

Presented to the Legislature on
Dated.....

24 MAR 2006

**REPORT
OF THE
COMPTROLLER AND
AUDITOR GENERAL OF INDIA**

**FOR THE YEAR ENDED
31 MARCH 2005**

(REVENUE RECEIPTS)

Government of Bihar

GOVERNMENT OF ALBERTA

(REVENUE DEPARTMENT)

21 MARCH 1902
FOR THE DEPARTMENT

WILSON STUBBS & CO. LTD.
COMMISSIONERS
OF THE
REVENUE

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PREFACE

This Report for the year ended 31 March 2005 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 taxes on sales, trade etc., state excise, taxes on vehicles, land revenue, other tax receipts, mineral concession, fees and royalties 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 2004-05 as well as those which came to notice in earlier years but could not be covered in previous Reports.

OVERVIEW

This Report contains 25 paragraphs including two reviews relating to non/short levy of tax; interest etc. involving Rs 176.92 crore. Some of the major findings are mentioned below:

I. General

Total receipts of the Government of Bihar for the year 2004-05 were Rs 15,714.14 crore. The revenue raised by the State Government amounted to Rs 3,765.18 crore comprising tax revenue of Rs 3,347.39 crore and non tax revenue of Rs 417.79 crore. The receipts from the Government of India were Rs 11,948.96 crore (States' share of divisible Union taxes: Rs 9,117.13 crore and grants in aid: Rs 2,831.83 crore). Thus, the State Government could raise only 24 *per cent* of total revenue. Taxes on sales, trade etc. (Rs 1,890.54 crore) and non ferrous mining and metallurgical industries (Rs 80.09 crore) were the major source of tax and non tax revenue respectively during the year 2004-05.

(Paragraph 1.1.1, 1.1.2 and 1.1.3)

The percentage of cost of collection for state excise and stamps and registration fee during the year 2004-05 was notably higher than the all India average percentage for the year 2003-04.

(Paragraph 1.3)

Test check of the records of commercial taxes, state excise, taxes on vehicles, land revenue, non ferrous mining and metallurgical industries and other departmental offices conducted during the year 2004-05 revealed under assessment/short levy/loss of revenue of Rs 1,047.08 crore in 1,833 cases. During the year 2004-05, the concerned departments accepted under assessments etc. of Rs 337.92 crore involved in 60 cases out of which 54 cases involving Rs 329.54 crore were pointed out in audit during 2004-05 and rest in earlier years. The concerned departments also reported recovery in 10 cases involving Rs 67.35 lakh.

(Paragraph 1.10)

The number of inspection reports and audit observations issued upto December 2004 but not settled by June 2005 stood at 8,275 and 34,331 respectively involving Rs 3,780.24 crore. For 2,123 inspection reports, even first replies have not been received though these were required to be furnished within one month of their receipt.

(Paragraph 1.11)

II. Taxes on sales, trade etc.

Suppression of turnover by 26 dealers of various commodities registered in nine circles resulted in short levy of tax of Rs 4.65 crore including penalty.

(Paragraph 2.2)

In Patna Special circle, in case of a dealer engaged in business of petroleum products, additional tax was levied by the assessing officer on tax of Rs 98.36 crore instead of correct amount of Rs 764.06 crore which resulted in short levy of additional tax of Rs 7.32 crore including surcharge.

(Paragraph 2.3)

III. State excise

In 14 excise offices 104 CS shops, 49 SCS shops and 26 IMFL shops remained unsettled or inoperative departmentally during 2001-02 to 2003-04. This resulted in loss of excise duty and licence fee of Rs 10.06 crore.

(Paragraph 3.2)

IV. Taxes on motor vehicles

A review on “**Levy and collection of motor vehicles tax**” revealed the following:

- There was wide variation between budget estimates and revenue realised. Variation was also noticed in figures as appearing in Finance Accounts and those furnished by the Department for which reconciliation was not done as of 31 March 2004.

(Paragraph 4.2.6)

- In 24 district transport offices, tax dues of Rs 22.92 crore pertaining to 1,215 transport vehicles for the period April 1999 to November 2004 were neither paid by the vehicle owners nor demanded by the concerned tax authorities.

(Paragraph 4.2.8)

- The Department did not realise tax of Rs. 2.22 crore for 299 vehicles from the vehicle owners who failed to secure exemption from payment of tax on surrendered vehicles.

(Paragraph 4.2.9)

- In seven districts, the motor vehicle inspectors issued fitness certificate for 77 vehicles without ensuring upto date payment of tax of Rs 1.95 crore.

(Paragraph 4.2.11)

- DTO Patna issued documents without verifying the actual credit of revenue of Rs. 5.07 lakh into Government account. Of this, Rs 4.95 lakh was realised at the instance of audit.

(Paragraph 4.2.13)

An Information technology based review on “**Road transport management information system (NICTRAN)**” revealed the following:

- lack of control over registration on the basis of duplicate engine/chassis number.

- lack of control over registration on the basis of duplicate insurance certificate/cover note number.

(Paragraph 4.3.5)

V. Other tax receipts

Non renewal of expired leases/non payment of rent by 990 residential lessees resulted in non levy/recovery of Rs 28.70 crore for the period 1998-99 to 2003-04 in the shape of *salami*, penal rent and penal interest.

(Paragraph 5.2.1)

Suppression of import value by 43 dealers of scheduled goods registered in five commercial taxes circles during 2000-01 to 2003-04 resulted in short levy of entry tax of Rs 16.29 crore including penalty.

(Paragraph 5.3.1)

In five commercial taxes circles, 37 dealers imported scheduled goods worth Rs 30.76 crore during 2000-01 to 2003-04 on which entry tax of Rs 1.26 crore could not be levied due to non registration of the dealers under BTEG Act.

(Paragraph 5.3.3)

VI. Non tax receipts

Non adherence to the provisions of Forest Conservation Act and Wild life (Protection) Act resulted in loss in shape of depletion of forest affecting environmental stability and ecological balance besides non realisation of net present value of Rs 184.62 crore including cost of compensatory afforestation and cost of forest produce.

(Paragraph 6.2)

VII. Other non tax receipts

In six districts mining offices, 232 brick kilns were operated in brick season 2002-03 and 2003-04 without payment of prescribed consolidated royalty and without obtaining valid permit. The competent authorities failed to stop such business and levy penalty of Rs 1.97 crore.

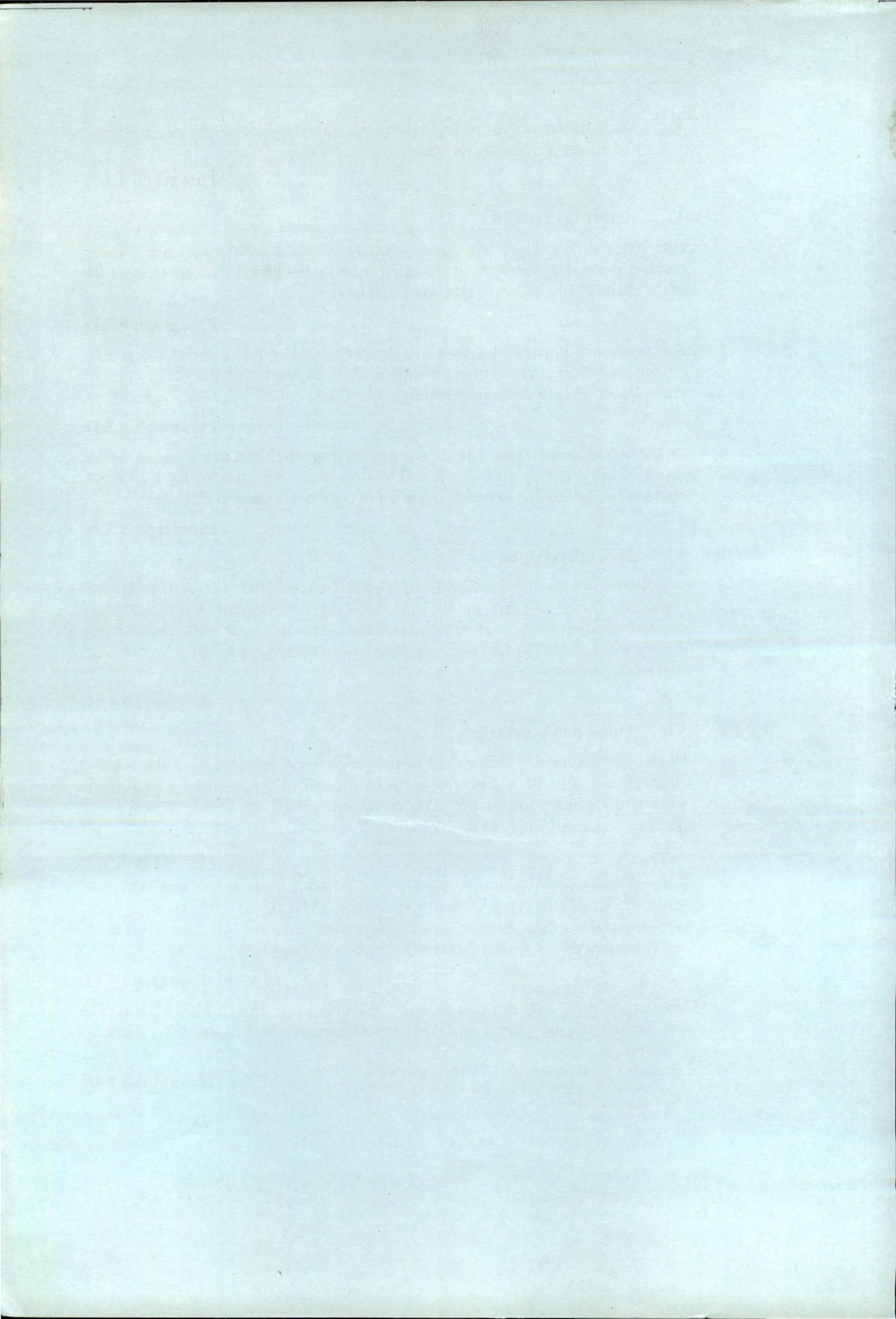
(Paragraph 7.2)

In four water ways divisions, *khatiani* for 1.73 lakh acres of *kharif* and 2.09 lakh acres of *rabi* land irrigated during the years 2001-02 to 2003-04 were not prepared and forwarded to the concerned revenue divisions for raising demand and collection of water rates for Rs 3.03 crore.

(Paragraph 7.4)

Interest and penal interest of Rs 41.40 crore accrued as of March 2005 was neither worked out nor demanded by Transport Department and Rural Development Department.

(Paragraph 7.8)



CHAPTER I: GENERAL

1.1 Trend of revenue receipts

1.1.1 The tax and non tax revenue raised by the Government of Bihar during the year 2004-05, the States' share of divisible Union taxes and grants in aid received from the Government of India during the year and the corresponding figures for the preceding four years are given below: -

		(Rupees in crore)				
		2000-01 ¹	2001-02	2002-03	2003-04	2004-05
I.	Revenue raised by the State Government					
	• Tax revenue	2,809.23	2,318.95	2,761.05	2,889.69	3,347.39
	• Non tax revenue	711.68	286.70	260.82	320.38	417.79
	Total	3,520.91	2,605.65	3,021.87	3,210.07	3,765.18
II.	Receipts from the Government of India					
	• States' share of divisible Union taxes	6,575.63	6,176.62	6,549.23	7,627.87	9,117.13
	• Grants in aid	1,080.78	1,057.02	1,397.32	1,617.62	2,831.83
	Total	7,656.41	7,233.64	7,946.55	9,245.49	11,948.96
III.	Total receipts of the State Government ² (I&II)	11,177.32	9,839.29	10,968.42	12,455.56	15,714.14
IV.	Percentage of I to III	31	26	28	26	24

The above table indicates that during the year 2004-05, the State Government could raise only 24 per cent of the total revenue receipts of Rs 15,714.14 crore and 76 per cent of receipts were from the Government of India. The contribution of revenue raised by the State Government to the total revenue receipts has decreased continuously during the period from 2000-01 to 2004-05 except for a marginal increase of two per cent during 2002-03.

1.1.2 The details of tax revenue raised during the year 2004-05 alongwith the figures for the preceding four years are given below:

		(Rupees in crore)					
Sl. No.	Head of revenue	2000-01	2001-02	2002-03	2003-04	2004-05	Percentage of Increase (+) / decrease (-) in 2004-05 over 2003-04
1	Taxes on sales, trade etc.	1,821.47	1,412.96	1,647.62	1,637.23	1,890.54	15.47
2	State excise	242.58	238.90	241.95	240.01	272.47	13.52
3	Stamps and registration fees	301.86	304.44	348.21	417.56	429.14	2.77
4	Taxes and duties on electricity	36.77	14.08	14.30	17.62	9.54	(-) 45.86

¹ The figures for the year 2000-01 represent the State of Bihar excluding Jharkhand.

² For details, please see Statement No.11 - Detailed Accounts of Revenue by Minor Heads in the Finance Accounts of the Government for the year 2004-05. Figures under the Major Heads "0020-Corporation Tax", "0021-Taxes on Income other than Corporation Tax", "0028- Other Taxes on Income and Expenditure", "0032-Taxes on Wealth", "0037-Customs", "0038-Union Excise Duties", "0044-Service Tax" and "0045-Other Taxes and Duties on Commodities and Services" - Minor Head - "901-Share of net proceeds assigned to State" 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.

Audit Report (Revenue Receipts) for the year ended 31 March 2005

Sl. No.	Head of revenue	2000-01	2001-02	2002-03	2003-04	2004-05	Percentage of Increase (+) / decrease (-) in 2004-05 over 2003-04
5	Taxes on vehicles	223.98	141.54	177.98	209.50	212.78	1.57
6	Taxes on goods and passengers- tax on entry of goods into local areas	124.84	153.32	262.91	305.83	472.88	54.62
7	Other taxes and duties on commodities and services	23.38	19.62	27.98	28.14	26.65	(-) 5.29
8	Land revenue	34.33	34.08	36.15	33.80	33.39	(-) 1.21
9	Taxes on agricultural income	0.02	0.01	---	---	---	---
10	Other taxes on income and expenditure, Tax on professions, trades, callings and employments	---	---	3.95	---	---	---
	Total	2,809.23	2,318.95	2,761.05	2,889.69	3,347.39	15.84

The reasons for significant variation in receipts from that of previous year, though called for in May and September 2005 from the concerned departments, have not been received (September 2005).

1.1.3 The details of non tax revenue raised during the year 2004-05 along with the figures for the preceding four years are given below:

(Rupees in crore)							
Sl. No.	Head of Revenue	2000-01	2001-02	2002-03	2003-04	2004-05	Percentage of Increase(+) / decrease (-) in 2004-05 over 2003-04
1.	Interest Receipts	30.68	11.75	53.01	23.08	75.06	225.22
2.	Forestry and Wild Life	11.50	17.07	10.04	6.29	7.16	13.83
3.	Non ferrous mining and metallurgical industries	409.92	39.20	61.20	73.34	80.09	9.20
4.	Miscellaneous General Services (including lottery receipts)	0.61	13.95	0.60	0.15	9.07	5,946.67
5.	Major and medium irrigation	33.90	15.58	15.43	26.22	20.82	(-) 20.59
6.	Medical and public Health	13.70	16.50	13.92	11.97	12.66	5.76
7.	Co-operation	7.97	6.82	1.84	0.84	1.47	75.00
8.	Public Works	0.99	0.78	1.11	1.15	1.13	(-) 1.74
9.	Police	4.70	3.98	22.71	16.86	13.72	(-) 18.62
10.	Other Administrative Services	61.58	22.43	15.19	80.72	107.99	33.78
11.	Other Non Tax Receipts	136.13	138.64	65.77	79.76	88.62	11.11
	Total	711.68	286.70	260.82	320.38	417.79	30.40

The reasons for significant variations in receipts from that of previous year, though called for in May and September 2005 from the concerned departments, have not been received (September 2005).

1.2 Variation between budget estimates and actuals

The variation between budget estimates of revenue receipts for the year 2004-05 and the actual receipts under the principal heads of revenue are given below:

(Rupees in crore)

Sl. No.	Revenue head	Budget estimates	Actual receipts	Variations increase (+) shortfall (-)	Percentage
• Tax revenue					
1	Taxes on sales, trade etc.	2,070.00	1,890.54	(-) 179.46	(-) 8.67
2	State excise	290.00	272.47	(-) 17.53	(-) 6.04
3	Stamps and registration fees	500.00	429.14	(-) 70.86	(-) 14.17
4	Taxes on vehicles	250.00	212.78	(-) 37.22	(-) 14.89
5	Taxes and duties on electricity	15.00	9.54	(-) 5.46	(-) 36.40
6	Land revenue	25.00	33.39	8.39	33.56
7	Other taxes and duties on commodities and services	19.50	26.65	7.15	36.67
8	Taxes on goods and passengers -Tax on entry of goods into local areas	300.00	472.88	172.88	57.63
• Non tax revenue					
1	Non ferrous mining and metallurgical industries	75.00	80.09	5.09	6.79
2	Forestry and wild life	6.00	7.16	1.16	19.33
3	Interest receipts	17.99	75.06	57.07	317.23
4	Water rates (major and medium irrigation)	15.00	20.82	5.82	38.80

The reasons for variation between budget estimates and actual receipts though called for in May and September 2005 from the departments have not been received (September 2005).

