

## CHAPTER VI REVENUE RECEIPTS

### 6. General

#### 6.1 Trend of revenue receipts

Tax and non tax revenue raised by Government of Manipur during the year 2005-06, the State's share of divisible Union taxes and grants in aid received from Government of India during the year and the corresponding figures for the preceding four years are given below:

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06
<b>I. Revenue raised by the State Government</b>					
Tax revenue	51.01	65.16	68.24	81.40	95.00
Non tax revenue	28.73	56.49	49.33	69.75	76.46
<b>Total:</b>	<b>79.74</b>	<b>121.65</b>	<b>117.57</b>	<b>151.15</b>	<b>171.46</b>
<b>II. Receipts from Government of India</b>					
State's share of net proceeds of divisible Union Taxes	142.14	188.12	240.89	287.02	342.09
Grants in aid	954.90	1,018.22	1,061.25	1,304.59	1,895.40
<b>Total:</b>	<b>1,097.04</b>	<b>1,206.34</b>	<b>1,302.14</b>	<b>1,591.61</b>	<b>2,237.49</b>
<b>III. Total receipts of State Government (I+II)</b>	<b>1,176.78</b>	<b>1,327.99</b>	<b>1,419.71</b>	<b>1,742.76</b>	<b>2,408.95</b>
<b>IV. Percentage of I to II</b>	<b>7</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>8</b>

(Source: Finance Accounts)

**6.1.1** The details of tax revenue raised during the year 2005-06 along with the figures for the preceding four years are given below:

(Rupees in crore)

Sl. no.	Head of revenue	2001-02	2002-03	2003-04	2004-05	2005-06	Percentage of increase(+)/decrease(-) in 2005-06 over 2004-05
1.	Sales tax	29.52	43.18	46.12	54.73	71.17	(+)30.04
2.	State excise	1.46	2.29	2.96	3.05	3.26	(+)6.89
3.	Stamps and registration fees	1.48	1.90	2.33	2.20	2.81	(+)27.73
4.	Taxes and duties on electricity	2.17	<sup>1</sup>	0.49	4.95	0.27	(-)94.55
5.	Taxes on vehicles	2.77	3.44	3.38	3.35	3.34	(-)0.30
6.	Taxes on goods and passengers	0.44	0.67	0.62	0.71	0.68	(-)4.23
7.	Other taxes on income and expenditure	12.64	12.68	11.66	11.52	11.99	(+)4.08
8.	Other taxes and duties on commodities and services	0.13	0.17	0.11	0.21	0.16	(-)23.81
9.	Land revenue	0.40	0.83	0.57	0.68	1.32	(+)94.12
	<b>Total :</b>	<b>51.01</b>	<b>65.16</b>	<b>68.24</b>	<b>81.40</b>	<b>95.00</b>	<b>(+)16.71</b>

(Source: Finance Accounts)

The tax revenue of the State Government increased from Rs.81.40 crore in 2004-05 to Rs.95 crore in 2005-06 registering an increase of 16.71 per cent as compared to the previous year. The increase was largely contributed by significant increase in sales tax collections and marginal increase in land

<sup>1</sup> Rs.0.37 lakh only.

revenue, State excise duty, stamps and registration fee and other taxes on income and expenditure. The revenue from taxes on vehicles, taxes on goods and passengers, other taxes and duties on commodities and services declined during the year.

Reasons for variation in receipts during the year 2005-06 compared to those of 2004-05 as intimated by the respective departments are as under:

**Sales tax:** Increase of 30.04 *per cent* was due to clearance of arrear tax and introduction of VAT in the State.

**State excise:** Increase of 6.89 *per cent* was due to the increase in deployment of security forces in the State.

The reasons for variation, though called for (September 2006) from other departments, had not been furnished (December 2006).

