

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

**FOR THE YEAR ENDED 31 MARCH 2000**

**(REVENUE RECEIPTS)  
GOVERNMENT OF UTTAR PRADESH**



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## **Prefatory Remarks**

This Report for the year ended 31 March, 2000 has been prepared for submission to the Governor under Article 151 (2) of the Constitution.

The audit of revenue receipts of the State Government is conducted under Section 16 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. This Report presents the results of audit of receipts comprising trade tax, state excise, land revenue, taxes on motor vehicles, stamp duty and registration fees, entertainment tax and betting tax, other tax and non-tax receipts of the state.

The cases mentioned in the Report are among those which came to notice in the course of test audit of records during the year 1999-2000 as well as those which came to notice in earlier years but could not be included in previous years' Reports.





## Overview

This report contains 35 paragraphs and 4 reviews relating to non-levy/short levy of tax, penalty, interest etc. involving Rs.1978.22 crore which is 17 percent of the revenue receipts of 1999-2000. The Government has accepted audit observations involving Rs. 1.18 crore of which Rs. 0.11 crore had been recovered upto June 2000. Some of the major findings are mentioned below :

### 1. General

- *During the year 1999-2000 revenue raised by the State Government, both tax (Rs. 9400.91 crore) and non tax (Rs.2011.74 crore) amounted to Rs. 11412.65 crore as against Rs. 9387.37 crore during the previous year. Receipts from Government of India including grants-in-aid, during the year aggregated Rs. 10082.47 crore. Receipts under Trade Tax (Rs. 3703.59 crore) and State Excise (Rs. 2126.33 crore) accounted for a major portion (62.01 per cent) of tax revenue receipts. Under non-tax revenue, main receipts came from Interest Receipts (Rs. 476.68 crore), Non-ferrous Mining and Metallurgical Industries (Rs. 180.17 crore), Forestry and Wild Life (Rs. 160.52 crore), Other Administrative Services (Rs. 103.70 crore) and Education, Sports, Art and Culture (Rs. 137.63 crore).*
- *During 1999-2000, tax revenue and non tax revenue registered an increase of 18.81 per cent and 36.38 per cent respectively over the receipts of previous year.*

*(Paragraph 1.1)*

- *Test check of records of Trade Tax, State Excise, Taxes on Vehicles, Goods and Passengers, Stamp Duty and Registration Fees, Land Revenue, Electricity Duty, Tax on Purchase of Sugarcane and Forest Receipts conducted during 1999-2000 revealed under assessment, short levy, loss of revenue etc. amounting to Rs.2366.27 crore in 2736 cases. During the course of year 1999-2000, the concerned departments accepted under assessments etc. of Rs. 12.91 crore in 914 cases of which 99 cases involving Rs. 4.11 crore had been pointed out in audit during 1999-2000 and the rest in earlier years.*

*(Paragraph 1.6)*

- *Inspection reports numbering 7300 (issued up to 31 December 1999) containing 14709 audit observations with money value of Rs. 1828.99 crore were not settled up to June 2000.*

*(Paragraph 1.7)*

## **2. Trade Tax**

A review on "Special Relief to Manufacturers under Section 4-B of U.P. Trade Tax Act" revealed the following:

- *Mis-use of declaration forms by 13 units in 12 circles resulted in non-levy of tax amounting to Rs.1.38 crore.*

*(Paragraph 2.2.7)*

- *Penalty of Rs. 6.33 crore was not imposed on 46 dealers for issue of false declarations.*

*[Paragraph 2.2.10 (c)]*

## **3. State Excise**

- *Non-application of revised rate resulted in short levy of tax amounting to Rs. 1.22 crore on sale of Motor spirit and Diesel oil*

*[Paragraph 3.3]*

## **4. Taxes on Vehicles, Goods and Passengers**

A review on 'Working of Enforcement Wing of the Transport Department' revealed the following:

- *Arrear dues of Rs. 191.38 crore remained unrealised due to improper action by Enforcement Wing.*

*[Paragraph 4.2.5]*

- *The Government was deprived of revenue of Rs. 19.75 crore in the form of penalty due to non-imposition of condition of two drivers on goods vehicles.*

*[Paragraph 4.2.7]*

- *Passenger tax amounting to Rs. 29.79 crore was not levied on enhanced fare collected by UPSRTC in the form of surcharge.*

*[Paragraph 4.3.(a)]*

## 5. Stamp Duty and Registration Fees

- *Government was deprived of revenue of Rs. 60.81 crore due to non-levy of stamp duty on agreements.*

[Paragraph 5.2 (a)]

## 6. Land Revenue

A review on “Management of Nazul Land” revealed the following:

- *Government was deprived of revenue of Rs. 171.17 crore in the form of premium due to unauthorised retention of Nazul Land after termination of lease period.*

[Paragraph 6.2.7]

- *Non-regularisation of unauthorised occupants resulted in loss of premium of Rs. 189.15 crore.*

[Paragraph 6.2.9]

- *Government was deprived of premium amounting to Rs. 464.03 crore due to discrepancy in the area of Nazul Land.*

[Paragraph 6.2.11]

- *Government was deprived of revenue of Rs. 657.77 crore due to Nazul Land being under unauthorised occupation.*

[Paragraph 6.2.12]

## 7. Other Tax Receipts

A review on “Assessment and Collection of Electricity Duty and Fees” revealed the following:

- *Government was deprived of Electricity Duty amounting to Rs. 75.03 lakh due to non-realisation from the licensees and UPSEB.*

[Paragraph 7.2.7]

- *Government was deprived of revenue of Rs. 1.97 crore due to short levy of electricity duty by the distribution divisions of UPSEB.*

*[Paragraph 7.2.8]*

**8. Forest Receipts**

- *Shortfall in extraction of 3506 quintals of resin resulted in loss of revenue of Rs. 61.36 lakh.*

*[Paragraph 8.5]*

## CHAPTER - 1 : GENERAL

### 1.1 Trend of revenue receipts

The tax and non tax revenue raised by the State Government of Uttar Pradesh during the year 1999-2000, State's share of divisible Union taxes and grants-in-aid received from Government of India during the year and corresponding figures for the preceding two years are given below:

(Rupees in crore)

	1997-98	1998-99	1999-2000
<b>I. Revenue raised by the State Government</b>			
(a) Tax revenue	6998.17	7912.31	9400.91
(b) Non tax revenue	1291.71	1475.06	2011.74
<b>Total</b>	<b>8289.88</b>	<b>9387.37</b>	<b>11,412.65</b>
<b>II. Receipts from the Government of India</b>			
(a) State's share of divisible Union taxes	7114.70	5768.92	7478.90 <sup>1</sup>
(b) Grants-in-aid	2166.53	2222.40	2603.57
<b>Total</b>	<b>9281.23</b>	<b>7991.32</b>	<b>10,082.47</b>
<b>III. Total receipts of the State (I + II)</b>	<b>17571.11</b>	<b>17378.69</b>	<b>21495.12</b>
<b>IV. Percentage of I to III</b>	<b>47</b>	<b>54</b>	<b>53</b>

(i) The details of tax revenue for the year 1999-2000 along with the figures for the preceding two years are given in the table on next page :

1 For details, please see statement No. 11-Detailed Accounts of revenue by Minor-Heads' in the Finance Accounts of the Government of Uttar Pradesh for the year 1999-2000. Figures under the major head "0021 Taxes on Income other than Corporation Tax share of net proceeds assigned to State" booked in the Finance Accounts under 'A-Tax Revenue' have been excluded from Revenue raised by the State and included in State's share of divisible Union Taxes in this statement.

(Rupees in crore)

Revenue Head	1997-98	1998-99	1999-2000	Increase (+) or decrease (-) in 1999-2000 with reference to 1998-99	Percentage of increase or decrease with reference to 1998-99
1	2	3	4	5	6
1. Trade Tax	3083.44	3377.89	3703.59	+325.70	+9.64
2. State Excise	1404.09	1631.34	2126.33	+494.99	+30.34
3. Stamp Duty and Registration Fees	956.00	1031.78	1177.57	+145.79	+14.13
4. Tax on Sale of Motor Spirit and Lubricants	815.55	1008.76	1359.31	+350.55	+34.75
5. Taxes on Goods and Passengers	222.36	238.18	100.26	-137.92	-57.90
6. Taxes on Vehicles	166.60	211.30	512.10	+300.80	+142.36
7. Tax on Purchase of Sugarcane	35.95	71.02	36.35	-34.67	-48.82
8. Taxes and Duties on Electricity	110.88	100.85	126.41	+25.56	+25.34
9. Land Revenue	66.57	88.34	116.09	+27.75	+31.41
10. Other Taxes on Income and Expenditure	0.21	nil	0.56	+0.56	+56
11. Taxes on Immovable Properties other than Agricultural Land	3.33	0.01	1.16	+1.15	+11500.00
12. Other Taxes and Duties on Commodities and Services	126.84	136.87	135.89	-0.98	-0.72
13. Others (Hotel receipts and Corporation tax etc.)	6.35	15.97	5.29	-10.68	-66.88
<b>Total</b>	<b>6998.17</b>	<b>7912.31</b>	<b>9400.91</b>	<b>1488.60</b>	<b>18.81</b>

The reasons for variation where it was substantial, though called for (August 2000), from the State Government, have not been received (August 2000).

(ii) The details of non-tax revenue for the year 1999-2000 along with the figures for the preceding two years are exhibited in the table given on the next page :

(Rupees in crore)

Revenue Head	1997-98	1998-99	1999-2000	Increase (+) or decrease (-) in 1999-2000 with reference to 1998-99	Percentage of increase/decrease with reference to 1998-99
1	2	3	4	5	6
1. Misc. General Services	63.88	96.78	126.80	+30.02	+31.02
2. Interest Receipts	484.34	428.00	476.68	+48.68	+11.37
3. Forestry and Wild Life	113.26	125.91	160.52	+34.61	+27.49
4. Major and Medium Irrigation	40.86	49.13	40.16	-8.97	-18.26
5. Education, Sports, Art and Culture	95.89	101.34	137.63	+36.29	+35.81
6. Other Administrative Services	36.15	102.58	103.70	+1.12	+1.09
7. Non-ferrous Mining and Metallurgical Industries	151.97	145.81	180.17	+34.36	+23.56
8. Police	47.83	74.84	53.17	-21.67	-28.96
9. Crop Husbandry	17.91	17.53	16.51	-1.02	-5.82
10. Social Security and Welfare	12.12	17.16	26.37	+9.21	+53.67
11. Medical and Public Health	21.78	33.02	34.97	+1.95	+5.91
12. Minor Irrigation	34.10	35.09	36.61	+1.52	+4.33
13. Roads and Bridges	19.13	22.06	24.30	+2.24	+10.15
14. Public Works	23.08	21.90	26.77	+4.87	+22.24
15. Co-operation	4.29	4.62	17.76	+13.14	+284.42
16. Others	125.12	199.29	549.62	+350.33	+175.79
<b>Total</b>	<b>1291.71</b>	<b>1475.06</b>	<b>2011.74</b>	<b>+536.68</b>	<b>+36.38</b>

The reasons for variation where it was substantial, though called for (August 2000) from the State Government, have not been received (August 2000).

## 1.2 Variations between Budget estimates and actuals

The variations between Budget estimates and actuals of tax and non-tax revenues in respect of major heads during the year 1999-2000 are given in the table on next page :

(Rupees in crore)

Revenue Head	Budget estimates	Actuals	Variation Increase (+) short fall(-)	Percentage of variations
1	2	3	4	5
<b>A. Tax Revenue</b>				
1. Trade Tax	4320.00	3703.59	-616.41	-14.27
2. State Excise	2260.00	2126.33	-133.67	-5.91
3. Stamp duty and Registration fee	1450.00	1177.57	-272.43	-18.79
4. Tax on Sale of Motor Spirit and Lubricants	1380.00	1359.31	-20.60	-1.50
5. Taxes on Goods and Passengers	437.60	100.26	-337.34	-77.09
6. Taxes on Vehicles	212.40	512.10	+299.70	+141.10
7. Other Taxes and Duties on Commodities and Services, Entertainment Tax	140.19	135.89	-4.30	-3.07
8. Tax on Purchase of Sugarcane	60.00	36.35	-23.65	-39.42
9. Taxes and Duties on Electricity	142.80	126.41	-16.39	-11.48
10. Land Revenue	46.75	116.09	+69.34	+148.32
<b>B. Non Tax Revenue</b>				
1. Misc. General Services	270.39	126.80	-143.59	-53.10
2. Interest Receipts	461.48	476.68	+15.20	+3.29
3. Forestry and Wild Life	200.90	160.52	-40.38	-20.10
4. Major and Medium Irrigation	201.85	40.16	-161.69	-80.10
5. Education, Sports, Art and Culture	86.40	137.63	+51.23	+59.29
6. Non Ferrous Mining & Metallurgical Industries	200.00	180.17	-19.83	-9.92

The reasons for variation where it was substantial, though called for (August 2000) from the State Government, have not been received (August 2000).

### 1.3 Cost of collection

The gross collections in respect of major revenue receipts, expenditure incurred on their collection and percentage of such expenditure to the gross collection during the years 1997-98, 1998-99 and 1999-2000 along with the relevant All India Average percentage of expenditure on collection to gross collection for 1998-99 are given on the next page :



(Rupees in crore)

Revenue Head	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India Average for the year 1998-99
1	2	3	4	5	6
1. Trade Tax	1997-98	3083.44	85.32	2.8	1.40
	1998-99	3377.89	80.51	2.4	
	1999-2000	3703.59	133.05	3.6	
2. Taxes on Vehicles, Goods and Passengers	1997-98	388.96	15.00	3.8	3.22
	1998-99	449.48	14.21	3.2	
	1999-2000	612.36	0.18	0.03	
3. State Excise	1997-98	1404.09	18.78	1.3	3.25
	1998-99	1631.34	24.48	1.5	
	1999-2000	2126.33	24.16	1.1	
4. Stamp Duty and Registration fees	1997-98	956.00	16.43	1.7	5.45
	1998-99	1031.78	13.71	1.3	
	1999-2000	1177.57	20.80	1.8	

The expenditure incurred on collection and percentage of such expenditure to the gross collection under the heads "Trade Tax" had been steadily higher than the All India Average percentage of cost of collection.

#### 1.4 Performance of assessment work in Trade Tax Department

##### (a) Arrears in assessments

(i) The number of assessments pending at the beginning of the year, cases becoming due during the year, cases disposed of during the year and the cases pending finalisation at the end of the year, as reported by the Trade Tax Department for the years 1995-96 to 1999-2000 are given below:

Year	Opening balance	Cases due for assessment during the year	Total	Cases finalised during the year	Balance at the close of the year	Percentage of column 5 to 4
1	2	3	4	5	6	7
1995-96	9,41,134	4,28,990	13,70,124	8,07,277	5,62,847	59.00
1996-97	5,62,847	5,26,778	10,89,625	4,86,648	6,02,977	44.7

1	2	3	4	5	6	7
1997-98	6,69,353	4,51,315	11,20,668	7,30,551	3,90,117	65.19
1998-99	4,42,379	4,66,899	9,09,278	4,89,535	4,19,743	53.84
1999-2000	4,57,508	4,89,838	9,47,346	4,89,357	4,57,989	51.66

It was seen that the closing balance of the years 1996-97, 1997-98 and 1998-99 differs from the opening balance of the succeeding years. The department stated that this was due to information received from other departments during the year and rectification of mistakes. The reply of department is not tenable, as the opening balance of a particular year cannot be different from the closing balance of the preceding year. The department needs to correct the system of maintenance of records to ensure consistency and correctness of statistics.

**(b) Appeal and revision cases**

(i) The number of appeal and revision cases due for disposal and finalised by the Trade Tax Department during the years 1995-96 to 1999-2000 together with the number of appeal and revision cases pending at the end of 1999-2000 as reported by the Department are indicated in the following table:

Year	Opening balance	Number of appeals filed during the year	Total	Number of appeals disposed of during the year	Balance at the close of the year	Percentage of cases disposed of to the total number of cases
1	2	3	4	5	6	7
<b>Appeal cases</b>						
1995-96	56,302	36,715	93,017	36,138	56,879	39
1996-97	56,879	42,166	99,045	32,913	66,132	33
1997-98	66,132	48,794	1,14,926	54,932	59,994	48
1998-99	59,994	61,931	1,21,925	61,339	60,586	50
1999-2000	60,586	55,194	1,15,780	64,168	51,612	55
<b>Revision cases</b>						
1995-96	67,353	14,374	81,727	19,853	61,894	24
1996-97	61,894	8,444	70,338	13,226	57,112	19
1997-98	57,112	9,544	66,656	16,609	50,047	25
1998-99	50,047	14,225	64,272	14,858	49,414	23
1999-2000	49,414	Information not furnished by the Department				

(ii) Year wise break up of the appeal and revision cases pending as on 31 March 2000 was as under:

Year	Pending as on 31 March 2000	
	Appeal cases	Revision cases
Upto 1997	107	11,705
1998	2,508	1,556
1999	35,622	1,770
2000	13,375	585
<b>Total</b>	<b>51,612</b>	<b>15,616</b>

### 1.5 Arrears of revenue

As on 31 March 2000, arrears of revenue under principal heads of revenue, as reported by the concerned Departments, were as under:

Sl. No.	Heads of revenue	Arrears pending collection		Remarks
		<b>Total</b>	<b>More than 5 years old</b>	
		<b>(Rupees in crore)</b>		
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1.	Trade Tax	5421.10	N.A.	Out of Rs. 5421.10 crore, demand for Rs. 851.11 crore had been certified for recovery as arrears of land revenue. Recoveries amounting to Rs. 1302.54 crore and Rs. 76.22 crore had been stayed by the courts and Government respectively. Recoveries amounting to Rs. 115.43 crore were held up due to rectification/ review applications. Demand for Rs. 398.49 crore was likely to be written off. Specific action taken in respect of the remaining arrears of Rs. 2677.31 crore had not been intimated by the Department.
2.	Cane Purchase Tax	30.91	10.85	Out of Rs.30.91 crore, demand for Rs.1.36 crore had been certified for recovery as arrears of land revenue. Recoveries amounting to Rs.0.07 crore had been stayed by courts. Specific action taken in respect of remaining arrears of Rs.29.48 crore, though called for (August 2000) had not been intimated by the Department.

1	2	3	4	5
3.	Forestry and Wild life	34.37	16.41	Out of Rs.34.37 crore, demand for Rs.8.20 crore had been certified for recovery as arrears of land revenue. Recovery amounting to Rs.0.99 crore had been stayed by the courts. Demand for Rs. 0.15 crore is likely to be written off. Specific action taken in respect of the remaining arrears of Rs.25.03 crore, had not been intimated by the Department.
4.	Entertainment Tax	7.63	3.38	Out of Rs.7.63 crore, demand for Rs.1.26 crore had been certified for recovery as arrears of land revenue. Recoveries amounting to Rs.5.46 crore and Rs.0.21 crore had been stayed by the courts and Government respectively. In respect of remaining arrears of Rs. 0.70 crore, notice has been issued by the Department.
5.	Electricity Duty	104.20	Nil	Out of Rs.104.20 crore, recovery of Rs..04 crore had been stayed by the courts. Rs.2.96 crore which related to sick units has been stayed by B.I.F.R. The balance of Rs.101.20 crore is under process of recovery.
6.	State Excise	91.49	N.A	Out of Rs. 91.49 crore, demand for Rs.10.52 crore had been certified for recovery as arrears of land revenue. Recovery amounting to Rs.78.70 crore had been stayed by the courts. Demand for Rs.2.27 crore was pertaining to dealers becoming insolvent.

In respect of other departments the position of arrears, though called for (June 2000), has not been received (August 2000).

### 1.6 Results of audit

Test check of the records of Trade Tax, State Excise, Taxes on Vehicles, Goods and Passengers, Stamp Duty and Registration Fee, Land Revenue, Electricity Duty, Tax on Purchase of Sugarcane and Forest Receipts conducted during the year 1999-2000 revealed under assessments/short levy/loss of revenue amounting to Rs.2366.27 crore in 2736 cases. During the course of the year 1999-2000, the concerned departments accepted under assessments etc. of Rs.12.91 crore involved in 914 cases, of which 99 cases involving Rs. 4.11 crore had been pointed out in audit during 1999-2000 and the rest in earlier years.

This report contains 35 paragraphs and 4 reviews relating to non levy, short levy of tax, duty, interest, penalty etc. involving Rs. 1978.22 crore. The Departments/ Government have accepted audit observations involving Rs. 1.18 crore in 8 cases,

of which Rs.0.11 crore had been recovered till August 2000. No replies have been received in the remaining cases (August 2000).

### 1.7 Outstanding Inspection Reports and audit observations

Audit observations on incorrect assessments, short levy of taxes, duties, fees, etc. as also defects in initial records noticed during audit and not settled on the spot are communicated to the heads of offices and other departmental authorities through inspection reports. The more important irregularities are reported to the heads of departments and Government. The heads of offices are required to furnish replies to the inspection reports through the respective heads of departments within a period of two months.

