



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

**FOR THE YEAR
ENDED 31 MARCH 1994**

No. 1

(REVENUE RECEIPTS)

GOVERNMENT OF HARYANA

THE UNIVERSITY OF CHICAGO

PHYSICS DEPARTMENT

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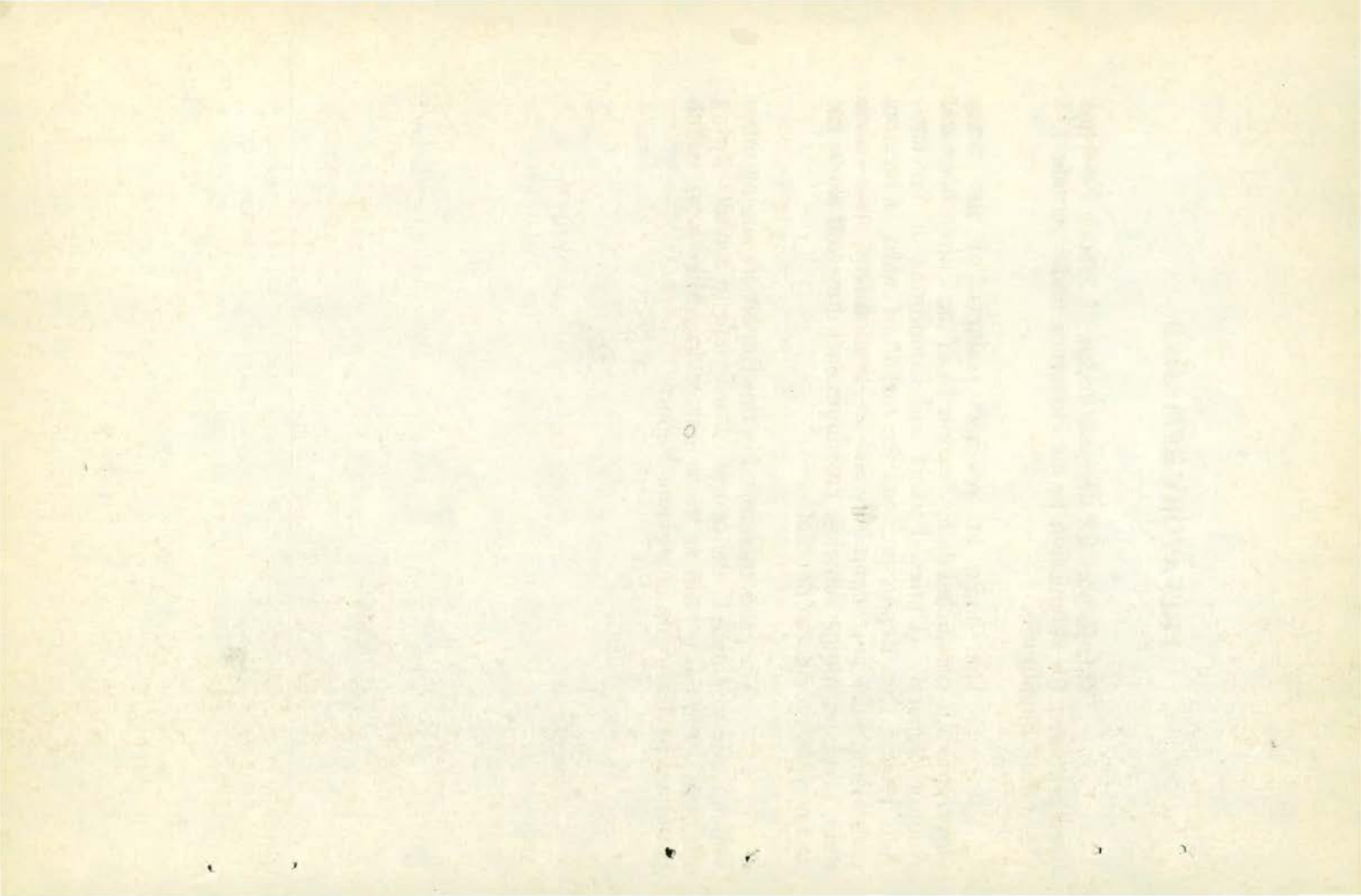
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PREFATORY REMARKS

This Report for the year ended 31 March 1994 has been prepared for submission to the Governor under Article 151 (2) of the Constitution.

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

The cases mentioned in this Report are among those which came to notice in the course of test audit of records during the year 1993-94 as well as those noticed in earlier years which could not be dealt with in previous Reports.



OVERVIEW

This Report includes 17 Paragraphs including 1 Review, relating to non/short levy of taxes, duties, interest, penalty etc. involving Rs.5.76 crores. Some of the major findings are mentioned below :

(Paragraph 1.7)

I. General

(i) During the year 1993-94, revenue raised by the State Government, both Tax (Rs.1589 crores) and Non-Tax (Rs.1340 crores), amounted to Rs.2929 crores as against Rs.1907 crores during the previous year. Receipts under Sales Tax (Rs. 769 crores) and State Excise (Rs. 432 crores) accounted for a major portion of receipts of Tax revenue. Under Non-Tax revenue, main receipts were from Miscellaneous General Services (Rs.841 crores), Road Transport (Rs.253 crores) and Interest Receipts (Rs.117 crores).

Receipts from Government of India during the year, including grants-in-aid of Rs. 270 crores, aggregated Rs.552 crores.

(Paragraph 1.1)

(ii) Arrears of revenue at the end of 1993-94 under principal heads of revenue amounted to Rs.217 crores, out of which Rs.60 crores were outstanding for more than 5 years.

(Paragraph 1.4)

(iii) 90498 assessment cases were pending finalisation under Sales Tax and Passengers and Goods Tax at the end of March 1994 as against 63664 cases pending on 31 March 1989.

(Paragraph 1.5)

(x)

4. Other Tax Receipts

(A) State Excise

Shortfall in the yield of spirit from molasses involved loss of excise duty amounting to Rs.143.46 lakhs.

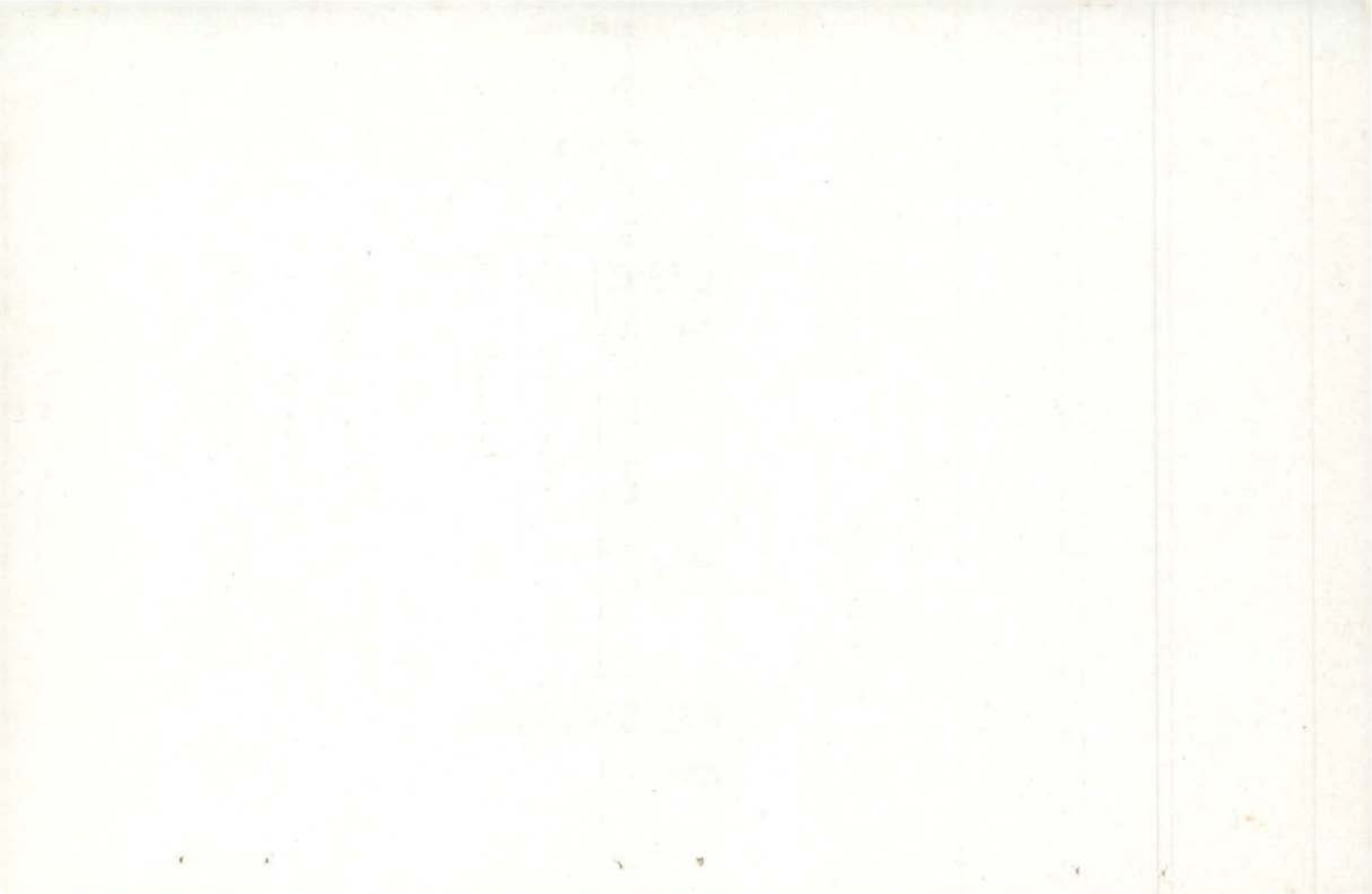
(Paragraph 4.2)

5. Non-Tax Receipts

(A) Agriculture

Purchase tax on sugarcane and interest amounting to Rs.37.40 lakhs were not recovered from a sugar mill.

(Paragraph 5.2)



1. C n f c a

	1991-92	1992-93	1993-94
	(In crores of rupees)		
II Receipts from Government of India			
(a) State's share of net proceeds of divisible Union Taxes	219.45	261.94	282.45
(b) Grants-in-aid	176.04	208.56	269.54
Total (II)	395.49	470.50	551.99
III Total receipts of the State (I + II)	2241.79	2377.64	3481.45
IV Percentage of I to III	82	80	84

(i) The details of the tax revenue raised during the year 1993-94, along with the figures for the preceding two years, are shown below and also exhibited in Chart 2:

	1991-92	1992-93	1993-94	Percentage of increase(+) or decrease(-) in 1993-94 over 1992-93
(In crores of rupees)				
1. Sales Tax	620.30	676.41	768.51	(+) 14
2. State Excise	341.87	393.84	431.76	(+) 10

GROWTH OF TAX REVENUE
DURING 1991-92 TO 1993-94

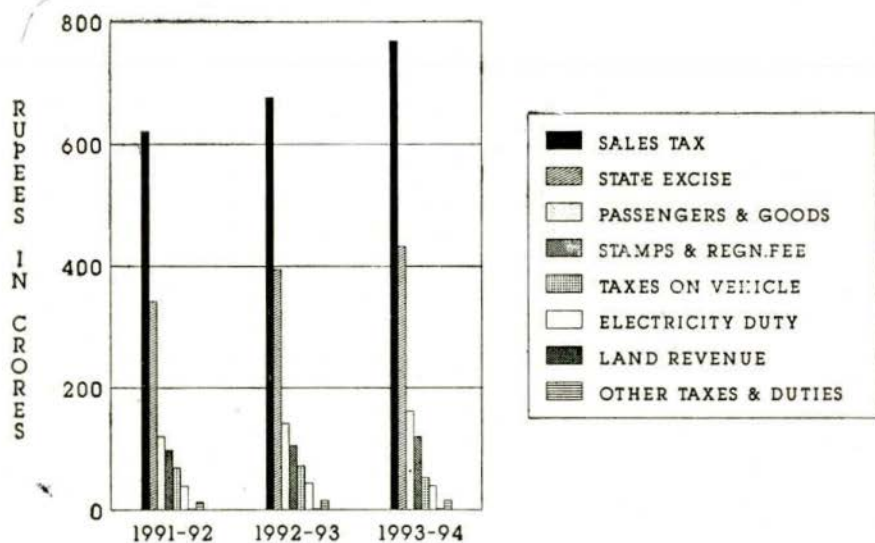


CHART 2

(PARA 1.1)



	1991-92	1992-93	1993-94	Percentage of increase(+) or decrease(-) in 1993-94 over 1992-93
--	---------	---------	---------	--

(In crores of rupees)

3.	Taxes on Goods and Passengers	119.83	141.02	161.52	(+) 15
4.	Stamp Duty and Registration Fees	97.72	104.72	119.64	(+) 14
5.	Taxes on Vehicles	68.47	71.16	52.17	(-) 27
6.	Taxes and Duties on Electricity	38.49	43.43	39.06	(-) 10
7.	Land Revenue	01.09	01.35	01.35	--
-8.	Other Taxes and Duties on Commo- dities and Services	12.44	14.95	14.90	Negligible
	Total	1300.21	1446.88	1588.91	

Reasons for variations in receipts during 1993-94 compared to those of 1992-93, as intimated by the respective departments are given below:

(a) 'Sales Tax'- The increase (14 per cent) was due to increase in business activities, check on evasion of Sales Tax and installation of tax collection points at various places.

(b) 'State Excise'- The increase (10 per cent) was due to lifting of more quota of country liquor, Indian made foreign liquor, rum/gin and also due to realisation of more licence fee.

(c) 'Taxes on Goods and Passengers'- The increase (15 per cent) was due to enhancement of bus fares and increased checking of buses by the department.

(d) Stamp Duty and Registration Fees'- The increase (14 per cent) was due to realisation of more stamp duty as a result of hike in the value of immovable properties.

(e) 'Taxes on Vehicles'- The decrease (27 per cent) was due to abolition of toll tax from 31 August 1993.

(f) 'Taxes and Duties on Electricity'- The decrease (10 per cent) was due to non-deposit of full amount of electricity duty by the Haryana State Electricity Board.

