



सत्यमेव जयते

**Report of the  
Comptroller and Auditor General  
of India**

**for the year ended March 2000**

**No. 1  
Revenue Receipts**

**Government of West Bengal**

IX  
53-B

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## **PREFATORY REMARKS**

This Report for the year ended 31 March 2000 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, state excise, motor vehicles tax, other tax receipts, mines and minerals, forest 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 1999-2000 as well as those noticed in earlier years but could not be covered in previous years' Reports.





## *Overview*

### **1. General**

This Report contains 51 paragraphs and 3 reviews relating to short levy of tax, penalty, interest etc involving Rs. 784.88 crore which is 13.80 per cent of revenue receipts of 1999-2000. The Government has accepted audit observations involving Rs. 725.31 crore of which Rs. 46.46 lakh had been recovered up to September 2000. Some of the major findings are mentioned below:

The Government's revenue receipts for the year 1999-2000 amounted to Rs. 10211.10 crore against Rs. 9386.72 crore for the previous year. 56 per cent of this was raised by the State; Rs. 5100.83 crore through tax revenue and Rs. 587.22 crore through non-tax revenue. 44 per cent was received from the Government of India; Rs. 2984.41 crore in the form of State's share of divisible Union taxes and Rs. 1538.64 crore as grants-in-aid.

*[Paragraph 1.01]*

Test check of records of Sales Tax, Land Revenue, State Excise, Motor Vehicles Tax, Taxes on Agricultural Income, Forest and other departmental offices conducted during the year 1999-2000 revealed underassessment/short levy/loss of revenue etc amounting to Rs. 956.80 crore in 1157 cases. During the course of the year 1999-2000, the concerned departments accepted underassessment etc of Rs. 865.23 crore involved in 1073 cases of which 771 cases involving Rs. 833.84 crore were pointed out in audit during 1999-2000 and the rest in earlier years.

*[Paragraph 1.05]*

As on 30 June 2000, 1230 inspection reports, issued up to December 1999 containing 4395 audit observations involving Rs. 2011.34 crore, were outstanding for want of response or final action by the concerned departments.

*[Paragraph 1.06]*

### **2. Topics on Tea Estates**

- (i) The AITO, Jalpaiguri failed to bring 70 tea garden owners producing green tea leaves into tax net and assess agricultural income tax even though they were paying cess regularly. This resulted in escapement of revenue of Rs. 6.12 crore.

*[Paragraph 2.01]*

- (ii) Delay in taking appropriate action by the DLLROs of 4 districts against 447 new tea gardens for conversion of *rayati* and vested lands resulted in escapement of revenue of Rs. 22.13 crore.

*[Paragraph 2.04]*

- (iii) *Salami* of Rs. 424.58 lakh and fine of Rs. 5.66 lakh were not levied in respect of 5 tea gardens at the time of execution of fresh lease deeds.

*[Paragraph 2.05]*

- (iv) On cross-verification, declaration forms in respect of inter-State sales by 4 dealers under Siliguri charge were found invalid and led to non-levy of penalty of Rs. 42.59 lakh.

[Paragraph 2.07]

### 3. Sales Tax

- (i) Excess allowance of export sales in the case of 4 dealers in 3 charge offices in Calcutta resulted in short levy of tax of Rs. 606.75 lakh.

[Paragraph 3.04]

- (ii) Application of incorrect rate of tax resulted in short levy of tax of Rs. 161.44 lakh in 10 cases under 7 charge offices in 2 districts.

[Paragraph 3.08]

- (iii) The department failed to impose penalty of Rs. 124.97 lakh on 8 dealers in Calcutta for concealment of sales.

[Paragraph 3.10(a)]

### 4. Land Revenue

A review on 'Arrears in assessment and collection of land revenue' revealed the following:

- The Land and Land Reforms Department failed to provide the figures for arrears of revenue. It did not prepare the Revenue Budget nor reconcile the actual collection figures with those maintained by the Principal Accountant General (A&E).

[Paragraph 4.02.03]

- Handing over advance possession led to non-realisation of rent and *salami* of Rs. 837.02 lakh.

[Paragraph 4.02.05]

- Delay in settlement of land under unauthorised occupation led to non-realisation of revenue of Rs. 3082.30 lakh.

[Paragraph 4.02.06]

- Non/incorrect maintenance of lease registers led to non-realisation of revenue of Rs. 743.57 lakh.

[Paragraph 4.02.07]

- Departmental failure to maintain the time schedule for disposal of settlement cases led to non-realisation of revenue of Rs. 1073.79 lakh.

[Paragraph 4.02.10]

- Non-initiation/delay in initiation of settlement proposal of *sairati* interests led to loss of revenue of Rs. 1173.93 lakh.

[Paragraph 4.02.13]

- Delay in pursuance of demand against unauthorised extraction of minor minerals resulted in loss of Rs. 232.65 lakh.

*[Paragraph 4.02.17]*

## **5. State Excise**

- (i) The Commissioner of Excise allowed excess transport charges for import of potable spirit which resulted in loss of additional fee of Rs. 131.36 lakh in the case of 9 importers during the period from November 1998 to March 2000.

*[Paragraph 5.03]*

- (ii) Non-removal of old stock of IMFL in time by the bonders of 12 warehouses in Calcutta and Hooghly districts resulted in blocking of revenue amounting to Rs. 123.34 lakh.

*[Paragraph 5.04]*

## **6. Motor Vehicles Tax**

Physical verification conducted by audit revealed that the State Transport Authority retained 25161 lapsed bank drafts and did not pursue revalidation of 21985 lapsed bank drafts submitted to the SBI which resulted in non-realisation of revenue of Rs. 8.13 crore.

*[Paragraph 6.02(a)]*

## **7. Amusements Tax**

- (i) The department failed to levy taxes of Rs. 4.23 crore on 268 cable operators in the districts of Calcutta, Cooch Behar, Howrah and Midnapore despite prior knowledge of their existence.

*[Paragraph 7.02]*

- (ii) Composition money amounting to Rs. 184.88 lakh was not levied on 68 cinema hall owners in 9 districts for default in making payment of tax and in submission of weekly returns.

*[Paragraph 7.03]*

## **8. Electricity Duty**

Inaction of the department to call for necessary particulars and to assess electricity duty in respect of Hindustan Cables Ltd. resulted in blockage of revenue of Rs. 53.87 lakh.

*[Paragraph 8.02]*

## **9. Other Tax Receipts**

- (i) Value set forth in 298 transfer documents registered in Delhi in respect of properties situated in North 24-Parganas district, West Bengal at much lower than the market rate resulted in evasion of stamp duty and registration fees of Rs. 167 lakh.

*[Paragraph 9.02]*

- (ii) Inaction of the department to determine market value resulted in non-realisation of deficit stamp duty and registration fees amounting to Rs. 60.03 lakh in 314 deeds registered in 23 registration offices.

*[Paragraph 9.03]*

## 10. Mines and Minerals

A review on 'Administration of royalty and cess on coal' revealed the following:

- The Chief Mining Officer failed to impose penalty on unauthorised extraction of coal valuing Rs. 382.65 crore.  
*[Paragraph 10.02.04]*
- Two coalmines evaded Rs. 77.72 crore towards RE/PE cesses by non-submission or faulty submission of returns.  
*[Paragraph 10.02.05(i)]*
- Interest for Rs. 3.37 crore was not included in the certificate demand resulting in loss of revenue of an equivalent amount.  
*[Paragraph 10.02.08]*
- The Certificate Officer, Asansol did not issue initial notice in 44 cases within the prescribed period of 12 years leading to the cases becoming time barred and loss of revenue of Rs. 15.45 crore.  
*[Paragraph 10.02.09]*

## 11. Other Non-Tax Receipts

(i) A review on 'Receipts from minor irrigation' revealed the following:

- There was no fair balance between the collection of water tax vis-a-vis operation and maintenance and cost of collection, shortfall being Rs. 12011.84 lakh during the period 1994-95 to 1998-99.  
*[Paragraph 12.02.05]*
- Non-utilisation of potential created resulted in loss of revenue of Rs. 5235.32 lakh.  
*[Paragraph 12.02.06]*
- Failure to impose development fee led to loss of revenue of Rs. 4405.80 lakh.  
*[Paragraph 12.02.07]*
- Failure to levy water tax in respect of minor surface irrigation resulted in loss of Rs. 142.48 lakh.  
*[Paragraph 12.02.08]*

(ii) Police cost amounting to Rs. 14.89 crore on account of police personnel permanently deployed in respect of 20 organisations was not assessed/assessed short.

*[Paragraph 12.06]*

# CHAPTER 1

## GENERAL

### 1.01 Trend of Revenue Receipts

The tax and non-tax revenue raised by the Government of West Bengal during the year 1999-2000, 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 2 years are given below:

Receipts		1997-98	1998-99	1999-2000
		<i>(Rupees in crore)</i>		
<b>I.</b>	<b>Revenue raised by the State Government</b>			
(a)	Tax Revenue	4516.78	4774.46	5100.83
(b)	Non-tax Revenue	449.49	384.50	587.22
Total		4966.27	5158.96	5688.05
<b>II.</b>	<b>Receipts from the Government of India</b>			
(a)	State's share of divisible Union taxes	3047.77	2692.14	2984.41
(b)	Grants-in-aid	1013.78	1535.62	1538.64
Total		4061.55	4227.76	4523.05
<b>III.</b>	<b>Total Receipts of the State Government (I+II)</b>	<b>9027.82</b>	<b>9386.72</b>	<b>10211.10<sup>1</sup></b>
<b>IV.</b>	<b>Percentage of I to III</b>	<b>55</b>	<b>55</b>	<b>56</b>

(i) The details of the tax revenue raised under major heads of revenue during the year 1999-2000, along with corresponding figures for the preceding 2 years are given below:

Sl. No.	Head of revenue	1997-98	1998-99	1999-2000	Percentage of increase (+)/decrease (-) in 1999-2000 over 1998-99
		<i>(Rupees in crore)</i>			
1.	Sales Tax	2844.31	3117.97	3428.79	(+) 09.97
2.	State Excise	358.79	400.04	442.85	(+) 10.70
3.	Land Revenue	439.46	325.36	148.44	(-) 54.38
4.	Stamps and Registration Fees	335.82	372.19	411.72	(+) 10.62
5.	Other Taxes	538.40	558.90	669.03	(+) 19.70
	<b>Total:</b>	<b>4516.78</b>	<b>4774.46</b>	<b>5100.83</b>	<b>(+) 06.84</b>

<sup>1</sup>For details, please see statement number 11 'Detailed Account of Revenue by Minor Heads' in the Finance Accounts of the Government of West Bengal for the year 1999-2000. Figures under the Major Head '0021-Taxes on Income other than Corporation Tax-Share of net proceeds assigned to States' booked in the Finance Accounts under A-Tax Revenue have been excluded from revenue raised by the State and included in State's share of divisible Union taxes in this statement.

(ii) The details of major non-tax revenue receipts during the year 1999-2000, along with corresponding figures for the preceding 2 years are given below:

Sl. No.	Head of revenue	1997-98	1998-99	1999-2000	Percentage of increase (+)/decrease (-) in 1999-2000 over 1998-99
		<i>(Rupees in crore)</i>			
1.	Interest	104.89	48.64	110.08	(+) 126.32
2.	Medical and Public Health	38.61	35.18	60.41	(+) 71.72
3.	Dairy Development	47.95	54.23	59.47	(+) 09.66
4.	Forestry and Wildlife	33.16	19.21	24.01	(+) 24.99
5.	Others	224.88	227.24	333.25	(+) 46.65
	<b>Total:</b>	<b>449.49</b>	<b>384.50</b>	<b>587.22</b>	<b>(+) 52.72</b>

Concrete and clear reasons for variations have not been received from the departments concerned.

### **1.02 Variations between Budget Estimates and Actuals**

The variations between Budget estimates and Actuals for the last 5 years are given below:

*(Rupees in crore)*

Year	Tax Revenue		Non-tax Revenue	
	Budget estimates	Actuals	Budget estimates	Actuals
1995-96	3998	4133	399	327
1996-97	4487	4259	451	417
1997-98	5481	4517	458	449
1998-99	5046	4774	574	385
1999-2000	5658	5101	532	587

From the above table it seems that, except in the case of tax revenue during 1995-96 and non-tax revenue during 1999-2000, the budgeted figures have never been achieved and the actual receipts were always lower than the BE figures.

The variations between Budget estimates and Actual receipts for the year 1999-2000 under the principal heads of revenue are given below:

(Rupees in crore)

Sl. No.	Head of revenue	Budget estimates	Actual receipts	Variations increase (+)/ shortfall (-)	Percentage of variation increase (+)/ shortfall (-)
<b>(A) Tax Revenue</b>					
1.	Sales Tax	3500.00	3428.79	(-) 71.21	(-) 2.03
2.	State Excise	444.00	442.85	(-) 1.15	(-) 0.26
3.	Land Revenue	687.77	148.44	(-) 539.33	(-) 76.42
4.	Stamps and Registration Fees	416.74	411.72	(-) 5.02	(-) 1.20
5.	Other Taxes on Income and Expenditure <sup>3</sup>	180.00	192.19	(+) 12.19	(+) 6.77
6.	Taxes on Vehicles	200.00	185.56	(-) 14.44	(-) 7.22
7.	Taxes on Goods and Passengers	0.04	0.01	(-) 0.03	(-) 75.00
8.	Taxes and Duties on Electricity	150.50	145.13	(-) 5.37	(-) 3.57
9.	Other Taxes and Duties on Commodities and Services <sup>4</sup>	146.65	135.96	(-) 10.69	(-) 7.29
10.	Taxes on Agricultural Income	7.50	8.22	(+) 0.72	(+) 9.6
11.	Taxes on Immovable Property <sup>5</sup>	3.40	1.97	(-) 1.43	(-) 42.06
	<b>Total</b>	<b>5736.60</b>	<b>5100.83</b>	<b>(-) 635.77</b>	<b>(-) 11.08</b>
<b>(B) Non-Tax Revenue</b>					
1.	Interest	34.58	110.08	(+) 75.50	(+) 218.33
2.	Medical and Public Health	92.78	60.41	(-) 32.37	(-) 34.89
3.	Dairy Development	73.98	59.47	(-) 14.51	(-) 19.61
4.	Forestry and Wildlife	40.14	24.01	(-) 16.13	(-) 40.18
5.	Police	31.80	45.13	(+) 13.33	(+) 41.92
6.	Non-ferrous Mining and Metallurgical Industries	10.20	14.49	(+) 4.29	(+) 42.06
7.	Roads and Bridges	14.95	16.64	(+) 1.69	(+) 11.30
8.	Industries	9.00	3.11	(-) 5.89	(-) 65.44
9.	Education, Sports, Arts and Culture	6.88	6.87	(-) 0.01	(-) 0.15
10.	Minor Irrigation	11.20	6.65	(-) 4.55	(-) 40.63
11.	Social Security and Welfare	6.20	3.30	(-) 2.90	(-) 46.77
12.	Other cases	371.65	237.06	(-) 134.59	(-) 36.21
	<b>Total</b>	<b>703.36</b>	<b>587.22</b>	<b>(-) 116.14</b>	<b>(-) 16.51</b>

The reasons for variations though called for (between March and July 2000) from all the departments were not furnished (October 2000).

<sup>3</sup>This head includes receipts under Taxes on Professions, Trades, Callings and Employments.

<sup>4</sup>This head includes taxes under Entertainment, Betting, Luxury and receipts under the Jute Taxation Act.

<sup>5</sup>This head includes receipts under the West Bengal Multi-storeyed Building Tax Act, 1975.

### 1.03 Cost of collection

Expenditure incurred on collection of revenue under some principal heads of revenue during the year 1999-2000 and preceding 2 years is given below:

Sl. No.	Head of revenue	Year	Collection	Cost of collection	Percentage of cost of collection to collection	
			(Rupees in crore)		West Bengal	All India average
1.	Sales Tax	1997-98	2844.31	40.42	1.42	
		1998-99	3117.97	60.82	1.95	1.40
		1999-2000	3428.79	69.11	2.02	
2.	State Excise	1997-98	358.79	20.01	5.58	
		1998-99	400.04	29.10	7.27	3.25
		1999-2000	442.85	30.39	6.86	
3.	Stamps and Registration Fees	1997-98	335.82	22.43	6.68	
		1998-99	372.18	34.22	9.19	5.45
		1999-2000	411.72	35.83	8.70	
4.	Taxes on Vehicles	1997-98	147.92	5.14	3.47	
		1998-99	158.07	7.34	4.64	3.22
		1999-2000	185.56	7.80	4.20	

It would appear from the above table that the expenditure on collection of taxes in West Bengal was higher than the all India averages during the period from 1997-98 to 1998-99 in respect of all the taxes shown above.

### 1.04 Arrears in assessment

Timely and proper assessment of Government dues is a prerequisite to ensure a steady inflow of revenue to the State.

The details of information regarding arrears in assessment from the Forest, Land and Land Reforms, Transport, Home, Public Works and Housing Departments though called for in March 2000 followed by reminder issued in July 2000, were not received (October 2000). The details in respect of other departments are as under:

Year	Opening balance	Cases due for assessment during the year	Total	Cases finalised during the year	Balance at the close of the year	Arrears in percentage (against total cases)
<b>Sales Tax</b>						
1998-99	2,65,499	2,52,958	5,18,457	2,27,570	2,90,887	56
1999-2000	2,90,887	2,08,990	4,99,877	3,12,836	1,87,041	37
<b>Professions Tax</b>						
1998-99	1,23,864	1,31,244	2,55,108	78,624	1,76,484	69
1999-2000	1,76,484	93,713	2,70,197	71,468	1,98,729	74



<b>Amusements Tax</b>						
1998-99	1,885	1,273	3,158	892	2,266	72
1999-2000	2,266	1,398	3,664	1068	2,596	71
<b>Agricultural Income Tax</b>						
1998-99	2,124	NA	2,124	312	1,812	85
1999-2000	1,812	306	2,118	365	1,753	83
<b>Electricity Duty</b>						
1998-99	475	153	628	61	567	90
1999-2000	567	19	586	337	249	43
<b>Multi-storeyed Building Tax and Urban Land Tax</b>						
1998-99	2,74,090	31,343	3,05,433	2,692	3,02,741	99
1999-2000	3,02,741	—	3,02,741	1,68,283	1,34,458	44

The increasing arrears in assessments call for revision of norms of assessment by the Finance Department.

### **1.05 Results of audit**

Test check of records of Sales Tax, Land Revenue, State Excise, Motor Vehicles Tax, Taxes on Agricultural Income, Forest and other departmental offices conducted during the year 1999-2000 revealed underassessment/short levy/loss of revenue etc amounting to Rs. 956.80 crore in 1157 cases. During the course of the year 1999-2000, the concerned departments accepted underassessment etc of Rs. 865.23 crore involved in 1073 cases of which 771 cases involving Rs. 833.84 crore were pointed out in audit during 1999-2000 and the rest in earlier years.

This Report contains 51 paragraphs and 3 reviews involving financial effect of Rs. 784.88 crore which illustrate some of the major findings of audit. The Government/department(s) have accepted audit observations involving Rs. 725.31 crore. Audit observations with a total revenue effect of Rs. 53.69 crore have not been accepted by the Government/department(s) but their contentions, having been found at variance with facts or legal provisions have been appropriately commented upon in the relevant paragraphs/reviews. An amount of Rs. 46.46 lakh has been realised at the instance of audit. Replies/final replies have not been received in respect of the balance amount of Rs. 5.88 crore.

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

#### **(a) Replies to the Inspection Reports**

Accountant General, Audit (AG) arranges to conduct periodical inspection of Government departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures.

These inspections are followed up with Inspection Reports (IRs). When important irregularities etc detected during inspection are not settled on the spot, these IRs are issued to the heads of offices inspected with copies to next higher authorities for taking prompt corrective action. Government have provided that first replies to the IRs may be furnished within three weeks of receipt thereof by the heads of offices. The heads of offices/Government are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the AG within two months from the dates of issue of the IRs. Serious irregularities are also brought to the notice of the Heads of the Departments by the office of the AG. Half-yearly reports of pending IRs are sent to the Secretaries of the Departments concerned in June and December every year to facilitate monitoring of the outstanding audit observations.

Inspection Reports issued up to December 1999 disclosed that 4395 paragraphs involving money value of Rs. 2011.34 crore relating to 1230 IRs remained outstanding at the end of June 2000. Of these, 76 IRs containing 265 paragraphs involving money value of Rs. 7.80 crore had not been replied to/settled for more than ten years by the Finance (in respect of Sales Tax, Amusements Tax, Entry Tax, Electricity Duty and Non-judicial Stamps), the Land and Land Reforms (in respect of Land Revenue) and the Irrigation and Waterways (in respect of Water Rate) departments. Even the first replies, required to be received from the heads of offices within three weeks from the date of issue of the IRs were not received in respect of 2808 paragraphs of 838 IRs issued between March 1984 and December 1999. As a result, the serious irregularities commented upon in these IRs had not been settled as of 30 June 2000.

Department-wise break-up of IRs and audit observations outstanding as on 30 June 2000 is given below:

Sl. No.	Department	Number of inspection reports	Number of paragraphs	Earliest year to which IR relates
1.	<b>Finance</b>			
	(a) Amusements Tax	48	123	1982-83
	(b) Entry Tax	20	27	1982-83
	(c) Non-judicial stamps	17	23	1983-84
	(d) Electricity Duty	22	29	1985-86
	(e) Sales Tax	410	1512	1988-89
	(f) Stamps and Registration Fees	91	129	1989-91
	(g) Agricultural Income Tax	4	9	1991-92
	(h) Professions Tax	12	29	1995-96

2.	<b>Forest</b>			
	Forest Receipts	27	110	1995-96
3.	<b>Commerce and Industries</b>			
	Mines and Minerals	52	237	1989-90
4.	<b>Land and Land Reforms</b>			
	Land Revenue	60	377	1984-85
5.	<b>Excise</b>			
	State Excise	9	16	1991-92
6.	<b>Transport</b>			
	Motor Vehicles Tax	19	53	1998-99
7.	<b>Others</b>			
	Departmental Receipts	47	134	1987-88
	<b>Total</b>	<b>838</b>	<b>2808</b>	

A review of the IRs which were pending due to non-receipt of replies, in respect of the above departments revealed that the Heads of the Offices, whose records were inspected by AG, and the Heads of the Departments failed to discharge due responsibility as they did not send any reply to a large number of IRs/Paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs of the AG. The Principal Secretary/Secretary of the Departments, who was informed of the position through half-yearly reports, also failed to ensure that the concerned officers of the Departments take prompt and timely action.

**(b) Follow-up on Audit Reports**

As per the Rules of Procedure of the Committee on Public Accounts of the West Bengal Legislative Assembly (Internal Working) framed in 1997, the concerned department shall take necessary steps to send its Action Taken Notes (ATN) on the recommendations contained in the Report of the Public Accounts Committee (PAC) on the Audit Report within six months from the date of presentation to the House. Previously it was '*as early as possible*' as per the Finance Department, Budget, Memo No. 5703-FB dated 29 June 1982. The position of outstanding ATNs due from the departments is shown below:

No. of the PAC Report	Date of presentation in the Assembly	Name of the department	Year of Audit Report	No. of ATNs due
Sixth Report of 1987-88	20 April 1988	Excise	1978-79 1980-81	3 3
Seventeenth Report of 1988-89	5 May 1989	Irrigation and Waterways	1978-79 1983-84	3 1
Twentysecond Report of 1990-91	26 March 1991	Transport	1979-80 1980-81	1 1

Second Report of 1991-92	9 April 1992	Board of Revenue	1980-81 1982-83 1983-84 1984-85	4 1 1 1
Seventh Report of 1991-93	23 March 1993	Finance	1981-82 1982-83 1983-84	4 3 6
Seventeenth Report of 1993-94	31 March 1994	Land and Land Reforms	1981-82 1985-86 1986-87	1 2 2
Twentysecond Report of 1994-95	17 April 1995	Excise	1984-85	2
Twentythird Report of 1994-96	1 August 1995	Finance	1981-82 1984-85 1986-87 1987-88	2 1 4 1
Twentyfifth Report of 1994-96	1 August 1995	Transport Home (Police)	1983-84 1988-89	1 1
Seventeenth Report of 1998-99	28 June 1999	Land and Land Reforms	1988-89 1990-91 1992-93	1 1 1
Twentyfourth Report of 1998-99	16 July 1999	Forest	1992-93	1
Twentyninth Report of 1999-2000	2 December 1999	Irrigation and Waterways	1990-91	1
<b>Total</b>				<b>54</b>

ATNs in respect of the State Lotteries were received in July 2000 after a lapse of more than 7 years.

The PAC has passed over paragraphs of Audit Reports up to 1991-92.

In respect of the Audit Reports from 1992-93 to 1998-99 departmental replies to 13 selected and 31 unselected paragraphs out of total 44 selected and 466 unselected paragraphs have been received.

## CHAPTER 2

### TOPICS ON TEA ESTATES

While agricultural income tax and sales tax on tea estates are collected by the Finance Department, land revenue thereon is collected by the Land and Land Reforms Department. Shortcomings noticed during audit are highlighted below:

#### **A—Agricultural Income Tax**

##### **2.01 Escapement of revenue due to lack of coordination**

Under the provisions of the West Bengal Rural Employment and Production Act, 1976 and the West Bengal Primary Education Act, 1973, Rural Employment Cess and Primary Education Cess are payable at the prescribed rate on production of green tea leaves. Under the Bengal Agricultural Income Tax Act, 1944 (BAIT), agricultural income tax is payable on tea at the rates prescribed from time to time.

Scrutiny of records of the Agricultural Income Tax Officer, Jalpaiguri revealed (June 2000) that 70 tea garden owners who were growers and sellers of green tea leaves furnished statement of production and sale of green tea leaves to the Agricultural Income Tax Officer along with the challans for payment of cess for different periods between 1990-91 and 1999-2000. But no action was taken by the assessing officer to register them under the BAIT and to bring them into the tax net. Non-assessment and non-levy of agricultural income tax resulted in escapement of revenue of Rs. 611.81 lakh calculated on the basis of average price of tea as per the records of the Assistant Commissioner, Commercial Taxes, Siliguri and after allowing deduction at the rate of 50 per cent as cost of cultivation according to the BAIT.

