REPORT

OF THE

COMPTROLLER

AND

AUDITOR GENERAL OF INDIA

FOR THE YEAR 1984-85

REVENUE RECEIPTS

GOVERNMENT OF MAHARASHTRA

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PREFATORY REMARKS

The Audit Report on Revenue Receipts of the Government of Maharashtra for the year 1984-85 is presented in a separate volume. The material in the Report has been arranged in the following order :—

(*i*) Chapter I deals with trend of revenue receipts classifying them broadly under tax revenue and non-tax revenue. The variations between Budget estimates and actuals in respect of the principal heads of revenue, the position of arrears of revenue, etc., are also discussed in this chapter.

(*ii*) Chapters II to VIII set out certain cases and points of interest which came to notice in the audit of Sales Tax, State Excise, Land Revenue, Taxes on Vehicles, Stamp Duty and Registration Fees and Other Tax and Non-tax Receipts.

CHAPTER I

GENERAL

1.1. Trend of Revenue Receipts

The tax and non-tax revenue raised by the Government of Maharashtra during the year 1984-85, the share of taxes and grants-in-aid received from the Government of India during the year and corresponding figures for the preceding two years are given below :—

	1982-83	1983-84	1984-85
	(In crores of rupees)		
I *Revenue raised by State Government*—			
(*a*) Tax Revenue	16,47.98	18,22.48	19,66.22
(*b*) Non-tax Revenue	5,85.91	7,08.99	8,45.84
Total ..	22,33.89	25,31.47	28,12.06
II. *Receipts from the Government of India*—			
(*a*) State's share of divisible Union Taxes ..	4,21.93	4,49.93	5,29.77
(*b*) Grants-in-aid*	1,82.38	2,70.58	3,26.26
Total ..	6,04.31	7,20.51	8,56.03
III. *Total Receipts of the State*	28,38.20	32,51.98	36,68.09
IV. *Percentage of I to III*	79	78	76

*For details, please *see* statement 11—Detailed Accounts of Revenue by Minor Heads in the Finance Accounts of the Government of Maharashtra 1984-85.

(*a*) The details of tax revenues raised during the year 1984-85 alongside figures for the preceding two years, are given below:—

		1982-83	1983-84	1984-85	Percentage of Increase (+) or Decrease(—) in 1984-85 over 1983-84
		(In crores of rupees)			
1.	Sales Tax	10,26.94	11,94.42	12,52.09	(+) 5
2.	State Excise	1,39.80	1,53.18	1,69.01	(+)10
3.	Taxes on Vehicles and Passengers..	1,61.39	1,44.78	1,56.48	(+) 8
4.	Stamps and Registration Fees ..	54.06	61.00	71.63	(+)17
5.	Land Revenue	29.57	24.16	29.43	(+)22
6.	Taxes on Agricultural Income ..	0.38	0.05	0.36	(+)62
7.	Tax on Professions, Trades, Callings and Employments	44.66	52.95	60.53	(+)14
8.	Other Taxes and Duties on Commodities and Services (including Taxes and Duties on Electricity)	1,91.13	1,91.93	2,26.68	(+)18
9.	Tax on Immovable Property other than Agricultural land	0.05	0.01	0.01	....
	Total ..	16,47.98	18,22.48	19,66.22	(+)8

(*b*) The details of the major non-tax revenues received during the year 1984-85, alongside figures for the preceding two years, are given below: —

		1982-83	1983-84	1984-85	Percentage of Increase(+) or Decrease(—) in 1984-85 over 1983-84
		(In crores of rupees)			
1.	Dairy Development	1,57.03	2,43.18	3,13.71	(+)29
2.	Interest	1,45.77	1,79.14	2,27.05	(+)27
3.	Forest	89.72	99.27	99.95	(+) 1
4.	Medical	24.22	16.14	18.19	(+)13
5.	Power Projects	17.80	18.11	17.11	(—) 1
6.	Irrigation, Navigation, Drainage and Flood Control Projects	13.22	13.01	11.12	(—)15
7.	Co-operation	9.94	9.07	8.85	(—) 2
8.	Police	9.18	7.90	11.91	(+)51
9.	Mines and Minerals	6.85	7.63	9.90	(+)30
10.	Public Health, Sanitation and Water Supply	1.33	1.78	1.82	(+) 2
11.	Housing	9.66	3.30	3.66	(+)11
12.	Other Non-Tax Receipts ..	1,01.19	1,10.46	1,22.57	(+)11
	Total ..	5,85.91	7,08.99	8,45.84	(+)19

1.2. Variations between Budget estimates and actuals

The variations between the Budget estimates of revenue for the year 1984-85 and the actual receipts, are given below:—

Heads of Revenue	Budget estimates	Actuals	Variation (+)increase (—)decrease	Percentage of variation
(1)	(2)	(3)	(4)	(5)
	(In crores of rupees)			
1. Sales Tax	1,207.23	1,252.09	(+)44.86	4
2. State Excise	155.82	169.01	(+)13.19	8
3. Taxes on Vehicles	82.31	78.81	(—)3.50	4
4. Stamps and Registration Fees ..	58.99	71.63	(+)12.64	21
5. Land Revenue	25.47	29.43	(+)3.96	16
6. Taxes on Agricultural Income ..	0.25	0.36	(+)0.11	44
7. Other Taxes and Duties on Commodities and Services	130.84	134.57	(+)3.73	3
8. Dairy Development	225.13	313.71	(+)88.58	39
9. Interest	221.81	227.05	(+)5.24	2
10. Medical	21.23	18.19	(—)3.04	14
11. Power Projects	17.07	17.11	(+)0.04	Negligible
12. Irrigation, Navigation, Drainage and Flood Control Projects	17.13	11.12	(—)6.01	35
13. Co-operation	10.78	8.85	(—)1.93	18
14. Police	8.68	11.91	(+)3.23	37
15. Mines and Minerals	7.25	9.90	(+)2.65	37
16. Public Health, Sanitation and Water Supply	1.45	1.82	(+)0.37	22
17. Housing	3.08	3.66	(+)0.58	24
18. Forest	103.45	99.95	(—)3.50	3

The tax receipts have all shown a buoyancy over the budget estimates except for Taxes on Vehicles where there was a shortfall as compared to estimates for the year 1984-85.

The increase of Rs. 13.19 crores in State Excise receipts during the year 1984-85 compared to the Budget estimates was mainly due to additional allocation of alcohol for manufacture of country liquor. The increase of Rs. 12.64 crores in Stamps and Registration Fees receipts compared to the Budget estimates was due to sale of non-judicial stamps and fees for registration of documents. Increase of Rs. 88.58 crores in Dairy Development was due to increase in rates of sale price of milk and availability of more milk.

1.3. Analysis of collections (Finance Department)

Details of Bombay Sales Tax, Central Sales Tax, Motor Spirit Tax, Sugar Cane Purchase Tax, Agricultural Income Tax and Profession Tax collected at pre-assessment stage and after regular assessments are given in Appendix-I.

1.4. Assessments in arrears

The table below indicates the position of assessments relating to Sales Tax, Agricultural Income Tax, Purchase Tax on Sugar Cane and Profession Tax, which were due for completion during the year 1984-85, assessments actually finalised during the year and the assessments in arrears at the end of the year (as per information supplied by departments).

Receipts	Number of assessments due for completion		Number of assessments completed		Number of assessments pending finalisation	
	Arrear Cases	Current Cases	Arrear Cases	Current Cases	Arrear Cases	Current Cases
1. Sales Tax	5,36,047	5,16,794	4,27,026	1,69,799	1,09,021	3,46,995
2. Agricultural Income Tax	146	833	35	409	111	424
3. Profession Tax	3,34,053	2,22,049	12,047	1,18,260	3,22,006	1,03,789
4. Purchase Tax on Sugar Cane	844	989	686	317	158	672

1.5. Cost of collection

Expenditure incurred in collecting the major revenue receipts during the year 1984-85 and the figures for the preceding two years are given below :

Heads of Account	Year	Collection	Expenditure on Collection of revenue	Percentage of expenditure on collection
(1)	(2)	(3)	(4)	(5)
		(In crores of rupees)		
Finance Department				
1. Sales Tax	1982-83	1,026·94	9·87	1
	1983-84	1,194·42	12·15	1
	1984-85	1,252·09	13·09	1
2. Tax on Professions, Trades, Callings and Employments	1982-83	44·66	0·88	2
	1983-84	52·95	1·00	2
	1984-85	60·53	1·18	2
Home Department				
3. State Excise	1982-83	139·80	0·53	0·37
	1983-84	153·18	0·61	0·40
	1984-85	169·01	1·01	1·70
4. Taxes on Vehicles	1982-83	66·25	1·15	2
	1983-84	74·60	1·24	2
	1984-85	156·48(*)	5·20(*)	3·31

(*) Includes figures relating to passenger tax.

1.6. Uncollected Revenue

The arrears of revenue pending collection as at 31st March 1984 and 31st March 1985 in respect of some important sources of revenue are given below :

Source of revenue	Amount pending collection as on		Amount of arrears outstanding for more than 5 years as on		Remarks
	31st March 1984	31st March 1985	31st March 1984	31st March 1985	
(1)	(2)	(3)	(4)	(5)	(6)
	(In crores of rupees)				
(A) TAX REVENUE					
1. (*a*) Sales Tax ..	97·64	198·46	17·35	21·26	Out of Rs. 198·46 crores, demands amounting to Rs. 2.45 crores had been certified to be recoverable as arrears of land revenue. Recoveries amounting to Rs. 105·17 crores had been stayed by the High Court and other Judicial authorities. The remaining arrears of Rs. 90·84 crores were at various stages of recovery.
(*b*) Purchase Tax on Sugarcane	33·33	39·88	2·05	3·23	
2. State Excise. ..	1·56	2·16	1·46	0·31	
3. (*a*) Taxes on Vehicles.	11·97	11·25	6·55	5·62	
(*b*) Further (Goods) Tax and Passenger Tax.	16·17	14·15	1·23	2·84	

Source of Revenue	Amount pending collection as on		Amount of arrears outstanding for more than 5 years as on		Remarks
	31st March 1984	31st March 1985	31st March 1984	31st March 1985	
(1)	(2)	(3)	(4)	(5)	(6)
	(In crores of rupees)				
4. Tax on Professions, Trades, Callings and Employments	14·81	14·41	N.A.	N.A.	
5. Tax on Agricultural Income	2·40	2·51	1·36	1·63	
6. Electricity Duty ..	1·06	0·05	0·32	N.A.	
(B) NON-TAX REVENUE					
1. Fees under Indian Electricity Rules and fees for inspection of cinemas	N.A.	1·33	N.A.	0.29	
2. Receipts under Mineral Concession Rules (Major Minerals)	0·54	0·76	0·48	0.47	
3. Recovery of Bombay Buildings Repairs and Reconstruction Cess	10·59	14·20	2·07	2.79	
4. Co-operation					
(*a*) Audit fees ..	3·56	3·91	0·46	0.57	
(*b*) Supervision Charges	1·15	1·47	0·03	0.06	

The following departments of the State Government had not furnished till February 1986, complete information in respect of arrears of revenue (in respect of taxes/receipts indicated thereunder) pending collections as at the end of March 1985.

N.A.—Information not available.

(*I*) *Revenue and Forests Department:*

(*a*) Land Revenue

(*b*) Stamp Duty and Registration Fees

(*c*) Entertainments Duty

(*d*) Betting Tax

(*e*) Receipts under Mineral Concession Rules (Minor Minerals)

(*f*) Forest

(*II*) *Irrigation and Power Department:*

(*a*) Irrigation dues

(*b*) Non-irrigation dues

(*III*) *Housing and Special Assistance Department:*

(*a*) Recovery of compensation, service charges, administrative charges and licence fees from hutment dwellers

(*b*) Receipts from Bombay Development Scheme (Rent from Development Department Chawls)

(*c*) Rent of residential Government buildings

(*IV*) *Agriculture and Co-operation Department:*

Receipts on account of sale of seeds, sale/hire of agricultural implements, receipts from horticulture plant protection

(*V*) *Town Planning and Valuation Department:*

Cost of preparation of development plans and town planning schemes, prepared under the provisions of the Maharashtra Regional and Town Planning Act, 1966

(*VI*) *Medical Education and Drugs Department:*

(*a*) Tuition fees, hospital fees in respect of medical education and research

(*b*) Receipts from Employees State Insurance Corporation of 7/8 th share of expenditure incurred by State Government

(*c*) Sale of medicines by the Directorate of Ayurved

(*d*) Prevention of food adulteration etc.

1.7. Frauds and evasions of tax

The number of cases of evasions of tax detected by the Sales Tax and Motor Vehicles Tax Department and cases finalised and the demands for additional tax raised are given below:

	Sales Tax Department	Motor Vehicles Department
(1) Number of cases pending finalisation on 31st March 1984	1984	*Nil*
(2) Number of cases detected during 1984-85 ..	2,753	2,57,318
(3) Number of cases investigated	2,838	2,57,318
(4) Number of cases pending finalisation on 31st March 1985	1,899	*Nil*
(5) Number of cases in which prosecutions/penal proceedings were launched	1	N.A.
(6) Number of cases in which penalties were imposed	452	N.A.
(7) Total demands (including penalties) raised (in lakhs of rupees)	1,251·91	150·51
(8) Amounts of demands actually collected out of (7) above (in lakhs of rupees)	699·84	150·51

1.8. Writes-off and waivers of revenue

During the year 1984-85, demands for Rs. 47·53 lakhs (in 968 cases) relating to Sales Tax and for Rs. 72·71 lakhs (in 9,103 cases relating to Motor Vehicles Tax, Further Tax and Passenger Tax) were written off by the departments as irrecoverable.

Reasons for the write-off of the cases are as under :

Serial No.	Reasons for write-off	Sales Tax		Motor Vehicles	
		Number of cases	Amount (Rs. in lakhs)	Number of cases	Amount (Rs. in lakhs)
(*i*)	Whereabouts of defaulters not known	161	1.38	9,103	72.71
(*ii*)	Defaulters no longer alive ..	92	5.74	N.A.	N.A.
(*iii*)	Defaulters who did not have any property	528	27.00	N.A.	N.A.
(*iv*)	Defaulters adjudged insolvent ..	86	10.80	N.A.	N.A.
(*v*)	Records being not traceable ..	83	1.84	N.A.	N.A.
(*vi*)	Other reasons	18	0.77	N.A.	N.A.
	Total ..	968	47.53	9,103	72.71

N.A. = Information not available.

1.9. Outstanding Inspection Reports and Audit Objections

Audit objections on incorrect assessments, short levy of taxes, duties, fees and other revenue receipts, as also defects in initial accounts noticed during audit and not settled on the spot are communicated to the heads of offices and to the departmental authorities through audit inspection reports. The more important irregularities are reported to the heads of departments and Government. Government have prescribed that first replies to inspection reports should be sent to audit within one month from the date of receipt of the inspection reports.

As at the end of the September 1985, 13,718 objections in 4,972 inspection reports, involving Rs. 39·67 crores, remained to be settled, as detailed below. The corresponding figures in the earlier two years have also been indicated alongside for comparison.

	As at the end of September 1983	As at the end of September 1984	As at the end of September 1985
Number of Inspection Reports ..	4,147	4,421	4,972
Number of Audit Objections ..	13,229	12,871	13,718
Amount of receipts involved (in crores of rupees)	29·54	31·37	39·67

Yearwise break-up of the outstanding inspection reports as on 30th September 1985, together with amount of receipts involved, are given below:—

Year	Number of Inspection Reports	Number of Objections	Amount of receipts involved (In crores of rupees
1980–81 and earlier years	1,790	4,627	11.32
1981–82	580	1,769	4.05
1982–83	715	1,920	10.73
1983–84	789	2,089	3.65
1984–85	1,098	3,313	9.92
Total ..	4,972	13,718	39.67

In respect of 1,621 objections in 557 inspection reports involving receipts amounting to Rs. 0·54 crores, even the first replies had not been received. The yearwise details of outstanding audit objections in respect of the various types of receipts are given in Appendix II. The department-wise break-up of the outstanding inspection reports and audit objections is given below:—

Name of the Department	Number of Inspection Reports	Number of Objections	Amount of receipts involved (In crores of rupees)
1. Revenue and Forests	2,436	6,481	32.98
2. Finance	1,466	4,649	1.89
3. Home	704	1,650	3.10
4. Industries, Energy and Labour ..	68	124	0.04
5. Housing and Special Assistance ..	45	162	0.93
6. Other departments	253	652	0.73
Total ..	4,972	13,718	39.67

CHAPTER II

SALES TAX

2.1. Results of Audit

Test check of sales tax assessments and other records, conducted in audit during the year 1984-85, revealed under-assessments of tax amounting to Rs. 219.42 lakhs in 774 cases, which broadly fall under the following categories :

		Number of assessments	Amount (In lakhs of rupees)
1.	Incorrect allowance of set-off ..	285	18.36
2.	Non-levy or short levy of tax ..	276	163.10
3.	Non-levy or short levy of penalty ..	129	32.99
4.	Omission to forfeit tax irregularly collected ..	29	2.50
5.	Other irregularities ..	55	2.47
	Total ..	774	219.42

Some of the important cases noticed in 1984-85 and in earlier years are mentioned in the following paragraphs.

2.2. Non-levy of purchase tax

(*i*) Under the Bombay Sales Tax Act, 1959, the State Government may, by notification, exempt any class of sales or purchases from payment of the whole or any part of the tax payable under the provisions of the Act, subject to such conditions as may be imposed by the Government. If there be a breach of any of the specified conditions, the seller or the purchaser responsible for such breach is liable to pay tax on the sales or

purchases determined by the department, as if no exemption is granted for it and the Commissioner shall assess the amount of tax accordingly.

The Government of Maharashtra, by a notification issued on 30th June 1975, granted exemption from payment of sales tax in excess of four per cent on sales of goods by registered dealers to the Central or any State Government, subject to the production, by the authorised officer of the Government, a declaration in prescribed form AF, declaring that the goods purchased were for official use by Government and not for the purpose of resale or for use in the manufacture of goods for sale.

A manufacturer of milk cans sold milk cans valuing Rs. 85,19,785 to various Government Milk Supply Schemes between 1st July 1975 and 30th June 1978 and claimed exemption from payment of tax in excess of four per cent by producing declarations in form AF, which was allowed by the assessing authority. Since the purchases by Government Milk Schemes were not for official use but for use in manufacture of milk/milk products for sale, purchase tax was leviable for breach of the conditions prescribed in the Government notification referred to above.

When this was pointed out in audit(September 1981/September 1982), the Commissioner of Sales Tax stated (December 1982) that the Dairy Development Department could not make purchases on form AF for resale or use in manufacture of goods for sale. Accordingly, the Commissioner directed the assessing officers in September 1983 to levy purchase tax on the purchases effected on the strength of AF forms in such cases. Eventually purchase tax amounting to Rs. 1,38,86,855 was levied on assessments/reassessments of six Milk Schemes for the years from 1975-76 to 1980-81. Out of this, an amount of Rs. 1,37,52,492 was also recovered in respect of four units between March 1981 and March 1985. Report on recovery of the balance amount is awaited (February 1986).

(*ii*) Under the provisions of the Bombay Sales Tax Act, 1959, a registered dealer holding authorisation is entitled to purchase goods, without payment of sales tax, if he furnishes a declaration in the prescribed form that the goods purchased by him will be resold by him in the course of inter-State trade or commerce or in the course of export out of the territory of India within nine months from the date of their purchase. If the goods so purchased are not disposed of within the time and the manner prescribed or in the form in which these were purchased, purchase tax is leviable on the value of the goods. In addition, penalty is also leviable for breach of the conditions of the declaration.

In Bombay, a dealer in cycles and cycle parts had, during the year 1976, effected purchases amounting to Rs. 8,53,856 and Rs. 5,23,350 and furnished declarations on 5th October 1976 and 24th March 1977 to the effect that the goods purchased would be resold within nine months, either in the course of inter-State sales or by export. While purchases of Rs. 5,23,350 were verified by the department as properly disposed of by the dealer, the mode of disposal of goods valuing Rs. 8,53,856 had not been verified by the assessing authority.

On the omission being pointed out in audit (March 1981), the department revised (November 1984) the assessment of the dealer and raised an additional demand for Rs. 1,23,126 (comprising purchase tax: Rs. 59,770, additional tax: Rs. 3,586 and penalty: Rs. 59,770). Report on recovery is awaited (February 1986).

(*iii*) Under the Bombay Sales Tax Act, 1959, on purchases of raw materials by a dealer, tax is leviable at a concessional rate of 3 per cent, subject to his furnishing a declaration to the effect that it is for use within the State in the manufacture of goods, on sale of which tax is leviable. If the raw material so purchased is used in the manufacture of goods, sale of which is subject to tax, but such goods are transferred to places outside the State, otherwise than by way of sale, it amounts to breach of the declaration and attracts levy of purchase tax. Such purchase tax is leviable in proportion to the purchases of raw materials used in the manufacture of goods transferred to places outside the State otherwise than by way of sale.

At Bombay, during the year 1980-81, a manufacturer of auto and cycle tyres and tubes holding recognition certificate purchased raw material at the concessional rate of tax, but transferred part of the goods manufactured by him outside Maharashtra, otherwise than as a result of sales. For this contravention of the recitals of the declaration, he was liable to pay purchase tax amounting to Rs. 28,712 but it was not levied.

On this being pointed out in audit (July 1984), the department revised (May 1985) the assessment and raised additional demand for Rs. 30,435, including additional tax (Rs. 1,723). Report on recovery is awaited (February 1986).

The above cases were reported to Government between July 1985 and September 1985; their reply is awaited (February 1986).

2.3. Non-levy or short levy of additional tax

Under the provisions of the Bombay Sales Tax Act, 1959, with effect from 1st April 1975 a registered dealer, whose turnover of sales or purchases exceeds ten lakhs of rupees in any year, is liable to pay additional tax calculated at 12 per cent (6 per cent prior to 1st December 1982) of the sales tax payable by him for that year.

(*i*) It was noticed (November 1984) that in reassessing a manufacturer of stainless steel utensils of Raigad District for the year 1977-78, 1978-79 and 1980-81, deductions claimed by the dealer on account of branch transfers of goods valuing Rs. 2,90,20,141 (1977-78) and Rs. 29,95,764 (1978-79) from the gross turnover of sales were disallowed and these were subjected to tax of Rs. 28,75,870 (1977-78) and Rs. 2,96,878 (1978-79) respectively. However, additional tax of Rs. 1,72,552 (1977-78) and Rs. 17,812 (1978-79) was omitted to be levied in the reassessment orders. It was also noticed that in the assessment orders for the year 1980-81 additional tax amounting to Rs. 13,086 was not levied on tax amounting to Rs. 2,18,097 in respect of sales of stainless steel utensils.

The case was reported to the department in November 1984; their reply is awaited (February 1986).

(*ii*) At Bombay, although the gross turnover of a dealer for each of the years 1977-78 and 1978-79 exceeded Rs. 10 lakhs, additional tax was not levied on his assessed dues of Rs. 1,11,406 and Rs. 3,23,658 respectively. Additional tax not levied amounted to Rs. 26,103.

On this being pointed out in audit (January 1985), the department accepted the audit objection (January 1985). Report on action taken to rectify the assessment is awaited (February 1986).

(*iii*) In assessing a dealer of Bombay for the year 1980-81, additional tax was not levied on assessed tax dues of Rs. 4,57,632 resulting in under-assessment of Rs. 27,458.

On this being pointed out in audit, the department raised (August 1985) a demand for Rs. 27,458. Report on recovery is awaited (February 1986).

(*iv*) In assessing a dealer in Bombay, whose gross turnover for the year 1978-79 exceeded Rs. 10 lakhs, additional tax on the assessed dues of Rs. 2,93,708 for that year was omitted to be levied. Additional tax not levied amounted to Rs. 17,622.

On this being pointed out in audit (September 1984), the department accepted (September 1984) the audit objection. Report on action taken to revise the assessment order is awaited (February 1986).

(*v*) At Bombay, while making assessment of a dealer, whose turnover for the year 1977-78 exceeded rupees ten lakhs, due to a computation mistake, his liability for additional tax was assessed short to the extent of Rs. 17,305.

On this being pointed out in audit (May 1984), the department raised (April 1985) further demand for Rs. 17,305. Report on recovery is awaited (February 1986).

(*vi*) While making assessment of another dealer of Bombay for the year 1980, additional tax was not levied on his sales of imported polyster yarn, resulting in under-assessment of tax by Rs. 12,245.

On this being pointed out in audit (May 1984), the department raised (November 1984) further demand for Rs. 12,245. Report on recovery is awaited (February 1986).

The above cases were reported to the Government between July 1985 and September 1985; their reply is awaited (February 1986).

2.4. Incorrect grant of set-off

Under the provisions of the Bombay Sales Tax Act, 1959, and the rules made thereunder, a manufacturer who has paid taxes on the raw materials used in the manufacture of taxable goods is allowed to set-off from the tax payable on the sale of manufactured goods an amount based on the taxes paid. Where the purchase price of raw materials is inclusive of taxes, the set-off to be allowed is worked out according to a prescribed formula based on the purchase price. The set-off is admissible to the extent the tax paid on purchases exceeds 4 per cent (3 per cent prior to July 1981).

However, a manufacturer of declared goods is entitled to full set-off on the purchase of raw materials specified in Schedule B to the Act (declared goods) which are used by him in manufacture of goods specified in the same entry of Schedule B, for sale or export.

