



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

**FOR THE YEAR 1981-82**

**REVENUE RECEIPTS**

IX  
53-B-3

**GOVERNMENT OF WEST BENGAL**



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## **PREFATORY REMARKS**

The Audit Report on Revenue Receipts of the Government of West Bengal for the year 1981-82 is presented in a separate volume. The materials in this Report have been arranged in the following order :—

- (i) Chapter 1 deals with the trend of revenue receipts classifying them broadly under tax revenue and non-tax revenue. The variation between the Budget estimates and the actuals in respect of principal heads of revenue and the position of arrears of revenue, etc., are discussed in this Chapter.
- (ii) Chapters 2 to 7 set out certain cases and points of interest which came to notice during the audit of Sales Tax, Motor Vehicles Tax, Entry Tax, Land Revenue, Mines and Minerals and Other Tax and Non-Tax Receipts.

2. The points brought out in this report are those which came to notice in the course of test audit. They are not intended to convey any general reflection on the financial administration of the departments|authorities concerned.



## CHAPTER 1

### GENERAL

#### 1.1. Trend of revenue receipts

The total receipts of the Government of West Bengal for the year 1981-82 were Rs.1,223.75 crores against the anticipated receipts of Rs.1,297.56 crores. The total receipts during the year registered an increase of 27.06 per cent over those of 1979-80 (Rs.963.15 crores) and an increase of 12.09 per cent over those in 1980-81 (Rs.1,091.71 crores). Of the total receipts of Rs.1,223.75 crores, the State Government raised Rs.755.60 crores, of which Rs.632.15 crores represented "Tax Revenue", and Rs.123.45 crores was "Non-Tax Revenue". Receipts from the Government of India by way of share of Central taxes and grants-in-aid amounted to Rs.468.15 crores.

#### 1.2. (a) Analysis of revenue receipts ..

An analysis of the receipts during 1981-82 along with the corresponding figures for the preceding two years is given below :—

	1979-80	1980-81	1981-82
	(In crores of rupees)		
I. Revenue raised by the State Government— ..			
(a) Tax Revenue .. ..	479.09	524.33	632.15
(b) Non-Tax Revenue .. ..	127.46	145.12	123.45
Total .. ..	<u>606.55</u>	<u>669.45</u>	<u>755.60</u>
II. Receipts from the Government of India—			
(a) State's share of divisible Union Taxes ..	277.57	309.90	348.09
(b) Grants-in-aid .. ..	79.03	112.36	120.06*
Total .. ..	<u>356.60</u>	<u>422.26</u>	<u>468.15</u>
III. Total receipts of the State (I+II) ..	963.15	1,091.71	1,223.75
IV. Percentage of I to III .. ..	63.0	61.3	61.7

Receipts from the Central Government by way of the State's share of Union taxes and grants-in-aid during the year 1981-82 worked out to about 38.3 per cent of the total receipts of the State. The State's own mobilisation amounted to 61.7 per cent approximately.

\* For details please see statement No. II "Detailed Accounts of Revenue by Minor Heads" in the Finance Accounts of the Government of West Bengal for 1981-82.

**(b) Tax revenue raised by the State**

An analysis of the tax revenue for the year 1981-82 and for the preceding two years is given below :—

	1979-80	1980-81	1981-82	(+)Increase (-)Decrease in 1981-82 with reference to 1980-81
	(In crores of rupees)			
(1) Tax on Agricultural Income ..	7.28	2.25	1.22	(-)1.03
(2) Other Taxes on Income and Expenditure.	7.31	10.51	13.10	(+)2.59
(3) Land Revenue .. ..	17.19	17.71	22.39	(+)4.68
(4) State Exoise .. ..	43.91	51.75	58.06	(+)6.31
(5) Taxes on Vehicles .. ..	16.62	18.89	21.79	(+)2.90
(6) Sales Tax .. ..	281.07	299.55	379.04	(+)79.49
(7) Stamps and Registration Fees ..	25.00	28.72	34.47	(+)5.75
(8) Taxes and Duties on Electricity ..	14.22	18.11	16.67	(-)1.44
(9) Taxes on Goods and Passengers ..	41.84	50.69	53.97	(+)3.28
(10) Other Taxes and Duties on commodities and Services.	24.10	25.74	30.94	(+)5.20
11) Taxes on Immovable Property* ..	0.55	0.41	0.50	(+)0.09
	479.09	524.33.	632.15	(+ )107.82
Percentage of the receipt from tax revenue to the State's own revenue receipts.	79.0	78.3	83.7	(+)5.4

The reasons for increase or decrease under the heads in question called for from Government in November 1982 are awaited (December 1982.)

\*This head accommodates receipts under the West Bengal Multistoreyed Buildings Tax Act, 1975.

## (c) Non-tax revenue of the State

The principal sources of non-tax revenue of the State were Interest, Police, Education, Medical, Housing, Social Security & Welfare, Agriculture, Minor Irrigation, Soil Conservation and Area Development, Dairy Development, Forest, Industries and Mines and Minerals. An analysis of non-tax revenue under the principal sources for the year 1981-82 and the preceding two years is given below :—

	1979-80	1980-81	1981-82	(+) Increase (-) Decrease in 1981-82 with refer- ence to 1980-81
	(In crores of rupees)			
(1) Interest .. .. .	16.20	16.01	17.59	(+)1.58
(2) Police .. .. .	3.14	1.69	5.70	(+)4.01
(3) Education .. .. .	4.59	3.04	3.46	(+)0.42
(4) Medical .. .. .	7.45	11.62	16.70	(+)5.08
(5) Housing .. .. .	1.82	2.38	2.59	(+)0.21
(6) Social Security and Welfare ..	21.85	6.46	5.59	(-)0.87
(7) Agriculture .. .. .	1.73	1.94	2.29	(+)0.35
(8) Minor Irrigation, Soil Conservation and Area Development.	8.59	1.71	2.55	(+)0.84
(9) Dairy Development .. .. .	15.49	13.26	18.42	(+)5.16
(10) Forest .. .. .	9.02	12.54	15.61	(+)3.07
(11) Industries .. .. .	2.59	2.79	2.89	(+)0.10
(12) Mines and Minerals .. .. .	4.51	2.89	2.96	(+)0.07
(13) Others .. .. .	35.48	68.79	27.10	(-)41.69
Total ..	127.46	145.12	123.45	(-)21.67

The reasons for short-fall under Social Security and Welfare called for from the departments are awaited (December 1982).

### 1.3. Variation between the Budget estimates and the actuals

(i) The receipts compared to the Budget estimates during the three years 1979-80 to 1981-82 were as under :—

	Year	Budget estimates	Actuals	Variation Excess(+) Shortfall(-)
(In crores of rupees)				
(A) Tax Revenue .. ..	1979-80	502.49	479.09	(-)23.40
	1980-81	603.90	524.33	(-)79.57
	1981-82	712.74	632.15	(-)80.59
(B) Non-tax Revenue .. ..	1979-80	128.45	127.46	(-) 0.99
	1980-81	140.72	145.12	(+) 4.40
	1981-82	148.52	123.45	(-)25.07

(ii) The variations between the Budget estimates and the actuals under the principal heads of revenue are given below :—

Head of revenue	Year	Budget estimates	Actuals	Variation (+)Excess (-)Shortfall	Percentage of variation
(In crores of rupees)					
(1) Taxes on Agricultural Income.	1979-80	9.00	7.28	(-) 1.72	19.1
	1980-81	8.00	2.25	(-) 5.75	71.9
	1981-82	9.00	1.22	(-) 7.78	86.4
(2) Other Taxes on Income and Expenditure.	1979-80	13.00	7.31	(-) 5.69	43.8
	1980-81	16.00	10.51	(-) 5.49	34.3
	1981-82	18.80	13.10	(-) 5.70	30.3
(3) Land Revenue ..	1979-80	33.89	17.19	(-)16.70	49.3
	1980-81	42.89	17.71	(-)25.18	58.7
	1981-82	33.89	22.39	(-)11.50	33.9
(4) State Excise ..	1979-80	39.31	43.91	(+) 4.60	11.7
	1980-81	52.00	51.75	(-) 0.25	0.5
	1981-82	64.20	58.06	(-) 6.14	9.6
(5) Taxes on Vehicles ..	1979-80	22.00	16.62	(-) 5.38	24.5
	1980-81	25.70	18.89	(-) 6.81	26.5
	1981-82	28.30	21.79	(-) 6.51	23.0
(6) Sales Tax .. ..	1979-80	287.18	281.07	(-) 6.11	2.1
	1980-81	330.61	299.55	(-)31.06	9.4
	1981-82	417.00	379.04	(-)37.96	9.1
(7) Stamps and Registration Fees.	1979-80	25.00	25.00	..	..
	1980-81	26.55	28.72	(+) 2.17	8.0
	1981-82	30.24	34.47	(+) 4.23	14.0
(8) Taxes and Duties on Electricity.	1979-80	24.74	14.22	(-)10.52	42.5
	1980-81	25.00	18.11	(-) 6.89	27.6
	1981-82	25.88	16.67	(-) 9.21	35.6
(9) Taxes on Goods and Passengers.	1979-80	31.00	41.84	(+)10.84	35.0
	1980-81	41.75	50.69	(+) 8.94	21.4
	1981-82	49.00	53.97	(+) 4.97	10.1

Head of revenue	Year	Budget estimates	Actuals	Variation (+) Excess (-) Shortfall	Percentage of variation
(In crores of rupees)					
(10) Other Taxes and Duties on Commodities and Service.	1979-80	30.00	24.10	(-) 5.90	19.7
	1980-81	35.00	25.74	(-) 9.26	26.5
	1981-82	36.13	30.94	(-) 5.19	14.4
(11) Interest .. ..	1979-80	28.83	16.20	(-) 12.63	43.8
	1980-81	32.50	16.01	(-) 16.49	50.7
	1981-82	25.87	17.59	(-) 8.28	32.0
(12) Police .. ..	1979-80	2.30	3.14	(+) 0.84	36.5
	1980-81	2.78	1.69	(-) 1.09	39.2
	1981-82	2.92	5.70	(+) 2.78	95.2
(13) Education .. ..	1979-80	3.29	4.59	(+) 1.30	39.5
	1980-81	3.11	3.04	(-) 0.07	2.3
	1981-82	4.41	3.46	(-) 0.95	21.5
(14) Medical .. ..	1979-80	14.13	7.45	(-) 6.68	47.3
	1980-81	14.12	11.62	(-) 2.50	17.7
	1981-82	16.48	16.70	(+) 0.22	1.3
(15) Housing .. ..	1979-80	2.99	1.82	(-) 1.17	39.1
	1980-81	3.84	2.38	(-) 1.46	38.0
	1981-82	3.74	2.59	(-) 1.15	30.7
(16) Social Security and Welfare.	1979-80	11.70	21.85	(+) 10.15	86.8
	1980-81	13.00	6.46	(-) 6.54	50.3
	1981-82	14.58	5.59	(-) 8.99	61.7
(17) Agriculture .. ..	1979-80	3.18	1.73	(-) 1.45	45.6
	1980-81	3.40	1.94	(-) 1.46	42.9
	1981-82	3.52	2.29	(-) 1.23	34.9
(18) Minor Irrigation, Soil Conservation and Area Development.	1979-80	2.55	3.59	(+) 1.04	40.8
	1980-81	4.10	1.71	(-) 2.39	58.3
	1981-82	4.54	2.55	(-) 1.99	43.8
(19) Dairy Development ..	1979-80	17.32	15.49	(-) 1.83	10.6
	1980-81	17.47	13.26	(-) 4.21	24.1
	1981-82	18.16	18.42	(+) 0.26	1.4
(20) Forest .. ..	1979-80	9.23	9.02	(-) 0.21	2.3
	1980-81	10.30	12.54	(+) 2.24	21.7
	1981-82	11.35	15.61	(+) 4.26	37.5
(21) Industries .. ..	1979-80	5.94	2.59	(-) 3.35	56.4
	1980-81	5.02	2.79	(-) 2.23	44.4
	1981-82	4.77	2.89	(-) 1.88	39.4
(22) Mines and Minerals ..	1979-80	0.11	4.51	(+) 4.40	4000.0
	1980-81	0.11	2.89	(+) 2.78	2527.3
	1981-82	0.32	2.96	(+) 2.64	825.0

## 6.

In all cases except in the case of State Excise, Sales Tax, Medical and Dairy Development, the variations were in excess of ten per cent. The reasons for variation called for from Government are awaited (December 1982).

The reasons for shortfall in collection in respect of the earlier two years are also awaited (December 1982) except in respect of Agricultural Income Tax and Land Revenue. The variation under Land Revenue was stated to be due to provision for collection made in the Budget estimate under an Act before the same was brought into force and expected increase in the royalty rate by the Government of India, not materialising. Besides, payment of cesses involving more than Rs.4 crores was also disputed by an assessee (Eastern Coalfield Limited).

In the revised estimates for the year 1981-82, anticipated receipt in respect of Taxes on Agricultural Income was shown as Rs.1.90 crores as against original Estimate of Rs.9 crores. Depression in tea industries and challenge of the validity of Bengal Agricultural Income Tax (Amendment) Act, 1980 in the Court of Law were indicated as reasons for the same.

### 1.4. Cost of collection

The expenditure incurred during 1981-82 on collection under the principal heads of revenue and the percentage of the cost of collection to revenue collected during the three years 1979-80 to 1981-82 are given in Appendix I to the report.

### 1.5. Uncollected revenue

Figures of arrears in respect of Land Revenue, Sales Tax, Agricultural Income Tax, Motor Vehicles Tax, Entry Tax, State Excise, Stamps and Registration Fees, Entertainment, Betting and Luxury Tax and Water rates are awaited (May 1982) from the departments. Consequently, the total amount of uncollected dues, the amount covered by certificate proceedings, the collection stayed by Government, the High Court and Judicial Authorities, the present position of recovery, the possibility of recovery, steps taken by the departments to recover the dues, etc., could not be ascertained in audit.

### 1.6. Outstanding Inspection Reports

(i) Audit observations regarding incorrect assessments|under-assessments|non-levy|short levy of taxes, duties, fees and other revenue receipts etc. and defects in initial accounts noticed on test check during local audit and not settled on the spot are communicated to the heads of offices and to the next higher authorities through inspection reports.



The more important irregularities noticed are reported to the heads of departments and Government.

(ii) Government have prescribed that first replies to the inspection reports should be sent by the heads of offices to the heads of departments within 3 weeks from date of receipt of the inspection report. The heads of departments, in turn, should transmit such replies along with their comments to the Accountant General within 2 months from the date of receipt of replies from their subordinate offices. The half yearly statements of audit objections which are awaiting settlement for want of final replies from the departmental authorities are forwarded to the Government in June and December every year to expedite clearance of objections. During local audit of the offices, the objections pertaining to earlier years are also reviewed by the inspecting parties and discussed with the heads of offices.

(iii) As at the end of September 1982, Inspection Reports issued up to March 1982 which were not settled, are shown below. The corresponding figures for the earlier two years are also indicated.

	At the end of September		
	1980	1981	1982
Number of inspection reports not settled ..	1782	2036	2180
Number of objection book items .. ..	2777	2818	3304
Money value of outstanding objection (In crores of Rs.)	20 59	25 75	42.20

Receiptwise break-up of the outstanding inspection reports together with money value of objections is given below :—

Head of receipts	Up to 1981-82		
	Inspection Reports	Outstanding objections— number of items	Amount (In lakhs of rupees)
1. Sales Tax .. ..	435	1936	1,104.40
2. State Excise .. ..	115	48	292.78
3. Land Revenue .. ..	80	616	2,241.28
4. Motor Vehicles Tax .. ..	182	163	106.56
5. Stamp duty and Registration Fees .. ..	756	374	26.39
6. Agricultural Income Tax .. ..	27	43	5.63
7. Amusements Tax .. ..	52	7	3.02
8. Electricity Duty .. ..	87	11	240.00
9. Entry Tax .. ..	404	92	75.46
10. Departmental Receipts .. ..	16	9	124.47
11. Non-Judicial Stamp .. ..	26	5	0.24
	<b>2,180</b>	<b>3,304</b>	<b>4,220.23</b>
	<b>Say Rs. 42.20 crores.</b>		

(iv) Of the 2,180 reports which were pending settlement as on 30th September 1982 even first replies had not been received so far (September 1982) in respect of 1658 reports consisting of 10,337 paragraphs, as detailed below :—

Head of receipts				Number of inspection reports	Paragraphs	Earliest year to which inspection reports pertain
1.	Sales Tax	..	..	331	3287	1967-68
2.	State Excise	..	..	39	430	1972-73
3.	Land Revenue	..	..	64	1625	1970-72
4.	Motor Vehicles Tax	..	..	168	1050	1972-73
5.	Stamp duty and Registration Fees	..	..	570	2046	1972-73
6.	Agricultural Income-Tax	..	..	16	94	1972-74
7.	Amusement Tax	..	..	40	170	1971-72
8.	Electricity Duty	..	..	55	221	1972-73
9.	Entry Tax	..	..	348	1282	1972-73
10.	Departmental Receipts	..	..	9	92	1975-77
11.	Non-Judicial Stamps	..	..	18	40	1977-78
				<u>1658</u>	<u>10,337</u>	

## CHAPTER 2

## SALES TAX

## 2.1. Results of test audit in general

During the year 1981-82, test audit of accounts of the Commercial Tax Offices revealed under-assessment of tax of Rs.117.33 lakhs in 165 cases, categorised under the following heads :

Nature of irregularity	Number of cases	Amount (In lakhs of rupees)
1. Incorrect exemptions . . . . .	43	44.21
2. Irregular concessions . . . . .	13	5.60
3. Incorrect determination of gross/taxable turnover . . . . .	31	13.73
4. Incorrect computation of tax . . . . .	18	2.94
5. Incorrect classification of goods . . . . .	15	6.75
6. Application of incorrect rate of tax . . . . .	12	5.21
7. Non-levy of penalty . . . . .	7	3.87
8. Others . . . . .	26	35.02
	165	117.33

Some important cases are mentioned in paragraphs 2.2 to 2.13.

## 2.2. Irregular exemption on agricultural seeds

Schedule I to the Bengal Finance (Sales Tax) Act, 1941 gives a list of goods exempted from tax. The list includes certain specified seeds such as vegetable seeds, mustard seeds and rape seeds. It also includes all cereals and pulses including broken particles and husk and brans thereof when not sold in sealed container and processed wheat in the form of wheat flour including atta and suji.

The list does not include wheat and paddy seeds. Production and processing of paddy and wheat seeds which are treated and certified, are governed by the provisions of the Seeds Act 1966. In the certification tag of treated and certified seeds, attached to the sealed containers, it is mentioned, *inter alia*, that the contents are not fit for human consumption. These seeds cannot, therefore be considered as 'cereals' of which fitness for human consumption is an essential element. Accordingly the exemption from tax would not apply to certified paddy and wheat seeds.

