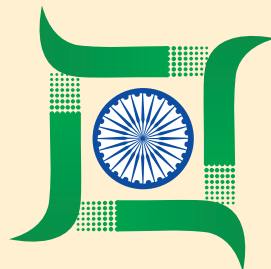




**Report of the  
Comptroller and Auditor General of India  
on Revenue Sector**

**for the year ended 31 March 2016**



**झारखण्ड सरकार**

**Government of Jharkhand**  
*Report No. 4 of the year 2016*

**Report of the  
Comptroller and Auditor General of India  
on  
Revenue Sector  
for the year ended 31 March 2016**

**Government of Jharkhand**

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## PREFACE

This Report of the Comptroller and Auditor General of India for the year ended March 2016 has been prepared for submission to the Governor of Jharkhand under Article 151 of the Constitution of India.

The Report contains significant findings of audit of Receipts and Expenditure of major Revenue earning Departments under the Revenue Sector conducted under the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2015-16 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; instances relating to the period subsequent to 2015-16 have also been included, wherever necessary.

The Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.





# OVERVIEW



## OVERVIEW

This Report contains 32 paragraphs including one Performance Audit and two audits relating to taxes that were either not or short levied and loss of tax/duty ₹ 11,676.35 crore. Out of this ₹ 10,282.30 crore is recoverable and remaining amount of ₹ 1,394.05 crore is avoidable loss to the Government. Audit observations of ₹ 11,672.52 crore including avoidable loss of ₹ 1,394.05 crore have been accepted by the Government/Departments. Some of the major findings are summarised below:

### I. General

The total receipts of the Government of Jharkhand for the year 2015-16 were ₹ 40,638.35 crore against ₹ 31,564.56 crore during 2014-15. The revenue raised by the State Government amounted to ₹ 17,331.96 crore comprising tax revenue of ₹ 11,478.95 crore and non-tax revenue of ₹ 5,853.01 crore. The receipts from the Government of India were ₹ 23,306.39 crore comprising State's share of divisible Union taxes: ₹ 15,968.75 crore and grants-in-aid: ₹ 7,337.64 crore. Thus, the State Government on its own could raise only 43 *per cent* of its total revenue. The appreciable increase in total receipts in 2015-16 over 2014-15 of 28.75 *per cent* was largely on account of a 68.32 *per cent* increase in State's share of divisible union taxes followed by a 35 *per cent* increase in non-tax revenue. Taxes on Sales, Trade etc. (₹ 8,998.95 crore) and Non-ferrous Mining and Metallurgical Industries (₹ 4,384.43 crore) were the major sources of tax and non-tax revenue respectively during 2015-16.

**(Paragraph 1.1)**

The arrears of revenue as on 31 March 2016 in respect of Taxes on Sales, Trade etc., Taxes on Vehicles and State Excise amounted to ₹ 3,237.28 crore, of which ₹ 2,608.99 crore was outstanding for more than five years. Out of the above outstanding, ₹ 313.48 crore was certified for recovery as arrears of land revenue and ₹ 1,343.84 crore was held up due to proceedings in Courts and other legal processes whereas specific action taken in respect of the remaining ₹ 1,579.96 crore was not intimated by the concerned departments.

**(Paragraph 1.2)**

The number of Inspection Reports (IRs) and audit observations issued upto the year 2015-16, but not settled by June 2016, stood at 740 and 7,192 respectively involving ₹ 8,075 crore.

**(Paragraph 1.6.1)**

During the year, test check of the records of 123 departmental units relating to Taxes on Sales, Trade etc., State Excise, Taxes on Vehicles, Land Revenue, Stamps and Registration Fees, Taxes and Duties on Electricity and Mining Receipts was conducted. It revealed failure to or short levy and loss of tax/duty of ₹ 12,737.35 crore in 45,954 cases. The concerned Departments accepted under-assessment and other deficiencies of ₹ 12,120.88 crore involved in 40,355 cases and effected recovery of ₹ 362.23 crore in 804 cases in 2015-16.

**(Paragraph 1.9)**

## **II. Taxes on Sales, Trade etc.**

Audit of “**Implementation of mechanism of cross-verification of VAT/CST transactions in Commercial Taxes Department**” revealed the following:

- There was tax evasion of ₹ 37.65 crore by 277 unregistered dealers due to inadequate implementation of mechanism for cross-verification of transactions in the Department to identify the dealers who were liable for registration.

**(Paragraph 2.3.6)**

- Cross-verification of intra-departmental data revealed suppression of purchase/sales turnover by 42 dealers and consequent under-assessment of tax and penalty of ₹ 51.17 crore.

**(Paragraph 2.3.7.1)**

- Cross-verification of data obtained from other departments of Government of Jharkhand revealed suppression of purchase/sale turnover by 25 registered dealers and consequent under-assessment of tax and penalty of ₹ 95.58 crore.

**(Paragraph 2.3.7.2)**

- Cross-verification of data obtained from departments of Government of India/PSUs with the returns filed by 64 dealers registered in Commercial Taxes Department revealed suppression of purchase/sale turnover and consequent under-assessment of tax of ₹ 1,026.36 crore.

**(Paragraph 2.3.7.3)**

Audit of “**System of collection of arrears of revenue in Commercial Taxes Department in Jharkhand**” revealed the following:

- The amount of arrears increased from ₹ 1,406.35 crore as on 1 April 2011 to ₹ 2,384.39 crore as on 31 March 2016, thus registering an increase of 69.54 per cent.

**(Paragraph 2.4.4.1)**

- There was discrepancy in arrears reported by the Department with those collected from 10 circles. The Department reported arrears of ₹ 722.09 crore from 28 circles pending with courts, other judicial authorities and Government, while information furnished directly to audit by only 10 circles, reflected arrears of ₹ 1,360.21 crore.

**(Paragraph 2.4.5)**

- In the courts of Commercial Taxes Tribunal (CTT) and Commissioner of Commercial Taxes (CCT), 166 revision cases involving ₹ 274.85 crore out of 418 cases filed between January 2010 and March 2014 became barred by limitation of time under the JVAT Act.

**(Paragraphs 2.4.6.1 and 2.4.6.2)**

- Certified arrears involving ₹ 44.68 crore in 229 cases were pending for disposal for more than 10 years.

**(Paragraph 2.4.10)**

Irregularities in determination of sales/purchase turnover of 36 dealers registered in 14 Commercial Taxes Circles by the assessing authorities resulted in under-assessment of tax and penalty of ₹ 294.32 crore during 2009-10 to 2012-13.

(Paragraph 2.5)

In 12 Commercial Taxes Circles, interest of ₹ 173.06 crore was not levied by the assessing authorities on the claims on account of exemptions not supported by documents in case of 34 assesseees during the period between 2010-11 and 2012-13.

(Paragraph 2.6)

### III. State Excise

In four Excise Districts, 79 shops were not settled during 2014-15 which deprived the Government of excise revenue of ₹ 47 crore.

(Paragraph 3.4)

Demurrage charges (fee for delay) of ₹ 4.16 crore on dumped stock of IMFL/Beer in JSBCL godowns/depots were not levied in 11 excise districts.

(Paragraph 3.6)

### IV. Taxes on Vehicles

In 16 Transport Offices, 5,845 vehicle owners had defaulted in payment of tax and penalty of ₹ 17.35 crore due for the period between October 2005 and March 2016, the Department also did not raise demand against the defaulting vehicle owners.

(Paragraphs 4.4 and 4.5)

### V. Other Tax Receipts

#### Land Revenue

A Performance Audit of “Lease management in Revenue and Land Reforms Department in Jharkhand” revealed the following:

- Government was deprived of revenue of ₹ 3,376.24 crore as *salami*, rent and cess in case of 1,279 sub-leases involving 469.38 acres of land for the period 1971-72 to 2014-15.

(Paragraph 5.3.9.1)

- Government was deprived of revenue of ₹ 974.48 crore for the period 1999 to 2015 as lease rights of plant area land of 122.82 acres given to Tata Steel Limited, Jamshedpur were irregularly transferred to another company. The Rules do not envisage the transfer of lease rights by lessees.

(Paragraph 5.3.9.2)

- Government was deprived of revenue of ₹ 26.76 crore as 23 sale deeds of land involving 4.31 acres of land were registered during the period 2010-11 to 2014-15 even though sub-lessee was not authorised to sell these lands/flats.

(Paragraph 5.3.9.3)

- Department failed to collect rent and interest of ₹ 3,964.94 crore as 7,862 lessees out of 10,425 lessees did not renew their lease involving 2,547.42 acres of *khas mahal* land for periods 1934-35 to 2014-15. The department neither issued notices to the lessees for renewal of leases nor took steps to evict them.

(Paragraph 5.3.10.1)

- Government was deprived of revenue of ₹ 248.77 crore for the period 1996-97 to 2014-15 as the Department failed to evict and earn revenue from 1,859.68 acres of land due to encroachment and could not account for location of 69.43 acres of land leased out to Tata Steel Limited, Jamshedpur.

(Paragraph 5.3.10.3)

- Government was deprived of revenue of ₹ 216.59 crore as Department failed to realise the lease rent, cess, interest, *salami* and capitalised value of land in respect of 78 lessees during the period 2006-07 to 2014-15.

(Paragraph 5.3.11)

- National Land Records Modernisation Programme was not completed in any district even six years after commission. There were discrepancies in 12,098.25 acres of *Khas Mahal* land due to improper maintenance of records.

(Paragraphs 5.3.12.2 and 5.3.12.3)

### **Stamp Duty and Registration Fees**

Cross-verification of data relating to 106 leases executed between 2011-12 and 2014-15 by Circle offices, Municipal Council, Notified Area Committee etc. with records of six District Sub-registrar offices revealed that these documents were not registered, as such Stamp duty and Registration fees of ₹ 29.48 lakh was not levied.

(Paragraph 5.7)

### **Taxes and Duties on Electricity**

Application of incorrect rate of electricity duty by the assessing authority of Hazaribag Commercial Taxes Circle in case of two assesseees resulted in short levy of electricity duty of ₹ 24.34 lakh.

(Paragraph 5.11)

## **VI. Mining Receipts**

Undervaluation of basic sale value of middling, tailing and reject coal in the returns submitted by a colliery in District Mining Office, Ramgarh resulted in short levy of royalty of ₹ 446.21 crore including interest.

(Paragraph 6.4)

Application of incorrect rate of royalty by four District Mining Officers on dispatch of 94 lakh MT of coal, felspar, mica, quartz and soapstone during 2007-08 to 2008-09 and 2013-14 to 2014-15 in case of six lessees resulted in short levy of royalty of ₹143.52 crore.

(Paragraph 6.5)

# **CHAPTER-I**

## **GENERAL**





## CHAPTER – I: GENERAL

### 1.1 Trend of receipts

**1.1.1** The tax and non-tax revenue raised by the Government of Jharkhand, the State's share of net proceeds of divisible Union taxes and duties assigned to States and grants-in-aid received from the Government of India during 2015-16 and the corresponding figures for the preceding four years are presented in **Table–1.1**.

**Table–1.1**  
**Trend of revenue receipts**

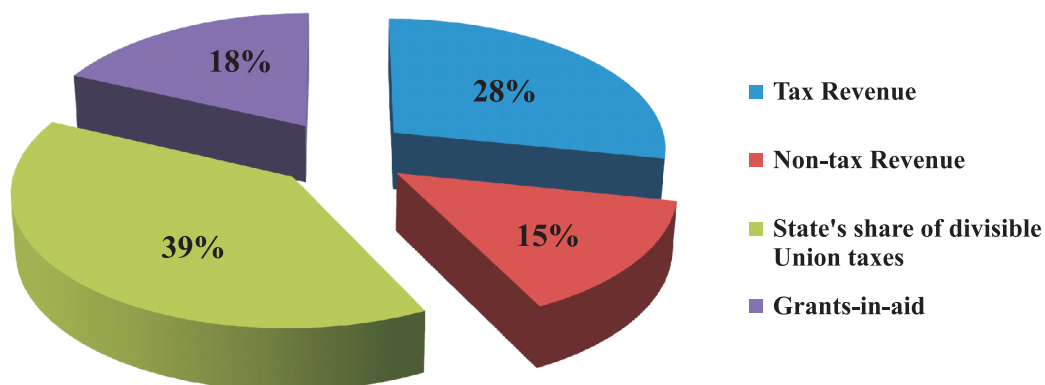
|              |   | (₹ in crore)     |                  |                  |                  |                        |
|--------------|---|------------------|------------------|------------------|------------------|------------------------|
|              |   | 2011-12          | 2012-13          | 2013-14          | 2014-15          | 2015-16                |
| <b>1</b>     | <b>Revenue raised by the State Government</b>             |                  |                  |                  |                  |                        |
|              | • Tax revenue   | 6,953.89         | 8,223.67         | 9,379.79         | 10,349.81        | 11,478.95              |
|              | • Non-tax revenue   | 3,038.22         | 3,535.63         | 3,752.71         | 4,335.06         | 5,853.01               |
| <b>Total</b> |   | <b>9,992.11</b>  | <b>11,759.30</b> | <b>13,132.50</b> | <b>14,684.87</b> | <b>17,331.96</b>       |
| <b>2</b>     | <b>Receipts from the Government of India</b>              |                  |                  |                  |                  |                        |
|              | • State's share of divisible Union taxes                  | 7,169.93         | 8,188.05         | 8,939.32         | 9,487.01         | 15,968.75 <sup>1</sup> |
|              | • Grants-in-aid   | 5,257.41         | 4,822.20         | 4,064.97         | 7,392.68         | 7,337.64               |
| <b>Total</b> |   | <b>12,427.34</b> | <b>13,010.25</b> | <b>13,004.29</b> | <b>16,879.69</b> | <b>23,306.39</b>       |
| <b>3</b>     | <b>Total receipts of the State Government (1 &amp; 2)</b> | <b>22,419.45</b> | <b>24,769.55</b> | <b>26,136.79</b> | <b>31,564.56</b> | <b>40,638.35</b>       |
| <b>4</b>     | <b>Percentage of 1 to 3</b>                               | <b>45</b>        | <b>47</b>        | <b>50</b>        | <b>47</b>        | <b>43</b>              |

Source: Finance Accounts of the Government of Jharkhand.

The above table indicates that during the year 2015-16, the revenue raised by the State Government (₹ 17,331.96 crore) was 43 *per cent* of the total revenue receipts. The balance 57 *per cent* of receipts during 2015-16 was from the Government of India. The appreciable increase in total receipts in 2015-16 over 2014-15 of 28.75 *per cent* was largely on account of a 68.32 *per cent* increase in State's share of divisible union taxes followed by a 35 *per cent* increase in non-tax revenue. Tax revenues that constitute about two-third of the revenue raised by the State Government increased by only 10.91 *per cent* over the same period.

<sup>1</sup> For details, please see Statement No. 11 - Detailed accounts of revenue by minor heads in the Finance Accounts of the Government for the year 2015-16. Figures under the major heads 0020 - Corporation tax, 0021 - Taxes on income other than corporation tax, 0028 - Other taxes on income and expenditure (except Minor Head - 107- Taxes on Professions, Trades, Callings and Employments), 0032 - Taxes on wealth, 0044 - Service tax, 0037 - Customs, 0038 - Union excise duties and 0045 - Other taxes and duties on commodities and services- Minor Head - 901 - Share of net proceeds assigned to State booked in the Finance Accounts under "A-Tax revenue" have been excluded from the revenue raised by the State and included in the State's share of divisible Union taxes in this statement.

### Breakup of Revenue Receipts of the State



1.1.2 The details of tax revenue raised during the period 2011-12 to 2015-16 as given in **Table-1.2**.

**Table-1.2**  
**Details of Tax Revenue raised**

(₹ in crore)

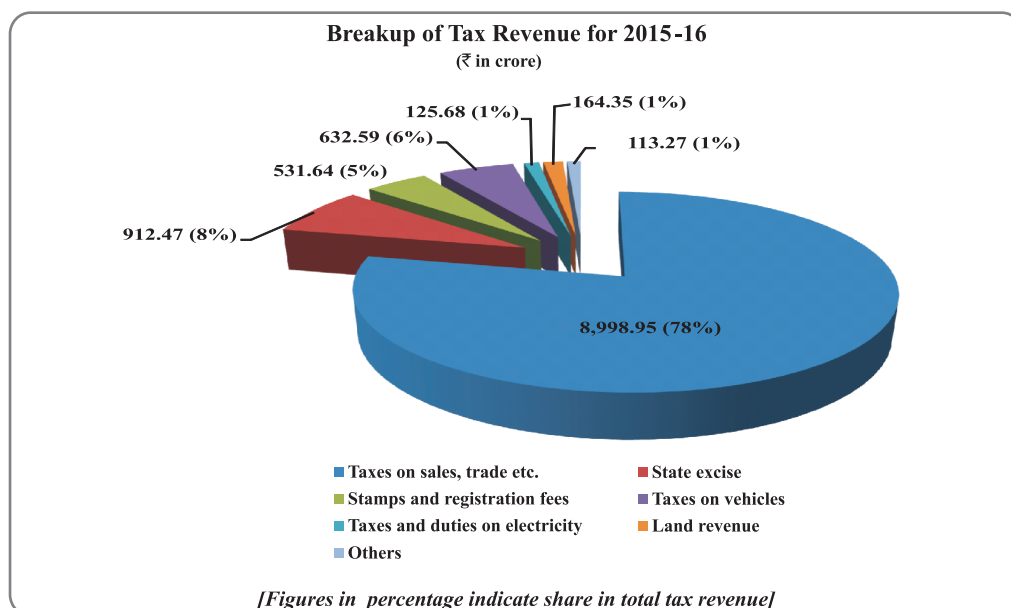
| Sl. No. | Head of revenue  |        | 2011-12  | 2012-13  | 2013-14   | 2014-15  | 2015-16   | Percentage of increase (+) or decrease (-) in 2015-16 over 2014-15 |
|---------|--|--------|----------|----------|-----------|----------|-----------|--|
| 1       | Taxes on Sales, Trade etc.   | BE     | 5,633.25 | 6,650.00 | 7,874.50  | 9,267.95 | 11,180.02 | (+) 20.63  |
|         |  | Actual | 5,522.02 | 6,421.61 | 7,305.08  | 8,069.72 | 8,998.95  | (+) 11.52  |
| 2       | State Excise   | BE     | 445.00   | 650.00   | 700.00    | 1,931.84 | 1,200.00  | (-) 37.88  |
|         |  | Actual | 457.08   | 577.92   | 627.93    | 740.16   | 912.47    | (+) 23.28  |
| 3       | Stamps and Registration Fees   | BE     | 450.00   | 490.00   | 568.00    | 680.48   | 800.00    | (+) 17.56  |
|         |  | Actual | 401.17   | 492.40   | 502.61    | 530.67   | 531.64    | (+) 0.18   |
| 4       | Taxes on Vehicles  | BE     | 356.00   | 550.00   | 639.40    | 836.33   | 900.76    | (+) 7.70   |
|         |  | Actual | 391.92   | 465.36   | 494.79    | 660.37   | 632.59    | (-) 4.21   |
| 5       | Taxes and Duties on Electricity  | BE     | 100.00   | 142.00   | 161.00    | 193.82   | 200.00    | (+) 3.19   |
|         |  | Actual | 72.76    | 110.72   | 145.79    | 175.40   | 125.68    | (-) 28.35  |
| 6       | Land Revenue   | BE     | 83.49    | 82.00    | 95.00     | 300.14   | 300.00    | (-) 0.05   |
|         |  | Actual | 52.94    | 96.38    | 229.84    | 83.54    | 164.35    | (+) 96.73  |
| 7       | Taxes on Goods and Passengers - Tax on Entry of Goods into Local Areas | BE     | 30.00    | 20.00    | Not fixed | 0.15     | 5.00      | (+) 3,233.33   |
|         |  | Actual | 40.95    | 0.51     | 1.08      | 0.28     | 0.17      | (-) 39.29  |
| 8       | Other Taxes and Duties on commodities and services                     | BE     | 36.75    | 28.00    | 34.50     | 41.91    | 35.00     | (-) 16.49  |
|         |  | Actual | 15.05    | 15.28    | 22.76     | 32.57    | 30.22     | (-) 7.22   |

**Table-1.2**  
**Details of Tax Revenue raised**

|              |  | (₹ in crore)  |                 |                    |                  |                  |  |                  |
|--------------|--|---------------|-----------------|--------------------|------------------|------------------|--|------------------|
| Sl. No.      | Head of revenue  | 2011-12       | 2012-13         | 2013-14            | 2014-15          | 2015-16          | Percentage of increase (+) or decrease (-) in 2015-16 over 2014-15 |                  |
| 9            | Taxes on Professions, Trades, Callings and Employments | BE            | Not implemented | 65.00 <sup>2</sup> | 80.00            | 61.38            | 80.00  | (+) 30.34        |
|              |  | Actual        |                 | 43.49              | 49.91            | 57.11            | 82.88  | (+) 45.12        |
| <b>Total</b> |  | <b>BE</b>     | <b>7,134.49</b> | <b>8,677.00</b>    | <b>10,152.40</b> | <b>13,314.00</b> | <b>14,700.78</b>   | <b>(+) 10.42</b> |
|              |  | <b>Actual</b> | <b>6,953.89</b> | <b>8,223.67</b>    | <b>9,379.79</b>  | <b>10,349.81</b> | <b>11,478.95</b>   | <b>(+) 10.91</b> |

Source: Finance Accounts of the Government of Jharkhand and the revised estimates as per the Statement of Revenue and Receipts of Government of Jharkhand.

It can be seen from the above table that changes in budget estimates in 2015-16 over that of the previous year ranged between (-) 37.88 to 3,233.33 *per cent* against which the actuals in respect of Land Revenue grew 96.73 *per cent* and Taxes on Goods and Passengers reduced by 39.29 *per cent*, respectively. Further, in respect of Taxes on Goods and Passengers budget estimates increased by 3,233.33 *per cent* without considering trend of actual receipts. The departments concerned did not inform the reasons for high variance in budget estimates despite being requested (August 2016).



The reasons for increase in receipts in 2015-16 over those in 2014-15 in respect of some principal heads of tax revenue were as under:

**Taxes on Sales, Trade etc.:** The increase of 11.52 *per cent* was attributed (August 2016) by the Department to effective tax administration as well as recovery of substantial dues.

**State Excise:** The increase of 23.28 *per cent* was attributed (July 2016) by the Department to increase in rate of duty of India made foreign liquor.

<sup>2</sup> Implemented with effect from 29 June 2012.

**Land Revenue:** The increase of 96.73 per cent was attributed (August 2016) by the Department to deposit of old dues and capitalised value of land from the lessees.

The other Departments concerned did not furnish the reasons for excess/shortfall despite our request (between April and July 2016).

**1.1.3** The details of the non-tax revenue raised during the period 2011-12 to 2015-16 are indicated in **Table-1.3**.

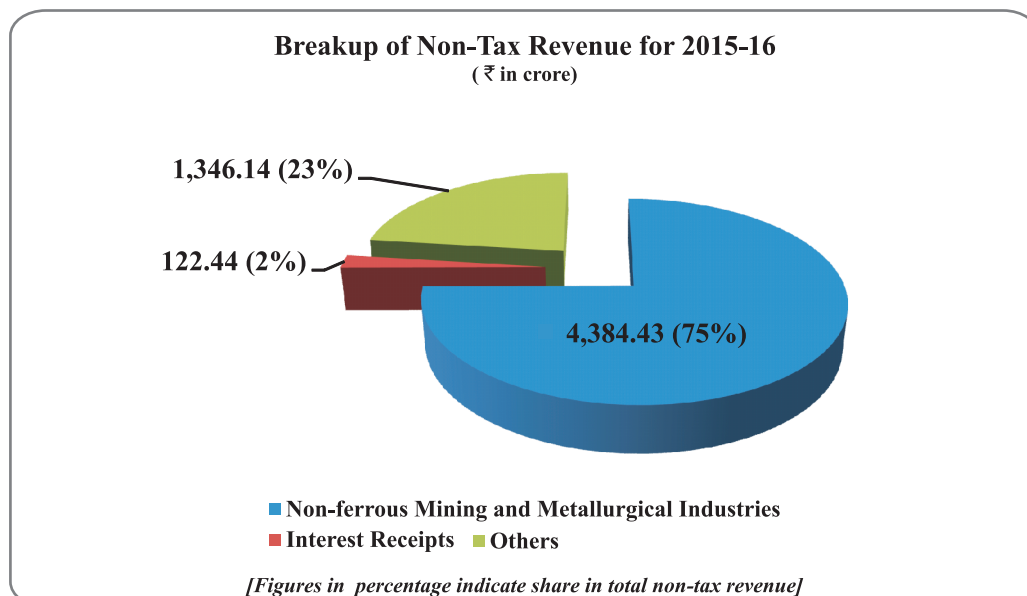
**Table-1.3**  
**Details of Non-Tax Revenue raised**

(₹ in crore)

| Sl. No.      | Head of revenue                                 |        | 2011-12         | 2012-13         | 2013-14         | 2014-15         | 2015-16         | Percentage of increase (+) or decrease (-) in 2015-16 over 2014-15 |
|--------------|---|--------|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| 1            | Non-ferrous Mining and Metallurgical Industries | BE     | 2,759.75        | 3,209.92        | 3,500.00        | 4,699.47        | 5,500.00        | (+) 17.40  |
|              |   | Actual | 2,662.79        | 3,142.47        | 3,230.22        | 3,472.99        | 4,384.43        | (+) 26.24  |
| 2            | Forestry and Wild Life                          | BE     | 4.17            | 4.80            | 5.25            | 4.18            | 10.39           | (+) 148.56   |
|              |   | Actual | 3.71            | 4.22            | 5.17            | 3.66            | 4.13            | (+) 12.84  |
| 3            | Interest Receipts                               | BE     | 100.64          | 65.00           | 115.00          | 243.36          | 90.00           | (-) 63.02  |
|              |   | Actual | 44.16           | 72.23           | 69.48           | 143.04          | 122.44          | (-) 14.40  |
| 4            | Social Security and Welfare                     | BE     | 33.00           | 19.00           | 20.00           | 3.62            | 10.00           | (+) 176.24   |
|              |   | Actual | 15.42           | 20.48           | 5.24            | 4.16            | 3.73            | (-) 10.34  |
| 5            | Others  | BE     | 711.10          | 542.37          | 703.40          | 742.39          | 693.64          | (-) 6.57   |
|              |   | Actual | 312.14          | 296.23          | 442.60          | 711.21          | 1,338.28        | (+) 88.17  |
| <b>Total</b> |   | BE     | <b>3,608.66</b> | <b>3,841.09</b> | <b>4,343.65</b> | <b>5,693.02</b> | <b>6,304.13</b> | <b>(+) 10.73</b>   |
|              |   | Actual | <b>3,038.22</b> | <b>3,535.63</b> | <b>3,752.71</b> | <b>4,335.06</b> | <b>5,853.01</b> | <b>(+) 35.02</b>   |

Source: Finance Accounts of the Government of Jharkhand and the revised estimates as per the Statement of Revenue and Receipts of Government of Jharkhand.

The share of non-tax revenue in total receipts remained 14 per cent in both 2014-15 and 2015-16. In comparison to 16 per cent growth during 2014-15 the non-tax revenue increased significantly by 35.02 per cent in 2015-16 over the previous year mainly due to increased collection under the head, non-ferrous mining and metallurgical industries (by ₹ 911 crore).



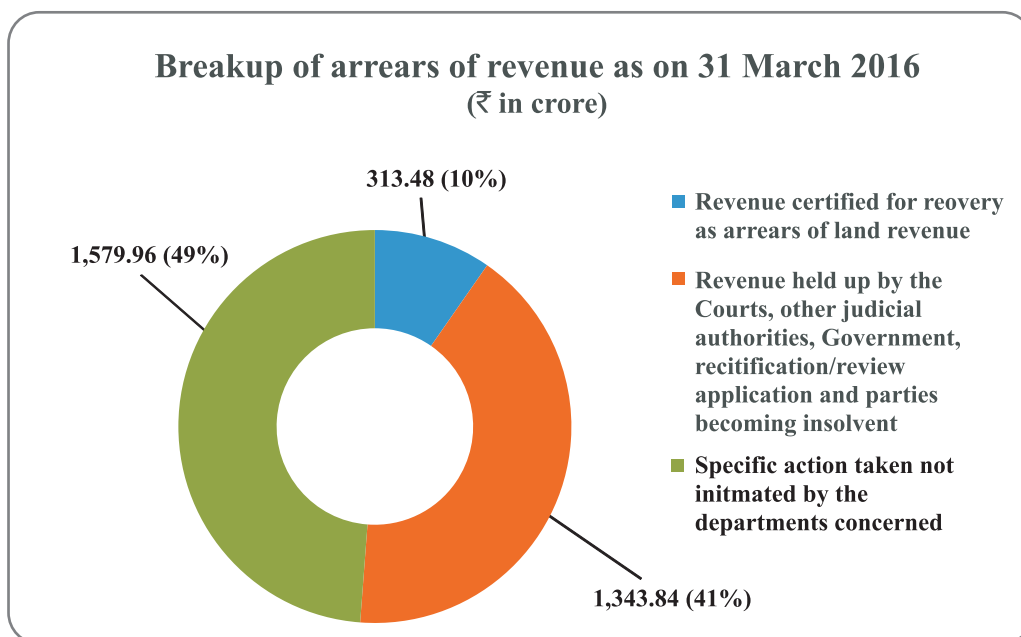
The Departments did not furnish the reasons for excess/shortfall despite our request (between April and July 2016).

## 1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2016 in respect of some principal heads of revenue amounted to ₹ 3,237.28 crore, of which ₹ 2,608.99 crore was outstanding for more than five years as detailed in the **Table-1.4**.

**Table-1.4**  
**Arrears in revenue**

| (₹ in crore) |                            |  |   |  |
|--------------|----------------------------|--|---|--|
| Sl. No.      | Head of revenue            | Amount outstanding as on 31 March 2016 | Amount outstanding for more than five years as on 31 March 2016 | Remarks  |
| 1            | Taxes on Sales, Trade etc. | 2,936.44                               | 2,429.10  | Out of ₹ 2,936.44 crore, demands of ₹ 152.02 crore were certified for recovery as arrears of land revenue. Recovery of ₹ 701.29 crore and ₹ 568.60 crore was stayed by the Courts, other judicial authorities and the Government respectively. Demand of ₹ 49.56 crore and ₹ 16.41 crore were held up due to rectification/ review application and dealer/party becoming insolvent. Specific action taken in respect of the remaining arrears of ₹ 1,448.56 crore has not been intimated (October 2016). |
| 2            | Taxes on Vehicles          | 270.27                                 | 169.05  | Out of ₹ 270.27 crore, demands of ₹ 145.93 crore were certified for recovery as arrears of land revenue. Specific action taken in respect of the remaining arrears of ₹ 124.34 crore has not been intimated (October 2016).  |
| 3            | State Excise               | 30.57                                  | 10.84   | Out of ₹ 30.57 crore, demands for ₹ 15.53 crore was certified for recovery as arrears of land revenue, recovery of ₹ 7.65 crore and ₹ 6.90 lakh was stayed by the Courts, other judicial authorities and the Government respectively, recovery of ₹ 10.56 lakh was held up due to parties becoming insolvent and a sum of ₹ 16.08 lakh was likely to be written off. Specific action taken in respect of the remaining amount of ₹ 7.06 crore has not been intimated (October 2016).                     |
| <b>Total</b> |                            | <b>3,237.28</b>                        | <b>2,608.99</b>   |  |



Out of the above outstanding of ₹ 3,237.28 crore, ₹ 313.48 crore was certified for recovery as arrears of land revenue and ₹ 1,343.84 crore was held up by the Courts, other appellate authorities, Government, rectification/review application and parties becoming insolvent, whereas specific action taken in respect of the remaining ₹ 1,579.96 crore was not intimated by the departments concerned.

The position of arrears of revenue pending collection at the end of 2015-16 in respect of other Departments was not furnished (October 2016) despite active pursuance by audit (between April and August 2016).

### 1.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment during the year, cases disposed of during the year and number of cases pending finalisation at the end of the year as furnished by the Commercial Taxes Department in respect of value added tax, entertainment tax, electricity duty and taxes on works contracts was as below in **Table-1.5**.

**Table-1.5**  
**Arrears in assessment**

| Year    | Opening balance | New cases due for assessment | Total assessments due | Cases disposed of | Balance at the end of the year | Percentage of column 6 to 4 |
|---------|-----------------|------------------------------|-----------------------|-------------------|--------------------------------|-----------------------------|
| 1       | 2               | 3                            | 4                     | 5                 | 6                              | 7                           |
| 2010-11 | 19,919          | 64,145                       | 84,064                | 66,874            | 17,190                         | 20.45                       |
| 2011-12 | 17,190          | 63,515                       | 80,705                | 50,473            | 30,232                         | 37.46                       |
| 2012-13 | 31,244          | 58,087                       | 89,331                | 53,385            | 35,946                         | 40.24                       |
| 2013-14 | 33,505          | 63,903                       | 97,408                | 63,519            | 33,889                         | 34.79                       |
| 2014-15 | 37,983          | 68,303                       | 1,06,286              | 65,464            | 40,822                         | 38.41                       |
| 2015-16 | 39,652          | 72,761                       | 1,12,413              | 64,999            | 47,414                         | 42.18                       |

Source: Commercial Taxes Department, Government of Jharkhand.

From the above table, it would be seen that during the years 2012-13 to 2015-16, the figures furnished by the Department differ from those reported as

balance in previous year. The reason for difference in arrears in assessments, though called for (August 2016), has not been received (October 2016). Further, as on 31 March 2016, 47,414 cases were pending for finalisation of assessment which represented 42.18 *per cent* of cases due for assessment. This may result in loss of revenue as the cases may become barred by limitation.

#### 1.4 Evasion of tax detected by the Department

The details of cases of evasion of tax detected by the Commercial Taxes Department, cases finalised and the demand for additional tax raised as reported by the Department are given in **Table-1.6**.

**Table-1.6**  
**Evasion of Tax detected**

| Head of revenue            | Cases pending as on 31 March 2015 | Cases detected during 2015-16 | Total | Number of cases in which assessment/investigation completed and additional demand with penalty etc. raised |                               | Number of cases pending for finalisation as on 31 March 2016 |
|----------------------------|-----------------------------------|-------------------------------|-------|--|-------------------------------|--|
|                            |                                   |                               |       | Number of cases  | Amount of demand (₹ in crore) |  |
| Taxes on sales, trade etc. | 18                                | 49                            | 67    | 64   | 9.11                          | 3  |

The figures furnished by the Department for cases pending as on 31 March 2015 differ from those reported as closing balance in the previous year (34 cases as on 31 March 2015). The reason for difference, though called for (August 2016), has not been received (October 2016). The net effect of completion of assessment and investigation was a demand of ₹ 9.11 crore.

#### 1.5 Pendency of Refund Cases

The number of refund cases pending at the beginning of 2015-16, claims received during the year, refunds allowed during the year and cases pending at the close of the year 2015-16 as reported by the Department is given in the **Table-1.7**.

**Table-1.7**  
**Details of pendency of refund cases**

| Sl. No. | Particulars                                     | ₹ in lakh                           |          |
|---------|---|-------------------------------------|----------|
|         |   | VAT/Taxes and Duties on Electricity |          |
|         |   | No. of cases                        | Amount   |
| 1.      | Claims outstanding at the beginning of the year | 581                                 | 5,998.14 |
| 2.      | Claims received during the year                 | 17                                  | 911.57   |
| 3.      | Refunds made during the year                    | 34                                  | 518.61   |
| 4.      | Balance outstanding at the end of the year      | 564                                 | 6,391.10 |
| 5.      | Interest paid due to belated refunds            | NIL                                 | NIL      |

Source: Information furnished by the Commercial Taxes Department.

The figures furnished by the Department for number of cases outstanding at the beginning of the year differ from those reported as balance outstanding at the end of previous year (505 cases involving an amount of ₹ 2,422.36 lakh). The reason for difference, though called for (August 2016), has not been received (October 2016). Jharkhand VAT Act provides for payment of interest, at the rate of six *per cent* per annum, if the excess amount is not refunded to the dealer pending beyond ninety days of the application claiming refund in pursuance to such order till the date on which the refund is granted.



The progress in disposal of the refund cases of Sales Tax/VAT was slow and is vulnerable to payment of interest.

## 1.6 Response of the Departments/Government towards Audit

We conduct periodical inspections of the Government Departments to test check the transactions and verify the maintenance of the accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the inspection reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of the offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to us within four weeks from the date of issue of the IRs. Serious financial irregularities are reported to Heads of the Departments and the Government.

We reviewed the IRs issued for the year 2008-09 to 2015-16 and found that 7,192 audit observations involving ₹ 8,075 crore relating to 740 IRs remained outstanding at the end of June 2016 as mentioned below along with the corresponding figures for the preceding two years in **Table-1.8**.

**Table-1.8**  
**Details of pending Inspection Reports**

|  | (₹ in crore) |           |           |
|--|--------------|-----------|-----------|
|  | June 2014    | June 2015 | June 2016 |
| Number of outstanding IRs                | 977          | 1,065     | 740       |
| Number of outstanding audit observations | 8,127        | 8,677     | 7,192     |
| Amount involved                          | 12,704.36    | 13,276.85 | 8,074.99  |

**1.6.1** The Department-wise details of the IRs and audit observations outstanding as on 30 June 2016 and the amounts involved are mentioned in the **Table-1.9**.

**Table-1.9**  
**Department-wise details of Inspection Reports**

| (₹ in crore) |                          |   |                           |  |                      |
|--------------|--------------------------|---|---------------------------|--|----------------------|
| Sl. No.      | Name of Department       | Nature of receipts                              | Number of outstanding IRs | Number of outstanding audit observations | Money value involved |
| 1            | Commercial Taxes         | Taxes on Sales, Trade etc.                      | 184                       | 3,871                                    | 5,397.33             |
|              |                          | Entry Tax                                       | 5                         | 5  | 9.50                 |
|              |                          | Electricity Duty                                | 12                        | 53                                       | 58.67                |
|              |                          | Entertainment Tax etc.                          | 1                         | 2  | 0.12                 |
| 2            | Excise and Prohibition   | State Excise                                    | 119                       | 638                                      | 604.09               |
| 3            | Revenue and Land Reforms | Land Revenue                                    | 45                        | 463                                      | 26.52                |
| 4            | Transport                | Taxes on Motor Vehicles                         | 137                       | 866                                      | 264.80               |
| 5            | Registration             | Stamps and Registration Fees                    | 107                       | 545                                      | 31.58                |
| 6            | Mines and Geology        | Non-ferrous Mining and Metallurgical Industries | 130                       | 749                                      | 1,682.38             |
| <b>Total</b> |                          |   | <b>740</b>                | <b>7,192</b>                             | <b>8,074.99</b>      |

Even the first replies, required to be received from the heads of offices within one month from the date of issue of the IRs, were not received for 147 IRs issued from 2008-09. The quantum of revenue that is potentially recoverable as brought out in IRs, of ₹ 8,075 crore can be judged from the figure of total revenue collection of the State of ₹ 17,331.96 crore. However, Pr. Secretaries/ Commissioners assured to take action for recovery of revenue pointed out through IRs during exit conference and other meetings.

**We recommend that the Government may institute systems for assessing the performance of officials against the parameter of response to the IRs/audit observations among other criteria as is the prevalent practice in Maharashtra.**

### 1.6.2 Departmental audit committee meetings

The Government sets up audit committees to monitor and expedite the progress of the settlement of the IRs and audit observations in the IRs. The details of the audit committee meetings held during the year 2015-16 and the audit observations settled are mentioned in the **Table-1.10**.

**Table-1.10**  
**Details of departmental audit committee meetings**

| Head of revenue                                 | Number of meetings held | Number of audit observations settled | (₹ in lakh)     |
|---|-------------------------|--------------------------------------|-----------------|
|   |                         |                                      | Amount          |
| Taxes on Sales, Trade etc.                      | 2                       | 50                                   | 919.02          |
| Stamps and Registration Fees                    | 1                       | 7                                    | 0               |
| State Excise                                    | 1                       | 35                                   | 137.98          |
| Taxes on Vehicles                               | 2                       | 2                                    | 11.89           |
| Land Revenue                                    | 2                       | 22                                   | 356.28          |
| Non-ferrous Mining and Metallurgical Industries | 2                       | 2                                    | 20.72           |
| <b>Total</b>                                    | <b>10</b>               | <b>118</b>                           | <b>1,445.89</b> |

The progress of settlement of audit observations pertaining to the Transport Department and Commercial Taxes Department was negligible as compared to the huge pendency of the IRs and audit observations.

### 1.6.3 Records not produced to Audit for scrutiny

The programme for local audit of tax/non-tax receipts offices is drawn up sufficiently in advance and intimations are issued, usually one month before commencement of audit, to the Department to enable them to keep the relevant records ready for audit scrutiny.

During 2015-16, 103 records relating to 17 offices of three Departments (Transport; Revenue, Registration & Land Reforms and Mines and Geology Departments) were not made available to us for audit. The office-wise break-up of such cases is given in the **Table-1.11**.

**Table-1.11**  
**Details of records not produced**

| Name of Office         | Number of assessment cases/ records not produced to audit |
|------------------------|---|
| DCLR, Dhanbad          | 2   |
| Circle office, Dhanbad | 5   |

**Table–1.11**  
**Details of records not produced**

| Name of Office                        | Number of assessment cases/<br>records not produced to audit |
|---------------------------------------|--|
| Circle office, Topchanchi             | 6  |
| Circle office, Tundi                  | 6  |
| Circle office, Tundi East             | 6  |
| Circle office, Baliapur               | 6  |
| Circle office, Jharia                 | 6  |
| Circle office, Gomia                  | 7  |
| Circle office, Bermo                  | 7  |
| Circle office, Petarwar               | 8  |
| Circle office, Chandrapura            | 9  |
| Circle office, Chas                   | 9  |
| Circle office, Chandankyari           | 22   |
| District Transport Office, Jamshedpur | 1  |
| Transport Commissioner, Ranchi        | 1  |
| Settlement office, Dhanbad            | 1  |
| Secretary Mines, Jharkhand, Ranchi    | 1  |
| <b>Total</b>                          | <b>103</b>   |

#### **1.6.4 Response of the Departments to the audit observations**

The audit observations proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Pr. Accountant General (PAG) to the Principal Secretaries/Secretaries of the Department concerned, drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of replies not received from the Departments/Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Forty one draft audit observations (clubbed into 32 paragraphs) and one Performance Audit were sent to the Principal Secretaries/Secretaries of the respective Departments by name, between May and July 2016. We obtained replies from the departments in respect of audit observations during exit conferences and meetings. However, replies to six audit observations pertaining to Mines and Geology Department were not made available, despite issue of reminders (between July and August 2016). These have therefore been included in this Report without the response of the Department.

#### **1.6.5 Follow up on Audit Reports – summarised position**

The internal working system on the Public Accounts Committee (PAC), notified in December 2002, provides that after the presentation of the Audit Report in the Legislative Assembly, the Departments shall submit action taken explanatory notes (ATNs) within three months of tabling of the Audit Report, for consideration of the committee. Out of 144 paragraphs (including performance audit) included in the Audit Reports for the period from 2010-2011 to 2014-2015, explanatory notes were received on 58 paragraphs from the Departments concerned with average delay of three months and explanatory notes in respect of 86 paragraphs have not been received till date as mentioned in the **Table–1.12**.

**Table-1.12**

| Sl. No.      | Audit Report ending on | Date of presentation in the legislature | No. of paragraphs | No. of paragraphs where explanatory notes received | No. of paragraphs where explanatory notes not received |
|--------------|------------------------|---|-------------------|--|--|
| 1            | 31 March 2011          | 06.09.2012                              | 32                | 26   | 06   |
| 2            | 31 March 2012          | 27.07.2013                              | 25                | 4  | 21   |
| 3            | 31 March 2013          | 04.03.2014                              | 27                | 10   | 17   |
| 4            | 31 March 2014          | 26.03.2015                              | 28                | 18   | 10   |
| 5            | 31 March 2015          | 15.03.2016                              | 32                | 0  | 32   |
| <b>Total</b> |                        |   | <b>144</b>        | <b>58</b>  | <b>86</b>  |

During 2015-16, the PAC discussed 37 selected paragraphs pertaining to the Audit Reports for the year 2010-11 to 2013-14 and gave its recommendations on one paragraph pertaining to Mines and Geology Departments incorporated in the Report (2009-10). However, ATNs have not been received from the Departments in respect of recommendations of the PAC since the creation of the State in November 2000.

### 1.7 Analysis of mechanism for dealing with issues raised by Audit

To analyse the system of addressing the issues highlighted in the Inspection Reports/Audit Reports by the Departments/Government, the action taken on the paragraphs and performance audit included in the Audit Reports for one Department is evaluated and included in this Audit Report.

The succeeding paragraphs 1.7.1 and 1.7.2, discuss the performance of the **Mines and Geology Department** under revenue head **Mining Receipts** and cases detected in the course of local audit and also the cases included in the Audit Reports for the year 2008-09 to 2015-16.

#### 1.7.1 Position of Inspection Reports

The summarised position of inspection reports issued for the year 2008-09 to 2015-16 in respect of the **Mines and Geology Department** in respect of revenue head Mining Receipts, audit observations included in these reports and their status as on 31 March 2016 are tabulated in below **Table-1.13**.

**Table-1.13**  
**Position of Inspection Reports**

| Year    | Opening balance |              |             | Addition during the year |              |             | Clearance during the year |              |             | Closing balance during the year |              |             |
|---------|-----------------|--------------|-------------|--------------------------|--------------|-------------|---------------------------|--------------|-------------|---------------------------------|--------------|-------------|
|         | IR              | Observations | Money value | IR                       | Observations | Money value | IR                        | Observations | Money value | IR                              | Observations | Money value |
|         | (₹ in crore)    |              |             |                          |              |             |                           |              |             |                                 |              |             |
| 2008-09 | 0 <sup>3</sup>  | 0            | 0.00        | 14                       | 101          | 210         | 0                         | 0            | 0           | 14                              | 101          | 210.00      |
| 2009-10 | 14              | 101          | 210.00      | 11                       | 77           | 126.64      | 0                         | 0            | 0           | 25                              | 178          | 336.64      |
| 2010-11 | 25              | 178          | 336.64      | 19                       | 108          | 49.91       | 0                         | 0            | 0           | 44                              | 286          | 386.55      |
| 2011-12 | 44              | 286          | 386.55      | 18                       | 149          | 2298.74     | 0                         | 9            | 1.54        | 62                              | 426          | 2,683.75    |
| 2012-13 | 62              | 426          | 2,683.75    | 21                       | 176          | 68.78       | 0                         | 17           | 1982.37     | 83                              | 585          | 770.16      |
| 2013-14 | 83              | 585          | 770.16      | 18                       | 107          | 128.79      | 1                         | 65           | 14.02       | 100                             | 627          | 884.93      |
| 2014-15 | 100             | 627          | 884.93      | 18                       | 100          | 407.42      | 4                         | 74           | 17.06       | 114                             | 653          | 1,275.29    |
| 2015-16 | 114             | 653          | 1,275.29    | 17                       | 108          | 753.17      | 1                         | 12           | 346.08      | 130                             | 749          | 1,682.38    |

<sup>3</sup> IRs prior to 2008-09 have been left to the Government to follow up.

During the period 2008-09 to 2015-16, 136 IRs containing 926 audit observations were issued with financial implication of ₹ 4,043.45 crore. At the same time six IRs involving 177 audit observations with monetary value of ₹ 2,361.07 crore were settled by conducting audit committee meetings with the Department and through regular interactions with them. At present, 130 IRs containing 749 audit observations with monetary value of ₹ 1,682.38 crore are pending for settlement, of which 40 IRs containing 207 audit observations having money value of ₹ 355.28 crore are more than five years old (between 2008-09 and 2010-11).

### 1.7.2 Recovery of accepted cases

The position of paragraphs accepted by the Department and the amount recovered are mentioned in **Table-1.14**.

**Table-1.14**  
Recovery of accepted cases

| Year of Audit Report | Number of paragraph included | Money value of the paragraphs | Number of paragraph accepted | (₹ in crore)                       |                  |
|----------------------|------------------------------|-------------------------------|------------------------------|------------------------------------|------------------|
|                      |                              |                               |                              | Money value of accepted paragraphs | Amount recovered |
| 2008-09              | 3                            | 22.75                         | 1                            | 13.33                              | 0.64             |
| 2009-10              | 3                            | 11.26                         | 3                            | 11.26                              | 0.47             |
| 2010-11              | 6                            | 24.26                         | 1                            | 14.65                              | 5.98             |
| 2011-12              | 1                            | 146.31                        | 1                            | 139.70                             | 0.99             |
| 2012-13              | 4                            | 35.57                         | 3                            | 34.20                              | 9.85             |
| 2013-14              | 4                            | 35.78                         | 3                            | 17.21                              | 9.48             |
| 2014-15              | 7                            | 367.20                        | 1                            | 325.24                             | 325.24           |

The recovery of accepted cases ranged between 0.71 and 55 *per cent* during 2008-09 to 2013-14. The Department made creditable effort and effected 100 *per cent* recovery of accepted cases pointed out during 2014-15.

The recovery of accepted cases should be pursued as arrears recoverable from the parties concerned. No mechanism for pursuance of the accepted cases had been put up in place by the Department/Government.

**We recommend that the Department may take immediate action to pursue and monitor the recovery of accepted cases. The pending recovery of accepted cases may be allocated personally to the respective officers, for sincere efforts to protect the revenue of the State.**

### 1.8 Audit execution for the financial year 2015-16

The unit offices under various Departments are categorised into high, medium and low risk units according to their revenue position, past trends of audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter-alia* includes critical issues in the Government revenues and tax administration i.e. Budget Speech, White Paper on State Finances, Reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, features of the tax administration, audit coverage and its impact during the past five years etc. During the year 2015-16, the audit universe comprised of 548 auditable units,

of which 131 units were planned and 123 units were audited. The details are mentioned in **Table-1.15**.

**Table-1.15**  
**Audit Planning and execution**

| Sl. No.      | Principal Head                                  | Total no. of units | Units planned for audit | Units audited during 2015-16 |
|--------------|---|--------------------|-------------------------|------------------------------|
| 1            | Taxes on Sales, Trade etc.                      | 44                 | 27                      | 27                           |
| 2            | Taxes on Vehicles                               | 27                 | 19                      | 19                           |
| 3            | Stamps and Registration Fees                    | 56                 | 20                      | 20                           |
| 4            | State Excise                                    | 23                 | 16                      | 16                           |
| 5            | Land Revenue                                    | 341                | 30                      | 23                           |
| 6            | Non-ferrous Mining and Metallurgical Industries | 51                 | 18                      | 17                           |
| 7            | Jharkhand State Mineral Development Corporation | 5                  | 1                       | 1                            |
| 8            | Jharkhand State Beverage Corporation Ltd.       | 1                  | 0                       | 0                            |
| <b>Total</b> |   | <b>548</b>         | <b>131</b>              | <b>123<sup>4</sup></b>       |

Besides the compliance audits mentioned above, a Performance Audit of **“Lease management in Revenue and Land Reforms Department in Jharkhand”** and two Audits on **“Implementation of mechanism of cross-verification of VAT/CST transactions in Commercial Taxes Department”** and **“System of collection of arrears of revenue in Commercial Taxes Department in Jharkhand”** were also taken up to examine the efficacy of the tax administration of these receipts.

## **1.9 Results of audit**

### **Position of local audit conducted during the year**

Test check of the records of 123 units relating to Taxes on Sales, Trade etc., State Excise, Taxes on Vehicles, Land Revenue, Stamps and Registration Fees, Taxes and Duties on Electricity and Mining Receipts conducted during the year 2015-16 revealed under-assessment/short levy/loss of revenue aggregating ₹ 12,737.35 crore in 45,954 cases. During the course of the year, the Departments concerned accepted under-assessment and other deficiencies of ₹ 12,120.88 crore in 40,355 cases pointed out by us, of which ₹ 11,774.37 crore involved in 40,265 cases were pointed out during 2015-16 and the rest in the earlier year. The Departments effected recovery of ₹ 362.23 crore in 804 cases in 2015-16.

### **1.10 Coverage of this Report**

This report contains 32 paragraphs selected from audit detections made during local audits referred to above and during earlier years, which could not be included in earlier reports including a Performance Audit of **“Lease management in Revenue and Land Reforms Department in Jharkhand”** and two Audits on **“Implementation of mechanism of cross-verification of VAT/CST transactions in Commercial Taxes Department”** and **“System of collection of arrears of revenue in Commercial Taxes Department in**

<sup>4</sup> Shortfall of eight units (one biennial and seven triennial) was due to Panchayat Election.

**Jharkhand**", involving financial effect of ₹ 11,676.35 crore out of which ₹ 10,282.30 crore is recoverable.

The Department/Government have accepted audit observations involving ₹ 11,672.52 crore including avoidable loss of ₹ 1,394.05 crore and recovered ₹ 13.55 crore. The replies in the remaining cases have not been received (October 2016). These are discussed in succeeding Chapters II to VI.

**CHAPTER-II**  
**TAXES ON SALES,**  
**TRADE ETC.**



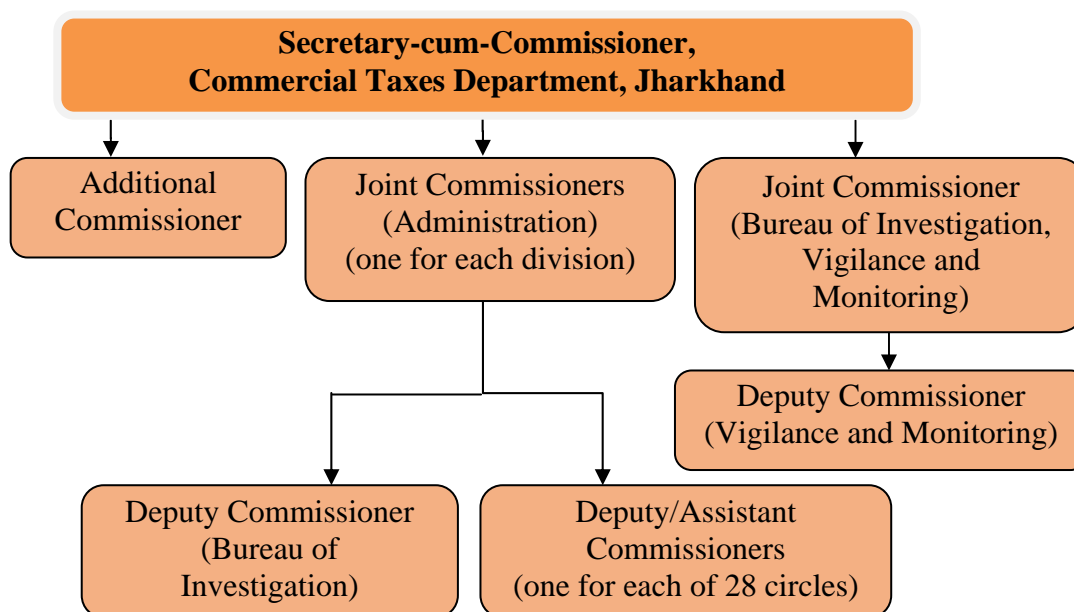


## CHAPTER – II: TAXES ON SALES, TRADE ETC.

### 2.1 Tax administration

The levy and collection of Sales Tax/Value Added Tax and Central Sales Tax are governed by the Jharkhand Value Added Tax (JVAT) Act 2005, the Central Sales Tax (CST) Act 1956 and Rules made thereunder. The Secretary-cum-Commissioner of Commercial Taxes is responsible for administration of these Acts and Rules in the Commercial Taxes Department (CTD) and is assisted by an Additional Commissioner and Joint Commissioners of Commercial Taxes (JCCT), Joint Commissioners of Commercial Taxes of Bureau of Investigation (IB), Vigilance and Monitoring, along with other Deputy/Assistant Commissioners of Commercial Taxes.

The organisational chart of the department is as under:



The State is divided into five commercial taxes divisions<sup>1</sup>, each under the charge of a Joint Commissioner (Administration) and 28 circles<sup>2</sup>, each under the charge of a Deputy/Assistant Commissioner of Commercial Taxes (DCCT/ACCT). The DCCT/ACCT of the circle, who is responsible for levy and collection of tax due to the Government, besides survey, is assisted by Commercial Taxes Officers. A Deputy Commissioner of IB is posted in each division to assist the JCCT (Administration) and a DCCT (Vigilance and Monitoring) is posted under the control of Headquarters in each division.

### 2.2 Results of audit

We planned for test check of records of 25 annual units and two biennial units out of the total 45 units of Commercial Taxes Department during 2015-16 and

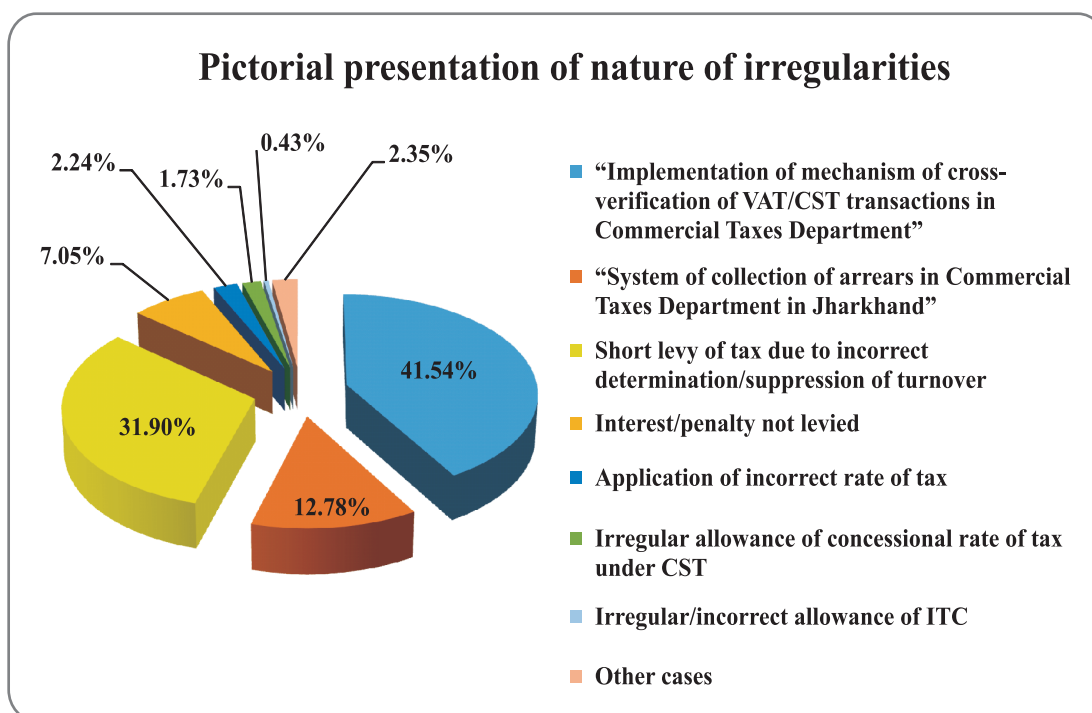
<sup>1</sup> Dhanbad, Dumka, Hazaribag, Jamshedpur and Ranchi.