On this being pointed out (June 2000), the assessing officer agreed (June 2000) to assess agricultural income tax. Report on further development has not been received (October 2000).

##### **2.02 Escapement of revenue due to non-registration of tea growers**

Under the provisions of the Bengal Agricultural Income Tax Act, 1944, the Agricultural Income Tax Officer is required to issue notice to the persons liable to pay agricultural income tax on tea whose income had exceeded the prescribed limit and who did not furnish the returns therefor.

Cross-verification of the records of the Agricultural Income Tax Officer, Jalpaiguri with those of the Assistant Commissioner, Commercial Taxes, Siliguri revealed (June 2000) that 9 producers and sellers of green tea leaves got themselves registered with the Commercial Taxes Directorate but not with the Agricultural Income Tax Officer, Jalpaiguri. Their sales during the period between 1994-95 and 1997-98 amounted to Rs. 73.29 lakh. Consequently, there was escapement of agricultural income tax of Rs. 20.25 lakh after allowing 50 per cent towards cost of cultivation as per the Act.

On this being pointed out (June 2000), the assessing officer stated (June 2000) that necessary action would be taken in this regard. Report on further development has not been received (October 2000).

### **2.03 Underassessment of revenue due to excess valuation of assets**

Cases of mixed income i.e. agricultural income and income from profits and gains from business are assessed by the Agricultural Income Tax Officer (AITO) on the basis of assessment made by the Income Tax Officer. The AITO is empowered to assess/reassess the agricultural income in case definite information comes to his notice that agricultural income tax has escaped assessment in any year or has been underassessed due to excess relief under the Bengal Agricultural Income Tax Act, 1944.

Scrutiny of records of the Agricultural Income Tax Officer, Range I, Calcutta revealed (June 2000) that in respect of 2 companies for the assessment years between 1989-90 and 1992-93, the Income Tax Officer, while assessing the mixed income had allowed depreciation of Rs. 426.38 lakh on the book value of the assets (in respect of a garden in the State) against the depreciation of Rs. 366.16 lakh shown in the books of accounts. The excess depreciation amounting to Rs. 60.22 lakh allowed had not been taken into account for reducing the opening balance of the fixed assets in the subsequent years. As a result, the net worth for the subsequent assessment years varying between 1990-91 and 1993-94 was overstated to that extent which resulted in excess allowance of depreciation of Rs. 11.20 lakh calculated at the average rate of depreciation allowed during the year. This had reduced the agricultural income by Rs. 6.72 lakh (being 60 per cent of Rs. 11.20 lakh) and resulted in underassessment of tax of Rs. 5.43 lakh.

On this being pointed out (June 2000), the Agricultural Income Tax Officer, Range I stated (June 2000) that assessments were made on the basis of income tax assessment orders and the Agricultural Income Tax Officer cannot deviate from the computation made in such assessment orders. The reply of the assessing officer is not tenable in view of the provisions of the Act.

All the foregoing cases were reported to Government between January and July 2000; their reply has not been received (October 2000).

## **B—Land Revenue**

### **2.04 Non-realisation of rent and cesses from new tea gardens**

In terms of the Land and Land Reforms (L & LR) Department circular dated 21 August 1998, the district authorities were required to undertake detailed survey by November 1998 in respect of cases where *raiyati* land has been illegally converted and vested land has been unauthorisedly occupied for tea plantation by the tea growers. Fixation of rent and cess was required to be undertaken thereafter according to the provisions of the existing Acts and Rules.

Scrutiny of records of the District Land and Land Reforms Officers of 4 districts<sup>1</sup> revealed (between December 1999 and February 2000) that 465 new gardens had come up between January 1985 and March 1999 unauthorisedly by converting 10513.98 acres of *raiya* land and 7597.95 acres of vested land. Out of 465 cases, the district authorities had processed and forwarded 18 (Darjeeling 16 and Uttar Dinajpur 2) cases to the Commissioner, Jalpaiguri Division between April and November 1999 for regularisation but the cases were pending for approval by the L&LR Department. No action was taken for assessment of rent and cess in the remaining cases. Delay in taking appropriate action resulted in non-realisation of revenue of Rs. 22.13 crore.

The cases were pointed out between December 1999 and February 2000 to the district authorities. Their reply has not been received (October 2000).

### **2.05 Non-realisation of *salami* on execution of fresh lease**

As per the provisions of the West Bengal Estates Acquisition Rules, 1954 as amended from 1 June 1994, in the case of transfer of leasehold interest in a tea garden, except by way of inheritance, the transferee shall be liable to pay *salami* at the rate of rupees fifteen thousand per hectare of the land leased out before the lease is further renewed. The fresh lease after the transfer is required to be executed within three months of expiry of the remaining period of previous lease. In the case of non-execution of fresh lease within the specified time, a fine of rupees five hundred per day is leviable for unauthorised operation of the garden.

Scrutiny of records of the Touzi Department under the Collector, Jalpaiguri revealed (March 2000) that 4 tea gardens with 6483.85 acres of land had been leased out to 4 compaines between October 1966 and May 1968 for 30 years. Before expiry of the lease periods, the gardens were transferred to others by the lessees and fresh leases were executed by the Collector between May 1997 and September 1998 with the transferee companies without realisation of *salami*. In another case, a garden with 505.12 acres was leased out from 24 February 1967 for 30 years but before expiry of the lease period the garden was transferred to another company in 1979 by the former lessee but no action was taken by the Collector for renewal of the lease and realisation of *salami*. This resulted in non-realisation of *salami* of Rs. 424.58 lakh and fine of Rs. 5.66 lakh up to the period March 2000.

On this being pointed out (March 2000), the district authorities stated (March 2000) that suitable action was being taken as per rules. Report on further development has not been received (October 2000).

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<sup>1</sup>Cooch Behar, Darjeeling, Jalpaiguri and Uttar Dinajpur.

## **2.06 Short assessment of cess from tea estates**

All immovable properties on which Road and Public Works (PW) cesses are to be collected according to the provisions of the Cess Act, 1880, are liable to pay Primary Education (PE) cess under the West Bengal Primary Education Act, 1973 and Rural Employment (RE) cess and surcharge under the West Bengal Rural Employment and Production Act, 1976. Government by an amendment to the Acts, have withdrawn the provisions for levy of PE cess and RE cess with effect from 1 February 1981 and 1 April 1984 respectively in respect of tea gardens. Road cess, PW cess and RE surcharge are, however, payable as earlier.

Scrutiny of records of the Touzi Department under the Collector, Jalpaiguri revealed (October 1999) that PE cess from 1977 to January 1981, RE cess for the period from 1977 to March 1984 and RE surcharge from 1977 to 1998 were not correctly assessed and realised from the tea garden owners. Out of total cess of Rs. 266.40 lakh realisable, the department had assessed and realised Rs. 182.53 lakh. This resulted in short assessment and short realisation of revenue of Rs. 83.87 lakh.

On this being pointed out (October 1999), the district authority stated (December 1999) that necessary action for realisation of cess from tea gardens was being taken. Report on realisation has not been received (October 2000).

## **C—Sales Tax**

### **2.07 Incorrect allowance of concessional rate of tax**

Under the Central Sales Tax Act, 1956 and the Rules made thereunder, inter-State sales of goods to a registered dealer other than Government are exigible to tax at the rate of four per cent if such sales are supported by prescribed declarations obtainable from the purchasing dealers. Otherwise, such sales are exigible to tax at the rate of ten per cent or the rate applicable in the State whichever is higher. Further, under the above Act, a dealer, who has concealed any sales or furnished any incorrect particulars thereof is liable to be levied with a minimum penalty of one and a half times the tax.

Scrutiny of records of the Assistant Commissioner, Commercial Taxes, Siliguri revealed (January 2000) that in assessing (between February 1997 and June 1998) 4 dealers of tea for the years ending between March 1995 and March 1997, their sales turnover amounting to Rs. 1135.49 lakh at concessional rate of 4 per cent were allowed being inter-State sales of tea to registered dealers. Cross-verification of the statement of declaration forms with the sales tax records of Haryana, Punjab and Gujrat disclosed (January 2000) that tax concessions on sales turnover of Rs. 621.45 lakh were not admissible as the dealers to whom the inter-State sales were stated to have been made either (i) were not existent or (ii) if existent, their registration certificates had been cancelled or (iii) were not dealing in tea or (iv) not issued any 'C' form by the department. Thus, allowance of concessional rate on sales turnover of Rs. 621.45 lakh was incorrect and attracted penalty of Rs. 42.59 lakh that was not levied.

On this being pointed out (January 2000), the department did not furnish any specific reply. Report on action taken has not been received (October 2000).



## CHAPTER 3

### SALES TAX

#### 3.01 Results of audit

Test check of records of the offices of the Commercial Taxes, conducted in audit during the year 1999-2000, revealed underassessments of tax and other irregularities involving Rs. 4965.37 lakh in 577 cases, which broadly fall under the following categories:

Sl. No.	Categories	No. of cases	Amount (Rupees in lakh)
1.	Incorrect determination of gross/taxable turnover	69	1384.05
2.	Non/short levy of interest and penalty	145	1143.36
3.	Incorrect deduction and exemption	92	784.58
4.	Application of incorrect rate and mistake in computation	80	403.86
5.	Non/short levy of turnover tax	44	116.23
6.	Non/short levy of additional sales tax, surcharge and additional surcharge	24	71.46
7.	Other cases	123	1061.83
<b>Total</b>		<b>577</b>	<b>4965.37</b>

During the course of the year 1999-2000, the Commercial Taxes Directorate accepted underassessments etc of Rs. 5528.14 lakh involved in 600 cases of which 426 cases involving Rs. 3393.31 lakh had been pointed out in audit during the year 1999-2000 and the rest in earlier years.

A few illustrative cases involving Rs. 4038.31 lakh highlighting important observations are given in the following paragraphs.

#### 3.02 Incorrect determination of turnover

Under the State Sales Tax Laws, a dealer is liable to pay tax at the prescribed rate on the amount of turnover that remains after allowing the permissible deduction.

(a) Scrutiny of records of 7 charge offices in Calcutta, Howrah, Hooghly and Midnapore districts revealed (between November 1996 and November 1999) that gross turnover of 17 dealers (in 19 cases) was incorrectly determined at Rs. 27241.19 lakh instead of Rs. 30408.01 lakh at the time of assessment resulting in short determination of gross turnover to the extent of Rs. 3166.82 lakh with consequent short levy of tax including turnover tax and surcharge of Rs. 344.50 lakh. Details of such cases are given in Appendix 1.

On this being pointed out (between November 1996 and November 1999), the department stated (between March 1997 and July 2000) that in 2 cases (Rs. 21.43 lakh) the dealers had preferred appeal, in 13 cases (Rs. 299.32 lakh) proposals for *suo moto* revision/review had been sent to the higher authority, in 2 cases (Rs. 11 lakh) reference had been made to the certificate officer for realisation and in one case (Rs. 3.97 lakh) the dealer had opted for settlement of appeal under the Settlement of Dispute Scheme. Report on further action taken in the remaining case has not been received (October 2000).

(b) Scrutiny of records of 5 charge offices in Calcutta revealed that in 11 cases taxable turnover of Rs. 4006.99 lakh escaped assessment resulting in short levy of tax of Rs. 471.01 lakh including turnover tax, additional sales tax and surcharge as detailed below:

(Rupees in lakh)

Sl. No.	Name of the charge	No. of cases	Period/month of assessment	Turnover escaped assessment	Short levy of tax etc
1.	Bhowanipur	1	<u>March 1997</u> March 1999	2900.60	382.88
2.	Corporate Division	6	<u>March 1996</u> June 1998	952.79	79.41
3.	Salt Lake	1	<u>May 1996</u> April 1998	45.22	3.85
4.	Monoharkatra	1	<u>March 1995</u> January 1997	91.60	3.53
5.	Ballygunge	2	Between March 1994 <u>and March 1995</u> Between June 1996 and June 1997	16.78	1.34
<b>Total</b>		<b>11</b>		<b>4006.99</b>	<b>471.01</b>

On this being pointed out (between October 1998 and October 1999), the department stated (between June 1999 and July 2000) that in 4 cases (Rs. 10.96 lakh) the dealers had preferred appeal, in 4 cases (Rs. 389.59 lakh) proposals for *suo moto* review/revision had been sent to the higher authority, in one case (Rs. 1.79 lakh) revised demand notice had been issued and in one case (Rs. 61.65 lakh) the dealer had applied for settlement under the Settlement of Dispute Scheme. Report on final action taken in the remaining case has not been received (October 2000).

The cases were reported to Government between December 1996 and November 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

### 3.03 Underassessment due to incorrect deduction

#### (a) Under the CST Act, 1956

Under the Central Sales Tax Act, 1956, in determining the taxable turnover of a dealer, a deduction on account of tax collected by him is allowed from the aggregate of sale price in accordance with the prescribed formula provided that the tax collected has not otherwise been deducted. As per judicial decision<sup>1</sup>, if the deduction is to be admissible, the dealer should prove that the turnover included Central sales tax. However, the deduction is restricted to the amount of tax collected and included in the gross turnover of the dealer.

Scrutiny of records of 6 charge offices in Calcutta revealed (between November 1996 and June 1999) that in 21 cases excess allowance of Rs. 2084.83 lakh on account of such deduction resulted in underassessment of tax amounting to Rs. 177.15 lakh as detailed below:

(Rupees in lakh)

Name of the charge	No. of cases	Assessment year/ month of assessment	Tax collected by the dealer	Deduction allowed by the department	Excess deduction allowed	Under- assessment of tax
Corporate Division	10	Between March 1994 and March 1996 Between September 1995 and June 1998	1112.60	2550.10	1437.50	122.21
Lalbazar	1	March 1996 June 1998	—	385.19	385.19	30.81
Park Street	6	Between March 1993 and March 1997 Between June 1995 and April 1998	249.82	464.48	214.66	18.92
Esplanade	2	Between March 1993 and March 1996 Between June 1995 and June 1998	6.05	32.62	26.57	3.12
Monohar- katra	1	March 1995 June 1997	13.14	24.06	10.92	1.09
Bhowanipur	1	March 1994 June 1996	—	9.99	9.99	1.00
<b>Total</b>	<b>21</b>		<b>1381.61</b>	<b>3466.44</b>	<b>2084.83</b>	<b>177.15</b>

On this being pointed out (between November 1996 and June 1999), the department stated (between November 1998 and June 2000) that in 12 cases (Rs. 124.55 lakh) dealers had preferred appeal and that 6 cases (Rs. 20.53 lakh) had been sent to the higher authority for *suo moto* revision/review. In the remaining 3 cases reports on further development have not been received (October 2000).

<sup>1</sup>Rallis India Limited Vs. State of Andhra Pradesh (1988) 53 STC 267 (AP).

The cases were reported to Government between January 1997 and October 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

**(b) Under the State Act**

Under the Sales Tax Laws, in determining the taxable turnover of a dealer, a deduction on account of tax collected by him is allowed from the aggregate of sale prices in accordance with the prescribed formula. The Commissioner, Commercial Taxes, West Bengal, reiterating the provisions in a circular of December 1998, instructed all the assessing officers to restrict the deduction to the amount of sales tax collected by the dealers and included in the turnover.

Scrutiny of records of 15 charge offices<sup>2</sup> in Calcutta revealed (between June 1996 and January 1999) that in 173 cases excess allowance of Rs. 7518.41 lakh on account of such deduction resulted in underassessment of tax amounting to Rs. 768.26 lakh as detailed below:

*(Rupees in lakh)*

No. of charges	No. of cases	Deduction allowed	Deduction admissible to the extent of tax collected	Excess deduction allowed	Short levy of tax
13	80	4813.60	1252.14	3561.46	417.92
7	93	3956.95	Nil	3956.95	350.34
<b>Total</b>	<b>173</b>	<b>8770.55</b>	<b>1252.14</b>	<b>7518.41</b>	<b>768.26</b>

On this being pointed out (between January 1998 and October 1999) the department stated (between November 1998 and July 2000) that in 10 cases (Rs. 39.39 lakh) revision proposal had been sent to the higher authority; in 9 cases (Rs. 17.83 lakh) the dealers had preferred appeal; 71 cases (Rs. 497.28 lakh) need not be reopened as the cases pertained to the period prior to the circular of December 1998, in 70 cases deduction had been allowed as per the provisions of the Act and in one case revised demand notice had been issued. The reply of the department is not tenable as the Department circular of December 1998 was of clarificatory nature and provisions already exist in the Act. In the remaining 12 cases no specific reply had been furnished.

The cases were reported to Government between September 1998 and December 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

**3.04 Short levy of tax due to excess allowance of export sales**

Under the Bengal Finance (Sales Tax) Act, 1941, sale of goods made in the course of export out of India is exempt from tax if such sales are supported by proper evidence of export. Otherwise the sales are exigible to tax at normal rate.

<sup>2</sup>Corporate Divisions, Alipore, Amratala, Bhowanipur, Bowbazar, Burtala, Colootola, College Street, Esplanade, Jorasanko, Lyons Range, Park Street, Strand Road, Shyambazar and Ultadanga.

Scrutiny of records in 3 charge offices<sup>3</sup> revealed that in assessing (between April 1997 and June 1998) 4 dealers for the years ending between March 1995 and 1996 their claims aggregating Rs. 9562.11 lakh were allowed towards export sales. Scrutiny of records, however, disclosed that such claims were admissible only to the extent of Rs. 4261.67 lakh on the basis of detailed statement/bank certificate submitted by the dealers. This resulted in excess allowance of export sales to the tune of Rs. 5300.44 lakh with consequent short levy of tax by Rs. 606.75 lakh including turnover tax.

On this being pointed out (between February and June 1999), the department stated (between May and September 1999) that in 2 cases (Rs. 544.46 lakh) revision proposal had been sent to the higher authority, in one case (Rs. 56.15 lakh) demand notice had been sent after *suo moto* review and in the remaining case (Rs. 6.14 lakh) the matter had been referred to the appellate authority.

The cases were reported to Government between April and October 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

### **3.05 Non/short levy of interest**

Under the Sales Tax Laws, a dealer who furnishes return in respect of any period by the prescribed date or thereafter but fails to make full payment of tax payable by such prescribed date is liable to pay interest at the rate of two per cent for each month of default.

Scrutiny of records of 37 charge offices in 10 districts revealed (between May 1994 and November 1999) that in 108 cases interest amounting to Rs. 526.44 lakh though leviable for delay in payment of admitted tax was not levied or levied short as detailed in Appendix 2.

On this being pointed out (between May 1994 and November 1999), the department stated (between May 1994 and November 1999) that 19 cases (Rs. 115.57 lakh) had been referred to the certificate officer for realisation, 25 cases (Rs. 69.84 lakh) had been referred to the higher authority for *suo moto* revision/review, 10 cases (Rs. 108.57 lakh) were in appeal and in 26 cases (Rs. 99.56 lakh) demand had been raised. Report of final action taken in the remaining cases has not been received (October 2000).

The cases were reported to Government between November 1994 and January 2000 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

### **3.06 Non/short raising of demand**

(a) Under the Sales Tax Laws, a dealer is liable to pay additional amount of tax including interest and penalty found due on final assessment as per demand notice served upon him.

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<sup>3</sup>Corporate Division, Esplanade and Park Street.

Scrutiny of records of 7 charge offices<sup>4</sup> revealed that in assessing (between May 1995 and January 1999) 7 dealers in 13 cases for the periods ending between March 1985 and March 1996 tax dues including turnover tax, penalty and interest were assessed at Rs. 242.64 lakh whereas demand notices were issued for Rs. 174.47 lakh. This resulted in non/short raising of demand to the extent of Rs. 67.57 lakh.

On this being pointed out (between December 1998 and November 1999), the department stated that one case (Rs. 6.52 lakh) was under appeal, in one case (Rs. 10.61 lakh) fresh notice had been issued, in 5 cases (Rs. 31.23 lakh) revision proposal had been sent to the higher authority and 2 cases (Rs. 9.20 lakh) had been referred to certificate officer for realisation. In the remaining cases no specific reply has been furnished.

The cases were reported to Government between December 1998 and December 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

(b) Under the State Sales Tax Laws, if any sum is payable by a dealer, the assessing authority shall serve a notice upon him specifying the date by which payment shall be made. In the case of default, the authority issuing the notice shall apply to the certificate officer for recovery of the unpaid amount as an arrear of land revenue.

Scrutiny of records of the Assistant Commissioner, Commercial Taxes, Ballygunge charge, Calcutta revealed (November 1998) that a demand notice for Rs. 310.55 lakh issued (June 1997) to a dealer fixing date of payment as September 1997 was received back from the postal authority undelivered. No further action was taken (July 2000) to serve the demand notice on the dealer or to initiate certificate proceedings against him.

The case was reported to Government between December 1998 and December 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

(c) Under the Sales Tax Laws, any amount of tax, penalty or interest which remains unpaid after the date specified in the demand notice is recoverable as arrears of land revenue by initiation of certificate proceedings.

Scrutiny of records of the Assistant Commissioners, Commercial Taxes, Burtola, Jorasanko and Manicktola charges, Calcutta revealed (between April and November 1999) that in assessing (between June 1996 and June 1998) 3 dealers for the years ending between March 1994 and March 1996, in one case demand notice for Rs. 1.35 lakh including tax element of Rs. 85,185 was issued in June 1996, in another case demand notice for Rs. 32.63 lakh including interest element of Rs. 13.58 lakh was issued in July 1997 while in the remaining case demand notice was issued for Rs. 22.87 lakh in July 1998. As the dealers failed to pay the dues within the dates specified in the demand notices, certificate proceedings were initiated between August 1998 and February 1999 for recovery of the dues. But while forwarding the cases to the certificate officer, in the first case tax element

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<sup>4</sup>Belgachhia, College Street, Corporate Division, Diamond Harbour, Jorasanko, Malda and Siliguri.

of Rs. 85,185 and in the second case interest element of Rs. 13.58 lakh were not included in the certificate demands while in the third case Rs. 2.87 lakh was included instead of Rs. 22.87 lakh. This resulted in non/short inclusion of tax and interest amounting to Rs. 34.43 lakh in the certificate demands.

On this being pointed out (between April and November 1999), the department stated (between April and November 1999) that in all the 3 cases the certificate had been revised and issued (between August and December 1999) to the certificate officer for realisation of the dues. Report on realisation has not been received (October 2000).

The cases were reported to Government between August and December 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

### **3.07 Non/short levy of turnover tax**

A dealer whose aggregate of the gross turnover under the Bengal Finance (Sales Tax) Act, 1941 and the West Bengal Sales Tax Act, 1954 exceeds Rs. 25 lakh is liable to pay a turnover tax. Once a dealer becomes liable to pay turnover tax, he continues to be so until the expiry of three consecutive years irrespective whether gross turnover under both the Acts during those years exceeds Rs. 25 lakh or not.

Scrutiny of records of 25 charge offices in 6 districts<sup>5</sup> revealed (between August 1995 and July 2000) that in the cases of 58 dealers in 79 cases for the periods ending between March 1988 and March 1995 the turnovers had exceeded the prescribed limit in each case making the dealers liable to pay turnover tax. However, turnover tax amounting to Rs. 170.47 lakh was not levied/levied short as detailed in Appendix 3.

On this being pointed out, the department stated (between August 1995 and July 2000) that in 38 cases (Rs. 118.38 lakh) *suo moto* review/revision proposals had been sent, 5 cases (Rs. 16.88 lakh) were in appeal, 11 cases (Rs. 9.86 lakh) had been referred to the certificate officer for recovery and in 17 cases (Rs. 6.16 lakh) demand notices had been served. Report on final action taken in the remaining cases has not been received (October 2000).

Government, to whom the cases were reported between January 1996 and December 1999, endorsed (August 2000) the views of the department in one case involving Rs. 0.90 lakh. Their reply in the remaining cases has not been received (October 2000).

### **3.08 Short levy due to application of incorrect rate of tax**

Scrutiny of records of 7 charge offices in Calcutta and Howrah districts revealed (between December 1998 and March 2000) that in 10 cases due to application of incorrect rate of tax, there was short levy of tax amounting to Rs. 161.44 lakh as detailed in Appendix 4.

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<sup>5</sup>Calcutta, Darjeeling, Hooghly, Howrah, Murshidabad and South 24-Parganas.

On this being pointed out, the department stated (between December 1998 and March 2000) that one assessment (Rs. 5.95 lakh) had been modified and sent to the higher authority for approval, one case (Rs. 6.41 lakh) had been referred to the certificate officer for realisation of dues, 3 cases (Rs. 113.73 lakh) were pending in appeal and in one case (Rs. 1.08 lakh) revision proposal had been sent to the higher authority. Report on final action taken in the remaining cases has not been received (October 2000).

The cases were reported to Government between July 1999 and January 2000 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

### **3.09 Mistake in computation of tax**

Scrutiny of records of 9 charge offices in Calcutta revealed (between March 1998 and May 2000) short realisation of tax amounting to Rs. 137.51 lakh due to mistake in computation in 15 cases as mentioned below:

*(Rupees in lakh)*

Sl. No.	Name of the charge	No. of cases	Assessment year ending/month of assessment/re-assessment	Turnover liable to tax	Tax assessable	Tax assessed	Tax assessed short
1.	Bhowanipur	1	March 1996 June 1998	7000.00	1004.00	920.84	83.16
2.	Corporate Division	3	March 1996 June 1998	1102.89	38.95	21.24	17.71
3.	Salt Lake	1	March 1996 June 1998	342.57	26.60	2.46	24.14
4.	Alipore	1	March 1996 August 1998	99.51	9.95	3.98	5.97
5.	Corporate Division	3	Between March 1995 and March 1996 June 1998	134.46	8.13	6.16	1.97
6.	Beadon Street	1	March 1995 June 1997	47.70	1.84	0.03	1.81
7.	Taltala	2	Between March 1995 and March 1996 Between June 1997 and February 1998	94.23	6.68	5.62	1.06
8.	Lalbazar	1	March 1994 June 1996	13.64	1.16	0.52	0.64
9.	Ultadanga	1	March 1995 June 1997	10.48	0.95	0.38	0.57
10.	Strand Road	1	March 1994 June 1996	46.80	2.77	2.29	0.48
<b>Total</b>		<b>15</b>		<b>8892.28</b>	<b>1101.03</b>	<b>963.52</b>	<b>137.51</b>



On this being pointed out (between March 1998 and May 2000), the department stated (between March 1998 and May 2000) that in 10 cases (Rs. 127.39 lakh) proposal for revision/review had been sent, in 2 cases (Rs. 6.41 lakh) demand notice had been issued and 3 cases (Rs. 9.87 lakh) were in appeal.

