



REPORT

OF THE

Comptroller & Auditor General of India
for the year 1983-84
(REVENUE RECEIPTS)

GOVERNMENT OF HARYANA

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PREFATORY REMARKS

The Audit Report on Revenue Receipts of the Government of Haryana, for the year 1983-84, is presented in this separate volume. The Report has been arranged in the following order :—

- (i) Chapter 1 refers to trend of revenue receipts classifying them broadly under tax revenue and non-tax revenue, the variations between the Budget estimates and the actual receipts under principal heads of revenue, the revenue in arrears for collection and the audit objections and inspection reports outstanding for settlement.
- (ii) In Chapters 2 to 6 are set out some of the important irregularities which came to the notice of Audit during test check of records relating to Sales Tax, State Excise, Taxes on Motor Vehicles and Other Tax and Non-Tax Receipts.

CHAPTER 1

GENERAL

1.1. Trend of Revenue Receipts

The tax and non-tax revenue raised by the Government of Haryana during the year 1983-84, the share of taxes and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding two years are given below :—

| | 1981-82 | 1982-83 | 1983-84 |
|--|-----------------------|---------|---------|
| | (In crores of rupees) | | |
| I. Revenue raised by the State Government— | | | |
| (a) Tax Revenue | 2,90.62 | 3,36.68 | 3,65.88 |
| (b) Non-Tax Revenue | 1,37.98 | 1,59.88 | 1,79.54 |
| Total (I) | 4,28.60 | 4,96.56 | 5,45.42 |
| II. Receipts from Government of India— | | | |
| (a) State's share of net proceeds of divisible Union Taxes | 68.03 | 72.60 | 80.78 |
| (b) Grants-in-aid | 39.44 | 42.46 | 72.40* |
| Total (II) | 1,07.47 | 1,15.06 | 1,53.18 |
| III. Total receipts of the State (I+II) | 5,36.07 | 6,11.62 | 6,98.60 |
| IV. Percentage of I to III | 80 | 81 | 78 |

*For details see Statement No. 11—Detailed accounts of revenue by minor heads in the Finance Accounts of the Government of Haryana 1983-84.

(i) The details of the tax revenue raised during the year 1983-84 alongside figures for the preceding two years are given below :—

| | 1981-82 | 1982-83 | 1983-84 | Percentage Increase (+) or Decrease (—) in 1983-84 over 1982-83 |
|--|---------|---------|---------|--|
| (In crores of rupees) | | | | |
| 1. Sales Tax | 1,38.37 | 1,59.26 | 1,66.52 | (+) 5 |
| 2. State Excise | 51.99 | 61.91 | 68.40 | (+) 10 |
| 3. Taxes on Goods and Passengers | 39.65 | 46.26 | 51.34 | (+) 11 |
| 4. Stamps and Registration Fees | 25.37 | 25.18 | 28.08 | (+) 12 |
| 5. Taxes and Duties on Electricity | 12.70 | 19.77 | 26.19 | (+) 32 |
| 6. Taxes on Vehicles | 10.75 | 11.54 | 12.65 | (+) 10 |
| 7. Land Revenue | 3.64 | 3.38 | 3.76 | (+) 11 |
| 8. Other Taxes and Duties on Commodities and Services | 8.15 | 9.38 | 8.94 | (—) 5 |
| Total | 2,90.62 | 3,36.68 | 3,65.88 | (+) 9 |

(a) Increase in sales tax receipts as compared to previous year was stated by the department to be due to speedy disposal of pending assessments and better realisation of arrears.

(b) Increase in state excise receipts as compared to previous year was attributed to higher bids received on auction of licences for vending liquor and more sale of country liquor.

(c) Increase in receipts from taxes on goods and passengers as compared to previous year was due to increase in traffic and better control and supervision by the department.

(d) The increase in stamp and registration fee receipts as compared to previous year was stated to be due to increase in transactions in property.

(e) The increase in receipts from electricity duty as compared to previous year was mainly due to more sale of electricity.

(ii) The details of the major non-tax revenues received during the year 1983-84 alongside figures for the preceding two years are given below :—

| | 1981-82 | 1982-83 | 1983-84 | Percentage Increase (+) or Decrease (—) in 1983-84 over 1982-83 |
|--------------------------------------|----------------|----------------|----------------|---|
| (In crores of rupees) | | | | |
| 1. Road and Water Transport Services | 59.03 | 66.17 | 73.75 | (+)11 |
| 2. Interest | 39.88 | 46.95 | 53.03 | (+)13 |
| 3. Miscellaneous General Services | 3.63 | 8.23 | 10.93 | (+)33 |
| 4. Medical | 0.99 | 3.08 | 2.83 | (—) 8 |
| 5. Mines and Minerals | 1.72 | 2.41 | 4.04 | (+)68 |
| 6. Others | 32.73 | 33.04 | 34.96 | (+) 6 |
| Total | <u>1,37.98</u> | <u>1,59.88</u> | <u>1,79.54</u> | <u>(+)12</u> |

(a) Increase in receipts under road and water transport services was due to increase in the services provided.

(b) More receipts from interest were due to larger receipts of interest from departmental commercial undertakings and Public sector undertakings.

(c) Increased receipts under mines and minerals were due to forfeiture of security on non-fulfilment of contracts.

1.2. Variations between Budget estimates and actuals

The variations between the Budget estimates of revenue for the year 1983-84 and the actual receipts, alongside figures for the preceding two years, are given in detail in Appendix—I.

The actual receipts were less than the budget estimates for 1983-84 under the revenue heads sales tax, taxes on goods and passengers, stamp duty and registration fee and road and water transport services. The budget estimates would appear to have been high in view of the fact that actual receipts in 1983-84 were more than in the previous year.

1.3. Cost of collection

Expenditure incurred in collecting the major revenue receipts during the year 1983-84 and figures for the two preceding years are given in Appendix—II.

1.4. Frauds and evasions of taxes

(i) The number of cases of frauds and evasions of taxes detected and assessments finalised in respect of such

cases, as reported by the department, are given below :—

| | Taxes on Goods and Passen- gers | Sales Tax | Enter- tainment Tax | State Excise |
|--|---|--------------|---------------------------|-----------------|
| (1) | (2) | (3) | (4) | (5) |
| 1. Number of cases pending on 1st April 1983 | 213 | 681 | 2 | Nil |
| 2. Number of cases detected during 1983-84 | 1,026 | 3,958 | 107 | 197 |
| 3. Number of cases in which proceedings against the defaulters were completed during 1983-84 | 981 | 4,185 | 92 | 197 |
| 4. Number of cases pending on 31st March 1984 | 258 | 454 | 17 | Nil |

(ii) Penalties amounting to Rs. 86.51 lakhs were imposed and realised in 4,920 cases, as per the details given below :—

| Serial number | Source of revenue | Number of cases | Amount (In lakhs of rupees) |
|------------------|-------------------------------|--------------------|-----------------------------------|
| 1. | Sales Tax | 3,787 | 82.79 |
| 2. | Taxes on Goods and Passengers | 844 | 1.04 |
| 3. | State Excise | 197 | 1.58 |
| 4. | Entertainment Tax | 92 | 1.10 |
| Total | | 4,920 | 86.51 |

1.5. Uncollected revenue

The details of arrears of revenue (where it exceeded Rs. 5.00 lakhs) pending collection as on 31st March 1984 under certain principal heads of revenue, reported by the departments, are given in Appendix—III.

1.6. Outstanding inspection reports

Audit observations on financial irregularities, defects in initial accounts and under-assessments of tax noticed during local audit and not settled on the spot are communicated to the Heads of Offices and to the next higher departmental authorities through local audit inspection reports. The more important irregularities are reported to the Heads of departments and to Government. Government have directed that first replies to inspection reports should be sent within six weeks. Half-yearly reports of audit objections outstanding for more than six months are also forwarded to Government to expedite their settlement.

As at the end of November 1984, 1,396 inspection reports (issued upto March 1984), containing 10,702 audit objections, remained to be settled. Figures for the two preceding years are also given below :—

| | As at the end of | | |
|--------------------------------------|------------------|------------------|------------------|
| | November 1982 | November 1983 | November 1984 |
| Number of inspection reports | 1,026 | 1,232 | 1,396 |
| Number of unsettled audit objections | 8,354 | 9,650 | 10,702 |

Year-wise break-up of the outstanding inspection reports is given below :—

| Year | | Number of inspection reports | Number of audit ob- jections |
|------|---------|------------------------------------|------------------------------------|
| | (1) | (2) | (3) |
| Upto | 1979-80 | 593 | 3,989 |
| | 1980-81 | 153 | 1,182 |

| (1) | (2) | (3) |
|---------|-------|--------|
| 1981-82 | 180 | 1,458 |
| 1982-83 | 265 | 2,129 |
| 1983-84 | 205 | 1,944 |
| Total | 1,396 | 10,702 |

In respect of 81 inspection reports, issued between March 1982 and March 1984, even the first replies had not been received (November 1984). The break-up of the outstanding audit objections is given in Appendix—IV.

CHAPTER 2

SALES TAX

2.1. Results of Audit

The test check of sales tax assessments and other records in twelve districts (in 18 offices), conducted in audit during the year 1983-84, revealed under-assessment of tax amounting to Rs. 1,30.09 lakhs in 744 cases, which broadly fall under the following categories :—

| | Number of cases | Amount (In lakhs of rupees) |
|---|--------------------|-----------------------------------|
| 1. Under-assessment of tax under Central Sales Tax Act | 52 | 21.50 |
| 2. Incorrect computation of turnover | 185 | 33.88 |
| 3. Non-levy or short levy of penalty | 109 | 32.30 |
| 4. Non-recovery of interest | 229 | 25.98 |
| 5. Application of incorrect rate of tax | 16 | 3.58 |
| 6. Others | 153 | 12.85 |
| | <hr/> 744 | <hr/> 1,30.09 |

Out of 744 cases pointed out in audit, the department has since effected recovery in 80 cases amounting to Rs. 1.43 lakhs. In 20 cases (involving revenue amounting to Rs. 5.39 lakhs), audit objections have been admitted and report on recovery is awaited. In 644 cases, replies are awaited from the department (December 1984).

Some of the important cases are mentioned in the following paragraphs.

2.2. Registration of dealers under Sales Tax Act

In Haryana, sales tax is levied under the Haryana General Sales Tax Act, 1973, the Haryana Motor Spirit (Taxation of Sales) Act, 1939 and the Central Sales Tax Act, 1956. Under the State General Sales Tax Act, a dealer who is a trader is required to register himself and pay tax, if his gross turnover exceeds Rs. 1.00 lakh in a year. A dealer who is a manufacturer is required to register himself, if his turnover exceeds Rs. 25,000 in a year. *Halwaies* are required to register themselves if their turnover exceeds Rs. 40,000 in a year. The dealers are required to get themselves registered under the Central Sales Tax Act also, if they engage in inter-State sales or purchases for any amount. On mis-representation that any goods are covered by registration certificate, when in fact they are not covered, penalty is leviable not exceeding one and a half times the amount of tax.

The number of registered dealers has been increasing in the last three years, as detailed below :—

| Year | Registered under | Number of dealers registered during the year | Number of registered dealers whose registrations were cancelled during the year | Number of dealers at the end of the year |
|---------|---------------------|--|---|--|
| 1980-81 | (a) The State Act | 6,732 | 2,926 | 54,546 |
| | (b) The Central Act | 6,041 | 2,889 | 49,779 |
| 1981-82 | (a) The State Act | 6,567 | 3,132 | 57,981 |
| | (b) The Central Act | 6,179 | 2,413 | 53,545 |
| 1982-83 | (a) The State Act | 5,887 | 3,430 | 60,438 |
| | (b) The Central Act | 5,791 | 3,567 | 55,769 |

(i) *Non-registration of dealers*

(a) In July 1980, a special campaign was organised for conducting an exhaustive survey to unearth un-registered dealers, who were liable for registration under the Sales Tax Acts. But some of the officers were engaged on regular assessment work in 1980-81, instead of survey and follow-up work. 238 dealers in Ambala, 161 in Karnal, 56 in Faridabad and 17 in Gurgaon were detected as being liable for registration. But no follow-up action was taken to get them registered as dealers.

(b) Six contractors of Ambala district engaged in sale of minor minerals such as slate, sand, stone, boulders, bajri, timber and bamboos had turnover in excess of the prescribed limit for registration during the years 1978-79 to 1982-83. These dealers were, however, not registered under the Act. On turnover amounting to Rs. 30.23 lakhs, tax amounting to Rs. 2,15,840 was not assessed.