In the course of audit, it was noticed (May 1978 to April 1980) that in 38 assessments relating to 25 dealers for various periods ranging from April 1970 to March 1977, made between January 1975 and March 1980, turnover aggregating Rs.2,01,82,094 on account of sale of wheat and paddy seeds was not assessed to tax amounting to Rs.12,69,301 treating them as falling under the category of cereals.

The matter was reported to Government between September 1979 and November 1981. The State Government issued a notification (October 1982) amending the Bengal Sales Tax Rules, 1941 retrospectively so as to include sales of paddy seeds and wheat seeds in the list of sales which would be deducted from the gross turnover for arriving at the taxable turnover.

The Act empowers the State Government to prescribe certain sales, to be so deducted by framing rules under the Act, and also to frame rules retrospectively. The term "Taxable goods" is, however, defined in the Act to mean and include goods other than those which are included in the list of exempted goods in Schedule I to the Act. The Act also empowers the State Government to add to this list in Schedule I, but there is no power to do so retrospectively. The former power about deduction from gross turnover of certain specified sales is intended to exempt certain categories of sales of taxable goods and not to exempt from tax any goods *per se*, which is the subject of the other power mentioned above, i.e., the power to add to the list of exempted goods in Schedule I. In the subject case, therefore, the retrospective exemption sought to be given to the sales of paddy seeds and wheat seeds is not covered by the provision of the Act.

This was pointed out to the State Government (November 1982); reply is awaited (December 1982).

### **2.3. Under-assessment of tax due to incorrect classification of goods**

Under the Bengal Finance (Sales Tax) Act, 1941, articles made wholly or principally of stainless steel except 'tumblers, dishes and plates fall under the category of Schedule II goods which are taxable at the rate of 12 per cent up to 31st March 1974 and at the rate of 15 per cent thereafter. "Stainless steel blades" principally made of stainless steel, therefore attract tax at the rate of 12 per cent up to March 1974 and at 15 per cent from 1st April 1974 up to 31st July 1975. From 1st August 1975, shaving sets including safety razors and razor blades were taken out of the above Act and included in the list of notified commodities under West Bengal Sales Tax Act, 1954 and are taxable at the rate of 6 per cent.

In the course of audit (May 1981) of the records of Commercial Tax Officer, Bhowanipore, it was noticed that in nine assessments of a dealer for the periods from March 1968 to July 1975, made between December 1971 and February 1979, turnover of stainless steel blades aggregating Rs.7,28,83,769 was assessed to tax at the rate of 6 per cent treating these blades wrongly as general goods instead of Schedule II goods. In the result there was a total under-assessment of tax including surcharge and additional surcharge of Rs.40,32,133. Of this, an amount of Rs.26,58,789 related to the periods up to 1972-73 which were beyond the period of limitation laid down in the Act for rectificatory action. The balance amount of Rs.13,73,344 pertained to the period from 1973-74 to 1975-76, assessed between May 1978 and February 1979 and could still be recovered by reopening the assessment under the provision of the Act.

On this being pointed out, the department agreed (May 1981) to look into the matter. Further developments are awaited (December 1982).

The matter was reported to Government (April 1982); reply is awaited (December 1982).

#### **2.4. Under-assessment due to incorrect computation of tax**

(i) In the course of audit, it was noticed (June 1981) that in the assessment (September 1980) of a dealer under the Bengal Finance (Sales Tax) Act, 1941, for the year ending November 1976, the tax leviable at the rate of 12 per cent and 6 per cent on turnover of Rs.24,12,375 and Rs.28,92,113 was correctly worked out at Rs.2,58,365 and Rs.1,63,983 respectively, but the total tax payable was computed at Rs.3,22,348 instead of at Rs.4,22,348. This error in totalling resulted in under-assessment of tax and surcharge of Rs.1,10,000.

On this being pointed out in audit (June 1981), the department admitted the mistake and agreed (June 1981) to review the case. Further development is awaited (December 1982).

The matter was reported to Government in October 1981; reply is awaited (December 1982).

(ii) Under the Bengal Finance (Sales Tax) Act, 1941, from 20th April 1974, sale of goods other than declared goods made to dealers will attract surcharge including additional surcharge on the total amount of tax payable by the dealer at the rate of 10 per cent when the gross turnover exceeds rupees five lakhs during a year,

A few instances of under-assessments owing to incorrect computation of tax noticed (May 1981) in audit are mentioned below :—

- (a) In an assessment of a dealer for the year ending June 1976, the taxable turnover was assessed (June 1980) at Rs.38,68,334 attracting tax at the rate of six per cent. Total tax payable was wrongly computed at Rs.2,12,758 instead of Rs.2,32,100. This resulted in under-assessment of tax including surcharge and additional surcharge to the extent of Rs.21,276 (Rs.19,342+ Rs.1,934).

On this being pointed out (May 1981) in audit, the department agreed (June 1981) to revise the assessment. Further developments are awaited (December 1982).

- (b) In the assessment (April 1980) of a dealer under the Bengal Finance (Sales Tax) Act, 1941 for the year ending March 1977, surcharge and additional surcharge payable at the rate of 10 per cent on tax of Rs.8,17,109 were wrongly computed at Rs.8,171 instead of Rs.81,711. This resulted in under-assessment of surcharge including additional surcharge to the extent of Rs.73,540.

On this being pointed out (May 1981) in audit, the department agreed (June 1981) to revise the assessment.

(iii) Under the Central Sales Tax Act, 1956, a dealer, who in the course of inter-State trade or commerce sells goods other than declared goods to a person, not being Government department or registered dealer, is liable to pay tax at the rate of ten per cent.

In the assessment (January 1981) of a dealer under the Central Sales Tax Act, 1956 for the period ending March 1977, the taxable turnover was determined at Rs.30,00,000 exigible to tax at ten per cent. The total tax payable on this, after statutory deduction was erroneously computed at Rs.2,27,727 instead of Rs.2,72,727. This resulted in under-assessment of tax of Rs.45,000.

On this being pointed out (August 1981) in audit, the department admitted the mistake and agreed (August 1981) to take action.

(iv) Under the Central Sales Tax Act, 1956, a dealer is liable to pay tax at the prescribed rate in respect of sales effected in the course of inter-State trade and commerce but is exempted from tax in respect of sales in the course of export of goods out of India.

In the course of audit, it was noticed (June 1981) that in the assessment (June 1980) of a dealer, for the year ending June 1976, the gross turnover was determined at Rs.1,13,48,771 inclusive of export sales. The assessing officer allowed exemption of Rs.3,00,456 on account of export sales instead of Rs.3,60,716 claimed by the dealer. Thus the taxable turnover should be Rs.1,10,48,315. But at the time of computing the taxable turnover, the assessing officer took gross sales at Rs.1,09,88,055 (Rs.1,13,48,771—Rs.3,60,716) and again allowed export sale of Rs.3,00,456 as exemption. The wrong computation resulted in under-assessment of tax to the extent of Rs.32,792.

On this being pointed out (June 1981) in audit, the department admitted (June 1981) the mistake and also agreed to refer it to the appellate authority at the time of review of the case as the dealer had preferred an appeal against the assessment. Further developments are awaited (December 1982).

(v) It was noticed in assessment (October 1980) of a dealer for the year ending December 1976 that turnover chargeable to tax at 15 per cent, after permissible deduction, was assessed as Rs.1,64,355 on which tax due worked out to Rs.24,652 but this was omitted from the total computation of tax. In the same case, it was further seen that sales in respect of the amount chargeable to tax at the rate of 6 per cent after allowing permissible deduction, worked out to Rs.17,12,379. The tax due thereon was Rs.1,02,743 but this was wrongly computed as Rs.1,00,943. These mistakes resulted in the total under-assessment of tax including surcharge and additional surcharge of Rs.29,097.

On this being pointed out in audit (January 1982), the department admitted the mistake and agreed (January 1982) to take action.

(vi) Under the Central Sales Tax Act, 1956 and the rules made thereunder, a dealer claiming exemption on account of transfer of goods from one State to another on account of consignment sales may furnish declaration in the prescribed form in the prescribed manner to prove that the movement of goods was occasioned otherwise than as a result of sale.

It was noticed (November 1981) in the assessment of a dealer for the period from 30th July 1976 to 31st March 1977, completed in July 1980, that the total of consignment sales as per statements furnished by him worked out to Rs.72,61,217. In the assessment the total was taken as Rs.74,70,037. The excess allowance of Rs.2,08,820 due to mistake in computation resulted in under-assessment of tax amounting to Rs.20,882.

On this being pointed out (November 1981) in audit, the department agreed (December 1981) to look into the matter; further developments are awaited.

The matter was reported (June 1982) to Government; their reply is awaited (December 1982).

## 2.5. Irregular exemptions

Under the Bengal Finance (Sales Tax) Act, 1941 and the rules made thereunder, sales of all varieties of 'textile fabrics' including handkerchiefs, towels, bedsheets, bed spreads, etc. are exempt from levy of tax. The explanation below the rule specifies that the expression 'textile fabrics' does not include, *inter alia*, "rubberised cloth".

(i) In the course of audit it was noticed (December 1981) that in the assessment (February 1981) of a dealer for the year ending March 1977, a sum of Rs.81,69,115 representing sales of plastic cloth and rubberised fabrics was allowed exemption treating the same as "textile fabrics". This irregular exemption resulted in under-assessment of tax including surcharge and additional surcharge aggregating Rs.5,09,507.

On this being pointed out in audit (December 1981), the department stated (December 1981) that the dealer had preferred an appeal against the assessment and the mistake pointed out by audit would be intimated to the appellate authority at the appropriate time. Further developments are awaited (December 1982).

The above case was reported to Government in July 1982; reply is awaited (December 1982).

(ii) It was similarly noticed (June 1981) that in the assessment (November 1980) of a dealer for the year ending December 1976, sales of rubberised cloth for Rs.2,38,320 were exempted from tax, erroneously treating them as textile fabrics. This resulted in non-levy of tax of Rs.14,864.

In the assessment (November 1980) of the same dealer under the Central Sales Tax Act, 1956, for the same period, sales of canvas cloth and rubberised cloth amounting to Rs.4,87,205 were also exempted from tax, treating them as textile fabrics. This irregular exemption also resulted in non-levy of tax. The exact amount of sales of rubberised cloth in this case could not be ascertained from the records of the department and as such the amount of tax short levied could not be quantified.

On this being pointed out in audit (June 1981), the department admitted the mistakes (June 1981) and agreed to review the assessments. Further developments are awaited (December 1982),



(iii) Under the Bengal Finance (Sales Tax) Act, 1941, goods declared as tax-free are included in Schedule I to the Act.

In the course of audit it was noticed (November 1981) that in an assessment (December 1980) of a dealer under the Bengal Finance (Sales Tax) Act, 1941 for the year ending March 1979, sale amounting to Rs.3,00,002 relating to "green tea leaves", an item not included in Schedule I, was allowed exemption from tax. This irregular exemption led to escapement of tax of Rs.21,598.

On this being pointed out in audit (November 1981), the department agreed (December 1981) to revise the assessment. Further developments are awaited (December 1982).

The matter was reported to Government in July 1982; reply is awaited (December 1982).

(iv) Under the Bengal Finance (Sales Tax) Act, 1941 and rules made thereunder, sale of textile fabrics made wholly or partly of cotton, staple fibre, rayon, artificial silk or wool are 'exempt' from sales tax. Glass fibre articles, namely fibre glass, fibre glass tapes and sleeve do not fall under the purview of textile fabrics as these commodities are not made from cotton, rayon, artificial silk, or wool or staple fibre. Sale of glass fibre is therefore exigible to tax at the rate of six per cent applicable to residuary items treating the sale as general goods.

In the assessments of a dealer for the three years ending in Chaitra 1381 B.S. (1974-75), 1382 B.S. (1975-76) and 1383 B.S. (1976-77), completed in July 1978, September 1979 and October 1980 respectively, Intra-State and Inter-State sales of fibre glass articles aggregating Rs.3,15,106 and Rs.10,358 respectively during the aforesaid years were allowed exemption under the State and Central Sales Tax Act respectively treating the same as textile fabrics. The irregular exemption resulted in under-assessment of tax including surcharge and additional surcharge of Rs.18,760 under the State Act and also Rs.942 under the Central Sales Tax Act.

On this being pointed out in audit (December 1981), the department agreed to review the case.

The matter was reported to Government in June 1982; reply is awaited (December 1982).

## 2.6. Short levy of tax due to application of incorrect rate

(i) Under the West Bengal Sales Tax Act, 1954, sale of biscuits is chargeable to tax at the rate of six per cent up to August 1977 and thereafter at the rate of nine per cent up to March 1979.

In the course of audit it was noticed (June 1981) in the assessment (October 1980) of a dealer for the year ending March 1979, that sales of biscuits aggregating Rs.2,60,29,410 were assessed to tax at eight per cent instead of nine per cent. This resulted in short levy of tax including surcharge and additional surcharge to the extent of Rs.2,34,070.

On this being pointed out in audit (June 1981), the department agreed (June 1981) to revise the assessment. Further developments are awaited (December 1982).

The matter was reported to Government in May 1982; reply is awaited (December 1982).

(ii) Under the Central Sales Tax Act, 1956, the rate of tax on inter-State sales of goods to Government was enhanced from 3 per cent to 4 per cent with effect from 1st July 1975, subject to the furnishing of certificate in the prescribed form.

In the course of audit, it was noticed (June 1981) that in the assessments (May 1980) of two dealers for the year ending June 1976 and December 1977, turnover aggregating Rs.89,01,293 and Rs.28,50,305, respectively, representing sales to Government were incorrectly assessed to tax at the rate of 3 per cent. This application of incorrect rate of tax resulted in under-assessment of tax of Rs.1,09,705.

On this being pointed out in audit (June 1981), the department agreed (June 1981) to look into the matter. Further developments are awaited (December 1982).

(iii) Under the Bengal Finance (Sales Tax) Act, 1941, sale of steel furniture is taxable at the rate of twelve per cent up to 31st March 1974 and fifteen per cent thereafter.

In the assessments of a dealer for the period ending September 1976 and September 1977, made in September 1980, it was noticed (April 1981) that turnover on account of sales of steel chairs and tables aggregating Rs.10,00,000 was taxed at the rate of twelve per cent instead of fifteen per cent. This resulted in short levy of tax of Rs.23,782.

On this being pointed out in audit (April 1981), the department admitted the mistake and agreed to take action (May 1981). Further developments are awaited (December 1982).

## 2.7. Under-assessment of tax due to misclassification of goods

Under entry no. 34 to the Schedule II of the Bengal Finance (Sales Tax) Act, 1941, sale of mosaic tiles is taxable at the rate of 15 per cent with effect from April 1974.

(i) In the course of audit of the records of Commercial Tax Officer, Barrackpore (January 1982) it was noticed that in the assessment of a dealer for the year ending March 1977, made in February 1981, sales of mosaic tiles aggregating to Rs.2,25,000 were assessed to tax at the rate of 6 per cent treating the goods as general goods. This led to under-assessment of tax including surcharge and additional surcharge of Rs.17,258.

On this being pointed out in audit (January 1982), the department agreed (January 1982) to take action in the matter.

The case was reported to Government in June 1982; their reply is awaited (December 1982).

(ii) Under the Bengal Finance (Sales Tax) Act, 1941, sales of cotton are exempted from tax; "wadding cotton" is a waste-like by-product resulting from the manufacturing process of cotton and cannot be considered as "cotton"; it is a different commercial commodity having a different usage. Wadding cotton is, thus, not exempt from tax.

In the course of audit of the records of Commercial Tax Officer, Alipore, it was noticed (September 1981) that in the assessment (November 1980) of a dealer under the Bengal Finance (Sales Tax) Act, 1941, for the period ending June 1977, made in November 1980, sales of wadding cotton aggregating Rs.6,35,713 were not subjected to tax treating it as cotton. This resulted in under-assessment of tax of Rs.39,649.

The department stated (September 1981) that necessary action would be taken as required under the law.

The matter was reported to Government (April 1982); reply is awaited (December 1982).

## 2.8. Assessments barred by limitation caused by defective registration of dealer

Under the West Bengal Sales Tax Act, 1954, as amended with effect from 20th February 1974 and rules made thereunder, sales of biscuits of all kinds except those manufactured, made or processed otherwise than in a factory, as defined in the Factories Act, 1948, are exigible to tax as a notified commodity under the Act (from 15th January 1955). Sales of biscuits manufactured otherwise than in a

factory were taxable under the Bengal Finance (Sales Tax) Act, 1941 and rules made thereunder till 31st March 1974 after which such sales are exempted. Any premises where twenty or more workers are working falls under the definition of factory under the Factories Act, 1948.

Under the 1954 Act *ibid* every dealer of notified goods is compulsorily required to get himself registered as a dealer under that Act with the prescribed authority before carrying on business of any such notified goods; failure to obtain such registration is also an offence under the Act. Further from 20th February 1974 no assessment of tax can be made after expiry of 48 months from the end of the year in respect of which assessment is to be made.

In the course of audit of two assessments of a dealer making biscuits for the years ending 1381 B.S. (1974-75) and 1382 B.S. (1975-76) made in November 1977 and September 1979 respectively, it was noticed that the dealer was granted (5th April 1973) registration under the 1941 Act. The dealer had not obtained registration under the 1954 Act though it was mentioned in the application that he was having twenty-three workers on roll, which brought his premises within the definition of 'factory'. The dealer was assessed to tax for sale of biscuits under the 1941 Act up to 1380 B.S. (1973-74) (i.e. till biscuits made otherwise than in factory were exempted from tax). On getting confirmation (December 1980) that the dealer was already registered (29th December 1972) as a factory under the Factories Act, the department started assessing him under the 1954 Act from 1383 B.S. (1976-77) onwards. Assessments for the intervening two years, i.e., 1381 B.S. (1974-75) to 1382 B.S. (1975-76) could not be re-opened being barred by limitation of time. The dealer's turnover during the two years (1381 B.S., 1382 B.S.) aggregating Rs.6,09,480 having tax effect of Rs.34,959 thus escaped assessment resulting in a loss of revenue of that amount.

On this being pointed out (December 1981) in audit, the department admitted the omission and stated that steps were being taken to prosecute the dealer.

The matter was reported to Government in June 1982; reply is awaited (December 1982).

## 2.9. Non-levy of tax on sale of raw materials

Under the Bengal Finance (Sales Tax) Act, 1941, a dealer is liable to pay tax on his turnover at different prescribed rates after allowing deductions as admissible under the Act.

In the assessment of a dealer, for the year ending March 1977, completed in March 1981, it was noticed (November 1981) that the sale of raw materials worth Rs.4,54,682 was exhibited in his certified annual accounts but was not included in the turnover for the said year. This resulted in an escapement of tax and surcharge amounting to Rs.28,358.

