



REPORT *Report Section*
OF THE
COMPTROLLER *Library*
AND
AUDITOR GENERAL OF INDIA
FOR THE YEAR
1980-81

(REVENUE RECEIPTS)

GOVERNMENT OF ORISSA

ERRATA

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA FOR THE YEAR 1980-81 (REVENUE RECEIPTS)—GOVERNMENT OF ORISSA

Page	Para	Line	For	Read
2	1.2 (b) (ii)	1st	'State excise'	'State Excise'
3	1.2 (c)	2nd below the table	Delete 'the' appearing after 'on account of'.	
4	1.3 (b)	Heading of the table (5th col).	Variation)	Variations
9	1.8 (a)	2nd	Water-rate	Water rate
10	1.8 (a)	1st	Delete 'the' appearing after 'at the end of'	
7	2.2	3rd	october	October
1	2.8	17th	<i>pius</i>	<i>plus</i>
7	2.12	3rd	registerd	registered
7	2.12	7th	transaaction	transaction
7	2.13	5th (including heading).	or	on
7	3.2	Heading	32.	3.2.
31	3.2.2 (d)	5th	1½ half months	1½ months
32	3.3	7th	Reported	reported
33	3.4	14th	Surrupiously	Surreptitiously
34	3.6	Heading	Non-leavy	Non-levy
45	4.4	Note	Miscellneous	Miscellaneous
47	5.2.1	11th	cultivators	cultivators
48	5.2.2	19th	purchasingh	purchasing
54	6.2	8th	acution	auction
5	6.3(i)	4th	revmove	remove
55	6.3(iii)	1st	ontractor	contractor
5	6.4	16th	Novermber	November
58	6.7	3rd	lillicit	illicit
69	6'9.5.2(vi)	9th	(Rs. 1,82,727).	(Rs.1,83,727)
69	6'9.5.2(vi)	11th	Rs 7,31,142.	Rs. 73,142
72	7.1	Heading	Non-levey	Non-levy

PREFATORY REMARKS

The Audit Report on Revenue Receipts of the Government of Orissa for the year 1980-81 is presented in a separate volume. The material in the Report has been arranged in the following order:—

- (i) Chapter I deals with trends of revenue receipts classifying them broadly under tax revenue and non-tax revenue. The variations between Budget estimates and actuals in respect of the principal heads of revenue, the position of arrears of revenue, etc., are discussed in this chapter.
- (ii) Chapters II to VII deal with certain cases and points of interest which came to notice in the audit of Sales Tax, Taxes on Motor Vehicles and Passengers, Land Revenue, State Excise, Forest Receipts and other Tax and Non-Tax Receipts.

2. The points brought out in this Report are those which have come to notice during the course of test audit. They are not intended to convey any general reflection on the financial administration of the departments concerned.

CHAPTER I GENERAL

1.1. Trend of Revenue Receipts

The total receipts of the Government of Orissa for the year 1980-81 were Rs. 6,21.35 crores against the anticipated receipts of Rs. 5,36.96 crores. The total receipts during the year registered an increase of 32.8 per cent over those in 1979-80 (Rs. 4,67.90 crores); of the total receipts of Rs. 6,21.35 crores, revenue raised by the State Government amounted to Rs. 2,66.12 crores, of which Rs. 1,32.68 crores represented "Tax Revenue" and the balance "Non-Tax Revenue". Receipts from the Government of India (Rs. 3,55.23 crores) accounted for about 57.2 per cent of the total receipts during the year as against 63 per cent of the total receipts during 1979-80.

1.2. Analysis of Revenue Receipts

(a) An analysis of the receipts during 1980-81 along with the corresponding figures for the preceding two years is given below:—

	1978-79	1979-80	1980-81
	(In crores of rupees)		
I. Revenue raised by the State Government—			
(a) Tax Revenue ..	98.38	1,12.10	1,32.68
(b) Non-Tax Revenue ..	94.88	61.27	1,33.44
Total ..	1,93.26	1,73.37	2,66.12
II. Receipts from the Government of India—			
(a) State's share of divisible Union taxes	75.67	1,44.36	1,59.99
(b) Grants-in-aid ..	1,78.51	1,50.17	1,95.24*
Total ..	2,54.18	2,94.53	3,55.23
III. Total receipts of the State (I+II)	4,47.44	4,67.90	6,21.35
IV. Percentage of I to III ..	43.2	37.0	42.8

* For details please see Statement No. 11—Detailed Accounts of Revenue by Minor Heads in the Finance Accounts of Government of Orissa, 1980-81.

(b) *Tax revenue raised by the State*—Receipts from tax revenue during 1980-81 constituted about 49.9 per cent of the State's own revenue receipts. An analysis of the tax revenue for the year 1980-81 and for the preceding two years is given below:—

	1978-79	1979-80	1980-81	Increase(+)/ Decrease(-) in 1980-81 with reference to 1979-80
	(In crores of rupees)			
1. Taxes on Agricultural income	0.02	0.02	..	(-)0.02
2. Land Revenue	5.47	4.68	7.06	+2.38
3. Stamps and Registration Fees	6.56	7.21	7.82	+0.61
4. State Excise	7.19	7.82	9.17	+1.35
5. Sales Tax	55.18	65.95	76.64	+10.69
6. Taxes on Vehicles	7.16	8.29	9.70	+1.41
7. Taxes on Goods and Passengers	2.76	2.76	2.34	-0.42
8. Taxes and Duties on Electricity	11.94	12.55	16.92	+4.37
9. Other Taxes and Duties on Commodities and Services	2.10	2.82	3.03	+0.21
Total ..	98.38	1,12.10	1,32.68	+20.58

(i) The increase of Rs. 2.38* crores on 'Land Revenue' was mainly due to more receipts of rates and cess on land and other receipts.

(ii) The increase of Rs. 1.35 crores on 'State excise' was attributed to more receipts on sale of country and foreign liquors.

(iii) The increase of Rs. 10.69 crores under 'Sales Tax' was attributed to more receipts under State Sales Tax Act and rationalisation of the system of levy of additional sales tax (Rs. 2 crores).

* Differs from the Finance Accounts (Rs. 2.39 crores) due to rounding

- (iv) The increase of Rs. 1.41 crores on 'Taxes on Vehicles' was due to more receipts under Motor Vehicle Act.
- (v) The increase of Rs. 4.37 crores on 'Taxes and Duties on Electricity' was due to more receipts under Taxes on consumption and sale of Electricity on account of revision of Electricity duty.

(c) *Non-tax revenue of the State*—Interest, Forest, Multipurpose River Projects, Mines and Minerals and Education were the principal Sources of non-tax revenue of the State. Receipts from non-tax revenue during 1980-81 constituted about 50.1 per cent of the revenue raised by State. An analysis of non-tax revenue for the year 1980-81 and the preceding two years is given below:—

	1978-79	1979-80	1980-81	Increase(+)/ Decrease(—) in 1980-81 with reference to 1979-80
	(In crores of rupees)			
1. Interest ..	28.81	4.88	8.55	+3.67
2. Forest ..	26.65	27.97	37.27	+9.30
3. Multipurpose River Projects	10.68	0.42	0.11	—0.31
4. Mines and Minerals	7.03	4.99	5.36	+0.37
5. Education ..	4.24	4.36	3.97	—0.39
6. Others ..	17.47	18.65	78.18	+59.53
Total ..	94.88	61.27	1,33.44	+72.17

(i) The increase of Rs. 3.67 crores under 'Interest' was attributed to more receipts on account of the interest on miscellaneous loans and advances.

(ii) The increase of Rs. 9.30 crores under 'Forest' is mainly due to increase in receipts from sale of timber and other forest produce.

1.3. Variation between Budget Estimates and actuals

(a) The total variation of Rs. 67.71 crores between Budget Estimates and actuals during 1980-81 was made up of excess of Rs. 3.95 crores

(3.1 per cent) in tax revenue and excess of Rs. 63.76 crores (91.5 per cent) in non-tax revenue. Comparative figures for the three years from 1978-79 to 1980-81 with percentage of variations are given below:—

	Year	Budget Estimates	Actuals	Variation Increase(+)/ Decrease(—)	Percentage of variation
(In crores of rupees)					
A. Tax Revenue	1978-79	94.29	98.38	+4.09	+4.3
	1979-80	1,05.51	1,12.10	+6.59	+6.2
	1980-81	1,28.72	1,32.68	+3.96	+3.1
B. Non-Tax Revenue	1978-79	75.66	94.88	+19.22	+25.4
	1979-80	55.25	61.27	+6.02	+11.0
	1980-81	69.68	1,33.44	+63.76	+91.5

(b) Variations between Budget Estimates and actuals under the principal heads of revenue are given below:—

Heads of Revenue	Year	Budget Estimates	Actuals	Variation Increase(+)/ Decrease(—)	Percentage of variation
(In crores of rupees)					
1. Land Revenue	1978-79	3.63	5.47	+1.84	+50.7
	1979-80	6.58	4.68	—1.90	—28.9
	1980-81	8.56	7.06	—1.50	—17.5
2. Stamps and Registration Fees	1978-79	5.61	6.56	+0.95	+16.9
	1979-80	6.33	7.21	+0.88	+13.9
	1980-81	7.64	7.82	+0.18	+2.4
3. State Excise	1978-79	7.60	7.19	—0.41	—5.4
	1979-80	7.65	7.82	+0.17	+2.2
	1980-81	8.20	9.17	+0.97	+11.8
4. Sales Tax	1978-79	58.16	55.18	—2.98	—5.1
	1979-80	57.58	65.95	+8.37	+14.5
	1980-81	71.22	76.64	+5.42	+7.6

Heads of Revenue	Year	Budget Estimates	Actuals	Variation	Percentage
				Increase(+)/ Decrease(-)	of variation
(In crores of rupees)					
5. Taxes on Vehicles ..	1978-79	6.11	7.16	+1.05	+17.2
	1979-80	7.48	8.29	+0.81	+10.8
	1980-81	8.97	9.70	+0.73	+8.1
6. Taxes on Goods and Passengers	1978-79	2.60	2.76	+0.16	+6.2
	1979-80	3.82	2.76	-1.06	-27.7
	1980-81	2.95	2.34	-0.61	-20.7
7. Taxes and Duties on Electricity	1978-79	8.40	11.94	+3.54	+42.01
	1979-80	13.08	12.55	-0.53	-4.0
	1980-81	17.97	16.92	-1.05	-5.8
8. Interest ..	1978-79	33.39	28.81	-4.58	-13.7
	1979-80	4.86	4.88	+0.02	+0.4
	1980-81	7.71	8.55	+0.84	+10.9
9. Forest ..	1978-79	18.50	26.65	+8.15	+44.1
	1979-80	23.50	27.97	+4.47	+19.0
	1980-81	30.48	37.27	+6.79	+22.3
10. Multi-purpose River Projects	1978-79	0.55	10.68	+10.13	+1,841.8
	1979-80	0.55	0.42	-0.13	-23.6
	1980-81	0.55	0.11	-0.44	-80.0
11. Mines and Minerals	1978-79	6.66	7.03	+0.37	+5.6
	1979-80	5.55	4.99	-0.56	-10.0
	1980-81	5.53	5.36	-0.17	-3.1
12. Education ..	1978-79	2.40	4.24	+1.84	+76.7
	1979-80	3.61	4.36	+0.75	+20.7
	1980-81	4.34	3.97	-0.37	-8.5

Variations between the Budget Estimates and actuals for 1980-81 were more than 10 per cent under the following heads of revenue:—

Heads of Revenue	Variations Increase(+)/ Decrease(—)	Reasons for variation as reported by Government
(In crores of rupees)		
1. Land Revenue ..	(—)1.50	Reasons for variation are awaited from the Government (February 1982).
2. State Excise ..	(+)0.97	Reasons for variation have been indicated below Para 1.2 (b).
3. Taxes on Goods and Passengers	(—)0.61	As in 1 above
4. Interest ..	(+)0.84	Reasons for variation have been indicated below Para. 1.2 (c).
5. Forest ..	(+)6.79	Ditto
6. Multipurpose River Projects	(—)0.44	Due to non-remittance of Electricity duty by the Orissa State Electricity Board.

1.4. Cost of collection

Expenditure incurred on collecting the receipts under the principal heads of revenue during the three years from 1978-79 to 1980-81 is given in the Appendix.

1.5. Taxation proposals

Government proposed to raise an additional revenue of Rs. 8.95 crores per annum during the year 1980-81. The measures proposed.

additional revenue anticipated, actual amount realised during the year and reasons for variation, as reported by the department are given below:—

Measures	Date of implementation	Revenue anticipated	Revenue realised	Reasons for variation
(In crores of rupees)				
1. Electricity Duty (Additional Electricity duty on revision of Electricity tariff and revision of Electricity duty on captive generation)	20th November 1981	4.50	3.86	Reasons for variation are awaited
2. Forest Revenue (Revision of Royalty on forest produce)	11th November 1980	1.00	3.40	Ditto
3. Mining Receipts (Revision of cess)	1st April 1980	3.00	1.50	Ditto
4. Motor Vehicle Tax (Revision of rate of fees)	23rd April 1980	0.10	0.12	Ditto
5. Royalty on coal and chromite	Not implemented	0.35	..	Reasons for non-implementation of the proposal were awaited (February 1982)
Total	..	8.95	8.88	

1.6. Arrears in assessment of sales tax

The arrears in the assessment of sales tax at the end of 1980-81 and the preceding two years are given below:—

Year	Arrear cases pending at the beginning of the year	Current cases	Total number of cases due for assessment	Number of cases actually assessed	Number of pending cases	Percentage of pending cases to total number of cases
1978-79	88,012	1,47,878	2,35,890	1,41,804	94,086	40
1979-80	94,086	1,33,812	2,27,898	1,33,219	94,679	42
1980-81	94,679	1,51,691	2,46,370	1,45,444	1,00,926	41

The yearwise break-up of the pending cases as on the 31st March 1981 called for from the department in September 1981 is still awaited (February 1982). The number of assessments completed in the month of March 1981 was 19,063 which constituted 13.11 per cent of the total number of assessments made during the year.

1.7. Uncollected revenue

The total revenue collected and the arrears of revenue pending collection at the end of the three years from 1978-79 to 1980-81 in respect of certain important sources of revenue, as reported by the Government are shown below:—

Year	Total amount collected	Arrears pending collection as at the end of March	Percentage of arrears to total revenue
(In crores of rupees)			
1978-79 ..	1,93.26	1,19.02	61.6
1979-80 ..	1,73.37	1,13.96	65.7
1980-81 ..	2,66.11	75.51	28.4

The details of arrears pending collection and percentage of arrears to collection as on 31st March 1981 in respect of some of the principal sources of revenue are given below:—

Head of account	Amount collected in 1980-81	Arrears pending collection	Percentage of arrears to collection
(In lakhs of rupees)			
1. Taxes on Agricultural Income	0.24	32.63	1,35,95.8
2. Land Revenue ..	7,06.31	7,78.01	1,10.2
3. State Excise ..	9,17.02	36.31	3.9
4. Sales Tax ..	76,63.34	34,03.41	44.4
5. Taxes and Duties on Electricity	16,92.14	12,67.10	74.9
6. Interest ..	8,55.21	1,33.77	15.6
7. Police ..	1,42.27	1,47.81	1,03.2
8. Stationery and Printing	36.60	45.38	1,24.0
9. Housing ..	67.91	1,16.07	1,70.9
10. Fisheries ..	37.69	5.88	15.6
11. Forest ..	37,26.78	7,77.27	20.8
12. Mines and Minerals ..	5,35.71	1,02.18	19.1
13. Multipurpose Projects River	11.43	4,43.55	38,80.6
14. Power Projects ..	0.001*	1,63.38	1,63,38,00.0
15. Other receipts	98.62	..

