



सत्यमेव जयते

**Report of the
Comptroller and Auditor General of India
on
Revenue Sector
for the year ended 31 March 2020**



लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest



**Government of Uttar Pradesh
Report No. 5 of the year 2021**

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PREFACE

This Report of the Comptroller and Auditor General of India for the year ended March 2020 has been prepared for submission to the Governor of Uttar Pradesh under Article 151 of the Constitution of India.

The Report contains significant results of compliance audit of the Departments of the Government of Uttar Pradesh under the Revenue Sector including Departments of State Excise, Commercial Tax, Transport and Geology & Mining.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2019-20 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. Instances relating to the period subsequent to 2019-20 have also been included, wherever necessary.

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

OVERVIEW

This Report contains 18 paragraphs relating to State Excise, Taxes on Sales, Trade, etc., Taxes on Vehicles, Goods & Passengers and Mining Receipts. The total financial implication of the Audit findings is ₹ 502.08 crore, of which the Commercial Tax Department accepted audit observations amounting to ₹ 19.01 crore and recovered ₹ 47.79 lakh. Replies of other Departments have not been received. Some of the major findings are mentioned below:

Chapter-I: General

Total receipts of the Government of Uttar Pradesh for the year 2019-20 were ₹ 3,66,393.18 crore, of which, ₹ 2,04,530.91 crore (55.82 *per cent*) constituted the State's own receipts. Government of India contributed ₹ 1,61,862.27 crore (44.18 *per cent*), comprising State's share of divisible Union taxes of ₹ 1,17,818.30 crore (32.16 *per cent* of total receipts) and grants-in-aid of ₹ 44,043.97 crore (12.02 *per cent* of total receipts). The State's own tax revenues increased by 51.44 *per cent* from 2015-16 to 2019-20.

Wide variations between the budget estimates approved by the Finance Department and actual revenues during the year 2019-20 under the different heads of revenue (refer Table 1.2 and 1.3) indicated that the budget was not prepared on a realistic basis.

(Paragraph 1.2)

Chapter-II: State Excise

The Department failed to act on the recommendation made by the Public Accounts Committee for timely deposit of basic license fee and license fee on settlement of shops. It did not initiate any action for cancellation of settlement and forfeiture of renewal fee/earnest money (₹ 6.75 crore), license fee/basic license fee (₹ 63.83 crore) and security deposit (₹ 32.26 crore) totalling to ₹ 102.84 crore, in contravention to the rules.

Audit recommends that the Department needs to ensure adherence to the provisions of the Act/Rules and the recommendation made by the Public Accounts Committee, to safeguard the financial interest of the State.

(Paragraph 2.3)

There was loss of additional consideration fee of ₹ 4.30 crore on 6.20 crore small bottles of Indian Made Foreign Liquor due to anomaly in the Excise Policy 2018-19.

(Paragraph 2.4)

Chapter-III: Taxes on Sales, Trade, etc.

The Assessing Authorities accepted the tax rates on sale of goods worth ₹ 355.54 crore as mentioned in the tax returns without verification. Thus, tax amounting to ₹ 26.44 crore was short/not levied.

(Paragraphs 3.3)

The Assessing Authorities failed to detect the concealed turnover of ₹ 1,571.43 crore and consequently tax of ₹ 155.77 crore was not levied.

(Paragraphs 3.4)

The dealer had deposited the tax deducted at source of ₹ 5.26 crore with delay, on which interest of ₹ 1.18 crore was chargeable, but was not charged at the time of assessment.

(Paragraphs 3.5)

The dealers wrongly claimed Input Tax Credit amount of ₹ 99.46 lakh which was irregularly allowed by the Assessing Authorities. This resulted in non-reversal of Input Tax Credit along with interest totalling ₹ 1.60 crore.

(Paragraphs 3.6)

Assessing Authority, while finalising the assessments could not detect short deduction of tax deducted at source amounting to ₹ 10.64 crore by a dealer.

(Paragraphs 3.7)

Chapter-IV: Taxes on Vehicles, Goods and Passengers

Total 13,284 transport vehicles and 6,045 private vehicles plied without valid fitness certificates and were liable for levy of fitness fee of ₹ 2.03 crore and imposition of penalty of ₹ 9.66 crore. The concerned RTOs/ARTOs did not initiate any action to issue notices to these vehicle owners and cancel the permits in case of transport vehicles.

(Paragraph 4.3)

Penalty of ₹ 5.65 crore was not imposed on 4,467 Uttar Pradesh State Road Transport Corporation buses for delay in payment of additional tax.

(Paragraph 4.4)

Composite and authorisation fees amounting to ₹ 3.28 crore was not realised from 1,875 goods vehicles plying on roads without renewal of authorisation of national permit.

(Paragraph 4.5)

Permit fee, application fees and penalty amounting to ₹ 1.82 crore was not realised from 1,960 vehicles plying on roads without renewal of permit.

(Paragraph 4.6)

Additional tax of ₹ 2.30 crore was not levied on 312 Jawaharlal Nehru National Urban Renewal Mission buses plying outside the designated municipal areas.

(Paragraph 4.7)

The taxation officers failed to realise the tax/additional tax amounting to ₹ 1.44 crore from 440 vehicles which were surrendered for a period beyond three calendar months.

(Paragraph 4.8)

Chapter-V: Mining Receipts

Under existing regulatory framework, the leaseholder pays lower penalty for illegal extraction as against the amount payable for legal extraction, thus encouraging illegal mining.

Audit recommends that the Government needs to clearly define/redefine what constitutes 'price of mineral' and 'royalty' in terms of Section 21(5) of the MMDR Act in areas leased out through auction.

Audit also recommends that the Government may review rates of royalty which will be applicable in cases of illegal mining in neighbourhood of areas leased through auction where price discovery of the mineral has already occurred.

(Paragraph 5.3)

Contribution payable to the District Mineral Foundation Trust was not included in the consideration of 12 mining lease deeds which resulted in short levy of stamp duty of ₹ 1.32 crore.

(Paragraph 5.4)

Royalty of ₹ 47.20 crore and contribution to the District Mineral Foundation Trust of ₹ 8.22 crore was not deposited by 59 lease holders which resulted in non-realisation of revenue to the Government.

(Paragraph 5.5)

Inadequate co-ordination between Mining Department and executing agencies of other Departments led to non-recovery of royalty amounting to ₹ 3.97 crore, 'price of minerals' amounting to ₹ 90.41 crore and due penalty amounting to ₹ 3.97 crore in 1,588 cases from the contractors undertaking civil works, for raising mineral without lawful authority.

Audit recommends that the Department may strengthen co-ordination with the Government executing agencies undertaking civil works to ascertain that the contractors have sourced minerals from legitimate licensees and carry valid transit passes.

(Paragraph 5.6.1)

The Department failed to point out the fraudulent activities involved in submission of MM-11 forms as proof of royalty paid and did not recover royalty, 'price of minerals' and penalty amounting to ₹ 4.87 crore from the contractors.

Audit recommends that the Department may examine these cases in detail and if a serious lapse is found may fix responsibility and take appropriate action.

Audit also recommends that the Government may put in place an effective mechanism to ensure transportation of minerals under valid transit passes to prevent widespread misuse of MM-11 forms.

(Paragraph 5.6.2)

Royalty of ₹ 7.37 crore, regulating fees of ₹ 4.89 crore, permit application fees of ₹ 21.34 lakh and District Mineral Foundation Trust contribution of ₹ 70.73 lakh was not realised in 981 cases from the brick kiln owners, though the same was specified in the One Time Settlement Scheme.

(Paragraph 5.7)

CHAPTER-I: GENERAL

1.1 Introduction

This Chapter presents an overview of the trend of revenue receipts of the Government of Uttar Pradesh (GoUP), follow up on Audit Reports, response of the Government/Departments towards Audit, etc.

1.2 Trend of receipts

1.2.1 The tax and non-tax revenue raised by the GoUP, the State's share of the net proceeds of the divisible Union taxes and duties assigned to States, grants-in-aid received from the Government of India (GoI) during the year 2019-20, and the corresponding figures for the preceding four years are presented in **Table-1.1**.

Table-1.1
Trend of revenue receipts

(₹ in crore)						
Sl. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
1	Revenues raised by the State Government					
	• Tax Revenue	81,106.26	85,965.92	97,393.00	1,20,121.86	1,22,825.83
	Percentage of growth compared to previous year	9.35	5.99	13.29	23.34	2.25
	• Non-tax Revenue	23,134.65	28,944.07	19,794.86	30,100.71	81,705.08
	Percentage of growth compared to previous year	16.05	25.11	(-) 31.60	52.06	171.44
	Total	1,04,240.91	1,14,909.99	1,17,187.86	1,50,222.57	2,04,530.91
2	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties	90,973.69	1,09,428.29	1,20,939.14	1,36,766.46	1,17,818.30 ¹
	• Grants-in-aid	31,861.34	32,536.87	40,648.45	42,988.48	44,043.97 ²
	Total	1,22,835.03	1,41,965.16	1,61,587.59	1,79,754.94	1,61,862.27
3	Total revenue receipts of the State Government (1 and 2)	2,27,075.94	2,56,875.15	2,78,775.45	3,29,977.51	3,66,393.18
4	Percentage of 1 to 3	46	45	42	46	56

Source: Finance Accounts of the Government of Uttar Pradesh.

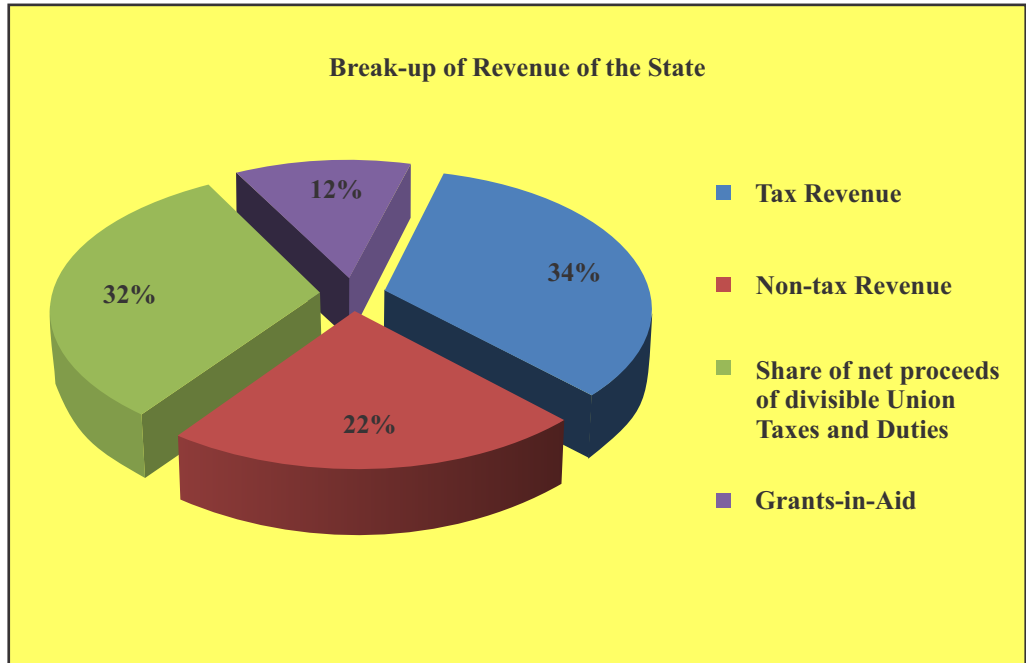
The above table indicates that the average annual growth rate in respect of tax revenue and non-tax revenue were 10.84 *per cent* and 46.61 *per cent* respectively during the period 2015-20.

The break-up of revenue receipts of the State for the year 2019-20 in terms of percentage is shown in **Chart-1.1**.

¹ For details, please see Statement No. 14-Detailed accounts of revenue by the minor heads in the Finance Accounts of the Government of Uttar Pradesh for the year 2019-20. Figures under the major heads 0005-Central Goods and Services Tax, 0008-Integrated Goods and Services Tax, 0020-Corporation Tax, 0021-Taxes on Income other than Corporation Tax, 0032-Taxes on Wealth, 0037-Customs, 0038-Union Excise Duties and 0045-Other Taxes and Duties on Commodities and Services, Minor Head 901-Share of net proceeds assigned to States booked in the Finance Accounts under 'A-Tax revenue' have been excluded from revenue raised by the State and included in 'State's share of net proceeds of divisible Union taxes and duties' in this statement.

² Includes compensation of ₹ 5,179.52 crore towards loss of revenue arising out of the implementation of the Goods and Services Tax.

Chart-1.1



1.2.2 Details of tax revenue raised during the period 2015-16 to 2019-20 are given in **Table-1.2**.

Table-1.2
Details of tax revenue

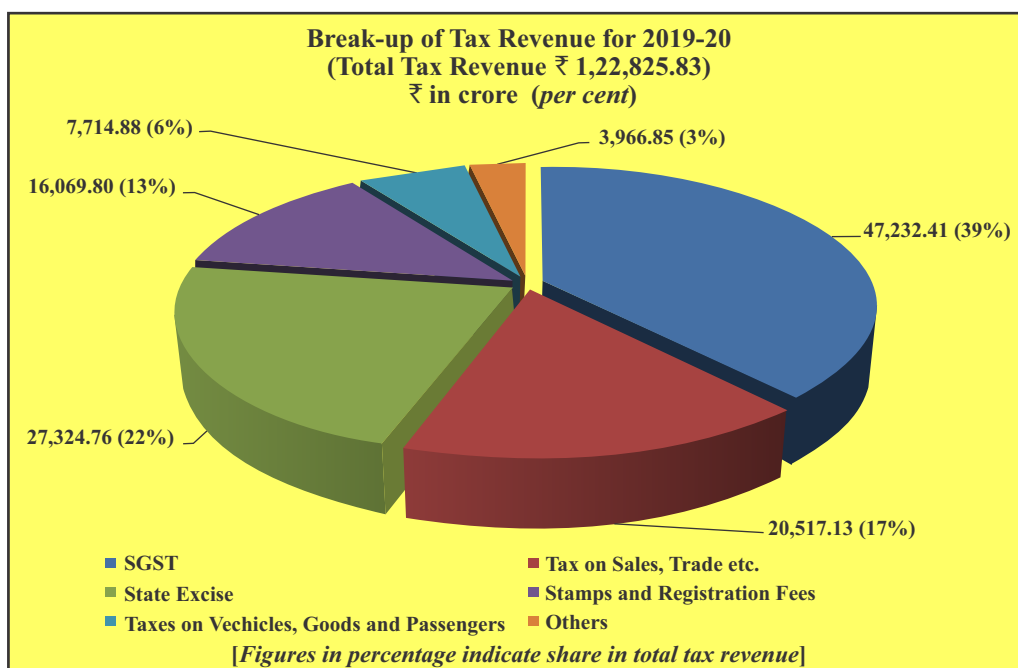
Sl. No.	Head of revenue	₹ in crore)						
		2015-16	2016-17	2017-18	2018-19	2019-20	Percentage of increase (+) or decrease (-) in actuals of 2019-20 in comparison to	
		BE Actual	BE Actual	BE Actual	BE Actual	BE Actual	BE of 2019-20	Actuals of 2018-19
1	Taxes on Sales, Trade, etc.	52,670.69 47,692.40	57,940.30 51,882.88	36,397.30 31,112.52	22,078.00 23,797.84	24,660.00 20,517.13	(-) 16.80	(-) 13.79
	State Goods and Services Tax (SGST)			28,602.70 25,373.96	49,422.00 46,108.03	52,980.10 47,232.41	(-) 10.85	(+) 2.44
2	State Excise	17,500.00 14,083.54	19,250.00 14,273.49	20,593.23 17,320.27	23,000.00 23,926.66	31,517.41 27,324.76	(-) 13.30	(+) 14.20
3	Stamps and Registration Fees	14,836.00 12,403.72	16,319.60 11,564.02	17,458.34 13,397.57	18,000.00 15,733.03	19,179.07 16,069.80	(-) 16.21	(+) 2.14
4	Taxes on Vehicles, Goods and Passengers (0041 & 0042)	4,658.00 4,410.53	5,123.80 5,148.37	5,481.20 6,403.69	7,400.00 6,930.02	7,863.42 7,714.88	(-) 1.89	(+) 11.33
5	Others ³	2,250.31 2,516.07	2,622.80 3,097.16	2,969.13 3,784.99	2,800.00 3,626.28	3,976.00 3,966.85	(-) 0.23	(+) 9.39
Total		91,915.00 81,106.26	1,01,256.50 85,965.92	1,11,501.90 97,393.00	1,22,700.00 1,20,121.86	1,40,176.00 1,22,825.83	(-) 12.38	(+) 2.25

Source: Finance Accounts of the Government of Uttar Pradesh and budget estimates as per the Statement of Revenue and Receipts of the Government of Uttar Pradesh.

³ Includes receipts (less than five per cent of tax revenue) from the following:
Taxes and duties on Electricity, Land Revenue, Hotel Receipt Tax, Other Taxes and Duties on Commodities and Services etc.

The break-up of tax revenue for the year 2019-20 is shown in **Chart-1.2**

Chart-1.2



The reasons for wide variation in actual receipts during the year 2019-20 over the previous year are discussed below:

- The overall growth of 2.25 *per cent* in own tax revenue during the year 2019-20 was mainly due to increase in ‘State Excise’ (by ₹ 3,398.10 crore), ‘State Goods and Services Tax (SGST)’ (by ₹ 1,124.38 crore), ‘Stamps and Registration Fees’ (by ₹ 336.77 crore) and ‘Taxes on Vehicles, Goods and Passengers’ (by ₹ 784.86 crore).
- Taxes on Sales, Trade, etc., decreased by ₹ 3,280.71 crore during the year 2019-20 in comparison to the previous year. Less revenue under Taxes on Sales, Trade, etc., was due to lower receipts and increased refund from Value Added Tax (lower by ₹ 3,095.30 crore from previous year) and Sales Tax (lower by ₹ 147.44 crore from previous year).
- SGST collection increased by ₹ 1,124.38 crore during the year 2019-20. The main reason for increase in SGST collection was increase in receipts under the heads Tax (₹ 6,570.40 crore), Input Tax Credit Cross Utilisation of SGST and IGST (₹ 4,212.59 crore), apportionment of Integrated GST (₹ 633.96 crore) and less receipts for advance apportionment for IGST (₹ 5,763.53 crore) and receipts awaiting transfer to other minor heads (₹ 4,597.88 crore).
- The growth in ‘State Excise’ was due to more receipts on account of sale of country spirits (₹ 1,471.22 crore), malt liquor (₹ 483.32 crore) and foreign liquors and spirits (₹ 1,459.96 crore).
- Receipts under ‘Stamps and Registration Fees’ increased mainly on account of more sale of non-judicial stamps (₹ 651.65 crore) and reduction of other receipts (₹ 311.42 crore).
- Receipts under ‘Taxes on Vehicles’ increased mainly due to net effect of more receipts under State Motor Vehicle Taxation Act (₹ 1,027.83 crore) and less receipts under Indian Motor Vehicles Act (₹ 239.29 crore).

- The increase of receipts under ‘Taxes and duties on Electricity’ (from ₹ 2,978.22 crore in 2018-19 to ₹ 3,452.50 crore in 2019-20) was due to increase in receipt from consumption and sale of electricity (₹ 522.89 crore).

1.2.3 Details of non-tax revenue raised during the period 2015-16 to 2019-20 are indicated in **Table-1.3**.

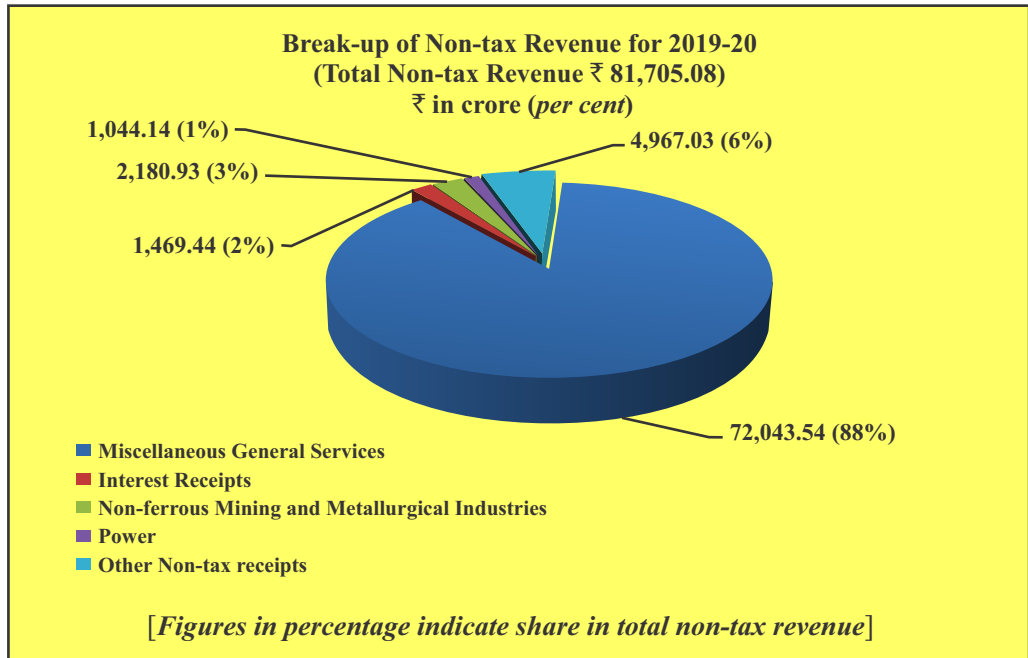
Table-1.3
Details of non-tax revenue

Sl. No.	Head of revenue	(₹ in crore)						
		2015-16	2016-17	2017-18	2018-19	2019-20	Percentage of increase (+) or decrease (-) in actuals of 2019-20 in comparison to	
		<u>BE</u> Actual	<u>BE</u> Actual	<u>BE</u> Actual	<u>BE</u> Actual	<u>BE</u> Actual	BE of 2019-20	Actuals of 2018-19
1	Miscellaneous General Services	4,774.00 4,949.22	4,220.61 4,460.40	4,502.00 4,841.11	12,758.33 13,677.57	14,051.00 72,043.54	(+) 412.73	(+) 426.73
2	Interest Receipts	1,000.00 632.78	750.00 1,164.94	800.00 1,093.38	843.60 1,712.44	1,200.00 1,469.44	(+) 22.45	(-) 14.19
3	Non-ferrous Mining and Metallurgical Industries	1,500.00 1,222.17	1,650.00 1,548.39	3,200.00 3,258.88	4,000.00 3,165.44	4,400.00 2,180.93	(-) 50.43	(-) 31.10
4	Power	2,700.00 1,322.17	2,700.00 2,938.85	4,448.34 4,695.85	5,700.00 5,735.40	4,175.00 1,044.14	(-) 74.99	(-) 81.79
5	Other Non-tax receipts ⁴	11,662.32 15,008.31	10,959.24 18,831.49	5,486.37 5,905.64	5,519.73 5,809.86	6,806.96 4,967.03	(-) 27.03	(-) 14.51
	Total	<u>21,636.32</u> 23,134.65	<u>24,240.85</u> 28,944.07	<u>18,436.71</u> 19,794.86	<u>28,821.66</u> 30,100.71	<u>30,632.96</u> 81,705.08	(+) 166.72	(+) 171.44

Source: Finance Accounts of the Government of Uttar Pradesh and budget estimates as per the Statement of Revenue and Receipts of Government of Uttar Pradesh.

The break-up of non-tax revenue for the year 2019-20 is shown in **Chart-1.3**

Chart-1.3



⁴ Others includes receipts (less than five per cent of non-tax revenue) from the following: Housing, Public Works, Stationery and Printing, Social Security and Welfare, Roads & Bridges, Other Administrative Services, Medium Irrigation, Village and Small Industries, Forestry and Wild Life, Medical and Public Health, Urban Development, etc.