**6.1.2** The details of major non tax revenue raised during the year 2005-06 along with the figures for the preceding four years are given below:

(Rupees in crore)							
Sl. no.	Head of revenue	2001-02	2002-03	2003-04	2004-05	2005-06	Percentage of increase(+)/ decrease(-) in 2005-06 over 2004-05
1.	Interest receipts	1.00	0.61	1.39	6.40	6.14	(-) 4.06
2.	Housing	1.00	0.75	0.93	0.98	1.11	(+)13.27
3.	Water supply and sanitation	0.67	1.43	2.46	1.58	1.69	(+)6.96
4.	Forestry and wild life	0.75	0.81	1.01	0.74	1.49	(+)101.35
5.	Education, sports and art and culture	1.03	1.13	0.97	0.82	0.97	(+)18.29
6.	Miscellaneous general services	0.05	1.59	0.57	(A)	6.62	
7.	Power	19.73	43.90	36.77	54.41	49.87	(-)8.34
8.	Major and medium irrigation	0.31	0.24	0.34	1.13	1.97	(+)74.34
9.	Medical and public health	0.32	0.34	0.30	0.25	0.29	(+)16.00
10.	Cooperation	0.04	0.42	0.10	0.13	0.14	(+)7.69
11.	Public works	1.23	3.18	2.73	1.60	3.09	(+)93.13
12.	Police	0.59	0.56	0.37	0.34	0.64	(+)88.24
13.	Other administrative services	1.20	0.49	0.53	0.51	0.70	(+)37.25
14.	Crop husbandry	0.03	0.08	0.03	0.04	0.07	(+)75.00
15.	Social security and welfare	0.02	0.01	0.19	(B)	(C)	(+)92.65
16.	Others	0.76	0.95	0.64	0.82	1.67	(+)103.66
<b>Total :</b>		<b>28.73</b>	<b>56.49</b>	<b>49.33</b>	<b>69.75</b>	<b>76.46</b>	<b>(+)9.62</b>

(Source: Finance Accounts)

(A) Rs.6,413 only=Rs.0.06 lakh, (B) Rs.12,471 only=0.12 lakh, (C) Rs.24,025 only=0.24 lakh

Non tax revenue registered a marginal increase of 9.62 *per cent* during the year increasing from Rs.69.75 crore in 2004-05 to Rs.76.46 crore in 2005-06. The increase in non tax revenue was mainly on account of higher collection of public works, forest and wildlife and other receipts. Decline in non tax revenue was recorded under power and interest receipts. Government needs to take immediate steps to investigate reasons for decline in revenue and improve collections in these areas especially of power by better monitoring and strict enforcement of the relevant Acts and rules.

The reasons for variations in receipts during the year 2005-06 compared to those of 2004-05, though called for (September 2006) from the departments, had not been furnished (December 2006).

### 6.1.3 Variations between budget estimates and actuals

The variations between budget estimates and the actuals of revenue receipts for the year 2005-06 in respect of principal heads of tax and non tax revenue are given below:

(Rupees in crore)

Sl. No.	Head of revenue	Budget estimates	Actuals	Variations increase(+)/ decrease(-)	Percentage of variation
<b>A. Tax revenue</b>					
1.	Sales tax	65.00	71.17	(+)6.17	(+)9.49
2.	Other taxes on income and expenditure (taxes on professions, trades, callings and employment)	12.88	11.99	(-)0.89	(-)6.91
3.	Other taxes and duties on commodities and services	0.07	0.16	(+)0.09	(+)128.57
4.	Stamp duty and registration fees	2.46	2.81	(+)0.35	(+)14.23
5.	Taxes on vehicles	3.75	3.34	(-)0.41	(-)10.93
6.	State excise	3.42	3.26	(-)0.16	(-)4.68
7.	Land revenue	0.75	1.32	(+)0.57	(+)76.00
8.	Taxes on goods and passengers	0.80	0.68	(-)0.12	(-)15.00
9.	Taxes and duties on electricity	5.54	0.27	(-)5.27	(-)95.13
	<b>Total:</b>	<b>94.67</b>	<b>95.00</b>	<b>(+)0.33</b>	<b>(+)0.35</b>
<b>B. Non tax revenue</b>					
1.	Miscellaneous general services	(A)	6.62	(+)6.62	
2.	Power	93.50	49.87	(-)43.63	(-)46.66
3.	Public works	2.00	3.09	(+)1.09	(+)54.50
4.	Forestry and wild life	1.42	1.49	(+)0.07	(+)4.93
5.	Police	0.70	0.64	(-)0.06	(-)8.57
6.	Interest receipts	8.00	6.14	(-)1.86	(-)23.25
7.	Water supply and sanitation	2.75	1.69	(-)1.06	(-)38.55
8.	Education, sports, art and culture	1.90	0.97	(-)0.93	(-)48.95
9.	Other administrative services	1.00	0.70	(-)0.30	(-)30.00
10.	Major and medium irrigation	1.20	1.97	(+)0.77	(+)64.17
11.	Medical and public health	0.53	0.29	(-)0.24	(-)45.28
12.	Social security and welfare	0.01	(B)	(-)0.01	
13.	Crop husbandry	0.09	0.07	(-)0.02	(-)22.22
14.	Housing	1.25	1.11	(-)0.14	(-)11.20
15.	Cooperation	0.11	0.14	(+)0.03	(+)27.27
16.	Others	1.09	1.67	(+)0.58	(+)53.21
	<b>Total:</b>	<b>115.55</b>	<b>76.46</b>	<b>(-)39.09</b>	<b>(-)33.83</b>