(ii) The details of major non-tax revenue received during the year 1993-94, alongwith the figures for the preceding two years are given below and also exhibited in Chart 3:

GROWTH OF NON-TAX RECEIPTS
DURING 1991-92 TO 1993-94

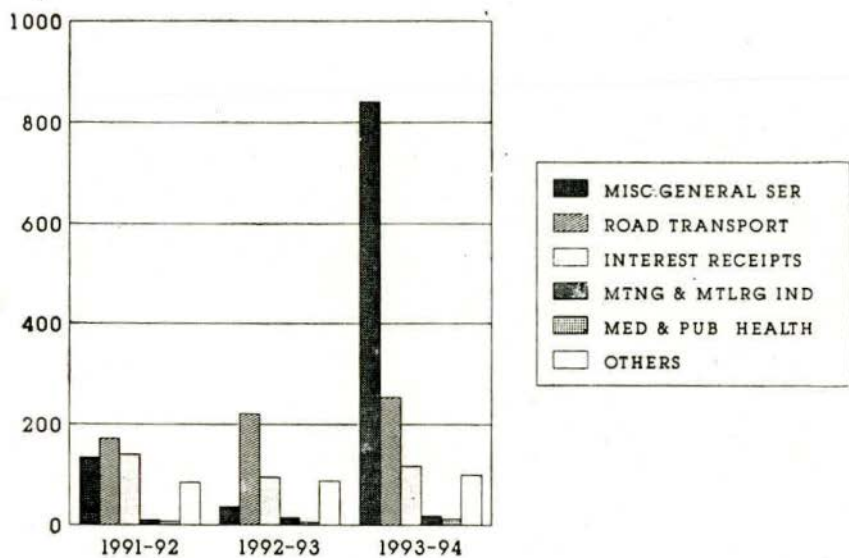
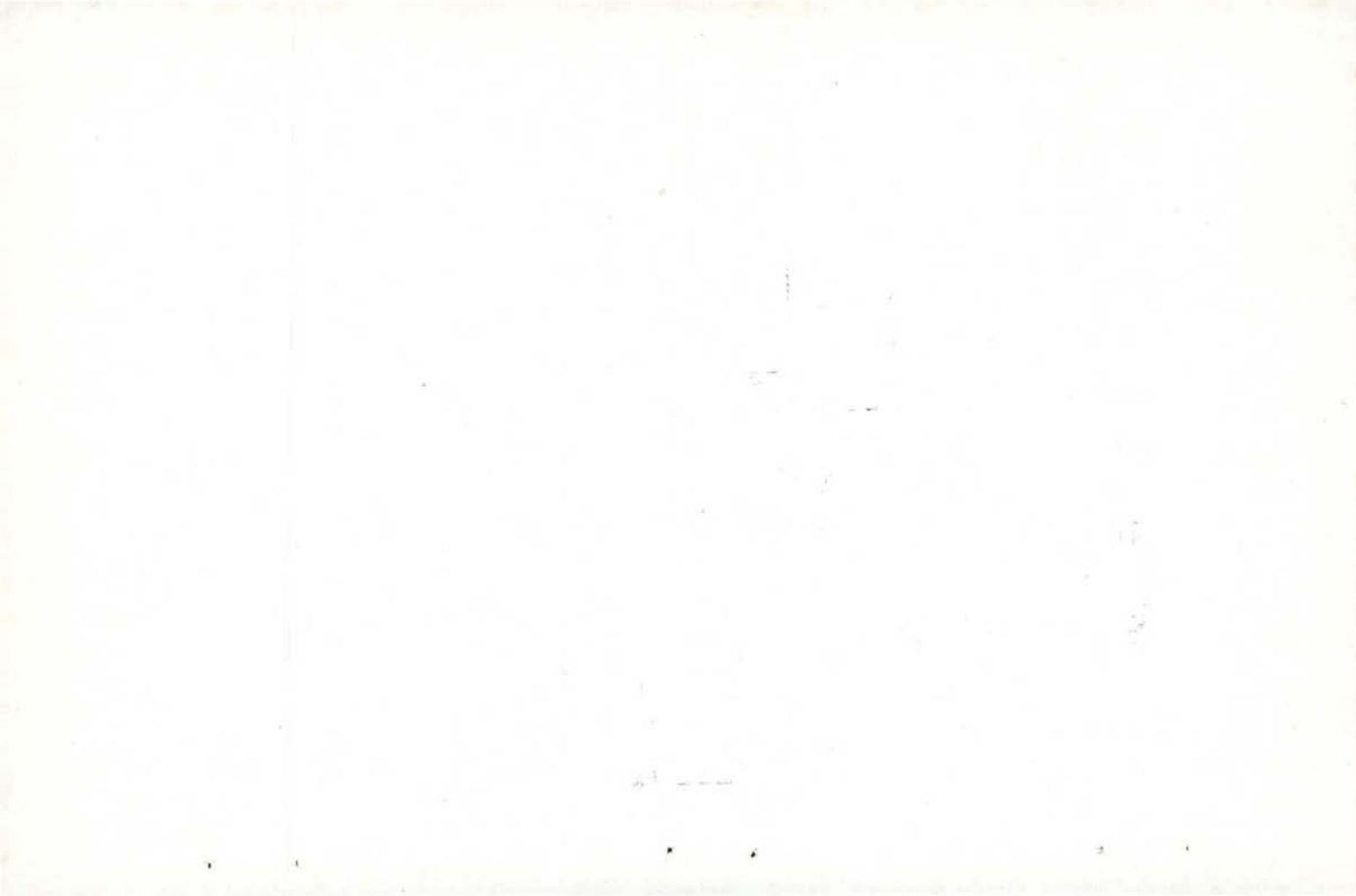


CHART - 3

(PARA 1.1)



	1991-92	1992-93	1993-94	Percentage of increase(+) or decrease(-) in 1993-94 over 1992-93
--	---------	---------	---------	--

(In crores of rupees)

1.	Miscellaneous General Services	133.47	36.08	841.24	(+) 2232
2.	Road Transport	171.62	220.34	252.99	(+) 15
3.	Interest Receipts	139.79	95.09	116.53	(+) 23
4.	Non-ferrous Mining and Metallurgical Industries	9.90	15.28	18.41	(+) 20
5.	Medical and Public Health	6.93	6.13	12.45	(+) 103
6.	Others	84.38	87.35	98.93	(+) 13
	Total	546.09	460.27	1340.55	(+) 191

Reasons for variations in receipts during 1993-94 compared to those of 1992-93 as intimated by the respective departments are as follows :

(a) 'Miscellaneous General Services'- The increase (2232 per cent) was due to sale of lottery tickets through departmental representatives and introduction of new single digit lottery schemes in 1993-94.

(b) Road Transport'- The increase (15 per cent) was due to revision in bus fares with effect from 8 October 1993 and partly due to increase in fleet strength from 3722 to 3772 buses.

(c) Interest Receipts'- The increase (23 per cent) was due mainly to more realisation of interest from commercial undertakings.

d) 'Non-Ferrous Mining and Metallurgical Industries'- The increase (20 per cent) was due to more realisation from mining contracts, royalty and earnest money.

(e) 'Medical and Public Health'- The increase (103 per cent) was due mainly to receipt of the balance contribution due from the Employees State Insurance Corporation, New Delhi.

1.2 Variations between Budget estimates and Actuals

The variations between the Budget estimates of revenue for the year 1993-94 and actual receipts in respect of principal heads of tax and non-tax revenue and the reasons therefor as intimated by the respective departments are given below :

Serial number	Heads of revenue	Budget estimates	Actual receipts	Variations Increase(+) or Decrease(-)	Percentage of variation
(In crores of rupees)					
1.	Sales Tax	780.00	768.51	(-)11.49	(-) 1
2.	State Excise	445.00	431.76	(-) 13.24	(-) 3
3.	Taxes on Goods and Passengers	157.05	161.52	(+) 4.47	(+) 3
4.	Stamp Duty and Registration fees	118.00	119.64	(+) 1.64	(+) 1
5.	Taxes on Vehicles	48.00	52.17	(+) 4.17	(+) 9
6.	Taxes and Duties on Electricity	46.00	39.06	(-) 6.94	(-) 15
7.	Land Revenue	2.16	1.35	(-) 0.81	(-) 37
8.	Other Taxes and Duties on Commodities	15.30	14.90	(-) 0.40	(-) 3
9.	Miscellaneous General Services	850.11	841.24	(-) 8.87	(-) 1
10.	Road Transport	249.00	252.99	(+) 3.99	(+) 2
11.	Interest Receipts	119.10	116.53	(-) 2.57	(-) 2
12.	Non-ferrous Mining and Metallurgical Industries	17.50	18.41	(+) 0.91	(+) 5
13.	Medical and Public Health	10.93	12.45	(+) 1.52	(+) 14

(a) 'Taxes on Vehicles'- The increase (9 per cent) in 1993-94 over the budget estimates was due to introduction of levy of one-time toll tax from July 1993.

(b) 'Taxes and Duties on Electricity'- The decrease (15 per cent) in 1993-94 over the budget estimates was due to non-

deposit of the full amount of electricity duty by the Haryana State Electricity Board.

(c) 'Land Revenue'- The decrease (37 per cent) in 1993-94 over the budget estimates was due to less recovery of mutation fee, revenue talbana and copying fee.

(d) 'Medical and Public Health'- The increase (14 per cent) in 1993-94 over the budget estimates was due mainly to receipt of contribution due from the Employees State Insurance Corporation New Delhi for the earlier years during the current year.

1.3 Cost of collection

The gross collections in respect of major revenue receipts, expenditure incurred on their collection and the percentage of such expenditure to gross collections during the years 1991-92, 1992-93 and 1993-94 alongwith the relevant all-India average percentage of expenditure on collection to gross collections for 1992-93 are given below :

Heads of revenue	Year	Gross collection	Expenditure	Percentage of expenditure to gross collection	All-India percentage of cost of collection for the year 1992-93
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(In crores of rupees)

1. Sales Tax	1991-92	620.30	10.45	1.68	
	1992-93	676.41	12.51	1.85	1.5
	1993-94	768.51	14.28	1.86	

Heads of revenue	Year	Gross collection	Expenditure	Percentage of expenditure to gross collection	All-India percentage of cost of collection for the year 1992-93
(In crores of rupees)					
2. State Excise	1991-92	341.87	0.99	0.29	
	1992-93	393.84	1.16	0.29	2.2
	1993-94	431.76	1.30	0.30	
3. Stamp Duty and Registration Fees	1991-92	97.72	0.57	0.58	
	1992-93	104.72	0.56	0.53	4.9
	1993-94	119.64	1.26	1.05	
4. Taxes on Vehicles	1991-92	68.47	1.16	1.69	
	1992-93	71.16	1.32	1.85	2.9
	1993-94	52.17	1.78	3.41	

1.4 Arrears in revenue

As on 31 March 1994, arrears of revenue under the principal heads of revenue, as reported by the departments, were as under :

Heads of revenue	Total arrears	Arrears more than five years old	Remarks
(In lakhs of rupees)			
1. Sales Tax	15151.47	3918.74	Out of Rs. 15151.47 lakhs, demands for Rs.1399.20 lakhs had been certified for recovery as arrears of land revenue. Rs.7574.16 lakhs and Rs.232.29 lakhs had been stayed by the courts and other appellate authorities respectively. Rs.642.17 lakhs were held up due to rectification/ review applications and demands for Rs.725.34 lakhs were proposed to be written off. Specific action taken to recover the remaining amount of Rs.4578.31 lakhs though called for has not been intimated (August 1994).
2. Taxes on Goods and Passengers	689.00	64.30	Out of arrears of Rs. 689 lakhs, demands for Rs. 61 lakhs had been certified for recovery as arrears of land revenue. Rs.40 lakhs and Rs. 116 lakhs had been stayed by the courts and other appellate authorities respectively and demand for Rs. 1 lakh was proposed to be written off. Specific action taken in respect of the remaining arrears of Rs.471 lakhs has not been intimated (August 1994)
3. State Excise	1805.80	429.33	Out of Rs.1805.89 lakhs, demands amounting to Rs.33.29 lakhs had been certified for recovery as arrears of land revenue. Rs. 901.62 lakhs had been stayed by the courts and demand for Rs.35.87 lakhs was proposed to be written off. Specific action taken in respect of the remaining arrears of Rs.835.11 lakhs has not been intimated (August 1994).
4. Taxes and Duties on Electricity	2767.52	1316.82	Out of Rs.2767.52 lakhs, demands for Rs.16 lakhs were pending in the civil courts and with arbitrators. The deferred recovery of duty of Rs.308.34 lakhs was likely to be written off. Action taken to recover the remaining amount of Rs.2443.18 lakhs has not been intimated (August 1994).

Heads of revenue	Total arrears	Arrears more than five years old	Remarks
(In lakhs of rupees)			
5. Other Taxes and Duties on Commodities and Services			
(i) Receipts under the Sugarcane (Regulation of Purchase and Supply) Act	275.73		The arrear of Rs.275.73 lakhs was due to non-deposit of purchase tax by 3 sugar mills of Karnal (82.13 lakhs), Rohtak (68.08 lakhs) and Panipat (125.52 lakhs).The Department stated in October 1994 that the sugarcane mill owners had been asked to deposit the arrears.
(ii)Receipts under the Punjab Entertainment Tax (Cinematograph Shows) Act	11.34	9.81	Out of Rs.11.34 lakhs, recovery of Rs. 1.53 lakhs had been stayed by the courts and Rs.8.17 lakhs were proposed to be written off. Action taken to recover the remaining amount of Rs.1.64 lakhs has not been intimated by the department (August 1994)
6. Non-ferrous Mining and Metallurgical Industries	272.90	75.16	Out of Rs.272.90 lakhs, Rs.196.11 lakhs were covered under certificate recovery process and the recovery of Rs.54.24 lakhs had been stayed by courts. Action taken to recover the remaining amount of Rs.22.55 lakhs has not been intimated by the Department (August 1994).
7. Stamp Duty and Registration Fees	306.63	37.83	Out of Rs.306.63 lakhs, Rs.5.03 lakhs were covered under certificate recovery process. The recovery of Rs.12.09 lakhs and Rs.48.59 lakhs had been stayed by the courts/judicial authorities and departmental appellate authorities, respectively and Rs.4.48 lakhs were proposed to be written off. Specific action taken in respect of the remaining arrears of Rs.236.44 lakhs has not been intimated by the Department (August 1994).

