

CHAPTER – IV

Revenue receipts

(Urban Administration and Development Department)

4.1 Loss of revenue due to less deposit of terminal tax by the manufacturer

Loss of revenue of Rs. 1.10 crore due to less deposit of terminal tax by the manufacturer

Sub-rule (3) and (4) of Rule 1 of Madhya Pradesh Terminal Tax (Assessment and collection) Rule 1996 notified by the Government in Madhya Pradesh Gazette dated 7th March 1997 provides that it would be the responsibility of each individual, trader etc to collect the terminal tax on export of goods or sale of goods for the purpose of export out of Municipal Jurisdiction and to deposit in the treasury of Nagar Palika. Terminal tax was leviable on export of all types of Electrical and Electronic goods at the rate 0.50 percent.

Test check of records (April 2008) of Chief Municipal Officer, Nagar Palika Parishad, Mandideep, District Raisen (M.P.) for the period April 2001 to March 2006 revealed that M/S Insulator and Electrical Company (Proprietor Hindustan Vidyut Manufacturing Product & Ltd.) was manufacturing electrical and electronic goods and exporting out of municipal jurisdiction. The company had collected terminal tax at the rate of 0.10 percent on the cost of goods instead of 0.50 percent and deposited during April 2001 to March 2007. The short collection and deposit of terminal tax in municipal treasury resulted in loss of revenue of Rs. 1.10 crore as shown in **Appendix - XX**.

On being pointed out in audit CEO replied that terminal tax will be collected as per rule in future. The fact remains that the short collection resulted in loss of revenue of Rs. 1.10 crore.

The matter was reported to Government (May 2008); reply had not been received (October 2008).

4.2 Loss of interest of Rs. 34.26 lakh in Short Terms Deposits

Loss of interest of Rs. 34.26 lakh due to investment in Fixed Deposit Receipts (FDRs) of banks paying lesser rate of interest

Rule 3 of Madhya Pradesh Nagar Palika Lekha Niyam, 1971 (Rules) provides that all the receipts will be credited in the treasury or Bank keeping accounts of Nagar Palika Nidhi. With a view to earn higher interest on unutilised balances, the amount may be invested in Short-term deposits.

Test check of records (November 2006) of Nagar Nigam, Gwalior for the period April 2004 to March 2006 revealed that against the available balance of

Rs. 26.16 crore in the Banks, Rs. 24.67 crore (PF Rs. 17.44 crore; FBF Rs. 0.92 crore and Nigam Fund/Pension Rs. 6.31 crore) were invested in Short-term deposits in the month of March 2006 in Vijaya Bank, Allahabad Bank, Punjab National Bank at the rate of interest ranging from 6.85 to 7 per cent as against the 8.75 per cent in State Bank Indore. Thus depositing money at lower rate of interest resulted in loss of Rs. 34.26 lakh to Nigam. The details were shown in **Appendix – XXI**.

On being pointed out in audit, Nigam replied that actual position could not be ascertained as the concern file was not available.

The matter was reported to the Government in March 2007 and May 2007; reply had not been received (October 2008).