A manufacturer, who manufactures also goods the sale of which is not taxable, is allowed set-off only proportionately in respect of manufactured goods, on the sale of which tax is leviable.

Where manufactured goods are transferred to branches outside the State, set-off allowable in respect of taxes paid on purchase of raw materials is required to be reduced in proportion to the ratio which the value of goods so transferred bears to the total value of manufactured goods, sale of which is taxable.

A registered dealer is also entitled to set-off of taxes paid or deemed to have been paid on his purchases made from other registered dealers, provided the goods are resold by him within nine months of the purchases in the same form in which they were purchased, either in the course of export or in the course of inter-State trade or commerce or the goods are despatched by him outside the State with the intention of reselling the goods or using them in manufacture.

The rules also provide that the set-off worked out can be further reduced by the assessing officer upto one third thereof, if he is satisfied that the average price of similar goods sold by manufacturers, importers or producers was less than the purchase price paid by the dealer by an amount more than ten per cent of the purchase price or for any other adequate reasons to be recorded in writing by the assessing officer.

The rules also provide that a manufacturing dealer of certain specified tax free goods such as cotton fabrics, rayon or artificial silk fabrics, woollen fabrics and sugar, can claim set-off on taxes paid on purchases of raw materials, provided the raw materials are used in the manufacture of such goods and these goods are exported out of the territory of India.

(*i*) As per departmental instructions issued in June 1972, the set-off in respect of solvent oil and spirit has to be reduced to an amount not less than 1/3rd thereof. However, in assessing a manufacturer of medicines at Bombay for the period 1st July 1980 to 30th June 1982, the assessing authority allowed set-off inrespect of tax paid on puchase of solvent oil and spirit without reducing it to one third thereof, as required under the departmental instructions issued in this regard. It was also noticed that set-off to the extent of Rs.1,451 was incorrectly granted, even though the raw material purchased by the dealer had not been used in the manufacture of medicines.

On the mistakes being pointed out in audit (July 1984), the department revised the assessments and raised additional demand for Rs. 1,66,889 in respect of both the years, which was also paid by the dealer (May 1985).

(*ii*) At Bombay, a reseller and exporter ' B ' was allowed set-off of Rs. 1,13,620 in respect of tax on his purchases of diamonds, which he had resold in the year 1980-81 in the course of export out of the territory of India. The assessment records showed that the original seller 'A ' had purchased rough diamonds by paying taxes separately and, after incurring labour charges(on cutting and polishing the rough diamond), which were more than 100 per cent of the purchase price of the diamonds, sold the cut and polished diamonds to the exporter ' B '. As the price paid by exporter ' B ' to the original seller ' A ' was inclusive of the element of labour charges comprising more than 100 per cent of the original price, the set-off to the dealer should have been computed with reference to the original cost of raw diamonds, which alone had borne sales tax and not with reference to the purchase price paid by the exporter ' B ' in respect of the cut and polished diamonds.

On this being pointed out in audit (August 1984), the department reassessed (April 1985) the dealer for the years 1979-80 and 1980-81 and raised additional demands for Rs. 10,186 and Rs. 60,219 respectively. The department also imposed (June 1985) on the dealer penalty of Rs. 10,000 and Rs. 69,800 for the years 1979-80 and 1980-81 respectively as the taxes paid by him for the years were less than 80 per cent of the taxes reassessed. Report on recovery is awaited (February 1986).

(*iii*) The Act also provides for set-off of taxes paid on purchases of raw material used in the manufacture of certain specified non-taxable commodities such as cotton fabrics, rayon or artifical silk fabrics, woolen fabrics, provided the manufactured goods are exported out of the territory of India.

At Bombay, the sales of a manufacturer of yarn, garments and cloth during the year 1973 amounted to Rs. 42,72,53,596 (taxable goods yarn including garments: Rs. 57,90,200, waste: Rs. 44,11,138 and tax free goods cloth: Rs. 41,70,51,598). As the dealer was not able to indentify the purchases consumed in the manufacture of taxable goods and the cloth exported out of India (Rs. 9,00,73,082) the set-off admissible was determined (at Rs. 7,02,017) based on the ratio of value of taxable goods and exports to the value of local sales. It was, however, pointed out (June 1980) in audit that the set-off should have been calculated based on the ratio of value of taxable goods/exports to amount of total sales and not local sales alone and that the sales of cotton waste amounting to Rs. 44,11,138 (which attracted tax under the Act) should also have been taken into account for this purpose. As this was not done, it had resulted in under-assessment of tax by Rs. 1,36,061.

On this being pointed out in audit (June 1980), the department admitted the mistake and revised (January 1985) the assessment order suitably while considering the appeal of the dealer which was pending before Appellate Authority since November 1977.

(*iv*) The benefit of set-off is admissible in respect of purchases made by a dealer after he is registered under the Act. He is not entitled to any set-off in respect of the purchases made prior to the date of his registration.

At Bombay ,a reseller and exporter of iron and steel (regisrered in December 1977) was allowed set-off of tax amounting to Rs. 3,90,327 in respect of the assessment period from 8th December 1977 to 30th June 1978. A scrutiny of assessment records showed that some of the purchases in respect of which the set off was allowed had been made by him prior to the date of his registration. The department was, therefore, requested (January 1980) to recheck the correctness of the set-off allowed to the dealer.

On verification, the department observed that set-off in respect of purchases of iron and steel valuing Rs. 29,27,821 made by the dealer was not admissible as these goods had been purchased and exported before he had got himself registered under the Act. The department accordingly raised (October 1984) an additional demand for Rs. 1,03,815 against the dealer. Report on recovery is awaited (February 1986).

(*v*) In Bombay, a manufacturer of playing cards was allowed set-off of Rs. 41,743 for the year 1976-77 in respect of purchase of art paper valuing Rs. 7,28,874 subject to production of purchase vouchers/bills showing payment of tax. Although the dealer did not produce the required evidence, the set-off allowed was not withdrawn. In the absence of such evidence, the purchases should have been treated as having been made from unregistered dealers and subjected to purchase tax.

Further, the dealer had been given set-off in respect of tax paid on other purchases also made from registered dealers. Although such purchases amounted to Rs. 40,47,260, for purposes of allowance of set-off, the purchases were erroneously taken as Rs. 41,16,682.

On the mistakes being pointed out in audit (February 1982), the department revised (June 1983) the assessment order and raised additional demand for Rs. 66,889 by way of (*i*) disallowance of set-off of Rs. 41,743 in respect of art paper (*ii*) levy of purchase tax of Rs. 21,866

and (*iii*) disallowance of set-off of Rs. 3,280 due to difference in purchase turnover. Report on recovery is awaited (February 1986).

(*vi*) While computing the set-off of tax to be allowed to a manufacturer of juice, jams, jelly, squash, etc., in Nagpur in respect of materials used by him for packing manufactured goods during the year 1978-79, the assessing officer inadvertently reckoned the tax paid by the manufacturer on purchase of raw materials as Rs. 2,37,731, although the tax actually paid by him amounted to Rs. 1,78,831. The mistake resulted in set-off being allowed in excess by Rs. 58,900.

On this being pointed out in audit (June 1984). the department stated (May 1985) that rectification order had been passed and an additional demand for Rs. 58,900 raised against the dealer. Report on recovery is awaited (February 1986).

(*vii*) On sale of mineral turpentine oil, tax was leviable at 5 per cent, whereas on sale of vegetable turpentine oil, tax was leviable at 12 per cent. A manufacturer of paints had purchased mineral turpentine oil, but in assessing him for the period 1977-78 to 1980-81, the assessing authority allowed set-off in respect of the tax paid on turpentine oil with reference to the rate of 12 per cent, instead of 5 per cent. The mistake resulted in tax being levied short by Rs. 35,948 (including additional tax).

On the mistake being pointed out in audit (December 1983), the department revised (September 1984) the assessment for the years 1979-80 and 1980-81, and raised further demand for Rs. 20,434 (including additional tax), which was recovered from the dealer in November 1984. The assessments for the years 1977-78 and 1978-79 could not be revised as the action was barred by limitation, resulting in loss of revenue amounting to Rs. 15,514.

(*viii*) In assessing a Bombay dealer (manufacturer-*cum*-reseller of dyes and chemicals) for the year 1976-77, the assessing officer allowed a set-off of tax amounting to Rs. 20,168 in respect of the dealers' purchase of goods from registered dealers, treating those goods as having been sold in the course of inter-State trade or commerce. The set-off allowed was not correct, as most of the goods purchased from the registered dealers were actually sold within the State and not in the course of inter-State trade or commerce.

On this being pointed out in audit (March 1982), the department verified the dealer's records and found that set-off had been allowed in excess by

Rs. 14,945. The department, therefore, revised (March 1984) the assessment and raised an additional demand for Rs. 14,945 *plus* additional tax of Rs. 1,505 and penalty of Rs. 11,000. Report on recovery is awaited (February 1986).

(*ix*) Due to computation error, a manufacturer of dyes and chemicals, at Bombay was allowed set off in excess of that admissible by Rs. 25,019.

On this being pointed out in audit (August 1984), the department rectified the mistake and raised the additional demand for Rs. 25,019. Government stated in February 1986 that the entire additional demand had since been recovered.

(*x*) In Bombay, a manufacturer of thinners and fevicol was allowed full set-off of Rs. 18,273(1976)and Rs. 15,145 (1977) in respect of tax paid on purchases of solvent oil and paints valuing Rs. 2,52,668 (1976) and Rs. 2,09,406 (1977). It was noticed in audit that the prices of the goods were not compared with prices of similar goods sold by manufacturers, producers and importers, and the set-off computed was not reduced.

On this being pointed out in audit (December 1980), the department rectified the assessment orders for the years 1976 and 1977 and raised additional demand for Rs. 19,680 (including additional tax) in respect of both the years.

The case was reported to Government in August 1985; Government stated (December 1985) that the entire amount had been recovered in October 1984.

(*xi*) At Bombay, a reseller of electric motors, fans and machinery, etc., was granted set-off of Rs. 21,467 in respect of tax paid on certain purchases amounting to Rs. 2,39,166, which were stated to have been made by the dealer from registered dealers and resold in the course of inter-State trade or commerce. But actual purchases from registered dealers amounted to Rs. 42,075 only. The assessing authority failed to notice this fact, resulting in set-off being allowed in excess.

On this being pointed out in audit (January 1983), the assessing authority revised (November 1984) the assessment order and raised additional demand for Rs. 19,054 (including additioal tax of Rs. 1078). Report on recovery is awaited (February 1986).

(*xii*) At Bombay, a dealer was allowed a set-off of Rs. 36,821 in the years 1977, 1978 and 1979 on the ground that he was a manufacturer and had used the raw material purchased by him in the manufacture of taxable goods within the State. The dealer was actually not manufacturing the goods within the State of Maharashtra, but was sending the raw material purchased by him to his branch office outside the State for getting the goods manufactured there. The set-off allowed to him was, therefore, incorrect.

On this being pointed out in audit (November 1983), the department revised (September 1984) the assessment orders and disallowed the set-off of Rs. 36,821. However, during the revision proceedings the dealer claimed refund of tax amounting to Rs. 19,678 in respect of the three years, stating that he had despatched the *raw materials to his branch office* outside the State. Therefore, the department modified the additional demand to Rs. 18,727 (including additional tax: Rs. 584 and penalty: Rs. 1,000). Report on recovery is awaited (February 1986).

(*xiii*) At Jalna, a manufacturer of hand tools was allowed a set-off of Rs. 1,33,873 based on the taxes of Rs. 2,03,431 (Rs. 1,15,755 on account of sales tax and Rs. 87,676 on account of general sales tax) said to have been paid by him separately on the purchase of raw material valuing Rs. 23,18,597. This amount of Rs. 87,676 included a sum of Rs. 18,096 reportedly paid as general sale tax on purchase of a Barter Manual Machine. But the purchase price of this machine had not been taken into account while computing the set-off admissible. The tax of Rs. 18,096 should not, therefore, also have been taken into account while allowing the set-off. After excluding the amount of Rs. 18,096 from the taxes paid by the dealer the correct amount of set-off admissible to him worked out to Rs. 1,15,777, as against Rs.1,33,873 actually allowed by the assessing authority. The dealer had, therefore, been allowed set-off in excess by Rs.18,096.

On this being pointed out in audit (October 1982), the department reduced the set-off and raised (August 1984) an additional demand for Rs. 18,096. Report on recovery is awaited (February 1986).

(*xiv*) At Bombay, a manufacturer of electrical goods was allowed, while finalising assessment for the year 1976-77, a set-off of Rs. 55,385, as against set-off of Rs. 41,785 actually admissible. This resulted in tax being levied short by Rs. 1 ,236 (including additional tax of Rs. 863) and tax amounting to Rs.873 levied short due to another mistake in computing the amount of set-off.

On the mistakes being pointed out in audit (October 1982), the department reassesed the dealer (November 1984) and raised additional demand for Rs. 15,236. Report on recovery is awaited (February 1986).

(*xv*) In Bombay, in the case of a dealer manufacturing goods covered by Schedule B (Declared goods) as well as other goods, the assessing officer had allowed set-off, taking the turnover of goods covered by Schedule B as 70 per cent and of other goods as 30 per cent of the total turnover, without indicating the basis for arriving at the above percentages. On being requested by audit (November 1980) to clarify the position, the department, on reverification, found that the turnover of declared goods and other goods actually comprised 56 per cent (Rs. 27,83,805) and 44 per cent (Rs. 21,46,491) respectively and accordingly revised (March 1982) the assessment order, raising an additional demand for Rs. 14,076. Government stated in October 1985 that the entire amount had since been recovered.

(*xvi*) In respect of goods valuing Rs. 22,14,068 purchased by a dealer in Maharashtra and transferred to his factory in Vapi (Gujarat), set-off amounting to Rs. 18.978 was allowed, although set-off amounting to Rs. 6,328 only was admissible. The mistake resulted in set-off being allowed in excess by Rs.12,650.

On the mistake being pointed out in audit (July 1984), the department recalculated the set-off and raised additional demand for Rs.14,067. Government stated in December 1985 that the entire amount has since been recovered.

(*xvii*) In assessing a textile mill for the years 1978-79 and 1979-80, the set-off to be allowed in respect of tax paid on purchases of raw material was calculated, taking fifty per cent of the purchases as electrical goods (taxable at 10 per cent) and the remaining fifty per cent as items coverd by the residuary entry of schedule E to the Act (taxable at 8 per cent). The set-off allowed was not correct, as some of the goods purchased were different and carried lower rates of tax. The purchases comprised hessian valuing Rs. 2,67,981 (taxable at 3 per cent); M.S. sheets valuing Rs. 73,246 (taxable at 4 per cent); caustic soda valuing Rs. 51,322 (taxable at 5 per cent); paper valuing Rs. 51,240 (taxable at 5 per cent) and copper wire valuing Rs. 34,407 (taxable at 5 per cent). The mistakes resulted in set-off being allowed in excess by Rs. 13,482.

On the mistakes being pointed out in audit (March 1984), the department rectified the assessment order and raised further demand for Rs.13,482, which was recovered in December 1984.

(*xviii*) In Bombay, a manufacturer of auto-parts was allowed a set-off of Rs.70,058 after applying a reduction of 10.11 per cent (in the total set-off admissible) on account of manufactured goods transferred to branches outside the State. Actually, however, the value of goods transferred to branches outside the State (Rs. 23,46,200) worked out to 12.62 per cent of the total value of goods manufactured for sale (Rs.1,62,50,843).

On this being pointed out in audit (March 1983), the department revised the assessment order (January 1984) and raised additional demand for Rs. 13,134.Report on recovery is awaited(February 1986).

(*xix*)In the case of a dealer of Bombay, set-off was allowed based on taxes paid on purchases of solvent oil made during the period 1st July 1979 to 30th June 1980. It was pointed out to the department, in March 1984 that the prices of the goods were not compared with prices of similar goods sold by manufacturers, producers and importers and the set-off computed was not reduced.

Upon this, the department rectified (August 1984 and January 1985) the assessment and raised a demand for Rs.11,283 against the dealer. Report on recovery is awaited(February 1986).

(*xx*) At Bombay, a manufacturer of auto parts and rubber compound was allowed set-off amounting to Rs. 27,886, as against set-off of Rs.17,886 actually admissible. The excess set-off amounting to Rs.10,600 (including additional tax of Rs.600) was the result of an arithmetical mistake in calculation.

On the mistake being pointed out in audit (May 1984), the department rectified(June 1985) the assessment order and raised an additional demand for Rs. 10,600. Government stated in January 1986 that the entire amount had since been recovered.

(*xxi*) In Bombay, in assessing a manufacturer of chemicals for the year 1974-75, set-off in respect of his purchases of petroleum products valuing Rs.4,83,201 had been allowed at the rate of 8 per cent, instead of at the correct rate of 5 per cent. In another case of purchases amounting to Rs. 15,274, set-off was allowed at the rate of 5 per cent, instead of at the correct rate of 8 per cent.

On this being pointed out in audit (October 1980), the department reverified the dealer's records and found that the dealer was actually entitled to set-off at the rate of 5 per cent on purchases of Rs. 3,27,939, at 15 per cent on purchases of Rs.1,44,262 and at 8 per cent on purchases of Rs.15,274. In respect of purchases of Rs.11,000 (tax free) the dealer was not entitled to any set-off. Similarly, set-off amounting to Rs. 572 had been wrongly allowed to the dealer on purchases of goods valuing Rs.9,429 on which also he had not paid any tax under the Bombay Sales Tax Act. The department accordingly revised (March 1985) the assessment and raised additional demand for Rs.10,272 (including additional tax of Rs.581). Government stated in January 1986 that the entire amount had since been recovered.

(*xxii*) A manufacturer of Bombay was allowed set-off amounting to Rs.14,620 in respect of his purchases of turpentine oil valuing Rs.2,02,308 without ascertaining whether the commodity was vegetable turpentine oil (taxable at 12 per cent) or mineral turpentine oil (taxable at 5 per cent). Without ascertaining the precise nature of the goods purchased and the rate of tax applicable to them, the grant of set-off to the dealer was irregular.

On this being pointed out in audit (May 1982), the department, after ascertaining that the commodity involved was mineral turpentine (taxable at 5 per cent), revised (June 1984) the assessment and raised further demand for Rs. 10,162, which was recovered from the dealer in December 1984.

(*xxiii*) In assessing a manufacturer of country liquor at Nagpur for the assessment year 1981-82, the purchase tax leviable on purchase of empty bottles valuing Rs. 1,93,013 was erroneously computed (March 1984) at Rs. 2,790, although it actually worked out to Rs. 5,790. Further, he was allowed to set-off, from the taxes payable by him, Rs. 58,710, in respect of tax paid purchases of rectified spirit (valuing Rs. 4,61,000) although set-off amounting to Rs. 50,710 only was admissible. In the result, tax was realised short by Rs. 11,660 (including additional tax amounting to Rs. 660).

On the mistake being pointed out in audit (June 1984), the department recovered (November 1984) the amount of Rs. 11,660 from the dealer.

The case was reported to Government in April 1985; Government confirmed the above facts (October 1985).

(*xxiv*) At Nagpur, a manufacturer dealing in cut-size timber and logs was allowed a set-off of tax amounting to Rs. 15,139 in the year 1979 in respect of purchases of raw material (logs) valuing Rs. 5,90,080. The set-off was not admissible, as the dealer had not sold any manufactured goods but had resold the raw material itself.

On the mistake being pointed out in audit (February 1984), the department raised (September 1984) an additional demand for Rs. 26,139, including penalty amounting to Rs. 11,000.

The matter was reported to Government in April 1985; Government stated (September 1985) that action for recovery was in progress. Report of recovery is awaited (February 1986).

(*xxv*) In Nagpur, a manufacturer of aerated water was alllowed to set-off Rs. 50,454 and Rs. 18,042 (from tax payable on sale of manufactured goods) in respect of taxes paid by him on raw materials used in manufacture during the period from 4th July 1979 to 31st March 1980 and 1st April 1980 to 31st March 1981 respectively. Part of the manufactured goods had been transferred by the dealer to his branches outside the State, but the set-off was not proportionately reduced on account of such transfers.

On the mistake being pointed out in audit (June 1984), the department re-assessed this case and raised (May 1985) an additional demand for Rs. 12,786.

The case was reported to Government in July 1985; Government accepted the mistake (October 1985). Report on recovery is awaited (February 1986).

(*xxvi*) In assessing a dealer for the years 1978-79, 1979-80 and 1980-81 his total purchases from the registered dealers were determined at Rs. 17,26,376. Out of these, purchases amounting to Rs. 8,41,860 were considered for grant of set-off of tax and the remaining goods valued at Rs. 8,84,516 were assumed to have been resold by the dealer. It was noticed in audit (August 1982) that the total resales of the dealer during these three years were Rs. 16,30,420. As the amount of resales (Rs. 16,30,420) was disproportionately more than the purchase value of goods (Rs. 8,84,516) assumed to have been resold, it appeared, that either the value of goods resold or the amount of set-off allowed in these assessments was incorrect.

On this being pointed out in audit (August 1982), the department revised (April 1985) the assessments, reducing the amount of set-off by Rs. 30,228. Report on recovery is awaited (February 1986).

(*xxvii*) During the year 1976-77 a manufacturer of tractors had made purchases amounting to Rs. 73,07,839 from registered dealers. Of these, purchases amounting to Rs. 4,39,084 (six per cent) were made at concessional rate of tax by furnishing declarations in the prescribed form 'F 15' and the remaining purchases amounting to Rs. 68,68,755 (94 per cent) were made on payment of full tax. In that year, the dealer's total sales turnover amounted to Rs. 2,32,81,360. Out of this, sales amounting to Rs. 1,01,38,400 (43.55 per cent) were made within the State and the remaining 56.45 per cent of the manufactured goods etc., were transferred by him to his branches outside the State otherwise than by way of sale. Based on the prescribed formula, the dealer was entitled to a set-off in respect of taxes paid on raw material amounting to Rs. 89,726. But he was erroneously allowed a set-off Rs. 1,00,486 by the assessing officer. The set-off allowed to him in excess amounted to Rs. 10,760. The allowance of excess set-off also resulted in short levy of additional tax to the extent of Rs. 705.

On this being pointed out in audit (August 1983), the department revised the assessment order in July 1984 and raised an additional demand for Rs. 11,465 (including additional tax of Rs. 705). Report on recovery is awaited (February 1986).

The above cases were reported to Government between April 1985 and September 1985, their reply is avaited (February 1986), except in inspect of subparagraph ix, xv, xvi, xx and xxi.

2.5. Loss of revenue due to failure to initiate timely action

Under the Bombay Sales Tax Act, 1959, and the rules made thereunder, a registered dealer, holding an authorisation certificate, can purchase goods, without payment of tax, by furnishing a declaration (in form 14) to the effect that the goods purchased would be re-sold in the course of inter-State trade or commerce or in the course of export out of the territory of India in the same form in which they were purchased and without doing anything to them which would amount to manufacture. If, however, the goods so purchased are not sold according to the recitals of the declaration, the dealer is liable to pay purchase tax on the value of goods purchased.

(*i*) A manufacturer and exporter of motor vehicles in Pune entered into a contract with certain body-builders in Bombay for building bodies/coaches on the chassis supplied by the manufacturer. The vehicles with the bodies fitted thereon were to be exported out of India by the manufacturer. In 1974-75, he issued declarations that the bodies/coaches valuing Rs. 67,03,476 purchased by him from the body-builders would be re-sold in the course of export. It was pointed out in audit (May 1978) that since the goods exported out of India were motor vehicles (i.e. complete buses) and not mere bodies of buses which were purchased based on the declaration, there was contravention of the recitals of the declaration for which purchase tax on purchase value of the bodies was leviable under the provisions of the Act. The Deputy Commissioner of Sales Tax contended (November 1979) that if the dealer had purchased bus bodies affixed to chassis and exported them without doing anything there was no contravention of the recitals of the declaration and, therefore, there was no need to levy the purchase tax, The matter was referred by audit to the Commissioner of Sales Tax in September 1980. The latter initially stated (August 1981) that an identical issue was before the Maharashtra Sales Tax Tribunal in respect of another dealer and that the decision of the Tribunal would be awaited, Subsequently, in November 1982 he intimated that, in his opinion also there was no contravention of the recitals of the declaration given by the party. However, in June 1983 he intimated that on re-examining the issue involved he agreed with the views of the audit and that necessary instructions were being issued to the concerned assessing officers. As a result of these instructions, the department assessed (June 1983 and July 1983) the dealer for the years 1975-76, 1976-77 and 1977-78 and held that in respect of purchases of bus bodies amounting to Rs. 215.51 lakhs during these three years, based on the declarations, there had been contravention of recitals entailing levy of additional purchase tax of Rs. 25.86 lakhs (gross). As per the Commissioner's instructions, the dealer was also allowed set-off under Rule 41-A of the purchase tax levied by him, treating the dealer as a manufacturer of buses. In effect, the dealer had to bear purchase tax of 3 per cent only on the total purchase of Rs. 215.51 lakhs on declarations for the said contravention. However, in respect of the assessment year 1974-75, it was stated that although the turnover attracting contravention was Rs. 67.03 lakhs, entailing additional purchase tax of Rs. 2.12 lakhs (net) no action could be taken as the case had become time-barred.