The cases were reported to Government between July 1997 and December 1999 followed by reminder issued in July 2000; their reply has not been received (October 2000).

### 3.10 Non/short levy of penalty

(a) Under the Bengal Finance (Sales Tax) Act, 1941, if in the course of assessment proceedings, the Commissioner is satisfied that a dealer has concealed any turnover or furnished incorrect particulars thereof with an intent to reduce the amount of tax payable by him, the Commissioner may impose by way of penalty a sum which shall not be less than one and a half times and not more than thrice the amount of tax that would have been avoided by him. According to the instructions (June 1991) of the Commissioner of Commercial Taxes, West Bengal where the assessing officer did not initiate penal proceedings in a case, he should record the reasons for not doing so.

Scrutiny of records of 7 charge offices in Calcutta revealed (between May 1997 and May 2000) that 8 dealers had concealed sales aggregating Rs. 1020.37 lakh for which penalty of Rs. 124.97 lakh was not levied or levied short as under:

(Rupees in lakh)

Name of the charge (No. of dealers)	Period/date of assessment	Nature of offence as per assessment order	Amount involved	Minimum penalty leviable	Penalty levied	Non/short levy of penalty
Jorasanko (2)	Between March 1996 and March 1998 Between April and December 1998	i. Evasion of tax through suppression of sales ii. Suppression of purchase	772.87	94.93	—	94.93
Alipore (1)	Between March 1996 and March 1997 June 1997	Furnishing incorrect returns	92.89	16.42	—	16.42
Ballygunge (1)	March 1994 June 1996	Suppression of sales	105.12	6.06	—	6.06
Esplanade (1)	March 1996 June 1998	Suppression of sales	13.18	2.39	—	2.39
Strand Road (1)	March 1995 June 1997	Suppression of sales	14.18	2.13	—	2.13
Ultadanga (1)	March 1994 June 1996	Suppression of sales	14.14	1.81	0.05	1.76
Beliaghata (1)	March 1993 March 1995	Suppression of sales	7.99	1.28	—	1.28
<b>Total (8 dealers)</b>			<b>1020.37</b>	<b>125.02</b>	<b>0.05</b>	<b>124.97</b>

On this being pointed out (between May 1997 and May 2000), the department stated that in 4 cases (Rs. 114.32 lakh) penalty had not been imposed by using discretionary power, 2 cases (Rs. 4.15 lakh) were in appeal and in one case (Rs. 2.13 lakh) revision proposal had been sent to the higher authority. The reply of the department for using discretion is not tenable as reasons for non-levy of penalty were not recorded in the assessment records. In the remaining case, no specific reply has been furnished (October 2000).

(b) Under the West Bengal Sales Tax Act, 1994, if any registered dealer after purchasing goods at concessional rate against declaration forms for use directly in the manufacture of goods for sale in the State as specified in his certificate of registration, makes use of the goods for any other purpose, the assessing authority may impose upon him a penalty not exceeding double the amount of the tax which could have been levied in respect of the sale of such goods.

Scrutiny of records of the Assistant Commissioner, Commercial Taxes, Jorabagan charge, Calcutta revealed (October 1998) that in assessing (June 1997) a manufacturer dealer for the year ending March 1996 no penalty was imposed on him for unauthorised sale of raw materials meant for manufacture of cosmetic powder, perfumes etc amounting to Rs. 17.97 lakh purchased by him at concessional rate against declarations. In this case the maximum penalty worked out to Rs. 6.59 lakh.

On this being pointed out (October 1998), the department stated (October 1999) that penalty had been imposed but the dealer preferred appeal against such order which was pending before the appellate authority.

The cases were reported to Government between August 1997 and December 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

### **3.11 Non-levy of tax on sale of import licence**

Import licence (REP) which is granted by the Chief Controller of Imports and Exports in recognition of export of certain products can be transferred by way of sale without endorsement by the licensing authority. It was judicially held<sup>6</sup> that import replenishment licence and exim scrips are goods taxable under the Sales Tax Laws.

Scrutiny of records of 7<sup>7</sup> charge offices in Calcutta revealed (between May 1996 and October 1999) that in respect of assessments made between June 1993 and May 1999 in 11 cases pertaining to 8 dealers for the years ending between March 1989 and March 1997, sales of import licences aggregating Rs. 359.32 lakh were not included in the gross turnover. This resulted in non-levy of tax of Rs. 36.06 lakh inclusive of turnover tax, additional sales tax and surcharge.

<sup>6</sup>Vikas Sales Corporation and another Vs. Commissioner of Commercial Taxes and another [STI-1996-100-114(SC)].

<sup>7</sup>Ballygunge, Belgachhia, Beliaghata, Bowbazar, Chinabazar, Monoharkatra and Taltala.

On this being pointed out (between May 1996 and October 1999), the department stated (between May 1997 and May 2000) that in 8 cases (Rs. 23.74 lakh) proposal for revision/review had been sent, one case (Rs. 0.53 lakh) was under appeal and in one case (Rs. 7.15 lakh) demand notice had been issued. Report on final action taken in the remaining case has not been received (October 2000).

The cases were reported to Government between July 1996 and December 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

### **3.12 Short levy of purchase tax**

Under the Sales Tax Laws in the State, a manufacturer dealer is liable to pay purchase tax at the rate of four per cent on all his purchases of goods from unregistered dealers, intended for direct use in manufacture of goods for sale in the State of West Bengal. Such tax is also payable by the manufacturer dealer at the rate of three per cent on all his purchases made at concessional rate against declarations from other registered dealers for use directly in the manufacture of goods in the State if such manufactured goods are transferred by him to any place outside the State or disposed of otherwise than by way of sale within the State.

(a) Scrutiny of records of 5 charges<sup>8</sup> revealed (between October 1998 and March 1999) that in assessing (between August 1994 and June 1998) purchase tax of 6 dealers in 8 cases on account of purchase from unregistered dealers for the years ending between March 1993 and March 1996, 2 dealers' taxable specified purchase price was determined at Rs. 547.33 lakh instead of Rs. 618.05 lakh, 2 dealers' taxable specified purchase price of Rs. 29.32 lakh was not charged to tax while in the case of remaining 2 dealers, 4 per cent purchase tax on taxable specified purchase price of Rs. 2520 lakh was incorrectly computed at Rs. 80.08 lakh instead of Rs. 100.80 lakh. This resulted in short levy of purchase tax of Rs. 24.71 lakh.

On this being pointed out (between October 1998 and March 1999), the department stated (between February and July 2000) that in 6 cases (Rs. 21.89 lakh) proposal for revision/review had been sent to the higher authority and in one case (Rs. 1.79 lakh) modified demand notice had been issued. In the remaining case no specific reply has been received (October 2000).

(b) Scrutiny of records of the Deputy Commissioner, Commercial Taxes, Corporate Division and the Assistant Commissioner, Commercial Taxes, Chandney Chawk charge, Calcutta revealed (between December 1998 and September 1999) that in assessing (between June 1996 and June 1998) purchase tax of 5 manufacturer dealers on account of their purchase from registered dealers for the years ending between March 1994 and March 1996, their taxable specified purchase price was determined at Rs. 565.77 lakh instead of Rs. 871.40 lakh for transfer of manufactured

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<sup>8</sup>Amratala, Bhowanipur, Corporate Division, Park Steet and Radhabazar.

goods, made out of materials purchased against declaration forms, outside the State otherwise than by way of sale. This resulted in short determination of taxable specified purchase price by Rs. 305.63 lakh with consequent short levy of purchase tax of Rs. 9.16 lakh.

On this being pointed out (between December 1998 and September 1999), the department stated (July 2000) that in one case (Rs. 1.20 lakh) demand notice had been issued. No specific reply has been received in the remaining cases.

The cases were reported to Government between January and December 1999, followed by reminders issued up to July 2000; their reply has not been received (October 2000).

### **3.13 Non/short levy of surcharge**

Under the West Bengal Sales Tax Act, 1994, every dealer liable to pay sales tax is also liable to pay a surcharge at the rate of ten per cent of the total amount of tax payable by him with effect from 1 May 1995.

Scrutiny of records of 11 charges<sup>9</sup> revealed (between April 1998 and November 1999) that in assessing (between December 1997 and June 1999) 12 dealers for the years ending between March 1996 and March 1997 surcharge of Rs. 10.06 lakh on the amount of tax of Rs. 100.60 lakh was not levied in 9 cases while in 3 cases surcharge of Rs. 1.11 lakh was levied instead of Rs. 2.81 lakh on the tax amount of Rs. 28.11 lakh. This resulted in non/short levy of surcharge of Rs. 11.76 lakh.

On this being pointed out (between April 1998 and November 1999), the department stated (between December 1998 and July 2000) that in 4 cases (Rs. 6.38 lakh) proposal for review/revision had been sent, in one case (Rs. 0.71 lakh) was in appeal, one case (Rs. 0.83 lakh) had been modified in appeal, in one case (Rs. 0.63 lakh) assessment had been revised and in one case (Rs. 0.45 lakh) revised demand notice had been issued. Final reply in the remaining cases was not given. Report on further action taken has not been received (October 2000).

The cases were reported to Government between June 1998 and February 2000 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

### **3.14 Incorrect allowance/exemption of tax**

Under the Central Sales Tax Act, 1956 and the Rules made thereunder, a dealer claiming exemption from his turnover on account of transfer of goods outside the State, is liable to furnish declarations in prescribed form 'F' duly filled in and signed by the principal officer of the other place of business or his agent, as a proof of such transfer. A single such declaration is required to cover transfer of goods effected during the period of one calendar month.

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<sup>9</sup>Bally, Behala, Belgachhia, Beliaghata, Bhowanipur, Chinabazar, Corporate Division, Esplanade, Shyambazar, Siliguri and Ultadanga.

Scrutiny of records of the Deputy Commissioners, Commercial Taxes, Corporate Divisions and the Assistant Commissioner, Commercial Taxes, Manoharkatra charge, Calcutta revealed (between September 1998 and May 2000) that in assessing (between June 1995 and June 1998) 7 dealers for the years ending between March 1993 and March 1996 exemption was allowed on account of stock transfer of goods to their branches outside the State on the basis of declarations in form 'F'. Further scrutiny of statement of declarations in the case of one dealer revealed that declarations amounting to Rs. 12.68 lakh contained transactions for more than one month, in the case of one dealer actual stock transfer of goods was of Rs. 828.05 lakh instead of Rs. 841.59 lakh, in the case of another dealer stock transfer of goods of Rs. 64.81 lakh was not supported by prescribed declarations/ other documentary evidences. In the case of remaining 4 dealers scrutiny of statement of declarations along with departmental investigation reports available with the department disclosed that 5 branches with whom 19 transactions involving Rs. 140.51 lakh were shown to have been made were non-existent. This incorrect allowance of inadmissible claims of Rs. 231.54 lakh resulted in short levy of tax of Rs. 18.29 lakh inclusive of additional sales tax, turnover tax and surcharge.

On this being pointed out (between September 1998 and May 2000), the department stated (between September 1998 and May 2000) that in 3 cases (Rs. 6.67 lakh) revision proposal had been sent to the higher authority, in 2 cases (Rs. 1.70 lakh) the matter had been referred to the appellate authority and in one case (Rs. 2.98 lakh) modified demand notice had been issued. Report on action taken in the remaining case has not been received (October 2000).

The cases were reported to Government between April and October 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

### **3.15 Loss due to delay in making fresh assessment**

(a) Under the Bengal Finance (Sales Tax) Act, 1941 and the West Bengal Sales Tax Act, 1954, a fresh assessment in pursuance of an order of appellate authority is required to be completed within a period of four years from the date of passing such order and any assessment made thereafter, becomes time barred. Similar provision is also applicable to the assessments made under the Central Sales Tax Act, 1956.

Scrutiny of records of 3 charge offices in Calcutta and Darjeeling districts revealed (between January and September 1999) that in 4 cases no fresh assessment was made within 4 years from the date of appellate order as a result of which the assessments were barred by limitation of time. This resulted in loss of revenue of Rs. 13.73 lakh based on original tax demands as detailed below:

(Rupees in lakh)

Sl. No.	Name of the charge	Period/date of assessment	Date of appellate order setting aside the case	Reassessment to be completed within the period but not made	Loss of revenue as per original tax demand
1.	Lyons Range	<u>October 1987</u> October 1991	February 1994	February 1998	0.63
2.	Chandney Chawk	<u>December 1987</u> December 1991	October 1994	October 1998	6.12
3.	Siliguri	<u>November 1988</u> October 1992	December 1993	December 1997	2.55
4.	Siliguri	<u>November 1986</u> December 1990	March 1993	March 1997	4.43
			<b>Total</b>		<b>13.73</b>

On this being pointed out (between January and September 1999) in 2 cases (Rs. 6.98 lakh), the department confirmed (March 1999) the inaction and in the remaining 2 cases (Rs. 6.75 lakh) no specific reply was furnished.

(b) Under the Sales Tax Laws, assessment in respect of every registered dealer is required to be completed within two years from the end of the year to which the assessment relates.

Scrutiny of records of the Assistant Commissioner, Commercial Taxes, Netaji Subhas Road charge, Calcutta revealed (October 1997) that a dealer was granted sales tax registration certificate with effect from 14 June 1995 as an importer and reseller of computer parts and spares. Scrutiny of the certified accounts of the dealer for the year ending March 1996, however, disclosed that his total sales for the year ending March 1995 were Rs. 57.23 lakh and as such he became liable to pay tax from the year 1994-95. But the department failed to assess his tax liability for the year 1994-95 which became barred by limitation in June 1997. This resulted in loss of revenue of Rs. 7.68 lakh.

On this being pointed out (October 1999), the department admitted the failure (October 1999). Report on final action taken has not been received (October 2000). The cases were reported to Government between June and December 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

### **3.16 Incorrect determination of contractual transfer price**

Under the West Bengal Sales Tax Laws, any transfer of property in goods for valuable consideration involved in the execution of works contract shall be deemed to be a sale of those goods by the person making such transfer and tax at the rate of four per cent is leviable on such contractual transfer price. As per judicial decision<sup>10</sup> value of materials supplied by a contractee in execution of works contract forms part of contractual transfer price of the contractor dealer unless such goods are supplied free of cost.

<sup>10</sup>Nepal Chandra Banerjee Vs. State of West Bengal and others (24-STA-247).

Scrutiny of records of the Assistant Commissioners, Commercial Taxes, Alipore, Chandney Chawk and Ultadanga charges, revealed (between April 1998 and September 1999) that in assessing (between June 1997 and March 1999) 3 contractor dealers for the years ending between March 1995 and March 1997 value of store materials for Rs. 175.39 lakh supplied by the contractee was not included in the contractual transfer price in respect of 2 dealers. In the case of third dealer cost of cement amounting to Rs. 43.57 lakh was incorrectly excluded from contractual transfer price as tax paid goods. This resulted in short determination of contractual transfer price by Rs. 218.96 lakh with consequent short levy of tax of Rs. 9.28 lakh inclusive of surcharge.

On this being pointed out (April 1998), the department stated (July 2000) that one case (Rs. 1.92 lakh) was in appeal and in one case (Rs. 3.85 lakh) proposal for *suo moto* revision had been sent. Specific reply in the remaining case has not been received (October 2000).

The cases were reported to Government between January and December 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).





## CHAPTER 4

### LAND REVENUE

#### 4.01 Results of audit

Test check of records of land revenue in District Land and Land Reforms offices, conducted in audit during the year 1999-2000, revealed non/short realisation of revenue amounting to Rs. 13779.72 lakh in 77 cases, which broadly fall under the following categories:

Sl. No.	Categories	Number of cases	Amount (Rs. in lakh)
1.	Irregular transfer of land	6	881.84
2.	Non-levy/non-realisation of rent, cess and surcharge	24	311.54
3.	Non-levy/non-realisation of damage fee	13	206.83
4.	Loss of revenue due to non-leasing of <i>sairati</i> interests	11	17.99
5.	Other cases	23	12361.52
<b>Total</b>		<b>77</b>	<b>13779.72</b>

During the course of the year 1999-2000, the concerned department accepted underassessments etc of Rs. 11146.51 lakh involved in 49 cases of which 41 cases involving Rs. 11123.85 lakh had been pointed out in audit during the year 1999-2000 and the rest in earlier years.

The results of review on 'Arrears in assessment and collection of land revenue' involving financial effect of Rs. 9526.14 lakh are given in the following paragraph.

#### 4.02 Arrears in assessment and collection of land revenue

The findings of a study on the procedure of settlement of land, assessment and collection of revenue and deficiencies therein that led to arrears in assessment and collection of land revenue, are described here.

#### Highlights

- (i) **The Land and Land Reforms Department failed to furnish the figures for arrears of revenue. It did not prepare the Revenue Budget nor reconcile the figures for actual collection with those maintained by the Principal Accountant General (A&E). Tenants' Ledger had not been maintained in any of the blocks test checked. Other registers were incomplete and not reviewed by the departmental officers.**

**[Paragraphs 4.02.03 and 4.02.20]**

(ii) **Handing over advance possession without realisation of rent and *salami* led to blocking of Rs. 837.02 lakh.**

**[Paragraph 4.02.05]**

(iii) **Delay in initiation of settlement of land under unauthorised occupation led to non-realisation of revenue of Rs. 3082.30 lakh.**

**[Paragraph 4.02.06]**

(iv) **Non/incorrect maintenance and non-pursuance of lease registers resulted in non-realisation of revenue to the tune of Rs. 743.57 lakh.**

**[Paragraph 4.02.07]**

(v) **Failure to maintain the time schedule for disposal of settlement cases led to non-realisation of revenue of Rs. 1073.79 lakh.**

**[Paragraph 4.02.10]**

(vi) **Non-initiation/delay in initiation of settlement proposal of *sairati* interests led to loss of revenue of Rs. 1173.93 lakh.**

**[Paragraph 4.02.13]**

(vii) **Delay in pursuance of demand against unauthorised extraction of minor minerals resulted in loss of revenue of Rs. 232.65 lakh.**

**[Paragraph 4.02.17]**

#### **4.02.01 Introduction**

Land revenue receipts arise mainly from rent of land, lease rent from short/long term lease of non-agricultural land and *sairati* interests, cess on land rent, capitalised value and market value of land transferred to the Central Government departments and also from royalty, cess, price of minor minerals, surface rent etc. For delayed payment of land revenue, interest is leviable at prescribed rate. Land revenue and interest thereon which remain unpaid constitute arrears and are recoverable under the Public Demands Recovery Act, 1913.

#### **4.02.02 Organisational set up**

After abolition of the Board of Revenue from 17 June 1996, the Land and Land Reforms Department, Government of West Bengal administers the collection of land revenue including receipts from minor minerals and cesses thereon. 19 District Land and Land Reforms Officers (DLLRO) with Sub-Divisional Land and Land Reforms Officers (SDLLRO) at sub-division level and Block Land and Land Reforms Officers (BLLRO) at block level are directly responsible for collection of land revenue. Matters relating to land management, land revenue and land utilisation are routed by the District Land and Land Reforms offices through 3 Divisional Commissioners (Presidency, Jalpaiguri and Burdwan). An internal audit wing is also functioning in the department.

### 4.02.03 Trend of revenue

Collection of revenue by the Land and Land Reforms Department for the period from 1994-95 to 1998-99 as per the Finance Accounts under different heads is given below:

(Rupees in lakh)

Account Heads	1994-95	1995-96	1996-97	1997-98	1998-99
101—LR Tax	538.64	261.63	692.13	726.71	661.19
103—Rates & Cesses on Land:					
PW Cess	95.56	23.24	100.00	42.32	47.43
Road Cess	62.69	15.08	64.00	60.61	0.00
Misc. Receipts under Cess Act	60.92	15.00	61.00	63.02	13.21
RE Cess (Other than Tea Estates & Coal Mines)	89.71	21.86	89.97	49.31	30.78
104—Receipts from Management of Ex-Zamindari Estates	2004.78	499.90	932.03	1639.18	446.42
800—Other Receipts	32.92	30.70	42.92	37.12	62.57
0506—Land Reforms	86.82	1.05	0.81	7.54	0.41
0853—Mines & Minerals	1213.14	805.83	1525.73	842.67	885.68
<b>Total</b>	<b>4185.18</b>	<b>1674.29</b>	<b>3508.59</b>	<b>3468.48</b>	<b>2147.69</b>

However, the department furnished the following figures towards the collection of revenue:

(Rupees in lakh)

Type of revenue	1994-95	1995-96	1996-97	1997-98	1998-99
Land revenue	305.79	156.15	148.73	232.83	188.39
Cess	692.85	599.39	649.76	12.56	1060.13
Royalty on minor minerals	821.61	870.27	1026.42	1578.25	1179.33
Royalty on major minerals	1159.86	1872.08	1179.14	1281.15	1164.52
Other collections	177.81	125.40	201.44	0.00	239.81
<b>Total</b>	<b>3157.92</b>	<b>3623.29</b>	<b>3205.49</b>	<b>3104.79</b>	<b>3832.18</b>

The departmental figures could not be linked to the figures in the Finance Accounts as these were not maintained in accordance with the Budget heads. The department stated (August 2000) that the Revenue Budget was being prepared by the Finance Department without any input from the Land and Land Reforms Department. They further stated that there was no system of reconciling the departmental revenue figures with those appearing in the books of the Principal Accountant General (A&E). Neither the reasons for discrepancy between the 2 sets of figures nor the position of arrears of revenue could be furnished by the department though called for between March and May 2000.

#### 4.02.04 Scope of audit

A review on 'Arrears in assessment and collection of land revenue' for the period from 1994-95 to 1999-2000 was conducted between May 1999 and March 2000 with a view to examining the extent of arrears of land revenue, the system of monitoring and control in land administration and the compliance of the provisions of the Acts and the Rules. Out of total 343 BLLROs spread over 19 districts, records of 137 BLLROs spread over 10 districts<sup>1</sup> were test checked along with the records of corresponding district offices, 3 Divisional Commissioners' offices and the Land and Land Reforms Department. The results of the review including some points noticed in earlier years are given in the succeeding paragraphs under 3 broad categories: (1) Management of land (2) Management of *sairati* interests and (3) Management of minor minerals.

### Management of Land

#### 4.02.05 Non-realisation of rent, cess and salami in giving advance possession of land

According to the provisions of the West Bengal Land and Land Reforms Manual, 1991, after approval of the lease, possession is to be handed over on realisation of rent for the first year at four per cent of the market value and *salami* at ten times the annual rent.

(a) Scrutiny of records of 8 districts<sup>2</sup> revealed that the district authorities handed over 1742.92 acres of non-agricultural land to 32 different organisations<sup>3</sup> between August 1980 and November 1998 without prior approval of the Board of Revenue and realisation of revenue. Out of the above 32 cases, in 3 cases the district authorities had raised demand and in 5 other cases Government had approved the settlement proposals but no demand was raised. In the remaining cases no action was taken for realisation of revenue. Non-observance of the prescribed procedure for settlement of land resulted in non-realisation of revenue of Rs. 722.30 lakh. Age-wise details of the pending cases are given below:

(Rupees in lakh)

Period	No. of cases	Area (in acre)	Money value	Cases involving more than one acre		
				No. of cases	Area involved (in acre)	Money value
1971-80	1	3.0000	12.29	1	3.0000	12.29
1981-90	10	744.2157	193.49	8	742.9457	189.76
1991-95	12	916.4550	230.85	8	914.7150	207.81
1996-2000	9	79.2500	285.67	7	78.2100	281.92
<b>Total</b>	<b>32</b>	<b>1742.9207</b>	<b>722.30</b>	<b>24</b>	<b>1738.8707</b>	<b>691.78</b>

<sup>1</sup>Bankura, Birbhm, Burdwan, Darjeeling, Howrah, Jalpaiguri, Midnapore, North 24-Parganas, South 24-Parganas and Tamluk.

<sup>2</sup>Birbhum, Burdwan, Darjeeling, Howrah, Jalpaiguri, Midnapore, North 24-Parganas and South 24-Parganas.

<sup>3</sup>12 State Government Undertakings, 2 Central Government Undertakings, 7 Limited Companies, 3 Development authorities, 5 Municipalities and Zilla Parishads and 3 other organisations.

(b) Similarly, scrutiny of records of 6 district<sup>4</sup> offices revealed that in 8 cases 319 acres of land had been handed over to different organisations between February 1988 and July 1998 and sanction of Government had also been obtained (between February 1988 and September 1999). However, due to non-observance of the procedure for settlement, revenue of Rs. 114.72 lakh remained unrealised.

#### 4.02.06 Non-settlement of land under unauthorised occupation

The West Bengal Land Management Manual, 1977 provides that if possession of non-agricultural land remains with the persons without lease for years together, the occupiers cannot ordinarily be evicted in view of the provisions of the Tenancy Act. Such occupiers may be offered long term lease on payment of annual rent and *salami*. Under the West Bengal Estates Acquisition Act, 1953 read with the Board of Revenue circular dated 25 April 1985, damage fee has to be realised at the prescribed rate for the period of unauthorised occupation, if not regularised by long term settlement with retrospective date. The Board of Revenue directed (January 1988) all the district Collectors that all such encroachments should be surveyed thoroughly in order to take action against the encroachers and regularise the cases by way of settlement where appropriate.

(a) Scrutiny of records of 11 DLLROs<sup>5</sup> revealed that 982 persons including a company had been occupying 359.0626 acres of non-agricultural Government land unauthorisedly. The district authorities failed to detect the unauthorised cases in time through field survey and to settle the land on realisation of appropriate revenue. This led to Government revenue of Rs. 1315.43 lakh remaining unrealised calculated from the date of occupation to March 1999. Age-wise analysis of the cases is given below:

(Rupees in lakh)

Period	No. of cases involved	Area in acres	Money value	Cases involving more than one acre		
				No. of cases	Area involved	Money value
Up to 1960	135	82.2840	578.52	4	65.37	139.59
1961-1970	18	11.5210	27.82	1	9.71	17.85
1971-1980	65	104.4448	162.04	12	82.72	120.10
1981-1990	728	57.9878	447.09	4	12.42	18.52
1991-1995	21	44.1150	91.88	6	39.77	83.60
1996-2000	15	58.7100	8.08	12	57.07	6.15
<b>Total</b>	<b>982</b>	<b>359.0626</b>	<b>1315.43</b>	<b>39</b>	<b>267.06</b>	<b>385.81</b>

<sup>4</sup>Bankura, Birbhum, Burdwan, Jalpaiguri, Midnapore and North 24-Parganas.