(* Rs.118 only)

1.8. An analysis of arrears of revenue pending collection as on 31st March 1981, in respect of certain departments is given below:—

(a) *Land Revenue*

According to the information furnished by the Department (February 1982), the arrear of land revenue (including water-rate) as on 31st March 1981 was Rs. 7,78.01 lakhs as against Rs. 7,45.46 lakhs outstanding at the end of March 1980. The year-wise break-up of these arrears is awaited from the Departments (February 1982). The item-wise break-up of the above arrears is as follows:—

		(Rupees in lakhs)
Rent	..	73.99
Cess	..	1,54.09
Nistar cess	..	4.39
<i>Sairat</i>	..	18.21
Miscellaneous revenue	..	1,82.29
Water-rate	..	3,45.04
		<hr/>
Total	..	7,78.01
		<hr/>

(b) *State Excise*

State Excise demands raised but not collected at the end of March 1981 amounted to Rs. 36.31 lakhs as compared to Rs. 35.39 lakhs outstanding during 1979-80. The item-wise break-up of these arrears is as follows:—

		(Rupees in lakhs)
Country spirit	..	13.25
Outstill	..	19.38
Foreign liquor	..	1.35
Toddy	..	0.65
Pachwai	..	0.04
Opium	..	0.21
<i>Ganja</i>	..	1.29
<i>Bhang</i>	..	0.14
		<hr/>
Total	..	36.31
		<hr/>

The outstanding amounts were in the following stages of action :—

Stage of action	Amount of arrears (In lakhs of rupees)
(i) Amount covered by certificate proceedings	22.75
(ii) Amount covered by proposals for remission	1.91
(iii) Amount covered by stay orders of different courts.	9.32
(iv) Amount covered under distress warrants ..	1.05
(v) Amount pending realisation ..	1.28
Total ..	36.31

Out of the arrear dues totalling Rs. 22.02 lakhs are outstanding for more than five years. The oldest item relates to 1947-48 (Rs. 0.20 lakh).

(c) *Sales Tax*

Sales Tax demands raised but not collected at the end of the March 1981 is Rs. 34,03.41 lakhs as against Rs. 34,02.03 lakhs at the end of March 1980. Year-wise analysis of the outstanding amount could not be furnished by the department (January 1982).

According to the information furnished by the Department (September 1981), the amount of arrears as on 31st March 1981 was in the following stages of action :—

Stage of action	Amount of arrears (In lakhs of rupees)
(i) Amount covered by stay order—	
(a) issued by Supreme Court / High Court	3,89.41
(b) issued by Departmental authority ..	7,03.60
(ii) Amounts covered by certificate proceedings	3,93.17
(iii) Amounts covered by notices of penalty and notices to third parties.	16,68.33
(iv) Amounts proposed to be written off ..	2,48.90
Total ..	34,03.41

Of the arrears, Rs. 19,21.28 lakhs are outstanding against three assessees viz., Metals and Minerals Trading Corporation (Rs. 6,69.00 lakhs), Hindusthan Aeronautics Limited (Rs. 9,80.28 lakhs) and Central Fertilisers Pool (Rs. 2,72.00 lakhs).

During 1980-81 sales tax demands were raised for Rs. 8,97.06 lakhs of which Rs. 6,95.38 lakhs fell due for collection. In addition, demands for Rs. 2,72.73 lakhs which were raised during the previous years were also due for collection. Out of the total demand of Rs. 9,68.11 lakhs due for collection during the year 1980-81, Rs. 3,78.11 lakhs were only realised. Thus, Rs. 5,90 lakhs were added to the arrears during the year.

(d) Taxes and Duties on Electricity

According to the information furnished by the department (January 1982), the arrears of receipts under taxes and duties on electricity pending collection as on 31st March 1981 is Rs. 12,67.10 lakhs as against Rs. 9,78.73 lakhs pending at the end of March 1980. Heavy arrears were attributed to delay in assessment, collection and remittance of electricity duty to Government by the Appointed Authorities under the Orissa State Electricity Board. The item-wise details of the outstanding amounts are as follows:—

	Amount of arrears
	(In lakhs of rupees)
Electricity duty ..	12,66.60
Inspection fees ..	0.50
Total ..	<hr/> 12,67.10 <hr/>

The year-wise break-up of the outstanding dues is awaited from the department (February 1982).

(e) Police

According to the information furnished (October 1981) by the department, the arrears on account of receipts for Police supplied to other departments and parties pending collection as on 31st March 1981 was Rs. 1,47.81 lakhs as against Rs. 2,88.91 lakhs pending at the end of March 1980. Out of the above arrears, arrears exceeding Rs. 5 lakhs are outstanding against (i) Government of India (Rs. 87.84 lakhs) and (ii) Government of Assam (Rs. 16.92 lakhs).

(f) Forest

According to the information furnished by the department (February 1982) the arrear collection of Forest Receipts as on 31st March 1981 stood at Rs. 7,77.27 lakhs as against Rs. 8,15.91 lakhs outstanding at the end of March 1980. Year-wise analysis of arrears could not be furnished by the department (February 1982). The details of the outstanding dues are indicated below:—

	Amount of arrears (In lakhs of rupees)
(i) Forest leases ..	4,88.45
(ii) Kendu leaf collection ..	20.35
(iii) Dues from Orissa Forest Corporation Limited	2,68.47
Total ..	<u>7,77.27</u>

Of the arrears, Rs. 1,80.66 lakhs relating to (i) and (ii) were only covered under certificate proceedings.

(g) Mines and Minerals

According to the information furnished by the department (October 1981) the arrears of mining revenue pending collection as

on 31st March 1981 stood at Rs. 1,02.18 lakhs as against Rs. 49.02 lakhs at the end of March 1980. Year-wise break-up of these arrears is awaited from the department (February 1982). The outstanding amounts were in the following stages of action :—

Stage of action	Amount of arrears (In lakhs of rupees)
(i) Amount under dispute ..	20.73
(ii) Amount covered by stay orders of Court .	9.52
(iii) Amount covered by certificate proceedings	28.10
(iv) Amount covered under write-off proposals ..	13.82
(v) Amount pending recovery ..	30.01
Total ..	<u>1,02.18</u>

Of this arrear, Rs. 50.45 lakhs, i.e., 49.3 per cent of the total outstanding is more than 5 years old.

1.9. Write off and remission of claims to revenue

Details of amounts written off and remissions allowed during 1980-81, as furnished by certain departments are given below:—

Department	Particulars	Number of cases	Amount (In lakhs of rupees)
1. General Administration	Remission of house rent by way of rent free accommodation	266	1.50
2. Public Works	Remission of house rent by way of rent free accommodation	34	1.19

Department	Particulars	Number of cases	Amount (In lakhs of rupees)
3. Mining and Geology	Remission of royalty by way of reassessment on Courts' orders	3	9.23
4. Community Development and Panchayat Raj	Write-off of interest on compassionate ground	1	0.15
5. Commerce and Transport (Transport) Department	Irrecoverable motor vehicle tax	181	26.61
6. Finance	Irrecoverable dues of sales tax and entertainment tax	68	8.88

1.10. Outstanding Inspection Reports

Important irregularities and defects in the assessment, demand and collection of State receipts noticed during local audit are intimated through inspection reports to the departmental officers, heads of departments and also to Government where necessary.

At the end of September 1981, 1,736 inspection reports containing 8,383 paragraphs (money value of objections : Rs. 19,93.26 lakhs) were awaiting settlement. Outstandings dated back to 1963-64 and 590 inspection reports containing 2,124 paragraphs (money value of objections : Rs. 3,24.10 lakhs) were more than five years old.

In respect of 205 reports issued between 1976-77 and 1980-81, even preliminary replies have not been sent to audit (January 1982).

Some of the Departments with heavy outstandings are the following :—

Department	Number of Reports	Number of paragraphs	Money value of objections (In lakhs of rupees)
Finance ..	348	2,164	1,14.85
Revenue and Excise ..	751	2,411	4,91.40
Commerce and Transport	291	2,183	1,22.45
Forest ..	268	1,306	63.89
Mining and Geology ..	78	319	12,00.67

The matter was reported to Government in February 1982 ; their reply is awaited (February 1982).

CHAPTER II

SALES TAX

2.1. Results of test audit in general

During the period from 1st April 1980 to 31st March 1981, test audit of sales tax assessments/refund files and other connected documents of Commercial Tax Officers disclosed under-assessment of tax and losses of revenue of Rs.48.99 lakhs in 1,399 cases. These are broadly classified as follows :—

Nature of irregularity	Number of cases	Amount (In lakhs of rupees)
1. Irregular exemptions ..	376	21.26
2. Incorrect computation of taxable turnover	53	5.40
3. Application of incorrect rates ..	35	2.81
4. Non-levy of interest ..	639	2.63
5. Others ..	296	16.89
Total ..	1,399	48.99

Some important cases are mentioned in the following paragraphs:

2.2. Application of incorrect rate of tax

Under the Orissa Sales Tax Act, 1947, goods liable to sales tax are to be taxed at rates specified in the notification issued from time to time for specified items and at the general rate of 7 per cent (6 per cent prior to 1st January 1978 and 5 per cent prior to 1st May 1976) for unspecified items. In the course of audit of three sales tax circles the following irregularities were noticed:—

(a) The State Government in their notification of April 1976 fixed a higher rate of tax of 12 per cent on motor vehicles, motor tyres and tubes and spare parts, components of motor vehicle but excluding motor car, tractor and its trailer from 1st May 1976 to 31st December 1977. In the

course of audit of Cuttack-I (West) Circle, it was noticed (May 1980) that the sale of old motor vehicles, tyres, spare parts and batteries worth Rs.8.03 lakhs effected during the period October 1976 to March 1977 were assessed to tax at the general rate of tax of 6 *per cent* instead of at the higher rate of 12 *per cent*. This resulted in an under-assessment of Rs. 0.48 lakh.

When this was pointed out in audit (May 1980), the assessing officer raised (January 1981) the demand by re-opening the case. The Commissioner of Commercial Taxes, while accepting the factual position, intimated (December 1981) that the dealer preferred an appeal and the decision of the appellate authority is awaited .

The matter was reported to Government in August 1980 ; their reply is awaited (March 1982).

(b) According to the notification issued in May 1977 sale of timber was taxable as a specified item at 10 *per cent* during the period from 1st June to 31st December 1977 and as unspecified item at the general rate of 7 *per cent* thereafter. It was noticed (April 1980) in the course of audit of Puri-II Circle that sale of timber logs worth Rs. 7.49 lakhs during the period from 1st June to 31st December 1977 were taxed at the general rate of 7 *per cent* instead of at the specified rate of 10 *per cent*. This resulted in an under-assessment of tax of Rs. 22,476.

On this being pointed out in audit (April 1980), the assessing officer agreed (April 1980) to take action. Further developments are awaited (February 1982).

The matter was reported to Government (July 1980) ; their reply is awaited (February 1982).

(c) In the notifications issued from time to time fire-clay was shown as a specified item up to 30th April 1976 and as a "Mineral" from 1st May 1976 taxable at 8 *per cent* and 10 *per cent* respectively. In the course of audit of Rourkela circle, it was noticed (August 1980) that the sale of fire-clay worth Rs. 3.61 lakhs relating to the year 1976-77 was taxed as an unspecified item at the general rate of 5 *per cent* up to April 1976 and at 6 *per cent* thereafter resulting in an under-assessment of tax of Rs.13,892.

On this being pointed out in audit (August 1980), the assessing officer agreed (August 1980) to re-open the case. Further reports are awaited (March 1982).

The matter was reported to Government in December 1980; their reply is awaited (March 1982).

2.3. Allowance of deductions without proper declarations

Under the Orissa Sales Tax Act, 1947, a registered dealer is entitled to deduct from his gross turn over, sales to registered dealers on obtaining declarations to the effect that the goods so purchased are specified in purchasing dealers' registration certificates and are intended for resale within the State. Under the Orissa Sales Tax Rules, 1947, no single declaration shall cover more than one transaction of sale except in cases where the total amount of sale transactions made under several purchase memos during a quarter is equal to or less than Rs. 10,000.

In the course of audit of four Circles (Bhubaneswar, Puri-II, Cuttack-III and Cuttack-I West) it was noticed (February 1980, December 1980 and January 1981) that during the years 1976-77 to 1978-79, four dealers were allowed deductions of Rs.6 lakhs towards sales to registered dealers on the basis of dealers' returns which were not supported by declarations. Irregular allowance of deductions without declarations resulted in under-assessment of tax of Rs.37,272.

On this being pointed out in audit (February 1980, December 1980 and January 1981) all the assessing officers re-opened the cases (December 1980, February 1981 and May 1981). The assessing officer of Puri-II Circle, however, stated (December 1980) that the case would be regularised by obtaining wanting declarations in the course of reassessment proceedings. In the case of the dealer of Bhubaneswar Circle, the notice to appear was served by affixure as he had left his place of business. Further developments are awaited (March 1982).

The matter was reported to Government (August 1980, March 1981, May 1981 and July 1981); their reply is awaited (March 1982).

2.4. Non-levy of tax for breach of declaration

Under the Orissa Sales Tax Act, 1947, where a registered dealer purchases goods specified in his registration certificate, free of tax, for resale in Orissa in a manner that such resale shall be subject to levy of tax under the Act *ibid.* but utilises the same for any other purpose, the price of the goods so purchased shall be included in his taxable turn over and he shall be liable to pay tax thereon.

In the course of audit of the records of four Sales Tax Circle Offices (Rourkela, Puri-II, Cuttack-I (East) and Sambalpur-II), it was noticed (between April 1980 and March 1981) that four dealers purchased goods worth Rs. 11.50 lakhs during 1977-78 and 1978-79 free of tax on the strength of their registration certificates by furnishing declarations to the selling dealers that the goods so purchased were for resale in the State of Orissa. They, however, utilised the goods otherwise in manufacture, in inter-State sales and in transfer to branches outside the State for commission sales. Thus, the purchase value of the goods (Rs. 11.50 lakhs) was to be included in the taxable turn overs of the dealers and was to be subjected to tax. The assessing officers, however did not include the same in the turn overs (between October 1979 and March 1980) resulting in under-assessment of tax of Rs. 48,548.

When this was pointed out in audit (between April 1980 and March 1981), the assessing officer of Cuttack-I (East) Circle rectified the mistake and raised a demand of Rs. 32,281 (May 1980). The remaining assessing officers agreed (between April 1980 and March 1981) to examine the cases. Further reports are awaited (March 1982).

The matter was reported to Government (between July 1980 and May 1981); their reply is awaited (March 1982).

2.5. Short demand of tax due to totalling mistake

Under the Orissa Sales Tax Act, 1947, and the rules made thereunder, the tax payable by a dealer shall be the difference between the amount of tax assessed and the amount already paid by the dealer as admitted tax.

In the course of audit of the records of two Sales Tax Circle Offices (Koraput-II and Cuttack-I West), it was noticed in audit (December 1979 and December 1980) that in calculating the tax demand the amount of tax paid by two dealers were wrongly taken as Rs. 39,786 and Rs. 35,300 instead of Rs. 29,786 and Rs. 25,761. This resulted in an aggregate short demand of tax of Rs. 19,539.

When this was pointed out in audit the assessing officers agreed (December 1979 and December 1980) to rectify the mistakes. The assessing officer Koraput II Circle further intimated (February 1981) that the extra demand of Rs. 10,000 raised in January 1980 was realised in August 1980. The Commissioner of Commercial Taxes, while accepting the factual position, intimated (December 1981) that the assessing officer, Cuttack-I (West) had also raised (September 1981) the short demand of Rs. 9,539 by issuing a corrigendum under the rules.

The matter was reported to Government (February and March 1981); their reply is awaited (March 1982).

