

CHAPTER V: Other-Tax Receipts

5.1 Results of Audit

Test-check of records in departmental offices relating to revenues received from Taxes on Motor Vehicles, Passengers and Goods Tax, Entertainment duty and show tax, Purchase tax (Agriculture), Electricity Duty and Land Revenue revealed under-assessment of taxes and duties and loss of revenue amounting to Rs.54.77 crore in 65,584 cases as depicted below:

Sl. No.	Heads of revenue	Number of cases	Amount (Rupees in crore)
1.	Review on 'Receipts from Electricity duty'	1	39.76
2.	Taxes on motor vehicles	65,072	5.77
3.	Passengers and goods tax	424	2.06
4.	Entertainment duty and show tax	7	0.02
5.	Purchase tax (Agriculture)	40	7.13
6.	Land Revenue	40	0.03
	Total	65,584	54.77

In the cases of Purchase tax (Agriculture), Taxes on Motor Vehicles, Passengers and Goods Tax, Electricity Duty, the department accepted under-assessments etc. of Rs.7.47 crore involving 5215 cases which were pointed out during the year 2001-2002 and recovered Rs.8.13 lakh in 11 cases pertaining to earlier years.

A few illustrative cases involving Rs.6.86 crore and a review on "Levy and collection of electricity duty" involving Rs.31.56 crore highlighting important cases are mentioned in the following paragraphs:

Electricity Duty

5.2 Levy and collection of electricity duty

5.2.1 Introductory

Electricity duty is leviable under the Punjab Electricity (Duty) Act, 1958, as applicable to Haryana State, on the energy supplied to consumers or licensees by the Haryana State Electricity Board (HSEB) upto 14 August 1998, and thereafter by Uttar Haryana Bijli Vitran Nigam Ltd. (UHBVNL) and Dakshin Haryana Bijli Vitran Nigam Ltd. (DHBVNL) at the rates as the State Government may from time to time specify and is collected and paid to the Government by the HSEB upto 14 August 1998 and thereafter by UHBVNL and DHBVNL. Further, the State Government under the provisions of Section 12 of the Act, *ibid* may in public interest, by notification, exempt any licensee, consumer or person from the payment of the whole or part of the duty for such period and subject to such terms and conditions as may be prescribed.

5.2.2 Organisational set-up

The Chief Electrical Inspector (CEI) assisted by the Executive Engineers, Assistant Engineers and Junior Engineers attached to field offices as well as Inspectorate Staff under the administrative control of Irrigation and Power Department administer the Punjab Electricity (Duty) Act, 1958 and the Rules made thereunder. CEI, Haryana is responsible for checking the assessments and calculation of duty, recovery of duty from the defaulters as arrears of land revenue and to watch the timely submission of prescribed return due to him. He is required to submit to the State Government a monthly statement in respect of assessments and realisation of duty. He is also responsible for conducting periodical inspections and testing of electrical installations except of low voltage and agriculture installations.

5.2.3 Scope of audit

With a view to ascertaining that duty had correctly been assessed/levied and promptly paid and credited to Government accounts, the records of the office of the Chief Electrical Inspector (CEI), Haryana and 70 Sub-Divisions of the UHBVNL and DHBVNL and seven power generating plants in State for the period 1996-97 to 2000-2001 were test-checked (between October 2001 and March 2002). The procedural lapses detected in audit have also been highlighted in the review.

5.2.4 Highlights

As on 31 March 2001, electricity duty of Rs.50.65 crore remained in arrears of which Rs.33.83 crore was recoverable from defaulting consumers.

(Paragraph 5.2.7)

Electricity duty of Rs.9.21 crore was mis-classified as sale of power and the amount was not deposited into Government account, which resulted in loss of interest of Rs.2.68 crore.

(Paragraph 5.2.8)

Shortfall in statutory inspection of power installations resulted in revenue loss of Rs.1.31 crore on account of inspection fee.

