

**Report of the  
Comptroller and Auditor General of India  
on  
Revenue Sector  
for the year ended 31 March 2018**



लोकहितार्थं सत्यनिष्ठा  
Dedicated to Truth in Public Interest



**Government of Madhya Pradesh**  
*Report No. 2 of the year 2019*



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Comptroller and Auditor General of India  
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## **PREFACE**

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2018 has been prepared for submission to the Governor of Madhya Pradesh under Article 151 of the Constitution of India.

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

The instances mentioned in this Report are those, which came to notice in the course of test audit during the period 2017-18 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 2017-18 have also been included, wherever necessary.

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





# OVERVIEW



## OVERVIEW

This Report contains an Audit on “Mining Receipts from Major Minerals in Madhya Pradesh” and 19 paragraphs relating to State Excise, Taxes on sales, trade etc., Taxes on Vehicles, Stamps Duty and Registration Fees, Mining Receipts and Land Revenue. The total financial implication of the Report is ₹ 300.81 crore. The Government/Departments have accepted audit observations involving ₹ 90.15 crore out of which ₹ 4.85 crore was recovered. Some of the major findings are summarised below:

### 1 General

The total receipts of the State Government amounted to ₹ 1,34,875.41 crore for 2017-18 against ₹ 1,23,306.79 crore for 2016-17. The State’s own revenue was ₹ 53,872.05 crore (39.94 *per cent* of total receipts); the share of receipts from Government of India was ₹ 81,003.36 crore (60.06 *per cent* of total receipts).

#### (Paragraph 1.2.1)

Audit observed wide variations between the budget estimates and actual receipts under various heads of accounts. The Finance Department did not provide any evidence to show that budget estimates were prepared after due consultations with the administrative Departments concerned or after considering the actual trend of receipts.

#### (Paragraph 1.2.3)

Arrears of revenue as on 31 March 2018 on Taxes on sales, trade, etc., State Excise, Stamps Duty and Registration Fees, Mining Receipts, and Taxes and Duties on Electricity amounted to ₹ 6,057.26 crore of which ₹ 2,553.81 crore was outstanding for more than five years.

There was no mechanism to monitor the progress of collection of arrears or to assess reasons for accumulation of arrears. The Departments do not have a database of outstanding arrears at Apex level. Figures of outstanding arrears are compiled each year, at the instance of Audit, from the data furnished by field units.

#### (Paragraph 1.3)

Analysis of Inspection Reports disclosed that 25,030 paragraphs involving potential revenue of as much as ₹ 23,884.71 crore relating to 5,477 IRs were outstanding at the end of June 2018.

#### (Paragraph 1.5)

Audit test-checked records of 287 out of 980 units relating to Commercial Tax, State Excise, Taxes on Vehicles, Land Revenue, Stamp Duty and Registration Fees, Mining Receipts during 2017-18 and observed underassessment/short levy/loss of revenue amounting to ₹ 1,542.04 crore in 77,886 cases. The Departments concerned accepted underassessment and other deficiencies of ₹ 459.11 crore involved in 7,840 cases which were pointed out in audit during 2017-18 and recovered ₹ 42 lakh in 199 cases.

#### (Paragraph 1.7)

## **2 State Excise**

Fifteen licensees of AEC, Indore deposited ₹ 1.20 crore in Treasury instead of payable Excise Duty and License Fees of ₹ 37.42 crore by tampering with 1,061 challans produced to the Department, which were not reconciled with Treasury's records. The weak internal control in the Department led to loss of revenue ₹ 36.22 crore. Similar issues of weak internal control, like lack of monitoring, non-conducting of internal audit, absence of reconciliation of receipts between Department and Treasury were also found in five other AEC Offices which might be a red flag for potential fraud.

**(Paragraph 2.7)**

## **3 Commercial Tax**

The Commercial Tax Department has failed to comply with the orders (December 2015) of the PAC to establish an Internal Audit Wing and on initiating measures to ensure non-recurrence of irregularities pointed out by Audit in earlier Reports.

**(Paragraph 3.3)**

The Assessment Authorities (AAs) under-assessed the taxable turnover by ₹ 37.83 crore. As a result, tax of ₹ 2.91 crore and penalty of ₹ 3.25 crore could not be levied.

**(Paragraph 3.6)**

The AAs allowed input tax rebate (ITR) of ₹ 48.07 crore against the admissible ITR of ₹ 45.17 crore resulting in short realisation of ₹ 5.10 crore including penalty of ₹ 2.20 crore in 70 assessment cases.

**(Paragraph 3.7)**

The AAs did not levy Entry Tax or levied it at incorrect rates on goods, like machinery, stones, motor car auto parts, cement, iron and steel, oils, arms and ammunition, soyabean, HDPE woven bags, coal, etc. on their entry into local area. As a result, Entry Tax amounting to ₹ 1.94 crore could not be realised and penalty of ₹ 2.52 crore remained un-imposed.

**(Paragraph 3.8)**

The AAs failed in implementing the provision of the MPVAT Act, Rules and departmental circulars in order to classify the commodities correctly and apply the appropriate rate of tax. This resulted in short levy of VAT of ₹ 1.32 crore and penalty of ₹ 1.73 crore.

**(Paragraph 3.9)**

The AAs failed in implementation of provisions of the Central Sales Tax Act regarding applicability of the appropriate rate of tax. This resulted in short realisation of tax of ₹ 1.43 crore and non-levy of penalty of ₹ 26.30 lakh.

**(Paragraph 3.10)**

## **4 Mining Receipts**

Audit on “Mining Receipts from Major Minerals in Madhya Pradesh” revealed the following:

- There was lack of proper inspections by higher authorities of the Department, resulting in inadequate monitoring of the functioning of the subordinate offices. As a result, issues of procedural lapses and non-compliance of provisions of Acts and Rules remained undetected.

**(Paragraph 4.5.6.2)**

- The failure in monitoring the cases of idle/inoperative mines on the part of the Department/Government resulted in blockage of revenue. Had these leases been re-allotted to other willing bidders, the Government could have earned revenue in the form of Royalty, Dead Rent, Stamp Duty and Registration Fees.

**(Paragraph 4.5.7)**

- The laxity in maintenance of *khatouni* indicated a serious risk which made it impossible to verify production and despatch of minerals, accurately assess the Royalty payable, and Royalty paid and outstanding due from lessees.

**(Paragraph 4.5.8)**

- The Department did not complete assessments timely. Hence, Department was not in a position to verify the correctness of extraction/despaches of minerals and amount of due/paid royalty by the lessees. As a result, leakage of revenue, if any, can neither be prevented nor assessed.

**(Paragraph 4.5.9)**

- The Department failed to detect illegal mining cases by the Mining Surveillance System (MSS), defeating the very purpose of this system and also failed to introduce a system for arresting the increase of illegal mining activities of minor minerals in the State.

**(Paragraph 4.5.10)**

- DMO, Singrauli failed to assess the sale of coal from the books of accounts submitted with monthly returns filed by the lessee, resulting in short realisation of royalty amounting to ₹ 161.80 crore.

**(Paragraph 4.5.11)**

- The DMOs failed to levy Rural Infrastructure and Road Development Tax of ₹ 5.28 crore in 109 mining leases of idle mines.

**(Paragraph 4.5.16)**

#### **Audit observations of Compliance Audit**

Fourteen mining lessees of idle mines had not paid Rural Infrastructure and Road Development Tax of ₹ 1.08 crore. Besides, penalty of ₹ 3.25 crore was also not imposed, resulting in short realisation of revenue of ₹ 4.33 crore, including penalty.

**(Paragraph 4.6)**

The DMOs recovered Contract Money of ₹ 0.95 crore from six trade quarries, against recoverable amount of ₹ 3.22 crore. As a result, Contract Money of ₹ 2.27 crore was not realised/short realised.

**(Paragraph 4.7)**

The District Collectors failed to recover Dead Rent of ₹ 1.51 crore in 157 quarry lessees and three mining lessees.

**(Paragraph 4.8)**

The DMOs failed to execute the supplementary deed with 13 lessees for extended period and register them with Registration and Stamps Department. However, sanctions for extension were granted to lessees by the Collectors concerned. This resulted in short levy of Stamp Duty and Registration Fee amounting to ₹ 1.01 crore.

**(Paragraph 4.9)**

Nine lessees had paid royalty of ₹ 1.12 crore on mining lease, against payable royalty of ₹ 2.04 crore, for consumption/transportation of minerals. As a result, royalty of ₹ 92.63 lakh was not/short realised.

**(Paragraph 4.10)**

The DMOs failed to recover interest on belated payments of Contract Money/Dead Rent from 72 lessees, resulting in short realisation of revenue of ₹ 64 lakh.

**(Paragraph 4.11)**

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

District Registrars (DRs) failed to finalise 328 cases involving revenue amounting to ₹ 3.33 crore referred to them by 11 Sub-Registrars (SRs) for determination of market value of properties, within the stipulated period of three months for disposal.

**(Paragraph 5.6)**

The Sub-Registrars failed to levy Stamp Duty and Registration Fee of ₹ 2.55 crore in 15 mining leases at the time of registration of mining lease deeds executed between DMOs and lessees concerned.

**(Paragraph 5.7)**

The Sub-Registrars failed to determine the correct amount of payable or deliverable under three documents of lease deeds registered, resulting in short levy of Stamp Duty and Registration Fees of ₹ 35.83 lakh.

**(Paragraph 5.8)**

## **6 Land Revenue**

The Collectors and *Tahsildars* failed to levy correct rate of diversion rent and premium and also did not impose penalty on wilful defaulters. This resulted in short realisation of diversion rent of ₹ 19.25 lakh, premium of ₹ 59.30 lakh and penalty of ₹ 38.06 lakh during the period 2009-17. Total revenue loss to the Government was ₹ 1.17 crore.

**(Paragraph 6.6)**

*Tahsildars* failed to recover the penalty of ₹ 84.06 lakh in 962 cases arising out of unauthorised possession and enforce the provision of the act in checking unauthorised occupation or possession of Government land.

**(Paragraph 6.7)**

## **7 Taxes on Vehicles**

Vehicles tax was not/short paid by the vehicle owners for 3,270 vehicles for the period between April 2014 and March 2017. The transport authorities did not issue demand notices for the outstanding amount and did not take action to seize and detain motor vehicles for non-payment of tax. As a result, vehicle tax of ₹ 11.21 crore and penalty of ₹ 4.38 crore on the unpaid amount of tax were not realised.

**(Paragraph 7.6)**

Failure of the Taxation Authorities to apply correct rate of tax resulted in short realisation of vehicle tax of ₹ 1.46 crore and penalty ₹ 1.07 crore in respect of private individuals. This resulted in revenue loss of ₹ 2.53 crore.

**(Paragraph 7.7)**

Most of the audit observations are of a nature that may reflect similar errors/omissions in other units of the concerned State Government department, but were not covered in the test check conducted during the year. The Department/Government may therefore like to internally examine all other units with a view to ensuring that they are functioning as per requirement and rules.





# **CHAPTER – 1**

## **GENERAL**



# CHAPTER 1 GENERAL

## 1.1 Introduction

This Chapter presents the overview of the trend of receipts raised by the Government of Madhya Pradesh, arrears of revenue, pendency of refund cases and response of the Government/Departments towards audit.

## 1.2 Trend of Revenue Receipts

**1.2.1** The tax and non-tax revenue raised by the Government of Madhya Pradesh, the State's share of net proceeds of divisible Union Taxes and Duties assigned to the State and Grants-in-aid received from the Government of India (GoI) for the period 2013-18 are shown in **Table 1.1** below:

**Table 1.1**  
**Trend of Revenue Receipts**

(₹ in crore)

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1	2	3	4	5	6	7
1.	<b>Revenues raised by the State Government</b>					
	• Tax revenue	33,552.16	36,567.31	40,213.66	44,193.65	44,810.86
	Percentage of growth to previous year	9.71	8.99	9.97	9.90	1.40
	• Non-Tax revenue	7,704.99	10,375.23	8,568.79	9,086.51	9,061.19
	Percentage of growth to previous year	10.07	34.66	(-) 17.41	6.04	(-) 0.28
	<b>Total (A)</b>	<b>41,257.15</b>	<b>46,942.54</b>	<b>48,782.45</b>	<b>53,280.16</b>	<b>53,872.05</b>
2.	<b>Receipts from the Government of India</b>					
	• Share of net proceeds of divisible Union Taxes and Duties	22,715.27	24,106.80	38,397.84	46,064.10	50,853.07 <sup>1</sup>
	• Grants-in-aid	11,776.82	17,591.44	18,330.31	23,962.53	30,150.29
	<b>Total (B)</b>	<b>34,492.09</b>	<b>41,698.24</b>	<b>56,728.15</b>	<b>70,026.63</b>	<b>81,003.36</b>
3.	<b>Total revenue receipts of the State Government (A+B=C)</b>	<b>75,749.24</b>	<b>88,640.78</b>	<b>1,05,510.60</b>	<b>1,23,306.79</b>	<b>1,34,875.41</b>
4.	<b>Percentage of A to C</b>	<b>54</b>	<b>53</b>	<b>46</b>	<b>43</b>	<b>40</b>

(Source: Finance Accounts of the Government of Madhya Pradesh)

The increase (₹ 11,568.62 crore; 9.38 per cent) in revenue receipts during 2017-18 as compared to 2016-17 was mainly due to increase in Grants-in-aid assigned to the State by GoI (25.82 per cent), share of net proceeds of

<sup>1</sup> For details, please see Statement No.14-“Detailed accounts of revenue and capital receipts by Minor Heads” in the Finance Accounts of the Government of Madhya Pradesh for the year 2017-18. Figures under the head “Share of net proceeds assigned to States” under Major Heads “0005-Central Goods and Services Tax” (₹ 716.48 crore), “0008-Integrated Goods and Services Tax” (₹ 5,132.48 crore), “0020-Corporation Tax” (₹ 15,568.92 crore), “0021-Taxes on Income other than Corporation Tax” (₹ 13,146.86 crore), “0032-Taxes on wealth” (₹ (-) 0.47 crore), “0037-Customs” (₹ 5,130.90 crore), “0038-Union Excise duties” (₹ 5,363.30 crore) and “0044-Service Tax” (₹ 5,794.60 crore), booked in the Finance Accounts under A-Tax Revenue have been excluded from the revenue raised by the State and included in the State's share of divisible Union Taxes in this statement.

divisible Union Taxes and Duties (10.39 per cent), more collection of taxes on State Excise (9.46 per cent), Stamp Duty and Registration Fees (21.99 per cent) and Taxes on Vehicles (19.55 per cent). It was partly counterbalanced by less receipt under Taxes on Goods and Passengers (69.53 per cent), Education, Sports, Art and Culture (28.20 per cent), Power (45.47 per cent), Major and Medium Irrigation (28.73 per cent), other administrative services (31.57 per cent) and Medical and Public Health (22.78 per cent).

1.2.2 Details of the Tax Revenue raised during the period 2013-14 to 2017-18 are given in Table 1.2 below:

**Table 1.2**  
**Details of Tax Revenue**

(₹ in crore)

Sl. No.	Head of Revenue	2013-14	2014-15	2015-16	2016-17	2017-18	Percentage of increase (+)/ decrease (-) in actual of 2017-18 in comparison to	
		BE Actual	BE Actual	BE Actual	BE Actual	BE Actual	BE of 2017-18	Actual of 2016-17
1.	Taxes on sales, trade, etc.	<u>16,500.00</u> 16,649.85	<u>19,500.00</u> 18,135.96	<u>21,300.00</u> 19,806.15	<u>22,000.00</u> 22,561.12	<u>15,187.00<sup>2</sup></u> 14,984.04	-	-
2.	State Goods and Services Tax <sup>3</sup>	NA	NA	NA	NA	<u>9,820.00</u> 8,696.12	-	-
3.	State Excise	<u>5,750.00</u> 5,907.39	<u>6,730.00</u> 6,695.54	<u>7,800.00</u> 7,922.84	<u>9,000.00</u> 7,532.59	<u>8,600.00</u> 8,245.01	(-) 4.13	(+) 9.46
4.	Stamp Duty and Registration Fees	<u>4,000.00</u> 3,400.00	<u>4,000.00</u> 3,892.77	<u>4,700.00</u> 3,867.69	<u>4,500.00</u> 3,925.43	<u>4,300.00</u> 4,788.51	(+) 11.36	(+) 21.99
5.	Taxes on Goods and Passengers	<u>2,640.00</u> 2,578.74	<u>2,900.00</u> 2,686.39	<u>3,200.00</u> 3,084.76	<u>4,200.00</u> 3,805.04	<u>1,100.00<sup>4</sup></u> 1,159.30	(+) 5.39	(-) 69.53
6.	Taxes and duties on Electricity	<u>1,600.00</u> 1,972.20	<u>2,050.00</u> 2,010.20	<u>2,200.00</u> 2,257.83	<u>2,500.00</u> 2,620.53	<u>3,000.00</u> 2,590.29	(-) 13.66	(-) 1.15
7.	Taxes on Vehicles	<u>1,650.00</u> 1,598.93	<u>2,000.00</u> 1,823.84	<u>2,300.00</u> 1,933.57	<u>2,500.00</u> 2,251.51	<u>2,550.00</u> 2,691.62	(+) 5.55	(+) 19.55
8.	Land Revenue	<u>572.00</u> 366.23	<u>700.10</u> 243.10	<u>500.00</u> 276.86	<u>500.00</u> 406.65	<u>700.00</u> 490.99	(-) 29.86	(+) 20.74
9.	Others	<u>670.00</u> 1,078.82	<u>1,109.50</u> 1,079.51	<u>1,447.68</u> 1,063.96	<u>1,300.00</u> 1,090.78	<u>1,225.21</u> 1,164.98 <sup>5</sup>	(-) 4.92	(+) 6.80
	<b>Total</b>	<u><b>33,382.00</b></u> <b>33,552.16</b>	<u><b>38,989.60</b></u> <b>36,567.31</b>	<u><b>43,447.68</b></u> <b>40,213.66</b>	<u><b>46,500.00</b></u> <b>44,193.65</b>	<u><b>46,482.21</b></u> <b>44,810.86</b>	(-) 3.60	(+) 1.40

(Source: Finance Accounts and Budget Estimates of Government of Madhya Pradesh)

<sup>2</sup> Revised budget estimate due to implementation of GST.

<sup>3</sup> The figures in the BE and actual column in the Head "State Goods and Services Tax" for the year 2013-14 to 2016-17 shown as Not Applicable (NA) because the Goods and Services Tax (GST) was implemented from 01 July 2017. Pre GST period is from 01 April 2017 to 30 June 2017 and post GST period is from 01 July 2017 to 31 March 2018. Central indirect taxes such as Central Excise Duty, Additional Excise Duty, Excise Duty levied under the Medicinal and Toiletries Preparation Act, Service Tax, Additional Customs Duty (ACD), Special Additional Duty of Customs (SAD); State Indirect Taxes such as Value Added Tax, Central Sales Tax, Entry Tax, Entertainment Tax, Purchase Tax have been subsumed in GST.

<sup>4</sup> Revised budget estimate due to implementation of GST.

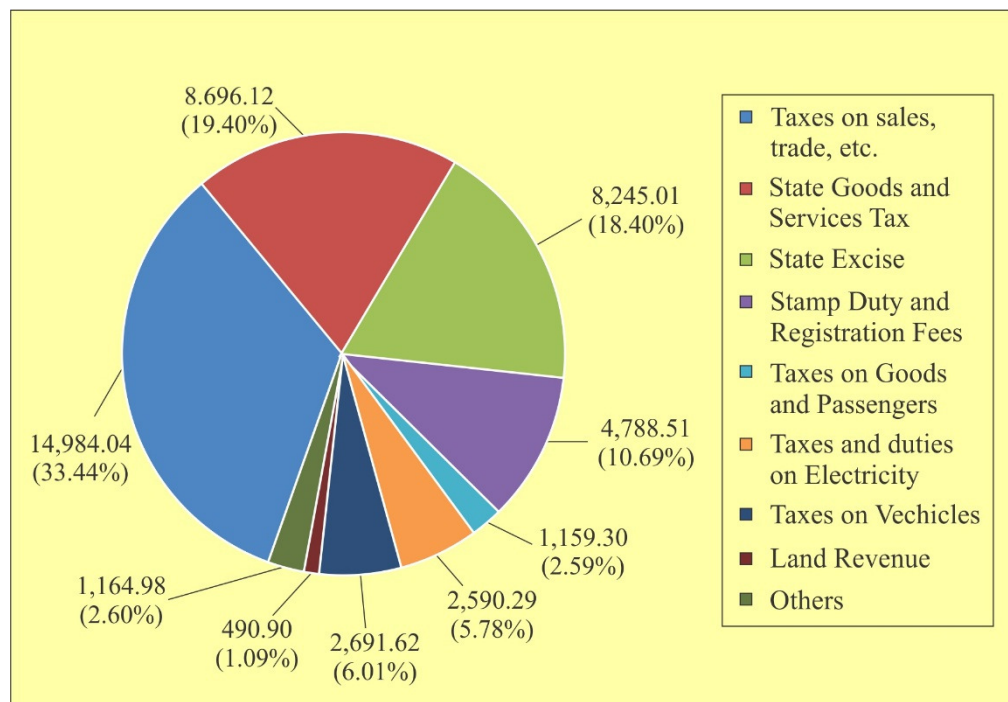
<sup>5</sup> 'Others' includes actual receipts during 2017-18 under the following Revenue Heads: Hotel receipts (₹ 0.63 crore), Taxes on income and expenditure (₹ 342.23 crore), Taxes on immovable property (₹ 643.72 crore) and other taxes and duties on commodities and services (₹ 178.40 crore).

The growth in own tax revenue was only 1.40 *per cent* during 2017-18 over the previous year due to implementation of Goods and Services Tax from 01 July 2017. GoI has also provided compensation for loss on account of rolling out of GST amounting to ₹ 2,511 crore as Grants-in-aid. If the compensation received from GoI is included in own tax, the growth would be 7.08 *per cent*.

Breakup of tax revenue is given in **Chart 1.1** below:

**Chart 1.1**  
**Tax Revenue during 2017-18**

(₹ in crore)



It can be seen from Table 1.2 that there was a variation between (-) 29.86 and (+) 11.36 *per cent* between the budget estimates and the actuals during 2017-18. Further, there was a variation of (-) 69.53 *per cent* to (+) 21.99 *per cent* between actuals of 2016-17 and 2017-18 under various heads of revenue.

The following reasons for the variations were reported by the Departments concerned:

**Stamp Duty and Registration Fees:** The increase (21.99 *per cent*) over actual of 2016-17 was mainly due to increase in Court Fees realised in Stamp Duty under “Stamps-Judicial” and 1,33,663 number of more instruments (20.87 *per cent*) registered over the previous year.

**Taxes on Goods and Passengers:** The decrease (69.53 *per cent*) over actual of 2016-17 was mainly due to decrease in receipts from toll on roads and subsuming of Entry Tax into GST.

**Taxes on Vehicles:** The increase (19.55 *per cent*) in revenue during 2017-18 over actual of 2016-17 was attributed by the Department to the special drive for achieving the revenue targets, continuous monitoring and better guidance

by senior officials. Audit observed that the tax rates were also upwardly revised on 10 January 2017;

**Land Revenue:** The increase (20.74 per cent) in revenue during 2017-18 over actual of 2016-17 was mainly due to increase in revenue receipts from ex-jamidari estate, sale of govt. estate, sale proceeds of waste lands and redemption of land tax in 2017-18. The reason for decrease (29.86 per cent) in revenue receipts over budget estimate of 2017-18 was assigned by the Department to the high budget estimate.

**1.2.3** Details of the non-Tax revenue raised during the period 2013-18 are indicated in **Table 1.3** below:

**Table 1.3**  
**Details of non-Tax Revenue**

(₹ in crore)

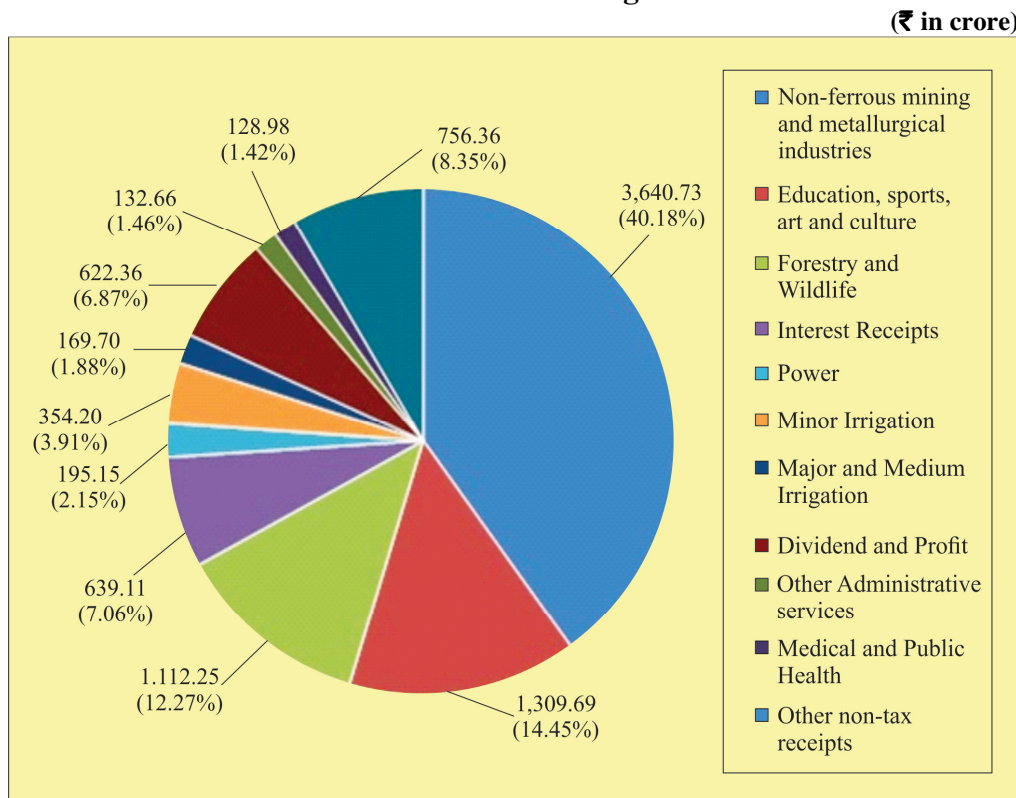
Sl. No.	Head of revenue	2013-14	2014-15	2015-16	2016-17	2017-18	Percentage of increase (+)/ decrease (-) in actual of 2017-18 in comparison to	
		BE Actual	BE Actual	BE Actual	BE Actual	BE Actual	BE of 2017-18	Actual of 2016-17
1.	Non-ferrous mining and metallurgical industries	<u>2,220.00</u> 2,306.17	<u>2,500.00</u> 2,813.66	<u>3,200.00</u> 3,059.64	<u>3,450.00</u> 3,168.28	<u>3,700.00</u> 3,640.73	(-) 1.60	(+) 14.91
2.	Education, sports, art and culture	<u>2,469.61</u> 2,008.49	<u>157.73</u> 3,276.10	<u>3,192.18</u> 1,292.41	<u>4,143.72</u> 1,824.03	<u>3,310.20</u> 1,306.69	(-) 60.43	(-) 28.20
3.	Forestry and Wildlife	<u>1,100.00</u> 1,036.80	<u>1,250.23</u> 968.77	<u>1,250.31</u> 1,001.71	<u>1,250.00</u> 917.98	<u>1,332.00</u> 1,112.25	(-) 16.50	(+) 21.16
4.	Interest receipts	<u>204.15</u> 317.85	<u>1,133.60</u> 1,260.65	<u>383.37</u> 429.47	<u>273.16</u> 581.67	<u>530.00</u> 639.11	(+) 20.59	(+) 9.88
5.	Power	<u>524.85</u> 378.66	<u>584.12</u> 381.23	<u>662.14</u> 190.09	<u>374.49</u> 357.87	<u>408.05</u> 195.15	(-) 52.17	(-) 45.47
6.	Minor Irrigation	<u>233.53</u> 219.37	<u>281.54</u> 299.77	<u>314.25</u> 326.74	<u>379.94</u> 336.24	<u>400.44</u> 354.20	(-) 11.55	(+) 5.34
7.	Major and Medium Irrigation	<u>116.86</u> 138.48	<u>120.09</u> 137.55	<u>186.08</u> 156.16	<u>120.56</u> 238.12	<u>201.57</u> 169.70	(-) 15.81	(-) 28.73
8.	Dividend and Profit	<u>41.28</u> 378.72	<u>42.26</u> 80.35	<u>32.57</u> 129.64	<u>108.83</u> 231.50	<u>288.17</u> 622.36	(+) 115.97	(+) 168.84
9.	Other Administrative services	<u>184.40</u> 380.22	<u>165.50</u> 140.21	<u>182.14</u> 147.01	<u>240.59</u> 193.87	<u>265.55</u> 132.66	(-) 50.04	(-) 31.57
10.	Medical and Public Health	<u>46.65</u> 57.76	<u>56.25</u> 120.16	<u>101.56</u> 121.04	<u>130.82</u> 167.04	<u>222.18</u> 128.98	(-) 41.95	(-) 22.78
11.	Other non-tax receipts	<u>441.67</u> 482.47	<u>467.57</u> 896.78	<u>619.38</u> 1,714.88	<u>1,008.36</u> 1,069.91	<u>1,021.57</u> 756.36 <sup>6</sup>	(-) 25.96	(-) 29.30
	<b>Total</b>	<b><u>7,583.00</u></b> <b>7,704.99</b>	<b><u>6,758.89</u></b> <b>10,375.23</b>	<b><u>10,213.98</u></b> <b>8,568.79</b>	<b><u>11,480.47</u></b> <b>9,086.51</b>	<b><u>11,679.73</u></b> <b>9,061.19</b>	<b>(-) 22.42</b>	<b>(-) 0.28</b>

(Source: Finance Accounts and Budget Estimates of Government of Madhya Pradesh)

<sup>6</sup> 'Other non-tax receipts' includes actual receipts (₹ in crore) during 2017-18 under the following heads: Public Service Commission (14.45), Police (124.33), Jail (3.86), Public Works (124.94), Stationery and Printing (13.65), Contributions and recoveries towards Pension and other Retirement Benefits (47.93), Family Welfare (0.19), Water Supply and Sanitation (17.25), Housing (26.11), Urban Development (18.41), Information and Publicity (0.23), Labour and Employment (26.63), Social Security and Welfare (24.14), Other social services (56.78), Crop Husbandry (48.88), Animal Husbandry (4.89), Dairy Development (0.05), Fisheries (9.49), Food Storage and Warehousing (0.12), Other agriculture program (2.08), Other rural development program (11.13), Petroleum (0.01), New and Renewable Energy (7.16), Village and Small Industries (15.08), Industries (4.22), Other industries (0.05), Roads and Bridges (2.76), Tourism (53.56), Other General Economic Services (31.14), Cooperation (12.73) and Miscellaneous General Services (54.11).

Breakup of non-Tax Revenue is given in **Chart 1.2:**

**Chart 1.2**  
**Non-Tax Revenue during 2017-18**



It can be seen from the Table 1.3 that there was a variation between (-) 60.43 and (+) 115.97 *per cent* between the budget estimates and the actuals during 2017-18. Further, there was a variation of (-) 45.47 *per cent* to (+) 168.84 *per cent* between actuals of 2016-17 and 2017-18 under various heads of revenue.

Further, Audit noted continuous wide variations between budget estimates prepared by the Finance Department and actual revenue (refer to **Tables 1.2** and **1.3**). As per Madhya Pradesh Financial Code, Volume-I, the Finance Department is required to prepare the budget estimates on the basis of details obtained from the Administrative Departments, which are responsible for the correctness of the material.

The Finance Department intimated (January 2019) that for the preparation of budget, all the Departments were instructed to enter the data within certain specific period in the Integrated Financial Management Information System (IFMIS)<sup>7</sup> and Mudra software. Subsequently, budget estimates were finalised after having discussion with Heads of Departments and submitted to State Legislative Assembly after approval of Cabinet.

The Finance Department also intimated to audit that the budget estimates were increased to realise the potential of the Administrative Departments to earn more revenue. However, the Finance Department did not produce minutes of

<sup>7</sup> IFMIS is a software which enables the GoMP in seamless exchange of information across various Departments and agencies and creates strong policy - plan-budget linkages.

such discussions and budget files to audit despite their request (January 2019). In the absence of records being produced, audit could not satisfy itself that such consultation had actually taken place and that the Finance Department had framed the budget estimates following due process.

### 1.3 Analysis of Arrears of Revenue

The arrears of revenue as on 31 March 2018 in respect of some principal heads of revenue amounted to ₹ 6,057.26 crore, out of which ₹ 2,553.81 crore was outstanding for more than five years, as detailed in **Table 1.4** below:

**Table 1.4**  
**Arrears of Revenue**

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2017	Total amount outstanding as on 31 March 2018	Amount outstanding for more than five years as on 31 March 2018	Replies of Department
1.	Taxes on sales, trade etc.	4,650.58	5,219.48	2,199.76	Revenue Recovery Certificates (RRCs) were issued for ₹ 281.87 crore, ₹ 2,006.68 crore was pending in various courts, ₹ 183.76 crore was pending with appellate authorities, ₹ 306.71 crore involved in Board for Industrial and Financial Reconstruction (BIFR), ₹ 878.97 crore in closed firms, ₹ 600.34 crore in attachment of immovable properties, ₹ 22.91 crore in attachment in movable properties, ₹ 14.38 crore pending for write off, ₹ 0.13 crore in installments and remaining ₹ 923.73 crore was normal recovery.
2.	State Excise	182.19	220.72	73.21	RRCs were issued for ₹ 149.13 crore, ₹ 23.09 crore was pending in courts and action for writing off an irrecoverable amount of ₹ 48.50 crore was being taken.
3.	Stamp Duty and Registration Fees	243.34	343.61	141.96	Database of arrears had not been maintained at the Department level.
4.	Non-ferrous mining and metallurgical industries	24.52	48.38	This data is not maintained by the Department	RRCs were issued for the whole amount.



5.	Taxes and Duties on Electricity	209.55	225.07	138.88	RRCs were issued for ₹ 26.83 crore. Recovery of ₹ 119.90 crore was pending in courts, ₹ 64.08 crore was under consideration for remission of interest on belated payments of electricity duty/cess, ₹ 3.67 crore was pending against sick textiles mills and ₹ 10.59 crore was pending at other stages.
<b>Total</b>		<b>5,310.18</b>	<b>6,057.26</b>	<b>2,553.81</b>	

Audit examined (December 2018 and January 2019) the files and records of five Departments<sup>8</sup> to ascertain the reasons for pendency in collection of arrears and test-checked 8,097 cases involving recovery of ₹ 306.04 crore. The RRCs were issued in all the cases, recovery was pending due to pendency in court are appellate authorities, non-initiation of action to recover the amount by selling movable/immovable properties of the defaulters, non-traceability of the individual defaulters, non-writing off of arrears which were not recoverable, etc.

It was further observed that there was no mechanism to monitor the progress of collection of arrears or to assess reasons for accumulation of arrears. The Departments do not have a data base of outstanding arrears at Apex level. Figures of outstanding arrears are compiled each year, at the instance of Audit, from the data furnished by field units.

**Recommendation:**

**The Departments should expedite creation of their own databases of outstanding arrears, introduce a mechanism for monitoring the progress of collection of arrears and fix yearly targets for recovery of arrears of revenue for each Assessing Authority. A similar recommendation was made in the Audit Report 2016-17 yet the Department has not taken any action in this regard.**

#### 1.4 Pendency of refund cases

Details of refund cases pending at the close of the year 2017-18, as reported by the Departments, are given in **Table 1.5** below:

<sup>8</sup> **State Excise Department** (DEOs Guna, Raisen and AEC Hoshangabad), **Mineral Resources Department** (DMOs Anuppur, Bhopal, Dhar, Hoshangabad, Raisen, Satna, Sehore and Shajapur), **Registration and Stamps Department** (DRs Raisen, Rewa and Sehore), **Commercial Tax Department** (Circle - 1 to 6 of Bhopal, CTOs Betul, Bhopal II and Mandideep), and **Energy Department** (EEs (E and S) Bhopal, Hoshangabad, Sehore and AE (E and S) Harda and SE (E and S) Indore).

**Table 1.5**  
**Details of pendency of refund cases**

(₹ in crore)

Sl. No.	Particulars	Taxes on sales, trade, etc.		Stamp Duty and Registration Fees		State Excise		Taxes and Duties on Electricity	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year (A)	1,166	169.01	1,884	3.92	4	0.08	174	7.36
2.	Claims received during the year (B)	5,310	715.03	6,155	17.65	377	109.76	0	0
3.	Refunds made during the year (C)	5,438	738.46	6,012	15.50	350	108.35	21 <sup>9</sup>	5.94
4.	Balance outstanding at the end of year (A+B-C=D)	1,038	145.58	2,027	5.91	31	1.49	153	1.42
5.	Percentage of refund to [C to (A+B)]	-	83.53	-	71.86	-	98.64	-	-

Audit examined records of Commercial Tax Department (CTD), Energy Department and Registration and Stamps Department in this regard and the findings are as under:

- The Commercial Tax Department revised (December 2018) the figure of pending refund cases as on April 2017 from ₹ 254.93 crore (1,187 cases) to ₹ 169.01 crore (1,166 cases). The reasons for revision were attributed to clerical error in adoption of figures in crore instead of lakh by some Divisional Offices. It shows inadequate consolidation/maintenance of database of pending refund cases.
- Audit scrutinised (December 2018) and found that refund of ₹ 1.42 crore (153 cases) in respect of taxes and duties on electricity pertaining to the years 1989-90 to 2017-18 was pending in the Office of the Chief Engineer (Electrical Safety) and Chief Electrical Inspector, Bhopal, Circle and Division Indore and Circle Ujjain. The Energy Department intimated (November 2018) that instructions had been issued (May 2018) to officials concerned for disposal of the pending cases within one month. Subsequently, Department intimated (July 2019) that all the 153 cases outstanding for refund were now no longer valid due to expiry of three year period as per provisions of Limitation Act. The Department has accordingly closed the cases. Further, Energy Department revised (January 2019) the figure of pending refund cases and their amount as on

<sup>9</sup> Department intimated (January 2019) that 21 refund case amounting to ₹ 5.94 crore pertaining to year 2005 to 2015 were filed due to expiry of three year period as per provision of Limitation Act.

31 March 2017 from ₹ 7.40 crore (175 cases) to 7.36 crore (174 cases) which indicates the deficiencies in maintenance of records of pendency of refund cases.

- Audit scrutinised (December 2018) refund cases of ₹ 19.42 lakh pertaining to the years 2013-14 to 2017-18 in respect of Registration and Stamps Department in DRs Bhopal and Hoshangabad, and found that refund could not be made due to absence of applicants and non-receipt of bank account numbers.

#### **Recommendation:**

**The Departments should strictly follow codal provisions and ensure early disposal of refund cases. The Department has not complied with the recommendation in this regard given in the Audit Report 2016-17.**

### **1.5 Response of the Departments/Government to Audit**

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

Analysis of Inspection Reports revealed that 25,030 paragraphs involving potential revenue of as much as ₹ 23,884.71 crore relating to 5,477 IRs were outstanding at the end of June 2018. Department-wise details of the IRs and audit observations are given in **Table 1.6** below:

**Table 1.6**  
**Department-wise details of IRs**

(₹ in crore)					
Sl. No	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value
1.	Commercial Tax	Taxes on sales, trade, etc.	1,738	9,759	4,093.59
2.	Energy	Taxes and Duties on Electricity	114	353	1,886.68
3.	State Excise	State Excise	416	1,724	8,245.90
4.	Revenue	Land Revenue	1,530	5,012	5,428.63
5.	Transport	Taxes on Vehicles	566	3,665	601.95
6.	Registration and Stamps	Stamp Duty and Registration Fees	753	2,571	749.75
7.	Mineral Resources	Non-ferrous mining and metallurgical industries	360	1,946	2,878.21
<b>Total</b>			<b>5,477</b>	<b>25,030</b>	<b>23,884.71</b>

For all 309 IRs issued during 2017-18, audit did not receive even the first reply from the Heads of Offices within the stipulated four weeks from the dates of issue of the IRs.

**Recommendation:**

**The Government should introduce a mechanism to ensure that Departmental Officers respond to IRs promptly, take corrective action and work closely with Audit to bring about early settlement of IRs. The same recommendation appeared in Audit Report 2016-17. However, no action has been taken by the Government yet.**

**1.5.1 Follow-up on the Audit Reports: Summarised Position**

As per the recommendations of the High Powered Committee<sup>10</sup>, *suo moto* explanatory notes on corrective/remedial measures taken on all paragraphs included in Audit Reports are required to be submitted by the Departments, duly vetted by the Accountant General, to the Public Accounts Committee (PAC) within three months<sup>11</sup> from the date of placing of the Audit Reports in the Legislature.

Explanatory Notes in respect of 112 paragraphs<sup>12</sup> of the Audit Reports for the period from 2013-14 to 2016-17 have not been received (April 2019) from State Revenue Departments (Commercial Tax, State Excise, Transport, Land Revenue, Registration and Stamps, and Mineral Resources) along with Water Resources Department.

As per the instructions issued (November 1994) by the State Legislative Affairs Department, Action Taken Reports (ATRs) on the recommendations of the PAC should be submitted within six months from the date of recommendations by the PAC. In spite of these provisions, the ATRs on audit paragraphs of the Reports were being delayed inordinately.

After issue of Recommendation Reports<sup>13</sup> by the PAC, the ATRs in respect of 143 paragraphs of the Audit Reports for the period from 1995-96 to 2011-12 (Recommendation Reports on Audit Report 2012-13 onwards are still awaited) were not received up to March 2018 from State Revenue Departments (Commercial Tax, State Excise, Transport, Land Revenue, Registration and Stamps, and Mineral Resources).

**Recommendation:**

**The Government may initiate action to address the shortcomings and system defects pointed out by Audit in order to plug the leakage of revenue. The Government may also ensure that all Departments promptly prepare ATRs on PAC recommendations.**

**1.5.2 Compliance to earlier Audit Reports**

During the period from 2012-13 to 2016-17, the Departments/Government accepted audit observations involving ₹ 3,078.13 crore, out of which only ₹ 67.37 crore was recovered till March 2018 as mentioned in **Table 1.8:**

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<sup>10</sup> High Powered Committee appointed to review the response of the State Governments to the Audit Reports of the Comptroller and Auditor General of India (Shakdher Committee Report).

<sup>11</sup> *Suo moto* replies to be furnished within three months, in case Audit paragraphs are not selected by the PAC/COPU during this period.

<sup>12</sup> 2013-14 (07), 2014-15 (03), 2015-16 (48) and 2016-17 (54).

<sup>13</sup> Received between December 2004 to February 2018 in this office.

**Table 1.8**  
**Compliance to earlier Audit Reports**

(₹ in crore)

Sl. No.	Department	Accepted money value	Amount recovered	Percentage of recovery to amount accepted
1.	Commercial Tax	700.05	1.49	0.21
2.	Land Revenue	129.52	18.43	14.22
3.	Registration and Stamps	212.26	10.56	4.97
4.	Mineral Resources	211.70	17.54	8.28
5.	Transport	86.03	4.48	5.20
6.	State Excise	48.09	11.80	24.53
7.	Forest	12.23	0.63	5.15
8.	Water Resources	1,626.24	0.00	0.00
9.	Energy	52.01	2.44	4.69
<b>Total</b>		<b>3,078.13</b>	<b>67.37</b>	<b>2.19</b>

### 1.6 Analysis of the mechanism for dealing with the issues raised by Audit

In order to assess how the Department/Government is acting upon issues raised in the Inspection Reports/Audit Reports, the actions taken on the Draft Paragraphs and PAs included in the Audit Reports of the last 10 years for Mineral Resources Department were evaluated as a test case, and included in this Audit Report.

The succeeding paragraphs 1.6.1 to 1.6.3 discuss the performance of the Mineral Resources Department under Revenue Major Head 0853 and cases detected in the course of local audit during the last 10 years and also the cases included in the Audit Reports for the years 2007-08 to 2016-17.

#### 1.6.1 Position of Inspection Reports

The summarised position of the Inspection Reports issued during the last 10 years, paragraphs included in those reports and their status as on 31 March 2018 are tabulated in **Table 1.9** below:

**Table 1.9**  
**Position of Inspection Reports**

(₹ in crore)

Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance at the end of 31 March 2018		
	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value
2008-09	285	797	803.17	32	179	368.14	05	39	161.19	312	937	1,010.12
2009-10	312	937	1,010.12	41	268	1,824.35	61	211	181.12	292	994	2,653.35
2010-11	292	994	2,653.35	37	208	282.36	130	313	193.73	199	889	2,741.98
2011-12	199	889	2,741.98	33	234	174.66	30	148	1,302.50	202	975	1,614.14
2012-13	202	975	1,614.14	35	254	147.18	04	09	0.06	233	1,220	1,761.26
2013-14	233	1,220	1,761.26	37	280	638.55	06	155	589.95	264	1,345	1,809.86
2014-15	264	1,345	1,809.86	33	200	243.90	01	20	1.53	296	1,525	2,052.23
2015-16	296	1,525	2,052.23	32	177	107.51	14	151	105.26	314	1,551	2,054.48

2016-17	314	1,551	2,054.48	33	197	502.31	16	112	115.69	331	1,636	2,441.10
2017-18	331	1,636	2,441.10	26	289	434.22	0	01	0.01	357	1,924	2,875.31

The increase in the number of outstanding paragraphs is indicative of the fact that adequate steps were not being taken by the Department to settle the number of outstanding IRs and paragraphs.

### 1.6.2 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Department and the amount recovered up to March 2018 are mentioned in **Table 1.10** below:

**Table 1.10**  
**Recovery of accepted cases**

Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	₹ in crore)	
					Amount recovered during the year (2017-18)	Cumulative position of recovery as of 31 March 2018
2007-08	1 <sup>14</sup>	395.76	1	0.11	0	63.53
2008-09	8	102.93	1	1.53	0	2.92
2009-10	11	447.89	3	138.24	0	4.71
2010-11	11	115.46	8	83.67	0	125.22
2011-12	12	80.34	3	23.92	0	39.11
2012-13	1 <sup>15</sup>	46.43	1	9.44	0.02	0.02
2013-14	8	26.29	3	7.80	0	0
2014-15	8	15.38	6	2.46	0.10	0.10
2015-16	10	43.91	8	25.17	0	0
2016-17	7 <sup>16</sup>	318.03	7	166.58	3.34	3.34
<b>Total</b>	<b>77</b>	<b>1,592.42</b>	<b>41</b>	<b>458.92</b>	<b>3.46</b>	<b>238.95</b>

It is evident that the Department's efforts for recovery of accepted outstanding amount in respect of old paragraphs were unsatisfactory during last 10 years. The recovery of accepted cases was to be pursued as arrears recoverable from the parties concerned. However, no mechanism for pursuance of the accepted cases had been put in place by the Department/Government.

