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PREFACE

This Report for the year ended 31 March 2012 has been prepared for submission to the Governor under Article 151 (2) of the Constitution.

Part A of this Report presents the results of audit of receipts of Commercial Tax/Value Added Tax, Stamps and Registration Fee, State Excise, Land Revenue, Taxes on Vehicles, Taxes and Duties on Electricity, Forest and other non-tax receipts.

Part B of this Report presents observations arising out of transaction audit of expenditure of the Forest Department.

The cases mentioned in this Report include those that came to notice in the course of test audit of records during the year 2011-12 as well as those which had been noticed in earlier years but could not be included in the previous reports.

OVERVIEW

This Report contains 40 paragraphs including one Performance Audit relating to underassessment/short levy/loss of revenue, irregular/doubtful expenditure, etc. involving ₹ 1,568.91 crore. The Departments/Government have accepted audit observations involving ₹ 1,399.13 crore, out of which ₹ 88.91 crore has been recovered. Some of the major findings are mentioned below:

I. General

The total revenue receipts of the State Government for the year 2011-12 amounted to ₹ 14,770.73 crore as compared to ₹ 12,840.46 crore of the previous year. Out of this, 57 per cent was raised through tax revenue (₹ 10,712.25 crore) and non-tax revenue (₹ 4,058.48 crore). The balance 43 per cent was received from Government of India as States share of divisible Union taxes (₹ 6,320.44 crore) and Grants-in-aid (₹ 4,776.21 crore).

(Paragraph 1.1.1)

At the end of June 2012, 8,428 audit observations involving ₹ 4,495.26 crore relating to 2,185 Inspection Reports issued upto December 2011 remained outstanding.

(Paragraph 1.6.1)

Test check of receipts from Commercial tax, Stamps and Registration fee, State Excise, Taxes on Motor Vehicles, Land revenue, Mining and other non-tax revenue etc. conducted during the year 2011-12 revealed underassessment/short levy/loss of revenue etc. aggregating to ₹ 555.69 crore in 18,824 cases. During the year 2011-12, the Departments concerned accepted underassessments and other deficiencies of ₹ 106.24 crore in 5,701 cases. Of these, the Department recovered ₹ 11.86 lakh during the year.

(Paragraph 1.13.1)

II. Commercial Tax

The Assessing Officer failed to levy tax and penalty of ₹ 18.94 lakh despite concealment of purchases and sales.

(Paragraph 2.13)

Grant of irregular exemption by Assistant Commissioner, Commercial Tax-II, Bilaspur led to non-levy of tax of ₹ 7.06 lakh. Besides, penalty was also leviable.

(Paragraph 2.14)

Application of incorrect rate of tax by Assessing Officers led to short levy of tax and penalty of ₹ 24.90 lakh.

(Paragraph 2.16 & 2.17.1)

Levy of tax at lower rate led to short levy of tax of ₹ 20.24 lakh.

(Paragraph 2.17.2)

Grant of irregular exemption on sale of soya flour led to non-levy of tax of ₹ 1.55 crore. Besides, penalty was also leviable.

(Paragraph 2.19)

Failure of the Assessing Officer to verify the entries of the Schedule resulted in non-levy of entry tax of ₹ 1.24 crore.

(Paragraph 2.20)

Grant of irregular exemption on the purchases made led to non-levy of entry tax of ₹ 8.31 lakh. Besides, penalty was also leviable.

(Paragraph 2.21)

Short realisation of *Samadhan Rashi*, delay in payment, non imposition of penalty on delayed payment of *Bakaya Rashi* and wrong adjustment led to loss of revenue of ₹ 7.07 crore.

(Paragraph 2.23)

III. Stamps and Registration Fees

Non adherence to the guidelines by the Sub Registrar at the time of registration of documents led to short levy of stamp duty and registration fee of ₹ 43.24 lakh.

(Paragraph 3.9)

There was short levy of stamp duty and registration fee of ₹19.84 lakh due to undervaluation of properties situated on main road.

(Paragraph 3.13)

IV. Land Revenue

Failure of the Department to levy premium and ground rent on *Nazul* land on an urban local body led to short levy of revenue of ₹ 59.73 lakh.

(Paragraph 4.8)

V. Taxes on Vehicles

Issue of Trade Certificates by the Transport Officers without levying the required fee resulted in non/short levy of fee of ₹ 4.43 crore.

(Paragraph 5.9)

Registration of vehicles without levying entry tax by District Transport Officer, Kanker led to non-levy of tax of ₹ 6.13 lakh.

(Paragraph 5.12)

Failure of the Transport Officers to check the maintenance of register in Form 19 and levy trade tax accordingly resulted in short realisation of ₹ 4.17 crore from dealers.

(Paragraph 5.13)

VI. Other Tax Receipts

A: Taxes and Duties on Electricity

A Performance Audit on “Levy and Collection of Electricity Duty” revealed the following:

Inclusion of erroneous provision in the Electricity Duty Act/ Chhattisgarh *Upkar Adhinyam* led to levy of cess at two different points and consequential extra burden of ₹ 252.63 crore on consumers.

(Paragraph 6. 2.10)

Incorrect issue of exemption certificates to industries led to non-levy of electricity duty and interest of ₹ 15.77 crore.

(Paragraph 6.2.11)

Grant of exemption even after withdrawal of notification led to non-levy of electricity duty and interest of ₹ 44.68 crore.

(Paragraph 6.2.12.2)

Grant of exemption to ineligible set led to non levy of electricity duty of ₹ 35.69 crore.

(Paragraph 6.2.14)

CEI allowed exemption to an ineligible industry leading to non-levy of electricity duty and interest of ₹ 44.74 crore.

(Paragraph 6.2.15)

Irregular grant of exemption to standby set led to non-levy of electricity duty and interest of ₹ 16.10 crore.

(Paragraph 6.2.16)

Grant of exemption to an industry despite sale of power to non-exempted industries led to non-levy of electricity duty and interest of ₹ 20.90 crore.

(Paragraph 6.2.17)

Non-implementation of the provision of the Chhattisgarh Electricity Duty Act led to non-levy of electricity duty and interest of ₹ 47.62 crore from CSPGCL.

(Paragraph 6.2.18)

Failure of CEI to levy electricity duty even after conversion from non-conventional energy plant to thermal power plant led to non-levy of duty and interest of ₹ 5.40 crore.

(Paragraph 6.2.19)

Failure of CEI to scrutinise the G-forms led to non-levy/short-levy of electricity duty and interest of ₹ 22.36 crore.

(Paragraph 6.2.21)

B: State Excise

There was non-levy of penalty of ₹ 5.51 crore for failure to maintain the minimum stock of spirit in warehouses.

(Paragraph 6.11)

VII. Other Non-tax Receipts

A: Forest Receipts

Failure of the Divisional Forest Officers to transport the forest produce within the prescribed time led to loss of revenue of ₹ 59.83 lakh.

(Paragraph 7.9)

B: Interest Receipts

Failure of the Finance Department/Government to include the terms and conditions for payment of interest resulted in non-recovery of penal interest.

(Paragraph 7.12.7.1)

Failure of the administrative departments to maintain the relevant records and absence of a mechanism in the Finance Department to monitor the disbursement and recovery of loans resulted in non-assessment/non-raising of demand for loan amount, interest and penal interest aggregating to ₹ 249.29 crore.

(Paragraph 7.12.8)

Acceptance of the repayment without verifying the amount due by loan sanctioning departments led to short realisation of interest of ₹ 4.29 crore.

(Paragraph 7.12.9)

VIII. Forest Expenditure

Execution of works on ineligible items by Divisional Forest Officers led to irregular expenditure of ₹ 10.76 crore from Calamity Relief Fund.

(Paragraph 8.6)

Non consideration of the rate of inflation in the cost of Compensatory Afforestation by the Divisional Forest Officers, Koriya and Manendragarh led to short realisation of ₹ 85.98 lakh.

(Paragraph 8.7)

Payment to same labourers engaged in different works at different places on the same day by Divisional Forest Officers Kanker and Koriya led to doubtful payment of ₹ 4.94 lakh in vouchers.

(Paragraph 8.8)

There was irregular and doubtful expenditure of ₹ 1.90 crore on construction of WBM roads and Check dams.

(Paragraph 8.11, 8.12 & 8.13)

CHAPTER-I: GENERAL

EXECUTIVE SUMMARY

What we have highlighted in this Chapter	<p>In this Chapter, we present the trend of Revenue Receipts of the State Government, variations between budget estimates and actual receipts, response of the Government towards Audit, position of the Departmental Audit Committee Meetings, position of compliance made by the Government to the earlier Audit Reports, mechanism in the Government/ Departments to deal with issues raised by Audit, position of outstanding paragraphs in Inspection Reports, action taken by the Government on the recommendations highlighted in various Performance Audits of the Commercial Tax Department included in previous Audit Reports and results of audit conducted during the year 2011-12.</p>
Trend of revenue receipts of the State Government	<p>The revenue receipts of the Government of Chhattisgarh comprises of tax and non-tax revenue raised by the State Government, the State's share of net proceeds of divisible Union taxes and duties assigned to State and Grants-in-aid received from the Government of India.</p> <p>During the year 2011-12, the revenue raised by the State Government was ₹ 14,770.73 crore which was 57 <i>per cent</i> of the total revenue receipts. The balance 43 <i>per cent</i> of receipts amounting to ₹ 11,096.65 crore during 2011-12 were from the Government of India.</p>
Non-compliance of observations included in the Inspection Reports (IRs)	<p>Inspection Reports issued up to December 2011 disclosed that 8,428 paragraphs relating to 2,185 IRs involving ₹ 4,495.26 crore remained outstanding at the end of June 2012 for want of compliance.</p> <p>The first replies required to be received from the Heads of Offices within one month from the date of issue of the IRs were not received (30 June 2012) for 39 IRs issued up to March 2012. This pendency of the IRs due to non-receipt of the replies is indicative of the fact that the Heads of Offices and Heads of Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the Accountant General in the IRs.</p>
Very low recovery of the amount pointed out by audit in earlier Audit Reports	<p>In respect of Audit Reports pertaining to the years 2006-07 to 2010-11, the Government/Departments accepted audit observations involving ₹ 534.53 crore, of which only ₹ 39.97 crore (7.48 <i>per cent</i>) had been recovered till March 2012.</p>

**Departmental Audit
Committee Meetings (ACM)**

We noticed that during 2011-12, four Departments had convened seven¹ Audit Committee Meetings (ACMs) wherein 188 paragraphs involving money value of ₹ 105.31 crore were settled, while other Departments did not take any initiative to hold ACMs.

It is recommended that the Government may ensure convening of periodical ACMs by all the Departments for effective and expeditious settlement of outstanding paragraphs.

**Amendments at the instance
of audit**

The Department/Government made changes in the Rules through notifications/circulars at the instance of Audit. Wheel base of vehicles was not being taken into consideration by the Transport Department for the purpose of determining tax liability and Entry Tax was not being levied on mobile handsets by the Commercial Tax Department. After audit highlighted these issues, the concerned Departments made necessary amendments in the rules.

Our conclusion

Audit observations involving financial effect of ₹ 555.69 crore were issued during the period 2011-12. The Departments/Government accepted observations involving ₹ 106.24 crore. It is recommended that the Government may make efforts to recover the amounts involved in the accepted cases at the earliest.

The amount outstanding as arrears of revenue for more than five years was 29.58 *per cent* of the total outstanding amount. The State Government may make efforts to ensure the recovery of the outstanding amount at the earliest.

The Government may take suitable steps to introduce an effective procedure for prompt and appropriate response to audit observations as well as taking action against the officials for failure to send the replies to the IRs/paragraphs as per the prescribed time schedule and also for not taking action to recover loss/outstanding revenue in a time bound manner.

¹ Registration, Commercial Tax and Geology & Mining- one meeting each; Forest Department- four meetings.

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by the Government of Chhattisgarh during the year 2011-12, the State's share of net proceeds of divisible Union taxes and duties assigned to States and Grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned below:

(₹ in crore)

Sl. No.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
1.	Revenue raised by the State Government					
	• Tax revenue	5,618.08	6,593.72	7,123.25	9,005.14	10,712.25
	• Non-tax revenue	2,020.45	2,202.21	3,043.00	3,835.32	4,058.48
	Total	7,638.53	8,795.93	10,166.25	12,840.46	14,770.73
2.	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties	4,035	4,257.91	4,380.66	5,425.19	6,320.44 ²
	• Grants-in-aid	2,205.12	2,608.92	3,606.74	4,453.89	4,776.21
	Total	6,240.12	6,866.83	7,987.40	9,879.08	11,096.65
3.	Total revenue receipts of the Government (1 and 2)	13,878.65	15,662.76	18,153.65	22,719.54	25,867.38
4.	Percentage of 1 to 3	55	56	56	57	57

(Source: Finance Accounts of the Government of Chhattisgarh)

The above table indicates that the total revenue raised by the State Government in 2011-12 increased by 15 per cent as compared to the increase of 26 per cent during the previous year. Similarly, receipts from Government of India increased by 12 per cent as compared to the increase of 24 per cent during the previous year. The share of revenue raised by the State Government to the total revenue of the State during 2011-12 was 57 per cent which was the same as that of the previous year. The balance 43 per cent of receipts during 2011-12 was from Government of India.

² For details, refer "tax revenue" of statement 11, detailed account of revenue by minor heads of the Finance Account of the Government of Chhattisgarh 2011-12. The amount under the minor head 901- share of net proceeds assigned to the state booked under the major heads 0020- Corporation tax, 0021- Taxes on income other than Corporation Tax, 0032- Taxes on wealth, 0037- Customs, 0038- Union excise duty and 0044- Service tax under 'A-tax revenue' have been excluded from the revenue raised by the State and included in the State's share of divisible Union taxes in this statement.

1.1.2 The following table presents the details of tax revenue raised during the period 2007-08 to 2011-12:

(₹ in crore)

Sl. No.	Head of revenue	2007-08	2008-09	2009-10	2010-11	2011-12	Percentage of increase (+)/ decrease (-) in 2011-12 over 2010-11
1.	Commercial tax	2,502.69	2,946.78	3,031.16	4,094.96	4,886.25	19.32
	Central sales tax	521.00	664.16	681.00	745.83	1,120.00	50.17
2.	State Excise	843.10	964.10	1,187.72	1,506.44	1,596.98	6.01
3.	Stamps and Registration Fees	462.72	495.59	583.13	785.85	845.82	7.63
4.	Taxes and Duties on Electricity	394.85	415.10	416.91	502.53	637.97	26.95
5.	Taxes on vehicles	276.94	313.78	351.88	427.52	502.18	17.46
6.	Taxes on Goods and Passengers	510.72	420.71	696.10	675.14	825.67	22.30
7.	Other Taxes on Income and Expenditure, Taxes on Professions, Trades, Callings and Employments including Hotel Receipts Tax	11.54	7.68	8.81	8.82	11.07	25.51
8.	Other Taxes and Duties on Commodities and Services	6.40	6.33	6.86	10.68	15.75	47.33
9.	Land Revenue	88.12	359.49	159.68	247.37	270.56	9.37
Total		5,618.08	6,593.72	7,123.25	9,005.14	10,712.25	18.95

(Source: Finance Accounts of the Government of Chhattisgarh)

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

Commercial tax and Central sales tax: The increase (19.32 and 50.17 per cent) was due to increase in the price of iron ore, cement and coal, cross verification of input tax rebate, action taken against evasion of tax under Commercial Tax and increase in inter-State sale under Central Sales Tax.

State Excise: The increase (6.01 per cent) was due to increase in income from process fee and increase in sale of liquor.

Stamps and registration fees: The increase (7.63 per cent) was due to increase in the number of documents registered and revision of market value of properties with effect from April 2011.

Taxes and duties on electricity: The increase (26.95 per cent) was due to receipt of additional revenue in the form of compounding fees.

Taxes on vehicles: The increase (17.46 per cent) was due to increase in the rate of tax with effect from November 2010 and extra efforts made for recovery of revenue.

The other Departments did not inform (December 2012) the reasons for variation, despite being requested (April 2012).

1.1.3 The following table presents the details of non-tax revenue raised by the State Government during the period 2007-08 to 2011-12:

(₹ in crore)

Sl. No.	Head of revenue	2007-08	2008-09	2009-10	2010-11	2011-12	Percentage of increase(+) / decrease (-) in 2011-12 over 2010-11
1.	Non-ferrous Mining and Metallurgical Industries	1,031.55	1,243.24	1,660.87	2,470.44	2,744.82	11.11
2.	Forestry and Wild Life	258.08	322.29	345.85	305.17	341.64	11.95
3.	Interest Receipts	205.61	237.40	220.70	170.95	216.57	26.69
4.	Major and Medium Irrigation	97.62	126.04	105.37	222.00	336.49	51.57
5.	Other Non-Tax Receipts	96.43	135.17	537.82	602.01	325.05	(-) 46.01
6.	Medical and Public Health	7.62	1.67	35.67	10.26	21.11	105.75
7.	Other Administrative Services	10.59	11.49	13.03	15.97	16.36	2.44
8.	Police	12.31	8.22	6.69	18.22	19.41	6.53
9.	Public Works	11.67	13.59	14.61	15.74	15.81	0.44
10.	Miscellaneous General Services	281.84	95.58	96.97	(-)0.84	0.74	188.10
11.	Co-operation	7.13	7.52	5.42	5.40	20.48	279.26
Total		2,020.45	2,202.21	3,043.00	3,835.32	4,058.48	5.82

(Source: Finance Accounts of the Government of Chhattisgarh)

The following reasons were reported by the concerned Departments:

Non-ferrous Mining and Metallurgical Industries: The increase (11.11 per cent) was due to increase in the production of coal, iron ore and limestone.

