

OVERVIEW

This Report contains 28 paragraphs including three reviews relating to non-levy/short levy of tax, interest etc. involving Rs 1,117.71 crore. Some of the major findings are mentioned below:

I. GENERAL

The total receipts of the Government of Bihar for the year 2003-2004 were Rs 12,455.56 crore. The revenue raised by the State Government amounted to Rs 3,210.07 crore comprising tax revenue of Rs 2,889.69 crore and non-tax revenue of Rs 320.38 crore. The receipts from the Government of India were Rs 9,245.49 crore (State's share of divisible Union taxes Rs 7,627.87 crore and grants-in-aid Rs 1,617.62 crore). Thus, the State Government could raise only 26 *per cent* of total revenue. Taxes on Sales, Trade etc. (Rs 1,637.23 crore) and Non-ferrous Mining and Metallurgical Industries (Rs 73.34 crore) were the major source of tax and non-tax revenue respectively during the year 2003-2004.

(Paragraph 1.1.1, 1.1.2 and 1.1.3)

The percentage of cost of collection in respect of State Excise and Stamps and Registration fee during the year 2003-2004 was notably higher than that of all India average for the corresponding period.

(Paragraph 1.3)

Test check of the records of Commercial Taxes, State Excise, Taxes on Vehicle, Land Revenue, Non-ferrous Mining and Metallurgical Industries and other departmental offices conducted during the year 2003-2004 revealed under assessment/short levy/loss of revenue amounting to Rs 1,666.87 crore in 1,230 cases. During the course of the year 2003-2004, the concerned departments accepted under assessments etc. of 9.92 crore involved in 36 cases pointed out in audit prior to 2003-2004.

(Paragraph 1.10)

The number of Inspection Reports and audit observations issued upto December 2003 but not settled by June 2004 stood at 8,078 and 32,639 respectively involving Rs 3,047.09 crore. In respect of 1,997 Inspection Reports, even first replies have not been received although these were required to be furnished within six weeks of their receipts.

(Paragraph 1.11)

II. TAXES ON SALES, TRADE ETC.

A review on **Arrears of revenue in Sales Tax** revealed the following:

- The amount of arrears increased from Rs 692 crore to Rs 1,145 crore (65 *per cent*) over the period from 2000-2001 to 2002-2003 whereas amount of certified arrears increased by 29 *per cent* only. The pace of recovery process was slow against the mounting arrears.

(Paragraph 2.2.5)

- Cross verification of Dues statement with Register VI maintained in 15 circles revealed incorrect exhibition of dues of Rs 38.51 crore, short exhibition of dues of Rs 2.45 crore and excess exhibition of dues of Rs 0.61 crore.

(Paragraph 2.2.6)

- The Revenue authorities failed to reconcile discrepancy of Rs.2.76 crore between Register IX and Register X. Besides, in case of two dealers of a circle, institution of certificate was short by Rs.17.83 lakh.

- In two circles, five certificate cases for recovery of dues of Rs 92.54 lakh remained pending till 2002-2003 as distress warrants/body warrants during 1994-1995 and 2002-2003 could not be executed.

(Paragraph 2.2.7)

- In the case of 10 dealers of a circle, registration certificate was granted to *benami* (non-existent) dealers though certificate cases were instituted for non payment of tax amounting to Rs 13.19 crore. The defaulters were not traceable.

(Paragraph 2.2.10)

Cross verification of assessment records of 21 dealers of various commodities registered with four commercial taxes circles with the records maintained in Custom Department revealed that incorrect exemption on excess taxable turnover of Rs 17.27 crore were allowed resulting in short levy of tax amounting to Rs 6.35 crore including additional tax and surcharge.

(Paragraph 2.3)

In three commercial taxes circles, in case of six dealers though the sale of goods valued at Rs 14.18 crore was not supported by prescribed declaration forms, tax was levied at lower rate. This resulted in under assessment of tax amounting to Rs 56.27 lakh.

(Paragraph 2.6)

III. STATE EXCISE

In six excise offices, 27 CS shops, 40 SCS shops and 21 IMFL shops remained unsettled or inoperative departmentally during 2001-2002 and 2002-2003. This resulted in loss of excise duty and licence fee of Rs 5.08 crore.

(Paragraph 3.2)

Short recovery of 57,231.65 LPL of spirit from molasses in a distillery resulted in loss of revenue amounting to Rs 57.23 lakh.