The number of inspection reports and audit observations relating to revenue receipts issued upto 31 December 1999, which were pending settlement by the departments as on 30 June 2000, along with corresponding figures for the preceding two years are given below:

(At the end of June)

	1998	1999	2000
1	2	3	4
1. Number of inspection reports pending settlement	4733	6429	7300
2. Number of outstanding audit observations	11147	14565	14709
3. Amount of revenue involved (in crore of rupees)	391.84	1648.51	1828.98

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

Nature of receipts	Number of outstanding Inspection Reports	Number of outstanding audit observations	Amount of revenue involved (in crores of rupees)	Years to which the observations relate
1	2	3	4	5
1. Forestry and Wild Life	1113	2212	1470.55	1977-78 to 1999-2000
2. Trade Tax	1733	4675	175.07	1989-90 to 1999-2000
3. Irrigation	235	429	22.53	1984-85 to 1999-2000

*Audit Report (Revenue Receipts) for the year ended 31 March 2000*

1	2	3	4	5
4. State Excise	572	807	29.95	1984-85 to 1999-2000
5. Land Revenue	901	1488	28.41	1984-85 to 1999-2000
6. Taxes on Vehicles, Goods and Passengers	752	1511	18.89	1984-85 to 1999-2000
7. Public Works	235	636	15.30	1985-86 to 1999-2000
8. Tax on Purchase of Sugarcane	103	115	12.49	1985-86 to 1999-2000
9. Stamp Duty and Registration Fee	1061	2015	16.51	1984-85 to 1999-2000
<b>Other Departments</b>				
a. Agriculture	113	209	10.56	1989-90 to 1999-2000
b. Electricity Duty	276	330	12.63	1985-86 to 1999-2000
c. Food and Civil Supplies	38	59	0.25	1991-92 to 1999-2000
d. Co-operation	91	113	12.26	1985-86 to 1999-2000
e. Entertainment Tax	77	110	3.59	1986-87 to 1999-2000
<b>Total</b>	<b>7300</b>	<b>14709</b>	<b>1828.99</b>	

This was brought to the notice of Government in April 2000 and August 2000; intimation regarding steps taken by the Government to clear the outstanding inspection reports and audit observations has not been received (August 2000).

## CHAPTER - 2 : TRADE TAX

### 2.1 Results of Audit

Test check of the assessments and other records of the trade tax offices conducted in audit during 1999-2000 revealed under assessments of tax, non or short levy of penalty/interest, irregular exemption of tax etc. amounting to Rs. 20271.45 lakh in 1374 cases, which broadly fall under the following categories:

(Rupees in lakh)

Sl. No.	Categories	No. of cases	Amount
1.	Non-levy or short levy of penalty/interest	472	458.11
2.	Irregular exemption	222	8669.42
3.	Non-levy of additional tax	96	876.11
4.	Incorrect rate of tax	301	4768.84
5.	Mis-classification of goods	47	2744.04
6.	Turnover escaping tax	05	67.37
7.	Irregularities relating to Central Sales Tax	44	126.82
8.	Under assessment of tax	40	27.52
9.	Other irregularities	146	262.37
10.	Review on "Special relief to manufacturers under section 4-B of U.P. Trade Tax Act, 1948".	01	2270.85
	<b>Total</b>	<b>1374</b>	<b>20271.45</b>

During the year 1999-2000 the department accepted under assessment etc. of Rs. 268.15 lakh involved in 490 cases, of which 57 cases involving Rs. 123.03 lakh had been pointed out in audit during 1999-2000 and the rest in earlier year's, of which a sum of Rs. 10.76 lakh involved in 72 cases had been recovered upto March 2000.

A few illustrative cases and 1 review on 'special relief to manufacturers under section 4-B of U.P. Trade Tax Act, 1948' involving financial effect of Rs127.94 crore are mentioned in following paragraphs:

## **2.2. "SPECIAL RELIEF TO MANUFACTURERS UNDER SECTION 4-B OF U.P. TRADE TAX ACT"**

### **Highlights**

(i) 4 units in 4 circles were granted Recognition Certificate for goods not specified which resulted in loss of Rs. 47.27 lakh.

*(Para 2.2.6(a))*

(ii) Mis-use of declaration forms by 13 units in 12 circles resulted in non-levy of tax amounting to Rs.1.38 crore.

*(Para 2.2.7)*

(iii) Non imposition of penalty for misuse of raw material resulted in loss of revenue of Rs. 83.88 lakh.

*(Para 2.2.10(a))*

(iv) Non imposition of penalty for unauthorised disposal of goods resulted in loss of revenue of Rs. 98.50 lakh.

*(Para 2.2.10(b))*

(v) Non imposition of penalty for furnishing false declaration resulted in loss of revenue of Rs. 6.33 crore.

*(Para 2.2.10(c))*

### **2.2.1. Introduction**

With a view to providing special relief to certain manufacturers, the Government of Uttar Pradesh introduced tax incentive schemes under Section 4-B of the Uttar Pradesh Trade Tax Act, 1948. The scheme offered several incentives and relief from taxation including exemptions from tax or reduction in the rate of tax on sale or purchase of goods required for use in manufacture, to a dealer holding Recognition Certificate (R.C.), issued by the Department.

### **2.2.2. Organisational Set up**

Overall control, direction and superintendence of Trade Tax Department vests with the Commissioner Trade Tax, with headquarters at Lucknow. The



Commissioner is assisted by Additional Commissioners, Deputy Commissioners, Assistant Commissioners and Trade Tax Officers (TTOs). The State is divided into 39 administrative ranges each headed by a Deputy Commissioner (Executive). The Range is further divided into circles and sectors each under the charge of an Asstt. Commissioner (Assessment) and Trade Tax Officer, Grade I/II respectively.

### **2.2.3. Legal provisions**

Levy and collection of Trade Tax is governed by

- (i) U.P. Trade Tax Act, 1948, (hereinafter referred as 'Act')
- (ii) U.P. Trade Tax Rules, 1948 (hereinafter referred as 'Rules')
- (iii) Central Sales Tax Act, 1956

and the notification issued under both the Acts from time to time.

### **2.2.4. Scope of Audit**

With a view to ascertaining whether special relief to manufacturers was granted according to the provisions of the Act, the Rules, and the instructions issued from time to time by the State Government and the Commissioner, assessment records of 16<sup>2</sup> out of 39 administrative ranges and the cases assessed between the period 1994-95 and 1997-98 were test-checked during October 1999 to March 2000. Cases relating to incentive scheme for the period from 1 September 1987 to 31 May 1994, which were assessed prior to 1994-95 were also test-checked.

### **2.2.5 Salient features of the Scheme**

#### ***Pre-1994 Scheme***

Section 4-B of the U. P. Trade Tax Act, 1948 read with Government notification dated 29 August 1987 provides for:

- (i) Exemption from Tax in respect of raw materials for manufacture of goods specified in the notification (specified goods).
- (ii) Concessional rate of tax (2 to 4%) in respect of raw material and machinery, plant, equipment, spare parts processing materials, fuel or lubricants etc. utilised for manufacture of specified goods.

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2 Allahabad, Bulandshahar, Ghaziabad (2), Kanpur (3), Kashipur, Lucknow (2), Meerut (2), Moradabad (2), Noida and Saharanpur.

**Post 1994 Scheme**

Government notification dated 21 May 1994 provides for uniform rate of tax of 2 per cent, on the sale to a dealer holding valid Recognition Certificate for any raw material, processing material, spare parts, accessories, components, fuel or lubricants required for use in the manufacture of goods or of any goods required for use in the packing of specified goods manufactured by him.

**2.2.6 System and procedure for issue of Recognition Certificate**

Under the Act, a manufacturer may apply to the assessing authority for the grant of Recognition Certificate. If the Assessing Authority is satisfied, he shall grant a Recognition Certificate, in such form and subject to such conditions as may be prescribed.

**(a) Incorrect grant of Recognition Certificate**

The Government notification dated 29 August 1987, provides for special relief in tax to manufacturer on purchase of raw-materials and packing materials for use in the manufacture of specified goods (except paper catechu, matches etc.) on fulfilment of certain conditions. As per judicial pronouncement craft paper comes within the category of paper.

During audit of 4 Trade Tax Circles, it was noticed that in the case of 4 dealers the department had issued recognition certificate for purchase of raw material for manufacture of craft paper/wrapping paper tax free/at concessional rate. The dealers purchased raw-materials worth Rs. 505.75 lakh between period 1990-91 and 1994-95 without payment of tax or at concessional rate of tax. Since a paper manufacturer is not entitled for issue of recognition certificate for purchase of raw material, this resulted in incorrect exemption/concession of Rs. 47.27 lakh. Besides, interest at the rate of 2 per cent per month amounting to Rs. 71.76 lakh was also chargeable. Details are given as under :

(Rupees in lakh)

Sl. No.	Name of circle	Year	Name of raw material purchased	Value of raw materials	Amount of tax involved	Interest	Total
1.	AC(A)-9 Kanpur	1993-94 and 1994-95	Paper, wax, ink and adhesive	79.20	6.97	10.70	17.67
2.	TTO Sector-3 Aligarh	1993-94	Waste Paper	12.90	1.76	2.79	4.55
3.	AC(A)-6 Meerut	1992-93 to 1993-94	Paper and Packing material	84.10	5.92	10.17	16.09
4.	AC(A)-2 Moradabad	1990-91 to 1994-95	Waste paper, Core pipe & Bagasse	329.55	32.62	48.10	80.72
	<b>TOTAL</b>			<b>505.75</b>	<b>47.27</b>	<b>71.76</b>	<b>119.03</b>

(b) The above Government notification also provides that raw-material i.e. rice bran and oil cake required for extracting oil by solvent extraction process may be purchased tax-free by manufacturer holding Recognition Certificate. By Government notification of 31 March 1992 the facility of exemption was withdrawn. Instead the material was allowed to be purchased at concessional rate. From 1 August 1992 oil seed was also included in the raw material.

During audit of Assistant Commissioner (A)-11, Ghaziabad, it was noticed that a manufacturer of oil (extracted by solvent extraction process) holding Recognition Certificate, purchased oil seed worth Rs. 182.13 lakh between the period 1992-93 and 1995-96 tax free instead of purchasing oil seed worth Rs. 65.52 lakh at full rate of tax during 1992-93 and worth Rs. 116.61 lakh at concessional rate during 1994-95 to 1995-96 resulting in loss of revenue amounting to Rs. 4.95 lakh. Besides, interest amounting to Rs. 7.20 lakh was also chargeable.

### 2.2.7 Misuse of declaration forms

The Act, provides that in the event of issue of false or wrong declaration forms, the dealer shall be liable to pay a sum equal to the amount of relief in tax secured by him on the purchase of raw materials, packing materials etc. Besides, interest at the rate of 2 per cent per month is also chargeable from the date of purchase of such goods to the date of deposit of such amount.

It was noticed in the audit of 12 Trade Tax circles, that 13 dealers were incorrectly allowed exemption/concessional rate of tax amounting to Rs. 138.46 lakh on the purchase of raw materials/machinery against declaration (Form 3-B) as either the material purchased by them was not raw material for the end product or they were not authorised to purchase the same. The dealers were therefore, liable to pay an amount of Rs. 138.46 lakh equal to relief in tax secured by them. Besides, interest amounting to Rs. 139.88 lakh was also chargeable. The details are given as under:

(Rupees in lakh)

Sl. No.	Name of Circle	Assessment year	Goods purchased	Value of Goods purchased	Amount of tax involved	Interest	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	AC(A), Gautam Buddha Nagar	1996-97 & 1997-98	Audio System	1474.06	36.86	24.95	61.81
2.	AC(A)-11, Ghaziabad	1993-94 & 1994-95	Oil & Packing Material	81.78	2.04	2.54	4.58
3.	AC(A)-III, Moradabad	1994-95 to 1996-97	Paper	303.46	15.17	13.28	28.45

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
4.	AC(A)-I, Moradabad	1994-95 & 1995-96	Craft paper	30.40	1.52	1.62	3.14
5.	AC(A)-7, Noida	1994-95 to 1996-97	Paper	69.60	3.48	3.45	6.93
6.	AC(A)-4, Lucknow	1996-97	Hume Pipe	197.00	14.78	10.05	24.83
7.	AC(A)-I, Allahabad	1995-96 to 1996-97	Turbine/Transformers/steel	1464.65	33.17	33.71	66.88
8.	AC(A)-I, Saharanpur	1994-95 to 1996-97	Electrical goods, welding materials, paints, boiler temp. Controls & boiler spares	26.75	2.01	1.94	3.95
9.	AC(A)-2, Saharanpur	1995-96 to 1997-98	Bushing, metal parts, hardware and aluminium wire	23.60	1.77	1.23	3.00
10.	AC(A), Sikandrabad (Bulandshahr)	1992-93 to 1993-94	Pipe	648.25	25.93	45.11	71.04
11.	AC(A)-19, Kanpur	1996-97	Electrical goods, Paints, Thinner	6.14	0.59	0.60	1.19
12.	TTO Sector-1 Muzaffarnagar	1993-94 to 1995-96	Craft paper	22.84	1.14	1.40	2.54
			<b>Total</b>	<b>4348.54</b>	<b>138.46</b>	<b>139.88</b>	<b>278.34</b>

### 2.2.8 Concealment of turnover due to non-verification of forms

Under the Act, in the case of any dealer who has concealed the particulars of his turnover or has deliberately furnished inaccurate particulars of such turnover, the assessing authority may, after necessary enquiry, direct such dealer to pay by way of penalty, in addition to tax, a sum not less than 50 per cent but not exceeding 200 per cent of the amount of tax which has been avoided.

During audit of TTO Sector-1 Noida, it was noticed that dealers had concealed the particulars of turnover or had furnished inaccurate particulars of such turnover amounting to Rs.107.93 lakh relating to assessment year 1994-95.

The concealment was detected by audit on cross-verification of records of 2 selling dealers<sup>3</sup>. The Department had neither levied tax amounting to Rs.18.31 lakh nor imposed penalty amounting to Rs.9.15 lakh.

### 2.2.9. Non-levy of tax

A dealer who purchases any goods, liable to tax at the point of sale to consumer

<sup>3</sup> SAIL Ghaziabad and UPSIC Kanpur

by furnishing declaration in form 3-A, shall be liable to pay tax, if goods so purchased are not sold in the same form and condition.

The Hon'ble Supreme Court held<sup>4</sup> (1997) that raw hides and skins were a commodity different from dressed hides and skins. Accordingly purchase of raw hides used in the manufacture of dressed hides is liable to tax @ 4 per cent upto 31 May 1994 and @ 2 per cent thereafter by a dealer holding Recognition Certificate.

During audit of 6 Trade Tax Circles, it was noticed that 32 dealers holding Recognition Certificates purchased raw hides worth Rs.47050.17 lakh either from unregistered dealers or by furnishing declaration in form 3-A and used the same as raw material in the manufacture of dressed hides (tanned hides). The dealers were, therefore, liable to pay tax amounting to Rs.1186.78 lakh which was not levied. Besides, interest at the rate of 2 per cent amounting to Rs.1510.73 lakh was also chargeable. The details are given as under:

(Rupees in lakh)

Sl. No	Name of the circle	Assessment year	Value of raw hides purchased	Tax leviable	Interest	Total
1.	AC(A)-17 Kanpur	1992-93 to 1997-98	31089.66	820.96	1078.04	1899.00
2.	AC(A)-14 Kanpur	1992-93 to 1997-98	5198.15	118.35	131.38	249.73
3.	AC(A)-16 Kanpur	1991-92 to 1997-98	4218.77	98.61	131.19	229.80
4.	AC(A)-12 Kanpur	1993-94 to 1997-98	3675.98	87.05	104.41	191.46
5.	TTO Sector-15 Kanpur	1994-95 to 1996-97	350.33	7.00	7.14	14.14
6.	AC(A)-10 Kanpur	1993-94 to 1997-98	2517.28	54.81	58.57	113.38
	<b>TOTAL</b>		<b>47050.17</b>	<b>1186.78</b>	<b>1510.73</b>	<b>2697.51</b>

On this being pointed out, the department stated (February 2000) that raw hides and tanned hides are same commodities. The reply is not tenable in view of Supreme Court decision.

### **2.2.10 Non imposition of penalty**

#### **(a) Misuse of raw material**

Under the Act, in case of use of the raw materials for a purpose other than that

<sup>4</sup> TVLK A.K. Anwar & Co. etc. V/s State of Tamil Nadu (STI/1998-SC:1)

for which Recognition Certificate is granted or otherwise disposed of, the dealer shall be liable to pay by way of penalty a sum which shall not be less than the amount of relief in tax so secured by him, but shall not exceed three times of such relief.

During the audit of 5 Trade Tax circles, it was noticed that the dealers holding Recognition Certificate for the manufacture of specified goods, purchased raw materials worth Rs. 2114.64 lakh tax free/at concessional rate of tax and utilised the same for other purposes. The dealers were therefore liable to pay penalty amounting to Rs. 83.88 lakh as detailed below:

(Rupees in lakh)

Sl. No.	Name of Office	Year	Holding Recognition Certificate for manufacture of	Name of Raw material purchased/sold	Whether Tax free/Concessional	Value of Material	Used otherwise /sold as such	Penalty Leviable
1.	TTO Sector-7, Allahabad	1993-94 & 1994-95	Wire	Wire rod	Tax free/Concessional	1524.21	Sold as such	38.94
2.	AC(A)-14 Kanpur	1994-95 1995-96 & 1996-97	H.D.P.E. woven sacks	H.D.P.E. Granules	Concessional	430.69	Used otherwise	32.30
3.	AC(A)-4 Ghaziabad	1991-92	Steel rolling	Billet and bloom	Tax free	37.04	Used otherwise	4.45
4.	AC(A)-7 NOIDA	1993-94 to 1996-97	Menthol cosmetics goods	Corrugated Boxes plastic powder & chemicals	Tax free/Concessional	24.13	Used otherwise	2.04
5.	AC(A)-7 NOIDA	1994-95 1996-97	Corrugated Rolls & Packing Boxes	Craft paper, Gum powder & Gum tape	Concessional	57.12	Used otherwise	3.04
6.	AC(A)-11 Lucknow	1996-97	Repairing of transformer	Paints, Aluminium wires & fittings	Concessional	41.45	Used otherwise	3.11
	<b>TOTAL</b>					<b>2114.64</b>		<b>83.88</b>

**(b) Unauthorised disposal of goods**

Under the Act, where a dealer had purchased any goods after payment of tax at concessional rate and the goods manufactured out of this raw material or processing the manufactured goods after being packed with such packing materials were sold or disposed of otherwise than by way of sale in the State or in the course of inter-state trade or commerce or in the course of export out of India, such dealer shall be liable to pay as penalty an amount of relief in tax so secured by him.

During audit of 3 Trade Tax Circles, it was noticed that 3 dealers holding Recognition Certificates for the manufacture of notified goods purchased raw material worth Rs. 1010.89 lakh between period 1995-96 and 1996-97 at the concessional rate of tax on the strength of declaration in Form 3-B but transferred the finished goods to branches within the state or outside the State on consignment basis. The dealers were, therefore, liable to pay penalty amounting to Rs. 98.50 lakh. Details are given below:

(Rupees in lakh)

Sl. No.	Name of circle	Year	Holding R.C. for manufacture of	Name of goods purchased against 3 B	Value of goods purchased	Value of manufactured goods consigned	Penalty leviable
1.	TTO Sector-1 Muzaffarnagar	1995-96	Base filter paper	Consumable store packing material	13.25	169.44	16.94
2.	AC(A)-8 Ghaziabad	1996-97	Iron Steel	Ingot, Boom, slab	746.34	1870.34	37.41
3.	AC(A) Sikandrabad (Bulandshahar)	1995-96 and 1996-97	Sugar Molasses & Bagasse	Lime, Thread, Pump, Castrol, Bitumines Oil, Oil & Grease, Evaporation body	251.30	441.49	44.15
	<b>Total</b>				<b>1010.89</b>	<b>2481.27</b>	<b>98.50</b>

### (c) False certificate or declaration

Under the Act, any dealer who had issued or furnished a false certificate or declaration by reason of which tax on sale or purchase ceases to be leviable, he shall pay by way of penalty, in addition to tax, a sum not less than fifty per cent but not exceeding two hundred per cent of the amount of tax which would thereby have been avoided.

In 19 Trade Tax Circles, it was noticed that 46 dealers had issued or furnished false declarations by reason of which tax on sale or purchase ceased to be levied which worked out to Rs. 1266.24 lakh relating to the assessment years from 1991-92 to 1997-98. The dealers were, therefore, liable to a minimum penalty of Rs. 633.12 lakh which was not levied.

### 2.2.11 Other interesting cases

Section 4-B of the Act, read with Government Notification dated 21 May 1994, provides for special relief from tax on sale or purchase of goods required for use in the manufacture to a dealer holding Recognition Certificate. The exemption

from the tax on sale of goods is also admissible to a dealer (new unit) holding Eligibility Certificate.

During audit of Assistant Commissioner (Assessment)-2 Trade Tax, Kanpur, it was noticed that a dealer holding Recognition Certificate (January 1992) for the manufacture of biscuits was granted Eligibility Certificate (July 1994) for exemption on sale of goods for the period from 30 November 1991 to 29 November 2001. The dealer was engaged in job work of a firm (M/S Britannia Industries Ltd, Ghaziabad) and was not a manufacturer and thus not entitled for exemption during the period from 1992-93 to 1997-98. This resulted in inadmissible exemption of Rs.59.58 lakh.

The matter was reported to the Department and Government (June 2000); their replies have not been received (August 2000).

### 2.3 Short levy of tax due to mis-classification of goods

Under the Uttar Pradesh Trade Tax Act, 1948, tax on goods at different rates is leviable as laid down in the schedule of rates based on their classification. Besides, additional tax is also leviable at the rate of 25 per cent of the tax with effect from 1 August 1990.