Interest receipts: Increase (26.69 per cent) in interest receipts was due to more receipts of interest on investment of cash balances.

Major and Medium Irrigation: The increase (51.57 per cent) was due to deposit of water charges by farmers and industrial units.

1.2 Variations between the budget estimates and actuals

The variations between the budget estimates and actuals of revenue receipts for the year 2011-12 in respect of the principal heads of tax and non-tax revenue are mentioned below:

(₹ in crore)

Sl. No.	Head of revenue	Budget estimates	Actual	Variations excess (+) or shortfall (-)	Percentage of variation
A. Tax revenue					
1.	Taxes on Sales, Trade etc.	6,000.00	6,006.25	(+) 6.25	0.10
2.	State Excise	1,550.00	1,596.98	(+) 46.98	3.03
3.	Taxes and Duties on Electricity	632.51	637.97	(+) 5.46	0.86
4.	Stamps and Registration Fees	875.00	845.82	(-) 29.18	(-) 3.33
5.	Taxes on Goods and Passengers	700.00	825.67	(+) 125.67	17.95
6.	Taxes on Vehicles	475.00	502.18	(+) 27.18	5.72
7.	Land Revenue	250.00	270.56	(+) 20.56	8.22
8.	Other Taxes on Income and Expenditure- Taxes on Professions, Trades, Callings and Employments	3.00	7.80	(+) 4.80	160.00
9.	Other Taxes and Duties on Commodities and Services	6.84	15.75	(+) 8.91	130.26
10.	Hotel Receipts Tax	2.30	3.27	(+) 0.97	42.17
B. Non-Tax revenue					
1.	Non-Ferrous Mining and Metallurgical Industries	2,700.00	2,744.82	(+) 44.82	1.66
2.	Forestry and Wild life	400.00	341.64	(-)58.36	(-)14.59
3.	Interest Receipts	302.40	216.57	(-) 85.83	(-)28.38
4.	Major and Medium Irrigation	282.71	336.49	(+) 53.78	19.02
5.	Medical and Public Health	22.15	21.11	(-) 1.04	(-)4.70
6.	Other Administrative Services	18.32	16.36	(-) 1.96	(-)10.70
7.	Police	13.50	19.41	(+) 5.91	43.78
8.	Public Works Department	10.37	15.81	(+) 5.44	52.46
9.	Water Supply and Sanitation	6.50	6.59	(+) 0.09	1.38
10.	Jail- Other Receipts	1.81	2.30	(+) 0.49	27.07

(Source: Finance Accounts of the Government of Chhattisgarh)

It can be seen from the above table that there was a variation of (-) 28.38 to 160 *per cent* between the budget estimates and the actual receipts.

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

Stamps and Registration fees: The decrease (3.33 *per cent*) during the year 2011-12 as stated by the Department was due to two *per cent* exemption on stamp duty on the conveyance deeds made in favour of women.

Taxes on vehicles: The increase (5.72 *per cent*) was due to increase in the rate of tax and also increase in number of registration of new vehicles.

Taxes and Duties on Electricity: The increase (0.86 *per cent*) was due to receipt of additional revenue in the form of compounding fees.

State Excise: The increase (3.03 *per cent*) was due to increase in the sale of liquor.

1.3 Analysis of arrears of revenue in terms of total outstanding and outstanding for more than five years

The arrears of some principal heads of revenue as on 31 March 2012 as reported by the Departments amounted to ₹ 719.92 crore of which ₹ 212.96 crore was outstanding for more than five years as mentioned below:

(₹ in crore)			
Sl. No.	Head of revenue	Amount outstanding as on 31 March 2012	Amount outstanding for more than five years as on 31 March 2012
1	Taxes on Sales, Trade etc.	556.09	156.53
2	Taxes on Vehicles	9.50	4.15
3	State Excise	24.88	22.79
4	Stamps and Registration Fees	5.03	2.87
5	Taxes and Duties on Electricity	97.98	10.15
6	Non-Ferrous Mining and Metallurgical Industries	1.65	1.54
7	Forestry and Wild life	1.62	0.24
8	Land Revenue ³	23.17	14.69
Total		719.92	212.96

The above table indicates that the amount outstanding as arrears of revenue for more than five years was 29.58 *per cent* of the total outstanding amount.

We recommend that the State Government may make efforts to ensure the recovery of the outstanding amounts at the earliest.

³ Information provided for only 14 out of 27 districts.

1.4 Evasion of tax

The details of cases of evasion of tax detected by the Departments, cases finalised and the demand for additional tax raised during 2011-12, as reported by the Departments, are mentioned below:

Sl. No.	Name of the Department	Cases pending as on 31 March 2011	Cases detected during 2011-12	Total	No. of cases in which assessments/ investigations completed and additional demand including penalty etc., raised		No. of cases pending finalisation as on 31 March 2012
					No. of cases	Amount of demand (₹ in crore)	
1.	Commercial Tax	93	56	149	41	100.07	108
2.	Excise	2	Nil	2	Nil	Nil	2

It may be seen from the above that while the Commercial Tax Department finalised only 28 *per cent* of the total cases outstanding as on 31 March 2012, none of the cases could be finalised by the State Excise Department which were pending for settlement for more than a year.

1.5 Refunds

The number of refund cases pending at the beginning of the year 2011-12, claims received during the year, refunds allowed during the year and cases pending at the close of the year 2011-12, as reported by the Departments, are mentioned below:

(₹ in crore)

Name of the Department	Opening balance		Claims received		Refunds allowed		Closing balance	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Commercial Tax	129	4.63	2,048	2,010.64	2,045	2,012.32	132	2.95
Excise	2	0.01	70	8.55	70	8.55	2	0.01
Total	131	4.64	2,118	2,019.19	2,115	2,020.87	134	2.96

It can be seen from the above table that refunds were allowed in more than 94 *per cent* of the cases.

1.6 Response of the Government/ Departments towards audit

The Accountant General (Audit), Chhattisgarh (AG) conducts periodical inspection of the Government/Departments to test check the transactions and verify the maintenance of the important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the Heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The Heads of the offices/Government are required to comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the AG within one month from the

date of issue of the IRs. Serious financial irregularities are reported to the Heads of the Departments and the Government.

1.6.1 Outstanding IRs and audit observations

IRs issued up to December 2011 revealed that 8,428 paragraphs involving ₹ 4,495.26 crore relating to 2,185 IRs remained outstanding at the end of June 2012 as mentioned below along with the corresponding figures for the preceding two years:

	June 2010	June 2011	June 2012
Number of outstanding IRs	1,990	2,094	2,185
Number of outstanding audit observations	7,462	7,874	8,428
Amount involved (₹ in crore)	3,313.41	3,429.36	4,495.26

The Department-wise details of the IRs and audit observations outstanding as on 30 June 2012 and the amounts involved are mentioned in the following table:

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Amount involved (₹ in crore)
1.	Finance	Taxes on Sales, Trade etc	373	2,417	348.81
		Entertainment Tax	67	85	1.99
2.	Registration	Stamps and Registration Fees	254	617	34.43
3.	Revenue	Land Revenue	531	1,602	406.77
4.	Transport	Taxes on Motor Vehicles	121	846	113.96
5.	Excise	State Excise	114	337	335.10
6.	Geology and Mining	Non-Ferrous Mining and Metallurgical Industries	127	447	800.77
7.	Forest	Forest Receipts	299	999	1,107.14
8.	Energy	Taxes and Duties on Electricity	11	36	695.10
9.	Other Tax Departments	Other Receipts	288	1,042	651.19
Total			2,185	8,428	4,495.26

1.7 Failure of senior officials to enforce accountability and protect interest of the Government

Even the first replies required to be received from the Heads of offices within one month from the date of issue of the IRs were not received for 39 IRs issued up to March 2012. This pendency of the IRs is indicative of the fact that the Heads of offices and Heads of the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the AG in the IRs.

We recommend that the Government may take suitable steps to install an effective procedure for prompt response to the audit observations.

1.8 Departmental Audit Committee Meetings

The Government has set up Audit Committees (during various periods) to monitor and expedite the progress of the settlement of IRs and paragraphs in the IRs. The details of the Audit Committee Meetings (ACMs) held during the year 2011-12 and the paragraphs settled are mentioned in the following table:

Head of revenue	Number of meetings held	Number of paragraphs settled	Amount (₹ in crore)
Stamps and Registration Fees	1	28	3.70
Commercial Tax	1	16	2.01
Non-ferrous Mining and Metallurgical Industries	1	14	10.32
Forestry and Wild life (Revenue)	4	93	60.10
Forestry and Wild life (Expenditure)		37	29.18
Total	7	188	105.31

As can be seen from the above, during 2011-12, three Departments convened one ACM each and Forest Department convened four ACMs in which 188 paragraphs (involving money value of ₹ 105.31 crore) were settled. The other Departments did not take any initiative to hold ACMs.

It is recommended that Government may ensure convening of periodical ACMs by all the Departments for effective and expeditious settlement of outstanding paragraphs.

1.9 Response of the Departments to the draft audit paragraphs

The draft paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Accountant General to the Secretaries of the concerned Department through demi-official letters requesting them to send their responses within six weeks. The fact of non-receipt of replies from the Government is invariably indicated at the end of each such paragraph included in the Audit Report.

Forty draft paragraphs proposed to be included in the Report of the Comptroller and Auditor General of India (Revenue Sector) for the year ended 31 March 2012 were forwarded to the Secretaries of the respective Departments between April 2011 and March 2012. Out of 40 draft paragraphs, the Departments have accepted audit observations in respect of 23 paragraphs.

1.10 Follow up on the Audit Reports- summarised position

According to the instructions issued by the Finance Department, all Departments are required to furnish explanatory memoranda (Departmental Notes) to the Chhattisgarh *Vidhan Sabha* Secretariat, in respect of paragraphs included in the Audit Reports, within three months of their being laid on the table of the House.

As on March 2012, Land Revenue Department had not furnished the Departmental notes in respect of one paragraph included in the Audit Report for

the year 2004-05 for vetting even after delay of 69 months (as on March 2012) as mentioned in the following table:

Sl. No.	Name of the Department	Year of report	Date of presentation to the legislature	Last date by which departmental notes were due	Number of paragraphs for which departmental notes were due	Delay in months at the end of March 2012
1	Land Revenue	2004-05	23.3.2006	23.6.2006	1	69

With a view to ensure accountability of the executive, the Public Accounts Committee (PAC) lays down, in each case, the period within which Action Taken Notes (ATN) on its recommendations should be sent. The PAC discussed 92 selected paragraphs pertaining to the Audit Reports for the years 1998-99 to 2009-10 and gave its recommendations on 40 paragraphs. However, ATNs have not been received in respect of five recommendations of the PAC from the Departments concerned as mentioned in the following table:

Year	Name of the Department					Total
	Excise	Energy	Registration	Transport	Geology and Mining	
1998-99	-	-	-	-	1	1
1999-00	1	1	-	-	-	2
2000-01	-	-	1	1	-	2
Total	1	1	1	1	1	5

1.11 Compliance with the earlier Audit Reports

In the Audit Reports 2006-07 to 2010-11 cases of underassessment, non/short-levy of taxes, loss of revenue, failure to raise demands etc., were indicated involving ₹ 744.11 crore. The Departments accepted observations involving ₹ 534.53 crore (Commercial Tax: ₹ 54.33 crore, Stamp duty: ₹ 1.77 crore, State Excise: ₹ 11.63 crore, Transport: ₹ 11.10 crore, Land Revenue: ₹ 2.78 crore, Mining: ₹ 6.96 crore, Forest: ₹ 10.66 crore, Electricity: ₹ 50.86 crore and others: ₹ 384.44 crore) of which ₹ 39.97 crore only had been recovered till March 2012 as mentioned in the following table:

(₹ in crore)

Sl. No.	Year of the Audit Report	Total money value	Amount accepted	Recovery made up to March 2012
1.	2006-07	15.99	2.92	2.33
2.	2007-08	92.87	52.88	5.40
3.	2008-09	486.08	446.79	28.78
4.	2009-10	99.21	20.89	3.30
5.	2010-11	49.96	11.05	0.16
Total		744.11	534.53	39.97

From the above, it is observed that only 7.48 per cent of the amount accepted by the Departments was recovered during the last five years.

We recommend that the Government may take appropriate measures to ensure expeditious recovery of revenue, at least in respect of the accepted cases.

1.12 Analysis of the mechanism for dealing with the issues raised by audit

The succeeding paragraphs **1.12.1** and **1.12.2** discuss the performance of the **Commercial Tax Department** to deal with the cases detected in the course of local audit conducted during the last 10 years and also the cases included in the Audit Reports for the years 2002-03 to 2011-12.

1.12.1 Position of Inspection Reports

The summarised position of IRs issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2012 are mentioned in the following table:

Year	Opening balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Para-graphs	Money value (₹ in crore)	IRs	Para-graphs	Money value (₹ in crore)	IRs	Para-graphs	Money value (₹ in crore)	IRs	Para-graphs	Money value (₹ in crore)
2002-03	239	1,553	181.41	5	80	7.20	5	30	0.91	244	1,603	187.70
2003-04	244	1,603	187.70	12	136	61.32	1	111	36.34	255	1,628	212.68
2004-05	255	1,628	212.68	13	141	9.24	Nil	43	17.73	268	1,726	226.12
2005-06	268	1,726	226.12	14	115	15.40	Nil	71	2.82	282	1,770	238.70
2006-07	282	1,770	238.70	16	190	20.04	1	30	0.52	297	1,930	258.23
2007-08	297	1,930	258.23	2	26	2.50	Nil	1	0.006	299	1,955	260.72
2008-09	299	1,955	260.72	20	142	14.31	Nil	43	0.39	319	2,054	274.64
2009-10	319	2,054	274.64	32	320	63.34	1	72	17.27	350	2,302	320.71
2010-11	350	2,302	320.71	27	195	38.88	10	113	17.24	367	2,384	342.35
2011-12	367	2,384	342.35	10	67	9.22	Nil	18	4.21	377	2,433	347.36

It is recommended that the Department/Government may take appropriate and timely action to settle the outstanding paragraphs, in the interest of revenue.

1.12.2 Assurance given by the Department/Government on the issues highlighted in the Audit Reports

1.12.2.1 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last ten years, those accepted by the Commercial Tax Department and the amount recovered are mentioned in the following table:

(₹ in lakh)

Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted	Money value of paragraphs accepted	Amount recovered during the year	Cumulative position of recovery of accepted cases
2001-02	7	593.32	Nil	Nil	Nil	17.20
2002-03	11	501.65	Nil	Nil	Nil	0.92
2003-04	10	2,999.41	Nil	Nil	Nil	0.96
2004-05	9	301.76	1	13.92	Nil	Nil
2005-06	14	429.00	Nil	Nil	6.11	6.11
2006-07	10	210.88	2	24.35	Nil	6.11
2007-08	7	73.43	1	31.59	Nil	Nil
2008-09	4	4,946.24	1	4,749.30	Nil	Nil
2009-10	5	336.32	5	336.32	Nil	Nil
2010-11	10	1,842.71	7	202.29	Nil	Nil
Total	87	12,234.72	17	5,357.77	6.11	31.30

It may be seen from the table that out of 87 paragraphs (money value ₹ 122.35 crore) included in the Audit Reports for the period 2001-02 to 2010-11, only 17 paras with money value of ₹ 53.58 crore were accepted by the Department and recovery of only ₹ 31.30 lakh (0.58 *per cent*) was effected.

When asked about the existing mechanism in the Department to monitor the recovery in the accepted cases, the Department intimated that demand notices have been issued to the dealers in all the accepted cases. If the amount is not deposited within the permissible time of 30 days, Revenue Recovery Certificates (RRCs) are issued to recover the amount. However, the fact remains that only 0.58 *per cent* of the amount accepted by the Department was recovered during the last 10 years.

As the progress made by the Department in the accepted cases is very low, we recommend that the Department may take suitable measures to ensure expeditious recovery of revenue in respect of these cases.

1.12.2.2 Action taken on the recommendations accepted by the Department/Government

The draft Performance Audits conducted by the AG are forwarded to the concerned Department/Government with the request to furnish their replies. These Performance Audits are also discussed in an exit conference and the Department's/Government's views are included in the Reports.

The following paragraphs discuss the issues highlighted in the Performance Audit on the **Commercial Tax Department** featured in the last 10 Audit Reports including the recommendations and action taken by the Department on the recommendations accepted by it as well as the Government.

