

## OVERVIEW

This Report contains 28 paragraphs including three Performance Audit relating to underassessment/short levy/loss of revenue etc. involving ₹ 49.96 crore. Some of the major findings are mentioned below.

### I. General

The total revenue receipts of the State Government for the year 2010-11 amounted to ₹ 12,840.46 crore against ₹ 10,166.25 crore for the previous year. 57 *per cent* of this was raised by the State through tax revenue (₹ 9005.14 crore) and non-tax revenue (₹ 3835.32 crore) . The balance 43 *per cent* was received from the Government of India as States share of divisible Union taxes (₹ 5425.19 crore) and grants in aid (₹ 4453.89 crore).

(Paragraph 1.1.1)

At the end of June 2011, 7,874 audit observations involving ₹ 3,429.36 crore relating to 2,094 inspection reports issued upto December 2010 remained outstanding.

(Paragraph 1.2.1)

Test check of the records of the Departments of Commercial tax, Stamp duty and Registration fee, Electricity and safety, State excise, Entertainment, Transport, Land revenue and other non-tax revenue etc. conducted during the year 2010-11 revealed underassessment/short levy/loss of revenue etc. aggregating ₹ 826.86 crore in 7,666 cases. During the course of the year 2010-11, the Departments concerned accepted underassessments and other deficiencies of ₹ 656.84 crore in 4,498 cases. Of these, the Department recovered ₹ 2.35 crore during the year 2010-11.

(Paragraph 1.5.1)

### II. Commercial Tax

A Performance Audit on “**Cross verification of declaration form used in inter-state trade or commerce**” revealed the following:

- The Department did not have in place any system for cross verification of the Declaration Forms submitted by dealers in support of Inter-State Transactions, for verification of forms on TINXSYS website and for verification of the utilisation of Forms or any database of sales against declarations.

(Paragraph 2.12.6)

- Adjustment of the tax liability by the Assessing Officer (AO), despite expiry of the validity of the incentive scheme, led to undue benefit of ₹ 26.54 lakh to the dealers.

(Paragraph 2.12.14)

- Non-verification of 'C' forms by the AO enabled the dealer to suppress turnover of inter-state sale resulting in evasion of tax of ₹ 28.24 lakh including penalty.

**(Paragraph 2.12.20)**

- Allowance of concessional sales on 'F' forms on grant of tax exemption by the AO, branches not declared in registration certificates of the dealers led to non-levy of tax of ₹ 20.28 lakh besides penalty leviable of ₹ 60.84 lakh.

**(Paragraph 2.12.23)**

- Incorrect allowance of *Inter-State* Sales in absence of declaration forms resulted in non-levy of tax of ₹ 1.02 crore.

**(Paragraph 2.12.25)**

- Evasion of Tax on Fake 'C' forms resulted in evasion of tax of ₹ 40.62 lakh, besides penalty leviable of ₹ 121.86 lakh in 61 cases pertaining to nine States.

**(Paragraph 2.12.27)**

- In 39 'F' forms not issued by five States, tax evaded was ₹ 1.15 crore besides penalty leviable of ₹ 3.46 crore.

**(Paragraph 2.12.28)**

- Suppression of actual value of goods purchased by 45 dealers and non-verification of the same by the Assessing Officer led to non-levy of tax of ₹ 2.89 crore including penalty.

**(Paragraph 2.12.32)**

Non-realisation of revenue of ₹ 39.70 lakh due to incorrect exemption on taxable goods.

**(Paragraph 2.15)**

Non-realisation of revenue of ₹ 23.61 lakh due to incorrect deduction from taxable turnover.

**(Paragraph 2.16)**

Non-levy of tax of ₹ 17.89 lakh and penalty of ₹ 89.43 lakh due to grant of irregular exemption.

**(Paragraph 2.17)**

Non-realisation of revenue of ₹ 32.86 lakh due to short levy of tax on residuary goods.

**(Paragraph 2.18)**

Non-levy of entry tax along with penalty of ₹ 15.48 lakh due to irregular exemption on doubtful lorry receipts.

**(Paragraph 2.19)**

Non-levy of entry tax of ₹ 9.17 lakh due to irregular exemption on direct sale.

**(Paragraph 2.20)**

Non-levy of tax of ₹ 2.44 lakh due to incorrect exemption on sale of taxable goods.

(Paragraph 2.21)

Non-levy of tax of ₹ 8.08 lakh on declaration sale.

(Paragraph 2.23)

### **III. Stamp duty and registration fee**

Short levy of stamp duty and registration fee of ₹ 79.40 lakh due to undervaluation of properties.

(Paragraph 3.10)

Misclassification of instruments resulted in short realisation of stamp duty and registration fee of ₹ 48.19 lakh.

(Paragraph 3.12)

Registration of incomplete document and irregular retention by Sub Registrar led to short levy of stamp duty of ₹ 12.36 lakh.

(Paragraph 3.13)

### **IV. State Excise**

Non-levy of penalty of ₹ 2.32 crore for failure to maintain the minimum stock of spirit in warehouses.

(Paragraph 4.10)

Non-levy of duty of ₹ 7.12 lakh on excess wastage in transportation.

(Paragraph 4.11)

Application of incorrect rate of licence fee led to a loss of ₹ eight lakh.