<sup>5</sup>Birbhum, Burdwan, Darjeeling, Hooghly, Howrah, Jalpaiguri, Midnapore, Nadia, North 24-Parganas, South 24-Parganas and Tamuk.

(b) In Jalpaiguri district, 2183.55 acres of Birpara tea garden resumed land had been unauthorisedly occupied and used for commercial and homestead purpose by constructing market, shops, dwelling house etc since 1990. No survey was, however, conducted till January 2000 to identify the occupiers.

Due to delay in surveying the land encroached as early as 10 years ago, Government had sustained loss of revenue in the shape of annual rent of Rs. 884.58 lakh including cess for the period from 1990 to March 2000 and *salami* of Rs. 475.58 lakh receivable for settlement of land.

(c) In South 24-Parganas district it was noticed that 141.7580 acres of non-agricultural land in Matla *mouza*, on which Canning town is situated, had been under unauthorised occupation by 230 persons since 1965. Out of the above, in 15 cases 28.789 acres of land was under unauthorised occupation involving more than one acre in each case. No action was taken by the department for settlement of land after detailed field survey. Due to delay in survey and settlement of the land, Government revenue to the tune of Rs. 316.33 lakh as rent and Rs. 90.38 lakh as *salami* remained unrealised calculated at the market rate prevailing during 1965 as per records of the registration office. Interestingly, Government is paying rent in respect of 2 office buildings hired by the department (one—by Sub-Divisional Officer, Canning and another—by Block Land and Land Reforms Officer) from the unauthorised occupiers. One of them had constructed house partly on Government land and another fully on Government land. Figures of total amount paid by Government on account of rent was not furnished by the department though called for in April 2000.

#### **4.02.07 Non/incorrect renewal of long term leases**

(i) Under the provisions of the West Bengal Land Management Manual, 1977, non-agricultural land may ordinarily be settled on long term lease basis for a maximum period of thirty years. The lessee is, however, entitled to an option of successive renewal of the lease for equal period. At the time of renewal of lease, rent is to be fixed at the same percentage as fixed at the time of initial settlement on the market value of land prevailing at the time of renewal. For timely initiation of renewal proposal, lease register with up to date entries needs to be maintained at district/block level.

Scrutiny of records of 5 districts<sup>6</sup> revealed that in 131 cases long term lease involving 273.37 acres of non-agricultural land had expired between 1979 and 1997 but no action was taken by the district authorities for renewal of the leases. The dates from which renewal was due are indicated below:

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<sup>6</sup>Bankura, Burdwan, Howrah, Jalpaiguri and Tamluk.

(Rupees in lakh)

Period	No. of cases	Area involved (in acre)	Money value	Cases involving more than one acre		
				No. of cases	Area involved (in acre)	Money value
Before 1950	1	0.3000	4.32	—	—	—
1951-60	3	1.0300	8.63	—	—	—
1961-70	11	4.3500	57.70	—	—	—
1971-80	10	3.1300	21.04	—	—	—
1981-90	52	190.2900	476.45	2	179.1400	420.19
1991-95	52	69.6400	48.28	2	63.6400	37.63
1996-2000	2	4.6346	19.18	1	3.8346	17.25
<b>Total</b>	<b>131</b>	<b>273.3746</b>	<b>635.60</b>	<b>5</b>	<b>246.6146</b>	<b>475.07</b>

Due to delay in taking action for renewal of leases revenue to the tune of Rs. 635.60 lakh remained unrealised (March 2000).

(ii) Under the provisions of the West Bengal Land Reforms Rules, 1965 as amended from time to time, where a land is held under a lease granted by the State Government, the lessee shall hold the land under the said lease on original terms and conditions of the lease. Government issued circular in May 1998 for regularisation of the cases incorrectly recorded in the Records-of-Right in contravention of the provision of the Rules.

Scrutiny of records of 3 districts<sup>7</sup> revealed that leases in respect of 129.8497 acres of land had expired between 1956 and 1980. Thereafter no action was taken by the district authorities for renewal of the leases. In the mean time, the Settlement department had incorrectly recorded the land in the name of the occupiers as *dakhalkars*<sup>8</sup> and *raiya*s. Delay in taking appropriate action for regularisation of the cases resulted in non-realisation of revenue to the tune of Rs. 107.97 lakh as detailed below:

(Rupees in lakh)

Sl. No.	Name of the district	No. of cases	Area of land involved (in acres)	Date of expiry of lease	Amount remained unrealised
1.	Midnapore	759	51.0397	1975	47.09
2.	Howrah	264	78.3400	Between 1956 and 1971	51.70
3.	Jalpaiguri	1	0.4700	1980	9.18
<b>Total</b>		<b>1024</b>	<b>129.8497</b>		<b>107.97</b>

<sup>7</sup>Howrah, Midnapore and Jalpaiguri.

<sup>8</sup>*Dakhalkar* means actual possessor of land.

#### **4.02.08 Incorrect determination of rent and salami**

Under the West Bengal Land Management Manual, 1977, for settlement of non-agricultural land on long term basis, the market value of the land is to be fixed at its sale price, estimated from the records of recent sale of similar lands in the neighbourhood. The figures as obtained from the registration offices are to be checked against the valuation of land acquisition made in the locality.

In Jalpaiguri district it was noticed that 40.31 acres of Government land (including 39.25 acres *dahala*<sup>9</sup> class) was settled with the Siliguri-Jalpaiguri Development Authority with effect from 27 April 1990 for 99 years with the approval (September 1997) of the Land and Land Reforms Department. Out of 39.25 acres *dahala* class land, 3.51 acres was covered under sheet No. 13 with market value of Rs. 3.70 lakh per acre and the remaining under sheet No. 6 with market value of Rs. 27,800 per acre. While the market value of the land under sheet No. 6 was determined correctly the same in respect of 3.51 acres land falling under sheet No. 13 was determined at an incorrect rate which led to underassessment of revenue of Rs. 11.40 lakh.

#### **4.02.09 Non-assessment of market value and capitalised value of land transferred to the Central Government departments**

Under the provisions of the West Bengal Land Management Manual, 1977, in the case of transfer of land to the Central Government departments, compensation payable by them would ordinarily be the market value of the land and the capitalised value of the land revenue assessable thereon if the transfer causes actual loss of revenue to the State Government. The capitalised value is to be determined at twentyfive times the annual rent up to 2 September 1993 and at twenty times thereafter.

In 6 districts<sup>10</sup> land measuring 1739.315 acres was handed over on 11 occasions to different Central Government departments (Defence—1731.62 acres, Railways—0.79 acre, Telecommunication—5.405 acres and Meteorological—1.50 acres). In one case sanction of Government was obtained by the district authority (Bankura) and demand was raised, in another case (Midnapore) proposal for settlement was initiated (April 1989) and in the remaining cases no action was, however, initiated by the district authorities for settlement of the land. Failure on the part of the DLLROs to take appropriate action in time led to blockage of revenue of Rs. 20.14 crore.

#### **4.02.10 Non-maintenance of time schedule for disposal of settlement cases**

Under the provisions of the West Bengal Land and Land Reforms Manual, 1991, process of settlement of long term lease is to be completed within five months from the date of initiation.

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<sup>9</sup>*Dahala* means water logged area used for grazing cattle.

<sup>10</sup>Bankura, Burdwan, Jalpaiguri, Midnapore, South 24-Parganas and Uttar Dinajpur.



Cross-verification of records of 3 Divisional Commissioners with those of the DLLROs of 9 districts<sup>11</sup> revealed that 186 cases for long term settlement of land were initiated between January 1980 and March 1999. Out of these, 24 cases were pending with the Land and Land Reforms Department, 37 cases with the Divisional Commissioners and 125 cases with the DLLROs up to the date of review (March 2000). Due to delay in taking action at each level, revenue of Rs. 1073.79 lakh remained blocked.

#### **4.02.11 Non-realisation of rent and cesses in respect of raiyati lands**

Under the provisions of the West Bengal Land Reforms Act, 1955, all *raiya*t/tenants are liable to pay rent and cesses in respect of land held by them.

Scrutiny of records of 4 block offices<sup>12</sup> in the district of Tamluk revealed that 4 organisations<sup>13</sup> acquired from Government 4763.21 acres of agricultural land between 1972 and 1999. The organisations were liable to pay rent and cesses in respect of lands held by them for non-agricultural purpose. But no rent and cesses were assessed and realised. This resulted in blockage of revenue of Rs. 51.02 lakh up to March 1999.

#### **4.02.12 Non-realisation of cess from exempted raiyats**

Under section 23B of the West Bengal Land Reforms Act, 1955 and the rules framed thereunder read with the Board of Revenue circular of August 1984, *raiya*t/tenants holding land up to 1.619 hectares (4 acres) in irrigated and 2.428 hectares (6 acres) in non-irrigated area are exempted from payment of any rent with effect from April 1978. However, they are liable to pay cess as usual.

Scrutiny revealed that Tenants' Ledger (Register II) was not being maintained by the BLLROs. There was, therefore, no scope to verify realisation of cesses from exempted *raiya*t/tenants. However, scrutiny of records relating to exemption cases under section 23B of the Act, maintained by 3 BLLROs in Bankura district revealed that exemption certificates were issued in respect of 56857.50 acres of *raiya*t/tenants land without realising usual cesses with effect from 1 *Baishakh* 1385 BS (1978-79). This resulted in non-realisation of cess amounting to Rs. 93.88 lakh.

On this being pointed out, the district authority stated that instruction had already been issued to realise cess including arrears. Report on realisation has not been received (October 2000).

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<sup>11</sup>Birbhum, Cooch Behar, Dakshin Dinajpur, Darjeeling, Jalpaiguri, Murshidabad, Nadia, South 24-Parganas and Tamluk.

<sup>12</sup>Ramnagar I, Sutahata I, Sutahata II and Tamluk II.

<sup>13</sup>West Bengal Fisheries Development Corporation, Kolaghat Thermal Power Project, Calcutta Port Trust and Haldia Development Authority.

## Management of *sairati* interests

### 4.02.13 Loss of revenue due to non-settlement of fisheries and non-recovery of lease rent

Under the provisions of the West Bengal Land Management Manual, 1977, all *sairati* interests like fisheries, *hats*, markets and ferries should be leased out on year to year basis, but not exceeding seven years at a time. The Collector has to fix the economic rent and realise twentyfive per cent of the annual lease rent at the time of settlement of *sairati* interests and the balance before the beginning of the year. Rent for the successive years is to be deposited by the lessee in full before the beginning of the respective year and a lease agreement is required to be executed beforehand.

(a) Scrutiny of the records of the BLLRO Sonarpur in the district of South 24 Parganas revealed that vested *sairati* interests measuring 107.64 acres had been unauthorisedly occupied by 7 Matsyajibi Samabaya Samities since 1986 for pisciculture purpose. They had applied (January 1997) for long term settlement and the BLLRO had also initiated (Septemeber 1997) proposal for long term settlement in favour of the said samities but no action was taken by the DLLRO for settlement of the fisheries. This resulted in loss of revenue of Rs. 24.22 lakh as lease rent and Rs. 20.82 lakh as cess during the period from 1986 to 2000.

(b) In 9 other block offices of the same district it was noticed that 2779.11 acres water area classified as *khal* fisheries and other *sairati* interests were vested to the State and taken possession of between 1959 and 1991. These *sairati* interests were not settled on lease basis till the date of review (March 2000). Non-settlement of the *sairati* interests resulted in loss of revenue of Rs. 465.22 lakh between 1994-95 and 1999-2000.

(c) In Bankura district, one ferry *ghat* was handed over to a private person for a term of 3 years from 1 December 1994 at an annual rent of Rs. 6.67 lakh without lease agreement. The lessee after paying rent for the period from 1 December 1994 to 30 May 1995 stopped payment and the department cancelled the lease from 30 June 1997. The realisable dues worked out to Rs. 30.32 lakh. A certificate case was initiated against the lessee on 20 April 1998. When the certificate officer served the notice, it was returned with the postal remarks 'Left'. Thus, failure on the part of the district authority to execute lease with the lessee and to take timely action for realisation of the lease rent rendered the recovery a remote possibility.

(d) The Manual provides that large tanks, *beels*<sup>14</sup> etc may be transferred by the Collector to the Fisheries Department for development on requisition from them for a specified period not exceeding twenty years at a time. Tanks and other fisheries thus, requisitioned but not required for the purpose of the Fisheries Department are required to be relinquished in favour of the Land and Land Reforms Department.

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<sup>14</sup>*Beel* means closed water used for fish culture.

Scrutiny of records of Tamluk district revealed that brackish water area measuring 2108.96 acres vested land had been transferred (1972) to the Fisheries Department for aqua culture. The Fisheries Department, in turn, handed over the entire water area to the Fisheries Development Corporation (FDC) without fixing any lease rent. Out of the total 2108.96 acres handed over to the FDC, the Fisheries Department had taken back 162.70 acres and leased out to M/s SANPO Fisheries Ltd. on 18 April 1992 and 19 December 1994 by 2 lease deeds fixing annual rent at 5 years' interval at rates varying from Rs. 1.21 lakh to Rs. 4.67 lakh but without assessment of cesses. This led to loss of revenue of Rs. 633.35 lakh (Rs. 614.14 lakh as rent and cess from the FDC and Rs. 19.21 lakh as cess from SANPO Fisheries Ltd.). The handing over of the land to a private company by the Fisheries Department violated the provisions of the Manual.

#### **4.02.14 Settlement of "Hats" and markets**

Under the West Bengal Land Management Manual, 1977, *hats* and markets established on Government land may be managed by Government direct or settled with *izaradars*<sup>15</sup> by public auction.

##### **(a) Non-payment of lease rent of Hats by municipalities**

In 2 districts (Cooch Behar and North 24-Parganas) it was noticed that Haldibari Hat and Taha Bazar measuring an area of 2.578 acres of land in Cooch Behar district and Badamtala Sadhur Hat measuring 57 decimal in North 24-Parganas district were leased out with effect from 17 December 1991 (30 years) and 1983-84 (periods not mentioned) to Haldibari Municipality (Cooch Behar) and North Barrackpore Municipality (North 24-Parganas) with annual rent of Rs. 90,151 and Rs. 3538.50 respectively. No lease agreement was executed with the municipalities. Both the municipalities paid a portion of the annual lease rent at the beginning of the lease periods. Thereafter no payment was made. The DLLROs failed to take appropriate action to recover the arrear dues from the municipalities taking prescribed course of action as per the provisions of the Manual. Total amount due from those municipalities worked out to Rs. 16.14 lakh including cess and interest for the period between April 1983 and March 2000.

##### **(b) Non-collection of arrears of revenue from Government markets**

In order to collect the arrear dues and to regularise unauthorised occupation/possession of land in respect of Jubilee Market, a Government managed *hat*, the district authority, Midnapore in their order dated 8 June 1998 stipulated that licence to the shop keepers/stall/shed holders etc should be granted for a period of ten years with effect from 1 January 1997 on payment of revised/re-assessed/refixed yearly licence fee and payment of arrear dues from 1 January 1985 to 31 March 1996 i.e. the periods for which they held/unauthorisedly possessed/occupied the plots in question.

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<sup>15</sup>*Izaradars* mean lessees.

Scrutiny of records of the DLLRO, Midnapore revealed that 497 licensees were liable to pay arrear dues of Rs. 19.22 lakh and current licence fees of Rs. 6.83 lakh up to 31 March 1999. The DLLRO had realised current licence fee amounting to Rs. 1.36 lakh from all the shopkeepers/stall holders but arrear dues had been realised only from 98 shops/stall holders. This led to further accumulation of arrears. Total arrear dues accumulated up to 31 March 1999 worked out to Rs. 20.96 lakh.

*(c) Non-revision of rent*

The West Bengal Land Management Manual, 1977 provides that Market Tahsildar of Government managed *hat* should keep an account of the working of each market/*hat*, which includes cost of sweeper etc in the prescribed proforma and the said account should be submitted by the district authority to the Board of Revenue by 30th April every year.

In Darjeeling district, it was noticed (March 2000) that the department took possession of the Kurseong Hat located under jurisdiction of the BLLRO, Kurseong during 1978. Rent/licence fee of the stalls had been fixed from 1978 and continuing till date without any revision, though cost of establishment and service charges (such as wages of sweeper and rent collector) had exceeded the revenue realised from the market. No accounts were prepared as per the provisions of the Manual. Examination of expenditure vis-a-vis collection of revenue for the period 1994-2000 revealed that average annual collection of revenue was Rs. 6,651 whereas the expenditure on collection was Rs. 96,235. Thus, Government without revising rate since 1978 ran the market and provided the services by sustaining loss of Rs. 5.38 lakh during 1994-2000.

**4.02.15 Non-settlement of fully/partly vested tanks**

All vested tanks are to be leased out on long term basis. The Board of Revenue, West Bengal, in their order issued in April 1976 instructed that partly vested tanks should be settled on long term basis with the owners retaining part of the tanks according to the provisions of the West Bengal Government Estates Manual, 1953 (now the West Bengal Land Management Manual, 1977) and proposals in this respect should be submitted to the Board through the concerned Divisional Commissioner.

Scrutiny of records of 4 districts<sup>16</sup> revealed that 1137 fully/partly vested tanks measuring 620.58 acres were not leased out till date (March 2000) though possession of the said tanks was taken between 1968 and 1994. Delay in settlement resulted in loss of revenue to the tune of Rs. 74.93 lakh for the periods varying between 1976 and 1999.

**4.02.16 Transfer of Hats/markets to the Regulated Market Committees**

The Board of Revenue issued (January and May 1980) instructions that some selected *hats/markets* may be transferred to the respective Regulated Market

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<sup>16</sup>Birbhum, Howrah, Midnapore and Tamluk.

Committees (RMCs) on lease basis as per the provisions of the West Bengal Land Management Manual, 1977, initially for a period of fifteen years from 15 April 1980 on realisation of economic rent to be fixed on the basis of average lease rent for the preceding three years subject to enhancement after every three years.

Mention was made in paragraphs 3.2 and 4.2 of the Reports of the Comptroller and Auditor General of India (Revenue Receipts) for the years 1985-86 and 1986-87 regarding non-realisation of lease rent from RMCs. The Public Accounts Committee in their Seventeenth Report desired that the Land and Land Reforms Department, Agriculture Department and Finance Department should keep watch over the situation and to take a decision on the future of these *hats* under the RMCs and to report to the Committee of the decision arrived at. Review of records revealed that no step was taken for deciding the future of 64 *hats*/markets. As a result Government revenue to the tune of Rs. 62.18 lakh for the period between April 1983 and March 2000 remained unrealised.

## **Management of minor minerals**

### ***4.02.17 Extraction and removal of minor minerals without permit***

Under the provisions of the Mines and Minerals (Regulation and Development) Act, 1957 as amended in 1972 read with the West Bengal Minor Minerals Rules, 1973 and clarificatory orders issued by Government in May and August 1979, no person is entitled to undertake any mining operation in any area except under the authority of valid quarry permit. In the event of unauthorised extraction of minor minerals apart from other penal action the State Government is empowered to recover either the minerals raised unlawfully, or, where such minerals have already been disposed of, the price thereof. Government clarified in August 1981 that quantity of minor minerals extracted or removed unlawfully in excess of the quantity permitted should be treated as unauthorised extraction under the Act.

(a) In Jalpaiguri district, it was noticed that 4 contractors unauthorisedly extracted and supplied 71.75 lakh cft of sand during 1994-97 for construction work under Teesta Left Bank Division, Jalpaiguri. The contractors were liable to pay Rs. 195.88 lakh being price of the materials at the rate of Rs. 273 per 100 cft but the department raised demand (March 1995) for Rs. 30 lakh calculating royalty and cess at the normal rate against which a payment of Rs. 15 lakh was made by the Executive Engineer concerned. As sand was supplied against contractual agreement including supply of materials, charging royalty at normal rate for unauthorised extraction and removal of materials was not in order. This resulted in short raising of demand of Rs. 165.88 lakh towards price of the minerals.

On this being pointed out, the department confirmed the facts. Besides, the Executive Engineer, Teesta Left Bank Division, Jalpaiguri confirmed (5 April 1999) that no deduction was made from contractors' bill on account of claim preferred by the DLLRO, Jalpaiguri.

(b) In Uttar Dinajpur district, it was noticed that one contractor had extracted 153.30 lakh cft of earth during 1997-99 from Government land for contractual work in connection with construction of double Railway lines from Dalkhola to Kishanganj. He had deposited Rs. 10.73 lakh for quarry permit of 33 lakh cft of earth. For extraction of excess quantity of earth neither Government revenue had been deposited by the contractor nor any demand notice had been served upon him. This resulted in non-realisation of revenue of Rs. 66.77 lakh.

On this being pointed out (November 1999), the district authority stated (December 1999) that the Executive Engineer, NF Railway, Kishanganj was requested (March 1999) to deduct Government revenue from the bill of the contractor. In reply the concerned Railway authority stated (March 1999) that claims would be more than contractor's balance with the Railways. This indicates that the possibility of realisation of Government revenue is remote.

#### ***4.02.18 Short levy of royalty on minerals at enhanced rate***

Under the West Bengal Minor Minerals Rules, 1973, the rate of royalty on sand/stone was enhanced with effect from 1 March 1999 by a circular dated 24 February 1999.

In 7 districts<sup>17</sup>, it was noticed that royalty on 51.92 lakh cft of sand/stone extracted and despatched by permit holders between 1 March 1999 and 14 September 1999 had been assessed at Rs. 8.76 lakh instead of Rs. 21.31 lakh due to application of old rates. This resulted in short realisation of royalty of Rs. 12.55 lakh. The district authorities attributed (between October 1999 and March 2000) short realisation to delay in receipt of Government order.

#### ***4.02.19 Collection of land revenue through certificate proceedings***

Revenue recovery certificate is the ultimate tool in the hands of Government to realise arrears.

Mention was made in paragraph 3.2.2 of the Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year 1982-83 of 96,214 pending certificate cases involving revenue of Rs. 56.28 lakh in respect of Hooghly, Malda, Midnapore and Tamluk districts. During review for the period from 1994-95 to 1998-99, 3 DLLROs and 10 BLLROs of 4 districts furnished information stating that 6884 certificate cases<sup>18</sup> involving revenue of Rs. 90.22 lakh were filed up to March 1999. Out of these, 62 certificate cases involving Rs. 0.61 lakh were disposed of leaving a balance of 6,822 cases involving Rs. 89.61 lakh. Thus the coverage of cases under certificate proceedings was too low. Further, the percentage of disposal of certificate cases to the number of cases filed was 0.90 in spite of the fact that the PDR Act is administered by the Land and Land Reforms Department and officers right from the circle level are declared as Certificate Officers.

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<sup>17</sup>Burdwan, Dakshin Dinajpur, Darjeeling, Hooghly, Jalpaiguri, Tamluk and Midnapore.

<sup>18</sup>Disposal of cases filed prior to 1994-95 could not be furnished by the department.

#### 4.02.20 Management information system

Under the West Bengal Land and Land Reforms Manual, 1991, various records like Tenants' Ledger, Register of Vested Land, Register of Leases and Certificate Register are required to be maintained. A review in audit covering period from 1994-95 to 1998-99 of the records relating to land revenue of 10 districts revealed that adequate attention had not been paid to the maintenance of these registers. As a result no check could be exercised to ensure that revenues due from *raiyats*, lessees, occupiers, certificate holders etc are collected and pursued for realisation of arrear dues from defaulters. The following table analyses the major defects in the management information system:

Sl No.	Name of the register	Purpose	Short comings noticed	Effect
1.	Register II Tenants' Ledger	Gives tenant-wise position of demand, collection and arrears.	Not maintained by any BLLRO.	Demand/arrear position not available.
2.	Register VIII Government Lands	Keeps a record of all Government lands. It keeps watch over vested lands fit for settlement.	The Registers were maintained in incomplete shape. These were not updated by conducting regular field survey.	Vested lands and <i>sairati</i> interests remained out of settlement.
3.	Register X Register of Leases for a term of years	This register watches the renewal of leasehold land, <i>hats</i> , ferries, fisheries leased or licensed for a term of years. It also watches the collection of annual rent in all the above cases.	This register was not properly watched/revi- ewed by the BLLROs.	Expired long/short term leases were not renewed. Annual lease rent had not been recovered.
4.	Register IX Certificate Register	On scrutiny of Register II BLLROs initiate certificate proceedings in appropriate cases.	Registers prior to the integrated set up were not available. Present registers are incomplete.	Certificate cases were not monitored.

Due to non/incomplete maintenance of the aforesaid registers, Return I collected by the district authorities and submitted to the Government after consolidation left the demand column blank. In absence of the above vital information the department did not know the position of arrears due nor could it explain the fluctuation of collection as discussed in paragraph 4.02.03.

#### 4.02.21 Other topics of interest

Under the Cess Laws, all lands belonging to Government, if not in direct use and occupation of Government, are liable to cesses at the rate of eightysix paise per rupee of rent. Holder of land distributed by the Refugee Relief and Rehabilitation (RR&R) Department on lease/freehold basis is liable to pay the cesses on the basis of notional rent.

Scrutiny of records of the Officers-in-charge of the RR&R Department in 9 districts revealed (March 2000) that 52518.341 acres of land were acquired by the department for settlement of the displaced persons from erstwhile East Pakistan (now Bangladesh). Out of the said land, 27199.103 acres were settled on lease/free hold title basis. The holders of land were liable to pay various cesses but the same were never realised from them. This resulted in non-realisation of revenue to the tune of Rs. 20.44 lakh calculated from 1990-91 to 1998-99.