1.3 Cost of collection

The gross collection of major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2002-03 to 2004-05 alongwith the relevant all India average percentage of expenditure on collection to gross collections for 2003-04 are given below:

(Rupees in crore)

Sl. No.	Head of revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage for the year 2003-04
1	Taxes on sales, trade etc.	2002-03	1,647.62	21.30	1.30	1.15
		2003-04	1,637.23	21.46	1.31	
		2004-05	1,890.54	21.46	1.14	
2	State excise	2002-03	241.95	13.75	5.68	3.81
		2003-04	240.01	16.20	6.74	
		2004-05	272.47	16.19	5.94	
3	Stamps and registration fees	2002-03	348.21	17.56	5.04	3.66
		2003-04	417.56	22.52	5.39	
		2004-05	429.14	22.02	5.13	
4	Taxes on vehicles	2002-03	177.98	4.11	2.30	2.57
		2003-04	209.50	3.94	1.88	
		2004-05	212.78	3.85	1.81	

Audit Report (Revenue Receipts) for the year ended 31 March 2005

The above table indicates that the percentage of expenditure on collection for state excise and stamp and registration fees was more than all India average percentage for the year 2003-04.

1.4 Collection of sales tax per assessee

Year	No. of assessee	Sales tax revenue (Rupees in crore)	Revenue per assessee (Rupees in lakh)
2000-01	50,407	1,821.47	3.61
2001-02	55,077	1,412.96	2.56
2002-03	58,495	1,647.62	2.81
2003-04	49,202	1,637.23	3.33
2004-05	75,582	1,890.54	2.50

The above table reveals that revenue collection per assessee decreased from Rs 3.33 lakh in the year 2003-04 to Rs 2.50 lakh in 2004-05.

1.5 Analysis of collection

The breakup of total collection at preassessment stage and after regular assessment of taxes on sales, trade etc. during the year 2004-05 and corresponding figures for preceding four years, as furnished by the Finance (Commercial Taxes) Department are given below:

(Rupees in crore)

Head of revenue	Year	Amount collected at Pre-assessment stage	Amount collected after regular assessment	Penalty for delay in payment of taxes and duties	Amount refunded	Net collection as per Department	Net collection as per Finance Account	Percentage of column 3 to 8
Taxes on sales, trade etc.	2000-01	1,794.11	19.11	1.55	-	1,814.77	1,821.47	98.49
	2001-02	1,387.17	7.94	-	-	1,395.06	1,412.96	98.17
	2002-03	1,584.73	111.43	0.82	3.16	1,693.82	1,647.62	96.18
	2003-04	1,542.98	91.72	1.01	4.17	1,630.53	1,637.23	94.24
	2004-05	1,809.59	78.79	1.37	9.18	1,879.20	1,890.54	95.72

1.6 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2005 under principal heads of revenue as reported by the departments was Rs 1,101.34 crore of which Rs 395.35 crore were outstanding for more than five years as detailed in the table below:

(Rupees in crore)

Sl No.	Heads of revenue	Amount outstanding as on 31 March 2005	Arrears more than five years old as on 31 March 2005	Remarks
1	2	3	4	5
1.	Taxes on sales, trades etc.	699.19	304.10	Out of Rs 699.19 crore, demands for Rs 271.85 crore were certified for recovery as arrears of land revenue. Recovery of Rs 154.52 crore was stayed by Courts and Government. Recovery of Rs 2.23 crore was held up due to rectification/review of applications. Action taken for remaining arrears of Rs 270.59 crore though called for in May and September 2005 has not been intimated (September 2005).

Sl. No.	Heads of revenue	Amount outstanding as on 31 March 2005	Arrears more than five years old as on 31 March 2005	Remarks
2.	Non-ferrous mining and metallurgical industries	116.63	47.77	Out of Rs 116.63 crore, demands for Rs 96.57 crore were certified for recovery as arrears of land revenue. Specific action taken for the remaining arrears of Rs 20.06 crore though called for in May and September 2005 has not been intimated (September 2005).
3.	Land revenue	106.99	18.65	Stages at which the arrears were pending for collection has not been intimated; though called for in May and September 2005 (September 2005)
4.	Water rates	147.45	N.A	Stages at which the arrears were pending for collection has not been intimated, though called for in May and September 2005 from the Department (September 2005)
5.	Tax and duties on electricity	7.14	6.67	Out of Rs 7.14 crore, recovery of Rs 2.24 crore was stayed by Court and Government. Action taken for remaining arrears of Rs 4.90 crore though called for in May and September 2005 has not been intimated (September 2005).
6.	Taxes on sugarcane	15.43	13.84	Out of Rs 15.43 crore, demands for Rs 4.57 crore were certified for recovery as arrears of land revenue. Recovery of Rs 0.47 crore and Rs 10.39 was stayed by Courts and Government respectively.
7.	Entry tax	5.64	2.34	Out of Rs 5.64 crore, recovery amounting to Rs 1.12 crore was stayed by Courts. Specific action taken for the remaining arrears of Rs 4.52 crore though called for in May and September 2005 has not been intimated (September 2005).
8.	Entertainment tax	2.87	1.98	Out of Rs 2.87 crore, demand for Rs 1.70 crore was certified for recovery as arrears of land revenue. Recovery of Rs 0.02 crore was stayed by Courts. Specific action taken for the remaining arrears of Rs 1.15 crore though called for in May and September 2005 has not been intimated (September 2005).
	Total	1,101.34	395.35	

1.7 Arrears in assessment of sales tax

The details of sales tax assessment cases pending at the beginning of the year, cases becoming due for assessment during the year, cases decided during the year and number of cases pending finalisation at the end of each year during 2000-01 to 2004-05 as furnished by the Department are given below:

Year	Opening balance	New Cases due for assessment during the year	Total	Cases finalised during the year	Balance at the end of the year	Percentage of column 6 to 4
1	2	3	4	5	6	7
2000-01	82,902	96,560	1,79,462	50,407	1,29,055	72
2001-02	1,29,055	1,23,660	2,52,715	55,077	1,97,638	78
2002-03	1,97,638	69,069	2,66,707	58,495	2,08,212	78
2003-04	2,08,212	66,398	2,74,610	49,202	2,25,408	82
2004-05	2,25,408	69,914	2,95,332	75,582	2,19,750	74

1.8 Evasion of tax

In Commercial Taxes Department, out of 634 cases of evasion of tax detected as on 31 March 2005, assessment/investigation was completed in 376 cases and additional demand of Rs 1.05 crore including penalty was raised during the year 2004-05 leaving a balance of 258 cases pending finalisation.

Information from other departments, though called for in May and September 2005, has not been received (September 2005).

1.9 Refunds

The number of refund cases pending at the beginning of the year 2004-05, claims received during the year, refunds allowed during the year and cases pending at the close of the year (March 2005), as reported by the departments are given below:

Sl. No.		Sales Tax		Tax on entry of goods into local areas	
		No. of cases	Amount	No. of cases	Amount
1	Claims outstanding at the beginning of the year	3,110	11.72	Nil	Nil
2	Claims received during the year	116	8.12	7	0.79
3	Refunds made during the year	94	9.18	3	0.59
4	Balance outstanding at the end of the year	3,132	10.66	4	0.20

1.10 Results of audit

Test check of records of sales tax, state excise, motor vehicles tax, stamps and registration fees, electricity duty, other tax receipts, forest receipts, interest receipts and other non tax receipts during the year 2004-05 revealed under assessment/short levy/loss of revenue of Rs 1,047.08 crore in 1,833 cases. During the year 2004-05, the concerned departments accepted under assessments etc. of Rs 337.92 crore involved in 60 cases. Of these, 54 cases involving Rs 329.54 crore were pointed out in audit during 2004-05 and rest in earlier years. The concerned departments also reported recovery in 10 cases involving Rs 67.35 lakh.

This report contains 25 paragraphs including two reviews relating to non/short levy of taxes, duties, interest and penalties etc. involving Rs 176.92 crore. The departments/Government accepted audit observations involving Rs 56.63 crore in 54 cases. No replies have been received in remaining cases (September 2005).

1.11 Failure of senior officials to enforce accountability and protect interest of the Government

Principal Accountant General (Audit) Bihar (PAG) conducts periodical inspection of Government departments to test check transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. Their inspections are followed up with inspection reports (IRs) incorporating irregularities etc. detected during inspection and not settled on the spot, which are issued to the heads of offices inspected with copies to next higher authorities for

taking prompt corrective action. The heads of offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the PAG within one month from the date of issue of IRs. Serious financial irregularities are reported to the heads of the departments and to Government.

Inspection reports issued upto December 2004 disclosed that 34,331 paragraphs involving Rs 3,780.24 crore relating to 8,275 IRs remained outstanding at the end of June 2005. Even first replies required to be received from the heads of offices within one month from the date of issue of IRs, were not received for 2,123 IRs issued upto December 2004.

- Outstanding audit observations relating to the following departments are given below:

(Rupees in crore)

Sl No.	Department	Revenue head	Number of Outstanding		Year to which earliest IR relates	Amount involved
			IRs	Paras		
1	Revenue	Land revenue	4,593	14,770	1980-81	579.35
2	Finance (Commercial Taxes)	Taxes on sales, trade etc. minor Taxes	882	6,466	1982-83	647.96
3	Excise and prohibition	State excise	721	4,490	1991-92	738.20
4	Transport	Taxes on vehicles	497	3,772	1990-91	453.10
5	Mines and geology	Non ferrous mining and metallurgical industries	346	1,763	1982-83	212.26
6	Water resources	Water rates	422	1,317	1982-83	823.01
7	Cane	Taxes on sugarcane	196	325	1977-78	161.39
8	Forest and environment	Forest receipts	80	297	1981-82	78.71
9	Registration	Stamp and registration fees	538	1,131	1990-91	86.26
Total			8,275	34,331		3,780.24

- In the following cases, even the first replies of IR were not furnished by the Department.

Department	Revenue head	Number of IRs to which even first reply has not been received	Year to which earliest IR relates
1. Revenue	Land revenue	1,440	1980-81
2. Excise and prohibition	State excise	66	1982-83
3. Transport	Taxes on vehicles	156	1990-91
4. Finance (Commercial Taxes)	• Taxes on sales, trade etc.	92	1999-2000

Department	Revenue head	Number of IRs to which even first reply has not been received	Year to which earliest IR relates
	<ul style="list-style-type: none"> • Electricity duty • Taxes on goods and passengers • Entertainments tax 	21	1999-2000
5. Registration department	Stamps and registration Fees	153	1990-91
6. Mines and geology	Non ferrous mining and metallurgical industries	77	1990-91
7. Cane	Taxes on sugarcane	61	1981-82
8. Water resources	Water rates	39	1998-99
9. Forest and environment	Forest receipts	18	1984-85
	Total	2, 123	

This large pendency of IRs due to non receipt of replies is indicative of the fact that the heads of offices and heads of departments failed to initiate action to rectify the defects, omissions and irregularities pointed out by the PAG in the IRs.

It is recommended that Government should take suitable steps to ensure that an effective procedure exists for prompt and appropriate response to audit observations, for action against officials/officers failing to send replies to the IRs/paras as per the prescribed time schedules and action to recover loss/outstanding demand in a time bound manner.

1.12 Departmental audit committee meetings

In order to expedite settlement of outstanding audit observations contained in IRs, the Government constituted departmental audit committees. The committees are chaired by the administrative secretary of the Department concerned and attended among others by the officers concerned of the State Government and of the office of the PAG.

The meetings for reviewing and monitoring the progress of settlement of audit observations/audit paras are required to be held quarterly. During the year 2004-05, not a single audit committee meeting was held. The Government departments did not take any initiative for settling outstanding audit observations through these meetings. Government should ensure periodical meetings of these committees for effective progress.

1.13 Response of the departments to draft audit paragraphs

Department of Finance had issued directions to all departments to send their response to the draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within six weeks. Principal Accountant General forwards the draft paragraphs to the Secretaries of the departments concerned through demi official letters drawing their attention to the audit

findings and requesting them to send their response within six weeks. The fact of non receipt of replies from the Department is invariably indicated at the end of each paragraph included in the audit report.

Twenty five draft paragraphs including two reviews included in this Report for the year ended 31 March 2005 were forwarded to the Secretaries of the departments concerned between May and July 2005 through demi official letters.

The Secretaries of the various departments sent replies to 10 draft paragraphs, partial reply was received to four draft paragraphs including two reviews, while replies to 11 draft paragraphs have not been received. Therefore, 11 draft paragraphs have been included in this report without the response of the Department/Government.

CHAPTER II: TAXES ON SALES, TRADE ETC.

2.1 Results of audit

Test check of the records relating to assessments and refund of sales tax in various commercial taxes circles, conducted in audit during the year 2004-05, revealed underassessment of tax of Rs 142.82 crore in 576 cases which broadly fall under the following categories:

(Rupees in crore)			
Sl. No.	Categories	No. of cases	Amount
1	Non /short levy of tax	89	13.01
2	Irregular allowance of exemption from tax	179	76.96
3	Non levy of penalty	17	2.96
4	Irregular allowance of concessional rate of tax	25	6.67
5	Non/short levy of additional tax and surcharge	35	8.54
6	Application of incorrect rates of tax	21	0.18
7	Short levy of tax due to incorrect determination of turnover	51	13.36
8	Non levy of penalty for excess collection of tax/ mistake in computation	9	0.31
9	Other cases	150	20.83
	Total	576	142.82

During the year 2004-05, the Department accepted underassessment etc. of Rs 10.82 crore involved in 25 cases which had been pointed out in audit during the year 2004-05. Of these, the Department raised a demand of Rs 9.21 crore involved in 23 cases and reported recovery of Rs 0.96 lakh in one case.

A few illustrative cases involving Rs 13.37 crore are discussed in the following paragraphs:

2.2 Suppression of purchase/sales turnover

Under the provisions of Bihar Finance Act, 1981 read with Central Sales Tax Act (CST Act), 1956 if the prescribed authority has reason to believe that the dealer has concealed, omitted or failed to disclose wilfully the particulars of turnover or has furnished incorrect particulars of such turnover and thereby returned figures below the correct amount, the said authority shall assess or reassess the amount of tax due from the dealer in respect of such turnover and shall direct the dealer to pay, besides the tax assessed on escaped turnover, penalty not exceeding three times but not less than an amount equivalent to the amount of tax on the escaped turnover. The CST Act also provides that no tax shall be payable on sale of goods which have taken place in the course of export sale. Further, the Commissioner, Commercial Taxes (CCT) Bihar issued instructions in May 1990 and June 1991 that all assessing officers incharge should cross verify the records with the Customs Department to detect escaped turnover.

Audit scrutiny revealed the following:-

- In seven¹ circles, assessment records of 17 dealers including utilisation certificates of declaration forms, road permits and trading account etc. disclosed that they had suppressed purchase/sale turnover of Rs 14.72 crore bought/sold on declaration forms during the years 1998-99 to 2002-03. The assessing authorities while finalising assessments between September 2001 and February 2004 failed to check suppression of purchase/sales which resulted in short levy of tax of Rs 2.68 crore including additional tax, surcharge and penalty. A few illustrative cases are given below:

(Rupees in lakh)								
Sl. No.	Name of Circle/No. of dealers	Period of assessment/Month/Year of assessment	Commodity/Rate applicable (Per cent)	Actual purchase/ accounted for	Actual sale/ accounted for	Amount concealed	Amount of tax/ penalty ²	Total
1	Teghra 4	1998-99, 1999-2000 and 2001-02 9/2001 12/2002 and 05/2003	Raw Petroleum coke (8) and milk products (8)	726.82 645.12	1,477.49 885.72	673.47	53.96 53.60	107.56
Remarks: Out of four cases, in one case, the Department stated in July 2005 that suppression occurred due to clerical error. The reply is not tenable as all details available in case record clearly indicated suppression of turnover. Replies in remaining cases have not been received (September 2005).								
2	Pataliputra 5	1998-99, 2001-02 & 2002-03 09/2002, 06/2003 to 02/2004	Watches (13), IMFL (25), iron & steel (4), road construction materials (8 and 9) and chocolate (12)	750.23 666.63	1,977.13 1,628.06	432.67	47.69 43.63	91.32
Remarks: Out of five cases, the Department stated in July 2005 that demands in three cases (Rs 82.37 lakh) have been raised while in one case, the Department stated that suppression occurred due to clerical error. The reply of the Department is not tenable as all details available in the case record clearly indicated suppression of turnover. In another case, the Department stated in August 2005 that the amount of excise duty on raw materials has been deducted under MODVAT scheme. The reply is not tenable as the dealer has not shown any amount of excise duty paid in his manufacturing account. Further reply has not been received (September 2005).								

¹ Bhagalpur, Gaya, Madhubani, Motihari, Pataliputra, Teghra and Sasaram.

² Penalty is exclusive of surcharge.

Audit Report (Revenue Receipts) for the year ended 31 March 2005

Sl. No.	Name of Circle/No. of dealers	Period of assessment/Month/Year of assessment	Commodity/Rate applicable (Per cent)	Actual purchase/ accounted for	Actual sale/ accounted for	Amount concealed	Amount of tax/ penalty ²	Total
3	Sasaram 2	1999-2000 and 2000-01 between 2/2001 and 3/2003	Washing powder (10), detergent cake (10), sanitary fittings and hardware (8)	<u>1,639.92</u> 1,469.59	-	170.33	<u>20.79</u> 18.90	39.69
Remarks: In one case, the Department stated in August 2005 that demand for Rs 0.94 lakh has been raised. Further reply has not been received (September 2005).								
4	Gaya 2	2000-01 & 2001-02 05/2003 & 8/2003	High Tention Steel wire (8), MCI Insert (8) and motor pump (8)	<u>119.91</u> 34.56	-	85.35	<u>8.53</u> 7.74	16.27
Remarks: The Department stated in August 2005 that demands in both cases have been raised. Report on realisation has not been received (September 2005).								
Total				<u>3,236.88</u> 2,815.90	<u>3,454.67</u> 2,513.78	1,361.82	<u>130.97</u> 123.87	254.84

The cases were reported to Government in March 2005 which confirmed the reply of the Department in July and August 2005 as detailed in the table. Further reply has not been received (September 2005).