In this connection, it is significant to mention that in a similar case of a Bombay dealer that was stated to be before the Tribunal, the initial assessment was done in October 1977, wherein purchase tax of Rs. 1,00,848 (gross) was levied for contravention of declarations relating to purchases of bus bodies on the same ground as expressed by audit in the case of the Pune dealer. The first appeal filed by the Bombay dealer was rejected in December 1978 and the dealer filed his second appeal before the Tribunal in March 1979. The department continued to defend before the Tribunal right from March 1979 that the transactions attracted levy of purchase tax and in the judgement given by the Tribunal in March 1985 also, the levy of purchase tax under Section 14 was upheld.

Thus, the inconsistent approach of the department in these two cases involving identical issues and holding over the issue of instructions upto June 1983 on the plea of identical issues being before the Tribunal had not only led to the dealy in the recovery of purchase tax of Rs. 6.85 lakhs (net), inclusive of additional tax of Rs. 0.39 lakhs, but also loss of revenue of Rs. 2.12 lakhs, the reopening of the assessment for 1974-75 having become time-barred. Examination of audit view point promptly would have led to realisation of additional revenue of Rs. 8.97 lakhs in 1978-79 itself.

(*ii*) Under the provisions of the Bombay Sales Tax Act and the rules made thereunder a manufacturer is entitled to purchase at a concessional rate of tax (on the strength of recognition issued to him by the Commissioner in this behalf) raw materials required by him for use within the State in the manufacture of taxable goods for sale. If the manufactured goods are not sold, the dealer is liable to pay purchase tax for breach of the conditions prescribed for such purchases at concessional rate of tax.

At Bombay, a manufacturer of medicines had despatched, during the year 1975, 18.23 per cent of his total manufactured goods to his branches outside the State otherwise than by way of sale. The raw material used in the manufacture of the goods had been purchased partly on payment of full tax and partly on payment of tax at a concessional rate on the strength of recognition granted to the dealer. As part of the manufactured goods were eventually not sold, the dealer was liable to pay purchase tax in respect of such portion of the raw material, as was used in the manufacture of goods, which were transferred outside the State otherwise than by way of sale. The purchase tax leviable, but not levied in

this case, worked out to Rs. 33,915. Further the dealer had been allowed set off amounting to Rs. 79,558 in respect of tax paid on raw material, which was not correct, as the dealer had committed a breach of the conditions of the purchase of raw material at the concessional rate. Besides, additional tax amounting to Rs. 6,808 was leviable on the aforesaid liability of Rs. 1,13,473 (Rs. 33,915+Rs. 79,558).

On this being pointed out in audit (January 1982), the department stated (February 1984) that the points raised in audit had been noted for calculating set off in respect of subsequent years and that in the instant case no action was feasible, as the case was barred by limitation.

(*iii*) Under the Bombay Sales Tax Act, 1959, both an agent and his principal are jointly and severally liable for the payment of tax leviable on sales within a State made by the agent on behalf of his principal. Where a Commission agent, who has received goods for sale as agent, transfers the goods from agency account to his own business account or to his personal account, thereby terminating his agency, he becomes the owner of the goods and such a transfer becomes the first sale in the State. This position in law was confirmed by the Maharashtra Sales Tax Tribunal Judgement dated 25th February 1972 in the case of M/s. Dattulal Nandulal Agrawal and Company.

A wholesale dealer in Nagpur acted as the selling agent for his principal outside the State during the period from 4th November 1975 to 23rd October 1976. He received edible oil valuing Rs. 22.75 lakhs on consignment basis, on which no tax was leviable since no sale had taken place. Before selling the goods in the State, he transferred the goods to his own personal account as between principal and principal, thereby terminating his agency in the edible oil. Out of the oil so purchasesd by him, oil valuing Rs. 14.27 lakhs was transferred by him in his capacity as a principal to his agent outside the State and no tax was paid on such transfer because it was not a sale. On the sale of goods valuing Rs. 22.75 lakhs between principal and principal, the wholesale dealer was liable to pay State sales tax. However, the tax was paid on sales valuing Rs. 8.48 lakhs only, effected within the State, excluding the sales of Rs. 14.27 lakhs, which were transferred to his agents outside the State. The tax not levied amounted to Rs. 42,810.

On the mistake being pointed out in audit (December 1984), the department agreed to examine the case (December 1984). The assessment was finalised in June 1978. The assessment file was requisitioned in audit

for examination in March 1980, but it was made available by the department only in December 1984. In the meanwhile, the rectification in assessment became barred by limitation in November 1984. Revenue of Rs. 42,810 was thus lost to Govermnent.

(*iv*) Under the Bombay Sales Tax Act, 1959, if a registered dealer does not furnish returns in respect of any period by the prescribed date, the Commissioner shall, at any time within eight years from the end of the year in which such period occurs, after giving the dealer a reasonable opportunity of being heard, proceed to assess, to the best of his judgement, the amount of tax, if any, due from him. The dealer is also liable to pay penalty for the concealment of his turnover.

A dealer in Nagpur (with head office at Bangalore), registered under the Bombay Sales Tax Act, 1959, with effect from 17th November 1973, did not file any returns. The assessing officer issued a notice to the dealer only in October 1983, assessed the dealer to the best of his judgement in December 1983 and raised a demand for Rs. 32,380 (including penalty amounting to Rs. 13,388) for the assessment period ending June 1974. However, on appeal by the assessee, the assessment order was set aside on the ground of limitation. The delay in making the assessment thus resulted in loss of revenue amounting to Rs. 32,380.

(*v*) The Bombay Sales Tax Act, 1959 provides that if a dealer does not pay the tax due from him within the time prescribed, he is liable to pay penalty at the rate of one and one half per cent of tax each month for first three months and at two per cent each month thereafter till the default continues. The Commissioner, on his own motion, can revise any assessment order passed by any subordinate officer, within five years of the date of the original order after giving the dealer an opportunity of being heard.

In Pune, a dealer in dyes and chemicals had, during the year 1972-73, failed to pay tax within the prescribed period. A penalty of Rs. 25,339 was leviable for the delay in payment, but it was not levied, while making the assessment in January 1977.

On the omission being pointed out in audit (March 1978), the Deputy Commissioner instructed (July 1978) the concerned assessing officer to ensure that the assessment order was revised before it became time-barred. He also informed audit in June 1982 and February 1983 that

the revision action was in progress. However, in July 1985 the department intimated that the case was barred by limitation, Failure to take timely action thus resulted in loss of revenue amounting to Rs. 25,339.

(*vi*) Under the provisions of the Bombay Sales Tax Act, 1959, and the rules made thereunder, a manufacturer who has paid taxes on the raw materials used in the manufacture of goods, sale of which is taxable, or used for purposes of packing of goods so manfactured, is allowed to set off, from the tax payable on the sale of manufactured goods, an amount based on the taxes paid. When the purchsae price of raw materials is inclusive of taxes, the set-off to be allowed is worked out according to a formula. If the manufactured goods are transferred by the dealer to his branches or agents outside the State of Maharashtra, otherwise than by way of sale, the quantum of set-off is reduced in the proportion, which the value of goods transferred to branches outside the State bears to the total value of taxable goods sold.

An assessee in Akola, manufactured oil from oil seeds and in the process of manufacture, by-product *viz*.oil cake (sale of which was not taxable) was also obtained. The dealer transferred part of the manufactured goods to his branches outside the State, otherwise than by way of sale. For purposes of allowing set-off on account of taxes paid on raw material, the proportion of manufactured goods transferred out of the State was worked out with reference to the total turnover of the dealer including value of the by-products (sale of which was not taxable), which was not correct, as such proportion is required to be worked out with reference to the total value of taxable goods sold only. The mistake resulted in set-off being allowed in excess by Rs. 25,779 during the year 1969-70 (the assessment for which was completed in April 1979).

The assessment file was requisitioned by audit for examination in March 1981, but was supplied by the department only in August 1984. In the meanwhile, rectification of the mistake in assessment became barred by limitation in April 1982. The amount of Rs. 25,779 could not, therefore, be recovered from the dealer.

(*vii*) The Bombay Sales Tax Act, 1959, provides that a manufacturing dealer holding valid recognition issued by the Commissioner is entitled to make purchases of raw materials at concessional rate of tax on the strength of recognition, provided the goods purchased by him are used by him within the State in the manufacture of taxable goods for sale. When the manufactured goods are despatched to branches outside the

State otherwise than as sale therof, the dealer is liable to pay purchase tax at prescribed rates on the purchase price of material used in the manufacture of goods so despatched. The Commissioner, on his own motion, can revise any assessment order passed by any subordinate officer within five years of the date of order after giving an opportunity to the dealer concerned for being heard.

In Pune, a manufacturer of dyes and chemicals effected, during the year 1972-73, purchases of raw materials valuing Rs. 56,98,396 on the strength of recognition granted to him. However, manufactured goods valuing Rs. 44,87,505 (out of total manufactured goods of Rs. 1,64,14,694) were transferred by him to his branches outside the State, otherwise than as a result of sale. In the assessment made in January 1977 the amount liable to purchaese tax was incorrectly worked out as Rs. 12 lakhs, instead of Rs. 15,57,560, resulting in short levy of purchase tax of Rs. 14,302.

On this being pointed out in audit (March 1978), the Deputy Commissioner instructed (July 1978) the assessing officer to ensure timely action to re-open the assessment. The department, however, intimated in July 1985 that the case was barred by limitation. Failure to take timely action thus resulted in loss of revenue amounting to Rs. 14,302.

The above cases were reported to Government between April 1985 and September 1985; their reply is awaited (February 1986).

2.6. Under-assessment of tax under the Central Sales Tax Act

Under the provisions of the Central Sales Tax Act, 1956, a dealer who sells, in the course of inter-State trade or commerce, goods other than declared goods, which are not supported by prescribed declarations is liable to pay tax at the rate of ten per cent or at the rate applicable to the sales tax law of the appropriate State, whichever is higher.

In Bombay, in respect of a manufacturer in plastic goods, deductions of Rs, 1,55,970 (1974-75) and Rs. 5,86,909 (1975-76) were given (in the assessments made under the State Act) on account of transferes to branches outside the State. When it was pointed out in audit (March 1980) that the deductions were not supported by the requisite certificates the department disallowed the deductions, rectified the assessments (February 1984) and levied Central Sales Tax of Rs. 20,597 (including penalty of Rs, 5,000) and Rs. 83,691 (including pentalty of Rs. 25,000) for the years 1974-75 and 1975-76 respectively, treating them as sales in the course of inter-State trade and commerce. The tax was levied at the rate of

10 per cent as these sales were not covered by " C " forms. The assessments for the years 1974-75 and 1975-76 made under the Bombay Sales Tax were also simultaneously revised (February 1984) and the dealer was allowed a set off of Rs. 4,908 and Rs. 17,607 respectively. The net under-assessment worked out to Rs. 15,689 (1974-75) and Rs. 66,084 (1975-76). Report on recovery is awaited (February 1986).

The case was reported to Government in September 1985; their reply is awaited (February 1986).

2.7. Levy of tax at incorrect rate

Under the Bombay Sales Tax Act, 1959, on sale or purchase of goods, tax is leviable at the rates indicated in the Schedules to the Act. In respect of " decorative plywood " the Commissioner of Sales Tax had, in June, 1977, issued a determination order, indicating that the sales/purchases of decorative plywood were covered by entry 19-A(*b*) (*ii*) of Schedule E, attracting sales tax at 8 per cent and general sales tax at 3 per cent.

(*i*) At Bombay, sales of decorative plywood amounting to Rs. 8,21,903 and Rs. 4,20,100, made by a dealer during the years 1979-80 and 1980-81 respectively were assessed to sales tax at 5 per cent and general sales tax at 3 per cent under entry 22 of Schedule E, instead of sales tax at 8 per cent and general sales tax at 3 per cent, as per the determination order issued.

On this being pointed out in audit (July 1984), the department revised (May 1985 and August 1985) the assessments and raised additional demand for Rs. 22,622 (including additional tax of Rs. 1,281) and Rs. 13,359 (including additional tax of Rs. 756) for the years 1979-80 and 1980-81 respectively. Report on recovery is awaited (February 1986).

(*ii*) Under the Central Sales Tax Act, 1956, on inter-State sales of goods, tax is leviable at the concessional rate of 4 per cent provided the sales are supported by the prescribed declarations from the purchasing dealers. On inter-State sales of goods, other than declared goods, which are not supported by such declarations, tax is leviable at the rate of 10 per cent or at the rate applicable to the sale or purchase of such goods within the State, whichever is higher. Under the Bombay Sales Tax Act, 1959, on sales of deoorative plywood, tax is leviable at 11 per cent.

At Bombay, on inter-State sale of decorative plywood amounting to Rs. 22,26,102 (not supported by prescribed declarations) made by a dealer during the years 1979–80 and 1980–81, tax was levied at the rate of 10 per cent, instead of at the correct rate of 11 per cent. The mistake resulted in tax being levied short by Rs. 22,260.

On the mistake being pointed out in audit (July 1984), the department revised (May 1985) the assessment orders and raised additional demand for Rs. 22,260. Report on recovery is awaited (February 1986).

The above cases were reported to Government in August 1985 and September 1985; their reply is awaited (February 1986).

2.8. Incorrect determination of turnover of sales

Under the Bombay Sales Tax Act, 1959, 'Sale price' means the amount of valuable consideration paid or payable to a dealer for any sale made, and " turnover of sales " means the aggregate of the amount of sale price received and receivable by a dealer in respect of any sale of goods made during a given period. Under Rule 46 A of the Bombay Sales Tax Rules, 1959, for arriving at the taxable turnover, the dealer is allowed to exclude an amount, if any, collected by him separately by way of sales tax from sale price on which tax is leviable. If, however, sales tax has been collected and included in the sale price, but has not been separately shown by the dealer in his bills, cash memos, etc., he is allowed to deduct, from the sale price, a sum calculated in accordance with the formula given in Rule 46 A.

An assessee in Nagpur returned his turnover of Sales by adding expenses and gross profits to the purchase price. In assessing the dealer, the assessing officer allowed a deduction on account of sales tax stated to have been collected by the dealer, in accordance with the prescribed formula. But the dealer had not kept any separate account of sales tax, if any, collected by him from the customers. In fact, there was nothing on record to show that he had actually collected sales tax from the customers. In the absence of this information, no deduction on account of sales tax should have been allowed from the turnover. The incorrect determination of turnover resulted in tax being levied short to the extent of Rs. 5,897 and Rs. 7,334 in the assessment years 1979–80 and 1980–81 respectively.

On this being pointed out in audit (June 1984), the department revised the assessment (July 1984) and recovered Rs. 13,231 from the dealer in August 1984.

The case was reported to Government in April 1985; their reply is awaited (February 1986).

2.9. Irregular grant of concession

Under the provisions of the Bombay Sales Tax Act, 1959 and the rules made thereunder, a registered dealer holding a valid recognition under the Act, is entitled to make purchases of raw materials at a concessional rate of tax at three per cent, provided he furnishes a declaration (in Form 15), certifying that the goods purchased by him would be used by him within the State in the manfacture of taxable goods for sale.

(*i*) At Bombay, a reseller in dyes and chemicals had, during the year 1978–79 (S. Y. 2034), purchased goods valuing Rs. 6,79,060 on payment of tax at a concessional rate of three per cent, by furnishing the prescribed declaration. The concession availed of was irregular, as the dealer did not actually hold a valid recognition under the Act. The assessing authority failed to notice the irregularity while assessing the selling dealer in June 1981.

On this being pointed out in audit (September 1983), the department reassessed the selling dealer for two years 1978–79 (S. Y. 2034) and 1979–80 (S. Y. 2035) and raised additional demand for Rs. 39,090 (including additional tax of Rs, 1,770 and penalty of Rs. 7,818) and Rs. 4, 446 (including additional tax of Rs. 201 and penalty of Rs. 889) respectively. The dealer made full payment of these dues in July 1984 and September 1984.

(*ii*) By a notification dated 25th June 1981 under Section 41 of the Bombay Sales Tax Act, 1959, Government exempted levy of sales tax in excess of two per cent on sales of such goods as indigenous marine paints, food stuffs and food provisions of all kinds, if these were sold to the masters of ships bound for any place outside India and if such sales were supported by declarations in the prescribed form from the said masters of ships.

In Bombay, a manufacturer of machinery sold certain goods valuing Rs. 1,62,000 to a master of a ship and claimed benefit of the concessional rate, which was allowed by the assessing authority. Particulars of the goods sold being not available in the assessment records, the department was requested in May 1984 to indicate details of the goods sold. After verification, the department intimated in July 1984 that the goods sold

were certain machinery, on which concessional rate of tax was not admissible and that a demand for Rs. 10,303 had been raisd (July 1984) against the dealer. Report on recovery is awaited (February 1986).

(*iii*) Under the provisions of the Sales Tax Act, 1959, sales of goods by a registered dealer to the Central Government or any State Government for the purpose of official use by such Government and not for the purpose of resale or for use in manufacture of any goods for sale are exempt from payment of sales tax to the extent to which the amount of sales tax exceeds four per cent, subject to a declaration to that effect being furnished by an authorised officer of the Government department. The concession is not admissible to Government corporations and Municipal bodies.

In assessing a dealer manufacturing road rollers for the year 1978-79 sales of Rs. 2,47,800 made by him to a Government Corporation and a Municipal Council were subjected to tax at the conscesional rate of tax of four percent, based on the requisite declarations, which was irregular.

On this being pointed out in audit (May 1983), the department revised (July 1985) the assessment order and raised an additional demand for Rs. 10,507.

The above cases were reported to Government between June 1985 and September 1985; their reply was awaited (February 1986).

2.10. Non-forfeiture of excess collection of tax

Under the provisions of the Bombay Sales Tax Act, 1959, any amount collected by a registered dealer by way of tax in excess of the amount of tax payable by him is forfeited to the Government.

(*i*) At Aurangabad, a manufacturer of High density polyethylene woven bags and sacks had collected taxes amounting to Rs. 1,85,488, on his sales made during the period from 1st July 1976 to 30 th June 1979. As this commodity was exempt from levy of tax by virtue of a notification issued by Government in December 1982, no tax was levied by the Sales Tax officer on assessment of the dealer. The tax collected by the dealer was also not forfeited by the Sales Tax Officer on the ground that the dealer had refunded it to the pruchasers concerned by issue of credit notes. The assessing officer, however, did not verify acknowledgements of the purchasers in respect of the alleged refunds.

On this being pointed out in audit (September 1981), the department, after verifying the facts, revised the assessments of the dealer and raised (November 1983) additional demands amounting to Rs. 1,55,533 in cases where the dealer was not able to produce any evidence in respect of refund of the taxes collected by him. Report on recovery is awaited (February 1986).

(*ii*) A dealer of electrical goods had, during the year 1979-80, collected tax amounting to Rs. 1,85,902, as against tax of Rs. 1,64,708 actually payable by him.

On the excess collection (Rs. 21,194) being pointed out in audit (June 1983), the department revised (November 1984) the assessment and raised an additional demand for Rs. 21,194. Department stated in December 1985 that the entire amount had since been recovered.

The above cases were reported to Government between August 1981 and September 1985; their reply is awaited (February 1986).

2.11. Non-levy or short levy of penalty

The Bombay Sales Tax Act, 1959, provides that if a dealer does not pay the tax due alongwith his return by the prescribed date, penalty should be levied at the prescribed rate after affording the dealer an opportunity of being heard. The amount of tax assessed or reassessed on the basis of the returns is required to be paid before the date specified in the demand notice. On default, the assessing authority may impose penalty at the prescribed rate for the duration of the delay.

Penalty is also leviable if a dealer conceals the particulars of any transaction liable to tax or does not furnish any return. If the amount of tax paid by the dealer is found to be less than eighty per cent of amount of tax assessed, reassessed or found due on revision of assessment, he is deemed to have concealed the turnover or knowingly furnished inaccurate particulars of turnover liable to tax and penalty is leviable not exceeding one and one half times the amount of tax.

As per the Central Sales Tax Act, 1956, penalty is leviable as per the corresponding provisions of the respective State Act.

(*i*) At Bombay, in 12 cases action to levy penalty for concealment of turnover was initiated during March 1979 to February 1984, but no follow-up action was taken by the department.

On the omission being pointed out in audit (between October 1979 and April 1984), the department raised additional demand for Rs. 8,60,939. Report on recovery is awaited (February 1986).

(*ii*) At Bombay and Aurangabad, in four cases, although action to levy penalty for late payment of tax had been initiated between January 1979 and August 1983, no follow-up action was taken by the department, with the result that the penalty remained unrealised.

On this being pointed out in audit (between October 1979 and September 1984), the department levied (January 1984 and August 1985) penalty amounting to Rs. 5,28,159 in these cases. Report on recovery is awaited (February 1986).

(*iii*) At Sangli, penalty for delay in payment of Central Sales Tax and for concealment of the transactions (assessable under the Central Act) by a dealer was not levied in respect of the assessment years 1968 to 1973.

On this being pointed out in audit (June 1977), the department levied (June 1984) a penalty of Rs. 4,24,217 for delay in payment of assessed dues for all the six years and Rs. 11,000 for concealment of the transactions. Report on recovery is awaited (February 1986).

(*iv*) At Bombay, in 8 cases although action to levy penalty for late payment of tax had been initiated between March 1979 and June 1982, no follow-up action was taken by the department.

On this being pointed out in audit (between April 1983 and February 1984), the department levied (between January 1984 and January 1985) penalty amounting to Rs. 2,01,312 in these cases. Report on recovery is awaited (February 1986).

(*v*) In four cases of concealment of turnover, after initiating (between August 1980 and December 1981) action for levy of penalty, the department did not take any follow-up action.

On this being pointed out in audit (between January 1982 and June 1983), the department levied penalty in all the four cases and raised additional demand for Rs. 1,68,765. Report on recovery is awaited (February 1986).

(*vi*) In the case of a dealer at Bombay, who had paid, along with his returns, less than eighty per cent of the amount of tax found to be due from him on assessment, no penalty was levied by the assessing authority.

On the omission being pointed out in audit (October 1984), the department levied (May 1985) penalty of Rs. 76,560 for concealment of turnover and Rs. 1,560 for delay in payment of assessed dues. Report on recovery is awaited (February 1986).

(*vii*) In assessing a dealer in Nagpur in February 1984, for the years 1979–80 and 1980–81, penalty for non-furnishing returns under the Bombay Sales Tax Act, 1959 and Central Sales Tax Act, 1956 was not levied but deferred. No action was taken subsequently also to levy penalty.

On the omission being pointed out in audit (June 1984), the department levied a penalty of Rs. 61,500 (Rs. 54,000 under the local Act and Rs. 7,500 under the Central Act) in May 1985.

The case was reported to Government in July 1985; Government accepted the omission (October 1985). Report on recovery is awaited (February 1986).

(*viii*) In the case of a dealer in Dhamangaon, proceedings for levy of penalty were started in March 1982 for not paying the tax along with the returns for the year 1978–79, but penalty amounting to Rs. 35,375 was not levied.

On the omission being pointed out in audit (April 1984), the department raised (June 1984) a demand for Rs. 35,375. Report on recovery is awaited (February 1986).

(*ix*) In the case of a dealer in Nanded, even though the tax paid alongwith the returns was less than eighty percent of the tax assessed, action to levy pentalty was not considered in the assessment order.

On this being pointed out in audit (May 1984), the department levied (February 1985) penalty of Rs. 13,700 for concealment of the turnover. Report on recovery is awaited (February 1986).

(*x*) On a manufacturer of copper tubes, who had not made payments of tax as per revised returns relating to the year 1976-77 till June 1981, a penalty of Rs. 14,699 was leviable, but penalty amounting to Rs. 2,033 only was levied.

On this being pointed out in audit (December 1983), the department rectified (December 1984) the mistake and raised additional demand for Rs. 12,666. Report on recovery is awaited (February 1986).

(*xi*) A registered dealer in Nagpur district sold goods purchased from within the State and also goods purchased from outside the State. In

assessing tax on his sales during the year, the Sales Tax Officer allowed a deduction of Rs. 1.40 lakhs from his sales turnover on the ground that the sales represented resale of goods purchased from registered dealers. The deduction allowed was not correct, as the amount of Rs. 1.40 lakhs included Rs. 1.30 lakhs in respect of goods purchased by the dealer from outside the State, sale of which attracted tax in the State (these being first-point sales in Maharashtra).

On the mistake being pointed out in audit (June 1982), the department revised the assessment and raised a further demand for Rs. 26,186 (September 1984) including penalty of Rs. 8000 for concealment of taxable turnover. Report on recovery is awaited (February 1986).

The above cases were reported to Government between April 1985 and September 1985; their reply is awaited (February 1986), except in respect of sub-paragraph (vii) above.

2.12. Excess remission of penalty

Under the provisions of the Bombay Sales Tax Act, 1959, the Commissioner or any Appellate Authority is empowered to remit the whole or any part of the penalty levied under the Act.

In August 1981, the Maharashtra Sales Tax Tribunal had held that for purpose of remission of penalty, excess payments made by the dealer should be determined on the basis of the difference between the amount of tax assessed inclusive of penalty imposed under section 36(3) of the Act and tax actually paid.

In Bombay, on a manufacturer of Cement, penalty of Rs. 55,333 was imposed by the assessing officer for delay in payments of tax for the year 1977. The penalty was remitted in December 1981 by the Appellate Assistant Commissioner of Sales Tax, who found that the dealer was entitled to a refund of Rs. 73,948 and that the interest payable in respect of this was more than the penalty levied. The grounds for refund were not in accordance with the principle contained in the above mentioned decision of the Tribunal. This resulted in refund amounting to Rs. 48,456 being allowed in excess.