(c) On inter-State purchase of plastic powder, valuing Rs. 6,87,520, made during the years 1975-76, 1977-78 and 1978-79, tax was levied at concessional rate under the impression that the goods purchased were covered by the registration certificate though they were in fact not covered. Tax amounting to Rs. 41,251 and penalty for mis-representation were not levied.

(ii) *Failure to check genuineness of sureties*

Under the Haryana General Sales Tax Rules, 1975, before registering a dealer, after checking on his financial position, the genuineness of persons standing surety is also to be verified.

(a) Demand for Rs. 96,781 was raised in March 1980 against a dealer registered in August 1979. But only Rs. 7,000 could be recovered in March 1984. The dealer had closed down his business. The surety furnished was defective. One surety was a defaulter in his own assessments for the year 1978-79 and this was lost sight of while accepting him as surety. The second surety withdrew, saying that signatures on the bond were

fictitious and his registration number recorded on the bond was incorrect. The non-verification of the sureties before registration resulted in loss of tax revenue amounting to Rs. 89,781.

(b) A dealer (a registered firm) of Gurgaon had closed down his business in April 1975 and applied for cancellation of his registration certificate. A sum of Rs. 4.47 lakhs was due from him for the years 1970-71 to 1973-74. No surety bond had been obtained after change in partnership of the firm in August 1971. The department stated (February 1984) that efforts were being made to recover the amount as arrears of land revenue.

(c) A sum of Rs. 1.79 lakhs was recoverable as tax (and other dues) in respect of the years 1969-70 to 1971-72 from a dealer of Gurgaon who closed his business in August 1972. The outstanding dues were not realised. Whereabouts of one of the sureties were not known to the department and the second surety withdrew in January 1970. The department had not obtained another surety. The department stated in February 1984 that the amount was being written off.

(d) Three sureties furnished by a dealer of Gurgaon withdrew in June 1980. The department did not obtain fresh sureties immediately. In the meantime, the dealer applied for cancellation of his registration certificate from September 1980. The assessment for the year 1979-80 had not been finalised. In December 1981, demand for Rs. 3.06 lakhs was raised for the year 1979-80 and could not be realised because the assessee had closed down his business and his whereabouts were not known to the department. The department stated in February 1984 that efforts were being made to recover the amounts as arrears of land revenue.

The above findings were reported to Government in August 1984; their reply is awaited (December 1984).

2.3. Failure to detect suppression of purchases

Under the Haryana General Sales Tax Act, 1973, a registered dealer on furnishing a declaration is allowed

to purchase, without payment of sales tax, containers and packing material and other goods for use by him in the manufacture, in the State, of any goods other than tax free goods (goods sale of which is not taxable) for the purpose of sale in the State or sale in the course of inter-State trade or commerce or sale in in the course of export out of the territory of India.

Three dealers of Faridabad sold containers valuing Rs. 10.04 lakhs during the years 1973-74 to 1976-77 to a registered dealer without recovery of tax on the basis of the said declarations produced in support (given by the purchasing dealer) of the sales. But the purchasing dealer did not account for these purchases in his account books and gave a wrong affidavit at the time of assessment that no local purchases were made by him during the said assessment years against his registration certificate. This contradiction was over-looked by the department, resulting in short levy of tax by Rs. 33,158 on the purchasing dealer.

On the failure being pointed out in audit (January 1979), the assessing authority levied additional tax on the purchasing dealer in February 1979 amounting to Rs. 33,158. The demand was set aside on appeal on the question of quantum of tax leviable. The case was remanded (June 1984) to the assessing authority for *de-novo* assessment after determining the value of raw material for manufacturing containers purchased from within the State and used in goods transferred to places outside the State. Report on rectification is awaited (December 1984).

The case was reported to Government in December 1978; their reply is awaited (December 1984).

2.4. Non-levy of tax

(i) Under the Haryana General Sales Tax Act, 1973, with effect from 7th September 1976, on sale of rice (one of the declared goods), tax is leviable at the point of first sale in the State. The sale tax levied is, however, to be reduced by the amount of purchase tax paid in the State on paddy out of which rice is husked.

The Supreme Court has held* (December 1977) that even obligatory transactions required under a Statute but having element of mutual consent, are sales and are liable to sales tax.

(a) In Kurukshetra, on sale of rice amounting to Rs. 6,16.06 lakhs made by seventeen dealers to the District Food and Supplies Controller during the years 1976-77 and 1977-78, tax amounting to Rs. 4.94 lakhs (after allowing rebate for tax paid on sale of paddy) was leviable, but was not levied.

On the omission being pointed out in audit (March 1980), the department raised (May 1984 to July 1984) demand for Rs. 1.97 lakhs in nine cases and initiated action (between April 1982 and September 1983) to rectify the assessment in the remaining cases. Report on rectification and recovery is awaited (December 1984).

(b) Sixteen dealers in Kurukshetra, Hissar and Sirsa sold rice valuing Rs. 5,26.30 lakhs to the District Food and Supplies Controllers during the years 1976-77 to 1979-80. They claimed that there was no sale and the rice was acquired by Government under the levy scheme. The claim was wrongly accepted by the assessing authority, which resulted in short levy of tax by Rs. 3.63 lakhs.

On the mistake being pointed out in audit (between January 1979 and August 1983), the department initiated action to rectify the mistake. Report on rectification is awaited.

(c) In 1977-78, a dealer of Kurukshetra sold rice valuing Rs. 23.17 lakhs (including bardana valuing Rs. 0.77 lakh) to the District Food and Supplies Controller under the levy scheme on which sales tax was not levied, even though it was leviable. The mistake resulted in tax being levied short by Rs. 13,360.

On the mistake being pointed out in audit (February 1983), the case was referred (December 1983) to

*M/s Vishnu Agencies Private Limited v/s Commercial Tax Officer (1978) 42-STC-31.

the revisional authority who remanded (June 1984) the case to the assessing authority for re-assessment. Report on rectification is awaited (December 1984).

(d) In Kurukshetra, on sale of rice amounting to Rs. 32.18 lakhs made by a dealer to the District Food and Supplies Controller during the year 1977-78, tax was not levied under the mistaken view that it was a compulsory acquisition by the said authority under the levy scheme. The non-levy of tax was incorrect in view of the aforesaid decision of the Supreme Court and the need to view a statutory sale also as a sale. The mistake resulted in under-assessment of tax by Rs. 14,470 (after adjusting purchase tax paid on sale of paddy valuing Rs. 28.57 lakhs).

On the mistake being pointed out in audit (February 1983), the department initiated action (December 1983) to rectify the mistake. Report on rectification is awaited.

(ii) Under the Haryana General Sales Tax Act, 1973, sale of goods exported out of India are not subject to tax. Before the amendment of Section 5 of the Central Sales Tax Act, 1956 (with effect from 1st April 1976), it was held* by the Supreme Court (on 16th April 1975) that exports out of India which are not made directly to the foreign buyers, but are arranged through the agency of some other firm in India are not sales in the course of export out of India and are subject to tax.

On export sales amounting to Rs. 42.47 lakhs for the years 1970-71 and 1971-72 made by a dealer of Sonepat, tax was not levied although the exports had not been made by the dealer direct, but had been arranged through other agencies at Bombay and New Delhi. In the result, tax amounting to Rs. 4.25 lakhs was not realised.

On the irregularity being pointed out in audit (May 1980), the department raised (October 1983) further demand for Rs. 4.25 lakhs. Report on recovery is awaited (December 1984).

*M/s Mohamad Sarajuddin v/s State of Orissa (36-STC-136).

(iii) As per the Haryana General Sales Tax Act, 1973, on sale of paper (other than news print), card board, straw board and their products, tax is leviable at the point of first sale in the State. Sale of such goods to registered dealers is not exempt from tax.

On sales of craft paper and paper cones amounting to Rs. 1.60 lakhs made by a dealer of Hissar to other registered dealers during the years 1979-80 and 1980-81, tax amounting to Rs. 11,418 was leviable, but was not levied.

On the omission being pointed out in audit (October 1983), the department referred (May 1984) the case to the revisional authority for *suo moto* revision. Report on rectification is awaited (December 1984).

The above cases were reported to Government between March 1980 and June 1984; their reply is awaited (December 1984).

2.5. Mistakes in computation of tax

(i) Under the Central Sales Tax Act, 1956, on inter-State sales made to registered dealers, tax is leviable at concessional rates provided such sales are supported by valid declarations from the purchasing dealers.

(a) On inter-State sales amounting to Rs. 2.26 lakhs made by a dealer of Hissar during the year 1973-74, tax was levied at concessional rates of 2 per cent and 3 per cent, even though the sales were not supported by the prescribed declarations. The irregular grant of concession resulted in tax being levied short by Rs. 16,083.

On the irregularity being pointed out in audit (February 1979), the department stated (August 1983) that the case was pending with the revisional authority. Report on rectification is awaited (December 1984).

(b) On inter-State sales of barley ghat (not a food grain) valuing Rs. 2.94 lakhs made by two dealers of Gurgaon during the year 1975-76, tax was levied at the lower rate of 3 per cent upto 30th June 1975 and at 4 per cent thereafter. However, these sales were not

supported by the prescribed declarations and were therefore taxable at 10 per cent. The mistake resulted in tax being levied short by Rs. 18,693.

On the mistake being pointed out in audit (September 1980) the department initiated (January 1984) rectificatory action. Report on rectification is awaited (December 1984).

(c) On sales amounting to Rs. 55,025 made by a dealer of Sonapat to a dealer of Andhra Pradesh during the year 1976-77, tax was levied at the rate of 4 per cent. The supporting declaration furnished by the purchasing dealer was not relevant and it pertained to a different purchase for Rs. 2,500 and not that for Rs. 55,025. The improper scrutiny of the declaration by the assessing authority resulted in Central sales tax being realised short by Rs. 10,085.

On the irregularity being pointed out in audit (September 1980), the department raised (December 1983) demand for Rs. 10,085 (Rs. 3,335 towards tax and Rs. 6,750 as penalty) and recovered the amount (January 1984).

(ii) As per provisions of the Haryana General Sales Tax Act, 1973, when sales are made by one registered dealer to another registered dealer and the sales are supported by prescribed declarations given by the purchasing dealer to that effect, the selling dealer is allowed to exclude such sales in arriving at his taxable turnover.

(a) Two dealers of Rohtak and Hissar districts were allowed deductions amounting to Rs. 3.29 lakhs while assessing their sales made during the years 1980-81 and 1981-82. The deductions were allowed in respect of sales to registered dealers which were made against declarations. But the declarations were invalid. Failure to notice the same resulted in tax being levied short by Rs. 17,746.

On the failure being pointed out in audit (August 1982 and October 1983), the department raised demand for Rs. 17,746 and recovered the amount in August 1983 and July 1984.

(b) Four dealers of Jagadhri were allowed to exclude sales amounting to Rs. 3.84 lakhs on account of such sales being sales to registered dealers. The prescribed declarations given by the purchasing dealers in respect of such sales during the years 1978-79 and 1979-80 were furnished. But the purchasing dealers were ones who had already been declared as being bogus dealers. The declarations given by them were, therefore, not valid. Acceptance of the declarations without scrutiny resulted in tax being levied short by Rs. 15,365.

On the irregularity being pointed out in audit (May and June 1983), the department raised (May to August 1983) demand for Rs. 15,365. Report on recovery is awaited.

(iii) As per a Government notification issued on 5th May 1973, on sale of any goods made to Government departments, tax is leviable at four per cent, if the sale is supported by declarations given by the purchasing department to that effect; otherwise the rate of tax is ten per cent.

A dealer of Jind district sold goods valuing Rs. 2.25 lakhs to Government departments during the year 1977-78 and was assessed to tax at the rate of four per cent. In his returns, the dealer furnished declarations in support of sales for only Rs. 1.82 lakhs, out of which declarations for Rs. 1.62 lakhs related to the previous year and were not valid. The improper scrutiny of declarations resulted in under-assessment of tax by Rs. 13,780.

On the mistake being pointed out in audit (May 1983), the department initiated action (October 1983) for rectification of the mistake. Report on rectification is awaited (December 1984).

(iv) Under the Haryana General Sales Tax Act, 1973, when a dealer, liable to pay tax under the Act, purchases goods in the State and exports them outside the State in circumstances in which no tax is payable, he shall be liable to pay tax on the purchase value thereof.

In respect of paddy valuing Rs. 12.62 lakhs, which was purchased by a dealer of Hissar district from within the State and was transferred by him on a consignment basis to his branches outside the State during the year 1975-76, purchase tax amounting to Rs. 51,483 was leviable. But the tax was not levied.

On the omission being pointed out in audit (September 1977), rectificatory action was initiated and *de-novo* assessment had been ordered. Report on re-assessment is awaited (December 1984).