The reasons for wide variation in actual receipts during the year 2019-20 over the previous year are discussed below:

- There was an overall increase of 171.44 *per cent* in non-tax receipts amounting to ₹ 51,604.37 crore during the year 2019-20 over 2018-19, mainly under the head ‘Miscellaneous General Services’ which was mainly due to transfer of ₹ 71,180.23 crore from Sinking Fund under Public Account to Revenue Receipts under Consolidated Fund during 2019-20.

As per the Uttar Pradesh Government notification (17 March 2020), the outstanding balance under the existing Sinking Fund at end-March 2020 was to be transferred to the newly created Consolidated Sinking Fund. However, the State Government transferred (30 March 2020) the entire balance of the existing Sinking Fund under Public Account amounting to ₹ 71,180.23 crore as non-tax revenue of the State Government. This transfer of ₹ 71,180.23 crore was a book adjustment and no cash was received by the State Government out of this transaction. The audit observation on this issue has been detailed in the State Finances Audit Report for the year ended 31 March 2020.

Effectively, the receipts as non-tax revenue during the year 2019-20 was ₹ 10,525 crore (excluding the transfer of book balance of Sinking Fund), which was 40 *per cent* lower than the non-tax revenue of the previous year i.e. 2018-19. Further, the actual Revenue Receipts of the State, excluding the transfer of book balance of Sinking Fund, arrived at ₹ 2,95,213 crore and thus, the actual growth rate of revenue receipt of the State Government was (-) 6.96 *per cent* during the year 2019-20 as compared to the year 2018-19.

- Decrease in ‘Interest Receipts’ during the year 2019-20 as compared to 2018-19 was due to less receipts under Cash Balance Investment Account of ₹ 492.41 crore⁵.
- Decrease in ‘Non-ferrous Mining and Metallurgical Industries’ was on account of less receipts (₹ 476.15 crore) from mineral concession fees, rents, royalties and other receipts (₹ 457.81 crore). Further, cancellation/banning of 54 Environment Clearances of mining leases of morrum/sand by the National Green Tribunal affected the Government revenue stream.
- Decrease under revenue head ‘Power’ by 81.79 *per cent* was due to less receipts (₹ 4,691.25 crore) from the Government of India for share capital to Uttar Pradesh Power Corporation for rural electrification.

Further, Audit noted wide variations between the budget estimates approved by the Finance Department and actual revenues during the year 2019-20 under different heads of revenue (refer Table 1.2 and 1.3) which indicated that the budget estimates were not prepared on a realistic basis.

Recommendation:

The Finance Department needs to revisit their budgeting methods to make the budget estimates more realistic.

⁵ ₹ 1,088.56 crore (2018-19)- ₹ 596.15 crore (2019-20)

1.3 Follow up on the Audit Reports-summarised position

To ensure accountability of the executive in respect of all the issues dealt with in various Audit Reports (ARs), the Department of Finance issued instructions in June 1987 to initiate *suo motu* action on all Paragraphs/Performance Audits figuring in the Audit Reports irrespective of whether the cases were taken up for examination by the Public Accounts Committee (PAC) or not. Audit Reports for the year 31 March 2015 to 31 March 2018 have not been discussed by the PAC. Moreover, no explanatory notes were received (January 2021) for Audit Reports for the years 2014-15, 2015-16, 2016-17, 2017-18 (Performance Audit Report on Pricing of Production and Sale of Liquor (State Excise Department)) and 2017-18 which were placed before the State Legislative Assembly between March 2016 and February 2020. Details of pending explanatory notes pertaining to the various Departments are given in **Table-1.4**.

Table-1.4

Sl. No.	Audit Report ending on	Date of presentation in the Legislature	Number of paragraphs	Number of paragraphs where explanatory notes received	Number of paragraphs where explanatory notes not received
1	31 March 2015	06 March 2016	31	00	31
2	31 March 2016	18 May 2017	26	00	26
3	31 March 2017	19 July 2019	15	00	15
4	31 March 2018 (Stand Alone, State Excise)	19 July 2019	08	00	08
5	31 March 2018	24 February 2020	17	00	17
6	31 March 2019	18 August 2021	23	Not due	
Total			120	00	97⁶

In the year 2019-20, the PAC discussed 51⁷ selected paragraphs pertaining to the Audit Reports for the years 2001-02 to 2008-09 and 2011-12 and 2013-14. However, Action Taken Notes (ATNs) have not been received in respect of these paragraphs from the concerned Departments (June 2021).

1.4 Response of the Government/Departments towards Audit

On completion of the audit of Government/Departments and the offices, Audit issues Inspection Reports (IRs) to the concerned head of the offices, with copies to their superior officers for corrective action and monitoring. Serious financial irregularities are reported to Heads of the Departments and the Government.

Review of IRs issued up to March 2020 revealed that 45,399 paragraphs relating to 12,627 IRs remained outstanding at the end of June 2020. The

⁶ Commercial Tax (24 paragraphs), State Excise (22 paragraphs), Transport (19 paragraphs), Stamps and Registration (11 paragraphs), Geology and Mining (18 paragraphs) and Entertainment Tax (03 paragraphs).

⁷ Commercial Tax (22 paragraphs), Medical (02 paragraphs), State Excise (06 paragraphs), Land Revenue (05 paragraphs), Energy Department (01 paragraph), Industrial Development Department (04 paragraphs), Sugarcane Department (01 paragraph), Finance Department (02 paragraphs), Rural Engineering Services (01 paragraph), Public Works Department (06 paragraphs) and Entertainment Tax (01 paragraph).

potentially recoverable revenue brought out in these IRs is as much as ₹ 11,035.10 crore. Department-wise details relating to the revenue sector of the State Government are given in **Table-1.5**.

Table-1.5
Department-wise details of Inspection Reports

(₹ in crore)					
Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
1	Commercial Tax	Taxes on Sales, Trade, etc.	5,961	26,146	4,251.12
		Entertainment tax	206	490	467.06
2	State Excise	State Excise	1,025	2,173	1,309.87
3	Transport	Taxes on vehicles	1,390	6,325	2,309.73
4	Stamps and Registration	Stamps and registration fees	3,776	8,896	793.69
5	Geology and Mining	Non-ferrous mining and metallurgical industries	269	1,369	1,903.63
Total			12,627	45,399	11,035.10

Even the first replies, required to be received from the heads of offices within four weeks of receipt of IRs, were not received in time. Out of total 207 IRs issued during the year 2019-20, Audit received first reply from the heads of offices in case of three IRs within six months and in respect of seven IRs beyond six months. The first replies had not been received in case of remaining 197 IRs issued during the year 2019-20. This large pendency of the IRs and non-receipt of first replies from the Departments is indicative of the fact that the heads of auditee units have failed to take cognisance of the reported Audit findings and initiate any corrective action in this regard. Irregularities of similar nature are being reported year after year with no improvement/evidence of any corrective action by the concerned Departments visible at the ground level. This adversely affected the effectiveness of Audit.

Recommendation:

The State Government needs to introduce a mechanism to ensure that the Departmental officers respond to IRs promptly, take corrective action.

1.5 Results of audit

Position of local audit conducted during the year

Audit covered five Departments⁸ of the State Government and test-checked the records of 234 out of 1,556 auditable units (15 per cent) relating to Taxes on Sales, Trade, etc., State Excise, Taxes on Vehicles, Goods and Passengers, Stamps and Registration Fees and Mining receipts during the year 2019-20. In these five Departments, revenue of ₹ 1,19,747.24 crore was collected during the year 2018-19, out of which the 234 audited units collected ₹ 23,580.22⁹ crore. In the 234 audited units, records were test-checked on the basis of

⁸ Commercial Tax, State Excise, Transport, Stamps & Registration and Geology & Mining.

⁹ Commercial Tax Department could not provide unit-wise revenue collection to the Audit after the implementation of GST and hence, this figure does not include revenue of audited units of the Department.

turnover/tax payments which revealed underassessment/short levy/loss of revenue aggregating to ₹ 983.54 crore in 1,00,026 cases (out of 3,56,284 test-checked cases) which were reported to the Departments through IRs.

The concerned Departments accepted (between April 2019 and June 2021) underassessment and other deficiencies of ₹ 82.62 crore in 497 cases (including those pointed out in earlier years) and reported recovery of ₹ 9.41 crore in 300 cases.

Recommendation:

The State Government should evolve a mechanism to ensure that the Departments recover all underassessments/short levies pointed out by the Audit and accepted by the Departments.

1.6 Coverage of this Report

This Report contains 18 paragraphs from local audits conducted during the year and those of earlier years which could not be included in the previous reports involving financial effect of ₹ 502.08 crore.

The Commercial Tax Department accepted audit observations amounting to ₹ 19.01 crore and recovered ₹ 47.79 lakh. Replies of other Departments have not been received (July 2021). These are discussed in the succeeding Chapter II to V.

The errors/omissions pointed out are on the basis of a test audit. **The Government/Department may, therefore, undertake a thorough review of all units to check whether similar errors/omissions have taken place elsewhere and if so, to rectify them and put in place a system that would prevent such errors/omissions.**

CHAPTER-II: STATE EXCISE

2.1 Tax administration

Various kinds of liquor, such as Country Liquor (CL) and Indian Made Foreign Liquor (IMFL) are manufactured from alcohol. Excise duty on production of alcohol and liquor in distilleries and breweries forms a major part of the State's excise revenue¹. Apart from excise duty, license fee² also forms a part of excise revenue. The United Provinces Excise Act, 1910 and Rules³ made thereunder govern the levy and collection of excise duty on liquor for human consumption and applicable license fee.

The Additional Chief Secretary (State Excise) is the administrative head of the State Excise Department (Department) at the Government level. The Department is headed by the Excise Commissioner (EC) who is assisted by two Additional Excise Commissioners (AECs). The Department has five zones headed by Joint Excise Commissioners (JECs), who are assisted by 18 Deputy Excise Commissioners (DECs). Assistant Excise Commissioners (AECs) head the districts. They are assisted by Excise Inspectors (EIs) to oversee and regulate levy/collection of excise duties and allied levies. Additional District Magistrate (Finance & Revenue) is in charge of collection and accounting of excise receipts under the overall administrative control of the District Collector.

2.2 Results of audit

During 2019-20, test-check of records in 59 units⁴ out of 128 auditable units of the Department revealed non/short realisation of excise duty/license fee/interest and other irregularities involving ₹ 207.93 crore in 4,949 cases which fall under the following categories as mentioned in **Table-2.1**.

Table-2.1

Sl. No.	Categories	Number of cases	Amount (₹ in crore)
1	Non/short realisation of excise duty	121	27.52
2	License fee/interest not realised	4,335	178.45
3	Other irregularities ⁵	493	1.96
Total		4,949	207.93

¹ CL formed 48 per cent, IMFL 36 per cent, beer 15 per cent and others 1 per cent of total excise revenue of 2018-19.

² License fee is applicable on licensees of CL, IMFL, beer, bars, distilleries, breweries, pharmacies, etc. and on other manufacturing units using alcohol as raw material.

³ Uttar Pradesh Excise (Settlement of licenses for retail sale of foreign liquor) (excluding beer and wine) Rules 2001.

UP Excise (Settlement of licenses for retail sale of foreign liquor) (excluding beer and wines) (Third Amendment) Rules 2002.

UP Excise (Wholesale and retail vend of foreign liquor) (Thirteenth Amendment) Rules 2002.

UP Excise (Settlement of licenses for retail sale of country liquor) Rules 2002.

UP Excise (Settlement of licenses for country liquor bonded warehouse) Rules 2003.

UP Excise (Settlement of retail licenses for model shop of foreign liquor) Rules 2003.

⁴ This consists of office of the Excise Commissioner (HOD), 34 District Excise Offices and 24 distilleries.

⁵ Non-imposition of penalty for failure in compliance of rule, Short imposition of compounding money for failure in minimum production of alcohol, Proper action not taken in cases of over-rating, MGQ (minimum guaranteed quantity) not adjusted on settled shop, Non-imposition of penalty for not getting minimum distillation efficiency, etc.

The Department accepted (between April 2019 and June 2021) three cases pointed out in the year 2019-20. Further, in respect of audit observations prior to the year 2019-20, the Department accepted (between April 2019 and June 2021) 171 cases amounting to ₹ 55.40 crore and reported recovery of ₹ 4.90 crore in 60 cases.

This Chapter discusses 2,540 cases worth ₹ 107.14 crore. All the audit observations were communicated to the Department between October 2019 to June 2020, however, their replies have not been received (July 2021). Out of these, some categories of irregularity have been reported repeatedly during the last five years as detailed in **Table-2.2**.

Table-2.2

Nature of observation	(₹ in crore)											
	2014-15		2015-16		2016-17		2017-18		2018-19		Total	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Failure to cancel the settlement of shops and forfeiture of basic license fee and security deposit	32	3.66	1,007	37.43	14,334	1,297.07	714	58.85	540	15.29	16,627	1,412.30
Loss of additional excise duty due to wrong computation of EDP of small bottles of IMFL	-	-	-	-	-	-	-	227.98	7	4.01	7	231.99

2.3 Failure to cancel the settlement of shops and forfeiture of basic license fee (BLF)/license fee (LF) and security deposit

The Department failed to act on the recommendation made by the Public Accounts Committee for timely deposit of basic license fee and license fee on settlement of shops. It did not initiate any action for cancellation of settlement and forfeiture of renewal fee/earnest money (₹ 6.75 crore), license fee/basic license fee (₹ 63.83 crore) and security deposit (₹ 32.26 crore) totalling to ₹ 102.84 crore, in contravention to the rules.

Excise Policy of Uttar Pradesh for the years 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 stipulate that the amount of License Fee⁶ (LF)/Basic License Fee⁷ (BLF) shall be deposited in full within three working days, half of the security amount⁸ within 10 working days and rest of the amount within 20 working days of receipt of intimation of the selection of the shop. The Excise Policy for the years 2015-16, 2016-17 and 2017-18 also stipulated that in case of renewal of shops, half of the LF/BLF shall be deposited at the time

⁶ License fee for foreign liquor/beer shop means a sum fixed in consideration of the grant of the license for exclusive privilege for selling of foreign liquor in a retail shop. License fee for country liquor shop means the remaining part of consideration for grant of license for exclusive privilege of retail sale of country liquor, payable by the licensee, in addition to the basic license fee and this sum shall be equal to the consideration fee leviable on the annual minimum guaranteed quantity fixed for the shop.

Year-wise amount of LF-₹ 227 per Bulk Litre (BL) (2015-16)-₹ 226 per BL (2016-17 and 2017-18) and ₹ 222 per BL (2018-19 and 2019-20).

⁷ Basic license fee means that part of the consideration for grant of license for the exclusive privilege of retail sale of country liquor, payable by the licensee before the license is granted to him.

Year-wise amount of BLF-₹ 25 per BL (2015-16, 2016-17 and 2017-18) and ₹ 28 per BL (2018-19) and ₹ 30 per BL (2019-20)

⁸ 10 per cent of the license fees fixed for the shop.

of application, half of the security amount within 10 days of renewal of shop and the remaining amount of LF/BLF and security deposit shall be deposited upto 15th March of the respective financial years. In case of default, the renewal/selection of shops would be cancelled and the amount of LF/BLF and security deposits are required to be forfeited and these shops need to be resettled.

The Excise Policy for 2019-20 stipulates that in case of renewal of shops, half of the BLF/LF shall be deposited within three working days, remaining amount of BLF/LF shall be deposited upto 28 February 2019 and the amount of difference in security deposit shall be deposited upto 31 March 2019. In case of default, the settlement of shops would be cancelled and the amount of BLF/LF, renewal fees and 15 *per cent*/50 *per cent* of the security deposit for 2018-19 in case of CL shop/FL, beer and Model shop are required to be forfeited and these shops need to be resettled.

In a similar issue highlighted in Para 3.8.8.1 of Audit Report on Revenue Sector for the year ended March 2013, the Public Accounts Committee had recommended (May 2015) to the Government to take action against the defaulting licensees and ensure that similar irregularity is not repeated in future.

Audit test-checked the records of 31 District Excise Offices (DEOs) and noticed (between October 2019 and March 2020) that licensees of 2,521 out of 5,571 liquor shops (45.25 *per cent* of number of shops checked) in 31 districts, which were settled or renewed during the years 2015-16 to 2019-20, did not deposit the entire amount of security deposit and LF/BLF within the prescribed time frame. During examination of the Departmental records (G-12 Register prescribed for settlement of shops) audit specifically checked therein the due date of deposit, actual date of deposit, delayed deposit of LF/BLF and security deposit, etc. and noted that only partial amount of LF/BLF and security deposit was deposited within the prescribed timelines by the licensees during the course of settlement of shops. The delay⁹ ranged from 1 to 292 days. It was also noticed that out of the cases pointed out in audit, 199 applicants in 10 DEOs¹⁰ did not deposit half the amount of LF/BLF with the application for renewal of shops during 2017-18 as required by the Excise policy. The applications of these applicants were accepted by the DEOs in violation of the provisions of the Excise policy. No action was however initiated by the concerned DEOs as envisaged under the Rules according to which no relaxation is allowed. Inaction on delays in deposit of due amounts resulted in non-forfeiture of an amount of ₹ 102.84 crore (Renewal fee/Earnest Money ₹ 6.75 crore, LF/BLF ₹ 63.83 crore and security deposit ₹ 32.26 crore) as shown in **Appendix-I**.

Recommendation:

The Department needs to ensure adherence to the provisions of the Act/Rules and the recommendation made by the Public Accounts Committee, to safeguard the financial interest of the State.

⁹ Delay up to 15 days, shops-1288, amount-₹ 45.60 crore; delay between 16 to 30 days, shops-377, amount-₹ 13.49 crore; and delay more than 30 days, shops-856, amount-₹ 43.74 crore.

¹⁰ Azamgarh, Basti, Chitrakoot, Firozabad, Jhansi, Kaushambi, Mathura, Moradabad, Sant Kabir Nagar and Varanasi.

2.4 Loss of additional consideration fee due to anomaly in the Excise Policy 2018-19

There was loss of additional consideration fee of ₹ 4.30 crore on 6.20 crore small bottles of Indian Made Foreign Liquor (IMFL) due to anomaly in the Excise Policy 2018-19.

Maximum Retail Prices (MRP) of IMFL are determined as per the formulae provided in the excise policies issued by the Government from year to year. Excise Policy 2018-19 prescribed that if the MRP calculated as per the formula was not a multiple of ten, MRP would be rounded off to the next higher ten rupees and the differential amount would be payable as additional consideration fee. Irregularity at any stage of computation/adding of different components of MRP (Ex-distillery price (EDP), consideration fee, wholesalers'/retailers' margins) affects additional consideration fee which may accrue to the state exchequer from rounding off the MRP to the next higher ten rupees.

Excise Policy 2018-19 prescribed that the consideration fee for 750 ml bottles of IMFL would be calculated first and thereafter consideration fee for smaller bottles would be calculated on proportionate basis. However, for calculation of EDP of smaller bottles, it was prescribed that EDP of 750 ml bottles would be calculated first and thereafter EDP for small bottles would be calculated on proportionate basis (as per complete number of smaller bottles being made from 750 ml bottle) by adding ₹ 2/₹ 3 (375 ml/180 ml) to the EDP of 750 ml.

As per the above provisions of the Excise Policy, the consideration fee for 180 ml bottles of IMFL was collected on the actual quantity of liquor in the bottle (i.e. consideration fee for 750 ml bottle*180/750) whereas at the time of calculation of EDP of 180 ml bottles, the EDP was fixed by adding ₹ 3 to EDP of 750 ml bottle and then dividing it by four. Thus, for 180 ml bottles, distillers got EDP for 187.5 ml (750 ml divided by 4) but paid consideration fee for 180 ml only.

This anomaly in the Excise Policy had the effect of unduly increasing the profits of the private distillers while depriving the state exchequer of commensurate additional consideration fee.

Audit examined the records of 19 brand approval files of 2018-19, in the office of the Assistant Excise Commissioners of Dhampur Sugar mills Ltd. (Distillery Div.), Bijnor, Mohan Meakin Ltd., Ghaziabad and Wave Distillery and Breweries Ltd., Aligarh and found (between August 2019 and November 2019) that by allowing additional amount of EDP¹¹ in favour of the distillers instead of levying additional consideration fee on 180 ml bottles, the Department permitted short levy of additional consideration fee resulting in undue benefit of ₹ 4.30 crore on the sale of 6.20 crore small bottles of IMFL to the distilleries, as detailed in **Appendix-II**.

Audit reported the matter to the Department (June 2020). Their reply was awaited (July 2021). Earlier, in a similar audit observation reported in Para 4.2.1 of the CAG's Audit Report on 'Pricing of Production and Sale of Liquor' for the year ended March 2018 and in Para 2.5 of the Audit Report on

¹¹ Calculating EDP of 187.5 ml instead of 180 ml.

Revenue Sector for the year ended March 2019 of Uttar Pradesh, the Department had accepted and assured (July 2018) that the anomaly would be removed through an amendment in the Excise Policy. Audit noticed that this discrepancy has been rectified in the Excise Policy 2019-20.

CHAPTER-III: TAXES ON SALES, TRADE, ETC.

3.1 Tax administration

The Additional Chief Secretary (Commercial Tax and Entertainment Tax), Uttar Pradesh administers the Sales Tax/Value Added Tax (VAT) laws and rules framed thereunder. The Commissioner, Commercial Tax (CCT), Uttar Pradesh is the head of the Commercial Tax Department. He/she is assisted by 100 Additional Commissioners, 157 Joint Commissioners (JCs), 494 Deputy Commissioners (DCs), 964 Assistant Commissioners (ACs) and 1,275 Commercial Tax Officers (CTOs). Since 1 July, 2017, the Department is also administering the Goods and Services Tax (GST) in the State.

Goods and Services Tax (GST)¹ is levied on intra-State supply of goods or services (except alcohol for human consumption and upon five specified petroleum products²) separately but concurrently by the Union (CGST) and the States (SGST)/Union Territories (UTGST). Further, under the provisions of the new taxation regime, Integrated GST (IGST) is being levied on inter-State supply of goods or services (including imports).

3.2 Results of Audit

During 2019-20, test-check of records³ in 105 units⁴ out of a total of 845 auditable units of the Commercial Tax Department revealed under-assessment of tax and other irregularities involving ₹ 315.03 crore in 544 cases which fall under the following categories as tabulated in **Table-3.1**.

Table-3.1

Sl. No.	Categories	Number of cases	Amount (₹ in crore)
1	Under-assessment of tax	228	266.30
2	Acceptance of defective statutory forms	2	00.02
3	Irregular/Incorrect/ Excess allowance of Input Tax Credit (ITC)	114	09.58
4	Non/short charging of interest	79	3.78
5	Other irregularities ⁵	121	35.35
	Total	544	315.03

The Department accepted (between April 2019 and June 2021) one case amounting to ₹ 0.49 lakh pointed out in the year 2019-20 and reported recovery of ₹ 0.49 lakh in that case. Further, in respect of audit observations prior to the year 2019-20 the Department accepted (between April 2019 and June 2021) 321 cases amounting to ₹ 27.21 crore and reported recovery of ₹ 4.50 crore in 238 cases.

This Chapter discusses 19 cases worth ₹ 195.62 crore. These cases pertain to assessment years for which the Uttar Pradesh Value Added Tax (UPVAT) Act, 2008 was applicable. The Department accepted 11 cases amounting to ₹ 19.01 crore, out of which in two cases the Department reported recovery of

¹ Central GST: CGST and State/Union Territory GST: SGST/UTGST.

² Petroleum Products: crude, high speed diesel, petrol, aviation turbine fuel and natural gas.

³ Of VAT cases and legacy cases of Entertainment Tax.

⁴ This consists of office of the Commissioner Commercial Tax (HOD), Member Tribunal P-1 Agra, 19 Joint Commissioners, 69 Sectors, 05 Mobile Squad Units, 4 Administrative Units and 6 Entertainment Tax Officers.

