



GOVERNMENT OF KARNATAKA

REPORT  
OF THE  
COMPTROLLER  
AND  
AUDITOR GENERAL OF INDIA

*For the year 1980-81*

(REVENUE RECEIPTS)



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## TABLE OF CONTENTS

	<i>Paragraphs</i>	<i>Page(s)</i>
Prefatory Remarks		iii
CHAPTERS		
1. General	1.01 to 1.10	1 to 22
2. Sales Tax	2.01 to 2.08	23 to 30
3. State Excise Duties	3.01 to 3.09	31 to 38
4. Taxes on Motor Vehicles	4.01 to 4.07	39 to 45
5. Taxes on Agricultural Income	5.01 to 5.05	46 to 49
6. Land Revenue	6.01 to 6.05	50 to 56
7. Stamp Duty and Registration Fees	7.01 to 7.05	57 to 63
8. Non-Tax Receipts	8.01 to 8.07	64 to 69
APPENDIX		
Statement showing the cost of collection under the principal heads of revenue		73

TABLE OF CONTENTS

Introduction

Chapter I

Chapter II

Chapter III

Chapter IV

Chapter V

Chapter VI

Chapter VII

Chapter VIII

Chapter IX

Chapter X

Chapter XI

Chapter XII

Chapter XIII

Chapter XIV

Chapter XV

Chapter XVI

Chapter XVII

Chapter XVIII

Chapter XIX

Chapter XX

Chapter XXI

Chapter XXII

Chapter XXIII

Chapter XXIV

Chapter XXV

## PREFATORY REMARKS

The Audit Report on Revenue Receipts of the Government of Karnataka for the year 1980-81 is presented in a separate volume, as was done in previous years. The material in the Report has been arranged in the following order :—

- (i) Chapter 1 deals with trends of revenue receipts classifying them broadly under tax revenue and non-tax revenue. The variations between Budget estimates and actuals in respect of principal heads of revenue, etc., are discussed in this chapter.
- (ii) Chapters 2 to 8 deal with certain cases and points of interest which came to notice in the audit of Sales Tax, State Excise Duties, Taxes on Motor Vehicles, Taxes on Agricultural Income, Land Revenue, Stamp Duty and Registration Fees and Non-Tax Receipts.

2. The points brought out in this Report are those which have come to notice during the course of test audit. They are not intended to convey any general reflection on the financial administration of the departments concerned.

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### PRELIMINARY REMARKS

The Audit Report on Revenue Receipts of the Government of Karnataka for the year 1980-81 is presented in a separate volume, as was done in previous years. The material in the Report has been arranged in the following order :-

(i) Chapter I deals with a general survey of the receipts classifying them broadly under the following heads and necessary comments. The various items under each head are dealt with in detail in the following chapters :-

(ii) Chapter II to V deal with the following heads of receipts :-

- (a) Taxes and Duties
- (b) Grants-in-aid
- (c) Loans
- (d) Miscellaneous Receipts

2. The points brought to the attention of the Government which have come to notice during the course of the audit. They are not intended to be a general criticism of the financial administration of the Government concerned.

## CHAPTER 1

### GENERAL

#### 1.01. Trend of revenue receipts

The total receipts of the Government of Karnataka for the year 1980-81 were Rs. 953.46 crores against the anticipated receipts of Rs. 912.44 crores. The total receipts realised during the year registered an increase of 16 per cent over those in 1979-80 (Rs. 819.30 crores). Out of the total receipts of Rs. 953.46 crores, Rs. 676.45 crores represented revenue raised by the State Government, of which Rs. 474.68 crores represented "Tax Revenue" and the balance of Rs. 201.77 crores as "Non-Tax Revenue". The receipts from the Government of India (Rs. 277.01 crores) during the year accounted for 29 per cent of the total receipts.

#### 1.02. Analysis of revenue receipts

(a) An analysis of receipts during the year 1980-81 along with the corresponding figures for the preceding two years is given below :

	<i>Receipts during</i>		
	1978-79	1979-80	1980-81
	<i>(In crores of rupees)</i>		
I Revenue raised by the State Government—			
(a) Tax revenue	334.00	404.86	474.68
(b) Non-Tax revenue	183.19	177.62	201.77
Total I	517.19	582.48	676.45
II Receipts from the Government of India—			
(a) State's share of divisible Union Taxes	106.30	177.75	197.73
(b) Grants-in-aid	65.06	59.07	79.28(*)
Total II	171.36	236.82	277.01

(\*) For details please see Statement No. 11- Detailed account of revenue by minor heads in the Finance Accounts of the Government of Karnataka 1980-81.

	<i>Receipts during</i>		
	<i>1978-79</i>	<i>1979-80</i>	<i>1980-81</i>
	<i>(In crores of rupees)</i>		
III Total receipts of the State (I and II)	688.55	819.30	953.46
IV Percentage of I to III	75	71	71

(b) **Tax revenue raised by the State.**—Receipts from tax revenues during 1980-81 constituted 70 per cent of the revenue raised by the State. An analysis of tax revenue for the year 1980-81 and for the preceding two years is given below :

	<i>Receipts during</i>			<i>(+) Increase/ (-) decrease</i>	
	<i>1978-79</i>	<i>1979-80</i>	<i>1980-81</i>	<i>in 1980-81</i>	
	<i>(in crores of rupees)</i>			<i>with reference to 1979-80</i>	
(i) Taxes on Agricultural Income	14.37	15.60	11.28	—	4.32
(ii) Other Taxes on Income and Expenditure	4.82	5.88	7.40	+	1.52
(iii) Land Revenue	6.95	6.93	6.47	—	0.46
(iv) State Excise Duties	62.60	73.84	93.71	+	19.87
(v) Taxes on Motor Vehicles	29.48	44.46	47.37	+	2.91
(vi) Other Taxes and Duties	33.39	36.23	42.01	+	5.78
(vii) Sales Tax	164.48	199.77	237.36	+	37.59
(viii) Stamps and Registration Fees	17.91	22.15	29.08	+	6.93
Total	334.00	404.86	474.68	+	69.82

The reasons for the increase in receipts during 1980-81



under some of the important heads as given by the departments concerned are given below :

<i>Heads of revenue</i>	(+) <i>Increase/ (-) decrease (in crores of rupees)</i>	<i>Reasons for increase/ decrease</i>
(i) Taxes on Agricultural Income	(-) 4.32	Mainly due to lower price of coffee in international market.
(ii) State Excise Duties	(+) 19.87	Mainly due to increased receipts of shop rent for country spirits (Rs. 11.70 crores) and additional revenue realised due to taxation during the year.
(iii) Sales Tax	(+) 37.59	Mainly due to normal growth in trade, upward revision of tax on certain commodities (15th March 1980) and improvement in collection of arrears.
(iv) Taxes on Motor Vehicles	(+) 2.91	Mainly due to increase in the number of newly registered vehicles.
(v) Other Taxes and Duties	(+) 5.78	Mainly due to increased collection of entertainment tax and betting tax.
(vi) Stamps and Registration fees	(+) 6.93	Mainly due to increased revenue from sale of non-judicial stamps (Rs. 5.73 crores), more duty on impressing documents (Rs. 0.62 crore) and increased court fees realised in stamps (Rs. 0.52 crore).

(c) **Non-Tax revenue of the State.**—Interest, Education, Medical, Forest, Industries and Irrigation, Navigation, Drainage and Flood Control Projects were the principal sources of non-tax revenue in the State. Receipts from non-tax revenue during 1980-81 constituted 30 per cent of revenue raised by the State. An analysis of non-tax revenue under the principal heads for the year 1980-81 and for the preceding two years is given below :

	<i>Receipts during</i>				<i>(+) Increase/ (-) decrease in 1980-81 with reference to 1979-80</i>
	<i>1978-79</i>	<i>1979-80</i>	<i>1980-81</i>		
	<i>(in crores of rupees)</i>				
(i) Interest	66.94	63.61	87.85	(+)	24.24
(ii) Education	3.74	4.87	5.00	(+)	0.13
(iii) Medical	3.71	4.76	3.67	(-)	1.09
(iv) Forest	30.86	33.55	35.74	(+)	2.19
(v) Industries	26.72	20.66	13.74	(-)	6.92
(vi) Irrigation, Navigation, Drainage and Flood Control Projects	6.75	6.50	3.93	(-)	2.57
(vii) Others	44.47	43.67	51.84	(+)	8.17
Total	183.19	177.62	201.77	(+)	24.15

The reasons for decrease/increase in receipts during 1980-81 under some of the important heads as given by

the departments concerned are given below :

<i>Head of revenue</i>	<i>(+) Increase/ (-) decrease</i>	<i>Reasons for increase/ decrease</i>
<i>(in crores of rupees)</i>		
(i) Interest	(+) 24.24	Mainly due to additional interest receipts from the public sector undertakings namely, New Government Electric Factory, Mysore Power Corporation, Karnataka State Road Transport Corporation (Rs. 19.59 crores) and increase in receipts from industrial concerns, irrigation works (commercial) and Agricultural Rural Development Corporation (Rs. 5.72 crores).
(ii) Forest	(+) 2.19	Mainly due to increased receipts on sale of timber and other forest produce.
(iii) Industries	(-) 6.92	Mainly due to conversion of three departmentally managed undertakings into Joint Stock Companies with effect from 1st October 1980 (Rs. 6.13 crores).
(iv) Irrigation, Navigation, Drainage and Flood Control Projects	(-) 2.57	Mainly due to abolition (27th December 1980) of betterment contribution and suspension of water rate collection.

### 1.03. Variations between Budget estimates and actuals

(i) The shortfall of Rs. 23.23 crores between Budget estimates and actuals during the year 1980-81 was made up of an excess of Rs. 2.78 crores in tax revenue and a shortfall of Rs. 26.01 crores in non-tax revenue. The comparative figures for the three years 1978-79 to 1980-81 are given below :—

	Year	Budget	Actuals	Variation	Percentage
		estimates		(+)increase/ (-)shortfall	of variation
(in crores of rupees)					
A. Tax revenue	1978-79	352.09	334.00	- 18.09	- 5.14
	1979-80	397.44	404.86	+ 7.42	+ 1.86
	1980-81	471.90	474.68	+ 2.78	+ 0.59
B. Non-Tax revenue	1978-79	177.21	183.19	+ 5.98	+ 3.37
	1979-80	198.08	177.62	- 20.46	- 10.32
	1980-81	227.78	201.77	- 26.01	- 11.4

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

Heads of revenue	Year	Budget	Actuals	Variation	Percentage
		estimates		(+)increase/ (-)shortfall	of variation
(in crores of rupees)					
(i) Taxes on Agricultural Income	1978-79	6.50	14.37	+ 7.87	+ 121
	1979-80	10.00	15.60	+ 5.60	+ 56
	1980-81	15.50	11.28	- 4.22	- 27.23
(ii) Land Revenue	1978-79	6.00	6.95	+ 0.95	+ 15.83
	1979-80	7.00	6.93	- 0.07	- 1.00
	1980-81	7.00	6.47	- 0.53	- 7.57
(iii) State Excise Duties	1978-79	58.00	62.60	+ 4.60	+ 7.93
	1979-80	62.00	73.84	+ 11.84	+ 19.00
	1980-81	73.00	93.71	+ 20.71	+ 28.37

Heads of revenue	Year	Budget	Actuals	Variation	Percentage
		estimates		(+) increase/ (-) shortfall	of variation
(in crores of rupees)					
(iv) Taxes on Motor Vehicles	1978-79	30.50	29.48	- 1.02	- 3.34
	1979-80	33.00	44.46	+ 11.46	+ 34.73
	1980-81	47.75	47.37	- 0.38	- 0.80
(v) Sales Tax	1978-79	162.00	164.48	+ 2.48	+ 1.53
	1979-80	184.00	199.77	+ 15.77	+ 8.57
	1980-81	211.63	237.36	+ 25.73	+ 12.16
(vi) Other Taxes and Duties	1978-79	31.65	33.39	+ 1.74	+ 5.49
	1979-80	33.90	36.23	+ 2.33	+ 6.87
	1980-81	39.00	42.01	+ 3.01	+ 7.72
(vii) Stamp Duty and Registration Fees	1978-79	13.00	17.91	+ 4.91	+ 37.77
	1979-80	18.25	22.15	+ 3.90	+ 21.36
	1980-81	21.50	29.08	+ 7.58	+ 35.26
(viii) Interest	1978-79	67.62	66.94	- 0.68	- 1
	1979-80	76.38	63.61	- 12.77	- 16.74
	1980-81	89.69	87.85	- 1.84	- 2.05
(ix) Education	1978-79	2.58	3.74	+ 1.16	+ 45.00
	1979-80	3.95	4.87	+ 0.92	+ 23.29
	1980-81	5.50	5.00	- 0.50	- 9.09
(x) Medical	1978-79	3.78	3.71	- 0.07	- 1.08
	1979-80	4.78	4.76	- 0.02	- 0.41
	1980-81	5.50	3.67	- 1.83	- 33.27
(xi) Forest	1978-79	34.48	30.86	- 3.62	- 10.05
	1979-80	37.16	33.55	- 3.61	- 9.71
	1980-81	46.00	35.74	- 10.26	- 22.30
(xii) Industries	1978-79	23.43	26.72	+ 3.29	+ 14.00
	1979-80	25.72	20.66	- 5.06	- 19.67
	1980-81	25.46	13.74	- 11.72	- 46.03
(xiii) Irrigation, Navigation, Drainage and Flood Control Projects	1978-79	10.00	6.75	- 3.25	- 32.50
	1979-80	6.50	6.50	..	..
	1980-81	7.00	3.93	- 3.07	- 43.86

(iii) The variations between Budget estimates and actuals for the year 1980-81 were more than 10 per cent under the heads Taxes on Agricultural Income, State Excise Duties, Sales Tax, Stamp Duty and Registration Fees, Medical, Forest, Industries and Irrigation, Navigation, Drainage and Flood Control Projects.