On this being pointed out in audit (November 1981), the department stated that the assessment was under appeal (on some other ground) and the mistake would be brought to the notice of the appellate authority. Further developments are awaited.

The matter was reported to Government in June 1982; reply is awaited (December 1982).

## 2.10. Mistakes in assessments

(i) Under the Bengal Finance (Sales Tax) Act, 1941, sales tax is leviable on the sale price which is defined as the amount payable to a dealer as valuable consideration for the sale of goods. Thus, an additional amount received under an escalation clause in the sale agreement forms part of the sale price of goods.

In the course of audit it was noticed (June 1981) that in the assessment (June 1980) of a dealer for the year ending June 1976, turnover of Rs.3,16,286, being the amount of escalation differential, was not considered for the purpose of assessment of tax resulting in an under-assessment of tax of Rs.19,727.

On this being pointed out in audit (June 1981), the department admitted the mistake and agreed (June 1981) to review the case. Further development is awaited (December 1982).

The matter was reported to Government in October 1981; reply is awaited (December 1982).

(ii) Under the Bengal Finance (Sales Tax) Act, 1941, sales tax is charged on the amount payable to a dealer as valuable consideration for the sale of any goods less any sum allowed as cash discount according to ordinary trade practice. Commission paid to the selling agents which is not in the nature of trade discount is, therefore, to be included in the turnover and exigible to sales tax under the Act.

In the course of audit, it was noticed (May 1981) in the assessment of a dealer for the year ending December 1978 that an

amount of Rs.2,60,281 representing commission to selling agents was deducted from the gross turnover of the dealer, which resulted in under-assessment of tax of Rs.18,736.

On this being pointed out in audit (May 1981), the department stated (May 1981) that the demand was being raised. Subsequently, the amount was realised (June 1981) by the department.

The matter was reported to Government in October 1981; reply is awaited (December 1982).

(iii) Under the Bengal Finance (Sales Tax) Act, 1941, read with the rules made thereunder, sales of certain specified goods are exempt from sales tax. Goods exempt from sales tax under the State Act are also exempt under the Central Sales Tax Act, 1956, for inter-State sales thereof.

In the assessment of a dealer under both the State and Central Act for the year ending Chait Sudi 2034 (1977-78) made in November 1980, it was noticed (August 1981) that the dealer was allowed exemptions on Rs.20,17,632 and Rs.12,79,988 under the State and the Central Acts respectively against his total non-taxable sales of Rs.31,25,932 only under both the Acts. The excess allowance of Rs.1,71,688 attributable to exemption under the Central Act resulted in an under-assessment of tax of Rs.15,608.

On this being pointed out in audit (August 1981), the department agreed (August 1981) to look into the matter.

The matter was reported to Government in June 1982; further development is awaited (December 1982).

(iv) Under the Bengal Finance (Sales Tax) Act, 1941, sale price means the amount payable to a dealer as valuable considerations for sale of any goods. Fabrication charges being in the nature of service charge do not form part of the sale price.

In the course of audit, it was noticed (September 1981) that in an assessment of a dealer under Central Sales Tax Act, for the year ended in June 1976, made in May 1980, fabrication charges of Rs.5,70,358 instead of Rs.4,36,019 as exhibited in the annual accounts of the dealer were deducted from the turnover. The excess deduction of Rs.1,34,339 resulted in short levy of tax of Rs.12,212.

On this being pointed out (September 1981) in audit, the department agreed (September 1981) to take necessary action; further developments are awaited (December 1982).

The matter was reported to Government (April 1982); reply is awaited (December 1982).

### 2.11. Exemption|allowances of concessional rates of tax in excess of the declaration

Under the Bengal Finance (Sales Tax) Act, 1941, sales to registered dealer and manufacturers are either exempted from tax or taxable at concessional rates, provided the dealer claiming such exemption or concession produces in support thereof declarations in prescribed forms issued to him by the purchasing dealers. Sales not covered by such declaration are not eligible for exemption or concession.

(i) Under the Central Sales Tax Act, 1956, inter-State sales to registered dealers and to Government departments were taxable at the rate of four per cent if such sales were supported by declarations in the prescribed forms obtained from the purchasing party; otherwise, such sales would attract tax at the rate of ten per cent.

In the assessment of a dealer under the Central Sales Tax Act, 1956, for the year ended in December 1976, made in December 1980, the dealer's claims for concessional rate of tax at the rate of 4 per cent was allowed on the basis of the total of the statements of declarations exhibited by the dealer. It was, however, noticed (December 1981) in audit that the total of the statements was overstated by Rs.24,60,773 leading to under-assessment of tax of Rs.1,29,062.

On this being pointed out (December 1981), the department agreed (December 1981) to take action; further developments are awaited (December 1982).

(ii) In the assessment of a dealer for the year ending December 1976, made in September 1980, exemption from tax was allowed on Rs.1,00,000. In the case of another dealer for the year ending March 1977, concessional rate of tax at two per cent was allowed on Rs.99,982. These sales were not supported by the prescribed declarations.

The irregular exemption|concession resulted in under-assessment of tax of Rs.23,896 in these two cases. On this being pointed out in audit (November 1981), the department admitted (November 1981) the mistakes and agreed to review the cases. Further developments are awaited (December 1982).

These cases were forwarded to Government in June 1982; reply is awaited (December 1982).

(iii) Under the Central Sales Tax Act, 1956 and the rules made thereunder, inter-State sale of goods other than declared goods are taxable at 4 per cent (with effect from 1st July 1975) provided they are supported by valid declarations in Form 'C' for sale to registered

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dealers or certificates in Form 'D' for sales to Government Departments. Sales not supported by such declarations|certificates are taxable at 10 per cent. Sales of goods other than declared goods to a dealer other than Government are taxable at the rate of 10 per cent if the said sales are not covered by the prescribed declaration form.

In an assessment of a dealer it was noticed (September 1981) that during the year 1976, inter-State sales of goods other than declared goods aggregating Rs.3,13,882 to two public sector companies which were not Government departments were taxed at concessional rate of 4 per cent instead of 10 per cent, treating the dealers as Government dealers on the basis of declaration forms applicable to Government dealers. This led to an under-assessment of tax of Rs.16,462.

On this being pointed out (September 1981) in audit, the department agreed (September 1981) to review the case.

The matter was reported to Government (April 1982); reply is awaited (December 1982).

(iv) Sales of goods included in Schedule II to the Bengal Finance (Sales Tax) Act, 1941 to registered dealers for re-sale in West Bengal are exempt from tax, on the dealers' furnishing the prescribed declaration forms obtained from the purchasing dealers with prescribed statements.

In the course of audit it was noticed (November 1981) in the assessment (April 1980) of a dealer for the period ending September 1976, that totals of the prescribed declaration forms were overstated in the statements by Rs.80,000. The benefit of exemption from tax had been allowed in respect of this amount also.. The goods being included in Schedule II were taxable at the rate of fifteen per cent. Non-detection of the totalling mistakes resulted in under-assessment of tax of Rs.11,418, after allowing statutory deductions.

On this being pointed out in audit (November 1981), the department agreed to take action (November 1981). Further developments are awaited (December 1982).

The matter was reported to Government in June 1982; reply is awaited (December 1982).



## 2.12. Turnover escaping assessment

Under the Bengal Finance (Sales Tax) Act, 1941, a dealer is liable to pay tax on his turnover at the different prescribed rates after allowing deductions as admissible under the Act.

In the assessment (April 1980) of a dealer for the period ending 1383 B.S. (1975-76), it was noticed (June 1981) in audit that although the turnover had been assessed at Rs.66,00,000, tax had been computed on a turnover of Rs.64,14,240 only leading to escapement of tax on the residual turnover of Rs.1,85,760. This resulted in under-assessment of tax including surcharge and additional surcharge of Rs.11,586.

On this being pointed out in audit (June 1981), the department admitted (June 1981) the mistake and stated that the dealer had preferred an appeal and the mistake pointed out in audit would be intimated to the appellate authority at the time of hearing.

The matter was reported to Government (May 1982); reply is awaited (December 1982).

## 2.13. Non-imposition of penalty for un-authorised use of goods

Under the Bengal Finance (Sales Tax) Act, 1941 and rules made thereunder, a registered dealer is entitled to purchase materials for use directly in the manufacture of goods in West Bengal for sale within the State at a concessional rate of tax, on furnishing declarations in the prescribed form. If the materials so purchased are not used by the dealer in the manufacture of goods in the State for sale within the State, the dealer is liable to pay penalty not exceeding double the amount of tax for improper use of the concession.

(i) In an assessment of a dealer for the year ending March 1977, made in March 1981, it was noticed (July 1981) that raw materials valued at Rs.14,15,646 purchased at concessional rate of tax were sold by the dealer instead of being used directly in the manufacture of goods within the State. Such an action on the part of the dealer attracted levy of penalty of a maximum amount of Rs.1,19,972. The department did not initiate any penalty proceedings.

On this being pointed out in audit (July 1981), the department agreed (July 1981) to look into the matter.

The case was reported to Government in October 1981; their reply is awaited (December 1982).

(ii) In the assessment of another dealer for the year ending December 1976, made in December 1980, it was noticed (August 1981) that raw materials worth Rs.6,28,725 purchased at

concessional rate were sold by the dealer and not used in the manufacture of goods. Such sale of the raw-materials was an abuse of the concession and was liable to penalty not exceeding Rs.48,411 which was not considered by the department.

On this being pointed out in audit (August 1981), the department agreed (August 1981) to examine the matter.

The case was reported to Government in May 1982; their reply is awaited (December 1982).

(iii) In still another case it was noticed (May 1981) that a manufacturer furnished declaration in the prescribed form for availing of the benefit of concessional rate of sales tax applicable to materials used directly in the manufacture of goods for sale in West Bengal, and purchased raw materials but had actually sold them. While determining the turnover, the assessing officer did not take into account the sale proceeds of such raw materials amounting to Rs.2,47,239, resulting in escapement of tax including surcharge to the extent of Rs.15,420. Also no penalty was levied in this case for sale of such raw-materials in contravention of the declarations.

On this being pointed out in audit (May 1981), the department admitted the mistake and agreed (June 1981) to revise the assessment.

(iv) In the assessment (June 1980) of one more dealer for the year ending June 1976, it was noticed (June 1981) that materials valued at Rs.11,53,658 declared to be used directly in manufacture of goods for sale in West Bengal, were purchased on payment of sales tax at concessional rate but they were utilised for some other purposes and not in the manufacture of goods for sale in West Bengal, resulting in an evasion of tax amounting to Rs.53,991, being the difference between normal rate and concessional rate of sales tax. The penal provision was not, however, invoked. The maximum amount of penalty leviable was Rs.1,07,982.

On this being pointed out (May 1981) in audit, the department agreed (May 1981) to review the case. Further developments are awaited (December 1982).

The above cases were reported to Government in June 1982; reply is awaited (December 1982).

## CHAPTER 3

## TAXES ON VEHICLES

## 3.1. Results of test audit in general

Test audit of the accounts on Motor Vehicles Tax in different offices under the Home (Transport) Department during the year 1981-82 revealed non-realisation|short-realisation of revenue, categorised under the following heads :—

Nature of irregularity	Number of cases	Amount (In lakhs of rupees)
1. Non-realisation/non-payment of road tax, penalty, and fees for certificate of fitness.	457	47.06
2. Irregularity in the fixation of registered laden weight ..	273	6.13
3. Application of incorrect rate of tax .. .. .	101	10.57
4. Non-production of records and registers ..	25	1.22
5. Unauthorised plying of vehicles without payment of road tax ..	14	1.13
6. Others .. .. .	708	9.76
Total ..	1578	75.87

Some important cases are mentioned in paragraphs 3.2 to 3.3.

## 3.2. Collection of motor vehicles tax and fees

## 3.2.1. Introductory

The criteria for levy of tax on plying of motor vehicles on roads and payment of fees connected therewith are enjoined in Motor Vehicles Act, 1939, which is a Central Act. The procedure for implementation of the Act and rates of fees leviable under the Act are prescribed in the Bengal Motor Vehicle Rules, 1940. Actual imposition and levy of road tax on plying of motor vehicles are governed by the State Act—West Bengal Motor Vehicles Tax Act, 1979, which replaced the earlier Act—Bengal Motor Vehicles Tax Act, 1932, from 1st June 1979. Procedure for implementation of the Act is laid down in West Bengal Motor Vehicles Tax Rules, 1957, as amended from time to time.

Levy of tax on inter-State vehicular traffic in goods between West Bengal and other States is regulated by (i) Bilateral agreements, (ii) Zonal agreements and (iii) National Permit Scheme under the Motor Vehicles Act, 1939.

Government of West Bengal Home (Transport) Department administers the law relating to motor vehicles while State Transport Authority exercise and discharges the powers of controlling motor vehicles in the State. The Regional Transport Authority under the District Collector is responsible for the grant for permits for plying vehicles, registration of vehicles, etc.

In Calcutta Region, road tax is collected by the taxing officer under the Director of Public Vehicles Department and in other districts by the Regional Transport Officers under the overall charge of district Collectors.

Assessment, levy and collection of tax and fees made by the Public Vehicles Department, Calcutta and nine other regional offices, viz. Howrah, Alipore, Siliguri, Burdwan, Hooghly, Midnapore, Barasat, Barrackpore, Durgapur during 1979-80 to 1981-82 were reviewed in audit between April 1981 and August 1982. The results of review are given in the succeeding paragraphs.

### 3.2.2. Trend of revenue

The receipt as well as Budget estimates and actual receipts for the last five years ended March 1981 are indicated below :—

Year	Total number of motor vehicles registered in West Bengal	Number of tax paying motor vehicles on roads in West Bengal	Budget estimate (In crores of rupees)	Actual receipts	Excess(+) Short-fall (-) over the Budget estimate	Percentage of variations (5 and 6)
1	2	3	4	5	6	7
1976-77 ..	2,49,330	2,29,246	10.50	12.79	(+)2.29	21.8
1977-78 ..	2,65,572	2,40,546	12.60	13.82	(+)1.22	9.7
1978-79 ..	2,75,058	2,49,139	16.58	14.72	(-)1.86	11.2
1979-80 ..	2,82,665	2,78,878	22.00	16.62	(-)5.38	24.5
1980-81 ..	3,04,038	Not available.	25.70	18.89	(-)6.81	26.5

From 1st June 1979, the rates of tax on various categories of vehicles were enhanced under the West Bengal Motor Vehicles Tax Act, 1979. The number of tax paying vehicles also increased by 11.93 per cent in the year 1979-80. The amount of tax collected did not go up correspondingly. Reasons for this have been called for (September 1982); reply is awaited (December 1982).

### 3.2.3. Change of address in the Registration Certificates

The Motor Vehicles Act, 1939 provides for compulsory registration of all motor vehicles (which include chassis to which a body has not been attached and a trailer) and possession of valid registration certificate therefor by the owner of such vehicles. The registration is made by the authority of the area in which the owner has residence or place of business.

(i) Under the Motor Vehicles Act, 1939 and the West Bengal Motor Vehicles Tax Rules, 1957, in case of change of residence or place of business within the jurisdiction of another Registering authority in the State, the owner of a motor vehicle shall, within thirty days of such change, intimate his new address to the previous Registering authority as well as to the new Registering authority and at the same time forward the certificate of registration to the new Registering authority for noting the change of address.

The previous Registering authority, on receipt of information from the registered owner, shall note such change of address in the concerned register and take action for realisation of arrears of tax, if any. The new Registering authority at the time of making entry in the registration certificate regarding change of address should also intimate the altered address to the previous Registering authority to enable the latter to communicate the tax in arrears in respect of such vehicle to him, so that steps for its recovery can be taken by the new Registering authority.

In the course of test audit of the records of five regional offices in West Bengal, it was noticed (April 1982 to July 1982) that registered owners of 18 transport vehicles had removed their vehicles from one region to another region within the State without intimation to the previous Registering authorities. In nine of these cases, intimation of change of address had, however, been given by the new Registering authority to the previous Registering authority. In all these cases, taxes were in arrears to the extent of Rs.69,517 relating to various periods from November 1977 to February 1982. No action was taken to intimate the dues to the new Registering authorities.

On this being pointed out (April 1982 to July 1982) in audit, the department agreed to take action. Further developments are awaited (December 1982).

(ii) Under the Motor Vehicles Act, 1939, when a motor vehicle is transferred from one State to another, the owner of the vehicle should apply in prescribed form along with no-objection certificate

obtained from the previous registering authority. In case of non-receipt of such certificate, an evidence for seeking a no-objection certificate should be produced by the owner to the new registering authority. In case of non-receipt of any reply from the registering authority within thirty days from the date of application by the owner, the new registering authority shall take it for granted that there was no objection for such transfer.

In the course of audit, in Calcutta region, it was noticed (June 1982) that 20 transport vehicles had been removed by the registered owners from Calcutta region to other States, during the period between October 1977 and March 1980. It was seen from the records that change of address had been communicated to the previous registering authority in West Bengal, by the registered owners. No-objection certificates were issued in four cases without specifying the arrear of tax in them; in the remaining 16 cases no-objection certificates had not been issued.

Failure to take action to intimate the dues to the new registering authorities resulted in non-realisation of tax dues aggregating to Rs.19,120 in these twenty cases.

On this being pointed out in audit (August 1982), the department stated that Rs.1,186 had since been realised in one case and demand notices would be issued in the remaining cases. Further realisation is awaited (December 1982).

(iii) In Howrah region it was noticed (April 1982) that registered owners of five transport vehicles had not paid road taxes since 1st April 1976. The road permits of the concerned vehicles were cancelled in the year 1977 and registration certificates were suspended in the year 1978 with an intimation to the Home (Transport) Department, West Bengal. The whereabouts of the vehicles were not known to the regional office (April 1982).

During audit on the accounts of Calcutta region it was noticed that the said transport vehicles were registered in Calcutta region between March 1980 and May 1981 on change of ownership and change of registration mark on the basis of 'no-objection certificate' stated to have been produced by the transferee issued by the Howrah region. This resulted in evasion of tax of Rs.64,353 for the period from 1st April 1976 to 31st January 1981.

On this being pointed out in audit (June 1982), the registering authority, Howrah stated (August 1982) that 'no-objection certificates' were not issued for the vehicles in question.

Under the West Bengal Motor Vehicles Tax Act, 1979, any person evading payment of tax by producing forged documents is liable to be punished with imprisonment or fine up to Rs.1,000, or both, besides forfeiture of the vehicle to the Government.

Information regarding final action taken by the department against the owners are awaited (December 1982).