⁵ Non-forfeiture of excess money realised by dealers against provisions of the Act, non-registration of unregistered dealers, delayed deposit of realised revenue in the treasury, non-maintenance of documents/registers, etc.

₹ 47.79 lakh. Some of these irregularities continue to persist, despite similar cases having been reported repeatedly during the last five years as detailed in **Table-3.2**.

Table-3.2

Nature of observations	(₹ in crore)											
	2014-15		2015-16		2016-17		2017-18		2018-19		Total	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Application of incorrect rate of tax	132	7.49	35	2.72	24	2.00	58	12.36	13	1.95	262	26.52
Turnover escaping assessment	-	-	15	0.82	-	-	-	-	01	12.68	16	13.50
Not/ Short charging of Interest	30	5.31	8	2.17	30	1.53	28	2.56	-	-	96	11.57
Inadmissible ITC	21	0.87	15	0.77	20	1.18	27	1.01	18	4.52	101	8.35
Delayed deposit of tax deducted at source	25	8.75	14	2.98	28	8.05	69	26.80	25	16.29	161	62.87

The repetitive nature of irregularities makes it evident that the State Government and the Commercial Tax Department have not taken effective measures to address the persistent irregularities being pointed out year after year by the Audit.

Recommendation:

Given that assessments of legacy VAT cases are underway, the State Government may take steps to prevent recurrence of the reported irregularities before such cases become time-barred. There is a probability that undetected leakages of revenue at this stage may remain unaddressed as focus would be on GST administration.

3.3 Application of incorrect rate of tax

The Assessing Authorities (AAs) accepted the tax rates on sale of goods worth ₹ 355.54 crore as mentioned in the tax returns without verification. Thus, tax amounting to ₹ 26.44 crore was short/not levied.

Under the Uttar Pradesh Value Added Tax (UPVAT) Act, 2008, tax-free goods are mentioned in Schedule-I and taxable goods are mentioned in Schedules II to IV according to the applicable rates of tax on such goods. Goods not mentioned in any of the above schedules are covered under Schedule V and are taxable at the rate of 12.5 *per cent*. In addition to the above tax, additional tax notified by the Government from time to time is also levied.

Audit test-checked (between August 2019 and February 2020) the assessment records of 1,575 dealers in six CTOs and noticed that in the case of seven dealers the AAs, while finalising the assessments (between December 2016 and July 2019) for the years from 2013-14 to 2016-17, accepted tax rates of zero to five *per cent* on the sale of goods worth ₹ 355.54 crore as mentioned by the dealers in their respective tax returns. The AAs failed to verify and levy the applicable rates of four to 15.5 *per cent* on such goods as per the schedules. Thus, tax amounting to ₹ 26.44 crore was short/not levied **(Appendix-III)**.

Audit reported the matter to the Department (between September 2019 and May 2020). In reply (April 2021), the Department accepted the audit

objections in six cases amounting to ₹ 2.81 crore out of which in one case recovery of ₹ 38.71 lakh was reported by them. In one case, the Department did not accept (July 2021) the audit observation. The analysis of the Department's reply in the remaining one case is listed in **Table-3.3**.

Table-3.3

Sl. No.	Audited Unit/ Observation in brief	Department's reply in brief	Rebuttal
1	DC Sec 1 CT Ambedkar Nagar: Tax on deemed sale/transfer of goods worth ₹ 31.94 crore was not imposed under Rule 9(1)/9(3) of the UPVAT Act/Rule. Thus, tax of ₹ 23.63 crore was not levied.	The Department stated that the audit observation was made on <i>ex-parte</i> assessment passed under the remand case. Under Section-32 <i>ex-parte</i> assessment was re-opened. The re-opened case was again passed as <i>ex-parte</i> with a demand of ₹ 6.25 crore.	The reply is not acceptable, as the reason why the demand of ₹ 21.84 crore passed in the assessment order dated 28 February 2019 was reduced to ₹ 6.25 crore has not been provided. Though both the assessment orders (earlier as well as revised) were <i>ex-parte</i> , the reason for reducing the taxable turnover from ₹ 293.05 crore to ₹ 80 crore was not found on the record. Further, neither had the dealer appeared for verification of receipt payment from accounting records nor submitted additional details of sale/transfer of goods.

3.4 Turnover escaping assessment

The Assessing Authorities failed to detect the concealed turnover of ₹ 1,571.43 crore and consequently tax of ₹ 155.77 crore was not levied.

Under the UPVAT Act, 2008⁶, the AA is required to finalise the assessment after examining the books, accounts and documents kept by the dealer in relation to his business and other relevant records.

Audit test-checked (between June 2019 and March 2020), the Trading and Profit/Loss Account, Annual Balance Sheet, current and previous year's assessment orders, etc., of 2,104 dealers in four CTOs and noticed that six dealers had not disclosed turnover of ₹ 1,571.43 crore in their returns submitted to the AAs for the years 2014-15 to 2015-16. The details of turnover were available in the respective assessment files of the dealers. The AAs, while finalising the assessment of these dealers (between March 2018 and March 2019), did not properly examine the books, accounts, documents and other relevant records which resulted in concealed turnover of ₹ 1,571.43 crore escaping assessment and consequently tax of ₹ 155.77 crore was not levied (**Appendix-IV**).

Audit reported the matter to the Department (between July 2019 and May 2020). In reply (April 2021), the Department accepted the audit objections in two cases amounting to ₹ 4.12 crore. In one case (April 2021), the Department did not accept the audit observation. The analysis of the Department's reply in the case is listed in **Table-3.4**.

⁶ Section 28 of the UPVAT Act, 2008.

Table-3.4

Sl. No.	Audited Unit/ Observation in brief	Department's reply in brief	Rebuttal
1	<p>JC (CC)-I CT Kanpur: Tax deducted at Source (TDS) certificate (Form 31) issued by Purvanchal Vidyut Vitran Nigam Ltd. (PVVNL), Varanasi for deduction of ₹ 3.53 crore was disallowed by the AA. It is evident from the certificate of tax deducted at source that the dealer has made a supply of ₹ 88.31 crore (25 times of the amount of TDS) of electrical goods. Thus by disallowing the TDS certificate, supply of goods should also be taxed at the rate of 14 <i>per cent</i>.</p>	<p>The Department stated that on the gross sale of ₹ 600.42 crore, total tax of ₹ 72.53 crore was imposed at the rate of five <i>per cent</i>, 14 <i>per cent</i> and 14.5 <i>per cent</i> respectively on the total turnover of the dealer. It is also clear from the invoices and Annexure-B that all the supply/sale made against the TDS certificate was taxed at the rate 14/14.5 <i>per cent</i> respectively.</p>	<p>The reply of the Department is not acceptable on the following grounds:</p> <p>(i) The AA while finalising the assessment in March 2019, issued a notice to the dealer for providing the copy of contract regarding sales made to Executive Engineer, Purvanchal Vidyut Vitran Nigam Limited (PVVNL) Varanasi and verification of TDS certificates submitted by the dealer. In reply, the dealer stated that he had made supply/sale in pursuance of the contract to Power Grid Corporation. As per Section 34 of UPVAT Act, a person making the payment to the supplier is liable to deduct TDS. Through the TDS certificate submitted by the dealer it is clear that only PVVNL had made payment for the supply/sale made to them.</p> <p>(ii) The AA had mentioned in the assessment order dated 15 March 2019 that the TDS certificates submitted by the dealer shall be verified and proceedings under section 29 (7) shall be started against the dealer, if anything adverse is found. But the reply of the Department is silent on this issue despite the lapse of around two years' time.</p> <p>(iii) The AA, while finalising the assessment order, clearly stated that the turnover disclosed by the dealer was not worthy of credence and enhanced the admitted turnover merely by ₹ five crore (which was barely one <i>per cent</i> of his gross turnover), whereas the reply of the Department (April 2021) stated that the dealer had not indulged in any evasion and had shown all his turnover in his returns, which is contrary to the assessment order passed by the AA.</p> <p>(iv) The Department stated that all the supply/sale made against the TDS certificate was taxed but no supporting documents were made available to Audit.</p>

In the remaining three cases amounting to ₹ 139.29 crore, the Department stated that action was under process (July 2021).

3.5 Interest not charged on delayed deposit of tax deducted at source

The dealer had deposited the tax deducted at source (TDS) of ₹ 5.26 crore with delay, on which interest of ₹ 1.18 crore was chargeable, but was not charged at the time of assessment.

Under the UPVAT Act, 2008⁷, a person responsible for making payment to a contractor for the use of goods in pursuance of a works contract, shall deduct tax equal to four *per cent* of such sum, payable under the Act, on account of such works contract. In case of failure to deposit the amount so deducted, he shall be liable to pay simple interest at the rate of 15 *per cent per annum* on the amount not so deposited from the date on which such amount was deducted to the date on which such amount is actually deposited.

Audit test-checked (September 2019) the assessment records in the office of Sector 6 CT Varanasi and noticed that a dealer had deducted tax at source of ₹ 5.26 crore for the year 2013-14 and deposited the same with a delay of 545 days without paying the interest due on account of the delay. The belated payment of admitted tax attracted interest of ₹ 1.18 crore up to the date of deposit of tax. The AA, while finalising the assessment in March 2018, did not charge interest of ₹ 1.18 crore.

Audit reported the matter to the Department (November 2019). In reply (April 2021) the Department accepted the audit observation and stated that interest of ₹ 1.18 crore has since been levied.

3.6 Inadmissible ITC allowed to dealers

The dealers wrongly claimed Input Tax Credit (ITC) amount of ₹ 99.46 lakh which was irregularly allowed by the Assessing Authorities. This resulted in non-reversal of ITC along with interest totalling ₹ 1.60 crore.

Under the UPVAT Act, 2008⁸, for tax paid on purchases of goods from registered dealers against tax invoices within the State or cash deposited on purchase of goods from an unregistered dealer, ITC to the extent provided under the relevant clauses of the said Act is allowed to the dealers subject to certain conditions and restrictions for resale or use in manufacture of goods intended for sale. Further⁹, if any dealer has wrongly claimed ITC in respect of any goods, benefit of ITC to the extent it is not admissible, shall stand reversed along with simple interest at the rate of 15 *per cent per annum*.

Audit test-checked (between October 2019 and January 2020) the assessment records of 367 dealers in four CTOs and noticed that four dealers had wrongly claimed ITC of ₹ 99.46 lakh during the years 2015-16 and 2016-17 which was not admissible to them. The AAs, while finalising the assessment (between May 2018 and January 2019), were required to reverse the inadmissible ITC and direct the dealers to pay such amount of ITC along with simple interest. Failure to do so resulted in non-reversal of ITC along with interest totalling ₹ 1.60 crore (ITC ₹ 99.46 lakh and interest ₹ 60.33 lakh) (**Appendix-V**).

⁷ Section 34(1) and 34(9).

⁸ Section 13 of UPVAT Act, 2008.

⁹ Under Section 14 (2) of UPVAT Act, 2008.

Audit reported the matter to the Department (between November 2019 and March 2020). In reply (April 2021), the Department accepted the audit observation in one case amounting to ₹ 26.47 lakh out of which recovery of ₹ 9.08 lakh was reported. In two cases (April 2021), the Department did not accept the audit observation. The analysis of the Department's reply in these two cases are listed in **Table-3.5**.

Table-3.5

Sl. No.	Audited Unit/Observation in brief	Department's reply in brief	Rebuttal
1	JC (CC) CT Bareilly: Excess ITC of ₹ 1,74,23,828 was claimed by the dealer against the admissible amount of ITC of ₹ 1,55,11,355 on the total purchase of goods valued at ₹ 29,94,70,724.	The Department stated the amount of UP (registered) purchase of ₹ 29,94,70,724 does not include the amount of CENVAT. The amount shown in Balance Sheet also does not include the amount of CENVAT. Including the CENVAT UP (registered) purchase is ₹ 33,64,45,089 and thus ITC amounting to ₹ 1,74,23,828 was made admissible.	The reply is not acceptable, as in the annual returns and in the Trading Account submitted by the dealer at the time of assessment the purchase within UP from the registered dealers is ₹ 29,94,70,724 which is shown in the assessment order as well. Further, the bifurcation of the purchase shown in the balance sheet also establishes that UP purchase from registered dealers was of ₹ 29,94,70,724 and thus ITC of ₹ 1,55,11,355 was admissible. Thus, RITC along with interest ₹ 31,50,342 is recoverable as per UPVAT Act.
2	JC (CC) CT Range A Noida: ITC on Rail Engine and Coach parts were claimed at the rate of 14/14.5 per cent whereas ITC on Rail Engine and Coach parts are admissible at the rate of five per cent, as it is classified under Schedule-II, Part-A, Sl. No. 105. Therefore, ITC should be reversed along with interest.	The Department stated that the finished product related to Rail Engine and Coach parts were sold to the Railway at the rate of five per cent as per Schedule-II. But spare parts and raw material which were purchased from different dealers are unclassified and therefore, they are purchased as unclassified item at the rate of 14 per cent. Further, VAT was charged at the rate of 14 per cent on the above item which are sold to other dealers other than the Railway Department.	The reply is not acceptable, as the annual returns submitted by the dealer (Form-LII Annexure 4) clearly states ¹⁰ that the goods purchased are the parts of Rail Engine and Coaches. Further, the Department stated that if these (parts of Rail Engine and coaches) item are sold to dealers other than the Railways, VAT was charged at rate of 14 per cent. As per the VAT Act once the goods are sold it should be taxable as per the Schedule of the VAT irrespective of the dealers. No supporting documents were made available to the audit to establish the claim of the Department. As such, ITC should be reversed along with interest.

In the remaining one case amounting to ₹ 35.67 lakh the Department stated that action was under process (July 2021).

3.7 Short deduction of TDS at source

Assessing Authority, while finalising the assessments could not detect short deduction of tax deducted at source amounting to ₹ 10.64 crore by a dealer.

Under the UPVAT Act, 2008¹¹ where a person responsible for making deduction in respect of sale under a works contract is unable to ascertain the amount of deduction and the contractor or the sub-contractor, as the case may be, does not produce direction referred in the Act from its assessing authority,

¹⁰ Sl. No. 26 and 35 (₹ 2,94,50,280 and ₹ 1,51,07,252).

¹¹ Section 34 of the UPVAT Act, 2008.

the person responsible for making deduction shall deduct an amount which shall be four *per cent* of the gross amount of payment.

Audit test-checked (February 2020) the assessment records in the office of Sector 14 CT Noida and noticed that a dealer had deducted TDS of ₹ 18.84 crore during the year 2015-16 while making payment to contractors on turnover of ₹ 736.99 crore, instead of deducting TDS of ₹ 29.48 crore at the rate of four *per cent*. The AA, while finalising the assessment in November 2018, did not properly examine the facts which resulted in short deduction of tax at source of ₹ 10.64 crore.

Audit reported the matter to the Department (May 2020). In reply (April 2021), the Department accepted the case and imposed penalty of ₹ 21.27 crore for short deduction of TDS of ₹ 10.64 crore.

CHAPTER-IV: TAXES ON VEHICLES, GOODS AND PASSENGERS

4.1 Tax administration

The levy and collection of motor vehicles tax and fee in the State is governed under the Motor Vehicles (MV) Act, 1988, the Central Motor Vehicles (CMV) Rules, 1989, the Uttar Pradesh Motor Vehicles Taxation (UPMVT) Act, 1997, the Uttar Pradesh Motor Vehicles Taxation (UPMVT) Rules, 1998, the Carriage by Road (CBR) Act, 2007, the Carriage by Road (CBR) Rules, 2011 and various Notifications, Circulars and Government Orders (GOs) issued by the Government and the Department from time to time.

The Principal Secretary, Transport, Uttar Pradesh is the administrative head at the Government level. The entire process of assessment and collection of taxes and fee is administered and monitored by the Transport Commissioner (TC), Uttar Pradesh, who is assisted by five Additional Transport Commissioners at the Headquarters.

There are six¹ Deputy Transport Commissioners (DTCs), 19 Regional Transport Officers² (RTOs) and 75 Assistant Regional Transport Officers (ARTOs) (Administration) in the field. RTOs perform the overall work of issue and control of permits of transport vehicles. The ARTOs perform the work of assessment, levy of taxes and fee regarding both transport vehicles and other than transport vehicles. Respective RTOs are responsible for the overall administration of the Sub-Regional Transport Offices.

There are 114 Enforcement squads in the State, each consisting of one ARTO (Enforcement), one supervisor and three Enforcement constables. These are attached to the Headquarters and deployed at the district level.

A software *viz.*, *VAHAN* had been adopted (October 2006) by the Department for automating the processes of vehicle registration, issue/renewal of permits, calculation, payment of taxes and fees, issue/renewal of fitness certificates, issue of challans and payment of the penalty amount. This software also has the facility to generate reports like arrears of revenue, lists of vehicles without permit and certificate of fitness, etc. There is another software *viz.*, *SARATHI* (adopted in January 2013) for issuing Driving Licenses and compilation of data with respect to Vehicle Registration & Driving Licenses in the State Register.

4.2 Results of audit

During 2019-20, test-check of records in 37 units³ out of 76 auditable units of the Transport Department revealed non/short realisation of tax/penalty/additional tax, fitness fee and other irregularities involving ₹ 146.55 crore in 86,480 cases, as shown in **Table-4.1**.

¹ Agra, Bareilly, Kanpur Nagar, Lucknow, Meerut and Varanasi.

² Agra, Aligarh, Azamgarh, Banda, Bareilly, Basti, Faizabad, Ghaziabad, Gonda, Gorakhpur, Jhansi, Kanpur Nagar, Lucknow, Meerut, Mirzapur, Moradabad, Prayagraj, Saharanpur and Varanasi.

³ This includes office of Principal Secretary/Transport Commissioner, 18 RTOs and 18 ARTOs.

Table-4.1

Sl. No.	Categories	Number of cases	Amount (₹ in crore)
1	Short realisation of tax/additional tax	14,283	55.88
2	Vehicle plying without certificate of fitness	26,106	15.40
3	Non-recovery against issued Recovery Certificates	7,303	48.12
4	Non-realisation of penalty from UPSRTC buses	23,945	8.86
5	Other irregularities ⁴	14,843	18.29
Total		86,480	146.55

Irregularities involving 28,383 cases worth ₹ 26.19 crore have been illustrated in this Chapter. All the audit observations were communicated to the Department between January 2020 to May 2020, however, their replies have not been received (July 2021). Out of these, some categories of irregularity have been reported repeatedly during the last five years as detailed in **Table-4.2**.

Table-4.2

Nature of observation	(₹ in crore)											
	2014-15		2015-16		2016-17		2017-18		2018-19		Total	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Additional tax on JNNURM buses not levied	464	30.36	805	35.69	210	1.95	393	2.61	557	4.98	2,429	75.59
Fitness certificate of transport vehicles not renewed	5,820	2.69	16,246	7.43	9,852	4.48	-	-	-	-	31,918	14.60
Private vehicle plying without certificate of fitness	-	-	1,805	0.81	-	-	-	-	-	-	1,805	0.81
Authorisation of National Permit was not renewed	105	0.18	440	0.77	-	-	-	-	778	1.36	1,323	2.31

Recommendation:

The Department should ensure prompt recovery of the large amounts of non/short realisation pointed out in the Audit Reports.

4.3 Fitness certificate of vehicles not renewed

Total 13,284 transport vehicles and 6,045 private vehicles plied without valid fitness certificates and were liable for levy of fitness fee of ₹ 2.03 crore and imposition of penalty of ₹ 9.66 crore. The concerned RTOs/ARTOs did not initiate any action to issue notices to these vehicle owners and cancel the permits in case of transport vehicles.

The MV Act, 1988 and the CMV Rules, 1989 provide that a transport vehicle shall not be deemed to be registered unless it carries a certificate of fitness. A fitness certificate granted in respect of a newly registered transport vehicle is valid for two years and is required to be renewed every year thereafter. The transport authority may cancel or suspend the permit of such vehicles for such

⁴ Non-levy of additional tax on JNNURM buses, irregular payment, non-establishment of accident relief fund, incorrect calculation of service tax and misuse of Green Tax, etc.

period as it thinks fit. Plying a vehicle without a certificate of fitness is compoundable under Section 192 of the MV Act, 1988 at the rate of ₹ 5,000 vide notification dated 07 June 2019.

The CMV Rules prescribe test fee of ₹ 400 and ₹ 600 for three wheelers/light vehicles and medium/heavy vehicles respectively. In addition to this, renewal fee of ₹ 200 is also leviable in case of all categories of vehicles. In case of default, an additional amount equal to the prescribed test fee is also leviable. Further, as per Transport Commissioner's office order dated 12 December 2005, certificate of fitness is compulsory for Omni buses (vehicle having more than six seats but upto nine seats excluding driver).

Previous Audit Reports of 2011-12 to 2016-17 had highlighted persistent loss of Government revenue due to non-levy of fitness fee and penalty on various categories of vehicles.

- Audit test-checked the records⁵ of 31 RTOs/ARTOs and noticed (between December 2019 and February 2020) that 13,284 out of 63,180 transport vehicles were plying⁶ on road (between December 2016 and January 2020) without valid fitness certificate although the tax due had been realised from vehicle owners. Information relating to date of expiry of fitness was available in the *VAHAN* database. In spite of this, these cases were not detected by the Department as necessary application controls to prevent such vehicle owners from paying tax in those cases where fitness had expired was not built into the system. The RTOs/ARTOs also did not initiate any action to issue notices to these vehicle owners and cancel their permits. As a result the Government was deprived of fitness fee of ₹ 1.43 crore and penalty of ₹ 6.64 crore (**Appendix-VI**).
- Similarly, Audit test-checked the records⁷ of 24 RTOs/ARTOs and noticed (between December 2019 and February 2020) that 6,045 out of 21,953 private vehicles were plying on road (between January 2017 and January 2020) without valid fitness certificate although the tax due was realised from the concerned vehicle owners. As a result, fitness fee and penalty amounting to ₹ 3.63 crore was not realised (**Appendix-VII**). Plying of vehicles without certificate of fitness besides being detrimental to public safety, may also increase pollution levels.

4.4 Non-imposition of penalty on delayed payment of additional tax by UPSRTC buses

Penalty of ₹ 5.65 crore was not imposed on 4,467 UPSRTC buses for delay in payment of additional tax.

Under UPMVT Act⁸, 1997, no public service vehicle owned or controlled by a State Transport Undertaking shall be operated in any public place in Uttar Pradesh unless an additional tax, as may be notified by the State Government, in addition to tax payable has been paid in respect thereof. Under the UPMVT

⁵ *VAHAN* database, tax position, concerned files, receipt books, etc.

⁶ Vehicle owners had not surrendered certificate of registration for non-use of vehicles and not applied for refund of tax.

⁷ *VAHAN* database, Tax register/position, concerned files, etc.

⁸ Section 6(1) of UPMVT Act.

Rules⁹, where the tax or additional tax is not paid within the period specified (15th of each calendar month), penalty at the rate of five *per cent* of the due tax/additional tax per month or part thereof, (not exceeding the due amount) shall be payable. Principal Secretary directed (February 2006) Uttar Pradesh State Road Transport Corporation (UPSRTC) to remit the total additional tax due so collected directly to the treasury and submit the original challan to the headquarters of UPSRTC with copy to concerned RTO.

Audit test-checked the records¹⁰ of 13¹¹ RTOs/ARTOs for the period from July 2017 to January 2020 and noticed (between December 2019 and February 2020) that in 4,467 out of 4,553 test-checked cases of UPSRTC buses, the additional tax was paid with delays ranging from one to five months. The Department did not impose and realise penalty of ₹ 5.65 crore (**Appendix-VIII**) for delayed payment of additional tax for these 4,467 UPSRTC buses.

4.5 Authorisation of National Permit not renewed

Composite and authorisation fees amounting to ₹ 3.28 crore was not realised from 1,875 goods vehicles plying on roads without renewal of authorisation of national permit.