The reasons for variation under the above mentioned heads are the same as given in paragraphs 1.02 (b) and (c) of the Report.

#### 1.04. Cost of Collection

Expenditure incurred in collecting the receipts under the principal heads of revenue during the three years 1978-79 to 1980-81 is given in the Appendix.

#### 1.05. Taxation proposals

Particulars of new taxation measures, changes in the existing pattern of taxation introduced during the year 1980-81, the anticipated additional revenue and the actual revenue realised with reasons for shortfall in realisation, as reported by the departments, are given below :—

Measures	Amount antici- pated	Amount realised	Reasons for variation
<i>(in lakhs of rupees)</i>			
Sales Tax—			
Enhancement of rates of tax (15-3-1980) in respect of 17 commodities like arrack, Indian made foreign liquor, twisted or thrown silk, etc., and increase in the quantum of levy of additional tax from 10 per cent to 12 $\frac{1}{2}$ per cent in case of assesseees whose turnover is Rs. 25 lakhs or more.	820	788	At the time of Budget proposals, it was decided to tax raw silk at 2 per cent. But, when the bill was introduced and passed, only thrown and twisted silk was included, due to subsequent exemption of tax on raw silk.

<i>Measures</i>	<i>Amount antici- pated</i>	<i>Amount realised</i>	<i>Reasons for variation</i>
<i>(in lakhs of rupees)</i>			
<b>Entertainment Tax—</b>			
Revision of rates of show tax (15-3-1980).	20	35	Due to increase in number of shows exhibi- ted in the cities.
<b>Betting Tax—</b>			
Increase in licence fees on book makers and totalizators (14-3-1980).	126.00	126.00	..
<b>State Excise Duties—</b>			
Upward revision (1-7-1980) of licence fees, excise duty and marginal increase in the rates of tree tax.	130.00	124.00	..
<b>Forest—</b>			
Increase in the tax (15-3-1980) from 5 per cent to 8 per cent on the value of forest produce sold.	190.00	202.00	..
<b>Agricultural Income tax—</b>			
Remission/refund of tax on income derived from agriculture other than plantation and commercial crops.	(-)50.00	(-) 50.00	..

### 1.06. (i) Arrears in Assessments

The number of assessments finalised by the Commercial Taxes Department and assessments pending as on 31st

March 1981 (with year-wise break-up), as reported by the department, are indicated below :—

Year	Number of assessments for disposal	Number of assessments completed	Number of assessments pending at the end of the year	Percentage of pending assessments due for disposal
<b>1980-81</b>				
<b>A. Sales Tax</b>				
(a) Karnataka Sales Tax	2,54,025	1,28,847	1,25,178	49.28
(b) Central Sales Tax	92,369	37,535	54,834	59.36
<b>B. Taxes on Agricultural Income</b>	1,82,384	13,185	1,69,199	92.77
<b>C. Entertainment Tax</b>	44,072	39,060	5,012	11.31

Year-wise break-up of the pendency as on 31st March 1981 is as under :

Year	Sales Tax		Agricultural Income Tax	Entertainment Tax
	Karnataka Sales Tax	Central Sales Tax		
Upto 1975-76	2,405	1,036	1,211	104
1976-77	4,028	1,789	38,820	83
1977-78	12,231	5,585	2,285	4
1978-79	37,772	16,419	43,234	183
1979-80	68,742	30,005	51,552	982
1980-81	..	..	32,097	3,656
<b>Total</b>	<b>1,25,178</b>	<b>54,834</b>	<b>1,69,199</b>	<b>5,012</b>

Category-wise break-up of the pending assessments as



on 31st March 1981, as furnished by the department, is as follows :—

	<i>Number of cases pending</i>		<i>Percentage to the total number of cases pending</i>	
	<i>Karnataka Sales Tax Act</i>	<i>Central Sales Tax Act</i>	<i>Karnataka Sales Tax Act</i>	<i>Central Sales Tax Act</i>
(a) <i>Sales Tax—</i>				
(i) Turnover of Rs. 1 crore and above.	451	199	0.36	0.36
(ii) Turnover of Rs. 50 lakhs and above but below one crore.	1,592	585	1.27	1.07
(iii) Turnover of Rs. 25 lakhs and above but below Rs. 50 lakhs	3,957	1,311	3.16	2.39
(iv) Turnover of Rs. 5 lakhs and above but below Rs. 25 lakhs.	19,099	9,005	15.26	16.42
(v) Turnover below Rs. 5 lakhs.	1,00,079	43,734	79.95	79.76
Total	1,25,178	54,834	..	..

It was reported (December 1981) by the department that heavy pendency in assessments was specially discussed at the conference of Deputy Commissioners of Commercial Taxes held in September 1981 and that proposal had been made for opening new offices fixing the work load for each office. A plan for clearing the backlog in assessments over a period of three years had been worked out which was likely to be implemented during the year 1982-83.

	Number of cases pending	Percentage to the total number of cases pending
<i>(b) Taxes on Agricultural Income—</i>		
(i) Assesseees having income over Rs. 25,000	22,674	13.40
(ii) Assesseees having income over Rs. 15,000 but not exceeding Rs. 25,000.	24,834	14.68
(iii) Assesseees having income over Rs. 7,500 but not exceeding Rs. 15,000.	43,465	25.69
(iv) Assesseees having income of Rs. 7,500 and below.	78,223	46.23
(v) Refund cases	3	..
Total	1,69,199	

## **(ii) Shortfall in the assessment work of assessing officers**

### **(a) Sales Tax**

There were 244 assessing officers during the years 1979-80 and 1980-81. The number of assessments required to be completed by these officers and the number of assessments actually concluded during these years are indicated below :

	1978-79	1979-80	1980-81
Number of assessing officers	232	244	244
Number of assessments due for disposal during the year	2,38,408	2,78,447	3,46,394
Number of assessments due to be disposed of as per target fixed	1,53,660	1,59,600	2,07,745
Number of assessments actually completed	1,53,924	98,103	1,66,382
Shortfall (-)/excess (+)	(+ ) 264	(-) 61,497	(-) 41,363

**(b) Agricultural Income Tax**

There were 34 assessing officers during the years 1979-80 and 1980-81. The number of assessments required to be completed by the officers and the number of assessments actually concluded during these years are given below :

	1978-79	1979-80	1980-81
Number of assessing officers	34	34	34
Number of assessments due for disposal during the year	1,29,597	1,73,925	1,82,384
Number of assessments due to be disposed of as per target fixed	46,260	46,260	44,235
Number of assessments actually concluded	34,106	32,129	12,054
Shortfall as compared to target	(-) 12,154	(-) 14,131	(-) 32,181

The reasons for shortfall in disposal of these cases are awaited from the department (February 1982).

**1.07. Uncollected revenue :**

The details of outstanding amounts as on 31st March 1981 in respect of some of the principal sources of revenue are given below :

Sl. no.	Source of revenue	Amount pending collection	Amount of arrears more than 5 years old
		(in crores of rupees)	
1	Sales Tax	44.06	14.99
2	Taxes on Agricultural Income	2.01	0.68
3	State Excise Duties	5.14	0.84
4	Taxes on Motor Vehicles	12.24	*
5	Forest	18.94	3.90

\*Figures awaited from the department (December 1981).

An analysis of arrears of revenue pending collection as on 31st March 1981 in respect of some departments is given below :

**(a) Sales Tax**

Sales tax demands raised but not collected as on 31st March 1981 amounted to Rs. 44.06 crores as against Rs. 44.76 crores outstanding as on 31st March 1980. Year-wise analysis of the outstanding amounts is given below :—

Year	Arrears as on 31st March 1980		Arrears as on 31st March 1981	
	Karnataka Sales Tax	Central Sales Tax	Karnataka Sales Tax	Central Sales Tax
(in crores of rupees)				
Upto 1976-77	12.44	4.69	11.83	3.16
1977-78	3.97	0.26	3.90	0.25
1978-79	8.49	0.71	6.73	1.02*
1979-80	10.99	3.21	8.38	0.76
1980-81	..	..	6.80	1.23
Total	35.89	8.87	37.64	6.42

According to information furnished by the department (December 1981), the amount of arrears as on 31st March

\*Department addressed (February 1982) to state reasons for increase in the figures for the year 1978-79; reply is awaited (February 1982).

1981 was in the following stages of action:—

<i>Stage of action</i>	<i>Amount of arrears</i>	
	<i>Karnataka Sales Tax</i>	<i>Central Sales Tax</i>
	<i>(in lakhs of rupees)</i>	
Amount covered by stay order	739	279
Amount covered by interest free loans	1,381	..
Amount covered under instalment facility	276	..
Amount likely to be written off	9	1
Amount covered by insolvency proceedings	22	17
Amount under revenue recovery proceedings	175	87
Amount pending with recovery officers	315	80
Amount proposed for recovery through courts	171	27
Amount proposed for recovery from other persons under Section 14 of Karnataka Sales Tax Act.	101	9
Amount covered by show cause notices	390	78
Amount due from new industries held under incentive scheme.	12	..
Others	173	64
<b>Total</b>	<b>3,764</b>	<b>642</b>

### (b) State Excise Duties

The demands raised on account of State Excise duties but not collected as on 31st March 1981 amounted to Rs. 5.14 crores as against Rs. 3.62 crores as on 31st March 1980. Year-wise analysis of the outstanding amounts is given below.—

<i>Year</i>	<i>Arrears as on</i>
	<i>31st March 1981</i>
	<i>(in lakhs of rupees)</i>
Upto 1976-77	83.68
1977-78	1.47
1978-79	0.57
1979-80	10.00
1980-81	418.11
<b>Total</b>	<b>513.83</b>

**(c) Taxes on Agricultural Income**

The demands raised but not collected as on 31st March 1981 amounted to Rs. 2.01 crores as against Rs. 1.25 crores outstanding as on 31st March 1980. Year-wise analysis of the outstanding amounts is given below :—

<i>Year</i>	<i>Arrears as on 31st March 1981 (in lakhs of rupees)</i>
Upto 1976-77	52.00
1977-78	6.00
1978-79	20.00
1979-80	32.00
1980-81	91.00
<b>Total</b>	<b>201.00</b>

According to information furnished by the department (December 1981), the amount of arrears as on 31st March 1981 was in the following stages of action :

<i>Stage of action</i>	<i>Amount of arrears (in lakhs of rupees)</i>
Amount not fallen due	29.62
Amount covered by stay order	6.98
Amount covered by instalment facility	8.45
Amount covered by show cause notices	24.08
Amount under revenue recovery proceedings	76.48
Amount for which penalty notices have been issued	26.94
Amount for which cheques received are being realised	0.21
Other reasons	28.71
<b>Total</b>	<b>201.47</b>

**(d) Forest**

Demand raised on account of sale proceeds of forest produce but not collected as on 31st March 1981 amounted

to Rs. 18.94 crores. Year-wise analysis of the outstanding amounts is given below :—

<i>Year</i>	<i>Arrears as on 31st March 1981 (In crores of rupees)</i>
Upto 1976-77	3.91
1977-78	0.55
1978-79	0.75
1979-80	1.86
1980-81	11.87
<b>Total</b>	<b>18.94</b>

The arrears are reported by the department as due from—

	<i>Amount due (In crores of rupees)</i>
Private Individuals	15.38
Government Departments	2.13
Government Companies	1.34
Other Governments	0.03
Private Companies	0.05
Co-operative Institutions	0.01
<b>Total</b>	<b>18.94</b>

### 1.08 Frauds and evasions :

The number of cases detected to the end of 31st March 1981, the number of cases finalised and the number of cases pending, as reported by the department, are given below :—

	<i>Number of cases as on 31st March 1981</i>		
	<i>Detected</i>	<i>Finalised</i>	<i>Pending</i>
Sales Tax	1,459	1,049	410

Out of the cases finalised at the end of March 1981, in 959 cases, relating to sales tax, concealed turnovers to

the extent of Rs. 5.02 crores were stated to have been detected and tax of Rs. 39.71 lakhs was also stated to have been demanded.

Particulars of the number of cases, in which penalty was levied, prosecution for concealment of turnover was launched, composition was effected without launching prosecutions and convictions were obtained with the nature of punishment awarded, are awaited from the department (February 1982).

### 1.09. Writes-off and remissions of revenue

(a) Details of amounts written off and remissions allowed during the year 1980-81, as furnished by some of the departments, are given below:—

Departments	Writes-off of losses, irrecoverable revenues, duties, etc.		Remissions	
	Number of items	Amount (In lakhs of rupees)	Number of items	Amount (In lakhs of rupees)
Sales Tax				
Karnataka Sales Tax } Central Sales Tax }	24	1.67	4	0.15
State Excise Duties	13	0.65	..	..
Forest	7	26.41	..	..

(b) The reasons for writes off under "Sales Tax" as furnished by the department (November 1981), are as follows:—

- Defaulters' whereabouts were not known.
- Defaulters did not have any property.
- Defaulters died leaving no property.
- Poor financial condition of the assesseees due to loss and closure of business.



The Forest Department stated (December 1981) that in seven cases (Rs. 26.41 lakhs), the amounts were written off due to erroneous demands.