On the mistake being pointed out in audit (October 1982), the department revised the assessment (July 1984) and raised additional demand for Rs.48,456. Report on recovery is awaited (February 1986).

The matter was reported to Government in October 1984; Government confirmed (August 1985) the facts.

2.13. Non-levy of general sales tax

Under the Bombay Sales Tax Act, 1959, a registered dealer holding a licence can purchase goods from another registered dealer without payment of general sales tax. However, when he resells these goods he is required to pay the general sales tax at the prescribed rate.

At Bombay, sales amounting to Rs. 6,05,210 of goods (specified in Schedule 'E' to the Act) made by a licensed dealer were not subjected to general sales tax. The omission resulted in tax amounting to Rs. 16,114 not being realised.

On this being pointed out in audit (January 1985), the department rectified (July 1985) the assessment order and raised an additional demand for Rs. 16,114 after deduction of retail sales tax of Rs. 1,513 which was wrongly levied in the assessment order. Report on recovery is awaited (February 1986).

The matter was reported to Government in September 1985; reply is awaited (February 1986).

2.14. Mistakes in Computation of turnover/tax

(*i*) At Bombay, the set-off admissible to a dealer in respect of tax paid on purchase of raw material from the tax payable on sale of manufactured goods was erroneously worked out as Rs. 55,757, instead of as Rs. 45,747. The mistake resulted in short levy of tax by Rs. 10,610 (including additional tax of Rs. 600).

The error was pointed out in audit in January 1985. Government stated in February 1986 that the entire amount had since been recovered.

(*ii*) In assessing (April 1982) a manufacturer of chemicals for the period July 1977 to January 1978, the tax leviable was, due to a computation mistake, worked out short to the extent of Rs. 25,103.

On the mistake being pointed out in audit (February 1984), the department revised the assessment order and raised (January 1985) an additional demand for Rs. 25,103. Report on recovery is awaited (February 1986).

(*iii*) In Bombay, the tax liability of a manufacturer of textile machinery parts for the year 1979-80 was assessed as Rs. 46,852, against which he had already paid a sum of Rs. 31,671 alongwith his returns. The net amount due from the dealer was, however, incorrectly computed as Rs. 5,181, instead of as Rs. 15,181, resulting in short recovery of tax by

Rs. 10,000. Further, as per the assessment records of the same dealer for the year 1980-81, he was liable to pay tax of Rs. 3,800(net) after adjustment of Rs. 21,573 already paid by him along with the returns. But instead of recovering Rs. 3,800 from him a sum of Rs. 3800 was refunded to him by the assessing authority. The mistake resulted in short levy of tax amounting to Rs. 7,600.

On the mistakes being pointed out in audit (July 1984), the department revised (December 1984) the assessments of the dealer and raised additional demands for Rs. 17,600 in respect of both the years. The entire amount was also recovered (January 1985) from the dealer.

(*iv*) At Bombay, in the year 1979-80 a manufacturer purchased raw material valuing Rs. 3,31,689 for use in manufacture of various types of tools and other goods valuing Rs. 1,64,703 which he resold to Government department.

In respect of the tax paid on raw material and other goods, the dealer was entitled to set-off of tax amounting to Rs. 16,359 and Rs. 4,744, but due to arithmetical mistakes, he was allowed set-off amounting to Rs. 26,359 and Rs. 6,588 respectively.

Further, on sales amounting to Rs. 1,36,016 made by him, tax leviable at the rate of 5 per cent was erroneously worked out as Rs. 5,800, instead of as Rs. 6,800. The mistakes resulted in tax being levied short by Rs. 12,844.

On the mistake being pointed out in audit (October 1984), the department revised the assessment and raised an additional demand for Rs. 12,844. Government stated in December 1985 that the entire amount has since been recovered.

(*v*) In the assessment of a dealer under the Bombay Sales Tax Act, 1959, the total tax payable for the year 1979-80, as per details in the assessment order worked out to Rs. 1,15,140 (sales tax : Rs. 74,672, general sales tax; Rs. 37,539 and purchase tax : Rs. 2,929). The tax payable was, however, erroneously computed as Rs. 1,05,140. This mistake resulted in under-assessment of tax by Rs. 10,600 (including additional tax of Rs. 600).

On the mistake being pointed out in audit (February 1985), the department accepted the audit objection. Government stated in February 1986 that the entire amount had since been recovered.

(*vi*) In Aurangabad, from a reseller of motor spares and tractor spares, tax was demanded short by Rs. 12,574 because sales valuing Rs. 1,00,000, although included in the taxable turnover, were omitted to be subjected

to tax at the rate of 12 per cent. There were totalling and other mistakes also. The mistakes were pointed in audit in September 1984. Action to rectify the assessment order is still awaited (February 1986).

(*vii*) Under the Bombay Sales Tax Act, 1959, liability to pay taxes arises when there is a sale of goods. However, if the supply of goods is in the nature of job work, there being no sale, liability to pay tax does not arise.

While assessing a dealer in Nagpur, supplying ballast to Railways, the Sales Tax Officer reduced the turnover of sales for the years 1978-79 and 1979-80 by Rs. 1.24 lakhs and Rs. 3.16 lakhs respectively, treating these amounts as received by the dealer towards job work for extracting ballast from Railway quarries at Chandrapur.

On cross checking by audit in May 1983, the District Collector, Chandrapur stated (August 1984) that there was no quarry (for ballast) belonging to Railways in the said areas and that the dealer had actually extracted unauthorisedly ballast from certain quarries belonging to State Government there, for which royalty and penalty amounting to Rs. 5,739 had been recovered from him. There being no job work on behalf of Railways, the incorrect reduction of sales had thus resulted in short levy of tax to the extent of Rs. 17,614 for the years 1978-79 and 1979-80.

On this being pointed out in audit (July 1982), the department agreed to examine the point (March 1985).

(*viii*) Under the Bombay Sales Tax Act, 1959, and the rules made thereunder, dealers are required to file returns periodically and pay taxes on the basis of such returns. When the assessment is made, demand for the tax still due is raised after giving credit for the tax already paid.

Credit for tax amounting to Rs. 12,711 paid by a dealer of electrical goods at Bombay, alongwith his returns, was allowed twice over, once at the time of assessment for the year 1976–77 and again while finalising the assessment for the year 1977-78.

On the mistake being pointed out in audit, the department verified the assessment records of the dealer for the years 1976-77 and 1977-78 and raised an additional demand for Rs. 12,711 by rectifiying (October 1984) the assessment order for the year 1977-78. Government stated in February 1986 that the entire amount had since been recovered.

(*ix*) Under the provisions of Bombay Sales Tax Act, 1959, if a registered dealer at the time of assessment fails to produce evidence in support of his returns, despite of a notice issued to him by the assessing officer,

the assessment of the dealer may be finalised as per best judgement of the assessing officer.

In the case of a dealer whose assessment for the year 1978-79 had been finalised on best judgement basis, it was noticed (December 1982) that his purchases (Rs. 14.02.018) did not compare favourably with his sales (Rs. 10,93,382) as per his returns. The dealer had been allowed a set-off of Rs. 55.493 on his purchases which were not proportionate to the sales.

When these discrepancies were pointed out in audit (December 1982), the department redetermined the sales at Rs. 18,30,103 and raised (January 1985) an additional demand for Rs. 90,780 (including penalty of Rs. 35,000 and additional tax of Rs. 3,157). Report on recovery is awaited (February 1986).

(*x*) At Bombay, a manufacturer of conveyor belts had failed to pay taxes payable for the year 1977-78 within the prescribed time, for which penalty of Rs.11,567 was levied by the Sales Tax Officer in his assessment order. The Sales Tax Officer also allowed a refund of Rs.10,240 to the dealer. On an appeal preferred by the dealer against the order of the Sales Tax Officer, the Appellate Assistant Commissioner of Sales Tax remitted the penalty to the extent of Rs.6,180, with reference to the refund of Rs. 10,240 allowed to the dealer in the assessment order.

It was, however, noticed (January 1983) in audit that due to clerical mistakes the refund had been allowed to the dealer in excess to the extent of Rs.9,540 (the refund actually due being Rs.700).

The mistake was reported to the department (January 1983) requesting it to review the case, rectify the mistake and regulate the remission of penalty with reference to the correct amount of refund due (Rs.700).

The department intimated in October 1984 that the assessment and appeal orders had since been revised (August 1984) and an additional demand for Rs.10,857 (Rs.9,000 towards excess set off, Rs.541 additional tax and Rs.1,316 on account of excess remission allowed in appeal) had been raised. Report on recovery is awaited (February 1986).

The above cases were reported to Government between April 1985 and September 1985; their reply is awaited (February 1986) except in respect of sub-paragraphs 2.14(i), (iv), (v) and (viii).

CHAPTER III

STATE EXCISE

3.1. Results of Audit

Test check of records relating to State Excise, conducted in audit during the year 1984-85, revealed short levy of excise duty amounting to Rs. 6.79 lakhs in 159 cases, which broadly fall under the following categories:—

		Number of cases	Amount (In lakhs of rupees)
(*i*)	Non-levy or short levy of excise duty on Indian made foreign liquor (IMFL) and country liquor and beer	8	0.44
(*ii*)	Short recovery of licence fees and privilege fees ..	38	2.50
(*iii*)	Short levy of supervision charges and escort charges	64	3.32
(*iv*)	Non-levy and short levy of interest on belated payments of toddy instalments.	48	0.35
(*v*)	Miscellaneous	1	0.18
	Total ..	159	6.79

Some of the important cases noticed in the year 1984-85 and earlier years are mentioned in the following paragraphs.

3.2. Short recovery of licence fees

Under the provisions of the Maharashtra Country Liquor Rules, 1973, a fee is payable on grant of licence to sell country liquor. The rate of fee payable is based on the population of the town or village in which the shop is located. The rates of licence fee for sale of country liquor were revised upwards in November 1981.

In Dhule district, in respect of 20 licensees selling country liquor in retail, licence fees were not based on the population, as per 1981 census and the revised rates. The mistake resulted in short recovery of licence fee amounting to Rs.2,35,800.

On the mistake being pointed out in audit (April 1984), the department stated (May 1985) that the amount of Rs.2,35,800 had since been recovered (May 1984 and June 1984) from the licensees.

The case was reported to Government in September 1985; their reply is awaited (February 1986).

3.3. Non-levy or short levy of excise duty

(*i*) In Maharashtra, Indian made foreign liquor is stored in bonded warehouses for sale to the consumers. Excise duty and vend fee on liquor is collected at the time of releasing the goods to trade for consumption. As per departmental instructions issued in April 1980, if any loss of spirit occurs due to breakages of containers or shortages, while the spirit is stored in bonded warehouses, the licensee is required to pay full excise duty on the quantity of spirit so lost.

In respect of losses of spirit due to breakages of containers and shortages in three bonded warehouses in Bombay, Solapur and Nagpur districts during the period from June 1981 to March 1983, excise duty amounting to Rs.22,056 was recoverable, but was not recovered.

On the omission being pointed out in audit (June 1982 and August 1983), the department recovered Rs. 22,056 between March 1983 and August 1984.

(*ii*) Under the Bombay Rectified Spirit (Transport in Bond) Rules, 1951, on wastages of spirit occurring during transit, duty is not levied, if wastage is upto half per cent per 160 kilometres of transit, which is the admissible norm where transport is in casks, vats and drums. Wastage in excess of the norm is required to be reported to the Commissioner of Prohibition and Excise and, if not explained to his satisfaction, duty is payable on the excess wastage.

As per records of a licensee at Nagpur, wastages of rectified spirit in transit from one place to another exceeded the prescribed limit by 739.87 proof litres during 1st January 1983 to 5th January 1984. On the excess wastage, duty amounting to Rs.18,497 was leviable, but was not levied.

On the omission being pointed out in audit (October 1984), the department stated (February 1985) that the entire amount of Rs.18,497 had since been recovered (December 1984) from the licensee.

(*iii*) As per a notification issued by Government, with effect from 13th March 1982, the rate of excise duty leviable on beer having alcoholic strength exceeding 8.75 per cent was raised form Rs. 45 to Rs.60 per proof litre and on beer having alcoholic strength not exceeding 8.75 per cent, duty was raised from Rs. 4 to Rs. 5 per bulk litre. However, as per notification dated 20th March 1984, on beer having alcoholic strength exceeding 8.75 per cent excise duty is leviable at the uniform rate of Rs. 7.50 per bulk litre.

In Solapur and Thane districts, two licensees were granted import permits before 13the March 1982 and 20th March 1984 respectively on payment of excise duty at the existing rates. The licensee at Solapur imported 5460 bulk litres of beer after 13th March 1982, while the licensee at Thane imported 5460 bulk litres of beer on 4th April 1984. But the differential duty consequent to revision of rates was not levied or recovered from the licensees. The omission resulted in excise duty being realised short by Rs.13,650.

On the omission being pointed out in audit (August 1983 and December 1984), the department stated (December 1984) that the entire amount had since been recovered in August 1984 and December 1984.

The above cases were reported to Government between April 1985 and September 1985. In respect of cases at (*ii*) and(*iii*) above, Government confirmed (May 1985 and September 1985) that the entire amount has been recovered. Government's reply in respect of case at (*i*) above is awaited (February 1986).

3.4. Non-levy of interest on belated payments

Licences for running toddy shops in the State are generally issued to the highest bidder in public auctions held for the purpose. Under the rules framed by Government, one fourth of the amount of the highest bid is to be paid on the spot or on the next working day by the successful bidder. The balance amount is required to be paid in seven equal monthly instalments within the time prescribed in the rules. If any monthly instalment is not paid on the due date, interest is chargeable at 18.5 per cent per annum on the instalments paid late.

In Parbhani district, eventhough arrears of instalments were recovered by the department, interest was not charged on the belated payments made by 10 licensees.

On the omissions being pointed out in audit (July 1984), the department recovered Rs. 26,954 as interest from the licensees in July 1984 and August 1984.

The case was reported to Government in August 1985; their reply is awaited (February 1986).

3.5. Non-recovery of supervision charges

The Prohibition and Excise Manual provides that in cases where excise staff is not specifically earmarked for molasses work, but is deputed from the regular establishment of the department for supervising transactions of molasses at sugar factories (licensees), charges for the services rendered by the excise staff should be recovered from the licensees.

It was noticed (January 1982) that the department had provided staff (a sub-inspector) to a sugar factory in Dhule district for supervising the work relating to issue of passes for transport of molasses, but had not recovered supervision charges from the factory.

On the omission being pointed out in audit (January 1982), the department recovered supervision charges amounting to Rs. 22,962 for the period April 1971 to March 1983 from the sugar factory in February 1984 and December 1984.

The case was reported to Government in August 1985; their reply is awaited (February 1986).

3.6. Short recovery of escort charges

The Bombay Foreign Liquor Rules, 1953, require that conveyance of foreign liquor consignments from the licensed premises of a trade and import licensee to the premises of another licensee be made under excise supervision. Whenever excise staff supervises such movements, escort charges are recoverable from the licensee for the days the escort is provided, at the rates prescribed by the department from time to time. The escort charges were revised from Rs. 14 per day to Rs. 20 per day from 1st August 1979 to Rs. 21 per day from 1st November 1979 and to Rs. 22 per day from 1st July 1980.

In one unit of Nagpur district, escort charges in respect of staff provided for supervision during the period from August 1979 to April 1981 were erroneously recovered at the old rate of Rs.14 per day. The mistake resulted in escort charges being revovered short by Rs. 13,723.

On the mistake being pointed out in audit (July 1981), the department stated (August 1984 and September 1984) that the entire amount of Rs. 13,723 had since been recovered (between January 1982 and September 1984) from the licensees.

The case was reported to Government in July 1985. Government stated (October 1985) that the entire amount had been recovered in January 1982 and September 1984.

CHAPTER IV

LAND REVENUE

4.1. Results of Audit

Test check of land revenue records, conducted in audit during the year 1984–85 in 179 offices out of 385 offices in the State ,disclosed non-levy and short levy of land revenue amounting to Rs. 7.84 crores.

Some of the important cases noticed in 1984–85 and in earlier years are mentioned in the following paragraphs.

4.2. Management of *nazul* and other Government lands in Vidarbha

1. *Introductory.—Nazul* land is unalienated land, which is used either for building purposes or for purposes of public convenience such as roads, markets or recreation grounds or which is likely to be used for such purposes in future. It is Government land which has a site value, as opposed to an agricultural value. Prior to the unification of land revenue laws for the whole State by the Maharashtra Land Revenue Code, 1966, effective from 15th August 1967, the nine districts of Vidarbha were governed by the Madhya Pradesh Land Revenue Code, 1954, effective from October 1955 and earlier by the Central Provinces Land Revenue Act, 1917 (for the districts of Nagpur, Wardha, Chandrapur and Bhandara) and Berar Land Revenue Code, 1928 (for the districts of Amravati, Yavatmal, Akola and Buldana). Both the Central Provinces and Berar land revenue laws provided for grant of *nazul* land for various purposes on occupancy rights (*i.e.* on payment of occupancy price and annual assessment) or lease basis (*i.e.* on payment of premium and ground rent calculated at a percentage of the premium). However, the Berar Land

Revenue Code provided that lessees, who held *nazul* lands prior to 1928 under leases entitling them to hold them in perpetuity, would be treated as occupants liable to pay only assessments.

The *nazul* lands are granted on permanent leases (generally for 30 to 50 years) or temporary leases for shorter periods. The permanent leases carry with them the right to renewal on a revised rent, based on the market value of the land at the time of renewal. The concept of lease of *nazul* lands continued under the Madhya Pradesh Land Revenue Code, 1954. The Maharashtra Land Revenue Code, 1966, which repealed the Madhya Pradesh Land Revenue Code, 1954, does not provide special provisions for this type of lands. However, special administrative orders were issued in November 1976 and January 1983 for renewal of the leases or resumption of such lands by Government under certain conditions stipulated therein.

The Collector of the district is in overall charge of the management and administration of *nazul* lands and Nazul Officers/Sub-Divisional Officers are responsible for the maintenance of records, disposal of lands, execution of lease deeds and assessment of premium and rent.

A test-check of the records relating to *nazul* lands and other Government lands in six out of nine districts of Vidarbha, conducted in audit between January 1985 and July 1985, revealed short assessment, non-realisation of revenue etc., as brought out in the succeeding paragraphs.

2. *Non-renewal of leases.*—In November 1976, Government took the view that leases granted prior to the coming into force of the Madhya Pradesh Land Revenue Code, 1954, would not be governed by the Madhya Pradesh Land Revenue Code, 1954 and the Maharashtra Land Revenue Code, 1966, but by administrative orders. It was accordingly decided that where the terms of the lease provided for the manner and extent of revision of rent, the leases should be revised as per those terms. In other cases of renewals due in or around 1948, the revised rates would be thrice the previous rent, as a special case, against the normal revised rates of six times the previous rents applicable under the Maharashtra Land Revenue Code, 1966. Further renewals should be at the normal rate of six times (later reduced to three times in January 1983) of the previous rate. These provisions were extended (January 1983) to fresh

leases due for first renewal in or around 1975 and further renewals in Nagpur and Amravati divisions.

(*i*) In Nagpur, Bhandara, Wardha and Chandrapur districts 18,387 leases, which became due for revision during the period 1952 to 1982, were not renewed. Reasons for non-renewal were not on record. Consequently, rents were not revised, resulting in short realisation of revenue amounting to Rs. 59.17 lakhs during the period April 1952 to March 1985.

(*ii*) 1489 leases in Wardha Town and 115 leases in Pulgaon (Wardha District) Town were due for renewal on 1st April 1954 and again on 1st April 1984. The leases were renewed only in April 1984 at the revised rent of thrice the previous rent, instead of nine times that amount. The non-renewal of leases in April 1954 and renewal at incorrect lower rates in April 1984 resulted in loss of revenue amounting to Rs. 10.10 lakhs for 30 years upto 1984 alone.

(*iii*) According to the orders issued by Government in January 1983, temporary leases of lands granted for residential or commercial purposes prior to the coming into force of the Maharashtra Land Revenue Code, 1966, can, even after the expiry of the periods of leases, be granted to the lessees either on occupancy basis or on leasehold rights for 30 years, subject to payment of lease rent at rates prevalent from time to time, based on the full market value of the land. 3353 *nazul* plots covering a total area of 20,81,614 square feet in Amravati, Chandrapur, Nagpur and Wardha districts, where temporary leases had expired from 1962-63 and onwards, were not regularised, nor was any rent realised from the occupants. Computed even at the rates applicable at the time of expiry of the lease periods, the amount recoverable from occupants works out to Rs. 13.43 lakhs for various periods between 1962-63 and 1984-85.

On this being pointed out in audit (May to July 1985), the department accepted (July and August 1985) the facts in respect of cases in Chandrapur, Wardha and Amravati. Report on action taken in these cases and reply in respect of the cases in Nagpur are awaited (February 1986).

(*iv*) In August 1981, Government decided to grant extention of leases of *nazul* lands given to petrol retail out-lets for 15 years from 1st August 1981, on payment of annual lease rent at 8 per cent of the full market value in 1981. The leases were to be revised thereafter

quinquennially. The arrears of rent for the past period from 1968 were to be recovered as under :—

Period	Rate of recovery of rent
From 1968 upto 1973 and from 1973 upto 1978	At 6 ½ per cent of the full market value as on the date of expiry of lease or as in 1968 and again in 1973.
From 1978 upto 1981 ..	At 8 percent of the full market value as on the date of expiry of the lease or as in 1978.

However, in 22 cases in Akola, Amravati, Nagpur and Wardha districts, the leases were not renewed. In six cases alone, the revenue foregone due to non-renewal of leases amounted to Rs. 1.25 lakhs (for the period 1967-85).

(*v*) In one case in Nagpur, Government, while rejecting the request for renewal of a lease beyond 31st July 1975, directed (November 1978) the Collector to get the site vacated within three months and recover rent at 8 per cent of the market value of the plot (Rs. 16.75 per square foot for 7562 square feet) *plus* an amount equal to sixteen times the assessment. However, the ex-lessee continued to be in possession of the site and rent recoverable from 1st August 1975 to 31st July 1985 amounting to Rs. 1.07 lakhs was not realised.

3. *Incorrect revisions.*—Government clarified in January 1969 that on renewal of a lease, revised rent should be charged from the date following the date of expiry of the previous term. 1995 and 794 leases in Wardha district were due for revision in the years 1948 and 1954 respectively, but these were actually renewed in the years 1972 and 1976 with retrospective effect from 1st April 1963, instead from the dates following the dates of expiry of the previous leases in 1948 and 1954. The omission to levy enhanced rate from April 1948 and April 1954 resulted in rent being charged short by Rs. 3.45 lakhs till March 1963.

4. *Non-recovery of occupancy price, lease rent and interest.*—(*i*) In 1962, Government had leased 18.38 acres of *nazul* land at Kamptee (Nagpur district) to a rolling mill. Of this, land admeasuring 9.81 acres was resumed by Government in 1973. The lease period of the remaining land was extended (September 1974) upto July 1975. Although, after the expiry of this period the rolling mill continued to occupy the land, no action was taken by Government either to renew the lease or recover rent from it.

In February 1984, i.e. about 8½ years after the expiry of lease, Government decided that:

(*i*) Land admeasuring 8.32 acres should be granted to the Mill on payment of occupancy price at the rate of Rs. 18,000 per acre or the prevailing market value of the land to be determined by the Town Planning Department, whichever was higher.

(*ii*) Since the land was already in possession of the Mill after the expiry of the lease in July 1975, the intervening period should be treated as lease period and the lease rent (on the value of the land at Rs. 10,000 per acre) should be recovered from the Mill at 6½ per cent per annum upto 15th May 1978 and at 8 per cent per annum thereafter. Interest at the rate of 8 per cent per annum on the arrears of lease rent should also be charged from the Mill till final payment was made to Government.

The department did not ascertain the market value of the land from the Town Planning Department, nor did it recover the occupancy price, based even on the rate of Rs. 18,000 per acre mentioned in the Government order dated February 1984. Even on the basis of this rate, occupancy price recoverable from the Mill amounted to Rs. 1,49,796. Further, arrears of lease rent recoverable from the Mill for the intervening period from August 1975 to December 1984 alone amounted to Rs. 76,383.

On this being pointed out in audit (January 1985), the department agreed (June 1985) to effect the recovery.

(*ii*) As per the settlement done in Akola during the year 1928-30 under the Berar Land Revenue Code, 1928, permanent leases granted prior to 1928 were converted into tenures on occupancy rights basis, subject to payment of non-agricultural assessment. Although the standard rates for non-agricultural assessment for *nazul* towns in Akola district were notified in 1971, assessment was not revised in 4410 cases in Akola, Akot and Murtizapur towns, resulting in non-realisation of revenue amounting to Rs. 0.99 lakh for the period from September 1971 to July 1979.

(*iii*) A private firm was in possession of *nazul* land admeasuring 3 hectares and 76.36 acres in Kamptee from August 1948. Government granted (April 1976) *ex-post-facto* approval for the lease of this land to the firm for 30 years from August 1948 to July 1978 for industrial purposes subject to payment of Rs. 11,611 as premium, besides lease rent. The firm had also to pay interest on premium and ground rent at 6½ per cent

per annum from the date of taking possession of the land till the date of payment of premium. Although the firm paid the premium and lease rent for 30 years from August 1948 to July 1978 on 31st July 1979, interest for the period from August 1948 (*i.e.* the month in which possession of land was taken) to July 1979 amounting to Rs. 0.48 lakh was neither paid by the firm, nor demanded by the department.