The above cases were reported to Government between June 1978 and May 1984; their reply is awaited (December 1984).

2.6. Short levy due to application of incorrect rate of tax

(i) Under the Haryana General Sales Tax Act, 1973, on sale of rice bran, which is an unclassified item, tax is leviable at the general rate of seven per cent.

(a) On sales of rice bran amounting to Rs. 16.61 lakhs, made by two dealers of Kurukshetra during the years 1976-77 and 1977-78, tax was levied at 4 per cent instead of at 7 per cent. The mistake resulted in tax being levied short by Rs. 49,830.

On the mistake being pointed out in audit (February 1983), the department referred one case for *suo moto* revision and remanded the other for re-assessment. Report on action taken is awaited (December 1984).

(b) On sale of rice bran amounting to Rs. 2.98 lakhs, made by six dealers of Kaithal during the years 1977-78 to 1979-80, tax was incorrectly levied at 4 per cent instead of at 7 per cent. The mistake resulted in tax being levied short by Rs. 10,257.

On the mistake being pointed out in audit (March 1983), the department raised (between January 1984 and March 1984) an additional demand for Rs. 10,257 which was realised (during the period from January 1984 to June 1984).

(ii) As per a notification issued on 20th September 1979, on inter-State sale of copper wire rods, the rate

of tax was reduced from four per cent to one per cent for a period of six months from 20th September 1979 to 19th March 1980. But from 20th March 1980, tax was leviable at 4 per cent.

On sales amounting to Rs. 12.84 lakhs made by a dealer of Faridabad during the year 1980-81, tax was levied at the concessional rate of 1 per cent instead of at 4 per cent. The mistake resulted in the tax being levied short by Rs. 38,526.

On the mistake being pointed out in audit (January 1984), the department raised (February 1984) additional demand for Rs 38,526. Report on recovery is awaited.

(iii) Under the Central Sales Tax Act, 1956, coal (including coke in all its forms but excluding charcoal) is classified under goods of special importance in inter-State trade or commerce and on their sale tax is leviable at 4 per cent. As clarified by the Excise and Taxation Commissioner in January 1982, coal briquettes are not so classified under the Act and on their sale tax is leviable at the general rate of seven per cent.

On sale of coal briquettes amounting to Rs. 5,59,894, made by a dealer of Jind during the year 1980-81, tax was levied at 4 per cent instead of at 7 per cent. The mistake resulted in tax (including surcharge) being levied short by Rs. 17,581.

On the mistake being pointed out in audit (October 1983), the department initiated action (December 1983) for rectification of the assessment. Report on the rectification is awaited (December 1984).

The above cases were reported to Government between February 1983 and August 1984; their reply is awaited (December 1984).

2.7. Irregular grant of rebate

Under the Haryana General Sales Tax Act, 1973, tax on rice (a declared good) is leviable at the point of first sale in the State. If rice so purchased is sold in the course of inter-State trade or commerce, Central sales tax is leviable and on payment of that tax, the

assessee can separately claim refund of tax paid under the State Act on the purchase value of the goods. If a dealer does not pay the tax due from him, according to his return, by the due date, he is liable to pay, in addition to the tax due, simple interest on the amount due.

In Jind, a dealer in rice was assessed in December 1982 under the Central Sales Tax Act and demand for Rs. 1.44 lakhs was raised, which included advance tax of Rs. 1.43 lakhs not paid by the dealer along with his returns. Interest amounting to Rs. 22,816 for the period upto March 1983, on tax not paid with the returns, was, however, not charged. Further, in March 1983, irregular rebate amounting to Rs. 1.33 lakhs was given towards tax already paid on paddy, though the dealer had purchased only rice.

On the grant of irregular rebate and non-charging of interest being pointed out in audit (September 1983), the department initiated rectificatory action (January 1984) and the case had been remanded for *de novo* assessment.

The case was reported to Government in September 1984; their reply is awaited (December 1984).

2.8. Penalty not levied

(i) Under the Haryana General Sales Tax Act, 1973 as well as the Central Sales Tax Act, 1956, if a dealer has maintained false or incorrect accounts, with a view to suppressing his sales, purchases or stocks of goods, or has concealed any particulars of his sales or purchases, or has furnished to, or produced before any authority under the Act, any account, return or information, which is false or incorrect in any material particular, he is liable to pay, by way of penalty, in addition to the tax to which he is assessed or is liable to be assessed, an amount which shall not be less than twice and not more than ten times the amount of tax which would have been avoided, if the turnover as returned by such dealer had been accepted as correct.

(a) A dealer of Hissar maintained wrong and incorrect accounts during the year 1973-74 and suppressed

his inter-State sales valuing Rs. 13.56 lakhs and thereby evaded payment of tax amounting to Rs. 40,607 under the Central Act. In the assessment order (March 1978) it was stated that penalty would be levied separately but no such action to levy penalty was taken. Minimum penalty leviable was Rs. 81,214.

On the omission being pointed out in audit (January 1979), the department raised (June 1984) demand for Rs. 81,214. Report on recovery is awaited (December 1984).

(b) In Sirsa, a dealer suppressed his sales amounting to Rs. 6 lakhs during the year 1976-77. The department assessed the sales to tax, raising a demand for Rs. 24,000 but did not impose any penalty, although a minimum penalty of Rs 48,000 was leviable.

On the omission being pointed out in audit (September 1982), the department initiated (April 1984) rectificatory action. Report on rectification is awaited (December 1984).

(c) A dealer of Faridabad suppressed his sales amounting to Rs. 1.49 lakhs made during the year 1979-80. The department assessed the sales to tax, but did not impose any penalty, though minimum penalty of Rs. 30,332 was leviable.

On the omission being pointed out in audit (July 1983), the department initiated rectificatory action. Report on rectification is awaited (December 1984).

(d) A dealer of Hissar suppressed his sales during the year 1973-74, which resulted in short realisation of tax by Rs. 2,519 under the State Act and by Rs. 4,051 under the Central Act. While levying tax on the suppressed sales, the assessing authority indicated in the assessment order (March 1978) that penalty would be levied separately. However, no penalty was levied.

On the omission to levy penalty being pointed out in audit (February 1979), the department raised a demand for Rs. 30,000 (February 1982) and recovered the amount between November 1983 and January 1984.

(e) In the year 1979-80, a dealer of Sirsa did not account for purchases amounting to Rs. 24,231, which the department included in his sale turnover and duly assessed it to tax. It was stated in the assessment order that separate action would be taken against the dealer to levy penalty. But no penalty was levied.

On the omission to levy penalty being pointed out in audit (October 1983), the department raised (October 1983) a demand for Rs. 27,000, which was reduced (March 1984) to Rs. 10,800 by the appellate authority. The reduced amount was realised.

(ii) As per the Haryana General Sales Tax Act, 1973 and the Central Sales Tax Act, 1956, if a dealer fails to pay tax along with the returns to be submitted by the prescribed date, the assessing authority may, after giving the dealer a reasonable opportunity of being heard, impose a penalty not exceeding one and a half times the amount of tax to which he is assessed or is liable to be assessed.

In Karnal and Faridabad, two dealers failed to pay tax along with their quarterly returns filed during the years 1975-76, 1976-77 and 1978-79. However, no penalty was imposed in respect of the default.

On the omission being pointed out in audit (April 1982 and March 1983), the department raised demand for Rs. 16,500 in March 1983 and October 1983 and recovered Rs. 6,000 (December 1983) as penalty. Report on recovery of the balance amount is awaited (December 1984).

(iii) Under the Haryana General Sales Tax Act, 1973, a dealer is required to furnish every quarter a return to the assessing authority within 30 days of the expiry of each quarter to which it relates. In the event of default, the assessing authority may, after giving the dealer a reasonable opportunity of being heard, direct him to pay penalty at a rate, which shall not be less than five rupees or more than ten rupees for every day during which the default continued.

A dealer in Panipat did not file quarterly returns of purchase tax for the years 1977-78 to 1979-80 by the

prescribed dates. The department finalised assessments, but did not impose any penalty, although minimum penalty of Rs. 22,305 was leviable.

On the omission being pointed out in audit (June 1982), the department initiated action (August 1983) to levy penalty. Report on action taken is awaited (December 1984).

(iv) Under the Haryana General Sales Tax Act, 1973, a dealer, on the authority of his certificate of registration, can purchase, without payment of tax, goods for certain specified purposes. If the dealer fails to make use of the goods so purchased for any of the specified purposes, the assessing authority may, after affording the dealer a reasonable opportunity of being heard, direct him to pay, by way of penalty, a sum not exceeding one and a half times the tax, that would have been payable under the Act, if such goods had not been purchased on the strength of registration certificate. Interest is also chargeable for delay in payment.

In 1979-80, a dealer of Faridabad purchased goods valuing Rs. 2.74 lakhs on the strength of his registration certificate without paying tax, but used the goods for purposes other than those for which they were purchased. The department finalised the assessment, raising a demand for Rs. 19,535, but did not levy any penalty nor charged any interest.

On the omission being pointed out in audit (December 1982), the department raised a further demand for Rs. 14,606 (March 1983) which was recovered in June 1983.

The above cases were reported to Government between May 1983 and August 1984; their reply is awaited (December 1984).

2.9. Interest not charged

The Haryana General Sales Tax Act, 1973 and the Central Sales Tax Act, 1956 require that a dealer should pay the tax due from him as per his return which is to be submitted by the prescribed date. In the

event of default, he is liable to pay , in addition to tax due, simple interest at one per cent per month for the first month and at one and a half per cent per month thereafter so long as default continues. Interest at above rates is similarly chargeable in case of a dealer, who fails to pay the tax demanded within the period specified in demand notice.

(i) Sixteen dealers in Faridabad, Sirsa, Sonapat and Rohtak did not pay tax due by the prescribed dates during the years 1975-76 to 1979-80. Demand for Rs. 12.42 lakhs of tax was raised by the department. But interest amounting to Rs. 4.33 lakhs, which was chargeable, was not demanded.

The omission to recover interest was pointed out in audit between March 1982 and October 1983; reply of the department is awaited.

(ii) In Rohtak, six brick kiln owners claimed deduction of Rs. 46.31 lakhs on their turnover for the years 1978-79 and 1979-80 towards sale of goods (bricks), which had already been taxed. The deduction was disallowed by the assessing authority on the ground that the dealers had purchased *kuchha* or sun-dried bricks, the sale of which was not taxable at the point of first sale in the State. Although tax was levied on sales amounting to Rs. 46.31 lakhs, interest amounting to Rs. 1.37 lakhs which was chargeable for non-payment of tax along with the returns was not demanded.

On the omission being pointed out in audit (September 1982 to November 1982), the department charged (between March 1983 and August 1984) interest amounting to Rs. 1.37 lakhs and recovered (January 1984) Rs. 73,425 in three cases. Report on recovery of balance of interest and action taken in the remaining cases is awaited (December 1984).

(iii) A dealer of Karnal had not paid the tax due as per quarterly returns filed during the years 1975-76 and 1976-77. The assessing authority did not realise interest amounting to Rs. 99,295 on the belated payment of tax.

On the omission being pointed out in audit

(March 1983), the department raised an additional demand for Rs. 99,295 (March 1983). Report on recovery is awaited (December 1984).

(iv) Two dealers of Sonapat paid tax due as per their quarterly returns for the years 1976-77 and 1978-79 after the prescribed dates. On the belated payments, interest amounting to Rs. 40,166 was not charged.

On the omission being pointed out in audit (May 1980 and May 1983), the department raised (April 1984 and June 1984) an additional demand for Rs. 43,357 as interest and for Rs. 3,000 as penalty. It recovered (August 1984) Rs. 36,339, in one case. Report on recovery in the other case is awaited (December 1984).

(v) A dealer of Hissar did not pay, within the prescribed period, tax amounting to Rs. 2.11 lakhs for the year 1976-77, which was demanded from him in March 1980. However, interest amounting to Rs. 37,296, which was chargeable for delay in payment was not demanded.

On the omission being pointed out in audit (December 1982), the department demanded interest amounting to Rs. 37,926 (March 1984) and recovered (August 1984) Rs. 7,000. Report on recovery of the balance amount is awaited (December 1984).

(vi) In Hissar, a dealer did not pay tax amounting to Rs. 3.70 lakhs for the first and second quarter of the year 1976-77 along with his returns. The assessing authority failed to charge interest on the delay in payment of tax.

On the omission being pointed out in audit (September 1981), the department demanded (July 1983) interest amounting to Rs. 22,529 and recovered the amount between December 1983 and March 1984.

(vii) Two dealers of Hissar had not paid the tax due along with their quarterly returns submitted during the year 1976-77. The assessing authority did not recover interest amounting to Rs. 15,119 on the belated payment of tax.