### 1.10. Outstanding local Audit Reports

(a) Audit observations on irregularities in assessments of revenue receipts and defects in the accounting of such receipts noticed during Local audit and not settled on the spot are communicated to the Heads of Offices and to the next higher departmental authorities through local audit reports. The more important and serious irregularities are reported to the Heads of Departments and Government. In addition, statements indicating the number of paragraphs outstanding for over six months are also sent to Government every quarter so that they may receive special attention. Government have prescribed a time limit of one month for furnishing replies to audit observations, except cases requiring action at higher levels, in respect of which a period of three months has been prescribed.

At the end of September 1981, local audit reports issued up to March 1981 were not settled as shown below (corresponding figures for the earlier two years have also been indicated for comparative analysis).

	<i>At the end of</i>		
	<i>September</i>	<i>September</i>	<i>September</i>
	<b>1979</b>	<b>1980</b>	<b>1981</b>
Number of local audit reports	615	926	914
Number of paragraphs	5,891	8,872	8,470

(b) Year-wise break-up of the outstanding local audit reports as at the end of September 1981, is given below :

<i>Year</i>	<i>Number of local audit reports</i>	<i>Number of paragraphs</i>
Up to 1978-79	115	972
1979-80	342	3,799
1980-81	457	3,699
<b>Total</b>	<b>914</b>	<b>8,470</b>

Of the 914 local audit reports which were pending

settlement, even first replies had not been received (October 1981) in the case of 269 reports (2,105 paragraphs).

(c) A review of the outstanding local audit reports disclosed that the irregularities could be broadly categorised as under :—

	<i>Number of items</i>	<i>Amount (In lakhs of rupees)</i>
(i) Sales Tax—		
Error in computation of tax	246	59.84
Incorrect computation of turnover, double postings, irregular refunds, want of declaration forms, etc.	473	204.96
Non-levy/short levy of penalty	75	6.47
Total	794	271.27
(ii) Entertainment Tax—		
Short collection of entertainment tax/ surcharge	19	2,050
Short collection of show tax	1	0.110
Penalty/non-furnishing of utilisation certificates in respect of benefit shows, etc.	1	0.008
Total	21	2.168
(iii) State Excise Duties—		
Short levy of licence fee	7	4.26
Production wastages in distilleries/bre- weries/wineries	25	100.63
Errors in computation	36	9.39
Total	68	114.28

	<i>Number of items</i>	<i>Amount (In lakhs of rupees)</i>
<b>(iv) Taxes on Motor Vehicles—</b>		
Short levy of motor vehicles tax	83	78.32
Short levy of composition fees	17	1.86
Short levy of taxes on passengers and goods	26	7.32
Other reasons	151	38.29
Total	277	125.79
<b>(v) Agricultural Income Tax—</b>		
Error in computation of total income	70	12.66
Incorrect adoption of status	18	11.45
Income escaping assessment	18	4.33
Non-levy of penalty under Section 18(2A) of the Karnataka Agricultural Income Tax Act, 1957	14	7.02
Total	120	35.46
<b>(vi) Land Revenue—</b>		
Non-levy/short levy of land revenue, cesses measurement fees, etc.	117	20.74
Non-levy/short levy of water rate and penal water rate	57	56.60
Non-levy/short levy of betterment contribution and interest	21	42.09
Non-levy/short levy of maintenance cess	27	11.71
Total	222	131.14

	<i>Number of items</i>	<i>Amount (In lakhs of rupees)</i>
<b>(vii) Stamp Duty and Registration Fees—</b>		
Incorrect application of exemption of the documents	151	15.28
Wrong Classification of documents	84	297.65
Non-levy of fine on belated presentation of documents	4	2.62
Other reasons	73	18.78
<b>Total</b>	<b>312</b>	<b>334.33</b>
<b>(viii) Forest Receipts—</b>		
Non-revision/non-fixation of appropriate rates for supply of forest produce	4	20.72
Short recovery/non-recovery of forest development tax	18	5.60
Non-recovery/short recovery of interest on belated payments	4	1.23
Non-recovery of administrative charges	6	0.90
Loss recoverable on account of resale of forest produce to second and subsequent bidders	6	4.28
Non-recovery of kist amount/instalment of bid amount	5	0.65
Non-recovery of lease amount (Hangamî Lagan)	4	0.67
Other reasons	43	30.98
<b>Total</b>	<b>90</b>	<b>65.03</b>
<b>(ix) Electricity Duty—</b>		
Short levy of electricity duty	5	0.96
Heavy arrears outstanding	4	6.92
Non-inspection of electrical installations	13	5.05
<b>Total</b>	<b>22</b>	<b>12.93</b>

## CHAPTER 2

### SALES TAX

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

During the period 1st April 1980 to 31st March 1981, test audit of assessment/refund files disclosed under-assessment of tax of Rs. 57.88 lakhs in 418 cases, broadly categorised as follows :

	<i>Number of cases</i>	<i>Amount (In lakhs of rupees)</i>
1. Incorrect computation of taxable turnover	78	20.91
2. Incorrect computation of tax	92	5.85
3. Non-levy / short levy of penalty	54	2.37
4. Others	194	28.75
<b>Total</b>	<b>418</b>	<b>57.88</b>

Some important cases are mentioned in the following paragraphs.

#### 2.02. Excess refund of tax on the turnover of inter-State sales

Under the Karnataka Sales Tax Act, 1957, where tax has been paid in respect of sale or purchase of any of the declared goods under the State Act and such goods are subsequently sold in the course of inter-State trade or commerce, on which tax under the Central Sales Tax Act is paid, the tax paid under the State Act on the declared goods becomes refundable.

In the case of an assessee (Hassan district) dealing in coconut and copra (declared goods), it was noticed in audit (March 1981) that the amount due for refund under the

State Act, in respect of his purchase turnover of copra and coconut of Rs. 3,72,000 subsequently sold in the course of inter-State trade, was incorrectly determined at Rs. 1,11,600 instead of Rs. 11,160, resulting in excess refund of Rs. 1,00,440.

On this being pointed out in audit (March 1981), the department confirmed the facts and initiated action for rectification of the error (July 1981). Further developments are awaited (February 1982).

The matter was reported to Government in June 1981. Government confirmed the facts (August 1981).

### **2.03. Incorrect classification of goods**

#### **(i) Tri-chloro-ethylene**

Under the Karnataka Sales Tax Act, 1957, heavy chemicals were taxable at 6 per cent upto 31st March 1976 at the point of first sale in the State. According to a judgment (June 1975) of the Karnataka High Court, one important economic characteristic possessed by a heavy chemical industry is that the chemicals are produced in huge plants. The Commissioner of Commercial Taxes had also issued instructions (May 1978) to treat Tri-chloro-ethylene as heavy chemical.

It was, however, noticed in audit (October 1977) of a Commercial Tax Office (Bangalore city) that sales turnover of Rs. 32,82,573 relating to Tri-chloro-ethylene, for the years 1974-75 and 1975-76, purchased from outside the State, was treated as unclassified goods instead of heavy chemicals and assessed to tax at three and a half per cent upto 31st March 1975 and at 4 per cent from 1st April 1975, instead of at 6 per cent. This resulted in short levy of tax of Rs. 77,188, including additional tax of Rs. 3,251.

On this being pointed out in audit (October 1977), the department stated (October 1981) that a writ petition filed by the assessee in the High Court, pursuant to a notice

issued by the assessing officer (August 1978) proposing to tax the goods in question at the higher rate, had been dismissed (November 1979), and revision proceedings were initiated (October 1981). Further report is awaited (February 1982).

The matter was reported to Government in May 1981 ; their reply is awaited (February 1982).

### (ii) Asphaltic sheets

The Act further prescribes that sales turnover of cement and asbestos sheets, straw boards, hardboards and the like are liable to tax at 8 per cent from 1st April 1974 and at 10 per cent from 1st September 1978 at the point of first or earliest of successive sales, in the State. 'Asphaltic sheets' also termed as 'lite-roof' sheets meant for use similar to those of cement and asbestos sheets, etc., therefore, appropriately fall under the same category and attract levy of tax at 8 per cent upto 31st August 1978 and at 10 per cent from 1st September 1978.

In the assessments of two dealers (Bangalore City), it was noticed in audit (September 1980) that sales turnovers of Rs. 3,40,412 for the period 1976-77 to 31st August 1978 and of Rs. 1,66,475 from 1st September 1978 to 31st March 1979 relating to asphaltic sheets, were assessed to tax at the general rate of 4 per cent treating them as unclassified goods, instead of at 8 per cent and at 10 per cent, respectively. This resulted in short levy of tax of Rs. 23,065.

On this being pointed out in audit (September 1980), the assessing authority agreed to examine the cases. Further developments are awaited (February 1982).

The matter was reported to Government in May 1981. Government stated (November 1981) that the relevant assessments have been taken up for **suo-motu** revision and the outcome of the revision would be intimated. Further report is awaited (February 1982).

**2.04.** It was noticed in audit (January 1981) of Commercial Tax Office (Mysore City) that a dealer effected inter-State purchase of electrical goods amounting to Rs. 10,76,414 during the years 1975-76 to 1977-78. Since the dealer had not indicated any opening or closing stock in the assessment records, the entire purchases should have been deemed as sold. Adding 9 per cent towards gross profit (on the opening stock and purchases) for the year 1975-76 and 8 per cent on purchases for the years 1976-77 and 1977-78, as assessed (September 1981) by the reviewing authority (based on the trading results as adopted by the Income-Tax Authorities), the sales turnovers worked out to Rs. 4,49,600 for the year 1975-76 and Rs. 8,56,300 for the years 1976-77 and 1977-78 against the determined turnover of Rs. 2,59,420 and Rs. 7,90,882, respectively. The incorrect determination of turnovers, thus resulted in short levy of tax of Rs. 24,141 inclusive of additional tax.

On this being pointed out in audit (January 1981), the department stated (December 1981) that additional demand of Rs. 24,141 had been raised. Particulars of recovery are awaited (February 1982).

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

### **2.05. Incorrect application of rates**

Under the Karnataka Sales Tax Act, 1957, a dealer who purchases goods from unregistered dealers and consumes them in the manufacture of other goods for sale or otherwise is liable to pay purchase tax on the goods so purchased, at the prescribed rates applicable to the sale of such goods.

It was noticed in audit (July-August 1980) of a Commercial Tax Office (Bijapur district) that a dealer purchased locally old articles of gold and silver from unregistered dealers during the years 1976-77 and 1977-78 and converted them into bullion. The assessing authority, however, levied



tax at the lower rate applicable to bullion (1 per cent up to 31st August 1978) instead of at the rate of 4 per cent applicable to old articles of gold and silver. This resulted in short levy of tax of Rs. 24,636 on turnover of Rs. 8,21,200.

On this being pointed out in audit (July-August 1980), the department revised the assessment (August 1981). Further developments are awaited (February 1982).

The matter was reported to Government in March 1981; their reply is awaited (February 1982).

## **2.06. Turnover escaping assessment**

Under the Karnataka Sales Tax Act, 1957, a dealer who purchases taxable goods from unregistered dealers and consumes them in the manufacture of other goods for sale or otherwise, is liable to pay purchase tax on the goods so purchased, at the rates applicable to the sale of such goods. Further, under the Karnataka Sales Tax Rules, 1957, amounts not classified as "freight" specifically and charged as such by the dealer separately, but included in the price of the goods sold, are not admissible items of deduction, from the total turnover of the dealer.

In the case of an assessee (Hassan district), it was noticed in audit (May/June 1979) that miscellaneous goods worth Rs. 1,93,325 purchased during the year 1976-77 from unregistered dealers and consumed in the manufacture of other goods for sale were not subjected to tax, resulting in short levy of tax of Rs. 7,733 and additional tax of Rs. 773. An amount of Rs. 84,043 not classified as "freight" in the said year was omitted to be included in the taxable turnover, resulting in further short levy of tax of Rs. 3,362 and additional tax of Rs. 336.

On this being pointed out in audit (May/June 1979), the department revised the assessments so as to bring to tax the aforesaid items as well as another sum of Rs. 65,100,

representing freight charges not reflected in the trading account, and raised and collected (November 1980) the additional demand of Rs. 15,229 including penalty of Rs. 137.

The matter was reported to Government in August 1981. Government confirmed the facts (October 1981).

### 2.07. Non-levy of purchase tax

(i) Hides and skins.—Under the Karnataka Sales Tax Act, 1957, hides and skins, whether in a raw or dressed state are declared goods taxable at two per cent at the point of last purchase in the State.

A manufacturer of leather garments in Bangalore City purchased leather locally for Rs. 4,02,647 during the year 1975-76. Another manufacturer of footwear in Bangalore city purchased raw materials locally for Rs. 3,47,773 during the year 1976-77. It was pointed out in audit (March and November 1979) that even if 90 per cent of the purchases related to hides and skins, a turnover of Rs. 3,12,995 in the second case would attract tax of Rs. 6,260 at two per cent. But, the purchase of leather in both the cases was omitted to be taxed by the assessing authorities. In the second case, though additional tax at 10 per cent of the tax was also leviable since the total turnover of the dealer was in excess of Rs. 10 lakhs it was not levied. The total short levy in these cases worked out to Rs. 19,458.

The matter was reported to Government in May 1980. Government stated (November 1981) that in the first case, action had been initiated for recovery of tax. In respect of the second case, action had been initiated to rectify the assessment. Further report is awaited (February 1982).

(ii) Rice.—Under the Karnataka Sales Tax Act, 1957, as amended with effect from 1st April 1970, a dealer who purchases taxable goods from unregistered dealers and

despatches them to places outside the State, except as a direct result of inter-State sale, is liable to pay tax on the purchase price of the goods at the rate applicable to sale of such goods.

