

CHAPTER – V

REVENUE RECEIPTS

GENERAL

5.1 Trend of revenue receipts

Tax and non-tax revenue raised by the Government of Mizoram during the year 2003-04, the State's share of divisible Union taxes and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are given below:

Table 5.1

(Rupees in crore)

I. Revenue raised by the State Government	1999-2000	2000-01	2001-02	2002-03	2003-04
(a) Tax revenue	10.73	14.43	19.12	27.96	33.85
(b) Non tax revenue	41.35	40.37	44.87	52.63	58.01
Total:	52.08	54.80	63.99	80.59	91.86
II. Receipt from the Government of India					
(a) State's share of divisible Union taxes	325.04	87.45	43.73	94.60	130.33
(b) Grants-in-aid	483.72	685.97	760.07	846.42	1148.76
Total:	808.76	773.42	803.80	941.02	1279.09
(III) Total receipt of the State	860.84	828.22	867.79	1021.61	1370.95
(IV) Percentage of I to III	6.05	6.62	7.37	7.89	6.70

Details of tax revenue raised during the year 2003-04 along with the figures for the preceding four years are given below:

Table 5.2

	Head of Revenue	1999-2000	2000-01	2001-02	2002-03	2003-04	Percentage of increase(+) or decrease (-) in 2003-04 over 2002-03
		(Rupees in crore)					
1.	Sales Tax	3.61	6.06	9.85	18.20	23.32	(+) 28
2.	State Excise	0.93	0.96	1.36	1.29	1.36	(+) 5
3.	Stamps and Registration Fee	0.08	0.07	0.08	0.08	0.13	(+) 63
4.	Taxes on vehicles	1.83	2.02	2.10	2.56	3.38	(+) 32
5.	Taxes on Goods and Passengers	0.39	0.51	0.53	0.57	0.61	(+) 7
6.	Other Taxes on Income and Expenditure, Tax on Professional, Trades, Callings and Employment	2.38	3.33	3.62	3.96	4.08	(+) 3
7.	Other Taxes and Duties on Commodities and Services	0.25	0.32	0.34	0.33	0.25	(-) 27
8.	Land Revenue	1.26	1.16	1.24	0.97	0.72	(-) 26
	Total	10.73	14.43	19.12	27.96	33.85	

Details of the major non-tax revenue raised during the year 2003-04 along with the figures for the preceding four years are given below:

Table 5.3

Head of Revenue		1999-2000	2000-01	2001-02	2002-03	2003-04	Percentage of increase(+) or decrease (-) in 2003-04 over 2002-03
		(Rupees in crore)					
1.	Interest Receipts	0.83	3.12	1.45	2.44	3.27	(+) 34
2.	Other Non-Tax Receipts	12.64	10.44	10.14	10.31	12.55	(+) 22
3.	Forestry and Wild Life	3.99	1.86	1.63	3.80	3.16	(-) 17
4..	Miscellaneous General Services (including lottery receipts)	3.41	3.86	5.00	7.01	6.27	(-) 11
5.	Power	13.28	17.79	23.04	18.21	26.14	(+) 44
6.	Medical and Public Health	0.20	0.27	0.39	0.40	0.33	(-) 18
7.	Co-operation	0.26	0.24	0.02	0.81	0.16	(-) 80
8.	Public Works	0.32	0.89	0.50	2.04	3.68	(+) 80
9.	Police	0.16	0.26	0.26	0.39	0.28	(-) 28
10.	Other Administrative Services	6.26	1.65	2.44	7.22	2.17	(-) 70
Total		41.35	40.37	44.87	52.63	58.01	

Reasons for variations have not been furnished (October 2004).

5.2 Variations between budget estimates and actuals

The variations between the budget estimates and actuals of revenue receipts for the year 2003-04 in respect of the principal heads of tax and non-tax revenue are given below:

Table 5.4

Head of Revenue	Budget estimates	Actuals	Variations excess (+) shortfall (-)	Percentage of variation
	(Rupees in crore)			
Tax Revenue :				
(i) Sales Tax	18.50	23.32	(+) 4.82	(+) 26
(ii) Stamps and Registration Fee	0.09	0.13	(+) 0.04	(+) 44
(iii) Taxes on vehicles	3.00	3.38	(+)0.38	(+) 13
(iv) Taxes on goods passenger	0.50	0.61	(+) 0.11	(+) 22
(v) Other Taxes & Duties on Commodities and Service	0.35	0.25	(-) 0.10	(-) 29
(vi) Land Revenue	1.36	0.72	(-) 0.64	(-) 47
Non-Tax Revenue :				
(i) Interest Receipts	1.70	3.27	(+) 1.57	(+) 92
(ii) Forestry and Wild Life	2.60	3.16	(+) 0.56	(+) 22
(iii) Medical and Public Health	0.40	0.33	(-) 0.07	(-) 18
(iv) Co-operation	0.02	0.16	(+) 0.14	(+) 700
(v) Public Works	2.60	3.68	(+) 1.08	(+) 42

The reasons for variation between budget estimates and actuals have not been furnished (October 2004).