(Paragraph 5.2.11)

Excessive auxiliary consumption of power reduced the availability of power for sale depriving the Government of electricity duty of Rs.7.52 crore

(Paragraph 5.2.12)

5.2.5 Trend of revenue

The budget estimates of duty (including inspection fee and other receipts) and the actual receipts for the last five years ending 2000-2001 are given below:

Year	Budget estimates	Actual realisation as per finance account	Variations Increase (+)/ Decrease (-)
		(Rupees in crore)	
1996-97	35.42	35.48	(+)0.06
1997-98	35.46	40.53	(+) 5.07
1998-99	35.00	44.53	(+) 9.53
1999-00	45.50	46.08	(+) 0.58
2000-01	46.56	0.68	(-) 45.88

The variation during the year 2000-2001 was mainly due to non-deposit of electricity duty by the UHBVNL and DHBVNL into Government account. Further, Government issued (March 2001) sanction for conversion of electricity duty amounting to Rs.39.18 crore into subsidy but it could not be adjusted in Government Account due to delay in receipt of account for adjustment from the Chief Electrical Inspector in the office of A.G. (A&E) Haryana, Chandigarh.

5.2.6 Non-deposit of electricity duty in Government accounts

Under the Punjab Electricity (Duty) Act, 1958 and the rules made thereunder, the electricity duty leviable on the energy supplied by the HSEB/UHBVNL/DHBVNL/HVPL shall be collected through the bills issued for the energy supplied to the consumers and deposited into Government accounts in the treasury not later than 20th of the following month and submit to the Chief Electrical Inspector (CEI), a statement showing duty assessed, realised, deposited and the balance unrecovered or retained by the 20th of every month.

During test-check of the records for the period 1996-97 to 2000-2001, it was noticed that HSEB/HVPL/UHBVNL/DHBVNL had collected electricity duty amounting to Rs.188.29 crore from the consumers alongwith the bills for energy supplied but did not deposit it into Government account. At the end of each financial year, the State Government adjusted the recoverable duty by way of granting loans to the Board/HVPL for the years 1996-97 to 1999-2000 and subsidy for the year 2000-2001 as detailed below:

Year	Duty collected by Board	Duty deposited during the year	Amount of loan/subsidy sanctioned.	Duty adjusted towards loan/subsidy
(Rupees in crore)				
1996-97	34.14	Nil	35.00 (loan)	34.14
1997-98	34.54	Nil	40.00 (loan)	34.54
1998-99	36.50	Nil	44.00 (loan)	36.50
1999-00	41.52	Nil	45.00 (loan)	41.52
2000-01	41.59	Nil	(39.18)* (Subsidy)	39.18

* The subsidy of Rs.39.18 crore was sanctioned by the Government to UHBVNL and DHBVNL in March 2001.

Year	Duty collected by Board	Duty deposited during the year	Amount of loan/subsidy sanctioned.	Duty adjusted towards loan/subsidy
(Rupees in crore)				
Total	188.29	Nil	203.18	185.88

It can, thus, be seen that the electricity duty amounting to Rs.188.29 crore collected/realised during the period from 1996-97 to 2000-2001 but not deposited into treasury upto 20th of the following month from April to March of each year (upto the sanction/adjustment in loan) was utilised by the Board/HVPL for its own use. Besides, balance amount of Rs.2.41 crore of electricity duty was pending against collecting agencies during the year 2000-2001 as it had neither been adjusted towards subsidy nor deposited (March 2002) into Government accounts. In the absence of any provision in the Act/Rules, interest to the tune of Rs.10.78** crore could not be levied on the outstanding dues by the department.

5.2.7 Electricity duty in arrears

Arrears of Rs.50.65 crore remained outstanding as on 31 March 2001. Year-wise detail is given below:

Year	Outstanding amount (Rupees in crore)
Upto March 1996	25.49
1996-97	04.00
1997-98	05.55
1998-99	05.83
1999-2000	04.29
2000-01	05.49
Total	***50.65

The department stated (May 2002) that Rs.1.84 crore could not be recovered as the cases were pending in the courts, Rs.33.83 crore was recoverable from defaulting consumers, Rs.4.11 crore was recoverable on account of permanent disconnections and Rs.5.38 crore was adjusted by HVPL against various Government departments. Details of the remaining Rs.5.49 crore pending collection were still awaited (May 2002) from the department.