The Director (Land), RR&R Department stated (March 2000) that the task of realisation of cess etc lies with the Land and Land Reforms (L&LR) Department. However, as per the Board of Revenue clarificatory letter dated 10 October 1984 copies of deeds were required to be forwarded to the concerned BLLROs for realisation of revenue. The BLLRO, North 24-Parganas stated (March 2000) that cesses could not be realised for want of necessary documents. Thus lack of coordination between the L&LR and the RR&R Departments has led to the loss of revenue. Report on further action taken has not been received (October 2000).

All the foregoing points were reported to Government between May 1999 and May 2000 followed by reminder issued in July 2000; their reply has not been received (October 2000).



## CHAPTER 5

### STATE EXCISE

#### 5.01 Results of audit

Test check of records of State Excise revenue, conducted in district revenue wings during the year 1999-2000, revealed non/short realisation of excise duty amounting to Rs. 856.88 lakh in 77 cases, which broadly fall under the following categories:

*(Rupees in lakh)*

Sl. No.	Categories	No. of cases	Amount
1.	Non/short levy of duty on chargeable wastage/non-receipt and short receipt of IMFL	7	182.95
2.	Non/short recovery of privilege fee, additional fee and licence fee	23	125.74
3.	Non/short realisation of excise establishment cost	19	31.41
4.	Other cases	28	516.78
<b>Total</b>		<b>77</b>	<b>856.88</b>

During the course of the year 1999-2000, the department accepted underassessments etc of Rs. 359.52 lakh involved in 67 cases of which 44 cases involving Rs. 307.04 lakh had been pointed out in audit during the year 1999-2000 and the rest in earlier years.

A few illustrative cases involving Rs. 302.35 lakh highlighting important observations are given in the following paragraphs.

#### 5.02 Defalcation of Government revenue

Under the Excise Laws, all challans for payment of excise revenue are presented to the concerned excise officer for verification before payment into a treasury. After verification of the challans, a note is kept in the Register of Challans, maintained by him, which is sent to the Treasury at the end of each day for reconciliation. Under the provisions of the West Bengal Treasury Rules, challans for payment of excise revenue are required to be presented in triplicate (except that for payment of excise duty on foreign liquor). One copy of the receipted challan is forwarded by the Treasury to the concerned excise officer for verification and record.

Cross-verification of copies of challans of the Superintendent of Excise, North 24-Parganas with the treasury records (Bidhannagar and Barasat treasuries) revealed (May 2000) that between January 1993 and March 2000, in 34 challans for payment of lirage fee the figures of actual amount paid were replaced by higher amount figures after erasing the original figures, by a licensee at Salt Lake. This resulted in defalcation of Government revenue amounting to Rs. 8.75 lakh. The defalcation was made possible due to failure of internal controls as the established system of maintenance of challan register in the excise office and its reconciliation with the Treasury was not in vogue during the period. In the cases where triplicate copies of the challans were not made available to the departmental authorities by the Treasury, no action was taken by the department to get such copies regularly.

On this being pointed out (May 2000), the departmental authorities while admitting the lapse intimated (July 2000) that full amount of Rs. 8.75 lakh had been realised (between May and June 2000) from the licensee.

Government, to whom the case was reported, while endorsing (September 2000) the views of the department stated that penalty of Rs. 50,000 imposed on the licensee had been realised (June 2000) in full and subsequently the suspension order from the licensee had been withdrawn. Action taken for fixing the responsibility in this case has not been intimated (October 2000).

### **5.03 Loss of revenue due to allowance of excess transport charge**

Under the Excise Laws, the wholesale price of country spirit (CS) being constant for a considerable period, the additional fee varies<sup>1</sup> inversely with the cost price of rectified spirit (RS). In the case of imported spirit the element of transport charges plays an important role in the landed cost of RS which is determined by the Commissioner.

By an order of July 1994, the transport charge for import of industrial alcohol from Bihar/Orissa and other than Bihar/Orissa was fixed at Rs. 1.75 and Rs. 2.20 per bulk litre (BL) respectively. But no such rate of transport charge was fixed for import of potable spirit. In lieu thereof, the Commissioner of Excise fixed Rs. 3.00 and Rs. 3.50 per BL as transport charges without indicating any basis for such fixation for import of potable spirit from Bihar/Orissa and other than Bihar/Orissa respectively.

Test check of records of the Commissioner of Excise, West Bengal revealed (June 1999 and August 2000) that enhanced transport charge was allowed to 9 importers of potable spirit during the period from November 1998 to March 2000 with consequential short determination of additional fee of Rs. 131.36 lakh leading to loss of revenue to that extent.

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<sup>1</sup>In West Bengal, CS in sealed and capsuled bottles is prepared and sold under the direct supervision and at a price fixed by the Excise Department. The licensees for bottling CS, acting as manufacturing agents of Government, procure RS from within and out of West Bengal and sell CS in wholesale. The difference between the procurement price and the selling price is excise revenue, termed as additional fee.

The equation is as under:

$$\text{Cost price of RS} + \text{Additional fee} = \text{Wholesale price of CS.}$$

On this being pointed out (June 1999), the Commissioner of Excise stated (May 2000) that to avoid health hazard, empty transport vehicles were sent from the bottling plants after being cleaned and sealed to carry potable spirit while no such special precaution was required in the case of industrial alcohol. The reply is not tenable since alcohol is carried only by specific tankers meant for the purpose which invariably have to travel empty one way.

Government, to whom the case was reported in September 1999 endorsed (August 2000), the views of the department.

#### **5.04 Blockage of revenue due to delay in removal of India-made foreign liquor from warehouses**

(a) Under the provisions of the Bengal Excise Act, 1909 and the Rules (May 1940) made thereunder, consignment of India-made foreign liquor (IMFL) stored in a bonded warehouse is required to be taken out from the warehouse on payment of requisite duty and fee within three months (enhanced to six months with effect from 1 September 1998)<sup>2</sup> from the date of entry in the warehouse.

Scrutiny of records of the Collector of Excise, Calcutta and the Superintendent of Excise, Hooghly district revealed (between February and March 1999) that in respect of 12 private bonded warehouses of IMFL, 72,986 London proof litres (LPL) of different brands stored since February 1994, were not taken out of the warehouses by the bonders, resulting in blockage of revenue amounting to Rs. 77.60 lakh.

On this being pointed out (between February and March 1999), the department stated (May 2000) that in 4 cases Rs. 5.45 lakh had been realised. At the instance of audit (August 2000), the position of old stock of IMFL in 3 cases was verified (September 2000) jointly by Audit and Excise authorities. The department while intimating the results of verification (September 2000) stated that in 10 cases Rs. 37.10 lakh had been realised as duty and fee. Report on realisation of the balance amount has not been received (October 2000).

Government, to whom the case was reported between May and June 1999, endorsed (August 2000) the views of the department in respect of realisation Rs. 5.45 lakh. Views of Government in respect of realisation of Rs. 31.65 lakh have not been received (October 2000).

(b) Under the Excise Laws, spirit including rectified spirit intended for the manufacture of foreign liquor (including rum) is treated as foreign liquor and duty is chargeable accordingly. Consignment of foreign liquor stored in a private warehouse or godown is required to be taken out therefrom on payment of requisite duty and fee within three months (enhanced to six months with effect from 1 September 1998) from date of entry thereof.

Scrutiny of records of M/s. Bengal Distillery at Bhadrakali, Hooghly under the Superintendent of Excise, Hooghly revealed (March 1999) that as per

<sup>2</sup>Rule 199 of the West Bengal Excise (Foreign Liquor) Rules, 1998 effective from September 1998.

stock taking report of 1997-98, cut spirit of 50,821 LPL (obtained on first distillation of rectified spirit) intended to be used for manufacture of rum, had reportedly been stored in the godown for more than 2 years but no action was taken to remove the said stock. This resulted in blockage of revenue of Rs. 45.74 lakh at the prescribed rate of duty for rum.

On this being pointed out (March 1999), the department stated (December 1999) that demands had been raised but the matter was pending in appeal. Report on further development has not been received (October 2000).

The case was reported to Government in May 1999, followed by reminder issued in July 2000; their reply has not been received (October 2000).

#### **5.05 Non/short realisation of establishment cost**

Under the Excise Rules, the licensee of a bonded warehouse is to pay to Government a monthly fee in cash equivalent to monthly cost comprising average pay, compensatory allowance and contribution towards leave salary and pension in respect of the excise establishment deployed in a warehouse. Bonus being an additional expenditure incurred by Government on the personnel posted in the State Excise bond or warehouse should be included in the gross sanctioned cost of the service and recovered from the licensee along with other establishment cost.

Scrutiny of records in 4<sup>3</sup> excise offices revealed (between May 1998 and December 1999) that while working out the cost of establishment in respect of excise establishment deployed in 30 warehouses had not been realised for various periods between January 1988 and October 1999 resulting in non/short realisation of establishment cost amounting to Rs. 16.18 lakh. Besides, Rs. 3.17 lakh on account of bonus was not realised from 2 warehouses during 1996-97 to 1998-99.

On this being pointed out (between May 1998 and December 1999), the Commissioner of Excise stated (July 2000) that a sum of Rs. 1.31 lakh had been realised from 2 bonders and in one case the bonder had been granted time for 2 years from August 1999 for payment of its dues of Rs. 12.21 lakh. This resulted in allowing undue financial benefit to the bonder since there is no provision for charging interest under the Excise Act, 1908. Moreover, renewal of licence was made without recovery of establishment cost from the bonders concerned.

The Commissioner stated that Government had been moved for making specific provisions in the Rule for inclusion of bonus in the establishment cost and that the rule could not be amended retrospectively. Loss on account of non-inclusion of bonus would be Rs. 3.17 lakh. Report on further development has not been received (October 2000).

Government, to whom the cases were reported between October 1998 and February 2000, endorsed (August 2000) the views of the department.

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<sup>3</sup>Deputy Commissioner of Excise (Special), Calcutta, Collector of Excise, Calcutta, SE, Darjeeling and SE, Hooghly.

### **5.06 Evasion of privilege fee**

Under the provisions of the West Bengal Excise Foreign Liquor Rules, 1998, a licensee is required to pay a privilege fee at the rate of fortyfive paise up to 31 August 1998 and sixty paise thereafter for each quart bottle of beer for storage of the same in a private warehouse. By an order issued in June 1995, Government accorded special sanction to M/s Yuksom Breweries Ltd. of Sikkim to establish a bonded private warehouse in West Bengal for storage of their beer meant for export for States other than West Bengal, without payment of privilege fee.

Test check of records of the Superintendent of Excise, Jalpaiguri revealed (February 1999) that the main business of the licensee was in West Bengal (at Bhaktinagar, Jalpaiguri) since inception of his bonded warehouse in January 1996 and he had imported 27,06,000 quart bottles of beer under bond from Sikkim as detailed below:

<b>Period</b>	<b>Quantity in quart bottles</b>	<b>Amount (Rs.)</b>
1995-96 (from 24.01.1996)	2,42,400	1,45,440
1996-97	11,05,200	6,63,120
1997-98	13,58,400	8,15,040
<b>Total</b>	<b>27,06,000</b>	<b>16,23,600</b>

After debonding on payment of duty, the same was consumed in West Bengal. The Superintendent of Excise, Jalpaiguri failed to impose privilege fee<sup>4</sup> at the time of debonding leading to evasion of Rs. 12.18 lakh.

On this being pointed out (February 1999), the department stated (May 2000) that demand had been raised. Report on realisation has not been received (October 2000).

Government, to whom the case was reported in April 1999, endorsed (August 2000) the views of the department.

### **5.07 Non-realisation of duty and fees in respect of export of IMFL**

Under the Excise Rules, an export pass which accompanies the consignment of foreign liquor, or a true copy thereof shall be returned to the Excise Officer-in-Charge, who granted the pass, with a certificate issued under the signature of the competent Excise authority of the district where the foreign liquor is exported,

<sup>4</sup>Privilege fee is not payable for the beer manufactured in Sikkim and stored in West Bengal for transhipment to any State other than West Bengal.

stating the quantity that has actually reached the destination, within two months from the date of issuing pass or such longer period, not exceeding another two months as allowed by the Excise Officer on good grounds. In the case of non-return of pass within the stipulated period the owner of distillery/bonded warehouse who exported foreign liquor shall pay duty/fee at the rate prescribed from time to time.

Scrutiny of records in respect of M/s Bengal Distillery at Bhadrakali, Hooghly under the Superintendent of Excise, Hooghly revealed (March 1999) that 7087.5 London-proof litre of India-made foreign liquor was exported from the distillery to the States of Tripura and Meghalaya against 2 export passes of July 1997. The requisite acknowledgements and verification certificates had not been obtained. The Excise duty and literage fee involved in the cases amounted to Rs. 7.37 lakh.

This was pointed out to the department (March 1999) and reported to Government in May 1999 followed by reminder issued in July 2000; their replies have not been received (October 2000).

## CHAPTER 6

### MOTOR VEHICLES TAX

#### 6.01 Results of audit

Test check of records in the offices of the Transport department, conducted in audit during the year 1999-2000, revealed non/short realisation of revenue amounting to Rs. 1282.07 lakh in 101 cases, which broadly fall under the following categories:

(Rupees in lakh)

Sl. No.	Categories	No. of cases	Amount
1.	Non/short levy/non-payment of tax and additional tax	29	175.82
2.	Non/short levy of penalty and fine	15	62.28
3.	Incorrect exemption	2	6.75
4.	Other cases	55	1037.22
<b>Total</b>		<b>101</b>	<b>1282.07</b>

During the course of the year 1999-2000, the department accepted underassessments etc of Rs. 1029.11 lakh involved in 91 cases of which 59 cases involving Rs. 1008.99 lakh had been pointed out in audit during the year 1999-2000 and the rest in earlier years.

A few illustrative cases involving Rs. 865.69 lakh highlighting important observations are given in the following paragraphs.

#### 6.02 Non/short realisation of Composite Fee

(a) Under the West Bengal Treasury Rules, all moneys received on behalf of Government should be promptly entered into the Cash Book and credited into the Treasury. Under the Motor Vehicles Act, 1988, the composite fee in respect of a goods vehicle registered outside the State and authorised to ply within the State on the strength of a national permit is realised by the permit issuing State through bank draft from the owner and sent to this State for crediting into Government account. The bank draft remains valid for six months after the month of issue. In the case of lapsed bank drafts Government entered into an agreement in March 1995 with the State Bank of India, Calcutta Main Branch, that the said branch would take steps for revalidation and encashment of expired drafts issued by other branches of the said bank as well as other nationalised banks. A service charge was payable to the SBI for revalidation of every lapsed draft.

Scrutiny of records of the State Transport Authority (STA) revealed (between March 1999 and March 2000) that the department did not maintain any account of the lapsed bank drafts. On physical verification of the lapsed bank drafts conducted by audit, it was noticed that 25,161 bank drafts valuing Rs. 4.68 crore were retained in the office of the State Transport Authority for periods varying from 1 to 13 years without submission to the SBI, Calcutta Main Branch. No action was taken for revalidation of the lapsed bank drafts and realisation of Government revenue. In addition, 21,985 lapsed bank drafts aggregating Rs. 3.45 crore drawn on other banks which were deposited into the said bank during 1995-98 for revalidation and encashment were yet to be credited into the Government account. All these resulted in non-realisation of revenue of Rs. 8.13 crore because of failure of internal controls on the part of the Secretary, STA.

On this being pointed out (March 1999 and March 2000), the authority stated (March 2000) that the matter had already been taken up with the higher officials for processing of the lapsed bank drafts. Report on further action taken has not been received (October 2000).

The case was reported to Government in May 1999 and April 2000 followed by reminder issued in July 2000; their reply has not been received (October 2000).

(b) In terms of Government Notification of November 1993, the rate of composite tax to be collected by the State of Haryana, Rajasthan, Bihar and Uttar Pradesh in respect of goods vehicles authorised to ply in West Bengal on the basis of National Permit granted by those States is rupees five thousand per annum per vehicle from 1 September 1993. The composite tax so realised by the States shall be required to be remitted to the State Transport Authority, West Bengal through bank draft for credit into Government account.

Scrutiny of records in the office of the State Transport Authority, West Bengal revealed (March 1999) that in respect of 450 goods vehicles registered in these 4 States between April 1996 and October 1998 and authorised to ply in West Bengal, the concerned authorities realised composite tax at rates lower than the revised rates effective from 1 September 1993. Failure of the authority to take note of this and take up the matter with the concerned States resulted in short realisation of Rs. 5.28 lakh.

On this being pointed out (March 1999), the department stated (March 1999) that the matter would be taken up with the concerned States shortly. Report on further action taken has not been received (October 2000).

The cases were reported to Government in May 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

### **6.03 Non-levy of tax on temporarily registered chassis**

Under the West Bengal Motor Vehicles Taxation Laws, owner of any motor vehicle registered in other State and brought into West Bengal shall have to pay tax at prescribed rate during the period of its stay in the State. As per the State



Government's clarificatory order of February 1997, tax on bare chassis, cars brought by the Regional Sales Offices in the State from their outstation manufacturers on the basis of temporary registrations is to be levied on their unladen weight. In the cases where tax on a vehicle remained unpaid before its transfer, the transferee/subsequent possessor is liable to pay such arrear tax. A penalty at the rate of one hundred per cent of arrear tax is leviable where it has become due for more than seventyfive days.

Scrutiny of records in the Regional Transport Office, Midnapore revealed (September 1999) that 1535 bare chassis of varying unladen weights were brought into the State between April 1997 and 27 July 1998 by the Regional Sales office of a manufacturer from outside the State on temporary registration and subsequently delivered to a dealer of this region who finally sold them to the purchasers. Tax was neither levied at the time of entry into this region nor realised from the subsequent possessors i.e. the dealer or the purchasers. This resulted in non-levy of tax of Rs. 7.05 lakh and penalty of Rs. 7.05 lakh.

On this being pointed out (September 1999), the taxing officer, Midnapore stated (September 1999) that since the importer had no Regional Sales office in his jurisdiction, tax from him could not be realised. Reply is not tenable because tax had not been realised even at the time of registration from the dealer who was under his jurisdiction.

The cases were reported to Government in November 1999 followed by reminder issued in July 2000; their reply has not been received (October 2000).

#### **6.04 Non-levy of fine for non-observance of prescribed procedure of certificate of fitness**

Under the West Bengal Motor Vehicles Rules, 1989, the owner at the time of renewal of a vehicle whose certificate of fitness has expired, is liable to pay, in addition to late fees prescribed in the rule, a fine at the rate mentioned under Section 192 of the Motor Vehicles Act, 1988. Government in their orders of August 1991 and December 1999 clarified that if the vehicle after expiry of certificate of fitness is brought plying on the road before the authority for inspection without taking any specific date beforehand, fine is leviable.

Scrutiny of records of the Regional Transport Officer, Burdwan and Additional Regional Transport Officer, Asansol revealed (August-September 1998) that 359 goods carriages (lorries) were brought at their own by plying on road between February 1996 and September 1998 for inspection purpose without any pre-fixed date, after lapse of 17 days to more than 3 years from expiry of their fitness. Fine to the tune of Rs. 10.54 lakh though leviable in these cases was not levied. Renewals of fitness were also made without prior payment of requisite fees which were realised later on after a gap of 23 days to more than 132 days after renewals.

Government, to whom the cases were reported in October-November 1998, instructed (December 1999) the authorities to take steps to recover the unrealised fine/penalties as early as possible. Report on realisation has not been received (October 2000).

#### **6.05 Blockage of revenue due to non-disposal of seized vehicles**

Under the provisions of the West Bengal Motor Vehicles Tax Act, 1979 and the West Bengal Additional Tax and One-time Tax on Motor Vehicles Act, 1989, a motor vehicle detected plying without payment of tax and additional tax may be detained and seized by authorised person. The vehicle so seized may, however, be released on realisation of tax and additional tax due with prescribed penalties within thirty days of seizure. If, within a further period of fifteen days after expiry of said thirty days, the owner fails to make payment of double the amount of tax due along with penalties on them the vehicle may be sold in auction for realisation of the dues.

Scrutiny of records in the Public Vehicles Department, Calcutta and Regional Transport Office, Hooghly revealed (between June 1998 and October 1999) that altogether 9 vehicles of different categories were detained and seized in these regions between September 1993 and December 1997 (Calcutta 8 and Hooghly 1) for plying without payment of taxes and other Government dues. Auction was held for the first time on 8 July 1997 after lapse of 2 to 6 years from the dates of their seizures, but the vehicles could not be sold out leading to blocking up of revenue of Rs. 6.08 lakh (Calcutta Rs. 4.64 lakh and Hooghly Rs. 1.44 lakh).

On this being pointed out (between June 1998 and January 2000), the taxing officer, Calcutta stated (July 2000) that the vehicles could not be sold in auction due to fixation of very high reserve price. Non-fixation of correct reserve price is detrimental since the difference between the price fixed and Government dues in case the sale price received is more is to be refunded to the owner and if it is less the shortfall is to be recovered from him under the Public Demands Recovery Act, 1913. Report on further action taken has not been received (October 2000).

The cases were reported to Government between September 1998 and February 2000 followed by reminder issued in July 2000; their reply has not been received (October 2000).

#### **6.06 Short realisation of permit fee due to delay in despatch of notification by Government**

Government by a notification of 4 May 1998 enhanced permit fee for grant of national permit from rupees fifteen hundred to rupees two thousand two hundred fifty and of special permit for movement outside the State, from rupees four hundred to rupees six hundred each.

Scrutiny of records of the State Transport Authority (STA), West Bengal revealed (March 1999) that altogether 538 national permits and 1019 special permits for outside State were issued between 4 May and 31 July 1998 on realisation of fees at pre-revised rates. This led to short realisation of permit fee of Rs. 6.07 lakh.

On this being pointed out (March 1999), the STA stated (March 1999) that the notification of 4 May 1998 was actually forwarded to them by Government on 28 July 1998.

The case was reported to Government in May 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

### **6.07 Failure to levy special fees on heavy goods vehicles**

The West Bengal Motor Vehicles Rules, 1989 prohibit plying of heavy goods vehicles having gross vehicle weight above 22542 kg in the State. Government in their orders issued between 28 December 1990 and 5 June 1991 permitted plying of such heavy goods vehicle on payment of special fees at varying rates depending on the gross vehicles weight by relaxing the conditions imposed earlier.

Scrutiny of records in the Public Vehicles Department, Calcutta revealed (between June 1998 and May 1999) that special fee was not realised at the time of issue of permits in respect of 41 such vehicles for the periods falling between December 1990 and October 1999 resulting in non-realisation of revenue of Rs. 5.36 lakh.

Such failure was first brought to their notice in June 1998 but the mistake continued till May 1999. In reply the Secretary, Regional Transport Authority stated (June 1999) that notices were being served to the defaulters to deposit the dues. Report on realisation has not been received (October 2000).

The cases were reported to Government between September 1998 and August 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

### **6.08 Short realisation of permit fees**

Under the West Bengal Motor Vehicles Rules, 1989, fee for grant or renewal of permit (other than temporary or special permit) payable on a contract carriage vehicle which includes a metered taxi is rupees thirty per annum for each region. Consequent on trifurcation of Calcutta region into three separate regions viz. Calcutta, North 24-Parganas and South 24-Parganas with effect from April 1992, the permit fees payable on metered taxis issued by Calcutta region and plying in the other two regions have to be charged for three regions as clarified by Government in May 1992.

Scrutiny of records in the Public Vehicles Department, Calcutta revealed (June 1998) that even after May 1992, on contract carriage permits issued to metered taxis for plying the vehicles in 3 regions, the permit fee was charged for one region i.e. Calcutta only. As a result permit fee in respect of 1753 such permits for 5 years issued between August 1993 and September 1997 was charged at Rs. 2.63 lakh instead of Rs. 7.89 lakh chargeable. This resulted in short realisation of Rs. 5.26 lakh. The short realisation continued in spite of the Director, Public Vehicle Department's confirmation to the Transport Department in August 1993 that the fees were to be collected treating the regions in question as separate regions.

On this being pointed out (June 1998), the department stated that after obtaining clarification from Government necessary action would be taken. The reply is not tenable since Government's clarification (May 1992) to treat Calcutta, North 24-Parganas and South 24-Parganas as 3 separate regions already exists.

The case was reported to Government in September 1998 followed by reminders issued up to July 2000; their reply has not been received (October 2000).



## CHAPTER 7

### AMUSEMENTS TAX

#### 7.01 Results of audit

Test check of records of amusements tax conducted in audit during the year 1999-2000, revealed underassessments etc of tax amounting to Rs. 245.66 lakh in 55 cases, which broadly fall under the following categories:

*(Rupees in lakh)*

Sl. No.	Categories	No. of cases	Amount
1.	Non-levy/non-realisation of entertainment tax	12	103.81
2.	Non/short realisation of composition money	11	81.22
3.	Non/short levy of penalty	7	5.82
4.	Exhibition of video shows without payment of tax	6	7.53
5.	Other cases	19	47.28
<b>Total</b>		<b>55</b>	<b>245.66</b>

During the course of the year 1999-2000, the concerned department accepted underassessments etc of Rs. 200.17 lakh involved in 68 cases of which 42 cases involving Rs. 160.11 lakh had been pointed out in audit during the year 1999-2000 and the rest in earlier years.

A few illustrative cases involving Rs. 620.47 lakh highlighting important observations are given in the following paragraphs.

#### 7.02 Failure to levy tax on cable operators

The West Bengal Entertainment-cum-Amusements Tax Act, 1982 as amended, provides that cable operators who receive transmission signals through dish antenna shall be liable to pay tax at the rate of rupees one thousand in Calcutta and rupees seven hundred fifty in places other than Calcutta per week per set of satellite transmission.

Scrutiny of records of the Agricultural Income Tax Officers, Calcutta and Cooch Behar and of the Collectors, Howrah and Midnapore relating to amusements tax revealed (between September 1998 and March 1999) that no action to assess and realise the tax in respect of any of the 268 cable operators registered with post offices was initiated although the concerned assessing authorities had knowledge of existence of the said cable operators from the records of respective Head Post

offices. Inaction on the part of the AITOs/Collectors to assess these 268 cable operators resulted in non-levy of tax amounting to Rs. 4.23 crore for the periods varying from July 1994 to March 2000.

On this being pointed out (between September 1998 and March 1999), the concerned authorities agreed (between September 1998 and March 2000) to initiate action to realise the tax. Report on realisation has not been received (October 2000).