5.3 Cost of collection

The gross collection under principal receipt heads, expenditure incurred on collection and percentage of such expenditure to gross collection during the year

2001-02, 2002-03 and 2003-04 along with All India average percentage of expenditure on collection to gross collection were as under:-

Table 5.5

Sl. No.	Head of Revenue	Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage
			(Rupees in crore)			
1.*	Sales Tax	2001-02	9.85	2.19	22.23	1.26
		2002-03	18.20	2.31	12.69	1.18
		2003-04	23.32	2.46	10.55	-
2.*	Taxes on Vehicles	2001-02	2.10	1.78	84	2.99
		2002-03	2.56	1.83	71	2.86
		2003-04	3.38	1.97	58	---

It would be seen from the above that expenditure on collection under Sales Tax and Taxes on Vehicles was higher as compared to the All India average.

5.4 Collection of Sales Tax per assessee

The number of assessees, sales tax revenue and sales tax revenue per assessee, for the period from 1999-2000 to 2003-04 were as follows:-

Table 5.6

Year	No. of assessees	Sales tax revenue	Revenue/assessee
		(Rupees in lakh)	
1999-2000	124	361.00	2.91
2000-01	194	606.00	3.12
2001-02	460	985.00	2.14
2002-03	558	1820.00	3.26
2003-04	596	2332.00	3.91

It would be seen from the above that the revenue collection per assessee has gone up from Rs.2.91 lakh in 1999-2000 to Rs.3.91 lakh in 2003-04.

5.5 Arrears of revenue

The arrears of revenue as on 31 March 2004 in respect of some principal heads of revenue amounted to Rs.99.61 lakh of which Rs.48.81 lakh were outstanding for more than 3 years as detailed in the following table:-

* Figures as furnished by departments.

Table 5.7

Sl. No.	Head of revenue	Amount outstanding as on 31 March 2004	Amount outstanding for more than 3 years as on 31 March 2004
		(Rupees in lakh)	
1.	Sales Tax etc.	79.39	48.81
2.	Land Revenue	10.20	Awaited
3.	Forest	1.30	Awaited
4.	Transport	8.72	Awaited

Arrears of revenue in respect of other principal heads of revenue though called for (July 2004) have not been received (October 2004).

5.6 Arrears in assessments

The details of cases pending assessment at the beginning of the year 2003-04, cases due for assessment during the year, cases disposed of during the year and cases pending finalisation at the end of the year 2003-04 as furnished by the Taxation Department are as under:-

Table 5.8

Name of tax	Opening balance of cases pending for assessment	Cases due for assessment during the year	Total assessments due	Cases finalised during the year	Balance cases pending at the end of the year	Percentage of column 5 to 4
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Sales Tax	1395	473	1868	327	1541	18
Motor Spirit etc. Tax	36	37	73	33	40	45
Total	1431	510	1941	360	1581	

It would be seen from the above that the percentage of assessment finalised to the total assessments due upto 2003-04 range from 18 to 45 *per cent*. The arrears accumulated due to non-fixation of any norm by the Government quantifying the number of assessments to be completed by each assessing officer during a year.

5.7 Evasion of taxes/duties, write-off/waiver of revenue and refunds

The Taxation Department stated (October 2004) that there were no cases pertaining to detection of cases of evasion of taxes, write-off/waiver of revenue and refunds of revenue.

5.8 Results of audit

Test check of records of Sales Tax, State Excise, Motor Vehicles Taxation, Land Revenue, Forest and other Taxation Departments conducted during 2003-04 revealed under-assessments/short/non-levy/loss of revenue amounting to Rs.12.97 crore in 67 cases. During the course of the year, the department accepted under assessments/short/non-levy/loss of revenue of Rs.1.84 crore in 35 cases pointed out during 2003-04 and in earlier years and recovered Rs.1.81 lakh.

This report contains 16 paragraphs relating to loss/short/non-levy of revenue involving Rs.4.97 crore. The Department/Government have accepted 9 cases involving Rs.1.85 crore of which Rs.0.65 lakh had been recovered upto October 2004. No reply has been received (October 2004) in respect of remaining 7 cases involving Rs.3.12 crore.

5.9 Failure of senior officials to enforce accountability and protect interest of Government

The Principal Accountant General (Audit) Meghalaya, Arunachal Pradesh and Mizoram, Shillong conducts periodical inspection of various offices of the Government/Departments to test check the correctness of assessments, levy and collection of tax receipts and non-tax receipts and verify the accuracy in maintenance of accounts and records as per Acts, Rules and procedures prescribed by the Government/Department from time to time. These inspections are followed by Inspection Reports (IRs) issued to the heads of office inspected with copies to the next higher authorities. Serious irregularities noticed in audit are also brought to the notice of the Government/heads of the Department, by the Office of the Principal Accountant General (Audit), Meghalaya, Arunachal Pradesh and Mizoram, Shillong.