It was noticed in audit (August 1980) of a Commercial Tax Office (Bellary district) that a dealer purchased rice, during the period 1st April 1978 to 31st October 1978, amounting to Rs. 4,02,640, from unregistered dealers and despatched it outside the State on consignment basis. This had not been subjected to the levy of purchase tax amounting to Rs. 16,106.

On this being pointed out in audit (August 1980), the department stated (July 1981) that the case was under examination by the Deputy Commissioner of Commercial Taxes (Bellary) for taking revisionary action.

The matter was reported to Government in March 1981; their reply is awaited (February 1982).

## **2.08. Non-levy of additional tax**

Under the Karnataka Sales Tax Act, 1957, as amended from 1st April 1975, an additional tax at 10 per cent of the tax assessed is to be levied and collected from every dealer whose total turnover is Rs. 10 lakhs or more. With effect from 1st April 1977, the additional tax at 7½ per cent of the tax assessed is also payable by a dealer whose total turnover exceeds Rs. 5 lakhs but does not exceed Rs. 10 lakhs.

(i) It was noticed in audit (May and November 1980) of two Commercial Tax Offices (Mysore city and Bangalore city) that in the case of 9 dealers, the additional tax amounting to Rs. 46,201, for the assessment years 1976-77 to 1978-79, was omitted to be levied.

On this being pointed in audit (May and November 1980), the department stated (August 1981) that a sum of Rs. 26,982 in respect of seven dealers (Bangalore city) was levied and collected between December 1980 and May 1981

and action taken to demand tax from one dealer. Regarding the one dealer (Mysore City), the department agreed (May 1980) to levy and collect tax. Further developments are awaited (February 1982).

The matter was reported to Government in July and August 1981. Government confirmed the facts (October 1981) in respect of dealers of Bangalore city and stated (November 1981) that assessment had been rectified and demand of Rs. 13,865 raised relating to the dealer of Mysore city. Further report regarding collection is awaited (February 1982).

(ii) According to the Karnataka Sales Tax Rules, 1957, sales returns are allowed to be deducted from the total turnover of an assessee provided the goods are returned within six months from the date of delivery of goods.

It was noticed in audit (September 1977) of the office of the Assistant Commissioner of Commercial Taxes (Assessments), Bangalore division that in the case of an assessee company liable to pay additional tax from 1st April 1975, goods valued at Rs. 18.34 lakhs sold prior to 1st April 1975 but returned within a period of six months after 1st April 1975, were allowed as deduction from the taxable turnover of Rs. 213 lakhs relating to the year 1975-76. The tax and additional tax for 1975-76 were levied on the net turnover of Rs. 194.66 lakhs thus arrived at and a sum of Rs. 2,19,974 being the tax in respect of the sales returns was refunded. As the sales returns valued at Rs. 18.34 lakhs were not subjected to additional tax originally while levying tax for the year 1974-75, no refund of additional tax was permissible. Reduction of this amount from the gross turnover for the year 1975-76 resulted in non-levy of additional tax of Rs. 21,998 (10 per cent of Rs. 2,19,974).

On this being pointed out in audit (May 1978), the department revised the assessment (March 1981) and collected the additional tax of Rs. 21,998 (July 1981).

The matter was reported to Government in May 1978. Government confirmed the facts (August 1981).

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## CHAPTER 3

### STATE EXCISE DUTIES

#### 3.01. Result of test audit in general

During the period 1st April 1980 to 31st March 1981, test audit of receipt accounts of the departmental offices disclosed short levy of duty and licence fees to the extent of Rs. 54.29 lakhs in 25 cases broadly categorised under the following heads :—

	<i>Number of cases</i>	<i>Amount (In lakhs of rupees)</i>
1. Errors in computation	2	0.71
2. Short levy of licence fee	6	4.82
3. Production losses/wastages	3	6.85
4. Other reasons	14	41.91
Total	25	54.29

Some important cases are mentioned in the following paragraphs.

#### 3.02. Shortage in the yield of rectified spirit from molasses

(i) Mention was made in paragraph 3.1. of the Report of the Comptroller and Auditor General of India on Revenue Receipts for the year 1975-76 regarding low yield of rectified spirit from molasses. It was pointed out therein that minimum of 225 bulk litres per tonne of molasses was the accepted all India norm for production of alcohol per the minutes of the meeting of the Central Molasses Board held on November 1974. Subsequently, a Technical Committee was appointed by the Government of Karnataka in the year 1976 to go into this question and to make

recommendations on a rational basis on the permissible limits of loss in manufacture, etc. Based on the recommendations of the Technical Committee regarding fixation of percentage of yield, wastage and losses in manufacture, transit, handling, etc., of rectified spirit, Government prescribed (16th May 1980) among other things, yield of 220 to 240 bulk litres of rectified spirit from one metric tonne of molasses of 'A' grade. Similarly, a minimum yield of 325 proof litres of spirit for every metric tonne of malt was prescribed. Government in September 1980 also clarified that these norms would be adopted for pending cases also.

A review conducted by Audit (February and March 1981) of rectified spirit produced (55,34,872 bulk litres) from 26,882 metric tonnes of molasses of 'A' grade in two private distilleries (Bidar and Hospet), during the years 1978-79 and 1979-80, revealed that the yield of spirit on an average was 205.9 bulk litres per metric tonne of molasses against the all India norm of 225 bulk litres per metric tonne of molasses. Even on the basis of minimum yield of 220 bulk litres per metric tonne of molasses fixed by Government, expected yield of spirit worked out to 59,14,040 bulk litres. This resulted in short production of 3,79,168 bulk litres of spirit involving a tax effect of Rs. 57.43 lakhs.

On this being pointed out in audit (February and March 1981), the concerned Excise Officers of the distilleries stated that though the molasses supplied were marked as 'A' grade their actual classification as such was not correct and they were sub-standard. This reply is not acceptable as the supplies received by the distilleries had been paid as 'A' grade molasses.

The Excise Commissioner has not accepted the objection (August 1981) on the ground that even 'A' grade molasses deteriorate when kept in stock for a long time and specially so when they are not kept in steel tanks and consequently the yield of rectified spirit would be less.

The above contention of the department is not acceptable as the yield proposed by the Technical Committee

and prescribed by Government (16th May 1980) had already taken into account factors like transit wastage, storage loss, handling shortage, etc.

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

(ii) Similarly, in a brewery (Bangalore district) it was noticed in audit (April 1981) that 6,76,964 proof litres of rectified spirit was produced out of 2124.3 metric tonnes of malt during the years 1976-77 and 1977-78, which worked out to 318.7 proof litres per metric tonne of malt against the norm of 325 proof litres of spirit per metric tonne of malt. This resulted in short production of 13,434 proof litres of spirit, involving a tax effect of Rs. 1,22,585.

On this being pointed out in audit (April 1981), the Excise Officer agreed (April 1981) to examine the case. Further developments are awaited (February 1982).

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

### **3.03. Storage loss of arrack**

Arrack produced out of rectified spirit, manufactured at distilleries, is stored for maturation till it is issued to various arrack depots. During storage, any reduction in volume of the stored arrack noticed, is charged off as storage loss. The Karnataka Excise Act, 1965, and Rules made thereunder do not, however, contain any provision in support of this procedure.

Mention was last made in paragraph 51 of the Report of the Comptroller and Auditor General of India on Revenue Receipts for the year 1974-75 regarding such cases of loss of arrack in distilleries valuing Rs. 10.06 lakhs. The Excise Commissioner admitted (July 1978) before the Public Accounts Committee that "the absence of provisions for shrinkage of quantity in the Rules was a lacuna which would be rectified after the Technical Committee examined it and orders are passed thereon". The Com-

mittee in paragraph 58 of their 2nd Report (1978-80) Sixth Assembly had directed that the Technical Committee's report should be expedited and clear provisions made in the Act and the Rules for the guidance of excise staff.

However, the recommendations of the Technical Committee (April 1979), and the Government Orders issued thereon (May 1980) were both silent about the permissible losses in the manufacture, storage and transport of arrack.

It was again noticed in audit (December 1980) that a distillery (Mandya district) manufactured 2,96,54,200 bulk litres of arrack out of rectified spirit during the period 1975-76 to 1979-80. Arrack thus produced was stored for maturation till it was issued to various arrack depots. During the period of maturation 9,00,100 bulk litres of arrack was allowed as storage loss, which was not provided in the Act/Rules. Excise duty and cesses recoverable on the storage loss worked out to Rs. 28.13 lakhs.

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

### **3.04. Bung wastage**

According to the existing orders of Government (July 1976), transit or bung wastage of arrack upto 4 litres per cask can be condoned by the Deputy Commissioner (Excise) while wastage exceeding this quantum requires condonation by the Excise Commissioner.

It was noticed in the audit (May 1980 to February 1981) of revenue accounts of twenty three arrack bonded depots of three districts (Shimoga, Karwar and Bellary) that bung wastages of arrack upto 4 litres totalling 66,270 litres (valued at Rs. 3,31,350) and wastage of arrack exceeding 4 litres totalling 27,948 litres (valued at Rs. 1,39,740), relating to the years 1971-72 to 1979-80, had not been regularised. Besides, in respect of bung wastages of arrack, in two districts (Mysore and Karwar), amounting to Rs. 68,596, recovery from the staff concerned was ordered. Out of



this, recovery of Rs. 2,584 only had been effected. Year-wise details of the balance due are awaited (February 1982).

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

### **3.05. Incorrect application of rate of duty on fenny**

Under the Karnataka Excise (Excise Duties) Rules, 1968, read with Government notification (October 1979), excise duty on 'fenny' of the strength of London proof (100 proof) issued from any distillery was temporarily reduced from Rs. 10 to Rs. 5 per proof litre for the period 11th May 1978 to 31st December 1979. The concession was not extended thereafter.

However, the Excise Commissioner ordered (February 1980) the adoption of the reduced rate of excise duty even beyond 31st December 1979 in contravention of the provisions of the Government notification. This order was subsequently withdrawn by him on 16th September 1980.

It was noticed in the audit (March 1981) of a distillery (Dakshina Kannada district) that excise duty on the quantity of 9,315 proof litres of 'fenny' issued during the period 1st January 1980 to 15th September 1980 was levied at the reduced rate of Rs. 5 per proof litre instead of Rs. 10 per proof litre. Incorrect application of rate of duty resulted in short levy of duty and cess amounting to Rs. 58,219.

Besides, in respect of 9,269 proof litres of 'fenny' imported from outside the State by two licensees during the period 23rd June 1980 to 12th September 1980, duty was recovered at the reduced rate resulting in short recovery of duty and cesses amounting to Rs. 57,931.

Thus, there was a total short collection of Rs. 1.16 lakhs as a result of incorrect application of rate of duty.

On this being pointed out in audit (March 1981), the Officer in-charge stated (March 1981) that necessary action

would be taken in the cases. Further developments are awaited (February 1982).

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

### **3.06. Non-accountal of arrack**

In March 1977, the District Excise Officer, Mysore, while reconciling the issue of arrack observed that 4337.887 bulk litres of arrack, issued by the Mysugar Distillery to Arrack Bonded Depot, Nanjangud, during August 1976, had not been accounted for in the books of the depot, though the officer incharge of the depot had acknowledged receipt and had certified that the quantity had been taken to stock. On further investigation by the department (April 1977), it was disclosed that 9,600 bulk litres of arrack had been charged off in the stock accounts, during the period January 1976 to November 1976, without collection of cost, duty and cesses thereon. The total loss of revenue to Government on this account amounted to Rs. 71,215. The loss had neither been made good nor regularised so far (February 1982).

On this being reported in audit (June 1980), Government stated (August 1981) that the results of departmental enquiry ordered in this regard and of a criminal case instituted (May 1977) by the police are still awaited. Further report in the matter is awaited (February 1982).

### **3.07. Excess wastage of rectified spirit**

In September 1978, Government approved a package deal with a private firm for five years from 1st July 1978, providing for establishment of four arrack bonded warehouses and supply by the firm on Government account, of rectified spirit from the firm's distilleries and delivery of arrack (after conversion of spirit) to the specified Government arrack depots (Feeding Centres). The firm was allowed a total wastage of 4.80 per cent towards losses at several stages from the point of drawal of rectified

spirit to the point of issue of arrack. On the quantity of wastage in excess of this percentage the firm was required to pay the cost of arrack at the sale rate including duty and cesses.

It was noticed in audit (March 1981) of an arrack bonded warehouse (Bijapur district) that the wastage for the year 1979-80 was in excess of the prescribed percentage to the extent of 9,158 proof litres of arrack, but the cost thereof, including duty and cess, amounting to Rs. 75,775 was not recovered from the firm.

On this being pointed out in audit (March 1981), the department raised the demand of Rs. 75,775 (June 1981). The entire amount was stated to have been collected (August, October, November and December 1981).

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

### **3.08. Irregular issue of licence to clubs**

Under the Karnataka State Excise (Sale of Indian and Foreign Liquor) Rules, 1968, as amended in October 1978, licences can be granted to clubs (defined as bodies of persons), which are duly registered under the Karnataka Societies Registration Act, 1960, for supply of liquor, other than arrack, to their members on payment of a licence fee of Rs. 1,000 per annum. Clubs which are not so registered, are required to pay licence fee of Rs. 10,000 per annum. As licences for the year 1978-79 had already been issued before the amendment came into force, the unregistered clubs were required to get themselves registered before issue of fresh licence for the year 1979-80, i.e., by 1st July 1979.