(Paragraph 3.4)

IV. TAXES ON MOTOR VEHICLES

In 15 District Transport Offices, tax of Rs 8.09 crore including penalty of Rs 5.39 crore pertaining to the period from April 1999 to January 2004 was not recovered from owners of 875 transport vehicles.

(Paragraph 4.2)

In five District Transport Offices, rates of taxes in respect of 55 vehicles were not revised according to their seating capacity/wheel base resulting in non/short realisation of taxes of Rs 20.24 lakh.

(Paragraph 4.4)

V. OTHER TAX RECEIPTS

A Review on **Stamp Duty** revealed the following:

- Discrepancy of Rs.18.59 crore between departmental figures of receipts and those shown in Finance Accounts were not reconciled by the Department for the years 1993-1994 to 2002-2003.

(Paragraph 5.2.6)

- Out of 12 districts test checked, it was noticed that two Treasury Officers had not started recording six digit serial number on the stamps as of May 2004 and in seven districts there was inordinate delay in starting six digit number and sending the details to concerned District Sub-Registrars for verification of stamps in execution of deeds.

(Paragraph 5.2.8)

- In 12 test checked districts, only 858 out of 1,004 vendors had been rendering their accounts to concerned Treasury Officers/Deputy Collectors. Of these, accounts of 140 vendors were checked and it was noticed that inspection/verification/reconciliation was not done by the

Treasury Officers/Deputy Collectors with the records of District Sub-Registrars.

- In five DSR offices, during the years 1995-1996 to 2002-2003, non-judicial stamp papers worth Rs 10.02 crore were utilised in excess for registration than the stamp papers sold by the concerned treasuries.

(Paragraph 5.2.9)

- In a Treasury, stamp papers valued at Rs 3.06 crore were lost in January 2004 due to theft.

(Paragraph 5.2.11)

- The sale of stamps valued at Rs 2.87 crore by unauthorised vendors of other States resulted in loss of revenue to the State exchequer.

(Paragraph 5.2.13)

- There was no evidence on record of inspections carried out by the Inspectors and action taken if any, on their reports. The internal audit system was non-existent.

(Paragraph 5.2.17)

VI. NON-TAX RECEIPTS

A Review on **Interest Receipts** revealed the following:

- The Administrative departments had not prepared budget estimates or revised estimates for the years 1998-1999 to 2002-2003 under the head 'Interest receipts' for submission to the Finance Department though the Finance Department had issued directions reiterating preparation/submission of budget estimates and revised estimates.

(Paragraph 6.2.5)

- None of the Administrative departments test checked had maintained loan ledger and demand, collection and balance register. The Departments failed to exercise control over recovery of principal and interest.

(Paragraph 6.2.6)

- Interest and penal interest of Rs 687.67 crore accrued as of March 2003 was neither worked out nor demanded by the Administrative departments. Of this, Rs 648.89 crore pertained to the years 1998-1999 to 2002-2003.

- Interest of Rs 70.63 crore accrued upto March 2003 on loans outstanding against three loanees of Co-operative department. Of this Rs 39.97 crore pertained to the years 1998-1999 to 2002-2003.

(Paragraph 6.2.7)

- Non-finalisation of terms and conditions of loan by the Housing Department had resulted in non-realisation of interest of Rs.1.53 crore.

(Paragraph 6.2.8)

In 14 Districts Mining Offices, 1,679 brick kilns were operated in brick season 2001-2002 and 2002-2003 without payment of prescribed consolidated royalty and without obtaining valid permit. The competent authorities failed to stop such business and levy penalty of Rs 8.43 crore.

(Paragraph 6.3)

Non-adherence to the provisions of Forest Conservation Act resulted in loss in shape of depletion of forest affecting environmental stability and ecological balance besides non-realisation of Net Present Value (Rs 6.65 crore) and cost of compensatory afforestation (Rs 32.45 lakh).

(Paragraph 6.6)

In four Water Ways divisions, *khatiani* in respect of 4.11 lakh acres of *Kharif* and 1.01 lakh acres of *rabi* land irrigated during the years 1999-2000 to 2002-2003 were not prepared and forwarded to the concerned revenue divisions for raising demand and collection of water rates for Rs 3.73 crore.

(Paragraph 6.9)