

PREFACE

This report for the year ended 31 March 2007 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 sales tax, land revenue, stamp duty and registration fees, motor vehicles tax, professions tax, electricity duty, state excise, other tax receipts, mines and minerals, forest 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 2006-07 as well as those noticed in earlier years but could not be covered in previous years' reports.

OVERVIEW

I. General

This Report contains 56 paragraphs including three reviews relating to underassessment/non-realisation/loss of revenue etc. involving Rs. 2,483.81 crore. Some of the major findings are mentioned below:

The total receipts of the Government for the year 2006-07 were Rs. 25,828.31 crore against Rs. 23,725.89 crore in the previous year. Of this, 50 *per cent* was raised by the Government through tax revenue (Rs. 11,694.77 crore) and non-tax revenue (Rs. 1,248.76 crore). The balance 50 *per cent* was received from the Government of India in the form of State's share of net proceeds of divisible Union taxes (Rs. 8,505.60 crore) and grants-in-aid (Rs. 4,379.18 crore).

(Paragraph 1.1)

Test check of the records of sales tax, land revenue, state excise, motor vehicles tax, amusement tax, electricity duty, forest and other departmental receipts conducted during the year 2006-07 revealed underassessment/non-realisation/loss of revenue etc. of Rs. 3,103.67 crore in 777 cases. During the year 2006-07, the concerned departments accepted underassessments etc. of Rs. 429.05 crore in 431 cases of which 322 cases involving Rs. 409.15 crore were pointed out in audit during 2006-07 and the rest in earlier years. Of this, Rs. 9.41 crore has been recovered in 88 cases.

(Paragraph 1.10)

As on 30 June 2007, 1,059 inspection reports containing 2,886 audit observations involving Rs. 784.32 crore were outstanding for want of response or final action by the concerned departments.

(Paragraph 1.13)

II. Sales Tax

Failure of the assessing authority to levy minimum penalty on concealed sales/purchases of Rs. 98.61 crore of 28 dealers led to non-levy of penalty of Rs. 9.78 crore.

(Paragraph 2.2)

Incorrect determination of gross turnover by the assessing authority in 29 cases led to short levy of tax of Rs. 9.23 crore.

(Paragraph 2.3)

Irregular allowance of concessional rate of tax on turnover of Rs. 19.63 crore resulted in short levy of tax of Rs. 86.91 lakh in 18 cases.

(Paragraph 2.9)

Incorrect determination of contractual transfer price by the assessing authority in five cases resulted in short levy of tax of Rs. 85.89 lakh.

(Paragraph 2.10)

Irregular adjustment of excess tax collected by six dealers against their assessed dues resulted in short realisation of Rs. 68 lakh.

(Paragraph 2.11)

III. Land Revenue

Failure of the department to monitor the land held by mills, factories etc. and restore/resume the unused/excess land led to non-realisation of revenue of Rs. 260.20 crore.

(Paragraph 3.2.8)

Failure of the department to execute lease agreement within the prescribed timeframe and advance handing over of land without execution of lease agreement led to non-realisation of revenue of Rs. 93.63 crore.

(Paragraph 3.2.9)

Failure of the department to review the use and requirement of land transferred to authorities under the Central Government and resume these for further settlement led to non-realisation of revenue of Rs. 19.75 crore.

(Paragraph 3.2.10)

Failure to vest land of non-agricultural tenant resulted in non-realisation of *salami* and rent of Rs. 102.60 crore.

(Paragraph 3.2.14)

Failure of the department to assess and levy capitalised value and other charges on transfer of land resulted in non-realisation of revenue of Rs. 152.39 crore.

(Paragraph 3.2.17.1)

Non-approval of transfer of lease hold interest of tea gardens resulted in non-realisation of *salami*, stamp duty and registration fees of Rs. 48 crore.

(Paragraph 3.2.17.2)

Lack of timely action to settle land with unauthorised occupiers resulted in non-realisation of rent and *salami* of Rs. 6.97 crore.

(Paragraph 3.3)

Realisation of rent at non-commercial rate from eight *raiyats* and non-realisation of rent and cess, surcharge etc. from 82 *raiyats* resulted in non/short realisation of Rs. 20.10 lakh on land used for commercial purposes.

(Paragraph 3.5)

Failure to recover cess from *raiyats* exempted from payment of rent of land resulted in non-realisation of cess of Rs. 12.84 lakh.

(Paragraph 3.7)

IV. State Excise

Failure of two distillers to achieve minimum production of alcohol from molasses on the basis of yield fixed by the Government resulted in short realisation of revenue of Rs. 25 crore.