During audit of 8 Trade Tax offices, it was noticed (between September 1998 to December 1999) that due to mis-classification of goods, correct rate of tax was not applied which resulted in short levy of tax amounting to Rs. 26.97 crore. Details are given below:

(Rupees in Lakh)

Sl. No.	Name of Office	Year of Assessment	Nature of misclassifications	Taxable turnover	Rate of tax leviable	Rate of tax levied	Tax short levied
1	2	3	4	5	6	7	8
1	Trade Tax Officer, Sector-19, Trade Tax Kanpur.	1994-95 to 1996-97	Electrical Goods treated as electronic goods	32.16	10%	5%	1.61
2	Assistant Commissioner (Assessment), Trade Tax, Khatima (Nainital)	1996-97	Automatic Batching Plant treated as old and discarded instead of unclassified	47.50 [35.50] [12.00]	[10%] [10%]	[4%] [5%]	2.73 [2.13] [0.60]
3	Assistant Commissioner (Assessment)-I, Trade Tax, Noida	1996-97	Perfumery compound treated as unclassified instead of 'scents and perfumes'	41.05	15%	10%	2.05



1	2	3	4	5	6	7	8
4	Assistant Commissioner (Assessment)-6, Trade Tax, Lucknow	1995-96	Electronic Weighing Machine treated as electronic goods instead of machinery	44.22	7.5%	5%	1.11
5	Assistant Commissioner (Assessment)-7, Trade Tax, Lucknow	1991-92 to 1993-94	Rivets treated as Iron and steel instead of Hardware	12.49	10%	4%	0.75
6	Assistant Commissioner (Assessment), Trade Tax, Bhadohi	1997-98	Machinery treated as old and discarded instead of Machinery	22.25	7.5%	5%	0.56
7	Trade Tax Officer Sector-5, Meerut	1994-95 to 1996-97	Grease, brake oil, gear oil <sup>5</sup> treated as lubricants instead of petroleum based oil	81.61	15%	10%	4.08
8.	Assistant Commissioner (Assessment), Trade Tax, Rampur.	1992-93 to 1996-97	Xerox Machine treated as electronic goods instead of office machine	29924.88	15% upto 9.10.95 and 7.5% thereafter	3.75% upto 30.9.94 and 5% thereafter	2609.24
	-----do-----	1992-93 to 1996-97	Fax Machine treated as electronic goods instead of office machine	635.58	15% upto 9.10.95 and 7.5% thereafter	10 % upto 30.9.94 and 5% thereafter	32.99
	-----do-----	1994-95 to 1996-97	Voltage Stabilizer treated as electronic goods instead of electrical goods	533.46	10%	2.5% upto 9.10.95 and 2% thereafter	41.61
	<b>Total</b>			<b>31375.20</b>			<b>2696.73</b>

The cases were reported to the Department and Government (between December 1998 to March 2000); their replies have not been received (August 2000).

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

During audit of 22 Trade tax offices, it was noticed (between January 1998 to

<sup>5</sup> CLR-CR-164/87-88 dated 26.5.1987 (1988) STC CRR and CR-5 Sl. No. 9 (KAR)

December 1999) that incorrect rate of tax in 24 cases were applied while assessing the dealers. This resulted in short levy of tax amounting to Rs. 285.11 lakh as given below:

(Rupees in Lakh)

Sl. No.	Name of Office	Assessment Year	Name of Commodity	Taxable turnover	Rate of tax leviable including addl tax	Rate of tax levied (per cent)	Tax short levied
1	2	3	4	5	6	7	8
1	Assistant Commissioner (Assessment)-6, Trade Tax, Ghaziabad	1994-95 and 1995-96	Refined Soyabeen oil	215.40	10	2.5	16.16
2	Assistant Commissioner (Assessment)-II, Trade Tax, Lucknow	1996-97	Lottery Ticket	16.20	25	2.5	3.65
3	Assistant Commissioner (Assessment)-V, Trade Tax, Kanpur	1994-95 and 1995-96	Ayurvedic Medicines	60.55	10	7.5	1.51
4	Assistant Commissioner (Assessment)-VI, Trade Tax, Kanpur	1994-95 and 1995-96	Jari Booti	45.85	10	7.5	1.15
5	Assistant Commissioner (Assessment)-III, Trade Tax, Varanasi	1994-95 and 1995-96	Aluminium Powder	188.00	10	5	9.42
6	Assistant Commissioner (Assessment)-V, Trade Tax, Lucknow	1994-95	Refined edible oil	9.17	10	2.5	0.69
7	Assistant Commissioner (Assessment), Trade Tax, Amroha	1995-96	Ayurvedic medicines	38.48	10	7.5	0.96
8	Trade Tax Officer Sector-I, Agra	1993-94	Refined Cotton seed oil	9.17	10	2.5	0.69
9	A. C. (A), Trade Tax, Khatima	1991-92	Steel doors	28.00	10	4	1.68
10	Assistant Commissioner (Assessment)-III, Trade Tax, Allahabad	1994-95	Mosquito repellent	69.28	10	7.5	1.73
11	Assistant Commissioner (Assessment), Trade Tax, Etawah	1995-96	Ayurvedic medicines	123.00	10	7.5	3.08
12	Assistant Commissioner (A) XI, Trade Tax, Ghaziabad.	1996-97	Refined edible oil	332.00	7.5% upto 26 August 96 & 5% thereafter	NIL	16.59
13	-----do-----	1994-95 & 1995-96	-----do-----	722.56	10	2.5	54.19
14.	Assistant Commissioner (A), T.T., Deoria	1996-97	Molasses	61.01	15	2.5	7.63

(Rupees in Lakh)

1	2	3	4	5	6	7	8
15	Assistant Commissioner (A)II.T.T., Kanpur	1995-96	Refined oil	198.00	10	2.5	14.85
16	Assistant Commissioner (Assessment)-I, Trade Tax, Agra	1993-94 and 1994-95	Refined mustard oil	15.95	10	2.5	1.20
17	Assistant Commissioner (Assessment)-I, Trade Tax, Lucknow	1996-97	Machinery	67.54	7.5	6.25	0.84
18	Assistant Commissioner (Assessment)-VI, Trade Tax, Lucknow	1994-95 and 1996-97	Photocopiers and Fax Machines	429.00	15 upto 9.10.95  7.5 thereafter	3.75 upto 30.9.94  5 from 1.10.94 to 31.3.95	17.84
19	Assistant Commissioner (Assessment)-VIII, Trade Tax, Lucknow	1994-95	Computer	230.00	15	7.5	17.25
20	Assistant Commissioner (Assessment)-VI, Trade Tax, Lucknow	1994-95 and 1996-97	Liquid skimmed milk	4479.00	10	7.5	112.00
21	Trade Tax officer, Nainital	1996-97	Scrap of watches	38.65	5	2.5	0.97
22	Assistant Commissioner (Assessment), Trade Tax, Amroha	1994-95 and 1996-97	Ayurvedic medicines	41.14	10	7.5	1.03
	<b>Total</b>			<b>2417.95</b>			<b>285.11</b>

The cases were reported to the department and Government (between March 1998 to March 2000); their replies have not been received (August 2000).

## 2.5 Non/short levy of Central Sales Tax

(a) Under the Central Sales Tax Act, 1956, tax on inter-state sale of goods not covered by declaration in form 'C' or 'D' is leviable at the rate of 10 per cent or at the rate applicable on sale or purchase of such goods inside the state, whichever is higher.

During the audit of 3 Trade Tax offices, it was noticed (between November 1998 to July 1999) that incorrect rates of tax were levied on interstate sale of goods not covered by declaration in form 'C' or 'D'. This resulted in short levy of tax amounting to Rs. 416.12 lakh. The details are given on the next page :

(Rupees in Lakh)

Sl. No.	Name of Office	Assessment Year	Name of Commodity	Taxable turnover	Rate of tax leviable (per cent)	Rate of tax levied (per cent)	Tax short levied
1	Assistant Commissioner (Assessment)-II, Trade Tax, Lucknow	1996-97	Lottery Tickets	484.00	25	2.5	109.00
2	Assistant Commissioner (Assessment)-V, Trade Tax, Kanpur	1996-97	Urea	4458.00	10	4	267.00
3	Assistant Commissioner (Assessment)-VI, Trade Tax, Lucknow	1996-97	Fax Machines	502.00	10	2	40.12
	<b>Total</b>			<b>5444.00</b>			<b>416.12</b>

On this being pointed out in audit (between November 1998 to July 1999) the department raised demand of Rs. 109.00 lakh in one case. Further report and reply in the remaining cases have not been received.

The cases were reported to the Department and Government, (between March 1999 to September 1999); their replies have not been received (August 2000).

(b) Tax on sale of Indian made foreign liquor (IMFL) was leviable at the rate of 32.5 per cent (including additional tax) between the period 7 September 1981 to 31 March 1996 under the U.P. Trade Tax Act, 1948.

During the audit of Asstt. Commissioner (A) Trade Tax, Khatauli (Muzaffarnagar) it was noticed (November 1998) that a dealer entered into a contract for sale of IMFL to 4 wholesale vendors of Delhi. IMFL worth Rs. 1.04 crore was supplied directly from the dealer's factory at Mansoorpur (Muzaffarnagar) during 1994-95 and 1995-96. As movement of IMFL from Mansoorpur to Delhi was in pursuance to and as an incident to contract for sale, transaction was inter-state sale and the dealer was liable to pay tax of Rs. 33.81 lakh which was not levied by Assessing Officer treating the sale as stock transfer. This resulted in non-levy of tax of Rs. 33.81 lakh.

The case was reported to the Department and Government (April 1999); their replies have not been received (August 2000).

## 2.6 Non-levy of tax due to turnover escaping assessment

Under the State Act, sale of cement is taxable at the rate of 12.5 per cent. It has been judicially<sup>6</sup> held that forwarding charges (freight charges) form part of

<sup>6</sup> Dyer Meakin Breweries Ltd., Vrs. State of Kerala (1970) 26 STC 248 (SC) 5 SC ST

turnover even if such charges are shown separately in the sale bills.

During audit of Assistant Commissioner (Assessment) Trade Tax, Fatehpur it was noticed (October 1999) that during the year 1995-96 and 1996-97, the sale turnover of a dealer was determined at Rs. 4.11 crore and tax at the rate of 12.5 per cent levied thereon. The element of forwarding charges amounting to Rs. 67.77 lakh was, however, excluded while determining sale turnover of the dealer which led to non-levy of tax of Rs. 8.47 lakh.

The case was reported to the Department and the Government (December 1999); their replies have not been received (August 2000).

## 2.7 Incorrect exemption /concession of tax

(a) Under the U.P. Trade Tax Act, 1948, goods are to be taxed according to rates laid down in the schedule of rates/clarifications issued by the Commissioner, Trade Tax. Besides, additional tax is also leviable at the rate of 25 percent of the tax with effect from 1 August 1990.

During audit of 16 trade tax offices it was noticed (between June 1998 to April 2000) that the goods as detailed in the table given below were incorrectly allowed exemption by the assessing authorities resulting in incorrect exemption of Rs. 957.49 lakh.

(Rupees in lakh)

Sl. No.	Name of office	Assessment year/period of exemption	Name of commodity sold	Taxable turnover	Short levy of tax	Remarks
1	2	3	4	5	6	7
1	Assistant Commissioner (Assessment)-II, Trade Tax, Kanpur	1996-97	Skimmed liquid milk	61.24	6.12	Commissioner Circular dated 18 September 1996 clarified that liquid milk prepared from skimmed milk powder differs from milk but the same was treated as milk and exempted
2	Assistant Commissioner (Assessment)-II, Trade Tax, Ghaziabad	1994-95	---do---	149.20	14.92	
3	Assistant Commissioner (Assessment)-II, Trade Tax, Ghaziabad	1995-96	---do---	330.00	33.00	
4	Assistant Commissioner (Assessment)-6, Trade Tax, Kanpur	1996-97	---do---	1585.00	158.50	
5	Trade Tax Officer, Sector-I, Mathura	1996-97	---do---	117.00	11.68	
6	Assistant Commissioner (Assessment)-3, Trade Tax, Meerut	1997-98	---do---	4656.00	466.00	
7	Trade Tax Officer, Almora	1997-98	---do---	250.44	25.04	

(Rupees in lakh)

1	2	3	4	5	6	7
8	Trade Tax Officer, Sector II, Kashipur.	1994-95 to 1996-97	Chicks	19.87	1.99	The exemption was allowed to dealers whereas the same is available to a 'person' who sells poultry product from fowls kept by him.
9	Assistant Commissioner (A) I, Trade Tax, Gorakhpur	1994-95 to 1996-97	Chicks	725.81	72.58	
10	Trade Tax Officer, Sector-4, Dehradun (two dealers) (i) Vanco Research (ii) U.P.Hatcheries	1996-97	Chicks	261.00	26.10	
11	Trade tax Officer, Sector-I, Mathura.	1993-94 and 1994-95	Caustic soda Hydro-chloric acid & chlorine	138.54	13.85	Exemption was given treating the interstate sale as transfer of documents.
12	Assistant Commissioner (A), TT, Modinagar, (Ghaziabad)	1995-96	Broken glass	156.03	7.80	Sale of broken glass purchased from unregistered dealer treated as exempted.
13	Assistant Commissioner (A)I, TT, Allahabad	1993-94 to 1995-96	Latex foam	41.26	6.16	Eligibility certificate did not include manufacture and sale of latex foam.
14	Assistant Commissioner (A)-I, Trade Tax, Ghaziabad	1993-94 and 1996-97	P.V.C. pipes	2132.82	106.64	Exemption was allowed despite the facility having been withdrawn from 21 August 1993.
15	Assistant Commissioner (A)-III, TT, Varanasi.	1994-95	Import Licence	49.86	4.99	Treated as exempt items.
16	Trade Tax Officer, Sector - 10, Agra.	1995-96 to 1996-97	Import Licence	26.21	2.62	
	<b>Total</b>			<b>10700.28</b>	<b>957.49</b>	

The cases were reported to Department and Government (between July 1999 to June 2000). Further report and reply have not been received (August 2000).

(b) Under section 4-A of the U.P. Trade Tax Act, 1948 read with notifications issued there under from time to time, the exemption from or reduction in the rate of tax to new unit is admissible for manufacture of taxable goods only. It has been judicially held<sup>7</sup> by the Hon'ble Supreme Court that a unit engaged in production of sugar (Tax free) is not entitled to any Eligibility Certificate for exemption on the sale of molasses and bagasse (by product of sugar).

During test check of 4 Trade Tax Circle, it was noticed that 4 units engaged in production of sugar (tax free) were granted Eligibility Certificates (March 1993 and June 1996) for exemption on sale of sugar, molasses and bagasse. This resulted in incorrect exemption of Rs. 56.64 crore as indicated on the next page:

7 M/s Kisan Sahkari Chini Mills Ltd., Nainital V/s State of U.P. & others (Civil appeal No. 2813 of 1989 S. C. Dated 14.08.1997)

(Rupees in crore)

Sl. No.	Name of Circle	Name of unit	Period of the Exemption	Exemption admissible	Exemption availed
1	Assistant Commissioner (A) Sikandrabad (Bulandshahar)	M/s Billard India Ltd. Bhadauria	11 June 1994 to 10 June 2005	37.02	29.79
2	T.T.O. Nazibabad	M/s Kisan Sahkari Sugar Mills Ltd. Nazibabad	8 August 1990 to 7 August 1998	15.57	1.31
3	Assistant Commissioner (A)-19 Kanpur.	M/s Shakumbhari Sugar and Allied Industries Ltd. Kanpur.	13 Feb. 1996 to 12 Feb. 2004	69.56	1.71
4	Assistant Commissioner (A) Mawana (Meerut)	M/s Siel Ltd. Mawana Titavi Sugar Unit.	9 Feb. 1993 to 8 Feb. 2001	35.13	23.83
	<b>Total</b>			<b>157.28</b>	<b>56.64</b>

### 2.8 Non levy of additional tax

During audit of 2 Trade Tax offices, A.C. (A) 6 Trade Tax Lucknow and A.C. (A) TT Hasanpur (Moradabad), it was noticed (between July 1999 to November 1999) that during the period from 1993-94 to 1996-97 on the turnover of Rs. 1495.00 lakh, tax amounting to Rs. 53.50 lakh was levied but additional tax of Rs. 13.37 lakh was not levied.

The cases were reported to the Department and Government (between September 1999 to February 2000); their replies have not been received (August 2000).

### 2.9 Non levy of interest

Under the Act, every dealer liable to pay tax is required to submit return of his turnover at prescribed intervals and to deposit the amount of tax due within the time prescribed. Tax admittedly payable by the dealer, if not paid by the due date, attracts interest at the rate of 2 per cent per month on the unpaid amount. Tax other than the tax admittedly payable, however, attracts interest at the rate of one and half percent per month, if it remains unpaid for three months after expiry

of the period specified in the notice of demand. Tax not paid by a dealer within the time prescribed is recoverable as arrears of land revenue.

In 6 Trade Tax offices<sup>8</sup> it was noticed (between October 1996 to December 1999) that tax amounting to Rs. 23.19 lakh was deposited by the dealer after delay ranging from 14 months to 51 months during the period 1992-93 to 1996-97 on which interest amounting to Rs. 10 lakh was leviable but was not levied.

The cases were reported to the Department and Government (between February 1997 to February 2000); their replies have not been received (August 2000).

### **2.10 Non-imposition of penalty under Central Sales Tax Act**

Under the Central Sales Tax Act 1956, a registered dealer may purchase goods from a dealer of another State at a concessional rate of tax by furnishing declaration in form 'C' provided such goods have been specified in his certificate of registration. Issue of form 'C' for purchasing goods which are not covered by the registration certificate constitutes an offence for which the dealer is liable to prosecution. The registering authority may, however, in lieu of prosecution, impose penalty not exceeding one and a half times of the amount of tax which would have been levied.

During audit of 10 Trade Tax offices<sup>9</sup>, it was noticed (between September 1996 and January 2000) that during the period 1991-92 to 1996-97, 10 dealers had purchased against form 'C' goods valued at Rs. 740.51 lakh which were not covered under their certificates of registration. They were, therefore, liable to pay penalty amounting to Rs. 126.20 lakh which was not imposed.

On this being pointed out in audit (between September 1996 to January 2000) the Department stated that in 7 cases penalties amounting to Rs. 9.34 lakh had been imposed between March 1998 to March 1999. The report regarding recovery and the replies in the remaining cases had not been received (August 2000).

The matter was reported to the Department and the Government (between December 1996 and June 2000); their replies have not been received (August 2000).

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8 AC (A)TT Ambedkar Nagar, AC(A)TT Khatima, AC(A)I TT Lucknow, AC (A) 9 TT Lucknow, TTO Sector 12 Lucknow, AC (A)4 TT Noida.

9 TTO Sector 11, Agra; AC (A)-12, TT, Agra; TTO Sector-1, Allahabad; TTO, Bharthna (Etawah); TTO Sector-2, Faizabad; A.C.(A) G.B. Nagar; TTO, Sector-2, Haldwani; AC(A)-16, TT, Kanpur; AC(A)-18, TT, Kanpur and TTO, Sector-1, Muzaffarnagar.



### 2.11 Short levy of tax due to computation mistake

During the audit of 4 Trade Tax Offices, mistakes were noticed in computation of tax which resulted in short-levy of tax amounting to Rs. 28.80 lakh. Details are given in the table below:

(Rupees in lakh)

Sl. No.	Name of Office	Assessment Year	Taxable Turnover	Tax leviable	Tax levied	Tax short levied
1	Assistant Commissioner (Assessment), Trade Tax, Robertsganj (Sonebhadra)	1994-95	494.15	49.01	26.29	22.72
2	Trade Tax Officer, Sector-I, Jhansi	1988-89	22.50	2.48	0.99	1.49
3	Assistant Commissioner (Assessment)-I, Trade Tax, Lucknow	1990-91	407.00	50.91	48.07	2.84
4	Assistant Commissioner (Assessment)-10, Trade Tax, Ghaziabad	1996-97	13.98	1.75	Nil	1.75
	<b>Total</b>		<b>937.63</b>	<b>104.15</b>	<b>75.35</b>	<b>28.80</b>

On this being pointed out in audit (between November 1997 to December 1999) the Department rectified the mistakes in cases mentioned at 2 and 3 above and raised additional demand of Rs. 4.33 lakh. The report regarding recovery and reply in the remaining had not been received (August 2000).

The cases were reported to the department and Government (between January 1998 and February 2000); their replies have not been received (August 2000).

### 2.12 Loss of revenue due to failure to observe prescribed procedure

Every dealer who is liable to pay trade tax is required to obtain registration certificate from the assessing officer. Before granting registration certificate, it is the duty of the Assessing Officer to verify the identity of the dealer, his source of livelihood, financial position and his local and permanent address. To safeguard interest of revenue, security and additional security are also obtained from the dealer before issue of the registration certificate. Similar procedure is also applied for registration of a dealer under the Central Sales Tax Act. Further as per U.P. Trade Tax Rules, 1948 fresh declaration forms can only be issued to the dealer if he has rendered an account of all forms previously issued to him.

During audit of Trade Tax Officer, Sector-I Mainpuri, it was noticed (December 1999) that a dealer<sup>10</sup> was granted registration certificate effective from 18 March 1994 for the sale and manufacture of glass bangles and hand-made phials without observing the prescribed procedure. The dealer obtained a large number of statutory forms (30 forms XXXI, 15 forms 'C' and 27 forms III-B) on various dates between April to October 1994 and carried out business to the extent of Rs. 5 crore during 1994-95 and availed exemption/concessional rates. The interesting point noticed was that 15 forms for availing of full exemption were issued to the dealer on 5 July 1994 whereas the scheme of full exemption had already been withdrawn from 1 June 1994.

On hearing (July 1996) from Trade Tax Officer/SIB Aligarh that the business on given address was not carried out the department assessed the case of the dealer for 1994-95 levying tax Rs. 51.60 lakh and penalty of Rs. 70.57 lakh. However, recovery certificate issued in respect of the dealer could not be served upon him as the address known to the department was fake. Department's failure to observe the prescribed procedure before granting registration certificate and indiscriminate issue of declaration forms without verification of their utilisation resulted in loss of revenue amounting to Rs. 142.17 lakh.

The case was reported to the Department and the Government (December 1999); their replies have not been received (August 2000).