<sup>2</sup> Adityapur, Bokaro, Chaibasa, Chirkunda, Deoghar, Dhanbad, Dhanbad Urban, Dumka, Giridih, Godda, Gumla, Hazaribag, Jamshedpur, Jamshedpur Urban, Jharia, Katras, Koderma, Lohardaga, Pakur, Palamu, Ramgarh, Ranchi East, Ranchi South, Ranchi Special, Ranchi West, Sahibganj, Singhbhum and Tenughat.

test checked all the above planned units<sup>3</sup>, which collected revenue of ₹ 7,807.49 crore, relating to ‘VAT/Taxes on Sales, Trade etc.’ Our Audit revealed under-assessment of tax and other irregularities involving ₹ 2,952.62 crore in 597 cases, which fall under the following categories as given in the **Table –2.1**.

**Table – 2.1**

| Sl. No.      | Categories  | ₹ in crore)  |                 |
|--------------|---|--------------|-----------------|
|              |   | No. of cases | Amount          |
| 1            | <b>Implementation of mechanism of cross-verification of VAT/CST transactions in Commercial Taxes Department</b> | 1            | 1,226.44        |
| 2            | <b>System of collection of arrears in Commercial Taxes Department in Jharkhand</b>                              | 1            | 377.28          |
| 3            | Short levy of tax due to incorrect determination/suppression of turnover  | 207          | 941.78          |
| 4            | Interest/penalty not levied   | 120          | 208.10          |
| 5            | Application of incorrect rate of tax  | 49           | 66.01           |
| 6            | Irregular allowance of concessional rate of tax under CST   | 38           | 51.05           |
| 7            | Irregular/incorrect allowance of ITC  | 30           | 12.61           |
| 8            | Other cases   | 151          | 69.35           |
| <b>Total</b> |   | <b>597</b>   | <b>2,952.62</b> |



During the year, the Department accepted under-assessment and other deficiencies of ₹ 2,151.03 crore in 168 cases, out of which ₹ 2,150.38 crore in

<sup>3</sup> Offices of DCCT/ACCT, Adityapur, Bokaro, Chaibasa, Chirkunda, Deoghar, Dhanbad, Dhanbad Urban, Giridih, Godda, Gumla, Hazaribag, Jamshedpur, Jamshedpur Urban, Jharia, Katras, Koderma, Lohardaga, Pakur, Palamu, Ramgarh, Ranchi East, Ranchi South, Ranchi Special, Ranchi West, Singhbhum and Tenughat and Commissioner, Commercial Taxes, Ranchi.

128 cases were pointed out by us in 2015-16 and rest in earlier years. An amount of ₹ 2.43 crore was realised in 30 cases.

In this chapter we present two audits on “**Implementation of mechanism of cross-verification of VAT/CST transactions in Commercial Taxes Department**” and “**System of collection of arrears in Commercial Taxes Department in Jharkhand**” having financial implication of ₹ 1,603.72 crore and a few illustrative cases having financial implication of ₹ 546.66 crore. The Department accepted all the audit observations having financial implication of ₹ 2,150.38 crore which are discussed in the succeeding paragraphs.

## **2.3 Implementation of mechanism of cross-verification of VAT/CST transactions in Commercial Taxes Department**

### **2.3.1 Introduction**

The JVAT Act 2005 provides for a Bureau of Investigation (IB) to function under the control and supervision of the Commissioner of Commercial Taxes (CCT) and shall discharge such duties as may be assigned to it from time to time. By an order issued in August 2009 by the CCT, the Divisional IB under the JCCT (Administration) was entrusted with the task to verify additional places of business and entries in their registration certificates in accordance with CST Act 1956 for dealers making inter-State stock transfers, to inspect big manufacturers/dealers and to collect data regarding purchases/imports made by them from State/Central undertakings and railway godowns.

The Commissioner also directed IB to obtain the data of purchases/receipt in respect of big manufacturers/undertakings/dealers and cross-verify the same with their returns in order to check the evasion/avoidance of tax. Further, the JVAT Act also empowers the Commissioner to collect statistics from all dealers or any class of dealer or persons for better administration of the Act.

### **2.3.2 Audit objective**

Audit was conducted with an objective to examine whether the mechanism of cross-verification of transactions with other Departments, was adhered to in order to safeguard Government revenue.

### **2.3.3 Audit criteria**

- Jharkhand Value Added Tax Act 2005;
- Jharkhand Value Added Tax Rules 2006;
- Central Sales Tax (CST) Act 1956;
- Central Sales Tax (Registration and Turnover) Rules 1957;
- Central Sales Tax (Jharkhand) Rules 2006; and
- Notifications/instructions issued from time to time.

### **2.3.4 Audit Scope and Methodology**

**2.3.4.1** Audit was conducted between July 2015 and June 2016 covering the period 2010-11 to 2014-15 along with regular compliance audit. We cross-verified the data/information collected from State Government Departments/Central Government Departments, Private/Public Sector

Undertakings with assessment records of dealers/contractors to detect evasion of tax as well as identification of unregistered contractors/dealers.

**2.3.4.2** Collection of data was made from the following Departments/Corporations of Government of Jharkhand: - **State Excise and Prohibition Department** (Quantity and value of India Made Foreign Liquor (IMFL) dispatched/sold, import fee and excise duty paid), **Mines and Geology Department** (Quantity of minerals extracted and dispatched), **Jharkhand Bijli Vitran Nigam Ltd. (JBVNL)/Public Works Divisions** (Gross payment made to contractors for execution of works contract).

**2.3.4.3** Collection of data from Departments/Public Sector Undertakings (PSUs) of Government of India (GOI) was made from **Central Excise Department** (Annual Financial Information Statement in Form-ER-4), **Central Coal Fields Limited** (Audited Annual Accounts of the concerned coalfield areas), **Directorate of Systems, Central Excise and Customs** (CIF value of goods imported from outside the Country in the State of Jharkhand), **Indian Railways** (Gross payment made to suppliers of Jharkhand for supply of stone ballast) and **Indian Bureau of Mines** (Quantity of minerals dispatched, average price and royalty paid by the lessees of Jharkhand).

**2.3.4.4** Collection of data was also made from the assessment records of the dealers registered in Commercial Taxes Department.

**2.3.4.5** Cross-verification of the data obtained from the above department(s) was carried out with the returns filed by a dealer.

An exit conference was held on 2 August 2016 with the Principal Secretary-cum-Commissioner, Commercial Taxes Department, Government of Jharkhand in which the findings, conclusion and recommendations of the audit were discussed. The views of Government/Department have been suitably incorporated in the report.

### **2.3.5 Acknowledgement**

The Indian Audit and Accounts Department acknowledges the co-operation of the Commercial Taxes Department, Government of Jharkhand and other Departments of Government of Jharkhand and Government of India in providing the necessary information and records to Audit.

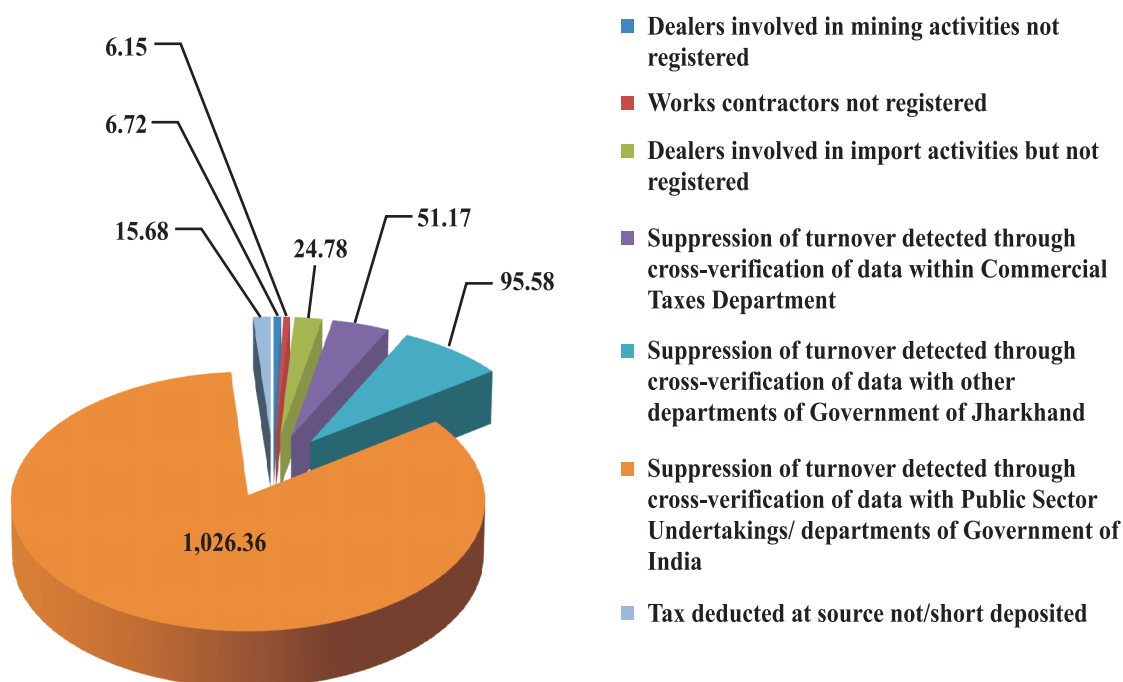
### **Audit Findings**

The data collected from the above mentioned departments in respect of 790 dealers pertaining to the period 2010-11 and 2014-15 was cross-verified with the records<sup>4</sup> filed by the dealers and the database maintained in the CTD. We noticed that the implementation of mechanism of cross-verification of VAT/CST transactions prescribed in the Act was deficient which resulted in leakage of revenue of ₹ 1,226.44 crore, noticed in case of 412 dealers out of 790 dealers test checked. These findings are discussed in the succeeding paragraphs. A pictorial diagram depicting nature of irregularities has been shown below:

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<sup>4</sup> Assessment order passed by the assessing authority, periodical returns filed by the dealer, VAT Audit Report in JVAT-409 and registration certificates of the dealers.

**Pictorial diagram of irregularities involving ₹ 1,226.44 crore**  
(₹ in crore)



### 2.3.6 Eligibility criteria for registration of dealers with CTD

Section 25 of the JVAT Act provides that no dealer shall, while being liable to pay tax, carry on business unless he has been registered. According to Section 8(5) of the Act and notification issued thereunder, the dealers were liable to get themselves registered based on a specified quantum of turnover as shown in the **Table - 2.2**.

**Table-2.2**

| Category of dealers  | Quantum (₹) |
|--|-------------|
| Persons dealing in mining of stone chips/boulders etc.   | 1,00,000    |
| Persons dealing in works contract  | 25,000      |
| Persons dealing in trading activities  | 5,00,000    |
| Persons dealing in import of goods from outside the Country and purchase from other States for sale in Jharkhand | Nil         |

Further, Section 38 provides that if a dealer liable to pay tax, in respect of any period, has failed to get himself registered under the Act, the prescribed authority shall proceed to assess the dealer to tax to the best of his judgement and may also direct the dealer to pay by way of penalty a sum equal to the amount of tax so assessed or ₹ 10,000 whichever is greater.



### 2.3.6.1 Dealers engaged in mining activities but not registered

**Cross-verification of data collected from Mining Department/Indian Railways revealed that 204 lessees, whose supply turnover crossed the threshold limit, were not registered with the CTD because of which tax of ₹ 6.72 crore including penalty was not assessed.**

We obtained (between August 2015 and June 2016) the data of stone chips/boulders extracted and despatched by the lessees from three District



Mining Offices<sup>5</sup> on a test check basis and found that 203 lessees, out of 268 lessees, had despatched 9.30 lakh cubic meter of stone chips/boulders between 2010-11 and 2014-15 valued at ₹ 23.19 crore<sup>6</sup>. Our cross verification of the database of the CTD revealed that these lessees were not

registered despite their turnover exceeding the specified quantum of ₹ 1 lakh, as per prevailing law. Consequently, tax of ₹ 6.32 crore including penalty was not levied.

Further, in case of a dealer of Pakur Commercial Taxes Circle, it was noticed



that the dealer was granted registration with tax liability from 1 November 2011. However, cross-verification of data received from Divisional Railway Manager (DRM), Adra revealed that the dealer had actually received payment of ₹ 1.60 crore for supply of stone ballast during 2010-11. Thus, the dealer was liable to pay tax of ₹ 40.00 lakh including penalty of ₹ 20.00 lakh for the period 2010-11.

Test check revealed tax of ₹ 6.72 crore including penalty was not assessed (Appendix-I).

After we reported the matter to the Department/Government in June 2016, the Department/Government accepted (August 2016) the audit observations in the exit conference and stated that action to distinguish the unregistered dealers

<sup>5</sup> Giridih, Gumla and Ramgarh.

<sup>6</sup> Calculated at the minimum Government rate: 2010-11- ₹ 230/M<sup>3</sup>, 2011-12 and 2012-13- ₹ 260/ M<sup>3</sup> and 2013-14 & 2014-15- ₹ 354/ M<sup>3</sup>.

and recovery thereof would be taken in a time bound manner. It was, further, stated that the data of dispatches of major/minor minerals by the lessees of Jharkhand would be procured from all the mining offices of the State. Subsequently, the Department raised demand of ₹ 1.75 crore in case of 23 lessees pertaining to Ramgarh Commercial Taxes Circle and recovered ₹ 0.67 lakh (August 2016). Further reply has not been received (October 2016).

### 2.3.6.2 Works contractors not registered

**The department did not utilise the details of Tax Deducted at Source (TDS) of sub-contractors available in the assessment records of main contractors to detect 71 unregistered sub-contractors. Consequently, tax of ₹ 6.15 crore including penalty was not levied.**

We noticed (January 2016) from test check of assessment records<sup>7</sup> of four works contractors, registered in Ranchi East and Ranchi South Commercial



Taxes Circles, that the above contractors had made payments of ₹ 243.61 crore to 223 sub-contractors during 2010-11 and 2011-12 for execution of works contract and had availed exemption from levy of tax. We cross-verified the database of the CTD and found that 71 out of 223 sub-contractors, who received payments of ₹ 23.47 crore, were not registered, though they had

crossed the threshold limit of ₹ 25,000. The Assessing Authorities (AAs) assessed the main works contractors but did not identify those 71 unregistered sub-contractors. Thus, tax of ₹ 6.15 crore including penalty payable by the sub-contractors was not levied.

After we reported the matter to the Department/Government in June 2016, the Department/Government accepted (August 2016) the audit observations in the exit conference and stated that the tax effect would be meagre due to TDS of four *per cent* already being deducted by the main contractor. However, they assured to take corrective measures to register the sub-contractors after proper verification in a time bound manner. Our response was that the rate of TDS was two *per cent* during 2010-11 and VAT on materials consumed in execution of works contract varies between five and 14 *per cent*. Thus, the reply was not in order and the Department may take necessary steps to bring those 71 unregistered contractors under tax net. Further reply has not been received (October 2016).

<sup>7</sup> Assessment order passed by the assessing authority, JVAT-409 and TDS certificates.



### 2.3.6.3 Dealers involved in import activities but not registered

**Goods imported by two unregistered dealers were not detected and tax and penalty of ₹ 24.78 crore was not levied.**

We collected (June 2016) data for import of goods from outside the Country into Jharkhand from Directorate General of Systems, Central Excise and Customs, New Delhi. We test checked (June 2016) the transactions of 21 dealers who had imported goods from outside the Country, out of which two dealers had imported mobile phones with accessories and furniture worth ₹ 226.01 crore between 2012-13 and 2013-14. We cross-verified the database of the CTD and found that the above two dealers were not registered with CTD. Thus, dealers involved in import activities were not detected and tax of ₹ 24.78 crore including penalty was not levied as shown in the **Table -2.3**.

**Table -2.3**

(₹ in crore)

| Sl. No.      | Name of the Circle<br>Name of the dealer | Address  | Commodity  | Period                    | Value of goods imported | Rate of tax (%) | Tax payable<br>Penalty leviable | Total        |
|--------------|--|--|--|---------------------------|-------------------------|-----------------|---------------------------------|--------------|
| 1            | Jharia<br>Guljar<br>Ahmad                | H. NO.-124,<br>Village – Idgah<br>Muhalla,<br>Patherdih,<br>Dhanbad                              | Mobile Phone<br>with double SIM<br>with/without T.V.,<br>headphone, back<br>cover etc. | 2012-13                   | 213.87                  | 5               | $\frac{10.69}{10.69}$           | 21.38        |
| 2            | Deoghar<br>Bhuneshwar<br>Nath            | S/o Kunwar<br>Dwarika Nath<br>Jalsar Road,<br>H Sah Lane,<br>Near Jagdamba<br>Ashram,<br>Deoghar | Furniture  | 2012-13<br>and<br>2013-14 | 12.14                   | 14              | $\frac{1.70}{1.70}$             | 3.40         |
| <b>Total</b> |  |  |  |                           | <b>226.01</b>           |                 |                                 | <b>24.78</b> |

After we reported the matter to the Department/Government in June 2016, the Department/Government accepted (August 2016) the audit observations in the exit conference and stated that matter would be looked into and tax along with penalty would be imposed. Further, on being pointed out by audit that presently no declaration forms have been prescribed to keep a check on goods imported from outside the country, the Department stated that possibility would be explored to devise some mechanism to check proper accountability of import of goods. Subsequently, the Department detected the unregistered dealer under the jurisdiction of Jharia Commercial Taxes Circle, gave the dealer reasonable opportunity of being heard and raised (August 2016) a demand of ₹ 21.38 crore. Further reply has not been received (October 2016).

**We recommend that the Government may consider conducting periodic surveys and inter/intra departmental exchange of data to identify unregistered dealers along with proper monitoring at the apex level to bring them under tax net.**

### 2.3.7 Suppression of sale/purchase turnover(s)

Under the provisions of Section 40(1) read with Section 37 (6) of the JVAT Act, 2005 and the Section 9 of the CST Act, if the prescribed authority has reasons to believe that the dealer has concealed the particulars of such turnover or has furnished incorrect particulars of such turnover and thereby the

returned figures are below the real amount, the prescribed authority shall direct the dealer to pay, besides the tax assessed on escaped turnover, by way of penalty, a sum equivalent to twice the amount of the additional tax so assessed. Further, according to the provisions of Section 40(2) of the Act, if the prescribed authority upon any information for concealment or suppression of turnover, which has come into his possession before assessment or otherwise, shall direct the dealer to, in addition to any tax payable, pay by way of interest, a sum of five *per centum* for each month of such suppression. Further, interest was replaced with penalty, with effect from July 2014, which is equivalent to thrice the amount of the additional tax so assessed.

### **2.3.7.1 Results of cross verification conducted within CTD**

**Cross-verification of intra-departmental data revealed suppression of purchase/sales turnover by 42 dealers and consequent under-assessment of tax and penalty of ₹ 51.17 crore.**

We test checked (between August 2015 and April 2016) the assessment records of 278 dealers, out of which 42 dealers of coal, iron ore, iron & steel and works contract materials registered in 13 Commercial Taxes Circles<sup>8</sup> had shown purchase/sale of ₹ 450.58 crore during the period between 2010-11 and 2012-13 on which the assessments were finalised (between June 2013 and March 2015) by the AAs.

We cross-verified the records of the counterparties to the transactions who were registered in the same or other Commercial Taxes Circles in Jharkhand to verify the correctness of transactions reported and found that these dealers had actually purchased or sold goods valued at ₹ 693.49 crore during the above period. Thus, these dealers had suppressed turnover of ₹ 242.91 crore. Though the information regarding sale/purchase was available within the same circle or other circles of the CTD, the AAs failed to cross-verify, as per stipulation, to ascertain the actual turnover. This resulted in under-assessment of tax of ₹ 51.17 crore including penalty (**Appendix-II**).

After we reported the matter in June 2016, the Department/ Government agreed with the audit observation and stated that the concerned Commercial Taxes Circles would be instructed to take appropriate action. Further reply has not been received (October 2016).

### **2.3.7.2 Results of cross verification conducted from other departments of Government of Jharkhand**

**Cross-verification of data obtained from other departments of Government of Jharkhand revealed suppression of purchase/sale turnover by 25 registered dealers and consequent under-assessment of tax and penalty of ₹ 95.58 crore.**

We collected data from Works Department(s)/Excise & Prohibition Department/JBVNL regarding payment received for works contract/

<sup>8</sup> Adityapur, Dhanbad, Dhanbad Urban, Giridih, Jamshedpur, Jharia, Katras, Palamu, Ranchi East, Ranchi South, Ranchi Special, Ranchi West and Tenughat.

sale/purchase/excise duty, license fee, import fee for dealers registered in Jharkhand and cross-verified it with their returns available in CTD. We noticed (between October 2015 and January 2016) from the assessment records that out of 75 dealers, 25 dealers registered in four Commercial Taxes Circles<sup>9</sup>, dealing in IMFL and works contract materials, had shown purchase/sale of ₹ 104.70 crore during the period between 2010-11 and 2012-13 on which the assessments were finalised (between January 2012 and March 2015) by the AAs. However, we noticed that these dealers had made transactions worth ₹ 333.20 crore resulting in suppression of turnover of ₹ 228.50 crore. Thus, failure to conduct cross-verification of returns furnished by the dealers with data from other departments of the State Government resulted in under-assessment of tax of ₹ 95.58 crore including penalty (Appendix-III).

After we reported the matter in June 2016, the Department/Government accepted our audit observation in the exit conference (August 2016) and stated that the concerned Commercial Taxes Circles would be instructed to take appropriate action. Subsequently, the Department raised (August 2016) an additional demand of ₹1.16 crore involved in eight cases of Gumla Commercial Taxes Circle. Further reply has not been received (October 2016).

**We recommend that the Government may consider strengthening the system of cross-verification of transactions made between the dealers registered with CTD and transactions effected with other departments of Government of Jharkhand on regular basis to prevent evasion of tax.**

### 2.3.7.3 Results of cross verification conducted from departments of Government of India/PSUs

**Cross-verification of data obtained from departments of Government of India/PSUs with the returns filed by 64 dealers registered in CTD revealed suppression of purchase/sale turnover and consequent under-assessment of tax of ₹ 1,026.36 crore.**



- We collected data from departments of Government of India/PSUs<sup>10</sup> regarding supply/sale/purchase/central excise duty/import of goods from outside the country for dealers registered in Jharkhand and cross-

verified it with the records of their returns in CTD. Out of test checked 169

<sup>9</sup> Gumla, Ranchi East, Ranchi South and Ranchi Special.

<sup>10</sup> 1. Divisions of Indian Railways at Adra and Chakradharpur 2. O/o the Dy. Chief Engineer (Con), East Central Railway, Patna 3. Indian Bureau of Mines, Kolkata 4. Directorate of Systems, Central Excise and Customs, New Delhi 5. Central Coalfields Limited (Hqrs), Ranchi and 6. O/o the Commissioner, Central Excise, Ranchi and Jamshedpur.

cases, we noticed (November 2015 and June 2016) from the assessment records of 44 dealers of coal, iron casting, calcined alumina, iron ore, stone ballast, furniture, timber etc., registered in 11 Commercial Taxes Circles<sup>11</sup> that these dealers had shown purchase/sale of ₹ 11,438.92 crore during the period between 2010-11 and 2013-14 on which the assessments were finalised (between February 2013 and March 2016) by the AAs. However, from comparison of data received for cross-verification, we noticed that the dealers had transactions of ₹ 18,386.57 crore, resulting in suppression of turnover of ₹ 6,947.65 crore. Thus, inadequate implementation of mechanism of cross-verification of returns furnished by the dealers with data from departments of the Central Government or PSUs, resulted in under-assessment of tax of ₹ 650.50 crore including penalty under Section 40(1) of the Act (**Appendix-IV**). A few illustrated cases are shown in the **Table-2.4**.

**Table-2.4**

(₹ in crore)

| Sl. No. | Name of the Circle TIN   | Period   | Commodity        | Actual turnover<br>Turnover accounted for | Suppression | Rate of tax (%) | Tax payable<br>Penalty leviable | Total |
|---------|--------------------------|--|------------------|---|-------------|-----------------|---------------------------------|-------|
| 1       | Chaibasa<br>20191200625  | 2012-13  | Iron ore         | <u>2,502.77</u><br>1,047.61               | 1,455.16    | 5               | <u>72.76</u><br>0.00            | 72.76 |
|         |                          | We called for the data for quantity and average sale price of iron ore dispatched by the lessees of Jharkhand from <b>IBM, Kolkata</b> and found that the actual value of goods transferred by the dealer was ₹ 2,502.77 crore (on which royalty was paid by the lessee). However, the dealer had shown stock transfer of goods valued at ₹ 1,047.61 crore in the returns on which assessment was finalized. Thus, there was under valuation of goods stock transferred. |                  |   |             |                 |                                 |       |
| 2       | Tenughat<br>20042205379  | 2011-12  | Coal             | <u>682.99</u><br>245.59                   | 437.40      | 5               | <u>21.87</u><br>43.74           | 65.61 |
|         |                          | Cross verification of data/information (Profit and Loss account and schedules appended therewith) collected from <b>CCL (Hqr), Ranchi</b> with the assessment records of the dealer revealed that the dealer had actually sold goods valued at ₹ 682.99 crore but the dealer in its VAT returns had shown sale of goods valued at ₹ 245.59 crore only on which the assessment was finalised.   |                  |   |             |                 |                                 |       |
| 3       | Ramgarh<br>20021905607   | 2012-13  | Wire rod & Rebar | <u>346.53</u><br>83.58                    | 262.95      | 5               | <u>13.15</u><br>26.30           | 39.45 |
|         |                          | As per <b>Central Excise return (ER4)</b> , the manufacturing expenses was shown as ₹ 346.53 crore, whereas as per VAT records the same was shown as ₹ 83.58 crore, thereby reducing the cost of production, on which the assessment was finalised.  |                  |   |             |                 |                                 |       |
| 4       | Adityapur<br>20870900521 | 2012-13  | Motor parts      | <u>94.49</u><br>2.85                      | 91.64       | 10              | <u>9.16</u><br>18.32            | 27.48 |
|         |                          | As per data obtained from the <b>DG of Systems, Customs &amp; Central Excise, New Delhi</b> , the actual value of import (including freight, insurance and custom duty) was ₹ 94.49 crore, whereas the dealer had shown it as ₹ 2.85 crore in the sales tax return on which the assessment was finalised.  |                  |   |             |                 |                                 |       |
| 5       | Pakur<br>20281305723     | 2011-12  | Stone ballast    | <u>9.08</u><br>0.00                       | 9.08        | 14              | <u>1.27</u><br>2.54             | 3.81  |
|         |                          | The dealer had not shown any inter-State sale during 2011-12, however, our cross-verification of data obtained from <b>O/o the DRM, South Eastern Railway, Adra</b> revealed that the dealer had actually supplied stone ballast valued at ₹ 9.08 crore during the above period.   |                  |   |             |                 |                                 |       |

- Similarly 38 dealers registered in nine Commercial Taxes Circles<sup>12</sup>, dealing in auto parts, beverages, biscuit, iron & steel, ferro manganese, timber

<sup>11</sup> Adityapur, Chaibasa, Dhanbad, Hazaribag, Pakur, Palamu, Ramgarh, Ranchi East, Ranchi South, Ranchi West and Tenughat.

<sup>12</sup> Adityapur, Dhanbad, Hazaribag, Jamshedpur Urban, Ramgarh, Ranchi East, Ranchi South, Ranchi West and Singhbhum.

etc. had shown purchase/sale of ₹ 5,631.53 crore during the period between 2013-14 and 2014-15 and had paid the taxes accordingly. However, we noticed that the dealers had actually purchased/sold goods valued at ₹ 7,145.79 crore. This resulted in suppression of turnover of ₹ 1,514.26 crore on which the dealers were liable to pay tax of ₹ 375.86 crore including interest/penalty under Section 40(2) of the Act.

Thus, implementation of mechanism of cross-verification of returns furnished by the dealers with data from departments of the Central Government or PSUs was inadequate which led to under-assessment of tax of ₹ 1,026.36 crore including penalty in respect of 64 dealers.

After we reported the matter in June 2016, the Department/Government agreed with the audit observations in the exit conference (August 2016) and stated that the concerned Commercial Taxes Circles would be instructed to procure data from the Central Excise Department for appropriate action. Further reply has not been received (October 2016).

**We recommend that the Government may consider creation and periodical updation of a database of transactions made by the dealers of Jharkhand from Departments and Undertakings of Central Government for cross verification of transactions.**

### **2.3.8 Tax deducted at source (TDS) not/short deposited**

**Cross-verification of TDS deposited into the Government accounts with the assessment records revealed TDS of ₹ 15.68 crore including penalty was not/short deposited by four dealers.**

Section 44 of the JVAT Act and notification issued thereunder provide deduction of TDS in advance, by the person, at the rate of two *per cent* on the valuable consideration at the time of making payment for execution of works contract. Sub-section 6 of Section 44 stipulates that if any person fails to pay the whole or any part of the tax, the prescribed authority shall direct him, after giving him a reasonable opportunity of being heard, to pay by way of penalty, a sum equal to the amount of tax which he failed to pay as aforesaid.

We noticed from the assessment records of four dealers registered in Ranchi East and Ranchi West Commercial Taxes Circles that the dealers had shown deduction of TDS on works contract for ₹ 21.39 crore for the period between 2010-11 and 2011-12. We cross-verified from the database of the CTD and the assessment records of the other dealers/sub-contractors registered in the same circle/other circle(s) and found that only ₹ 13.55 crore out of ₹ 21.39 crore was deposited by the dealer. Though the information regarding dealer-wise payment of VAT/TDS was available in the Circles through computerised payment module of the Department, the AAs did not verify the same while finalising the assessment (between March 2014 and March 2015). This resulted in TDS of ₹ 7.84 crore not/short deposited by the dealers, besides the liability to pay penalty of ₹ 7.84 crore for not depositing the collected TDS.

After we pointed out the matter in June 2016, the Department/Government accepted our audit observations in the exit conference (August 2016) and stated that corrective measures would be taken in this regard after proper

verification. Subsequently, an additional demand of ₹ 23.43 lakh was raised in one case of Ranchi East Commercial Taxes Circle and the same was adjusted from the original demand (June 2016). Further, reply has not been received (October 2016).

**We recommend that the Government may consider instituting a mechanism for monitoring of TDS collection and their remittances to the treasury through returns.**

### **2.3.9 Conclusion**

The implementation of mechanism for cross-verification of transactions in the Department to identify the dealers who are liable for registration was inadequate. The department did not utilise the TDS/sub-contractors details available in the assessment records to detect unregistered dealers. Further, the existing mechanism for collection of data/information of transactions made by the dealers of Jharkhand, from other departments of Government of Jharkhand and Government of India was inadequate resulting in large scale leakage of revenue.

### **2.3.10 Recommendations**

We recommend that the Government may consider:

- Conducting periodic surveys and inter/intra departmental exchange of data to identify unregistered dealers along with proper monitoring at the apex level to bring them under tax net;
- Strengthening the system of cross-verification of transactions between the dealers registered with CTD and transactions effected with other departments of Government of Jharkhand on regular basis to prevent evasion of tax;
- Creation and periodical updation of database of transactions by the dealers of Jharkhand from Departments and Undertakings of Central Government for cross verification of transactions; and
- Instituting a mechanism for monitoring of TDS collection and their remittances to the treasury through returns.



## **2.4 System of collection of arrears of revenue in Commercial Taxes Department in Jharkhand**

### **2.4.1 Introduction**

Assessments are required to be initiated and completed before expiry of three years from the close of the financial year. The tax assessed shall be paid by assesseees in the manner and within the time specified in the notice of demand which shall ordinarily be not less than 30 days from the date of service of such notice. The amount of tax, penalty or any other amount that remains unpaid even after due date of payment in pursuance of the notice, shall be recoverable as arrears of Land revenue under the Bihar and Orissa Public Demands Recovery (BOPDR) Act 1914. The arrears can be recovered from bank balance and sale proceeds obtained after auctioning property. In cases, where defaulter do not own any property in the State but have property in some other State, the assessing authority concerned is required to address the revenue authority of other State. For this purpose, the Revenue Recovery Certificate is required to be forwarded to the Collector of the district of the State in which the defaulters possess property. Provided that where an appeal in respect of such amount has been entertained, the appellate authority may stay recovery of such amount or portion thereof so long as the appeal remains pending.

### **2.4.2 Audit objectives**

We conducted the Audit with a view to ascertain compliance, adequacy and proper enforcement of the provisions of the Act, Rules and departmental instructions as well as adequacy and effectiveness of internal control mechanism in the Department with regard to realisation of dues of tax, penalty/interest or any other dues under the Act.

### **2.4.3 Scope of Audit and coverage**

Audit of system of collection of arrears of revenue in the Commercial Taxes Department (CTD) was conducted between January and May 2016. We selected 10 Commercial Taxes Circles<sup>13</sup> out of 28 circles in the State by the method of random sampling on the basis of arrears of each circle categorising them into high (₹ 100 crore and above), medium (between ₹ 20 crore and ₹ 100 crore) and low risk (below ₹ 20 crore) involving revenue arrears of ₹ 1,218.62 crore out of total revenue arrears of ₹ 1,830.84 crore as on 31 March 2015 and office of the Secretary cum Commissioner Commercial Taxes Department, Jharkhand for the period covering 2011-12 to 2015-16.

An exit conference was held on 2 August 2016 with the Principal Secretary-cum-Commissioner, Government of Jharkhand in which findings, conclusion and recommendations of the audit were discussed. The views of the Government/Department have been incorporated in the report.

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<sup>13</sup> Adityapur, Deoghar, Dhanbad, Dhanbad Urban, Jamshedpur, Jamshedpur Urban, Ramgarh, Ranchi East, Ranchi South and Singhbhum.

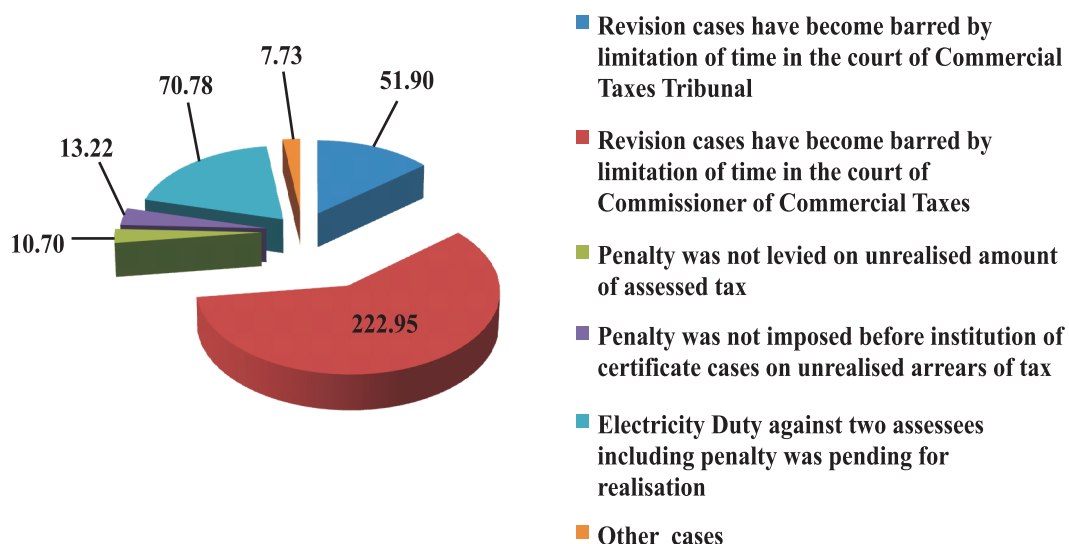
### 2.4.3.1 Acknowledgement

The Indian Audit and Accounts Department acknowledges the co-operation of the Commercial Taxes Department, Government of Jharkhand for providing necessary information and records to Audit.

### 2.4.3.2 Audit Findings

The data of arrears was collected from the office of the Commissioner of Commercial Taxes and selected circles. Case records of appeal/revisions and arrears of 1,130 defaulters were scrutinised, out of which, irregularities were noticed in case of 250 defaulters, which are mentioned in the succeeding paragraphs:

**Pictorial diagram of irregularities involving ₹ 377.28 crore**  
(₹ in crore)



### 2.4.4 Trend of arrears of revenue

#### 2.4.4.1 Details of arrears and recovery thereof

The amount of arrears increased from ₹ 1,406.35 crore as on 1 April 2011 to ₹ 2,384.39 crore as on 31 March 2016, thus registering an increase of 69.54 per cent.

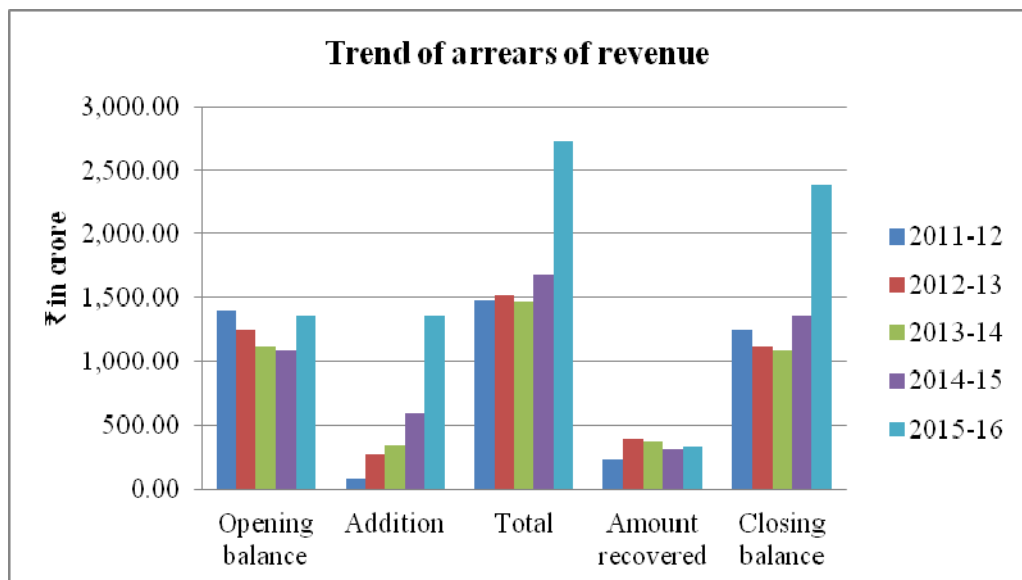
The arrears of revenue pending collection during 2011-12 to 2015-16 as furnished by the Commercial Taxes Department were as under in **Table-2.5**.



**Table-2.5**

| (₹ in crore) |                 |          |          |                  |                        |                        |
|--------------|-----------------|----------|----------|------------------|------------------------|------------------------|
| Year         | Opening balance | Addition | Total    | Amount recovered | Closing balance        | Percentage of recovery |
| 2011-12      | 1,406.35        | 74.87    | 1,481.22 | 230.50           | 1,250.72               | 15.56                  |
| 2012-13      | 1,250.72        | 268.58   | 1,519.30 | 402.07           | 1,117.23               | 26.46                  |
| 2013-14      | 1,117.23        | 348.41   | 1,465.64 | 376.46           | 1,089.18               | 25.69                  |
| 2014-15      | 1,089.18        | 589.81   | 1,678.99 | 315.99           | 1,363.00 <sup>14</sup> | 18.82                  |
| 2015-16      | 1,363.00        | 1,359.27 | 2,722.27 | 337.88           | 2,384.39 <sup>15</sup> | 12.41                  |

Source: Data furnished by Commercial Taxes Department, Government of Jharkhand



It is seen from the above table that arrears increased from ₹ 1,406.35 crore as on 1 April 2011 to ₹ 2,384.39 crore as on 31 March 2016 thus registering an increase of 69.54 per cent, while the rate of recovery in each year ranged between 12.41 and 26.46 per cent with decreasing trend from 2012-13 and dipped to 12.41 per cent in 2015-16.

#### 2.4.4.2 Total revenue raised vis a vis recovery of arrears

The details of revenue raised by the Department during 2011-12 to 2015-16 vis a vis recovery of arrears are depicted in the Table-2.6.

**Table-2.6**

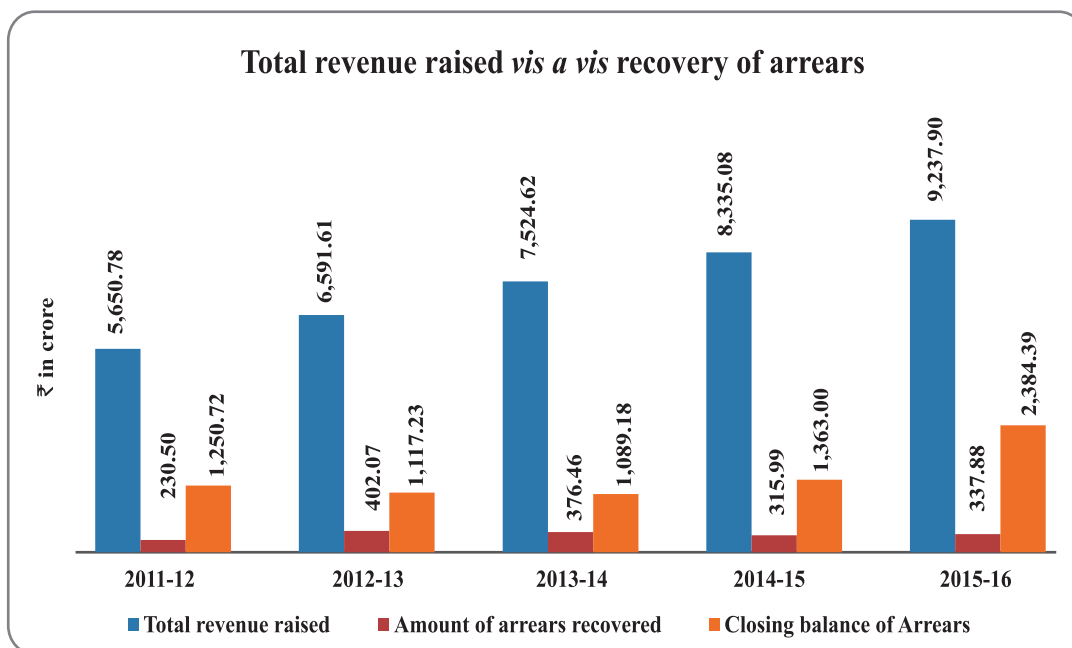
| (₹ in crore) |                      |                             |   |                            |                           |
|--------------|----------------------|-----------------------------|---|----------------------------|---------------------------|
| Year         | Total revenue raised | Amount of arrears recovered | Percentage <sup>16</sup> of Col. 3 to 2 | Closing balance of Arrears | Percentage of Col. 5 to 2 |
| 1            | 2                    | 3                           | 4                                       | 5                          | 6                         |
| 2011-12      | 5,650.78             | 230.50                      | 4.25                                    | 1,250.72                   | 23.07                     |
| 2012-13      | 6,591.61             | 402.07                      | 6.50                                    | 1,117.23                   | 18.05                     |
| 2013-14      | 7,524.62             | 376.46                      | 5.27                                    | 1,089.18                   | 15.24                     |
| 2014-15      | 8,335.08             | 315.99                      | 3.94                                    | 1,363.00                   | 17.00                     |
| 2015-16      | 9,237.90             | 337.88                      | 3.80                                    | 2,384.39                   | 26.79                     |

Source: Total revenue raised based on Finance Account, Government of Jharkhand

<sup>14</sup> Commercial Taxes Department has reported the figure ₹ 1,830.84 crore as on 31.03.2015.

<sup>15</sup> Progressive total of the arrears of revenue as on 31.03.2016 has been shown ₹ 2,384.39 crore but total arrears reflected as ₹ 2,936.44 crore by Commercial Taxes Department.

<sup>16</sup> Percentage of arrears recovered and closing balance of arrears has been calculated by excluding arrears recovered from the total revenue raised.



It would be seen from the above that the amount of recovery of arrears of revenue ranged between 3.80 and 6.50 *per cent* of the total revenue raised during the period 2011-12 to 2015-16. This indicated that the rate of recovery of arrears was low and the closing balance of arrears in comparison to total revenue raised was between 15.24 and 26.79 *per cent* which rose sharply in 2015-16.

After we reported the matter to the Department/Government in June 2016, the Department/Government accepted (August 2016) the audit observations in the exit conference and agreed to take necessary action to realise the arrears by nominating a recovery officer in each circle. Further reply has not been received (October 2016)

**The Government may consider strengthening the existing mechanism for monitoring the recovery of arrears and take appropriate steps to reduce arrears by constituting a separate recovery cell on the lines of Government of Maharashtra where a separate recovery branch headed by Joint Commissioner (Recovery) is equipped with functional powers to attach bank accounts, movable and immovable properties and auction of properties of defaulters under the Maharashtra VAT Act.**

#### **2.4.5 Demand locked up in appeal, revision and courts**

**There was discrepancy in arrears reported by the Department with those collected from 10 circles. The Department reported ₹ 722.09 crore pending in court, other judicial authorities, Government and rectification/review in the entire State, while information furnished by 10 circles reflected the same at ₹ 1,360.21 crore.**

Position of cases pending in Appeal, CCT Court, Tribunal and Court as on 31.03.2015 are as under in **Table-2.7**.

**Table-2.7**

(₹ in crore)

| Demand locked up in Appeal, Revision and Court as furnished by the Department | Amount involved | Demand locked in Appeal, Revision and Court as furnished by the test checked circles <sup>17</sup> | No of cases | Amount involved |
|---|-----------------|--|-------------|-----------------|
| High Court and other Judicial authorities                                     | 450.81          | High Court, Supreme Court and Tribunal   | 309         | 830.76          |
| Government, Rectification and Review  | 271.28          | CCT Court and JCCT Appeal  | 672         | 529.45          |
| <b>Total</b>  | <b>722.09</b>   |  | <b>981</b>  | <b>1,360.21</b> |

It would be seen from the above table that the Department has reported ₹ 722.09 crore pending in court and other judicial authorities, Government and rectification/review as on 31.03.2015 in entire State, while information furnished by 10 circles reflected ₹ 1,360.21 crore in 981 cases. Thus, the position of pending cases of 10 circles exceeded the pending position furnished by the Department for the entire State. This indicates that position of arrears as furnished by the Department requires reconciliation with the figures provided by the circles. This also points to deficient monitoring of arrears by the Government.

After we reported the matter to the Department/Government in June 2016, the Department/Government accepted (August 2016) the audit observations in the exit conference and agreed to ascertain the correct figure of arrears locked up in appeal, revision and courts and stated that there could be possibility of overlapping of same cases with different appellate authorities. Further reply has not been received (October 2016).

**We, however, recommend that Government should take steps to reconcile the difference between overall Departmental figures and those maintained in circles, particularly in view of e-filing of returns and digitisation of data introduced w.e.f July 2011.**

#### **2.4.6 Disposal of cases under revision**

*In the courts of Commercial Taxes Tribunal (CTT) and Commissioner of Commercial Taxes (CCT), 166 revision cases involving ₹ 274.85 crore out of 418 cases filed between January 2010 and March 2014 became barred by limitation of time under the JVAT Act, as mentioned below in the paragraphs 2.4.6.1 to 2.4.6.2.*

##### **2.4.6.1 Revision cases pending for disposal in the court of Commercial Taxes Tribunal (CTT)**

**In the court of CTT, 62 revision cases involving ₹ 51.90 crore out of 298 cases, filed during 7 May 2011 to March 2014 were pending which required disposal within two years from the date of filing cases. These cases have become barred by limitation of time under the JVAT Act.**

Under Section 80 (1) and 2 (b) of JVAT Act, 2005, an order passed on an appeal may, on application, be revised by the Tribunal. Any order passed

<sup>17</sup> Adityapur, Deoghar, Dhanbad, Dhanbad Urban, Jamshedpur, Jamshedpur Urban, Ramgarh, Ranchi East, Ranchi South and Singhbhum.

under this Act or an order against which an appeal has been provided, on application be revised by the Tribunal. Further, sub-section (6) of Section 80 was amended from 7 May 2011 to prescribe the time limit of two years for disposal of revision cases by CTT.

Division wise position of pending cases upto May 2016 as furnished by the Tribunal is as under in **Table-2.8**.

**Table-2.8**

| Name of the Division | No. of cases | Amount        | (₹ in crore)   |              |
|----------------------|--------------|---------------|--|--------------|
|                      |              |               | No. of cases pertaining to the period 07.05.11 to March 2014 under VAT Act | Amount       |
| Jamshedpur           | 92           | 111.49        | 27   | 8.58         |
| Ranchi               | 42           | 73.86         | 2  | 1.50         |
| Dhanbad              | 64           | 16.71         | 7  | 0.66         |
| Hazaribag            | 74           | 116.99        | 21   | 41.03        |
| Santhal Pargana      | 26           | 44.18         | 5  | 0.13         |
| <b>Total</b>         | <b>298</b>   | <b>363.23</b> | <b>62</b>  | <b>51.90</b> |

From the above it could be seen that 298 cases involving ₹ 363.23 crore were pending for disposal in the court of CTT, Jharkhand up to May 2016. Of which 62 cases involving ₹ 51.90 crore were filed during the period 7 May 2011 to March 2014 related to the JVAT Act. The cases were not finalised within the stipulated period and consequently these cases have become barred by limitation of time. As such, tax of ₹ 51.90 crore could not be realised.

After we reported the matter to the Department/Government in June 2016, the Department/Government accepted (August 2016) the audit observations in the exit conference and stated that the Department was contemplating to bring about necessary amendment regarding limitation of time in the Act. Further reply has not been received (October 2016).

#### **2.4.6.2 Revision cases pending for disposal in the court of Commissioner Commercial Taxes (CCT)**

**In the court of CCT, 104 revision cases involving ₹ 222.95 crore out of 120 cases filed during 2010 to 2013 required to be disposed of within a period of two years from the date of filing the cases, were pending. These cases have become barred by limitation of time under the JVAT Act.**

The JVAT Act and the Rules made thereunder provide for adequate remedies by way of revision to the higher authorities in the Department or to a Tribunal against order passed by the assessing and other authorities under the various provisions in the Act.

The Commissioner of Commercial Taxes Department may on his own motion or on an application, call for and examine the records of any proceedings in which order has been passed by any authority appointed under Section 4 of the Act to satisfy himself as to legality and propriety of such order and may pass such order as he thinks fit after examination of records under sub-section 4 of Section 80 of the Act. Further, sub-section (6) of Section 80 was amended from 7 May 2011 to prescribe the time limit of two years for disposal of revision cases by CCT.

We called for the information regarding revision cases pending for disposal in CCT Court. The information furnished by them is depicted below in the **Table-2.9**.

**Table-2.9**

| Period | Opening Balance | Addition | Total | Clearance | Closing Balance | Disposal percentage |
|--------|-----------------|----------|-------|-----------|-----------------|---------------------|
| 1      | 2               | 3        | 4     | 5         | 6               | 7 (5 to 4)          |
| 2011   | 1,277           | 1,398    | 2,675 | 800       | 1,875           | 29.91               |
| 2012   | 1,875           | 1,450    | 3,325 | 800       | 2,525           | 24.06               |
| 2013   | 2,525           | 1,435    | 3,960 | 1,250     | 2,710           | 31.57               |
| 2014   | 2,710           | 1,412    | 4,122 | 1,280     | 2,842           | 31.05               |
| 2015   | 2,842           | 1,400    | 4,242 | 1,240     | 3,002           | 29.23               |

It would be seen from the above table that the pending cases increased from 1,277 as on 1 January 2011 to 3002 as on 31 December 2015, thus registering an increase of 135.08 *per cent*, while the rate of disposal in each year ranged between 24.06 and 31.57 *per cent* with decreasing trend from the year 2013.

We selected 120 cases of revisions for test check involving disputed amount of ₹ 257.24 crore filed between the period 1 January 2010 and 31 December 2013 and noticed that 104 cases involving ₹ 222.95 crore<sup>18</sup> were pending for disposal in the court of CCT till May 2016. These cases were required to be disposed of between December 2013 and December 2015 as per the provisions of the Act. These cases became barred by limitation of time, as such, tax of ₹ 222.95 crore was not realised.

After we reported the matter to the Department/Government in June 2016, the Department/Government accepted (August 2016) the audit observations in the exit conference and stated that the Department was contemplating to bring about necessary amendment regarding limitation of time in the Act. Further it was stated that in the cases where no action/decision was taken and the cases which became barred by limitation of time, the judgment of lower courts would stand. Audit sought clarification on the matter and also asked for the action taken by the Department in form of issuance of demand notices and realisation of amount by the lower court subsequent to cases being barred by limitation of time. The Principal Secretary stated that necessary action would be taken in this regard. Further reply has not been received (October 2016).

**The Government may issue instructions for periodic review of cases under appeal/revisions for ensuring disposal of the cases within the stipulated time frame by appointing special Commissioner or delegating the power to the departmental authorities to fast track the cases.**

#### **2.4.7 Admission of case under revision**

**The dealer was required to deposit a sum of ₹ 1.30 crore (i.e. 20 *per cent* of assessed tax of ₹ 6.50 crore) instead ₹ 1.06 crore was deposited by the dealer for admission of the case under revision.**

Under the proviso to sub-section 4 of Section 80 of the JVAT Act, 2005, no revision/application shall be admitted unless the dealer objecting to an order of

<sup>18</sup> 13 cases of ₹ 10.80 crore pertain to the period prior to 07.05.2011 and remaining 91 cases involving ₹ 212.15 crore upto December 2013.

assessment or reassessment or appellate order has paid 20 *per cent* of the tax assessed or full amount of admitted tax, whichever is greater from July 2014.

We noticed (May 2016) in Dhanbad Urban Commercial Taxes Circle that a dealer (M/s Ashok Leyland, TIN-20111601279) was assessed to tax of ₹ 6.50 crore under the CST Act on 10 February 2015 for the period 2011-12. The dealer had deposited admitted tax of ₹ 31 lakh. Thus, a Demand Notice No. 15551 dated 10 February 2015 was communicated to the dealer for paying remaining amount of ₹ 6.19 crore. The dealer filed an application for revision (Revision Case No. CCS968/2015) in the court of Commissioner of Commercial Taxes, Jharkhand, Ranchi. The Commissioner directed the dealer to deposit ₹ 75 lakh against the disputed amount for granting stay of realisation of remaining amount till final order.

However, under the provisions of the Act *ibid*, the dealer was required to deposit a sum of ₹ 1.30 crore (i.e. 20 *per cent* of assessed tax of ₹ 6.50 crore) instead ₹ 1.06 crore (₹ 31 lakh and ₹ 75 lakh) was deposited by the dealer.

After we reported the matter to the Department/Government in June 2016, the Department/Government accepted (August 2016) the audit observations in the exit conference and agreed to look into the case. Further reply has not been received (October 2016).

#### 2.4.8 Deficiencies in initiating follow up action for recovery of arrears

**Demand notices were either not served or served after inordinate delay ranging between six months and two years one month thus tax and interest of ₹ 5.54 crore was not realised.**

A notice of demand for tax, penalty or interest payable under the provisions of the Rule 17 of the JVAT Rules, 2006, is required to be issued specifying the date on or before which it is payable. The service of the notice on assessee is obligatory before proceedings for recovery of the unpaid amount of tax, penalty or interest are initiated. There is no limit of time prescribed within which demand notice is to be served after finalisation of assessment, however it should be served as early as possible. The notice of demand could be served by fax, email service or by any other electronic means effective from July 2011.

We noticed (between March and May 2016) in seven Commercial Taxes Circles in case of 25 dealers out of 170 dealers that demand notices were either not served or served after inordinate delay for realisation of tax and interest of ₹ 554.02 lakh. Details are as under in **Table-2.10**.

**Table-2.10**

| (₹ in lakh)  |                    |                |                    |  |                                    |                |
|--------------|--------------------|----------------|--------------------|--|------------------------------------|----------------|
| Sl. No.      | Name of the Circle | No. of dealers | Period of tax      | Date of issue of demand notices<br>Date of service of demand notices | Delay in service of demand notices | Arrears Amount |
| 1            | Ranchi South       | 3              | 2006-07 to 2008-09 | March 09 and <u>September 10</u><br>June 10 and March 12             | 15 to 25 months                    | 40.06          |
|              |                    | 7              | 2006-07 to 2009-10 | March 09 and March 13  | not served                         | 98.90          |
| 2            | Ranchi East        | 2              | 2008-09 to 2010-11 | March 11 and <u>March 14</u><br>May 12 and September 14              | 6 to 13 month                      | 5.39           |
|              |                    | 7              | 2001-02 to 2009-10 | February 09 and December 15  | not served                         | 61.74          |
| 3            | Ramgarh            | 1              | 2006-07            | July-11  | not served                         | 219.33         |
| 4            | Deoghar            | 2              | 2011-12            | <u>March 15</u><br>January 16 and February 16                        | 10 to 11 months                    | 120.20         |
| 5            | Adityapur          | 1              | 2009-10            | <u>October 13</u><br>July 14   | 9 months                           | 5.23           |
| 6            | Singhbhum          | 1              | 2009-10            | <u>May 12</u><br>February 13   | 8 months                           | 1.61           |
| 7            | Dhanbad Urban      | 1              | 2009-10            | <u>May 15</u><br>November 15   | 6 months                           | 1.56           |
| <b>Total</b> |                    | <b>25</b>      |                    |  |                                    | <b>554.02</b>  |

From the above it could be seen that the delay in serving of demand notices ranged between six months and two years one month.

This resulted in consequential delay in collection of revenue and had an overall impact on initiation of further proceedings for realisation of arrears of tax.

In the exit conference the Principal Secretary agreed to fix time frame to issue and service of demand notice after assessment of tax by making necessary amendment in the JVAT Rules. Further reply has not been received (October 2016).

#### **2.4.8.1 Inordinate delay in service of demand notice**

**The dealer was served demand of penalty of ₹ 41.52 lakh after a lapse of four years and four months of assessment.**

We noticed (May 2016) in Ranchi South Commercial Taxes Circle, in case of a dealer (M/s Videocon Industries Ltd., TIN-20050100140, Period-2007-08), that the goods of the dealer were seized during an inspection by the Commercial Taxes Officer on 07 February 2008. As the dealer failed to produce evidence regarding proper accounting of goods, the prescribed authority imposed penalty of ₹ 41.52 lakh under Section 70(5) (b) of the JVAT Act, 2005, and demand notice was issued on 13 February 2008.

The dealer preferred an appeal in the court of JCCT (Appeal) on 29 May 2008. The case was remanded to the circle on 01 July 2008. An ex-parte order for imposing penalty of ₹ 41.52 lakh was made on 28 April 2009 but demand



notice was served upon the dealer after a lapse of four years and four months (August 2013) due to weak monitoring of remand cases and absence of provision of time schedule for serving of demand notice in the Rules.