Under the MV Act¹², 1988, a permit other than a temporary permit shall be effective for a period of five years. As per CMV Rules¹³, authorisation for National Permit is for one year. As per orders of the Transport Commissioner (February 2000) the authorities concerned shall issue notice to the permit holder within 15 days of expiry of authorisation calling for his explanation as to why the permit should not be cancelled in case of non-renewal of authorisation and cancel the permit in case no explanation is received within the prescribed time. A composite fee of ₹ 16,500¹⁴ per annum for authorisation along with application fee amounting to ₹ 1,000 was to be deposited in the Government account for authorisation of national permit.

Audit test-checked the records¹⁵ of 12 RTOs¹⁶ and noticed (between December 2019 and February 2020) that 1,875 out of 6,949 goods vehicles, covered under national permit plied on road (between January 2018 and January 2020) without renewal of authorisation of national permit even after expiry of the validity period. All information such as date of expiry of authorisation, tax paid and other details of vehicle with national permit was available in the *VAHAN* database. In spite of this, these cases were not detected by the Department. The RTOs also did not initiate any action to issue notices to these permit holders and cancel the permit. As a result, composite

⁹ Section 6(1) of UPMVT Act read with Rules 9 and 24 of UPMVT Rules.

¹⁰ *VAHAN* database, monthly deposit scrolls of UPSRTC buses, deposit challans, passenger tax register, records of online/offline payments of additional tax, etc.

¹¹ RTOs-Aligarh, Ghaziabad, Jhansi, Kanpur Nagar, Lucknow, Meerut, Mirzapur, Moradabad, Prayagraj and Varanasi; ARTOs-Muzaffarnagar, Shahjahanpur and Rampur.

¹² Section 81 of MV Act.

¹³ Rule 87(3) of CMV Rules.

¹⁴ Government of India, Ministry of Road Transport & Highways order No. RT-16031/6/2010-T dated 2 April 2012.

¹⁵ *VAHAN* database of National Permits, concerned files etc.

¹⁶ RTOs-Agra, Aligarh, Banda, Bareilly, Ghaziabad, Jhansi, Kanpur Nagar, Lucknow, Meerut, Moradabad, Saharanpur and Varanasi.

fee and authorisation fee amounting to ₹ 3.28 crore was not realised (**Appendix-IX**).

4.6 Permit fee, application fee and penalty not levied on vehicles plying without permit

Permit fee, application fees and penalty amounting to ₹ 1.82 crore was not realised from 1,960 vehicles plying on roads without renewal of permit.

Under the MV Act¹⁷, 1988, a permit other than a temporary permit shall be effective for a period of five years and no owner of a motor vehicle shall use or permit the use of the vehicle as a transport vehicle in any public place without permit. UPMVT Rules¹⁸ prescribed rates for issue of new permit and its renewal and application fees. Further plying a vehicle without permit is compoundable under the MV Act¹⁹, at the rate of ₹ 5,000.

Audit test-checked the records²⁰ of 11 RTOs²¹ and noticed (between December 2019 and February 2020) that 1,960 out of 14,127 vehicles (contract carriage, auto/three wheeler, stage carriage, school vehicles, tanker and goods vehicles) plied on road (between April 2017 and January 2020) even after expiry of validity period of permit. Information such as the expiry of permit validity was available in the *VAHAN* database. In spite of this, these cases were not detected by the Department. Also vehicle owners had not applied for refund of tax and not surrendered the certificate of registration for non-use of vehicles. The RTOs/ARTOs also did not initiate any action to issue notices to these permit holders. As a result, permit fees, application fee and penalty amounting to ₹ 1.82 crore was not realised (**Appendix-X**).

4.7 Additional tax on JNNURM buses not levied

Additional tax of ₹ 2.30 crore was not levied on 312 JNNURM buses plying outside the designated municipal areas.

No transport vehicle of the State Transport Undertaking (STU) shall be used in any public place in Uttar Pradesh unless additional tax prescribed under the UPMVT Act, 1997 (as amended on 28 October 2009) has been paid. Motor vehicles of STU operating within the limits of Municipal Corporation or Municipality are however exempted from payment of additional tax.

Audit test-checked the records²² of five RTOs during the year 2019-20. Cross-check of the list of Jawaharlal Nehru National Urban Renewal Mission (JNNURM) buses with routes defined under municipal corporations revealed that 312 out of 661 JNNURM buses under four²³ State Transport Undertakings

¹⁷ Section 81 and 66 of MV Act.

¹⁸ Rule 125 of UPMVT Rules.

¹⁹ Section 192A of MV Act.

²⁰ *VAHAN* database, permit register, receipt books, etc.

²¹ RTOs-Aligarh, Bareilly, Faizabad, Ghaziabad, Gorakhpur, Kanpur Nagar, Lucknow, Meerut, Mirzapur, Prayagraj and Varanasi.

²² *VAHAN* database, records of route files of areas (inside/outside) from Nagar Nigam/Nagar Palika, records of additional tax deposit, Nagar Nigam rate list, etc.

²³ Agra Mathura City Transport Services Limited, Kanpur City Transport Services Limited, Meerut City Transport Services Limited and Prayagraj City Transport Services Limited.

were plying outside the designated municipal areas of these cities for periods between August 2017 and January 2020, for which they were liable to pay additional tax of ₹ 2.30 crore. The concerned RTOs did not check the route chart of these buses and therefore failed to notice that these JNNURM buses were plying outside the municipal areas as defined by the municipal corporation. As a result, additional tax of ₹ 2.30 crore was not levied as detailed in **Table-4.3**.

Table-4.3

(₹ in lakh)						
Sl. No.	Name of the office		No. of buses under STUs	No. of cases in which irregularity noticed	Period for which additional tax leviable	Total Additional tax
1	RTO	Agra	170	36	09/2018 to 11/2019	26.46
2	RTO	Kanpur Nagar	187	49	10/2018 to 11/2019	32.93
3	ARTO	Mathura	59	16	08/2017 to 12/2019	18.79
4	RTO	Meerut	126	99	02/2019 to 12/2019	59.29
5	RTO	Prayagraj	119	112	10/2018 to 01/2020	92.66
Total			661	312		230.13

4.8 Tax/additional tax from surrendered vehicles not realised

The taxation officers failed to realise tax/additional tax amounting to ₹ 1.44 crore from 440 vehicles which were surrendered for a period beyond three calendar months.

As per UPMVT Rules²⁴, 1998, if the owner of a transport vehicle withdraws his motor vehicle from use for one month or more, the certificate of registration, tax certificate, additional tax certificate, fitness certificate and permit, if any, must be surrendered to the taxation officer. The taxation officer shall not accept the intimation of not using of any vehicle for more than three calendar months, within a calendar year. However, the period beyond three calendar months may be accepted by the RTO of the region concerned, if the owner makes an application with requisite fee to the taxation officer. If any such vehicle remains surrendered for more than three calendar months during a year without extension of acceptance of surrender by RTO, it shall be deemed to be revoked and the owner shall be liable to pay tax and additional tax, as the case may be. Further, subject to the provision of sub-rule (4), the owner of a surrendered vehicle in respect of which intimation of not using the vehicle has already been accepted, shall be liable to pay tax and additional tax for the period beyond three calendar months during any calendar year regardless of whether the possession of the surrendered documents have been taken from the taxation officer or not.

Audit test-checked the records²⁵ of 16²⁶ RTOs/ARTOs and noticed (between October 2018 and February 2020) that 440 out of 2,247 vehicles remained

²⁴ Rule 22 of UPMVT Rules.

²⁵ Surrender register, related files, Tax deposit records, etc.

²⁶ RTOs- Azamgarh, Bareilly, Jhansi, Kanpur Nagar, Lucknow, Meerut and Varanasi; ARTOs- Ambedkarnagar, Badaun, Bijnor, Etawah, Firozabad, Hardoi, Kanpur *Dehat*, Raebareli and Shahjahanpur.

surrendered (January 2017 to November 2019) for periods ranging between four to 12 months in a calendar year. Though extension of acceptance of surrender beyond three months was not granted by the concerned RTOs, the taxation officers failed to initiate any action to realise the tax/additional tax due thereon. As a result, revenue amounting to ₹ 1.44 crore was not realised **(Appendix-XI)**.

CHAPTER-V: MINING RECEIPTS

5.1 Tax administration

The levy and collection of receipts from mining activities in the State is governed by the Mines and Minerals (Development and Regulation) (MMDR) Act, 1957, the Mineral Concession Rules, 1960 and the Uttar Pradesh Minor Mineral Concession (UPMMC) Rules, 1963. The Principal Secretary, Geology and Mining, Uttar Pradesh is the administrative head of the Department at the Government level. The overall control and direction of the Geology and Mining Department (Department) is vested with the Director, Geology and Mining, Uttar Pradesh, Lucknow. At Headquarters, the Director, Geology and Mining is assisted by two Joint Directors who are further assisted by Chief Mining Officer. At district level, the District Mines Officer (DMO) is responsible for determining royalty, dead rent, and permit fee, etc., due and payable. Additional District Magistrate (Finance & Revenue) is in charge of collection and accounting of mining receipts under the overall administrative control of the District Collector.

5.2 Results of audit

During 2019-20, test-check of records at the office of the Principal Secretary and Director, Geology and Mining, Uttar Pradesh, Lucknow and 31 districts¹ out of 75 districts revealed non/short realisation of royalty and other irregularities involving ₹ 298.94 crore in 8,026 cases as detailed in **Table-5.1**.

Table-5.1

Sl. No.	Categories	Number of cases	Amount (₹ in crore)
1	Royalty not realised	2,412	117.88
2	Short levy of stamp duty on lease deeds	89	4.54
3	Non-imposition of penalty	167	0.06
4	'Price of minerals' not recovered	3,871	165.22
5	Other irregularities ²	1,487	11.24
Total		8,026	298.94

Irregularities involving 4,046 cases worth ₹ 173.13 crore are illustrated in this Chapter. All these audit observations were communicated to the Department between July 2019 and June 2020, however, their replies have not been received (July 2021). Out of these, some categories of irregularity have been reported repeatedly during the last five years as detailed in **Table-5.2**.

¹ DMOs at Auraiya, Azamgarh, Barabanki, Bijnore, Basti, Ballia, Chandauli, Farrukhabad, Faizabad, Gautam Budh Nagar, Ghazipur, Gonda, Hapur, Jhansi, Jaunpur, Lalitpur, Lucknow, Mathura, Mahoba, Moradabad, Meerut, Mau, Maharajganj, Mirzapur, Prayagraj, Raebareli, Sonebhadra, Sambhal, Sant Kabir Nagar, Shahjahanpur and Sultanpur (31 in all) districts.

² Non-recovery of contribution to District Mineral Foundation Trust (DMFT) from licensees/lessees, non-charging of interest on belated payment of royalty from leases, non-charging of interest on belated payment of royalty by the brick kiln owners, etc.

Table-5.2

(₹ in crore)												
Nature of observation	2014-15		2015-16		2016-17		2017-18		2018-19		Total	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
'Price of minerals' not realised	311	13.98	3,491	476.06	1,181	193.97	334	26.27	904	116.85	6,221	827.13
Excavation of minerals without Environment Clearance (EC)	-	-	04	66.90	04	33.75	-	-	04	2.99	12	103.64
Royalty and permit application fees not realised from the brick kiln owners	1,430	6.84	39	0.25	353	6.66	660	7.07	570	8.41	3,052	29.23

5.3 Gaps in Regulatory framework

Under existing regulatory framework, the leaseholder pays lower penalty for illegal extraction as against the amount payable for legal extraction, thus encouraging illegal mining.

Section 21(5) of the MMDR Act, 1957 stipulates that whenever any person raises, without any lawful authority, any mineral from any land, the State Government may recover from such person, the mineral so raised, or, where such mineral has already been disposed of, the price thereof, and may also recover from such person, rent, royalty or tax, as the case may be, for the period during which the land was occupied by such person without any lawful authority.

The Government, in its order dated 15 October 2015, clarified that the 'price of minerals' is ordinarily five times of the royalty. The rates of royalty are defined in Chapter III of UPMMC Rules, 1963.

Rule 57 of the UPMMC Rules, 1963 stipulates that whoever contravenes the provision of Rule 3³ shall on conviction be punishable with imprisonment for a term which may extend up to six months or with fine which may extend to ₹ 25,000, or with both. Government vide order dated 18 May 2017 revised the penalty provisions of the said Rule to imprisonment for a term which may extend up to five years or with fine which shall not be less than of ₹ two lakh per hectare and which may extend to ₹ five lakh per hectare of the area, or with both.

Rule 23(1) of the UPMMC Rules, 1963 stipulates that the State Government may by general or special order declare the areas which may be leased out by auction. Further, Rule 23(3), stipulates that on such declaration, Chapter III⁴ of the said Rules shall not apply to the area in respect of which the declaration has been issued.

Thus, for any illegal mining the State Government can recover the mineral or its value and relevant royalty. Penalty for illegal mining was increased in

³ Mining operations shall be undertaken in accordance with the terms and conditions of a mining lease or mining permit granted under these Rules.

⁴ Provisions relating to payment of royalty and dead rent.

May 2017. For areas which are notified to be leased out by auction, the royalty rate in Chapter III are not applicable.

Audit analysed the penal provisions in respect of notified areas settled through auction under two scenarios: Illegal mining in (a) auctioned areas and (b) areas in the neighbourhood of the auctioned areas. The results of the analysis are given below.

(a) 'Price of mineral' not defined in cases of mining areas leased out through auction

Rule 23(3) of the UPMMC Rules, 1963 stipulates that for auctioned areas Chapter III shall not be applicable. Chapter III prescribes that royalty of minerals shall not be more than 20 per cent of 'Pit's mouth value of mineral'. On the basis of this, 'price of mineral' is ordinarily taken as five times of the royalty. As the Chapter III is not applicable in cases of mining areas leased out through auction, there is ambiguity as to the manner in which the 'price of minerals' in case of illegal mining shall be determined in such cases. It is left to the discretion of the district authorities to adopt either Chapter III rates or rates discovered through auction.

(b) Inadequate quantum of royalty, 'price of mineral' and penalties imposed for illegal mining in areas neighbouring the auctioned areas

Audit test-checked (between June 2019 to July 2019) the records⁵ of three DMOs⁶ and noticed that in four out of five test-checked cases where leases had been granted through auction, the investigation team from the district authorities had reported illegal excavation of 1,62,779 cu.m. of minor minerals (sand) by four lessees from areas neighbouring the sanctioned lease area. The details are given in **Table-5.3**.

Table-5.3
Details of illegal excavation

Sl. No.	Name of the lessee	Lease area	Period of lease/ Permit	Quantity to be excavated each year (in cu.m.)	Rate of royalty per cu.m. (in ₹)	Quantity of sand illegally excavated (in cu.m.) around leased area as reported	Additional demand raised for illegal mining (in ₹)
1	M/s Nandini Infrastructure	Gata No. 2769, Area-24 hectare, Vill-Durgaganj, Tehsil-Tarabganj, Gonda.	06.06.2018 to 05.06.2023	5,76,000	197	1,22,779	4.79 crore
2	Smt. Preeti Singh, W/o Devendra Pratap Singh	Gata No.912, Area-3.088 hectare, Vill-Majhakala, Tehsil-Sohawal, Faizabad.	04.01.2018 to 03.01.2023	61,760	767	35,000	1.37 crore
3	M/s Satyug Foods Pvt. Ltd.	Gata No.2/1, Area-2.47 Acre, Vill-Samauli, Tehsil-Mant, Mathura.	21.06.2017 to 20.12.2017	8,000	1,050	2,000	7.10 lakh
4	M/s Satyug Foods Pvt. Ltd.	Gata No.2/1, Area-2.47 Acre, Vill-Samauli, Tehsil-Mant, Mathura.	21.06.2017 to 20.12.2017	8,000	1,050	3,000	9.90 lakh
Total-₹ 6.33 crore							

⁵ Lease files.

⁶ DMOs – Gonda, Faizabad and Mathura.

The District authorities calculated quantum of illegal mining and issued (between August 2017 and March 2019) demand notices totalling ₹ 1.05 crore as royalty, ₹ 5.27 crore as ‘price of minerals’ and only ₹ 50,000⁷ as penalty for illegal excavation.

Audit compared the quantum actually imposed by the District Magistrate and that based on rate discovered through auction. The details are given in **Table-5.4**.

Table - 5.4
Analysis of penal amounts for illegal mining

(₹ in Lakhs except column 4 and 9)												
Case No	Name of the lessee	Quantity of illegal mining (in cu.m.)	Actually imposed by District Magistrate					Based on rate discovered through auction (calculated by Audit)				
			Rate of Royalty (per cu.m.)	Royalty	Price of mineral	Penalty	Total	Discovered rate of Royalty (per cu.m.)	Royalty	Price of mineral	Penalty	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
I	M/s Nandini Infrastructure	1,22,779	65	79.81	399.03	0.00	478.84	197	241.87	1209.37	5.00	1,456.24
II	Smt. Preeti Singh, W/o Devendra Pratap Singh	35,000	65	22.75	113.75	0.00	136.50	767	268.45	1342.25	5.00	1,615.70
III	M/s Satyug Foods Pvt. Ltd.	2,000	55	1.10	5.50	0.50	7.10	1050	21.00	105.00	5.00	131.00
IV	M/s Satyug Foods Pvt. Ltd.	3,000	55	1.65	8.25	0.00	9.90	1050	31.50	157.50	5.00	194.00

An analysis of figures in above table indicated:

- (i) Penal demand for illegal mining were based on rates of royalty as given in Chapter III of UPPMMC Rules, 1963 which were much less than the rates discovered through auction. Thus, while Chapter III rates of royalty ranged from ₹ 55 to ₹ 65, those discovered through auction were in the range of ₹ 197 to ₹ 1,050. Based on Chapter III rates, amounts ranging between ₹ 7.10 lakh to ₹ 4.79 crore only were demanded from these lessees. However, if auction rates were to be considered these four lessees would have to pay penal amounts ranging between ₹ 1.31 crore to ₹ 16.15 crore. Hence although illegal mining was being done by different lessees in neighboring areas, the Regulations permitted levy of royalty and ‘price of mineral’ at much reduced rates, encouraging illegal mining in neighbouring areas.
- (ii) Even though penalty was required to be imposed and was a maximum of ₹ five lakh per hectare in each case, it was observed that only in one case, the district authorities imposed penalty of ₹ 50,000 only while in three cases no penalty was imposed.

Recommendations:

- 1. The Government needs to clearly define/redefine what constitutes ‘price of mineral’ and ‘royalty’ in terms of Section 21(5) of the MMDR Act in areas leased out through auction.**

⁷ Rule 59(2) of UPPMMC Rules, 1963.

2. **The Government may review rates of royalty which will be applicable in cases of illegal mining in neighbourhood of areas leased through auction where price discovery of the mineral has already occurred.**

5.4 Short levy of stamp duty on mining lease deeds

Contribution payable to the DMFT was not included in the consideration of 12 mining lease deeds which resulted in short levy of stamp duty of ₹ 1.32 crore.

Stamp duty and contribution to DMFT in accordance with the rules is applicable to mining leases.

Article 35(b)(i) of Schedule I-B of the Indian Stamp Act, 1899 (IS Act) stipulates that where lease for a term not exceeding thirty years has been granted for a fine or premium, or for money advanced and where no rent is reserved, the stamp duty chargeable should be the same as a conveyance for a consideration equal to the amount or value of such fine or premium or advance as set forth in the lease. Stamp duty on such lease deeds was chargeable at the rate of two *per cent* of the consideration, vide Notification dated 10 July 2008.

In addition, Explanation (I) of Article 35 states that when a lessee undertakes to pay recurring charge, such as the Government revenue, the landlord's share of cess or the owner's share of municipal rates or taxes, which by law, is recoverable from the lessor, the amount so agreed to be paid by the lessee shall be deemed to be part of the rent.

Under Rule 10(2) of the Uttar Pradesh DMFT Rules, 2017, the lessees are also required to pay an amount equivalent to 10 *per cent* of royalty to the DMFT.

Further, Section 33(1) of the said Act stipulates that every person in charge of a public office, except an officer of police, before whom any instrument, chargeable, in his opinion, with duty, is produced or comes in the performance of his functions, shall, if it appears to him that such instrument is not duly stamped, impound the same.

Audit noticed (between June 2019 and July 2019) in 12 mining lease deeds executed between November 2014 and June 2019 for a period of five years each in three⁸ DMOs that only the amount of royalty was included in consideration for charging the stamp duty and contribution payable to the DMFT was not included. Stamp duty of ₹ 8.31 crore was charged on the consideration of ₹ 408.02 crore in these lease deeds against stamp duty of ₹ 9.63 crore chargeable on the consideration of ₹ 448.82 crore. Thus, the Government was deprived of revenue of ₹ 1.32 crore due to short levy of stamp duty as shown in **Appendix-XII**.

5.5 Royalty and contribution to DMFT not deposited

Royalty of ₹ 47.20 crore and contribution to DMFT of ₹ 8.22 crore was not deposited by 59 lease holders.

Rule 28(2)(1) and (4) of UPMMC Rules, 1963 provides that instalments of amount of tender/auction will be fixed quarterly as per the Fourth Schedule.

⁸ DMOs – Azamgarh, Sant Kabir Nagar and Prayagraj.

Rule 58(1) of UPMMC Rules, 1963 stipulates that the State Government or any officer authorised by it may determine the mining lease after serving a notice on the lessee to pay within thirty days of the receipt of the notice any amount due or dead rent under the lease including the royalty due to the State Government, if it was not paid within fifteen days after the date fixed for such payment. This right shall be in addition to that of the State Government to realise such dues from the lessee as arrears of land revenue.

Further, as per Rule 10(2) of Uttar Pradesh District Mineral Foundation Trust Rules, 2017 in case of minor mineral the holder of every mineral concession permit shall in addition to the royalty, pay to the Trust of the District in which the mining operations are carried on, an amount which is equivalent to 10 *per cent* of royalty or as may be prescribed by the State Government from time to time.

Thus, Royalty and DMFT contributions for mining leases are required to be paid to the Government on quarterly basis and if not done so, then lease may be cancelled and royalty may be collected as arrears of land revenue in accordance with rules.

Audit test-checked the records⁹ of 119 lease deeds in eight DMOs¹⁰ and noticed (January 2018 and April 2019) that 59 lease holders deposited an amount of ₹ 50.97 crore against due royalty of ₹ 98.17 crore payable between January 2018 and April 2019 as per payment schedule of lease deeds. Apart from this, ₹ 9.81 crore was required to be deposited (at the rate of 10 *per cent* of royalty of ₹ 98.17 crore) by the lease holders in the District Mineral Foundation Trust (DMFT), but they deposited only ₹ 1.59 crore. Thus, royalty of ₹ 47.20 crore and contribution to DMFT of ₹ 8.22 crore was not deposited by the lease holders. The concerned DMOs also did not initiate any action to recover these dues. This resulted in non-realisation of revenue of ₹ 55.42 crore to the Government as shown in **Appendix-XIII**.

5.6 Irregularities relating to work executing agencies

5.6.1 Royalty, 'Price of minerals' and penalty not realised from contractors for works executed without transit passes

Inadequate co-ordination between Mining Department and executing agencies of other Departments led to non-recovery of royalty amounting to ₹ 3.97 crore, 'price of minerals' amounting to ₹ 90.41 crore and due penalty amounting to ₹ 3.97 crore in 1,588 cases from the contractors undertaking civil works, for raising minerals without lawful authority.

The UPMMC Rules, 1963 and the Uttar Pradesh Minerals (Prevention of Illegal Mining Transportation and Storage) Rules, 2002 stipulate that no person shall transport any mineral without a valid transit pass (Form MM-11¹¹/Form C¹²). The MMDR Act¹³, 1957 stipulates that the 'price of

⁹ Lease files.

¹⁰ DMOs – Auraiya, Ballia, Gonda, Jhansi, Mahoba, Prayagraj, Sant Kabir Nagar and Sonebhadra.