Year of Audit Report	Name of the performance audit	Number of recommendations	Details of the recommendations accepted	Status
2003-04	Exemption of Commercial Tax to new industries	3	1) The performance of units granted exemption under the scheme should be assessed at regular intervals to ensure that the units function for the stipulated period.	The Department stated (September 2010) that Commerce and Industries Department has included the points relating to the recommendations while implementing plans launched by it.
			2) Coordination between the Industries and the Commercial Tax Department needs to be strengthened so that the grant of eligibility certificates does not get delayed.	
			3) Internal control mechanism in the form of periodical returns and inspections/ survey should be prescribed to prevent misuse of the scheme.	
2007-08	Computerisation of Commercial Tax Department	7	1) The Department should prepare a time bound implementation plan to shift completely to a computerised system with a target date for complete change-over for each module.	A committee of Departmental officers has prepared point-wise suggestions regarding implementation plan to shift completely to the computerised system.
			2) The implementation plan should provide for adequate manpower.	The Government has sanctioned one post of System Analyst, five posts of Programmer, six posts of Assistant Programmer and 167 posts of Data Entry Operator.
			3) The connectivity to all circles and other offices, especially those in the remote areas, may be reviewed to ensure uninterrupted access to the central server.	The Department stated (September 2009) that connectivity problem has since been solved. For uninterrupted access to the central server in future, a contract has been entered into with National Informatics Centre.
			4) Authorised change requests and action taken may be documented.	A policy has been framed for authorised change in the software as per demand and suggestion.
			5) Suitable module may be incorporated for check posts.	The Department stated that M/s CMC Ltd. is preparing suitable module for check posts.
			6) Back up procedures and access controls may be strengthened.	The Department stated that for back up procedures and access controls, alphanumerical password policy has been framed and instructions have been issued to all officers/officials in this regard.
			7) The Department should obtain hardware installation information from all the offices and also conclude Annual Maintenance Contract for the available hardware.	The Department stated that information has been obtained regarding hardware installation from all the offices. For annual maintenance of hardware, an agreement has been executed with M/s HCL Infosystem, Raipur.
The Department stated (September 2012) that Computerisation of Commercial Tax Department is being carried out under which e-registration, e-challan, C-forms and F-forms would be made available on-line so that declaration forms can be issued on-line. All the forms are being uploaded on the website (TINXSYS).				
2008-09	Levy and Collection of Central Sales Tax	5	1) Prescribing criteria for selection of declaration forms for cross verification.	For verification of declaration forms, instructions have been issued to Departmental officers.

			2) Creating a database of exemption of tax on account of branch transfer/consignment sale.	Instructions regarding entry of branches in Registration Certificates have been issued to Departmental officers.
			3) Forwarding utilisation certificates of forms from circles to assessing officers for cross verification.	Instructions have been issued to the Departmental officers for verification of Declaration Form. Utilisation certificates are to be enclosed with tax assessment cases.
	Transition from CG Commercial Tax to CG VAT	4	1) Carrying out a review of all registered dealers who have not been submitting returns for three years.	The Registration Certificates of those registered dealers who have not submitted returns are being cancelled.
			2) Making provision in the software being developed for submission of purchase lists and sale lists on-line by the dealers.	It has been made mandatory for the dealers to submit on-line returns having annual gross sales of ₹ 40 lakh.
			3) Linking the check posts with the Headquarters.	Software has been prepared to link the check posts with Headquarters/ Circles.
2010-11	Cross verification of declaration forms used in inter-state trade or commerce.	6	1) Obtaining of sample declaration forms from other States for easy reference to ascertain the genuineness at the time of assessment of cases.	The Department stated that e-registration, e-challan, C-forms and F-forms would be made available on-line so that declaration forms can be issued on-line. All the forms are being uploaded in the website (TINXSYS) so that declaration forms used in inter-state trade are cross verified.
			2) Forwarding utilisation certificates of statutory forms submitted by the dealers from circles to ACs, for cross verification.	
			3) Creating a database to evaluate the extent of exemptions/concessions allowed.	
			4) Preparing checklist on various points to be checked essentially before acceptance of these forms.	
			5) Strengthening the Internal Audit Wing and ensuring time bound action on suggestions of the wing.	
			6) Initiating a system for online issue of declaration forms.	
The Department stated (September 2012) that in case of all recommendations, the Department is taking action and for computerisation NIC has been appointed for supervision.				

1.13 Results of audit

1.13.1 Position of local audit conducted during the year

Test check of the records of 111 units⁴ of commercial tax, land revenue, state excise, taxes on vehicles, stamps and registration fees, mining and other non-tax receipts conducted during the year 2011-12 revealed underassessment/short levy/loss of revenue aggregating to ₹ 555.69 crore in 18,824 cases. During the course of the year, the Departments concerned accepted underassessment and other deficiencies of ₹ 106.24 crore involved in 5,701 cases. Of these, the Departments recovered ₹ 11.86 lakh during the year.

1.13.2 This Report

This Report contains 40 paragraphs (selected from the audit detections made during the local audit referred to above and during earlier years which could not be included in earlier reports) including one Performance Audit on **Levy and Collection of Electricity Duty** and nine paragraphs on forest expenditure relating to short/non-levy of tax, duty and interest, penalty and doubtful/wasteful expenditure etc., involving financial effect of ₹ 1,568.91 crore. The Departments/Government have accepted audit observations involving ₹ 1,399.13 crore, out of which ₹ 88.91 crore has been recovered. The replies in the remaining cases have not been received (December 2012). These are discussed in the succeeding chapters II to VIII.

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(₹ in crore)

Sl. No.	Name of Department	No. of units audited	No. of cases	Amount	Cases accepted	Amount
1	Commercial Tax	11	118	9.35	3	0.11
2	Excise	6	587	13.92	82	8.28
3	Registration	8	517	4.17	76	0.74
4	Transport	9	2423	22.13	2,282	19.06
5	Land Revenue	38	11,962	47.55	2,981	26.01
6	Geology & Mining	12	2739	375.86	263	51.86
7	Forest (Receipts)	12	335	23.38	14	0.18
8	Forest (Expenditure)	15	143	59.33	0	0
Total		111	18,824	555.69	5,701	106.24

1.14 Amendments made at the instance of Audit

The Department/Government made changes in the concerned Rules at the instance of Audit in the following cases which are featured in the Report.

Sl No.	Name of the Department	Observation made by Audit	Notification/Circular No.	Changes effected	Para No. of this Report
1.	Transport	Seating capacity was not determined on the wheel base resulting in short levy of tax.	Notification.No. 3651/Tech/Transport/2012 dated 6 July, 2012 (Sub Rule 3 of Rule 158 of Chhattisgarh <i>Motoryan Niyam</i> , 1994.	Wheel base categories have been increased to nine from three, to enable the registering authority to determine the appropriate seating capacity for taxation purposes.	5.11
2.	Transport	Trade Tax was levied annually on vehicles in multiple of seven due to which there was no clarity to levy the trade tax on dealers on the vehicles sold by them.	Gazette Notification. No.7296/D.197/21-A/P/C.G/11 dated 12 October 2012 (Section 4 of CGMK <i>Adhiniyam</i> , 1991).	Trade Tax is now being levied in respect of each vehicle.	5.13
3.	Commercial Tax	Chhattisgarh Government had not issued any instruction for levy of Entry Tax on mobile handsets despite existence of enabling provisions in the Entry Tax Schedule.	Circular No. Addl./CT/ Enf./ 2012/1477 dated 8 October, 2012 Schedule II of C.G. Entry Tax Act, 1976, (Entry No. 49 or 53).	Entry Tax at the rate of one <i>per cent</i> is to be levied on the value of mobile handsets.	2.20

CHAPTER-II: COMMERCIAL TAX

EXECUTIVE SUMMARY

What we have highlighted in this Chapter	In this Chapter we present illustrative cases of ₹ 14.00 crore selected from observations noticed during our test check of records relating to short levy of VAT, short/non levy of entry tax, evasion of tax and non levy of penalty, irregular exemption on declaration forms, short levy due to incorrect allowance of set-off, incorrect application of rate of tax etc. and deficiencies in the implementation of <i>Saral Samadhan Yojna</i> in the Commercial Tax Department.
Increase in tax collection	The actual receipts of the Department exceeded the Budget Estimates during 2011-12 by ₹ 6.25 crore.
Target not achieved by the Internal Audit Wing	During the year, no unit was planned for audit by the Department due to non-availability of staff.
Results of audit conducted by us in 2011-12	We conducted test check of the records of 11 units relating to the Commercial Tax Department during the year 2011-12 and found 118 cases of incorrect grant of exemption/deduction, non/short levy of tax, incorrect determination of taxable turnover, application of incorrect rate of tax etc. amounting to ₹ 9.35 crore. During the year, the Department had recovered ₹ 18.05 lakh in seven cases including ₹ 6.61 lakh in four draft paragraphs.
Our conclusion	<p>The Department needs to improve the internal control system including strengthening of internal audit so that weaknesses in the system are addressed and omissions of the nature detected by us are avoided in future.</p> <p>It also needs to initiate immediate action to recover the short/non levy of tax, irregular exemption on declaration forms, incorrect application of rate of tax etc. pointed out by us, more so in those cases where it has accepted our contention.</p>

2.1 Tax administration

The Chhattisgarh Commercial Tax Department is responsible for levy and collection of Value Added Tax (VAT), Central Sales Tax (CST), Entry Tax (ET), Professional Tax (PT) and Luxury Tax (LT) in the State through assessment of cases of dealers. Commercial Tax Department contributes the major part of the revenue for the State. The Department implements the under mentioned Acts and Rules made thereunder:

- Chhattisgarh Value Added Tax Act, 2005 (CGVAT Act);
- Central Sales Tax Act, 1956 (CST Act);
- Chhattisgarh Entry Tax Act, 1976 (CGET Act);
- Chhattisgarh Commercial Tax Act, 1994 (CGCT Act);
- Chhattisgarh Professional Tax Act, 1995 and
- Chhattisgarh Luxury Tax Act, 1988.

The Commercial Tax Department is headed by the Principal Secretary at Government level. The Commissioner is the head of the Department and he is assisted in the discharge of his duties by four Additional Commissioners, 12 Deputy Commissioners (DCs), 26 Assistant Commissioners (ACs) and 69 Commercial Tax Officers (CTOs).

2.2 Trend of receipts from Taxes on Sales, trade etc.

Actual receipts from Taxes on sales, trade etc.¹ during the years 2007-08 to 2011-12 along with the total tax receipts during the period is exhibited in the following table:

(₹ in crore)						
Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2007-08	3,200.00	3,023.70	(-) 176.30	(-) 5.51	5,618.08	53.82
2008-09	3,470.00	3,610.94	(+) 140.94	4.06	6,593.72	54.76
2009-10	3,447.12	3,712.16	(+) 265.04	7.69	7,123.25	52.11
2010-11	4,524.13	4,840.79	(+) 316.66	7.00	9,005.14	53.76
2011-12	6,000.00	6,006.25	(+) 6.25	0.10	10,712.25	56.07

(Source: Finance Accounts of Government of Chhattisgarh)

We found that during the year 2011-12, the Finance Department (FD) had approved the budget estimate (BE) of ₹ 6,000 crore as against ₹ 6,268.72 crore

¹ Major head 0040- Taxes on Sales, Trade etc (101 – Receipts under Central Sales Tax Act, 102- Receipts under State Sales Tax Act, 103- Tax on sale of motor spirits and lubricants, 104- Surcharge on Sales Tax, 105- Tax on sale of Crude oil, 106- Tax on Purchase of Sugarcane, 107- Receipts of Turnover Tax, 108- Tax on the Transfer of Rights to use any goods for any purpose Act,1985, 109- Tax on Transfer of Property Goods involved in the execution of "Works Contract Act,1985" and 800- Other Receipts)

proposed by the Department. The FD was accurate in estimating the BEs as the variation between BE and actual receipts was only 0.10 *per cent*.

The above table indicates that collection from Taxes on sales, trade etc., contributed substantially to the tax revenue of the State. Overall collection of revenue under taxes on sales, trade etc. was more than the budget estimates during the period 2007-08 to 2011-12, except in 2007-08. The percentage of actual receipts over total tax receipts of the State ranged between 52 and 56.

2.3 Analysis of arrears of revenue

The arrears of revenue of Taxes on Sales, Trade (including VAT and Central Sales Tax), Entry Tax and Profession Tax as on 31 March 2012 amounted to ₹ 556.09 crore of which ₹ 156.53 crore was outstanding for more than five years. The following table depicts the position of arrears of revenue during the period 2007-08 to 2011-12:

(₹ in crore)

Year	Opening balance of arrears	Closing balance of arrears
2007-08	156.53	183.33
2008-09	183.33	194.39
2009-10	194.39	438.57
2010-11	438.57	450.85
2011-12	450.85	556.09

(Source: Figures furnished by the Department)

2.4 Assessee profile

As per the information furnished by the Department, the number of dealers registered under CGVAT Act, 2005 during the period 2011-12 was 64,393 of which 5,246 were large tax payers² and the remaining were small tax payers. Out of these dealers, returns were required to be filed by 55,539 dealers and 1,04,415 returns were received during the year. As regards the remaining returns, it was stated by the Department that the dealers have been directed to submit the same along with the advance tax payable.

2.5 Collection of VAT per assessee

Year	Number of assessees	VAT Revenue as per Department (₹ in crore)	VAT Revenue as per Finance Accounts (₹ in crore)	Revenue/ Assessee (in ₹)
2007-08	59,499	2,502.69	2,448.27	4,20,627.24
2008-09	63,446	2,968.09	2,943.67	4,67,813.57
2009-10	69,727	3,085.12	3,031.15	4,42,457.01
2010-11	58,299	4,047.58	4,031.50	6,24,279.49
2011-12	64,393	5,269.97	4,884.97	8,18,407.28

² Large tax payers are the dealers whose annual tax liability is more than ₹ 60,000 and who are required to pay tax monthly.

It may be seen from the above table that there was a difference in the figures of VAT revenue as per Finance Accounts and the Departmental figures which requires reconciliation.

2.6 Arrears in assessment

The number of cases pending at the beginning of the year 2011-12, assessments becoming due during the year, assessments disposed of during the year and those pending at the end of the year 2011-12 as furnished by the Department are mentioned in the following table:

Name of tax	Opening balance (2011-12)	Addition during the year	Total number of assessment cases due	Cases disposed during the year	Cases pending at the end of the year	Percentage of clearance (column 5 to 4)
1	2	3	4	5	6	7
Value Added tax	50,752	72,013	1,22,765	68,813	53,952	56.05
Professional tax	9,642	11,328	20,970	12,080	8,890	57.61
Entry tax	21,223	34,656	55,879	32,988	22,891	59.03
Luxury tax	23	118	141	76	65	53.90
Tax on works contract	417	115	532	113	419	21.24
Total	82,057	1,18,230	2,00,287	1,14,070	86,217	56.95

(Source: Figures furnished by the Department)

The above table indicates that at the end of the year 2011-12 only 57 per cent of the total assessment cases had been disposed of by the Department.

The Government may initiate timely action for expeditious disposal of the pending cases in the interest of revenue.

2.7 Cost of collection

Collection from Taxes on sales, trade etc., the expenditure incurred on their collection and the percentage of such expenditure to gross collection during the years 2009-10, 2010-11 and 2011-12 along with the relevant all-India average percentage of expenditure to gross collection of the preceding years are indicated in the following table:

(₹ in crore)

Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All-India average percentage of expenditure to gross collection of preceding year
2009-10	3,712.16	25.71	0.69	0.88
2010-11	4,840.79	29.99	0.62	0.96
2011-12	6,006.25	40.63	0.68	0.75

(Source: Finance Accounts of Government of Chhattisgarh)

We noticed that there was variation in the percentage of expenditure on collection of the Department during the years. The cost of collection of the Department decreased in 2010-11 as compared to the year 2009-10, but the same increased in 2011-12. However, the cost of collection when compared to the all India averages during the three years was on the lower side.

2.8 Analysis of collection

The break-up of the total collection from taxes on sales, trade etc., entry tax, profession tax and luxury tax at the pre-assessment stage and after regular assessment of taxes on sales, trade etc. during the year 2011-12 and corresponding figures for the preceding five years as furnished by the Commercial Tax Department is mentioned below:

(₹ in crore)

Heads of revenue	Year	Amount collected at the pre-assessment stage	Amount collected after regular assessment	Penalty for delay in payment of taxes and duties	Amount refunded	Net collection as per department	Net collection as per Finance Accounts	Percentage of collection (column 3 to 7)
1	2	3	4	5	6	7	8	9
Taxes on sales, trade, ET,PT and LT	2007-08	3,668.63	126.97	10.44	14.55	3,545.77	3,545.10	103.46
	2008-09	4,089.42	52.77	8.12	18.35	4,046.88	4,038.41	101.05
	2009-10	4,691.64	190.93	87.35	57.33	4,470.69	4,325.16	104.94
	2010-11	5,859.41	387.55	41.78	60.15	5,490.23	5,355.67	106.72
	2011-12	6,329.89	618.59	18.86	62.18	6,905.16	6,837.80	91.67

It may be seen from the table that percentage of collection of taxes at the pre-assessment stage was the lowest during the year 2011-12.