The assessee preferred an appeal in the court of JCCT (Appeal) again on 21 September 2013 on the grounds of delay in serving of demand notice. The JCCT set aside the earlier order dated 28 April 2009 and remanded the case to circle for fresh order on 21 December 2013. Accordingly, a fresh order for ₹ 38.76 lakh was made and demand notice was again issued (January 2016).

Thus delay in service of demand notice for four years and four months led to loss of interest on uncollected revenue.

In the exit conference the Principal Secretary viewed it seriously and assured to take corrective/disciplinary action. Further reply has not been received (October 2016).

**The Government may consider prescribing a time schedule for issue and service of demand notice in order to protect Government revenue.**

#### **2.4.9 Penalty not levied on arrears of assessed tax**

**Penalty of ₹ 10.70 crore was not levied on unrealised amount of assessed tax of ₹ 15.24 crore.**

Under the sub section 6 of Section 43 of the JVAT Act, 2005, where a dealer fails to make payment of the tax assessed or interest levied or penalty imposed on him or any other amount due from him within 30 days from the date of service of the notice of demand, the prescribed authority shall direct the dealer to pay in addition to amount due, by way of penalty, a sum equal to two *per cent* of such amount of tax, penalty, interest or any other amount due every month for the period for which payment has been delayed after the date on which such amount was due to be paid.

We noticed (between March and May 2016) from the assessment case records of 34 out of 224 dealers in 10 Commercial Taxes Circles<sup>19</sup> that assessments for the period 2006-07 to 2011-12 were finalised between January 2009 and May 2015 and accordingly demand notices were served upon the dealers between February 2009 and July 2015, but assessed tax of ₹ 15.24 crore remained unrealised upto March 2016. Penalty of ₹10.70 crore, though leviable on arrears of tax, was not levied (**Appendix-V**).

In the exit conference, the Principal Secretary agreed to the observation and assured to take appropriate action in this regard. Further reply has not been received (October 2016).

<sup>19</sup> Adityapur, Deoghar, Dhanbad, Dhanbad Urban, Jamshedpur, Jamshedpur Urban, Ramgarh, Ranchi East, Ranchi South and Singhbhum.



### 2.4.10 Certified arrears of revenue

**Certified arrears involving ₹ 44.68 crore in 229 cases were pending for disposal for more than 10 years.**

The Requiring Officer (RO) and Certificate Officer (CO) are jointly responsible for timely disposal of certificate cases and are bound to bring to each other's notice and if necessary to the notice of the collector, undue delay. The RO is primarily responsible for systematic application for certificate, the prompt disposal of objections, if referred to him. The CO is responsible for seeing that no delay occurs in the certificate office and that certificates are promptly made as soon as applied for and the requisite notices are issued under Section 7 of the BOPDR Act 1914.

Further, the provisions of sub-section 7 of Section 43 of JVAT Act 2005 and sub-section 4 of Section 25 of repealed Act (BF Act) provide for recovery of tax due under the Act by treating dues as if they were arrears of land revenue, which can be collected by recourse to certificate proceedings under the BOPDR Act 1914 or Revenue Recovery Act 1890. The proceeding under the latter Act can be initiated also in respect of tax dues of another State from the defaulters residing in the State but recovery will be governed by the local law. Further, under Section 15 of the BOPDR Act, arrears can be recovered by attachment and sale of property or by arrest or by both the methods.

The total certified arrears as on March 2015 as reported by the Commercial Taxes Department was ₹ 162.15 crore. We collected data of certified arrears of revenue from 10 Commercial Taxes Circles. The detail of certified arrears as on March 2015 was as under in **Table-2.11**.

**Table-2.11**

(₹ in crore)

| Sl. No.      | Name of the Circle | No. of cases | Total amount | Amount recovered | Balance      | Recovery percentage |
|--------------|--------------------|--------------|--------------|------------------|--------------|---------------------|
| 1            | 2                  | 3            | 4            | 5                | 6            | 7 (5 to 4)          |
| 1            | Dhanbad Urban      | 54           | 18.28        | 4.96             | 13.32        | 27.13               |
| 2            | Dhanbad            | 127          | 4.28         | 0                | 4.28         | 0.00                |
| 3            | Jamshedpur         | 35           | 8.95         | 2.12             | 6.83         | 23.69               |
| 4            | Jamshedpur Urban   | 56           | 6.21         | 1.26             | 4.95         | 20.29               |
| 5            | Adityapur          | 44           | 13.05        | 0                | 13.05        | 0.00                |
| 6            | Singhbhum          | 34           | 7.83         | 0                | 7.83         | 0.00                |
| 7            | Deoghar            | 59           | 7.11         | 3.53             | 3.58         | 49.65               |
| 8            | Ranchi East        | 24           | 13.65        | 0.04             | 13.61        | 0.29                |
| 9            | Ranchi South       | 19           | 7.35         | 0.10             | 7.25         | 1.36                |
| 10           | Ramgarh            | 61           | 0.32         | 0                | 0.32         | 0.00                |
| <b>Total</b> |                    | <b>513</b>   | <b>87.03</b> | <b>12.01</b>     | <b>75.02</b> | <b>13.80</b>        |

From the above table, it could be seen that the rate of recovery of certified arrears in four circles was nil and in other six Commercial Taxes Circles recovery ranged between 0.29 and 49.65 per cent.

Age-wise pendency of certified arrears of revenue in nine circles<sup>20</sup> out of 28 circles was as under in **Table-2.12**.

<sup>20</sup> Adityapur, Deoghar, Dhanbad Urban, Jamshedpur, Jamshedpur Urban, Ramgarh, Ranchi East, Ranchi South and Singhbhum.

Table-2.12

(₹ in crore)

| Age wise pendency  | No. of cases | No. of circles involved | Amount involved |
|--------------------|--------------|-------------------------|-----------------|
| 20 Years and above | 118          | 8                       | 2.36            |
| 10-20 years        | 111          | 9                       | 42.32           |
| 5-10 years         | 52           | 7                       | 13.39           |
| 0-5 years          | 105          | 6                       | 12.67           |
| <b>Total</b>       | <b>386</b>   |                         | <b>70.74</b>    |

From the above it could be seen that in 229 cases of certified arrears in nine circles, ₹ 44.68 crore was pending for realisation for more than 10 years.

In the exit conference the Principal Secretary agreed to issue necessary instructions to concern circles for speedy settlement of the arrears involved in certificate cases.

**The Government may issue directions for speedy settlement of the arrears cases through constant monitoring by invoking provisions of the Bihar and Orissa Public Demand Recovery Act, 1914.**

#### **Illustrative cases of certified arrears**

**Certified arrears of ₹ 24.35 crore against six certificate debtors remained undisposed due to lack of effective pursuance of cases even after a lapse of more than 13 years to 22 years of filing of the cases.**

- We noticed (May 2016) in Adityapur Commercial Taxes Circle in case of M/s Saraikela Glass Works Ltd., Reg. No.-AP 10(R)/1(C) out of 21 dealers, that the dealer had an assessed tax dues of ₹ 974.75 lakh for the period pertaining to 1987-88 to 1992-93 and ₹ 97.91 lakh for the periods 1979-81, 1986-87 and 1993-95 (Total ₹ 1,072.66 lakh). The certificate case was filed for recovery of dues before the court of Deputy Commissioner, Saraikela vide certificate case no. 01/2000-01 and 1 (ST)/ 2002/03. A notice and copy of the certificate was required to be served on certificate debtor under Section 7 of the BOPDR Act but it was not served till 2011. Meanwhile, the company had already closed down its business. The CO also did not invoke Section 15 of BOPDR Act for realisation of the dues.

The Department came to know about liquidation of the company under an official liquidator attached with the Kolkata High Court and submitted its claim to the liquidator in December 2013, the admission of which could not be ascertained. However, there was nothing on record to indicate effective steps taken either by the RO or the CO in this regard (December 2013).

After we pointed out the case, the DCCT stated that efforts were being taken to pursue the case. The fact remains that the arrears of revenue had not been realised even after a lapse of 15 years of filing of certificate case. Further reply has not been received (October 2016).

- We noticed (May 2016) in Dhanbad Urban Commercial Taxes Circle that a certificate case was filed against a dealer M/s Howrah Motors Co. bearing registration no.-DU-111(R), vide case no. 66/ST/1999-2000 in March 2000 for realisation of arrears of revenue of ₹1.42 crore for the period 1993-94 to 1996-97. The Collector in hearing dated 02 December 2011 observed that

the immovable property of certificate debtor had been auctioned by the order of Debt Recovery Tribunal, Kolkata. The Collector directed the Department to file application as per legal procedure in respect of purchaser, M/s Krishna Construction to make him a party to the case under corresponding section of the BOPDR Act. However, no action was taken against the purchaser of the property under the BOPDR Act for realisation of the revenue.

After we pointed this out, the DCCT stated that the matter would be looked into to verify and whether any action could legally be taken against the purchaser. Further reply has not been received (October 2016).

- We noticed (May 2016) in Dhanbad Urban Commercial Taxes Circle in case of a dealer, M/s B K Jaisawal that a certificate case was filed vide case no. 65/ST/1999-2000 in March-2000 for realisation of arrears of revenue of ₹ 233.68 lakh for the period 1998-2000, of which ₹ 85.54 lakh was pending in the court of Jharkhand Commercial Taxes Tribunal since 16 December 2008. The realisable amount was ₹ 148.14 lakh. The delay in finalising the case by the Tribunal affected recovery of the arrears.

After we pointed this out, the DCCT stated that case would be pursued in the Tribunal and the latest update would be communicated. Further reply has not been received (October 2016).

- We noticed (between April and May 2016) in Ranchi East Commercial Taxes Circle that certificate cases were filed during the period 1993-94 to 2002-03 for realisation of arrears of ₹ 985.85 lakh for the period 1980-81 to 1996-97 in respect of three dealers out of 24 dealers having address outside the State (Kolkata) details of which are as under in **Table-2.13**.

**Table-2.13**

| Case no. and year of filing | Name of the dealer / Reg. No   | Period             | (₹ in lakh)   |
|-----------------------------|--|--------------------|---------------|
|                             |  |                    | Amount        |
| 1(ST)/2002-03               | M/s Ashish Investment, Reg. No. RN(E) - 857(R), Pro- Ganesh Kr. Agrawal, S/o Bala Prasad Agrawal, 15A Everest House, 46E Chourangi Road, Kolkata.                    | 1987-88 to 1996-97 | 917.09        |
| 4 to 9 (ST)/1995-96         | M/s Poly Art Industries Pvt. Ltd. RN (E) - 650(R)/ 478(C) Kokar Industrial area, Prop. Arun Kr. Khomany, Dilip Khomany S/O Gobind Deo Khomany, Wood Street, Kolkata. | 1989-90 to 1994-95 | 63.68         |
| 2(ST)/1993-94               | M/s Harlalka Enterprises Pvt. Ltd., H B Road Kokar/52/1/A Colony Street, Kolkata.  | 1980-81            | 5.08          |
| <b>Total</b>                |  |                    | <b>985.85</b> |

The RO and CO were jointly responsible for timely disposal of certificate cases and are bound to bring to each other's notice and if necessary, to the notice of the collector, undue delay.

Audit noticed that the RO and the CO did not take any action for realisation of the certified arrears even after a lapse of more than 13 years to 22 years of filing of the cases.

After we pointed out the case, the DCCT stated (July 2016) that the defaulters were not residing on the registered address. The DCCT further stated that efforts were being made to locate the defaulters to realise the arrears.

In the exit conference with the Principal Secretary, the cases related to Adityapur, Dhanbad Urban and Ranchi East circles were discussed in detail and it was assured by the Government to take necessary steps for disposal of the cases. Further reply has not been received (October 2016).

#### **2.4.10.1 Discrepancies in reporting of the certificate cases**

##### **Discrepancy between Register-IX and X of ₹ 1.99 crore.**

Under the provisions of BOPDR Act, 1914 read with instruction 46 of the Board of Revenue, certificate proceedings initiated for realisation of arrears are entered in register IX maintained in the circle and are required to be sent to the certificate office which enters details in register-X. Further, the CO is responsible for ensuring that no delay occurs in the certificate office. The Board's instruction further stipulated that register-IX and X must be compared every month.

We crossed verified (May 2016) register IX of Dhanbad Commercial Taxes Circle with register X of certificate office concerned and noticed that case no. 22/99-00 filed in March 2000 against a dealer, M/s DATA Cable Pvt. Ltd., Dhanbad, for realisation of arrears for the period 1991-92 to 1993-94 of ₹ 1.99 crore was missing from register IX. The RO did not compare register IX and register X. As such, the certified case was not pursued to realise the arrears.

After we pointed this out, the DCCT stated that register IX would be reconciled with register X in the District Certificate Office. Further reply has not been received (October 2016).

#### **2.4.10.2 Penalty not imposed before institution of certificate case**

##### **Penalty of ₹ 13.22 crore was not imposed before institution of certificate cases on unrealised arrears of ₹ 7.31 crore.**

The Board of Revenue instruction no. 9 under the BOPDR Act, 1914, provides that interest, if any, at whatever rate allowed by the concerning Act from the date when the demand became due to the date of making certificate, will be included in the demand by the Requiring Officer (RO). As such the RO was required to include the amount of interest/penalty in demand (arrears of tax) under the JVAT Act or the concerning section of the repealed Act before filing of the certificate case.

We noticed (May 2016) from the records of certificate cases in three Commercial Taxes Circles<sup>21</sup> that out of 54 dealers certificate proceeding against six dealers for realisation of arrears of revenue of ₹ 7.31 crore for the period 1992-93 to 2009-10 were instituted between January 2010 and February 2015. The RO while sending the cases to the CO did not impose penalty of ₹ 13.22 crore for delay in payment of tax, without assigning any reason (Appendix-VI).

In the exit conference the Principal Secretary agreed to take appropriate action. Further reply has not been received (October 2016).

<sup>21</sup> Dhanbad Urban, Jamshedpur and Singhbhum.

## **2.4.11 Certificate case not initiated**

### **2.4.11.1 Certificate case not initiated against the closedown business**

**Certificate proceeding was not initiated even after a lapse of two to three years after service of demand notices.**

We noticed (May 2016) in Ramgarh and Ranchi East Commercial Taxes Circles that two dealers had closed down their business without paying tax dues amounting to ₹ 2.42 crore pertaining to the period 2009-10 and 2010-11, assessed in February 2013 and May 2014 respectively. Demand notices were issued between February 2013 and May 2014. However, no certificate proceeding was initiated even after a lapse of two to three years after service of demand notices. Further penalty of ₹ 1.34 crore calculated at the rate of two *per cent* per month from the date on which it became due (between May 2013 and July 2014) till date (March 2016) was also leviable on arrears of assessed tax under Section 43(6) of the JVAT Act 2005 but not levied (October 2016).

In the exit conference the Principal Secretary agreed to take appropriate action. Further reply has not been received (October 2016).

### **2.4.11.2 Certificate case not initiated for realisation of Electricity Duty (ED)**

**Electricity Duty (ED) of ₹ 116.98 crore including penalty of ₹ 70.78 crore for the period 2002-03 to 2009-10 was pending for realisation against two assesseees.**

Under Section 7 of the BED Act, 1948, any duty or penalty imposed under the Act which remains unpaid is recoverable as if it were an arrear of land revenue. Further, under Section 5-A (2) of BED Act, 1948, if any licensee fails to make payment of duty within due date, the prescribed authority shall impose a penalty which may not be less than two and half *per cent* for first three month following the due date and five *per cent* for each subsequent month.

We noticed (May 2016) in Ranchi South Commercial Taxes Circle in case of two assesseees that assessment for the period 2002-03 to 2009-10 was finalised between March 2008 and October 2013. Accordingly, demand notices were issued between March 2011 and October 2013 for arrears of assessed electricity duty (ED) of ₹ 46.20 crore. Demand notices were served between October 2011 and November 2013 but the same remained unrealised till date (October 2016). The prescribed authority did not invoke provisions of the Act to realise amount of duty without assigning any reason. Besides, penalty of ₹ 70.78 crore for the period November 2011 to March 2016 was also leviable on arrears of assessed amount of electricity duty, but was not levied (**Appendix-VII**).

In the exit conference the Principal Secretary agreed to take appropriate action for realisation of arrears of electricity duty from JSEB. Further reply has not been received (October 2016).

### 2.4.12 Deferred amount of tax and interest thereon not realised

**Amount of ₹ 98.74 lakh including interest of ₹ 22.02 lakh was not realised from the defaulters.**

Section 95(3) (ii) of the JVAT Act read with Rule 64 provides that a registered dealer enjoying the facility of exemption for payment of tax under the repealed Act may be allowed to convert the facility of exemption into facility of deferment of payment of tax for the unexpired period or the un-availed percentage of gross value of fixed assets, provided that assessee has been issued fresh eligibility certificate in form in JVAT 408. Further, after end of the deferred period the dealer has to pay deferred tax in ten equal six monthly instalments, failing which, interest is leviable at the rate of two and half *per cent* per month. However, Hon'ble Supreme Court had ordered to pay interest at the rate of one *per cent* in default of payment of deferred tax in case of M/s TATA Steel Co. *vrs.* State of Jharkhand (12.02.2016).

We noticed (May 2016) in Dhanbad Commercial Taxes Circle that six dealers had availed facility of deferment of tax of ₹ 1.29 crore for unexpired period between April 2006 to March 2012, of which two dealers had made payment of total amount of deferred tax of ₹ 10.63 lakh and other two dealers had made part payment of ₹ 41.21 lakh (total ₹ 51.84 lakh). The remaining amount of ₹ 76.72 lakh was not realised from four dealers till May 2016. Interest of ₹ 22.02 lakh, calculated at the rate of one *per cent* per month on arrears of deferred tax though leviable was not levied. Thus, ₹ 98.74 lakh including interest of ₹ 22.02 lakh was not realised from the defaulters.



In the exit conference the Principal Secretary agreed to take appropriate action to realise the arrears. Further reply has not been received (October 2016).

### Internal Control Mechanism

Internal controls are intended to provide reasonable assurance of proper enforcement of law, rules and departmental instructions. These also help in the prevention and detection of frauds and other irregularities. The internal controls also help in creation of reliable financial as well as management information systems for prompt and efficient services and for adequate safeguards against evasion of taxes and duties. It is, therefore, the responsibility of the Department to ensure that a proper internal control structure is instituted, reviewed and updated from time to time to keep it effective.



### 2.4.13 Monitoring of arrears of revenue

**The Department neither prescribed any Dues and Collection Register nor did it install an in-built system in the software to monitor realisation of arrears under the JVAT Act.**

Under the provisions of the repealed Act (BF Act) the Department had prescribed dues and collection register (Register-VI) to be maintained by each Commercial Taxes Circle to facilitate the monitoring of receipt of returns, deposit of admitted/assessed tax and completion of assessment, balance tax due after deducting the tax deposited etc.

After introduction of the JVAT Act, the Department neither prescribed any such register for depicting details of arrears of tax nor did it monitor the realisation of arrears through a software application. However, we noticed that some of the test checked circles continued maintenance of Register VI for their own convenience. This indicated the failure of internal control system of the Department with regard to monitoring and collection of arrears of revenue.

After we pointed out the matter, the Department accepted the fact that requisite software for monitoring the arrears did not exist and stated that TCS was being instructed to install the software for this purpose.

### 2.4.14 Human resource management

**There was significant shortage of officer (35 per cent) and support staff (67 per cent) in the test checked circles as on March 2016 which affected the working of the collection of revenue arrears.**

Availability of manpower is a key factor for smooth and efficient working of a Department. It was noticed that although there was an increase in the arrears during the coverage period but there was severe shortage of manpower. We collected (between April and July 2016) the circle-wise position of sanctioned strength and men- in- position of officers and other support staff from the test checked circles. Sanctioned strength and persons-in-position as on March 2016 was as under in **Table-2.14**.

**Table-2.14**

| Sl. No.      | Name of the circle | Sanctioned strength |            | Persons-in-position |            | Shortage  |            |
|--------------|--------------------|---------------------|------------|---------------------|------------|-----------|------------|
|              |                    | Officers            | Others     | Officers            | Others     | Officers  | Others     |
| 1            | Adityapur          | 8                   | 39         | 6                   | 10         | 2         | 29         |
| 2            | Deoghar            | 8                   | 25         | 4                   | 7          | 4         | 18         |
| 3            | Dhanbad            | 8                   | 36         | 5                   | 13         | 3         | 23         |
| 4            | Dhanbad Urban      | 12                  | 45         | 8                   | 11         | 4         | 34         |
| 5            | Jamshedpur         | 11                  | 36         | 9                   | 12         | 2         | 24         |
| 6            | Jamshedpur Urban   | 10                  | 36         | 6                   | 13         | 4         | 23         |
| 7            | Ramgarh            | 8                   | 23         | 7                   | 13         | 1         | 10         |
| 8            | Ranchi East        | 8                   | 29         | 5                   | 9          | 3         | 20         |
| 9            | Ranchi South       | 11                  | 35         | 5                   | 9          | 6         | 26         |
| 10           | Singhbhum          | 7                   | 22         | 4                   | 9          | 3         | 13         |
| <b>Total</b> |                    | <b>91</b>           | <b>326</b> | <b>59</b>           | <b>106</b> | <b>32</b> | <b>220</b> |

From the above, it could be seen that there was significant shortage of officer (35 per cent) and support staff (67 per cent) in the test checked circles which affected the collection of arrears of revenue as illustrated in earlier paragraphs.

**We recommend that the Government may consider deployment of manpower in accordance with sanctioned strength for effective administration of the Act.**

#### **2.4.15 Internal Audit**

Internal Audit is vital component of the Internal Control Mechanism and is generally defined as the control of all controls to enable an organisation to assure itself of proper enforcement of laws, rules and departmental instructions. For the purpose of selective audit assessment, VAT Audit Wing exists in the Department but not for the purpose to review the cases of arrears of revenue. The Commercial Taxes Department stated in April 2016 that a team of officers had been authorised to monitor recovery of dues at headquarter level. However, the Department did not furnish the results of monitoring of arrears though called for (July 2016).

#### **2.4.16 Conclusion**

The Department has not prescribed any register or established requisite inbuilt system in the application software for monitoring of arrears of revenue. As such, the department could not ascertain the correct position of arrears. Further, the Department had not prescribed time schedule for serving of the demand notice for prompt realisation of revenue and it did not have an effective system and procedure for speedy settlement of arrears by constant monitoring and reviewing of cases pending in Appeal and Revision.

#### **2.4.17 Summary of Recommendations**

The Government may consider:

- Strengthening the existing mechanism for monitoring the recovery of arrears and taking appropriate steps to reduce arrears by constituting a separate recovery cell on the lines of Government of Maharashtra where a separate recovery branch headed by Joint Commissioner (Recovery) is functional with powers for attachment of bank account, movable and immovable properties and auction of properties of defaulters on account of arrears as per revenue recovery manual under Maharashtra VAT Act;
- Issuing instructions for periodic review of cases under appeal/revisions for ensuring disposal of the cases within the stipulated time frame by appointing special Commissioner or delegating the power to the departmental authorities to fast track the cases;
- Prescribing a time schedule for issue and service of demand notice in order to protect Government revenue;
- Issuing directions for speedy settlement of the arrears cases by constant monitoring by invoking provisions of the Bihar and Orissa Public Demand Recovery Act, 1914; and
- Deploying manpower in accordance with sanctioned strength for effective administration of the Act.



## 2.5 Irregularities in determination of actual turnover

Correct determination of turnover is essential for proper assessment and levy of taxes due. This paragraph highlights the suppression of sales/purchase turnover and incorrect determination of turnover involving tax and penalty of ₹294.32 crore as mentioned in the paragraphs 2.5.1 to 2.5.3.

### 2.5.1 Suppression of sales/purchase turnover under JVAT Act

**The Assessing Authorities while finalising the assessments did not verify the returns with the additional information available in other records of the dealer. This led to suppression of actual turnover and consequential under-assessment of tax and penalty of ₹ 284.10 crore.**

Under the provisions of Section 40(1) read with Section 37 (6) of the JVAT Act and the Section 9 of the CST Act, if the prescribed authority has reasons to believe that the dealer has concealed, omitted or failed to disclose wilfully, the particulars of such turnover or has furnished incorrect particulars of such turnover and thereby the returned figures are below the real amount, the prescribed authority shall proceed to assess or reassess the amount of tax due from the dealer in respect of such turnover and shall direct the dealer to pay, besides the tax assessed on escaped turnover, by way of penalty, a sum equivalent to twice the amount of the additional tax so assessed.

We test checked the assessment records (between June 2015 and March 2016) of 1,677 dealers out of 39,741 dealers registered in 11 Commercial Taxes Circles<sup>22</sup>. Audit scrutiny revealed that 18 dealers had disclosed purchase/sales turnover of ₹ 1,447.06 crore during the period 2010-11 to 2012-13 through periodical returns and VAT audit report in Form JVAT 409, on which the assessments were finalised (between September 2013 and August 2015). However, our scrutiny of usage and requisition of Forms C and F, annual return, trading account, annual audited accounts in JVAT 409, profit and loss account and details of road permits submitted by these assesseees indicated that they had actually purchased/received/sold goods<sup>23</sup> worth ₹ 2,230.56 crore. Thus, the assesseees had concealed turnover of ₹ 783.50 crore on account of purchase or sale of commodities. This indicated that the assessing authorities (AAs) did not cross verify the returns with the relevant information available in records submitted by these 18 dealers. This resulted in under assessment of tax of ₹ 284.10 crore including penalty of ₹ 189.40 crore.

We mention specific cases in respect of five dealers in five Commercial Taxes Circles based on highest financial implications in **Table-2.15**.

<sup>22</sup> Adityapur, Deoghar, Dhanbad, Dhanbad Urban, Giridih, Godda, Jamshedpur, Katras, Ranchi East, Ranchi West and Singhbhum.

<sup>23</sup> Bus bodies, cement, commercial vehicles & spare parts, computer and computer parts, de-sulphurising powder, electrical goods, explosives, firebricks, insulator fittings, iron-ores, MS bars, MS flats, Ms Ingot, railway bogies, rubber products, sponge iron, steel tubes and goods involved in works contract.

Table-2.15

| Sl. No. | Name of the circle<br>No. of dealer | Period<br>Month of assessment                     | Nature of observations  | (₹ in crore)                           |                              |
|---------|-------------------------------------|---|---|--|------------------------------|
|         |                                     |   |   | Suppressed turnover<br>Rate of tax (%) | Short levy of VAT<br>Penalty |
| 1       | Adityapur<br>One                    | 2011-12<br>February<br>2015                       | The dealer had paid excise duty including cess of ₹ 49.01 crore on manufactured and sold goods. Thus, the actual sale of goods was ₹ 475.86 crore on the basis of excise duty paid but sale turnover was accounted for ₹ 76.43 crore. | 399.43<br>14                           | 55.92<br>111.84              |
| 2       | Ranchi West<br>One                  | 2010-11<br>March<br>2014                          | The dealer issued declarations in Form 'C' for ₹ 464.96 crore for the period 2010-11 but accounted for inter-State purchase for ₹ 316.98 crore.   | 147.98<br>12.5                         | 18.50<br>37.00               |
| 3       | Singhbhum<br>One                    | 2011-12<br>November<br>2014                       | The dealer did not include the excise duty of ₹ 85.76 crore paid on purchase of raw materials.  | 85.76<br>14                            | 12.00<br>24.00               |
| 4       | Giridih<br>One                      | 2011-12 &<br>2012-13<br>March &<br>August<br>2015 | The dealer had shown sales of ₹ 311.98 crore as per audited annual accounts but the assessment was finalised on ₹ 194.02 crore. Thus, the dealer had suppressed sales turnover of ₹ 117.96 crore.                                     | 117.96<br>5                            | 5.90<br>11.80                |
| 5       | Jamshedpur<br>One                   | 2010-11<br>March<br>2014                          | The actual purchase was ₹ 46 crore but the dealer accounted for ₹ 41.85 crore on which assessment was finalised.  | 4.15<br>12.5                           | 0.52<br>1.04                 |

We reported the matter to the Government in May 2016; the Government/Department in the exit conference agreed with the observations and stated that appropriate action would be taken (August 2016). Subsequently, the Department raised additional demand of ₹ 2.52 crore in four cases of Giridih Commercial Taxes Circle. Further reply has not been received (October 2016).

### 2.5.2 Incorrect determination of gross turnover under JVAT Act

**Gross turnover was incorrectly determined as ₹ 4,633.45 crore instead of ₹ 4,732.25 crore resulting in under-assessment of tax of ₹ 5.63 crore.**

Under the provisions of the Section 2 (xxv) of the JVAT Act, gross turnover (GTO) is the aggregate of all amounts received and receivable by a dealer, including the gross amount received or receivable for execution of works contract or sale of goods made outside the State, in the course of inter-State trade or commerce or export during any given period.

We test checked (between October 2015 and March 2016) the assessment records of 818 dealers out of 14,716 dealers (i.e. 5.5 per cent of the dealers) registered in six Commercial Taxes Circles<sup>24</sup> and noticed that in case of eight dealers, the GTO for the period 2009-10 to 2011-12 was determined as ₹ 4,633.45 crore on the basis of annual returns. However, our scrutiny of the monthly returns furnished by the dealers revealed that the actual GTO was ₹ 4,732.25 crore. The AAs while finalising the assessments (between February 2013 and August 2015) did not consider the figures mentioned in the monthly

<sup>24</sup> Adityapur, Chaibasa, Hazaribag, Jamshedpur Urban, Katras and Lohardaga.

returns and determined a less GTO without assigning any reason resulting in incorrect determination of GTO by ₹ 98.80 crore. The consequence of this was under-assessment of tax of ₹ 5.63 crore.

We reported the matter to the Government in May 2016; the Government/ Department in the exit conference agreed with the observations and stated that appropriate action would be taken (August 2016). Further reply has not been received (October 2016).

### **2.5.3 Incorrect determination of taxable turnover under JVAT Act**

**Grant of excess exemption on labour and other charges under JVAT Rules resulted in short determination of taxable turnover by ₹ 32.98 crore and consequential under-assessment of tax of ₹ 4.59 crore.**

Rule 22 of the JVAT Rules provides for determination of taxable turnover for the purpose of works contract after deducting labour cost and other like charges. It further provides that the value of goods used in execution of works contract declared by the contractor shall not be less than the purchase value and if the contractor or VAT dealer has not maintained the accounts to determine the correct value of goods, he shall pay tax at the rate of 14 *per cent* (from 7 May 2011) on the total consideration received or receivable, subject to deductions specified.

We test checked (between July 2015 and March 2016) the assessment records of 989 dealers out of 19,210 dealers (i.e. 5.14 *per cent* of the dealers) registered in five Commercial Taxes Circles<sup>25</sup> and noticed in case of 10 contractors, that the taxable turnover (TTO) was incorrectly determined as ₹ 141.15 crore instead of ₹ 174.13 crore on account of grant of excess exemption on labour cost and other such charges for the period 2010-11 and 2011-12. The AAs while finalising the assessments (between May 2012 and March 2015) did not work out the taxable turnover as per Rule *ibid*, resulting in short determination of taxable turnover by ₹ 32.98 crore. This resulted in under-assessment of tax amounting to ₹ 4.59 crore.

We reported the matter to the Government in May 2016; the Government/ Department in the exit conference agreed with the audit observations and stated that appropriate action would be taken (August 2016). Subsequently, the Department raised an additional demand of ₹ 4.63 crore in one case of Jamshedpur Urban Commercial Taxes Circle. Further reply has not been received (October 2016).

### **2.6 Interest not levied**

*Interest of ₹ 173.06 crore, though leviable under the provisions of JVAT Act on account of disallowance of claim of stock transfer outside/within the State, inter-State sale on concessional rate of tax, self-consumption of materials/goods, input tax credit and GTO enhanced by the AAs, was not levied. The cases are described in the succeeding paragraphs:*

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<sup>25</sup> Dhanbad Urban, Godda, Jamshedpur, Jamshedpur Urban and Singhbhum.

### 2.6.1 Interest was not levied on disallowed exemptions and concessions

**The assessing authorities levied tax at the prescribed rates on turnover on account of disallowance of exemptions, concessions and input tax credit. However, interest of ₹ 119.92 crore, though leviable, was not levied.**

Under the provisions of Section 35 (6) of the JVAT Act read with Section 9(2) of the CST Act and rules framed thereunder, if the self-assessment has not been filed within the prescribed time, the prescribed authority shall assess the amount of tax and interest due from the dealer on the basis of filed returns which have come on records and after making such adjustment as may be necessary including disallowance of exemptions and any other concessions not supported by requisite evidence as required under the Act. Further, Section 30 (1) of the Act provides for levy of interest at the rate of one *per cent* per month from the date of tax payable to the date of payment or to the date of order of assessment, whichever is earlier.

We test checked (between July 2015 and February 2016) the assessment records of 1,398 dealers out of 36,700 dealers registered in nine Commercial Taxes Circles<sup>26</sup> and noticed that 19 dealers had claimed exemptions through the periodical returns/JVAT 409 on stock transfer outside/within the State and transit sales, concessions on inter-State sale and input tax credit (ITC) of ₹ 32,525.69 crore during 2010-11 and 2011-12. The AAs while finalising the assessments of these dealers (between February 2014 and March 2015), after making such adjustment as may be necessary, allowed exemptions and levied concessional rate of tax on turnover valued at ₹ 28,048.24 crore. Tax of ₹ 345.77 crore at prescribed rates was levied on the balance turnover of ₹ 4,477.45 crore. However, interest amounting to ₹ 119.92 crore, though leviable under the provisions of the Act *ibid*, was not levied.

We mention specific cases in respect of five dealers in five Commercial Taxes Circles based on highest financial implications as mentioned in the **Table-2.16**.

**Table-2.16**

| (₹ in crore) |                                     |                               |   |                         |                   |
|--------------|-------------------------------------|-------------------------------|---|-------------------------|-------------------|
| Sl. No.      | Name of the circle<br>No. of dealer | Period<br>Month of assessment | Nature of observations  | Assessed additional tax | Interest leviable |
| 1            | Ranchi West<br>One                  | 2011-12<br>March 2015         | The dealer had claimed exemption/ ITC of ₹ 2,340.37 crore on account of non-taxable charges, transit sale and ITC. However, claim of ₹ 619.35 crore was allowed by the AAs and tax of ₹ 188.82 crore was levied on disallowed turnover. Interest, though leviable at the rate of one <i>per cent</i> , was not levied on assessed additional tax. | 188.82                  | 66.09             |

<sup>26</sup> Adityapur, Chirkunda, Dhanbad Urban, Giridih, Jamshedpur, Jamshedpur Urban, Jharia, Ranchi Special and Ranchi West.

**Table-2.16**

| (₹ in crore) |                                     |                               |  |                         |                   |
|--------------|-------------------------------------|-------------------------------|--|-------------------------|-------------------|
| Sl. No.      | Name of the circle<br>No. of dealer | Period<br>Month of assessment | Nature of observations   | Assessed additional tax | Interest leviable |
| 2            | Jamshedpur<br>Urban<br>One          | 2011-12<br>February<br>2015   | The dealer had claimed inter-State stock transfer, inter-State sale at concessional rate and sale to SEZ units of ₹ 28,205.90 crore but furnished declaration in Form 'F','C' and 'T' for ₹ 26,523.75 crore. The AA levied tax of ₹ 83.15 crore but interest leviable at the rate of one <i>per cent</i> was not levied on assessed additional tax.              | 83.15                   | 28.27             |
| 3            | Jamshedpur<br>One                   | 2011-12<br>March 2015         | The dealer had claimed stock transfer, inter-State sale at concessional rate, transit sale and ITC of ₹ 717.98 crore but furnished declaration in Form 'F' 'C',E-I and JVAT 404 for ₹ 36.84 crore. The AA levied tax of ₹ 54.59 crore on disallowed turnover but interest leviable at the rate of one <i>per cent</i> was not levied on assessed additional tax. | 54.59                   | 19.11             |
| 4            | Adityapur<br>One                    | 2011-12<br>February<br>2015   | The dealer claimed stock transfer, export sale, inter-State sale at concessional rate and ITC of ₹ 209.29 crore but did not furnish declarations in form 'F', 'C', 'H' and JVAT 404. The AA levied tax of ₹ 8.31 crore on disallowed turnover but interest leviable at the rate of one <i>per cent</i> was not levied on assessed additional tax.                | 8.31                    | 2.83              |
| 5            | Giridih<br>One                      | 2011-12<br>February<br>2014   | The dealer claimed ITC of ₹ 36.81 lakh but ITC claim was disallowed. However interest, leviable at the rate of one <i>per cent</i> was not levied on assessed additional tax.  | 0.37                    | 0.13              |

We reported the matter to the Government in May 2016; the Government/ Department in the exit conference agreed with the audit observations and stated that appropriate action would be taken (August 2016). The Department raised additional demand of ₹ 68.32 crore in three cases of three Commercial Taxes Circles<sup>27</sup>. Further reply has not been received (October 2016).

### **2.6.2 Interest not levied on enhanced turnover**

**Interest of ₹ 53.14 crore was not levied while assessing the turnover and tax thereon by AAs under the provisions of section 40(2) of JVAT Act for concealment/suppression of turnover by 15 dealers.**

According to the provisions of Section 40 (2) of the JVAT Act, if the prescribed authority upon any information, which has come into his possession before assessment or otherwise, that the registered dealer has concealed any sale or purchase or any particular thereof, with a view to reduce the amount of tax payable by him or has furnished incorrect statement of his turnover or incorrect particulars of his sales or purchase in the return furnished by him,

<sup>27</sup> Giridih, Ranchi Special and Ranchi West.

after giving him reasonable opportunity of being heard, he shall direct the assessee, in addition to additional tax assessed on suppressed or concealed turnover, to pay by way of interest a sum at the rate of five *per cent* for each month.

We test checked (between July 2015 and March 2016) assessment records of five *per cent* of the dealers or 1,538 dealers out of 33,298 dealers registered in nine Commercial Taxes Circles<sup>28</sup> and found that 15 dealers had filed their returns declaring GTO of ₹ 3,955.14 crore for the period between 2011-12 and 2012-13. The AAs while finalising the assessments of these dealers (between January 2015 and January 2016) re-determined the GTO at ₹ 4,571.31 crore, enhancing it by an additional amount of ₹ 616.17 crore, on account of non/short accounting of goods, suppression of turnover and furnishing of incorrect, incomplete and unreliable books of accounts. However, interest of ₹ 53.14 crore, though leviable under the provisions of Section 40(2) of JVAT Act was not levied.

We reported the matter to the Government in May 2016; the Government/Department in the exit conference agreed with the audit observations and stated that appropriate action would be taken (August 2016). Further reply has not been received (October 2016).

## 2.7 Irregularities in compliance to the Central Sales Tax Act

*Under the provisions of the CST Act and the rules/notifications issued thereunder, different declaration forms are prescribed for claiming exemptions/concessions from levy of tax. The Act further provides for imposition of penalty for misuse of declaration forms.*

*We noticed that the AAs did not comply with the provisions of the Act and notifications issued thereunder resulting in short levy of tax and penalty of ₹ 45.80 crore. The cases are described in the succeeding paragraphs:*

### 2.7.1 Incorrect allowance of concessional rate of tax under CST

**Concessional rate of tax was incorrectly levied on disallowed transit sales of ₹ 377.32 crore though they were effected within the State and consequential short levy of tax of ₹ 45.28 crore.**

According to Section 6(2) of CST Act, 1956 read with Rule 12(1) and 12(4) made thereunder, sale of any goods in the course of inter-State trade or commerce shall be exempt from tax under this Act, provided the dealer effecting the sale furnishes to the prescribed authority a certificate in Form EI or EII duly signed by the registered dealer from whom the goods were purchased and a declaration in Form 'C' from the party to whom the goods were subsequently sold. Further, Section 3 of the Act provides that a sale or purchase of goods shall be deemed to take place in the course of inter-State trade or commerce if the sale or purchase occasions the movement of goods from one State to another or is effected by the transfer of documents of title to the goods during their movement from one State to another.

<sup>28</sup> Adityapur, Chirkunda, Dhanbad, Dhanbad Urban, Hazaribag, Jamshedpur, Jamshedpur Urban, Jharia and Tenughat.



We test checked (November 2015), the assessment record of 110 dealers out of 5,740 dealers (i.e. two *per cent* of the dealers) in Ranchi West Commercial Taxes Circle and noticed that in case of a dealer, during the assessment (March 2015) for the period 2011-12 the AA disallowed the transit sale of ₹ 377.32 crore and treating it as inter-State sale on furnishing of Form 'C' only issued by the purchasing dealers of Jharkhand and levied concessional rate of tax. As the sale and purchase of goods originated and terminated in the same State, tax was to be levied at the appropriate rate applicable in the State instead of concessional rate of tax applicable under CST Act. This resulted in incorrect allowance of concessional rate and consequent short levy of tax of ₹ 45.28 crore.

We reported the matter to the Government in May 2016; the Government/ Department in the exit conference agreed with the audit observation and stated that appropriate action would be taken (August 2016). Further reply has not been received (October 2016).

### **2.7.2 Under-assessment under CST Act**

**Grant of excess allowance of concessional rate of tax or application of incorrect rate resulted in short levy of tax of ₹ 52.16 lakh under CST Act.**

Under the provisions of Section 8 of CST Act, every registered dealer, who in course of inter-State trade or commerce sells to a registered dealer goods of the class or classes specified in the certificate of registration of the purchasing dealer, shall be liable to pay tax at concessional rate of two *per cent* provided such sale is supported by declaration in Form 'C' issued by the purchasing dealer and where sale is not supported by declaration in Form 'C', tax is leviable at the rate applicable on sale of such goods in the State.

We test checked (between July 2015 and March 2016) the assessment records of 379 dealers out of 7,968 dealers (i.e. 4.8 *per cent* of the dealers) registered in three Commercial Taxes Circles<sup>29</sup> and noticed that in case of three dealers of Dhanbad and Tenughat Commercial Taxes Circles, the AAs while finalising the assessments (between October 2014 and September 2015), levied concessional rate of tax on ₹ 680.25 crore against furnishing of 156 declarations in Form 'C'. However, our scrutiny of records revealed that the aforesaid turnover was inclusive of tax element of ₹ 12.21 crore which was incorrectly treated as taxable turnover. Further, in Adityapur Commercial Taxes Circle we noticed that the AA while finalising the assessment (February 2015) of a dealer levied concessional rate of tax on the turnover of ₹ 15.58 crore on furnishing of 33 declarations in Form 'C' for ₹ 21.33 crore. The AA stated that excess value of Form 'C' of ₹ 6 crore related to another unit of the dealer. We verified the aforesaid form with the records of another unit of the dealer registered in the same circle and noticed that concessional rate of tax was not levied on the aforesaid Form 'C'. In the case of another dealer registered in Adityapur Circle, the dealer did not furnish the declarations in Form 'C' but tax was incorrectly levied at the rate of four *per cent* instead of

<sup>29</sup> Adityapur, Dhanbad and Tenughat.

five *per cent* on the turnover of ₹ 3.52 crore. This resulted in short levy of CST of ₹ 52.16 lakh in case of five dealers.

We reported the matter to the Government in May 2016; the Government/ Department in the exit conference agreed with the fact and stated that appropriate action would be taken (August 2016). The Department raised an additional demand of ₹ 26.96 lakh in one case of Tenughat Commercial Taxes Circle. Further reply has not been received (October 2016).

## 2.8 Application of incorrect rate of tax under JVAT Act

**Application of incorrect rate of VAT on bus/truck bodies, cosmetics, generator set, turnover of deemed sale in works contract etc resulted in short levy of tax of ₹ 15.44 crore.**

Under the provisions of the Section 9 and 13 of the JVAT Act 2005 and schedules appended thereunder bus/truck bodies, cosmetics, paints, bath showers, generator set, diesel engine spares etc. are taxable at the rate of 14 *per cent* from 7 May 2011. Motor parts are taxable at the rate of 10 *per cent* from 7 May 2011. Further, as per Rule 22(2) of JVAT Rules 2006, disallowed turnover of labour and other like charges of works contractors were to be taxed at the rate of 12.5 *per cent* up to 6 May 2011, thereafter at the rate of 14 *per cent*. It has been judicially held<sup>30</sup> that the body of a bus forms an integral part of a motor vehicle and does not come under spare parts or accessories.

We test checked (between July 2015 and March 2016) the assessment records of 968 dealers out of 34,299 dealers (i.e. three *per cent* of the dealers) registered in eight Commercial Taxes Circles<sup>31</sup> and noticed that 22 dealers dealing in bus/truck bodies, cosmetics, steel chairs, generator set, motor parts diesel engine spares etc. or engaged in works contract had filed their returns for the period between 2011-12 and 2012-13 admitting the rates of tax as one, four, five and 10 *per cent*. However, our scrutiny of assessment records revealed that AA, Adityapur Circle levied tax of ₹ 17.80 crore in case of six dealers on sale of bus/truck bodies at the rate of 10 *per cent* treating it as spare parts instead of ₹ 24.92 crore leviable at the rate of 14 *per cent*. Remaining AAs of seven Circles while finalising the assessments of 16 dealers (between May 2014 and March 2016) levied tax of ₹ 5.86 crore on sale of cosmetics, steel chairs, generator set, motor parts diesel engine spares etc. or engaged in works contract at the rate of one, four and five *per cent* instead of correct rate of 14 *per cent* that would have realized tax of ₹ 14.18 crore. The AAs did not verify the figures mentioned in the returns/records *vis-à-vis* aforesaid provisions and schedules of rates. This resulted in under-assessment of tax of ₹ 15.44 crore on account of application of incorrect rate by the AAs.

We reported the matter to the Government in May 2016; the Government/ Department in the exit conference agreed with the audit observations and stated that appropriate action will be taken (August 2016). The Department

<sup>30</sup> Annpurna Carbon Industries Co. vs. State of Andhra Pradesh [1976] 37 STC 378(SC) & Ambala Coach Builders vs State of Haryana & others [1977] 39 STC 44 PH.

<sup>31</sup> Adityapur, Dhanbad, Giridih, Hazaribag, Jamshedpur, Katras, Ranchi Special and Ranchi West.



raised an additional demand of ₹ 12.94 lakh in one case of Giridih Commercial Taxes Circle. Further reply has not been received (October 2016).

## 2.9 Incorrect exemptions

*Determination of correct exemptions to be allowed is essential for assessment of actual turnover for levy of taxes due. This paragraph contains allowance of incorrect exemptions resulting in under-assessment of tax of ₹11.57 crore.*

### 2.9.1 Incorrect allowance of exemption under JVAT Act

**Dealers were allowed incorrect tax exemptions of ₹ 6.08 crore on account of price difference and subsidy, incentive, trade discount, rebate, service charge, petty contract expenses, excise duty etc.**

Under the provisions of Section 2(xlii) of JVAT Act, excise duty forms an integral part of purchase price and as per Section 9(5), amended<sup>32</sup> from April 2010, where a registered dealer allows any trade discount or incentive, whether in terms of quantity in goods or otherwise, in relation to any sale effected by him, the quantity so allowed as trade discount or incentive, shall be deemed to be a sale by the dealer. Further, exemption on account of petty contract expenses made to unregistered contractors and TDS is not admissible under Rule 22 of JVAT Rules.

We test checked (between July 2015 and March 2016) assessment records of 1,375 dealers out of 37,606 dealers (i.e. 3.6 per cent of the dealers) registered in nine Commercial Taxes Circles<sup>33</sup> and noticed that 13 assesseees had claimed exemption on account of price difference and subsidy, incentive, trade discount, rebate, service charge, petty contract expenses, excise duty and TDS of ₹ 56.56 crore during 2011-12 and 2012-13. The AAs while finalising the assessments (between April 2014 and March 2015) incorrectly granted exemption from tax on the aforesaid turnover in contravention of the provisions *ibid* resulting under-assessment of tax of ₹ 6.08 crore.

We reported the matter to the Government in May 2016; the Government/ Department in the exit conference agreed with the audit observations and stated that appropriate action would be taken (August 2016). Further reply has not been received (October 2016).

### 2.9.2 Incorrect allowance of exemption

**Tax of ₹ 5.49 crore was under-assessed due to allowance of incorrect exemption of ₹ 109.74 crore by the AA.**

Under Section 6A of the CST Act and Rule 12(5) made thereunder, submission of declaration in Form 'F' is mandatory for availing exemption from tax on stock transfer of goods made outside the State. In case of transactions not supported by Form 'F', tax is leviable at the appropriate rate applicable in the State. Further, Rule 44 of the JVAT Rules, where any dealer claims exemption from levy of tax on stock transfer of goods within the State

<sup>32</sup> SO 1 of 7 May 2011.

<sup>33</sup> Adityapur, Dhanbad, Giridih, Jamshedpur Urban, Palamu, Ranchi East, Ranchi Special, Ranchi West and Singhbhum.

to its branches, the dealer for this purpose shall furnish Form JVAT 506 duly issued by the transferee branch.

We test checked (March 2016) the assessment records of 179 dealers out of 1,470 dealers (i.e. 12.17 *per cent* of the dealers) in Katras Commercial Taxes Circle and noticed that in case of a dealer the AA while finalising the assessment for the period 2011-12 in February 2015, disallowed the claim of ₹ 16.42 crore and ₹ 93.32 crore on account of intra-State and inter-State stock transfers, not supported by declarations in Form 'JVAT 506' and Form 'F' respectively. However, the aforesaid turnover of ₹ 109.74 crore had escaped from levy of tax at the time of finalisation of assessment. This resulted in allowance of incorrect exemption of ₹ 109.74 crore and consequent short levy of tax of ₹ 5.49 crore.

We reported the matter to the Government in May 2016; the Government/ Department in the exit conference agreed with the audit observations and stated that appropriate action would be taken (August 2016). Further reply has not been received (October 2016).

## 2.10 Irregularities in grant of Input Tax Credit

**Extra ITC of ₹ 4.47 crore was allowed due to incorrect application of Rules and adjustment of ITC on sales to unregistered dealers outside the State.**

Under the provisions of Section 18 of the JVAT Act, ITC to which the registered dealer is entitled, shall be the amount of tax paid by the registered dealer on purchases made within the State during any tax period and shall substantiate such claim by producing declaration in JVAT 404 issued by the preceding VAT selling dealer, provided the selling dealer shall issue one declaration in respect of one purchasing dealer for the sales made during a year. ITC shall be allowed proportionately in case of stock transfer of goods outside the State; however, no ITC was admissible on inter-State sale to unregistered dealers. Further, Rule 22 of the JVAT Rules 2006 provides where a contractor VAT dealer has not maintained the accounts to determine the correct value of goods, he shall not be eligible to claim ITC.

We test checked (between October 2015 and March 2016) the assessment records of 808 dealers out of 23,454 dealers (i.e. 3.4 *per cent* of the dealers) registered in seven Commercial Taxes Circles<sup>34</sup> and noticed that 11 dealers had adjusted ITC of ₹ 199.71 crore from payment of tax for the period between 2011-12 and 2012-13 which included the claim of inter-State sales to unregistered dealers, incorrect apportionment of inter-State stock transfer and incorrect application of Rules. The AAs also while finalising the assessments (between June 2014 and February 2016) allowed ITC of ₹ 199.71 crore. Our scrutiny of declarations in JVAT 404 and details of taxable turnover, however, revealed that there were cases of intra-State stock transfers, inter-State sales to unregistered dealers, incorrect apportionment of inter-State stock transfer, ITC claim for not maintaining the accounts etc. Thus, these dealers were actually entitled for ITC amounting to ₹ 195.24 crore only. This resulted in allowance

<sup>34</sup> Adityapur, Chaibasa, Giridih, Hazaribag, Jamshedpur, Katras and Singhbhum.

of excess ITC of ₹ 4.47 crore by the AAs, besides the dealers were also liable to pay interest of ₹ 1.29 crore for availing incorrect ITC.

We reported the matter to the Government in May 2016; the Government/ Department in the exit conference agreed with the audit observations and stated that appropriate action would be taken (August 2016). The Department raised additional demand of ₹ 32.77 lakh in two cases of Giridih and Hazaribag Commercial Taxes Circles. Further reply has not been received (October 2016).

### **2.11 Purchase tax was not levied**

**The AAs did not levy purchase tax of ₹ 44.15 lakh on purchase of goods that were capitalised or disposed off otherwise than by way of sale after manufacture.**

Under the provisions of Section 10 of the JVAT Act 2005, every dealer liable to pay tax who purchases any goods from a dealer in the circumstances where no tax has been paid under this Act shall be liable to pay tax on the purchase price of such goods, if after such purchase, the goods are used or consumed in the manufacture of goods and such manufactured goods are disposed of otherwise than by way of sale in the State or in the course of inter-State trade and commerce. Further, every dealer, who purchases goods from unregistered dealer and disposed of otherwise, is also liable to pay purchase tax. Such tax shall be levied at the same rate at which tax would have been levied on the sale of such goods within the State on the date of such purchase.

We test checked (between September and December 2015) the assessment records of 236 dealers out of 5,324 dealers (i.e. 4.4 per cent of the dealers) registered in Adityapur and Jharia Commercial Taxes Circles and noticed that in case of two dealers the AAs while finalising the assessments (March 2015) for the period 2011-12 did not levy purchase tax. In one case, a dealer purchased goods of ₹ 2.53 crore from unregistered dealers and capitalised the goods for his business. In case of another dealer, we noticed that out of total manufactured goods of ₹ 184.12 crore, goods of ₹ 28.94 crore were stock transferred outside the State. Our scrutiny further revealed that the dealer had purchased goods of ₹ 5.55 crore from unregistered dealers and consumed it in aforesaid manufacturing process. Thus, dealers were liable to pay purchase tax of ₹ 44.15 lakh on capitalised/apportioned value of stock transfer.

We reported the matter to the Government in May 2016; the Government/ Department in the exit conference agreed with the audit observations and stated that appropriate action would be taken (August 2016). Further reply has not been received (October 2016).

## **2.12 Penalty not imposed**

**Penalty of ₹ 26.77 lakh was not imposed for not submitting the VAT audit report prescribed in Form JVAT 409.**

Under the provision of Section 63 (3) of the JVAT Act 2005, a dealer with GTO exceeding ₹ 40 lakh in a particular year is required to furnish VAT audit report in Form JVAT 409 within nine months from the end of that year, failing which the AA shall impose penalty equal to 0.1 *per cent* of the turnover as he may determine.

We test checked (November 2015) the assessment records of 101 dealers out of 961 dealers (i.e. 10.5 *per cent* of the dealers) in Lohardaga Commercial Taxes Circle and noticed that a registered dealer had not submitted the VAT audit report in Form JVAT 409 for the period 2009-10 to 2010-11 though the turnover exceeded ₹ 40 lakh in the year. The AA, while finalising the assessments (between March 2013 and March 2014), did not impose penalty of ₹ 26.77 lakh, though leviable as per provisions of the Act, for not submitting the VAT audit report on the determined GTO of ₹ 267.68 crore.

We reported the matter to the Government in May 2016; the Government/ Department in the exit conference agreed with the audit observations and raised an additional demand of ₹ 26.77 lakh (October 2016).



**CHAPTER-III**  
**STATE EXCISE**

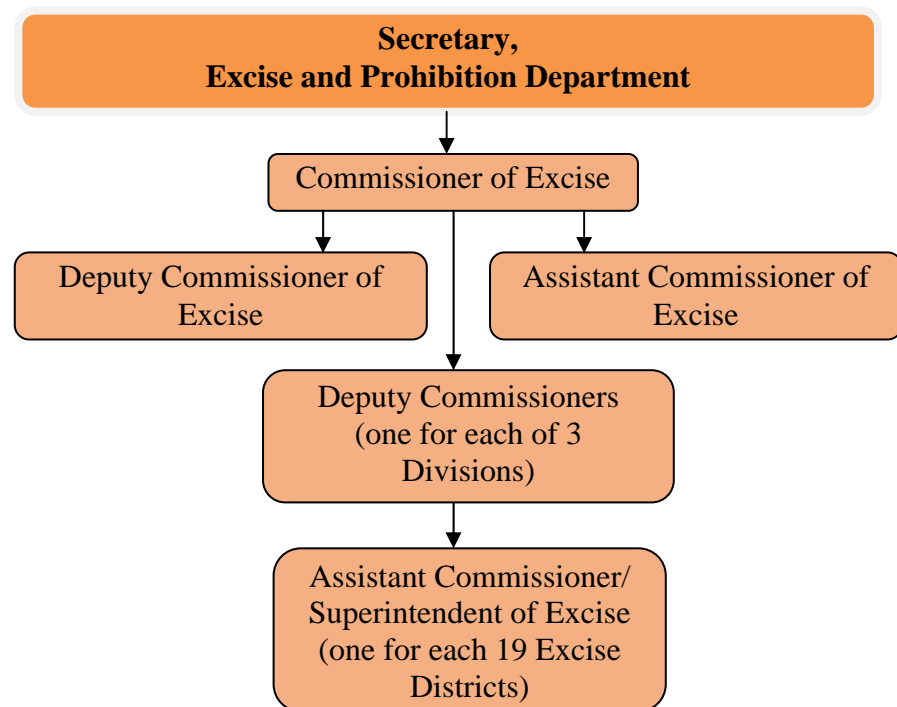


## CHAPTER – III: STATE EXCISE

### 3.1 Tax administration

The levy and collection of Excise Duty is governed by the Bihar Excise Act, 1915 and the Rules made/notifications issued thereunder, as adopted by the Government of Jharkhand. The Secretary of the Excise and Prohibition Department is responsible for administration of the State Excise laws at the Government level. The Commissioner of Excise (EC) is the head of the Department. He is primarily responsible for the administration and execution of the excise policies and programmes of the State Government. He is assisted by a Deputy Commissioner of Excise and an Assistant Commissioner of Excise at the Headquarters. Further, the State of Jharkhand is divided into three excise divisions<sup>1</sup>, each under the control of a Deputy Commissioner of Excise. The divisions are further divided into 19 Excise Districts<sup>2</sup> each under the charge of an Assistant Commissioner of Excise/Superintendent of Excise (ACE/SE).

The organisational chart of the department is as under:



For supply of all types of liquor to retailers of excise shops in the State, the Jharkhand State Beverage Corporation Limited (JSBCL) headed by a Managing Director was formed in October 2010 to function as an exclusive wholesale depot.

<sup>1</sup> North Chotanagpur Division, Hazaribag, South Chotanagpur Division, Ranchi and Santhal Pargana Division, Dumka.

<sup>2</sup> Bokaro, Chaibasa, Dhanbad, Deoghar, Dumka, Garhwa, Giridih, Godda, Gumla-cum-Simdega, Hazaribag-cum-Ramgarh-cum-Chatra, Jamshedpur, Jamtara, Koderma, Lohardaga, Pakur, Palamu-cum-Latehar, Ranchi, Sahebganj and Saraikela-Kharsawan.