(Source: Budget document/Finance Accounts)

(A) Rs.5,000 and (B) Rs.24,025

The reasons as furnished by the departments for variation in receipts during 2005-06 against budget estimates were as under:

**Sales tax:** Increase (9.49 per cent) was due to realisation of arrear tax and introduction of VAT in the State.

**Taxes on vehicles:** Decrease (10.93 per cent) was due to introduction of one time tax system for 15 years for registration of new vehicles and decreasing trend in the registration of new vehicles.

**Taxes on goods and passengers:** Decrease (15 per cent) was due to decreasing trend in the registration of new vehicles.

**Forestry and wild life:** Increase (4.93 per cent) was due to departmental extraction of timber in two forest divisions of Ukhrul and Tengnoupal.

**Education, sports, arts and culture:** Decrease (48.95 per cent) was due to decrease in the enrolment of students in Government colleges.

**Major and medium irrigation:** Increase (64.17 per cent) was due to higher collection of interest from contractors and hire charge of machinery.

**Medical and public health:** Decrease (45.28 per cent) was mainly due to machines like CT scan, ECG, ultrasonography etc. remaining out of order frequently.

**Housing:** Decrease (11.20 per cent) was mainly due to non realisation of arrear house rent.

Reasons for variation under remaining heads of account of tax and non tax revenue, though called for in September 2006, had not been received from the respective departments (December 2006).

#### 6.1.4 Analysis of collection for the year 2005-2006

(Rupees in crore)

Head of revenue	Amount collected at preassessment stage	Amount collected after regular assessment (additional demand)	Penalties for delay in payment of taxes and duties	Amount refunded	Net collection	Percentage of column 2 to 6
1	2	3	4	5	6	7
Sales tax	69.46	1.61	0.10	—	71.17	98
Profession tax	11.52	—	—	—	11.52	100

#### 6.1.5 Cost of collection

(Rupees in crore)

Sl. No.	Head of revenue	Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average
1.	Sales tax	2003-04	46.06 <sup>#</sup>	1.09	2.37	
		2004-05	54.73	1.02	1.86	0.95
		2005-06	71.77	1.69	2.37	
2.	Taxes on vehicles	2003-04	3.36 <sup>#</sup>	1.13	33.63	
		2004-05	3.35	1.26	37.61	2.74
		2005-06	3.34	1.77	52.99	

It would be seen from above table that cost of collection under taxes on vehicles was much higher than the national average rate while it was marginally higher in sales tax department.

<sup>#</sup> Figures furnished by the department

### 6.1.6 Collection of sales tax per assessee

(Rupees in crore)

Year	No. of assessees	Sale tax revenue	Revenue/assessee
2001-02	1,080	29.52	0.03
2002-03	1,090	43.18	0.04
2003-04	1,000	46.12	0.05
2004-05	1,020	54.73	0.05
2005-06	1,262	71.17	0.06

The increase in revenue is due to introduction of VAT in the State. Revenue per assessee has, however, recorded a marginal increase.

### 6.1.7 Analysis of arrears of revenue

(Rupees in crore)

Sl. No.	Head of revenue	Amount outstanding as on 31 March 2006	Amount outstanding for more than 5 years as on 31 March 2006	Year-wise breakup	Stage-wise pendency of arrears
1.	Sales tax	0.03	Nil	Nil	Nil
2.	State excise	Nil	Nil	Nil	Nil
3.	Forestry and wild life	Not available (NA)	NA	NA	NA
4.	Land revenue	NA	NA	NA	NA
5.	Taxes on vehicles	0.78	NA	NA	NA
6.	Stamp duty and registration fee	NA	NA	NA	NA
7.	Taxes and duties on electricity	NA	NA	NA	NA
<b>Total</b>		<b>0.81</b>			