On the omission being pointed out in audit (December 1979), the department raised demand for Rs. 15,119 (July 1983) which was realised in December 1983 and January 1984.

(viii) A dealer in Faridabad district did not pay the full amount of tax due by the prescribed dates during the years 1976-77 to 1978-79. A demand for Rs. 0.46 lakh was raised, but interest for delay in payment of tax was not charged.

On the omission being pointed out in audit (August 1982), the department charged (October 1983) interest amounting to Rs. 14,826, which was realised in January 1984.

(ix) A dealer of Dabwali had not deposited Central sales tax amounting to Rs. 53,943 along with his second quarterly return for the year 1980-81. The assessing authority demanded (March 1982) the tax and stated in the assessment order that action to charge interest for delay in payment of tax would be taken separately, but no such action to charge interest was taken. The omission resulted in interest amounting to Rs. 13,500 not being realised.

On the omission being pointed out in audit (September 1983), the department stated (September 1983) that action was being taken to charge interest. Report on recovery is awaited (December 1984).

(x) Two dealers of Rohtak did not pay additional tax amounting to Rs. 1.87 lakhs relating to the years 1976-77, 1977-78 and 1979-80 by the specified dates. Interest amounting to Rs. 11,030, which was chargeable on belated payments was not demanded.

On the omission being pointed out in audit (January 1983), the department recovered (February 1983) Rs. 5,890. Report on recovery of the balance amount is awaited (December 1984).

The above cases were reported to Government between March 1983 and August 1984; their replies are awaited (December 1984).

2.10. Assessment in arrears

The number of sales tax assessments finalised by the Excise and Taxation Department during the year 1983-84 and the assessments pending finalisation as at the end of 1983-84 alongside figures for the preceding year are given below :—

| Year | Number of cases for disposal | Number of assessments completed | Number of assessments pending at the end of the year | Percentage of column (4) to column (2) |
|---------|------------------------------|---------------------------------|--|--|
| (1) | (2) | (3) | (4) | (5) |
| 1982-83 | 1,38,451 | 99,074 | 39,377 | 28 |
| 1983-84 | 1,45,429 | 1,05,762 | 39,667 | 27 |

CHAPTER 3

STATE EXCISE

3.1. Results of Audit

Test check of the records in departmental excise offices, conducted in audit during the year 1983-84, revealed short recovery and non-recovery of excise duty and other irregularities in 733 cases, which broadly fall under the following categories :—

| | Number of cases | Amount (In lakhs of rupees) |
|---|--------------------|-----------------------------------|
| (1) Loss of excise duty on re-auction of licences | 32 | 21.86 |
| (2) Non-levy of excise duty on beer | 2 | 13.56 |
| (3) Loss of excise duty due to excessive wastage or breakage in transit | 10 | 8.95 |
| (4) Non-recovery or short recovery of penalties and interest | 646 | 6.05 |
| (5) Other irregularities | 43 | 34.01 |
| Total | 733 | 84.43 |

Out of these 733 cases noticed in audit, the department had recovered Rs. 1.41 lakhs in 6 cases by September 1984. In 5 cases involving revenue of Rs. 0.51 lakh, the matter was stated to be under examination of the Excise and Taxation Commissioner. In 13 cases, action had been initiated by the department to recover the deficient amounts. In the remaining 709 cases, replies are awaited from the department (December 1984).

Some of the important cases are mentioned in the following paragraphs.

3.2. Non-recovery of licence fee and interest

(i) Under the Haryana Liquor Licence Rules, 1970, licences for vending country liquor and Indian made foreign liquor are granted on the basis of bids invited in auction. The successful bidder is required to deposit, by way of security, one-tenth of the licence fee within a period of seven days from the date of auction and to pay the licence fee in ten monthly instalments. If a licensee fails to pay any instalment of licence fee or part thereof by the 20th day of a month, he shall be liable to pay interest at the rate of 15 per cent per annum from the first day of the relevant month up to the date of payment. In the event of failure to pay any instalment or instalments along with interest, where due, the licence for vending is also liable to be cancelled and re-auctioned at the risk and expense of the original licensee.

(a) In Jind, eight licences for sale of liquor during the year 1979-80 were auctioned in March 1979 for Rs. 59.79 lakhs. The licensees failed to pay the monthly instalments falling due after the quarter October to December 1979. Instead of cancelling the licences and re-auctioning them at the risk and expense of the licensees, as provided for in the rules, the licensees were allowed to continue their business and receive and sell liquor. The fees due from the licensees as on 31st March 1980 (after adjusting their security deposits) amounted to Rs. 9.03 lakhs. Further, interest amounting to Rs. 5.24 lakhs was recoverable from the licensees upto March 1984.

On the irregularity being pointed out in audit in November 1980, the Government stated (September 1983) that re-auction of licences would have entailed heavy losses and affected auction in the ensuing year 1980-81. But the reply is silent on the absence in the rules of any discretion with the department to forgo revenue by not following the rules for holding re-auction at the risk and cost of the original licensees. Though, by implication, the rules were held to be counter-productive,

the rule making authority was not moved to change them or allow for the discretion of not following them. The department, however, stated in May 1984 that recovery of Rs. 0.97 lakh had since been effected (between August 1980 and January 1984) from the licensees. Report on recovery of the balance amount of Rs. 8.06 lakhs and interest of Rs. 5.24 lakhs is awaited (December 1984).

(b) In the year 1980-81, six licences for sale of country liquor and Indian made foreign liquor were given out in auction for an amount of Rs. 33.11 lakhs. After paying instalments aggregating Rs. 17.85 lakhs, the licensees defaulted in making further payments. The department cancelled the licences, adjusted security deposit of Rs. 3.32 lakhs and re-auctioned the licences for Rs. 9.12 lakhs in May 1980 and February 1981. The re-auction of the licences resulted in loss of Rs. 2.82 lakhs, which was not recovered from the original licensees.

On the omission being pointed out in audit (April 1982), the department stated (November 1983 and June 1984) that a sum of Rs. 1.45 lakhs had since been recovered from the original licensees between June 1982 and June 1984 and efforts were being made to recover the balance amount of Rs. 1.37 lakhs, together with re-sale expenses.

(c) In Ambala and Faridabad districts, monthly instalments of licence fee had not been paid by the licensees by the prescribed dates, in 141 cases, during the year 1982-83. Interest recoverable, but not demanded by the department, amounted to Rs. 2.67 lakhs.

On the omission being pointed out in audit (between September 1983 and December 1983), the department stated (between November 1983 and July 1984) that a sum of Rs. 0.91 lakh had since been recovered. Report on recovery of the balance amount of Rs. 1.76 lakhs is awaited (December 1984).

(ii) After amendment of the Haryana Liquor Licence Rules 1970, with effect from 1st April 1982, the successful bidder is required to deposit, by way of security, an amount equal to fifteen *per cent* of the amount bid for annual licence and to pay the balance of the licence fee in

ten monthly instalments, by the prescribed dates. In the event of default in the payment of a monthly instalment, the licence is liable to be cancelled and re-auctioned at the risk and cost of the original licensee.

In Faridabad, two licences for vending Indian made foreign liquor during the year 1982-83 were auctioned for Rs. 4.30 lakhs. The licensees failed to pay monthly instalments after July and August 1982. The department cancelled the licences and re-auctioned (August and September 1982) the licences for Rs. 1.67 lakhs. The re-auction resulted in shortfall in licence fee by Rs. 0.69 lakh. No action was taken to recover the deficient amount of Rs. 0.69 lakh from the original licensees.

On the omission being pointed out in audit (December 1983), the department stated (February 1984) that recovery certificates to recover the amount as arrears of land revenue had since been issued. Report on recovery is awaited (December 1984).

The above cases were reported to Government between August 1982 and December 1983; their reply is awaited (December 1984).

3.3. Irregular allowance towards wastage

The Punjab Brewery Rules, 1956 and the Punjab Excise Fiscal Orders, 1932, as applicable in Haryana, provide for making an allowance of ten per cent towards wastage of beer after it is brewed. The allowance for wastage is calculated only on the quantity of beer on which excise duty is leviable and not on beer cleared or kept under bond without payment of duty.

(i) In the year 1982-83, from a brewery in Murthal, 39.36 lakh bulk litres of beer were removed under bond without payment of duty. Claims for 10 per cent wastage on the clearance were allowed irregularly, resulting in short levy of duty by Rs. 6.05 lakhs.

The omission was pointed out in audit in November 1983; reply of the department is awaited (December 1984).

Similar cases of irregular grant of allowance for wastage were reported in paragraphs 4.1 (c), 4.2, 3.3 and

3.3 (ii) of the Audit Reports for the years 1977-78, 1978-79, 1981-82 and 1982-83, respectively.

(ii) The Punjab Chemical Works Rules, 1933, as applicable in Haryana, provide for an allowance of 20 *per cent* towards wastage of rectified spirit issued for the manufacture of tinctures and other medicines made direct from crude drugs, for purposes of levy of excise duty.

A Pharmaceutical unit in Jind was given an allowance towards wastage of rectified spirit, issued for manufacture of medicinal preparations, in excess of the prescribed limit. The mistake resulted in short levy of duty by Rs. 34,664.

On the omission being pointed out in audit (December 1983), the department admitted (August 1984) the mistake and issued orders for recovery of the amount. Report on recovery is awaited (December 1984).

The above cases were reported to Government in December 1983 and August 1984; their reply is awaited (December 1984).

3.4. Double credit for recovery

Under the Haryana Liquor Licence Rules, 1970, a successful bidder of country liquor is required to pay licence fee in eleven monthly instalments, by the 20th of each month, failing which he is liable to pay interest at the rate of 15 *per cent* per annum from the first day of the relevant month to the date of payment.

In Bhiwani, a sum of Rs. 15,000 was deposited by a licensee on 16th September 1982 as the monthly instalment. It was erroneously adjusted twice in the accounts of the two licensees. The double adjustment remained undetected by the department and no attestation of the recovery in the register was made by any officer.

On the mistake being pointed out in audit (February 1984), the department recovered (February 1984) Rs. 15,000 and stated (June 1984) that the mistake had occurred as the 'Karta' of both the licensees (H.U.Fs.) was the same. Interest amounting to Rs. 3,194 was chargeable for late deposit of fee, but only Rs. 1,313 was

recovered, in addition to penalty amounting to Rs. 100. Report on recovery of the balance amount of interest is awaited (December 1984).

The case was reported to Government in April 1984; their reply is awaited (December 1984).

3.5. Unauthorised issue of liquor without realisation of duty

Under the Punjab Excise Bonded Warehouse Rules, 1957, as applicable in Haryana, liquor can be removed from a warehouse either under bond or on payment of duty to places within or outside the State. But no liquor can be removed from a warehouse until it is checked and proved by the officer-in-charge of the warehouse and a transport pass is granted.

Under four permits issued in May 1982 and July 1982, the officers-in-charge of bonded warehouses in Rohtak and Hissar issued 810 proof litres of Indian made foreign liquor for purposes of vending in wholesale. But the quantity issued was in excess of the quantities authorised in the permits and also duty amounting to Rs. 17,820 was not realised.

On the irregularity being pointed out in audit (December 1983 and February 1984), the department recovered (December 1983) excise duty amounting to Rs. 14,850. Report on recovery of the balance amount and reasons for the unauthorised issue are awaited (December 1984).

The case was reported to Government in January 1984 and February 1984; their reply is awaited (December 1984).

CHAPTER 4

TAXES ON MOTOR VEHICLES

A—TRANSPORT DEPARTMENT

4.1. Results of Audit

During the period April 1983 to March 1984, test check of documents in the departmental offices, conducted in audit, revealed under-assessment of tax to the extent of Rs. 11.55 lakhs in 2,038 cases. The under-assessments were due to mistakes, which may be broadly categorised under the following heads :—

| | Number of cases | Amount (In lakhs of rupees) |
|--|--------------------|-----------------------------------|
| 1. Short levy of token tax | 131 | 6.23 |
| 2. Non-levy of token tax | 175 | 1.85 |
| 3. Short/non-realisation of composite fee | 202 | 1.43 |
| 4. Other reasons | 1,530 | 2.04 |
| Total | 2,038 | 11.55 |

Out of 2,038 cases of under-assessment pointed out in audit, the department had since taken rectificatory action and recovered Rs. 1.14 lakhs in 331 cases. In 481 cases, action had been initiated by the department to rectify and recover the amount under-assessed. In 1,226 cases, replies are awaited from the department (December 1984).

Some of the important cases are mentioned in the following paragraphs.

4.2. Failure to levy tax

Under the Punjab Passengers and Goods Taxation Rules, 1952, as applicable in the State of Haryana, every motor vehicle is required to be registered within fifteen days of the date of its purchase or the date of incurring the liability to pay the tax under the Act, whichever is earlier.