### **2.13 Cross verification of consignment sale/branch transfers**

Under Section 6A of the Central Sales Tax Act, 1956, where a dealer claims that he is not liable to pay tax under the Act, in respect of any goods on the ground that movement of such goods from one State to another was occasioned by reason of transfer of such goods by him to any other place of his business or his agent or principal, as the case may be and not by reason of sale, the burden of proof that the movement of those goods was so occasioned, shall be on the dealer and for this purpose he may furnish to the Assessing Authority a declaration in form 'F' duly filled in and signed by the consignee for availing exemption from tax. Further, under the U.P. Trade Tax Act, 1948, if a dealer has deliberately furnished inaccurate particulars of his turnover, he shall pay, by way of penalty, in addition to tax, a sum not less than 50 per cent of tax but not exceeding 200 percent.

(a) A cross verification of some forms 'F' by the Principal Accountant General (Audit)-I, Maharashtra pertaining to the consignments by dealers of Maharashtra to the dealers of Uttar Pradesh revealed that during 1994-95 two dealers of Lucknow and Ghaziabad suppressed their sales turnover of lubricants and Fevicol

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<sup>10</sup> M/s Baby Glass Industries Kosma, Mainpuri

worth Rs. 32.12 lakh and Rs.77.55 lakh respectively by short accounting of goods received from outside the state against declaration in form 'F'. This resulted in under assessment of Rs. 16.46 lakh as depicted below:

(Rupees in Lakh)

Sl. No.	Goods	Name of U.P. Dealers	Amount of branch transfer as for Maharashtra Dealers	Amount of branch transfer accounted for	Short Accounting	Tax effect	Penalty	Total short levy of tax
1.	Lubricants	M/s Castral India Ltd.(Lucknow)	38.68	6.56	32.12	3.21	1.61	4.82
2.	Fevicol	M/s Pidilite Ltd. (Ghaziabad)	324.70	247.15	77.55	7.76	3.88	11.64
	<b>Total</b>		<b>363.38</b>	<b>253.71</b>	<b>109.67</b>	<b>10.97</b>	<b>5.49</b>	<b>16.46</b>

(b) Cross verification of records of 4 dealers in two Trade Tax Circles of U.P. with the records of their principals/agents in Maharashtra revealed that goods worth Rs. 3295.24 lakh were stated to have been transferred to their principals/agents in Maharashtra during the periods falling between 1992-93 and 1994-95 against declaration in Form 'F' against which goods worth Rs. 784.79 lakh were received by the principals agents in Maharashtra. This resulted in over statement of branch transfer involving tax amounting to Rs. 114.81 lakh including penalty as detailed below :

(Rupees in Lakh)

Sl. No.	Goods	Dealer's Name and year.	Amount of branch transfer as for U.P. Dealers	Amount accounted for by the consignee in Maharashtra	Over statement of branch transfer	Tax involved	Penalty leviable	Tax involved including penalty
1	Pan-masala & Gutka	M/s Kothari Products Ltd. Kanpur 1993-94	2157.66	2121.31	36.35	3.64	1.82	5.46
2	Soap	M/s Tata Oil Mills Co.Ltd. Ghaziabad 1993-94 1994-95	555.88 26.43	— —	555.88 26.43	55.59 2.64	27.79 1.32	83.38 3.96
3	Vanaspati	M/s Amrit Vanaspati Ghaziabad 1992-93 1993-94	28.73 93.05	— —	28.73 93.05	2.15 6.98	1.08 3.49	3.23 10.47
4	Ring & Piston	M/s Shree Ram Piston & Ring Co. Ltd. Ghaziabad 1994-95	433.49	389.14	44.35	5.54	2.77	8.31
	<b>Total</b>		<b>3295.24</b>	<b>2510.45</b>	<b>784.79</b>	<b>76.54</b>	<b>38.27</b>	<b>114.81</b>

### 2.14 Short levy of tax on the sale of liquid glucose

Under the Uttar Pradesh Trade Tax Act 1948, tax is levied as per the schedule of rates notified by the Government from time to time. In case of goods which are not classified, tax is leviable at the rate of 8 per cent with effect from 7 September, 1981. Besides, additional tax is also leviable at the rate of 25 per cent of the tax payable from 1 August 1990. Further, liquid Glucose is not included in classified items and is therefore taxable at the rate of 8 percent.

During audit of 4 Trade Tax Offices, it was noticed (between May 1998 to July 1999) that due to misclassification, correct rate of tax was not applied on the sale of liquid glucose which resulted in short levy of tax amounting to Rs. 9.35 lakh as per details given below:

(Rupees in lakh)

Sl. No	Name of Unit	Year	Turnover	Rate of Tax	Rate of Tax levied	Tax Short levied
1	Assistant Commissioner (Assessment)-7 Trade Tax, Kanpur	1995-96	48.32	10	4	2.90
2	Assistant Commissioner (Assessment) Trade Tax Hapur	1995-96 and 1996-97	69.27	10	7.5	1.73
3	Assistant Commissioner (Assessment)-3 Trade Tax Agra	1997-98	61.92	10	7.5	1.55
4	Assistant Commissioner (Assessment) Trade Tax Hapur	1995-96 and 1996-97	53.64	10	7.5	1.34
5	Assistant Commissioner (Assessment) Trade Tax Hapur	1995-96	41.67	10	7.5	1.04
6	Assistant Commissioner (Assessment)-3 Trade Tax Varanasi	1994-95	31.69	10	7.5	0.79
	<b>Total</b>		<b>306.51</b>			<b>9.35</b>

The cases were reported to the Government and the Department (between September 1998 to October 1999); their replies have not been received (August 2000).

## CHAPTER - 3 : STATE EXCISE

### 3.1 Results of Audit

Test check of records of the State Excise Offices, conducted in audit during the year 1999-2000 revealed non-levy or short levy of duties/fees amounting to Rs. 783.66 lakh in 117 cases, which broadly fall under the following categories:

(Rupees in lakh)

Sl. No.	Categories	No. of cases	Amount
1.	Excess Transit/Storage wastage	15	155.46
2.	Short levy of export pass fee	02	20.43
3.	Non-levy of interest	14	53.13
4.	Non-levy of compounding fee/penalty	25	444.66
5.	Other irregularities	61	109.98
	<b>Total</b>	<b>117</b>	<b>783.66</b>

During the course of the year 1999-2000, the Department accepted under assessment etc. of Rs. 195.91 lakh involved in 65 cases of which 27 cases involving Rs. 133.56 lakh had been pointed out in audit during 1999-2000 and rest in earlier years. A few illustrative cases involving a financial effect of Rs. 6.13 crore are given in the succeeding paragraphs:

### 3.2 Non-imposition of penalty

Under the State Excise Act, 1910 and the Rules made thereunder, a licensed retail vendor is entitled to obtain spirit from a wholesale vendor (contractor) after payment of the duty and the contract price. If the contractor fails to supply such spirit within the time as decided by the Collector, the cost of spirit and any loss thereon to the Government would be recovered from the contractor. In addition, the contractor shall be liable to pay at the discretion of the Excise Commissioner, a penalty not exceeding Rs. 17.50 per alcoholic litre (AL) of the spirit demanded but not supplied.

During test check of the records of bonded warehouse (country spirit), Meerut, it was noticed (February 2000) that during 1998-99 and 1999-2000 (up to January 2000), contract for supply of spirit to the bonded warehouse was given to M/s Daurala Distillery, Meerut. However, the distillery failed to supply

28,06,759.3 AL of spirit demanded by the licensed retail vendors within the specified time. The required quantity of the spirit was therefore arranged by the Collector from another distillery. However, no action to impose and realise a penalty upto a maximum of Rs. 4.91 crore was taken by the Department.

On this being pointed out, the officer-in-charge of the bonded warehouse stated (February 2000) that the necessary action was being initiated by the District Excise Officer, Meerut. Further developments are awaited (August 2000).

The matter was reported to the Department and the Government (May 2000); their replies have not been received (August 2000).

### **3.3 Short levy of tax due to non-application of revised rate**

Under the Uttar Pradesh Sales of Motor Spirit, Diesel Oil and Alcohol Taxation Act, 1994, effective from 23 April 1994, the tax leviable on the first sale of Motor Spirit and Diesel Oil in the State was raised from 10 and 12 per cent to 14 and 16 per cent ad-valorem respectively.

During the audit of District Excise Office, Lucknow, it was noticed (November 1999) that from 23 April 1994 to 9 May 1994, Motor Spirit and Diesel Oil worth Rs. 787.73 lakh and Rs. 2268.95 lakh respectively were sold by Hindustan Petroleum Corporation Limited (HPCL) but the tax was levied at pre-revised rates. This resulted in short levy of tax amounting to Rs. 122.27 lakh.

On this being pointed out (November 1999) the department stated (November 1999) that the recovery will be made on priority basis. Further report has not been received (August 2000).

The matter was reported to the Department and the Government (February 2000); their replies have not been received (August 2000).

### **3.4 Low production of alcohol from molasses**

Under U.P. Excise Working of Distilleries (Amendment) Rules, 1978, out-turn of alcohol from every quintal of fermentable sugar present in the molasses is fixed at 52.5 alcoholic litre (A.L.). For this purpose, composite samples of molasses are required to be drawn by the officer-in-charge of the distillery and sent for examination to the Alcohol Technologist. The report of the Alcohol Technologist is required to be sent to the concerned officer-in-charge of the distillery, within a month from the date of receipt of such samples.

During the audit of Saraiya Distillery, Sardar Nagar and Hindustan Sugar Mills and Distillery, Golagokaran Nath, it was noticed (February 1999 and November 1999), that during the period from March 1998 to November 1998 and January

1999 to June 1999, 25 composite samples of molasses were sent to Alcohol Technologist for examination. On the basis of the reports of the Alcohol Technologist, the actual production of alcohol should have been 6909540.27 AL instead of 6462388.4 AL actually produced. Thus production of alcohol was less by 447151.87 AL involving excise revenue of Rs.181.97 lakh.

On this being pointed out (February and November 1999) the department stated (February 1999 and March 2000) that the matter had been sent to the Commissioner for compounding. Further report has not been received (August 2000).

The matter was reported to the Government (February 2000), their replies have not been received (August 2000).





## CHAPTER - 4 : TAXES ON VEHICLES, GOODS AND PASSENGER TAX

### 4.1 Results of Audit

Test check of records of the Transport Department, conducted in audit during 1999-2000 revealed short levy or non-levy of taxes/fees amounting to Rs.220.97 crore in 167 cases, which broadly fall under the following categories:

(Rupees in lakh)

Sl. No.	Categories	No. of cases	Amount
1.	Short levy or non-levy of passenger tax/additional passenger tax	58	292.56
2.	Under assessment of road tax	18	77.29
3.	Short levy of goods tax	13	37.54
4.	Other irregularities	77	46.81
5.	Review on "working of enforcement wing of the Transport Department".	01	21643.00
	<b>Total</b>	<b>167</b>	<b>22097.20</b>

During the year 1999-2000, the department accepted under assessment etc. of Rs. 25.49 lakh involved in 79 cases.

A few illustrative cases including a review on "working of enforcement wing of the Transport Department" involving financial effect of Rs. 55.05 crore are given in the succeeding paragraphs:

### 4.2 Review on "Working of Enforcement Wing of the Transport Department"

#### Highlights:

- (i) Due to improper follow up action by the Enforcement Wing, arrears of Rs. 191.38 crore remained unrealised.

(Paragraph 4.2.5)

**(ii) Due to non-imposition of condition of two drivers on goods vehicles, the Government was deprived of revenue of Rs. 19.75 crore in the form of penalty.**

*(Paragraph 4.2.7)*

**(iii) Incorrect fixation of rates resulted in loss of revenue of Rs. 1.92 crore.**

*[Paragraph 4.2.8 (ii)]*

#### **4.2.1 Introduction**

The regulatory functions of the Enforcement Wing of the Transport Department of the State consist of checking of offences, e.g., (i) plying of unregistered vehicles on road, (ii) plying vehicles without valid permits or in violation of the conditions thereof and (iii) driving vehicles without valid driving licences or fitness certificates. Control over evasion of taxes includes checking of vehicles plying without payment of taxes or their use for purposes requiring payment of higher taxes and plying of vehicles during the period when these are declared to be off road. Besides, the work of compounding of offences punishable under the Act, 1988, was also entrusted to the officers (Enforcement Wing) of the Transport Department under Government Notification (September 1998), so as to speed up the disposal of these cases.

#### **4.2.2 Organisational Set up**

The overall responsibility for enforcement of Rules and Regulations on vehicular traffic and also for issuance of necessary directions in this regard rests with the Transport Commissioner (TC), Uttar Pradesh, Lucknow. There are 80 Enforcement squads in the State attached to the Headquarters office and the regional and sub-regional offices, under the control and supervision of an Additional Transport Commissioner (Enforcement) at the Headquarters and 7 Deputy Transport Commissioners at zonal levels at Agra, Bareilly, Kanpur, Lucknow, Meerut, Pauri and Varanasi.

Each Enforcement squad of the Transport Department consists of an Assistant Regional Transport Officer (Enforcement), one Supervisor and three Enforcement constables. Generally checking is carried out by the Enforcement squads at any point on roads in their regions/sub-regions, but sometimes inter-regional checking is also done by them.

#### **4.2.3 Legal Provisions**

The functioning of the Enforcement Wing is regulated under the following Acts/ Rules:

- (i) Uttar Pradesh Motor Gadi (Yatrikar) Adhiniyam, 1962 (Hereinafter referred as "Adhiniyam 1962")
- (ii) Motor Vehicles Act, 1988 (Hereinafter referred as "Act 1988")
- (iii) Uttar Pradesh Motor Gadi Karadhan Adhiniyam, 1997 (Hereinafter referred as "Adhiniyam1997")
- (iv) U. P. Motor Vehicles Taxation Rules, 1935 (Hereinafter referred as "Rules 1935")
- (v) Central Motor Vehicles Rules, 1989 (Hereinafter referred as "Rules 1989")

#### **4.2.4 Scope of audit**

A review was conducted by audit between October 1999 to April 2000 to study the effectiveness of the Enforcement Wing in implementing existing Rules and procedures, with regard to the regulatory and controlling functions. The records maintained by the Transport Commissioner, Uttar Pradesh, in 11<sup>11</sup> out of 22 Regional Transport Offices and 9<sup>12</sup> out of 79 Sub-regional Transport Offices, for the period 1994-95 to 1998-99 in respect of Enforcement wing were test-checked.

#### **4.2.5 Non-recovery of arrears by the Enforcement Wing**

In terms of the Adhiniyam 1962 read with Adhiniyam 1997, no vehicle with arrears of tax may be allowed to ply on the road. If a transport vehicle has been or is being used by a person without payment of tax, additional tax or penalty, if any, the ARTO (Enforcement) may seize and detain such vehicle. Further, the Transport Commissioner had directed (April 1998) that each Enforcement squad should realise 1/10 arrears of tax outstanding on 1 April 1998, every month.

In the audit of Transport Commissioner, Uttar Pradesh, Lucknow, it was noticed that in respect of operators of the private sector, there was an arrear of taxes amounting to Rs. 16.06 crore as on 1 April 1998, out of which only Rs. 10.75 crore was realised by the Enforcement wing during 1998-99, Rs. 0.03 crore written off and an amount of Rs. 5.28 crore remained unrealised as on 1 April 1999. In addition, arrears of taxes amounting to Rs. 149.37 crore were outstanding against the Uttar Pradesh State Road Transport Corporation (UPSRTC) as on 1 April 1998 (which increased to Rs. 186.10 crore as on 1 April 1999), for realisation of which no action was taken by the Enforcement wing and the vehicles continued

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11 Regional Transport Offices: Agra, Aligarh, Banda, Ghaziabad, Gorakhpur, Kanpur, Kathgodam, Lucknow, Meerut, Moradabad and Varanasi.

12 Sub-regional Transport Offices: Bijnor, Bulandshahr, Etawah, Haridwar, Mainpuri, Mathura, Muzaffarnagar, Noida and Rishikesh

Source: Activity Report 1998-99 of Transport Department

to ply. As a result, the Government revenue of Rs. 191.38 crore remained unrealised, as detailed below:

(Rupees in crore)

Sector	Arrears of taxes as on 1 April 1998	Realisation of taxes during 1998-99	Amount written off	Balance at the end of March 1999
(i) Private Sector	16.06	10.75	0.03	5.28
(ii) UPSRTC	149.37	Nil	Nil	186.10
<b>Total</b>	<b>165.43</b>	<b>10.75</b>	<b>0.03</b>	<b>191.38</b>

**4.2.6 (i) Loss to the Government due to non-checking of stage carriages plying without permit**

In accordance with the provisions of the Act, 1988, holding a permit is a prerequisite for the operation of a transport vehicle in a public place. Further, the Rules, 1935 provide that the Taxation Officer shall not accept road tax in respect of any transport vehicle plying for hire, unless it is accompanied by a valid permit. Under the Act, 1988, the Enforcement squads are required to check the vehicles plying without permit and to challan the same and realise compounding fee of Rs. 2500 from each defaulting vehicle.

In the audit of Transport Commissioner, Uttar Pradesh, it was noticed that in contravention of the above provisions, the stage carriages plying without permits were not checked and challaned by the Enforcement squads, resulting in loss of revenue by way of compounding fee, as per the details given below:

Year	No. of vehicles registered	No. of vehicles covered by permit	No. of vehicles plying without permit
1	2	3	4
1994-95	20,219	16,938	3,192
1995-96	Not available		
1996-97	21,310	18,315	2,995
1997-98	22,044	18,456	3,578
1998-99	21,665	18,339	3,326

**(ii) Loss to the Government due to unauthorised operation of school buses**

Under the Adhinyam, 1997, the motor vehicles (stage carriages) owned by recognised educational institutions were exempted from the payment of passenger tax.

In audit, it was noticed that 8 stage carriages in Varanasi region and two stage carriages in Mathura sub-region were found to be used as school buses bearing yellow paint prescribed for school buses. Despite the fact that these vehicles were not owned by any recognised educational institution, the owners did not pay the requisite passenger tax. This resulted in loss of Rs. 11.31 lakh on account of additional tax on passengers during the period 9 November 1998 to December 1999. The Enforcement squads could not check the unauthorised operation of these vehicles.

#### ***4.2.7 Loss to the Government due to non-enforcement of requirement of two drivers***

Under Rule 90 of Rules, 1989, the vehicles covered by National Permits shall have a minimum of two drivers, as a condition for grant of National Permits. Further, the Enforcement squads are required to challan the vehicles covered by National Permits not having two drivers and to realise the Compounding fee of Rs. 2500 from each defaulting vehicle.

Scrutiny of the records of Enforcement wing of 10 regions<sup>13</sup> and 8 sub-regions<sup>14</sup>, revealed that Enforcement squads had neither mentioned the name nor validity of the driving licence of the second driver, as required under the Rules, indicating that the requirement of two drivers was not enforced and the defaulting vehicles were also not challaned. Thus, due to non-enforcement of this requirement, the Government was deprived of revenue of Rs. 19.75 crore, for the period between 1994-95 to 1998-99, in respect of 78,995 vehicles.

#### ***4.2.8 Failure to achieve the target of checking of vehicles for reduction of smoke emission/noise***

(i) As per Rules 115 and 116 of Rules, 1989, every motor vehicle shall be manufactured and maintained in such condition and shall be so driven that smoke, visible vapour, grit, sparks, ash, cinder or oily substance do not emit therefrom. Any official not below the rank of Sub-Inspector of Police or Inspector of Motor Vehicles, who has reasons to believe that the motor vehicle by virtue of the smoke or other pollutants such as Carbon mono-oxide emitted from it, is likely to cause danger to the health or safety of any other user of the road or the public, may direct the driver or any other in-charge of the vehicle to submit the vehicle for undergoing a test to measure the standard of black smoke or of any of the other pollutants.

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13 Regional Transport Offices: Agra, Aligarh, Ghaziabad, Gorakhpur, Kanpur, Kathgodam, Lucknow, Meerut, Moradabad and Varanasi.

14 Sub-Regions: Bijnore, Bulandshahr, Etawah, Haridwar, Mainpuri, Mathura, Muzaffarnagar and Rishikesh.

In the audit of 11 regions and 9 sub-regions (covered in the review), it was noticed that the Enforcement squads were either not provided with the smoke meter or provided with smoke meters which were out of order. Further, as per the directions of the Transport Commissioner, 3,15,480 vehicles were targetted to be checked, against which only 58,616 vehicles were actually checked.

(ii) Rule 119 (2) of Rules 1989 prohibits fitting of a multitoned horn or a sound device in a motor vehicle emanating an unduly harsh or loud noise. As regards reduction of noise, neither the standards for noise were fixed nor any meter to measure the intensity of noise was provided. With respect to reduction of noise, 19,920 vehicles (in 9 regions<sup>15</sup> and 7 sub-regions<sup>16</sup>) were targetted in 1997-98 to 1998-99 to be checked for using multitoned horns, against which only 7,382 vehicles were actually checked. In Agra, Kanpur, Lucknow regions and Mathura sub-region, the achievement was more than the target fixed but the target was not achieved in the remaining regions/sub-regions. Thus, there was a failure on part of the Enforcement squads to enforce the norms prescribed.

(iii) In terms of the Act, 1988, any person who drives in any public place, a motor vehicle which violates the standards prescribed in relation to road safety, reduction of smoke emission/noise shall be punishable for the first offence with a fine of Rs. 1000 and for any second or subsequent offence with a fine of Rs. 2000. The Government in its Notification (February 1995) fixed the rate of compounding fee at the rate of Rs. 500 in case of vehicles challaned for offence of emitting excess smoke. This was in contravention of the above provision of the Act and as such, the Notification was incorrect and the rate of compounding fees fixed therein was also incorrect.

In the audit of 10 Regions and 9 Sub-regions, it was noticed that the Compounding fee was not realised as per the provision of the Act and continued to be realised at the rate prescribed in the Notification. This resulted in loss of revenue of Rs. 1.92 crore by way of Compounding fee during the period between February 1995 and August 1998, in 38,435 cases.