Heads of revenue	Total arrears	Arrears more than five years old	Remarks
(In lakhs of rupees)			
8. Co-operation	363.89	104.34	Out of Rs.363.89 lakhs, a sum of Rs.156 lakhs was due from HAFED on account of audit fee. The case has been pending with the State Government for decision. The remaining amount of Rs.207.89 lakhs was outstanding against various other co-operative societies.
9. Land Revenue	15.98	2.73	Out of Rs.15.98 lakhs, Rs.0.17 lakh were covered under certificate recovery process. Recovery of Rs.0.13 lakh had been stayed by courts/appellate authorities and Rs.1.42 lakhs were proposed to be written off. Remaining recovery of Rs.14.26 lakhs was under other stages of action.
Total	21,660.35	5,959.06	

The arrears outstanding for more than five years constituted over 27 per cent of the total arrears.

1.5 Arrears in assessment

The details of sales tax and passengers and goods tax assessment cases pending at the beginning of the year, cases becoming due for assessment during the year, cases disposed of during the year and the number of cases pending finalisation at the end of each year during 1989-90 to 1993-94 as furnished by the department are given below:

Year	Opening balance	Cases due for assessment during the year	Total	Cases finalised during the year	Balance at the close of the year	Percentage of Col. 5 to Col. 4
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1989-90	63664	139794	203458	119625	83833	59
1990-91	83833	146018	229851	130392	99459	57
1991-92	99459	160541	260000	149451	110549	58
1992-93	110549	129832	240381	159141	81240	66
1993-94	81240	136493	217733	127235	90498	58

The above table shows the number of pending cases at the beginning of 1989-90 was 63664 which went up to 90498 at the end of 1993-94, registering an increase of 42 per cent while the percentage of finalisation of assessment cases which had gone up to 66 during 1992-93, declined to 58 per cent in 1993-94. The department had, however, taken no effective steps to check the increasing trend in arrear in assessment cases.

1.6 Frauds and evasion of taxes/duties

The details of cases of frauds and evasion of taxes and duties pending at the beginning of the year, number of cases detected by the departmental authorities, number of cases in which assessments/ investigations were completed and additional demand (including penalties etc.) of taxes/duties raised against the dealers during the year and the number of cases pending finalisation at the end of March 1994, as supplied (June and July 1994) by the respective departments, are given as under:

Serial number	Name of tax/duty	Cases pending as on 31 March 1993	Cases detected during the year 1993-94	Number of cases in which assessment/ investigation completed and additional demand including penalty raised	Amount of demand	Number of cases pending finalisation as on 31 March 1994
(1)	(2)	(3)	(4)	(5)	(6)	(7)
					(In lakhs of rupees)	
1.	Sales Tax	195	3017	3066	166.59	146
2.	Passengers and Goods Tax	29	2155	2151	16.66	33
3.	Entertainments Duty and Show Tax	--	3	3	0.04	-
4.	State Excise	-	51	51	0.68	-
5.	Animal Husbandry	1		-	0.65	1
6.	Stamp Duty and Registration Fees	690	872	1061	63.53	501

1.7 Results of Audit

Test check of the records of Sales Tax, Stamp Duty and Registration Fees, State Excise, Taxes on Motor Vehicles, Entertainments Duty and Show tax and Agriculture (sugarcane) and Co-operation departments conducted during the year 1993-94 revealed under assessments/short levy/loss of revenue amounting to Rs.1635 lakhs in 3024 cases. During the course of the year 1993-94, the concerned departments accepted under-assessments etc. of Rs.294.59 lakhs involved in 1183 cases of which 679 cases involving Rs.89.38 lakhs had been pointed out in audit during

1993-94 and the rest in earlier years. An amount of Rs.62.07 lakhs in 406 cases had already been recovered.

The Report contains 17 paragraphs including one review relating to non levy, short levy of tax, duty, interest, penalty etc. involving Rs.576.29 lakhs. The Departments have accepted audit observations involving Rs.386.28 lakhs of which Rs.19.07 lakhs had been recovered up to August 1994. No reply has been received in other cases.

1.8 Outstanding inspection reports and audit observations

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

(ii) The number of inspection reports and audit observations relating to revenue receipts issued up to 31 December 1993 and which were pending settlement by the departments as on 30 June 1992, 1993 and 1994 are given below.

	At the end of June		
	1992	1993	1994
Number of inspection reports pending settlement	1727	1568	1650
Number of outstanding audit observations	4792	4370	3898
Amount of revenue involved (In crores of rupees)	26.49	30.14	51.83

(iii) Yearwise break-up of the inspection reports and audit observations outstanding as on 30 June 1994 is given below:

Year	<u>Number of outstanding</u>		Amount of receipts involved (In crores of rupees)
	Inspection reports	Audit observations	
Up to 1988-89	132	447	0.93
1989-90	202	247	2.28
1990-91	277	233	0.01
1991-92	450	1041	3.59
1992-93	235	964	16.55
1993-94	354	966	28.47
Total	1650	3898	51.83

(iv) Department-wise break-up of the inspection reports and audit observations outstanding as on 30 June 1994 is as follows:

Department	Number of inspection reports	Number of outstanding Audit observations	Amounts of receipts involved (In crores of rupees)	Years to which observations relate	Number of inspection reports to which even first replies had not been received
Revenue	393	648	3.28	1988-89 to 1993-94	13
Excise and Taxation	383	1486	28.92	1987-88 to 1993-94	29
Transport	189	318	0.69	1987-88 to 1993-94	18
Forest	108	302	4.61	1987-88 to 1993-94	4
Other departments *	577	1144	14.33	1987-88 to 1993-94	98
Total	1650	3898	51.83		162

The matter was brought to the notice of Government in August 1994; replies regarding steps taken to

* Agriculture (Cane Commissioner), Animal Husbandry, Co-operation, Electricity, Food and Supply, Horticulture, Industries, Lotteries, Medical, Mines & Geology, P.W.D.(B&R), P.W.D. (Irrigation) and P.W.D. (Public Health).

settle the outstanding inspection reports and audit observations have not been received (August 1994).

1.9 Internal audit

An internal audit system exists in (i) the Excise and Taxation Department which administers the Acts relating to Sales Tax, State Excise Duty, Passengers and Goods Tax and Show Tax, (ii) Revenue Department, which administers Land Revenue and Stamp Duty and Registration Fees, and (iii) the Transport Department which deals with Taxes on Motor Vehicles. The internal audit in the Excise and Taxation Department, however, is confined to audit of expenditure and has no assigned duties for looking into maintenance of registers, reporting to Excise and Taxation Commissioner, verification of assessment cases of Sales Tax, State Excise Duty, Passengers and Goods Tax and Show Tax as intimated (August 1994) by the Department.

On the basis of information supplied by the departments, the position of audit conducted and objections raised with money value thereof and objections cleared in respect of some of the heads of revenue is mentioned in the succeeding subparagraphs.

1.9.1 Performance of Internal Audit

The number of units to be audited during each of the three years from 1991-92 to 1993-94 and arrears in internal audit in respect of Land Revenue, Stamps and Registration Fees and Taxes on Motor Vehicles at the end of March 1994 were as follows:

Year	Number of units (including units in arrears) to be audited	Number of units audited	Units remaining un-audited at the end of the year	
			Number	Per- centage
1991-92	396	292	104	26
1992-93	401	239	162	40
1993-94	470	254	216	46

1.9.2 Outstanding audit objections in Internal Audit

The number of internal audit reports issued, objections raised and amount of revenue involved therein, objections cleared during the years 1991-92 to 1993-94 and those pending at the end of the year 1993-94 were as follows:

Year	Audit reports/ objections issued vis-a-vis units audited			Audit reports/ objections cleared up to 31 March 1994			Audit reports/ objections outstanding at the end of the year		
	Audit reports	Objec- tions	Money value	Audit reports	Objec- tions	Money value	Audit reports	Objec- tions	Money value
	(Money Value in lakhs of rupees)								
1991-92	*292	26327	274.18	69	7712	64.00	223	18615	210.18
1992-93	*239	11198	244.01	97	655	69.06	142	10543	174.95
1993-94	254	16335	326.03	124	447	66.67	130	15888	259.36
Total	785	53860	844.22	290	8814	199.73	495	45046	644.49

* Includes figures relating to Stamp Duty and Registration Fees

The clearance of 8814 objections during 3 years from 1991-92 to 1993-94 was much less than even the number of fresh objections raised in a single year during this period. The department had thus not taken any effective steps to contain the increasing trend in arrears.

CHAPTER 2

SALES TAX

2.1 Results of Audit

Test check of sales tax assessments and other records of 28 units conducted during the year 1993-94, revealed under-assessment of tax of Rs. 610 lakhs in 944 cases, which broadly fall under the following categories :

	Number of cases	Amounts (In lakhs of rupees)
1. Application of incorrect rates of tax	75	63.65
2. Incorrect computation of turnover	103	54.89
3. Under-assessment under the Central Sales Tax Act	59	26.42
4. Interest not charged on non-payment/delayed payment of tax	85	99.60
5. Non/short levy of penalty	33	52.05
6. Other irregularities	589	313.39
Total	944	610.00

During the course of the year 1993-94, the department accepted under-assessment of Rs. 72.59 lakhs involved in 287 cases of which 219 cases involving Rs. 34.98 lakhs had been pointed out in audit during 1993-94 and the rest in earlier

years. Of these, an amount of Rs. 15.69 lakhs had been recovered in 192 cases.

A few illustrative cases involving Rs.244.82 lakhs are given in the following paragraphs:

2.2 Sales Tax Check Barriers

Sales tax is one of the major sources of revenue of the State. To check evasion of tax, the Haryana General Sales Tax Act, 1973, empowers the State Government to direct the erection of a barrier, at such place or places in the State, as may be notified. Seventy-six sales tax check barriers (STCBs) were functioning in the State prior to their abolition with effect from 15 April 1994.

The main activities of the barriers related to the collection of correct information regarding imports and exports of the goods by dealers in the State and the prompt despatch of this information to the districts concerned for its effective utilisation by the assessing authorities in checking evasion of tax.

A test check conducted between December 1993 and April 1994 of the functioning of eighteen STCBs for the years 1990-91 to 1992-93 revealed the following:

- (i) The assessment of a dealer of Sirsa for the year 1990-91 was finalised by the assessing authority in December 1993 stating that no bill of lading was available for verification. Cross linking in audit, of the information (in 'I'-Form) received from STCB, Bahadurgarh, revealed that the dealer had made inter-State sales of cotton valued at Rs.30.10 lakhs during the 4th quarter of 1990-91 but had disclosed sales of only Rs.14.03 lakhs during that quarter in the return filed by him. Failure of the assessing authority to make use of the data received from the barrier resulted in under-assessment of tax by Rs.1.29 lakhs. Besides, a penalty of not less than twice the amount of tax involved i.e. Rs.2.58 lakhs was also leviable for filing incorrect

return under Section 48 of the Act read with Section 9(2) of Central Sales Tax Act, 1956.

(ii) A dealer of Karnal purchased wheat valued at Rs.2.64 crores and sold it in the course of inter-State trade between September 1991 and May 1992. Though he duly submitted the prescribed declarations at the exit barrier (Kundli), he did not account for the purchases/sales in his books and the sales tax returns. The declarations (bills of lading) received from the barrier from time to time in the district office were passed on to the assessing authority only on 23 May 1992 in a single lot. By the time the assessing authority created demand of Rs.11.04 lakhs (June 1992), the dealer had closed down his business and his registration certificate was also cancelled with effect from 31 May 1992. An amount of only Rs.0.30 lakh could be recovered from the dealer, leaving an amount of Rs.10.74 lakhs.

On this being pointed out (October 1993) in audit, the Deputy Excise and Taxation Commissioner, Karnal, stated (July 1994) that an amount of Rs one lakh was being recovered from the sureties in instalments and the balance may have to be written off after exhausting all available channels.

(iii) As per manualised instructions issued in March 1969, the barrier staff was required to check all the vehicles carrying goods, thoroughly and carefully, to ensure that no vehicle crosses the barrier without bills of lading and getting them duly entered in the movement register. Besides, the officer-in-charge was also required to collect information from the octroi post regarding payment of octroi and to check the entries in the movement register.

A dealer of Karnal was importing goods from Delhi without documents and without declaring them at the Kundli entry barrier. He had, however, been paying octroi at the Karnal octroi post. The evasion of tax was not detected by the barrier staff,

anti-evasion squad, enforcement wing and the roadside checking staff of the department. The large evasion of tax came to light in June 1993 when the police detained two vehicles at the Gharaunda Police Station. Thereupon, the department collected (July - August 1993) information from the octroi post in respect of 251 vehicles involving import of goods valued at "about Rs.5 crores". But tax amounting to Rs.44 lakhs (approximately) and penalty of Rs.88 lakhs had not been levied as of August 1994.

(iv) The STCBs were also responsible for collection of toll tax under the Punjab Motor Vehicles Taxation Act, 1924, as applicable to Haryana, during the period from August 1991 to August 1993. It was noticed in audit that 4 receipt books (3 at STCB, Kundli, and one at STCB, Garh Mirkpur) relating to toll tax were missing.

On this being pointed out, the department stated (June 1994) that in the case of STCB, Garh Mirkpur, the amount of Rs.10,000 would be recovered from the defaulting officials and in the case of Kundli, the officials responsible were being called upon to offer their explanations.

(v) Under the provisions of Haryana General Sales Tax Act, 1973, the driver or person-in-charge of the goods carrier entering the State and bound for any place outside the State shall furnish, in duplicate, to the officer-in-charge of the entry barrier, a declaration (ST-39) and obtain from him a copy thereof duly verified. The driver or person-in-charge of the carrier shall deliver within 24 hours the said copy of declaration to the officer-in-charge of the barrier at the exit point, who, after giving the time, date and number of movement register on the said copy, shall return the same to the officer-in-charge of the entry barrier for making a note of it against the original entry. If the driver or person-in-charge of the goods carrier fails to deliver the declaration at the exit barrier, he shall be liable to pay a penalty

not exceeding two thousand rupees or twenty per cent of the value of the goods, whichever is higher.

