

# Govt. suffered Rs 19-crore loss by exempting entertainment tax: CAG

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MUMBAI: A check carried out by the Comptroller and Auditor-General of India (CAG) has revealed that the Maharashtra government has lost over Rs 19 crore by granting entertainment tax exemption to 55 movies without any justification over a seven-year period and flouting regulations even after the lapses were noticed.

According to the latest report of the CAG, which is the constitutional authority which supervises accounts of the Union government and the states, the check was conducted in only nine districts, including Mumbai city and Mumbai suburban districts. Surprisingly, data; about Mumbai city from 1992-93; and 1995-96 was not available, the report said.

Though CAG has not mentioned any of the movies by name, it may be recalled that a row arose when certain controversial films, highlighting crime and bloodshed, were exempted from entertainment duty by the government. However, the government stuck to its decision.

"In no case the advisory committee concerned had nominated any person or persons responsible for the educational, cultural or social value of the film. As a result, essential requirements were not fulfilled," CAG observed. The report was submitted to the state legislature during the just concluded budget session.

The report further said, "As the essential conditions subject to which exemptions from payment of entertainments duty were not fulfilled, all the exemption orders de-

claring the films as tax-free were required to be withdrawn under the rules. However, no such action was taken by the government."

CAG said the government could exempt any entertainment (performance) from liability to entertainment duty under the Bombay Entertainments Duty Rules, 1958. The rules required that exemption could be granted in respect of cinema films which had been awarded the President's gold medal or on the recommendations of an advisory committee appointed by the state government, provided it was satisfied that the film concerned fulfilled criteria of educational, cultural or social purpose of a high order.

It said the producer of such an exempted film was required to give an undertaking that he would pay the person or persons most responsible for the educational, cultural or social contribution of such film, as nominated by the advisory committee, an amount equivalent to the amount of entertainments duty leviable on the exhibition of such a film. Moreover, the producer was required to submit a weekly return to the district collector concerned listing particulars of payments made to the nominated persons and send a copy of the listings to the government.

CAG said scrutiny of the recommendations of the advisory committee in respect of the 55 films, exempted during the period, showed that neither nominations nor returns were filed with the authorities. Though the government should have withdrawn the exemptions under the rules, no action was taken. CAG carried out checks in Au-

rangabad, Solapur, Pune, Amravati, Nagpur, Kolhapur, Nashik and the two revenue districts of Mumbai. The checks showed that the Shiv Sena-BJP alliance government's exemption decisions cost the exchequer Rs 7.78 crore in just two years against the Congress regime's decisions over three years that made a difference of Rs 11.20 crore.

The largest loss, of Rs 6.83 crore, was reported from the Mumbai suburban district while Solapur posted the least, of Rs 20.48 lakhs. In Mumbai city, losses of Rs 2.60 crore were reported in the single year of 1996-97. Figures for earlier years were not made available by the department concerned, CAG noted in the report.