

Overview

This Report contains 43 paragraphs including three reviews relating to non-levy/short levy/loss of tax involving Rs 468.78 crore. Some of the major findings are mentioned below.

1. General

i) During the year 2002-03, Government of Kerala raised a total revenue of Rs 7980.30 crore comprising tax revenue of Rs 7302.54 crore and non-tax revenue of Rs 677.76 crore. The State Government received Rs 1715.22 crore by way of State's share of divisible Union Taxes and Duties and Rs 938.37 crore as grants-in-aid from the Government of India. Sales Tax (Rs 5343.15 crore) formed the major portion (73%) of the tax revenue of the State. Receipts from Forestry and Wild Life (Rs 149.58 crore) formed the major portion (22%) of the non-tax revenue. Compared to the previous years, the total revenue raised by the State Government registered increase of 23 per cent, the State's share of divisible Union Taxes and Duties registered increase of six per cent while grants-in-aid from Government of India recorded decrease of four per cent during 2002-03.

(Paragraph 1.1)

ii) Test check of the records of Agricultural Income Tax and Sales Tax, State Excise, Land Revenue, Motor Vehicles, Registration, Power, Forest, etc., Departments conducted during 2002-03, revealed underassessments/short levy of revenue aggregating Rs 518.74 crore in 1,997 cases. During the course of the year 2002-03, the departments concerned accepted underassessments, etc., of Rs 6.81 crore involved in 457 cases of which 175 cases involving Rs 2.57 crore were pointed out in audit during 2002-03 and the rest in earlier years.

(Paragraph 1.11)

iii) Out of inspection reports issued up to the end of December 2002, there were 3,614 outstanding reports containing 15,584 audit observations involving Rs 586.99 crore as at the end of June 2003 for want of final replies from the departments.

(Paragraph 1.12)

2. Sales Tax

i) Incorrect grant of exemption of turnover in 19 cases resulted in short levy of tax of Rs 4.24 crore.

(Paragraph 2.2)

ii) Tax of Rs 3.71 crore was neither collected nor paid to Government by Central Government departments/institutions on cement purchased from outside the State and supplied to contractors for departmental works.

(Paragraph 2.3)

iii) Underassessment of turnover in 21 cases resulted in short levy of tax of Rs 79.88 lakh.

(Paragraph 2.4)

- iv) *Tax of Rs 67.69 lakh was not demanded in 10 cases.*
(Paragraph 2.5)
- v) *Interest of Rs 64.86 lakh accrued as a result of delay/non-payment of tax was short/not demanded in 15 cases.*
(Paragraph 2.6)
- vi) *Application of incorrect rate of tax resulted in short levy of tax of Rs 60.81 lakh in 19 cases.*
(Paragraph 2.7)
- vii) *Penalty of Rs 35.63 lakh was not levied in seven cases.*
(Paragraph 2.8)

3. Taxes on Agricultural Income

- i) *Exclusion of income/deduction of inadmissible expenditure while computing agricultural income in a case resulted in short levy of tax of Rs 52.55 lakh.*
(Paragraph 3.2)
- ii) *Underassessment of income resulted in short levy of tax of Rs 32.36 lakh in five cases.*
(Paragraphs 3.3 and 3.5)

4. State Excise

- i) *A review, “Revenue pending collection in Excise Department” revealed the following.*
- *Arrears of Rs 42.57 crore due from distilleries and breweries were not included in the Demand Collection Balance (DCB) statement.*
(Paragraph 4.2.6)
 - *In a case of court stay of Rs 61.84 crore, counter-affidavit was filed by the department only after two years.*
(Paragraph 4.2.8)
 - *In two cases involving Rs 67.37 lakh, stay by courts continued even after seven years for want of prompt action by the department.*
(Paragraph 4.2.8)
 - *Overvalued solvency certificates issued by Revenue Authorities resulted in loss of Rs 1.95 crore.*
(Paragraph 4.2.9)
 - *Recovery of Rs 72.96 lakh was held up due to delay in action by Revenue Authorities.*
(Paragraph 4.2.11)

- ii) *Failure to achieve the norm fixed by the Central Board of Molasses resulted in non-levy of excise duty of Rs 1.51 crore.*
(Paragraph 4.3)

5. Land Revenue and Building Tax and Taxes on Vehicles

- i) *Collection charge of Rs 1.71 crore for recovery of arrears was not/short collected from the defaulters in 31 offices.*
(Paragraph 5.2)
- ii) *Luxury tax on residential buildings amounting to Rs 79.82 lakh was not collected in 33 Taluk Offices.*
(Paragraph 5.3)
- iii) *Composite tax of Rs 5.77 lakh was short collected in 432 cases.*
(Paragraph 5.5)

6. Other Tax Receipts

A review, “Electricity duty, surcharge and fees” revealed the following:

- *Arrears of electricity duty, surcharge and fees due to Government as at the end of 31 March 2002 aggregated Rs 1001.65 crore.*
(Paragraph 6.2.6)
- *Duty and surcharge collected from consumers and retained by KSEB as at the end of 31 March 2002 was understated by Rs 19.81 crore.*
(Paragraph 6.2.9)
- *Duty and surcharge collected from consumers and retained by KSEB without any authority as at the end of 31 March 2002 amounted to Rs 442.51 crore.*
(Paragraph 6.2.10)
- *Interest of Rs 198.47 crore due on duty was not worked out and demanded from KSEB.*
(Paragraph 6.2.11)
- *Duty and surcharge of Rs 77.21 crore due from various consumers payable to Government was not demanded and realised.*
(Paragraph 6.2.12)
- *Duty and interest of Rs 1.35 crore due from Thrissur Municipal Corporation was not demanded and realised.*
(Paragraph 6.2.13)
- *The short fall of statutory inspection of electrical equipments by the CEI resulted in loss of Rs 11.55 lakh.*
(Paragraph 6.2.17)

7. Non-Tax Receipts

Forest Receipts

Kerala Forest Development Corporation did not remit to Government forest development tax and additional price of Rs 29.50 lakh collected by it.

(Paragraph 7.2)

Other non-tax Receipts

A review, “Receipts from the Co-operative Department” revealed the following.

- *There was no follow up action to realise arrears of Rs 67.77 crore due from Co-operative institutions.*
(Paragraph 7.5.6)
- *The department failed to maintain proper accounts of disbursements of loan/assistance of Rs 164.30 crore to Co-operative institutions.*
(Paragraph 7.5.8)
- *There was no entry in the records of the Department for disbursement of financial assistance of Rs 21.88 crore given to five institutions.*
(Paragraph 7.5.8)
- *The department had foregone the audit fee/cost of Rs 30.55 crore as a result of failure to conduct audit in time.*
(Paragraph 7.5.10)
- *The department failed to raise demand of interest/penal interest of Rs 8.47 crore due on loans and share capital contribution.*
(Paragraphs 7.5.11 and 7.5.12)
- *The department failed to raise demand of guarantee commission of Rs 6.32 crore due from a Bank.*
(Paragraph 7.5.13)