- Cross verification of assessment records of eight dealers of various commodities³ in three circles⁴ with the records maintained in Customs Department revealed that the assessee disclosed sales turnover of Rs 12.26 crore on account of export to Nepal in their returns during the period 1998-99 to 2001-02 and were allowed exemption accordingly between December 2001 and February 2004 against the actual export value of goods of Rs 7.32 crore as shown in the records of Customs Department. The assessing authorities failed to cross verify the records with the Customs Department which resulted in allowance of incorrect exemption on taxable turnover of Rs 4.94 crore and consequent short levy of tax of Rs 1.73 crore including additional tax, surcharge and leviable penalty.

After this was pointed out between October and December 2004, the Department raised demand of Rs 32.51 lakh in two cases of Muzaffarpur and one case of Patliputra circle. Of this, an amount of Rs 0.96 lakh in one case of Muzaffarpur has been realised. Report on further realisation and reply in remaining cases has not been received (September 2005).

The cases were reported to Government in March 2005 which confirmed the reply of the Department in July and August 2005. Further reply has not been received (September 2005).

- In Gaya Circle, it was noticed from the assessment record of a dealer that the assessing officer while finalising the assessment between May and June 2003 found suppression of sales turnover of Rs 2.48 crore which was not shown in the

³ Dairy products, electrical goods, machine, medicine, motors and sewing machine

⁴ Muzaffarpur, Patliputra and Patna Special

return furnished by the dealer during 2000-01 and 2001-02. The assessing officer levied tax on concealed value but did not levy penalty of Rs 24.14 lakh.

After this was pointed out in August 2004, the Department stated in July 2005 that demand has been raised. Report on realisation has not been received (September 2005).

The case was reported to Government in October 2004 which confirmed the reply of the Department in July 2005.

2.3 Short levy of additional tax

Under the provisions of Bihar Finance Act, every dealer is required to pay additional tax at the rate of one *per cent* (except on liquor) on his gross turnover unless specifically exempted from levy of additional tax.

In Patna Special circle, it was noticed in case of a dealer dealing in petroleum products and assessed in August 2003 for the assessment year 2001-02 that additional tax was levied by the assessing officer on tax of Rs 98.36 crore instead of correct amount of Rs 764.06 crore which included tax and turnover. This resulted in short levy of additional tax of Rs 7.32 crore including surcharge.

After this was pointed out in December 2004, the Department stated in June 2005 that demand has been raised. Report on realisation has not been received (September 2005).

The case was reported to Government in March 2005 which confirmed the reply of the Department in July 2005.

2.4 Incorrect adjustment of additional tax

By a notification issued in June 1985 under the provisions of the Bihar Finance Act, tax on sale of IMFL⁵ is leviable at every stage of sale at the rate of 25 *per cent* of the sale price and additional tax at the rate of two *per cent* on total sales turnover including tax. Bihar Sales Tax Rules, 1983 (BST Rules) provide for adjustment of sales tax paid at each preceding stage of sale against the amount of tax payable at each subsequent stage of sale.

In Katihar circle, it was noticed in case of two dealers assessed in September and October 2002 that sales tax paid at the preceding stage by these dealers was Rs 1.54 crore but tax of Rs. 1.69 crore inclusive of Rs 15.39 lakh of additional tax was adjusted against tax payable at the succeeding stage during the year 1999-2000 and 2000-01. The adjustment of Rs 15.39 lakh of additional tax against sales tax payable was incorrect. This resulted in short levy of tax of Rs 17.27 lakh including surcharge of Rs 1.88 lakh.

After this was pointed out in November 2003, the Department stated in July 2005 that demands have been raised. Report on realisation has not been received (September 2005).

The matter was reported to Government in March 2005 which confirmed the reply of the Department in July 2005.

⁵ India made foreign liquor

2.5 Incorrect grant of exemption

Under the provisions of Bihar Finance Act, read with BST Rules as amended from time to time, where any dealer claims that no tax is payable by him on any part of his gross turnover in respect of any goods by reason of transfer of goods by him to any other dealer or to his agent or principal as the case may be, for sale, the burden of proving this claim shall be on the dealer and for this purpose alongwith other evidence, he shall furnish a declaration in the form "IX D" as prescribed by the Department in February 2000.

In two circles⁶ it was noticed in June and August 2004 that in two cases assessed between October 2002 and January 2003 exemption was allowed on stock transfer of goods valued at Rs 2.05 crore during February 2000 to March 2003 without production of declaration in Form "IX D". Incorrect grant of exemption resulted in short levy of tax of Rs 47.72 lakh.

After this was pointed out between June and August 2004, the Department in one case of Sasaram circle stated in July 2005 that demand for Rs 41.66 lakh has been raised. Report on realisation in case where demand has been raised and reply in remaining case has not been received (September 2005).

The cases were reported to Government between May 2004 and February 2005 which confirmed the reply of the Department. Further reply has not been received (September 2005).

2.6 Short levy of tax due to mistake in computation

In Patna Special circle, it was noticed in December 2004 that in the case of a dealer assessed in December 2003, mistake in computation of tax payable by the dealer during the year 2001-02 resulted in short levy of tax of Rs 23.80 lakh.

After this was pointed out in December 2004, the Department stated in June 2005 that demand has been raised. Report on realisation has not been received (September 2005).

The case was reported to Government in March 2005 which confirmed the reply of the Department in July 2005.

2.7 Short levy of penalty

Under the provisions of Bihar Finance Act, if any registered dealer fails to make payment of the admitted tax within the due date or the extended date, the prescribed authority shall impose a penalty which may extend to five *per cent* but not less than two and half *per cent* of the amount of tax for each of the first three months or part thereof following the due date or the extended date, and to 10 *per cent* but not less than five *per cent* for each subsequent month or part thereof.

In two circles (Buxar and Sasaram), it was noticed from the assessment records and the periodical returns that two dealers deposited the admitted tax with delay. The delay ranged between 14 days to 31 months pertaining to the assessment years 1999-2000 to 2001-02. The assessing officer while finalising the

⁶ Sasaram and Teghra

assessments between October 2002 and March 2003 levied penalty of Rs. 0.19 lakh only instead of leviable penalty of Rs 24.88 lakh. This resulted in short levy of penalty of Rs. 24.69 lakh.

After this was pointed out in June 2004, the Department stated in July 2005 that demands have been raised. Report on realisation has not been received (September 2005).

The cases were reported to the Government in December 2004 which confirmed the reply of Department in July 2005.

2.8 Incorrect determination of taxable turnover

Under the provisions of Bihar Finance Act, taxable turnover of a dealer shall be that part of his gross turnover which remains after deducting therefrom the amount of sales tax actually collected as such, if any, alongwith the sale prices received or receivable for sale of goods.

In Muzaffarpur circle, it was noticed from the assessment order completed in March 2004 and trading account for the assessment year 1999-2000 that taxable turnover of a dealer engaged in business of medicine was incorrectly determined at Rs 2.36 crore against the actual taxable turnover of Rs 4.16 crore. This resulted in incorrect determination of taxable turnover and consequent short levy of tax of Rs 13.87 lakh including surcharge.

After this was pointed out in October 2004, the Department stated in July 2005 that demand has been raised. Report on realisation has not been received (September 2005).

The case was reported to the Government in March 2005 which confirmed the reply of the Department in July 2005.

2.9 Non levy of purchase tax

Under the provisions of Bihar Finance Act, every dealer who purchases goods in circumstances in which no sales tax is payable and consumes such goods in the manufacture of other goods for sale, shall be liable to pay tax on the purchase price of such goods at the rate at which it would have been leviable on the sale price of such goods.

In Muzaffarpur circle, it was noticed in August 2004 that a dealer purchased goods worth Rs 1.12 crore during the year 2000-01 within the State without payment of tax and consumed the same in manufacture of tobacco product. Though the dealer was liable to pay tax, the assessing officer while finalising the assessment in July 2003 failed to levy tax on purchase price of Rs 1.12 crore. This resulted in non levy of tax of Rs 12.32 lakh.

After this was pointed out in October 2004, the Department stated in July 2005 that demand has been raised. Report on realisation has not been received (September 2005).

The case was reported to the Government in March 2005 which confirmed the reply of the Department in July 2005.

CHAPTER III: STATE EXCISE

3.1 Results of audit

Test check of the records of the excise offices, conducted in audit during the year 2004-05, revealed underassessments and losses of revenue of Rs 43.99 crore in 182 cases, which broadly fall under the following categories.

(Rupees in crore)			
Sl. No.	Categories	No. of cases	Amount
1	Non/delayed settlement of excise shop	49	16.82
2	Non realisation of license fee	23	2.71
3	Loss of revenue due to low yield of spirit	8	8.42
4	Loss/wastage of molasses in storage, transit and working	2	0.75
5	Other cases	100	15.29
	Total	182	43.99

During the year 2004-05, the Department accepted underassessment etc. of Rs 8.38 crore involved in six cases which had been pointed out in audit during the earlier years. Of this, the Department reported recovery of Rs 33.84 lakh in three cases.

A few illustrative cases involving Rs 11.65 crore are discussed in the following paragraphs:

3.2 Loss of revenue due to non settlement of excise shops

Under Bihar Excise Act, 1915 (BE Act) and Rules framed thereunder, the system of settlement of excise shops is in force for retail vends of country spirit (CS), spiced country spirit (SCS) and India made foreign liquor (IMFL). The excise shops are put to auction subject to a reserve/upset fee. The Excise Commissioner (EC) issued instructions in June 1995 for departmental operation of shops remaining unsettled. When the upset fee is not obtained, the Collector of the district may accept a lower fee subject to the approval of EC.

- In 14¹ excise districts it was noticed between October 2003 and December 2004 that 104 CS shops, 49 SCS shops and 26 IMFL shops remained unsettled and were not operated departmentally during the period 2001-02 to 2003-04. This resulted in a loss of revenue of Rs 10.06 crore in shape of licence fee and excise duty as worked out on the basis of minimum guaranteed quota (MGQ) and reserve fee fixed for the concerned excise shops respectively.

The cases were reported to Government between October 2004 and March 2005. Government replied in September 2005 that inspite of best efforts the shops remained unsettled due to non availability of bidders. The reply of Government was not tenable as the records produced to audit did not reveal any efforts made to settle the shops by lowering the reserve fee or operating the shops departmentally in the interest of revenue.

- In two excise offices (Katihar and Muzaffarpur) it was noticed between March and June 2004 that there was delay in settlement of five CS and two IMFL shops during 2002-03 & 2003-04. The delay ranged from 79 to 172 days resulting in loss of revenue of Rs 30.30 lakh in shape of licence fee and excise duty as worked out on the basis of MGQ and reserve fee fixed for the concerned shops.

After this was pointed out in audit in June 2004, the Department stated between March and June 2004 that inspite of efforts the shops could not be settled in time. The reply is not tenable as the records produced to audit did not reveal any efforts made to settle the shops in time either by reducing the reserve fee or by operating shops departmentally in the interest of revenue.

The cases were reported to Government between June and August 2004; reply has not been received (September 2005).

3.3 Loss of revenue due to non settlement of excise shops after cancellation

Under condition No. 14(b) of the sale notification issued in March 2003 by the Department for settlement of shops, the successful bidder is required to deposit six months licence fee immediately after the bid. The balance amount of licence fee is to be deposited in equal monthly instalments between July and December by 10th of each month failing which the licence shall be cancelled and security

¹ Araria cum Kishanganj, Aurangabad, Bhagalpur cum Banka, Bhojpur cum Buxar, Darbhanga, Gaya, Jehanabad cum Arwal, Katihar, Muzaffarpur, Nawada, Munger cum Jamui cum Lakhisarai cum Sheikhpura, Nalanda, Rohtas cum Kaimur and West Champaran (Bettiah).

money forfeited. Further, each licensee of the shop is required to lift the approved MGQ of CS, SCS, IMFL and beer by last day of each month. In case of failure to comply with the conditions of sale notification, action is required to be taken against the licensee under section 42 of the BE Act. Further, departmental instructions of June 1995 provide for departmental operation of unsettled excise shops. It was also reiterated to settle the shops by reducing the 'reserve fee' with the approval of EC.

In five excise offices² it was noticed between January and August 2004 that licences of 27 CS shops, 14 SCS shops and two IMFL shops were cancelled between June 2002 and January 2003 due to non payment of licence fees or short lifting of MGQ by retail licensees during 2002-03 and 2003-04. These shops remained unsettled after cancellation till the end of the respective settlement year. This resulted in loss of revenue of Rs 1.21 crore as worked out on the basis of MGQ and licence fee respectively fixed for the concerned excise shops.

After this was pointed out in audit between January and August 2004, the Superintendents of Excise stated that in spite of all efforts, the shops could not be settled as no bidder turned up. The reply is not tenable as the records produced to audit did not reveal any effort made to settle the shops either by reducing the reserve fee or to run them departmentally, in the interest of revenue.

The cases were reported to Government between August 2004 and January 2005; reply has not been received (September 2005).

3.4 Undue advantage to licensees

Under condition 18 of the sale notification, every bidder is required to lift a fixed MGQ of CS, SCS and IMFL failing which the licensees are liable to be penalised or their licences are to be cancelled under section 68 and 42 of the BE Act.

In excise office, Gaya, it was noticed in August 2004 that the licensees of CS shops Bandhua and Bairag did not lift the MGQ for the entire period of their settlement from September 2003 to March 2004 resulting in loss of revenue of Rs 8.18 lakh as worked out on the basis of MGQ of 23,369 LPL of CS fixed for the concerned shops. The departmental authorities neither cancelled the licence nor imposed any fine under the provisions of the BE Act.

The cases were reported to the Department and Government in February 2005; reply has not been received (September 2005).

² *Bhojpur cum Buxar, Munger cum Jamui cum Lakhisarai cum Sheikhpura, Muzaffarpur, Rohtas cum Kaimur and West Champaran*

CHAPTER IV: TAXES ON MOTOR VEHICLES

4.1 Results of audit

Test check of the records of the transport offices during the year 2004-05, revealed non/short levy of motor vehicles tax, fees, penalties, fines etc. of Rs 116.67 crore in 274 cases, which broadly fall under the following categories:

Sl No.	Categories	No. of cases	(Rupees in crore)
			Amount
1	Non/short levy of taxes	24	16.86
2	Other cases	250	99.81
	Total	274	116.67

During the year 2004-05, the concerned Department accepted underassessment and other irregularities in nine cases involving Rs 26.54 crore which were pointed out in audit during the year 2004-05, of which the Department reported recovery of Rs 17.46 lakh in four cases.

A review on “Levy and collection of Motor Vehicles Taxes” and information technology based Review on “Road Transport Management Information System (NICTRAN)” involving Rs 29.60 crore are discussed in the following paragraphs:

4.2 Review: Levy and collection of motor vehicles tax

Highlights

- There was wide variation between budget estimates and revenue realised. Variation was also noticed in figures as appearing in Finance Accounts and those furnished by the Department for which reconciliation was not done as of 31 March 2004.

(Paragraph 4.2.6)

- In 24 district transport offices, tax dues of Rs 22.92 crore pertaining to 1,215 transport vehicles for the period April 1999 to November 2004 were neither paid by the vehicle owners nor demanded by the concerned tax authorities.

(Paragraph 4.2.8)

- The Department did not take any action to realise tax of Rs. 2.22 crore for 299 vehicles from the vehicle owners who failed to secure exemption from payment of tax on surrendered vehicles.

(Paragraph 4.2.9)

- In seven districts, the motor vehicle inspectors issued fitness certificate for 77 vehicles without ensuring upto date payment of tax of Rs. 1.95 crore.

(Paragraph 4.2.11)

- Documents were issued by DTO.Patna without verifying the actual credit of revenue of Rs. 5.07 lakh into Government account. Of this, Rs 4.95 lakh was realised at the instance of audit.

(Paragraph 4.2.13)

Introduction

4.2.1 The levy and collection of receipts from motor vehicles is governed by Motor Vehicles Act, 1988 (MV Act) as applicable to the State of Bihar, Central Motor Vehicles Rules (CMV Rules), 1989, Bihar Motor Vehicles Rules (BMV Rules), 1992, Bihar Motor Vehicles Taxation Act, (BMVT Act) 1994 and BMVT Rules, 1994. The major receipts from motor vehicles comprise tax/additional tax on motor vehicles and fee for registration, issue of driving license and road permit etc.

Organisational set up

4.2.2 The State Transport Commissioner (STC) is the head of the Transport Department and deals with all policy matters and administration of Acts and Rules. In performance of his duties, he is assisted by two Joint STCs at headquarters, nine Secretaries of Regional Transport Authorities (RTAs), District Transport Officers (DTOs), Motor Vehicle Inspectors (MVIs), the Enforcement Wing (EW) consisting of Enforcement Officers, inspectors and sub inspectors at the district level and check posts. RTA is responsible for issue of permits to

commercial vehicles while the DTO is responsible for issue of driving license, registration of vehicle, levy and collection of taxes. The EW is primarily responsible for ensuring that vehicle for which tax has not been paid is not plying on the road.

Audit objectives

4.2.3 The review was conducted with a view to ascertain that:

- provisions of the Acts and the Rules made thereunder are adequate and sufficient to safeguard the interest of revenue and are being implemented effectively and
- internal control mechanism exists and is functioning properly.

Scope of audit

4.2.4 The review was conducted through test check of relevant records of STC office, Patna and 14¹ out of 37 DTOs for the year 2000-01 to 2003-04 during August 2004 to November 2004 and March 2005 to June 2005. Audit findings, as a result of test check of records of Transport Department were reported to the Department/Government in July 2005. The Department was requested to attend the meeting of Audit Review Committee on State Receipts, so that the viewpoint of the Department/Government may be taken into account before finalising the review. The meeting was held on 20 October 2005 which was attended by the Joint State Transport Commissioner, Bihar.