2.9 Impact of Audit

2.9.1 Position of Inspection Reports (IR): During the years 2006-07 to 2010-11, we had pointed out through our IRs non/short levy, non/short realisation, underassessment, loss of revenue, incorrect exemption, incorrect computation etc. with revenue implication of ₹ 91.84 crore in 1,055 cases. Of these, the Department/Government had accepted audit observations in 206 cases involving ₹ 3.55 crore. The details are shown in the following table:

(₹ in crore)

Years of Inspection Report	No. of units audited	Amount objected		Amount accepted	
		No. of cases	Amount	No. of cases	Amount
2006-07	10	176	0.18	97	0.11
2007-08	4	37	0.03	16	0.07
2008-09	20	185	0.62	10	0.48
2009-10	32	295	35.93	10	0.30
2010-11	28	362	55.08	73	2.59
Total		1,055	91.84	206	3.55

2.9.2 Position of Audit Reports: During the last five years, through our Audit Reports, we had pointed out cases of underassessment, non/short levy of tax involving ₹ 74.09 crore. The Department accepted observations of ₹ 54.33 crore of which only ₹ 8 lakh had been recovered till March 2012 as shown in the following table:

(₹ in crore)

Sl. No.	Year of the Audit Report	Total money value	Amount accepted	Recovery made up to March 2012
1.	2006-07	2.11	0.24	0.08
2.	2007-08	0.74	0.32	Nil
3.	2008-09	49.46	47.49	Nil
4.	2009-10	3.36	3.36	Nil
5.	2010-11	18.42	2.92	Nil
	Total	74.09	54.33	0.08

The above table indicates that only 0.15 *per cent* of recovery has been made by the Department against the accepted amount which is negligible.

We recommend that the Department may take steps to recover the amounts involved, at least in the accepted cases, as there is the risk of loss of revenue due to action becoming barred by limitation.

2.10 Internal audit

Internal Audit Wing (IAW) of an organisation is a vital component of the internal control mechanism and is generally defined as the control of all controls. It enables the organisation to assure itself that the prescribed systems are functioning reasonably well.

We observed that only one post of Assistant Commissioner, Commercial Tax was sanctioned for the Internal Audit Wing. Further, during the year 2011-12, no internal audit was conducted due to transfer of the sole Assistant Commissioner posted in the wing.

We recommend that the Internal Audit Wing of the Department may be strengthened by sanctioning more posts in the wing.

2.11 Results of Audit

We conducted test check of the records of 11 units relating to Commercial Tax Department during the year 2011-12 and found cases of underassessment, non/short levy of tax/interest/penalty, application of incorrect rates of tax etc. amounting to ₹ 9.35 crore in 118 cases which fall under the following categories:

(₹ in crore)			
Sl. No.	Category	No. of cases	Amount
1	Incorrect grant of exemption/deduction	17	0.42
2	Non/short levy of tax	39	2.92
3	Incorrect determination of taxable turnover	14	3.61
4	Application of incorrect rate of tax	4	0.17
5	Other irregularities	44	2.23
Total		118	9.35

During the year 2011-12, the Department had recovered ₹ 11.44 lakh in three cases pertaining to the current year.

The Department had also recovered the full amount of ₹ 6.61 lakh in four cases pointed out as draft paragraphs.

A few illustrative cases amounting to ₹ 14.00 crore including observations detected during earlier years are mentioned in the succeeding paragraphs.

2.12 Audit observations

We scrutinised the assessment records of Sales tax/Value added tax (VAT), Central sales tax, Entry tax etc. in the Commercial Tax Department and found several cases of non-observance of the provisions of the Acts/ Rules, non/short levy of tax/penalty/interest, incorrect application of rate of tax, incorrect deduction from taxable turnover, incorrect exemption and other cases as mentioned in the succeeding paragraphs of this chapter. These cases are illustrative and are based on a test check carried out by us. Such omissions on the part of the Assessing Authorities (AA) are pointed out by us each year, but not only do the irregularities persist; these remain undetected till audit is conducted. There is need for the Government to improve the internal control system so that such omissions can be avoided.

COMMERCIAL TAX ACT

2.13 Evasion of tax and non-levy of penalty

As per Section 28 of the Chhattisgarh Commercial Tax Act (CGCT) 1994, when an assessment has been made under the Act and if for any reason any sale or purchase of goods chargeable to tax under the Act during any period has been underassessed or has escaped assessment or assessed at a lower rate or any deduction has been wrongly made or a set-off has been wrongly allowed, the Commissioner may, where the omission leading to such reassessment is attributable to the dealer, direct that the dealer shall pay by way of penalty in addition to the amount of tax so assessed, a sum not exceeding that amount. As per Schedule II of the CGCT Act 1994, Liquefied Petroleum Gas (LPG) was leviable to tax at the rate of 9.2 per cent including surcharge (15 per cent on tax) for the period 2004-05 and 2005-06.

We found (August 2011) during test check of the assessment records of the Assistant Commissioner (AC), Raipur that a dealer engaged in purchase and sale of LPG, assessed between January 2008 and December 2008 for the period 2004-05 and 2005-06, had total turnover of ₹ 3.48 crore and ₹ 3.25 crore respectively. Further cross-verification of the assessment records with the 59-A register revealed that the dealer had imported LPG valuing ₹ 72.75 lakh and ₹ 20.80 lakh during these years respectively against

134³ declarations in form 59-A⁴. However, the above purchases were not accounted for in the books of accounts by the dealer and the corresponding sales, determined by adding 10 per cent profit⁵ element in the purchases, were concealed for evading tax. This resulted in non levy of tax of ₹ 9.47 lakh. Besides this, maximum penalty of ₹ 9.47 lakh was also leviable (as shown in *Appendix-2.1*).

After we pointed this out to the Department and Government (July 2012), the Government in its reply (December 2012) stated that demand of ₹ 13.84 lakh has been raised, of which ₹ 4.11 lakh has been recovered. As regards assessment against 60 forms (closing balance of 2003-04), it has been stated that the matter is under investigation and further action shall be taken after receipt of information.

³ For the year 2004-05 part sale value of ₹ 42.44 lakh has been determined presuming that closing balance of 60 declaration forms at the end of 2003-04 were consumed in the year 2004-05 and taking minimum value of the form as ₹ 64,300 on the basis of purchases made against each form during the year 2003-04.

⁴ Form 59- A- A document issued by the Department to a registered dealer for importing goods from outside the state, indicating the name of the consignor and consignee, the place of dispatch, the destination and the description, quantity and value of the goods.

⁵ Profit=Gross profit (tax paid)+transportation charges+ loading/unloading charges.

2.14 Irregular exemption on declaration forms

The Government vide notification dated 12.11.2001 exempted sale of iron and steel from levy of tax when sold by a dealer registered under the *Adhiniyam* and such dealer in support of his claim for exemption in respect of the sale of the said goods furnishes at the time of his assessment to the Assessing Authority, a declaration in form A-2 issued to him by the dealer manufacturing the said goods or a subsequent selling registered dealer selling such goods.

We found (April 2011) during test check of the assessment records of Assistant Commissioner Commercial Tax (ACCT)-II, Bilaspur that a dealer engaged in trading and manufacture of iron and steel, assessed in February 2009 for the period 2005-06, was allowed exemption of tax on the

sale value of ₹ 3.53 crore supported by A-2⁶ declaration forms. On scrutiny of the A-2 declaration forms, we noticed that the dealer had sold MS round and Tar Steel to unregistered dealers and the Assessing Officer (AO) while finalising the assessment incorrectly allowed exemption from levy of tax on the strength of A-2 declaration forms. Since the sale was made to unregistered dealers, the dealer was not eligible for exemption. This resulted in non levy of tax of ₹ 7.06 lakh. Besides, penalty was also leviable.

After we pointed this out to the Department/Government (July 2012), the Department stated (December 2012) that demand of ₹ 21.18 lakh has been raised.

2.15 Short levy due to incorrect allowance of set-off of tax

According to section 13 of the CGCT Act, when a registered dealer purchases any goods specified in Schedule II other than goods specified in Schedule III which are tax paid goods in his hands and the sale thereof by the selling registered dealer to him is otherwise exempt from tax the dealer shall be entitled to set-off for such tax-paid purchases. Further, in the case of Commissioner of Commercial Tax, CG Vs. Unique Rolling Mills (2003) VKN 583, the Chhattisgarh Revenue Board held that goods purchased from exempted units are not tax-paid goods and are therefore not eligible for set-off.

We found during test check (May 2010) of the assessment records of the Commercial Tax Officer (CTO-I), Bilaspur that a dealer engaged in manufacture and sale of cement poles was assessed in August 2008 for the period 2005-06. The AO allowed set off of ₹ 2.84 lakh on consumption of cement of ₹ 41.22 lakh treating them as

tax paid goods. Further scrutiny of bills pertaining to the case revealed that the

⁶ The dealer in support of his claim for exemption in respect of the sale of the goods furnishes at the time of his assessment to the assessing authority a declaration in form A-2 issued by the selling dealer.

cement was purchased from dealers who had made purchases from M/s. Grasim Cement, which was an exempted unit. As the dealer had made purchases of cement which were already exempted from tax, the set-off allowed was irregular. Thus, incorrect set-off allowed on consumption of cement of ₹ 41.22 lakh resulted in short levy of tax of ₹ 2.84 lakh.

After we pointed this out to the Government/Department (July 2012), the Department stated (October 2012) that demand of ₹ 2.84 lakh has been raised (October 2011) against the dealer and his bank account has been frozen for early recovery of dues. Further report on recovery has not been received (December 2012).

2.16 Short levy of tax

According to entry no. 1 of Part IV of Schedule II of the CGVAT Act, all other goods not included in Schedule I and in part I, part II and part III of this schedule are taxable at the rate of 12.5 *per cent*. Hair oil being a residuary good is taxable at 12.5 *per cent*. Section 22 of CGVAT Act provides that the Commissioner shall, where the omission leading to assessment or re-assessment is attributable to the dealer, impose upon him a penalty of maximum two times the amount of tax assessed but which shall not be less than the amount of tax assessed.

We found (November 2010) during test check of the assessment records of the Assistant Commissioner (AC), Commercial Tax, Raipur that a dealer engaged in purchase and sale of coconut oil (hair oil), mustard oil and spices assessed in September 2009 for the period April 2006 to March

2007 had a total turnover of ₹ 3.45 crore, out of which turnover of hair oil was ₹ 1.39 crore. The AO levied tax of ₹ 13.28 lakh at the rate of four *per cent* on the turnover of hair oil. Since hair oil being a residuary item is taxable at the rate of 12.5 *per cent*, tax amounting to ₹ 11.39 lakh⁷ was leviable at the differential rate of 8.5 *per cent* (12.5-4=8.5). Thus, application of incorrect rate of tax resulted in short levy of tax amounting to ₹ 11.39 lakh. Besides, penalty of ₹ 11.39 lakh was also leviable.

After we pointed this out to the Government /Department (July 2012), the Government stated (December 2012) that demand of ₹ 22.78 lakh has been raised. Report on recovery has not been received (December 2012).

⁷ ₹ 139 lakh-₹ 5.36 lakh=₹134 lakh*8.5/100=₹11.39 lakh

2.17 Application of lower rate of tax

The State Government through Notification no. 45 dated 28.04.2006 notified the list of goods to be treated as "Capital Goods" for levy of tax at the rate of four *per cent*. Diesel engine and parts are not included in the list of capital goods. Further, as per CG VAT Act, 2005 all other items which are not mentioned in Schedule-I and part I to III of Schedule II shall be taxable at 12.5 *per cent*. Diesel engine being a residuary goods is taxable at the rate of 12.5 *per cent*.

the turnover of ₹ 27.10 lakh and on the remaining sale of ₹ 1.48 lakh, the AO levied tax of ₹ 16,000 at the rate of 12.5 *per cent*. As diesel engine and parts are not capital goods and are also not mentioned in any of the Schedules, tax amounting to ₹ 3.01 lakh at the rate of 12.5 *per cent* was leviable on the sale of ₹ 27.10 lakh. Thus, levy of tax at lower rate by the AO resulted in short levy of tax of ₹ 2.12 lakh.

After we pointed this out to the Government /Department (July 2012), the Government stated (December 2012) that demand of ₹ 2.47 lakh has been raised. Report on recovery has not been received (December 2012).

AC Drive, DC Drive, Programming Logic Controller System and Lubricating system are not included in the list as capital goods notified vide Notification no. 45 dated 28.04.2006. As per CGVAT Act, all other items which are not mentioned in Schedule-I and part I to III of Schedule II shall be taxable at 12.5 *per cent*. AC Drive, DC Drive, Programming Logic Controller System and Lubricating system being residuary goods are taxable at the rate of 12.5 *per cent*.

made by the dealer on which the Assessing Officer levied tax at the rate of four *per cent* treating it as capital goods. As the goods manufactured by the dealer were electrical goods, tax of ₹ 30.95 lakh at the rate of 12.5 *per cent* was to be levied instead of ₹ 10.71 lakh. Thus levy of tax at lower rate by the AO resulted in short levy of tax of ₹ 20.24 lakh.

After we pointed this out to the Government/Department (July 2012), the Department stated (September 2012) that the goods sold were machinery parts

2.17.1 We found (December 2011) during the test check of the assessment records of the Commercial Tax Officer (CTO), Circle – I, Raipur that a dealer engaged in purchase and sale of diesel engine and parts, assessed in December 2010 for the period 2007-08, had a total turnover of ₹ 28.58 lakh which included sale of ₹ 27.10 lakh of diesel engine and parts. While assessing the case, the AO levied tax amounting to ₹ 1.04 lakh at the rate of four *per cent* on

2.17.2 We found (January 2012) in the test check of the assessment records of the Assistant Commissioner Commercial Tax (ACCT)-III, Durg that a dealer engaged in manufacture and sale of electrical parts such as AC Drive, DC Drive, Programming Logic Controller System and Lubricating system was assessed in October 2009 for the period 2006-07. Sale of ₹ 2.79 crore was

of iron and steel industries and covered under notification no. 45 dated 28.04.2006.

We do not agree as the above goods were not mentioned as capital goods in the above notification.

2.18 Non-levy of tax due to irregular input tax rebate

According to Section 8 of CGVAT Act, tax shall be levied on goods specified in Schedule II, at the rate mentioned in the corresponding entry in column (3) thereof. Further Section 13 (b) of the Act provides for rebate of input tax when a registered dealer purchases any goods within the State of Chhattisgarh from another such dealer after payment to him of input tax and he shall claim or be allowed, input tax rebate of such amount of tax, in such manner and within such period as may be prescribed. The rate of tax prescribed for furnace oil is four *per cent*.

We found (December 2010) in the test check of the records of the ACCT-II, Durg that a dealer engaged in manufacture and sale of wires was assessed in February 2010 for the period April 2006 to March 2007. The above dealer purchased furnace oil of ₹ 39.95 lakh on which the AO allowed input tax rebate of ₹ 4.99 lakh at the rate of 12.5 *per*

cent as against the admissible amount of ₹ 1.60 lakh calculated at the rate of four *per cent*. Thus the grant of Input Tax Rebate in excess of the admissible rate resulted in short-levy of input tax of ₹ 3.40 lakh.

After we pointed this out to the Government/Department (July 2012), the Department stated (July 2012) that the case was reopened under Section 22 (1) and demand of ₹ 3.40 lakh has been raised.

CENTRAL SALES TAX ACT

2.19 Non-levy of tax

According to Section 8 of CST Act, every dealer, who in the course of inter-state trade or commerce sells goods other than declared goods without 'C' form shall be liable to pay tax at the rate of 10 *per cent* or the rate applicable to the sale or purchase of such goods inside the State, whichever is higher.

According to entry no. 50 of Part II of Schedule II of CGVAT Act, Flour, *Atta*, *Maida*, *Suji*, *Besan* etc. are taxable at the rate of four *per cent*. Further, the State Government vide notification no. 15 dated 30.03.2006 exempted "*Atta*, *Maida*, *Suji* and *Besan*" from payment of tax for the period 2006-07 but not "Flour". Further, the Hon'ble Allahabad High Court also held in the case of M/s. Vishambhar Sahai Sheetal Prasad Vs State of UP and others 2004 NTN that *Atta* (Wheat flour) and *Besan* (Gram flour) are two different commodities.

We found (November 2011) during test check of the assessment records of the Assistant Commissioner, Division-II, Raipur that a dealer engaged in manufacture and sale of oils, oil seeds and soya flour was assessed in June 2010 for the period 2006-07. The dealer had a total turnover of ₹ 17.42 crore as inter-state sale, out of which sale of soya flour of ₹ 15.55 crore was made without "C" Form⁸. The Assessing Authority (AA) allowed exemption on the same treating it as "*Atta*". As flour was

not exempted from payment of tax as per the above notification, and also being different from *Atta*, tax amounting to ₹ 1.55 crore at the rate of 10 *per cent* was leviable. This resulted in non-levy of tax of ₹ 1.55 crore. Besides, maximum penalty of ₹ 3.11 crore was also leviable.