2.6. Allowance of inadmissible deduction

Under the Orissa Sales Tax Act, 1947, a dealer is entitled to deduct the amount representing sales to registered dealers, from his gross turn over on production of declarations in form XXXIV furnished by the purchasing dealer, to the effect that the goods so purchased are specified in their registration certificates and are intended for resale in Orissa. A dealer is also liable to pay sales tax at the concessional rate of 4 per cent on the sales made to a registered manufacturing dealer on obtaining from him declaration in form IV to the effect that the goods purchased are specified in the latter's registration certificate and are intended for use in manufacture.

In the course of audit it was noticed (February 1981) that four dealers of Koraput I circle were allowed deductions aggregating to Rs. 2.83 lakhs from their gross turn over of sales for the years 1977-78 to 1979-80 towards sale of round logs and sawn timber taxable at 7 per cent to a registered dealer of the same Circle on the strength of

declarations in form XXXIV (meant for resale in Orissa) obtained from him. Verification of the registration records of the purchasing dealer by Audit revealed that he was a manufacturing dealer and was not entitled to purchase goods for resale in Orissa. Consequently, the selling dealers were not entitled to the deductions from their turn overs. The incorrect deductions resulted in an under-assessment of tax of Rs. 19,776. Even if the dealers had produced proper declarations in form IV obtained from the manufacturing purchasing dealer, the selling dealers would not have been entitled to the deductions and would be liable to pay tax of Rs. 11,301 at concessional rate.

On this being pointed out (February 1981) in audit, the assessing officer re-opened (February 1981) the cases. Later on (December 1981) he intimated that in one case a demand of Rs. 8,923 had been raised and the action in other cases is still pending.

The matter was reported to Government (April 1981 and January 1982); their reply is awaited (March 1982).

2.7. Irregular assessment of tax

Under the Orissa Sales Tax Act, 1947, an appellate authority while disposing of any appeal may set aside the assessment under appeal and direct the assessing officer to pass a fresh order of assessment after such further enquiry as may be directed.

In the course of audit it was noticed (November 1980) that the assessments for the years 1975-76 to 1977-78 of a dealer of Cuttack II circle were set aside (November 1979) by the appellate authority who directed the assessing officer to pass a fresh assessment order after excluding the agricultural produce obtained by the dealer from his own farms. While making the fresh assessments (January 1980) the assessing officer excluded not only the agricultural produce obtained from the dealer's farms but also produce worth Rs. 2.70 lakhs purchased by him from other sources. This resulted in an under-assessment of tax of Rs. 13,825.

When this was pointed out in audit (November 1980) the assessing officer agreed (November 1980) to rectify the mistake. The assessment record is stated to have been sent (April 1981) to the Assistant Commissioner for *suo motu* revision. Further developments are awaited (March 1982).

The matter was reported to Government (March 1981); their reply is awaited (March 1982).

2.8. Suppression of purchases

Under the Orissa Sales Tax Act, 1947, every registered dealer shall keep a true account of the value of goods bought and sold by him. While passing the assessment order if the assessing officer finds any concealment of purchases or sales he shall reject the books of accounts of the dealer and assess him to the best of his judgement.

In the course of audit of Bhubaneswar circle, it was noticed (January 1981) that the assessment of a dealer for the year 1978-79 was framed on best judgement basis and the sales turnover was enhanced by Rs.7,740 for the purpose of taxation as the assessing officer found suppression of purchase of straps and spare parts of watches. A scrutiny of the assessment records of the dealer by Audit further indicated that the dealer purchased during the year 1978-79 watches worth Rs.90,920 from two registered dealers of the same Circle free of tax on furnishing declarations that the goods were meant for resale but did not include those purchases in the purchase statements furnished by him. This resulted in suppression of purchases of Rs.90,920 with a tax effect of Rs.12,411 (sales tax: Rs.11,820 plus additional sales tax: Rs.591).

When this was pointed out in audit (January 1981) the assessing officer intimated (December 1981) that the case had been re-opened and the point raised by audit would be taken into account.

The matter was reported to Government (July 1981); their reply is awaited (March 1982).

2.9. Short levy of additional sales tax

Under the Orissa Additional Sales Tax Act, 1975, the tax payable by a dealer for the year under the Orissa Sales Tax Act, 1947, shall be increased by an additional tax at 5 *per cent* of the tax, if his gross turn over for that year exceeds Rs. 5 lakhs.

In the course of audit of the records of the Cuttack II Circle Office it was noticed (November 1981) that a dealer, whose gross turn over had exceeded Rs.5 lakhs during the years 1977-78 and 1978-79 and who had paid Rs. 2,84,364 towards sales tax (1977-78 : Rs.1,55,399 and 1978-79: Rs.1,28,965) was to pay Rs14,218 as additional sales tax at 5 per cent of the tax. However, he paid only Rs. 1,226 and the assessing officer, while passing the assessment order, overlooked the short payment which resulted in a short levy of Rs. 12,992.

On this being pointed out in audit (November 1980), the assessing officer reopened (November 1980) the assessment and raised (May 1981) a demand of Rs. 13,606 including the additional sales tax omitted in the original assessment, which has been recovered (June 1981).

The matter was reported to Government (March 1981); their reply is awaited (March 1982).

2.10. Non-levy of interest on belated payment of tax

Under the Orissa Sales Tax Act, 1947, as amended from 1st June 1976 and Central Sales Tax (Orissa) Rules, 1957, as amended from 1st July 1971, if a dealer defaults in making payment of any amount of tax by the due date specified in the notice issued to him, he would be liable to pay interest on the amount due at 6 *per cent* per annum for the first three months and at 12 *per cent* per annum thereafter, provided that no interest would be charged in respect of any amount lying unpaid at any time prior to 1st January 1971 under the Orissa Sales Tax Act and 1st July 1971 under the Central Sales Tax Act.

In the course of audit it was noticed (between April 1980 and March 1981) in 17 sales tax circles [Cuttack-I (East), Cuttack-I-West, Cuttack-II, Cuttack-III, Sambalpur-I, Sambalpur-II, Koraput-I, Ganjam-I, Ganjam-II,

Bolangir-I, Dhenkanal, Puri-II, Bhubaneswar, Balasore-I, Balasore-II, Rourkela and Kalahandi] that in 519 cases State sales tax demands of Rs.9.11 lakhs outstanding on 1st January 1971 and in 120 cases, Central sales tax demand of Rs.10.81 lakhs outstanding on 1st July 1971 were subsequently settled without levying or collecting interest due thereon. Interest forgone from 1st January 1971 and 1st July 1971 till the date of settlement amounted to Rs.2.63 lakhs (OST: Rs.0.92 lakh; CST: Rs.1.71 lakhs) in the aggregate.

When this was pointed out in audit (between April 1980 and March 1981) the assessing officers agreed (between June 1980 and March 1981) to raise necessary demands.

It was later on intimated (December 1981) by four assessing officers (Sambalpur-II, Balangir, Bhubaneswar and Kalahandi) that an amount of Rs.19,595 in respect of 82 cases (OST: 69 cases for Rs.16,609; CST: 13 cases for Rs.2,986) had been raised. Further developments are awaited (February 1982) from the remaining assessing officers.

The matter was reported to Commissioner of Commercial Taxes, Orissa, and to Government (between August 1980 to July 1981); their reply is awaited (March 1982).

2.11. Under-assessment due to irregular allowance of freight

Under the Central Sales Tax Act, 1956, sale price includes cost of freight or delivery unless such cost is separately charged, and the turn over of sales for the purpose of the aforesaid Act is the aggregate of the sale price received and receivable by the dealer in the course of inter-State trade or commerce. Tax payable by any dealer on inter-State sales on non-declared goods shall be at the rate of four *per cent* of turn over of sales if the sales are supported by valid declarations in form 'C' and otherwise at the rate of 10 *per cent* or the rate applicable to the sale or purchase of such goods inside the State whichever is higher. Where, however, under the sales tax law of the State the sale or purchase is exempt from tax or subject to tax at a rate lower than 4 *per cent*, then the tax payable shall be nil or, as the case may be, at the lower rate.

In the course of audit of Sambalpur II-Circle Office it was noticed (February 1980) that a timber merchant, who effected inter-State sales, was allowed a deduction of Rs.4.06 lakhs towards freight from the turn over of sales for the year 1976-77 in the assessment order passed in January 1979, although the same was not charged separately. The grant of inadmissible deduction resulted in short levy of tax of Rs.0.41 lakh calculated at the rate of 10 *per cent*, sales being not supported by prescribed declarations in form 'C'.

When this was pointed out in audit (February 1980) the assessing officer reopened the case and raised (January 1981) a demand of Rs.0.16 lakh (Rs. 0.15 lakh towards irregular allowance of freight) on the basis of 'C' declarations produced at the re-assessment stage in respect of the amount irregularly deducted and computing the tax on a part of that turn over at a rate lower than 4 *per cent* (prevailing under the State tax law). Further report of realisation is awaited (March 1982).

The matter was reported to Government (April 1980); their reply is awaited (March 1982).

2.12. Inadmissible benefit of concessional rate of tax

Under the Central Sales Tax Act, 1956, tax payable by any dealer on the inter-State sales shall be at 4 *per cent* if the sales are supported by valid declarations in form 'C' obtained from the purchasing registered dealers and otherwise at the usual rate of 10 *per cent* or the rate applicable to the sale or purchase of such goods inside the State whichever is higher. Under the Central Sales Tax (Registration and Turn over) Rules, 1957, no single declaration shall cover more than one transaction of sale except in cases where the total amount of such sales is equal to or less than Rs. 5,000.

In the course of audit of three circles (Koraput-II, Cuttack-II, and Balasore) it was noticed (September 1980 and November 1980) that in three cases, sales of Rs. 31.71 lakhs during 1976-77 to 1978-79 were not supported by valid declarations. The benefit of concessional rate

of tax was not admissible in these cases for one reason or the other as indicated below:—

- (a) no declaration forms were obtained in support of the sales and kept on record;
- (b) declarations in form 'D' instead of 'C' forms were accepted;
- (c) declarations covered more than one transaction of sale exceeding Rs. 5,000;
- (d) sales were effected prior to the date of registration of the purchasing dealers; and
- (e) amounts mentioned irregularly without any authentication of the purchasing dealers.

Acceptance of defective declarations and allowance of the concessional rate without the declarations involved a tax concession of Rs. 1.90 lakhs.

On this being pointed out in audit, the assessing officers agreed (September 1980 and November 1980) to reopen the cases. Further reports are awaited (March 1982).

The matter was reported to Government in October 1981; their reply is awaited (March 1982).

2.13. Acceptance of defective declarations regarding branch transfers

Under the Central Sales Tax Act, 1956, transfer of goods not by reason of sale, by a dealer to any other place of his business outside the State or to his agents or principal in other States, is exempted from tax or production of declarations in form 'F' duly filled in and signed by the Principal Officer of the other place of business or his agent Principal alongwith the evidence of despatch of such goods. Under Central Sales Tax (Registration and Turn Over) Rules, 1957, a single declaration may cover transfer of goods effected during a

period of one calendar month and form 'F' to be used by the transferee consignee shall be one obtained by him in the State in which goods are delivered. Under Central Sales Tax (Orissa) Rules, 1957, a dealer claiming exemption shall furnish the portion marked 'Original' to his sales tax officer.

(a) In the course of audit, it was noticed (between May 1980 and March 1981) that in three circles (Bhubaneswar, Cuttack-III and Dhenkanal) 109 declarations in form 'F' submitted by four dealers for transfer of goods worth Rs. 7.42 lakhs during years 1976-77 to 1978-79 were accepted in assessment. These declarations contained the following defects:—

(i) In one circle (Cuttack-III) 100 declarations for Rs. 3.16 lakhs were found printed in purchasing dealer's own stationery.

(ii) In one circle (Dhenkanal) two declarations for Rs. 1.07 lakhs were 'duplicate'.

(iii) In two circles (Dhenkanal and Bhubaneswar) seven declarations for Rs. 3.19 lakhs covered transactions of more than one calendar month.

The tax involved in these cases worked out to Rs. 0.69 lakh.

When this was pointed out in audit between May 1980 and March 1981, a demand of Rs 9,773 was raised (June 1981) in one case (Bhubaneswar circle). Other cases were re-opened (between June 1980 to August 1981). Further developments are awaited (March 1982).

The matter was reported to Government (between August 1980 and July 1981); their reply is awaited (March 1982).

(b) In the course of audit of records of Cuttack-II circle office, it was further noticed (November 1980) in audit that a dealer

furnished 'F' forms for Rs. 5.31 lakhs towards commission sales by his branches outside the State and 'C' forms for Rs. 3.50 lakhs towards inter-State sales on which tax at concessional rate of four per cent was payable. However, the assessing officer, while passing the assessment order (March 1980) exempted the total amount of Rs. 8.81 lakhs as commission sales for the purpose of taxation. This resulted in an under-assessment of Rs. 0.14 lakh (4 per cent of Rs. 3.50 lakhs).

On this being pointed out in audit (November 1980) the assessing officer sent (April 1981) the case to the Assistant Commissioner of Sales Tax for *suo motu* revision. Further developments are awaited (March 1982).

The case was reported to Government (March 1981); their reply is awaited (March 1982).

CHAPTER III

TAXES ON MOTOR VEHICLES AND PASSENGERS

3.1. Results of test audit in general

A test audit of accounts of receipts in the office of the State Transport Authority and other Regional Transport Offices during the period 1st April 1980 to 31st March 1981 disclosed under-assessment/loss of revenue to the extent of Rs. 21.67 lakhs in 2,564 cases. The cases are broadly categorised as below:—

Category	Number of cases	Amount (In lakhs of rupees)
(i) Non-levy of motor vehicle tax ..	693	2.25
(ii) Non-levy of passenger tax ..	346	10.38
(iii) Short-levy of motor vehicles tax/fees	300	1.83
(iv) Under-assessment of passenger tax/composition fees	85	1.20
(v) Loss of revenue due to other reasons	1,140	6.01
Total ..	<u>2,564</u>	<u>21.67</u>

Some of the important cases are mentioned in paragraphs 3.2 to 3.14.

3.2. Working of Internal Audit

3.2.1. Introduction

The levy and collection of tax on motor vehicles in Orissa was being regulated from April 1936 under two Acts, viz., (i) the Bihar and Orissa Motor Vehicles Taxation Act, 1930, (applicable to all the districts excepting Ganjam and Koraput) and (ii) the Madras Motor Vehicles Taxation Act, 1931, (applicable to Ganjam and Koraput districts). To have a uniform law through out the State, the Orissa Motor Vehicles Taxation Act, 1975, was introduced and the same

became effective from October 1975. Besides tax on motor vehicles (M. V. T.), Government introduced in 1969 tax on passengers (P. T.) also *vide* the Orissa Motor Vehicles (Taxation of Passengers) Act, 1969. Motor Vehicles tax including tax on passengers is one of the principal sources of tax revenue of the State.

The State Government introduced internal audit in September 1968 stipulating cent *per cent* check of all assessments, etc.

A review of the working of internal audit during 1976-77 to 1980-81, conducted (August-September 1981) in the Office of the Transport Commissioner-*cum*-Chairman, State Transport Authority indicated the following:—

3.2.2. Organisation and working of internal audit

(a) The internal audit organisation started in September 1968 with two parties each consisting of one senior auditor, one junior auditor and one class IV. No supervision was provided for the internal audit work. The parties were to function under the Transport Commissioner. For watch of receipt, disposal of internal audit reports, etc., one audit assistant was functioning in the office of the Transport Commissioner.

(b) Although the internal audit was introduced in September 1968 no detailed procedure for the efficient and systematic audit of receipts has been laid down (September 1981).