5.2.8 Mis-classification of electricity duty

Under the Punjab Electricity (Duty) Act, 1958 and the rules framed thereunder, the collecting agency is required to deposit the electricity duty into

** Interest calculated at the rates applicable on borrowings of the State Government.

*** Rs.0.89 crore have been adjusted from Rs.51.54 crore depicted in the Audit Report (Revenue Receipts) 2000-2001.

Government treasury/bank by 20th of the following month.

During the course of audit (July 2001) it was noticed that duty amounting to Rs.17.59 crore realised during the period from April 1996 to December 2000 was mis-classified as sale of power by HSEB/UH BVNL/DHBVNL instead of crediting it into Government accounts. Out of this Rs.8.38 crore was adjusted upto 31 December 2000 by crediting to electricity duty accounts for the years 1996-97 to 2000-2001, but the balance amount of Rs.9.21 crore remained (March 2002) unrecovered. No action was taken to recover the amount as detailed below:

Year	Duty Mis-classified	Duty adjusted	Outstanding duty
(Rupees in crore)			
1996-97	2.36	1.58	0.78
1997-98	1.99	1.27	0.72
1998-99	4.53	2.44	2.09
1999-00	4.93	2.37	2.56
2000-01	3.78	0.72	3.06
Total	17.59	8.38	9.21

Had the amount of Rs.9.21 crore been correctly classified and deposited in the Government account, Rs.2.68 crore could have been saved by way of interest calculated at the rates applicable on borrowings of the State Government.

5.2.9 Electricity duty not charged after expiry of exemption period

Under the Punjab Electricity (Duty) Act, 1958, as applicable to Haryana, the State Government may in public interest, by notification exempt any licensee, consumer or person from the payment of the whole or part of the electricity duty for such period and subject to such terms and conditions as may be prescribed.

In three* Sub-Divisions of Dakshin Haryana Bijli Vitran Nigam Ltd., and eight** Sub-Divisions of Uttar Haryana Bijli Vitran Nigam Ltd., it was noticed in audit that exemption to 24 industrial units (consumers) continued for the period between May 1995 to February 2002 even after expiry of the exemption period from February 1995 to March 2001. This resulted in non-levy/ non-recovery of electricity duty of Rs.2.79 lakh.

On this being pointed out (between November 2001 to March 2002) in audit, the Chief Electrical Inspector accepted the audit observation (between November 2001 and March 2002) and directed the concerned Sub-Divisional Officer to take action to recover the amount.

* OPSD 1/A Gurgaon, Satrod Hisar and city Hansi.

** OPSD (City) Panchkula, Kalka, Pipli, Karnal, SU Karnal, Panipat, SU Panipat and MT Sonipat.

5.2.10 Irregular Grant of Exemption

Under the provisions of the Punjab Electricity Duty Act, 1958 electricity duty is not leviable on sale or consumption of energy, which is sold to the Government of India for consumption by the Government. This exemption is, however, not admissible on the energy used for staff quarters, departmental colonies, streetlights, canteens, etc.

Test-check of the records of the Sub-Urban, Sub-Division, Panchkula revealed (November 2001) that electricity duty was not charged for electricity supplied to the MES for staff quarters and other commercial establishments for 1996-97 and 1997-98. This resulted in non-levy of electricity duty of Rs.3.60 lakh calculated on the basis of monthly consumption assessed by the MES

On this being pointed out (November 2001) in audit, the department stated that necessary instructions had been issued in November 2001 to recover the amount. Further report on recovery had not been received (November 2002).

5.2.11 Shortfall in statutory inspection of electrical installations

As per Haryana Government notification issued in July 1981 and 1983 the CEI is required to inspect all extra high/high voltage and medium voltage as well as small power installations (other than agriculture and low voltage installations) already connected to supply system once in a year and in three years respectively. The inspection fee for periodical inspection of small power installations (SPI) and medium power installations (MPI) high tension and extra high-tension installations (HTI) ranged between Rs.100 and Rs.1,000. The consumer is required to deposit the inspection fee in advance with the CEI.