The Government had not made specific provisions in the Act, or issued instructions to the Department, to fix a timeline for effecting recovery in such cases and to ensure that such irregularities do not occur in future. Therefore, non-response of the Department to Audit Report para-s not only resulted in non-recovery of deficient amount of royalty and other mining receipts but also persistence of similar natured irregularities in all the subsequent years, as reflected in respective Audit Reports. Some of them, noticed by audit during 2017-18, have been incorporated in Chapter 4 of this Report.

<sup>14</sup> One Performance Audit paragraph on "Mining receipts".

<sup>15</sup> One Performance Audit paragraph on "Mining receipts in Madhya Pradesh".

<sup>16</sup> Includes one Audit paragraph on "Sand mining and environmental consequences".

**Recommendation:**

**The Government may take special efforts to ensure recovery at least in the accepted cases which are not sub-judice.**

### 1.6.3 Action taken on the recommendations accepted by the Department/Government

The draft Performance Audit Reports (PAs) of the AG are forwarded to the Department/Government concerned for their information and replies. These PAs are also discussed in Exit Conferences and the Department's/Government's views are included while finalising the PAs for the Audit Reports.

PAs relating to Mineral Resources Department featured during the last five years in the Audit Reports, the total number of recommendations, details of the recommendations accepted by the Department/Government, and up-to-date status of accepted recommendations are given in **Table 1.11** below:

**Table 1.11**  
**Action taken on the accepted recommendations**

Year of Report	Name of the PA	Total No. of recommendations	Details of the accepted Recommendations
2012-13	“Mining Receipts in Madhya Pradesh”	13	<p>The Government may consider-</p> <ul style="list-style-type: none"> <li>• Prescribing the maintenance of appropriate registers for monitoring the submission of returns by the lessees to ensure effective control on assessment of mining receipt. Government may also enforce penalty provision to ensure better compliance.</li> <li>• Prescribing time limit for disposal of dealer license applications in the interest of revenue as well as minimize scope of illegal transportation and storage of minerals.</li> <li>• Prescribing a periodic report/return to be furnished by the MI to the higher authorities to ensure inspections of mines by the Mining Inspectors according to prescribed norms.</li> <li>• E-auction of trade quarries to obtain competitive rates in a transparent manner.</li> <li>• The Mineral Resources Department and MPPCB needs to coordinate with each other for granting permission to the lessee for annual production so that the issues of revenue leakage and environment concerns are duly addressed.</li> <li>• Pending chemical analysis/tests should be conducted in time to avoid delay in revenue realisation.</li> </ul>

			<ul style="list-style-type: none"> <li>• Setting up of an internal audit wing in the Department and ensure regular audit of the offices for strengthening levy and collection;</li> <li>• Prescribing the maintenance of appropriate records for monitoring the receipt of reports from prospecting licensees for effective control on prospecting activities;</li> <li>• Prescribing submission of the <i>Khatoni</i> to higher authorities at regular intervals for effective monitoring of its proper maintenance;</li> <li>• Prescribing mechanism for ensuring that the working of mines is strictly in accordance with the approved mining plan;</li> <li>• Introducing measures for recovery of damages caused to environment and cost of reclamation of the area due to illegal excavation of minerals;</li> <li>• Prescribing provision for levy of interest on delayed payments of Road Development Tax to ensure early receipt of Government revenue; and</li> <li>• Prescribing a system wherein the details entered in the transit passes are cross verified every month from the monthly returns furnished by the lessees.</li> </ul>
2016-17	“Sand mining and environmental consequences”	7	<ul style="list-style-type: none"> <li>• The Department may review the existing sanctioned strength of Mining Officers and Mining Inspectors and also ensure that all existing vacancies are filled.</li> <li>• The Department should either increase the security deposit equivalent to reserve price or blacklist such defaulters to discourage such practices by them from participating in bidding process in future.</li> <li>• The Department should revise agreements with MPSMCL so that the royalty on contracted quantity or actually consumed and dispatched quantity of sand, whichever is more, is collected from MPSMCL, so that Government may not incur loss of revenue.</li> <li>• The Department may evolve mechanism to monitor compliance with the conditions laid down by SEIAA for environment clearances for sand mining. For this purpose, the Department may prescribe</li> </ul>



			<p>periodic returns to closely monitor the issues related to environment clearances.</p> <ul style="list-style-type: none"> <li>• The Department may develop module and provide login access to minerals carriers to facilitate them for submission of online quarterly returns.</li> <li>• The Department may establish sufficient number of check posts in every district to prevent illegal mining and transportation.</li> <li>• The Department should prepare a Departmental Manual and set up an Internal Audit wing.</li> </ul>
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All the above recommendations of the PAs were accepted by the Department during respective Exit Conferences. However, no further action has been intimated by the Department in this regard.

**Recommendation:**

**The Government may issue instructions to the Mineral Resources Department to take appropriate actions on the accepted audit recommendations of the previous Audit Reports.**

## 1.7 Results of Audit

### Position of local audit conducted during the year

Audit test-checked records of 287 units out of 962 units relating to Commercial Tax, State Excise, Taxes on Vehicles, Land Revenue, Registration and Stamps, and Mineral Resources Departments during 2017-18 and observed under-assessment/short levy/loss of revenue amounting to ₹ 1,542.04 crore in 77,886 cases. The Departments concerned accepted the under-assessments and other deficiencies of ₹ 459.11 crore in 7,840 cases, and accepted to review 50,674 in cases involving ₹ 393.28 crore. In remaining 19,372 cases involving ₹ 689.65 crore, the Departments had differences of opinion. However, proper rebuttals were given by audit in those cases. The Departments intimated (September 2019) the recovery of ₹ 42 lakh in 199 cases.

## 1.8 Coverage of this Report

This Report contains 19 paragraphs (selected from the audit objections made during the local audit referred to above and during earlier years, which could not be included in earlier reports) and one Audit on “**Mining Receipts from Major Minerals in Madhya Pradesh**” with effect of ₹ 207.07 crore.

The Government/Departments have accepted audit observations involving ₹ 90.15 crore out of which ₹ 4.85 crore was recovered. The replies in the remaining cases, along with documents in support of actions initiated by the Department, have not been received. These are discussed in succeeding Chapters 2 to 7.

Most of the audit observations are of a nature that may reflect similar errors/omissions in other units of the concerned State Government Department, but were not covered in the test check conducted during the year.

The Department/Government may therefore like to internally examine all other units with a view to ensuring that they are functioning as per requirement and rules.

**CHAPTER – 2**  
**STATE EXCISE**



## CHAPTER 2 STATE EXCISE

### 2.1 Introduction

State Excise revenue comprises receipts from manufacture, possession and issue of liquor, *bhang* and poppy straw for sale under the provisions of the Madhya Pradesh Excise Act, 1915 (MP Excise Act) and Rules made thereunder. Under the MP Excise Act, "liquor" means intoxicating liquor, including spirits, wine, *tari*<sup>17</sup>, beer, all liquids consisting of or containing alcohol and any substance which the State Government may, by notification, declare to be liquor.

### 2.2 Tax Administration

The Principal Secretary, Commercial Tax Department is the administrative head of the State Excise Department at the Government level. The Excise Commissioner (EC) is the Head of the Department and is assisted by one Additional EC (Addl. EC), three Deputy Excise Commissioners (DEC) at Gwalior (Headquarters), seven DEC Divisional Flying Squads in Divisions, 15 Assistant Excise Commissioners (AEC) and 54 District Excise Officers (DEO) in districts. The District Collector heads the Excise administration in the district and is empowered to settle shops for retail vending of liquor and other intoxicants and is also responsible for realisation of Excise revenue.

### 2.3 Trend of Revenue Receipts

State Excise is one of the important sources of tax receipts for Madhya Pradesh and constitutes 18.40 *per cent* of the total tax receipts of Madhya Pradesh. The trend of receipts from State Excise for the last five years is exhibited in **Table 2.1**:

**Table 2.1**  
**Trend of receipts**

(₹ in crore)

Year	Budget estimates	Actual receipts	Variation of Actual receipts from Budget estimates (in per cent)
2013-14	5,750.00	5,907.39	(+) 2.74
2014-15	6,730.00	6,695.54	(-) 0.51
2015-16	7,800.00	7,922.84	(+) 1.57
2016-17	7,700.00	7,532.59	(-) 2.17
2017-18	8,600.00	8,245.01	(-) 4.12
<b>Total</b>	<b>36,580.00</b>	<b>36,303.37</b>	

(Source: Budget Estimates and Finance Accounts of the Government of Madhya Pradesh)

Above table indicates that budget estimates prepared by the Department for the year 2017-18 were not achieved and fell short by 4.12 *per cent*. Department attributed the reason for shortfall to the ban on sale of alcohol within 500 meter of National and State Highways by Hon'ble Supreme Court and closure of liquor shops on the banks of the Narmada river by the Government of Madhya Pradesh.

<sup>17</sup> *Tari* means fermented or unfermented juice drawn from any kind of palm tree.

## 2.4 Internal Audit

An Internal Audit Cell (IAC), headed by a Joint Director (Finance) assisted by six Assistant Internal Audit Officers (AIAO), conducts the internal audit of the Department. The posts of AIAO are filled in by deputation of officers from the MP Treasuries and Accounts Department. The IAC prepares roster for audit of subordinate offices every year. It was intimated by the Department that during 2017-18, a total of 43 offices were planned for auditing, out of which audit of only 25 offices were carried out by the IAC. This resulted in 42 *per cent* shortfall.

Audit scrutinised (November 2018) the Inspection Reports (2017-18) relating to internal audit of 15 district offices<sup>18</sup> and found that in majority of units, IAC had failed to address the issue of reconciliation of challans with Treasury records, delay in sending monthly reconciliation statement to Treasury Officer and EC and unduly filled *Tauzi* in prescribed format.

## 2.5 Results of Audit

During the year 2017-18, 41<sup>19</sup> out of 61 audit units of State Excise Department (one office of Excise Commissioner and 60 Excise units) were covered for audit. Revenue generated by the Department during the year 2016-17 aggregated to ₹ 7,532.59 crore, of which the audited units collected ₹ 5,039.20 crore (67 *per cent*).

During 2017-18, Audit noticed the loss of Excise Duty and other issues, amounting to ₹ 342.87 crore in 7,448 cases, which is seven *per cent* of the revenue collected by the audited units. Details are mentioned in **Table 2.2**:

**Table 2.2**  
**Results of Audit**

Sl. No.	Categories	(₹ in crore)	
		No. of cases	Amount (in crore)
1	Penalty not imposed for violation of licence agreement	3,685	92.39
2	Loss of Revenue due to fraudulent challans submitted by licensees	1,426	45.26
3	Award of tender at a price lower than reserved price	2	43.10
4	Penalty not imposed on licensees who did not send EVCs	166	41.03
5	Licence fees not levied on liquor shop	53	10.49
6	Outstanding Excise Revenue not recovered	5	5.49
7	Undue benefit to contractors	2	2.49
8	Penalty not imposed for not maintaining minimum stock in glass bottles	90	1.83
9	Irregular supply of country/foreign liquor	66	1.27
10	Other observations (short levy of bottling fees, short/non-submission of bank guarantee, failure to maintain minimum stock, excess wastage, etc.)	1,953	99.52
<b>Total</b>		<b>7,448</b>	<b>342.87</b>

<sup>18</sup> **AEC** Alirajpur, Chhatarpur, Dhar, Gwalior, Jabalpur and Khargone.  
**DEO** Ashoknagar, Dewas, Guna, Mandsaur, Neemuch, Narsinghpur, Shajapur, Tikamgarh and Vidisha.

<sup>19</sup> Office of one Deputy Commissioner, 26 DEOs and 14 AECs.

These observations were communicated to the Government and the Department during the period from May 2017 to February 2018. Out of these, the Department accepted the recovery in 3,295 cases involving ₹ 222.14 crore and assured to review 2,565 cases involving ₹ 66.76 crore. However, recovery of ₹ 10.71 lakh in 160 cases has been intimated by the Department (September 2019).

## 2.6 Follow-up of previous Audit Reports

In the Audit Reports for the period from 2012-13 to 2016-17, Audit had pointed out various observations amounting to ₹ 2,145.31 crore in 54 paragraphs against which recovery of ₹ 7.42 crore only was effected by the Department. Out of these 54 paragraphs, 15 paragraphs were selected by the Public Accounts Committee (PAC) for discussion and one para was only discussed (August 2019). No recommendations were received during 2017-18.

A case involving loss of Government revenue of ₹ 36.22 crore is mentioned in the following paragraph:

### 2.7 Non-adherence to mandatory checks like verification/ Reconciliation of challans with treasury records led to loss of revenue to the Government

**Fifteen licensees of AEC, Indore deposited ₹ 1.20 crore in treasury instead of payable Excise Duty and license fees of ₹ 37.42 crore by tampering with 1,061 challans produced to the Department, which were not reconciled with Treasury's records. The weak internal control in the Department led to loss of revenue ₹ 36.22 crore.**

As per Madhya Pradesh Financial Code, Controlling Officer of the Department concerned is required to see that the dues of Government are correctly assessed, collected and regularly paid into the Treasury. For the above, Controlling Authority must maintain a separate Departmental account and at the end of the month, prepare a *tauzi* or Departmental return from registers, giving the total receipts of the month according to their heads of revenues. It should be verified by the Treasury Officer with the Treasury Registers and the result of his verification noted at the foot of each return. If any mistake or erroneous credits are discovered in the Treasury Registers on comparison with the Departmental returns, the Treasury Officer should immediately inform the misclassification and/or erroneous credits of the Departmental return to the Controlling Authority. The Controlling Authority will reconcile discrepancies between the Departmental and Treasury accounts.

Further, as per Finance Department instructions<sup>20</sup>, the Treasury Officer is required to provide a list of all challans deposited during the month in the revenue head concerned to all the Drawing and Disbursing Officers (DDOs) under the Treasury. The DDO concerned will compulsorily verify all challans deposited with Treasury/Bank and resolve the difference, if any, with the Treasury. The Treasury Officer will not pass the pay bill of the head of office in the absence of verification certificate.

Audit scrutinised (between January 2018 and December 2018) the records (copy of challans, Treasury records for reconciliation, List of challans certified by the

<sup>20</sup> Finance Department GoMP vide letter No. 1889/1843/2001/C/4 dated 05 October 2001.

District Treasury Officer, Departmental enquiry reports) of the Office of the AEC, Indore for the period from April 2015 to July 2017 and test-checked 47,792 challan out of 87,000 challan (55 per cent) remitted during the audit period. It found that 15 licensees<sup>21</sup> deposited only ₹ 0.98 crore Excise Duty and ₹ 0.22 crore as license fees in the Treasury, against payable Excise Duty of ₹ 25.13 crore and license fees of ₹ 12.29 crore as license fees for Country Liquor (CL) and Indian Made Foreign Liquor (IMFL) resulting in loss of revenue to the Government in the form of Excise Duty ₹ 24.15 crore and license fees of ₹ 12.07 crore. The aggregated loss of Excise Duty and license fees for CL and IMFL to the Government comes to ₹ 36.22 crore. (**Appendix I**). This was done by tampering with 1,061 challans produced to Department which were not reconciled with Treasury records. The methodology involved depositing lesser amount in the Treasury and later inflating the challans so obtained by prefixing certain numerals and in words before written amount on the challans. These inflated challans were later submitted to the Excise Office and irregular higher benefits were availed.

Further, during the scrutiny of test-checked challans, it was also noticed that Departmental copy of 87 challans were not made available, Treasury copy of 67 challans were not made available, and in 28 cases neither Departmental nor Treasury copies of challans were produced to audit.

Due to absence of one or both Departmental and Treasury copies of above challans, audit could not compare them against each other as done with the aforesaid 47610 (47,792 – 182) challans. Therefore, fraudulent amount involved in these challans, if any, could not be examined and assessed by audit.

Audit further observed that during period from April 2015 to June 2017, there were monthly differences in revenue receipts of Departmental figures and Treasury figures, which were neither reconciled by the Department nor any reason for difference was recorded. Had the reasons for differences been analysed and action taken timely, the above fraud could have been avoided. Internal audit was also not conducted by the Department during the objected period.

On this being pointed out, the Department stated (September 2019) that an investigation was carried out (August 2017) by an Inquiry Committee constituted by the Department which had confirmed the above irregularities and loss to the exchequer. On the above enquiry report, prima facie, Departmental Inquiry against eight delinquent officials had been initiated which were under progress. The Department intimated (September 2019) that a recovery of ₹ 21.89 crore had been made from licensees involved and remaining recovery was under progress. With regard to non-production of 182 challans, the Department intimated that the above challans had been seized by the police due to criminal offences registered by the Department (August 2017) against defaulting licensees and the same were under judicial custody. The Department had requested to the Court to provide the xerox copies of the same and they would be provided to audit as and when received. Further, regarding monthly differences in revenue receipts of Departmental figures and Treasury figures

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<sup>21</sup> Abhishek Sharma, Aspreet Singh Lubana, Avinash Singh Mandloi, Balram Mali, Bhartidev Build., Deepak Jaiswal, Jitendra Shivrame, Lav Kush Pandey, Million Traders, Pradeep Jaiswal, Rahul Chouksey, Rakesh Jaiswal, Vijay Kumar Shrivastava, Virendra Singh Thakur and Yogendra Jaiswal.



during period from April 2015 to June 2017, Department stated that there were three Treasuries - District Treasury, City Treasury and Cyber Treasury - in the district and that audit had only taken into account District Treasury receipts.

In view of the reply of the Department, audit added the receipts from City Treasury and Cyber Treasury as suggested by the Department and found that monthly differences between Departmental figures and Treasury figures reduced but still existed, varying between ₹ 100 to ₹ 23.58 crore during different months, as shown in **Appendix II**.

Out of total 87,000 challans remitted, audit has test-checked only 47,792 challans. The remaining challans may be internally verified by the Department at its own level to derive the exact amount of loss of revenue in this case.

In light of the above irregularities observed in the AEC, Indore, audit further scrutinised (between April 2019 to May 2019), the records of the seven offices<sup>22</sup> to analyse whether such and other irregularities were existing in other offices in the Department. The findings are as below:

- The monthly Reconciliation Statements were sent to Treasury by five AECs<sup>23</sup> with a delay of 1 to 569 days. It was also observed that AECs of Dewas, Dhar and Ujjain had sent Monthly Reconciliation Statement to the EC with delays ranging between 2 to 621 days. The ranges of delays are depicted in the **Table 2.3** below:

**Table 2.3**  
**Details showing period of delay for sending Monthly Reconciliation Statements to Treasury and EC**

Name of the AEC office	To Treasury					To EC				
	No. of times delayed (range in days)					No. of times delayed (range in days)				
	<30	≥30<90	≥90<180	≥180<365	≥365	<30	≥30<90	≥90<180	≥180<365	≥365
<b>Dewas</b> (April 2017 to December 2017)	7	0	0	0	0	5	4	0	0	0
<b>Dhar</b> (April 2016 to March 2018)	5	3	3	9	2	2	3	3	0	0
<b>Ujjain</b> (April 2017 to March 2018)	7	3	1	0	0	0	2	0	1	9
<b>Sagar</b> (December 2016 to March 2018)	1	2	0	0	0	0	0	0	0	0
<b>Gwalior</b> (April 2017 to July 2017)	0	2	2	0	0	0	0	0	0	0

In view of the aforesaid illustration of AEC, Indore where lack of monitoring and absence of reconciliation between Department and Treasury led to outright fraud on the State Exchequer, such continued

<sup>22</sup> Dewas, Dhar, Gwalior, Raisen, Sagar, Sehore and Ujjain.

<sup>23</sup> Dewas, Dhar, Gwalior, Sagar and Ujjain.

delay in reconciliation, sometimes stretching beyond 3,6, or even 12 months, is a cause for grave concern;

- Though Monthly Reconciliation Statements were prepared by the AECs of Sagar certain columns, like annual demand and month-wise differences between Departmental figures and Treasury were not filled. As regard to AEC, Gwalior, the annual demand and month-wise difference between Departmental and Treasury figures column have not been found in *Tauzi*. The reasons for such difference were also not recorded;
- The AECs of Gwalior failed to provide Departmental copies of 131 challans amounting to ₹ 2.70 lakh deposited as per Treasury records. Audit is unable to vouchsafe the genuineness of these transactions. As already pointed out earlier, by committing fraud on 1,061 challans in Indore, licensees could deprive the State Exchequer of ₹ 36.22 crore of revenue after depositing only ₹ 1.20 crore as revenue. Where 131 challans cannot even be produced to audit, it is not only extremely suspicious as to what has happened to those challans, but chances of fraud or embezzlement on the scale as at AEC, Indore cannot be ruled out by Audit;
- Audit observed that between 2013-14 and 2017-18, there was a shortfall ranging between 42 per cent to 86 per cent in internal audit conducted by the Department. Details are as under:

**Table 2.4**  
**Units planned and audited by Internal Audit Wing**

Year	No. of units as per roster	No. of units audited	Shortfall with reference to roster	Percentage of shortfall
2013-14	35	05	30	85.71
2014-15	25	14	11	44.00
2015-16	37	15	22	59.46
2016-17	24	11	13	54.17
2017-18	43	25	18	41.86

The Department failed to strengthen internal control by not conducting internal audit periodically. Out of test-checked seven AECs, in two AECs, Sagar and Ujjain, internal audit was not conducted since 2014 and in one AEC, Raisen it was not conducted since 2015. As in the case of Indore, where internal audit was not conducted during the objected period, it might be a red flag for potential fraud due to not conducting internal audit of above units.

The Department intimated that-

- In AEC, Dewas, there were delays in sending of Monthly Reconciliation Statements to Treasury in three months due to official engagements. However, no reasons were provided regarding delays in other cases. As for delay in sending statements to EC, no specific reason was given and it was stated that they were sent immediately after their receipt from the Treasury.
- In AEC, Dhar, delay in sending the statement to Treasury was attributed to settlement of liquor shops and other engagements and consequently they were sent to EC with delay.

- In AEC, Ujjain, the delays in sending to Treasury between December 2017 and March 2018 were due to engagement in annual auction process. However, no reasons were provided for delays in remaining cases. Further, reasons for delays in sending to EC were attributed to receipts of verified statements of July 2017 to March 2018 from Treasury in one batch in March 2018.
- In AEC, Sagar, delays in sending statements to Treasury were attributed to engagement in the auction process of liquor shops.
- With regard to non-production of 131 challans by AEC, Gwalior, the AEC stated that these challans were deposited by the licensees that are outside Gwalior District and the copies of same had not been received. However, they were taken into receipts due to their being reflected in the Treasury sheet of the District. Reply of the AEC, Gwalior is not acceptable as receipts were accounted for without verifying the original challans, type of receipts and remarks regarding whether they were found in *Tauzi* also.

It is evident from the above that there are lacunae in verification of challans with the treasury records. Non-reconciliation of challans with the treasury records and lack of monitoring by the Commissioner Excise and Deputy Commissioner, Excise resulted in loss of revenue to the Government. Further, despite clear instructions of Finance Department, requisite actions were not taken by the Treasury Officer of the AECs concerned to comply with codal provisions with respect to reconciliation of receipts between Treasury and the Department. The above irregularities could have been prevented had the Internal Audit Wing been active and conducted audit periodically.

Audit reported the matter (between January 2019 and March 2019) to the Excise Commissioner and the Government. Reply from the Government was not received (September 2019).

Most of the audit observations are of a nature that may reflect similar errors/omissions in other units of the concerned State Government Department, but were not covered in the test check conducted during the year. The Department/Government may therefore like to internally examine all other units with a view to ensuring that they are functioning as per requirement and rules.



**CHAPTER – 3**  
**COMMERCIAL TAX**



## CHAPTER 3 COMMERCIAL TAX

### 3.1 Tax Administration

The Principal Secretary, Commercial Tax Department (CTD) is the administrative head of the Department at the apex level. The Department functions under the overall control of the Commissioner of Commercial Tax (CCT), assisted by a Director and Additional Commissioner. The Department is divided in five zones, each headed by a Zonal Additional Commissioner. These zones comprise 16 Divisional Offices headed by Divisional Deputy Commissioners (DCs). Under these divisions, there are 84 Circle Offices and 19 Regional Assistant Commissioner Offices headed by the Commercial Tax Officers/Assistant Commissioners (CTOs/ACs). Since 01 July 2017 Goods and Services Tax (GST) was introduced and taxes are administered under the provisions of:

- Madhya Pradesh Goods and Services Tax Act, 2017; and
- Madhya Pradesh Goods and Services Tax Rules, 2017

### 3.2 Trend of Receipts

The trend of revenue receipts against budget estimates of Commercial Tax Department from revenue heads taxes on sales, trade, etc. and taxes on goods and passengers is mentioned in **Table 3.1**:

**Table 3.1**  
**Trend of receipts**

(₹ in crore)

Year	Budget estimates	Actual receipts	Percentage of variation
2013-14	19,140.00	19,228.59	(+) 0.46
2014-15	22,400.00	20,822.35	(+) 7.04
2015-16	24,500.00	22,890.91	(-) 6.57
2016-17	26,200.00	26,366.16	(+) 0.63
2017-18	26,107.00 <sup>24</sup>	24,839.46 <sup>25</sup>	(-) 4.86

(Source: Finance Accounts and Budget Estimates of Government of Madhya Pradesh)

It can be seen from the above Table that Actual Receipts during 2017-18 decreased by 4.86 per cent over revised budget estimate prepared by the Department. Audit noticed that actual receipt in real terms increased by 4.76 per cent due to inclusion of compensation of GST ₹ 2,511 crore as received from GoI during 2017-18.

<sup>24</sup> Figure of revised budget estimate has been adopted due to implementation of Goods and Services Tax (GST) from 01 July 2017.

<sup>25</sup> Actual receipts of ₹ 24,839.46 crore during 2017-18 involve ₹ 16,143.34 crore of VAT and ₹ 8,696.12 crore of GST from July 2017 to March 2018. In addition to the above, compensation on GST ₹ 2,511 crore as grants-in-aid was also received from GoI during the year 2017-18.

### 3.3 Internal Audit

The Public Accounts Committee (PAC) in its 65<sup>th</sup> Report directed (December 2015) the Department to establish an Internal Audit Wing (IAW) and make it function effectively.

The Department intimated (April 2019) that Internal Audit Wing could not be established due to limited resources. However, the roster inspection of circle offices by Divisional Deputy Commissioners/Assistant Commissioners are carried out annually. The inspection of Divisional Deputy Commissioner offices are done by Additional Commissioners. During inspection the cases of tax assessment are also checked. Hence, there is no necessity of IAW.

During the Exit Conference (April 2019), the Department intimated that Finance Department GoMP was the sole internal auditor of the all government Departments. However, a proposal for strengthening the internal audit would be sent to the Finance Department.

However, the Department is yet (May 2019) to comply with the PAC orders.

#### Recommendation:

**To improve its internal control environment, the Department should ensure compliance with the recommendations of the Public Accounts Committee and establish a fully functional Internal Audit Wing.**

### 3.4 Results of Audit

There are 132 auditable units in the Commercial Tax Department. Out of these, audit selected 94 units<sup>26</sup> for test-check. Revenue generated by the Department during the year 2016-17 aggregated to ₹ 26,366.16 crore, of which the audited units collected ₹ 20,590.54 crore (78.09 per cent). In the selected units, 76,797 assessments were finalised. Out of these, audit test-checked 76,233 assessments (approx. 99 per cent) during the year 2017-18 and noticed 1,170 cases (approx. 1.5 per cent of audited sample) of non/short levy of tax/interest, irregular allowance of Input Tax Credit, application of incorrect rate of tax and non-observation of provisions of Act/Rules involving an amount of ₹ 220.46 crore. These cases are illustrative only as these are based on test-check of records. Audit had pointed out some similar omissions in earlier years also. But not only do these irregularities persist, they remained undetected till audit pointed them out. The irregularities noticed broadly fall under the following categories, as mentioned in **Table 3.2**:

**Table 3.2**  
**Results of Audit**

(₹ in crore)			
Sl. No.	Categories	No. of cases	Amount
1.	Tax short levied/not levied	232	29.77
2.	Application of incorrect rate of tax	148	43.17
3.	Incorrect determination of tax	326	77.42
4.	Incorrect grant of exemption/deduction	177	39.21
5.	Others	287	30.89
<b>Total</b>		<b>1,170</b>	<b>220.46</b>

<sup>26</sup> Office of the Principle Secretary, Commercial Tax, 22 Divisional Offices, 30 Regional Offices and 41 Circle Offices.



These observations were communicated between June 2017 to May 2018 to the Government and Department. Out of these, the Department accepted to review the under-assessment of tax and other irregularities of ₹ 169.48 crore in 734 cases. Further progress in this regard, including recoveries, would be watched in audit.

During 2017-18, the Department intimated revenue realisation of ₹ 0.52 lakh in one case (September 2019).

### 3.5 Follow-up of previous Audit Reports

In the Audit Reports for the period from 2012-13 to 2016-17, Audit had pointed out various observations amounting to ₹ 1,181.30 crore in 123 paragraphs, against which recovery of ₹ 0.88 crore only has been effected by the Department till date.

The PAC had already given its recommendations and directions (384<sup>th</sup> Report, 2016-17) on similar paragraphs of ARs for the years 2007-08. Some of the directions were as follows: (i) the Department should take penal action against delinquent official responsible for serious irregularities; (ii) the Committee may be informed of legal action regarding recovery of Entry Tax and penalty from dealers concerned; (iii) the Department should recover outstanding tax at the earliest from dealer concerned and inform the Finance Department and Accountant General; issue necessary direction/order so as to not have such occurrences in future.

The Department intimated (April 2019) that appropriate action had been taken in compliance with PAC directions, necessary detailed instructions issued, and recovery effected in objected cases. As for penal action against delinquent official, the Department stated that some officials had retired and the remaining officials were not found guilty of revenue loss as no tax demand was outstanding against assessment orders passed by these officials.

The Department has, however, failed to prevent the persistence of this same type of irregularities.

A few illustrative cases involving loss of Government revenue of ₹ 20.46 crore are mentioned in the following paragraphs:

### 3.6 Incorrect determination of Turnover

**The Assessing Authorities under-assessed the taxable turnover by ₹ 37.83 crore. As a result, tax of ₹ 2.91 crore and penalty of ₹ 3.25 crore could not be levied.**

The MPVAT Act stipulates that if under-assessment of tax is attributable to the assessee, penalty is to be imposed at between 3 to 3.5 times the amount of assessed tax.

Audit test-check (between February 2017 and January 2018) of records of five Divisional Offices<sup>27</sup>, 10 Regional Offices<sup>28</sup> and 24 Circle Offices<sup>29</sup> revealed

<sup>27</sup> **DCCT** Bhopal (TAW), Chhindwara, Gwalior II, Indore (TAW - I) and Satna.

<sup>28</sup> **ACCT** Bhopal II, Gwalior II, Gwalior III, Indore XI, Jabalpur I, Khandwa II, Morena, Neemuch, Pithampur (Dhar) and Ujjain I.

<sup>29</sup> **CTO** Anuppur, Ashoknagar, Balaghat, Bhopal (A and L), Burhanpur, Chhindwara I, Chhindwara II, Dhar, Guna II, Guna, Hoshangabad, Indore I, Indore II, Indore IV, Indore XIII, Indore XIV, Indore XV, Itarsi, Mandla, Rajgarh, Satna II, Shajapur, Ujjain II and Ujjain III.

that in 76 cases, assessed between July 2014 and January 2017, for the period between 2011-12 and 2015-16, the AAs determined less turnover amounting to ₹ 37.83 crore. Out of these 76 cases, in 55 cases, AAs determined less turnover due to non/short account of sale value, profit and other receipts. In six cases, figures of audited accounts were not adopted while determining turnover. Further, In 11 cases, lower rates of VAT and excise duty were applied while in another four cases, excess/incorrect deductions were given. As such, AAs concerned failed to determine the correct taxable turnover at the time of assessment. As a result, tax of ₹ 2.91 crore and penalty of ₹ 3.25 crore could not be levied. The details along with reply of the AAs and our comments thereon are given in **Appendix III**.

In the Exit Conference (April 2019), the Department intimated that detailed reply would be submitted after re-assessment of the cases.

Similar observations were pointed out in Audit Report 2016-17. Though such omissions of AAs were pointed out in audit, these irregularities not only persisted but also remained undetected till audit was conducted.

Final action and recovery will be watched in audit.

Audit reported (between November 2017 and July 2018) the matter to the Government, but no reply has yet been received (September 2019).

### **3.7 Allowance of inadmissible Input Tax Rebate**

**The Assessing Authorities allowed input tax rebate of ₹ 48.07 crore against the admissible input tax rebate of ₹ 45.17 crore resulting in short realisation of tax of ₹ 2.90 crore. Penalty of ₹ 2.20 crore was also not imposed.**

The MPVAT Act (2002) stipulates that input tax rebate (ITR) is allowed only in respect of specific goods purchased by a registered dealer from another registered dealer who has paid input tax. Further, the input tax rebate shall not exceed the input tax actually paid. If rebate of input tax has incorrectly been allowed, and is attributable to the dealer, penalty shall be imposed.

Further, the Act provides that no input tax rebate shall be claimed, or be allowed, if the bills, invoice, or cash memorandum does not indicate separately the amount of tax collected by the selling registered dealer.

Audit test-checked (between May 2017 and April 2018) records such as assessment orders, audited accounts, returns, purchase list, etc. in four Divisional Offices<sup>30</sup>, eight Regional Offices<sup>31</sup> and 22 Circle Offices<sup>32</sup> and found that in 70 cases, assessed between April 2015 and April 2017 for the period between 2011-12 and 2014-15, the assessing authorities allowed higher ITR on the basis of returns submitted by the dealers, without taking into consideration the purchase list and audited accounts.

<sup>30</sup> **DCCT** Bhopal II, Indore III, Indore (TAW - I) and Satna.

<sup>31</sup> **ACCT** Bhopal III, Bhopal II, Gwalior II, Indore II, Indore XI, Jabalpur I, Neemuch, and Ujjain I.

<sup>32</sup> **CTO** Anuppur, Ashoknagar, Balaghat, Bhopal II, Bhopal V, Bhopal IV, Burhanpur, Chhindwara I, Chhindwara II, Dewas, Guna, Hoshangabad, Indore I, Indore IV, Indore XIII, Indore XIV, Indore XV, Mandla, Raigarh, Satna I, Sehore and Shahdol.

In 28 cases, the input tax paid by the dealer was less than what they had claimed in their returns for rebate, and in 21 cases ITR was granted though it was inadmissible. In other cases, either the ITR was given on tax-free goods or double ITR was given. The AAs failed to determine correct ITR, resulting in inadmissible ITR of ₹ 2.90 crore and consequent penalty of ₹ 2.20 crore. Replies of the AAs and our comments thereon are given in the **Appendix IV**.

In the Exit Conference (April 2019), the Department accepted the observation and intimated that detailed reply would be submitted after re-assessment of the cases, which remains un-assessed till date (May 2019).

Similar observations were pointed out in Audit Report 2016-17. Though such omissions of AAs were pointed out in audit, these irregularities not only persisted but also remained undetected till audit was conducted.

Audit reported the matter to the Government (between August 2017 and July 2018), but reply has not been received yet (September 2019).

### **3.8 Entry Tax was not levied/short levied**

**Entry Tax on goods like machinery, stones, motor car auto parts, cement, iron and steel, oils, explosive, soyabean, HDPE woven bags, coal, etc. was either not levied or was levied at incorrect rates on their entry into local area. As a result, Entry Tax amounting to ₹ 1.94 crore could not be realised and consequent penalty of ₹ 2.52 crore remained un-imposed.**

The Entry Tax Act stipulates that if under-assessment of Entry Tax is attributable to the dealer, penalty at not less than three times of the assessed tax shall be imposed.

Audit test-checked records such as assessment orders, audited accounts, purchase list, etc. (between May 2017 and May 2018) of seven Divisional Offices<sup>33</sup>, 11 Regional Offices<sup>34</sup> and 17 Circle Offices<sup>35</sup> and found that in 52 assessed/reassessed cases between December 2014 and October 2017 for the period 2012-13 to 2014-15, Entry Tax on goods like machinery, stones, motor car auto parts, cement, iron and steel, oils, explosive, soyabean, HDPE woven bags, coal, etc. was either not levied or was levied at incorrect rates on their entry into local area.

Of these 52 cases, in 22 cases the Entry Tax was applied at rates lower than the applicable rates. In 24 cases, the leviable Entry Tax was not levied, in five cases Entry Tax was allowed on less purchase and in one case, goods leviable to Entry Tax were not taken in the gross taxable turnover. The Assessing Authorities concerned failed to assess correct tax payable. As a result of this, Entry Tax amounting to ₹ 1.94 crore could not be realised and penalty of ₹ 2.52 crore was not imposed.

<sup>33</sup> **DCCT** Bhopal I, Bhopal II, Chhindwara, Gwalior (TAW), Gwalior II, Satna and Ujjain.

<sup>34</sup> **ACCT** Bhopal II, Chhindwara I, Gwalior II, Indore I, Indore II, Jabalpur I, Jabalpur II, Khandwa II, Morena, Pithampur (Dhar) and Ujjain I.

<sup>35</sup> **CTO** Ashoknagar, Anuppur, Balaghat, Bhopal V, Chhindwara I, Dhar, Guna, Guna II, Indore I, Indore II, Indore XIV, Itarsi, Mandla, Satna I, Sehore, Shahdol and Ujjain III.

After this was pointed out (between May 2017 and May 2018), the reply of the AAs and our comments thereon are given in the **Appendix V**.

During the Exit Conference (April 2019), the Department intimated that detailed reply along with copies of re-assessment orders and demand notices would be furnished.

Similar observations were pointed out in Audit Report 2016-17. Though such omissions of AAs were pointed out in audit, these irregularities not only persisted but also remained undetected till audit was conducted.

Final action and recovery will be watched in audit.

Audit reported the matter to the Government (between December 2017 and July 2018), but reply has not been received yet (September 2019).

### 3.9 Application of incorrect rate of tax

**Failure of the Assessing Authorities to apply the correct rate of tax resulted in short levy of tax amounting to ₹ 1.32 crore excluding penalty of ₹ 1.73 crore.**

As per the MPVAT Act (2002), tax shall be levied on goods specified in Schedule-II, at the rate mentioned in the corresponding entry in column (3) thereof and such tax shall be levied on the taxable turnover of the dealer liable to pay tax under this Act.

Audit test-check of records in two Divisional Offices<sup>36</sup>, nine Regional Offices<sup>37</sup> and 13 Circle Offices<sup>38</sup> revealed that in 43 cases of 44 dealers assessed between December 2014 and January 2017 for the period between 2012-13 and 2015-16, the AAs applied incorrect rate of tax on sale of tractor accessories, cement pole, auto parts, Kota stone, petrol, diesel and oil lubricants, packing material, plant and machinery, etc. which were taxable at higher rates as shown in **Table 3.3** below:

**Table 3.3**

#### Application of incorrect rate of tax

Sl. No.	No. of times incorrect rate applied	Rate of Tax leviable (per cent)	Rate of Tax levied (per cent)
1.	36	13	3 or 5
2.	5	5 or 13	Nil
3.	4	31	23 or 27
4.	3	27	23
5.	1	5	4
6.	3	13	@ ₹ 1 per square feet
7.	1	14	5

<sup>36</sup> **DCCT** Gwalior (TAW) and Chhindwara.

<sup>37</sup> **ACCT** Gwalior II, Gwalior III, Indore II, Khandwa II, Morena, Neemuch, Pithampur, Sagar and Ujjain I.

<sup>38</sup> **CTO** Balaghat, Bhopal II, Bhopal V, Bhopal (A and L), Dhar, Guna, Hoshangabad, Indore I, Indore IV, Indore XIII, Indore XIV, Sehore and Shahdol.

As such, the AAs failed in implementing the provision of the Acts, Rules and Departmental circulars in order to classify the commodities correctly and apply the appropriate rate of tax. This resulted in short levy of VAT of ₹ 1.32 crore and penalty of ₹ 1.73 crore thereon.

The details of short realisation of revenue, audit observations, replies of the AAs and our comments thereon are given in the **Appendix VI**.

In the Exit Conference (April 2019), the Department intimated that these cases would be re-opened and re-assessed.

Similar observations were pointed out in Audit Report 2016-17. Though such omissions of AAs were pointed out in audit, these irregularities not only persisted but also remained undetected till audit was conducted.

Final action and recovery will be watched in audit.

Audit reported the matter to the Government (between April 2017 and April 2018), but reply has not been received yet (September 2019).

### **3.10 Short levy of tax/grant of irregular concession under Central Sales Tax Act**

**Failure of Assessing Authorities (AAs) to apply provision relating to inter-State sales resulted in short realisation of tax of ₹ 1.43 crore and non-levy of penalty of ₹ 26.30 lakh.**

The Central Sales Tax (CST) Act (1956) stipulates that if a dealer claiming tax on inter-State sales (entitling him to pay tax at two *per cent* of turnover) fails to furnish the required declaration in Form 'C' signed by the purchasing dealer, he shall be liable to pay tax at the rate applicable to the sale or purchase of such goods inside the appropriate State, and in addition, pay penalty at three times of the tax so assessed.

Audit test-check (between May 2017 and November 2017) of records of two Divisional Offices<sup>39</sup>, three Assistant Commissioner Offices<sup>40</sup> and five Circle Offices<sup>41</sup> revealed that in 10 cases of 10 dealers assessed between April 2016 and January 2017 for the assessment year 2014-15, the AAs allowed incorrect concession under CST Act.

Audit observed that in six cases, the AAs incorrectly allowed concessional rate of tax on inter-State sales not supported by declaration in Form 'C'. Similarly, in one case, the AA allowed deduction of sale without having E-I form. The AA allowed in one case deduction on 'C' form without having signature. In one case, the AA incorrectly allowed deduction of E-I and 'C' form supported interstate sale despite E-I supported sale related to the assessment year 2013-14. In another case, AA incorrectly allowed deduction on 'C' form supported sale of same nature. Further, in two cases, AA allowed deduction of sale without verifying 'C' form from TINXSYS. The AAs applied two *per cent* tax in four cases where five *per cent* tax was applicable and two *per cent* tax in three cases where 13 *per cent* tax was applicable.

<sup>39</sup> **DCCT** Gwalior II and Indore II.

<sup>40</sup> **ACCT** Indore I, Khandwa and Waidhan.

<sup>41</sup> **CTO** Bhopal I, Gwalior III, Indore X, Satna II and Ujjain II.

The AAs concerned committed errors in assessments ignoring clear provisions in the Act regarding applicability of the appropriate rate of tax. This resulted in short realisation of tax of ₹ 1.43 crore and non-levy of penalty of ₹ 26.30 lakh (**Appendix VII**).

During the Exit Conference (April 2019), the Department intimated that 'C' forms would be verified and if required, the cases would be re-opened and re-assessed.

Similar observations were pointed out in Audit Report 2016-17. Though such omissions of AAs were pointed out in audit, these irregularities not only persisted but also remained undetected till audit was conducted.

Final action and recovery will be watched in audit.

Audit reported the matter to the Government (between July 2017 and January 2018), but reply has not been received yet (September 2019).

Most of the audit observations are of a nature that may reflect similar errors/omissions in other units of the concerned State Government Department, but were not covered in the test check conducted during the year. The Department/Government may therefore like to internally examine all other units with a view to ensuring that they are functioning as per requirement and rules.

# **CHAPTER – 4**

## **MINING RECEIPTS**





## CHAPTER 4 MINING RECEIPTS

### 4.1 Introduction

Minerals are classified as major minerals (iron ore, manganese, gold, etc.) and minor minerals (sand, granite, gravel, building stone, etc.). Mines are allotted/sanctioned for excavation of minerals in the form of Mining Lease<sup>42</sup>, Quarry Lease<sup>43</sup> and Trade Quarry<sup>44</sup>. The levy and collection of royalty on minerals in the State is governed by the Mines and Minerals (Development and Regulation) Act, 1957, the Mineral Concession Rules, 1960, the Madhya Pradesh Minor Mineral Rules, 1996, Madhya Pradesh Minerals (Prevention of Illegal Mining Transportation and Storage) Rules, 2006, etc.

### 4.2 Tax Administration

The Mineral Resources Department functions under the overall charge of the Principal Secretary, Mining Resources, Government of Madhya Pradesh. The Director, Geology and Mining is the Head of the Department who is assisted by Deputy Directors at Headquarters and Regional Offices at Gwalior, Indore, Jabalpur and Rewa. The Collector is the administrative head at District level and Departmental officials like District Mining Officers (DMOs), Assistant Mining Officers (AMOs) and Mining Inspectors (MIs) assist him in discharge of his duties regarding revenue collection. The DMOs/AMOs and MIs are responsible for assessment, levy and collection of royalty and other mining receipts. DMOs/AMOs and MIs are authorised to inspect the mines, and review production and despatch of minerals. In all of the 51 districts, Mining Branches are working under the direction of Collectors.

### 4.3 Results of Audit

During the year 2017-18, 27 units (Office of Principal Secretary, Mineral Resources, Office of the Director, Geology and Mining, and 25 DMOs) out of 54 auditable units (50 per cent) of the Mineral Resources Department were covered for audit. Revenue generated by the Department during the year 2017-18 aggregated to ₹ 3,640.73 crore, out of which the audited units collected ₹ 1,052.81 crore (approx. 29 per cent). Audit noticed cases of revenue not realised/short realised and other irregularities involving ₹ 561.39 crore in 2,711 cases during 2017-18, which fall under the categories mentioned in **Table 4.1** below.

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<sup>42</sup> Mining Lease means a lease granted for the purpose of undertaking mining operations and includes a sub-lease granted for such purpose. It is granted for major minerals only.

<sup>43</sup> Quarry Lease means a mining lease for minor minerals.

<sup>44</sup> Trade Quarry means a quarry for which the right to work is auctioned.

**Table 4.1**  
**Results of Audit**

Sl. No.	Categories	No. of cases	(₹ in crore)
			Amount
1.	Audit on "Mining Receipts from Major Minerals in Madhya Pradesh"	252	207.07
2.	Outstanding revenue not realised	33	86.64
3.	Dead Rent/Royalty not/short levied	295	24.29
4.	Contract Money not/short realised	132	6.39
5.	Rural Infrastructure and Road Development Tax on mines not/short levied	142	5.88
6.	District Mineral Foundation (DMF) contribution not/short realised	01	2.70
7.	Interest on belated payments not/short realised	134	2.61
8.	National Mineral Exploration Trust (NMET) Fund not realised	16	0.49
9.	Others (Penalty not levied, Stamp Duty and Registration Fees on lease agreements of mines not levied, etc.)	1,665	220.72
<b>Total</b>		<b>2,670</b>	<b>556.79</b>

These observations were communicated to the Government and the Department during the period from May 2017 to May 2019. Out of these cases, the Department accepted 658 cases involving ₹ 189.50 crore and assured to review 549 cases of ₹ 80.26 crore. However, the recovery of ₹ 27.87 lakh in 37 cases has been intimated by the Department (September 2019).