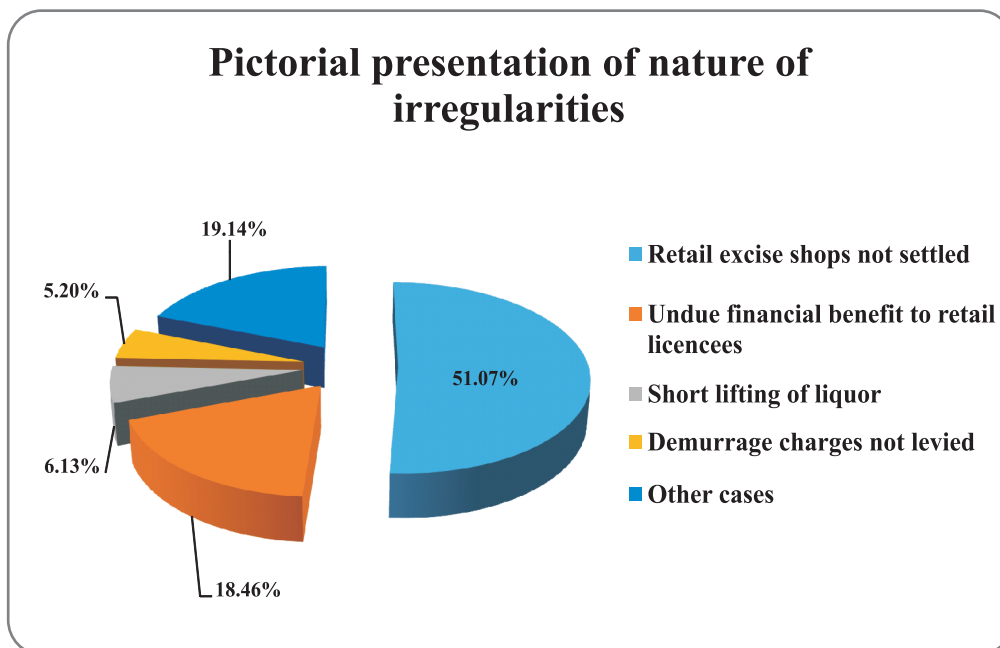


### 3.2 Results of audit

We planned for test check of records of 15 annual units and one biennial unit out of the total 23 units of Excise and Prohibition Department during 2015-16 and test checked all the above planned units<sup>3</sup>, which collected revenue of ₹ 786.53 crore, relating to 'State Excise'. Our Audit revealed short levied/not levied etc. of excise duty and licence fees involving ₹ 92.03 crore in 8,114 cases as per details mentioned in **Table-3.1**.

**Table-3.1**

| Sl. No.      | Categories                                  | No. of cases | (₹ in crore) |
|--------------|---|--------------|--------------|
|              |   |              | Amount       |
| 1            | Retail excise shops not settled             | 79           | 47.00        |
| 2            | Undue financial benefit to retail licencees | 893          | 16.99        |
| 3            | Short lifting of liquor                     | 457          | 5.64         |
| 4            | Demurrage charges not levied                | 80           | 4.79         |
| 5            | Other cases                                 | 6,605        | 17.61        |
| <b>Total</b> |   | <b>8,114</b> | <b>92.03</b> |



During the year, the Department accepted short/not realisation licence fee, duty, loss of revenue and other deficiencies of ₹ 64.81 crore in 7,274 cases pointed out by us during 2015-16 and recovered an amount of ₹ 5.60 crore in 434 cases.

In the succeeding paragraphs we present a few illustrative cases having financial implications of ₹ 57.75 crore.

<sup>3</sup> Offices of ACE, Bokaro, Dhanbad, Hazaribag-cum-Ramgarh-cum-Chatra, Jamshedpur and Ranchi, SE, Chaibasa, Palamu-cum-Latehar, Deoghar, Dumka, Giridih, Godda, Gumla, Koderma, Lohardaga at Gumla, Saraikela-Kharsawan and Commissioner of Excise, Ranchi.

### 3.3 Provision of Acts/Rules not complied with

*The Bihar Excise (BE) Act, 1915 (as adopted by the Government of Jharkhand) and Resolution No. 367 dated 20 February 2009, Gazette Notification No. 150 dated 27 March 2009 and letter No. 191 dated 31 March 2013 issued thereunder provide for:*

- i) *cent per cent settlement of retail excise shops;*
- ii) *lifting of minimum guaranteed quota (MGQ) by excise retail shops; and*
- iii) *realisation of additional licence fee for excess lifting over MGQ.*

*Loss or revenue not realised due to not observing some of the provisions of the Act/Rules are mentioned in the following paragraphs.*

### 3.4 Retail liquor shops not settled

**The Government was deprived of excise revenue of ₹ 47 crore on account of excise duty and licence fee due to lack of diligence on part of district excise authorities.**

Under the provisions of the BE Act, Rules and policies made thereunder, the Excise and Prohibition Department, Government of Jharkhand by the Resolution No. 367 dated 20 February 2009 followed by a Gazette Notification No. 150 dated 27 March 2009, adopted a new excise policy along with guidelines to settle all retail shops through lottery system in place of bid for auction/tender with a view to generate more excise revenue, check sale of illicit liquor, control monopoly of a single unit/person and provide standard liquor to the consumers. As per instructions of Excise Commissioner issued on 26 February 2014 all the ACEs/SEs were made responsible for *cent per cent* settlement of retail excise shops by rationalising fixation of MGQ of shops keeping in view the potentiality of the shops. In case of retail shops remaining unsettled, licencing authorities have the discretionary powers to recommend settlement of shops at reduced reserve fee to the Excise commissioner (EC). The EC may approve the settlement proposal at reduced licence fee in the interest of excise revenue.



We noticed in four excise districts<sup>4</sup> (between July and December 2015) that lists of excise retail shops specifying their MGQ and licence fee, advance licence fee and security money were prepared at the district level and sale notifications containing all these facts were published. Settlement process was conducted between February and March 2014 for settlement of 454

<sup>4</sup> Bokaro, Dhanbad, East Singhbhum (Jamshedpur) and Hazaribag-cum-Chatra-cum-Ramgarh.

excise retail shops for the period 2014-15. However, 79 retail shops<sup>5</sup> remained unsettled throughout the year as target of MGQ was not fixed after considering the actual consumption of previous year. Except issue of sale notifications no other efforts were made by the Department. Thus, due to lack of diligence on the part of excise authorities, Government was deprived of ₹ 47 crore on account of excise duty and licence fee, as mentioned in **Table-3.2**.

**Table-3.2**

(₹ in lakh)

| Sl. No.      | Name of Excise District | MGQ (LPL/BL)     |                  |                  | Licence Fee     | Duty            | Total (LF+Duty) |
|--------------|-------------------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|
|              |                         | CS/SpCS          | IMFL             | Beer             |                 |                 |                 |
| 1            | Bokaro                  | 9,70,154         | 2,13,800         | 2,87,592         | 902.37          | 251.01          | 1,153.37        |
| 2            | Dhanbad                 | 1,28,688         | 1,93,824         | 3,09,120         | 449.90          | 189.77          | 639.67          |
| 3            | Jamshedpur              | 7,75,565         | 6,89,123         | 9,16,042         | 1,731.15        | 666.33          | 2,397.48        |
| 4            | Ramgarh                 | 2,39,957         | 1,32,952         | 1,64,234         | 377.28          | 132.10          | 509.38          |
| <b>Total</b> |                         | <b>21,14,364</b> | <b>12,29,699</b> | <b>16,76,988</b> | <b>3,460.70</b> | <b>1,239.20</b> | <b>4,699.90</b> |

CS/SpCS = Country Spirit/Spiced country spirit, IMFL = India Made Foreign Liquor, LPL = London Proof Liter and BL = Bulk Liter.

We reported the matter to the Government in May 2016, the Excise Commissioner stated (August 2016) that shops could not be settled due to absence of interested applicants, even though efforts were made for *cent per cent* settlement of shops. The reply was not convincing as the Department did not make any effort to fix MGQ as per norms or on the basis of potentiality of the shops for *cent per cent* settlement of retail shops. Further, no efforts were made to contact previous licencees to settle the shops or to investigate as to why these shops remained unsettled. As major excise revenue depends upon settlement of retail shops, the Government was deprived of revenue. Also there is a risk of supply of illicit liquor due to unsettled shops.

### 3.5 Short lifting of liquor by retail vendors

**Penalty equivalent to loss of excise duty of ₹ 5.57 crore on account of short lifting of liquor was not levied.**

Under the provisions of the BE Act, Rules and policies made thereunder, each licence vendor of a retail excise shop is required to submit weekly requirement of country spirit for the next month to the contractor of the exclusive privilege for wholesale supply of country spirit by the last week of the previous month and is bound to lift MGQ of liquor of each kind fixed by the Department for the shop, failing which penalty equivalent to loss of excise duty suffered by the Government shall be recoverable from the vendor.



We test checked (between July 2015 and March 2016) the consumption statements of liquor in six excise districts<sup>6</sup> and found that 447 vendors out of 701 retail shops were required to lift 187.41 lakh LPL/BL of

<sup>5</sup> Number of shops unsettled/offered: Bokaro (23/98), Dhanbad (10/147), Jamshedpur (37/165) and Ramgarh (9/44).

<sup>6</sup> Bokaro, Dhanbad, East Singhbhum (Jamshedpur), Hazaribag-cum-Chatra-cum-Ramgarh, Ranchi-cum-Khunti and Gumla-cum-Simdega.

CS/SpCS/IMFL /Beer in 2014-15 from wholesale licencees but only 152.30 lakh LPL/BL was lifted during the year resulting in short lifting of liquor of 35.11 lakh LPL/BL. The Department did not levy penalty equivalent to loss of excise duty of ₹ 5.57 crore on account of short lifting of liquor.

We reported the matter to the Government in May 2016, the Excise Commissioner stated (August 2016) that out of the total amount, an amount of ₹ 5.55 crore has been adjusted from the security deposits of licencees and adjustment of balance amount was under process. Further reply has not been received (October 2016).

### **3.6 Demurrage charges<sup>7</sup> not levied**

**Demurrage charges of ₹ 4.16 crore on dumped stock of IMFL/Beer in JSBCL godowns/depots were not levied.**

The provisions of clause 8 (b) and 10 (b) of Liquor Policy read with circular issued by JSBCL in April 2013 provides for levy of demurrage charges at the rate of ₹ two per case per day in respect of IMFL stock older than 120 days and beer stock older than 60 days from the date of receipt at JSBCL godowns.

We test checked (between July 2015 and March 2016) the excise records and data/information of 13 JSBCL Depots<sup>8</sup> in 11 excise districts<sup>9</sup> for the year 2014-15 and noticed that 1.32 lakh cases of IMFL/Beer of 24 distributors/manufacturers<sup>10</sup> were lying in godowns for period ranging from 3 to 570 days beyond the permissible limit of storage in JSBCL godowns. However, the JSBCL did not levy demurrage charges of ₹ 4.16 crore upon the distributors/manufactures.

We reported the matter to the Government in May 2016, the Excise Commissioner stated (August 2016) that JSBCL had been directed to calculate the demurrage charges of all districts and accordingly distributors/manufacturers have also been directed for payment of charges. The Commissioner further stated that demurrage charges would be levied after finalisation of calculation. Further reply has not been received (October 2016).

<sup>7</sup> Fee for delay.

<sup>8</sup> Bokaro, Dhanbad, Dumka, Deoghar, East Singhbhum (Jamshedpur), Giridih, Hazaribag, Latehar, Palamau, Ranchi, Ramgarh, Saraikela and West Singhbhum (Chaibasa).

<sup>9</sup> Bokaro, Dhanbad, Dumka-cum-Godda, Deoghar, East Singhbhum (Jamshedpur), Giridih, Hazaribag-cum-Chatra-cum-Ramgarh, Palamau-cum-Latehar, Ranchi-cum-Khunti, Saraikela-Kharsawan and West Singhbhum (Chaibasa).

<sup>10</sup> Adie Broswon Brew. (p)Ltd., Allied Blenders and distillery (p)Ltd., Bacardi India (p)Ltd., Beam Global Spirits and Wine India (p)Ltd, Bhutan Brew (p)Ltd., Carlsberg India (p) Ltd., Devans Modern Brew. Ltd., Diageo India (p) Ltd., Four Seasons Wine Ltd., Jagajit Industries Ltd, Jagpin Brew. Ltd, Khoday India Ltd., Mohan Meakin Ltd, Mount Shivalik Brew. Ltd., Nashik Vintners (p) Ltd., Pernod Ricard India (p)Ltd., Radico Khaitan Ltd., Sab Miler India Ltd., Shree Om Bottlers and Blenders (p)Ltd, Som Distill. and Brew. Ltd., Spencer disill. and brew. (p) Ltd., Sri Lab Brew. (p) Ltd., United Brew. Ltd. and United spirits limited.

### 3.7 Blockage of excise revenue

**Stock of IMFL was not transferred to duty paid warehouse which resulted in blockage of excise revenue of ₹ 90.17 lakh.**

Under the provisions of Section 17 of BE Act, no intoxicant shall be removed from any distillery, brewery, warehouse or other place of storage licenced, established, authorised or continued under this Act, unless the duty (if any) payable under Chapter V has been paid or a bond has been executed for the payment thereof. Accordingly, a licensee of IMFL bottling plant is required to compulsorily obtain licences in Excise Form 19-B and 19-C; one for storage of IMFL under bond in a warehouse and the other for sale of stock after payment of excise duty on supply of IMFL/Beer to wholesalers/JSBCL.

We test checked (July 2015) the annual stock-taking account for the year 2014-15 in Bokaro excise district and noticed that a licensee<sup>11</sup> holding both licences did not transfer one lakh LPL of IMFL manufactured between September and November 2013 to the duty paid warehouses for supply to wholesaler/JSBCL. The Department sanctions procurement of raw material under bond in anticipation that excise revenue would be realised after conversion of it into IMFL. Since there is no timeframe for transfer of IMFL from 19-B to 19-C, the licensee retained the stock in 19-B warehouse resulting in blockage of excise revenue of ₹ 90.17 lakh.

We reported the matter to the Government in May 2016, the Excise Commissioner stated (August 2016) that the Assistant Commissioner Excise, Bokaro had been directed to ensure transfer of IMFL from 19-B to 19-C and realisation of excise revenue. Further reply has not been received (October 2016).

### 3.8 Licence fee not realised

**Licence fee of ₹ 11.49 lakh not realised for excess wholesale supply over fixed MGQ of CS/SpCS.**

The Department of Excise and Prohibition, Government of Jharkhand constituted JSBCL for storing and wholesale supply of liquor (CS/SpCS) to retail licence vendors in the State through different warehouses on payment of advance fee at prescribed rate of ₹ two per LPL of fixed MGQ of the districts. Further, if supply of liquor exceeds fixed MGQ of the district during the year, licence fee for excess supply was realisable at the same rate.

We test checked (between July 2015 and March 2016) the licence files of JSBCL, consumption statements and related records in nine excise districts<sup>12</sup> and noticed that eight JSBCL warehouses<sup>13</sup> supplied 25.39 lakh LPL of CS/SpCS against fixed MGQ of 19.64 lakh LPL resulting in excess supply of CS/SpCS of 5.74 lakh LPL during the period 2014-15. Thus, licence fee of

<sup>11</sup> M/s Shree Om Bottlers and Blenders (Pvt. Ltd.), Baliadih, Bokaro

<sup>12</sup> Chaibasa, Deoghar, Dumka, Giridih, Godda, Gumla-cum-Simdega, Lohardaga, Palamau-cum-Latehar and Saraikela-Kharsawan.

<sup>13</sup> Chaibasa, Deoghar, Dumka, Giridih, Latehar, Palamau, Ranchi and Saraikela.

₹ 11.49 lakh for excess supply of liquor was not realised from JSBCL in accordance with the above provisions.

We reported the matter to the Government in May 2016, the Excise Commissioner stated (August 2016) that the licence fee would be adjusted from the security deposit of the company. Further reply has not been received (October 2016).



# **CHAPTER-IV**

# **TAXES ON VEHICLES**





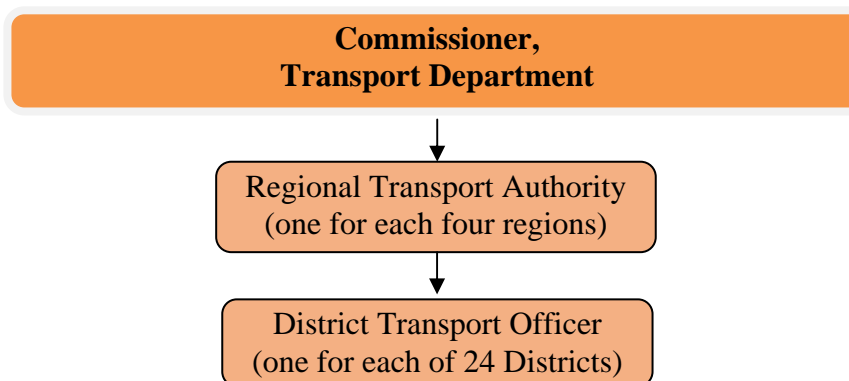
## CHAPTER – IV: TAXES ON VEHICLES

### 4.1 Tax administration

The levy and collection of Motor Vehicles tax and fee in the State is governed by the Jharkhand Motor Vehicles Taxation (JMVT) Act, 2001, Rules made thereunder (Jharkhand Motor Vehicles Taxation (JMVT) Rules, 2001), Motor Vehicles (MV) Act, 1988 and Bihar Financial Rules (as adopted by Government of Jharkhand).

At the apex level, the Transport Commissioner (TC), Jharkhand is responsible for administration of the Acts and Rules in the Transport Department. The State has been divided into four regions<sup>1</sup> and 24 transport districts<sup>2</sup>, which are controlled by the Regional Transport Authorities (RTAs) and District Transport Officers (DTOs) respectively. They are assisted by Motor Vehicles Inspectors, the Enforcement Wing and nine check posts<sup>3</sup>.

The organisational chart of the department is as under:



### 4.2 Results of audit

We planned for test check of records of 12 annual units, 5 biannual units and 2 triennial units out of the total 29 units of Transport Department during 2015-16 and test checked all the above planned units<sup>4</sup>, which collected revenue of ₹ 445.09 crore, relating to ‘Taxes on Vehicles’. Our Audit revealed taxes not levied/short levied, short levied of taxes due to wrong fixation of seating capacity, taxes not realised from trailers etc. amounting to ₹ 37.50 crore in 34,550 cases detailed as in **Table-4.1**.

<sup>1</sup> Dumka, Hazaribag, Palamu and Ranchi.

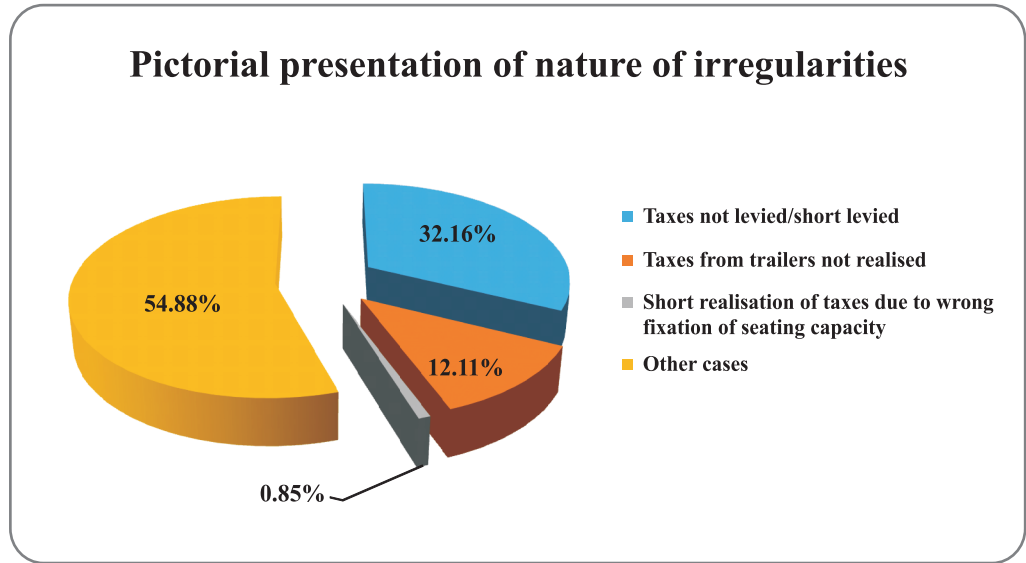
<sup>2</sup> Bokaro, Chaibasa, Chatra, Deoghar, Dhanbad, Dumka, Garhwa, Giridih, Godda, Gumla, Hazaribag, Jamshedpur, Jamtara, Khunti (Notified in March 2015), Koderma, Latehar, Lohardaga, Palamu, Pakur, Ramgarh (Notified in April 2015), Ranchi, Sahebganj, Saraikela-Kharsawan and Simdega.

<sup>3</sup> Bahragora (East Singhbhum), Banskore (Simdega), Chas More (Bokaro), Chauparan (Hazaribag), Chirkunda (Dhanbad), Dhulian (Pakur), Manjhatoli (Gumla), Meghatari (Koderma) and Murisemar (Garhwa).

<sup>4</sup> Offices of DTO, Bokaro, Chaibasa, Chatra, Deoghar, Dhanbad, Dumka, Garhwa, Giridih, Gumla, Hazaribag, Jamshedpur, Koderma, Latehar, Palamu, Ranchi and Simdega, State Transport Commissioner, Ranchi and RTA, Dumka and Palamu.

**Table-4.1**

|              |  |               | (₹ in crore) |
|--------------|--|---------------|--------------|
| Sl. No.      | Categories   | No. of cases  | Amount       |
| 1            | Taxes not levied/short levied  | 2,053         | 12.06        |
| 2            | Taxes from trailers not realised                                     | 4,596         | 4.54         |
| 3            | Short realisation of taxes due to wrong fixation of seating capacity | 141           | 0.32         |
| 4            | Other cases  | 27,760        | 20.58        |
| <b>Total</b> |  | <b>34,550</b> | <b>37.50</b> |



During the year, the Department accepted motor vehicles tax, fees, penalties etc. not levied/short levied of ₹ 37.49 crore in 32,626 cases which were pointed out by audit in 2015-16.

In this chapter we present a few illustrative cases having financial implications of ₹ 20.35 crore. These are discussed in the succeeding paragraphs.

### 4.3 Provision of Acts/Rules not complied with

*The JMVT Act, 2001 and Rules made thereunder, Motor Vehicles Act, 1988, Bihar Financial Rules (as adopted by the Government of Jharkhand) provide for:*

- (i) *payment of motor vehicles tax by the owner of the vehicle at the prescribed rate;*
- (ii) *timely deposit of collected revenue into the Government account;*
- (iii) *payment of registration fee at the prescribed rate;*
- (iv) *issue and renewal of authorisation of national permit; and*
- (v) *issue and renewal of driving licence.*

*In the succeeding paragraphs, cases are reported where the Transport Department did not observe the provisions of the Act/Rules.*

### 4.4 Taxes on defaulting vehicles owners not collected

**Tax and penalty of ₹ 16.23 crore, from defaulting vehicle owners not realised.**

Under the provisions of Section 5 and 9 of the JMVT Act 2001 and Rule 4 of the JMVT Rules 2001, the owner of a registered vehicle (other than personal vehicles) is liable to pay tax after the date of expiry of the period for which the tax had been paid to the taxation officer in whose jurisdiction the vehicle is registered. The vehicle owner can pay the tax to the new taxing authority in case of change of residence/business, subject to the production of No Objection Certificate (NOC) from the previous taxing authority. In case of failure to pay tax within the stipulated period, the taxation authority may impose penalty at the prescribed rates. If the delay in payment of tax exceeds 90 days, penalty at twice the amount of taxes due may be imposed. Further, the Rule 23 provides that every taxation officer is required to maintain the Demand, Collection and Balance (DCB) Register which shall be updated periodically in October and March every year to keep effective control over regular and timely realisation of taxes. The DTOs are required to issue demand notices to the defaulters.



We noticed (between August 2015 and March 2016) from test check of the Taxation Register, DCB Register, Surrender Registers and the computerised data in 16 DTOs<sup>5</sup> that the owners of 5,417 vehicles out of 18,332 vehicles test checked did not pay tax as due between October 2011 and March 2016. We further noticed that in these cases,

<sup>5</sup> Bokaro, Chaibasa, Chatra, Deoghar, Dhanbad, Dumka, Garhwa, Giridih, Gumla, Hazaribag, Jamshedpur, Koderma, Latehar, Palamu, Ranchi and Simdega.

application for change of address or surrender of documents by the owners for securing exemption from payment of tax was not found on record. As such, they were liable to pay tax and penalty. The DTOs did not update the DCB Register periodically as per Rule 23 of JMVT Rules, therefore they did not have the details of the number of defaulting vehicle owners and taxes to be realised from them. The DTOs did not raise demand for tax and penalty against the defaulting vehicle owners thus tax of ₹ 16.23 crore including penalty of ₹ 10.82 crore was not collected.

After we reported the matter (May 2016), the Government/Department stated (September 2016) that demand notices have been issued in 4,718 cases by the DTOs concerned and an amount of ₹ 1.24 crore has been recovered in 327 cases by 11 DTOs<sup>6</sup>. Further reply has not been received (October 2016).

Similar issue was pointed out in Paragraph No. 4.5 of the Audit Report (Revenue Sector) for the year ending 31 March 2015. In response the Transport Secretary instructed (August 2015) the DTOs to identify heavy defaulters and start intensive drive against them for realisation of arrear taxes. He further stated that one-time tax for 5/10 years would be proposed for trailers. However, progress made in this regard has not been intimated (October 2016).

#### **4.5 One time tax on personalised vehicles not levied**

##### **One-time tax and penalty of ₹ 1.12 crore was not levied on defaulting personal vehicles with seating capacity of six to 10 persons.**

Under the provisions of Section 2(g) of the Jharkhand Motor Vehicles Taxation (Amendment) Act 2011, Motor car, Omni Bus or Station wagon, having seating capacity of more than four but not exceeding 10 persons including driver, which are used solely for personal purpose, was brought under the purview of personalised vehicles. The one time tax was leviable on cost of vehicle depending on seating capacity and age of the vehicle as per substituted schedule 1 Part (A) of the Act. Further, Section 7(1) of the JMVT Act, 2001 envisaged interest at rate of two *per cent* per month on delayed payment of one time tax. Prior to the amendment (upto 22 May 2011) tax was leviable on vehicles with seating capacity of five to 10 seats at the annual rate under Section 7(3) of the Act and penalty was also leviable for not/delayed payment of tax. Further, according to the JMVT Rules, 2001 every taxation officer is required to maintain the DCB Register which shall be updated periodically in October and March every year to exercise control over regular and timely realisation of taxes.

We noticed (between November 2015 and March 2016) from test check of the Taxation Register and the computerised data in six District Transport Offices<sup>7</sup> that in 428 cases out of 1,089 private vehicles with seating capacity of six to 10 persons whose tax validity had expired between October 2005 and October 2015, there were outstanding tax dues of ₹ 1.12 crore. As DTOs did not review the DCB Registers periodically, this resulted in failure to levy one time

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<sup>6</sup> Bokaro, Chaibasa, Chatra, Dhanbad, Giridih, Hazaribag, Jamshedpur, Koderma, Palamu, Ranchi and Simdega.

<sup>7</sup> Chatra, Garhwa, Giridih, Gumla, Jamshedpur and Latehar.

tax of ₹ 88.40 lakh including interest of ₹ 45.77 lakh. Besides, tax of ₹ 23.19 lakh including penalty of ₹ 15.46 lakh for the period prior to implementation of one time tax was also leviable.

After we reported the matter (May 2016), the Government/Department stated (September 2016) that demand notices have been issued by the DTOs concerned and an amount of ₹ 10,400 has been recovered in one case by DTO, Giridih. Further reply has not been received (October 2016).

Similar issue was pointed out in Paragraph No. 4.6 of the Audit Report (Revenue Sector) for the year ending 31 March 2015, in response, the Transport Secretary instructed (August 2015) the DTOs to identify heavy defaulters and start intensive drive against them for realisation of arrear taxes. However, the lapses still persist (October 2016).

#### **4.6 Taxes from the date of possession of vehicles not levied**

**Tax for the period between date of possession and date of registration of vehicles amounting to ₹ 1.09 crore was not levied.**

Under the provisions of Rule 4(1) of the JMVT Rules 2001, in cases where no tax had previously been paid, the date of acquisition of the vehicle or the date when such tax is imposed by law shall be due date for tax payment. Further, Rule 42 and 47 of the Central Motor Vehicle Rules, 1989 provide that no holder of a trade certificate shall deliver a motor vehicle to a purchaser without registration, whether temporary or permanent and application for registration has to be made within seven days from taking delivery of vehicle. Non-payment of taxes in time attracts penalty at the rates prescribed depending upon period of delay, which ranges from 25 to 200 *per cent* of the tax due.

We noticed (between November 2015 and March 2016) from the test check of taxation registers and computerised data in seven districts transport offices<sup>8</sup> that the owners of 576 vehicles out of 2,625 vehicles applied for registration with delay that ranged from three months to seven years. The registering authority levied tax from the date of registration instead of from the date of possession. We observed that till the date of audit (between November 2015 and March 2016) neither the owners of the vehicles paid the tax nor did the registering authorities levy tax and penalty on the defaulting vehicles for the intervening period from the date of possession of vehicles to the date of registration. Thus, due to failure in compliance with the provisions of the JMVT Rules, 2001 taxes amounting to ₹ 1.09 crore including penalty of ₹ 72.56 lakh was not levied.

After we reported the matter (May 2016), the Government/Department stated (September 2016) that demand notices have been issued by the DTOs concerned. Further reply has not been received (October 2016).

Similar issue was pointed out in Paragraph No. 4.11 of the Audit Report (Revenue Sector) for the year ending 31 March 2014. The Department had then, stated that introduction of dealer point registration system had been

<sup>8</sup> Bokaro, Deoghar, Dumka, Hazaribag, Jamshedpur, Latehar and Simdega.

proposed to stop the irregularity. However, lapses/irregularities of the same nature still persist (October 2016).

#### **4.7 Annual authorisation of National Permits not renewed**

**Subsequent authorisation during currency of national permits of transport vehicles was not made thus consolidated fee and authorisation fee of ₹ 98.35 lakh was not realised.**

Under Section 81 of the MV Act 1988, read with Rule 87 of the Central Motor Vehicles Rules 1989, a permit other than a temporary or special permit shall be issued for a period of Five years and the period for validity of an authorisation shall not exceed one year at a time. This authorisation is a continuous process unless the permit expires or is surrendered by the permit holder. Further, under the National Permit Scheme, the prescribed annual fee is required to be paid in advance by the permit holders. The New National Permit Scheme introduced by the Government of India was implemented in Jharkhand from September 2010. Under the new scheme authorisation fee of rupees one thousand per annum shall be levied besides composite fee of ₹ 15,000 per annum. The composite fee was enhanced to ₹ 16,500 per annum w.e.f. April 2012 by Ministry of Road Transport and Highways, Government of India. The national permit issued under the new system is valid throughout the territory of India and Union Territories. If payment of composite fee within the due date is not paid, the permit issuing authority is required to impose penalty at prescribed rate.

We test checked (between February and March 2016) 6,013 cases in offices of RTAs, Dumka and Palamu and found that in 273 cases authorisation of national permit had expired between December 2011 and March 2015. In none of these cases, application for surrender of permit by the permit holders was found on record. We further observed that there was absence of mechanism for monitoring of the subsequent authorisation during currency of national permits in the Department. Thus, consolidated fee (₹ 92.73 lakh) and authorisation fee (₹ 5.62 lakh) of ₹ 98.35 lakh was not realised.

After we reported the matter (May 2016), the Government/Department stated (September 2016) that demand notices in 12 cases have been issued by RTA, Palamu. Further reply has not been received (October 2016).

Similar issue was pointed out in Paragraph No. 4.3.18 of the Audit Report (Revenue Sector) for the year ending 31 March 2015. In response the Department had stated that RTAs concerned have been instructed to issue demand notices for realisation of arrears. However, lapses/irregularities of the same nature still persist (October 2016).

#### **4.8 Certificates of registration in smart card not issued**

**The Government was deprived of revenue amounting to ₹ 49.11 lakh as certificates of registration in smart card were not issued.**

Under the provisions of Rule 48 of the Central Motor Vehicles Rules 1989, the registering authority shall issue certificate of registration to the owner of the motor vehicles in Form 23 or Form 23A (Smart Card). Further, Rule 81



provides that an additional fee of rupees two hundred shall be charged for issue of certificate of registration in smart card effective from May 2002. The Government of Jharkhand had signed an agreement with M/s A K S Smart Card Ltd. in October 2004 for 18 districts and allowed the firm to recover service fee of ₹ 99 for issue of vehicle registration certificate in Smart Card. Issuance of Smart Card based registration certificate was introduced to prevent the use of forged and fake documents in respect of motor vehicles.

We test checked the Registration Register in four District Transport Offices<sup>9</sup> between February and March 2016 and noticed that 24,557 certificates of registration were not issued in the form of Smart Card during the period 2013-14 and 2014-15 even though VAHAN<sup>10</sup> package was installed in the offices, thus defeating the purpose for which the software was installed. Thus, lapses on the part of Government in implementation of issuance of Smart Card based registration certificate deprived it of revenue of ₹ 49.11 lakh.

After we reported the matter (May 2016), the Government/Department stated (September 2016) that Smart card scheme for issuing of certificate of registration have been started in DTOs, Chatra, Garhwa and Latehar whereas in Simdega it was under process. Further reply has not been received (October 2016).

Similar issue was pointed out in Paragraph No. 4.3.23.2 of the Audit Report (Revenue Sector) for the year ending 31 March 2015. In response, the Transport Secretary had stated that the process of e-tendering would be finalised by December 2015 covering all the districts. However, the lapses/irregularities of this nature still persist, despite their assurance (October 2016).

#### **4.9 Incorrect determination of seating capacity**

**Fixation of seating capacity of public service vehicles was not done as per their wheelbase leading to short levy of taxes of ₹ 31.51 lakh.**

Under the provisions of Section 7(3) of the Jharkhand Motor Vehicles Taxation (Amendment) Act, 2011, taxes shall be paid by the owner of a transport vehicle on seating capacity determined on the criteria of wheelbase. The provision came into effect from 23 May 2011. Further, Section 5 of the Act provides that every owner of a transport vehicle is required to pay road tax and additional motor vehicles tax at the rates specified therein.

We test checked (between August and November 2015) the registration and taxation registers along with verification of the computerised data in District Transport Offices, Gumla and Ranchi and noticed that out of 406 transport vehicles test checked, 141 vehicles paid taxes for the period from May 2011 to April 2016 based on seating capacity lower than that stipulated for their respective wheelbase. This indicated that the DTOs did not enforce the provision of the Act during demand of taxes from public service vehicles which resulted in short levy of taxes amounting to ₹ 31.51 lakh.

After we reported the matter (May 2016), the Government/Department stated (September 2016) that DTO, Ranchi forwarded the cases to MVI, Ranchi for

<sup>9</sup> Chatra, Garhwa, Latehar and Simdega.

<sup>10</sup> VAHAN is a software that deals with registration and taxation of vehicles.



inspection and determination of actual seating capacity whereas demand notices have been issued by DTO, Gumla. Further, reply has not been received (October 2016).

Similar issue was pointed out in Paragraph No. 4.3.11 of the Audit Report (Revenue Sector) for the year ending 31 March 2015. In response, the DTOs concerned intimated that demand notice for differential tax had been issued and recovery of ₹ 0.42 lakh had been made in nine cases. However, lapses/irregularities of the same nature still persist.

#### **4.10 Interest due on account of delay in deposit of revenue not realised by collecting banks**

**The collecting banks did not credit interest of ₹ 12.32 lakh for delayed transfer of collected revenue into Government account.**

Under the provisions of Rule 37 of the Bihar Financial Rules (adopted by the Government of Jharkhand), all money received as Government dues should be credited to Government Account. As per instructions of State Transport Commissioner, Jharkhand (January 2001) the amount collected by the banks during April to February should be transferred to the State Bank of India (SBI), Doranda Branch, Ranchi in such a manner that all receipts during a particular month are transferred latest by the first week of the following month. The amount deposited in the month of March, is to be transferred by 31<sup>st</sup> March positively so that all amounts deposited in the financial year are transferred to the Government account in the same financial year. As per the instructions issued by the Reserve Bank of India (RBI) penal interest on balance exceeding rupees one lakh is payable by the banks at the rate notified from time to time on delayed remittances to Government Account.

We test checked (between August 2015 and March 2016) the bank statements of remittances of revenue collected in four District Transport Offices<sup>11</sup> and noticed that the collecting banks i.e. Bank of India and State Bank of India did not credit a sum of ₹ 12.43 crore for the year 2013-14 to 2014-15 into SBI, Doranda Branch, for crediting into Government Account within the prescribed time. The collecting banks also did not credit interest of ₹ 12.32 lakh for delayed transfer of the Government revenue into SBI, Doranda, Ranchi. The Department also failed to monitor and effectively pursue the payment of interest from collecting banks.

After we reported the matter (May 2016), the department stated (September 2016) that correspondences have been made with bank authorities with direction to deposit the amount of accrued interest for delayed transfer of revenue. Further, reply has not been received (October 2016).

Similar issue was pointed out in Paragraph No. 4.7 of the Audit Report (Revenue Sector) for the year ending 31 March 2015. In response the Transport Secretary had stated that DTOs have been directed to keep periodical watch over the transfer of Government revenue by banks. However, lapses/irregularities of the same nature still persist (October 2016).

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<sup>11</sup> Chatra, Dumka, Ranchi and Simdega.

**CHAPTER-V**  
**OTHER TAX RECEIPTS**



## CHAPTER – V: OTHER TAX RECEIPTS

### A. LAND REVENUE

#### 5.1 Tax administration

The legal framework of Revenue, Registration and Land Reforms Department<sup>1</sup> is administered by the Secretary/Commissioner. All important cases of settlement, framing of policies and sanction of alienation of Government land are decided at the Government level. The State is divided into five divisions<sup>2</sup> each headed by a Divisional Commissioner and 24 districts<sup>3</sup> each headed by a Deputy Commissioner. At the district level the Deputy Commissioner is assisted by the Additional Collector/Additional Deputy Commissioner (AC/ADC). Districts are divided into sub-divisions headed by a Sub-Divisional Officer (SDO) who is assisted by a Deputy Collector Land Reforms (DCLR). The sub-divisions are divided into circles each headed by a Circle Officer (CO).

The various receipts under 'Land Revenue' are land rent, *salami*<sup>4</sup>, commercial/residential rent, cess<sup>5</sup>, *sairat*<sup>6</sup> etc.

#### 5.2 Results of audit

We planned for test check of records of four annual units, one biennial unit and 25 triennial units out of the total 341 units relating to 'Land Revenue' of Revenue, Registration and Land Reforms Department during 2015-16 and test checked 23<sup>7</sup> out of 30 units planned, which collected revenue of ₹ 2.79 crore. Our Audit revealed cesses not levied/short levied and interest on arrears of cess, *salami* and commercial rent not fixed/short fixed, vested lands not settled etc. involving ₹ 8,892.97 crore in 95 cases as detailed in **Table-5.1**.

<sup>1</sup> The Bihar Tenancy Act, 1885, Chotanagpur Tenancy Act, 1908, Santhal Parganas Act, 1949, Bihar Land Reforms Act, 1950, Bihar Land Reforms (Fixation of Ceiling Area and Acquisition of Surplus Land) Act, 1961, Bihar Bhoodan Act, 1954, Bihar Government Estate (*Khas Mahal*) Manual, 1953, Bihar Public Land Encroachment Act, 1956, Bengal Cess Act, 1880 and Executive orders issued by the Revenue, Registration and Land Reforms Department.

<sup>2</sup> South Chotanagpur (Ranchi), North Chotanagpur (Hazaribag), Santhal Parganas (Dumka), Palamu (Medininagar) and Kolhan (Chaibasa).

<sup>3</sup> Bokaro, Chatra, Dhanbad, Dumka, Deoghar, East Singhbhum, Garhwa, Godda, Giridih, Gumla, Hazaribag, Jamtara, Koderma, Khunti, Latehar, Lohardaga, Pakur, Palamu, Ramgarh, Ranchi, Sahebganj, Saraikela-Kharsawan, Simdega and West Singhbhum.

<sup>4</sup> *Salami* is the market value of the land.

<sup>5</sup> Education cess: 50 per cent, Health cess: 50 per cent, Agriculture Development cess: 20 per cent and Road cess: 25 per cent of the rent (Total 145 per cent).

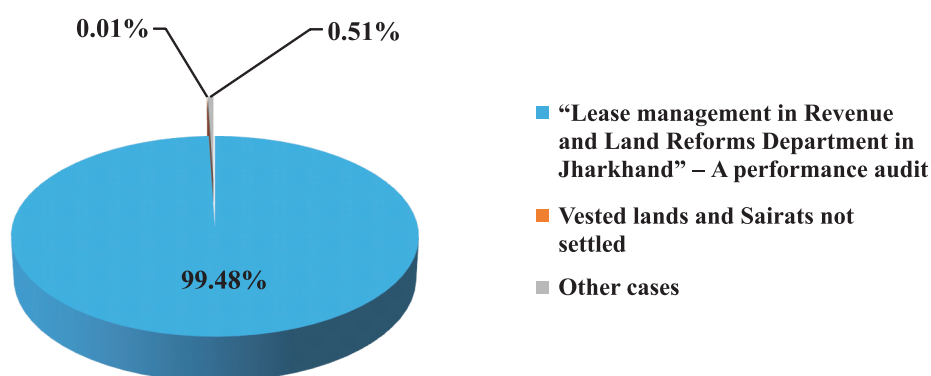
<sup>6</sup> The right and interest in respect of revenue earning *hat, bazaar, mela*, trees, ferries, Ponds.

<sup>7</sup> Offices of CO, Baliapur, Bermo, Chandankyari, Chandrapura, Chas, Dhanbad, East Tundi, Gomia, Jharia, Nirsa, Petarwar, Topchachi and Tundi, DCLR, Bermo, Bokaro and Dhanbad, AC, Bokaro, Dhanbad and Jamshedpur, Settlement Office, Dhanbad, District Land Acquisition, Bokaro, Special Land Acquisition, Bokaro and Secretary, Revenue, Registration and Land Reforms Department, Ranchi.

**Table-5.1**

| Sl. No.      | Categories   | Number of cases | (₹ in crore)    |
|--------------|--|-----------------|-----------------|
|              |  |                 | Amount          |
| 1            | “Lease management in Revenue and Land Reforms Department in Jharkhand” – A Performance Audit | 1               | 8,846.91        |
| 2            | Vested lands and <i>Sairats</i> not settled  | 4               | 1.10            |
| 3            | Other cases  | 90              | 44.96           |
| <b>Total</b> |  | <b>95</b>       | <b>8,892.97</b> |

**Pictorial presentation of nature of irregularities**



In this chapter we present a Performance Audit on “**Lease management in Revenue and Land Reforms Department in Jharkhand**” having financial implication of ₹ 8,846.91 crore. The Department accepted all the audit observations which are discussed in the succeeding paragraphs.

### 5.3 Lease Management in Revenue and Land Reforms Department in Jharkhand

#### Highlights

##### Irregular allotment/transfer of sub-lease land

- Government was deprived of revenue of ₹ 3,376.24 crore as *salami*, rent and cess in case of 1,279 sub-leases involving 469.38 acres for the period from 1971-72 to 2014-15.

(Paragraph 5.3.9.1)

- Government was deprived of revenue of ₹ 974.48 crore for the period 1999 to 2015 as lease rights of plant area of 122.82 acres of land given to Tata Steel Limited, Jamshedpur were irregularly transferred to another company. The Rules do not envisage the transfer of lease rights by lessees.

(Paragraph 5.3.9.2)

- Government was deprived of revenue of ₹ 26.76 crore as 23 sale deeds of land involving 4.31 acres of land were registered during the period 2010-11 to 2014-15 even though sub-lessee was not authorised to sell these land/flats.

(Paragraph 5.3.9.3)

##### Securing against trespassers and renewal of leases

- Department failed to collect rent and interest of ₹ 3,964.94 crore as 7,862 lessees out of 10,425 lessees did not renew their lease involving 2,547.42 acres of *khas mahal* land for periods falling within 1934-35 to 2014-15. The department neither issued notices to the lessees for renewal of leases nor took steps to evict them.

(Paragraph 5.3.10.1)

- Government was deprived of revenue of ₹ 248.77 crore for the period 1996-97 to 2014-15 as the Department failed to evict and earn revenue from 1,859.68 acres of land under encroachment and could not account for location of 69.43 acres of land leased out to Tata Steel Limited, Jamshedpur.

(Paragraph 5.3.10.3)

##### Revenue not realised

- Government was deprived of revenue of ₹ 216.59 crore as Department failed to realise the lease rent, cess, interest, *salami* and capitalised value of land in respect of 78 lessees during the period 2006-07 to 2014-15.

(Paragraph 5.3.11)

##### Internal control

- National Land Records Modernisation Programme was not completed in any district even six years after commission. There were discrepancies of an area of 12,098.25 acres of *khas Mahal* land due to improper maintenance of records.

(Paragraphs 5.3.12.2 and 5.3.12.3)

### 5.3.1 Introduction

The Lease<sup>8</sup> Management in Revenue and Land Reforms Department, Jharkhand is covered by Chhotanagpur Tenancy Act, 1908, Santhal Paragana Tenancy Act, 1949 read with Bihar Land Reforms (BLR) Act, 1950, Bihar Public Land Encroachment (BPLE) Act, 1956, Bihar Land Rent (exemption from payment) Act, 1982, Bihar Government Estates (*Khas Mahal*<sup>9</sup>) Manual, 1953, Bihar Land Acquisition Manual (as amended from time to time) and rules made and instructions issued thereunder. The purpose of the Acts, as adopted by Government of Jharkhand, was to enable levy and collection of rent directly by the Government in accordance with the existing tenancy laws and not go through intermediaries such as *Zamindars* which was the norm till then. Thus, the Acts provides a direct link between the State and the tenants and brought assessment and collection of land revenue under the direct control of the State.

Besides, *salami*<sup>10</sup>, land rent and interest<sup>11</sup>, Cess is also leviable under provisions of Bengal Cess Act, 1880, as adopted by the Government of Jharkhand.

#### 5.3.1.1 Procedure for management of leases on Government land

In brief the procedure of allotment and expiry of leases is explained below:

The proposal of Divisional Commissioner for the grant of lease of land to private individuals should be submitted to Government together with the particulars specified in clause (a) of Rule 171 of Bihar Government Estates (*Khas Mahal*) Manual, 1953 which clearly specify the object and the terms and details of the proposed transfer, particulars of area, market value, terms of year and estimated yearly rent of land. Further, as per terms and condition contained in schedule II of Appendix A-18B of *Khas Mahal* Manual, 1953 in para 6(v), the lessee while selling or assigning the said land or such part thereof to any other party shall do so with prior approval of the State Government. In case of breach of any of the terms and conditions like irregular sub-lease/ transfer of lease rights/unauthorise sale by the lessee, the lessor<sup>12</sup> shall have the right to resume the whole of the said land.

According to the Bihar Government Estates (*Khas Mahal*) Manual and rules framed thereunder for renewal of lease, the Collector/Dy. Commissioner is required to issue notices to the lease holders six months prior to expiry of the lease to apply for renewal of such leases. Further, the lessee<sup>13</sup> concerned is required to apply for renewal of his lease three months prior to its expiry. A lessee who continues to occupy leasehold property without renewal of lease

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<sup>8</sup> A transfer of a right to enjoy such a property, made for a certain time, express or implied or in perpetuity, in consideration of a price paid or promised to the transferor by the transferee, who accepts the transfer on such terms.

<sup>9</sup> The estates under the direct possession/management of the Government.

<sup>10</sup> *Salami* is the current market value of the land. It is a share in the increase of value anticipated during the period of lease.

<sup>11</sup> Interest at the rate of 6.25 per cent per annum upto 14.04.1999 and thereafter at the rate of 10 per cent per annum.

<sup>12</sup> The transferer of the property on lease.

<sup>13</sup> The transferee of the property transferred on lease.

and also without payment of rent is to be treated as a trespasser and has no claim for renewal on the basis of past terms and conditions. On fresh lease for residential/commercial purposes, *salami* at the current market value of land besides annual rent at the rate of two *per cent* for residential and five *per cent* for commercial of such *salami* is leviable.

Under Bihar Land Encroachment Act, 1956 as adopted by Government of Jharkhand, if a person had encroached upon the leased out area or the vacant portion of *khas mahal* land, he may be served a notice requiring him to vacate the encroachment or to settle such land on payment of rent as per rule laid down in Bihar Estate (*Khas Mahal*) Manual, 1953 and accordingly such person is liable to pay *salami* at the prevailing market value of such land along with residential/commercial rent at the rate of two *per cent* or five *per cent* of *salami*.

### 5.3.1.2 Special provision in respect of land leased to Tata Iron and Steel Company

Government of Jharkhand, Revenue and Land Reforms Department leased (January 1956) 12,708.59 acres of land to Tata Iron and Steel Company (TISCO), free from encroachment, for a period of 40 years which expired in December 1995. Prior to expiry of the lease, TISCO applied (August 1995) for renewal of lease for a further period of 30 years for an area of 10,852.27 acres only and requested for excluding an area of 1,786.89 acres from the earlier lease.

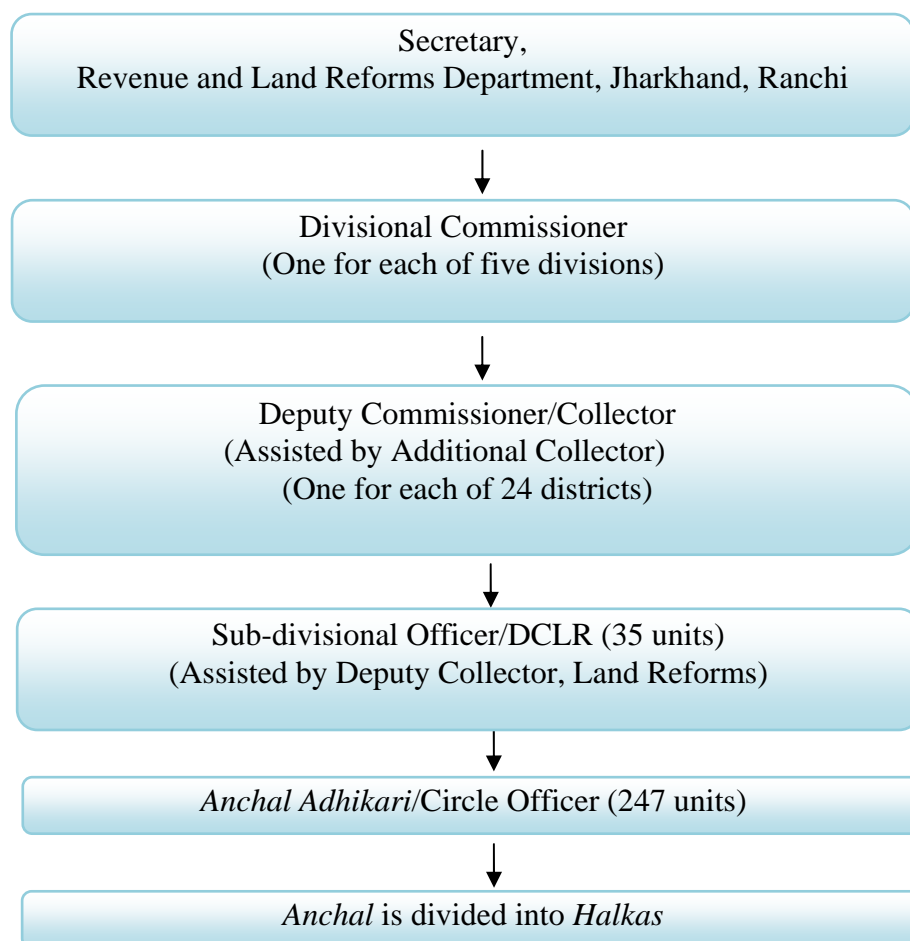
According to the lease agreement of August 1984 between Government and TISCO which was given retrospective effect from January 1956, provisions have been made for regularization of sub-leases after 22 June 1970 under Land Reforms Act, 1950 (Amendments of 1972, para 7D and 7E). It also provides for payment of all rents and premium or *salami* realised by the company to the State Government for leases entered into after January 1956. As per Clause 6 (i) of the Part II of the Schedule II under Appendix A-18B of the Bihar Government Estates (*Khas Mahal*) Manual, the lessee is not eligible to assign, mortgage, underlet or part with the possession over the land or any right or interest therein or in respect thereto without the previous consent of the lessor or his nominee.

### 5.3.2 Organisational set up

The laws governing the land revenue in Jharkhand are administered by Revenue and Land Reforms Department with Secretary/Commissioner at the head. He is further assisted by Divisional Commissioner at division level, Dy. Commissioner at district level supported by Additional Collector/Additional Dy. Commissioner (ADC), Sub-Divisional Officers (SDOs)/Deputy Collector Land Reforms (DCLR) at sub divisional level and Circle Officers (CO)/*Anchal Adhikari* (AA) at circle level. The State is sub-divided into five divisions, 24 districts, 35 sub-divisions and 247 circles. All important cases of settlement of lease, framing of policies and sanction of alienation of the Government land are decided at Government level.



The organisational chart of the department is as under:



### 5.3.3 Audit Objectives

We conducted the Performance Audit to ascertain whether:

- the grant of Government land on lease was in accordance with the existing provisions of concerned Acts, Rules and Regulations;
- there exists a proper monitoring/internal control mechanism to ensure that the process of allotment was transparent, that terms and conditions of lease were being adhered and renewal of leases were proper;
- timely action was taken by the concerned competent authority for eviction of the encroachment on leased out area; and
- action for resumption of unutilised land allotted on lease and on breach of condition of lease agreement was proper and on time.

### 5.3.4 Audit criteria

We conducted the Performance Audit with reference to the provisions made under the following Acts and Rules<sup>14</sup>:

1. Bihar Land Reforms Act, 1950;
2. Bihar Government Estate (*Khas mahal*) Manual, 1953;

<sup>14</sup> As adopted by Government of Jharkhand

3. Bihar Public Land Encroachment Act, 1956;
4. Bihar and Orissa Public Demand and Recovery Act, 1914;
5. Bengal Cess Act, 1880; and
6. Executive Orders issued by the Revenue and Land Reforms Department, Government of Jharkhand from time to time.

### 5.3.5 Audit scope and coverage

The Performance Audit on “Lease Management of Revenue and Land Reforms Department in Jharkhand” for the period from 2010-11 to 2014-15 was conducted between July 2015 and May 2016. We collected data of demand raised and revenue collected of all 24 districts<sup>15</sup> in the State. We selected 14 districts<sup>16</sup> for audit through random sampling method without replacement after stratifying the universe as high, medium and low on the basis of risk analysis<sup>17</sup>. We further selected 29 circle offices<sup>18</sup> for detailed audit from the selected districts, including Tata lease office, ensuring a combination of rural and urban areas, mining areas, industrial areas, *khas mahal* and *gairmazarua*<sup>19</sup> (GM) land etc.

### 5.3.6 Audit methodology

An entry conference was held on 4 February 2016 with the Secretary, Revenue and Land Reforms Department, Government of Jharkhand in which the audit objectives, scope of audit, audit methodology & initial findings of pilot study were discussed in detail. A test check was performed of lease records/returns and statements in the selected districts/Circle Offices, in order to detect irregularities in renewal of lease, transfer of GM Land, sub-leasing by lessees and realisation of Government revenue.

We held an exit conference with the Government and Department on 5 August 2016 during which the findings were discussed with the Secretary and Joint Secretary, Revenue and Land Reforms Department, Government of Jharkhand and their response have been incorporated in the relevant paragraphs.

<sup>15</sup> Bokaro, Chatra, Deoghar, Dhanbad, Dumka, East Singhbhum (Jamshedpur), Garhwa, Giridih, Godda, Gumla, Hazaribag, Jamtara, Khunti, Koderma, Latehar, Lohardaga, Palamu, Pakur, Ramgarh, Ranchi, Sahebganj, Saraikela-Kharsawan, Simdega and West Singhbhum (Chaibasa).

<sup>16</sup> Bokaro, Chatra, Dhanbad, East Singhbhum, Garhwa, Giridih, Hazaribag, Koderma, Latehar, Palamu, Ranchi, Sahebganj, Saraikela-Kharsawan and West Singhbhum.

<sup>17</sup> Risk analysis based on the demand raised and actual collection. We not only selected the districts from which demands and collections were the highest but also selected districts where the achievements were low.

<sup>18</sup> Angara, Barkagaon, Bengabad, Chatra (Sadar), Chas (Bokaro), Chaibasa (Sadar), Chakradharpur, Dhanbad (Sadar), Dhanwar, Garhwa (Sadar), Giridih (Sadar), Gamahria, Hazaribagh (Sadar), Jaganathpur, Jamua, Jugsalai-cum-Golmuri, Koderma (Sadar), Latehar (Sadar), Namkum, Noamundi, Medininagar Palamu (Sadar), Potka, Ranchi (Sadar), Ratu, Simaria, Sahebganj (Sadar), Saraikela (Sadar), Tandwa and Tata Lease Office, Jamshedpur.

<sup>19</sup> Uncultivated and unsettled land belonging to the Government. It can be settled to the raiyats/tenants as per rules.

### 5.3.7 Acknowledgment

The Indian Audit and Accounts Department acknowledges the co-operation of the Revenue and Land Reforms Department in providing necessary information and records for audit.

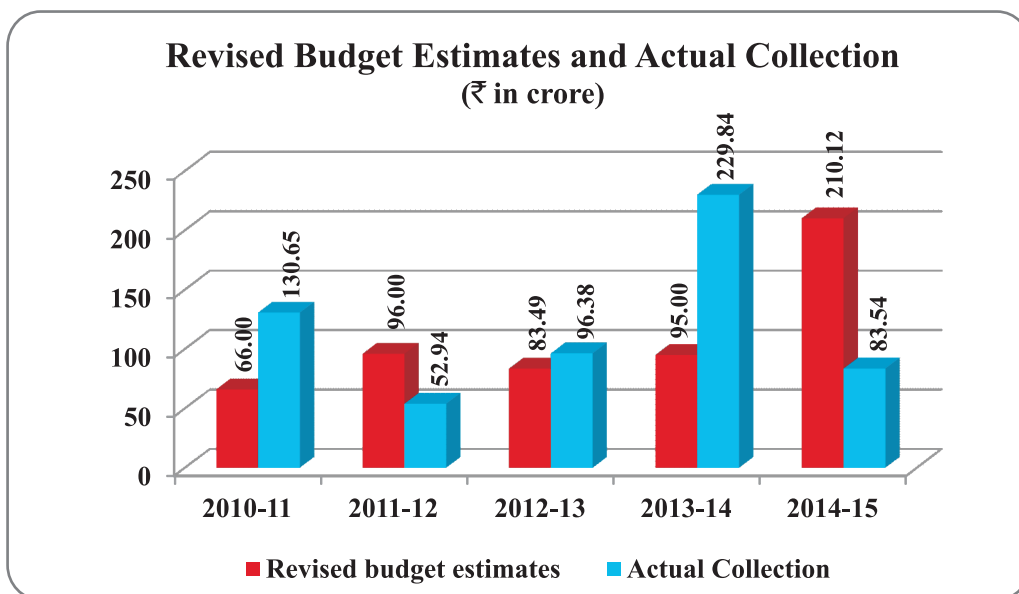
### 5.3.8 Trend of revenue receipts

According to the provisions of the Bihar Financial Rules, Vol. I (as adopted by the Government of Jharkhand) the responsibility for preparation of Budget Estimates (BE) of revenue receipts is vested in the Finance Department. However, the figures for the Budget Estimates are obtained from the Administrative Department concerned which is responsible for the correctness of the figures. In case of fluctuating revenue, the estimates should be based on a comparison of the last three year receipts.