Internal control mechanism

4.2.5 Internal controls are intended to provide reasonable assurance of proper enforcement of laws, rules and departmental instructions. Internal audit, a vital component of internal control is generally defined as control of all controls to enable an organisation to assure itself that the prescribed systems are functioning reasonably well.

The Finance (Audit) Department works as internal auditor of all departments of the State Government including the Transport Department as per orders of Finance Department of May 1960. During the period 2001-02 to 2003-04, the Finance (Audit) Department did not conduct internal audit of the Transport Department.

BMVT Rules provides for maintenance and periodical updating of demand, collection and balance (DCB) register by every taxing officer to ensure effective control over timely realisation of tax dues.

DCB register were not maintained in any of the 14 DTOs test checked indicating absence of internal control for timely raising and realisation of demands.

¹ Begusarai, Bettiah, Bhagalpur, Chapra, Darbhanga, Gaya, Madhubani, Motihari, Munger, Muzaffarpur, Nalanda, Patna, Purnea & Vaishali.

Trend of revenue

4.2.6 The Bihar Budget Procedures provide that estimates of revenue and receipt should show the amount expected to be realised within the year. In estimating fixed revenue for the ensuing year, the calculations should be based upon the actual demand including any arrears due for past years and probability of their realisation during the year. In case of fluctuating revenue, the estimate should be based upon comparison of the last three years receipts. The controlling officer is required to examine the budget proposals received from the disbursing officers and submit it to the Finance Department. Bihar Financial Rules (BFRs) provide for periodical reconciliation of figures with Finance Department.

A comparison of budget estimates, receipts realised according to Finance Account and figures of revenue realisation as furnished by the Department revealed variations as detailed below:

Year	Budget estimates	Receipts as per		Variation between budget estimates and receipt (per cent)
		Finance Accounts	Department	
2001 -02	160.00	141.54	133.10	(-) 11.54
2002 -03	205.00	177.98	177.54	(-) 13.18
2003 -04	275.00	209.50	217.91	(-) 23.82

The revenue realised was always lower than the budget estimates and the variation between budget estimates and receipts realised ranged between 11.54 and 23.82 per cent during 2001-04. Reasons for variation though called for were not furnished.

- There was also variation in receipts as appearing in the Finance Account and those furnished by the Department to audit. In order to ensure that amount collected has been properly accounted for, reconciliation between departmental figures and those booked in Finance Account is required to be done regularly by the department which was not done.
- Cross verification of figures of revenue collection of 12 DTOs² for the period 2001-04 with the figures furnished by STC revealed variation of Rs 1.19 crore. The variation in the figures indicated that either reports/returns as submitted by the DTOs were not scrutinised properly at the apex level or the figures supplied by DTOs were incomplete.

Arrears pending collection

4.2.7 The arrears of revenue pending collection at the end of 31 March 2004 as reported by the Department was Rs. 85.75 crore and all arrears were certified for collection as arrears of land revenue. Test check of records relating to certificate

² Begusarai, Bettiah, Bhagalpur, Darbhanga, Gaya, Madhubani, Motihari, Munger, Muzaffarpur, Nalanda, Purnea & Vaishali

cases revealed complete absence of internal control and monitoring for pursuance of certified cases as discussed below:

Non reconciliation of certificate cases

Under the BMVT Act, tax dues can be recovered by certificate proceedings as arrears of land revenue. Under the provisions of the Bihar and Orissa Public Demands Recovery Act (BOPDR Act), 1914, the requiring officer (RO) sends proposals for initiating certificate proceedings to the certificate officer (CO) and enters the details of such cases in register IX. These are in turn entered in Register X maintained by the CO for initiating certificate proceedings for realisation of dues.

Test check of register IX with relevant records in the office of 10 DTOs³ showed that the registers were not properly maintained viz. not closed periodically to show items settled, balance thereof and not submitted to the RO for his perusal. Reconciliation of register IX with register X by ROs was also not on record. As such, actual position of disposal of certificate cases could not be ascertained from register IX. The figures obtained from 10 DTOs for the period 2001-02 to 2003-04, however, showed the position as below:

(Rupees in crore)

Year	Opening Balance		Addition		Total		Disposal		Balance		Percentage of disposal
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	
2001-02	7,193	21.69	338	1.02	7,531	22.71	152	0.24	7,375	22.43	1.1
2002-03	7,615	23.73	1,707	7.00	9,322	30.73	399	0.54	8,923	29.45	1.8
2003-04	8,834	26.30	249	3.41	9,083	29.71	195	0.35	8,888	29.85	1.2

The figures of closing balance do not tally with the figures of opening balance of succeeding years. Further, 8,888 certificate cases⁴ involving Rs 29.85 crore were pending in the offices of concerned DTOs as on 31 March 2004. The disposal rate in terms of amount ranged between 1.1 per cent and 1.8 per cent, which indicated poor recovery and lack of monitoring.

Certificate cases returned due to vehicle owners not being traceable

Test check of Register X maintained in the district certificate offices and the details made available to audit by them revealed that 427 recovery certificate proposals involving Rs. 3.18 crore sent by eight DTOs⁵ during 1991-92 to 2003-04 were returned by the COs between April 2001 and December 2004 due to inadequate information in the certificate proposals such as wrong addresses of the vehicle owners. No action was taken by the ROs for speedy compliance on the

³ Bettiah, Bhagalpur, Chapra, Darbhanga, Gaya, Madhubani, Motihari, Munger, Nalanda and Vaishali.

⁴ There was discrepancy in the opening and closing balances during the above years in respect of both the number of cases and the amount involved.

⁵ Bhagalpur, Bettiah, Chapra, Gaya, Motihari, Munger, Muzaffarpur and Vaishali

queries of CO. Thus not taking timely action by the ROs resulted in non execution of certificate cases for recovery of arrears.

Lack of control over unpaid taxes

4.2.8 Under the provisions of the BMVT Act, tax is to be paid to the registering authority in whose jurisdiction the vehicle has been registered. The registering authority may exempt vehicle owner from payment of tax, if he is satisfied that prescribed conditions for securing exemption have been fulfilled by the vehicle owner.

In case of change of place of residence/ business, the owner can pay tax to the new registering authority subject to production of "No Objection Certificate" (NOC) from the previous registering authority as prescribed. In order to ensure realisation of dues, the DTO is required to issue demand notice and in case of non response to demand notice, certificate proceedings are to be initiated, as per executive instructions issued by the Department from time to time. Penalty is also leviable for non payment of tax within time.

Test check of entries in taxation registers⁶ of 24⁷ district transport offices revealed that owners of 1,215 transport vehicles had not paid the tax dues of Rs 22.92 crore for the period between April 1999 and November 2004 as on 31.3.2004. Of these, 33 vehicles pertained to Government departments and State Government undertakings involving tax of Rs. 1.44 crore. Neither issue of demand notices nor fact of change of address of owner or surrender of documents of vehicles for securing exemption from payment of tax during the period of non payment of tax was found on record. Since DCB registers were not maintained by the concerned registering authorities, they could not exercise effective control over realisation of revenue.

After this was pointed out to the Department in July 2005, the Department stated in September 2005 that Rs 12.48 lakh has been recovered from eight vehicle owners of Sitamarhi and Vaishali and in case of 10 DTOs⁸ demand notices have been issued while certificate cases have been filed in three DTOs⁹. Reply in remaining cases has not been received (September 2005).

Non realisation of tax from vehicles involved in surrender

4.2.9 Under the BMVT Act and Rules made thereunder, when owner of a motor vehicle does not intend to use his vehicle for a period not exceeding six months at a time, he can be exempted from payment of tax by the competent authority provided that his claim for exemption is supported by surrender of required

⁶ *Taxation Register: A register in Form M as prescribed under BMVT Rules for all vehicles except personalised vehicle, having separate pages earmarked for each vehicle.*

⁷ *Araria, Aurangabad, Begusarai, Bettiah, Bhabhua, Bhagalpur, Chapra, Darbhanga, Gaya, Gopalganj, Jahanabad, Jamui, Katihar, Kishanganj, Madhubani, Motihari, Munger, Muzaffarpur, Nalanda, Nawada, Purnea, Sitamarhi, Siwan and Vaishali.*

⁸ *Aurangabad, Begusarai, Bhagalpur, Darbhanga, Gaya, Katihar, Motihari, Muzaffarpur, Sitamarhi and Vaishali*

⁹ *Aurangabad, Sitamarhi and Vaishali*

documents such as certificate of registration, fitness certificate, tax token etc. for the period of non use of vehicle. The vehicle owner shall also, from time to time, furnish undertaking to the concerned taxation officer for extension, if any, of the said period.

If at any time during the period covered by an undertaking as aforesaid, the motor vehicle is found being used or is kept at a place other than the place mentioned in the undertaking, such vehicle shall for the purpose of this Act, be deemed to have been used throughout the said period without payment of tax. According to executive instructions issued in December 1990, the DTOs are required to realise arrears of tax before accepting surrender of documents of vehicle for non use.

Scrutiny of taxation register, surrender register and other relevant records pertaining to payment of road tax and additional motor vehicles tax revealed non realisation of tax of Rs. 2.22 crore for 299 vehicles in 26 DTOs as detailed below:

(Rupees in crore)					
Sl. No.	Name of DTO	No. of vehicles	Period involved	Nature of irregularities	Amounts
1	20 DTOs ¹⁰	247	August 2001 to March 2005	The Department did not take any steps for realisation of revenue in respect of vehicles surrendered beyond six months without fresh undertaking.	1.03
2	Patna	34	August 2002 to March 2005	Surrender applications of 34 vehicles were rejected but upto date tax was not realised due to not finding of vehicles at specified place in five cases and in 29 cases conditions as per Act were not fulfilled.	1.00
3	Darbhanga, Gaya, Gopalganj, Motihari and Muzaffarpur	18	June 1999 to November 2004 (vehicles were surrendered between July 2002 and October 2003).	Acceptance of surrender without realising upto date tax	0.19
		299			2.22

After this was pointed out to the Department in July 2005; the Department stated in September 2005 that DTO Darbhanga has issued demand notices. Reply in remaining cases has not been received (September 2005).

Revenue blocked due to pending exemption cases

4.2.10 Under the provision of BMVT Act, where the taxing officer on an application accompanied by an affidavit of the owner of a motor vehicle, is satisfied after enquiry that a motor vehicle has not been used in Bihar for a continuous period of more than a calendar month, he may exempt from payment of tax and write off the amount of arrear of tax up to a maximum of Rs 4,000 under intimation to the STC Bihar and where the amount of arrears exceeds

¹⁰ Araria, Begusarai, Bettiah, Bhagalpur, Bhojpur, Chapra, Darbhanga, Gaya, Gopalganj, Kishanganj, Motihari, Munger, Muzaffarpur, Nalanda, Nawada, Patna, Purnea, Sitamarhi, Siwan and Vaishali.

Rs 4,000, he may refer the matter to STC Bihar or to any other competent authority for decision.

- On examination of exemption register in the office of STC, Bihar it was noticed that 25 DTOs¹¹ forwarded between April 2002 and April 2005 proposals in respect of 320 vehicles for allowing exemption from payment of tax. Of this, details such as period of exemption sought for and amount involved in 85 cases were not found entered and in 15 cases disposals were shown leaving the balance 220 cases involving Rs 88.69 lakh unattended as of June 2005.

- On examination of surrender register and concerned records in the offices of four DTOs¹², it was noticed that surrender of 37 vehicles requiring the acceptance of exemption from payment of tax by higher authority were accepted by the concerned DTOs, entered in the surrender register and the vehicles were released between May 2001 to September 2004, but these cases were not forwarded to the higher authorities for allowing exemption from payment of tax till June 2005. Revenue involved in these cases was Rs 9.08 lakh.

The matter was reported to the Department in July 2005; reply has not been received (September 2005).

Irregular issue of certificate of fitness

4.2.11 Under the provisions of the BMVT Act and Rules made thereunder, if the tax payable for a motor vehicle has not been paid during the prescribed period, the person liable to pay such tax shall pay, together with arrears of tax, penalty at the prescribed rates. The MV Act provides that a transport vehicle shall not be deemed to be validly registered unless it carries a 'certificate of fitness' (CF) granted by the prescribed authority.

Further, according to executive instructions of the STC issued from time to time, the latest being issued in February 1999, the MVI is to ensure upto date payment of tax before issue of CF.

Cross verification of entries in CF registers in MVI offices with the taxation registers/ computer statement furnished by seven DTOs¹³ revealed that for 77 vehicles, certificates of fitness were issued by the MVI without ensuring upto date payment of tax of Rs 1.95 crore for the period December 2000 to March 2005.

As no statement or return was prescribed to be forwarded by the MVI to the DTO/STC in connection with issue of fitness certificates and corresponding upto date payment of taxes, no internal control could be exercised by the superior authorities.

¹¹ Aurangabad Begusarai, Bettiah, Bhabhua, Bhagalpur, Chapra, Darbhanga, Gaya, Gopalganj, Jahanabd, Katihar, Kishanganj, Madhepura, Madhubani, Motihari, Munger, Muzaffarpur, Nalanda, Patna, Rohtas, Saharsa, Samastipur, Sitamarhi, Siwan and Vaishali.

¹² Bettiah, Darbhanga, Motihari and Patna.

¹³ Darbhanga, Gaya, Madhubani, Motihari, Munger, Nalanda and Patna.

The matter was reported to the Department in July 2005; reply has not been received (September 2005).

Non realisation of trade tax from dealers

4.2.12 Under the provisions of the BMVT Act, trade tax as specified shall be paid by a manufacturer of or a dealer in motor vehicles for the motor vehicles in his possession in the course of his business as a manufacturer or dealer and in case of failure, penalty will be levied in terms of BMVT Rules and executive instructions issued by STC in May 2001.

According to executive instructions issued in November 1990, the DTO is required to issue demand notice and in case of non response to demand notice, initiate certificate proceedings to ensure realisation of dues.

Test check of trade tax registers of four DTOs¹⁴ revealed that 24 dealers of motor vehicles did not pay trade tax for the period 2000-01 to 2003-04. Action regarding issue of demand notice and initiation of certificate proceedings was not found on record. This resulted in non realisation of revenue of Rs 10.81 lakh including penalty of Rs 9.91 lakh.

After this was pointed out to the Department in July 2005; the Department stated in September 2005 that demand notices have been issued by the DTO Vaishali. Reply in remaining cases has not been received (September 2005).

Issue of documents without verifying credit of revenue into Government account

4.2.13 Under the provisions of the BMVT Rules and executive instructions of May 1980 and September 1996, the DTO, after satisfying that the vehicle owner has deposited the payable amount, will issue necessary documents/ certificates for which the money has been paid. Verification of such deposit is mandatory before issue of any document by the DTO.

Cross verification of registers of licenses and fitness with computer cash book and office copy of money receipts in DTO, Patna revealed that the DTO issued documents in respect 3,360 cases between August 2002 and October 2003 relating to learner license/driving license/transfer of ownership/duplicate registration certificate book/fitness certificate etc. without ensuring actual deposit of revenue into Government account. The amount shown in the money receipt was neither recorded in computer cash book nor deposited into treasury which amounted to Rs 5.07 lakh.

After this was pointed out in audit in October 2003, the DTO reported in June 2005 that Rs 4.95 lakh from the applicants have been realised and action was being taken for realisation of balance amount.

¹⁴ Bhagalpur, Patna, Purnea and Vaishali.

Non realisation of revenue due to non assignment of new registration mark to vehicles registered in other state

4.2.14 Under the provisions of the MV Act and Rules made thereunder, where a motor vehicle belonging to other State is intended to be kept in the State for a period exceeding 12 months, the owner of vehicle on furnishing a declaration to that effect is to submit an application accompanied by a NOC along with appropriate fee at any time within 12 months or within a period of 30 days from the date of expiry of 12 months for assignment of new registration mark to the vehicle. If the owner fails to apply within the prescribed period, he is required to pay a fine not exceeding Rs 100 in addition to the prescribed fee.

Examination of the 'Present Address Register'¹⁵ for vehicles originally registered in other states in the office of 14 DTOs¹⁶ showed that 2,856 motor vehicles pertaining to other states had been plying in the State for more than 12 months from 1999 to 2004. Neither any action to assign new registration mark to these vehicles nor any action regarding issue of notice was found in the present address register. This resulted in non realisation of Rs 9.94 lakh in shape of fee including fine.

After this was pointed out to the Department in July 2005, the Department stated in September 2005 that Rs 0.02 lakh has been recovered from five vehicle owners of the DTO Vaishali and demand notices have been issued by six DTOs¹⁷. Reply in remaining cases has not been received (September 2005)

Non renewal of registration certificate

4.2.15 The MV Act read with CMV Rules provides that a certificate of registration issued for vehicles other than transport vehicle, shall be valid for a period of 15 years from the date of issue of such certificate and shall be renewable on payment of prescribed fee for a further period of five years. If the vehicle owner fails to make an application for renewal within 60 days after expiry of registration, fine not exceeding Rs 100 is leviable. STC reiterated in June 1991 that such vehicles should be registered well in time.

Test check of records of 13 DTOs¹⁸ revealed that certificate of registration of 3,662 vehicles (other than transport vehicles) which expired between April 1999 and November 2003 were not renewed after the expiry of the said period (15 years). There was nothing on record to show that these vehicles had been transferred to other regions/states. The concerned DTOs did not take any steps to get the registration of these vehicles renewed though executive instruction issued by the STC in June 1991 reiterated for timely registration of such vehicles. Any effort by Enforcement Wing to check plying of vehicles without renewed

¹⁵ 'Present Address Register': A register for vehicles registered in other states and to be maintained as per format prescribed for Registration Register.