Ninety vehicles entering the State and bound for places outside the State obtained transit slips during the years 1991-92 and 1992-93 from STCBs, G.T. Road Ambala, Yamuna Bridge, Bahadurgarh and Jaisinghpur Khera. The vehicles however had not crossed the exit barriers as the copies of these transit slips were not found delivered at the concerned exit barriers and the goods were off-loaded within the State. The value of the taxable goods carried by the aforesaid vehicles worked out to Rs.142.18 lakhs involving a penalty of Rs.28.44 lakhs (20 per cent of the value of the goods) which was not levied.

(vi) Under the provisions of Central Sales Tax Act, 1956, inter-State sales of declared goods, not supported by valid declarations in the prescribed form (Form-C), are taxable at twice the rate applicable to the sale or purchase of such goods inside the appropriate State.

In 25 cases, unregistered dealers sold and despatched cotton valued at Rs.7.25 lakhs in November 1992 to the dealers of the other States. The vehicles carrying these goods had passed through exit STCB Najafgarh Road Bahadurgarh. The tax at the barrier in these cases was levied at the rate of 4 per cent without production of declarations in form 'C' from purchasing dealers as against the correct rate of 8 per cent. This resulted in short realisation of tax of Rs.29,000.

(vii) Under the provisions of Haryana General Sales Tax Act, 1973, a person transporting any consignment of goods by any vehicle should be in possession of a declaration (bill of lading) in

Form ST-38, besides a bill of sale when the vehicle enters or leaves the State limits. As per Haryana General Sales Tax Rules, 1975, the officer-in-charge of the STCB would collect and send the declarations to the concerned district office, where these would be sorted out dealer-wise for verification of import/export transactions with the dealers' books of account before finalisation of assessment.

Since manual sorting of bills of lading was not being done expeditiously and properly, the department went in for computerisation of the tax-related data collected at the barriers for the years 1991-92 and 1992-93. The job was entrusted in March 1992 to the Haryana State Electronics Development Corporation Limited, Chandigarh, (HARTRON), a State Government Undertaking, without providing for any penalty clause for any delay in the computerisation of the bills of lading. The work of computerisation of 20 lakh bills of lading for 1991-92 was to be completed by HARTRON by May 1992 as stipulated in the job order. The work of computerisation was, however, completed by the Undertaking between May 1993 and October 1993. Similarly, 37.02 lakh bills of lading for the year 1992-93 with computerised printouts were made available only in April 1994. Thus, the department was made to finalise the assessments for the years 1991-92 and 1992-93 without utilisation of the computerised data of the imports/exports data collected at the barriers, for which a payment of Rs.37.06 lakhs was made to HARTRON.

A test-check of computerised lists of bills of lading for the years 1991-92 and 1992-93 received from HARTRON with the purchase/sale lists and trading accounts placed in the assessment files revealed that 29 dealers (Ambala :7, Hisar :4, Sonapat :18) had accounted for less import/ export of taxable goods valued at Rs.254.80 lakhs involving tax of Rs.17.73 lakhs.

These and other similar cases could have been detected by the department had the computerised lists been received in time.

The cases mentioned above were reported to Government in June 1994; their reply has not been received (October 1994).

2.3 Inadmissible deduction from turnover

(a) As per Government notifications issued between December 1987 and March 1988 under the Haryana General Sales Tax Act, 1973, tax inter-alia on glass wares/glass sheets, electrical appliances, bulbs of all types and kinds and iron and steel, is leviable at the point of first sale in Haryana and no deduction against declaration in Form ST-15A is admissible to registered dealers. Further for non/short payment of tax due alongwith the returns, the dealer is liable to pay interest on the amount of tax due at one per cent per month for the first month and at one and a half per cent per month thereafter so long as the default continues. Besides, for failure to pay tax due according to the returns, the prescribed authority may after affording to the dealer a reasonable opportunity of being heard, impose a penalty not exceeding one and a half times the amount of tax to which he is assessed or is liable to be assessed.

During the course of audit of Deputy Excise and Taxation Commissioners, (Faridabad (East), Gurgaon and Rewari), it was noticed (between September 1990 and January 1994) that while finalising the assessments (between October 1990 and February 1993) for the years 1988-89 to 1991-92 in respect of 4 dealers, the assessing authorities allowed deductions amounting to Rs.43.05 lakhs in respect of these goods from their gross turnover.

This resulted in short levy of tax amounting to Rs.4.99 lakhs including interest. Details are given below:

Name of office	Assessment Year	Nature of goods	Amount of in-admissible deduction allowed (In lakhs of rupees)	Tax involved (In rupees)	Interest	Remarks
(i) D.E.T.C. Faridabad (East)	1988-89 1989-90	Bulbs	25.17	2,21,500	51,629	Case referred for suo motu action (March 1993)
(ii) D.E.T.C. Gurgaon	1988-89	Glass-ware	6.81	89,930	57,536	Case referred for suo motu action (March 1994)
(iii) D.E.T.C. Rewari	1988-89 1989-90	Stainless Steel	8.90	35,582	12,422	Case referred for suo motu action (July 1993)
(iv) D.E.T.C. Faridabad (East)	1990-91 1991-92	Electrical appliances	2.17	23,923	6,203	Case referred for suo motu action (January 1994)
Total			43.05	3,70,935	1,27,790	

In addition, penalty for short payment of tax was also leviable.

(b) Under the provisions of Haryana General Sales Tax Act, 1973, the State Government may, by notification, direct that in respect of such goods, other than the goods specified in Schedules C and D, and with effect from such date as may be specified in the notification, the tax under Section 15 shall be levied at the 1st stage of sale thereof, and on the issue of such notification, the tax on such goods shall be levied accordingly. Provided that no sale of such goods at a subsequent stage shall be exempt from tax under this Act unless the dealer effecting the sale at such subsequent stage furnishes to the assessing authority in the prescribed form and manner a certificate duly filled in and signed by the registered dealer from whom the goods were purchased to the effect that the tax on such goods has been paid at the 1st stage.

A dealer of Karnal was granted deduction of Rs.16.36 lakhs during the year 1986-87 on production of tax paid declarations. In audit, it was noticed (September 1990) that of these declarations, tax paid forms amounting to Rs.3.87 lakhs obtained from a selling dealer of Jagadhari were not genuine as the selling dealer had neither returned the sales nor deposited tax due on such sales. This resulted in short levy of tax of Rs.31,604, besides non levy of penalty for evading tax.

On this being pointed out (September 1990) in audit, the assessing authority created (December 1990) an additional demand of Rs.31,604. The dealer, however, filed (February 1991) an appeal before the appellate authority. The appellate authority remanded (April 1991) the case to the assessing authority to verify whether the tax in question was paid by the 1st seller. The assessing authority decided the remand case and after verification raised (February 1994) an additional demand of Rs.31,604 of which the dealer had already deposited Rs.5268 in April 1991. The department intimated in June 1993 that a further amount of Rs.2,336 had since been recovered from the dealer and the balance was being recovered in instalments of Rs.3,000 per

month. Further report on recovery of the balance amount of Rs. 24,000 has not been received (October 1994).

The case was reported to Government in November 1990; their reply has not been received (October 1994).

2.4 Non levy of tax

(a) Under the Haryana General Sales Tax Act, 1973, transfer of property in goods for cash or deferred payment or other valuable consideration or transfer of property in goods (whether as goods or in some other form) involved in the execution of works contract is a sale and accordingly exigible to sales tax. Further, for non payment of tax alongwith the returns, interest is chargeable on the amount of tax due at one per cent per month for the first month and at one and a half per cent per month thereafter so long as the default continues. In addition, penalty not exceeding one and a half times the amount of tax liable to be assessed is also leviable.

(i) A dealer of Faridabad purchased raw material (dyes and chemicals) valued at Rs.45.86 lakhs without payment of tax and used the same in job work of Rs.73.93 lakhs during the year 1986-87. The assessing authority, while finalising (January 1988) the assessment, failed to levy tax on these purchases. This resulted in under assessment of tax amounting to Rs.7,48,504 (tax: Rs.3,74,252 and interest: Rs.3,74,252).

On this being pointed out (June 1992) in audit, the department referred (June 1992) the case to the revisional authority for taking suo motu action. The revisional authority after verification of records, created (November 1992) an additional demand of Rs.7.71 lakhs inclusive of interest of Rs.3.97 lakhs. The department further intimated (June 1994) that a penalty of Rs.1 lakh under Section 47 of the Act *ibid* had also been imposed upon the dealer in January 1993. The dealer had, however, filed a civil

writ petition in the High Court of the Punjab and Haryana against the orders of the revisional authority and the case was still pending in the Hon'ble High Court.

The case was reported to the Government in March 1994; their reply has not been received (October 1994).

(ii) During the audit of Deputy Excise and Taxation Commissioner, Panipat, it was noticed (October 1992) that two dealers of Panipat had purchased raw material (dyes and chemicals) valued at Rs.8.08 lakhs without payment of tax and used the same in the job work during 1987-88 to 1990-91. The assessing authority while finalising (between December 1988 and March 1992) the assessments, failed to levy tax on these purchases. This resulted in non levy of tax amounting to Rs.71,164 and interest of Rs.20,017. In addition, penalty not exceeding Rs.1.07 lakhs was also leviable.

(b) Under the provisions of Haryana General Sales Tax Act, 1973, "Sale" means any transfer of property in goods for cash or deferred payment or other valuable consideration and includes transfer of the right to use goods for any purpose (whether or not for specified period) for cash, deferred payment or other valuable consideration. Hire charges of construction equipment and vehicles and sale proceeds of tender forms and stores come under the purview of sale and are exigible to sale tax. Further, for non payment of tax alongwith the returns, interest is chargeable on the amount of tax due at one per cent per month for the first month and at one and a half per cent per month thereafter over the period of default. In addition, penalty not exceeding one and a half times the amount of tax due is also leviable.

During the audit of Excise and Taxation Officer, Panipat, it was noticed (December 1992) that a dealer of Panipat had received a sum of Rs.3.26 lakhs on account of hire charges of construction equipments and vehicles and Rs.60,102 on account

of sale of tender forms and stores during the year 1986-87. The assessing authority while finalising (June 1990) the assessment, however, failed to levy tax on this amount. This resulted in non-levy of tax of Rs.34,014 and interest of Rs.19,210 for non-payment of tax alongwith the returns. In addition, penalty up to Rs.51,021 was also leviable.

On this being pointed out (December 1992) in audit, the department referred (December 1992) the case for suo motu action to the revisional authority who has created an additional demand of Rs.2.80 lakhs under the Haryana General Sales Tax Act, 1973, and of Rs.41,599 under the Central Sales Tax Act, 1956. The department recovered the entire amount in August 1994.

2.5 Short levy of purchase tax

(a) Under the Haryana General Sales Tax Act, 1973, tax on purchase of goods, which did not suffer any tax earlier, from within the State is leviable at the stage of their last purchase provided the manufactured goods are disposed of otherwise than by way of sale. Further, for non payment of tax alongwith the returns, interest is also chargeable on the amount of tax due at one per cent per month for the first month and at one and a half per cent per month thereafter so long as the default continues. In addition, penalty not exceeding one and a half times the amount of tax is also leviable.

During the course of audit of offices of the Deputy Excise and Taxation Commissioners, Faridabad, Jagadhri, Kurukshetra and Panipat, it was noticed that four dealers purchased goods valued at Rs.177.54 lakhs during the years 1985-86 to 1990-91 without payment of tax and used them in the manufacture of tax free and taxable goods for being transferred to their branches outside the State. The assessing authorities while finalising the assessments (between October 1990 and April 1993) erroneously determined the purchase value at Rs.62.51 lakhs

instead of Rs.177.54 lakhs. This resulted in short levy of tax of Rs.9.41 lakhs and interest of Rs.63,635.

On this being pointed out (between November 1991 and December 1993) the revisional authorities, to whom the cases were referred for suo motu action, created demand of Rs.8,89,067 (tax: Rs.8,43,724, interest: Rs.41,343 and penalty: Rs.4,000). Details are as follows:

Serial Number	Name of Office	Assessment year	Value of goods/material used in goods transferred (In lakhs of rupees)	Value determined by assessing authority	Tax short assessed	Interest	Remarks
						(In rupees)	
1.	D.E.T.C. Faridabad	1987-88	147.00	58.00	7.84	--	Demand of Rs.7,83,438 created during September 1994.
2.	D.E.T.C. Jagadhri	1988-89	10.97	-	0.97	--	Case referred (April 1994) for suo motu action.
3.	D.E.T.C. Kurukshetra	1988-89 1989-90 1990-91	10.53	-	0.42	22,447 13,042	(i) Demand created (tax: Rs.42,133, interest: Rs.13,042) (ii) Demand for Rs.22,447 yet to be raised (June 1994)
4.	D.E.T.C. Panipat	1985-86	9.04	4.51	0.18	28,146	Demand created (Tax: Rs.18,153, interest: Rs.28,301 and penalty: Rs.4,000).
		Total	177.54	62.51	9.41	63,635	

(b) Under the provisions of Haryana General Sales Tax Act, 1973, tax on sale of paddy when purchased within the State is leviable at the point of last purchase in the State. Further, for short payment of tax, the dealer is liable to pay interest at one per cent per month for the first month and at one and a half per cent per month thereafter.

During the audit of Deputy Excise and Taxation Commissioner, Panipat, it was noticed (December 1993) that a dealer of Panipat had purchased paddy valued at Rs.177.37 lakhs from within and outside the State of Haryana during the year 1986-87 but the assessing authority while finalising (February 1993) the assessment of the dealer for that year, erroneously valued the purchases of paddy from outside the State at Rs.107.75 lakhs as claimed by the dealer and allowed deduction of this amount from his turnover instead of the actual value of such purchases of Rs.20.35 lakhs. The incorrect deduction resulted in short assessment of purchase tax of Rs.3.50 lakhs and interest of Rs.3.65 lakhs.

On this being pointed out (December 1993) in audit, the department referred (February 1994) the case to the revisional authority for taking suo motu action. Further report has not been received (October 1994).

The matter was reported to the Government in April 1994; their reply has not been received (October 1994).