(Paragraph 4.2)

Allowance of excess transport charges on import of country spirit led to reduction of additional fee payable by 14 licensees and resultant short realisation of Rs. 4.28 crore.

(Paragraph 4.5)

Non-levy of privilege fee on 218.74 lakh bulk litre of spirit imported and received by three distilleries resulted in non-realisation of Rs. 1.31 crore.

(Paragraph 4.6)

Departmental failure to levy pass fee on export of 152.89 lakh bulk litre of bottled India made foreign liquor resulted in non-realisation of pass fee of Rs. 69.44 lakh.

(Paragraph 4.7)

Failure of the department to levy pass fee on 2.71 lakh london proof litre of spirit imported by two India made foreign liquor manufacturers from outside India resulted in non-realisation of Rs. 67.75 lakh.

(Paragraph 4.8)

Production and issue of India made foreign liquor with under/over strength ranging between 0.2 and 4.7 degree proof by three manufacturers resulted in evasion of duty of Rs. 47.96 lakh.

(Paragraph 4.10)

Non-initiation of action by the departmental authority for realisation of establishment cost of excise personnel deployed in foreign liquor warehouse resulted in non-realisation of Rs. 27.95 lakh.

(Paragraph 4.12)

V. Motor Vehicles Tax

Delayed incorporation of the revised business rules regarding increase of taxes/fees resulted in short levy of taxes/fees of Rs. 2.99 crore.

(Paragraph 5.2.6.2)

Lack of proper validation checks of the data input into the system rendered the database incomplete and unreliable.

(Paragraph 5.2.9.2)

Lack of monitoring on the part of the taxing authorities resulted in non-realisation of tax, additional tax and penalty of Rs. 103.49 crore from goods, contract and stage carriages.

(Paragraph 5.2.10)

Difference of life time tax and one time tax including penalty of Rs. 23.78 crore was not realised.

(Paragraph 5.2.12)

Failure of the department to realise difference of life time tax and one time tax from 2,605 motor cycle owners resulted in non-realisation of tax and penalty of Rs. 1.10 crore.

(Paragraph 5.3)

Non-levy of one time tax and special tax on 63 non-transport vehicles resulted in non-realisation of revenue of Rs. 14.83 lakh.

(Paragraph 5.7)

VI. Amusement Tax

Non-levy of tax on entry fee collected by Science City authorities for joy rides resulted in non-realisation of entertainment tax of Rs. 4.59 crore.

(Paragraph 6.2)

Non-raising of demand of entertainment tax on entrance fee, subscription and entry money received by Royal Calcutta Turf Club during 2004-05 resulted in non-levy of entertainment tax of Rs. 23.77 lakh.

(Paragraph 6.4)

VII. Other Tax Receipts

Non-realisation of stamp duty and registration fees of Rs. 2.28 crore due to non/delay in determination of market value of properties.

(Paragraph 7.2)

Failure of the department to enroll 556 professionals and traders resulted in non-realisation of profession tax of Rs. 26.32 lakh.

(Paragraph 7.3)

VIII. Mines and Minerals

Inaction of the department to recover price of brick earth from 152 brick field owners on 2.98 crore cft. of brick earth extracted without quarry permit resulted in non/short realisation of revenue of Rs. 1.50 crore.

(Paragraph 8.2)

IX. Other Non-Tax Receipts

Lack of monitoring by the Finance Department led to disbursement of loans by the loan sanctioning departments without fixing of the terms and conditions for their repayment. This resulted in non-levy of interest of Rs. 91.97 crore.

(Paragraph 9.2.9)

Failure of the loan sanctioning departments to monitor payment of stipulated instalments by the loanees and redetermine interest payable led to short realisation of interest of Rs. 571.26 crore.

(Paragraph 9.2.10)

Failure of the Government to specify a time limit for initiation of certificate proceedings led to non-realisation of interest of Rs. 89.14 crore as well as principal of Rs. 112.21 crore.

(Paragraph 9.2.11)

Failure of the loans sanctioning departments to recover the instalments from defaulters in case of current loans led to non-recovery of interest of Rs. 1,962.70 crore.

(Paragraph 9.2.15)

The loan sanctioning departments failed to include/recover outstanding interest of Rs. 602.57 crore while converting loans into equity share capital/interest free loans.

(Paragraph 9.2.16)

Inaction of the department to make assessment of irrigated land as per test notes of the engineering divisions resulted in non/short realisation of water rate of Rs. 88 lakh.

(Paragraph 9.6)