#### 3.2.4. Transfer of ownership

On transfer of ownership of a vehicle, the transferor is required, under the law, to forward within 45 day of transfer, to the registering authority within whose jurisdiction the transfer is to be effected a 'no-objection certificate' obtainable on application from the previous registering authority for entering the particulars of such transfer in the certificate of registration. 'No-objection certificate' is to be issued within 30 days of application after verification, *inter alia*, of the amount, if any, due in respect of the vehicle. If such certificate is not issued within 30 days without communicating refusal to the applicant, the previous registering authority shall be deemed to have granted 'no-objection certificate', if acknowledgement of the application for 'no-objection certificate' is produced along with a declaration from the transferor of having received no communication of refusal from the previous registering authority.

In course of audit of Howrah, Alipore, and Barasat regions it was noticed (April 1982—July 1982) that change of ownership was noted in the registration certificate in respect of 81 vehicles during the period from 1st April 1979 to 31st March 1982. In 22 cases the owners removed their vehicles on transefer of ownership to different regions but the change of ownership was noted in the registration certificate without obtaining 'no-objection certificate' from the previous registering authority on the strength of declaration and acknowledgement of application for 'no-objection certificate'. On cross verification of the records of the previous registering authority, it was noticed (April to July 1982) that arrears of tax amounting to Rs.1,30,313 relating to the periods between 1st December 1974 and 31st March 1982 were due against them which remained unrealised (August 1982).

On this being pointed out in audit (April 1982—July 1982) the department agreed to take action. Further reply is awaited (December 1982).

#### 3.2.5. Non-registration of chassis

The Act provides for temporary registration of chassis on payment of prescribed temporary registration fee and also tax on

maximum laden weight certified by the manufacturer and the total period of such temporary registration shall be one month which may be extended to a period not exceeding three months. Remission of tax for non-use of any vehicle under the Act is permissible on surrender of the registration certificate, which is obligatory.

In Midnapore region it was noticed that two organisations brought three chassis into West Bengal between September 1980 and December 1980 from other States on the strength of temporary registration certificates issued from those other States which were valid up to September 1980 and December 1980 respectively. The temporary registration certificates were not renewed on expiry. The vehicles were not assessed to tax till their final registration on 1st August 1981 and 30th September 1981 respectively. The registered owners of the vehicles quoted the previous temporary registration marks in the prescribed application forms seeking final registration.

Failure on the part of the registering authority to detect validity period of the temporary registration resulted in non-recovery of revenue of Rs.19,767 for the period between October 1980 and September 1981.

On this being pointed out in audit (August 1982), the department agreed (August 1982) to take action; details of realisation are awaited (December 1982).

### **3.2.6. Loss of revenue due to irregular fixation of maximum safe laden weight**

In compliance with the provision of the Motor Vehicles Act, 1939, the State Government, with the approval of the Central Government, issued notification on 31st August 1979 fixing the maximum safe laden weight of certain types of transport vehicles at 150 per cent of the gross vehicle weight certified by the manufacturers or 17,800 kg whichever is less. The maximum safe laden weight of the vehicle shall be recorded in the registration certificate of the vehicle registered on or after the date (31st August 1979) in accordance with the above principle.

In four regional offices it was noticed (between January 1982 and August 1982) that the registered laden weight of 39 vehicles registered between September 1979 and December 1980 were not fixed as per Government notification at the time of their registration but changes were made in the registration certificates afterwards between December 1979 and July 1982. As a result, road tax



chargeable at rates applicable to the higher registered laden weights, could not be realised from the date of such revision leading to a loss of revenue of Rs.41,397.

On this being pointed out in audit between January 1982 and August 1982 the department admitted (between January 1982—August 1982) the mistake.

### **3.2.7. Loss of revenue due to delay in fixation of seating capacity of mini buses**

Under the West Bengal Motor Vehicles Tax Act, 1979, vehicles for carrying passengers plying for hire as contract|stage carriage are liable to pay tax on the seating capacity recorded in the certificate of registration.

In order to ensure uniformity in the seating capacity of mini buses in all the regions, the State Government decided (July 1978) that except for the hill section of Darjeeling district, seating capacities of all mini buses in the State with the wheel base of 127" and from 114" to 120" should be refixed at 27 and 22 respectively excluding the driver.

In three regional offices it was noticed (between May 1979 and August 1982) that there were delays ranging from 3 months to 54 months in refixation of the seating capacities of mini buses in 187 cases out of 704 cases leading to a loss of revenue of Rs.41,525.

On this being pointed out in audit the department stated that seating capacities of mini buses were refixed as and when the owners came forward for renewal of certificates of fitness.

Absence of statutory provision for making change in the registration certificate in such cases within a time limit, as in the case of transport vehicles, resulted in the loss of revenue of Rs.41,525.

### **3.2.8. Collection of tax on temporary permit issued under bi-lateral agreements**

(i) Tax payable in West Bengal in respect of vehicles registered in other States and brought into West Bengal for temporary use against temporary permits under bilateral agreements is collected by the original registering State and remitted by means of bank drafts to the Public Vehicles Department, Calcutta.

A copy of the temporary permit is to be sent by the issuing authority along with the bank draft for the amount of tax due to the State of West Bengal in advance of entry of vehicles in the State.

An examination of the records of bank drafts received under the agreement from other States during the three years ending March 1982 indicated the following position :

Year of collection				Amount received through bank drafts	Amount credited to Government account	Amount in respect of Bank drafts returned to other States
(In lakhs of rupees)						
1979-80 (1-8-79 to 31-3-80)	..	..	..	28.78	23.45	5.33
1980-81	..	..	..	55.04	47.29	7.75
1981-82	..	..	..	38.76	27.02	11.74

(ii) In the test check it was noticed (June 1982) that 1637 bank drafts were received during 1st April 1981 to 30th June 1981 after a lapse of 10 to 370 days from the date of issue of respective permits by the other States and they were deposited on receipt for credit to the Government account after a further lapse of 27 days to 250 days.

Owing to cumulative delay in receipt and subsequent deposit to treasury all the 1637 drafts for Rs.3.34 lakhs required revalidation. Out of these, 1450 drafts were returned by the department and the remaining drafts numbering 187 are yet to be returned (June 1982).

(iii) During the three years ending 1981-82 out of 49,270 drafts valuing Rs.122.58 lakhs, 7778 drafts of Rs.15.79 lakhs had to be returned before presentation to the treasury for revalidation. No record for watching their return after revalidation was available. The department had, however, been maintaining records of drafts returned by the treasury which revealed that out of 928 drafts, 222 drafts for Rs.0.52 lakh are yet to be received back from the other States.

On this being pointed out the department admitted the fact (July 1982) and stated that action could not be taken in time due to shortage of staff and that effective steps would be taken in future.

(iv) Under the provisions of the West Bengal Motor Vehicles Tax Act, 1979, if a motor vehicle registered outside West Bengal is used or kept for use in West Bengal whether temporarily under Section 25 of the Motor Vehicles Act, 1939 or otherwise, tax is payable at the rate of 1/52th part of the annual tax for every week or part thereof for which the motor vehicle is used or kept for use in West Bengal.

In the course of audit of Calcutta region (May 1982) it was noticed that out of 8005 temporary permits issued by other States, in 247 cases the tax realisable for periods of stay of these vehicles in West Bengal had been under-assessed to the extent of Rs.17,250. The short collections were due to the application of incorrect rates of road tax payable on temporary permits for plying in West Bengal and errors in calculation of the periods of stay in West Bengal.

When this was pointed out in audit, the department while admitting the fact agreed (June 1982) to issue demand notices for realisation of the amount.

### **3.2.9. Short realisation of composite fee under National Permit Scheme**

Public carrier goods vehicles plying in the State of West Bengal under national permits granted in accordance with the provision of Motor Vehicles Act, 1939, were required to pay a composite fee of Rs.700 per annum. The fee for composite permit was enhanced to Rs.1,000 with effect from April 1980.

In the course of test audit of the records of National Permit Scheme for the year 1979-81 it was noticed (April 1981) that composite fee had not been realised at enhanced rate from 100 national permit holders in respect of permits issued by other States between April 1980 and March 1981. This resulted in short realisation of composite fee of Rs.30,000.

On this being pointed out the department stated (May 1981) that the matter would be taken up with the concerned States.

The matter was reported to the Government (August 1981); reply is awaited (December 1982).

### **3.2.10. Issue of permits**

Under the Motor Vehicles Act, 1939, owners of transport vehicles (other than those exempted) are required to obtain a permit from the prescribed authority for use of the vehicles in public place as per conditions of the permit and fee for such permit is prescribed by the State Government. Under the West Bengal Motor Vehicles Tax Act, 1979, if the tax due in respect of a vehicle is not paid within the prescribed period, permit granted shall be invalid till the tax and penalty therefor are actually realised.

(i) In the course of test audit of permit register of Calcutta region it was noticed (April 1982) that temporary permits were issued (September 1981 to December 1981) in respect of four transport vehicles for periods falling between September 1981 to March 1982 although the registered owners of those vehicles had not cleared road tax amounting to Rs.1,05,479 prior to the issue of such permits.

On this being pointed out the department stated (April 1982) that one of the vehicles was subsequently registered in the State of Assam before clearing the arrears of tax. The tax due in respect of the vehicle was recovered in part (Rs.8,000) after being pointed out in audit. The details of realisation of the arrears of tax in respect of the other three vehicles are awaited (December 1982).

(ii) Similarly it was noticed (July 1982) during test audit of Siliguri region that route permits in respect of two contract carriages were renewed between March 1979 and March 1982 though the registered owners had defaulted in payment of tax for the periods from 1st July 1977 to 31st March 1979 and 1st July 1976 to 31st March 1982 respectively. Total arrear dues from these registered owners aggregated to Rs.25,590 (up to March 1982).

On this being pointed out in audit (July 1982) the taxing officer, Siliguri, stated (July 1982) that the permit issuing authority, i.e., Regional Transport Officer, Darjeeling, did not refer the cases to him for ascertaining the tax realisation position before renewal of the permits.

### 3.2.11. Non-realisation|short-realisation of tax

Under the West Bengal Motor Vehicles Tax Rules, 1957, owners of Motor Vehicles are required to deposit such amounts of tax as are certified by the taxing officer to be correct with reference to the Tax Demand Register in which the amount of demand and realisation thereagainst are recorded.

In the course of audit of four regional offices it was noticed (between June 1981 and August 1982) that in three cases current taxes were realised without realisation of arrear tax and in 34 cases taxes were not realised at the enhanced rate applicable from time to time. These resulted in non-realisation|short-realisation of tax to the extent of Rs.71,627 for the period ranging from 1st June 1976 to 31st March 1982.

On this being pointed out in audit. the department stated (between June 1981 and August 1982) that effective steps would be taken for realisation of dues; further development is awaited (December 1982).

### 3.2.12. Short-realisation of tax due to irregular grant of rebate

Under the West Bengal Motor Vehicles Tax Act, 1979, tax is payable in advance and payment for the full year earns a rebate of five per cent in respect of transport vehicles. Fifteen days' grace period is allowed for payment but payments made during this period are not eligible for the rebate.

In the course of audit of three regional offices it was noticed (April 1981 to August 1982) that out of 655 cases in which rebate was allowed, in 182 cases, payments had been made in the grace period of fifteen days and not in advance. The rebate allowed irregularly in these cases amounted to Rs.31,905.

The department agreed to take action in 36 cases, and their reply in respect of remaining cases is awaited (December 1982).

### 3.2.13. Irregular remission of tax without surrender of documents

(i) Under the West Bengal Motor Vehicles Tax Act, 1979 and the rules framed thereunder, refund or remission of tax on the ground of non-use of a vehicle is admissible on surrender of the certificate of registration, tax token and permit on or about the date on which it goes off the road.

In the course of audit of five regional offices it was noticed (March 1981—August 1982) that remission of tax for non-use was granted between July 1976 and March 1981 in respect of four transport vehicles without the requisite documents being surrendered. In 16 other cases occurring between May 1979 and November 1980 the requisite documents were surrendered on different dates after the dates from which remissions were granted.

The grant of remission of tax without surrender of the prescribed documents within the prescribed time resulted in irregular remission of tax to the extent of Rs.71,458.

(ii) It was noticed (April 1982) in one region that in eleven cases the registered owners had surrendered tax tokens and permits but not the registration certificates in support of their claim for non-use of the vehicles and remission of tax thereof.

The total amount of tax irregularly remitted during February 1981 to September 1981 in these cases amounted to Rs.15.129 relating to the period from December 1979 to March 1982.

On this being pointed out in audit (April 1982) the department agreed (April 1982) to take action.

### 3.2.14. **Short-realisation|non-realisation of penalty for belated payment of tax**

From 1st June 1979, for non-payment of road tax within fifteen days from the date on which the tax becomes payable, penalty is leviable compulsorily at varying rates according to periods of delay in payment.

In the course of audit of eleven regional offices it was noticed (June 1981 to August 1982) that penalty for delay in payment of taxes was not levied in 282 cases, and in 25 cases penalty was not levied at the prescribed rate. This resulted in non-realisation|short-realisation of penalty to the tune of Rs.1,17,951.

On this being pointed out in audit (between June 1981 and August 1982) the department admitted the mistakes and agreed to take action.

### 3.2.15. **Seizure of motor vehicles for non-payment of tax**

Under the Motor Vehicles Tax Act, 1932, punishment in respect of a vehicle seized and detained for plying without payment of tax was to be awarded under the orders of the Court to which particulars of tax due are required to be furnished by the taxing officer in the prescribed form. From 1st June 1979, under the Tax Act, 1979, vehicle may be seized and detained by the authorised officer unless payment of tax due together with the prescribed penalty amount is made to the Taxing Officer within 30 days of detention and may be sold if payment of five times the amount due is not made within a further period of 15 days. Reference of such cases to the Court has been done away with under the latter Act.

(i) In the course of audit of the accounts of four regional offices it was noticed during 1980-81 and 1981-82 that plying of eight vehicles without payment of tax was detected during road checking out of which three were seized and produced before the trying Magistrate. These were released in July 1980, May 1981 and August 1981 on realisation of fine by the Court. Under the rules applicable in respect of cases prior to 1st June 1979 the amount of tax due and realisable was to be indicated in the prescribed form of reference to the Court. It was noticed that in the reference to the Court there was no mention of the amount of tax due. In the remaining five cases the vehicles were released between May 1981 and March 1982 after framing charges for prosecution through Courts without realisation of tax due.

Due to non-observance of the prescribed legal provision, Government revenue remained unrealised up to the date of detection, which amounted to Rs.53,131 and it accumulated to Rs.84,876 up to 31st March 1982.

On this being pointed out (April and July 1982) the department stated that they had no information as to the realisation of tax in respect of the eight vehicles.

(ii) For the purpose of detecting evasion of motor vehicle tax and fees, one integrated motor vehicle checkpost was opened at Banitabla Entry Tax Checkpost. Howrah, in May 1980 under the orders of State Government and the Entry Tax Officer-in-charge of the said checkpost was appointed as authorised taxing officer of the checkpost.

During the period 1980-81 and 1981-82 a total number of 812 vehicles were detected by the checkpost as plying without valid tax token, etc. out of which 365 vehicles were registered in the State of West Bengal while the balance in other States.

In the course of test check it was noticed that these cases were sent to the Court without the amount of tax due from the registered owners being specified in the prosecution report. The vehicles were released from time to time under orders of the Court on realisation of fines imposed by the Court. In all these cases, tax as due remained untréalised at the time of release of the vehicles. Thus the purpose for which the checkpost had been opened was not fully achieved due to non-observance of the provision of the Act.

The matter was reported to the department (April 1982); reply is awaited (December 1982).

### 3.2.16. **Bus stand fee**

Under the Bengal Motor Vehicles Rules, 1940, Commissioner of Police in Calcutta and District Magistrate of the district concerned are empowered to notify a place as bus stand. Fees payable for use of bus stands in Calcutta is Rs.10 as specified in the rule. In the case of districts, the district authorities are empowered to fix the rate. The Calcutta State Transport Corporation was entrusted with the function of collecting the fee with effect from June 1960. Prior to that, the Transport Department had been entrusted with the job.

In July 1956, the Commissioner of Police, Calcutta, notified two places as bus stands viz. (i) North Eastern corner of Octorloney Monument, and (ii) place bounded on the north by the Octorloney Road and on the south by the vacant Maidan Land. These bus stands are used by the owners of public service vehicles plying on five routes.

In the course of audit (1979-80) it was noticed (March 1980) that out of Rs.3,06,390 due as fees for those bus stands for the period from August 1956 to March 1980, a sum of Rs.1,26,710 only was

realised by the Calcutta State Transport Corporation in respect of one stand and even this was not credited to Government account, as required under Government orders. It was further ascertained that no further collection had been made on this account. No fees were collected for the other bus stand. Total bus stand fee due in respect of the two bus stands worked out to Rs.1,79,680 on the basis of information furnished by the department.

### **3.2.17. Non-realisation of licence fee from transport agents**

Under the Motor Vehicles Act, 1939 and rules made thereunder, no person shall engage himself as an agent of the business of collecting, forwarding and distributing goods carried by road unless a licence is granted by the respective regional transport authority of the region where the person intends to carry on business subject to payment of annual licence fee of Rs.100 and security deposit of Rs.1,000 in lump.

Calcutta city and Siliguri town are central places of business of transport agents in the State. In the course of audit of the two regional transport offices it was noticed (April 1982 to July 1982) that licences were issued to two transport agents only during last three years by the Calcutta region while none was issued by the Siliguri region. During the period from 1979-80 to 1981-82 the total number of transport agents who were operating on the strength of trade licences issued to them as ascertained from Calcutta Corporation and Siliguri Municipality were 97 and 46 in the two regions respectively for all the three years. The fees that escaped realisation from these transport agents during the last three years on this account worked out to Rs.42,900.

On this being pointed out in audit (April 1982 and July 1982) the regional transport authorities of Calcutta and Darjeeling stated (June 1982 and July 1982) that necessary action would be taken to bring the transport agents under the purview of the Motor Vehicles Act, 1939, for the purpose of issuing licences to them.

### **3.2.18. Non-realisation of fees for certificate of fitness**

Under the 1939 Act, a transport vehicle must be in possession of certificate of fitness for plying on road without which the vehicle is not deemed to be validly registered. Under the rules a fee is charged for such certificate at the normal prescribed rate when application for renewal of the certificate is made not less than one month before the expiry date and at 150 per cent of such rate if the application is made thereafter but before the expiry date. There is no provision in the rule for renewal of the certificate when application is received after the expiry date. Thus registration certificate of a motor vehicle is deemed



invalid with the expiry of the validity of its certificate of fitness whereby registration of the vehicles is required anew on payment of prescribed fee.

On review of the Registration Registers in seven regional offices (June 1981 to August 1982) it was noticed that out of 7,700 vehicles in 380 cases relating to seven regions, there was no evidence of realisation of renewal fee for certificate of fitness. Road taxes beyond the expiry of the validity period of the fitness certificate were accepted and tax tokens issued in their cases.

Apart from the administrative failure to ensure safety on roads, there was non-recovery of fees amounting to Rs.22,830 in these cases.

