

## OVERVIEW

This Report contains 42 paragraphs including three reviews relating to non-levy / short levy/loss of tax involving Rs 392.30 crore which is 14.33 per cent of revenue receipts of 2002-2003. Some of the major findings are mentioned below:-

### I. General

The total receipts of the Government of Jharkhand for the year 2002-2003 were Rs 4,936.78 crore against Rs 4,495.02 crore during 2001-2002. The revenue raised by the State Government amounted to Rs 2,737.44 crore comprising tax revenue of Rs 1,750.30 crore and non-tax revenue of Rs 987.14 crore. The receipts from Government of India were Rs 2,199.34 crore (State's share of divisible Union taxes: Rs 1,702.52 crore and grants-in-aid: Rs 496.82 crore). Thus, the State Government could raise only 55 per cent of total revenue. Taxes on Sales, Trade etc. (Rs 1,366.14 crore) and Non-ferrous Mining and Metallurgical Industries (Rs 802.72 crore) were the major source of tax and non-tax revenue respectively during the year 2002-2003.

*[Paragraph 1.1, 1.1.2, 1.1.3]*

The percentage of cost of collection in respect of State Excise and Stamps and Registration fees during the year 2002-2003 was notably higher than that of all India average percentage for the year 2001-2002.

*[Paragraph 1.4]*

Test check of the records of Commercial Taxes, State Excise, Taxes on Vehicles, Land Revenue, Non-ferrous Mining and Metallurgical Industries and other departmental offices conducted during the year 2002-2003 revealed under-assessment/short levy/loss of revenue amounting to Rs 627.41 crore in 10,721 cases. During the course of the year 2002-2003, the concerned departments accepted under-assessments etc of Rs 101.19 crore involved in 157 cases of which 44 cases involving Rs 90.85 crore had been pointed out in audit during 2002-2003 and the rest in earlier years.

*[Paragraph 1.9]*

The number of inspection reports and audit observations issued upto December 2002 but not settled by June 2003 stood at 3,218 and 16,712 respectively involving Rs 1,677.38 crore. In respect of 1,311 inspection reports issued between 1980-81 and 1999-2000, even the first replies have not been received although these were required to be furnished within one month of their receipts.

*[Paragraph 1.10]*

## II. Taxes on Sales, Trade etc.

A review, **Accountal and Utilisation of Declaration Forms/ Certificates** revealed as under:

- In nine circles, 1,19,434 obsolete/invalid forms were in stock. No initiative had been taken by the Department to destroy these forms. Misuse of these forms cannot be ruled out.

*[Paragraph 2.2.6]*

- In 11 circles, suppression of purchase turnover valued at Rs.10.19 crore by 26 dealers was not detected due to non-existence of system of cross verification which resulted in underassessment of tax of Rs 4.85 crore including penalty .

*[Paragraph 2.2.15]*

- In six circles, 17 dealers suppressed purchase turnover valued at Rs 19.22 crore due to non-verification of utilisation certificate of declaration forms at the time of finalisation of assessment. This resulted in underassessment of tax amounting to Rs 5.23 crore including penalty.

*[Paragraph 2.2.18]*

- In two circles, cross verification of records of three manufacturing dealers of railway concrete sleepers with the records of South Eastern Railway, Kolkata revealed short accounting of sales valued at Rs 12.69 crore and evasion of tax amounting to Rs 4.72 crore including penalty.

*[ Paragraph 2.3.1]*

- In three circles, gross turnover was short determined by Rs 527.90 crore in case of three dealers resulting in under assessment of Rs 21.96 crore including additional tax and surcharge.

*[ Paragraph 2.5]*

- In five circles, 17 dealers suppressed purchase/sale turnover valued at Rs 125.87 crore resulting in under assessment of tax of Rs 19.99 crore including penalty.

*[ Paragraph 2.6]*

- In three circles, in respect of four dealers there was non-realisation of instalment of deferred tax and interest amounting to Rs 5.44 crore.

*[ Paragraph 2.7]*

### III. State Excise

- In 10 excise districts, non-settlement of 138 retail excise shops and failure of the Department to run them departmentally resulted in loss of excise revenue of Rs 9.86 crore.

[ Paragraph 3.2 ]

### IV. Taxes on Vehicles

**Information Technology Review of Road Transport Management Information System (NICTRAN)** revealed as under:

- Entry tax of Rs 62.02 lakh on 183 buses purchased from outside the state was not levied.

[ Paragraph 4.2.9 ]

- Analysis of data base of one district transport office and its subsequent physical verification revealed that Rs 80.22 lakh was outstanding from 57 school buses.