A half-yearly report regarding IRs pending for settlement is sent to the Secretaries of the concerned Department to facilitate monitoring and settlement of audit objections raised in these IRs.

IRs issued up to December 2003 pertaining to offices under Sales Tax, State Excise, Land Revenue, Motor Vehicles Tax and Forest Departments disclosed that 124 objections relating to 65 IRs involving money value of Rs.13.69 crore remained outstanding for settlement at the end of June 2004. Of these, 19 IRs containing 33 objections involving money value of Rs.0.34 crore had not been settled for more than three years. The year wise position of old outstanding IRs and paragraphs is detailed in *Appendix-XXIV*.

In respect of 49 paragraphs relating to 19 IRs involving money value of Rs.4.44 crore issued upto June 2004, even first reply required to be received from the Department/Government has not been received (October 2004).

Report regarding position of old outstanding IRs/paragraphs was reported to the Government in August & September 2004, their reply had not been received (October 2004).

5.10 Follow up on Audit Reports - Summarised position

With a view to ensuring accountability of the executive in respect of all the issues dealt with in various Audit Reports, the Public Accounts Committee (PAC), issued (May 2000) instructions for submission of *suo-motu* replies on all paragraphs and reviews featured in the Audit Report within three months of its presentation to the legislature. As regards Action Taken Notes (ATNs) on the recommendations of the PAC, the Committee specified the time frame for submission as six months.

Review of follow up on submission of *suo-motu* replies and of ATNs as of 31 October 2004 on paragraphs included in the Reports of the Comptroller and Auditor General of India disclosed that:-

Departments of the State Government had not submitted *suo-motu* replies on 26 paragraphs featured in the Audit Reports for the years 1998-99 to 2002-03 in respect of revenue receipts as detailed below:

Table 5.9

Year of Audit Report	Date of presentation of the Audit Report to the Legislature	Number of paragraphs/ reviews included in the Audit Report (excluding standard paragraphs)		Number of paragraphs/ reviews on which <i>suo-motu</i> replies are awaited	
		Paragraphs	Reviews	Paragraphs	Reviews
1998-99	13.4.2000	3	---	---	---
1999-2000	17.10.2001	3	---	---	---
2000-01	26.3.2002	7	1	7	---
2001-02	17.7.2003	8	1	6	---
2002-03	23.03.2004	15		13	---
Total		36	2	26	---

The Departments failed to submit ATNs of one paragraph pertaining to Revenue Receipts for the year 1992-93 (para 6.5) on which recommendations were made by PAC in its 7th Report, presented before the State Legislature in March 2001.

Thus, failure by the respective Departments to comply with the instructions of the PAC resulted in the objectives of ensuring accountability of the executive remaining unfulfilled.

PARAGRAPHS
TAXATION DEPARTMENT
5.11 Evasion of tax due to concealment of turnover
Five registered dealers concealed turnover of Rs.2.01 crore and evaded tax of Rs.14.32 lakh besides penalty of Rs.21.48 lakh and interest of Rs.5.29 lakh.

Under the Mizoram Sales Tax Act, 1989 (as amended in 2000) if any dealer conceals the particulars of his turnover or deliberately furnishes inaccurate particulars in his return, he shall be liable to pay, in addition to the tax payable by him, a penalty not exceeding one and a half times the tax due. Further, if any dealer fails to pay full amount of tax within the due date, he shall be liable to pay interest at the prescribed rate for the period of default on the amount by which tax paid falls short.

Test check (June 2003) of records of the Assistant Commissioner of Taxes, South Zone and North Zone, Aizawl disclosed that five registered dealers assessed between November 2000 and November 2003 sold taxable goods valued at Rs.4.10 crore[#] against which they disclosed turnover of Rs.2.09 crore during different periods between 1 November 1999 and 31 March 2003. Thus, the dealers concealed turnover of Rs.2.02 crore and evaded tax of Rs.14.32 lakh. Besides, maximum penalty of Rs.21.48 lakh and interest of Rs.5.29 lakh was also leviable.

After this was pointed out in August 2003, the Commissioner of Taxes, Mizoram stated (October 2003) that notices were served on two dealers for production of their Books of accounts for examination and sought for further information in respect of the remaining three dealers which were forwarded in December 2003. Further report on assessment and recovery of dues has not been received (October 2004).

The matter was reported to the Government in June 2004; their reply had not been received (October 2004).