### 6.1.8 Arrears in assessment

Name of tax	Opening balance as on 31 March 2005	New cases due for assessment during 2005-06	Total assessments due	Cases disposed of during 2005-06	Balance at the end of the year 2005-06	Percentage of column 5 to 4
1	2	3	4	5	6	7
Sales tax	200	1,262	1,462	1,265	197	86.53
Profession tax	Nil	Nil	Nil	Nil	Nil	Nil
Tax on works contracts	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total</b>	<b>200</b>	<b>1,262</b>	<b>1,462</b>	<b>1,265</b>	<b>197</b>	<b>86.53</b>

### 6.1.9 Result of audit

Test check of records of tax receipts and other non tax receipts conducted during the year 2005-06 revealed under assessment, non levy, short levy and loss of revenue amounting to Rs.243.70 crore in 80 cases.

This report contains eight paragraphs relating to loss of revenue, non realisation of Government revenue, non deposit of land revenue/sale tax revenue, non collection of professional tax, etc. involving Rs.98.98 lakh. The department/Government accepted audit observations involving Rs.12.87 lakh

of which Rs.0.95 lakh had been recovered. No reply had been received in other cases (December 2006).

#### **6.1.10 Failure of senior officials to enforce accountability and protect interest of Government**

Accountant General (Audit), Manipur, arranges to conduct periodical inspection of Government departments concerned with tax revenue and non tax revenue to test check transactions and verify maintenance of important records in accordance with prescribed rules and procedures. These inspections are followed up with inspection reports (IRs). When important irregularities detected during audit are not settled on spot, these IRs are issued to the heads of offices inspected, with a copy to the next higher authorities.

The number of IRs and audit observations relating to revenue receipts issued up to 31 December 2005 and pending settlement by the departments as on 30 June 2006 along with the corresponding figures for the preceding two years is given below:

	June 2004	June 2005	June 2006
Number of IRs pending settlement	332	355	366
Number of outstanding audit observations	1,013	1,067	1,106
Amount of revenue involved (Rupees in crore)	158.32	193.33	436.06

Department-wise break-up of the IRs and audit observations pending as on 30 June 2006 is as follows:

Sl. No.	Department	Inspection Report	Audit observations	Amount involved	Year to which observations relate	(Rupees in crore)
						No. of IRs to which even first replies have not been received
1	Hospital	4	9	0.25	2002-03 to 2005-06	1
2	Registration	10	15	0.03	1991-92 to 2005-06	5
3	Transport	43	137	2.03	1990-91 to 2005-06	22
4	Electricity	76	218	371.23	1990-91 to 2005-06	37
5	PHED	15	39	5.01	1994-95 to 2005-06	9
6	Land revenue	70	195	5.28	1991-92 to 2005-06	43
7	Forest	60	146	11.95	1990-91 to 2005-06	40
8	Taxation	44	211	11.03	1990-91 to 2005-06	29
9	Excise	13	31	4.61	1990-91 to 2005-06	3
10	Fisheries	21	55	0.57	1991-92 to 2005-06	6
11	Lottery	10	50	24.07	1990-91 to 2005-06	2
	<b>Total</b>	<b>366</b>	<b>1,106</b>	<b>436.06</b>		<b>197</b>

#### **6.1.11 Departmental Audit Committee Meetings**

No departmental audit committee meeting was held during the year 2005-06.

**6.1.12 Response of the departments to draft audit paragraphs**

Nine draft paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India for the year ended March 2006 (Civil) were forwarded to Secretaries/Commissioners of the respective departments between June 2006 to September 2006 through demi-official letters. The administrative Secretaries/Commissioners did not send replies to five draft paragraphs as indicated below:

<b>Name of the Department</b>	<b>No. of draft paragraphs to which replies from Secretaries/Commissioners not received</b>
Power	2
Revenue	1
Transport	1
Tribal Development	1
<b>Total</b>	<b>5</b>

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**GENERAL ADMINISTRATION DEPARTMENT**

**6.2 Non/short realisation of room rent**

**Due to non adherence to the provisions of payment of room rent from occupants of the State guest house, Imphal, there was non realisation of Government revenue amounting to Rs.9.44 lakh.**

The Manipur State Guest House (Accommodation) Rules, 1989 provide that room rent should be paid in advance on the day reservation is made and if anybody desires to continue occupation of the room after the expiry of the day(s) for which he had reserved, he is liable to pay the room rent for the additional number of day(s) he desires to stay on. Further, the rules state that visitor occupying the accommodation will pay all the charges in cash at prescribed rates. Accordingly, the administrator or his representatives were required to ensure that requisite dues were paid on the day of reservation.