(i) In Dadri, Bhiwani, Gurgaon, Sonapat and Karnal, 588 public carrier vehicles (registered with the Registering and Licensing Authorities) had not been registered with the Excise and Taxation Department nor the goods tax in respect of them had been collected. The goods tax not collected amounted to Rs. 17.76 lakhs for different periods between July 1979 and March 1983.

On the omission being pointed out in audit (February 1984), the concerned Deputy Excise and Taxation Commissioners stated (February 1984) that it will have to be verified whether the vehicles were registered with any Deputy Excise and Taxation Commissioner in the State. Report on verification is awaited (December 1984).

(ii) In Gurgaon, Bhiwani, Sonapat and Karnal, 51 Auto-Rickshaws, which were registered under the Motor Vehicles Act, 1939, were not registered under the Punjab Passengers and Goods Taxation Act, 1952 and passenger tax amounting to Rs. 52,904 had not been realised.

On the omission being pointed out in audit (February 1984), the department stated that the matter was being looked into. Report on rectification is awaited (December 1984).

The above cases were reported to Government in October 1984; their reply is awaited (December 1984).

4.3. Short levy of tax

(i) Under the Punjab Motor Vehicles Taxation Act, 1924, as applicable in Haryana and the notifications issued thereunder, tax on stage carriages plying for hire and used for the transport of passengers is levied at the rate of Rs. 550 per seat (excluding seat of the driver and conductor) per annum, subject to a maximum of Rs. 35,000.

In Hissar, Sirsa and Gurgaon in respect of 16 stage carriages for the years 1979-80 to 1982-83, tax was levied on lesser number of seats than the number for which the vehicles were registered with the Registering Authorities. The mistake resulted in short recovery of tax by Rs. 1,08,405.

On the mistake being pointed out in audit (February 1983 to September 1983) the Registering Authority, Gurgaon stated (February 1984) that notices had since been issued for effecting the recovery. Reply from other two authorities as also report on recovery is awaited (December 1984).

(ii) Under the Punjab Motor Vehicles Taxation Act, 1924 and the rules made thereunder, as applicable in Haryana, tax is leviable at the rate of Rs. 200 per seat per annum on contract carriages owned by a factory or religious institution and used exclusively for the carriage of its personnel or devotees.

In Bahadurgarh and Charkhi Dadri, on four buses owned by Cement Corporation of India and Bhakra Management Board and used exclusively for the carriage of its employees, tax was levied at the rate of Rs. 39.05, instead of at Rs. 200 per seat per annum during the years 1980-81 to 1983-84. The mistake resulted in short levy of tax by Rs. 34,997.

On the mistake being pointed out in audit (July 1982 and October 1983), the department recovered Rs. 28,122 between November 1982 and October 1983. Report on recovery of the balance amount is awaited (December 1984).

(iii) Under the Motor Vehicles Act, 1939, a certificate of fitness is required to be obtained in respect of transport vehicles before they are registered. Tax is leviable from the date of grant of certificate of fitness. Under the Punjab Motor Vehicles Taxation Act, 1924, as applicable in Haryana, any broken period in a quarter is considered as full quarter for the purpose of levy of token tax.

In five Registering Offices, tax was levied on 45 vehicles for the quarters following the quarter in which

certificate of fitness was granted. The mistake in not charging tax for the quarters in which certificates were granted resulted in short recovery of tax by Rs. 24,790.

On the mistake being pointed out in audit (between October 1982 and January 1984), one Registering Authority recovered (November 1982) Rs. 375 and issued notices for recovery of the balance amount. Report on rectification in other cases is awaited (December 1984).

The above cases were reported to Government between July 1982 and January 1984; their reply is awaited (December 1984).

4.4. Irregular grant of exemption or rebate

(i) Under the Punjab Motor Vehicles Taxation Act, 1924 and the rules framed thereunder, the vehicles owned and kept for use by departments of Central or State Government are exempt from payment of tax. This exemption is, however, not admissible in respect of vehicles owned by Government undertakings or autonomous bodies.

(a) In Rohtak and Ambala, tax amounting to Rs. 1.24 lakhs was not realised in respect of 30 vehicles belonging to nine autonomous bodies and corporations, for different periods between January 1980 and September 1983.

On the omission being pointed out in audit (October 1982 and October 1983), the Registering Authority, Rohtak stated (April 1983) that action to realise the amount was being taken. Reply in respect of other cases and report on recovery is awaited (December 1984).

(b) In the offices of nine Registering Authorities tax amounting to Rs. 19,179 was not realised in respect of 11 tractors owned by Market Committees and used for hire or reward during the years 1979-80 to 1982-83.

On the omission being pointed out in audit between June 1981 and February 1983, the department recovered Rs. 8,094 in respect of five tractors. Report on recovery in the remaining cases is awaited (December 1984).

(ii) The Punjab Motor Vehicles Taxation Act, 1924 and the rules framed thereunder, allow for exempting a person from payment of tax in respect of a vehicle for a quarter if he proves to the satisfaction of the licensing officer that he has not used or permitted the use of vehicle throughout the said quarters and he deposits the registration certificate with the licensing officer and also sends advance intimation of his intention not to use the vehicle during the quarter for which exemption is claimed.

(a) In Sonapat, Jagadhri, Jind and Bhiwani, the Haryana Roadways deposited registration certificates of 25 buses and claimed exemption from payment of tax. But for the period prior to the date of deposit of the registration certificates or conveyed intention of not using the vehicles, tax amounting to Rs. 1,84,140 had not been recovered.

On the omission being pointed out in audit (May 1982 to January 1984), the department stated (February 1984 and March 1984) that notices for recovery had since been issued in Sonapat, Bhiwani and Jind. Reply from the Registering Authority, Jagadhri as also report on recovery is awaited (December 1984).

(b) In Bhiwani and Jind, exemption from payment of tax amounting to Rs. 43,708 in respect of 5 vehicles owned by Haryana Roadways was allowed, even though the Roadways had neither deposited the registration certificates nor sent advance intimation of their intention of not using the vehicles.

On the omission being pointed out in audit (August 1981 and July 1982), the department stated (February 1984 and March 1984) that notices had since been issued to recover the amount. Report on recovery is awaited (December 1984).

(iii) Under the Punjab Motor Vehicles Taxation (Haryana Amendment) Act, 1970, if tax is paid for the whole of the financial year in advance by the date by which tax for the first quarter is payable, a rebate of 5 per cent is allowed.

(a) In Karnal, rebate of Rs. 27,027 was allowed on tax payable by Haryana Roadways for the year 1982-83, but the tax for whole of the financial year was paid after 30th April 1982, the date by which tax for first quarter was payable.

On the mistake being pointed out in audit (November 1983), the department stated (March 1984) that notices for recovery of the amount had been issued. Report on recovery is awaited (December 1984).

(b) On 19 buses owned by Haryana Roadways in Karnal, Sirsa and Bhiwani, rebate of 5 per cent was allowed on tax payable for the years 1979-80 to 1982-83. Subsequently, refund of tax claimed by Haryana Roadways in respect of vehicles not used during certain quarters in these years, was allowed. The rebate allowed was, however, not kept in view while allowing the refund, resulting in tax being refunded in excess by Rs. 15,695.

On the mistake being pointed out in audit (between January 1982 and September 1983), one Registering Authority recovered (October 1983) Rs. 7,722. Action to recover the balance amount was initiated by the other two Registering Authorities. Report on the recovery is awaited (December 1984).

(c) In Sirsa, Karnal, Kaithal and Jagadhri, five buses owned by Haryana Roadways were converted into trucks (between December 1974 and April 1982), but tax amounting to Rs. 21,600 was not recovered for different periods ranging between 1974-75 and 1982-83.

On the omission being pointed out in audit (between January 1982 and August 1983), the Registering Authority, Karnal stated (March 1984) that notices had since been issued (between August 1982 and March 1984) to recover the tax. Reply from the remaining Registering Authorities and report on recovery is awaited (December 1984).

The above cases were reported to Government between January 1982 and November 1983; their replies are awaited (December 1984).

4.5. Short recovery of fees

Under the National Permit Scheme, a composite fee is charged on grant of National Permit. If the permit is granted at any time after the first quarter of the financial year, the fee is charged *pro rata* for the quarters covered treating part of a quarter as a full quarter. Similar provisions exist under the zonal permit schemes. For delays in payment of fee, penalty is leviable.

(i) 84 national permits were issued in August and September 1981 by the Regional Transport Authority in Hissar. But composite permit fee was charged from the month of authorisation instead of for the full second quarter of 1981-82. The mistake resulted in fee being realised short by Rs. 85,189.

On the mistake being pointed out in audit (September 1983), the department recovered Rs. 36,715 in respect of 35 permits. Report on recovery in the remaining cases is awaited (December 1984).

(ii) On 23 zonal permits granted in August and September 1981, composite permit fee was charged from the month of authorisation instead of charging it fully for the second quarter. The mistake resulted in short realisation of fee by Rs. 18,485.

On the mistake being pointed out in audit (September 1983), the department stated (February 1984) that action was being taken to recover the amount. Report on recovery is awaited (December 1984).

(iii) In Faridabad and Ambala, composite permit fee in respect of 47 national permits for the year 1982-83 was not received in time, but penalty amounting to Rs. 13,815, which was leviable, was not levied.

On the omission being pointed out in audit (September 1983 and January 1984), the Regional Transport Authority, Faridabad stated (February 1984) that efforts were being made to recover the amount. Report on rectification in the other case is awaited (December 1984).

The above cases were reported to Government between September 1983 and January 1984; their replies are awaited (December 1984).

4.6. Non-renewal of registration of vehicles

Section 24(4) of the Motor Vehicles Act, 1939 was inserted by the Motor Vehicles (Amendment) Act, 1978. It provides that a certificate of registration is valid only for a period of 15 years from the date of issue. Thereafter, it is renewable on payment of a prescribed fee. No fee for renewal has been prescribed by the State Government so far. Fee for first registration is Rs. 20 for motor cycles or scooters; Rs. 75 for cars or jeeps and Rs. 125 for tractors.

In respect of 865 vehicles, registration certificate had become due for renewal, but registration had not been renewed. A sum of Rs. 50,695, which should have been realised as renewal fee (at rates for first registration), was lost to Government.

The failure to collect the fee for want of notification of rates was pointed out in audit between November 1983 and February 1984; reply of the department is awaited (December 1984).

The case was reported to Government between November 1983 and February 1984; their reply is awaited (December 1984).

B—EXCISE AND TAXATION DEPARTMENT

PASSENGER AND GOODS TAX

4.7. Short levy of goods tax

(i) Government, by a notification issued in September 1982 (effective from 1st October 1982), raised the lump sum tax, which was leviable on goods transported by private carriers, from Rs. 1,500 to Rs. 2,000 per annum.

In ten districts, the tax for the last two quarters of the year 1982-83 was erroneously levied at the old rate of Rs. 1,500 per annum. The mistake resulted in goods tax being levied short by Rs. 23,125.

On the mistake being pointed out in audit (between June 1983 and December 1983), the department recovered Rs. 8,125. Report on recovery of the balance amount is awaited (December 1984).

(ii) Under the Punjab Passengers and Goods Taxation Act, 1952 and the rules framed thereunder, as applicable in Haryana, where the tax charged on goods transported by private carrier vehicles is a lump sum, it is higher than the tax charged on vehicles plying under public carrier permits.

In Bhiwani district, on three vehicles owned by private agencies, goods tax for the years 1978-79 to 1982-83 was levied at the lower rates applicable to public carriers. The mistake resulted in goods tax being levied short by Rs. 14,688.

On the mistake being pointed out in audit (January 1983), the department stated (April 1983) that notices for recovery of the amount had since been issued. Report on recovery is awaited (December 1984).

The above cases were reported to Government between January and December 1983; their reply is awaited (December 1984).

4.8. Irregular grant of exemption

(i) As per notification issued on 28th July 1980 by Government under Section 10 of the Punjab Passengers and Goods Taxation Act, 1952, Government vehicles used for non-commercial purposes, are exempt from levy of goods tax. The exemption is not admissible in respect of vehicles belonging to commercial undertakings and autonomous bodies of the State Government.

In Karnal, goods tax amounting to Rs. 17,250, which was leviable for the period from April 1980 to September 1982, was not levied in respect of six vehicles belonging to four State Government undertakings.

On the omission being pointed out in audit (January 1983), the department stated (November 1983) that the recovery proceedings were in progress. Report on recovery is awaited (December 1984).