On this being pointed out in audit, the Department intimated that the rate of Compounding fee as realisable under Section 190 (2) has been raised to Rs. 1000 with effect from 1 September 1998.

The foregoing points were reported to the Department and Government (May 2000); their further replies have not been received (August 2000).

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15 Aligarh, Banda, Ghaziabad, Gorakhpur, Kanpur, Kathgodam, Meerut, Moradabad and Varanasi.

16 Bijnore, Bulandshahr, Etawah, Haridwar, Mainpuri, Noida, and Rishikesh.

### 4.3 Non-levy of passenger tax

(a) Under the U.P. Motor Gadi (Yatrikar) Adhiniyam, 1962, passenger tax at the rate of 16 per cent is leviable on the fare payable to an operator by a passenger in respect of his journey in the state by a stage-carriage. Under Government Notification dated 22 May 1996, the UPSRTC enhanced the fare by way of surcharge, on four different occasions and realised the same from the passengers. As per Government notification of November 1998, the surcharge was to be treated as part of the fare.

During the audit of Managing Director, UPSRTC, Lucknow it was noticed (May 1999), that an amount of Rs. 177.36 crore was realised by the corporation as enhanced fare in the form of surcharge during 1996-97 and 1997-98. On this surcharge (which was part of the fare), an amount of Rs. 29.79 crore was payable as passenger tax, but the UPSRTC treated the surcharge as their income. And as such the passenger tax on surcharge was neither deposited by the UPSRTC nor levied by the department. This resulted in non-levy of passenger tax to that extent.

On this being pointed out (May 1999) UPSRTC replied that under the Adhiniyam, passenger tax is not leviable on surcharge. The reply is not tenable because as per Government notification of 1998, surcharge levied on fare was to be treated as part of the fare and as such passenger tax was leviable on the total fare.

The matter was reported to the Department and the Government (July 1999 and April 2000); their replies have not been received (August 2000).

(b) Under the U.P. Motor Gadi (Yatrikar) Adhiniyam, 1962, passenger tax is leviable at the rate of 16 per cent of the full normal fare payable by the passenger. It has also been clarified that passenger tax is also leviable even in cases where concessional fare/ no fare has been charged by the operator/fleet owner.

During scrutiny of the records of the Managing Director, UPSRTC, Lucknow, it was noticed (May 1999), that a sum of Rs. 14.41 crore was recoverable on account of fare from one political party and 68<sup>17</sup> departments of the State /other states/ Central Government in respect of stage carriages of the corporation hired for various periods ending 31 March 1999. Accordingly, a sum of Rs. 2.09 crore was leviable and realisable as passenger tax from the corporation. This resulted in non-levy of tax of Rs. 2.09 crore.

The matter was reported to the Department and the Government (July 1999 and May 2000); their replies have not been received (August 2000).

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17 28 Central Government Departments, 28 State Government Departments, 10 SRTC of other States and 2 Others.

#### **4.4 Short-realisation of composite fee**

The Government vide notification issued in July 1994, prescribed the composite fee with effect from 1 August 1994, at Rs. 5000 per goods carriage per annum or part thereof, in respect of goods carriers authorised to ply in Uttar Pradesh under the national permit scheme.

In the audit of the office of Transport Commissioner U.P. Lucknow, it was noticed (October 1999) that 1633 bank drafts amounting to Rs. 40.83 lakh were received from other States/Union Territories on account of composite fee during the period between August 1998 to March 1999. However, scrutiny revealed that in these cases the composite fee was charged at the rate of Rs. 2500 per vehicle instead of Rs. 5000 per vehicle but the department did not take any action to realise the deficit fee. Thus, non-realisation of the composite fee in the prescribed rates, resulted in short realisation of Rs. 40.83 lakh.

On this being pointed out in audit (October 1999) the department accepted the objection and asked (January 2000) various states to recover and transmit the deficit composite fee. Further report has not been received (August 2000).

The matter was reported to the Government (February 2000); their reply has not been received.(August 2000).

#### **4.5 Incorrect exemption of passenger tax**

By notification dated 30 September 1962, stage carriages owned by recognised educational institutions have been exempted from payment of passenger tax.

During audit of 3 Assistant Regional Transport Offices<sup>18</sup>, it was noticed (between May 1998 and December 1998), that five vehicles were incorrectly registered as school buses between September 1991 and November 1998 and granted exemption from payment of passenger tax. The scrutiny revealed that the vehicles were in fact not owned by any recognised educational institution, were therefore not entitled for exemption. This resulted in incorrect exemption of passenger tax amounting to Rs. 21.09 lakh.

The cases were reported to the Department and the Government (between October 1998 and December 1999); their replies have not been received (August 2000).

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<sup>18</sup> Bijnore, Gonda, and Pilibhit



#### 4.6 Non-assessment of passenger tax on maxi cab vehicles

It was decided by the State Government to realise the passenger tax from maxi cab at the rate of Rs. 2350 per month lump sum vide Government order dated 21 November 1996 which was subsequently reduced to Rs. 1500 per month from November 1998.

During audit of 2 Regional Transport Offices and 2 Assistant Regional Transport Offices, it was noticed (between August 1998 and July 1999) that 77 maxi cab vehicles were issued (between 1995 and 1998) permits by the respective regional/sub-regional offices but the passenger tax amounting to Rs. 25.62 lakh was neither assessed nor realised by the department. This resulted in non-realisation of revenue amounting to Rs. 25.62 lakh as detailed below :

(Rupees in lakh)

Sl. No.	Name of region/sub region	No. of maxi cabs	Period for which passenger tax not assessed/realised	Amount
1.	Allahabad	35	November 1996 to September 1998	13.94
2.	Deoria	19	March 1997 to June 1999	6.14
3.	Mahoba	6	September 1995 to February 1999	2.65
4.	Varanasi	17	December 1997 to July 1998	2.89
	<b>Total</b>	<b>77</b>		<b>25.62</b>

On this being pointed out (between August 1998 and July 1999) the department assured to levy and realise the amount from owners of the vehicles. Further report has not been received (August 2000).

The matter was reported to the Department and the Government (March 1999 and March 2000); their replies have not been received. (August 2000).

#### 4.7 Short levy of tax on passenger vehicles

As per U.P. Motor Vehicles Taxation Act, 1997, on passenger vehicles plying for hire, in addition to tax on passengers, tax on passengers' goods at the rate of Rs. 45 per metric ton or part thereof per quarter on gross laden weight (GLW) of the vehicle is payable.

During the audit of the office of the Regional Transport Officer, Agra, it was noticed (December 1999) that the tax on 935 passenger vehicles for carrying passengers' goods was to be levied and realised at the rate of Rs. 45 per metric ton per quarter on their gross vehicle weight but the department levied and realised the tax at the rate of Rs. 45 per quarter per vehicle. This resulted in short-levy of

tax amounting to Rs. 21.88 lakh<sup>19</sup> for the period from January 1999 to December 1999.

The matter was reported to the Department and Government (March 2000); their replies have not been received (August 2000).

#### **4.8 Incorrect computation of lump-sum passenger tax**

Under the U.P. Motor Gadi (Yatrikar) Adhiniyam, 1962 and the Rules framed thereunder, passenger tax payable under a lump-sum agreement in respect of any stage carriage on a particular route depends on the total fare payable for the entire route, the number of one-way trips allowed or expected to be made by the stage carriage and the load factor. Any change in the route, number of trips (including number of buses), seating or standing capacity or fare, renders the lump-sum agreement void from the date of such change and a fresh agreement in respect of the unexpired period of the agreement is required to be executed.

In the audit of Regional Transport Office, Moradabad and Sub Regional Transport Office, Kushi Nagar (Padrauna), it was noticed (November 1998 and March 1999) that on two routes number of vehicles operating as stage carriages was reduced during the period from 1 January 1996 to 31 October 1998 and 31 October 1997 to 31 January 1999 respectively rendering the lump sum agreements void from the date of such change necessitating execution of fresh agreements. However, the lump sum agreements were not revised in the above cases and passenger tax continued to be realised at lower rates. This resulted in short-realisation of tax amounting to Rs. 24.22 lakh.

On this being pointed out (November 1998) in audit the department stated (March 1999) that necessary action to recover the amount will be taken. Further report has not been received (August 2000).

The matter was reported to the Department and the Government (April 1999 and October 1999); their replies have not been received (August 2000).

#### **4.9 Passenger tax escaping assessment**

Under the U.P. Motor Gadi (Yatrikar) Adhiniyam, 1962 and the Rules framed thereunder tax on every passenger carried by a stage carriage shall be levied at the prescribed rate. As per orders contained in Government letter dated 10 September 1993 passenger tax from mini-buses and other stage carriages permitted to ply under Mahanagariya City Bus Service Scheme, was to be realised at the rate of Rs. 1400 and Rs. 2000 per vehicle per month respectively according to their

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<sup>19</sup> Calculated on average GLW of 13200 Kgs. for a stage carriage

seating capacity. If for any reason the whole or any portion of the tax leviable under the Adhinyam in respect of any month has escaped assessment, the tax officer may, in any time within three years from the expiry of that month, reassess the tax.

During the audit of Regional Transport Office, Allahabad, it was noticed (March 1999), that 20 stage carriages were permitted (September 1993 to January 2002) to operate under Mahanagariya City Bus Service for a period of 5 years but the passenger tax payable on these carriages, was not realised for the period from June 1995 to August 1998, resulting in escapement of assessment of passenger tax amounting to Rs. 5.73 lakh.

The matter was reported to the department and Government in March 1999 and again October 1999; their replies have not been received (August 2000).



## CHAPTER-5 : STAMP DUTY AND REGISTRATION FEES

### 5.1 Results of Audit

Test check of records of District Registrars and Sub-Registrars and District Stamp Officers, conducted in audit during 1999-2000, revealed short-levy of stamp duty and registration fees amounting to Rs. 476.88 lakh in 242 cases which broadly fall under the following categories:

(Rupees in lakh)

Sl. No.	Categories	No. of cases	Amount
1.	Short levy of stamp duty and registration fees due to under valuation of properties	214	157.64
2.	Short levy of stamp duty due to mis-classification of documents	08	18.95
3.	Other irregularities	20	300.29
	<b>Total</b>	<b>242</b>	<b>476.88</b>

During the year 1999-2000 the department accepted under assessment etc. of Rs. 132.14 lakh involved in 83 cases. A few illustrative cases highlighting important observations involving Rs. 64.45 crore are mentioned in the following paragraphs:

### 5.2 Non/Short-realisation of Stamp Duty

(a) Under the U.P. Excise licences (Tender-cum-Auction) Rules, 1991, in case, the licensing authority has accepted the bid for allotment of licences for sale of country/foreign liquor, an advance security shall be paid by the bidder for performance of the contract in the prescribed manner. Every bidder in whose favour the licence is settled shall also execute an agreement in conformity with the terms of the licence on a stamp paper of the requisite value. In the Government notifications dated 10 April 1993 and 2 November 1993, it has been clearly mentioned that these documents fall under the category of mortgage deeds and are chargeable to Stamp Duty accordingly.

A scrutiny of records of 18 District Excise Offices<sup>20</sup> revealed that on acceptance of bid for a licence to sell country/foreign liquor, the licensees paid in advance a security of Rs. 486.50 crore in cash, for due performance of the contract during the year 1995-96 to 1999-2000 and executed counterpart agreements. However, Stamp duty amounting to Rs. 60.81 crore (worked out at the rate of Rs. 125 per thousand) on these agreements treating them as mortgage deed was neither levied nor realised, resulting in non-realisation of revenue to that extent.

On this being pointed out in audit (October 1999 to April 2000), 16 District Excise Officers stated that the necessary action would be initiated on receipt of instructions from the Excise Commissioner.

(b) Under the Indian Stamp Act, 1899, read with Rule 341 of U.P. Stamp Manual, 1942 and U.P. Stamp (Valuation of Property) Rules, 1997 in the case of sale of a commercial building the stamp duty should be realised on the value equal to 25 times of the annual rent or the value mentioned in the sale documents, whichever is higher.

During test check (October to December 1999) of documents submitted by 3 hotel proprietors of Dehradun, Haridwar and Meerut, for registration of hotels under the Sarai and Parao Act, 1867, it was found that in one case (Dehradun) the hotel was transferred to another person simply on the basis of an application made on a plain paper without realising any stamp duty. In other two cases (Meerut and Haridwar), where sale deeds were executed, the hotels were transferred to other persons without charging the proper stamp duty.

This resulted in non/short-realisation of revenue of Rs. 144.65 lakh, as stamp duty of Rs. 5.23 lakh only was realised against the leviable duty of Rs. 149.88 lakh. The details are given below:

(Rupees in lakh)

SL No.	Name of the Hotels and its location	Daily room rent of the Hotel (Rs.)	Valuation on the basis of the daily room rent	Valuation shown in the sale deed	Leviable stamp duty	Stamp duty realised	Stamp duty not/short realised
1	2	3	4	5	6	7	8 = (6-7)
1.	Royal Pam Hotel, Dehradun	6000	547.50	Nil	79.39	Nil	79.39
2.	Hotel Papa, Meerut	1825	166.54	22.00	16.65	2.20	14.45
3.	Hotel Holiday Inn, Haridwar	5900	538.38	30.30	53.84	3.03	50.81
	<b>Total</b>		<b>1252.42</b>	<b>52.30</b>	<b>149.88</b>	<b>5.23</b>	<b>144.65</b>

20 Aligarh, Ghaziabad, Gautam Buddha Nagar, Gorakhpur, Kanpur City, Lucknow, Mirzapur, Moradabad, Meerut, Muzaffarnagar, Pratapgarh, Raebareilly, Sitapur, Saharanpur, Sonbhadra, Sultanpur, Unnao, and Varanasi.

On this being pointed out in audit (November 1999 and January 2000), it was stated by the Department that suitable action would be taken. Further report has not been received (August 2000).

The matter was reported to the Department and the Government (February 2000); their replies have not been received (August 2000).

### **5.3 Loss of revenue due to short deposit of stamp duty on issue of bonds**

Under the Indian Stamp Act, 1899, (as amended in its application to Uttar Pradesh), the chargeability of an instrument with proper stamp duty is determined on the basis of its subject matter and not by the title given by the executor. The stamp duty at the rate of Rs. 10 per Rs. 1000 is to be paid with effect from 1 June 1976 on Promissory Notes, payable after more than one year from the date of issue.

During test check of records of the Uttar Pradesh Financial Corporation (UPFC), Kanpur, it was noticed (December 1999) that the corporation had issued during the year 1998-99, 94 certificates of Bonds in the nature of Promissory Notes worth Rs. 60.35 crore payable after more than one year from the date of issue. On these Promissory Notes stamp duty at the rate of Re. 1 per certificate amounting to Rs. 94 only was deposited against a payable stamp duty of Rs. 60.35 lakh at the rate of Rs. 10 per Rs. 1000. This resulted in short deposit of stamp duty of Rs. 60.35 lakh.

The matter was reported to the Corporation and the Government (February 2000). The Corporation replied (April 2000) that the Bond's Certificates have been issued to subscriber banks on which stamp duty is not payable. Reply of the Corporation is not tenable as no such exemption is admissible under the Act/ Rules. Reply of the Government has not been received (August 2000).

### **5.4 Short levy of stamp duty due to misclassification of documents**

(a) As per Article 6 of Schedule I-B, Stamp Duty on documents relating to deposit of title deeds (Equitable Mortgage) against security of loans advanced was chargeable at the rate of 2 per cent, between the period 1 September 1998 to 16 December 1998 and Rs. 5 per thousand subject to a maximum of Rs. 10,000 with effect from 17 December 1998.

During scrutiny of records of U.P.F.C., Kanpur it was noticed (December 1999), that in 21 regional offices of U.P.F.C. a sum of Rs. 0.82 lakh was deposited against a payable stamp duty of Rs. 84.34 lakh on agreements relating to deposit of title deeds of movable property against security of loans which resulted in short deposit of stamp duty of Rs. 83.52 lakh as detailed in Annexure - I.

The matter was reported to U.P.F.C. and the Government (February 2000); their replies have not been received (August 2000).

(b) During test check of records of PICUP Regional Office Noida, it was noticed (February 2000) that in 6 cases a sum of Rs. 0.10 lakh was deposited against payable stamp duty of Rs. 11.70 lakh in respect of documents relating to deposit of title deeds (equitable mortgage) against security of loans advanced which resulted in short levy of stamp duty of Rs. 11.60 lakh, as per details given below :

(Rupees in lakh)

Sl. No	Name of the borrower	Amount of loan	Date of execution of document	Stamp duty leviable	Stamp duty levied (in Rs.)	Stamp duty short levied
1.	M/s Capital Lamatates (P) Ltd.	75.00	18 September 98	1.50	100	1.50
2.	M/s P.P. Enterprises Ltd.	220.00	9 October 98	4.40	100	4.40
3.	M/s Superior Packing (P) Ltd.	130.00	3 October 98	2.60	100	2.60
4.	M/s Shivake Palace	150.00	16 December 98	3.00	10,000	2.90
5.	M/s Daurala Sugar Works Ltd.	400.00	6 November 99	0.10	100	0.10
6.	M/s Co-operative Company Ltd.	78.50	29 September 99	0.10	100	0.10
	<b>Total</b>	<b>1053.50</b>		<b>11.70</b>	<b>10,500</b>	<b>11.60</b>

The matter was reported to the Corporation and the Government (March 2000); their replies have not been received (August 2000).

(c) During the audit of Sub-Registrar, Pratapgarh it was noticed (March 1999) that an instrument was registered as lease deed instead of deed of conveyance and the stamp duty and registration fee were charged accordingly. Thus misclassification of instrument resulted in short-levy of stamp duty and registration fee amounting to Rs. 8.97 lakh.

The matter was reported to the department and Government (August 1999 and January 2000); their replies have not been received (August 2000).

### **5.5 Short levy of stamp duty due to under valuation of property**

(a) Under the Indian Stamp Act, 1899, (as amended in its application to Uttar Pradesh), in the case of sale of property subject to a mortgage or other encumbrance, any unpaid mortgage money or money charged, together with the interest (if any) due on the same, shall be deemed to be the part of the consideration for the sale.



During the audit of Sub-Registrar Bindki, Fatehpur it was noticed (August 1998), that an industrial property along with the loan of Rs. 76.90 lakh was sold to a firm by the UPFC. However, the instrument was registered for a consideration of Rs. 20 lakh representing value of the property and charged duty accordingly. Since the amount of unpaid loan was to be treated as part of consideration, the stamp duty should have been charged on the same also. This resulted in short-levy of stamp duty amounting to Rs. 6.15 lakh.

The case was reported to the department and Government (April 1999 and January 2000); their replies have not been received (August 2000).

(b) Under the Act, stamp duty on a deed of conveyance is chargeable on the market value of the property or on the value of consideration set forth therein, whichever is higher. As per Uttar Pradesh Stamp Rules, 1942 and U.P. Stamp (Valuation of Property) Rules, 1997, market rates of various categories of land situated in a district are to be fixed biennially by the Collector concerned for the guidance of the registering authorities in his district.

During audit of the offices of 20 Sub-Registrars<sup>21</sup>, it was noticed (between April 1998 and November 1999) that 24 deeds of conveyance relating to non agricultural land were registered for a consideration of Rs. 79.09 lakh at agricultural rates instead of Rs. 592.84 lakh at non-agricultural rates fixed by the Collector. The adoption of lower valuation of land resulted in short-levy of stamp duty and registration fees amounting to Rs. 46.90 and 0.72 lakh respectively.

The cases were reported to the department and Government (between August 1998 and February 2000); their replies have not been received (August 2000).

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21 Agra-II, Badlapur (Jaunpur), Balrampur, Bah (Agra), Bhanpur (Basti), Dhanaura (J.P. Nagar), Haridwar, Jansath (M. Nagar), Kasganj (Etah), Malihabad (Lucknow), Muzaffarnagar-I, Meerut-I, Milak (Rampur), Mathura-I, Nighasan (Lakhimpur Kheri), Phulpur (Allahabad), Raebareli, Rampur, Saharanpur-II, Syana (Bulandshahr).



## CHAPTER - 6 : LAND REVENUE

### 6.1 Results of Audit

Test check of records of the offices of Revenue Department, conducted in audit during 1999-2000 revealed non/short realisation of land revenue, short realisation of collection charges and other irregularities amounting to Rs. 1658.24 crore in 392 cases which broadly fall under the following categories:

(Rupees in lakh)

Sl. No.	Categories	No. of cases	Amount
1.	Non/short realisation of land revenue	32	254.08
2.	Short realisation of collection charges	105	145.76
3.	Non recovery of fees for supplying Kisan Bahis	40	34.93
4.	Other irregularities	214	174.87
5.	Review on 'Management of Nazul Land'	01	1,65,214.00
	<b>Total</b>	<b>392</b>	<b>1,65,823.64</b>

During the year 1999-2000 the Department accepted under assessment etc. of Rs. 85.36 lakh involved in 99 cases which had been pointed out in earlier years. A few illustrative cases including a review on 'Management of Nazul Land' involving financial effect of Rs. 1654.99 crore are mentioned in the following paragraphs:

### 6.2 Review on "Management of Nazul Land"

#### Highlights:

(i) Due to unauthorised retention of Government share of premium and ground rent the Government was deprived of revenue of Rs. 2.77 crore.

(Paragraphs 6.2.5(a) & (b))

(ii) Non-realisation of premium from PSUs, Local Bodies etc. resulted in loss of revenue of Rs. 120.46 crore.