[#] *Opening stock* + *Purchases – goods returned/non-taxable goods* – *Closing stock* = *Sale*
Rs. 23.64 lakh *Rs. 4.85 crore* *Rs. 23.61 lakh* *Rs. 74.60 lakh* *Rs. 4.10 crore*

5.12 Loss of revenue

Under valuation of sale price of 119355 bags of cement at Rs.190 per bag instead of Rs.230 per bag led to evasion of tax of Rs.3.54 lakh, penalty of Rs.5.30 lakh and interest of Rs.0.95 lakh.

Under the Mizoram Sales Tax Act, 1989 (as amended in 2000) “sale price” means the amount payable to a dealer as valuable consideration for the sale of any goods. Further, if any dealer deliberately furnishes inaccurate particulars of return or in any way evades tax, he shall be liable to pay penalty, in addition to the tax, a sum not exceeding one and a half times the tax due. Besides, in the event of failure to pay the full amount of tax within the prescribed date by a dealer, he shall also be liable to pay interest at the prescribed rate for the period of default.

Test check of records of the Assistant Commissioner of Taxes, North Zone, Aizawl disclosed that a registered dealer sold 119355 bags of cement for Rs.2.75 crore charging Rs.230 per bag during July 2001 to 31 March 2002, but disclosed turnover of Rs.2.27 crore against such sale at the rate of Rs.190 per bag. He was assessed (May 2003) accordingly. This resulted in under valuation of sale price of Rs.47.74 lakh with consequential evasion of tax of Rs.3.54 lakh. Besides, maximum penalty of Rs.5.30 lakh and interest of Rs.0.95 lakh were also leviable but not levied.

After this was pointed out in August 2003, the Commissioner of Taxes, Mizoram stated *inter alia* that there was no record to show that the dealer sold cement at Rs.230 per bag and as such there was no under valuation of sales of cement. The reply is not tenable as the information that the dealer sold cement at Rs.230 per bag was available in the assessment file itself and a copy of the same was forwarded (December 2003) to the department for necessary action. The report on recovery has not been received (October 2004).

The case was reported to the Government in June 2003 and July 2004; their reply had not been received (October 2004).

5.13 Non-levy of interest for belated/default in payment of tax

Non-initiation of any action against eight registered dealers for belated payment and non-payment of tax of Rs.0.89 lakh and Rs.16.46 lakh respectively led to non-levy of interest of Rs.4.67 lakh.

Under the Mizoram Sales Tax Act, 1989 (as amended in 2000) and Rules framed thereunder if a registered dealer fails to pay full amount of tax by the due date (*i.e.* within a period of thirty days following the close of the assessment period),

he shall be liable to pay interest at prescribed rates for the period of default on the amount by which tax paid falls short of the amount of tax payable by him.

Test check of records of the Assistant Commissioner of Taxes, South Zone, Aizawl disclosed that eight registered dealers were assessed between June 2002 and June 2003 to tax of Rs.37.53 lakh for different periods between April 2000 and March 2002. These dealers paid a total tax of Rs.20.18 lakh on due dates and a total tax of Rs.0.89 lakh was paid belatedly leaving a balance of Rs.16.46 lakh. For belated payment of tax, interest of Rs.4.67 lakh was leviable but was not levied.

After being pursued in August 2003 in audit, the Commissioner of Taxes, Mizoram while admitting the facts stated in October 2003 that notices were served on eight dealers for payment of interest out of which one dealer had paid interest of Rs.0.06 lakh. The report on recovery of balance interest of Rs.4.61 lakh has not been received (October 2004).

The matter was reported to the Government in August 2003 and June 2004; their reply had not been received (October 2004).

5.14 Short levy of tax due to incorrect deduction

Incorrect deduction of taxable turnover of Rs.18.78 lakh led to short realisation of tax of Rs.3.76 lakh.

Under Section 3(c) of the Assam Amusement and Betting Tax Act, 1939 and Rules framed thereunder (as adopted by the Government of Mizoram) every proprietor of a Cable Television Network shall pay tax at the rate of 20 *per cent* on the amount received by him per connection per month from the customers with effect from 1 April 1996. Section 4(aa) of the Act, *ibid*, provides that the tax shall be due and recoverable from the proprietors. The Commissioner of Taxes however clarified in July 1996 that the assessing officers shall allow deduction from the total collection as if it included the tax element.

Test check of records of the Assistant Commissioners of Taxes, North and South Zones, Aizawl disclosed that ten cable television operators received monthly collection charges of Rs.1.13 crore for different periods between April 1996 and March 2001. The assessing officer while completing assessments between June 1996 and November 2001 allowed deduction of Rs.18.78 lakh being the element of tax for the aforesaid periods in view of the clarification issued by the Commissioner of Taxes under the Act *ibid*. This incorrect deduction resulted in short levy of tax of Rs.3.76 lakh.

After this was pointed out in August and September 2003 in audit, the Commissioner of Taxes, Mizoram, stated (October 2003) that deduction was allowed to avoid tax upon tax. The reply is not tenable as the clarification issued by the Commissioner in July 1996 is contradictory to Section 4 (aa) of the Act *ibid*.