On this being pointed out in audit (between June 1981 and August 1982) the department agreed to take action.

### **3.2.19. Lack of control over collection of tax**

According to Rule 26(5) of the West Bengal Motor Vehicles Tax Rules, 1957, taxing officer is required to review the tax demand registers for ensuring regular payment of tax and to take prompt action against persons who contravene the provision of the law. In respect of cases arising on and from 1st June 1979, realisation of arrear dues is to be made under Public Demand Recovery Act.

(i) On examination of the Tax Demand Registers of 4 regions, it was noticed (April 1982 to August 1982) in audit that out of 11,206 cases test checked in audit, in 382 cases of default in payment of tax involving Government revenue of Rs.28.17 lakhs during the period from 1976 to 1982, no action was taken for realisation of the tax due (September 1982).

(ii) In one region it was noticed (April 1982) that in 329 cases demand notices were issued (between June 1978 and February 1981) for the recovery of arrear tax but no realisation was made up to 31st March 1982. The arrear tax in respect of these vehicles accumulated to Rs.45.46 lakhs up to March 1982. Court cases were initiated against two of the defaulters involving arrear tax of Rs.6.395. No action was taken in the remaining cases (September 1982).

On this being pointed out (June 1982) the department agreed to take action in the matter.

### **3.2.20. Internal Audit**

Internal audit system has so far been partly introduced by the department only in respect of Director of Public Vehicle Department,

Calcutta, with effect from 1st April 1976. A review by audit of the functioning of this Internal Audit Wing during 1977-78 to 1980-81 revealed the following :—

The Wing started functioning initially with an audit officer and five other members of staff. It did not function at all during 1981-82 due to inadequacy of staff.

There are five branches dealing with levy and collection of tax viz., Tax Section, Registration Section, Licence Section, R.T.A. Section (issuing permits etc.) and Accounts Section. During the four years ending 1980-81, only one branch viz. Tax Section could be audited by the Internal Audit Wing.

Under the procedure adopted, the Internal Audit Wing checked ten per cent of cases of levy and collection of tax and fees in detail. The percentages of assessment cases audited during 1977-78 to 1980-81 were 43, 36, 10 and 5 respectively. During the same period, the percentages of refund cases checked to the actual number of cases were 33, 15, 25 and nil respectively.

As stated by the department, no fixed quantum of check could be followed in the year 1980-81 due to inadequacy of staff.

The results of internal audit for the last four years ended 31st March 1981 indicated that in 759 cases a total short levy of Rs.42,393 was pointed out, all of which was accepted by the department and action taken for rectification.

### 3.2.21. Summing up

The review brings out the following points :—

- (i) Evasion of tax of Rs.0.96 lakh due to non-observance of the prescribed procedure regarding change of address| change of ownership in the registration certificate.
- (ii) Irregular fixation of maximum safe laden weight and delay in fixation of seating capacity of mini buses led to loss of revenue of Rs.0.83 lakh.
- (iii) Non-review of Tax Demand Registers resulted in non-realisation|short-realisation of tax of Rs.73.63 lakhs.
- (iv) Non-application|incorrect application of the provisions of Acts and Rules led to non-realisation|short realisation of taxes, fees and penalties of Rs.10.35 lakhs.

The points referred to in the foregoing paragraphs were reported to Government between December 1979 and September 1982; reply is awaited (December 1982).

### **3.3. Short recovery of tax due to application of incorrect rate**

Under the Motor Vehicles Act, 1939, temporary registration to the owners of motor vehicles shall be granted for a period not exceeding one month. Road tax on different types of vehicles during the period of temporary registration is payable at different rates as prescribed from time to time. The rates were last revised on 1st June 1979.

In the course of test audit of records in Hooghly District, it was noticed (June 1981) that temporary registration for a month was granted between June 1979 and 31st March 1981 to 34,049 motor vehicles owned by a company. Road tax aggregating Rs.20,14,649 was realisable in respect of these vehicles at the rate applicable from 1st June 1979. As against that, tax amounting to Rs.9,86,786 only was collected. The under-assessment of tax resulted from the application of pre-revised rates (Rs.9,50,666) and wrong classification of vehicles (Rs.77,227). The total short-realisation of tax was Rs.10,27,893.

On this being pointed out (June 1981) in audit, the department admitted (June 1981) the mistakes and recovered (August and November 1981) the tax short levied from the company.

The matter was reported to Government (January 1982); reply is awaited (December 1982).



A review of the working of three road check posts, three railway check posts and a port check post was conducted by audit during July 1982 to September 1982. The results of this review are indicated in the following paragraphs.

#### 4.2.2. Trend of revenue

The trend of revenue during the last five years was as under :—

Year	Estimated Revenue		Actual Revenue	
	(In crores of rupees)			
1977-78 .. .. .	18.00	17.77		
1978-79 .. .. .	23.05	23.06		
1979-80 .. .. .	33.00	36.47		
1980-81 .. .. .	37.00	45.50		
1981-82 .. .. .	48.10	49.55		

The main reason for a spurt in collection during the year 1979-80 was enhancement of the rates of tax from April 1979.

#### 4.2.3. Norms of assessment

Government have not laid down any norms of assessment for the assessing officers. Numbers of vehicles entered in two of the biggest road check posts and the numbers of assessing officers assigned to them as ascertained in audit are given below :—

Check Posts	Total number of officers for the check post	Number of vehicles which entered during the month					
		Carrying taxable items			Carrying non-taxable items		
		April-82	May-82	June-82	April-82	May-82	June-82
A	25	4,361	..	4,310	248	..	596
B	36	31,730	35,172	37,481	5,189	2,740	2,859

Apparently the number of officers assigned to the checkpost bears no relation to the traffic density.

#### 4.2.4. Assessments

The important factors for assessment of correct amount of entry tax under the Act are :—

- (a) Correct classification of goods according to the Schedule to the Act, and
- (b) Proper valuation of the said goods.

#### 4.2.4.1. Classification

The correct classification of goods which is necessary to determine the applicable rates of tax depends often on their chemical composition, use or trade name. The department has not, however, evolved any system for verification of such factors either prior to assessment or after assessment, nor created any facilities for chemical analysis or laboratory tests of goods. Goods are assessed finally on the spot by the assessing officers who determine their classification solely on the "basis of their knowledge and experience". A considerable part of the goods imported into the Calcutta Metropolitan Area through certain checkposts relate to chemicals, wood and machinery calling for technical knowledge to judge the nature of goods imported. The Government confirmed (September 1982) nevertheless that under-graduates were eligible to be appointed as assessing officers and that there was no system of technical training to the staff manning the posts.

A few instances of irregular classifications and the ineffective system of detecting them as noticed in audit during test check are given below :

(i) Food essences of all kinds are assessable at 8 per cent *ad valorem* under serial number 11(b) of the table, while other essences are taxable at 3 per cent *ad valorem* under serial number 38(a).

A product named 'Lupo fresh hop extract' is regularly imported by breweries for aromatising beer. In respect of two consignments of this product imported between December 1981 and July 1982, it was noticed that this was assessed at 3 per cent *ad valorem* under serial number 38(a). It was pointed out in audit (July 1982) that the product, being one used for the purpose of aromatising beer, is a food essence liable to be taxed at 8 per cent *ad valorem* under serial number 11(b). The erroneous classification under 38(a) had resulted in short assessment of tax of Rs.54,211 in the above two consignments alone. As the product was one being imported regularly, the continuing under-assessment would be of a large order.

In reply to audit query, the checkpost stated that the assessments were made in the light of a letter (September 1979) written by the

Director of Entry Tax to the dealer stating that "the item might be considered to be covered under serial no. 38(a) but views so expressed were without prejudice to the decision, if any, taken by the assessing officers in their quasi-judicial capacity."

Apparently the correct classification of the product had not been given any serious thought by any body, to the detriment of Government revenue.

(ii) Under serial No. 60(b)(iv), 15 consignments of "palm oil stearate" which entered Calcutta Metropolitan Area between 10th January 1982 and 18th March 1982, were assessed to tax at the rate of Rs.40 per metric ton as vegetable oil under serial no. 13(e) of the table of rates. Thereafter the product was classified as chemical, assessable at the rate of one per cent *ad valorem* under serial No. 60(b)(iv) entailing higher amount of entry tax.

On the reasons for adopting the earlier classification being enquired in audit it was stated "as stearate was a chemical term it came to mind that palm oil stearate should be taxed at one per cent *ad valorem*" and "there is no hard and fast rule guiding the system of detection of short levies."

(iii) Food additive is liable to be assessed at 7 per cent *ad valorem* under serial Number 10(b) of the table of rates while all other chemicals not specified elsewhere are assessable under serial No. 60(b)(iv) at 2 per cent *ad valorem* prior to March 1981, and at 1 per cent *ad valorem* thereafter.

(a) A manufacturer of biscuits used to bring, from time to time, a product named "glycerolmonostearate" through a major road check-post. On test check three consignments of the product were found to have been assessed under serial No. 60(b)(iv).

Chemical dictionary describes the product as a "food additive." The literature obtained by the checkpost about the product also revealed that it was an item used in food products for improving stability. The item was thus liable to be taxed at 7 per cent *ad valorem*.

On this being pointed out in audit (August 1982), the department stated (September 1982) that the matter was being looked into.

(b) A concern which was engaged in the manufacture of both detergents and food products brought 24 metric tons of "sodium tripoly phosphate" valuing Rs.2,14,800 and 23.4 metric tons of "trisodium orthophosphate" valuing Rs.1,18,000 in January 1981. Both the products were assessed at 2 per cent *ad valorem* under serial No. 60(b)(iv).

According to chemical dictionary “sodium tripoly phosphate” and “trisodium orthophosphate” can be used as food additives and dietary supplement as well as in the manufacture of detergents.

In this case tax was realised at the lower rate without ascertaining whether the product was for actual use as a food additive, liable to be taxed at the higher rate.

On this being pointed out, the department stated that “the assessment was made on the understanding that it was chemical” and that “the specific information regarding the mode of use” was being ascertained from the dealer, on receipt of which the matter would be looked into.

(iv) Two consignments of a product named ‘photine C’ brought in April 1979, were assessed to tax at 25 paise per 50 kilograms under serial No. 25(a) treating it as “other substances not being soaps used for washing clothes etc.” It was ascertained (November 1981) by audit through Central Excise Department that the product was not a washing agent but an optical brightener. The department also issued a circular in January 1982 classifying the product as whitening agent assessable under serial No. 56(a) at the rate of 2 per cent *ad valorem*.

The tax effect at differential rates in respect of the above five examples alone involving 22 consignments aggregated to Rs.80,105.

#### 4.2.5. Valuation

While the Act provides for *ad valorem* assessment, the value to be taken for the purpose of assessment has not been defined in the Act; it has been left to the Government to frame rules for the purpose. Under the rules so framed assessment of tax is to be made on the value determined in two ways :

- (i) The value declared by the importer shall be cost price (supported by invoice or similar other documents) plus shipping duties, insurance, excise duty and sales tax, if the assessing officer is satisfied about the reasonableness of such value.
- (ii) The approximate saleable value of the goods in Calcutta Metropolitan Area to the best of his judgement if the assessing officer is not satisfied about the reasonableness of the value mentioned above.

The basic principle of commodity taxation that value should be determinable by some objective criteria such as the prevailing prices of ‘like goods’ having not been adopted in these rules, every importer is left with the option of giving his own ‘invoice value’ for his goods



so that different importers may declare widely different values for the same or like goods at the same time. The assessing officers have no means of verifying the veracity of such declarations and are forced to adopt divergent values under the second alternative.

The table below indicates, for example, degree of variation between the value declared and the value determined on best judgment basis as seen in audit in the course of test check of assessments pertaining to January 1981 in respect of three checkposts. The assessment records in these cases do not give any reasons for non-acceptance of the declared values or the basis for arriving at value on best judgement.

Check post	No. of best judgement cases	Aggregate declared value	Aggregate assessed value	Percentage of enhancement	
				Minimum	Maximum
1	2	3	4	5	6
B	60	3,80,649	6,14,005	30	867
C	57	8,49,140	17,25,650	48	733
D	56	2,63,361	12,14,348	64	967

In all the aforesaid cases the amount of tax levied on best judgement varied between Rs.2 and Rs.4,000 and all the dealers accepted the value so determined by the assessing officers. This is also indicative of the extent of under-invoicing done by the dealer.

The basis on which the value was determined being enquired in audit, the department stated (August 1982—September 1982) that it was done according to the best judgement of the assessing officer depending upon personal experience and knowledge about the commodity as well as the guidelines issued by the department from time to time.

Two typical cases of valuation made by checkposts are cited below :

(i) In a circular issued in September 1974, the Director of Entry Tax advised that average price of ordinary quality of fire bricks of standard size might be taken as Rs.450 per tonne for assessment. In a market intelligence bulletin issued by the Directorate in January 1976 the value was shown as Rs.288.

In the course of audit in a railway checkpost it was noticed that out of 134 consignments weighing 3,242 tonnes of ordinary quality fire bricks of standard size brought during May 1979 to March 1981, 32 consignments (762 tonnes) were valued at Rs.300 per tonne by

the assessing officer in the absence of any supporting document, while in respect of the rest, the declared value was accepted which varied between Rs.120 per tonne and Rs.372 per tonne.

The basis of valuation being enquired by audit (November 1981) the local office stated that it was done as per guideline issued by the Director of Entry Tax in 1976. On this being pointed out the Directorate stated (May 1982) as follows :

“After review of the representation of the Indian Refractory Makers Association, as the fire bricks generally brought in Calcutta were found to be of lower grade, the price was fixed at Rs.288 per tonne. Under the provisions of the Act and Rules the assessing officers are competent to assess the goods, being satisfied about their value when the goods are taxable *ad valorem*. Directions issued from time to time are, however, only guidelines and are not mandatory on the officers.”

(ii) By an executive order issued in July 1974 it was advised by the Directorate of Entry Tax that the term ‘cost’ referred to in the rule regarding valuation was contemplated to mean the price at which an article could be purchased and not any other cost i.e. production cost, manufacturing cost. It was also stated therein that where the dealer, in case of stock transfer, did not furnish the ‘cost’, the valuation would be made at the approximate saleable value of such goods in the Calcutta Metropolitan Area.

In the course of review (August 1982) it was noticed that a concern manufacturing ultramarine blue used to bring this product through a check post to the extent of 200 to 300 tonnes, in 20 to 30 consignments every month. From 1976 up to 7th May 1982, the product was being assessed on the value of Rs.6.00 per kilogram as against Rs.5.00 declared by the dealer. On 8th May 1982, reasonableness of the declared value was questioned by the checkpost authority on the basis of market price of Rs.25.50 per kilogram in the Calcutta Metropolitan Area, ascertained by him. The dealer produced a certificate from a chartered accountant showing their production cost price as Rs.8.53 per kilogram and contended that the cost price and not the selling price should be the value as per the Act, which was accepted by the assessing officer.

Since the dealer quoted in the consignment note a price (Rs.5) which was less than the price required to be quoted as per rules and as further clarified under the aforesaid executive orders, the price quoted should have been rejected by the assessing officer and the saleable value (Rs.25.50) of the product in Calcutta Metropolitan

Area should have been taken for the purpose of assessment instead of merely the cost of production of Rs.8.53 which did not include any of the overheads.

On the basis of average import of about 3,000 tonnes per annum the difference of tax worked out to Rs.10 lakhs per year at the prescribed rate of 2 per cent *ad valorem*.

The Act prescribes for revision of assessment by the prescribed authority *suo moto*. In the above case no revision of assessment in respect of past cases was made even after the revised price of Rs.8.53 was accepted by the assessing officer.

#### 4.2.6. Transport Passes

(i) Under the Act, Entry tax is not leviable where the specified goods are not intended to be consumed, used or sold in Calcutta Metropolitan Area on their entry but are to be taken out ultimately and the dealer makes a claim to that effect in the prescribed form with evidence to prove the claim. In such a case the assessing officer issues a transport pass in the prescribed form with a copy to the officer on duty at the outgoing checkpoint. The officer on duty checking the outgoing consignment verifies it and returns the same to the assessing officer of the originating checkpoint. If certificate of despatch outside Calcutta Metropolitan Area is not furnished in the transit pass for any quantity of goods, tax is payable thereon. The rules do not provide for any further check about any despatch subsequent to the return of the transport pass by the outgoing checkpoint. .

Examination of the transport pass registers maintained at three road checkpoints and two railway checkpoints revealed that out of 43,003 transport passes issued during the three years ending March 1981, 22,397 transport passes were not returned to the originating checkpoints from the outgoing checkpoints. There was no evidence, thus, that the goods covered by these passes and allowed tax-free entry had actually gone out of the Area. In 230 cases test checked (August 1982) in audit the amount of tax involved was Rs.11 lakhs (approximately). The tax effect of all the outstanding transport passes in all the checkpoints is not readily ascertainable.

On this being pointed out in audit the department stated (August 1982) that satisfactory follow-up action could not be taken due to shortage of staff.

(ii) In the course of test check of the transport pass register maintained in a jetty collection checkpoint, it was noticed (September 1981) that a dealer imported 7,89,700 kilograms of ply-wood valued

at Rs.42,49,701 into Calcutta Metropolitan Area during 1980-81 for despatch outside the area, for which 11 transport passes were issued on different dates during 1980-81. On cross verification by Audit of transport passes returned by the officer on duty at the outgoing checkpost it was noticed (September 1981) that out of 7,89,700 kilograms, only 1,68,200 kilograms were certified by the outgoing consignment checkpost officers as despatched outside Calcutta Metropolitan Area. The balance quantity of 6,21,500 kilograms should have been subjected to Entry tax to the tune of Rs.1,33,130 at the prescribed rate of 4 per cent *ad valorem*.

On this being pointed out (September 1981) the local office agreed (September 1981) to take action to verify the transport passes and raise demand in respect of goods against which proof for transport outside Calcutta Metropolitan Area is not produced. Further development is awaited (December 1982).

The matter was reported to Government in May 1982; reply is awaited (December 1982).

(iii) As per rules the dealer is to declare *inter alia*, particulars of the contract of sale, if any, as a result of which the goods are to be despatched outside the Calcutta Metropolitan Area and also particulars of the contracting parties. The declaration forms prescribed under the rules do not, however, provide for these particulars. In the absence of such provision in the declaration form the dealers do not furnish the particulars prescribed in the rule and the goods are cleared without verification of the same.

(iv) In order to obtain a transport pass, a dealer, for whom it is not possible to declare details of the ultimate destination of goods outside the Calcutta Metropolitan Area at the time of their entry into the Area, is required to satisfy the prescribed authority, *inter alia*, that the goods against which transport pass is claimed have been earmarked distinctly and separately for export or conveyance out of Calcutta Metropolitan Area without sale or consumption therein and is required to follow certain prescribed procedures including permitting the assessing officer to inspect the godown. The rule also requires the departmental officer to arrange for regular scrutiny of the returns filed by the dealers with reference to records and documents of the respective checkposts and ensure realisation of tax, if due.