(c) No well-knit programme for the two internal audit parties round the year was ever drawn up. Consequently during the period 1976-77 to 1980-81, while 124 units (62 units of M. V. T. and 62 units of P. T.) remained unaudited, the parties, in the aggregate remained idle for 25 months and were diverted for 7 months for doing other work. Under the Motor Vehicles (Taxation of Passengers) Act, 1969, no assessment or re-assessment of passenger tax can be made after 3 years from the expiry of the month to which the assessment is due. Thus, subsequent detection of loss, if any, by the internal audit parties due to under-assessment of passenger tax in the 15 out of the 62 arrear units (P. T.) cannot be realised.

(d) The draft internal audit reports were not being submitted immediately on completion of audit and during the period 1976-77 to 1980-81 there were delays ranging from more than 10 days to 7 months in submission of 39 out of 64 draft reports. There were also delays ranging from 1½ half months to 22 months in issuing the final audit reports in 39 cases.

3.2.3. Follow-up action of internal audit reports

(i) No record was maintained to watch proper pursuance and prompt settlement of objections raised by the internal audit parties. It was noticed that in 56 out of 64 reports issued during 1976-77 to 1980-81, there were delays ranging from 4 months to 43 months in pursuing the objections.

(ii) Internal audit pointed out 12,609 cases of irregularities with money value of Rs. 87.02 lakhs during 1976-77 to 1980-81. Of these, only 63 cases with money value of Rs. 0.04 lakh were settled leaving 12,546 cases with money value of Rs. 86.98 lakhs as unsettled. A scrutiny of the unsettled cases *inter alia* revealed the following serious irregularities:—

- (a) 482 cases with money value of Rs. 4.54 lakhs had become time barred ;
- (b) in 30 cases, a loss of Rs. 0.74 lakh could have been avoided by the department had it realised (i) the tax (Rs. 0.20 lakh) before issuing no objection certificates and (ii) the arrears (Rs. 0.54 lakh) before cancelling the registration mark);
- (c) in 4,845 cases, deposits for Rs. 45.13 lakhs through chalans were not verified, in the treasury records; and
- (d) in 4 cases, tax of Rs. 0.59 lakh stated to have been collected by the department was not deposited into the treasury.

The matter was reported to Government in October 1981 ; their reply is awaited (March 1982).

3.3. Non-assessment of tax in respect of standing passengers

Under the Orissa Motor Vehicles Rules, 1940, passengers may be carried standing on the deck of any public service vehicle. The taxing authority should examine the vehicles and fix the number of standees permitted to be carried. The tax in respect of the standees will be levied as per rates in the taxation schedules.

Cases of non-levy of additional tax for carrying standing passengers have been Reported in successive Reports of the Comptroller and Auditor General of India on Revenue Receipts*. In the course of audit of the records of three regions (Ganjam, Phulbani and Bolangir) it was again noticed (September 1980 and March 1981) that 64 public service vehicles were provided with arrangements to carry standing passengers. Though this fact was recorded in the registration certificates, tax in respect of standees was not levied and realised. The enforcement branch of the department had also detected during the period February 1979 to March 1980 that 10 of those vehicles were actually found carrying standees in Phulbani region. Revenue forgone owing to non-levy of tax on standees in these cases amounted to Rs. 74,592.

When this was pointed out in audit (September 1980 and March 1981) two taxing officers (Ganjam and Phulbani) stated (September 1980) that steps would be taken to realise the dues. The Taxing Officer, Bolangir, stated (March 1981) that as per instructions (October 1969) of one of the Government Transport undertakings, viz., Orissa State Transport Service to their district Managers, the express buses were not to carry standees and hence no additional tax was levied. He, however, agreed to realise the additional tax on standees in accordance with the terms of the Registration certificate.

The matter was reported to Government (December 1980 and May 1981) ; their reply is awaited (March 1982).

* 1975-76 (paragraph 3.4), 1976-77 (paragraph 3.1), 1977-78 (Paragraph 3.6), 1978-79 (Paragraph 3.10) and 1979-80 (Paragraph 3.3).

3.4. Off-road declarations—verification by Enforcement Officers

Under the Orissa Motor Vehicles Taxation Act, no tax is payable on any motor vehicle not intended to be used for any period if an intimation for temporary discontinuance of its use is given prior to the commencement of such discontinuance to the registering authority specifying the period thereof and the place where the vehicle is to be kept during such period. If, however, at any time during the off-road period, the motor vehicle is found to be used or kept at a different place the owner is liable to pay tax for the entire off-road period together with such penalty as may be imposed by the taxing officer. According to the standing orders of the State Transport Authority (No. 4 of 1970) and executive instructions issued (May 1973) by the State Transport Authority, Orissa, all the off-road vehicles must be verified *cent per cent* by the taxing officer and enforcement staff to ensure that no such vehicle plies surreptitiously under the false pretext of off-road and escape payment of tax.

(i) In six regions (Kalahandi, Cuttack, Dhenkanal, Sundargarh, Bolangir and Sambalpur) it was noticed (Between June 1980 and March 1981) that as per the reports of Enforcement Wing of the department, the owners of 26 vehicles violated off-road conditions during the period of off-road (October 1978 to July 1980) by using them on the road (8 cases) and by not keeping them at the places of declaration (18 cases). Consequently the owners were liable to pay full tax of Rs 0.71 lakh for the off-road period which was not levied (August 1981).

When this was pointed out in audit (between June 1980 and March 1981) the taxing officers (Kalahandi, Dhenkanal and Sundargarh) issued demand notices. The other taxing officers (Cuttack, Bolangir and Sambalpur) agreed to take action but had not issued (August 1981) demand notices. Further developments are awaited (February 1982).

(ii) In the course of audit (between June 1980 and March 1981) it was noticed that in three regions (Ganjam, Puri and Sambalpur) that out of 1,704 vehicles declared off-road during the assessment year 1979-80, verification was conducted for 580 vehicles only.

On this being pointed out (between June 1980 and March 1981) the taxing officers stated (between June 1980 and March 1981) that action would be taken in future to verify all the cases of off-road vehicles.

The matter was reported to Government (September 1981); their reply is awaited (March 1982).

3.5. Loss of revenue due to acceptance of belated off-road intimations

Under the provisions of Orissa Motor Vehicles Taxation Act, 1975, tax shall be levied on all motor vehicles except on those which are not intended to be used for any period, if a prior intimation of such discontinuance is delivered to the taxing officers. Further, the Transport Commissioner also issued (August 1976) instructions to the Taxing Officers not to entertain belated off-road intimations.

In the course of audit of the records of two regions (Cuttack and Koraput), it was noticed (May 1980 and February 1981) that in 78 cases (Cuttack: 74 cases and Koraput: 4 cases) declarations filed late by periods ranging from 2 days to 267 days were accepted during the period January 1979 to December 1980 and tax was exempted.

Such irregular exemption of tax resulted in a loss of revenue amounting to Rs. 0.61 lakh.

When this was pointed out in audit (May 1980 and February 1981), the Taxing Officers agreed (May 1980 and February 1981) to realise the tax. It has been further noticed (September 1981) in Cuttack region that demand notices in 65 number of cases out of 74, had been issued (August and September 1981). Action taken in remaining cases and further developments are awaited (March 1982).

The matter has been reported to Government (September 1981); their reply is awaited (March 1982).

3.6. Non-levy of tax in respect of vehicles not covered by off-road declarations

Owners of motor vehicles may make payment of road tax in any region in the State according to their convenience. The taxing authorities

who receive tax in respect of vehicles registered in other regions of the State are required to forward the tax payment particulars in respect of these vehicles to the original registering authority or the taxing authority of the region in which the tax was last paid to enable them to note the same in their taxation records.

In the course of audit of the records of four regions (Rourkela, Phulbani, Kalahandi and Balasore), it was noticed (July 1980 to September 1980) that in twenty-five cases the tax for the intermediary periods (April 1977 to September 1980) had remained unrealised even though the tax in respect of earlier and later periods had been collected. The taxation records showed that the intervening periods were neither covered by exemptions on the grounds of temporary discontinuance of use of vehicles nor by intimation of payments of tax in any other region. This resulted in non-levy of tax to the extent of Rs. 0.37 lakh.

When this was pointed out in audit (July 1980 to September 1980) the taxing officers agreed (July 1980 to September 1980) to realise the tax. Further developments are awaited (March 1982).

The matter was reported to Government (August 1981); their reply is awaited (March 1982).

3.7. Irregular exemption of tax on dumpers

Under the Orissa Motor Vehicles Taxation Act, 1975, tax at the prescribed rates is leviable on all motor vehicles used or kept for use in the State. Under the aforesaid Act, 'Motor Vehicle' means any mechanically propelled vehicle adapted for use upon roads, whether the power of propulsion is transmitted thereto from an external or internal source and includes a chassis to which a body has not been attached and a trailer, but does not include a vehicle running upon fixed rails or a vehicle of a special type adapted for use in a factory or in any other enclosed premises.

In the course of audit of the records of Koraput Regional Office it was noticed (February 1981) that in the case of 3 dumpers which were not confined to the factory premises, tax amounting to Rs. 0.24 lakh had been exempted irregularly during the period April 1979 to March 1981.

On this being pointed out in audit (February 1981) the taxing Officer issued demand notice (February 1981) for realisation of tax (Rs. 0.24 lakh). Further report is awaited (March 1982).

The matter was reported to Government and Transport Commissioner (May 1981); their reply is awaited (March 1982).

3.8. Under-assessment of tax in respect of tractor-trailer combination

Tax in respect of a tractor-trailer combination (vehicles of 1953 and later models) is to be assessed on the combined laden weight of both, determined after an addition of 25 per cent over the total of the unladen weight of the tractor and gross vehicle's weight of the trailer as certified by the manufacturer.

In the course of audit of the records of one region (Sambalpur) it was noticed (December 1980) that in respect of six numbers of tractor-trailer combination (post 1952 model vehicles) tax was assessed without determining the combined laden weight in the aforesaid manner for the period June 1977 to March 1981 resulting in a short assessment/realisation of tax amounting to Rs. 15,642.

When this was pointed out by Audit (December 1980), the Taxing Officer agreed (December 1980) to issue demand notices for realisation of tax short collected. Further reports are awaited (March 1982).

The matter was reported to Government (May 1981); their reply is awaited (March 1982).

3.9. Acceptance of forged chalans

Mention was made in para 3.2 of the Report of the Comptroller and Auditor General of India for the year 1978-79 (Revenue Receipts)—Government of Orissa, about the loss of revenue of Rs. 1,02,330 due to acceptance of forged chalans in the Cuttack region.

In the course of audit of Dhenkanal Regional Office records, it was noticed (July 1980) that the Taxing Officer had detected (August 1977) forged chalans for Rs. 0.02 lakh towards payment of tax for two vehicles for the period January to June 1977 and had lodged (November 1977) an F. I. R. with the police. A scrutiny of the records relating to those vehicles for the earlier and later periods revealed that forged chalans for Rs. 0.12 lakh towards tax for the period March 1972 to December 1976 and July to September 1977 had also been accepted by the Taxing Officer which resulted in a further loss of Rs. 0.12 lakh.

On this being pointed out (July 1980) in audit the Taxing Officer stated (August 1981) that the police investigation for Rs. 0.02 lakh had not yet been finalised and that a certificate case for that amount instituted (April 1980), meanwhile, is still pending. The Taxing Officer has not stated anything about the action taken for recovery of Rs. 0.12 lakh.

The matter was reported to Government (September 1980); their reply is awaited (March 1982).

3.10. Short realisation of penalty

Under Orissa Motor Vehicles Act, 1975, where the tax for any period in respect of a motor vehicle has not been paid and continues to remain unpaid for a period of 15 days from the due date of payment, the Taxing Officer may, in respect of such vehicles impose a penalty of an amount equal to the quarterly tax for the first quarter together with twice the quarterly tax for every subsequent quarter falling within the period. Government, in an earlier clarification stated (November 1965) that while the Taxing Officers have discretion to waive the penalty, they do not have the power to impose penalty less than what has been prescribed in the Act.

In the course of audit of the records of one region (Sambalpur), it was noticed (December 1980) that in 101 cases of non-payment of tax within the prescribed period, the amount of penalty realised by the Taxing Officers was less than the amount prescribed in the Act. The short levy of penalty in those cases worked out to Rs. 31,392.

When this was pointed out in audit (December 1980) the Taxing Officer noted (January 1981) the observations of audit for future guidance without taking any action to demand the penalty short levied. The matter was also reported in May 1981 to the State Transport Authority who is the revisional authority in such matters, but no reply has been received so far (March 1982).

The matter was reported to Government and Transport Commissioner (May 1981); their reply is awaited (March 1982).

3.11. Non-submission of passenger tax returns and non-initiation of Departmental action therefor

According to Motor Vehicles (Taxation of Passengers) Rules, operator of every vehicle has to file monthly returns in the prescribed form within a period of fifteen days of the close of the month to which the return relates; failure to submit the return would render him liable for prosecution and payment of a maximum fine of Rs. 1,000 in each case, which can be compounded on payment of a minimum composition fee of Rs. 200 on each occasion.

In the course of audit of the records of the five Regional Transport Officers (Dhenkanal, Keonjhar, Sambalpur, Ganjam and Phulbani) it was noticed (between July 1980 and January 1981) that in respect of 60 cases although the returns pertaining to June 1976 to November 1980 were not submitted, no penal action was taken against the operators concerned.

The maximum amount of fine leviable in these cases under the Rules was Rs. 2.19 lakhs and in case the offences were compounded, Rs. 0.44 lakh were realisable as the minimum compounding fees.

When this was pointed out in audit (between July 1980 and January 1981) four Taxing Officers (Dhenkanal, Keonjhar, Sambalpur and Ganjam) agreed (between July 1980 and January 1981) to initiate action and the other Taxing Officer (Phulbani) stated (September 1980) that the matter was reported to higher authority as the operator did not submit the returns despite issue of reminders. Further developments are awaited (March 1982).

The matter was reported to Government (September 1981); their reply is awaited (March 1982).

3.12. Loss due to irregular revision of assessment of passenger tax

Under the Motor Vehicles (Taxation of Passengers) Act, 1969, an assessment once concluded can be modified only in appeal, revision or review. The appellate authority is the Chairman, Regional Transport Authority and the revisionary authority is the Transport Commissioner. The powers of review to rectify clerical errors only are available to the assessing officers themselves who may be Assistant Regional Transport Officers or Regional Transport Officers.

In the course of audit of Mayurbhanj region it was noticed (February 1981) that in respect of 16 vehicles of private operators, assessments pertaining to various spells (between April 1976 and March 1978) concluded (between July 1977 and November 1980) by an Assistant Regional Transport Officer were remade by a Regional Transport Officer during October 1980 to January 1981 reducing the total demand of tax by Rs. 29,305. Since the Regional Transport Officer was not the appellate or the revisionary authority nor had he the powers of review in respect of these assessments concluded by the Assistant Regional Transport Officer, he had no jurisdiction, in law, to change the assessment orders framed by the Assistant Regional Transport Officer. The illegal orders made by the Regional Transport Officer, thus, entailed a loss of revenue of Rs. 29,305.

The Transport Commissioner, Orissa, while accepting the factual position stated (February 1982) that steps were being taken to probe into the circumstances which led the Regional Transport Officer to remake the assessments and further report would be sent later.

The matter was reported to Government (May 1980); their reply is awaited (March 1982).

3.13. Short realisation of composition fees

Under the Orissa Motor Vehicles (Taxation of Passengers) Act, 1969, an operator of public service vehicle may, with the permission of the Taxing Officer, pay composition fees in lieu of passenger tax. Government ordered (November 1975) that the fees in respect of ordinary stage carriage would be payable on the daily permitted distance at Rs. 1.85 per passenger per year per kilometre.

In the course of audit of Sundargarh regional office records, it was noticed (November 1980) that in respect of one stage carriage, composition fees for the period from April 1977 to July 1980 were calculated by taking distance lesser than the permitted distance which resulted in an under-assessment of Rs. 0.39 lakh.