The cases were reported to Government between December 1998 and July 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

### **7.03 Failure to realise composition money**

Under the Bengal Amusements Tax Act, 1922 and the Rules framed thereunder, every proprietor of a cinema house shall submit to the assessing authority a return in the prescribed form showing the details of shows and tax collected for each week by Tuesday immediately following the week to which the return relates. If the proprietor fails to furnish the returns within the prescribed period, a sum not exceeding rupees one thousand or double the amount of tax payable, whichever is greater, may be recovered by way of composition money for such offence.

Scrutiny of records relating to amusements tax in respect of 9 district authorities<sup>1</sup> revealed (between December 1991 and February 1999) that the proprietors of 12 cinema houses delayed/defaulted in payment of tax and 56 cinema houses delayed/defaulted in submission of weekly returns for various weekly periods between January 1990 and March 1998. Accordingly, the proprietors were liable to pay composition money amounting to Rs. 184.88 lakh equivalent to double the amount of tax. This was, however, not levied and realised.

On this being pointed out (between December 1991 and February 1999), all the district authorities, except Calcutta, stated (between September 1997 and January 2000) that necessary action was being taken for realisation of Government dues.

The cases were reported to Government between January 1992 and May 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

### **7.04 Non-realisation of tax from owners of cable television network in hotels**

Under the West Bengal Entertainment-cum-Amusements Tax Act, 1982, holder of a VCP/VCR/Television set receiving the signal of any telecast through dish antenna and making arrangements for exhibition of such programme to customers through cable television network against payment, is liable to pay a luxury-cum-entertainment and amusements tax at the rate of rupees seven hundred fifty per week per set for places other than Calcutta. For delayed/non-payment of tax penalty at the rate of rupees ten per month for the period of default is payable.

<sup>1</sup>Bankura, Burdwan, Calcutta, Cooch Behar, Jalpaiguri, Malda, Murshidabad, North 24-Parganas and Purulia.

Scrutiny of records relating to amusements tax in the Agricultural Income Tax Office, Malda district revealed (December 1999) that 6 hotels/lodges receiving signals through dish antenna and having provisions for exhibition of performances, films or any other programmes through cable television network for their customers against payment, defaulted in making payment of tax for 1997-98 and 1998-99. The Agricultural Income Tax Officer, Malda did not assess/levy the dues amounting to Rs. 4.68 lakh. Penalty for non-payment up to March 1999 worked out to Rs. 3.28 lakh.

On this being pointed out (December 1999), the departmental authorities agreed (December 1999) to issue demand notice. Report on final action taken has not been received (October 2000).

The case was reported to Government in March 2000 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

#### **7.05 Incorrect exemption of tax on service charges realised by proprietor of a cinema hall**

A claim for exemption from payment of entertainment tax shall be admissible to a proprietor of cinematograph exhibition in a cinema hall if he proves to the satisfaction of the prescribed authority by submission of periodical returns that the sum realised from the viewers separately by way of additional service charge has been fully utilised or that adequate provision has been made in his books of accounts for the purpose for which it has been realised. The Collector or any other authorised officer is empowered to inspect the books of accounts and to obtain such returns as may be prescribed. If the proprietor fails to furnish the prescribed returns within the prescribed period, he shall be punishable by way of composition of such offence with a sum not exceeding rupees one thousand or double the amount of tax payable, whichever is greater.

Scrutiny of records relating to amusements tax of the Collector, Darjeeling revealed (June 1998) that a cinema hall owner collected Rs. 2.89 lakh on account of service charges during the year 1997-98. He did not submit any accounts of service charges for the year. Though permission was given by the competent authority to collect the service charges, the assessing authorities had neither initiated any action to obtain returns of utilisation of service charges nor conducted any inspection for its proper utilisation. On the other hand, the licence was renewed during 1998-99 though accounts were not submitted. Tax amounting to Rs. 2.31 lakh calculated at the average rate of 80 per cent was leviable on the service charges. Accordingly, the proprietor was liable to pay composition money amounting to Rs. 4.63 lakh. This was, however, not levied and realised.

On this being pointed out (June 1998), the department stated (June 1998) that necessary action would be taken after examining the matter. Report on further development has not been received (October 2000).

The matter was reported to Government in September 1998 followed by reminders issued up to July 2000; their reply has not been received (October 2000).





## CHAPTER 8

### ELECTRICITY DUTY

#### **8.01 Results of audit**

Test check of records of electricity duty conducted in audit during the year 1999-2000, revealed underassessments etc of tax amounting to Rs. 576.80 lakh in 21 cases, which broadly fall under the following categories:

*(Rupees in lakh)*

Sl. No.	Categories	No. of cases	Amount
1.	Non-assessment/non-realisation of electricity duty	11	142.20
2.	Short realisation of electricity duty	3	30.18
3.	Non-submission of returns	2	254.32
4.	Other cases	5	150.10
<b>Total</b>		<b>21</b>	<b>576.80</b>

During the course of the year 1999-2000, the concerned department accepted underassessments etc of Rs. 852.04 lakh involved in 23 cases of which 7 cases involving Rs. 20.07 lakh had been pointed out in audit during the year 1999-2000 and the rest in earlier years.

A few illustrative cases involving Rs. 72.21 lakh highlighting important observations are given in the following paragraphs.

#### **8.02 Inaction to assess electricity duty**

Under the provisions of the West Bengal Duty on Inter-State River Valley Authority Electricity Rules, 1973, where a consumer of energy supplied by inter-State river valley authority fails to pay electricity duty for any period, the assessing authority may ask the defaulter for production of necessary data and assess duty on the basis of data furnished by the consumer.

Scrutiny of records of the Chief Electrical Inspector, West Bengal revealed (November 1999) that Hindustan Cables Limited (Burdwan district) did not pay electricity duty during the period from 1 April 1998 to 31 July 1999. The Chief Electrical Inspector, West Bengal did not initiate any action to call for the data and assess the dues. This resulted in blocking of revenue of Rs. 53.87 lakh.

On this being pointed out (November 1999), the Chief Electrical Inspector, West Bengal stated (March 2000) that proposal for assessment of arrear electricity duty had been sent (December 1999) to the Collector, Burdwan. Report on final action taken has not been received (October 2000).

The case was reported to Government in December 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

### **B.03 Failure to levy interest for delayed payment of duty**

In terms of notification dated 31 March 1995 issued under the Bengal Electricity Duty Act, 1935, where a licensee fails to pay electricity duty by the prescribed date, he shall pay a simple interest at the rate of two per cent for each month of default from 1 April 1995.

Scrutiny of records of 4 Collectorates<sup>1</sup> revealed that 4 licensees deposited (between November 1997 and November 1999) electricity duty amounting to Rs. 44.24 lakh payable for various periods of consumption between 1 April 1995 and 1 March 1999 after lapse of 4 to 30 months. Interest of Rs. 18.34 lakh as per the provisions of the Act was not levied.

On this being pointed out (between November 1999 and January 2000), the Collectors of Darjeeling and Jalpaiguri districts stated (between November 1999 and January 2000) that the Inspecting Officer would be asked to assess the interest and raise demand. Report on final action taken has not been received (October 2000).

The cases were reported to Government between January and March 2000 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

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<sup>1</sup>Darjeeling, Hooghly, Jalpaiguri and Malda.

## CHAPTER 9

### OTHER TAX RECEIPTS

#### 9.01 Results of audit

Test check of records in the offices dealing with assessments, collection and realisation of other tax receipts, namely, Professions Tax, Stamp Duty and Registration Fees and Agricultural Income Tax, conducted in audit during the year 1999-2000, revealed underassessments/short levy of revenue amounting to Rs. 1824.40 lakh in 126 cases as indicated below:

*(Rupees in lakh)*

Sl. No.	Categories	No. of cases	Amount
1.	Professions tax	26	604.72
2.	Stamp duty and Registration fees	93	571.26
3.	Agricultural income tax	7	648.42
<b>Total</b>		<b>126</b>	<b>1824.40</b>

During the course of the year 1999-2000, the concerned department accepted underassessments etc of Rs. 678.67 lakh involved in 90 cases of which 79 cases involving Rs. 663.01 lakh had been pointed out in audit during the year 1999-2000 and the rest in earlier years.

A few illustrative cases involving Rs. 266.73 lakh highlighting important observations on Stamp Duty and Registration Fees are given in the following paragraphs.

#### STAMP DUTY AND REGISTRATION FEES

#### 9.02 Evasion of stamp duty and registration fees

Under the Registration Act, 1908, the Registrar of a district in which a Presidency town is included and the Registrar of Delhi may receive and register any document without regard to the situation in any part of India of the property to which the document relates. Copies of such documents and of the endorsements and certificates thereon are to be forwarded to every Registrar within whose district any part of the property to which the instrument related is situated.

Under the Indian Stamp Act, 1899, where any instrument has become chargeable in any part of India, other than West Bengal becomes chargeable to duty in West Bengal, the amount of duty chargeable on such instrument shall be the amount, chargeable on it at prescribed rates, less the amount of duty, if any, already paid on

it in the State in which the instrument was registered. In terms of the West Bengal Stamp (Prevention of Undervaluation of Instruments) Rules, 1994, the market value in relation to any land shall be determined on the basis of the highest price for which sale of any land of similar nature and area, in a comparable locality has been settled during the five consecutive years immediately preceding the date of execution of any instrument.

Verification of 298 transfer documents in the office of the Collector, North 24-Parganas registered in Delhi between September 1994 and November 1996 in respect of properties mostly situated in Calcutta metropolitan under the jurisdiction of the District Registrar, North 24-Parganas revealed (December 1999) that the value of properties set forth therein was lower than the market value of the properties of similar nature and description in the respective areas in the district as determined by the registering authorities. The rates of stamp duty applicable in Delhi are also lower than those in West Bengal. The Collector, North 24-Parganas did not initiate any action for assessment and realisation of the deficit stamp duty and registration fees in respect of the said documents (received during the period between February 1995 and January 1997) though a period of 3 to 5 years has elapsed since the cases were referred to him by the District Registrar for correct valuation. The undervaluation of the properties worked out to Rs. 12.70 crore and evasion of stamp duty and registration fees amounted to Rs. 1.67 crore. A list of top ten cases involving such evasion has been shown in the table below by way of illustration.

(Rupees)

Sl. No.	Deed No. & date of registration	Value of the property in North 24-Parganas	Value set forth in the deeds	Evasion of Stamp Duty	Evasion of Registration Fees
1.	2873 dt. 06.11.1996	18,43,750	45,000	9,19,650	20,161
2.	1767 dt. 21.06.1996	52,29,167	2,00,000	5,16,917	57,407
3.	2893 dt. 20.10.1995	42,75,000	7,33,333	4,05,480	46,902
4.	2895 dt. 20.10.1995	42,75,000	7,33,333	4,05,480	46,902
5.	2477 dt. 08.08.1995	47,41,818	4,95,000	2,22,240	52,039
6.	1091 dt. 03.04.1996	22,50,000	4,05,000	2,12,800	24,627
7.	1089 dt. 03.04.1996	22,50,000	4,05,000	2,12,800	24,627
8.	1090 dt. 03.04.1996	22,50,000	4,05,000	2,12,800	24,627
9.	195 dt. 12.01.1996	21,25,000	3,50,000	2,02,000	23,252
10.	1528 dt. 24.05.1996	16,08,750	1,00,000	1,57,875	17,575

On this being pointed out (December 1999), the Collector, North 24-Parganas stated (May 2000) that steps were being taken to expedite the pending cases.

The case was reported to Government in February 2000 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

### 9.03 Non-realisation of deficit stamp duty and registration fees

Under the Indian Stamp Act, 1899 as applicable in West Bengal, read with departmental circulars issued in July 1998, where the registering authority had reason to believe that the market value of the property had not been truly set forth in the document presented for registration, he is authorised to accept such document subject to determination of market value and after assessment of the market value, issue notice to the party for payment of the deficit stamp duty and registration fees within thirty days. In the event of non-payment within the stipulated period of thirty days, the case is to be referred to the district Collector within fifteen days for final determination of market value of the property and collection of the deficit stamp duty and registration fees.

Scrutiny of records of 23 registration offices in 8 districts revealed (between September 1996 and July 1999) non-realisation of deficit stamp duty and registration fees amounting to Rs. 60.03 lakh as follows:

(Rupees in lakh)

Sl. No.	Names of the registration offices with districts	Period from which pending (No. of deeds)	Assessable market value (Value set forth in the deeds)	Nature of irregularity	Amount of deficit stamp duty (registration fees)	Departmental reply
1.	Additional District Sub-Registrars, Alipore and Behala in South 24-Parganas district and Additional District Sub-Registrar, Domjur in Howrah district	Between August 1994 and August 1998 (104)	392.41 (88.83)	After registration the documents are pending with the Collector for assessment and collection of deficit stamp duty	31.50 (3.22)	Registering authorities stated (between September 1996 and August 1999) that the matter would be taken up with the Collectors for realisation of deficit stamp duty.
2.	Additional District Sub-Registrars, Bidhannagar and Cossipore, North 24-Parganas district	Between December 1993 and March 1996 (106)	107.84 (32.39)	Pending for registration. No action taken for realisation of deficit stamp duty	7.72 (1.20)	Assessing authorities stated (February 1999) that the matter was under process.
3.	18 Registration Offices in Burdwan, Darjeeling, Hooghly, Howrah, Nadia, North 24-Parganas, Purulia and South 24-Parganas districts	Between February 1994 and November 1996 (104)	249.39 (108.79)	Deeds registered without pointing out the undervaluation	14.89 (1.50)	Department admitted (between September 1996 and February 1998) the omission.

The cases were reported to Government between December 1996 and September 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

#### **9.04 Short levy of stamp duty due to misclassification of deeds**

(a) Under the provisions of the Indian Stamp Act, 1899, any instrument by which tolls of any descriptions are let, is a lease deed.

Scrutiny of records accordingly relating to collection of tolls on 4 bridges and one Expressway revealed (between February and May 2000) that the Executive Engineers of 5 divisions<sup>1</sup> entered into annual agreements with private parties for the periods varying between 1 July 1992 and 16 June 2000 for collection of tolls on the basis of open bidding. The agreements contained the terms and conditions of tolls, mode of payment of lease rent etc to the State Government and hence were required to be classified as lease deeds. However, the Executive Engineers had incorrectly treated the deeds as agreements instead of lease deeds. This resulted in short levy of stamp duty to the extent of Rs 34.43 lakh.

Government, to whom the cases were reported in May 2000, stated (August 2000) that proper stamp duty could not be realised because of ignorance of the engineering officers.

(b) Under the Indian Stamp Act, 1899, mortgage deed includes every instrument whereby, for the purpose of securing money advanced or to be advanced, by way of loan or an existing or future debt etc, one person transfers or creates in favour of another a right over or in respect of a specified property. It has been judicially held<sup>2</sup> that an instrument evidencing an agreement to secure the payment of a loan upon the deposit of a title deed and to give the mortgagee a right to call upon the mortgagor at any time to execute a mortgage in favour of the mortgagee is a mortgage deed.

Scrutiny of records of the Sub-Registrar, Kaliaganj, Uttar Dinajpur district revealed (August 1999) that according to the recitals of 25 instruments registered between December 1988 and March 1999 as power of attorney, State Bank of India, Serampore and Kaliaganj Branches agreed to advance loans of Rs. 88.85 lakh to different parties. The loanees agreed to execute first legal mortgage of their properties in favour of the bank as security for loans together with interest. The loanees also agreed to deposit with the bank the title deeds of their respective properties against which the loans were advanced and to execute irrevocable 'power of attorney' to the bank authorising them to execute for and on behalf of the mortgagees in the event of default in repayment of the loan. The loanees thus, created through these instruments, mortgages of their respective properties in favour of the bank. From the very nature of the recitals the instruments merited to be classified as 'Mortgage' instead of 'Power of attorney'. Such misclassification of deeds resulted in short realisation of stamp duty and registration fees amounting to Rs. 5.27 lakh.

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<sup>1</sup>Burdwan Highway Division I, Burdwan Highway Division III, Durgapur Expressway Construction Division I, Haldia Construction Division and Hooghly Highway Division II.

<sup>2</sup>Kumar Kamala Ranjan Roy. In re. A9 ILR (1937) 2 Cal 486:41 CWN 961 (FB).

On this being pointed out (between September 1996 and August 1999), the registering authority stated (between August 1999 and July 2000) that the matter was being sent to the higher authority. Report on final action taken has not been received (October 2000).

Government, to whom the cases were reported between January 1997 and December 1999, stated (September 2000) that steps were being taken for realisation of deficit stamp duty. Report on realisation has not been received (October 2000).





## CHAPTER 10

### MINES AND MINERALS

#### 10.01 Results of audit

Test check of records relating to mines and minerals under different land reforms block offices and offices of the Cess Deputy Collector, Chief Mining Officer and other mining officers, conducted in audit during the year 1999-2000, revealed underassessments, non-realisation and short realisation of revenue amounting to Rs. 47875.10 lakh in 66 cases, which broadly fall under the following categories:

*(Rupees in lakh)*

Sl. No.	Categories	Number of cases	Amount
1.	Non-assessment/non-realisation of surface rent and dead rent	13	95.53
2.	Non-assessment/non-realisation of royalty	15	79.56
3.	Non/short assessment of price of minerals	15	63.89
4.	Non/short assessment of cess on major/minor minerals	12	22.29
5.	Other cases	11	47613.83
<b>Total:</b>		<b>66</b>	<b>47875.10</b>

During the course of the year 1999-2000, the concerned department accepted underassessments etc of Rs. 47351.26 lakh involved in 59 cases of which 48 cases involving Rs. 47330.34 lakh had been pointed out in audit during the year 1999-2000 and the rest in earlier years.

The results of a review on 'Administration of royalty and cess on coal' and a few illustrative cases of important observations involving financial effect of Rs. 46960.14 lakh are given in the following paragraphs.

#### 10.02 Administration of royalty and cess on coal

The findings of a study on the system of assessment, collection and recovery of coal mining dues and its effectiveness are described here.

#### Highlights

- (i) **The Chief Mining Officer failed to impose penalty on unauthorised extraction of coal valuing Rs. 382.65 crore.**

**[Paragraph 10.02.04]**

**(ii) Two coal mines evaded Rs. 77.72 crore towards RE/PE cesses by non-submission or faulty submission of returns.**

**[Paragraph 10.02.05(i)]**

**(iii) Interest is leviable on the amount of certificate demand made by requisitioning officer up to the date of filing requisition but interest of Rs. 3.37 crore was not included in the certificate demand resulting in loss of revenue of an equivalent amount.**

**[Paragraph 10.02.08]**

**(iv) The Certificate Officer, Asansol did not issue initial notice in 44 cases within the prescribed period of 12 years leading to the cases becoming time barred and loss of revenue of Rs. 15.45 crore.**

**[Paragraph 10.02.09]**

### **10.02.01 Introduction**

Under the Constitution of India, the States are the owners of the minerals and are entitled to royalty on the minerals mined. Coal is one of the major minerals available in West Bengal. In terms of Section 9 of the Mines and Minerals (Regulation and Development) Act, 1957, the holder of mining lease shall pay royalty in respect of any minerals removed/consumed. The Mineral Concession Rules, 1960 is also applicable in respect of administration of coal mining.

Receipts from coal comprise of royalty, dead rent, surface rent, price for unauthorised extraction, interest for delayed payment and water rates. Besides, under the Cess Act, 1880, Road cess and Public Work (PW) cess are leviable at the aggregate rate of one rupee<sup>1</sup> per tonne of coal extracted and despatched. The West Bengal Primary Education Act, 1973 and the West Bengal Rural Employment and Production Act, 1976 as amended levy at prescribed rates Primary Education (PE) cess and Rural Employment (RE) cess on coal *ad valorem*. Outstanding dues are recoverable under the Public Demands Recovery Act, 1913.

### **10.02.02 Organisational set up**

The Director of Mines and Minerals under the control of the Commerce and Industries Department (Mines Branch) is the administrative head of Mining Estate Branch of the State. Governance of revenue on coal involves various wings of State Government as under:

- (i) Assessment of royalty and dead rent is made by the Chief Mining Officer (CMO), Asansol under the Commerce and Industries Department.

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<sup>1</sup>Road cess and Public Work cess at 50 paise each.

- (ii) Assessment and collection of surface rent and Road cess and PW cess on coal is done by the Cess Deputy Collector, Asansol. He is also the collecting officer of royalty and dead rent in respect of Burdwan district. All the wings are under the Land and Land Reforms Department.
- (iii) The RE and PE cesses on coal are assessed and collected by the Assistant Commissioner, Commercial Taxes, Asansol charge under the Finance Department of Government of West Bengal.

### **10.02.03 Scope of audit**

A review on the general efficiency of the enforcement and administration of various provisions of the Acts/Rules for levy and collection of royalty on coal, dead rent and assessment and collection of surface rent and cesses was undertaken during January-February 2000. For this purpose records of the Assistant Commissioner, Commercial Taxes, Asansol charge, Chief Mining Officer, Asansol, Cess Deputy Collector, Asansol and the Certificate Officer, Asansol for the years from 1997-98 to 1999-2000 (up to December 1999) were reviewed.

### **10.02.04 Short levy of revenue due to unauthorised extraction of coal**

Under the provisions of the Mines and Minerals (Regulation and Development) Act, 1957, no person shall undertake any mining operation in any area except under the authority of valid mining lease. In the event of unauthorised extraction/mining of major mineral, apart from other penal action, the State Government is empowered to recover either the mineral raised unlawfully or where such minerals have already been disposed of, the price thereof and may also recover rent, royalty or tax as the case may be.

(a) Scrutiny of records of the Chief Mining Officer, Asansol and the Director of Mines, West Bengal revealed that Eastern Coalfields Ltd. (ECL) unauthorisedly extracted and despatched 54.92 lakh tonnes of coal during 1995-96 to 1997-98 from the *mouzas* of Sonpur and Bazari in Burdwan district which were outside the leasehold area. Though royalty had been assessed for the said period, price of coal had not been assessed and demanded as penalty which was leviable since the extraction was unlawful. This led to loss of Rs. 29766.64 lakh calculated at the minimum prevailing average price of Rs. 542 per tonne. Unauthorised extraction of coal beyond 1997-98 could not be calculated as the production figures were not segregated *mouza*-wise.

(b) Under the provisions of the Coal Bearing Areas (Acquisition and Development) Act, 1957, the Central Government may give notice of its intention to prospect for coal in the land where the coal is likely to be obtained. A declaration should be made for acquiring the land belonging to the State Government after consultation with the State Government. The Central Government may direct vesting of land or rights in Government company by issue of a Gazette notification. As the Government of India issued notification dated 25 July 1998 acquiring 520.44 hectares of coal bearing land in Burdwan district under the Act, ECL

became the lessee of the State Government from 25 July 1998 in respect of the listed *mouzas* including Laudoha and Shirsha *mouzas*, in consideration of a proposal initiated in August 1996.

Scrutiny of records revealed that in the *mouzas* of Laudoha and Shirsha in Jhanjra area, ECL had extracted 15.68 lakh tonnes of coal during 1994-95 to 1995-96 unauthorisedly. Though royalty was charged, penalty equivalent to price of coal was not levied which worked out to Rs. 8498.56 lakh at the rate stated above.

On this being pointed out, the Chief Mining Officer, Asansol stated that the matter had already been referred to Government and it had been decided to bring it to the notice of the Government of India.

#### ***10.02.05 Assessment and collection of cesses***

##### ***(i) Non-payment of cesses***

The West Bengal Rural Employment and Production Rules, 1976 provide for furnishing of a declaration by the assessee each year showing the annual value of coal produced and amount of RE/PE cess payable for such year within thirty days of commencement of such year in the office of the appropriate Commercial Tax Officer. Every owner of the coal bearing land shall be liable to pay each month one-twelfth of annual cess payable to appropriate treasury within twentyfive days of expiry of the month.

Cross-verification of returns submitted to the CMO for the period from April 1996 to March 1999 with those of the Commercial Taxes Directorate under the Finance Department of Government of West Bengal revealed that 2 companies did not furnish any return to the Commercial Tax Officer showing PE and RE cesses payable. Scrutiny revealed that total production of coal by the companies during the period was at 33.71 lakh tonnes and PE and RE cesses payable worked out to Rs. 77.72 crore.

##### ***(ii) Underassessment of RE and PE cesses***

(a) According to the amended provisions from 1 April 1992, RE cess and PE cess should be paid on the value of coal raised. Scrutiny of records of the Assistant Commissioner, Commercial Taxes, Asansol charge for the assessment period 1992-93 and 1993-94 revealed that Bharat Coking Coal Ltd. (BCCL) was allowed incorrect exemption of Rs. 256.41 lakh as quality deduction and of Rs. 63.29 lakh as estimated loss on stock of coal from the annual value of coal. The unauthorised exemption resulted in underassessment of RE cess and PE cess to the minimum extent of Rs. 127 lakh.

(b) In the assessment order for the period for 1994-95, the assessing officer determined the annual value of coal raised by BCCL at Rs. 3732.95 lakh at hearing stage of an appeal preferred by the assessee against original assessment. But during submission of return for 1996-97, a revised return for 1994-95 was furnished by the dealer indicating Rs. 4482.63 lakh as annual value of coal. The assessing officer failed to revise the assessment for 1994-95 even after receiving the revised return.

The underassessment of RE and PE cesses worked out to Rs. 300 lakh on the difference of annual value of coal of Rs. 749.68 lakh.

*(iii) Non-assessment of PW and Road cesses*

As per the definition of despatch given in the Cess Act, 1880 and in the light of judicial pronouncement<sup>2</sup>, removal of coal from the seam in the mine and extracting the same through the pits mouth to the surface will be construed as despatch. Once it is removed through the pit head to the surface, coal required for excess colliery consumption and boiler consumption is liable for payment of cess under the Cess Act.

Cross-verification of records of the Cess Deputy Collector, Asansol with those of the Chief Mining Officer, Asansol revealed that 16.32 lakh tonnes of coal used for boiler consumption and excess colliery consumption during 1993-99 were not assessed to cess and consequently PW and Road cesses of Rs. 16.32 lakh as per the average price arrived at was not demanded from ECL.

