One Time Tax and penalty not levied/short levied

In 15 district transport offices, the owners of 5,150 vehicles either did not pay One Time Tax or paid it short. The taxing officer did not impose the leviable One Time Tax/penalty amounting to ₹ 4.41 crore.

Section 5 read with section 7 of the BMVT Act as amended by Finance Acts (2010, 2011, 2012, 2013 and 2014) provides different rates of One Time Tax (OTT) for levy on personalised vehicles, tractors, maxi/cabs, three-wheelers and light goods vehicles. Delay in payment of tax beyond 15 days attracts penalty from 25 *per cent* to twice the amount of tax due as per the provisions of Section 23 of the Act *ibid* read with Rule 4 (2) of BMVT Rules.

Further, as per Section 8 of the BMVT Act, when a motor vehicle, in respect of which tax of any period has been paid, is revised during such period, the owner of the vehicle shall pay to the taxing officer a differential tax of a sum which is equal to the difference between the tax already paid and the tax which becomes payable in respect of such vehicle for the period for which the higher rate of tax is payable in consequence of the alteration.

We scrutinised the Tax Clearance Table of the VAHAN database of 29 district transport offices between January and November 2015 and found that the tax officers of 15 district transport offices²⁹ did not realise OTT of ₹ 4.41 crore from the owners of 5,150 vehicles (tractor, three-wheelers, maxi/motor cabs and light goods vehicles) out of 34,939 registered vehicles (all test-checked), which were registered between May 2010 and July 2015, as shown in **Table-2.9** below:

²⁹ Arwal, Aurangabad, Bhagalpur, Buxar, Darbhanga, East Champaran, Gopalganj, Jamui, Jehanabad, Madhubani, Muzaffarpur, Saran, Sheikhpura, Sheohar and Sitamarhi.

Table-2.9
One time tax and penalty not levied/short levied

Type of vehicle	Number of office involved	Amount of OTT/ penalty (₹ in lakh)	Rate of OTT applicable	Audit observation
Tractor (commercial)	10 DTOs ³⁰	88.61	One per cent w.e.f. 9.4.2010; Two per cent w.e.f. 1.4.2013 and 4.5 per cent w.e.f. 19.9.2014.	Out of 17,650 tractors registered between May 2010 and July 2015, the owners of 147 tractors did not pay OTT and penalty of ₹ 87.75 lakh and in case of 16 tractors, OTT and penalty was paid short by ₹ 0.86 lakh.
	Nine DTOs ³¹	50.22	- do -	Out of 580 tractors registered between September 2014 and February 2015, OTT was realised from the owners of 410 tractors at pre-revised rate due to delay in mapping of the revised rate in the VAHAN. Thus, differential tax of ₹ 50.22 lakh was not realised.
Three wheeler	Five DTOs ³²	22.01	₹ 6,000 (for 10 years upto five seat), ₹ 9,000 (for 15 years upto five seat), ₹ 9,000 (for 10 years upto seven seat), ₹ 13,500 (for 15 years upto seven seat)	Out of 5,508 three-wheelers registered between September 2011 and July 2015, the owners of 74 three-wheelers did not pay OTT and penalty of ₹ 22.01 lakh.
	Four DTOs ³³	132.26		Out of 5,070 newly registered three-wheelers registered between April 2013 and March 2015, 4,233 vehicles were granted validity of registration for 10 years instead of 15 years, which resulted in short realisation of ₹ 1.32 crore.
Maxi/motor cabs	Eight DTOs ³⁴	121.96	Five per cent w.e.f. 1.4.2013 and seven per cent w.e.f. 19.9.2014	Out of 2,254 Maxi/motor cabs registered between January 2013 and June 2015, the owners of 171 Maxi/motor cabs did not pay OTT and penalty of ₹ 1.22 crore.
	Two DTOs (Bhagalpur and Darbhanga)	3.80		Out of 765 Maxi/motor cabs registered between September 2014 and May 2015, OTT was realised from the owners of 46 Maxi/motor cabs at pre-revised rate due to delay in mapping of the revised rate in the VAHAN. Thus, differential tax of ₹ 3.80 lakh was not realised.

³⁰ Bhagalpur, Buxar, Darbhanga, East Champaran, Gopalganj, Jehanabad, Madhubani, Muzaffarpur, Sheikhpura and Sheohar.

³¹ Arwal, Aurangabad, Bhagalpur, Darbhanga, Gopalganj, Madhubani, Muzaffarpur, Saran and Sheikhpura.

³² Buxar, Darbhanga, East Champaran, Gopalganj and Muzaffarpur.

³³ Aurangabad, Jamui, Sheikhpura and Sitamarhi.

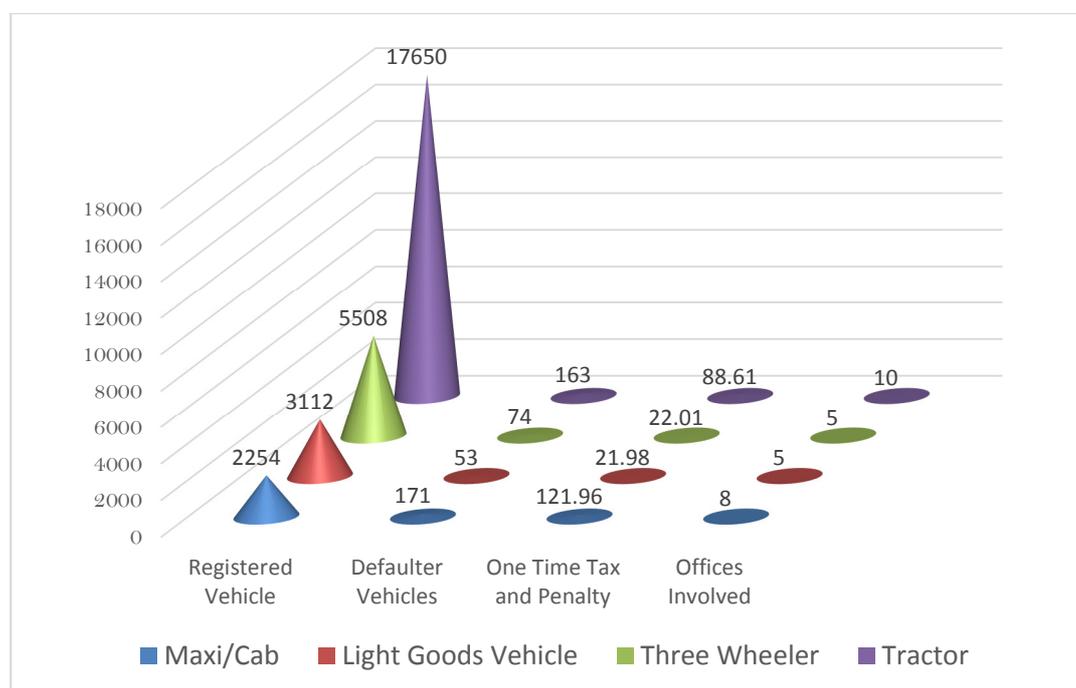
³⁴ Arwal, Bhagalpur, Darbhanga, East Champaran, Jamui, Muzaffarpur, Sheikhpura and Sheohar.

Light Goods Vehicles (LGV)	Five DTOs ³⁵	21.98	₹ 7,700 (upto 1,000 kgs.GVW) ₹ 5,500 per 1,000 kgs for GVW above 1,000kgs and upto 3,000 kgs w.e.f. 1 April 2011.	Out of 3,112 LGV (GVW upto 3,000 kgs) registered between March 2011 and January 2015, the owners of 53 LGV did not pay OTT and penalty of ₹ 21.98 lakh.
		440.84		5,150 vehicles

One Time Tax and penalty not levied and short levied are depicted in the following Charts:

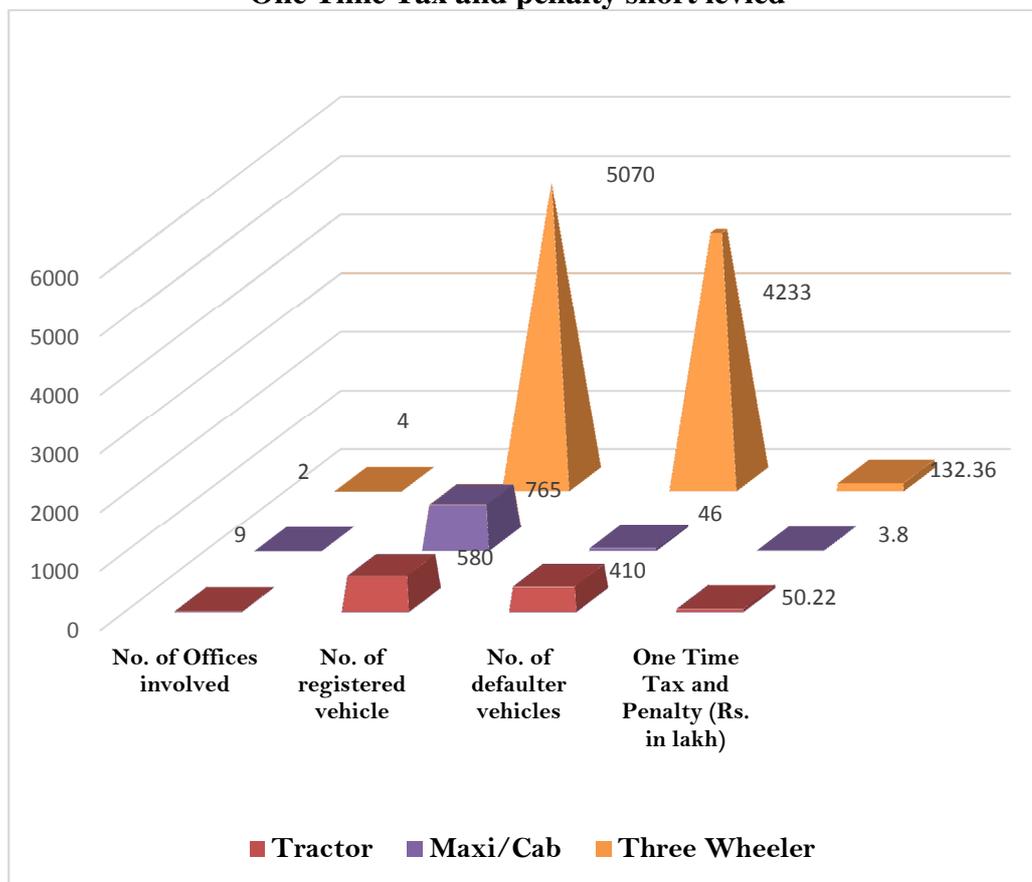
Chart-2.7

One Time Tax and penalty not levied



³⁵

Aurangabad, Darbhanga, East Champaran, Jehanabad and Sitamarhi.

Chart- 2.8**One Time Tax and penalty short levied**

On this being pointed out, the DTOs concerned stated between February and December 2015 that notices of demand would be issued.

The matter was reported to the Government/Department between September 2015 and February 2016; we are yet to receive their reply (October 2016).

2.8.2 Penalty for belated payment of OTT not realised

The District Transport Officers did not realise penalty on belated payment of one time tax of ₹ 42.89 lakh.

We scrutinised the Tax Clearance Table of the VAHAN database of 29 district transport offices and found between March and December 2015 that the taxing officers of four district transport offices³⁶ did not realise penalty of ₹ 42.89 lakh for delayed payment of OTT from the owners of 428 vehicles (tractor and maxi/Motor cabs), out of 4,125 registered vehicles (all test-checked), which were registered between May 2010 and August 2015, as shown in **Table-2.10** below:

³⁶

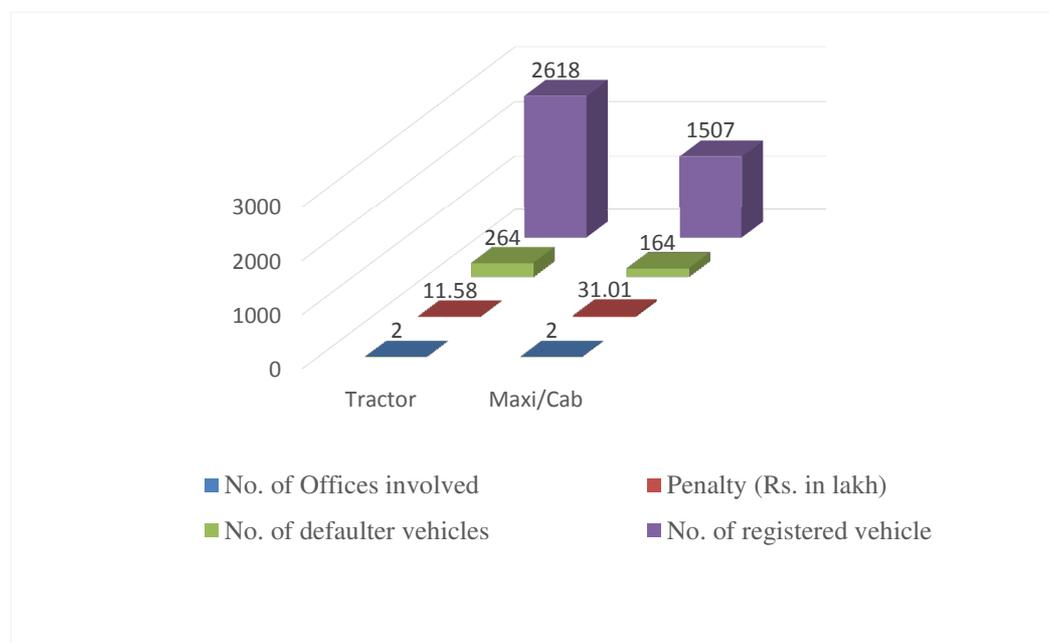
East Champaran, Muzaffarpur, Saran and Sheohar.

Table-2.10
Penalty for belated payment of OTT not levied

Type of vehicles	Number of defaulter Vehicles	Name of offices involved	Penalty (₹ in lakh)	Remarks
Tractor (commercial)	264	DTOs East Champaran and Sheohar	11.88	Out of 2,618 vehicles registered between May 2010 and January 2014, the owners of 264 vehicles had paid OTT with delays ranging between 17 and 437 days. But the DTOs did not impose penalty of ₹ 11.88 lakh for delayed payment of OTT.
Maxi/Motor Cabs	164	DTOs Muzaffarpur and Saran	31.01	Out of 1,507 vehicles registered between January 2014 and August 2015, the owners of 164 vehicles had paid OTT with delays ranging between 20 and 747 days. But the DTOs did not impose penalty of ₹ 31.01 lakh for delayed payment of OTT.
Total	428		42.89	

Penalty for belated payment of OTT not levied is shown in following **Chart-2.9**:

Chart-2.9
Penalty not levied on delayed deposit of One Time Tax



On this being pointed out, the DTOs concerned stated between September 2015 and February 2016 that notices of demand would be issued.

The matter was reported to the Government/Department between September 2015 and February 2016; we are yet to receive their reply (October 2016).

Government/Department should ensure departmental action against wilful negligent District Transport Officers in cases where One Time Tax were short levied.

2.9 Loss of revenue due to delivery of vehicles without temporary registration

Delivery of vehicles to the purchasers without allocating temporary registration mark resulted in loss of ₹ 33.70 lakh.

As per Rule 42 of CMV Rules, 1989, no holder of a trade certificate shall deliver a motor vehicle to a purchaser without registration, whether temporary or permanent. Further, Section 43 of the MV Act, 1988 provides that notwithstanding anything contained in Section 40, the owner of a motor vehicle may apply to any registering authority or other prescribed authority to have the vehicle temporary registered in the prescribed manner and for the issue in the prescribed manner of a temporary certificate of registration and a temporary registration mark. The Department vide office order no. 3415 dated 28 July 2009 also made it clear that in accordance with the provision of Section 43 of the MV Act, 1988, the registering authorities shall provide the blocks of the temporary registration numbers to the dealer agencies on their requisition.

We scrutinised the owner table/registration records of VAHAN database of 29 district transport offices for the period 2014-15 and found (between May and August 2015) in three district transport offices³⁷ that 36,983 vehicles (Light Motor Vehicles: 824 and two-wheelers: 36,159) were registered between April 2014 and March 2015 (all test checked) and the holders of trade certificates had delivered all the vehicles to the purchasers without allocating temporary registration mark during the period between April 2014 and March 2015. The registering authorities (DTOs) registered the vehicles permanently without ensuring the delivery of vehicles to the purchasers by the dealers with temporary registration as required under the aforesaid provision of the Act/Rules *ibid* and departmental order. This resulted in loss of ₹ 33.70 lakh.

On this being pointed out, DTOs concerned stated between June and August 2015 that necessary action would be taken as per Rules.

The matter was reported to the Government/Department between October and November 2015; we are yet to receive their reply (October 2016).

³⁷ Bhagalpur, Bhojpur (Ara) and Darbhanga.

2.10 Additional registration fee not realised

Due to allotment of registration numbers out of sequence to the purchasers without realising additional registration fees for preferred registration number, revenue of ₹ 11.40 lakh was not realised.

As per notification (June 2003) issued under the Bihar Motor Vehicles Taxation (BMVT) Rules 1992, if an owner of a vehicle applies for a preferred registration number out of sequence, an additional registration fee of ₹ 5,000 shall be chargeable. The Department also instructed (28 July 2009) to issue registration number from the allotted block of registration numbers according to the dealer's sale invoice in sequence.

During scrutiny of the Dealer Point Registration Register and VAHAN database of two district transport offices (Buxar and East Champaran, Motihari), we observed between January and March 2015 that seven dealers of motor vehicles to whom registration mark were allotted under dealer point registration had allotted 228 registration numbers out of sequence to the purchasers (out of 25,348 vehicles registered and test-checked) for which additional registration fees for preferred registration number were not realised. The concerned DTOs did not initiate any action to realise the fee from the dealer for issue of the preferred registration numbers. Thus, an additional fee of ₹ 11.40 lakh was not realised as mentioned in the **Table-2.11** below:

Table-2.11

Additional fee not realised

(Amount in ₹)

Sl. No.	Name of the DTOs	No of vehicles registered (all test-checked) No. of defaulter dealers	No. of vehicles where preferred registration numbers were allotted	Period of sale	Fee payable at the rate of ₹ 5000 per vehicle	Fee paid	Additional fee not realised
1.	Buxar	<u>7,856</u> 2	98	February 2012 to March 2014	4,90,000	0	4,90,000
2.	East Champaran	<u>17,492</u> 5	130	January 2012 to April 2014	6,50,000	0	6,50,000
	Total	<u>25,348</u> 7	228		11,40,000	0	11,40,000

On this being pointed out, DTO East Champaran stated in March 2015 that notices of demand would be issued while DTO Buxar stated in February 2015 that necessary action would be taken as per rules.

The matter was reported to the Government/Department in October 2015; we are yet to receive their reply (October 2016).

Chapter-III

(Stamp Duty and Registration fee)

CHAPTER-III: STAMPS AND REGISTRATION FEE

3.1 Tax administration

The levy and collection of Stamp duty and Registration fee in the State is governed by the provisions of the Indian Stamp Act, 1899; the Registration Act, 1908; the Bihar Stamp Rules, 1991 and the Bihar Stamp (Prevention of Under-valuation of Instruments) Rules, 1995. It is administered by the Registration, Excise and Prohibition (Registration) Department headed by the Inspector General, Registration (IGR). The Department functions under the administrative control of the Secretary of the Registration Department who is the chief revenue controlling authority. The IGR is assisted by an Additional Secretary, two Deputy Inspectors General (DIGs) and four Assistant Inspectors General (AIGs) at the Headquarters level. Further, there are nine Assistant Inspectors General at the divisional level. Thirty eight District Registrars (DRs), 38 District Sub Registrars (DSRs), 83 Sub Registrars (SRs) and 26 Joint Sub Registrars (JSRs) at the districts/primary units are responsible for levy and collection of stamp duty and registration fee.

3.2 Internal Audit

The Internal Audit wing of any department is a special vehicle of the internal control mechanism and is generally defined as the control of all controls to enable an organisation to assure itself that the prescribed systems are functioning reasonably well.

There is an internal audit wing called Finance (Audit), which works under the Finance Department and internal audit of the different offices of the Government is conducted on the basis of requisitions received from the Administrative Department. The Chief Controller of Accounts can also select units for internal audit on availability of audit team.

As informed by the Finance Department (August 2016), the internal audit of one unit of the Registration, Excise and Prohibition (Registration) Department was conducted during 2015-16 and Inspection Reports containing nine paragraphs were issued.

3.3 Results of audit

There are 140 auditable units under the Registration, Excise and Prohibition (Registration) Department, of which 39 units were planned for audit during the year 2015-16. We have conducted the audit of 34 units during the course of the year and found short realisation of revenue and other irregularities involving ₹ 61.42 crore in 98 cases which fall under the following categories as mentioned in **Table-3.1**.

Table-3.1

Results of audit

(₹ in crore)

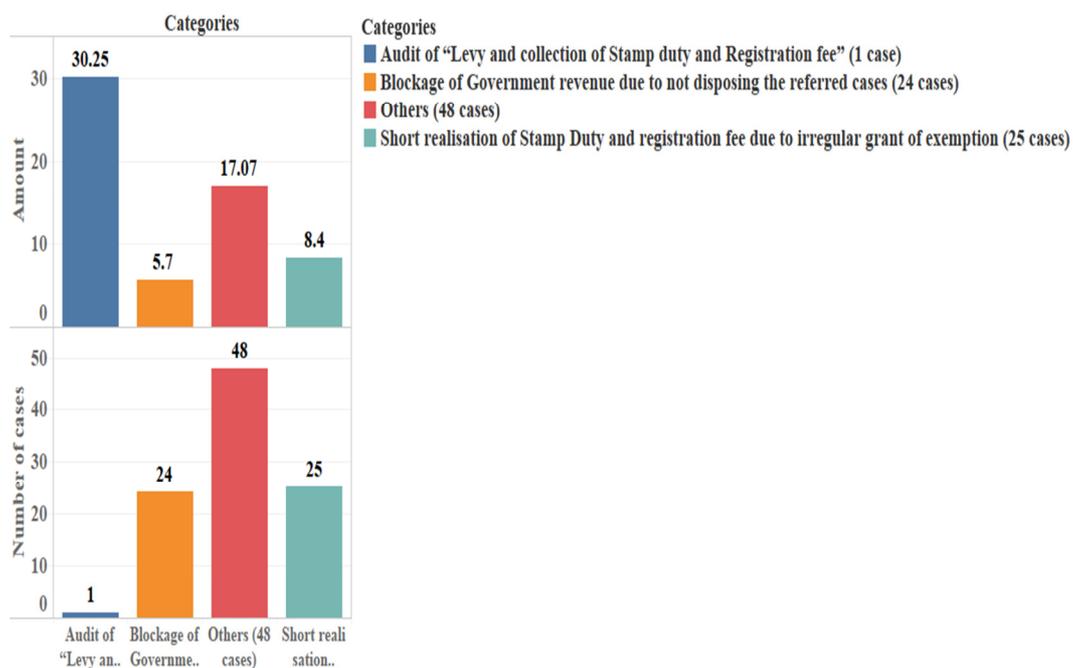
Sl. No.	Categories	Number of cases	Amount
1.	Audit of “Levy and collection of Stamp duty and Registration fee”	1	30.25
2.	Short realisation of Stamp Duty and registration fee due to irregular grant of exemption	25	8.40
3.	Blockage of Government revenue due to not disposing the referred cases	24	5.70
4.	Others	48	17.07
Total		97	31.17
Grand total		98	61.42

The results of Audit in respect of our audit findings on Stamp duty and Registration fee during 2015-16 are depicted in the following **Chart-3.1**:

Chart-3.1

Stamps and Registration fee

(₹ in crore)



During 2015-16, the Registration, Excise and Prohibition (Registration) Department accepted underassessment and other deficiencies *etc.* involving ₹ 38.18 crore in 56 cases, out of which nine cases involving ₹ 26.89 crore were pointed out during the course of the year and the rest during the earlier years.

A few illustrative cases involving tax effect of ₹ 30.25 crore are mentioned in the following paragraphs.

3.4 Audit of ‘Levy and collection of Stamp duty and Registration fee’

3.4.1 Introduction

Receipts from stamp duty and registration fee in the State is regulated under the Indian Stamp (IS) Act, 1899 and the Indian Registration Act, 1908 and rules made there under. The stamp duty is leviable on execution of instruments and registration fee is payable on registration of instruments. The proceeds of stamp duty and registration fee is remitted into Government account under the head “0030-Stamps and Registration fee”.

The levy and collection of stamp duty, registration fee, penalties and other dues under the Acts and Rules is administered by the Registration, Excise and Prohibition (Registration) Department, Government of Bihar.

3.4.2 Organisational set up

The levy and collection of stamp duty, registration fee, penalties and other dues under the Acts and Rules is administered by the Registration Department headed by the Inspector General, Registration (IGR). The Department functions under the administrative control of the Principal Secretary of Registration Department who is the chief revenue controlling authority. The IGR is assisted by an Additional Secretary, two Deputy Inspectors General (DIGs) and four Assistant Inspectors General (AIGs) at the Headquarters level. Further, there are nine Assistant Inspectors General (AIGs) at the divisional level. Thirty eight District Registrars (DRs), 38 District Sub Registrars (DSRs), 83 Sub Registrars and 26 Joint Sub Registrars at the district/primary units are responsible for levy and collection of stamp duty and registration fee.

3.4.3 Audit Objectives

The audit objectives of this Audit were to ascertain whether:

- the provisions of the Indian Stamp Act, 1899, Indian Registration Act, 1908 and Rules made there under were followed scrupulously; and
- the Department had a robust monitoring mechanism to safeguard the leakage of revenue from stamp duty and registration fee.

3.4.4 Audit Criteria

The Audit was conducted on the basis of criteria drawn from the following sources:

- The Indian Stamp Act, 1899;
- The Indian Registration Act, 1908;
- The Bihar Stamp Rules, 1991;

- The Bihar Stamp (Prevention of Under-Valuation of Instruments) Rules, 1995;
- Bihar Budget Procedures;
- The Bihar Registration Manual; and
- Departmental instruction, circulars and executive orders, made from time to time.

3.4.5 Scope of audit and methodology

This Audit was conducted during February to July 2016 covering the period from 2013-14 to 2015-16. Ten¹ out of 38 districts were selected for this audit by random sampling method using IDEA software on the basis of revenue collection.

Audit methodology included field visits for examination of records in the offices of the District Sub Registrars (DSRs) of the selected districts. On the basis of test-check of deeds of different nature related to sale, lease of property including *Khas Mahal* land, mortgage, power of attorney etc., audit memoranda and questionnaires were issued to respective DSRs and the IGR and replies had been obtained to arrive at the audit findings and conclusions.

An Entry Conference was held on 4th April 2016 with the Assistant Inspector General (HQ), Registration Department wherein scope of audit, methodology and audit objectives including sampling technique adopted were explained to the Department. An Exit conference was held on 26 October 2016 with the Inspector General of Registration, in which the findings were discussed. Their comments have suitably been incorporated in the relevant paragraphs.

3.4.6 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation of the Registration Department in providing necessary information and records for audit.

Audit findings

The Audit of the 'Levy and collection of Stamp duty and Registration fee' revealed a number of deficiencies as mentioned in the succeeding paragraphs.

3.4.7 Trend of Revenue

Formulation of Budget

Under the provisions of Rule 54 of the Bihar Budget Procedures, the estimates of revenue and receipts should show the amounts expected to be realised within the year. The arrear and current demands should be shown separately and reasons given, if full realisation cannot be expected and should be based on the estimates furnished by the Department.

Further, the Bihar Budget Procedures provide that accuracy in the budgeting must start upward from the lowest stage of estimation. The rule for all

¹ Bhagalpur, Buxar, Gaya, Kishanganj, Muzaffarpur, Nalanda (Biharsharif), Patna, Purnea, Siwan and Vaishali (Hajipur).

estimating officers should be to provide in the budget for everything that can be foreseen and to provide only as much as necessary.

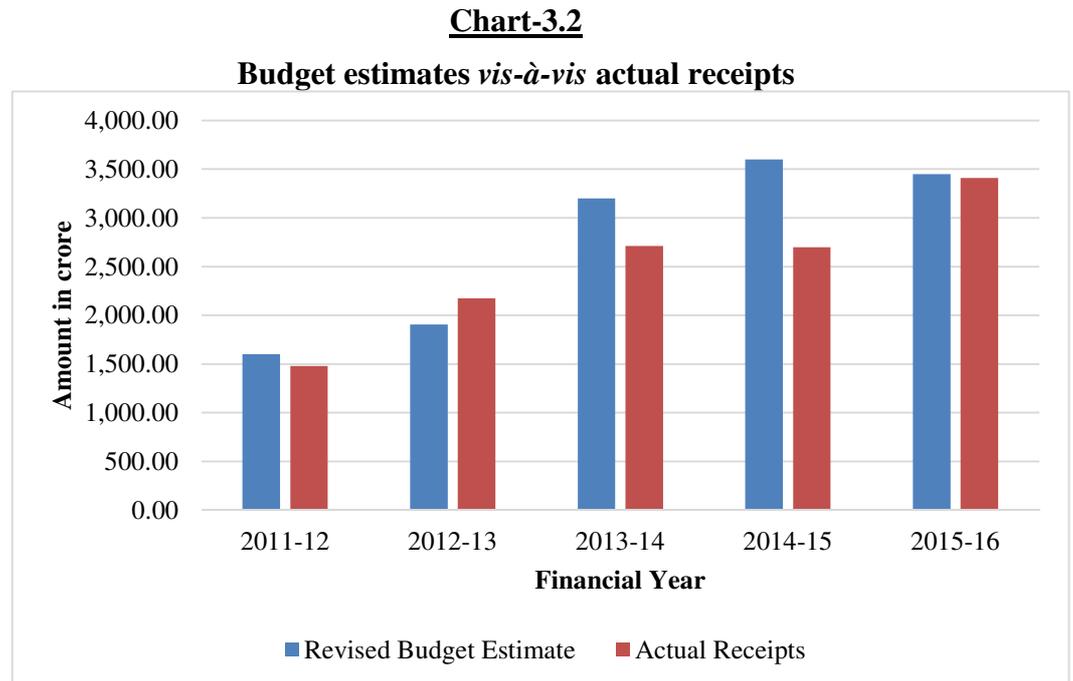
A comparison of the Budget Estimates (BEs)/Revised BEs and actual realisation of revenue as per the Finance Accounts in respect of Stamp duty and registration fee for the year 2011-12 to 2015-16 are given in **Table-3.2**:

Table-3.2
Trend of revenue

(₹ in crore)						
Year	Revised Budget Estimate	Actual Receipts	Variation Excess(+)/ Shortfall(-)	Percentage of variation	Total Tax Receipts of the State	Percentage of actual receipts vis-a-vis total tax receipts
2011-12	1,600.00	1,480.07	(-) 119.93	(-) 7.50	12,612.10	11.73
2012-13	1,906.00	2,173.02	(+) 267.02	(+) 14.01	16,253.08	13.36
2013-14	3,200.00	2,712.41	(-) 487.59	(-) 15.24	19,960.68	13.58
2014-15	3,600.00	2,699.49	(-) 900.51	(-) 25.01	20,750.23	13.00
2015-16	3,450.00	3,408.57	(-) 41.43	(-) 1.20	25,449.11	13.39

{Source: Finance Accounts, Government of Bihar and Revenue and Capital Receipts (Detail)}

The position of Revised Budget Estimates *vis-a-vis* actual receipts of the State is depicted in the following **Chart-3.2**:



It may be seen from the above table that actual receipts fell short by 7.50 and 25.01 *per cent* of the Revised Budget Estimate (BE) during the year 2011-12 and 2014-15 respectively. The actual receipts increased to 14.01 *per cent* over the BE during the year 2012-13.

On this being pointed out, the Department stated (October 2016) that due to delay in approval of maps of apartments and subsequent delay in construction

and sale/purchase of apartments, the collection of receipts was affected during 2014-15.

Further, the buoyancy ratio of revenue from stamp duty and registration fee with respect to GSDP is given in **Table-3.3**:

Table-3.3
Trends in Stamp duty and registration fee relative to GSDP

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
GSDP (₹ in crore)	2,43,269	2,93,616	3,43,663	4,02,283	4,86,430
Rate of growth of GSDP	19.51	20.70	17.05	17.06	20.92
Revenue from Stamp duty and registration fee (₹ in crore)	1,480.07	2,173.02	2,712.41	2,699.49	3,408.57
Rate of growth of revenue from Stamp duty and registration fee	34.71	46.82	24.82	(-)0.48	26.27
Buoyancy ratio of revenue from Stamp duty and registration fee with respect to GSDP	1.78	2.26	1.46	(-)0.03	1.26

(Source: Finance Accounts of the State for the respective years)

It is evident from the above table that buoyancy ratio of revenue from stamp duty and registration fee with respect to GSDP ranged between 1.26 and 2.26 during 2011-12 to 2015-16 except during 2014-15 where the buoyancy ratio was negative.

3.4.8 Blocking of Government revenue due to not disposing the referred cases

Ninety three referred cases were not finalised by the AIG, which resulted in blocking of stamp duty revenue of ₹ 1.65 crore to Government.

Under the provision of Section 47 (A) of the IS Act, 1899, where the registering authority has reason to believe that the market value of property has not been rightly set forth in the instrument he may refer the same to the Collector for determination of market value of such property. Further, the Commissioner and Secretary-cum-Inspector General of Registration, Government of Bihar, Patna instructed (May 2006) all the Registering Officers to refer cases to the Assistant Inspector General (AIG) concerned for speedy disposal of cases within 90 days.

During scrutiny of the register of the referred cases in offices of four DSR² for the period 2013-14 to 2015-16, we observed (between February and June 2016) that 293 cases pertaining to the year 2013 to 2016 were referred to the AIG during the period January 2013 to December 2015 for determining the market value of property under Section 47A of the IS Act, 1899. Out of these, while 200 cases were disposed off, remaining 93 cases involving stamp duty

² Buxar, Muzaffarpur, Patna and Siwan.

of ₹ 1.65 crore were still pending for disposal till date of audit, though they were required to be disposed off within 90 days. The reasons for not disposing off referred cases were no/delayed response of the concerned party, failure to conduct site inspections by the concerned DSR, delayed receipts of required reports from the concerned circle officer etc.

On this being pointed out, the Department stated (October 2016) that necessary action had been initiated for speedy disposal of referred cases. The concerned AIG stated (December 2016) that out of above mentioned 93 cases, 69 cases had since been disposed off after being pointed out by audit.

3.4.9 Government revenue not realised from the referred cases finalised

DSR did not initiate revenue recovery certificates in cases where short levied stamp duty was not paid and thus Government dues amounting to ₹ 1.23 crore was not realised.

Section 48 of the IS Act, provides that all stamp duties, penalties required to be paid may be recovered by distress and sale of the movable property of the person from whom the same are due, or by any other process for the time being in force, for the recovery of arrears of land revenue.

Further, as per instruction issued (January 2007) by the Secretary-cum-Inspector General of Registration to the Collector-cum-District Registrar/DSR, if the parties do not pay the stamp duty in finalised referred cases, a notice may be served and after 30 days revenue recovery certificate cases would be instituted under the Public Demand Recovery Act, 1914 (PDR Act) after publishing their names in local newspaper for realisation of stamp duty and registration fee.

During scrutiny of register of referred cases and information made available by six DSRs³ for the period January 2013 to December 2015, we observed that 229 referred cases were finalised under Section 47(A) of the IS Act. Further, on examination of all these cases, we found that the AIG determined a sum of ₹ 1.23 crore as stamp duty that was short levied in all these finalised cases and notices of demand were issued between January 2013 and December 2015. However, the DSRs neither realised the short levied stamp duty nor filed the revenue recovery certificate, even after elapse of 60 days stipulated for taking further action for realisation of Government dues of ₹ 1.23 crore against the concerned parties as instructed by the Government (January 2007).

On this being pointed out, the Department stated (October 2016) that in 114 cases an amount of ₹ 1.58 crore in respect of DSR Bhagalpur, Gaya and Muzaffarpur had been realised and necessary action under the PDR Act had been initiated for realisation of revenue in the remaining cases. However, the amount of ₹ 1.58 crore realised in 110 cases of DSR Gaya pertain to the period not covered under audit and hence the revenue pointed out during audit remains unrealised.

³ Bhagalpur, Buxar, Gaya, Muzaffarpur, Nalanda and Patna.

3.4.10 Irregular exemption of stamp duty and registration fee

Irregular exemption of stamp duty and registration fee of ₹ 7.57 crore in 99 cases without ensuring fulfilment of conditions for claiming exemption.

The State Government vide various notifications and the District Registrar vide its guideline register stipulated the conditions for claiming exemptions on stamp duty and registration fee payable.

We observed (between February and June 2016) from the records of the offices of nine Registering Authorities⁴ that exemption of stamp duty of ₹ 7.57 crore was granted in 99 cases out of 3,750 test-checked deeds (total number of registered deeds: 11,00,557) without ensuring fulfilment of conditions for claiming exemption as detailed in **Table-3.4** below:

Table-3.4
Irregular exemption of stamp duty and registration fee

(Amount in ₹)

Sl. No.	Type of Deed	Name of DSR/SR	No of cases	Irregular Exemption of SD and RF	Condition for exemption of SD and RF	Remarks
1	Lease Prathmik Krishi Shakh Sahyog Samiti (PACS)	Siwan	22	10,01,707	Article 33 of Schedule 1A of IS Act read with Notification no.1/M/117/2010-75 stipulates that documents registered in favour of the Governor of the State is exempted from stamp duty and registration fee.	Exemption of stamp duty and registration fee were granted in cases where documents were not registered in favour of the Governor, which resulted in short levy of ₹ 15.90 lakh (Annexure-VII). In reply, the Department accepted (October 2016) the audit observation and stated that necessary action for realisation of deficit stamp duty and registration fee had been initiated in cases of DSR Siwan and Patna City.
		Danapur	8	3,80,000		
		Patna City	3	2,07,813		
				15,89,520		
2	Lease Bihar Industrial Area Develop- ment Authority (BIADA)	Muzaffarpur	36	4,39,38,949	Industrial Incentive Policy (Notification no.-S.O.No.-1/M-190/3216, 3217 Dated 24 October 2011) stipulates that exemption of stamp duty and	Exemption of stamp duty and registration fee were granted without obtaining authority issued in this regard from the Industries Department, which resulted in short levy of ₹ 5.42 crore (Annexure-VIII).
		Bhagalpur	8	40,66,400		
		Patna City	14	49,35,874		
		Bihar Sharif	5	9,41,743		
		Gaya	1	87,209		
		Bikram	1	1,87,200		

⁴ DSR-Bhagalpur, Biharsharif, Gaya, Muzaffarpur, Patna and Siwan;
SR- Bikram, Danapur and Patna City.

				5,41,57,375	registration fee is granted on production of authority issued by Industries Department.	In reply, the Department accepted (October 2016) the audit observation relating to Muzaffarpur, Bhagalpur, Patna city, Biharsharif and Bikram and stated that necessary action had been initiated for realisation of deficit stamp duty and registration fee.
3	<u>Sale</u> Dhanraj Tower	Patna	1	1,99,61,000	Valuation of Multi-storied building developed through development agreement attracts the rate prescribed for flats in MVR. Further, the recommendation of the Valuation Committee (15 May 2013) refers that structure without roof is treated as incomplete structure and valuation would be calculated on half rate of MVR.	Valuation of property was not done on the rate prescribed for flats. As property was developed through development agreement, rate prescribed for flats was applicable for valuation of property. Further Exemption (half rate of MVR) for incomplete structure was allowed whereas the roof casting was complete. In reply, the Department stated (September 2016) that valuation of the property was done on market value and accordingly stamp duty and registration fee was realised. Reply is not acceptable for the following reasons: 1. as property was developed through development agreement, the rate prescribed for flats was applicable for valuation of property 2. Rebate is allowed on structure without roof only and in the instant case frame structure was complete.
Total			99	7,57,07,895		

Recommendation-1: Government/Department should consider to take rectification action on errors/deviations pointed out by audit. A mechanism should also be installed to review the cases of exemption from stamp duty and registration fee by the higher authorities to ensure compliances with the provisions of the Indian Stamp Act and notifications issued thereunder.