#### 4.4 Follow up of previous Audit Reports

In the Audit Reports for the period from 2012-13 to 2016-17, Audit had pointed out various observations amounting to ₹ 450.03 crore in 63 paragraphs against which recovery of ₹ 3.46 crore only was effected by the Department in respect of these observations. Out of these 63 paragraphs, 20 paragraphs<sup>45</sup> were selected by the PAC between September 2016 and July 2018 for discussion. The PAC discussed 20 paragraphs of Audit Reports 2012-13 to 2015-16. The reply of the Department in respect of all paragraphs for Audit Reports 2012-13 to 2015-16 have been received through PAC.

The PAC has also given its recommendations and directions (27<sup>th</sup> Report, 2014-15; 390<sup>th</sup> Report, 2016-17; 393<sup>th</sup> Report, 2016-17 and 386<sup>th</sup> Report, 2016-17) on similar paragraphs of Audit Reports for the periods 2008-09, 2009-10, 2010-11 and 2011-12. The directions were –

- The Committee may be intimated after taking penal action against the delinquent officers for violating the procedures and Internal control system,
- The Committee may be intimated after taking of penal action by the Department against delinquent officers for non-recovery/suitable action on time,

<sup>45</sup> 2012-13 (09), 2013-14 (03), 2014-15 (04) and 2015-16 (04).

- The Department was to effect recovery within three months from the date of recommendation in all the cases,
- To check the repetition of similar irregularities in future and issue necessary orders which includes initiation of necessary action against the responsible officials.

Further, some recommendations were –

- Time limit was to be prescribed by the Department for recovery of pending dues and interest thereon,
- The Department was to take action for writing off the probable irrecoverable amount from the account besides recovering pending amount,
- Issue strict instruction in respect to non-recovery so as not to had such situation in future and ensure sufficient measures for securing financial interest.

The Department, however, has not complied with the recommendations. As per Shakti Committee recommendations as accepted by GoMP, the replies of the Department on observations of CAGs' Audit Report are to be submitted within three months after laying of it in the Legislative Assembly, and action on it to be taken within six months on recommendations of PAC. However, the same is not being followed by the Department.

Audit findings of the audit on "**Mining Receipts from Major Minerals in Madhya Pradesh**" involving ₹ 207.07 crore and a few illustrative cases involving ₹ 10.69 crore highlighting important audit findings are mentioned in the following paragraphs. All observations were communicated to the Government and the Department.

## **4.5 Audit on "Mining Receipts from Major Minerals in Madhya Pradesh"**

### **4.5.1 Introduction**

The State of Madhya Pradesh is richly endowed with mineral wealth. Important major mineral reserves in the State include bauxite, coal, limestone, manganese ore, copper ore, iron ore, rock phosphate, diamond, etc. The Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act) and the rules framed thereunder govern the regulation of mines and development of major minerals. According to MMDR Amendment Act, 2015, all mining leases shall be granted for a period of 50 years. All mining leases granted before the commencement of the MMDR Amendment Act, 2015 shall also be deemed to have been granted for a period of 50 years. On the expiry of the lease period, the lease shall be put up for auction as per the procedure specified in the Act.

### **4.5.2 Audit Objectives**

The Audit was conducted with a view to ascertain whether:

- The control systems existed and were effectively preventing leakages of revenue; and

- The provisions of the Act, Rules and Departmental instructions were complied properly to safeguard the Government revenue.

### **4.5.3 Audit Criteria**

The audit criteria for the Thematic Audit have been derived from the following sources:

- Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act) and its Amendment Act, 2015 (MMDR Amendment Act);
- Mineral Concession Rules, 1960 (MC Rules 1960);
- The Minerals (other than Atomic and Hydrocarbons Energy Minerals) Concession Rules, 2016 (MC Rules 2016);
- Mineral Conservation and Development Rules, 1988 (MCDR);
- Madhya Pradesh Rural Infrastructure & Road Development Act, 2005 and Rules made thereunder;
- Indian Stamp Act, 1899;
- Madhya Pradesh Mineral Policy, 2010 (Mineral Policy); and
- Notifications and circulars issued by the Central/State Government and Directorate of Geology and Mining.

### **4.5.4 Scope and Methodology**

The Audit was conducted between December 2018 and January 2019. There are 51 District Mining Units in the State, out of which major minerals are found in 21 districts. Out of these 21 units of major minerals having revenue receipts of ₹ 7,055.50 crore, Audit selected 13 units<sup>46</sup> on the basis of revenue receipts involving ₹ 6,461.30 crore and stratified random sampling method. In addition to the above, two apex units<sup>47</sup> were also selected for Audit for holistic assessment. The Audit covered a period of three years from 2015-16 to 2017-18 for scrutinising the records related to determination, levy and collection of revenue from major minerals.

The scope and methodology of Audit was explained to the Principal Secretary of the Department in an Entry Conference held on 22 November 2018. On conclusion of audit, the draft report was forwarded to the Government and Department on 23 May 2019 and also discussed in the Exit Conference on 20 August 2019 with the Principal Secretary of the Department. The reply received (September 2019) from the Department have been suitably considered and incorporated in the respective paragraphs. However, the reply from the Government on the draft report has not been received.

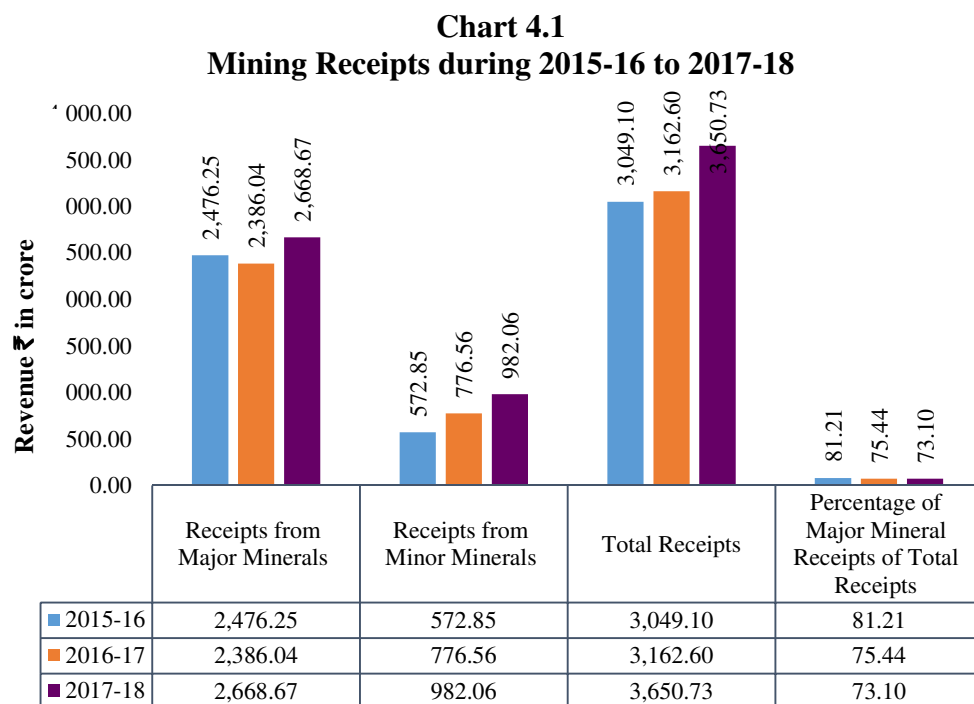
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<sup>46</sup> **DMO** Anuppur, Balaghat, Betul, Chhindwara, Damoh, Dhar, Jabalpur, Jhabua, Katni, Rewa, Satna, Singrauli and Diamond Officer (DO) Panna.

<sup>47</sup> Director, Geology & Mining and Principal Secretary, Mineral Resources Department.

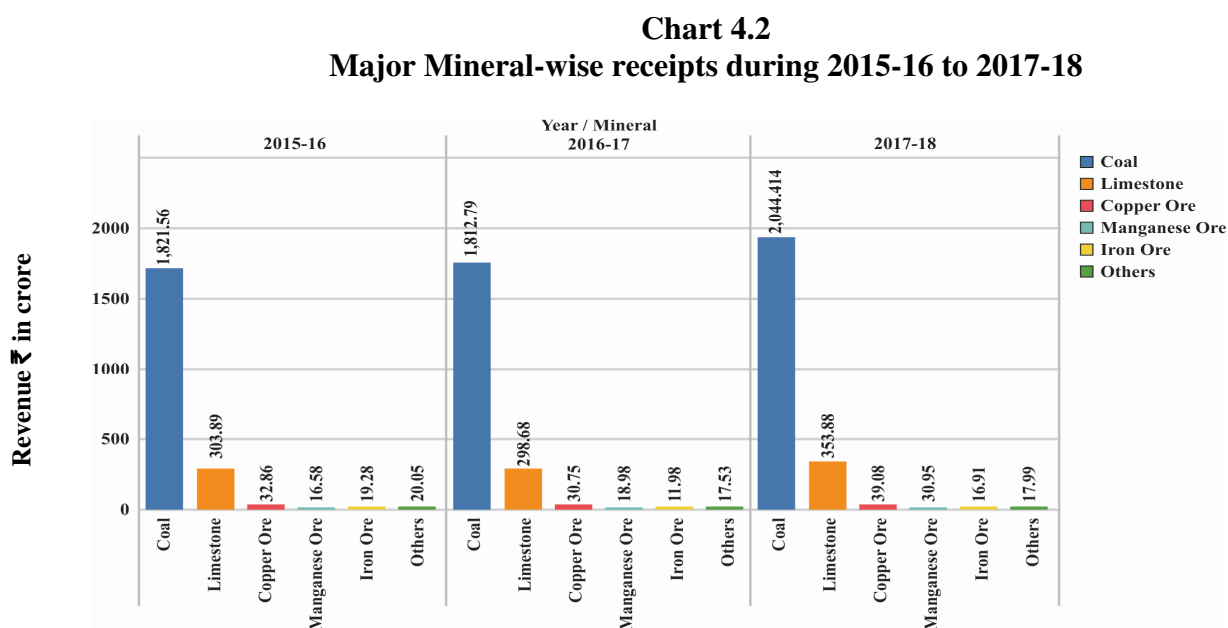
### 4.5.5 Trend of Receipts

Major minerals receipts mainly consist of royalty and other receipts, viz. application fee, dead rent, interest, license fee, penalty, surface rent, etc. Total receipts during the period 2015-16 to 2017-18 is given in **Chart 4.1** below:



### Share of Mineral-Wise receipts of Major Minerals

Major mineral-wise share of the receipts, against the net mining receipts<sup>48</sup> of ₹ 6,908.15 crore<sup>49</sup> from major minerals during the period 2015-16 to 2017-18, is shown in **Chart 4.2** below:



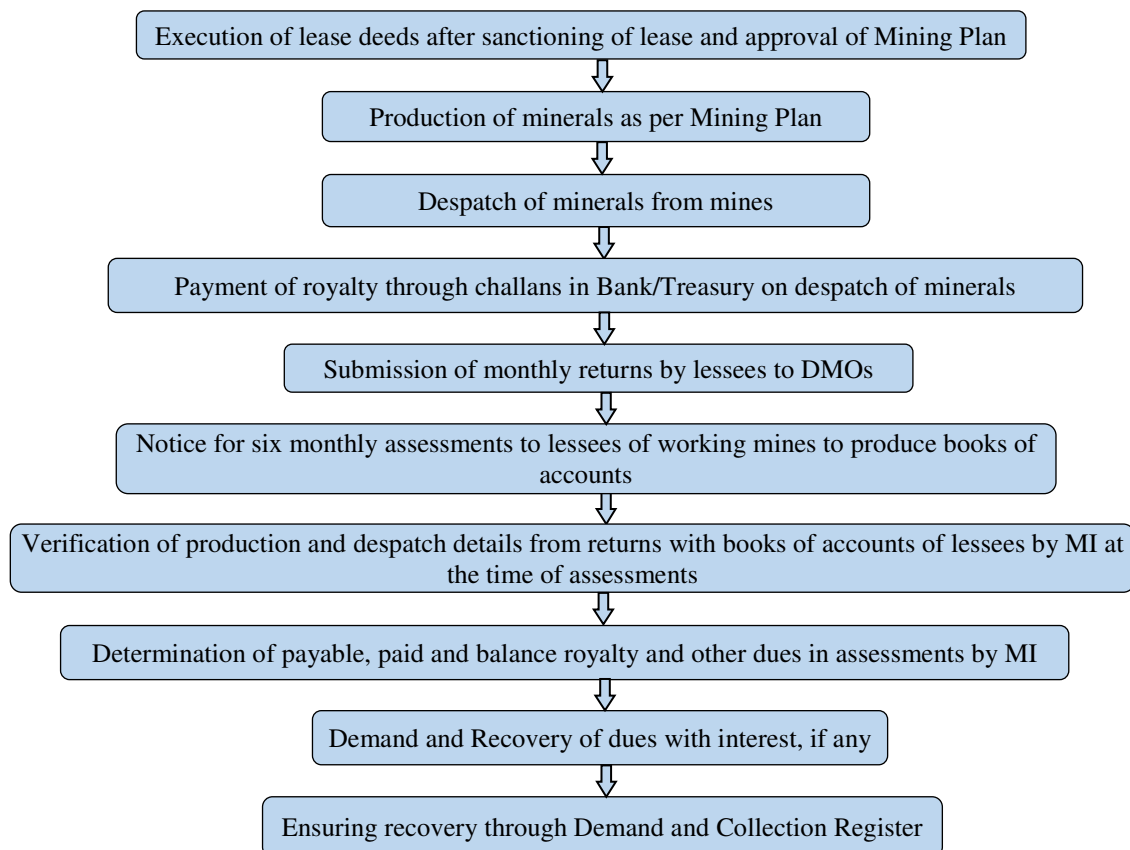
<sup>48</sup> 'Net receipts' excludes application fee, interest, license fee, penalty, surface rent, etc.

<sup>49</sup> Information furnished by the Directorate of Geology and Mining.

It may be seen from the above chart that the Government earned 82 *per cent* of its mining receipts of major minerals from coal, whereas the other major minerals together contributed only 18 *per cent* revenue.

### Process of collection of Revenue

The flow chart of assessment, levy and collection of revenue in the Department is given below:



### Audit Findings

The system and compliance deficiencies noticed during audit are given in the ensuing paragraphs:

#### 4.5.6 Internal Control Mechanism

Internal control system and monitoring mechanisms are safeguards that are put in place by the Department to provide assurance that its activities are implemented efficiently and to ensure that adequate precautions have been taken against non/short collection or evasion of revenue. Reasonable assurance provided by such internal controls strengthens accountability of public authorities and ensures prevention of leakage of revenue.

While reviewing the records related to levy and collection of mining receipts, Audit noticed that the internal control system and monitoring mechanisms were inadequate to the extent as follows.

#### 4.5.6.1 Absence of Departmental Manual

It is necessary for any organisation to have a Departmental Manual clearly indicating the methods and procedures which are to be applied while discharging its functions. The efficiency of an organisation, to a large extent, depends on evaluation of adequate process & procedures and the ability of its employees to follow them.

Audit noticed that the Department did not have any Departmental Manual detailing the functions and responsibilities of the staff at various levels. In the absence of Departmental Manual, the functions and responsibility of various functionaries of the Department could not be ensured.

During the Exit Conference (August 2019), the Department stated that preparation of Departmental Manual was under process.

#### Inadequate Inspections

Departmental inspections play a vital role in ensuring proper functioning of the organisation. The deficiencies noticed are discussed in succeeding paragraphs:

#### 4.5.6.2 Inspections by Departmental officers

Audit noticed (December, 2018) that although the Department had prepared a Roster for annual inspections by Departmental officers during 2015-16 and 2017-18 for all 51 District Mining Units and one Diamond Office, the Director intimated (December, 2018) that the Department had not maintained any records regarding the conducting of the inspections as planned in the Roster. It could not be ensured therefore whether the Department had actually conducted any inspection of subordinate offices at all as planned in the Roster. It could also not be checked whether any Inspection Reports had been issued or not, as there was no certainty of records about inspection itself having been done or not.

Further, it was noticed (between December 2018 and January 2019) that out of 13 test-checked units, inspections by higher authorities were not found conducted for the audit period except one inspection in DMO Betul, but the Inspection Report of this inspection was not available.

Lack of proper inspections by higher authorities of the Department resulted in inadequate monitoring of the functioning of the subordinate offices. As a result, issues of procedural lapses and non-compliance of provisions of Acts and Rules remained undetected, as discussed in succeeding paragraphs.

During the Exit Conference (August 2019), the Department accepted that in the absence of Inspection Reports, the compliance of inspections could not be ensured and assured that Inspection Reports would be called for from the officers concerned. However, in the detailed reply (September 2019), the Department stated that due to shortage of officers and engagement of the existing officers in other urgent works, the inspections could not be completed as per Roster and further stated that appropriate action would be taken in this regard.

### 4.5.6.3 Inspection by Mining Inspectors

As per the instructions issued by the Director, Geology and Mining, Madhya Pradesh in June 1977, the Mining Inspectors (MIs) are required to inspect mines in their area once in every six months during each year, to ensure that:

- terms and conditions as laid down in the lease deeds are observed by the lessees;
- the leased area is properly demarcated by boundary pillars;
- lessee maintains all the necessary records up-to-date and submits periodical returns; and
- illegal mining is checked, etc.

It was also instructed that the MI has to submit the Inspection Report to the Collector. The inspection of MI will not be considered complete until the Inspection Report is submitted to the Collector.

Audit noticed (between December 2018 and January 2019) that in 13 test-checked units during the audit period, there was a shortfall of 3,935 (89 per cent) inspections of MI in 736 mines, as shown in **Table 4.2** below:

**Table 4.2**  
**Shortfall of inspection of Mining Inspectors**

Year	Total number of mines in test-checked units	Total Inspections to be conducted as per norms	Number of inspection done as per information furnished to Audit	Number of Inspection Reports available	Short fall in number of inspections
2015-16	736	1,472	185	6	1,287
2016-17	736	1,472	146	3	1,326
2017-18	736	1,472	150	11	1,322
<b>Total</b>		<b>4,416</b>	<b>481</b>	<b>20</b>	<b>3,935</b>

It can be seen in the above table that only 481 inspections were conducted during the period as per information furnished by 12 DMOs and one DO. However, there were only 20 Inspection Reports found available in four DMOs<sup>50</sup> against these 481 inspections. Further, it was noticed that 17 out of 20 Inspection Reports were not found submitted in the prescribed format.

As per information furnished by the Directorate, against the sanctioned strength of 112 MIs, there were 101, 98 and 98 MIs working during 2015-16, 2016-17 and 2017-18 respectively. The shortage of MIs against sanctioned strength is only 12.5 per cent whereas the shortfall in inspections of mines by the existing MIs is 89 per cent. This shows that even the available MIs were not conducting inspections as per prescribed norms.

Further, the scrutiny of available Inspections Reports of MIs revealed certain deficiencies as given below:

<sup>50</sup> Dhar, Katni, Rewa and Satna.



- The leased areas were not demarcated by boundary pillars. Hence, whether the mining operations were being carried out inside or outside the leased area was not clear;
- Production and despatch/sale registers were not maintained;
- Mining operations were not carried out as per Mining Plan/Rules;
- Periodical returns were not submitted to IBM & Department; and
- Weighing machines were not installed at the leased area.

The above irregularities are possibly happening in other mines also. If inspections were done for all the mines, the full quantum of deficiencies would have come to the notice of the Department, enabling the Department to control irregular mining activities or ensure proper assessments and collection of revenue. Lack of inspections by MIs against the prescribed norms can have the following adverse impacts:-

- Mining and exploration activities are not being carried out in lawful manner as per provisions of Acts and the Rules;
- The quantity of minerals excavated and despatched are not being properly entered in the production/dispatch registers as well as in *khatouni*, resulting in loss of royalty. More importantly, the Department does not even know how much of royalty is due to it; and
- The illegal mining activities were not being detected in time and prevented, causing damage to environment and livelihood of nearby inhabitants, as well as loss of royalty to Government.

During Exit Conference (August 2019), the Department stated that the reason for inadequate inspection of mines is attributed to less number of posts of Mining Inspectors in proportion to the number of mines. However, in detailed reply (September 2019), the Department stated that the MIs have been warned for non-conducting of inspections and the DMOs have been directed to issue show cause notice to the MIs concerned for negligence of duties.

The reply is not acceptable as the Mining Inspectors already working in the units neither conducted the inspections of mines as per norms and submitted the Inspection Reports to the Collector as required, nor any action was taken by the DMO/Collector concerned for non-conducting of inspections. The Departmental authorities also failed to inspect the test-checked District Mining Offices during 2015-16 to 2017-18 to evaluate their functioning and adequacy of internal controls. The very fact that Departmental procedures/norms were not being followed at any level, suggest complete failure of internal controls in the Department.

#### **4.5.6.4 Absence of Internal Audit**

Audit noticed that the Department did not have any Internal Audit Wing (IAW) and therefore internal audit was not conducted in any of the 13 test-checked units during the audit period.

The Department stated that IAW has not been formed in the Department due to shortage of manpower. Although Audit has pointed out this issue in previous Audit Reports, no action has been taken by the Department till date.

In the absence of IAW, the various checks to be exercised by the functionaries of the Department relating to assessment, levy and collection of revenue, maintenance of basic records, supervision and monitoring of mining activities, etc. could not be ensured by the Department.

During Exit Conference (August 2019), the Department stated that the proposal is included in the Departmental restructuring.

## **Lack of monitoring**

### **4.5.6.5 Submission of Periodical Returns**

According to Rule 45 of MCDR, 1988, every lessee is required to file (online from April 2016) a monthly and a yearly return to the Indian Bureau of Mines (IBM), indicating the details of mineral-wise opening stock, production, despatch, closing stock, royalty, etc. and copies of returns shall also be submitted to the State Government.

Audit noticed that during the audit period, no register for monitoring the receipt of returns from the lessees had been maintained in any of the test-checked units. Further, audit scrutiny of 295 out of 371 lease files in 10 DMOs<sup>51</sup> showed that only 2,569 monthly and 78 annual returns were found submitted against the required 5,923 monthly and 494 annual returns due for submission by lessees of 173 mining leases in these units. Thus, 3,354<sup>52</sup> (57 per cent) monthly returns and 416<sup>53</sup> (84 per cent) annual returns were not found submitted to the Department as shown in **Appendix VIII**.

Since the DMOs did not exercise periodical check of receipt of returns, they remained unaware of non-submission of periodical returns and also failed to initiate any action against such lessees for the same. In the absence of the basic records such as *khatouni*<sup>54</sup> and prescribed returns by the lessees, it was not possible to verify the quantity of minerals excavated by the lessees, and the DMOs were not in a position to assess the payable and outstanding royalty of these lessees.

However, Audit feels that apart from the absence of periodical returns, non-maintenance of *khatouni* and non-finalisation of assessments led to non/short assessment of correct revenue as discussed in para in 4.5.8 and 4.5.9 below. Moreover, lack of inspection by MIs also puts the whole exercise of periodical check of returns under a cloud as both are closely interrelated. Such complete lack of monitoring at all levels raises serious doubts regarding the reason as to why this is so. In such an environment of lax monitoring, possibility of serious cases of illegal mining and loss of royalty cannot be wished away in Audit

During Exit Conference (August 2019), the Department stated the process of submission of returns to the Department through e-*khanij* portal is in progress. However, in detailed reply (September 2019), the Department stated that the information regarding production and dispatch of minerals are being entered in e-*khanij* portal by lessees from April 2017.

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<sup>51</sup> Anuppur, Balaghat, Betul, Chhindwara, Damoh, Dhar, Jabalpur, Jhabua, Rewa and Satna.

<sup>52</sup> 986, 1,153 and 1,215 monthly returns respectively for the years 2015-16, 2016-17 and 2017-18.

<sup>53</sup> 120, 146 and 150 annual returns respectively for the years 2015-16, 2016-17 and 2017-18.

<sup>54</sup> Demand and Collection Register is known as '*khatouni*'.

The reply of the Department is not acceptable as all monthly and annual returns for the year 2017-18 have not been submitted by the lessees.

#### 4.5.7 Review of cases of idle and inoperative mines

According to Rule 28(1) of MCR 1960 and Rule 20(1) of MCR 2016, if any lessee does not commence mining operations within two years from the date of execution of lease deed or the operation is discontinued for a continuous period of two years after commencement of such operations, the State Government shall, by an order, declare the mining lease as lapsed. Further, as per the provisions of Madhya Pradesh Mineral Policy 2010, the Monitoring Committee constituted under the chairmanship of Chief Secretary was to monitor and review necessary clearances to be issued in minimum period required for exploitation after grant of lease.

Audit observed (December 2018) that in the Directorate, out of a total of 809 mining leases, 459 leases (57 per cent) were reported as idle (2017-18). But no records were found to have been maintained showing the reasons for these mines being idle, nor any on the actions taken by the Department on such leases. Audit also noticed that the Department did not constitute the Committee as per provisions *ibid*. In the absence of a Monitoring Committee, the Department failed to review and monitor the cases of idle mines to enable the lessees to obtain Environment Clearance/Consent to Operate/Mining Plan from authorities concerned. It is a violation of the provisions of Madhya Pradesh Mineral Policy 2010.

Further, during test-check of records in DMOs, Audit noticed (December 2018 and January 2019) that in five DMOs<sup>55</sup>, in 183 out of 316 inoperative mining leases, proposals for cancellation were sent to the Government/Directorate between 2006 and 2017 due to discontinuation of mining operations. These cases were still pending for disposal at the Government/Directorate level for a period ranging from one to 12 years. In the remaining seven DMOs<sup>56</sup> and DO, Panna, Audit noticed that they maintained the information regarding idle/active mines but reasons and period of inoperative mines were not maintained by the DMOs.

The failure in monitoring the cases of idle/inoperative mines on the part of the Department/Government resulted in blockage of revenue. Had these leases been re-allotted to other willing bidders, the Government could have earned revenue in the form of royalty, dead rent, Stamp Duty and Registration Fees. However, in the absence of records, the amount of revenue blocked could not be worked out in Audit either.

During Exit Conference (August 2019), the Department accepted the audit observation and assured that now the Department will cancel these leases aggressively and put them up for auction as per Auction Rules 2015. However, in detailed reply (September 2019), the Department stated that leases of inoperative mines have already been cancelled in cases where there were no valid reasons for discontinuing mining operations.

<sup>55</sup> Betul, Dhar, Katni, Rewa and Satna.

<sup>56</sup> Anuppur, Balaghat, Chhindwara, Damoh, Jabalpur, Jhabua and Singrauli.

The reply of Department is not acceptable as no records were provided to Audit in support of cancellation of leases of idle/inoperative mines.

#### 4.5.8 Maintenance of Demand and Collection Register

According to the instructions (September 2005) of the Directorate, the DMOs are required to maintain the Demand and Collection Register (*khatouni*) which should contain the details of surface rent, dead rent, amount paid, quantity extracted and despatched, royalty due, royalty paid, interest, challan number, date of payment, etc. of every mining lease. Therefore, *khatouni* is a vital record to detect outstanding and paid amount from any lessee and to monitor day-to-day progress of demand, collection and arrears of revenue. It was also instructed that the DMOs have to examine the *khatouni* every week and ensure that daily entries have been made correctly and properly.

Audit observed that in the selected 13 units, *khatouni* had not been maintained in 10 DMOs/DO<sup>57</sup> and had not been updated in three DMOs<sup>58</sup>. There was no system to monitor the proper maintenance of *khatouni* and its timely submission to the higher authorities as control/check mechanism. Non-maintenance of records by the DMOs is also a consequence of non-inspection by higher authorities.

Non-maintenance of *khatouni* makes the entire exercise of assessment, levy and collection of mining dues *ad hoc*. As a result, Audit could not verify the correctness of details of extraction and despatches of minerals, royalty due and paid by the lessees and also the status of demand notices issued to lessees for various mining dues. Even the Department would face the same problems in assessing realisable dues in the absence of *khatouni-s* and this leaves immense scope for both illegal mining, as well as evasion of royalty.

The laxity in maintenance of *khatouni* indicates a serious risk which makes it impossible to verify production and despatch of minerals, accurately assess the royalty payable, paid and outstanding royalty due from lessees. Absence of *khatouni* is a major control failure which not only severely compromises the revenue prospects of Department, but can also result in over extraction of minerals without the Department even being aware of it, or in a position to control it. Various instances where the Department has suffered from reduced revenue primarily due to non-maintenance of *khatouni* are discussed in para 4.5.11, 4.5.12, 4.5.13, 4.5.14 and 4.5.15 below.

During Exit Conference (August 2019), the Government accepted the facts and stated that maintenance of *khatouni* is important in terms of standing instructions, hence, it would be maintained. However, in detailed reply (September 2019), the Department stated that from April 2017, the lessees have to pay advance royalty through Electronic Transit Pass (ETP) before despatching minerals and thus, the information regarding payable and paid royalty is available on the *e-khanij* portal.

The reply of the Department is not acceptable in terms of standing instructions for maintenance of *khatouni* as the present online system (*e-khanij*) does not

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<sup>57</sup> DMO Anuppur, Balaghat, Betul, Chhindwara, Damoh, Dhar, Jabalpur, Jhabua, Singrauli and DO Panna.

<sup>58</sup> Katni, Rewa and Satna.

provide an overall position of outstanding dues of lessees. Further, the Department has not yet introduced ETP for mines which use minerals for captive use.

#### 4.5.9 Non-finalisation of assessment

As per the instructions issued by the Directorate in September 2005, assessment of royalty of every lessee shall be done once in every six months, i.e. in July (for January to June) and in January (for July to December) and the process of assessment should be completed within one month from the date of completion of six monthly periods. Further, para 3.8 of Madhya Pradesh Mineral Policy 2010 stipulates that a process shall be initiated by the Department for auditing of mines generating revenue of ₹ five crore or more by Chartered Accountants.

In the selected DMOs, Audit noticed (between December 2018 and January 2019) that there were no registers maintained for monitoring the timely assessments of records of lessees. Therefore, Audit could not ascertain the status of assessments and notices issued by DMOs to lessees for assessment of records. Audit scrutiny of case files of 12 DMOs/DO<sup>59</sup> revealed that assessments of records were not done by the DMOs/DO as per the above instructions. There were shortfall in assessments ranging from 39 per cent to 70 per cent during audit coverage period as shown in **Table 4.3**:

**Table 4.3**  
**Shortfall of periodical assessments**

Assessment Year	No. of leases in 12 DMOs/DO	No. of assessments due	No. of assessments done	No. of assessments not done	Percentage of shortfall
2015	262	524	321	203	39
2016	263	526	313	213	40
2017	263	526	157	369	70
<b>Total</b>		<b>1,576</b>	<b>791</b>	<b>785</b>	

In the absence of assessments of records, coupled with lack of inspections by MIs and Departmental authorities, non-submission of periodical returns, and non-maintenance of *khatouni* (refer to para 4.5.6.2, 4.5.6.3, 4.5.6.5 and 4.5.8 ante), the DMOs/DO were not in a position to verify the correctness of extraction/ despatches of minerals and royalty paid by the lessees. Consequently, no reasonable assessment could be ensured by the DMOs/DO.

Further, Audit observed that as per the provisions *ibid*, the Department had not initiated the process for auditing by Chartered Accountant for mines generating revenue of ₹ five crore or more. The Department did not even have any information regarding mines which were generating revenue of ₹ five crore or more.

Due to non-completion of timely assessments, the Department was not in a position to verify the correctness of extraction/despaches of minerals and amount of due/ paid royalty by the lessees. As a result, leakage of revenue, if any, can neither be prevented, nor assessed.

<sup>59</sup> **DMO** Anuppur, Balaghat, Betul, Chhindwara, Damoh, Dhar, Jabalpur, Katni, Rewa, Satna, Singrauli and **DO** Panna.

During Exit Conference (August 2019), the Government assured to explore the auditing by Chartered Accountant for mines generating revenue more than ₹ five crore or more. However, in detailed reply (September 2019), the Department stated that due to shortage of DMO/AMO/MI in the Department, the assessments are not being completed on time and efforts would be made to complete the pending assessment cases within one month through special drive.

#### **4.5.10 Non-utilisation of high resolution satellite data to detect illegal mining**

As per Madhya Pradesh Mineral Policy, 2010, high-resolution satellite data shall be used to detect illegal mining. Grid-based maps will be made compulsory at the time of sanctioning/renewing mining leases to ensure accurate location of the mining areas. Further, the Government of India, Ministry of Mines had launched the Mining Surveillance System (MSS) in the country in October 2016 for major minerals to detect illegal mining. The Central Government had also asked all the State Governments to implement MSS for minor minerals by digitizing all minor mineral leases by December, 2016.

Audit noticed (December 2018) in the Directorate that there were a total of 97 cases of illegal mining of major minerals, involving penalty of ₹ 1.47 crore, registered by the Department from October 2016 to March 2018. Further, the Department intimated that the MSS, which was introduced in the State from 15 October 2016, received only 50 triggers (46 in 2016-17 and four in 2018-19), suspecting illegal mining activities. Out of these, only one case of deviation was confirmed by the Department upon verification of these 50 triggers, and that too was an unrelated case w.r.t. illegal mining, being a case of illegal storage of Fireclay at private land.

Audit observed that the MSS did not receive triggers for the 97 actual cases registered by the Department. Moreover, 49 of the 50 triggers received by the MSS were found false upon physical verification by DMOs. This indicates that either the Mining Surveillance System has failed to detect the actual illegal mining cases registered by the DMOs or there were flaws in the inspections at the local level.

The above assertion is further proved by the fact that the state-wise information received from the Indian Bureau of Mines, GoI regarding triggers generated by MSS show that illegal mining was detected only in 47 out of 296 triggers (2016) and in four out of 52 triggers (2018) upon field verifications by State Governments concerned.

Further, Audit noticed that there were 673, 878 and 1,005 cases of illegal mining of minor minerals, involving penalty of ₹ 8.30 crore, registered during the years 2015-16, 2016-17 and 2017-18 respectively. This shows an increasing trend in illegal mining cases of minor minerals. However, the Department has not implemented the MSS for minor minerals in the State though it was supposed to have been implemented by December, 2016.

Due to non-detection of illegal mining cases by MSS, the very purpose of the system has been defeated and the Department has also failed to introduce a system for arresting the increase of illegal mining activities of minor mineral in the State.

During Exit Conference (August 2019), the Government accepted the facts and stated that the MSS has not yet fully evolved and requires further improvement. Further, in detailed reply (September 2019), the Department stated that the process of implementation of MSS for minor minerals is in progress.

### Other Non-compliance issues

The test-check of records of 390 out of 736 mining leases (53 *per cent*) in 13 selected DMOs/DO revealed irregularities in 252 cases having financial implication of ₹ 207.07 crore pertaining to audit coverage period. These are recurring irregularities found across several units and are discussed in the succeeding paragraphs.

#### 4.5.11 Non/Short realisation of royalty

According to the provisions of the MMDR Act, every lessee in respect of mining lease shall pay royalty in respect of the minerals removed or consumed by him from the leased area at the rate being specified in Second Schedule in respect of that mineral.

- Audit observed (between December 2018 and January 2019) from scrutiny of monthly returns, assessments and case files of mining leases in nine DMOs/DO<sup>60</sup> that in 38 mining leases, the lessees had paid royalty of ₹ 67.83 crore against the payable royalty of ₹ 83.31 crore for the period 2013 to 2018. The failure was on the part of the DMO concerned in verification of the returns with other relevant records and to initiate recovery process for outstanding dues from the lessees. This resulted in short realisation of royalty of ₹ 15.48 crore as shown in **Appendix IX**.

According to the second Schedule of MMDR Act, royalty for Iron ore, Manganese and Bauxite is leviable at the rates of 15 *per cent*, five *per cent* and 25 *per cent* respectively on the average sale price on *ad valorem* basis published by the IBM.

- In two DMOs<sup>61</sup>, Audit noticed that in seven mining leases, the DMOs levied royalty of ₹ 53.90 lakh instead of ₹ 82.44 lakh leviable on average sale price, as published by IBM on minerals and shown in **Table 4.4**.

<sup>60</sup> DMO Anuppur, Balaghat, Chhindwara, Dhar, Jabalpur, Katni, Rewa, Satna and DO Panna.

<sup>61</sup> Chhindwara and Jabalpur.

**Table 4.4**  
**Short levy of royalty**

(₹ in lakh)

Sl. No.	DMO/ No. of cases	Mineral	Quantity (MT)	Royalty leviable	Royalty levied	Short levied
1	Chhindwara/ 02	Manganese	7,425.16	49.51	31.86	17.65
2	Jabalpur/ 05	Iron ore	19,926.395	22.72	18.16	4.56
		Bauxite	1,717.025	10.21	3.88	6.33
<b>Total</b>	<b>07 cases</b>			<b>82.44</b>	<b>53.90</b>	<b>28.54</b>

The DMOs failed to verify the current average sale price published by the IBM while finalising the assessment of records, resulting in short realisation of royalty of ₹ 28.54 lakh.

According to the notification issued by Ministry of Coal (May 2012), the rate of royalty on coal shall be at the rate of 14 *per cent ad valorem* on price of coal as reflected in the invoice, excluding taxes, levies and other charges.

- Audit scrutinised (December 2018) records of DMO, Singrauli and found that M/s Northern Coal Limited (NCL) had paid royalty of ₹ 1,007.22 crore on despatch of 6,58,27,208.44 MT of coal during 2015-16 for eight mining leases. From the cross-verification of sale value of coal from the Commercial Tax Department, Audit noticed that as per the audited account submitted by the lessee in Commercial Tax Department, the sale price of coal was ₹ 8,350.13 crore and the royalty leviable on it was ₹ 1,169.02 crore at the rate of 14 *per cent* on the sale price. Further, it was also noticed that the assessments of these lessees were not done by the DMO since January 2015. Thus, due to failure of the DMO to assess the sale of coal from the books of accounts with monthly returns filed by the lessee, there was short realisation of royalty amounting to ₹ 161.80 crore.

The point wise views of the Department during Exit Conference (August 2019) are as under:

- (i) Accepted the audit observations and stated that it has recovered 91 *per cent* against ₹ 15.48 crore outstanding royalty pointed out by Audit. It was also stated that appropriate action would be taken in the other cases.
- (ii) Stated that the balance royalty would be re-assessed and recovered on the basis of actual Average Sale Price for the month.
- (iii) Stated that final decision regarding raising of demand would be taken after examination.

In detailed reply (September 2019), the Department stated that ₹ 68.89 lakh against outstanding royalty ₹ 15.48 crore has been recovered. However, challans in support of above recovery have not been provided by the Department despite requisitioned by audit. It was also stated that appropriate action would be taken in the other cases. Regarding short realisation of royalty of ₹ 161.80 crore, the Department replied that audit did not deduct crushing charges and incentives from the sale value of coal.



The reply is not acceptable as audit has taken the net value of coal shown in the audited accounts of the lessees after deduction of excise duty, taxes, royalty and other levies.

#### 4.5.12 Non-realisation of Dead Rent on mining leases

As per provisions of MMDR Act, dead rent is payable to the State Government every year by the holder of a mining lease, at the rates prescribed in Schedule III of the Act in respect of all areas included in the lease. The Mineral Resources Department, GoMP issued (September 1995) a circular containing that the dead rent should be deposited in advance for the whole year on or before 20<sup>th</sup> January every year.

- Audit observed (between December 2018 and January 2019) that in 116 cases out of 240 mining leases test-checked in nine DMOs<sup>62</sup>, the lessees had not paid the dead rent of ₹ 6.70 crore for the period between 2014 and 2018. This resulted in non-realisation of dead rent of ₹ 6.70 crore as shown in **Appendix X**. Due to non-maintenance of *khatouni* (refer to para 4.5.8 *ante*), the DMOs failed to monitor the dues of dead rent from these lessees, and no action was taken for levy of dead rent in spite of the availability of information of idle mines with DMO concerned.
- Further, in DMO Chhindwara, Audit noticed that the lessee M/s Western Coal Fields Limited possessed an area of 9,874.934 hectare for 46 idle mines. The DMO assessed dead rent of ₹ 2.96 crore for these leases during the period between January 2014 to December 2016. Against this assessed dead rent, the lessee had paid only ₹ 1.94 crore while the actual leviable dead rent was ₹ 5.26 crore as per revised rate<sup>63</sup> with effect from September 2014. Non-verification of revised rate of dead rent by DMO at the time of assessment of records resulted in short realisation of dead rent of ₹ 3.32 crore.

During Exit Conference (August 2019), the Government accepted the audit observations and agreed to recover the dues of dead rent.

In detailed reply (September 2019), the Department stated that it has recovered ₹ 2.34 crore against ₹ 6.70 crore outstanding Dead Rent pointed out by audit. However, challans in support of above recovery have not been provided by the Department despite requisitioned by audit. It was also stated that appropriate action would be taken in other cases.

#### 4.5.13 Interest on belated payments was not levied

According to Rule 64A of MC Rules, 1960 read with Rule 49 of MC Rules, 2016, the State Government may charge simple interest at the rate of 24 *per cent* per annum on belated payment of any rent, royalty or fee from the 60<sup>th</sup> day of the expiry of the date fixed by Government, until such payment is made.

<sup>62</sup> Balaghat, Betul, Chhindwara, Damoh, Dhar, Jabalpur, Katni, Rewa and Satna.

<sup>63</sup> Rates prior to September 2014 ₹ 1,000 per hectare and revised to ₹ 2,000 per hectare from September 2014.

Audit observed (between December 2018 and January 2019) in seven DMOs/DO that in 52 mining leases out of 163 test-checked mining leases, the lessees had deposited royalty of ₹ 40.45 crore for the period 2008 to 2017 with a delay ranging between nine days to eight years which resulted in non-realisation of interest of ₹ 6.33 crore as shown in **Table 4.5**.

**Table 4.5**  
**Non-levy of interest on belated payments of mining dues**

(₹ in lakh)						
Sl. No	Name of unit	Period	No. of cases	Amount deposited	Period of delay in days	Interest leviable
1	DMO Rewa	2017-18	5	958.17	71 to 187	86.32
2	DMO Satna	2017-18	4	807.98	89 to 558	80.21
3	DMO Chhindwara	2014-15 to 2016-17	31	283.71	11 to 429	28.48
4	DMO Anuppur	2015-16 to 2017-18	3	81.84	88 to 145	7.03
5	DMO Jabalpur	2008-09 to 2016-17	2	14.63	323 to 2879	7.90
6	DMO Katni	2016-17	6	1,883.25	341	422.26
7	DO Panna	2014-15 to 2015-16	1	15.57	9 to 137	0.64
<b>Total</b>			<b>52</b>	<b>4,045.15</b>		<b>632.84</b>

The DMOs/DO concerned failed to charge interest on belated payment of royalty from the lessees according to provisions of Rules *ibid*.

During Exit Conference (August 2019), the Department accepted the audit observations and agreed to recover the amount of interest due.

#### **4.5.14 Non/Short realisation of National Mineral Exploration Trust (NMET) Fund**

Provisions of the MMDR Act stipulates that the holder of mining lease shall pay to the National Mineral Exploration Trust (NMET), a sum equivalent to two *per cent* of the royalty paid. Further, as per circular issued (January 2016) by the Mineral Resources Department, GoMP, the NMET contribution is applicable with effect from 12 January 2015.

- Audit noticed (between December 2018 and January 2019) in eight DMOs<sup>64</sup> that in 90 out of test-checked 162 mining leases, the lessees had paid NMET contribution of ₹ 22.72 crore against the payable amount of ₹ 25.97 crore for the audit period covered. This resulted in short realisation of NMET contribution of ₹ 3.25 crore as shown in **Appendix XI**.
- Further, it had been observed earlier (May 2017) by Audit<sup>65</sup> that 24 leases of Western Coalfields Limited (WCL) out of 70 test-checked leases, had deposited only an amount of ₹ 15 lakh in NMET Fund, instead of ₹ 45.59 lakh due. As a result, revenue amounting to ₹ 30.59 lakh was not/short realised.

<sup>64</sup> Anuppur, Balaghat, Betul, Jabalpur, Jhabua, Katni, Rewa and Satna.

<sup>65</sup> During the test-check of records of DMO, Chhindwara, for the period from April 2016 to March 2017.

Due to failure on the part of DMOs concerned in finalisation of assessment cases and non-maintenance of *khatouni* (refer to para 4.5.8 and 4.5.9 *ante*), the DMOs could not detect non/short payment to NMET Fund.

During Exit Conference (August 2019), the Government stated that the amount of NMET dues would be recovered. In detailed reply (September 2019), the Department assured of the same again.

#### **4.5.15 Non/Short realisation of Rural Infrastructure and Road Development Tax**

According to the provisions of MPRIRD Act and notification of GoMP (September 2005), the Rural Infrastructure and Road Development (RIRD) Tax is leviable at the rate of five *per cent* of “annual value of mineral bearing land” where production of Major minerals are being carried out, and at the rate of ₹ 4,000 per hectare per annum on such mineral bearing land where there is no production of Major minerals for two consecutive years or more. Further, as per Rules made thereunder, the DMO is required to maintain a register in Form-I, containing the details of demand, collection and balance of RIRD Tax.

- Audit observed (between December 2018 and January 2019) in 11 DMOs<sup>66</sup> that in cases of 109 out of 230 mining leases covering an area of 11,912.54 hectares, the lessees had not paid RIRD tax of ₹ 5.28 crore, as payable during audit period, as shown in **Appendix XII**.

Non-maintenance of prescribed register of demand, collection and balance of RIRD tax and non-finalisation of the assessments of RIRD tax of lessees resulted in non/short realisation of RIRD tax of ₹ 5.28 crore in the above cases.

During Exit Conference (August 2019), the Government stated that appropriate action would be taken to recover the RIRD Tax of ₹ 5.28 crore. In detailed reply (September 2019), the Department stated that action was being taken to issue demand notices to the lessees concerned.

#### **Other important observations**

The succeeding observations are found in lesser number of units, but the irregularities/deviations resulted in loss of State revenue. The financial implication involved in these observations is ₹ 4.31 crore.

#### **4.5.16 Non/Short realisation of Stamp Duty and Registration Fees**

According to Sections 8-A(3) of the MMDR Amendment Act, 2015, all mining leases granted before the commencement of this Act, shall be deemed to have been granted for a period of 50 years. As per the provisions of the Act and instructions issued by the Directorate from time to time, in the cases of extension of lease period or revision of Mining Plan/Environment Clearance (EC) for extended quantity of production, execution of supplementary agreement is required for every lessee.