(*iv*) A piece of land admeasuring 6 acres in Badnera (Amravati district) was allotted (September 1984) to the Krishik Sahakari Ginning and Pressing Society for use of its factory for a consideration of Rs.1,56,960. The society paid Rs. 26,160 in October 1982 and, at the instance of the Commissioner, one acre of land was handed over to it. In April 1983, Government directed that the remaining 5 acres of land should also be handed over to the society and that the balance occupancy price (Rs. 1,30,800) recovered from it in five equal annual instalments together with interest at 8 per cent per annum (on the balance) from the date of handing over possession of land till the entire amount was paid by it. The remaining land was handed over to the society in May 1983. The society defaulted in payment of the instalments (in May 1984 and May 1985) totalling Rs. 52,320 and of interest amounting to Rs. 20,928. But no effective action was taken by the department for recovery of the Government dues.

(*v*) For the Centrally sponsored scheme of Integrated Urban Development of small and medium towns, Government granted (January 1984) lease of 39 hectares and 72 acres of land to the Kamptee Municipal Committee (Nagpur district) subject to payment by the society, of occupancy price (to be determined by Government) and interest at 8 per cent per annum on such price from the date of handing over possession of the land till the date of payment of the occupancy price. The occupancy price of Rs. 19,24,400 (as determined by Government) was intimated to the society in February 1984. Possession of land was handed over to it on 31st March 1984. But no demand for occupancy price or interest was raised against the Committee. Interest chargeable upto July 1985 alone amounted to Rs. 2.05 lakhs.

On this being pointed out in audit (January 1985), the department accepted (May 1985) the omission. Report on recovery is awaited (February 1986).

(*vi*) Land admeasuring 7.88 acres (valued at Rs. 14.37 lakhs) in Nagpur was allotted (August 1969) to the Nagpur Municipal Corporation for widening the roads and construction of a decent row of shops. The

allotment for shops was subject to payment of occupancy price at market value (on the date of handing over possession of land) together with interest at the rate of 6½ per cent per annum from that date till the date of payment of occupancy price by the Corporation. Land revenue for non-agricultural use of land was also payable. The land covered by roads, however, was free of occupancy price and assessment of land revenue. According to the depatment, land admeasuring 31,275 square feet was used for shops. Based on the proportionate market value of this portion of land, the total amount recoverable from the Corporation worked out to Rs. 3.22 lakhs on account of occupancy price (Rs. 1.30 lakhs), interest (Rs.1.40 lakhs upto March 1985) and land revenue (Rs. 0.52 lakh upto 1984-85). The amount has not been demanded so far (February 1986).

(*vii*) Non-recovery of lease rent.–Government granted (December 1974) temporary lease of land in Kasturchand Park ground in Nagpur to the Vidarbha Industries Association for Industrial Fair for the period from 20th December 1974 to 15th April 1975 subject to payment of rent at Rs.269 per day. The Association deposited Rs.1,000 in February 1975, but did not make any further payment on account of rent. The rent recoverable from the Association, after adjustment of the aforementioned deposit, amounted to Rs.30,473. No effective steps had been taken to recover this amount from the Association. (Under the existing orders, rent in respect of temporary leases was recoverable in advance).

(*viii*) Non-recovery of outstanding dues of lease rent.—A textile mill in Nagpur was granted extention of lease of a piece of land admeasuring 92.41 acres, subject to payment of rent at Rs. 30 per acre from 1st April 1952. A portion of this land (91.19 acres) was resumed by Government in March 1978 for which compensation amounting to Rs.2,49,750 was paid by Government to the Mill in December 1978. At that time, arrears of rent amonting to R.61,392 were recoverable from the Mill. But these arrears were not adjusted by Government from the compensations paid to the Mill,nor did the Government take any steps to recover these arrears thereafter.

5. *Non-levy of assessment.*—In August 1961, in anticipation of Government sanction, Collector, Nagpur, directed the Naib-Tahsildar Kamptee to hand over possession of 13.246 acres of *nazul* land to Kamptee Weavers' Co-operative Society for construction of residential tenaments, subject to payment of premium amounting to Rs. 23,240 and annual assessment of Rs. 1,453. Possession of 11.76 acres of land (excluding

1.46 acres on which there was encroachment) was handed over to the Society in 1961. The society paid the premium and assessment for the year 1961-62. The grant of land had, however, not yet been finalised by the Government so far (May 1985). No demand for the assessment was also raised for the period 1962-63 onwards resulting in non-realisation of revenue amounting to Rs. 33,419 for the years 1962-63 to 1984-85.

6. *Non-realisation of ground rent.*—A temporary lease of a piece of land (73,600 square feet) in Chandrapur district was granted to a party for commercial purposes for a period of seven years from 1st August 1967. In March 1974, the lessee requested for grant of permanent lease of the land, but no decision was taken on this request, nor was any action taken to evict the party from the land on the expiry of the temporary lease or to charge ground rent from it for the subsequent period. Taking the value of the land as Rs.55,200, as assessed (October 1984) by the Town Planning Department, the ground rent (at $6\frac{1}{2}$ per cent of the value upto May 1978 and at 8 per cent thereafter) not realised from the party for the period 1974-75 to 1984–85 amounted to Rs. 0.45 lakh.

7. *Non-recovery of market value of land.*—According to Government orders (September 1976), in cases where land is granted to flood affected persons in excess of the areas surrendered by them, price of the excess land should be recovered at market value of the land at the time of its grant. In 152 cases in Chandrapur and Ballarpur, 1,23,233 square feet of land had been granted in excess to flood affected persons in 1961. At the market rate of Rs. 29 per 100 square feet, prevalent in 1961 (as intimated by the Collector in February 1976) the price recoverable amounted to Rs. 35,738. But no recovery has been effected so far (February 1986).

On this being pointed out in audit (May 1985), the department agreed (July 1985) to raise the demand. Report on recovery is awaited (February 1986).

8. *Non-recovery of nazul rents.*—(*a*) Refugee colonies: According to the principles laid down by Government in August 1972 for permanent rehabilitation of displaced persons from West Pakistan, those persons who were given lease of plots in refugee colonies in Vidarbha for 20 years, may be granted full rights over the plots on payment of Rs.160 as premium *plus* Rs. 40 as development cost and land revenue at the rate of Rs.10 per annum. In Amraoti town, 498 plots were allotted during 1950-51 to 1956-57 on 20 year lease basis, but revovery of Government dues had not been effected in any of these cases. Arrears recoverable from the allottees upto the end of 1983-84 amounted to Rs. 1,97,379. Similarly,

arrears for the period from 1960-61 to 1983–84 recov. allottees in Paratwada (Amravati District) amounted to .

(*b*) Roadside shops.—In June 1978, Government prescribed th. and manner of recovery of lease rent from West Pakistan refuge had been allotted roadside shop sites in Nagpur. While monthly from 1st January 1978 onwards were to be paid by the allottees in adva. arrears for the period upto 31st December 1977 were required to be pai by them by 31st December 1978. In the event of default in payment, interest was chargeable at the rate of 8 per cent from 1st January 1978 and the arrears of rent along with interest were to be recovered in ten equated half-yearly instalments. The Collector was to fix the dates of payments in such cases. According to these orders, the entire arrears should have been recovered by January 1984. However, out of Government dues amounting to Rs. 23.77 lakhs recoverable upto the end of 1984-85, dues amounting to Rs. 0.39 lakh only were recovered, leaving a balance of Rs. 23.38 lakhs.

9. *Short recovery of lease rent from State Road Transport Corporation due to incorrect rate.*—(*a*) A piece of *nazul* land admeasuring 1,04,075 square feet in Akola town was leased by the Collector, Akola to the Maharashtra State Road Transport Corporation in August 1971 for one year on an annual lease rent of Rs. 13,009. The lease was renewed by the Collector annually at the same rate upto July 1983 and at Rs. 39,027 (thrice the previous rent) from August 1983 to July 1984. The fixation of rents at the above rates was not correct, as the Collector, Akola had previously (July 1969) fixed the rate at which rent should be recovered in respect of temporary leases in Akola town for the period from 1969-70. Rent recoverable from the Corporation at this rate (Rs. 78,077 per annum) for the years 1971-72 to 1983-84 amounted to Rs. 10.15 lakhs, as against Rs. 1.95 lakhs actually recovered from the Corporation. The mistake resulted in short realisation of lease rent amounting to Rs. 8.20 lakhs.

(*b*) In another case of land (2,39,580 square feet) in Washim, leased to the Corporation from the year 1965, lease rent amounting to Rs. 0.71 lakh for the years 1965-66 to 1972-73 was not realised, although the demand for rent had been raised in June 1978.

10. *Short realisation of occupancy price due to arithmetical error.*—A piece of land admeasuring 12·34 acres of land in Nagpur was allotted (December 1977) to the Geological Survey of India subject to payment of Rs. 8,62,520 as occupancy price. The grantee paid the occupancy price

...ary 1980. A scrutiny in audit, however, revealed that the occu-...y price (at the rate of Rs. 78,000 per acre, as estimated by the Town ...lanning Department and reported by the Collector) amounted to Rs. 9,62,520 and not Rs. 8,62,520, as fixed by Government. The incorrect fixation resulted in short realisation of Rs. 1,00,000 towards occupancy price and Rs. 0.44 lakh towards interest for the period from February 1980 to July 1985.

On this being pointed out in audit (July 1985), Government accepted (July 1985) the mistake and agreed to effect the recovery.

11. *Short levy due to incorrect order.*—Land admeasuring 3,064 square feet in Nagpur was leased to a private company for five years from 18th September 1982 on lease rent equal to 8 per cent of the current market value of the land. As against the market value of Rs. 50 per square foot proposed by the Collector on the basis of the estimate of Town Planning Department in April 1983 for purposes of calculating lease rent from the lessee, Government erroneously communicated (October 1983) the rate as Rs. 50 per square metre (instead of per square foot) resulting in short realisation of rent amounting to Rs. 55,600 for the period of the lease.

On this being pointed out in audit (July 1985), Government accepted the mistake and issued (July 1985) the necessary corrigendum and directed the Collector to effect the recovery.

12. *Non-levy of stamp duty on lease deeds.*—Under the Bombay Stamp Act, 1958, a lease deed is liable to levy of stamp duty based on the amount of rent or premium recoverable.

(*a*) In Nagpur, Bhandara and Wardha districts, 14,169 leases, although due for renewal between April 1954 and April 1980, were not renewed. Renewal of these leases would have yeilded revenue (by way of stamp duty) amounting to Rs. 1,41,690 even at the minimum rate of Rs. 10 per deed.

(*b*) 1,489 leases in Wardha were renewed from 1st April 1984, but the lease deeds were not executed. The revenue (Stamp duty) lost to Government amounted to Rs. 14,890.

13. *Non levy of increase of land revenue.*—Under the Maharashtra Increase of Land Revenue and Special Assessment Act, 1974, as amended in 1975, a tax called, 'Increase of Land Revenue' was leviable at 100 per cent of land revenue from the year 1975-76, if the total holding of a person in the State exceeded 12 hectares.

In the case of 9 persons in Akola, Amravati, Chandrapur, Nagpur and Wardha, whose individual holdings in the State exceeded 12 hectares each, increase of land revenue amounting to Rs. 11.56 lakhs upto 1984-85 was leviable, but was not levied and collected.

14. *Encroachment on Government land.*—Under the Maharashtra Land Revenue Code, 1966, the Collectors have been empowered to abate or remove summarily any encroachment made on any land vested in Government. Further, the encroacher is liable to pay rent for the whole period of the encroachment. In addition to rent, he is also liable to pay a fine upto Rs. 1,000 in case the land is used for agricultural purposes or upto Rs. 2,000 if the land is used for a non-agricultural purpose. At the end of March 1985, 5,887 cases of encroachment on *nazul* land covering 17,72,441 square feet in Akola, Amravati, Chandrapur, Nagpur and Wardha ditricts, as detected by the department during the period 1950-51 to 1984-85 were pending finalisation. Although eviction of encroachers from 7,10,354 square feet of land was ordered during 1961-62 to 1984-85 in 1991 cases, the eviction was actually not done (February 1986).

A survey by the Collector, Chandrapur in 1980 revealed that there were 7,350 encroachments in 27 localities of Chandrapur and 8 localities in Ballarpur. Further, 17 localities in Chandrapur and 3 in Ballarpur formed by encroachers were yet to be surveyed. In the absence of complete information regarding the dates from which the land came under encroachment and the area involved, the land revenue and penalty recoverable from the encroachers could not be quantified.

15. *Non-recovery of assessment from Maharashtra State Electricity Board.*—A piece of *nazul* land admeasuring 38,312.89 square metres in Akola had been in occupation of the Madhya Pradesh State Electricity Board (now Maharashtra State Electricity Board) with effect from 1st April 1952. But the land had not been assessed to land revenue. The non-agricultural assessment for the period upto 1985 alone amounted to Rs.2·85 lakhs. Besides, increase of land revenue leviable under the Maharashtra Increase of Land Revenue and Special Assessment Act, 1974, for the years 1975-76 to 1984-85 amounted to Rs. 1.50 lakhs. No demand for these dues had been raised by the department against the Board.

On this being pointed out in audit (June 1985), the department accepted the omission and agreed (August 1985) to raise the demand.

The above points were reported to Government in August 1985; their reply is awaited (February 1986).

4.3. Non-levy of increase of land revenue

Under the Maharashtra Increase of Land Revenue and Special Assessment Act, 1974 (in force from 1st August 1974), a tax called " Increase of Land Revenue " is leviable on agricultural lands. In order to raise additional resources needed for implementing the Employment Guarantee Scheme, the Act was amended with effect from 1st August 1975 to provide for increase of land revenue being leviable on all holdings of 8 hectares and above including non-agricultural lands. After the amendment, the increase of land revenue is payable at 50 per cent of land revenue by persons holding land in excess of 8 hectares in the State and at 100 per cent by persons holding land in excess of 12 hectares. 'Holding' includes agricultural as well as non-agricultural lands, as was also clarified by the Government in August 1982.

In 12 tahsils, the increase of land revenue was not assessed and recovered from the year 1975-76 onwards in 32 cases. In one case it was recovered at 50 per cent of land revenue, although the holding exceeded 12 hectares. The omissions resulted in revenue amounting to Rs. 31,67,654 not being realised for the years 1975-76 to 1984-85. Of this, an amount of Rs. 26,84,240 was recoverable from the Government Undertakings and Rs. 4,83,414 from private bodies.

On the omissions being pointed out in audit (between February 1983 and September 1984), the department recovered upto July 1985, a sum of Rs. 4,18,423. Report on recovery of the balance amount of Rs. 27,49,231 is awaited (February 1986).

The above cases were reported to Government between March 1985 and August 1985; their reply is awaited (February 1986).

4.4. Non-revision or incorrect revision of assessment

Under the Maharashtra Land Revenue Code, 1966, an assessment or reassessment of non-agricultural land, when done, remains in force for the guaranteed period, if any, mentioned in the assessment orders or the *sanad*. Thereafter, the assessment is liable to be revised. The Maharashtra Land Revenue Code Amendment Act, 1979 also provides that, with effect from 31st March 1979, the non-agricultural assessments done after 31st March 1979 are liable to be revised after 1st August 1979 with reference to the standard rates fixed under the provisions of the Act. However,. in respect of non-agricultural land assessed to land revenue before 31st March 1979, where the periods during which assessments are

to remain in force have been specified in the orders or *sanad*, the assessments shall be revised only after the expiry of those periods. Further as per the Maharashtra Increase of Land Revenue and Special Assessment Act, 1974 (as amended with effect from 1st August 1975), a tax called " increase of land revenue " is also payable at 50 per cent of land revenue by persons holding land in excess of 8 hectares in the state and at 100 per cent of land revenue by persons holding land in excess of 12 hectares.

(*i*) Two pieces of land admeasuring 2,95,237 square metres and 87,375 square metres situated in urban area of Solapur City (North Solapur District) were put to industrial and residential use respectively by a textile mill prior to the Year 1960. The land was assessed to land revenue as per the then prevailing rates. The assessment was not guaranteed nor was any *sanad* issued. The standard rates were revised with effect from 1st March 1978 and 1st August 1979. However, the assessment was not revised. Increase of land revenue leviable under the Maharashtra Increase of Land Revenue and Special Assessment Act, 1974, as amended on 1st August 1975 was, also not levied and demanded. The omissions resulted in short realisation of revenue amounting to Rs. 10.60 lakhs for the years 1977-78 to 1984-85.

On this being pointed out in audit (June 1982), the District Inspector of Land Records-*cum*-City Survey Officer, Solapur recovered an amount of Rs. 2,43,493 till July 1985. Report on recovery of the balance amount is awaited (February 1986.)

(*ii*) In Ambejogai tahsil, in 3 cases permission for use of lands for non-agricultural purposes was granted in July and August 1980 and the non-agricultural assessment was fixed with reference to the prevailing standard rates. By a Government notification dated 12th November 1981 the standard rates for assessment of lands in Ambejogai tahsil were revised with retrospective effect from 1st August 1979. But the non-agricultural assessment in these three cases was not revised with reference to the standard rates effective from 1st August 1979. Also conversion tax (on change in mode of use of land) was not re-assessed. The omission resulted in land revenue and conversion tax being recovered short by Rs. 1.69 lakhs for the years 1980-81 to 1984-85.

On the omission being pointed out in audit (August 1984), the department agreed to take necessary action (August 1984 and April 1985). Report on recovery is awaited (February 1986).

(*iii*) In Kalyan tahsil (Thane district) permission was granted (April 1962) to Maharashtra State Road Transport Corporation for putting land admeasuring 13,027 square metres in Kalyan city to commercial use and it was assessed to land revenue of Rs. 324.50 per year guaranteed upto July 1964, whereafter the assessment was liable to be revised with reference to new standard rates. However, no action was taken to revise the assessment with reference to new standard rates notified in September 1974 (effective from December 1974) and again revised in February 1981 (effective from 1st August 1979). Although the land holding of the Corporation exceeded 12 hectares in the State, demand for increase of land revenue leviable under the Maharashtra Increase of Land Revenue and Special Assessment Act, 1974 (as amended in 1975) was also not raised from 1st August 1975. The omissions resulted in land revenue amounting to Rs. 1.54 lakhs being not realised during the years 1974-75 to 1984-85.

On this being pointed out in audit (September 1984), the department raised demand for Rs. 1.34 lakhs upto 1983-84 in July 1985. Report on recovery of Rs. 1.34 lakhs and action taken in respect of the balance of Rs. 0.20 lakh is awaited (February 1986).

(*iv*) A piece of land admeasuring 14,000 square metres in village Manchar in Ambegaon urban area of the tahsil was acquired and handed over to the Maharashtra State Road Transport Corporation on 27th April 1978 for commercial use. The land was, however, assessed to land revenue as for residential use, instead of for commercial use. Further, although the standard rates for assessment of lands in Ambegaon tahsil (Pune district) were revised with effect from 1st August 1979, the assessment in respect of the above land was not revised from that date. The application of incorrect rate of assessment and non-revision of assessment from 1st August 1979 resulted in short realisation of revenue amounting to Rs. 1.11 lakhs (including local cess and increase of land revenue) for the years 1977-78 to 1984-85.

On the omission being pointed out in audit (December 1983), the Government stated (September 1985) that the recovery had since been effected in July 1985.

(*v*) In Ambejogai tahsil, standard rates of assessment were revised in November 1981 with retrospective effect from 1st August 1979. However, in seven cases assessment of non-agricultural lands was not revised from 1st August 1979 with reference to the new rates, even though the existing assessment was not guaranteed for any period. The omission

resulted in short realisation of revenue amounting to Rs. 98,749 for the years 1979-80 to 1984-85.

On the omission being pointed out in audit (August 1984), the department agreed to take necessary action (April 1984). Report on recovery is awaited (February 1986).

(*vi*) In Malshiras tahsil (Solapur district) standard rates of assessment were revised in August 1974 and again in February 1980 (in the latter case effective from 1st August 1979). But the assessment of two pieces of land admeasuring 8,093.7 square metres and 10,378.36 square metres, which were being used for industrial and residential purposes respectively, were not revised, even though the existing assessments were not guaranteed for any period. Land revenue continued to be realised at the old rates, resulting in short realisation of revenue amounting to Rs. 79,212 for the years 1974-75 to 1984-85.

On the omission being pointed out in audit (December 1983), the department agreed (April 1985) to revise the assessment. Report on revision of assessment is awaited (February 1986).

(*vii*) In Khed tahsil at Rajgurunagar (Pune district) non-agricultural assessment in respect of a piece of land admeasuring 17,900 square metres situated in village Rajgurunagar and held by Maharashtra State Road Transport Corporation was revised (November 1975) after expiry of the guaranteed period. However, the revised assessment was made incorrectly. The assessment was not further revised after the expiry of the next guaranteed period in July 1981, although revised standard rates were notified in June 1980. Increase of land revenue leviable in this case was also not levied from the year 1975–76 onwards. The mistakes and omissions resulted in short realisation of revenue amounting to Rs. 80,660 for the years 1975–76 to 1984–85.

On this being pointed out in audit (May 1983), the department revised (October 1984) the assessment and stated (June 1985) that an amount of Rs. 27,053 had since been recovered in November 1983. Report on recovery of the balance amount is awaited (February 1986).

(*viii*) In Amravati tahsil (Amravati district), in 6 cases permission for use of land for non-agricultural purposes was granted between September 1979 and April 1981 and the non-agricultural assessment was fixed with reference to the prevailing standard rates. By a Government notification

dated 13th August 1981, the standard rates for assessment of lands in Amravati tahsil were revised with retrospective effect from 1st August 1979. But the non-agricultural assessment in these cases was not revised with reference to the revised standard rates effective from 1st August 1979. Also, conversion tax (on change in mode of use of land) was not reassessed. The omission resulted in land revenue and conversion tax being recovered short by Rs. 71,234 for the years 1980-81 to 1984-85.

On the omission being pointed out in audit (May 1984), department revised (January 1985) the assessment orders. Report on recovery is awaited (February 1986).

(*ix*) The standard rates in Sangola tahsil (Solapur district) were revised with effect from 1st August 1979, (the revised rates were notified on 28th February 1980). But non-agricultural assessment in respect of a piece of land admeasuring 11,194 square metres held by the Maharashtra State Road Transport Corporation was not revised from 1st August 1979, although the earlier assessment was not guaranteed for any specific period. Also, increase of land revenue leviable under the Maharashtra Increase of Land Revenue and Special Assessment Act, 1974 was not levied and demanded in respect of this land from 1st August 1975. The omissions resulted in short realisation of revenue amounting to Rs. 20,698 for the years 1975-76 to 1984-85.

On these omissions being pointed out in audit (March 1984), the department accepted the omissions (April 1985). Report on recovery is awaited (February 1986).

The matter was reported to Government in May 1985; their reply is awaited (February 1986).

(*x*) In Akot tahsil, a ginning and pressing factory was permitted to change the mode of use of a piece of land admeasuring 11,800 square metres from agricultural to industrial purposes in April 1981. The land revenue was re-assessed with reference to the rates in force in April 1981. However, the standard rates were revised in July 1982 with retrospective effect from 1st August 1979, under the Maharashtra Land Revenue Code (Amendment) Act, 1979. But the non-agricultural assessment in respect of the above land was not revised with reference to the new standard rates effective from 1st August 1979. Also conversion tax (on change in mode of use of land) was not re-assessed. The omission resulted in land revenue and conversion tax being recovered short by Rs. 10,649.

On the omission being pointed out in audit (January 1985), the department revised the assessment and raised the demand in July 1985. Report on recovery is awaited (February 1986).

(*xi*) In Baramati tahsil (Pune district), revision of assessment on lands put to non-agricultural use was to be made from 1st August 1979, based on the standard rates notified by Government in June 1980, but it was not done in the case of a piece of land held by the Maharashtra State Electricity Board. Earlier increase of land revenue was also not levied and collected from the Board from the year 1975-76, although the Board's holdings in the entire State exceeded 12 hectares. The omissions resulted in short realisation of revenue by Rs. 12,472 for the years 1975-76 to 1984-85.

On this being pointed out in audit (June 1984), the department accepted the omissions (December 1984). Report on recovery is awaited (February 1986).

The above cases were reported to Government between February 1985 and August 1985; their reply is awaited (February 1986).

4.5. Failure to reassess land revenue on change in mode of use of lands

Under the Maharashtra Land Revenue Code, 1966, land revenue is assessed with reference to the purpose for which the land is used such as agricultural, residential, industrial or commercial. On change in mode of use of land from agricultural to non-agricultural, land revenue is required to be reassessed. In cases, where such lands are situated in the areas of Municipal Corporations and Municipal Councils ("A" and "B" classes only), conversion tax equal to three times the amount of non-agricultural assessment is also leviable when permission for non-agricultural use or change of user is granted (on or after 31st March 1979). Under the Maharashtra Increase of Land Revenue and Special Assessment Act (as amended on 1st August 1975) a tax called "increase of land revenue" is also payable at 50 per cent of land revenue by persons holding land in excess of 8 hectares in the State and at 100 per cent by persons holding land in excess of 12 hectares. The term "holding" includes agricultural as well as non-agricultural lands.

(*i*) In Aurangabad tahsil (March 1966) a co-operative *sut girni* (yarn mill) was permitted to use a piece of land admeasuring 2,30,681 square metres for non-agricultural purposes but the said land was not assessed to non-agricultural assessment. Increase of land revenue was

also not demanded. The omissions resulted in non-realisation of revenue amounting to Rs. 4.10 lakhs (including increase of land revenue) for the years 1966-67 to 1984-85.