The case was reported to the Government in August, September 2003 and July 2004; their reply had not been received (October 2004).

5.15 Evasion of tax due to concealment of turnover

Concealment of sales turnover of 0.43 lakh litres of motor spirit and 0.35 lakh litres of diesel by a dealer led to evasion of tax of Rs.2.59 lakh, penalty of Rs.3.88 lakh and interest of Rs.0.27 lakh.

Under Section 17 of the Mizoram (Sales of Petroleum and Petroleum products, including Motor Spirit and Lubricants) Taxation Act, 1973 and Rules framed thereunder, if any dealer conceals turnover or deliberately furnishes inaccurate particulars of such turnover, he shall be liable to pay penalty, in addition to the tax payable by him, a sum not exceeding one and a half times of the tax due. Further, under Section 23 of the Act, *ibid*, if any dealer fails to pay the full amount of tax within the due date, he shall be liable to pay interest at the prescribed rate for the period of default.

Test check of records of the Assistant Commissioner of Taxes, North Zone, Aizawl disclosed that a dealer sold 123.22 lakh litres of motor spirit (MS) and 105.66 lakh litres of diesel between October 2001 and September 2002 but disclosed sale of 122.79 lakh litres of MS and 105.31 lakh litres of diesel during the aforesaid period and was assessed (January 2003) accordingly. Thus, the dealer concealed sale of 0.43 lakh litres of MS and 0.35 lakh litres of diesel valued at Rs.16.72 lakh and evaded tax of Rs.2.59 lakh. Besides, maximum penalty of Rs.3.88 lakh and interest of Rs.0.27 lakh were also leviable but not levied.

On this being pointed out in August 2003 in audit, the Commissioner of Taxes, Mizoram, stated in October 2003 that the dealer was requested to produce books of accounts for rectification of assessment. The report on recovery of dues has not been received (October 2004).

The case was reported to the Government in August 2003 and July 2004; their reply had not been received (October 2004).

5.16 Non-realisation of tax

Failure to initiate action against 158 owners of taxable vehicles led to non-realisation of passengers and goods tax of Rs.1.58 lakh beside, penalty of Rs.1.58 lakh.

Under Section 4 of the Mizoram Passengers and Goods Taxation Act, 1988, every owner of a taxable vehicle shall pay a lump-sum tax in advance at the prescribed rate either annually by 15 April or half yearly by 15 April and 15 October each year. Further, if any owner of taxable vehicle fails to pay the tax within the prescribed date he shall be liable to pay penalty, in addition to the tax, a sum not exceeding one thousand rupees.

Test check of records of the Assistant Commissioner of Taxes, North Zone, Aizawl disclosed that tax of Rs.1.58 lakh payable by owners of 158 taxable vehicles for different periods between April 1997 and March 2003 was not paid by their owners. No action was initiated by the assessing officer to realise the same. This resulted in non-realisation of tax of Rs.1.58 lakh. Besides, maximum penalty of Rs.1.58 lakh, though leviable, was not levied.

On this being pointed out (July 2003) in audit, the Commissioner of Taxes stated (April 2004) that demand notices were served on these owners for payment of tax except in 14 cases wherein the owners were not traceable and tax of Rs.0.40 lakh was realised. The report on recovery of balance tax of Rs.1.18 lakh and penalty of Rs.1.58 lakh has not been received (October 2004).

The matter was reported to the Government in July 2003, January 2004 and July 2004; their reply had not been received (October 2004).

ENVIRONMENT AND FOREST DEPARTMENT

5.17 Loss of revenue

Unauthorised extraction and supply of 2.07 crore bamboos to Hindustan Paper Corporation without payment of royalty led to loss of revenue of Rs.2.07 crore.

Under the Mizoram (Forest) Act, 1955, no forest produce shall be extracted/removed from forest area unless a written permission is granted by the Forest Department and the prescribed royalty is realised in full.

Test check of records of two Conservators of Forests (CF)¹, Aizawl revealed that 1.67 crore (0.67 lakh MT) bamboos were sold outside the State during 2001-02 from the State of Mizoram through tender and permit systems on realisation of bid value. The Hindustan Paper Corporation (HPC), Panchgram, Assam, however, disclosed that they purchased 3.74 crore (1.50 lakh MT) bamboos from the State of Mizoram during the aforesaid year. Thus, the department failed to detect sale of atleast 2.07 crore bamboos which were unauthorisedly extracted and supplied from the State of Mizoram to HPC, Panchgram without payment of royalty and without permission of the Forest Department. This resulted in loss of minimum revenue of Rs.2.07 crore calculated at the rate of Re.1 per bamboo.

This was pointed out to the Department and to the Government in July 2003. Final reply had not been received (October 2004).