¹⁶ Begusarai, Bettiah, Bhagalpur, Chapra, Darbhanga, Gaya, Muzaffarpur, Motihari, Munger, Madhubani, Nalanda, Patna, Purnea and Vaishali.

¹⁷ Begusarai, Bhagalpur, Darbhanga, Motihari, Sasaram and Vaishali

¹⁸ Begusarai, Bettiah, Bhagalpur, Chapra, Darbhanga, Gaya, Muzaffarpur, Munger, Motihari, Nalanda, Patna, Purnea and Vaishali.

registration was also not found on record. This resulted in non realisation of revenue of Rs 9.74 lakh including leviable fine of Rs 3.66 lakh.

After this was pointed out to the Department in July 2005, the Department stated in September 2005 that Rs 0.01 lakh has been recovered by the DTO Vaishali and demand notices have been issued by six DTOs¹⁹. Reply in remaining cases has not been received (September 2005).

Lack of control on disposal of bank drafts received from other States

4.2.16 Under the provisions of the Bihar Financial Rules, all transactions must be brought to account without delay and all money credited to public account.

A bank draft register containing receipt of bank drafts on account of realisation of composite fee due from concerned states under National Permit Scheme is required to be maintained by office of the STC. The State Government authorised certain nationalised banks to collect the amount of bank drafts deposited with the STC.

According to STC's instruction issued in March 1996, the amount collected by the banks during April to February is to be transferred to State Bank of India (SBI), Secretariat Branch, Patna in such a manner that all receipts during a particular month stand transferred latest by first week of the subsequent month and the amount collected in the month of March is to be transferred by 31 March positively so that all amounts deposited in a financial year stand transferred to Government account within the same financial year.

According to the Reserve Bank of India instructions issued in April 2003, interest at bank rate²⁰ plus two *per cent* is payable by banks on delayed remittances to Government account. In case of failure to transfer collection by banks to Government account, the STC is to issue cheques against the balance at the banks.

- Test check of the bank reconciliation statement of revenue collecting banks²¹ as available in the office of STC, revealed that the collecting banks transferred the revenue collection to SBI, Secretariat Branch, Patna for credit into Government account with delays ranging from more than one month to 11 months. The Department did not charge interest for delayed remittances of amount to the Government account resulting in loss of interest of Rs1.85 crore for the period between March 2003 and February 2005.
- The examination of bank draft register of STC, showed that 26,093 bank drafts amounting to Rs 9.61 crore for composite fee received from different states were sent to six banks²² by STC during July 2003 to March 2005 but the STC did not issue cheque in favour of SBI, Secretariat Branch, Patna for transfer of revenue

¹⁹ Begusarai, Bhagalpur, Darbhanga, Motihari, Sasaram and Vaishali

²⁰ According to RBI circular dated 29.4.2003 Bank rate was six per cent.

²¹ Bank of Baroda, Corporation Bank, Indian Bank, State Bank of Patiala & State Bank of Bikaner & Jaipur.

²² Allahabad Bank, Bank of India (Main branch), Bank of Baroda, Punjab and Sind Bank, State Bank of Patiala and State Bank of Bikaner & Jaipur.

on account of failure of these banks to transfer collection to the Government account. Thus Government revenue remained blocked with the banks.

- Test check of bank draft register revealed that STC sent 743 expired bank drafts amounting to Rs 27.17 lakh received from other states on account of composite fee for the period from April 2001 to March 2004, to different authorised banks in March 2005 for revalidation. Government revenue was blocked as the expired bank drafts remained pending for revalidation as of June 2005.

Conclusion

4.2.17 The Transport Department could not exercise proper internal control for timely raising and realisation of demand leading to huge amount of motor vehicles taxes pending for collection at various stages of recovery. Proper safeguards were also not exercised in allowing exemption from payment of taxes on vehicles.

Recommendations

4.2.18 Government may examine and consider:

- creation of specific and definite mechanism to ensure appropriate and timely action for issue of demand notice followed by certificate proceedings for recovery of unpaid taxes,
- taking effective measures in coordination with the District Certificate Officer for disposal of pending certificate cases, and,
- evolving a control system for monitoring the working of the enforcement wing, DTO and MVI at apex level to ensure prompt detection of unauthorised vehicles and ensuring prompt recovery of tax.

4.3 Information Technology based review on Road Transport Management Information System (NICTRAN) in Transport Department

Highlights

Lack of control over registration on the basis of duplicate engine/chassis numbers.

(Para 4.3.5)

Lack of control over registration on the basis of duplicate insurance certificate/cover note numbers.

(Para 4.3.5)

Introduction

4.3.1 As a measure of reform in monitoring, controlling and streamlining of timely realisation of taxes, the Transport Department of Government of Bihar decided to computerise the system of taxation and implemented (1992) Road Transport Management Information System (NICTRAN) in active collaboration

with Bihar State unit of National Informatics Centre (NIC). NICTRAN was conceived as a comprehensive transport management information system, to effectively monitor vehicle registration, tax collection, preparation of defaulters' list and issue demand notices. NICTRAN was operational in five²³ out of 37 districts of Bihar.

NICTRAN package was developed on XENIX²⁴ operating system using FOXBASE Plus DBMS²⁵. The package being user friendly and menu driven was intended to provide quick and accurate tax calculation procedures. It was also to provide for vehicle registration, fast disposal of tax token slips on counters and generation of demand notices and reminders in cases of default. Apart from these functions, the package would be able to generate daily, monthly and yearly cash books.

Audit objectives

4.3.2 Information Technology (IT) based review of NICTRAN was conducted with the objectives to ascertain:

- completeness of registration database (since implementation of computerisation),
- control over duplicate engine/chassis numbers (from 2000),
- control over duplicate insurance certificate/cover note numbers (from 2000),
- correctness of realisation of additional registration fee (from 13.06.2003) and realisation of outstanding tax from defaulter vehicle owners.

Audit scope and methodology

4.3.3 The district transport offices (DTOs) of Bhagalpur, Patna and Purnea were selected for IT Audit. The taxation and registration data was collected from the DTOs in tape cartridges between March and May 2005 and analysed using CAATs²⁶ viz. IDEA²⁷ 2002. The taxation and registration data since computerisation to April 2005 was analysed to verify the completeness of database. Duplicate engine/chassis and insurance certificate/cover note numbers were analysed from 1.1.2000. The audit findings are discussed in the succeeding paragraphs.

Incomplete database

4.3.4 According to Rule 47 of Central Motor Vehicle Rules, 1989, Form 20 is prescribed for registration of vehicles, which contains information in 33 fields. In NICTRAN, all 33 fields have been provided for data entry.

²³ Bhagalpur, Gaya, Muzaffarpur, Patna, and Purnea

²⁴ A variant of UNIX operating system

²⁵ Database Management System

²⁶ Computers Assisted Audit Tools

²⁷ Interactive Data Extraction and Analysis

- Analysis of the registration databases of DTOs of Bhagalpur, Patna and Purnea (since implementation of computerisation) revealed that data capture was partial even in crucial fields (detailed in **Annexure I**). Data entry pertaining to mandatory fields for registration such as registration date, owner's name, address, dealer's name, engine/chassis number and insurance certificate/cover note number, date was not done in many cases, as detailed in the following table:

DTO	No. of Vehicles	Total number of fields having blank values					
		Registration Date	Owner's name	Address	Dealer's name	Engine/Chassis No.	Insurance Company/Insurance No.
Bhagalpur	36,896	5,390	8,371	6,946	10,031	8,758/6,572	27,838/27,841/ 27,837
Patna	1,83,054	25,124	13,425	27,316	27,212	28,870/26,620	34,961/37,132/34,961
Purnea	10,713	24	Nil	38	FNA ²⁸	Nil/6	FNA

In reply, the Department stated in September 2005 that action is being taken to fill in the missing data in the databases of DTOs Bhagalpur and Patna.

- According to Central Government notification²⁹, it is mandatory for vehicle owners to disclose annual income and PAN/GIR³⁰ number from 31 May 2002. Audit observed that no such information was available in the database of the three DTOs taken up for audit. Scrutiny of taxation database of DTOs revealed that while granting NOC to those opting for tax payment in other districts of Bihar/outside the State, the place where tax would be payable, was not mentioned in cases shown in table below (detailed in **Annexure II**):

DTO	No. of cases where NOC was issued	No. of cases in which district/place not mentioned
Bhagalpur	79	62
Patna	560	184
Purnea	82	45

Information regarding place wise NOC could not be retrieved from the database in some cases and instantaneous information, therefore, could not be passed on to other DTOs for cross checking and timely realisation of revenue.

Besides making the database unreliable, any analysis or reports for Management Information System (MIS) based on an incomplete database is likely to furnish incomplete and misleading information.

Lack of control over registration on the basis of duplicate engine/chassis and insurance/ cover note numbers

4.3.5 Chassis/engine numbers of the vehicles consist of alphanumeric figures, which are unique and hence provide the identification of a vehicle. A vehicle owner is required to declare at the time of registration in Form 20 that the vehicle has not been registered elsewhere in India. Further, under Rule 47 of CMV Rules, Form 20 shall also be accompanied by a valid insurance certificate.

²⁸ Field Not Available

²⁹ GSR 400(E) dated 31.05.2002

³⁰ Permanent Account Number/General Index Registration Number

- Analysis of database of three DTOs revealed instances of duplicate engine and chassis numbers. Duplicate numbers identified and further verified from the registration registers are shown below (detailed in **Annexure III**):

DTO	No. of duplicate engine numbers	No. of duplicate chassis numbers	No. of duplicate engine/chassis numbers
Bhagalpur	04	01	15
Patna	15	06	09
Purnea	-	-	01

This indicated lack of validation checks during the data entry. Thus, the integrity of output of the system, could not be ensured. Manual verification of cases involving registration records of series BR-1Y, BR-1Z and BR-1AP (DTO Patna) could not be done as the registration registers were either partially filled in or not filled in at all.

In reply the Department stated in September 2005 that records of DTO Bhagalpur revealed that the error was due to negligence of motor vehicle dealers and lack of proper investigation by the MVI, while in the case of DTO Patna, motor vehicle owners have been issued notice for verification of engine/chassis numbers by MVI.

- Analysis of registration database of DTOs Bhagalpur and Patna from 1 January 2000 revealed that there were vehicle registration records with duplicate insurance/cover note numbers as indicated below (detailed in **Annexure IV**):

DTO	Company	Total number of duplicate/multiple insurance/cover note numbers
Bhagalpur	United India Insurance	29
	Oriental Insurance Company	08
	National Insurance Company	39
	National India Assurance	05
Total		81
Patna	United India Insurance	129
	Oriental Insurance Company	401
	National Insurance Company	168
	National India Assurance	195
	Bajaj Allianz	04
Total		897

This indicated lack of validation checks in the system. The insurance field was not available in the registration database of DTO Purnea.

In reply the Department stated in September 2005 that in the case of DTO Bhagalpur, the error was due to issue of same insurance number to different vehicles and that insurance companies had been requested not to do so in future,

whereas in case of DTO Patna, a meeting had been called for with officials of insurance companies for discussion.

Short realisation of additional registration fee (choice fee)

4.3.6 Government of Bihar vide notification³¹ substituted Rule 64 of BMV Rules with effect from 13 June 2003.

As per sub section (3) of the said notification, if the owner of a vehicle applies for a preferred registration number out of the numbers incorporated in the said notification, he/she shall pay an additional fee ranging between Rs. 5,000 and Rs 25,000, depending upon the rate fixed for that particular number. An additional fee of Rs. 5,000 will also be chargeable if any particular or out of sequence registration number is allotted, as preferred by a vehicle owner.

- Scrutiny of the database of DTOs Bhagalpur and Patna revealed that additional registration fee was realised at the old rate of Rs. 100 each, instead of revised rate effective from 13 June 2003, as shown below:

(Amount in Rupees)

DTO	Series	No. of vehicles	Rate at which fee realisable	Fee short realised
Bhagalpur	BR-10D	06	5,000	29,400
	BR-10G	01	5,000	4,900
	Total	07		34,300
Patna	BR-1AP	02	5,000	9,800
	BR-1G	01	5,000	4,900
	BR-1V	19	5,000	93,100
	BR-1V	02	10,000	19,800
	Total	24		1,27,600

- Short realisation of additional registration fee (choice fee) involving 31 vehicles in DTOs Bhagalpur and Patna was confirmed on manual verification of registration register.
- Field for additional registration fee was not available in database of DTO Pumea. Hence, short realisation, if any, could not be verified from the database.

The Department had not prescribed policies and procedures for monitoring of changes to NICTRAN software. Moreover, the Department did not document or maintain system change requests for modifications to the software.

This resulted in acceptance of additional registration fee (choice fee) at old rate, and consequential short realisation of fee of Rs. 1.62 lakh.

The Department in its reply in September 2005, accepted audit observation in respect of DTO Patna and issued notices to vehicle owners on 25 August 2005.

³¹ No. GSR 4 dated 13 June 2003

Outstanding tax (including penalty) from defaulter vehicles

4.3.7 Under Section 5 of BMVT Act and Rules framed thereunder, tax for a vehicle is payable annually or quarterly within 15 days of commencement of the year or quarter, as the case may be. Further, under Rule 4 of the BMVT Rules, penalty is also leviable in case of default in payment of tax.

DTOs are required to utilise the system to detect defaulter vehicles, issue demand notices (automatically generated by the system) to the defaulter vehicle owners and initiate certificate proceedings in case demand notice fails to effect recovery.

- Analysis of database of DTO Patna revealed that there was an outstanding tax liability including penalty of Rs. 3.03 crore against 62 defaulter buses (BR-1P series) of BSRTC³² calculated for the period from 7 August 2002 to 30 August 2004.

The Department replied in September 2005 that demand notices have been issued to BSRTC.

- Analysis of database of DTO Patna revealed that there was an outstanding tax liability including penalty of Rs. 23.83 lakh against 20 defaulter commercial vehicles (Trucks BR-1G series) calculated for the period from 11 August 2002 to 30 August 2004.

In reply, the Department accepted audit observation in September 2005, and stated that demand notices have been issued to vehicle owners.

The system maintains upto date tax position of tax payers and facilitates automatic issue of demand notices and reminders. Non utilisation of the system, indicates absence of internal management control in the Department.

Conclusion

4.3.8 Lack of proper internal management control led to non utilisation of the features of NICTRAN. Lack of control at the input stage has rendered the database incomplete. Absence of validation checks led to duplication of records in the database.

The system was also not uniform in the three DTOs, indicating laxity on the part of the Transport Department, in quickly disseminating changes as per amendments to rules, to the DTOs using NICTRAN. The changeover to the IT system using NICTRAN was not effective. Thus the DTOs were not able to achieve the objectives of NICTRAN for maintaining complete vehicle registration database as also correct tax calculation, generation of demand notices and identification of cases of default.

Recommendations

4.3.9 The Government may examine and consider the following recommendations:

³² Bihar State Road Transport Corporation.

- The system should have sufficient controls so that consistent and complete database can be maintained by DTOs. The software may be updated well in time when policies change. Any revision in the rate of taxes and fees, should be incorporated in the computer database so that cases of short realisation do not occur in future;
- Adequate control of management over IT Department is required to meet the business needs. All transactions may be entered accurately, validated, authorised and correctly classified, to avoid incomplete/incorrect database. Data fields may be preprogrammed with limits; and,
- System documentation may be done and updated to incorporate any changes made. Management may also ensure that a 'Change Management Policy' is in place. Documents of taxation regulations may be retained. The management must ensure that a Business Continuity Plan is in place, to ensure running of critical applications and safeguarding data in the event of a disaster.

CHAPTER V: OTHER TAX RECEIPTS

5.1 Results of Audit

Test check of the records of the following receipts, conducted in audit during the year 2004-05, revealed under assessments of tax, fee, duty and losses of revenue etc. of Rs 182.84 crore in 433 cases which broadly fall under the following categories:-

	(Rupees in crore)		
Sl. No.	Categories	No. of cases	Amount
• Stamp duty and registration fees			
1	Non collection of differential stamp duty in respect of referred cases	1	0.43
2	Other cases	96	3.78
	Total	97	4.21
• Land revenue			
1	Non/short levy of cess and or interest on arrears of cess	42	2.06
2	Non fixation of salami and commercial rent	57	10.71
3	Non settlement of vested lands	36	1.98
4	Non settlement of <i>sairats</i>	52	6.01
5	Loss of revenue due to non renewal/violation of terms and conditions of lease hold <i>Khas mahal</i> land	1	58.53
6	Other cases	133	73.31
	Total	321	152.60
• Entry Tax/P.G. Tax			
1	Levy and collection of entry Tax	1	20.98
2	Others	5	0.35
	Total	6	21.33
• Taxes on sugarcane			
1	Non levy of interest on arrears of tax	3	2.85
2	Other cases	6	1.85
	Total	9	4.70
	Grand Total	433	182.84

During the year 2004-05, the concerned departments accepted underassessment etc. involving Rs 59.09 crore in 13 cases which were pointed out in audit during the year 2004-05. Of this Rs 15.09 lakh was recovered in two cases.

A few illustrative cases involving Rs 69.58 crore are discussed in the following paragraphs:

5.2 Non realisation of revenue due to non renewal/violation of terms and conditions of lease hold khas mahal land

Under the Bihar Government Estates (*Khas mahal*) Manual, 1953 and Rules framed thereunder, the State Government is to issue notices to the lessees for grant of lease six months prior to the expiry of lease, to apply for renewal of such lease, whereas a lessee is required to apply for renewal thereof three months prior to the expiry of his lease. A lessee continuing to occupy leasehold property without payment of rent and renewal of lease or who changes the purpose of lease or transfers his property without approval of the competent authority is to be treated as a trespasser and shall have no claim for renewal on past terms and conditions. They should be issued notice to notify their intention by a fixed date if they are desirous of taking fresh lease.