¹¹ Transit pass (*Rawanna*) issued by the holder of the mining lease or crusher plant for transportation of minor minerals. It includes names and addresses of the lease holders, nature and quantity of minerals and vehicle registration number through which the minerals are transported.

minerals' along with the royalty may be recovered for raising minerals without lawful authority. The Government, in its order dated 15 October 2015, reiterated that apart from royalty, the 'price of minerals' (ordinarily five times of royalty) be deducted from the contractor's bill and deposited into the treasury, if the contractors do not produce the requisite royalty receipt in the form MM-11 (The rate of royalty was revised by the State Government from 19 January, 2016).

Government of Uttar Pradesh order dated March/October 2006 reiterated that the concerned departments executing public works should ensure payment to contractors only after payment of royalty which is due and in case it is not done then responsibility of the concerned officer would be fixed.

Thus, any contractor using minerals (like sand, metal, stone, etc.) are required to submit transit pass (Form MM-11/ Form-C) as proof of royalty paid for extracted mineral. In case of non-submission of the relevant form, concerned officers of executing agencies are made responsible to deduct royalty and 'price of mineral' from contractors bills and deposit the same to the Government account.

- Audit test-checked the records¹⁴ of 1,251 cases in seven DMOs¹⁵ and noticed (between June 2019 and July 2019) that in 1,048 cases the contractors did not submit the required MM-11 forms along with the bills for the minerals used in civil works. The executing agencies deducted royalty of ₹ 10.11 crore from the bills of the contractors and either deposited the same into the treasury or gave cheques to the concerned DMOs between April 2015 and June 2019. The concerned DMOs, despite having knowledge of deduction of royalty by the executing agencies, did not raise the issue with them for ensuring recovery of the 'price of minerals' from the works contractors and failed to initiate any action to recover the 'price of minerals' valued at ₹ 50.57 crore and penalty ₹ 2.62 crore in accordance with the Government order dated 15 October 2015 which provided for deduction of 'price of mineral' (five times of royalty) from the contractor's bills as shown in **Appendix-XIV**.
- Audit test-checked 1,494 cases in five DMOs¹⁶ and noticed that the executing agencies executed civil works (between April 2015 and June 2019) through contractors. In 540 cases the contractors did not submit the required MM-11 forms along with the bills for the minerals consumed in civil works. The executing agencies did not deduct royalty in 357 cases and in 183 cases deducted total royalty of ₹ 6.60 crore at old rates instead of ₹ 7.66 crore at the revised rates. Further, the executive agencies did not recover the 'price of mineral' amounting to ₹ 39.84 crore and penalty of ₹ 1.35 crore from the contractors as the transit passes were not submitted by the contractors. The concerned DMOs did not initiate any action to recover the 'price of mineral', penalty and royalty at the revised rates. This resulted in non-realisation

¹² The holder of licence for storage of minerals shall issue the transit pass in 'Form-C' for lawful transportation of minerals from the store.

¹³ Section 21(5) of the MMDR Act.

¹⁴ Treasury sheet, challan and statement of royalty provided by the executing agencies.

¹⁵ DMOs – Basti, Bijnore, Hapur, Jhansi, Lucknow, Meerut and Prayagraj.

¹⁶ DMOs – Lucknow, Mathura, Meerut, Prayagraj and Raebareli.

of revenue of ₹ 45.16 crore (royalty ₹ 3.97 crore, 'price of mineral' ₹ 39.84 crore and penalty ₹ 1.35 crore) to the Government as shown in **Appendix-XV**.

Recommendation:

The Department may strengthen co-ordination with the Government executing agencies undertaking civil works to ascertain that the contractors have sourced minerals from legitimate licensees and carry valid transit passes.

5.6.2 Non-realisation of royalty and 'price of minerals' due to submission of fake / irregular MM-11 forms before the executing agencies

The Department failed to point out the fraudulent activities involved in submission of MM-11 forms as proof of royalty paid and did not recover royalty, 'price of minerals' and penalty amounting to ₹ 4.87 crore from the contractors.

According to UPMMC Rules, 1963 MM-11 forms are required to be printed in triplicate-(i) Office copy (of the lease holder), (ii) First copy-for retention at check posts and (iii) Second copy for transporter/end-consumer. Only the consumer's copy (second copy) of MM-11 form is valid for transportation and is to be considered as proof of royalty paid. While issuing a transit pass by the lease holder it is mandatory to fill up all information in all the three copies of the transit pass. Vide their order¹⁷ Government clarified that the executive agency is responsible for realisation of royalty and 'price of mineral' if the contractor does not produce royalty receipt in the form of a valid transit pass. MM-11 forms submitted by contractors against minerals utilised may be verified from concerned DMOs. Electronic MM-11 (eMM-11) forms were introduced with effect from 1 August 2017 in place of printed MM-11 forms. eMM-11 forms have 17 digit serial number.

Rule 5(2) of UP Minerals (Prevention of Illegal Mining Transportation and Storage) Rules, 2002 stipulates that the holder of license for the storage of minerals shall issue the transit pass in Form C for lawful transportation of minerals from the store.

Further, as per Rule 77 of Financial Handbook (FHB) volume-VI the Drawing and Disbursing Officers (DDOs) are responsible for the correctness in all respects of the original records of cash and store, receipt and expenditure.

Thus, while passing bills of the contractors, the DDOs are expected to verify genuineness of submitted documents.

Audit test-checked 5,583 cases in two DMOs¹⁸ and noticed (June 2019 and July 2019) that 16 executing agencies executed civil works between April 2015 and June 2019 through contractors. In 1,402 cases, executing agencies¹⁹

¹⁷ 15 October 2015, 15 July 2019 and Rule 70(3) of UPMMC, 1963.

¹⁸ DMOs – Lucknow and Prayagraj.

¹⁹ Jal Nigam Prayagraj, Nagar Nigam Prayagraj, Public Works Department Prayagraj, Uttar Pradesh Rajkiya Nirman Nigam Limited Prayagraj, Uttar Pradesh Awas Vikas Parishad Prayagraj, Irrigation Department Lucknow, Public Works Department Lucknow, Uttar Pradesh Rajkiya Nirman Nigam Limited Lucknow, Uttar Pradesh Awas Vikas Parishad Lucknow.

accepted MM-11 forms in support of supply of minerals used in execution of works whose genuineness was doubtful. These irregularities in submitted MM-11 forms are detailed below:

A. Submission of fake/duplicate/office copy/check post copy of MM-11 forms as evidence of royalty paid

Audit test-checked the records²⁰ of executing agencies/Departments and cross verified from the website of Directorate of Geology and Mining, GoUP and noticed that:

- In 12 cases, form serial numbers were shown as invalid or the forms' whose date of issue did not match with the date of issue mentioned at the website of Directorate of Geology and Mining.
- In 131 cases, it was seen that one form was used at multiple places.
- In 61 cases, either office copy or check post copy of the MM-11 form was used.

Thus, the executing agencies did not verify genuineness of submitted MM-11 forms from the concerned DMOs. As MM-11 forms were not authentic, the minerals used in the works should have been considered as obtained from illegal mining. Due to fake/duplicate/office copy/check post copy submission of MM-11 forms, royalty, 'price of mineral' and penalty was leviable on the contractors. This resulted in non-realisation of revenue of ₹ 68.49 lakh (royalty- ₹ 2.96 lakh, 'price of mineral'- ₹ 14.78 lakh and penalty- ₹ 50.75 lakh) to the Government as shown in **Appendix-XVI**.

Some illustrative cases of fake/duplicate MM-11 forms are as under:

Case I: Four MM-11 forms with the same number **31451709010100228** were submitted by a contractor to the Office of Project Manager, Rajkiya Nirman Nigam Ltd., Kaushambi Unit, Prayagraj as proof that royalty had been paid for minerals. Details of these MM-11 forms are given in **Table-5.6**.

Table-5.6

Sl. No	MM-11 form No.	Date and time of generation of MM-11 form		Registration number of vehicle which transported mineral as per MM-11 form	Details of Voucher wherein the MM-11 form was enclosed	
		Date	Time		Voucher No.	Date
1	31451709010100228	22.10.2017	07:16:12 PM	UP70DT9747	123/30	25.02.2018
2	-do-	23.10.2017	09:50:12 PM	UP70CT5001		
3	-do-	27.10.2017	09:50:12 PM	-do-		
4	-do-	28.10.2017	09:50:12 PM	-do-		

Audit cross-verified the details of the MM-11 form No. **31451709010100228** from the website of Directorate of Geology and Mining, GoUP and noticed that this form number was generated on 21.10.2017 at 09:50:12 PM and registration number of the vehicle which transported the mineral was UP70ET5253. Thus, information contained in all four forms was incorrect.

Case II: Duplicate copies of MM-11 forms were submitted by same/different contractors to the Office of the Executive Engineer, Construction Division-3,

²⁰ MM-11 forms, vouchers, running bills and final bills of contractor.

Public Works Department, Prayagraj as proof that royalty had been paid for minerals. Details are given in **Table-5.7**.

Table-5.7

Sl. No.	MM-11 form No.	Details of Voucher wherein the MM-11 form was enclosed		Form submitted by
		Voucher No.	Date	
1	31791704001603465	132	27.03.2018	Same contractor in different bills
2	-do-	149	-do-	
3	-do-	138	-do-	Another contractor
4	31791704006600057	132	27.03.2018	Different contractors
5	-do-	133	-do-	
6	-do-	138	-do-	
7	31791704010100329	132	27.03.2018	Same contractor in different bills
8	-do-	149	-do-	
9	-do-	138	-do-	Another contractor
10	31791704001601071	132	27.03.2018	Different contractors
11	-do-	133	-do-	
12	-do-	138	-do-	

Audit while cross verifying noticed that all details such as name of lease/permit holder, lease details, type and quantity of mineral, destination/delivery address, date and time of generation of forms, etc. mentioned in the MM-11 forms submitted by the contractors tallied with details available on website. It is clear from **Table-5.7** that same MM-11 forms were used thrice which shows that contractor(s) had submitted duplicate copies of same MM-11 form.

B. Dates of MM-11 forms were after the dates of completion of work

Audit noticed in two executing agencies that 146 MM-11 forms submitted by the contractors were issued after the dates of completion of work. Thus, these MM-11 forms were *prima facie* not genuine passes. As MM-11 forms were issued after completion of the works, royalty, ‘price of mineral’ and penalty was leviable on the contractors. This resulted in non-realisation of revenue of ₹ 45.86 lakh (royalty- ₹ 1.56 lakh, ‘price of mineral’- ₹ 7.80 lakh and penalty- ₹ 36.50 lakh) to the Government as shown in **Appendix-XVI**.

C. MM-11 forms were meant for other destinations

Audit noticed in three executing agencies that 926 MM-11 forms submitted by the contractors were issued for other destinations. As MM-11 forms were issued for other destinations, royalty, ‘price of mineral’ and penalty was leviable on the contractors. This resulted in non-realisation of revenue of ₹ 3.31 crore (royalty- ₹ 16.62 lakh, ‘price of mineral’- ₹ 83.09 lakh and penalty- ₹ 2.31 crore) to the Government as shown in **Appendix-XVI**.

D. More than one MM-11 form issued for one vehicle at the same time

Two or more MM-11 forms should not be issued for the same vehicle at the same time. If more than one transit pass is issued on the same date and at the same time for one vehicle it *prima facie* points to a possible fraudulent activity.

Audit noticed from 156 MM-11 forms submitted by the contractors in two executing agencies that more than one MM-11 form were issued for one vehicle at the same time. As MM-11 forms were issued at the same time for one vehicle, only one MM-11 form can be taken as authentic. Thus, out of these 156 MM-11 forms, 110 MM-11 forms were not genuine and only 46 MM-11 forms can be taken as authentic. The executing agencies failed to detect this while releasing payments to the contractors. Thus, royalty, 'price of mineral' and penalty amounting to ₹ 36.00 lakh (royalty- ₹ 1.42 lakh, 'price of mineral'- ₹ 7.08 lakh and penalty- ₹ 27.50 lakh) was leviable on the contractors. Non-realisation of revenue to the Government is detailed in **Appendix-XVI**.

An illustrative case of more than one MM-11 form issued at the same time for one vehicle is given below:

Four MM-11 forms issued at the same time for one vehicle were submitted by a contractor to the Office of Executive Engineer, Rural Engineering Department, Lucknow Division as proof that royalty had been paid for minerals. Details of these forms are given in **Table-5.8**.

Table-5.8

Sl. No.	MM-11 form No.	Date and time of issue of MM-11 form		Registration number of vehicle which transported mineral as per MM-11 form	Details of Voucher wherein the MM-11 form was enclosed	
		Date	Time		Voucher No.	Date
1	769446	01.11.2014	12:45 PM	UP32EN4242	10	08.02.2016
2	769447					
3	823336					
4	823337					

E. Submission of cancelled MM-11 forms

Agreement number/name of work is to be mentioned on the transit passes submitted by the contractors. To avoid the reuse/resubmission of these transit passes by contractors these transit passes should be cancelled after payment of bills.

Audit noticed in records of one executing agency that the contractors submitted 16 cancelled MM-11 forms as proof of royalty paid. This resulted in non-realisation of revenue of ₹ 5.49 lakh (royalty- ₹ 24,960, 'price of mineral'- ₹ 1.24 lakh and penalty- ₹ 4.00 lakh) to the Government as shown in **Appendix-XVI**.

Thus, audit examination revealed 1,402 cases of submission of irregular and /or possibly fake MM-11 forms as evidence of transport of minerals (between April 2015 and June 2019) which were not detected by the concerned Government executive agencies, indicating lack of due diligence/negligence of

duties on their part. Omission to do so resulted in non-realisation of ₹ 4.87 crore of revenue to the Government.

Recommendations:

- 1. The Department may examine these cases in detail and if a serious lapse is found may fix responsibility and take appropriate action.**
- 2. The Government may put in place an effective mechanism to ensure transportation of minerals under valid transit passes to prevent widespread misuse of MM-11 forms.**

5.7 Royalty, regulating fees, permit application fees and DMFT contribution not realised from the brick kiln owners

Royalty of ₹ 7.37 crore, regulating fees of ₹ 4.89 crore, permit application fees of ₹ 21.34 lakh and DMFT contribution of ₹ 70.73 lakh was not realised in 981 cases from the brick kiln owners, though the same was specified in the OTS scheme.

One Time Settlement Schemes (OTSS) for brick kilns, announced by the Government from time to time, provided for payment of a consolidated amount of royalty at the prescribed rates along with permit application fees. It also provided for charging of interest at the rate of 24 *per cent* on belated payment of royalty, fee or other sum due to the Government. In OTSS for the years 2015-16 to 2017-18, an additional 10 *per cent*²¹ of royalty was to be levied for *palothan*²² soil used in brick making. DMFT Rules 2017, stipulate that the holder of every mineral permit shall, in addition to royalty, pay to the Trust of the district in which mining operations are carried on, an amount equivalent to 10 *per cent* of royalty, which was leviable from 2015-16. As per the provision of UPMMCR, 1963 (as amended)²³ a regulating fee has been imposed on brick kiln in place of royalty for the brick kiln year²⁴ 2018-19.

- Audit test-checked the records²⁵ of 1,100 brick kiln owners in seven DMOs²⁶ and noticed (between June 2019 and July 2019) that 580 brick kiln owners did not pay any royalty, permit application fees and contribution to the DMFT for the brick years 2014-15 to 2017-18. The concerned DMOs neither initiated any action to stop their business nor made any efforts to realise due amount of ₹ 8.21 crore (royalty of ₹ 7.37 crore, permit application fees of ₹ 13.32 lakh and DMFT contribution of ₹ 70.73 lakh) as shown in **Appendix-XVII**. Besides, interest is also leviable for delay in payment of dues.
- Audit test-checked the records²⁷ of 628 brick kiln owners in seven DMOs²⁸ and noticed (between June 2019 and July 2019) that 401 brick kiln owners

²¹ 20 *per cent* for the year 2015-16.

²² Sandy soil.

²³ 46th amendment dated 06.03.2019.

²⁴ October to September.

²⁵ Brick Register and challan, list of brick kilns in operation.

²⁶ DMOs – Auraiya, Bijnore, Ghazipur, Gonda, Mau, Raebareli and Sultanpur.

²⁷ Brick Register and challan, list of brick kilns in operation.

²⁸ DMOs-Auraiya, Bijnore, Gonda, Mathura, Mirzapur, Moradabad and Raebareli.

did not pay any regulating fees and permit application fees for the brick year 2018-19. The concerned DMOs neither initiated any action to stop the business nor made any efforts to realise the due amount of ₹ 4.97 crore (regulating fees of ₹ 4.89 crore and permit application fees of ₹ 8.02 lakh) as shown in **Appendix-XVIII**. Besides, interest is also leviable for delay in payment of dues.

Lucknow

The **20 October 2021**



(RAJ KUMAR)

Principal Accountant General
(Audit-II),
Uttar Pradesh

Countersigned



New Delhi

The **22 OCT 2021**

(GIRISH CHANDRA MURMU)

Comptroller and Auditor General of India

APPENDICES

APPENDIX-I
Failure to cancel the settlement of shops and forfeiture of basic licence fee (BLF)/license fee (LF) and security deposit
(Reference Para No. 2.3)

Sl. No.	Name of the Unit	Year	Type of shops	No. of shops	No. of shops checked	No. of shops in which objection found	Period of late deposit of BLF/LF in days	Period of late deposit of Security Deposit in days	Overall Period of late deposit of BLF/LF and Security Deposit in days	Renewal fee/Earnest Money required to be forfeited	Basic License Fee/License Fee required to be forfeited	Security Deposit required to be forfeited	Total Amount required to be forfeited
Delay upto 15 days													
1	DEO Agra	2019-20	Country Liquor	307	150	16	6 to 15	2 to 12	2 to 15	6,50,000	86,57,200	16,11,678	1,09,18,878
		2019-20	Country Liquor	272	170	3	1 to 4	3 to 9	1 to 9	0	1,20,160	0	1,20,160
		2019-20	Foreign Liquor	224	125	44	2 to 15	5 to 15	2 to 15	23,05,000	1,80,15,000	15,74,750	2,18,94,750
		2019-20	Foreign Liquor	172	125	1	0	11	11	0	21,00,000	0	21,00,000
2	DEO Aligarh	2019-20	Model Shop	26	15	2	2	5	2 to 5	0	0	0	0
		2019-20	Country Liquor	224	55	4	5 to 12	0	5 to 12	2,00,000	0	5,15,168	7,15,168
3	DEO Azamgarh	2019-20	Foreign Liquor	102	25	7	2 to 13	0	2 to 13	4,30,000	0	5,08,500	9,38,500
		2019-20	Country Liquor	300	135	51	1 to 15	1	1 to 15	17,10,000	51,53,400	74,19,110	1,42,82,510
4	DEO Badaun	2017-18	Country Liquor	299	100	5	9 to 14	0	9 to 14	0	0	54,89,135	54,89,135
		2018-19	Country Liquor	300	128	13	0	1 to 15	1 to 15	0	17,68,165	0	17,68,165
		2018-19	Beer	44	25	16	5 to 9	0	5 to 9	0	4,37,000	0	4,37,000
		2019-20	Beer	44	25	13	1 to 7	0	1 to 7	4,95,000	14,70,000	90,000	20,55,000
5	DEO Bareilly	2018-19	Country Liquor	253	51	34	1 to 15	2 to 15	1 to 15	0	53,11,959	0	53,11,959
		2019-20	Country Liquor	252	51	32	2 to 10	0	2 to 10	11,60,000	32,08,860	28,74,546	72,43,406
6	DEO Bijnor	2018-19	Foreign Liquor	59	25	8	4 to 9	8	4 to 9	0	9,15,000	0	9,15,000
		2019-20	Foreign Liquor	58	25	8	2 to 7	0	2 to 7	4,70,000	58,90,000	4,31,250	67,91,250
7	DEO Chitrakoot	2019-20	Country Liquor	357	72	4	3 to 11	1 to 4	1 to 11	0	4,65,650	2,15,520	6,81,170
		2019-20	Beer	67	25	4	2 to 15	0	2 to 15	2,20,000	8,62,500	1,22,750	12,05,250
		2019-20	Country Liquor	186	40	7	7 to 9	0	7 to 9	4,90,000	12,54,600	21,21,747	38,66,347
		2019-20	Foreign Liquor	90	25	2	8 to 13	0	8 to 13	1,50,000	13,82,500	3,67,000	18,99,500
		2016-17	Country Liquor	57	30	1	2 to 12	12	2 to 12	0	0	10,77,342	10,77,342
		2017-18	Country Liquor	57	30	4	3 to 6	6	3 to 6	0	2,92,200	11,77,234	14,69,434
		2015-16	Foreign Liquor	28	28	1	12	0	12	0	2,00,000	0	2,00,000

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8	DEO Farrukhabad	2016-17	Foreign Liquor	29	29	4	11	5	5 to 11	0	36,00,000	89,000	36,89,000	
		2018-19	Beer	43	25	2	3 to 6	0	3 to 6	0	0	57,000	57,000	
		2019-20	Beer	43	25	4	2 to 6	0	2 to 6	0	1,30,000	60,250	13,60,750	
		2018-19	Country Liquor	192	46	18	1 to 9	8	1 to 9	0	0	34,50,952	0	34,50,952
		2019-20	Country Liquor	192	45	3	2 to 7	0	2 to 7	0	1,65,000	19,80,900	3,93,167	25,39,067
9	DEO Firozabad	2018-19	Foreign Liquor	57	25	12	1 to 9	0	1 to 9	0	0	42,94,000	0	42,94,000
		2019-20	Foreign Liquor	57	25	4	2 to 8	0	2 to 8	0	1,15,000	26,99,000	1,42,750	29,56,750
		2017-18	Country Liquor	267	55	8	1 to 15	0	1 to 15	0	0	4,08,125	28,28,910	32,37,035
		2019-20	Country Liquor	278	70	11	2 to 13	0	2 to 13	0	5,25,000	53,87,100	8,00,695	67,12,795
		2018-19	Country Liquor	308	265	4	7 to 13	0	7 to 13	0	0	20,04,975	0	20,04,975
		2018-19	Foreign Liquor	156	145	5	2 to 11	0	2 to 11	0	0	48,78,000	98,500	49,76,500
		2019-20	Beer	129	26	12	2 to 8	0	2 to 8	0	6,50,000	13,40,000	2,40,250	22,30,250
		2019-20	Country Liquor	216	43	18	5 to 15	5	5 to 15	0	10,00,000	1,04,67,790	20,17,222	1,34,85,012
10	G.B.Nagar	2019-20	Foreign Liquor	115	25	9	11 to 12	4	4 to 12	0	5,70,000	64,11,000	6,36,500	76,17,500
		2018-19	Foreign Liquor	115	24	23	1 to 7	0	1 to 7	0	0	1,10,77,500	0	1,10,77,500
		2019-20	Model Shop	23	23	5	5 to 8	0	5 to 8	0	4,50,000	2,09,93,020	11,67,500	2,26,10,520
		2018-19	Model Shop	23	23	21	5 to 7	0	5 to 7	0	0	98,07,000	0	98,07,000
		2019-20	Country Liquor	191	39	27	7	0	7	0	16,50,000	0	35,76,955	52,26,955
		2019-20	Country Liquor	205	45	22	1 to 12	0	1 to 12	0	5,55,000	18,52,600	36,34,308	60,41,908
		2019-20	Country Liquor	280	56	4	1 to 12	5	1 to 12	0	1,50,000	6,15,000	3,79,380	11,44,380
		2019-20	Foreign Liquor	115	35	5	5 to 12	11	5 to 12	0	3,95,000	0	3,01,500	6,96,500
		2019-20	Model Shop	12	7	2	8	0	8	0	55,000	0	2,00,000	2,55,000
		2018-19	Country Liquor	131	40	20	0	2 to 14	0	2 to 14	0	50,40,735	0	50,40,735
14	DEO Hapur	2018-19	Foreign Liquor	52	30	17	0	6 to 9	0	6 to 9	0	49,71,000	0	49,71,000
		2018-19	Model Shop	9	7	7	0	9	0	9	0	28,98,500	0	28,98,500
		2019-20	Country Liquor	374	80	2	1 to 3	12	1 to 12	0	0	7,20,900	0	7,20,900
15	DEO Hardoi	2018-19	Country Liquor	374	80	8	2 to 9	0	2 to 9	0	9,09,572	0	9,09,572	