**6.2.1** Test check of records of the State guest house, Imphal in September 2005 revealed that an amount of Rs.9.44 lakh had not been realised from 24 occupants of guest house pertaining to the period from February 2001 to August 2005 though these amounts were required to be collected in advance from the occupants as per rules.

The guest house rooms were allotted to these 24 occupants without payment of room rent in advance. Moreover, the occupants were allowed to leave the guest house without clearing the dues. This indicates total lack of monitoring and control on the part of guest house management.

Thus, due to non adherence of the provisions of the rules relating to payment of guest house rent, Government revenue of Rs.9.44 lakh was not realised.

After this was pointed out, Government of Manipur intimated in October 2006 that rent amounting to Rs 0.95 lakh was recovered from 18 occupants. Report on recovery of balance amount is awaited (December 2006).

**6.2.2 Loss of revenue of Rs.2.29 lakh due to application of incorrect rate of room rent and irregular allowance of use of State Guest House**

Further, the Rules also provide that accommodation in the State guest house shall not be reserved for a period for a continuous stay of more than seven days in one spell, Administration may however, extend this period in special circumstances but for not more than 30 days in any case. In such cases, the officer/official occupying the room beyond seven days should pay three times the normal room rent per day per bed. The increased room rent shall be charged from the eighth day of occupation of room in the State guest house. Further, the room rent is to be paid in advance on the day reservation is made.



Test check of records of the State guest house, Imphal in September 2005 revealed that an amount of Rs.2.83 lakh was realised as room rent from 103 occupants staying in the rooms continuously for more than seven days during the period from April 2004 to August 2005 as against total recoverable amount of Rs.5.12 lakh. Though the continuous stay of the occupants ranged between 21 days to 304 days, room rent was collected at normal rate in respect of 65 cases in violation of the said Rule. Further, 77 out of the above 103 occupants were irregularly allowed to stay in the guest house continuously beyond 30 days which was not at all permissible under the rules.

Thus, due to application of incorrect rates of room rent, there was short realisation of Rs.2.29 lakh resulting in loss of Government revenue apart from irregular stay in the State guest house for more than the permissible period.

After this was pointed out, Government of Manipur stated in July 2006 that since many of the allotments were on consideration of lack of accommodation elsewhere, the occupants were forced to continuously stay in the guest house for a longer period. The reply is not tenable as it violates the provision of the Rules. Moreover, the reply of Government was silent regarding non realisation of rent at enhanced rates.

## POWER DEPARTMENT

### 6.3 Non realisation of Government revenue

#### **Failure of the department to compound offences of theft of electricity led to non realisation of Government revenue of Rs.5.68 lakh.**

Under section 152 (1) of the Electricity Act 2003, an offence committed by any consumer or person who committed or who is reasonably suspected of having committed an offence of theft of electricity punishable under this Act, can be compounded on realisation of compounding fee of Rs.4,000.

Scrutiny of records of the Executive Engineer (EE), Imphal electrical division II in October 2005 disclosed that the division disconnected connections of 142 unauthorised consumers during 2003-06. However, no case was initiated against the offenders in terms of provisions of the Act. Due to the failure of the department to initiate cases against the offenders, the provisions of Section 152 (1) relating to compounding of the offences could not be applied which resulted in non realisation of Government revenue of Rs.5.68 lakh (142 x Rs.4,000).

After this was pointed out, the department stated in December 2006 that action for recovery of energy charges had been taken up by issuing demand notices to the 142 unauthorised consumers. Report on recovery is awaited (December 2006).

The matter was brought to the notice of Government of Manipur in August 2006; no reply had been received (December 2006).

### 6.4 Non realisation/loss of revenue

#### **Failure of the department to enforce provisions of rules regarding recovery of arrears and discontinuation of electricity supply resulted in non realisation of revenue of Rs.92.41 lakh and loss of Rs.35.89 lakh.**

As per Manipur Electricity Supply Regulations (MESR), 1971 as amended from time to time, where any consumer fails to pay dues for energy charges in respect of supply of energy to him, such charges shall be recovered by suit or on application to a Magistrate having jurisdiction thereof, by distress and sale of any movable property belonging to such consumer. Further, as per section 39 of Road Transport Corporation Act (RTC Act) 1950, in the event of a corporation being placed in liquidation, the assets of the corporation shall be divided among the Central and State Governments and such other parties, if any, proportionately after meeting the liabilities of the corporation.