When this was pointed out (November 1980) in audit, the Taxing Officer agreed (November 1980) to realise the deficit fees. He reported (August 1981) that out of Rs. 0.39 lakh an amount of Rs. 0.22 lakh was realised (between December 1980 and June 1981) and steps were being taken to realise the balance amount. Further reports of realisation are awaited (March 1982).

The matter was reported to Government (January 1981); their reply is awaited (March 1982).

3.14. Time-barred case of passenger tax

Under the Orissa Motor Vehicles (Taxation of Passengers) Act, 1969, any passenger tax, which has escaped assessment or has been under-

assessed, can be assessed or re-assessed by the taxing authority within a period of three years from the expiry of the month for which it was due and thereafter it is barred by limitation.

In the course of audit of the records of Sundargarh region, it was noticed (November 1980) that in case of one stage carriage, although the operator neither submitted any return nor paid any passenger tax for 5 months during the calendar year 1977, no action was taken by the assessing officer for assessing the passenger tax within the period of limitation. This resulted in a loss of revenue of Rs. 10,262.

When this was pointed out in audit (November 1980), the Taxing Officer stated that action would be taken to verify whether the route in question was operated during those months. He further intimated (August 1981) that the vehicle was not reported off-road during those months and the operator did not appear before him when asked for (May 1981). As the assessment was not made within the statutory period of three years realisation of the tax is doubtful.

The matter was reported to Government (September 1981); their reply is awaited (March 1982).

CHAPTER IV LAND REVENUE

4.1. Results of test audit in general

The test audit of assessment and collection of land revenue conducted during the period 1st April 1980 to 31st March 1981 revealed loss of revenue, non-assessment/under-assessment and non-realisation to the extent of Rs. 1,05.20 lakhs in 2,339 cases, broadly categorised as follows:—

Category	Number of cases	Amount (In lakhs of rupees)
1. Non-realisation of premium and rent on conversion of agricultural lands	48	11.21
2. Non-collection of premium rent, etc., for lands occupied by local bodies/ Government undertakings/ private parties and industries	257	37.26
3. Non-assessment/short-assessment/delay in assessment of land revenue and cess	772	12.47
4. Non/short assessment and collection of water-rates	207	18.45
5. Non-lease/irregular lease of <i>sairat</i> and other miscellaneous revenue	45	1.31
6. Non-lease/non-realisation of revenue from surplus Government lands	248	22.50
7. Others ..	762	2.00
Total ..	2,339	1,05.20

A few cases of interest are mentioned in paragraphs 4.2 to 4.4.

4.2. Non-assessment of premium and rent

Under section 8 of the Orissa Land Reforms Act, 1960, a *raiyat* is liable to eviction if he has used the agricultural land comprised in his holding in a manner which renders it unfit for the purpose of agriculture

or has used the land for any purpose other than agriculture. However, under Government orders (December 1970) such land on the request of the *raiyat* can be resettled in his favour on non-agricultural lease basis on payment of premium equal to 2/3rd of the amount of increment (difference between the valuation of land transferred for agricultural purpose and similar land for non-agricultural purpose in the vicinity) and on refixation of rent at one *per cent* of the market value.

(a) In the course of audit, it was noticed (June 1979) that in Athagarh tahsil in Cuttack district, an area of 16.17 acres of agricultural land was converted in 1966 for commercial use by a private concern. The user was neither evicted nor assessed to differential amount towards premium and rent. The incremental value of the land towards premium not assessed, amounted to Rs. 21,560 besides rent of Rs. 24,255 till 31st March 1981, computed on the value of the concerned land reported by the revenue authorities.

When this was pointed out in audit (June 1979), the Tahsildar agreed (August 1981) to institute the revenue cases to realise premium and rent. Further reports are awaited (December 1981).

The matter was reported to Government (August 1979); their reply is awaited (March 1982).

(b) In the course of audit of Betnoti tahsil in the district of Mayurbhanj, it was noticed (March 1981) that in four cases an area of 1.97 acres of agricultural land was used by the *raiyat* for purposes other than agriculture between 1971 to 1978 by installation of Huller machines and plastic pipe factory. Though requisite assessment cases for those converted lands were instituted by the Tahsildar in the years 1978 and 1979, the cases were dropped on the ground that the classification of those agricultural holdings had since been changed to non-agricultural holdings by the settlement authority in the new records of rights and rent fixed accordingly between 1978 and 1981 for these lands. But the change of classification of the land from agricultural to non-agricultural land by current settlement *ipso facto* does not forbid the Tahsildar from taking action under section 8 of the Act and from realising the

differential premium and rent, due for the period of unauthorised non-agricultural use till giving effect to the settled rent, as the cases had been instituted prior to settlement. The irregular dropping of the cases resulted in loss of premium of Rs. 0.36 lakh and ground rent of Rs. 0.02 lakh up to 1980-81.

On this being pointed out in audit (March 1981) the Tahsildar stated (March 1981) that action would be taken to initiate action after examining the legal points involved.

The matter was reported to Government (June 1981) ; their reply is awaited (March 1982).

4.3. Non-realisation of rent and cess

Under the provisions of Orissa Estate Abolition Act, 1951, and instructions issued by the Board of Revenue in July 1966, the Tahsildars were required to confer *raiya* rights to the holders of lands, prepare two copies of the rent schedules, give one copy of the schedule to the party and the other copy to the Settlement Officer for correcting the Record of Rights. In the absence of a copy of the schedule in the hands of the Settlement Officer the holdings are recorded as "*Bebandobasta*" in the published Record of Rights and no assessment of land revenue and cess for those holdings is made.

In the course of audit of a tahsil in Sundargarh district, it was noticed (February 1981) that rent and cess were not realised in respect of an area of 3,640 acres from 1975-76 (3,194 acres from 1979-80). It was further seen in audit that *raiya* rights had, in fact, been conferred by the Tahsildar on the holders of these lands and annual rent and cess had been realised from them up to 1974-75 but owing to non-receipt of rent schedules from the Tahsildars these areas were recorded as *Bebandobasta* from 1975-76 in the Record of Rights subsequently prepared by the Settlement Officer and hence no rent and cess had been

* The lands which are not settled against any individual holder by settlement authority and shown as such in the Record of Rights.

demand. This resulted in non-assessment/non-realisation of Government revenue towards rent and cess of Rs. 0.56 lakh (calculated at average rate) from 1975-76 to 1979-80.

On this being pointed out in audit (February 1981), the Tahsildar stated (February 1981) that action would be taken to settle up these *Behandobasta* lands gradually.

The matter was reported to Government (March 1981); their reply is awaited (March 1982).

4.4. Short-assessment of royalty on minor minerals

Stone quarries are *sairat** sources and are to be leased out on royalty basis by the Revenue authorities under Government orders issued from time to time. Government prescribed (June 1972) the rate of royalty payable for stone chips removed from the quarries as Rs. 6.75 per 100 cft.

In the course of audit of the district tahsil Keonjhar, it was noticed (March 1981) that a lease of stone quarry was sanctioned (June 1980) by the District Revenue authorities to a private stone crusher unit for a period of 5 years on payment of royalty of Rs. 20,250 ($\frac{1}{4}$ th royalty calculated at Rs. 6.75 per 100 cft. on the estimated optimum utilisation of chips of 20,000 cft. per month) in five annual instalments on the ground that the unit was a small scale industry entitled to such concession in terms of a Government order (February 1980). The concession envisaged in the above Government order was applicable to Government lands allotted to the small scale industries and not to lease of quarries. This resulted in a short levy of royalty of Rs. 60,750.

On this being pointed out in audit (March 1981) the District Revenue authorities accepted (September 1981) the point raised by Audit and ordered the Tahsildar to realise the deficit dues.

The matter was reported to Government (June 1981); their reply is awaited (March 1982).

* Miscellaneous sources such as fisheries, quarries, ferry ghats and orchards from which Government derive revenue by way of grant of periodical leases.

CHAPTER V
STATE EXCISE

5.1. Results of test audit in general

During the period 1st April 1980 to 31st March 1981 test audit of the accounts of receipts in the offices of Superintendents of Excise and Commissioner of Excise revealed loss/non-levy/short levy of duties and fees to the extent of Rs. 1,15.10 lakhs broadly categorised as under:—

Serial No.	Category	Number of items	Amount (in lakhs of rupees)
1.	Loss of excise duty due to failure of the cultivators to supply the agreed quantities of <i>Ganja</i>	75	1,03.36
2.	Loss of excise duty due to non-disposal/late disposal of confiscated excise goods	64	2.24
3.	Non-collection of export pass fees	50	0.68
4.	Non-levy and short levy of duty	8	0.09
5.	Other reasons	208	8.73
	Total ..	405	1,15.10

A few important cases of interest are mentioned in paragraphs 5.2 to 5.5.

5.2. Ganja Cultivation

5.2.1 Introductory

Ganja, an intoxicant, is manufactured from the flowering and fruiting tops of Indian hemp. Cultivation starts on or before 15th July and the produce is processed during September to February. The cultivation, manufacture and warehousing of *Ganja* are regulated by Board's Excise Rules, 1965. To meet the requirement of the consumers

in the State *Ganja* was cultivated in selected areas in the State from 1951-52 under licence granted exclusively to selected cultivators. From 1980-81 departmental cultivation by Agriculture Department was taken up in some areas. *Ganja* is stored initially in the Central *Ganja* gola at Cuttack and then sold to the consumers through the retailers of licenced shops at the issue price fixed by Government. The retailers are, however, to pay to Government duty and cost price of *Ganja* and consideration money for issue of licences for shops.

The test check conducted (December 1980 to April 1981) was confined to the exclusive cultivation of *Ganja* by selected licenced cultivators up to 1979-80.

The revenue from *Ganja* ranged from 14 to 16 per cent of the total revenue from State Excise during the years 1976-77 to 1979-80.

5.2.2. Cultivation and production of *Ganja*

(i) The acreage to be brought under cultivation in a year is to be fixed on the basis of annual consumption need of *Ganja* in the State. It was, however, noticed that the annual requirement of *Ganja* was never ascertained and as such no definite principle was followed in fixing the acreage. The table below indicates the area covered by *Ganja* cultivation and the quantity reported to have been produced against the normal target of 4 quintals per acre during 1976-77 to 1979-80:

Year	Number of fields	Area under cultivation (acres)	Production	
			Target	Actual (In quintals)
1976-77	8	60	240	204
1977-78	11	70	280	211
1978-79	19	80	320	208
1979-80	40	110	440	248

The reasons for the shortfall in each case were not investigated by the department especially to ascertain whether there were any clandestine

operations. The department attributed the shortfall to the vagaries of nature and attack of pests. It would be interesting to note that the licenced retailers of *Ganja* of the three districts (Sambalpur, Ganjam and Cuttack) who reportedly sustained losses ranging from Rs. 2'51 lakhs to Rs.9'69 lakhs by way of paying more amount towards cost price, duty and consideration money to Government than the sale price received by them from the consumers during 1977-78 continued to take the shops in 1978-79 and 1979-80 and reportedly sustained further losses ranging from Rs.3'68 lakhs to Rs.12'20 lakhs. A scrutiny of records indicated that in 11 out of 78 fields, the cultivators had, in fact, produced more than the targeted quantity (4 quintals per acre) while in 67 fields the total shortfall in production was reportedly 457 quintals. The shortfall in production had the tax effect of Rs. 1,09'68 lakhs (at Rs.0'24 lakh per quintal). According to the terms of agreement, in the event of shortfall in production by a cultivator, Government might purchase the deficit quantity from outside the State and excess amount, if any, payable by the Government on the quantity so purchased would be borne by the cultivator who did not produce the targeted quantity. This penal provision was not operated as the Government was restricting the issue of *Ganja* to the quantity actually produced instead of purchasing *Ganja* from outside the State.

The Board of Revenue has since amended (March 1981) the clause in the agreement form under which from 1981-82 onwards a cultivator who produced less than the stipulated quantity would be liable to pay a penalty of Rs.24,000 or duty at the rate of duty per quintal as fixed by Government on the quantity of *Ganja* short delivered whichever is higher.

5.2.3. Delivery of *Ganja*

(i) *Ganja* manufactured after curing is dried, winnowed and cleaned for elimination of twigs and stalks and then weighed and taken by the Officer -in-charge for storage to a store room which should be under double lock of the Officer-in-charge and the cultivator. On completion of storage, the entire stocks of *Ganja* should be weighed and then packed and sealed in the presence of the Superintendent of Excise, the Officer-in-charge and the cultivator and despatched to the Central *Ganja* Gola in sealed boxes.

It was noticed from the entries in stock register of Central *Ganja* gola that in 68 out of 78 cases *Ganja* despatched to the Central Gola was stated to have contained twigs and dust weighing 305 kgs. On this being pointed out by Audit, the department could not explain the reasons for the presence of dust and twigs. The matter was stated to be under investigation (December 1981).

(ii) It was also noticed that in 23 cases, excess quantity (234 kgs.) and in 8 cases, less quantity (44 kgs.) of *Ganja* were received in the Central *Ganja* gola. No action has been taken (December 1980) to ascertain the reasons for variations. The department explained that the discrepancies were due to probable inaccuracy in weighing machines maintained in the fields and Central *Ganja* gola.

5.2.4. Destruction of confiscated *Ganja*

Under the Board's Excise Rules, contraband *Ganja* seized in excise cases is to be sold in auction to the highest bidder subject to reserve price (equal to the total cost price and duty leviable). If the reserve price cannot be obtained, it should be destroyed in the presence of the Superintendent of Excise. Further, if short supply of *Ganja* is apprehended in the Central *Ganja* gola, the Board may by special order, require that any non-duty paid *Ganja* otherwise liable for destruction as above instead of being destroyed, be despatched to the Central *Ganja* gola for sale. The rules also provide for immediate disposal of the confiscated articles of perishable nature.

(i) It was noticed from the accounts of Excise Intelligence Bureau and flying squads that a quantity of 301 kgs. of non-duty paid *Ganja* seized and forfeited to Government during January 1976 and December 1978 remained undisposed for periods ranging from one month to twenty eight months without auction or transfer to Central *Ganja* gola after ascertaining the stock position. Meanwhile, the stock was declared (between September 1976 and April 1979) by the Deputy Commissioner of Excise, as unfit for human consumption due to long storage and was destroyed by him. The duty effect was Rs. 0'72 lakh.

(ii) A quantity of 211 kgs. of non-duty paid *Ganja* seized and confiscated during August 1975 and October 1980 was retained in *Malkhanas* without being utilised. The duty involved was Rs. 0.51 lakh. The department is yet to verify the condition of the entire quantity (March 1982).

5.2.5. Retention of *Ganja* for long period

It was noticed that in the Central *Ganja* gola and in 4 district golas (Sambalpur, Cuttack, Puri and Khurda) a quantity of 317 kgs. of *Ganja* received during the period December 1969 to January 1973 remained without issue to the retailers, on the ground that it was not fit for human consumption. The stock had not been examined by the Chemical Examiner of the department (December 1981). The duty involved in this case is Rs. 0.76 lakh.

The points referred to in the foregoing paras were reported to Government in September 1981; their reply is awaited (March 1982).

5.3. Non-disposal of confiscated *bhang*

Under the Board's Excise Rules, 1965, confiscated *Bhang* should be sold by auction to the highest bidder by the District Superintendent of Excise subject to reserve price equal to the cost price and the amount of duty leviable in the State of Orissa. The rules also provide for immediate sale of confiscated articles if they are of perishable nature.