3.4.11 Short realisation of stamp duty and registration fee

3.4.11.1 Short realisation of stamp duty and registration fee in Mining leases

DSR Gaya applied incorrect rate of stamp duty and registration fee on security money of mining lease which resulted in short levy of stamp duty and registration fee of ₹ 15.99 crore.

Article 35(b) of the IS Act, 1899 provides that where the lease is granted for a fine or premium or for money advanced and no rent is reserved, the stamp duty at the rate of six *per cent* and registration fee at the rate of two *per cent* on premium value would be payable treating them as conveyance.

Further, as per description of instrument No. 57 of Schedule-1A of the IS Act, 1899, three *per cent* stamp duty is required to be paid in Security Bond or Mortgage deed, executed by way of security for the due execution of an office, or to account for money or other property received by virtue thereof or executed by a surety to secure the due performance of a contract.

During test-check of lease deeds in the office of DSR Gaya for the period 2013-14 to 2015-16, we observed (May 2016) that six lease deeds were executed by the District Collector, Gaya on behalf of the Governor of Bihar for lease of mining. Each lessee were provided 12.5 acres of land for five years. Stamp duty at the rate of six *per cent* and registration fee at the rate of two *per cent* of the auctioned amount was paid in only one case out of these six lease deeds. However, in this deed no stamp duty was paid on security deposit. In remaining five lease deeds, stamp duty was levied on security deposit at the rate of three *per cent* and registration fee at the rate of one *per cent* instead of six *per cent* and two *per cent* respectively on the premium amount. Thus, there was incorrect application of base value and rate of stamp duty and registration fee in five cases and also in one case, stamp duty and registration fee on security deposit was not levied. This resulted in short realisation of revenue of ₹ 15.99 crore as detailed in **Annexure-IX**.

On this being pointed out, the Department accepted (October 2016) the audit observation and stated that the cases had since been impounded and sent to Collector in June 2016 for realisation of the amount short levied.

3.4.11.2 Short levy of stamp duty and registration fee due to undervaluation of properties

Undervaluation of properties by ₹ 58.16 crore by three DSRs resulted in short levy of stamp duty and registration fee of ₹ 1.99 crore.

As per notification issued (February and July 2013) by Registration, Excise and Prohibition (Registration) Department, Government of Bihar, stamp duty and registration fee shall be leviable on the market value of the property based on Minimum Value Register (MVR).

During scrutiny of registered lease documents in the offices of three DSRs⁵, we observed (between February 2016 and May 2016) that in five cases, the

⁵ Gaya, Patna and Vaishali.

DSR concerned while calculating the market value of properties did not consider the value of structure erected on the land. This resulted in undervaluation of properties by ₹ 58.16 crore and consequential short levy of stamp duty and registration fee of ₹ 1.99 crore. Details of these cases are given in the **Table-3.5** below:

Table-3.5
Undervaluation of properties

(Amount in ₹)

Sl. No.	Name of DSR/SR	Token number of deed/ Year	Actual valuation of structure on land Valuation as per DSR	Short valuation	Short levy of stamp duty and registration fee	Remarks
1	Patna	11973/2013	<u>34,82,27,250</u> Nil	34,82,27,250	1,39,29,090	In reply, the Department stated (October 2016) that necessary action would be taken to examine the legal aspects.
		5562/2015	<u>25,01,975</u> Nil	25,01,975	1,00,080	
		12053/2015	<u>2,32,18,000</u> Nil	2,32,18,000	2,78,616	
2	Gaya	17146/2013	<u>12,60,00,000</u> Nil	12,60,00,000	50,40,000	In reply, the Department accepted (October 2016) the audit observation and stated that necessary action for realisation of revenue had been initiated.
3	Vaishali	1011/2014	<u>14,96,86,200</u> 6,80,00,000	8,16,86,200	5,13,686	
Total			<u>64,96,33,425</u> 6,80,00,000	58,16,33,425	1,98,61,472	

3.4.11.3 Short levy of stamp duty and registration fee due to incorrect application of rates in valuation of properties

Incorrect application of rates in valuation of property by DSR, Patna resulted in short levy of stamp duty and registration fee of ₹ 54.75 lakh.

As per recommendation of District valuation committee, Patna, in multi-storied/commercial building, office space will be treated only above second floor and accordingly rates should be applied in valuation of property.

During scrutiny of records of DSR, Patna we observed (February 2016) that in two cases of multi-storied buildings (Surya Prabha Mansion and Nutan Tower) ground floor was valued at office space rate instead of shop rate. This resulted

in undervaluation of property by ₹ 5.48 crore and consequential short levy of stamp duty and registration fee of ₹ 54.75⁶ lakh.

On this being pointed out, the Department stated (October 2016) that in case of Surya Prabha Mansion, it was not possible to comply with the guidelines approved by the District Valuation Committee. The reply of the Department is not acceptable as the guidelines approved by district valuation committee is to be complied in all cases. The Department further stated that the case of Nutan Tower (Krrish Hyundai) had been referred to Assistant Inspector General, Patna in August 2016 for revaluation.

3.4.11.4 Short levy of stamp duty and registration fee due to incorrect application of rate in cases of lease deeds

Incorrect application of rates in valuation of lease deeds resulted in short levy of stamp duty and registration fees of ₹ 4.98 lakh.

As per notification no. 1026 dated 15 February 2013, the stamp duty on lease deeds was required to be paid at the rate of six *per cent* of the valuation of the property as per periodicity of lease. Further, as per notification no.1810 dated 26 July 2013, registration fee was required to be paid at the rate of two *per cent* of the valuation of lease property.

- During scrutiny of registered instruments in the office of SR, Bikram, we observed (December 2015) that two lease deeds for 231.25 decimal was leased out for 30 years for installation of a rice mill and for opening of a school but the SR incorrectly calculated the valuation of the properties considering these leases for less than 30 years which resulted in short realisation of stamp duty and registration fee of ₹ 1.95 lakh.

On this being pointed out, SR, Bikram stated (December 2015) that notices of demand would be issued.

- During scrutiny of registered instruments in the office of DSR Patna, we observed (February 2016) that a lease deed for a Commercial Shop was executed for a period of 12 years. However, the commercial rate was not applied for determination of market value of the property. This resulted in under valuation of property and consequential short levy of stamp duty and registration fee of ₹ 3.03 lakh.

On this being pointed out, DSR, Patna stated (August 2016) that notice of demand had been issued (July 2016) for realisation of stamp duty and registration fee.

⁶ Calculation:

(Amount in ₹)					
Name of the property	Area of the property (in sqft)	Rate applicable/Rate applied (per sqft)	Undervaluation of property	SD and RF leviable/SD and RF levied	Short SD and RF
Surya Prabha Mansion	2400	10,000/7,500	60,00,000	24,00,000/18,00,000	6,00,000
Nutan tower	7500	14,000/7,500	4,87,50,000	1,05,00,000/56,25,000	48,75,000
Total			5,47,50,000	1,29,00,000/74,25,000	54,75,000

3.4.12 Additional differential stamp duty not realised**Additional differential stamp duty of ₹ 21.67 lakh was not realised in the power of attorney executed outside the State of Bihar.**

The Government vide Notification (March and October 2012) instructed to realise the differential stamp duty (difference between stamp duty leviable in the State of Bihar and stamp duty paid outside the State of Bihar) in case of Power of Attorney executed outside the State.

During scrutiny of sale deeds in the office of the DSR, Buxur for the period from 2013 to 2016, we observed (June 2016) that four documents of Power of Attorney were executed in West Bengal during October 2013 to March 2014 but the differential amount were not realised from the parties concerned which resulted in short realisation of stamp duty of ₹ 21.67 lakh⁷.

On this being pointed out, the Department stated (October 2016) that stamp duty of ₹ 4.87 lakh had been realised in one case. The reply in the remaining cases was awaited (October 2016).

3.4.13 Undervaluation of property due to misclassification of land**Misclassification of land by five DSRs resulted in undervaluation of properties by ₹ 19.76 crore and consequential short levy of stamp duty and registration fee of ₹ 1.02 crore.**

As per provision of Minimum Value Register (MVR), land situated on both sides of principal main roads shall be treated as commercial land and accordingly valuation of property shall be made. The National Highway and the State Highway shall be treated as principal road.

In course of scrutiny (between February and June 2016) of sale and lease deeds in the offices of five DSRs⁸, we observed that market value of properties in 10 cases was calculated on lower rate despite the fact that such properties were located at the site where higher rate were applicable. This resulted in undervaluation of properties by ₹ 19.76 crore and consequential short levy of stamp duty and registration fee of ₹ 1.02 crore as detailed in **Table-3.6** below:

⁷ Calculation:

(Amount in ₹)					
Sl. No.	Token no.	Deed no.	Date	Valuation	Required Stamp duty at the rate of 6 per cent
1.	12,322	11,922	23.10.2013	95,00,000	5,70,000
2.	12,729	12,311	04.11.2013	95,00,000	5,70,000
3.	13,023	12,605	14.11.2013	90,00,000	5,40,000
4.	2,871	2,779	20.03.2014	81,15,000	4,86,900
Total				3,61,15,000	21,66,900

⁸ Bikram, Buxur, Patna, Siwan and Vaishali.

Table-3.6
Under-valuation of property due to misclassification of land

(Amount in ₹)

Sl No.	Name of DSR/SR	Token no of deed/	Actual valuation of land/Valuation as per DSR	Short valuation	Short SD and RF	Remarks
1.	Bikram	5985/2014	<u>4,84,50,000</u> 64,60,000	4,19,90,000	31,00,800	Plot was situated on National Highway and hence commercial rate was applicable but DSR applied lower rate. In reply, the Department accepted (October 2016) the audit observation in one case of Bikram and referred the matter under Section 47 (A) of the Act <i>ibid</i> to AIG for revaluation while in another case the Department stated that the case would be re-examined.
		3278/2015	<u>2,78,43,750</u> 50,62,500	2,27,81,250	18,19,500	
2.	Buxar	10015/2013	<u>1,54,25,760</u> 34,43,000	1,19,82,760	4,78,029	Plot was situated in the Industrial area but DSR applied the rate of developing instead of commercial/industrial area. In reply, the Department accepted (October 2016) the audit observation and stated that notice of demand had been issued.
		9840/2013	<u>2,80,00,000</u> 68,25,000	2,11,75,000	16,94,000	Plot was situated on National Highway and hence commercial rate was applicable but DSR applied the lower rate. In reply, the Department stated (October 2016) that the case would be re-examined.
3.	Patna	3789/2014	<u>4,07,23,150</u> 2,60,36,000	1,46,87,150	14,68,715	Plot was situated on principal road and hence commercial rate was applicable but DSR applied lower rate. In reply, the Department stated (October 2016) that the case would be referred to the District Valuation Committee.

		5024/ 2015	<u>9,59,98,500</u> 7,38,45,000	2,21,53,500	2,61,981	Plot was situated on principal road and hence commercial rate was applicable but DSR applied lower rate. In reply, the Department accepted (October 2016) the audit observation and stated that notice of demand had been issued.
4.	Siwan	11259 /2014	<u>7,79,67,015</u> 4,58,62,950	3,21,04,065	3,70,964	DSR applied residential rate instead of commercial rate. In reply, the Department accepted (October 2016) the audit observation and stated that this case had since been impounded and sent to collector for necessary action.
5.	Vaishali	2934/ 2014	<u>2,69,60,000</u> 67,40,000	2,02,20,000	8,08,800	Recital of the lease deed indicated that plot is under commercial category but DSR applied lower rate. In reply, the Department accepted (October 2016) the audit observation and notice of demand had been issued.
		5867/ 2014	<u>1,41,00,000</u> 54,05,000	86,95,000	1,04,320	Plot was situated on principal road and hence commercial rate was applicable but DSR applied lower rate.
		695/ 2014	<u>27,90,000</u> 10,23,000	17,67,000	69,640	In reply, the Department accepted (October 2016) the audit observation and stated that deficit stamp duty and registration fee of ₹ 1.14 lakh had since been recovered in one case and in other case notice of demand had been issued.
Total			<u>37,82,58,175</u> 18,07,02,450	19,75,55,725	1,01,76,749	

3.4.14 Internal Control mechanism

3.4.14.1 Internal Audit

The Internal Audit (IA) of a Department is a vital arm of the Internal Control Mechanism and is generally defined as the control of all controls to enable an organisation to assure itself that the prescribed systems are functioning reasonably well.

We noticed that there was no separate internal audit wing in the Registration Department. The Finance Department (Audit Cell) works as the internal audit department of the Registration Department.

On being requested to furnish the compliance of the paragraphs of internal audit report, the Department replied (May 2016) that the Finance Department (Audit Cell) had not conducted audit of Registration Department during 2013-14 and 2014-15 (while as reported by the Finance Department, Audit cell, the audit of three units during 2013-14 and two units during 2014-15 had been conducted by the Finance Department).

The contradictory reply of the Department with regard to audit by Finance Department indicates weak control mechanism.

On this being pointed out, the Department accepted (September 2016) the audit observation and assured to take necessary action.

3.4.14.2 Inadequate Inspection

Only 548 offices (39 per cent) were inspected by the inspecting authorities against 1,395 offices required to be inspected during 2013-14 to 2015-16.

Inspection is an important tool of internal control in the hands of the administration for ascertaining that rules and procedures prescribed for the Department are being followed and also to ensure that revenue is collected properly and no leakages happen. The Bihar Registration Manual provides for inspection of registration offices by the DSRs, DRs, AIGs and IG Registration. The DSR shall ordinarily inspect each SR office in the district twice a year and his own office once a year. The DR/AIG should inspect every office under his jurisdiction including the district office at least once in a year. The IGR is required to inspect 50 per cent of the offices of the DSRs and as many offices as he conveniently can.

As per the norms laid down by the Bihar Registration Manual, 1,395 offices were required to be inspected by the inspecting authorities during 2013-14 to 2015-16. However, as per data furnished by the Department pertaining to the period 2013-14 to 2015-16, we observed that only 548 offices (39 per cent) were inspected by the inspecting authorities against 1,395 offices required to be inspected as detailed in **Table-3.7**.

Table-3.7
Low number of inspection

Year	No. of offices to be inspected	No. of offices inspected	Shortfall	Percentage of shortfall
2013-14	465	145	320	68.81
2014-15	465	182	283	60.86
2015-16	465	221	244	52.47
Total	1,395	548	847	

No information regarding number of offices inspected by the higher authorities other than DSR was available during the period 2013-14 to 2015-16. Further, details such as the number of registered documents in which the category of land, as well as valuation of property were cross examined, number of cases where undervaluation was detected and short levied, amount

realised on the instruction of inspecting authority were not made available to audit by the Department, despite being requested. So effectiveness of inspections carried out by the higher authorities and issues such as examination of valuation of registered documents by them could not be ascertained in audit.

However, it was stated by the Department (May 2016) that there was no provision of re-examination of valuation of the registered documents by the higher authorities except in the cases of any complaint.

The Department further stated (September 2016) that in future all subordinate offices would be inspected as per prescribed norm.

Recommendation-2: Government/Department should take appropriate steps to ensure periodical supervision and review of subordinate offices to strengthen the internal control mechanism and its effectiveness.

3.4.15 Conclusion

The audit indicated that the systems established by the Department for assessment, levy and collection of stamp duty and registration fee were not followed scrupulously. The Department failed to co-ordinate with other Departments/Public Offices to collect timely information on the number of documents to be registered leading to short levy of stamp duty and registration fee.

3.4.16 Summary of recommendations

The Government/Department should consider:

- **taking rectification action on errors/deviations pointed out by audit and ensure review of the cases of exemption from stamp duty and registration fee by the higher authorities to ensure compliance of the provisions of the Indian Stamp Act and notifications issued thereunder.**
- **ensuring periodical supervision and review of subordinate offices to strengthen the internal control mechanism and its effectiveness.**

Chapter-IV

(Commercial Taxes)

CHAPTER-IV: COMMERCIAL TAXES

4.1 Tax administration

The levy and collection of commercial taxes¹ in the State is governed by the provisions of the following Acts and Rules made thereunder:

- Central Sales Tax (CST) Act, 1956;
- Bihar Value Added Tax (BVAT) Act, 2005;
- Bihar Tax on entry of goods into local areas (BTEG) Act, 1993;
- Bihar Entertainment Tax Act, 1948;
- Bihar Taxation on Luxuries in Hotels Act, 1988;
- Bihar Electricity Duties Act, 1948;
- Bihar Tax on Professions, Trade, Callings and Employments Act, 2011; and
- Bihar Tax on Advertisement Act, 2007.

It is administered by the Commercial Taxes Department which is headed by the Commissioner of Commercial Taxes (CCT). In the exercise of his functions, the CCT is assisted by five Additional Commissioners, three Joint Commissioners of Commercial Taxes (JCCT), 10 Deputy Commissioners of Commercial Taxes (DCCT)/Assistant Commissioners of Commercial Taxes (ACCT) and five Commercial Taxes Officers (CTOs) at the headquarters level including the Bureau of Investigation wing. At the field level the State is divided into nine administrative divisions², seven appeals divisions³ and four audit divisions⁴, each headed by a JCCT. The nine administrative divisions are further sub-divided into 50 circles each headed by a DCCT/ACCT assisted by CTOs. The circle is the basic activity centre of the Department.

4.2 Internal Audit

The Internal Audit wing of any department is a special vehicle of the internal control mechanism and is generally defined as the control of all controls to enable an organisation to assure itself that the prescribed systems are functioning reasonably well.

There is an internal audit wing called Finance (Audit), which works under the Finance Department and internal audit of the different offices of the Government is conducted on the basis of requisitions received from the Administrative Department. The Chief Controller of Accounts can also select units for internal audit on availability of audit team.

As informed by the Finance Department (August 2016), it did not conduct internal audit of the Commercial Taxes Department during 2015-16. In Commercial Taxes Department, there were four audit divisions responsible for ascertaining the correctness of accounts maintained by the dealers selected by

¹ Commercial taxes include Taxes on Sales, Trade etc., Taxes on Goods and Passengers; Taxes and Duties on Electricity; Other Taxes on Income and Expenditure-Taxes on Professions, Trades, Callings and Employment and Other Taxes and Duties on Commodities and Services.

² Bhagalpur, Central, Darbhanga, Magadh, Patna East, Patna West, Purnea, Saran and Tirhut.

³ Bhagalpur, Central, Darbhanga, Magadh, Patna, Purnea and Tirhut.

⁴ Bhagalpur, Magadh, Patna and Tirhut.

the CCT. The Department did not select any unit for internal audit during the year 2015-16.

4.3 Results of audit

In the course of audit of the records of 39 units, out of 63 auditable units, relating to commercial taxes during the year 2015-16, we found underassessment of taxes and other irregularities involving ₹ 2,916.12 crore in 1,492 cases which fall under the following categories as detailed in **Table 4.1**.

Table-4.1

Results of audit

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
1.	Audit of 'System for collection of arrears of revenue in Commercial Taxes Department'	1	231.91
A: Taxes on sales, trade etc./ VAT			
1.	Suppression of turnover	380	1328.68
2.	Irregular allowance of exemption from tax	74	64.76
3.	Excess allowance of Input Tax Credit	258	61.00
4.	Purchase tax not levied	10	14.51
5.	Application of incorrect rates of tax	44	11.87
6.	Irregular allowance of concessional rate of tax	8	9.87
7.	Short levy of tax due to incorrect determination of turnover	19	8.86
8.	Taxes not levied or short levied	16	8.29
9.	Other cases	449	83.30
Total		1,258	1,591.14
B: Entry Tax			
1.	Short levy of entry tax due to suppression of import value	36	984.61
2.	Application of incorrect rates of entry tax	27	4.30
3.	Other cases	166	35.80
Total		229	1,024.71
C: Electricity duty			
1.	Electricity duty not levied or short levied	2	0.88
Total		2	0.88
D: Entertainment/Luxury Tax			
1.	Entertainment tax not levied or short levied	2	67.47
Total		2	67.47
Grand Total		1,492	2,916.12

The results of audit in respect of our audit findings on taxes on sales, trade etc./VAT and Entry Tax during 2015-16 are depicted in the following Charts:

Chart- 4.1

A: Taxes on sales, trade etc./ VAT

(₹ in crore)

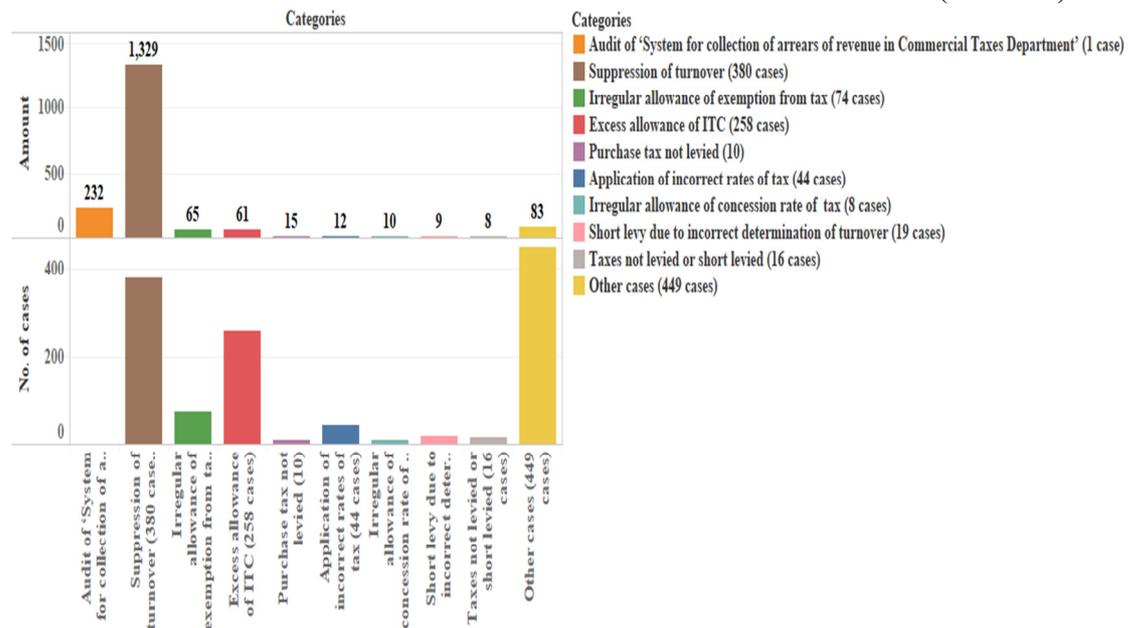
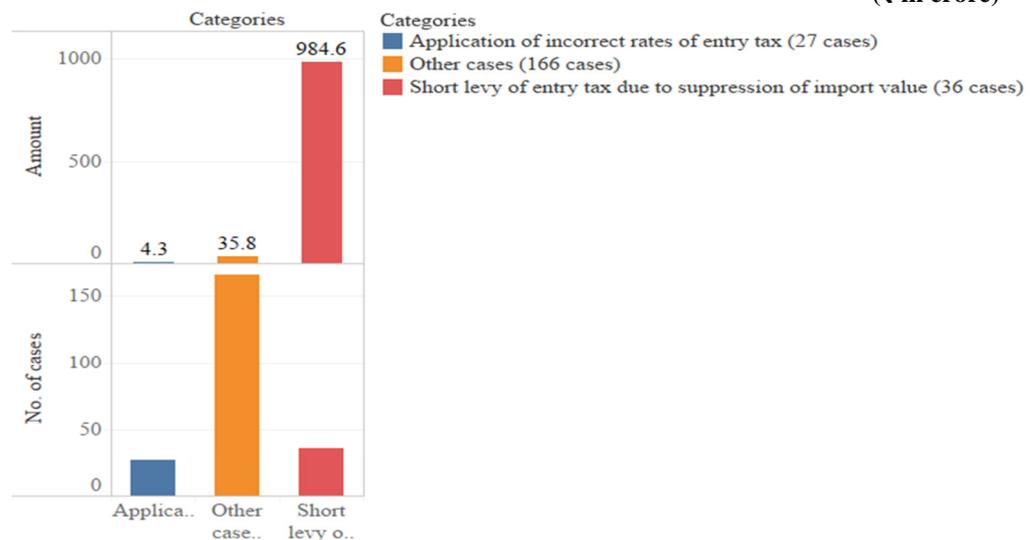


Chart-4.2

B: Entry Tax

(₹ in crore)



Out of the cases mentioned above, the Department accepted short levy, short realisation and other deficiencies of ₹ 159.78 crore in 170 cases, of which seven cases involving ₹ 103.94 crore were pointed out during the course of the year and the rest in earlier years. Further, the Department reported recovery of ₹ 2.18 crore in 64 cases which were pointed out during the period 2009-10 to 2014-15.

A few illustrative cases involving tax effect of ₹ 1,102.33 crore are mentioned in the following paragraphs.

4.4 “System for collection of arrears of revenue in Commercial Taxes Department”

4.4.1 Introduction

The levy and collection of commercial taxes in the State is administered by the Commercial Taxes Department which is entrusted with the administration of the eight Statutes, viz. Bihar Value Added Tax Act, 2005; Central Sales Tax Act, 1956; Bihar Entertainment Tax Act, 1948; Bihar Electricity Duty Act, 1948; Bihar Advertisement Tax Act, 2007; Bihar Taxation on Luxuries in Hotel Act, 1988; Bihar Tax on Entry of Goods into Local Area for Consumption, Use or Sale therein Act, 1993 and Bihar Tax on professions, Trades, Callings and Employments Act, 2011.

The Commercial Taxes Department contributes almost two third of the tax revenue of the Government of Bihar. The tax admitted/assessed is paid by the assessee in a manner and within the time specified in the notice of demand. In case of tax remains unpaid, the Assessing Authority (AA) imposes penalty and interest as leviable besides the amount of tax. Any tax or penalty/interest which remains unpaid constitutes arrears of tax and is recoverable as if it were arrears of land revenue.

4.4.2 Organisational set up

At the apex level, Principal Secretary-cum-Commissioner, Commercial Taxes (CCT) is the head of the Department. He is responsible for the administration of the Acts and Rules in the Department. In the exercise of his functions, the CCT is assisted by five Additional Commissioners, three Joint Commissioners of Commercial Taxes (JCCT), 10 Deputy Commissioners of Commercial Taxes (DCCT)/Assistant Commissioners of Commercial Taxes (ACCT) and five Commercial Taxes Officers (CTOs) at the Headquarters level including the Bureau of Investigation. At the field level, State is divided into nine Administrative Divisions, seven Appeal Divisions and four Audit Divisions, each headed by a JCCT. The nine Administrative Divisions are further sub-divided into 50 circles each headed by a DCCT/ACCT assisted by CTOs. The circle is the basic activity centre of the Department where assessment/scrutiny is done and demand raised/revenue realised by the Assessing Authority (AA).

4.4.3 Audit objectives

The Audit was conducted with a view to examine whether:

- the rules and procedures are sufficient and effective for collection of arrears of revenue;
- the provisions of Act/Rules and instructions are being followed in realising arrears of revenue; and
- the internal control and monitoring system of the Department was robust and effective in collection of arrears of revenue.

4.4.4 Audit criteria

The Audit criteria for the Audit have been derived from the following sources:

- Central Sales Tax (CST) Act, 1956;
- Bihar Value Added Tax (BVAT) Act, 2005;
- Bihar Tax on Entry of Goods into Local Areas (BTEG) Act, 1993;
- Bihar Electricity Duties Act, 1948;
- The Rules made there under, executive and departmental orders and instructions issued from time to time; and
- Bihar and Orissa Public Demand and Recovery (PDR) Act 1914.

4.4.5 Scope and Methodology

The Audit has been conducted between February 2016 and June 2016 covering the period from 2011-12 to 2015-16. Records of the office of the CCT and 15⁵ out of 50 circles in the State were selected on the basis of random sampling using IDEA software.

Audit methodology included field visits for examination of records, collection of data, issuance of audit memos, questionnaires and obtaining replies from audited entities to arrive at the audit conclusions.

An Entry Conference was held on 8 April 2016 with the Additional Commissioner, Commercial Taxes, wherein scope of audit, methodology and audit objectives were explained. The Exit Conference was held with the Additional Commissioner, Commercial Taxes, on 6 October 2016. The response/reply of the Department has been incorporated with suitable rebuttal.

4.4.6 Acknowledgement

The Indian Audit and Accounts Department acknowledges the co-operation of the Commercial Taxes Department in providing necessary information and records to audit.

4.4.7 Trend of revenue and arrears

The amount of arrear increased from ₹ 941.61 crore as on 1 April 2011 to ₹ 5,068.55 crore as on 31 March 2016, thus registering an increase of 438.29 per cent.

As per information furnished by the Department, arrears to the tune of ₹ 5,068.55 crore were pending for recovery as on 31 March 2016.

The year-wise position of arrears and their recovery for the period from 2011-12 to 2015-16 is given in the **Table-4.2** below:

⁵ Bhabhua, Bhagalpur, Danapur, Darbhanga, Gaya, Hajipur, Kishanganj, Muzaffarpur West, Patna City East, Patna City West, Patna South, Patna Special, Purnea, Samastipur and Sitamarhi.

Table-4.2
Trend of revenue and arrears

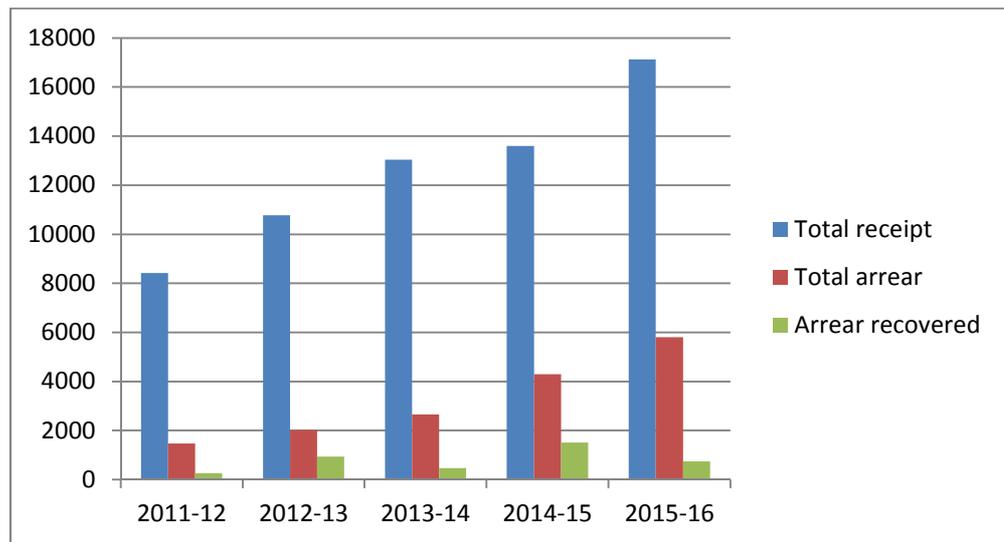
(₹ in crore)

Year	Receipts of the Department	Opening balance of arrears	Addition during the year	Total arrear	Recovery of arrear	Percentage of recovery of arrears	Closing balance of arrear
2011-12	8,414.43	941.61	532.99	1,474.60	258.18	17.50	1,216.42
2012-13	10,771.40	1,216.42	800.19	2,016.61	944.84	46.80	1,071.77
2013-14	13,041.36	1,071.77	1,581.71	2,653.48	467.57	17.60	2,185.91
2014-15	13,593.47	2,185.91	2,106.06	4,291.97	1,509.97	35.18	2,782.00
2015-16	17,122.42	2,782.00	3,054.47	5,836.47	767.92	13.16	5,068.55

(Source: Finance Accounts, Government of Bihar and Information furnished by the Departments)

The position of total receipt *vis-a-vis* pendency of arrears and its recovery is depicted in the following bar diagram.

Chart-4.3
Trend of revenue and arrears



It can be seen from the above table that arrears of revenue increased from ₹ 941.61 crore as on 1 April 2011 to ₹ 5,068.55 crore as on 31 March 2016 thus registering an increase of 438.29 *per cent* while the total receipt of the Department increased from ₹ 8,414.43 crore to ₹ 17,122.42 crore thus registering a growth of 103.49 *per cent* only. The rate of recovery of arrears ranged between 13.16 *per cent* and 46.80 *per cent* only. This indicates that the pace of recovery of arrears of revenue was slow in comparison to the accumulating arrears.

Age wise position of arrear

The age-wise details of arrears of revenue furnished by the Department as on 31 March 2016 are as shown in the **Table-4.3** below:

Table -4.3
Age-wise position of arrear

Age	Amount	Percentage of arrear
Seven years and above old	214.29	4.23
Five years and above but less than seven years old	121.99	2.41
Three years and above but less than five years old	263.57	5.20
Less than three years old	4,468.70	88.16
Total	5,068.55	100

It is evident from the above table that 88.16 *per cent* of the arrear was less than three years old. The department should make endeavor for their prompt recovery, otherwise it would be difficult to recover those arrears as they grow older.

4.4.8 Arrears of revenue were not considered while preparing the Budget estimates

The arrears of revenue were not taken into consideration while preparing the Budget estimates despite the large pendency of arrears which ranged between 9.95 to 29.60 *per cent* of the total receipts.



Rule 54 of the Bihar Budget Procedure provides that the estimates of revenue and receipts should show the amounts expected to be realised within the year. In estimating fixed revenue for the ensuing year, the calculation should be based upon the actual demand, including any arrears due for past year and the probabilities of their realisation during the year. The arrears and current demands should be shown separately and reasons given if full realisation cannot be expected. In the case of fluctuating revenue,

the estimate should be based upon a comparison of the receipts of the last three years.

The Budget estimates, total receipts and arrears of revenue and their collection during 2011-12 to 2015-16 are mentioned in the **Table-4.4** below:

Table-4.4
Actual receipt vis-à-vis arrears of revenue

(₹ in crore)

Year	Total receipts	Total arrears	Arrears of revenue recovered	Closing balance of arrears	Percentage of closing balance of arrears to receipts	Percentage of recovery to total receipts
1	2	3	4	5	6	7
2011-12	8,414.43	1,474.60	258.18	1,216.42	14.46	3.07
2012-13	10,771.40	2,016.61	944.84	1,071.77	9.95	8.77
2013-14	13,041.36	2,653.48	467.57	2,185.91	16.76	3.58
2014-15	13,593.47	4,291.97	1509.97	2,782.00	20.46	11.10
2015-16	17,122.42	5,836.47	767.92	5,068.55	29.60	4.48

(Source: Finance Accounts, Information furnished by the Departments)

We observed during test-check of Budget estimates files for the years 2011-12 to 2015-16 in the office of the CCT in June 2016 that the arrears of revenue were not taken into consideration while preparing the Budget estimates despite the large pendency of arrears of revenue ranging between 9.95 and 29.60 per cent of the total receipts and the contributions of the recovery of arrears ranging between 3.07 to 11.10 per cent of the total receipts.

On this being pointed out, the Department stated in August 2016 that revenue receipts estimates were prepared by adding growth of certain percentage on previous year's collection of revenue and previous year's revenue includes the collection of arrears of revenue also.

The reply of the Department does not explain as to why the actual quantum of arrears were not analysed separately, because the quantum of arrears had increased almost more than five times during 2011-12 to 2015-16. The recovery of arrears could be done/monitored more effectively in case of estimates of recovery from arrears shown separately in Budget estimates.

Audit Findings

4.4.9 Pendency of arrears in selected circles

In the selected circles the amount of arrear increased from ₹ 378.60 crore as on 1 April 2011 to ₹ 3,637.55 crore as on 31 March 2016, thus registering an increase of 860.79 per cent.

The status of arrears of revenue in 14 test-checked circles (excluding Darbhanga⁶) during the year 2011-12 to 2015-16 is given in the **Table-4.5** below:

⁶ The figures of cases of arrear of revenue and amount involved were not properly maintained in Darbhanga circle and information provided by the circle did not seem authentic.

Table-4.5
Pendency of arrears

(₹ in crore)

Year	Opening Balance		Arrears of revenue added during the year		Amount of arrears realised		Closing Balance	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
2011-12	10,286	378.60	2,151	379.37	3,410	183.03	9,027	574.94
2012-13	9,027	574.94	1,879	481.56	2,765	788.97	8,141	267.53
2013-14	8,141	267.53	2,276	1,309.13	2,392	211.75	8,025	1,364.91
2014-15	8,025	1,364.91	2,574	1,311.92	2,131	1,143.13	8,468	1,533.70
2015-16	8,468	1,533.70	7,242	2,654.42	4,213	550.57	11,497	3,637.55

(Source: Information provided by the circles)

On the analysis of above information, we observed that the arrear of ₹ 378.60 crore in the beginning of 2011-12 increased to ₹ 3,637.55 crore at the end of 2015-16 which shows that the growth of pendency of arrear was 860.79 per cent during 2011-12 to 2015-16. This indicates that the pace of recovery was much lower than the accumulation of arrears. Further, on the analysis of stage-wise pendency of the arrears as on 31 March 2016, we observed that 54.24 per cent of the arrears were pending in courts of the various judicial authorities and 44.02 per cent were at the other stages of recovery.

On this being pointed out, the Department stated in August 2016 that directives had been issued to the circles in July 2016 for recovery of arrears.

Recommendation 1: The Government/Department should put in place an automated system of generation of reminders for payment of arrears to the tax defaulters and also devise a system whereby clearance/pendency of arrears are reflected in the performance appraisal of the assessing authority.

4.4.10 Pendency of Arrears pursuant to assessments made due to Audit and Remand cases

Demand of ₹ 1,781.45 crore was raised on account of the Audit/Remand cases, out of which ₹ 1,186.02 crore was pending for realisation as on 31 March 2016.

In 15 selected test-checked circles, the position of raising of demand due to assessments made pursuant to the CAG Audit, remand cases and VAT audit, the recovery made thereof and arrears of revenue pending for realisation as provided by these circles are discussed below:

Pendency of demand raised pursuant to the CAG audit

We observed that demand of ₹ 1,377.22 crore was raised in 1,258 cases during 2011-12 to 2015-16 due to assessments made pursuant to the CAG audit, out of which, only ₹ 261.43 crore was realised during 2011-12 to 2015-16. Thus, demand of ₹ 1,115.79 crore was pending for realisation as on 31 March 2016 and out of that, arrear of ₹ 727.30 crore was pending in the Hon'ble High court.

Pendency of demand raised pursuant to Remand assessment⁷

We observed that demand of ₹ 401.43 crore was raised in 423 cases during 2011-12 to 2015-16 due to remand assessments made pursuant to decision/direction of the appellate courts. Out of that, demand of ₹ 67.70 crore was pending for realisation as on 31 March 2016.

Pendency of demand raised pursuant to VAT Audit

We observed that demand of ₹ 2.80 crore was raised in 1,248 cases during 2011-12 to 2015-16 due to assessments made pursuant to VAT audit. Out of that, demand of ₹ 2.53 crore was pending for realisation as on 31 March 2016.

These pendency of arrears indicate weakness in the control and monitoring mechanism in the Department.

On this being pointed out, the Department stated in August 2016 that instruction had been issued to the circles in July 2016 for recovery of arrears.