In the course of scrutiny of returns and records relating to five dealers, availing themselves of the aforesaid facility, it was noticed (August 1982) that the checkpost authority had not been furnishing records and documents in respect of each transport pass in all cases

to the concerned officer who was generally accepting the returns from dealers without verification with the checkpost records as illustrated below :

Dealer	Figures as per the returns		Figures supplied by the check post.	
	No. of T. Ps	Value in Rs.	No. of T. Ps	Value in Rs
A	10	31,46,648	6	12,81,891
B	114	7,89,54,320	81	4,86,81,220
C	56	30,92,034	38	..
*D	130	2,03,05,094	Nil	..
E	58	2,47,66,001	Nil	..

The dealer 'C' indicated that he consumed, used or sold within Calcutta Metropolitan Area goods worth Rs.13,85,359 (40 per cent) out of the goods valuing Rs.30,92,034 brought under transport pass. The department realised Rs.55,414 (September 1982) from him on the quantity consumed by him whereby the dealer could defer payment of the tax due, which was an un-intended benefit. There is no penal provision also for abuse of transit pass facility.

#### 4.2.7. Non-realisation of tax on goods entered for repair but subsequently not taken out

Specified goods which enter Calcutta Metropolitan Area for repair and return are not liable to Entry Tax provided goods are taken out of the Area through the same checkpost within one month of their entry, extendable up to six months by the Government.

An examination of the registers of specified goods entering the area during the year 1978-79 to 1980-81 for the purpose of repair, maintained in four checkposts, revealed that out of 2273 consignments 368 were not returned through the respective checkposts within the prescribed time limit. Tax effect in respect of 265 consignments checked in audit (August 1982) was Rs.4.76 lakhs. On this being pointed out, three checkposts stated (August 1982) that follow up action was being taken and the fourth one stated (August 1982) that the matter would be looked into.

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\*Returns submitted by the dealer upto September 1982.

#### 4.2.8. Entry of goods through railway

(i) Under the Taxes on Entry of Goods into Calcutta Metropolitan Area Act and the rules made thereunder, the specified goods brought by rail into Calcutta Metropolitan Area, shall not be delivered unless assessment of the tax has been made by the assessing officer and the amount realised by the Railway Authority. In case goods are delivered to the parties without realisation of entry tax, the assessing officer at the checkpost shall collect detailed information regarding such consignments including container service from Railway godowns for the purpose of arranging assessment.

In the course of audit of records of a Railway checkpost, Howrah, for the year 1980-81 it was noticed (November 1981) that two dealers brought through Railway container service four consignments of Polythene Powder valuing Rs.7,08,595 and two consignments of biscuits valuing Rs.1,92,932 into Calcutta Metropolitan Area between March 1980 and September 1980. The goods were delivered to the dealers without assessment and realisation of entry tax. No assessment of tax was made after delivery also. The polythene powder and the biscuits on entry into Calcutta Metropolitan Area for sale, use or consumption are taxable at the rate of 2 per cent and 7 per cent respectively. The tax involved in these two consignments worked out to Rs.27,577.

On this being pointed out (November 1981) in audit, the department agreed (November 1981) to review the case. Further developments are awaited (December 1982).

The matter was reported to Government in May 1982; reply is awaited (December 1982).

(ii) In the course of checking of the registers for container services, maintained by the checkposts on the basis of information collected from the Railways it was noticed in audit (August 1982) that in Shalimar railway checkpost, out of 2685 consignments delivered by container service during the years 1977-78 to 1981-82, 443 were not assessed to tax while in Howrah checkpost out of 2198 consignments, 1326 consignments were not taxed during 1980-81 to 1981-82.

In reply to audit observation, the local office stated (September 1982) that the cases would be followed up.

The value of the goods and the amount of tax involved were not recorded in the concerned registers. Advance deposit of tax permissible under the Act was not obtained from the dealers concerned while there is no provision in the Act for charging interest in case of delayed payment of tax.

#### 4.2.9. Summing up

The review highlights the following :

- (i) Absence of an adequate system for determination of correct classification of goods (Rs.0.80 lakh).
- (ii) Inadequate provision for determination of value in respect of *ad valorem* assessments-lacunae in rules (Rs.10 lakhs).
- (iii) Absence of proper follow up action in respect of goods brought without payment of tax under transport passes for ultimate conveyance out of Calcutta Metropolitan Area (Rs.1.33 lakhs).
- (iv) Non-assessment of tax in respect of specified goods entered into Calcutta Metropolitan Area for repair but not taken back (Rs.4.70 lakhs).
- (v) Non-assessment of taxable goods brought through container service of the Railways (Rs.0.27 lakh) and arrears in assessment of goods brought by container service resulting in delayed payment of tax.

The aforesaid matters were brought to the notice of the department and Government in October 1982. Their replies are awaited (December 1982).

#### 4.3. Entry of goods through the port

(a) Under the Taxes on Entry of Goods into Calcutta Metropolitan Area Act and the rules made thereunder, the Calcutta Port Trust collects as an agent of the Government, entry tax in respect of specified goods on their entry into the Calcutta Metropolitan Area through the Port for use, consumption or sale within that area. Formal agreement laying down the procedure for collection of tax by the port authorities is yet to be made. Under the arrangements made for the purpose, the assessment is made by the assessing officer at the dock checkpost, the tax is collected alongwith the port dues and the tax so assessed is collected and deposited into the Government account at intervals by the Port Trust after deducting the agreed collection charges. Before release of the goods it is seen by the Port Trust that the shipping documents bear necessary endorsement of assessment and collection of entry tax. In case of unconnected and unclaimed goods the Port Trust prepares a catalogue of such specified goods before making auction sales and forwards a copy thereof to the concerned assessing officer stating the date of auction, for the purpose of assessment of tax before delivery of goods to the successful bidders.

In the course of audit of records in Calcutta Jetty Checkpost, it was noticed (June 1980) that unconnected and unclaimed specified

goods of various descriptions in 34 different lots were sold in auction at an aggregated value of Rs.19,34,530 by the Calcutta Port Trust between May 1979 and February 1980. Entry Tax was not assessed nor any amount collected on that account in respect of these goods by the Calcutta Port Trust. The total entry tax leviable on the auction sales worked out to Rs.34,739.

On this being pointed out (June 1980) in audit, the department stated (September 1982) that no action for realisation of tax was possible on the consignments pointed out by Audit as the Port Trust authority had expressed (February 1982) its inability to supply details of bill of lading, date and name of vessel etc.

The matter was reported to Government in January 1982; reply is awaited (December 1982).

(b) Under the Taxes on Entry of Goods into Calcutta Metropolitan Area Act, 1972 and rules made thereunder, for the purpose of determining value of goods for levy of tax *ad valorem*, "value" shall include cost price shown in the bill or invoice or any such document, shipping duties, insurance, excise duty and sales tax. In August 1974 the department further clarified that other items not specified in the rules but forming an integral part of the cost price, such as import duty and freight should also be taken into consideration in determining the value of goods. Under the Schedule to the Act, asbestos fibre on its entry into Calcutta Metropolitan Area, for sale, use or consumption therein is taxable at the rate of 2 per cent *ad valorem*.

In the course of audit of records of an Entry Tax dock checkpost in Calcutta for the year 1980-81, it was noticed (October 1981) that as against a consignment of 2875 bags as per shipping documents, 1999 bags of asbestos fibre were stated as received by a dealer in Calcutta Metropolitan Area for use.

Although the shipping documents indicated the terms of delivery as C.I.F. (Cost Insurance and Freight) it was seen that freight charges had been paid separately, besides loading and unloading charges and customs duty, the proportionate charge of which amounted to Rs.8,18,241. Non-levy of entry tax on this element of the value of goods amounted to Rs.16,365.

On this being pointed out in audit (October 1981), the local office agreed (October 1981) to examine the case; further reply is awaited (December 1982).

The matter was reported to Government (August 1982); reply is awaited (December 1982).



(c) Similarly, it was noticed in audit (February 1982) that a dealer imported electrical goods (viz. Zebra conductors) valuing Rs.1,08,32,730 including the element of excise duty amounting to Rs.9,70,670 into the Calcutta Metropolitan Area through a railway checkpost between October 1980 and March 1981. Entry Tax was, however, assessed and collected (between October 1980 and March 1981) on Rs.98,62,060 excluding excise duty levied on the goods as per invoices. Non-inclusion of excise duty resulted in short levy of tax of Rs.19,413.

On this being pointed out in audit in February 1982, the department stated (February 1982) that the case was taken up with the higher authorities. Further developments are awaited (December 1982).

The matter was reported to Government in June 1982; reply is awaited (December 1982).

#### **4.4. Under-assessment of tax due to misclassification of goods in road checkpost**

(a) Under the Taxes on Entry of Goods into Calcutta Metropolitan Area Act, 1972 and the rules made thereunder, plywood, hard board, masonite, soft board, decorative laminates and any other kind of boards of whatever composition not otherwise specified and articles made thereof are taxable at the rate of four per cent *ad valorem* with effect from 20th April 1979 whereas card board, grey board, mill board and straw board when brought into Calcutta Metropolitan Area for consumption, use or sale within the area are taxable at the rate of one per cent *ad valorem* with effect from 11th June 1979.

In the course of audit in a checkpost in Howrah district, it was noticed (February 1982) that a dealer brought laminated boards valued at Rs.6,28,725 into Calcutta Metropolitan Area between January 1981 and March 1981 in six consignments. The assessing officer taxed the goods at one per cent applicable to card board, grey board, mill board and straw board instead of four per cent applicable to any other brand of board not specifically mentioned. This resulted in under-assessment of tax of Rs.18,862.

On this being pointed out in audit (February 1982), the department agreed (March 1982) to examine the matter; further development is awaited (December 1982).

The matter was reported to the department and to Government during June 1982; reply is awaited (December 1982).

(b) As per a notification dated 20th April 1972 specifying the rates of tax on specified commodities under the Taxes on Entry of Goods into Calcutta Metropolitan Area Act, 1972, cigarette papers, filter rods, aluminium leaves and foils are taxable at the rate of four per cent *ad valorem* whereas all kinds of paper of whatever composition and thickness not specified elsewhere are taxable at the rate of one paisa per kilogram. "Cigarette filter base tissue papers" being used in the production of cigarettes fall under the category of cigarette papers and are taxable at the rate of four per cent *ad valorem*.

In the course of audit (June 1981) in an entry tax road checkpost (Hooghly district), it was noticed that 20786 kilograms of "Cigarette filter base tissue papers" valuing (aggregating) Rs.3,57,060 were brought into the Calcutta Metropolitan Area in three consignments during July 1980 and were assessed to tax at the rate of one paisa per kilogram instead of four per cent *ad valorem*. This resulted in under-assessment of tax of Rs.14,075.

On this being pointed out in audit (June 1981) the department stated (August 1981) that the matter was being looked into. Further development is awaited (December 1982).

The matter was reported to Government (January 1982); their reply is awaited (December 1982).

#### 4.5. Short levy of entry tax due to application of incorrect rate

Under the Taxes on Entry of Goods into Calcutta Metropolitan Area Act, 1972 and the rules made thereunder, entry tax at the rate of 3 per cent *ad valorem* was leviable on motor cars and chassis up to 31st March 1980 and  $\frac{1}{2}$  per cent thereafter. The rate of tax in respect of other motor vehicles was  $\frac{1}{2}$  per cent up to 31st March 1980, but in respect of chassis of buses and goods vehicles the rate was reduced to  $\frac{1}{4}$  per cent effective from 1st April 1980.

(i) In the course of audit of the records of Zonal Office in Calcutta for the years 1979-81 it was noticed (November 1981) that 20 motor cars valuing Rs.4,08,701 and 25 chassis valuing Rs.36,15,203 brought into Calcutta Metropolitan Area by a dealer were taxed at the rate of  $\frac{1}{2}$  per cent and  $\frac{1}{4}$  per cent instead of 3 per cent and  $\frac{1}{2}$  per cent respectively. This resulted in short levy of tax to the extent of Rs.19,256.

On this being pointed out (November 1981) in audit, the department stated (November 1981) that the dealers intended to register the vehicles after 1st April 1980, so the tax was assessed at the revised rate.

The contention of the department is not tenable as the goods are taxable at the time of their entry into the Calcutta Metropolitan Area. Their subsequent registration under the Motor Vehicles Tax Act is for a different purpose.

(ii) In the course of audit of the records in Calcutta Zone for 1979-81 it was noticed (November 1981) in audit that 94 complete trucks valued at Rs.66,01,045, brought into the Calcutta Metropolitan Area between April 1980 and March 1981 for registration, were taxed at the rate of  $\frac{1}{4}$  per cent as applicable to chassis of buses and goods vehicles instead of  $\frac{1}{2}$  per cent, as applicable to the category of other motor vehicles, which includes complete trucks. This resulted in short levy of tax to the extent of Rs.16,502.

On this being pointed out (November 1981) in audit the department stated that they assessed the trucks at the rate applicable to chassis of trucks and agreed (November 1981) to realise tax in due course; further developments are awaited (December 1982).

The above cases were reported to Government in May 1982; reply is awaited (December 1982).

## CHAPTER 5

### LAND REVENUE

#### 5.1. Results of test audit in general

During the year 1981-82, test audit of accounts of different Land Reforms Circles in West Bengal revealed non-realisation/short-realisation of revenue amounting to Rs.320 01 lakhs in 115 cases, categorised under the following heads :—

Nature of irregularity	Number of cases	Amount (in lakhs of rupees)
1. Non-realisation of rent and salary owing to non-settlement of vested land.	44	150.14
2. Non-recovery and short-recovery of cesses. . . . .	23	47 25
3. Non-assessment and non-realisation of enhanced rent. . . . .	6	51 80
4. Non-realisation of damage fee. . . . .	14	15.37
5. Non-settlement and irregular settlement of sarati interest. . . . .	16	8 52
6. Others . . . . .	12	46.93
	<u>115</u>	<u>320.01</u>

Some important cases are mentioned in paragraphs 5.2 to 5.6.

#### 5.2. Non-recovery of education cess

Under the West Bengal State Laws (Extension to Cooch Behar) Act, 1950, (enacted on merger of the princely State of Cooch Behar with West Bengal) the Bengal (Rural) Primary Education Act, 1930 was extended with effect from 20th April 1950 to the district of Cooch Behar. Sections 29 and 30 of the 1930 Act laid down that education cess was payable on all immovable properties on which road and public works cesses (Communication cess) were assessed according to the provision of the Cess Act, 1880. There was some difficulty in implementing this provisions in Cooch Behar district as the Cess Act, 1880 itself was not in force in that district. To remove this difficulty, Government issued an order (August 1959) under the 1950 Act, to the effect that education cess would be leviable on all properties (on which communication cess was leviable under Cooch Behar Cess Act, 1895) from such date as may, by notification, be specified by the Government under the powers vested in them under Section 1(3) of the 1930 Act. A notification applying levy of education cess with effect from March 1960 was issued by Government in February 1960. As per section 31 of the 1930 Act, when the primary education cess is imposed in a district for the first time, the Collector of the district shall cause a notification to be

published announcing such an imposition and shall cause to be served on the holder of every estate in the district a notice showing the amount of primary education cess payable in respect of his estate and specifying the date from which the cess will take effect.

Mention was made in paragraph 53 of the Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year 1975-76 of non-levy of education cess in the district of Cooch Behar during the period from 1376 B.S. to 1380 B.S. (1969-70 to 1973-74) and consequent loss of revenue of Rs.5.16 lakhs.

In the course of audit it was noticed (January 1977-December 1980) that education cess leviable under the 1930 Act was still not levied and realised in the district. This entailed a loss of revenue of Rs.4.90 lakhs calculated at 6 paise per rupee of rent realised during the four years from 1383 B.S. to 1386 B.S. (1976-77 to 1979-80).

On this being pointed out in audit (January 1977), the district authority stated (January 1977) that no notification under section 1(3) of the 1930 Act had been issued by the Government and hence, education cess had not been levied.

Apparently, the district authority was not even aware of the notification issued by the Government in February 1960 levying primary education cess in Cooch Behar district and had, therefore, not issued the notification required under Section 31 of the 1930 Act.

The matter was reported to Government (April 1980 and October 1981); reply is awaited (December 1982).

### 5.3. Loss of revenue due to non-renewal of leases

Under the West Bengal Estates Manual, 1953, a proposal for renewal of a long term lease should be initiated before the termination of the existing lease and this should be watched through a register. The annual rent on renewal of lease should be fixed at 4 per cent of the market value of the land prevailing at the time of renewal.

In the course of audit of records relating to a Land Reforms Circle under the Additional District Magistrate, 24-Parganas (North), for the period from 14th April 1975 to 13th April 1977, it was noticed (January 1978) that 23.30 acres of Khasmahal\* non-agricultural land were settled (date not available) among 83 lessees on long term lease for 30 years from 1st April 1942. The

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\*Khasmahal—An estate which is managed by the Collector in direct communication with raiyat.

leases expired on 31st March 1972, but no action for their renewal was taken by the department. On the basis of the valuation of 1972-73, as furnished by the department, the annual lease rent of this area of land worked out to Rs.1.40 lakhs. Owing to failure of the department to take timely action for the renewal of the leases, collection of Government revenue has not been made from 1st April 1972.

On this being pointed out in audit (January 1978), the department agreed (January 1978) to look into the matter.

The department further stated (July 1979) that the land in question was recorded in the name of the lessees as "possessor" instead of "long term lease" in the records of rights. The Land Reforms Officer of the Circle pointed out (July 1979) the mistake to the concerned Revenue Officer for necessary action in the record of rights, but no correction has been made (August 1982).

Subsequently the department stated (August 1982) that rent amounting to Rs.1,748 relating to the period from 1st April 1972 to 31st March 1976 had been realised (August 1982) from 39 lessees at the old rate without renewal of leases as against total assessable rent of Rs.14 lakhs (approx.) at the new rate up to March 1982.

The matter was reported to Government in October 1978; reply is awaited (December 1982).

#### **5.4. Non-realisation of rent and salami due to non-execution of lease agreement**

(a) Under the West Bengal Government Estates Manual, 1953, read with the West Bengal Land Management Manual, 1977 Government non-agricultural land may be settled on long term basis under registered leases in prescribed form with the approval of the Board of Revenue on realisation of rent at 4 per cent of the market value of land, and *salami* at ten times the rent.

In the course of audit of a circle (Murshidabad district) it was noticed (February 1980) that non-agricultural land of 1.81 acres was handed over by the district authority to a State commercial undertaking in three phases between April 1976 and February 1979 before executing any lease agreement and fixing rent and *salami*. This resulted in non-realisation of rent amounting to Rs.53,568 for the period from 12th April 1976 to 31st March 1982 and *salami* amounting to Rs.1,30,320.