In the course of audit, it was noticed (June 1980) that in Cuttack district a quantity of 112.542 kgs. of *Bhang* confiscated during 1978-79 (48.154 kgs.) and 1979-80 (64.388 kgs.) was not disposed of promptly. In May 1980, the Superintendent of Excise found 26 kgs. of *Bhang* (confiscated in May 1978) out of the total quantity to be full of dust and in clustered form and not in a saleable condition. Superintendent of Excise, Cuttack had issued (May 1980), instructions to the charge officers to deposit the confiscated *Bhang* with him; these were sent during June 1980 to August 1980 to him. The Superintendent of Excise later reported (November 1980) that the entire quantity in the District Excise Office was found to be full of dust and in clustered form and the Deputy Commissioner

of Excise was moved for instructions for further action in the matter. He further reported (November 1981) that the entire quantity was destroyed in August 1981 as the same was found to be unfit for human consumption. Delay in disposal of the confiscated *Bhang* rendered the quantity unsaleable. The duty and cost price of the unsaleable *Bhang* worked out to Rs. 0.13 lakh.

On this being pointed out by audit (June and October 1980) the Excise Commissioner issued (June 1981) instructions for disposal of the confiscated articles within three months from the date of disposal of the cases to avoid loss of revenue.

The matter was reported to Government (July 1980 and September 1981); their reply is awaited (March 1982).

4. Short realisation of licence fee

Under the Board's Excise Rules, 1965, the fees for 'on' licence granted in form F. L. 3 to clubs and hotels, where sale of foreign liquor is confined to members and boarders only for consumption within the premises, are Rs. 2,000 from 1st June 1977 and Rs. 4,000 from July 1979. However, if the 'on' licence is granted in Form F. L. 7 to the clubs and hotels, the sale of foreign liquor is not only confined to the *bonafide* lodgers but is also meant for their friends and visitors or to persons taking their meals, then the fees payable are Rs. 4,000 from 1st June 1977 and Rs. 8,000 from 1st July 1979.

In the course of audit, it was noticed (January 1980) that the Superintendent of Excise, Puri, issued licences in Form F. L. 7 to 3 hotels during the period 1st June 1977 to 31st March 1980 and realised the licence fees at the rates of Rs. 2,000 and Rs. 4,000 instead of at the rates of Rs. 4,000 and Rs. 8,000 per annum from 1st June 1977 and 1st July 1979, respectively. This resulted in short realisation of licence fee of Rs. 0.15 lakh.

When this was pointed out (January 1980) in audit, the Superintendent of Excise agreed to initiate action. In August 1980, however, it was stated that there was no sale to outsiders other than boarders and as such the

licensees had correctly paid the licence fees at the reduced rates. The statement is not acceptable as the licence was granted for sales to outsiders and consequently the higher licence fees were payable irrespective of the fact whether the sales were actually made to the outsiders or not.

The matter was reported to Government in March 1980; their reply is awaited (March 1982).

5.5. Non-payment of export pass fee on Mohua flower

Mohua flower was declared as an intoxicant under the Bihar and Orissa Excise Act, 1915, as amended by Orissa Act 36 of 1975.

The Mohua Flower Rules, 1976, as amended in 1978, authorised the Excise Commissioner to issue export pass for export of mohua flower outside the State on payment of fees as prescribed by the Board of Revenue. The Board's Excise (Fixation of fees on mohua flower) Rules, 1976, as amended in Board's notification issued in October 1978 prescribed that a pass for export of mohua flower outside the State should be granted on prepayment of fee of Rs. 5 per quintal of mohua flower on any single occasion. No fee is, however, payable by any Government establishment.

In the course of audit it was noticed (July 1980) that a pass for export of 2,600 quintals of mohua flowers was issued in August 1979 by the Superintendent of Excise, Sundargarh, to the Tribal Development Co-operative Corporation Limited (TDCC) without payment of export pass fee of Rs. 13,000 treating it as a Government establishment. The exemption was irregular in as much as the TDCC was a co-operative society registered under the Orissa Co-operative Societies Act, 1962, and was not a Government establishment.

When this was pointed out in audit (July 1980) the Superintendent of Excise stated (July 1980) that a notice was being issued to TDCC. He intimated (March 1981) that a demand notice for Rs. 13,000 was issued in September 1980. Further report of realisation is awaited (March 1982).

The matter was reported to Government (August 1980); their reply is awaited (March 1982).

CHAPTER VI FOREST RECEIPTS

1. Results of test audit in general

During the period 1st April 1980 to 31st March 1981, test audit of records maintained in the Forest divisions disclosed non-recovery/short recovery of dues and losses of revenue of Rs. 48.25 lakhs in 8,694 cases which could be broadly categorised as follows:—

Nature of irregularities	Number of cases	Amount (In lakhs of rupees)
Non-recovery of shortfall in price on resale of forest produce	62	3.85
Non-realisation/short realisation of royalty on bamboos from paper mills	8	23.96
Non-realisation of compensation	396	9.18
Loss of revenue/revenue for-gone due to non-sale of minor forest produce	32	2.21
Non-realisation of interest	432	4.44
Miscellaneous	7,764	4.61
Total	8,694	48.25

Some important cases are mentioned in paragraphs 6.2 to 6.9.

2. Loss of revenue in the lease of minor forest produce (Gum)

Gum is a minor forest produce and is collected during the period October to September of the following year. In Keonjhar forest division, lease for collection of gum during the three years commencing from October 1976 was put to auction in September 1976. The highest price offered by contractor 'K' was Rs. 0.50 lakh per annum against the upset price of Rs. 0.60 lakh. The Divisional Forest Officer, expecting no better offer on resale, recommended (September 1976) the sale for ratification to the Chief Conservator of Forests who, in turn recommended it (October

1976) to Government. Government, without assigning any reasons, ordered (December 1976) reauction of the lease. Accordingly, another auction was held (January 1977) for the collection year ending September 1977 only. The highest offer from the same contractor was of Rs. 0.22 lakh. The resale was ratified by Government in May 1977. The non-acceptance of the earlier offer, thus, entailed a loss of revenue of Rs. 0.28 lakh for the collection year 1976-77.

The lease for the collection year 1977-78 was put to auction in August 1977. The highest price of Rs. 0.20 lakh offered by the same contractor was not accepted by the department. Thereafter the period of the lease was raised to 3 years (1977-78 to 1979-80) and another auction was held in December 1977. The same contractor again offered the highest price of Rs. 0.67 lakh (Rs. 22,333 per annum) against the aggregate upset price of Rs. 1.50 lakhs (Rs. 50,000 per annum). The sale was ratified (January 1978) by the Chief Conservator of Forests. Compared with the highest price offered by the same contractor in September 1976 for the years 1977-78 and 1978-79, the sale entailed a loss of revenue of Rs. 0.55 lakh for the two years.

When this was pointed out in audit (December 1977 and September 1980) the department stated (September 1980) that the shortfall in revenue was due to insufficient gum yielding trees in the forest. The collection figures of gum for the year 1976-77, was, however, more than that for the earlier years during which period more revenue was realised. The upset price, which is determined after considering *inter alia* the increase/decrease in the value of gum according to the current market trend was not also revised substantially for the three years ending September 1980.

The matter was reported to Government (January 1978 and August 1981); their reply is awaited (March 1982).

6.3. Lease of a timber coupe

A timber coupe with 1,359 units both of timber and firewood equivalent to 10,872 cft. of wood in Bamra forest division was auctioned in December 1975 and the highest price offered by a contractor was Rs. 71,600 against the upset price of Rs. 80,000. The contractor paid Rs. 17,900

(25 per cent of the price offered) and was exempted from furnishing the property statement which was required under the conditions of sale. The sale was ratified (February 1976) by the Chief Conservator of Forests with the stipulation that the contractor should pay the consideration money in four equal instalments on 15th of March, May, October and December 1976 and the working period of the contract would be up to February 1977. The contractor paid the 1st instalment and took delivery of the coupe (March 1976). He paid the second instalment (May 1976) but did not pay the remaining two instalments. The contract was, therefore, determined in January 1977 and the partly worked coupe was resold in September 1979 for Rs. 5,000 to another contractor.

Audit of the lease records in December 1980 and further report received (July 1981) from the Divisional Forest Officer revealed the following:--

(i) According to the Forest Contract Rules, 1966, removal of forest produce should be so regulated that under no circumstances the value of the produce removed would be more than the consideration money paid. Contrary to this provision, the contractor was allowed to remove produce (8,890 cft.) worth Rs. 58,566 against the payment of Rs. 35,800.

(ii) The Forest Contract Rules, further stipulate that any shortfall in the resale of the coupe after its determination is to be realised from the first contractor. There was a shortfall of Rs. 30,800 (Rs. 35,800 being the unpaid consideration money minus Rs. 5,000 resale proceeds) in the resale of the coupe. Further the contractor was to pay Rs. 1,160 as compensation for various offences committed by him. Against the aggregate realisable amount of Rs. 31,960, the security deposit available for adjustment was Rs. 17,900 only.

(iii) Since the contractor was exempted from furnishing the property statement, the Divisional Forest Officer made (January 1977) an enquiry about the possession of property by the contractor from the Tehsildar, Sambalpur who reported (August 1977 and July 1978) that the contractor did not possess any movable or immovable property in Sambalpur town. Efforts made (August 1977) to obtain the information about the

possession of property elsewhere by the contractor, from the Superintendent of Police, Sambalpur did not yield any results (July 1981). Consequently, no certificate case was initiated (September 1981).

The matter was reported to Government (January 1981); their reply is awaited (March 1982).

6.4. Resale of forest coupes

According to the terms and conditions prescribed for sale of forest coupes under the Orissa Forest Contract Rules, 1966, a contract can be terminated or a sale can be quashed for breach of any of the conditions laid down therein or in the sale notice, respectively and the coupe resold. The shortfall of revenue, if any, on such resale together with interest thereon at the rate of $6\frac{1}{4}$ per cent per annum can be recovered from the defaulting contractor as arrears of land revenue.

In the course of audit of fifteen forest divisions (Parlakhemundi, Puri, Rayagada, Nowrangpur, Keonjhar, Baripada, Rengali Dam Project, Sundargarh, Bamra, Rairakhol, Athagarh, Bolangir, Khariar, Kalahandi and Boudh), it was noticed (between April 1980 and February 1981) that in the case of 70 coupes, contracts with outstanding dues of Rs. 10.16 lakhs were terminated in 50 cases (Rs. 7.90 lakhs) and sales quashed in 20 cases (Rs. 2.26 lakhs) owing to non-payment of consideration money, security deposit and non-fulfilment of other conditions of sale. These coupes were resold (between March 1969 and November 1980) for Rs. 6.44 lakhs but the shortfall of Rs. 3.72 lakhs was not realised from the defaulting contractors. After adjustment of the security deposit of Rs. 0.28 lakh in 2 cases and taking into account the available security deposit of Rs. 1.17 lakhs in 66 cases the net shortfall worked out to Rs. 2.27 lakhs.

On this being pointed out in audit (between April 1980 and February 1981), the Divisional Forest Officers stated (between April 1980 and February 1981) that action would be taken to realise the amount by adjustment of moneys available in respect of other lots and by instituting certificate cases. Further reports of realisation are awaited (March 1982).

The matter was reported to Government (between May 1980 and April 1981); their reply is awaited (March 1982).

6.5. Non-realisation of extension fees

Under the Orissa Forest Contract Rules, 1966, the forest produce to be extracted and removed by the contractor from the contract area within the contract period, failing which the forest produce shall become the absolute property of Government. The Conservator of Forests or the Divisional Forest Officer, as the case may be, may grant extension of time on advance payment of extension fee at one per cent of consideration money for each month of extension.

In the course of audit of Parlakhemundi Forest Division, it was noticed (April 1980) that in 13 coupes allotted to a State Government corporation during 1977-78 and 1978-79, extension of time ranging from one month to eight months beyond the contract period was granted between March 1979 and March 1980 by the Divisional Forest Officer without demanding and realising the extension fee of Rs. 0.24 lakh in advance.

When this was pointed out in audit (April 1980), the Divisional Forest Officer stated (April 1980 and August 1981) that the corporation was being asked to pay the extension fee. Further developments are awaited (February 1982).

The matter was reported to Government (May 1980); their reply is awaited (February 1982).

6.6. Non-levy of interest on consideration money /royalty

Under the Orissa Forest Contract Rules, 1966, the forest contractors are liable to pay interest at $6\frac{1}{4}$ per cent per annum on instalments of consideration money for sale of forest coupes, if the instalments are not paid within the due dates, prescribed in the agreements, including a grace period of 10 days. According to the orders issued by Government (February 1977) the above provision of the forest contract rules is also applicable in respect of lease of coupes given to Orissa Forest Corporation, a fully owned Government company.

In the course of audit of 24 forest divisions, it was noticed (between April 1980 and March 1981) that in 529 cases of belated payments of consideration money ranging from half month to 22 months during the period 1976-77 to 1980-81, interest amounting to Rs. 4.21 lakhs was not levied and realised. Of this, an amount of Rs. 1.78 lakhs involving 166 cases relating to the period 1977-78 to 1979-80 was leviable on Orissa Forest Corporation Limited.

On this being pointed out in audit (April 1980 to March 1981) the Divisional Forest Officers agreed (April 1980 to March 1981) to initiate action. Further reports of realisation are awaited (March 1982).

The matter was reported to Government (May 1980 to April 1981); their reply is awaited (March 1982).

6.7. Non-realisation of compensation

Under the Orissa Forest Contract Rules, 1966, a forest contractor is liable to pay compensation as may be fixed by the Forest Officer for any damage caused by him in Government forest, by illicit fellings within the contract area or within 20 chains thereof and for other irregularities. In the event of failure to pay the compensation, the contract is liable to be terminated unless otherwise decided. The dues are recoverable from the security deposit of the contractor and the balance, if any, as arrears of land revenue.

In the course of audit of eleven forest divisions (Baripada, Ghumsur South, Ghumsur North, Rengali Dam Project, Jeypore, Dhenkanal, Parlakhemundi, Athagarh, Bonai, Keonjhar and Nowrangpur) it was noticed (between April 1980 and January 1981) that in 344 cases compensation money amounting to Rs. 4.62 lakhs for the period 1969-70 to 1979-80 was assessed by the Divisional Forest Officers but no action was taken to realise the dues. Of these, 17 cases involving Rs. 2.70 lakhs were outstanding against private parties and the remaining 327 cases involving Rs. 1.92 lakhs were

outstanding against the Orissa Forest Corporation Limited, a fully owned Government undertaking, which was exempted from payment of security deposit.

When this was pointed out in audit (between April 1980 and January 1981), the Divisional Forest Officers agreed (between April 1980 and January 1981) to initiate action for realisation of the dues. Further reports of realisation are awaited (March 1982).

The matter was reported to Government (between May 1980 and March 1981); their reply is awaited (March 1982).

8. Dropping of certificate cases

Unpaid forest dues can be recovered by certificate procedure as arrears of land revenue by sending a requisition to the certificate officer by the Divisional Forest Officer. The Orissa Public Demand Recovery Act, 1962, the rules made thereunder and the Board's executive instructions under the Act, envisage that for execution of a certificate case the requisitioning officer is responsible for furnishing the correct whereabouts of the certificate debtor and statement of property proposed to be attached; he should also be reasonably diligent in complying with the objections *etc.*, raised by the certificate officer. Otherwise the certificate case would be dropped.

In the course of audit, it was noticed (between April 1980 and February 1981) that in seven forest divisions (Nayagarh, Bamra, Paranjia, Athagarh, Puri, Nowrangpur and Khariar) 15 certificate cases requisitioned (between November 1951 and March 1978) for recovery of Rs. 0.98 lakh were dropped (between May 1972 and August 1980) by the certificate officer for (i) want of whereabouts of the certificate debtors (Rs. 0.26 lakh), (ii) want of property statements (Rs. 0.12 lakh) and (iii) lack of diligence on the part of the certificate holder and other lapses (Rs. 0.60 lakh).