4.4.11 Arrears of taxes/interest/penalties not recovered

The provisions of Act/Rules/instructions were not complied with in 230 cases out of test-checked 2,787 cases in 15 circles, as a result arrears of ₹ 223.89 crore including leviable interest of ₹ 11.64 crore and penalty of ₹ 35.86 crore was not recovered by the AAs as given in succeeding paragraphs:

4.4.11.1 Recovery of arrear was not made

In case of a dealer, Board for Industrial and Financial Reconstruction directed the State Government to pay industrial re-imburement for payment of arrears of ₹ 123.23 crore. But ₹ 81.73 crore was pending for recovery from the dealer. Besides this, an arrear of admitted tax of ₹ 37.99 crore was also not paid.

In Patna special circle, we observed in July 2016 that a dealer against whom arrear of ₹ 123.23 crore was due for realisation had approached Board for Industrial and Financial Reconstruction (BIFR). As per the decision of BIFR, the Industry Department, Government of Bihar in July 2011 decided for re-imburements at the rate of 80 *per cent* of the VAT payment made by the dealer, so that he could pay his dues, for a period of 7.5 years from 1 October 2009 on the condition that the company will pay his admitted taxes within the prescribed time-limit. It was also decided by the BIFR that the arrears shall be recovered as per the cash-flow given in the Draft Rehabilitation Scheme (DRS).

⁷ Assessment of cases remanded by the appellate courts.

The payments of industrial re-imbursements and recovery of arrears made during 2009-10 to 2013-14 are as given in **Table-4.6** below:

Table-4.6
Recovery of arrear

(₹ in crore)				
Period	Amount of re-imbursements	Recovery as envisaged in the DRS	Amount of recovery made	Short recovery of arrears
2009-10 to 2011-12	50.74	36.59	21.31	15.28
2012-13	21.90	14.48	14.48	-
2013-14	20.71	14.48	5.71	8.77
Total up to 2013-14	93.35	65.55	41.50	24.05
2014-15	-	14.48	-	-
2015-16	-	18.11	-	-
2016-17	-	25.09	-	-
Total		123.23		

It is evident from the above table that against the recoverable amount of arrears of ₹ 65.55 crore up to 2013-14, as envisaged in the DRS determined by the BIFR, a sum of ₹ 41.50 crore only was recovered from the dealer while the payments of re-imbursement were made to the tune of ₹ 93.35 crore which was meant for the payment of aforesaid arrears. The reason for not recovering the arrears as per the scheme decided by the BIFR was not found recorded on the files. Thus, arrears of revenue of ₹ 24.05 crore was not recovered till 2013-14.

We further observed that the dealer did not make payment of admitted VAT of ₹ 19.99 crore and ₹ 18.00 crore during 2014-15 and 2015-16, which also hampered the prospect of recovery of remaining arrears of ₹ 57.68 crore due to be recovered during 2014-15 to 2016-17. Thus, as on the date of audit, arrears of ₹ 81.73 crore (₹ 24.05 crore + ₹ 57.68 crore) was pending against the aforesaid arrears of ₹ 123.23 crore and ₹ 37.99 crore was pending against the arrear of admitted tax of 2014-15 and 2015-16.

On this being pointed out, the Department stated in the exit conference held in October 2016 that BIFR in its order had stated that “since any coercive action will jeopardize the revival efforts, Government of Bihar (GoB) shall not resort to any coercive measure for recovery of its dues without BIFR permission”. The reply of the Department did not explain the reason for arrears of ₹ 24.05 crore which was not recovered till 2013-14 as per the DRS schedule despite payment of industrial re-imbursement. Further, they did not explain the reason for not recovering the admitted VAT as the BIFR order was applicable for the recovery of old dues of ₹ 123.23 crore only. The Department should resort to proper measures to recover the admitted VAT of ₹ 37.99 crore. Moreover, no correspondence in this regard was made either to the GoB or to the BIFR seeking permission to recover the remaining arrears.

4.4.11.2 Arrear of admitted tax neither paid nor demanded

In 15 circles, 98 dealers had paid tax of ₹ 515.82 crore only against the admitted tax liability of ₹ 556.18 crore. Thus, tax arrears of ₹ 42.75 crore including leviable interest of ₹ 2.39 crore was not recovered.



We observed in the selected 15 circles that out of 2,722 test-checked dealers, 98 dealers had paid tax of ₹ 515.82 crore only against the admitted tax of ₹ 556.18 crore as shown in their returns. Thus, the dealers did not pay admitted tax of ₹ 40.36 crore during 2011-12 to 2014-15. Though the AAs were required to scrutinise the returns as per the provision of Section 25 (1) (d) of the BVAT Act to verify the evidence of payment of tax and accordingly issue notice to the dealer, but due

to failure of the AAs in scrutinising the return, the arrear of admitted tax of ₹ 40.36 crore besides leviable interest of ₹ 2.39 crore was not recovered as given in **Annexure-X**.

On this being pointed out, the Department stated in August 2016 that an instruction in this regard had been issued in July 2016 by the CCT for recovery of tax and interest.

Recommendation 2: The Government/Department should put in place a system for raising alert/follow up in case admitted tax is not paid by the dealers in accordance with the return filed by them.

4.4.11.3 Interest and penalty on the arrears not levied

In 10 circles, interest of ₹ 7.67 crore and penalty of ₹ 29.22 crore was leviable against 94 dealers for not paying the tax arrears of ₹ 47.65 crore but no interest/penalty was levied by the Assessing Authorities.



Sub-section (3) of Section 39 of the BVAT Act provides that if a dealer or a person fails to make payment of tax by the period specified in the notice, the dealer shall, pay by way of simple interest, calculated at the rate of one and a-half *per cent* per month or part thereof. Further, as per Section 39 (5) of the BVAT Act, if a dealer or a person has failed to make payment of any tax or interest

by the date specified in the notice, the prescribed authority may direct that the dealer shall pay, by way of penalty, which shall be five *per cent* per month. In January 2014 the CCT had issued instructions to levy penalty under the provision of Section 39 (5) of the BVAT Act from the dealer against whom arrears of revenue was pending.

We observed in 10 circles⁸ that out of test-checked 265 dealers, 94 dealers had not deposited the arrear of assessed tax of ₹ 47.65 crore relating to the period 2001-02 to 2014-15 upto the date of audit. The arrears of revenue of ₹ 47.65 crore was pending against them, on which interest for not paying the tax dues under Section 39 (3) and penalty under Section 39 (5) of the BVAT Act was leviable against the dealers. But no interest/penalty was levied by the AAs in these cases, though interest of ₹ 7.67 crore and penalty of ₹ 29.22 crore was leviable as given in **Annexure-XI**.

On this being pointed out, the Department stated in August 2016 that instruction had been issued in this regard in July 2016 by the CCT to all Circle-in-charges for levy of interest and penalty.

4.4.11.4 Lack of co-ordination within the Department led to pendency of arrears

The arrear of revenue of ₹ 7.36 crore was not recovered due to lack of co-ordination within the Department.

In Muzaffarpur west circle, we observed in June 2016 that a dealer had arrears of ₹ 7.36 crore. The circle had made efforts to recover dues by attachment of his bank account under Section 47 of the BVAT Act but failed to recover the dues as there was no balance in his Bank account. The AA Muzaffarpur west circle requested the Additional Commissioner, Commercial Taxes and the DCCT, Patna Central circle to look into the matter and to provide details of dealer from Patna Central circle where the dealer had taken registration under a new name. However, the reply of Patna Central circle or the Headquarters office was not found on record. We further checked the permanent registration record of the dealer in Patna Central circle in November 2016 and found that no correspondence in this regard was made by the Patna Central circle. Thus, due to lack of co-ordination within the Department, the arrear of revenue of ₹ 7.36 crore was pending.

On this being pointed out, the Department stated in August 2016 that the case had been disposed of in the court of CCT in the light of decision of Hon'ble High court in the case of M/s Speed Craft. However, the Department further stated that the co-ordination between the Government systems would be established for recovery of revenue in future. The reply of the Department is not acceptable as the Department has already challenged the aforesaid decision of the High court in the Hon'ble Supreme Court.

4.4.11.5 Recovery process was not initiated under the provision of BVAT Act

Recovery process applicable under the provisions of the BVAT Act was not initiated against a dealer which resulted in pendency of arrear of revenue of ₹ 3.92 crore.

In Danapur circle, out of test-checked 265 cases, we observed in June 2016 that an arrear of ₹ 3.92 crore was pending for realisation against a dealer as given in **Table-4.7** below:

⁸ Bhabhua, Bhagalpur, Danapur, Gaya, Kishanganj, Muzaffarpur West, Patna City West, Patna South, Purnea and Samastipur.

Table-4.7

Details of arrears pending realisation

Year	Section under which order passed/date of order	Amount of net demand (Amount in ₹)	Date of serving the demand notice
2010-11	31 of BVAT Act/ 12 November 2013	29,30,640	Could not be served due to denial by the dealer to receive the Demand Notice.
	25 (2) of BVAT Act/ 12 November 2013	14,47,073	-do-
2011-12	32 of BVAT Act/ 23 November 2013	2,85,86,174.94	-do-
	25 (2) of BVAT Act/ 23 November 2013	62,82,675	-do-
Total		3,92,46,562.94	

During examination of the assessment records of the dealer for the aforesaid periods, we observed that an application to lodge FIR was found sent to the Thana in-charge of Economic Offence Unit (EOU) on 4 November 2013 against the dealer for submission of forged form 'C' and incurring loss of revenue to the Government. But action to realise the revenue of ₹ 3.92 crore by invoking special mode of recovery of tax under Section 47 or by filing certificate case under Section 39 (6) was not taken. Fixing the liability on the sureties under Section 48 of the BVAT Act, 2005 was also not done by the AAs. The status of the case filed in the EOU was also not found on the record. Thus, recovery process applicable under the provision of the BVAT Act was not initiated which resulted in pendency of arrear of revenue of ₹ 3.92 crore.

On this being pointed out, the Department stated in August 2016 that instruction had been issued to invoke the provision of special mode of recovery to recover the dues.

4.4.11.6 Arrears of revenue were not recovered from untraceable dealers

Arrears of revenue of ₹ 1.76 crore was not recovered from two dealers who were not traceable.

In Danapur circle, out of test-checked 265 dealers, we observed in June 2016 that arrear of ₹ 1.76 crore was pending for realisation against two dealers relating to the period 2012-13. But the demand notices could not be served due to closure of business shop and the dealers were not traceable since then. Even issue of a notice to the dealer on his permanent address which belongs to Jharkhand State was returned as the dealer refused to receive the notice. This may result in loss of revenue of ₹ 1.76 crore.

On this being pointed out, the Department stated in the exit conference held in October 2016 that all the possible measures were taken to realise the arrears. The Department should have published the defaulter's details in local newspapers quoting his permanent address located in Jharkhand.

4.4.11.7 Payment of arrears of revenue without interest

In eight circles, 20 dealers had paid the arrears of admitted/assessed tax of ₹ 27.14 crore with a delay but interest of ₹ 68.07 lakh was not levied by the AAs.

We observed in eight circles⁹ that out of 2,722 test-checked dealers, 20 dealers had paid the arrears of admitted/assessed tax of ₹ 27.14 crore with a delay ranging from one day to 22 months 11 days during the period 2012-13 to 2014-15. Neither the dealer paid the interest at the rate of one and a-half *per cent* per month leviable under Section 24 (10) of the BVAT Act nor the AAs levied the interest of ₹ 68.07 lakh for delayed payment of arrears of taxes as given in **Annexure-XII**.

On this being pointed out, the Department stated in August 2016 that the instruction in this regard had been issued for recovery of interest.

4.4.11.8 Incorrect raising of demand

Incorrect raising of demand during assessment/scrutiny resulted in short creation of arrear of ₹ 8.41 crore.

In two circles (Danapur and Samastipur), in case of three dealers out of test-checked 265 dealers, we observed between May and June 2016 that arrear of ₹ 2.71 crore was pending for realisation against three dealers related to year 2012-13 and 2014-15. The examination of records revealed that the AAs raised short demand of revenue by ₹ 8.41 crore due to incorrect scrutiny/assessments, as a result leviable demand of ₹ 8.41 crore was not raised, though the dealers were liable for such demand which also include interest and penalty leviable under the provision of the BVAT/BTEG Act. This resulted in short creation of dues of ₹ 8.41 crore as given in **Annexure-XIII**.

On this being pointed out, the Department stated in August 2016 that instruction for taking immediate action had been issued to the concerned circles in these cases.

4.4.11.9 Taxes not paid by the dealers of coal imported by using *savidha*

Tax of ₹ 2.40 crore including leviable interest of ₹ 14.82 lakh and penalty of ₹ 1.69 crore was not raised and recovered from 10 dealers in four circles.

We observed in four circles¹⁰ that out of 2,722 test-checked dealers, 10 dealers had imported coal of ₹ 12.19 crore from outside the State by utilising online *savidha* but none of them had admitted the purchase in their returns. Thus, import value of goods of ₹ 12.19 crore was suppressed by these dealers during 2013-14 and 2014-15. All of them have discontinued their businesses since then. Thus, due to not cross-verifying of the *savidha* by the AAs with the returns filed by those dealers, demand for realisation of tax of ₹ 2.40 crore

⁹ Danapur, Gaya, Muzaffarpur West, Patna City East, Patna South, Patna Special, Samastipur and Sitamarhi.

¹⁰ Danapur, Darbhanga, Gaya and Samastipur.

including leviable interest of ₹ 14.82 lakh and penalty of ₹ 1.69 crore could not be raised, which resulted in creation of arrears of revenue. This also indicates control weakness in the Department towards payment of tax and verification of *suvridha* as given in **Annexure-XIV**.

On this being pointed out, the Department stated in August 2016 that proper action would be taken against dealers after verification.

4.4.12 Issues related to certificate cases

4.4.12.1 Short filing of certificate cases

In 15 circles, out of 11,497 cases of arrears involving ₹ 3,637.55 crore as on 31 March 2016, only 2,641 cases involving ₹ 83.19 crore (2.29 per cent) were covered by certificate cases.

Section 39 (6) of the BVAT Act provides that subject to the provisions of sub-sections (2), (4) and (5), any amount of tax, interest together with penalty, if any, which remains unpaid after the date specified in the notice issued under sub section (2), or penalty imposed under sub-section (5) and remaining unpaid shall, without prejudice to any other mode of recovery, be recoverable as if it were an arrear of land revenue.

In selected 15 circles, we observed that, out of 11,497 cases of arrear of revenue involving ₹ 3,637.55 crore outstanding for realisation as on 31 March 2016, only 2,641 cases involving ₹ 83.19 crore were covered by certificate cases as on 31 March 2016. It was evident that mere 2.29 per cent of the total arrears of revenue as on 31 March 2016 was covered by certificate cases as no time-frame/guidelines for filing of such cases were prescribed. Though 86 certificate cases involving an amount of ₹ 30.09 crore were filed during the years 2011-12 to 2015-16 in nine test-checked circles¹¹, no certificate case was filed in six circles¹² during the above period despite the pendency of arrears of revenue of ₹ 2,704.57 crore in 3,009 cases in these circles. The details are as given in **Table-4.8** below:

Table-4.8
Certificate cases

Year	Opening Balance		No. of certificate cases filed during the year		Amount of arrears realised		Closing Balance	
	No. of certificate cases	Amount	No. of certificate cases	Amount	No. of certificate cases	Amount	No. of certificate cases	Amount
2011-12	2,679	85.79	3	0.03	9	1.12	2,673	84.70
2012-13	2,673	84.70	1	0.68	15	2.05	2,659	83.33
2013-14	2,659	83.33	3	0.12	80	6.28	2,582	77.17
2014-15	2,582	77.17	50	5.09	8	1.19	2,624	81.07
2015-16	2,624	81.07	29	24.16	12	22.04	2,641	83.19
Total			86	30.09	124	32.68		

¹¹ Bhabhua, Bhagalpur, Danapur, Darbhanga, Gaya, Muzaffarpur West, Purnea, Samastipur and Sitamarhi.

¹² Hajipur, Kishanganj, Patna City East, Patna City West, Patna South and Patna Special.

We further observed that no follow-up actions were taken by the officers concerned on the certificate cases filed, so that the revenue involved therein could be realised.

On this being pointed out, the Department issued instruction in July 2016 to all the AAs/JCs for filing of certificate cases where recovery of arrears is pending for long periods and that necessary monitoring of the filed certificate cases be carried out.

4.4.12.2 Vesting of power of a certificate officer was not utilised

Section 46 (1) of the BVAT Act provides that all authorities appointed under Section 10 of the BVAT Act, shall, for the purpose of recovery of tax, interest and penalty under this Act, have the same powers as are vested in the Certificate Officer under the Bihar and Orissa Public Demand and Recovery (PDR) Act, 1914.

In the test-checked circles, we observed that the power for the purpose of recovery of tax, interest and penalty was not utilised during the years 2011-12 to 2015-16 by any of the departmental authorities, though they were vested with the same powers as are in the Certificate Officer under the PDR Act. Instead they made requisition for instituting the certificate case to the Certificate Officers as given in paragraph 4.4.12.1.

On this being pointed out, the Department accepted the audit observation in the exit conference held in October 2016.

4.4.12.3 Loss of revenue due to dropping of certificate cases

Loss of revenue of ₹ 5.70 crore due to dropping of certificate cases in 75 cases.

There is no provision in the PDR Act to drop the certificate proceedings once initiated. It is the duty of the Requiring Officer to provide correct address of the defaulter against whom certificates are to be enforced by the Certificate Officer.

During test-check of certificate case register in Danapur circle in June 2016, we observed that District Certificate Officer, Patna dropped the certificate proceedings and returned 75 certificate cases involving ₹ 5.70 crore in September 2013 to the circle due to tax defaulters not being traceable and therefore not being able to serve notices. This resulted in loss of revenue of ₹ 5.70 crore.

On this being pointed out, the Department stated in the exit conference held in October 2016 that the dealers were not traceable due to the closure of their business. The reply of the Department is not acceptable as endeavor should be made to trace these dealers on their permanent addresses.

Systemic issues

4.4.13 Absence of prescription of any time limits and other standard procedures to facilitate recoveries

No time limit for issuing of demand notice and standard procedures such as attachment of Bank account, filing of certificate cases and enforcing the liability of surety was prescribed in the BVAT Act.

- Section 39 (2) of the BVAT Act provides that the amount of tax, interest, fine or penalty payable by a dealer shall be paid by the dealer in such manner as may be prescribed and by such date as may be specified in a notice issued by the prescribed authority for this purpose and the date to be specified shall, ordinarily, not be less than thirty days from the date of serving such notice.

We observed that though the BVAT Act and Rules provide for serving the demand notice by fixing the payment date not before one month of serving the demand notice but no time-limit has been prescribed for issuing the demand notice after passing the assessment/re-assessment order.

As a result, we observed that out of 265 test-checked cases in 15 selected circles, in 46 cases of four circles¹³, demand notices of ₹ 15.46 crore relating to the years 2009-10 to 2014-15 were issued and served to the dealers with delay ranging from seven days to 11 months from the date of order. We further observed that in 78 cases of nine circles¹⁴, demand notices of ₹ 28.42 crore relating to the years 2007-08 to 2014-15 were served to the dealers without mentioning any date for payment.

- Section 39 (6) of the BVAT Act provides for instituting certificate cases against the dealer under the provision of PDR Act, 1914 for recovery of arrears, Section 47 of the BVAT Act provides for attachment of Bank Account of the dealer and Section 48 of the BVAT Act provides for enforcing all modes of recovery of arrears of revenue enforceable against the dealer to the sureties.

But standard procedures/time limit was not prescribed in the BVAT Act or Rules or by the CCT for initiation of aforesaid recovery processes as adopted by nationalised banks for recovery of their outstanding dues.

On this being pointed out, the Department stated in August 2016 that a circular had been issued in this regard in July 2016 to strictly mention the date of payment in the demand notice. In response to the observation related to “absence of specific time-limit/standard procedures for initiation of various recovery process” the Department replied that demand notice is part of the assessment order therefore there is no need to prescribe any time-limit for issuance of demand notice. However, they accepted that there is no time-limit prescribed for other recovery process such as attachment of Bank Account, filing of certificate cases and enforce the liability of sureties.

¹³ Danapur, Hajipur, Patna South and Samastipur.

¹⁴ Bhabhua, Danapur, Hajipur, Kishanganj, Muzaffarpur West, Patna City West, Patna South, Purnea and Samastipur.

The reply of the Department regarding demand notice was not correct as no time-limit/standard procedures was prescribed under the BVAT Act/Rules for issuance of demand notice.

Recommendation-3: The Government/Department should consider prescribing standard procedures as are adopted by banks i.e. time-limit for issue of demand notice, attachment of Bank Account, filing of certificates cases and to enforce recovery on the sureties in time.

4.4.14 Provision of obtaining security was not mandatory for all dealers

Under the Bihar Value Added Tax Act/Rules, obtaining of security was not made mandatory for the dealers who are liable to pay tax under the Act.

Section 21 of the BVAT Act provides that the prescribed authority, for the proper realisation of the tax payable under this Act, may direct a dealer to furnish such security and in such manner as may be prescribed. Further, Rule 6 of the BVAT Rules provides that the circle-in-charge may require a dealer to furnish security which shall ordinarily be equivalent to the amount of the tax estimated as being payable by the dealer for a period not exceeding one quarter of any year.

As per proviso to Section 19 of the BVAT Act, any dealer not liable to pay tax under this Act may also apply for grant of a certificate of registration provided further that no application for registration from a person under this proviso shall be accepted unless the applicant furnishes, along with the application for registration, security, in such form and manner as may be prescribed, equivalent to ten thousand rupees.

- It is evident from the above that the BVAT Act/Rules provide for obtaining security mandatorily from the dealers who are not liable to pay tax but no such mandatory provision was made for the dealers who are liable to pay tax under the Act, so that tax and arrears could be realised properly. In those cases it is upon discretion of the AAs to obtain security. We further observed that no guideline in this regard was issued by the Department for obtaining security from the dealers who are liable to pay tax so that discretionary power could be used in a transparent manner.

In nine circles¹⁵ out of selected 15 test-checked circles, we test-checked permanent records of 134 dealers and observed that in 48 cases, no security was obtained though an arrear of ₹ 3.94 crore was pending against four such dealers (out of 48) in two circles (Hajipur and Patna Special). In two cases of Hajipur circle, personal bond with surety was obtained without any money value. In five cases of Patna Special circle, security was taken in form of Bank guarantee of ₹ nine lakh but the Bank guarantee in all the five cases was expired, though an arrear of ₹ 21.87 crore was pending against these dealers. But no re-validation of Bank guarantee was found done, thus the very purpose of obtaining security could not be fulfilled. We further observed that neither

¹⁵ Bhabhua, Bhagalpur, Danapur, Darbhanga, Gaya, Hajipur, Patna City West, Patna Special and Purnea.

the estimation of the tax liability of one quarter was done nor security equivalent to the tax of one quarter was taken in any case.

- In four circles¹⁶, we observed that 6,428 dealers were awarded registration certificates during 2011-12 to 2015-16 after obtaining security of ₹ 10,000 only as per the aforesaid provision, though there are instances where the dealers were liable to pay tax and started filing of returns immediately after the registration. Thus, awarding of registration to those dealers who are liable to pay tax, after obtaining security of a meagre sum of ₹ 10,000 instead of adequate security as per Rule 6 of the BVAT Rules is fraught with the risk of pendency of recovery of revenue.

On this being pointed out, the Department stated in August 2016 that the compulsion of furnishing security would be adverse to the ease of doing business. They further stated that the GST is likely to be implemented soon, therefore it is not relevant to make a rule regarding compulsion of furnishing of security at present.

The Department's reply was contradictory as the provision is already in place for mandatory security of ₹ 10,000 in case of registration of dealer who are not liable to pay tax. Therefore, the Department should consider mandatory security as per the Rules *ibid*, for those dealers also who are liable to pay tax as these are the dealers against whom actually the arrears remain pending.

Recommendation-4: The Government/Department should consider providing a mandatory system of obtaining adequate security for all dealers for proper realisation of tax and arrears to safeguard the revenue.

4.4.15 Absence of provision for forfeiture of security

Under the Bihar Value Added Tax Act/Rules, no provision has been made to forfeit the security obtained from the dealer to recover the amount of arrear.

Rule 52 of the BVAT Rules, 2005 provides that if the certificate of registration granted under Section 19 is cancelled, the dealer shall apply to the concerned circle in-charge for refund of the security furnished. The circle in-charge shall refund the amount of security furnished, provided that if the applicant has any other unpaid liability under the earlier law or the Act the security shall first be applied towards adjustment of such liability and only the amount remaining after such adjustment, if any, shall be refunded.

We observed that no provision had been made under the BVAT Act and Rules to forfeit the amount of security obtained from the dealer to recover/adjust the liability of any amount of arrear of revenue which becomes due to the dealer.

On this being pointed out, the Department stated in August 2016 that there is a provision to forfeit the security against recovery of dues under Rule 52 of BVAT Rules.

The reply of the Department is not correct as Rule 52(2) of the BVAT Rules provides for refund and adjustment of security in case of cancellation of

¹⁶ Darbhanga, Hajipur, Kishanganj and Samastipur.

Registration certificate only and not to realise the arrears of revenue in case of a running or discontinued business.

Recommendation-5: The Government/Department should consider prescribing for forfeiture of security to adjust the liability of arrears.

4.4.16 Recovery Cells not constituted

The Government/Department had not issued any order to be published in the official Gazette to constitute the Recovery cells even after a lapse of more than one year of amendment in the Act.

By the Bihar Finance Act, 2015 (Bihar Act 9, 2015), a new Section 46A was inserted in the BVAT Act, which provides that the State Government was to constitute, by an order published in the official gazette, such number of Recovery Cells as required for recovery of arrears.

In the office of the CCT in June 2016, we observed that the Government/Department had not issued any such order to constitute the Recovery cells and specify number of personnel and officers to be deployed in the cells, their function, responsibilities and duties as well as the hierarchy of supervision and control even after a lapse of more than one year of amendment in the Act. Thus, the very purpose of amendment in the Act for creation of such Recovery cells was not achieved.

On this being pointed out, the Department stated in August 2016 that posts had been created and Recovery Cell was constituted and officers were posted in Division-wise Recovery Cells. However, an order is still to be issued for function and responsibility of Cell provided under sub section (2), (3) and (4) of Section 46 (A) of the BVAT Act.

The reply of the Department is not acceptable as mere posting of officers after our observation in this regard in June 2016 does not mean that the said Recovery Cell has been constituted. No Gazette notification was issued for its constitution as per the provision of Section 46A of the Act *ibid*.

4.4.17 Absence of system for verification of TDS certificate (C-II)

There is no mechanism of up-loading of ‘C-II’ to substantiate the claim of payment through Tax Deducted at Source, therefore the authenticity of the claim of payment is not verified which could lead to creation of avoidable arrears.

We observed in six circles¹⁷ that out of 2,722 test-checked dealers, 55 dealers had claimed payment of their tax liability of ₹ 19.51 crore from the amount of tax deducted at source (TDS) by the payment making authority during the period 2013-14 and 2014-15. But the Department had not devised any mechanism to up-load “C-II” (tax deduction certificate) while up-loading the returns to substantiate the claim of TDS. In the absence of ‘C-II’, the authenticity of the claim of payment could not be verified which could lead to creation of avoidable arrears of revenue.

¹⁷ Danapur, Darbhanga, Hajipur, Kishanganj, Purnea and Samastipur.

On this being pointed out, the Department accepted the audit observation and stated in August 2016 that GST is likely to be introduced in which this issue would be addressed.

4.4.18 Settlement of arrears under Bihar Settlement of Taxation Disputes Act, 2015

A meagre amount of ₹ 3.40 crore (0.12 per cent) of the total outstanding arrears of ₹ 2,782.01 crore was recovered from 50 dealers only under the settlement scheme.

An one time settlement scheme of arrears of revenue under the Commercial Taxes Department was brought as “The Bihar settlement of Taxation Disputes Act, 2015” in August, 2015 which was effective for the period from 19 August 2015 to 18 November 2015 and was applicable to the disputes arising out from the proceedings till the year 2010-11.

As per information made available by the CCT, it was found that 86 cases were received for settlement under the scheme, out of which only 50 cases were accepted and ₹ 3.40 crore only was recovered as settlement amount from the dealers which was a very meagre percentage (0.12 per cent) of the total outstanding arrears of ₹ 2,782.01 crore as on 31 March 2015.

Thus, it is evident that the one-time settlement scheme did not prove effective for settlement of arrears of revenue. The scheme was not publicised among stakeholders effectively as it was published only once in a daily newspaper.

On this being pointed out, the Department stated in August 2016 that the first tax settlement scheme could not be widely published in media due to promulgation of code of conduct for Elections. Further this scheme had been widely published during second time.

4.4.19 Issuance of Tax Clearance Certificate

Tax clearance certificate was granted to a dealer though admitted tax of ₹ 1.07 crore was not paid by him.

Section 42 of the BVAT Act provides that no person shall be awarded by the State or Central Government or any company, corporation, board, authority, undertaking or any other body owned by the Government any contract involving sale or supply of goods and no person shall be granted any licence to carry on any trade or commerce unless he produces a tax clearance certificate granted by the prescribed authority; provided that no such certificate shall be granted to a registered dealer who has made a default in the payment of any tax, penalty or interest due under this Act.

We observed in Gaya circle in May 2016 that tax clearance certificate was granted to a dealer in July 2015, though admitted tax of ₹ 1.07 crore pertaining to the year 2014-15 was not paid by him till July 2015. Thus, tax clearance certificate was granted without ensuring up-to date payment of tax and arrears.

On this being pointed out, the Department stated in August 2016 that instruction had been issued to all circles in this regard in July 2016.

4.4.20 Recovery of arrear by making the sureties liable

In the selected 15 circles, action to enforce liability of the sureties was not taken by any of the circle to recover the arrear.

Section 48 of the BVAT Act provides that the liability of a surety under this Act shall be co-extensive, to the extent of the amount of security, with that of the defaulting dealer and all modes of recovery enforceable against the dealer shall be enforceable against the surety by the prescribed authority.

We observed in the selected 15 circles that out of test-checked 265 cases, action to enforce liability of the sureties was not taken by any circle as per the provision of the Act *ibid* to recover the amount of arrear of revenue during the period from 2011-12 to 2015-16. The liability of the surety was not enforced in these cases except in Danapur circle where notice was issued to the sureties in one case to recover arrear of ₹ 68.10 lakh but recovery could not be made and in another case of Danapur circle even notice to the sureties could not be served for want of correct address.

4.4.21 Blocking of Government revenue due to pendency in various courts

4.4.21.1 Appellate Courts

Arrears of ₹ 922.11 crore was blocked due to pendency of 1,719 cases in appellate courts as on 31 March 2016.



Section 72 of the BVAT, Act provides that any dealer may appeal to appellate authority, who shall pass such order after giving reasonable opportunity of hearing to the appellant as also the authority whose order has been appealed against.

During test-check of monthly report of appellate cases by different appeal divisions, we observed that 1,719 cases involving an amount of ₹ 922.11 crore were pending in appellate courts as on 31 March 2016 as detailed in **Table-4.9** below:

Table-4.9
Cases pending in Appellate Courts

Name of the Appeal Division	Closing Balance		Remarks
	No. of cases	Amount (₹ in lakh)	
Tirhut and Saran Division Muzaffarpur	212	1,170.71	As per monthly report of March 2016.
Darbhanga Division	54	1,976.70	
Patna East and West Division	364	10,203.41	
Bhagalpur Division	85	432.62	
Central Division, Patna	380	76,057.48	
Purnea Division	274	985.58	As per details furnished by the division (8 June 2016).
Gaya Division	350	1,384.10	As per details furnished by the division (21 June 2016).
Total	1,719	92,210.60	

The pending cases in the appellate divisions grew from 953 cases involving an amount of ₹ 623.92 crore from 2011-12 to 1,719 cases involving an amount of ₹ 922.10 crore in 2015-16. Thus, it was evident that number of cases pending with the appellate court nearly doubled during 2011-12 to 2015-16.

4.4.21.2 CCT Court

Arrears of ₹ 281.84 crore was blocked due to pendency of 735 cases in the CCT court as on 31 March 2016.

Under Section 74 of the BVAT Act, the CCT may, *suo-motu*, call for and examine the record of any proceeding recorded by any authority subordinate to him.

- During audit of the register and the statement of *suo-motu* revision cases in the office of the CCT in June 2016, we observed that 735 cases involving ₹ 281.84 crore were pending for disposal as on 31 March 2016. The age-wise analysis of the pending cases are as given in **Table-4.10** below:

Table-4.10
Cases pending for disposal in the CCT Court

Periodicity of arrears	No. of cases	Amount of arrears (₹ in crore)
10 years and above old	22	0.18
Five years and above but less than 10 years old	27	5.23
Less than five years old	686	276.43
Total	735	281.84

It is evident from the above table that out of 735 cases involving ₹ 281.84 crore, arrear of ₹ 276.43 crore was less than five years old. We further observed that time-limit for disposal of *suo-motu* cases has not been prescribed under the BVAT Act/Rules which resulted in pendency of cases.

- We further observed that Section 73 (7) of the BVAT Act prescribes the time limit of six months for disposal of appeal cases filed before the Tribunal, but no such time limit was prescribed in the Act for disposal of appeal cases by the Joint Commissioner (JC), Appeal and the CCT.

Recommendation-6: The Government/Department should consider prescribing a time-limit for the disposal of cases in the appellate court as well as in the commissioner's court in the interest of revenue as well as to the aggrieved dealers.

4.4.21.3 Lack of provision for deposit of part of disputed amount

We observed that there is no such provision for deposit of any part of the disputed amount by those dealers who prefer for revision under Section 74 to the CCT of any order for levy of tax, penalty and interest, since the court of the CCT provides an alternate remedy to the dealers. Therefore, provision for

deposit of certain part of disputed amount like in the cases of JC (Appeal) and tribunal needed to be in place to ensure realisation of tax to that extent.

On this being pointed out, the Department stated in August 2016 that provisions of internal judicial system would be changed after the introduction of GST, therefore making an amendment in this regard at present may not be relevant. As far as pending cases in the CCT court was concerned, it was replied by the Department that sufficient number of Additional Commissioners had been posted at Headquarter level and the pending cases had been distributed among them for earliest disposal.

4.4.21.4 Commercial Tax Tribunal

Arrear of ₹ 2,995.74 crore was blocked due to pendency of 2,196 cases in the Commercial Tax Tribunal as on 31 March 2016.

Section 73 of the BVAT Act provides that dealer or any other person aggrieved by an order may, prefer an appeal to the Tribunal. The appeal shall not be entertained by the Tribunal unless such dealer has deposited in the manner specified by the Tribunal 20 *per cent* of the amount in dispute. Further, sub-section (7) of Section 73 of the Act *ibid* provides that the appeal filed before the Tribunal shall be dealt with as expeditiously as possible and endeavour shall be made by it to dispose of the appeal finally within six months from the date of receipts of the appeal.

- On analysis of the information of pending cases in the Tribunal, as made available by the Department, we observed that 2,196 cases involving ₹ 2,995.74 crore was pending in the Tribunal as on 31 March 2016. Out of these, 424 cases involving ₹ 1,359.79 crore was more than one year old and the earliest case was related to the year 1995 though these cases, older than one year, should have been disposed of as per the prescribed time-limit of six months.

- In Danapur circle, we observed in June 2016 that out of 265 test-checked dealers, an arrear of ₹ 1.25 crore related to the year 2001-02 was pending for realisation against a dealer but examination of the assessment record of the dealer revealed that it was pending in the Tribunal since August 2010. We further observed that the record of the dealer was provided to the Tribunal in May 2016 though, called for in 2010 and subsequently by several reminders. Thus, there was a delay of nearly six years in providing case record to the Tribunal resulting in pendency of arrear of ₹ 1.25 crore.

4.4.21.5 Deficient mechanism to deal with the arrear cases pending in the Higher Courts

In the CCT office we observed in June 2016, that register having vital information, to monitor different type of cases pending in the Higher courts were not prescribed/maintained in the Department.

As a result we observed that out of 14 Special Leave Petitions (SLP) related to revenue matter pending in the Hon'ble Supreme Court as on 31 May 2016, Counter Affidavit was not filed by the Department in three cases, though these cases belong to the years 2012 to 2014. Similarly, in CWJC cases also,

Counter Affidavit was not filed by the Department in the Hon'ble High court up to the date of audit in 72 cases which mostly included revenue cases.

Thus, it was evident that the Department lacked an effective internal control and monitoring mechanism to look into the matter of court cases.

On this being pointed out, the Department stated in August 2016 that instructions had been issued to legal cell and the relevant register was being maintained now. The Department further stated that a three member committee had been constituted to examine the court decisions which would help in taking corrective measures.

Recommendation-7: The Government/Department should consider prescribing guidelines for pursuing the cases properly in the different courts for prompt disposal of pending cases for timely realisation of arrears of revenue.

4.4.22 Internal control mechanism

Internal control is the system to provide adequate assurance of adherence to rules, laws and executive orders etc. regarding any system. Internal controls are assured through periodical meetings/review and periodical reports and returns by the higher authorities as well as through a full proof system of maintenance of required registers and files.

During audit in the office of the CCT and 15 selected circles, the following deficiencies in control mechanisms were noticed:

4.4.22.1 Internal audit

The internal audit wing of a Department is a vital component of its internal control mechanism and enables the Department to assure itself that the prescribed systems are functioning appropriately.

The Finance Department (Audit cell) works as the internal auditor of the departments of the State Government. During 2011-12 to 2015-16 in the 15 test-checked circles, no audit was conducted by them.

4.4.22.2 Control registers not maintained/improperly maintained

In 10 out of 15 test-checked circles, DCB register was not maintained even after issue of instruction in this regard by the CCT.

- The CCT issued an instruction in May 2015 to maintain a Demand, Collection and Balances (DCB) register in the prescribed form so that the raising of demand, collection made thereof and the amount of recoverable arrears could be monitored effectively.

During audit in 15 test-checked Commercial Taxes circles, we observed that no DCB register was maintained in 10 Commercial Taxes circles¹⁸ even after the aforesaid instruction of the CCT. In the remaining five circles the DCB register was found maintained after May 2015 only. In the absence of a DCB register prior to May 2015 the correctness of the arrears, their timely

¹⁸ Bhabhua, Bhagalpur, Darbhanga, Gaya, Hajipur, Kishanganj, Patna City East, Patna South, Samastipur and Sitamarhi.

monitoring and action taken for recovery of the amount could not be ascertained.

- As per rule 3(6) of the BVAT Rules, the full information contained in the application for registration by the dealers should be entered in a register in Form VR-I (Register of application for registration).

We observed in three Commercial Taxes circles¹⁹ during examination of VR-I maintained in the circle that important information like permanent address, details of permanent property, details of security were not recorded in the VR-I so that it could be used as an instrument of recovery of arrears in the cases of defaulting dealers.

On this being pointed out, the Department stated in August 2016 that instructions had been issued in July 2016 to all circles to properly maintain such control registers and strictly follow the instructions issued. It was also stated that demand notice was being issued on-line from May 2016, as a result a report prepared by back-end data is available on MIS. The reply of the department was silent as to why these registers were not maintained properly and how the data of arrear prior to May 2016 can be ascertained as the register was not being maintained.

4.4.22.3 Register-9 and 10 not compared

Para 46 of the Board's of Revenue instruction under the PDR Act, 1914 provides that Register-9²⁰ of all Requiring Officers must be compared every month with Register-10²¹ in order to exercise a proper check over these two registers and ensure that requisitions for certificates under Section 5 of the Act *ibid* are promptly attended to and the stamps attached to such requisitions are not tampered with.