After we pointed this out to the Government/Department (July 2012), the Department stated (July 2012) that demand of ₹ 4.66 crore (including penalty of ₹ 3.11 crore) has been raised. Report on recovery has not been received (December 2012).

⁸

C-form is a declaration form issued by the Department to a registered dealer for importing goods from outside the state at concessional rate of tax in course of inter-state trade or commerce.

ENTRY TAX ACT

2.20 Non-levy of entry tax

According to Section 3 (1) (a) of the Chhattisgarh Entry Tax Act (CGET Act), 1976, there shall be levied an entry tax on the entry in the course of business of a dealer of goods specified in Schedule II, into each local area for consumption, use or sale therein. Entry No. 53 of the Schedule provides for tax to be levied on “All kinds of electrical and electronic goods except those specified elsewhere in this Schedule” at the rate of one *per cent*. Mobile handsets which are electronic goods are not specified in the Schedule and hence are liable to be taxed as per entry no. 53. Further, the Hon’ble Madhya Pradesh High Court also held in the case of M/s. Drive India Dot Com Vs State of MP and others 2011 (19) STJ that mobile handset is covered under wireless reception instruments and apparatus. Alternatively, it can also be covered in entry 53 which is relating to electronic and electrical goods.

We found (November 2011) in the test check of the assessment records of the Assistant Commissioner (AC)-II, Raipur that a dealer engaged in purchase and sale of mobile handsets was assessed in June 2010 for the period 2006-2007. The dealer received mobile handsets worth ₹ 124.28 crore through stock transfer on which no entry tax was levied by the AO treating the same as goods covered under Schedule III of the Act. However, mobile handsets are electronic goods and are to be taxed as per entry no. 53 of the Act. Therefore, entry tax of

₹ 1.24 crore at the rate of one *per cent* on ₹ 124.28 crore was leviable. Thus, failure on the part of AO to verify the entries of the Schedule and levy tax accordingly resulted in non-levy of entry tax of ₹ 1.24 crore.

After we pointed this out to the Government/Department (July 2012), the Department had issued a circular (October 2012) to all the divisions directing them to check and levy entry tax on mobile handsets at the rate of one *per cent* in cases where it has not been levied. Further report on recovery has not been received (December 2012).

2.21 Non-levy of tax

According to Section 3 of the CGET Act, entry tax at the rate of one *per cent* shall be levied on the entry in course of business of a dealer of goods specified in Schedule-III into each local area for consumption or use of such goods but not for sale therein. As per Schedule III of the above Act, rice bran is taxable at the rate of 2 *per cent* w.e.f. 4.9.2004 when imported from outside Chhattisgarh.

We found (December 2010) during the test check of the assessment records of the Assistant Commissioner Commercial Tax (ACCT), Rajnandgaon that a dealer engaged in manufacture and sale of rice bran and edible oil was assessed in January 2008 and July 2009 for the period April 2004 to March 2006. The AO incorrectly allowed exemption of ₹ 3.83 crore on total purchases of ₹ 42.16

crore in the year 2004-05 and exemption of ₹ 24.84 lakh on total purchases of ₹ 27.91 crore in the year 2005-06 on the basis of purchases of materials before commencement of production. Also, there was under assessment of purchase turnover of ₹ 1.95 crore as the purchases of ₹ 29.86 crore determined in respect of the same dealer by the AO earlier while finalising the ex-parte assessment for the year 2005-06 in February 2009, were not taken into account without assigning any reason. Thus, the exemption of ₹ 4.08 crore allowed for the years 2004-05 (₹ 3.83 crore) and 2005-06 (₹ 24.84 lakh) and reduction (₹ 1.95 crore) in total purchases during 2005-06 was irregular. This resulted in non-levy of entry tax of ₹ 8.31 lakh (as shown in *Appendix-2.2*). Besides, penalty was also leviable.

After we pointed this out to the Department and Government (July 2012), the Government stated (December 2012) that demand of ₹ 24.15 lakh has been raised. Report on recovery has not been received (December 2012).

2.22 Non-levy of entry tax due to irregular exemption

According to Section 3 of the CGET Act, there shall be levied an entry tax on the entry of goods specified in Schedule-II, into each local area for consumption, use or sale therein. Entry no. 31 of Schedule II of the Act prescribes one *per cent* tax on all types of sanitary goods and fittings. Further, in the case of M/s Mahesh Enterprises Vs State of Andhra Pradesh(2000)119 STC 578(AP), the Hon'ble High Court (June 2000) held that Cast Iron pipes and fittings are different from Cast Iron and are not declared goods and thus are covered under the entry "water supply and sanitary fittings".

We found (December 2010) in the test check of the assessment records of the ACCT-II, Durg that a dealer engaged in purchase and sale of Cast Iron (CI) pipes and fittings was assessed in November 2009 for the period April 2006 to March 2007. The

dealer made purchases of CI pipes amounting to ₹ 3.49 crore. The AO allowed exemption on the above purchases treating CI pipes as different from iron and steel and covered under Schedule III. As CI pipes and fittings fall under the

category of “all types of sanitary goods and fittings” of Schedule II as per the above judgement, entry tax amounting to ₹ 3.49 lakh at the rate of one *per cent* should have been levied. Thus, failure on the part of AO to verify the entries of the Schedule resulted in non- levy of entry tax of ₹ 3.49 lakh.

After we pointed this out to the Government/Department (July 2012), the Department stated (July 2012) that as there is no entry of “all kinds of sanitary goods and fittings” under Schedule II, CI pipes come under Schedule III and therefore no tax was levied.

We do not agree as there is a specific entry for all kinds of sanitary goods and fittings in the Schedule.

2.23 Chhattisgarh *Bakaya Rashi Saral Samadhan Yojana* 2010

With a view to liquidate the *Bakaya Rashi*,⁹(outstanding dues) the Government of Chhattisgarh introduced the Chhattisgarh *Vanijyik Kar (Bakaya Rashi) Saral Samadhan Yojana* 2010 under Chhattisgarh General Sales Tax Act 1958, Chhattisgarh *Vanijik Kar Adhinyam* 1994, Central Sales Tax Act 1956, Chhattisgarh Entry Tax Act 1976, Chhattisgarh Luxury Tax Act 1988 and Chhattisgarh Professional Tax Act, 1995 in November 2010. The cases of arrears were to be settled on payment of 60 *per cent* of the *Bakaya Rashi*. Any defaulter desirous of availing the benefit under the Scheme was required to submit the application in duplicate by 31st January 2011 and to deposit the sanctioned *Samadhan Rashi*¹⁰ (settlement amount) within 15 days from the date of receipt of notice.

According to clause 4 of the *Samadhan* certificate (*Praroop-3*) issued by the *Samadhankarta* that no action would be initiated against the *bakayadar* for any offence/error under the relevant Act and no penalty would be levied against the *bakayadar*. In the case of M/s Vikas Enterprises vs. Assistant Commissioner (March 2007), the Hon’ble Madhya Pradesh High Court also held that no penalty would be imposed and no action under the Act on account of any offence or error would be initiated against the *bakayadar* since cases under the scheme were disposed of and *Samadhan* certificates were duly issued in favour of the petitioner.

The Department extended benefits aggregating ₹ 15.66 crore to 9,507 *bakayadars* in the state. We test checked the records of 102 *bakayadars* in eight units¹¹ and observed that benefits aggregating ₹ 8.05 crore was extended to these *bakayadars* under the *Yojna*. The top 10 beneficiaries out of the above 102 *bakayadars* to whom more than 25 *per cent* of the total benefits (₹ 15.66 crore) were extended are mentioned in the following table:

⁹ *Bakaya Rashi* means the arrears of taxes, interest and penalties under different Acts relating to the assessment period up to 31March 2006 and pending as on 31 October 2010.

¹⁰ *Samadhan Rashi* means the assessed and paid arrears of the considered cases under the *Saral Samadhan Yojna*, 2010 i.e. 60 *per cent* of the *bakaya rashi*.

¹¹ Three Additional Commissioner and Five Deputy Commissioner offices.

(₹ in lakh)

Sl. No.	Name of <i>bakayadars</i>	Amount outstanding	Settlement Amount
1	M/s. Larsen and Toubro limited	242.75	33.18
2	M/s. Budhia Auto	209.37	62.62
3	M/s. Raghuvir Ferro Alloys Private Limited	116.71	54.49
4	M/s. Kakkad Auto	88.34	53.00
5	M/s. Jyoti Structure Limited	81.60	48.96
6	M/s. Hi-Tech Abrasives Limited	81.29	44.19
7	M/s. Sepco Electric Power Corporation Company Limited	76.64	45.99
8	M/s. Botalda Tractors	48.24	11.46
9	M/s. Kitchen Appliances	43.01	25.80
10	M/s. ACC Limited (Power Plant)	42.54	18.38
	Total	1030.49	398.07

Our scrutiny of the records relating to implementation of the Scheme revealed certain irregularities in 96 out of 102 test checked cases, as discussed in the succeeding paragraphs.

2.23.1 Non inclusion of penalty amount in computation of *Bakaya Rashi*

According to Rule 2(3) of the Chhattisgarh *Vanijyik Kar (Bakaya Rashi) Saral Samadhan Yojana Niyam 2010*, the *Bakayadar* shall be eligible for exemption upto 40 per cent of the outstanding dues as on 31.10.2010 and would have to pay balance 60 per cent of the outstanding amount as *Samadhan Rashi*. Further, according to Rule 2(3)(च) of Chhattisgarh *Vanijyik Kar (Bakaya Rashi) Saral Samadhan Yojana Niyam 2010*, all provisions regarding interest and penalty of Chhattisgarh Commercial tax Act, Central Sales tax Act, Entry tax Act etc. would be applicable under this *Yojna*.

According to Section 32(9) of the Chhattisgarh Commercial Tax Act, 1994 read with Central Sales Tax, Entry Tax Act etc. if a dealer does not pay the tax assessed on him or the penalty imposed on him or any other amount due from him under the Act within a specified time, he shall be liable to pay penalty at the rate of 2 per cent per month on due tax, penalty or any other amount up to the date of payment.

We found (June 2012) during the test check of the *saral samadhan* records of three Additional Commissioners and two Deputy Commissioners (DCs) of Raipur division, two DCs of Bilaspur and one DC of Durg division that 88 *bakayadars* (defaulters) having total arrears of ₹ 15.99 crore pertaining to the assessment period 1991-92 to 2005-06 availed the scheme for settlement of arrears. Scrutiny of the records revealed that demand notice/ Revenue Recovery Certificates/ appeal orders for depositing the tax were finalised between June 1995 and October 2010. These *bakayadars* had failed to deposit the amount of tax within

specified time and the delay in payment of tax ranged between 12 and 5602 days. However, the *Samadhankarta* authorities calculated the *bakaya rashi* up to 31.10.2010 without taking penalty into consideration. Thus, failure on the part of the *Samadhankarta* authority to include the amount of penalty on the above arrears resulted in short realisation of *Samadhan Rashi* of ₹ 5.25 crore (60 per cent of ₹ 8.76 crore) (as shown in *Appendix-2.3*).

2.23.2 Loss of revenue due to short levy of *Samadhan Rashi*

According to rule 2(3)(ख) of Chhattisgarh *Vanijyik Kar (Bakaya Rashi) Saral Samadhan Yojana Niyam 2010*, the payment made by the *Bakayadar* in the first/second appeal or revision would be adjusted against the *Bakaya Rashi* treating it as part payment of tax.

We found (June 2012) in the test check of the *Saral Samadhan* records of three Additional Commissioners and two DCs of Raipur and one DC of Bilaspur division that 41 *bakayadars*,

having *bakaya rashi* of ₹ 9.85 crore availed the facility of the scheme. The *bakayadars* had made part payment of ₹ 3.35 crore in the first/second appeal. As per the above rule, the payment was to be adjusted against the *bakaya rashi* only. However, scrutiny of the records revealed that the *Samadhankarta* Authorities adjusted the part payment of ₹ 3.35 crore paid in first/second appeal against the *Samadhan Rashi* (as calculated by the *Samadhankarta* Authorities) of ₹ 5.89 crore in lieu of *Bakaya Rashi* of ₹ 9.85 crore. Thus adjustment of the part payment of appeal *rashi* against *Samadhan Rashi* led to short realisation of *Samadhan Rashi* of ₹ 1.35 crore (as shown in *Appendix 2.4*)

2.23.3 Delay in payment of *Samadhan Rashi*

According to rule 6 and 9(4) of *Chhattisgarh Vanijyik Kar (Bakaya Rashi) Saral Samadhan Yojana niyam* 2010, the *Bakayadar* will have to pay *Samadhan rashi* within 15 days from date of receipt of *Praroop-2*, failing which the benefit of the scheme will not be available. Further, in the case of *D.M.Woolen Mills Pvt Ltd. & Another vs. Commercial Tax Department & Another* the Hon'ble Madhya Pradesh High Court held (March 2005) that the assessee claiming benefit under the said scheme is bound to comply with the condition of payment of the settlement amount within 15 days. In case of failure to pay the settlement amount within 15 days, the benefit of the scheme would not be available. Further, in the matter of *M/s Vikas Enterprises vs Assistant Commissioner*, the Hon'ble Madhya Pradesh High Court held that (March 2007) that no penalty would be imposed and no action under the Act on account of any offence or error would be initiated against the *bakayadar* since cases under the scheme were disposed of and *Samadhan* certificates were duly issued in favour of the petitioner.

We found (June 2012) in the test check of the *saral samadhan* records of two Additional Commissioners of Raipur division that in two cases *Bakaya Rashi* was ₹ 1.11 crore. The *Samadhankarta* Authority determined the *Samadhan Rashi* of ₹ 66.38 lakh after allowing relief of ₹ 44.26 lakh. Further scrutiny of records revealed that the *Bakayadars* had deposited the *Samadhan Rashi* with delays ranging from six to 28 days after the permissible period of 15 days after receipt of *praroop-2*¹². Since the *bakayadars* failed to deposit the *Samadhan rashi* in time, the benefit of the said *Yojana* should not have been allowed to them. Thus, failure to pay the settlement amount within the permissible period resulted in loss of revenue of ₹ 44.26 lakh (as shown in *Appendix-2.5*).

After we pointed this out to the Department/Government (July 2012), the Department replied (September 2012) that as per the judgement of the Hon'ble Madhya Pradesh High Court in the case of *M/s Vikas Enterprises vs. Assistant Commissioner*, no penalty/action would be imposed once *samadhan* certificate was duly issued in favour of the petitioner.

Since the Department was aware of the judgement of the Hon'ble Madhya Pradesh High Court, it should have taken all precautions while finalising the cases under the *Yojna* to avoid any loss of revenue.

¹² *Praroop 2*- A proforma for determination of settlement amount by the *Samadhan karta* and to be issued to the concerned *bakayadar* to deposit the settlement amount.

2.23.4 Wrong adjustment of Refund Adjustment Order in *Samadhan Rashi*

As per Chhattisgarh *Vanijyik Kar (Bakaya Rashi) Saral Samadhan Yojana Niyam 2010*, any part payment of the *Bakayadar* would be adjusted against the *Bakaya Rashi* treating it as payment of tax.

During scrutiny (June 2012) of the *Saral Samadhan* records of Additional Commissioner, Raipur division we found that in case of a *bakayadar* having arrears of tax amounting to ₹ 14.97 lakh, the *Samadhankarta Authority* determined the *samadhan rashi* at ₹ 8.98 lakh. Further scrutiny of records revealed that Refund Adjustment Order (RAO) amount was adjusted from 60 *per cent* dues of total dues before considering the refund amount. It should have first been deducted from total dues and 60 *per cent* of remaining dues (i.e. after adjustment of RAO) was to be deposited which was not done. The *Samadhankarta Authority* wrongly adjusted refund of ₹ 6.80 lakh against *Samadhan rashi* in lieu of *Bakaya rashi*. Thus, wrong adjustment of RAO resulted in short realisation of ₹ 2.72 lakh.

We pointed this out to the Department/Government (July 2012) for their comments; their replies are awaited (November 2012).

2.23.5 Conclusion

Since the cases cannot be reopened after issue of *Samadhan Certificates* as per the provisions of the Scheme, it was expected that due care should have been taken by the *Samadhankarta Authorities* while determining the settlement amount. The instances of non inclusion of penalty, short levy of *Samadhan Rashi*, irregular extension of benefit and wrong adjustment of refund adjustment order as pointed out in the preceding paragraphs were indicative of lack of required attention on the part of the assessing authorities which resulted in a direct loss to the State Exchequer.