When this was pointed out in audit (between April 1980 and February 1981) four Divisional Forest Officers (Khariar, Nayagarh,

Karanja and Nowrangpur) stated (April 1980 to November 1980) that fresh certificate requisitions (Rs. 0.78 lakh) would be issued after reviewing the cases and obtaining the addresses and property statements. The Divisional Forest Officer, Puri, stated (May 1980) that an appeal would be filed against the dropping of the case (Rs. 0.07 lakh) while the Divisional Forest Officer, Athagarh did not indicate any action taken (Rs. 0.12 lakh). The Divisional Forest Officer, Bamra stated (December 1980) that proposals for write off of the amount (Rs. 0.01 lakh) were under way. Further reports are awaited (March 1982).

The matter was reported to Government (between June 1980 and July 1981); their reply is awaited (March 1982).

6.9 Sal seeds

6.9.1. Introduction

Sal trees, from which sal seeds (a minor forest produce) are collected, occur extensively in the 25 forest divisions of Orissa. Sal seeds, because of their use for various purposes, have acquired considerable commercial importance during the past decade. Fat extracted from sal seeds is used as raw material in the manufacture of soap, confectionery and as a substitute for vanaspati. After thorough refining a small portion of oil extracted from sal seeds is used as an ingredient for producing a substitute for cocoa butter extender and is exported for that purpose. The yield of the seeds is regulated by nature in a cyclic order of nine years consisting of one good year, five medium years and three bad years. The collection season is from April to June and collection should be over before the onset of monsoon. The lease period is, however, in terms of one year from October to September of the following year. Leases for collection of sal seeds from sal growing forest divisions are given to parties who are interested in setting up oil extracting industries in Orissa, on the recommendation of the Industries department, or to the Orissa Forest Corporation (OFC — fully owned Government Company) or to the Orissa State Tribal Development Co-operative Society Limited (TDCC). The lessees arrange collection of seed

gathering on the ground through the tribals on payment of minimum remuneration of 0.30 paise and 0.20 paise per kg. of decorticated and undecorticated seeds respectively; a stipulation to that effect being invariably made in the leases.

Results of review of leases for collection of sal seeds during the years 1974-75 to 1978-79 (crop years 1975 to 1979) conducted (March 1981) by Audit showed the following:

6.9.2. Estimate of collection and revenue from sal seeds

The following table gives the estimate and the actual collection of sal seeds as well as the revenue derived therefrom during the period 1974-75 to 1978-79 (crop years 1975 to 1979):

Crop year/ Crop year	Collection		Percentage of collection to estimate	Revenue derived from sal seeds	Revenue from all the minor forest produce
	Estimate	Actual			
	(In lakhs of M. T.)			(In lakhs of rupees)	
1974-75	1.20	0.28	23	6.67	81.78
1975	1.20	0.09	8	3.07	70.63
1975-76	1.20	0.43	36	33.01	77.81
1976	1.20	0.18	15	7.06	1,23.67
1976-77	1.20	0.74	62	35.10	1,11.47
1977	1.20				
1977-78	1.20				
1978	1.20				
1978-79	1.20				
1979	1.20				

(Figures furnished by the Chief Conservator of Forests, Orissa)

6.9.3. The following table indicates the distribution of the work of collection of sal seeds by different contracting agencies, their comparative performance and their share of contribution to the State exchequer :

Lease year/ crop year	Lessee	Number of divisions leased	Esti- mated quan- tity (In thousand M. T.)	Actual collec- tion	Percen- tage of collec- tion	Royalty paid (In lakhs of rupees)
<u>1974-75</u>	M/s O. F. C. Ltd.	5	17.6	6.2	35	1.56
<u>1975</u>						
	M/s T. D. C. C. Ltd.	7	24.7	0.2	1	0.06
	Private Parties	13	77.7	21.5	28	5.05
	Total ..	<u>25</u>	<u>120.0</u>	<u>27.9</u>	..	<u>6.67</u>
<u>1975-76</u>						
<u>1976</u>						
	M/s. O. F. C. Ltd.	2	16.4	3.7	23	0.94
	M/s T. D. C. C. Ltd.	6	20.8	0.5	2	0.16
	Private parties	17	82.8	5.2	6	1.97
	Total ..	<u>25</u>	<u>120.0</u>	<u>9.4</u>	..	<u>3.07</u>
<u>1976-77</u>						
<u>1977</u>						
	M/s O. F. C. Ltd.	10	34.6	23.2	67	23.12
	M/s T. D. C. C. Ltd.	4	15.8	5.9	37	6.23
	Private parties	11	69.6	13.6	20	3.66
	Total ..	<u>25</u>	<u>120.0</u>	<u>42.7</u>	..	<u>33.01</u>

Lease year/ crop year	Lessee	Number of divisions leased	Esti- mated quan- tity (In thousand M.T.)	Actual collec- tion	Percen- tage of collec- tion	Royalty paid (In lakhs of rupees)
1977-78						
1978	M/s O.F.C. Ltd.	10	34.6	3.1	9	2.98
	M/s T.D.C.C. Ltd.	4	15.8	0.5	3	0.10
	Private parties	11	69.6	14.4	21	3.98
	Total ..	<u>25</u>	<u>120.0</u>	<u>18.0</u>		<u>7.06</u>
1978-79						
1979	M/s O.F.C. Ltd.	8	18.3	5.9	32	5.10
	M/s T.D.C.C. Ltd.	3	15.4	3.5	23	0.22
	Private parties	14	86.3	64.3	75	29.78
	Total ..	<u>25</u>	<u>120.0</u>	<u>73.7</u>		<u>35.10</u>

(Figures furnished by the Divisions and Chief Conservator of Forests)

6.9.4. Lease to Orissa Forest Corporation (OFC) and Tribal Development Co-operative Corporation (TDCC)

6.9.4.1. Crop year 1975

Government granted (May 1975) lease for collection of sal seeds to M/s Orissa Forest Corporation Limited (OFC) (5 divisions) and M/s Orissa State Tribal Development Co-operative Society Limited later on known as Tribal Development Co-operative Corporation (TDCC) who also agreed to set up an extraction plant in collaboration with the Orissa Agro Industries Corporation (7 divisions) with the stipulation that (i) the rate of royalty should be Rs. 25 per tonne for decorticated sal seeds ; and (ii) minimum royalty payable would be as fixed by the Government.

Following points were noticed in audit:—

(a) The parties did not execute agreements.

(b) Against the estimated quantity of 42,380 M. Ts. the two parties collected 6,443 M. Ts. (OFC : 6,170 tonnes against the estimate of 17,600 tonnes and TDCC : 273 tonnes against the estimate of 24,780 tonnes) and paid royalty on the actual collection of seeds. In 2 of the 7 divisions (Rayagada and Ghumsur North), seeds were neither collected by TDCC nor was the produce (estimated quantity 4,380 tonnes) disposed of otherwise. No reasons were adduced by the parties for non-collection/short collection.

(c) The object of stipulating a condition in the sanction orders for payment of minimum royalty was to induce the lessees for optimum collection of seeds. Fixation of minimum royalty escaped the notice of Government, although proposals were sent by the Chief Conservator of Forests in June 1975. Consequently, the parties collected less seeds than the minimum quantity and paid royalty on the basis of actual collection. The loss of revenue due to non-fixation of minimum royalty was Rs. 2.69 lakhs (OFC : Rs. 0.69 lakh in 3 divisions ; TDCC ; Rs. 2 lakhs in 5 divisions).

(d) The TDCC did not set up the extraction plant also.

6.9.4.2. Crop year 1976

Government granted (March 1976) the lease for collection of sal seeds to TDCC (6 divisions) and OFC (2 divisions) with the stipulation that royalty was payable at Rs. 25 per tonne of decorticated seeds. Minimum royalty of Rs. 1.73 lakhs was separately fixed (September 1976) by Government in respect of 6 divisions leased to TDCC. No minimum royalty was fixed in respect of 2 divisions leased to OFC.

Following points were noticed in audit:—

(a) No agreements were executed with the lessees.

(b) In respect of lease to TDCC, Government fixed the minimum royalty in September 1976 by which time the collection season was over.

The lessee collected 501 tonnes of seeds against the estimate of 20,780 tonnes and paid royalty (Rs. 0.16 lakh) on the actual collection instead of paying minimum royalty (Rs. 1.73 lakhs). Since there was no stipulation as to minimum royalty in the lease order itself and the payment of minimum royalty was fixed after the collection season, the chances of recovery of the balance of Rs. 1.57 lakhs towards minimum royalty seem to be remote.

(c) In the 2 divisions leased to OFC it had collected 3,779 tonnes against the estimate of 16,400 tonnes (despite the Government's order fixing the target of 10,000 tonnes). Loss due to less collection of seeds and non-fixation of minimum royalty was Rs. 0.43 lakh (Rs. 1.37 lakhs—Rs. 0.94 lakh paid on the actual collection). The department had not found out the precise reasons for this short collection of seeds.

6.9.4.3. Crop years 1977 to 1979 (lease years 1976-77 to 1978-79)

To facilitate development of infrastructure, Government granted (February 1977) lease of sal seeds to OFC and TDCC for 3 crop years 1977 to 1979 (lease years 1976-77 to 1978-79). Agreements were executed with TDCC (June 1977) and OFC (March 1978).

The following table shows the number of divisions leased out and the terms and conditions of the leases to the parties:

Crop years	Number of divisions leased		Royalty payable		Minimum royalty payable		Other conditions	
	OFC	TDCC	OFC	TDCC	OFC	TDCC	OFC	TDCC
	(In lakhs of rupees)							
1977	10	4	Rs. 100 per tonne		11.56	5.26	Dues are to be paid within the contract period	
1978	10	4	Ditto		No minimum royalty		Ditto	
1979	8	3	Ditto		Ditto		Ditto	

The contract period for the crop years 1977 to 1979 is over but the dues of royalty (Rs. 5.45 lakhs) and minimum royalty (Rs. 4.83 lakhs) realisable from OFC (royalty : Rs. 0.92 lakh ; minimum royalty : Rs. 4.83 lakhs) and TDCC (royalty : Rs. 4.53 lakhs) are still outstanding (March 1981).

6.9.5. Leases to private parties

6.9.5.1. Lease to firm 'U'

Mention was made in paragraph 72 of the Comptroller and Auditor General's Report (Civil) for 1972-73 about the long term lease of 11 forest divisions to a private firm 'U' (effective from October 1967 to September 1979) and about the revision of rate of royalty retrospectively from October 1972. While revising the rate of royalty from Rs. 2.50 to Rs. 5 per tonne, Government included a clause to further revise the rate of royalty after 3 years (September 1975) and to continue the rate so revised till the expiry of the contract ending September 1979. Accordingly, the rate of royalty and the minimum royalty were fixed (September 1975) at Rs. 25 per tonne of decorticated seeds and at Rs. 12,000 per division respectively. While the royalty was effective from October 1974, the minimum royalty was effective from 1975-76 onwards.

The following points were noticed:

(i) To safeguard the interests of revenue long term agreements generally provide for an escalation clause. However, in the case of the lease (although it was a long term one) to firm 'U' there was no such stipulation either in the original agreement or in the supplementary agreement (September 1976). Consequently, when Government desired (January 1977) to increase the rate of royalty at par with the rate (Rs. 100 per tonne) fixed for OFC and TDCC the lessee did not agree. Fixation of lower rate of royalty resulted in a loss of Rs. 54.29 lakhs towards royalty during the crop years 1977 to 1979 reckoned at the rate applicable to OFC and TDCC.

(ii) Fixation of the minimum royalty at the flat rate of Rs. 12,000 per division instead of at the agreed rate of royalty on 1/3 of the estimated quantity of sal seeds (which was the normal method adopted in other leases)

resulted in loss of revenue of Rs. 11.20 lakhs (minimum royalty payable: Rs. 17.47 lakhs *minus* royalty paid Rs. 6.27 lakhs) during the crop years 1976 to 1979 in respect of the divisions where there was less collection of seeds.

6.9.5.2. Lease to firm 'T'

On an assurance given (April 1975) by firm 'T' that they would set up a solvent extraction plant at Charbahal (Kalahandi district) and on the recommendation (June 1975) of the Industries Department, Government issued (May 1976) orders leasing out three forest divisions (Kalahandi, Bolangir and Khariar) for one year (collection season ending June 1976; contract period ending 30th September 1976) subject to the following conditions:—

(a) The firm would pay (i) royalty at Rs.25 per tonne of decorticated seeds and (ii) minimum royalty as would be fixed by the Government for which the firm should give an undertaking to pay.

(b) The firm was not to dispose of the seeds collected by them outside the State. The seeds which could not be consumed in their proposed unit would be disposed of to M/s. Orissa State Tribal Development Co-operative Society (TDCC) or to the Rice Bran Oil Extraction Unit being set up in Bargarh (Sambalpur district) in the co-operative sector, at cost *plus* reasonable margin (10 *per cent*).

(c) The firm should furnish earnest money of Rs. 10,000 which would be forfeited in the event of their failure to take tangible steps to start an industry. It should also pay security deposit under the Orissa Forest Contract Rules.

(d) Long term lease would be considered after evaluation of performance in setting up the plant.

The firm was informed (May 1976) by the Chief Conservator of Forests to contact the respective Divisional Forest Officers. The Divisional Forest Officers issued (May 1976) work orders to the firm subject to its furnishing the undertaking and observing other stipulated

formalities. The firm, however, gave (May 1976) the undertaking about the minimum royalty in respect of two divisions (Kalahandi and Bolangir) and paid security deposit of Rs.7,000 (Kalahandi Rs.5,000 and Bolangir; Rs.2,000) part minimum royalty of Rs.5,000 for Bolangir division and earnest money of Rs.10,000.

The following points were noticed:—

(i) Agreement, stipulating terms and conditions of lease was not executed with the firm by the Chief Conservator of Forests as the draft agreement was sent to him by the Conservator of Forests, Koraput Circle in February 1977 after the close of the contract period.

(ii) The firm did not take any tangible steps to start the industry. The earnest money of Rs.10,000 which should have been forfeited had not so far been forfeited (February 1981).

(iii) In respect of one division (Khariar) the firm did not complete the formalities nor did it collect the produce on the ground of insufficient time for collection season. No action was taken to lease out the division to another firm which had offered (May 1976) Rs.7,000. As the produce was seasonal, the produce, which was not exploited during the year would be lost.

(iv) Government approved (September 1976) the rates of minimum royalty of Rs.1,34,000 for all the divisions (Bolangir : 50,000; Kalahandi: Rs.77,000 and Khariar : Rs.7,000) and the rates were communicated (October-November 1976) to the firm after the expiry of the contract period. The lessee who collected 163.33 tonnes of decorticated seeds in two divisions (Bolangir and Kalahandi) against the estimated quantity of 8,100 tonnes was liable to pay the minimum royalty of Rs.1,27,000. The lessee, having paid (May 1976) Rs.5,000 as part minimum royalty, had not paid the balance amount of Rs.1,22,000 (March 1981). The short collection was attributed by the firm to delay in settlement of the lease at the end of the collection season.

(v) The seeds collected but not utilised by the firm in its industry were to be disposed of at cost *plus* reasonable margin to the TDCC.

TDCC refused to take the seeds as the rate offered by the firm was too high and the quality of seeds was not known. The other unit (Rice Bran Oil Extraction Unit) at Bargarh was not contacted as it had not started functioning. Government entrusted (October 1976) OFC to effect the sale on commission basis, to reimburse the firm the collection charges with 10 *per cent* profit to the firm and to appropriate the difference between the sale price and the amount reimbursed towards the minimum royalty payable by the firm. Accordingly, the firm handed over 163.33 tonnes of seeds to OFC (between December 1976 and June 1977) and the same were sold by OFC at Rs. 1,97,213 to a party outside the State. OFC claimed Rs. 13,486 towards their commission for effecting the sale. Against the net sale-proceeds of Rs. 1,83,727 the contractor firm submitted (July 1978) a bill for Rs. 2,02,756 to Government towards reimbursement of collection charges (Rs. 1,28,972) and profit and interest (Rs. 73,784). OFC paid Rs. 70,000 to the firm towards part payment of the claim and retained the remaining amount of Rs. 1,13,727. The orders of Government were contrary to the provisions of the Orissa Forest Act, 1972, and Orissa Forest Contract Rules which stipulate that in case of default in payment of Government dues the contract should be terminated, the produce taken possession of for sale and the sale-proceeds appropriated towards Government dues.