On fresh leases, *Salami*¹ at the current market value of land besides annual rental (one fiftieth and one twentieth of such *salami* for residential and commercial leases respectively), is leviable. In case of arrears, the lessees are liable to pay double the rent as determined in fresh lease from the date of non payment of rent together with interest on arrear rent at 10 per cent per annum.

Mention was made in paragraph 2.1 of the Report of the Comptroller and Auditor General of India (Revenue Receipts), Government of Bihar for the year ended 31 March 1999 on the above subject and revenue implications thereof. The Public Accounts Committee (PAC) recommended in July 2003 to take appropriate and justifiable action within six months and report to the Committee.

A test check of records between October 2004 and April 2005 in the office of *khas mahal* officer, Munger revealed as under:

Non renewal of expired leases

5.2.1 Nine hundred and ninety residential leases for 86.86 acres of land were not renewed after their expiry between 1954-55 and 1991-92 for which neither the Department issued notices nor had the lessees applied for renewal. The lessees continued to occupy leasehold property without payment of rent. Inaction on the part of the Department to levy and collect rental dues resulted in non levy/recovery of Rs 28.70 crore for the period 1998-99 to 2003-04 in the shape of *salami*, penal rent and penal interest. Of this Rs 25.34 crore pertained to the years 2000-01 to 2003-04.

Violation of terms and conditions of leases

5.2.2 Five hundred and twenty residential leases for 47.11 acres of land were either converted for commercial purposes or the leases were transferred without approval of the competent authority. The leases had not been renewed after their expiry since 1991-92 and the lessees continued to occupy leasehold property without payment of any rent. Action to regularise their leases on fresh terms and condition had not been taken by the Department. This resulted in non realisation

¹ *Salami* is the Government share in increased value of land.

of revenue of Rs 29.83 crore for the period 1998-99 to 2003-04. Of this, Rs 23.25 crore pertained to the years 2001-02 to 2003-04.

After this was pointed out in audit, the *khas mahal* officer stated between October 2004 and April 2005 that survey work had already been started. The records produced to audit revealed that survey work of only three out of 22 'mauza'² had been completed as of March 2005. The reply was also not tenable in view of the recommendation of the PAC.

5.3 Levy and collection of entry tax

Under the Bihar tax on entry of goods into local areas for consumption, use or sale therein (BTEG) Act, 1993 and Rules framed/notifications issued thereunder, every dealer liable to pay tax under Bihar Finance Act, or any other person importing scheduled goods above a specified quantum in a year is liable to pay entry tax at specified rate on entry of scheduled goods into local areas³. The BTEG Act further provides that all provisions relating to returns, assessment, reassessment, escaped turnover, recovery of tax, offences and penalties etc. under the Bihar Finance Act, shall apply *mutatis mutandis* under the BTEG Act. The work of assessment and collection of entry tax has been assigned to the assessing authorities specified under Bihar Finance Act.

Test checks on efficacy and effectiveness in levy and collection of entry tax under the BTEG Act for the period from 2000-01 to 2003-04 revealed as under:

Suppression of import value

5.3.1 Under the BTEG Act read with Bihar Finance Act, if the prescribed authority has reason to believe that the dealer has concealed, omitted or failed to disclose wilfully the particulars of turnover or has furnished incorrect particulars of such turnover and thereby returned figure below the real amount, the said authority shall assess or reassess the amount of tax due from the dealer in respect of such turnover and shall direct the dealer to pay besides the tax assessed on escaped turnover, penalty not exceeding three times but not less than an amount equivalent to the amount of tax on the escaped turnover.

The Bihar Finance Act further provides that if the prescribed authority in the course of any proceedings or otherwise is satisfied that any registered dealer has furnished incorrect statement of his turnover or incorrect particulars of his sales or purchases in the return furnished, he shall after giving such a dealer an opportunity of being heard, direct that he shall in addition to any tax which is or may be assessed, pay by way of penalty a sum not exceeding two times but not less than an amount equal to the amount of tax on the suppressed turnover or on concealed or incorrect particulars. According to executive instructions of the

² *mauza* - village: as recognised and separately attached at the time of the revenue survey (Ref: Bihar Tenancy Act, 1885)

³ 'Local Areas' means the areas within the limit of a Municipal Corporation, Municipality, Notified Area Committee, Cantonment Board, Town Board, Mines Board, Municipal Board, Gram Panchayat or any other local authority under any law for the time being in force.

Department issued in November 1998 and May 2002, the assessing authority was required to review returns and initiate proceedings against the defaulting dealers under the provisions of the Bihar Finance Act.

- In five commercial taxes circles, it was noticed from the assessment records, utilisation certificates of declaration forms, road permits, purchase statements, trading accounts etc. and returns filed by 14 dealers that they suppressed import/purchase of scheduled goods of Rs. 104.22 crore during the years 2000-01 to 2003-04. The assessing officers while finalising assessment between September 2002 and July 2004 failed to detect the suppression of import value. This resulted in short levy of entry tax of Rs 5.27 crore including penalty as shown below:

(Rupees in lakh)								
Sl. No.	Name of the circle Number of dealer	Assessment Year Month/Year of assessment	Commodity Rate of tax (in per cent)	Value of Import according to records	Value of Import accounted for	Difference	Amount of leviable tax penalty	Total
1	<u>Ara</u> 4	<u>2001-02</u> June 2003	Coal (4)	713.11	504.86	208.25	<u>8.33</u> 8.33	16.66
2	<u>Aurangabad</u> 2	2001-02 and <u>2002-03</u> April 2003 February 2004 and May 2004	Motor vehicles (4) and coal (4)	685.20	464.74	220.46	<u>8.82</u> 8.82	17.64
3	<u>Begusarai</u> 2	<u>2000-01 and 2001-02</u> February 2003	Crude oil (2) , cement (5), electrical fittings (8) and iron & steel (4)	3,12,030.04	3,02,853.76	9,176.28	<u>208.48</u> 208.48	416.96
4	<u>Patliputra</u> 3	2000-01 to <u>2002-03</u> November 2003, February 2004 and July 2004	Electrical fittings (5), cement (5), iron and steel (4), polyvinyl chloride (4) air conditioner (5), motor vehicle (5) and India made foreign liquor (5)	4,038.13	3,393.40	644.73	<u>31.05</u> 31.05	62.10
5	<u>Sasaram</u> 3	2001-02 to <u>2002-03</u> September 2002, June 2003 and May 2004	Coal (4) and marble (5)	673.66	501.65	172.01	<u>6.89</u> 6.89	13.78
Total	14			3,18,140.14	3,07,718.41	10,421.73	<u>263.57</u> 263.57	527.14

After this was pointed out in audit between October 2003 and April 2005, the Department stated in July 2005 that notices in two cases of Begusarai circle have been issued. Further reply has not been received (September 2005).

The cases were reported to Government in June 2005; their reply has not been received (September 2005).

- Cross verification of returns filed by the dealers under BTEG Act with their returns filed under Bihar Finance Act and figures collected from different departments⁴ revealed between August 2004 and April 2005 that 29 dealers in 11⁵ commercial tax circles suppressed import of scheduled goods valued at Rs 212.26 crore in their returns filed under BTEG Act during the period 2000-01 to 2003-04. The assessing officers failed to review the returns and initiate proceedings for levy of penalty in these cases. This resulted in non realisation of penalty of Rs 11.02 crore.

The cases were reported to the Department between August 2004 and April 2005 and to the Government in June 2005; reply has not been received (September 2005).

Application of incorrect rate of tax

5.3.2 Government by a notification issued in August 2003⁶ revised the rates (applicable with effect from August 2003) on entry of scheduled goods into local areas.

In four commercial taxes circles, it was noticed that five dealers admitted tax in their periodical returns for 2003-04 at rates lower than the applicable rates. The assessing authorities, however, failed to review the returns and initiate proceedings for levy of correct tax in these cases. The tax involved worked out to Rs 51.76 lakh as detailed below:

Sl. No	Name of the circle (No. of Dealers)	Commodity	Import value of goods	Rates of tax		Amount of tax escaped
				Leviable (in per cent)	Admitted (in per cent)	
1	Bhagalpur (1)	Motor vehicle	493.42	8	5	14.80
2	Gaya (2)	Cement	473.00	12	5	33.10
3	Patna City East (1)	Tobacco Product	25.37	16	5	2.79
4	Sasaram (1)	Tobacco Product	9.76	16	5	1.07
			1,001.55			51.76

After this was pointed out in audit between December 2004 and April 2005, the Department stated in August 2005 that Rs 15 lakh in one case of Bhagalpur circle has been realised. Reply in remaining cases has not been received (September 2005).

The cases were reported to Government in June 2005 which confirmed the reply of the Department. Further reply has not been received (September 2005).

⁴ Bihar State Electricity Board and Barauni Thermal Power Station

⁵ Ara, Aurangabad, Begusarai, Bhabhua, Bhagalpur, Gaya, Hajipur, Munger, Muzaffarpur, Patna City East and Patliputra.

⁶ S O No 159 dt. 22 August 2003.

Non levy of tax

5.3.3 Under the provisions of BTEG Act read with Bihar Finance Act and Rules made thereunder, every dealer who is liable to pay tax under the BTEG Act shall make an application for registration separately for every place of business before the prescribed authority within seven days of his becoming liable to pay tax. On receipt of application for registration, the prescribed authority after verifying or causing to be verified the particulars furnished by the dealer, grant him a registration certificate within 30 days from the date of receipt of said application.

According to provisions of Bihar Finance Act if any dealer liable to pay tax for any period has nevertheless wilfully failed to apply for a registration the prescribed authority shall after giving the dealer a reasonable opportunity of being heard, direct that the dealer shall pay by way of penalty in addition to amount of tax a sum of Rs 50 for each day of default or an amount equal to the amount of tax whichever is less.

Departmental instructions issued in 1997 and 2001 provide for effective survey to locate unregistered dealers evading levy of entry tax and ensure realisation of Government revenue.

- From the information furnished by the CCT Bihar to different circles and collected in audit from the case files in five⁷ commercial taxes circles it was noticed that 37 dealers imported scheduled goods valued at Rs 30.76 crore during the period 2000-01 to 2003-04 but did not get themselves registered and pay entry tax under the provisions of BTEG Act. It was further noticed that the dealers were registered under Bihar Finance Act.

The assessing authorities being common under both the Acts, failed to detect the fact of non registration of the dealers under BTEG Act through linking of figures from periodical returns and initiate proceedings for registration and levy/collection of entry tax. This resulted in non registration and non levy of entry tax of Rs 1.26 crore besides penalty.

After this was pointed out in audit during December 2004 to April 2005, the department stated in August 2005 that demands for Rs 20.44 lakh from nine dealers of Bhabhua circle has been raised. Further reply has not been received (September 2005).

- Cross verification of information collected in audit from case files, utilisation statement of declaration forms in 'C,' 'F,' road permits, trading accounts and returns filed by six dealers registered under Bihar Finance Act in five⁸ circles revealed that the dealers imported scheduled goods valued at Rs 7.90 crore during 2000-01 to 2003-04 and though liable to pay entry tax on the import value did not get themselves registered and pay entry tax on the import value of scheduled goods under the provisions of BTEG Act.

⁷ Ara, Bhabhua, Bhagalpur, Buxar and Munger

⁸ Ara, Bhabhua, Buxar, Saharsa and Teghra

Failure on the part of the assessing authorities to get these dealers registered under BTEG Act resulted in non levy of entry tax of Rs 43.48 lakh besides penalty.

After this was pointed out in audit between August 2004 and April 2005, the Department stated in August 2005 that demand for Rs 45.92 lakh in case of a dealer of Teghra circle has been raised. Further reply has not been received (September 2005).

- Cross verification of the information from the CCT Bihar as furnished to various commercial taxes circles regarding import of scheduled goods by various dealers of Bihar also revealed that 60 unregistered dealers falling under the jurisdiction of seven circles⁹ imported scheduled goods (coal) valued at Rs 30.85 crore during the period 2001-02 to 2003-04 but did not pay entry tax on the import value on entry of such goods into the local area. The assessing officers though in possession of information from CCT did not initiate steps to trace and register these dealers.

Failure on the part of the assessing authorities to comply with the instructions of CCT resulted in non levy of tax of Rs 1.23 crore besides penalty.

The cases were reported to the Department during December 2004 to April 2005; reply has not been received (September 2005).

- Further 13 unregistered dealers falling under the jurisdiction of five circles¹⁰ imported vegetable oil from a dealer registered in Aurangabad circle valued at Rs 1.51 crore during 2000-01 and 2001-02, but did not pay entry tax on the import value on entry of goods into the local area. Failure on the part of the assessing authorities to comply with the instructions of CCT Bihar to locate unregistered dealers resulted in non levy of entry tax of Rs 7.56 lakh besides penalty.

After this was pointed out during August 2004 to April 2005, the Department stated in July 2005 that notices to the dealers of Begusarai circle have been issued. Further reply has not been received (September 2005).

The above cases were reported to Government in June 2005 which confirmed the reply of the Department.

Irregular reduction of tax liability

5.3.4 Under the provisions of BTEG Act and Rules framed thereunder, an importer of scheduled goods liable to pay tax under the Act becomes liable to pay tax under the Bihar Finance Act by virtue of sale of such scheduled goods. His liability to pay tax under the Bihar Finance Act shall stand reduced to the extent of tax paid under the BTEG Act.

A claim for reduction in the liability to pay sales tax is required to be scrutinised by the assessing authority before the next quarterly return by the concerned dealer is due and to satisfy itself regarding the correctness of the claim. The assessing

⁹ Ara, Bhabhua, Bhagalpur, Buxar, Hajipur, Patna City East and Sasaram.

¹⁰ Begusarai, Gaya, Hajipur, Munger and Sasaram.

authority is to make appropriate endorsement in the assessment record of the dealer and sign the certificate in the said form ET-X. The dealer's liability is to be reduced at the time of assessment of sales tax on production of a certificate issued by the prescribed authority to that effect.

- In Hajipur and Patliputra Circles, two dealers availed reduction in liability of tax of Rs 39.26 and 29.17 lakh respectively payable under Bihar Finance Act on the basis of entry tax paid on the value of goods imported for consumption during the years 2001-02 to 2003-04.
- In another case of Patliputra circle the dealer availed reduction in the year 2003-04 of Rs 8.58 lakh on the basis of entry tax paid in another state.
- In Sasaram circle a dealer assessed to tax in June 2003 under Bihar Finance Act was allowed reduction in tax of Rs 1.91 lakh on the value of the goods which were not subjected to sale. The reduction was irregular as the dealer had no liability to that extent under Bihar Finance Act.

Scrutiny of the claims and proper endorsement in ET-X as required under Rules was not done by the assessing authorities resulting in irregular reduction of liability.

The cases were reported to the Department/Government in October 2004, April 2005 and June 2005 respectively; reply has not been received (September 2005).

Non levy of penalty

5.3.5 Under the Bihar Finance Act read with BTEG Act; if a registered dealer fails to make payment of the tax due within the stipulated time, the assessing authority shall after allowing the dealer an opportunity of being heard impose penalty at rates prescribed under the Act.

In Muzaffarpur and Patna Special circles it was noticed in October and November 2004 that two dealers failed to deposit the admitted tax of Rs 1.33 crore by the due dates for the assessment years 2001-02 and 2002-03. The delay ranged between 10 days and 604 days. The assessing officers while finalising the assessments in March 2003 and January 2004 did not levy penalty of Rs 39.42 lakh.

After this was pointed out in October and November 2004, DCCT Muzaffarpur stated in October 2004 that the dealer was passing through financial crisis. The reply of the Department is not tenable as no such relaxation is available in the Act/Rules. Further reply has not been received (September 2005).

The cases were reported to the Government in June 2005; reply has not been received (September 2005).

CHAPTER VI: NON TAX RECEIPTS

Forest Receipts

6.1 Results of audit

Test check of the records of forest receipts conducted in audit during the year 2004-05, revealed losses/non recovery of revenue etc. of Rs 268.54 crore in 165 cases as indicated below:

(Rupees in crore)

Sl. No.	Categories	No. of cases	Amount
1	Loss of revenue due to departmental lapses	2	184.93
2	Loss of revenue due to delay in initiation of certificate cases	32	5.02
3	Loss of revenue due to non registration of saw mills	21	1.82
4	Other cases	110	76.77
	Total	165	268.54

During the year 2004-05, the concerned Department accepted irregularities in three cases involving Rs 188.17 crore which had been pointed out in audit during 2004-05.

A few illustrative cases involving revenue effect of Rs 2.39 crore are discussed in the following paragraphs:

6.2 Violation of Forest (Conservation) Act

Forest (Conservation) Act, 1980 (Forest Act) read with Indian Forest Act, 1927 stipulate that no State Government shall make any order, by notification through official Gazette, for dereservation of any part of forest land for non forest purpose without prior approval of the Government of India (GOI). The Forest Act further provides for prosecution in cases of violation of the provisions of the Act and it is mandatory for the State Government to report each case of violation to GOI with complete details.

GOI also issued instructions in 1986 and 2001 prohibiting submission of proposal seeking ex post facto approval for a project taken up without prior approval under the Forest Act and directed that projects in which specific orders for dereservation of forest land were not issued prior to 1980 also required approval under the Forest Act.

In case of forest land notified as wild life sanctuary under the Wild Life (Protection) Act, 1972 (WLP Act) any alteration of its boundaries required prior approval of the State Legislature. Further, proposals involving diversion of forest land in sanctuary area also required approval of Hon'ble Supreme Court and Indian Board of Wild Life¹ (IBWL).