In 15 circles, we observed that Register-9 and 10 were either not found compared or were compared a few times only during the period from 2011-12 to 2015-16, though it was required to be compared during each month. As a result proper follow up of the requisitions of the certificate cases with the district certificate officer was not being done. This showed poor control mechanism in the Department towards follow up action to expedite the recovery of arrears of revenue through certificate cases.

4.4.22.4 Reports and returns

During examination of files relating to report/returns sent by the circles to the CCT, we observed between March and June 2016 that a monthly revenue collection report, incorporating the status of arrears of revenue and a yearly statistical data, were prepared and sent to the Department which incorporated the figures of arrears. However, individual cases of arrears along with amount of arrears and other details were not being sent to the Department so that dealer-wise monitoring of the arrear cases, and their recovery could be monitored by the Department. These details were not being made available to

¹⁹ Gaya, Kishanganj and Samastipur.

²⁰ Register 9 is a register of requisitions and will be kept up by the requiring officers.

²¹ Register 10 is a register of certificate and will be kept up by the certificate officer.

the CCT despite issue of an instruction in this regard by the Additional Commissioner, Bihar in January 2014.

4.4.22.5 Inadequate adherence to the executive orders for proper realisation of arrears of revenue

During test-check of records in the office of the CCT in June 2016, we observed that the circulars/executive orders issued by the Department regarding proper realisation of arrears of revenue were not adhered to properly in many cases as detailed below:

- The CCT instructed (September 2009) all the circles in-charge to maintain a separate register for the demands raised by the JC (Audit) for proper monitoring of the arrears due to VAT audit, but no such separate register was found maintained in the test-checked circles.
- The CCT designated five Additional Commissioners in January 2014 for supervision and monitoring of the cases of arrears of revenue entrusting each of them 8-10 circles and to ensure recovery of arrears of revenue in these circles. We observed during audit in test-checked 15 circles, that no supervision or inspection note was issued/submitted by them either in the circles or at the Headquarters level which was indicative of control weaknesses in the Department.

Thus, due to lack of a proper monitoring system in the Department its circulars/orders for realisation of arrears could not be complied properly.

On this being pointed out, the Department stated in August 2016 that all demands were being issued on-line by all circles since May 2016 and its report was being reviewed and report prepared by back-end data is available on MIS. However, instructions had been issued in July 2016 to all circles to maintain control registers. They further stated that monthly review meeting at CCT level was also an important part of monitoring.

Recommendation-8: The Government/Department should consider strengthening the internal control mechanism and monitoring system up to the level of the Commissioner of Commercial Taxes to keep a constant watch over the arrear cases specially the big cases and recovery thereof.

4.4.23 Conclusion

Arrears of revenue were not considered while finalising the Budget estimates. There was absence of standard procedure for various recovery processes under the BVAT Act leading to delay in recovery process on different stages which resulted in increasing trend in the accumulation of arrears as well as coverage of very low percentage of arrears by recovery certificates. The tax arrears were not being demanded and paid. The interest and penalty were also not levied for not/delayed payment of admitted/assessed taxes. Huge amount of revenue was blocked in the various courts for years which indicated lack of pursuance of those cases by the Department. The internal control and monitoring mechanism of the Department was weak as the instructions issued were not followed. Vital control registers were either not prescribed or not maintained properly.

4.4.24 Summary of recommendations

The Government should consider:

- **putting in place an automated system of issue of reminders for payment of arrears to the tax defaulters and also devise a system whereby clearance/pendency of arrears are reflected in the performance appraisal of the assessing authorities.**
- **putting in place a system for raising alert/follow up in case admitted tax is not paid by the dealers in accordance with the return filed by them.**
- **prescribing standard procedures as are adopted by banks i.e. time-limit for issue of demand notice, attachment of Bank Account, filing of certificate cases and to enforce recovery on the sureties in time.**
- **providing a mandatory system of obtaining adequate security for all dealers for proper realisation of arrears and prescribing for forfeiture of security to adjust the arrears.**
- **prescribing a time-frame for the disposal of cases in the appellate court as well as in the commissioner's court in the interest of revenue as well as to the aggrieved dealers.**
- **prescribing guidelines for pursuing the cases properly in the different courts for prompt disposal of pending cases for timely realisation of arrear of revenue involved therein.**
- **strengthening the internal control mechanism, internal Audit and monitoring system up to the level of the Commissioner of Commercial Taxes to keep a constant watch over the arrear cases specially the big cases and recovery thereof.**

4.5 Provisions of the Acts/Rules not complied

The provisions of the Bihar Value Added Tax (BVAT) Act, 2005, Central Sales Tax (CST) Act, 1956, Bihar Tax on Entry of Goods (BTEG) into Local Areas for Consumption, Use or Sale therein Act, 1993, Bihar Electricity Duty Act, 1948 and Rules made there under require levy and payment of:

- *taxes on sales, trade etc., entry tax, electricity duty etc. by the dealers at the appropriate rates;*
- *penalty at the rate of three times of the tax assessed on escaped turnover in case of concealment of sales/purchases; and*
- *interest at the rate of one and a half per cent for each calendar month or part thereof for delay in payment of tax.*

Provisions of the Acts/Rules/instructions were not complied in some cases as mentioned in paragraphs 4.6 to 4.26. This resulted in short levy, underassessment of tax, incorrect exemption/deductions etc. of ₹ 870.41 crore which is indicative of absence of adequate controls in the Department.

A: Taxes on Sale, Trade etc./VAT

4.6 Suppression of turnover

Absence of a system of cross-verification of the turnover as disclosed in the returns with other records of the dealer or information of sales and purchases obtained from the records of other dealers resulted in under-assessment of tax of ₹ 12.41 crore including leviable penalty and interest.

Under Section 31 of the Bihar Value Added Tax (BVAT) Act, 2005, if the Assessing Authority (AA) is satisfied that any turnover liable to tax under the Act has been underassessed/escaped assessment, he shall assess or reassess the tax payable within four years and shall impose, besides tax and interest, penalty equivalent to three times the tax payable on escaped turnover.

Further, under the provision of Section 25 (1) of the BVAT Act, the prescribed authority shall, within the time and the manner prescribed, scrutinise every return filed under sub-sections (1) and (3) of Section 24 for the purpose of ascertaining that (a) calculations are arithmetically accurate; (b) the output tax, input tax, tax payable and interest payable, if any have been computed correctly and properly, (c) the rates of tax have been applied correctly, (d) evidence, as prescribed, has been furnished with regard to payment of tax and interest payable, if any; (e) the deductions claimed therein are substantiated in the manner and form prescribed under the Act and (f) such information and evidence, as may be prescribed, in support of claims relating to input tax credit and other deductions claimed in the return has been furnished in such manner as may be prescribed.

We observed that the scrutiny provision did not provide specifically for verification of the turnover as disclosed in the returns with other records of the dealer like utilisation statements of road permits, declaration forms as well as Tax Audit Report (TAR) or information of sales and purchases obtained from the records of other dealers while scrutinising the returns. This indicates a weakness in the system.

4.6.1 Suppression of sales turnover

We observed between January and March 2016 in three Commercial Taxes circles²² that out of 555 test-checked dealers, three self-assessed dealers sold goods of ₹ 102.58 crore during the period 2013-14 as shown in their Tax Audit Report²³ (TAR), sale statement and quarterly/annual return furnished by them. They, however, accounted for ₹ 91.36 crore only in their annual returns thereby suppressing sale of goods worth ₹ 11.22 crore. As the Department had not issued any instruction for cross checking the information and in the absence of any such system of cross verification, the AAs did not detect the suppression of turnover. This resulted in under-assessment of tax of ₹ 3.12 crore including penalty of ₹ 2.16 crore and leviable interest of ₹ 23.56 lakh as detailed in **Annexure-XV**.

²² Bhabhua, Patna City East and Patna Special.

²³ TAR- Every dealer having gross turnover of ₹ One crore and above is required to submit TAR certified by a Chartered Accountant before the stipulated date.

On this being pointed out, the JCCT stated (October 2016) that notice of demand for ₹ 33.42 lakh was issued in case of Patna Special Circle and AA Bhabhua Circle stated (September 2016) that notice of demand for ₹ 1.27 crore was issued. We await reply in case of Patna City East Circle.

The matter was reported to the Government/Department in May 2016; we are yet to receive their reply (October 2016).

4.6.2 Suppression of purchase turnover

We observed between September 2013 and March 2016 in seven Commercial Taxes circles²⁴ that out of 1,075 test-checked dealers, nine self-assessed dealers purchased goods of ₹ 36.33 crore during the period 2010-11 to 2013-14 as shown in their Tax Audit Report (TAR), Suvidha details and quarterly/annual return furnished by them. They, however, accounted for ₹ 23.37 crore only in their annual returns thereby suppressing purchase of goods worth ₹ 12.96 crore. As the Department had not issued any instruction for cross checking the information and in the absence of any such system of cross verification, the AAs did not detect the suppression of turnover. This resulted in under-assessment of tax of ₹ 3.48 crore including leviable penalty of ₹ 2.41 crore and interest of ₹ 26.99 lakh as detailed in **Annexure-XVI**.

On this being pointed out, AA Jamui accepted the case of a dealer between November 2014 and January 2015 and raised demand for ₹ 94.26 lakh. AA Patna West stated in December 2015 that notices would be issued while remaining AAs stated between January and March 2016 that cases would be examined. We await recovery in the accepted case and replies in the remaining cases.

The matter was reported to the Government/Department between February and June 2016; we are yet to receive their reply (October 2016).

4.6.3 Suppression of sales turnover detected during cross-verification of purchase and sales figure

We observed in eight Commercial Taxes circles²⁵ between November 2014 and February 2016 that out of 1,270 test-checked dealers, 11 self-assessed dealers had accounted for sales of ₹ 36.52 crore instead of actual sales of ₹ 52.45 crore during the years 2011-12 to 2013-14 and thus suppressed the sales turnover of ₹ 15.93 crore. This was revealed after cross-verification of information of sale disclosed by dealers in their return/TAR with the information of purchase disclosed in the return/TAR of the purchasing dealers. Due to absence of system for such cross-verification, these could not be detected by the AAs which resulted into under-assessment of tax of ₹ 5.81 crore as detailed in **Annexure-XVII**.

The matter was reported to the Government/Department between April 2015 and June 2016; we are yet to receive their reply (October 2016).

²⁴ Bhabhua, Gopalganj, Jamui, Muzaffarpur West, Patna West, Sasaram and Siwan.

²⁵ Danapur, Kishanganj, Muzaffarpur East, Patna City East, Patna West, Samastipur, Saran and Sasaram.

4.7 Short levy of tax due to application of incorrect rate of tax

Due to not scrutinising or deficient scrutiny/assessment, the application of incorrect rate of tax remained undetected by the AAs which resulted in short levy of tax of ₹ 4.21 crore including interest.

Under the provision of Section 25 (1) of the BVAT Act, the prescribed authority shall, within the time and the manner prescribed, scrutinise every return filed under sub-sections (1) and (3) of Section 24 for the purpose of ascertaining that the rates of tax have been applied correctly.

Further, under the provision of Section 39 (4) of the BVAT Act, interest at the rate of one and a half *per cent* per month is also leviable on the amount of tax payable.

We observed in six Commercial Taxes circles²⁶ between June 2013 and January 2016 that out of 880 test-checked dealers, eight dealers (assessed: 2; Scrutinised: 1 and self-assessed: 5) assessed their tax at the lower rate of zero to five *per cent* on the sale of various goods valued at ₹ 38.79 crore instead of the correct rate of four to 13.5 *per cent* during 2010-11 to 2013-14. Due to failure to scrutinise/deficient scrutiny/assessment, these application of incorrect rate of tax remained undetected by the AAs which resulted in short levy of tax of ₹ 4.21 crore including interest of ₹ 1.09 crore as detailed in **Annexure-XVIII**.

On this being pointed out, the AAs/JCCTs of two circles²⁷ accepted the case of two dealers in July 2015 and raised demand for ₹ 1.04 crore and updated interest. The remaining AAs stated between December 2014 and January 2016 that cases would be examined. We await recovery in the accepted cases and replies in the remaining cases.

The matter was reported to the Government/Department between October 2014 and June 2016; we are yet to receive their reply (October 2016).

4.8 Input Tax Credit (ITC)

Due to not scrutinising the returns of the dealers and absence of a system of cross-verification of purchase and sales figures of the dealers, there was excess/incorrect availing of ITC of ₹ 4.89 crore including penalty and interest.

Section 16 of the BVAT Act provides that when a registered dealer purchases any input within the State of Bihar from another registered dealer after paying him the tax under Section 14 or Section 4 of the Act, he is eligible to claim credit of input tax in the manner prescribed, if the goods are either sold within the State or in the course of inter-State trade and commerce or consumed in the manufacture of goods (other than Schedule-IV goods) for sale within the State or in the course of inter-State trade and commerce. Further, Section 31 of the Act provides for imposition of penalty equivalent to three times of the tax payable for excess/incorrect claim of Input Tax Credit (ITC), besides the amount of interest.

²⁶ Danapur, Kadamkuan, Katihar, Patna Central, Patna Special and Samastipur.
²⁷ Danapur and Samastipur.

Further, under the provision of Section 25 (1) (f) of the BVAT Act, the prescribed authority shall, within the time and the manner prescribed, scrutinise every return filed under sub-sections (1) and (3) of Section 24 for the purpose of ascertaining that such information and evidence, as may be prescribed, in support of claims relating to input tax credit and other deductions claimed in the return has been furnished in such manner as may be prescribed.

4.8.1 Irregular/excess claim of Input Tax Credit

We observed in eight Commercial Taxes circles²⁸ from the annual returns (RT-III), TAR etc. of nine dealers (assessed:1 and self-assessed:8), out of 1,148 test-checked dealers between October 2013 and January 2016 that they availed ITC of ₹ 8.71 crore on the purchase of goods valued at ₹ 149.66 crore in their annual returns during the period between 2011-12 and 2013-14. However, as per the provision of the Act *ibid*, the dealers were entitled for ITC of ₹ 8.28 crore only on these purchases. Thus, the dealers availed excess ITC of ₹ 42.76 lakh on the purchase of goods from compounding/unregistered dealers, purchase of flour, purchase of goods for manufacturing of schedule-IV goods, consumables and goods received under scheme, which were inadmissible for claiming ITC as per the provision of the Act *ibid*. The penalty for the excess claim amounted to ₹ 1.22 crore and interest thereof worked out to ₹ 12.38 lakh. The AAs could not detect the excess availment of ITC due to not scrutinising the returns of the dealers. This indicates that the provisions of scrutiny under Section 25 (1) of the BVAT Act was not adhered to. The total revenue impact was ₹ 1.77 crore as detailed in **Annexure-XIX**.

On this being pointed out, the JCCT concerned intimated in June 2014 that demand for ₹ 4.05 lakh in respect of one dealer of Kadamkuan circle had been raised while the remaining AAs stated between October 2014 and February 2016 that cases would be examined. We await recovery in the accepted case and replies in the remaining cases.

The matter was reported to the Government/Department between March 2014 and June 2016; we are yet to receive their reply (October 2016).

4.8.2 Incorrect claim of ITC detected during cross-verification of purchase and sales figure

We observed between October 2014 and March 2016 in 10 Commercial Taxes circles²⁹ on cross-verification of information of purchase disclosed by 12 self-assessed dealers in their return/TAR, out of 1,742 test-checked dealers from the information of sales disclosed in the return/TAR of the selling dealers that these dealers had shown excess purchase of goods of ₹ 11.75 crore and excess ITC of ₹ 72.58 lakh were availed thereon during 2011-12 to 2013-14 whereas the selling dealers had either not filed any return/TAR or not shown such sales to these dealers. Due to absence of system for such cross-verification these excess ITC could not be detected by the AAs which resulted in under-

²⁸ Biharsharif, Danapur, Kadamkuan, Muzaffarpur East, Patna Central, Patna Special, Saharsa and Samastipur.

²⁹ Bhabhua, Danapur, Patna Gandhi Maidan, Khagaria, Motihari, Patna Central, Patna North, Patna South, Patliputra and Shahabad (Ara).

assessment of tax of ₹ 3.12 crore including leviable penalty and interest as detailed in **Annexure-XX**.

The matter was reported to the Government/Department between February 2015 and June 2016; we are yet to receive their reply (October 2016).

4.9 Incorrect adjustment of entry tax

Availing of the adjustment of entry tax towards payment of VAT/CST remained undetected by the AAs which resulted in incorrect adjustment of entry tax of ₹ 8.39 crore including interest of ₹ 1.99 crore.

Under Section 3 (2) of the Bihar Tax on Entry of Goods (BTEG) into Local Areas for Consumption, Use or Sale therein Act, 1993 read with Rule 4 (A) of the Bihar Tax on Entry of Goods (BTEG) Rules, 1993, if any dealer liable to pay tax under the BVAT Act, by virtue of sale of imported scheduled goods or sale of goods manufactured out of such imported scheduled goods incurs any liability to pay tax at the rate specified under Section 14 of the BVAT Act, his tax liability under the said Act shall stand reduced to the extent of tax paid under the BTEG Act.

Provided that in case of a manufacturer, the reduction in tax liability as aforesaid shall only be allowed to industrial units of the small scale sector, the medium scale sector and sick industrial units.

4.9.1 Incorrect adjustment of entry tax towards payment of Value Added Tax

We observed between December 2014 and February 2016 in five Commercial Taxes circles³⁰ that out of 1,114 test-checked dealers, eight self-assessed dealers had availed entry tax adjustment of ₹ 404.83 crore towards their Value Added Tax (VAT) liability during the period between 2011-12 and 2013-14. However, the dealers were eligible for adjustment of entry tax of ₹ 399.01 crore only because they did not fulfill the criteria³¹ prescribed for availing of the adjustment of entry tax. This remained undetected by the AAs which resulted in incorrect adjustment of entry tax of ₹ 5.82 crore towards payment of VAT. Therefore, these dealers were liable to pay VAT of ₹ 7.62 crore including interest of ₹ 1.81 crore as detailed in **Annexure-XXI**.

The matter was reported to the Government/Department between September 2015 and June 2016; we are yet to receive their reply (October 2016).

4.9.2 Incorrect adjustment of entry tax towards payment of Central Sales Tax

In three Commercial Taxes circles³², we observed between March and December 2015 that out of 579 test-checked dealers, three self-assessed dealers had availed adjustment of entry tax from the liability of Central Sales Tax (CST) of ₹ 59.13 lakh during 2012-13 to 2013-14 in violation of the provision of the Act *ibid*. This remained undetected by the AAs which resulted

³⁰ Kadamkuan, Patliputra, Patna City East, Patna Special and Patna West.

³¹ (i) The goods imported were not re-sold. (ii) The rate of VAT was less than the rate of ET.

³² Muzaffarpur East, Patna Central and Patna West.

in incorrect adjustment of entry tax of ₹ 59.13 lakh towards payment of CST. Therefore, these dealers were liable to pay CST of ₹ 77.05 lakh including interest of ₹ 17.92 lakh as detailed in **Annexure-XXII**.

On this being pointed out, AA Muzaffarpur East stated in March 2015 that as per provision of Section 3 of the BTEG Act, 1993, VAT and CST both are available for reduction from payment of entry tax. The reply is not in consonance with the fact that as per the provisions of the Act *ibid*, only VAT liability is available for reduction from payment of entry tax and there is no mention about adjustment of CST liability. AA Patna West stated in December 2015 that notices would be issued while AA Patna Central stated in December 2015 that case would be examined.

The matter was reported to the Government/Department between September 2015 and June 2016; we are yet to receive their reply (October 2016).

4.10 Short calculation of reverse credit

Short calculation of reverse credit resulted in excess allowance of ITC of ₹ 1.79 crore including leviable penalty and interest.

Under Rule 15 and 16 of the BVAT Rules, 2005, a manufacturing dealer shall incur reverse credit when he makes inter-State stock transfer of the goods or manufactures Schedule-I goods from inputs other than those specified in Schedule-I. The amount of Input Tax Credit (ITC) for which a dealer is entitled will be arrived at after deduction of the reverse credit from the amount of input tax paid on the purchases. Further, Section 31 of the BVAT Act provides for imposition of penalty equivalent to three times of the tax payable for excess/incorrect claim of ITC, besides the amount of interest.

We observed between September 2015 and January 2016 in three Commercial Taxes circles³³ that out of 514 test-checked dealers, three self-assessed dealers made interstate stock transfer of taxable manufactured goods during the period 2012-13 to 2013-14. The inputs for these goods were also purchased from within the State after paying tax thereon in the State, for which ITC of ₹ 1.90 crore was availed of by the dealers. Though the dealers were required to calculate the reverse credit and deduct the same from the total amount of ITC, the reverse credit of ₹ 41.41 lakh was either not calculated or calculated short by the dealers. This resulted in excess allowance of ITC of ₹ 1.79 crore including leviable penalty of ₹ 1.24 crore and interest of ₹ 13.06 lakh as detailed in **Annexure-XXIII**.

On this being pointed out, the JCCT concerned intimated in May 2016 that demand for ₹ 2.45 lakh in respect of one dealer of Shahabad circle has been raised and the amount had since been recovered while the remaining AAs stated between December 2015 and January 2016 that cases would be examined.

The matter was reported to the Government/Department between April and June 2016; we are yet to receive their reply (October 2016).

³³ Patna Central, Patna Special and Shahabad (Ara).

4.11 Incorrect availing/allowance of deduction

Incorrect allowance/claims of inadmissible deductions by works contractors resulted in short levy of tax of ₹ 2.84 crore.

Under Section 35 of the BVAT Act and Rule 18 of the BVAT Rules, a works contractor is liable for deduction on the items of labour and any other charges such as amount paid to a sub-contractor on account of labour and services, charges for planning, designing and architect fee, charges for obtaining machinery and tools used on hire, cost of consumables, cost of establishment to the extent it is relatable to supply of labour and services, other similar expenses relatable to supply of labour and services, profit earned by the contractor to the extent it is relatable to supply of labour and services and goods or transactions exempted under Section 6 or Section 7 of the BVAT Act.

We observed in five Commercial Taxes circles³⁴ between August 2013 and January 2016 from the returns/profit and loss accounts of six works contractors (assessed:1 and self-assessed:5), out of 772 test-checked dealers that they availed deductions of ₹ 288.62 crore during the period between 2009-10 and 2013-14, though they were eligible for deduction of ₹ 243.91 crore only on account of labour and services, expenses on establishment, overhead, departmental deductions and gross profit relatable to labour and services. The AAs, however, did not detect the claims of inadmissible deductions even in the assessed case. This resulted in short levy of tax of ₹ 2.84 crore calculated on the material component value of ₹ 44.71 crore arrived at by apportioning the above claimed deductions of ₹ 288.62 crore between material and labour and services as detailed in **Annexure-XXIV**.

On this being pointed out, AA Sasaram accepted the audit observation in respect of a dealer in September 2014 and raised demand for ₹ 47.35 lakh. We await recovery in the accepted case and replies in the remaining cases.

The matter was reported to the Government/Department between February 2015 and June 2016; we are yet to receive their reply (October 2016).

4.12 Short levy of tax due to submission of irregular evidence of payment of tax

Irregular claim of adjustment of tax liability on the 'C-II' forms issued in favour of other dealer resulted in short levy of tax of ₹ 1.20 crore.

Under the provision of Section 25(1) of the BVAT Act, the prescribed authority shall, within the time and manner prescribed, scrutinise every return for the purpose of ascertaining among other things, that evidence, as prescribed, has been furnished with regard to payment of tax and interest payable, if any. Further, Rule 29(4) of BVAT Rules, provides that the works contractor from whose bills the deductions have been made shall furnish the portion of the form 'C-II'³⁵ marked "Original" to the assessing authority as evidence of payment of tax by deduction at source along with the return filed under Section 24 of the Act *ibid*.

³⁴ Biharsharif, Katihar, Patna Central, Patna Special and Sasaram.

³⁵ Tax deduction certificate from Works contractors.

We observed in Sasaram Commercial Taxes circle in August 2013 that out of 153 test-checked dealers, a self-assessed dealer (M/s Vijeta Projects and Infrastructures Ltd. TIN- 10241669050) had claimed payment of tax by way of advance deductions of ₹ 1.37 crore and ₹ 90.69 lakh for the years 2009-10 and 2010-11 respectively. The dealer had produced forms 'C-II' as evidence of payment of tax deducted by various tax deducting authorities. On scrutiny of the forms 'C-II', we noticed that four 'C-II' for ₹ 96.82 lakh and two 'C-II' for ₹ 23.02 lakh for the years 2009-10 and 2010-11 respectively were not issued in favour of the dealer, rather these were issued in favour of a different dealer (M/s NCC-VCL, JV; TIN-10244981018) registered in the same circle. Hence the dealer was not entitled to claim such deduction as the amount was not deposited in favour of him in the Government treasury. Thus, the dealer had irregularly claimed adjustment of tax liability of ₹ 1.20 crore (₹ 96.82 lakh+ ₹ 23.02 lakh) on the basis of those 'C-II' forms issued in favour of other dealer and therefore he was liable to pay tax of ₹ 1.20 crore besides interest.

On this being pointed out, AA Sasaram accepted the fact in September 2014 and raised demand for ₹ 1.20 crore.

The matter was reported to the Government/Department in March 2016; we are yet to receive their reply (October 2016).

4.13 Irregular allowance of deduction on stock transfer

Allowance of exemption for stock transfer on the basis of incorrect declaration forms by the AA resulted in short levy of tax of ₹ 94.25 lakh including interest.

As per the provision of Section 6A of the Central Sales Tax (CST) Act, 1956, where any dealer claims that he is not liable to pay tax under this Act, in respect of any goods, on the ground that the movement of such goods from one State to another was occasioned by reason of transfer of such goods by him to any other place of his business or his agent or principal, as the case may be, and not by reason of sale he may furnish to the assessing authority, within the prescribed time, a declaration duly filled and signed by the Principal officer of the other place of business, along-with the evidence of dispatch of such goods. Rule 12(5) of the CST Rules, 1957 provides that the declaration referred to in sub-section (1) of Section 6A shall be in Form 'F'.

In Patna South Commercial Taxes circle, we observed in January 2015 that out of 259 test-checked dealers, a dealer (M/s Tirupati Enterprises bearing TIN-10120975151) had availed deduction towards inter-State stock transfer of goods of ₹ 1.55 crore and ₹ 3.06 crore during the years 2010-11 and 2011-12, against which eight and 11 numbers of declarations in form F respectively was found placed on the record to substantiate the claim. It was, however, noticed that these declaration forms submitted by the dealer pertain to the Bihar State itself, though the other details on the declaration forms relates to a dealer of Jharkhand State. As per the provision of CST Act/Rules, these forms should be issued by the transferee's State and availing of exemption on the basis of these forms was incorrect and liable to be rejected. Therefore the dealer was liable to pay tax of ₹ 94.25 lakh including interest of ₹ 33.55 lakh.

The matter was reported to the Government/Department in February 2016; we are yet to receive their reply (October 2016).

4.14 Short payment of admitted tax

Due to not scrutinising the returns of the dealers by the AAs, there was short payment of ₹ 4.87 crore including interest.

Under the provision of Section 24 of the BVAT Act, every dealer shall deposit the tax payable in respect of every month on or before the 15th day of the following month, failing which the dealer shall be liable to pay interest at the rate of one and a-half *per cent* per month on the amount due from the date the tax was payable and became due to the date of its payment.

Further, under the provision of Section 25 (1) of the Act *ibid* the prescribed authority shall, within the time (by 31st March of next financial year to which the return relates) and the manner prescribed, scrutinise every return filed under sub-sections (1) and (3) of Section 24 for the purpose of ascertaining that evidence, as prescribed, has been furnished with regard to payment of tax and interest payable.

We observed in 14 Commercial Taxes circles³⁶ between November 2014 and February 2016 that out of 2,212 test-checked dealers, 26 self-assessed dealers had paid ₹ 19.61 crore against the admitted tax of ₹ 23.34 crore during the years 2011-12 to 2013-14. Thus, there was short payment of admitted tax of ₹ 3.73 crore. Though the AAs were required to scrutinise the returns and see the evidence of payment of tax and accordingly issue notice to the dealer, no scrutiny was found to have been done till the date of audit, which indicates control weaknesses in the Department. This resulted in short payment of the admitted tax of ₹ 4.87 crore including leviable interest of ₹ 1.14 crore as detailed in **Annexure-XXV**.

On this being pointed out, AA Shahabad accepted the short payment in case of one dealer in June 2016 and raised demand for ₹ 2.58 lakh, of which a sum of ₹ 1.84 lakh has been recovered so far. The remaining AAs concerned stated between December 2014 and February 2016 that case would be examined.

The matter was reported to the Government/Department between September 2015 and June 2016; we are yet to receive their reply (October 2016).

4.15 Interest not levied for delayed payment of tax

Assessing Authorities did not levy interest amounting to ₹ 57.94 lakh for delayed payment of tax.

Under the provisions of Section 24 of the BVAT Act, every dealer shall deposit the tax payable in respect of every month on or before the 15th day of the following month, failing which the dealer shall be liable to pay interest at the rate of one and a-half *per cent* per month on the amount due from the date the tax was payable and became due to the date of its payment. Further, Section 39(4) of the Act *ibid* read with Section 9(2) of the CST Act stipulate that if the prescribed authority finds that the tax due, in addition to the amount

³⁶ Aurangabad, Biharsarif, Kadamkuan, Katihar, Motihari, Munger, Muzaffarpur East, Patliputra, Patna Central, Patna North, Patna West, Sasaram, Shahabad and Siwan.

of tax assessed under any proceeding, the dealer shall pay in addition to the amount of the tax assessed, simple interest at the rate of one and a-half *per cent* per month or part thereof, on the difference of the amount previously admitted and tax finally assessed.

Under the provision of Section 25 (1) of the Act *ibid* the prescribed authority shall, within the time (by 31st March of next financial year to which the return relates) and the manner prescribed, scrutinise every return filed under sub-sections (1) and (3) of Section 24 for the purpose of ascertaining that evidence, as prescribed, has been furnished with regard to payment of tax and interest payable.

We observed in five Commercial Taxes circles³⁷ between October 2014 and December 2015 that out of 923 test-checked dealers, eight dealers (scrutinised:1 and self-assessed:7) had paid their admitted tax with a delay ranging from three to 578 days during the period between 2011-12 and 2013-14. Even in the scrutinised case the AAs did not levy interest for delayed payment of tax. Thus, interest amounting to ₹ 57.94 lakh was not levied as detailed in **Annexure-XXVI**.

The matter was reported to the Government/Department between February 2015 and February 2016; we are yet to receive their reply (October 2016).

4.16 Purchase tax not levied

Assessing Authorities did not levy the purchase tax of ₹ 86.26 lakh including interest in case of three dealers in two circles.

Under the provisions of Section 4 of the BVAT Act, every dealer who purchases goods in circumstances in which no tax on sales is payable or has been paid on the sale price of such goods and either consumes such goods in the manufacture of other goods for sale or otherwise disposes of such goods in any manner other than by way of sale in the State or sale in the course of inter-State trade, shall be liable to pay tax on the purchase price of such goods at the rate at which it would have been leviable on the sale price of such goods under Section 14 of the Act *ibid*.

We observed between March 2015 and February 2016 in two Commercial Taxes circles (Muzaffarpur East and Patna City East) that out of 430 test-checked dealers, three dealers (scrutinised: 1 and self-assessed:2) had made purchases of taxable goods of ₹ 53.90 crore within the State from unregistered dealers and consumed them in the manufacture of goods during the period between 2012-13 and 2013-14. This attracted purchase tax but the dealer had not admitted the purchase tax in their returns, which remained un-detected by the AA even in the scrutinised case. Thus, purchase tax of ₹ 86.26 lakh including interest was not levied as detailed in **Annexure -XXVII**.

The matter was reported to the Government/Department between February and May 2016; we are yet to receive their reply (October 2016).

³⁷

Kadamkuan, Motihari, Patliputra, Patna North and Shahabad.

4.17 Surcharge not levied

Assessing Authorities did not levy the surcharge of ₹ 59.63 lakh on the sales of tobacco products in case of nine dealers in six circles.

Under the provision of Section 3A of the BVAT Act, every dealer liable to pay tax under the Act shall, in addition to the tax payable by him, also pays a surcharge on the sale of goods specified in schedule-IV. The Government has prescribed a rate of surcharge of 15 per cent on tobacco products.

We observed between September 2015 and March 2016 in six Commercial Taxes circles³⁸ from the examination of returns, TAR, Suvidha etc. that out of 971 test-checked dealers, nine dealers (self-assessed) sold tobacco products worth ₹ 13.26 crore during the period 2013-14 on which tax of ₹ 3.98 crore was admitted by them. But no surcharge was admitted and paid by them though surcharge at the rate of 15 per cent was leviable on the sales of tobacco products during the period. Thus, the dealers were liable to pay surcharge of ₹ 59.63 lakh as detailed in **Annexure-XXVIII**.

On this being pointed out, the JCCT stated in October 2016 that demand for ₹ 34.57 lakh and up to date interest had been raised in the case of Patna Special circle while remaining AAs stated between September 2015 and March 2016 that the matter would be examined.

The matter was reported to the Government/Department between January and June 2016; we are yet to receive their reply (October 2016).

4.18 Tax on Rental charges from electric meter not levied

Assessing Authorities did not levy tax on the rental charges from electric meter amounting to ₹ 2.94 crore including interest of ₹ 71.61 lakh.

As per the provision of Section 2 (zc)(iv) of the BVAT Act, 2005, "Sale" with all its grammatical variations and cognate expressions means any transfer of property in goods for cash or deferred payment or for other valuable consideration and includes, a transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.

We observed in Patna Special Commercial Taxes circle in February 2015 that out of 183 test-checked dealers, two self-assessed dealers³⁹ had received rental charges of ₹ 18.67 crore during the period 2012-13 pertaining to electric meter, service line and transformer. The dealers, however, had not admitted tax

³⁸ Katihar, Khagaria, Muzaffarpur West, Patna Special, Patna South and Samastipur.
³⁹ Calculation:

(₹ in lakh)						
Sl. No.	Name of the dealer/TIN	Period	Amount received as Meter Rent	Tax leviable	Interest	Total
1	North Bihar Power Distribution Co. Ltd.	2012-13	1012.61	120.44	38.84	159.28
2	South Bihar Power Distribution Co. Ltd.	2012-13	854.22	101.60	32.77	134.37
Total			1866.83	222.04	71.61	293.65

against the rental charges, though the same was includible in the sale as per the aforesaid provision. Thus, an amount of tax of ₹ 2.94 crore including interest of ₹ 71.61 lakh at the rate of 1.5 *per cent* per month was not levied.

On this being pointed out, the Department accepted the case in August 2016 and raised demand for ₹ 2.94 crore. We await recovery in the case.

B: Entry Tax

4.19 Suppression of import value

Suppression of import value by the dealers remained undetected by the AAs which resulted in short levy of entry tax of ₹ 2.00 crore including penalty.

Under the provision of Section 8 of the Bihar Tax on Entry of Goods (BTEG) into Local Areas for Consumption, Use or Sale therein Act, 1993, read with Section 31(2) of the BVAT Act, if the prescribed authority is satisfied that in respect of any assessment, any sale or purchase of goods liable to tax under the Act, has been under-assessed or has escaped assessment, the prescribed authority shall assess or reassess the tax payable by such dealer within four years. In case of willful omission by the dealer to disclose full and correct particulars of such sale or purchase or input tax credit, the prescribed authority shall impose, besides the amount of interest payable, penalty equal to three times the amount of tax which escaped assessment. The penalty imposed shall be in addition to the amount of tax on the escaped turnover.

We observed that the scrutiny provision did not provide specifically for verification of the turnover as disclosed in the returns with other records of the dealer like SUVIDHA details, purchase statements as well as returns filed under VAT or information of sales and purchases obtained from the records of other dealers while scrutinising the returns. This indicates a weakness in the system.

In seven Commercial Taxes circles⁴⁰, from the cross-checking of the SUVIDHA⁴¹ details, purchase statements, VAT returns *etc.* with the returns filed by nine self-assessed dealers, out of 955 test-checked dealers, we observed between October 2014 and February 2016 that they had disclosed import value of scheduled goods of ₹ 6.96 crore in their returns instead of the actual amount of ₹ 20.52 crore as shown in the SUVIDHA details, purchase statements, VAT returns *etc.* and thus suppressed import/purchase of scheduled goods of ₹ 13.56 crore during 2012-13 to 2013-14. Thus, the dealers disclosed their entry tax liability short by ₹ 50.02 lakh which remained undetected by the AAs. This resulted in short levy of entry tax of ₹ 2.00 crore including penalty of ₹ 1.50 crore as detailed in **Annexure-XXIX**.

On this being pointed out, the JCCT stated in October 2016 that a sum of ₹ 15.41 lakh had been recovered in the case of Patna Special circle while remaining AAs stated between October 2014 and February 2016 that the matter would be examined.

⁴⁰ Bhagalpur, Danapur, Katihar, Khagaria, Patna Special, Purnea and Saharsa.
⁴¹ Simplified Usage of Vehicle Information Data Harmonized Application.

The matter was reported to the Government/Department between December 2015 and June 2016; we are yet to receive their reply (October 2016).

4.20 Short levy of Entry Tax

Assessing Authorities could not detect the actual import value of scheduled goods which resulted in short levy of entry tax of ₹ 78.27 crore.

Under the provision of Section 3 of the BTEG Act, there shall be levied and collected a tax on entry of scheduled goods into a local area at such rate as has been specified in the Schedule to the Entry Tax by the State Government in a notification published in the Official Gazette on the import value of scheduled goods; provided different rates for different scheduled goods may be specified by the State Government.

Further, under the provisions of Section 24 of the BVAT Act, read with Section 8 of the BTEG Act, every dealer shall deposit the tax payable in respect of every month on or before the 15th day of the following month.

We observed between October 2014 and January 2016 in eight Commercial Taxes circles⁴² that out of 1,473 test-checked dealers, eight self-assessed dealers had imported scheduled goods worth ₹ 776.12 crore during the years 2011-12 to 2013-14, on which entry tax of ₹ 79.43 crore was leviable. But they actually paid the entry tax of ₹ 1.16 crore only which remained undetected by the AAs. This resulted in short levy of entry tax of ₹ 78.27 crore as detailed in **Annexure-XXX**.

On this being pointed out, the JCCT/AAs of three circles⁴³ accepted the case of three dealers between April and September 2015 and raised demand for ₹ 48.76 crore. The remaining AAs stated between November 2014 and January 2016 that cases would be examined. We await recovery in the accepted cases and replies in the remaining cases.

The matter was reported to the Government/Department between April 2015 and May 2016; we are yet to receive their reply (October 2016).

4.21 Application of incorrect rate of entry tax

The absence of mechanism for verification of the application of rates resulted in under-assessment of entry tax of ₹ 77.26 lakh.

Under the provision of Section 3 of the BTEG Act, there shall be levied and collected a tax on entry of scheduled goods into a local area at such rate as has been specified in the Schedule to the Entry Tax by the State Government in a notification published in the Official Gazette on the import value of scheduled goods; provided different rates for different scheduled goods may be specified by the State Government.

We observed between February and August 2015 in four Commercial Taxes circles⁴⁴ that out of 536 test-checked dealers, four dealers (scrutinised: 1 and

⁴² Bhabhua, Gaya, Muzaffarpur East, Patna City East, Patna North, Patna South, Patna Special and Patna West.

⁴³ Patna North, Patna Special and Patna West.