(ii) As per the Punjab Passengers and Goods Taxation Rules, 1952, as applicable in Haryana, the owner of a tractor used under public carrier permit is required

to pay lump sum tax of Rs. 450 per annum. On tractors with attached trolley which are owned by the Municipal Committees, levy of tax is not exempt.

In Narnaul, on five tractors with trollies which belonged to two Municipal Committees, tax amounting to Rs. 16,650 for various periods during the years 1972-73 to 1981-82 was not levied.

On the incorrect grant of exemption from tax being pointed out in audit in April 1983, the department recovered Rs. 9,900 (October 1984) in one case. Report on recovery in the other case is awaited (December 1984).

The above cases were reported to Government between January 1983 and April 1983; their reply is awaited (December 1984).

4.9. Assessments in arrears

The number of goods and passengers tax assessments finalised by the Excise and Taxation Department during the year 1983-84 and assessments pending finalisation as at the end of the year, alongside pendency at the end of the preceding year, are given below :-

| Year | Number of cases for disposal | Number of assessments completed | Number of assessments pending at the end of the year | Percentage of column (4) to column (2) |
|---------|------------------------------|---------------------------------|--|--|
| (1) | (2) | (3) | (4) | (5) |
| 1982-83 | 405 | 331 | 74 | 18 |
| 1983-84 | 421 | 317 | 104 | 25 |

CHAPTER 5

OTHER TAX RECEIPTS

A—STAMP DUTY AND REGISTRATION FEE

5.1. Results of Audit

Test check of the records in departmental offices, conducted in audit during the year 1983-84, revealed short levy and non-levy of stamp duty and registration fee as also other irregularities, in 860 cases, which broadly fall under the following categories :—

| | Number of cases | Amount (In lakhs of rupees) |
|--|-----------------|-----------------------------------|
| 1. Irregular exemptions | 225 | 8.02 |
| 2. Short levy or non-levy of stamp duty and registration fee due to mis-classification | 150 | 4.69 |
| 3. Under-valuation of immovable properties | 60 | 2.37 |
| 4. Short levy due to mistakes in computation | 218 | 0.50 |
| 5. Other irregularities | 207 | 0.94 |
| Total | 860 | 16.52 |

Out of 860 cases pointed out in audit, the department had since taken rectificatory action in 116 cases and recovered Rs. 0.45 lakh. In 79 cases, action had been initiated by the department to recover an amount of Rs. 0.18 lakh. In 665 cases, replies are awaited from the department.

Some of the important cases are mentioned in the following paragraphs.

5.2. Short recovery of stamp duty and registration fee due to under-valuation of immovable property

Under the Indian Stamp Act, 1899, as applicable in Haryana, if the Registering Officer has reason to believe that the value of property or consideration has not been truly set forth in the instrument of transfer, he may refer the same to the Collector for determination of the value of the property.

On 43 sale deeds executed in Tehsil offices in Bhiwani and Jind districts, during the years 1978-79, 1979-80 and 1982-83, the value of the properties set forth in the sale documents was less than the value of similar properties in the same area, which properties were also sold around the same period. The under-valuation of the properties resulted in stamp duty and registration fee being levied short by Rs. 65,589. The instruments were not referred to the Collector for determination of value and duty payable thereon.

On the omission being pointed out in audit (between September 1979 and July 1983), the short levy of duty and registration fee amounting to Rs. 25,537 was determined by the Collectors of the respective districts in respect of 34 deeds. A sum of Rs. 13,688 was recovered in respect of 25 such deeds; balance amount of Rs. 11,849 was still being recovered. On the remaining 9 deeds involving revenue of Rs. 40,052, report on rectification is awaited (December 1984).

The cases were reported to Government between September 1979 and July 1983; their reply is awaited (December 1984).

5.3. Short levy due to misclassification

(i) Under the Indian Stamp Act, 1899, as adopted in Haryana, every instrument mentioned in Schedule I-A to the Act, is chargeable with duty at the rate indicated in the Schedule. Separate rates of duty have been prescribed for different types of instruments. The classification

of the instrument depends on the nature of the transaction recorded therein.

(a) In the offices of the Sub-Registrar, Ballabgarh and Hodel, six instruments which related to handing over the possession of the property valuing Rs. 3.97 lakhs, after receiving full (or part consideration) were chargeable with stamp duty at higher rates as applicable to conveyance deed, but were charged with stamp duty at lower rates as applicable to agreements. The mistakes resulted in stamp duty being realised short by Rs. 53,285.

On the mistake being pointed out in audit (February 1983), the department recovered Rs. 435 in one case. In the remaining five cases, the Government had since issued directions (July 1983) for determination of proper duty by the Collector. Report on recovery is awaited (December 1984).

(b) In the office of the Sub-Registrar, Pehowa, an instrument relating to handing over possession of the property after receiving full consideration, was registered as an agreement instead of as a conveyance deed. The mistake resulted in short realisation of stamp duty by Rs. 21,063 and registration fee by Rs. 500.

On the mistake being pointed out in audit (May 1983), the department recovered (June 1983) Rs. 21,563.

(ii) Under the Indian Stamp Act, 1899, as adopted in Haryana, stamp duty in respect of any instrument imposing further charge on property already mortgaged without possession, is chargeable as on a bond for the amount of further charge secured by such instrument.

In the office of the Sub-Registrar, Kalka, two instruments imposing a further charge of Rs. 6.90 lakhs each, on mortgaged properties, were incorrectly viewed as memoranda of agreements instead of as mortgage deeds. They were accordingly charged with stamp duty and registration fee at lower rates. The mistake resulted in stamp duty being realised short by Rs. 20,695 and registration fee by Rs. 13,816.

On the misclassifications being pointed out in audit (May 1980), the department stated (December 1983)

that efforts were being made to recover the amount short realised. Report on recovery is awaited (December 1984).

(iii) Under the Indian Stamp Act, 1899, a deed of settlement, *inter alia*, includes a non-testamentary disposition, in writing, of movable or immovable property made for any religious or charitable purposes and is chargeable to stamp duty at a rate higher than that chargeable on a deed of declaration of trust.

In the office of the Sub-Registrar, Jagadhri, two instruments (registered on 9th November and 17th November 1978), by which 56 individuals had donated movable and immovable property to a trust (created for charitable purposes) were registered as deeds of declaration of trust instead of as deeds of settlements and assessed to stamp duty at the lower rate. The incorrect classification of the instruments resulted in stamp duty and registration fee being recovered short by Rs. 14,272.

On the mistake being pointed out in audit (May 1980), the department raised further demand for Rs. 14,272 in July 1983. An appeal filed by the party was decided by the District and Sessions Judge (May 1984) in favour of revenue. Report on recovery is awaited (December 1984).

The above cases were reported to Government between May 1980 and September 1983; their reply is awaited (December 1984).

5.4. Irregular grant of exemption

(i) As per a notification issued in July 1948 under the Indian Stamp Act, 1899, levy of stamp duty on instruments executed by any officer or member of a co-operative society was exempted, provided the transactions evidenced by the instrument related to the business of a society registered under the Co-operative Societies Act. This remission was withdrawn by Government by issue of a notification on 8th February 1962 but only in respect of the instruments executed by co-operative house building societies in urban areas, co-operative industrial societies and co-operative dairy farming societies, save where all the members of such a society belonged to scheduled castes.

On five instruments executed by a co-operative house building society, situated in the urban area of Yamunanagar, on the purchase of land in rural area during the year 1982-83, stamp duty amounting to Rs. 2.08 lakhs was leviable, but was not levied.

On the irregular grant of exemption being pointed out in audit (November 1983), the Government confirmed (March 1984) that exemption from stamp duty would not be admissible in such cases. Report on recovery is awaited (December 1984).

(ii) Under the Indian Stamp Act, 1899 duty, in respect of an instrument of conveyance, is chargeable at the rates specified in the Schedule I-A to the Act.

In Pillu Khera (Jind), on an instrument of conveyance of land, executed by a *Samiti*, for a consideration of Rs. 86,250, stamp duty amounting to Rs. 10,812 was chargeable, but was not charged under the mistaken impression that the *Samiti* was a co-operative society exempt from duty.

On the mistake being pointed out in audit (February 1984), the department issued notice for recovery. Report on recovery is awaited (December 1984).

The cases were reported to Government in February 1984; their reply is awaited (December 1984).

5.5. Non-recovery of stamp duty

The Indian Stamp Act, 1899, as adopted in Haryana, provides that stamp duty in respect of any instrument executed out of Haryana and relating to any property situated, or any matter or thing done or to be done in Haryana, shall be chargeable at the rates applicable to the instruments registered in Haryana, when it is received in the State. In doing so, the amount of duty already paid outside the State, will be allowed as set-off.

In the office of the Sub-Registrar, Ballabgarh, the balance of stamp duty amounting to Rs. 11,464 in respect of 53 instruments initially registered during the years 1973-74 to 1979-80 in the Central Registry Office, Delhi and subsequently received in Haryana, was not realised.

On the omission being pointed out in audit (March 1981), the department stated (April 1984) that Rs. 3,370 had since been recovered and efforts were being made to recover the balance amount of Rs. 8,094. Report on recovery is awaited (December 1984).

The case was reported to Government (June 1981), which directed (March 1984) the Deputy Commissioner to fix responsibility for non-realisation of balance of duty and to effect recovery of the same.

5.6. Short levy due to mistake in computation

Under the Indian Stamp Act, 1899 and the Indian Registration Act, 1908, stamp duty and registration fee are leviable on the basis of the value of consideration set forth in the instrument.

In Faridabad and Karnal districts, on 53 instruments registered during the year 1982-83, stamp duty and registration fee were levied short by Rs. 24,020 because of mistakes in calculations.

On the mistakes being pointed out in audit (February 1984 and May 1984), the department recovered (June 1984) Rs. 1,000 in one case. Report on recovery of the balance amount is awaited.

The cases were reported to Government in February 1984 and May 1984; their reply is awaited (December 1984).

B—REVENUE

5.7. Short levy of land holdings tax

(i) As per the Haryana Land Holdings Tax Act, 1973, land tax is leviable on each land holding, including land owned by Gram Panchayats.

In Tehsil offices in Faridabad and Kurukshetra, *shamlat* lands owned by Gram Panchayats were not assessed to tax as one holding, but they were assessed to tax separately in the names of different cultivators. The mistake resulted in short realisation of tax by Rs. 86,469 during the years 1973-74 to 1981-82.

On the mistake being pointed out in audit (October 1982 and January 1983), the department recovered (between April 1983 and May 1984) Rs. 3,423 and also raised a demand for Rs. 11,522 in one office. Action for recovery in the other office had also been initiated.

(ii) Under the Haryana Land Holdings Tax Act, 1973 and the rules framed thereunder, whenever classification of land is changed, assessment of tax is required to be revised on the first day of May of the following year.

During the years 1974-75 to 1982-83, in 185 assessments in nine districts, the classification of land was changed, but assessment of land holdings tax was not revised by the revenue department. The omission resulted in tax being levied short by Rs. 80,249.

On the omission being pointed out in audit (between December 1982 and February 1984), the department raised (June and July 1984) demand for Rs. 33,572 and recovered Rs. 10,249. Report on recovery of the balance amount is awaited (December 1984).

(iii) Under the Haryana Land Holdings Tax Act, 1973, tax is leviable on all land holdings except those which are exempt.

In Karnal and Panipat, the tax was computed on land holdings whose area was computed incorrectly and differed from the area indicated in the revenue records. The mistake resulted in tax being levied short by Rs. 24,265 for the years 1975-76 to 1981-82.

On the mistake being pointed out in audit (December 1982), the department accepted the audit objection and raised (between May 1983 and October 1984) demand for Rs. 24,265. Report on recovery is awaited (December 1984).

The above cases were reported to Government between December 1982 and February 1983; their reply is awaited (December 1984).

5.8. Unauthorised retention of cess payable to Government

Under the Haryana Land Holdings Tax Act, 1973 and the rules made thereunder, cess at the rate of 3 per cent of the land tax is to be levied in respect of each land holding and retained as remuneration by the collecting agency (headman) in full, if the tax is collected and paid into treasury within one month of the due date. If the tax is not credited within one month, but is credited in the next month, only fifty per cent of the cess collected is to be retained by the collecting agency. The remaining fifty per cent is required to be credited into the treasury. In case the tax is not collected and deposited within two months of the due date, the whole amount of cess is forfeited to the Government.

In Karnal, Panipat and Jhajjar, during the years 1976 to 1980, the headmen retained the full amount of cess, even though the tax was not collected and deposited by them within the stipulated periods. Rupees 36,256 forfeited to Government, were not credited to Government account.

On the omission being pointed out in audit (January and February 1982), the department stated (May and October 1983) that an amount of Rs. 26,526 was being recovered and recovery of Rs. 4,807 was being waived. Report on recovery of Rs. 26,526 and action taken in respect of the balance amount of Rs. 4,923 is awaited (December 1984).