**6.4.1** Test check of records of the EE, Imphal Electricity Division No.I in November 2005 revealed that though Manipur State Road Transport Corporation (MSRTC) had not paid electricity charges amounting to

Rs.92.41 lakh<sup>2</sup> due up to October 2003, no action was taken by the EE to recover the dues till the date of its liquidation in November 2003. Outstanding arrears of several years against the corporation indicate failure of the EE to enforce the provisions of MESR and collect dues from the corporation.

The corporation was liquidated with effect from 1 November 2003 by an order of Transport Department, Government of Manipur as per provisions of section 39 of RTC Act issued on 30 October 2003. Audit scrutiny disclosed that the EE and the Assistant Engineer (Elect), Central Sub-division No.1 issued demand notices to the General Manager, MSRTC only in January 2004 and May 2006 to clear the outstanding dues when the corporation had already been liquidated.

Thus, inaction of the department to take timely action led to non realisation of Rs.92.41 lakh.

**6.4.2** Audit scrutiny further revealed that the EE did not take action to disconnect the energy supply to the corporation despite its liquidation from November 2003 without clearing the outstanding electricity bills. The electrical supply was still being drawn as of November 2005 against the connection provided to the corporation which no longer existed and thus, further arrears of Rs.35.89 lakh for the period from November 2003 to November 2005 stood recoverable. Scope of realisation of electricity charges of Rs.35.89 lakh accumulated up to November 2005 is remote as the corporation has already been liquidated. The department should immediately investigate the matter and stop further supply of electricity to the corporation to avoid further loss of Government revenue.

The matter was referred to Government in July 2006; their reply had not been received (December 2006).

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Sl. No.	Period	Amount of unpaid electricity charges (Rupees in lakh)
1	Prior to April 2002	66.25
2	From April 2002 to October 2003	26.16
<b>Total</b>		92.41

**REVENUE DEPARTMENT**

**6.5 Non deposit of land revenue**

**Non deposit of land revenue of Rs.2.13 lakh in Government account.**

As per Rule 7 (1) of the Central Treasury Rules, all moneys received on account of Government revenue shall without undue delay be paid into a treasury and the moneys so received shall not be kept apart from the accounts of the Government.

Test check of records between (February 2006 and April 2006) of two\* sub divisional officers, revealed that land revenue amounting to Rs.2.13 lakh, collected by the *zilladars* during the period from June 2003 to February 2006 was retained by them instead of the same being deposited in Government account. Action taken to recover the amount was not on record.

The matter was reported to Government/department during September and November 2006; their reply had not been received (December 2006).

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\* Lilong, Kakching

## TRANSPORT DEPARTMENT

### 6.6 Non levy/collection of penalty

**Non initiation of action on the part of the district transport officers to levy penalty from the owners of vehicles plying without permit resulted in non levy/collection of penalty amounting to Rs.2.38 lakh.**

Under the provisions of the Motor Vehicle Act 1988, no transport vehicle shall be used in any public place unless a permit is granted by the prescribed authority. The permit shall be renewed on application of the permit holder not less than 15 days before the date of expiry of validity period of permit. In case any person drives or causes or allows a motor vehicle to be used without any permit, he shall be liable to pay minimum fine of Rs.2,000 for first offence. If any owner of the vehicle has occasion to withdraw the vehicle from use for a particular period, he shall surrender the certificate of registration of the vehicle to the taxation authority and thereupon he shall be exempted from tax for that period.

Test check of records for the period December 2002 to November 2005 and September 2002 to March 2006 of the district transport officers (DTOs) of Kangpokpi and Bishnupur in December 2005 and April 2006 respectively revealed that 119 owners of transport vehicles were granted permits with validity periods up to different dates between March 2002 and March 2006. After expiry of validity periods, the permits were neither got renewed nor the certificates of registration of vehicles were surrendered as a proof of withdrawal of vehicles from use. Hence, the vehicles plied on roads without any permit for which minimum fine of Rs.2.38 lakh was leviable. The DTOs, however, did not initiate any action to collect the penalty from erring vehicles through their enforcement staff.

The matter was reported to Government/department in July 2006; no specific reply has been received (December 2006).