(vi) Against the realisable amount of Rs. 1,22,000 in respect of two divisions (Kalahandi and Bolangir) security deposit of Rs. 7,000 was available. According to Government orders the party was to be reimbursed with the cost of collection *plus* 10 *per cent* margin. Thus, against the maximum admissible claim of Rs. 1,41,869 (Rs. 1,28,972 *plus* 10 *per cent* of Rs. 1,28,972) the firm preferred a claim of Rs. 2,02,756. Part payment (Rs. 70,000) was made to the firm and the claim was not settled (March 1981). Even after setting off the net sale-proceeds (Rs. 1,82,727) against the maximum admissible claim (Rs. 1,41,869) of the firm for reimbursement and adjusting the security deposit, the net realisable amount from the firm worked out to Rs. 7,31,142. No action had been taken to realise the dues (March 1981).

6.9.5.3. Lease to firm 'B'

Government ordered (May 1976) to lease collection of sal seeds in three divisions (Nayagarh, Puri and Athagarh) for one year ending with September 1976 (collection season April to June 1976) to a firm of Balasore on the following terms and conditions:—

The firm should (i) pay royalty at Rs. 25 per tonne of decorticated seeds, (ii) give an undertaking to pay minimum royalty as would be fixed later by Government, and (iii) dispose of such of the collected seeds as could not be consumed in their unit to TDCC at cost plus reasonable margin. It was also stipulated that long term lease would be considered after evaluation of their performance.

The Chief Conservator of Forests advised (May 1976) the firm to contact the respective Divisional Forest Officers who were simultaneously directed to collect 25 per cent of the minimum royalty of Rs. 41,650 (Nayagarh: Rs. 33,325; Athagarh: Rs. 3,325 and Puri: Rs. 5,000). The firm paid Rs. 10,482 as security deposit and also furnished an undertaking as stipulated in Government order of May 1976. The firm collected 47.95 tonnes of seeds against 4,000 tonnes in Nayagarh division and did not collect any seeds in the other two divisions (Athagarh and Puri). In August 1976 the firm requested the Government to revise the minimum royalty and allow it to lift the collected seeds from Nayagarh division to their extraction plant at Balasore on payment of royalty at Rs. 25 per tonne. The firm again represented (April 1977) that they would pay royalty at Rs. 100 per tonne as was the rate fixed for 1977 crop year for OFC and lift the collected seeds which would otherwise suffer deterioration. Government, while rejecting the representation, ordered (June 1977) that the firm might lift the seeds on payment of the stipulated minimum royalty, failing which the lease would be terminated, the materials would be taken over by Government for disposal preferably through OFC. The firm did not pay the minimum royalty; the material, which was of perishable nature was also not taken over by Government (March 1981).

The following points were noticed:—

(i) No agreement with the firm was executed although the contract period had expired.

(ii) The lessee did not collect seeds in two divisions (Athagarh and Puri) where the estimated quantity of seeds was 1,000 tonnes. The reasons were not ascertained by the department.

(iii) The firm was to pay Rs.31,168 being the difference between minimum royalty (Rs.41,650) payable and security deposit (Rs. 10,482) paid. No action was taken to realise the dues. It was opined by the Law department, in the absence of any agreement the dues cannot be recovered through certificate procedure.

6.9.6. *Summing up*

The following points emerge from the review:—

(i) There were losses of —

(a) Rs.21.24 lakhs on account of non-stipulation of minimum royalty in the lease order;

(b) Rs.4.26 lakhs because of non/late fixation of minimum royalty;

(c) Rs.65.49 lakhs due to fixation of lower rate of royalty (Rs.54.29 lakhs) and minimum royalty (Rs.11.20 lakhs);

(ii) Government dues of Rs.11.01 lakhs remained unrealised;

(iii) Government money of Rs.1.14 lakhs was retained by OFC.

The points referred to in the foregoing paragraphs were reported to Government in August 1981; their reply is awaited (March 1982).

CHAPTER VII
OTHER TAX AND NON-TAX RECEIPTS

A—ENTERTAINMENTS TAX

7.1. Non-levy of show tax

Under the Orissa Entertainment Tax Act, 1946, as amended with effect from 13th October 1976, tax leviable in respect of each show held by a proprietor of a cinema house, except those exempted under the Act, was Rs. 10 for shows held in any local area under Municipal and Notified Area Council having a population of fifty thousand or more and Rs. 5 for shows held in any other place with the stipulation that where the seating capacity of a cinema house exceeds eight hundred/four hundred an extra amount at the rate of rupee one/one half of a rupee respectively, is payable in respect of every additional one hundred seats or part thereof. The rules prescribing the manner of assessment and collection of tax framed in March 1977, envisaged that the proprietor shall submit to the taxing authority a monthly return by 15th of the succeeding month enclosing a receipted treasury chalan towards full payment of show tax. If return is not submitted on the due date or incorrectly submitted, the taxing officer shall assess the tax due under the Act to the best of his judgement after enquiry.

In the course of audit, it was noticed (between June 1980 and December 1980) that in 5 circles (Cuttack-III, Koraput-1, Kalahandi, Bhubaneswar and Cuttack-II) show tax was not assessed and demanded by the department for shows held by 11 show houses during 1979-80 resulting in non-collection of tax of Rs. 50,015. Of these show houses, 5 show houses submitted the returns but did not pay the show tax, 2 show houses did not submit the prescribed returns for the entire year, 2 show houses submitted returns for part of the year and 2 show houses did not furnish the number of shows held in the monthly returns.

When this was pointed out in audit (between June 1980 and December 1980), one Taxing Officer (Cuttack-III) raised demands (October 1980 and May 1981) for Rs. 10,556 in two cases, out of which Rs. 5,082 have been realised (October 1980 and December 1980) while another Taxing Officer

(Kalahandi) intimated (October 1981) that the show house paid Rs. 1,072 (August 1980 and June 1981) against Rs. 2,142 due and a demand notice had been issued to deposit the balance by November 1981. Other Taxing Officers agreed (between August 1980 and November 1980) to initiate action. Further reports are awaited (March 1982).

The matter was reported to Government (between August 1980 and March 1981); their reply is awaited (March 1982).

7.2. Short collection of surcharge

According to the Orissa Entertainment Tax (Amendment) Act, 1979, effective from 1st May 1979, when tax is paid by means of affixing stamps on the tickets, surcharge is to be levied in respect of every payment for admission to entertainment on which tax is leviable under the Act, at 30 paise per ticket, if the payment for admission including the tax is one rupee or less and at 45 paise per ticket in other cases.

In the course of audit of the records of one show house in Bhubaneswar circle, it was noticed (September 1980) that in respect of sale of 71,831 tickets for third class, the value of which including tax was Rs. 1.05 (admission fee 70 paise *plus* tax 35 paise) each, surcharge was paid at the lower rate of 30 paise per ticket instead of at the applicable rate of 45 paise per ticket during the period 1st May 1979 to 31st March 1980. This resulted in short payment of surcharge of Rs. 10,775.

When this was pointed out in audit (September 1980) the taxing officer raised (December 1980) the demand for Rs. 10,775. Further report of realisation is awaited (March 1982).

The matter was reported to Government (November 1980); their reply is awaited (March 1982).

B—ELECTRICITY DUTY

7.3. Application of incorrect rate

Under the Orissa Electricity (Duty) Act, 1961, as amended (August 1979), electricity duty is also leviable at the prescribed rate on the energy which is used or consumed by a person who, not being a licensee or Board, generates such energy for his own use or consumption or supplies free of charge to a consumer. For the purpose of determining the

consumption charges the rate as charged by the Board for consumption of energy in respect of similar categories of consumers is applicable. According to the tariff prescribed (October 1978) by the Board for the large industries the units consumed for their colonies shall be separately metered and charged at 27 paise per unit.

In the course of audit, it was noticed (April 1980) that a factory (a large industry) at Brajarajnagar which generated power from its own sources of generation and used the energy for the factory and colony consumption (21,37,186 units), paid during the period August 1979 to March 1980 electricity duty for colony consumption, on the consumption charges calculated at the overall maximum rate of 20.5 paise instead of at 27 paise per unit. This resulted in short payment of duty of Rs. 0.51 lakh.

On this being pointed out in audit (April 1980) the Electrical Inspector stated (July 1980) that the factory had been instructed to pay the dues. Further developments are awaited (March 1982).

The matter was reported to Government in June 1980; their reply is awaited (March 1982).

C—MINING RECEIPTS

7.4. Results of test audit in general

A test audit of accounts of receipts in the offices of the Mining Officers during the period 1st April 1980 to 31st March 1981 disclosed non-levy/short levy of dead rent and royalties and loss of revenue to the extent of Rs. 2,04.43 lakhs in 43 cases. The cases are broadly categorised as below:—

Category	Number of cases	Amount (In lakhs of rupees)
(i) Non-levy/short levy of dead rent and royalty	2	0.88
(ii) Non-levy of royalty on ores found short	2	3.29
(iii) Non-realisation of cost price of ores on working of mines without legal authority	5	75.73
(iv) Non-recovery of interest	3	0.78
(v) Loss of revenue due to delay in grant of Mining leases and execution of lease deeds	14	18.04
(vi) Others ..	17	1,05.71
Total ..	43	2,04.43

Some important cases are mentioned in paragraphs 7.5 to 7.7.

7.5. Delay in execution of lease deeds

Under the Mineral Concession Rules, 1960, a lessee has to execute a lease deed within 6 months from the date of issue of grant order of the lease or within such further period, as the State Government may allow, if the delay is not attributable to the lessee. Dead rent is payable for every year except the first year of the lease and the date of commencement of the lease will be the date of execution of the lease deed. Thus, any delay in execution of the leased deeds would result in loss of dead rent.

In the course of audit of the records of two Mining offices (Talcher and Jajpur road), it was noticed (December 1980-January 1981) that in 4 cases, lease deeds were executed after 6 months and the delay in execution ranged between 18 months and 60 months. This resulted in non-collection and loss of dead rent of Rs. 0.52 lakh besides keeping the mines unexploited.

When this was pointed out in audit, the Mining Officer, Talcher, stated (December 1980) that the delay was due to delay in obtaining certified copies of village maps after completion of survey and settlement while the Mining Officer, Jajpur Road stated (January 1981) that the delay in execution of the lease deeds was mainly due to non-receipt of forest entry permission from the Divisional Forest Officers concerned and delay in survey and demarcation.

The matter was reported to Government in April 1981; Government stated (February 1982) that the delay over six months was due to time taken for completion of various formalities not specified in the rules. The statement is not acceptable as the period of six months prescribed in the rules is expected to have taken cognizance of completion of all such formalities.

7.6. Irregular deductions

Under the Mines and Minerals (Regulation and Development) Act, 1957, and the Mineral Concession Rules, 1960, the holder of a mining lease is to pay royalty on any mineral removed or consumed from the leased area and there is no provision for allowing any wastage or shortage.

In the course of audit of Talcher Mining Office, it was noticed (December 1980) that a lessee of a coal mine showed 2,16,571 tonnes of coal as the opening balance in his monthly return for April 1979 which was less by 10,479 tonnes from the closing balance of March 1979 (2,27,050 tonnes) and the deduction was attributed to re-measurement of stock. Further, during the period June 1979 to September 1980, the lessee deducted a total quantity of 3,938 tonnes of coal from his accounts towards external moisture. The Department allowed the irregular deductions and did not demand royalty amounting to Rs.28,834.

On this being pointed out in audit (December 1980), the Director of Mines stated (August 1981) that proposals for a policy decision in this regard were sent to Government. Further developments are awaited (March 1982).

The matter was reported to Government (February 1981); their reply is awaited (March 1982).

7.7. Loss of revenue in disposal of lime shell

Lime shell is a mineral and is abundantly found in the coastal belts of Ganjam and Puri districts. For administrative convenience, the lime shell bearing areas in both the districts are divided into 12 units and placed under the control of Mining Officer, Berhampur. Pending finalisation of the rules regulating the disposal of lime shell, these units were given to the highest bidder on annual basis. The collection season for the lime shell is from June to May of the following year and according to the departmental clarification (December 1981), if for any period, the lime shells are not collected the same would be taken back to the sea when the sea retreats.

For the collection season 1978-79, the approved tender notice was sent by the Mining Officer, Berhampur on 15th May 1978 to the Home Department for publication in the local papers. As the notice did not appear in the local papers a fresh notice was issued on 1st June 1978 fixing 30th June 1978 as the date of opening the tenders. In 7 out of 12 units the selected tenders were accepted by the Director of Mines

(between July and September 1978) and work orders were issued during August and November 1978. Due to delay in issue of work orders, the department realised only the proportionate annual value of Rs. 0.59 lakh on the basis of actual period of working as against the full annual value of Rs. 0.81 lakh. This resulted in a loss of Rs. 0.22 lakh.

On this being pointed out in audit (September 1980) the Director of Mines stated (February 1981) that the delay in disposal of lime shell units was due to delay in publication of the notice by Public Relation department and that the draft rules framed for the purpose of disposal of lime shell were under examination by Government in the light of experience gained in the meanwhile.

The matter was reported to Government (March 1980 and September 1981); their reply is awaited (March 1982).



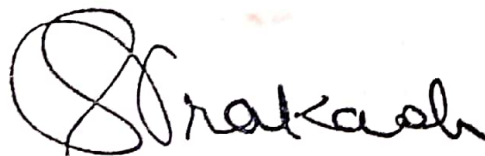
(V. RAMANATHAN)

Accountant General-II, Orissa

BHUBANESWAR,

The

Countersigned



(GIAN PRAKASH)

Comptroller and Auditor General of India

NEW DELHI,

The

APPENDIX

APPENDIX

(Reference : Paragraph 1.4, page 6)

STATEMENT SHOWING THE COST OF COLLECTION UNDER
THE PRINCIPAL HEADS OF REVENUE

Head of Account	Year	Gross collection	Expenditure on collection	Percentage of expenditure of gross collection
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(In crores of rupees)

1. Sales Tax	..	1978-79	55.18	1.52	2.8
		1979-80	65.95	1.68	2.5
		1980-81	76.64	1.89	2.5
2. Taxes on Vehicles	..	1978-79	7.16	0.27	3.8
		1979-80	8.29	0.55	6.6
		1980-81	9.70	0.28	2.9
3. State Excise	..	1978-79	7.19	0.86	12.0
		1979-80	7.82	0.94	12.0
		1980-81	9.17	0.99	10.8
4. Land Revenue (*)	..	1978-79	5.47	10.94	200.0
		1979-80	4.68	14.09	301.0
		1980-81	7.06	15.01	212.6
5. Stamps and Registration Fees		1978-79	6.56	0.74	11.3
		1979-80	7.21	0.92	12.8
		1980-81	7.82	0.89	11.4
6. Taxes and Duties on Electricity		1978-79	11.94	0.05	0.4
		1979-80	12.55	0.05	0.4
		1980-81	16.92	0.05	0.3
7. Forest (*)	..	1978-79	26.65	3.56	13.4
		1979-80	27.97	4.09	14.6
		1980-81	37.27	4.51	12.1

(*) The expenditure incurred under 'Land Revenue' and 'Forest' are meant for not only for collection of revenue but also for other administrative functions. Pro-rata distribution of expenditure for collection of revenue called for (July 1981) is still awaited (March 1982).



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