2.6 Irregular grant of exemption

Under the provisions of the Haryana General Sales Tax Act, 1973, the Government, in the interest of cottage industries or rural tiny industries, is empowered to grant exemption from payment of tax, by issue of notification, to any class of Co-operative Societies or persons and rural tiny industrial

units, under the State Act, on the purchase or sale of any goods subject to such conditions as may be specified in the notification. To encourage cottage industries in Haryana, the State Government by a notification dated 9 August 1983 exempted from payment of tax, all classes of Co-operative Societies or person(s) running cottage industries and other units located in rural areas so long as their gross turnover remains below seventy five thousand rupees a year. Co-operative Societies and persons running brick kilns or hydraulic sulphur sugar plants, however, were excluded from this exemption. The ceiling on turnover was, however, raised to rupees five lakhs in a year with effect from 1 January 1988 vide notification dated 30 December 1987.

In the case of a dealer of Narnaul, whose exemption certificate was renewed for the period from 1 April 1988 to 30 June 1989, the turnover for the year 1988-89 was Rs.5.04 lakhs. As the turnover exceeded rupees five lakhs, he was not entitled for exemption during the year 1988-89. While finalising (February 1991) assessment for the year 1988-89, the assessing authority erroneously allowed exemption of Rs.5 lakhs. Incorrect exemption thus resulted in under assessment of tax amounting to Rs.44,942 and interest of Rs.34,155.

On this being pointed out (May 1992) in audit, the department referred (November 1992) the case for suo motu action to the revisional authority who raised (July 1993) an additional demand of Rs.70,984 including interest of Rs.26,042. The department further intimated in February 1994 that the dealer had filed an appeal before the Sales Tax Tribunal against the orders of the revisional authority, who stayed (November 1993) the recovery. Report on further developments has not been received (October 1994).

The case was reported to Government in March 1994; their reply has not been received (October 1994).

2.7 Irregular deduction allowed against invalid declaration form

Under the Haryana General Sales Tax Act, 1973, a registered dealer may deduct from his gross turnover, sale value of goods sold to registered dealers after furnishing the prescribed declaration forms (ST-15). Further, under the provisions of the Act *ibid*, the assessing authority is required to examine the genuineness or otherwise of any such sale or declaration before allowing deduction. Lost or stolen declaration forms are declared invalid by the concerned district office and the fact circulated to all the assessing authorities in the State to prevent deductions against such invalid declaration forms being allowed. The department had also issued (December 1991) instructions for checking of invalid declaration forms while framing the assessments. Further, for non/short payment of tax due alongwith the returns, the dealer is liable to pay interest on the amount of tax due at one per cent per month for the first month and at one and a half per cent per month thereafter so long as the default continues.

During the audit of the records of Excise and Taxation Officer, Panchkula, it was noticed (March 1993) that a dealer of Panchkula was allowed (March 1993) deduction of Rs.4.05 lakhs during 1991-92 on account of sale of goods made (November 1991) to a registered dealer of Faridabad against a declaration form (ST-15) which had already been declared invalid (January 1991) by the assessing authority Faridabad (East) and for which an F.I.R. was also lodged with the Police besides details of declaration form being circulated to all the assessing authorities in the State. Allowing deduction against an invalid declaration form, resulted in under assessment of tax amounting to Rs.44,537 and interest of Rs.7,120.

On this being pointed out (July 1993) in audit, the department intimated (April 1994) that additional demand of Rs.44,544 without interest, had been created after rejecting the

invalid form. Report on recovery has not been received (October 1994).

The case was reported to Government in September 1993; their reply has not been received (October 1994).

2.8 Application of incorrect rate of tax

(a) Under the Central Sales Tax Act, 1956, inter-State sales of goods (other than declared goods) not supported by valid declarations in the prescribed Form 'C' are taxable at the rate of ten per cent or at the rate applicable to the sale of such goods inside the State, whichever is higher. In exercise of the powers conferred by Sub-Section (5) of Section 8 of the Act *ibid*, the State Government vide their notification issued in May 1970, directed that with effect from 1 June 1970, the tax payable by any dealer having his place of business in the State of Haryana in the course of inter-State trade or commerce of Atta, Maida and Suji to any dealer, shall be calculated at the rate applicable to the sale of such goods in the State. In Haryana, Atta, Maida and Suji were taxable at the rate of four per cent up to September 1989 and three per cent from October 1989 onwards. In addition, the goods other than the declared goods, attract surcharge at the prescribed rate (2 per cent of tax up to December 1987 and 10 per cent thereafter). It has been held by the Supreme Court of India* that Atta, Maida and Suji derived from wheat are not 'wheat' (declared goods) and they are different and distinct goods from wheat. In addition, for non payment of tax due alongwith the returns, the dealer is liable to pay interest at one per cent per month for the first month and at one and a half per cent per month thereafter.

Three dealers (two of Rohtak and one of Sonapat) made inter-State sales of Atta, Maida and Suji valued at Rs.1576 lakhs to dealers outside the State of Haryana between 1983-84 and

*Rajasthan Roller Flour Mills Association and another Vs State of Rajasthan and others, etc. - (1993) 91 STC 408

1990-91. The assessing authorities while finalising (between December 1989 and March 1993) the assessments for these years, levied tax on these sales at the rate of 4 and 2 per cent instead of the correct rate of 4.08 per cent up to December 1987, 4.40 per cent from January 1988 and 3.30 per cent from October 1989 by ignoring the element of surcharge which constitutes part of the tax leviable in the State. This resulted in short levy of tax by Rs.2.91 lakhs. Besides, interest of Rs.1.38 lakhs was also chargeable for short payment of tax alongwith the returns.

On this being pointed out (between March 1991 and November 1993), the department referred (March 1994) the case to the revisional authority for rectificatory action. Further report has not been received (October 1994).

The matter was reported to Government between March 1991 and February 1994; their reply has not been received (October 1994).

(b) Under the Central Sales Act, 1956, on inter-State sales of goods (other than declared goods) not supported by valid declarations in Form 'C', tax is leviable at the rate of ten per cent or at the rate applicable to the sale of such goods inside the State, whichever is higher. Under the Haryana General Sales Tax Act, 1973, electrical appliances are taxable at twelve per cent. Photocopier machines fall under the category of electrical appliances as clarified (March 1994) by the Excise and Taxation Commissioner, Haryana. In addition, interest at one per cent per month for the first month and at one and a half per cent per month thereafter is also chargeable for non payment of tax alongwith the returns.

During the audit of the Deputy Excise and Taxation Commissioner, Gurgaon, it was noticed (October 1992 and February 1994) that a dealer of Gurgaon had made inter-State sales of photocopier machines valued at Rs.11.74 lakhs to unregistered

dealers during the years 1987-88 and 1988-89. The assessing authority while finalising (July 1991 and September 1992) the assessments, incorrectly charged tax at the rate of ten per cent instead of at twelve per cent. This resulted in under-assessment of tax of Rs.30,392 and interest of Rs.17,851.

On this being pointed out (October 1992 and February 1994) in audit, the department referred (April 1994) the case for the year 1987-88 to the revisional authority for suo motu action. Further report has not been received (October 1994).

The case was reported to Government in December 1992; their reply has not been received (October 1994).

(c) Under the provisions of Haryana General Sales Tax Act, 1973, transfer of property in the form of goods, for cash or deferred payment or other valuable consideration, including transfer of property in goods (whether as goods or in some other form) involved in the execution of a works contract is a sale and is exigible to sales tax. In Haryana, tax on nickel and chemicals is leviable at the rate of 8 per cent plus surcharge at the rate of 2 per cent on the amount of tax. In addition, interest is also chargeable on the amount of tax due at one per cent per month for the first month and at one and a half per cent per month thereafter so long as the default continues for short/non payment of tax alongwith the returns.

During the audit of the records of Deputy Excise and Taxation Commissioner, Faridabad (West), it was noticed (August 1993) that a dealer had purchased nickel, chemicals and other consumable stores valued at Rs.6.54 lakhs during 1986-87 without payment of tax and used them in the job work of polishing and plating of gas stove parts. The assessing authority, while deciding (March 1993) the case, erroneously levied tax at the incorrect rate of 4.4 per cent instead of the correct rate of 8.16 per

cent. This resulted in short assessment of tax of Rs.24,595 and interest of Rs.7,626.

On this being pointed out (August 1993) in audit, the assessing authority referred (January 1994) the case to the revisional authority for suo motu action. Further report on action taken has not been received (October 1994).

The case was reported to the Government in January 1994; their reply has not been received (October 1994).

(d) Under the Central Sales Tax Act, 1956, inter-State sales of goods (other than declared goods) not supported by valid declarations in the prescribed Forms 'C' or 'D' are taxable at the rate of ten per cent or at the rate applicable to the sale of such goods inside the appropriate State, whichever is higher. Under the Haryana General Sales Tax Act, 1973, refrigerator parts are taxable at the rate of 10 per cent plus ten per cent surcharge on the amount of tax payable. In addition, for non/short payment of tax due alongwith the returns, the dealer is liable to pay interest at the rate of one per cent per month for the first month and at one and a half per cent per month thereafter over the period of default.

During the audit of records of the Deputy Excise and Taxation Commissioner, Faridabad(West), it was noticed (July 1993) that a dealer of Faridabad had made inter-State sales of refrigerator parts valued at Rs.24.23 lakhs during the year 1990-91. While finalising (March 1993) the assessment, the assessing authority erroneously assessed the inter-State sales (without C forms) at the rate of ten per cent instead of at the chargeable rate of eleven per cent, by ignoring the element of surcharge which constitutes part of tax leviable in the State. This resulted in short levy of tax by Rs.24,234. Interest of Rs.10,406 was also leviable, for short payment of tax alongwith the returns.

On this being pointed out (July 1993) in audit, the department sent the case (January 1994) to the revisional authority for taking suo motu action. Further report has not been received (October 1994).

The case was reported to Government in January 1994; their reply has not been received (October 1994).

2.9 Under-assessment due to misclassification of goods

Under Section 15 of Haryana General Sales Tax Act, 1973, mosquito repellent mats being an unclassified item are taxable at the general rate of eight per cent plus surcharge at the rate of ten per cent on the amount of tax. In addition, for short payment of tax due alongwith the returns, the dealer is liable to pay interest at one per cent per month for the first month and at one and a half per cent per month thereafter.

During the audit of the records of Deputy Excise and Taxation Commissioner, Sonapat, it was noticed (February 1993) that a dealer of Kundli (Sonapat) had sold mosquito repellent mats valued at Rs.5.34 lakhs during 1990-91. The assessing authority, while finalising (January 1992) the assessment, erroneously levied tax at the rate of 2 per cent treating the goods as insecticide instead of as general item. This resulted in short assessment of tax of Rs.35,221 and interest of Rs.17,248.

On this being pointed out (February 1993) in audit, an additional demand of tax of Rs.35,215 and interest of Rs.15,648 was raised (February 1994) by the department. Further report has not been received (October 1994).

The case was reported to Government in May 1993; their reply has not been received (October 1994).

2.10 Non/Short levy of interest and penalty

Under the Haryana General Sales Tax Act, 1973, and the Central Sales Tax Act, 1956, a dealer is required to pay the full amount of tax due from him according to his returns required to be submitted by the prescribed dates. In the event of default, the dealer is liable to pay interest on the amount of tax due at one per cent per month for the first month and at one and a half per cent per month thereafter over the period of default. Further, for failure to pay the tax due according to the returns, the prescribed authority may, after affording the dealer a reasonable opportunity of being heard, impose a penalty not exceeding one and a half times the amount of tax to which he is assessed or is liable to be assessed.

(i) During the audit of the records of Deputy Excise and Taxation Commissioner, Gurgaon, it was noticed (February 1994) that the revisional authority, Gurgaon, while deciding (February 1990) the suo motu case of a dealer of Dharuhera (Rewari) had rejected branch transfers valued at Rs.213.85 lakhs for the years 1981-82 to 1983-84 and treated the transfers as inter-State sales and created an additional demand of tax of Rs.21.38 lakhs. The revisional authority also levied interest of Rs.2.57 lakhs for non payment of tax alongwith the returns but the amount of interest actually worked out to Rs.25.60 lakhs. The mistake in calculation resulted in short levy of interest of Rs.23.03 lakhs. Besides, it was also contemplated in the assessment orders that penal action under Section 48 would be taken but no such action had been taken so far (October 1994).

This was pointed out to the Deputy Excise and Taxation Commissioner, Rewari, in April 1994. Report on action taken has not been received (October 1994).

The case was reported to Government in April 1994; their reply has not been received (October 1994)

(ii) During the audit of records of Deputy Excise and Taxation Commissioner, Sonapat, it was noticed (November 1993) that a dealer of Sonapat had not paid tax due alongwith the returns during the year 1988-89. The assessing authority while finalising (December 1992) the assessment, created a demand of tax of Rs.1.08 lakhs. However, interest amounting to Rs.79,132 chargeable for non payment of tax alongwith the returns and penalty were not demanded.

On this being pointed out (November 1993) in audit, the department issued a notice to the dealer and created (December 1993) an additional demand of interest of Rs.79,132 and penalty of Rs.30,000. Report on recovery has not been received (October 1994).

The case was reported to Government in July 1994; their reply has not been received (October 1994).

(iii) During the course of audit of Deputy Excise and Taxation Commissioner, Faridabad, it was noticed (July 1993) that a dealer of Faridabad had not paid full amount of tax due alongwith the returns for the year 1989-90. While finalising (October 1992) the assessment, the assessing authority created an additional demand for tax of Rs.1,09,564 but omitted to levy interest amounting to Rs.51,062 for short payment of tax due alongwith the returns.

On this being pointed out (July 1993) in audit, the department created (November 1993 and December 1993) additional demand of Rs.51,053 as interest and Rs.51,000 as penalty. The department further intimated (May 1994) that amount of interest had since been recovered and the penalty was being recovered in instalments of Rs.5,000 per month.

The matter was reported to Government in January 1994; their reply has not been received (October 1994).

CHAPTER 3

STAMP DUTY AND REGISTRATION FEES

3.1 Results of Audit

Test check of records in departmental offices, conducted in audit during the year 1993-94, revealed short levy and non-levy, etc. of stamp duty and registration fee amounting to Rs.114.72 lakhs in 653 cases, which broadly fall under the following categories:

	Number of cases	Amount (In lakhs of rupees)
1. Loss of stamp duty due to under-valuation of properties	383	52.67
2. Evasion of stamp duty and registration fees	101	23.32
3. Irregular exemption of stamp duty and registration fees	88	21.93
4. Non/short levy of stamp duty and registration fees	45	11.23
5. Loss of stamp duty due to misclassification of deeds	7	4.05
6. Other irregularities	29	1.52
Total	653	114.72

During the course of the year 1993-94, the department accepted under-assessment of Rs.62.93 lakhs involved in 356 cases of which 117 cases involving Rs.19.57 lakhs had been pointed out in audit during 1993-94 and the rest in earlier years. Of these, an amount of Rs.3.66 lakhs in 77 cases had been recovered.