(Paragraph 6.2.6)

**(iii) Unauthorised retention of Nazul land after termination of lease period resulted in loss of premium of Rs. 171.17 crore.**

*(Paragraph 6.2.7)*

**(iv) Non-realisation of premium and rent from displaced persons resulted in loss of revenue of Rs. 0.58 crore.**

*(Paragraph 6.2.8)*

**(v) Non-regularisation of unauthorised occupations resulted in loss of premium of Rs. 189.15 crore.**

*(Paragraph 6.2.9)*

**(vi) Non-recovery/under-assessment of total cost of Nazul land transferred to the Central Government Department involved Rs. 0.23 crore.**

*(Paragraph 6.2.10)*

**(vii) Discrepancy in the area of Nazul land resulted in loss of premium of Rs.464.03 crore.**

*(Paragraph 6.2.11)*

**(viii) Nazul land under unauthorised occupation deprived the Government of a revenue of Rs. 657.77 crore.**

*(Paragraph 6.2.12)*

**(ix) Some instances of failure of internal control mechanism in management of Nazul land were also noticed, which deprived the Government of revenue on account of premium of Rs. 40.25 crore.**

*(Paragraph 6.2.13 & 14)*

### **6.2.1. Introduction**

The word "Nazul" is an Urdu word which means anything becoming available in the shape of God's gift, without any previous thought or speculation. The Nazul land refers to the land (buildings) confiscated from the freedom fighters, Zamindars, Nawabs, Rajas etc. as the same were neither acquired nor payments therefor made.

The Nazul land is held by the Government in public trust, in perpetuity, the possession of which can be transferred in the form of lease or licence only.

### **6.2.2. Legal Provisions**

The management and administration of Nazul land and the related activities are governed by:

- (i) Uttar Pradesh Nazul Manual, 1949 (Hereinafter referred as Manual)
- (ii) U. P. Government Grant Act, 1960 (Hereinafter referred as Government Grant Act)
- (iii) U. P. Urban Planning and Development Act, 1973 (Hereinafter referred as Act 1973)

### **6.2.3. Organisational Setup**

The District Magistrate (Collector) of the respective district is the overall in-charge of the management and administration of Nazul land. He is assisted by the officer-in-charge/additional district magistrate/sub-divisional officer (Nazul). In two districts viz. Lucknow and Dehradun, this work is entrusted to the concerned Development Authorities. In other places, the Nagar Nigam/ Nagar Palika Parishad/Zila Parishad and other local bodies have been entrusted with the work of management and collection of lease rent of Nazul land under the overall supervision of the Collector concerned.

The total area of Nazul land in Uttar Pradesh is 24.48 crore square metre, as notified by the Government vide its order dated October 1994.

### **6.2.4. Scope of audit**

With a view to ascertaining the extent of compliance with the provisions of Nazul Law, notifications, instructions and circulars issued by the Government from time to time for regulation and management of Nazul lands, a review was conducted from July 1999 to April 2000. For this purpose, the records for the period between 1994-95 and 1999-2000 were test checked in the offices of Additional District Magistrates (Nazul) and Nagar Nigams/Nagar Palika Parishads/Development Authorities of 27 districts of Uttar Pradesh out of 83.

The important points noticed during test check are mentioned in the succeeding paragraphs:

### **6.2.5. Unauthorised retention of Government share of premium and ground rent**

- (a) Under Para 76 of the Manual, half of the premium on leases realised by

the local bodies shall immediately be deposited in the Government Account.

It was seen in test check of Nazul records of 12 districts, that in contravention of the above provision, the local bodies did not deposit a sum of Rs. 1.66 crore as Government share of premium into the Government account and retained the same unauthorisedly, as detailed in annexure - 2.

(b) The Manual further provides that in respect of other incomes (ground rent etc.), one-fourth of the total annual demand will be credited to the Government account within three months from the close of the financial year.

Scrutiny of the demand and collection register of ground rent maintained in 24 Nagar Nigams/Nagar Palika Parishads/Development Authorities revealed that one-fourth of the demand amounting to Rs. 1.11 crore in respect of ground rent for various periods up to 1999-2000 was not credited to the Government account, as detailed in annexure - 3.

However, the Government did not initiate any action for the recovery of the premium and ground rent due.

On this being pointed out in audit, it was stated (between October 1999 and April 2000) by most of the Executive Officers/Mukhya Nagar Adhikaris of the local bodies that due to financial crisis the Government share could not be deposited into the Government account. The reply is not tenable as the Government share has to be deposited unless specifically allowed to be retained by the Government.

#### ***6.2.6. Non-realisation of premium from PSUs, Local Bodies etc.***

According to Para 2 of the Government order of September 1986, the Nazul land is to be allotted to corporations/other institutions on payment of premium and rent at the current market rates.

While scrutinizing the records of 14 Nagar Nigams/Nagar Palika Parishads/Development Authorities, it was noticed that Nazul lands were allotted to the Public Sector Undertakings and statutory and local bodies without realisation of premium, in violation of the Government orders, resulting in loss of revenue amounting to Rs.120.46 crore, as detailed on the next page:

(Rupees in crore)

Sl. No.	Name of local body (Nagar Nigam/Nagar Palika Parishad / Development Authority / UPSRTC/ UPSEB & Jal Nigam)	Area of Nazul land occupied by PSUs and local bodies etc. (in square metre)	Unrealised premium
1	Lucknow	10,115.60	3.36
2	Allahabad	73,831.00	11.40
3	Agra	10,403.11	2.53
4	Gorakhpur	18,936.40	0.77
5	Moradabad	12,541.00	16.62
6	Banda	96,975.00	23.90
7	Basti	2006.00	0.99
8	Gonda	11,286.36	6.58
9	Jhansi	1,40,167.35	34.66
10	Sultanpur	10,579.50	1.76
11	Mathura	1,770.24	0.94
12	Varanasi	38,799.60	0.87
13	Dehradun	7,753.34	3.26
14	Faizabad	30,55,082.00	12.82
	<b>Total</b>	<b>34,90,246.50</b>	<b>120.46</b>

### ***6.2.7. Unauthorised retention of Nazul land after termination of the lease period***

Under the Manual, the leases on Nazul lands are executed for fixed terms and there is no provision for renewal of leases after termination of the lease period. The lessee is required to hand over the leased property to the Government after expiry of the lease period.

The Government vide its Notification dated 16 October 1986 relaxed the said provisions and directed the district authorities to execute fresh lease in favour of previous lessee with the provision of two renewals after 30 years each, on realising of 50 percent of the premium calculated at the present market rates and ground rent.

During the test check of Nazul records of 12 districts, it was noticed that even after 2 to 85 years of the expiry of original lease period, the Government failed either to evict the lessees or execute fresh leases on realisation of premium

at the current market rates. As a result, premium amounting to Rs. 171.17 crore could not be realised, depriving the Government of revenue to that extent. Further, Nazul land measuring 15,40,084 square metre also remained under unauthorised occupation. The details are given below :

(Rupees in crore)

Sl. No.	Name of districts	No. of leases	Area (in square metre)	Premium required to be realised
1	Agra	431	4,65,910.00	71.01
2	Banda	1492	2,55,487.00	25.55
3	Basti	41	84,004.00	10.50
4	Jaunpur	201	1,00,287.60	12.03
5	Jhansi	227	2,33,426.64	23.35
6	Mathura	450	1,05,921.48	10.35
7	Hardoi	37	5,468.61	0.20
8	Sitapur	23	3,557.00	0.15
9	Jalaun	10	32,662.73	1.64
10	Kanpur Nagar	1	87,148.85	10.46
11	Bareilly	12	24,739.13	5.56
12	Nainital	23	1,41,470.79	0.37
	<b>Total</b>	<b>2,948</b>	<b>15,40,083.83</b>	<b>171.17</b>

#### 6.2.8. Non-realisation of premium and rent from displaced persons

With a view to accommodating the displaced persons from Shahapur Mohd-Shah Teela to Ruppur Khadra and from Gomti Bandha to Nehru Nagar, Indira Puri, Ambedkar Nagar, Gudayan Tola and Iradat Nagar at Lucknow, the Government vide orders dated 31 March 1987 and 25 May 1987 decided that each displaced person will be allotted a Nazul plot measuring 600 square feet, on payment of the specified premium and rent.

The scrutiny of records maintained in Lucknow Development Authority, Lucknow revealed that Nazul plots had been allotted to 487 displaced persons between March to May 1987, but the premium of Rs. 37.66 lakh and rent of Rs. 20.74 lakh was not realised, as detailed on the next page :



No. of displaced persons	Rate of premium realisable per plot (Rs.)	Amount of premium not realised (Rs. in lakh)	Rent realisable per annum per plot (Rs.)	Period of possession	Total duration of possession (Years)	Amount of rent not realised (Rs. in lakh)
1	2	3 = 1 x 2	4	5	6	7 = 1 x 4 x 6
30	4,000	1.20	100	July 77 to June 99	23	0.69
213	5,200	11.08	130	January 78 to December 99	22	6.09
244	10,400	25.38	260	January 78 to December 99	22	13.96
487		37.66				20.74

### 6.2.9. Loss of premium due to non-regularisation of unauthorised occupations

The Government Notification dated 16 October 1986 provided for regularisation of unauthorised occupations on Nazul lands, of permanent nature, where eviction proceedings were not feasible, after realising a premium equal to two times of the present market rate, in case of residential occupations and four times in case of commercial occupations along with the prevalent rent.

However, as per Government order dated 1 December 1998, an unauthorised possession of Nazul land (prior to 1 January 1992) shall be regularised on realising the cost of land from the unauthorised occupants, at the rate of 120 percent and 200 percent of the current circle rates for residential and commercial occupations respectively.

In test-check of Nazul records of local bodies of 9 districts, it was noticed that a total of 2224 unauthorised occupiers of permanent nature (1843 residential and 381 commercial) were neither removed nor regularised, in violation of the Government's orders. As a result, a premium amounting to Rs. 189.15 crore (Rs. 65.05 crore and Rs. 124.10 crore, in respect of residential and commercial occupations respectively) could not be recovered, resulting in loss of revenue to the Government to that extent. In addition, Nazul land measuring 7,33,795 square metre remained under possession of unauthorised occupants, are detailed on the next page.

(i) Unauthorised possession for residential purposes

(Rupees in crore)

Sl. No.	Name of the local body	Period involved	No. of unauthorised occupants	Area under unauthorised occupations (in square metre)	Premium to be realised
1.	Nagar Palika Parishad, Rai Bareli	Pre-1992	88	13,764.00	10.64
		Post-1992	5	42,240.00	
2.	Nagar Palika Parishad, Hardoi	Pre-1992	142	12,361.00	1.79
3.	Nagar Nigam, Agra	Post-1992	111	29,578.14	4.17
4.	Sitapur	Post 1992	309	99,933.81	11.28
5.	Jalaun (Orai)	Post 1992	1179	4,20,599.59	36.85
6.	Saharanpur	Post 1992	5	216.70	0.01
7.	Nainital	Post 1992	4	324.44	0.31
	<b>Total</b>		<b>1,843</b>	<b>6,19,017.68</b>	<b>65.05</b>

(ii) Unauthorised possession for commercial purposes

(Rupees in crore)

Sl. No.	Name of the local body	Period involved	No. of unauthorised occupants	Area under unauthorised occupations (in square metre)	Premium to be realised
1.	Nagar Nigam, Bareilly	Pre 1992	8	49,640.00	99.28
		Post 1992			
2.	Nagar Palika Parishad, Rae Bareli	Pre 1992	25	2,415.57	1.11
3.	Nagar Palika Parishad, Hardoi	Post 1992	18	1,184.00	0.71
4.	Nagar Parishad, Fatehabad, Agra	Post 1992	37	1,578.00	0.41
5.	Sitapur	Post 1992	29	1,858.08	0.41
6.	Jalaun	Post 1992	8	10,202.00	2.04
7.	Nagar Palika Sarsawa, Saharanpur	Post 1992	4	207.00	0.16
8.	Kanpur Nagar	Post 1992	123	4,530.83	2.17
9.	Nainital	Post 1992	129	43,162.48	17.81
	<b>Total</b>		<b>381</b>	<b>1,14,777.96</b>	<b>124.10</b>
	<b>Grand Total (table i &amp; ii)</b>		<b>2,224</b>	<b>7,33,795.64</b>	<b>189.15</b>

### 6.2.10. Non-recovery/under-assessment of cost of Nazul land

As per the Government order dated 23 May 1992, if any Nazul land is transferred to any department of the Government of India, the latter shall pay the cost of the land at the prevalent market rate on the approval of the State Government.

(a) In the audit of District Nazul Office, Faizabad, it was noticed that the State Government transferred 12,629.76 square metre of land to the Telecom. Department in March 1995. The cost of the land transferred, calculated at the prevalent market rates worked out to Rs. 81.69 lakh. However, against this the Telecom. Department paid only Rs. 69.95 lakh leaving a balance of Rs. 11.74 lakh.

(b) In the audit of officer-in-charge Nazul, Gonda, it was seen that the Telecom. Divisional Engineer, Gonda applied on 20 November 1995 for allotment of Nazul land for installation of a 5000 line electronic exchange in Gonda. The Nagar Palika, Gonda prepared a proposal for transfer of 3,220.26 square metre of land at the cost of Rs. 29.45 lakh (as per the market rates prevailing in 1995). However, the District Magistrate allowed the cost of land to be calculated as per the circle rates/market rates prevalent on 1 November 1991. Based on this, the total cost of land was assessed as Rs. 17.93 lakh which was paid by the Telecom. Department in January 1996. As a result, an under-assessment of the cost of land transferred to the Telecom. Department resulted in loss of revenue to the Government amounting to Rs. 11.52 lakh.

### 6.2.11. Loss of premium due to discrepancy in the area of Nazul land

In the audit of Nazul records of Agra, Allahabad, Mathura and Udham Singh Nagar (Rudrapur), it was noticed that out of a total of 1,69,99,704.42 square metre of Nazul land, 26,96,491.87 square metre was found short but no action was initiated by the Department/Government to investigate the reasons for the shortage. Evidently, the said land has gone into the hands of unauthorised occupants. Thus, failure on the part of the managing authority either to locate or to identify the missing Nazul land resulted in non-realisation of cost of land amounting to Rs. 464.03 crore, as detailed below :

(Rupees in crore)

Sl. No.	Name of transferor of Nazul land	Name of Department to which Nazul land was transferred	Period/year	Total area transferred (in square metre)	Actual area of land available (in square metre)	Shortage of land (in square metre)	Value of land
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Tehsildar Sadar, Agra	Agra Development Authority	1978	3,31,268.00	2,84,606.00	46,662.00	69.99
2.	D.M., Mathura	Tehsildar, Mathura	1980	8,17,990.00	6,12,300.00	2,05,690.00	61.71

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
3.	D.M., Udham Singh Nagar	Nagar Palika, Rudrapur	1993	80,52,625.62	70,53,035.81	9,99,589.81	99.96
4.	D. M. Allahabad	Nagar Nigam, Zila Panchayat, Allahabad, Town Area Jhunsi & Phulpur	1993	77,97,820.80	63,53,270.73	14,44,550.07	232.37
	<b>Total</b>			<b>1,69,99,704.42</b>	<b>1,43,03,212.54</b>	<b>26,96,491.88</b>	<b>464.03</b>

On being pointed out in audit, the Department stated (March/April 2000) that due to non-availability of revenue records, the shortage of lands could not be detected. No action was, however, initiated by the competent authorities against the erring officials due to whose negligence, the records were missing.

### 6.2.12 Nazul land under unauthorised occupation

During scrutiny of Nazul records of 27 districts, the information regarding total area of Nazul land and the area under unauthorised occupations was obtained from the concerned authorities of 22 districts as given in annexure-4, which indicates that 6.89 percent of the total Nazul land for which information was available was found to be under unauthorised occupation. In 5 districts<sup>22</sup>, more than 22 percent of Nazul land was in the hands of unauthorised occupants. However, the audit of Avas Anubhag-4 of Uttar Pradesh Government Sachivalaya, Lucknow revealed that no mechanism for collecting information regarding unauthorised occupation exists at the Government level.

In the Nazul records of 8 districts, it was indicated that an area of 32,59,574.18 square metre of Nazul land had been under unauthorised occupations during various periods which deprived the Government of revenue on account of cost of land amounting to Rs 657.77 crore, calculated in terms of current market value of land as detailed below :

(Rupees in crore)

Sl. No.	Name of the district	Area of unauthorised occupations (in square metre)	Value of Nazul land
1.	Agra	1,56,892.79	62.39
2.	Allahabad	4,31,464.00	43.15
3.	Banda	4,21,265.00	84.25
4.	Basti	2,85,346.05	18.69
5.	Jhansi	4,70,211.69	82.76
6.	Lucknow	3,69,129.59	147.71
7.	Kanpur Nagar	5,16,929.45	92.29
8.	Varanasi	6,08,335.61	126.53
	<b>Total</b>	<b>32,59,574.18</b>	<b>657.77</b>

22 Banda, Basti, Haridwar, Nainital and Udham Singh Nagar

### 6.2.13 Failure of mechanism for detection of unauthorised use of Nazul land

Cases of unauthorised possession of Nazul land can be detected only by physical verification of land. Under Section 28 of Land Revenue Act, 1901 and Uttar Pradesh Zamindari Abolition Act, 1950 read with Rule 55 and 55-A made thereunder in Chapter-5 of Bhumilekh Niyamavali, the concerned Lekhpal is required to carry out survey of plots in his area (Halqua) thrice a year and to report the findings to the Tehsildar/District level authority for regularisation.

(i) In one case, as noticed in the audit of the office of Collector, Mathura, 1,89,843.46 square metre Nazul land was allotted to the Nagar Palika Parishad, Mathura by the district authority, whereas in the records of Nagar Palika Parishad, it was depicted only as 85,225 square metre. There was neither any survey report submitted by the Lekhpal and other supervisory officers to the district level authority regarding handing over of Nazul land, as shown in the records of Nagar Palika Parishad, nor excess land was shown in the records of Nagar Palika Parishad, Mathura. Evidently, there was an encroachment on Nazul land measuring 1,04,618.46 square metre, which remained unnoticed.

(ii) In another case, as noticed in the audit of Nagar Palika Parishad, Mathura, (March 2000), 18,965 square metre of Nazul land was under unauthorised occupation, for which neither any survey was conducted by the Nagar Palika Parishad nor entries recorded in the register maintained by the authorities concerned, showing inter-alia description, situation and boundaries of the said land.

In both the above cases, the Government was deprived of revenue on account of premium amounting to Rs. 11.13 crore (Rs. 9.42 crore and Rs. 1.71 crore respectively), calculated at current market value of the land kept under unauthorised use.

### 6.2.14 Encroachment of Nazul land subsequently treated as slum area

(i) As per the Government order of 1 January 1996, the Government took a decision for regularisation of unauthorised possession of Nazul land with such poor persons whose monthly income was up to Rs. 1250, and who were unauthorised occupants before 1 January 1992. The possession in respect of these persons was to be regularised on payment of premium and annual rent calculated on the basis of the circle rates of 30 November 1991, as given below:

Sl. No.	Area of land	Amount of premium	Amount of annual rent (Rs.)
1.	Up to 45 square metre	25% of circle rate	60.00
2.	Above 45 square metre, but less than 100 square metre	40% of circle rate	120.00

Further, as per the Government order, in no case, an unauthorised possession of land over 100 square metre could be regularised.

In the audit of Faizabad district, it was noticed that unauthorised occupations of 169 occupants were regularised without payment of the premium and annual rent. As a result, the Government was deprived of Rs. 14.06 lakh on account of non-realisation of premium (Rs. 13.72 lakh) and annual rent (Rs. 0.34 lakh).

**(ii)** Nazul land on plot No. 101 of Talpura locality measuring 1,60,989.82 square metre situated within Nagar Palika, Jhansi was under encroachment of approximately 2000 occupants from the period prior to 1975-76. The area under encroachment was declared as "Slum Area", which was likely to be transferred to the slum dwellers.

Even though the encroachment took place prior to 1975-76, no action was taken by the managing authority for development of the land and its transfer to the cooperative societies formed by the slum dwellers. As a result, the encroachment on the said land could not be regularised and the Government was deprived of revenue on account of premium amounting to Rs. 28.98 crore.

#### ***6.2.15 Other important points***

**(i)** Under the territorial jurisdiction of Nagar Palika Parishad, Sandi, Hardoi, 1,06,405 square meter of Nazul land was marked by the authorities as being under unauthorised occupations. Further, 324 cases were instituted for eviction under the U. P. Public Premises (Eviction of unauthorised occupants) Act, 1972, in the year 1972 and the competent authority ordered for eviction of the unauthorised occupations. However, no action to evict the unauthorised occupation was taken. This resulted in non-realisation of premium to the tune of Rs. 5.32 crore and the land continued to remain in the possession of the unauthorised occupants.

**(ii)** Under the provisions of U. P. Public Premises (Eviction of unauthorised occupants) Act, 1972, if the prescribed authority is satisfied that the public premises are under unauthorised occupations, it may make an order of eviction and assess the amount of damages on account of the unauthorised use and occupation of such premises and may also, by order, ask the unauthorised occupants to pay the amount in the manner specified in the order.

A scrutiny of records maintained in Raebareli district revealed that 140 cases of unauthorised occupations of Nazul land measuring 31,183 square metre were decided by the City Magistrate, Raebareli and a fine of Rs. 41 lakh was imposed on unauthorised occupants, for the period between January 1991 and June 1993. Though a period of more than 7 to 10 years has elapsed, no action has been taken

by the Department to either realise the said fines from the unauthorised occupants or to evict them.

### ***6.2.16 Failure of Internal Control Mechanism***

In the test check of records of Avas Anubhag-4 of U. P. Government Sachivalaya, Lucknow, it was revealed that there was no effective system of monitoring relating to Nazul land at the Government level. Even various statements received from the district level authorities could not be consolidated at the State level. No definite plans, programmes and targets either to collect revenue or to vacate unauthorised occupants of Nazul lands have been formulated. No provision was made through enactment of an Act for management of Nazul land, despite the Constitutional provisions therefor. The internal control system to assist in economic, efficient and effective management of resources and to produce timely and reliable financial and management information regarding Nazul land could also not be made at the Government level.