CHAPTER-III: STAMPS AND REGISTRATION FEES

EXECUTIVE SUMMARY

What we have highlighted in this Chapter	In this Chapter we present illustrative cases of ₹ 97.49 lakh selected from observations noticed during our test check of records relating to short levy of stamp duty and registration fees due to undervaluation and non-adherence of the market value guidelines by the Registration Department.
Decrease in tax collection	The contribution of receipts from stamps and registration fees to the total tax revenue of the State during the last five years ranged between 7.52 to 8.73 <i>per cent</i> . The receipts during the year 2011-12 decreased by 3.33 <i>per cent</i> as compared to the previous year which was attributed by the Department to two <i>per cent</i> exemption on stamp duty on the sale deeds made by women.
Importance not given to Internal Audit	During the year 2011-12, we observed that the Department did not approve any plan for conducting the internal audit and no audit was conducted. Further, against the sanctioned post of two Assistant internal audit officer, only one Assistant audit officer was posted in the wing.
Results of audit conducted by us in 2011-12	We conducted test check of the records of eight units relating to the Registration Department during the year 2011-12 and found inordinate delay in disposal of cases, underassessment of stamp duty, misclassification of instruments and other irregularities amounting to ₹ 4.17 crore in 517 cases. The Department accepted underassessment of ₹ 74.44 lakh in 76 cases.
Our conclusion	<p>The Department needs to improve the internal control system including strengthening of internal audit so that weaknesses in the system are addressed and omissions of the nature detected by us are avoided in future.</p> <p>It also needs to initiate immediate action to recover the non-realisation, undercharge of duty, etc. pointed out by us, more so in those cases where it has accepted our contention.</p>

3.1 Tax administration

The Registration Department collects revenue for the Government in the form of Stamps and Registration fees which are the major sources of revenue for the Government. Stamp duty is leviable on the execution of instruments and registration fees are payable at the prescribed rates. Evasion of stamp duty and registration fees are commonly resorted to through undervaluation of properties, non-presentation of documents in the office of the Registration authority and non/short payment of Stamp duty by the executants on the documents submitted before the Registering authority.

The Department follows the under mentioned Acts and Rules for collection of Stamps and Registration fees:

- The Indian Stamp Act (IS Act), 1899;
- The Registration Act (IR Act), 1908;
- Indian Stamp Rules, 1975; and
- Chhattisgarh Preparation and Revision of Market Value Guideline Rules, 2000.

The Registration Department is headed by the Secretary at Government level and the Inspector General of Registration cum Superintendent of Stamps (IGR) is the head of the Department, who is assisted by two Deputy IsGR, 10 District Registrar cum Collector of Stamps (DR) and 88 Sub Registrars (SR).

3.2 Trend of receipts from Stamps and Registration Fees

Actual receipts from Stamps and Registration fees during the years 2007-08 to 2011-12 along with the total tax receipts during the period is exhibited in the following table:

(₹ in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2007-08	471.47	462.72	(-) 8.75	(-) 1.86	5,618.08	8.24
2008-09	520.00	495.59	(-) 24.41	(-) 4.69	6,593.72	7.52
2009-10	515.00	583.13	(+) 68.13	(+) 13.23	7,123.25	8.19
2010-11	650.35	785.85	(+)135.50	(+) 20.83	9,005.14	8.73
2011-12	875.00	845.82	(-)29.18	(-) 3.33	10,712.25	7.90

(Source: Finance Accounts of Government of Chhattisgarh)

The contribution of receipts from Stamps and Registration fees to the total tax revenue of the State during the last five years ranged between 7.52 and 8.73 per cent. The decrease (- 3.33 per cent) in actual receipts over the Budget estimates during the year 2011-12 as stated by the Department was due to two per cent exemption on stamp duty on the sale deeds made by women.

We found that during the year 2011-12, the Finance Department had approved the budget estimate of ₹ 875 crore as against the estimate of ₹ 864.10 crore proposed by the Department.

3.3 Analysis of arrears of revenue

The arrears of revenue in respect of Stamps and Registration fees as on 31 March 2012 amounted to ₹ 5.03 crore of which ₹ 2.87 crore were outstanding for more than five years. The following table depicts the position of arrears of revenue during the period 2007-08 to 2011-12:

(₹ in crore)

Year	Opening balance of arrears	Closing balance of arrears
2007-08	2.87	3.05
2008-09	3.05	3.68
2009-10	3.68	4.69
2010-11	4.69	5.43
2011-12	5.43	5.03

(Source: Figures as furnished by the Department)

3.4 Cost of collection

The gross collection in respect of Stamps and Registration fees, expenditure incurred on their collection and the percentage of such expenditure to gross collection during the years 2009-10, 2010-11 and 2011-12 along with the relevant all India average percentage of expenditure on collection of the preceding years are indicated in the following table:

(₹ in crore)

Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage of expenditure on collection in the preceding year
2009-10	583.13	14.94	2.56	2.77
2010-11	785.85	18.52	2.36	2.47
2011-12	845.82	20.75	2.45	1.60

(Source:-Finance Accounts of the Government of Chhattisgarh)

It may be seen from the above table that though the percentage of cost of collection in the State was lower than the all-India percentage for the years 2009-10 and 2010-11, the same had increased during the year 2011-12.

We recommend that the Government may take appropriate steps to reduce the cost of collection.

3.5 Impact of audit

3.5.1 Position of Inspection Reports: During the period 2006-07 to 2010-11, we had pointed out through our Inspection Reports (IRs) underassessment of stamp duty, misclassification of instruments etc. with revenue implication of ₹ 18.68 crore in 2,150 cases. Of these, the Department/Government had

accepted audit observations in 1439 cases involving ₹ 10.20 crore. The details are shown in the following table:

(₹ in lakh)

Year	No. of units audited	Amount objected		Amount accepted	
		No. of cases	Amount	No. of cases	Amount
2006-07	14	132	182.33	131	182.33
2007-08	30	515	100.31	511	97.86
2008-09	20	635	663.00	13	38.00
2009-10	11	326	293.00	298	282.00
2010-11	28	542	629.00	486	420.00
Total		2,150	1,867.64	1,439	1,020.19

3.5.2 Position of Audit Reports : In the Audit Reports 2006-07 to 2010-11, cases of underassessment, exemption from stamp duty etc. and other irregularities involving ₹ 12.17 crore were indicated. The Department accepted observations of ₹ 1.78 crore as shown in the table below:

(₹ in crore)

Sl. No.	Year of Audit Report	Total money value	Amount accepted
1	2006-07	8.69	0.03
2	2007-08	Nil	Nil
3	2008-09	1.60	1.14
4	2009-10	Nil	Nil
5	2010-11	1.88	0.61
Total		12.17	1.78

3.6 Internal audit

Internal Audit Wing (IAW) of an organisation is a vital component of the internal control mechanism and is generally defined as the control of all controls. It enables the organisation to assure itself that the prescribed systems are functioning reasonably well.

We observed that against the sanctioned post of two Assistant Internal Audit Officers, only one Assistant Audit Officer was posted in the wing. Further, the Department did not approve any plan for conducting internal audit during the year 2011-12. Therefore, the Department could not detect deficiencies noticed by us during our audits.

The Department stated that as the auditor posted in the wing was engaged for preparing material for Audit Committee Meeting for the settlement of outstanding paras, no internal audit was conducted.

We recommend that the Internal Audit Wing may be strengthened and an audit plan prepared for carrying out the audit.

3.7 Results of audit

We conducted test check of the records of eight units relating to the Registration Department during the year 2011-12 and found inordinate delay in disposal of cases, underassessment of Stamp duty, misclassification of instruments and other irregularities amounting to ₹ 4.17 crore in 517 cases which fall under the following categories:

(₹ in crore)

Sl. No.	Category	No. of cases	Amount
1.	Inordinate delay in disposal of cases	208	2.09
2.	Loss of revenue due to undervaluation, misclassification of instruments and under assessment of stamp duty	162	0.58
3.	Other irregularities	147	1.50
Total		517	4.17

During the year, the Department accepted underassessment of ₹ 74.44 lakh in 76 cases, which were pointed out in 2011-12.

The Department also recovered the full amount of ₹ 3.25 lakh in one case pointed through a draft paragraph.

A few illustrative cases involving ₹ 97.49 lakh are mentioned in the succeeding paragraphs.

3.8 Audit observations

We scrutinised the records of various Registration offices and found several cases of non-observance of the provisions of the Acts/ Rules/ Government notifications/ instructions leading to loss of Stamp duty, Registration fees etc. and other cases as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out by us. Such omissions on the part of the registering authorities are pointed out by us each year, but not only do the irregularities persist; these remain undetected till audit is conducted. There is need for the Government to improve the internal control system so that such omissions can be avoided.

3.9 Non-adherence to guidelines

As per the Chhattisgarh Preparation and Revision of Market Value Guideline Rules, 2000, market value of the properties shall be determined in accordance with the provisions envisaged in the Guidelines and the Indian Stamp (IS) Act, 1899 and accordingly Stamp duty and Registration fee shall be levied. Further under Section 47(A) of the IS Act, if the registering authority has reasons to believe that the market value of any property which is the subject matter of such instrument has been set forth less than the minimum value determined in accordance with any rules under this Act, he shall, before registering such instrument, refer the same to the Collector for the determination of the market value of such property and the proper duty payable thereon. As per clause 8 of Form I of the Market Value Guidelines, the market value of diverted land in rural areas shall be calculated as two and a half times the rate for irrigated land in the same area.

3.9.1 During test check (October 2011) of instruments registered (July 2010 and February 2011), in the office of SR Raipur, we noticed from two documents that diverted land¹ of an area admeasuring 1.703 hectares was sold. The lands were situated in rural areas. As per the clauses of the guidelines, the market value of these properties was ₹ 3.71 crore on which Stamp duty of ₹ 27.09 lakh and Registration fee of ₹ 2.97 lakh were leviable. However, the SR, without proper scrutiny of these documents, determined the market value of these properties at ₹ 2.94 crore and levied stamp duty of ₹ 21.49 lakh and registration fees of ₹ 2.36 lakh. This resulted in short

levy of stamp duty and registration fees of ₹ 6.21 lakh².

After we pointed this out to the Government/Department (May 2012), the Department stated (June 2012) that the cases have been referred to the Collector of Stamps and are pending for decision.

¹ Diverted land- It means such land which was diverted for use other than agricultural purpose.

² Calculation has been made on hectare rate.

As per clause 7 of Form I of the Market Value Guidelines, when any piece of agricultural land in a municipal area is purchased collectively by more than one purchaser who are not members of the same family and the share of each purchaser is upto 0.243 hectares, then the valuation of the property shall be done on slab basis. As per clause 5 of Form III the market value of agricultural land in municipal areas below 0.243 hectares shall be calculated at hectare rate if the land is adjacent to the land of the buyer. A certificate in this regard shall be given by the *Patwari*.

3.9.2 During test check (between October and November 2011) of the records of SR Raipur, it was noticed that in three documents involving a total area of 1.101 hectares of land situated in municipal areas, the vendees were not members of the same family and the share of each vendee was less than 0.243 hectare. In another case

in SR Dhamtari it was noticed that in one instrument land admeasuring 0.110 hectare was situated in the municipal area and as per the patwari's certificate, this land was not adjacent to the purchaser's land. The market value of these four properties was ₹ 5.20 crore as per slab basis³ on which Stamp duty of ₹ 42 lakh and Registration fees of ₹ 4.16 lakh were leviable. However, the SRs, instead of adopting the slab basis for calculating the market value, applied the hectare rates⁴ while determining the valuation of land and valued the property at ₹ 1.44 crore and levied stamp duty of ₹ 11.52 lakh and registration fee of ₹ 1.09 lakh. This resulted in undervaluation of property by ₹ 3.75 crore and consequential short levy of stamp duty of ₹ 30.48 lakh and registration fees of ₹ 3.07 lakh.

After we pointed this out to the Government/Department (May 2012), the Government (August 2012) stated that cases are pending for decision.

³ The market value of the land admeasuring upto 0.243 hectare in municipal area will be calculated on slab basis, i.e. 100 *per cent* of plot rate for first 0.05 hectare then 75, 40 and 25 *per cent* of plot rate for subsequent 0.05 hectare each.

⁴ Hectare rates- Hectare rates are calculated per hectare of agricultural land admeasuring more than 0.243 hectare, in urban areas. Similarly, plot rates are calculated per sq.m for small piece of land (up to 0.243 hectare).

As per clause 5 of Form III of the Market Value Guidelines, the market value of agricultural land in municipal areas below 0.243 hectares shall be calculated at hectare rate if the land is adjacent to the land of the buyer. A certificate in this regard shall be given by the *Patwari*. Similarly, as per special clause in the Market Value Guidelines, the market value of property situated near the limits outside the municipal area of specified villages (32 villages including Baroda village) shall be calculated as per clause 1 of Form I of Market Value Guidelines, i.e. on slab basis if the area of land is equal to or below 0.101 hectares for some villages and 0.150 hectares for the remaining villages.

3.9.3 During test check (October 2011) of instruments registered in the office of SR, Raipur we noticed that in four instruments, the provisions of the guidelines were not followed. Out of the four instruments, in two instruments area of land admeasuring 0.323 hectare was situated in the municipal area and in the other two instruments, land admeasuring 0.409

hectare, was situated outside the municipal area. In all these cases, no certificates were issued by the patwari as to whether the land was adjacent to the land of the buyer. Thus the lands were to be valued on slab basis but the SR determined the value of properties at hectare rates. As per the guidelines, the market value of these properties was ₹ 87.59 lakh on which stamp duty of ₹ 6.32 lakh and registration fee of ₹ 70,653 were leviable. However, the market value of the property was determined at ₹ 43.91 lakh and stamp duty of ₹ 3.19 lakh and registration fee of ₹ 35,716 were levied. This resulted in undervaluation of the property by ₹ 43.68 lakh and short levy of stamp duty and registration fees of ₹ 3.48 lakh.

After we pointed this out to the Government/Department (May 2012), the Department stated that the cases have been referred to the Collector of Stamps and the same are pending for decision.

3.10 Incorrect valuation of properties of irrigated lands and bi-crop lands

As per clause 7 of the provisions of Form III of the market value guidelines for the valuation of property for the year 2010-11 (approved by Central Valuation Board, Chhattisgarh) the market value of irrigated bi-crop land shall be determined by increasing the rate of irrigated land by 25 per cent. The rates of irrigated land and non-irrigated land have been prescribed separately in the Market Value Guidelines. Further, as per clause 9, an additional 25 per cent is added for commercial crop to the market value.

During test check (between October and November 2011) of instruments registered in the office of the SR, Berla and Raipur we noticed that in 11 documents, the attached revenue records in five documents, the lands admeasuring 12.527

hectare declared as irrigated bi-crop lands, but the SR registered them as

irrigated land only. In the rest of the documents, the attached *patwari* reports and records (*Khasara, Rin pustika*) declared the land admeasuring 9.045 hectare as irrigated lands, but the SR registered them as non-irrigated lands.

As per the guidelines the market value of these properties was ₹ 2.70 crore⁵ on which stamp duty of ₹ 19.19 lakh and registration fee of ₹ 2.17 lakh was leviable. However, the SRs determined the market value as ₹ 1.98 crore and levied stamp duty of ₹ 14.32 lakh and registration fee of ₹ 1.60 lakh. Thus, omission on the part of the SRs in not valuing the properties on the basis of the records attached resulted in undervaluation of properties by ₹ 71.85 lakh and consequential short levy of stamp duty of ₹ 4.87 lakh and registration fees of ₹ 57,400.

After we pointed this out to the Government/Department (May 2012), the Government (August 2012) stated that in case of SR Berla the recovery is under process in one case and the remaining cases are pending for decision by the Collector of Stamps.

3.11 Short levy of Stamp Duty due to irregular exemption

As per Article 33 of Schedule I –A of Indian Stamp Act, 1899, the same stamp duty shall be leviable on gift deeds as is levied on conveyance for a market value of the property which is the subject of gift. Further, as per section 9(1) of *Upkar Adhinyam*, 1982, a cess of five *per cent* shall be leviable on the stamp duty paid. Government of Chhattisgarh vide notification dated 31.3.2008 reduced the rate of stamp duty by two *per cent* of the prevailing rates under Article 23 of the Act, in cases where the transfer of property was done exclusively in favour of women. However, in the case of “Jwala Prasad Vs. UP State” (AIR 2005), the Hon’ble High Court had held that reduction of stamp duty on conveyance shall not be applicable to gift deeds.

We found (June 2011) during test check of instruments registered in the office of Sub-Registrar (SR), Durg, that 14 gift deeds with market value of ₹ 2.98 crore were executed between October 2009 and March 2011. Stamp duty amounting to ₹ 13.37 lakh was levied by the SR on these deeds after allowing two *per cent* exemption on duty as the deeds were in favour of women.

However, as per the decision of the Hon’ble High Court the exemption allowed by the SR was irregular and stamp duty amounting to ₹ 19.64 lakh was leviable on these deeds. This resulted in short levy of stamp duty amounting to ₹ 6.27 lakh.

After we pointed this out to the Government/Department (May 2012), the Government (August 2012) stated that the cases were referred to the Collector of Stamps and based on the decision, ₹ 3 lakh has been recovered in six cases and the remaining eight cases are still pending for decision.

⁵ Calculation has been made on hectare rate.