<sup>66</sup> Balaghat, Betul, Chhindwara, Damoh, Dhar, Jabalpur, Jhabua, Katni, Panna, Rewa and Satna.

According to the Article 38 (b) of Indian Stamp (Madhya Pradesh Amendment) Act, 2015, Stamp Duty was leviable at the rate of 0.75 per cent for the whole amount payable on instruments of mining lease. Besides, as per Indian Registration Act, 1908, Registration Fee shall be levied at the rate of 75 per cent of Stamp Duty. Further, according to instructions issued by the Department (August 2011), Stamp Duty and Registration Fee (SD&RF) is leviable on royalty calculated on the basis of quantity of minerals to be extracted, as given in the revised EC or Mining Plan, whichever is higher.

Audit observed that:

➤ In three cases of mining leases in three DMOs<sup>67</sup>, the supplementary agreements were not executed by the lessees for revised Mining Plan/EC of extended quantity of production and by one lessee for extended period of mining lease. Thus, due to failure of DMOs in execution of supplementary agreement in these three cases, the Government was deprived of revenue of ₹ 2.69 crore in the form of SD&RF, as shown in **Appendix XIII**.

➤ In DMO, Chhindwara, one lessee had executed (November 2016), the supplementary agreement for extended period of lease on the basis of royalty payable on Average Sale Price (ASP) of Manganese at ₹ 5,916 instead of ₹ 10,359 as published by IBM, and the lessee had paid SD&RF of ₹ 0.98 crore as against the leviable amount of ₹ 1.71 crore.

Thus, the DMO failed either to execute supplementary agreement of lease deed on the basis of correct ASP of mineral or refer the case to Collector of Stamps for correct determination of SD&RF. This resulted in short realisation of Government revenue of ₹ 0.73 crore in the form of SD&RF, as shown in **Appendix XIV**.

➤ Audit observed (December 2018), in DMO, Jabalpur that two lessees had executed supplementary agreement for extended period of mining lease. But the royalty for determining the SD&RF was not calculated on the basis of production of minerals given in the revised Mining Plan. The lessees paid SD&RF of ₹ 0.26 crore, as against the leviable amount of ₹ 1.15 crore according to the quantity of production given in the Mining Plan.

The failure of the DMO in determining the correct amount of royalty resulted in short levy of SD&RF of ₹ 0.89 crore, as shown in **Appendix XV**.

During Exit Conference (August 2019), the Government stated that appropriate action would be taken. In detailed reply (September 2019), the Department stated that action was being taken to issue demand notices to the lessees concerned.

#### 4.5.17 Conclusion

- The Department does not have any IAW or Departmental Manual. In the absence of these, various checks and balances to be exercised by various functionaries of the Department for assessments, levy and collection of revenue, etc. could not be ensured;

<sup>67</sup> Jabalpur, Katni and Satna.

- The control mechanism instituted by the Mineral Resources Department for levy, assessment and collection of mining receipts had various deficiencies. Monitoring of vital areas, such as maintenance of Demand and Collection Register, submission of monthly and annual returns by the lessees, and non-assessments of records were deficient, rendering the system vulnerable to leakage of revenue. The existing lacunae also made the Department vulnerable to existence of large-scale illegal mining, without any ability to assess its extent, or stop it;
- Due to inadequate inspection of mines as per prescribed norms, it could not be ensured that terms and conditions laid down in lease deeds were observed by the lessees and extraction of minerals was carried out as per approved Mining Plan. This too made the Department vulnerable to illegal mining, and unable to check it, if it happened. The provisions of the Act, Rules and Departmental instructions were not enforced properly by the DMOs to safeguard the revenue;
- The Mining Surveillance System failed to detect and to prevent the illegal mining cases in the State as most of the triggers received in the system were found to be false alarms.

#### 4.5.18 Recommendations

The Government may:

- The Department should prepare a Departmental Manual detailing the functions and responsibilities of officers and staff at various levels;
- The Department should set up an IAW to strengthen the internal control mechanism and enables an organisation to assure itself that the prescribed systems are functioning reasonably well;
- Ensure compliance to provisions regarding periodical inspections of District Mining Offices by higher authorities, the inspections of mines by Mining Inspectors and to submit Inspection Reports to the Collector within the stipulated period in prescribed format/check list. Compliance to these may be strictly monitored;
- Ensure the mandatory maintenance of *khatouni* and consider regular submission to the Collector and the Directorate at prescribed intervals, for effective monitoring and evolve an online mechanism in this regard;
- Evolve a mechanism to ensure timely review, cancellation and disposal of idle/inoperative mining lease cases and resettlement of these leases for augmentation of revenue;
- Initiate comprehensive measures to ensure that Government revenue is assessed and levied correctly and to prevent leakage of revenue; and
- Prescribe appropriate penalty against the officials concerned for non-maintenance of basic records.

## Audit observations of Compliance Audit

### 4.6 Rural Infrastructure and Road Development Tax and penalty not realised

**Fifteen mining lessees of idle mines had not paid Rural Infrastructure and Road Development Tax of ₹ 1.08 crore. Besides, penalty of ₹ 3.25 crore was also not imposed, resulting in short realisation of revenue of ₹ 4.33 crore, including penalty.**

According to the Madhya Pradesh Rural Infrastructure and Road Development Act, 2005 and notification of September, 2005, Rural Infrastructure and Road Development Tax at the rate of ₹ 4,000 per hectare per year in the case of idle mines was to be levied on lessees holding mining leases of major mineral. Further, in the case of working mines, Rural Infrastructure and Road Development tax shall be levied at the rate of five *per cent* of “annual value of mineral bearing land<sup>68</sup>” on such mineral bearing land where production of major minerals are being carried out. Every lease holder has to deposit the tax by the last day of each quarter in terms of Rule 7 of the Act. In case of non-payment of tax, the competent authority shall, under section 4(2), impose penalty not exceeding three times the tax payable. According to sub-section 5 of section 4, the competent authority shall recover the amount of tax and penalty, if not paid, as the arrears of land revenue.

Audit observed (between May 2017 and March 2018) that in four DMOs<sup>69</sup>, 14 lessees<sup>70</sup> holding 15 mining lease, out of 122 test-checked, had not paid Rural Infrastructure and Road Development Tax amounting to ₹ 1.08 crore for the period April 2016 to March 2017. Besides, penalty of ₹ 3.25 crore had also not been imposed on the defaulting lessees. This resulted in short realisation of revenue of ₹ 4.33 crore including penalty (**Appendix XVI**). Though Department intimated (April 2019) that collection of Rural Infrastructure and Road Development tax was being monitored time to time through video conferencing at the Directorate level, yet the DMOs concerned failed in timely collection of RIRD tax and penalty. The Department should examine this issue in other DMOs and recover the due revenues from all defaulting lessees.

<sup>68</sup> In relation to a financial year, means one-half of the value of mineral produced from mineral bearing land during the two years immediately preceding that financial year, the value of mineral being that as could have been fetched by the entire production of mineral during the said two immediately preceding years, had the owner of such mineral bearing land sold such mineral at the price or prices excluding the amount of tax, fee, duty royalty, crushing charge, washing charge, transport charge or any other amount as may be prescribed, that prevailed on the date immediately preceding the first day of that financial year.

<sup>69</sup> Chhindwara, Damoh, Satna and Shahdol.

<sup>70</sup> DMO Chhindwara: M/s Reliance Company, M/s Jai Prakash Associates Ltd. and M/s J.P. Corporation Ltd.; DMO Shahdol: Altratek Cement, Raj Minerals, Budwa Minerals and Agrawal and Singh Minerals; DMO Damoh: Prakash Dubey, Matang Singh Badhawa, Sneh Salila Hazari, and Sarita Singh; DMO Satna: Ajay Kumar Pathak, Kanhaiyalal Keshri, and Kamlakar Chaturvedi.

Similar observations had been pointed out in Audit Reports from 2012-13 to 2016-17, but Department has not issued any instruction/circular regarding maintenance of Demand and Collection Register to watch the recovery and prevent recurrence of similar observations.

Audit reported the matter to the Government (between September 2017 and August 2018). During the Exit Conference (April 2019), the Department has intimated that appropriate action would be taken and intimated to audit.

However, no recovery has been intimated to Audit (May 2019).

#### **4.7 Contract Money on trade quarries was not realised/short realised**

**The Department recovered Contract Money of only ₹ 0.95 crore for agreement of six trade quarries, against recoverable amount of ₹ 3.22 crore. As a result, Contract Money of ₹ 2.27 crore was not realised/short realised.**

According to Rule 37(1) of M.P. Minor Mineral Rules, 1996 (MM Rules 1996), and condition No. 5(1) and 9 of the Standard Contract Agreement for trade quarry, every contractor has to pay Contract Money to the State Government on the scheduled date. If the Contract Money remains unpaid for more than one month, the contract may be cancelled and quarry may be re-auctioned. Consequently, upon re-auction of the quarry, if the Government sustains any loss, the same will be recovered from the defaulting contractor as arrears of land revenue, but before doing so, notice would be issued to the contractor to deposit amount of overdue within 30 days.

Audit test-check of the case files of 22 trade quarries in four DMOs<sup>71</sup>, for the period from April 2015 to March 2017, revealed that five contractors<sup>72</sup> holding six trade quarries had paid Contract Money amounting to ₹ 0.95 crore against the payable amount of ₹ 3.22 crore. As a result, Contract Money amounting to ₹ 2.27 crore was not realised/short realised (**Appendix XVII**). The DMOs should have initiated action of cancellation of these trade quarries after one month from the scheduled date. However, no action was found initiated in accordance with the relevant rules to cancel the auction of trade quarries and re-auction them.

Similar observations had been pointed out in Audit Reports from 2012-13 to 2016-17, but the Department failed to prevent recurrence of such irregularities.

Audit reported the matter to the Government (between December 2017 and May 2018). During the Exit Conference (April 2019), the Department intimated that appropriate action would be taken and intimated to audit. So far, the Department has intimated the recovery of ₹ 1.95 crore in four cases (August 2019).

<sup>71</sup> Anuppur, Guna, Indore and Narsinghpur.

<sup>72</sup> DMO Anuppur: Jaiprakash Shivdasani; DMO Guna: Satyendra Raghuvanshi; DMO Narsinghpur: M/s Sharma Associates; DMO Indore: Virendra Singh Solanki and Sewaram Khemani.

#### 4.8 Dead Rent not realised or short realised

**The District Collectors failed to recover ₹ 1.51 crore towards Dead Rent from 157 lessees.**

According to Rule 30 (1) (a) of MM Rules 1996, every lessee of a quarry lease/mining lease has to pay Dead Rent every year at prescribed rates in respect of all areas included in the lease, provided that where the lessee becomes liable to pay royalty for any mineral removed or consumed, he shall be liable to pay either such royalty or the Dead Rent in respect of that area, whichever is greater.

The condition no. 26 of the above Rules, further provides that where lessees of quarry leases fail to pay yearly Dead Rent by the prescribed date, the District Collector/Additional Collector are required, after issue of adequate notice, to determine the lease and forfeit the whole or part of the security deposit or in the alternative receive from the lessees such penalty for the breach not exceeding four times the amount of the said half yearly Dead Rent as the lessor may fix.

Audit scrutinised individual case files, challans, and correspondence files of 20 DMOs<sup>73</sup> for the period from April 2013 to March 2017 which revealed that in 154 quarry lessees, out of 1,019 test-checked, and in three mining lessees, out of 12 test-checked, the DMOs concerned had failed to adhere to provision of Act the *ibid*, which resulted in short-realisation of Dead Rent of ₹ 1.51 crore (**Appendix XVIII**).

Audit reported the matter to the Government (between May 2017 and May 2018). During the Exit Conference (April 2019), the Department intimated that appropriate action would be taken and intimated to audit. So far, the Department has intimated the recovery of ₹ 30.10 lakh in 29 cases of quarry lease only (June 2019).

Similar observations were pointed out in Audit Reports from 2012-13 to 2016-17 but the Department has not evolved a mechanism to check the persistence of such irregularities.

#### 4.9 Stamp Duty and Registration Fees not realised due to non-execution of supplementary deed for extended period of mining leases

**Stamp Duty and Registration Fees amounting to ₹ 1.01 crore was not realised in 13 mining leases.**

Article 38(b) of Schedule I-A of the Indian Stamp (Madhya Pradesh Amendment) Act, 2015 (effective from 14 January 2016) stipulated that for the mining lease of any term, including an under lease or sub-lease and any agreement to let or sub-let or any renewal of lease, Stamp Duty equivalent to 0.75 per cent of the whole amount payable or deliverable under such lease shall be leviable. Further, as per Article II of the Indian Registration Act,

<sup>73</sup> Anuppur, Barwani, Bhind, Chhindwara, Damoh, Guna, Hoshangabad, Indore, Khandwa, Khargone, Narsinghpur, Panna, Rewa, Sagar, Satna, Sehore, Seoni, Sidhi, Tikamgarh and Ujjain.



1908, for registration of leases, Registration Fee shall be levied at the rate of three-fourth of the value of the Stamp Duty.

Audit test-checked (November 2017) records of two DMOs<sup>74</sup> for the period from April 2016 to March 2017 and found that Department extended the lease period of these leased mines up to 50 years. Further, it was observed that 13 cases out of the 27 cases of mining lease test-checked, the DMOs concerned did not executed the supplementary deed with these lessees for extended period and registered them with Registration and Stamps Department. However sanction for extension were granted to lessees by the collector concerned. This resulted in short levy of Stamp Duty and Registration Fee amounting to ₹ 1.01 crore (**Appendix XIX**).

Audit reported the matter to the Government (July 2018). During the Exit Conference (April 2019), the Department intimated that appropriate action would be taken and intimated to audit. So far, the Department has intimated the recovery of ₹ 28.99 lakh in three cases only (June 2019).

#### **4.10 Royalty on mining lease was not/short realised**

**Nine lessees had paid royalty of ₹ 1.12 crore on mining lease, against payable royalty of ₹ 2.04 crore, for consumption/transportation of minerals. As a result, royalty of ₹ 92.63 lakh was not/short realised.**

According to Section 9(i) of the MMDR Act, every lessee of a mining lease has to pay royalty in respect of minerals removed or consumed by him from the leased area, at the rates specified in the Schedule II of the Act.

Audit test-checked the records of five District Mining Offices<sup>75</sup> and observed that nine lessees of major minerals, out of 82 test-checked, had paid royalty of ₹ 1.12 crore against the payable amount of ₹ 2.04 crore for the period April 2016 to March 2017. The DMOs concerned did not issue demand notices in these cases. It shows that the provisions in the Act were not enforced by the designated authorities in the interest of revenue collection. The Department may have also stopped issuing electronic transit passes to defaulters. As a result, royalty of ₹ 92.63 lakh was either not realised or short realised (**Appendix XX**).

Further, it was also noticed that in DMO, Dhar, assessment orders were being prepared on the basis of records made available by the lessees themselves and not on the basis of documents required to be maintained by the DMO.

Audit pointed out the matter to the Government (between May 2018 and July 2018). During the Exit Conference (April 2019), the Department intimated that appropriate action would be taken and intimated to audit. However, nothing has been further intimated to Audit thereafter.

<sup>74</sup> Rewa and Satna.

<sup>75</sup> Dhar, Katni, Narsinghpur, Rewa and Sagar.

#### 4.11 Interest on belated payments not realised/short realised

**Failure of DMOs to recover interest on belated payments of Contract Money/Dead Rent from 72 lessees resulted in short realisation of revenue of ₹ 64 lakh.**

##### 4.11.1 Delayed payment of contract money on trade quarries

According to Rule 37(1) of the MM Rules 1996 and condition No. 5 (1) of contract agreement, contractors of trade quarry leases are required to pay contract money on or before the dates indicated in their contract agreement, failing which the contractor is liable to pay, in addition to the contract money, interest at the rate of 24 *per cent* per annum till the default continues.

Audit test-check of case files of two DMOs<sup>76</sup> for the period April 2016 to March 2017 revealed that five trade quarry lessees, out of 14 test checked, had delayed payments of contract money of ₹ 8.82 crore by 28 to 209 days beyond expiry of the stipulated date. The DMOs recovered interest of only ₹ 3.22 lakh for belated payment of contract money for agreement of trade quarries against recoverable amount of ₹ 56.36 lakh. As a result, revenue of ₹ 53.14 lakh was not realised/short realised (**Appendix XXI**).

Audit pointed out the matter to the Government (between April 2018 to May 2018). During the Exit Conference (April 2019), the Department intimated that appropriate action would be taken and intimated to audit. However, nothing has been further intimated to Audit thereafter.

##### 4.11.2 Delayed payment of dead rent in quarry leases

According to Rule 30 (1) (d) of MM Rules 1996, every lessee of quarry lease is required to pay Dead Rent or Royalty under sub rule (a) and (b) to the State Government on or before the twentieth day of the first month of the year, failing which the lessee is liable to pay interest at the rate of 24 *per cent* per annum till the default continues, besides being liable for any penal action that can be taken under the rules.

Audit scrutiny of case files of quarry leases in 12 DMOs<sup>77</sup> for the period from 2014-15 to 2016-17 revealed that 67 quarry lessees, out of 724 test-checked, delayed payment of Dead Rent by 19 to 598 days. The Department did not levy interest of ₹ 10.86 lakh on belated payment of Dead Rent of ₹ 78.81 lakh. Thus, the DMOs failed to recover interest of ₹ 10.86 lakh on belated payments of Dead Rent (**Appendix XXII**).

Audit pointed out the matter to the Government (between May 2018 and July 2018). During the Exit Conference (April 2019), the Department has intimated that appropriate action would be taken and intimated to audit. However, the Department has intimated the recovery of ₹ 4.01 lakh in 15 cases only so far (June 2019).

<sup>76</sup> Anuppur and Narsinghpur.

<sup>77</sup> Anuppur, Barwani, Bhind, Bhopal, Chhindwara, Guna, Hoshangabad, Indore, Khargone, Sagar, Seoni and Tikamgarh.

Most of the audit observations are of a nature that may reflect similar errors/omissions in other units of the concerned State Government Department, but were not covered in the test check conducted during the year. The Department/Government may therefore like to internally examine all other units with a view to ensuring that they are functioning as per requirement and rules.



**CHAPTER – 5**  
**STAMP DUTY AND**  
**REGISTRATION FEES**



## CHAPTER 5

### STAMP DUTY AND REGISTRATION FEES

#### 5.1 Tax Administration

The Department of Registration and Stamps functions under the overall charge of the Principal Secretary, Commercial Tax Department. The Inspector General, Registration and Superintendent of Stamps, Madhya Pradesh (IGR) is the head of the Department. One Joint Inspector General, Registration (JIGR), one Deputy Inspector General Registration (DIGR), one Senior District Registrar (SDR), one District Registrar (DR) and one Accounts Officer (AO) are deployed at the headquarters. The Department has four Regional Offices located at Bhopal, Gwalior, Jabalpur and Indore, working under four Zonal DIGs, Registration. There are 51 DR offices and 234 Sub-Registrar (SR) offices in the State. The District Collector is the head of Registration administration in the districts. The District Collectors are assisted by 14 SDRs and 37 DRs posted in 51 districts. There are 262 SRs posted in 234 SR offices.

The SRs are the registering officers. It is the duty of the DRs to guide the SRs in their day-to-day function, determine correct market value of land or stamp duty in the cases referred to them by SRs, issue orders to impose penalty or to make refund, and inspect the Registration Offices. The DR is also referred to as the Collector of Stamps. Stamp Duty and Registration Fees are collected under the provisions of the following Acts, and Rules and notifications issued there under:

- Indian Stamp Act, 1899;
- The Registration Act, 1908;
- Indian Stamp (Madhya Pradesh Prevention of Undervaluation of Instruments) Rules, 1975;
- Madhya Pradesh Preparation and Revision of Market Value Guidelines Rules, 2000;
- Madhya Pradesh Stamp Rules, 1942;
- Madhya Pradesh Municipal Corporation Act, 1956;
- Madhya Pradesh Municipalities Act, 1961;
- Madhya Pradesh *Panchayat Raj Adhiniyam*, 1993;
- Madhya Pradesh *Upkar Adhiniyam*, 1982; and
- Circulars and orders of the Government/IGR of Madhya Pradesh, issued from time to time.

#### 5.2 Trend of Receipts

Actual receipts from Stamp Duty and Registration Fees during the period 2013-14 to 2017-18, along with the budget estimates during the same period, are exhibited in **Table 5.1:**

**Table 5.1**  
**Trend of receipts from Stamp Duty and Registration Fees**

(₹ in crore)

Year	Budget estimates prepared by the Department	Budget estimates approved by the Finance Department	Actual receipts	Percentage of variation
2013-14	3,500	4,000.00	3,400.00	(-) 15.00
2014-15	4,000	4,000.00	3,892.77	(-) 2.68
2015-16	4,200	4,700.00	3,867.69	(-) 17.71
2016-17	4,000	4,500.00	3,925.43	(-) 12.77
2017-18	4,300	4,300.00	4,788.51	(+) 11.36

(Source: Finance Accounts and Budget Estimates of Government of Madhya Pradesh)

It can be seen from the above table that the budget estimates prepared by the Department for the year 2017-18 was approved by the Finance Department as such. Further, it can also be seen from the above Table that actual receipts during 2017-18 increased by 11.36 per cent in respect of budget estimates of the same year. The Department attributed (October 2018) the reason for increase in actual receipts during 2017-18 to the identification of tax evasion cases and subsequent recovery, continuous monitoring and introduction of e-registry system, which has reduced the registration time.

As regard to variation in budget estimates and actual receipts, the Department intimated (February 2019) during the Exit Conference that there were various external factors, like changes in Rules/Act and rates of cess in local bodies, etc. which affected the actual receipts of the Department and which were beyond their control. Further, it was also stated that the Finance Department had revised the BE to meet out the expenditure of new schemes of the State Government.

### 5.3 Internal Audit

The Department has an Internal Audit Wing (IAW) which is headed by the Joint Director (Finance). Against the sanctioned strength of one Accounts Officer (AO) and 10 Assistant Audit Officers (AAO), only one AO and four AAOs were posted in the IAW during the year 2017-18. Audit observed that against six new posts of AAOs, which were sanctioned by the Government in January 2015, no appointments have been made so far.

In 2017-18, against the plan to audit 128 DR and SR offices, only seven DR and 42 SR offices could be audited. Audit scrutinised (December 2018) the 10 Inspection Reports (IRs) of Internal Audit and found that irregularities of pending recovery in 158 cases of Revenue Recovery Certificate (RRC) issued, and undervaluation of properties amounting to ₹ 8.78 lakh in 38 cases had been pointed out. However, the Department failed to prevent the recurrence of undervaluation of properties by the registration authorities, and the same has been pointed out in this Audit Report.

Audit noticed that out of 104 Internal Audit IRs of DR/SR offices issued during the period 2013-14 to 2017-18, compliance reports of only 12 IRs were received in IGR office till April 2019. For the remaining IRs, the Department intimated (April 2019) that action was under process to get the compliance



reports from DRs/SRs concerned. As the DRs/SRs of units concerned were responsible for timely compliance of IRs. This indicates that the follow-up of Internal Audit IRs was not being monitored properly by the Department.

**Recommendation:**

**The Department should ensure timely compliance by DRs/SRs of the issues raised in IRs by the Internal Audit Wing.**

#### 5.4 Results of Audit

There are 274 auditable units in the Department. Out of these, audit selected 51<sup>78</sup> units for test-check, wherein a total of 3,19,667 instruments were executed/registered. Out of these, audit test-checked 16,573 instruments (approx. 5.18 per cent) during the year 2017-18 and noticed irregularities in 861 instruments (approx. 5.20 per cent of audited sample) such as inordinate delay in finalisation of cases referred to DRs, misclassification of deeds, undervaluation of properties, short realisation of Stamp Duty and Registration Fees and other observations. These cases are only illustrative and not exhaustive, as these are based on test-check of records. Audit had pointed out similar omissions in earlier years also, but not only have these irregularities continued to persist, but they also remained undetected till the next audit was conducted. Irregularities noticed broadly fall under the following categories, as mentioned in **Table 5.2**:

**Table 5.2**  
**Results of Audit**

(₹ in crore)

Sl. No.	Categories	No. of deeds	Amount
1.	Revenue not realised due to inordinate delay in finalisation of cases referred to DRs under Section 47-A of the Indian Stamp Act	364	3.48
2.	Undervaluation of property	213	1.59
3.	Misclassification of deeds	110	1.52
4.	Others (Short levy of Stamp Duty and Registration Fees)	174	3.54
<b>Total</b>		<b>861</b>	<b>10.13</b>

These observations were communicated to the Department (between May 2017 and February 2018). The Department accepted (between May 2017 and February 2018) under-assessment and other deficiencies of ₹ 30 lakh in 26 cases, and assured to review 684 cases amounting to ₹ 8.03 crore. Department intimated recovery of ₹ 1.91 lakh in one case (September 2019).

#### 5.5 Follow-up of previous Audit Reports

In the Audit Reports for the period from 2012-13 to 2016-17, Audit had pointed out various observations amounting to ₹ 361.56 crore in 95 paragraphs against which the Department accepted observations involving ₹ 231.66 crore and recovered ₹ 5.82 crore. Out of these 95 paragraphs, 74 paragraphs<sup>79</sup> were selected for discussion by the Public Accounts Committee (PAC) between March 2015 and May 2017. However, they are awaiting discussion till date (September 2019).

<sup>78</sup> One IGR, Bhopal office and 50 SR offices.

<sup>79</sup> 2012-13 (09), 2013-14 (23), 2014-15 (02) and 2015-16 (40).

## 5.6 Delay in disposal of cases referred by Sub-Registrars (SRs)

**In 328 cases referred by Sub-Registrars to the Collector of Stamps (District Registrars) for determination of market value of properties, the value had not been finalised, though the stipulated period of three months for disposal of referred cases had lapsed. As a result, revenue amounting to ₹ 3.33 crore was not realised.**

The Indian Stamp Act provides for the Registering Officer, in specific circumstances, to refer any property registration instrument to the District Registrar (DR) for determination of the correct market value of such property and duty leviable thereon. The Department prescribed (July 2004) a maximum period of three months within which the DR had to dispose such cases.

Audit test-checked (between August 2017 and November 2017) 427 out of 470 cases referred by 11 Sub-Registrar Offices<sup>80</sup> for the period from April 2011 to March 2017 and observed that in 328 cases (70 per cent), market value of properties was not determined by the Collector of Stamps, within the stipulated period of three months.

Out of these 328 cases, 55 cases involved delays of two to 18 months, and 273 cases involved delays of 23 to 104 months, beyond stipulated period. The DRs did not comply with the Departmental instructions and the cases referred by Sub-Registrars involving Stamp Duty and Registration Fees of ₹ 3.33 crore were not finalised (**Appendix XXIII**).

During the Exit Conference (February 2019), the Department intimated that these issues were happening due to manual monitoring system in the Department. It was also stated that the Department was considering online system for monitoring of such type of cases to ensure their timely disposal, so that additional revenue could be realised. The Department informed (April 2019) that recovery of ₹ 51.01 lakh in 63 cases was effected, RRC in eight cases were issued and assured to take appropriate action in the remaining cases.

## 5.7 Short realisation of Stamp Duty and Registration Fees on mining lease

**In case of 15 mining leases, Stamp Duty and Registration Fees amounting to ₹ 2.55 crore was short realised.**

Article 38 of Schedule I-A to the Indian Stamp Act, 1899 (amended on 16 September 2014 and 14 January 2016) provides for levy of Stamp Duty on mining leases at the rates prescribed therein. Further, as per Article II of the Registration Table under the Registration Act, 1908, Registration Fee at the rate of three-fourth of the value of the Stamp Duty is chargeable on such instruments.

Audit test-checked (between June 2017 and March 2018) a total of 101 out of 118 mining lease deeds kept in five District Mining Offices (DMOs)<sup>81</sup> and found that in 15 mining lease agreements, an amount of ₹ 2.71 crore was

<sup>80</sup> Amarwara (Chhindwara), Ashoknagar, Banda (Sagar), Bhopal I, Betul, Chhindwara, Harda, Jaora (Ratlam), Khandwa, Luvkush Nagar (Chhatarpur) and Seoni.

<sup>81</sup> Guna, Narsinghpur, Panna, Seoni and Sidhi.

leviable as Stamp Duty and Registration Fee against which only ₹ 15.88 lakh was actually levied by the registering authorities. This resulted in short realisation of ₹ 2.55 crore (**Appendix XXIV**). Though mining lease deeds were executed between DMOs and lessees concerned, yet Sub-Registrar concerned failed to levy the correct Stamp Duty and Registration Fees at the time of registration of these deeds though the whole amount payable or deliverable under such leases were mentioned in the agreement and the proposed mining plan.

During the Exit Conference (February 2019), the Department stated that these cases would be looked into and assured remedial action. The Department informed (April 2019) that recovery of ₹ 2.83 lakh in four cases was effected, and RRC in four cases were issued.

### **5.8 Short realisation of Stamp Duty and Registration Fees on lease deed**

**The registration authorities levied only ₹ 32.75 lakh as Stamp Duty and ₹ 24.46 lakh as Registration Fees against leviable Stamp Duty of ₹ 53.44 lakh and Registration Fees of ₹ 39.59 lakh respectively on three lease deeds. This resulted in short realisation of Stamp Duty and Registration Fees of ₹ 35.83 lakh.**

Article 38 of Schedule I-A to the Indian Stamp Act, 1899 (amended on 16 September 2014 and 14 January 2016) provides for levy of stamp duty at rates prescribed therein. Further, as per Article II of the Indian Registration Act, 1908 for registration of leases, Registration Fee shall be levied at the rate of three fourth of the value of the Stamp Duty.

Audit test-checked (between July 2017 and December 2017) a total of 37 out of 13,199 cases of lease deeds in two Sub-Registrar offices<sup>82</sup> for the period from April 2014 to March 2017. It was observed that in three documents of lease deeds registered, Stamp Duty and Registration Fees of ₹ 93.03 lakh was leviable but the Registering Authority levied ₹ 57.20 lakh only. The SRs failed to determine the correct amount of payable or deliverable under such lease, resulting in short levy of Stamp Duty and Registration Fees of ₹ 35.83 lakh (**Appendix XXV**).

During the Exit Conference (February 2019), the Department stated that these cases would be looked into and assured remedial action. The Department intimated (April 2019) that RRC in two cases were issued. However, no recovery has been intimated so far.

Most of the audit observations are of a nature that may reflect similar errors/omissions in other units of the concerned State Government Department, but were not covered in the test check conducted during the year. The Department/Government may therefore like to internally examine all other units with a view to ensuring that they are functioning as per requirement and rules.

<sup>82</sup> Chhindwara and Narsinghpur.



# **CHAPTER – 6**

## **LAND REVENUE**



## CHAPTER 6 LAND REVENUE

### 6.1 Tax Administration

The Revenue Department is headed by the Principal Secretary at the Government level. The Principal Revenue Commissioner (PRC) is the Head of the Department and is assisted by the Commissioner, Settlement and Land Records (CSLR). Commissioners of Divisions exercise administrative and fiscal control over the Districts included in the Division. In each District, the Collector administers the activities of the Department and is assisted by one or more sub-divisional officers in the rank of Assistant Collectors/Deputy Collectors/Joint Collectors as the case may be. Superintendents/Assistant Superintendents, Land Records (SLR/ASLR) are posted in the Collectorate for maintenance of revenue records and settlement. *Tahsildars*/Additional *Tahsildars* are deployed in the *tahsils* as representatives of the Revenue Department. There are 10 revenue divisions (each headed by a Commissioner), 51 Districts (each headed by a Collector) and 335 *tahsils* in the State.

As per provisions of Sections 58, 59 and 60 of the Madhya Pradesh Land Revenue Code, 1959, all land is liable to the payment of revenue to the State Government notwithstanding that such revenue may be described as premium<sup>83</sup>, rent<sup>84</sup> or lease money<sup>85</sup>. When agricultural land is diverted to residential/commercial purposes, diversion rent and premium are assessed and collected by the Sub Divisional Officers (SDO) and respective *Tahsildars*. *Nazul*<sup>86</sup>/Government land are allotted on permanent and temporary lease on payment of premium and ground rent. *Panchayat upkar* (cess) is also levied on land revenue in respect of land situated in *panchayat areas*.

Land Revenue is regulated under the following Acts and Rules and notifications issued thereunder:

- Madhya Pradesh Land Revenue Code (MPLRC), 1959;
- Madhya Pradesh *Panchayat Raj Adhiniyam* (MPPRA), 1993;
- Madhya Pradesh *Upkar Adhiniyam*, 1982;
- Madhya Pradesh *Lokdhan (Shodhya Rashiyon Ki Vasuli) Adhiniyam* (MPLA), 1987; and
- Revenue Book Circular (RBC).

### 6.2 Trend of Receipts

The trend of receipt of land revenue for the period 2013-14 to 2017-18 is given in **Table 6.1** below:

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<sup>83</sup> Premium is lump sum amount payable for diversion of land use and for allotment of Government land on lease basis.

<sup>84</sup> Rent means whatever is paid or is payable in money or in kind - (i) by an occupancy tenant to his *bhumiswami*, or (ii) by a Government lessee to the Government.

<sup>85</sup> Lease money is the money given to the lessor by the lessee as per terms of the lease.

<sup>86</sup> *Nazul* land is Government land which is used for the purpose of construction of public utilities, viz. *bazaars* or entertainment places.

**Table 6.1**  
**Trend of receipts of Land Revenue**

(₹ in crore)

Year	Budget estimates	Actual receipts	Percentage of variation
2013-14	572.00	366.23	(-) 35.97
2014-15	700.10	243.10	(-) 65.28
2015-16	500.00	276.86	(-) 44.63
2016-17	500.00	406.65	(-) 18.67
2017-18	700.00	490.99	(-) 29.86

(Source: Finance Accounts and Budget Estimates of Government of Madhya Pradesh)

It can be seen from the above Table that budget estimates prepared by the Department for the year 2017-18 were not achieved and fell short by 29.86 per cent. The Department intimated (December 2018) that in the F.Y. 2017-18, the budget target set by the Finance Department was on the higher side and it was further stated that revenue receipts of year 2017-18 was 20.74 per cent more as compared to receipts of the year 2016-17. However, no specific reasons for decrease in revenue receipt during 2014-15 and 2015-16 were intimated by the Department.

### 6.3 Internal Audit

The Department informed (December 2018) that there was no separate Internal Audit Wing (IAW) at PRC office. The Divisional Commissioner and Collector perform inspection of Land Revenue Wing, including follow up of Inspection Reports. Further, higher authorities constitute inspection teams for inspection of District offices, review the Inspection Reports submitted, and issue directions for corrective actions. Further, the inspection programmes and inspection notes uploaded by the inspection staff on RCMS (Revenue Case Management System) software, were being monitored at the PRC office and necessary instructions were being issued by the higher authorities to the subordinates.

Audit scrutiny (December 2018) of the Inspection Reports relating to inspections conducted by Divisional Commissioner, Narmadapuram, Hoshangabad in two *Tahsil*<sup>87</sup> offices, Divisional Commissioner, Bhopal in *Tahsil* Sehore and Collector, Hoshangabad in eight *Tahsil*<sup>88</sup> offices revealed that observations on Revenue Recovery Certificates cases, penalty cases and recovery of arrears were made during the inspection by the Divisional Commissioners and Collectors. However, observations like undervaluation of market value of land resulting in less realisation of diversion rent and premium, and levy of cess on premium and ground rent existed in these offices which were not pointed out during inspections.

During the Exit Conference (April 2019), the Department stated that it was due to their focus being more on court cases, public service deliveries and land records related enquiry.

<sup>87</sup> Babai and Itarsi.

<sup>88</sup> Babai, Bankhedi, Dolariya, Hoshangabad, Itarsi, Pipariya, Seoni-Malwa and Sohagpur.



However, the core issues affecting the revenue collection should have been taken up during inspection.

#### 6.4 Results of Audit

During 2017-18, audit test-checked, the records of 49 units (13 out of 51 Collectorate, 34 out of 335 *Tahsildar* offices, one office of the Principal Revenue Commissioner, Bhopal and one unit of Commissioner Land Records, Gwalior) out of 388 units relating to land revenue. Revenue generated by the Department during the year 2016-17 aggregated to ₹ 406.65 crore out of which, the audited units collected ₹ 51.98 crore (12.78 per cent). Audit observed under-assessment of revenue and other irregularities involving ₹ 325.67 crore in 18,687 cases which included arrears of Land Revenue of previous years. It was seen that the Department had still not taken appropriate action for their recovery. These observations fall under the following categories, as mentioned in **Table 6.2** below:

**Table 6.2**  
**Results of Audit**

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
1.	Revenue recovery certificates not instituted	4	35.79
2.	Incorrect application of rates resulting in loss of premium and ground rent and non-levy of <i>panchayat upkar</i> (cess) on premium or ground rent	280	29.10
3.	Lease not executed or renewed	172	21.99
4.	Process expense not levied/realised	2	6.06
5.	Lease in respect of <i>Nazul</i> land not renewed resulting in revenue loss to the Government	276	5.45
6.	Failure to raise demands of diversion rent/premium and penalty	2881	3.52
7.	Land revenue and <i>panchayat upkar</i> not deposited in the major head of accounts	145	2.55
8.	Non-registration of leases of <i>Nazul</i> land	4	2.38
9.	Underassessment of diversion rent/premium	70	0.78
10.	Exemptions in land revenue without reasons	26	0.59
11.	Other observations (penalty not imposed on account of encroachment and unauthorised construction on agricultural land without diversion, inadequate action to recover arrears of land revenue after issue of RRCs)	14,827	217.46
<b>Total</b>		<b>18,687</b>	<b>325.67</b>

All observations were communicated to the Department between May 2017 and February 2018. The Department accepted under-assessment in irregularities of ₹ 26.59 crore in 1,217 cases and assured to review 1,736 cases involving ₹ 3.21 crore. However, no recovery has been intimated by the Department till date (September 2019).

#### 6.5 Follow-up of previous Audit Reports

In the Audit Reports for the period from 2012-13 to 2016-17, Audit had pointed out various observations amounting to ₹ 264.92 crore in 39 paragraphs, against which the Department has recovered only ₹ 13.19 crore

so far (May 2019). Out of these 39 paragraphs, 28 paragraphs<sup>89</sup> were selected by the Public Accounts Committee (PAC) between March 2015 and May 2017 for discussion, out of which, one paragraph has been discussed so far. Reply of the Department in respect of 33 paragraphs have since been received through PAC. The PAC has already given its recommendations on similar paragraphs of ARs prior to 2012-13, compliance of which has still not been made by the Department as neither the time limit has been fixed for recovery in pending cases nor was persistence of such irregularities checked.

A few illustrative cases involving loss of Government revenue of ₹ 2.01 crore are mentioned in the following paragraphs.

## **6.6 Under-assessment of diversion rent and premium and non-imposition of penalty**

**There was under-assessment of diversion rent and premium and non-imposition of penalty amounting to ₹ 1.17 crore in 197 cases due to incorrect application of rates.**

As per Section 59 of the Madhya Pradesh Land Revenue Code 1959, if land assessed for one purpose is diverted for any other purpose, the land revenue (premium and diversion rent) payable on such land shall be revised and reassessed, in accordance with the purpose for which it was diverted. This is to be done from the date of such diversion and at rates fixed from time to time by the Government/Department. Further, under Section 143, if any instalment of land revenue is not paid within one month of the prescribed date, then penalty not exceeding 10 *per cent* of the amount not paid would be leviable.

Audit observed (between April 2017 and December 2017) during test-check of diversion cases in six Collectorates<sup>90</sup> and 13 *Tahsil* Offices<sup>91</sup>, that there was under-assessment of diversion rent and premium, and non-imposition of penalty in 197 out of 1,596 test-checked cases of diversion decided between October 2009 and September 2017. Out of 197 cases, in 55 cases market value of the entire land was assessed on the rates applicable to agricultural land, in 122 cases value was not assessed for the purpose for which the land was diverted and in 20 cases penalty was not recovered on unauthorised diversion. This resulted in short realisation of diversion rent of ₹ 19.25 lakh, premium of ₹ 59.30 lakh and penalty of ₹ 38.06 lakh during the period 2009-17. Total revenue loss to the Government comes to ₹ 1.17 crore (**Appendix XXVI**). The Collectors and *Tahsildars* concerned failed to levy correct rate of diversion rent and premium and also did not impose penalty on willful defaulters.

During the Exit Conference (April 2019), the PRC stated that some offices were recovering the rest of the rent, premium and penalty. However, some offices in districts like Damoh, Narsinghpur, etc. had stated that valuation of land had been done as per Government orders. It was further added that matter would be looked into and final action would be intimated to audit.

<sup>89</sup> 2012-13 (01), 2013-14 (02), 2014-15 (24) and 2015-16 (01).

<sup>90</sup> Anuppur, Damoh, Dindori, Ratlam, Umaria and Vidisha.

<sup>91</sup> Alirajpur, Alot, Ashta, Dewas, Gadarwara, Harda, Ichhawar, Jawad (Neemuch), Kasrawad, Malhargarh, Mandla, Moman Badodiya and Pushprajgarh.

Audit reported the matter to the Government (between December 2017 and June 2018), but reply is awaited (September 2019).

## 6.7 Penalty for unauthorised possession of land not recovered

**In 962 cases of unauthorised possession of land, penalty of ₹ 84.06 lakh was not found levied.**

Under Section 248 of The Madhya Pradesh Land Revenue Code, 1959, any person who unauthorisedly takes or remains in possession of any unoccupied land, service land or any other which has been set apart for any special purpose under Section 237 may be summarily ejected by order of the *Tahsildar* and any crop which may be standing on the land and any building or other work which he may have constructed thereon, if not removed by him within such time as the *Tahsildar* may fix shall be liable to forfeiture. Such person shall also be liable, at the discretion of the *Tahsildar*, to pay a fine which may extend to 20 per cent of the market value of such encroached land. Under Section 248(2-A) if any person continues in unauthorised occupation or possession of land for more than seven days after the date of order of ejection, then without prejudice to the find, the *Tahsildar* shall cause him to be apprehended and send him with a warrant to be confined in a civil prison for a period of 15 days/six months. An arrear of land revenue payable to the Government (or *Gram Sabha*) may be recovered by a *Tahsildar* by attachment and sale of movable property.

Audit scrutinised (between October 2016 and April 2017) the basic land record<sup>92</sup> in five *tahsil* offices<sup>93</sup> and observed that in 962 cases out of 1,145 cases test-checked, fine arising out of unauthorised possession, amounting to ₹ 84.06 lakh<sup>94</sup> during the period October 2007 to September 2016, was not realised (**Appendix XXVII**). Revenue Order Sheets were issued by the *Tahsildar* Gwalior and Pushprajgarh in nine and eight cases respectively but in other cases no order was found to have been issued by the *Tahsildars* and only entries were made in the penalty registers concerned. Thus, the *Tahsildars* failed to recover the penalty and enforce the provision of the act in checking unauthorised occupation or possession of Government land.

During the Exit Conference (April 2019), the PRC assured to provide detailed reply along with supported documents after compiling the information from districts concerned. However, a recovery of ₹ 1.06 lakh in 31 cases were intimated by the *Tahsildars* to audit.

Audit reported the matter to the Government (between April 2017 and June 2018), but reply is awaited (September 2019).

Most of the audit observations are of a nature that may reflect similar errors/omissions in other units of the concerned State Government Department, but were not covered in the test check conducted during the year.

<sup>92</sup> *Daira Panji* (Revenue Case Register), Encroachments (A-68) etc., *Arthdand Panji* (Penalty Register), Demand Register and individual case files.

<sup>93</sup> Baldevgarh (Tikamgarh), Gaurihar (Chhatarpur), Gwalior, Pushprajgarh (Anuppur) and Suwasara (Mandsaur).

<sup>94</sup> Penalty not recovered by *Tahsildar* Gwalior (₹ 18.60 lakh), *Tahsildar* Baldevgarh (₹ 9.04 lakh), *Tahsildar* Gaurihar (₹ 2.55 lakh), *Tahsildar* Suwasara (₹ 4.81 lakh) and *Tahsildar* Pushprajgarh (₹ 49.06 lakh).

The Department/Government may therefore like to internally examine all other units with a view to ensuring that they are functioning as per requirement and rules.

**CHAPTER – 7**  
**TAXES ON VEHICLES**



## CHAPTER 7 TAXES ON VEHICLES

### 7.1 Tax Administration

The Transport Department functions under the overall charge of the Principal Secretary (Transport). The Transport Commissioner (TC) administers and monitors the issue of driving licences/permits and levy and collection of taxes/fees/penalties on vehicles. He is assisted by one Additional Transport Commissioner (Enforcement), two Joint Transport Commissioners (Administration/Finance), three Deputy Transport Commissioners and an Internal Audit Wing at headquarters level. There are 10 Divisional Deputy Transport Commissioners, 10 Regional Transport Offices (RTOs), 10 Additional Regional Transport Offices (ARTOs) and 31 District Transport Offices (DTOs) at the field level. The Additional Transport Commissioner (Enforcement) monitors the computerisation activities in the Department. RTOs/ARTOs/DTOs are Taxation Authorities (TAs).

Taxes on vehicles are collected under the provisions of the following Acts, Rules and notifications issued thereunder:

- The Motor Vehicles Act, 1988 (MV Act);
- The Central Motor Vehicles Rules, 1989 (CMV Rules);
- Madhya Pradesh *Motoryan Karadhan Adhiniyam*, 1991 (henceforth, referred to as *Adhiniyam*); and
- Madhya Pradesh *Motoryan Karadhan Niyam*, (henceforth, referred to as *Niyam*).

### 7.2 Trend of Receipts

Budget estimates and the actual receipts from taxes on vehicles during the period 2013-14 to 2017-18 are detailed in **Table 7.1** below:

**Table 7.1**  
**Trend of receipts**

(₹ in crore)

Year	Budget estimates	Actual receipts	Percentage of variation
2013-14	1,650.00	1,598.93	(-) 3.10
2014-15	2,000.00	1,823.84	(-) 8.81
2015-16	2,300.00	1,933.57	(-) 15.93
2016-17	2,500.00	2,251.51	(-) 9.94
2017-18	2,550.00	2,691.62	(+) 5.55

(Source: Finance Accounts and Budget Estimates of Government of Madhya Pradesh)

It can be seen from the above Table that revenue receipts during 2017-18 increased by 5.55 per cent over budget estimates. The Department attributed the reason for increase in revenue during 2017-18 to the special drive for achieving the revenue targets, continuous monitoring and better guidance by senior officials and tax rates were also upwardly revised on 10 January 2017.

