

## OVERVIEW

This Report contains 26 paragraphs including two reviews relating to non/short levy of tax, interest etc. involving ₹ 977.82 crore. Some of the major findings are mentioned below:

### I. General

Total receipts of the Government of Bihar for the year 2009-10 were ₹ 35,526.83 crore. The revenue raised by the State Government amounted to ₹ 9,760.09 crore comprising tax revenue of ₹ 8,089.67 crore and non-tax revenue of ₹ 1,670.42 crore. The receipts from the Government of India were ₹ 25,766.74 crore (States' share of divisible Union taxes: ₹ 18,202.58 crore and grants-in-aid: ₹ 7,564.16 crore). Thus, the State Government's own contribution to tax revenue was only 27 *per cent* of total revenue.

(Paragraph 1.1.1)

The number of inspection reports and paragraphs issued up to December 2010 but not settled by June 2010 stood at 4,150 and 21,968 respectively involving ₹ 7,876.02 crore. We are yet to receive even first replies for 1,577 IRs though these were required to be furnished within one month of their receipt.

(Paragraph 1.2.1)

We conducted test check of the records of commercial taxes, State excise, taxes on vehicles, land revenue, non-ferrous mining and metallurgical industries and other departmental offices during the year 2009-10 and observed underassessment /short levy/loss of revenue of ₹ 2,399.68 crore in 2,092 cases. During the year 2009-10, the concerned Departments accepted underassessments and other deficiencies of ₹ 1,784.41 crore involved in 1,892 cases.

(Paragraph 1.5.1)

### II. Commercial Taxes

In 10 commercial taxes circles, suppression of sales/purchase turnover of ₹ 766.96 crore by 17 dealers resulted in underassessment of tax of ₹ 610.40 crore including leviable penalty.

(Paragraph 2.10)

Irregular claim of ITC by the dealers in two commercial taxes circles resulted in excess allowance of ITC of ₹ 137.17 crore including leviable penalty.

(Paragraph 2.11)

Non-detection of application of incorrect rates of tax in seven commercial taxes circles resulting in short levy of tax of ₹ 28.51 crore including interest and leviable penalty.

(Paragraph 2.12)

In Patna West commercial taxes circle, though the interstate stock transfer of goods valued at ₹ 19.09 crore was not supported by the prescribed declaration

forms, tax was levied at lower rate. This resulted in short levy of tax of ₹ 84.62 lakh.

**(Paragraph 2.16)**

Suppression of import/purchase of scheduled goods of ₹ 238.39 crore by five dealers registered in five commercial taxes circles resulted in short levy of entry tax of ₹ 56.58 crore including leviabale penalty and interest.

**(Paragraph 2.21)**

### **III. State Excise**

A review on 'Levy and Collection of State Excise Revenue' indicated the following deficiencies.

- Due to non/delayed settlement of excise shops coupled with non-operation of shops by the Department/through BSBCL, the Government sustained a loss of ₹ 134.29 crore in the shape of licence fee.

**(Paragraph 3.6.9.1 and 3.6.9.2)**

- Due to absence of a mechanism of periodic review of shop-wise lifting of liquor against allotted MGQ, short lifting of liquor by the licensees remained unnoticed leading to a loss of Government revenue of ₹ 94.61 crore.

**(Paragraph 3.6.10)**

- Due to delayed institution of certificate proceedings for recovery of arrears, there was loss of revenue of ₹ 3.14 crore in the shape of interest.

**(Paragraph 3.6.12.2)**

- The internal audit was weak as evidenced by the low quantum of departmental inspection, non-maintenance of registers and lack of internal audit.

**(Paragraph 3.6.13)**

### **IV. Taxes on motor vehicles**

In 26 district transport offices, tax dues of ₹ 19.52 crore (including penalty) pertaining to 751 transport vehicles for the period between July 2002 and June 2009 were neither paid by the vehicle owners nor action was taken towards realisation of dues by the concerned DTOs.

**(Paragraph 4.8)**

In three district transport offices, CFs issued to 14 transport vehicles without ensuring up-to-date payment of tax resulted in non-realisation of tax of ₹ 54.76 lakh including penalty. Besides, plying of these vehicles without proper inspection was fraught with the risk of causing damage to public life and property.

**(Paragraph 4.10)**

In four district transport offices, 7,498 professional driving licences were granted to ineligible persons which resulted in loss of revenue of ₹ 15.75 lakh and also involved road safety concerns.

(Paragraph 4.11)

## V. Other Tax Receipts

A review on 'Levy and Collection of Stamp Duty and Registration Fee' indicated the following deficiencies.

- Lack of co-ordination between the Registration Department and other public offices resulted in non-levy of stamp duty and registration fee of ₹ 1.42 crore in test checked districts during 2004-05 to 2008-09.

(Paragraph 5.2.8)

- Due to pendency in the disposal of referred cases and non-pursuance of the execution of deeds, the deficit stamp duty from finalised, referred and impounded cases could not be realised, leading to consequential blocking of Government revenue of ₹ 8.57 crore.

(Paragraph 5.2.10)

- The internal audit was weak as evidenced by the low quantum of departmental inspections and absence of internal audit.

(Paragraph 5.2.12)

## VI. Non-Tax Receipts

In 14 district mining offices, failure to call for copies of form 'M' and 'N' from the concerned Works Departments for verification and detection of the cases of mining from other than legal sources resulted in non-levy of penalty of ₹ 23.92 crore during 2008-09.

(Paragraph 6.3)

In five district mining offices, 230 brick kilns were operated during the brick season 2008-09 without/partial payment of the consolidated royalty which resulted in non/short levy of royalty of ₹ 1.12 crore.

(Paragraph 6.4.1)

In five irrigation divisions, *khatiani* for one lakh hectares of *kharif* and 0.45 lakh hectares of *rabi* crops land irrigated during 2007-08 and 2008-09 were not prepared by the divisions. This resulted in non-raising of demand and non-collection of water rates of ₹ 2.51 crore.

(Paragraph 6.8)