On this being pointed out in audit (June 1983), the department raised the demand for Rs. 4.10 lakhs in July 1985. Report on recovery is awaited (February 1986).

(*ii*) In Georai tahsil (Beed district) the Maharashtra State Road Transport Corporation was permitted to use a piece of land admeasuring 24,100 square metres for commercial purposes. However, entry to that effect was omitted to be made in the relevant records. The omission resulted in revenue being realised short by Rs. 1.74 lakhs (including increase of land revenue and local cess).

The omission pointed out by audit (Januay 1985) was accepted (July 1985) by the department. Report on recovery is awaited (February 1986).

(*iii*) In Borivali tahsil (Bombay suburban district), land admeasuring 4,273 sqaure metres situated in village Dahisar (within the limits of Municipal Corporation, Bombay) which had been assessed as for agricultural use, but had been unauthorisedly put to commercial use (314 square metres) and residential use (3959 square metres) from 1st August 1980, was not reassessed to land revenue as for non-agricultural use. Conversion tax and fine for unauthorised diversion were also not levied. The omissions resulted in non-realisation of land revenue and conversion tax amounting to Rs. 19,196 for the years 1980-81 to 1984-85.

On this being pointed out in audit (September 1984), the department assessed (May 1985) the land and in addition, imposed a fine of Rs. 96,084 for unauthorised use of land. Report on recovery is awaited (February 1986).

(*iv*) In Buldana tahsil (Buldana district) the Maharashtra State Road Transport Corporation acquired land admeasuring 51,600 square metres in urban area of Buldana town and put to commercial use (August 1981). But the land was assessed as for industrial use. Increase of land revenue leviable under the Maharashtra Increase of Land Revenue and Special Assessment Act, 1974 (as amended on 1st August 1975) was also not levied. The omissions resulted in short realisation of revenue amounting to Rs. 72,240 for the years 1981-82 to 1984-85.

On this being pointed out in audit (February 1985), the department raised the demand in October 1985. Report on recovery is awaited (February 1986).

(*v*) In Georai tahsil (Beed district) four hectares of land situated outside the municipal limits of Georai were handed over to the Maharashtra State Electricity Board in June 1984. Out of the said land, the Board put to use (June 1984) land admeasuring 27,000 square metres for residential purpose and rest of the land admeasuring 13,000 square metres for commercial purpose. But the land was not subjected to non-agricultural assessment. Increase of land revenue to which the Board was liable by virtue of its holding land in excess of 12 hectares in the State was also not demanded. The omission resulted in short realisation of revenue amounting to Rs. 62,964 (including increase of land revenue and local cess) for the years 1983-84 and 1984-85.

On this being pointed out in audit (January 1985), the department accepted the omission (July 1985). Report on recovery is awaited (February 1986).

(*vi*) In Ramtek tahsil (now Parseoni tahsil with effect from 1st May 1981) land admeasuring 1,12,982 square metres in village Khandala was diverted to non-agricultural use for commercial purpose by a company from the year 1978-79. The land was not assessed to non-agricultural assessment, resulting in short realisation of revenue amounting to Rs. 50,035 (including local cess and increase of land revenue) for the years 1978-79 to 1984-85.

On this being pointed out in audit (October 1981), department accepted the omission (June 1985). Report on recovery is awaited (February 1986).

(*vii*) In Borivali tahsil (Bombay Suburban district), a piece of land admeasuring 15,882 square metres situated in village Dahisar (within the limits of Municipal Corporation, Bombay) was unauthorisedly put to industrial use from the year 1971-72 by a company. Non-agricultural assessment was not made and only ordinary agricultural land revenue was collected. The omission resulted in short-realisation of revenue amounting to Rs. 41,927 for the years 1971-72 to 1984-85. Regularisation of unauthorised use would also attract conversion tax of Rs. 17,152, in addition.

On this being pointed out in audit (August 1984), the department accepted (June 1985) the omission. Report on recovery is awaited (February 1986).

(*viii*) In Nanded tahsil (Nanded distirct) a piece of land admeasuring 16,015 square metres acquired for and handed over to the Maharashtra

State Electricity Board was put to commercial use from 9th October 1979, but it was not subjected to non-agricutural assessment. Increase of land revenue for holding land in excess of 12 hectares in Maharashtra was also not demanded from the Board. The omissions resulted in short realisation of land revenue amounting to Rs. 42,278 for the years 1979-80 to 1984-85.

On this being pointed out in audit (August 1984), the department accepted the omission (July 1985). Report on recovery is awaited (February 1986).

(*ix*) In Parola tahsil (Jalgaon district) a piece of land admeasuring 13,100 square metres situated in urban area of Parola village was put to commercial use from the year 1977-78 by Jalgaon District Co-operative Dudh Vikas Federation. But non-agricultural assessment was not levied. The omission resulted in short realisation of revenue amounting to Rs. 28,296 for the years 1977-78 to 1984-85.

On this being pointed out in audit (June 1983), the department raised additional demand in March 1984. Report on recovery is awaited (February 1986).

(*x*) In Baramati tahsil (Pune district) the Sub-Divisional Officer, Baramati, regulairsed (4th July 1975) unauthorised industrial use of a piece of land admeasuring 48,886 square metres in Class II village Pipli by a company and directed the Tahsildar Baramati to submit proposals for fixation of non-agricultural assessment in respect of the land. But no proposals were submitted by the Tahsildar nor was the matter pursued by the Sub-Divisional Officer. The omission resulted in non-realisation of revenue amounting to Rs. 17,834 (including local cess and increase of land revenue) for the years from 1973-74 to 1984-85.

On the omission being pointed out in audit (June 1984), the department raised the demand and recovered the amount between December 1984 and April 1985.

(*xi*) In Junnar tahsil (Pune district) land admeasuring 49,169 square metres situated in Class I village Narayangaon was acquired and handed over to the Maharashtra State Electricity Board on 15th March 1969 for commercial use. The village Narayangaon was upgraded as urban area and standard rates applicable for non-agricultural assessment were notified in January 1971. While revising the assessment, the land was assessed to land revenue as for industrial use (at the standard rate of 4.5 paise per

square metre), instead of as for commercial use (at the rate of 6 paise per square metre). Increase of land revenue leviable under the Maharashtra Increase of Land Revenue and Special assessment Act, 1974 (as amended from 1st August 1975) was also not levied and demanded. The mistakes resulted in short realisation of revenue amounting to Rs.36,035 (including local cess) for the years 1971–72 to 1984-85.

On the mistakes being pointed out in audit (December 1980), the department raised additional demand in July 1985. Report on recovery is awaited (February 1986).

The above cases were reported to Government in July 1985 and August 1985; their reply is awaited (February 1986).

4.6. Failure to assess or reassess land revenue

(*i*) With a view to encouraging establishment of industrial areas throughout the State and checking concentration of industries in certain areas, in April 1969, Government granted exemption from payment of land revenue in respect of lands situated outside the developed areas and used by industrial units, for a period of six years from the date of commencement of production in the units.

(*a*) In Shrirampur tahsil (Ahamadnagar district), a piece of land admeasuring 77 acres and 9 *gunthas* was used by a co-operative *sut girni* for industrial purposes from July 1968. On the basis of a certificate issued by the State Industrial and Investment Corporation of Maharashrashtra Limited, the land was exempted from non-agricultural assessment for a period of six years from 1968-69 to 1973-74. The department, however, did not assess and recover land revenue and cess(due thereon under the Maharashtra Zilla Parishad and Panchayat Samitis Act,1961) even after the expiry of the exemption period. The increase of land revenue leviable from the year 1975-76 under the Maharashtra Increase of Land Revenue and Special Assessment Act, 1974 (as amended from August 1975), was also not levied and recovered, The omissions resulted in non-realisation of revenue amounting to Rs.1.72 lakhs for the years 1974-75 to 1984-85.

On the omission being pointed out in audit (August 1982), thedepartment raised(April 1983) demand for Rs.1.72 lakhs against the *sut girni*. Report on recovery is awaited (February 1986).

(*b*) In Borivali tahsil (Bombay suburban district), a piece of land admeasuring 33 acres and 38 *gunthas* was handed over to the Food

Corporation of India in June 1961 for being used for commercial purposes. The reassessment of the land was, however, not done. This resulted in land revenue amounting to Rs.4.22 lakhs (including increase of land revenue leviable under the Maharashtra Increase of Land Revenue and Special Assessment Act, 1974) not being realised from the Corporation for the years 1961-62 to 1984-85.

On the omission being pointed out in audit in August 1984, the department stated that the matter would be examined and necessary action taken. Report on recovery is awaited (February 1986).

Similar cases of non-levy of assessment from the same Corporation were also reported in paragraphs 4.2 (*vii*) and 4.8 (*ii*) (*c*) of the Reports of the Comptroller and Auditor General of India on Revenue Receipts for the years 1981-82 and 1982-83 respectively.

(*ii*) Land acquired by Government for non-agricultural use by any non-government body is to be reassessed to land revenue from the date, possession of the land is handed over to the body.

(*a*) In Shrirampur tahsil(Ahamadnagar district) possession of land admeasuring 4.73 hectares was handed over to the Maharashtra State Electricity Board on 20th October 1972. Non-agricultural assessment of the land was, however, not done. In the result, land revenue amounting to Rs. 46,354 (including local cess and increase of land revenue) was realised short for the years 1972–73 to 1984–85.

On this being pointed out in audit (November 1984), the department effected the recovery in July 1985.

(*b*) In North Solapur tahsil (Solapur district) out of the 8,98,906 square metres held by a co-operative sugar factory land admeasuring 4,27,853 square metres and 4,71,053 square metres were put to non-agricultural use with effect from 1st August 1972 and 1st August 1974 respectively. The industrial unit had commenced production on 22nd January 1973. On the basis of a certificate issued by the State Industrial and Investment Corporation of Maharashtra Limited, non-agricultural assessment in respect of the land was exempted for six years from 22nd January 1973. However, the department did not also levy and recover local cess leviable under the Bombay Village Panchayat Act, 1958 and the Maharashtra Zilla Parishads and Panchayat Samitis Act, *1961* and increase of land revenue leviable under the Maharashtra Increase of Land Revenue and Special Assessment Act, 1974 during this period,

although these were not exempted. The omission resulted in revenue amounting to Rs. 1.70 lakhs (for the years 1972–73 to 1977–78) not being realised.

On this being pointed out in audit (February 1980), the department recovered (July 1983) Rs. 1.07 lakhs. Report on recovery of the remaining amount is awaited (February 1986).

(*iii*) In Akkalkot tahsil (Solapur district), land admeasuring 1,44,875.4 square metres was acquired and handed over to the Agricultural Produce Market Committee, Akkalkot. Under the Bombay Land Revenue Rules 1921, the Collector exempted (July 1961) the land from levy of non-agricultural assessment so long as it was exclusively used by the Committee for their own affairs. In December 1962, the Committee sold a portion of the land measuring 12,100 square metres to the Maharashtra State Warehousing Corporation for construction of godowns. On this portion of land exemption from the levy of land revenue was, therefore, not admissible after December 1962. But the department did not take any action to correct the basic record of rights and taluka/village forms and to levy and demand non-agricultural assessment in respect of this portion of land from the Corporation. The omission resulted in land revenue amounting to Rs.49,788 (including local cess and increase of land revenue for the years 1962-63 to 1984-85) not being realised.

On this being pointed out in audit (September 1984), the department recovered the short levy in July 1985.

The above cases were reported to Government between March 1985 and July 1985; their reply is awaited (February 1986).

4.7. Short levy due to mistakes in computation of revenue

(*i*) Under the Maharashtra Land Revenue Code, 1966, when a " non-agricultural assessment " is revised, the revised assessment is not to exceed twice the amount of land revenue payable immediately before the revision, if the land is used for residential purpose, and not to exceed six times the amount, if the land is used for any other purpose.

In Solapur city, land admeasuring 1,42,955 square metres and 7,790 square metres situated in various survey numbers was put to industrial and residential use respectively, by a textile mill prior to 1926 and was assessed to land revenue as per the then prevailing rates. As the mill went into liquidation, Govermment took over possession of the mill in

the year 1958 and later on purchased the same in February 1966. The mill was subsequently transferred (April 1976) to the Maharashtra Textile Corporation on ownership basis. As the assessment was not guaranteed for any specific period, lands were reassessed as per revised standard rates of the Solapur city notified in December 1977 (efffective from 1st March 1978). However, on revision, the assessment in respect of land admeasuring 97,123 square metres used for industrial purpose was limited to twice the earlier assessment, instead of six times that assessment. The assessment in respect of land admeasuring 45,832 square metres used for industrial purpose and 7,790 square metres used for residential purpose was also not revised. The above mistake and omission resulted in further incorrect reassessment on revision of standard rates in February 1980 (effective from 1st August 1979). Increase of land revenue leviable under the Maharashtra Increase of Land Revenue and Special Assessment Act, 1974, (as amended from 1st August 1975) was also not demanded. The mistakes resulted in short realisation of revenue amounting to Rs. 2.90 lakhs for the years 1976–77 to 1984–85.

On the mistake being pointed out in audit (June 1982), the District Inspector of Land Records-cum-City Survey Officer, Solapur, stated (July 1985) that the revision had since been done and demand raised. Report on recovery is awaited(February 1986).

(*ii*) The standard rates for assessment of lands in Dhule Tahsil in Dhule district, were revised with effect from 1st August 1979 and the revised rates were notified on 4th September 1980.

In Dhule tahsil, the Collector granted permission (May 1982) for use of a piece of land admeasuring 55,900 square metres (within the limits of Municipal Council, Dhule) for non-agricultural purpose. The non-agricultural assessment was computed at the rate of 4.7 paise per square metre instead of at the correct rate of14.7 paise per square metre actually leviable. Consequently, there was short levy of conversion tax also. The incorrect computation resulted in land revenue and conversion tax being levied short by Rs. 36,335 for the years 1981-82 to 1984–85.

On this being pointed out in audit (July 1983), the department accepted (July 1983) the mistake and issued rectificatory orders (December 1984). Report on recovery is awaited (February 1986).

The above cases were reported to Government in March 1985 and August 1985; their reply is awaited (February 1986).

4.8. Short levy due to application of incorrect rates

Under the Maharashtra Land Revenue Code, 1966, land revenue leviable on any land has to be assessed with reference to the purpose for which land is used such as agricultural, residential, industrial or commercial.

(*i*) In Indapur tahsil (Pune district), land admeasuring 66,700 square metres situated in village Kalamb put to commercial use (April 1981) by a Limited Company was incorrectly assessed to land revenue at rates applicable to lands used for residential purposes, resulting in short-realisation of revenue amounting to Rs. 1.22 lakhs (including local cess and increase of land revenue) for the years 1980-81 to 1984-85.

On the mistake being pointed out in audit (September 1984), the department revised the assessment (May 1985). Report on recovery is awaited (February 1986).

(*ii*) In Akola tahsil (Akola district), two pieces of land admeasuring 7,624 square metres and 36,779 square metres in possession of a co-operative housing society (January 1971) and the Vidarbha Housing Board (June 1965) were diverted, with permission, for residential use from August 1972 and August 1978, respectively. The lands were, however, assessed at 2 paisa and one paise per square metre, respectively, eventhough standard rate for residential use of the land was notified (September 1971) as 8 paise per square metre. The assessment was not further revised after notification of revised rates in February 1983 effective from 1st August 1979. Increase of land revenue to which Vidarbha Housing Board is liable by virtue of its holding land in excess of 12 hectares in the State was also not demanded. Land revenue amounting to Rs. 78,073 (including increase of land revenue) was thus realised short for the years 1973-74 to 1984-85.

On this being pointed out in audit (July 1982), department revised (April 1984) assessment in the case of Vidarbha Housing Board. Report regarding revision in the case of the Co-operative Society is awaited (February 1986).

(*iii*) In Amravati tahsil (Amravati district) in four cases, lands situated within the municipal limits of Amravati ('A' Class) were permitted to be used for residential purposes between December 1982 and June 1983. Non-agricultural assessment was, however, incorrectly fixed at 2 paise per square metre, insteasd of at the correct rate of 27 paise per square

metre notified on 13th August 1981. The mistake resulted in short realisation of revenue amounting to Rs. 73,522 (including conversion tax) for the years 1983-84 and 1984-85.

On the mistake being pointed out in audit (May 1984), the department revised the assessment (January 1985) and raised additional demand for Rs. 73,522 in February 1985. Report on recovery is awaited (February 1986).

(*iv*) In Akkalkot tahsil (Solapur district), land admeasuring 20,700 square metres within the municipal limits of village Akkalkot was acquired and handed over to the Maharashtra State Electricity Board on 30th March 1981 for use for commercial purposes. The land was, however, assessed to land revenue as for industrial use (at the standard rate of 19.95 paise per square metre) instead of as for commercial use (at the rate of 26.6 paise per square metre) from 30th March 1981. Increase of land revenue leviable under the Maharashtra Increase of Land Revenue and Special Assessment Act, 1974 was also not levied and demanded. The mistakes resulted in short realisation of revenue amounting to Rs. 41,295 for the years 1980-81 to 1984-85.

On the mistakes being pointed out in audit (September 1984), the department recovered (June 1985) Rs. 11,512. Report on recovery of the balance amount is awaited (February 1986).

The above cases were reported to Government between June 1985 and September 1985; their reply is awaited (February 1986).

4.9. Short levy due to erroneous interpretation of the Act

By a notification issued by Government on 27th July 1981, the standard rates of assessments in Kurla tahsil (Bombay sub-urban district) were revised with effect from 1st August 1979.

However, a piece of land admeasuring 36,927 square metres used for industrial purposes was assessed to land revenue amounting to Rs. 7,949.70 per annum (at the pre-revised rates) with effect from 1st August 1979. In December 1981, the Sub-Divisioanl Officer, Bombay sub-urban district revised the assessment to Rs. 26,218.20 with retrospective effect from August 1979 as per notification dated 27th July 1981, but omitted to levy conversion tax (on change in mode of use of land) amounting to Rs. 78,655. On an appeal by the holder of the land the

appellate authority, due to an erroneous interpretation of the Amendment Act, 1979, set aside (October 1982), the revised assessment, which resulted in short realisation of revenue amounting to Rs. 1.88 lakhs for the years 1979-80 to 1984-85.

On the error in interpretation and non-levy of conversion tax being pointed out in audit (May 1983), the appellate authority revised (February 1984) his orders and upheld the orders passed earlier by the Sub-Divisional Officer. Report on recovery is awaited (February 1986).

4.10. Non-levy of conversion tax

Under the Maharashtra Land Revenue Code, (Amendment) Act, 1979, effective from 31st March 1979, a conversion tax, equal to three times the amount of non-agricultural assessment, is leviable on all lands situated in the areas of Municipal Corporations and Municipal Councils ('A' and 'B' Class only), when permission for non-agricultural use or change of user of land is granted or unauthorised non-agricultural use is regularised by the revenue authorities (on or after 31st March 1979).

(*i*) In the Collectorate, Bombay Sub-urban District, Bombay, although permission for non-agricultural use of land in 13 cases was granted after 31st March 1979, no conversion tax was levied. The omission resulted in revenue amounting to Rs. 53,867 not being realised.

On this being pointed out in audit (December 1983), the department accepted the omission (June 1985). Report on recovery is awaited (February 1986).

(*ii*) In tahsil Baramati (Pune district), two pieces of land admeasuring 20,406 and 606 square metres situated within the limits of a 'B' class Municipal Council were permitted to be used for non-agricultural purposes (February 1983 and March 1983). But conversion tax was not levied, resulting in non-realisation of revenue amounting to Rs. 12,265.

On this being pointed out in audit (June 1984), the department accepted (December 1984) the omission. Report on action taken is awaited (February 1986).

The above cases were reported to Government in February 1985 and July 1985; their reply is awaited (February 1986).

4.11. Non-levy of cess

(*i*) Under the Maharashtra Zilla Parishads and Panchayat Samitis Act, 1961, a cess at prescribed rate is leviable on land revenue recoverable

from every tenant or lessee in the areas covered by the Act. Cess on land revenue is leviable at 20 paise per rupee of land revenue under the Bombay Village Panchayats Act, 1958.

In Shahapur tahsil (Thane district) in assessing non-agricultural land admeasuring 19.63 hectares (subsequently reduced to 16.42 hectares in 1980-81), held by a company, cess was not levied. Increase of land revenue leviable under the Maharashtra Increase of Land Revenue and Special Assessment Act, 1974 (as amended from 1st August 1975) was also not levied and demanded. The omissions resulted in revenue amounting to Rs. 46,959 for the years 1967-68 to 1984-85 not being realised.

On this being pointed out in audit (March 1985), the department accepted the omission and raised the demand in July 1985. Report on recovery is awaited (February 1986).

(*ii*) From the revenue year 1978-79, Government granted remission of land revenue assessable in respect of every holder of land whose entire holding in the State did not exceed 3 hectares of agricultural land (no part of which was under irrigation by any mode) or whose liability to pay agricultural land revenue in a year in respect of his entire holding (no part of which was under irrigation) in the State was more than Rs. 5, but did not exceed Rs. 10 in the aggregate. However, Government clarified in May 1979 that local cess leviable under the Zilla Parishads and Panchayat Samitis Act, 1961 was not remitted and should continue to be levied.

In Tiroda tahsil (Bhandara district), local cess was not levied and recovered in respect of the aforesaid lands on the ground that land revenue thereon had been remitted by Government, which was not correct. This resulted in local cess amounting to Rs. 17,069 for the period 1978-79 to 1983-84 not being realised.

On the failure being pointed out in audit (July 1984), the department stated (July 1984) that the recovery would be effected. Report on recovery is awaited (February 1986).

The above cases were reported to Government in April 1985 and August 1985; their reply is awaited (February 1986).

CHAPTER V

TAXES ON VEHICLES

5.1. Results of Audit

Test check of records relating to assessment and collection of motor vehicles tax, further tax and passenger tax, conducted in audit, during the year 1984-85, revealed short levy of taxes and losses of revenue amounting to Rs. 6.26 lakhs in 1114 cases, which broadly fall under the following categories :—

	Number of cases	Amount (In lakhs of rupees)
(*i*) Non-levy or short levy of tax due to incorrect application of rates, etc.	155	1.43
(*ii*) Short levy of tax due to incorrect assessments ..	19	1.17
(*iii*) Irregular grant of exemption from payment of tax ..	62	1.95
(*iv*) Miscellaneous cases	878	1.71
Total ..	1,114	6.26

Some of the important cases relating to the year 1984-85 and earlier years are mentioned in the following paragraphs.

5.2. Non-levy of taxes

Under the Bombay Motor Vehicles Tax Act, 1958, motor vehicles belonging to a Zilla Parishad (a local authority), and used exclusively for purposes other than transport of passengers or goods for hire, are exempt from payment of road tax. In February 1983, the department had also reiterated in its circular to the state transport authorities that the vehicles

belonging to Zilla Parishads were normally exempt from payment of tax but if these vehicles were used for transport of passengers or goods for hire, they had to pay road tax, passengers tax and " further tax " (goods tax).

In Dhule, Kolhapur and Ratnagiri districts, the Zilla Parishads were reported to have used 31 vehicles for carrying passengers/goods for hire during the periods from September 1979 to April 1984. But no taxes were levied and collected from them. Taxes not recovered amounted to Rs. 1·09 lakhs.

The matter was reported to the department in August 1983, January 1984 and June 1984 and to Government in September 1985; their replies are awaited (February 1986).

5.3. Short recovery of road tax

(*i*) Under the Bombay Motor Vehicles Tax Act, 1958, read with the instructions contained in the departmental manual, registered laden weight in respect of a tractor and trailer combination is to be computed by adding the maximum laden weight of the trailer, as notified by Government for the particular type of trailer, to the unladen weight of the tractor. This will be the registered laden weight to be assigned to the basic articulated unit. The road tax is to be levied on the registered laden weight assigned.

In Pune and Kalyan, in the case of two tractor-trailer combinations, the unladen weight of the tractors was omitted to be added to the maximum laden weight of the trailers for purposes of arriving at the registered laden weight of the vehicles. The omisssion resulted in short levy of tax by Rs. 28,437.

On the mistake being pointed out in audit (May 1984 and November 1984), the department recovered (September 1984) a sum of Rs. 6,292 in one case. Report on recovery in the other case is awaited (February 1986).

(*ii*) A private service vehicle is a vehicle constructed or adapted to carry more than nine persons excluding the driver and is ordinarily used by or on behalf of the owner of the vehicle for the purpose of carrying persons in connection with his trade or business or otherwise than for hire or reward. Under the Bombay Motor Vehicles Tax Act, 1958, road tax on such vehicles was being levied on the basis of their unladen weight upto 31st March 1974. By an amendment of the Act,

however, the rate of tax was enhanced from 1st April 1974 and road tax on private service vehicles is levied with reference to their licensed capacity to carry passengers. However, in the case of vehicles registered in the name of an individual, a local authority, a public trust, a university or an educational institution, the enhanced rate is not applied and road tax is recovered with reference to the unladen weight of the vehicle.

At Nanded, road tax in respect of three private service vehicles (two vehicles registered in the name of the Maharashtra State Road Transport Corporation and one vehicle registered in the name of the Textile Corporation of Marathwada Ltd.) was incorrectly levied on the basis of their unladen weight, instead of on their licensed capacity to carry passengers. This resulted in short levy of road tax amounting to Rs. 10,528 for the period between July 1976 and August 1984.