### 7.3 Internal Audit

The Internal Audit Wing (IAW) of the Department functions under the supervision of Joint Transport Commissioner (JTC) (Finance). During 2017-18, the Department planned 33 field units for internal audit. However, audit of only 14 units could be completed. The Department stated that eight posts of AAOs were sanctioned for the office of the TC against which there were only four AAOs. The Department further stated that 100 per cent internal audit as per approved roster could not be conducted due to the staff being engaged in additional work relating to budget, accounts, establishment and pay fixation of staff under 7<sup>th</sup> Pay Commission.

During the Exit Conference (February 2019) too, the Department intimated that shortfall in internal audit was due to shortage of staff.

Therefore, IAW is not as effective as it should be, with the main reason for that being shortage of staff.

### 7.4 Results of Audit

Audit test-checked records of 25 units (Office of Principal Secretary, Transport, Office of Transport Commissioner and five RTOs, two ARTOs and 16 DTOs) out of 53 units (47 per cent) of the Transport Department in the year 2017-18. Revenue generated by the Department during the year 2016-17 aggregated to ₹ 2,251.51 crore, of which the audited units collected ₹ 985 crore (44 per cent). Audit examined records of 88,382 vehicles (15.58 per cent) out of total 5,67,274 vehicles registered in the test-checked units during the audit period covered from 2014-15 to 2016-17 and observed under-assessment of tax and other irregularities involving ₹ 86.12 crore in 47,050 cases (eight per cent) which fall under the categories mentioned in **Table 7.2**:

**Table 7.2**  
**Results of Audit**

(₹ in crore)			
Sl. No.	Categories	Number of cases	Amount
1	Vehicle tax and penalty on goods vehicles not levied/short levied	1,709	8.66
2	Vehicle tax and penalty on public service vehicles not levied/short levied	1,088	7.94
3	Vehicle tax and penalty on maxi cab vehicles not levied/short levied	980	2.99



Sl. No.	Categories	Number of cases	Amount
4	Others (Tax and penalty not/short levied on JCB vehicles, trucks, Educational institutional buses etc.)	43,273	66.53
<b>Total</b>		<b>47,050</b>	<b>86.12</b>

The audit observations were forwarded (between May 2017 and February 2018) to the Government and the Department. The Department accepted under-assessment and other deficiencies of ₹ 20.58 crore in 2,644 cases and assured to review 44,406 cases amounting to ₹ 65.54 crore, which were pointed out during 2017-18. However, no recovery has been intimated by the Department so far (September 2019).

### 7.5 Follow-up of previous Audit Reports

In the Audit Reports for the period from 2012-13 to 2016-17, Audit had pointed out various observations amounting to ₹ 125.65 crore in 45 paragraphs against which recovery of ₹ 3.88 crore only was effected by the Department. Out of these 45 paragraphs, 22 paragraphs were selected by the Public Accounts Committee (PAC) for discussion. The PAC discussed 18 paragraphs of Audit Reports from 2012-13 to 2013-14. However, no recommendation has been received so far.

A few illustrative audit observations involving ₹ 18.12 crore are mentioned in the following paragraphs.

Most of the audit observations are of a nature that may reflect similar errors/omissions in other units of the concerned State Government Department, but were not covered in the test check conducted during the year. The Department/Government may therefore like to internally examine all other units with a view to ensuring that they are functioning as per requirement and rules.

### 7.6 Vehicle tax and penalty not realised

**Vehicle tax of ₹ 11.21 crore and penalty of ₹ 4.38 crore in respect of 3,270 vehicles of various categories was not levied/short levied.**

The *Adhiniyam* prescribes rates of tax to be levied on various categories of vehicles used or kept for use in the State and stipulates that in cases of non-payment of tax by the owner of the vehicle within the prescribed period, penalty is to be imposed at the rate of four *per cent* per month on the unpaid amount of tax, subject to a maximum of twice the amount of tax. The Taxation Authority (TA) shall serve on such owner, who does not pay tax, penalty or interest, a notice for the sum payable and recover the same as arrears of land revenue by attaching and selling the vehicles and accessories thereof for the recovery dues.

Audit test-checked (between April 2017 and February 2018) records of six RTOs<sup>95</sup>, two ARTOs<sup>96</sup> and 16 DTOs<sup>97</sup> and found that vehicle tax on 3,270 vehicles out of 28,481 vehicles test-checked for the period between April 2014 and March 2017 was neither paid by the vehicle owners nor any demand notice was issued by the TAs for the outstanding amounts. There was nothing on records to show that the vehicles were declared off road or transferred to any other districts/state. As a result, tax of ₹ 11.21 crore and penalty of ₹ 4.38 crore on the unpaid amount of tax was not realised, as shown in **Table 7.4** below:

**Table 7.4**  
**Details of vehicle tax and penalty not realised**

(₹ in lakh)

Sl. No.	Type of vehicle	Number of defaulter vehicles	Number of offices involved	Tax not realised Amount	Penalty on tax leviable Amount	Total Amount
1	Goods Vehicles	1,353	18 offices <sup>98</sup>	396.16	209.17	605.33
2	Public Service Vehicle kept as reserve	87	07 offices <sup>99</sup>	64.49	31.65	96.14
3	Earthmover/ Harvester/JCB	572	15 offices <sup>100</sup>	423.35	109.18	532.53

<sup>95</sup> **RTO** Bhopal, Gwalior, Indore, Jabalpur, Sagar and Ujjain.

<sup>96</sup> **ARTO** Guna and Seoni.

<sup>97</sup> **DTO** Anuppur, Balaghat, Barwani, Betul, Bhind, Damoh, Dewas, Dindori, Mandla, Narsinghpur, Neemuch, Panna, Raisen, Shivpuri, Sidhi and Umaria.

<sup>98</sup> **RTO (05)** Gwalior (85 cases), Indore (300 cases), Jabalpur (20 cases), Sagar (56 cases) and Ujjain (01 case).

**ARTO (01)** Seoni (378 cases).

**DTO (12)** Anuppur (80 cases), Balaghat (160 cases), Betul (07 cases), Bhind (91 cases), Damoh (25 cases), Dewas (06 cases), Dindori (41 cases), Mandla (15 cases), Narsinghpur (22 cases), Panna (15 cases), Raisen (03 cases) and Shivpuri (48 cases).

<sup>99</sup> **RTO (01)** Indore (29 cases).

**ARTO (01)** Seoni (12 cases).

**DTO (05)** Anuppur (18 cases), Damoh (05 cases), Narsinghpur (03 cases), Panna (11 cases), Ratlam (09 cases).

<sup>100</sup> **RTO (06)** Bhopal (75 cases), Gwalior (42 cases), Indore (189 cases), Jabalpur (11 cases), Sagar (27 cases) and Ujjain (28 cases).

**ARTO (02)** Guna (25 cases) and Seoni (40 cases).

**DTO (07)** Betul (09 cases), Bhind (33 cases), Damoh (31 cases), Dewas (13 cases), Panna (12 cases), Raisen (14 cases), and Shivpuri (23 cases).

Sl. No.	Type of vehicle	Number of defaulter vehicles	Number of offices involved	Tax not realised Amount	Penalty on tax leviable Amount	Total Amount
4	Maxicabs/Taxicabs	795	18 offices <sup>101</sup>	160.30	51.60	211.90
5	Stage carriage vehicles	56	06 offices <sup>102</sup>	31.27	9.25	40.52
6	All India permit vehicles	18	02 offices <sup>103</sup>	17.86	13.37	31.23
7	Deluxe buses	17	02 RTOs <sup>104</sup>	5.06	2.44	7.50
8	Private Service Vehicles	45	03 offices <sup>105</sup>	22.31	11.71	34.02
<b>Total</b>		<b>3,270</b>		<b>1,120.80</b>	<b>438.37</b>	<b>1,559.17</b>

Audit reported the matter to the Government and Department (between November 2017 and June 2018).

During the Exit Conference (February 2019), the Department accepted the audit observations. Further, the Government intimated (May 2019) recovery of ₹ 1.72 crore in 406 vehicles. However, documents supporting vehicle wise recovery and challans were not provided.

Similar observations were pointed out in Audit Reports for the years 2012-13 to 2016-17 but appropriate action was not taken by the Department to check the persistence of such irregularities. The PAC had also directed (392<sup>th</sup> Report, 2017-18 on the Audit Report 2011-12) the Transport Department to recover the outstanding tax and penalty within fixed time limit and initiate action against officers who did not take timely action to recover the dues. Despite

<sup>101</sup> **RTO (05)** Bhopal (52 cases), Gwalior (15 cases), Indore (17 cases), Sagar (60 cases), and Ujjain (19 cases).

**ARTO (02)** Guna (06 cases), and Seoni (61 cases).

**DTO (11)** Anuppur (158 case), Balaghat (53 cases), Betul (37 cases), Bhind (38 cases), Dewas (48 cases), Dindori (40 cases), Narsinghpur (25 cases), Mandla (25 cases), Panna (89 cases), Raisen (19 cases) and Shivpuri (33 cases).

<sup>102</sup> **RTO (01)** Indore (09 cases).

**ARTO (01)** Seoni (11 cases).

**DTO (04)** Balaghat (20 cases), Bhind (11 cases), Mandla (04 cases) and Narsinghpur (01 case).

<sup>103</sup> **DTO (02)** Bhind (12 cases) and Shivpuri (06 cases).

<sup>104</sup> **RTO (02)** Indore (14 cases) and Sagar (03 cases).

<sup>105</sup> **RTO (03)** Bhopal (18 cases), Gwalior (07 cases) and Indore (20 cases).

these, the Department failed to evolve an effective mechanism to ensure that vehicle taxes are collected fully and defaulters are not allowed to escape the payment of tax and penalty.

### **7.7 Incorrect levy of tax on private service vehicles at the rate applicable to educational institution buses**

**Vehicle tax in respect of 208 private service vehicles was incorrectly levied at the rate applicable to Educational Institution Buses. Failure to detect the application of incorrect rate of tax resulted in short realisation of vehicle tax of ₹ 1.46 crore and penalty of ₹ 1.07 crore. This resulted in revenue loss of ₹ 2.53 crore.**

The MV Act defines the “Educational Institution Bus” as an omnibus, which is owned by a college, school or other educational institution and used solely for the purpose of transporting students or staff of the educational institution in connection with any of its activities. It further provides that “owner” means a person in possession of the vehicle under an agreement of lease or hypothecation. Tax on educational institution buses, is to be levied at concessional rate of ₹ 30 per seat per quarter (₹ three per seat per quarter from October 2014). On the other hand, Private Service Vehicle having seating capacity of more than six persons excluding the driver which are ordinarily used in connection with trade or business of the owner but not for public purpose are taxed at the rate of ₹ 480 per seat per quarter (₹ 600 per seat per quarter from January 2017).

Audit test-checked (between May 2017 and January 2018) records of 591 vehicles in four offices<sup>106</sup> for the period between April 2014 to March 2017 and found that TAs levied vehicle tax at the rate prescribed for educational institution buses on 208 vehicles which were not owned by a college, school or other educational institution or leased out to educational institution. The objected vehicles were registered in the name of individuals.

Failure of the Taxation Authorities to apply correct rate of tax resulted in short realisation of vehicle tax of ₹ 1.46 crore and penalty ₹ 1.07 crore in respect of private individuals. This resulted in revenue loss of ₹ 2.53 crore (**Appendix XXVIII**).

Audit reported the matter to the Government and Department (between March 2018 and June 2018).

During the Exit Conference (February 2019), the Department accepted the audit observations and intimated that an order had been issued (February 2019) in this regard to all TAs to levy concessional rate of vehicle tax on only

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<sup>106</sup> **DTO** Betul, Bind and Shivpuri.  
**RTO** Sagar.

those vehicles which were registered in the name of Educational Institutions/Schools or were leased in favor of schools/colleges or education institutes. However, no recovery was intimated (May 2019) by the Government.



**(BIJIT KUMAR MUKHERJEE)**  
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**(Economic & Revenue Sector Audit)**  
**Madhya Pradesh**

**Bhopal**  
**The 06 February 2020**

**Countersigned**



**(RAJIV MEHRISHI)**  
**Comptroller and Auditor General of India**

**New Delhi**  
**The 11 February 2020**



# APPENDICES





## Appendix I

(Referred to in paragraph 2.7)

### Non adherence to mandatory checks like verification/Reconciliation of challans with treasury records led to loss of revenue to the Government

(Amount in ₹)

Type of Liquor	Year	Name of Licencee	No. of Challan related to Excise Duty	No. of Challan related to License Fee	Amount payable		Amount paid		Difference	
					Excise Duty	License Fee	Excise Duty	License Fee	Excise Duty	License Fee
Country Liquor	2015-16	Balram Mali	15	13	29,11,950	30,36,940	65,950	99,940	28,46,000	29,37,000
		Abhishek Sharma	26	12	56,58,860	61,78,100	2,88,860	60,100	53,70,000	61,18,000
	2016-17	Vijay Kumar Shrivastava	68	14	1,39,33,350	1,38,71,500	5,72,850	2,13,500	1,33,60,500	1,36,58,000
		Deepak Jaiswal	61	30	1,23,03,900	1,23,43,600	4,11,900	3,48,600	1,18,92,000	1,19,95,000
		Titendra Shivrame	22	11	22,71,800	26,62,600	1,50,800	1,11,600	21,21,000	25,51,000
		Rahul Chauksey	60	28	1,12,79,050	1,14,15,200	4,09,050	2,67,200	1,08,70,000	1,11,48,000
		Lav Kush Pandey	15	9	21,00,600	30,18,275	56,600	51,275	20,44,000	29,67,000
		Aspreet Singh Lubana	11	6	26,22,375	41,10,500	51,375	40,500	25,71,000	40,70,000
		M/s. Bhartidev Build. Pvt. Ltd.	2	1	6,92,500	5,20,000	10,500	20,000	6,82,000	5,00,000
	2017-18	Pradeep Jaiswal	33	0	1,19,86,893	0	6,86,893	0	1,13,00,000	0
		M/s. Bhartidev Build. Pvt. Ltd.	38	0	1,33,69,473	0	7,69,473	0	1,26,00,000	0
		Lav Kush Pandey	31	0	1,35,85,540	0	7,85,540	0	1,28,00,000	0
		M/s. Million Traders	21	0	83,70,900	0	3,70,900	0	80,00,000	0
		Rahul Chauksey	34	0	1,39,69,971	0	6,69,971	0	1,33,00,000	0
Avinash Singh Mandloi		32	0	1,26,91,935	0	4,91,935	0	1,22,00,000	0	
		Virendra Singh Thakur	2	0	7,30,980	0	30,980	0	7,00,000	0
<b>Total (A)</b>			<b>471</b>	<b>124</b>	<b>12,84,80,077</b>	<b>5,71,56,715</b>	<b>58,23,577</b>	<b>12,12,715</b>	<b>12,26,56,500</b>	<b>5,59,44,000</b>

<b>Foreign Liquor</b>	2015-16	Balram Mali	8	6	10,16,000	26,04,945	87,000	14,945	9,29,000	25,90,000
		Abhishek Sharma	18	7	29,48,000	46,87,000	2,38,000	1,72,000	27,10,000	45,15,000
	2016-17	Lav Kush Pandey	13	4	23,83,000	47,50,000	73,000	50,000	23,10,000	47,00,000
		Vijay Kumar Shrivastava	111	20	1,89,46,500	2,57,34,500	8,46,500	2,75,500	1,81,00,000	2,54,59,000
		Aspreet Singh Lubana	16	5	22,43,500	23,60,000	1,05,500	60,000	21,38,000	23,00,000
		Deepak Jaiswal	0	4	0	23,75,600	0	75,600	0	23,00,000
		Rahul Chauksey	62	15	1,34,26,000	1,96,86,500	5,56,000	2,46,500	1,28,70,000	1,94,40,000
		Jitendra Shivrame	21	7	26,38,500	35,79,000	1,48,500	79,000	24,90,000	35,00,000
		M/s. Million Traders	20	0	91,50,000	0	2,50,000	0	89,00,000	0
	2017-18	Pradeep Jaiswal	26	0	1,35,65,000	0	2,65,000	0	1,33,00,000	0
		Lav Kush Pandey	15	0	90,60,000	0	2,60,000	0	88,00,000	0
		Rakesh Jaiswal	26	0	1,49,25,000	0	3,25,000	0	1,46,00,000	0
		Yogendra Jaiswal	12	0	70,50,000	0	1,50,000	0	69,00,000	0
		Rahul Chauksey	25	0	1,47,65,000	0	3,65,000	0	1,44,00,000	0
		M/s. Bhartidev Build. Pvt. Ltd.	25	0	1,07,50,000	0	3,50,000	0	1,04,00,000	0
<b>Total (B)</b>			<b>398</b>	<b>68</b>	<b>12,28,66,500</b>	<b>6,57,77,545</b>	<b>40,19,500</b>	<b>9,73,545</b>	<b>11,88,47,000</b>	<b>6,48,04,000</b>
<b>Grand Total (A) + (B)</b>			<b>869</b>	<b>192</b>	<b>25,13,46,577</b>	<b>12,29,34,260</b>	<b>98,43,077</b>	<b>21,86,260</b>	<b>24,15,03,500</b>	<b>12,07,48,000</b>

**Appendix II***(Referred to in paragraph 2.7)***Statement showing details of Difference of Departmental and Treasury figures of revenue receipts****(Amount in ₹)**

Sl. No.	Month	Departmental figures	Treasury figures	Difference
1	Apr-15	76,13,69,670	76,13,69,670	0
2	May-15	55,07,43,555	55,23,51,755	- 16,08,200
3	Jun-15	57,05,00,188	57,05,01,188	- 1,000
4	Jul-15	43,00,15,541	43,00,15,541	0
5	Aug-15	37,54,68,934	37,54,71,034	- 2,100
6	Sep-15	38,30,87,634	38,35,14,434	- 4,26,800
7	Oct-15	44,43,95,411	44,43,95,511	- 100
8	Nov-15	47,33,15,071	47,33,15,971	- 900
9	Dec-15	47,53,39,015	47,53,39,015	0
10	Jan-16	39,68,17,431	39,68,17,431	0
11	Feb-16	62,19,04,752	62,19,04,752	0
12	Mar-16	62,19,04,752	85,76,57,444	- 23,57,52,692
13	Apr-16	60,79,62,531	60,79,79,831	- 17,300
14	May-16	86,21,23,373	86,21,24,373	- 1,000
15	Jun-16	57,58,26,834	57,58,27,934	- 1,100
16	Jul-16	44,55,70,051	43,76,04,201	79,65,850
17	Aug-16	45,21,48,367	45,22,79,667	- 1,31,300
18	Sep-16	40,20,54,485	40,20,14,485	40,000
19	Oct-16	47,23,81,760	47,23,81,160	600
20	Nov-16	51,54,83,904	51,54,33,904	50,000
21	Dec-16	50,87,52,557	50,87,52,557	0
22	Jan-17	44,34,44,640	44,34,44,640	0
23	Feb-17	53,51,25,178	53,51,25,178	0
24	Mar-17	98,82,67,579	98,82,67,679	- 100
25	Apr-17	57,96,82,347	59,09,93,937	- 1,13,11,590
26	May-17	77,47,71,068	79,36,95,917	- 1,89,24,849
27	Jun-17	65,90,50,743	67,37,69,557	- 1,47,18,814

**Appendix III**  
(Referred to in paragraph 3.6)  
**Incorrect Determination of Turnover**

(Amount in ₹)

Sl. No.	PDP No./ Year	Name of auditee unit/ Dealer	Period/ month of assessment	Month of audit/ month of issue of IR	TTO as per books	TTO determined by the AA	Under determination of taxable turnover	Rate of tax applicable (%)	Amount of short realisation	Observation of Audit	Reply of Assessing Authority
1.	9 2017-18	ACCT Cir-Morena M/s Baghawati Enterprises TIN-23495604550 Case No.523/2013 (VAT)	2012-13 Apr 2015	May 2017 Jun 2017	5,08,26,592	4,25,76,418	82,50,174	5	4,12,509 Penalty 12,37,527 16,50,036	The AA allowed lesser profit in TTO.	The AA stated that diesel is part of raw material under direct expenditure. VAT tax & others direct expenditure were included in indirect expenses in the audit report. Reply of AA was not acceptable as direct expenses was not included in the audit report but it was official expenditure and receipts shown in VAT tax were TDS which did not affect calculation of profit.
2.	12 2017-18	ACCT Cir-Morena M/s Baghawati Enterprises TIN-23495604550 Case No. 541043	2013-14 Jan 2016	May 2017 Jun 2017	8,69,01,794	7,70,36,928	98,64,866	5	4,93,243 Penalty 14,79,729 19,72,972	The AA allowed lesser profit in TTO.	The AA stated that diesel is part of raw material under direct expenditure. VAT tax & others direct expenditure were included in indirect expenses in the audit report.

		(VAT)									Reply of AA was not acceptable as direct expenses were not included in the audit report but it was official expenditure and receipts shown in VAT tax were TDS which did not affect calculation of profit.
3.	<u>27</u> 2017-18	ACCT Cir- Morena M/s B K Tractors & Motors TIN-23075601871 Case No. 777063	<u>2014-15</u> Dec 2016	<u>May</u> <u>2017</u> Jun 2017	8,47,25,730	8,42,60,336	4,65,394	13	60,501 Penalty 1,81,503 2,42,004	The AA did not include sale of tractor accessories in TTO.	The AA stated that tractor accessories were not sold separately as that was part of tractor sale. Reply of AA was not acceptable as separate sale of accessories was certified by CA. Evidence of transfer was not there in tractor account.
4.	<u>28</u> 2017-18	CTO Cir- Hoshangabad M/s Shiv Traders TIN-23884202734 Case No. 569/2014-15 (VAT)	<u>2013-14</u> Aug 2016	<u>May</u> <u>2017</u> Jun 2017	1,92,47,486	1,48,95,983	43,51,503	13	5,65,695 Penalty 16,97,085 22,62,780	The AA incorrectly considered opening balance in 2014-15 and closing balance in 2013-14.	The AA stated that action would be taken after verification.
5.	<u>31</u> 2017-18	CTO Cir- Hoshangabad M/s Neeraj Kumar Jain TIN-23624201034 Case No. 472/2014 (VAT)	<u>2013-14</u> Jan 2016	<u>May</u> <u>2017</u> Jun 2017	82,53,316	76,51,870	6,01,446	13	78,187 Penalty 2,34,561 3,12,748	The AA allowed deduction of labour expenditure.	The AA stated that action would be taken after verification.

6.	<u>81</u> 2017-18	CTO Cir-1 Indore M/s Marvi Packaging TIN- 23160103813 Case No.698039 (VAT)	<u>2014-15</u> Jan 2017	<u>Jun</u> <u>2017</u> Jul 2017	3,44,71,169	3,38,42,732	6,28,437	1.5	9,427 Penalty 28,281 37,708	The AA allowed deduction of fixed assets in TTO.	The AA stated that action would be taken after verification.
7.	<u>84</u> 2017-18	CTO Cir-1 Indore M/s Shrinathji Traders TIN- 23460104909 Case No.699311 (VAT)	<u>2014-15</u> Dec 2016	<u>Jun</u> <u>2017</u> Jul 2017	1,34,46,292	1,24,66,292	9,80,000	5	49,000	The AA accepted lesser amount of sale.	The AA stated that action would be taken after verification.
8.	<u>93</u> 2017-18	CTO Cir-13 Indore M/s Betala Auto Sales TIN- 23681302738 Case no. 679780 (VAT)	<u>2014-15</u> Jan 2017	<u>May</u> <u>2017</u> Jun 2017	19,48,09,996	19,36,85,662	11,24,334	13	1,46,164	The AA did not warrant claim, servicing & repairing charges and Gurkha sale in TTO.	The AA stated that servicing & repairing had been done after sale of vehicle and warranty claim liable on vehicle maker company, VAT levied on parts used in servicing & repairing as shown in sale bill and non-acceptance of bill no 145 regarding sale of vehicle was baseless because all sale bills included in Gross sale. Reply of AA was not acceptable as warranty claim had been adjudicated by Hon'ble Supreme Court as

											taxable. Assessee was not eligible for ITR as purchase was made for self.
9.	<u>96</u> 2017-18	CTO Cir-13 Indore M/s Kamco Chew Food Pvt Ltd TIN- 23839047975 Case No. 687932 (VAT)	<u>2014-15</u> Jan 2017	<u>May</u> 2017 Jun 2017	48,42,800	47,07,828	1,34,972	13	17,546 Penalty 52,638 70,184	The AA did not include sale of plant & machinery in TTO.	The AA stated that action would be taken after verification.
10.	<u>97</u> 2017-18	CTO Cir-13 Indore M/s A. S. Movris Pvt Ltd TIN- 23259080043 Case No. 688102 (VAT)	<u>2014-15</u> Sep 2016	<u>May</u> 2017 Jun 2017	1,00,95,712	96,96,787	3,98,925	13	51,860	The AA did not include warranty claim in TTO.	The AA stated that according to Rajasthan High Court judgment warranty claim was non-taxable. Reply of AA was not acceptable as warranty claim had been made taxable by Hon'ble Supreme Court in case of M/s Ikram.
11.	<u>40</u> 2017-18	ACCT Cir-2 Gwalior M/s Patel & Sons TIN- 23705206492 Case No. 660264 (VAT)	<u>2014-15</u> Jan 2017	<u>May</u> 2017 Jun 2017	7,76,00,627	7,74,00,627	200,000	23	37,398	The AA accepted lesser amount of sale.	No reply was furnished by AA.
12.	<u>44</u> 2017-18	CTO Cir- Mandla M/s Pranav Lodh TIN- 23816302580	<u>2014-15</u> Jan 2017	<u>May</u> 2017 Jul 2017	9,96,246	6,46,752	3,49,496	13	45,434 Penalty 1,36,302 1,81,736	The AA determined less TTO @ 13%.	The AA stated that action would be taken after verification.

		Case No. 651721 (VAT)									
13.	<u>47</u> 2017-18	CTO Cir-3 Ujjain M/s Mahendra Singh Sonti TIN- 23169024956 Case No. 728/2015	<u>2013-14</u> Jan 2016	<u>Jun</u> 2017 <u>Jul</u> 2017	1,68,83,594	1,34,20,820	34,62,774	5 & 13	1,94,070	The AA determined less TTO @ 5% & 13%.	The AA stated that action would be taken after verification.
14.	<u>53</u> 2017-18	CTO Shajapur M/s Dhanraj Traders TIN- 23672606388 Case No. NIL	<u>2012-13</u> -	<u>May</u> 2017 <u>Jun</u> 2017	9,35,68,369	8,74,87,635	60,80,734	5	3,04,036	The AA determined less TTO.	The AA stated that Case would be transferred to senior officer as the case is related to him.
15.	<u>57</u> 2017-18	CTO Shajapur M/s Shubham Electronics TIN- 23372504787 Case No. NIL	<u>2013-14</u> -	<u>May</u> 2017 <u>Jun</u> 2017	2,07,00,323	1,89,85,971	17,14,261	13	2,22,854	The AA determined less TTO.	The AA stated that Case would be transferred to senior officer as the case is related to him.
16.	<u>59</u> 2017-18	CTO Shajapur M/s Devi Medicose TIN- 23872503154 Case No.- NIL	<u>2012-13</u> -	<u>May</u> 2017 <u>Jun</u> 2017	1,61,08,146	1,25,81,834	35,26,312	5 & 13	2,07,108	The AA determined less TTO.	The AA stated that Case would be transferred to senior officer as the case is related to him.
17.	<u>60</u> 2017-18	CTO Shajapur M/s Nakoda Agency TIN-	<u>2012-13</u> -	<u>May</u> 2017 <u>Jun</u> 2017	2,16,02,004	2,08,95,531	7,06,473	13	91,841	The AA determined less TTO.	The AA stated that Case would be transferred to senior officer as the case is related to him.



		23352502179 Case No. NIL									
18.	<u>64</u> 2017-18	DCCT Div-2 Gwalior M/s V. V. C. realinfra Pvt Ltd TIN- 23825006412 Case No. 644380 (VAT)	<u>2014-15</u> Jan 2017	<u>May</u> <u>2017</u> Jun 2017	1,15,35,94,580	1,11,40,29,019	3,95,65,561	5	19,78,278	The AA determined less TTO, as observed in audited accounts and form 32 as reflected in amount of labour cess in audited accounts.	The AA stated that in cases of work contract as government departments deduct TDS on running bill in the last months of financial year and the contractor's account is credited in the next financial year, the contractor's accounts do not reflect the same amount as receipt in current financial year. Tax has been assessed on the basis of account books and all actual receipts in the current year have been taken for that matter. The case of lesser assessment of tax is not applicable in this case. In cases of labour cess, deduction is made @ 2% & 3% in certain cases. Reply of AA was not acceptable as purchase invoice of purchase made form registered dealer had not been available with case nor it was appended with case.

19.	<u>68</u> 2017-18	DCCT Div-2 Gwalior M/s K. N. R. Constructions Ltd TIN- 23435503800 Case No. 626532	<u>2014-15</u> Jan 2017	<u>May</u> <u>2017</u> Jun 2017	1,65,89,33,900	1,61,13,48,615	4,75,85,285	5	23,79,264	The AA did not include sale of goods in TTO.	The AA stated that the assessee had maintained proper accounts and had furnished the returns. There was no failure in complying with any notice issued u/s 18(2) of MPGST Act, nor did the assessee knowingly furnished incomplete or incorrect returns. The assessment could be made on the basis of accounts maintained by the assessee. There is no justification for best judgement assessment and enhancement in the turnover of the assessee. Reply of AA was not acceptable as payment done in next quarter and showing it in quarterly TDS Form - 32 was not legally tenable and it was against the accounting principle.
20.	<u>71</u> 2017-18	CTO Cir- Rajgarh M/s Ram Prasad Rathore TIN- 2309240449 Case No. 1/R/15 (VAT)	<u>2012-13</u> Mar 2015	<u>May</u> <u>2017</u> Jul 2017	3,43,71,981	3,22,46,615	21,25,366	5 & 13	4,31,253	The AA did not show profit in value of cement bitumen, steel, RCC pipe, URD material emulsion.	The AA stated that action would be taken after verification.

21.	<u>108</u> 2017-18	DCCT (TAW-1) Indore M/s Aarone Developers TIN- 23109117597 Case No. -	<u>2014-15</u> Feb 2017	<u>Aug</u> <u>2017</u> Sep 2017	2,07,05,852	1,88,63,545	18,42,307	1.5	27,634 Penalty 82,902 1,10,536	The AA did not include sale of Honda City & Hyundai in TTO.	The AA stated that action would be taken after verification.
22.	<u>121</u> 2017-18	CTO Cir-2 Satna M/s Kanwar Traders TIN- 23749019757 Case No. 284/2015 (VAT)	<u>2014-15</u> -	<u>Aug</u> <u>2017</u> Sep 2017	1,21,96,597	1,08,19,284	13,77,313	8 (13-5)	1,10,185	Sale @ 13% was included in sale @ 5% and lesser amount of sale was determined @ 13 %.	The AA stated that action would be taken after verification.
23.	<u>122</u> 2017-18	CTO Ashoknagar M/s Prabal Pratap Singh Raghuvanshi Ltd TIN- 23439027645 Case No. 631498	<u>2014-15</u> Jan 2017	<u>Jun</u> <u>2017</u> Jul 2017	78,64,904	22,54,970	56,09,934	13, 5 and @ ₹ 20 per sq.mt.	3,11,143 Penalty 9,33,429 12,44,572	The AA determined less TTO while according to accounts, sale was ₹ 78,64,904.	The AA stated that action would be taken after verification.
24.	<u>125</u> 2017-18	CTO Ashoknagar M/s Vishen Infrastructure Pvt Ltd TIN- 23679037515 Case No. 303/2014 (VAT)	<u>2013-14</u> Jan 2016	<u>Jun</u> <u>2017</u> Jul 2017	3,93,98,570	3,86,82,380	7,16,190	5	35,810	The AA did not include said amount of sale in TTO.	The AA stated that action would be taken after verification.

25.	<u>139</u> 2017-18	CTO Cir- Balaghat M/s Wadhawa Construction TIN- 23829007430 Case No. 688110	<u>2014-15</u> Jul 2017	<u>Sep</u> <u>2017</u> Oct 2017	67,10,946	62,02,804	5,08,142	13	66,058 Penalty 1,98,174 2,64,232	The AA allowed lesser purchase shown by dealer than the sale in Form 75.	The AA stated that action would be taken after verification.
26.	<u>140</u> 2017-18	CTO Cir- Balaghat M/s Shailendra Patel TIN- 23576504472 Case No. 765690 (VAT)	<u>2014-15</u> Jan 2017	<u>Sep</u> <u>2017</u> Oct 2017	1,81,03,393	1,72,05,913	8,97,480	5	44,874 Penalty 1,34,622 1,79,496	The AA did not include sale of J. C. B. in TTO.	The AA stated that action would be taken after verification.
27.	<u>142</u> 2017-18	CTO Cir- Balaghat M/s Rimjhim Gift & General Stores TIN- 23916505061 Case No. 764645 (VAT)	<u>2014-15</u> Jan 2017	<u>Sep</u> <u>2017</u> Oct 2017	21,73,384	13,63,935	8,09,449	13	1,05,228 Penalty 3,15,684 4,20,912	The AA determined less TTO @ 13%.	The AA stated that action would be taken after verification.
28.	<u>143</u> 2017-18	CTO Cir- Balaghat M/s N. N. Pugaliya TIN- 23816506086 Case No. 792802 (VAT)	<u>2014-15</u> Jan 2017	<u>Sep</u> <u>2017</u> Oct 2017	51,65,56,571	51,48,92,246	16,64,325	₹ 20 per sq. mt.	8,11,864 Penalty 24,35,595 32,47,460	The AA did not include Royalty in TTO.	The AA stated that action would be taken after verification.

29.	<u>112</u> 2017-18	DCCT Satna M/s Amravati Filling Station TIN- 23369072951 Case No.- 46/2015 (VAT)	<u>2014-15</u> Jan 2017	<u>Aug</u> <u>2017</u> Sep 2017	53,39,18,421	52,60,11,517	79,06,904	4 (27- 23)	3,16,276 Penalty 9,48,828 12,65,104	The AA accepted sale of Diesel @ 27% included in sale of Diesel @ 23%.	The AA stated that action would be taken after verification.
30.	<u>115</u> 2017-18	ACCT Cir-1 Ujjain M/s Ashok Kumar Jain Contractor TIN- 23802602666 Case No. 696138 (VAT)	<u>2014-15</u> Jun 2016	<u>Jul</u> <u>2017</u> Sep 2017	3,30,63,978	2,99,55,638	31,08,340	13	4,04,084	The AA determined less TTO @ 13% while ITR was allowed at greater value of purchase @ 13%.	The AA stated that action would be taken after verification.
31.	<u>170</u> 2017-18	ACCT Cir-3 Gwalior M/s Shah JI Traders TIN 23299108266 Case No. 660825 (VAT)	<u>2014-15</u> Jan 2017	<u>Sep</u> <u>2017</u> Oct 2017	40,46,660	15,77,143	24,69,517	13	3,21,037	The AA determined less TTO while local sale was greater than the determined sale.	The AA stated that action would be taken after verification.
32.	<u>183</u> 2017-18	ACCT Cir-3 Gwalior M/s Samadhiya Financial Service Pvt Ltd TIN- 23865303404 Case No. 582944 (VAT)	<u>2014-15</u> Jan 2017	<u>Sep</u> <u>2017</u> Oct 2017	18,82,82,726	18,68,17,429	14,65,297	13	1,90,488	The AA did not include warranty sale in TTO.	No reply was furnished by AA.

33.	<u>192</u> 2017-18	CTO Cir- Burhanpur M/s Burhanpur Textile Ltd TIN 23831910603 Case No. 322413 (VAT)	<u>2012-13</u> Apr 2015	<u>Sep</u> <u>2017</u> Oct 2017	1,09,24,135	29,84,670	79,39,465	5	3,96,974 Penalty 11,90,922 15,87,896	The AA determined lesser cost of material than the actual.	The AA stated that action would be taken after verification.
34.	<u>201</u> 2017-18	CTO (A & L) Cir-Bhopal M/s Hotel Ranjeet Hamidia Road TIN 23333700528 Case No. 04/2015 (VAT)	<u>2014-15</u> -	<u>Oct</u> <u>2017</u> Nov 2017	2,03,81,229	1,87,81,229	16,00,000	1.5	24,000 Penalty 72,000 96,000	The AA allowed deduction of Car (old vehicle) value.	The AA stated that action would be taken after verification.
35.	<u>204</u> 2017-18	ACCT Neemuch M/s Rajdeep Trading Company TIN- 23683202192 Case No. 38/2014/15 (VAT)	<u>2014-15</u> -	<u>Oct</u> <u>2017</u> Nov 2017	1,49,77,634	1,16,69,524	33,08,110	5	1,65,405 Penalty 8,27,025 9,92,430	The AA did not include return sale value on H form in TTO.	The AA stated that action would be taken after verification of accounts and purchase-sale list and return sale on H form was re-sold so it was not included in opening balance of the year. Reply of AA was not acceptable as taxable turnover had not been determined taking consideration of sales return whereas if calculation was made as per audited accounts, total turnover would not have been proved.

36.	<u>208</u> 2017-18	ACCT Neemuch M/s Ramesh Chandra Bhanwar Lal TIN- 23053001991 Case No. 118/2014-15 (VAT)	<u>2014-15</u> -	<u>Oct</u> <u>2017</u> Nov 2017	19,34,000	0	19,34,000	5	96,700	The AA did not include sale of Bardana in TTO.	The AA stated that action would be taken after verification.
37.	<u>226</u> 2017-18	CTO Itarsi M/s Jaishri Agency TIN- 23664302377 Case No. 368/2015-16 (VAT)	<u>2015-16</u> -	<u>Oct</u> <u>2017</u> Nov 2017	3,22,20,299	3,08,67,856	13,52,443	5 & 14	69,599 Penalty 2,08,797 2,78,396	The AA determined less TTO.	The AA stated that action would be taken after verification.
38.	<u>228</u> 2017-18	CTO Itarsi M/s Mahesh Trading Company TIN- 23824305005 Case No. 846/2015-16 (VAT)	<u>2015-16</u> -	<u>Oct</u> <u>2017</u> Nov 2017	3,49,26,592	2,78,80,338	70,46,254	5 & 14	4,03,112	The AA determined less sale value of PVC tiles, URD, Cement, Granites, Marble, Kota stone.	The AA stated that action would be taken after verification.
39.	<u>237</u> 2017-18	ACCT Cir- Pithampur Dhar M/s ShriJI Polymer TIN- 23349013783 Case No. 643071 (VAT)	<u>2014-15</u> Jan 2017	<u>Dec</u> <u>2017</u> Jan 2018	54,24,954	34,24,954	20,00,000	13	2,60,000	The AA did not include sale value of Plant & Machinery in TTO.	The AA stated that action would be taken after verification.

40.	<u>49</u> 2017-18	CTO Cir-3 Ujjain M/s Ramesh Chandra Suresh Kumar TIN- 23202800294 Case No. 51/2012 (VAT)	<u>2011-12</u> Jul 2014	<u>Jun</u> <u>2017</u> Jul 2017	3,57,62,009	3,40,59,056	17,02,953	5	85,147	The AA determined less net sale.	The AA stated that action would be taken after verification.
41.	<u>239</u> 2017-18	CTO Cir-4 Indore M/s Mungad Aluminium Pvt Ltd TIN- 23550402310 Case No. 464126 (VAT)	<u>2013-14</u> Jan 2016	<u>May</u> <u>2017</u> Jun 2017	2,45,24,569	1,99,29,730	45,94,839	5	2,29,742	The AA allowed deduction of direct transit sale.	The AA stated that action would be taken after verification.
42.	<u>258</u> 2017-18	CTO Cir-2 Chhindwara M/s Pandit Infra Company TIN- 23625023746 Case No. 612832 (VAT)	<u>2014-15</u> Jan 2017	<u>Dec</u> <u>2017</u> Jan 2018	1,19,90,141	32,23,991	87,66,150	5	4,38,307 Penalty 13,14,921 17,53,229	The AA determined less TTO.	The AA stated that action would be taken after verification.



43.	106 2017-18	DCCT TAW-1 Indore M/s Sai Buildcon TIN-23259069179 Case No. - (VAT)	2014-15 Jan 2017	Aug 2017 Sep 2017	1,47,88,835	1,16,98,765	6,66,478	5	33,324	The AA added less profit to determine TTO.	The AA stated that sale is related to transfer material. Dealer said that work was going on for 5 years and 10% profit was considered every year and on the basis of this tax was levied. Reply of AA was not acceptable as ITR was disallowed by Hon'ble Supreme Court in case of M/s Amit Medico, Indore.
							24,23,592	13	3,15,066		
44.	107 2017-18	DCCT TAW-1 Indore M/s Sojariya Auto Pvt Ltd TIN-23441401422 Case No. 20400005347 965 (VAT)	2014-15 Nov 2016	Aug 2017 Sep 2017	22,46,22,677	22,41,97,025	4,25,632	13	55,334 Penalty 1,66,002 2,21,336	The AA did not include warranty claim in TTO.	The AA stated that according to Supreme Court judgment in MO. Ikram Khan & Sons Vs C. T. T. U. P. 2004 in warranty period, dealer acted in replacement of defective parts on behalf of producer and producer issued credit note to dealer and hence it would be part of sale. In this case credit note was not issued by Bajaj co. to dealer and barter system was used as a medium of transaction i.e., goods were received against goods. Reply of AA was not acceptable as ITR was disallowed by Hon'ble Supreme Court in case of M/s Amit Medico, Indore.

45.	<u>260</u> 2017-18	CTO Cir-2 Chhindwara M/s Max Infra LTd TIN- 23619019673 Case No. 610517	<u>2014-15</u> Jan 2017	<u>Dec</u> <u>2017</u> Jan 2018	1,79,47,312	1,55,57,498	23,89,814	5	1,19,491 Penalty 3,58,473 4,77,964	The AA determined less TTO.	The AA stated that action would be taken after verification.
46.	<u>265</u> 2017-18	CTO Cir-2 Ujjain M/s Jaglaxmi Plast Pack Pvt Ltd TIN- 23109073947 Case No. 699410 (VAT)	<u>2014-15</u> Jan 2017	<u>Nov</u> <u>2017</u> Dec 2017	12,31,68,725	12,21,80,913	9,87,812	13	1,28,415 Penalty 3,85,245 5,13,660	The AA did not include Plant & Machinery sale value in TTO.	The AA stated that action would be taken after verification.
47.	<u>271</u> 2017-18	ACCT Cir-1 Jabalpur M/s Himanshu Timber TIN- 23925810196 Case No. 774498 (VAT)	<u>2014-15</u> Nov 2016	<u>Dec</u> <u>2017</u> Jan 2018	1,16,71,308	1,03,25,052	13,46,256	13	1,75,013	The AA determined less sale value of woods.	The AA stated that action would be taken after verification.
48.	<u>272</u> 2017-18	ACCT Cir-1 Jabalpur M/s Deepesh Electricals TIN- 23275808177 Case No. 358/2015 (VAT)	<u>2014-15</u> Jan 2017	<u>Dec</u> <u>2017</u> Jan 2018	1,58,54,623	1,45,54,052	13,00,571	5 & 13	89,975	The AA added less profit to determine TTO.	The AA stated that action would be taken after verification.

49.	<u>248</u> 2017-18	ACCT Div-2 Khandawa M/s Brij Dairy And Beverages TIN- 23749066123 Case No.- 156/2015 (VAT)	<u>2014-15</u> -	<u>Dec</u> <u>2017</u> Jan 2018	76,00,625	0	76,00,625	13	9,88,081 Penalty 29,64,243 39,52,324	The AA did not levy tax on sale of Plant & Machinery.	The AA stated that action would be taken after verification.
50.	<u>39</u> 2017-18	ACCT Cir-2 Gwalior M/s Patel & Sons TIN- 23705206492 Case No.660268 (VAT)	<u>2014-15</u> Jan 2017	<u>May</u> <u>2017</u> Jun 2017	11,55,958	0	11,55,958	4	46,238 Penalty 1,38,714 1,84,952	The AA included said amount in taxable turnover @ 23% instead of that in @ 27%.	The AA stated that dealer had submitted reformative application. Reply of AA was not acceptable as reformative application was not found in records nor it was provided to audit with reply.
					24,88,711	16,48,645	8,40,066	27	2,26,817 Penalty 6,80,451 9,07,268	The AA determined less TTO @ 27%.	
51.	<u>80</u> 2017-18	CTO Cir-1 Indore M/s Shree Pacetronix Ltd TIN- 23130100677 Case No. 703565 (VAT)	<u>2014-15</u> Jan 2017	<u>Jun</u> <u>2017</u> Jul 2017	1,47,03,174	1,14,12,644	32,90,530	1.5	49,358 Penalty 1,48,074 1,97,432	The AA did not include sale of vehicle in TTO.	The AA stated that action would be taken after verification.
52.	<u>301</u> 2017-18	ACCT Div-2 Bhopal M/s Power Mach Project Ltd	<u>2013-14</u> Jan 2016	<u>Feb</u> <u>2017</u> Apr 2017	6,12,86,551	1,51,98,280	1,85,88,814	13	24,16,545 Penalty 72,49,635 96,66,180	The AA did not include sale of electrodes and hardware in	The AA stated that hardware included safety shoes, rope, belt etc. which was not transferable.

		TIN-23494702450 Case No.385219 (VAT)					2,74,99,457 Total 4,60,88,271	5	13,74,972 Penalty 41,24,916 54,99,888	TTO.	Reply was not acceptable as above mentioned items were not included in the observed hardware items.
53.	326 2017-18	ACCT Div-2 Gwalior M/s Singh Brothers TIN-23675703682 Case No. 606362 (VAT)	2014-15 Jan 2017	Nov 2017 Jan 2018	9,93,40,759	9,84,90,759	8,50,000	13	1,10,500 Penalty 3,31,500 4,42,000	The AA did not include sale of Machinery in TTO.	The AA stated that action would be taken after verification.
54.	342 2017-18	CTO Cir-14 Indore M/s Nakoda Marketing TIN-23061403862 Case No. 224/2015 (VAT)	2014-15 Oct 2016	Nov 2017 Jan 2018	18,58,42,148	16,96,10,082	1,62,32,066	13	21,10,168	The AA determined less TTO.	The AA stated that action would be taken after verification.
55.	334 2017-18	CTO Anuppur M/s Agrawal Trading Company TIN-23887205466 Case No 23/15 (VAT)	2014-15 Aug 2016	Nov 2017 Dec 2018	1,37,68,377	88,27,764	49,40,613	5	2,47,030	The AA did not include sale of Green Bamboo in TTO.	The AA stated that action would be taken after verification.
56.	335 2017-18	CTO Anuppur M/s Dharmendra	2014-15 Jan 2017	Nov 2017 Dec 2018	1,12,30,666	1,02,09,697	4,60,000	13	59,800 Penalty 1,79,400 2,39,200	The AA did not include profit in TTO.	The AA stated that action would be taken after verification.