In Rohtas forest division, Sasaram it was noticed in March 2005 that Forest Department agreed to transfer 64.75 hectares of reserved forest land in Kaimur and Rohtas districts to Water Resources Department (WRD) in 1975 for construction of dam and spill way (part of Durgawati Reservoir Project requiring over 2,000 hectares of forest land in all its segments including main and distributory canals and submergence area). WRD, however, started dam construction in 1978-1979 on the said forest land though notification for its dereservation was not issued by the State Government. Subsequently 5.44 acres of the said forest land also became part of Kaimur wild life sanctuary established in 1978 and was notified as such in 1979.

Forest Department noticed in May 2001 that work was being done beyond area agreed for transfer to WRD. Repeated objections including filing of offence case with Chief Judicial Magistrate, Sasaram in April 2003, however, failed to stop the work. The Department took 31 months to report violation of provisions of the Forest Act and WLP Act to the State Government. It was in January 2004 that the Department reported the case of encroachment of 13.80 hectares of forest land in dam work and 3.75 acres of sanctuary area in spill way construction as found after physical verification of site of work in December 2003. The encroachment in sanctuary area was due to shifting of spillway from its original site.

State Government, however, instead of reporting the violation to GOI, forwarded a proposal for diversion of 2,030 hectares of forest land including 600.72 hectares of sanctuary area to GOI in September 2004 for prior approval under the Act. Compensation for use of forest land for non forest purpose was assessed at

¹ *Hon'ble Supreme Court order dated 13 November 2000 in I.A. No. 2 in WP No. 337/1995 and order dated 09 May 2002 in I.A. No. 18 in WP No. 337/1995*

Rs 184.62 crore² recoverable from WRD along with equivalent non forest land for regeneration of the lost forest. The WRD had paid Rs 59 lakh as cost of forest produce prior to enactment of the Forest Act.

The proposal seeking prior approval under the Forest Act was forwarded when the project was already complete to the extent of 92 *per cent* (dam) and 64 *per cent* (canals) as of March 2004. The proposal was also incomplete for want of approval of Hon'ble Supreme Court and IBWL and certain other information called for by GOI in November 2004. Instead of submitting the clarifications, State Government denotified 64.75 hectares of forest land including 5.44 acres of sanctuary area in November 2004 thereby regularising the encroachments reported by the Department.

Thus, failure on the part of the Department as well as the State Government not only resulted in violation of the Forest Act and WLP Act but also in depletion of forest cover and disruption to natural habitat of wild animals. Regularisation of encroachment was also in violation of the orders of the Hon'ble Supreme Court.

After this was pointed out in March 2005, Regional Chief Conservator of Forest, Patna (RCCF) while accepting the case of violation, stated in May 2005 that notification issued in November 2004 by the State Government for dereservation of forest land used in construction work by WRD also included sanctuary area.

The case was reported to the Government in April 2005; reply has not been received (September 2005).

6.3 Non realisation of cost of forest property illegally extracted from encroached forest land

The Indian Forest Act, read with Forest Act, prohibits clearing or breaking up of any forest land for any purpose other than reforestation. Encroachment of forest land is a cognizable and non bailable offence. Bihar Forest Rules provide for protection of forest land through prescribed inspection of its boundaries by forest officials duly monitored by the DFO. Besides, cost of forest property removed from Government forest land together with compensation for damages to the forest is recoverable through certificate cases as arrears of land revenue.

In Rohtas forest division, Sasaram, it was noticed in March 2005 that during inspection, DFO detected in August 2004 that in five cases, mining leaseholders illegally extracted 20 lakh cft stone materials from the reserved forest land beyond the leased area. The value of extracted material based on the size of quarry together with compensation as worked out by the Department was Rs. 2.29 crore.

Test check revealed that instead of initiating certificate cases for recovery of Government revenue, DFO requested the District Magistrate, Rohtas in August 2004 for filing money suit against the lease holders and for taking legal action including cancellation of mining leases. The cases were, however, not pursued as of March 2005 for realisation of Government revenue. Thus, non observance of

² Net present value: Rs 150.76 crore, cost of compensatory afforestation: Rs 3.07 crore and cost of forest produce :Rs 30.79 crore.

codal provisions for protection of forest resulted in extensive damage to the forest land together with loss of forest property valued at Rs 2.29 crore.

After this was pointed out in March 2005, the Department, while accepting the matter for initiation of certificate cases, stated in June 2005 that mining leases have since been cancelled by the Collector, Rohtas and stock of 1.19 lakh cft. of stone materials have been seized. Further reply has not been received (September 2005).

The matter was reported to Government in April 2005; reply has not been received (September 2005).

6.4 Delay in realisation of revenue due to non disposal of timber

Bihar Forest Produce (Regulation of Trade) Act, 1984 provides that all forest produce collected or to be collected from the forests of the State shall be disposed by public auction every year preferably before the end of April.

In Nawada forest division, it was noticed in August 2004 that 71 cum of timber valued at Rs. 9.92 lakh collected during the year 1999-2004 remained undisposed till the date of audit. No action was taken for timely disposal to save it from deterioration due to prolonged storage by the concerned DFO. This resulted in delay in realisation of revenue of Rs 9.92 lakh.

After this was pointed out in August 2004, RCCF, Patna stated in June 2005 that all the timber would be sold by the end of current year. Further reply has not been received (September 2005).

The case was reported to Government in January 2005; reply has not been received (September 2005).

CHAPTER VII: OTHER NON TAX RECEIPTS

7.1 Results of Audit

Test check of records of following receipts conducted in audit during the year 2004-05, revealed losses/non recovery of revenue etc. of Rs 292.22 crore in 203 cases as indicated below:

(Rupees in crore)			
Sl. No.	Categories	No. of cases	Amount
• Mines and Minerals			
1	Short levy of royalty due to downgrading of coal	1	0.09
2	Non levy of royalty and cess	2	1.49
3	Non levy of interest	5	0.21
4	Non levy of penalty/fees	17	16.45
5	Non levy of stamp duty and registration fees	8	0.92
6	Non/short levy of auction money due to non/irregular settlement of sand <i>ghat</i>	8	7.21
7	Non initiation of certificate proceedings	5	13.42
8	Other cases	79	59.67
	Total	125	99.46
• Water Rates			
1	Non realisation of revenue due to non achievement of target of irrigation	10	16.99
2	Delay in assessment of water rates	03	11.77
3	Other cases	61	119.88
	Total	74	148.64
• Audit Fee		2	2.72
• Interest receipts		2	41.40
	Grand Total	203	292.22

During the year 2004-05, the concerned departments accepted irregularities in four cases involving Rs 44.92 crore which had been pointed out in audit during 2004-05.

A few illustrative cases involving tax effect of Rs 50.33 crore are discussed in the following paragraphs:

MINES AND MINERALS

7.2 Non/short levy of penalty for illegal mining of brick earth

Under the provisions of Bihar Minor Mineral Concession (BMMC) Rules, 1972 and notification issued thereunder, every brick kiln owner/brick earth remover shall pay amount of prescribed consolidated royalty based on category of brick kiln before issue of permit. Under Rule 26A of the BMMC Rules, a consolidated amount of royalty shall be paid by the brick kiln owner/brick earth remover per kiln per annum to the State Government in a manner prescribed therein on a fixed number of bricks for every classified area. Further, Rule 40(8) of the Rules *ibid* provides, that, whoever removes minor mineral without valid lease/permit shall be liable to pay the price thereof as penalty and the Government may also recover from such person rent, royalty or taxes, as the case may be, for the period during which the land was occupied by such person without any lawful authority. The Department issued instructions in October 1986 for periodical raids and report thereon to superior authorities to stop the business of illegal mining.

Mention was made in paragraph 8.3 of the Report of the Comptroller and Auditor General of India (Revenue Receipt), Government of Bihar for the year ended 31 March 1997 on the subject and Public Accounts Committee (PAC) recommended that the case may be reviewed by the Department and appropriate action taken. Action taken by the Department is awaited (September 2005).

In six district mining offices¹(DMOs), it was noticed between May and November 2004 that 232 brick kilns were operated in brick season 2002-03 and 2003-04 without payment of prescribed consolidated royalty and without obtaining valid permit. Out of these, in 14 cases relating to two DMOs (Patna and Jamui) demands for penalty of Rs 0.70 lakh were raised without reference to the price of mineral. Taking the minimum price of mineral equivalent to royalty and deducting the amount of penalty already levied, there was non/short levy of penalty of Rs 1.97 crore.

The cases were reported to the Department and Government in March and April 2005, Government replied in July 2005 that PAC directed the Department to take appropriate action at their end and a new Rule- 26A has been introduced with an overriding provision; thus Rule 40(8) cannot be attracted. The reply of Government was not tenable as Rule 40(8) attracts the penal provision for illegal removal/excavation of minor mineral/brick kiln earth whereas Rule 26A deals with payment of consolidated royalty by brick kiln owner having valid permit. Where mining is being done without any permit, all such cases are to be treated as illegal excavation and penalty imposed under Rule 40(8) *ibid*. Further reply has not been received (September 2005).

1. Begusarai, Bhagalpur, Jamui, Munger, Patna and Sitamarhi

7.3 Loss of revenue due to non execution of deed of settlement

Under the provisions of BMMC Rules, settlement of sand is done for one calendar year by the Collector of the district by public auction and deed of settlement is to be executed within 60 days of the order of the settlement on payment of stamp duty as prescribed in the Indian Stamp Act, 1899. In case of non execution of deed, the settlement order shall be deemed to have been revoked.

In five² DMOs, 118 sand bearing areas were settled at Rs 8.89 crore for the years 2003 and 2004 without execution of proper deeds of settlement as required under the Rules. Settling sand bearing areas without getting the deeds of settlement executed resulted in loss of stamp duty of Rs 71.92 lakh including surcharge of Rs 37.67 lakh.

After this was pointed out in audit between January and September 2004, the concerned AMOs stated in September 2004 that action would be taken. Further reply has not been received (September 2005).

The cases were reported to Government between June 2004 and March 2005; reply has not been received (September 2005).

WATER RATES**7.4 Non raising of demand due to non preparation of *khatiani***

Under the provisions of Bihar Irrigation Act, 1997 and Rules framed thereunder, various formalities such as preparation of statement of land irrigated (*sudkar*), preparation of detailed measurement cultivator wise (*khesra*) and preparation of demand statement (*khatiani*) are required to be completed by 30 November for *kharif* and 30 April for *rabi* crops by Irrigation Department for the purpose of recovery of water rates from the beneficiaries to whom water is supplied for irrigation purposes.

In four divisions³ it was noticed between August and December 2004, that *khatiani* for 1.73 lakh acres of *kharif* and 2.09 lakh acres of *rabi* land irrigated during the years 2001-02 to 2003-04 were not prepared and forwarded to the concerned revenue divisions for raising demand and collection of water rates of Rs 3.03 crore. This resulted in delay in realisation of water rates of Rs 3.03 crore.

After this was pointed out in August and December 2004, the Executive Engineer (EE), Dehri stated in October 2004 that action is being taken while other EEs attributed the reasons for non preparation of *khatiani* to shortage of staff. The reply is not tenable as the manpower available was adequate with reference to the norms fixed by the Department for preparation of demand statements. Further reply has not been received (September 2005).

The cases were reported to the Government between January and March 2005; reply has not been received (September 2005).

² Bhagalpur, Biharsharif, Jamui, Munger and Vaishali

³ Dehri Division, Dehri and East Sone High Level Canal Division Aurangabad, Sone Canal Division, BikramGanj and Kamla Canal Division, Jainagar

7.5 Loss of revenue due to settlement of chat land at lower rates

Under the provisions of Bihar Irrigation Manual and instructions issued thereunder, chat land⁴ is to be settled on lease for nine months for the period from 25 June to 25 March each year to scheduled caste/scheduled tribes and landless farmers on priority basis at the prescribed rates, as revised from time to time including water rates. The Department revised the rates of bandobasti of ek/do fasli chat land as communicated in its order of March 2002.

In two canal divisions⁵ it was noticed that 5,115 acres of double crop chat land was settled at the old rate of Rs 213 per acre instead of the revised rate of Rs 1,163 per acre applicable for the years 2002-03 and 2003-04 resulting in short realisation of revenue of Rs 48.60 lakh.

After this was pointed out in September 2004, the concerned EEs attributed the reasons for settlement at old rate to non/delayed receipt of revised rates. Reply of the Department is not tenable as the order for the revision of rate was communicated in the month of March 2002.

The cases were reported to Government in January and February 2005; reply has not been received (September 2005).

AUDIT FEE

7.6 Non recovery of audit fee

The Bihar Co-operative Societies Act, 1935 and Rules framed thereunder provide for audit of all registered cooperative societies at least once in each year and realisation of audit fee as determined by the Registrar, Co-operative Societies (RCS). According to instructions issued by RCS in June 2001, if the co-operative societies (CS) fail to pay the dues, audit fee is to be recovered from saving bank account (SB A/c) of the CS through the District Central Cooperative banks (DCCB) and in case of non availability of accounts, the outstanding amount was to be recovered by instituting certificate cases against the concerned CS.

Examination of data furnished by the Joint Registrar (Audit) Cooperative Societies for the year 2000-01 to 2003-04 revealed that outstanding audit fee payable by the CS stood at Rs 2.29 crore including Rs 0.35 crore outstanding against 10⁶ apex CS as on 31 March 2004 as detailed below:

⁴ Government land which is situated on both sides of the Canal.

⁵ Dehri Division Dehri and Sone Canal Division Bikramganj.

⁶ Relating to Chief Auditor Magadh and Patna : Bihar Rajya Anusuchit Jati Sahkarita Vikas Nigam, Cooperative Sugar Factories Ltd., Patna, Bihar State Industrial Cooperative Federation Ltd., Patna and Bihar State Sheep and Wool Weavers Cooperative Union Ltd. Patna.

Relating to Chief Auditor Biscomaun : Biscomaun, Bihar State Handloom Weavers Cooperative Union Ltd. and Bihar State Cooperative Union Ltd.

Relating to Chief Auditor LDB : Bihar State Cooperative Land Development Bank Ltd.

Relating to Chief Auditor Bihar State Cooperative Bank : Bihar State Teachers Union and Bihar State Fisheries Cooperative Federation.

(Rupees in lakh)

Year	No. of CS audited	Opening Balance	Audit fee charged	Total	Audit fee realised	Audit fee outstanding
2000-01	4,546	171.76 ⁷	34.54	206.30	30	176.30
2001-02	3,890	176.30	45.52	221.82	38	183.82
2002-03	3,373	183.82	36.91	220.73	43	177.73
2003-04	3,191	177.73	53.03	230.76	36	194.76

Test check of the records of assistant registrars in four⁸ districts revealed that neither recovery from SB A/c through DCCB was made nor any certificate proceedings initiated by the concerned authorities. Thus due to non compliance to departmental instructions and the provisions of the Act *ibid*, Government revenue of Rs 2.29 crore remained unrecovered as of April 2005.

The case was reported to Government in June 2005; reply has not been received (September 2005).

7.7 Cooperative Societies remaining unaudited

The Bihar Cooperative Societies Act provides for audit of accounts of every registered society at least once in every year. Under Rule 58 (1) (a) of the Bihar Co-operative Societies Rule, 1959, the managing committee of a registered society shall prepare annual accounts and submit the same to RCS within three months of the close of the cooperative year⁹ and also produce it before the auditor failing which the RCS may get accounts prepared and assess the cost thereof on the society and the same shall be realisable from the society as audit fee.

The details of CS allotted for audit during the year 2000-01 to 2003-04 and completed as furnished by the Department were as under:

Year	No. of auditable CS	No. of CS allotted for audit	No. of CS audited	No. of CS left unaudited	Percentage of audit completed
2000-01	10,536	9,859	4,546	5,313	46
2001-02	10,126	9,177	3,890	5,287	42
2002-03	9,652	8,943	3,373	5,570	38
2003-04	9,520	8,600	3,191	5,409	37
Total				21,579	

The completion of audit ranged between 37 to 46 per cent. It was observed that no specific norm was fixed by the RCS for audit of CS. From the allotment of number of CS for audit during the said year emerged an average number of 35 to 40 CS to be audited by each auditor out of the available manpower during the aforesaid years.

⁷ Out of Rs 171.76 lakh, Rs 168.92 lakh pertained to previous years.

⁸ Gaya, Motihari, Muzaffarpur and Patna

⁹ 'Co-operative year' means a year beginning with 1 July and ending on the 30th June.

Non completion of audit of 21,579 units of cooperative societies during the period from 2000-01 to 2003-04 involved a minimum chargeable audit fee of Rs 43.16 lakh calculated at average rate of Rs 200 per unit¹⁰.

Reasons of non completion of audit were attributed to non completion and non submission of accounts by the CS and shortage of manpower. The reply was not tenable as the allotment of CS for audit was made according to the manpower available in the districts during the said years. Also the Department failed to invoke the aforesaid provisions of the Act to get the accounts of the CS completed.

The matter was reported to Government in June 2005; reply has not been received (September 2005).

INTEREST RECEIPTS

7.8 Non raising/realisation of demand

Under the provisions of Bihar Financial Rules, responsibility for recovery of loan and interest rests with the sanctioning authority. The term and condition as specified in the sanction order indicate the manner of repayment of principal and payment of interest. Penal interest is also chargeable on instalments of principal not repaid as per terms and conditions of the sanction.

- Test check of records of the Rural Development Department (Panchayati Raj Directorate) revealed that the Department had advanced loans of Rs 15.21 crore to various zila parishads of the State during February 2001 to February 2004. The loans were to be repaid within 10 years with interest ranging between 13 per cent and 16 per cent failing which penal interest at the rate of two and a half per cent was chargeable. It was noticed that the Department had neither worked out nor raised the demand for interest and penal interest which worked out to Rs 6.51 crore for the period March 2001 to March 2005 as detailed in **Annexure V**.