(Paragraph 4.12)

### **V. Land Revenue**

A Performance Audit on “Levy and Collection of Land Revenue” revealed the following:

- We noticed that though 36 permanent lease deeds were finalised by the Collector Durg, these lease deeds were executed but not registered.

(Paragraph 5.8.7)

- In four Collectors and six *Tahsils* though the Department had recovered ₹ 24.76 crore on account of revenue recovery certificates (RRC), process expenses of ₹ 74.27 lakh though recoverable was not recovered by the concerned *Tahsildars*.

(Paragraph 5.8.8)

- No proposal for revision of rent rates was sent by the concerned SDOs/Collectors of six districts to the Government, though a period of ten years had elapsed, except for Dhamtari where proposal was sent after a lapse of more than three years.

(Paragraph 5.8.9)

- *Panchayat* Cess of ₹ 1.30 crore was not assessed and levied on premium of ₹ 2.60 crore in 642 diversion cases between April 2006 and March 2011.

**(Paragraph 5.8.10)**

- We noticed in ten offices that 1843 permanent leases due for renewal had not been renewed in absence of a monitoring system resulting in non-realisation of *nazul* rent of ₹ 62.79 lakh.

**(Paragraph 5.8.11)**

- We noticed in the office of the Collector, Durg that out of 186 leases rent amounting to ₹ 3.73 lakh was not paid by the lessees since 1987 in eight cases. Further, in Korba that the *Nazul* officer had not raised demand of ₹ 90.66 lakh in 32 cases.

**(Paragraph 5.8.11.1)**

- In Jagdalpur that on land admeasuring 19,286 sq.ft. handed over to Municipal Corporation Jagdalpur in March, 2003, premium and ground rent amounting to ₹ 94.09 lakh and ₹ 7.05 lakh respectively were not levied/recovered by the Collector.

**(Paragraph 5.8.11.2)**

- We saw that the *Tahsildars* did not take action for eviction in 377 cases of encroachment of Government land during the period July 2004 to April 2010. Besides, penalty of ₹ 60.18 lakh was not levied for unauthorised possession of land.

**(Paragraph 5.8.14)**

- We saw that the Collector Durg had in 122 cases assessed the cost of diverted land at pre-revised rates resulting in short assessment of diversion of rent of ₹ 7.85 lakh. Besides, demand of ₹ 89.14 lakh in respect of diversion rent and premium were not raised by the Sub-divisional Officers Janjgir and two *Tahsildars*.

**(Paragraph 5.8.15 & 5.8.16)**

- There was non-recovery of premium and ground rent of ₹ 86.73 lakh from Municipal Corporation of Mahasamund and Surajpur and *Krishi Upaj Mandi* Champa. Besides, interest of ₹ 1.60 crore for belated payments was also leviable.

**(Paragraph 5.8.17)**

- Undue favour extended to school in allotment of land led to short levy of premium and ground rent amounting to ₹ 54.87 lakh.

**(Paragraph 5.8.19)**

## **VI. Taxes on Vehicles**

A Performance Audit on “**Computerisation in Transport Department**” revealed the following:

- We found partial utilisation of the system of VAHAN and SARATHI, the modules/reports like Permits including inter-State movement,

Enforcement/Vehicle Check Report, Temporary registration, Demand, collection and balance statements, Management Information System Report, Conductor's Licence were not made operational.

**(Paragraph 6.9.10)**

- We noticed that efforts were not made to develop expertise within the Department to handle the database administration function, the database administration was being handled by the NIC.

**(Paragraph 6.9.13)**

- Entry of invalid data was not rejected in the software. We found that out of 6,26,699 registration records of vehicles, 7670 vehicles contained same chassis number and engine number; in RTO Raipur, 138 cases of duplicate chassis number were found while in RTO Bilaspur zero digits was entered in chassis number column in one case.

**(Paragraph 6.9.14)**

- We observed that the Department did not have a formal business continuity and disaster recovery plan for continuation of the Departmental activities in the event of a disaster. There was no central database; backup/standby servers were not installed in the field offices. Thus in the event of data loss; the Department has no means to restore the data.

**(Paragraph 6.9.18)**

- There was short realisation of ₹ 1.87 lakh on account of fees for choice numbers which the VAHAN software also failed to detect as no master data was created for choice number despite presence of such facility in the software.

**(Paragraph 6.9.22)**

- In three RTOs, we found that in 3527 vehicles, tax clearance data was not fed by the transport authorities in VAHAN software while issuing/accepting NOC.

**(Paragraph 6.9.25)**

- We found that though there is a system in the VAHAN software to update the tax rate, but the Department did not update the same. Further scrutiny revealed that in respect of 1443 vehicles, life time tax amounting to ₹ 49.07 lakh was leviable. However, the RTO levied and realised only ₹ 40.94 lakh which resulted in short realisation of ₹ 8.13 lakh.

**(Paragraph 6.9.26)**

## **VII. Electricity**

Non-realisation of cess and interest of ₹ 1.13 crore on single point connection.

**(Paragraph 7.8)**

## **VIII. Forest and Other non-tax Receipts**

Non-levy of transit fee of ₹ 13.16 crore on the extraction and transport of minerals extracted from forest land.

**(Paragraph 8.9)**