It was, however, noticed in audit (March 1981) of an Excise Office (Kodagu district) that two clubs, which were not registered within the prescribed period under the above Act, were granted licences for the year 1979-80 for vending liquor on payment of licence fee of Rs. 1,000 per annum,

as against Rs. 10,000 in each case, resulting in loss of revenue of Rs. 18,000.

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

### **3.09. Excess wastage of spirit during storage for maturation in wooden casks**

As per the standards of wastage laid down in Government Order (May 1980), losses in maturation of reduced blended or compounded spirit stored in wooden casks for manufacture of Indian made liquors are allowed from 2.5 per cent to 22 per cent depending upon periods of storage ranging from 6 months to 36 months. Further, Government clarified (September 1980) that these norms could be adopted for pending cases also.

It was noticed in the audit (April 1981) of accounts of one distillery (Bangalore) for the year 1979-80 that wastage in storage in respect of 14,75,507 proof litres of malt and neutral spirits, stored in wooden casks for periods varying from 3 months to four years for maturation and manufacture of Indian made liquors exceeded the maximum prescribed limits by 64,211 proof litres. The duty and cesses which were not recovered on excess wastage amounted to Rs. 5,85,925.

On this being pointed out in audit (April 1981), the department agreed (April 1981) to examine the case. Further developments are awaited (February 1982).

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

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## CHAPTER 4

### TAXES ON MOTOR VEHICLES

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

During the period 1st April 1980 to 31st March 1981, test audit of receipt accounts in the Regional Transport and other offices of the Motor Vehicles Department disclosed under assessment of taxes to the extent of Rs. 18.09 lakhs in 143 cases, broadly categorised as follows :—

	<i>Number of cases</i>	<i>Amount (in lakhs of rupees)</i>
1. Short levy of motor vehicles tax	138	16.51
2. Short levy of taxes on passengers and goods	5	1.58
Total	143	18.09

Some important cases are mentioned in the following paragraphs.

#### 4.02. Incorrect grant of exemption to non-Government vehicles

By a notification issued (May 1958) under the Karnataka Motor Vehicles Taxation Act, 1957, the Government of Karnataka exempted motor vehicles owned by the Government of India and used for Government purposes from payment of motor vehicles tax.

Mention was made in paragraphs 39 and 4.03(a) and (b) of the Reports of the Comptroller and Auditor General of India on Revenue Receipts for the years 1972-73 and 1978-79, respectively, about the incorrect grant of exemption to vehicles not belonging to the Government of India and consequential short levy of tax amounting to Rs. 1.28 lakhs.

It was again noticed in audit (December 1977 and March 1981) of a Regional Transport Office (Bangalore) that thirty three vehicles owned by the National Aeronautical Laboratory, Bangalore, which is not a Government institution but one affiliated to the Council of Scientific and Industrial Research as an autonomous body and registered under the Societies Registration Act, 1860, were granted exemption from payment of motor vehicles tax, for the period July 1973 to March 1981, on the ground that vehicles were covered by the above exemption. This was irregular and resulted in short levy of tax of Rs. 24.78 lakhs.

On this being pointed out in audit (December 1977 and March 1981), the department raised a demand of Rs. 24.78 lakhs, out of which a sum of Rs. 12.60 lakhs is reported to have been collected (March and July 1981). Report regarding recovery of the balance amount is awaited (February 1982).

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

#### **4.03. Non-enforcement of minimum seating capacity in public service vehicles**

Under the Karnataka Motor Vehicles Taxation Act, 1957, tax is leviable with reference to the seating capacity of a public service vehicle. By virtue of an amendment made to the Rules in October 1969, the minimum seating capacity of a public service vehicle is directly proportionate to its wheel base. This amendment is applicable to stage carriages registered prior to October 1969, if they undergo structural alterations subsequent to the enforcement of this amendment. The validity of this Rule, which was challenged by some operators, was upheld by the Supreme Court in March 1973 and necessary instructions to enforce the rule were issued by the Commissioner of Transport to all the departmental officers in June 1973.

(i) It was noticed in audit (August 1980) of the Transport Commissioner's Office that in respect of twelve stage

carriages owned by the Karnataka State Road Transport Corporation registered in July 1976 and August 1976, the requirement of minimum seating capacity was not enforced even though the corporation had declared that the vehicles operated beyond the city limits. The vehicles in question had wheel base of 205" for which the minimum seating capacity prescribed under the Rules was 50 (including driver and conductor) as against 41 adopted. Non-enforcement of the minimum seating capacity in these cases, resulted in non-levy of tax of Rs. 1,61,732, for the period July 1976 to March 1980.

(ii) In another Regional Transport Office (Mysore), it was noticed in audit (September and October 1980) that the seating capacity of a vehicle was reduced from 51 to 42 with effect from 1st October 1974. As the wheel base of the vehicle was 205", the minimum seating capacity should not be less than 50 as prescribed under the Rules. The incorrect reduction of the seating capacity resulted in loss of revenue of Rs. 22,820 (motor vehicles tax : Rs. 19,460 and passenger tax : Rs. 3,360) for the period 1st October 1974 to 31st March 1981.

The matter was reported to the department in May and June 1981 and to Government in June 1981; their replies are awaited (February 1982).

#### **4.04. Non-recovery of tax at the enhanced rates in respect of contract carriages**

The rate of tax leviable on vehicles covered by contract carriage permits was enhanced from Rs. 35 per seat per quarter to Rs. 100 per seat per quarter with effect from 1st July 1972. This increased levy, which on being challenged by some operators, was struck down by the High Court, was finally upheld by the Supreme Court in November 1974 and Government accordingly issued instructions in May 1975 for recovering the tax at the prescribed rates from 1st July 1972 in respect of all contract carriages.

It was noticed in audit (January and March 1980) of two Regional Transport Offices (Bangalore and Mysore), that in respect of six contract carriages tax was assessed and collected at the rate of Rs. 35 per seat instead of Rs. 100 per seat during the period 1st July 1972 to 30th June 1975. This resulted in short recovery of tax of Rs. 1,09,036.

On this being pointed out in audit (January and March 1980), the department stated that a sum of Rs. 5,565 had been recovered (November 1980) in one case. Report of recovery in five cases is awaited (February 1982).

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

#### **4.05. Lack of co-ordination between different departments of the State**

Under the Karnataka Motor Vehicles Taxation Act, 1957, a motor vehicle may be seized for non-payment of motor vehicles tax and steps taken for the temporary safe custody of the vehicle, until the tax due in respect of the vehicle is paid.

A vehicle which was registered as a contract carriage in March 1967 was converted into stage carriage in April 1975 and the seating capacity was enhanced from 47 (including driver's seat) to 48 (including driver's and conductor's seats). Motor vehicles tax for the period May 1974 to August 1977 (Rs. 53,824) and short payment of tax on account of recovery of tax at the old rate of Rs. 35 per seat per quarter as against the revised rate of Rs. 100 per seat per quarter with effect from July 1972 to June 1974 (Rs. 23,920) were not paid by the registered owner. The vehicle was, therefore, seized (July 1977) by the Regional Transport Officer (Transport), Bangalore and handed over to the police authorities with instructions, (receipt acknowledged by the Police Department in August 1977) not to release the vehicle till the clearance for the same was duly issued by the transport authorities.



Demand notices for payment of tax amounting to Rs. 77,744 were served on the registered owner in April 1977, January 1978, April 1978 and August 1978. The operator, however, did not partake in the proceedings of the Tax Officer. In the meantime, the said vehicle was released (August 1977) by the police authorities without any authorisation from the transport authorities. Consequently, recovery of tax due to Government could not be enforced. In June 1979, the department ascertained (through the Police Department) that the vehicle was scrapped after its release and thereafter referred the dues to revenue authorities (February 1980) for recovery as arrears of land revenue.

Lack of co-ordination between the two departments thus resulted in non-recovery of tax amounting to Rs. 77,744.

On this being pointed out in audit (August 1980), the department confirmed (November 1981) that the Police Department had released the vehicle without any authority and recommended to Government for taking suitable action against the Police Department.

The matter was reported to Government in August 1981. Government confirmed the facts (November 1981).

#### **4.06. Non-collection of issue/endorsement fee**

According to the Karnataka Motor Vehicles Rules, 1963, as amended from time to time, a fee of Rs. 20 upto 24th October 1972, Rs. 25 from 25th October 1972 to 14th April 1979 and Rs. 50 from 15th April 1979 in respect of each vehicle is to be collected for the grant, renewal, endorsement or extension of the permit besides application fee for grant of temporary or special permit.

It was noticed in audit (February and March 1981) of two Regional Transport Offices (Tumkur and Hassan) that issue fee/endorsement fee was not collected in respect of 9,667 temporary permits issued by the Regional Transport

Officer (Hassan) from 1st April 1976 to 2nd November 1979 (records prior to April 1976 were stated not available) and by the Regional Transport Officer (Tumkur) from 1st April 1967 to 9th January 1980 at the rates specified above. This resulted in loss of revenue of Rs. 1,88,045.

On this being pointed out in audit (February and March 1981), the Regional Transport Officer (Tumkur) stated that the instructions on the subject had been issued by the Commissioner for Transport on 31st October 1979 and a clarification thereon on 10th January 1980. Issue fee/endorsement fee was, therefore, collected in respect of permits issued before 10th January 1980. However, action would be taken to recover the arrear fees. The Regional Transport Officer (Hassan) stated that objection raised was not based on law, etc., and he did not propose to take action for recovery of fees.

The position stated by the department is not acceptable in audit as provisions for realisation of issue/endorsement fee existed in the Act as mentioned in the preamble.

The matter was reported to Government in May 1981; their reply is awaited (February 1982).

#### **4.07. Incorrect continuance of exemptions granted to tractor-trailer units**

All motor vehicles designed and used solely for carrying out specified agricultural operations are exempt from tax. According to a judgment of the Karnataka High Court (December 1977), the benefit of exemption would not be available in such cases for the year in which they are used for other purposes.

It was noticed in audit (December 1980 and January 1981) of Regional Transport Office, Dharwad that the executive staff of the department detected, during the years 1977-78 and 1978-79, that 14 vehicles exempted from tax, as being designed and used for specified agricultural operations, were actually being used for combined operations.

Non-withdrawal of exemptions and non-levy of tax in these cases by the department, resulted in short demand of tax of Rs. 32,120.

On this being pointed out in audit (October 1979), the department stated (December 1981) that a sum of Rs. 4,400 due in respect of two vehicles had been collected and recovery in respect of remaining vehicles awaited (February 1982).

The matter was reported to Government in June 1981 ; Government confirmed the facts (December 1981).

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## CHAPTER 5

### TAXES ON AGRICULTURAL INCOME

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

During the period 1st April 1980 to 31st March 1981, test audit of documents in Agricultural Income tax Offices revealed under assessment of tax of Rs. 39.94 lakhs in 105 cases. These under assessments are broadly categorised under the following heads.

<i>Category</i>	<i>Number of items</i>	<i>Amount (in lakhs of rupees)</i>
1. Error in computation of total income and tax	33	4.53
2. Income escaping assessment	1	0.12
3. Non-levy of penalty	5	2.61
4. Miscellaneous	66	32.68
Total	105	39.94

Some important cases are mentioned in the following paragraphs.

#### 5.02. Omission to assess the income returned

Under the Karnataka Agricultural Income-tax Act, 1957, the value of coffee points for assessment purposes, should be computed on the basis of the rates declared from time to time by the Coffee Board during the relevant previous year.

While computing the agricultural income of five assesseees (Kodagu district) for the previous year relevant to the assessment year 1978-79, it was noticed in audit (March 1981) that an amount of Rs. 1,60,016 representing the difference in value between the income derived on estimated points at provisional rates and the income on

final points at final rates, for the crop season 1975-76 offered for assessment, was omitted to be taxed. This resulted in short levy of tax of Rs. 1,01,994.

On this being pointed out in audit (March 1981), the assessing authority stated that the assessments were rectified (July 1981) and an additional demand of Rs. 1,01,994 collected (August 1981).

The matter was reported to Government in June 1981. Government confirmed the facts (November 1981).

### **5.03. Omission to aggregate income derived from different sources**

Under the Karnataka Agricultural Income-tax Act, 1957, the term "total agricultural income" on which tax is leviable, means the aggregate of all agricultural income derived by a person from land situated within the State, including his share in the income of a firm of which he is a partner.

In the case of an assessee (Kodagu district) it was noticed in audit (March 1981) that income derived from a coffee estate owned by her and also her share in the income of a firm of which she was a partner were assessed separately for the assessment years 1974-75 to 1979-80 instead of being aggregated. This omission resulted in a total under-charge of tax of Rs. 69,517.

On this being pointed out in audit (March 1981), the assessing authority agreed (March 1981) to look into the point. Further developments are awaited (February 1982).

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

### **5.04. Excess allowance of expenditure**

Any expenditure, not being in the nature of capital expenditure, laid out or expended in the previous year wholly and exclusively for the purpose of deriving agri-

cultural income is admissible as a deduction in the computation of agricultural income.

(i) It was noticed in audit (September 1980) that in the case of an assessee (Chickmagalur district), for the assessment year 1978-79, the gross expenditure before disallowing inadmissible items of expenditure, worked out to Rs. 1,65,750. It was, however, taken as Rs. 2,65,750 due to arithmetical error. This resulted in short computation of income by Rs. 1 lakh with consequential short levy of tax of Rs. 37,678.

On this being pointed out in audit (September 1980), the department stated (July 1981) that the assessing officer had rectified the assessment (November 1980) and collected the additional demand (December 1980).

The matter was reported to Government in February 1981; Government confirmed the facts (October 1981).