A few illustrative cases, arising out of a review on 'Stamp Duty and Registration Fees', involving Rs.141.26 lakhs and highlighting important observations are mentioned in the following paragraphs :

3.2 Stamp Duty and Registration Fees

3.2.1 Introduction

The levy and collection of stamp duty in Haryana on various types of instruments such as conveyance, exchange, mortgage, lease, gift, settlement, partition, power of attorney, agreement etc. is governed by the Indian Stamp Act, 1899, read with the Indian Stamp (Haryana Amendment) Act, 1973. The duty is paid by the executors of instruments either by using impressed stamps of the proper denomination or by affixing stamps (non-judicial) of the proper denomination.

Rates of stamp duty leviable in Haryana on different types of instruments are given in Schedule-IA to the Indian Stamp Act, 1899. Stamp duty falls under two categories, judicial and non-judicial. Judicial stamp duty represents fee payable in connection with legal proceedings, while non-judicial stamp duty is levied on instruments executed for giving legal validity to the transactions carried out. The levy of registration fee on the instruments presented for registration is governed by the Indian Registration Act, 1908 and the rules framed thereunder. The registration fee is levied at the prescribed rates subject to maximum of Rs.500. The fee is collected in cash. The State Government may by rule or order published in the Official Gazette, reduce or remit, whether prospectively or retrospectively, in the whole or any part of the territories under its administration, the stamp duty and the registration fees chargeable in respect of any instrument or class of instruments, or in respect of any class of instruments when executed by or in favour of the State Government or any person or class of persons.

Stamps are supplied to the Treasuries by the Controller of Stamps, Central Stamp Store, Nasik, on the indents of Treasury Officers submitted through the Financial Commissioner. The stock position of non-judicial stamps for the years 1991-92 to 1993-94 as supplied by the department is as under:

Year	Opening Balance	Receipt	Total	Sale during the year as per figures supplied by the department*			Closing Balance
				Sale of stamps	Transfer of stamps to other treasuries	Total	
(In crores of rupees)							
1991-92	126.73	88.14	214.87	76.60	4.57	81.17	133.70
1992-93	133.70	67.17	200.87	81.42	7.30	88.72	112.15
1993-94	112.15	85.68	197.83	86.86	8.31	95.17	102.66

3.2.2 Organisational set up

The superintendence and control over the registration work is vested in the Inspector General of Registration. He is assisted in performance of his duties by the Deputy Commissioners, Tehsildars and Naib-Tehsildars acting as the Registrars, Sub-Registrars and Joint Sub-Registrars respectively. The State Government exercises control over the Stamp Administration through the Financial Commissioner, Commissioners of the Divisions, Registrars (Deputy Commissioners), and Sub-Registrars (Tehsildars).

* Figures of sale of non-judicial stamps for the years 1991-92 to 1993-94 supplied by the department do not tally with those appearing in the Finance Accounts of these years. Matter was brought to the notice of the department in June 1994; their reply is awaited (October 1994).

3.2.3 Scope of Audit

The records relating to levy, collection, exemption and remission of stamp duty and registration fee in 32 offices, out of 132 registering offices in the State, for the years 1989-90 to 1993-94 were test checked in audit between April 1993 and March 1994 with a view to ascertaining whether the provisions of the Acts, Rules and Instructions issued from time to time by Government are being effectively implemented for assessment, levy and collection of stamp duty and registration fees.

3.2.4 Trend of revenue and registration of documents

The table below indicates the total revenue raised by the State from stamp duty and registration fees and percentage of this revenue to the total tax revenue raised by the State during the five years ending 1993-94:

Year	Total tax revenue raised by the State	Total number of documents registered	Revenue from stamp duty and registration fees	Percentage of revenue from stamp duty and registration fees to the total revenue
		(In crores of rupees)		
1989-90	910.12	2,97,457	92.55	10.2
1990-91	1,069.54	3,17,433	101.50	9.5
1991-92	1,300.21	2,87,411	97.72	7.5
1992-93	1,446.87	N.A.*	104.72	7.2
1993-94	1,588.91	N.A.*	119.64	7.5

Decrease in revenue in stamp duty and registration fees during the year 1991-92 was attributed by the department to registration of lesser number of deeds.

* Not made available by the department.

3.2.5 Highlights

i) Undervaluation of property in 525 cases resulted in short levy of stamp duty and registration fees amounting to Rs.115.97 lakhs.

(Paragraph 3.2.6)

ii) Out of 1758 cases referred to Collectors under Section 47-A for determination of correct valuation of properties during the period from 1987-88 to 1992-93, 145 cases involving stamp duty of Rs.13.39 lakhs had become time barred and 1097 cases (62 per cent) were still pending.

(Paragraph 3.2.7)

iii) Misclassification of instruments in 16 cases resulted in short realisation of stamp duty and registration fees by Rs.12.33 lakhs.

(Paragraph 3.2.8)

iv) Irregular grant of exemptions from the levy of stamp duty and registration fees in 31 cases resulted in non-realisation of duty/fees aggregating to Rs.4.37 lakhs.

(Paragraph 3.2.9)

v) In 18 cases of exchange/lease deeds Stamp duty and registration fees amounting to Rs.8.59 lakhs was levied short.

(Paragraph 3.2.10)

3.2.6 Undervaluation of immovable property

The Indian Stamp Act, 1899, as applicable to Haryana, provides that the consideration and all other facts and circumstances affecting the chargeability of any instrument with

duty or the amount of duty with which it is chargeable, should be fully and truly set forth therein. Under Section 47-A of the Act, if the registering officer while registering any instrument relating to transfer of any property has reasons to believe that the value of the property or the consideration has not been truly set forth in the instrument, he may, after registering such instrument, refer the same to the Collector for determination of the value of the consideration and the proper duty payable, which will thereafter be decided by the Collector after giving an opportunity to the registering party. Further, Section 64 of the Indian Stamp Act, 1899, provides inter-alia that any person, who, with intent to defraud the Government, executes any instrument in which all the facts and circumstances required to be set forth in such instrument under the Act are not fully and truly set forth, is punishable with a fine which may extend to five thousand rupees.

(i) In 128 sale deeds registered in 12* registering offices during the period from May 1991 to December 1993, the value of properties set forth in the deeds of conveyance were shown less than those shown in the agreements to sell executed by the executants earlier and recorded with the document writers. This resulted in short realisation of stamp duty of Rs.41.23 lakhs.

The department recovered Rs.2.12 lakhs in 17 cases, issued notices for recovery in 37 cases involving duty of Rs.9.72 lakhs and referred (between January 1992 and February 1994) 62 cases involving Rs.24.86 lakhs to the Collectors for determination of the value of the properties and proper duty payable. Reply in respect of remaining 12 cases involving Rs.4.53 lakhs has not been received. Out of 62 cases referred to Collectors, only three cases were decided, two with nil amount (against Rs.17,625) and the third with Rs.1500 (against Rs.32,487). The action taken by the department to refer the cases to Collector under

* Ambala, Faridabad, Gurgaon, Hisar, Jind, Kaithal, Karnal, Mohindergarh, Panipat, Rohtak, Sirsa and Sonapat.

Section 47-A was not correct as agreements to sell in these cases already stood executed for specified amounts between both the parties. The Government stated (July 1993) that such cases should not have been referred to Collector under Section 47-A and these cases would be taken back and recoveries effected at the earliest. In addition, no action had been taken under Section 64 of the Act *ibid* in any of the cases. Further progress in the matter has not been intimated (October 1994).

(ii) In order to check undervaluation of properties at the time of registration, Valuation Committees, constituted under the directions of Government issued from time to time, approved rates relating to sale of properties in various areas of the State. In addition, to enable the registering officers to decide whether the consideration set forth in an instrument is based on the market value of that property as determined by the Valuation Committees, lists indicating market values of different types of lands, house-sites, etc., are supplied to them by the department after evaluation of different categories and blocks of land in rural/urban areas by the Valuation Committee constituted by the Deputy Commissioner of the district.

Test check in audit (between June 1991 and December 1993) revealed that in 363 cases registered (between April 1990 and March 1993) in 10* registering offices, the values set forth in the deeds of conveyance were much less than those fixed by the Valuation Committees constituted for the purpose. This resulted in short realisation of stamp duty and registration fees amounting to Rs.70.89 lakhs.

The department referred (between October 1991

* Dabwali, Hodel, Kaithal, Mohindergarh, Narnaul, Palwal, Panipat, Pehowa, Samalkha and Thanesar.

and January 1994) all the cases to the Collectors concerned. Follow up action taken as on 31 March 1994 is tabulated below:

		Amount of short levy Involved (Rupees)
(a)	Number of cases referred to the respective Collectors	363 70,88,945
(b)	Number of cases decided by the respective Collectors	213 42,71,661
(c)	Number of cases Out of (b) where recovery was ordered	153 7,57,330
(d)	Number of cases Out of (b) where no recovery was ordered	60 9,71,379
(e)	Number of cases out of (a) which were still pending for decision	150 28,17,284

(iii) In 20 sale deeds executed (between April 1991 and March 1993) in registering offices at Mohindergarh and Raipur Rani, the values of immovable properties (agricultural land) set forth in the deeds were lower than the average values of similar properties registered during the previous five years in the same areas. This resulted in short realisation of stamp duty of Rs.2.44 lakhs.

The department recovered Rs.1,440 in one case, issued notices for recovery in 13 cases while 6 cases were proposed to be referred to Collector under Section 47-A for determination of the value of property and proper stamp duty payable. Further report has not been received (October 1994).

(iv) Under the Income Tax Act, 1961, where any document required to be registered under the Registration Act, 1908, purports to transfer, assign, limit or extinguish the right, title or the interest of any person to any property valued at more than Rs.2 lakhs, no Registering Officer appointed under the said Act shall register any such document, unless a certificate to the effect that "Such person or persons have paid or made satisfactory

provisions for payment of all existing liabilities of income tax, gift tax and wealth tax" has been obtained by the assessee from the Income Tax Officer.

On 14 instruments of sale registered between April 1990 and March 1993 in the registering offices at Jind, Ambala, Kurukshetra, Yamunanagar and Hisar districts, the considerations of the immovable properties set forth in the sale documents were lower as compared to the values shown in the Income Tax Clearance Certificates issued by the Income Tax Department. Failure of the department to link the two resulted in short levy of stamp duty of Rs.1.41 lakhs.

The department recovered Rs.39,698 in 6 cases, issued (between July 1993 and April 1994) notices for recovery in 4 cases involving Rs.32,393 and referred (between January 1993 and February 1994) the remaining 4 cases involving Rs.69,122 to the Collector for decision. Reply on recovery of the balance amount has not been received (October 1994).

3.2.7 High pendency of cases of undervaluation with Collectors

By notification dated 2 November 1978, State Government have framed the Haryana Stamp (Prevention of Under valuation of Instruments) Rules, 1978. The rules inter-alia lay down (i) the procedure to be followed by the Collector on receipt of reference under section 47-A of Indian Stamp Act, 1899, (ii) the procedure for recovery of duty and (iii) maintenance of registers etc. On receipt of a reference from the registering officer under Sub-Section (i) of Section 47-A, the Collector, after taking such evidence as the person or persons may produce and after making such enquiry as he may deem proper, shall determine the value of property or consideration, as the case may be, and assess the amount of deficit duty recoverable from the persons concerned. After the market value of the properties is determined, the

Collector is to issue notices to the parties in Form 2, directing them to pay into Government Treasury the full amount of the deficient amount of duty. The date of payment specified in the notice shall not be less than thirty days from the date of service of such notice. The deficient amount of stamp duty which remains unpaid after the date specified in the notice issued or on the expiry of the date extended subsequently, shall be recoverable under Section 48 by distress and sale of moveable property of the persons from whom the same are due or in the manner as provided for recovery of arrears of land revenue.

The registering officers referred a number of cases to the Collectors for determination of values. Pendency of the cases referred to Collectors in 31 units test checked in audit is indicated below:

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	Total
Cases referred	36	378	392	332	428	192	1758*
Cases decided	-	163	217	140	129	12	661**
Cases pending	36	215	175	192	299	180	1097

The department stated (April 1994) that the proceedings were underway in these cases in the courts of Collectors. Details of disposal/pendency of these cases are analysed as under:

* Includes 363 cases referred in paragraph 3.2.6(ii)

** Including 145 cases that had become time barred

Out of 1758 cases of undervaluation of properties involving stamp duty of Rs.265.80 lakhs referred to Collectors (i) 189 cases involving duty of Rs.29 lakhs had not been taken into the records (registers) which were required to be maintained in the Collectors' offices under Rule 6 of the Haryana Stamp (Prevention of Undervaluation of Instruments) Rules, 1978, (ii) in 173 cases involving stamp duty of Rs.22.26 lakhs, notices could not be served on the concerned parties in the absence of their complete addresses with the Collectors/Sub-Registrars, (iii) 661 cases had been decided by the Collectors as detailed below:

(a)	Cases decided by Collectors without any additional value	372
(b)	Cases decided by Collectors with some additional value	289
(c)	Out of (b), cases where recovery had been made	162

Out of 661 cases referred to above, 145 cases involving stamp duty of Rs.13.39 lakhs were closed as having become time barred (104 cases in Collectors' offices and 41 cases were referred by the Sub-Registrars after these had already become time barred with them) Inordinate delay in disposal of cases contributed to their becoming time barred. This indicates that out of 1758 cases referred to Collectors, only 516 (29 per cent) cases had been actually decided by them. It was noticed in audit that Sub-Registrars had taken 1 to 47 months to refer the cases to the Collectors. It was further noticed that no reconciliation was done in respect of cases referred to the Collectors by the Sub-Registrars with the result that neither of them could correctly determine the number of cases actually received/sent. As a result 34 cases involving stamp duty of Rs.3.62 lakhs were not found to have been referred to the Collectors.