On this being pointed out (January 1981) in audit, the department intimated (September 1982) that action was being taken to realise rent and *salami* pending formal sanction by the Board.

(b) In another circle of a district (Cooch Behar), it was noticed (March 1981) that an area of 0.66 acre of non-agricultural land was handed over to a municipality on 7th February 1977 for construction of a central bus garage on long term basis without executing any lease agreement and realising rent and *salami* resulting in non-realisation of rent for the period from 7th February 1977 to 31st March 1982 amounting to Rs.24,552 and of *salami* of Rs.47,520.

On these omissions being pointed out in audit (March 1981), the department agreed (March 1981) to take action.

Both the cases were reported to Government (October 1981); their reply is awaited (December 1982).

### 5.5. Temporary misappropriation of Government money

Under the West Bengal Land Management Manual, a Land Reforms Circle Office is required to be inspected as also its cash balance verified under proper attestation of certificate to that effect by the prescribed higher authority at least once in a month. Also under the West Bengal Treasury Rules, head of the office is required to verify the cash balance once in a month and also to ensure that all revenues received are deposited into Treasury|Bank within the prescribed period.

In the course of audit of land revenue receipts under a Land Reforms Circle Office (Purulia district) for the period from April 1978 to April 1980, it was noticed (February 1981) from the cash book that the revenues collected were not deposited in full. The amounts retained in hand progressively increased to Rs.12,538 on 29th June 1979 after the remittance made on that date. There was no remittance into the treasury thereafter as per the cash book.

During inspection by the department on 25th August 1980, accumulated amount of Rs.24,677 as per the cash book was missing. The collection up to 2nd September 1980 aggregating Rs.24,807 was however deposited in the treasury between 3rd September 1980 and 4th November 1980 in 8 instalments.

It was noticed (March 1981) that this circle office was not inspected by the prescribed authority between the period from 5th November 1977 to 24th August 1980 and no physical verification of cash was done.

Non-observance of the provisions of the West Bengal Land Management Manual 1977 and West Bengal Treasury Rules contributed to this temporary misappropriation of Government money.

On this being pointed out in audit (March 1981), the department stated (March 1981) that the matter was being looked into and charges against the concerned officials had been drawn up. Further report is awaited (December 1982).

The matter was reported to Government in July 1981; reply is awaited (December 1982).

#### **5.6. Short levy of land revenue**

Under the West Bengal Land Reforms Act, 1955, a raiyat holding land exceeding 1.214 hectares in a non-irrigated area shall, with effect from 1st Baisakh, 1379 B.S. (1972-73), pay revenue at twice the rate prevailing at the end of 1378 B.S. (1971-72).

In the course of audit of a circle in 24-Parganas North district it was noticed (June 1979) that in respect of 4,038 acres of land situated in non-irrigated area, higher rate of rent had not been fixed (June 1979) resulting in short levy of land revenue amounting to Rs.1.13 lakhs for the period from 1379 B.S. to 1385 B.S. (1972-73 to 1978-79) calculated on the basis of annual normal rate of revenue of Rs.16,113 assessed for the area in question.

The case was pointed out in audit (June 1979) to the department; reply is awaited (December 1982).

The matter was reported to Government (June 1980); reply is awaited (December 1982).



## CHAPTER 6

## MINES AND MINERALS

## 6.1. Results of test audit in general

Test audit of the accounts on Mines and Minerals in different offices in West Bengal, under the Commerce and Industries Department during the year 1981-82 revealed under-assessment|non-realisation|short-realisation of revenue amounting to Rs.646.15 lakhs in 26 cases, categorised under the following heads :

Nature of irregularity	Number of cases	Amount (In lakhs of rupees)
1. Non-assessment/under assessment of cess on coal .. .	4	609.53
2. Under-assessment of royalty due to application of incorrect rates	4	15.62
3. Non-realisation of enhanced royalty and surface rent .. .	12	14.63
4. Non-levy of interest on outstanding royalty .. .	1	4.08
5. Others .. .	5	2.29
	<hr/> 26	<hr/> 646.15

Some important cases are mentioned in paragraphs 6.2 to 6.12.

## 6.2. Non-levy of education cess on coal mines

Under the Cess Act, 1880, road and public works cesses are leviable on all immovable properties. Under the Bengal (Rural) Primary Education Act, 1930, Education cess also became payable in respect of all such immovable properties including coal mines at the rates specified in the Act. The provisions of 1880 Act, regarding assessment and collection of road and public works cess were also made applicable to the assessment and collection of education cess leviable under the 1930 Act. The rates of all three cesses, so far as applicable to coal mines, were based on a percentage of annual net profit as determined under the 1880 Act as per proforma prescribed for the purpose.

From 24th November 1964, the Cess Act, 1880, was amended to provide for levy of road and public works cess from the coal mines on the basis of annual despatches of coal instead of net profits of the mines as hitherto. The Board of Revenue, West Bengal, moved (April 1965) the Education Department to change the provision of the Bengal (Rural) Primary Education Act, 1930, also on the lines of the November 1964 amendment to the 1880 Act to enable the education cess to be collected on the same basis of annual despatches of coal from the coal mines. The change was, however, not made.

From 20th September 1974, a new Act styled as "West Bengal Primary Education Act, 1973" was enacted. Different Sections of this Act are enforceable, on such dates as the State Government may by notification appoint. Section 78 of the Act provides for levy of primary education cess from coal mines on the basis of net annual despatches in line with the Cess Act, 1880, as amended. This section empowered the State Government to determine the rate of tax per tonne of coal despatched by notification subject to a maximum rate of 50 paise per tonne. The provisions of the Act other than those relating to the levy of tax and cess (which include Sec. 78) and repealing of the earlier Act, were brought into force from 1st January 1975. Section 78 was brought into force from 1st April 1981 under notification, dated 27th March 1981, issued by the Education Department (Primary Section). Simultaneously the maximum rate of cess prescribed in that Section was enhanced from 50 paise to Rs.1 per tonne. The assessable rate of education cess was, however, notified by the Land and Land Reforms Department by a notification, dated 31st March 1981, as Re.1 per tonne of annual despatches of coal from 1st day of Baisakh 1388 B.S. (14th April 1981). The provision of the 1973 Act relating to repealing of the 1930 Act was still not brought into force so that the old and the new Acts continue to run concurrently. On 20th April 1981, the Board of Revenue decided to collect education cess at the rate of Re.1 per tonne of annual despatches from the cess year commencing from 1st Baisakh 1388 (14th April 1981).

In the course of local audit it was noticed (September 1980) that no education cess was collected from the collieries both for pre and post nationalisation period. It was, further, noticed (September 1980) that 1,28,97,784 tonnes of coal were despatched from various collieries in the State after enactment of the West Bengal Primary Education Act 1973 i.e. during the years from 1974-75 to 1979-80. On the basis of the rate of 50 paise per tonne, initially mentioned in that Act, the total amount of cess would have worked out to Rs.6.04 crores. This amount could not be collected because of the failure of Government to issue necessary notification under the Act till 1981. The matter was brought to the notice of the Education Department (October 1980 and March 1982). The reply is yet to be received (December 1982).

### **6.3. Non-assessment of road cess and public works cess on annual despatch of coal**

Under the Cess Act, 1880, as amended, road cess and public works cess shall be assessed in respect of coal mines on annual despatches of coal therefrom at the prescribed rate to be determined

from time to time. The road cess and public works cess were leviable separately at the rate of 50 paise each per tonne of coal from 1381 B.S. (1974-75).

In the course of audit of assessment cases in the office of the Cess Deputy Collector, Birbhum, it was noticed (August 1981) that a colliery in the district despatched coal aggregating 49349 M.T. during 1974-75 to 1977-78. The colliery did not deposit the cesses due and the department also did not make any assessment of cesses in respect of these despatches (August 1981) (The colliery had deposited cesses for the subsequent years from 1978-79 to 1980-81 on the basis of annual despatches). The non-collection of cess amounted to Rs.49,349.

On this being pointed out (August 1981) in audit, the department agreed (August 1981) to assess and realise the cesses; further developments are awaited (December 1982).

The matter was reported to Government (June 1982); reply is awaited.

#### **6.4. Unauthorised mining of coal by private parties**

Under the Coal Mines (Nationalisation) Act, 1973, as amended on the 29th April 1976, working of coal mines by private parties other than a company or corporation owned, managed or controlled by the Central Government or under leases granted by the Central Government or a company engaged in production of iron and steel is not permissible. Unauthorised mining operation by any person without any valid mining lease in force is punishable. Besides, the Mines and Minerals (Regulation and Development) Act, 1957, as amended in 1972 provides that in case of mining by a person without any lawful authority, the State Government may recover from such persons the minerals so raised, or where such minerals have been disposed of, the price thereof.

The Government, based on legal advice received through the Government of India, instructed (November 1977) the Chief Mining Officer, Asansol, to stop forthwith the working of coal mines and despatches of coal by private parties, and to take action against the offending parties promptly.

In the course of audit of records of the Chief Mining Officer, Asansol, for the year 1977-78, it was noticed (July 1978) that 35 mines were held unauthorisedly by private parties and 22 of them were found to be working even after November 1977. These private parties extracted 5,52,666 tonnes of coal of different grades valued

at Rs.6,62,50,267 and despatched the same during the period between April 1975 and March 1978 as per survey report and valuation made by the Department.

Under the provision of the 1957 Act, penalty of Rs.6,62,50,267 being the price of the coal extracted was leviable against the private parties for unauthorised extraction of coal. But no action to realise the price of the coal illegally extracted was taken (September 1982).

On this being pointed out (July 1982), the department stated (October 1982) that they had started issuing notices for recovering the price of the coal so raised and despatched from the coal mines illegally. Details of realisation are awaited (December 1982).

#### **6.5. Non-levy of royalty on coal despatched for burning bricks**

Under the Mines and Minerals (Regulation and Development) Act, 1957, royalty is payable in respect of any minerals removed or consumed by a lessee from the leased area, at the rate prescribed from time to time.

In the course of audit of records of the Chief Mining Officer, Asansol and Mining Officer, Purulia, for 1980-81 it was noticed (August 1981) that three collieries in Burdwan and two collieries in Purulia district despatched 25,611.8 tonnes of different types of coal between April 1980 and December 1980 for brick burning purposes as exhibited in their monthly returns, but no assessment of royalty was made on the said quantity of coal. This led to escapement of royalty of Rs.1,03,195.

On this being pointed out (August 1981) in audit the Mining Officer, Purulia, revised (August 1981) the assessment in respect of a colliery and Chief Mining Officer, Asansol, agreed (August 1981) to review the assessments; further developments are awaited (December 1982).

The matter was reported to Government in June 1982; reply is awaited (December 1982).

#### **6.6. Short levy of royalty on coal consumed by collieries**

The holder of a mining lease is liable to pay royalty at the prescribed rate for any mineral consumed by him or his agent, manager, employees, contractors or sub-lessee from the leased area. However, no royalty is payable on any coal consumed by workmen engaged in a colliery subject to maximum limit of one-third of a tonne per workman per month.

In the course of audit of the records of the Chief Mining Officer, Asansol, for 1980-81 it was noticed (August 1981) from the quarterly returns from April 1980 to March 1981 of a colliery that actual consumption of coal by workmen during the year was shown as 3285 tonnes per month; the exemption was allowed on 4,832 tonnes, the quantity being computed on the maximum limit of one third of a tonne per workman per month in respect of the 14,472 workmen employed in the colliery. This led to non-levy of royalty on 1,547 tonnes of coal.

In the case of another colliery, it was noticed (August 1981) from the quarterly returns from October 1980 to March 1981 that exemption from payment of royalty on account of coal consumed by workmen was allowed on the actual consumption of 4,389 tonnes without restricting it to 3,102 tonnes on the basis of the maximum limit of one third of a tonne, per workman per month. This resulted in irregular exemption of royalty on 1,287 tonnes of coal. The total short levy of royalty in these two cases came to Rs.13,433.

On this being pointed out (August 1981) the department agreed (August 1981) to review the assessments. Further developments are awaited (December 1982).

Both the cases were reported to Government (June 1982); their reply is awaited (December 1982).

#### **6.7. Under-assessment due to application of incorrect rate of royalty**

In terms of a notification issued by the Government of India in July 1975, royalty on non-coking coal of Group-II, is leviable at the rate of Rs.4.50 per tonne with effect from 1st August 1975 in respect of coal despatched or consumed from the leased area.

In the course of audit in two Mining Offices in two districts, it was noticed (August 1981) from the monthly returns that three collieries had despatched/consumed 81,009 tonnes of non-coking coal of Group-II between April 1980 and February 1981. Royalty was assessed at the rate of Rs.4.00 instead of Rs.4.50 per tonne. The incorrect application of rate in the assessment resulted in short-assessment of royalty of Rs.40,504.

On this being pointed out in audit (August 1981) the department admitted the mistakes. One Mining Officer revised (August 1981) the assessment and raised additional demand of Rs.10,426 against the colliery; the details of realisation are awaited. The other Mining Officer agreed to revise the assessment. Further developments are awaited (December 1982).

This under-assessment could have been detected by the department itself, if there was a system of internal audit check in the department.

The matter was reported to Government in June 1982. The Government stated (October 1982) that the cases of under-assessment pointed out by Audit have been revised by the concerned assessing officers; the details of realisation are awaited (December 1982).

#### **6.8. Under-assessment of royalty**

Under the Mines and Minerals (Regulation and Development) Act, 1957, read with the Mineral Concession Rules, 1960, the holder of a mining lease shall pay royalty in respect of any mineral removed or consumed by him or his agent from the leased area at the rate specified in the schedule to the Act. For the purpose of computation of royalty, the lessee shall keep a correct account showing minerals produced and despatched, which should be checked by the appropriate officer.

In the course of audit of the records of the Chief Mining Officer, Asansol, for the year 1980-81, it was noticed (August 1981) that royalty on despatches of coal for the quarter ending March 1980 was assessed at Rs.2,13,705 on 42,742 tonnes of coal on the basis of quarterly returns whereas monthly returns for the same period showed despatch of coal as 46,011 tonnes involving royalty amounting to Rs.2,30,059. Non-checking of accounts of the collieries at the time of assessment resulted in under-assessment of royalty of Rs.16,354.

On this being pointed out (August 1981) in audit, the department agreed (August 1981) to review the assessment. Further development is awaited (December 1982).

The matter was reported to Government (June 1982); reply is awaited (December 1982).

#### **6.9. Non-assessment of dead rent on closed mines**

Under the Mines and Minerals (Regulation and Development) Act, 1957, as amended, the holder of a mining lease granted before or after commencement of the Act, shall pay royalty at the prescribed rate or dead rent for the leased area on a sliding scale from Rs.12.50 per hectare to Rs.37.50 per hectare per year with reference to the period of lease.

In the course of test audit of the assessment records of the office of the Chief Mining Officer, Asansol, it was noticed (August 1981) that dead rent in respect of twenty-one non-working collieries having

an area of 2,693.83 hectares in Burdwan district relating to different periods between April 1977 and April 1981 had not been demanded. This had resulted in non-realisation of dead rent of Rs.1,88,643.

On this being pointed out in audit the department stated (August 1981) that the matter had been taken up (September 1980) with the Eastern Coalfields Limited and that assessment would be completed on receipt of their reply.

The matter was reported to Government (June 1982); their reply is awaited (December 1982).

#### **6.10. Non-levy of interest on delayed payments**

Under the Mineral Concession Rules, 1960, a lessee of the mines shall pay dead rent, fines, fees or other charges as fixed by the State Government from time to time. In terms of notification, dated 20th August 1976, the Central Government empowered the State Government to fix the date of payments of rent, royalties, fees and other sums due to the State Governments under the Act or Rules or under terms and conditions of any prospecting licence or mining lease. In case of default in any payment within the due date, the State Governments were empowered to charge simple interest at the rate of 10 per cent per annum from the 60th day of the expiry of the date to be fixed by the State Government for payment of such royalty, rent etc.

The State Government issued an order in January 1979, fixing the 1st day of April, July, October of each year and January of the next following year for payment of dues by quarterly instalments. Accordingly interest for delayed payments become chargeable, 60 days after expiry of the due dates.

In the course of audit of records of two Land Reforms Officers in two districts it was noticed (August 1981) that in Asansol and Purulia outstanding dues of Rs.673.6 lakhs were realised between September 1980 and August 1981 after expiry of the due dates (delays ranging from 1 to 205 days) without levying any interest for such delayed payments. The interest leviable worked out to Rs.3.81 lakhs.

On the omissions being pointed out in audit, the department stated (August 1981) that demand notices were being issued. Further developments are awaited (December 1982).

The matter was reported to Government in June 1982; reply is awaited (December 1982).

### 6.11. Unauthorised extraction of minor minerals

Under the Mines and Minerals (Regulation and Development) Act, 1957, read with the West Bengal Minor Minerals Rules, 1973, no person shall undertake any mining operation in any area except under and in accordance with the terms and conditions of a quarry permit granted under the rules prescribed by the State Government. In case of unauthorised extraction of minor minerals, besides imposition of prescribed punishment as penalty, the State Government may recover such minerals or where such minerals had already been disposed of, the price thereof and also rent, royalty or tax as the case may be. The Act also provides that the offence punishable under the Act may be compounded before or after institutions of prosecution on payment to the prescribed authority of such sum as may be specified by him.

It was clarified (May 1979 and August 1979) by the State Government on legal advice that the amount to be recovered towards compounding can not be an arbitrary amount; it has to be the market price of the minerals and that, legally, no royalty could be recovered for this offence.

(a) In the course of audit of records of Land Reforms Offices in three districts (Burdwan, Midnapore East, Purulia), for the years from 1978-79 to 1980-81, it was noticed (March 1981—January 1982) that minor minerals, viz., brick earth, sand, stone and morrum aggregating 35.72 lakhs cft. were extracted unauthorisedly between 1977 and 1981 by 92 parties. From the records of two districts [Burdwan, Midnapore (East)] it was seen that royalty aggregating Rs.1.55 lakhs in respect of 25.59 lakhs cft. of minor minerals unauthorisedly extracted, was assessed instead of initiating any legal proceedings or of compounding the offence on payment of the market price of such minor minerals. On the basis of value of minor minerals as fixed (April 1980) by the district authority, the total value of unauthorisedly extracted minor minerals worked out to Rs.11.23 lakhs.

On this being pointed out (March 1981 to January 1982) in audit, two district offices agreed (March 1981—September 1982) to look into the matter; the other district office stated (September 1982)



that market price of minor minerals was not fixed prior to April 1980. Further developments are awaited (December 1982).

The matter was reported to Government in July 1981 and June 1982; their reply is awaited (December 1982).

(b) Under a notification of May 1979 the State Government empowered the district authorities to impose and recover penalties leviable under the West Bengal Minor Minerals Rules, 1973, for unauthorised extraction of minor minerals.