		Kumar Chaubey TIN- 23067205238 Case No.802709 (VAT)					5,60,969	5	28,048 Penalty 84,144 1,12,192		
57.	<u>337</u> 2017-18	CTO Anuppur M/s V S Reddy Thekedar TIN- 23427202906 Case No. 149/15 (VAT)	<u>2014-15</u> Jan 2017	<u>Nov</u> 2017 <u>Dec</u> 2017	84,27,985	55,53,559	28,74,426	5	1,43,721	The AA did not include profit in TTO and also determined less TTO.	The AA stated that action would be taken after verification.
58.	<u>352</u> 2017-18	CTO Cir-14 Indore M/s Creative Marketing TIN- 23741402033 Case No. 05/15 (VAT)	<u>2013-14</u> Sep 2016	<u>Dec</u> 2017 Jan 2018	1,84,83,478	1,62,84,949	21,98,529	5	1,04,692	The AA determined less TTO.	The AA stated that action would be taken after verification.
59.	<u>290</u> 2017-18	DCCT Chhindawara M/s Kunal Motors TIN- 23576602830 Case No.575174 (VAT)	<u>2014-15</u> Jan 2017	<u>Jan</u> 2018 <u>Feb</u> 2018	52,89,17,684	52,72,15,147	17,02,537	13	2,21,329 Penalty 6,63,987 8,85,316	The AA did not include Direct expense on paint purchase in TTO.	The AA stated that dealer had shown use of paint in denting and painting of vehicle under job work on which ITR was not claimed. So it was excluded from TTO. Reply of AA was not acceptable as reply itself proved purchase of paint and it was right to levy tax by considering transfer/ deemed sale of goods.

60.	<u>305</u> 2017-18	CTO Cir-2 Guna M/s G. B. Industries TIN- 23835005776 Case No. 648883 (VAT)	<u>2014-15</u> Jan 2017	<u>Nov</u> <u>2017</u> Jan 2018	1,71,41,834	1,05,67,042	65,74,792	13	8,54,723	The AA determined less sale of Dhana Dal.	The AA stated that action would be taken after verification.
61.	<u>313</u> 2017-18	CTO Cir- Guna M/s Sonali Telecommuni cation services TIN- 23095006086 Case no. 763838 (VAT)	<u>2014-15</u> Jan 2017	<u>Nov</u> <u>2017</u> Jan 2018	51,63,984	42,23,026	9,40,958	5	47,048	The AA determined less TTO.	The AA stated that action would be taken after verification.
					1,32,36,413	0	1,32,36,413	5	6,61,820	The AA did not include gross receipt under schedule 10 after deduction of job work and minimum sale value.	
62.	<u>311</u> 2017-18	CTO Cir- Guna M/s Avani Construction TIN- 23685004355 Case No. 620514 (VAT)	<u>2014-15</u> Jan 2017	<u>Nov</u> <u>2017</u> Jan 2018	6,29,20,189	5,99,91,540	21,81,106	13	2,83,543	The AA determined less profit.	The AA stated that action would be taken after verification.
							7,47,543	5	37,377		
63.	<u>312</u> 2017-18	CTO Cir- Guna M/s Avani Construction TIN- 23685004355 Case No. 620514 (VAT)	<u>2014-15</u> Jan 2017	<u>Nov</u> <u>2017</u> Jan 2018	7,82,42,637	5,99,91,540	1,82,51,097	5	8,69,100	The AA did not include work sub contract in TTO.	The AA stated that action would be taken after verification.

64.	<u>369</u> 2017-18	CTO Cir- Dhar M/s Champalal Jagannath Maheshwari TIN- 23101604921 Case No. 216700 (VAT)	<u>2012-13</u> Aug 2014	<u>Jan</u> <u>2018</u> Feb 2018	1,46,81,397	1,34,06,016	12,75,381	5	63,770 Penalty 1,91,310 2,55,080	The AA did not include sale of Cotton seed in TTO.	The AA stated that action would be taken after verification.
65.	<u>181</u> 2017-18	ACCT Cir-3 Gwalior M/s D. V. International TIN- 23739017527 Case No. 731399 (VAT)	<u>2014-15</u> Jan 2017	<u>Sep</u> <u>2017</u> Oct 2017	15,95,916	6,63,795	9,32,121	5	46,606 Penalty 1,39,818 1,86,424	The AA allowed deduction of said amount, without producing H form, from TTO.	The AA stated that action would be taken after verification.
66.	<u>389</u> 2017-18	ACCT Cir-11 Indore M/s Weldors Engineers Pvt Ltd TIN- 23829064757 Case No. 784834 (VAT)	<u>2014-15</u> Dec 2016	<u>Nov</u> <u>2017</u> Dec 2017	92,66,053	46,66,421	45,99,632	5	2,29,981	The AA determined less TTO than the shown in VAT Audit Report and profit/loss account.	The AA stated that action would be taken after verification.
67.	<u>390</u> 2017-18	ACCT Cir-11 Indore M/s Hamilton Writing Instrument Pvt Ltd TIN- 23561104633 Case No 646107 (VAT)	<u>2014-15</u> Sep 2016	<u>Nov</u> <u>2017</u> Dec 2017	54,21,805	8,21,805	46,00,000	5	2,30,000	The AA allowed deduction of said amount, without producing F form, from TTO.	The AA stated that action would be taken after verification.

68.	<u>391</u> 2017-18	ACCT Cir-11 Indore M/s Easy Cool Solutions Pvt Ltd TIN- 23419059754 Case No. 652658 (VAT)	<u>2014-15</u> Jan 2017	<u>Nov</u> <u>2017</u> Dec 2017	52,05,511	7,49,677	44,55,834	13	5,79,258	The AA did not include disposed sale of Plant & Machinery.	The AA stated that action would be taken after verification.
69.	<u>394</u> 2017-18	CTO Cir-15 Indore M/s Liberty Agencies TIN- 23661501017 Case No. 660906 (VAT)	<u>2014-15</u> Jan 2017	<u>May</u> <u>2017</u> Jun 2017	4,26,74,125	3,12,61,367	1,14,12,758	13	14,83,658	The AA determined less TTO.	The AA stated that action would be taken after verification.
70.	<u>397</u> 2017-18	CTO Cir-15 Indore M/s Katkut Filling Station TIN- 23029095780 Case No. 692600 (VAT)	<u>2014-15</u> Jan 2017	<u>May</u> <u>2017</u> Jun 2017	31,27,260	27,23,742	4,03,518	31	1,25,090 Penalty 3,75,270 5,00,360	The AA determined less sale value of Petrol.	The AA stated that action would be taken after verification.
71.	<u>398</u> 2017-18	CTO Cir-15 Indore M/s Satguru Hardware & Paints TIN- 23081503761 Case No. 69 deemed assessment (VAT)	<u>2014-15</u> -	<u>May</u> <u>2017</u> Jun 2017	1,63,38,474	1,54,43,953	8,94,521	13	1,16,288 Penalty 3,48,864 4,65,152	The AA determined less TTO taxable @ 13%.	The AA stated that action would be taken after verification.



72.	<u>403</u> 2017-18	CTO Cir-2 Indore M/s Jyoti Auto Electricals & Spare Parts TIN- 23850201452 Case No. 796895 (VAT)	<u>2014-15</u> Jan 2017	<u>Dec20</u> <u>17</u> Jan 2018	5,07,99,156	4,43,72,675	64,26,481	5	3,06,023 Penalty 9,18,069 12,24,092	The AA determined less TTO.	No reply was furnished by AA.
73.	<u>413</u> 2017-18	CTO Cir-1 Chhindwara M/s A. B. Enterprises TIN- 23873108499 Case No.427/15 (VAT)	<u>2014-15</u> Sep 2016	<u>Dec</u> <u>2017</u> Jan 2018	12,00,627	6,31,344	5,69,283	13	74,006 Penalty 2,22,018 2,96,026	The AA determined less TTO taxable @ 13%.	The AA stated that action would be taken after verification.
74.	<u>58</u> 2017-18	CTO Shajapur M/s New Malwa Distributors TIN- 23462502652 Case No. 211/14 (VAT)	<u>2013-14</u> May 2015	<u>May</u> <u>2017</u> Jun 2017	99,89,862	99,01,433	88,429	-	88,429	The AA collected less VAT.	The AA stated that action would be taken after verification.
75.	<u>56</u> 2017-18	CTO Shajapur M/s Abhishek Agencies TIN- 23622505571 Case No -	<u>2012-13</u> -	<u>May</u> <u>2017</u> Jun 2017	15,02,254	13,48,508	1,53,746	-	1,53,746	The AA collected less VAT.	The AA stated that action would be taken after verification.

76.	292 2017-18	DCCT TAW Bhopal M/s Burhani Enterprises TIN- 23253801355 Case No.771648 (VAT)	2014-15 Dec 2016	Jan 2018 Feb 2018	4,58,70,021 41,38,128	4,44,67,117 40,11,147	14,02,904 1,26,981	13% 5%	1,82,377 6,349	The AA collected VAT. less	The AA stated that action would be taken after verification.
<b>Total</b>							<b>37,83,43,968</b>	<b>Tax Penalty Total</b>	<b>2,91,05,873 3,24,47,229 6,15,53,102</b>		

**Appendix IV**  
(Referred to in paragraph 3.7)  
**Allowance of inadmissible Input Tax Rebate**

(Amount in ₹)

Sl. No.	PDP No./ Year	Name of auditee unit/ Dealer	Commodity	Period/ month of assessment	Month of audit/ month of issue of IR	ITR as per books OR rules/ ITR determined by the AA	Excess grant of ITR	Observation of Audit	Reply of Assessing Authority
1	29 2017- 18	CTO Circle Hoshangabad M/s Mekalsuta Kisan Sewa Kendra TIN- 23689035671 Case No. 645/2015 (VAT)	Diesel, Petrol	2014-15 Jan 2017	May 2017 Jun 2017	96,23,286 99,82,932	3,59,646	The AA allowed ITR on gross purchased price while shortage shown on Diesel and Petrol.	The AA stated that action would be taken after verification.
2	32 2017- 18	ACCT Circle-3, Bhopal M/s New Star Traders TIN- 23903806672 Case No. 632634 (VAT)	Tendu Patta	2014-15 Jan 2017	May 2017 Jun 2017	5,70,202 27,41,701	21,71,499 Penalty 65,14,497 86,85,996	The AA allowed gross sale of <i>tendu</i> including interstate sale.	The AA stated that action would be taken after verification.
3	41 2017- 18	ACCT Circle-2, Gwalior M/s Kodak Alaris India Ltd TIN- 23839106466 Case No. 652006 (VAT)	Photography material mfg.	2014-15 Jan 2017	May 2017 Jun 2017	31,00,744 44,49,324	13,48,580 Penalty 4,04,57,40 53,94,320	The AA allowed ITR on interstate purchase.	The AA stated that ITR was verified by report no 75 of module. Reply of AA was not acceptable as documentary evidence was not provided to audit in support of purchase bill.

4	43 2017- 18	CTO Circle- Mandla M/s Jakir Hussain TIN- 23546302583 Case No. 651729 (VAT)	Contractor of Gitti/sand	2014-15 Apr 2017	Jun 2017 Jul 2017	5,72,048 7,13,828	1,41,780 Penalty 4,25,340 5,67,120	The AA allowed excess ITR on purchase	The AA stated that action would be taken after verification.
5	72 2017- 18	CTO Circle- Rajgarh M/s Vinayak Agro Agency TIN- 23382403950 Case No. 19/R/15 (VAT)	Medicine	2011-12 Dec 2015	May 2017 Jul 2017	10,47,012 10,99,363	52,351 Penalty 1,57,053 2,09,404	The AA incorrectly allowed excess ITR.	The AA stated that action would be taken after verification.
6	76 2017- 18	CTO Circle-1 Indore M/s Satguru Fuels TIN- 23939112276 Case No. 757725 (VAT)	Petrol, Diesel	2014-15 Dec 2016	Jun 2017 Jul 2017	1,70,97,948 1,71,54,431	56,483 Penalty 1,69,449 2,25,932	The AA did not reverse the ITR on shortage value.	The AA stated that action would be taken after verification.
7	79 2017- 18	CTO Circle-1 Indore M/s V H Patel TIN- 23260100363 Case No. 699149(VAT)	Timber	2014-15 Nov 2016	Jun 2017 Jul 2017	11,30,286 14,54,088	3,23,802	The AA allowed ITR on excess purchase value of timber.	The AA stated that action would be taken after verification.
8	89 2017- 18	CTO Circle Sehore M/s Ravi Trading Company TIN- 23584503599 Case No. 309785 (VAT)	Cotton Oil	2012-13 Apr 2015	Jul 2017 Aug 2017	85,581 2,55,741	1,70,160	The AA allowed ITR at greater rate on tax free raw material.	The AA stated that action would be taken after verification.

9	90 2017- 18	CTO Circle Sehore M/s Ravi Trading Company TIN- 23584503599 Case No. 309785 (VAT)	Cotton Oil	2012-13 Apr 2015	Jul 2017 Aug 2017	2,22,242 2,55,741	33,499	The AA allowed ITR for stock transferred.	The AA stated that action would be taken after verification.
10	91 2017- 18	CTO Circle Sehore M/s Ravi Trading Company TIN- 23584503599 Case No. 573183 (VAT)	Cotton Oil	2013-14 Jan 2016	Jul 2017 Aug 2017	80,255 2,43,376	1,63,121	The AA allowed ITR at greater rate on tax free raw material.	The AA stated that action would be taken after verification.
11	94 2017- 18	CTO Circle-13 Inore M/s Shubh Labh Industries TIN- 23549080499 Case No. 688110 (VAT)	Soyabean oil	2014-15 Dec 2016	May 2017 Jun 2017	45,56,433 48,48,694	2,92,261	ITR reversal was not made on purchase of crude soyabean oil.	The AA stated that dealer had stock transferred refined soyabean to Bhumika Enterprises and imported soyabean imported from Mother Provita Pvt. Ltd. So imported goods were stock transferred and such imported item was taken as tax free for entry tax. Reply of AA was not acceptable as it was not established that stock transfer of processed refined oil happened on form 'F'.
12	98 2017- 18	CTO Circle-13 Inore M/s Ankit Petro Point TIN- 23929003831 Case No. 698751	Diesel, Petrol	2014-15 Nov 2016	May 2017 Jun 2017	1,68,11,620 1,68,39,490	27,870	The AA allowed ITR on gross purchased price while shortage shown on Diesel and Petrol.	The AA stated that shortage was not mentioned under section 14(8) that would be exempted from ITR. Reply of AA was not acceptable as eligibility of ITR was only when petrol/diesel were sold under Section 14 (1AC) and

									reversal was to be made on evaporation of Petrol/Diesel.
13	<u>105</u> 2017- 18	<u>DCCT Div-3</u> <u>Indore</u> M/s Kriti Nutrients Ltd TIN- 23450904049 Case No. 569900 (VAT)	Soybean oil and DOC	<u>2014-15</u> Aug 2016	<u>Aug</u> <u>2017</u> Sep 2017	<u>7,47,14,021</u> <u>7,61,66,678</u>	14,52,657	ITR Reversal was not made on sale of tax free DOC proportionally by AA.	The AA stated that according to Section 14(1-B) VAT paid materials purchased from registered dealer, used for manufacturing of notified goods, are eligible for ITR and Soya DOC is notified under notification number 20 dated 01 April 2011. Thus, ITR was made accordingly. Reply of AA was not acceptable as soya DOC had been notified dated 01 April 2011 for ITR under section 14(1-B) but eligibility for ITR for full rate had not been notified in this Notification. Audit objection had been raised due to clarification under section 14(1) (A) (2).
14	<u>111</u> 2017- 18	<u>DCCT Satna</u> M/s Prism Cement Unit 2 TIN- 23317004844 Case No.5/2015 (VAT)	Coal and coke packing, lubricant gas.	<u>2014-15</u> Apr 2017	<u>Aug</u> <u>2017</u> Sep 2017	<u>5,33,95,111</u> <u>5,44,81,156</u>	10,86,045	ITR Reversal was not made on purchase of capital goods proportional to stock transfer by AA.	The AA stated that action would be taken after verification.
15	<u>118</u> 2017- 18	<u>ACCT Circle-1,</u> <u>Ujjain</u> M/s Engineering Industries TIN- 23912608474 Case No. 724806 (VAT)	Agriculture equipment	<u>2014-15</u> Jan 2017	<u>Jul 2017</u> Sep 2017	<u>1,77,255</u> <u>3,22,406</u>	1,45,151	ITR reversal was not made on sale of tax free goods.	The AA stated that action would be taken after verification.
16	<u>127</u> 2017-	<u>CTO</u> <u>Ashoknagar</u>	Diesel, Petrol	<u>2012-13</u> Apr 2015	<u>Jun 2017</u> Jul 2017	<u>1,25,06,918</u> <u>1,26,00,351</u>	93,433	ITR reversal was not made on shortage value	The AA stated that under section 14 ITR was accepted

	18	M/s Rajaram Pannalal TIN-23095000654 Case No. 345/13 (VAT)						of petrol & diesel.	on all VAT paid purchase. Reply of AA was not acceptable as eligibility for ITR for petrol/diesel was under section 14 1(AC) which provided for ITR eligibility on purchased value of Petrol/Diesel sold in MP.
17	<u>129</u> 2017-18	<u>DCCT Div-2 Bhopal</u> M/s Satya Sai Agro Oils Pvt Ltd TIN-23874406585 Case No. 129/2015 (VAT)	Soya DOC	<u>2014-15</u> Jan 2017	<u>Sep 2017</u> Oct 2017	<u>84,28,504</u> 1,08,47,651	24,19,147	ITR reversal was not made in proportionate manner on sale of Soya DOC by AA.	The AA stated that according to section 14(1-B) VAT paid materials purchased from registered dealer, used for manufacturing of notified goods, are eligible for ITR and Soya DOC is notified under notification number 20 dated 01 April 2011. Thus, ITR was made accordingly. Reply of AA was not acceptable as notification was made by Sl. No. 20 dated 01 April 2011 which provides that sub section 14 (1A) would be implemented with required modification.
18	<u>130</u> 2017-18	<u>DCCT Div-2 Bhopal</u> M/s Sanwaria Agro Oils Ltd TIN-23354104619 Case No. 129/2015 (VAT)	Soya DOC	<u>2014-15</u> Jan 2017	<u>Sep 2017</u> Oct 2017	<u>15,44,992</u> 36,29,514	20,84,522	ITR Reversal was not made on materials used in manufacturing of Oil, DOC, Husk and Soya Flour in proportionate manner of sale of tax free Soya DOC by AA.	The AA stated that tax free soya husk and soya flour was purchased instead of manufactured. So ITR reversal was not made. According to section 14 (1B) of VAT act ITR would be given on inputs used in manufacturing of notified goods. Under this sub-section Notification number 20 dated 01 April 2011 Soya DOC is notified goods. Reply of AA was not acceptable as notification was made by Sl. No. 20 dated

									01 April 2011 which provides that sub section 14 (1A) would be implemented with required modification.
19	<u>131</u> 2017- 18	DCCT Div-2 Bhopal M/s Western Coal Field Ltd TIN- 23484700273 Case No. 63/2015 (VAT)	Building Material	2014-15 Jan 2017	Sep 2017 Oct 2017	<u>11,77,427</u> 13,38,671	1,61,244	The AA allowed ITR on purchase of building material which are not eligible for ITR.	The AA stated that action would be taken after verification.
20	<u>133</u> 2017- 18	DCCT Div-2 Bhopal M/s Srinath Solvex Ltd TIN- 23924602740 Case No. 126/2015 (VAT)	Soya DOC	2014-15 Jan 2016	Sep 2017 Oct 2017	<u>2,09,576</u> 2,65,629	56,053	ITR Reversal was not made on materials used in manufacturing of Oil, DOC in proportionate manner of sale of tax free Soya DOC by AA.	The AA stated that tax free soya husk and soya flour was purchased instead of manufactured. So ITR reversal was not made. According to section 14 (1B) of VAT act ITR would be given on inputs used in manufacturing of notified goods. Under this sub-section Notification number 20 dated 01 April 2011 Soya DOC is notified goods. Reply of AA was not acceptable as notification was made by Sl. No. 20 dated 01 April 2011 which provides that sub section 14 (1A) would be implemented with required modification.
21	<u>134</u> 2017- 18	CTO Circle- Balaghat M/s Gyanchand Golchha TIN- 23159085194 Case No. 765409 (VAT)	Contractor	2014-15 Jan 2017	Sep 2017 Oct 2017	<u>1,71,083</u> 2,82,269	1,11,186	The AA allowed excess ITR on purchase of Cement.	The AA stated that action would be taken after verification.



22	<u>141</u> 2017- 18	<u>CTO Cir-</u> <u>Balaghat</u> M/s Bhag Service Station TIN- 23826506711 Case No. 764747 (VAT)	Diesel, Petrol	<u>2014-15</u> Dec 2016	<u>Sep 2017</u> Oct 2017	<u>1,58,96,795</u> 1,59,81,979	85,184	The AA did not reverse ITR on shortage value of petrol & Diesel.	The AA stated that shortage was less than 0.1% which is natural.  The reply is not tenable because ITR is not admissible on shortage value as per section 14 (1AC) of the Act.
23	<u>145</u> 2017- 18	<u>CTO Cir-2</u> <u>Bhopal</u> M/s Laxmi Steel Fabs TIN- 23823701665 Case No. 114/2015 (VAT)	Agriculture Equipment	<u>2014-15</u> Jul 2016	<u>Sep 2017</u> Oct 2017	<u>(ITR Reversal)</u> 1,49,798 6,43,493	4,93,695	ITR reversal was not made in proportionate manner on sale of Agricultural equipment by AA.	The AA stated that action would be taken after verification.
24	<u>153</u> 2017- 18	<u>CTO Cir-5</u> <u>Bhopal</u> M/s Radhey Radhey Petroleum TIN- 23884008540 Case No. 604616 (VAT)	Diesel, Petrol	<u>2014-15</u> Jan 2016	<u>Sep 2017</u> Oct 2017	<u>(ITR Reversal)</u> <u>NIL</u> 51,519	51,519	ITR reversal was not made on shortage shown in sale of Diesel and Petrol by AA.	The AA stated that action would be taken after verification.
25	<u>157</u> 2017- 18	<u>CTO Cir-1</u> <u>Satna</u> M/s Shiv Filling Station TIN- 23607004830 Case No. 297/2014-15 (VAT)	Diesel, Petrol	<u>2014-15</u> -	<u>Sep 2017</u> Oct 2017	<u>(ITR Reversal)</u> <u>NIL</u> 77,040	77,040 Penalty 2,31,120 3,08,160	ITR reversal was not made on shortage amount of petrol & diesel by AA.	The AA stated that action would be taken after verification.
26	<u>158</u> 2017- 18	<u>CTO Cir-1</u> <u>Satna</u> M/s Jaitwara Filling Station TIN-	Diesel, Petrol	<u>2014-15</u> Jul 2016	<u>Sep 2017</u> Oct 2017	<u>(ITR Reversal)</u> <u>NIL</u> 51,130	51,130 Penalty 1,53,390 2,04,520	ITR reversal was not made on shortage amount of petrol & diesel by AA.	The AA stated that loss of Diesel and Petrol was included in sale and audit objection on ITR claim on Loss was not feasible. Reply of AA was not

		23977002347 Case No. 644/2015 (VAT)							acceptable as there was a difference between calculation shown by AA and audited account and account clearly depicted loss.
27	<u>165</u> 2017- 18	<u>CTO Cir-4</u> <u>Bhopal</u> M/s S P S Petroleum TIN- 23549107562 Case No. 363/15 (VAT)	Diesel, Petrol	<u>2014-15</u> Jul 2016	<u>Sep 2017</u> Oct 2017	<u>2,32,28,289</u> <u>2,33,33,434</u>	1,05,145 Penalty 3,15,435 4,20,580	The AA did not reverse ITR on shortage value of petrol & Diesel.	The AA stated that action would be taken after verification.
28	<u>168</u> 2017- 18	<u>CTO Cir-4</u> <u>Bhopal</u> M/s Pacific Oil TIN- 23724106113 Case No. 599/15 (VAT)	Oil	<u>2014-15</u> Jan 2017	<u>Sep 2017</u> Oct 2017	<u>6,97,376</u> <u>9,51,335</u>	2,53,959	The AA allowed ITR on amount of Nandan Petroleum Ltd while sale was not shown.	The AA stated that action would be taken after verification.
29	<u>188</u> 2017- 18	<u>CTO Cir-</u> <u>Dewas</u> M/s India Sales TIN- 23352305948 Case No. 606442 (VAT)	Scrap Steel	<u>2014-15</u> Nov 2016	<u>Aug</u> <u>2017</u> Sep 2017	<u>3,92,520</u> <u>4,65,799</u>	73,279	The AA allowed ITR on excess purchase amount of Scrap/Steel than the shown in audit report.	The AA stated that action would be taken after verification.
30	<u>193</u> 2017- 18	<u>CTO Cir-</u> <u>Burhanpur</u> M/s Dashmesh Oil Cake Industries TIN- 23551907071 Case No. 650955 (VAT)	Khali	<u>2014-15</u> May 2016	<u>Sep 2017</u> Oct 2017	<u>(ITR</u> <u>Reversal)</u> <u>89,749</u> <u>23,69,567</u>	22,79,818	ITR reversal was not made in proportionate manner on sale of tax free khali by AA.	The AA stated that action would be taken after verification.

31	<u>194</u> 2017- 18	<u>CTO</u> <u>Cir-</u> <u>Burhanpur</u> M/s Dashmesh Oil Cake Industries TIN- 23551907071 Case No. 545054 (VAT)	Khali	<u>2013-14</u> Jan 2016	<u>Sep 2017</u> Oct 2017	<u>(ITR</u> <u>Reversal)</u> <u>NIL</u> 8,34,410	8,34,410	ITR reversal was not made in proportionate manner on sale of tax free <i>khali</i> by AA.	The AA stated that action would be taken after verification.
32	<u>195</u> 2017- 18	<u>CTO</u> <u>Cir-</u> <u>Burhanpur</u> M/s Rahul Oil Industries TIN- 23781907478 Case No. 322313 (VAT)	DOC	<u>2012-13</u> Apr 2015	<u>Sep 2017</u> Oct 2017	<u>(ITR</u> <u>Reversal)</u> <u>NIL</u> 6,91,390	6,91,390	ITR reversal was not made in proportionate manner on sale of tax free D. O. C. by AA.	The AA stated that action would be taken after verification.
33	<u>196</u> 2017- 18	<u>CTO</u> <u>Cir-</u> <u>Burhanpur</u> M/s Kameshwar Oil Mill TIN- 23291907602 Case No. 767907 (VAT)	Khali	<u>2014-15</u> Jan 2017	<u>Sep 2017</u> Oct 2017	<u>(ITR</u> <u>Reversal)</u> <u>NIL</u> 1,23,470	1,23,470	ITR reversal was not made in proportionate manner on sale of tax free <i>khali</i> by AA.	The AA stated that action would be taken after verification.
34	<u>207</u> 2017- 18	<u>ACCT</u> <u>Neemuch</u> M/s H M Hibtulla Bhai Khan TIN- 23503000337 Case No. 187/2015 (VAT)	Diesel, Petrol	<u>2014-15</u> -	<u>Oct 2017</u> Nov 2017	<u>3,29,22,279</u> 3,29,83,645	61,366 Penalty 1,85,298 2,47,064	The AA did not reverse ITR on shortage value of petrol & Diesel.	The AA stated that action would be taken after verification.
35	<u>221</u> 2017- 18	<u>CTO</u> <u>Cir-1</u> <u>Bhopal</u> M/s Patel Electricals TIN-	Electrical goods, cable work	<u>2014-15</u> Jan 2017	<u>Oct 2017</u> Dec 2017	<u>11,29,093</u> 12,41,701	1,12,608	The AA allowed ITR on greater purchase value than the shown in account.	The AA stated that action would be taken after verification.

		23643606025 Case No.394/15 (VAT)							
36	<u>217</u> 2017- 18	<u>CTO Cir-1</u> <u>Bhopal</u> M/s Manu Enterprises TIN- 23623603999 Case No.236/15 (VAT)	Civil work Contractor on contract	<u>2014-15</u> Dec 2016	<u>Oct 2017</u> Dec 2017	<u>10,92,597</u> 11,16,979	24,382 Penalty 73,146 97,528	The AA allowed ITR greater than the VAT paid on purchase.	The AA stated that action would be taken after verification.
37	<u>231</u> 2017- 18	<u>CTO Cir-4</u> <u>Indore</u> M/s Mungad Aluminium Pvt Ltd TIN- 23550402310 Case No. 464126 (VAT)	Manufactur- ing of utencils, building material	<u>2013-14</u> Jan 2016	<u>May</u> <u>2017</u> Jun 2017	<u>(ITR</u> <u>Reversal)</u> <u>NIL</u> 2,26,883	2,26,883 Penalty 6,80,649 9,07,532	ITR reversal was not made on proportionate sale value of TF goods.	The AA stated that action would be taken after verification.
38	<u>230</u> 2017- 18	<u>CTO Cir-4</u> <u>Indore</u> M/s Mungad Aluminium Pvt Ltd TIN- 23550402310 Case No. 464126 (VAT)	Building Material	<u>2013-14</u> Jan 2016	<u>May</u> <u>2017</u> Jun 2017	<u>13,14,889</u> 16,08,952	2,94,063 Penalty 8,82,189 11,76,252	The AA allowed ITR on purchase of building material whereas ITR is not eligible on these goods as per Notification no. 28 dt. 17/05/17	The AA stated that action would be taken after verification.
39	<u>233</u> 2017- 18	<u>CTO Cir-4</u> <u>Indore</u> M/s Porwal Retail Pvt Ltd TIN- 23749060109 Case No. 212693 (VAT)	Readymade Gsrments	<u>2012-13</u> Apr 2015	<u>May</u> <u>2017</u> Jun 2017	<u>2,01,74,156</u> 2,03,44,270	1,70,114 Penalty 5,10,342 6,80,456	Tin No. of sales is not valid.	The AA stated that action would be taken after verification.
40	<u>275</u> 2017- 18	<u>DCCT TAW-1</u> <u>Indore</u> M/s Sai	Real estate contractor, building	<u>2014-15</u> Jan 2017	<u>Aug</u> <u>2017</u> Sep 2017	<u>3,49,703</u> 8,29,123	4,79,420	The AA allowed excess ITR than shown in VAT report 75-76.	The AA stated that according to decision of high courts if dealer purchase goods on ITR

		Buildcom TIN 23259069179 Case No.-	construction						payment but if dealer fail to provide that details in document and do not pay VAT or seller neither produce document nor pay VAT. In that case purchaser dealer cannot held liable for penalty and he can also claim ITR. Reply of AA was not acceptable as rebate of ITR was disallowed by decision of the Dy. Commissioner (Appel L.T.P.U) Indore during Year 2013-14 in case of M/s Amrit Medicos, Indore.
41	<u>276</u> 2017- 18	<u>DCCT TAW-1</u> <u>Indore</u> M/s Sojariya Auto Pvt Ltd TIN- 23441401422 Case No. 204000053479 65 (VAT)	Automobile parts purchase and sale	<u>2014-15</u> Nov 2016	<u>Aug</u> <u>2017</u> Sep 2017	<u>9,25,673</u> 11,13,885	1,88,212	The AA allowed ITR greater than the tax shown in VAT report 75-76.	The AA stated that according to decision of high courts if dealer purchase goods on ITR payment but if dealer fails to provide those details in document and do not pay VAT or seller neither produce document nor pay VAT. In that case purchaser dealer cannot held liable for penalty and he can also claim ITR. Reply of AA was not acceptable as rebate of ITR was disallowed by decision of the Dy. Commissioner (Appel L.T.P.U) Indore during Year 2013-14 in case of M/s Amrit Medicos, Indore.
42	<u>259</u> 2017- 18	<u>CTO-2</u> <u>Chhindwara</u> M/s Sarkar Distributors TIN- 23306803526 Case No. 201	-	<u>2014-15</u> -	<u>Dec 2017</u> Jan 2018	<u>28,02,269</u> 30,81,738	2,79,469 Penalty 8,38,407 11,17,876	The AA allowed ITR on greater purchase value than shown in account.	The AA stated that action would be taken after verification.

43	<u>262</u> 2017- 18	<u>CTO-2</u> <u>Chhindwara</u> M/s Saikripa Oil Industries TIN- 23756803909 Case No. 241	Cotton Cake	<u>2014-15</u> -	<u>Dec 2017</u> Jan 2018	<u>(ITR</u> <u>Reversal)</u> <u>NIL</u> 4,59,339	4,59,339	ITR reversal was not made in proportionate manner on sale of tax free Cotton cake by AA.	The AA stated that action would be taken after verification.
44	<u>264</u> 2017- 18	<u>CTO-2</u> <u>Chhindwara</u> M/s Ritu Petroleum TIN- 23086801319 Case No. 645197 (VAT)	Diesel, Petrol	<u>2014-15</u> Jan 2017	<u>Dec 2017</u> Jan 2018	<u>(ITR</u> <u>Reversal)</u> <u>NIL</u> 85,560	85,560 Penalty 2,56,680 3,42,240	ITR reversal was not made on shortage shown in petrol and diesel by AA.	The AA stated that action would be taken after verification.
45	<u>269</u> 2017- 18	<u>ACCT Cir-1</u> <u>Jabalpur</u> M/s A K Steel TIN- 23525805275 Case No. 801400 (VAT)	Goods used in Job work	<u>2014-15</u> Jan 2017	<u>Dec 2017</u> Jan 2018	<u>(ITR</u> <u>Reversal)</u> <u>NIL</u> 1,38,714	1,38,714 Penalty 4,16,142 5,54,856	ITR reversal was not made on proportionate value of sale of tax free goods used in job work.	The AA stated that action would be taken after verification.
46	<u>298</u> 2017- 18	<u>ACCT Div-2</u> <u>Bhopal</u> M/s Kesla Poultry Sahakari Society Maryadit TIN- 23914201796 Case No. 500492 (VAT)	Poultry Farming	<u>2013-14</u> Jan 2016	<u>Feb 2018</u> Apr 2018	<u>(ITR</u> <u>Reversal)</u> <u>NIL</u> 3,08,865	3,08,865 Penalty 9,20,595 12,27,460	ITR reversal was not made on goods used in production of tax free goods by AA.	The AA stated that action would be taken after verification.
47	<u>296</u> 2017- 18	<u>ACCT Div-2</u> <u>Bhopal</u> M/s Jalaori Petroleum TIN-	Diesel, Petrol	<u>2014-15</u> Jan 2017	<u>Feb 2018</u> Mar 2018	<u>(ITR</u> <u>Reversal)</u> <u>20,769</u> 1,45,364	1,24,595	ITR reversal was made on shortage of petrol and diesel @ 4% instead of 31% and 27% by AA.	The AA stated that rebate was given after verification of purchase list and according to provisions @ 4% reversal is liable on shortage/other than

		23279003120 Case No. 719545 (VAT)							sale. Reply of the AA was not acceptable as ITR was allowed on sale of petrol/diesel under section 14(AC) and ITR was allowable only when petrol/diesel was sold in Madhya Pradesh.
48	<u>295</u> 2017- 18	<u>ACCT Div-2</u> <u>Bhopal</u> M/s Bhagya Shree Auto Center TIN- 23464602217 Case No. 721715 (VAT)	Diesel, Petrol	<u>2014-15</u> Jan 2017	<u>Feb 2018</u> Mar 2018	<u>(ITR</u> <u>Reversal)</u> <u>7,320</u> 2,27,005	2,19,685	ITR reversal was made on shortage of petrol and diesel @ 4% instead of 31% and 27% by AA.	The AA stated that rebate was given after verification of purchase list and according to provisions @ 4% reversal is liable on shortage/other than sale. Reply of the AA was not acceptable as ITR was allowed on sale of petrol/diesel under section 14(AC) and ITR was allowable only when petrol/diesel was sold in Madhya Pradesh.
49	<u>293</u> 2017- 18	<u>ACCT Div-2</u> <u>Bhopal</u> M/s Kesar Petroleum TIN- 23964405711 Case No. 719641 (VAT)	Diesel, Petrol	<u>2014-15</u> Jan 2017	<u>Feb 2018</u> Mar 2018	<u>3,63,00,332</u> 3,71,20,800	8,20,468	The AA allowed ITR on dealer commission which has already been given.	The AA stated that action would be taken after verification.
50	<u>336</u> 2017- 18	<u>CTO Anuppur</u> M/s Naman Agency TIN- 23597204316 Case No. 667543 (VAT)	Cement and Steel	<u>2014-15</u> Jan 2017	<u>Nov</u> <u>2017</u> Dec 2017	<u>18,63,685</u> 21,13,255	2,49,570	The AA allowed greater ITR than the tax paid as shown in form 75.	The AA stated that action would be taken after verification.

51	<u>331</u> 2017-18	<u>CTO Anuppur</u> M/s Susheela Minings TIN-23437206926 Case No. 639537 (VAT)	Four wheelers	<u>2014-15</u> Jan 2017	<u>Nov 2017</u> Dec 2017	<u>4,52,682</u> 6,20,966	1,68,284 Penalty 5,04,852 6,73,136	The AA allowed ITR purchase of J. M. Innova while under notification A-3-195-05-1-5 (28) dated 17/08/07 rebate is not allowed on purchase of said good.	The AA stated that action would be taken after verification.
52	<u>329</u> 2017-18	<u>ACCT Div-2 Gwalior</u> M/s Pratap Chand Prakash Chand Jain TIN-23365000069 Case No. 139/145 (VAT)	Diesel, Petrol	<u>2014-15</u> -	<u>Nov 2017</u> Jan 2018	<u>4,31,88,037</u> 4,33,10,313	1,22,276	ITR reversal was not made on shortage shown in petrol and diesel by AA.	The AA stated that action would be taken after verification.
53	<u>256</u> 2017-18	<u>ACCT Div-2 Indore</u> M/s B. S. N. International TIN-23331100152 Case No. 01/2015 (VAT)	Computers	<u>2014-15</u> Dec 2016	<u>Dec 2017</u> Feb 2018	<u>4,42,094</u> 4,62,668	20,574 Penalty 61,722 82,296	The AA allowed ITR on laptop @ 13% instead of 5%.	No Reply was furnished by AA.
54	<u>332</u> 2017-18	<u>CTO Anuppur</u> M/s Susheela Mining Ltd TIN-23437206926 Case No. 639537 (VAT)	Building Material	<u>2014-15</u> Jan 2017	<u>Nov 2017</u> Dec 2017	<u>6,00,137</u> 6,20,966	20,829 Penalty 62,487 83,316	ITR on building material is not allowed on section 14(6)(ii) of the act.	The AA stated that action would be taken after verification.
55	<u>343</u> 2017-18	<u>CTO Cir-14 Indore</u> M/s Nakoda Marketing TIN-23061403862 Case No.	Electric goods	<u>2014-15</u> Oct 2016	<u>Nov 2017</u> Dec 2017	<u>2,08,73,347</u> 2,09,39,666	66,319	The AA allowed ITR on excess purchase than the purchase recorded in form 41-A.	The AA stated that taxation had been done as per already revised audit report enclosed in the case. The reply is not tenable as the observation is raised on the basis of only enclosed form



		224/2015 (VAT)							41-A.
56	344 2017- 18	CTO Cir-14 Indore M/s Tirupati Balaji Biotech TIN- 23261404625 Case No. 638384 (VAT)	Cotton	2014-15 Jan 2017	Dec 2017 Jan 2018	19,93,01 10,82,865	8,83,564	The AA allowed ITR on purchase of Cotton while it is not eligible for rebate under section 26-A.	The AA stated that action would be taken after verification.
57	345 2017- 18	CTO Cir-14 Indore M/s Boss Agro Chemicals Pvt Ltd TIN- 23021402332 Case No. 584487 (VAT)	Insecticides and pestisides mfg.	2014-15 Jan 2017	Dec 2017 Jan 2018	(ITR Reversal) 83,205 3,60,412	2,77,207 Penalty 8,31,621 11,08,828	ITR reversal was not made on proportionate value of TF sale.	The AA stated that action would be taken after verification.
58	347 2017- 18	CTO Cir-14 Indore M/s N. K. Products TIN- 23911402958 Case No. 03/2015 (VAT)	Cotton seed	2012-13 Jun 2016	Dec 2017 Jan 2018	(ITR Reversal) 41,424 2,99,464	2,58,040	ITR reversal was not made on purchase of tax free Cotton seed in proportionate manner of sale by AA.	The AA stated that action would be taken after verification.
59	349 2017- 18	CTO Cir-14 Indore M/s V. N. Patel & Company TIN- 23221400282 Case No. 634209 (VAT)	Timber	2014-15 Jan 2017	Dec 2017 Jan 2018	(ITR Reversal) 7,92,533 9,51,991	1,59,458 Penalty 4,78,374 6,37,832	The AA did not reverse the ITR on proportionate value of interstate sale of Timber.	The AA stated that action would be taken after verification.

60	<u>351</u> 2017-18	<u>CTO Cir-14</u> <u>Indore</u> M/s N. K. Products TIN-23911402958 Case No. 1195/2014 (VAT)	Cotton seed	<u>2013-14</u> Jan 2016	<u>Dec 2017</u> Jan 2018	<u>(ITR Reversal)</u> <u>NIL</u> 1,27,368	1,27,368	ITR reversal was not made on purchase of tax free Cotton seed in proportionate manner of sale by AA.	The AA stated that action would be taken after verification.
61	<u>355</u> 2017-18	<u>CTO Cir-14</u> <u>Indore</u> M/s Emcure Pharmaceuticals Ltd TIN-23291403105 Case No. 203/15 (VAT)	Drug medicine	<u>2014-15</u> Sep 2016	<u>Nov 2017</u> Jan 2018	<u>(ITR Reversal)</u> <u>NIL</u> 2,26,160	2,26,160	ITR reversal was not made on stock transfer by AA.	The AA stated that goods received in stock transfer were stock transferred and goods purchased within the state were also sold within the state. No evidence produced in support of reply hence not acceptable.
62	<u>209</u> 2017-18	<u>ACCT</u> <u>Neemuch</u> M/s S K Totla Infra Construction Pvt Ltd TIN-23973203245 Case No. 56/15 (VAT)	Construction work	<u>2014-15</u> Jul 2016	<u>Oct 2017</u> Nov 2017	<u>NIL</u> 3,70,521	3,70,521	The AA allowed ITR on purchase of Tyre, Tube, and Oil etc. while the dealer is not eligible to claim ITR on said goods as he is neither manufacturer nor trader.	The AA stated that action would be taken after verification.
63	<u>314</u> 2017-18	<u>CTO Cir- Guna</u> M/s Varsha Machinery & Krishi Sewa Kendra TIN-23715006909 Case No. 644626 (VAT)	Agriculture equipment and machinery	<u>2014-15</u> Dec 2016	<u>Dec 2017</u> Jan 2018	<u>12,76,926</u> <u>13,03,882</u>	26,956	The AA allowed ITR on greater purchase than the verified purchase.	The AA stated that action would be taken after verification.
64	<u>338</u> 2017-18	<u>CTO Anuppur</u> M/s Ambe Traders	Cement and Hardware	<u>2014-15</u> Jan 2017	<u>Nov 2017</u> Dec 2017	<u>NIL</u> 30,03,052	30,03,052	The AA allowed without verification of purchase invoices, bills	The AA stated that action would be taken after verification.

		TIN- 23657201858 Case No. 667476 (VAT)						etc. as these were required as per Rule 9 of MPVAT Rule 2002.	
65	<u>386</u> 2017- 18	<u>ACCT Cir-11</u> <u>Indore</u> M/s Mobiles N More TIN- 23849106562 Case No. 655677 (VAT)	Mobile and accessories	<u>2014-15</u> Jan 2017	<u>Nov</u> <u>2017</u> Dec 2017	<u>2,68,217</u> 3,03,085	34,868 Penalty 1,04,634 1,39,512	The AA allowed without verification of purchase invoices bills etc. as these were required as per rule 9 of MP VAT Rule 2002.	The AA stated that action would be taken after verification.
66	<u>255</u> 2017- 18	<u>ACCT Div-2</u> <u>Indore</u> M/s Lamboder Enterprises TIN- 23659088248 Case No. Deemed Assessment	Diesel, petrol and lubricant	<u>2014-15</u> Jul 2016	<u>Dec 2017</u> Feb 2018	<u>3,19,76,403</u> 3,27,21,978	7,45,575 Penalty 22,36,725 29,82,300	The dealer incorrectly claimed excess ITR.	The AA stated that action would be taken after verification.
67	<u>399</u> 2017- 18	<u>CTO Cir- 15</u> <u>Indore</u> M/s D. M. Tipper Components TIN- 23941504549 Case No.76 (VAT)	-	<u>2014-15</u> -	<u>May</u> <u>2017</u> Jun 2017	<u>13,51,534</u> 14,22,912	71,378 Penalty 2,14,134 2,85,512	The dealer incorrectly claimed excess ITR.	The AA stated that action would be taken after verification.
68	<u>415</u> 2017- 18	<u>CTO Cir-1</u> <u>Chhindwara</u> M/s Tirgam Automobiles TIN- 23726601438 Case No. 649399 (VAT)	Diesel, Petrol	<u>2014-15</u> Dec 2016	<u>Dec 2017</u> Jan 2018	(ITR Reversal) <u>16,222</u> 1,15,429	99,207 Penalty 2,97,621 3,96,828	The AA allowed ITR Reversal on shortage of Petrol and Diesel @ 4% instead of @ 31% and @ 27% respectively.	The AA stated that action would be taken after verification.