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16	DEO Jaunpur	2019-20	Country Liquor	272	55	45	1 to 6	0	1 to 6	24,75,000	29,38,320	66,54,605	1,20,67,925
		2018-19	Country Liquor	0	54	41	4 to 9	4 to 9	4 to 9	0	50,60,630	18,22,175	68,82,805
		2019-20	Foreign Liquor	107	26	19	2 to 6	0	2 to 6	13,00,000	26,86,500	10,74,500	50,61,000
		2018-19	Foreign Liquor	0	27	29	6 to 9	0	6 to 9	0	33,10,500	0	33,10,500
17	DEO Jhansi	2019-20	Beer	57	25	5	4	3	3 to 4	3,25,000	10,22,500	1,17,000	14,64,500
		2017-18	Country Liquor	233	50	20	1 to 15	0	1 to 15	0	0	1,74,46,298	1,74,46,298
		2017-18	Foreign Liquor	72	25	14	2 to 13	0	2 to 13	0	0	18,10,500	18,10,500
18	DEO Kanpur Nagar	2018-19	Country Liquor	341	70	22	2 to 9	2 to 15	2 to 15	0	41,38,949	0	41,38,949
		2019-20	Country Liquor	341	70	26	11 to 15	2 to 5	2 to 15	14,45,000	0	47,98,640	62,43,640
		2018-19	Foreign Liquor	221	50	20	7 to 9	2 to 12	2 to 12	0	55,44,500	0	55,44,500
		2019-20	Foreign Liquor	221	48	15	2 to 15	2 to 11	2 to 15	10,00,000	13,98,000	12,60,250	36,58,250
19	DEO Lucknow	2018-19	Model Shop	10	10	6	8 to 9	3 to 12	3 to 12	0	22,37,000	0	22,37,000
20	DEO Mathura	2019-20	Foreign Liquor	177	40	20	7 to 12	1 to 10	1 to 12	1,70,000	23,00,000	11,98,500	36,68,500
		2017-18	Country Liquor	178	45	16	6	2 to 14	2 to 14	0	16,78,375	63,23,617	80,01,992
		2019-20	Country Liquor	171	74	18	1 to 13	9	1 to 13	7,90,000	17,73,750	10,28,251	35,92,001
		2019-20	Foreign Liquor	200	64	5	7	2 to 9	2 to 9	2,80,000	15,47,000	1,35,000	19,62,000
21	DEO Meerut	2019-20	Beer	97	42	35	2 to 5	2	2 to 5	14,35,000	99,87,600	7,02,750	1,21,25,350
		2019-20	Country Liquor	167	74	70	4 to 7	2 to 5	2 to 7	24,65,000	2,92,22,246	55,58,138	3,72,45,384
		2019-20	Foreign Liquor	105	32	28	1 to 5	2 to 8	1 to 8	16,35,000	2,44,87,500	16,15,250	2,77,37,750
22	DEO Moradabad	2017-18	Country Liquor	157	39	32	8	0	8	0	0	2,96,04,644	2,96,04,644
		2019-20	Country Liquor	156	39	30	5 to 14	0	5 to 14	11,40,000	37,24,792	0	48,64,792
		2019-20	Foreign Liquor	60	25	21	7	0	7	14,40,000	0	17,02,500	31,42,500
23	DEO Muzaffarnagar	2019-20	Beer	67	40	27	1 to 4	2 to 7	1 to 7	6,65,000	5,52,000	3,32,750	15,49,750
		2019-20	Beer	0	40	6	7	7 to 14	7 to 14	4,96,500	1,000	0	4,97,500
		2019-20	Country Liquor	161	80	2	7 to 10	8	7 to 10	59,250	0	0	59,250
		2019-20	Foreign Liquor	67	40	21	2 to 4	2 to 6	2 to 6	10,00,000	25,45,000	12,36,750	47,81,750
		2019-20	Foreign Liquor	0	40	4	5 to 7	7 to 14	5 to 14	7,70,500	2,62,500	0	10,33,000

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24	DEO Prayagraj	2019-20	Model Shop	7	7	4	5 to 12	7 to 11	5 to 12	23,36,000	0	0	23,36,000
		2019-20	Beer	190	60	9	1 to 7	3 to 15	1 to 15	80,000	9,81,750	1,48,250	12,10,000
		2019-20	Foreign Liquor	199	80	16	5 to 15	2 to 8	2 to 15	0	9,80,000	3,99,750	13,79,750
25	DEO Saharanpur	2019-20	Beer	79	25	1	0	10	10	0	4,85,000	0	4,85,000
26	DEO Shravasti	2016-17	Country Liquor	62	25	7	8	15	8 to 15	49,000	0	14,08,538	14,57,538
		2018-19	Country Liquor	62	25	1	0	12	12	0	3,05,727	0	3,05,727
		2019-20	Foreign Liquor	28	25	6	6 to 12	8 to 11	6 to 12	1,15,000	22,43,000	30,750	23,88,750
27	DEO Siddharath Nagar	2018-19	Country Liquor	148	30	18	1 to 9	2 to 13	1 to 13	0	35,30,924	3,40,000	38,70,924
		2018-19	Model Shop	4	4	3	0	2 to 10	2 to 10	0	5,82,000	0	5,82,000
28	DEO Varanasi	2019-20	Country Liquor	308	80	1	4	15	4 to 15	75,000	1,020	1,24,436	2,00,456
		2018-19	Country Liquor	308	80	41	5 to 15	2 to 13	2 to 15	0	51,79,643	0	51,79,643
		2018-19	Foreign Liquor	167	49	27	6 to 9	2 to 14	2 to 14	0	54,68,500	0	54,68,500
		Total		12,964	4,532	1,288			1 to 15	3,62,36,250	29,07,15,589	12,90,36,459	45,59,88,298
Delay between 16 days and 30 days													
*	DEO Agra	2019-20	Country Liquor	0	0	16	1 to 25	11 to 29	1 to 29	7,00,000	91,96,980	10,69,629	1,09,66,609
		2019-20	Country Liquor	0	0	4	2 to 16	18 to 29	2 to 29	0	67,356	0	67,356
		2019-20	Foreign Liquor	0	0	16	13 to 16	2 to 29	2 to 29	8,65,000	62,72,000	5,74,750	77,11,750
		2019-20	Foreign Liquor	0	0	3	0	0	0	0	0	0	0
*	DEO Azamgarh	2019-20	Country Liquor	0	0	16	16 to 27	1	1 to 27	6,25,000	2,00,160	21,94,250	30,19,410
		2016-17	Country Liquor	290	100	9	16	16	16	0	22,10,750	1,40,92,160	1,63,02,910
		2018-19	Country Liquor	0	0	10	0	7 to 29	7 to 29	0	18,98,504	0	18,98,504
*	DEO Badaun	2018-19	Country Liquor	0	0	4	1 to 5	17 to 30	1 to 30	0	0	0	0
		2018-19	Model Shop	3	3	1	0	18	18	0	1,80,500	0	1,80,500
29	DEO Basti	2017-18	Country Liquor	187	42	5	24 to 30	5 to 21	5 to 30	0	0	49,60,248	49,60,248
		2018-19	Country Liquor	187	42	8	4 to 12	1 to 26	1 to 26	0	11,86,681	0	11,86,681

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*	DEO Chitrakoot	2016-17	Country Liquor	0	0	5	0	16	16	0	31,42,400	27,43,068	58,85,468
		2017-18	Country Liquor	0	0	2	0	23 to 25	23 to 25	0	10,06,300	9,94,852	20,01,152
*	DEO Farrukhabad	2019-20	Beer	0	0	1	27	0	27	0	80,000	0	80,000
		2017-18	Country Liquor	192	46	1	15 to 19	0	15 to 19	0	0	8,08,764	8,08,764
		2018-19	Country Liquor	0	0	1	2	1 to 23	1 to 23	0	20,62,972	0	20,62,972
		2018-19	Foreign Liquor	0	0	1	0	22	22	0	2,18,000	0	2,18,000
		2019-20	Foreign Liquor	0	0	2	27	0	27	0	8,54,000	0	8,54,000
*	DEO Firozabad	2017-18	Country Liquor	0	0	2	18 to 25	27	18 to 27	0	0	15,06,820	15,06,820
		2018-19	Country Liquor	0	0	3	16 to 18	0	16 to 18	0	17,22,440	0	17,22,440
		2019-20	Foreign Liquor	154	44	3	16	0	16	1,90,000	22,36,500	1,59,750	25,86,250
		2018-19	Foreign Liquor	0	0	7	18 to 21	0	18 to 21	0	49,40,995	0	49,40,995
*	DEO G.B.Nagar	2019-20	Beer	0	0	6	16	0	16	3,40,000	3,87,500	2,05,750	9,33,250
		2019-20	Country Liquor	0	0	1	16	0	16	75,000	20,12,040	3,30,869	24,17,909
		2019-20	Model Shop	0	0	2	19	0	19	1,80,000	0	4,33,500	6,13,500
		2018-19	Model Shop	0	0	1	25	0	25	0	4,67,000	0	4,67,000
*	DEO Gorakhpur	2019-20	Country Liquor	0	0	17	2 to 25	2 to 30	2 to 30	7,65,000	10,29,000	22,99,232	40,93,232
		2019-20	Foreign Liquor	0	0	13	12 to 27	10	10 to 27	10,45,000	0	9,94,250	20,39,250
		2019-20	Model Shop	0	0	2	5 to 17	11	5 to 17	1,45,000	12,50,000	2,00,000	15,95,000
*	DEO Hardoi	2019-20	Country Liquor	0	0	1	1	16	1 to 16	0	3,35,160	0	3,35,160
*	DEO Jaunpur	2018-19	Country Liquor	0	0	6	22 to 27	22 to 27	22 to 27	0	6,35,611	0	6,35,611
*	DEO Jhansi	2019-20	Beer	0	0	1	4	24	4 to 24	65,000	0	30,250	95,250
		2017-18	Country Liquor	0	0	6	19 to 21	0	19 to 21	0	0	32,94,502	32,94,502
		2018-19	Country Liquor	0	0	25	2 to 9	2 to 28	2 to 28	0	65,73,706	0	65,73,706
		2019-20	Country Liquor	0	0	17	5 to 30	2 to 30	2 to 30	5,70,000	0	19,61,982	25,31,982
		2018-19	Foreign Liquor	0	0	22	7 to 9	4 to 30	4 to 30	0	50,96,500	0	50,96,500
		2019-20	Foreign Liquor	0	0	9	21 to 30	2	2 to 30	3,70,000	0	4,81,250	8,51,250
		2018-19	Model Shop	0	0	2	9	18 to 20	9 to 20	0	7,05,000	0	7,05,000

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*	DEO Lucknow	2019-20	Country Liquor	502	100	47	2 to 30	0	2 to 30	0	0	75,58,203	75,58,203
		2019-20	Foreign Liquor	0	0	2	12	20 to 23	12 to 23	0	0	1,47,500	1,47,500
*	DEO Mathura	2017-18	Country Liquor	0	0	8	16	18	16 to 18	0	2,64,750	44,22,806	46,87,556
		2019-20	Foreign Liquor	0	0	3	8 to 12	10 to 17	8 to 17	1,45,000	3,95,000	1,50,500	6,90,500
		2019-20	Country Liquor	0	0	1	5	25	5 to 25	75,000	17,02,000	3,40,180	21,17,180
		2019-20	Foreign Liquor	0	0	1	1	16	1 to 16	30,000	5,57,500	39,750	6,27,250
*	DEO Muzaffarnagar	2019-20	Beer	0	0	7	5 to 13	16 to 27	5 to 27	5,76,052	0	0	5,76,052
		2019-20	Country Liquor	0	0	8	7 to 26	9 to 29	7 to 29	12,02,814	0	14,48,320	26,51,134
		2019-20	Foreign Liquor	0	0	1	29	2	2 to 29	55,000	0	52,750	1,07,750
		2019-20	Foreign Liquor	0	0	3	5 to 12	19	5 to 19	3,63,945	0	0	3,63,945
		2019-20	Model Shop	0	0	2	5 to 11	23 to 25	5 to 25	10,66,797	0	0	10,66,797
*	DEO Prayagraj	2019-20	Beer	0	0	8	23 to 30	2 to 30	2 to 30	65,000	5,46,500	1,04,500	7,16,000
		2019-20	Foreign Liquor	0	0	14	27 to 30	2 to 15	2 to 30	30,000	0	4,92,750	5,22,750
*	DEO Saharanpur	2019-20	Foreign Liquor	85	25	2	0	21 to 22	21 to 22	0	81,55,000	0	81,55,000
		2016-17	Country Liquor	0	0	2	16	16	16	0	0	10,10,610	10,10,610
		2018-19	Country Liquor	0	0	2	2 to 9	11 to 17	2 to 17	0	1,71,800	73,260	2,45,060
		2019-20	Foreign Liquor	0	0	3	12 to 26	16	12 to 26	60,000	6,93,000	23,000	7,76,000
*	DEO Siddharath Nagar	2018-19	Country Liquor	0	0	4	2 to 9	16 to 17	2 to 17	0	3,62,880	0	3,62,880
		2019-20	Country Liquor	0	0	2	1 to 26	0	1 to 26	1,50,000	0	5,26,023	6,76,023
		2018-19	Country Liquor	0	0	5	4 to 21	4 to 19	4 to 21	0	2,46,557	0	2,46,557
		2018-19	Foreign Liquor	0	0	1	8	18	8 to 18	0	3,94,000	0	3,94,000
		Total		1,600	402	377			Upto 30	97,54,608	6,94,57,042	5,57,26,028	13,49,37,678
Delay more than 30 days													
*	DEO Agra	2019-20	Country Liquor	0	0	26	1 to 16	11 to 239	1 to 239	14,00,000	1,86,00,580	25,17,222	2,25,17,802
		2019-20	Country Liquor	0	0	89	1 to 54	13 to 243	1 to 243	0	46,60,606	0	46,60,606

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		2019-20	Foreign Liquor	0	0	16	8 to 30	10 to 200	8 to 200	10,30,000	1,60,37,500	6,64,250	1,77,31,750
		2019-20	Foreign Liquor	0	0	35	6 to 51	33 to 185	6 to 185	0	43,87,000	50,000	44,37,000
		2019-20	Model Shop	0	0	5	2 to 5	42 to 122	2 to 122	0	27,89,500	0	27,89,500
*	DEO Aligarh	2019-20	Country Liquor	0	0	10	1 to 12	61 to 115	1 to 115	3,55,000	13,62,240	9,71,202	26,88,442
		2019-20	Foreign Liquor	0	0	9	5 to 11	36 to 79	5 to 79	4,25,000	12,96,000	7,63,500	24,84,500
		2019-20	Country Liquor	0	0	2	3 to 113	1	1 to 113	50,000	0	2,81,398	3,31,398
		2017-18	Country Liquor	0	0	12	9 to 14	34 to 103	9 to 103	0	0	1,53,65,694	1,53,65,694
		2018-19	Country Liquor	0	0	13	0	1 to 141	1 to 141	0	37,27,631	2,82,917	40,10,548
		2018-19	Country Liquor	0	0	3	3 to 5	38 to 39	3 to 39	0	4,25,796	0	4,25,796
*	DEO Badaun	2019-20	Country Liquor	0	0	1	0	45	45	0	30	27,72,960	27,72,960
*	DEO Bareilly	2019-20	Country Liquor	0	0	2	4 to 12	1 to 50	1 to 50	0	1,13,534	0	1,13,534
		2017-18	Model Shop	3	3	1	31	89	31 to 89	0	32,85,000	1,83,140	34,68,140
		2018-19	Model Shop	0	0	1	53	36	36 to 53	0	4,67,000	0	4,67,000
*	DEO Bijnor	2019-20	Beer	0	25	1	0	89 to 114	89 to 114	55,000	6,65,000	25,500	7,45,500
		2019-20	Country Liquor	0	40	1	0	32 to 111	32 to 111	0	22,50,000	0	22,50,000
		2019-20	Country Liquor	0	40	1	0	79	79	70,000	14,39,100	2,80,319	17,89,419
		2019-20	Foreign Liquor	0	25	2	0	36 to 112	36 to 112	1,50,000	52,35,000	1,90,000	55,75,000
*	DEO Chitrakoot	2015-16	Country Liquor	53	25	14	37 to 42	25 to 38	25 to 42	0	49,78,200	47,00,460	96,78,660
		2017-18	Country Liquor	0	0	6	3	31 to 43	3 to 43	0	14,50,800	37,12,366	51,63,166
		2015-16	Foreign Liquor	0	0	6	37 to 49	29 to 39	29 to 49	0	27,02,500	2,60,000	29,62,500
*	DEO Farrukhabad	2018-19	Beer	0	0	20	32 to 197	0	32 to 197	0	8,58,000	0	8,58,000
		2017-18	Country Liquor	0	0	5	15 to 64	70 to 161	15 to 161	0	41,525	31,52,689	31,94,214
		2018-19	Country Liquor	0	0	20	7 to 205	7 to 187	7 to 205	0	14,01,933	0	14,01,933
		2018-19	Foreign Liquor	0	0	9	197 to 280	0	197 to 280	0	10,16,000	0	10,16,000
*	DEO Firozabad	2018-19	Country Liquor	0	0	5	2 to 191	0	2 to 191	0	34,13,093	2,95,310	37,08,403
		2019-20	Foreign Liquor	0	0	2	197	0	197	1,70,000	25,92,000	1,07,500	28,69,500

Sl. No.	Name of the Unit	Year	Type of shops	No. of shops	No. of shops checked	No. of shops in which objection found	Period of late deposit of BLF/LF in days	Period of late deposit of Security Deposit in days	Overall Period of late deposit of BLF/LF and Security Deposit in days	Renewal fee/Earnest Money required to be forfeited	Basic License Fee/License Fee required to be forfeited	Security Deposit required to be forfeited	Total Amount required to be forfeited
*	DEO G.B. Nagar	2019-20	Country Liquor	0	0	13	3 to 15	89 to 122	3 to 122	8,05,000	88,11,740	17,78,756	1,13,95,496
		2019-20	Foreign Liquor	0	0	6	1 to 12	111 to 135	1 to 135	5,00,000	1,02,60,000	6,23,250	1,13,83,250
*	DEO Gazipur	2019-20	Country Liquor	0	0	1	134	0	134	0	0	45,000	45,000
		2019-20	Country Liquor	0	0	11	6 to 89	31 to 76	6 to 89	5,75,000	44,92,320	20,02,090	70,69,410
		2019-20	Foreign Liquor	0	0	6	16 to 19	36 to 75	16 to 75	5,10,000	0	6,14,250	11,24,250
		2019-20	Model Shop	0	0	3	12 to 19	45 to 171	12 to 171	2,70,000	0	4,62,000	7,32,000
*	DEO Hardoi	2019-20	Country Liquor	0	0	1	0	51	51	0	2,62,200	0	2,62,200
		2018-19	Country Liquor	0	0	2	9	31 to 37	9 to 37	0	36,960	73,394	1,10,354
		2019-20	Beer	0	0	4	4	37 to 64	4 to 64	2,60,000	0	1,10,750	3,70,750
		2017-18	Country Liquor	0	0	4	19 to 101	40	19 to 101	0	0	41,84,156	41,84,156
		2019-20	Country Liquor	225	50	44	1 to 38	36 to 292	1 to 292	25,35,000	1,92,69,260	39,08,832	2,57,13,092
*	DEO Kampur Nagar	2018-19	Country Liquor	0	0	8	2 to 149	2 to 47	2 to 149	5,70,000	18,45,413	0	18,45,413
		2019-20	Country Liquor	0	0	13	11 to 31	2 to 131	2 to 131	0	11,64,500	14,44,520	20,14,520
		2018-19	Foreign Liquor	0	0	8	7 to 9	31 to 88	7 to 88	0	0	0	11,64,500
		2019-20	Foreign Liquor	0	0	4	31	2	2 to 31	3,40,000	0	3,80,250	7,20,250
		2018-19	Model Shop	0	0	2	39 to 68	4 to 30	4 to 68	0	9,14,000	0	9,14,000
30	DEO Kaushambi	2017-18	Country Liquor	68	40	22	1 to 20	34 to 123	1 to 123	0	36,75,625	40,43,297	77,18,922
*	DEO Lucknow	2019-20	Country Liquor	0	0	1	39	0	39	0	0	1,18,681	1,18,681
		2019-20	Foreign Liquor	0	0	6	5 to 12	43 to 85	5 to 85	0	0	1,81,000	1,81,000
*	DEO Mathura	2019-20	Beer	215	46	19	2 to 35	80 to 253	2 to 253	0	56,91,420	0	56,91,420
		2019-20	Beer	0	40	28	7 to 12	9 to 232	7 to 232	10,65,000	39,14,500	4,79,500	54,59,000
		2017-18	Country Liquor	0	0	3	16	178 to 190	16 to 190	0	0	6,71,324	6,71,324
		2019-20	Country Liquor	0	0	55	2 to 28	50 to 244	2 to 244	23,45,000	90,70,520	29,67,106	1,43,82,626
		2019-20	Foreign Liquor	0	0	41	2 to 13	12 to 232	2 to 232	22,85,000	77,80,224	18,43,000	1,19,08,224
*	DEO Meerut	2019-20	Beer	0	0	1	5	138	5 to 138	35,000	1,25,000	8,500	1,68,500
		2019-20	Country Liquor	0	0	3	5	79 to 141	5 to 141	75,000	5,09,120	63,144	6,47,264
		2019-20	Foreign Liquor	0	0	2	1 to 2	32 to 38	1 to 38	1,15,000	17,92,510	1,28,000	20,35,510

Sl. No.	Name of the Unit	Year	Type of shops	No. of shops	No. of shops checked	No. of shops in which objection found	Period of late deposit of BLF/LF in days	Period of late deposit of Security Deposit in days	Overall Period of late deposit of BLF/LF and Security Deposit in days	Renewal fee/ Earnest Money required to be forfeited	Basic License Fee/License Fee required to be forfeited	Security Deposit required to be forfeited	Total Amount required to be forfeited
*	DEO Muzaffarnagar	2019-20	Beer	0	0	4	35 to 36	0	35 to 36	1,80,000	0	66,750	2,46,750
		2019-20	Beer	0	0	6	5 to 10	55 to 84	5 to 84	3,38,138	6,30,911	0	9,69,049
		2019-20	Country Liquor	0	0	14	7 to 13	42 to 153	7 to 153	20,82,750	26,25,000	23,03,901	70,11,651
		2019-20	Country Liquor	0	50	1	34	43	34 to 43	0	55,37,700	0	55,37,700
		2019-20	Foreign Liquor	0	0	6	7 to 10	27 to 139	7 to 139	14,81,276	0	0	14,81,276
		2019-20	Model Shop	0	0	1	10	35	10 to 35	2,17,500	0	0	2,17,500
*	DEO Prayagraj	2019-20	Beer	0	0	17	3 to 30	8 to 173	3 to 173	30,000	3,06,000	1,50,250	4,86,250
		2019-20	Foreign Liquor	0	0	29	2 to 45	3 to 178	2 to 178	30,000	7,62,000	6,38,500	14,30,500
*	DEO Saharanpur	2019-20	Beer	0	0	12	1 to 4	47 to 133	1 to 133	0	52,51,118	0	52,51,118
		2019-20	Country Liquor	151	40	17	0	28 to 180	28 to 180	0	1,67,52,195	0	1,67,52,195
		2019-20	Country Liquor	0	40	8	0	128 to 181	128 to 181	0	2,48,85,720	0	2,48,85,720
		2019-20	Country Liquor	0	40	8	0	71 to 225	71 to 225	5,80,000	1,62,16,200	15,00,780	1,82,96,980
		2019-20	Foreign Liquor	0	0	13	0	34 to 161	34 to 161	0	2,59,02,816	0	2,59,02,816
		2019-20	Model Shop	3	3	2	0	37 to 158	37 to 158	0	70,81,250	0	70,81,250
31	DEO Sant Kabir Nagar	2017-18	Country Liquor	107	25	8	0	35 to 166	35 to 166	0	0	79,26,928	79,26,928
		2016-17	Country Liquor	107	25	6	0	52 to 128	52 to 128	0	19,55,750	12,45,188	32,00,938
*	DEO Sharawasti	2019-20	Foreign Liquor	0	0	1	0	113	113	30,000	1,50,000	5,250	1,85,250
*	DEO Siddharth Nagar	2018-19	Country Liquor	0	0	1	9	53	9 to 53	0	1,22,170	0	1,22,170
*	DEO Varanasi	2017-18	Country Liquor	312	80	59	5 to 15	15 to 249	5 to 249	0	23,84,750	5,99,77,102	6,23,61,852
		2019-20	Country Liquor	0	0	9	18 to 27	2 to 31	2 to 31	5,25,000	11,88,720	13,63,064	30,76,784
		2018-19	Country Liquor	0	0	6	5 to 21	4 to 108	4 to 108	0	15,16,966	0	15,16,966
		Total		1,244	637	856			1 to 292	2,14,84,664	27,80,80,146	13,78,84,940	43,74,49,750
		Grand Total		15,808	5,571	2,521			1 to 292	6,74,75,522	63,82,52,777	32,26,47,427	1,02,83,75,726

Source: Information available on the basis of Audit findings.