***10.02.06 Non-assessment of surface rent, cess on surface rent and dead rent***

Under the provisions of the West Bengal Estates Acquisition Act, 1953 as amended in 1977 read with the Mineral Concession Rules, 1960, a mining lessee shall pay surface rent at rupees fortyfive per acre per annum in respect of all parts of surface land used by him for the purpose of mining operation. Cesses at prescribed rates are also leviable on surface rent and dead rent.

Scrutiny of records of the Cess Deputy Collector, Asansol revealed that surface rent was not assessed and realised in respect of Eastern Coalfields Limited (ECL), Bharat Coking Coal Limited (BCCL), Indian Iron and Steel Company Limited (IISCO) and Bengal EMTA Coal Mines Limited (EMTA) during the period between 1995-96 and 1998-99. This resulted in non-assessment and non-realisation of surface rent amounting to Rs. 15.85 lakh. Cesses to the extent of Rs. 13.96 lakh leviable on surface rent were also not assessed and realised.

Scrutiny of records also revealed that though demand for dead rent of Rs. 59.17 lakh was made for the period from May 1997 to April 1999 against ECL, cess thereon amounting to Rs. 50.89 lakh was not assessed and demanded by the Cess Deputy Collector, Asansol.

On these being pointed out, the Cess Deputy Collector issued (February 2000) demand notice in respect of ECL and BCCL.

***10.02.07 Non-levy of interest for delayed payment of mining dues***

Under the provisions of the Mineral Concession Rules, 1960, mining dues on minerals other than minor minerals including royalty etc relating to quarters ending

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<sup>2</sup>National Coal Development Corporation Ltd. Vs. State of Orissa and others (AIR 1976 Orissa 159).

March, June, September and December every year are required to be paid by the first day of the respective succeeding month. If the quarterly dues remain unpaid on the expiry of the sixtieth day from the due date, simple interest at twentyfour per cent per annum (from April 1991) is chargeable till the date of payment.

Test check of records of the Cess Deputy Collector, Asansol revealed that ECL delayed payment of mining dues ranging from one to 3 months between June 1997 and March 1999. But interest amounting to Rs. 51.71 lakh was not levied.

On this being pointed out, the Cess Deputy Collector issued (August 1999) demand notice.

#### ***10.02.08 Non-inclusion of interest in the certificate requisition***

According to the instructions issued by the Board of Revenue, interest from the date when the revenue became due to the date of filing the certificate will be included for such certificate demand.

(a) Scrutiny of records of the Cess Deputy Collector, Asansol revealed that a certificate demand was issued (November 1999) against the Chairman, ECL for an amount of Rs. 176.75 lakh on account of dead rent from May 1973 up to 1996-97. But interest of Rs. 169.39 lakh from May 1973 up to the date of initiating certificate proceedings had not been included in the demand.

On this being pointed out, the Cess Deputy Collector confirmed the fact and stated that revised certificate demand would be issued accordingly.

(b) In Burdwan district, it was noticed (August 1999) that a certificate demand was filed (September 1998) in the office of the Certificate Officer, Asansol by the Additional District Magistrate, Asansol against one fire clay mining lessee for non-payment of dues of Rs. 144.63 lakh pertaining to the period but the element of interest of Rs. 168.07 lakh for the period from June 1978 to August 1998 was not included in the certificate demand. This resulted in loss of revenue of Rs. 168.07 lakh.

On this being pointed out (August 1999), the Cess Deputy Collector, Asansol stated (February 2000) that a revised demand was being issued to the certificate officer.

The Additional District Magistrate, Asansol stated (June 2000) that the amount of interest had been included in the demand notice of February 2000. Report on realisation has not been received (October 2000).

#### ***10.02.09 Loss due to lack of internal controls***

Under the Public Demands Recovery Act, 1913, a demand is required to be made within twelve years from the date of signing the certificate. The execution will be barred by limitation, if not enforced within such period.

Scrutiny of records of the Certificate Officer, Asansol revealed that 54 cases amounting to Rs. 3369.27 lakh were requisitioned by the Additional District Magistrate (Land Reforms), Asansol for realisation. Although cases were more than 5 to 25 years old as shown below, the department failed to issue even the initial notices against the defaulters:

(Rupees in lakh)

Period	No. of cases	Amount involved	<u>Maximum</u> <u>Minimum amount</u>
1973-74 to 1979-80	34	1094.29	<u>491.67</u> 1.01
1980-81 to 1984-85	10	450.30	<u>94.66</u> 1.08
1990-91 to 1994-95	1	543.29	543.29
1995-96 to 1999-2000	9	1281.39	<u>480.71</u> 2.73
<b>Total :</b>	<b>54</b>	<b>3369.27</b>	

Rs. 1544.58 lakh in 44 cases out of the total amount of Rs. 3369.27 lakh, was barred by limitation of time.

All the foregoing observations were reported to Government in March 2000 followed by reminder issued in July 2000; their reply has not been received (October 2000).

### **10.03 Non-assessment of cess on dead rent**

In Burdwan district, it was noticed (August 1999) that one fireclay mining lessee was in occupation of 7926 hectares of land from 1 April 1997 to 14 March 1998. The Chief Mining Officer, Asansol assessed (March 1998) dead rent at the rate of Rs. 150 per hectare amounting to Rs. 11.34 lakh but cesses due on the dead rent were not assessed and realised. This resulted in non-assessment and non-realisation of cesses of Rs. 9.75 lakh.

On this being pointed out (August 1999), the Additional District Magistrate, Asansol stated (June 2000) that a demand had been raised in March 2000. Report on realisation has not been received (October 2000).

The case was reported to Government in November 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).





## CHAPTER 11

### FOREST RECEIPTS

#### **11.01 Results of audit**

Test check of records of forest receipts maintained in different divisional forest offices, conducted in audit during the year 1999-2000, revealed non/short realisation of revenue amounting to Rs. 26.46 lakh in 13 cases, which broadly fall under the following categories:

*(Rupees in lakh)*

Sl. No.	Categories	No. of cases	Amount
1.	Non/short realisation of revenue	7	12.24
2.	Short realisation of royalty	1	6.69
3.	Loss of revenue	1	2.12
4.	Other cases	4	5.41
<b>Total</b>		<b>13</b>	<b>26.46</b>

During the course of the year 1999-2000, the department accepted under-assessments etc of Rs. 1.77 lakh involved in 3 cases of which 2 cases involving Rs. 0.82 lakh had been pointed out in audit during the year 1999-2000 and the rest in earlier years.

A few illustrative cases involving Rs. 46.88 lakh highlighting important observations are given in the following paragraphs.

#### **11.02 Non-realisation of price of timber**

According to the procedure for disposal of forest produce prescribed in the Government order of January 1977, allotment sale of timber to Government undertakings and other wood based industries is required to be made on cash and carry basis at the rates fixed by the State Price Fixation Committee. The Principal Chief Conservator of Forests in his circular issued in November 1990 directed all the Divisional Forest Officers (DFO) to follow the said procedure strictly and not to allow lifting of any produce without realisation of royalty.

Scrutiny of records of the DFO, Cooch Behar and DFO, Jalpaiguri revealed (March and May 1999) that the divisions allowed 902.340 cum of different types of plywood timbers to be lifted by the West Bengal Plywood and Allied Products Ltd. (WBPAP) between the years 1996-97 and 1998-99 without payment of royalty. Failure of the department to observe cash and carry system resulted in non-recovery of revenue of Rs. 27.74 lakh. Further, no interest could be realised in the absence of provisions in the Government order and interest up to March 1999 worked out to be Rs. 3.20 lakh calculated at the rate of 11.55 per cent (average borrowing rate for the period from 1996-97 to 1998-99).

On this being pointed out (March and May 1999), the DFO, Jalpaiguri stated (May 1999) that the WBPAP was allowed deferred payment of dues as per Government order dated 5 March 1993. The reply is not tenable since the deferred payment was allowed under the said order for that year only. The DFO, Cooch Behar stated (March 1999) that reminders had been issued for payment of outstanding bills.

The cases were reported to Government between May and July 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

### **11.03 Short realisation of revenue**

According to the existing procedure, any sale of timber to the WBFDC in excess of allotted quantity by the State Price Fixation Committee is liable to be charged at market price.

Scrutiny of records of the DFO, Kurseong revealed (March 1999) that the division allowed the WBFDC to lift 680.935 cum *sal* timber against the allotment order of 400 cum for the financial year 1996-97. The WBFDC paid royalty at the concessional rate of Rs. 4,000 per cum for the entire quantity of *sal* timber lifted. The DFO neither obtained any sanction for excess allotment of timber nor issued any demand notice for payment of royalty at market price for the excess quantity of timber lifted. This resulted in short realisation of revenue amounting to Rs. 15.94 lakh computed on the basis of average divisional auction price at which timber was sold to other parties.

On this being pointed out (March 1999), the DFO stated (January 2000) that the matter had been referred to the WBFDC. Report on final action taken has not been received (October 2000).

The case was reported to Government in April 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

## CHAPTER 12

### OTHER NON-TAX RECEIPTS

#### 12.01 Results of audit

Test check of records relating to revenue of Water Investigation and Development, Irrigation and Waterways, Public Works, Municipal Affairs, Home (Police) and Fisheries departments, conducted during the year 1999-2000, revealed non/short realisation of revenue amounting to Rs. 24247.81 lakh in 44 cases, which broadly fall under the following categories:

(Rupees in lakh)

Sl. No.	Categories	No. of cases	Amount
1.	Irrigation and Waterways	28	419.44
2.	Home (Police)	3	119.37
3.	Public Works	10	8.45
4.	Water Investigation and Development	1	22966.24
5.	Fisheries	1	713.02
6.	Municipal Affairs	1	21.29
<b>Total</b>		<b>44</b>	<b>24247.81</b>

During the course of the year 1999-2000, the concerned departments accepted non/short realisation of revenue of Rs. 19376.12 lakh involved in 23 cases. All the cases had been pointed out in audit during the year 1999-2000.

A few illustrative cases involving Rs. 12381.93 lakh highlighting important observations are given in the following paragraphs.

#### A—WATER INVESTIGATION AND DEVELOPMENT

#### 12.02 Receipts from minor irrigation

The findings of a study on the system of assessment, collection and recovery of water rate under minor irrigation and its effectiveness and deficiencies are described here along with some specific suggestions.

#### Highlights

(i) There was no fair balance between the collection of water tax vis-a-vis expenses on operation and maintenance and cost of collection, shortfall being Rs. 12011.84 lakh during the period from 1994-95 to 1998-99.

[Paragraph 12.02.05]

(ii) Non-utilisation of potential created resulted in loss of revenue to the extent of Rs. 5235.32 lakh.

[Paragraph 12.02.06]

(iii) Failure to impose development fee led to loss of revenue of Rs. 4405.80 lakh.

[Paragraph 12.02.07]

**(iv) Failure to levy water tax in respect of minor surface irrigation resulted in loss of Rs. 142.48 lakh.**

**[Paragraph 12.02.08]**

### ***12.02.01 Introduction***

According to the criteria laid down by the Planning Commission, an irrigation scheme having culturable command area (CCA) up to 2000 hectares is classified as "minor irrigation scheme".

The minor irrigation schemes are controlled and managed by the Water Investigation and Development Department. The activities of the Department consist of investigation, assessment and development of surface water and ground water. There are two kinds of fees viz. Development Fee and Users' Fee from tubewells governed by the West Bengal State Tubewell and Lift Irrigation Act, 1974. The development fee designed to reimburse the capital cost, has not yet been implemented while users' fee is levied in the name of water tax. The levy of water tax for supply of water from tanks is governed by the Bengal Tank Improvement Act, 1939 and rules made thereunder. All arrears of the water tax together with interest are recoverable under the Public Demands Recovery Act, 1913.

### ***12.02.02 Organisational set up***

The Principal Secretary to the Government of West Bengal, Water Investigation and Development Department is the administrative head exercising overall control in respect of levy and collection of water tax in the State. The Water Resources Directorate exercises overall control on works and irrigation. The Directorate is assisted by Superintending Engineers of the respective irrigation Circles and by Executive Engineers at the Divisional levels. The Block Development Officer is responsible for assessment and collection of water tax in the command area within his jurisdiction under the Act of 1974. The Tank Improvement Collector under the control of the Collector of the district assesses and collects water tax under the Bengal Tank Improvement Act, 1939.

### ***12.02.03 Scope of audit***

A review was conducted on the 'Receipts from minor irrigation' between May 1999 and May 2000 with a view to verifying the position of revenue, its assessment, collection and other related aspects. For this purpose, records for the period from 1994-95 to 1998-99 of 6 Engineering Circles out of 10, 19 Divisional Engineering offices out of 43, 33 Block Development offices out of 153 and 7 Tank Improvement Collectors of 7 districts out of 18 were taken up. Besides, the records of the Water Resources Directorate and those of the Department were also test checked. Records of prior period where considered necessary were also examined.

### ***12.02.04 Non-observance of the prescribed procedure in assessment and collection of water tax***

According to the provisions of the Act, 1974, the Project Authority (Block Development Officer) shall issue demand notice in the prescribed form to the

persons whose names appear in the statement published under Section 8 requiring him to pay the levy by such date/dates as may be specified in the notice. However, as per manualised procedure the cultivator has to deposit the water tax in advance with the BDO on the basis of his requisition slip indicating the area to be irrigated. It was noticed that this procedure was not followed.

On this being pointed out in audit, the department admitted the lapses and agreed to rectify the defects.

**12.02.05 Collection of water tax vis-a-vis operation and maintenance expenditure therefor**

With a view to maintaining fair balance between the expenditure incurred and collection made, proper modernisation of system of collection of water tax should be undertaken. But no fair balance was maintained between the revenue collected vis-a-vis the expenditure incurred on operation and maintenance and cost of collection as would be evident from the tables appended against sub-para mentioned below:

(a) Scrutiny of records of 19 divisional offices revealed that working expenses on the maintenance and operation were much more than the revenue collected by the divisions during the period from 1994-95 to 1998-99. Revenue collected was on an average 18 per cent of the working expenses on maintenance and operation. The resultant shortfall of revenue was to the extent of Rs. 5635.15 lakh as shown in the table below:

(Rupees in lakh)

Year	Working expenses (operation and maintenance)	Revenue collected	Percentage of revenue collected to working expenses	Remarks
1994-95	1100.32	250.86	23	Average 18.8 per cent
1995-96	1276.60	257.78	20	
1996-97	1306.86	267.75	20	
1997-98	1607.28	263.33	16	
1998-99	1624.80	240.99	15	
<b>Total :</b>	<b>6915.86</b>	<b>1280.71</b>		

(b) Scrutiny of records of 33 block offices for the period from 1994-95 to 1998-99 revealed that cost of collection of revenue far exceeded the revenue collected by those blocks. The cost of collection comprises of the salary etc of the block level staff only directly involved in collection of revenue. The cost of collection was between 850 and 1856 per cent of the collection. Excess expenditure on this score amounted to Rs. 5888.31 lakh as would be evident from the table below:

(Rupees in lakh)

Year	Revenue collected in the case of 33 blocks only	Cost of collection	Percentage of cost of collection to the revenue collected
1994-95	93.32	792.86	850
1995-96	93.33	977.17	1047
1996-97	102.02	1140.18	1115
1997-98	89.63	1417.59	1581
1998-99	110.39	2049.20	1856
<b>Total :</b>	<b>488.69</b>	<b>6377.00</b>	

(c) Similarly, scrutiny of records of 7 tank improvement collectors under the Bengal Tank Improvement Act, 1939, revealed that cost of collection far exceeded the revenue collected. Collection of revenue was on an average 7 per cent of the cost of collection and the consequent shortfall of revenue amounted to Rs. 488.38 lakh during the period from 1994-95 to 1998-99 which is shown in the table below:

(Rupees in lakh)

Year	Revenue collected	Cost of collection	Percentage of cost of collection to the revenue collected
1994-95	7.80	84.95	1089
1995-96	7.29	89.01	1221
1996-97	7.14	97.63	1367
1997-98	6.52	102.20	1567
1998-99	6.95	150.29	2162
<b>Total :</b>	<b>35.70</b>	<b>524.08</b>	

It was also noticed that the rates of water tax fixed in terms of the Act, 1974 were last revised in the year 1984 only.

#### **12.02.06 Failure to utilise irrigation potential created**

With a view to providing maximum irrigation facilities to the cultivators, the Water Investigation and Development Department has to ensure optimum utilisation of irrigation potential created. The potential created is based on triple cropping pattern, that is, *kharif*, *rabi* and *boro*<sup>1</sup>.

<sup>1</sup>*Kharif* means the season of autumn, the autumnal harvest, here the part of the year from July to October; *Rabi* means the season of spring, the spring harvest, here the part of the year from November to February; *Boro* means the summer season harvest, here the part of the year from March to April.

Scrutiny of records of 18 Divisional Engineering offices<sup>2</sup> revealed that the utilisation of irrigation potential varied between 3 and 35 per cent of the potential created during 1967-68 to 1998-99 and was thus short of 57.37 lakh acres (cumulative) during the period from 1994-95 to 1998-99. This led to loss of revenue in the form of water tax amounting to Rs. 5235.32 lakh as shown in Appendix 5.

The Engineering authorities attributed the reasons for shortfall to the outlived tubewells and low discharge of water.

#### ***12.02.07 Loss of revenue due to failure to impose development fee***

Under the provisions of the Act of 1974, development fee was leviable in respect of persons whose agricultural lands were within the jurisdiction of command area to be notified by Government. A technical committee set up in the year 1975, to determine the criteria and specifications for lift irrigation schemes, fixed the rate of development fee at Rs. 194.22 per acre.

Scrutiny of records in 18 engineering divisional offices<sup>3</sup> revealed that no such fee was imposed (May 2000). Non-imposition of the said development fee on command area of 22.68 lakh acres covered by both deep tubewell and river lift irrigation schemes during the period from 1994-95 to 1998-99 led to loss of revenue of Rs. 4405.80 lakh calculated at the rate of Rs. 194.22 per acre.

On this being pointed out, the Directorate stated (May 2000) that the provisions of the Act were not acted upon because the relevant rules were not framed. The contention of the Directorate is not tenable since the Act represents the intention of the Legislature and cannot be withheld in the absence of subordinate legislation.

#### ***12.02.08 Non-levy of water tax on beneficiaries of minor surface irrigation schemes***

Under the provisions of the Act of 1974 there should be levies in respect of lands served by tubewells and lift irrigation schemes.

Scrutiny of records in the divisional engineering offices of Bankura, Purulia and Midnapore revealed that 94 'minor surface irrigation schemes' were being run by these divisions without collection of water tax from the beneficiaries. The schemes were commissioned between 1967-68 and 1998-99 at a total capital expenditure of Rs. 524.22 lakh with the yearly average maintenance cost of Rs. 31.91 lakh. Government had to sustain loss of revenue amounting to Rs. 142.48 lakh due to non-levy of water tax on 1,61,608 acres of land during the period from 1994-95 to 1998-99.

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<sup>2</sup>Bankura (A-M), Berhampore-I (A-M), Berhampore-II (A-M), Chinsurah (A-M), Kalyani (A-M), Krishnanagar (A-M), Midnapore (A-M), Purulia (A-M), Tamluk (A-M), Bankura (A-I), Berhampore-I (A-I), Berhampore-II (A-I), Chinsurah (A-I), Kalyani (A-I), Krishnanagar (A-I), Krishnanagar-II (A-I), Midnapore (A-I) and Tamluk (A-I).

<sup>3</sup>Bankura (A-M), Berhampore-I (A-M), Berhampore-II (A-M), Chinsurah (A-M), Kalyani (A-M), Krishnanagar (A-M), Midnapore (A-M), Purulia (A-M), Tamluk (A-M), Bankura (A-I), Berhampore-I (A-I), Berhampore-II (A-I), Chinsurah (A-I), Kalyani (A-I), Krishnanagar (A-I), Krishnanagar-II (A-I), Midnapore (A-I) and Tamluk (A-I).

On this being pointed out, the Directorate stated (May 2000) that in the absence of any Government orders water tax was not being realised. The contention of the Directorate is not tenable because in the preamble of the Act of 1974 there are provisions for levy of such tax for any such project.

#### ***12.02.09 Leakage of revenue due to non-observance of manualised provisions***

According to the manualised provisions, the Divisional Engineering authority is required to conduct crop survey in each season to the minimum extent of ten per cent of the irrigated area.

Scrutiny of records of 8 Agricultural Block Development offices<sup>4</sup>, revealed that the area cultivated under *boro* crop during 1994-95 to 1998-99 was 420742 acres. However, records of the respective Block Development Officers and the Minor Irrigation Corporation accounted for the total irrigated area during the season at 27324 acres. Since *boro* crop solely depended on irrigation and the concerned blocks did not have any major and medium irrigation schemes under their jurisdiction, the discrepancy of 3.93 lakh acres between the area cultivated and area irrigated was attributable to understatement of irrigated area having a revenue impact of Rs. 944 lakh. The Engineering authorities carried out crop survey sparingly and noticed understatement of irrigated area in certain cases, which confirms the leakage of revenue.

On this being pointed out, the Engineering authorities attributed the insignificant verification to shortage of staff. The reply is not tenable since the department had not submitted any proposal for additional staff.

#### ***12.02.10 Defalcation of Government revenue***

Under the provisions of the West Bengal Treasury Rules and the West Bengal Financial Rules, all Government moneys received by the authorised officers are required to be deposited to Government Account at the earliest opportunity and such deposits are required to be reconciled with the relevant records of Treasury officers periodically in order to verify that the moneys deposited are duly accounted for under proper head of account.

Scrutiny of records of 6 block offices in the districts of Nadia, Bankura, Murshidabad and Purulia revealed that collection of water tax amounting to Rs. 34.96 lakh was defalcated by the cashiers of the blocks concerned. Out of these 6 cases, in 2 cases involving Rs. 34.43 lakh, departmental proceedings were under process. While the official concerned in one case was placed under suspension with effect from 18 November 1998, no action appeared to have been taken for recovery till May 2000. In the remaining 4 cases involving Rs. 52400 either the amount of collection was not entered in the cash book or though entered on the receipt side of the cash book in both the occasions the amounts were not remitted to the treasury leading to defalcation of Government revenue. In all the cases it was possible due to non/proper checking of relevant documents/registers by the competent authority and also non-carrying out of reconciliation of departmental figures with those of the treasury.

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<sup>4</sup>Berhampore, Bhagowangola-I, Chakdah, Jhalda-I, Lalgola, Murshidabad, Purulia-I and Ranaghat-I.



On these being pointed out, Block Development Officer, Kandi deposited (April 2000) a sum of Rs. 10145.20 on recovery of the same from the official concerned.

### **12.02.11 Running of unauthorised shallow tubewells within command area**

Scrutiny of records in 8 block offices<sup>5</sup> in the districts of Bankura and Nadia revealed that 871 unauthorised shallow tubewells as shown below were being run by private persons within the command area of departmental irrigation schemes for years together.

Sl. No.	Name of the block	No. of departmental schemes	No. of unauthorised shallow tubewells
1.	Krishnanagar-I	Not available	43
2.	Santipur	56	324
3.	Ranaghat-I	Not available	109
4.	Chakdah	59	263
5.	Kotulpur	13	34
6.	Bishnupur	25	28
7.	Sonamukhi	12	55
8.	Bankura-II	Not available	15

No action was taken to stop such irregular practice leading to loss of revenue. Thus, due to inaction on the part of the department in the instant cases, Government had to sustain loss of revenue for Rs. 19.15 lakh for a period of 5 years from 1994-95 to 1998-99 in respect of command area for 20,985 acres since the demand for supply of irrigation water from departmental schemes was diminished to that extent.

### **12.02.12 Arrears of revenue pending collection**

(a) As per the provisions of the Act, 1974, water tax is payable in advance i.e. before supply of irrigation water. In the event of arrears, if any, the same is recoverable with interest at six per cent per annum.

Scrutiny of records in 13 divisional offices<sup>6</sup> revealed that a total sum of Rs. 470.42 lakh was in arrears on account of water tax as on 31 March 1999 on which interest amounting to Rs. 141.12 lakh was leviable for a period of 5 years from 1994-95 to 1998-99 at the prescribed rate. No steps were taken for recovery of the dues nor certificate cases were initiated till date (May 2000).

(b) Under the provisions of the Bengal Tank Improvement Act, 1939, arrears of water rate (including lease rents) with interest at the rate of six and a quarter per cent per annum are recoverable under the Public Demands Recovery Act, 1913.

Scrutiny of records of 7 Tank Improvement Collectors<sup>7</sup> revealed that a total amount of Rs. 203.08 lakh was outstanding as on 31 March 1999. Out of this, certificate

<sup>5</sup>Bankura-II, Bishnupur, Chakdah, Kotulpur, Krishnanagar-I, Ranaghat-I, Santipur and Sonamukhi.

<sup>6</sup>Bankura (A-M), Berhampore-I (A-M), Berhampore-II (A-M), Chinsurah (A-M), Midnapore (A-M), Purulia (A-M), Tamluk (A-M), Bankura (A-I), Berhampore-I (A-I), Berhampore-II (A-I), Chinsurah (A-I), Midnapore (A-I) and Tamluk (A-I).

<sup>7</sup>Bankura, Burdwan, Hooghly, Midnapore, Murshidabad, Nadia and Purulia.

cases for Rs. 2.36 lakh were initiated by one Tank Improvement Collector up to 1995-96. Besides, interest amounting to Rs. 63.47 lakh was leviable on the arrears.

### ***12.02.13 Failure to observe the conditions prescribed for handing over deep tubewells etc to Panchayat Samity***

The Water Investigation and Development Department, Government of West Bengal prescribed certain conditions in their orders of January 1991 and April 1993 for handing over assets created to the Panchayat Samities for control and management. One of the most important conditions was that the performance of the Panchayat Samity in respect of operation and maintenance of tubewells shall be supervised and monitored by the Agricultural Engineering Directorate (AED) for 3 years' transition period after which the handing over of the assets to Panchayat Samity on permanent basis or otherwise shall be considered.

On being inquired as to the observance of the terms and conditions by the Panchayat Samities where tubewells were transferred in terms of the said Government Orders, the Directorate stated, *inter alia*, that no evaluation of the performance of the Panchayat Samities was carried out (May 2000).