The cases were reported to Government in January and February 1982; their reply is awaited (December 1984).

CHAPTER 6

NON-TAX RECEIPTS

A—CO-OPERATION

6.1. Short recovery of audit fee

Under the Punjab Co-operative Societies Rules, 1963, as applicable in Haryana, every co-operative society is liable to pay audit fee to Government for the audit of its accounts every year by the auditors of the Co-operative Department. The scale of fees prescribed by Government for different types of societies provides for payment at certain percentages of the net profit of the societies subject to certain minimum and maximum limits.

(i) In the offices of 16 Assistant Registrars, Co-operative Societies, for the years 1978-79 to 1981-82, audit fee was recovered from 432 societies on net profits reflected in the accounts before their audit by the department. Additional amount of fee amounting to Rs. 4.39 lakhs became recoverable on the basis of the audited figures of profit. But the additional amount was not recovered.

On the omission being pointed out in audit (December 1981 to February 1984), the department recovered Rs. 3.40 lakhs. Report on recovery of the balance amount is awaited (December 1984).

(ii) According to the scale of fees fixed by the Registrar, Co-operative Societies, on 9th September 1980, audit fee was recoverable at the rate of 5 per cent of net profit of a co-operative society subject to a minimum of Rs. 500. The rate was to be applicable from the year 1979-80.

In Narnaul, Mohindergarh, Ferozepur Jhirka, Gurgaon and Panipat, credit for interest recoverable on loans given to members of the societies had not been taken into account in the Profit and Loss Account of the societies and it resulted in reduction of the net profits.

Consequently, there was short realisation of audit fee by Rs. 1.47 lakhs from 75 societies in respect of the years 1979-80 and 1981-82.

On the mistake being pointed out in audit (between October 1981 and December 1983), the department recovered Rs. 1.39 lakhs between February 1982 and August 1984. Report on recovery of the balance amount of Rs. 8,093 is awaited (December 1984).

(iii) In Faridabad district, the accounts of a Co-operative Sugar Mill, registered on 8th November 1973, were audited in respect of the years 1974-75 to 1978-79. But minimum audit fee amounting to Rs. 37,500 was not recovered.

On the omission being pointed out in audit (November 1981), the department raised (May 1984) a demand for Rs. 37,500 and recovered the amount in July 1984.

(iv) In Charkhi Dadri, accounts of six transport co-operative societies for the years 1978-79 to 1980-81 were audited by the departmental auditors between March 1980 and April 1982, but audit fee was not demanded under the mistaken view that such societies were exempt from payment of audit fee. The omission resulted in minimum audit fee amounting to Rs. 15,000 not being realised.

On the omission being pointed out in audit (February 1983), the department stated (March 1984) that demand for Rs. 15,000 had since been raised. Report on recovery is awaited (December 1984).

(v) In Mohindergarh, fee for concurrent audit of a Central Co-operative Bank for the year 1977-78 was charged at the rate of Rs. 25,000 meant for annual audit, instead of at Rs. 35,000 prescribed for concurrent audit. The mistake resulted in short realisation of fee by Rs. 10,000.

On the mistake being pointed out in audit (March 1982), the department recovered (March 1983) the amount.

(vi) Where a society is under orders for winding up, no audit fee is payable for the year following the year in which orders for winding up were issued.

In Karnal, Kurukshetra, Narnaul and Dabwali circles, audit fee was to be demanded in respect of 86 societies under orders for winding up. The orders were issued during the years 1970-71 to 1981-82. But audit fee was not demanded for the year in which the societies were brought under winding up orders. The omission resulted in audit fee amounting to at least Rs. 15,760 not being realised.

On the omission being pointed out in audit (between March 1979 and February 1984), the department stated (between May 1983 and November 1983) that a sum of Rs. 850 had since been recovered and that efforts were being made to recover the balance amount of Rs. 14,910. Report on recovery is awaited (December 1984).

The above cases were reported to Government (between March 1979 and March 1984); their reply is awaited (December 1984).

B—INDUSTRIES

6.2. Non-recovery of money due under contract and interest

Under the Punjab Minor Mineral Concession Rules, 1964, as applicable in Haryana, a mining lease for quarrying is granted by auction or by inviting tenders. The lessee is required to deposit 25 per cent of the bid amount as security and another 25 per cent as advance payment immediately on the allotment of the contract. The balance amount of contract money is payable in advance in quarterly instalments. In the event of default in payment, the competent authority may, by giving a notice terminate the contract, forfeit the security and recover interest at the rate of twelve per cent per annum for the period of default.

(i) Contracts for extraction of boulder, *bajri* and sand from quarries in Dehisara (Sonapat district) and Deodhar (Ambala district) were granted after obtaining

annual bids of Rs. 10,000 and Rs. 95,100 for the years ending 31st March 1982 and 31st March 1983 respectively. The contractors failed to pay the quarterly instalments from April 1981 and November 1981 respectively. No action was taken by the department to terminate the contracts or to recover the balance amount of Rs. 1,39,410 (Rs. 9,543 in Sonapat and Rs. 1,29,867 in Ambala). Interest recoverable on overdue amounts amounted to Rs. 31,239 upto March 1984.

On the omission being pointed out in audit (July 1982 and May 1983), the department issued (August 1982) recovery certificate in the former case and recovered Rs. 1.34 lakhs in the latter case. Security of Rs. 23,775, in the latter case which was liable to be forfeited, was adjusted (not forfeited) against the outstanding dues in contravention of the terms of the contract. Report on recovery of amount due and interest in the former case is awaited (December 1984).

(ii) In Ambala, in 34 cases, quarterly instalments had not been paid before the due dates, during the years 1981-82 and 1982-83. The delays ranged between one week and seventeen months. Interest chargeable upto the date of actual payment (falling between June 1981 and April 1983) amounted to Rs. 78,095, which was not demanded.

On the omission being pointed out in audit (May 1983), the department recovered (between September 1983 and July 1984) the amount of Rs. 78,095.

(iii) In Sonapat district, quarterly instalments on five leases had not been paid within the prescribed period during the year 1982-83. Interest amounting to Rs. 12,058, which was chargeable, was not demanded.

On the omission being pointed out in audit (July 1983), the department stated (March 1984 and July 1984) that the amount of Rs. 11,895 had since been recovered. Report on recovery of the balance amount is awaited (December 1984).

The above cases were reported to Government in May 1983 and July 1983; their reply is awaited (December 1984).

C—BUILDINGS AND ROADS

6.3. Non-recovery of rent for fans

Under the Punjab Civil Services Rules and the departmental instructions, rent is recoverable in respect of fans installed in residential buildings and maintained at the cost of Government.

In Bhiwani, Kaithal and Sonapat, rent for fans was either not recovered or was recovered short from the occupants of residential buildings during the period from March 1973 to January 1979. Rent not realised amounted to Rs. 39,416.

On the mistake being pointed out in audit (between August 1978 and March 1979), the department recovered Rs. 6,936. Report on recovery of the balance amount is awaited (December 1984).

The cases were reported to Government between August 1978 and March 1979; their reply is awaited (December 1984).

6.4. Non-levy of tools and plant charges on deposit works

Under the departmental Financial Rules, charges for tools and plant used in non-Government works, executed by Public Works Divisions, are recoverable at the prescribed rates from the non-Government bodies concerned.

In a Public Works Division in Panipat, charges for tools and plant were not taken into account while preparing estimates of six deposit works. The omission resulted in non-realisation of tools and plant charges amounting to Rs. 28,131.

On the omission being pointed out in audit (February 1983), the department stated (September 1983) that the estimates were being revised in order to recover the charges for tools and plant from the concerned agencies.

The case was reported to Government in March 1983; their reply is awaited (December 1984).

6.5. Non-recovery of rent for lands leased to private parties

In respect of Government lands leased for setting up petrol pumps and approach roads, rent is recoverable at rates prescribed by the Government.

In Sirsa, Ambala and Hissar districts, rent recoverable for Government land leased to private parties, for setting up petrol pumps and approach roads amounted to Rs. 23,439, but the amount was not realised during the years 1971-72 to 1982-83.

On the omission being pointed out in audit (between June 1979 and October 1983), the department recovered Rs. 8,383. Report on recovery of the balance amount of Rs. 15,056 is awaited.

The case was reported to Government (between June 1979 and October 1983); their reply is awaited (December 1984).

D—AGRICULTURE

6.6. Interest not charged on belated payments

As per provisions of Punjab Sugarcane (Regulation of Purchase and Supply) Act, 1953 and rules made thereunder (as applicable to Haryana), the occupier or agent of a factory has to pay purchase tax on sugarcane by the prescribed date. In the event of default, interest at the rate of fifteen per cent per annum is chargeable for the period of default.

In Yamunanagar, on belated payments of purchase tax amounting to Rs. 1,21.86 lakhs during the crushing season 1981-82, interest amounting to Rs. 6.58 lakhs was chargeable from a sugar mill, but was not charged.

On the omission being pointed out in audit (June 1983), the department stated (August 1984) that action to recover the interest had been initiated. Report on recovery is awaited (December 1984).

The case was reported to Government in June 1983; their reply is awaited (December 1984).

E—FINANCE

6.7. State Lotteries

In order to mobilise additional resources, the Government of Haryana has been conducting State lotteries from November 1968 except that during the period from September 1979 to December 1979 and from April 1980 to June 1980, the lotteries were suspended. The tickets are sold through agents who are paid a commission, but the scheme is administered by a Directorate in the Finance Department.

(i) The financial results of the draws held during the years 1978-79 to 1983-84 are given below :—

| | 1978-79 | 1979-80 | 1980-81 | 1981-82 | 1982-83 | 1983-84 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | (In lakhs of rupees) | | | | | |
| Gross Collection (Revised estimates of collection) | 1,45.81 (90.00) | 1,22.36 (1,39.00) | 1,55.11 (1,70.00) | 2,88.44 (2,65.00) | 6,83.08 (6,48.00) | 9,50.72 (9,44.00) |
| Total expenditure | 1,24.61 | 1,20.00 | 1,52.31 | 2,64.53 | 5,79.14 | 8,03.79 |
| Net realisation | 21 20 | 2.36 | 2.80 | 23.91 | 1,03.94 | 1,46.93 |
| Percentage of net realisation to gross collection | 14.53 | 1.93 | 1.80 | 8.28 | 15.21 | 15.45 |

The decline in the percentage of net realisation during the years 1979-80 and 1980-81 was attributed to suspension of lotteries for some months during these years.

(ii) Two lotteries were conducted with first prize of Rs. 1 lakh (Maha Laxmi Weekly Lottery) and Rs. 10,000 (Janta Monthly Lottery). The Janta lotteries were also converted into weekly lotteries from 2nd January 1980. The profits from Janta weekly draws declined from April 1983 because competition from other State lotteries was affecting Haryana lotteries and it was discontinued from 24th May 1983.

(iii) A new lottery, viz., Super Weekly Lottery was introduced from 27th July 1983 with first prize of

Rs. 15 lakhs. But only four draws were held and it was closed in August 1983.

Under the Super Weekly draws, 18 lakh tickets of Rs. 2 each were to be sold. The amount of prize monies for each draw was fixed at Rs. 22.96 lakhs, estimating profit from a draw at Rs. 3.25 lakhs. But sale proceeds from tickets amounted to only Rs. 71.32 lakhs in the four draws, instead of Rs. 1.44 lakhs and net loss was Rs. 26.43 lakhs instead of a profit of Rs. 13 lakhs. Further, loss of Rs. 96,372 was incurred on printing of tickets for fifth and sixth draws, which never took place. The department concluded that bumper draw tickets and Re. one tickets were popular but not tickets in middle ranges.

(iv) As per the financial rules, departmental receipts cannot be utilised for expenditure. However, the sale proceeds from lottery tickets were being utilised for meeting contingent expenditure and payment of commission and bonus to agents and sellers. Sale proceeds amounting to Rs. 96,745 were also allowed to be retained by the agents and sellers during the year 1982-83 and the amount was eventually adjusted against their claims. These practices were irregular as per Financial Rules. The question of relaxing the rules in the case of lottery department was stated to be under consideration of the Government. No rules and regulations have been framed for accounting of lottery tickets. For each draw, account of prizes given and unclaimed prizes were not maintained. The department had not introduced any system of internal audit of the lottery receipts and expenditure, save for appointing an Assistant Director for the purpose in 1971-72.

Non-maintenance of detailed accounts in proper form and non-introduction of internal audit system was attributed by the department (October 1984) to shortage of staff.

The above findings were reported to Government in September 1984; their replies are awaited (December 1984).