During test-check of the records, it was noticed (July 2001) that out of 1,46,674 installations due for inspection during the years 1996-97 to 2000-2001, only 20,973 installations were inspected leaving the remaining 1,25,701 installations uninspected. The department neither demanded the inspection fee in advance nor it was paid by the consumers. Thus, apart from safety measures, this resulted in loss of revenue of Rs.1.31 crore as detailed below:

Year	No. of installations due but not inspected	Inspection fee recoverable in respect of SPI @ Rs.100 (Rs. in lakh)	Total No. of installations due for inspection	No. of installations inspected	Installations due but not inspected	Recoverable amount HTI/MPI @ Rs.500/ Rs.200 (Rs. in lakh)	Total inspection fee (Col. 4 + Col. 8) (Rs. in lakh)
(1)	(2)	(4)	(5)	(6)	(7)	(8)	(9)
1996-97	24,687	24.69	2465 HTI 2387 MPI	2242 HTI 2129 MPI	223 HTI 258 MPI	1.12 0.52	26.32
1997-98	25,000	25.00	2631 HTI 2529 MPI	2369 HTI 2529 MPI	262 HTI	1.31	26.31
1998-99	23,352	23.35	2846 HTI 2930 MPI	2501 HTI 2685 MPI	345 HTI 245 MPI	1.72 0.49	25.56

1999-00	29,412	29.41	3063 HTI 2955 MPI	2786 HTI 2955 MPI	277 HTI	1.39	30.80
2000-01	21,613	21.61	465 HTI 339 MPI	438 HTI 339 MPI	27 HTI	0.13	21.75
Total	1,24,064	124.06	22,610	20,973	1,637	6.68	130.74

On this being pointed out (July 2001), the department stated (January 2002) that shortfall was due to shortage of staff and limited days of touring fixed by the Government.

5.2.12 Loss of electricity duty due to excessive auxiliary consumption

As per the Punjab Electricity (Duty) Act 1958, as applicable to Haryana, electricity duty shall be levied and paid to the State Government on the energy supplied by the Board to consumer or licensee at the rate fixed from time to time. Further, as per project report of thermal power plants, auxiliary* consumption is permissible upto 8 *per cent* to a licensee generating energy himself.

Test-check of records of Thermal Power Project at Faridabad and Panipat for the years 1996-97 to 2000-01 revealed that these projects generated 17443.976 MUs power against which auxiliary consumption was 2146.807 MUs (12.31 *per cent*) on which no duty was paid. The percentage of the auxiliary consumption during these years ranged between 11.40 *per cent* and 31.93 *per cent* against the permissible norms of 8 *per cent*. Excessive auxiliary consumption of 751.292 MUs deprived the Government of the electricity duty of Rs.7.52 crore.

5.2.13 Non-reconciliation with treasury books

During test-check of the records of the Chief Electrical Inspector, it was noticed that monthly reconciliation of challans received in proof of receipts and of other records of remittance with treasuries/sub-treasuries records was not done as required under the provision of Punjab Subsidiary Rules as applicable to Haryana.

On this being pointed out (July 2001) in audit, the department stated that reconciliation with effect from January 2001 had since been started and efforts were being made to reconcile the figures with the treasury records. Nothing was stated about the reconciliation of figures prior to January 2001. Further report on action taken had not been received (November 2002).

The matter was taken up (January 2002) with the Chief Electrical Inspector, but reply had not been received (November 2002).

The above points were brought to the notice of the department and to the Government between October 2001 and March 2002.

* In relation to any period, auxiliary energy consumption means the ratio, expressed as percentage of energy in KWh generated at generator terminal minus energy in KWh delivered at the Generating Station Switchyard to gross energy in KWh generated at the generator terminal.

Taxes on Motor Vehicles

5.3 Non-realisation of token tax

As per Punjab Motor Vehicles Taxation Act, 1924, as applicable to Haryana, tax shall be leviable on every motor vehicle in equal instalments for quarterly periods commencing on the first day of April, July, October and January at the rate of Rs.550 per seat per annum subject to maximum of Rs.35000 per vehicle per year. Any broken period in such quarterly periods shall, for the purpose of levying the tax, be considered as a full quarter. In case of omission to comply with the provisions, the Act further provides that the licencing officer may impose a penalty, which may extend to twice the amount of tax due.