### ***12.02.14 Documentation***

#### ***(a) Improper maintenance of records and registers***

The records and registers required to be maintained by different offices entrusted with the duty of collection of Government receipts are generally prescribed in rules prescribed under the relevant Act.

The rules under the Act, 1974 stated not to have been framed as yet. Therefore, no systematic records/registers were being maintained in any office (either engineering offices or block offices).

#### ***(b) Delay in remittance and non-reconciliation of departmental remittances with treasury records***

Scrutiny of receipts on minor irrigation for 1994-95 to 1998-99 under the Block Development offices (the collecting authority) revealed that there was unusual delay in remittance of Government money into treasury and absence of regular monthly reconciliation of departmental figures with that of treasury.

#### ***(c) Lack of monitoring and evaluation system***

Examination of records of both engineering offices and block offices in different districts revealed that there was no evaluation/study on the fulfilment of target after implementation of the schemes in relation to availability of water for irrigation and collection of water tax thereagainst in respect of individual culturable command area (CCA). The management information system (MIS) was not also introduced in any major field of activity viz. assessment and collection and follow-up action to have an effective monitoring and evaluation system. In different offices (engineering and block offices) absence of effective maintenance of records/registers at different levels was noticed.

### 12.02.15 Suggestions

For better administration of the Act, 1974 in the interest of revenue, Government may consider the desirability of making suitable provisions for the following:

1. To frame Rules under the Act of 1974 prescribing the detailed procedure for maintenance of uniform accounts records/registers by revenue collecting authority as well as engineering authority.
2. To issue notifications delineating culturable command area from time to time so that development fee may be levied.
3. To maintain close coordination between the engineering authority and revenue authority for timely collection of revenue.

All the foregoing points were reported to Government between November 1999 and May 2000; their reply has not been received (October 2000).

## B—IRRIGATION AND WATERWAYS

### 12.03 Short assessment of water rate

Under the provisions of the West Bengal Irrigation (Imposition of Water Rate for Damodar Valley Corporation Water) Act, 1958 and the West Bengal Irrigation (Imposition of Water Rate) Act, 1974, assessment of water rate by a revenue division is made on the basis of test notes sent by the irrigation engineering division at the prescribed rates on the beneficiaries of such land who receive the supply of 'flow water' through canals in each crop season viz, *kharif*, *rabi* and *boro*. Further, according to the instructions issued by the Department in June 1977, any difference between the area shown as irrigated in the test notes and that actually irrigated should be reconciled within a period of one month.

Scrutiny of records of the Revenue Officers of 3 Divisions<sup>a</sup> revealed (August 1999) that in 6 cases pertaining to the Damodar Irrigation Revenue Division II and Mayurakshi Revenue Division I, assessment of *kharif* and *boro* crops was made between 1997-98 and 1998-99 on 521214.38 acres of land although the actual irrigated area as per test notes of the engineering divisions was 713403.15 acres resulting in short assessment on 192188.77 acres of land. In 3 cases of Kangsabati Revenue Division I, test notes for the years from 1996-97 to 1998-99 on 48310.54 acres of irrigated land were received for *kharif*, *boro* and *rabi* seasons but no assessment was made (August 1999) by the division. Unassessed area of 240499.31 acres of irrigated land involved water rate amounting to Rs. 51.64 lakh. The department did not take any action for reconciliation of the differences/assessment till date.

On this being pointed out (August 1999), the Revenue Officers stated (August 1999) in 6 cases that the difference between irrigated area as per test notes and assessed area was because of inclusion of unirrigated area (i.e. *dobas*<sup>9</sup>, tanks etc.) in the test notes. However, they could not indicate the actual area comprising of the *dobas*, tanks etc. In other 3 cases the concerned Revenue Officer stated that action was being taken. Report on further action taken has not been received (October 2000).

<sup>a</sup>(a) Damodar Irrigation Revenue Division II, (b) Kangsabati Revenue Division I and (c) Mayurakshi Revenue Division I.

<sup>9</sup>*Doba* means small water area.

The case was reported to Government in October 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

#### **12.04 Failure to issue test notes by engineering division**

As per the provisions of the West Bengal Irrigation (Imposition of Water Rate) Act, 1974, assessment of water rate is made by the respective revenue divisions on receipt of test notes/schedules from the engineering division. Such test notes/schedules are required to be sent by the engineering division within a period of two months from the end of the particular watering season.

Scrutiny of records of the Revenue Officer, Kangsabati Revenue Division I, Midnapore revealed (August 1999) that no plot schedule/test note was received from the engineering division in respect of 3 zilla offices for the year 1996-97 and 1997-98 and in respect of one zilla office for the year 1998-99 for *kharif* season for an area of 86155.26 acres of land. No action to call for test notes and assess water rate was taken. This involved water rate amounting to Rs. 7.74 lakh based on last *kharif* test note.

On this being pointed out (August 1999), the concerned Revenue Officer stated (August 1999) that correspondence had been made with the engineering division regarding supply of test notes. Report on final action taken has not been received (October 2000).

The case was reported to Government in October 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

### **C—PUBLIC WORKS**

#### **12.05 Non/short realisation of rental charges for use and occupation of the Calcutta Maidan land**

In terms of Government of West Bengal, Public Works Department's order dated 10 January 1994, ground rent and conservancy charges shall be assessed at prescribed rate by the Executive Engineer I, PWD, City Division for use and occupation of the Calcutta Maidan land for exhibitions, fairs, *melas* etc so permitted by the Commissioner of Police, Calcutta. The period of occupation includes period of construction/dismantling of stall etc before/after the fair or exhibition. Exemption from payment of ground rent, conservancy charges and security deposit for use and occupation of the Calcutta Maidan land is strictly prohibited.

Scrutiny of records of the Executive Engineer I, PWD, City Division, Calcutta revealed (March 1999) that 10 organisers were allowed to occupy the Calcutta Maidan land for holding exhibitions/fairs/*melas* for the period varying from 13 to 38 days between October 1995 and February 1998 without realisation of security deposit, ground rent and conservancy charges. Moreover, one of the organisers was allowed 100 per cent exemption of ground rent on the recommendation of the Minister-in-charge, Public Works Department contrary to the provisions of the Government order. This resulted in non-realisation of revenue amounting to Rs. 52.31 lakh.

On this being pointed out (March 1999), the department stated (February 2000) that demand notices had been issued to all the organisers and that part payment for Rs. 6,750 had been made by one of the organisers in January 2000. Further report on realisation has not been received (October 2000).

The case was reported to Government in June 1999 followed by reminders issued up to July 2000; their reply has not been received (October 2000).

## **D—POLICE**

### **12.06 Non/short realisation of police cost**

Under the provisions of the Police Regulations of Bengal, 1943, cost of deployment of police force permanently to different organisations shall consist of pay, different allowances, depreciation cost of arms and cost of ammunition at the prescribed rates applicable from time to time. Pay of police personnel has been revised as per the ROPA Rules, 1998 from 1 April 1997.

(a) Scrutiny of records of the Commissioner of Police, Calcutta revealed (November 1999) that in the cases of 13 organisations police cost was assessed and levied for the year 1997-98 on the basis of pre-revised pay and allowances for deployment of police force. This resulted in short realisation of revenue amounting to Rs. 118 lakh.

At the instance of audit (November 1999), the Commissioner of Police raised demand (between November 1999 and March 2000) against all the organisations. Of this Rs. 15.81 lakh had been recovered from 4 organisations (between January and July 2000). Report on realisation of the balance amount has not been received (October 2000).

(b) Scrutiny of records of the same office revealed (March 1997 and September 1998) that police cost amounting to Rs. 13.61 crore for supply of police force to the FCI (from 1971) and CMC (from 1986 and 1988) had not been recovered despite the condition that the payment towards the cost of force would be made in advance. The department also did not raise any demand. This resulted in non-realisation of police cost amounting to Rs. 13.61 crore up to the year 1998-99.

On this being pointed out (March 1997 and September 1998), the department stated (January 2000) that demand notices had since been issued in August and November 1999. Report on realisation has not been received (October 2000).

(c) Scrutiny of records of the Commissioner of Police, Calcutta revealed (August 1998) that while assessing police cost for the periods falling between 1996-97 and 1997-98 in respect of 5 organisations, interim relief had not been included in 4 cases while in respect of all the 5 cases bonus, ration charges and dearness allowance were taken at lower rates. This resulted in underassessment and non-realisation of police cost amounting to Rs. 9.53 lakh.

On this being pointed out (August 1998), the department stated (July 2000) that the arrears of police cost had been included in current regular bills. Report on realisation is awaited (October 2000).

Government, to whom the cases were reported between May 1997 and December 1999, stated (August 2000) in respect of (c) that arrears due on account of underassessments had been included in the current demands. Report on realisation is awaited (October 2000). Reply in respect of the observations made at (a) and (b) has not been received (October 2000).



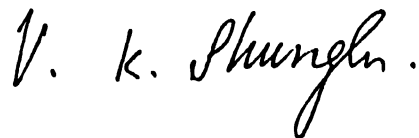
(M. NAVEEN KUMAR)

*Accountant General West Bengal  
(Audit II)*

Calcutta,

The 26 DEC 2000

**Countersigned**



(V. K. SHUNGLU)

*Comptroller and Auditor General of India*

New Delhi,

The 19 JAN 2001

**APPENDIX 1**

**[Referred to in paragraph 3.02(a) of the Report]**

*(Rupees in lakh)*

<b>Name of the charge</b>	<b>Period/date of assessment</b>	<b>Nature of irregularity</b>	<b>Taxable turnover determinable</b>	<b>Taxable turnover determined</b>	<b>Turnover short determined</b>	<b>Short levy of tax including turnover tax and surcharge</b>
Corporate Division	<u>March 1995</u> June 1997	Gross turnover determined at Rs. 9658.21 lakh without reconciliation with quarterly returned figure of Rs. 11991.24 lakh	11991.24	9658.21	2333.03	258.75
	<u>June 1996</u> June 1998	Underassessment of tax due to non-inclusion of disallowed stock transfer within the State	4641.44	4488.02	153.42	20.25
	<u>March 1996</u> June 1998	Disallowed claim of stock transfer outside India was not included in gross turnover	2667.75	2603.11	64.64	10.67
	<u>December 1995</u> December 1997	Erroneous determination of inter-State sales due to mistake in totalling	2416.70	2362.75	53.95	4.54
	<u>March 1996</u> April 1998	Sales figures were determined short as compared with those shown in the final accounts of the dealer	1446.84	1356.58	90.26	3.97
	<u>March 1996</u> June 1998	Disallowed claim of stock transfer was partially added back to gross turnover	288.80	271.87	16.93	2.23
	<u>March 1995</u> May 1997	Sales tax element of Rs. 7.84 lakh was irregularly deducted from gross turnover	662.43	654.59	7.84	1.18

Monohar-katra	Between March 1992 and <u>March 1993</u> Between June 1993 and May 1995	Miscellaneous income was not included in the gross turnover for the purpose of taxation	582.84	471.28	111.56	11.00
Shibpur	<u>March 1997</u> January 1999	Gross turnover was determined on best judgement at Rs. 20 lakh instead of Rs. 94.47 lakh as per quarterly returns	94.47	20.00	74.47	8.78
Fairlie Place	<u>March 1993</u> January 1998	Sales figures were determined short as compared with those shown in the final accounts of the dealer	1092.88	1041.30	51.58	6.17
Serampore	<u>March 1993</u> June 1995	Forfeited deposit on account of non-return of beer bottles by customers was not taken for the purpose of assessment	1135.66	1065.49	70.17	5.98
Park Street	<u>March 1995</u> May 1996	Gross turnover was short determined due to non-inclusion of other receipts	1193.79	1174.37	19.42	2.33
Tamluk	<u>March 1995</u> June 1997	Gross turnover determined <i>ex parte</i> at Rs. 2 lakh instead of Rs. 24.01 lakh shown in annual return	24.01	2.00	22.01	2.00
Park Street	<u>March 1995</u> June 1997	Miscellaneous receipts were not included in the gross turnover	1473.41	1459.90	13.51	1.51

(b)



Park Street	<u>March 1995</u> Between May and June 1997	Incorrect determination of gross turnover of Rs. 50.16 lakh in the case of one dealer and short accounting of scrap sales of Rs. 16.12 lakh in the case of another dealer	208.03	185.13	22.90	1.39
Barasat	Between March 1995 and <u>March 1996</u> Between September 1996 and June 1997	Receipts on account of hire charge, processing charge and storage rent were not taken into gross turnover	487.72	426.59	61.13	3.75
<b>Total:</b>			<b>30408.01</b>	<b>27241.19</b>	<b>3166.82</b>	<b>344.50</b>

## APPENDIX 2

(Referred to in paragraph 3.05 of the Report)

(Rupees in lakh)

Sl. No.	Name of the charge	Assessment year/ date of assessment/ reassessment	Period of default for which interest was leviable Number of months	No. of cases	Amount on which interest was leviable	Interest	
						Actually levied	Short levied
1.	Burtola	Between December 1988 and <u>April 1997</u> Between March 1992 and November 1998	Between August 1987 and <u>May 1999</u> 528	9	281.30	69.99	86.26
2.	Jorasanko	Between March 1991 and <u>March 1996</u> Between June 1995 and January 1999	Between May 1991 and <u>January 1999</u> 313	8	123.91	51.86	44.51
3.	Bowbazar	Between April 1985 and <u>May 1998</u> Between March 1996 and January 1999	Between June 1985 and <u>December 1998</u> 358	4	113.10	7.31	83.64
4.	Corporate Division II	<u>March 1996</u> Between May and June 1998	Between August 1995 and <u>May 1998</u> 67	2	363.74	220.39	65.59
5.	Bhowanipur	Between March 1992 and <u>March 1996</u> Between December 1994 and May 1998	Between March 1995 and <u>December 1998</u> 183	5	126.83	20.36	53.00
6.	Salt Lake	Between March 1995 and <u>March 1997</u> Between March 1998 and February 1999	Between August 1995 and <u>January 1999</u> 227	5	194.24	128.07	22.95

7.	China-bazar	<u>March 1997</u> June 1999	Between August 1996 <u>and May 1999</u> 34	1	54.23	—	37.21
8.	Colootola	Between May 1986 and <u>April 1988</u> Between July 1988 and June 1992	Between January 1989 and <u>November 1998</u> 281	3	9.86	—	16.37
9.	Shibpur	<u>March 1996</u> June 1998	Between August 1995 <u>and May 1998</u> 68	2	20.36	—	15.92
10.	Taltala	Between March 1995 and <u>March 1997</u> Between June 1997 and February 1999	Between June 1994 and <u>January 1999</u> 98	2	169.92	—	9.82
11.	Lyons Range	Between March 1988 and <u>March 1995</u> Between February 1993 and June 1997	Between May 1993 and <u>May 1997</u> 82	2	13.02	—	11.02
12.	Budge Budge	Between March 1990 and <u>March 1994</u> Between November 1994 and June 1996	Between August 1990 <u>and May 1996</u> 215	4	11.28	—	7.41
13.	Berham- pore	Between June 1989 and <u>March 1994</u> Between November 1994 and June 1996	Between August 1993 <u>and May 1996</u> 214	5	8.33	0.97	5.63
14.	Siliguri	Between March 1989 and <u>March 1995</u> Between December 1994 and June 1997	Between August 1992 <u>and April 1997</u> 229	6	43.09	22.15	7.40

15.	Park Street	Between March 1993 and <u>March 1996</u> Between November 1996 and February 1998	Between August 1994 and <u>February 1998</u> 161	6	19.21	2.03	7.06
16.	Bally-gunge	Between October 1991 and <u>June 1995</u> Between March 1993 and December 1997	Between March 1992 and <u>May 1997</u> 160	2	10.61	—	5.85
17.	Cooch Behar	<u>March 1991</u> December 1994	Between August 1990 and <u>November 1994</u> 52	1	5.76	—	5.81
18.	Lalbazar	Between March 1994 and <u>March 1996</u> Between June 1995 and June 1998	Between May 1995 and <u>May 1998</u> 63	3	20.13	3.98	2.05
19.	Beliaghata	Between March 1993 and <u>March 1996</u> Between March 1995 and April 1998	Between August 1994 and <u>March 1994</u> 134	3	20.16	5.57	4.52
20.	Kadamtala	Between March 1989 and <u>March 1994</u> Between June 1993 and January 1996	Between August 1993 and <u>December 1995</u> 379	5	6.70	—	3.76
21.	Diamond Harbour	Between March 1992 and <u>March 1995</u> Between December 1994 and March 1997	Between August 1991 and <u>February 1997</u> 74	2	10.35	17.97	3.52
22.	Amratala	<u>March 1996</u> Between April and June 1998	Between August 1995 and <u>May 1998</u> 66	2	16.52	9.49	3.33

23.	Barrack-pore	Between March 1990 and <u>March 1992</u> Between June 1993 and December 1994	Between August 1989 and <u>November 1994</u> 210	1	2.85	—	2.24
24.	Manicktala	Between March 1994 and <u>March 1997</u> Between June 1996 and December 1998	Between August 1993 and <u>November 1998</u> 62	1	9.91	2.75	2.25
25.	Radha-bazar	Between December 1983 and <u>March 1995</u> Between June 1988 and April 1997	Between September 1988 and <u>August 1997</u> 333	6	17.81	8.96	2.05
26.	Krishna-nagar	Between June 1992 and <u>June 1993</u> February 1995	Between September 1992 and <u>January 1995</u> 27	1	5.82	0.03	2.76
27.	Howrah	Between March 1990 and <u>March 1992</u> Between October and December 1994	Between August 1989 and <u>December 1994</u> 92	4	3.03	—	2.33
28.	Belgachhia	Between December 1987 and <u>March 1993</u> Between December 1991 and June 1995	Between March 1992 and <u>June 1998</u> 99	2	3.25	—	2.20
29.	Barasat	Between March 1990 and <u>March 1992</u> Between June and December 1993	Between August 1989 and <u>November 1993</u> 248	3	2.69	—	1.77
30.	Chandney Chawk	<u>December 1992</u> December 1994	Between July 1995 and <u>April 1997</u> 22	1	3.61	—	1.59

31.	Esplanade	<u>December 1996</u> December 1998	Between May 1996 and <u>November 1998</u> 31	1	2.18	—	1.54
32.	Midnapore	Between March 1990 and <u>March 1993</u> August 1994	Between August 1989 and <u>July 1994</u> 60	1	1.74	—	1.23
33.	Salkia	<u>March 1995</u> June 1997	Between August 1994 and <u>May 1997</u> 34	1	2.00	—	1.18
34.	Serampore	<u>March 1992</u> December 1994	Between August 1991 and <u>November 1994</u> 40	1	1.23	—	0.87
35.	Cossipore	<u>April 1995</u> June 1998	Between June 1995 and <u>May 1998</u> 36	1	1.00	—	0.72
36.	Ultadanga	<u>March 1995</u> June 1997	Between July 1995 and <u>April 1996</u> 31	1	1.22	0.06	0.58
37.	Jalpaiguri	<u>March 1994</u> June 1996	Between August 1993 and <u>May 1996</u> 34	1	0.86	—	0.50
<b>Total:</b>				<b>108</b>	<b>1701.85</b>	<b>571.94</b>	<b>526.44</b>

### APPENDIX 3

(Referred to in paragraph 3.07 of the Report)

(Rupees in lakh)

Name of the charge	Assessment year ended in which turnover had exceeded Rs. 25 lakh	Month and year from which turnover tax was leviable but not levied/short levied/assessment or reassessment completed	No. of dealers	No. of cases	Turnover liable for turnover tax	Turnover tax	
						Not levied	Short levied
Park Street	Between 1993 and 1995	Between March 1994 and <u>March 1995</u> Between June 1996 and April 1998	8	9	4552.25	3.94	86.97
Esplanade	Between 1993 and 1995	Between March and April 1995 Between April 1997 and June 1998	2	2	800.00	—	15.00
Corporate Division	1993	<u>March 1994</u> September 1995	1	1	1500.00	—	22.50
-do-	1994	<u>March 1995</u> June 1997	1	1	835.90	15.76	0.96
Jorasanko	Between 1992 and 1994	Between March 1993 and <u>March 1995</u> Between June 1995 and November 1998	2	2	210.00	1.50	1.35
Diamond Harbour	1994	Between March 1994 and <u>March 1995</u> Between June 1996 and June 1997	1	2	299.24	—	5.28
Bowbazar	Between 1991 and 1995	Between March 1992 and <u>March 1995</u> Between June 1993 and June 1998	4	5	373.74	0.42	4.64

Salkia	Between 1990 and 1994	Between March 1991 and <u>March 1995</u> Between May and August 1997	3	5	384.58	—	3.85
Serampore	Between 1988 and 1992	Between March 1991 and <u>March 1993</u> Between June 1993 and June 1995	6	8	184.67	—	3.81
Jorabagan	Between 1993 and 1995	Between March 1994 and <u>March 1995</u> Between February 1996 and June 1997	5	5	362.84	1.98	3.63
Shyambazar	Between 1992 and 1995	Between March 1993 and <u>June 1995</u> Between June 1995 and June 1997	2	2	216.51	—	3.04
Siliguri	1990	Between March 1991 and <u>March 1994</u> Between June 1993 and August 1996	2	5	261.73	—	3.28
Berhampore	Between 1988 and 1991	Between March 1989 and <u>March 1993</u> Between November and December 1994	5	14	5.84	—	2.90
Kadamtala	Between 1989 and 1990	Between March 1990 and <u>March 1991</u> June 1993	2	4	281.23	—	1.83
Beliaghata	Between 1994 and 1995	<u>March 1995</u> Between March and June 1997	2	2	214.20	2.09	1.45



Princep Street	1995	<u>March 1995</u> June 1997	1	1	159.72	1.82	1.37
Belgachhia	1993	<u>March 1995</u> Between May and June 1997	2	2	115.00	—	1.15
Lalhazar	Between 1992 and 1993	Between March 1993 and <u>March 1994</u> Between June 1994 and November 1997	2	2	163.91	1.14	1.07
Cossipore	1995	<u>April 1995</u> June 1998	1	1	100.00	—	1.00
Amratala	1994	<u>April 1995</u> April 1997	1	1	100.00	—	1.00
Chinabazar	1995	<u>March 1995</u> June 1997	1	1	100.00	—	1.00
Taltala	1995	<u>April 1995</u> November 1997	1	1	100.00	—	1.00
Fairlie Place	1993	<u>March 1995</u> April 1997	1	1	100.00	—	1.00
Salt Lake	1994	<u>March 1995</u> May 1998	1	1	50.00	—	0.50
Lyons Range	1994	<u>March 1995</u> June 1997	1	1	89.62	0.90	0.89
<b>Total:</b>			<b>58</b>	<b>79</b>	<b>1151.98</b>	<b>29.55</b>	<b>170.47</b>

## APPENDIX 4

(Referred to in paragraph 3.08 of the Report)

(Rupees in lakh)

Sl. No.	Name of the charge	Period of assessment/ year/month of assessment/ reassessment	No. of cases	Commodity/ nature of sales	Taxable turnover	Rate of tax applicable	Rate of tax applied	Short levy
						per cent		
1.	Bowbazar	March 1996	1	Non-cotton yarn	3000.00	5	2	99.00
		May 1998	1	General goods	172.83	10	8	3.46
2.	Shibpur	Between March 1992 and <u>March 1996</u>	1	Cardboard boxes and containers	1050.00	10	8	27.22
		Between December 1994 and June 1998						
3.	Corporate Division	Between March 1994 and <u>March 1996</u>	1	Cosmetics	101.18	20	5	15.90
		Between January and June 1998						
		<u>March 1995</u> May 1997	1	India-made foreign liquor	38.34	15	11	1.20
4.	Salt Lake	<u>March 1997</u> December 1998	1	Detergent powder	250.00	15	12	6.41
5.	Ballygunge	<u>March 1994</u> June 1996	1	Fancy leather goods	82.12	15	10	5.95
6.	Radhabazar	<u>March 1995</u> June 1997	2	Jute bags etc	16.66	10	4	1.20
7.	Manicktala	Between March 1995 and March <u>1996</u> Between June and September 1997	1	Sales (a) to a Government department	27.29	5	4	1.10
				(b) to Un-registered dealers	4.00	10	8	
				(c) of Engineering goods	17.87	12	8	
		<b>Total:</b>	<b>10</b>					<b>161.44</b>

## APPENDIX 5

(Referred to in paragraph 12.02.06 of the Report)

Sl. No.	Name of the Division	No. of scheme	Potential created (in acres)	Potential utilised (in acres)	Potential created but not utilised (acres in lakh)	Loss of revenue at an average rate of Rs. 91.25 per acre (rupees in lakh)	Percentage of utilisation
1.	Chinsurah (A-M)	1610	772800	168676	6.04	551.26	22
2.	Midnapore (A-M)	1420	681600	87518	5.94	542.10	13
3.	Tamluk (A-M)	645	309600	72110	2.38	216.71	23
4.	Bankura (A-M)	906	434880	46205	3.89	354.67	11
5.	Purulia (A-M)	665	319200	9823	3.09	282.31	3
6.	Berhampore-I (A-M)	855	410400	61623	3.49	318.26	15
7.	Berhampore-II (A-M)	915	439200	75520	3.64	331.86	17
8.	Krishnanagar (A-M)	1085	520800	52823	4.68	427.03	10
9.	Kalyani (A-M)	510	244800	33016	2.12	193.25	13
10.	Chinsurah (A-I)	1713	479640	169438	3.10	283.06	35
11.	Midnapore (A-I)	759	212520	34268	1.78	162.65	16
12.	Tamluk (A-I)	858	240240	10858	1.69	154.56	29
13.	Bankura (A-I)	280	78400	14067	0.64	58.70	18
14.	Berhampore-I (A-I)	1579	442120	94168	3.48	317.51	21
15.	Berhampore-II (A-I)	1311	367080	53707	3.13	285.95	15
16.	Krishnanagar-I (A-I)	1313	367640	62270	3.05	278.65	17
17.	Krishnanagar-II (A-I)	1145	320600	62512	2.58	235.51	19
18.	Kalyani (A-I)	1142	319760	55341	2.65	241.28	17
<b>Total:</b>		<b>18711</b>	<b>6961280</b>	<b>1223943</b>	<b>57.37</b>	<b>5235.32</b>	