5.18 Loss of revenue

Extraction and sale of 113 lakh bamboos from 7 Mahals² at the bid value of Rs.61 lakh against royalty value of Rs.113 lakh led to loss of revenue of Rs.52 lakh.

In Mizoram, bamboo *Mahals* are settled annually through notice inviting tender and agreement. Further, the Government of Mizoram, Environment and Forest Department fixed (August 2001) royalty on different classes of bamboos for sale outside the State at Re.1 to Rs.2.25 per bamboo.

Test check of records of the Principal Chief Conservator of Forests, Mizoram, Aizawl revealed that 7 bamboo *Mahals* for the working period between October 2001 and June 2002 were settled through tender and agreements (September 2001 to March 2002) with 7 highest bidders at their bid value of Rs.61 lakh. As per clause of the tender notice and agreements, these bidders were allowed to extract and sell 113 lakh bamboos outside the State from the *Mahals* during the aforesaid period. However, based on the Government instruction of August 2001 the minimum royalty on 113 lakh bamboos worked out to Rs.113 lakh. Thus, settlement of these *Mahals* for extraction of 113 lakh bamboos without ascertaining its actual royalty value fixed by the Government led to a minimum loss of revenue of Rs.52 lakh.

The matter was reported to the Department and the Government in July 2003 and August 2004; their reply had not been received (October 2004).

¹ Conservator of Forests, Research and Development Circle Aizawl
Conservator of Forests, Northern Circle, Aizawl

² Mahal means a defined geographical area where from certain types of forest produce are sold on condition of their removal within a specified period.

5.19 Loss of revenue

Failure of the Department to prevent illicit felling, burning and removal of 275 teak and Gomari trees of Government plantation led to loss of revenue of Rs.29.48 lakh.

Under Section 29(1) of the Mizoram (Forest) Act, 1955, when there is reason to believe that a forest offence has been committed in respect of any forest produce, such produce shall be seized and brought to the safe custody after reporting the matter to the Court for trial and speedy disposal. In Mizoram, Forest Protection Force is deployed to prevent illicit felling and removal of trees from forest areas.

Test check of records of the Divisional Forest Officer, Aizawl revealed that three offenders illegally felled 220 Gomari trees (A-II) measuring 334.600 cum involving royalty of Rs.9.45 lakh in the Government plantation at Tuirial Reserve Forest between January and February 2003. However, the trees were seized and kept in custody of the offenders instead of bringing it to the departmental custody. Subsequently, the trees were reportedly burnt by the offenders in March 2003. Thus, failure of the department to prevent illegal felling and burning of trees in reserve forest led to loss of revenue of Rs.9.45 lakh.

Similarly, some unknown offenders illegally felled and removed 55 teak trees (A-I) measuring 270.215 cum involving royalty of Rs.20.03 lakh from the Government plantation at Tuirial Reserve Forest in March 2003. The Department failed to apprehend the offenders and recover the outturn of trees despite deployment of Forest Protection Force. This resulted in further loss of Rs.20.03 lakh.

This was being pointed out in August 2003 in audit the department in the former case stated (August 2004) that question of transporting the timber to a safer place for disposal did not arise as the 220 trees were burnt and counted only from the stumps. The reply contradicted the seizure list which showed that the illegally felled timber was lying in the plantation site and the custody of the felled timber was handed over to the offender.

The cases were reported to the Government in August 2003 and August 2004; their reply had not been received (October 2004).

5.20 Loss of revenue

Delay in disposal of 14 lots of teak logs measuring 509.1751 cum led to loss of revenue of Rs.20.59 lakh.

In order to mobilise additional revenue, the Government of Mizoram, Environment and Forest Department conducted thinning operation of teak trees in Government plantations between April 1999 and July 1999.

Test check (January 2003 and March 2004) of records of the Conservator of Forests, Southern Circle, Lunglei and Divisional Forest Officers, Lunglei and Tlabung revealed that teak logs measuring 509.1751 cum valued at Rs.68.19 lakh (floor price) were harvested during thinning operation between April 1999 to July 1999. The logs divided into 14 lots were kept in roadside open depots, without ensuring proper safety and security.

The lots were put to sale in November 1999, and a total bid value of Rs.30.01 lakh was received against floor price of Rs.68.19 lakh. Since the bid value was far below the floor price subsequently six tenders were floated on different dates between December 1999 and August 2001 but no sale was effected due to poor response from the timber traders both from within and outside the State. As such the timbers continued to deteriorate due to continued exposure to the vagaries of nature. Subsequent re-measurement between January 2003 and March 2003 revealed that 346.4704 cum of timber lost its commercial value. This loss could have been avoided, had the department made proper evaluation of market price before fixing floor price of the timbers.

Thus, due to non-disposal of teak logs at the initial price offered, there was a total loss of revenue of Rs.20.59 lakh.