On the mistake being pointed out in audit (June 1984), the department recovered (between June 1984 and February 1985) tax amounting to Rs. 9,105 from the vehicle owners. The department also stated (May 1985) that the balance of Rs. 1,423 was not recoverable as one of the vehicles was not in use from 1st January 1983 to 23rd January 1984 and from 1st March 1984 onwards.

(*iii*) Under the Bombay Motor Vehicles Tax Act, 1958, and the notifications issued thereunder, on motor vehicles using fuel, other than motor spirit, road tax is leviable as in the case of other motor vehicles, of the same class using motor spirit *plus* 50 per cent of that tax. However, this additional tax leviable in respect of such vehicles is not to exceed Rs. 580 (Rs. 530 upto 31st March 1979).

In three assessment offices in Bombay (Central), Nasik and Pune districts, in the case of five vehicles using fuel other than motor spirit, the additional 50 per cent tax was not levied for various periods falling between January 1976 and June 1984, resulting in short realisation of road tax by Rs. 12,449.

On the mistake being pointed out in audit (June, July 1981 and June 1984), the department recovered (between July 1981 and November 1984) a sum of Rs. 10,348 in respect of four vehicles. In respect of the fifth vehicle, the department stated (August 1984) that revenue recovery certificate had been issued on 5th January 1983. Report on recovery is awaited (February 1986).

The above cases were reported to Government in August 1985; their reply is awaited (February 1986).

5.4. Non-recovery of further tax (goods tax)

Under the Bombay Motor Vehicles Tax Act, 1958, with effect from 1st April 1980, in addition to the road tax on vehicles, a further tax at prescribed rates is leviable on goods carried by road in public and private goods vehicles. Earlier, "further tax" was called "goods tax' and was levied and collected under the Maharashtra Tax on Goods (Carried by Road) Act, 1962 (repealed with effect from 1st April 1980).

(*i*) In Shrirampur (District Ahmednagar), "further tax" (goods tax) in respect of goods carried by five goods vehicles during various periods falling between April 1974 and March 1980 was not levied and recovered. Tax not levied amounted to Rs. 20,403. Besides, penal interest was chargeable for non-payment of tax.

On the omission being pointed out in audit (July 1983), the department stated (December 1983) that revenue recovery certificates had since been issued (September 1983) for recovery of goods tax (with penalty) amounting to Rs. 25,709. Later, in February 1985, the department informed that instructions had been issued for expediting recovery or initiating action for write-off of the dues, if recovery was not possible. Further report is awaited (February 1986).

(*ii*) In Gondia in Bhandara district, during the period from March 1976 to March 1984, tax was not levied on goods carried by four tractor-trailers belonging to Agro-Service Centres, although the vehicles were not exempted from payment of tax. The omission resulted in tax and penalty totalling Rs. 19,144 not being realised.

On the irregularity being pointed out in audit (February 1984), Government directed (March 1985) the Transport Commissioner to recover the tax. Report on recovery is awaited (February 1986).

(*iii*) Under the Bombay Motor Vehicles Tax Act, 1958, read with Government notifications of 31st May 1973 and 5th January 1977, motor vehicles used solely for agricultural operations on farms or farm lands and tractors and trailers belonging to sugar mills and used exclusively for transportation of agricultural produce are exempt from payment of motor vehicles tax. However, they are not exempt from payment of "further tax" (previously called "goods tax").

However, at Latur and Shrirampur, 14 tractor-trailers owned by sugar factories were exempted from payment of "further tax" for the

period from 1st April 1973 to 30th September 1981, resulting in non-realisation of tax amounting to Rs. 19,849.

On the irregularity being pointed out in audit (November 1979/November 1981), the department accepted (July 1982) the mistake and raised (August 1982) demands for Rs. 14,325 in respect of nine tractor-trailers. The department also stated that the owners of the vehicles had appealed to Government for exemption from payment of "further tax" and that their appeal was under consideration. In respect of the remaining five vehicles, the department recovered tax amounting to Rs. 5,524 during August to October 1983.

The above cases were reported to Government between February 1984 and August 1985; their reply is awaited except in respect of sub-paragraph (*ii*) above.

5.5. Short levy of tax to finance Employment Guarantee Scheme

Under the Bombay Motor Vehicles Tax Act, 1958, with effect from 1st April 1975, in addition to the Motor Vehicles Tax, a further tax on account of Employment Guarantee Scheme is leviable on Motor Vehicles referred to in sub-clause VI of clause A of the First Schedule of the Principal Act, at the rate of 100 per centum of the amount of motor vehicles tax payable on motor vehicles manufactured at any place outside India and imported into India and at the rate of 25 per centum on Indian made motor vehicles.

In Bombay (Central and West Zones), on 32 foreign made vehicles, further tax on account of Employment Guarantee Scheme was recovered only at 25 per centum, instead of at 100 per centum of the amount of motor vehicles tax. The mistake resulted in short levy of further tax by Rs. 19,121 during the period from April 1975 to March 1985.

On the mistake being pointed out in audit (April 1982, May 1982, August 1984 and September 1984), the department recovered (between June 1982 and February 1985) an amount of Rs. 14,133 (including penalty) in respect of 26 vehicles. Report on recovery in the case of remaining 6 vehicles is awaited (February 1986).

The cases were reported to Government in August 1985; Government confirmed (October 1985) the above facts.

5.6. Short recovery of passengers tax

Under the Bombay Motor Vehicles (Taxation of Passengers) Act, 1958, passengers tax is levied at the rate of 17.5 percent of the amount of fare (inclusive of tax) collected by the operator from the passengers. By a notification issued in May 1976, Government exempted certain operators from payment of passengers tax in excess of 3.5 per cent of the amount of fares (inclusive of tax) in respect of vehicles plying exclusively on certain specified routes.

(*i*) A company in Thane District engaged two contract carriages for carrying their employees from various pick-up points in Bombay to their factory premises and back during November 1978 to February 1980. As the route used was not one of the specified routes, passengers tax was leviable at the rate of 17.5 per cent of the fare (including tax); but it was levied at the rate of 3.5 per cent thereof. The mistake resulted in passengers tax being levied short by Rs. 15,260.

When the mistake was pointed out in audit (May 1982), the department stated (December 1983) that the amount of Rs. 15,260 had since been recovered (August 1983) from the party concerned.

(*ii*) A public sector company engaged a contract carriage for carrying its employees from Dadar to its factory at Turbhe (District Thane) and back during March 1984 to August 1984. Although in this case also the route used was not one of the specified routes, the department recovered tax only at the rate of 3.5 per cent, instead of at 17.5 per cent of the contractual amount of Rs. 18,000 per month. The mistake resulted in passengers tax being levied short by Rs. 15,120.

On the mistake being pointed out in audit (September 1984), the department recovered (January 1985) Rs. 15,120 from the owner of the vehicle.

The cases were reported to Government between July and September 1985. In the first case Government reply is awaited (February 1986). However, in the second case Government confirmed (August 1985) the recovery of Rs. 15,120.

5.7. Incorrect grant of exemption from payment of tax

Under the Bombay Motor Vehicles Tax Act, 1958, and the notifications issued thereunder, motor vehicles belonging to Government of India or Government of Maharashtra are exempt from payment of road tax.

However, the exemption does not extend to vehicles belonging to autonomous bodies, public companies or corporations.

In Nanded, on eight vehicles orginally belonging to the Environmental Engineering Division of Government of Maharashtra and subsequently transferred to the Maharashtra Water Supply and Sewerage Board, tax was omitted to be levied for the period from November 1979 to November 1984. The omission resulted in tax (in respect of 7 vehicles) amounting to Rs. 24,890 not being realised.

On the omission being pointed out in audit (June 1984), the department recovered (between June 1984 and October 1985) Rs. 6,578 in respect of three vehicles and stated (December 1985) that in the case of four other vehicles the Environmental Engineering Division had been reminded to pay the tax. Further progress of recovery is awaited (February 1986). As regards the remaining one vehicle, the department stated that it was under non-use from 1st November 1979, without indicating the period of non-use and whether the non-use had been accepted etc. Full particulars of the vehicle, called for from the department in December 1985, are awaited (February 1986).

The case was reported to Government in August 1985; their reply is awaited (February 1986).

5.8 Non-raising of demands for tax

Under the Bombay Motor Vehicles Tax Act, 1958 and the rules made thereunder, road tax at prescribed rates is leviable on all vehicles used or kept for use in the State. In the case of goods vehicles, "further tax" (goods tax) is also leviable in addition to the road tax. The department manual provides that demand notices should be issued in each case of default on payment of tax.

At Kolhapur, in respect of seven vehicles road tax/futher tax was not levied and demanded for various spells between 1st September 1981 and 30th September 1983. Non-use declarations were also not received in these cases. The tax not demanded amounted to Rs. 28,997. The operators were also liable to pay interest for delay in payment of tax.

On this being pointed out in audit (October 1983), the department stated (May 1984/May 1985) that tax amounting to Rs. 28,997 and interest amounting to Rs. 10,490 had since been recovered.

The matter was reported to Government in August 1985; their reply is awaited (February 1986).

5.9 Under-assessment due to incorrect fixation of registered laden weight

Under the Bombay Motor Vehicles Tax Act, 1958, road tax in respect of each transport vehicle is calculated with reference to its registered laden weight which is one and a quarter times the gross vehicle weight, as certified by the manufacturer of the vehicle. The goods tax leviable under the Maharashtra Tax on Goods (Carried by Road) Act, 1962, is calculated based on the carrying capacity of the vehicle, which is equal to the difference between the registered laden weight and the unladen weight of the vehicle.

At Bombay (Central and East) in nine cases, the registered laden weight of the vehicles was fixed incorrectly, which resulted in under-assessment of road tax and goods tax for various periods between September 1975 and May 1982. The taxes assessed short amounted to Rs. 10,375.

On the mistake being pointed out in audit (November 1980 and June 1981), the department recovered (between October 1981 and March 1983) taxes amounting to Rs. 5,879 in respect of seven vehicles. Report on recoveries in the remaining two vehicles is awaited (February 1986). The above case was reported to Government in August 1985; their reply is awaited (February 1986).

5.10 Short levy due to arithmetical mistakes

At Aurangabad, during April 1983 to March 1985 in respect of seven private service vehicles owned by the Maharashtra State Road Transport Corporation, tax paid for some quarters of the year was erroneously accounted for as tax paid for the whole of the year. This resulted in short recovery of the tax by Rs. 24,715.

On the mistake being pointed out in audit (January 1985), the department recovered (May 1985) Rs. 24,715 from the Corporation.

The above case was reported to Government in September 1985; their reply is awaited (February 1986).

5.11 Non-levy of permit fee in respect of transport vehicles

Under the Motor Vehicles Act, 1939, the registered owner of a transport vehicle is required to obtain a permit from a Regional or a State Transport Authority before the vehicle is used in a public place. Such a permit, is however, not necessary in case of goods vehicle which is a light motor vehicle with registered laden weight not exceeding 4000 kgs

and is not used for hire or reward. Trailers are also included in the definitions of vehicles and although they are exempted from the payment of road tax, when used for agricultural purposes, they are not exempted from obtaining a valid permit for their use in public places. The fee payable in respect of a permit is Rs. 35 (Rs. 15 upto 31st March 1979).

At Nashik, Latur and Aurangabad, no permits had been obtained by owners of 817 transport vehicles (with registered laden weight exceeding 4,000 kgs. each) before using the vehicles during the year 1977-78 to 1980-81. The department also did not take any action against the vehicle owners requiring them to obatin such permits. The failure resulted in permit fee amounting to Rs. 18,233 not being realised.

On the failure being pointed out in audit (February 1979, September 1981 and January 1982), the department recovered (between May 1979 and February 1985) permit fees amounting to Rs. 15,410 in respect of 522 vehicles. In the case of 84 vehicles the department stated that the vehicles had been removed to other regions/States and, therefore, no recovery was possible. Report on action taken by the department in the remaining 211 cases is awaited (February 1986).

The matter was reported to Government in September 1985; their reply is awaited (February 1986).

CHAPTER VI

STAMP DUTY AND REGISTRATION FEES

6.1. Results of Audit

Test check of instruments and other records relating to stamp duty and registration fees, conducted in audit in 247 offices during the year 1984-85, revealed under-assessment amounting to Rs. 150.42 lakhs, as detailed below :—

		Amount (in lakhs of rupees)
(*i*)	Non-levy of duty and fee on instruments executed by co-operative societies	10.27
(*ii*)	Incorrect grant of exemption from duty and/or fee	9.50
(*iii*)	Short levy due to misclassification of documents	103.42
(*iv*)	Short levy due to under-valuation of properties	0.44
(*v*)	Other irregularities	26.79
	Total ..	150.42

A few important cases relating to the year 1984-85 and earlier years are mentioned in the following paragraphs.

6.2. Short levy of stamp duty and registration fees

(*i*) Under the Bombay Stamp Act, 1958, as amended by an Amendment Act, 1979, effective from 4th July 1980, duty leviable on an instrument of conveyance is to be based on the market value of the property,

which is the subject matter of the conveyance. Under section 32(A)(2) *ibid,* if a registering officer has reason to believe that the market value has not been truly set forth in the instrument, he may refer it to the Collector for determination of the true market value.

In sub-registry, Tumsar (Bhandara district), on a deed of conveyance relating to transfer of an immovable property executed in March 1981, stamp duty was charged on consideration amounting to Rs. 68.40 lakhs. The sale of the property was subject to a mortgage to four banks for Rs. 211.56 lakhs, which the purchaser had undertaken to clear (The mortgage had been effected earlier in October 1980 by depositing title deeds in one of the banks). The unpaid mortgage amount of Rs. 211.56 lakhs was not taken into account for determining the market value of the property for purposes of levy of stamp duty and registration fees. Presuming that the market value of the property would be not less than the amount of the mortgage (Rs. 211.56 lakhs) *plus* the aforementioned consideration (Rs. 68.40 lakhs), the omission to determine the market value resulted in stamp duty and registration fee being realised short by at least Rs. 13.75 lakhs.

On the short levy being pointed out in audit (November 1984), the Inspector General of Registration requested the Collector, Bhandara to decide the case after determining the market value as it appeared that the property had been undervalued to a great extent. Report on action taken is awaited (February 1986).

(*ii*) Under the Bombay Stamp Act, 1958, on instruments of gift and settlement, stamp duty and registration fee are payable based on the values of the properties which are the subject matter of gift or settlement. 'Value' for this purpose means the 'market value', as enjoined in the Departmental Code.

In the sub-registries at Thane (Thane district) and Narayangaon (Pune district) in the case of a settlement deed and a gift deed, registered in September 1977 and February 1978 respectively, stamp duty and registration fee were levied on value of the properties as set forth in the deeds, although these values were lower than the market values of similar properties in the adjacent areas by about Rs. 4.54 lakhs and Rs. 2.10 lakhs respectively. The omission to ascertain market values of the properties resulted in short realisation of stamp duty and registration fee by about Rs. 25,525.

On this being pointed out in audit (November 1979 and September 1980), the Inspector General of Registration, Pune accepted (February 1980 and September 1984) the omission and directed the sub-registry offices to refer the documents to the Collector for proper valuation and validation. Further report is awaited (February 1986).

The above cases were reported to Government between July 1985 and August 1985; their reply is awaited (February 1986).

6.3. Short levy due to misclassification of documents

(*i*) According to the Table of Fees appended to the Registration Act, 1908 (as amended from 1st April 1977) documents falling under Article I of the Table attract fee at an *ad valorem* scale, while those falling under Article IV are liable to fixed fee. An agreement to sell falls under Article I and is liable to *ad valorem* fee and not fixed fee. According to Code Order No. 400 (*iv*) of the Maharashtra Registration Manual, Part II, an agreement under Section 4 of the Maharashtra Ownership Flats (Regulation of the Promotion of Construction, Sale, Management and Transfer) Act, 1963, is an agreement to sell and registration fee is chargeable at the *ad valorem* scale under Article I of the revised Table of Fees, read with Note 10 thereunder on the amount of consideration set forth in the agreement.

In September 1978, the Inspector General of Registration had issued instructions to the effect that agreements executed under Section 4 of the aforesaid Act of 1963 were simple agreements and not agreements for sale and that fixed fee was chargeable thereon under Article IV of the Table of Fees. These instructions were not in conformity with the Code Order No. 400 (*iv*) of the Maharashtra Registration Manual, Part II.

On this being pointed out in audit in August 1979, the Inspector General of Registration instructed the field officers in October 1980 that agreements in question were agreements for sale and were, therefore, chargeable with registration fees under Article I of the Table of Fees.

At Bombay, three builders had executed 195 agreements for sale under Section 4 *ibid* but these agreements for sale were not presented for registration within the maximum permissible period of eight months. Subsequently, the builders executed between August 1980 and December 1980, 195 declaration deeds by which the parties confirmed and ratified the initial agreements for a sale. The initial agreements were set out as exhibits forming part of the declaration deeds. According to the apparent

tenor of declaration deeds, these deeds operated as agreements for sale and attracted *ad valorem* fee on the amount of purchase money under Article I of the Table of Fees. But the Sub-Registrar treated them as deeds of declarations and levied fixed registration fee of Rs. 20 in each case. As a result of this misclassification of documents, registration fee was levied short by Rs. 1,34,310 in respect of195 documents test checked by audit.

On this being pointed out in audit (February 1985), the Inspector General of Registration, Pune accepted (February 1986) the audit objection and directed the sub-registry office to recover the deficit registration fee. Report on recovery is awaited (February 1986).

(*ii*) In Bombay, on four instruments conveying right, title and interest in land for consideration amounting to Rs. 5,35,005, stamp duty was realised at rates applicable to ordinary agreements, instead of at rates applicable to conveyance deeds. The mistakes resulted in stamp duty being realised short by Rs. 69,295.

On this being pointed out in audit (March 1984), the department accepted (October 1984) the mistakes and instructed the Sub-Registrar to refer the cases to the Superintendent of Stamps, Bombay for recovery of the correct amount of stamp duty. Report on recovery is awaited (February 1986).

(*iii*) Under the Bombay Stamp Act, 1958, where a lease is granted for a fine or premium or for money advanced (or to be advanced) and where no rent is reserved, stamp duty is leviable as on a deed of conveyance for a consideration equal to the amount of fine or premium or advance, as set forth in the lease deed.

In sub-registry, Bombay, on a lease deed executed in January 1981 for a consideration of Rs. 1,31,311 paid as lease money for the period upto 30th June 1981, stamp duty was levied at incorrect rate viewing the lease money as rent, instead of as premium or money advanced. The mistake resulted in stamp duty being levied short by Rs. 13,095.

On this being pointed out in audit (February 1985), the Inspector General of Registration accepted the mistake (July 1985). Report on recovery is awaited (February 1986).

The above cases were reported to Government between February 1985 and August 1985; their reply is awaited (February 1986).

6.4. Incorrect grant of exemption from levy of stamp duty

(*i*) As per a Government notification issued on 24th March 1980, superseding the existing notifications on the subject, in the whole of Maharashtra including Vidarbha region, grant of remission from stamp duty was withdrawn with effect from 24th March 1980 in respect of conveyance deeds relating to purchase of land executed by or on behalf of co-operative housing societies formed of persons belonging to classes other than agriculturists or backward communities.

In the sub-registries at Nagpur (City) and Nagpur (Headquarters), 36 instruments of conveyance relating to purchase of land executed by co-operative housing societies between June 1981 and June 1982 were exempted from levy of stamp duty. The exemption granted was incorrect, as the societies were formed of persons belonging to classes other than agriculturists or backward communities. The incorrect grant of exemption resulted in stamp duty amounting to Rs. 4.95 lakhs not being realised.

On this being pointed out in audit (February and March 1985), the Inspector General of Registration, Pune, accepted the mistakes (June1985) and directed the Sub-Registrars concerned to take action for recovery of the stamp duty. Report on recovery is awaited (February 1986).

The case was reported to Government in August 1985; their reply is awaited (February 1986).

(*ii*) By a notification issued on 31st August, 1955, under the Co-operative Societies Act, 1912, Government of Madhya Pradesh remitted stamp duty payable on all instruments executed by or on behalf of or by members of co-operative societies in Vidarbha. The notification remitting the stamp duty was withdrawn by another notification issued by Government of Maharashtra on 24th March 1980 in respect of mortgage deeds for loans or advances exceeding Rs. 5,000 in each case, executed by members of co-operative housing societies formed of persons belonging to classes other than agriculturists or backward communities.

In the sub-registries in Nagpur (Headquarters) and Nagpur (City), on 510 mortgage deeds securing loans exceeding Rs. 5,000 in each case, and executed between the period February 1982 and December 1982, by members of co-operative housing societies formed of persons belonging to classes other than agriculturists or backward communities, levy of stamp duty was incorrectly exempted. The mistake resulted in stamp duty amounting to Rs. 3.07 lakhs not being realised.

On the incorrect grant of remission being pointed out in audit (February 1985 and March 1985), the Inspector General of Registration directed (June 1985) the concerned Sub-Registrars to take action for recovery of the deficit stamp duty. Report on recovery is awaited (February 1986).

The case was reported to Government in August 1985; their reply is awaited (February 1986).

(*iii*) By a notification dated 30th October 1972 (effective from 27th October 1972) Government remitted stamp duty and registration fee on a prescribed scale in respect of conveyances executed by co-operative housing societies relating to immovable property consisting of buildings wherein area and cost of each unit were within prescribed limits.

In sub-registry Haveli II (Pune), in a conveyance executed in October 1976 by landowners (vendors), a builder (confirming party) and a co-operative housing society (the purchasers), the vendors transferred their land to the confirming party for a consideration of Rs. 1,20,000, receipt of which was acknowledged by the vendors. The confirming party transferred ownership of ready-built flats including ownership of the land to the co-operative housing society for a consideration of Rs. 5,23,000 receipt of which was acknowledged by the confirming party.

While the transaction between the confirming party and the co-operative housing society was covered by the remission notification dated the 30th October 1972, full duty and fee was required to be charged on the first transaction between the vendors and the confirming party but this was not done. Failure to do so resulted in short levy of duty and fees amounting to Rs. 10,225.

On the mistake being pointed out in audit (March 1982), the Inspector General of Registration directed (September 1982) the Sub-Registrar to recover the deficit duty and fee. Howevever, the Government stated (January 1986) that at the instance of party's representation the case was reviewed and it was found that the document qualified for exemption under the Government notification dated 29th March 1978 and the order regarding recovery had been withdrawn.

This reply was not tenable as the document, having been executed on 20th October 1976, was not covered by the notification dated 29th March 1978 which was effective from 19th October 1977 only.

(*iv*) By a notification dated 30th October 1972 (effective from 27th October 1972) Government granted remission of stamp duty and registration fee on a prescribed scale on conveyance executed by co-operative housing societies relating to immovable properties consisting of buildings wherein carpet area and cost of each unit were within prescribed limits and withdrew the remission in respect of the conveyance relating to (*i*) land only and (*ii*) immovable property consisting of buildings wherein carpet area and cost of each unit exceeded the prescribed limits.

(*a*) In sub-registry, Ulhasnagar (Thane district), two instruments of conveyance relating to purchase of land with buildings standing thereon executed by two co-operative housing societies for considerations of Rs. 3,75,000 and Rs. 54,360, were adjudicated and certified (January 1979) as exempt from payment of stamp duty and registration fee by the Superintendent of Stamps, Bombay. The exemption allowed was incorrect as (*i*) it was allowed on the basis of the flats which were yet to be constructed and (*ii*) other prescribed conditions were also not fulfilled. The incorrect grant of exemption resulted in loss of revenue of Rs. 35,770.

Cases of similar incorrect remission were also commented upon in paragraphs 100, 6.1(*c*) and 6.2.7 of the Audit Reports for the year 1974-75, 1976-77 and 1978-79 respectively. Government had instructed (February 1978), the Superintendent of Stamps, Bombay to avoid recurrence of such incorrect remissions.

The matter was reported to Government in June 1985; their reply is awaited (February 1986).

(*b*) In sub-registry, Haveli I (Pune), an instrument of conveyance relating to purchase of land with a partly constructed building (with 12 flats) executed in June 1979, by a co-operative housing society, for a consideration of Rs. 5,94,000 was exempted from levy of stamp duty and registration fee. The exemption granted was not correct, as the building being incomplete, its exact cost of construction could not be determined. The irregular grant of exemption resulted in stamp duty and registration fee amounting to Rs. 62,940 not being realised.

On this being pointed out in audit (June 1983), the Inspector General of Registration directed (August 1984) the Sub-Registrar to initiate action for recovery of the deficit duty and fee. Report on recovery is awaited (February 1986).

The case was reported to Government in August 1985; their reply is awaited (February 1986).

(*v*) As per a Government notification issued on 24th March 1980, superseding the existing notifications on the subject, grant of remission from stamp duty on conveyance deeds relating to purchase of land executed by or on behalf of co-operative housing societies was withdrawn with effect from 24th March, 1980 in the whole of Maharashtra including Vidarbha region.

(*a*) In the sub-registry, Hinganghat(Wardha district) three instruments of conveyance relating to purchase of land executed by co-operative housing societies in June and July 1980 were exempted from stamp duty, which was irregular. The irregular grant of remission resulted in non-realisation of duty amounting to Rs.12,800.

On this being pointed out in audit (May 1984), the Inspector General of Registration, Pune, accepted (December 1984) the mistake and stated that the cases had been referred to the Collector of Stamps for further action. Report on recovery is awaited(March 1985).