During test-check of records of 7* Regional Transport Authorities for the years 1999-2000 and 2000-2001, it was noticed (between August 2000 and September 2001) that token tax in respect of 310 buses of the Transport Co-operative Societies for the period from October 1997 to March 2001 was neither deposited nor demanded by the department. This resulted in non-realisation of token tax of Rs.70.88 lakh besides penalty leviable thereon.

On this being pointed out (between August 2000 and September 2001) in audit, the department intimated (between September 2000 and December 2001) that a sum of Rs.2.67 lakh had been recovered and efforts were being made to recover the balance amount of Rs.68.21 lakh. No reply has been received in other cases.

The matter was referred (between September 2000 and December 2001) to Government; reply had not been received (November 2002).

5.4 Non/short charging of fitness fee (passing fee)

Under the provisions of the Central Motor Vehicle Rules, 1989, fee for grant or renewal of certificate of fitness (passing fee) in respect of Light Motor Vehicles (Non-transport) was chargeable at the rate of Rs.50 per vehicle and it was revised to Rs.150 with effect from 22 October 1999. But the revised rates were withdrawn by Government of India with effect from 31 January 2000 and the passing fee was chargeable at old rates with effect from 1 February 2000.

During test-check of records of registering authorities (Motor Vehicle) in

* Regional Transport Authorities: Ambala, Faridabad, Gurgaon, Hisar, Jind, Karnal and Rohtak.

42 offices for the years 1999-2000 and 2000-2001, it was noticed (between February and December 2001) that fitness certificates were granted in respect of 1,53,603 Light Motor Vehicles (non-transport) but no passing fee was charged by the registering authorities during the years 1999-2000 and 2000-2001. This resulted in non-charging of fee of Rs.79.42 lakh.

On this being pointed out (between February and December 2001), 29 registering authorities intimated that efforts were being made to recover the amount. Registering Authorities Rewari, Kosli and Fatehabad stated that they had started charging passing fee at revised rates w.e.f. October 2000 and March 2001 and notices were being issued to recover the fee in respect of cases registered before October 2000 and March 2001. Registering Authorities, Palwal and Faridabad intimated (August 2001) that the matter was being taken up with the State Transport Commissioner. No reply had been received (March 2002) in respect of remaining 8 cases.

The matter was referred (between March 2001 and January 2002) to Government; reply had not been received (November 2002).

5.5 Short realization of permits/countersignature fee

The Regional Transport Authority is required to issue permits under Motor Vehicle Act, 1988 for the region under its jurisdiction and countersign for each additional region of the State after charging countersignature fee at the rates prescribed under the Punjab Motor Vehicle Rules, 1940.

During the course of test-check of records of seven* Regional Transport Authorities, it was noticed (between May and October 2001) that permit/countersignature fee for a block of 5 years from April 2000 to March 2005 and April 2001 to March 2006 for each Heavy and Light Transport Vehicle was recoverable at the rates of Rs.4,125 and Rs.2,750 respectively but the same was charged as per pre-existing rates (i.e. Rs.2,625 and Rs.1,750) from April 2000 to March 2001. This resulted in short realization of permit/countersignature fee of Rs.3.30 crore in 24,303 cases.

On this being pointed out (between May and October 2001) in audit, the department stated (between June and September 2001) that the permit fee at new rates would be charged on receipt of instructions from the Transport Commissioner/Government. The contention of the department is not tenable as no separate instructions were required to charge permit fee at enhanced rates.

The matter was also referred (between July and December 2001) to Government; reply had not been received (November 2002).

* Regional Transport Authorities: Ambala, Faridabad, Gurgaon, Jind, Karnal, Rohtak and Sirsa.

Passengers and Goods Tax

5.6 Non/short realisation of passengers tax

As per notification issued in July 1996 under the Punjab Passengers and Goods Taxation Act, 1952, as applicable to Haryana, permit holders for plying buses on link routes of the State under the scheme of privatisation of Passengers Road Transport, are required to pay lump-sum passengers tax based on the seating capacity of the bus on monthly basis at the rate of Rs. 16,000 for 52/54 seater and Rs. 10,000 for 30 seater buses.