S. K. Chakraborty

CHANDIGARH,
The

(S.K. CHAKRABORTY)
Accountant General (Audit),
Haryana

Countersigned

T. N. Chaturvedi

NEW DELHI,
The

(T.N. CHATURVEDI)
Comptroller and Auditor General of India

APPENDICES

APPENDIX I

(Reference : Paragraph 1.2; Page 4)

VARIATIONS BETWEEN BUDGET ESTIMATES AND ACTUAL RECEIPTS

| Head of Revenue | Year | Budget estimates | Actuals | Variation Increase (+)/de- crease (-) | Percen- tage of variation Increase (+) or decrease (-) |
|------------------------|---------|---------------------|---------|---|--|
| (1) | (2) | (3) | (4) | (5) | (6) |
| (In crores of rupees) | | | | | |
| 1. Sales | 1981-82 | 1,21.90 | 1,38.37 | (+)16.47 | (+)14 |
| Tax | 1982-83 | 1,59.00 | 1,59.26 | (+) 0.26 | (+) 1 |
| | 1983-84 | 1,87.00 | 1,66.52 | (-)20.48 | (-)11 |
| 2. State | 1981-82 | 45.00 | 51.99 | (+) 6.99 | (+)16 |
| Excise | 1982-83 | 60.38 | 61.91 | (+) 1.53 | (+) 3 |
| | 1983-84 | 68.00 | 68.40 | (+) 0.40 | (+) 1 |
| 3. Taxes | 1981-82 | 40.85 | 39.65 | (-) 1.20 | (-) 3 |
| on | 1982-83 | 46.00 | 46.26 | (+) 0.26 | (+) 1 |
| Goods | 1983-84 | 57.00 | 51.34 | (-) 5.66 | (-)10 |
| and Passe- ngers | | | | | |
| 4. Stamps | 1981-82 | 19.68 | 25.37 | (+) 5.69 | (+)29 |
| and | 1982-83 | 32.00 | 25.18 | (-) 6.82 | (-)21 |
| Regis- tration | 1983-84 | 33.00 | 28.08 | (-) 4.92 | (-)15 |
| Fees | | | | | |
| 5. Taxes | 1981-82 | 18.39 | 12.70 | (-) 5.69 | (-)31 |
| and | 1982-83 | 25.43 | 19.77 | (-) 5.66 | (-)22 |
| Duties | 1983-84 | 18.64 | 26.19 | (+) 7.55 | (+)41 |
| on Elect- ricity | | | | | |

| (1) | (2) | (3) | (4) | (5) | (6) |
|---|-------------------------------|-------------------------|-------------------------|-------------------------------|--------------------------|
| 6. Taxes on Vehicles | 1981-82 1982-83 1983-84 | 11.25 11.77 12.95 | 10.75 11.54 12.65 | (-)0.50 (-)0.23 (-)0.30 | (-) 4 (-) 2 (-) 2 |
| 7. Land Revenue | 1981-82 1982-83 1983-84 | 5.60 5.00 4.17 | 3.64 3.38 3.76 | (-)1.96 (-)1.62 (-)0.41 | (-)35 (-)32 (-)10 |
| 8. Other Taxes and Duties on Commodities and Services | 1981-82 1982-83 1983-84 | 8.23 9.56 9.94 | 8.14 9.38 8.94 | (-)0.09 (-)0.18 (-)1.00 | (-) 1 (-) 2 (-)10 |
| 9. Road and Water Transport Services | 1981-82 1982-83 1983-84 | 58.99 66.08 77.75 | 59.03 66.17 73.75 | (+)0.04 (+)0.09 (-)4.00 | (+) 1 (+) -- (-) 5 |
| 10. Interest | 1981-82 1982-83 1983-84 | 41.65 39.98 48.50 | 39.88 46.95 53.03 | (-)1.77 (+)6.97 (+)4.53 | (-) 4 (+)17 (+)9 |
| 11. Multi-purpose River Projects | 1981-82 1982-83 1983-84 | 6.34 6.95 6.59 | 6.20 4.69 4.25 | (-)0.14 (-)2.26 (-)2.34 | (-) 2 (-)33 (-)36 |

| (1) | (2) | (3) | (4) | (5) | (6) |
|---|---------|------|------|---------|--------|
| 12. Irrigation, Navigation, Drainage and Flood Control Projects | 1981-82 | 5.58 | 4.62 | (-)0.96 | (-)17 |
| | 1982-83 | 5.98 | 3.41 | (-)2.57 | (-)43 |
| | 1983-84 | 5.87 | 3.73 | (-)2.14 | (-)36 |
| 13. Police | 1981-82 | 0.29 | 0.30 | (+)0.01 | .. |
| | 1982-83 | 0.40 | 0.49 | (+)0.09 | .. |
| | 1983-84 | 0.50 | 2.45 | (+)1.95 | (+)390 |

APPENDIX II

(Reference : Paragraph 1.3; Page 4)

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

| Head of Account | Year | Gross collection | Expenditure | Percentage of expenditure to gross collection |
|---------------------------------|---------|------------------|-------------|---|
| (In crores of rupees) | | | | |
| 1. Stamps and Registration Fees | 1981-82 | 25.37 | 0.20 | 0.79 |
| | 1982-83 | 25.18 | 0.19 | 0.75 |
| | 1983-84 | 28.08 | 0.19 | 0.68 |
| 2. State Excise | 1981-82 | 51.99 | 0.29 | 0.56 |
| | 1982-83 | 61.91 | 0.47 | 0.76 |
| | 1983-84 | 68.40 | 0.41 | 0.60 |
| 3. Sales Tax | 1981-82 | 1,38.37 | 2.69 | 1.94 |
| | 1982-83 | 1,59.26 | 3.22 | 2.02 |
| | 1983-84 | 1,66.52 | 3.52 | 2.11 |
| 4. Taxes on Vehicles | 1981-82 | 10.75 | 0.21 | 1.95 |
| | 1982-83 | 11.54 | 0.25 | 2.17 |
| | 1983-84 | 12.65 | 0.31 | 2.45 |
| 5. Other Taxes and Duties* | 1981-82 | 60.49 | 0.13 | 0.21 |
| | 1982-83 | 75.41 | 0.17 | 0.23 |
| | 1983-84 | 86.47 | 0.24 | 0.28 |

*Figures against Other Taxes and Duties comprise collections and expenditure under the following heads of revenue :—

- (i) Taxes on Goods and Passengers.
- (ii) Taxes and Duties on Electricity.
- (iii) Other Taxes and Duties on Commodities and Services.

APPENDIX III

(Reference : Paragraph 1.5 Page; 6)

REVENUE PENDING COLLECTION AS ON
31ST MARCH 1984

| Head of revenue | Amount pending collection | Amount of re- venue in arrears more than five years old |
|--|---------------------------------|---|
| (In crores of rupees) | | |
| 1. Sales Tax | 21.73 | 5.19 |
| 2. Taxes and Duties on Electricity | 6.84 | 2.14 |
| 3. Agriculture (Purchase tax on sugarcane) | 5.35 | 1.43 |
| 4. State Excise | 2.15 | 0.06 |
| 5. Medical | 0.75 | 0.53 |
| 6. Taxes on Goods and Passengers | 0.32 | 0.03 |
| 7. Other Taxes and Duties on Commodities and Services— | | |
| Entertainment Tax | 0.23 | .. |
| 8. Jails | 0.22 | 0.02 |
| 9. Taxes on Immovable Property other than Agricultural Land | 0.11 | 0.11 |
| 10. Animal Husbandry | 0.11 | 0.08 |
| 11. Other Taxes on Income and Expenditure | 0.06 | 0.06 |

APPENDIX IV

(Reference : Paragraph 1.6; Page 7)

(i) RECEIPT-WISE OUTSTANDING INSPECTION REPORTS AND AUDIT OBJECTIONS ISSUED UPTO 31ST MARCH 1984 BUT NOT SETTLED UPTO 30TH NOVEMBER 1984

| Serial number | Nature of receipts | Number of inspection reports | Number of audit objections |
|---------------|------------------------------------|------------------------------|----------------------------|
| 1. | Sales Tax | 175 | 1,924 |
| 2. | Taxes on Vehicles | 146 | 1,810 |
| 3. | Irrigation | 163 | 819 |
| 4. | State Excise | 118 | 625 |
| 5. | Buildings and Roads | 132 | 618 |
| 6. | Stamps and Registration Fees | 115 | 1,701 |
| 7. | Passenger and Goods Tax | 115 | 485 |
| 8. | Entertainment Duty and Show Tax | 83 | 188 |
| 9. | Land Revenue and Land Holdings Tax | 63 | 910 |
| 10. | Co-operation | 75 | 405 |
| 11. | Forest | 59 | 157 |
| 12. | Agriculture | 57 | 382 |
| 13. | Food and Supplies | 42 | 226 |
| 14. | Industries (Mines and Minerals) | 37 | 400 |
| 15. | Electricity Duty | 10 | 36 |
| 16. | Lotteries | 6 | 16 |
| Total | | 1,396 | 10,702 |

(ii) Relatively large number of audit objections are outstanding under the following receipt heads :

| | Year | Number of ins- pection reports | Number of audit objec- tions |
|-----------------------------|--------------|---|---------------------------------------|
| | (1) | (2) | (3) |
| 1. Sales Tax | | | |
| Upto | 1979-80 | 109 | 921 |
| | 1980-81 | 15 | 199 |
| | 1981-82 | 19 | 272 |
| | 1982-83 | 21 | 335 |
| | 1983-84 | 11 | 197 |
| | Total | 175 | 1924 |
| 2. Taxes on Vehicles | | | |
| Upto | 1979-80 | 89 | 967 |
| | 1980-81 | 16 | 119 |
| | 1981-82 | 12 | 194 |
| | 1982-83 | 16 | 289 |
| | 1983-84 | 13 | 241 |
| | Total | 146 | 1,810 |
| 3. State Excise | | | |
| Upto | 1979-80 | 60 | 228 |
| | 1980-81 | 24 | 88 |
| | 1981-82 | 12 | 113 |

| (1) | (2) | (3) |
|---------|------------|------------|
| 1982-83 | 12 | 99 |
| 1983-84 | 10 | 97 |
| Total | <u>118</u> | <u>625</u> |

4. Stamps and Registration Fees

| | | | |
|------|---------|------------|--------------|
| Upto | 1979-80 | 72 | 686 |
| | 1980-81 | 10 | 190 |
| | 1981-82 | 12 | 229 |
| | 1982-83 | 12 | 278 |
| | 1983-84 | 9 | 318 |
| | Total | <u>115</u> | <u>1,701</u> |

5. Passenger and Goods Tax

| | | | |
|------|---------|------------|------------|
| Upto | 1979-80 | 54 | 190 |
| | 1980-81 | 26 | 81 |
| | 1981-82 | 11 | 63 |
| | 1982-83 | 11 | 55 |
| | 1983-84 | 13 | 96 |
| | Total | <u>115</u> | <u>485</u> |

6. Irrigation

| | | | |
|------|---------|------------|------------|
| Upto | 1979-80 | 63 | 249 |
| | 1980-81 | 9 | 37 |
| | 1981-82 | 23 | 218 |
| | 1982-83 | 33 | 137 |
| | 1983-84 | 35 | 178 |
| | Total | <u>163</u> | <u>819</u> |

(iii) The more important types of irregularities noticed during local audit of Sales Tax (Karnal and Sonapat districts) and those relating to Mines and Minerals which are still to be settled are given below :—

| Serial number | Nature of irregularity | Number of cases | Amount involved (In lakhs of rupees) |
|-------------------------------|--|-----------------|---|
| <i>(a) Sales Tax</i> | | | |
| 1. | Under-assessment under Central Sales Tax Act | 3 | 0.93 |
| 2. | Incorrect computation of turnover | 65 | 18.18 |
| 3. | Non/short levy of penalty | 40 | 69.87 |
| 4. | Non-levy of interest | 59 | 70.08 |
| 5. | Application of incorrect rate of tax | 7 | 1.62 |
| 6. | Others | 82 | 12.08 |
| Total | | 256 | 1,72.76 |
| <i>(b) Mines and Minerals</i> | | | |
| 1. | Loss of revenue due to non-acceptance/irregular revocation of bids | 50 | 29.83 |
| 2. | Non-realisation of dead rent/royalty | 31 | 20.63 |
| 3. | Non-levy of royalty on illegal extraction of minerals | 444 | 2,39.05 |
| 4. | Non/short recovery of contract money and interest | 2,126 | 2,23.32 |
| 5. | Non/short realisation of royalty | 3,109 | 2,57.96 |
| 6. | Others | 1,604 | 68.24 |
| Total | | 7,364 | 8,39.03 |