(ii) Another assessee (Kodagu district) in his return of income for the assessment year 1979-80 claimed deductions aggregating Rs. 3,58,622 though the correct total worked out to Rs. 3,29,797. The Agricultural Income Tax Officer arrived at an entirely different figure of Rs. 3,64,797 and allowed it as deduction at the time of assessment (December 1979). The mistake resulted in excess allowance of Rs. 35,000, involving short levy of tax of Rs. 18,200.

On this being pointed out in audit (March 1981), the department issued (March 1981) notice to the assessee.

The matter was reported to Government in June 1981. Government stated that the amount had been collected (August 1981).

### **5.05. Incorrect allowance of depreciation/expenditure**

Under the Karnataka Agricultural Income tax Act, 1957, depreciation on buildings, machinery, plant, fencing materials, etc., at the prescribed rates is deductible while computing the taxable agricultural income. However, where the asset has not been used wholly for the purpose

of agriculture, the allowance is to be restricted to the fair proportional part of the amount admissible had the asset been wholly used for agricultural purpose and used during the whole year.

In the case of two assesseees, although depreciation of Rs. 26,137 for the assessment years 1977-78 and 1978-79 was allowed (June 1978 and March 1980) as admissible under the law, the amount of Rs. 33,672 already debited in the accounts of the assesseees towards depreciation was omitted to be added back resulting in under assessment of tax of Rs. 13,580.

On this being pointed out in audit (June 1978 and March 1980), the assessing authority raised an additional demand of Rs. 9,429 (July 1979) in one case and Rs. 4,151 (July 1981) in the other case. The additional demands of Rs. 9,429 and Rs. 2,273 (out of Rs. 4,151) are reported to have been collected. Report regarding the collection of the balance amount is awaited (February 1982).

The matter was reported to Government in March 1981. Government confirmed the facts (July 1981).

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## CHAPTER 6

### LAND REVENUE

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

During the period 1st April 1980 to 31st March 1981, test audit of documents relating to land revenue assessments and collections in taluk offices, etc., revealed non-levy/short levy of land revenue of Rs. 115.50 lakhs in 137 cases. The non-levy/short levy of land revenue is categorised under the following heads :

<i>Category</i>	<i>Number of items</i>	<i>Amount (in lakhs of rupees)</i>
(i) Non-levy/short-levy of land revenue, cesses, measurement fees, etc.	45	17.11
(ii) Non-levy/short levy of water rate and penal water rate	46	45.20
(iii) Non-levy/short levy of betterment contribution and interest	19	41.48
(iv) Non-levy/short levy of maintenance cess	27	11.71
Total	137	115.50

Some important cases are mentioned in the following paragraphs.

#### 6.02. Non-levy/Short levy of water rate

(i) Under the Karnataka Irrigation (Levy of Betterment Contribution and Water Rate) Act, 1957 and the Rules made thereunder, water rate is leviable for the use of water from the irrigation works maintained by the State Government.

It was noticed in audit (between July 1980 and January 1981) of three taluk offices in three districts (Bangalore,



Bijapur and Chitradurga), that though water was made available for irrigation works covering an area of 33,915 acres, during the years 1976-77 to 1978-79, water rate amounting to Rs. 5,12,726 was not levied or was short levied.

On this being pointed out in audit (between July 1980 and January 1981), Tahsildars (Bijapur and Chitradurga districts) stated (between July 1980 and January 1981) that facts would be verified and action taken to raise the demand. Further developments are awaited (February 1982).

The matter was reported to Government in April and May 1981. Government stated (August 1981) that in respect of demand pertaining to Bijapur district, a sum of Rs. 77,444 had been recovered. Further report is awaited (February 1982).

(ii) Under the Karnataka Irrigation (Levy of Water Rates) Rules, 1965, as amended in December 1975, where water is supplied, made available or used from any irrigation work for growing crops twice in a revenue year, water rate in respect of second crops is leviable at the same rate as for the first crop.

In a taluk office (Mandya district) it was noticed in audit (September 1980) that during the years 1975-76, 1977-78 and 1978-79 demands for water rate, in respect of second crop grown over an area of 57,745 acres, were incorrectly quantified as Rs. 4,20,441 as against Rs. 15,85,915 leviable at the prescribed rates. The application of the incorrect rates resulted in short levy of Rs. 11.65 lakhs.

On this being pointed out in audit (September 1980), the Tahsildar stated (September 1980) that action would be taken to raise the additional demand. Further developments are awaited (February 1982).

The matter was reported to Government in April 1981; Government stated (August 1981) that the amount of Rs. 11.65 lakhs had been taken to demand and that the Officers concerned instructed to recover the entire amount. Further report is awaited (February 1982).

(iii) The Rules, as amended from 1st July 1976, also provide that when water is supplied, made available or used from any lift irrigation work owned and maintained by Government for irrigation of any land, water rate at three times the normal rate for sugarcane or paddy crops and at twice the normal rate for other crops is leviable.

It was noticed in audit (September 1980) of a taluk office (Bellary district) that in respect of 6,522 acres of land, grown with semi dry crops and watered by lift irrigation works, during the years 1977-78 and 1978-79, demands for water rate were raised for a total sum of Rs. 40,967 as against the correct demands of Rs. 4,69,584. This resulted in loss of revenue of Rs. 4,28,617.

On this being pointed out in audit (September 1980), the Tahsildar reported (November 1981) that the Public Works Department authorities had not issued the requisite notification nor had they arranged for a joint inspection, but based on available records, a sum of Rs. 2,83,023 had been taken to demand. Further report is awaited (February 1982).

The matter was reported to Government in May 1981; their reply is awaited (February 1982).

(iv) By an amendment issued to the Rules (July 1979), the water rates leviable for all crops were enhanced with effect from 1st July 1978.

It was, however, noticed in audit (July and October 1980) that in two taluk offices (Raichur and Bijapur districts) the enhanced rates had not been applied while levying water rates on crops during the year 1978-79 in respect of certain villages. The omission resulted in short demand of Rs. 60,372.

On this being pointed out in audit (July and October 1980), the Tahsildars agreed (July and October 1980) to revise the demand after review. Further developments are awaited (February 1982).

These cases were reported to Government in March and May 1981 ; their reply is awaited (February 1982).

### **6.03. Non-recovery of penal water rate for violation of cropping pattern.**

According to the Karnataka Irrigation Act, 1965, the Irrigation Officer may specify, by notification, the kind of crop that shall be grown on any land under an irrigation work. Any person, who grows crops other than those specified in the notification shall be liable to pay, by way of penalty, such water rate not being less than five times but not exceeding ten times of the water rate which he would otherwise have been required to pay, as may be determined by the Irrigation Officer and intimated to the Tahsildar for recovery.

(i) It was noticed in the audit (September 1980) of a taluk office (Chitradurga district) that penal water rate of Rs. 15,64,422, determined by the Irrigation Officer for violation of the prescribed cropping pattern in an area of 1,745 acres and 11 guntas in khariff 1977 and 2,569 acres and 16 guntas in summer 1978 and intimated (November 1978) to the Tahsildar, had not been taken to demand for recovery by the Tahsildar.

On this being pointed out in audit (September 1980), the Tahsildar stated (May 1981) that the amount had been taken to demand in March 1981 and that the demand list received from the Public Works Department authorities had been sent to the village accountants to initiate recovery proceedings. Further developments are awaited (February 1982).

The matter was reported to Government in April 1981. Government confirmed (July 1981) the facts reported by the Tahsildar and stated that the revenue authorities concerned have been instructed to recover the amount taken to demand. Further report regarding recovery of the demand is awaited (February 1982).

(ii) In another taluk office (Shimoga district), it was noticed in audit (June 1979) that a crop (paddy) other than the prescribed crop (sugarcane) was grown in an area of 197 acres and 17 guntas during the year 1978-79. As against the minimum penal water rate of Rs. 29,614 leviable, a demand of only Rs. 11,934 had been raised, resulting in short levy of penalty of Rs. 17,680.

On this being pointed out in audit (June 1979), the Deputy Commissioner stated (April 1981) that the difference had been taken to demand and that the recovery was being pursued. Further developments are awaited (February 1982).

The matter was reported to Government in September 1980; Government confirmed the facts (April 1981).

#### **6.04. Non-levy of penalty for unauthorised use of water**

Under the Karnataka Irrigation Act, 1965, if any person uses water from an irrigation work without obtaining the required permission, he shall, in addition to any penalty he incurs under the law for such unauthorised use of water, be liable to pay water rate at such rate as may be determined by the prescribed officer, not being less than ten times and not exceeding thirty times the rate, he would otherwise have been required to pay, had he applied for and obtained the permission. The 'prescribed officer' for this purpose will be Irrigation Officer, nominated by Government who intimates the demand to the Tahsildar for recovery. Further, the Karnataka Land Revenue Act, 1964, prescribes that any person, who has unauthorisedly occupied Government land, shall pay twice the amount of assessment for every year of his unauthorised occupation.

(i) In a taluk office (Chitradurga district), the Irrigation Officer, having noticed that the water from the canals had been used unauthorisedly for an area of 186 acres and 20 guntas during khariff 1977 and 211 acres and 34 guntas during summer 1978, levied and asked the Tahsildar, Chitra-

durga to recover penalty amounting to Rs. 3,02,342. No action had, however, been taken till September 1980 by the Tahsildar to raise the demand.

On this being pointed out in audit (September 1980), the demand was raised (April 1981) by the Tahsildar. Further developments are awaited (February 1982).

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

(ii) It was noticed in audit (September 1980) of a taluk office (Mandya district) that in 62 cases the Tahsildar had levied and recovered penalty of Rs. 52,400 for unauthorised occupation of Government land under the Karnataka Land Revenue Act, 1964 but had not referred the cases to the prescribed officer for levying penal water rate for unauthorised use of water for 6 years upto 1976-77. The omission in this regard resulted in non-levy of minimum penal water rate of Rs. 1,85,880.

On this being pointed out in audit (September 1980), the Tahsildar stated that the cases would be referred to the authorities of Public Works Department for levying penal water rate. Further report is awaited (February 1982).

The matter was reported to Government in March 1981. Government stated (July 1981) that the revenue authorities have been instructed to pursue the matter with Public Works Department authorities to take the amount to demand and proceed with the collection. Further report is awaited (February 1982).

#### **6.05. Non-levy/short levy of cesses.**

(i) Under the Karnataka Irrigation Act, 1965, maintenance cess at Rs. 4 per acre of land per year is leviable on the area benefited by any irrigation work maintained by Government provided that no maintenance cess is leviable in respect of the lands where water is not made available for two consecutive years.

It was noticed in audit (between May 1980 and January 1981) of six taluk offices in five districts (Bangalore, Kodagu, Chitradurga, Mandya and Bijapur) that maintenance cess amounting to Rs. 3,54,199 was not levied/short levied in respect of 1,34,264 acres of land benefited by irrigation works maintained by Government, during the period 1976-77 to 1978-79.

The matter was reported to Government in March, May and June 1981. Government stated (May 1981) that Tahsildars of two taluk offices (Chitradurga and Mandya districts) had been directed to book the demand short levied and collect the arrears. Reply in respect of the remaining taluk offices is awaited (February 1982).

(ii) According to a notification issued by Government under the Karnataka Village Panchayats and Local Boards Act, 1959, the rate of local cess leviable on land revenue was increased from 12 paise to 50 paise per rupee of land revenue demand with effect from 28th September 1978. Consequently, the total amount of cesses leviable for the year 1978-79 was 75 paise per rupee of land revenue demanded (local cess 50 paise, health cess 15 paise and education cess 10 paise).

It was noticed in audit (July 1980) of a taluk office (Bangalore district) that for the year 1978-79, as against a total cess of Rs. 6,98,340 leviable on the land revenue demand of Rs. 9,31,120, the demand raised was only Rs. 2,09,768. Non-observance of the above notification resulted in short demand of Rs. 4,88,572.

On this being pointed out in audit (July 1980), the Tahsildar agreed to raise the additional demand. Further developments are awaited (February 1982).

The matter was reported to Government in May 1981; their reply is awaited (February 1982).

## CHAPTER 7

### STAMP DUTY AND REGISTRATION FEES

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

During the period 1st April 1980 to 31st March 1981, test audit of documents disclosed under assessment of stamp duty and registration fees to the extent of Rs. 14.62 lakhs in 226 cases. The under assessment of duty/fees is categorised under the following heads.

<i>Category</i>	<i>Number of items</i>	<i>Amount (in lakhs of rupees)</i>
1. Incorrect application of exemptions/concessional rates to documents	90	4.73
2. Wrong classification of documents	74	8.37
3. Other reasons	62	1.52
Total	226	14.62

Some important cases are mentioned in the following paragraphs.

#### 7.02. Incorrect classification of documents

(i) According to the Karnataka Stamp Act, 1957, a general power of attorney is chargeable to stamp duty at a rate lower than that applicable to a power of attorney, given for consideration and authorising the attorney to sell any immovable property of the executant.

It was noticed in audit (October and December 1980) of two sub-registry offices (Bangalore city) that documents wherein irrevocable powers of attorney were executed in favour of a bank authorising it to sell the scheduled properties already mortgaged to it and to obtain repayment

of the amounts due by the executants, out of the sale proceeds thereof, were incorrectly classified as general powers of attorney and assessed to lower stamp duty as such, instead of as power of attorney for consideration chargeable as a 'conveyance'. The incorrect classification of the documents in this regard resulted in short levy of stamp duty of Rs. 43,448 and registration fees of Rs. 4,320.

The matter was reported to Government in February and April 1981. In one case involving short levy of Rs. 13,713, Government accepted the objection and initiated action to effect recovery (June 1981). In the other case their reply is awaited (February 1982).