After this was pointed out between March and April 2003 the Government while admitting the facts stated (October 2004) that higher floor price was not solely responsible for non-disposal of this timber. Government further stated that some persons with vested interests played an important role for non-disposal of the timber on time which was beyond the control of Forest Department. The reply shows that Government was unable to prevent extraneous pressures which led to loss of revenue.

5.21 Loss of revenue

Failure of the Department to dispose 319.975 cum of seized timber led to loss of revenue of Rs.5.92 lakh.

Under Section 29 of the Mizoram (Forest) Act, 1955, seized/confiscated forest produces shall be kept in safe custody immediately after its seizure for quick disposal where such produces is prone to speedy/natural decay.

Test check (February 2003) of records of the Divisional Forest Officer (DFO), Mamit revealed that 319.975 cum of sawn timber of mixed species (A-11, B-11) was seized during March 1998 but no action was initiated for quick disposal of the timber. However, after a lapse of three years these were sold through auction (April 2001) for Rs.7.61 lakh against floor price of Rs.13.54 lakh. Thus, inordinate delay in disposal of seized sawn timber led to loss of revenue of Rs.5.92 lakh.

After this was pointed out in April 2003 in audit the Government stated (October 2004) that the seizure spot was 20-25 kms away from Mamit and 10-15 kms away from the road head which took more time on transportation. The Government further stated that Forest Department was not sure of the power of its officers for confiscation of seized timber and had to consult Law Department for the same. The reply does not justify a delay of 3 years to dispose the seized sawn timber.

5.22 Loss of revenue

There was loss of revenue of Rs.2.33 lakh for non-acceptance of offer of the highest bidder for sale of Bairabi bamboo *Mahal*.

In Mizoram, bamboo *Mahals* are settled annually through notices inviting tenders. Clause 6 of the terms and conditions of sale of forest produce by tenders confers upon the Government discretionary power to accept or reject any tender without assigning any reason. Further, it was judicially held* by the Hon'ble Supreme Court that obtaining higher revenue by accepting the eligible highest bid would only be in public interest because the State stands to gain more revenue.

Test check of records of the Divisional Forest Officer (DFO), Kolasib revealed that 10 tenders were received in response to the tender notice (September 2001) for sale of Bairabi bamboo *Mahal* for the working period October 2001 to June 2002. The first and the second highest bidders offered Rs.6.85 lakh and Rs.5.65 lakh for the *Mahal* respectively. The highest bidder fulfilled all essential conditions for which his offer was recommended (October 2001) by the Tender Settlement Committee of the Principal Chief Conservator of Forests, Mizoram to the Government for acceptance. But the Government accepted (December 2001) the offer of the second highest bidder without any recorded reason and work order was accordingly issued to him (13 January 2002). However, the second bidder paid Rs.4.24 lakh between January and February 2002 and thereafter backed out without paying the balance amount of Rs.1.41 lakh for which earnest money of Rs.0.28 lakh was forfeited in October 2002. Thus, non-acceptance of the offer of the first bidder led to loss of revenue of Rs.2.33 lakh.

After it was pointed out in August 2003 by audit the DFO stated (March 2004) that the selection of bidder and settlement of *Mahal* were done by the Principal

* *J.L. Slong Vs State of Meghalaya and others- Civil Appeal No.3032 of 2004.*

Chief Conservator of Forests' (PCCF) office and hence he had no responsibility in this regard. The reply of the PCCF has not been received (October 2004).

The matter was reported to the Government in August 2003 and August 2004; their reply had not been received (October 2004).

TRANSPORT DEPARTMENT

5.23 Unauthorised use of vehicles without payment of tax

Non-initiation of any action against owners of 187 transport vehicles led to unauthorised use of these vehicles without payment of tax of Rs.53.04 lakh inclusive of penalty.

Under Section 4 of the Mizoram Motor Vehicles (Taxation) Act, 1996, motor vehicles (MV) tax shall be paid in advance by the registered owner of the motor vehicles either quarterly, half yearly or annually within 15 days from the commencement of the quarter, half year or year as the case may be. The District Transport Officer (DTO) is required to review the combined registers of vehicles to ensure that tax is paid regularly by the owners of registered motor vehicles. Further, in the event of failure to pay tax by any owner of motor vehicle within the prescribed date, he shall be liable to pay, in addition to the tax, a sum not exceeding twice the amount of quarterly tax due as penalty. If any vehicle is not being used or is out of order for a particular period, the MV tax for that period can be avoided by applying to the registering authority in advance.

Test check of records of the DTO, Aizawl disclosed that 187 owners of transport vehicles of different types, neither paid the advance MV tax for different period between January 1995 and March 2003, nor was any application filed with the DTO to the effect that their vehicles would not be used during the period. The DTO, Aizawl also did not initiate any action to realise the tax from the owners of vehicles by reviewing the combined registers and through issuance of demand notices. This resulted in un-authorised use of these vehicles without payment of tax of Rs.17.68 lakh + penalty of Rs.35.36 lakh.