3.2.8 Misclassification of instruments

(a) Under the Indian Stamp Act, 1899, as applicable to Haryana, 'mortgage deed' includes every instrument whereby, for the purpose of securing money advanced or to be advanced, by way of loan, or an existing or future debt, or the performance of an engagement, one person transfers, or creates, to or in favour of another, a right over or in respect of specified property. In case where possession of property is not given, stamp duty is chargeable at one and a half per cent of the amount of loan secured by such instrument. The Government further clarified in November 1986 that tripartite agreement executed alongwith the deposit of title deeds as security for loan is a mortgage deed requiring compulsory registration and stamp duty thereon is payable in terms of Article 40 of the Schedule 1-A of the Act *ibid*.

(i) In the registering office at Sirsa, a mortgage deed was executed in March 1993 through a tripartite agreement between a firm, the Haryana Financial Corporation and a Bank as joint mortgagee for securing a loan of Rs.55 lakhs by the firm from the Bank by re-deposit of title deed. The instrument, creating a further charge of Rs.55 lakhs on the property already mortgaged through a regular deed in favour of Haryana Financial Corporation for securing a loan of Rs.22 lakhs, was incorrectly viewed as Memorandum of Agreement instead of as mortgage deed and was charged with stamp duty of only Rs.20 instead of Rs.82,500.

The department accepted the objection and issued (February 1994) notice for recovery. The case was also referred (March 1994) to the Collector for declaring the recovery as arrears of land revenue. Report on recovery is awaited (October 1994).

(ii) In the office of Sub-Registrar, Rohtak, two mortgage deeds were executed by two recipients of bank

guarantees for the sum of Rs.27.40 lakhs from a Scheduled Bank creating rights in favour of the Bank to sell the mortgaged property for settlement of claims, as per terms of the mortgage deeds. In spite of such provisions in the documents, these were classified as "Surety Bonds" and stamp duty of Rs.15 in one case only was levied instead of treating the documents as mortgage deeds without possession for which stamp duty of Rs.41,100 was leviable in both cases put together. The incorrect classification resulted in loss of stamp duty of Rs.41,085.

The department issued (February 1993) notices for recovery. Report on recovery has not been received (October 1994).

(iii) At Panipat, four instruments were got registered in December 1992 and March 1993, by a construction company by hypothecating its construction plant and equipment in favour of the Government for securing the advances aggregating Rs.3.40 crores. The instruments also contained the clause, empowering the mortgagee to seize or sell the assets in the event of default in the repayment of the money advanced. The instruments, therefore, fell under the category of "mortgage deeds without possession" attracting stamp duty amounting to Rs.5,10,517 whereas stamp duty of Rs.160 only was levied. This resulted in stamp duty being levied short by Rs.5,10,357.

The department raised (August 1993) the demand for recovery which was followed up by reminder in January 1994. Report on recovery has not been received (October 1994).

(iv) In Gurgaon district, two deeds were executed in March 1991 and April 1991 for obtaining subsidy from Haryana Industrial Development Corporation Limited by creating charge on assets. The instruments were incorrectly classified as agreements instead of mortgage deeds without possession. The

misclassification resulted in short realisation of stamp duty amounting to Rs.60,564.

The department made (July 1993) part recovery of Rs.10,000 in one case and issued notices under Section 48 for the recovery of balance amount. The other case was referred (November 1992) to the Collector for decision. Report on recovery and decision of Collector has not been received (October 1994).

(b) The Indian Stamp Act, 1899, and the Indian Registration Act, 1908, as applicable to Haryana, require that where power of attorney is given for consideration and it authorises the attorney to sell any immovable property, the deed is liable to stamp duty and registration fee as if it is an instrument of conveyance for the amount of consideration set forth therein. Government instructed (October 1976) that where a person purchasing an immovable property for further sale did not get the conveyance deed executed in his favour and instead, on payment of sale consideration, obtained a power of attorney from the vendor authorising him to sell the property further to any party at his discretion on behalf of the vendor, the power of attorney shall be subjected to stamp duty and registration fee for the sale consideration in terms of Article 48 (f) read with Article 23 of Schedule 1-A to the Indian Stamp Act, 1899.

In five Registry offices, seven vendors executed general powers of attorney between November 1990 and November 1992 empowering the vendees to transfer all rights of sale, lease or mortgage of the properties in 5 cases and in remaining two cases possession of the property was also handed over. The stamp duty in these cases was levied at Rs.3 and Rs.15 as leviable in the case of power of attorneys. It was noticed (between February 1992 and February 1993) that in all these cases the vendors had received full consideration of Rs.42.19 lakhs as per agreements executed with document writers. Since the transactions contained all essential ingredients of conveyance

amounting to sale under the Act, non-registration of these documents as conveyance deeds resulted in non-levy of stamp duty and registration fees aggregating Rs.5.39 lakhs as per details given below:

Name of registering office	Instrument executed	When executed	Facts as per instruments	Consideration (In lakhs of rupees)	Stamp duty and registration fees not levied (In lakhs of rupees)
1. Palwal	(i) General power of attorney	August 1992	Possession of property handed over.	1.30	0.20
	(ii) General power of attorney	January 1992	Empowering the vendee to sell the landed property.	1.72	0.22
2. Bahadur-garh	General power of attorney	November 1990	Transfer of all rights of sale, lease or mortgage of property. Attorney also sold property to a third party	13.00	1.63
3. Ratia	General power of attorney	July 1991	Conferring all rights to sell, lease or mortgage of urban property.	1.30	0.21
4. Fatehabad	General power of attorney	June 1991	Transfer of all rights to sell, lease or mortgage of landed property	1.99	0.26
5. Hansi	(i) General power of attorney	January 1992	Empowering the purchaser to sell, lease or mortgage the property.	12.38	1.55
	(ii) General power of attorney	November 1992	Possession of the property handed over	10.50	1.32
				42.19	5.39

The department issued notices (between July 1992 and April 1994) for recovery in all cases. Besides, the Sub-Registrar, Palwal, referred (May 1993) one case to Collector for recovery under Section 48 of the Indian Stamp Act, 1899. Further report has not been received (October 1994).

3.2.9 Irregular exemptions

Under the Indian Stamp Act, 1899, as applicable to Haryana, Stamp Duty in respect of an instrument of mortgage (where possession of the property or any part of the property comprised in such deed is not given) is chargeable at one and a half per cent of the amount of loan secured by such instrument. Further, Government vide their notification issued in August 1981, exempted stamp duty chargeable on mortgage deeds (without possession) executed by small scale industrial concerns in favour of Haryana Financial Corporation (HFC). Government further clarified in December 1990 that loans taken from HFC for purchase of trucks are not covered under the above notification and financing of trucks should be charged with proper stamp duty and registration fee.

(i) In 24 cases registered in Jind, Ambala and Gurgaon districts, loans were advanced to various loanees by the banks and HFC for the purchase of trucks and matadors. The loanees had agreed to repay the loans with interest by deposit of the original title deeds with the banks/HFC for creating equitable mortgage in their favour. The documents were thus chargeable to stamp duty at the rates applicable to mortgage deeds without possession. Stamp duty and registration fee amounting to Rs.1.03 lakhs and Rs.4,462 respectively were leviable in these cases but were not levied, treating them as exempt from the levy of stamp duty and registration fee.

The department recovered Rs.46,958 in 11 cases and issued notices (between July 1992 and February 1994) in 12

cases while in one case involving duty of Rs.10,980, the sub-registry office Naraingarh (Ambala), stated (March 1994) that action for recovery was being taken. Further report has not been received (October 1994).

(ii) In 2 registering offices at Sirsa and Faridabad, in 3 cases relating to loans aggregating Rs.103.69 lakhs for setting up a nursing home/hospital and purchase of equipments, mortgage deeds were registered in favour of HFC between August 1991 and July 1992 without the levy of stamp duty presuming that these units fell under the category of small scale industries. These mortgage deeds were not, however, eligible for the benefit of exemption from the levy of stamp duty under the notification of August 1981 as no small scale industries certificates were obtained by these units. This resulted in undue exemption of stamp duty of Rs.1.56 lakhs.

The Sub-Registrar, Sirsa, recovered (April 1993) Rs.24,987 in one case and in the remaining two cases, notices have been issued in February 1994 for effecting recovery.

(iii) In the offices of Sub-Registrars, Hisar, Tauru (Gurgaon) and Morni (Ambala), four mortgage deeds (Hisar: 2, Gurgaon: 1, Morni: 1) were registered in favour of HFC in April 1990, November 1991, September 1992 and October 1992 against loans of Rs.21 lakhs, Rs.8.24 lakhs, Rs.44 lakhs and Rs.43 lakhs respectively obtained for setting up of hotels without the levy of stamp duty, treating the units as small scale industrial units. Government of India had also clarified (August 1993) to the Director of Industries, Haryana, that tourist resorts/hotels did not qualify for incentives/concessions given to small scale industrial units. The irregular grant of exemption resulted in non-realisation of stamp duty of Rs.1.74 lakhs.

The department in the case of Hisar ordered (January 1994) recovery of deficit stamp duty as arrears of land

revenue. In the cases of Tauru and Morni, notices for recovery were issued in December 1993 and in one case notice was being issued. Report on recovery has not been received (October 1994).

3.2.10 Short levy of stamp duty

(i) As per the notification issued in July 1948 under the Indian Stamp Act, 1899, instruments executed by any officer or a member of a co-operative society were exempted from the levy of stamp duty provided the transactions evidenced by the instruments related to the business of the society registered under the Co-operative Societies Act. This exemption was withdrawn by Government through a notification issued in February 1962 in respect of the instruments executed by House Building Co-operative Societies in urban areas, except where all the members of such a society belonged to Scheduled Castes.

(a) During the course of audit of records of Sub-Registrar, Karnal, it was noticed (September 1993) that one House Building Co-operative Society with its members not exclusively belonging to Scheduled Castes and its headquarters in urban area of Karnal executed a conveyance deed for purchase of land during March 1992 for a consideration of Rs.17.50 lakhs. Since exemption was not available to the Society, stamp duty amounting to Rs.2.19 lakhs was leviable on the instrument but was not levied.

The department intimated (July 1994) that the entire amount of Rs.2.19 lakhs had been recovered from the society between March 1994 and June 1994.

(b) In Shahabad, an instrument of conveyance of the Shahabad Farmers Co-operative Marketing-cum-Processing Society Limited, Shahabad, was registered on 19 March 1993 conveying 29 kanals and 16 marlas of landed property in favour of Haryana State Co-operative Supply and Marketing Federation Limited, Shahabad. Stamp duty amounting to Rs.51,538 was

leviable on consideration as applicable to sale deed, whereas Rs.6,190 only had been charged by the Sub-Registrar. This resulted in short levy of stamp duty amounting to Rs.45,348.

The department issued (December 1993) notice for recovery which was followed by reminder in February 1994. Report on recovery has not been received (October 1994).

(ii) As per Article 31 of Schedule 1-A to the Indian Stamp Act, 1899, as applicable to Haryana, an instrument of exchange of immovable property is chargeable with duty as a conveyance under Article 23(a) of Schedule 1-A of the Act *ibid* for a consideration equal to the value of the property of greatest value as set forth in such instrument.

In 3 registering offices at Narnaul, Sirsa and Kalka, on 13 instruments of exchange of immovable properties registered between November 1991 and March 1993, stamp duty was charged at lower rates as applicable to other conveyance under Article 23(b) of Schedule 1-A instead of at appropriate rates applicable to conveyance by sale of immovable properties under Article 23(a) of the Schedule. This resulted in short levy of stamp duty of Rs.60,159.

The department issued (October 1993 and May 1994) notices for recovery in all the cases, recovered Rs.10,254 in January 1994 in two cases while report on the remaining 11 cases has not been received (October 1994).

(iii) Under the Indian Stamp Act, 1899, as applicable to Haryana, on an instrument of lease, stamp duty is chargeable on the basis of period of lease and amount of annual rent reserved.

In the offices of Sub-Registrars, Panipat and Karnal, the period of lease and amount of the average annual rent reserved in respect of 2 instruments registered in July 1992 and January 1994

were calculated incorrectly. This resulted in short levy of stamp duty of Rs.93,739.

The department recovered Rs.24,934 in October 1992 in one case and issued notice (January 1994) for recovery in the other case. Report on recovery has not been received (October 1994).

(iv) Under the Indian Stamp Act, 1899, "mortgage deed" includes every instrument whereby, for the purpose of securing money advanced or to be advanced, by way of loan, or an existing or future debt, or the performance of an engagement, one person transfers to, or in favour of another, a right over or in respect of specified property. In cases of mortgage deeds where possession of the property is not given or agreed to be given, stamp duty is chargeable under Article 40(b) of the Schedule 1-A of the Act.

In the Sub-Registry office, Palwal, a mortgage deed was executed in November 1992 by a builders firm of Delhi after mortgaging agricultural land situated in the revenue estate of Palwal tehsil in favour of a scheduled bank which granted credit facilities of Rs.3 crores to the firm. Stamp duty amounting to Rs.9000 was charged incorrectly instead of the chargeable amount of Rs.4.50 lakhs.

The department served notice (November 1993) for recovery. Report on recovery has not been received (October 1994).

3.2.11 Pre-audit of registrable documents

The Haryana Government, vide their orders issued in August 1988, posted stamp auditors in each of the four circles of Ambala, Karnal, Gurgaon and Faridabad to pre-audit all the

documents registered in the sub registry offices before these are returned to the persons presenting the documents for registration.

Test check in audit revealed that in respect of 145 cases (Ambala:42, Karnal:25, Gurgaon:34 and Faridabad:44), the stamp auditors failed to detect short levy of stamp duty and registration fee amounting to Rs.32.89 lakhs during the years 1989-90 to 1992-93.

The above cases were reported to Government between July 1992 and February 1994; their replies have not been received (October 1994).

CHAPTER 4

OTHER TAX RECEIPTS

4.1 Results of Audit

Test check of records in departmental offices, conducted in audit during the year 1993-94, revealed short/non recovery of excise duty, taxes on vehicles and entertainments duty amounting to Rs.790.58 lakhs in 1040 cases, as follows:

	Number of cases	Amount (In lakhs of rupees)
State Excise	547	770.33
Taxes on Vehicles	473	13.79
Entertainments duty and Show tax	20	6.46
	1,040	790.58

During the course of the year 1993-94 :

(a) In the case of State excise, Excise Department accepted under-assessments, etc. of Rs.47.22 lakhs involved in 168 cases, of which 127 cases involving Rs.6.15 lakhs were pointed out in audit during 1993-94 and the rest in earlier years. Of these an amount of Rs.2.07 lakhs in 14 cases had been recovered.