(ii) A release deed is a deed executed by a co-owner in favour of another person who had already some title to the estate and the effect of the release is only to enlarge that right. There can be no release by one person in favour of another who is not already entitled to the property as a co-owner before the release.

It was noticed in audit (November 1981) of a sub-registry office (Chickmagalur district), that one document relating to the transfer of a self-acquired property by the sole owner in favour of her son, who was not a co-owner was registered as a release deed instead of as a gift deed. The incorrect classification resulted in short levy of stamp duty of Rs. 30,577 and registration fees of Rs. 3,300.

The matter was reported to the department in February 1981 and to Government in April 1981; their reply is awaited (February 1982).

(iii) According to the Karnataka Stamp Act, 1957, a deed of exchange of property is chargeable to duty as for a 'conveyance' for a consideration equal to the value of the property of greatest value as set forth in such instrument.

It was noticed in audit (December 1980) of a sub-registry office (Bangalore city) that a document registered in June 1979, whereby the Bangalore Development Autho-



rity on payment of layout charges and in exchange of land handed over by the Society, allotted (December 1976) ready-made sites to the Posts and Telegraphs Employees Co-operative Society, was treated as an 'agreement' instead of as an 'exchange'. However, as the properties were handed over to each other for an agreed consideration, the document in question was an exchange deed. The incorrect classification of the document as an agreement instead of as a deed of exchange resulted in short levy of stamp duty of Rs. 27,833 and registration fees of Rs. 500.

The matter was reported to Government in April 1981. Government stated (July 1981) that the Inspector General of Registration has accepted the objection and had taken up recovery proceedings. Further report is awaited (February 1982).

(iv) Under the Karnataka Stamp Act, 1957, 'mortgage deed' includes, every instrument whereby, for the purpose of securing money advanced or to be advanced by way of loan, or an existing or future debt or the performance of an engagement, one person transfers, or creates to, or in favour of another, a right over or in respect of specified property.

It was noticed in audit (March 1981) of a sub-registry office (Dharwar district) that certain documents, whereby a charge was created upon specified properties described in the schedules to the documents as security for the due performance of the contract by the executants were incorrectly classified as 'security bond' instead of as 'simple mortgage deed'. This resulted in short levy of stamp duty of Rs. 23,280.

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

### **7.03. Irregular concessional rates/exemptions**

(i) In exercise of the powers conferred under the Karnataka Stamp Act, 1957, Government reduced

(February 1969) the stamp duty to the extent of 50 per cent of the normal prescribed duty on instruments executed by Housing Societies or officers or members thereof relating to the business of such societies where the amount or value specified in the instrument is more than Rs. 8,000. Similar concession is admissible in respect of registration fees as per table of fees. This concession was admissible only when such housing societies, etc., are vendors but not vendees.

It was, however, noticed in audit (October and December 1980) of two sub-registry offices (Bangalore city) that even in respect of sale deeds, executed by the Life Insurance Corporation of India and a private vendor, during the year 1979-80, in favour of Housing Co-operative Societies, the concessional rates of stamp duty and registration fees were applied. The incorrect application of the concessional rates of stamp duty and registration fees in these cases resulted in short levy of stamp duty of Rs. 78,280 and registration fees of Rs. 7,835.

The matter was reported to Government in March and April 1981. Government stated (December 1981) that the Sub-Registrar concerned has been directed to refer the case for recovery proceedings. Further developments are awaited (February 1982).

(ii) Under the Karnataka Agricultural Credit Operations and Miscellaneous Provisions Act, 1974, any agriculturist, given financial assistance by a credit agency may, by a declaration in the prescribed form, charge the land or any other immovable property owned by him as security for the amount of such financial assistance and interest payable thereon. Government clarified (November 1977) that instruments executed under the Act were exempt from stamp duty, only to the extent of remission allowed under Section 9 of the Karnataka Stamp Act, 1957. No orders, however, have been issued under the Stamp Act exempting stamp duty on documents in respect of loans obtained in excess of Rs. 10,000.

(a) It was noticed in audit (May/June 1978) of a sub-registry office (Kodagu district) that in respect of 4 instruments, stamp duty was not levied even though the amount of loan in each case exceeded Rs. 10,000. This resulted in non-levy of stamp duty of Rs. 13,255.

(b) In another case in the same sub-registry office, it was noticed (June 1978) that full exemption from payment of stamp duty and registration fees had been allowed to a firm owning a coffee estate on a transaction connected with obtaining a loan of Rs. 3 lakhs from a Bank by filing 30 separate declarations for Rs. 10,000 each, creating a charge on the same property. The incorrect exemption had resulted in non-levy of stamp duty of Rs. 16,500 and registration fees of Rs. 3,000.

On this being pointed out in audit (November, 1978), the department agreed (June 1979) to recover the deficit duty/fee after verification. Further developments are awaited (February 1982).

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

(iii) According to the orders issued by Government (February 1974), under the Karnataka Stamp Act, 1957, mortgage deeds executed by beneficiaries who draw loans from Government under the "People's Housing Scheme" are exempted from levy of stamp duty and registration fees. This, however, does not cover agreements required to be executed by the beneficiaries.

It was noticed in audit (August 1980, January and March 1981) of three sub-registry offices (Tumkur, Bangalore and Belgaum districts) that the benefit of exemption from payment of stamp duty and registration fees was allowed irregularly in respect of 1,248 agreements executed by the beneficiaries, resulting in non-levy of stamp duty and registration fees amounting to Rs. 24,960.

The matter was reported to Government in May - June 1981. Government stated (August 1981) that the cases had been taken up for recovery from the parties concerned. Further developments are awaited (February 1982).

#### **7.04. Short levy of samp duty on lease-cum-sale agreements**

Under the Karnataka Stamp Act, 1957, an instrument so framed as to come within two or more of the descriptions in the schedule to the Act, shall, where the duties chargeable thereunder are different, be chargeable with the highest of such duties. Accordingly a lease-cum-sale agreement, where the lease is granted for money advanced in addition to rent reserved attracts duty as a conveyance for a consideration equal to the amount or value of such advance deposit as set forth in the lease deed.

It was noticed in the audit (October 1980) of a sub-registry office (Bangalore city) that in 23 cases of lease-cum-sale agreements executed by beneficiaries in favour of Karnataka Housing Board and a Co-operative Building Society during the year 1979-80 for allotment of buildings, the stamp duty at conveyance rate was omitted to be levied on the amounts of advance deposits paid by the lessees. This resulted in short levy of stamp duty of Rs. 18,675.

The matter was reported to Government in April 1981. Government stated (December 1981) that the Inspector General of Registration had directed the Sub-Registrar concerned to refer the cases for recovery proceedings under the Act. Further developments are awaited (February 1982).

#### **7.05. Short levy of stamp duty and registration fees due to incorrect adoption of separated shares**

According to the Karnataka Stamp Act, 1957, "instrument of partition" means any instrument whereby co-owners of any property divide or agree to divide such property in severalty etc., and such instruments are chargeable to duty under the schedule to the Act on the value of separated shares, leaving out the largest share.

It was, however, noticed in audit (October 1980) of a sub-registry office (Bangalore district) that in a deed of partition amongst 9 co-owners, the properties had been apportioned into 7 shares and as per the recitals, the seven parties individually possessed and enjoyed the respective portion allotted to each as absolute owner thereof. However, for the purpose of levying stamp duty, the properties were grouped into 3 parts and duty was levied on the value of the 2 parts leaving out the value of the highest part, instead of on the aggregate value of the six separated shares, leaving one highest share. This resulted in short levy of stamp duty and registration fees of Rs. 15,440.

The matter was reported to the department in January 1981 and to Government in April 1981. The Inspector General of Registration has ordered (November 1981) the recovery of the amount from the Sub-Registrar concerned under the provisions of the Karnataka Registration Rules 1965. Further report from the department and reply from Government are awaited (February 1982).

## CHAPTER 8

### NON-TAX RECEIPTS

#### A—Forest Receipts

##### **8.01. Incorrect application of rate for timber supplied**

The Chief Conservator of Forests in consultation with the Managing Director of the Karnataka Forest Industries Corporation Limited had decided (January 1978) that the rates of various species of timber supplied to the saw mills transferred to the Corporation with effect from 1st April 1975, during the period 1st April 1975 to 31st August 1976, would be those fixed by him for the year 1974-75.

It was, however, noticed in audit (November 1980) that a forest division (Dharwad district) had preferred claim (between March 1976 and October 1977) for 6,107 cubic metres of timber supplied to the units of the Corporation, during the period 1st April 1975 to 31st August 1976 at the supply rates of 1973-74. The incorrect application of rate resulted in short claim of Rs. 17,45,840.

On this being pointed out in audit (November 1980), the departmental officer stated (November 1980) that action would be taken in consultation with higher authorities. Further developments are awaited (February 1982).

The matter was reported to Government in May 1981; their reply is awaited (February 1982).

##### **8.02. Loss of revenue due to delay in confirmation of sale**

The standard terms of tender notifications for the sale of coupes in forest divisions by tender-cum-auction stipulate that the bidder would be at liberty to withdraw his offer, if acceptance is not communicated within sixty days of auction. Departmental Rules also require that tenders of over Rs. 10 lakhs should be approved by Government.

It was noticed in audit (December 1980) of a forest division (Belgaum) that approval to highest bid of Rs. 10,87,869 in an auction sale on 24th September 1979, which was referred to Government on the same date, was communicated by Government on 26th November 1979, that is, 2 days after the expiry of the stipulated period. The contractor withdrew his offer on the same date on the ground that he did not receive the acceptance within the stipulated period. His security deposit of Rs. 15,000 was forfeited. Subsequently, the same coupe on resale (29th September 1980) fetched Rs. 8,89,757. Non-acceptance of the offer in time resulted in loss of revenue of Rs. 1,83,112.

The matter was reported to Government in April 1981 ; their reply is awaited (February 1982).

### **8.03. Short recovery from wood based industries**

In August 1979, Government enhanced the rates of different species of timber supplied to various wood based industries in the State with effect from 1st June 1979, and also imposed with effect from that date, an additional levy of Rs. 5 per cubic metre of timber extracted an administrative charges.

(i) It was noticed in audit (between April and December 1980) of three forest divisions (two in Uttara Kannada district and one in Belgaum district) that the enhanced rates were not given effect to in respect of timber supplied to various wood based industries, during the period 1st June 1979 to 31st March 1980 resulting in short recovery of Rs. 1,72,045 inclusive of forest development tax and sales tax.

On this being pointed out in audit (April/December 1980), the Chief Conservator of Forests (General) stated (September 1981) that in respect of one division (Belgaum) the differential amount (Rs. 20,877) due to revision of rates had been recovered and that report on the action taken in respect of the other two divisions was awaited. Further

developments are awaited (February 1982).

The matter was reported to Government in April/May 1981; Government reported (January 1982) recovery in respect of Belgaum division. Further report is awaited in respect of other two divisions (February 1982).

(ii) In two forest divisions (Uttara Kannada district) mentioned above it was also observed (November 1980) that demands for administrative charges amounting to Rs. 79,063 on timber (which included timber below 24" in girth also) extracted by several wood based industries during the period 1st June 1979 to 5th December 1979 in one division and 1st June 1979 to 30th April 1980 in the other division, were not raised.

On this being pointed out in audit (April and November 1980), one division (Haliyal), after obtaining clarifications (September 1980) from the department, agreed (November 1980) to raise the demand. Report regarding action taken by the other division (Karwar) is awaited (February 1982).

The matter was reported to Government in April/May 1981; their reply is awaited (February 1982).

#### **8.04. Short levy/non-levy of forest development tax**

Under the Karnataka Forest Act, 1963, read with orders of Government (March 1980), the rate of forest development tax to be levied and collected on forest produce disposed of by the State Government by sale or otherwise was enhanced from 5 per cent to 8 per cent with effect from 15th March 1980.

It was noticed in audit (May 1980) of forest division (Shimoga) that forest development tax was levied at the rate of 5 per cent instead of 8 per cent on the supply of sandal wood valuing Rs. 12,24,261, made after 15th March 1980



to sandal wood oil factories and other muzrai institutions. Omission to levy tax at the revised rate resulted in short levy of tax of Rs. 36,728.

The matter was reported to Government in March 1981 ; their reply is awaited (February 1982).

#### **8.05. Loss of revenue due to disposal of bamboos at reduced rate consequent on deterioration**

On the basis of Government instructions (7th July 1976), a forest division (Mandya district), extracted 44,000 green bamboos during the year 1977-78 for supply to Madars, a tribal community engaged in bamboo cottage industry. Out of this, only 11,286 bamboos were sold to them (4th September 1977 to 26th December 1977) at the stipulated rate of Rs. 120 for 100 bamboos as against the upset price of Rs. 116 for 100 bamboos and the balance 32,714 bamboos dried up and became unfit for cottage industry. Consequently, 8,714 bamboos were sold (between January and October 1978) at reduced rate of Rs. 105 for 100 bamboos and the remaining 24,000 were disposed of in auction (October 1978) for Rs. 6,158.

The quantity of bamboos originally extracted was thus far in excess of the quantity actually sold to the tribal community, and the subsequent disposal of the unsold lot at reduced rates resulted in loss of revenue of Rs. 24,740.

On this being pointed out in audit (February 1980), the department initiated action (June 1980) to get the loss written off. Further developments are awaited (February 1982).