### 6.7 Non realisation of professional tax

**Professional tax amounting to Rs.7.32 lakh was not realised from 732 permit holders.**

Under the provisions of the Manipur Professions, Trades, Callings and Employment Taxation Act, 1981, Government of Manipur, by a notification issued in October 2000 appointed district transport officers (DTOs) as additional taxation officers for collection of professional tax in their jurisdiction. Person(s) holding permit(s) for taxies, goods vehicles, trucks, buses and three wheelers were required to pay professional tax at the flat rate of Rs.1,000 per annum to the DTOs who shall deposit the same into Government account.

Mention was made in Audit Reports for the years 2002-03 and 2003-04 regarding non realisation of professional tax by the DTOs. Further test check of records of DTOs, Kangpokpi and Imphal West in December 2005 and January – February 2006 revealed that 732 permits were issued during the period April 2002 to December 2005 in respect of various vehicles. Professional tax of Rs.7.32 lakh (DTO, Kangpokpi: Rs.1.97 lakh and DTO, Imphal West: Rs.5.35 lakh) was, however, not collected from the permit holders of these vehicles. This resulted in non realisation of professional tax of Rs.7.32 lakh.

The matter was reported to the department/Government in August and December 2006; their reply had not been received (December 2006).

#### **6.8 Non realisation of road tax**

**Road tax and penalty of Rs.3.43 lakh in respect of 41 vehicles was not realised resulting in non realisation of Government revenue.**

Manipur Motor Vehicles Taxation Act, 1989 provides that there shall be levied and collected on all motor vehicles used or kept for use in Manipur, a tax in advance, at the prescribed rate as specified in the Act. In case of default, the vehicle owner shall be punishable with fine which may extend to a sum equal to the annual tax payable and when any person without reasonable cause fails to pay tax, the registering authority shall proceed to recover such tax, including such penalty as arrears of land revenue.

Test check of records of the DTO, Kangpokpi in December 2005 revealed that road tax and penalty amounting to Rs.3.43 lakh (tax: Rs.2.48 lakh and penalty: Rs.0.95 lakh) for periods ranging from nine months to five years leviable on owners of 41 vehicles was not realised till the date of audit (December 2005). This was mainly due to lack of proper monitoring and non issue of demand notices in time to the defaulters. This resulted in non realisation of tax and penalty amounting to Rs.3.43 lakh.

After this was pointed out, Government stated in September 2006 that demand notices had been served to the owners of the vehicles to clear the tax due. Information on realisation of outstanding tax had, however, not been received (December 2006).

**TRIBAL DEVELOPMENT DEPARTMENT**

**6.9 Non deposit of sales tax revenue**

**Non deposit of sales tax revenue of Rs.65.23 lakh and penalty of Rs.97.85 lakh.**

According to Government of Manipur, Finance Department notification dated 15 July 1994, sales tax is required to be deducted at source from the bills of the contractors and deposited into Government account by treasury challan in favour of the Commissioner of Taxes within seven days from the date of deduction and a certificate of deduction of tax at source in the prescribed format furnished to the Commissioner of Taxes. In the event of failure on the part of the drawing and disbursing officer to pay the tax after deduction, he is liable to penalty of one and a half times of the tax in addition to the tax payable.

During audit of the records (March 2004 to September 2005) of the EE, District Council Engineering Cell Wing I, Imphal it was noticed in (October 2005) that Rs.14.44 lakh deducted as sales tax from various contractors between April 2004 and June 2005 was neither taken into the cash book nor credited into Government account by treasury challan in gross violation of the provisions of the Government notification.

After this was pointed out, the EE of the Engineering Cell stated in August 2006 that the amount deducted as sales tax was kept in the accounts of the Engineering Cell and the amount was to be credited after taking approval from Government. The reply is not tenable as deposit of sales tax is mandatory in terms of Government notification.

Further examination also revealed that the Engineering Cell prepared annual accounts in the form of income and expenditure account and balance sheet up to 2002-03 wherein an amount of Rs.50.79 lakh deducted as sales tax was also depicted as lying accumulated without remitting the same into Government account. The copies of accounts of subsequent years could not be produced to audit. Failure to deposit the sales tax amounting to Rs.65.23 lakh (Rs.50.79 lakh + Rs.14.44 lakh) into Government account within the stipulated period, thus, not only led to keeping Government revenue outside the Government accounts but also attracted penalty amounting to Rs.97.85 lakh (Rs.76.19 lakh+Rs.21.66 lakh). The matter was brought to the notice of Government of Manipur in July and August 2006. No comment had been received (December 2006).