

## PREFACE

*This Report for the year ended 31 March 2004 has been prepared for submission to the Governor under Article 151 (2) of the Constitution.*

*The audit of revenue receipts of the State Government is conducted under Section 16 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. This Report presents the results of audit of receipts comprising commercial tax, state excise duty, taxes on vehicles, land revenue, other tax receipts, forest receipts, mining receipts and other non-tax receipts of the State.*

*The cases mentioned in this Report are among those which came to notice in the course of test audit of records during the year 2003-2004 as well as those noticed in earlier years but not covered in previous years' Reports.*

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## OVERVIEW

This report contains 42 paragraphs, including two reviews, relating to non/short-levy of tax, interest, penalty etc., involving Rs.125.53 crore. Some of the major findings are mentioned below:

### ***I. General***

- (i) The Government of Madhya Pradesh raised a total revenue of Rs.8,268.68 crore in 2003-2004, comprising tax revenue of Rs.6,788.86 crore and non-tax revenue of Rs.1,479.82 crore. The Government also received Rs.6,020.28 crore from the Government of India as its share of the net proceeds of divisible Union taxes (Rs.4,247.14 crore) and grant-in-aid (Rs.1,773.14 crore). Total receipts during the year were thus, Rs.14,288.96 crore. Sales Tax/Central Sales Tax (Rs.3,293.26 crore) formed a major portion (49 percent) of the tax revenue. Receipts from non-ferrous mining and metallurgical industries (Rs.646.71 crore) accounted for 44 percent of the non-tax revenue.

*(Paragraph 1.1.1 to 1.1.3)*

- (ii) Test-check of records of Commercial Tax, State Excise, Motor Vehicles Tax, Land Revenue, Stamps and Registration fees, Other Tax Receipts, Forest Receipts and Other Non-Tax Receipts conducted during the year 2003-04 revealed under assessment/short-levy/loss of revenue amounting to Rs.920.26 crore in 1,96,236 cases. During the course of the year the departments accepted under-assessment of Rs.392.58 crore in 96,740 cases pointed out in 2003-04 and earlier years.

*(Paragraph 1.9)*

### ***II. Commercial Tax***

Review on **Exemptions and Concessions in Commercial Tax against declaration forms/certificates** revealed the following:

- Declarations furnished in support of sales valued at Rs.509.76 crore involving tax of Rs.20.76 crore were not referred to concerned authorities for cross verification.

*(Paragraph 2.2.5)*

- Non/short-levy of tax of Rs.22.56 crore due to incorrect allowance of exemption and incorrect levy of concessional rate of tax against incomplete declarations was noticed.

*(Paragraph 2.2.6)*

- There was under-assessment of tax of Rs.11.58 crore due to incorrect allowance of transfer of goods to places not included in the registration certificates.

*(Paragraph 2.2.7)*

- Exemptions/deferment of payment of tax of Rs.5.25 crore on eligibility certificates was incorrectly granted.

*(Paragraph 2.2.8)*

- Purchase tax and penalty of Rs.4.07 crore was not levied/imposed in 27 cases.

*(Paragraph 2.2.9)*

Application of incorrect rate of tax resulted in short-levy of tax amounting to Rs.45.66 lakh.

*(Paragraph 2.6)*

Tax of Rs.25.51 crore was not recovered from closed industrial units which had availed exemption under tax exemption schemes.

*(Paragraph 2.7.1 and 2.7.2.)*

### ***III. State Excise***

Review on **Working of distilleries** revealed the following:

- Penalty of Rs.45.53 lakh was not imposed on short-production of 1.52 lakh proof litres alcohol.

*(Paragraph 3.2.7)*

- Duty on export of foreign liquor worth Rs.1.71 crore on account of non-receipt of verification report within the prescribed period was not recovered.

*(Paragraph 3.2.11)*

- Penalty of Rs.1.17 crore was not imposed on non-maintenance of minimum stock by the distilleries.

*(Paragraph 3.2.14)*

Loss of excise duty of Rs.3.39 crore due to non-fixation of norms for yield of beer.

*(Paragraph 3.3)*

**IV. Taxes on Vehicles**

**Working of National Permit Scheme and taxes on All India Tourist Permit Vehicles.**

- There was delay in depositing bank drafts valued at Rs.6.83 crore in Government account and bank drafts of Rs.84 lakh sent for revalidation were not received back.

*(Paragraph 4.2.2)*

- Periodical reconciliation with treasury records was not conducted resulting in non-realisation of Government revenue of Rs.3.42 crore.

*(Paragraph 4.2.3)*

- Non-recovery of vehicle tax and penalty on public service vehicles plying on All India Tourist Permit Vehicles resulted in loss of revenue of Rs.2.24 crore.

*(Paragraph 4.2.4 (i))*

Vehicle tax of Rs.3.68 crore and penalty of Rs.5.31 crore on public service vehicles/goods carriage and omni buses was not levied.

*(Paragraph 4.3)*

**V. Land Revenue**

Non-levy of process expenses resulted in loss of Rs.20.86 lakh in 319 cases.

*(Paragraph 5.2)*

Collection charges of Rs.30 lakh in ten Tahsils were not recovered.

*(Paragraph 5.3)*

Non-renewal of temporary leases led to non-realisation of revenue of Rs.23.32 lakh in two cases.

*(Paragraph 5.4)*

Non-raising of demand of diversion rent, premium and fine resulted in non-realisation of Rs.22.36 lakh.

*(Paragraph 5.5)*

**VI. Other Tax Receipts**

***Stamp Duty and Registration Fee***

Stamp duty and registration fee of Rs.14.55 lakh levied on sale deed executed in favour of persons displaced by Narmada Valley Department Project was not reimbursed.

(Paragraph 6.3)

Stamp duty and registration fee of Rs.1.63 crore recoverable on documents based on the market value proposed by registering officer remained unrealised.

(Paragraph 6.5)

**VII. Forest Receipts**

Non-observance of procedure in disposal of forest produce resulted in loss of revenue of Rs.68.27 lakh.

(Paragraph 7.2)

**VIII. Mining Receipts**

Evasion of royalty of Rs.6.36 crore due to suppression of stock of Coal..

(Paragraph 8.2)

Non-renewal of leases resulted in loss of revenue of Rs.7.72 crore.

(Paragraph 8.4)

**IX. Other Non-Tax Receipts**

***Water Resources Department***

Betterment contribution of Rs.37.32 lakh was not levied on six irrigation schemes completed between 1997-98 and 1999-2000.

(Paragraph 9.2)

***Co-operative Department***

Short-levy of audit fees for the year 2000-2001 in nine co-operative units resulted in loss of revenue of Rs.35.35 lakh.

(Paragraph 9.3)

***Food Department***

Interest of Rs.20.03 lakh on belated refund of loan was not levied and recovered from three Central Co-operative Banks.

(Paragraph 9.4)