Framing of the Budget Estimates is an important part of the Financial Planning of the Government. It is therefore necessary that the budget estimates should be as close as possible to the actual. However, an analysis of the Budget Estimates and the Actual Collection of land revenue for the period from 2010-11 to 2014-15 indicated wide variations as mentioned in **Table-5.2**.

**Table-5.2**

| (₹ in Crore) |                          |                                 |  |                         |
|--------------|--------------------------|---------------------------------|--|-------------------------|
| Year         | Revised budget estimates | Land Revenue Collected (Actual) | Variation Increase (+) / Shortfall (-) (3-2) | Percentage of variation |
| 1            | 2                        | 3                               | 4  | 5                       |
| 2010-11      | 66.00                    | 130.65                          | (+)64.65                                     | (+)197.95               |
| 2011-12      | 96.00                    | 52.94                           | (-)43.06                                     | (-)55.15                |
| 2012-13      | 83.49                    | 96.38                           | (+)12.89                                     | (+)115.43               |
| 2013-14      | 95.00                    | 229.84                          | (+)134.84                                    | (+)241.93               |
| 2014-15      | 210.12                   | 83.54                           | (-)126.58                                    | (-)39.75                |



The collection of revenue during 2011-12 and 2014-15 was 55 and 40 per cent lower than the BEs, while in other years increase over the budget estimate was greater than 100 per cent. The wide variation and volatility in collections of revenue indicates that the BEs/Revised BEs were not realistic. The reason for

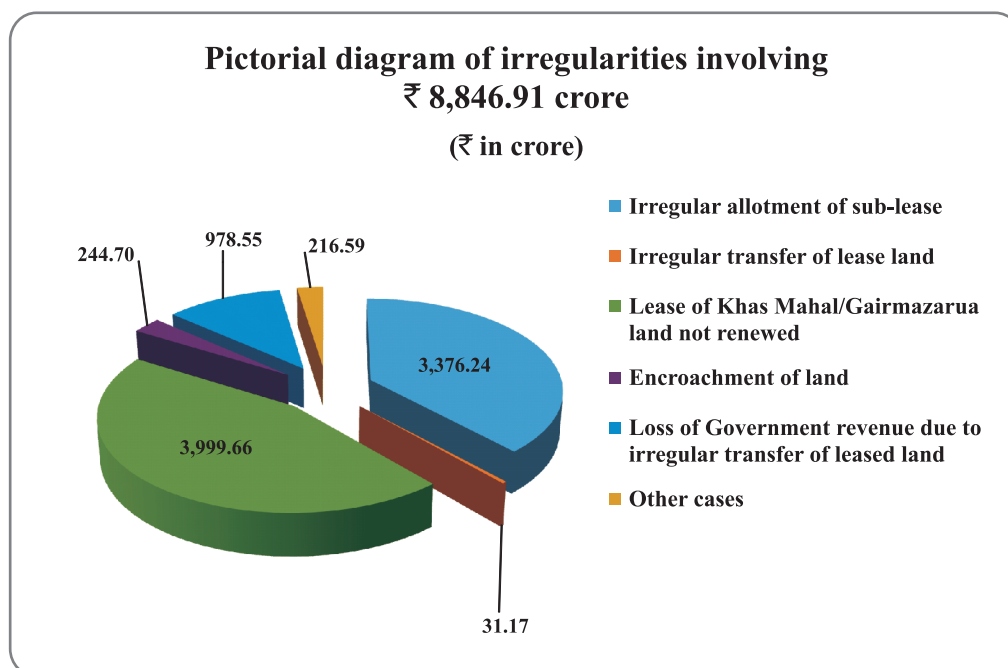
increase of 241.93 *per cent* in Land Revenue in 2013-14 over the previous year was attributed by the Department to deposit of dues amounting to ₹ 129 crore of previous years.

After we reported the matter (July 2016), the Department/Government in the exit conference stated that the BEs are fixed by the Finance Department on the basis of internal resources. Further, the Department stated that deposit of old dues and Capitalised value of land from the lessees resulted in wide variation over the previous years.

**We recommend that the Government may issue suitable instructions to the Revenue and Land Reforms Department for preparing the BEs on a realistic and scientific basis and ensuring that these are close to the actual receipts to prevent it from being an exercise in futility.**

### **Audit Findings**

Major irregularities involving ₹ 8,846.91 crore were noticed in 7,862 out of 10,452 leases in respect of 2,549.85 acres of *Khas Mahal land*, in the settlement records of 3,10,620.82 acres in respect of GM land, and in 57 sub-leases involving an area of 4,649.94 acres granted to private companies, shown as under:



These deficiencies are discussed in the succeeding paragraphs.

### **5.3.9 Conformity with laws governing leases**

Under the provisions of Clause 6 (i) and (v) of Part II of the Schedule under Appendix A-18 B of the Bihar Government Estates (*Khas Mahal*) Manual, the lessee will not assign, mortgage, underlet or part with the possession over the land or any right or interest therein or in respect thereto without the previous consent of the lessor or his nominee. In case of breach of the terms and conditions of lease deed, the Government shall have the right to resume the

whole or part of the said land. As per clause (8) of the Lease Agreement (August 1984) between Government and Tata Steel Limited, if the lessee finds it necessary in future to sub-lease any portion of the vacant lands in favour of any person, such allotment will be made with the prior approval of the Government. Clause 8 (para 7D and 7E) also refers to an amendment brought in 1972 under Bihar Land Reforms Act, 1950 that set a cut-off date of 22 June, 1970 for regularisation of sub-leases. Further, clause 2 of the Resolution no. 241 of January 2011 provides *salami* as equivalent to current market value of the land.

Our audit findings revealed that the grant of an area of 598.94 acres of land on lease was not in accordance with the existing provisions of Acts, Rules and Regulation. The succeeding paragraphs revealed that Government was deprived of revenue of ₹ 4,381.89 crore as *salami*, rent and Cess.

### 5.3.9.1 Irregular allotment of sub-lease land

**Government was deprived of revenue of ₹ 3,376.24 crore as 1,279 sub-leases were granted without prior approval. Action was not taken for resumption of sub-leased land or to realise Government revenue.**



**Market at Bistupur, Jamshedpur on irregular sub-lease land**

We test checked the lease agreement files and their corresponding records of three offices<sup>20</sup> and observed that Tata Steel and Damodar Valley Corporation (DVC, a public sector enterprise) had sub-leased an area of 469.38 acres of land to 1,279 individuals/industries etc. between 25 June 1970 and October 2009 without prior approval of the Government. We

further noticed that the information about these irregular sub-leases of leased land were available in the office of the Dy. Collector of Tata Lease office and in the office the Secretary, Revenue and land Reform Department but no action was taken for resumption of sub-leased land or to realise Government revenue as per the provisions *ibid*. As such, the Government was deprived revenue of ₹ 3,376.24 crore calculated from 1971-72 to 2014-15 as *salami*, rent and Cess (**Appendix-VIII**).

After we reported the matter (July 2016), the Department/Government accepted audit observations in the exit conference regarding irregularities of sub-lease given by Tata Steel and DVC. The Department further stated that a

<sup>20</sup> Circle Office, Nirsa, Office of the Secretary, Revenue and Land Reforms Department and Tata Lease office, Jamshedpur.



committee had been constituted to calculate the loss of Government Revenue. Further reply has not been received (October 2016).

**We recommend that Government may constitute a reviewing committee for detecting breaches of terms and conditions and to ensure that all lessees obtain prior permission from Government for change of purpose/sub-lease/sale of the lease land. We also recommend that the Government take steps urgently for recovery of revenue realisable on sub-leases.**

### 5.3.9.2 Irregular transfer of lease rights

**Government was deprived of revenue of ₹ 974.48 crore due to irregular transfer of lease rights of leased land as Rules do not permit the transfer of lease rights to others. DSR, East Singhbhum registered deed and failed to insist for fresh lease.**

Bihar Government Estates (*Khas Mahal*) Manual and the lease agreement executed between Government of Jharkhand and TISCO (now, known as Tata Steel Limited) in August 1984 and renewed in August 2005 does not envisage the transfer of lease rights to others.



**Jojobera Cement Plant, Jamshedpur**



**Lafarge Cement Factory**

We test checked the records in Tata Lease Office (March 2016) which revealed that Tata Steel had set up a cement plant in the leasehold area, but in due course, the lease rights of the plant area measuring 122.82 acres of land were transferred to Lafarge India Pvt. Ltd. in November 1999. This was pursuant to a Business Transfer Agreement (BTA) executed between the seller (Tata Steel) and purchaser (Lafarge India Pvt. Ltd.) in March 1999 in which the seller *inter alia* agreed with the purchaser for the absolute sale, free from encumbrances of the immovable asset on payment of ₹ 550 crore. We further noticed in District Sub-Registrar (DSR), East Singhbhum, Jamshedpur that transfer of lease rights were registered vide deed no. 3913 in November 1999 in favour of Lafarge India Pvt. Ltd.

Audit also noticed that Tata Steel did not obtain the prior approval from the Government for Jojobera Site License Agreement over the proposed use of land at Jojobera. The Deputy Commissioner, Jamshedpur issued a letter in October 2015 to Lafarge India Pvt. Ltd. stating that Tata Steel has no licensing rights under the provision of the Lease Agreement or under the Bihar Land Reforms Act, 1950.



Main Gate of Lafarge Cement Plant

Thus, lessee transferred the lease rights over the land in contravention of the provisions of the lease agreement and Bihar Government Estates (*Khas Mahal*) Manual which

was irregular and deprived the Government revenue of ₹ 974.48 crore for the period 1999 to 2015 as *salami* along with rent and cess (**Appendix-IX**) as calculated, based on Clause 2 of Resolution (January 2011) of the Government of Jharkhand. It also indicates that there was absence of inter-departmental check for preventing irregular transfer of lease rights of Government land as the DSR permitted this transaction without insisting on a fresh lease between the purchaser and the Government that would have realised the revenue due to it.

After we reported the matter (July 2016), the Department/Government accepted audit observations in the exit conference that the consent of the State Government is required to be taken prior to the transfer of the use of land in question and stated that a letter has been issued in August 2016 to Commissioner, Kolhan, Chaibasa to enquire into the matter. Further reply has not been received (October 2016).

**We recommend that the Government may recover the amount and instruct the Collectorates to display on website the details of all leases active in their jurisdiction so as to ensure that the plots are not sold/transferred unauthorisedly.**

### 5.3.9.3 Unauthorised sale of land of Tata lease area

**A total of 23 sale deeds of land involving 4.31 acres of land were registered during the period 2010-11 to 2014-15 even though the sub-lessee was not authorised to sale these lands/flats.**



Apartment on Lease Area

We test checked 250 sale deeds of land registered between 2010-11 and 2014-15 in the Office of the District Sub-Registrar, East Singhbhum and noticed that 23 sale deeds involving 4.31 acres of Tata lease area were registered. We further noticed that these sale deeds

had been executed by sub-lessees of Tata Steel, which was only a sub-lessee and therefore not authorised to transfer land by sale. However, DSR registered these unauthorised sale deeds without verifying the facts. Thus, failure of the extant mechanism to monitor unauthorised sale of leased area deprived the Government of revenue of ₹ 26.76 crore as *salami* and rent.

After we reported the matter (July 2016), the Department/Government accepted audit observations in the exit conference and stated that opinion of Law Department has been sought on the basis of which further action will be taken. Further reply has not been received (October 2016).

#### 5.3.9.4 Irregular sale/transfer of lease land

**Government was deprived of revenue amounting to ₹ 4.41 crore due to irregular sale/transfer of Khas Mahal lease land. Department failed to resume of the land/building on breach of the terms and conditions of lease deed.**

We test checked the records of DCLR, Ranchi and *Khas Mahal* Officer, Sahebganj (between October 2015 and May 2016) and noticed that 2.43 acres of *khas mahal* land out of 1910.73 acres were transferred by way of sale deeds, *Ekrarnama*<sup>21</sup> and power of attorney in contravention to the above provisions to Surbhi Apartment, Circular Road, Ranchi and 38 other cases at Sahebganj. As provisions of Rule 38 to 40 of Bihar State *Khas Mahal* Manul, *Halka Karmchhari/Tahsildar* should have enquired the matter and brought out to the notice of *Khasmahal* Officer/Circle Officer. Thus, due to the mechanism to monitor irregular transfer of *khas mahal* land not functioning as it should, Government was deprived of revenue of ₹ 4.41 crore as *salami* and rent.



**Surbhi Apartment, Circular Road, Ranchi on *Khas Mahal* land**

After we reported the matter (July 2016), the Department/Government accepted audit observations in the exit conference and stated that a resolution has been issued in March 2016 regarding regularisation or eviction of *Khas Mahal* land where the terms and conditions of lease were violated. Further reply has not been received (October 2016).

**We recommend that the Government should take action for resumption of *Khas Mahal* land allotted on lease for breach of condition of lease agreement.**

<sup>21</sup> Transfer of land on mutual understanding.



### 5.3.10 Securing against trespassers and renewal of leases

Our findings revealed that terms and conditions of lease were not being adhered to as timely action for renewal and eviction was not taken in respect of 5,308.97 acres of land involving 8,026 lessees, resulting in depriving Government revenue of ₹ 4,248.43 crore as depicted in the following paragraphs:

#### 5.3.10.1 Lease of *khas mahal* land not renewed

**A total of 7,862 *khas mahal* land leases, measuring an area of 2,547.42 acres which expired between 1934-35 and 2013-14 were not renewed due to which rent and interest of ₹ 3,964.94 crore was not realised. The Department neither issued notices to the lessees for renewal of lease nor took steps to evict them.**

According to the Bihar Government Estates (*Khas Mahal*) Manual and rules framed thereunder for grant of lease, the Collector/Deputy Commissioner is required to issue notices to the lease holders six months prior to expiry of the lease for renewal of such leases. Further, the lessee is required to apply for renewal of his lease three months prior to its expiry. A lessee who continues to occupy leasehold property without renewal of lease and also without payment of rent is to be treated as a trespasser and has no claim for renewal on the basis of past terms and conditions. On fresh lease for residential or commercial purposes, *salami* at the current market value of land besides annual rent at the rate of two *per cent* and five *per cent*, respectively of such *salami* is leviable on the lessee. The Government issued instructions in July 2004 and April 2011 to all the Deputy Commissioners to take action for renewal of pending cases within three months.

We test checked the records of four Circle Offices<sup>22</sup>, Additional Collector, Chaibasa and seven Khasmahal/DCLR offices<sup>23</sup> and noticed that leases for 2,547.42 acres of *khas mahal* land held by 7,862 lessees (out of 10,413 lessees) covering an area of 5,019.58 acres, expired between 1934-35 and 2013-14. The lessees or their heirs continued to occupy the leasehold property without payment of rent and also without renewal of lease. Neither did the lessees apply for fresh lease nor did the Department issued notices to the lessees for executing lease deeds or taken steps to evict them. Thus, rent and interest amounting to ₹ 3,964.94 crore for the period from 1934-35 to 2014-15 was not realised (**Appendix-X**).

At the instance of audit, Commissioner, South Chhotanagpur Division, Ranchi and Dy. Commissioner, Palamu issued resolution in March and May 2016 respectively for renewal of *Khas Mahal* lease land within a scheduled timeframe.

After we reported the matter (July 2016), the Government accepted audit observations in the exit conference and stated that Instructions had been issued (March 2016) to ensure the renewal of lease within schedule timeframe and steps would also be taken to evict the trespassers under Bihar Public Land

<sup>22</sup> Chakradharpur, Jagannathpur, Golmuri cum Jugsalai and Noamundi.

<sup>23</sup> Garhwa, Hazaribagh, Koderma, Latehar, Medninagar, Ranchi and Sahibganj.

Encroachment Act, 1956. Government had also passed a resolution in March 2016 in this regard.

Similar paragraphs featured in the Audit Report of the Comptroller and Auditor General of India (Revenue Receipts) pertaining to the year ending March 2000, 2003, 2005, 2006, 2008, 2010, 2012 and 2014, regarding loss of revenue due to failure to renew leases of Government *khas mahal* land but no steps were taken for renewal of leases (October 2016).

### **5.3.10.2 Expired lease of GM *khas* land not renewed**

**Government was deprived of revenue amounting to ₹ 34.72 crore as lease was not renewed.**

The Bihar Rent Fixation Act states that a lessee using the leasehold property for commercial activity is liable for payment of commercial rent at the rate of five *per cent* of the market value of the land.

We test checked the records of four offices<sup>24</sup> of the Revenue and Land Reforms Department and noticed that 820.44 acres of GM land was leased out to 161 lessees between 1948 and 1967 for 30 years. The same were not renewed after expiry of lease while the possession remained with lessees. This prevented levy and realisation of land revenue of ₹ 34.72 crore as lease rent along with interest. {Appendix-XI(i) and XI(ii)}.

After we reported the matter (July 2016), the Government accepted audit observations in the exit conference and stated that efforts are being made to obtain information from the districts concerned for initiation of further action.

Similar issue was pointed out in paragraph No. 5.2.7.8 of Audit Report (Revenue Receipts) for the year ended 31 March 2010 but no steps were taken for renewal of leases (October 2016).

### **5.3.10.3 Encroachment of Government land**

**Government was deprived of revenue of ₹ 248.77 crore for the period 1996-97 to 2014-15 as the Department failed to evict and earn revenue from 1,859.68 acres of land due to encroachment and could not account for 69.43 acres of land leased out to Tata Iron and Steel Company, Jamshedpur.**

Under the Bihar Public Land Encroachment (BPLE) Act, if a person encroaches upon any public land, he may be evicted or the land may be settled with such person on payment of rent and damages as per the rules laid down in Bihar Government Estate (*Khas Mahal*) Manual. Further, in case of settlement of public land for residential/commercial purposes, salami equal to the prevailing market value of such land together with annual residential/commercial rent at the rate of two/five *per cent* of *salami* is payable.

<sup>24</sup> Additional Collector, Chaibasa and Circle Offices, Chaibasa, Noamundi and Golmuri-cum-Jugsalai, Jamshedpur.



**Encroachment of land at 86 Basti**

Test check of land records/schedule of Tata Lease Office and statements furnished by the Settlement Office, Jamshedpur revealed that the Government leased out (January 1956) 12,708.59 acres of land to TISCO, free from encroachment, for a period of 40 years which expired in December 1995. Prior to expiry of the lease, TISCO applied (August 1995) for renewal of lease for a further period of 30 years for a smaller area of 10,852.27 acres only and requested for excluding an area of 1,786.89 acres (86 Basti) from the earlier lease. This 1,786.89 acres of land was completely encroached by a variety of persons of which 1,111.04 acres land was occupied by 17,986 buildings and the rest 675.85 acres was covered by roads, streets, drains, barren land, community hall, temple, mosque, *gurudwara*, schools, graveyards, playground etc. We did not find anything on record to indicate that steps were taken to evict the encroachers. Further, details of the remaining 69.43 acres of land that was not accounted for were not furnished by the Department. This indicated that the Department was negligent in monitoring the leased land resulting in loss of revenue of ₹ 220.04 crore as *salami* and rent for the period 1996-97 to 2014-15 (**Appendix-XII**).



**Land encroached by Railway**

Test check of records (December 2015) of Additional Collector, Chaibasa revealed that the Government leased out 463.69 acres of land to Steel Authority of India Limited (SAIL) in April 1979, free from encroachment for a period of 30 years. Prior to expiry of lease, Government renewed the lease in April 2009 for an area 378.90 acres only for further period of 30 years, excluding an area of 84.79 acres from earlier lease. We further noticed that 72.79 acres of GM land was occupied by Railway and rest 12 acres was under possession of Jindal Steel Plant Limited (JSPL) for construction of Railway siding. In these cases, grant of fresh lease was not found on records. The Department did not initiate action to evict the encroachment. This resulted in loss of revenue of ₹ 28.73 crore as *salami*, rent and cess for the period 2009-10 to 2014-15 as per current market of the land (**Appendix-XIII**).

After we reported the matter (July 2016), the Government accepted audit observations in exit conference and stated that 12.00 acres of land was resumed by the Government in June 2016 and action was being taken for verification of remaining 72.79 acres of land at district level with the Railways. The Department further stated that a Committee has been

constituted under the Chairmanship of Development Commissioner, Government of Jharkhand for inclusion of excluded area/land of Tata Lease. The matter of 86 *basti* is under consideration before the aforesaid committee.

Similar issue was pointed out in Paragraph No. 5.2.7.7 of Audit Report (Revenue Receipts) for the year ended 31 March 2010 but no steps were taken to evict the illegal occupants.

**We recommend that Government should evolve a clear policy on regularisation and clearance of encroachment. Government should ensure maintenance of accurate and updated data of leased land. Pending lease agreements ought to be finalised in a time bound programme. Effective action should be taken to follow up eviction of illegal encroachments.**

### 5.3.11 Realisation of lease rent, cess, interest, *salami* and capitalised value of land

Our audit findings revealed that timely action for realisation of lease rent, cess, interest, *salami* and capitalised value of land was not made in respect of 1,291.88 acres of land depriving Government revenue of ₹ 216.59 crore during the period 2006-07 to 2014-15 depicted in the succeeding paragraphs:

#### 5.3.11.1 Revenue not realised

**Government was deprived of revenue amounting to ₹ 195.31 crore due to breach of terms and conditions of lease agreement.**

The Clause 6 of Tata lease deed envisages that the vacant lands may be used by the lessee for factory, production processes, providing civic amenities to



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TATA ROBINS FRASER (TRF) CO.

the town and housing facilities to the employees of the lessee. If the vacant land is put to any such use, the lease rent will be paid to the lessor in accordance with the rates specified in this lease for such use. Further, the Clause 8 of Indenture of Lease Deed constitutes that, if the Lessee finds it necessary in future to sub-lease any portion of the vacant lands in favour of any person, such allotment will be made with the prior approval of the Lessor on terms to be settled. An Appropriate Machinery Committee has been set up (06.12.2005) by the Lessor in consultation with the Lessee for expeditious disposal of such cases of sub-lease.





TATA BLUE SCOPE STEEL BUILDING  
SOLUTION Pvt. LIMITED



XLRI, JAMSHEDPUR

We test checked the records of Tata lease office and noticed that 144.33 acres of land out of 10,852.27 acres of Tata lease area was sub-leased to 59 entities with approval of Appropriate Machinery Committee (21.09.2012) and the Government during 2006-07 to 2010-11. Accordingly the Government issued a *Rajyadesh* for levy of *salami* & rent on such sub-leased land. The possession was handed over to the sub-lessees and certificates of delivery were issued by Tata Steel. However, revenue of ₹ 195.31 crore as *salami*, rent and cess was not realised (**Appendix-XIV**). It was also noticed that Clause 6 and 8 of Lease Agreement envisages the categorisation of vacant land under Schedule 'E' for sub-lease for commercial activities but the sub-lease was given under Schedule 'A' (used for purpose of factory, mills or gowowns by the company) by violating the Lease Agreement. Secondly, Registration of sub-lease was not executed within a scheduled time frame as per Section 107 of Transfer of Property Act, 1882 and Section 17 of Registration Act, 1908.

After we reported the matter (July 2016), the Department/Government accepted audit observations in the exit conference and stated that the Committee headed by the Commissioner, Kolhan Division, Chaibasa has submitted its Inspection Report to the Government and is under consideration before the Government. Further reply has not been received (October 2016).

**We recommend that Government may take appropriate action for timely settlement of the matter and realize the revenue of ₹ 195.31 crore.**

#### **5.3.11.2 Commercial rent and cess on GM land not raised**

**Commercial rent and cess amounting to ₹ 14.65 crore was not realised from three lessees of GM land.**

As per para No. (i)(a) and (ii) (a) of Resolution No. 241 of January 2011, if GM land has been settled on lease for residential/commercial purposes, annual residential/commercial rent at the rate of two/five *per cent* of *salami* is payable with a 7.5 *per cent* yearly increase. Further, cess is also realisable on lease rent.

- Test check of records of Circle Offices, Gamharia (East Singbhum) and Barkagaon (Hazaribag) which revealed that 107.54 and 995.11 acres of GM land was sanctioned through *Rajyadesh* to Adhunik power & Natural Resources Limited and National Thermal Power Corporation (NTPC) for industrial/commercial purposes. But the Department did not raise demand for

rent for the period from 2013-14 to 2014-15. Thus commercial rent and cess amounting to ₹ 14.31 crore was not realised.

- Test check of records of Circle Office, Barkagaon (Hazaribag) revealed that 13.44 acres of GM *khas* land was settled on lease for 30 years to NTPC. The Circle Officer while fixing the rent reduced the leasehold area by 8.48 acres without assigning any reason. This resulted in short realisation of ₹ 34.17 lakh in shape of *salami*, Commercial rent and cess for the period 2013-14 and 2014-15.

After we reported the matter (July 2016), the Department/Government accepted audit observations in the exit conference and stated that action was being taken to recover the rent and cess. Further reply has not been received (October 2016).

### 5.3.11.3 Commercial lease rent not realised

**Out of 23 lessees, 15 lessees did not pay the lease rent for the period 2009-10 to 2014-15 involving the amount of ₹ 2.32 crore as lease rent and interest.**

As per Appendix A-17 and State Government Circulars and Orders included in *Khas Mahal* Manual, in the event of the lessee failing to pay the rent on or before the date herein fixed for such payments, such arrear shall without prejudice to any other right or remedy of the lessor carry interest at the rate of 10 *per cent* per annum.

We test checked the records of GM Land and statement of 14 sampled districts and noticed in Circle Office, Noamundi that 23 lessees were awarded lease for carrying business of crusher units for which Commercial Rent along with interest were fixed, but scrutiny of records revealed that out of 23 lessees, 15 lessees had not been paying the lease rent for the period 2009-10 to 2014-15 which accounted for ₹ 2.11 crore. Besides, interest of ₹ 21 lakh was also leviable. Thus, lease rent and interest of ₹ 2.32 crore was not realised.

After we reported the matter (July 2016), the Department/Government accepted audit observations in the exit conference and stated that information regarding specific action taken in aforesaid cases were being gathered from respective districts/circles. Further reply has not been received (October 2016).

### 5.3.11.4 Misclassification of Industrial land as agricultural land

**Government was deprived of Revenue amounting to ₹ 2.27 crore due to application of agricultural rate instead of industrial rate for working out *salami*.**

Under the provisions of the Bihar *Khas Mahal* Manual read with resolution of January 2011, Government land (GM *khas* and *Aam*) may be transferred to a company on lease basis for 30 years either for commercial or industrial purpose on realisation of *salami* computed on the basis of prevailing market value of land as specified in valuation list of Registration Department.

We test checked the records of selected districts pertaining to transfer of Government land and noticed in Circle Officer, Gamharia that 38.94 acres of

land was sanctioned and transferred by Rajyadesh between March and April 2013, for industrial purpose to M/s Adhunik Power and Natural Resources Limited. As per provisions, *salami* was required to be calculated and realised on the rate applicable for industrial purpose. But it was found that *salami* was realised at the rate applicable for agriculture land in place of industrial, which resulted in short realisation of Government revenue of ₹ 2.27 crore.

After we reported the matter (July 2016), the Department/Government accepted audit observations in the exit conference and stated that information regarding specific action taken in each case was being gathered from respective districts/circles. Further reply has not been received (October 2016).

#### **5.3.11.5 Capitalised value of land not realised**

**Government was deprived of Revenue amounting to ₹ 1.62 crore as Capitalised value of land not realised.**

Under the provisions of Bihar *Khas Mahal* Manual read with executive order by the Revenue and Land Reforms Department, Government of Jharkhand (June 2004), competent authorities are responsible to assess capitalised value of transferred GM/Government land on the basis of valuation list approved by the Inspector General (I.G.), Registration and realisation of 80 *per cent* of capitalised value prior to forwarding the proposal of alienation/transfer of land in order to complete the process within time schedule and avoid refusal by the applicant.

We test checked the records of selected districts pertaining to transfer of Government land and noticed in Circle Office, Dhanbad that a demand of one acre land by the Life Insurance Corporation of India (LIC) was proposed to the Deputy Commissioner, Dhanbad in June 2007 for construction of Branch Offices on lease for 30 years. But the Circle Officer did not realise 80 *per cent* of capitalised value while forwarding the proposal in contravention to the provisions *ibid*. Thus, revenue of ₹ 1.62 crore was not realised.

After we reported the matter (July 2016), the Department/Government accepted audit observations in the exit conference and stated that the lease applications are not being entertained without payment of 80 *per cent* of the cost of land. However, the capitalised value was neither raised by the Department nor deposited by the lessee till date. Further reply has not been received (October 2016).

#### **5.3.11.6 Interest on arrears of commercial lease rent not realised**

**Department did not levy the interest on arrear of lease rent.**

As per Appendix A-17 and State Government Circulars and Orders maintained in *Khas Mahal* Manual, in the event of the lessee failing to pay the rent on or before the date herein fixed for such payments, such arrear shall without prejudice to any other right or remedy of the lessor carry interest at rate of 10 *per cent* per annum.

We test checked the records of 14 sampled districts and noticed in the office of Additional Collector, Chaibasa that in case of a lease given to SAIL, *salami* of

₹ 4.16 crore and lease rent along with cess of ₹ 4.52 lakh was paid after expiry of lease period. However, the interest was not levied by the Department resulting in short realisation of revenue amounting to ₹ 42.07 lakh.

After we reported the matter (July 2016), the Government/Department accepted audit observations in the exit conference and stated that information regarding specific action taken in each case was being gathered from respective districts/circles. Further reply has not been received (October 2016).

### 5.3.12 Internal controls

#### 5.3.12.1 Arrears of Land Revenue in respect of Tata lease area

**Database of arrears of revenue was not being maintained and despite arrears pending for previous years, certificate cases were not instituted for recovery of old outstanding dues of Land Revenue.**

According to the Bihar Tenancy Act (as adopted by Government of Jharkhand), land rent payable by a tenant is to be paid in four equal instalments falling due on the last day of each quarter of the agricultural year<sup>25</sup>. Rent not paid in time is deemed to be outstanding arrears of land revenue at the end of the agricultural year and was recoverable through certificate proceedings under the Bihar and Orissa Public Demand and Recovery (PDR) Act, 1914.

We scrutinised the Annual Return-I<sup>26</sup> which revealed that the returns were neither being consolidated/compiled nor reconciled by the Tata Lease Office to ascertain the total amount of outstanding arrears of land revenue at the end of the agricultural year.

We worked out the outstanding arrears of revenue on the basis of the Return-I as furnished by the office which amounted to ₹ 223.30 crore as on 31<sup>st</sup> March 2015, as mentioned in **Table-5.3**.

**Table-5.3**

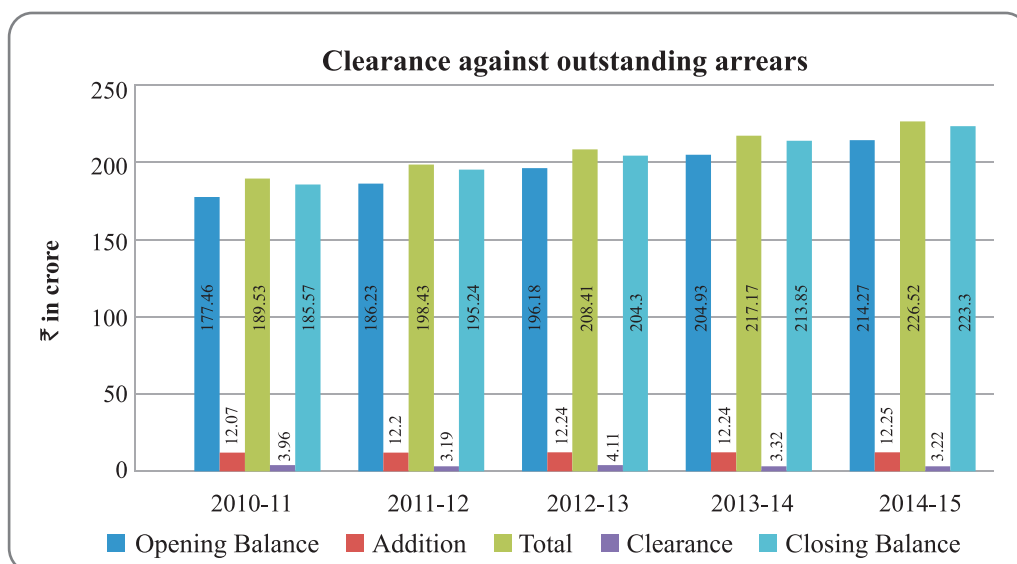
(₹ in crore)

| Year    | Opening balance | Addition | Total outstanding arrears | Clearance | Closing Balance | Percentage of clearance of arrears to total arrears | Remarks   |
|---------|-----------------|----------|---------------------------|-----------|-----------------|---|---|
| 2010-11 | 177.46          | 12.07    | 189.53                    | 3.96      | 185.57          | 2.08  | Opening Balances of 2011-12 to 2014-15 have been shown in excess over Closing Balances of preceding years |
| 2011-12 | 186.23          | 12.20    | 198.43                    | 3.19      | 195.24          | 1.60  |   |
| 2012-13 | 196.18          | 12.24    | 208.41                    | 4.11      | 204.30          | 1.97  |   |
| 2013-14 | 204.93          | 12.24    | 217.17                    | 3.32      | 213.85          | 1.53  |   |
| 2014-15 | 214.27          | 12.25    | 226.52                    | 3.22      | 223.30          | 1.42  |   |

<sup>25</sup> Means where the Bengali year prevails, the year commencing on the first day of Baisakh, where the Fasali or Amli year prevails, the year commencing on the first day of Asin and, where any other year prevails for agricultural purposes, that year.

<sup>26</sup> Return No. I contains the demands, collections, remissions and balances of rent, cess of estates under direct management of Government.





Despite arrears pending for previous years, certificate cases were not instituted for recovery of old outstanding dues of land revenue. After we reported the matter (July 2016), Department/Government accepted audit observations in the exit conference and stated that opinion of Law Department has been sought on the basis of which further action will be taken. Further reply has not been received (October 2016).

**We recommend that the Government may consider maintaining an electronic database of arrears of revenue on lines of BHOOMI project of Karnatka for digitization of land records, which can prove useful in keeping track of pending arrears of land revenue and may ensure its speedy recovery.**

### 5.3.12.2 Computerisation of land records

**Computerisation of land records under NLRMP was not completed in any district even after a lapse of six years.**

For modernisation of land records system in the country, a modified programme, viz., the National Land Records Modernisation Programme (NLRMP) has been formulated for computerisation of land records and strengthening of revenue administration and updating of land records. The main objective of the programme was computerisation of land records, survey and settlement of records, registration, construction of modern record room and training to fulfill the objective.

We noticed that a sum of ₹ 41.79 crore was sanctioned by the Government of India (GOI) for computerisation of land records out of which ₹ 25.03 crore was provided to Government of Jharkhand and released to all the Deputy Commissioners of 24 districts of the State between 2010-11 and 2015-16. Utilisation for ₹ 15.97 crore was on records, the detail of balance amount of ₹ 9.06 crore lying with the Deputy Commissioner were not furnished. We further noticed that progress of computerisation was not monitored at any level, reports/returns in this regard was not found records. Thus, due to slow progress of computerisation and lack of monitoring, none of the districts in the State have computerised land records even after a lapse of six years. The

discrepancy in respect of *khas mahal* land as mentioned in Para 5.3.12.3 could not be rectified as the land records have not been computerised.

After we reported the matter (July 2016), the Government/Department accepted audit observations in the exit conference and stated that utilisation certificate in this regard would be furnished accordingly.

**We recommend that the Government may complete the computerisation of land records in line with the systems in place in other States such as Karnataka (Bhoomi and Mojini projects). The system should be designed to create, maintain and issue accurate land records for effective revenue administration, land reforms and development planning by integrating data storage at various levels within a fixed time schedule.**

### 5.3.12.3 Discrepancy in notified *Khas Mahal* land

**There were discrepancies of an area of 12,098.25 acres of *Khas Mahal* land due to improper maintenance of records.**

Rule 78 of Bihar Estates (*Khas Mahal*) Manual states that in every district office, a list of Government Estates should be maintained in the prescribed proforma. Such a list should also be maintained separately in each sub-division office for the Government estates in the sub-division. The list should be periodically revised and updated.

We test checked the data relating to *Khas Mahal* land for the period March 2011 to April 2015 which revealed that the last survey of *Khas Mahal* land was conducted upto the year 2008 identified 47,803.60 acres of *Khas Mahal* land but the statement furnished by the Land Revenue Department for the year 2015, showed an area of 59,901.85 acres. However, the register of miscellaneous demand containing data on *Khas Mahal* land was not being maintained. As such, the *Khas Mahal* land acreage was 12,098.25 acres more than the survey report and no reasons were assigned thereof. Thus, due to incomplete maintenance of registers and returns there was discrepancy of an area 12,098.25 acres as mentioned in **Table-5.4**.

**Table-5.4**

| Sl. No       | Name of district | <i>Khas Mahal</i> area as on 3/2011 (in acres) | <i>Khas Mahal</i> area as on 4/2015 (in acres) | Difference in area (in acres) |
|--------------|------------------|--|--|-------------------------------|
| 1            | Ranchi           | 287.25   | 489.73   | 202.48                        |
| 2            | Simdega          | 88.57  | 88.57  | -                             |
| 3            | East Singhbhum,  | 373.89   | 373.89   | -                             |
| 4            | West Singhbhum   | 767.30   | 775.75   | 18.45                         |
| 5            | Hazaribag        | 796.17   | 796.17   | -                             |
| 6            | Koderma          | 331.55   | 333.97   | 2.42                          |
| 7            | Giridih          | 42,908.77                                      | 54,793.70                                      | 11,884.93                     |
| 8            | Sahibganj        | 1,421.00                                       | 1,421.00                                       | -                             |
| 9            | Palamu           | 622.45   | 622.42   | (-) 0.03                      |
| 10           | Garhwa           | 43.96  | 43.96  | -                             |
| 11           | Latehar          | 162.69   | 162.69   | -                             |
| <b>Total</b> |                  | <b>47,803.60</b>                               | <b>59,901.85</b>                               | <b>12,098.25</b>              |

In case of Giridih, records furnished by Additional Collector do not mention *Khas Mahal* land whereas Department has shown *Khas mahal* area of 54,793.70 acres as on April 2015. This clearly indicates that deficiency in

system with respect to maintenance of records of *Khas Mahal* land may lead to irrecoverable alienation of land as well as leakage of legitimate Government revenue.

We reported the matter to the Department in February 2016; Further, the Department accepted audit observations in the exit conference and stated that information regarding specific action taken in each case is being gathered from respective districts/circles and action would be taken for enhancement of revenue.

#### **5.3.12.4 Internal Audit**

The Finance Department is responsible for conducting Internal Audit of the Revenue and Land Reforms Department including its various offices. We observed that no Internal Audit was conducted during the period 2010-11 to 2014-15 in any of the selected 29 units/offices test checked.

#### **Maintenance of Registers and Returns**

Internal Controls are intended to provide reasonable assurance of proper enforcement of laws, rules and Departmental/Executive orders. A vital component of internal control is to enable the management to assure itself that the prescribed systems are functioning reasonably well.

The Bihar Government Estate (*Khas Mahal*) Manual, provides for maintenance of the following registers/returns by the Collector and the AAs for efficient management of leased land and collection of land revenue and other land reforms:

**Register-IXA (Details of waste land):** This register is meant for recording details of settlement of waste lands. This register was not found maintained by any of the units selected for audit.

**Return-III (List of defaulters):** This return is maintained at the circle level comprising of detailed list of the defaulters on the basis of Register-II, who were not making payment of arrear dues. The return was required to be submitted to the Deputy Commissioner for initiating certificate proceeding against the defaulters.

We test checked the records of units selected for audit and observed that Return-III was not being maintained by AAs.

#### **Annual statement showing alienation of Government land was not maintained:**

As per Rule 173 maintained in *Khas Mahal* Manual, alienation of Government land when settled should be entered in the relevant Register concerned in Form given in Appendix “c (12)” of *Khas Mahal* Manual.

We test checked the records of units selected and observed that the above register was not being maintained by the units selected for audit for alienation of Government land.

**“Register of Miscellaneous Demand” was not maintained:**

As per Rule 89 of *Khas Mahal* Manual “Register of Miscellaneous Demand” is to be maintained by the circle office, in each districts. In remarks column of Register-32 merely the existence of these demand will be noted e.g. income from salami in town *khas mahal*. Further, to ensure realisation of salami in cases where it is due, Register- I of town *khas mahal* must also be examined annually with “Register of Miscellaneous Demand”. In this register, cross reference of register-I will be done by noting the *jamabandi* number which the new tenancy will bear after its creation on payment of salami. This register was not maintained by any of the units selected for audit.

**Register-IX was neither prepared nor maintained:**

As per Rule 97 of *Khas Mahal* Manual the Tehsildar must be advised by Circle Officer for making a certificate, and the advice sent to him should show the name of tenant, the number in the rent roll, year and the amount for which the certificate is made and the date of filing the certificate. The *Khas Mahal* Department will prepare the draft certificate in Form No. I of Schedule II of the Bihar and Orissa Public Demand Recovery Act, 1914 and send them to Certificate Officer for signature and execution.

We test checked the records and observed that the list of “certificate cases for non-payment of arrear” in Register-IX was not being maintained by any of the units selected for audit.

We further observed that the above mentioned registers/returns prescribed in the Manual for keeping permanent records of land holding, transfer of land holding, revenue realisable, details of waste land and surplus land for lease/settlement were neither maintained nor updated regularly in the selected circle. In the absence of such details, monitoring and control of various activities relating to revenue and land reforms at higher level were not possible which was likely to affect the collection of land revenue. The internal control in the Department was not adequate and need to be strengthened.

Apart from above, we also did not find any records in respect of Inspection by the Circle Officer or other higher officers as per provisions prescribed in Acts and Rules<sup>27</sup>, in any of the units selected for Performance Audit except in Koderma, Gamharia, Saraikela and Latehar.

**We recommend that the Government may take steps for strengthening the procedure for maintaining data relating to Land Revenue for keeping permanent records of Land holdings, transfer of land, revenue realizable and details of waste land/surplus land.**

**5.3.13 Conclusion**

During Performance Audit we observed the following:

The data on leased land was not complete in the department. The department had not developed any system for conducting periodical inspection for the land granted on lease. The Department was not monitoring the condition governing the grant of lease. Though a number of lessees had indulged in serious

<sup>27</sup> Rule-47 of Bihar Government Estates (*Khas Mahal*) Manual, 1953.

violation of terms and conditions of lease, no action had been taken to rectify the problem. In the case of sub lease by Tata Steel Limited the lease agreement had not been executed and registered. The Department failed to exercise proper control over settlement of lease/lease extension of Government land (*Khas Mahal* and *GM Khas*) to widen the land revenue base and enhancement of land revenue. There was short realisation of ₹ 8,846.91 crore of revenue. Data on arrears of land revenue was not complete due to which effective action could not be taken for realisation of arrears of lease rent, cess and interest. Internal control mechanism was weak as was evident by the fact that during the period under Performance Audit no internal audit as well or inspection was conducted, except in Koderma, Gamharia, Saraikela and Latehar. Further, the required registers were also not maintained, as prescribed in the various manuals of the Revenue Department. The shortfall of revenue over the years, if it were to be collected in a special drive will contribute to 80 per cent of the own revenue collection of the State, thereby providing sufficient funds to make capital investments that are lacking in the State.

### **5.3.14 Summary of recommendations**

The Government may:

- take action for resumption of *khas mahal* land allotted on lease on breach of condition of lease agreement;
- constitute a reviewing committee for detecting breaches of terms and condition and ensuring that all lessees obtain prior permission from Government for change of purpose/sub-lease/resumption of the lease land and initiating proceedings for recovery of revenue foregone;
- display leases existing in collectorate prominently on the website;
- evolve a clear policy on regularisation/clearance of encroachments which are administratively considered necessary and streamlining the procedure for effective action;
- complete the computerisation of land records as has been done in other States. This would ensure good governance in the State in the matter of updating and maintenance of accurate data of leased land and would also enable execution of the pending lease agreements in a time bound manner; and
- follow-up eviction of illegal encroachment through effective action.

The Department/Government in exit conference accepted and appreciated (August 2016) our all recommendations.

## B. STAMP DUTY AND REGISTRATION FEES

### 5.4 Tax administration

The levy and collection of Stamp duty and Registration fees in the State of Jharkhand is governed by the Indian Stamp Act, 1899 and rules made thereunder and the Registration Act, 1908. On creation of the State of Jharkhand, with effect from 15 November 2000, the existing Acts, Rules and executive instructions of the State of Bihar were adopted by the State of Jharkhand.

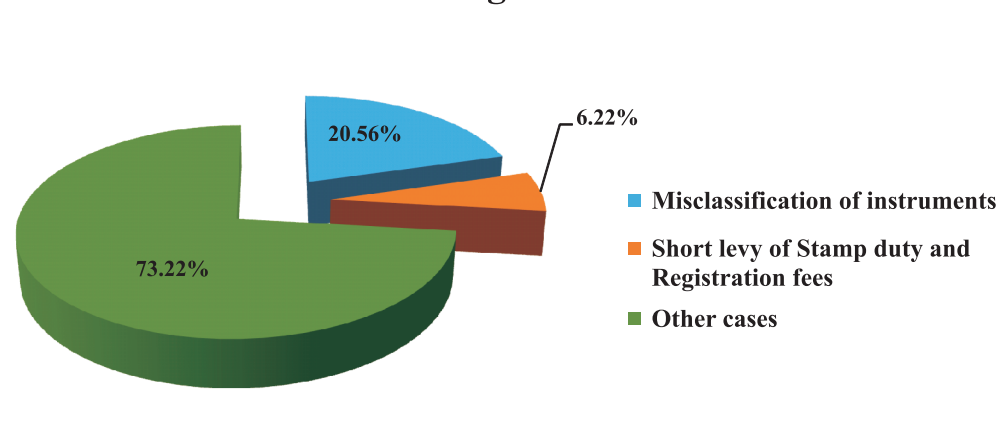
### 5.5 Results of audit

We planned for test check of records of 5 annual units and 15 biannual units out of the total 56 units relating to 'Stamp Duty and Registration Fees' of Revenue, Registration and Land Reforms Department during 2015-16 and test checked all the above planned units<sup>28</sup>, which collected revenue of ₹ 2.79 crore. Our Audit revealed misclassification of instruments, short levy of Stamp duty and Registration fees etc. involving ₹ 7.88 crore in 2,242 cases, as detailed in **Table-5.5**.

**Table-5.5**

|              |  |              | (₹ in crore) |
|--------------|--|--------------|--------------|
| Sl. No.      | Categories                                     | No. of cases | Amount       |
| 1            | Misclassification of instruments               | 16           | 1.62         |
| 2            | Short levy of Stamp duty and Registration fees | 42           | 0.49         |
| 3            | Other cases                                    | 2,184        | 5.77         |
| <b>Total</b> |  | <b>2,242</b> | <b>7.88</b>  |

### Pictorial presentation of nature of irregularities



<sup>28</sup> Offices of District Sub Registrar/Sub-Registrar, Bermo, Bokaro, Chaibasa, Deoghar, Dhanbad, Dhanwar, Giridih, Gola, Gumla, Jamshedpur, Jamtara, Lohardaga, Pakur, Palamu, Rajmahal, Ranchi Rural, Ranchi Urban (Kanke), Ranchi Urban (Doranda) and Ranchi and Inspector General of Registration, Ranchi.



During the year, the Department accepted short levy of stamp duty and registration fees of ₹ 29.48 lakh in 106 cases pointed out by us during 2015-16.

In this chapter we present an illustrative case having financial implications of ₹ 29.48 lakh which has been discussed in the succeeding paragraphs.

## 5.6 Provision of Acts/Rules not complied with

*The Indian Stamp Act, 1899 (IS Act), the Registration Act, 1908 and Bihar Registration Rules, 1937, Bihar Registration Manual, 1946 and Bihar Stamp (Prevention of under valuation of instruments) Rules, 1995 (as adopted by the Government of Jharkhand) made thereunder provide for:*

- (i) *payment of Registration fees at the prescribed rate; and*
- (ii) *payment of Stamp duty by the executants at the prescribed rate.*

*We noticed that the Revenue, Registration and Land Reforms Department did not observe the provisions of the Act/Rules in cases mentioned below:*

## 5.7 Stamp duty and Registration fees on leases not levied

**Cross-verification of data relating to leases executed between 2011-12 and 2014-15 by Circle offices, Municipal Council, Notified Area Committee etc. with records of six District Sub-registrar offices revealed that these documents were not registered, as such Stamp duty and Registration fees of ₹ 29.48 lakh was not levied.**

Under the provisions of Section 17 (1) (d) of the Registration Act, leases of immovable property from year to year, or for any term exceeding one year, of reserving a yearly rent is to be compulsorily registered. Stamp duty is chargeable as per article 35 of Schedule I-A of the IS Act, depending on the periodicity of lease and Registration fee is also leviable on the value on which Stamp duty is charged.



We obtained information from eight offices<sup>29</sup> (between July 2015 and January 2016) regarding settlement of *sairats* which is the right and interest in respect of revenue earning *hat, bazaar, mela, trees, ferries, Ponds* etc. We cross verified with the records of six DSRs<sup>30</sup> concerned which revealed that, out of 156 *sairats* test checked, 106 *sairats* were settled between 2011-12

and 2014-15 with different bidders for more than one year or on year to year basis. But these were not registered as per the provisions of the Registration

<sup>29</sup> Circle office, Chas (Bokaro), District Fishery Offices, Jamshedpur & Ranchi, Municipal Council, Giridih, Municipal Corporations, Deoghar, Dhanbad & Ranchi and Notified Area Committee, Jamshedpur.

<sup>30</sup> Bokaro, Deoghar, Dhanbad, Giridih, Jamshedpur and Ranchi.

Act. As such, Stamp duty and Registration fees amounting to ₹ 29.48 lakh including Registration fee of ₹ 14.77 lakh was not levied.

The Department stated (July 2016) that despite repeated correspondence, no action has been taken by other departments. However, it was assured that issue of persistent irregularity would be taken seriously in future to check leakage of revenue.

Similar issue was pointed out in Paragraph No. 5.9 of Audit Report (Revenue Sector) for the year ended 31 March 2015, the Department stated that correspondence would be made with the Departments concerned and action would be taken accordingly. However, the lapses still persist.



## C. TAXES AND DUTIES ON ELECTRICITY

### 5.8 Tax administration

The Commercial Taxes Department is responsible for levy and collection of Electricity Duty under the provisions of Jharkhand Electricity Duty (Amendment) Act, 2011. The Secretary-cum-Commissioner of Commercial Taxes, assisted by an Additional Commissioner, three Joint Commissioners of Commercial Taxes (JCCT), three Deputy Commissioners of Commercial Taxes (DCCT) and two Assistant Commissioners of Commercial Taxes (ACCT) is responsible for administration of the Act and Rules. The State is divided into five Commercial Taxes Divisions<sup>31</sup> each under the charge of a JCCT (Admn.) and 28 circles, each under the charge of a DCCT/ACCT of the circle. The DCCT/ACCT assisted by Commercial Taxes Officers, is responsible for levy and collection of Electricity Duty.

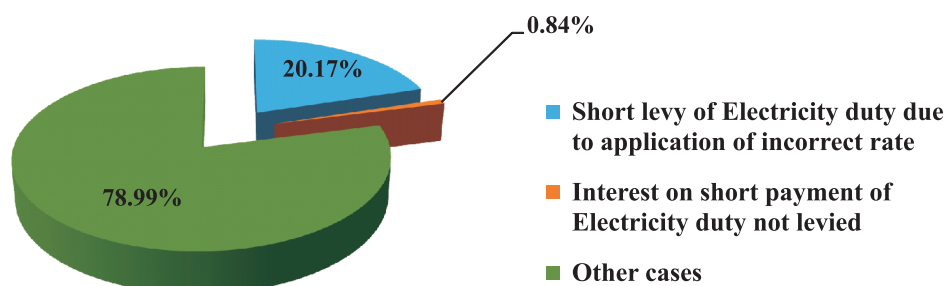
### 5.9 Results of audit

Collection of Electricity Duty (ED) during the period 2015-16 was ₹ 125.68 crore. Our test check of records relating to ED in three Commercial Taxes Circles<sup>32</sup> out of 28 Commercial Taxes Circles in 2015-16 revealed that duty and surcharge etc. of ₹ 1.19 crore not levied/short levied in five cases as mentioned in **Table-5.6**.

**Table-5.6**

| Sl. No.      | Categories  | No. of cases | (₹ in crore) |
|--------------|---|--------------|--------------|
|              |   |              | Amount       |
| 1            | Short levy of Electricity duty due to application of incorrect rate | 2            | 0.24         |
| 2            | Interest on short payment of Electricity duty not levied            | 2            | 0.01         |
| 3            | Other cases   | 1            | 0.94         |
| <b>Total</b> |   | <b>5</b>     | <b>1.19</b>  |

### Pictorial presentation of nature of irregularities



<sup>31</sup> Dhanbad, Hazaribag, Jamshedpur, Ranchi and Santhal Parganas (Dumka).

<sup>32</sup> Hazaribag, Jharia and Tenughat.

During the year, the Department accepted short levy of electricity duty of ₹ 24.34 lakh due to application of incorrect rate in two cases pointed out by us during 2015-16.

In this part of the chapter, we present an illustrative case having financial implication of ₹ 24.34 lakh, which has been discussed in the succeeding paragraph.

### 5.10 Provision of Acts/Rules not complied with

*The Bihar Electricity Duty (BED) Act, 1948 and Rules made thereunder, as adopted by the Government of Jharkhand, provide for payment of electricity duty at the rate of 15 paise per unit for mining purposes and surcharge at the rate of 2 paise per unit of electrical energy used or consumed. The rate was revised from June 2011, i.e. electricity duty at the rate of 20 paise per unit for mining purposes and Section 3A of the BED Act, 1948, which provided for levy of surcharge at the rate of 2 paise per unit of electrical energy used or consumed was deleted by Jharkhand Electricity Duty (Amendment) Act, 2011. The BED Act, 1948 and Bihar Electricity Duty (BED) Rules 1949 as adopted by Jharkhand Government did not provide for a time limit for finalisation of assessment. However, Rule 12 (as amended) of the Jharkhand Electricity Duty (Amendment) Rules 2012, put into force with effect from 18 June 2012 provides for the assessment of the assessee within 18 months of filing of the Annual Returns.*

*We noticed that the Commercial Taxes Department did not observe the provisions of the Act/Rules in the case mentioned in the succeeding paragraph.*

### 5.11 Short levy of electricity duty

**Electricity duty was levied at pre-revised rates or at rates applicable for industrial purpose instead of mining purpose which resulted in short levy of electricity duty of ₹ 24.34 lakh.**

Under the provisions of the BED Act, the rate of electricity duty for mining purposes in all premises where the total load exceeds 100 British Horse Power (BHP) is 20 paise per unit from 24 June 2011 of energy sold or consumed. The duty on sale of electrical energy for industrial purposes is leviable at the rate of five paise per unit from 24 June 2011. It has been judicially held<sup>33</sup> that the process of mining comes to an end only when the ore extracted from the mines is washed, screened, dressed and then stacked at the mining site.



We test checked (October 2015) the assessment records of two assesseees in Hazaribag Commercial Taxes Circle and noticed that they had consumed 2.39 crore units of electrical energy for mining purposes during 2011-12. The assessing authority (AA) while finalising the assessment (October 2014)

<sup>33</sup> Chowgule & Co. vs Union of India (1981) 47 STC-124 SC.

in one case levied electricity duty at pre-revised rates on 1.10 crore units of electrical energy. While in another case electricity duty was levied at the rate applicable for industrial purposes instead of mining purposes on 1.29 crore units of electrical energy consumed. This resulted in short levy of electricity duty amounting to ₹ 24.34 lakh.

We reported the matter to the Department in June 2016; the Government/Department in the exit conference agreed with the fact and stated that appropriate action will be taken (August 2016). Further reply has not been received (October 2016).

**We recommend that the department should check assessment in all cases as test check in two cases alone revealed short realisation of revenue of ₹ 24.34 lakh.**

# **CHAPTER-VI**

# **MINING RECEIPTS**



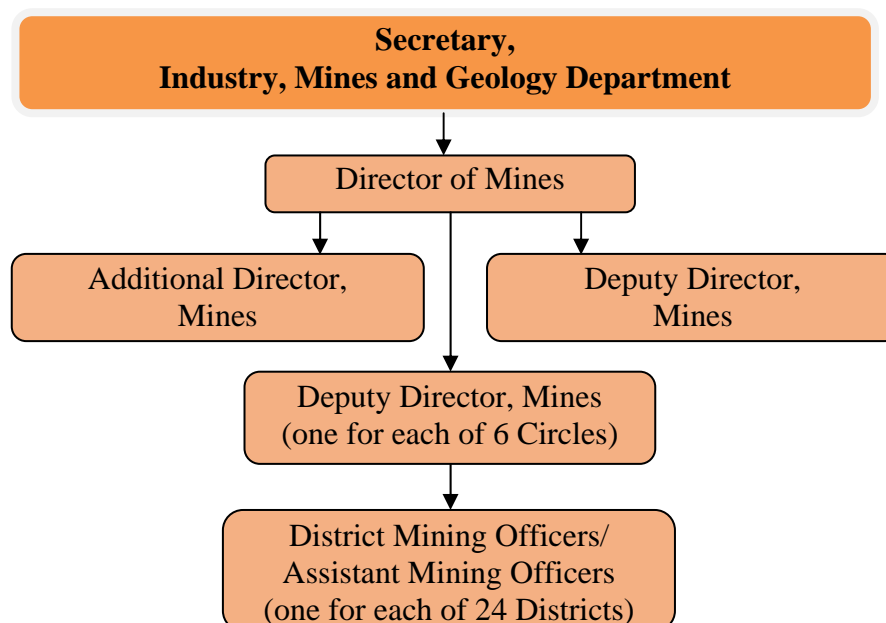
## CHAPTER–VI: MINING RECEIPTS

### 6.1 Tax administration

The levy and collection of royalty in the State is governed by the Mines and Minerals (Development and Regulation) Act, 1957, the Mineral Concession Rules, 1960 and the Jharkhand Minor Mineral Concession Rules, 2004.