[ Paragraph 4.2.10 ]

- In three district transport offices additional taxes amounting to Rs 74.44 lakh in respect of 1306 vehicles were not collected.

[ Paragraph 4.2.11 ]

- In three district transport offices Rs 57.08 lakh was outstanding towards vehicles tax in respect of 987 defaulters vehicles.

[ Paragraph 4.2.12 ]

- There was short realisation of choice fees of Rs 11.27 lakh in respect of 230 vehicles.

[ Paragraph 4.2.13 ]

- Five collecting banks did not transfer the amount of tax collected by them to the nodal bank within the prescribed time for remitting into government account. The Department failed to take effective measures to ensure timely deposit and to levy interest of Rs 3.45 crore for delay in deposit.

[ Paragraph 4.3 ]

- In 13 district transport offices, demand notices were not issued against the owners of 710 tax defaulter vehicles resulting in non-realisation of tax dues of Rs 6.49 crore including penalty.

[ Paragraph 4.4 ]

- The Department did not take any action to realise trade tax of Rs 1.57 crore including penalty from a manufacturer of motor vehicles in one district transport office.

[ Paragraph 4.5 ]

- The Department failed to realise fees at enhanced rates in respect of 49,717 vehicles and 84,473 licences in eight district transport offices amounting to Rs 1.11 crore.

[ Paragraph 4.6]

## **V. Land Revenue**

- In two *Khas Mahal* offices, non-renewal of 368 leases resulted in non-realisation of revenue amounting to Rs 111.59 crore in the shape of *salami*, penal rent and interest.

[ Paragraph 5.2]

- In 11 revenue anchals, non-settlement of 85,815.16 acres of GM *khas* land on fair and equitable rent resulted in non-realisation of potential revenue of Rs 1.02 crore in the shape of rent and cesses.

[ Paragraph 5.3]

## **VI. Other Tax Receipts**

- In the office of the District Sub-Registrar, Dumka on 237 instruments of property valued at Rs 3.97 crore executed during 1999-2000 and 2000-2001, additional stamp duty was realised short by Rs 11.92 lakh.

[ Paragraph 6.2]

- In Katras circle, in case of proprietors of two Cinema halls, the Assessing Officer had not levied tax on non- deposit of compounded tax weekly in advance by them during the year 2001-2002, which resulted in short levy of tax amounting to Rs 8.26 lakh.

[ Paragraph 6.4]

## **VII. Mineral Concession, Fees and Royalties**

- Seven lessees and two permit holders of stone ballast of two district mining offices supplied 1.91 lakh Cu. m of stone ballast by illegal extraction/removal of minor minerals for which they were liable to pay price of mineral, royalty and interest of Rs 9.98 crore.

[ Paragraph 7.2.1]

- In four district mining offices, 14 lessees holding 23 leases of bauxite, limestone, dolomite, iron ore, manganese and sand (stowing) used 9,158.36 acres of land for mining operation. Surface rent was either not levied or was levied short resulting in non/ short levy of surface rent of Rs 3.24 crore.

[ Paragraph 7.3]

- In four mining offices, 136 sandghats were not settled during 2002 resulting in revenue loss of Rs 2.19 crore.

[ Paragraph 7.4]

## VIII. Other Non-Tax Receipts

A review, **Management of Forest Receipts** revealed as under:

- Non-disposal of 26,383 pieces of seized timber during 2000-2001 and 2001-2002 in eight divisions resulted in revenue loss of Rs 6.23 crore due to non-obtaining of permission from the court within six months.

*[Paragraph 8.2.7]*

- Non- implementation of codal provisions and lack of internal control resulted in non-eviction from 733.60 hectares of encroached forest land and non- realisation of revenue of Rs 56.51 crore in seven forest divisions between 1997-98 to 2001-2002.

*[Paragraph 8.2.9]*

- Non- realisation of demand of Net Present Value (NPV) amounting to Rs 24.80 crore for utilisation of 650.11 hectares of forest land raised against a user agency in July 2001 resulted in non realisation of revenue to that extent.

*[Paragraph 8.2.10]*

- Lack of timely action by the Department in respect of illegal mining operation in one division resulted in non-realisation of Rs 13.77 crore by way of NPV and cost of compensatory afforestation.

*[Paragraph 8.2.14]*

- Department's inaction for non-extraction of bamboo during 1997-1998 to 2000-01 resulted in avoidable loss of royalty of Rs 2.97 crore.

*[Paragraph 8.2.15]*

- Education and Health Cess, amounting to Rs 3.88 crore collected by eight municipal bodies remained out of government accounts as the municipal bodies did not remit the amount collected in the government treasuries.

*[Paragraph 8.4]*