⁴⁴ Aurangabad, Barh, Patna Special and Shahabad.

self-assessed:3) imported scheduled goods of ₹ 24.14 crore during the period between 2012-13 and 2013-14 and self-assessed at rates lower than the rate prescribed by the Act. Due to absence of mechanism for verification of application of rates during that period, these cases remained undetected by the AAs. This resulted in under-assessment of entry tax of ₹ 77.26 lakh as detailed in **Annexure-XXXI**.

The matter was reported to the Government/Department between January and May 2016; we are yet to receive their reply (October 2016).

4.22 Short levy of entry tax due to incorrect availing of deduction under entry tax

Assessing Authorities did not detect the availing of deduction of entry tax on account of scheduled goods manufactured or produced within the local area, which resulted in short levy of entry tax of ₹ 740.70 crore.

As per Section 2 (1) (C) of the BTEG Act, amended from 29 August 2006 “Entry of goods”, with all its grammatical variations and cognate expression, means entry of goods; (i) into a local area from any place outside such area, (ii) into a local area from any place outside the State, (iii) into a local area from any place outside the territory of India, for consumption, use or sale therein.

In Patna Special Commercial Taxes circle, we observed between March 2015 and January 2016 that out of 183 test-checked dealers, a dealer M/s Indian Oil Corporation Ltd. (TIN- VAT-10010116082/ET- 10010116276), an oil marketing company (OMC) had availed deduction of ₹ 38,148.33 crore from entry tax on account of scheduled goods purchased or received which was manufactured or produced within the local area during the period 2012-13 and 2013-14. The dealer, however, was liable to pay entry tax on these petroleum products manufactured or produced in the Barauni Refinery (other local area) and received in the Marketing division (at different marketing terminals) for sale during 2012-13 and 2013-14. We further observed that out of the aforesaid goods the dealer had received MS/HSD of ₹ 4,629.38 crore in the marketing division at Patna terminal during the period from Barauni Refinery on which he had the liability of entry tax amounting to ₹ 740.70 crore. This incorrect availing of deduction remained undetected by the AAs, which resulted in short levy of entry tax of ₹ 740.70 crore⁴⁵.

On this being pointed out, the Department accepted the case pertaining to the year 2013-14 in August 2016 and raised demand for ₹ 413.81 crore. We await recovery in the case and reply in the case relating to the year 2012-13 (October 2016).

⁴⁵ Calculation:

					(₹ in crore)
Period	Deduction Availed	Value on which ET not levied	Commodity	Rate of ET (in per cent)	ET leviable
2012-13	32608.52	2043.06	MS/ HSD	16	326.89
2013-14	5539.81	2586.32			413.81
Total	38148.33	4629.38			740.70

4.23 Entry tax and penalty not realised from the dealers not registered under the BTEG Act

Assessing Authorities did not detect the import of scheduled goods by dealers not registered under entry tax Act and thus entry tax of ₹ 76.40 lakh including penalty was not realised.

Under the provision of Rule 3 of the BTEG Rules read with Section 5 of the BTEG Act, every dealer who is liable to pay tax under the BTEG Act, by virtue of import of scheduled goods, shall make an application for registration to the officer in-charge of the circle within seven days of becoming liable to pay tax under the Act. Further, under the provision of Section 28 of the BVAT Act, read with Section 8 of the BTEG Act, if the prescribed authority is satisfied that any dealer was liable to pay tax and willfully failed to apply for registration, he shall assess to the best of his judgment, the amount of tax due, if any, and he may direct that the dealer shall pay by way of penalty, in addition to the amount of tax assessed, a sum of rupees one hundred for every day of default or an amount equal to the amount of tax assessed, whichever is higher.

We observed between November 2014 and January 2016 in six Commercial Taxes circles⁴⁶ from the examination of returns, TAR, Suvidha etc. that out of 856 test-checked dealers, eight dealers (self-assessed) registered under the BVAT Act had imported various scheduled goods of ₹ 7.67 crore during 2010-11 to 2013-14. However, they did not get themselves registered under the BTEG Act, though they were liable to do so. The AAs could not detect those un-registered dealers, though the information relating to their liability for registration was available with the AAs in the VAT records, which indicates slackness of the AAs towards compliance of the provision of the Act/Rules. Thus, entry tax of ₹ 76.40 lakh including penalty of ₹ 54.34 lakh was not realised as detailed in **Annexure-XXXII**.

On this being pointed out, the JCCT accepted (October 2015) the audit observation relating to two cases of Gandhi Maidan circle and raised demand of ₹ 16.93 lakh. The remaining AAs stated between November 2014 and January 2016 that the matter would be examined.

The matter was reported to the Government/Department between February 2015 and May 2016; we are yet to receive their reply (October 2016).

4.24 Short payment of admitted entry tax

Assessing Authorities could not detect the Short payment of admitted tax which resulted in short realisation of entry tax of ₹ 5.80 crore.

Under the provisions of Section 24 of the BVAT Act, read with Section 8 of the BTEG Act every dealer shall deposit the tax payable in respect of every month on or before the 15th day of the following month.

We observed between November 2014 and May 2015 in five Commercial Taxes circles⁴⁷ that out of 829 test-checked dealers, six dealers (scrutinised:2

⁴⁶ Bhabhua, Gandhi Maidan, Kadamkuan, Katihar, Patna Central and Sasaram.
⁴⁷ Barh, Forbesganj, Gandhi Maidan, Motihari and Patliputra.

and self-assessed:4) had admitted their entry tax liability worth ₹ 102.95 crore during 2012-13 and 2013-14 against the import of goods of ₹ 1,340.60 crore in their returns, but they actually paid the entry tax of ₹ 97.15 crore only. This resulted in short realisation of admitted entry tax of ₹ 5.80 crore as detailed in **Annexure-XXXIII**.

On this being pointed out, AA Forbesganj and Gandhi Maidan accepted (between January 2015 and February 2016) the case of one dealer each and raised demand for ₹ 40.86 lakh, out of which a sum of ₹ 11.19 lakh had since been recovered in the case of Forbesganj circle. The remaining AAs stated between November 2014 and June 2015 that cases would be examined. We await recovery in the accepted case and replies in the remaining cases.

The matter was reported to the Government/Department between February 2015 and May 2016; we are yet to receive their reply (October 2016).

4.25 Incorrect adjustment of entry tax due to irregular issue of demand notice

The AA could not detect the irregular adjustment of entry tax while finalising assessment, which resulted in excess demand of entry tax of ₹ 3.81 crore.

Under Section 3 (2) of the BTEG Act, 1993 read with Rule 4 (A) of the BTEG Rules, 1993, if any dealer liable to pay tax under the BVAT Act, by virtue of sale of imported scheduled goods or sale of goods manufactured out of such imported scheduled goods incurs any liability to pay tax at the rate specified under Section 14 of the BVAT Act, his tax liability under the said Act shall stand reduced to the extent of tax paid under the BTEG Act.

In Patliputra Commercial Taxes circle, out of 378 test-checked dealers we observed (November 2014) in case of a dealer M/s Mahindra and Mahindra Limited (Jeep Division) having Tin-10050023046 during examination of entry tax record of the dealer that demand notice of an excess of ₹ 8.14 crore was issued to the dealer during the year 2011-12. It was further noticed that while issuing the demand notice of entry tax for an excess of ₹ 8.14 crore, an excess demand of ₹ 3.81 crore pertaining to the year 2010-11 was given credit of, which was irregular, as there is no provision under the BTEG Act or Rules to carry forward the excess amount (other than related to the closing stock) deposited under any year to the next year. The dealer was already given the credit of unadjusted entry tax relating to the closing stock of 2010-11. The AA could not detect the irregular adjustment of entry tax while doing assessment and issuing demand notice which resulted in excess demand of entry tax of ₹ 3.81 crore.

On this being pointed out, AA concerned accepted (October 2016) the case and raised demand for ₹ 3.81 crore and up to date interest.

The matter was reported to the Government/Department between October 2015 and June 2016; we are yet to receive their reply (October 2016).

C: Electricity Duty

4.26 Electricity duty and penalty not levied

Cross verification of records revealed the sale of energy by a dealer not registered under Bihar Electricity Duty Act and consequently electricity duty of ₹ 70.55 lakh was not levied.

Section 6 A (5) of the Bihar Electricity Duty Act, 1948 provides that, if upon information or otherwise, the prescribed authority is satisfied that reasonable grounds exist to believe that any assessee or any person other than an assessee has been liable to pay duty in respect of any period, and has nevertheless willfully failed to apply for registration, the prescribed authority shall, after giving the assessee reasonable opportunity of being heard, assess to the best of its judgment the amount of duty, if any, due from an assessee or any other person in respect of such period and all subsequent periods and the prescribed authority shall direct that the assessee or any other person, to pay by way of penalty in addition to duty so assessed, a sum of fifty rupees for every day of the period during which the licensee or any other person failed to apply for registration or an amount equal to the amount of duty assessed, whichever is less.

Section 3(1) of the Bihar Electricity Duty Act, 1948 provides that there shall be levied and paid to the State Government, either on the units or on the value of energy consumed or sold, excluding losses of energy in transmission and transformation, a duty at the rate or rates to be specified by the State Government in a notification.

In Patna West Commercial Taxes circle, we observed in October 2014 that out of 190 test-checked dealers, a self-assessed assessee (M/s Bihar State Hydro-electric Power Ltd.; TIN 10140501057 VAT) engaged in generation of electricity had neither got itself registered nor filed any return or paid duty under the Bihar Electricity Duty Act, 1948 during the period 2012-13. But as per the information available to audit, the Bihar State Electricity Board (BSEB)/South Bihar Power Distribution Co. Ltd. (SBPDCL)/North Bihar Power Distribution Co. Ltd. (NBPDCCL) had shown purchase of energy of 46.83 mkwh valued at ₹ 11.76 crore from Bihar State Hydro-electric Power Ltd. in their annual accounts during the same period. Thus, it is evident that the dealer had sold the energy to BSEB/SBPDCL/NBPDCCL on which duty was leviable as per the provision of Section 3 of the Bihar Electricity Duty Act, 1948. Thus, the dealer is liable to pay the amount of duty of ₹ 70.55 lakh at the rate of six *per cent*. Besides, penalty was also leviable for not taking registration under the Act *ibid*.

The matter was reported to the Government/Department in December 2015; we are yet to receive their reply (October 2016).

Chapter-V

(Other Tax Receipts)

CHAPTER-V: OTHER TAX RECEIPTS

5.1 Tax administration

(A) The levy and collection of Land Revenue is governed under the Acts and Rules¹ and administered by the Revenue and Land Reforms Department in the State. At the apex level the Principal Secretary-cum-Commissioner is the administrative head and assisted by Divisional Commissioners, Collectors, Additional Collectors, Deputy Collectors and Circle Officers in the field. The circle offices are the primary units which are responsible for levy and collection of land revenue.

(B) The assessment, levy and collection of excise revenue in the State is governed by the provisions of the Bihar Excise (BE) Act, 1915 and Bihar Excise (Settlement of licences for retail sale of country/spiced country liquor, foreign liquor, Beer and Composite liquor Shop) Rules, 2007. It is administered by the Principal Secretary, Department of Registration, Excise and Prohibition (Excise) at the Government level and by the Commissioner of Excise (CE) at the apex level of the Department of Excise and Prohibition. The CE is also the *ex-officio* Controller of Molasses for the administration and execution of the Bihar Molasses Control Act and Rules. The CE is assisted by one Joint Commissioner of Excise (JCE), one Deputy Commissioner of Excise (DCE) and one Assistant Commissioner of Excise (ACE) at the headquarters level. Further, there is one DCE at each of the four² divisional headquarters. At the district level, the Collector of the district is in-charge of the excise administration, assisted by an ACE or by a Superintendent of Excise (SE).

For supply of all types of liquor to retailers of excise shops in the State, the Bihar State Beverage Corporation Limited (BSBCL) headed by a Managing Director was formed in October 2006, to function as an exclusive wholesale depot.

5.2 Internal Audit

The Internal Audit wing of any department is a special vehicle of the internal control mechanism and is generally defined as the control of all controls to enable an organisation to assure itself that the prescribed systems are functioning reasonably well.

There is an internal audit wing called Finance (Audit), which works under the Finance Department and internal audit of the different offices of the Government is conducted on the basis of requisitions received from the Administrative Department. The Chief Controller of Accounts can also select units for internal audit on availability of audit team.

As informed by the Finance Department (August 2016), the internal audit of 12 units of the Revenue and Land Reforms Department was conducted during 2015-16 and Inspection Reports containing 73 paragraphs were issued. The

¹ The Bihar Tenancy Act, 1908; Bihar Public Land Encroachment Act, 1956; Bihar Government Estate (*Khas Mahal*) Manual, 1953.

² Bhagalpur-cum-Munger, Darbhanga-cum-Kosi-cum-Purnea, Patna-cum-Magadh and Tirhut-cum-Saran.

internal audit of the Registration, Excise and Prohibition (Excise) Department was not conducted during 2015-16.

5.3 Results of audit

There are 839 auditable units under the Revenue and Land Reforms Department and 51 auditable units under the Registration, Excise and Prohibition (Excise) Department during 2015-16, of which 108 and 39 units were planned for audit during the year 2015-16. Against this, we have conducted the audit of 91 and 37 units respectively during the course of the year. We found short realisation of revenue and other irregularities involving ₹ 361.22 crore in 840 cases which fall under the following categories as mentioned in **Table-5.1**.

Table-5.1
Results of audit

(₹ in crore)			
Sl. No.	Categories	Number of cases	Amount
A: Land Revenue			
1.	Compensation amount not paid due to poor disposal of award	1	138.28
2.	Establishment charges not accounted for and either not collected/remitted or collected/remitted short	1	83.53
3.	Revenue/interest/amin fee not remitted into treasury	48	13.13
4.	Revenue on alienation/transfer of Government land not realised/remitted	1	11.68
5.	Survey not conducted and agriculture land utilised for other than agricultural purpose not converted	10	1.03
6.	Others	517	63.31
Total		578	310.96
B: State Excise			
1.	Excise shops not/delayed settled	56	10.26
2.	Licence fee not realised	34	18.32
3.	Other cases	172	21.68
Total		262	50.26
Grand total		840	361.22

The results of audit in respect of our audit findings on Land revenue and State excise revenue during 2015-16 are depicted in the following Charts:

Chart-5.1

A: Land Revenue

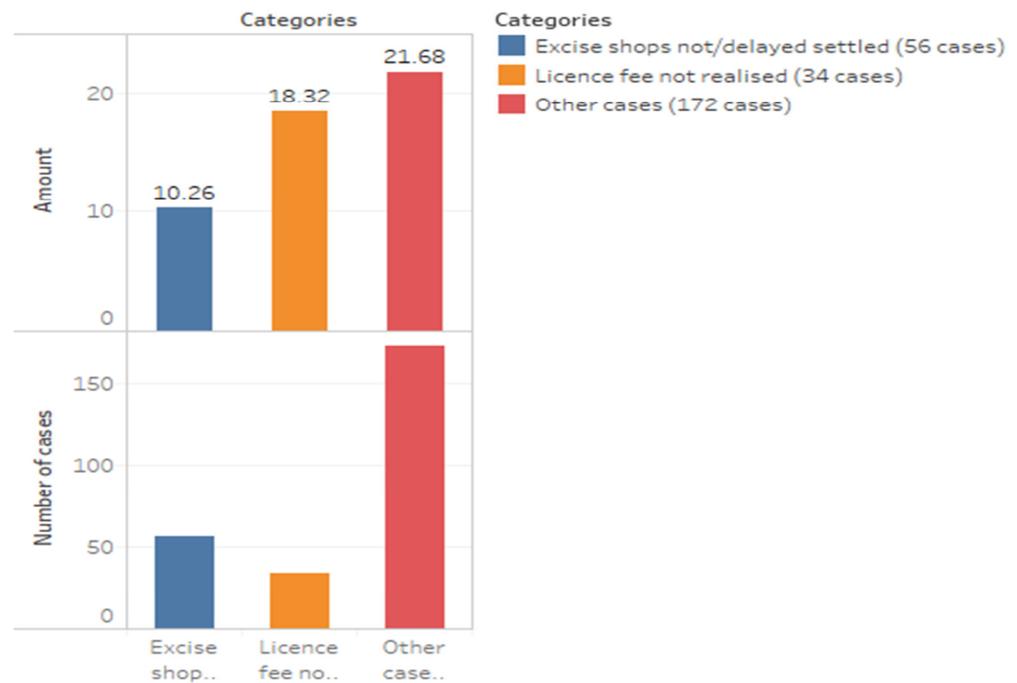
(₹ in crore)



Chart-5.2

B: State Excise

(₹ in crore)



(A) During 2015-16, the Revenue and Land Reforms Department accepted underassessment and other deficiencies *etc.* involving ₹ 60.84 crore in 10 cases, which were pointed out during the earlier years.

(B) During the period 2015-16, the Registration, Excise and Prohibition (Excise) Department accepted underassessment and other deficiencies *etc.* involving ₹ 41.24 lakh in eight cases, of which two cases involving ₹ 8.19 lakh was pointed out during 2015-16 and the rest in earlier years. Further, the Department reported recovery of ₹ 41.24 lakh in eight cases which were pointed out during the period between 2013-14 and 2015-16.

A few illustrative cases involving tax effect of ₹ 134.77 crore are mentioned in the following paragraphs.

5.4 Provisions of the Acts/Rules not complied

Our scrutiny of the records of the offices of the District Land Acquisition Officers, Additional/Deputy collectors, Land Revenue and Assistant Commissioners/Superintendent of Excise revealed that in several cases, compliance with the provisions of the Act/Rules and departmental orders were not done as mentioned in the following paragraphs. These cases are illustrative and are based on test-checks carried out by us. Omissions on the part of the departmental officers in some cases were pointed out by us previously, 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 and internal audit.

A: Land Revenue

5.5 Short remittances of establishment charges

District Land Acquisition officers did not ensure realisation and remittances of the establishment charges of ₹ 111.72 crore for lands acquired on behalf of requisitioning body/departments.

Rule 139 of the Bihar Land Acquisition Manual read with Government orders issued by the Revenue and Land Reforms Department, Government of Bihar vide letter No. 15/DLA Policy 01/04-1250 Rev. dated 15.05.2006 provides that establishment charges at the prescribed rates³ is to be levied and collected from the requisitioning Body/Department on the prescribed limit of compensation for the lands acquired by the District Land Acquisition Officers (DLAOs) on behalf of that Body/Government before the commencement of acquisition proceedings.

We scrutinised (between December 2015 and January 2016) the records/files relating to land acquisition in the offices of the DLAO, Bhagalpur and Bhojpur for the period of 2010-11 to 2015-16 relating to five out of 18 projects for which lands (*Raiyati*/Government) were acquired on behalf of four requisitioning authorities⁴ and observed that on a compensation amount of ₹ 856.68 crore (worked out on the basis of approved Mauja-wise Estimates), a sum of ₹ 170.86 crore was to be levied and collected as establishment charges

³ Prior to 15 May 2006, the rate of Establishment charge was five *per cent*, 10 *per cent*, 15 *per cent* and 20 *per cent* of the compensation amount and thereafter at the rate of 20 *per cent*, 25 *per cent*, 30 *per cent* and 35 *per cent*.

⁴ Bihar State Electricity Board; National Highway Authority of India; Bihar Rajya Pul Nirman Nigam Limited and Bihar State Road Development Corporation Limited.

for the period 2010-11 to 2015-16 against which an amount of ₹ 59.14 crore only was remitted into the treasury. This resulted in short remittances of establishment charges of ₹ 111.72 crore as detailed in **Annexure-XXXIV**.

We further observed (August 2016) that total compensation amount of ₹ 955.49 crore was received between March 2011 and August 2015. As there was no separate account of establishment charges maintained in the concerned District Land Acquisition Offices, actual collection of establishment charges against each project out of the total said receipt of the compensation amount could not be ascertained.

On this being pointed out, DLAO, Bhojpur (Ara) stated (April and August 2016) that a sum of ₹ 14.49 crore was remitted into treasury relating to three projects at the instance of audit, while the DLAO, Bhagalpur stated (January and August 2016) that a separate account for expenditure of establishment charges for each project would be maintained and action would be taken for remittances of balance amount into the treasury at the earliest. He further intimated (May 2016) that an amount of ₹ 7.35 crore had since been realised and remitted into treasury in one case of Pirpainti Thermal Power Project.

The matter was reported to the Government/Department in April 2016; we are yet to receive their reply (October 2016).

5.6 Revenue on transfer of Government land not realised

A sum of ₹ 11.68 crore relating to transfer of Government land was not realised from the requisitioning authority.

Rule 171 of the Bihar Government Estates (Khas Mahal) Manual, 1953 read with instruction (March 1991) issued by the Revenue and Land Reforms Department provides that settlement of Government land with Board, Corporation, Body, Authority etc. for commercial purposes shall be done on payment of current market value of the land as *Salami* and accumulated value of annual rent at the rate of five *per cent* of *Salami* for twenty five years.

We observed (January 2016) during scrutiny of files, records and relevant document of land acquisition projects in the office of the DLAO, Bhagalpur that Revenue and Land Reforms Department accorded (October 2014) sanction for the transfer of 20.825 acres of Government land⁵ to the Bihar State Power Holding Company Ltd. on payment of *Salami* and accumulated value of rent of ₹ 11.68 crore for establishment of Pirpainti Thermal Power Project. These lands were transferred (23 November 2015) to the requisitioning authority without realising the amount even after elapse of more

⁵

Details of Government land:

(Amount in ₹)

Mauza	Thana No./Khata No.	Area (in acre)	Amount to be realised
Harinkol	81/684	19.205	10,37,07,000
Sirmatpur	78/2649	1.620	1,31,22,000
Total		20.825	11,68,29,000

than 12 months of sanction. However, the Collector raised demand for ₹ 1.31 crore (September 2016) in one case relating to 1.62 acre land.

On this being pointed out, DLAO Bhagalpur stated (January 2016) that the action would be taken for the realisation of the amount related to the transfer of Government land at the earliest. Further reply is awaited.

The matter was reported to the Government/Department in April 2016; we are yet to receive their reply (October 2016).

5.7 Excess collection of contingency charges

Excess collection of contingency charges of ₹ 60.35 lakh in contravention of the provision of the Government resolution.

As per Government resolution issued (February 2007) under Bihar Land Acquisition Act, 1894, the requisitioning authority shall pay the contingency charges at the rate of 0.5 *per cent* on the estimated value of the land to be acquired for the project subject to maximum of ₹ 2 lakh for the purpose of rehabilitation survey, monitoring, stationary and other contingent expenses like vehicle and outsourcing of computer, computer operator, Amin, draftsman etc.

We observed between December 2015 and January 2016 from the relevant records/files and estimates of the cost of lands of four projects relating to land acquisition in the offices of DLAOs, Bhagalpur and Bhojpur that the DLAOs had collected the contingency charges of ₹ 68.35 lakh from the requisitioning authorities for acquisition of land for these projects during the period 2010-11 and 2015-16. The estimates of land of the projects were sub-divided into Mauja-wise estimate of the land and accordingly contingency charges were levied. However, these four projects attract contingency charges of ₹ 8 lakh only at the rate of ₹ 2 lakh for each project. Thus, the DLAOs had collected excess contingency charges of ₹ 60.35 lakh in violation of the provision of the Government resolution as detailed in **Annexure-XXXV**.

On this being pointed out, DLAO, Bhagalpur stated (January 2016) that after consultation with the Department proper action would be taken while DLAO Bhojpur stated (April 2016) that deduction at the rate of 0.5 *per cent* was made as per rule on the basis of village-wise revenue estimates. The reply of the DLAO Bhojpur was not in consonance with the fact that contingency charge was to be collected project-wise as per the above resolution.

The matter was reported to the Government/Department in April 2016; we are yet to receive their reply (October 2016).

5.8 Cess on the capitalised value of rent not levied

Cesses of ₹ 18.71 lakh as a percentage on the capitalised value of the annual rent for 25 years of the land under acquisition was not assessed/levied.

Sections 22 and 23 of the Bihar Land Reforms Act, 1950 read with instructions issued (June 2000) by the Revenue and Land Reforms Department provide for realisation of Education Cess, Health Cess, Agriculture development Cess and Road Cess at the rate of 50 per cent, 50 per cent, 20 per cent and 25 per cent respectively of capitalised value of annual rent of the lands for twenty five years.

We observed (between May 2014 and January 2016) in the offices of the DLAOs Bhagalpur, Bhojpur and Patna that land were acquired for 49 projects during the period 2000-01 to 2015-16. Out of this we scrutinised project estimates and other relevant documents of 16 projects (3,596.62 acres of land) and found that cesses on the capitalised value of the annual rent for 25 years of the land under acquisition was not assessed while finalising the estimates for the concerned projects. Thus, a sum of ₹ 18.71 lakh in shape of cess on the capitalised value of rent of ₹ 12.91 lakh was not levied.

On this being pointed out, DLAOs concerned stated (between July 2014 and January 2016) that the action would be taken for the realisation of cess in consultation with the Department. Further replies are awaited.

The matters were reported to the Government/Department between October 2014 and April 2016; we are yet to receive their reply (October 2016).

B: State Excise

5.9 Short realisation of licence fee of excise shops

Excise authorities cancelled 95 groups of excise shops with delay and did not cancel 33 groups of excise shops for not paying the monthly licence fee, which resulted in short realisation of Government dues amounting to ₹ 9.15 crore.

Rule 15 of the Bihar Excise (Settlement of licences for retail sale of country/spiced country liquor/Foreign liquor/beer and composite liquor shop) Rules, 2007 framed under the Bihar Excise Act, 1915 stipulates that after the acceptance of settlement through lottery by the licensing authority, one twelfth portion of the annual licence fee shall be paid by the settlee as a security money and an equal amount shall be deposited by the settlee as advance licence fee which will be adjusted in the last month of the excise year.

Further as per Rule 17 (2) of the Rules *ibid* read with clause 14(b) of condition of sale notification of excise shops, one twelfth part of annual licence fee of each shop shall be deposited by the licensees in the treasury of the district by the first day of the month, which in any event must be deposited by the 20th of the concerned month, failing which the license shall be cancelled and all deposited security money shall be forfeited.

5.9.1 Short realisation of licence fee of excise shops after cancellation of licence

We scrutinised the Settlement files, Demands, Collections and Balances Register and Security Deposit Register in 22 district excise offices⁶ and observed (between January 2015 and February 2016) that the licences of 95 groups of excise shops were cancelled during the period between August 2013 and October 2015 for not paying the monthly licence fee. Further, we observed that the licence of these excise shops were cancelled after a delay of 16 days to five months, though it was required to be cancelled after the 20th day of the same month of default. Thus, due to delay in cancellation of shops a sum of ₹ 6.95 crore remained unrealised till date of audit. No action was found on the record to have been initiated by the excise authorities for realisation of this Government due.

On this being pointed out, the Department stated (June 2016) that in cases of 16 districts⁷, the certificate cases were instituted against the defaulters, in Araria district action was taken to institute certificate case against the defaulters and in two districts (Begusarai and Nawada) action would be taken for lodging certificate case. In case of Aurangabad and Madhepura districts, the Department stated that outstanding licence fees had been adjusted with the available security deposit and for remaining outstanding licence fee, certificate case had been instituted. The reply is not in consonance with the fact that in case of default, security deposit should have been forfeited as per the provision of the Rules *ibid*.

5.9.2 Short realisation of licence fee where licence of excise shops were not cancelled

We further observed from the Settlement file and Demands, Collections and Balances Register in West Champaran (Bettiah) district excise office in August 2015 that the licensees of 33 groups of excise shops had stopped paying monthly licence fee from the period between October 2014 and January 2015. But the excise authorities did not cancel the licence of concerned excise shops even till the end of the financial year, though these shops were required to be cancelled after the 20th day of the same month of default. This resulted in short realisation of Government dues of ₹ 2.20 crore.

On this being pointed out, Superintendent of Excise (SE), West Champaran (Bettiah) stated (June 2016) that a sum of ₹ 2.45 lakh had since been recovered from licensee of one group and certificate cases have been instituted against the remaining licensees.

⁶ Araria, Aurangabad, Banka, Begusarai, Bhagalpur, Bhojpur (Ara), Buxar, Darbhanga, East Champaran (Motihari), Jehanabad, Katihar, Madhepura, Muzaffarpur, Nalanda (Biharsharif), Nawada, Purnea, Rohtas (Sasaram), Samastipur, Saran (Chapra), Supaul, Vaishali (Hajipur) and West Champaran (Bettiah).

⁷ Bhagalpur, Bhojpur (Ara), Buxar, Darbhanga, East Champaran (Motihari), Jehanabad, Katihar, Muzaffarpur, Nalanda (Biharsharif), Purnea, Rohtas (Sasaram), Samastipur, Saran, Supaul, Vaishali and West Champaran (Bettiah).

5.10 Undue favour to licensees due to irregular adjustment of security deposit

Security deposit was irregularly adjusted against outstanding monthly licence fee of excise shops.

Rule 15 of the Bihar Excise (Settlement of licences for retail sale of country/spiced country liquor/Foreign liquor/beer and composite liquor shop) Rules, 2007 framed under the Bihar Excise Act, 1915 stipulates that after the acceptance of settlement through lottery by the licensing Authority, one twelfth portion of the annual licence fee shall be paid by the settlee as a security money and an equal amount shall be deposited by the settlee as an advance licence fee which will be adjusted in the last month of the excise year.

Rule 17 (2) of the Rules *ibid* read with condition 14 of the sale notification of excise shops prescribes that the monthly instalment of licence fee shall be deposited by the licensee in the Government treasury of the district by the first day of the month, which in any event must be deposited by the 20th day of the month, failing which the licence shall be cancelled and all deposited security money shall be forfeited.

Further, Rule 21 of the Rules *ibid* provides that the security amount referred in Rule 15 of this Rules shall be refunded after the settlement period, if all the dues and claims of the State Government with regard to settled shop have already been paid by the licensees.

5.10.1 During scrutiny of settlement files and Demands, Collections and Balances Registers of the office of the Superintendent of Excise (SE), Madhepura, we observed (February 2015) that licences of six groups of excise shops were cancelled between 6 March 2014 and 31 March 2014 as they had not paid the monthly licence fee during the period between December 2013 and February 2014. We further observed that deposited security deposit was adjusted against the outstanding dues. The adjustment of security money of ₹ 20.48 lakh against outstanding dues was in contravention of the provisions of the Rules *ibid*, which stipulates forfeiture of security money in case of cancellation of excise shops. This resulted in not only irregular adjustment of security money of ₹ 20.48 lakh, but also undue favour to the licensees.

On this being pointed out, the Department stated (June 2016) that security money had been adjusted with outstanding licence fee. However the fact remains that instead of forfeiting the security money in case of default, it was irregularly adjusted with the outstanding licence fee.

5.10.2 Further, during scrutiny of settlement files and Demands, Collections and Balances Registers of the office of the Superintendent of Excise (SE), Katihar, we observed (October 2015) that the licensees of 26 groups of excise shops had not paid monthly licence fee for the period from December 2014 to February 2015, but the licensing Authority did not cancel the licences of these shops for default in payment of monthly licence fee. However, their deposited security money were adjusted from the outstanding dues in contravention to the provisions of the Rules *ibid*, which stipulates cancellation of excise shops and forfeiture of security money in case of default of payment of monthly licence fee. This resulted in not only irregular adjustment of security money of ₹ 1.22 crore, but also undue favour to the licensees.

On this being pointed out, the Department stated (June 2016) that in 17 cases outstanding licence fee of ₹ 87.51 lakh for the month of January 2015 was deposited through challan and there was no loss of revenue. However, we observed that the outstanding licence fee of February 2015 in these cases was adjusted against security money, which was irregular. The Department also accepted that outstanding licence fee was adjusted with security deposit in one case.

Chapter-VI

(Mines and Minerals)

CHAPTER VI: NON-TAX RECEIPTS

Non-ferrous Mining and metallurgical Industries

6.1 Tax administration

Mining of minerals is governed by the Bihar Minor Mineral Concession Rules (BMMC Rules), 1972 and Mineral Concession Rules (MC Rules), 1960 framed by the State Government under the Mines and Minerals (Development and Regulation) Act (MMDR Act), 1957. The regulation and development of mines and minerals are administered by the Mines and Geology Department with the Commissioner-cum-Principal Secretary as its head at the Government level. The Director of Mines is the head of the Department and is assisted by one Additional Director of Mines and three Deputy Directors of Mines (DDMs) at headquarters level. Further there are nine Deputy Directors of Mines at Divisional offices and at the district level, 14 district mining offices are headed by Assistant Director of Mines/Mining Development Officers independently whereas Mining Inspectors (MIs) are the in-charge of the remaining 24 district mining offices who are under the control of the Collector of the respective districts and are responsible for assessment, levy and collection of royalty and other mining dues.

Bihar State has minor minerals like sand, stone and earth and a few major minerals like Limestone, Mica, and Silica etc. Receipts from mines and minerals in Bihar comprise royalty, dead rent, surface rent, application fee for lease/permit/prospecting licence, pre-survey licence, penalty, fine and interest for delayed/belated payment of dues etc.

6.2 Internal Audit

The Internal Audit wing of any department is a special vehicle of the internal control mechanism and is generally defined as the control of all controls to enable an organisation to assure itself that the prescribed systems are functioning reasonably well. There is an internal audit wing called Finance (Audit), which works under the Finance Department and internal audit of the different offices of the Government is conducted on the basis of requisitions received from the Administrative Department. The Chief Controller of Accounts can also select units for internal audit on availability of audit team.

As informed by the Finance Department (August 2016), it did not conduct internal audit of the Mines and Geology Department during 2015-16.

Recommendation: the Department should ensure to send the requisition for internal audit to the Finance Department so that internal audit can be conducted regularly.

6.3 Results of audit

There are 56 auditable units under Mines and Geology Department, of which 35 were planned for audit during the year 2015-16 and we conducted the audit of all planned 35 units during the year. We found short levy, short realisation of revenue and other irregularities involving ₹ 229.78 crore in 261 cases which fall under the following categories as detailed in **Table-6.1**.

Table-6.1
Results of Audit

Sl. No.	Categories	(₹ in crore)	
		Number of cases	Amount
1.	Penalty not levied against works contractors for illegal procurement of minerals	33	65.14
2.	Stamp duty and registration fee not levied	19	56.11
3.	Royalty from brick kiln owner not realised	36	23.55
4.	Penalty not levied for illegal removal of brick earth	27	16.35
5.	Settlement amount not levied/short levied due to not/irregular settlement of Sand Ghat	5	12.53
6.	Penalty not levied for Mineral excavation without approval of Mining Plan	2	7.06
7.	Others	139	49.04
Total		261	229.78

The results of Audit in respect of our audit findings on receipts from mines and minerals during 2015-16 is depicted in the following **Chart-6.1**:

Chart-6.1
Results of audit



During the year 2015-16, the Department accepted short levy/not levy, short realisation of revenue and other irregularities *etc.* involving ₹ 8.97 crore in 38 cases, out of which four cases involving ₹ 4.46 crore were pointed out during 2015-16 and the rest in earlier years. The Department also reported recovery of ₹ 5.61 lakh in one case which was pointed out during the period 2014-15.

A few illustrative cases involving tax effect of ₹ 101.05 crore are mentioned in the following paragraphs.

6.4 Provisions of the Acts/Rules not complied

Our scrutiny of the records of the District Mining Officers revealed several cases where the provisions of the Acts/Rules and departmental orders were not complied with as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test-check carried out in audit. Omissions on the part of the departmental officers in some cases were pointed out by us previously, 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.

6.5 Penalty for illegal procurement of minerals

6.5.1 Penalty for illegal procurement of minerals by works contractors not levied

Due to lack of inter-departmental coordination, penalty of ₹ 44.69 crore against the works contractors for illegal procurement of minerals was not levied.

Rule 40 (10) of the Bihar Minor Mineral Concession (BMMC) Rules, 1972 provides that works contractor shall purchase the minerals from lessee/permit holder and authorised dealers only and no works department shall receive the bill which the works contractors submit to recover cost etc. of mineral used by them in completion of the works unless the same is accompanied with prescribed forms 'M' and 'N' describing the names and addresses of the dealers from whom the minerals were purchased. The Department also notified (January 2006) that no payment of bills shall be made without the production of form 'M' and 'N' by the works contractors. It shall be the duty of the officer, who receives the said bill to send the photocopy of the forms and particulars to the concerned Mining Officer (MO). If contents of the forms/affidavit on verification by the concerned MO reveals that minerals were not purchased from any authorised lessee, it shall be presumed that the concerned mineral were obtained by illegal mining, and in such case MO shall take action as prescribed in these Rules against the maker of the affidavit.

Further, Section 21 (5) of the Mines and Minerals (Development and Regulation) Act, 1957 read with Rule 40(8) of the BMMC Rules, 1972 provides that whenever any person raises without any lawful authority, any mineral from any land, the State Government may recover from such person the minerals so raised or where such minerals has already been disposed off the price thereof, and may also recover from such person rent, royalty or taxes as the case may be for the period, during which the land was occupied by such person without any lawful authority.

We observed from the revenue collection report of 20 District Mining offices¹ and the district treasury records between March 2015 and February 2016 that a

¹ Araria, Darbhanga, Gaya, Kaimur (Bhabhua), Katihar, Kishanganj, Lakhisarai, Madhepura, Madhubani, Munger, Muzaffarpur, Patna, Purnea, Rohtas, Samastipur, Saran, Sheikhpura, Sitamarhi, Siwan and West Champaran.

sum of ₹ 44.69 crore was deposited by the 33 works divisions² in form of royalty under the head “0853 Non-ferrous Mining and Metallurgical Industries” during the period between 2012-13 and 2014-15 which was deducted from the bills of the works contractors. These works divisions did not send the particulars of the minerals³ used by the works contractors to the concerned District Mining Offices for verification. Instead the works divisions, though they are not authorised to do so, deducted the royalty from the bills of works contractors against use of minerals. This indicates that the minerals were not purchased from the permit holder/authorised dealers. Further, MOs on receipt of the deduction of royalty by the works divisions did not initiate any follow up action to stop illegal procurement of minerals and the MOs also did not raise the demand for minimum penalty at least equivalent to royalty of ₹ 44.69 crore from the works contractors through works department.

Thus, due to lack of inter-departmental coordination, penalty against the works contractors through works department to stop the illegal procurement of minerals was not levied.

On this being pointed out, the Department stated (September 2016) that the Mines and Geology Department had issued various letters (between May 2002 and May 2012) to all the works divisions and instructed that no payment of bills shall be made without the production of form ‘M’ and ‘N’ by the works contractors. Further, with approval of the Chief Secretary, Government of Bihar, the Mines and Geology Department had issued (January 2016) instruction to all works divisions/Corporations in this regard. The Department further added that the Department proposed to formulate new rules to make it more stringent and steps were on to make the works department liable to ensure that the contractors procured minerals from the authorised quarries.

6.5.2 Penalty for illegal use of ordinary earth not levied

Penalty of ₹ 7.80 crore was not levied on works contractors for extraction of ordinary earth without obtaining requisite quarrying permits.

Ordinary earth used for filling or levelling purpose in construction of embankments, roads, railways and buildings is a minor mineral. In this regard the Government of Bihar vide Gazette Notification (April 2006) fixed the rate of royalty of ordinary earth as ₹ 15 per cubic metre which was further revised (January 2012) to ₹ 22 per cubic metre. Under Rule 27 and 28 of the BMMC Rules, any quarrying activities require sanction of the competent authority on payment of requisite fee.