At the Government level, the Secretary, Industry, Mines and Geology Department and at the directorate level, the Director of Mines is responsible for administration of the Acts and Rules. The Director of Mines is assisted by an Additional Director of Mines (ADM) and Deputy Director of Mines (DDM) at the headquarters' level. The State is divided into six circles<sup>1</sup>, each under the charge of a DDM. The circles are further divided into 24 district mining offices<sup>2</sup>, each under the charge of a District Mining Officer (DMO)/Assistant Mining Officer (AMO). The DMOs/AMOs are responsible for levy and collection of royalty and other mining dues. They are assisted by Mining Inspectors (MIs). DMOs and MIs are authorised to inspect the lease hold areas and review production and dispatch of minerals.

The organisational chart of the department is as under:



### 6.2 Results of audit

We planned for test check of records of 14 annual units and four biennial units out of the total 51 units of Mines and Geology Department during 2015-16

<sup>1</sup> Chaibasa, Daltonganj, Dhanbad, Dumka, Hazaribag and Ranchi.

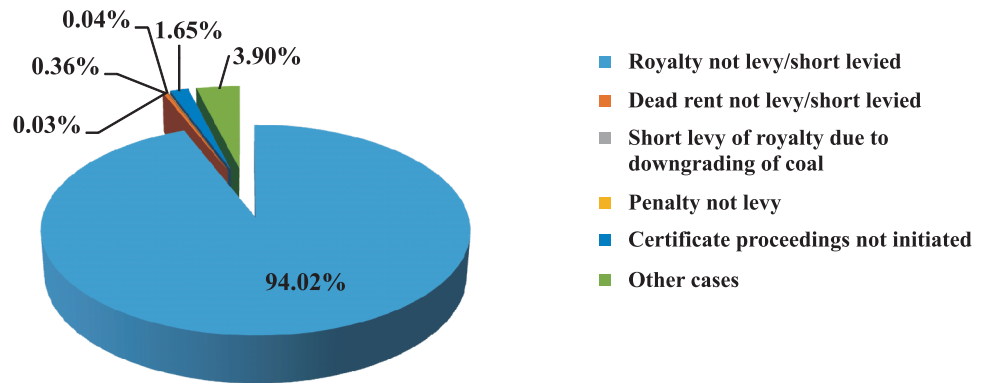
<sup>2</sup> Bokaro, Chatra, Chaibasa, Daltonganj, Deoghar, Dhanbad, Dumka, Garhwa, Giridih, Godda, Gumla, Hazaribag, Jamshedpur, Jamtara, Khunti, Koderma, Latehar, Lohardaga, Pakur, Ramgarh, Ranchi, Sahebganj, Saraikela-Kharsawan and Simdega.

and test checked 17<sup>3</sup> out of 18 units planned, which collected revenue of ₹ 3,205.04 crore relating to 'Mining Receipts'. Our Audit revealed royalty, dead rent, penalty not levied/short levied and other irregularities involving ₹ 753.16 crore in 352 cases as mentioned in the **Table-6.1**.

**Table-6.1**

| Sl. No.      | Categories                                       | (₹ in crore) |               |
|--------------|--|--------------|---------------|
|              |  | No. of cases | Amount        |
| 1            | Royalty not levied/short levied                  | 22           | 708.09        |
| 2            | Dead rent not levied/short levied                | 48           | 2.72          |
| 3            | Short levy of royalty due to downgrading of coal | 3            | 0.31          |
| 4            | Penalty not levy                                 | 35           | 0.26          |
| 5            | Certificate proceedings not initiated            | 36           | 12.41         |
| 6            | Other cases                                      | 208          | 29.37         |
| <b>Total</b> |  | <b>352</b>   | <b>753.16</b> |

**Pictorial presentation of nature of irregularities**



During the year, the Department accepted under-assessment and other deficiencies of ₹ 1,020.11 crore in 178 cases, out of which ₹ 674.25 crore in 128 cases pointed out by us in 2015-16 and rest in earlier years.

The Department recovered ₹ 352.96 crore in 12 cases including ₹ 6.76 crore involved in four cases, pointed out in draft paragraph by us during 2015-16.

In this chapter a few illustrative cases having recoverable financial implication of ₹ 593.67 crore have been discussed.

<sup>3</sup> Offices of DMO, Bokaro, Chatra, Chaibasa, Deoghar, Dhanbad, Giridih, Godda, Gumla, Hazaribag, Jamshepur, Khunti, Pakur, Ramgarh, Ranchi and Saraikela-Kharsawan, Secretary of Mines and Director of Mines, Ranchi.

### 6.3 Provisions of Acts/Rules not complied with

*The Mines and Minerals (Development and Regulation) (MMDR) Act, 1957 and the Minerals Concession (MC) Rules, 1960 provide for payment of royalty on the minerals removed and consumed from the leased area at the rates prescribed, within the due dates.*

*The Mines and Geology Department did not observe the provisions of the Acts/Rules with regard to application of correct rate of royalty, scrutiny and verification of monthly returns etc. in the cases mentioned in paragraphs 6.4 to 6.10 which resulted in not/short levy of ₹593.67 crore.*

### 6.4 Short levy of royalty on washed coal<sup>4</sup>

**Short levy of royalty due to undervaluation of basic sale value of middling, tailing and reject coal in the returns submitted by a colliery.**

Under the provisions of Section 9 of the MMDR Act, 1957 the holder of a mining lease is required to pay royalty in respect of any mineral removed from or consumed in the leased area at the rate for the time being specified in the second schedule in respect of that mineral. Rule 64 B (1) of the MC Rules, 1960 provides that in case processing of run of mine is carried out within the leased area, then royalty shall be chargeable on the processed mineral removed from the leased area. The Central Government prescribed formula for rate of royalty = a + bp, where 'a' is a fixed component and 'bp' = 5 per cent of price of coal, as reflected in the invoice, excluding taxes, levies and other charges. This rate of royalty was revised to 14 per cent *ad valorem* on price of coal with effect from 10 May 2012. Further, Rule 64A of the MC Rules, 1960 provides that the State Government is authorised to charge simple interest at the rate of 24 per cent per annum on any rent, royalty, fee or other sum due to Government, from the sixtieth day of the expiry of the date fixed for payment thereof. The DMO/AMO is required to check periodical monthly returns with demand register and he is responsible for realisation of rent and royalty.

<sup>4</sup> The products obtained after processing of run-of-mine coal in a coal handling preparation plant/coal washery.





**Coal washery**

We cross-verified (March 2016) in DMO, Ramgarh, the monthly returns for the period from 2008-09 to 2014-15 of West Bokaro Colliery of M/s Tata Steel with the Trading Account/ JVAT 409 submitted by the colliery in Commercial Taxes Department and noticed that 220.98 lakh MT of middling, tailings and rejects were dispatched on which royalty of ₹ 324.64 crore was

levied instead of leviable royalty of ₹ 602.04 crore computed on the basis of basic sale value of ₹ 5,189.59 crore derived from the sale value reflected in the Trading Account/JVAT 409 after deducting all the duties and taxes applicable from time to time. Thus, due to failure of the DMO to detect undervaluation of basic sale value and levy the royalty on the basis of actual basic sale value, the DMO gave undue commercial favour to the lessee amounting to ₹ 277.40 crore and interest thereon of ₹ 168.81 crore detailed in **Table-6.2**.

**Table-6.2**

(₹ in crore)

| Category of processed coal | Period<br>Quantity<br>dispatched<br>(in lakh MT) | Basic sale<br>value | Royalty<br>leviable<br>Levied         | Short<br>levy | Interest<br>(upto<br>March<br>2016) | Total         |
|----------------------------|--|---------------------|---------------------------------------|---------------|-------------------------------------|---------------|
| Middling                   | <u>2008-15</u><br>152.65                         | 3,175.27            | <u>384.97</u><br>171.76               | 213.21        | 123.91                              | 337.12        |
| Tailings                   | <u>2008-15</u><br>53.84                          | 1,952.38            | <u>208.40</u><br>144.80               | 63.60         | 44.76                               | 108.36        |
| Rejects                    | <u>2014-15</u><br>14.49                          | 61.94               | <u>8.67</u><br>8.08                   | 0.59          | 0.14                                | 0.73          |
| <b>Total</b>               | <b>220.98</b>                                    | <b>5,189.59</b>     | <b><u>602.04</u></b><br><b>324.64</b> | <b>277.40</b> | <b>168.81</b>                       | <b>446.21</b> |

After we pointed out the cases (March 2016), the AMO intimated (August 2016) that demand for ₹ 446.21 crore has been raised in June 2016. Further, realisation of demand has not been intimated (October 2016).

We reported the matter to the Government in May 2016; their reply has not been received (October 2016).

## 6.5 Short levy of royalty due to application of incorrect rate

**Provisions of the Act/Rules and notifications issued by the Ministry of Coal, Government of India with regard to application of rate of royalty were not observed which resulted in short levy of royalty of ₹ 143.52 crore.**

Under the provisions of Section 9 of the MMDR Act, 1957, the holder of a mining lease is required to pay royalty on removal or consumption of the mineral from the leased area at the rate for the time being specified in the Second Schedule in respect of that mineral. Further, rate of royalty on coal for various grades is based on the basic pit head price of run-of-mine (ROM) coal while for feldspar, iron ore, soapstone, mica and quartz rate of royalty is based on State-wise average sale price as published by the Indian Bureau of Mines (IBM), which shall be the price for the computation of royalty in respect of mineral produced in that State under Rule 64 D of the MC Rules, 1960. The Rule further provides that if for a particular mineral, information for a State is not published by IBM then All India information for the mineral shall be referred.



**Coal mines of Jharkhand**

**6.5.1** We test checked (between November 2015 and March 2016) the monthly returns of 58 leases of coal in three Mining Offices<sup>5</sup> and noticed that three lessees had dispatched 93.91 lakh MT of coal during the period from 2007-08 to 2008-09 and during 2014-15. On these dispatches royalty of ₹ 173.41 crore was levied instead of ₹ 316.72 crore that should have been levied

based on basic pit head price of ROM coal notified by the Coal India Limited (CIL). The DMOs/AMOs failed to compute royalty on the basis of above provisions and gave undue benefit to the lessees resulting in short levy of royalty of ₹ 143.31 crore as mentioned in the **Table-6.3**.

**Table-6.3**

(₹ in lakh)

| Sl. No. | Name of the office<br>No. of leases | Name of the mineral<br>Period | Quantity dispatched<br>(In lakh MT) | Royalty leviable<br>Royalty levied | Short levied | Remarks                                   |
|---------|-------------------------------------|-------------------------------|-------------------------------------|------------------------------------|--------------|---|
| 1       | Dhanbad<br>1                        | Coal<br>2014-15               | 0.31                                | 57.76<br>53.15                     | 4.61         | Rate of royalty was not calculated on the |

<sup>5</sup> Dhanbad, Pakur and Ramgarh.

**Table-6.3**

(₹ in lakh)

| Sl. No.      | Name of the office<br>No. of leases | Name of the mineral<br>Period                   | Quantity dispatched<br>(In lakh MT) | Royalty leviable<br>Royalty levied          | Short levied     | Remarks  |
|--------------|-------------------------------------|---|-------------------------------------|---|------------------|--|
| 2            | <u>Pakur</u><br>1                   | <u>Coal</u><br>2014-15                          | 39.70                               | <u>7,873.58</u><br>5,402.49                 | 2,471.09         | basis of basic pit head price of ROM coal as notified by the Coal India Ltd. |
| 3            | <u>Ramgarh</u><br>1                 | <u>Coal</u><br>2007-08,<br>2008-09 &<br>2014-15 | 53.90                               | <u>23,740.22</u><br>11,885.23               | 11,854.99        |  |
| <b>Total</b> | <b>3</b>                            |   | <b>93.91</b>                        | <u><b>31,671.56</b></u><br><u>17,340.87</u> | <b>14,330.69</b> |  |

After we pointed out the cases between November 2015 and March 2016, the AMO, Dhanbad stated (November 2015) that action would be taken after verification whereas, AMOs, Pakur and Ramgarh intimated (August 2016) that demand for ₹ 143.26 crore has been raised between April and June 2016. Further realisation of demand has not been intimated (October 2016).

**6.5.2** We test checked (September 2015) the monthly returns of seven leases of major minerals in District Mining Office, Giridih and noticed that three lessees had dispatched 9,710 MT of different minerals during 2013-14, on which royalty of ₹ 4.52 lakh was levied instead of ₹ 26.28 lakh leviable on the basis of grade wise monthly average sale price published by the IBM. The DMO gave undue benefit and did not enforce the provisions of the Rules for application of correct rate. This resulted in short levy of royalty of ₹ 21.76 lakh as mentioned in the **Table-6.4**.

**Table-6.4**

(₹ in lakh)

| Sl. No.      | Name of the mineral<br>No. of leases | Period  | Quantity dispatched<br>(In MT) | Royalty leviable<br>Royalty levied | Short levied |
|--------------|--------------------------------------|---------|--------------------------------|------------------------------------|--------------|
| 1            | <u>Felspar</u><br>1                  | 2013-14 | 1,390                          | <u>0.90</u><br>0.53                | 0.37         |
| 2            | <u>Mica</u><br>1                     | 2013-14 | 2,035                          | <u>21.66</u><br>1.63               | 20.03        |
| 3            | <u>Quartz</u><br>2                   | 2013-14 | 4,985                          | <u>2.64</u><br>1.87                | 0.77         |
| 4            | <u>Soapstone</u><br>1                | 2013-14 | 1,300                          | <u>1.08</u><br>0.49                | 0.59         |
| <b>Total</b> |                                      |         | <b>9,710</b>                   | <u><b>26.28</b></u><br><u>4.52</u> | <b>21.76</b> |

After we pointed out the cases in September 2015, the AMO stated (September 2015) that action would be taken after verification of the matter. Further reply has not been received (October 2016).

We reported the matter to the Government in May 2016; their reply has not been received (October 2016).

## 6.6 Dead rent not levied/short levied

**Dead rent of ₹ 2.42 crore was not levied/short levied on lease holders as per the provisions of the MMDR Act, 1957.**

Under the provisions of Section 9A of the MMDR Act, 1957, the holder of a mining lease pay to the State Government, every year, dead rent at such rate, as may be specified, for the time being, in the Third Schedule, for all the areas included in the instrument of lease. Provided that where the holder of such mining lease becomes liable, under Section 9 of the Act, to pay royalty for the mineral removed or consumed from the leased area, he shall be liable to pay royalty or the dead rent in respect of that area, whichever is greater.

We test checked (between October 2015 and March 2016) the monthly returns of 85 lessees with Demand, Collection and Balance (DCB) Register in four Mining Offices<sup>6</sup> and noticed that in case of 37 leases covering an area of 3,560.608 hectares, the lessees did not extract minerals during 2008-09 to 2014-15 and were liable to pay dead rent under the provisions of the Act. The DMOs were negligent and did not exercise periodical checks of DCB Register, consequently a partial demand of dead rent of ₹ 3.29 lakh could be raised in 10 cases only instead of ₹ 2.45 crore leviable under the above provisions of the Act. This resulted in not/short levy of dead rent of ₹ 2.42 crore.

After we pointed out the cases (between October 2015 and March 2016), the DMO/AMO, Jamshedpur and Ranchi sated (March 2016) that action would be taken after verification whereas, AMOs, Chaibasa and Saraikela-Kharsawan intimated (July 2016) that demand for ₹ 26.26 lakh has been raised and ₹ 78,600 realised from two lessees in Saraikela-Kharsawan. Further reply has not been received (October 2016).

We reported the matter to the Government in May 2016; their reply has not been received (October 2016).

Similar issue featured in Paragraph No. 6.7 of Audit Report (Revenue Sector) for the year ending 31 March 2015. However, the nature of lapses/irregularities are still persisting which shows ineffectiveness of the internal control system of the Department to prevent recurring leakage of revenue.

## 6.7 Short levy of royalty due to suppression of dispatch

**Suppression of dispatched quantity of coal in monthly returns resulted in short levy of royalty of ₹ 1.02 crore.**

Under the provisions of Section 9 of the MMDR Act, 1957, the holder of mining lease is required to pay royalty on removal or consumption of the mineral from the leased area at the rate for the time being specified in the

<sup>6</sup> Chaibasa, Jamshedpur, Ranchi and Saraikela-Kharsawan.

Second Schedule in respect of that mineral. Further, as per order issued by the Department of Mines and Geology, Government of Bihar in June 1970, the DMO/AMO is required to check the monthly returns and compare with the DCB Register.



Railway siding for dispatch of coal

We test checked (September 2015) the monthly returns of eight leases of coal at DMO, Chatra and noticed that two collieries<sup>7</sup> had brought forwarded opening balance between April and September 2014 as 14.65 lakh MT of G-9 coal whereas the closing balance in respective previous months was 15.20 lakh MT. Thus, the lessees had suppressed dispatch of 55,598.42 MT of G-9 coal. The DMOs were required to scrutinise the monthly returns with earlier returns *vis-a-vis* Raising and Dispatch register and Demand, Collection and Balance register, yet the same was not done. This resulted in the discrepancy remained undetected with consequent short levy of royalty of ₹ 1.02 crore.

After we pointed out the cases in September 2015, the AMO stated (September 2015) that action would be taken after verification. Further reply has not been received (October 2016).

We reported the matter to the Government in May 2016; their reply has not been received (October 2016).

## 6.8 Short levy of royalty due to downgrading of coal

**Grades of coal shown in the monthly returns with the grades declared under the provisions of Colliery Control Rules, 2004 was not verified. This resulted in short levy of royalty of ₹ 23.73 lakh.**

Section 9 of the MMDR Act, 1957 provides for payment of royalty by a lessee on the quantity of mineral removed or consumed from the leased area at the rate prescribed according to the grade of coal. Under the provision of Rule 4(2) of the Colliery Control Rules, 2004, the owner of a colliery shall declare its grade<sup>8</sup> and pay royalty at the rate specified.

We test checked (November 2015) the monthly returns submitted by 50 collieries with DCB Register in District Mining Office, Dhanbad and noticed that the Bharat Coking Coal Ltd. (BCCL) had declared the grade of Dhansar

<sup>7</sup> Piparwar and Purandadih.

<sup>8</sup> Coal grade refers quality of coal on the basis of Fixed Carbon, Volatile Matter, Ash and Moisture contents and/or Gross calorific value.



colliery's steam coal as G-1 and for ROM coal as G-2 for the year 2014-15. But during the year the colliery had downgraded 1.13 lakh MT of steam coal (G-1 grade) to G-2 grade in their monthly returns on which royalty of ₹ 7.70 crore was levied instead of ₹ 7.94 crore. The DMO failed in verifying the grades with those declared by the collieries and levied the royalty on the grades shown in the monthly returns. This resulted in short levy of royalty of ₹ 23.73 lakh.

After we pointed out the cases in November 2015, the AMO stated that as per grade notification the audit observation did not seem right, however, action would be taken after examination. Reply is not acceptable as the observation is based on grade of steam coal as per grade notification. Further reply has not been received (October 2016).

We reported the matter to the Government in May 2016; their reply has not been received (October 2016).

## **6.9 Penalty for illegal mining not levied**

### **Penalty of ₹ 13.66 lakh for extraction of mineral after expiry of lease, as prescribed under the JMMC Rule, 2004 was not levied**

Under the provisions of Rule 23(2)(e) of the Jharkhand Minor Mineral Concession Rules, 2004, if a lease renewal application of a minor mineral lease is not disposed off by the Collector within the time frame or before the expiry of the lease, it will be presumed that it is extended for next 90 days or till the date of order passed by the sanctioning authority, whichever is earlier. If the lease application is not disposed off within this extended time frame then it is assumed to be rejected. Further, Rule 54(8) provides that any person who does not have any valid mining lease/permit, if he or any agent, manager or contractor on his behalf extracts minor minerals the person shall be presumed to be a party to the illegal extraction and price of mineral shall be recovered from him.

- We test checked (February and March 2016) lease files, renewal application files, demand files along with monthly returns, DCB register of 26 leases of minor minerals in District Mining Offices, Hazaribag and Pakur and noticed that renewal application of three lessees, whose lease had expired between August 2012 and November 2013 were not disposed off



**Stone mine site**

within the extended period of 90 days. But the ex-lessee had extracted minerals in these cases after expiry of extended period of 90 days and dispatched 2,296.51 cum<sup>9</sup> of stone boulder between January 2013 and April 2014 on which royalty of ₹ 1.38 lakh was levied. The DMOs failed in monitoring the lease register and demand file and levied royalty of ₹ 1.38 lakh instead of penalty of ₹ 6.97 lakh which resulted in short levy of penalty of ₹ 5.59 lakh.

- We test checked (March 2016) lease files, demand files along with monthly returns and DCB register of 31 leases of minor minerals in District Mining Offices, Gumla and Hazaribag and noticed that in two cases, the Mining Inspectors concerned after conducting physical verification reported, that 2,463.57 cubic meter of stone had been extracted from outside the lease area which was illegal. The DMOs also failed to enforce the provisions of Rules for illegal mining. Thus, penalty, equivalent to price of mineral amounting to ₹ 8.07 lakh was not levied.

After we pointed out the cases between February and March 2016, the AMOs, Gumla and Hazaribag stated (March 2016) that action would be taken after verification whereas, AMO, Pakur intimated (August 2016) that demand for ₹ 4.44 lakh has been raised which was accepted by the lessee and ₹ 1.00 lakh has been recovered and rest is assured to be paid by the lessee in installment. Further, reply has not been received (October 2016).

We reported the matter to the Government in May 2016; their reply has not been received (October 2016).

#### **6.10 Penalty not levied**

**Monthly returns by the lessees of minor mineral were not submitted for which penalty of ₹ 12.33 lakh, though leviable was not levied.**

Under the provisions of Rule 41(3) of Jharkhand Minor Mineral Concession (JMMC) Rules, 2004, if a lessee or a permit holder fails to submit monthly returns up to the 15<sup>th</sup> day of the following month, the lessee or the permit holder is required to pay penalty of ₹ 20 per day per return, limited to ₹ 2,500 for each return.

We test checked (March 2016) the monthly returns of 55 lessees along with Raising and Dispatch Registers and DCB Registers of minor mineral in three Mining Offices<sup>10</sup> and noticed that 19 lessees had not submitted 493 numbers of monthly returns for the period 2009-10 to 2014-15. However, the DMOs failed to levy penalty of ₹ 12.33 lakh under the provisions of Rules.

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<sup>9</sup> Cubic meter.

<sup>10</sup> Chaibasa, Gumla and Ranchi.



After we pointed out the cases (March 2016), the AMOs, Gumla and Ranchi stated (between March and April 2016) that action would be taken after verification whereas, DMO, Chaibasa intimated (July 2016) that notice has been issued to lessees concerned. Further reply has not been received (October 2016).

We reported the matter to the Government in May 2016; their reply has not been received (October 2016).



(S. Ramann)

**Principal Accountant General (Audit)  
Jharkhand**

**Ranchi  
The**

**Countersigned**



(Shashi Kant Sharma)

**Comptroller and Auditor General of India**

**New Delhi  
The**



# APPENDICES



**Appendix-I (Referred to in Paragraph No. 2.3.6.1 of the Report)**  
**Dealers engaged in mining activities but not registered**

(₹ in lakh)

| Sl. No. | Name of the Circle | Period             | Number of unregistered dealers | Commodity             | Quantity despatched in lakh Cum | Turnover        | Rate of tax (%) | Tax payable   | Penalty payable u/s 38(5) | Total tax and penalty leviable | Remarks  |
|---------|--------------------|--------------------|--------------------------------|-----------------------|---------------------------------|-----------------|-----------------|---------------|---------------------------|--------------------------------|--|
| 1       | Ramgarh            | 2010-11 to 2013-14 | 25                             | Stone Chips/ boulders | 3.28                            | 853.64          | 12.5 & 14       | 118.31        | 118.31                    | 236.62                         | We obtained data from <b>DMO, Ramgarh</b> for raising and dispatch of stone boulders and found that 25 lessees had actually dispatched 3.28 lakh Cum of stone boulders valued at ₹8.54 crore (calculated on the minimum Government rate of ₹ 230, ₹ 260 and ₹ 354/Cum for 2010-11, 2011-12 & 2012-13 and 2013-14 respectively). However, it was noticed that the dealers were not registered in the Commercial Taxes Department. As such the dealers were liable to pay tax and penalty. |
| 2       | Giridih            | 2010-11            | 136                            | Stone boulders        | 3.91                            | 365.01          | 12.5            | 45.63         | 45.63                     | 91.26                          | We obtained data from <b>DMO, Giridih</b> for raising and dispatch of stone boulders and found that 136 lessees had actually dispatched 3.91 lakh Cum of stone boulders, between 2010-11 and 2011-12, valued at ₹ 9.68 crore (calculated on the minimum Government rate of ₹ 230 and ₹ 260/Cu.m for 2010-11 and 2011-12 respectively). But we noticed that the dealers were not registered in the Commercial Taxes Department. As such the dealers were liable to pay tax and penalty.   |
|         |                    | 2011-12            |                                |                       |                                 | 602.90          | 14              | 84.40         | 84.40                     | 168.80                         |  |
| 3       | Gumla              | 2010-11            | 42                             | Stone boulders        | 0.64                            | 146.32          | 12.5            | 18.29         | 18.29                     | 36.58                          | We obtained data from <b>DMO, Gumla</b> for raising and dispatch of stone boulders and found that 42 lessees had actually dispatched 2.11 lakh Cum of stone boulders valued at ₹ 4.98 crore (calculated on the minimum Government rate of ₹ 230, ₹ 260 and ₹ 354/Cum for 2010-11, 2011-12 & 2012-13, 2013-14 & 2014-15 respectively). But we noticed that the dealers were not registered in the Commercial Taxes Department. As such the dealers were liable to pay tax and penalty.    |
|         |                    | 2011-12 to 2014-15 |                                |                       |                                 | 1.47            | 351.34          | 14            | 49.19                     | 49.19                          |  |
|         |                    | <b>Total</b>       | <b>203</b>                     |                       | <b>9.30</b>                     | <b>2,319.21</b> |                 | <b>315.82</b> | <b>315.82</b>             | <b>631.64</b>                  |  |
| 4       | Pakur              | 2010-11            | 1                              | Stone ballast         | NA                              | 160.03          | 12.5            | 20.00         | 20.00                     | 40.00                          | Cross verification of data received from <b>DRM, Adra</b> for supply of stone ballast revealed that the dealer during 2010-11 had received payment of ₹ 1.60 crore for supply of stone ballast, however from the VAT records it was seen that the date of liability of the dealer to pay tax was fixed on 1.11.2011 and hence no assessment was finalised for 2010-11. As such the dealer was liable to pay tax and penalty.   |
|         |                    | <b>Total</b>       | <b>1</b>                       |                       |                                 | <b>160.03</b>   |                 | <b>20.00</b>  | <b>20.00</b>              | <b>40.00</b>                   |  |
|         |                    | <b>G. Total</b>    | <b>204</b>                     |                       |                                 | <b>2,479.24</b> |                 | <b>335.82</b> | <b>335.82</b>             | <b>671.64</b>                  |  |

**Appendix-II (Referred to in Paragraph No. 2.3.7.1 of the Report)  
Results of cross verification conducted within Commercial Taxes Department**

(₹ in lakh)

| Sl. No. | Name of the Circle | Name of the dealer (M/s)/ TIN                            | Period  | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty payable u/s 40(1) | Total tax and penalty leviable | Remarks   |
|---------|--------------------|--|---------|-----------------|------------------------|-------------|-----------------|-------------|---------------------------|--------------------------------|---|
| 1       | Giridih            | Mongia Steel Ltd./<br>20062300337                        | 2012-13 | 6,522.87        | 4,129.35               | 2,393.52    | 5               | 119.68      | 239.36                    | 359.04                         | Cross-verification of the records of another dealer <b>M/s Santpuria Alloys Pvt. Ltd.</b> (registered in the same circle)/annual report revealed that the dealer had actually sold <b>sponge iron</b> for ₹ 65.23 crore to M/s Mongia Steel Ltd. but the dealer had accounted for purchase from the particular dealer for ₹ 41.29 crore only.   |
| 2       | Giridih            | Santpuria Alloys Pvt. Ltd./<br>20692300621               | 2011-12 | 4,152.39        | 3,508.64               | 643.75      | 5               | 32.19       | 64.38                     | 96.57                          | Scrutiny revealed that the dealer during 2011-12 had shown sales turnover of 67.41 crore. Out of the above, sale of <b>Sponge Iron</b> (within State) was shown as 35.08 crore (including tax). However, we cross verified the figures of purchase turnover by a dealer <b>M/s Mongia Steel Ltd. (TIN 20062300337)</b> registered in the same circle and found that M/s Mongia Steel Ltd. had actually purchased <b>Sponge Iron</b> from M/s Santpuria Alloys worth 41.52 crore during 2011-12. |
| 3       | Giridih            | Venkateshwar Sponge & Iron Co. Pvt. Ltd./<br>20372305303 | 2011-12 | 1,413.70        | 1,194.69               | 219.01      | 5               | 10.95       | 21.90                     | 32.85                          | Cross verification of the records of a dealer ( <b>M/s Saluja Steel &amp; Power Ltd.</b> ) registered in the same circle revealed that the above dealer had sold <b>iron ore fines</b> worth ₹ 2.19 crore but purchase of iron ore fines were not accounted for.  |
| 4       | Ranchi East        | Essar Power (Jharkhand) Ltd./<br>20490206087             | 2010-11 | 4,486.43        | 2,968.22               | 1,518.21    | 4               | 60.73       | 121.46                    | 182.19                         | Cross verification of the E1 purchase of goods ( <b>Electrical</b> ) with the assessment records of M/s Essar Project (I) Ltd. registered in the same circle revealed that the dealer had actually purchased goods worth ₹ 44.86 crore from M/s Essar Project (I) Ltd. but accounted for ₹ 29.68 crore on which the assessment was finalised.   |
| 5       | Ranchi West        | Takshila Projects (Pvt) Ltd./<br>20660308294             | 2011-12 | 197.24          | 73.90                  | 123.34      | 14              | 17.27       | 34.54                     | 51.81                          | We cross verified the records of a dealer ( <b>M/s NPCC</b> ) registered in Ranchi South circle and found that the above dealer had actually made payment of ₹ 1.97 crore for execution of <b>works contract</b> but dealer at Ranchi West circle had accounted for receipts of ₹ 73.90 lakh only on which the assessment was finalised.  |
| 6       | Ranchi West        | Churuwala Hospitalities & Estate Pvt. Ltd./              | 2011-12 | 50.92           | 0.00                   | 50.92       | 14              | 7.13        | 14.26                     | 21.39                          | We cross verified the records of a dealer ( <b>M/s Dipanshu Promoters and builders Pvt. Ltd.</b> ) registered in the same circle and found that the above dealer had actually made payment of ₹ 50.92 lakh for execution of <b>works</b>  |

**Appendix-II (Referred to in Paragraph No. 2.3.7.1 of the Report)**  
**Results of cross verification conducted within Commercial Taxes Department**

(₹ in lakh)

| Sl. No. | Name of the Circle | Name of the dealer (M/s)/ TIN                | Period  | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty payable u/s 40(1) | Total tax and penalty leviable | Remarks   |
|---------|--------------------|--|---------|-----------------|------------------------|-------------|-----------------|-------------|---------------------------|--------------------------------|---|
|         |                    | 20920306609                                  |         |                 |                        |             |                 |             |                           |                                | contract but dealer had furnished nil returns on which the assessment was finalised.  |
| 7       | Ranchi West        | Narayan Construction/<br>20870306601         | 2011-12 | 421.63          | 0.00                   | 421.63      | 14              | 59.03       | 118.06                    | 177.09                         | We cross verified the records of two dealers (M/s NPCC and NBCC) registered in Ranchi South circle and Ranchi East circle respectively and found that the above dealers had actually made payment of ₹ 1.65 crore (NPCC) and ₹ 2.57 crore (NBCC) for execution of works contract but dealer had furnished nil returns and the AA finalised the assessment on GTO of ₹ 2 lakh on best of his judgement.                                      |
| 8       | Ranchi West        | Md. Anwar/<br>20200306358                    | 2011-12 | 124.86          | 0.00                   | 124.86      | 14              | 17.48       | 34.96                     | 52.44                          | We cross verified the records of a dealer (M/s NBCC) registered in Ranchi East circle and found that the above dealer had actually made payment of ₹ 1.25 crore for execution of works contract but dealer at Ranchi West circle had accounted for nil receipts on which the assessment was finalised.  |
| 9       | Ranchi West        | Kislay Enterprises/<br>20390305981           | 2011-12 | 258.33          | 0.00                   | 258.33      | 14              | 36.17       | 72.34                     | 108.51                         | We cross verified the records of a dealer (M/s NBCC) registered in Ranchi East circle and found that the above dealer had actually made payment of ₹ 2.58 crore for execution of works contract but dealer at Ranchi West circle had accounted for nil receipts on which the assessment was finalised.  |
| 10      | Ranchi West        | Godavari Commodities/<br>20020305786         | 2011-12 | 697.89          | 0.00                   | 697.89      | 4               | 27.92       | 55.84                     | 83.76                          | We cross-verified the records of a dealer M/s Hindalco Industries Ltd. registered in Ranchi South Circle and found that the dealer had purchased coal valued at ₹ 6.98 crore (detected through JVAT-404) in the month of April 2011 but the dealer at Ranchi West circle had not shown any sale of coal during April 2011.  |
| 11      | Ranchi East        | Pathak Telecom Co. Pvt. Ltd./<br>20750200344 | 2011-12 | 145.96          | 0.00                   | 145.96      | 14              | 20.43       | 40.86                     | 61.29                          | We cross verified the records of a dealer (M/s Dipanshu Promoters and builders Pvt. Ltd.) registered in Ranchi West Circle and found that the above dealer during 2011-12 had made payment of ₹ 1.46 crore for execution of works contract and had availed exemption from levy of tax for payments made to sub-contractor but dealer (M/s Pathak Telecom) had shown nil turnover through its returns on which the assessment was finalised. |
| 12      | Ranchi West        | Swati Construction Pvt. Ltd./<br>20980301631 | 2011-12 | 7.48            | 0.00                   | 7.48        | 14              | 1.05        | 2.10                      | 3.15                           | We cross verified the records of a dealer (M/s NPCC) registered in Ranchi South circle and found that the above dealer had actually made payment of ₹ 7.48 lakh during 2011-12 for execution of works contract but dealer at Ranchi West circle had accounted for nil receipts on which the assessment was  |



**Appendix-II (Referred to in Paragraph No. 2.3.7.1 of the Report)  
Results of cross verification conducted within Commercial Taxes Department**

(₹ in lakh)

| Sl. No. | Name of the Circle | Name of the dealer (M/s)/ TIN               | Period  | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty payable u/s 40(1) | Total tax and penalty leviable | Remarks   |
|---------|--------------------|---|---------|-----------------|------------------------|-------------|-----------------|-------------|---------------------------|--------------------------------|---|
|         |                    |   |         |                 |                        |             |                 |             |                           |                                | finalised.  |
| 13      | Ranchi South       | Jai Baba Construction/<br>20460106405       | 2011-12 | 54.40           | 0.00                   | 54.40       | 14              | 7.62        | 15.24                     | 22.86                          | We cross verified the records of <b>M/s HSCL</b> , registered in Ranchi South Circle and found that the contractor had made payment of ₹ 54.40 lakh for execution of <b>works contract</b> during 2011-12 to M/s Jai Baba Construction but the contractor had furnished returns depicting nil turnover on which the assessment was finalised.     |
| 14      | Ranchi South       | H K Singh/<br>20540101568                   | 2011-12 | 32.04           | 0.00                   | 32.04       | 14              | 4.49        | 8.98                      | 13.47                          | We cross verified the records of <b>M/s HSCL</b> , registered in Ranchi South Circle and found that the contractor had made payment of ₹ 32.04 lakh for execution of <b>works contract</b> during 2011-12 to M/s H K Singh but the contractor had furnished returns depicting nil turnover on which the assessment was finalised.                 |
| 15      | Ranchi South       | Ranchi Developers (P). Ltd./<br>20510105637 | 2011-12 | 21.55           | 0.00                   | 21.55       | 14              | 3.02        | 6.04                      | 9.06                           | We cross verified the records of <b>M/s HSCL</b> , registered in Ranchi South Circle and found that the contractor had made payment of ₹ 21.55 lakh for execution of <b>works contract</b> during 2011-12 to M/s Ranchi Developers P. Ltd. but the contractor had furnished returns depicting nil turnover on which the assessment was finalised. |
| 16      | Ranchi South       | Anamika Engineers/<br>20490105789           | 2011-12 | 96.67           | 0.00                   | 96.67       | 14              | 13.53       | 27.06                     | 40.59                          | We cross verified the records of <b>M/s HSCL</b> , registered in Ranchi South Circle and found that the contractor had made payment of ₹ 96.67 lakh for execution of <b>works contract</b> during 2011-12 to M/s Anamika Engineers but the contractor had furnished returns depicting nil turnover on which the assessment was finalised.         |
| 17      | Ranchi South       | Krishna Construction/<br>20030105308        | 2011-12 | 12.17           | 0.00                   | 12.17       | 14              | 1.70        | 3.40                      | 5.10                           | We cross verified the records of <b>M/s HSCL</b> , registered in Ranchi South Circle and found that the contractor had made payment of ₹12.17 lakh for execution of <b>works contract</b> during 2011-12 to M/s Krishna Construction but the contractor had furnished returns depicting nil turnover on which the assessment was finalised.       |
| 18      | Ranchi South       | Crescent Construction Co./<br>20450105317   | 2011-12 | 85.32           | 0.00                   | 85.32       | 14              | 11.94       | 23.88                     | 35.82                          | We cross verified the records of <b>M/s HSCL</b> , registered in Ranchi South Circle and found that the contractor had made payment of ₹85.32 lakh for execution of <b>works contract</b> during 2011-12 to M/s Crescent Construction Co. but the contractor had furnished returns depicting nil turnover on which the assessment was finalised.  |

**Appendix-II (Referred to in Paragraph No. 2.3.7.1 of the Report)**  
**Results of cross verification conducted within Commercial Taxes Department**

(₹ in lakh)

| Sl. No. | Name of the Circle | Name of the dealer (M/s)/ TIN                        | Period  | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty payable u/s 40(1) | Total tax and penalty leviable | Remarks   |
|---------|--------------------|--|---------|-----------------|------------------------|-------------|-----------------|-------------|---------------------------|--------------------------------|---|
| 19      | Ranchi South       | Sarvodaya Construction/<br>20170105311               | 2011-12 | 9.59            | 0.00                   | 9.59        | 14              | 1.34        | 2.68                      | 4.02                           | We cross verified the records of <b>M/s HSCL</b> , registered in Ranchi South Circle and found that the contractor had made payment of ₹9.59 lakh for execution of <b>works contract</b> during 2011-12 to M/s Sarvodaya Construction but the contractor had furnished returns depicting nil turnover on which the assessment was finalised.  |
| 20      | Ranchi South       | Associated Transrail Structures Ltd./<br>20510101439 | 2010-11 | 2,261.27        | 0.00                   | 2,261.27    | 12.5            | 282.66      | 565.32                    | 847.98                         | We cross verified the records of <b>M/s RGGVY-DVC-JSEB</b> , registered in Ranchi South Circle and found that the contractor had made payment of ₹22.61 crore during 2010-11 to M/s Associated Transrail Structures Ltd. but the contractor had furnished returns depicting nil turnover on which the assessment was finalised.   |
| 21      | Ranchi South       | Urmila Enterprises/<br>20350100460                   | 2011-12 | 154.19          | 129.64                 | 24.55       | 14              | 3.44        | 6.88                      | 10.32                          | We noticed from the assessment records that the dealer had shown receipt of ₹ 1.30 crore for execution of <b>works contract</b> from <b>M/s NPCC and M/s NBCC</b> on which assessment was finalised, however, cross-verification revealed that the dealer had actually received payment of ₹1.54 crore from M/s NBCC (₹1.41 crore), M/s NPCC- (₹12.71 lakh).                        |
| 22      | Ranchi South       | Satchandi Construction Pvt. Ltd./<br>20910100152     | 2011-12 | 126.35          | 0.00                   | 126.35      | 14              | 17.69       | 35.38                     | 53.07                          | We cross verified the records of <b>M/s NPCC</b> , registered in Ranchi South Circle and found that the contractor had made payment of ₹1.26 crore for execution of <b>works contract</b> during 2011-12 to M/s Satchandi Construction (P) Ltd. but the contractor had furnished returns depicting nil turnover on which the assessment was finalised.                              |
| 23      | Ranchi South       | Sandip Civil Engineering/<br>20660105758             | 2011-12 | 69.23           | 0.00                   | 69.23       | 14              | 9.69        | 19.38                     | 29.07                          | We cross verified the records of <b>M/s NBCC</b> , registered in Ranchi East Circle and found that the contractor had made payment of ₹69.23 lakh for execution of <b>works contract</b> during 2011-12 to M/s Sandip Civil Engineering but the contractor had furnished returns depicting nil turnover on which the assessment was finalised.                                      |
| 24      | Ranchi South       | KEC International Ltd./<br>20870105908               | 2011-12 | 1,628.11        | 1,376.14               | 251.97      | 14              | 35.28       | 70.56                     | 105.84                         | Cross verification of assessment records revealed that the dealer had actually received payment for works contract from <b>M/s JSEB</b> - ₹ 12.52 crore and <b>M/s Powergrid Corp. of India</b> - ₹ 3.76 crore for execution of <b>works contract</b> , but the dealer had shown its turnover from works contract for ₹ 13.76 crore only on which the assessment has been finalised |

**Appendix-II (Referred to in Paragraph No. 2.3.7.1 of the Report)  
Results of cross verification conducted within Commercial Taxes Department**

(₹ in lakh)

| Sl. No. | Name of the Circle | Name of the dealer (M/s)/ TIN                    | Period  | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty payable u/s 40(1) | Total tax and penalty leviable | Remarks  |
|---------|--------------------|--|---------|-----------------|------------------------|-------------|-----------------|-------------|---------------------------|--------------------------------|--|
| 25      | Ranchi South       | Sanjeev Kumar/<br>20180106690                    | 2011-12 | 35.65           | 0.00                   | 35.65       | 14              | 4.99        | 9.98                      | 14.97                          | Cross verification of assessment records revealed that the dealer had actually received payment for works contract from M/s NPCC for ₹35.65 lakh for execution of <b>works contract</b> , but the dealer had shown its turnover as nil on which the assessment was finalised   |
| 26      | Jharia             | BCCL, EWZ,<br>Sudamdih/<br>20821800757           | 2011-12 | 16,322.39       | 14,372.16              | 1,950.23    | 5               | 97.51       | 195.02                    | 292.53                         | Cross verification of records revealed that the dealer had actually received goods (coal) worth ₹ 163.22 crore from M/s BCCL, EJ Area, Bhowra and M/s BCCL, Bastacola Area-IX on the strength of six declarations in JVAT 506, but the dealer had accounted for stock receipt of ₹143.72 crore only on which the assessment was finalised. |
| 27      | Dhanbad Urban      | BCCL,<br>Patherdih Coal Washery/<br>20741601951  | 2011-12 | 3,703.25        | 2,775.78               | 927.47      | 5               | 46.37       | 92.74                     | 139.11                         | Cross verification of records revealed that the dealer had actually received goods (coal) worth ₹37.03 crore from M/s BCCL, Lodna Area-X and M/s BCCL, Bastacola Area-IX on the strength of two declarations in JVAT-506, but the dealer had accounted for stock receipt of ₹27.76 crore only on which the assessment was finalised.       |
| 28      | Jamshedpur         | Indian Steel & Wire Product Ltd./<br>20670802758 | 2010-11 | 41.76           | 0.00                   | 41.76       | 4               | 1.67        | 3.34                      | 5.01                           | Cross verification of records revealed that the dealer had actually received goods (iron and steel) of ₹ 41.76 lakh from M/s JEMCO, registered in the same circle, on the strength of JVAT -506, but the dealer did not account for the receipt in the trading and Manufacturing A/c on which the assessment was finalised.                |
| 29      | Palamu             | Ram Kamal Construction Pvt. Ltd./<br>20490505623 | 2011-12 | 86.10           | 11.84                  | 74.26       | 14              | 10.40       | 20.80                     | 31.20                          | The Contractor had actually received gross payment of ₹74.26 lakh for execution of <b>works contract</b> from M/s NBCC Ranchi & ₹11.84 lakh from DSE cum DPO, SSA Garhwa (Total ₹86.10 lakh) but the dealer had shown receipt of ₹ 11.84 lakh only as GTO on which the assessment was finalised.   |
| 30      | Palamu             | Ajay Kumar/<br>20390505898                       | 2011-12 | 12.93           | 0.00                   | 12.93       | 14              | 1.81        | 3.62                      | 5.43                           | The Contractor had actually received gross payment of ₹12.93 lakh for execution of <b>works contract</b> from M/s NPCC Ranchi, but returned NIL as GTO on which the assessment was finalised.  |

**Appendix-II (Referred to in Paragraph No. 2.3.7.1 of the Report)**  
**Results of cross verification conducted within Commercial Taxes Department**

(₹ in lakh)

| Sl. No. | Name of the Circle | Name of the dealer (M/s)/ TIN                    | Period  | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty payable u/s 40(1) | Total tax and penalty leviable | Remarks   |
|---------|--------------------|--|---------|-----------------|------------------------|-------------|-----------------|-------------|---------------------------|--------------------------------|---|
| 31      | Adityapur          | Pushkar Techno Pvt. Ltd./ 20930900585            | 2011-12 | 995.31          | 769.31                 | 226.00      | 12.5            | 28.25       | 56.50                     | 84.75                          | Cross verification of records revealed that the dealer sold goods (MV parts) of ₹ 9.95 crore taxable @12.5% to M/s Tata Motors (TIN -20480800001) on which ITC was allowed to M/s Tata Motors, but the dealer had shown sales turnover of ₹ 7.69 crore (taxable @ 12.5%) only in its accounts on which the assessment was finalised.  |
| 32      | Dhanbad            | Sterling and Wilson Electrical Ltd./ 20561705175 | 2011-12 | 141.16          | 55.45                  | 85.71       | 14              | 12.00       | 24.00                     | 36.00                          | The dealer received payments of ₹1.41 crore for execution of works contract from M/s DVC, registered in Ranchi South Commercial Taxes Circle but accounted for ₹55.45 lakh only on which the assessment was finalised.  |
| 33      | Katras             | BCCL Western Washery Zone Mahuda/ 20811500790    | 2011-12 | 8,386.19        | 0.00                   | 8,386.19    | 5               | 419.31      | 838.62                    | 1,257.93                       | The dealer had not shown any stock receipt of goods (coal) on which the assessment was finalised. However, cross-verification of the records of M/s BCCL, Area III, Govindpur and BCCL, Area-IV, Katras revealed that the above two dealers had shown stock transfer of goods valued at ₹ 83.86 crore on the strength of two declarations in form 'JVAT'-506 issued by BCCL, WWZ, Mahuda Coal Washery.  |
| 34      | Katras             | BCCL Madhuban Coal Washery/ 20401500773          | 2011-12 | 13,046.27       | 11,654.93              | 1,391.34    | 5               | 69.57       | 139.14                    | 208.71                         | From the assessment records of three dealers i.e. M/s BCCL, Area-I, Barora, M/s BCCL, Area-II, Katras and M/s BCCL, Area-IV, Katras it was noticed that the above dealers had shown stock transfer of goods (coal) valued at ₹ 130.46 crore to M/s BCCL, Madhuban Coal Washery on the strength of three declaration forms in JVAT-506. However, our cross verification revealed that the dealer (M/s BCCL, Madhuban Coal Washery) had shown stock receipt of ₹ 116.55 crore only. |
| 35      | Tenughat           | BHEL, Bokaro Thermal Power Station/ 20352205642  | 2011-12 | 1,560.02        | 1,158.53               | 401.49      | 14              | 56.21       | 112.42                    | 168.63                         | Cross verification of records of M/s Prasad & Co., registered in the same circle with the records of the dealer (M/s BHEL, BTPS) revealed that the dealer during 2011-12 had shown payment of ₹ 11.58 crore to M/s Prasad & Co. for execution of works contract on which the assessment was finalised, however, M/s Prasad & Co. had shown receipt of ₹ 15.60 crore from the dealer.  |

**Appendix-II (Referred to in Paragraph No. 2.3.7.1 of the Report)  
Results of cross verification conducted within Commercial Taxes Department**

(₹ in lakh)

| Sl. No. | Name of the Circle | Name of the dealer (M/s)/ TIN                 | Period  | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty payable u/s 40(1) | Total tax and penalty leviable | Remarks   |
|---------|--------------------|---|---------|-----------------|------------------------|-------------|-----------------|-------------|---------------------------|--------------------------------|---|
| 36      | Tenughat           | Jain Infra Project Ltd./ 20812205347          | 2011-12 | 376.86          | 0.00                   | 376.86      | 14              | 52.76       | 105.52                    | 158.28                         | We cross verified the records of M/s NBCC, registered in Ranchi East Circle and found that the contractor had made payment of ₹3.77 crore for execution of works contract during 2011-12 to M/s Jain Infra Project Ltd. but the contractor had furnished returns depicting nil turnover on which the assessment was finalised.    |
| 37      | Tenughat           | SNC Power Corporation/ 20432200757            | 2011-12 | 257.63          | 0.00                   | 257.63      | 14              | 36.07       | 72.14                     | 108.21                         | We cross verified the records of M/s NBCC, registered in Ranchi East Circle and found that the contractor had made payment of ₹ 2.58 crore for execution of works contract during 2011-12 to M/s SNC Power Corporation but the contractor had furnished returns depicting nil turnover on which the assessment was finalised.     |
| 38      | Tenughat           | Harji Eng. Works Pvt. Ltd./ 20072200761       | 2011-12 | 187.91          | 0.00                   | 187.91      | 14              | 26.31       | 52.62                     | 78.93                          | We cross verified the records of M/s NBCC, registered in Ranchi East Circle and found that the contractor had made payment of ₹1.88 crore for execution of works contract during 2011-12 to M/s Harji Eng. Works Pvt. Ltd. but the contractor had furnished returns depicting nil turnover on which the assessment was finalised. |
| 39      | Ranchi Special     | Abhay Tele Engineering Pvt. Ltd./ 20900405216 | 2011-12 | 321.73          | 266.11                 | 55.62       | 14              | 7.79        | 15.58                     | 23.37                          | We cross verified the records of M/s NBCC and M/s NPCC and found that the contractors had made payment of ₹ 3.22 crore for execution of works contract during 2011-12 to M/s Abhay Tele Engineering Pvt. Ltd., but the contractor had shown GTO of ₹ 2.66 crore only.   |
| 40      | Ranchi Special     | Bijay Narayan Construction/ 20500405346       | 2011-12 | 35.20           | 0.00                   | 35.20       | 14              | 4.93        | 9.86                      | 14.79                          | We cross verified the records of M/s NPCC, registered in Ranchi South Commercial Taxes Circle and found that the contractor had made payment of ₹ 35.20 lakh for execution of works contract during 2011-12 to M/s Bijay Narayan Construction., but the contractor had shown nil GTO during 2011-12.                              |
| 41      | Ranchi Special     | SaiAnant Infra Pvt. Ltd./ 20010406548         | 2011-12 | 91.77           | 83.43                  | 8.34        | 14              | 1.17        | 2.34                      | 3.51                           | We cross verified the records of M/s NPCC, registered in Ranchi South Commercial Taxes Circle and found that the contractor had made payment of ₹ 91.77 lakh for execution of works contract during 2011-12 to Sai Anant Infra Pvt. Ltd., but the contractor had shown GTO of ₹ 83.43 lakh only during 2011-12.                   |

**Appendix-II (Referred to in Paragraph No. 2.3.7.1 of the Report)**  
**Results of cross verification conducted within Commercial Taxes Department**

(₹ in lakh)

| Sl. No. | Name of the Circle | Name of the dealer (M/s)/ TIN              | Period  | Actual turnover  | Turnover accounted for | Suppression      | Rate of tax (%) | Tax payable     | Penalty payable u/s 40(1) | Total tax and penalty leviable | Remarks  |
|---------|--------------------|--|---------|------------------|------------------------|------------------|-----------------|-----------------|---------------------------|--------------------------------|--|
| 42      | Ranchi Special     | Shree Anant Infrastructure/<br>20240406546 | 2011-12 | 716.21           | 529.77                 | 186.44           | 14              | 26.10           | 52.20                     | 78.30                          | We cross verified the records of M/s NPCC, registered in Ranchi South Commercial Taxes Circle and found that the contractor had made payment of ₹ 7.16 crore for execution of works contract during 2011-12 to Shree Anant Infrastructure, but the contractor had shown GTO of ₹ 5.30 crore only during 2011-12. |
|         | <b>Total</b>       |  |         | <b>69,348.93</b> | <b>45,057.89</b>       | <b>24,291.04</b> |                 | <b>1,705.65</b> | <b>3,411.30</b>           | <b>5,116.95</b>                |  |

**Appendix-III (Referred to in Paragraph Number 2.3.7.2 of the Report)  
Results of cross verification conducted from other Departments of Government of Jharkhand**

(₹ in lakh)

| Sl. No. | Name of the Circle | Name of the dealer (M/s)/ TIN      | Period  | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty payable u/s 40(1) | Total tax and penalty leviable | Remarks   |
|---------|--------------------|------------------------------------|---------|-----------------|------------------------|-------------|-----------------|-------------|---------------------------|--------------------------------|---|
| 1       | Gumla              | Amber Construction/<br>20410605268 | 2010-11 | 60.69           | 0.00                   | 60.69       | 12.5            | 7.59        | 15.18                     | 22.77                          | We obtained data of payment for execution of works contract from RDSD Gumla and found that the contractor had received payment of ₹ 60.69 lakh during 2010-11 but the contractor had furnished returns depicting nil turnover on which the assessment was finalised.      |
| 2       | Gumla              | Amber Construction/<br>20410605268 | 2011-12 | 10.23           | 0.00                   | 10.23       | 14              | 1.43        | 2.86                      | 4.29                           | We obtained data of payment for execution of works contract from RCD/ RDSD Gumla and found that the contractor had received payment of ₹ 10.23 lakh during 2011-12 but the contractor had furnished returns depicting nil turnover on which the assessment was finalised. |
| 3       | Gumla              | Ashok Kr. Singh/<br>20520600256    | 2010-11 | 14.33           | 0.00                   | 14.33       | 12.5            | 1.79        | 3.58                      | 5.37                           | We obtained data of payment for execution of works contract from RCD/ REO Gumla and found that the contractor had received payment of ₹ 14.33 lakh during 2010-11 but the contractor had furnished returns depicting nil turnover on which the assessment was finalised.  |
| 4       | Gumla              | Ashok Kr. Singh/<br>20520600256    | 2011-12 | 62.67           | 0.00                   | 62.67       | 14              | 8.77        | 17.54                     | 26.31                          | We obtained data of payment for execution of works contract from RCD/ REO Gumla and found that the contractor had received payment of ₹ 62.67 lakh during 2011-12 but the contractor had furnished returns depicting nil turnover on which the assessment was finalised.  |
| 5       | Gumla              | Deodutt Bharti/<br>20750605594     | 2011-12 | 18.09           | 0.00                   | 18.09       | 14              | 2.53        | 5.06                      | 7.59                           | We obtained data of payment for execution of works contract from RCD/ REO Gumla and found that the contractor had received payment of ₹ 18.09 lakh during 2011-12 but the contractor had furnished returns depicting nil turnover on which the assessment was finalised.  |
| 6       | Gumla              | Dhirendra Kumar/<br>20050605288    | 2011-12 | 8.99            | 0.00                   | 8.99        | 14              | 1.26        | 2.52                      | 3.78                           | We obtained data of payment for execution of works contract from RCD Gumla and found that the contractor had received payment of ₹ 8.99 lakh during 2011-12 but the contractor had furnished returns depicting nil turnover on which the assessment was finalised.        |



**Appendix-III (Referred to in Paragraph Number 2.3.7.2 of the Report)  
Results of cross verification conducted from other Departments of Government of Jharkhand**

(₹ in lakh)

| Sl. No. | Name of the Circle | Name of the dealer (M/s)/ TIN       | Period  | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty payable u/s 40(1) | Total tax and penalty leviable | Remarks  |
|---------|--------------------|-------------------------------------|---------|-----------------|------------------------|-------------|-----------------|-------------|---------------------------|--------------------------------|--|
| 7       | Gumla              | Saurav Construction/<br>20430605601 | 2011-12 | 36.13           | 0.00                   | 36.13       | 14              | 5.06        | 10.12                     | 15.18                          | We obtained data of payment for execution of works contract from RCD Gumla and found that the contractor had received payment of ₹ 36.13 lakh during 2011-12 but the contractor had furnished returns depicting nil turnover on which the assessment was finalised.                |
| 8       | Gumla              | Yamuna Prasad Sahu/<br>20350605627  | 2011-12 | 4.11            | 1.79                   | 2.32        | 12.5            | 0.29        | 0.58                      | 0.87                           | We obtained data of payment for execution of works contract from RDSD Gumla and found that the contractor had received payment of ₹ 4.11 lakh during 2011-12 but the contractor had furnished returns depicting turnover of ₹ 1.79 lakh on which the assessment was finalised.     |
| 9       | Gumla              | RM Construction/<br>20140605574     | 2010-11 | 59.02           | 0.00                   | 59.02       | 12.5            | 7.38        | 14.76                     | 22.14                          | We obtained data of payment for execution of works contract from RDSD Gumla/ NBCC, Ranchi and found that the contractor had received payment of ₹ 59.02 lakh during 2010-11 but the contractor had furnished returns depicting nil turnover on which the assessment was finalised. |
| 10      | Gumla              | RM Construction/<br>20140605574     | 2011-12 | 141.38          | 0.00                   | 141.38      | 14              | 19.79       | 39.58                     | 59.37                          | We obtained data of payment for execution of works contract from RDSD Gumla/ NBCC, Ranchi and found that the contractor had received payment of ₹ 1.41 crore during 2011-12 but the contractor had furnished returns depicting nil turnover on which the assessment was finalised. |
| 11      | Gumla              | Nageshar Ohda/<br>20120608407       | 2010-11 | 7.01            | 0.00                   | 7.01        | 14              | 0.98        | 1.96                      | 2.94                           | We obtained data of payment for execution of works contract from RDSD Gumla and found that the contractor had received payment of ₹ 7.01 lakh during 2010-11 but the contractor had furnished returns depicting nil turnover on which the assessment was finalised.                |
| 12      | Ranchi South       | JSEB/<br>20330105162                | 2010-11 | 14,767.13       | 3,301.21               | 11,465.92   | 12.5            | 1,433.24    | 2,866.48                  | 4,299.72                       | We obtained data of payment for execution of works contract from JBVNL and found that the contractor had received payment of ₹ 147.67 crore during 2010-11 but the contractor had furnished returns depicting turnover of ₹ 33.01 crore on which the assessment was finalised.     |

**Appendix-III (Referred to in Paragraph Number 2.3.7.2 of the Report)  
Results of cross verification conducted from other Departments of Government of Jharkhand**