3.12 Undervaluation of properties

As per Chhattisgarh Preparation and Revision of Market Value Guideline Rules, 2000, a Central Valuation Board shall be constituted which shall evolve norms for fixation of market value in respect of valuation of immovable property, receive information/data property transaction entered by District Valuation Committee along with the provisional rates of analysis and final approval. The rates called Market Value Guideline shall be made available to each registering authority in the state. The registering authority are required to work out the market value of the immovable property in accordance with the market value guidelines and in accordance with the provisions of IS Act and Registration Act. The Registering Officer i.e. Sub Registrar (SR), as per the provisions of Indian Stamp (IS) Act and Registration Act, is required to calculate the Stamp duty and Registration fee leviable on the document on the basis of value of the property as per the Guidelines and provisions there upon. As per section 47 (A) of IS Act, if the SR has sufficient reasons to believe that a document is not duly stamped or valued, he shall send the document to the District Registrar (DR) for correct valuation.

We found during test check (June 2011) of instruments registered in the office of SR Durg, that in 12 instruments registered between March 2010 and March 2011, the market value was neither correctly determined by the SR nor were the cases sent to the DR for determination of the correct value. As per the approved guidelines, the market value of the properties mentioned in these documents was ₹ 1.91 crore on which stamp duty and registration fees of ₹ 17.71 lakh was leviable. However, while determining the market value of the properties, the provisions of the

guidelines were not followed by SR and the properties were valued at ₹ 1.40 crore. Accordingly stamp duty and registration fees of ₹ 12.97 lakh was levied. Thus, non-observance of the provisions of the guidelines by the SR for determining the value of the properties led to undervaluation of these properties by ₹ 51 lakh and consequential short levy of stamp duty and registration fees of ₹ 4.74 lakh⁶ (as shown in *Appendix-3.1*).

After we pointed this out to the Government/Department (May 2012), the Government (August 2012) stated that all the cases were referred to the Collector of Stamps and as per his orders, an amount of ₹ 1.66 lakh was recovered in seven cases, ₹ 1.72 lakh is pending for recovery in one case and the remaining four cases are still pending for decision.

⁶ The calculation has been made on hectare rates, slab rate and plot rate in six, three and three instruments respectively

3.13 Undervaluation of properties situated on main road

As per clause 6(A) of Form I of the Market Value Guideline Rules, 2000 in urban areas, the properties situated upto a depth/distance of 20 meters from the main road shall be valued as situated on the main road. Also, if any vendee purchases land having depth/distance of more than 20 meters, the whole property shall be valued as located on the main road. In rural areas, as per clause 11 of Form III, this limit is upto 46 meters from the main road.

During test check (between October and December 2011) of documents registered in the office of SR Dhamtari and Raipur, we found that in 14 documents, the supporting evidences viz *patwari* report and map indicated that the properties were located

on the main roads (as shown in *Appendix-3.2*). Hence as per guidelines the market value of the properties was ₹ 6.03 crore on which stamp duty and registration fees of ₹ 52.84 lakh was leviable. However, the SRs did not consider the supporting evidences and valued these properties treating them as being located away from the road and determined the market value of these properties at ₹ 3.70 crore on which stamp duty and registration fees of ₹ 33 lakh was levied. This resulted in undervaluation of property by ₹ 2.33 crore and short levy of stamp duty and registration fees of ₹ 19.84 lakh⁷.

After we pointed this out to the Government/Department (May 2012), the Government (August 2012) stated that cases are pending with Collector of Stamps for decision.

3.14 Undervaluation of properties in sale of land of two or more vendors in single document.

The Indian Stamp Act empowers a Sub Registrar (SR) to refer the document to the Collector of Stamps for determination of the correct market value of the property, if there are reasons to believe that the market value of the property has not been set forth in the instrument truly. As per clause one of Form I of the Market Value Guideline for the valuation of property for the year 2010-11 (approved by Central Valuation Board, Chhattisgarh, Raipur), the market value of agricultural land in urban areas shall be calculated on slab basis if the area of land is equal to or less than 0.243 hectares. Limit for such calculation in some areas is 0.150 hectares as specified in the special provision appended with the guidelines.

During test check (October 2011) of documents registered in the office of SR, Raipur we found that in four documents registered between July 2010 and March 2011, land was purchased from two or more vendors in each document. The individual property of each vendor in the documents was below 0.243 hectares. Since each vendor had a

⁷ The calculation has been made on hectare rate, slab rate and plot rate in 10, two and two instruments respectively

separate *Khasra* and *Rin pustika* for his piece of land, for the purpose of Stamp duty and Registration fee, each property should have been valued separately. However, the executants clubbed the properties of two or more vendors in each document by which the area in each document exceeded the limit of 0.243 hectares and the valuation was done on hectare rate.

As per the approved guidelines, the market value of the properties mentioned in these documents was ₹ 2.85 crore on which stamp duty of ₹ 22.99 lakh and registration fees of ₹ 2.29 lakh was leviable. As against this, the property was valued as ₹ 84.48 lakh by the SR and stamp duty of ₹ 6.64 lakh and registration fees of ₹ 68,164 were levied. This resulted in undervaluation of properties by ₹ 2.01 crore and short levy of stamp duty and registration fees of ₹ 17.96 lakh⁸.

After we pointed this out to the Government/Department (May 2012), the Government (August 2012) stated that the cases were forwarded to the Collector of Stamps for decision which is pending (December 2012).

⁸ Calculation has been made on slab rate.

CHAPTER-IV: LAND REVENUE

EXECUTIVE SUMMARY

What we have highlighted in this Chapter	In this Chapter we present illustrative cases of ₹ 1.04 crore selected from observations noticed during our test check of records relating to short levy of premium and ground rent on <i>Nazul</i> land on an urban local body and short levy of premium and ground rent.
Increase in tax collection	Actual receipts exceeded the Budget Estimates by 259.49 <i>per cent</i> , 32.67 <i>per cent</i> , 45.51 <i>per cent</i> and 8.22 <i>per cent</i> in the years 2008-09, 2009-10, 2010-11 and 2011-12 respectively.
Absence of internal audit	There is no Internal Audit Wing (IAW) in the Department. In the absence of IAW, the Department failed to ensure effective control on recoveries of arrears, to raise regular demands etc.
Our conclusion	The Department needs to strengthen the internal control system including creating an internal audit wing so that weaknesses in the system are addressed and omissions of the nature detected by us are avoided in future.

4.1 Tax administration

The Land Revenue Department collects revenue in the form of taxes on agriculture and commercial crops, land development tax, *Gramin Vikas* tax, environmental and development cess, school building cess, premium and rent, tax on diversion of land, ground rent and penalties, etc. The Government dues are recovered from the defaulters by issuing Revenue Recovery Certificates (RRC). *Tahsildars* have a vital role to play in the recovery of Government dues from the defaulters.

The Department follows the undermentioned Acts, Rules, Circulars and Code:-

- Land Revenue Code, 1959;
- Chhattisgarh *Lok Dhan (Shodhya Rashiyon Ki Vasuli) Niyam*, 1988;
- Revenue Book Circular (RBC), Volume I to VI; and
- Chhattisgarh *Adhosanranchna Vikas Evam Paryavaran Upkar Adhiniyam*, 2005.

The Land Revenue Department is headed by the Principal Secretary at the Government level. He is assisted by the Commissioner, Settlement and Land Records (CSLR) and four Divisional Commissioners (DCs). The DCs exercise administrative and fiscal control over the districts included in the divisions. In each district, the Collector administers the activities of the Department. The Collector is assisted by one or more Assistant Collectors/Joint Collectors/Deputy Collectors in charge of a sub-division of a district.

4.2 Trend of receipts from Land Revenue

Actual receipts from Land Revenue during the years 2007-08 to 2011-12 along with the total tax receipts during the period is exhibited in the following table:

(₹ in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2007-08	96.76	88.12	(-) 8.64	(-) 8.93	5,618.08	1.57
2008-09	100.00	359.49	(+) 259.49	259.49	6,593.72	5.45
2009-10	120.36	159.68	(+) 39.32	32.67	7,123.25	2.24
2010-11	170.00	247.37	(+) 77.37	45.51	9,005.14	2.75
2011-12	250.00	270.56	(+) 20.56	8.22	10,712.25	2.53

(Source: Finance Accounts of Government of Chhattisgarh)

The receipts from land revenue to the total tax revenue of the State during the last five years ranged between 1.57 and 5.45 per cent. It may be seen from the above table that though there was a decrease of 8.93 per cent of the actual receipts over the budget estimate during the year 2007-08, the same was exceeded by 259.49 per cent, 32.67 per cent and 45.51 per cent in the years

2008-09, 2009-10 and 2010-11 respectively, reflecting inaccurate budgeting. During 2011-12, the Finance Department had approved the budget estimate of ₹ 250 crore as proposed by the Department. The actual receipts of the Department were ₹ 270.56 crore during the year, which was an increase of 8.22 per cent over the budget estimates.

The Department did not furnish the reason for variation between the budget estimates and actual receipts during the year 2011-12 despite our request (September 2012).

4.3 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2012, as furnished by the Department, amounting to ₹ 23.17 crore of which ₹ 14.69 crore was outstanding for more than five years. The following table depicts the position of arrears of revenue during the period from 2007-08 to 2011-12:

(₹ in crore)

Year	Opening balance of arrears	Closing balance of arrears
2007-08	14.69	9.52
2008-09	9.52	11.85
2009-10	11.85	37.37
2010-11	37.37	34.52
2011-12	34.52	23.17*

(Source: Office of the Commissioner, Land Records, Raipur)

* Information furnished only in respect of 14 districts¹ out of 27 districts in the state.

4.4 Internal Audit

The Internal Audit Wing (IAW) of an organisation is a vital component of the internal control mechanism and is generally defined as the control of all controls. It enables the organisation to assure itself that the prescribed systems are functioning reasonably well. Due to shortage of staff no IAW was established in the Department and thus no internal audit was conducted in 2011-12.

We recommend that the Government should consider establishment of an IAW in the Department in order to prevent leakage, short/non-recovery of revenue etc.

4.5 Impact of audit

4.5.1 Position of Inspection Reports

During the period 2006-07 to 2010-11, through our Inspection Reports (IRs) we had pointed out non-recovery of processing fee, premium, penalty etc. with revenue implication of ₹ 135.13 crore in 14,635 cases. Of these, the

¹ Bijapur, Bilaspur, Dantewada, Dhamtari, Durg, Jagdalpur, Janjgir-Champa, Kabirdham, Kanker, Narayanpur, Raigarh, Raipur, Sarguja and Sukma

Department/ Government had accepted audit observations in 10,726 cases involving ₹ 105.23 crore. The details are shown in the following table:

(₹ in lakh)

Year of IR	No. of units audited	Amount objected		Amount accepted	
		No. of cases	Amount	No. of cases	Amount
2006-07	16	219	931.13	201	539.13
2007-08	24	2,721	2,570.00	2,700	2,516.00
2008-09	24	3,616	6,023.00	2,566	4,147.92
2009-10	20	4,037	2,744.00	3,099	2,710.00
2010-11	19	4,042	1,244.41	2,160	610.13
Total		14,635	13,512.54	10,726	10,523.18

4.5.2 Position of Audit Reports

During the period 2007-08 to 2010-11, through our Audit Reports we had pointed out cases of non/short levy of tax, penalty, etc. with revenue implication of ₹ 13.87 crore. The Department accepted observations of ₹ 2.78 crore and had since recovered ₹ 2.63 crore as shown in the following table:

(₹ in crore)

Sl. No.	Year of the Audit Report	Total Money value	Amount Accepted	Recovery made up to March 2012
1	2007-08	0.07	Nil	Nil
2	2008-09	2.23	0.05	2.23
3	2009-10	0.71	0.65	0.40
4	2010-11	10.86	2.08	Nil
Total		13.87	2.78	2.63

4.6 Results of audit²

We conducted test check of the records of 38 units of the Land Revenue Department during the year 2011-12 and found non-recovery of ground rent and premium, non/short levy of process fee, non levy/realisation of cess, delay in issue of RRC etc. amounting to ₹ 47.55 crore in 11,962 cases. The observations broadly fall under the following categories:

(₹ in crore)

Sl. No.	Category	No. of cases	Amount
1.	Non-recovery of ground rent and premium	7,659	18.35
2.	Non levy/realisation of cess	656	2.50
3.	Non/short levy of process fee	770	2.18
4.	Delay in issue of RRC	658	5.21
5.	Other irregularities	2,219	19.31
Total		11,962	47.55

² The findings from the 38 units audited during the year were covered in the Performance Audit on "Levy and collection of land revenue" featured in Audit Report 2010-11

During the year, the Department accepted non-recovery of ground rent and premium, non/short levy of process fee, non levy/realisation of cess, delay in issue of RRC etc. of ₹ 26 crore in 2,981 cases pointed out by us in 2011-12. Against these, the Department could recover only ₹ 0.29 lakh in one case.

A few illustrative cases involving ₹ 1.04 crore are mentioned in the following paragraphs.

4.7 Audit observations

We scrutinised the records relating to assessment and collection of Land Revenue which revealed short levy of premium and ground rent as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out by us. Though such omissions are pointed out by us repeatedly, but not only do the irregularities persist, these remain undetected till audit is conducted by us. There is need for the Government to improve the internal control system including setting up the internal audit wing so that these omissions can be avoided, detected and corrected.

4.8 Short levy of premium and ground rent on *Nazul*³ land on urban local body

As per Para 26 of Revenue Book Circular (RBC) Volume (IV) serial (2), premium at the rate of 50 *per cent* of the market value of land and ground rent at the rate of 7.5 *per cent* of such premium is leviable on *Nazul* land which is under the possession of a local body and is used for commercial purposes.

We found from test check of *Nazul* records in the office of the Collector, Kanker (January 2009) that land admeasuring 46,784 sq. m. was in possession of Municipal Corporation, Kanker. Out of this, Municipal Corporation, Kanker constructed a

commercial complex on land admeasuring 1,913.45 sq. m. in 2007-08 and received regular income from it. Since the above land was used for commercial purposes, premium of ₹ 51.94 lakh and ground rent of ₹ 7.79 lakh was leviable for the period from April 2007 to March 2009 (*as shown in Appendix-4.1*).

After we pointed out the case to the Department and Government (June 2012), the Collector, Kanker stated (December 2012) that premium and ground rent was levied as per the rates applicable for diversion of agricultural land and the lessee had deposited premium amounting to ₹ 11,481 and ground rent amounting to ₹ 4,210 for the period April 2007 to March 2009 in May 2010.

The reply is not in consonance with the above provisions of the RBC because the rates applied by the Department are applicable for diversion of agricultural land and not for *Nazul* land. Thus, there was short levy of premium of ₹ 51.83 lakh and ground rent of ₹ 7.75 lakh.

³

Nazul land means such land which has no importance for agriculture

4.9 Short levy of premium and ground rent

As per Para 23 of Revenue Book Circular Volume (IV) for *Nazul* land, the determination of cost of land shall be done as per the guidelines rate approved for registration or revised minimum rate, whichever is higher.

As per Chhattisgarh Government order⁴ dated 25.02.2009 land admeasuring 30.63 hectare in villages Lakholi, Gujra and Dewada was allotted to a lessee, Indian Oil Tenikin Limited, for an Oil Container depot on the condition that full premium

equal to the cost of land and annual ground rent at the rate of 7.5 *per cent* of premium so fixed would be paid. We found (May 2010) from the test check of land allotment case files of Tahsildar Aarang that land admeasuring 10.66 hectare was allotted (February 2009) to the lessee in Dewada village. As the above land was located adjacent to the main road, the cost of the land as per guidelines rates of 2008-09 was ₹ eight lakh per hectare for land adjacent to the main road. Accordingly, premium amounting to ₹ 85.28 lakh⁵ equal to the cost of land and ground rent amounting to ₹ 6.40 lakh at the rate of 7.5 *per cent* of the premium was leviable. Against this the Collector incorrectly treated the land as being located off the road and accordingly valued the land at the rate of ₹ 4.10 lakh per hectare and collected premium of ₹ 43.71 lakh⁶ and ground rent of ₹ 3.28 lakh. This resulted in short levy of premium and ground rent amounting to ₹ 41.57 lakh and ₹ 3.12 lakh respectively.

We reported (June 2012) this to the Government/Department for their comments; we have not received their reply (January 2013).