69	<u>416</u> 2017- 18	<u>CTO Cir-1</u> <u>Chhindwara</u> M/s Uma Petroleum TIN - 23759079702 Case No. 687920 (VAT)	Diesel, Petrol	<u>2014-15</u> Dec 2016	<u>Dec 2017</u> Jan 2018	<u>(ITR</u> <u>Reversal)</u> <u>13,798</u> 99,738	85,940 Penalty 2,57,820 3,43,760	The AA allowed ITR Reversal on shortage of Petrol and Diesel @ 4% instead of @ 31% and @ 27% respectively.	The AA stated that action would be taken after verification.
70	<u>421</u> 2017- 18	<u>CTO Shahdol</u> M/s I. L. and M. S. Engineering TIN-23694961 Case No. 570234 (VAT)	Tyre, tubes etc.	<u>2014-15</u> Jan 2017	<u>Apr 2018</u> May 2018	<u>36,21,083</u> 36,77,014	55,931 Penalty 1,67,733 2,27,224	The AA allowed ITR on purchase of tyre, tube etc.	The AA stated that action would be taken after verification.
<b>Total</b>						<b><u>45,17,76,779</u></b> <b>48,07,14,128</b>	<b>Tax 2,90,20,665</b> <b>Penalty 2,19,93,195</b> <b>Total 5,10,13,860</b>		

**Appendix V**  
(Referred to in paragraph 3.8)  
**Entry tax was not levied/short levied**

(Amount in ₹)

Sl. No	PDP No. year	Name of Auditee Unit Dealer	Assessment period/ month of assessment	Month of audit/ month of dispatch	Commodity/ TTO (₹)	Differen-tial rate of tax (%)	Amount of non/short levy of tax Penalty/total	Audit Observation/ AAs reply and rebuttal of reply
	10 2017-18	ACCT Cir-Morena M/S Bhagawati Enterprises TIN No.23495604550 Case No.523/2013 (ET)	2012-13 Apr 2015	May 2017 Jun 2017	Plant & Machinery/ 1,87,15,268	1	1,87,152 Penalty 5,61,456 7,48,608	The AA levied ET @1% on purchase of Plant & Machinery instead of 2%. The AA stated that ET @1% had been levied as per rule. Reply is not tenable as ET @ 2% was leviable on Plant & Machinery.
2	25 2017-18	ACCT Cir-Morena M/s Vaishno Stones Tin- 23215503630 Case No. 541121(ET)	2013-14 Dec 2015	May 2017 Jun 2017	Stones/ 92,14,880	1	92,149 Penalty 2,76,447 3,68,596	The AA levied ET @ 1% on purchase of Stones instead of 2%. The AA stated that there were interstate purchase of items with C-form and imported with F-form. So items were ET free. Reply of AA was not acceptable as stone had not been sold in its original form. It was sold as finished stone tiles by dressing and cutting.
3	26 2017-18	ACCT Cir-Morena M/s Ganesh Stone Industries Tin-23865503224 Case No. 541213 (ET)	2013-14 Jan 2016	May 2017 Jun 2017	Stones/ 90,05,421	1	90,054 Penalty 2,70,162 3,60,216	The AA did not levy ET @1% on the said goods. The AA stated that there were interstate purchase of items with C-form and imported with F-form. So items were ET free. Reply of the AA was not tenable as items were not sold in their basic form but changes were made.
4	33 2017-18	ACCT Cir-1 Indore M/s Khetan Electricals Ltd	2014-15 Jan 2017	May 2017 Jun 2017	Monoblock Pump/ 94,72,754	1	94,727 Penalty 2,84,181	The AA took said item as pumping sets and did not levy ET. The AA stated that according to

		Tin-23921503493 Case No. 61/2015 (ET)					3,78,908	Schedule I all pumping sets come under pump set. Reply of AA was not acceptable purchase was done for Mono Block Pump whereas entry was made for pumping sets.
5	<u>48</u> 2017-18	<u>CTO Cir-3 Ujjain</u> M/s Fatehpuria Motors Pvt Ltd Tin-23559045966 Case No. 542/2013 (ET)	<u>2012-13</u> Jan 2016	<u>Jun 2017</u> Jul 2017	Motor Car, Motor Parts/ 86,19,502	1	86,196	The AA allowed ET @ 1% on purchase of Motor Car, Motor Parts instead of @ 2%. The AA stated that action would be taken after verification.
6	<u>67</u> 2017-18	<u>DCCT Div-2</u> <u>Gwalior</u> M/s V. R. S. Foods Ltd Tin-23894803595 Case No. 626407 (ET)	<u>2014-15</u> Jan 2017	<u>May 2017</u> Jun 2017	Coal/ 2,16,12,077	3	6,48,362 Penalty 19,45,086 25,93,448	The AA did not include said amount of coal purchase from Tanya Oil Ltd in total purchase on which ET was levied. The AA stated that Tanya Oil Company was not a dealer. It was trader and according to MIS report all purchase of this trader was ET paid and coal was not produced in Bina so if coal was purchased then ET shall be liable on seller in Bina. Reply of the AA was not acceptable as objection had been raised on fact basis whereas reply of AA was based on assumptions.
7	<u>87</u> 2017-18	<u>CTO Cir-Sehore</u> M/s Technique India Tin-23384503612 Case No. 801509 (ET)	<u>2014-15</u> Jan 2017	<u>Jul 2017</u> Aug 2017	Air Conditioner/ 1,50,65,013	1	1,50,650	The AA levied ET @ 1% on purchase of Air Conditioner instead of 2%. The AA stated that action would be taken after verification.
8	<u>123</u> 2017-18	<u>CTO Ashoknagar</u> M/s Prabal Pratap Singh Raghuvanshi Tin- 23439027645 Case No. 631499 (ET)	<u>2014-15</u> Jan 2017	<u>June 2017</u> July 2017	Cement, pipe etc./ 39,45,977	1	39,459 Penalty 1,18,377 1,57,836	The AA levied ET @ 1% on less purchase of Cement, pipe etc. instead of real purchase. The AA stated that action would be taken after verification

9	<u>187</u> 2017-18	<u>DCCT Ujjain</u> M/s Goodrik Group Ltd Tin-23303607085 Case No. 113/15 (ET)	<u>2014-15</u> Jan 2017	<u>Sep 2017</u> Oct 2017	HDPE and PP Bags/ 4,83,73,437	4	19,34,937	The AA levied ET @ 1% on purchase of Woven Bags and Laminated pouch and bags instead of 5%. The AA stated that bags purchased were Laminated bag and not woven bags that did not fall under the said notification. Reply is not acceptable because as per purchase list of packing items, dealer purchased laminated pouch and zipper bag/woven bag etc.
10	<u>147</u> 2017-18	<u>CTO Cir-5 Bhopal</u> M/s R. J. Healthcare Pvt Ltd Tin-23674008316 Case No. 716876 (ET)	<u>2014-15</u> Jan 2017	<u>Sep 2017</u> Oct 2017	Iron and Steel/ 5,97,50,301	1	5,97,503 Penalty 17,92,509 23,90,012	The AA allowed ET @ 1% on purchase of Iron and steel instead of @ 2%. The AA stated that action would be taken after verification.
11	<u>159</u> 2017-18	<u>CTO Cir-1 Satna</u> M/s Vinfab Engineers India Pvt Ltd Tin-23729132570 Case No. 1563/2014- 15 (ET)	<u>2014-15</u> Jan 2017	<u>Sep 2017</u> Oct 2017	Steel angle/ 1,41,35,332	1	1,41,354 Penalty 4,26,062 5,65,416	The AA allowed ET @ 1% on purchase of Steel angle instead of @ 2%. The AA stated that action would be taken after verification.
12	<u>110</u> 2017-18	<u>DCCT Satna</u> M/s Trimula Industries Tin-23377305220 Case No. 13/2015 (ET)	<u>2014-15</u> Jan 2017	<u>Aug 2017</u> Sep 2017	Coal/ 18,42,32,911	1	18,42,329	The AA levied ET @ 2% on purchase of Coal after 14 August 2014 instead of 3%. The AA stated that action would be taken after verification.
13	<u>114</u> 2017-18	<u>DCCT Satna</u> M/s Star Automobile Tin-23747001649 Case No. 18/2015 (ET)	<u>2014-15</u> Oct 2016	<u>Aug 2017</u> Sep 2017	Two wheeler and four wheeler spare parts and lubricants/ 1,21,30,913	2	2,42,618	The AA did not levy ET @ 2% on freight charges in purchase of Two wheeler and four wheeler spare parts and lubricants. The AA stated that action would be taken after verification.

14	<u>119</u> 2017-18	<u>ACCT Cir-1 Ujjain</u> M/s Omkar Chemicals Tin-23872608496 Case No. 721399 (ET)	<u>2014-15</u> Jan 2017	<u>Jul 2017</u> Aug 2017	Machinery/ 31,65,259	2	63,305	The AA did not levy ET @ 2% on purchase of Machinery. The AA stated that action would be taken after verification.
15	<u>46</u> 2017-18	<u>CTO Cir-Mandla</u> M/s Khanuja Traders Tin-23666301159 Case No. 674175 (ET)	<u>2014-15</u> Jan 2017	<u>May 2017</u> Jun 2017	Metal and Reta/ 24,52,995	1	24,529 Penalty 73,587 98,116	The AA did not levy ET @ 1% on purchase of Metal and Reta. The AA stated that action would be taken after verification.
16	<u>186</u> 2017-18	<u>DCCT Ujjain</u> M/s Rathi Motors Tin-23342503009 Case No. 21/15 (ET)	<u>2014-15</u> Jan 2017	<u>Sep 2017</u> Oct 2017	Old and Second hand motor vehicle/ 7,34,000	2	14,680 Penalty 44,040 58,720	The AA did not levy ET @ 2% on purchase of Old and Second hand motor vehicle. The AA stated that under entry 9 schedule-1 purchase of old tractor is ET free. Reply of AA is not acceptable as Schedule II of VAT, 2% ET was leviable on old and second hand motor vehicle.
17	<u>109</u> 2017-18	<u>DCCT Satna</u> M/s Northern Coal Fields Khadia Tin-23029008965 Case No. 1/2015 (ET)	<u>2014-15</u> Sep 2016	<u>Aug 2017</u> Sep 2017	Explosive/ 17,63,72,859	2	35,27,457	The AA did not levy ET @ 2% on purchase of Explosive from M/s Blast India Pvt Ltd and M/s Indian Explosive Pvt Ltd. The AA stated that action would be taken after verification.
18	<u>151</u> 2017-18	<u>CTO Cir-5 Bhopal</u> M/s C. M. L. Info System Ltd Tin-23584008220 Case No. 383044 (ET)	<u>2013-14</u> Jan 2016	<u>Sep 2017</u> Oct 2017	IT Products and Accessories/ 2,56,86,309	2	5,13,726 Penalty 15,41,178 20,54,904	The AA did not levy ET @ 2% on purchase of goods which were sold @ 13%. The AA stated that action would be taken after verification.
19	<u>132</u> 2017-18	<u>DCCT Div-2 Bhopal</u> M/s Vardhaman Fabrics Tin-23594503254 Case No. 60/2015 (ET)	<u>2014-15</u> Aug 2016	<u>Sep 2017</u> Oct 2017	Coal/ 58,85,830	2	1,17,716	The AA levied ET @ 3% on purchase of Coal used in electricity production instead of @ 5%. The AA stated that according to notification no. 15 dated 01 April 2007, ET had been reduced to @ 3%. Reply was not acceptable as



								electricity generation had been considered as manufacturing and 5 % ET was leviable on purchase of coal for electricity generation.
20	<u>137</u> 2017-18	<u>CTO Balaghat</u> M/s Wadhawa Construction Tin-23829007430 Case No. 765658 (ET)	<u>2014-15</u> July 2017	<u>Sep 2017</u> Oct 2017	Cement/ 7,37,660	2	83,024 Penalty 2,49,072 3,32,096	The AA did not levy ET on purchase from J S Cement Ltd. The AA stated that action would be taken after verification.
21	<u>229</u> 2017-18	<u>CTO Itarsi</u> M/s Unity Pulp & Paper Ltd Tin-23554302389 Case No. 591935 (ET)	<u>2014-15</u> Jan 2017	<u>Oct 2017</u> Nov 2017	Plant & machinery/ 42,62,655	1	42,627	The AA did not levy ET on interstate purchase of said goods. The AA stated that action would be taken after verification.
22	<u>239</u> 2017-18	<u>ACCT Cir</u> <u>Pithampur Dhar</u> M/s Jawahar Hastomal Tin- 23951600719_Case No. 522711(ET)	<u>2014-15</u> Jan 2017	<u>Dec 2017</u> Jan 2018	Pulses and Oil seeds 32,21,467	1	32,214 Penalty 96,642 1,28,856	The AA did not levy ET on said amount. The AA stated that action would be taken after verification.
23	<u>74</u> 2017-18	<u>CTO Cir-1 Indore</u> M/s Roadcam Infrastructure Pvt Ltd Tin-23970104774 Case No. 738734 (ET)	<u>2014-15</u> Jan 2017	<u>Jun 2017</u> Jul 2017	Iron & Steel and Consumable Goods/ 40,89,939	2	81,798 Penalty 2,45,394 3,27,192	The AA did not levy ET on purchase of Iron & Steel and Consumable Goods from Jaideep. The AA stated that action would be taken after verification.
24	<u>78</u> 2017-18	<u>CTO Cir-1 Indore</u> M/s M & P Engineer Tin-23980104720 Case No. 697841 (ET)	<u>2014-15</u> Jan 2017	<u>Jun 2017</u> Jul 2017	Iron & Steel, Plastics and Machinery/ 7,98,11,056	2 & 1	18,70,390	The AA determined less purchase value of Iron & Steel, Plastics and Machinery. The AA stated that action would be taken after verification.

25	<u>270</u> 2017-18	<u>ACCT Cir-1</u> <u>Jabalpur</u> M/s Surya Biotech Product Tin-23455600415 Case No. 672301 (ET)	<u>2014-15</u> Oct 2017	<u>Dec 2017</u> Jan 2018	Iron Steel Scrap/ 56,49,331	2	1,12,987 Penalty 3,38,961 4,51,948	The AA did not levy ET @2% on URD purchase and purchase from M/S Raja Traders and M/S Raja Metal Traders. The AA stated that action would be taken after verification.
26	<u>249</u> 2017-18	<u>ACCT Div-2</u> <u>Khandawa</u> M/s Tejas Construction & Infrastructure Ltd Tin-23741910119 Case No. 239/2015 (ET)	<u>2014-15</u> Jan 2017	<u>Dec 2017</u> Jan 2018	Cement & TMT Bars/ 45,96,449	2	91,929 Penalty 2,75,787 3,67,716	The AA did not levy ET @1% on purchase of Cement & TMT Bars from Ultratech Cement Ltd and Balaji Trading. The AA stated that action would be taken after verification.
27	<u>286</u> 2017-18	<u>DCCT Chhindawara</u> M/s Emeroled Petro Chemicals Pvt Ltd Tin-23596801669 Case No. 598650 (ET)	<u>2014-15</u> Jan 2017	<u>Jan 2018</u> Feb 2018	Hexan/ 7,04,591	9	63,413 Penalty 1,90,239 2,53,652	The AA levied ET @ 1% on purchase of Hexan and Ignite Oil instead of @ 10% and @ 2% respectively. The AA stated that it was Neptha (Chemical) which is taxable @ 1% under schedule II part I. Reply of AA was not acceptable as purchase of Hexane and ignite oil was verifiable from purchase register.
					Ignite Oil/ 43,03,890	1	43,038 Penalty 1,29,114 1,72,152	
28	<u>294</u> 2017-18	<u>ACCT Div-2 Bhopal</u> M/s Pragati Foods Tin-23079085299 Case No. 775494 (ET)	<u>2014-15</u> Jan 2017	<u>Feb 2018</u> Mar 2018	P. P. Sacs/ 10,40,001	4	41,600 Penalty 1,24,800 1,66,400	The AA levied ET @ 1% on purchase of said material while it was taxable @ 5% under Notification number 14 dated 01/04/07. The AA stated that action would be taken after verification.
29	<u>297</u> 2017-18	<u>ACCT Div-2 Bhopal</u> M/s Kamal Kishore Flour Mill Tin-23334602434 Case No. 500992 (ET)	<u>2013-14</u> Jan 2016	<u>Feb 2018</u> Mar 2018	P. P. Bags HDPE Woven Bags/ 40,29,610	4	1,61,184 Penalty 4,83,552 6,44,736	The AA levied ET @ 1% on purchase of said material while it was taxable @ 5% under Notification number 4-3-195-15-1 V (14) dated 01/04/07. The AA stated that action would be taken after verification.
30	<u>300</u> 2017-18	<u>ACCT Div-2 Bhopal</u> M/s Amrit Lal Jain	<u>2013-14</u> Jan 2016	<u>Feb 2018</u> Mar 2018	Iron And Steel/	2	79,430 Penalty	The AA did not levy ET @ 2% on purchase of said material.

		Tin-23684602193 Case No. 379014 (ET)			39,71,514		2,38,290 3,17,720	The AA stated that action would be taken after verification.
31	<u>302</u> 2017-18	<u>ACCT Div-2 Bhopal</u> M/s Power Mach Project Ltd Tin-23494702450 Case No. 385219 (ET)	<u>2013-14</u> Jan 2016	<u>Feb 2018</u> Apr 2018	Paints Primer, Cement Grade, Structural Steel, Machinery Parts, Oxygen, Argon Gas, Hardware/ 5,81,25,649	1	5,81,256 Penalty 17,43,768 23,25,024	The AA levied ET @ 1% on purchase of said materials while it was taxable @ 2% under entry II/III/1. The AA stated that action would be taken after verification.
32	<u>308</u> 2017-18	<u>CTO Cir-2 Guna</u> M/s Aneja Construction Tin-23815005787 Case No. 644365 (ET)	<u>2014-15</u> Jan 2017	<u>Dec 2017</u> Jan 2018	Machinery and parts/ 80,45,700	2	1,60,914	The AA did not levy ET @ 2% on purchase of said material from company headquarter (out of M. P.). The AA stated that action would be taken after verification.
33	<u>333</u> 2017-18	<u>CTO Anoopur</u> M/s Susheela Mining Ltd Tin-23437206926 Case No. 6395374 (ET)	<u>2014-15</u> Jan 2017	<u>Nov 2017</u> Dec 2017	Granite/ 2,18,34,408	-	17,801 Penalty 53,403 70,204	The AA determined less ET. The AA stated that action would be taken after verification.
34	<u>348</u> 2017-18	<u>CTO Cir-14 Indore</u> M/s Rajesh Industries Tin-23721400298 Case No. 439/2015 (ET)	<u>2014-15</u> Jan 2017	<u>Dec 2017</u> Jan 2018	Expeller parts/ 39,71,514	1	1,71,479	The AA levied ET @ 1% on purchase of said material while it was taxable @ 2 % under entry II/III/1. The AA stated that action would be taken after verification.
35	<u>281</u> 2017-18	<u>DCCT TAW</u> <u>Gwalior</u> M/s Moolchand Madhudas Tin- 23115100844 Case No. 30/15 (ET)	<u>2014-15</u> Jan 2017	<u>Nov 2017</u> Dec 2017	Kachchi tilli/ 12,18,31,170	1	12,18,311 Penalty 36,54,933 48,73,244	The AA did not levy ET on purchase amount of said goods. The AA stated that action would be taken after verification.

36	<u>282</u> 2017-18	<u>DCCT TAW</u> <u>Gwalior</u> M/s Jai Baba Industries Tin-23095307368 Case No. 218/17 (ET)	<u>2014-15</u> Jan 2017	<u>Nov 2017</u> Dec 2017	Kachchi tilli/ 9,46,05,131	1	9,46,051 Penalty 28,38,153 37,84,204	The AA did not levy ET on purchase amount of said goods. The AA stated that action would be taken after verification.
37	<u>283</u> 2017-18	<u>DCCT TAW</u> <u>Gwalior</u> M/s Shivshakti Till Mill Tin-2381514630 Case No. 241/15 (ET)	<u>2014-15</u> Jan 2017	<u>Nov 2017</u> Dec 2017	Kachchi tilli/ 7,20,68,394	1	7,20,684 Penalty 21,62,052 28,82,736	The AA did not levy ET on purchase amount of said goods. The AA stated that action would be taken after verification.
38	<u>325</u> 2017-18	<u>ACCT Div-2</u> <u>Gwalior</u> M/s Subhalal Ramgopal Kumbhraj Tin-23265001482 Case No. 628983 (ET)	<u>2014-15</u> Dec 2016	<u>Nov 2017</u> Jan 2018	Plant & Machinery/ 94,33,367	2	1,88,667 Penalty 5,66,001 7,54,668	The AA levied ET @ 2% on lesser purchase amount of said material than the shown in Schedule-T. The AA stated that action would be taken after verification.
39	<u>367</u> 2017-18	<u>CTO Cir-Dhar</u> M/s Platenium Cement Pvt Ltd Tin-23081604641 Case No. 03/2014 (ET)	<u>2013-14</u> Dec 2014	<u>Jan 2018</u> Feb 2018	Coal/ 19,19,924	1	19,199 Penalty 57,597 76,796	The AA levied ET @ 2% on purchase of said materials while it was taxable @ 3 % under Notification number 14 dated 01 April 2007. The AA stated that action would be taken after verification.
40	<u>377</u> 2017-18	<u>DCCT Div-1 Bhopal</u> M/s Kaipan Pan Masala Tin-23263606331 Case No. 646444 (ET)	<u>2014-15</u> Dec 2016	<u>Mar 2018</u> Apr 2018	Tobacco/ 1,37,34,000	1	1,37,340	The AA levied ET @ 1 % on purchase of Tobacco while it was not used in manufacturing. So, Tobacco was sold which would be taxable @ 2% under entry II/III/1. The AA stated that dealer purchased Tobacco leaf as raw material and it was used in manufacturing of Scented Tobacco which were sold. So ET would be liable @ 1 %. Reply of AA was not acceptable as tobacco was not involved in manufacturing process and it was sold separately.

41	<u>388</u> 2017-18	<u>ACCT Cir-11 Indore</u> M/s Pac Bio Fungbact Pvt Ltd Tin-23869068536 Case No. 652730 (ET)	<u>2014-15</u> Dec 2016	<u>Nov 2017</u> Dec 2017	Organic Manure & Pesticides/ 26,52,839	1	26,528	The AA did not levy ET on interstate purchase return beyond the period of six months. The AA stated that action would be taken after verification.
42	<u>380</u> 2017-18	<u>DCCT Div-1 Bhopal</u> M/s United Sprit Ltd Tin-23204001930 Case No. 126/15 (ET)	<u>2014-15</u> Jan 2017	<u>Mar 2018</u> Apr 2018	Glass, Acrylic Box etc./ 51,92,400	1	51,924 Penalty 1,55,772 2,07,696	The AA levied ET @ 1 % on purchase of said material while it was taxable @ 2 % under entry II/III/1. The AA stated that according to judgement of Chhattisgarh High Court in M/s Kamesh Traders Vs. Chhattisgarh State & others (2012) 52 VST-120 utensils included all items that are used in kitchen. In the objection, all the goods are considered as utensils. Reply of AA was not acceptable as casserole, bag and acrylic bag was taxable at 13 % as per order of C.C.T. Indore.
43	<u>315</u> 2017-18	<u>CTO Cir-Guna</u> M/s Amit Enterprises Tin - 23075003381 Case No. 99/15 (ET)	<u>2014-15</u> Jan 2017	<u>Nov 2017</u> Jan 2018	Dhaniya/ 82,54,190	1	82,542 Penalty 2,47,626 3,30,168	The AA levy ET on less purchase amount of said goods. The AA stated that interstate sale was not liable for ET. Reply of AA was not acceptable as Entry Tax was leviable on unregistered purchase which happened after reduction of purchase on interstate sale and sale in course of export.
44	<u>322</u> 2017-18	<u>ACCT Div-2</u> <u>Jabalpur</u> M/s Vardhman Global Infrastructure Pvt Ltd Tin- 23056302901 Case No. 17/2015 (ET)	<u>2014-15</u> Dec 2016	<u>Nov 2017</u> Jan 2018	Furnace Oil/ 42,12,698	9	3,79,143 Penalty 11,37,429 15,16,572	The AA levied ET @ 1% on purchase of Furnace oil instead of @ 10 %. The AA stated that it was Processed Fuel oil and Recycled Fuel oil which is different from Furnace oil. Reply of AA not acceptable as it was prima facie different from furnace oil.
45	<u>393</u> 2017-18	<u>ACCT Div-1</u> <u>Chhindawara</u>	<u>2014-15</u> Jan 2017	<u>Dec 2017</u> Jan 2018	<i>Maithi</i> and Instant Mix	1	1,04,235	The AA levied ET @ 1 % on purchase of Instant Mix Items while

		M/s Suparshva Marketing Tin-23516804138 Case No. 40/2015 (ET)			Items/ 1,04,23,618			it was taxable @ 2 % and did not levy ET on purchase of <i>Maithi</i> . The AA stated that action would be taken after verification.
46	<u>356</u> 2017-18	<u>CTO Cir-2 Indore</u> M/s Jyoti Auto Electricals & Spare Parts Tin-23850201452 Case No. 671264(ET)	<u>2014-15</u> Jan 2017	<u>Dec 2017</u> Jan 2018	Auto parts & Electricals Goods/ 1,38,05,583	1	1,38,056 Penalty 4,14,168 5,52,224	The AA levied ET @ 1% on purchase of said materials while it was taxable @ 2% under entry II/III/1. The AA stated that dealer purchased tractor and tractors parts taxable @ 1%. Reply of AA was not acceptable as tax had been levied on auto parts and electrical goods in VAT case and quantitative details of material had been not provided to audit.
47	<u>407</u> 2017-18	<u>CTO Cir-1 Chhindwara</u> M/s Tach Pack Tin- 23556601289 Case No. 648128 (ET)	<u>2014-15</u> Jan 2017	<u>Dec 2017</u> Jan 2018	Corrugated box/ 98,32,274	1	98,322 Penalty 2,94,966 3,93,288	The AA did not levy ET on hammali, transportation and purchase value of inter-state sale of corrugated box. The AA stated that action would be taken after verification.
48	<u>406</u> 2017-18	<u>CTO Cir-1 Chhindwara</u> M/s Tach Pack Tin- 23556601289 Case No. 404425 (ET)	<u>2013-14</u> Jan 2016	<u>Dec 2017</u> Jan 2018	Corrugated box/ 1,90,42,899	1	1,90,428 Penalty 5,71,284 7,61,712	The AA did not levy ET on purchase value of inter-state sale of corrugated box. The AA stated that action would be taken after verification.
49	<u>409</u> 2017-18	<u>CTO Cir-1 Chhindwara</u> M/s Ajay Trading Company Tin - 23116602598 Case No. 650817 (ET)	<u>2014-15</u> Jan 2017	<u>Dec 2017</u> Jan 2018	Soybean/ 1,05,57,106	1	1,05,571 Penalty 3,16,713 4,22,284	The AA did not levy ET on purchase of said goods. The AA stated that action would be taken after verification.

50	417 2017-18	<u>CTO Cir-1</u> <u>Chhindwara</u> M/s VSC Infra Pvt Ltd Tin - 237690652418 Case No. 677312 (ET)	<u>2014-15</u> Jan 2017	<u>Dec 2017</u> Jan 2018	Sand and <i>Mitti</i> / 4,92,67,854	1	4,92,678	The AA did not levy ET on purchase of said goods. The AA stated that action would be taken after verification.
51	424 2017-18	<u>CTO Shahdol</u> M/s Satish Engineering Tin-23227202143 Case No. 257/15 (ET)	<u>2014-15</u> Jan 2017	<u>Mar 2018</u> May 2018	Iron / 16,90,170	3	50,705 Penalty 1,52,115 2,02,820	The AA levied ET @ 2 % on purchase of said material before August 2014 while it was taxable @ 5% under entry number II/II/4. The AA stated that action would be taken after verification.
52	419 2017-18	<u>CTO Shahdol</u> M/s Kingston Oil Field Services Tin-23499129780 Case No. 734631(ET)	<u>2014-15</u> Jan 2017	<u>Apr 2018</u> May 2018	Y. T. Ring engine & DG set/36,27,072	2	72,541 Penalty 2,17,623 2,90,164	The AA levied ET @ 1 % on purchase of said materials and also determined less purchase value. The AA stated that action would be taken after verification.
					Y. T. Ring engine & DG set/ 2,95,64,853	1	2,95,648 Penalty 8,86,944 11,82,592	
<b>Total</b>						<b>Tax Penalty Total</b>	<b>1,93,62,560 2,51,75,483 4,45,38,043</b>	

**Appendix VI**  
(Referred to in paragraph 3.9)  
**Application of incorrect rate of tax**

(Amount in ₹)

Sl. No	PDP No./ Year	Name of the Auditee Unit/ Dealer	Assessment Period/ Month of assessment	Month of Audit/ Month of Issue of IR	Commodity/ Taxable Turnover on which incorrect rate applied (₹)	Rate of tax applicable/ Applied Rate (%)	Amount of Short levy of tax/ Penalty	Audit observation	Reply of the Department
1	30/ 2017- 18	CTO Circle- Hoshangabad M/s Maa Kripa Tractors TIN No. 23054202463 Case No. 468693 (VAT)	2013-14 Nov 2015	May 2017 June 2017	Tractor Accessories/ 7,43,436	13% 5%	59,475 Pen. 1,78,425 2,37,896	The AA levied tax @ 5% on said material while it was taxable @ 13%.	The AA stated that action would be taken after verification.
		M/s Maa Narmada Tractors TIN No. 23494200475 Case No. 730515 (VAT)	2014-15 Oct.2016	May 2017 June 2017	Tractor Accessories/ 4,24,584	13% 5%	33,967 Pen. 1,01,901 1,35,864	The AA levied tax @ 5% on said material while it was taxable @ 13%.	The AA stated that action would be taken after verification.
		M/s Maa Narmada Tractors TIN No. 23748021018 Case No. 465339 (VAT)	2013-14 Jan 2016	May 2017 June 2017	Tractor Accessories/ 5,82,028	13% 5%	46,562 Pen. 1,39,686 1,86,248	The AA levied tax @ 5% on said material while it was taxable @ 13%.	The AA stated that action would be taken after verification.
2	13/ 2017- 18	ACCT Circle- Morena M/S Paul Factory TIN No. 23695504055 Case no. 343381 (VAT)	2012-13 Apr 2015	May 2017 June 2017	Cement Pole/ 68,60,000	13% 5%	5,48,800 Pen. 16,46,400 21,95,200	The AA levied tax @ 5% on said material while it was taxable @ 13%.	The AA stated that dealer made P. C. C. Pole taxable @ 5% under entry no. 63-a Schedule II. Reply of the AA was not acceptable as trader had used steel wire in manufacturing of cement pole which proved that it was R.C.C. pole.



3	06/ 2017- 18	<u>ACCT Circle - Morena</u> M/s Balforce India Pvt Ltd TIN No. 23845504399 Case no. 319517 (VAT)	<u>2012-13</u> Apr 2015	<u>May</u> 2017 June 2017	Snacks/ 76,96,367	<u>13%</u> 5%	6,10,974 Pen. 18,32,922 24,43,896	The AA levied tax @ 5 % on said material in said different periods while it was taxable @ 13 %.	The AA stated that action would be taken after verification.
			<u>2013-14</u> Jan 2016		Snacks/ 45,76,431	<u>13%</u> 5%	3,66,114 Pen. 10,98,342 14,64,456		
			<u>2014-15</u> Jan 2017		Snacks/ 62,30,722	<u>13%</u> 5%	4,98,458 Pen. 14,95,374 19,93,832		
4	77/ 2017- 18	<u>CTO Circle-1</u> <u>Indore</u> M/s Shyam Manufacturing & Marketings TIN No. 23679000558 Case no.-740535 (VAT)	<u>2014-15</u> Dec 2016	<u>Jun 2017</u> Jul 2017	Pet Preform/ 4,99,585	<u>13%</u> 5%	39,968 Pen. 1,19,904 1,59,872	The AA levied tax on purchase of said material @ 5 % while it was taxable @ 13%.	The AA stated that action would be taken after verification.
5	82/ 2017- 18	<u>CTO Circle-1</u> <u>Indore</u> M/s Delight Automec Pvt. Ltd. TIN NO. 23889032256 Case no.794501 (VAT)	<u>2014-15</u> Jan 2017	<u>Jun 2017</u> Jul 2017	Auto Parts/ 5,02,512	<u>13%</u> 3%	50,251	The AA levied tax on purchase of said material @ 3 % while it was taxable @ 13%.	The AA stated that action would be taken after verification.
6	85/ 2017- 18	<u>CTO Circle Sehore</u> M/S New Time Contractor & Building Material TIN NO.719026841 Case no. 371927 (VAT)	<u>2012-13</u> Apr 2015	<u>Jun 2017</u> Jul 2017	Kota Stone/ 62,84,033	<u>13%</u> @ ₹ 1 per square feet	5,66,941	The AA levied tax on purchase of said material @ ₹ 1 per square feet while it was taxable @ 13%.	The AA stated that action would be taken after verification.
7	86/ 2017- 18	<u>CTO Circle Sehore</u> M/S Riya Construction TIN NO. 23239024755 Case no. 313006	<u>2012-13</u> Apr 2015	<u>Jul 2017</u> Aug 2017	Kota Stone/ 4,67,44,02	<u>13%</u> @ ₹ 1 per square feet	4,87,592	The AA levied tax on purchase of said material @ ₹ 1 per square feet while it was taxable @ 13%.	The AA stated that action would be taken after verification.

		(VAT)							
8	92/ 2017- 18	<u>CTO Circle-13</u> <u>Indore</u> M/S P Traders TIN No. 23899088023 Case no. 688140 (VAT)	<u>2014-15</u> Dec 2016	<u>Apr 2017</u> Jun 2017	Lube & Oil/14,56,755	<u>13%</u> 5%	1,16,540	The AA levied tax on purchase of said material @ 3% while it was taxable @ 13%.	The AA stated that stock of tractor parts in 2013-14 was sold in 2014-15. Reply of AA was not acceptable as opening stock of audited account proved otherwise.
9	146/ 2017- 18	<u>CTO Circle-2</u> <u>Bhopal</u> M/s Hawkins Cookers Ltd TIN No. 23261103634 Case No. 793/2015 (VAT)	<u>2014-15</u> Jan 2017	<u>Sep 2017</u> Oct 2017	Utensils/ 2,82,07,323	<u>5%</u> 4%	2,82,073	The AA levied tax @ 4% on said material while it was taxable @ 5%.	The AA stated that action would be taken after verification.
10	148/ 2017- 18	<u>CTO Circle-5</u> <u>Bhopal</u> M/S Red Medical TIN No. 23474004546 Case no. 631127 (VAT)	<u>2014-15</u> Jan 2017	<u>Sep 2017</u> Oct 2017	Amplifier, Motor driver board etc./ 32,02,591	<u>13%</u> 5%	2,56,207 Pen. 7,68,621 10,24,828	The AA levied tax @ 5% on said material in said different periods while was taxable @ 13%.	The AA stated that action would be taken after verification.
11	150/ 2017- 18	<u>CTO Circle-5</u> <u>Bhopal</u> M/s R. F. Network TIN No. 23074004572 Case no. 631186 (VAT)	<u>2014-15</u> Jan 2017	<u>Sep 2017</u> Oct 2017	Plant & Machinery/ 7,78,892	<u>13%</u> 0%	1,01,255 Pen. 3,03,765 4,04,020	The AA did not levy tax @13% on said material.	The AA stated that action would be taken after verification.
12	117/ 2017- 18	<u>ACCT Circle-1</u> <u>Ujjain</u> M/s Mangalam Granite & Marble Industries TIN No. 23232607296 Case no.763858 (VAT)	<u>2014-15</u> Jan 2017	<u>Jul 2017</u> Sep 2017	Kota Stone/ 17,64,310	<u>13%</u> @ ₹ 1 per square feet	1,35,367	The AA levied tax on purchase of said material @ ₹ 1 per square feet while it was taxable @ 13%.	The AA stated that action would be taken after verification.
13	176/ 2017-	<u>ACCT Circle-III</u> <u>Gwalior</u>	<u>2014-15</u> Oct 2016	<u>Sep 2017</u> Oct 2017	Carpet/ 6,29,687	<u>13%</u> 5%	50,374	The AA levied tax on purchase of said	The AA stated that action would be taken after

	18	M/S Galaxy International TIN No. 23025303866 Case no. 11/2016 (CST)						material @ 5 % while it was taxable @ 13 %.	verification.
14	197/2017-18	<u>CTO (A &amp; L) Cir-Bhopal</u> M/s Hotel The Residency TIN No. 23650001149 Case No. 10/2015 (VAT)	<u>2014-15</u> -	<u>Oct 2017</u> Nov 2017	Beverage Items/ 40,79,300	<u>13%</u> 5%	3,56,344 Pen. 9,79,032 13,35,376	The AA levied tax @ 5 % on said material while it was taxable @ 13 %.	The AA stated that action would be taken after verification.
15	198/2017-18	<u>CTO (A &amp; L) Cir-Bhopal</u> M/S Hotel Nisarg Pvt Ltd TIN NO-23314001239 Case no.11/2015 (VAT)	<u>2014-15</u> -	<u>Oct 2017</u> Nov 2017	Beverage Items/ 35,16,342	<u>13%</u> 5%	2,81,307 Pen. 8,43,922 11,25,229	The AA levied tax @ 5% on said material while it was taxable @ 13%.	The AA stated that action would be taken after verification.
16	199/2017-18	<u>CTO (A &amp; L) Cir-Bhopal</u> M/s Hotel Rajtilak Pvt Ltd TIN No. 23374000668 Case no. 05/2015 (VAT)	<u>2014-15</u> -	<u>Oct 2017</u> Nov 2017	Beverage Items/ 25,89,094	<u>13%</u> 5%	2,07,128 Pen. 6,21,384 8,28,512	The AA levied tax @ 5 % on said material while it was taxable @ 13 %.	The AA stated that action would be taken after verification.
17	203/2017-18	<u>ACCT Neemuch</u> M/s Chaudhary Automobiles TIN No. 23049003531 Case no. 90/2014-15 (VAT)	<u>2014-15</u> -	<u>Oct 2017</u> Nov 2017	Tractor Accessories/ 8,57,915  Oil/ 7,66,534	<u>13%</u> 5%  <u>13%</u> 0%	1,68,282 Pen. 5,04,846 6,73,128	The AA levied tax on said material @ 5% while it was taxable @ 13%.	The AA stated that action would be taken after verification.
18	234/2017-18	<u>CTO Cir-4 Indore</u> M/s RajjabAli Ismile Ji TIN No.	<u>2014-15</u> Dec 2016	<u>May 2017</u> Jun 2017	Paints & Water Purifier/ 42,20,380	<u>13%</u> 5%	3,37,630	The AA levied tax on said material @ 5% while it was taxable @ 13%.	The AA stated that action would be taken after verification.

		23540301775 Case no. 661195 (VAT)							
19	238/ 2017- 18	<u>ACCT Circle- Pithampur Dhar</u> M/S Polymer Packaging TIN NO.23441604637 Case no.784250 (CST)	<u>2015-16</u> Jan 2017	<u>Dec 2017</u> Jan 2018	HDPE Scrap/ 5,93,845	<u>14%</u> 5%	53,446 Pen. 1,60,338 2,13,784	The AA levied tax on said material @ 5% while it was taxable @ 14%.	The AA stated that action would be taken after verification.
20	236/ 2017- 18	<u>ACCT Circle- Pithampur Dhar</u> M/S Shri JI Polymer TIN No. 23349013783 Case no. 643071 (VAT)	<u>2014-15</u> Jan 2017	<u>Dec 2017</u> Jan 2018	HDPE Scrap/ 24,45,103	<u>13%</u> 5%	1,95,608 Pen. 5,86,824 7,82,432	The AA levied tax on said material @5% while it was taxable @ 13%.	The AA stated that action would be taken after verification.
21	38/ 2017- 18	<u>ACCT Cir-2 Gwalior</u> M/s Patel & Sons TIN No. 23705206492 Case No. 660268 (VAT)	<u>2014-15</u> Jan 2017	<u>May 2017</u> Jun 2017	Petrol/ 52,54,233	<u>31%</u> 23%	4,20,339 Pen. 12,61,017 16,81,356	The AA levied tax by inclusion of said money value of petrol taxable @ 31% in sale value of diesel taxable @ 23%.	The AA stated that C.A. had certified the classification of rate of tax and difference was due to closing stock of goods @ 27% and @ 31%. Reply of the AA was not acceptable as calculation was made considering closing stock @ 31 % and minimum demand had been raised whereas if it had taken closing stock @ 27%, amount of sale difference would increase which would create additional demand.
22	350/ 2017- 18	<u>CTO Cir-14 Indore</u> M/s Manish Flexipack TIN No. 23359056559 Case No. 178/2015 (VAT)	<u>2014-15</u> Dec 2016	<u>Dec 2017</u> Jan 2018	P. P. Scrap/ 18,39,212	<u>13%</u> 5%	1,47,136	The AA levied tax @ 5% on said material while it was taxable @ 13% under entry II/IV/1.	The AA stated that action would be taken after verification.

23	245/ 2017- 18	<u>ACCT Div-2 Indore</u> M/s V E Commercial Vehicle Ltd TIN No. 23069059692 Case no. 06/2016 (VAT)	<u>2015-16</u> Sep 2016	<u>Nov 2017</u> Dec 2017	Packing Material Scrap/ 36,22,796	<u>13%</u> 5%	2,89,824 Pen. 8,69,472 11,59,296	The AA levied tax @ 5% on said material while it was taxable @ 13% under entry II/IV/1.	The AA stated that under entry number 55 (209) schedule II part II Carton box Corrugated box etc. used for packing would be taxable @ 5%. Reply of AA was not acceptable as assessee had sold wastage packing material after packing of material during manufacturing and entry referred in reply was applicable to trading of packing material.
24	246/ 2017- 18	<u>ACCT Div-2 Indore</u> M/s Piramal Healthcare India Pvt Ltd TIN No. 23571100893 Case no. 176/2015 (VAT)	<u>2014-15</u> Sep 2016	<u>Nov 2017</u> Dec 2017	Packing Material Scrap/ 2,10,56,552	<u>13%</u> 5%	16,84,524	The AA levied tax @ 5% on said material while it was taxable @ 13% under entry II/IV/1.	The AA stated that under entry number 55 (209, 205 and 208) Schedule II part II, used and waste packing material would be taxable @ 5%. Reply of AA was not acceptable as used and wasted material were taxable @ 13%.
25	250/ 2017- 18	<u>ACCT Div-2</u> <u>Khandawa</u> M/s Krishna Agro Industries TIN NO. 23522005203 Case no. 75/2015 (VAT)	<u>2014-15</u> Jan 2017	<u>Dec 2017</u> Jan 2018	Tractor Accessories/ 15,16,296	<u>13%</u> 5%	1,21,304	The AA levied tax on said material @ 5% while it was taxable @ 13%.	The AA stated that action would be taken after verification.
					Tractor Trolley, Cultivator etc./21,11,500	<u>5%</u> 0%	1,05,575	The AA did not levy tax on sale of said materials.	
26	284/ 2017- 18	<u>DCCT TAW</u> <u>Gwalior</u> M/S Krishna Industrial Sales TIN No. 23199026408 Case no. Deemed Scheme	<u>2014-15</u> Jan 2017	<u>Nov 2017</u> Dec 2017	Paints, Hardware etc./ 7,53,719	<u>13%</u> 5%	60,254 Pen. 1,80,762 2,41,016	The AA levied tax by including sale of goods taxable @ 13% into sale of goods taxable @ 5%.	The AA stated that action would be taken after verification.
27	346/ 2017- 18	<u>CTO Cir-14 Indore</u> M/S Inven Pharmaceuticals Pvt	<u>2014-15</u> Dec 2016	<u>Dec 2017</u> Jan 2018	P. P. Scrap/ 33,74,067	<u>13%</u> 5%	2,69,925	The AA levied tax @5% on said material while it was taxable	The AA stated that action would be taken after verification.

		Ltd TIN No. 23331401046 Case no. 137/2015 (VAT)						@ 13% under entry II/IV/1.	
28	353/ 2017- 18	CTO Cir-14 Indore M/s Angel Infratech Pvt Ltd TIN No. 23269036295 Case No. 1969/2015 (VAT)	2014-15 July 2016	Dec 2017 Jan 2018	Plot and Flat / 21,08,874	13% 5%	1,68,710	The AA levied tax @5% on said material while it took ITR @ 13%.	The AA stated that action would be taken after verification.
29	304/ 2017- 18	CTO Cir-Guna M/s J. B. Industries TIN No. 23835005776 Case No. 648882 (VAT)	2014-15 Jan 2017	Nov 2017 Jan 2018	Dhaniya Dall/ 67,61,134	13% 5%	5,40,890	The AA levied tax @ 5% on said material while it was taxable @ 13%.	The AA stated that action would be taken after verification.
30	306/ 2017- 18	CTO Cir-Guna M/s J. B. Industries TIN No. 23835005776 Case No. 648882 (VAT)	2014-15 Jan 2017	Nov 2017 Jan 2018	Interstate sale of Dhana Dall/ 38,05,908	13% 5%	3,04,472	The AA levied tax @ 5% on interstate sale of said material while it was taxable @ 13%.	The AA stated that action would be taken after verification.
31	309/ 2017- 18	CTO Cir-Guna M/s Mangal Filling Station TIN No. 23319068688 Case no. 648552 (VAT)	2014-15 Dec 2016	Dec 2017 Jan 2018	Petrol/ 38,63,456	31% 27%	1,54,538	The AA levied tax @ 27% and @ 23% on Petrol and Diesel instead of @ 31% and @ 27% respectively by inclusion of sale value taxable @ 31% and @ 27% in sale @ 27% and @ 23% respectively.	The AA stated that action would be taken after verification.
					Diesel/ 80,90,809	27% 23%	3,23,632		
32	327/ 2017- 18	ACCT Div-2 Gwalior M/s Nathulal Sodani TIN No. 23475001512	2014-15 Dec 2016	Nov 2017 Jan 2018	Diesel/ 21,80,667	27% 23%	87,226 Penalty 2,61,678 3,48,904	The AA levied tax @ 23% on Diesel instead of @ 27% by including sale of Diesel taxable @ 27% in sale value taxable	The AA stated that action would be taken after verification and penalty should be liable after verification.