(₹ in lakh)

| Sl. No. | Name of the Circle | Name of the dealer (M/s)/ TIN              | Period  | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty payable u/s 40(1) | Total tax and penalty leviable | Remarks  |
|---------|--------------------|--|---------|-----------------|------------------------|-------------|-----------------|-------------|---------------------------|--------------------------------|--|
| 13      | Ranchi South       | JSEB/<br>20330105162                       | 2011-12 | 10,101.24       | 0.00                   | 10,101.24   | 14              | 1,414.17    | 2,828.34                  | 4,242.51                       | We obtained data of payment for execution of works contract from JBVNL and found that the contractor had received payment of ₹ 101.01 crore during 2011-12 but the contractor had furnished returns depicting nil turnover on which the assessment was finalised.  |
| 14      | Ranchi South       | Carlsberg India Pvt. Ltd./<br>20610106526  | 2011-12 | 912.29          | 659.18                 | 253.11      | 50              | 126.55      | 253.10                    | 379.65                         | As per data furnished by <b>Excise and prohibition Department, Jharkhand</b> the Stock receipt + Import fee+ Excise duty + License fee was ₹ 9.12 crore whereas the dealer had accounted for ₹ 6.59 crore only on which the assessment was finalised.  |
| 15      | Ranchi East        | Bacardi Martini India Ltd./<br>20590200238 | 2010-11 | 35.67           | 3.64                   | 32.03       | 50              | 16.02       | 32.04                     | 48.06                          | Information received from <b>Excise and Prohibition Department, Jharkhand</b> revealed that the dealer had paid Excise duty, Import fee and License fee for ₹ 35.67 lakh but the dealer had shown the above payments for ₹ 3.64 lakh only on this account on which the assessment was finalised.                           |
| 16      | Ranchi East        | Bacardi Martini India Ltd./<br>20590200238 | 2011-12 | 26.51           | 22.47                  | 4.04        | 50              | 2.02        | 4.04                      | 6.06                           | Information received from Excise and Prohibition Department, Jharkhand revealed that the dealer had paid Excise duty, Import fee and License fee for ₹ 26.51 lakh but the dealer had shown the above payments for ₹ 22.47 lakh only on which the assessment was finalised.   |
| 17      | Ranchi East        | Bacardi Martini India Ltd./<br>20590200238 | 2012-13 | 73.30           | 0.00                   | 73.30       | 50              | 36.65       | 73.30                     | 109.95                         | Information received from <b>Excise and Prohibition Department, Jharkhand</b> revealed that the dealer had paid Excise duty, Import fee and License fee for ₹ 73.30 lakh but the dealer had shown the above payments as nil on which the assessment was finalised.   |
| 18      | Ranchi Special     | KanchanKumari/<br>20410405933              | 2011-12 | 6.50            | 5.33                   | 1.17        | 14              | 0.16        | 0.32                      | 0.48                           | We collected the data for payment made to contractors from Building Construction Division, Ranchi for execution of <b>works contract</b> which revealed that the contractor (M/s KanchanKumari) had received payment of ₹ 6.50 lakh, however, the contractor had shown GTO of ₹ 5.33 lakh through periodical returns only. |

**Appendix-III (Referred to in Paragraph Number 2.3.7.2 of the Report)**  
**Results of cross verification conducted from other Departments of Government of Jharkhand**

(₹in lakh)

| Sl. No. | Name of the Circle | Name of the dealer (M/s)/ TIN       | Period  | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty payable u/s 40(1) | Total tax and penalty leviable | Remarks   |
|---------|--------------------|-------------------------------------|---------|-----------------|------------------------|-------------|-----------------|-------------|---------------------------|--------------------------------|---|
| 19      | Ranchi Special     | Vinod Construction/<br>20390402011  | 2011-12 | 9.79            | 0.00                   | 9.79        | 14              | 1.37        | 2.74                      | 4.11                           | We collected the data for payment made to contractors from <b>Building Construction Division, Ranchi</b> for execution of <b>works contract</b> which revealed that the contractor (M/s Vinod Construction) had received payment of ₹ 9.79 lakh, however, the contractor had shown nil GTO during 2011-12 through periodical returns.             |
| 20      | Ranchi Special     | Madhusudan Prasad/<br>20790405276   | 2011-12 | 8.04            | 0.00                   | 8.04        | 14              | 1.13        | 2.26                      | 3.39                           | We collected the data for payment made to contractors from <b>Building Construction Division, Ranchi</b> for execution of <b>works contract</b> which revealed that the contractor (M/s Madhusudan Prasad) had received payment of Rs 8.04 lakh, however, the contractor had shown nil GTO during 2011-12 through periodical returns.             |
| 21      | Ranchi Special     | Satya Narayan Singh/<br>20880402081 | 2011-12 | 4.66            | 0.00                   | 4.66        | 14              | 0.65        | 1.30                      | 1.95                           | We collected the data for payment made to contractors from <b>Building Construction Division, Ranchi</b> for execution of <b>works contract</b> which revealed that the contractor (M/s Satya Narayan Singh) had received payment of ₹ 4.66 lakh, however, the contractor had shown nil GTO during 2011-12 through periodical returns.            |
| 22      | Ranchi Special     | Tapan Kumar Saha/<br>20940405300    | 2011-12 | 7.17            | 0.00                   | 7.17        | 14              | 1.00        | 2.00                      | 3.00                           | We collected the data for payment made to contractors from <b>Building Construction Division, Ranchi</b> for execution of <b>works contract</b> which revealed that the contractor (M/s Tapan Kumar Saha) had received payment of ₹ 7.17 lakh, however, the contractor had shown nil GTO during 2011-12 through periodical returns.               |
| 23      | Ranchi Special     | Vikrant Kumar/<br>20340405883       | 2011-12 | 18.78           | 7.58                   | 11.20       | 14              | 1.57        | 3.14                      | 4.71                           | We collected the data for payment made to contractors from <b>Building Construction Division, Ranchi</b> for execution of <b>works contract</b> which revealed that the contractor (M/s Vikrant Kumar) had received payment of ₹ 18.78 lakh, however, the contractor had shown GTO of ₹ 7.58 lakh only during 2011-12 through periodical returns. |

**Appendix-III (Referred to in Paragraph Number 2.3.7.2 of the Report)  
Results of cross verification conducted from other Departments of Government of Jharkhand**

(₹ in lakh)

| Sl. No. | Name of the Circle | Name of the dealer (M/s)/ TIN        | Period  | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty payable u/s 40(1) | Total tax and penalty leviable | Remarks  |
|---------|--------------------|--------------------------------------|---------|-----------------|------------------------|-------------|-----------------|-------------|---------------------------|--------------------------------|--|
| 24      | Ranchi Special     | Pankaj Kumar Singh/<br>20730401339   | 2011-12 | 125.20          | 0.00                   | 125.20      | 14              | 17.53       | 35.06                     | 52.59                          | We collected the data for payment made to contractors from <b>Rural Works Department, Ranchi</b> for execution of <b>works contract</b> which revealed that the contractor (M/s Pankaj Kumar Singh) had received payment of ₹ 1.25 crore, however, the contractor had shown nil GTO during 2011-12 through periodical returns.                                       |
| 25      | Ranchi Special     | Shambhu Singh/<br>20230406234        | 2011-12 | 148.60          | 0.00                   | 148.60      | 14              | 20.80       | 41.60                     | 62.40                          | We collected the data for payment made to contractors from <b>Rural Works Department, Ranchi and Building Construction Division, Ranchi</b> for execution of <b>works contract</b> which revealed that the contractor (M/s Shambhu Singh) had received payment of ₹ 1.49 crore, however, the contractor had shown nil GTO during 2011-12 through periodical returns. |
| 26      | Ranchi Special     | Manish Constructions/<br>20550400953 | 2011-12 | 75.35           | 0.00                   | 75.35       | 14              | 10.55       | 21.10                     | 31.65                          | We collected the data for payment made to contractors from <b>Rural Works Department, Ranchi</b> for execution of <b>works contract</b> which revealed that the contractor (M/s Manish Constructions) had received payment of ₹ 75.35 lakh, however, the contractor had shown nil GTO during 2011-12 through periodical returns.                                     |
| 27      | Ranchi Special     | Deoki Construction/<br>20240405479   | 2011-12 | 2.24            | 0.00                   | 2.24        | 14              | 0.31        | 0.62                      | 0.93                           | We collected the data for payment made to contractors from <b>Building Construction Department, Ranchi</b> for execution of <b>works contract</b> which revealed that the contractor (M/s Deoki Constructions) had received payment of ₹ 2.24 lakh, however, the contractor had shown nil GTO during 2011-12 on which assessment was finalised.                      |
| 28      | Ranchi Special     | Ram Sanehi Prasad/<br>20090402079    | 2011-12 | 13.47           | 0.00                   | 13.47       | 14              | 1.89        | 3.78                      | 5.67                           | We collected the data for payment made to contractors from <b>Building Construction Department, Ranchi</b> for execution of <b>works contract</b> which revealed that the contractor (M/s Ram Sanehi Prasad) had received payment of ₹ 13.47 lakh, however, the contractor had shown nil GTO during 2011-12 through periodical returns.                              |
| 29      | Ranchi Special     | Sunil Kumar Pandey/<br>20760405892   | 2011-12 | 8.56            | 0.00                   | 8.56        | 14              | 1.20        | 2.40                      | 3.60                           | We collected the data for payment made to contractors from <b>Building Construction Department, Ranchi</b> for execution of <b>works contract</b> which revealed that the contractor (M/s Sunil Kumar Pandey) had received payment of ₹ 8.56 lakh, however, the  |

**Appendix-III (Referred to in Paragraph Number 2.3.7.2 of the Report)**  
**Results of cross verification conducted from other Departments of Government of Jharkhand**

(₹ in lakh)

| Sl. No. | Name of the Circle | Name of the dealer (M/s)/ TIN              | Period  | Actual turnover  | Turnover accounted for | Suppression      | Rate of tax (%) | Tax payable     | Penalty payable u/s 40(1) | Total tax and penalty leviable | Remarks  |
|---------|--------------------|--|---------|------------------|------------------------|------------------|-----------------|-----------------|---------------------------|--------------------------------|--|
|         |                    |  |         |                  |                        |                  |                 |                 |                           |                                | contractor had shown nil GTO during 2011-12 through periodical returns.  |
| 30      | Ranchi South       | PernodRecard India Pvt. Ltd./ 20590201014  | 2011-12 | 6,538.20         | 6,468.51               | 69.69            | 50              | 34.84           | 69.68                     | 104.52                         | The actual sales turnover as per data furnished by the <b>Excise and Prohibition Department, Ranchi</b> was ₹ 65.38 crore (including license fee of Rs 5.00 lakh), however, the dealer reflected sales turnover of Rs 64.68 crore (excluding license fee) only in VAT returns on which the assessment was finalised. |
| 31      | Ranchi South       | PernodRecard India Pvt. Ltd./ 20590201014  | 2012-13 | 5.00             | 0.00                   | 5.00             | 50              | 2.50            | 5.00                      | 7.50                           | The actual license fee paid as per data furnished by the <b>Excise and Prohibition Department, Ranchi</b> was ₹ 5.00 lakh, however, the dealer had not reflected the license fee in JVAT 409 on which the assessment was finalised.  |
| 32      | Ranchi South       | Mount Shivalik Breweries Ltd./ 20090206508 | 2011-12 | 5.00             | 0.00                   | 5.00             | 50              | 2.50            | 5.00                      | 7.50                           | The actual license fee paid as per data furnished by the <b>Excise and Prohibition Department, Ranchi</b> was ₹ 5.00 lakh, however, the dealer had not reflected the license fee in VAT returns (trading account) on which the assessment was finalised.   |
| 33      | Ranchi South       | Mount Shivalik Breweries Ltd./ 20090206508 | 2012-13 | 5.00             | 0.00                   | 5.00             | 50              | 2.50            | 5.00                      | 7.50                           | The actual license fee paid as per data furnished by the <b>Excise and Prohibition Department, Ranchi</b> was ₹5.00 lakh, however, the dealer had not reflected the license fee in VAT returns (trading account) on which the assessment was finalised.  |
|         | <b>Total</b>       |  |         | <b>33,320.35</b> | <b>10,469.71</b>       | <b>22,850.64</b> |                 | <b>3,186.02</b> | <b>6,372.04</b>           | <b>9,558.06</b>                |  |

**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹ in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN     | Period  | Commodity | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty  | Total tax and penalty leviable | Remarks  |
|--------|--------------------|-----------------------------------|---------|-----------|-----------------|------------------------|-------------|-----------------|-------------|----------|--------------------------------|--|
| 1      | Tenughat           | CCL, Dhori Area/<br>20312205364   | 2011-12 | Coal      | 1,28,916.69     | 1,21,139.92            | 7,776.77    | 5               | 388.84      | 777.68   | 1,166.52                       | Cross verification of data/information (Profit and Loss account and schedules appended therewith) collected from <b>CCL (Hqr), Ranchi</b> with the assessment records of the dealer (M/s CCL, Dhori Area) revealed that the dealer had actually sold goods valued at ₹1289.17 crore but the dealer in its VAT returns had shown sale of goods valued at ₹1211.39 crore only on which the assessment was finalised. |
| 2      | Tenughat           | CCL, Kathara Area/<br>20042205379 | 2011-12 | Coal      | 68,299.26       | 24,559.54              | 43,739.72   | 5               | 2,186.99    | 4,373.98 | 6,560.97                       | Cross verification of data/information (Profit and Loss account and schedules appended therewith) collected from <b>CCL (Hqr), Ranchi</b> with the assessment records of the dealer (M/s CCL, Kathara Area) revealed that the dealer had actually sold goods valued at ₹682.99 crore but the dealer in its VAT returns had shown sale of goods valued at ₹245.59 crore only on which the assessment was finalised. |

**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹ in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN                      | Period  | Commodity | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty  | Total tax and penalty leviable | Remarks  |
|--------|--------------------|--|---------|-----------|-----------------|------------------------|-------------|-----------------|-------------|----------|--------------------------------|--|
| 3      | Tenughat           | CCL, Kathara Area/<br>20042205379                  | 2012-13 | Coal      | 79,064.30       | 47,755.05              | 31,309.25   | 5               | 1,565.46    | 3,130.92 | 4,696.38                       | Cross verification of data/information (Profit and Loss account and schedules appended therewith) collected from <b>CCL (Hqr), Ranchi</b> with the assessment records of the dealer (M/s CCL, Kathara Area) revealed that the dealer had actually sold goods valued at ₹790.64 crore but the dealer in its VAT returns had shown sale of goods valued at ₹477.55 crore only on which the assessment was finalised. |
| 4      | Palamu             | Aditya Birla<br>Chemicals (I) Ltd./<br>20830501485 | 2012-13 | Chemicals | 39,201.00       | 38,667.00              | 534.00      | 5               | 26.70       | 53.40    | 80.10                          | The dealer had shown sale of finished goods valued at ₹392.01 crore in its <b>Central Excise Return (ER-4)</b> whereas, as per assessment records GTO was shown as ₹ 386.68 crore only on which the assessment was finalised.  |
| 5      | Ranchi West        | CCL, NK Area/<br>20790305657                       | 2011-12 | Coal      | 1,34,672.95     | 1,15,213.62            | 19,459.33   | 5               | 972.97      | 1,945.94 | 2,918.91                       | Cross-verification of data collected from <b>CCL (Hqrs), Ranchi</b> for sale of coal and found that CCL NK Area had actually sold/transferred coal valued at ₹ 1,346.73 crore but the dealer had shown sales turnover of ₹1,152.14 crore only in Commercial Taxes Department on which the assessment was finalised.  |

**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹ in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN                 | Period  | Commodity       | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty | Total tax and penalty leviable | Remarks   |
|--------|--------------------|---|---------|-----------------|-----------------|------------------------|-------------|-----------------|-------------|---------|--------------------------------|---|
| 6      | Adityapur          | Utkal Automobiles Pvt. Ltd./<br>20980900024   | 2012-13 | Bus/ Truck body | 8,454.63        | 5,817.82               | 2,636.81    | 14              | 369.15      | 738.30  | 1,107.45                       | The dealer had shown production of finished goods valued at ₹84.55 crore in its <b>Central Excise Return (ER-4)</b> whereas, as per assessment records (Manufacturing account) the cost of goods produced (material consumed + manufacturing expenses) had been shown as ₹58.18 crore only on which the assessment was finalised.   |
| 7      | Adityapur          | Blue Star Malleable Pvt. Ltd./<br>20480901172 | 2012-13 | Iron castings   | 7,122.53        | 6,423.69               | 698.84      | 5               | 34.94       | 69.88   | 104.82                         | The dealer had shown production of finished goods valued at ₹71.23 crore in its <b>Central Excise Returns (ER-4)</b> whereas, as per assessment records (Manufacturing account) the cost of goods produced (material consumed + manufacturing expenses) had been shown as ₹ 64.24 crore only on which the assessment was finalised. |



**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹ in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN            | Period  | Commodity  | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty | Total tax and penalty leviable | Remarks  |
|--------|--------------------|--|---------|------------|-----------------|------------------------|-------------|-----------------|-------------|---------|--------------------------------|--|
| 8      | Adityapur          | Dorabji Auto/<br>20660900685             | 2012-13 | Auto parts | 2,584.94        | 2,398.07               | 186.87      | 10              | 18.69       | 37.38   | 56.07                          | The dealer had shown production of finished goods valued at ₹ 25.85 crore in its <b>Central Excise Returns (ER-4)</b> whereas, as per assessment records (Manufacturing account) the cost of goods produced (material consumed + manufacturing expenses) had been shown as ₹ 23.98 crore only on which the assessment was finalised. |
| 9      | Adityapur          | Gupta Polytube Pvt. Ltd./<br>20630905266 | 2011-12 | PVC pipes  | 1,456.79        | 1,279.25               | 177.54      | 5               | 8.88        | 17.76   | 26.64                          | The dealer had shown production of finished goods valued at ₹ 14.57 crore in its <b>Central Excise Returns (ER-4)</b> whereas, as per assessment records (Manufacturing account) the cost of goods produced (material consumed + manufacturing expenses) had been shown as ₹ 12.79 crore only on which the assessment was finalised. |

**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹ in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN                     | Period  | Commodity    | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty | Total tax and penalty leviable | Remarks  |
|--------|--------------------|---|---------|--------------|-----------------|------------------------|-------------|-----------------|-------------|---------|--------------------------------|--|
| 10     | Adityapur          | Gupta Polytube Pvt. Ltd./<br>20630905266          | 2012-13 | PVC pipes    | 1,519.41        | 1,290.88               | 228.53      | 5               | 11.43       | 22.86   | 34.29                          | The dealer had shown production of finished goods valued at ₹ 15.19 crore in its <b>Central Excise Returns (ER-4)</b> whereas, as per assessment records (Manufacturing account) the cost of goods produced (material consumed + manufacturing expenses) had been shown as ₹ 12.91 crore only on which the assessment was finalised.   |
| 11     | Hazaribag          | Anindita Trades & Investment Ltd./<br>20052103675 | 2010-11 | Iron & Steel | 3,940.60        | 3,357.52               | 583.08      | 4               | 23.32       | 46.64   | 69.96                          | The dealer in its assessment records (Trading account furnished in JVAT-409) had not shown any manufacturing expenses, however, after taking into account the manufacturing expenses as shown in <b>Central Excise Returns (ER4)</b> , the actual sales turnover worked out to ₹ 39.41 crore whereas the dealer has shown sales turnover of ₹ 33.57 crore on which the assessment was finalised. |

**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹ in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN                     | Period  | Commodity    | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty | Total tax and penalty leviable | Remarks  |
|--------|--------------------|---|---------|--------------|-----------------|------------------------|-------------|-----------------|-------------|---------|--------------------------------|--|
| 12     | Hazaribag          | Anindita Trades & Investment Ltd./<br>20052103675 | 2011-12 | Iron & Steel | 4,464.23        | 3,457.04               | 1,007.19    | 5               | 50.36       | 100.72  | 151.08                         | The dealer in its assessment records (Trading account furnished in JVAT-409) had not shown any manufacturing expenses, however, after taking into account the manufacturing expenses as shown in <b>Central Excise Returns (ER4)</b> , the actual sales turnover worked out to ₹ 44.64 crore whereas the dealer has shown sales turnover of ₹ 34.57 crore on which the assessment was finalised. |
| 13     | Hazaribag          | Anindita Trades & Investment Ltd./<br>20052103675 | 2012-13 | Iron & Steel | 4,741.67        | 4,257.75               | 483.92      | 5               | 24.20       | 48.40   | 72.60                          | The dealer in its assessment records (Trading account furnished in JVAT-409) had not shown any manufacturing expenses, however, after taking into account the manufacturing expenses as shown in <b>Central Excise Returns (ER4)</b> , the actual sales turnover worked out to ₹ 47.42 crore whereas the dealer has shown sales turnover of ₹ 42.58 crore on which the assessment was finalised. |

**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹ in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN | Period  | Commodity       | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty  | Total tax and penalty leviable | Remarks   |
|--------|--------------------|-------------------------------|---------|-----------------|-----------------|------------------------|-------------|-----------------|-------------|----------|--------------------------------|---|
| 14     | Ranchi South       | Usha Martin/<br>20650100392   | 2011-12 | Steel wire rope | 1,02,978.00     | 95,871.92              | 7,106.08    | 5               | 355.30      | 710.60   | 1,065.90                       | Actual production of goods as per <b>Central Excise Returns (ER4)</b> was ₹ 1,029.78 crore whereas as per Sales Tax Return (JVAT-409) the production of goods was shown as ₹ 958.72 crore only on which assessment was finalised. |
| 15     | Ranchi South       | Usha Martin/<br>20650100392   | 2012-13 | Steel wire rope | 1,09,195.25     | 94,293.32              | 14,901.93   | 5               | 745.10      | 1,490.20 | 2,235.30                       | Actual production of goods was ₹1,091.95 crore as per <b>Central Excise Returns (ER-4)</b> whereas these were shown as ₹ 942.93 crore only in the sales tax returnson which assessment was finalised.                             |
| 16     | Ranchi South       | Usha Martin/<br>20650100392   | 2013-14 | Steel wire rope | 1,16,135.69     | 94,879.48              | 21,256.21   | 5               | 1,062.81    | 2,125.62 | 3,188.43                       | Actual production of goods was ₹1,161.35 crore as per <b>Central Excise Returns (ER-4)</b> whereas these were shown as ₹ 948.79 crore only in the sales tax returns on which assessment was finalised.                            |
| 17     | Ranchi South       | Raj Ceramics/<br>20580302336  | 2010-11 | Fire bricks     | 1,438.94        | 1,168.45               | 270.49      | 5               | 13.52       | 27.04    | 40.56                          | Actual production of goods was ₹14.39 crore as per <b>Central Excise Returns (ER-4)</b> whereas these were shown as ₹11.68 crore only in the sales tax returns.   |
| 18     | Ranchi South       | Raj Ceramics/<br>20580302336  | 2011-12 | Fire bricks     | 1,951.42        | 1,285.65               | 665.77      | 5               | 33.29       | 66.58    | 99.87                          | Actual production of goods was ₹19.51 crore as per <b>Central Excise Returns (ER-</b>   |

**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹ in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN               | Period  | Commodity        | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty  | Total tax and penalty leviable | Remarks  |
|--------|--------------------|---|---------|------------------|-----------------|------------------------|-------------|-----------------|-------------|----------|--------------------------------|--|
|        |                    |   |         |                  |                 |                        |             |                 |             |          |                                | 4) whereas these were shown as ₹ 12.86 crore only in the sales tax returns.  |
| 19     | Ranchi South       | Raj Ceramics/<br>20580302336                | 2012-13 | Fire bricks      | 1,695.96        | 1,305.63               | 390.33      | 5               | 19.52       | 39.04    | 58.56                          | Actual production of goods was ₹16.96 crore as per <b>Central Excise Returns (ER-4)</b> whereas these were shown as ₹ 13.06 crore only in the sales tax returns on which assessment was finalised..        |
| 20     | Ranchi South       | T&T Metals Private Limited/<br>20270100698  | 2012-13 | NAS ingot        | 840.77          | 764.55                 | 76.22       | 5               | 3.81        | 7.62     | 11.43                          | Actual manufacturing expenses was ₹ 8.41 crore as per <b>Central Excise Returns (ER-4)</b> whereas these were shown as 7.65 crore only in sales tax returns in JVAT 409 on which assessment was finalised. |
| 21     | Ranchi South       | Hindalco Industries Limited/<br>20530101428 | 2011-12 | Calcined alumina | 70,653.35       | 53,633.93              | 17,019.42   | 5               | 850.97      | 1,701.94 | 2,552.91                       | Actual production of Calcined Alumina was ₹706.53 crore as per <b>Central Excise Return (ER-4)</b> whereas it was shown as ₹ 536.34.00 crore in the sales tax returns on which assessment was finalised.   |

**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹ in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN                 | Period  | Commodity        | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty | Total tax and penalty leviable | Remarks  |
|--------|--------------------|---|---------|------------------|-----------------|------------------------|-------------|-----------------|-------------|---------|--------------------------------|--|
| 22     | Ranchi South       | Hindalco Industries Limited/<br>20530101428   | 2012-13 | Calcined alumina | 58,475.04       | 56,130.40              | 2,344.64    | 5               | 117.23      | 234.46  | 351.69                         | As per <b>Central Excise Return (ER-4)</b> , the actual production of finished goods (Calcined Alumina) was ₹584.75 crore, whereas these were shown as ₹ 561.30 crore only in the sales tax returns on which assessment was finalised.   |
| 23     | Chaibasa           | Steel Authority of India Ltd./<br>20081200637 | 2010-11 | Iron ore         | 50,560.08       | 13,639.51              | 36,920.57   | 4               | 1,476.82    | 0.00    | 1,476.82                       | We collected data for quantity and average sale price of iron ore dispatched by the lessees of Jharkhand from <b>IBM, Kolkata</b> and found that the value of goods transferred was below the average price fixed by IBM. Further, as per amended (May2011) definition of sale price, the value of goods means the true sale price of the goods or prevalent fair market value of goods whichever is higher. Thus, there was under valuation of goods stock transferred. |
| 24     | Chaibasa           | Tata Steel Ltd./<br>20191200625               | 2012-13 | Iron ore         | 2,50,276.51     | 1,04,760.63            | 1,45,515.88 | 5               | 7,275.79    | 0.00    | 7,275.79                       | As above   |
| 25     | Chaibasa           | Usha Martin Ltd./<br>20481205166              | 2011-12 | Iron ore         | 27,747.20       | 9,452.81               | 18,294.39   | 5               | 914.72      | 0.00    | 914.72                         | As above   |
| 26     | Chaibasa           | Steel Authority of India Ltd./<br>20501200794 | 2011-12 | Iron ore         | 1,05,744.66     | 21,639.07              | 84,105.59   | 5               | 4,205.28    | 0.00    | 4,205.28                       | As above   |

**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹ in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN              | Period  | Commodity     | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty | Total tax and penalty leviable | Remarks   |
|--------|--------------------|--|---------|---------------|-----------------|------------------------|-------------|-----------------|-------------|---------|--------------------------------|---|
| 27     | Chaibasa           | Steel Authority of India Ltd./ 20081200637 | 2011-12 | Iron ore      | 63,083.40       | 19,510.45              | 43,572.95   | 5               | 2,178.65    | 0.00    | 2,178.65                       | As above  |
| 28     | Chaibasa           | Steel Authority of India Ltd./ 20501200794 | 2012-13 | Iron ore      | 1,10,937.70     | 22,718.28              | 88,219.42   | 5               | 4,410.97    | 0.00    | 4,410.97                       | As above  |
| 29     | Chaibasa           | Usha Martin / 20481205166                  | 2012-13 | Iron ore      | 45,979.60       | 7,563.99               | 38,415.61   | 5               | 1,920.78    | 0.00    | 1,920.78                       | As above  |
| 30     | Pakur              | Gita Infra Project/ 20281305723            | 2011-12 | Stone ballast | 907.66          | 0.00                   | 907.66      | 14              | 127.07      | 254.14  | 381.21                         | The dealer had not shown any inter-State sale during 2011-12, however, our cross-verification of data obtained from <b>O/o the DRM, South Eastern Railway, Adra</b> revealed that the dealer had actually sold stone ballast valued at ₹9.08 crore during the above period. |
| 31     | Pakur              | Gita Infra Project/ 20281305723            | 2012-13 | Stone ballast | 832.00          | 0.00                   | 832.00      | 14              | 116.48      | 232.96  | 349.44                         | The dealer had not shown any inter-State sale during 2012-13, however, our cross-verification of data obtained from <b>O/o the DRM, South Eastern Railway, Adra</b> revealed that the dealer had actually sold stone ballast valued at ₹8.32 crore during the above period. |

**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹ in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN | Period  | Commodity     | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty | Total tax and penalty leviable | Remarks  |
|--------|--------------------|-------------------------------|---------|---------------|-----------------|------------------------|-------------|-----------------|-------------|---------|--------------------------------|--|
| 32     | Pakur              | Cementon/<br>20941300171      | 2011-12 | Stone ballast | 127.30          | 47.69                  | 79.61       | 14              | 11.15       | 22.30   | 33.45                          | The dealer had shown gross turnover of ₹59.76 lakh on which the assessment was finalised. Of the above, sale within State was shown as ₹47.69 lakh only. However, our cross-verification of data obtained from <b>O/o the DRM, South Eastern Railway, Chakradharpur</b> revealed that the dealer had actually sold stone ballast valued at ₹1.27 crore during the above period. Thus, the dealer had suppressed sales turnover of ₹79.61 lakh. |
| 33     | Pakur              | Cementon/<br>20941300171      | 2012-13 | Stone ballast | 61.93           | 48.76                  | 13.17       | 14              | 1.84        | 3.68    | 5.52                           | The dealer had shown gross turnover of ₹48.76 lakh on which the assessment was finalised. The entire sale was shown as sale within State. However, our cross-verification of data obtained from <b>O/o the DRM, South Eastern Railway, Chakradharpur</b> revealed that the dealer had actually sold stone ballast valued at ₹61.93 lakh during the above period. Thus, the dealer had suppressed sales turnover of ₹13.17 lakh.                |



**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN    | Period  | Commodity     | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty | Total tax and penalty leviable | Remarks   |
|--------|--------------------|----------------------------------|---------|---------------|-----------------|------------------------|-------------|-----------------|-------------|---------|--------------------------------|---|
| 34     | Pakur              | Parmanand Adwani/<br>20481305076 | 2011-12 | Stone ballast | 12.23           | 0.00                   | 12.23       | 14              | 1.71        | 3.42    | 5.13                           | The dealer had shown gross turnover of ₹5.87 crore on which the assessment was finalised. The entire sale was shown as sale within State. However, our cross-verification of data obtained from O/o the DRM, East Central Railway, Patna revealed that the dealer had actually sold (inter-State) stone ballast valued at ₹12.23 lakh during the above period. Thus, the dealer had suppressed inter-State sales turnover of ₹12.23 lakh. |
| 35     | Pakur              | Parmanand Adwani/<br>20481305076 | 2010-11 | Stone ballast | 198.25          | 0.00                   | 198.25      | 14              | 27.75       | 55.50   | 83.25                          | The dealer had shown gross turnover of ₹6.64 crore on which the assessment was finalised. The entire sale was shown as sale within State. However, our cross-verification of data obtained from O/o the DRM, East Central Railway, Patna revealed that the dealer had actually sold stone ballast valued at ₹1.98 crore outside the State during the above period. Thus, the dealer had suppressed sales turnover of ₹1.98 crore.         |

**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹ in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN                     | Period  | Commodity  | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty  | Total tax and penalty leviable | Remarks   |
|--------|--------------------|---|---------|--|-----------------|------------------------|-------------|-----------------|-------------|----------|--------------------------------|---|
| 36     | Adityapur          | Apex Auto Ltd/<br>20870900521                     | 2012-13 | Motor parts                                      | 9,449.00        | 284.52                 | 9,164.48    | 10              | 916.45      | 1,832.90 | 2,749.35                       | Actual value of import(incl freight, Insurance and custom duty) was ₹94.49 crore as per data provided by <b>DG of Systems, Customs &amp; Central Excise, New Delhi</b> , whereas it was shown as ₹2.85 crore in sales tax return on which assessment was finalised. |
| 37     | Ranchi West        | Super Sales/<br>20580300299                       | 2012-13 | Interior decoration material including furniture | 3,040.00        | 122.14                 | 2,917.86    | 14              | 408.50      | 817.00   | 1,225.50                       | Actual value of import (incl freight, Insurance and custom duty) was ₹30.40 crore as per data provided by <b>DG of Systems, Customs &amp; Central Excise, New Delhi</b> , whereas it was shown as ₹1.22 crore in sales tax return.                                  |
| 38     | Ramgarh            | Bihar Foundry and Casting Limited/<br>20651903137 | 2011-12 | Manganese ore                                    | 137.00          | 0.00                   | 137.00      | 5               | 6.85        | 13.70    | 20.55                          | Actual value of import(incl freight, Insurance and custom duty) was ₹1.37 crore as per data provided by <b>DG of Systems, Customs &amp; Central Excise, New Delhi</b> , whereas it was shown as nil in sales tax return.  |
| 39     | Ramgarh            | Bihar Foundry and Casting Limited/<br>20651903137 | 2012-13 | Manganese ore                                    | 960.00          | 378.00                 | 582.00      | 5               | 29.10       | 58.20    | 87.30                          | Actual value of import(incl freight, Insurance and custom duty) was ₹9.60 crore as per data provided by <b>DG of Systems, Customs &amp; Central Excise, New Delhi</b> , whereas it was shown as ₹3.78 crore in sales tax return.                                    |

**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹ in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN                  | Period  | Commodity | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty | Total tax and penalty leviable | Remarks   |
|--------|--------------------|--|---------|-----------|-----------------|------------------------|-------------|-----------------|-------------|---------|--------------------------------|---|
| 40     | Ranchi East        | India Timber & Seasoning Plant/<br>20060200675 | 2010-11 | Teak logs | 862.00          | 0.00                   | 862.00      | 12.5            | 107.75      | 215.50  | 323.25                         | Actual value of import(incl freight, Insurance and custom duty) was ₹8.62 crore as per data provided by <b>DG of Systems, Customs &amp; Central Excise, New Delhi</b> , whereas it was shown as Nil in sales tax return on which assessment was finalised.  |
| 41     | Ranchi East        | India Timber & Seasoning Plant/<br>20060200675 | 2011-12 | Teak logs | 1,926.00        | 0.00                   | 1,926.00    | 14              | 269.64      | 539.28  | 808.92                         | Actual value of import(incl freight, Insurance and custom duty) was ₹19.26 crore as per data provided by <b>DG of Systems, Customs &amp; Central Excise, New Delhi</b> , whereas it was shown as Nil in sales tax return on which assessment was finalised. |
| 42     | Ranchi East        | India Timber & Seasoning Plant/<br>20060200675 | 2012-13 | Teak logs | 3,249.00        | 0.00                   | 3,249.00    | 14              | 454.86      | 909.72  | 1,364.58                       | Actual value of import(incl freight, Insurance and custom duty) was ₹32.49 crore as per data provided by <b>DG of Systems, Customs &amp; Central Excise, New Delhi</b> , whereas it was shown as Nil in sales tax return on which assessment was finalised. |

**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹ in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN              | Period  | Commodity        | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty | Total tax and penalty leviable | Remarks   |
|--------|--------------------|--|---------|------------------|-----------------|------------------------|-------------|-----------------|-------------|---------|--------------------------------|---|
| 43     | Ranchi East        | Izen Stationery Solutions/<br>20140205546  | 2011-12 | Stationery items | 1,091.00        | 0.00                   | 1,091.00    | 5               | 54.55       | 109.10  | 163.65                         | As per data provided by the <b>DG, Systems, Customs &amp; Central Excise, New Delhi</b> , the actual value of import (including freight, insurance and custom duty) was ₹ 10.91 crore, whereas it was shown as Nil in the sales tax returns on which assessment was finalised.        |
| 44     | Ranchi East        | Izen Stationery Solutions/<br>20140205546  | 2012-13 | Stationery items | 757.00          | 0.00                   | 757.00      | 5               | 37.85       | 75.70   | 113.55                         | As per data provided by the <b>DG, Systems, Customs &amp; Central Excise, New Delhi</b> , the actual value of import (including freight, insurance and custom duty) was ₹7.57 crore, whereas it was shown as Nil in the sales tax returns on which assessment was finalised.          |
| 45     | Adityapur          | Bharat Safety Glass(P) Ltd/<br>20300900107 | 2011-12 | Industrial input | 297.00          | 90.76                  | 206.24      | 5               | 10.31       | 20.62   | 30.93                          | As per data provided by the <b>DG, Systems, Customs &amp; Central Excise, New Delhi</b> , the actual value of import (including freight, insurance and custom duty) was ₹ 2.97 crore, whereas it was shown as ₹90.76 lakh in the sales tax returns on which assessment was finalised. |

**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN              | Period  | Commodity        | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty | Total tax and penalty leviable | Remarks  |
|--------|--------------------|--|---------|------------------|-----------------|------------------------|-------------|-----------------|-------------|---------|--------------------------------|--|
| 46     | Adityapur          | Bharat Safety Glass(P) Ltd/<br>20300900107 | 2012-13 | Industrial input | 179.00          | 67.61                  | 111.39      | 5               | 5.57        | 11.14   | 16.71                          | As per data provided by the <b>DG, Systems, Customs &amp; Central Excise, New Delhi</b> , the actual value of import (including freight, insurance and custom duty) was ₹1.79crore, whereas it was shown as ₹67.61 lakh in the sales tax returns on which assessment was finalised.  |
| 47     | Adityapur          | Astha Ferrotech Pvt Ltd/<br>20330900527    | 2011-12 | Aluminium scrap  | 599.00          | 411.79                 | 187.21      | 5               | 9.36        | 18.72   | 28.08                          | As per data provided by the <b>DG, Systems, Customs &amp; Central Excise, New Delhi</b> , the actual value of import (including freight, insurance and custom duty) was ₹5.99 crore, whereas it was shown as ₹4.12 crore in the sales tax returns on which assessment was finalised. |
| 48     | Adityapur          | AsthaFerrotech Pvt Ltd/<br>20330900527     | 2012-13 | Aluminium scrap  | 685.00          | 470.68                 | 214.32      | 5               | 10.72       | 21.44   | 32.16                          | As per data provided by the <b>DG, Systems, Customs &amp; Central Excise, New Delhi</b> , the actual value of import (including freight, insurance and custom duty) was ₹6.85 crore, whereas it was shown as ₹4.71 crore in the sales tax returns on which assessment was finalised. |

**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹ in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN                      | Period  | Commodity  | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty  | Total tax and penalty leviable | Remarks  |
|--------|--------------------|--|---------|--|-----------------|------------------------|-------------|-----------------|-------------|----------|--------------------------------|--|
| 49     | Dhanbad            | Dynamic Hardcoke Manufacturing Co./<br>20881700523 | 2012-13 | Coking coal                                      | 166.00          | 107.60                 | 58.40       | 5               | 2.92        | 5.84     | 8.76                           | As per data provided by the <b>DG, Systems, Customs &amp; Central Excise, New Delhi</b> , the actual value of import (including freight, insurance and custom duty) was ₹1.66 crore, whereas it was shown as ₹1.08 crore in the sales tax returns on which assessment was finalised.           |
| 50     | Dhanbad            | Grih Shobha Interior Pvt. Ltd./<br>20551706124     | 2011-12 | Interior decoration material including furniture | 355.00          | 12.31                  | 342.69      | 14              | 47.98       | 95.96    | 143.94                         | As per data provided by the <b>DG, Systems, Customs &amp; Central Excise, New Delhi</b> , the actual value of import (including freight, insurance and custom duty) of goods was ₹3.55 crore, whereas it was shown as ₹12.31 lakh in the sales tax returns on which assessment was finalised.  |
| 51     | Dhanbad            | GrihShobha Interior Pvt. Ltd./<br>20551706124      | 2012-13 | Interior decoration material including furniture | 6,224.00        | 261.82                 | 5,962.18    | 14              | 834.71      | 1,669.42 | 2,504.13                       | As per data provided by the <b>DG, Systems, Customs &amp; Central Excise, New Delhi</b> , the actual value of import (including freight, insurance and custom duty) of goods was ₹62.24 crore, whereas it was shown as ₹2.62 crore in the sales tax returns on which assessment was finalised. |

**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN                | Period  | Commodity    | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty | Total tax and penalty leviable | Remarks   |
|--------|--------------------|--|---------|--------------|-----------------|------------------------|-------------|-----------------|-------------|---------|--------------------------------|---|
| 52     | Ramgarh            | Maihar Alloys Pvt Ltd/<br>20841903178        | 2011-12 | Iron & Steel | 1,379.57        | 1,249.04               | 130.53      | 5               | 6.53        | 13.06   | 19.59                          | As per <b>Central Excise (ER4) return</b> , the dealer had shown manufacturing expenses of ₹13.79 crore, whereas VAT records the manufacturing expenses had been shown as ₹12.49 crore on which the assessment was finalised. |
| 53     | Ramgarh            | Maihar Alloys Pvt Ltd/<br>20841903178        | 2012-13 | Iron & Steel | 1,504.79        | 1,181.22               | 323.57      | 5               | 16.18       | 32.36   | 48.54                          | As per <b>Central Excise (ER4) return</b> , the dealer had shown manufacturing expenses of ₹15.05 crore, whereas VAT records the manufacturing expenses had been shown as ₹11.81 crore on which the assessment was finalised. |
| 54     | Ramgarh            | Maihar Alloys Pvt Ltd/<br>20841903178        | 2010-11 | Iron & Steel | 921.12          | 890.46                 | 30.66       | 5               | 1.53        | 3.06    | 4.59                           | As per <b>Central Excise (ER4) return</b> , the dealer had shown manufacturing expenses of ₹9.21 crore, whereas VAT records the manufacturing expenses had been shown as ₹ 8.90 crore on which the assessment was finalised.  |
| 55     | Ramgarh            | Globe Steel & Alloys Pvt Ltd/<br>20091903639 | 2011-12 | Iron & Steel | 849.56          | 706.21                 | 143.35      | 5               | 7.17        | 14.34   | 21.51                          | As per <b>Central Excise (ER4) return</b> , the dealer had shown manufacturing expenses of ₹ 8.49 crore, whereas VAT records the manufacturing expenses had been shown as ₹ 7.06 crore on which the assessment was finalised. |

**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹ in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN                  | Period  | Commodity                         | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty | Total tax and penalty leviable | Remarks   |
|--------|--------------------|--|---------|-----------------------------------|-----------------|------------------------|-------------|-----------------|-------------|---------|--------------------------------|---|
| 56     | Ramgarh            | Globe Steel & Alloys Pvt Ltd/<br>20091903639   | 2012-13 | Iron & Steel                      | 3,002.21        | 2,950.72               | 51.49       | 5               | 2.57        | 5.14    | 7.71                           | As per <b>Central Excise (ER4) return</b> , the dealer had shown manufacturing expenses of ₹ 30.02 crore, whereas VAT records the manufacturing expenses had been shown as ₹ 29.51 crore on which the assessment was finalised.     |
| 57     | Ramgarh            | Vaishnavi Ferro Tech/<br>20281906347           | 2012-13 | Non-alloys steel ingots           | 3,121.99        | 3,029.71               | 92.28       | 5               | 4.61        | 9.22    | 13.83                          | As per <b>Central Excise (ER4) return</b> actual production of goods was ₹31.22 crore whereas these were shown as ₹ 30.30 crore only in sales tax return.   |
| 58     | Ramgarh            | Radha Casting &Metalic Pvt Ltd/<br>20951905523 | 2012-13 | Pig iron                          | 903.95          | 644.77                 | 259.18      | 5               | 12.96       | 25.92   | 38.88                          | As per <b>Central Excise (ER4) return</b> , the dealer had shown manufacturing expenses of ₹ 9.04 crore, whereas per VAT records the manufacturing expenses had been shown as ₹ 6.45 crore on which the assessment was finalised.   |
| 59     | Ramgarh            | Dayal Ferro Alloys/<br>20491903128             | 2011-12 | Ferro alloys and Silico manganese | 1,893.51        | 1,122.46               | 771.05      | 5               | 38.55       | 77.10   | 115.65                         | As per <b>Central Excise (ER4) return</b> , the dealer had shown manufacturing expenses of ₹ 18.93 crore, whereas per VAT records the manufacturing expenses had been shown as ₹ 11.22 crore on which the assessment was finalised. |



**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹ in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN                    | Period  | Commodity                         | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty | Total tax and penalty leviable | Remarks   |
|--------|--------------------|--|---------|-----------------------------------|-----------------|------------------------|-------------|-----------------|-------------|---------|--------------------------------|---|
| 60     | Ramgarh            | Dayal Ferro Alloys/<br>20491903128               | 2012-13 | Ferro alloys and Silico manganese | 4,280.61        | 4,176.13               | 104.48      | 5               | 5.22        | 10.44   | 15.66                          | As per <b>Centra Excise (ER4) returns, the</b> actual production of goods was ₹ 42.80 crore whereas these were shown as ₹41.76 crore only in sales tax return.  |
| 61     | Ramgarh            | Dayal Alloys & Steel Casting/<br>20741903136     | 2012-13 | MS ingot                          | 7,917.21        | 7,700.95               | 216.26      | 5               | 10.81       | 21.62   | 32.43                          | As per <b>Centra Excise (ER4) returns, the</b> actual production of goods was ₹ 79.17 crore whereas these were shown as ₹77.01 crore only in sales tax return.  |
| 62     | Ramgarh            | Yash Alloys Pvt Ltd/<br>20521903645              | 2010-11 | MS ingot                          | 1,080.55        | 834.29                 | 246.26      | 5               | 12.31       | 24.62   | 36.93                          | As per <b>Central Excise (ER4) return, the</b> dealer had shown manufacturing expenses of ₹ 10.81 crore, whereas VAT records the manufacturing expenses had been shown as ₹ 8.34 crore on which the assessment was finalised. |
| 63     | Ramgarh            | Kameshwar Alloys & Steel Pvt Ltd/<br>20901906873 | 2012-13 | Silico manganese                  | 2,528.60        | 2,149.67               | 378.93      | 5               | 18.95       | 37.90   | 56.85                          | Actual purchase of Raw material + manufacturing expenses was ₹ 25.29 crore as per <b>Central Excise (ER-4) returns</b> whereas these were shown as ₹21.50 crore in the VAT records on which the assessment was finalised.     |

**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹ in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN                           | Period  | Commodity   | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty | Total tax and penalty leviable | Remarks   |
|--------|--------------------|---|---------|-------------|-----------------|------------------------|-------------|-----------------|-------------|---------|--------------------------------|---|
| 64     | Ramgarh            | Pankaj Steel/<br>20581900411                            | 2012-13 | Iron rod    | 280.51          | 201.25                 | 79.26       | 5               | 3.96        | 7.92    | 11.88                          | As per <b>Central Excise (ER4) returns</b> , the manufacturing expenses was shown as ₹ 2.80 crore, whereas as per VAT records the same was shown as ₹ 2.01 crore on which the assessment was finalised. |
| 65     | Ramgarh            | Pankaj Steel/<br>20581900411                            | 2013-14 | Iron rod    | 340.91          | 243.18                 | 97.73       | 5               | 4.89        | 9.78    | 14.67                          | As per <b>Central Excise (ER4) returns</b> , the manufacturing expenses was shown as ₹3.41 crore, whereas as per VAT records the same was shown as ₹2.43 crore on which the assessment was finalised.   |
| 66     | Ramgarh            | Maa Chhinmastika<br>Sponge Iron Limited/<br>20271903540 | 2011-12 | Sponge iron | 1,694.65        | 1,473.66               | 220.99      | 5               | 11.05       | 22.10   | 33.15                          | Actual purchase of Raw material was ₹16.95 crore as per <b>Central Excise (ER-4) returns</b> , whereas these were shown as ₹14.74 crore in the VAT records on which the assessment was finalised.       |
| 67     | Ramgarh            | Maa Chhinmastika<br>Cement &Ispat Ltd/<br>20411903172   | 2012-13 | Sponge iron | 155.28          | 122.18                 | 33.10       | 5               | 1.65        | 3.30    | 4.95                           | Actual purchase of Raw material was ₹1.55 crore as per <b>Central Excise (ER-4) returns</b> , whereas these were shown as ₹1.22 crore in the VAT records on which the assessment was finalised.         |

**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN                           | Period  | Commodity          | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty | Total tax and penalty leviable | Remarks   |
|--------|--------------------|---|---------|--------------------|-----------------|------------------------|-------------|-----------------|-------------|---------|--------------------------------|---|
| 68     | Ramgarh            | Salasar Wires and Manufacturing Pvt Ltd/<br>20251906575 | 2010-11 | Steel wire         | 126.92          | 46.12                  | 80.80       | 5               | 4.04        | 8.08    | 12.12                          | As per <b>Central Excise (ER4) return</b> the manufacturing expenses were shown as ₹1.27 crore, however, in VAT records the same was shown as ₹46.12 lakh only on which the assessment was finalised.           |
| 69     | Ramgarh            | Salasar Wires and Manufacturing Pvt Ltd/<br>20251906575 | 2011-12 | Steel wire         | 721.58          | 646.69                 | 74.89       | 5               | 3.74        | 7.48    | 11.22                          | Actual purchase of Raw material was ₹7.22 crore as per <b>Central Excise (ER-4)</b> return, whereas these were shown as ₹6.47 crore only in VAT records on which the assessment was finalised.                  |
| 70     | Ramgarh            | Salasar Wires and Manufacturing Pvt Ltd/<br>20251906575 | 2012-13 | Steel wire         | 186.78          | 111.06                 | 75.72       | 5               | 3.79        | 7.58    | 11.37                          | As per <b>Central Excise (ER4) returns</b> , the manufacturing expenses was shown as ₹1.87 crore, whereas as per VAT records the same was shown as ₹1.11 crore on which the assessment was finalised.           |
| 71     | Ramgarh            | Jindal Steel & Power Limited/<br>20021905607            | 2011-12 | Wire rod and Rebar | 1,27,874.00     | 1,22,032.78            | 5,841.22    | 5               | 292.06      | 584.12  | 876.18                         | The cost of production as per <b>Central Excise (ER4) return</b> , was ₹1278.74 crore, whereas as per VAT return the cost of production was shown as ₹1220.32 crore only on which the assessment was finalised. |

**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹ in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN                            | Period  | Commodity          | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty  | Total tax and penalty leviable | Remarks  |
|--------|--------------------|--|---------|--------------------|-----------------|------------------------|-------------|-----------------|-------------|----------|--------------------------------|--|
| 72     | Ramgarh            | Jindal Steel & Power Limited/<br>20021905607             | 2012-13 | Wire rod and Rebar | 34,653.30       | 8,358.19               | 26,295.11   | 5               | 1,314.76    | 2,629.52 | 3,944.28                       | As per <b>Central Excise (ER4) returns</b> , the manufacturing expenses was shown as ₹346.53 crore, whereas as per VAT records the same was shown as ₹83.58 crore, thereby reducing the cost of production, on which the assessment was finalised. |
| 73     | Ramgarh            | Bhuwania Associates/<br>20541903634                      | 2010-11 | M S ingot          | 5,049.75        | 4,347.99               | 701.76      | 4               | 28.07       | 56.14    | 84.21                          | As per <b>Central Excise (ER4) returns</b> , the purchase of raw materials and manufacturing expenses was shown as ₹50.50 crore, whereas as per VAT records the same was shown as ₹43.48 crore on which the assessment was finalised.              |
| 74     | Ramgarh            | Shri Venkatesh Iron & Alloys (India) Ltd/<br>20341903162 | 2012-13 | Sponge iron        | 3,470.40        | 2,810.06               | 660.34      | 5               | 33.02       | 66.04    | 99.06                          | As per <b>Central Excise (ER4) returns</b> , the purchase of raw materials was shown as ₹34.70 crore, whereas as per VAT records the same was shown as ₹28.10 crore only on which the assessment was finalised.                                    |

**Appendix- IV (Referred to in Paragraph Number 2.3.7.3- 1st bullet of the Report)  
Results of cross verification conducted from departments of Government of India/PSUs**

(₹ in lakh)

| Sl. No | Name of the Circle | Name of the dealer (M/s)/ TIN  | Period  | Commodity    | Actual turnover | Turnover accounted for | Suppression | Rate of tax (%) | Tax payable | Penalty   | Total tax and penalty leviable | Remarks  |
|--------|--------------------|--------------------------------|---------|--------------|-----------------|------------------------|-------------|-----------------|-------------|-----------|--------------------------------|--|
| 75     | Adityapur          | AsthaFerroteah/<br>20330900527 | 2013-14 | Ferro alloys | 471.00          | 323.94                 | 147.06      | 5               | 7.35        | 14.70     | 22.05                          | Actual value of import (incl freight, Insurance and custom duty) was ₹4.71 crore as per data provided by <b>DG of Systems, Customs &amp; Central Excise, New Delhi</b> , whereas it was shown as ₹3.24 crore in sales tax return |
|        |                    |                                |         |              | 18,38,656.69    | 11,43,891.63           | 6,94,765.06 |                 | 36,605.38   | 28,444.74 | 65,050.12                      |  |

**Appendix-V (Referred to in Paragraph No. 2.4.9 of the Report)**  
**Penalty not levied on arrears of assessed tax**

(₹ in lakh)

| Sl. No. | Name of the circle | Name of the dealer (M/s)/ TIN                 | Period/ Date of assessment                   | Arrears       | Date of issuance of Demand notice | Date of serving of Demand notice | Period for levy penalty | Month | Penalty u/s 43(6) |
|---------|--------------------|---|--|---------------|-----------------------------------|----------------------------------|-------------------------|-------|-------------------|
| 1       | Jamshedpur         | A Lakshmi Press & Forge Works/<br>20340800369 | 2011-12/<br>26.3.2015                        | 10.93         | 30.03.2015                        | 18.08.2015                       | 09/2015 to<br>03/2016   | 7     | 1.53              |
|         | <b>Total</b>       |   |  | <b>10.93</b>  |                                   |                                  |                         |       | <b>1.53</b>       |
| 2       | Jamshedpur Urban   | Avera T & D/<br>20471001815                   | 2008-09/<br>31.3.2011 (O) /<br>18.2.2015 (R) | 17.95         | 31.03.2011/<br>28.02.2015         | 18.11.2011/<br>27.05.2015        | 06/2015 to<br>03/2016   | 10    | 3.59              |
|         |                    |   |  | 17.70         | 31.03.2011/<br>28.02.2015         | 18.11.2011/<br>27.05.2015        | 06/2015 to<br>03/2016   | 10    | 3.54              |
| 3       | Jamshedpur Urban   | Pintu Engineering/<br>20201005728             | 2010-11/<br>15.3.2014                        | 204.90        | 15.03.2014                        | 09.07.2014                       | 08/2014 to<br>03/2016   | 20    | 81.96             |
|         | <b>Total</b>       |   |  | <b>240.55</b> |                                   |                                  |                         |       | <b>89.09</b>      |
| 4       | Adityapur          | Auto Profile/<br>20860901642                  | 2007-08/<br>31.3.2010 (O)/<br>25.5.2015 (R)  | 6.11          | 25.05.2015                        | 16.07.2015                       | 08/2015 to<br>03/2016   | 8     | 0.98              |
|         |                    |   |  | 3.66          | 25.05.2015                        | 16.07.2015                       | 08/2015 to<br>03/2016   | 8     | 0.59              |
| 5       | Adityapur          | Ballav Steel/<br>20570901268                  | 2007-08/<br>25.3.2010                        | 115.69        | 25.03.2010                        | 27.07.2010                       | 08/2010 to<br>03/2016   | 68    | 157.34            |
|         |                    |   |  | 13.54         | 25.03.2010                        | 27.07.2010                       | 08/2010 to<br>03/2016   | 68    | 18.41             |
|         |                    |   | 2008-09/<br>20.3.2011                        | 231.54        | 21.03.2011                        | 30.09.2011                       | 10/2011 to<br>03/2016   | 54    | 250.06            |
|         | <b>Total</b>       |   |  | <b>370.54</b> |                                   |                                  |                         |       | <b>427.38</b>     |
| 6       | Singhbhum          | Anshita minerals/<br>20171105284              | 2010-11/<br>7.8.2013                         | <b>14.83</b>  | 07.08.2013                        | 23.08.2013                       | 09/2013 to<br>03/2016   | 31    | <b>9.19</b>       |
|         | <b>Total</b>       |   |  | <b>14.83</b>  |                                   |                                  |                         |       | <b>9.19</b>       |
| 7       | Ranchi South       | Vinayak Agency/<br>20640105037                | 2006-07/<br>12.1.2009                        | 2.03          | 11.02.2009                        | 11.02.2009                       | 03/2009 to<br>03/2016   | 85    | 3.45              |

**Appendix-V (Referred to in Paragraph No. 2.4.9 of the Report)**  
**Penalty not levied on arrears of assessed tax**

(₹ in lakh)

| Sl. No. | Name of the circle | Name of the dealer (M/s)/ TIN                      | Period/ Date of assessment | Arrears     | Date of issuance of Demand notice | Date of serving of Demand notice | Period for levy penalty | Month | Penalty u/s 43(6) |
|---------|--------------------|--|----------------------------|-------------|-----------------------------------|----------------------------------|-------------------------|-------|-------------------|
| 8       | Ranchi South       | Manoj Store/<br>20770105601                        | 2009-10/<br>30.3.2013      | 5.07        | 30.03.2013                        | 08.07.2013                       | 08/2013 to<br>03/2016   | 32    | 3.25              |
|         | <b>Total</b>       |  |                            | <b>7.10</b> |                                   |                                  |                         |       | <b>6.70</b>       |
| 9       | Ranchi East        | R K Timber/<br>20940200288                         | 2008-09/<br>28.2.2011      | 0.35        | 31.03.2011                        | 04/2011                          | 05/2011 to<br>03/2016   | 59    | 0.41              |
|         |                    |  | 2009-10/<br>21.3.2013      | 0.88        | 26.03.2013                        | 1.08.2013                        | 09/2013 to<br>03/2016   | 31    | 0.55              |
|         |                    |  | 2010-11/<br>28.3.2014      | 0.40        | 28.03.2014                        | 20.09.2014                       | 10/2014 to<br>03/2016   | 18    | 0.14              |
| 10      | Ranchi East        | Stech Control and<br>Automotion/<br>20390205392    | 2009-10/<br>4.3.2013       | 0.53        | 07.03.2013                        | 07.03.2013                       | 04/2013 to<br>03/2016   | 36    | 0.38              |
| 11      | Ranchi East        | Sri Ram Khadi<br>Gramoudyog Samiti/<br>20920205050 | 2006-07/ 20.07.2009        | 0.52        | 25.07.2009<br>(CST)               | 01.08.2009                       | 09/2009 to<br>03/2016   | 79    | 0.82              |
|         |                    |  | 2007-08/ 04.02.2010        | 0.97        | 18.02.2010                        | 4.03.2010                        | 04/2010 to<br>03/2016   | 72    | 1.41              |
|         |                    |  | 2008-09/ 10.03.2011        | 1.23        | 10.03.2011                        | 23.03.2011                       | 04/2011 to<br>03/2016   | 60    | 1.48              |
| 12      | Ranchi East        | Sintex Industries Ltd./<br>20870905936             | 2009-10/ 20.03.2013        | 0.46        | 21.03.2013                        | 11.04.2013                       | 05/2013 to<br>03/2016   | 35    | 0.32              |
| 13      | Ranchi East        | U Raj Auto Electric<br>Works/ 20290205376          | 2009-10/ 28.02.2013        | 3.33        | 09.03.2013                        | 15.05.2013                       | 06/2013 to<br>03/2016   | 34    | 2.26              |
|         |                    |  | 2010-11/ 10.02.2014        | 0.24        | 14.03.2014                        | 22.08.2014                       | 09/2014 to<br>03/2016   | 19    | 0.09              |
| 14      | Ranchi East        | Prakash Traders/<br>20590205230                    | 2007-08/ 25.03.2010        | 1.39        | 29.03.2010                        | 12.04.2010                       | 05/2010 to<br>03/2016   | 71    | 1.97              |