Some of the instances of failure in internal control mechanism in management of Nazul land noticed in audit are as under:

#### ***Non-maintenance of records***

The file containing the original lease (Patta) is a vital document, which was not found to be maintained in the offices of most of the local bodies. As a result, the terms and conditions laid down therein are not being adhered to. Records were not being maintained in accordance with Rule 316 to 322 of Bhoomi Abhilekh Niyam Sangrah, which are the control and monitoring records prescribed for Nazul land.

The other important records/registers, which were not found to be maintained properly, are mentioned below:

- (i) Property register.
- (ii) Demand and Collection register.
- (iii) Survey reports.
- (iv) Reconciliation reports of the district authority and the managing authority of Nazul land.

The foregoing points were reported to the Department and the Government (May 2000); their replies have not been received (August 2000).

### **6.3 Non recovery of collection charges**

In terms of Uttar Pradesh Public Money (Recovery of Dues) Act, 1972 the revenue authorities, on receipt of certificates of recovery from a Corporation, Board, Banking company or local body, shall proceed to recover the amount stated therein, together with the cost of proceedings (collection charges), as arrears of land revenue. Collection charges at the rate of 10 per cent of the dues collected/ to be collected are realised from the concerned loanees by the revenue authorities. Even in cases where the recovery certificates are returned to the concerned bodies on their own request or the dues are deposited by the defaulters direct with the concerned bodies, the collection charges at the prescribed rate are to be realised.

During audit of 2 Tehsildar offices Sadabad, (Mahamaya Nagar) and Garhmukteshwar, Ghaziabad it was noticed (between January 1999 and March 1999), that 15 recovery certificates amounting to Rs. 1.46 crore were received in the department during the period December 1992 to January 1997. Of these, the principal amount covered under 9 recovery certificates was realised fully and in two cases partly. In the remaining 4 cases the recovery certificates were returned to the concerned Department but no collection charges were recovered by revenue authorities. Non-recovery of collection charges resulted in loss of revenue to Government amounting to Rs. 14.63 lakh.

The matter was reported to the department and Government (May 1999 and October 1999); their replies have not been received (August 2000).

### **6.4 Non-realisation of luxury tax**

The tax on luxuries (Luxury Tax) provided to the occupants in hotels was levied in the state under the Uttar Pradesh Taxation and Land Revenue Laws Act, 1975, which came into force with effect from 1 August 1975. Though the tax was payable by the person who was provided with the lodging accommodation, the proprietor of the hotel was made responsible to collect and deposit the same into the treasury, within the prescribed time. Initially the luxury tax was payable on a room carrying a rent of Rs. 50 or more but from 12 October 1994 the luxury tax was payable on rooms carrying a rent of Rs. 250 or more per day. If further after the expiry of the period allowed under any order of assessment, the whole or any part of the amount of the tax remains unpaid, the Collector shall take steps for recovery of the unpaid amount as arrears of land revenue under Section 9 of the Act.

A test check of luxury tax records of 9 districts revealed that the luxury tax amounting to Rs. 2.04 crore remained unrealised as on 31 March 1999 as per details given on the next page.



(Rupees in lakh)

Sl. No.	District	No. of hotels	Period of tax	Amount of unrealised luxury tax
1	Agra	71	Up to June 1994	42.30
2	Bareilly	01	April 1996 to March 1998	0.40
3	Dehradun	14	April 1994 to September 1997	3.48
4	Gorakhpur	01	April 1996 to March 1999	0.53
5	Lucknow	02	April 1986 to November 1998	39.11
6	Meerut	02	April 1996 to March 1998	0.16
7	Moradabad	72	May 1997 to July 1999	10.33
8	Nainital	06	April 1995 to March 1999	52.59
9	Varanasi	01	October 1983 to March 1995	54.91
	<b>Total</b>			<b>203.81</b>

On this being pointed out in audit (between October and December 1999), the department stated that action would be taken to realise the outstanding luxury tax. Further report has not been received (August 2000).

The matter was reported to Government (February 2000); their reply has not been received (August 2000).

### 6.5 Non-realisation of interest on belated payment of luxury tax

The amount of tax payable by a proprietor shall be paid into the Government treasury or the State Bank of India within five days from the end of the month in which the tax was collected by the proprietor of the hotel. If the proprietor fails to pay the tax within the prescribed period, he shall be liable to pay simple interest at the rate of 18% per annum on the amount remaining unpaid.

A test check of records of 6 Regional Tourist Offices revealed that though the tax was paid by the proprietors after a delay of 1 month to 199 months during the period between April 1980 to November 1999 but no interest was charged. This resulted in non-realisation of interest of Rs. 66.48 lakh as detailed on the next page:

(Rupees in lakh)

Sl. No.	District	No. of proprietors Involved	Amount of tax	Period of delay (in month)	Interest payable
1.	Agra	4	250.03	12	45.05
2.	Allahabad	3	1.99	3 to 6	0.43
3.	Dehradun	4	1.93	9 to 21	0.28
4.	Kanpur	3	4.76	1 to 9	0.35
5.	Nainital	5	135.36	2 to 40	4.72
6.	Varanasi	2	56.34	134 to 199	15.65
	<b>Total</b>				<b>66.48</b>

On this being pointed out in audit (between October and December 1999), the Department stated that action would be taken to realise the interest due. Further report has not been received (August 2000).

The matter was reported to the Department and Government (February 2000); their replies have not been received (August 2000).

## CHAPTER - 7 : OTHER TAX RECEIPTS

### (A) ELECTRICITY DUTY

#### 7.1 Results of Audit

Test check of records of Asstt. Directors (Electrical Safety) and Appointed Authorities conducted in audit during 1999-2000 revealed non-levy or short levy of electricity duty and inspection fee amounting to Rs. 7101.51 lakh in 57 cases which broadly fall under the following categories:

(Rupees in lakh)

Sl. No.	Categories	No. of cases	Amount
1.	Non-levy of electricity duty	12	491.82
2.	Non-levy of interest	18	30.50
3.	Non-levy of inspection fee	18	2.57
4.	Non-levy of electricity duty on electricity consumed	08	101.97
5.	Review on "Assessment and collection of electricity duty and fees"	01	6474.65
	<b>Total</b>	<b>57</b>	<b>7101.51</b>

During the year 1999-2000, the department accepted under assessment etc. of Rs.208.75 lakh in 37 cases of which 15 cases involving Rs. 154.44 lakh had been pointed out in audit during the year 1999-2000 and rest in earlier years.

A few illustrative cases including a review on 'Assessment and collection of electricity duty and fees' involving financial effect of Rs. 64.75 crore are mentioned in the following paragraphs:

#### 7.2 Review on "Assessment and Collection of Electricity Duty and Fees"

##### Highlights

- (i) **Incorrect assessment/demands resulted in non-realisation of electricity duty and interest amounting to Rs. 30.59 crore from UPSEB.**

(Paragraph 7.2.5)

**(ii) Electricity duty and interest amounting to Rs. 28.33 crore were not realised from the licensees and UPSEB.**

*(Paragraph 7.2.6)*

**(iii) Electricity duty amounting to Rs. 75.03 lakh remained unrealised from Railways, Defence establishments and users of generators.**

*(Paragraph 7.2.7)*

**(iv) Electricity duty amounting to Rs. 196.96 lakh was short-assessed by the distribution divisions of UPSEB.**

*(Paragraph 7.2.8)*

**(v) Non-adoption of prescribed procedure resulted in non-realisation of inspection fees amounting to Rs. 50.51 lakh.**

*(Paragraph 7.2.9)*

**(vi) Penalty for non-submission of accounts amounting to Rs. 208.37 lakh and audit fee amounting to Rs. 52.75 lakh was not realised.**

*(Paragraph 7.2.10)*

### **7.2.1. Introduction**

Electricity duty is levied by the State Government on the consumption of electricity for domestic as well as industrial purposes within the State. The levy and collection of electricity duty within the State are regulated by the U. P. Electricity (Duty) Act, 1952, as amended from time to time and the Rules framed thereunder.

The licensee, the Board and the Appointed Authority as defined in the Act, are required to deposit the amount of duty payable within two calendar months following the close of the month in which the meter reading was recorded.

Audit fee and fees for testing and inspection of installation connected to the supply system of the supplier are levied and paid to the State Government under the Indian Electricity Act, 1910 and Indian Electricity Rules, 1956.

### **7.2.2. Organisational setup**

The Energy Department of the State Government administers the Act and Rules, through the Director, Electrical Safety (E. S.), Government of Uttar Pradesh, who is the head of the organisational setup. He is assisted by 11 Deputy Directors

(E. S.) at the regional level and 41 Assistant Directors (E. S.) at the zonal level.

### 7.2.3. Scope of Audit

A review on assessment and collection of Electricity duty and fees for the years 1994-95 to 1998-99 was conducted by audit between October 1999 and April 2000, in the office of the Director, Electrical Safety (E. S.), 3 Regional Offices<sup>23</sup> and 16 zonal offices<sup>24</sup> out of 41 zones, with a view to verifying the effectiveness of the system and also to see if the Rules and Government orders and instructions are being followed correctly. The review also includes certain cases noticed during regular audit.

### 7.2.4. Trend of Revenue

The Budget estimates of Electricity duty vis-à-vis the actual receipts during the last 5 years ending March 1999, were as under:

(Rupees in crore)

Year	Budget Estimates	Actual receipts	Variation Increase (+) Decrease (-)	Percentage of variation
1994-95	70.73	68.56	(-) 2.17	(-) 3.07
1995-96	72.56	76.88	(+) 4.32	(+) 5.95
1996-97	76.18	78.32	(+) 2.14	(+) 2.81
1997-98	130.00	110.88	(-) 19.12	(-) 14.71
1998-99	97.70	100.85	(+) 3.15	(+) 3.22

During the year 1997-98, the shortfall in collection of Electricity duty was more than 10 per cent. On this being pointed out in audit, the Director (Electrical Safety) stated (October 1999), that the shortfall was due to exemption granted (February 1998) by the Government, in respect of energy consumed from own sources of generation.

The reply is not tenable as the exemption was granted when most of the financial year (1997-98) was already over.

The important points noticed during test check are discussed in the succeeding paragraphs.

23 Kanpur, Lucknow and Shahjahanpur

24 Agra, Aligarh, Bareilly, Gorakhpur, Ghaziabad, Jhansi, Kanpur, Lucknow, Mathura, Meerut, Muzaffarnagar, Raebareli, Roorkee, Shahjahanpur, Sultanpur and Varanasi

**(a) Electricity Duty**

***7.2.5 Incorrect assessment /demands of electricity duty***

(i) The Assistant Director (E.S) of each Zone collects the figures of electricity duty due for each month from the distribution divisions of Uttar Pradesh State Electricity Board (UPSEB) and forwards the same to the Director (E.S.), Lucknow for consolidation. This consolidated figure is taken as assessment/demand for payment of electricity duty. The UPSEB also makes their own assessment for the payment of aforesaid duty.

It was noticed in audit that the electricity duty amounting to Rs. 118.71 crore was payable to the Government during the year 1998-99 by the UPSEB, on the basis of their own assessment. However, the Director (Electrical Safety), Lucknow assessed and raised (February 1999) demand for Rs. 92 crore. The UPSEB paid (March 1999) the amount and showed Rs. 26.71 crore in the balance sheet as amount payable to the Government on account of electricity duty. Thus, due to incorrect assessment, an amount of Rs. 26.71 crore remained unrealised from the Board. Besides, interest payable on this amount for the period from April 1999 to October 1999 worked out to Rs. 2.80 crore was also not assessed by the assessing authority.

The Director (E. S.) intimated (August 2000) that Rs. 26.71 crore had not been realised from the UPSEB.

(ii) While scrutinizing the demand statements received in the office of Director (E.S.) Lucknow from the Assistant Director (E.S.) Ghaziabad, it was noticed (October 1999), that the statement relating to Executive Engineer, Distribution Division-III, Ghaziabad, involving a duty of Rs. 87.54 lakh for the year 1994-95 had not been included in the consolidated demand for 1994-95 and onwards. Further, electricity duty amounting to Rs. 20 lakh pertaining to two distribution divisions (Bulandshahr and Mainpuri) was short—included in the consolidated demand for the year 1994-95, due to a totalling mistake. As a result, the duty amounting to Rs. 107.54 lakh could not be realised due to its non-inclusion in the yearly demand.

***7.2.6 Non-realisation of electricity duty/interest from licensees/UPSEB***

According to the Act and the Rules framed thereunder, a licensee, appointed authority or any other person is required to deposit the electricity duty within two months following the close of the month in which the meter readings were recorded. Further, interest is also chargeable at the rate of 18 percent per annum from the Licensee/Board or other person on the amount of electricity duty remaining unpaid.

(i) A test check of records of Cooperative Electric Supply Society (CESS), Lucknow revealed that electricity duty aggregating Rs. 10.67 lakh for the period between January 1997 and March 1997 had not been deposited by the Society. It was further noticed that the aforesaid amount had also not been included in the arrear report ending March 1999, compiled by the Director (E.S.).

Besides, interest amounting to Rs. 5.75 lakh accrued during the period from April 1997 to April 2000 (till the date of audit) was also chargeable from the aforesaid defaulter licensee.

(ii) In the test check of records relating to the assessment and deposit of electricity duty maintained in the office of Director (E. S.) Lucknow, it was noticed that the UPSEB had deposited electricity duty for the period 1994-95 to 1998-99 aggregating Rs. 342.51 crore after delays ranging from one month to eleven months each year. Interest of Rs. 28.16 crore worked out at the rate of 18 percent per annum, was chargeable from the Board for belated payment of duty, but it was not levied.

### ***7.2.7 Non-levy/non-realisation of electricity duty***

Under the Act, electricity duty is realisable at the rates fixed by the Government from time to time on the energy supplied for consumption in residential colonies of any Government, Railways or Defence. Further, electricity duty is also payable on the electricity generated by own sources of the consumer

Scrutiny of records maintained in the office of the Director (E. S.) revealed that electricity duty amounting to Rs. 64.61 lakh payable by 15 Defence, 2 Railways establishments and 31 self-generating units, as on 31 March 1999, for consumption of energy for domestic purpose was not realised.

Besides, the electricity duty amounting to Rs. 10.42 lakh pertaining to the period April 1992 to September 1999 was neither levied nor deposited by the appointed authority (Railways and Defence).

### ***7.2.8 Short-assessment of Electricity Duty***

(i) Under the Act, electricity duty is leviable and payable to the State Government on the sale of energy to a consumer by a licensee or the Board, at the rates fixed by the State Government.

A test-check of assessment records (Commercial Statement No. 4 or CS-4) of 8 Electricity Distribution Divisions of UPSEB revealed that the assessment had not been done correctly by the divisions. As a result, electricity duty amounting to Rs. 170.82 lakh was short-assessed, as detailed on the next page:

(Rupees in lakh)

Sl. No.	Name of the Distribution Division	Month to which CS-4 relates	Units sold	Rate of Electricity Duty chargeable (per unit)	Amount of duty to be assessed	Amount of duty actually assessed	Amount of duty short-assessed	Reply of the unit
1	2	3	4	5	6	7	8	9
1.	Phool Bagh, Kanpur	May 97 to March 98 April 98 to March 99 April 99 to October 99	17,91,11,504	9 Paise	161.20	123.41	37.79	Non-charging of duty on N.A./N.R./ I.D. F. bills
2.	Indira Nagar, Lucknow	January 97 and February 97 April 98 to March 99	5,46,10,588	- do-	49.15	46.60	2.55	Due to calculation mistake
3.	Gomti Nagar, Lucknow	February 97 to March 97 April 97 to March 98 April 98 to March 99	10,71,08,237	- do-	96.40	70.27	26.13	Due to non-charging of duty on N.A./N.R./ I.D.F. bills
4.	Rahim Nagar, Lucknow	April 95 to March 96 April 95 to March 96 February 97 and April 97 to March 98	1,60,14,195 97,53,699 5,46,36,047	5 Paise 6 Paise 9 Paise	8.00 5.85 49.17	7.40 3.94 41.30	0.60 1.91 7.87	-Do-
5.	Sarvodaya Nagar, Kanpur	May 97 to March 98 April 98 to March 99	3,42,73,966 5,24,47,049	9 Paise - do -	30.85 47.20	20.54 30.38	10.31 16.82	Duty was short-charged due to improper maintenance of records
6.	Town Hall, Division-I, Muzaffarnagar	April 94 to March 95 April 95 to March 96 January 97 to March 97 April 97 to March 98 April 98 to March 99 April 99 to December 99	36,81,282 19,67,37,580	5 Paise 9 Paise	1.84 177.00	1.30 131.00	0.54 46.00	For short-deposit of duty, computer cell is being informed
7.	Victoria Park, Division-I, Meerut	January 97 to February 97 April 97 to March 98 April 98 to March 99	8,91,40,590	9 Paise	80.23	61.40	18.83	Short duty will be charged after reconciliation
8.	Division-I, Lal Digg, Aligarh	April 95 to March 96 January 97 to March 97 April 98 to March 99	70,83,325 73,14,828	5 Paise 9 Paise	3.54 6.58	3.27 5.38	0.27 1.20	For short-deposit of duty, the computer cell is being informed
				<b>Total</b>	<b>717.01</b>	<b>546.19</b>	<b>170.82</b>	

Note: N.A./N.R. - Meter reading was not recorded  
I.D.F. - Meter defective



(ii) Under the Act, and the Rules framed thereunder, the rate of electricity duty on fixed charges of energy consumed up to 2 January 1997 was at 10 per cent of the electricity charges. However, with effect from 3 January 1997, it was increased to 20 percent.

A test-check of records of 9 Electricity Distribution Divisions of UPSEB revealed that electricity duty amounting to Rs. 26.14 lakh was short-assessed due to application of pre-revised/incorrect rates. The details are given below:

(Rupees in lakh)

Sl. No.	Name of the Distribution Division	Month to which CS-4 relates	Fixed charges	Rate of duty	Duty assessable	Duty actually assessed	Duty short-assessed	Reply of the unit
1	2	3	4	5	6	7	8	9
1.	Phool Bagh, Kanpur	April 97 to March 98 and April 98 to March 99	65.11	20% of fixed charges	13.02	6.50	6.52	Non-charging of correct rates by E.E. (Bulk)
2.	Gomti Nagar, Lucknow	February 97 and March 97	6.38	- do -	1.28	0.64	0.64	Due to non-adoption of revised rates
3.	Indira Nagar, Lucknow	January 97	2.25	- do -	0.45	0.22	0.23	Due to non-receipt of revised rates
4.	Rahim Nagar, Lucknow	February 97 and April 98 to March 99	20.35	- do -	4.07	3.05	1.02	Due to non-charging of duty on N.R./N.A./I.D.F. bills
5.	Sarvodaya Nagar, Kanpur	April 97 to March 98 April 98 to March 99	48.13	-do-	9.63	4.71	4.92	Duty was short-charged by E.E. (Bulk)
6.	Town Hall, Division-I, Muzaffarnagar	January 97 to March 97 April 97 to March 98 April 98 to March 99	14.53	-do-	2.91	1.41	1.50	The matter will be taken up with computer cell
7.	Victoria Park, Division-I, Meerut	April 97 to March 98 April 98 to March 99	13.23	-do-	2.65	0.48	2.17	Short duty will be charged after reconciliation
8.	Division-I, Lal Diggi, Aligarh	January 97 to March 97 April 97 to March 98 April 98 to March 99	3.38	-do-	0.68	0.34	0.34	The matter will be taken by the computer cell
9.	Etawah Division	January 97 to March 99	44.03	-do-	8.80	--	8.80	Action will be initiated as per latest Govt. orders
	<b>Total</b>				<b>43.49</b>	<b>17.35</b>	<b>26.14</b>	

**(b) Fee (Audit and Inspection fee)**

***7.2.9 Non-observance of prescribed procedure for realisation of Inspection Fee***

Under the Rules, each electrical installation is required to be periodically inspected and tested by the Assistant Director (E. S.) at intervals not exceeding five years. The fee for such inspection and testing is determined by the State Government for each class of consumer and is payable by him in advance.

During audit of Director (E. S.), it was noticed (October 1999), that in contravention to the prescribed procedure, periodical inspections had been carried out without realising in advance the inspection fee amounting to Rs. 50.51 lakh.

In reply to the audit observation, it was stated by the Director (E. S.) that recovery certificates had been issued for effecting recoveries.

***7.2.10 Non-levy of penalty for non-submission of annual accounts and unrealised audit fee***

Under the Rules, a licensee/sanction-holder (as per the terms and conditions of sanction) is required to submit the annual accounts to the audit authorities of the Directorate (E. S.) for audit and deposit the audit fee, in advance, which will not exceed Rs. 25,000 per account. The accounts are required to be submitted each year by 30 September. For continued breach of the aforesaid provisions, the licensee/sanction-holder is liable to pay a penalty at the rate of Rs. 50 per day.

In test check of records of Director (E. S.), Lucknow, it was noticed that 211 annual accounts for the year 1985-86 to 1998-99 had not been submitted by the licensees/sanction-holders till 31 December 1999 for audit. However, no action was taken by the Director (E.S.) to levy penalty amounting to Rs. 208.37 lakh on the licensees/sanction holders. Also, due to non-adoption of the above punitive measure by the Directorate, the aforesaid accounts could not be received and remained unaudited. Consequently, the Government was also deprived of revenue by way of audit fee, amounting to Rs. 52.75 lakh.

***7.2.11 Failure of Internal Control mechanism***

Under the Act and the Rules made thereunder, a licensee, appointed authority or the Board is required to submit to the Assistant Director (E. S.) half yearly/ annual returns in the prescribed Form "A" (showing energy supplied or consumed, electricity duty leviable thereon and actually paid and amount of duty written off) and Form "B" (containing the opening and closing balances, amount of electricity duty, interest and penalty accrued and actually paid, adjusted and written

off) respectively.