(*b*) In Bhandara, on three adjudicated instruments of conveyance relating to purchase of land, executed by co-operative housing societies in May, July and August 1980, stamp duty amounting to Rs. 10,272 was not levied.

On the omission being pointed out in audit (May 1984) , the Inspector General of Registration accepted the mistakes(August 1984) but stated that recovery of stamp duty levied short was legally not possible.

The above cases were reported to Government in March 1985 and April 1985; their reply is awaited (February 1986).

Similar cases of irregular grant of remission of stamp duty in Vidarbha Region were also commented upon in paragraph 6.3 of the Audit Report for the year 1982-83.

(*vi*) By a notification dated 24th March 1980, Government granted remission of stamp duty and registration fee, on a sliding scale, in respect of conveyance deeds executed by co-operative housing societies relating to immovable properties consisting of buildings having carpet areas of each unit upto certain specified limits.

In sub-registry, Nagpur (HQ), stamp duty in respect of conveyances (relating to sale of two buildings for consideration amounting to

Rs. 1,00,000 and Rs. 63,750) executed by two co-operative housing societies in the year 1981 was remitted in full, even though the carpet area of each unit in those buildings had not been specified in the instruments. The grant of remission was irregular and resulted in non-realisation of duty amounting to Rs. 12,740.

On this being pointed out in audit (October 1983), the department initiated (April 1985) proceedings for recovery of the stamp duty. Report on recovery is awaited (February 1986).

Th case was reported to Government in May 1985; their reply is awaited (February 1986).

(*vii*) As per a Government notification issued in March 1980, effective from 20th April 1980, co-operative sugar factories fall in the category of processing societies and stamp duty is not to be remitted on instruments executed by such societies.

In the sub-registry in Shrirampur (Ahmednagar district), on a conveyance deed executed by a co-operative sugar factory in June 1981, relating to purchase of land for a consideration of Rs.18,20,930 ,stamp duty and registration fee amounting to Rs.1,17,765 were leviable, but were not levied.

On the mistake being pointed out in audit (November 1984), the Inspector General of Registration directed (April 1985) the sub-registry to initiate action for recovery of the deficit stamp duty and fee. Report on recovery is awaited (February 1986).

The case was reported to Government in June 1985; their reply is awaited (February 1986).

(*viii*) By a notification issued in March 1980, Government remitted, with effect from 20th April 1980, stamp duty and registration fees on instruments relating to transactions of loans and advances, executed by members of co-operative societies (other than the individual members) of the Central Co-operative Banks, if the loan/advance forming the subject matter of such an instrument was Rs. 10,000 or less.

In sub-registry in Arvi (Wardha district), on three instruments relating to transactions of loans executed in 1983 by members of two co-operative banks, levy of stamp duty and registration fee was remitted, although

the amount of loan advanced in each case exceeded Rs. 10,000. The irregular grant of remission resulted in stamp duty and registration fee amounting to Rs. 30,000 not being realised.

On this being pointed out in audit (February 1985), the Inspector General of Registration accepted the omission (July 1985). Report on rectificatory action taken is awaited (February 1986).

(*ix*) According to Government notifications issued in March 1939 and August 1961, stamp duty and registration fee leviable on a deed of conveyance executed by officers or members of Co-operative Banks and relating to the business of the Banks is remitted if the amount of consideration does not exceed Rs. 2000.

In the Sub-registry Miraj I at Sangli, two instruments of conveyances (for a total consideration of Rs. 2,75,876) executed in October 1978 by officers of the District Central Co-operative Bank, Sangli, were adjudicated and stamp duty and registration fee were not collected, although consideration in respect of each instrument exceeded Rs. 2,000. The irregular grant of remission resulted in loss of stamp duty and registration fee amounting to Rs. 21,890.

On the mistake being pointed out in audit (March 1982), the Inspector General of Registration stated (July 1985) that case was under consideration. Final reply is awaited (February 1986).

(*x*) Under the Bombay Stamp Act, 1958, Government is empowered to remit in any part of the State, the stamp duty on any instruments. By a notfication issued in November 1972, Government remitted stamp duty payable on mortgage deeds, securing loans advanced by financial agencies specified in the notification for the purpose of acquisition of fixed assets such as land, buildings and machinery for starting or for expanding industrial undertaking in areas specified in the notification or for starting or expanding a small scale industry in areas specified in the notification.

In the sub-registry, Aurangabad, stamp duty and registration fee was remitted on six mortgages executed in the year 1982, even though the loans were given as "working capital" or as "cash credit and overdraft" and were not for acquisition of fixed assets. Stamp duty and registration fee not realised amounted to Rs. 34,700.

On this being pointed out in audit (September 1984), the department accepted the mistake (February 1985) and directed the Sub-Registrar to take action to recover the stamp duty and registration fee. Government confirmed facts in August 1985. Report on recovery is awaited (February 1986).

The above cases were reported to Government in April and August 1985; their reply is awaited (February 1986) except in respect of sub-paragraph (x) above.

CHAPTER VII

OTHER TAX RECEIPTS

SECTION A—THE BOMBAY BUILDING REPAIRS AND RECONSTRUCTION CESS

7.1. Short levy of repair cess

Under the Maharashtra Housing and Area Develpoment Act, 1976, a tax on land and buildings, called the Bombay Building Repairs and Reconstruction Cess, is leviable at rates prescribed in the Second Schedule to the Act. Where any part or parts of a building are used for non-residential purposes, the cess should be levied at such higher rates, not exceeding double the scheduled rates, as may be prescribed by Government by notification in the official gazette. In January 1979, the State Government had issued a notification, enhancing the rate of cess by hundred percent for non-residential portions of the buildings. The notification was effective retrospectively from 1st April 1978.

In Bombay Municipal Corporation, in the case of a property in " D " ward, it was noticed (August 1984) that the property had been re-bifurcated into residential and non-residential portions with effect from 1st April 1978. The owner of the property had paid repair cess upto September 1979 as per previous bifurcation of rateable value of the property and returned (April 1983) three bills for the period from October 1979 to March 1981 with a request to amend and issue fresh bills as per re-bifurcation of rateable value. The fresh demand, as per revised bifurcation worked out to Rs. 38,907. However, the department had erroneously issued (August 1983) three bills amounting to Rs. 4,398, instead of

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Rs. 38,907 for the above period. The mistake resulted in short recovery of repair cess amounting to Rs. 34,509 (Rs. 38,907 *less* Rs. 4,398).

On the mistake being pointed out in audit (August 1984), the department stated (July 1985) that supplementary bills for Rs. 34,509 for the period October 1979 to March 1981 had since been issued (July 1985). Report on recovery is awaited (February 1986).

The matter was reported to Government in September 1985; reply is awaited (February 1986).

SECTION B—TAX ON PROFESSIONS, TRADES, CALLINGS AND EMPLOYMENTS

7.2. Results of Audit

Test check of records relating to assessment and collection of profession tax, conducted in audit during the year 1984-85, revealed non-levy or short levy of tax etc. amounting to Rs. 1.50 lakhs in 618 cases, which broadly fall under the following categories :—

	Number of cases	Amount (In lakhs of rupees)
(*i*) Non-levy or short levy of interest on belated payment of tax	345	0.56
(*ii*) Non-levy or short levy of profession tax due to incorrect application of rates	273	0.94
Total ..	618	1.50

Some of the important cases noticed in 1984-85 and in earlier years are mentioned below.

7.3. Levy of profession tax at incorrect rates

Under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975, in a Corporation area, tax at the rate of Rs. 150 per annum is leviable on professionals with a standing of more than two

years but less than five years and at the rate of Rs. 250 per annum where the period of standing is five years or more. In other areas, the tax is leviable at the rate of Rs. 50 per annum where the standing in the profession of any person is two years or more, but less than five years, at Rs. 150 per annum where standing is five years or more, but less than ten years and Rs. 250 per annum, where standing is ten years or more. In respect of 96 professionals, tax for the years 1975-76 to 1982-83 was realised short by Rs. 32,900 due to application of incorrect rates.

On the mistake being pointed out in audit (October 1982, December 1982, May 1983 and June 1984), the department stated that in 51 cases an amount of Rs. 18,500 had since been recovered. Report on the recovery in remaining cases is awaited (February 1986).

The case was reported to Government in September 1985; reply is awaited (February 1986).

7.4. Interest not charged on belated payments

Under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975, every person enrolled under the Act is liable to pay tax within the prescribed period. If he fails to pay tax within such period, simple interest at 2 per cent on the amount of tax due is chargeable for each month of default or part thereof, for the period of default.

In four taxation units (Barshi, Jalna, Latur and Satara), interest on belated payments of tax was not charged in 117 cases during the years 1976-77 to 1981-82. Interest not charged amounted to Rs. 25,146.

On the omission being pointed out in audit (February 1982, October 1982 and December 1982), the department recovered (between June 1982 and December 1984) interest amounting to Rs. 7,033 in 52 cases out of 87 cases pertaining to Satara, Jalna and Barshi. As regards cases pertaining to Latur District, the department stated (January 1984) that a demand for Rs. 11,157 had since been raised in respect of 30 cases. Report on recovery of Rs. 11,157 and action taken in other cases is awaited (February 1986).

The matter was reported to Government in August 1985; reply is awaited (February 1986).

SECTION C—ENTERTAINMENTS DUTY

7.5. Results of Audit

Test check of records relating to assessment and collection of entertainments duty, conducted in audit during the year 1984-85, revealed non-levy or short levy of duty, composite fee, etc., amounting to Rs. 4.68 lakhs in 49 cases, which broadly fall under the following categories :—

	Number of cases	Amount (In lakhs of rupees)
(*i*) Non-levy or short levy of entertainments duty ..	17	2.33
(*ii*) Non-levy or short levy of composit fee on belated payments of duty	15	0.87
(*iii*) Short recovery of security deposits	16	1.20
(*iv*) Miscellaneous	1	0.28
Total ..	49	4.68

A few important cases noticed in 1984-85 and in earlier years are mentioned below.

7.6. Non-recovery of entertainments duty and composition fee

Under the Bombay Entertainments Duty Act, 1923, and the rules framed thereunder, proprietors of theatres are required to file weekly returns in the prescribed forms accompanied by challans in support of the payment of entertainments duty as per their returns. The proprietors are also required to furnish security equal to average amount of duty paid fortnightly from January to October. If any proprietor fails to pay the entertainments duty within ten days from the date of entertainment or within such extended period as may be allowed, his security is liable to be forfeited to Government.

For breach of the Bombay Entertainments Duty Act, 1923, prosecution can also be launched. The offences, however, may be compounded on payment of composition fee. In December 1975, Government had issued instructions that composition fee should be calculated at the rate of 7 paise per Rs. 100 (or part thereof), which had not been paid for each

day of delay. The amount so calculated should be rounded off to the next multiple of Rs. 10, subject to a maximum of Rs. 500 for each instance of delay.

(*i*) In Kolhapur city, the proprietor of a theatre had neither filed the weekly returns nor paid to Government the entertainments duty and surcharge (amounting to Rs. 2,23,785) relating to the period from 8th January 1983 to 31st March 1983. He had also delayed the payment of entertainments duty relating to the period upto 7th January 1983.

No action had been taken by the department to forfeit the security deposit or to prosecute the proprietor for non-payment of the Government dues.

On the omission being pointed out in audit (May 1983), the department recovered the arrears of entertainments duty and surcharge amounting to Rs. 2,23,785 during May 1983 to July 1983; forfeited the security deposit amounting to Rs. 35,000 of the proprietor in September 1983 and recovered composition fee amounting to Rs. 30,520 during July 1983 to November 1984.

(*ii*) In Kolhapur District, proprietors of three cinema theatres did not pay entertainments duty within the prescribed period of ten days during the year 1981-82. The amount of composition fee, calculated at seven paise per day per Rs. 100 or part thereof, which was recoverable, amounted to Rs. 40,780. But the amount was neither demanded nor recovered.

The omission was pointed out in audit in May 1982. The department stated (October 1983) that the amount of Rs. 40,780 had since been recovered between December 1982 and September 1983.

(*iii*) In Beed District, proprietors of two cinema theatres did not pay entertainments duty within the prescribed period during the year 1983-84. Composition fee chargeable for belated payments of entertainments duty and surcharge amounted to Rs. 22,780. But the amount was neither demanded nor recovered from the theatre owners.

On the omission being pointed out in audit (October 1984), the department stated (August 1985) that the entire amount had since been recovered from the theatre owners and credited (July 1985) to Government account.

The above cases were reported to Government between May 1985 and September 1985; reply is awaited (February 1986).

SECTION D—ELECTRICITY DUTY

7.7 Results of Audit

Test check of records relating to assessment and collection of electricity duty, conducted in audit during the year 1984-85, revealed short levy of duty etc., amounting to Rs. 16.63 lakhs in 8 cases, which broadly fall under the following categories :

	Number of cases	Amount (In lakhs of rupees)
(*i*) Incorrect continuance of exemption from payment of electricity duty	6	14.38
(*ii*) Non-recovery of interest on belated payment of electricity duty	1	2.23
(*iii*) Miscellaneous	1	0.02
Total ..	8	16.63

Some of the important cases noticed in 1984-85 and in earlier years are mentioned in the following paragraphs.

7.8 Incorrect continuance of exemption from payment of electricity duty

Under the Bombay Electricity Duty Act, 1958, on electricity consumed by the State Government, levy of electricity duty is exempt. But such exemption does not extend to electricity consumed by non-Governmental organisatios, e.g. autonomous bodies.

(*i*) Even after the transfer of various sub-divisions of an Environmental Engineering Circle in Nagpur Division to the Maharashtra Water Supply and Sewerage Board (an autonomous body) in November 1979, duty was not levied on the electricity consumed by these sub-divisions.

On the omission being pointed out in audit (November 1981), the department raised a demand for Rs. 14,05,062 and recovered an amount of Rs. 13,88,854 between April 1983 and July 1984. Report on recovery of the balance amount is awaited (February 1986).

(*ii*) As per notification issued by Government in June 1982, electricity duty on energy consumed in working water pumping sets of the Maharashtra Water Supply and Sewerage Board is leviable at the rate of 1 paisa per unit from the billing month of October 1981.

Some sub-divisions of an Environmental Engineering Circle were transferred to the Maharashtra Water Supply and Sewerage Board (an autonomous body) in November 1979. It was noticed in audit (August 1982)that the department was not having full details of the energy consumed by the sub-divisional offices in Thane and Raigad districts during the period from 1st November 1979 to September 1981 and the rate at which the electricity duty was levied and recovered. The department was, therefore, requested to ascertain the correct position and recover duty at proper rates.

On the omission being pointed out in audit (August 1982), the department stated (May 1985) that an amount of Rs. 32,530 had already been recovered in June 1983 from two sub-divisions of the Board on account of consumption of electricity energy (3,26,976 units) during the period from November 1979 to September 1981. In respect of the other two sub-divisions, it was stated that the concerned Board authorities had been directed to recover the duty. Report on energy consumed by these two sub-divisions and details of recovery effected is awaited (February 1986).

The above cases were reported to Government between April 1985 and September 1985; their reply is awaited (February 1986).

7.9 Non-levy of interest on belated payments

Under the Bombay Electricity Duty Act, 1958, and the rules made thereunder, every licensee who supplies energy to any consumer is required to prepare his bill of charges according to his billing month but shall include the electricity duty leviable under the Act as a separate item in the bill of charges for the energy supplied by him and shall recover the same from the consumer alongwith his own charge. The electricity duty is required to be paid in three instalments; (*i*) first instalment equal to 1/24 th of the total duty collected and paid to the State Government during the preceding financial year in respect of energy consumed by the consumers during that year, on or before 15th day of the succeeding calendar month, (*ii*) the second instalment equal to the amount of first instalment, on or before the last day of the succeeding calendar month and (*iii*) the third instalment consisting of the balance amount of duty, if any, within ten days from the last day of the succeeding calendar month. If the electricity duty is not paid in time, the amount is deemed to be in arrears and interest thereon is chargeable at the rate of 18 per cent per annum for first three months of delay and at 24 per cent per annum thereafter till the default continues.

At Bombay, a licensee had delayed the payment of electricity duty due from him for the month of October 1983, November 1983 and January-1984 by 50 days, 38 days and 8 days respectively. On the belated payments, interest amounting to Rs. 2,22,737 was chargeable, but was not charged.

On the omission being pointed out in audit (August 1984), the department recovered (August 1984 and September 1984) the entire amount of Rs. 2,22,737 from the licensee.

The matter was reported to the Government in November 1984. Government confirmed (May 1985) the facts.

CHAPTER VIII

NON-TAX RECEIPTS

Education and Employment Department

8.1. Non-recovery of rent and water and electricity charges

A portion of a building admeasuring approximately 2100 square feet in the premises of the Industrial Training Institute, Nagpur was allotted in April 1977 to the Staff Association for utilisation as lunch room for trainees and staff. Electricity and water were also provided by Government. In the absence of any restriction on them about sub-letting the accommodation the Association sub-let the accommodation to a private contractor for running a canteen and collected from him a deposit of Rs. 1,500, besides rent at Rs. 200 per month from 1st August 1977 to 31st July 1979 and at Rs. 225 per month from 1st August 1979 onwards. The Association did not remit the collections to Government, nor did the Government take any action for recovery of rent and deposit from the Association or for eviction of the contractor. The charges for water and electricity consumed by the contractor were also neither assessed nor recovered from the contractor, but were borne by Government.

The allotment of Government building to the Staff Association without adequate safeguard against its being sub-let on rent resulted in loss of Rs. 20,100 from 1st August 1977 to 31st March 1985 by way of rent alone.

The case was reported to Government in May 1985; their reply is awaited (February 1986).

(D. SUBRAMONY IYER)

Bombay, Accountant General (Audit)-I, Maharashtra.

The 1 JAN 1987

Countersigned

T. N. Chaturvedi

(T. N. CHATURVEDI)

New Delhi, Comptroller and Auditor General of India.

The

15 JAN 1987

APPENDICES

APPENDIX

Analysis of Sales Tax collection

(Reference : paragraph No. 1.3 ;

Serial No.	Sources of Revenue	Amount collected at pre-assessment stage			Amount collected after regular assessment		
		A			B		
		1982-83	1983-84	1984-85	1982-83	1983-84	1984-85
1	Bombay Sales Tax ..	606.74	740.76	804.38	94.82	97.89	97.72
2	Central Sales Tax ..	209.64	218.51	236.91	23.87	24.71	29.03
3	Motor Spirit Tax ..	77.85	96.26	103.82	Negligible	0.05	0.03
4	Sugar Cane Purchase Tax ..	21.20	30.85	18.41	8.27	5.10	2.15
5	Agricultural Income Tax	0.34	0.03	....	0.04	0.02	0.20
6	Profession Tax ..	37.22	44.46	54.41	7.39	8.52	6.02
	Total ..	952.99	1,130.87	1,217.93	134.39	136.29	135.15

I

(*Finance Department*)

Page 4 of the Report) (In crores of rupees)

Amount refunded			Net collection of tax		
C			D		
1982–83	1983–84	1984-85	1982–83	1983–84	1984–85
15.97	22.31	36.21	701.56	838.65	902.10
0.74	2.00	1.92	233.51	243.22	265.94
..	..	..	77.85	96.31	103.85
..	..	..	29.47	35.95	20.56
..	..	..	0.38	0.05	0.20
Negligible	0.02	Negligible	44.61	52.98	60.43
16.71	24.33	38.13	1,087.38	1,267.16	1,353.08

APPENDIX

Year-wise details of outstanding Audit

(As on 30th

(Reference : Paragraph No 1.9 ;

Serial No.	Name of receipts	1980-81 and earlier years			1981-82			
		No.of Inspection reports	No.of Objections	Amount (in lakhs of rupees)	No.of Inspection reports	No.of Objections	Amount (in lakhs of rupees)	No.of (Inspection reports)
1	2	3	4	5	6	7	8	9
1	Sales Tax ..	137	291	18.94	118	349	15.93	164
2	Agricultural Income Tax	23	40	3.63	3	5	0.28	8
3	Land Revenue ..	657	1,660	864.79	113	411	230.90	129
4	Stamp Duty and Registration Fees	170	631	103.29	98	169	98.64	114
5	Forest Receipts ..	113	228	....	29	75	....	23
6	Taxes on Vehicles ..	116	302	88.17	29	105	9.69	35
7	Entertainments Duty ..	93	162	0.21	26	56	....	56
8	State Excise ..	164	331	1.78	52	137	0.13	66
9	Electricity Duty ..	18	24	....	8	18	0.54	15
10	Tax on Professions, Trades, Callings and Employments	90	354	11.65	52	220	8.26	48
11	State Education Cess ..	19	110	3.67	23	98	7.15	20
12	Repair Cess ..	8	35	35.65	9	49	34.16	9
13	Non-tax Receipts other than Forest Receipts	182	459	....	20	77	....	24
14	Tax on Buildings with larger residential premises	....	....	....	....	....	....	4
	Total ..	1,790	4,627	1,131.78	580	1,769	405.68	715

II

Objections under various receipts

September 1985)

Page 10 of the Report)

1982-83			1983-84			1984-85			Total		
No.of Objections	Amount (in lakhs of rupees)	No.of Inspection reports	No.of Objections	Amount (in lakhs of rupees)	No.of inspection reports	No.of Objections	Amount (in lakhs of rupees)	No.of Inspection reports	No.of Objections	Amount (in lakhs of rupees)	
10	11	12	13	14	15	16	17	18	19	20	
494	41.96	236	682	42.45	458	1,590	32.79	1,113	3,406	152.07	
16	0.55	10	14	3.03	7	8	1.50	51	83	8.99	
433	934.51	155	458	153.69	153	496	603.04	1,207	3,458	2,786.93	
253	72.04	99	198	80.43	94	189	144.83	575	1,440	499.23	
97	....	22	92	....	25	130	....	212	622	....	
81	5.86	39	130	11.17	39	135	192.41	258	753	307.30	
97	0.51	60	96	0.05	106	177	0.21	341	588	0.98	
124	0.48	59	98	....	105	207	0.58	446	897	2.97	
30	....	9	14	....	18	38	3.16	68	124	3.70	
148	4.10	54	183	1.73	58	255	2.40	302	1,160	28.14	
53	0.18	22	68	0.12	17	44	0.49	101	373	11.61	
24	12.84	10	29	0.03	9	25	10.04	45	162	92.72	
53	0.27	13	23	72.12	6	11	0.28	245	623	72.67	
17	....	1	4	....	3	8	....	8	29	....	
1,920	1,073.30	789	2,089	364.82	1,098	3,313	991.73	4,972	13,718	3,967.31	

ERRATA

to

The Report of the Comptroller and Auditor General of India for the year 1984-85—Revenue Receipts—Government of Maharashtra

Reference to		Para. No.	*For*	*Read*
Page	Line			
1	2	3	4	5
6	5th from bottom	1.6 Col. 5	0.31	1.46
17	9th from bottom	2.4 (*i*)	set-off inrespect of	set-off in respect of
19	9th from top	2.4 (*iv*)	regisrered	registered
22	3rd from bottom	2.4 (*xiv*)	1,236	15,236
23	18th from top	2.4 (*xvi*)	Rs. 18·978	Rs. 18,978
25	11th from bottom	2.4 (*xxiii*)	Rs. 1,93,013	Rs. 1,93,015
27	13th from bottom	2.4 (*xxvii*)	avaited	awaited
27	12th from bottom	2.4 (*xxvii*)	inspect	respect
28	17th from bottom	2.5 (*i*)	the issue	the issues
31	4th from top	2.5 (*iii*)	Govermnent	Government
32	7th from top	2.5 (*vi*)	manfactured	manufactured
32	9th from top	2.5 (*vi*)	purchsae	purchase
33	1st from top	2.5 (*vii*)	therof ..	thereof
34	2nd from bottom	2.7 (*ii*)	deoorative	decorative
35	14th from top	2.8	amount of saleprice	amounts of sale price
36	9th from top	2.9	manfacture	manufacture
37	2nd from top	2.9 (*ii*)	raisd ..	raised
37	3rd from bottom	2.10 (*i*)	pruchasers	purchasers
44	1st from bottom	2.14 (*ix*)	despite of a notice	despite a notice
45	5th from top	2.14 (*ix*)	(Rs. 14.02·018)	(Rs. 14,02,018)
45	7th from top	2.14 (*ix*)	Rs. 55.493	Rs. 55,493
48	13th from top	3.3 (*iii*)	13 the ..	13th
50	4th from top	3.6	revovered	recovered
57	7th from top	4.2 (*vi*)	depatment	department
57	15th from bottom	4.2 (*viii*)	extention	extension
57	10th from bottom	4.2 (*viii*)	amonting	amounting
61	14th from top	4.2 (14)	ditricts	districts
67	1st from top	4.4 (*x*)	depatr-	depart-
70	20th from top	4.5 (*x*)	regulairsed	regularised
72	18th from top	4.6 (*ii*) (*a*)	hectares	hectares
75	20th from top	4.8 (*ii*)	2 paisa and one paise	2 paise and one paisa
85	13th from bottom	5.8	The department	The departmental
87	10th from top	5.11	obatin	obtain
87	11th from top	5.11	Rs. 18,233	Rs. 18,235
90	2nd from bottom	6.3 (*i*)	for a sale	for sale
104	13th from bottom	7.8	organisatios	organisations

(G.C.P.) Pub-II H 3172 (1,400—3-87)