After this was pointed out in audit, the Department stated in May 2005 that interest had not been calculated. Further reply has not been received (September 2005)

- The Transport Department sanctioned loans to Bihar State Road Transport Corporation (BSRTC), Patna to be converted into equity shares. As per terms and conditions, if loans were not converted into equity shares within a year, the loan would be repayable with interest and penal interest at rate of 13 per cent and two and a half per cent respectively.

Test check of records of Transport Department and BSRTC revealed that the Department granted loan of Rs 58.85 crore to BSRTC during 1999-2000 to 2003-04. The loans were neither converted into equity nor was repayment of loans made. The outstanding interest and penal interest on the loans worked out to

¹⁰ The rate of audit fee ranged from Rs 50 per unit to Rs 10,000 per unit based on the working capital of the co-operative society.

be Rs 34.89 crore as of March 2005 as detailed in **Annexure VI**. The Transport Department had not raised any demand for interest and penal interest.

After this was pointed out in audit, the Department accepted in May 2005 the fact of non raising of demand and non realisation of interest. Further reply has not been received (September 2005).

The cases were reported to Government in May 2005; their reply has not been received (September 2005).

Patna
The

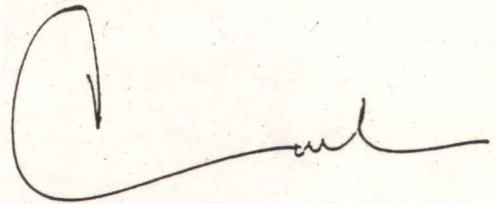
25 JAN 2006

Vikram Chandra

(VIKRAM CHANDRA)

Pr. Accountant General (Audit), Bihar

Countersigned



New Delhi
The

5 FEB 2006

(VIJAYENDRA N. KAUL)

Comptroller and Auditor General of India

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ANNEXURES

ANNEXURES

ANNEXURE I
((Ref.:Para 4.3.4))
Incomplete database

D.T.O BHAGALPUR

Series	Total No. of Vehicles	Number of data missing in fields										
		Registration date	Owner's name	Father's Name	Address	Dealer's name	Engine No./Chassis No.	Insurance Company/Insurance No./Date	Paid date	Seat	Color	RLW
BR-10	2,632	19	20	336	33	FNA	705/26	FNA	651	-	FNA	-
BR-10A	2,444	1	2,444	97	24	2,444	484/4	2,444/2,444/2,444	2,444	-	2,444	-
BR-10B	10,806	3,149	5,093	4,570	4,544	5,253	4,549/4,425	5,965/5,968/5,965	5,093	3,001	6,035	-
BR-10C	10,086	532	272	705	650	578	524/524	8,850/8,849/8,849	271	272	1,463	-
BR-10D	8,634	1,259	280	1,261	1,209	1,182	1,143/1,143	8,628/8,628/8,628	281	281	1,204	1
BR-10G	1,253	250	104	300	267	312	1,157/254	1,152/1,153/1,152	104	20	606	-
BR-10P	1,041	180	158	277	219	262	196/196	799/799/799	158	85	316	-
Total	36,896	5,390	8,371	7,546	6946	10,031	8,758/6,572	27,838/27,841/27,837	9,002	3,659	12,068	1

D.T.O PATNA

BR-1AP	1,941	400	222	525	401	395	395/395	526/573/526	222	222	470	-
BR-1D	702	480	00	459	451	452	457/449	556/556/556	00	00	610	-
BR-1E	420	411	00	401	403	405	405/405	406/406/406	00	00	409	-
BR-1G	8,512	2,271	987	2,608	2,281	2,259	4,508/2,265	3,629/3,729/3,629	25	00	6,857	-
BR-1H	10,046	1,497	2,434	4,030	3,831	3,828	3,823/3,823	4,262/4,266/4,262	2435	2435	4,073	-
BR-1-I	132	117	105	120	117	117	117/117	122/122/122	105	105	118	-
BR-1J	13,102	7,795	6,943	7,945	7,793	7,781	7,773/7,773	8,162/8,169/8,162	3087	6946	8,006	-
BR-1K	10,064	1,245	770	1,496	1,261	1,242	1,238/1,238	1,661/1,674/1,661	4	784	1,527	-
BR-1L	10,020	414	00	681	442	421	401/401	826/846/826	00	2	811	-
BR-1M	10,035	444	00	652	475	552	433/433	865/876/865	00	1	758	-
BR-1N	10,020	404	54	581	443	490	398/398	837/852/837	53	54	804	-
BR-1P	10,102	1,242	623	2,936	1,335	1,239	1,234/1,234	2,821/2,934/2,821	14	623	3,473	-
BR-1Q	10,033	373	4	537	422	459	368/368	771/802/771	4	4	655	-
BR-1R	10,044	314	31	458	337	328	311/312	536/591/536	31	31	469	-
BR-1S	10,045	264	43	393	281	263	259/259	620/661/620	42	43	441	-
BR-1T	10,033	142	31	400	328	196	137/137	493/694/493	31	32	216	-
BR-1U	10,026	117	25	213	144	251	116/116	271/557/271	25	25	208	-
BR-1V	10,044	204	126	293	222	230	202/202	467/821/467	126	127	325	-
BR-1W	10,005	323	258	387	329	308	308/308	411/899/411	258	258	389	-
BR-1X	10,014	905	260	913	854	842	837/837	1,082/1,308/1,082	260	260	936	-
BR-1Y	10,026	1,602	256	1,573	1,559	1,551	1,548/1,548	1,852/2,006/1,852	256	256	1,600	-
BR-1Z	7,688	4,160	253	3,650	3,607	3,603	3,602/3,602	3,785/3,790/3,785	253	254	3,627	-
Total	1,83,054	25,124	13,425	31,251	27,316	27,212	28,870/26,620	34,961/37,132/34,961	7,231	12,462	36,782	

D.T.O PURNEA

BEK	576	2	-	24	2	FNA	-/-	FNA	FNA	-	FNA	-
BHK	1,344	0	-	42	13	FNA	-/-	FNA	FNA	-	FNA	-

Audit Report (Revenue Receipts) for the year 31 March 2005

Series	Total No. of Vehicles	Number of data missing in fields										
		Registration date	Owner's name	Father's Name	Address	Dealer's name	Engine No./Chassis No.	Insurance Company/Insurance No./Date	Paid date	Seat	Color	RLW
BR-11	1,504	5	-	29	2	FNA	-/-	FNA	FNA	-	FNA	-
BR-11A	3,467	7	-	24	7	FNA	-/2	FNA	FNA	-	FNA	-
BR-11B	2,274	6	-	59	8	FNA	-/-	FNA	FNA	-	FNA	-
BR-11C	1,548	4	-	8	6	FNA	-/4	FNA	FNA	-	FNA	-
Total	10,713	24	-	186	38		-/6					

Note:-FNA - Field not available.

RLW – Registered Laden Weight

ANNEXURE II
(Ref.:Para 4.3.4)
Incomplete database

D.T.O	Vehicle Series	No of cases where NOC was issued	No of cases in which district/place not mentioned
Bhagalpur	BR-10A	60	47
	BR-10B	09	06
	BR-10G	05	04
	BR-10P	05	05
	Total	79	62
Patna	BR-01	87	40
	BR-1A	86	58
	BR-1B	81	31
	BR-1C	75	28
	BR-1D	40	12
	BR-1G	191	15
	Total	560	184
Purnea	BHK	24	17
	BR-11	11	05
	BR-11A	24	09
	BR-11B	19	13
	BR-11C	04	01
	Total	82	45

ANNEXURE III

(Ref.:Para 4.3.5)

Duplicate engine/chassis numbers

D.T.O	Series	No. of duplicate engine numbers	No. of duplicate chassis number	No. of duplicate engine/chassis number
Bhagalpur	BR-10B	-	-	04
	BR-10C	04	01 - 3V	10
	BR-10P	-	-	01
	Total	04	01	15
Patna	BR-1G	-	-	1
	BR-1N	05	02	1
	BR-1Q	01	-	-
	BR-1R	02	01	-
	BR-1S	01	01	-
	BR-1T	01	-	-
	BR-1U	01	01	-
	BR-1V	02	01	2
	BR-1W	02	-	4
	BR-1X	-	-	1
Total	15	06	09	
Purnea	BR-11B	-	-	01
	Total	-	-	01

V- Vehicle

ANNEXURE IV
(Ref.:Para 4.3.5)

Number of instances having duplicate/triplicate/quadruplicate and more insurance certificate/cover note number

Vehicle Series	Insurance Companies	Duplicate field value	Triplicate field value	Quadruplicate field value	Instance with more than four repetitive field value
D.T.O Bhagalpur					
BR-10B	United India Insurance	11	-	01	01-10V
	Oriental Insurance Co.	03	02	-	01-49V
	National Insurance Co.	28	-	-	01-10V
	National India Assurance	01	-	-	02-05, 09 V
Total		43	02	01	05
BR-10C	United India Insurance	16	-	-	-
	Oriental Insurance Co.	-	-	-	01-5V
	National Insurance Co.	08	01	01	-
	National India Assurance	01	01	-	-
Total		25	02	1	01
BR-10P	Oriental Insurance Co.	01	-	-	-
Total		01	Nil	Nil	Nil
D.T.O Patna					
BR-1G	United India Insurance	02	-	-	-
	Oriental Insurance Co.	05	01	-	-
	National Insurance Co.	01	-	-	-
	National India Assurance	05	-	-	-
	Bajaj Allianz	01	-	-	-
Total		14	01	Nil	Nil
BR-1N	United India Insurance	03	-	-	-
	Oriental Insurance Co.	17	01	-	01-5V
	National Insurance Co.	10	-	-	-
	National India Assurance	26	15	16	08-6V,6V,5V,5V,5V,6V,7V,10V
	Bajaj Allianz	-	-	-	-
Total		56	16	16	09
BR-1P	United India Insurance	-	-	-	-
	Oriental Insurance Co.	02	-	-	01-8V
	National Insurance Co.	01	-	-	-
	National India Assurance	01	-	-	-
	Bajaj Allianz	-	-	-	-
Total		04	Nil	Nil	01
BR-1Q	United India Insurance	11	02	-	-
	Oriental Insurance Co.	38	01	-	02-5V,11V
	National Insurance Co.	14	-	-	-
	National India Assurance	23	03	04	01-7V
	Bajaj Allianz	-	-	-	-
Total		86	06	04	03

Audit Report (Revenue Receipts) for the year 31 March 2005

Vehicle Series	Insurance Companies	Duplicate field value	Triplicate field value	Quadruplicate field value	Instance with more than four repetitive field value
BR-1R	United India Insurance	15	01	-	-
	Oriental Insurance Co.	46	01	-	01-6V
	National Insurance Co.	09	-	-	-
	National India Assurance	17	05	06	02-7V,6V
	Bajaj Allianz	-	-	-	-
Total		87	07	06	03
BR-1S	United India Insurance	10	-	-	-
	Oriental Insurance Co.	28	-	-	-
	National Insurance Co.	08	02	-	-
	National India Assurance	10	02	-	01-9V
	Bajaj Allianz	-	-	-	-
Total		56	04	Nil	01
BR-1T	United India Insurance	04	-	-	-
	Oriental Insurance Co.	28	-	-	-
	National Insurance Co.	16	-	01	-
	National India Assurance	06	-	01	-
	Bajaj Allianz	-	01	-	01-5V
Total		54	01	02	01
BR-1U	United India Insurance	06	-	-	-
	Oriental Insurance Co.	15	02	-	-
	National Insurance Co.	24	-	-	-
	National India Assurance	14	01	-	-
	Bajaj Allianz	-	-	-	-
Total		59	03	Nil	Nil
BR-1V	United India Insurance	14	01	-	01-6V
	Oriental Insurance Co.	20	01	-	-
	National Insurance Co.	18	-	01	01-13V
	National India Assurance	10	-	-	01-5V
	Bajaj Allianz	-	-	-	-
Total		62	02	01	03
BR-1W	United India Insurance	23	-	-	-
	Oriental Insurance Co.	31	01	-	-
	National Insurance Co.	25	02	-	01-5V
	National India Assurance	06	-	-	-
	Bajaj Allianz	-	-	-	-
Total		85	03	Nil	01
BR-1X	United India Insurance	15	01	03	-
	Oriental Insurance Co.	52	02	02	02-7V,5V
	National Insurance Co.	12	03	01	02-5V,10V
	National India Assurance	04	-	01	01-8V
	Bajaj Allianz	-	-	-	-
Total		83	06	07	05
BR-1Y	United India Insurance	06	-	01	-
	Oriental Insurance Co.	72	02	02	04-5V,47V,6V,7V
	National Insurance Co.	11	01	-	-
	National India Assurance	-	-	-	01-6V
	Bajaj Allianz	-	01	-	-
Total		89	04	03	05

Vehicle Series	Insurance Companies	Duplicate field value	Triplicate field value	Quadruplicate field value	Instance with more than four repetitive field value
		06			
BR-1Z	United India Insurance		-	-	-
	Oriental Insurance Co.	16	-	-	01-6V
	National Insurance Co.	02	-	-	-
	National India Assurance	02	-	-	-
	Bajaj Allianz	-	-	-	-
	Total	26	Nil	Nil	01
BR-1AP	United India Insurance	02	02	-	-
	Oriental Insurance Co.	02	-	01	-
	National Insurance Co.	02	-	-	-
	National India Assurance	01	-	01	-
	Bajaj Allianz	-	-	-	-
	Total	07	02	02	Nil

V-Vehicle.

ANNEXURE V

(Ref : Para 7.8)

Statement of loan advanced by Rural Development Department (Panchayati Raj Directorate etc), Bihar, Patna to District Board of the State of Bihar

Year	Sanction Order No.	Date of sanction	Amount of Loan Sanctioned	Amount Of Loan Drawn	Period	Time Year/Month	Amount in Rupees		Remarks
							Amount of Interest @ 13 per cent	amount of penal interest @ 2.5 per cent	
2000-01	12	17.2.2001	58,44,670	58,44,670	3/01 to 3/05	4 years, 1 month	31,02,545	5,96,643	
	915	16.3.2001	3,00,66,073	3,00,66,073	4/01 to 3/05	4 years	1,56,34,357	30,06,607	
	1091	26.3.2001	53,12,257	51,29,591	4/01 to 3/05	4 years	32,82,938*	5,12,959	Rs 1,82,666 not drawn by Dist Board, Begusarai.
2001-02	75	19.12.2001	2,53,29,828	2,53,29,828	1/02 to 3/05	3 years, 3 months	1,07,01,852	20,58,049	
	782	15.3.2002	63,37,172	61,39,085	4/02 to 3/05	3 years	23,94,243	4,60,431	Rs 1,98,087 not drawn by Dist Board, Patna
	990	28.3.2002	1,63,03,128	1,63,03,128	4/02 to 3/05	3 years	63,58,220	12,22,735	
2002-03	164	18.1.2003	2,37,60,903	2,37,60,903	2/03 to 3/05	2 years, 2 months	66,92,654	12,87,049	
	775	24.3.2003	79,06,097	79,06,097	4/03 to 3/05	2 years	20,55,585	3,95,305	
2003-04	861	28.2.2004	3,16,67,000	3,15,83,574	3/04 to 3/05	1 year 1 month	44,48,020	8,55,388	Rs 83,426 not drawn by Dist Board, Sheikhpura
Total			15,25,27,128	15,20,62,949			5,46,70,414	1,03,95,166	

Total of column 9 and 10 = Rs 6,50,65,580.00

* at the rate of 16 per cent

ANNEXURE VI**(Ref :7.8)****Statement of loan advanced by Transport Department to BSRTC, Patna**

Year	Sanction order No. & date	Loan amount	Period	Amount in Rupees		
				Year	Amount of interest @ 13 per cent	Amount pf penal interest @ 2,5 per cent
1999-2000	701/17.2.2000	3,91,00,000	4/2000 to 3/2005	5 Yrs	2,54,15,000	48,87,500
	1194/14.3.2000	33,43,339	4/2000 to 3/2005	5 Yrs.	21,73,170	4,17,917
	1434/30.3.2000	29,82,00,000	4/2000 to 3/2005	5 Yrs.	19,38,30,000	3,72,75,000
	Total	34,06,43,339		Total	22,14,18,170	4,25,80,417
2000-01	4,617/6.11.2000	91,44,000	12/2000 to 3/05	4 Yrs 4 months	51,51,120	9,90,600
2002-03	1,736/29.5.2002	32,00,000	6/02 to 3/05	2 Yrs 10months	11,78,667	2,26,667
	33/28.6.2002	2,26,00,000	7/02 to 3/05	2 Yrs. 9 months	80,79,500	15,53,750
	107/10.1.2003	15,15,00,000	2/03 to 3/05	2 Yrs 2 months	4,26,72,500	82,06,250
	53/26.3.2003	3,53,91,590	4/03 to 3/05	2 Yrs	92,01,813	17,69,580
	70/30.3.2003	2,48,016	4/03 to 3/05	2 Yrs	64,484	12,401
	71/30.3.2003	3,72,712	4/03 to 3/05	2 Yrs	96,905	18,636
	80/31.3.2003	15,13,500	4/03 to 3/05	2 Yrs	3,93,510	75,675
	Total	21,48,25,818		Total	6,16,87,379	1,18,62,959
2003-04	4,526/22.10.2003	2,30,00,000	11/03 to 3/05	1 Yr. 5 months	42,35,833	8,14,583
	247/26.3.04	8,51,834	4/04to 3/05	1 Yrs	1,10,738	21,296
Total	2,38,51,834		Total	43,46,571	8,35,879	
Grand Total		58,84,64,991			29,26,03,240	5,62,69,855

Note: - Difference of Rs.21.11 lakh has not been included by BSRTC being the amount of income tax sanctioned vide order No. 4617 dt. 6 November 2000 by the Transport Department, Government of Bihar, Patna.