After this was pointed out (June 2003) in audit, the DTO, Aizawl stated (February 2004) that demand notices were served on the owners of these vehicles for recovery of dues. The report on recovery has not been received (October 2004).

The matter was reported to the Government in June 2003 and June 2004; their reply had not been received (October 2004).

5.24 Short levy of fine

Realisation of fine of Rs.0.88 lakh against Rs.49.02 lakh led to short levy of fine of Rs.48.14 lakh.

Section 56 of the Motor Vehicles Act, 1988, provides that a transport vehicle shall not be deemed to be validly registered unless it carries a certificate of fitness issued by the prescribed authority. Further, under section 200 of the Act, *ibid*, the Government of Mizoram, Transport Department notified (December 1995) that whoever drives or causes or allows a motor vehicle to be driven without valid registration shall be punishable with a fine of Rs.3000 and Rs.6000 for first and subsequent offences respectively.

Test check of records of the District Transport Officer (DTO), Aizawl revealed that out of 3482 commercial vehicles, at least 1634 contributing 47 *per cent* of the total vehicles plied without Fitness Certificate during the year 2002-03 but a fine of Rs.0.88 lakh only was levied and collected against minimum leviable penalty of Rs.49.02 lakh. Thus, failure of the Enforcement wing to detect these offence cases resulted in short realisation of fine of Rs.48.14 lakh.

On this being pointed out in June 2003 in audit, the DTO, Aizawl stated (February and June 2004) that fine of Rs.0.19 lakh was realised and every efforts was being made to realise the balance fine by checking documents of vehicles plying unauthorisedly but the reply was silent as to why the Department failed to detect 47 *per cent* of the commercial vehicle that plied without Fitness Certificate. The report on recovery of balance fine of Rs.47.95 lakh has not been received (October 2004).

The case was reported to the Government in June 2003 and July 2004; their reply had not been received (October 2004).

5.25 Short levy of tax due to incorrect fixation of carrying capacity

Realisation of tax of Rs.3.57 lakh from the owners of 83 light commercial truck at Rs.840 to Rs.1045 per truck per annum instead of Rs.6.69 lakh at Rs.1660 per truck per annum led to short levy of tax of Rs.3.12 lakh.

In terms of the powers conferred under Section 58(I) of the Motor Vehicles Act, 1988, the Central Government notified (June 1989) that the authorised carrying capacity of a transport vehicle shall be fixed based on the safe laden and unladen weight fixed by the manufacturer of such transport vehicle. Further, under the Mizoram Motor Vehicles (Taxation) Act, 1996, every registered owner of a

transport vehicle authorised to carry three metric tonne (MT) weight shall pay tax at Rs.1660 per vehicle per annum with effect from 1 April 1997.

Test check of records of the District Transport Officer (DTO), Aizawl disclosed that 83 light commercial trucks of Tata make were registered between January 1997 and January 2001, fixing pay load of 1 MT to 1½ MT per truck against 3 MT per truck fixed by the manufacturer. In these cases tax of Rs.6.69 lakh was to be levied against which Rs.3.57 lakh was collected for different periods between April 1997 and May 2003. Thus, incorrect fixation of carrying capacity resulted in short levy of tax of Rs.3.12 lakh.

After being pointed out (June 2003) in audit, the DTO, Aizawl while admitting the facts stated in February 2004 that necessary step was taken to recover the tax at Rs. 1660 per truck per annum with effect from June 2003. But the reply is silent about the recovery of tax prior to June 2003.

The matter was reported to the Government in June 2003 and June 2004; their reply had not been received (October 2004).

LAND REVENUE DEPARTMENT

5.26 Non-levy of penalty

Realisation of arrear land revenue without invoking penalty provision led to non-levy of penalty of Rs.7.09 lakh.

Under the Mizo District (Land Revenue) Act, 1956 and Rules framed thereunder in 1967, land revenue shall be paid annually at the end of each financial year. If any land revenue remains unpaid after the closure of financial year and the defaulter fails to pay the arrear within one month from the date of demand notice, an equal amount of the arrear shall be levied as penalty which shall be paid with arrear within three months from the date of receipt of such order. Rules further, provide for recovery of dues by attachment/sale of movable and immovable properties in case of default in payment.

Test check of records of the Director, Land Revenue and Settlement, Mizoram, Aizawl and the Assistant Settlement Officer, Lunglei revealed that an amount of Rs.7.09 lakh was belatedly realised (delays ranged from 1 to 40 months) as arrears of land revenue for the years 1998-99 to 2002-03. But the penalty for belated payment of arrears of land revenue required to be levied as per the Act/Rules *ibid*, was not levied. This resulted in non-levy of penalty of Rs.7.09 lakh.

The matter was reported to the Government in December 2003 and March-August 2004; their reply had not been received (October 2004).