APPENDIX-II
Loss of additional consideration fee due to anomaly in the Excise Policy 2018-19
(Reference Para No. 2.4)

Sl. No.	Name of the distillery	Name of the brand	Category of IMFL	Calculated by	Capacity (in ml)	EDP (per bottle)	Consideration fee (per bottle)	Wholesellers' margin	Retailers' Margin	MRP Without rounding off (7+8+9+10)	MRP rounded to next ten rupees	Additional consideration fee (12-11)	Net (8+13)	Short levy of additional consideration fee (per 180ml bottle)	Quantity despatched in bottles	Additional consideration fee levied (15x16)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	
1		Officer Choice Original Whisky	Economy	Department	750	54.20	280.65	5.38	70.84	411.07	420	8.93	289.58				
				Audit	180	14.30	67.36	1.29	17.00	99.95	100	0.05	67.41				
2	M/s Dhampur Sugar Mills Ltd. FL 3A	Officer Choice Blue Grain Original Whisky	Medium	Department	750	82.67	327.79	6.31	76.53	493.30	500	6.70	334.49				
				Audit	180	21.42	78.67	1.51	18.37	119.96	120	0.04	78.71				
3	Div) Bijnor	Sterling Reserve B7 Special Blended Whisky	Medium	Department	750	121.67	359.77	7.41	84.33	573.18	580	6.82	366.59				
				Audit	180	31.17	86.34	1.78	20.24	139.53	140	0.47	86.81				
4		Sterling Reserve B10 Superior Blended Whisky	Regular	Department	750	29.92	86.34	1.78	20.24	138.28	140	1.72	88.06				
				Audit	180	59.40	111.11	2.60	23.87	199.45	200	0.55	111.66				
5	Mohan Meakin Limited, Ghaziabad	Solan No. 1 Black Rare & Premium Whisky	Medium	Department	750	110.00	350.20	7.08	82.00	549.28	550	0.72	350.92				
				Audit	180	28.25	84.05	1.70	19.68	133.68	140	6.32	90.37				
				Audit	180	27.12	84.05	1.70	19.68	132.55	140	7.45	91.50	1.13	52,176		3,52,716

(Amount in ₹)																
Sl. No.	Name of the distillery	Name of the brand	Category of IMFL	Calculated by	Capacity (in ml)	EDP (per bottle)	Consideration fee (per bottle)	Whole sellers' margin	Retailers' Margin	MRP Without rounding off (7+8+9+10)	MRP rounded to next ten rupees	Additional consideration fee (12-11)	Net (8+13)	Short levy of additional consideration fee (per 180ml bottle)	Quantity despatched in bottles	Additional consideration fee short levied (15x16)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
6		Old Monk White Rum	Medium	Department	750	94.57	337.55	6.65	78.91	517.68	520	2.32	339.87			
					180	24.39	81.01	1.60	18.94	125.94	130	4.06	85.07			
					180	23.42	81.01	1.60	18.94	124.97	130	5.03	86.04	0.97	81,984	79,524
7		Old Monk The Legend Rum Very Old Vatted	Regular	Department	750	181.10	410.31	9.07	93.11	693.59	700	6.41	416.72			
					180	46.03	98.47	2.18	22.35	169.02	170	0.98	99.45			
					180	44.18	98.47	2.18	22.35	167.18	170	2.82	101.29	1.84	2,34,288	4,31,090
8		7 Year Old Blended Old Monk Matured XXX Premium Rum Very Old Vatted	Medium	Department	750	81.05	326.46	6.27	76.21	489.99	490	0.01	326.47			
					180	21.01	78.35	1.50	18.29	119.15	120	0.85	79.20			
					180	20.17	78.35	1.50	18.29	118.31	120	1.69	80.04	0.84	86,88,576	72,98,404
9		Solan No.1 Whisky	Medium	Department	750	82.66	327.78	6.31	76.53	493.28	500	6.72	334.50			
					180	21.42	78.67	1.51	18.37	119.96	120	0.04	78.71			
					180	20.56	78.67	1.51	18.37	119.11	120	0.89	79.56	0.85	86,880	73,848
10		Triple Filter Knight Rider Premium Vodka	Medium	Department	750	85.32	329.96	6.39	77.06	498.73	500	1.27	331.23			
					180	22.08	79.19	1.53	18.49	121.29	130	8.71	87.90			
					180	21.20	79.19	1.53	18.49	120.41	130	9.59	88.78	0.88	98,688	86,845

Sl. No.	Name of the distillery	Name of the brand	Category of IMFL	Calculated by	Capacity (in ml)	EDP (per bottle)	Consideration fee (per bottle)	Wholesale margin	Retailers' Margin	MRP Without rounding off (7+8+9+10)	MRP rounded to next ten rupees	Additional consideration fee (12-11)	Net (8+13)	Short levy of additional consideration fee (per 180ml bottle)	Quantity despatched in bottles	Additional consideration fee short levied (15x16)
11		Old Monk Gold Reserve Premium Rum	Medium	Department	750	94.16	337.21	6.64	78.83	516.84	520	3.16	340.37			
					180	24.29	80.93	1.59	18.92	125.73	130	4.27	85.20			
				Audit	180	23.32	80.93	1.59	18.92	124.76	130	5.24	86.17	0.97	6,06,336	5,88,146
12		Old Monk Lemon Rum	Regular	Department	750	138.00	374.54	7.86	88.80	609.20	610	0.80	375.34			
					180	35.25	89.89	1.89	21.31	148.34	150	1.66	91.55			
				Audit	180	33.84	89.89	1.89	21.31	146.93	150	3.07	92.96	1.41	19,440	27,410
13	Wave Distillery and Breweries, Ltd. Aligarh	Bagpiper Superior Whisky	Economy	Department	750	54.28	280.71	5.38	70.86	411.23	420	8.77	289.48			
					180	14.32	67.37	1.29	17.01	99.99	100	0.01	67.38			
				Audit	180	13.75	67.37	1.29	17.01	99.42	100.00	0.58	67.95	0.57	2,59,70,016	1,48,02,909
14		McDowell's Green Label The Rich Blend Whisky	Economy	Department	750	70.00	292.50	5.85	74.00	442.35	450	7.65	300.15			
					180	18.25	70.20	1.40	17.76	107.61	110	2.39	72.59			
				Audit	180	17.52	70.20	1.40	17.76	106.88	110.00	3.12	73.32	0.73	25,38,144	18,52,845
15		Whit mischief Ultra Pure Vodka	Economy	Department	750	70.00	292.50	5.85	74.00	442.35	450	7.65	300.15			
					180	18.25	70.20	1.40	17.76	107.61	110	2.39	72.59			
				Audit	180	17.52	70.20	1.40	17.76	106.88	110.00	3.12	73.32	0.73	5,34,912	3,90,486
16		Evening Special Premium Whisky	Economy	Department	750	54.28	280.71	5.38	70.86	411.23	420	8.77	289.48			
					180	14.32	67.37	1.29	17.01	99.99	100	0.01	67.38			
				Audit	180	13.75	67.37	1.29	17.01	99.42	100.00	0.58	67.95	0.57	28,52,928	16,26,169
17		Raffles Matured	Economy	Department	750	54.28	280.71	5.38	70.86	411.23	420	8.77	289.48			

(Amount in ₹)																
Sl. No.	Name of the distillery	Name of the brand	Category of IMFL	Calculated by	Capacity (in ml)	EDP (per bottle)	Consideration fee (per bottle)	Wholesellers' margin	Retailers' Margin	MRP Without rounding off (7+8+9+10)	MRP rounded to next ten rupees	Additional consideration fee (12-11)	Net (8+13)	Short levy of additional consideration fee (per 180ml bottle)	Quantity despatched in bottles	Additional consideration fee short levied (15x16)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
		XXX Rum			180	14.32	67.37	1.29	17.01	99.99	100	0.01	67.38			
				Audit	180	13.75	67.37	1.29	17.01	99.42	100.00	0.58	67.95	0.57	12,64,896	7,20,991
18		Raffles Grain Vodka	Economy	Department	750	54.28	280.71	5.38	70.86	411.23	420	8.77	289.48			
				Audit	180	14.32	67.37	1.29	17.01	99.99	100	0.01	67.38			
				Audit	180	13.75	67.37	1.29	17.01	99.42	100.00	0.58	67.95	0.57	11,78,064	6,71,496
19		McDowell's No.1 Celebration XXX Rum	Economy	Department	750	70.00	292.50	5.85	74.00	442.35	450	7.65	300.15			
				Audit	180	18.25	70.20	1.40	17.76	107.61	110	2.39	72.59			
				Audit	180	17.52	70.20	1.40	17.76	106.88	110.00	3.12	73.32	0.73	77,17,776	56,33,976
Total														0.57 to 2.47	6,19,78,992	4,30,27,328

Source: Information available on the basis of Audit findings.

Notes: (1) As per the Excise Policy, EDP of 180 ml bottle is calculated after adding ₹ three to the EDP of 750 ml bottle.

(2) Consideration Fee (per 750 ml bottle) –

Regular- ₹ 260+83 per cent of EDP

Medium- ₹ 260+82 per cent of EDP

Economy - ₹ 240+75 per cent of EDP

Regular/Medium- ₹ 4+2.80 per cent of EDP

Economy- 3.75+3.00 per cent of EDP

Regular- ₹ 75+10 per cent of EDP

Medium/Economy- ₹ 60+20 per cent of EDP

(3) Wholesalers' margin -

(4) Retailers' margin -

APPENDIX-III
Application of incorrect rate of tax
(Reference Para No. 3.3)

Sl. No.	Name of the Unit	Number of dealers	Assessment year (month and year of assessment)	Name of the commodity	Value of goods	Rate of tax leviable (per cent)	Rate of tax levied (per cent)	Tax short levied (₹ in lakh)
1	DC Sec. 1 CT Ambedkar Nagar	1	2016-17 (February 2019)	Gitti and Morrum	7,413.25	5.0	0	635.28
				Black metal	4,335.42			
				MBCB	77.00			
				Cement pipe	440.00			
				Crash barrier	440.00			
				Iron steel	10,065.97	4.0	0	
				Coal	22.00			
2	JC (CC) CT G B Nagar	1	2016-17 (May 2018)	Food grain	16.50			1,221.35
				Bitumin	627.00	14.5	0	
				Emulsion CCS	77.00			
				Cement	7,879.69	15.5	0	
3	DC Sec. 17 CT Ghaziabad	1	2015-16 (March 2019)	AAC Block	395.89	14.5	5	37.61
				Fabricated ROB girder	722.25	14.0	5	
4	JC (CC) CT Meerut	1	2015-16 (March 2019)	Chopped dry dates and powder	529.06	14.0	5	47.62
				Renewal energy certificate	774.27	5.0	0	
5	DC Sec CT Kanpur Dehat	1	2014-15 (July 2017)	Cereals deemed as seed	676.84	4.0	0	27.07
				Cereals deemed as seed	616.82	4.0	0	
6	DC Sec. 14 CT Noida	1	2015-16 (July 2019)	Cosmetics	444.94	14.0	5	40.04
				Total	35,553.90			

Source: Information available on the basis of Audit findings.

APPENDIX-IV
Turnover escaping assessment
(Reference Para No. 3.4)

Sl. No.	Name of the unit	Number of dealers	Assessment year (month and year of assessment)	Name of commodity	Escaped turnover	Rate of tax leviable (per cent)	Tax short/not levied
1	JC (CC) I CT Kanpur	1	2015-16 (March 2019)	Electrical goods	8,831.58	14.0	1,236.42
2	JC (CC) II CT Kanpur	1	2014-15 (March 2018)	MS Ingot and MS bar	443.76	4.0	17.75
			2015-16 (March 2019)		321.15	4.0	12.85
3	DC Sec. 20 CT Lucknow	1	2015-16 (January 2019)	Detergent	74,307.00	14.0	10,403.00
				Others	69,386.00	5.0	3,469.00
				Payment received against works contract	750.38		26.16
4	DC Sec. 14 CT Noida	1	2015-16 (March 2019)	Cement	706.68	15.5	109.54
				Steel	405.75	4.0	16.23
				Concrete	14.40	14.5	2.09
		1	2015-16 (August 2018)	Payment received against works contract	511.14	14.0	71.56
					1,464.77	14.5	212.39
Total					1,57,142.61		15,576.99

Source: Information available on the basis of Audit findings.

APPENDIX-V
Inadmissible ITC allowed to dealers
(Reference Para No. 3.6)

Sl. No.	Name of the Unit	Number of dealers	Assessment year (month and year of assessment)	Amount of ITC irregularly allowed	Reason for disallowance	Period of interest (days)	Interest leviable
1	JC (CC) CT Bareilly	1	2015-16 (January 2019)	19.12	Excess claim of ITC	01.10.2015 to 22.01.2020 (1,575)	12.38
2	JC (CC) CT G B Nagar	1	2016-17 (July 2018)	9.57	ITC claimed on capital goods adjusted in the same year	01.10.2016 to 20.11.2019 (1,146)	4.51
			2015-16 (June 2018)	7.64	ITC claimed on capital goods adjusted in the same year	01.10.2015 to 20.11.2019 (1,512)	4.75
3	DC Sec. 5 CT Ghaziabad	1	2015-16 (June 2018)	22.27	Excess claim of ITC	01.10.2015 to 03.10.2019 (1,464)	13.40
4	JC (CC) CT Range A Noida	1	2015-16 (May 2018)	40.86	ITC claimed on higher rate	01.10.2015 to 14.11.2019 (1,506)	25.29
Total				99.46			60.33

Source: Information available on the basis of Audit findings.

APPENDIX-VI
Fitness certificates of transport vehicles not renewed
(Reference Para No. 4.3, first bullet)

Sl. No	Name of the Unit	No. of vehicles registered	No. of vehicles checked by Audit	No. of vehicles in which objection found	Period in which fitness expired	Heavy Vehicle (HV) (₹ 600+ ₹ 200) per vehicle)	Amount involved in Heavy Vehicle	Medium Vehicle (MV) (₹ 600+ ₹ 200) per vehicle)	Amount involved in Medium Vehicles	Light Vehicle (LV) commercial and three wheelers (₹ 400+ ₹ 200) per vehicle)	Amount involved in Light Vehicle commercial and three wheelers (TW)	Total Vehicles	Amount involved in MV+LV+TW)	Penalty (₹ 5,000 per vehicle)	Total amount involved
1	RTO Aligarh	29,739	2,450	530	10/17 to 11/19	233	3,26,200	12	16,800	285	2,85,000	530	6,28,000	26,50,000	32,78,000
2	ARTO Ambedkar Nagar	6,687	3,330	389	01/18 to 12/19	3	4,200	0	0	386	3,86,000	389	3,90,200	19,45,000	23,35,200
3	RTO Azamgarh	26,835	5,370	416	04/17 to 11/19	80	1,12,000	9	12,600	327	3,27,000	416	4,51,600	20,80,000	25,31,600
4	ARTO Badaun	1,607	352	173	12/16 to 12/19	40	56,000	29	40,600	104	1,04,000	173	2,00,600	8,65,000	10,65,600
5	ARTO Ballia	5,211	2,353	882	04/17 to 11/19	0	0	0	0	882	8,82,000	882	8,82,000	44,10,000	52,92,000
6	RTO Banda	1,385	635	475	02/17 to 12/19	0	0	0	0	475	4,75,000	475	4,75,000	23,75,000	28,50,000
7	RTO Bareilly	26,441	2,720	366	11/18 to 11/19	152	2,12,800	20	28,000	194	1,94,000	366	4,34,800	18,30,000	22,64,800
8	RTO Basti	8,147	3,260	173	01/17 to 12/19	49	68,600	36	50,400	88	88,000	173	2,07,000	8,65,000	10,72,000
9	ARTO Chitrakoot	3,232	994	463	12/17 to 12/19	57	79,800	10	14,000	396	3,96,000	463	4,89,800	23,15,000	28,04,800
10	ARTO Fatehpur	1,328	1,328	278	10/17 to 12/19	7	9,800	0	0	271	2,71,000	278	2,80,800	13,90,000	16,70,800
11	ARTO G.B. Nagar	6,570	999	86	12/18 to 11/19	33	46,200	53	74,200	0	0	86	1,20,400	4,30,000	5,50,400
12	RTO Ghaziabad	6,885	799	423	10/18 to 11/19	45	63,000	21	29,400	357	3,57,000	423	4,49,400	21,15,000	25,64,400
13	ARTO Ghazipur	17,493	5,229	639	01/17 to 01/20	152	2,12,800	14	19,600	473	4,73,000	639	7,05,400	31,95,000	39,00,400
14	RTO Gorakhpur	26,104	5,242	214	02/19 to 01/20	15	21,000	2	2,800	197	1,97,000	214	2,20,800	10,70,000	12,90,800
15	ARTO Hatharas	2,880	608	143	01/17 to 11/19	49	68,600	4	5,600	90	90,000	143	1,64,200	7,15,000	8,79,200

Sl. No	Name of the Unit	No. of vehicles registered	No. of vehicles checked by Audit	No. of vehicles in which objection found	Period in which fitness expired	Heavy Vehicle (HV) (₹ 600+ ₹ 200) per vehicle)	Amount involved in Heavy Vehicle	Medium Vehicle (MV) (₹ 600+ ₹ 200) per vehicle)	Amount involved in Medium Vehicles	Light Vehicle (LV) commercial and three wheelers (₹ 400+ ₹ 200) per vehicle)	Amount involved in Light Vehicle commercial and three wheelers (TW)	Total Vehicles	Amount involved in (HV+ MV+ LV+ TW)	Penalty (₹ 5,000 per vehicle)	Total amount involved
16	ARTO Jaunpur	4,029	4,029	1,055	08/17 to 12/19	29	40,600	0	0	1,026	10,26,000	1,055	10,66,600	52,75,000	63,41,600
17	RTO Jhansi	885	410	297	05/17 to 11/19	0	0	0	0	297	2,97,000	297	2,97,000	14,85,000	17,82,000
18	RTO Kanpur Nagar	31,099	6,439	438	10/18 to 11/19	309	4,32,600	99	1,38,600	30	30,000	438	6,01,200	21,90,000	27,91,200
19	RTO Lucknow	1,886	300	159	12/18 to 01/20	15	21,000	103	1,44,200	41	41,000	159	2,06,200	7,95,000	10,01,200
20	ARTO Maharajganj	11,030	2,501	431	09/17 to 01/20	53	74,200	19	26,600	359	3,59,000	431	4,59,800	21,55,000	26,14,800
21	ARTO Mathura	9,337	2,406	483	08/17 to 12/19	197	2,75,800	147	2,05,800	139	1,39,000	483	6,20,600	24,15,000	30,35,600
22	ARTO Mau	7,619	2,140	693	07/17 to 01/20	0	0	0	0	693	6,93,000	693	6,93,000	34,65,000	41,58,000
23	RTO Meerut	2,655	1,345	789	01/19 to 12/19	15	21,000	0	0	774	7,74,000	789	7,95,000	39,45,000	47,40,000
24	RTO Mirzapur	6,646	1,565	501	09/17 to 12/19	97	1,35,800	4	5,600	400	4,00,000	501	5,41,400	25,05,000	30,46,400
25	RTO Moradabad	2,300	300	91	02/19 to 12/19	42	58,800	0	0	49	49,000	91	1,07,800	4,55,000	5,62,800
26	ARTO Muzaffar Nagar	1,578	320	229	03/18 to 07/19	0	0	0	0	229	2,29,000	229	2,29,000	11,45,000	13,74,000
27	RTO Prayagraj	2,309	1,155	605	11/18 to 01/20	0	0	0	0	605	6,05,000	605	6,05,000	30,25,000	36,30,000
28	ARTO Rampur	8,278	1,686	215	08/17 to 12/19	18	25,200	3	4,200	194	1,94,000	215	2,23,400	10,75,000	12,98,400
29	ARTO Shahjahanpur	10,443	845	279	03/17 to 12/19	124	1,73,600	16	22,400	139	1,39,000	279	3,35,000	13,95,000	17,30,000
30	ARTO Sonbhadra	2,030	1,070	938	09/17 to 12/19	0	0	0	0	938	9,38,000	938	9,38,000	46,90,000	56,28,000
31	RTO Varanasi	7,796	1,000	431	03/19 to 07/19	0	0	0	0	431	4,31,000	431	4,31,000	21,55,000	25,86,000
Total		2,80,464	63,180	13,284	12/16 to 01/20	1,814	25,39,600	601	8,41,400	10,869	1,08,69,000	13,284	1,42,50,000	6,64,20,000	8,06,70,000

Source: Information available on the basis of Audit findings.