Rule 40(1) of the BMMC Rules prescribes initiation of criminal proceedings attracting punishment of simple imprisonment that may extend to six months

² **Rural Works Divisions**-Araria, Benipatti (Madhubani), Bettiah, Bhabhua, Darbhanga-II, Gaya West, Kishanganj, Lakhisarai, Madhepura, Manihari, Katihar, Munger, Muzaffarpur-I, II and West, Paliganj (Danapur), Patna, Purnea, Rohtas-I and II, Samastipur, Saran (Chapra)-I and II, Sheikhpura, Sitamarhi and Siwan; **Public Works Department-Road Divisions**-Darbhanga and Patna; **National Highway Divisions**- Gaya and Madhepura; **Bihar Rajya Pul Nirman Nigam Ltd.**- Darbhanga and Sitamarhi and **Bihar State Building Construction Corporation**- Works II-Patna.

³ Stone, Sand, Stone Chips, Murrum etc.

or with fine which may extend to rupees five thousand or both. Further, Rule 40 (8) of the Rules *ibid* prescribes the penalty for illegal mining which includes recovery of the price of the mineral, rent, royalty or taxes as the case may be.

We observed between February 2015 and February 2016 from lease files/Bank Draft Register in eight District Mining offices⁴ that ₹ 7.80 crore was deducted/deposited by the works contractors as royalty during the period from 2011-12 to 2014-15 for use of mineral in earth work. We further observed that works contractors who had removed the minor mineral had not obtained the requisite quarrying permit for the same. Thus, the contractors removed the earth illegally for which they were liable to pay minimum penalty atleast equivalent to the amount of royalty of ₹ 7.80 crore in terms of the Rules *ibid*. However, the MOs concerned had neither levied penalty of ₹ 7.80 crore nor initiated any action for criminal proceedings in accordance with the provision of the BMMC Rules.

On this being pointed out, the Department stated (September 2016) that the objection should not be raised in the light of Rule 40(8), rather it should be read with the provision of Rule 40(10), which has given the discretion to the MO, not to take other penal action, if the works contractor deposits royalty.

The reply is not tenable as Rule 40(10) of the BMMC Rules is applicable in case where the work contractor deposits or pays the royalty in respect of the minerals consumed/supplied by him as shown in the affidavit in Form 'M'. This case relates to the excavation of ordinary earth without valid permit, attracting the provision of Rule 40(1) of the Rules *ibid* which stipulates that mining of ordinary earth without obtaining requisite quarrying permit is illegal. Hence penalty was leviable under Rule 40(8) of the Rules *ibid*. Moreover, MOs Bhagalpur and Kaimur stated (May 2016) that demand had been raised in all five cases between January and April 2016 against the concerned contractors for payment of penalty after being pointed out in audit.

6.6 Short realisation of stamp duty and registration fee on settlement of sand *ghats*

Stamp duty and registration fee of ₹ 47.88 crore was not realised from the settlees of sand *ghats*.

As per the new Sand Policy, 2013, an agreement relating to the settlement of sand *ghats* shall be executed with the settlee within 60 days from the date of issue of the work order in prescribed form and the registered document shall be submitted after paying stamp duty at the rate of three *per cent* and registration fee at the rate of four *per cent* of the settlement amount.

We observed between November 2015 and February 2016 from the settlement files of all sand *ghats* in nine District Mining offices⁵ that these sand *ghats* were settled in the year 2015 on a settlement amount of ₹ 737 crore for a period of five calendar years. The settlees of sand *ghats* had paid stamp duty

⁴ Bhagalpur, Kaimur, Lakhisarai, Madhepura, Madhubani, Muzaffarpur, Samastipur and Sitamarhi.

⁵ Banka, Bhagalpur, Buxar, Kaimur, Lakhisarai, Madhubani, Munger, Muzaffarpur and Patna.

of ₹ 2.83 crore against the payable stamp duty of ₹ 22.11 crore. We further observed that out of nine, eight settlees⁶ had neither paid registration fee of ₹ 22.95 crore on the settlement amount nor got the agreement registered for the settlement period 2015-19 while one settler⁷ had paid the Registration fee short by ₹ 5.65 crore. This resulted in short realisation of revenue of ₹ 47.88 crore in shape of stamp duty and registration fee.

On this being pointed out, the Department stated (August and September 2016) that the auction amount was payable on yearly basis and hence there was no short realisation rather it was collection of revenue on annual basis. However, the matter would be referred to the Registration Department for opinion. The reply is not tenable as the settlement of sand *ghats* was done for five years and hence the agreement should have also been done for the period of five years as per the provision of Section 17(1) (d) of the Indian Registration Act, 1908, which provides that lease documents of immovable property from year to year or for any terms exceeding one year shall be registered.

6.7 Short realisation of settlement amount and interest from settler of sand *ghats*

Inaction on part of MOs to realise the settlement amount from the settler of the sand *ghats* resulted in short realisation of royalty and interest.

Rule 11A of the BMMC Rules, 1972 provides that settlement of sand as minor mineral will be done by public auction by the Collector to the highest bidder on annual basis. As per notification issued (March 2013) by the Department, the settlement amount shall be paid in one lumpsum for the settlement period from 1 April 2013 to 31 December 2013. Further, New Sand Policy, 2013 and notification issued (December 2013) thereunder provide that the settlement amount shall be paid in three instalments⁸. Rule 43A of the Rules *ibid* provides levy of simple interest at the rate of 24 *per cent* per annum on the outstanding rent, royalty or fee.

- We observed (June 2015) from scrutiny of files of settlement of sand *ghat* in the District Mining office, Gaya that the sand *ghat* was settled at ₹ 37.32 crore for the period 1 March 2014 to 31 December 2014. The settler of the sand *ghat* had paid the settlement amount with a delay ranging between five days and 149 days, but the MO concerned did not levy the interest of ₹ 43.22 lakh.

⁶ **Bhagalpur:** Sainik Food (P) Ltd., Muradabad; **Buxar:** Sri Katyayni Contractors (P) Ltd. Bihta, Patna; **Kaimur:** Champion Group of Companies, Kaimur; **Lakhisarai:** Rajnandani Project Pvt. Ltd. Bander Bagicha, Patna; **Madhubani:** Md. Masiha, Laukaha, Madhubani; **Munger:** N.M. Food Product, Sri Ganganagar, Rajasthan; **Muzaffarpur:** Sri Umesh Kr., Ahiapur, Muzaffarpur; **Patna:** Brodson Commodities (P) Ltd. Ara, Bhojpur.

⁷ **Banka:** Mahadeo Enclave (P) Ltd. Jaipur, Rajasthan.

⁸ First instalment- 50 *per cent* of the settlement amount before issue of the work order;
Second instalment- 25 *per cent* of the settlement amount by 15th April; and
Third instalment- 25 *per cent* of the settlement amount by 15th September.

- We observed (February 2015) from scrutiny of files of settlement of sand *ghats* in the District Mining office, Vaishali that the sand *ghat* was settled at ₹ 21 lakh for the period 1 April 2013 to 31 December 2013 with a condition to pay the whole settlement amount in lumpsum. The settlee of the sand *ghat* had paid only ₹ 14.24 lakh with a delay ranging between 34 and 284 days and the remaining sum of ₹ 6.76 lakh was not paid till January 2015. The MO concerned did not raise demand for the outstanding settlement amount and also did not levy interest of ₹ 4.87 lakh calculated till 31 January 2015. The total revenue impact was ₹ 11.62 lakh (settlement amount: ₹ 6.76 lakh and interest: ₹ 4.86 lakh).

On this being pointed out, the Department accepted the facts and stated (September 2016) that in case of Gaya, Revenue Recovery Certificate had been instituted against the defaulter for realisation of ₹ 43.22 lakh (case no. 396/2015-16) against which the settlee had appealed in the court of Mines Commissioner for revision, while in case of Vaishali the Department stated that the action would be taken to institute the Revenue Recovery Certificate.

6.8 Amount towards Separate Corpus Fund not realised

An amount of ₹ 13.26 lakh towards Separate Corpus Fund was not realised by the concerned Mining Officers.

As per Rule 54 of the BMMC Rules, 1972 as amended by the BMMC (Amendment), Rules, 2014 read with clause 9 of the New Sand Policy 2013, the successful bidder had to deposit two *per cent* of the settlement amount annually towards Separate Corpus Fund for renovation and rehabilitation of sand extraction areas within three months from the date of theoretical sanction order for excavation of sand from the Sand *ghats*.

During scrutiny of files relating to settlement of Sand *ghats* and Bank Draft Register for the calendar year 2015-19 in two District Mining offices (Bhagalpur and Madhubani), we observed between November 2015 and January 2016 that the sanction order/work order for excavation of sand from the Sand *ghats* of these districts were accorded for the calendar year 2015 (between March and August 2015) on an amount of ₹ 4.90 crore and ₹ 78.70 lakh respectively and also for ₹ 94.44 lakh for the year 2016 in Madhubani district. The conditions of the settlement of sand *ghats* stipulate that in the second year and in the subsequent years, the settlement amount shall be equivalent to 120 *per cent* of the settlement amount for the previous years.

The settlees of the Sand *ghats* were required to deposit two *per cent* of settlement amount towards Separate Corpus Fund within three months from the date of issuance of sanction order. We, however, observed that the settlees of these Sand *ghats* did not deposit the requisite amount of ₹ 13.26 lakh⁹

⁹ Calculation:

				(Amount in ₹)
District	Name of the settlee	Year	Settlement Amount	Amount to be realised towards Corpus fund at the rate of two <i>per cent</i>
Bhagalpur	M/s Sainik Food Pvt. Ltd.	2015	4,90,00,000	9,80,000
Madhubani	Md. Masiha	2015	78,70,000	1,57,400
		2016	94,44,000	1,88,880
Total			6,63,14,000	13,26,280

towards Separate Corpus Fund till the date of audit (November 2015) even after lapse of more than three months. The concerned MOs did not initiate any action in this regard.

On this being pointed out, the Department accepted the facts and stated (September 2016) that the amount would be realised.

6.9 Provision of the conditions for settlement of sand ghats not adhered

Settlees of sand ghats were allowed to excavate sand without obtaining Environment Clearance Certificate.

Rule 11 of the BMMC Rules, 1972 as amended by the BMMC (Amendment), Rules, 2014 read with provisions of the New Sand Policy, 2013 provide that the Sand *ghats* shall be settled for five years through tender-cum-auction. The successful bidder of the Sand *ghats* shall submit the Environment Clearance Certificate within 90 days for the area less than 50 hectares and within 120 days for the area of 50 hectares and above from the date of the theoretical sanction. If the successful highest bidder failed to submit the Environment Clearance Certificate, his/her security deposit shall be forfeited and the Collector/Officer authorised by the State Government shall give an opportunity to the second highest bidder to submit the required documents within the prescribed period of time. Further, Government allowed (December 2014) extraction and dispatch of sand with effect from January 2015 after obtaining an affidavit from the settlee in proof of action being taken as per Rule to obtain the approved Mining Plan and the Environment Clearance Certificate and their subsequent submission within the prescribed time.

During scrutiny of files related to the settlement of Sand *ghats*, we observed (between May 2015 and February 2016) that in 15 District Mining offices¹⁰, the Sand *ghats* were settled for the period of five calendar years (2015-19) through tender-cum-auction between October 2014 and August 2015 to the highest 15 bidders for an settlement amount of ₹ 164.80 crore with enhancement of 20 *per cent* of the settlement amount in the next consecutive years. The theoretical sanction orders were issued between November 2014 and August 2015. The settlees of the Sand *ghats* had submitted the required affidavit and subsequently the Collectors of the concerned districts had issued work order (between December 2014 and August 2015) for extraction of the sand. Further, Mining Officers concerned had also issued transit passes for transportation of sand from the respective Sand *ghats*. However, the settlees had not submitted the Environment Clearance Certificate to the concerned authorities within the prescribed period as stated in the affidavit and also even after the end of the first year of the settlement of the Sand *ghats*. The Department took no action to instruct the Collector to cancel the said lease and forfeit the security deposit of the settlees for not furnishing the Environment Clearance Certificate as required under the Sand Policy.

We further observed that the work orders for the extraction of the sand from the settled Sand *ghats* were again issued in three districts¹¹ for subsequent

¹⁰ Arwal, Bhagalpur, Buxar, Jehanabad, Kaimur, Lakhisarai, Madhepura, Madhubani, Motihari, Munger, Muzaffarpur, Nawada, Patna, Rohtas and Vaishali (Hajipur).

¹¹ Madhepura, Madhubani and Patna.

years without ensuring the required Environment Clearance Certificate. This not only tantamounts to encouraging illegal extraction of sand but also prompted the Hon'ble National Green Tribunal to give direction (January 2016) to the State Government to stop the excavation of sand from the sand *ghats*. Further, the Department also had not issued any instruction to the concerned Collectors/Mining Officers to cancel the settlement for not complying the aforesaid provision.

On this being pointed out, the Department stated (August 2016) that presently the sand *ghats* were being operated after obtaining the Environment Clearance Certificate from the appropriate authority. The reply is not tenable as the sand *ghats* were operated up to January 2016 without Environment Clearance Certificate in violation of the provisions of the policy/rules.

Patna
The 14 February 2017


(DHARMENDRA KUMAR)
Accountant General (Audit), Bihar

Countersigned

New Delhi
The 17 February 2017


(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

Annexures

ANNEXURE-I
(Ref: Paragraph-2.4.8 – 1st bullet)
Defalcation of Government revenue

(Amount in ₹)

Sl. No.	Registration No.	Purchase date	Registration date	Vehicle class	Sale amount	GVW	Seating capacity	Tax	Dealer code	Receipt No.	Receipt date	Remarks
1.	BR22Q 6403	23-03-2011	26-12-2013	102	481100	1900	1	56289	tax	TA19390	14-01-2015	Receipt No. "TA19346 to TA19389" was generated by software on 14.01.2016. Further this transaction was not appeared in cash report on 14.01.2015, as the software generated receipt no. 7223 to 7289 on that day. The amount appeared in cash book on 14.01.2015 was the same as in cash report of that day. The tax receipt date of vehicle mentioned at Sl. No. 2 was 351 days prior to purchase date.
2.	BR22GA1790	31-12-2015	31-12-2015	102	548250	1760	1	24671	tax	TA19391	14-01-2015	
3.	BR22GA2222	15-12-2015	15-12-2015	15	997061	2510	7	69794	tax	TA18238	15-12-2015	The receipt no. TA18160 to 18237 was generated on 17.12.2015. Further these transactions were not appeared in earlier report, as the software generated receipt no. 18051 to 18098 on that day. The figure in cash book was same as in earlier copy of cash report.
4.	BR22V 1277	14-12-2015	15-12-2015	15	605809	1415	5	42407	tax	TA18492	15-12-2015	
5.	BR22Q 5435	30-07-2013	05-08-2013	105	597742	4450	3	21000	tax	TA17714	04-12-2015	The receipt no. TA17670 to TA17713 was generated on 05.12.2015. Further this vehicle was not appeared in earlier copy of report kept in office. The receipt no. 17596 to 17669 was generated by the system on that day. The figure in cash book was same as in earlier copy of report.
6.	BR22Q 6313	05-02-2011	16-11-2013	102	399039	1755	1	46388	tax	TA18789	17-08-2015	The receipt no. TA18729 to TA18788 was generated on 31.12.2015. Further, copy of earlier report was not made
7.	BR22Q 6373	27-02-2013	04-12-2013	102	514524	1090	1	69075	tax	TA18790	17-08-2015	
8.	BR22Q 5762	11-09-2013	13-09-2013	102	416190	1755	1	56185	tax	TA18791	17-08-2015	

9.	BR22Q 5765	13-09-2013	20-09-2013	102	349524	1765	1	47186	tax	TA18792	17-08-2015	available. In cash book the figure was taken after excluding the amount of these vehicles.
10.	BR22V 1515	28-07-2012	22-08-2015	15	649523	2510	7	45467	tax	TA17063	22-08-2015	The receipt no. TA16974 to 17062 was generated on 21.11.2015. Further, copy of earlier report was not made available. In cash book the figure was taken after excluding the amount of these vehicles.
11.	BR22V 8282	10-08-2012	22-08-2015	15	1171322	2450	7	81993	tax	TA17064	22-08-2015	
12.	BR22GA1420	28-03-2015	17-10-2015	102	348000	1765	1	46980	tax	TA19577	31-08-2015	The receipt no. TA19511 to TA19576 was generated on 19.01.2016. Further, copy of earlier report was not made available. In cash book the figure was taken after excluding the amount of these vehicles.
13.	BR22GA1485	28-03-2014	25-11-2015	102	465714	2010	1	62871	tax	TA19578	31-08-2015	
14.	BR22V 7676	14-10-2015	14-10-2015	15	550000	2700	7	45467	tax	TA16973	14-10-2015	Receipt no. "TA16944 to TA16972" was generated on 20.11.2015. Further, this vehicle was not appeared in earlier report copy kept in office. The receipt no. 16088 to 16119 was generated by the system. The figure in cash book was same as in earlier copy of report.
15.	BR22Q 6314	27-10-2012	11-12-2013	102	491904	1090	1	64563	tax	TA19130	08-12-2016	Receipt no. TA19045 to TA19132 was generated on 8.1.2016. These vehicles was not appeared in the copy of report generated by system.
16.	BR22GA1482	11-10-2008	30-11-2015	102	406846	1745	1	38752	tax	TA19131	08-12-2016	
17.	BR22Q 7322	19-04-2013	25-03-2014	102	309000	2010	3	41715	tax	TA19132	08-01-2016	Receipt no. "TA19130" was generated on 8.12.2016.
18.	BR22GA1072	12-09-2015	12-09-2015	102	400000	1900	2	18000	tax	TA15321	18-09-2015	Receipt no. TA15319 was generated on 24.9.2015.
19.	BR22GA1108	27-07-2015	27-07-2015	102	219048	780	1	14786	tax	TA15375	24-09-2015	Receipt no. TA15373 was generated on 26.9.2015.
20.	BR22Q 9215	22-12-2014	22-12-2014	102	480000	2010	1	21600	tax	TA7280	09-01-2015	Receipt no. TA7277 was generated on 14.1.2015.

21.	BR22Q 9394	10-01-2015	13-01-2015	102	496191	1815	1	22328	tax	TA8821	13-01-2015	Receipt no. TA8805 was generated on 2.3.2015.
22.	BR22Q 8637	11-10-2014	16-10-2014	105	249834	1285	2	11000	tax	TA3719	18-10-2014	Receipt no. TA3717 was generated on 20.10.2014.
23.	BR22J 9706	28-03-2015	08-04-2015	3	74256	285	2	5198	tax	TA10446	08-04-2015	Receipt no. TA10444 was generated on 11.4.2015.
24.	BR22J 9683	15-05-2015	21-05-2015	3	48672	120	2	3407	tax	TA11549	21-05-2015	Receipt no. TA11548 was generated on 22.5.2015.
25.	BR22P 7294	30-04-2015	25-05-2015	52	319468	1750	8	22363	tax	TA11654	25-05-2015	Receipt no. TA11652 was generated on 26.5.2015.
26.	BR22GA0469	20-05-2015	01-06-2015	105	464069	2960	2	16500	tax	TA12034	05-06-2015	Receipt no. TA12033 was generated on 6.6.2015.
27.	BR22J 9816	28-05-2015	10-06-2015	3	34623	238	2	2424	tax	TA12154	10-06-2015	Receipt no. TA12152 was generated on 11.6.2015.
28.	BR22Q 8497	06-11-2009	16-09-2014	102	386462	2710	1	10307	tax	TA3247	30-09-2014	Receipt no. TA3246 was generated on 7.10.2014.
29.	BR22Q 8475	09-09-2014	09-09-2014	102	560000	2250	1	11200	tax	TA3248	30-09-2014	
30.	BR22B 2626	02-05-2001	08-05-2001	52	500000	2350	11	6975	tax	TA4285	01-11-2014	Receipt no. TA4286 was generated on 31.10.2014.
31.	BR22Q 9737	26-02-2015	26-02-2015	102	214286	780	1	9643	tax	TA9262	13-03-2015	Receipt no. TA9259 was generated on 14.3.2015.
32.	BR22Q 9751	26-02-2015	26-02-2015	102	0	780	1	9643	tax	TA9263	13-03-2015	
33.	BR22P 7142	18-02-2015	12-03-2015	18	1028426	2555	7	71990	tax	TA9542	12-03-2015	Receipt no. TA9541 was generated on 20.3.2015.
34.	BR22GA0469	20-05-2015	01-06-2015	105	464069	2960	2	16500	tax	TA12034	05-06-2015	Receipt no. TA12033 was generated on 6.6.2015.
35.	BR22P 7758	18-10-2015	29-10-2015	51	180336	780	4	6000	tax	TA16557	02-11-2015	Receipt no. TA16556 was generated on 3.11.2015.
Total								1140667				

ANNEXURE-II
(Ref: Paragraph-2.4.8 - 2nd bullet)
Defalcation of Government revenue

(Amount in ₹)

Sl. No.	Name of District	No. of receipts cancelled	Amount involved	Period of cancel receipts between	Fresh receipts issued				Fresh receipts not issued against cancelled receipts but tax shown cleared/ smart card issued		Total loss (9+11)
					No. of fresh receipts	Amount involved	Amount of fresh receipts	Short amount	No. of receipts	Amount involved	
1	2	3	4	5	6	7	8	9	10	11	12
1.	West Champaran	41	1173433	March 2013 and January 2016	37	1155679	672232	483447	4	17754	501201
2.	Saharsa	16	409047	September 2011 and December 2015	13	298492	202677	95815	3	110555	206370
3.	Kaimur	17	242236	March 2013 and February 2016	11	179886	112443	67443	6	62350	129793
4.	Purnea	6	83199	May 2011 and May 2015	1	1200	1200	0	5	81999	81999
5.	Katihar	1	11250	August 2013	1	11250	9000	2250	0	0	2250
Total		81	1919165		63	1646507	997552	648955	18	272658	921613

ANNEXURE-III
(Ref: Paragraph-2.4.10.1)
Registration of vehicles on reduced sale amount

(₹ in lakh)

Sl. No.	Name of district	Purchase date	Registration date	No. of vehicle	Sale value on which tax levied	Tax collected	Actual sale value as per VAHAN database	Difference in sale value	Actual tax payable	Difference in tax
1.	Saharsa	Feb 11 to Mar 16	May 11 to Mar 16	125	300.00	20.59	495.65	195.65	34.15	13.56
2.	Purnea	Dec 12 to Apr 14	Dec 12 to Apr 14	2	8.22	0.57	10.01	1.79	0.69	0.12
3.	Katihar	Nov 12 to Oct 14	Nov 12 to Oct 14	5	1.68	0.11	2.76	1.08	0.18	0.07
Total				132	309.9	21.27	508.42	198.52	35.02	13.75

ANNEXURE –IV
(Ref: Paragraph-2.4.10.3)
Plying of vehicles with same registration number

Sl. No.	Registration no.	Purchase date	Registration date	Owner's name	Model	Chasis no.	Engine no.	District	Tax from	Tax upto
1.	BR05G 8265	10/11/2003	25/11/2003	Mange Yadav	Tata truck	426921PQZ71 7769	274315	Bettiah	25-11-2003	27-02-2013
	BR05G 8265	20/12/2012	11/01/2013	Anil Chaudhary	LPT1109 HEX2 BSIII	MAT457403C 7N43297	497TC92NXY865110	Motihari	21/01/2013	11/04/2014
2.	BR05M 1101	10/05/1990	15/05/1990	S. Khatoon	Tata truck	357011934941	497SP21948103	Bettiah	01-01-2011	31-12-2015
	BR05M 1101	28/08/2013	31/08/2013	Jai Prakash Sah	Discover 100	MD2A51BZ0 DPD00736	PAZPDD79120	Motihari	28/08/2013	27/08/2028
3.	BR05M 1703	20/04/2001	15/05/2001	Md. Nurain Khan	Tata model 407	357011929007	497SP21930951	Bettiah	01-10-2013	31-03-2016
	BR05M 1703	02/12/2013	04/12/2013	Shailendra Kumar	Electra 350	ME3U3S5C0D L338032	U3S5C0DL338032	Motihari	02-12-2013	01-12-2028

ANNEXURE –V
(Ref: Paragraph-2.4.13.1

One time tax and penalty not levied/short levied

Type of vehicle	Number of office involved	Amount of OTT/penalty not realised/short realised (₹ in lakh)	Rate of OTT applicable	Audit observation
Tractor (commercial)	Nine DTOs ¹	45.80	One per cent w.e.f. 9.4.2010; Two per cent w.e.f. 1.4.2013 and 4.5 per cent w.e.f. 19.9.2014.	Out of 10,976 tractors registered between April 2011 and March 2016, OTT of ₹ 7.91 lakh was short realised from 96 tractors and penalty of ₹ 37.89 lakh was not imposed/imposed short on 524 tractors.
	Six DTOs ²	215.68	- do -	Out of 8,234 tractors registered between February 2013 and March 2016, the owners of 334 tractors did not pay OTT.
	Begusarai	4.66	4.5 per cent w.e.f. 19.9.2014	Out of 51 tractors registered between 16 September 2014 and 7 October 2014, OTT was levied on 38 tractors at pre-revised rate due to delay mapping of the revised rate in the VAHAN. Thus, differential tax was not realised.
Tractor (Agricultural)	West Champaran	2.20	₹ 3,000 (upto 25 HP) and ₹ 5,000 (above 25 HP)	Out of 511 agricultural tractors registered between November 2012 and April 2013, OTT was short realised from 347 tractors registered for agriculture purpose due to levy of tax prescribed for commercial tractor (till 31 March 2013 rate of tax was one per cent of the cost).
Motor/Maxi cab	Seven DTOs ³	16.19	Five per cent w.e.f. 1.4.2013 and Seven per cent w.e.f. 19.9.2014	Out of 2,710 maxi/cabs registered between April 2013 and February 2016, OTT of ₹ 4.65 lakh was short realised from 30 vehicles and penalty of ₹ 11.54 lakh was not imposed/imposed short on 90 vehicles.

¹ Begusarai, Kaimur, Katihar, Kishanganj, Nalanda, Purnea, Rohtas, Saharsa and West Champaran.

² Begusarai, Kaimur, Nalanda, Patna, Rohtas and West Champaran.

³ Begusarai, Katihar, Nalanda, Purnea, Rohtas, Saharsa and West Champaran.

	DTOs Begusarai and Purnea	3.33	- do -	The rate was revised on 19.09.2014 but out of 44 maxi/cabs registered between 11 September 2014 and 7 October 2014, OTT was levied on 36 taxi/cabs at pre-revised rate due to delay mapping of the revised rate in the VAHAN. Thus, differential tax was not realised.
	DTO Patna	12.64	- do -	Out of 541 maxi/motor cabs registered between May 2015 and March 2016, the owners of 11 vehicles did not pay OTT.
Three wheeler	Four DTOs ⁴	1.98	₹ 6,000 (for 10 years upto five seater), ₹ 9,000 (for 15 years upto five seat) ₹ 9,000 (for 10 years upto seven seat) ₹ 13,500 (for 15 years upto seven seat)	Out of 7,636 three-wheelers registered between September 2013 and November 2015, penalty was not imposed on 35 three-wheelers for belated payment of OTT.
	DTOs, Begusarai and Patna	35.10		Out of 4,539 three-wheelers registered between August 2014 and March 2016, the owners of 128 vehicles did not pay OTT.
Light Goods Vehicles (Gross Vehicle Weight upto 3000 kgs.)	Five DTOs ⁵	35.20	₹ 7,700 (upto 1,000 kgs. GVW) ₹ 5,500 per 1,000 kgs for GVW above 1,000kgs and upto 3,000 kgs w.e.f. 1 April 2011.	Out of 4,422 LGV (GVW upto 3,000 kgs) registered between January 2012 and February 2016, penalty was not imposed on 512 vehicles for belated payment of OTT.
Personalised vehicles (LMV)	Five DTOs ⁶	4.07	Five <i>per cent</i> of the cost of vehicle w.e.f. 1.4.2011 and Six <i>per cent</i> for the vehicles costing upto ₹ four lakh and seven <i>per cent</i> for the vehicles costing more than ₹ four lakh w.e.f. 1 April 2012.	Out of 50,971 LMV registered between April 2011 and February 2016, OTT was levied short on 148 vehicles.
Total		376.85		2,329 vehicles

⁴ Kaimur, Nalanda, Purnea and West Champaran.

⁵ Begusarai, Kaimur, Katihar, Purnea and West Champaran.

⁶ Kaimur, Katihar, Rohtas, Saharsa and West Champaran.

ANNEXURE-VI
(Ref: Paragraph-2.6)
Motor vehicle taxes not realised

(Amount in ₹)

Sl. No.	Name of the DTOs	No. of registered transport vehicles	No. of vehicles test checked	No. of defaulter vehicles	Period for which tax was not paid	TAX			Penalty	Tax not realised
						Road Tax	Green Tax	Total		
1.	Arwal	99	99	63	between March 2011 and January 2015	1687601	3160	1690761	3381522	5072283
2.	Aurangabad	1698	285	96	between December 2012 and January 2015	892877	26123	919000	1838000	2757000
3.	Banka	263	161	18	between February 2012 and March 2015	316272	17189	333461	666922	1000383
4.	Bhagalpur	3864	385	9	between February 2012 and March 2015	192501	0	192501	385002	577503
5.	Bhojpur	3412	180	8	between June 2013 and March 2015	103842	0	103842	207684	311526
6.	Buxar	754	158	30	between January 2012 and September 2014	360231	3488	363719	727438	1091157
7.	Darbhanga	3410	139	42	between May 2012 and January 2015	424686	15149	439835	879670	1319505
8.	East Champaran	3502	300	79	between February 2013 and November 2014	845616	20185	865801	1731602	2597403
9.	Gopalganj	1383	139	60	between April 2011 and April 2015	802496	280	802776	1605552	2408328
10.	Jamui	380	105	15	between January 2012 and December 2014	79084	3295	82379	164758	247137
11.	Jehanabad	1121	250	21	between May 2012 and March 2015	261322	0	261322	522644	783966
12.	Madhubani	298	79	26	between August 2011 and January 2015	278081	17599	295680	591360	887040
13.	Muzaffarpur	23819	250	60	between January 2014 and July 2015	813141	0	813141	1626282	2439423
14.	Saran (Chapra)	3849	401	38	between April 2013 and July 2015	255666	1077	256743	513486	770229
15.	Sheikhpura	313	158	12	between February 2013 and December 2014	182719	0	182719	365438	548157
16.	Sitamarhi	543	393	64	between January 2012 and April 2015	936196	50984	987180	1974360	2961540
17.	Siwan	2302	180	57	between January 2012 and March 2015	825629	5971	831600	1663200	2494800
Total		51010	3662	698		9257960	164500	9422460	18844920	28267380

ANNEXURE-VII
(Ref: Paragraph-3.4.10)
Irregular exemption of stamp duty and registration fee (PACS lease deeds)

(Amount in ₹)

Name of the offices	Sl. No.	Token No.	Deed No.	Date	Area of land in decimal	Rate per decimal	Valuation of land	Required Stamp Duty	Paid Stamp Duty	Difference	Required Registration fee	Paid Registr -ation fee	Difference	I Fee	Total difference	Lease Period
District Sub Registrar, Siwan	1.	9533	8965	29.06.2013	7.44	44000	327404	9822	0	9822	6548	0	6548	0	16370	30
	2.	7023	6608	16.05.2013	28.28	25000	706975	21209	0	21209	14140	0	14140	5000	40349	33
	3.	9667	9089	02.07.2013	10.04	46000	462024	13861	0	13861	9240	0	9240	0	23101	33
	4.	9802	9221	04.07.2013	10.00	60000	600000	18000	0	18000	12000	0	12000	5000	35000	33
	5.	9979	9386	08.07.2013	14.88	200000	2976000	89280	0	89280	59520	0	59520	5000	153800	33
	6.	9860	9277	05.07.2013	20.00	70000	1400000	42000	0	42000	28000	0	28000	5000	75000	33
	7.	1157	9569	12.07.2013	10.00	58800	588000	17640	0	17640	11760	0	11760	0	29400	33
	8.	7369	6935	24.05.2013	25.00	40500	1012500	30375	0	30375	20250	0	20250	0	50625	33
	9.	7367	6934	24.05.2013	25.00	40500	1012500	30375	0	30375	20250	0	20250	0	50625	33
	10.	7368	6936	24.05.2013	10.00	40500	405000	12150	0	12150	8100	0	8100	0	20250	33
	11.	6880	6480	14.05.2013	23.00	53500	1230500	36915	0	36915	24610	0	24610	5000	66525	33
	12.	10750	10116	24.07.2013	10.00	80000	800000	24000	0	24000	16000	0	16000	5000	45000	33
	13.	7712	7256	04.06.2013	10.00	39000	390000	11700	0	11700	7800	0	7800	5000	24500	33
	14.	7454	7016	27.05.2013	10.00	55775	557750	16733	0	16733	11155	0	11155	5000	32888	33
	15.	7818	7379	05.06.2013	10.05	57000	572622	17179	0	17179	11452	0	11452	0	28631	33
	16.	7997	7524	07.06.2013	7.44	41500	308802	9264	0	9264	6176	0	6176	0	15440	33
	17.	8066	7617	08.06.2013	10.00	56900	569000	17070	0	17070	11380	0	11380	0	28450	33
	18.	8181	7704	10.06.2013	22.32	138000	3080160	92405	0	92405	61603	0	61603	0	154008	33
	19.	8212	7731	10.06.2013	7.44	138000	1026720	30802	0	30802	20534	0	20534	0	51336	33
	20.	8719	8206	17.06.2013	10.00	46000	460000	13800	0	13800	9200	0	9200	0	23000	33
	21.	9195	865	26.06.2013	10.23	12000	122784	3684	0	3684	2456	0	2456	5000	11139	33
	22.	9445	8882	28.06.2013	10.05	52300	525406	15762	0	15762	10508	0	10508	0	26270	33
Total					301.17		19134147	574026	0	574026	382682	0	382682	45000	1001707	

Sub Registrar, Danapur	23.	7147	6829	12.06.2013	10.00	55000	550000	16500	1000	15500	11000	250	10750	0	26250	33
	24.	5916	5649	11.05.2013	10.00	200000	2000000	60000	1000	59000	40000	0	40000	0	99000	33
	25.	6576	6292	15.05.2013	10.00	170000	1700000	51000	1000	50000	34000	0	34000	0	84000	33
	26.	5642	5394	08.05.2013	10.00	52000	520000	15600	1000	14600	10400	250	10150	0	24750	33
	27.	5638	5393	08.05.2013	10.00	35000	350000	10500	1000	9500	7000	250	6750	0	16250	33
	28.	5690	5441	09.05.2013	10.00	70000	700000	21000	1000	20000	14000	0	14000	0	34000	33
	29.	5669	5425	09.05.2013	10.00	98000	980000	29400	1000	28400	19600	0	19600	0	48000	33
	30.	5646	5395	08.05.2013	10.00	98000	980000	29400	1000	28400	19600	250	19350	0	47750	33
	Total					80.00		7780000	233400	8000	225400	155600	1000	154600	0	380000
Sub Registrar, Patna City	31.	3765	4295	20.05.2013	10.94	60000	656250	19688	0	19688	13125	0	13125	0	32813	33
	32.	3887	3863	13.05.2013	10.00	250000	2500000	75000	0	75000	50000	0	50000	0	125000	33
	33.	4483	4406	03.06.2013	10.00	100000	1000000	30000	0	30000	20000	0	20000	0	50000	33
	Total					30.94		4156250	124688	0	124688	83125	0	83125	0	207813
Grand Total					412.11		31070397	932114	8000	924114	621407	1000	620407	45000	1589520	

ANNEXURE-VIII
(Ref: Paragraph-3.4.10)
Irregular exemption of stamp duty and registration fee (BIADA)

(Amount in ₹)

Name of the offices	Sl. No.	Token No.	Deed No.	Date	Thana No./ Ward No.	Area in Sq. Ft.	Area of land in decimal	Rate per decimal	Valuation of Land	Required Stamp Duty	Paid Stamp Duty	Difference	Required Registration fee	Paid Registration fee	Difference	Total Difference	Period in years
DSR Muzaffarpur	1.	17659	16161	20.05.2013	281/49	6570	15	550000	8211500	246345	0	246345	164230	0	164230	410575	90
	2.	18902	17362	05.06.2013	281/49	55000	126	550000	69410000	2082300	0	2082300	1388200	0	1388200	3470500	90
	3.	21542	19902	29.06.2013	280	21780	50	250000	12375000	371250	0	371250	247500	0	247500	618750	90
	4.	22376	20686	06.07.2013	411/49	3000	7	550000	3745500	112365	0	112365	74910	0	74910	187275	90
	5.	22888	21199	11.07.2013	411/49	3000	7	550000	3745500	112365	0	112365	74910	0	74910	187275	90
	6.	26910	25074	29.08.2013	281/49	43560	99	550000	54450000	1633500	0	1633500	544500	0	544500	2178000	90
	7.	26916	25072	29.08.2013	281/49	23068	52	550000	28831000	864930	0	864930	288310	0	288310	1153240	90
	8.	26900	25075	29.08.2013	281/49	13603	31	550000	16995000	509850	0	509850	169950	0	169950	679800	90
	9.	29047	27083	27.09.2013	281/49	500	1	550000	627000	18810	0	18810	6270	0	6270	25080	90
	10.	35161	32697	17.12.2013	281/49	1440	3	550000	1815000	54450	0	54450	18150	0	18150	72600	90
	11.	35163	32698	17.12.2013	281/49	2064	5	550000	2601500	78045	0	78045	26015	0	26015	104060	90
	12.	35161	32697	17.12.2013	281/49	1440	3	550000	1815000	54450	0	54450	18150	0	18150	72600	90
	13.	17206	16498	07.08.2014	281/49	87120	200	550000	110000000	3300000	0	3300000	1100000	0	1100000	4400000	90
	14.	20616	19723	25.09.2014	281/49	65340	150	550000	82500000	2475000	0	2475000	825000	0	825000	3300000	90
	15.	15059	14141	08.07.2014	281/49	43560	100	550000	55000000	1650000	0	1650000	550000	0	550000	2200000	90
	16.	16471	15757	28.07.2014	279	43560	100	250000	25000000	750000	0	750000	250000	0	250000	1000000	90
	17.	18771	17983	28.08.2014	280	10890	25	250000	6250000	187500	0	187500	62500	0	62500	250000	90
	18.	1935	2256	06.02.2014	411,28 1/49	16335	38	550000	20625000	618750	0	618750	206250	0	206250	825000	90
	19.	2789	2677	12.02.2014	281/49	43560	100	550000	55000000	1650000	0	1650000	550000	0	550000	2200000	90
	20.	1939	2255	06.02.2014	411,28 1/49	65340	150	550000	82500000	2475000	0	2475000	825000	0	825000	3300000	90
	21.	1944	2254	06.02.2014	281/49	6098	14	550000	7700000	231000	0	231000	77000	0	77000	308000	90