In the course of audit, it was noticed (March 1981) from the records of the Additional Deputy Commissioner (Land Reforms), Purulia, that the contractors working in two Irrigation Divisions of the district removed (between July 1978 and March 1980) 16,84,500 cft. of minor minerals (stone 16,42,400 cft. and sand 42,100 cft.) without obtaining quarry permits from the competent authority. Royalty amounting to Rs.0.88 lakh only was realised from the contractors at the prescribed rate by the Executive Engineers of the Irrigation Divisions who also intimated the position of recovery of royalty to the district authority from time to time. Neither the Government nor the district authority took any action to levy penalty for unauthorised extraction of minerals. On the basis of the prices fixed in April 1980 to regulate such cases of unauthorised removal of minerals, the total amount from the contractors in respect of 16,84,500 cft. of minor minerals worked out to Rs.6.72 lakhs.

On this being pointed out (March 1981) in audit, the department agreed (March 1981) to take action for realisation of the dues and stated that the Executive Engineers had been requested (March 1981) to furnish the list of contractors who had extracted minerals without obtaining quarry permits along with the quantities extracted. Further developments are awaited (December 1982).

The matter was reported to Government (July 1981); reply is awaited (December 1982).

#### **6.12. Extraction of minor minerals in excess of the quantity authorised by quarry permit**

Under the West Bengal Minor Minerals Rules, 1973, the district authority may grant quarry permit to any person to extract or remove any mineral on prepayment of royalty at the prescribed rate for the authorised quantity. One of the conditions for the permits is that if the permit holder removes more mineral than the quantity authorised, as may be revealed in any enquiry, the district authority may demand an additional amount for the excess amount of the mineral removed

at a rate not exceeding 10 times the royalty rate at which the quarry permit was issued. The district authority, however, will be competent to pass final order in any such case involving Rs.100 or less. The first demand for such additional royalty shall not be made after ninety days of the date of surrender of permit.

In the course of audit of records of Additional District Magistrate (Land Reforms), Burdwan, for the years from 1979-80 to 1980-81 it was noticed (January 1982) that one permit holder extracted between January 1978 and March 1980 a quantity of 94,319 cft. of minor minerals in excess of the quantity specified in the permits and royalty amounting to Rs.4,664 alone was demanded and realised by the district authority. The district authority was not competent to pass final order, the additional royalty involved being more than Rs.100. Under the rules, additional royalty up to Rs.46,499 for the excess extraction of 94,319 cft. of minor minerals was payable by the permit holder on demand.

On this being pointed out (January 1982) in audit the department agreed (January 1982) to look into the matter. Further developments are awaited (December 1982).

The matter was reported to Government in June 1982; reply is awaited (December 1982).

## CHAPTER 7

## OTHER TAX AND NON-TAX RECEIPTS

## A—ELECTRICITY DUTY

**7.1. Delayed payment of electricity duty by a licensee and its payment by instalments**

1. Under the Bengal Electricity Duty Act, 1935, and rules made thereunder, a licensee is to collect electricity duty from consumers and pay it to the prescribed authority within 60 days of the expiry of the month for which it is levied. A licensee is also to submit monthly returns in the prescribed form along with proof of payment of duty into the treasury to the prescribed authority within 70 days of the month to which the returns relate. The duty payable is a first charge on the amount recoverable by the licensee for the energy supplied by him and it is a debt due from him to the State Government. Any sum due on account of electricity duty from a licensee, if not paid within the prescribed period and in the prescribed manner, shall be recoverable as a public demand from the licensee.

The Act does not provide for penalty or penal interest for delay or default in payment to Government of duty collected by a licensee. Penalty to the extent of Rs.1,000 on conviction before a Magistrate is however payable for non-submission of return showing *inter alia* the amount of duty collected and the amount paid by him and for non-maintenance of accounts books in the prescribed form.

2. In the course of audit, it was noticed (September 1981) that a licensee (a private sector limited company) had since 1971-72 been delaying payment of duty collected to the Government. From 1974-75, the period of delay varied from two months to six months. From April 1975 onwards the amount of average monthly collection was Rs.78 lakhs. During the period from April 1975 to March 1981 Government dues of about Rs.3 crores on an average (taking into account the fact that the licensee retained the average collection of Rs.78 lakhs for four months every time) were retained continuously by the licensee. On verification of the records of the Chief Electrical Inspector (prescribed authority), to whom returns are submitted by the licensee,

it was noticed that the fact of non-payment of Government dues by the licensee had been brought to the notice of the Government from time to time.

3. On a representation made by the licensee, the Government agreed (February 1981) to the repayment of arrear electricity duty, in monthly instalments of Rs.25 lakhs, subsequently reduced to Rs.10.5 lakhs per month and a letter was issued to the licensee to that effect in July 1981. The licensee started paying the instalments from April 1981 in addition to the normal amount of monthly collection. In this process the licensee was thereby allowed to retain a portion of the amount of duty for a further period of about two years.

The amount of duty retained (Rs.3 crores on an average) and interest thereon for a period of six years at the bank's over-draft rate of interest (17% per annum) together worked out to about Rs.8 crores. Monthly interest on this accumulated amount of principal and interest is more than Rs.10.50 lakhs. Published annual accounts of the licensee showed that the amount of outstanding duty was covered by the annual profit earned during the period from 1977 to 1980. Thus mode of repayment amounted to interest-free loan to a private sector company which is neither covered by the Act nor by the approved demand for grants for the years 1975-76 to 1980-81.

4. Further, under the Act and the rules made thereunder, the licensee is entitled to a rebate of 1% of the amount of duty collected towards his cost of collection of duty. In the case of the West Bengal State Electricity Board, the Government had issued an order (March 1974) that no rebate towards the cost of collection of electricity duty would be given to the Board, if the collection were not deposited within 30 days following the date on which the return fell due.

In the course of audit it was noticed that the private licensee in this case was paid a rebate of Rs.9.5 lakhs (approximately) per annum towards the cost of collection on the amount of duty collected even though collections were deposited after lapse of a period of two to six months from the prescribed due date as explained above.

5. The matter was reported to Government in February 1982; reply is awaited (December 1982).

## B—STATE EXCISE

### 7.2. Short levy of duty due to application of incorrect rate

Under the Bengal Excise Act, 1909 and the rules made thereunder, the rate of duty leviable on India-made rum was Rs.35 per London proof litre. But in case of issue to a military canteen or military depot for consumption of troops other than for a commissioned officer, the rate of duty was Rs.25 per London proof litre. With effect from 1st April 1980, the duty was enhanced to Rs.51 per London proof litre irrespective of issues made to military canteen|depots or others. The concessional rate of duty of Rs.25 per London proof litre for issue to military canteen or depot was again introduced with effect from 1st June 1981.

In the course of audit in Jalpaiguri district, it was noticed (September 1981) that a military supply depot in the district received (July 1980) India-made rum aggregating 13,500 London proof litres against a permit issued by the district officer in March 1980. As the materials were actually received in July 1980 in the military supply depot, the duty leviable worked to Rs.6,88,500 at the rate of Rs.51 per London proof litre. The department, however, realised only Rs.3,37,500 assessing on the concessional rate of Rs.25 per London proof litre. This resulted in short levy of duty of Rs.3,51,000.

On this being pointed out (September 1981) the department admitted (September 1981) the mistake and agreed to realise the duty short levied by raising additional demand. Further developments are awaited (December 1982).

The matter was reported to Government in June 1982; reply is awaited (December 1982).

## C—STAMP AND REGISTRATION

### 7.3. Short realisation of stamp duty on customs bonds

In conformity with Section 75 of the Indian Stamp Act, 1899, the State Government made rules (1899) in respect of regulating instruments insufficiently stamped or unstamped and made it obligatory on the part of all persons having charge of any public office to examine all instruments coming before them in the execution of their duties.

Under the Indian Stamp (West Bengal Second Amendment) Act, 1962, customs bonds executed by importers for amounts exceeding rupees one thousand were chargeable to duty at Rs.15 till 30th November 1977. The rate of duty was enhanced to Rs.30 with effect from 1st December 1977.

In the course of audit of a Customs House it was noticed (February 1980) that 6,409 customs bonds for amounts exceeding rupees one thousand each were executed during 1978 and 1979 with stamp duty of Rs.15 instead of Rs.30 each. This had resulted in short realisation of stamp duty to the extent of Rs.96,135.

The Customs Department admitted (February 1980) the mistake and intimated that the amendment to the Stamp Act revising the duty was not known to the department and agreed to take steps to ensure the acceptance of bond affixed with Rs.30 as stamp duty.

On this being pointed out in Audit (July 1981) the department asked (October 1981) the Customs House to enquire into the matter and furnish a report thereon. Further report is awaited (December 1982).

The matter was reported to Government in October 1982; their reply is awaited (December 1982).

## D—AMUSEMENT TAX

### 7.4. Non-levy of entertainment tax on total collection

Under the West Bengal Entertainments and Luxuries (Hotels and Restaurants) Tax Act, 1972 and the Rules made thereunder, entertainment tax shall be calculated at the rate of 30 per cent with effect from 1st April 1979 on the total sum paid or payable by a person obtaining admission for all services including food and drink supplied to him. Thus, entertainment tax is to be assessed on the amount collected for such services, including sales tax levied thereon.

Mention was made in paras 7.5 and 5.2.4 of the report of the Comptroller and Auditor General of India (Revenue Receipts) for the years 1976-77 and 1978-79 respectively regarding non-levy of entertainment tax on total collection.

In the course of audit in respect of six hotels in Calcutta, the same irregularity was noticed again (October 1980). The element of sales tax of Rs.1,78,864 realised from the parties during the period between April 1979 and March 1980 was not included in the total collection for the purpose of assessment of entertainment tax. This resulted in an under-assessment of entertainment tax of Rs.53,659.

On this being pointed out in audit, the department (November 1980) agreed to look into the matter; further developments are awaited (December 1982).

The case was reported to the Government in June 1981; reply is awaited (December 1982).

### **7.5. Non-payment of surcharge**

Under the Bengal Amusement Tax Act, 1922 and rules made thereunder, a surcharge at the rate of ten paise shall be levied on each payment for admission to any entertainment. The amount so leviable shall be collected separately by impressed, embossed, engraved or adhesive stamp, issued by the State Government, like entertainment tax. Where the taxes are collected otherwise than by means of a stamp, the surcharge shall be separately collected in the same way in which entertainment tax is collected. In case of continuing default in complying with the provision for payment of the dues under the Act, the proprietor of the entertainment shall be punishable with a fine not exceeding rupees one hundred per day for the period of default besides other punishments under the Act.

In the course of audit of a Commercial Tax Officer of Amusement Taxes, Calcutta, it was noticed (July 1981) that a cinema house did not pay surcharge from November 1980 to March 1981, in respect of 2,22,291 persons admitted in the cinema hall (as shown in the returns). Apparently the amount of surcharge was realised in cash by the proprietor of the entertainment. The total surcharge leviable worked out to Rs.22,229 besides fine and other punishments under the Act. No penal action had, however, been taken for the default (April 1981).

On this being pointed out in audit, the department confirmed (August 1981) that the dues had not been realised, and further intimated that the renewal of licence of the cinema house had not been recommended.

The matter was reported to Government in April 1982; reply is awaited (December 1982).

## **E—FOREST**

### **7.6. Outstanding royalty from the sale of minor forest produces**

Prior to 1977-78, minor forest produces like Kendu leaves (bidi leaves), Sal seeds and Cashew nuts, which yielded considerable revenue to Government, used to be sold in public auction.

From 1977-78, the Government decided (January 1978) that the monopoly right for collection and marketing of Kendu (bidi) leaves should be given to Large sized Agricultural Marketing Co-operative

Societies (LAMPS) on payment of royalties assessed on the basis of prices obtained in auction|tender, etc. in 1974-75, which were to be taken as reserve prices for the purpose. LAMPS were to make prior payment of royalties on 15th January 1978, 15th January 1979 and 15th January 1980 for the sale season 1978, 1979 and 1980 respectively.

No formal agreement was entered into by the department with LAMPS specifying the terms and conditions of sale, manner of payment of royalty etc. There was also no price escalation clause to ensure that the market trend was duly taken into account while fixing the rate of royalty.

A scrutiny of records (July 1980) showed that during the year 1977-78, LAMPS paid royalty in time. In 1978-79, prepayment was not made in a number of cases. The instalment due on 15th January 1980 was not paid at all.

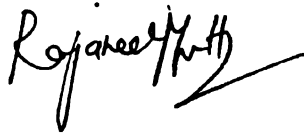
In March 1980, Government waived the condition of prepayment of royalty.

A scrutiny of the records of 5 divisions in the Western Circle disclosed the following positions :—

- (1) Out of the total outstanding royalty of Rs.20.40 lakhs for the years 1978-79 and 1979 80, an amount of Rs.6.35 lakhs was remitted by Government (October 1981). The Finance Department were not consulted in taking this decision. The main reason given for this decision was that the LAMPS had incurred losses and there was virtually no production of Sal seeds during 1980. According to the Chief Conservator of Forests, however, most of the LAMPS had "made profits" and were "in a position to pay outstanding revenues on account of collection in 1980 season".
- (2) Of the balance amount of Rs.14.05 lakhs also, only an amount of Rs.8.05 lakhs had been actually realised (November 1981).
- (3) Sales tax to the tune of Rs.0.64 lakh calculated at the rate of 8 per cent even on the realised value of Rs.8.05 lakhs was not collected.
- (4) For the years 1980-81 and 1981-82 (up to August 1982), no part of royalty due (Rs.33.16 lakhs) had so far been realised (October 1982).



The matter was reported to the Government in May 1982; reply is awaited (December 1982).



(Smt. R. KRISHNAN KUTTY)

*Accountant General II,*

*West Bengal.*

CALCUTTA,

The 11 JUL 1983

11 JUL 1983

Countersigned.



(GIAN PRAKASH),

*Comptroller & Auditor General of India.*

NEW DELHI,

The 11 JUL 1983



## APPENDIX I

## Statement showing the cost of collections under the principal heads of revenue

(Reference : Paragraph 1.4 Page 6)

Heads of accounts	Gross collection in 1981-82	Expenditure on collection 1981-82	Percentage of cost of collection to gross collection		
			(In crores of rupees)	1981-82	1980-81
1. Taxes on Agricultural Income ..	1.22	0.28	23.0	10.7	2.7
2. Other taxes on Income and Expenditure	13.10	0.19	1.5	1.7	1.0
3. Land Revenue* .. ..	22.39	7.63	34.1	35.7	34.0
4. State Excise .. ..	58.06	3.19	5.5	5.4	5.8
5. Taxes on Vehicles .. ..	21.79	0.72	3.3	3.0	2.9
6. Sales Tax .. ..	3.79.04	3.20	0.8	0.9	0.7
7. Stamps and Registration fees ..	34.47	4.28	12.4	11.1	10.1
8. Taxes on Duties on Electricity ..	16.67	0.29	1.7	1.5	1.5
9. Taxes on Goods and Passengers ..	53.97	1.41	2.6	3.2	3.3
10. Other Taxes and Duties on commodities and services.	30.94	0.12	0.4	0.2	0.2
11. Forest* .. ..	15.61	1.73	11.1	12.9	14.2
<b>Total</b> ..	<b>647.26</b>	<b>23.04</b>	<b>3.6</b>	<b>3.6</b>	<b>3.4</b>

\*Forest department has several functions not directly connected with the sale of forest produce. Only direct expenditure on forest produce has been shown. Similarly in respect of Land Revenue direct collection cost only has been taken.

In the report for the year 1979-80 indirect costs were also taken into account in the determination of percentages for that year.



## ERRATA

Serial No.	Page No.	Paragraph No.	Line	For	Read
(1)	(2)	(3)	(4)	(5)	(6)
1.	ii	Table of contents	31st	hapter 7	Chapter 7
2.	ii	Table of contents	32nd	ELECTRICITY	A-ELECTRICITY
3.	ii	Table of contents	35th	-STATE EXCISE	B-STATE EXCISE
4.	2	1.2(b)	11th	Tax on Agricultural Income	Taxes on Agricultural Income
5.	5	1.3.	6th	Service.	Services.
6.	6	1.3.	12th	Eastern Coalfield Limited	Eastern Coalfields Limited
7.	7	1.6.	37th	Amusements Tax	Amusement Tax
8.	7	1.6.	Last line	Non-Judicial Stamp	Non-Judicial Stamps
9.	15	2.5.	15th	<del>Sale of textile fabrics</del>	Sales of textile fabrics
10.	16	2.6.	22nd	turnover	turnovers
11.	21	2.11.	18th	was	were
12.	26	3.2.1.	3rd	exercise	exercises
13.	26	3.2.2.	18th	The receipt as well as Budget estimates	The Budget estimates
14.	26	3.2.2.	20th	Budget estimate (over cols. 4 and 5 of table).	i. Budget estimate (over col. 4 of table) ii. Actual receipt (over col. 5 of table)
15.	26	3.2.2.	30th	2,82,665	2,82,665
16.	28	3.2.3.	29th	whereabout	whereabouts
17.	28	3.2.3.	35th	transforee	transferees
18.	29	3.2.3.	6th	are awaited	is awaited
19.	29	3.2.4.	9th	day	days
20.	30	3.2.6.	30th	17, 800 kg.	17,800 Kgs.
21.	31	3.2.8.	Last line	of entry	on entry
22.	36	3.2.15.	15th	etx	tax
23.	37	3.2.15.	11th	were	was
24.	37	3.2.16.	27th	Fees	Fee
25.	39	3.2.20.	Last line	Vehicle	Vehicles
26.	47	4.2.5.	18th from bottom	done by the dealer	done by the dealers
27.	47	4.2.5.	8th from bottom	quality of fire bricks	quality fire bricks
28.	49	4.2.6.	22nd	transit pass	transport pass
29.	58	5.2	28th	this provisions	this provision
30.	64	6.2.	15th	Rs. 1	Re. 1

Serial No.	Page No	Paragraph No.	Line	For	Read
(1)	(2)	(3)	(4)	(5)	(6)
31.	69	6.10.	28th	Land Reforms Officers	Land Reforms Offices
32.	71	6 11.	22nd	Add the word "realisable" after the words "total amount"	
33.	73	7.1.	8th	expiry	expiry
34.	74	7.1.	Last line of Sub-para 3	approved demand	approved demands
35.	74	7.1.	6th line of Sub-para 4	if the collection	if the collections
36.	78	7.6.	21st	1978-79 and 1979 80	1978-79 and 1979-80
37.	81	Appendix I	Col. 3	Expenditure on collection 1981-82	Expenditure on collection in 1981-82
38.	81	Appendix I	Item 6	3.79.04	379.04
39.	81	Appendix I	Item 8	Taxes on Duties on Elec- tricity.	Taxes and Duties on Electricity.