The test check of records revealed that the aforesaid prescribed returns were not being received in the Assistant Director (E. S.) offices from the licensees, appointed authorities and the distribution divisions of UPSEB. As a result, the correctness of assessment of electricity duty could not be ascertained at Assistant Director's level. Thus, a lack of coordination between the inspecting and assessing/collecting authorities was responsible for short/incorrect assessment of electricity duty.

The foregoing points were reported to the Department and the Government (May 2000); their further replies have not been received (August 2000).

## **(B) TAX ON PURCHASE OF SUGARCANE AND ADMINISTRATIVE CHARGES ON SALE OF MOLASSES**

### **7.3 Results of Audit**

Test check of records of sugar factories and Khandsari units conducted in audit during 1999-2000 brought out non/short-levy (Non payment/short payment) of Tax on purchase of sugar cane amounting to Rs.488.00 lakh in 11 cases which broadly fall under the following categories:

**(Rupees in lakh)**

<b>Cane Purchase Tax</b>			
<b>Sl. No.</b>	<b>Categories</b>	<b>No. of cases</b>	<b>Amount</b>
1.	Non/short payment of Purchase Tax	11	488.00
	<b>Total</b>	<b>11</b>	<b>488.00</b>

During the year 1999-2000 the department accepted under assessment etc. of Rs. 75.99 lakh in 8 cases which were pointed out in audit in earlier years. An illustrative case involving financial effect of Rs. 0.10 crore is given in the succeeding paragraph:

### **7.4 Non-payment of Purchase Tax**

As per the provisions of Section 3A of Uttar Pradesh Sugar Cane (Purchase Tax) Act, 1961, no owner of a sugar factory shall remove or cause to be removed any sugar produced in the factory until he has paid the tax leviable on the purchase of sugar cane so consumed in the manufacture of sugar.

The State Government had fixed (18 September 1998) the purchase tax to be paid at Rs. 29 per quintal/bag of sugar produced during the year 1997-98 in

respect of M/s Kisan Sahkari Chini Mills Limited, Gajaraula. The tax was required to be paid before clearance of sugar from the factory.

It was, however, noticed (December 1998) that the factory cleared during September and October 1998, 34003 bags of sugar without paying any purchase tax resulting in non-payment of sugarcane purchase tax of Rs. 9.86 lakh.

On this being pointed out in audit the unit stated (December 1998) that payment of tax would be made in the next month. Further development are awaited (August 2000).

The case was reported to Government in March 1999 and again in May 2000; reply has not been received so far (August 2000).

### **(C) ENTERTAINMENT AND BETTING TAX**

#### **7.5 Results of Audit**

Test check of records of Entertainment Tax Offices conducted in audit during 1999-2000 revealed non-levy/realisation of entertainment tax and licence fees and other irregularities amounting to Rs. 182.47 lakh in 27 cases which broadly fall under following categories:

**(Rupees in lakh)**

Sl. No.	Categories	No. of cases	Amount
1.	Non-levy/realisation of entertainment tax/licence fees.	18	174.08
2.	Other irregularities	09	8.39
	<b>Total</b>	<b>27</b>	<b>182.47</b>

A few cases involving financial effect of Rs. 1.52 crore are mentioned in the following paragraphs:

#### **7.6 Non-realisation of misutilised/non-utilised amount of maintenance charges as entertainment tax**

Under the Uttar Pradesh Entertainment and Betting Tax, Act, 1979, an extra charge of one rupee is realised by the cinema owners from persons making payment for admission in the cinema hall, in the form of maintenance charges. The maintenance charges so collected are to be utilized by the cinema owners

for maintenance of the cinema hall. Various items of expenses on which the maintenance charges can be utilised have been identified vide Government Notification of December 1996. Further, it has also been provided that the amount of maintenance charges which remains unutilised or is utilised on inadmissible items of expenses, should be deposited in full, as entertainment tax.

(i) In the audit of District Entertainment Tax Office (ETO), Padrauna (Kushinagar), it was noticed (March 1999), that contrary to the provisions of the Act and Government instructions, an amount of Rs. 5.09 lakh collected as maintenance charges by the cinema owners, was spent on projectors and generators (during the period between April 1996 to March 1998). As these items were not included in the list of admissible expenses to be incurred out of maintenance charges, the amount was realisable in full, as entertainment tax, but it was neither levied nor realised by the department, resulting in loss of revenue to the Government to that extent.

On this being pointed out (March 1999) the department stated that the projectors and generators are essential for running cinemas, and as such the amount spent by them on its maintenance was justified. The reply of the department is not tenable as the amount spent on maintenance of the above items is not admissible under the Government notification.

The matter was reported to the Department and the Government (May 1999 and December 1999); their replies are awaited (August 2000).

(ii) During the audit of the 3 offices of entertainment tax Varanasi, Muzaffarnagar and Etah, it was noticed (between October 1998 and July 1999) that monthly returns of utilisation of maintenance charges amounting to Rs. 150.10 lakh collected by cinema owners were not submitted by the prescribed dates to the department as per details given in the table given below :

(Rupees in lakh)

Sl. No	Name of the office	Year	No. of cinema Halls	Amount collected	Amount utilised	Amount unutilized
1.	District Entertainment Tax Officer, Muzaffarnagar	1995-96 to 1998-99	10	78.57	3.16	75.41
2.	District Entertainment Tax Officer, Etah	1997-98 to 1998-99	11	39.78	----	39.78
3	Assistant Commissioner, Entertainment Tax, Varanasi	1997-98	9	31.75	----	31.75
	<b>Total</b>			<b>150.10</b>	<b>3.16</b>	<b>146.94</b>

The entire unutilised maintenance charges amounting to Rs. 146.94 lakh were realisable from cinema owners as entertainment tax, but the same were not realised by the department resulting in non realisation of the amount to that extent.

On this being pointed out in audit (between October 1998 and July 1999) the department stated that notices have been issued to the owners of cinema halls for realising unutilised amount. Further report has not been received (August 2000).

The cases were reported to the department and Government (between April 1999 and February 2000); their replies have not been received (August 2000).

## CHAPTER - 8 : FOREST RECEIPTS

### 8.1 Results of Audit

Irregularities noticed during test check of divisional records of Forest Department conducted in audit during 1999-2000 revealed non/short levy/non-realisation of penalty, lease rent etc. and other irregularities amounting to Rs. 193.83 crore which broadly fall under the following categories:

(Rupees in lakh)

Sl. No.	Categories	No. of cases	Amount
1	Allotment of forest products at concessional rate	04	22.84
2	Irregularities in extraction of resin	05	66.91
3	Incorrect fixation of royalty	25	603.03
4	Loss of revenue due to non registration of saw mills	06	5.72
5	Loss of revenue due to non levy of stamp duty	03	6.17
6	Non/short levy of penalty	07	84.00
7	Irregularities in collection and disposal of tendu leaves	07	1183.87
8	Non realisation of lease rent	10	1102.13
9	Miscellaneous irregularities	273	16308.10
	<b>Total</b>	<b>340</b>	<b>19382.77</b>

During the year 1999-2000, the Department accepted under assessment etc. of Rs. 300.10 lakh involved in 53 cases. A few illustrative cases involving Rs. 3.29 crore are given in following paragraphs.

### 8.2 Non-realisation of royalty on actual out turn of timber

As per norm prescribed by Chief Conservator of Forest (CCF) 5 to 10 per cent variation between estimated and actual out turn of timber is admissible. Where

such variation exceeds 10 per cent, royalty at the prescribed rate is to be leviable on the excess out turn.

Test-check of records of South Kheri Forest Division Lakhimpur Kheri and Bahraich Forest Division, Bahraich revealed (September 1998 and October 1998) that actual out turn of timber extracted by Uttar Pradesh Forest Corporation (UPFC) exceeded by 43.74 per cent and 43.95 per cent in South Kheri during the year 1996-97 and 1997-98 and 68.79 to 198.16 per cent in Bahraich during the year 1997-98, but the Department raised the demand of royalty on the basis of estimated out turn only. Thus, forest royalty of Rs. 2.08 crore on 4154.84 cubic metre (South Kheri: 2583.90 cubic metre; Bahraich: 1570.94 cubic metre) of timber was not assessed and realised.

Divisional Forest Officer, South Kheri stated that timber was in logs of different sizes due to which calculation of correct volume of wood was not possible. The reply of the division is not tenable in as much as actual volume of timber was assessed and recorded in the C-4 (a) register of the Range Officer at the time of transportation of timber. Divisional Forest Officer, Bahraich stated that the matter was being examined and fresh demand of unrecovered royalty would be raised against UPFC. The Division had not, however, raised additional demand of unrecovered royalty by April 2000.

The matter was reported to the Government (March 1999 and May 1999); their reply had not been received (August 2000).

### **8.3 Loss due to non-working on bamboo lots**

As per terms and conditions for sale of bamboo to UPFC, prescribed by the Conservator of Forest, Vindhya Circle (Forest Department), the former was to pay royalty for all the lots of bamboo allotted to it by the forest department irrespective of actual extraction.

Test-check of the records of Mirzapur Forest Division, Mirzapur and Sonebhadra Forest Division, Robertsganj-Sonebhadra revealed (January 1998, September 1998) that out of 14 lots (3 lots: Mirzapur, 11 lots: Sonebhadra;) allotted to the UPFC during the year 1996-97 and 1997-98, it did not work on 8 lots (3 lots: Mirzapur, 5 lots: Sonebhadra). Thus against an estimated out turn of 94514 Kori<sup>25</sup>

<sup>25</sup> Kori = A bundle of 20 bamboos.



(21750 Kori: Mirzapur, 72764 Kori: Sonebhadra) bamboos, having royalty value of Rs. 42.70 lakh (Rs. 7.74 lakh: Mirzapur, Rs.34.96 lakh: Sonebhadra), UPFC paid royalty of Rs. 7.15 lakh only. The balance royalty of Rs. 35.55 lakh (Rs. 7.74 lakh: Mirzapur, Rs. 27.81 lakh: Sonebhadra) was not paid.

The Divisional Forest Officer, Mirzapur stated that working on these lots was not commercially viable and bamboos were entangled with each other. The reply was not tenable because the working of bamboo lots is required to be done as per felling cycle and any deviation in this hampers the growth of bamboo crop in subsequent years. The Divisional Forest Officer, Sonebhadra stated that the demand of royalty had been raised against UPFC. Further reply has not been received (August 2000).

The matter has consistently been brought to the notice of Government through the Reports of the Comptroller and Auditor General of India for the years 1995-96, 1996-97 and 1997-98. However, no remedial action has been taken (August 2000).

The matter was referred to Government (between January 1999 and May 1999); their reply had not been received (August 2000).

#### **8.4 Illicit felling of trees**

According to the terms and conditions for sale of forest produce, the UPFC is liable to pay penalty for trees illicitly felled by it. The rate of penalty is three to five times of the value of the trees depending on whether the felling was intentional or unintentional subject to a maximum of Rs.1000 per tree.

Test-check of the records of the Bahraich Forest Division, Bahraich revealed that during combing operations (June-July 1998) made by a special group of officers, comprising Sub-Divisional Officer (Forest), Range Officer, 525 trees of different species valued at Rs. 20.53 lakh in Naimnahara, Abdullaganj and Khairania beats under Abdullaganj Range were found to have been illicitly felled by UPFC. 34.146 cubic meter timber valued at Rs.2 lakh only could be recovered by the Division. The department did not raise demand of Rs. 23.65 lakh (cost of timber Rs. 18.53 lakh and penalty of Rs. 5.12 lakh).

The Divisional Forest Officer, Bahraich stated that employees concerned had been charge sheeted. Chargesheet was issued for lapse in not taking any measures to check illicit felling and for not bringing it to the notice of higher authorities. The final action for recovery of loss Rs. 23.65 lakh was awaited (April 2000).

The reply of the department was not tenable as department did not raise demand against UPFC as required under the rule.

The matter was referred to Government (May 1999); their reply had not been received (August 2000).

### **8.5 Short-tapping of resin**

Forest Division marks trees for tapping of resin as per their working plan. Resin is tapped by setting up specified number of channels on the marked trees. As per departmental order (November 1996), the norm of yield was fixed at 2 quintal per hundred channels.

Test-check of the records<sup>25</sup> revealed (May 1999, October 1999) that 754080 Channels were set up in those Divisions. As per departmental norms, a total quantity of 15081 quintals of resin was to be extracted during the resin year 1998. The divisions could, however, tap only 11575 quintals of resin. This resulted in shortfall in tapping of 3506 quintals of resin valuing Rs. 61.36 lakh at the rate of Rs. 1750 per quintal fixed by the department.

Divisional Forest Officer, Almora stated that the shortfall in tapping of resin was due to natural calamities. The reply was not tenable as no document in support of the natural calamities was produced and the Chief Conservator of Forest (Kumaon), Nainital was of the view (January 1998) that all efforts were not made to achieve the target. He pointed out that in Pithoragarh yield of resin was more than the norms.

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25 Number of units - 3, (I) Divisional Forest Officer, West Almora Forest Division Almora. (II) Divisional Forest Officer, Badrinath Forest Division Gopeshwar, (Chamoli). (III) Divisional Director, Kedarnath Wild Life Division Gopeshwar (Chamoli).

Divisional Forest Officer, Badrinath and Divisional Director, Kedarnath attributed the shortfall to adoption of new system (rill system) of tapping. The reply was not convincing as the rill system had been adopted in the State since 1992 and the working plan and targets were fixed in accordance with the norms.

The matter was referred to Government (November 1999 and March 2000); their reply had not been received (August 2000).

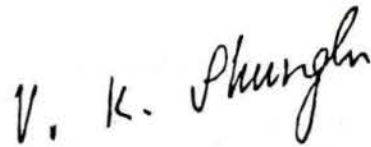
Lucknow,  
The 30-Apr-2001



(RAMA MURALI)  
Accountant General (Audit)-II  
Uttar Pradesh & Uttranchal

Countersigned

New Delhi,  
The 04-May-2001



(V.K. SHUNGLU)  
Comptroller & Auditor General of India



## Annexure - I

### Para 5.4 (a) - Short levy of stamp duty due to misclassification of documents

(Rupees in lakh  
except column 5 & 8)

Sl. No.	Name of the Regional Office	Loans sanctioned during 1 September 98 to 16 December 98			Loans sanctioned during 17 December 98 to November 99			Short realisation of Stamp Duty
		3	4	5	6	7	8	
		Amount of Loan	Stamp Duty payable	Stamp Duty paid (in Rs.)	Amount of Loan	Stamp Duty payable	Stamp Duty paid (in Rs.)	
1	Agra	53.95	1.08	750	748.90	1.29	2100	
2	Allahabad	36.57	0.73	1330	207.32	0.42	2330	
3	Aligarh	76.40	1.53	1780	239.70	0.25	2110	
4	Bareilly	54.60	1.09	1155	466.28	1.09	3795	
5	Dehradun	41.02	0.82	900	260.55	0.66	2200	
6	Etawah	95.50	1.91	840	160.00	0.60	1025	
7	Faizabad	18.00	0.36	500	67.49	0.34	1300	
8	Ghaziabad	261.85	5.24	1000	756.81	2.22	2800	Stamp Duty Payable (4+7) = 84.34
9	Gorakhpur	102.91	2.06	2340	272.28	0.61	1800	Stamp Duty paid (5+8) = (-) 0.82
10	Greater Noida	118.02	2.36	1155	36.00	0.10	165	stamp duty = 83.52
11	Haldwani	510.08	10.20	3040	182.29	0.84	2550	Short levied
12	Jhansi	1.50	0.03	100	5.00	0.02	100	
13	Kanpur (City)	210.35	4.21	2380	638.17	1.31	4590	
14	Kanpur (Dehat)	99.00	1.98	850	270.98	0.82	1870	
15	Lucknow	96.80	1.94	600	174.70	0.71	1650	
16	Meerut	156.60	3.13	850	399.63	0.77	1870	
17	Moradabad	42.65	0.85	20	239.90	0.53	1070	
18	Muzaffarnagar	97.75	1.95	420	70.65	0.30	755	
19	Noida	395.30	7.90	2550	630.95	1.28	12040	
20	Saharanpur	294.80	5.90	870	287.24	0.54	1370	
21	Varanasi	652.30	13.05	4020	625.56	1.32	8440	
	<b>Total</b>	<b>3415.95</b>	<b>68.32</b>	<b>27450</b>	<b>6740.39</b>	<b>16.02</b>	<b>54930</b>	

## Annexure - 2

### Para No. 6.2.5(a) Unauthorised retention of Government share of premium

(Rupees in lakh)

Sl. No	Name of local body (Nagar Nigams/Nagar Palika Parishads & Development Authorities)	Period	Amount of premium realised	Government share not deposited into Government account
1	Allahabad	Prior 1994-95 to 1998-99	79.74	39.87
2	Gorakhpur	Prior 1994-95 to 1998-99	0.08	0.04
3	Sultanpur	Prior 1994-95 to 1999-2000	2.96	1.48
4	Gonda	Prior 1994-95 to 1999-2000	15.56	7.78
5	Mathura	Prior 1994-95 to 1999-2000	39.60	19.80
6	Jhansi	1995-96 to 1999-2000	4.22	2.11
7	Agra	1995-96 to 1999-2000	21.25	10.63
8	Raebareli	1994-95 to 1999-2000	36.72	18.36
9	Bareilly	1994-95 to 1999-2000	19.18	9.59
10	Hardoi	1994-95 to 1999-2000	50.83	25.42
11	Jalaun	1995-96 to 1999-2000	45.00	22.50
12	Udham Singh Nagar (Rudrapur)	1996-97 to 1999-2000	16.30	8.15
	<b>Total</b>		<b>331.44</b>	<b>165.73</b>

### Annexure - 3

#### Para No. 6.2.5 (b) Unauthorised retention of Government share of premium and ground rent

(Rupees in lakh)

Sl. No.	Name of local body	No. of lease holders	Period	Government share not deposited in to Government account
1	Dehradun	627	Prior 1994-95 to 1999-2000	0.43
2	Allahabad	2613	Prior 1994-95 to 1999-2000	10.62
3	Gorakhpur	272	Prior 1994-95 to 1999-2000	1.10
4	Varanasi	1806	Prior 1994-95 to 1999-2000	1.17
5	Lucknow	2658	Prior 1994-95 to 1999-2000	33.76
6	Bulandshahr	1351	Prior 1994-95 to 1999-2000	1.83
7	Meerut	170	Prior 1994-95 to 1999-2000	0.07
8	Moradabad	NA	Prior 1994-95 to 1999-2000	0.14
9	Haridwar	2006	Prior 1994-95 to 1999-2000	0.06
10	Sultanpur	3836	Prior 1994-95 to 1999-2000	0.61
11	Gonda	6196	Prior 1994-95 to 1999-2000	2.03
12	Mathura	507	Prior 1994-95 to 1999-2000	0.09
13	Agra	1213	Prior 1994-95 to 1999-2000	2.02
14	Jhansi	227	Prior 1994-95 to 1999-2000	0.08
15	Banda	1492	Prior 1994-95 to 1999-2000	1.01
16	Basti	NA	Prior 1994-95 to 1999-2000	0.03
17	Rae Bareli	NA	Prior 1994-95 to 1999-2000	7.67
18	Hardoi	NA	Prior 1994-95 to 1999-2000	3.15
19	Bareilly	NA	Prior 1994-95 to 1999-2000	14.52
20	Sitapur	2705	Prior 1994-95 to 1999-2000	2.83
21	Jalaun	NA	Prior 1994-95 to 1999-2000	5.53
22	Saharanpur	275	Prior 1994-95 to 1999-2000	1.01
23	Nainital	1346	Prior 1994-95 to 1999-2000	8.34
24	Udham Singh Nagar (Rudrapur)	3783	Prior 1994-95 to 1999-2000	13.15
	<b>Grand total</b>			<b>111.25</b>

## Annexure - 4

### Para No. 6.2.12 - Nazul land under unauthorised occupation

Sl. No.	Name of the District	Total area of Nazul land (in square metre)	Area under unauthorised occupation (in square metre)	Percentage of Nazul land under unauthorised occupation
1.	Gorakhpur	1,33,38,139.00	1,04,201.00	0.78
2.	Gonda	38,77,867.00	86,572.00	2.23
3.	Haridwar	28,45,040.00	7,20,730.00	25.33
4.	Sultanpur	20,09,088.00	20,759.00	1.03
5.	Lucknow	3,06,13,547.00	4,70,212.00	1.54
6.	Jhansi	85,75,682.00	2,85,346.00	3.33
7.	Banda	19,50,362.00	4,31,464.00	22.12
8.	Basti	18,78,737.00	4,21,265.00	22.42
9.	Agra	69,01,000.00	1,56,893.00	2.27
10.	Mathura	19,98,819.00	72,222.00	3.61
11.	Varanasi	1,39,82,405.00	5,16,929.00	3.70
12.	Moradabad	6,97,106.00	1,02,491.00	14.70
13.	Meerut	1,11,17,980.00	6,78,702.00	6.10
14.	Raebareli	2,51,765.00	4,772.00	1.89
15.	Hardoi	17,90,875.00	2,82,118.00	15.75
16.	Sitapur	36,14,549.00	1,28,941.00	3.56
17.	Kanpur Nagar	37,75,729.00	3,69,130.00	9.77
18.	Orai	37,02,160.00	4,33,827.00	11.71
19.	Saharanpur	3,46,105.00	3,021.00	0.87
20.	Nainital	74,59,298.00	17,30,516.00	23.19
21.	Udhamsingh Nagar	80,52,626.00	18,33,445.00	22.76
22.	Allahabad	77,97,821.00	6,08,336.00	7.80
	<b>Total</b>	<b>13,65,76,700.00</b>	<b>94,61,892.00</b>	<b>6.89</b>