	22.	2052	1962	03.02.2014	279	43560	100	250000	25000000	750000	0	750000	250000	0	250000	1000000	90
	23.	2035	1961	03.02.2014	279	43560	100	250000	25000000	750000	0	750000	250000	0	250000	1000000	90
	24.	2037	1960	03.02.2014	279	2160	5	250000	1237500	37125	0	37125	12375	0	12375	49500	90
	25.	3507	3323	20.02.2014	281/49	5000	11	600000	6882000	206460	0	206460	68820	0	68820	275280	90
	26.	4610	4398	05.03.2014	281/49	21780	50	550000	27500000	825000	0	825000	275000	0	275000	1100000	90
	27.	6861	6424	27.03.2014	281/49	82868	190	550000	104626500	3138795	0	3138795	1046265	0	1046265	4185060	90
	28.	7185	6676	28.03.2014	280	88940	204	250000	51042500	1531275	0	1531275	510425	0	510425	2041700	90
	29.	8782	8205	15.04.2014	280	10890	25	250000	6250000	187500	0	187500	62500	0	62500	250000	90
	30.	8177	7621	03.04.2014	279	43560	100	250000	25000000	750000	0	750000	250000	0	250000	1000000	90
	31.	9939	9340	02.05.2014	281/49	3371	8	550000	4251500	127545	0	127545	42515	0	42515	170060	90
	32.	9945	9339	02.05.2014	281/49	21780	50	550000	27500000	825000	0	825000	275000	0	275000	1100000	90
	33.	332	358	09.01.2015	281/49	43560	100	500000	50000000	1500000	0	1500000	500000	0	500000	2000000	90
	34.	8769	8284	19.03.2013	281/49	5445	13	302500	3781250	113438	0	113438	75625	0	75625	189063	90
	35.	7592	7140	11.03.2013	281/49	43560	100	302500	30250000	907500	0	907500	605000	0	605000	1512500	90
	36.	7593	7139	11.03.2013	281/49	32670	74	302500	22460625	673819	0	673819	449213	0	449213	1123031	90
Total							2406		1059978875	31799367	0	31799367	12139583	0	12139583	43938949	
DSR Bhagalpur	37.	13693	12859	15.11.2014		5000	11	500000	5740000	172200	0	172200	57400	0	57400	229600	90
	38.	6429	6106	21.05.2014		5000	11	500000	5740000	172200	0	172200	57400	0	57400	229600	90
	39.	8687	8251	03.07.2014		10000	23	500000	11480000	344400	0	344400	114800	0	114800	459200	90
	40.	8695	8252	03.07.2014		5000	11	500000	5740000	172200	0	172200	57400	0	57400	229600	90
	41.	9620	9110	22.07.2014		10000	23	500000	11480000	344400	0	344400	114800	0	114800	459200	90
	42.	6289	5972	19.05.2014		5000	11	500000	5740000	172200	0	172200	57400	0	57400	229600	90
	43.	532	483	18.01.2014		5000	11	500000	5740000	172200	0	172200	57400	0	57400	229600	90
	44.	4301	4038	31.03.2014		43560	100	500000	50000000	1500000	0	1500000	500000	0	500000	2000000	90
Total							201		101660000	3049800	0	3049800	1016600	0	1016600	4066400	
SR Patna City	45.	1779	1716	12.3.2015			53	405000	21515625	193640	0	193640	64546	0	64546	258186	21
	46.	3292	3191	28.04.2015			17	495000	8518950	255568	0	255568	85189	0	85189	340757	90
	47.	3829	3692	15.05.2015			30	1170000	35100000	315900	0	315900	105300	0	105300	421200	25

Audit Report (Revenue Sector) for the year ended 31 March 2016

	48.	3879	3773	18.05.2015			11	720000	8265600	74390	0	74390	24796	0	24796	99186	11
	49.	4488	4376	05.06.2015			16	720000	11376000	341280	0	341280	113760	0	113760	455040	30
	50.	4667	4551	10.06.2015			21	544500	11374605	341250	0	341250	113750	0	113750	455000	72
	51.	13	13	02.01.2014			43	550000	23375000	701250	0	701250	233750	0	233750	935000	69
	52.	172	153	10.01.2014			17	550000	9469350	280090	0	280090	94696	0	94696	374786	90
	53.	5285	5170	19.06.2014			23	100000	2296000	68870	0	68870	22956	0	22956	91826	75
	54.	5343	5225	21.06.2014			17	550000	9471000	284190	0	284190	94710	0	94710	378900	90
	55.	7357	7245	17.09.2014			41	200000	8200000	246000	0	246000	82000	0	82000	328000	60
	56.	7360	7246	17.09.2014			19	200000	3800000	114000	0	114000	38000	0	38000	152000	60
	57.	7678	7520	29.04.2014			19	125000	2401250	72037	0	72037	24012	0	24012	96049	30
	58.	9965	9765	31.12.2014			25	544500	13748625	412458	0	412458	137486	0	137486	549944	90
Total							352		168912005	3700923	0	3700923	1234951	0	1234951	4935874	
DSR Bihar sharif	59.	4603	4477	28.04.2014	23		11	525000	6026160	180785	0	180785	120523	0	120523	301308	90
	60.	11525	11263	25.07.2013	23		7	525000	3612000	108360	0	108360	72240	0	72240	180600	90
	61.	11524	11264	25.07.2013	23		8	525000	3974250	119228	0	119228	79485	0	79485	198713	90
	62.	11113	10853	17.07.2013	23		7	525000	3612000	108360	0	108360	72240	0	72240	180600	90
	63.	112505	11170	17.11.2014	23		6	525000	3013080	90392	30000	60392	30131	10000	20131	80523	90
Total							39		20237490	607125	30000	577125	374619	10000	364619	941744	
SR Bikram	64.	337	324	20.01.2014	164		52	300000	15600000	140400	0	140400	46800	0	46800	187200	16
Total							52		15600000	140400	0	140400	46800	0	46800	187200	
DSR Gaya	65.	5065	4842	28.03.2014		9500	22	99966	2180258	65407	0	65407	21802	0	21802	87209	90
Total							22		2180258	65407	0	65407	21802	0	21802	87209	
Grand Total							3072		1368568628	39363022	30000	39333022	14834355	10000	14824355	54157375	

ANNEXURE-IX
(Ref: Paragraph-3.4.11.1)
Short realisation of stamp duty and registration fee in Mining leases

(Amount in ₹)

Sl. No.	Token no.	Deed no.	Date	Lease period in year	Leased area in Acre	Auction Amount (₹ in crore)	Required stamp duty	Security Deposit (₹ in crore)	Required Stamp duty on security deposit (3 per cent)	Total Required Stamp duty	Stamp duty paid	Short stamp duty	Required registration fee	Paid registration fee	Short registration fee	Total short revenue
1.	3740	3569	22.02.2016	5	12.5	26.11	15666000	2.611	783000	16449300	15666100	783200	5222000	5222100	0	783200
2.	4268	4092	02.03.2016	5	12.5	42.21	25326000	4.221	1266300	26592300	1267300	25325000	8442000	423100	8018900	33343900
3.	4371	4197	04.03.2016	5	12.5	51	30600000	5.1	1530000	32130000	1531000	30599000	10200000	510000	9690000	40289000
4.	4565	4361	08.03.2016	5	12.5	40.03	24018000	4.003	1200900	25218900	1201900	24017000	8006000	400300	7605700	31622700
5.	4631	4426	09.03.2016	5	12.5	50.6	30360000	5.06	1518000	31878000	1518000	30360000	10120000	506000	9614000	39974000
6.	4710	4478	10.03.2016	5	12.5	18.5	11100000	1.85	555000	11655000	1101100	10553900	3700000	371045	3328955	13882855
Total					75	228.45	137070000	22.845	6853200	143923500	22285400	121638100	45690000	7432545	38257555	159895655

ANNEXURE-X
(Ref: Paragraph-4.4.11.2)
Arrear of admitted tax neither paid nor demanded

(Amount in ₹)

Sl. No.	Name of the circle	Name of the dealer/TIN	Year	Act	Tax payable	Tax paid	Short payment	Interest (calculated till date of audit)	Total
1.	Bhabhua	Sudhakar Rice Mill/ 10180210044	2011-12	VAT	165532	0	165532	86904	252436
		Om Shanti Enterprises/ 10185006022	2013-14	VAT	709328	424000	285328	94158	379486
2.	Bhagalpur	M/s Aashiana/10527215026	2013-14	VAT	1391619	903514	488105	175717	663822
		Vikramshila Dugdh Utpadak Sahkari Sangh/ 10520423091	2013-14	VAT	2610972	2452627	158345	52253	210598
		Utility Powertech Ltd/ 10521427041	2013-14	VAT	365762	73170	292592	105333	397925
		NTPC Ltd/10521193271	2013-14	ET	1952204613	1950488895	1715718	0	1715718
		A B Sons & Automotives/ 10521731039	2013-14	VAT	20006037	19760847	245190	80912	326102
3.	Danapur	M/s S K Enterprses/ 10041447082	2012-13	VAT	8342310	5819500	2522810	1059580	3582390
			2013-14	VAT	7891292	5841000	2050292	492070	2542362
		M/s S R Enterprises/ 10044914074	2013-14	VAT	6271508	5543573	727935	174704	902639
		Durga Ceramic/10043121012	2013-14	VAT	2791479	2462540	328939	81412	410351
			2014-15	VAT	2664788	2046028	618770	120660	739430
		M/s Marble Bihar/ 10041416042	2013-14	VAT	2950680	2229484	721196	183905	905101
		Urja Automobiles Pvt Ltd/ 10045698002	2014-15	VAT	4929031	1667312	3261719	636035	3897754
		M/s Priyadarshi Motors Pvt Ltd/ 10041941059	2011-12	VAT	80827235	79567557	1259678	245637	1505315

		B S Marble/10044576012	2014-15	VAT	2665641	2140000	525641	102500	628141
		Mayell & Fraser Pvt Ltd/ 10043366038	2014-15	VAT	7137647	6924005	213642	41660	255302
		Carlsberg India Pvt Ltd/ 100441695242	2014-15	ET	7078351	4818932	2259419	0	2259419
		Maa Laxmi Enterprises/ 10041096039	2014-15	VAT	3372215	2959775	412440	80426	492866
4.	Darbhanga	M/s Mahalaxmi Store/ 10383812074	2013-14	VAT	2637211	2250000	387211	133588	520799
		Bhawani Infra Materials Pvt Ltd/10387410017	2013-14	VAT	1471737	1130046	341691	117883	459574
5.	Gaya	Jai Maa Kali Agency/ 10210117082	2014-15	VAT	2302306	1238412	1063894	191500	1255394
		Jugnu Trading Company/10200544057	2014-15	VAT	1031664	741076	290588	52305	342893
		Daya Engineering Works Pvt Ltd/10200373046	2014-15	VAT	28608789	26818138	1790651	322317	2112968
		Brijnandan Automobiles Pvt Ltd/10206294070	2014-15	VAT	8650168	6057613	2592555	466659	3059214
		Ramnandi Automobiles/10201599029	2014-15	VAT	41977371	40786721	1190650	214317	1404967
6.	Hajipur	Raj Traders/10294112017	2014-15	VAT	555405	0	555405	99973	655378
		Om Sai Coal Depo/ 10295786083	2013-14	ET	456209	215000	241209	0	241209
			2014-15	VAT	191780	2724	189056	34030	223086
		Saraswati Components Motors Pvt Ltd/10295425034	2014-15	VAT	11580038	10400000	1180038	212406	1392444
		Bhawani Maa Automobiles Pvt Ltd/10295985038	2014-15	VAT	735644	267708	467936	84229	552165
		Ananmika Automobiles Pvt Ltd/10295232025	2014-15	VAT	19375446	18968000	407446	73340	480786
		Saraswati Construction Co./ 10296203016	2014-15	VAT	210582	38369	172213	30998	203211

		Maa Ambay Trading/10294355061	2014-15	VAT	18409718	18222166	187552	33759	221311
		New Rajesh Agency/10290404081	2014-15	VAT	9933270	9757119	176151	31707	207858
		A F P Manufacturing Co. Pvt Ltd./10294965003	2014-15	ET	1077883	588300	489583	0	489583
		Swadesh Plast Pvt Ltd/10294424022	2014-15	ET	2401035	2174457	226578	0	226578
		Perfect Sales & Services/10295051005	2014-15	ET	1530244	1308004	222240	0	222240
7.	Kishanganj	M/s Oil & Natural Gas Corporation Ltd./10471657293	2012-13	ET	25970708	22396165	3574543	0	3574543
		M/s Mahavir Plywood Industries/10470646086	2014-15	CST	212855	7000	205855	43229	249084
8.	Muzaffarpur West	M/s Satyam Automobile/10306622093	2013-14	VAT	9170251	8402887	767364	253230	1020594
		M/s Aditya Enterprises/10309518057	2013-14	VAT	2474258	1269960	1204298	379353	1583651
		M/s Mimansa Exim Sales Pvt Ltd/10308143016	2013-14	VAT	1652694	927800	724894	228341	953235
		Tirhut Dugdh Utpadak Sahkari Sangh Ltd/10300521084	2013-14	ET	6904734	4074541	2830193	0	2830193
9.	Patna Special	M/s IVRCL Ltd./10010565095	2013-14	ET	2191809	1245685	946124	0	946124
		M/s Delco Infrastructure Projects Ltd./10010968086	2013-14	ET	531216	0	531216	0	531216
		M/s Steel Authority of India Ltd./10010060016	2013-14	VAT	211429797	210532961	896836	282503	1179339
		M/s Rashtriya Ispat Nigam Ltd./10011254034	2013-14	VAT	2291017	1020741	1270276	400137	1670413
		M/s H I L Ltd./10010202024	2013-14	VAT	58697250	56697256	1999994	629998	2629992
		M/s Tide Water Co. India Ltd./10010205031	2013-14	VAT	83767566	82001556	1766010	529803	2295813

		M/s HPCL Biofuels Ltd./ 10010909035	2013-14	CST	3080477	5500	3074977	968618	4043595
		M/s Lux Industries Ltd./10011127084	2013-14	VAT	23311098	19030018	4281080	1284324	5565404
		M/s Raj Rasoi/10010496031	2013-14	VAT	1864746	1680510	184236	55271	239507
		M/s Glaze Trading India Pvt. Ltd./10010865043	2013-14	VAT	22505471	21954230	551241	173641	724882
		M/s Cadila Health Care Ltd./10010456067	2013-14	VAT	37401904	34688538	2713366	854710	3568076
		M/s Cadila Healthcare Limited/10010455097	2013-14	VAT	36249289	35743373	505916	159364	665280
		M/s SBPDC Limited/ 10010050306	2013-14	ED	1121834556	901000000	220834556	0	220834556
		M/s NBPDC Limited/ 10010931231	2013-14	ET	206549031	173274621	33274410	0	33274410
		M/s NBPDC Limited/ 10010051394	2013-14	ED	499093387	456901750	42191637	0	42191637
		M/s Crompton Greaves Ltd./10010003077	2013-14	ET	16600475	12234142	4366333	0	4366333
		M/s Adani Wilmer Ltd./10010318036	2013-14	ET	4495988	3972784	523204	0	523204
		M/s ACC Ltd./10010002010	2011-12	ET	697912435	693436551	4475884	0	4475884
10.	Patna South	M/s Torque Pharmaceuticals Pvt. Ltd./10129027014	2013-14	VAT	17274405	8298969	8975436	2961894	11937330
		M/s Gangotri Electrocasting Ltd./10120694045	2013-14	VAT	6011664	3399061	2612603	979726	3592329
		M/s National Drug Agencies/ 10590153049	2013-14	VAT	12606856	10080180	2526676	833803	3360479
		M/s Singh Motor Cars Pvt. Ltd./ 10126082038	2013-14	VAT	10018386	8146671	1871715	617666	2489381
		M/s Ujjwal Iron & Cement Stores/10123850037	2013-14	VAT	1557577	570000	987577	340714	1328291
		M/s Ujjawal Marble Granite Sanitary House/10125125018	2013-14	VAT	2489716	1552371	937345	309324	1246669

		M/s S R Agrawala & Company/ 10120367058	2013-14	VAT	1701641	1350807	350834	115775	466609
		M/s K R Steel Traders/10120313029	2013-14	VAT	1190076	908650	281426	97092	378518
		M/s SAI Motors/ 10120578007	2013-14	VAT	5207917	4940768	267149	88159	355308
		M/s Kundan Enterprises/ 10121372075	2013-14	VAT	3625215	3414117	211098	69662	280760
		M/s Asian Enterprises/ 10121365091	2013-14	VAT	712896	463936	248960	82157	331117
11.	Patna City East	M/s Spice of Coorg/ 10062106029	2013-14	VAT	3228700	2399000	829700	248910	1078610
		M/s Lucky Enterprises/ 10062239093	2013-14	VAT	441067	20000	421067	126320	547387
		M/s Shiv Domestic Coke Pvt. Ltd./10060364022	2013-14	VAT	333075	0	333075	99922	432997
		M/s S.R. Sales/10060929047	2013-14	VAT	282983	0	282983	84894	367877
		M/s Suryoday Industries Pvt Ltd/ 10060224051	2013-14	CST	241978	61	241917	79832	321749
12.	Patna City West	S B G Healthcare/ 10083805064	2013-14	VAT	2323233	290000	2033233	640468	2673701
		True Power International Ltd/10083334035	2013-14	VAT	1878163	1495033	383130	120686	503816
		Tiger Surgical Disposable Pvt Ltd/10083912071	2013-14	VAT	602027	185000	417027	131364	548391
		S K Pharma/10082795036	2013-14	VAT	1287024	937652	349372	110052	459424
		Atlantic Lubricants Specialities Pvt Ltd/ 10081168097	2013-14	VAT	3087057	2809664	277393	87379	364772
		Om Enterprises/ 10083078011	2013-14	VAT	609771	330666	279105	87918	367023
		Deluxe Surgical/ 10083913062	2013-14	VAT	282761	30500	252261	79462	331723
13.	Purnea	Shree Hanuman Agency/10490439033	2014-15	VAT	3212406	3031313	181093	38008	219101

14.	Samastipur	M/s A K Enterprises/ 10427839036	2013-14	VAT	3355060	3122098	232962	55910	288872
		Deputy Chief Material Manager/ 1042102627	2013-14	VAT	40053156	33254828	6798328	1631599	8429927
			2013-14	CST	18250129	16642302	1607827	385878	1993705
		M/s Pashupatinath Distributors Pvt Ltd./ 10427349081	2013-14	VAT	62082640	61392977	689663	165519	855182
		M/s Priya Marketing & Co./ 10423359071	2013-14	VAT	2335252	1882310	452942	108706	561648
		M/s Kritika Rice Mill Pvt Ltd/ 10425911025	2013-14	VAT	402366	46864	355502	87986	443488
		M/s Manpasand Beverage Pvt Ltd./ 10426349060	2013-14	VAT	5419804	5148290	271514	65163	336677
		M/s Sri Narayan Teleserives/ 10425049023	2013-14	VAT	288913	88914	199999	47999	247998
		M/s Md. Kagim/ 10421119050	2013-14	VAT	1325445	1050000	275445	66106	341551
		M/s Anand Trading Co./ 10425662035	2014-15	VAT	587418	49600	537818	96807	634625
		M/s Krishi Traders/ 10423128017	2014-15	VAT	222932	25600	197332	35520	232852
M/s BishwaNath Sharma/ 10422207002	2014-15	VAT	1769895	280000	1489895	268181	1758076		
15.	Sitamarhi	M/s Anchal Enterprises/ 10341355077	2013-14	VAT	801700	587385	214315	70723	285038
		M/s Manoj Machinery/ 10341592048	2013-14	VAT	442434	145000	297434	64193	361627
		Rohit Enterprises/ 10346835051	2013-14	VAT	238269	91000	147269	53017	200286
		Sonal Coal Traders/ 10345627059	2013-14	VAT	299575	123489	176086	63390	239476
Total					5561787134	5158170257	403616887	23853283	427470170

ANNEXURE-XI
(Ref: Paragraph 4.4.11.3)
Interest and penalty on the arrears not levied

(Amount in ₹)

Sl. No.	Circle	Name of the dealer/TIN	Year of accounts	Date of demand notice	Amount of demand in demand notice	Tax and interest in demand notice	Tax in demand notice	Payment date by the dealer as recorded in the D/N	Delay (in month)	Penalty @5% (after one month of demand notice to 06/16)	Interest @1.5% (after one month of demand notice to 6/16)	Total
1.	Bhabhua	M/s Maa Mundeshwari Agency/10181548062	2012-13	29.11.14	392080	392078	326627	NR	18	352870	88189	441059
2.		M/s Jaishwal Electronic & Electricals/10180055038	2012-13	16.07.15	99813	44470	26312	NR	10	22235	3947	26182
3.		M/s Jaishwal Electronic & Electricals/10180055038	2010-11	16.07.15	127606	21869	21869	28.07.15	11	12028	3608	15636
4.		M/s Jaishwal Electronic & Electricals/10180055038	2011-12	16.07.15	234493	50317	33367	27.07.15	11	27674	5506	33180
5.		M/s Jaishwal Electronic & Electricals/10180055038	2013-14	22.04.15	29998	19747	17277	22.05.15	13	12836	3369	16205
6.		M/s Ashoka Smokeless Coal Industries/10180452253	2012-13	20.07.15	125813	119812	96042	NR	10	59906	14406	74312
7.		M/s Krishna Enterprises/ 10180077057	2010-11	03.07.15	3890560	3890460	3890460	NR	10	1945230	583569	2528799
8.		M/s Krishna Enterprises/ 10180077057	2011-12	03.07.15	5948920	5943918	5943918	NR	10	2971959	891588	3863547
9.		M/s Krishna Enterprises/ 10180077057	2012-13	03.07.15	6020650	6009146	6009146	NR	10	3004573	901372	3905945
10.		M/s Krishna Enterprises/ 10180077057	2013-14	03.07.15	6141139	6138083	6138083	NR	10	3069042	920712	3989754
11.		M/s Ashoka Cement Store/ 10180249038	2010-11	13.08.15	1375583	7329749	7329749	13.09.15	9	3298387	989516	4287903
12.		M/s Ashoka Cement Store/ 10180249038	2012-13	13.08.15	2136566	2021316	2021316	13.09.15	9	909592	272878	1182470
13.		M/s Ravi Traders/ 1018084059	2014-15	21.12.15	72598	72598	72598	30.12.15	6	21779	6534	28313

14.		M/s Manshi Mini Rice Mill/10182548035	2014-15	31.12.15	65013	64313	56670	31.01.16	5	16078	4250	20329
15.		M/s Keshari Trading Co./ 10180767018	2014-15	31.12.15	34777	34027	29980	31.01.16	5	8507	2249	10755
16.		M/s Anjali Traders/ 10181818013	2014-15	31.12.15	297861	295611	295611	31.01.16	5	73903	22171	96074
17.		M/s Amit Solvex/ 10182735291 (ET)	2012-13	23.08.14	327112	327112	327112	22.09.14	21	343468	103040	446508
18.		M/s Maa Durgey Indane/ 10180835015	2008-09	29.05.12	112437	2262	2262	15.06.12	48	5429	1629	7057
19.	Bhagalpur	Jas Infrastructure & Power Ltd/10525467044	2012-13	09.05.15	4416213	1117928	1099428	09.06.15	12	670757	197897	868654
20.		Unity Infra Project Ltd./ 10528252005	2012-13	25.05.15	460884	472034	460884	24.06.15	12	283220	82959	366180
21.	Danapur	Tirupati Enterprises/ 10041591030	2010-11	19.01.15	5333759	5333759	3242406	NR	16	4267007	778177	5045185
22.		Shri Gajanan Enterprises/ 10042952078	2010-11	12.11.13	2930640	0	0	NR	30	0	0	0
23.		Shri Gajanan Enterprises/ 10042952078	2010-11	12.11.13	1447073	1447073	977752	NR	30	2170610	439988	2610598
24.		Shri Gajanan Enterprises/ 10042952078	2011-12	23.11.13	28586174	0	0	25.11.14	19	0	0	0
25.		Shri Gajanan Enterprises/ 10042952078	2011-12	23.11.13	6282675	6282675	2882565	25.11.14	19	5968541	821531	6790072
26.		Priyadarshi Motors Pvt Ltd/10041941059	2011-12	15.07.14	6838735	6838735	2508013	31.07.14	23	7864545	865264	8729810
27.		Priyadarshi Motors Pvt Ltd/10041941059	2012-13	02.05.15	70495246	20792369	16567625	25.07.15	10	10396185	2485144	12881328
28.		Priyadarshi Motors Pvt Ltd/10041941059	2014-15	10.03.15	3854751	0	0	NR	14	0	0	0
29.		Priyadarshi Motors Pvt Ltd/10041941059	2014-15	05.08.14	18442219	0	0	08.09.14	21	0	0	0
30.		S K Enterprises/ 10041447082	2009-10	06.11.13	810380	810380	533675	30.11.13	30	1215570	240154	1455724
31.		S K Enterprises/ 10041447082	2010-11	23.01.16	1185106	0	0	30.01.16	5	0	0	0

32.		S K Enterprises/ 10041447082	2010-11	23.01.15	35691	35691	0	30.01.15	17	30337	0	30337
33.		S K Enterprises/ 10041447082	2011-12	03.12.14	2770256	2720256	1767824	24.12.14	17	2312218	450795	2763013
34.		S K Enterprises/ 10041447082	2011-12	23.01.15	32453	32453	0	30.01.15	16	25962	0	25962
35.		S K Enterprises/ 10041447082	2012-13	03.12.14	3499644	3449644	2528310	24.12.14	17	2932197	644719	3576916
36.		S K Enterprises/ 10041447082	2013-14	23.01.16	2050291	0	0	30.01.16	5	0	0	0
37.		Dynamic Enterprises/ 10044007089	2012-13	27.09.13	10768193	10768193	9560916	03.02.14	28	15075470	4015585	19091055
38.		JMD Alloys Ltd/DN-337(c)	2001-02	16.04.06	12546455	12546455	12546455	30.04.06	121	75906053	22771816	98677869
39.		Priyadarshi Purnanand Automobiles/ 10041982078	2010-11	17.01.15	692126	692126	692126	15.02.15	16	553701	166110	719811
40.		Aqua Softech Pvt Ltd/ 10041343098	2009-10	27.12.13	411257	411257	287059	31.01.14	29	596323	124871	721193
41.		Molson Coors cobra India Pvt Ltd/ 10040518016	2012-13	26.03.16	9435146	9435146	9435146	26.04.16	2	943515	283054	1226569
42.	Gaya	Nandan films pvt. Ltd./ 10202104011	2011-12	26.06.15	5100117	1707577	1130846	22.07.15	11	939167	186590	1125757
43.		Nandan films pvt. Ltd./ 10202104011	2011-12	26.06.15	1980907	1921874	1776470	22.07.15	11	1057031	293118	1350148
44.	Kishanganj	Bajrangwali Agrotech Pvt. Ltd./10471242151	2011-12	01.09.14	7500	0	0	NR	21	0	0	0
45.		Bajrangwali Agrotech Pvt. Ltd./10471242151	2011-12	01.09.14	9020	0	1520	NR	21	0	479	479
46.		Bajrangwali Agrotech Pvt. Ltd./10471242151	2011-12	01.09.14	14942	0	7442	NR	21	0	2344	2344
47.		Ayesha Export/ 10470382149	2012-13	18.05.15	792186	791436	513170	NR	12	474862	92371	567232
48.		Arihant sanitation and marbles/10470597198	2012-13	05.06.14	70241	70241	70241	NR	24	84289	25287	109576
49.		Arihant sanitation and marbles/10470597198	2012-13	23.05.14	5942	0	0	NR	25	0	0	0

50.		Instalaciones Inabansa/ 10471721002	2012-13	01.09.15	18443060	5084547	5084547	NR	9	2288046	686414	2974460
51.		Instalaciones Inabansa/ 10471721002	2011-12	28.07.15	1459799	1459799	1459799	NR	10	729900	218970	948869
52.	Muzaffarpur West	Sai Sales & Services/ 10306077244	2007-08	15.03.10	1915369	1853869	1404142	NR	74	6859315	1558598	8417913
53.		Sai Sales & Services/ 10306077244	2007-08	15.03.10	2830034	2830033	2019788	NR	74	10471122	2241965	12713087
54.		Sai Sales & Services/ 10306077244	2010-11	12.03.14	18022388	5578851	4147845	NR	26	7252506	1617660	8870166
55.		Sai Sales & Services/ 10306077244	2011-12	20.05.15	1100451	1100451	736088	NR	12	660271	132496	792766
56.		Sai Sales & Services/ 10306077244	2009-10	12.03.14	23709803	8651178	5019541	NR	26	11246531	1957621	13204152
57.		Patna City West	Puja Ispat Trading Pvt. Ltd./10082475206	2010-11	13.07.15	3079606	3079606	3079606	NR	10	1539803	461941
58.	Singh Services/ 10080247082		2010-11	24.04.15	95473158	95473158	95473158	NR	13	62057553	18617266	80674819
59.	Satguru Agencies/ 10082723005		2011-12	03.08.15	991495	344867	215542	NR	9	155190	29098	184288
60.	Samrat Automobiles/ 10082041097		2010-11	24.04.15	1921050	1921050	1413264	NR	13	1248683	275586	1524269
61.	Samrat Automobiles/ 10082041097		2011-12	22.07.14	2494395	2444395	1880304	NR	22	2688835	620500	3309335
62.	Patna South		M/s R.K. Enterprises/ 10125704095	2009-10	03.10.13	8245134	3992072	3835161	NR	31	6187712	1783350
63.		K.K. Enterprises/ 10122417056	2010-11	26.05.15	6286247	6233997	6228997	NR	12	3740398	1121219	4861618
64.		Jay Ace Technologies/ 10129667074	2012-13	25.11.15	9716850	9716850	9716850	NR	6	2915055	874517	3789572
65.		Singh Bajaj Auto Pvt. Ltd/ 10125076020	2009-10	03.01.13	5861068	1949342	1303908	NR	40	3898684	782345	4681029
66.		Singh Bajaj Auto Pvt. Ltd/ 10125076020	2010-11	14.03.12	6083990	1753605	1445128	NR	50	4384013	1083846	5467859
67.		Shivam Sales/ 10122550043	2008-09	26.05.15	1204446	1204446	579060	15.06.15	12	722668	104231	826898

68.		Hotel Orange/ 10121779062	2012-13	29.10.15	681240	231081	150053	28.11.15	7	80878	15756	96634
69.		Hotel Orange/ 10121779062	2013-14	29.10.15	5306525	1655246	1217093	28.11.15	7	579336	127795	707131
70.		Kaushlaya Estate Pvt. Ltd/ 10126239080	2010-11	29.06.15	4212979	1404326	1404326	31.07.15	11	772379	231714	1004093
71.	Purnea	M/s Eastern Food Industries pvt Ltd/ 10490624012	2009-10	17.07.14	1395873	1395873	798930	NR	22	1535460	263647	1799107
72.		M/s Eastern Food Industries pvt Ltd/ 10490624012	2010-11	17.07.14	2499900	2499900	1595624	NR	22	2749890	526556	3276446
73.		M/s Eastern Food Industries pvt Ltd/ 10490624012	2011-12	17.07.14	613435	613434	441424	NR	22	674777	145670	820447
74.		Seemanchal Motors Pvt Ltd/10496293079	2012-13	08.08.14	243535	243535	198804	NR	21	255712	62623	318335
75.		Seemanchal Motors Pvt Ltd/10496293079	2013-14	08.08.14	1056935	1056935	100835	NR	21	1109782	31763	1141545
76.		Seemanchal Motors Pvt Ltd/10496293079	2014-15	08.08.14	284221	284221	281407	NR	21	298432	88643	387075
77.		Gupta Traders/ 10491177009	2011-12	22.08.15	461781	159633	100715	NR	9	71835	13597	85431
78.		Amit Enterprises/ 10493732042	2012-13	18.06.15	625573	195608	142988	NR	11	107584	23593	131177
79.		Birla Tyre/ 10491665016	2012-13	05.04.16	3254556	3254556	2113348	NR	1	162728	31700	194428
80.		Kali Roller/ 10490608007	2011-12	10.02.16	1017307	1017307	601956	NR	3	152596	27088	179684
81.	Samastipur	Pashupati Nath Distributors/ 10427349081	2014-15	19.03.16	3312115	3307115	2550120	NR	2	330712	76504	407215
82.		Pashupati Nath Distributors/ 10427349081	2013-14	11.03.16	445951	395951	301027	NR	2	39595	9031	48626
83.		Md. Kagim/ 10421119050	2012-13	06.01.16	7608878	7605128	7605128	NR	4	1521026	456308	1977333
84.		Priya Marketing/ 10423359071	2013-14	20.02.16	588825	588825	452942	NR	3	88324	20382	108706
85.		Kritika Rice Mill Pvt Ltd./ 10425911025	2013-14	18.02.16	69612	69612	12657	NR	3	10442	570	11011
86.		Md. Kagim/ 10421119050	2013-14	18.02.16	359175	359175	0	NR	3	53876	0	53876
87.		Manpasand Beverages/ 10426349060	2013-14	18.02.16	352969	352969	268515	NR	3	52945	12083	65029

88.		Triyansu Traders/ 10427535056	2013-14	06.01.16	513441	513441	513441	NR	4	102688	30806	133495
89.		S.P. Engineering/ 10425370044	2012-13	06.11.14	133740	133767	53739	NR	18	120390	14510	134900
90.		Trimurti concern Pvt. Ltd./ 10423479254	2012-13	07.11.14	290146	290146	150407	NR	18	261131	40610	301741
91.		Senior section Engineer (Electric) Development ECR, Samastipur/ 10426290009	2014-15	18.02.16	677565	338782	338782	NR	3	50817	15245	66062
92.		Tara Automobiles/ 10424984026	2011-12	03.08.15	714674	650874	392047	NR	9	292893	52926	345820
93.		Tara Automobiles/ 10424984026	2012-13	03.08.15	852324	788003	493956	NR	9	354601	66684	421285
94.		Star Equipment/ 10427214035	2013-14	04.08.14	1407840	1352589	1097436	NR	21	1420218	345692	1765911
Total					476558699	305884338	269648700			292220388	76685902	368906289

ANNEXURE-XII
(Ref: Paragraph-4.4.11.7)
Payment of arrears of revenue without interest

(Amount in ₹)

Sl. No.	Name of the Circle	Name of the dealer/TIN	Year	Act	Tax payable	Delay in days	Interest calculated till date of audit	Total
1.	Danapur	M/s Balajee Mini Steels & Re-Rolling Pvt Ltd./10042455089	2014-15	VAT	7532361	12 to 317 days	972389	972389
		M/s Durga Ceramics/10043121012	2014-15	VAT	1162700	80 to 308 days	120290	120290
		M/s MaaLaxmi Enterprises/10041096039	2014-15	VAT	2959775	44 to 100 days	101431	101431
		M/s Khyati Motors/10042517016	2014-15	VAT	2806555	11 to 177 days	146456	146456
2.	Gaya	M/s Shipra Beverage Private Ltd/10212424077	2014-15	VAT	11398800	156 to 287 days	1039477	1039477
3.	Muzaffarpur West	M/s Shashank Auto Pvt. Ltd./10308385069	2013-14	VAT	16650000	5 to 49 days	125425	125425
		M/s Satyam Automobiles/10306622093	2013-14	VAT	3076150	16 to 473 days	333568	333568
		M/s Balaji Hundai Auto Pvt Ltd./10306353015	2013-14	VAT	15539041	4 to 166 days	249664	174108
		M/s Narayani Agencies/10302934056	2013-14	VAT	14342092	7 to 218 days	274098	274098
4.	Patna Special	M/s Pantaloon India Retail Ltd./ 10011110069	2013-14	VAT	2000002	20 months	600000	600000
5.	Patna South	M/s Ujjwal Marble Granite Sanitary House/ 10125125018	2013-14	VAT	415000	513 to 589 days	114047	114047
		M/s Agrawal Agency/ 10120317006	2013-14	VAT	7157090	9 to 657 days	612074	612074
		M/s Fantasy Sales/ 10128085053	2013-14	VAT	3632059	5 to 283 days	164101	164101
		M/s Patna Motors/10125463080	2013-14	VAT	368181	22 months 11 days	123322	123322

6.	Patna City East	M/s Anusuya Blenders Pvt Ltd/10061624002	2013-14	VAT	104278504	1 to 120 days	310302	310302
		Balmukund Cement and Roofings Ltd/10062098004	2013-14	VAT	17165490	3 to 158 days	298818	298818
		Spicy Beverages Pvt Ltd./10062211054	2013-14	VAT	19000000	3 to 15 days	80000	80000
7.	Samastipur	M/s Trimurti Concern Pvt Ltd/10423479060	2013-14	VAT	12217830	15 days to 7m 12 days	484092	484092
			2014-15	VAT	20491964	16 to 107 days	482755	482755
		M/s Prince Auto/ 10426815037	2014-15	VAT	1626515	152 to 191 days	132182	132182
8.	Sitamarhi	M/s Riga Sugar Co Ltd/10347103064	2012-13	VAT	7563272	3 days to 555 days	117958	117958
Total					271383381		6882449	6806893

ANNEXURE-XIII
(Ref: Paragraph-4.4.11.8)
Incorrect raising of demand

(Amount in ₹)

Sl. No.	Name of the circle	Name of the dealer/ TIN/Year/Act	Tax leviable/ Incorrect ITC claim	Interest	Penalty	Total	Demand raised by the AA	Short creation of dues	Remarks
1.	Danapur	M/s Maa Tara Enterprises 10044007089 (VAT) 2012-13	8512359	5618157	25537077	39667593	6809887	32857706	Import of iron and steel for ₹ 17.02 crore was concealed by the dealer. Therefore he was liable to pay tax of ₹ 3.97 crore at the rate of 5 per cent including interest and penalty.
		M/s Dynamic Enterprises 10043878086 (VAT) 2012-13	9107068	5191028	27321204	41619300	Nil	41619300	Demand for inter-state sale was raised only and no action was taken in respect of ITC claim. As no evidence in support of ITC claim was furnished, the claim was to be rejected and the dealer was liable to pay interest and penalty thereon.
2.	Samastipur	M/s Dy. Chief Material Manager (Depot) 10421026027 (ET) 2014-15	9624719	Nil	9624719	19249438	9624719	9624719	The ET was levied by the AA but no penalty was levied for not getting registered under BTEG Act, though as per Section 8 of the BTEG Act, the dealer was also liable to pay penalty equivalent to tax.
Total			27244146	10809185	62483000	100536331	16434606	84101725	

ANNEXURE-XIV
(Ref: Paragraph-4.4.11.9)
Taxes not paid by the dealers of coal

(Amount in ₹)

Sl. No.	Circle	Name of the dealer/TIN	Period	Actual Purchase	Purchase accounted for	Value suppressed	Tax	Interest	Penalty	Total
1.	Danapur	M/s Vikash Bricks/10043402005	2014-15	4665420	0	4665420	233271	48987	699813	982071
2.	Darbhanga	M/s Krishna Trading Company/10389450087	2013-14	27162181	0	27162181	1358109	468548	4074327	5900984
		M/s Rahul Traders/10383495078	2013-14	11249138	0	11249138	562457	194048	1687371	2443876
		M/s Hari Om Enterprises/10381327031	2013-14	11175700	0	11175700	558785	192781	1676355	2427921
		M/s Om Traders/10389024041	2013-14	6220659	0	6220659	311033	107306	933099	1351438
3.	Gaya	M/s Sai Ram Traders/10211848023	2014-15	12416238	0	12416238	535811	96445	1607433	2239689
		M/s Arbind Kumar/10207882037	2014-15	1997896	0	1997896	99894	17980	299682	417556
4.	Samastipur	M/s Sherawali Traders/10428575008	2014-15	25513024	0	25513024	900651	162117	2701953	3764721
		M/s Vishnu Bricks Udyog/10428236052	2014-15	12240204	0	12240204	612010	110162	1836030	2558202
		M/s Pandav Int Udyog/10426656013	2014-15	9242130	0	9242130	462107	83179	1386321	1931607
Total				121882590	0	121882590	5634128	1481553	16902384	24018065

ANNEXURE-XV
(Ref: Paragraph-4.6.1)
Suppression of sales turnover

(Amount in ₹)

Sl. No.	Name of the Circle	Name of the dealer/ TIN	Period	Commodity/ Rate (in per cent)	Actual sale	Sale accounted for	Value suppressed	Tax	<u>Penalty Interest</u>	Total	Difference found in
1.	Bhabhua	M/s Ruchi Soya Industries Ltd./ 10183396059	2013-14	Edible oil/ 5	875433156	816501445	58931711	2946586	<u>8839758</u> 972373	12758717	TAR-IV and RT-III
2.	Patna City East	M/s Patil Rail Infrastructure Pvt. Ltd./10062052030	2013-14	Schedule- III/ 5	20900784	2507662	18393122	919656	<u>2758968</u> 331076	4009700	Opening stock of 2013-14 and Closing stock of 2012-13
3.	Patna Special	M/s Shyama Power India Ltd./ 10011056070	2013-14	Schedule- III/ 5 Unspecified items/13.5	129479463	94563246	34916217	3342318	<u>10026954</u> 1052830	14422102	RT-III and Sale statement
Total					1025813403	913572353	112241050	7208560	<u>21625680</u> 2356279	31190519	

ANNEXURE- XVI
(Ref: Paragraph-4.6.2)
Suppression of purchase turnover

(Amount in ₹)

Sl. No.	Name of the Circle	Name of the dealer/TIN	Period	Commodity/ Rate (in per cent)	Actual purchase	purchase accounted for	Value Suppressed	Tax	Penalty Interest	Total	Difference found in
1.	Bhabhua	M/s Sri Ram Traders/ 101085560080	2013-14	Stone chips/5	17021906	0	17021906	751095 [*]	<u>2253285</u> 247861	3252241	RT-I and Suvidha
		M/s MaaTarachandi Trading Company/ 10183170056	2013-14	Stone chips/5	3472446	0	3472446	173622	<u>520866</u> 57295	751783	RT-I and Suvidha
		M/s Maa Jaya Traders/ 10185164055	2012-13	Iron and steel/5	26418281	0	26418281	1320914	<u>3962742</u> 435901	5719557	Suvidha details
2013-14	17784776		0		17784776	889238	<u>2667714</u> 293448	3850400			
2.	Gopalganj	M/s Unik Bazar Ltd./ 10285006022	2013-14	Readymade Garments/5	33729482	19746492	13982990	699149	<u>2097447</u> 220232	3016828	RT-I and Suvidha
3.	Jamui	M/s Balajee Cement/ 10540461060	2010-11	Cement/12.5 and 13.5	136921066	124451506	12469560	1558695	<u>4676085</u> 678032	6912812	RT-III and TAR
			2011-12		92410752	84142517	8268235	1116212	<u>3348636</u> 284634	4749482	
4.	Muzaffarpur West	M/s Akash Coal/ 10309870090	2013-14	Coal/5	20116416	0	20116416	1005821	<u>3017463</u> 331921	4355205	RT-III and Suvidha
5.	Patna West	M/s Tanu International/ 10143369056	2013-14	Medical Devices/5	5192760	1456648	3736112	186805	<u>560415</u> 50437	797657	RT-I and Suvidha
6.	Sasaram	M/s Ajit Kumar Singh/ 10247223051	2013-14	Coal/5	3768925	0	3768925	188446	<u>565338</u> 56534	810318	RT-III and Suvidha
7.	Siwan	M/s S.K Coal Trading/ 10356098088	2013-14	Coal/5	6462171	3893262	2568909	128445	<u>385335</u> 42386	556166	RT-I and Suvidha
Total					363298981	233690425	129608556	8018442	<u>24055326</u> 2698681	34772449	

^{*} ₹ one lakh had been deposited on 20 March 2014.