APPENDIX-VII
Private vehicle plying without certificate of fitness
(Reference Para No. 4.3, second bullet)

Sl. No.	Name of the Unit	No. of vehicles registered	No. of vehicles checked by Audit	No. of vehicles in which objection found	Period in which fitness expired	Light Private Vehicles (₹ 400+ ₹ 200) per vehicle)	Amount involved in Light Vehicles	Penalty amount @ ₹ 5,000 per vehicle	Total amount involved
1	RTO Agra	800	400	286	01/2019 to 11/2019	286	2,86,000	14,30,000	17,16,000
2	RTO Aligarh	82,468	1,170	406	10/2017 to 11/2019	406	4,06,000	20,30,000	24,36,000
3	RTO Azamgarh	30,295	6,070	203	04/2017 to 11/2019	203	2,03,000	10,15,000	12,18,000
4	ARTO Badaun	305	305	302	04/2017 to 12/2019	302	3,02,000	15,10,000	18,12,000
5	ARTO Ballia	529	529	249	04/2017 to 12/2019	249	2,49,000	12,45,000	14,94,000
6	RTO Bareilly	82,468	1,170	245	11/2018 to 11/2019	245	2,45,000	12,25,000	14,70,000
7	ARTO Chitrakoot	121	121	113	07/2017 to 11/2019	113	1,13,000	5,65,000	6,78,000
8	ARTO GB Nagar	300	200	103	12/2018 to 11/2019	103	1,03,000	5,15,000	6,18,000
9	RTO Ghaziabad	350	200	118	10/2018 to 11/2019	118	1,18,000	5,90,000	7,08,000
10	ARTO Hathras	500	300	194	01/2017 to 11/2019	194	1,94,000	9,70,000	11,64,000
11	ARTO Jaunpur	1,298	1,298	361	08/2017 to 12/2019	361	3,61,000	18,05,000	21,66,000
12	RTO Jhansi	587	350	174	01/2018 to 10/2019	174	1,74,000	8,70,000	10,44,000
13	RTO Kanpur Nagar	19,475	4,003	508	10/2018 to 11/2019	508	5,08,000	25,40,000	30,48,000
14	RTO Lucknow	873	530	376	12/2018 to 01/2020	376	3,76,000	18,80,000	22,56,000
15	ARTO Mathura	2,740	600	238	08/2017 to 04/2019	238	2,38,000	11,90,000	14,28,000
16	ARTO Mau	482	482	174	07/2017 to 11/2019	174	1,74,000	8,70,000	10,44,000
17	RTO Meerut	110	110	85	02/2019 to 12/2019	85	85,000	4,25,000	5,10,000
18	RTO Mirzapur	1,625	601	198	09/2017 to 12/2019	198	1,98,000	9,90,000	11,88,000
19	RTO Moradabad	154	154	72	02/2019 to 07/2019	72	72,000	3,60,000	4,32,000
20	RTO Prayagraj	1,594	800	363	11/2018 to 11/2019	363	3,63,000	18,15,000	21,78,000
21	ARTO Rampur	353	171	149	08/2017 to 12/2019	149	1,49,000	7,45,000	8,94,000
22	RTO Saharanpur	1,550	1,550	749	07/2017 to 11/2019	749	7,49,000	37,45,000	44,94,000
23	ARTO Shahjahanpur	33,151	460	206	03/2017 to 11/2019	206	2,06,000	10,30,000	12,36,000
24	RTO Varanasi	379	379	173	03/2019 to 12/2019	173	1,73,000	8,65,000	10,38,000
	Total	2,62,507	21,953	6,045	01/2017 to 01/2020	6,045	60,45,000	3,02,25,000	3,62,70,000

Source: Information available on the basis of Audit findings.

APPENDIX-VIII
Non-imposition of penalty on delayed payment of additional tax by UPSRTC buses
(Reference para No. 4.4)

Sl. No.	Name of the Unit	Total no. of cases	No. of cases checked by Audit	No. of cases in which objection found	Period (Penalty on Additional Tax leviable)	Delay in deposit (in months)	Total amount of penalty on delayed payment of Additional Tax (Amount in ₹)
1	RTO Ghaziabad	573	573	573	10/2018 to 12/2019	01 to 05	72,82,976
2	RTO Mirzapur	74	74	74	09/2017 to 12/2019	01 to 02	14,69,895
3	RTO Moradabad	533	533	481	02/2019 to 12/2019	01 to 01	32,48,153
4	RTO Kanpur Nagar	475	475	450	10/2018 to 11/2019	01 to 01	50,61,350
5	RTO Jhansi	242	242	241	04/2018 to 11/2019	01 to 01	33,61,886
6	ARTO Muzaffarnagar	84	84	78	01/2018 to 12/2019	01 to 01	15,18,910
7	RTO Lucknow	141	141	141	12/2018 to 12/2019	01 to 03	26,80,676
8	RTO Prayagraj	386	386	386	10/2018 to 01/2020	01 to 02	59,87,850
9	ARTO Shahjahanpur	168	168	168	07/2017 to 12/2019	01 to 01	36,00,360
10	RTO Aligarh	740	740	740	10/2017 to 12/2019	01 to 02	99,91,084
11	RTO Meerut	610	610	608	02/2019 to 12/2019	01 to 02	68,13,947
12	ARTO Rampur	57	57	57	08/2017 to 12/2019	01 to 01	12,27,881
13	RTO Varanasi	470	470	470	03/2019 to 12/2019	01 to 01	42,59,000
	Total	4,553	4,553	4,467	07/2017 to 01/2020	01 to 05	5,65,03,968

Source: Information available on the basis of Audit findings.

APPENDIX-IX
Authorisation of National Permit not renewed
(Reference para No. 4.5)

Sl. No.	Name of the Unit		Total no. of vehicles covered with National Permit	No. of Goods vehicles checked by Audit	No. of Goods vehicles in which objection found	Period of authorisation expired	Composite fee per vehicle	Renewal fee per vehicle	Total fee per vehicle	Total revenue involved
1	RTO	Agra	3,386	396	285	09/2018 to 11/2019	16,500	1,000	17,500	49,87,500
2	RTO	Bareilly	8,680	570	128	02/2019 to 11/2019	16,500	1,000	17,500	22,40,000
3	RTO	Jhansi	275	98	84	01/2018 to 10/2019	16,500	1,000	17,500	14,70,000
4	RTO	Kanpur Nagar	8,071	2,080	182	01/2019 to 11/2019	16,500	1,000	17,500	31,85,000
5	RTO	Saharanpur	202	60	58	12/2018 to 11/2019	16,500	1,000	17,500	10,15,000
6	RTO	Aligarh	6,118	1,711	236	06/2018 to 12/2019	16,500	1,000	17,500	41,30,000
7	RTO	Banda	709	150	77	10/2018 to 12/2019	16,500	1,000	17,500	13,47,500
8	RTO	Ghaziabad	4,517	600	102	01/2019	16,500	1,000	17,500	17,85,000
9	RTO	Lucknow	6,972	300	237	12/2018 to 01/2020	16,500	1,000	17,500	41,47,500
10	RTO	Meerut	1,972	500	282	02/2019 to 11/2019	16,500	1,000	17,500	49,35,000
11	RTO	Moradabad	1,116	195	60	03/2019 to 04/2019	16,500	1,000	17,500	10,50,000
12	RTO	Varanasi	289	289	144	03/2019 to 12/2019	16,500	1,000	17,500	25,20,000
Total			42,307	6,949	1,875	01/2018 to 01/2020				3,28,12,500

Source: Information available on the basis of Audit findings.

APPENDIX-X
Permit fee, application fee and penalty not levied on vehicles plying without permit
(Reference Para No. 4.6)

Sl. No.	Name of the Unit	Type of vehicles	Total no. of vehicles	No. of vehicles checked by Audit	No. of vehicles in which objection found	Application fees per vehicle	Permit fee leviable per vehicle	Penalty per vehicle	Revenue not realised (in ₹)
1	RTO Aligarh	Goods Carrier	1,711	840	94	1,200	7,500	5,000	12,87,800
2	RTO Bareilly	Goods Carrier	1,277	819	59	1,200	7,500	5,000	8,08,300
3	RTO Faizabad	School Bus	250	250	96	1,200	4,500	5,000	10,27,200
		School Maxi Cab			66	600	4,500	5,000	6,66,600
4	RTO Ghaziabad	Stage Carriage	660	200	03	1,200	7,500	5,000	41,100
		Goods Carrier	6,521	500	10	1,200	7,500	5,000	1,37,000
		Tanker	669	200	07	1,200	7,500	5,000	95,900
5	RTO Gorakhpur	Three Wheeler	15,919	3,197	205	600	2,000	5,000	15,58,000
6	RTO Kanpur Nagar	School Bus	1,238	250	20	1,200	4,500	5,000	2,14,000
		Stage Carriage	1,102	222	28	1,200	7,500	5,000	3,83,600
		Goods Carrier	11,049	2,250	59	1,200	7,500	5,000	8,08,300
		Tanker	1,957	395	07	1,200	7,500	5,000	95,900
		Three Wheeler	3,914	792	93	600	2,000	5,000	7,06,800
7	RTO Lucknow	School Bus	235	100	28	600	4,500	5,000	2,82,800
		School Maxi Cab							
		Goods Carrier	7,634	873	121	1,200	7,500	5,000	16,57,700
8	RTO Meerut	Tanker	720	300	13	1,200	7,500	5,000	1,78,100
		Three Wheeler	1,153	300	189	600	2,000	5,000	14,36,400

(Amount in ₹)										
Sl. No.	Name of the Unit	Type of vehicles	Total no. of vehicles	No. of vehicles checked by Audit	No. of vehicles in which objection found	Application fees per vehicle	Permit fee leviable per vehicle	Penalty per vehicle	Revenue not realised (in ₹)	
9	RTO Prayagraj	Three Wheeler	1,778	440	260	600	2,000	5,000	19,76,000	
10	RTO Mirzapur	School Bus	601	125	3	1,200	4,500	5,000	32,100	
		School Maxi Cab			6	600	4,500	5,000	60,600	
		Goods Carrier	4,424	889	40	1,200	7,500	5,000	5,48,000	
11	RTO Varanasi	Three Wheeler	4,618	925	303	600	2,000	5,000	23,02,800	
		Three Wheeler	1,049	260	250	600	2,000	5,000	19,00,000	
Total			68,479	14,127	1,960				1,82,05,000	

Source: Information available on the basis of Audit findings.

APPENDIX-XI
Tax/additional tax from surrendered vehicles not realised
(Reference para No. 4.8)

Sl. No.	Name of the Unit	Total no. of vehicles surrendered	No. of vehicles checked by the Audit	No. of vehicles in which objection found	Category of vehicle	Period of surrendered vehicle	Period of tax leviable		Tax leviable
1	RTO Bareilly	385	293	65	Goods vehicles/Passenger Vehicles	07/2017 to 08/2019	11/2017 to 11/2019	6,78,792	
2	ARTO Etawah	72	72	28	Goods vehicles/Passenger Vehicles	03/2017 to 06/2018	06/2017 to 11/2018	6,97,061	
3	ARTO Firozabad	138	138	14	Goods vehicles/Passenger Vehicles	01/2017 to 10/2017	04/2017 to 09/2018	3,63,315	
4	ARTO Hardoi	230	230	09	Goods vehicles/Passenger Vehicles	05/2017 to 06/2018	09/2017 to 01/2019	6,05,406	
5	RTO Kanpur Nagar	65	65	34	Goods vehicles/Passenger Vehicles	05/2017 to 05/2018	09/2017 to 09/2018	6,75,267	
6	ARTO Kanpur Dehat	117	117	09	Goods vehicles/Passenger Vehicles	04/2017 to 04/2018	08/2017 to 09/2018	3,12,458	
7	RTO Lucknow	302	302	83	Goods vehicles/Passenger Vehicles	06/2017 to 06/2019	10/2017 to 01/2020	29,52,835	
8	RTO Meerut	312	312	31	Goods vehicles/Passenger Vehicles	11/2017 to 09/2018	03/2018 to 01/2019	4,77,293	
9	ARTO Raibareli	56	56	20	Goods vehicles/Passenger Vehicles	06/2017 to 06/2018	10/2017 to 12/2018	4,41,383	
10	RTO Varansai	444	444	14	Goods vehicles/Passenger Vehicles	02/2018 to 08/2018	06/2018 to 02/2019	2,57,401	
11	ARTO Ambedakarnagar	24	24	06	Goods vehicles/Passenger Vehicles	06/2017 to 08/2019	10/2017 to 12/2019	5,37,560	
12	RTO Azamgarh	58	12	10	Goods vehicles/Passenger Vehicles	09/2017 to 05/2019	01/2018 to 11/2019	5,47,807	
13	ARTO Badaun	588	34	14	Goods vehicles/Passenger Vehicles	03/2017 to 05/2018	07/2017 to 12/2019	14,94,349	
14	ARTO Bijnor	140	54	52	Goods vehicles/Passenger Vehicles	06/2017 to 08/2019	11/2017 to 12/2019	13,43,885	
15	RTO Jhansi	132	55	16	Goods vehicles/Passenger Vehicles	05/2017 to 05/2019	10/2017 to 11/2019	11,55,425	
16	ARTO Shahjahanpur	45	39	35	Goods vehicles/Passenger Vehicles	02/2017 to 11/2019	06/2017 to 12/2019	18,34,364	
Total		3,108	2,247	440		01/2017 to 11/2019	04/2017 to 01/2020	1,43,74,601	

Source: Information available on the basis of Audit findings.

APPENDIX-XII
Short levy of stamp duty on mining lease deeds
(Reference para No. 5.4)

Sl. No.	Name of the Unit	No. of objections found	Total royalty recoverable in five years	Total DMF recoverable in five years	Total amount of royalty and DMF contribution	Rounded to thousand for calculation of stamp duty	Leviable Stamp Duty	Stamp duty paid	(Amount in ₹)	
									Difference of stamp duty	
1	DMO Azamgarh	2	53,44,39,234	5,34,43,923	58,78,83,157	58,78,83,000	1,17,57,660	68,51,100		49,06,560
2	DMO Sant Kabir Nagar	3	1,90,86,28,563	19,08,62,856	2,09,94,91,419	2,09,94,91,000	4,19,89,820	3,81,74,050		38,15,770
3	DMO Prayagraj	7	1,63,71,43,616	16,37,14,362	1,80,08,57,978	1,80,08,58,000	4,25,85,348	3,81,06,203		44,79,145
	Total	12	4,08,02,11,413	40,80,21,141	4,48,82,32,554	4,48,82,32,000	9,63,32,828	8,31,31,353		1,32,01,475

Source: Information available on the basis of Audit findings.

APPENDIX-XIII
Royalty and contribution to DMFT not deposited
(Reference para No. 5.5)

Sl. No.	Name of the Unit	Total no. of leases checked by Audit	No. of lessees under objection	Amount of royalty due	Period of royalty	Amount of royalty Paid	Difference amount of royalty	Contribution to be made to DMFT	Contribution made to DMFT	Difference amount of contribution to DMFT	Total due of royalty and contribution to DMFT
1	DMO Auraiya	2	2	101024825	07/2018 to 04/2019	91449412	9575413	10102483	1184350	8918133	18493546
2	DMO Ballia	1	1	31939600	01/2019 to 04/2019	0	31939600	3193960	0	3193960	35133560
3	DMO Gonda	3	3	118035720	01/2018 to 04/2019	106792840	11242880	11803572	0	11803572	23046452
4	DMO Jhansi	25	18	74660651	12/2018 to 04/2019	65191030	9469621	7466065	0	7466065	16935686
5	DMO Mahoba	31	20	20710676	04/2019	0	20710676	2071068	0	2071068	22781744
6	DMO Prayagraj	25	7	139093500	01/2019 to 04/2019	1400000	137693500	13909350	0	13909350	151602850
7	DMO Sant Kabir Nagar	3	3	244896776	01/2018 to 04/2019	244896776	0	24489678	14755606	9734072	9734072
8	DMO Sonbhadra	29	5	251322138	04/2019	0	251322138	25132214	0	25132214	276454352
	Total	119	59	981683886	01/2018 to 04/2019	509730058	471953828	98168390	15939956	82228434	554182262

Source: Information available on the basis of Audit findings.

APPENDIX-XIV
Price of minerals and penalty not realised from contractors for works executed without transit passes
(Reference para No. 5.6.1, first bullet)

Sl. No.	Name of the Unit	Total no. of cases	No. of cases checked by Audit	No. of objections found	Period of royalty	Paid royalty	Price of mineral due	Penalty leviable	Total amount due
1	DMO Basti	140	41	41	11/2016 to 01/2019	10,84,464	54,22,320	10,25,000	64,47,320
2	DMO Bijnore	135	135	135	06/2017 to 05/2019	11,04,308	55,21,540	33,75,000	88,96,540
3	DMO Hapur	160	41	41	05/2015 to 12/2018	26,31,345	1,31,56,725	10,25,000	1,41,81,725
4	DMO Jhansi	236	236	40	11/2018 to 06/2019	10,85,116	54,25,580	10,00,000	64,25,580
5	DMO Lucknow	1,215	144	137	04/2015 to 05/2019	3,28,37,430	16,41,87,150	34,25,000	16,76,12,150
6	DMO Meerut	791	224	224	04/2016 to 05/2019	95,23,323	4,76,16,615	56,00,000	5,32,16,615
7	DMO Prayagraj	1,296	430	430	04/2015 to 06/2019	5,28,69,351	26,43,46,755	1,07,50,000	27,50,96,755
	Total	3,973	1,251	1,048		10,11,35,337	50,56,76,685	2,62,00,000	53,18,76,685

Source: Information available on the basis of Audit findings.

APPENDIX-XV
Non-deduction of royalty, price of mineral and penalty on illegal transportation of mineral from the bills of contractors by the executing agencies
(Reference para No. 5.6.1, second bullet)

Sl. No.	Name of the Unit	No. of cases checked by Audit	No. of objections found	Royalty deducted from bills (at lower rate)	Royalty to be deducted	Difference of royalty	Price of mineral due	Penalty	Total amount due
1	2	4	5	6	7	8	9	10	11
1	DMO Lucknow	245	10	2,71,80,880	2,85,37,088	13,56,208	14,26,85,440	2,50,000	14,42,91,648
2	DMO Mathura	305	60	18,01,435	28,57,079	10,55,644	1,42,85,395	15,00,000	1,68,41,039
3	DMO Meerut	94	28	0	36,49,218	36,49,218	1,82,46,089	7,00,000	2,25,95,307
4	DMO Prayagraj	820	414	55,15,292	1,19,40,999	64,25,707	5,97,04,995	1,03,50,000	7,64,80,702
5	DMO Raebareli	30	28	55,15,513	3,26,93,379	2,71,77,866	16,34,66,896	7,00,000	19,13,44,762
Total		1,494	540	4,00,13,120	7,96,77,763	3,96,64,643	39,83,88,815	1,35,00,000	45,15,53,458

Source: Information available on the basis of Audit findings.

APPENDIX-XVI

**Non-realisation of royalty and price of mineral due to submission of fake/irregular MM-11 forms before the executing agencies
(Reference para No. 5.6.2)**

Submission of fake/duplicate/office copy/check post copy of MM-11 forms as evidence of royalty paid (part 'A' of the para)

											(Amount in ₹)
Sl. No.	Name of the Unit	No. of cases test-checked	No. of objections found	Quantity in cu.m.	Royalty due	Royalty deducted	Difference of royalty	Price of mineral due	Penalty leviable	Total amount due	
1	DMO Prayagraj	675	197	3,643.50	2,88,210	0	2,88,210	14,41,050	49,00,000	66,29,260	
2	DMO Lucknow	135	7	86.00	7,370	0	7,370	36,850	1,75,000	2,19,220	
	Total	810	204	3,729.50	2,95,580	0	2,95,580	14,77,900	50,75,000	68,48,480	

Source: Information available on the basis of Audit findings.

Dates of MM-11 forms were after the dates of completion of work (part 'B' of the para)

											(Amount in ₹)
Sl. No.	Name of the Unit	No. of cases test-checked	No. of objections found	Quantity in cu.m.	Royalty due	Royalty deducted	Difference of royalty	Price of mineral due	Penalty leviable	Total amount due	
1	DMO Prayagraj	395	104	908.56	1,07,075	0	1,07,075	5,35,375	26,00,000	32,42,450	
2	DMO Lucknow	220	42	377.70	48,915	0	48,915	2,44,575	10,50,000	13,43,490	
	Total	615	146	1,286.26	1,55,990	0	1,55,990	7,79,950	36,50,000	45,85,940	

Source: Information available on the basis of Audit findings.

MM-11 forms were meant for other destinations (part 'C' of the para)

											(Amount in ₹)
Sl. No.	Name of the Unit	No. of cases test-checked	No. of objections found	Quantity in cu.m.	Royalty due	Royalty deducted	Difference of royalty	Price of mineral due	Penalty leviable	Total amount due	
1	DMO Prayagraj	240	24	297.84	41,721	0	41,721	2,08,605	6,00,000	8,50,326	
2	DMO Lucknow	1,233	902	11,399.50	16,20,019	0	16,20,019	81,00,095	2,25,50,000	3,22,70,114	
	Total	1,473	926	11,697.34	16,61,740	0	16,61,740	83,08,700	2,31,50,000	3,31,20,440	

Source: Information available on the basis of Audit findings.

More than one MM-11 form issued for one vehicle at the same time (part 'D' of the para)

											(Amount in ₹)	
Sl. No.	Name of the Unit	No. of cases test-checked	No. of objections found	Quantity in cu.m.	Royalty due	Royalty deducted	Difference of royalty	Price of mineral due	Penalty leviable	Total amount due		
1	DMO Prayagraj	210	36	417	48,000	0	48,000	2,40,000	9,00,000	11,88,000		
2	DMO Lucknow	320	74	843	93,660	0	93,660	4,68,300	18,50,000	24,11,960		
	Total	530	110	1,260	1,41,660	0	1,41,660	7,08,300	27,50,000	35,99,960		

Source: Information available on the basis of Audit findings.

Submission of cancelled MM-11 forms (part 'E' of the para)

											(Amount in ₹)	
Sl. No.	Name of the Unit	No. of cases test-checked	No. of objections found	Quantity in cu.m.	Royalty due	Royalty deducted	Difference of royalty	Price of mineral due	Penalty leviable	Total amount due		
1	DMO Prayagraj	60	16	156	24,960	0	24,960	1,24,800	4,00,000	5,49,760		
	Total	60	16	156	24,960	0	24,960	1,24,800	4,00,000	5,49,760		

Source: Information available on the basis of Audit findings.

APPENDIX-XVII
Royalty, permit application fees and DMFT contribution not realised from the brick kiln owners
(Reference para No. 5.7, first bullet)

Sl. No.	Name of the Unit	Category	No. of cases checked by the Audit	No. of objections found	Period of royalty	Royalty due	Royalty due on <i>palothan</i> soil	Total royalty due	Permit application fees due	Contribution to be made to DMFT	Total Royalty, <i>palothan</i> , permit application fee and DMFT contribution due from the brick kiln owners
1	DMO Auraiya	A	150	34	2014-15 to 2017-18	66,98,700	7,67,610	74,66,310	86,000	4,54,005	80,06,315
2	DMO Bijnore	A	100	60	2017-18	89,64,000	8,96,400	98,60,400	1,20,000	9,86,040	1,09,66,440
3	DMO Ghazipur	C	240	179	2016-17 & 2017-18	1,45,44,900	14,54,490	1,59,99,390	3,66,000	15,99,939	1,79,65,329
4	DMO Gonda	C	110	56	2017-18	44,65,800	4,46,580	49,12,380	1,12,000	4,91,238	55,15,618
5	DMO Mau	C	85	58	2017-18	42,44,400	4,24,440	46,68,840	1,16,000	4,66,884	52,51,724
6	DMO Raebareli	B	300	87	2015-16 to 2017-18	1,70,50,500	23,44,950	1,93,95,450	2,78,000	19,39,545	2,16,12,995
7	DMO Sultanpur	C	115	106	2016-17 & 2017-18	1,03,22,100	10,32,210	1,13,54,310	2,54,000	11,35,431	1,27,43,741
	Total		1,100	580		6,62,90,400	73,66,680	7,36,57,080	13,32,000	70,73,082	8,20,62,162

Source: Information available on the basis of Audit findings.

APPENDIX-XVIII
Regulating fees and permit application fees not realised from the brick kiln owners
(Reference para No. 5.7, second bullet)

Sl. No.	Name of the Unit	Category	No. of cases checked by Audit	No. of objections found	Period of regulating fee	Regulating fees due	Permit application fees due	Total regulating fees and permit application fee due
1	DMO Auraiya	A	30	27	2018-19	44,19,900	54,000	44,73,900
2	DMO Bijnore	A	90	46	2018-19	69,82,200	92,000	70,74,200
3	DMO Gonda	C	110	71	2018-19	56,18,700	1,42,000	57,60,700
4	DMO Mathura	A	52	34	2018-19	55,24,200	68,000	55,92,200
5	DMO Mirzapur	C	96	96	2018-19	89,42,400	1,92,000	91,34,400
6	DMO Moradabad	A	150	62	2018-19	95,36,400	1,24,000	96,60,400
7	DMO Raebareli	B	100	65	2018-19	78,92,100	1,30,000	80,22,100
Total						4,89,15,900	8,02,000	4,97,17,900

Source: Information available on the basis of Audit findings.

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