During test-check of the records of 13* offices of the Deputy Excise and Taxation Commissioners, it was noticed (between April 1999 and August 2001) that 166 Transport Co-operative Societies, which were granted permits for plying 166 buses on link roads, were required to deposit Rs.1.24 crore of passengers tax for the years 1998-99 to 2000-2001. However, they deposited only Rs.17.92 lakh and the remaining amount of Rs.1.06 crore was neither deposited by the Societies nor demanded by the department.

On this being pointed out (between April 1999 and August 2001), the department made recovery of Rs.22.83 lakh and intimated (between January 2000 and September 2001) that the balance amount was being recovered. Further progress on recovery of balance amount had not been received (November 2002).

The matter was referred (between May 1999 and December 2001) to Government; reply had not been received (November 2002).

Entertainment Duty and Show Tax

5.7 Non-recovery of entertainment duty

Under the Punjab Entertainment Duty Act, 1955 and the Rules framed thereunder, as applicable to Haryana, the proprietor of a video house exhibiting video-shows on payment is required to make advance payment of

* Deputy Excise and Taxation Commissioners: Bhiwani, Faridabad (East), Faridabad (West), Hisar, Jhajjar, Jind, Karnal, Kaithal, Rewari, Rohtak, Sonipat, Sirsa and Yamunanagar.

entertainment duty every quarter at the rates prescribed by the Government from time to time. Under Government notification issued in March 1989, the entertainment duty is payable on the basis of population of the town in which the video house is located. For towns with population below ten thousand and with population of twenty five thousand and above, duty is payable at the rate of Rs.10,000 and Rs 25,000 respectively per quarter. The latest census figures shall be the basis for determining the population of any place.

During the course of test-check of records of the Deputy Excise and Taxation Commissioner, Bhiwani, for the year 1999-2001 it was noticed (August 2001) that four proprietors of video houses exhibiting video-shows at Bhiwani, Khanak, Dhani-Phogat and Charkhi Dadri did not pay entertainment duty of Rs.1.33 lakh for different intervening quarters during the period from July 1999 to March 2001. The duty payable by them was also not demanded by the department. This resulted in non-recovery of entertainment duty of Rs.1.33 lakh.

On this being pointed out (August 2001) in audit, the department intimated (December 2001) that Rs.0.10 lakh had been recovered (October 2001) and efforts were being made to recover the balance amount.

The matter was referred (September 2001) to Government; reply had not been received (November 2002).

Agriculture

5.8 Non/short recovery of purchase tax and interest

As per notification issued (October 1977) under the Punjab Sugarcane (Regulation of Purchase and Supply) Act, 1953 and the rules framed thereunder, as applicable to Haryana, a sugar factory is required to pay tax at the rate of Rs.1.50 per quintal on purchase of cane, latest by 14th of the following month. In the event of default, interest at the rate of fifteen *per cent* per annum shall be charged for the period of default. The Act further provides that all sums payable to Government, but not paid by the due date, shall be recoverable as arrears of land revenue.

During test-check of records of Assistant Cane Development Officers (ACDO), Rohtak and Panipat for the year 2000-2001, it was noticed (between November and December 2001) that two assesseees, (one each of Panipat and Rohtak) purchased 56,80,077.53 quintals of sugarcane between November 2000 and May 2001. However, purchase tax and interest of Rs.97.62 lakh though payable by them was not paid. This resulted in non-recovery of purchase tax of Rs.85.20 lakh besides interest of Rs.12.42 lakh (calculated upto February 2002).

On this being pointed out (between November and December 2001) in audit, ACDO, Panipat intimated (November 2001) that the matter would be taken up with the Cane Commissioner to recover the amount. ACDO, Rohtak intimated (February 2002) that the Sugar Mill has been asked to deposit the amount. The Cane Commissioner, Haryana, however, intimated (March 2002) that no tax had been deposited by the Sugar Mills, Panipat and Rohtak. Action to effect the recovery of tax due as arrears of land revenue under Section 17 (3) of the Act had not been initiated (November 2002).

The matter was referred to Government (December 2001 and February 2002); reply had not been received (November 2002).