(b) In the case of Taxes on Motor Vehicles, the Transport Department accepted under-assessments, etc. of Rs.5.34 lakhs involved in 212 cases of which 68 cases involving Rs.2.79

lakhs had been pointed out in audit during 1993-94 and the rest in earlier years. Of these, an amount of Rs.37,965 in 17 cases had been recovered.

(c) In the case of Entertainments duty and Show tax, the department accepted under-assessments, etc. of Rs.9.73 lakhs involved in 7 cases of which 6 cases involving Rs.3.50 lakhs had been pointed out in audit during 1993-94 and the rest in earlier years. Of these, an amount of Rs.70,000 in three cases had been recovered.

A few illustrative cases involving an amount of Rs.145.76 lakhs are given in the following paragraphs:

A - STATE EXCISE DUTY

4.2 Low yield of spirit

Under the Punjab Distillery Rules, 1932, as applicable to Haryana, yield per quintal of molasses has been prescribed as 36.61 proof litres of rectified spirit against the all-India norm of 37.35 proof litres. The Excise and Taxation Commissioner, Haryana, also held (April 1990) in the case of a distillery at Hathin that recovery of 36.61 proof litres of spirit from one quintal of molasses as provided in the Rules was quite correct.

During the audit of the records of Deputy Excise and Taxation Commissioner, Hisar, it was noticed (June 1991) that in a distillery at Hisar 88,81,072.3 proof litres of spirit were manufactured in the year 1990-91 from 2,98,567.35 quintals of molasses as against 1,09,30,551 proof litres recoverable as per the norm laid down in the Rules. The shortfall of 20,49,478.7 proof litres involved loss of excise duty amounting to Rs.143.46 lakhs.

On this being pointed out (July 1991) in audit, the department issued (June 1992) notice for recovery to the distillery. The Excise and Taxation Commissioner further informed in October 1993 that the matter was under consideration with the Government. Further report in the matter has not been received (October 1994).

The case was referred to Government in August 1991; their reply has not been received (October 1994).

4.3 Short levy of composite fee

Under the Haryana Liquor Licence Rules, 1970, for grant or renewal of a licence in forms L.4 and L.5 for retail vend of foreign liquor in a restaurant or in a bar attached to a restaurant, a composite fee is chargeable. As per Government notification issued in March 1992, the rates of composite fee were revised and a fee of Rs.2.50 lakhs per annum was leviable in respect of such vends located in towns/cities with population above 50,000 and those located on Trunk routes, for the grant or renewal of licences.

In Ambala district, licences in L.4 and L.5 for retail vend of foreign liquor granted to the Haryana Tourism Corporation for running a restaurant at Yadvindra Garden, Pinjore, located on the National Highway No.22 were renewed for the year 1992-93 and composite fee of Rs.1.75 lakhs was charged as against Rs.2.50 lakhs chargeable as the restaurant was located on a Trunk route. This resulted in short levy of composite fee of Rs.75,000.

On this being pointed out (July 1993) in audit, the department intimated in June 1994 that amount of short levy of Rs.75,000 had been recovered from the licensee.

B - ENTERTAINMENTS DUTY AND SHOW TAX

4.4 Short recovery of entertainments duty

Under the Punjab Entertainments Duty Act, 1955, as applicable to Haryana, and the Rules framed thereunder, the proprietor of a video house exhibiting video shows on payment is required to make advance payment of entertainments duty, every quarter, at the rates prescribed by the Government from time to time. Further, as per Government notification issued in March 1989, the entertainments duty is payable on the basis of population of the town based on the latest census figures. For towns with population of ten thousand but less than twenty five thousand, duty is payable at the rate of Rs.15,000 per quarter.

During the course of audit of Deputy Excise and Taxation Commissioners, Rewari and Sirsa, it was noticed (June 1993) that at Dharuhera (Rewari District) and Kalanwali (Sirsa District) with the population exceeding ten thousand as per Census of 1991, entertainments duty in respect of three video houses (2 in Rewari and one in Sirsa) was erroneously recovered at the rate of Rs.10,000 per quarter instead of the correct rate of Rs.15,000 per quarter for 16 quarters between April 1991 and June 1993 and 12 quarters from April 1991 to March 1994 respectively. In addition, entertainments duty for full one quarter was not deposited by one of the video house owners at Dharuhera and was not demanded. This resulted in short recovery of entertainments duty of Rs.1.55 lakhs.

On this being pointed out (June 1993 and July 1993) in audit, the department recovered Rs.15,000 between November 1993 and December 1993 in the first case and Rs.25,000 in the second case of Sirsa. Report on recovery of the balance amount has not been received (October 1994). In the case

of Sirsa, the balance amount of Rs.35,000 was stated (July 1994) as being recovered in instalments of Rs.5,000 per month.

The cases were reported to Government in July 1993; their reply has not been received (October 1994).

CHAPTER 5

NON-TAX RECEIPTS

5.1 Results of Audit

Test check of records of departmental offices dealing with collection and realisation of non-tax receipts, conducted in audit during the year 1993-94, revealed non-recovery or loss of revenue amounting to Rs.119.74 lakhs in 387 cases as follows:

	Number of cases	Amount (In lakhs of rupees)
(A) Agriculture	13	90.12
(B) Co-operation	374	29.62
Total	387	119.74

During the course of the year 1993-94 :

(a) In the case of Agriculture, the department accepted non-recovery, etc., of Rs.75.99 lakhs involved in 7 cases of which one case involving Rs.4.93 lakhs had been pointed out in audit, during 1993-94 and the rest in earlier years. Of these, an amount of Rs.24.17 lakhs in 5 cases had been recovered.

(b) In the case of Animal Husbandry, the department accepted non-recovery, etc., of Rs.35.60 lakhs involved in 11 cases pointed out in audit in earlier years. Of these, an amount of Rs.1.50 lakhs in 6 cases had been recovered.

(c) In the case of Co-operation, the department accepted non-recovery, etc., of Rs.20.79 lakhs involved in 146 cases of which 141 cases involving Rs.17.46 lakhs were pointed out in audit during 1993-94 and the rest in earlier years. Of these, an amount of Rs.15.40 lakhs in 98 cases had been recovered.

(d) In the case of Medical, the department accepted non-recovery, etc., of Rs.1.19 lakhs involved in 8 cases pointed out in audit in earlier years. Of these, an amount of Rs.5,358 in 3 cases had been recovered.

A few illustrative cases involving an amount of Rs.44.45 lakhs are given in the following paragraphs:

A - AGRICULTURE

5.2 Non-recovery of purchase tax and interest

As per the notification issued (October 1977) under the Punjab Sugarcane (Regulation of Purchase and Supply) Act, 1953 and the Rules made thereunder, as applicable to Haryana, an occupier or agent of a factory is required to pay tax at Rs.1.50 per quintal on sugarcane purchased by him, by the prescribed date. In the event of default, interest at the rate of 15 per cent per annum shall be charged for the period of default.

During the course of audit of Assistant Cane Development Officer, Rohtak, it was noticed (October 1993) that a

sugar mill had purchased 21,73,972.45 quintals of sugarcane between October 1992 and March 1993 but did not deposit purchase tax amounting to Rs.32.61 lakhs which was due to be paid by 14th of the month following the purchase. Interest amounting to Rs.4.79 lakhs (up to January 1994) was also chargeable thereon for non-payment of the tax.

On this being pointed out (October 1993) in audit, the department intimated (January 1994) that Rs.2 lakhs had been deposited by the sugar mill in November 1993 and efforts were being made to recover the balance amount. Further report on recovery has not been received (October 1994).

The case was reported to Government in October 1993; their reply has not been received (October 1994).

B - CO-OPERATION

5.3 Short recovery of audit fee

Under the Haryana Co-operative Societies Rules, 1989, every Co-operative Society is liable to pay audit fee for audit of its annual accounts by the auditors of the Co-operative Department. The fee is charged at the rate of 5 per cent of the net profit of the society subject to certain minimum limits in respect of primary co-operative agriculture and rural development banks (Rs.5000), co-operative urban banks (Rs.500), credit and service societies (Rs.500), thrift and credit societies (Rs.100) and co-operative sugar mills (Rs.30,000, Rs.45,000 or Rs.60,000 depending upon the crushing capacity of the sugar mill; for crushing capacity above 1250 tonnes and up to 1800 tonnes, the minimum audit fee is Rs.45,000) for each co-operative year.

(i) During the audit of the records of Assistant Registrar, Co-operative Societies, Karnal, it was noticed (February 1994) that audit fee amounting to Rs.15,000 at minimum rates was recovered from three Primary Co-operative Agriculture and Rural Development Banks on the basis of unaudited accounts for the co-operative year 1991-92. Additional audit fee amounting to Rs.2.11 lakhs had however become recoverable on the basis of audited figures of profits but was not demanded.

On this being pointed out (February 1994) in audit, the department intimated (July 1994) that an amount of Rs.2,10,480 had since been recovered.

(ii) During the course of audit of Assistant Registrar, Co-operative Societies, Ambala, it was noticed (December 1993) that audit fee amounting to Rs.800 at minimum rates of Rs.500 and Rs.100 was recovered from two societies and Rs.19,831 from an employees co-operative bank on the basis of net profits reflected in the accounts for the co-operative years between 1989-90 and 1991-92 before these were audited by the department. Later, on completion of audit of accounts of the societies and the bank, additional audit fee amounting to Rs.1.16 lakhs became recoverable on the basis of audited figures of profits but the same was not realised by the department.

On this being pointed out (December 1993) in audit, the department intimated (February 1994) that entire amount of Rs.1.16 lakhs had been recovered from the societies.

(iii) During the audit of the records of Assistant Registrar, Co-operative Societies, Hisar, it was noticed (February 1994) that audit fee amounting to Rs.1,000 at minimum rates was recovered from two societies on the basis of net profits reflected in their accounts for the co-operative year 1990-91 before these were

audited by the department. Later, on completion of audit of accounts of the societies, additional audit fee amounting to Rs.48250 became recoverable on the basis of audited figures, but the same was not demanded.

On this being pointed out (February 1994) in audit, the department admitted (February 1994) the audit observations and initiated action for recovery. Report on recovery has not been received (October 1994).

(iv) In the offices of the Assistant Registrars, Co-operative Societies, Rohtak and Yamuna Nagar, audit fee amounting to Rs.1,500 at minimum rates was recovered from three societies on the basis of net profits reflected in the accounts for the co-operative year 1990-91 before these were audited by the department. Later, on completion of audit of accounts of the societies, additional audit fee amounting to Rs.71,274 became recoverable on the basis of audited figures of profits but the same was not demanded.

On this being pointed out (December 1993 and January 1994) in audit, the department intimated (April and July 1994) that the entire amount of Rs.71,274 had since been recovered.

(v) During the audit of the records of Assistant Registrar, Co-operative Societies Kaithal, it was noticed (December 1993) that a sugar mill having crushing capacity of 1800 tonnes had been running in losses for the last three years from 1990-91 to 1992-93. The mill was depositing audit fee at the rate of Rs.10,000 every year which was being accepted by the department against the minimum prescribed fee of Rs.45,000 per annum. This resulted in short realisation of audit fee amounting to Rs.1.05 lakhs.

On this being pointed out (December 1993) in audit, the department stated (August 1994) that the sugar mill had not started crushing of sugarcane during 1990-91 and thus minimum audit fee of Rs.1,000 was recoverable for that year and that out of the total recoverable amount of Rs.91,000, the department had recovered Rs.80,000 up to March 1994. Further report on recovery of the balance amount has not been received (October 1994).

The above cases were reported to Government between January and March 1994; their replies have not been received (October 1994).

5.4 Incorrect assessment of audit fee

Under the Haryana Co-operative Societies Rules, 1989, every Co-operative Society is liable to pay audit fee as prescribed by Government for audit of its annual accounts by the auditors of the Co-operative Department. The fee is charged at the rate of 5 per cent of the net profit of a Co-operative Credit and Service Society subject to a minimum of Rs.500 for each co-operative year. The Haryana Co-operative Societies Act, 1984, further provides that 'net profit' means profit after deduction of establishment charges, contingent charges, interest payable on loans and deposits, audit fee and such other sums as may be prescribed.

During the audit of the records of Assistant Registrar, Co-operative Societies, Karnal, it was noticed (February 1994) that the department had recovered audit fee on the profits (after adjusting the previous liabilities) shown in the balance sheets by three Co-operative Credit and Service Societies whereas the fee was chargeable on the net profits shown in their Profit and Loss Accounts. This resulted in under assessment of audit fee amounting to Rs.1.17 lakhs.

On this being pointed out (February 1994) in audit, the department intimated (July 1994) that entire amount of Rs.1.17 lakhs had since been recovered from the concerned Co-operative Societies in June 1994.

C - MEDICAL

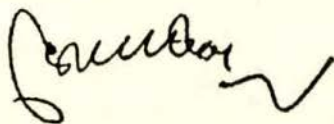
5.5 Non deposit of Government revenue into treasury

As per departmental instructions issued in August 1986, Chief Medical Officers and Deputy Chief Medical Officers (Medical) in Haryana were allowed to retain fee for issue of medical fitness certificates on first entry into service of candidates of the Central Government and Haryana State Electricity Board. In all other cases, fee realised for issue of medical certificates, for medical attendance and treatment, even in case of employees of Central Government and Haryana State Electricity Board, was to be deposited into Government treasury.

During the audit of the records of Chief Medical Officer, Bhiwani and Civil Surgeon, Faridabad, it was noticed (January and March 1993) that 3193 medical certificates in respect of employees other than Central Government employees and employees of Haryana State Electricity Board were issued during the period from October 1989 to October 1992 and fee realised amounting to Rs.51,088 was not deposited in the treasury as detailed below:

Name of Office	Number of certificates issued	Fees realised but not deposited (In rupees)
Chief Medical Officer, Bhiwani	1547	24,752
Civil Surgeon, Faridabad	1646	26,336
Total	3193	51,088

On this being pointed out (January and March 1993) in audit, the department initiated (between October 1993 and March 1994) action for recovery. Report on recovery has not been received (October 1994).



Chandigarh :
The

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09 JAN 1995

Countersigned



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13 JAN 1995