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

### **B—SERICULTURE DEPARTMENT**

#### **8.06. Short collection of market fee**

Under the Karnataka Silk Worm Seed, Cocoon and Silk-Yarn (Regulation of production, Supply, Distribution

and Sale) Rules 1960, every reeler was required to pay market fee at the rate of one per cent of the value of cocoons purchased by him. By an amendment to rules which took effect from 20th December 1979, every rearer was also required to pay market fee at the same rate on the value of cocoons sold by him in the cocoon market.

It was noticed in audit (August/September 1980) of the revenue accounts of Sericultural Assistant, Government Cocoon Market (Bangalore district) that market fee at one per cent was recovered from the rearers on the value of cocoons sold by them from 1st April 1980 instead of from 20th December 1979. The Sericultural Assistant stated (August/September 1980) that levy of market fee on rearers under the amended rule was made from 1st April 1980, on the basis of orders issued to that effect by the Director of Sericulture in March 1980. These orders are contrary to the provisions of the rules. Non-levy of market fee on rearers for the period 20th December 1979 to 31st March 1980, as required under the rules, resulted in short recovery of market fee amounting to Rs. 5,65,586.

The matter was reported to Government in April 1981; their reply is awaited (February 1982).

## C—MINING RECEIPTS

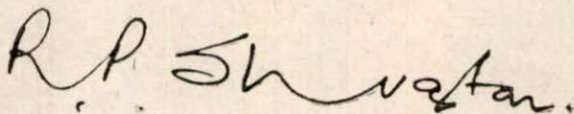
### 8.07. Short recovery of dead rent

Under the Mines and Minerals (Regulation and Development) Act, 1957, as amended in September 1972, dead rent at the rates stipulated in the schedule thereto or royalty on minerals removed or consumed, whichever is higher, is payable by the holder of a mining lease. The dead rent is prescribed in a graded scale commencing from the second year of a lease, with no liability for dead rent for the first year. The terms in all leases whether granted before or after the amendment in 1972, in so far as they related to payment of dead rent were deemed as modified

by that amendment. The renewed leases are to be considered as continuation of old leases for the purpose of computing the period and the rate of dead rent. All the existing leases, as on the date of amendment, had to be renewed and the rates of dead rent refixed in accordance with the amended provisions, taking into account the periods for which the old leases had run.

It was noticed in audit (October/November 1980) of the office of the Director of Mines and Geology and Senior Geologist, Bangalore that while computing the demands in respect of renewed leases, the periods for which the old leases had run were ignored for determining the rate of dead rent and consequently there was short demand to the extent of Rs. 3.98 lakhs in respect of 22 leases during the period 1972 to 1979.

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



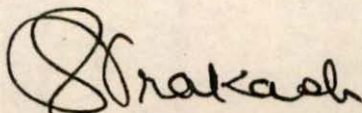
BANGALORE,

(R. P. SHRIVASTAVA)

The 30 APR 1982

Accountant General-II, Karnataka.

Countersigned



NEW DELHI,

(GIAN PRAKASH)

The 6 MAY 1982

Comptroller and Auditor General of India.

of last amendments. The review was to be  
of the amendments of and issues for the purpose of  
comparing the period and the rate of 1914. All the  
said of laws as to the rate of amendment, but in the  
renewed and the rate of laws were in accordance  
with the amended provisions following the same for review  
for water the outlays and the

It was noted in that a number of laws were  
of the period of 1914 and 1915 and 1916  
in respect of laws and the amendments, the amendments  
the old laws and the amendments, the amendments  
to the laws of 1914 and 1915 and 1916  
during the period 1914-1916

The matter was referred to the committee in June and  
July 1914, the committee was advised February 1915.

Committee  
The  
The

*Handwritten signature*

New York  
The  
The

**APPENDIX**

1871

## APPENDIX

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

(Reference : Paragraph 1.04, page 8)

Heads of Account	Year	Gross collection	Expendi-	Percentage
			ture on collection	of expendi- ture on gross collection
(in crores of rupees)				
1. Sales Tax	1978-79	164.48	2.67	1.60
	1979-80	199.77	2.84	1.42
	1980-81	237.36	3.35	1.41
2. Taxes on Agricultural Income	1978-79	14.37	0.30	2.00
	1979-80	15.60	0.34	2.17
	1980-81	11.28	0.33	2.93
3. Land Revenue	1978-79	6.95	4.52	65.03
	1979-80	6.93	5.39	77.89
	1980-81	6.47	7.78	120.25
4. State Excise Duties	1978-79	62.60	2.03	3.24
	1979-80	73.84	2.39	3.23
	1980-81	93.71	2.49	2.66
5. Stamp duty and Registration Fees	1978-79	17.91	1.45	8.09
	1979-80	22.15	1.50	6.77
	1980-81	29.08	1.94	6.67
6. Taxes on Motor Vehicles	1978-79	29.48	0.92	3.12
	1979-80	44.46	1.15	2.58
	1980-81	47.37	1.29	2.72
7. Forest	1978-79	30.86	15.28	49.51
	1979-80	33.55	17.43	51.95
	1980-81	35.74	21.72	60.77

The expenditure under Land Revenue and Forest cannot be considered as having been incurred solely for collecting revenue as the departments have several administrative functions. Bifurcation of expenditure on *pro rata* basis has not been furnished by the departments concerned (February 1982).

APPENDIX

Statement showing cost of all items under the principal

heads of expense

(Statement for year ending June 30, 1932)

As per Schedule

Head A - General

Collection of interest on bonds

1931

(Amount in dollars)

Item	1931	1932	Total
1. Interest on bonds	1,000.00	1,000.00	2,000.00
2. Interest on notes	500.00	500.00	1,000.00
3. Interest on mortgages	250.00	250.00	500.00
4. Interest on other securities	100.00	100.00	200.00
5. Interest on cash	50.00	50.00	100.00
6. Interest on other assets	20.00	20.00	40.00
7. Interest on liabilities	10.00	10.00	20.00
8. Interest on other items	5.00	5.00	10.00
9. Interest on miscellaneous	2.50	2.50	5.00
10. Interest on sundries	1.25	1.25	2.50
11. Interest on other items	0.62	0.62	1.25
12. Interest on sundries	0.31	0.31	0.62
13. Interest on other items	0.16	0.16	0.31
14. Interest on sundries	0.08	0.08	0.16
15. Interest on other items	0.04	0.04	0.08
16. Interest on sundries	0.02	0.02	0.04
17. Interest on other items	0.01	0.01	0.02
18. Interest on sundries	0.00	0.00	0.00
19. Interest on other items	0.00	0.00	0.00
20. Interest on sundries	0.00	0.00	0.00
21. Interest on other items	0.00	0.00	0.00
22. Interest on sundries	0.00	0.00	0.00
23. Interest on other items	0.00	0.00	0.00
24. Interest on sundries	0.00	0.00	0.00
25. Interest on other items	0.00	0.00	0.00
26. Interest on sundries	0.00	0.00	0.00
27. Interest on other items	0.00	0.00	0.00
28. Interest on sundries	0.00	0.00	0.00
29. Interest on other items	0.00	0.00	0.00
30. Interest on sundries	0.00	0.00	0.00
31. Interest on other items	0.00	0.00	0.00
32. Interest on sundries	0.00	0.00	0.00
33. Interest on other items	0.00	0.00	0.00
34. Interest on sundries	0.00	0.00	0.00
35. Interest on other items	0.00	0.00	0.00
36. Interest on sundries	0.00	0.00	0.00
37. Interest on other items	0.00	0.00	0.00
38. Interest on sundries	0.00	0.00	0.00
39. Interest on other items	0.00	0.00	0.00
40. Interest on sundries	0.00	0.00	0.00
41. Interest on other items	0.00	0.00	0.00
42. Interest on sundries	0.00	0.00	0.00
43. Interest on other items	0.00	0.00	0.00
44. Interest on sundries	0.00	0.00	0.00
45. Interest on other items	0.00	0.00	0.00
46. Interest on sundries	0.00	0.00	0.00
47. Interest on other items	0.00	0.00	0.00
48. Interest on sundries	0.00	0.00	0.00
49. Interest on other items	0.00	0.00	0.00
50. Interest on sundries	0.00	0.00	0.00
51. Interest on other items	0.00	0.00	0.00
52. Interest on sundries	0.00	0.00	0.00
53. Interest on other items	0.00	0.00	0.00
54. Interest on sundries	0.00	0.00	0.00
55. Interest on other items	0.00	0.00	0.00
56. Interest on sundries	0.00	0.00	0.00
57. Interest on other items	0.00	0.00	0.00
58. Interest on sundries	0.00	0.00	0.00
59. Interest on other items	0.00	0.00	0.00
60. Interest on sundries	0.00	0.00	0.00
61. Interest on other items	0.00	0.00	0.00
62. Interest on sundries	0.00	0.00	0.00
63. Interest on other items	0.00	0.00	0.00
64. Interest on sundries	0.00	0.00	0.00
65. Interest on other items	0.00	0.00	0.00
66. Interest on sundries	0.00	0.00	0.00
67. Interest on other items	0.00	0.00	0.00
68. Interest on sundries	0.00	0.00	0.00
69. Interest on other items	0.00	0.00	0.00
70. Interest on sundries	0.00	0.00	0.00
71. Interest on other items	0.00	0.00	0.00
72. Interest on sundries	0.00	0.00	0.00
73. Interest on other items	0.00	0.00	0.00
74. Interest on sundries	0.00	0.00	0.00
75. Interest on other items	0.00	0.00	0.00
76. Interest on sundries	0.00	0.00	0.00
77. Interest on other items	0.00	0.00	0.00
78. Interest on sundries	0.00	0.00	0.00
79. Interest on other items	0.00	0.00	0.00
80. Interest on sundries	0.00	0.00	0.00
81. Interest on other items	0.00	0.00	0.00
82. Interest on sundries	0.00	0.00	0.00
83. Interest on other items	0.00	0.00	0.00
84. Interest on sundries	0.00	0.00	0.00
85. Interest on other items	0.00	0.00	0.00
86. Interest on sundries	0.00	0.00	0.00
87. Interest on other items	0.00	0.00	0.00
88. Interest on sundries	0.00	0.00	0.00
89. Interest on other items	0.00	0.00	0.00
90. Interest on sundries	0.00	0.00	0.00
91. Interest on other items	0.00	0.00	0.00
92. Interest on sundries	0.00	0.00	0.00
93. Interest on other items	0.00	0.00	0.00
94. Interest on sundries	0.00	0.00	0.00
95. Interest on other items	0.00	0.00	0.00
96. Interest on sundries	0.00	0.00	0.00
97. Interest on other items	0.00	0.00	0.00
98. Interest on sundries	0.00	0.00	0.00
99. Interest on other items	0.00	0.00	0.00
100. Interest on sundries	0.00	0.00	0.00

WD 5109-GPB-1400-17-4-82

(This statement was prepared by the Department of the Interior, Bureau of Land Management, and is subject to the provisions of the Freedom of Information Act.)



## ERRATA

### Report of the Comptroller and Auditor General of India for the year 1980-81 (Revenue Receipts) Government of Karnataka.

<i>Sl.No.</i>	<i>PageNo.</i>	<i>Para No.</i>	<i>Line No.</i>	<i>For</i>	<i>Read</i>
1.	6	1.03	18th	-11.4	-11.42
2.	7	1.03 (ii) (viii) Interest	17th	- .1	- 1.00
3.	13	1.07	Foot note	December 1981	February 1982
4.	15	1.07(b)	12th from bottom	Rs. 3.62	Rs. 3.52
5.	20	1.10(c) (ii) Entertainment Tax	17th	2,050	2,050
6.	22	1.10(c) (vii) Stamp duty and Registration Fees	7th	Wrong Classification	Wrong classification
7.	26	2.04	Heading of this para is wanting. Provide the same as shown in next column.		2.04. In-correct determination of turnover
8.	31	3.02	5th from bottom	alcohol	alcohol as
9.	41	4.03 (i) and (ii)	6th and 16th	205''	205''
10.	43	4.06	26th	Rs. 20	Rs. 10
11.	62	7.04	5th	samp	stamp
12.	65	8.03	16th from bottom	an	as

ERRATA

Report of the Committee and Auditor General of the Government of Ontario  
 (Financial Statement) Government of Ontario

Page	Line No.	Amount	Description
1	100	100.00	100.00
2	101	101.00	101.00
3	102	102.00	102.00
4	103	103.00	103.00
5	104	104.00	104.00
6	105	105.00	105.00
7	106	106.00	106.00
8	107	107.00	107.00
9	108	108.00	108.00
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13	112	112.00	112.00
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21	120	120.00	120.00
22	121	121.00	121.00
23	122	122.00	122.00
24	123	123.00	123.00
25	124	124.00	124.00
26	125	125.00	125.00
27	126	126.00	126.00
28	127	127.00	127.00
29	128	128.00	128.00
30	129	129.00	129.00
31	130	130.00	130.00
32	131	131.00	131.00
33	132	132.00	132.00
34	133	133.00	133.00
35	134	134.00	134.00
36	135	135.00	135.00
37	136	136.00	136.00
38	137	137.00	137.00
39	138	138.00	138.00
40	139	139.00	139.00
41	140	140.00	140.00
42	141	141.00	141.00
43	142	142.00	142.00
44	143	143.00	143.00
45	144	144.00	144.00
46	145	145.00	145.00
47	146	146.00	146.00
48	147	147.00	147.00
49	148	148.00	148.00
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51	150	150.00	150.00
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53	152	152.00	152.00
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98	197	197.00	197.00
99	198	198.00	198.00
100	199	199.00	199.00
101	200	200.00	200.00

Headed up in this part of the  
 report the name is given in  
 the following order:

1. 200.00  
 2. 199.00  
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