ANNEXURE- XVII
(Ref: Paragraph-4.6.3)

Suppression of sales turnover detected during cross-verification of purchase and sales figures

(Amount in ₹)

Sl. No.	Name of the Circle	Name of the dealer/TIN	Period	Actual Sale	Sale accounted for	Suppression	Tax	Penalty Interest	Total	Remarks
1.	Danapur	M/s Amrendra Kumar/ 100441100385	2013-14	27066868	0	27066868	1353343	<u>4060029</u> 324802	5738174	Cross-verification of the purchase amount shown by a dealer with the sale figures shown by another dealer registered in the state.
2.	Kishanganj	M/s Shuvo Enterprises/ 10472007047	2011-12	24936900	13467353	11469547	573477	<u>1720431</u> 301075	2594983	
			2012-13	21685639	0	21685639	949680	<u>2849040</u> 327640	4126360	
		M/s ARK Nirman Pvt. Ltd./10471820081	2012-13	4318539	0	4318539	215927	<u>647781</u> 74495	938203	
		M/s K.G.N Supply Co./104719460014	2011-12	15916000	0	15916000	795800	<u>2387400</u> 417795	3600995	
2012-13	2018458		0	2018458	100923	<u>302769</u> 34818	438510			
3.	Muzaffarpur East	M/s Associated India /10310265025	2012-13	10010280	0	10010280	474066	<u>1422198</u> 156442	2052706	
			2013-14	1930324	0	1930324	96516	<u>289549</u> 28955	415020	
4.	Patna City East	M/s Colona Blenders and Bottlers (I) Pvt. Ltd. /10060377020	2013-14	239024402	231407000	7617402	3808701	<u>11426103</u> 1199741	16434545	
5.	Patna West	M/s Jain Spares /10143516011	2012-13	8456230	0	8456230	422812	<u>1268436</u> 133186	1824434	

6.	Samastipur	M/s Hassanpur Sugar Mills /10420847062	2013-14	26475001	0	26475001	3574125	<u>10722375</u> 857790	15154290	
		M/s Trimurti Concern Pvt. Ltd./10423479060	2013-14	120805699	114332023	6473676	323683	<u>971049</u> 80112	1374844	
7.	Saran	M/s Chitranjan Singh/ 10336186072	2012-13	17939981	5973254	11966727	598336	<u>1795008</u> 179500	2572844	
8.	Sasaram	M/s IsoluxCorsan India Engineering and Construction Pvt. Ltd./ 10248264091	2013-14	3927064	0	3927064	196355	<u>589065</u> 58906	844326	
Total				524511385	365179630	159331755	13483744	<u>40451233</u> 4175257	58110234	

ANNEXURE-XVIII

(Ref: Paragraph-4.7)

Short levy of tax due to application of incorrect rate of tax

(Amount in ₹)

Sl. No.	Name of the Circle	Name of the Dealer/ TIN	Period	Commodity	Rate of tax leviable/ levied (in per cent)	Amount on which difference of rate is to be levied	Tax	Interest	Total
1.	Danapur	M/s Krishna Soft Extrusion Pvt. Ltd./10042312018	2010-11	Thermocol Plate & Glass	12.5/4	37830130	3215561	2001686	5217247
			2011-12		13.5/5	25958634	2206484	976369	3182853
2.	Kadam kuan Patna	M/s Anuj Dairy Pvt. Ltd./ 10130263095	2011-12	Paneer	13.5/5	7885521	670269	321729	991998
			2012-13		13.5/5	10279908	873792	262138	1135930
3.	Katihar	M/s KGNMC Enterprises/ 10455209038	2013-14	Stone Chip	13.5/5	1574720	133851	38148	171999
4.	Patna Central	M/s Hill Top Refrigeration/ 10156439026	2013-14	Operation & maintenance of heating ventilation cum air conditioning	13.5/5	88398097	7513838	2141444	9655282
5.	Patna Special	M/s Future Value Retail Ltd./10010982057	2012-13	Art material branded Paneer, Double quilt etc.	13.5/5	14772975	1255703	738223	2229583
					13.5/0	1745608	235657		
		M/s Spaco Bitumen Co. Ltd./ 10011188046	2013-14	Bitumen Emulsion	13.5/5	148112946	12589600	3776880	16366480
		M/s Daikin Air Conditioning India (P) Ltd./10011051018	2013-14	Copper Pipes	13.5/5	1400976	119083	35725	154808
6.	Samastipur	M/s Mithila Dudgh Utpadak Sahkari Sangh Ltd./ 10420605047	2010-11	Sudha Min	4/0	8042032	321681	125455	447136
			2011-12	Sudha Min	5/0	8846205	442310	92885	535195
			2012-13	Sudha Min	5/0	16170088	808504	163722	972226
			2013-14	Sudha Min	5/0	16860764	843038	202329	1045367
Total						387878604	31229371	10876733	42106104

ANNEXURE-XIX
(Ref: Paragraph-4.8.1)
Irregular/excess claim of Input Tax Credit (ITC)

(Amount in ₹)

Sl. No.	Name of the Circle	Name of the dealer/TIN	Period	Purchase value on which ITC availed	ITC availed/ Allowed	Actual entitlement	Excess/ incorrect availing of ITC	Penalty Interest	Total	Nature of irregularities
1.	Biharsharif	M/s Shanti Construction & Co. 10191705029	2012-13	155157114	13804286	13048662	755624	<u>2266872</u> 215352	3237848	ITC claimed on purchases from compounding/ unregistered dealers.
2.	Danapur	M/s Ram Traders 10041370064	2012-13	15898038	158981	0	158981	<u>476943</u> 69157	705081	ITC claimed on purchase of flour but tax on sale not admitted.
		M/s Kampilya Builders Pvt. Ltd. 10040906016	2013-14	9779600	1276740	25592	1251148	<u>3753444</u> 300275	5304867	ITC claimed on consumable goods.
3.	Kadamkuan	M/s CD Distributors 10132222052	2011-12	13485621	134856	34107	100749	<u>302247</u> 27202	430198	ITC claimed on purchase of flour but tax on sale not admitted.
			2012-13	15230657	152307	0	152307	<u>456921</u> 44550	653778	
4.	Muzaffarpur East	M/s Prabhat Zarda Factory India Pvt. Ltd. 10310825006	2013-14	8434104	418756	0	418756	<u>1256268</u> 131908	1806932	ITC availed on goods used in manufacturing of schedule IV goods
5.	Patna Central	M/s Krishna Agencies 10150059049	2013-14	44501507	2243459	2036061	207398	Nil 59108	266506	Excess allowance of ITC by AA due to wrong calculation. (Penalty was not taken into consideration as the default was on the part of the AA).
6.	Patna Special	M/s Kalyanpur Cement Ltd. 10010066030	2013-14	919785650	46864777	46043936	820841	<u>2462523</u> 258565	3541929	ITC availed on motor vehicles/spare parts.
7.	Saharsa	M/s Jay Shree Iron & Stores 10513858072	2012-13	311127143	21655999	21380156	275843	<u>827529</u> 99303	1202675	ITC availed on value of goods received under Scheme.
8.	Samastipur	M/s Prince Auto 10426815037	2013-14	3236446	397119	262855	134264	<u>402792</u> 32223	569279	ITC availed on purchase of lubricant.
Total				1496635880	87107280	82831369	4275911	<u>12205539</u> 1237643	17719093	

ANNEXURE-XX
(Ref: Paragraph-4.8.2)

Incorrect claim of ITC detected during cross-verification of purchase and sales figures

(Amount in ₹)

Sl. No.	Name of the Circle	Name of the dealer/TIN	Period	Actual Purchase Purchase Accounted for	Excess Purchase claimed	Excess ITC	Penalty	Interest	Total
1.	Bhabhua	M/s Saket Enterprises 10183397050	2011-12	<u>6196405</u> 9862203	3665798	494882	1484646	259813	2239341
2.	Danapur	M/s Green Concretex Manufacturing Pvt. Ltd. 10043345035	2012-13	<u>508336</u> 6531652	6023316	301166	903498	76797	1281461
			2013-14	<u>2599007</u> 13177889	10578882	848933	2546799	203744	3599476
3.	Gandhi Maidan	M/s Airplaza Retail Holdings Pvt. Ltd. 101111469039	2013-14	<u>6180679</u> 9050270	2869591	387828	1163484	110531	1661843
4.	Khagaria	M/s Naveen Enterprises 10460629090	2013-14	<u>6543510</u> 6810280	266770	381225	1143675	120086	1644986
5.	Motihari	M/s Amirlal Vishnu Pd. 10270012062	2012-13	<u>119521395</u> 120628911	1107516	149245	447735	40296	637276
		M/s Sri Krishna Store 10277453018	2013-14	<u>16535945</u> 20864345	4328400	216420	649260	61680	927360
6.	Patna Central	M/s Rachna Enterprises Pvt. Ltd. 10152547002	2013-14	<u>Nil</u> 38769029	38769029	1938451	5815353	552458	8306262
7.	Patna North	M/s Mehar Foundation & Civil Engg. (P) Ltd. 10102606067	2012-13	<u>Nil</u> 12472359	12472359	622267	1866801	168012	2657080

8.	Patna South	M/s Sanjay Kumar Singh 10121354033	2013-14	<u>Nil</u> 23638020	23638020	1181901	3545703	407756	5135360
9.	Patliputra	M/s Tata Projects 10050748029	2013-14	<u>Nil</u> 10864945	10864945	543248	1629744	154826	2327818
10.	Shahabad (Ara)	M/s Jawahar Lal Yadav 10162137004	2013-14	<u>255445</u> 2783733	2528288	126412	379236	28442	534090
		M/s Ganesh Traders 10160108055	2012-13	<u>15937715</u> 16310921	373206	66336	199008	14926	280270
Total				<u>174278437</u> 291764557	117486120	7258314	21774942	2199367	31232623

ANNEXURE- XXI
(Ref: Paragraph-4.9.1)
Incorrect adjustment of entry tax towards payment of VAT

(Amount in ₹)

Sl. No.	Name of the circle	Name of the dealer/TIN	Period	Amount eligible for adjustment	Adjustment Taken	Excess adjustment from VAT	Interest	Total	Remarks	Record seen
1.	Kadamkuan	M/s Tudor India Ltd. 10130362035	2012-13	5649466	6642726	993260	290529	1283789	Goods were not sold but used as warranty replacement	RT-III, TAR-IV, ET-V etc.
2.	Patliputra	M/s Anchor Electricals Pvt. Ltd. 10050866034	2013-14	69783202	83533286	13750084	3918774	17668858	The rate of VAT was less than the rate of ET	RT-III, ET-V etc.
		M/s ABB India Ltd. 10050285043	2013-14	1253300	1645894	392594	117778	510372	The rate of VAT was less than the rate of ET	RT-III, TAR-IV, ET-V etc.
3.	Patna City East	M/s Balaji Paper Converters 10061868037	2011-12	0	250105	250105	176324	426429	ET set-off will not available for micro industries	RT-III, CST-I, ET-V, TAR
			2012-13	0	469117	469117	246286	715403		
			2013-14	0	800775	800775	252244	1053019		
4.	Patna Special	M/s Bharat Petroleum Corporation Ltd. 10010121029	2013-14	1814696531	1840419287	25722756	8102668	33825424	The rate of VAT was less than the rate of ET and goods sold on subsidized rate	RT-III, TAR-IV, ET-V sale statement etc.
		M/s Indian Oil Corporation Ltd. 10010116082	2013-14	2097642172	2112977008	15334836	4830473	20165309	Goods sold on subsidized rate	RT-III, ET-V etc.
5.	Patna West	M/s West India Electricals, 10140187068	2013-14	395064	626891	231827	64332	296159	The rate of VAT was less than the rate of ET	RT-III, ET-V etc.
		M/s Harsh Electrical 10140822030	2013-14	680240	907598	227358	64797	292155	The rate of VAT was less than the rate of ET	RT-III, ET-V etc.
Total				3990099975	4048272687	58172712	18064205	76236917		

ANNEXURE-XXII
(Ref: Paragraph-4.9.2)
Incorrect adjustment of entry tax towards payment of Central Sales Tax

(Amount in ₹)

Sl. No.	Name of the circle	Name of the dealer/TIN	Period	Amount eligible for adjustment	Adjustment Taken under CST	Excess adjustment from CST	Interest	Total	Remarks	Record seen
1.	Muzaffarpur East	M/s Melhrotra Engineering Works 10310592012	2012-13	Nil	3772876	3772876	1188456	4961332	ET adjustment availed from the liability of CST which was not allowable	RT-V, dealers profile, payment details
2.	Patna Central	M/s Speedcrafts Limited 10157235047	2013-14	Nil	1705618	1705618	486101	2191719	ET adjustment availed from the liability of CST which was not allowable	RT-III, ET-V, TAR-IV, payment details
3.	Patna West	M/s Krrish Poly Pack Pvt. Ltd. 10144528012	2013-14	Nil	434563	434563	117332	551895	ET adjustment availed from the liability of CST which was not allowable	RT-III, ET-V, TAR-IV, payment details, CST annual returns
Total					5913057	5913057	1791889	7704946		

ANNEXURE-XXIII
(Ref: Paragraph-4.10)
Short calculation of reverse credit

(Amount in ₹)

Sl. No.	Name of the Circle	Name of the dealer/TIN	Period	Purchase value on which ITC availed	ITC availed/ allowed	Actual entitlement	Excess/ incorrect availing of ITC	Penalty Interest	Total	Nature of irregularities
1.	Patna Central	M/s Puja Printech Pvt. Ltd. 10151375048	2012-13	16235977	811799	672172	139627	<u>418881</u> 64927	623435	Sold tax free goods manufactured by taxable inputs
			2013-14	19072466	953623	308700	644923	<u>1934769</u> 183803	2763495	
2.	Patna Special	M/s Nilkamal Ltd. 10010289033	2013-14	92078360	15662505	12430305	3232200	<u>9696600</u> 1018143	13946943	Reverse credit not calculated on interstate stock transfer
3.	Shahabad (Ara)	M/s Similia Research Laboratory 10160106018	2012-13	12625582	663402	598595	64807	<u>194421</u> 26247	285475	Reverse credit short calculated on interstate stock transfer
			2013-14	16480645	897537	838503	59034	<u>177102</u> 13283	249419	
Total				156493030	18988866	14848275	4140591	<u>12421773</u> 1306403	17868767	

ANNEXURE-XXIV
(Ref: Paragraph-4.11)
Incorrect availing/allowance of deductions

(Amount in ₹)

Sl. No.	Name of the circle	Name of the dealer/TIN	Period	Items of inadmissible deductions	Rate (in per cent)	Amount of deduction claimed	Allowable deduction	Excess deduction allowed on which tax was leviable	Tax on excess deduction claimed/ allowed	Record seen
1.	Biharsharif	M/s Engineering Projects (India) Ltd./10193370002	2010-11	Profit / Commission of Payment to Sub-contractor	4, 12.5	236816354	211774492	25041862	1640242	RT-III, TAR-I, Assessment order of Sub-contractor
2.	Katihar	M/s Ashok Kumar 10450692022	2013-14	Gross profit & overheads	5, 13.5	35196397	26988387	8208010	563890	RT-III TAR-I P&L account.
		M/s Rajendra Prasad Poddar 10450555058	2013-14	Gross profit & overheads	5, 13.5	28539162	20187983	8351179	573726	RT-III TAR-I P&L account.
3.	Patna Central	M/s Shiv Kishore Construction Pvt. Ltd./10156317057	2013-14	Gross profit & Estt. expenses	5, 13.5	116089522	80098324	35991198	3326739	RT-III, TAR-I, Statements
4.	Patna Special	M/s S.P Singla Construction Pvt. Ltd./10010629018	2012-13	Repair & Maintenance, Food to workers,	5, 13.5	1150975971	1124404797	26571174	1631679	RT-III, Assessment order
			2013-14	Rent, Travelling expenses, TDS etc.	5, 13.5	1093292497	845595344	247697153	15921972	RT-III, TAR-IV, Assessment order.
5.	Sasaram	M/s Vijeta Projects and Infrastructures Ltd./10241669050	2009-10	Gross profit	4, 12.5	225273281	130039397	95233884	4735410	RT-III, TAR-I, Statements
Total						2886183184	2439088724	447094460	28393658	

ANNEXURE-XXV
(Ref: Paragraph-4.14)
Short payment of admitted tax

(Amount in ₹)

SL. No.	Name of the Circle	Name of the dealer/TIN	Period	Tax payable	Tax paid	Short payment	Interest	Total
1.	Aurangabad	M/s Mohamad Nakib Ahmad/10172191054	2011-12	5877897	4785500	1092397	655438	1747835
			2012-13	6225344	5200500	1024844	430434	1455278
2.	Biharsharif	M/s Ganesh Enterprises/10193449067	2012-13	1550733	1100000	450733	128459	579192
3.	Kadamkuan	M/s Bhagwati Paper Product/10133092079	2012-13	909789	0	909789	272937	1182726
4.	Katihar	M/s Royal trading Company/10455378069	2013-14	4898970	4250000	648970	155753	804723
5.	Motihari	M/s Raj Traders/10271276069	2012-13	395952	100000	295952	84346	380298
6.	Munger	M/s Chief Work Manager/560445097	2012-13	48235016	41968989	6266027	2161779	8427806
		M/s Kadru/ 10562106028	2012-13	345000	0	345000	124200	469200
7.	Muzaffarpur East	M/s Muzaffarpur Timber 10311573070	2013-14	4437022	3819100	617922	185376	803298
8.	Patliputra	M/s Okaya Power Private Ltd./ 10051219058	2013-14	17361217	16454152	907065	258514	1165579
9.	Patna Central	M/s Bikaner Sweets and Pastry Shop/10154696096	2013-14	2823323	2743506	79817	22748	102565
		M/s Trycon Infrastructure Pvt. Ltd./10154876028	2013-14	745087	541749	203338	57951	261289
		M/s India Marketing/ 10150282052	2013-14	3848282	3606600	241682	67067	308749
		M/s One & Only Furniture Pvt Ltd./10155858017	2013-14	2515687	2096204	419483	119553	539036

		M/s Proper Construction works/10152136013	2013-14	2096963	1409680	687283	195876	883159
		M/s Accurate Transformers Ltd./10157595098	2013-14	7881373	1300000	6581373	1875691	8457064
10.	Patna North	M/s Shyama Surgical & Chemical/10100983063	2013-14	1709498	56860	1652638	471002	2123640
		M/s Gangotri Iron & Steel Co Ltd./10100734064	2013-14	31621386	22283989	9337397	2521097	11858494
11.	Patna West	M/s Industrial Machinery & Services/ 10145350030	2013-14	2786518	2219378	567140	161635	728775
12.	Sasaram	M/s Satya Enterprises/ 10245531008	2013-14	7480593	6564016	916577	274973	1191550
13.	Shahabad (Ara)	M/s Bijay Engineering Works/10160313016	2012-13	725033	541488	183545	74336	257881
		M/s Golden Footwear/ 10164282039	2012-13	477347	229104	248243	100538	348781
			2013-14	479212	294112	185100	41647	226747
		M/s Mirtunjay Marble/ 10161644050	2012-13	286749	92778	193971	78558	272529
			2013-14	711629	228050	483579	108805	592384
		M/s Prasad Motors/ 10160060040	2012-13	1306026	1140673	165353	66968	232321
2013-14	1381938		610449	771489	173585	945074		
		M/s Rohit Automobiles/ 10162268051	2013-14	19086209	18850771	235438	52974	288412
14.	Siwan	M/s Jimmy Agency/ 10350276070	2013-14	3414528	2200000	1214528	382576	1597104
		M/s Pratik Automobiles/ 10355628050	2013-14	51800200	51406504	393696	118109	511805
Total				233414521	196094152	37320369	11422925	48743294

ANNEXURE-XXVI
(Ref: Paragraph-4.15)
Interest not levied for delayed payment of tax

(Amount in ₹)

Sl. No.	Name of the Circle	Name of the dealer/TIN	Period	Tax Payable	Amount of tax paid with delay	Delay in days	Interest leviable till date of audit
1.	Kadamkuan	M/s Modi Revlon Pvt. Ltd. 10130287054	2012-13	1961206	1961206	between 490 days and 578 days	501858
2.	Motihari	M/s Shri Mangal Motors 10270060077	2012-13	46109774	19813766	between 3 days and 315 days	663426
		M/s Shree R.C Enterprises 10270195004	2012-13	103252145	30312125	between 3 days and 429 days	422993
3.	Patliputra	M/s Guinea Motors Pvt. Ltd. 10050098027	2013-14	50877687	23579691	between 4 days and 218 days	405970
		M/s Pernod Recard India Pvt. Ltd. 10050261084	2013-14	1243365310	28750844	between 5 days and 99 days	780325
		M/s Food Corporation of India (FCI) 10050225097	2013-14	813686958	17865037	between 160 days and 240 days	1472704
4.	Patna North	M/s Aditya Construction 10106401077	2011-12	1687059	1687059	between 165 days to 255 days	163206
			2012-13	4502190	4501831	between 138 days and 408 days	517964
5.	Shahabad (Ara)	M/s General Motors 10160177022	2012-13	6971277	49776822	between 7 days and 304 days	68781
			2013-14	15461481	15411471	between 10 days and 282 days	797107
Total				2287875087	193659852		5794334

ANNEXURE-XXVII
(Ref: Paragraph-4.16)
Purchase tax not levied

(Amount in ₹)

Sl. No.	Name of the circle	Name of the dealer/TIN	Period	Commodity	Value of purchase	Rate (in per cent)	Purchase tax leviable	Interest	Total
1.	Muzaffarpur East	M/s Nutrikraft India Pvt. Ltd. 10312702053	2012-13	Raw Rice Bran (RRB), De-oiled Rice Bran (DORB)	11474176	5	573708	197929	771637
		M/s Anmol Feeds Pvt. Ltd. 10311871054	2012-13	RRB, DORB, Medicine, Soya	16953142	5	847656	292441	1140097
2.	Patna City East	M/s Parley Biscuits Pvt. Ltd. 10060425035	2013-14	Maida	510591373	1	5105914	1608363	6714277
Total					539018691		6527278	2098733	8626011

ANNEXURE-XXVIII
(Ref: Paragraph-4.17)
Surcharge not levied

(Amount in ₹)

Sl. No.	Name of the Circle	Name of the dealer/TIN	Period	Value of goods on which tax payable	Tax on which surcharge payable	Rate of surcharge (in per cent)	Surcharge payable
1.	Katihar	M/s JM Sales and Marketing 10454796069	2013-14	7954722	2386416	15	357962
		M/s Khan Brothers 10455391049	2013-14	6981900	2094570	15	314186
2.	Khagaria	M/s Laxmi Stores 10464017096	2013-14	5514404	1635778	15	245367
3.	Muzaffarpur West	M/s Jagdish Chaudhary & Sons 10300312049	2013-14	6829057	2048718	15	307308
4.	Patna Special	M/s GTC Industries Ltd. 10010380019	2013-14	81022992	24306898	15	3646035
5.	Patna South	M/s Maa Ambey Traders 10590355074	2013-14	6330981	1899294	15	284894
		M/s R.K Enterprises 10125704095	2013-14	8087802	2426341	15	363951
6.	Samastipur	M/s Chetan Agencies 10420056027	2013-14	4225645	1267693	15	190154
		M/s Ashok Agency 10422500039	2013-14	5631446	1689434	15	253415
Total				132578949	39755142		5963272

ANNEXURE-XXIX
(Ref: Paragraph-4.19)
Suppression of import value

(Amount in ₹)

Sl. No.	Name of the Circle	Name of the dealer/TIN	Period	Actual Purchase Purchase accounted for	Suppression	Commodity/ Rate (in per cent)	Entry Tax Payable	Entry Tax paid	Difference	Penalty	Total	Difference found in
1.	Bhagalpur	M/s Unity Infraprojects Ltd./ 10524475248	2012-13	<u>12907031</u> 3986593	8920438	Iron & Steel, DG sets/ 5	490136	0	490136	1470408	1960544	Quarterly returns of VAT and ET, <i>Suvidha</i> details
2.	Danapur	M/s Saraswati Traders/ 10044310078	2013-14	<u>24324056</u> Nil	24324056	Coal/ 5	1216202	870000	346202	1038606	1384808	Return not filed but used <i>Suvidha</i>
		M/s Carlsberg India Pvt. Ltd./ 10044469005	2012-13	<u>4134797</u> 2047704	2087093	Electrical goods/ 8	166967	0	166967	500901	667868	RT-III, ET-V, <i>Suvidha</i> details, purchase invoice
3.	Katihar	M/s Balajee Trading Co./ 10455550073	2013-14	<u>3435191</u> Nil	3435191	Coal/ 5	171760	0	171760	515280	687040	Return not filed but used <i>Suvidha</i>
4.	Khagaria	M/s Maa Katyayani Coal Traders/ 10464977089	2013-14	<u>7332149</u> 2990400	4341749	Coal/ 5	217087	0	217087	651261	868348	Quarterly returns of VAT and ET, <i>Suvidha</i> details

5.	Patna Special	M/s Shyama Power India Ltd./ 10011056070	2013-14	<u>73498259</u> 54235562	19262697	Electrical tower/ 8	1541016	0	1541016	4623048	6164064	Difference of import value found between return and purchase statement.
6.	Purnea	M/s Rahman Trading Co/ 10496743006	2013-14	<u>55373958</u> Nil	55373958	Coal/ 5	2768698	1170000	1598698	4796094	6394792	Return not filed but used <i>Suvidha</i>
		M/s A.K. Stone Suppliers/ 10497219087	2013-14	<u>12808640</u> Nil	12808640	Stone Chips/ 5	640432	485000	155432	466296	621728	Return not filed but used <i>Suvidha</i>
7.	Saharsa	M/s Aarya Motors Pvt. Ltd./ 10515691065	2012-13	<u>11386496</u> 6354239	5032257	Iron Steel/ 4 and 5	568725	254170	314555	943665	1258220	RT-III, ET-V, <i>Suvidha</i> details.
Total				<u>205200577</u> 69614498	135586079		7781023	2779170	5001853	15005559	20007412	

ANNEXURE-XXX
(Ref: Paragraph-4.20)
Short levy of Entry Tax

(Amount in ₹)

Sl. No.	Name of the Circle	Name of the dealer/TIN	Period	Commodity/ Rate (in per cent)	Value of Goods on which ET leviable	Entry Tax leviable	Entry Tax levied	Short levy of Entry Tax
1.	Bhabhua	M/s Soma Enterprises Ltd./ 10183652083	2011-12	DG Set, Building Material, Lubricant, TMT, MS Plate	15684731	1151944	0	1151944
2.	Gaya	M/s Bihar State Co-op. Milk Federation Ltd./ 10200572090	2013-14	Electricals goods, Coal, Plastic goods, G.I Pipe/8 & 5	21515463	1089991	91506	998485
3.	Muzaffarpur East	M/s Enviorn Energy Corporation India Pvt. Ltd./ 10314110035	2012-13	Distribution of Electricity/8	60063757	4805100	0	4805100
4.	Patna City East	M/s Parley Biscuits Pvt Ltd/10060425035	2012-13	C. Boxes /4	5094411	203776	0	203776
5.	Patna North	M/s Allied Commercial agencies Pvt Ltd/ 10101616085	2012-13	Electrical goods/8	14984059	1198725	803878	394847
6.	Patna South	M/s Applied Solar Technologies (India) Pvt. Ltd./10127179059	2012-13	Materials used in distribution of Electricity/8	176149754	14091980	10686508	3405472
7.	Patna Special	M/s Bharat Petroleum corporation Ltd. / 10010121223	2012-13	Petro Products, SKO/16 & 8	4309182809	512651902	0	512651902
			2013-14	Petro Products, SKO /16 & 8	3150203106	258397871	0	258397871
8.	Patna West	M/s Italian International Pvt. Ltd./10146026057	2012-13	Pigment & colouring material/8	8359438	668755	0	668755
Total					7761237528	794260044	11581892	782678152

ANNEXURE-XXXI
(Ref: Paragraph-4.21)
Application of incorrect rate of Entry tax

(Amount in ₹)

S1. No.	Name of the Circle	Name of the Dealer/ TIN	Period	Commodity	Rate of tax leviable/ levied (in per cent)	Import Value	Difference of Tax payable
1.	Aurangabad	M/s Era Infra Engineering Ltd. 10172368296	2013-14	Aluminium Panel, Cable wire etc.	8/4	19435120	777405
2.	Barh	M/s Barh S.T.P.P 10020385278	2013-14	Equipment and Plant for generation and Distribution of power	8/5	37740000	1132200
3.	Patna Special	M/s B.S.E.B. 10010013068	2012-13	Electrical Goods	8/4	28863801	1154552
4.	Shahabad (Ara)	M/s Balaji Enterprises 10161467025	2013-14	Conductors	8/5	155385070	4661552
Total						241423991	7725709

ANNEXURE-XXXII
(Ref: Paragraph-4.23)

Entry tax and penalty not realised from the dealers not registered under the BTEG Act

(Amount in ₹)

Sl. No.	Name of the Circle	Name of the dealer/ TIN	Period	Commodity/ Rate of E.T (in per cent)	Value of goods	Entry Tax payable	ET adjustable against VAT payment	ET to be levied	Penalty	Total
1.	Bhabhua	M/s Abhay Bricks 10180682046	2013-14	Coal/5	8728390	436420	0	436420	436420	872840
		M/s AKS Bricks 10184245081	2013-14	Coal/5	5802631	290132	0	290132	290132	580264
2.	Gandhi Maidan	M/s D.G Service System 10110856014	2012-13	Genset and Lubricant/8	14753655	1180292	1180292	0	1180292	1180292
		M/s Cool Control 10110729041	2012-13	Air Conditioner/5	10245528	512276	512276	0	512276	512276
3.	Kadamkuan	M/s Amhara Const. Pvt. Ltd. 10131851093	2010-11	Bitumen/4	11671799	466872	0	466872	466872	933744
4.	Katihar	M/s NJMC 10450109052	2013-14	Lubricant and Electrical Goods etc./8	6591135	527291	0	527291	527291	1054582
5.	Patna Central	M/s Amco Shopee 10150460047	2013-14	Battery/12	12805080	1536610	1536610	0	1536610	1536610
6.	Sasaram	M/s Shree Hari Om Jee Rice Mill 10241391048	2012-13	DG Set/8	1951000	156080	0	156080	156080	312160
			2013-14	DG Set, Switch gear/8	4105685	328455	0	328455	328455	656910
Total					76654903	5434428	3229178	2205250	5434428	7639678

ANNEXURE-XXXIII
(Ref: Paragraph-4.24)
Short payment of admitted entry tax

(Amount in ₹)

Sl. No.	Name of the circle	Name of Dealer/TIN	Period	Import value	ET admitted	ET Paid	Short paid
1.	Barh	M/s Barh STPP 10020385278	2013-14	11293982012	939114483	933941892	5172591
2.	Forbesganj	M/s SVEC Construction Ltd 10442190249	2012-13	51908664	2981237	1861802	1119435
3.	Gandhi Maidan	M/s Swastik Enterprises 10111195080	2012-13	814913650	8596546	5629891	2966655
4.	Motihari	M/s Prasad Hardware stores 10273600092	2012-13	13483486	1077044	680258	396786
5.	Patliputra	M/s Hindustan Coca Cola Beverage Pvt Ltd 10050081052	2012-13	49720903	2319451	975017	1344434
		M/s Bharti infratel Limited 10050418224	2012-13	1181991940	75406515	28370766	47035749
Total				13406000655	1029495276	971459626	58035650

ANNEXURE-XXXIV
(Ref: Paragraph-5.5)
Short remittances of establishment charges

(Amount in ₹)

Sl. No.	District	Name of Project	No. of Mauza, where estimate were finalised	Period	Amount of compensation	Amount of Establishment charges to be levied & collected	Amount of Establishment charges remitted into Treasury	Short collection
1.	Bhagalpur	Pirpainti Thermal Power Project	6	2010-11 to 2015-16	6665026002	1333005201	522752381	810252820
		Bridge on Kosi river at Vijayghat, Bhagalpur	5	2011-12 to 2013-14	299861088	59994837	34966291	25028546
2.	Bhojpur (Ara)	Sakkadi Nasirganj road project	34	2012-13	236841866	48064044	0	48064044
		Patna Buxar four lane	55	2010-11	1113042233	217139534	33671971	183467563
		Babura-Doriganj bridge Approach Road	6	2012-13 to 2013-14	252029039	50405808	0	50405808
Total			106		8566800228	1708609424	591390643	1117218781

ANNEXURE-XXXV
(Ref: Paragraph-5.7)
Excess collection of contingency charges

(Amount in ₹)

Sl. No.	District	Name of Project	No. of Mauja	Period involved	Amount of compensation	Amount of Contingency charges to be levied	Amount of Contingency charges levied	Excess amount of Contingency charges levied
1.	Bhagalpur	Pirpainti Thermal Power Project	6	2010-11 to 2015-16	665026002	200000	1200000	1000000
2.	Bhojpur	Babura-Doriganj Bridge Approach Road	6	2011-12 and 2012-13	252029039	200000	1260145	1060145
		Sakkadi-Nasriganj Road	34	2012-13	236841866	200000	1180046	980046
		Patna-Buxar – Four lane	55	2010-11	1113042233	200000	3195051	2995051
Total			101		2266939140	800000	6835242	6035242

Glossary of Abbreviations

Abbreviations	Full form
AA	Assessing Authority
ACCT	Assistant Commissioner of Commercial Taxes
ACE	Assistant Commissioner of Excise
A&E	Accounts & Entitlement
AG	Accountant General
AIG	Assistant Inspector General
ATNs	Action Taken Notes
BBP	Bihar Budget Procedure
BE	Budget Estimates
BMMC Rules	Bihar Minor Mineral Concession Rules
BMVT Act	Bihar Motor Vehicles Tax Act
BSBCL	Bihar State Beverages Corporation Limited
BSEB	Bihar State Electricity Board
BSNL	Bharat Sanchar Nigam Limited
BTEG Act	Bihar Taxes on Entry of Goods into local areas for Consumption, Use or Sale therein Act
BVAT Act	Bihar Value Added Tax Act
C-II	Tax deduction certificate
CE	Commissioner of Excise
CCT	Commissioner of Commercial Taxes
CMV Rules	Central Motor Vehicles Rules
CST Act	Central Sales Tax Act
CTD	Commercial Taxes Department
CTO	Commercial Taxes Officer
D-IX	Statement of road permits
DCB Register	Demand, Collection and Balance Register
DCCT	Deputy Commissioner of Commercial Taxes
DLAO	District Land Acquisition Officer
DR	District Registrar
DSR	District Sub Registrar
DTO	District Transport Officer
ED	Electricity Duty
ET	Entry Tax
Form C	Used to purchase goods at concessional rate of tax in course of inter-state trade and commerce
GST	Goods and Services Tax
GTO	Gross Turnover
HSD	High Speed Diesel
IGR	Inspector General of Registration
IMFL	India Made Foreign Liquor
IR	Inspection Report
ITC	Input Tax Credit

Audit Report (Revenue Sector) for the year ended 31 March 2016

JCCT	Joint Commissioner of Commercial Taxes
MMRD Act	Mines and Minerals (Regulation and Development) Act
MI	Mining Inspector
MO	Mining Officer
MV Act	Motor Vehicles Act
MVI	Motor Vehicle Inspector
MVR	Minimum Value Register
NHAI	National Highway Authority of India
NIC	National Informatics Center
OTT	One Time Tax
PAC	Public Accounts Committee
PDR	Public Demand Recovery
PUC	Pollution under Control
RO	Requiring Officer
RT-III	Annual return under BVAT Act
RTA	Regional Transport Authority
SE	Superintendent of Excise
SR	Sub Registrar
STC	State Transport Commissioner
SUVIDHA	Simplified Usage of Vehicle Information Data Harmonized Application
TAR	Tax Audit Report
TDS	Tax Deducted at Source
TIN	Tax Payer Identification Number
TTO	Taxable Turnover
VAT	Value Added Tax
VATMIS	Value Added Tax Management Information System

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