		Case no. 611662 (VAT)						@ 23%.	
33	328/ 2017- 18	<u>ACCT Div-2</u> <u>Gwalior</u> M/s Kisan Services TIN NO. 23305002527 Case no. 10300005711455 (VAT)	<u>2014-15</u> Dec 2016	<u>Nov 2017</u> Jan 2018	Petrol/ 15,17,526	<u>31%</u> <u>27%</u>	60,701 Penalty 1,82,103 2,42,804	The AA levied tax @ 27% on Petrol instead of @ 31% by including sale of Petrol taxable @ 27% in sale value taxable @ 31%.	The AA stated that action would be taken after verification and penalty should be liable after verification.
34	364/ 2017- 18	<u>CTO Cir-Dhar</u> M/S Abhay Tractors TIN No. 23659027914 Case no. 291070 (VAT)	<u>2013-14</u> Dec 2014	<u>Jan 2018</u> Feb 2018	Tractor Accessories/ 17,037	<u>13%</u> <u>5%</u>	1,363 Penalty 4,089 5,452	The AA levied tax on said material by including some amount @ 5 % and did not levy tax on rest amount while said material was taxable @ 13%.	The AA stated that action would be taken after verification.
					Tractor Accessories/ 6,82,034	<u>13%</u> <u>0%</u>	88,664 Penalty 2,65,992 3,54,656		
35	366/ 2017- 18	<u>CTO Cir-Dhar</u> M/s Gulmarg Battery TIN No. 234317039225 Case No. 526083 (VAT)	<u>2013-14</u> Nov 2015	<u>Jan 2018</u> Feb 2018	Battery and Inverter / 6,12,468	<u>13%</u> <u>5%</u>	48,997 Penalty 1,46,991 1,95,988	The AA levied tax @ 5% on said material while it was taxable @ 13% under entry II/IV/1.	The AA stated that action would be taken after verification.
36	370/ 2017- 18	<u>CTO Cir-Dhar</u> M/s Gupta Traders TIN No. 23631601865 Case No. 297062 (VAT)	<u>2012-13</u> Dec 2014	<u>Jan 2018</u> Feb 2018	Cement and Hardware / 6,05,623	<u>13%</u> <u>5%</u>	48,450	The AA levied tax @ 5% on said material while it was taxable @ 13%.	The AA stated that action would be taken after verification.
37	371/ 2017- 18	<u>CTO Cir-Dhar</u> M/s Pawan Udyog TIN No. 23841604805 Case No. 526083 (VAT)	<u>2012-13</u> Jan 2015	<u>Jan 2018</u> Feb 2018	Plant & Machinery / 1,05,000	<u>13%</u> <u>0%</u>	13,650 Penalty 40,950 54,600	The AA did not levy tax on sale of said materials.	The AA stated that action would be taken after verification.

38	372/ 2017- 18	<u>CTO Cir-Dhar</u> M/s Shri Agencies TIN No. 23091702169 Case No. 295794 (VAT)	<u>2012-13</u> Dec 2014	<u>Jan 2018</u> Feb 2017	Icecream, Kulfi, Ice Candy etc./ 20,92,100	<u>13%</u> 5%	1,67,368	The AA levied tax @ 5% on said material while it was taxable @ 13% under entry II/IV/1.	The AA stated that action would be taken after verification.
39	285/ 2017- 18	<u>DCCT Chhindawara</u> M/s Hindustan Petroleum TIN No. 23356700242 Case no. 599418 (VAT)	<u>2014-15</u> Jan 2017	<u>Jan 2018</u> Feb 2017	Diesel/ 2,26,95,917	<u>27%</u> 23%	9,07,836	The AA levied tax @ 27% and @ 23% on Petrol and Diesel instead of @ 31% and @ 27% respectively by inclusion of sale value taxable @ 31% and @ 27% in sale @ 27% and @ 23% respectively.	The AA stated that tax levied on by calculating opening balance, closing balance, purchase and sale accordingly and objection is hypothetical. Reply of AA was not acceptable as AA applied less rate of tax on sale of diesel/petrol in assessment order.
					Petrol/ 1,11,45,683	<u>31%</u> 27%	4,45,827		
40	14/ 2017- 18	<u>ACCT Cir-Morena</u> M/s Pushti Construction Pvt Ltd TIN No. 23289024459 Case no. 519916 (VAT)	<u>2013-14</u> Jan 2016	<u>May</u> <u>2017</u> Jun 2017	Flat & Shop/ 48,75,519	<u>13%</u> 5%	3,90,041 Penalty 11,70,123 15,60,164	The AA levied tax @ 5% on said material under section 9B while it was taxable @ 13% under section 9.	The AA stated that action would be taken after verification.
41	425/ 2017- 18	<u>ACCT Sagar</u> M/s Balkrishna Prem Narayan TIN No. 23287700205 Case No. 643640 (VAT)	<u>2014-15</u> Jan 2017	<u>Mar 2018</u> Apr 2018	Tractor Accessories/ 6,77,253	<u>13%</u> 5%	54,180 Pen. 1,62,540 2,16,720	The AA levied tax @ 5% on said material while it was taxable @ 13%.	The AA stated that the dealer did not sell parts exclusively. So it would be taxable @ 5% under section II/II/90. Reply of AA was not acceptable as it was taxable at 13% as per order of Appellate Board.
42	418/ 2017- 18	<u>CTO Shahdol</u> M/s Suraj Kumar Radha Krishna TIN No. 23597205771 Case No. 696122 (VAT)	<u>2014-15</u> Dec 2016	<u>Apr 2018</u> May 2018	Tractor Accessories / 8,98,623	<u>13%</u> 5%	71,889 Pen. 2,15,667 2,87,556	The AA levied tax @ 5% on said material while it was taxable @ 13% according to commercial tax commissioner order 214(25) 57 J 253 dated 05 March 2014.	The AA stated that action would be taken after verification.



43	135 2017- 18	CTO Cir-Balaghat M/s Property Guru TIN-23339051808 Case No.765062 (VAT)	2014-15 Jan 2017	Sep 2017 Oct 2017	Contract Work/ 58,71,304	13% 5%	3,90,895 Penalty 11,72,685 1,56,380	The AA included sale @ 13% in sale @ 5% and also calculated TTO @ 5% greater than Original TTO. This amount of short levy of tax is determined by deducting excess tax value @ 5% amounting ₹ 78,809.	The AA stated that action would be taken after verification.	
<b>Total</b>							<b>Tax Penalty Total</b>	<b>1,32,18,871 1,73,15,759 3,05,34,630</b>		

**Appendix VII**

(Referred to in paragraph 3.10)

**Short levy of tax/grant of irregular concession under Central Sales Tax Act**

(Amount in ₹)

Sl. No	PDP No./ Year	Name of the Auditee Unit/Dealer	Assessment Period/ Month of assessment	Month of Audit/ Month of Issue of IR	Declaration amount as per C Form	C-form issued to other party Amount as per Tin Axis	Leviable tax as per applicable Rate (%) of objected C form Amount	Amount of levy of tax and Penalty	Audit observation/Reply of the Department
1	<u>120</u> 2017-18	CTO Cir-2 Satna M/s Dhruv Bidi Works Tin 23729006373 Case No. 274/2015 (CST)	2014-15/ -	Aug 2017 Sep 2017	3,13,45,564	0	25% of 3,13,45,564	78,36,391	The AA allowed deduction of gross interstate sale on C-form without annexing any C-form with the case. The AA stated that action would be taken after verification.
2	<u>34</u> 2017-18	ACCT Div-1 Indore M/s Century Automobile Tin 23561401550 Case no. 156/2015 (CST)	2014-15/ Apr 2016	May 2017 June 2017	36,02,386	29,68,981	2% of 6,33,405	12,668 Penalty 38,004 Total 50,672	The AA allowed deduction of E-I and C-form supported interstate sale which also had E-I supported sale in 2013-14. The AA stated that action would be taken after verification.
3	<u>63</u> 2017-18	DCCT Div-2 Gwalior M/s National Fertilizer Ltd Tin 23435002504 Case no. 626545 (CST)	2014-15/ Jan 2017	May 2017 June 2017	24,97,230	0	(5-2) 3% of 24,97,230	74,917	The AA allowed deduction on C-form without signature of authority. The AA stated that objection was only related with signature of authority which would be corrected. Manual C-form can be verified through entry of TINXSYS in Computer system of that State. So correct manual

									C-form from many States are still not verified through TINXSYS and manual C-form is send for verification and related letter is annexed.
4	<u>171,</u> <u>172,</u> <u>173</u> 2017- 18	CTO Cir-3 Gwalior M/s Shah JI Traders Tin 23299108266 Case No. 660826 (CST)	2014-15/ Jan 2017	Sep 2017 Oct 2017	12,59,45,632	8,56,44,289	(13-2) 11% of 95,74,065 (M/s Kashi Traders)	10,53,147	The AA allowed deduction on C-form supported sale of same nature. The AA stated that action would be taken after verification.
							(13-2) 11% of 2,75,79,303 (M/s Vinayak Traders)	30,33,723	The AA allowed Deduction of interstate sale without C-form or unacceptable counter C-form. The AA stated that action would be taken after verification.
							(13-2) 11% of 31,47,975 (M/s Sadguru Traders)	3,46,277	The AA allowed deduction of sale without verified C-form TINXSYS. The AA stated that action would be taken after verification.
5	<u>267</u> 2017- 18	CTO Cir-2 Ujjain M/s Susheel Traders Tin 23892702672 Case No. 134/2015 (CST)	2014-15/ Jan 2017	Nov 2017 Dec 2017	45,90,308	40,30,308	(5-2) 3% of 5,60,000	16,800 Penalty 50,400 Total 67,200	The AA allowed interstate sale on C-form without annexing any C-form of Shri Sai Gruh Udhog Ahmedabad. The AA stated that action would be taken after verification.
6	<u>242</u> 2017- 18	DCCT Div-2 Indore M/s Devi Dayal Harikisan Tin 23870501753 Case no. 107/2015 (CST)	2014-15/ Nov 2016	Nov 2017 Dec 2017	1,36,53,273	0	(5-2) 3% of 1,36,53,273	4,09,598	The AA allowed tax @ 2% on the interstate sale of Iron & Steel without C- form. The AA stated that action would be taken after verification.

7	<u>222</u> 2017-18	CTO Cir-1 Bhopal M/s Krishna Trading Company Tin 23839019360 Case no. 397/15 (CST)	2014-15/ Jan 2017	Nov 2017 Dec 2017	29,54,676	4,97,102	5% of 24,57,574	1,22,878	The AA allowed deduction of interstate sale without C-form and E-1 form. The AA stated that action would be taken after verification.
8	<u>431</u> 2017-18	ACCT Cir-Baithan M/s M K Associates Tin 23647300658 Case No. 19/2015 (CST)	2014-15/ Jan 2017	Apr 2018 May 2018	2,39,947	0	(5-2) 3% of 2,39,947	7,714	The AA allowed deduction of interstate sale without C-form and did not levy tax on freight and amount on audited C-form. The AA stated that action would be taken after verification.
					2,82,40,333	0	(5-2) 3% of 2,82,40,333	8,47,210 Penalty 25,41,630 Total 33,88,840	
9	<u>251</u> 2017-18	ACCT Khandawa M/s Sri Ram Trade Link Tin 23602006808 Case No. 96/2015 (CST)	2014-15/ Jan 2017	Dec 2017 Jan 2018	6,24,97,118	3,64,88,684	2% of 2,60,08,434	5,20,169	The AA allowed deduction of sale without E-1 form. The AA stated that action would be taken after verification.
10	<u>240</u> 2017-18	CTO Cir-10 Indore M/s Multiplexer Tin 23951001453 Case No. 22/2014-15 (CST)	2014-15 Jan 2017	Jul 2017 Aug 2017	12,03,345	0	5% of 12,03,345	60,167	The AA allowed incorrect deduction under section 6(2). The AA stated that in C-form sale was mentioned in 19 January 2015 while issued in 31 March 15. Reply of AA was not acceptable as date of sale as per form 'C' was earlier than purchase of material.
<b>Total</b>					<b>27,67,69,812</b>	<b>12,96,29,364</b>	<b>Tax Penalty Total</b>	<b>1,43,41,659 26,30,034 1,69,71,693</b>	

**Appendix VIII**  
(Referred to in paragraph 4.5.6.5)  
**Statement showing non-submission of periodical returns by lessees**

District	No. of leases	Monthly Returns									Yearly Returns								
		2015 - 16			2016 - 17			2017 - 18			2015 - 16			2016 - 17			2017 - 18		
		Due	Submitted	Short-fall	Due	Submitted	Short-fall	Due	Submitted	Short-fall	Due	Submitted	Short-fall	Due	Submitted	Short-fall	Due	Submitted	Short-fall
Rewa	10	-	-	-	120	96	24	120	108	12	-	-	-	10	0	10	10	0	10
Satna	6	-	-	-	72	15	57	72	0	72	-	-	-	6	0	6	6	0	6
Betul	7	84	72	12	84	72	12	84	72	12	7	0	7	7	0	7	7	0	7
Chhindwara	12	139	72	67	144	45	99	144	33	111	12	1	11	12	1	11	12	0	12
Jabalpur	7	84	77	7	84	47	37	84	0	84	7	3	4	7	3	4	7	0	7
Anuppur	33	396	0	396	396	0	396	396	0	396	33	0	33	33	0	33	33	0	33
Dhar	9	-	-	-	108	96	12	108	96	12	0	0	0	9	0	9	9	0	9
Balaghat	72	864	480	384	864	480	384	864	480	384	72	18	54	72	18	54	72	18	54
Damoh	9	96	24	72	108	24	84	108	24	84	8	1	7	9	1	8	9	1	8
Jhabua	8	108	60	48	96	48	48	96	48	48	9	5	4	8	4	4	8	4	4
<b>Total</b>	<b>173</b>	<b>1,771</b>	<b>785</b>	<b>986</b>	<b>2,076</b>	<b>923</b>	<b>1,153</b>	<b>2,076</b>	<b>861</b>	<b>1,215</b>	<b>148</b>	<b>28</b>	<b>120</b>	<b>173</b>	<b>27</b>	<b>146</b>	<b>173</b>	<b>23</b>	<b>150</b>

**Summary of Returns**

Year	Monthly Returns			Yearly Returns		
	Due	Submitted	Not Submitted	Due	Submitted	Not Submitted
2015-16	1,771	785	986	148	28	120
2016-17	2,076	923	1,153	173	27	146
2017-18	2,076	861	1,215	173	23	150
<b>Total</b>	<b>5,923</b>	<b>2,569</b>	<b>3,354</b>	<b>494</b>	<b>78</b>	<b>416</b>

**Appendix IX**  
(Referred to in paragraph 4.5.11)  
**Non/Short realisation of Royalty**

(₹ in lakh)

Sl. No.	Name of unit	No of cases	Assessment Period	Due royalty	Paid royalty	Balance
1	DMO Rewa	8	2013-14 to 2015-16	2,309.93	1,106.69	1,203.24
2	DMO Satna	2	2016-17 & 2017-18	707.75	667.79	39.96
3	DMO Katni	3	2015-16 & 2016-17	471.61	443.12	28.49
4	DMO Chhindwara	2	2017-18	28.70	14.24	14.46
5	DMO Anuppur	11	2016-17 & 2017-18	2,163.31	2,082.89	80.42
6	DMO Jabalpur	6	2015-16 to 2017-18	34.79	14.49	20.30
7	DMO Balaghat	4	2016-17 & 2017-18	403.22	277.78	125.44
8	DMO Panna	1	2014-15 to 2017-18	2,201.50	2,172.64	28.86
9	DMO Dhar	1	2017-18	10.44	3.60	6.84
<b>Total</b>		<b>38</b>		<b>8,331.25</b>	<b>6,783.24</b>	<b>1,548.01</b>

**Appendix X**  
(Referred to in paragraph 4.5.12)  
**Non-realisation of Dead Rent on mining leases**

(₹ in lakh)

Sl. No.	Name of unit	No of cases	Period	Dead Rent due	Dead Rent paid	Balance
1	DMO Rewa	10	2017 & 2018	1.75	0.00	1.75
2	DMO Satna	12	2017 & 2018	34.76	0.00	34.76
3	DMO Katni	09	2015 to 2018	7.63	0.00	7.63
4	DMO Betul	01	2015 to 2018	2.16	0.00	2.16
5	DMO Chhindwara	51	2015 to 2018	386.72	0.00	386.72
6	DMO Jabalpur	12	2016 to 2018	9.09	0.00	9.09
7	DMO Balaghat	07	2017 & 2018	5.16	0.00	5.16
8	DMO Damoh	09	2018	222.10	0.00	222.10
9	DMO Dhar	05	2014 to 2018	0.92	0.00	0.92
<b>Total</b>		<b>116</b>		<b>670.29</b>	<b>0.00</b>	<b>670.29</b>

**Appendix XI**  
(Referred to in paragraph 4.5.14)  
**Non/Short realisation of National Mineral Exploration Trust (NMET) Fund**

(₹ in lakh)

Sl. No	Name of unit	No. of cases	Year for which NMET payable	Royalty Paid	NMET payable (@ 2% of royalty paid)	NMET paid	Balance NMET
1	DMO Rewa	8	2017-18	1,072.85	21.46	15.54	5.92
2	DMO Satna	6	2015-16 to 2017-18	18,509.65	370.19	294.99	75.20
3	DMO Katni	2	2015-16 to 2016-17	278.55	5.57	2.20	3.37
4	DMO Betul	6	2015-16	4,944.53	98.89	6.43	92.46
5	DMO Anuppur	23	2015-16 to 2017-18	86,576.40	1,731.53	1,672.86	58.67
6	DMO Jabalpur	11	2015-16 to 2017-18	1,884.53	37.69	0.06	37.63
7	DMO Balaghat	33	2015-16 to 2017-18	16,604.64	332.09	280.45	51.64
8	DMO Jhabua	1	2017-18	5.32	0.11	0.00	0.11
<b>Total</b>		<b>90</b>		<b>1,29,876.47</b>	<b>2,597.53</b>	<b>2,272.53</b>	<b>325.00</b>



**Appendix XII**  
(Referred to in paragraph 4.5.15)  
**Non/Short realisation of Rural Infrastructure and Road Development Tax**

(₹ in lakh)

Sl. No.	Name of unit	No of cases	Area of lease (in hectare)	Year for which tax payable	Payable amount	Paid amount	Balance
1	DMO Rewa	10	87.14	2017-18	3.49	0	3.49
2	DMO Satna	07	1,107.12	2017-18	44.28	0	44.28
3	DMO Katni	09	964.95	2014-15 to 2017-18	44.45	0	44.45
4	DMO Betul	01	8.93	2015-16 to 2017-18	1.07	0	1.07
5	DMO Chhindwara	51	9,336.10	2016-17 to 2017-18	375.02	0	375.02
6	DMO Jabalpur	10	91.72	2015-16 to 2017-18	11.01	0	11.01
7	DMO Balaghat	06	78.54	2016-17 to 2017-18	4.76	0	4.76
8.	DMO Damoh	07	89.14	2017-18	3.57	0	3.57
9.	DMO Dhar	03	13.30	2017-18	0.53	0	0.53
10.	DMO Panna	01	113.33	1/2018 to 3/2018	36.94	0	36.94
11	DMO Jhabua	04	22.27	2015-16 to 2017-18	2.67	0.11	2.56
<b>Total</b>		<b>109</b>	<b>11,912.54</b>		<b>527.79</b>	<b>0.11</b>	<b>527.68</b>

**Appendix XIII**

(Referred to in paragraph 4.5.16)

**Non-realisation of Stamp Duty and Registration Fees due to non-execution of supplementary agreement of mining leases**

(₹ in lakh)

Sl. No	Name of unit	Name of lessee	Agreement period	Name of minerals and rate of royalty	Production as per revised mining plan/EC	Total amount on which Stamp Duty payable	Stamp Duty / Registration Fees			
							Leviable (0.75 %/ 75%)	Levied	Short levied	Total amount recoverable
1	DMO Katni	M/s Steel Authority of India Ltd., Kuteshwar	10 June 2001 to 09 June 2021	Limestone	14,20,000 MT per year x ₹ 80 x 5 years = 56,80,00,000	5,680.00	<u>42.60</u> 31.95	0	<u>42.60</u> 31.95	74.55
2	DMO Jabalpur	M/s Anand Mining Corportaion Village Agaria	08 Feb 1980 to 07 Feb 2030	Iron ore	1,02,76,082 MT (reserve) x ₹ 95 = 97,62,27,790	9,762.28	<u>73.21</u> 54.91	<u>6.15</u> 4.61	<u>67.06</u> 50.30	117.36
3	DMO Satna	M/s KJS Cement Ltd. 45.888 hec.	26 Oct 1991 to 25 Oct 2031	Limestone	4,57,801 MT per year x ₹ 80 x 16 years = 58,59,85,280	5,859.85	<u>43.95</u> 32.96	0	<u>43.95</u> 32.96	76.91
<b>Total</b>		<b>3 cases</b>					<b>279.58</b>	<b>10.76</b>	<b>268.82</b>	<b>268.82</b>

**Appendix XIV**

*(Referred to in paragraph 4.5.16)*

**Short levy of Stamp Duty and Registration Fees due to incorrect application of Average Sale Price**

(₹ in lakh)

Sl. No	Name of unit	Name of lessee	Agreement period	Name of minerals and rate of royalty	Royalty as per IBM rate	Royalty as per calculation of Dept.	Stamp Duty / Registration Fees			
							Leviable (0.75%/75%)	Levied	Short levied	Total amount recoverable
1	DMO Chhindwara	M/s Krishna Ping Alloy Ltd.	16 May 2016 to 15 May 2046 (30 years)	Manganese 5% of sale price	84,000 x 518 x 30 years = 1,30,53,60,000	84,000 x 296 x 30 years = 74,59,20,000	<u>97.90</u> 73.43	<u>55.94</u> 41.96	<u>41.95</u> 31.47	73.43
<b>Total</b>		<b>01 case</b>					<b>171.33</b>	<b>97.90</b>	<b>73.43</b>	<b>73.43</b>

**Appendix XV**

(Referred to in paragraph 4.5.16)

**Short levy of Stamp Duty and Registration Fees due to incorrect determination of royalty**

(₹ in lakh)

Sl. No	Name of unit	Name of lessee	Agreement period	Name of minerals and rate of royalty	Royalty as per Agreement	Actual Royalty as production per mining plan	Stamp Duty / Registration Fees			
							Leviable (0.75%/75%)	Levied	Short levied	Total amount recoverable
1	DMO, Jabalpur	Ms Hukumchand Stone Mining Co. 16.188 Hec	21 Mar 1985 to 20 Mar 2035	Stone, Bauxite, Laterite etc.	1,72,62,540 (8,63,127 x 20)	63,20,99,040 (3,16,04,952 x 20)	<u>47.40</u> 35.55	<u>1.42</u> 0.97	<u>45.98</u> 34.58	80.56
		Ms Subhash Agarwal 12.27 Hec	19 Mar 1997 to 18 Mar 2047	Iron Ore, Limestone, Manganese	18,08,08,260 (60,26,942 x 30)	24,50,72,910 (81,69,097 x 30)	<u>18.38</u> 13.79	<u>13.90</u> 10.17	<u>4.48</u> 3.62	8.10
<b>Total</b>		<b>02 cases</b>					<b>115.12</b>	<b>26.46</b>	<b>88.66</b>	<b>88.66</b>

**Appendix XVI**  
(Referred to in paragraph 4.6)  
**Rural infrastructure and road development tax and penalty not realised**

(₹ in lakh)

Sl. No.	Name of unit & period of audit	Total No. of cases	No. of cases test checked	No. of cases objected	Tax payable	Penalty	Amount paid	Balance amount
1	DMO Chhindwara 04/16 to 03/17	70	46	3	79.85	239.55	0.00	319.40
2	DMO Shahdol 04/16 to 03/17	20	5	5	20.63	61.89	0.00	82.52
3	DMO Damoh 04/16 to 03/17	10	8	4	2.86	8.58	0.00	11.44
4	DMO Satna 04/16 to 03/17	63	63	3	4.95	14.85	0.00	19.80
<b>Total</b>		<b>163</b>	<b>122</b>	<b>15</b>	<b>108.29</b>	<b>324.87</b>	<b>0.0</b>	<b>433.16</b>

**Appendix XVII**  
(Referred to in paragraph 4.7)  
**Contract Money on trade quarries was not realised/short realised**

(₹ in lakh)

Sl. No.	Name of unit & period of audit	Total No. of cases	No. of cases test checked	No. of cases objected	Range of delays (in days)	Payable amount	Amount paid	Balance amount
1	DMO Anuppur 04/16 to 03/17	9	9	1	52-143	6.75	5.00	1.75
2	DMO Guna 04/15 to 03/17	4	4	1	218-226	10.50	3.50	7.00
3	DMO Narsinghpur 04/16 to 03/17	5	5	2	88-211	300.21	86.00	214.21
4	DMO Indore 04/15 to 03/17	4	4	2	0	4.53	0.00	4.53
<b>Total</b>		<b>22</b>	<b>22</b>	<b>6</b>		<b>321.99</b>	<b>94.50</b>	<b>227.49</b>

**Appendix XVIII**  
(Referred to in paragraph 4.8)  
**Dead Rent of quarry lease and mining lease not realised/short realised**

(₹ in lakh)

Sl. No.	Name of unit & period of audit	Total No. of cases	No. of cases test checked	No. of cases objected	Payable amount	Amount paid	Balance amount
1	DMO Sehore 04/16 to 03/17	93	35	7	6.80	0.00	6.80
2	DMO Ujjain 04/16 to 03/17	128	65	13	12.60	0.00	12.60
3	DMO Hoshangabad 04/15 to 03/17	18	13	3	2.10	0.00	2.10
4	DMO Chhindwara 04/16 to 03/17	100	60	16	8.70	0.00	8.70
5	DMO Khandwa 04/15 to 03/17	54	35	7	8.00	0.00	8.00
6	DMO Bhind 04/14 to 03/17	48	32	9	13.39	4.90	8.49
7	DMO Seoni 04/16 to 03/17	87	75	4	4.00	0.00	4.00
8	DMO Anuppur 04/16 to 03/17	40	35	6	5.20	0.00	5.20
9	DMO Tikamgarh 04/16 to 03/17	176	80	5	6.00	0.00	6.00
10	DMO Khargone 04/15 to 03/17	90	42	13	16.80	0.00	16.80
11	DMO Sidhi 04/16 to 03/17	57	32	11	9.70	0.00	9.70
		8	8	2*	2.98	0.00	2.98
12	DMO Barwani 04/13 to 03/17	61	61	4	4.30	0.00	4.30
13	DMO Guna 04/15 to 03/17	29	29	10	11.50	0.00	11.50

14	DMO Sagar 04/16 to 03/17	204	115	14	11.20	0.00	11.20
15	DMO Panna 04/16 to 03/17	62	45	4	2.48	0.00	2.48
16	DMO Damoh 04/16 to 03/17	9	9	5	1.75	0.00	1.75
17	DMO Narsinghpur 04/16 to 03/17	21	21	7	4.00	0.00	4.00
		4	4	1*	10.00	0.00	10.00
18	DMO Indore 04/15 to 03/17	196	120	4	5.00	0.00	5.00
19	DMO Rewa 04/16 to 03/17	135	75	4	2.80	0.00	2.80
20	DMO Satna 04/16 to 03/17	82	40	8	6.80	0.00	6.80
<b>Total</b>		<b>1,702</b>	<b>1,031</b>	<b>157</b>	<b>156.10</b>	<b>4.90</b>	<b>151.20</b>

\* Out of total 157 objected cases, two cases in DMO Siddhi and one case in DMO Narsinghpur were related to mining lease.



**Appendix XIX**  
(Referred to in paragraph 4.9)  
**Stamp Duty and Registration Fees not realised due to non-execution of supplementary deed for extended period of mining leases**

(₹ in lakh)

Sl. No.	Name of unit & period of audit	Total No. of cases	No. of cases test checked	No. of cases objected	Leviable Stamp Duty Registration Fee	Levied Stamp Duty Registration Fee	Balance Stamp Duty Registration Fee	Total
1	DMO Rewa 04/16 to 03/17	20	20	6	13.01 9.76	0.00	13.01 9.76	22.77
2	DMO Satna 04/16 to 03/17	7	7	7	44.84 33.63	0.00	44.84 33.63	78.47
<b>Total</b>		<b>27</b>	<b>27</b>	<b>13</b>	<b>57.85</b> <b>43.39</b>	<b>0.00</b>	<b>57.85</b> <b>43.39</b>	<b>101.24</b>

**Appendix XX**  
(Referred to in paragraph 4.10)  
**Royalty on mining lease was not realised/short realised**

(₹ in lakh)

Sl. No.	Name of unit & period of audit	Total No. of cases	No. of cases test checked	No. of cases objected	Payable royalty	Paid royalty	Balance royalty
1	DMO Narsinghpur 04/16 to 03/17	12	4	2	28.99	18.35	10.64
2	DMO Dhar 04/16 to 03/17	22	9	3	36.11	19.39	16.72
3	DMO Sagar 04/16 to 03/17	5	1	1	7.75	0	7.75
4	DMO Rewa 04/16 to 03/17	46	23	2	18.89	11.65	7.24
5	DMO Katni 04/16 to 03/17	99	45	1	112.58	62.30	50.28
<b>Total</b>		<b>184</b>	<b>82</b>	<b>9</b>	<b>204.32</b>	<b>111.69</b>	<b>92.63</b>

**Appendix XXI**

(Referred to in paragraph 4.11.1)

**Interest on belated payment of contract money on trade quarries not/short realised**

(₹ in lakh)

S. No.	Name of unit & period of audit	Total No. of cases	No. of cases test checked	No. of cases objected	Delayed amount	Days of delayed payment	Payable amount	Amount paid	Balance amount
1	DMO Anuppur 04/16 to 03/17	9	9	2	7.50	50-195	0.67	0.26	0.41
2	DMO Narsinghpur 04/16 to 03/17	5	5	3	874.58	28-209	55.69	2.96	52.73
<b>Total</b>		<b>14</b>	<b>14</b>	<b>5</b>	<b>882.08</b>		<b>56.36</b>	<b>3.22</b>	<b>53.14</b>

**Appendix XXII**  
(Referred to in paragraph 4.11.2)  
**Interest on belated payments of dead rent (QL) not realised/short realised**  
(₹ in lakh)

S. No.	Name of unit & period of audit	Total No. of cases	No. of cases test checked	No. of cases objected	Amount of dead rent	Period of delay	Payable amount	Amount paid	Balance amount
1	DMO Hoshangabad 04/15 to 03/17	18	13	2	1.30	231-280	0.21	0.00	0.21
2	DMO Chhindwara 04/16 to 03/17	100	60	4	1.90	48-310	0.31	0.00	0.31
3	DMO Bhind 04/14 to 03/17	48	32	11	6.80	19-533	2.23	0.00	2.23
4	DMO Seoni 04/16 to 03/17	87	75	4	2.80	47-313	0.28	0.00	0.28
5	DMO Anuppur 04/16 to 03/17	40	35	2	2.00	135-341	0.29	0.00	0.29
6	DMO Tikamgarh 04/16 to 03/17	176	80	3	4.00	57-183	0.29	0.00	0.29
7	DMO Khargone 04/15 to 03/17	90	42	1	0.80	325	0.17	0.00	0.17
8	DMO Barwani 04/15 to 03/17	61	61	6	5.45	28-598	0.50	0.00	0.50
9	DMO Guna 04/15 to 03/17	29	29	2	4.80	69-306	0.53	0.00	0.53
10	DMO Sagar 04/16 to 03/17	115	115	14	18.85	40-343	1.68	0.00	1.68
11	DMO Bhopal 04/16 to 03/17	180	62	13	22.81	41-475	3.55	0.00	3.55
12	DMO Indore 04/15 to 03/17	196	120	5	7.30	54-342	0.82	0.00	0.82
<b>Total</b>		<b>1,140</b>	<b>724</b>	<b>67</b>	<b>78.81</b>		<b>10.86</b>	<b>0.00</b>	<b>10.86</b>

**Appendix XXIII**  
(Referred to in paragraph 5.6)  
**Delay in disposal of cases referred by Sub-Registrars (SRs)**

(₹ in lakh)

Sl. No.	Name of unit & period of audit	Total no. of Cases	No. of cases observed	No. of cases objected	SD& RF leviabale	SD & RF levied	Difference	Range of delay in Months
1	SR Chhindwara 04/16 to 03/17	15	15	14	7.65	0	7.65	02 to 13
2	SR Amarwara (Chhindwara) 04/11 to 03/17	113	70	43	51.30	0	51.30	23 to 73
3	SR Ashoknagar 04/14 to 03/17	18	18	18	10.05	0	10.05	23 to 104
4	SR Harda 04/15 to 03/17	42	42	25	13.70	0	13.70	03 to 18
5	SR Banda (Sagar) 04/11 to 03/17	7	7	7	0.70	0	0.70	04 to 18
6	SR Khandwa 04/15 to 03/17	111	111	83	31.44	0	31.44	05 to 27
7	SR Bhopal I 04/14 to 03/17	97	97	97	138.74	0	138.74	09 to 13
8	SR Betul 04/14 to 03/17	11	11	5	4.51	0	4.51	10 to 16
9	SR Luvkush Nagar (Chhatarpur) 04/12 to 03/17	15	15	15	39.30	0	39.30	38 to 62
10	SR Jaora (Ratlam) 04/15 to 03/17	12	12	12	26.36	0	26.36	04 to 11
11	SR Seoni 08/15 to 03/17	29	29	9	9.59	0	9.59	09 to 14
<b>Total</b>		<b>470</b>	<b>427</b>	<b>328</b>	<b>333.34</b>	<b>0</b>	<b>333.34</b>	

Registration fee has not been included in Sl. No. 2, 3 and 6.

**Appendix XXIV**  
(Referred to in paragraph 5.7)  
**Short realisation of Stamp Duty and Registration Fees on mining lease**

(Amount in ₹)

Sl. No.	Name of unit & period of audit	Total no. of cases	No. of cases observed	No. of cases objected	Leviable Stamp Duty Registration Fees	Levied Stamp Duty Registration Fees	Difference Stamp Duty Registration Fees	Total
1	DMO Seoni 04/16 to 03/17	2	2	2	<u>17,71,000</u> 1,28,250	<u>15,000</u> 11,250	<u>1,56,000</u> 1,17,000	2,73,000
2	DMO Sidhi 04/16 to 03/17	4	4	4	<u>1,44,00,000</u> 1,08,00,000	<u>5,63,199</u> 4,22,401	<u>1,38,36,801</u> 1,03,77,599	2,42,14,400
3	DMO Guna 04/15 to 03/17	29	29	4	<u>2,38,025</u> 1,78,519	<u>87,893</u> 65,921	<u>1,50,132</u> 1,12,598	2,62,730
4	DMO Panna 04/16 to 03/17	62	45	4	<u>6,25,710</u> 4,69,283	<u>2,36,007</u> 1,81,006	<u>3,89,703</u> 2,88,277	6,77,980
5	DMO Narsinghpur 04/16 to 03/17	21	21	1	<u>64,125</u> 48,094	<u>3,000</u> 2,250	<u>61,125</u> 45,844	1,06,969
<b>Total</b>		<b>118</b>	<b>101</b>	<b>15</b>	<u><b>1,54,98,860</b></u> <b>1,16,24,146</b>	<u><b>9,05,099</b></u> <b>6,82,828</b>	<u><b>1,45,93,761</b></u> <b>1,09,41,318</b>	<b>2,55,35,079</b>

**Appendix XXV**  
(Referred to in paragraph 5.8)  
**Short realization of Stamp Duty and Registration Fees on lease deed**

(Amount in ₹)

Sl. No.	Name of unit & period of audit	Total no of Case	Cases test checked	No. of cases objected	Registered Market Value Market Value as per Guidelines	Leviable Stamp Duty Registration Fees	Levied Stamp Duty Registration Fees	Difference Stamp Duty Registration Fees	Total
1	SR Chhindwara 04/16 to 03/17	6,102	18	1	<u>1,26,45,798</u> 34,60,86,480	<u>26,60,540</u> 19,46,736	<u>6,22,688</u> 4,55,625	<u>20,37,852</u> 14,91,111	35,28,963
2	SR Narsinghpur 04/14 to 03/17	7,097	19	2	<u>35,36,02,267</u> 35,78,11,750	<u>26,83,588</u> 20,12,691	<u>26,52,017</u> 19,90,014	<u>31,571</u> 22,677	54,248
<b>Total</b>		<b>13,199</b>	<b>37</b>	<b>3</b>	<u><b>36,62,48,065</b></u> <b>70,38,98,230</b>	<u><b>53,44,128</b></u> <b>39,59,427</b>	<u><b>32,74,705</b></u> <b>24,45,639</b>	<u><b>20,69,423</b></u> <b>15,13,788</b>	<b>35,83,211</b>

**Appendix XXVI**  
(Referred to in paragraph 6.6)  
**Under-assessment of diversion rent and premium and non-imposition of penalty**

(Amount in ₹)

Sl. No.	Name of unit	Period of audit	No. of cases checked	No. of cases objected	Leviable Diversion Rent/ Leviable Premium	Levied Diversion Rent/ Levied Premium	Short levy Diversion Rent	Short levy Premium	Penalty	Total
1	Tahsildar Alot (Ratlam)	10/15 to 09/16	12	02	<u>14,688</u> 73,440	<u>9,888</u> 49,440	4,800	24,000	0	28,800
2	Tahsildar Ashta (Sehore)	10/15 to 09/16	07	01	<u>37,746</u> 1,88,730	<u>13,637</u> 68,184	24,109	1,20,546	0	1,44,655
			21	07	<u>6,66,827</u> 0	<u>0</u> 0	6,66,827	0	0	6,66,827
3	Tahsildar Harda (Harda)	10/15 to 09/16	08	02	<u>1,20,980</u> 6,04,900	<u>29,560</u> 1,47,802	91,420	4,57,098	0	5,48,518
					<u>23,618</u> 1,18,091	<u>21,412</u> 1,07,061	2,206	11,030	0	13,236
		04/16 to 03/17	03	03	<u>42,733</u> 2,13,661	<u>0</u> 0	42,733	2,13,661	0	2,56,394
4	Tahsildar Ichhawar (Sehore)	10/15 to 09/16	40	01	<u>24,697</u> 1,23,485	<u>17,264</u> 86,320	7,433	37,165	0	44,598
5	Tahsildar Pushprajgarh (Anuppur)	10/15 to 09/16	05	05	<u>13,240</u> 66,200	<u>492</u> 2,452	12,748	63,748	0	76,496
6	Tahsildar Gadarwara (Narsinghpur)	10/15 to 09/16	360	34	<u>4,86,548</u> 24,37,301	<u>1,19,801</u> 5,98,998	3,66,747	18,38,303	39,940	22,44,990
7	Tahsildar Mandla (Mandla)	10/15 to 09/16	10	10	<u>85,869</u> 4,29,344	<u>33,628</u> 1,68,140	52,241	2,61,204	1,16,000	4,29,445
8	Tahsildar Alirajpur (Alirajpur)	10/15 to 09/17	01	01	<u>47,040</u> 2,35,207	<u>46,176</u> 2,30,880	864	4,327	0	7,787
			184	08	<u>21,861</u> 1,09,310	<u>10,932</u> 54,754	10,929	54,556	65,556	1,31,041

9	Tahsildar Moman Badodiya (Shajapur)	10/16 to 09/17	01	01	<u>7,846</u> 39,230	<u>4,246</u> 21,230	3,600	18,000	1,800	23,400
10	Tahsildar Dewas (Dewas)	10/15 to 09/16	01	01	<u>50,790</u> 2,52,450	<u>25,245</u> 2,25,450	25,545	0	0	38,168
11	Collector (Diversion) Damoh	10/15 to 03/17	25	06	<u>16,479</u> 82,295	<u>984</u> 4,920	15,495	77,375	7,748	1,00,618
12	Collector (Diversion) Ratlam	10/15 to 09/16	05	05	<u>2,74,872</u> 13,74,376	<u>1,33,296</u> 6,66,472	1,41,576	7,07,904	0	8,49,480
13	Collector (Diversion) Dindori	10/14 to 09/16	449	40	<u>2,51,475</u> 12,57,390	<u>1,28,960</u> 6,45,335	1,22,515	6,12,055	13,13,218	20,47,788
14	Tahsildar Kasrawad (Khargone)	10/16 to 09/17	72	17	<u>4,21,287</u> 18,49,757	<u>2,08,758</u> 10,36,505	2,12,529	8,13,252	6,62,670	16,88,451
15	Tahsildar Malhargarh (Mandsaur)	10/16 to 09/17	355	16	<u>53,430</u> 2,78,071	<u>29,805</u> 1,48,856	23,625	1,29,215	1,82,046	3,34,886
16	Collector (Diversion) Vidisha	10/12 to 09/16	09	09	<u>95,060</u> 4,75,305	<u>73,415</u> 3,67,977	21,645	1,07,328	3,93,134	5,22,107
17	Collector (Diversion) Anuppur	10/16 to 09/17	06	06	<u>15,938</u> 79,694	<u>1,803</u> 9,045	14,135	70,649	0	84,784
18	Collector (Diversion) Umaria	10/16 to 09/17	02	02	<u>65,434</u> 3,27,170	<u>3,810</u> 19,000	61,624	3,08,170	0	3,69,794
19	Tahsildar Jawad (Neemuch)	10/09 to 09/16	20	20	<u>0</u> 0	<u>0</u> 0	0	0	10,23,503	10,23,503
<b>Total</b>			<b>1,596</b>	<b>197</b>	<b><u>28,38,458</u></b> <b>1,06,15,407</b>	<b><u>9,13,112</u></b> <b>46,85,821</b>	<b>19,25,346</b>	<b>59,29,586</b>	<b>38,05,615</b>	<b>1,16,60,547</b>



**Appendix XXVII**  
(Referred to in paragraph 6.7)  
**Penalty for unauthorised possession of land not recovered**

Sl. No.	Name of unit	Period of Audit	Number of cases observed	Number of cases objected	Penalty Imposed (₹ in lakh)
1	Tahsildar Gwalior	10/15 to 09/16	24	09	18.60
2	Tahsildar Baldevgarh (Tikamgarh)	10/14 to 09/16	102	101	9.04
3	Tahsildar Gaurihar (Chhatarpur)	10/09 to 09/16	150	70	2.55
4	Tahsildar Suwasara (Mandsaur)	10/14 to 09/16	475	388	4.81
5	Tahsildar Pushprajgarh (Anuppur)	10/07 to 09/16	394	394	49.06
<b>Total</b>			<b>1,145</b>	<b>962</b>	<b>84.06</b>

**Appendix XXVIII**  
(Referred to in paragraph 7.7)  
**Incorrect levy of tax on private service vehicles at the rate of Educational Buses**

								(₹ in lakh)
Sl. No.	Name of unit	Period of Audit	HM No./Date	No. of Vehicles Scrutinised	No. of Vehicles Objected	Tax	Penalty	Amount
1	DTO Bhind	04/14 to 03/17	46/16.05.17	105	49	75.28	62.79	138.07
2	DTO Shivpuri	04/16 to 03/17	47/31.05.17	105	15	5.88	2.17	8.05
3	RTO Sagar	04/16 to 03/17	54/22.01.18	334	143	64.33	41.74	106.07
4	DTO Betul	04/16 to 03/17	54/04.12.17	47	1	0.18	0.11	0.29
<b>Total</b>				<b>591</b>	<b>208</b>	<b>145.67</b>	<b>106.81</b>	<b>252.48</b>

# **GLOSSARY**



<b>Glossary of Abbreviations</b>	
<b>AA</b>	Assessment Authority
<b>AAO</b>	Assistant Accounts Officer
<b>AC</b>	Assistant Commissioner
<b>Addl. EC</b>	Additional Excise Commissioner
<b>AEC</b>	Assistant Excise Commissioner
<b>AIAO</b>	Assistant Internal Audit Officer
<b>AMO</b>	Assistant Mining Officer
<b>AO</b>	Accounts Officer
<b>ARTO</b>	Assistant Regional Transport Officer
<b>ASLR</b>	Assistant Superintendent, Land Records
<b>ASP</b>	Average Sale Price
<b>ATRs</b>	Action taken Reports
<b>CCT</b>	Commissioner of Commercial Tax
<b>CMV Rules</b>	Central Motor Vehicles Rules
<b>CSLR</b>	Commissioner, Settlement and Land Records
<b>CST</b>	Central Sales Tax
<b>CTD</b>	Commercial Tax Department
<b>CTO</b>	Commercial Tax Officer
<b>DC</b>	Deputy Commissioner
<b>DDO</b>	Drawing and Disbursing Officer
<b>DEC</b>	Deputy Excise Commissioner
<b>DEO</b>	District Excise Officer
<b>DIGR</b>	Deputy Inspector General, Registration
<b>DMF</b>	District Mineral Foundation
<b>DMO</b>	District Mining Officer
<b>DO</b>	Diamond Officer
<b>DR</b>	District Register
<b>DTO</b>	District Transport Officer
<b>EC</b>	Environment Clearance
<b>EC</b>	Excise Commissioner
<b>ET</b>	Entry Tax
<b>GoI</b>	Government of India
<b>GOMP</b>	Government Of Madhya Pradesh
<b>GST</b>	Goods and Services Tax
<b>HDPE</b>	High Density Poly Ethylene
<b>IAC</b>	Internal Audit Cell
<b>IAW</b>	Internal Audit Wing
<b>IBM</b>	Indian Bureau of Mines
<b>IFMIS</b>	Integrated Financial Management Information System
<b>IGR</b>	Inspector General Registration and Superintendent of Stamps, Madhya Pradesh
<b>IRs</b>	Inspection Reports

<b>ITR</b>	Input Tax Rebate
<b>JCT</b>	Joint Transport Commissioner
<b>JIGR</b>	Joint Inspector General, Registration
<b>MCDR</b>	Mineral Concession and Development Rules
<b>MCR</b>	Mineral Concession Rules
<b>MI</b>	Mining Inspector
<b>MMDR Act</b>	Mines and Minerals (Development and Regulation) Act
<b>MPLA</b>	Madhya Pradesh <i>Lokdhan (Shodhya Rashiyon ki Vasuli) Adhinyam</i>
<b>MPLRC</b>	Madhya Pradesh Land Revenue Code
<b>MPPCB</b>	Madhya Pradesh Pollution Control Board
<b>MPPRA</b>	Madhya Pradesh <i>Panchayat Raj Adhinyam</i>
<b>MPRIRD Act</b>	Madhya Pradesh Rural Infrastructure and Road Development Act
<b>MPSMCL</b>	Madhya Pradesh State Mining Corporation Limited
<b>MPVAT</b>	Madhya Pradesh Value Added Tax
<b>MSS</b>	Mining Surveillance System
<b>MT</b>	Metric Ton
<b>MV Act</b>	Motor Vehicles Act
<b>NCL</b>	Northern Coal Limited
<b>NMET</b>	National Mineral Exploration Trust
<b>PA</b>	Performance Audit
<b>PAC</b>	Public Accounts Committee
<b>PRC</b>	Principal Revenue Commissioner
<b>RBC</b>	Revenue Book Circular
<b>RCMS</b>	Revenue Case Management System
<b>RIRD</b>	Rural Infrastructure and Road Development
<b>RRC</b>	Revenue Recovery Certificate
<b>RTO</b>	Regional Transport Officer
<b>SDR</b>	Senior District Register
<b>SDRF</b>	Stamp Duty and Registration Fee
<b>SEIAA</b>	State Environment Impact Assessment Authority
<b>SLR</b>	Superintendent, Land Records
<b>SR</b>	Sub Registrar
<b>TA</b>	Taxation Authorities
<b>TC</b>	Transport Commissioner
<b>VAT</b>	Value Added Tax
<b>WCL</b>	Western Coalfields Limited

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