**Appendix-V (Referred to in Paragraph No. 2.4.9 of the Report)**

**Penalty not levied on arrears of assessed tax**

(₹ in lakh)

| Sl. No. | Name of the circle | Name of the dealer (M/s)/ TIN                  | Period/ Date of assessment | Arrears      | Date of issuance of Demand notice | Date of serving of Demand notice | Period for levy penalty | Month | Penalty u/s 43(6) |
|---------|--------------------|--|----------------------------|--------------|-----------------------------------|----------------------------------|-------------------------|-------|-------------------|
| 15      | Ranchi East        | Vidyut Metalic Pvt. Ltd. /20350200855          | 2007-08/ 25.03.2010        | 0.85         | 29.03.2010 (VAT)                  | 29.06.2010                       | 07/2010 to 03/2016      | 69    | 1.17              |
|         |                    |  |                            | 1.46         | 29.03.2010 (CST)                  | 29.06.2010                       | 07/2010 to 03/2016      | 69    | 2.01              |
| 16      | Ranchi East        | Genesis Enterprises / 20480201026              | 2008-09/ 30.03.2011        | 2.35         | 30.03.2011                        | 27.05.2011                       | 06/2011 to 03/2016      | 58    | 2.72              |
| 17      | Ranchi East        | Gudia Fuels/ 20330205072                       | 2009-10/ 14.12.2012        | 16.05        | 14.12.2012                        | 09.01.2013                       | 02/2013 to 03/2016      | 38    | 12.20             |
| 18      | Ranchi East        | N C R Corporation India Pvt. Ltd./ 20260200953 | 2008-09/ 31.03.2011        | 7.11         | 31.03.2011                        | 11.10.2011                       | 11/2011 to 03/2016      | 53    | 7.54              |
|         |                    |  |                            | 7.48         | 19.04.2014                        | 27.09.2014                       | 10/2014 to 03/2016      | 18    | 2.69              |
| 19      | Ranchi East        | Arohan Builders/ 20320201017                   | 2010-11/ 22.03.2014        | 28.38        | 31.03.2014                        | 31.03.2014                       | 05/2014 to 03/2016      | 23    | 13.06             |
|         | <b>Total</b>       |  |                            | <b>73.98</b> |                                   |                                  |                         |       | <b>51.22</b>      |
| 20      | Ramgarh            | Krishna Coke & Minearls/ 20741900129           | 2007-08 / 31.03.2010       | 0.77         | 31.03.2010 (VAT)                  | 31.03.2010                       | 05/2010 to 03/2016      | 71    | 1.09              |
|         |                    |  |                            | 2.35         | 31.03.2010 (CST)                  | 31.03.2010                       | 05/2010 to 03/2016      | 71    | 3.34              |
| 21      | Ramgarh            | I A G Company Ltd/ 20291903141                 | 2010-11/ 25.03.2014        | 87.91        | 25.03.2014 (VAT)                  | 29.03.2014                       | 05/2014 to 03/2016      | 23    | 40.44             |
|         |                    |  |                            | 29.46        | 25.03.2014 (CST)                  | 29.03.2014                       | 05/2014 to 03/2016      | 23    | 13.55             |



**Appendix-V (Referred to in Paragraph No. 2.4.9 of the Report)**  
**Penalty not levied on arrears of assessed tax**

(₹ in lakh)

| Sl. No. | Name of the circle | Name of the dealer (M/s)/ TIN        | Period/ Date of assessment                   | Arrears | Date of issuance of Demand notice | Date of serving of Demand notice | Period for levy penalty | Month | Penalty u/s 43(6) |
|---------|--------------------|--------------------------------------|--|---------|-----------------------------------|----------------------------------|-------------------------|-------|-------------------|
| 22      | Ramgarh            | Pharma Cross Pvt.Ltd./ 20211900663   | 2007-08/ 8.9.2012                            | 3.03    | 08.09.2012                        | 14.10.2012                       | 11/2012 to 03/2016      | 41    | 2.48              |
| 23      | Ramgarh            | Chinmastika Spong Iron/ 20271903540  | 2006-07/ 7.3.2009 (O)/ 03.03.15 (R) VAT      | 25.95   | 09.03.2015                        | 04/2015                          | 05/2015 to 03/2016      | 11    | 5.71              |
|         |                    |                                      | CST  | 17.04   | 09.03.2015                        | 04/2015                          | 05/2015 to 03/2016      | 11    | 3.75              |
|         |                    |                                      | 2009-10/ 05.03.2013(O)/ 01.04.2015 (R) (VAT) | 39.15   | 01.04.2015                        | 04/2015                          | 05/2015 to 03/2016      | 11    | 8.61              |
|         |                    |                                      | CST  | 2.09    | 01.04.2015                        | 04/2015                          | 05/2015 to 03/2016      | 11    | 0.46              |
|         |                    |                                      | 2008-09/ 31.03.2011 (VAT)                    | 6.39    | 31.03.2011                        | 14.04.2011                       | 05/2011 to 03/2016      | 59    | 7.54              |
|         |                    |                                      | CST  | 0.71    | 31.03.2011                        | 14.04.2011                       | 05/2011 to 03/2016      | 59    | 0.84              |
|         | Ramgarh            | Chinmastika Sponge Iron/ 20271903540 | 2010-11/ 10.3.2014 (VAT)                     | 140.05  | 10.03.2014                        | 04/2014                          | 05/2014 to 03/2016      | 23    | 64.42             |
|         |                    |                                      | CST  | 100.00  | 10.03.2014                        | 04/2014                          | 05/2014 to 03/2016      | 23    | 46.00             |
|         |                    |                                      | 2011-12/ 10.2.2015 (VAT)                     | 64.63   | 13.02.2015                        | 08.04.2015                       | 05/2015 to 03/2016      | 11    | 14.22             |
|         |                    |                                      | CST  | 0.07    | 13.02.2015                        | 08.04.2015                       | 05/2015 to 03/2016      | 11    | 0.02              |

**Appendix-V (Referred to in Paragraph No. 2.4.9 of the Report)**  
**Penalty not levied on arrears of assessed tax**

(₹ in lakh)

| Sl. No. | Name of the circle | Name of the dealer (M/s)/ TIN                      | Period/ Date of assessment | Arrears       | Date of issuance of Demand notice | Date of serving of Demand notice | Period for levy penalty | Month | Penalty u/s 43(6) |
|---------|--------------------|--|----------------------------|---------------|-----------------------------------|----------------------------------|-------------------------|-------|-------------------|
| 24      | Ramgarh            | Chinmastika Spong Iron Hard coke Unit/ 20891905979 | 2008-09/ 31.03.2011 (O)    | 198.75        | 31.03.2011                        | 14.04.2011                       | 05/2011 to 03/2016      | 59    | 234.53            |
|         |                    |  | CST                        | 1.37          | 31.03.2011                        | 14.04.2011                       | 05/2011 to 03/2016      | 59    | 1.62              |
|         |                    |  | 2009-10/ 31.03.2013        | 5.50          | 31.03.2013                        | 05.04.2013                       | 05/2013 to 03/2016      | 35    | 3.84              |
|         |                    |  | CST                        | 0.31          | 31.03.2013                        | 05.04.2013                       | 05/2013 to 03/2016      | 35    | 0.22              |
|         |                    |  | 2010-11/ 03.03.2014        | 8.51          | 03.03.2014                        | 04/2014                          | 05/2014 to 03/2016      | 23    | 3.91              |
| 25      | Ramgarh            | Tractor India Ltd./ 20641906618                    | 2010-11/ 28.03.2014 (VAT)  | 1.93          | 28.03.2014                        | 29.05.2014                       | 06/2014 to 03/2016      | 22    | 0.85              |
|         |                    |  | CST                        | 0.48          | 28.03.2014                        | 29.05.2014                       | 06/2014 to 03/2016      | 22    | 0.21              |
| 26      | Ramgarh            | R M Iron & Steel/ 20821906511                      | 2010-11/ 27.03.2014        | 40.68         | 27.03.2014                        | 05.05.2014                       | 06/2014 to 03/2016      | 22    | 17.90             |
|         | <b>Total</b>       |  |                            | <b>777.13</b> |                                   |                                  |                         |       | <b>475.55</b>     |
| 27      | Dhanbad            | BCCL W J Area/ 20361700033                         | 2008-09/ 04.07.2014 (R)    | 3.46          | 04.07.2014                        | 10.07.2014                       | 08/2014 to 03/2016      | 20    | 1.38              |
| 28      | Dhanbad            | Ruchi soya Ind. Ltd/ 20211700746                   | 2008-09/ 16.06.2014        | 3.87          | 16.06.2014                        | 1.08.2014                        | 09/2014 to 03/2016      | 19    | 1.47              |
| 29      | Dhanbad            | Singhal Trading Co./ 20591700052                   | 2011-12/ 03.11.2014        | 1.66          | 03.11.2014                        | 02.02.2015                       | 03/2015 to 03/2016      | 13    | 0.43              |

**Appendix-V (Referred to in Paragraph No. 2.4.9 of the Report)**  
**Penalty not levied on arrears of assessed tax**

(₹ in lakh)

| Sl. No.         | Name of the circle | Name of the dealer (M/s)/ TIN                 | Period/ Date of assessment | Arrears         | Date of issuance of Demand notice | Date of serving of Demand notice | Period for levy penalty | Month       | Penalty u/s 43(6) |
|-----------------|--------------------|---|----------------------------|-----------------|-----------------------------------|----------------------------------|-------------------------|-------------|-------------------|
| 30              | Dhanbad            | Jai Maa Kali/<br>20211700843                  | 2011-12/16.02.2015         | 2.75            | 18.02.2015                        | 26.03.2015                       | 04/2015 to<br>03/2016   | 12          | 0.66              |
|                 |                    |   | CST                        | 0.03            | 18.02.2015                        | 26.03.2015                       |                         |             | -                 |
|                 |                    |   | 2010-11/ 26.07.2013        | 0.54            | 31.07.2013                        | 29.10.2013                       | 11/2013 to<br>03/2016   | 29          | 0.32              |
|                 |                    |   | CST                        | 0.17            | 31.07.2013                        | 29.10.2013                       | 11/2013 to<br>03/2016   | 29          | 0.10              |
| <b>Total</b>    |                    |   | <b>12.48</b>               |                 |                                   |                                  |                         | <b>4.36</b> |                   |
| 31              | Deoghar            | Baidyanath Motor<br>Stores/<br>20412600893    | 2010-11/ 24.03.2014        | 2.71            | 24.03.2014                        | 24.03.2014                       | 05/2014 to<br>03/2016   | 23          | 1.25              |
| 32              | Deoghar            | Maa Kali Engicon Pvt.<br>Ltd/ 20722601450     | 2010-11/ 29.03.2014        | 1.42            | 29.03.2014                        | 29.03.2014                       | 05/2014 to<br>03/2016   | 23          | 0.65              |
| <b>Total</b>    |                    |   |                            | <b>4.13</b>     |                                   |                                  |                         |             | <b>1.90</b>       |
| 33              | Dhanbad<br>Urban   | Spark Software<br>Consultancy/<br>20051605067 | 2009-10/ 04.03.2013        | 2.93            | 04.03.2013                        | 04/2014                          | 05/2014 to<br>03/2016   | 23          | 1.35              |
| 34              | Dhanbad<br>Urban   | Surrendra Kr.& Sons/<br>20441606662           | 2011-12/ 27.02.2015        | 9.19            | 09.03.2015                        | 20.05.2015                       | 06/2015 to<br>03/2016   | 10          | 1.84              |
|                 |                    |   |                            | <b>12.12</b>    |                                   |                                  |                         |             | <b>3.19</b>       |
| <b>G. Total</b> |                    |   |                            | <b>1,523.79</b> |                                   |                                  |                         |             | <b>1,070.11</b>   |

**Appendix-VI (Referred to in Paragraph No. 2.4.10.2 of the Report)  
Penalty not imposed before institution of certificate case**

(₹ in lakh)

| Sl. No. | Name of the circle | Name of the dealer/<br>TIN               | Date of filing of certificate case | Period  | Arrears | Arrears without penalty | Date of issuance of Demand notice | Date of serving of Demand notice | 45 days after serving of notice | Penalty for first 3 months @ 5% | After 3 months @10%                | Penalty for first 3 months @ 5% | After 3 months @10% | Total  |   |
|---------|--------------------|--|------------------------------------|---------|---------|-------------------------|-----------------------------------|----------------------------------|---------------------------------|---------------------------------|------------------------------------|---------------------------------|---------------------|--------|---|
| 1       | Jamshedpur         | M/s Cement Supply Agency/<br>20670802176 | 15.01.2013                         | 2000-01 | 6.73    | 0                       | 0                                 | 0                                | 0                               | 0                               | 0                                  | 0                               | 0                   | 0      | 0 |
|         |                    |  |                                    | 2000-01 | 3.38    | 1.77                    | 10.09.2007                        | 06/2009                          | 1.08.2009                       | up to 30.10.2009                | 01.11.2009 to 01.01.2013 (3 Y 2M)  | 0.27                            | 6.73                | 6.99   |   |
|         |                    |  |                                    | 2001-02 | 0.54    | 0.54                    | 01/2005                           | 08/2005                          | 1.10.2005                       | upto 31.12.2005                 | 01.01.2006 to 01.01.2013 (7 Y)     | 0.08                            | 4.54                | 4.62   |   |
|         |                    |  |                                    | 2001-02 | 4.21    | 2.19                    | 07/2010                           | 01/2011                          | 1.03.2011                       | upto 31.05.2011                 | 01.06.2011 to 01.01.2013 (1 Y 7 M) | 0.33                            | 4.16                | 4.49   |   |
|         |                    |  |                                    | 2002-03 | 8.02    | 8.02                    | 06/2006                           | 07/2006                          | 1.09.2006                       | upto 30.11.2006                 | 01.12.2006 to 01.01.2013 (6 Y 1 M) | 1.20                            | 58.55               | 59.75  |   |
|         |                    |  |                                    | 2002-03 | 0.64    | 0.64                    | 06/2006                           | 07/2006                          | 1.09.2006                       | upto 30.11.2006                 | 01.12.2006 to 01.01.2013 (6 Y 1 M) | 0.10                            | 4.67                | 4.77   |   |
|         |                    |  |                                    | 2003-04 | 103.55  | 103.47                  | 03/2008                           | 08/2009                          | 1.10.2009                       | upto 31.12.2009                 | 1.01.2010 to 01.01.2013 (3 Y)      | 15.52                           | 372.49              | 388.01 |   |
|         |                    |  |                                    | 2003-04 | 8.87    | 8.87                    | 08/2009                           | 08/2009                          | 1.10.2009                       | upto 31.12.2009                 | 1.01.2010 to 01.01.2013 (3 Y)      | 1.33                            | 31.93               | 33.26  |   |
|         |                    |  |                                    | 2004-05 | 134.61  | 134.61                  | 07/2008                           | 08/2009                          | 1.10.2009                       | upto 31.12.2009                 | 1.01.2010 to 01.01.2013 (3 Y)      | 20.19                           | 484.60              | 504.79 |   |

**Appendix-VI (Referred to in Paragraph No. 2.4.10.2 of the Report)**  
**Penalty not imposed before institution of certificate case**

(₹ in lakh)

| Sl. No. | Name of the circle | Name of the dealer/<br>TIN           | Date of filing of certificate case | Period             | Arrears       | Arrears without penalty | Date of issuance of Demand notice | Date of serving of Demand notice | 45 days after serving of notice | Penalty for first 3 months @ 5% | After 3 months @10%               | Penalty for first 3 months @ 5% | After 3 months @10% | Total           |
|---------|--------------------|--------------------------------------|------------------------------------|--------------------|---------------|-------------------------|-----------------------------------|----------------------------------|---------------------------------|---------------------------------|-----------------------------------|---------------------------------|---------------------|-----------------|
|         |                    |                                      |                                    | 2004-05            | 0.17          | 0.17                    | 07/2008                           | 08/2009                          | 1.10.2009                       | upto 31.12.2009                 | 1.01.2010 to 01.01.2013 (3 Y)     | 0.03                            | 0.61                | 0.64            |
|         |                    |                                      |                                    | 2006-07            | 38.85         | 38.85                   | 11/2009                           | 11/2009                          | 0                               | -                               | 12/2009 to 01.01.2013 (3 Y 1 M)   | -                               | 0                   | 28.74           |
|         |                    |                                      |                                    | 2007-08            | 3.50          | 3.50                    | 02/2010                           | 12/2010                          | 0                               | -                               | 01/2011 to 01.01.2013 (2 Y)       |                                 |                     | 1.68            |
|         |                    |                                      |                                    | 2008-09            | 0.01          |                         | 0                                 | 0                                | 0                               | -                               | 0                                 | -                               | 0                   | 0               |
|         |                    |                                      |                                    |                    | <b>313.08</b> | <b>302.63</b>           |                                   |                                  |                                 |                                 |                                   |                                 |                     | <b>1,037.74</b> |
| 2       | Jamshedpur         | M/s City Gas Service/<br>20250800952 | 25.05.2010                         | 1992-93 to 2000-01 | 6.83          | -                       | 0                                 | 0                                | 0                               | -                               | 0                                 | -                               | 0                   | 0               |
|         |                    |                                      |                                    | 2001-02            | 1.26          | 1.26                    | 4.03.2007                         | 07/2009                          | 01.09.2009                      | upto 30.11.2009                 | 1.12.2009 to 25.05.2010 (6 M)     | 0.19                            | 0.76                | 0.95            |
|         |                    |                                      |                                    | 2003-04            | 0.99          | 0.99                    | 3.11.2006                         | 12/2006                          | 01.02.2007                      | upto 30.04.2007                 | 1.05.2007 to 25.05.2010 (3 Y 1 M) | 0.15                            | 3.66                | 3.80            |
|         |                    |                                      |                                    | 2004-05            | 27.48         | 27.43                   | 12.11.2008                        | 08/2009                          | 01.11.2009                      | upto 31.01.2010                 | 01.02.2010 to 25.05.2010 (5M)     | 4.11                            | 13.72               | 17.83           |
|         |                    |                                      |                                    | 2005-06            | 16.99         | -                       | 0                                 | 0                                | 0                               | -                               | 0                                 | -                               | -                   | 0               |
|         |                    |                                      |                                    | 2006-07            | 9.75          | 9.75                    | 14.02.2009                        | 06/2009                          | 0                               | -                               | 07/2009 to 05/2010 (11M)          | -                               | 0                   | 2.15            |

**Appendix-VI (Referred to in Paragraph No. 2.4.10.2 of the Report)  
Penalty not imposed before institution of certificate case**

(₹ in lakh)

| Sl. No. | Name of the circle  | Name of the dealer/<br>TIN                 | Date of filing<br>of certificate<br>case | Period                | Arrears      | Arrears<br>without<br>penalty | Date of<br>issuance of<br>Demand<br>notice | Date of<br>serving of<br>Demand<br>notice | 45 days after<br>serving of<br>notice | Penalty for<br>first 3 months<br>@ 5% | After 3 months<br>@10%             | Penalty for<br>first 3 months<br>@ 5% | After 3<br>months<br>@10% | Total        |
|---------|---------------------|--|--|-----------------------|--------------|-------------------------------|--|---|---------------------------------------|---------------------------------------|------------------------------------|---------------------------------------|---------------------------|--------------|
|         |                     |  |  |                       | <b>63.30</b> | <b>39.43</b>                  |  |   |                                       |                                       |                                    |                                       |                           | <b>24.73</b> |
| 3       |                     | M/s Eastern<br>Automobiles/<br>20920805577 | 19.07.2012                               | 2007-08               | 22.60        | 22.60                         | 16.01.2010                                 | 10/2010                                   | 0                                     | -                                     | 11/2010 to<br>07/2012<br>(1 Y 9 M) | -                                     | 0                         | 9.49         |
|         |                     |  |  |                       | 1.07         | 1.07                          | 16.01.2010                                 | 10/2010                                   | 0                                     | 0                                     | 11/2010 to<br>07/2012<br>(1 Y 9 M) | -                                     | 0                         | 0.46         |
|         |                     |  |  | 2008-09               | 43.19        | 43.19                         | 22.01.2011                                 | 01/2011                                   | 0                                     | 0                                     | 03/2011 to<br>07/2012<br>(1 Y 5 M) | -                                     | 0                         | 14.68        |
|         |                     |  |  |                       | 0.60         | 0.60                          | 22.01.2011                                 | 01/2011                                   | 0                                     | 0                                     | 03/2011 to<br>07/2012<br>(1 Y 5 M) | -                                     | 0                         | 0.20         |
|         |                     |  |  |                       | <b>67.46</b> | <b>67.46</b>                  |  |   |                                       |                                       |                                    |                                       |                           |              |
| 4       | Jamshepur           | M/s Sergam/<br>20220800338/JR-<br>638      | 24.05.2011                               | 2001-02 to<br>2005-06 | 14.80        | -                             | 0  | 0   | 0                                     | 0                                     | -                                  | 0                                     | 0                         |              |
|         |                     |  |  | 2006-07               | 31.29        | 31.29                         | 26.03.2009                                 | 09/2010                                   | 0                                     | 0                                     | 10/2010 to<br>05/2011<br>(08 M)    | 0                                     | 0                         | 5.01         |
|         |                     |  |  | 2007-08               | 28.77        | 28.77                         | 31.03.2010                                 | 09/2010                                   | 0                                     | 0                                     | 10/2010 to<br>05/2011<br>(08 M)    | 0                                     | 0                         | 4.60         |
|         |                     |  |  |                       | <b>74.86</b> | <b>60.06</b>                  |  |   |                                       |                                       |                                    |                                       |                           |              |
| 5       | Singhbhum<br>Circle | M/s Jauhar Steel<br>/20361101349           | 02/2015                                  | 2009-10               | 23.65        | 23.65                         | 17.01.2013                                 | 05/2013                                   | 0                                     | 0                                     | 06/2013 to<br>02/2015<br>(1 Y 9 M) | 0                                     | 0                         | 9.93         |

**Appendix-VI (Referred to in Paragraph No. 2.4.10.2 of the Report)  
Penalty not imposed before institution of certificate case**

(₹ in lakh)

| Sl. No.      | Name of the circle | Name of the dealer/<br>TIN  | Date of filing of certificate case | Period  | Arrears       | Arrears without penalty | Date of issuance of Demand notice | Date of serving of Demand notice | 45 days after serving of notice | Penalty for first 3 months @ 5% | After 3 months @10%             | Penalty for first 3 months @ 5% | After 3 months @10% | Total          |
|--------------|--------------------|-----------------------------|------------------------------------|---------|---------------|-------------------------|-----------------------------------|----------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------|----------------|
|              |                    |                             |                                    |         | <b>23.65</b>  | <b>23.65</b>            |                                   |                                  |                                 |                                 |                                 |                                 |                     | <b>9.93</b>    |
| 6            | Dhanbad Urban      | M/s L M L/<br>DU -3184 ( R) | 28.01.2010                         | 2003-04 | 189.08        | 187.45                  | 02.04.2008                        | 10/2008                          | 12/2008                         | 01/2009 to<br>03/2009           | 04/2009 to<br>01/2010<br>(10 M) | 28.12                           | 187.45              | 215.57         |
|              |                    |                             |                                    |         | <b>189.08</b> | <b>187.45</b>           |                                   |                                  |                                 |                                 |                                 |                                 |                     | <b>215.57</b>  |
| <b>Total</b> |                    |                             |                                    |         | <b>731.43</b> | <b>680.68</b>           |                                   |                                  |                                 |                                 |                                 |                                 |                     | <b>1322.41</b> |

**Appendix-VII (Referred to in Paragraph No. 2.4.11.2 of the Report)  
Certificate case not initiated for realisation of Electricity Duty (ED)**

( ₹ in lakh)

| Sl. No.         | Name of the circle | Name of the dealer/<br>Registration No. | Period/<br>Date of order                      | Arrears         | Date of issuance of Demand notice | Date of serving of Demand notice | Delay in serving of Notice | Period for levy penalty    |                                 | Amount               |                    |
|-----------------|--------------------|---|---|-----------------|-----------------------------------|----------------------------------|----------------------------|----------------------------|---------------------------------|----------------------|--------------------|
|                 |                    |   |   |                 |                                   |                                  |                            | First 3 month @ 2.5%       | After 3 month @ 5%              | First 3 month @ 2.5% | After 3 month @ 5% |
| 1               | Ranchi South       | M/s JSEB/<br>ED-25                      | 2002-03/<br>15.03.2008(O),<br>25.03.2011 (R ) | 36.82           | 31.03.2011                        | 12.10.2011                       | 6 M                        | 11/2011 to<br>01/2012 (3M) | 02/2012 to<br>03/2016 (50M)     | 2.76                 | 92.05              |
|                 |                    |   | 2003-04/<br>10.04.2008(O) /<br>20.10.2011(R ) | 1,301.40        | 08.11.2011                        | 04.09.2012                       | 10 M                       | 10/2012 to<br>12/2012 (3M) | 01/2013 to<br>03/2016<br>(39M)  | 97.61                | 2,537.73           |
|                 |                    |   | 2004-05/ 07.10.2013                           | 1,349.05        | 07.10.2013                        | 21.11.2013                       | 1 M                        | 12/2013 to<br>02/2014 (3M) | 03/2014 to<br>03/2016<br>(25 M) | 101.18               | 1,686.30           |
|                 |                    |   | 2005-06/ /07.10.2013                          | 1,680.86        | 07.10.2013                        | 21.11.2013                       | 1 M                        | 12/2013 to<br>02/2014 (3M) | 03/2014 to<br>03/2016<br>(25 M) | 126.06               | 2,101.08           |
|                 |                    |   | 2006-07/ 07.10.2013                           | 213.66          | 07.10.2013                        | 21.11.2013                       | 1 M                        | 12/2013 to<br>02/2014 (3M) | 03/2014 to<br>03/2016<br>(25 M) | 16.02                | 267.08             |
|                 |                    |   |   | <b>4,581.79</b> |                                   |                                  |                            |                            |                                 |                      |                    |
| 2               |                    | M/s Hindalco/<br>ED-26                  | 2009-10/04.10.2013                            | <b>37.84</b>    | 04.10.2013                        | 1.11.2013                        | 1 M                        | 12/2013 to<br>02/2014 (3M) | 03/2014 to<br>03/2016<br>(25 M) | 2.84                 | 47.30              |
|                 |                    |   |   |                 |                                   |                                  |                            |                            | <b>346.47</b>                   | <b>6,731.54</b>      |                    |
| <b>Total</b>    |                    |   |   | <b>4,619.63</b> |                                   |                                  |                            |                            |                                 | <b>7,078.01</b>      |                    |
| <b>G. Total</b> |                    |   |   |                 |                                   |                                  |                            |                            |                                 | <b>11,697.64</b>     |                    |



**Appendix-VIII (Refer to Para No. 5.3.9.1)**  
**Irregular allotment of sub-lease land**

(₹ in lakh)

| S. No.       | Name of the office                    | No. of Lessees | Area of sub-lease (In acre) | Rate (Per acre)  | Salami          | Period                               | Commercial rent @ 5% of salami for 20 years | Cess @ 145% of Rent | Total            |
|--------------|---------------------------------------|----------------|-----------------------------|------------------|-----------------|--------------------------------------|---|---------------------|------------------|
| 1            | Dy. Collector, Tata Lease, Jamshedpur | 1              | 5                           | 102.00           | 510.00          | 1996 to 2015 (for 19 years)          | 484.50                                      | 702.53              | 1,697.03         |
| 2            | Anchal Adhikari, Nirsa                | 1              | 114.95                      | 0.95 to 0.34     | 1872.21         | 2010-11 to 2014-15                   | 468.05                                      | 678.68              | 3,018.94         |
| 3            | Dy. Collector, Tata Lease, Jamshedpur | 14             | 86.899                      | 290.40 to 1331   | 34170.46        | 1990 to 1997 (18 to 25 years)        | 38099.92                                    | 55244.88            | 127,515.26       |
| 4            | Dy. Collector, Tata Lease, Jamshedpur | 3              | 143.28                      | 279.62 to 306.24 | 41178.80        | 1991 to 2015 (22 to 44 years)        | 47490.76                                    | 68861.60            | 157531.16        |
| 5            | Dy. Collector, Tata Lease, Jamshedpur | 1260           | 119.25                      | 1.07 to 3.43     | 15984.54        | 1.4.71 to 31.3.2015 (22 to 44 years) | 13693.76                                    | 18183.63            | 47861.94         |
| <b>Total</b> |                                       | <b>1279</b>    | <b>469.3773</b>             |                  | <b>93716.01</b> |                                      | <b>100237.00</b>                            | <b>143671.32</b>    | <b>337624.32</b> |

**Appendix-IX (Refer to Para No. 5.3.9.2)**

**Loss of revenue of ₹ 97,448.06 lakh due to irregular sale of lease rights**

**(₹ in lakh)**

| Name of the office        | Name of sub-lessee to whom sold | Sale Deed No/ Date | Mauza/ Thana No.. | Area of sub-lease (In acre) | Rate/ Decimal | Rate (Per acre) | Salami    | Period    | Perid for calculation of Rent | Commercial rent @ 5% of salami | Cess @ 145% of Rent | Total     |
|---------------------------|---------------------------------|--------------------|-------------------|-----------------------------|---------------|-----------------|-----------|-----------|-------------------------------|--------------------------------|---------------------|-----------|
| Dy. Collector, Tata Lease | Lafarge India Limited           | 3913/02.11.1999    | Jojobeda/1196     | 122.82                      | 2.80          | 279.62          | 34,342.93 | 1999-2015 | 15                            | 25,757.20                      | 37,347.93           | 97,448.06 |

## Appendix-X (Refer to Para No. 5.3.10.1)

## Lease of Khasmahal land not renewed

(₹ in lakh)

| Sl. No.      | Name of the office                                    | No. of lessees | Area (In acre) | Purpose                 | Date of expiry of lease | Rate/decimal  | Salami         | Period for which rent calculated | Residential/commercial rent | Interest 6.25% and @ 10% | Total (Rent+ Interest) |
|--------------|---|----------------|----------------|-------------------------|-------------------------|---------------|----------------|----------------------------------|-----------------------------|--------------------------|------------------------|
| 1            | C.O. Chakradharpur                                    | 38             | 15.24          | Residential             | 1968-69 to 1988-89      | 0.78 to 1.38  | 1,726.40       | 1968-69 to 2014-15               | 1,307.45                    | 102.43                   | 1,409.89               |
| 2            | DCLR Garhwa   | 96             | 4.59           | Residential             | 1960-61 to 2008-09      | 3.4           | 1,560.60       | 1961-62 to 2014-15               | 219.98                      | 21.17                    | 241.15                 |
| 3            | C.O. Jagannathpur                                     | 37             | 4.81           | Residential             | 1950 to 2011            | 0.049         | 23.38          | 1950-51 to 2014-15               | 14.75                       | 1.15                     | 15.89                  |
| 4            | C.O. Noamundi   | 180            | 25.85          | Residential             | 1955-56 to 2012-13      | 0.09 to 0.37  | 900.83         | 1956-57 to 2014-15               | 425.20                      | 34.86                    | 460.06                 |
| 5            | A.C. Chaibasa   | 325            | 90.37          | Residential             | 1990-91 to 2013-14      | 0.62 to 1.47  | 8,284.06       | 1990-91 to 2014-15               | 2,785.92                    | 260.68                   | 3,046.59               |
| 6            | DCLR/ Khas Mahal Officer, Hazaribag                   | 1517           | 621.06         | Commercial/ Residential | 1977-78 to 2013-14      | 0.11 to 10.00 | 95,239.32      | 1978-79 to 2014-15               | 19,141.50                   | 1,745.44                 | 20,886.94              |
| 7            | DCLR Ranchi   | 1230           | 392.48         | Residential             | 1958-59 to 1995-96      | 0.94 to 3.59  | 78,804.79      | 1958-59 to 2014-15               | 74,691.63                   | 5,613.88                 | 80,305.52              |
| 8            | C.O. Golmuri cum Jugsalai                             | 59             | 29.59          | Residential/ Commercial | 1965-66 to 2005-06      | 1.0375        | 3,069.96       | 1965-66 to 2014-15               | 1,252.10                    | 109.03                   | 1,361.13               |
| 9            | DCLR, Latehar   | 91             | 12.07          | Residential             | 1958-59 to 1999-2000    | 0.16 to 1.10  | 595.93         | 1958-59 to 2014-15               | 531.45                      | 40.33                    | 571.78                 |
| 10           | DCLR/Khas Mahal Padadhikari, Koderma                  | 250            | 73.59          | Residential             | 1979-80 to 2009-10      | 0.06 to 0.91  | 8,290.32       | 1980-81 to 2014-15               | 5,803.22                    | 462.19                   | 6,265.41               |
| 11           | DCLR/Khas Mahal Padadhikari, Sahebganj                | 2527           | 1021.62        | Residential/ Commercial | 1960-61                 | 0.8           | 81,729.20      | 1960-61 to 2014-15               | 88,267.54                   | 6,497.47                 | 94,765.01              |
| 12           | DCLR/Kahas Mahal Padadhikari, Medini Nagar Daltonganj | 1512           | 256.17         | Residential/ Commercial | 1934-35 to 2013-14      | 5.32          | 136,280.21     | 1935-36 to 2014-15               | 172,627.32                  | 14,537.57                | 187,164.89             |
| <b>TOTAL</b> |   | <b>7862</b>    | <b>2547.42</b> |                         |                         |               | <b>416,505</b> |                                  | <b>367,068.06</b>           | <b>29,426.21</b>         | <b>396,494.27</b>      |

**Appendix-XI (i) (Refer to Para No. 5.3.10.2)  
Gairmazarua Land**

(₹ in lakh)

**Expired lease of G.M. Khas Land not renewed**

| Sl. No.      | Name of the Office | Name of lessee for settlement of GM Land | Name of mauza      | Area (In acre) | Date of expiry of lease | Rate/ decimal | Salami           | Commercial rent @ 5% of salami for 2010-11 to 2014-15 | Interest @ 10% on rent | Total           |
|--------------|--------------------|--|--------------------|----------------|-------------------------|---------------|------------------|---|------------------------|-----------------|
| 1            | AC Chaibasa        | Chiria Mines, IISCO                      | Different 12 mauza | 343.62         | 1/1982 to 6/2009        | 0.03 to 0.45  | 5,240.36         | 1,310.09  | 131.01                 | 1,441.10        |
| 2            | C.O. Noamundi      | TISCO at Noamundi                        | Balijor            | 450.80         | 31.12.1982              | 0.1059        | 4,773.97         | 1,193.49  | 119.35                 | 1,312.84        |
| <b>TOTAL</b> |                    |  |                    | <b>794.42</b>  |                         |               | <b>10,014.33</b> | <b>2,503.58</b>                                       | <b>250.36</b>          | <b>2,753.94</b> |

**Appendix-XI (ii) (Refer to Para No. 5.3.10.2)**

**Expired lease of G.M. Khas Land not renewed**

(₹ in lakh)

| Sl. No.      | Name of the Office                    | No. of lessees | Area (In acre) | Period             | Date of expiry of lease    | Salami          | Residential rent @ 2% of salami | Cess @ 145% of rent | Interest @ 10% on rent and Cess | Total         |
|--------------|---------------------------------------|----------------|----------------|--------------------|----------------------------|-----------------|---------------------------------|---------------------|---------------------------------|---------------|
| 1            | AA Chaibasa                           | 50             | 12.98          | 2010-11 to 2014-15 | between 1978-79 to 2013-14 | 1,306.45        | 130.64                          | 189.43              | 32.01                           | 352.09        |
| 2            | C.O. Golmury cum Jugsalai, Jamshedpur | 109            | 13.44          | 2010-11 to 2014-15 | Between 1980 to 2011       | 1,357.76        | 135.78                          | 196.87              | 33.27                           | 365.92        |
| <b>Total</b> |                                       | <b>159</b>     | <b>26.42</b>   |                    |                            | <b>2,664.20</b> | <b>266.42</b>                   | <b>386.31</b>       | <b>65.27</b>                    | <b>718.00</b> |

**ABSTRACT**

|                  | Area          | No. of lessee | Amount          |
|------------------|---------------|---------------|-----------------|
| Annexure XI (i)  | 794.42        | 2             | 2,753.94        |
| Annexure XI (ii) | 26.42         | 159           | 718.00          |
| <b>Total</b>     | <b>820.84</b> | <b>161</b>    | <b>3,471.94</b> |

**Appendix-XII (Refer to Para No. 5.3.10.3)**  
**Government was deprived revenue of ₹ 248.43 crore due to encroachment of land**  
**(Details of Excluded land not renewed till 2014-15)** (₹ in lakh)

| Sl. No       | Ward No.          | (Area in Acres ) | Period of encroachment | Market rate/ decimal | Salami              | Residential rent @ 2% for the period 1996-97 to 2014-15 | Total due        |
|--------------|-------------------|------------------|------------------------|----------------------|---------------------|---|------------------|
| 1            | 1,2,3 and 7 to 19 | 69.430           | 1996 to 2014-15        | 1.03                 | 7,151.29            | 2,717.49  | 9,868.78         |
| 2            | 1                 | 44.297           | 1996 to 2014-15        | 1.36                 | 6,024.39            | 602.439   | 602.44           |
| 3            | 2                 | 29.530           | 1996 to 2014-15        | 1.36                 | 4,016.08            | 401.608   | 401.61           |
| 4            | 3                 | 17.923           | 1996 to 2014-15        | 1.03                 | 1,846.07            | 184.607   | 184.61           |
| 5            | 7                 | 10.700           | 1996 to 2014-15        | 3.43                 | 3,670.10            | 367.010   | 367.01           |
| 6            | 11                | 20.650           | 1996 to 2014-15        | 1.45                 | 2,994.25            | 299.425   | 299.43           |
| 7            | 12                | 88.760           | 1996 to 2014-15        | 1.07                 | 9,497.32            | 949.732   | 949.73           |
| 8            | 13                | 9.494            | 1996 to 2014-15        | 1.07                 | 1,015.86            | 101.586   | 101.59           |
| 9            | 14                | 3.669            | 1996 to 2014-15        | 1.07                 | 392.58              | 39.258  | 39.26            |
| 10           | 15                | 127.000          | 1996 to 2014-15        | 1.07                 | 13,589.00           | 1,358.900   | 1,358.90         |
| 11           | 16                | 297.243          | 1996 to 2014-15        | 1.03                 | 30,616.03           | 3,061.603   | 3,061.60         |
| 12           | 17                | 379.719          | 1996 to 2014-15        | 1.03                 | 39,111.06           | 3,911.106   | 3,911.11         |
| 13           | 18                | 31.273           | 1996 to 2014-15        | 1.07                 | 3,346.21            | 334.621   | 334.62           |
| 14           | 19                | 50.771           | 1996 to 2014-15        | 1.03                 | 5,229.41            | 522.941   | 522.94           |
| <b>Total</b> |                   | <b>1,111.029</b> |                        |                      | <b>1,21,348.362</b> | <b>12,134.8362</b>                                      | <b>22,003.62</b> |

**Appendix-XIII (Refer to Para No. 5.3.10.3)**

**Government was deprived revenue of Rs. 248.43 crore due to encroachment of land (Encroachment of Land erstwhile Steel Authority of India, Gua, Noamundi, West Singhbhum) (₹ in lakh)**

| Sl No        | Name of the office | Name of encroacher | Date of encroachment of land | Area (In acre) | Rate per acre | Salami       | Period             | No. of years | Commercial Rent @ 5% | Cess @ 145% of rent | Total           |
|--------------|--------------------|--------------------|------------------------------|----------------|---------------|--------------|--------------------|--------------|----------------------|---------------------|-----------------|
| 1            | C.O. Noamundi      | Railway            | Apr-09                       | 72.79          | 19.53         | 1,422        | 2009-10 to 2014-15 | 6            | 426.48               | 618.39              | 2,466.46        |
| 2            | C.O. Noamundi      | JSPL               | Apr-09                       | 12.00          | 19.53         | 234          | 2009-10 to 2014-15 | 6            | 70.31                | 101.95              | 406.61          |
| <b>Total</b> |                    |                    |                              | <b>84.79</b>   |               | <b>1,656</b> |                    |              | <b>496.78</b>        | <b>720.34</b>       | <b>2,873.07</b> |

## Appendix- XIV (Refer to Para No. 5.3.11.1)

## Irregular allotment of lease land (Statement showing Approval of Sub-lease after 20.08.2005)

(₹ in lakh)

| Sl. No. | Name and address of Company/ Institution/ School | Land location/ Mauza/ ward No. | Purpose     | Area of sub-lease (In acre) | Rate/ Decimal | Rate (Per acre) | Salami   | Date of Possession | Year for calculation of rent | Rate of Rent (in %) | Rent on Salami | Cess @ 145% of Rent | Total    |
|---------|--|--------------------------------|-------------|-----------------------------|---------------|-----------------|----------|--------------------|------------------------------|---------------------|----------------|---------------------|----------|
| 1       | Roots Corporation Ltd                            | Jugsalai/ 4                    | Commercial  | 1.22                        | 1.64          | 164             | 200.08   | 5.10.06            | 9                            | 5%                  | 90.04          | 130.55              | 420.67   |
| 2       | Steel Strips Wheel Ltd.                          | 19                             | Commercial  | 10.09                       | 0.47          | 47              | 474.23   | 12.02.2007         | 8                            | 5%                  | 189.69         | 275.05              | 938.98   |
| 3       | Tata Blue Scope Steel Building Solution Pvt. Ltd | Bara/ 11                       | Commercial  | 61.23                       | 0.61          | 61              | 3,735.03 | 12.10.2006         | 9                            | 5%                  | 1,680.76       | 2,437.11            | 7,852.90 |
| 4       | Raj Yoga Training Centre                         | Sonari/ 1                      | Residential | 0.40                        | 0.61          | 61              | 24.40    | 17.7.06            | 9                            | 2%                  | 4.39           | 6.37                | 35.16    |
| 5       | Sri Shailendra Kumar                             | Sonari/ 1                      | Commercial  | 0.38                        | 0.61          | 61              | 22.88    | 16.3.2007          | 8                            | 5%                  | 9.15           | 13.27               | 45.29    |
| 6       | Sri Sai Centre Jamshedpur                        | Belidih/ 6                     | Residential | 0.75                        | 0.78          | 78              | 58.50    | 23.3.2007          | 8                            | 2%                  | 9.36           | 13.57               | 81.43    |
| 7       | XLRI, Jamsheedpur                                | Belidih/ 6                     | Residential | 6.80                        | 0.78          | 78              | 530.40   | 18.09.2006         | 9                            | 2%                  | 95.47          | 138.43              | 764.31   |
| 8       | Kerala Samajam, Jamshedpur                       | Sakchi/ 7                      | Commercial  | 0.67                        | 0.78          | 78              | 52.26    | 21.07.2008         | 7                            | 2%                  | 7.32           | 10.61               | 70.19    |
| 9       | Shamshuddin Khan                                 | Khuntadih/ Bistupur/ 3         | Commercial  | 0.12                        | 0.61          | 61              | 7.32     | 16.02.2007         | 8                            | 2%                  | 1.17           | 1.70                | 10.19    |
| 10      | Rajasthan Maitry Sangh                           | Uliyan/ 2                      | Commercial  | 1.50                        | 0.67          | 67              | 100.50   | 15.12.2008         | 7                            | 2%                  | 14.07          | 20.40               | 134.97   |
| 11      | Ram Krishna Mission, Viveka Nand Society         | Khuntadih/ Bistupur/ 3         | Residential | 4.25                        | 0.61          | 61              | 259.25   | 06.06.2007         | 8                            | 2%                  | 41.48          | 60.15               | 360.88   |
| 12      | Singhbhoon Homeopathic College & Hosspital       | Uliyan/ 2                      | Residential | 1.50                        | 0.67          | 67              | 100.50   | 21.01.2009         | 6                            | 2%                  | 12.06          | 17.49               | 130.05   |
| 13      | Central Water Commission, Jamshedpur             | Sonari/ 1                      | Residential | 0.77                        | 0.61          | 61              | 46.97    | 19.01.2006         | 9                            | 2%                  | 8.45           | 12.26               | 67.68    |
| 14      | Damodar Valley Corporation, Jamshedpur           | Kalimati/ 14                   | Residential | 0.96                        | 0.52          | 52              | 49.66    | 15.01.2009         | 6                            | 2%                  | 5.96           | 8.64                | 64.26    |
| 15      | Orthodox Syrin Church, Jamshedpur                | Bagatia/ 2                     | Residential | 0.46                        | 0.67          | 67              | 30.82    | 9.12.2008          | 7                            | 2%                  | 4.31           | 6.26                | 41.39    |
| 16      | Ram Krishna Mission, Viveka Nand Society         | Sakchi/ 7                      | Residential | 1.25                        | 0.78          | 78              | 97.50    | 28.06.2011         | 4                            | 2%                  | 7.80           | 11.31               | 116.61   |
| 17      | Indian Red Cross Society                         | Sakchi/ 7                      | Residential | 0.36                        | 0.78          | 78              | 28.24    | 24.12.2008         | 7                            | 2%                  | 3.95           | 5.73                | 37.92    |
| 18      | Panjabi Samaj, Jamshedpur                        | Golmuri/ 12                    | Residential | 0.50                        | 0.67          | 67              | 33.50    | 03.02.2009         | 6                            | 2%                  | 4.02           | 5.83                | 43.35    |

Appendix- XIV (Refer to Para No. 5.3.11.1)

Irregular allotment of lease land (Statement showing Approval of Sub-lease after 20.08.2005)

(₹ in lakh)

| Sl. No. | Name and address of Company/ Institution/ School      | Land location/ Mauza/ ward No. | Purpose     | Area of sub-lease (In acre) | Rate/ Decimal | Rate (Per acre) | Salami | Date of Possession | Year for calculation of rent | Rate of Rent (in %) | Rent on Salami | Cess @ 145% of Rent | Total    |
|---------|---|--------------------------------|-------------|-----------------------------|---------------|-----------------|--------|--------------------|------------------------------|---------------------|----------------|---------------------|----------|
| 19      | Sandhya Sammelani, Jamshedpur                         | Uliyan/ 2                      | Residential | 0.09                        | 0.61          | 61              | 5.49   | 24.12.2008         | 7                            | 2%                  | 0.77           | 1.11                | 7.37     |
| 20      | Andhra Bhakta Kolata Saamajam, Jamshedpur             | Jugsalai/ 4                    | Residential | 0.16                        | 0.67          | 67              | 10.72  | 02.03.2009         | 5                            | 2%                  | 1.07           | 1.55                | 13.35    |
| 21      | M/s D.P Bhodhanwala                                   | Jugsalai/ 4                    | Residential | 0.83                        | 0.67          | 67              | 55.61  | 21.12.2008         | 7                            | 5%                  | 19.46          | 28.22               | 103.30   |
| 22      | Bharat Sevashram Sangh                                | Sonari/ 1                      | Residential | 2.92                        | 0.61          | 61              | 178.12 | 1,991              | 24                           | 2%                  | 85.50          | 123.97              | 387.59   |
| 23      | Tata Robins Fraser(TRF) Co.                           | Susnigaria/ 13                 | Commercial  | 3.70                        | 0.47          | 47              | 173.90 | 12.01.2009         | 6                            | 5%                  | 52.17          | 75.65               | 301.72   |
| 24      | Income Tax Department                                 | Bagatia/ 2                     | Residential | 1.00                        | 0.61          | 61              | 61.00  | 19.07.2006         | 9                            | 2%                  | 10.98          | 15.92               | 87.90    |
| 25      | Income Tax Department (Employee House Construction)   | Susnigaria/ 13                 | Residential | 2.80                        | 0.47          | 47              | 131.60 | 19.07.2006         | 9                            | 2%                  | 23.69          | 34.35               | 189.64   |
| 26      | P&M Infrastructure Pvt. Ltd.                          | Jugsalai/ 4                    | Commercial  | 3.12                        | 1.64          | 164             | 511.68 | 27.08.2007         | 8                            | 5%                  | 204.67         | 296.77              | 1,013.13 |
| 27      | Indian Oil Corporation                                | Nildih/ 18                     | Commercial  | 0.34                        | 0.55          | 55              | 18.70  | 27.07.1996         | 19                           | 5%                  | 17.77          | 25.76               | 62.22    |
| 28      | Center for Inner Resource development                 | Belidih/ 6                     | Residential | 0.75                        | 0.61          | 61              | 45.75  | 23.07.2008         | 7                            | 2%                  | 6.41           | 9.29                | 61.44    |
| 29      | XLRI, Jamsheedpur                                     | Belidih/ 6                     | Residential | 4.89                        | 0.78          | 78              | 381.42 | 31.01.2009         | 6                            | 2%                  | 45.77          | 66.37               | 493.56   |
| 30      | Indian Red Cross Society                              | Sakchi/ 7                      | Residential | 0.37                        | 0.85          | 85              | 31.71  | 24.12.2008         | 7                            | 2%                  | 4.44           | 6.44                | 42.58    |
| 31      | M/s Hi-Tech heritage Limited                          | Sonari/ 1                      | Commercial  | 2.00                        | 0.61          | 61              | 122.00 | 10.03.2008         | 7                            | 5%                  | 42.70          | 61.92               | 226.62   |
| 32      | M/s Jamshedpur Utilities of Service Co. Ltd.          | Jugsalai/ 4                    | Commercial  | 5.46                        | 1.64          | 164             | 895.44 | 24.06.2008         | 7                            | 5%                  | 313.40         | 454.44              | 1,663.28 |
| 33      | Children of Ramkrishna for Philanthropic Organisation | Bara/ 11                       | Residential | 0.14                        | 0.61          | 61              | 8.54   | 24.08.2008         | 7                            | 2%                  | 1.20           | 1.73                | 11.47    |
| 34      | Institute of Environmental Management and Studies     | Khuntadih/ 3                   | Residential | 1.20                        | 0.73          | 73              | 87.84  | 30.12.2008         | 7                            | 2%                  | 12.30          | 17.83               | 117.97   |
| 35      | M/s Ambey Indane Jamshedpur                           | Susnigaria/ 13                 | Commercial  | 0.28                        | 0.61          | 61              | 16.84  | 11.04.2008         | 7                            | 5%                  | 5.89           | 8.54                | 31.27    |
| 36      | Jamshedpur Cold Storage                               | Sonari/ 1                      | Commercial  | 0.62                        | 0.67          | 67              | 41.54  | 27.08.2008         | 7                            | 5%                  | 14.54          | 21.08               | 77.16    |
| 37      | M/s Premium Residency Pvt.                            | Khuntadih/ 3                   | Commercial  | 1.96                        | 1.20          | 120             | 234.34 | 04.03.2008         | 7                            | 5%                  | 82.02          | 118.93              | 435.28   |



## Appendix- XIV (Refer to Para No. 5.3.11.1)

## Irregular allotment of lease land (Statement showing Approval of Sub-lease after 20.08.2005)

(₹ in lakh)

| Sl. No. | Name and address of Company/ Institution/ School | Land location/ Mauza/ ward No. | Purpose    | Area of sub-lease (In acre) | Rate/ Decimal | Rate (Per acre) | Salami | Date of Possession | Year for calculation of rent | Rate of Rent (in %) | Rent on Salami | Cess @ 145% of Rent | Total  |
|---------|--|--------------------------------|------------|-----------------------------|---------------|-----------------|--------|--------------------|------------------------------|---------------------|----------------|---------------------|--------|
|         | Ltd.   |                                |            |                             |               |                 |        |                    |                              |                     |                |                     |        |
| 38      | M/s Vijaya Motels Pvt. Ltd.                      | Golmuri/ 12                    | Commercial | 1.00                        | 0.61          | 61              | 61.00  | 4.03.2008          | 7                            | 5%                  | 21.35          | 30.96               | 113.31 |
| 39      | Tata consulting Engineers                        | Sakchi/ 7                      | Commercial | 0.65                        | 0.85          | 85              | 55.42  | 05.09.2008         | 7                            | 5%                  | 19.40          | 28.13               | 102.94 |
| 40      | M/s Super Centre                                 | Sakchi/ 7                      | Commercial | 0.21                        | 1.64          | 164             | 34.44  | 27.08.2008         | 7                            | 5%                  | 12.05          | 17.48               | 63.97  |
| 41      | Sri Jayantilal Badiyani and three others         | Jugsalai/ 4                    | Commercial | 0.12                        | 1.84          | 184             | 22.63  | 10.04.2009         | 6                            | 5%                  | 6.79           | 9.84                | 39.27  |
| 42      | Sri Jawahar lal Vig and others                   | Jugsalai/ 4                    | Commercial | 0.10                        | 1.64          | 164             | 17.06  | 26.09.2008         | 7                            | 5%                  | 5.97           | 8.66                | 31.68  |
| 43      | Kushal Indane                                    | Bara/ 11                       | Commercial | 0.27                        | 0.70          | 70              | 18.90  | 14.04.2009         | 6                            | 5%                  | 5.67           | 8.22                | 32.79  |
| 44      | Sri V.T.L. Liao                                  | Jugsalai/ 4                    | Commercial | 0.08                        | 1.84          | 184             | 14.54  | 25.02.2009         | 6                            | 5%                  | 4.36           | 6.32                | 25.22  |
| 45      | Sri Raghubir Singh Bhatia & others               | Jugsalai/ 4                    | Commercial | 0.10                        | 1.64          | 164             | 16.40  | 26.09.2008         | 7                            | 5%                  | 5.74           | 8.32                | 30.46  |
| 46      | Sri R.H. Amin                                    | Jugsalai/ 4                    | Commercial | 0.10                        | 1.84          | 184             | 18.22  | 25.02.2009         | 6                            | 5%                  | 5.46           | 7.92                | 31.60  |
| 47      | M/s Naresh Kumar & Co.                           | Sakchi/ 7                      | Commercial | 0.35                        | 0.90          | 90              | 31.50  | 02.03.2009         | 6                            | 5%                  | 9.45           | 13.70               | 54.65  |
| 48      | Fortune Hotel Centre Point                       | Sonari/ 1                      | Commercial | 1.00                        | 0.67          | 67              | 67.00  | 14.01.2009         | 6                            | 5%                  | 20.10          | 29.15               | 116.25 |
| 49      | Sai Kripa Shanker & others                       | Jugsalai/ 4                    | Commercial | 0.10                        | 1.84          | 184             | 18.22  | 10.04.2009         | 6                            | 5%                  | 5.46           | 7.92                | 31.60  |
| 50      | Kaushal Kanchan Construction Pvt. Ltd.           | Jugsalai/ 4                    | Commercial | 3.64                        | 0.67          | 67              | 243.88 | 29.08.2008         | 7                            | 5%                  | 85.36          | 123.77              | 453.01 |
| 51      | M/s City Square Project Pvt. Ltd.                | Sonari/ 1                      | Commercial | 2.50                        | 0.70          | 70              | 175.00 | 21.04.2009         | 6                            | 5%                  | 52.50          | 76.13               | 303.63 |
| 52      | Singh Indane Service                             | Jugsalai/ 4                    | Commercial | 0.23                        | 0.70          | 70              | 16.10  | 12.02.2009         | 6                            | 5%                  | 4.83           | 7.00                | 27.93  |
| 53      | Ashiyana Housing and Finance India Ltd.          | Sonari/ 1                      | Commercial | 2.00                        | 1.34          | 134             | 268.00 | 02.01.2009         | 6                            | 5%                  | 80.40          | 116.58              | 464.98 |
| 54      | Kumar Inn Pvt. Ltd.                              | Golmuri/ 12                    | Commercial | 0.60                        | 0.67          | 67              | 40.20  | 04.08.2008         | 7                            | 5%                  | 14.07          | 20.40               | 74.67  |
| 55      | Sri Kishore Kumar Store                          | Sakchi/ 7                      | Commercial | 0.34                        | 0.90          | 90              | 30.60  | 28.01.2009         | 6                            | 5%                  | 9.18           | 13.31               | 53.09  |
| 56      | Bindal buildcom Ltd.                             | Sonari/ 1                      | Commercial | 2.00                        | 0.67          | 67              | 134.00 | 8.09.2008          | 7                            | 5%                  | 46.90          | 68.01               | 248.91 |

**Appendix- XIV (Refer to Para No. 5.3.11.1)**

**Irregular allotment of lease land (Statement showing Approval of Sub-lease after 20.08.2005)**

**( ₹ in lakh)**

| Sl. No.      | Name and address of Company/ Institution/ School | Land location/ Mauza/ ward No. | Purpose    | Area of sub-lease (In acre) | Rate/ Decimal | Rate (Per acre) | Salami           | Date of Possession | Year for calculation of rent | Rate of Rent (in %) | Rent on Salami  | Cess @ 145% of Rent | Total            |
|--------------|--|--------------------------------|------------|-----------------------------|---------------|-----------------|------------------|--------------------|------------------------------|---------------------|-----------------|---------------------|------------------|
| 57           | M/s Rishiraj Homes Pvt. Ltd                      | Bara/ 11                       | Commercial | 1.75                        | 1.17          | 117             | 205.19           | 17.01.2008         | 7                            | 5%                  | 71.82           | 104.13              | 381.14           |
| 58           | M/s Tee Kay (India) Real Estate (P) Ltd.         | Jugsalai/ 4                    | Commercial | 0.75                        | 1.64          | 164             | 123.00           | 03.07.2008         | 7                            | 5%                  | 43.05           | 62.42               | 228.47           |
| 59           | Apex Construction & Mining Co.                   | Khuntadih/ 3                   | Commercial | 0.60                        | 0.70          | 70              | 42.00            | 03.12.2008         | 7                            | 5%                  | 14.70           | 21.32               | 78.02            |
| <b>Total</b> |  |                                |            | <b>144.33</b>               |               |                 | <b>10,517.54</b> |                    |                              |                     | <b>3,678.82</b> | <b>5,334.28</b>     | <b>19,530.64</b> |

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