⁴ No.-F-4-136/7-1/08

⁵ 10.66 hectare * ₹ 8 lakh per hectare

⁶ 10.66 hectare * ₹ 4.10 lakh per hectare

CHAPTER-V: TAXES ON VEHICLES

EXECUTIVE SUMMARY

What we have highlighted in this Chapter	In this Chapter we present illustrative cases of ₹ 17.89 crore from observations noticed during our test check of records in the Transport Department. We found several instances of non-realisation of tax and penalty from owners of goods and passenger vehicles, non/short levy of trade fee from the dealers, short realisation of vehicle tax due to wrong assessment of seating capacity, registration of vehicles without levying entry tax and short realisation of trade tax in the Transport Department.
Increase in tax collection	Though the actual receipts declined by 6.75 <i>per cent</i> in 2007-08 and 0.55 <i>per cent</i> in 2008-09, the same increased by 0.12 <i>per cent</i> , 4.27 <i>per cent</i> and 5.72 <i>per cent</i> in 2009-10, 2010-11 and 2011-12 respectively.
Target not achieved by the Internal Audit Wing	During the year 2011-12, 16 units were planned for audit by the Department of which only six units were audited.
Results of audit conducted by us in 2011-12	<p>We conducted test check of the records of nine units relating to the Transport Department during the year 2011-12 and found cases of non-realisation of tax and penalty and loss of revenue due to short levy of trade tax and trade fees amounting to ₹ 22.13 crore in 2,423 cases.</p> <p>The Department accepted non-levy of taxes on vehicles, loss of revenue and other deficiencies amounting to ₹ 19.06 crore in 2,282 cases.</p>
Our conclusion	<p>The Department needs to improve the internal control system including strengthening of internal audit so that weaknesses in the system are addressed and omissions of the nature detected by us are avoided in future.</p> <p>It also needs to initiate immediate action to recover non-realisation, short levy of tax, etc. pointed out by us, more so in those cases where it has accepted our contention.</p>

5.1 Tax administration

The Transport Department is one of the major revenue collecting Departments of the State. Taxes on Vehicles are levied and collected in the State under the provisions of the Chhattisgarh *Motoryan Karadhan Adhiniyam*, 1991 as amended from time to time and rules made thereunder. Besides trade tax, licence fees, other fees including registration fees, fitness fees and permit fees are levied under the provisions of the Motor Vehicles Act, 1988 and rules made thereunder by the Central and the State Governments. In case of non-payment of tax in time, penalty and interest at the prescribed rates are also leviable. Taxes on vehicles in respect of non-transport vehicles are realised in lumpsum as lifetime tax, whereas tax and additional tax from transport vehicles are realised quarterly/monthly at the rates specified in the aforesaid *Adhiniyam*.

The Department follows the undermentioned Acts and Rules:

- Motor Vehicles Act, 1988 (MV Act);
- Central Motor Vehicles Rules, 1989 (CMV Rules);
- Chhattisgarh *Motoryan Karadhan Adhiniyam* (CGMKA), 1991 and rules made thereunder; and
- Chhattisgarh *Motoryan Niyam*, 1994.

The levy of taxes on vehicles is administered by Principal Secretary cum Transport Commissioner (TC) at Government level who is assisted by one Additional TC, one Joint TC, one Assistant TC and one Deputy Director, Finance (DDF) at Headquarters. Besides, there are three Regional Transport Officers (RTOs), three Additional Regional Transport Officers (ARTO) and 10 District Transport Officers (DTOs) under the administrative control of the TC. In addition to this, 15 check posts and two sub check posts are under the supervisory control of RTOs/ARTOs/DTOs concerned.

5.2 Trend of receipts from Taxes on Vehicles

Actual receipts from Taxes on Vehicles during the years 2007-08 to 2011-12 along with the total tax receipts during the period is exhibited in the following table:

(₹ in crore)

Year	Budget estimates	Actual receipts	Variations shortfall (-)/ surplus (+)	Percentage of variation (Col. 2 to 3)	Total tax receipts of the state	Percentage of actual receipts vis-à-vis total tax receipts
2007-08	297.00	276.94	(-) 20.06	(-) 6.75	5,618.08	4.93
2008-09	315.50	313.78	(-) 1.72	(-) 0.55	6,593.72	4.76
2009-10	351.47	351.88	(+) 0.41	0.12	7,123.25	4.94
2010-11	410.00	427.52	(+) 17.52	4.27	9,005.14	4.75
2011-12	475.00	502.18	(+) 27.18	5.72	10,712.25	4.69

(Source: Finance Accounts of Government of Chhattisgarh)

We found that during the year 2011-12, the Finance Department had approved the budget estimate of ₹ 475 crore as against ₹ 465.87 crore proposed by the Department.

The Department attributed the reason for increase in actual receipts during the year 2011-12 to increase in the rate of lifetime tax as well as additional efforts made by the Department for recovery.

5.3 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2012 amounted to ₹ 9.50 crore of which ₹ 4.15 crore were outstanding for more than five years. The following table depicts the position of arrears of revenue during the period 2007-08 to 2011-12:

(₹ in crore)

Year	Opening balance of arrears	Closing balance of arrears
2007-08	4.15	3.92
2008-09	3.92	4.01
2009-10	4.01	8.57
2010-11	8.57	14.65
2011-12	14.65	9.50

(Source: Figures as furnished by the Transport Department)

5.4 Internal Audit

Internal Audit Wing (IAW) of an organisation is a vital component of the internal control mechanism and is generally defined as the control of all controls. It enables the organisation to assure itself that the prescribed systems are functioning reasonably well.

We observed that against sanctioned posts of two Senior Auditors and four Junior Auditors, two Senior Auditors and two Assistant Grades were posted in the IAW. Further, as per the information furnished by the Department though the Department had planned all the 16 units for audit in 2011-12, only six units were audited during the year. Thirty five audit observations involving an amount of ₹ 1.27 crore were raised and the Inspection Reports were issued to the respective units by the IAW.

The Department stated (December 2012) that as the staff of IAW are also engaged in Headquarters office for the disposal of letters received from AG and for settlement of paras received from PAC, all the units planned for audit were not taken up. Further, it was also stated that audit of the rest of the units would be completed soon. In this connection it is mentioned that of the total objected amount raised by the internal audit, recovery of ₹ 2.37 lakh only has been made by one unit (till December 2012).

We recommend that the Department may deploy additional manpower to ensure that internal audit is conducted regularly.

5.5 Cost of collection

The gross collection from Taxes on vehicles, expenditure incurred on their collection and the percentage of such expenditure to gross collection during the years 2009-10, 2010-11 and 2011-12 along with the relevant all India average percentage of expenditure on collection of the preceding years are indicated in the following table:

(₹ in crore)

Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage of expenditure on collection in the preceding year
2009-10	351.88	7.39	2.10	2.93
2010-11	427.52	7.93	1.85	3.07
2011-12	502.18	10.00	1.99	3.71

(Source: Finance Accounts of Government of Chhattisgarh)

We noticed that there was variation in the percentage of expenditure on collection of the Department during the years. Though the cost of collection of the Department decreased in 2010-11 as compared to 2009-10, the same increased in 2011-12 in comparison to the previous year. However, the cost of collection was well below the all India average cost of collection, which is appreciated.

5.6 Impact of audit

5.6.1 Position of Inspection Reports (IR): During the period 2006-07 to 2010-11 through our IRs, we had pointed out non-realisation of tax and penalty, non-levy of tax and loss of revenue amounting to ₹ 39.27 crore in 4,161 cases. Of these, the Department/Government had accepted audit observations in 2,467 cases involving ₹ 16.36 crore. The details are shown in the following table:

(₹ in crore)

Year of Inspection Report	No. of units audited	Amount objected		Amount accepted	
		No. of cases	Amount	No. of cases	Amount
2006-07	2	15	3.10	12	2.89
2007-08	7	1,686	14.18	1,051	7.61
2008-09	8	1,758	11.89	746	3.89
2009-10	11	345	6.85	344	0.89
2010-11	3	357	3.25	314	1.08
Total		4,161	39.27	2,467	16.36

5.6.2 Position of Audit Reports: During the period 2006-07 to 2010-11, through our Audit Reports we had pointed out cases of non/short levy of tax and penalty with revenue implications of ₹ 17.69 crore. The Department accepted observations of ₹ 11.10 crore and had recovered ₹ 2.13 crore (March 2012) as shown in the following table:

(₹ in crore)

Year of Audit Report	Total money value	Amount accepted	Recovery made up to March 2012
2006-07	1.27	1.27	0.30
2007-08	6.69	3.58	0.96
2008-09	3.48	0.12	0.29
2009-10	5.95	5.86	0.58
2010-11	0.30	0.27	Nil
Total	17.69	11.10	2.13

The above table indicates that only 19.19 per cent recovery was made by the Department against the accepted cases pointed out in Audit Reports.

5.7 Results of audit

We conducted test check of the records of nine units of the Transport Department during the year 2011-12 and found cases of non-realisation of tax and penalty, non-levy of tax and loss of revenue, short levy of trade tax, trade fees etc. amounting to ₹ 22.13 crore in 2423 cases, which can broadly be classified under the following categories mentioned below:

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
1.	Short realisation of trade tax	517	9.09
2.	Non realisation of tax and penalty	1493	10.59
3.	Other irregularities	413	2.45
Total		2423	22.13

During the year 2011-12, the Department accepted non-levy of taxes on vehicles, loss of revenue and other deficiencies amounting to ₹ 19.06 crore in 2282 cases.

A few illustrative cases involving financial effect of ₹ 17.89 crore are mentioned in the following paragraphs.

5.8 Audit observations

We scrutinised the records of various transport offices and noticed several cases of non-observance of the provisions of the Acts/Rules/Government notifications/instructions resulting in non/short realisation of tax, fees etc. as mentioned in the succeeding paragraphs of this Chapter. These cases are illustrative and are based on a test check carried out by us. Such omissions on the part of the transport authorities are pointed out by us each year, but not only do the irregularities persist, these remain undetected till audit is conducted. There is therefore a need for the Government to improve the internal control system so that recurrence of such irregularities is avoided.

5.9 Non/Short realisation of trade fee from the dealers

As per Rule 33 of the CMV Rules, a motor vehicle in the possession of a dealer shall be exempted from the necessity of registration subject to the condition that the dealer obtains a trade certificate from the registering authority having jurisdiction in the area in which he has his place of business. As per Rule 39, a trade registration mark and number shall not be used upon more than one vehicle at a time or upon any vehicle other than a vehicle bona fide in the possession of the dealer in the course of his business or on any type of vehicle other than the one for which the trade certificate is issued. Further as per Rule 34 (1), an application for grant or renewal of trade certificate shall be accompanied by the appropriate fee as specified in Rule 81.

We found during test check of registration records of three¹ RTOs, two² ARTOs and DTO Mahasamund (between July 2011 and February 2012) that 4,59,832 motor cycles/ mopeds and 1,07,355 other vehicles were registered by 286 dealers during the period 2008-09 to 2010-11. As per the rule *ibid*, trade fee amounting to ₹ 4.44 crore (as shown in **Appendix-5.1**) was to be realised from the concerned dealers of these vehicles. However, only ₹ 1.41

lakh was levied and recovered against ₹ 1.81 crore leviable by two³ transport offices. Further, no trade fee was levied and recovered from 3,30,998 vehicles by the other four⁴ transport offices. This resulted in non/short levy of trade fee amounting to ₹ 4.43 crore⁵.

After we reported this to the Government/ Department (between March and May 2012), the Department stated (December 2012) that recovery of ₹ 9.37 lakh has since been made.

¹ Ambikapur, Bilaspur and Raipur

² Durg and Rajnandgaon

³ Bilaspur and Durg

⁴ Ambikapur, Mahasamund, Raipur and Rajnandgaon

⁵ Non levy of trade fee- ₹ 2.63 crore, Short levy of trade fee – ₹ 1.80 crore

5.10.1 Non-realisation of tax from owners of goods and passenger vehicles

Under Sections 3 and 5 of the CGMK *Adhiniyam*, tax shall be levied on the owner of every goods and passenger vehicle used or kept for use in the State at the rate prescribed in the first schedule of the *Adhiniyam*. In case of passenger bus monthly tax is leviable and for maxi cab and goods vehicle/truck quarterly tax is levied. Further, in case of non-payment of the tax due, the owner shall, in addition to payment of the tax due, be liable to pay penalty at the rate of one twelfth of the unpaid amount of tax for the default of each month or part thereof but not exceeding the unpaid amount of tax as laid down under Section 13(1) of the *Adhiniyam*. Where any owner fails to pay tax, penalty or both, the taxation authority is required to issue a demand notice and take action to recover the amount as arrears of land revenue. Under Section 11 of the said *Adhiniyam* if a vehicle owner wants his vehicle to be off-road for a particular period, he should submit a declaration in *Praroop* त्र before commencement of the period.

was also leviable on the unpaid amount of tax.

After we reported this to the Department/Government (between March and May 2012), the Department stated (May 2012) that recovery of ₹ 17.22 lakh has already been made and demand notices for recovery of ₹ 19.79 lakh have been issued by five transport offices (Ambikapur, Dhamtari, Kawardha, Koriya and Rajnandgaon). Reply in respect of the remaining five transport offices is awaited (December 2012).

We found during test check of taxation registers of 10 transport offices⁶ (TOs) (between October 2010 and September 2011) that the owners of 718 goods vehicles/trucks, 233 maxi cabs and 527 passenger vehicles/buses did not pay road tax of ₹ 9.09 crore (as shown in *Appendix-5.2*) for the period April 2008 to December 2011. No off road declaration was also submitted by these vehicle owners. Despite this, the TOs did not initiate any action to issue demand notice for recovery of the tax from the defaulting vehicle owners. This resulted in non-realisation of tax amounting to ₹ 9.09 crore. Besides, penalty

⁶ RTO Ambikapur, Bilaspur, Raipur, ARTO Durg, Rajnandgaon, DTO Dhamtari, Janjgir, Kawardha, Koriya and Mahasamund

5.10.2 Short-realisation of vehicle tax from vehicles plying on stage carriage permit

We found during test check of the taxation register of the Regional Transport Officer (RTO) Raipur (July 2011) that vehicle tax amounting to ₹ 17.45 lakh was due (April 2010 to March 2011) from the owners of eight vehicles which were plying on stage carriage permit. Against this, only ₹ 12.22 lakh was levied and collected by the RTO and no action was taken for recovery of the balance amount of tax of ₹ 5.23 lakh (as shown in *Appendix-5.3*). This resulted in short realisation of tax amounting to ₹ 5.23 lakh. Besides, penalty of ₹ 5.23 lakh was also leviable on the unpaid tax under Section 13 of the *Adhiniyam*.

We reported the matter to the Department/Government (April 2012) for their comments; the Department stated (May 2012) that demand notices have since been issued.

5.11 Short-realisation of vehicle tax due to wrong assessment of seating capacity

According to sub rule 3 of Rule 158 of the Chhattisgarh *Motoryan Niyam*, 1994 the seating capacity of stage carriages having wheel base of 166 inches (4200 mm), shall not be less than the minimum seating capacity which is 46. The tax rate on stage carriages is based on the seating capacity and distance covered.

We found during test check (between July and September 2011) of registration files of passenger buses of two⁷ RTOs, that four passenger vehicles were registered with seating capacities ranging from 32 to 41 by the RTOs (between March 2010 and January 2011) though the wheel base of these vehicles was 166 inches. This resulted in short

realisation of tax amounting to ₹ 3.46 lakh⁸ from the owners of these vehicles.

We reported the matter to the Department/Government (June 2012) for their comments. The Department in reply (September 2012) stated that a notification has since been issued for rectification of sub rule 3 of Rule 158 of the Chhattisgarh *Motoryan Niyam*, 1994 in which three categories of wheel bases with seating capacity have been replaced by nine categories of wheel bases and efforts are being made for recovery of the amount pointed out by audit.

⁷ Bilaspur and Raipur

⁸

Vehicle No.	Loss of seats	Tax leviable per seat (in ₹)	Permit Month (12 months * 5 year)	Amount (in ₹)
CG 04 E- 2126	5	160	60	48,000
CG 04 E- 2120	5	160	60	48,000
CG 10 G-0774	14	160	60	1,34,400
CG 10 G- 0756	12	160	60	1,15,200
Total				3,45,600

5.12 Registration of vehicles without realisation of Entry tax

According to Section 3-A of Chhattisgarh Entry Tax Act 1976, and notifications dated 28 April 1999 and 2 April 2007, entry tax at the rate of 10 per cent is leviable on the owner of a motor vehicle who purchases a motor vehicle from outside the state and brings it to Chhattisgarh for his own use. Further, the Government of Chhattisgarh vide notification dated 2 August 2002 empowered the Regional Transport Officers (RTOs) to impound vehicles to enforce the provisions of Section 3-A of the said Act within their respective jurisdiction.

During scrutiny of the registration files of DTO, Kanker, we found (March 2012) that 10 vehicles (as shown in *Appendix-5.4*) were purchased from outside Chhattisgarh State between October 2009 and April 2011 for own use. As per the notifications of April 1999 and April 2007 entry tax amounting to ₹ 6.13 lakh was leviable on the owners of these vehicles before registration. However, these vehicles were registered by the DTO, Kanker without levying the tax. The DTO neither collected the entry tax

as per rule nor obtained the tax paid certificates from the Commercial Tax Department. This resulted in non-levy of entry tax of ₹ 6.13 lakh.

We reported the matter to the Department/Government (June 2012) for their comments. The Department stated (August 2012) that a show cause notice has been issued to the concerned DTO for non levy of entry tax.

5.13 Short realisation of trade tax from dealers

According to Section 4 of the CGMK *Adhinyam*, read with rule 33 of CMV Rules, a dealer to whom a trade certificate has been issued under the Motor Vehicles Act, 1988, will pay trade tax in respect of vehicles in his possession during the course of business. Further, Schedule III of CGMK *Adhinyam* specifies the rate of trade tax for a block of seven vehicles and for every lot of additional seven vehicles in possession of the dealer during the course of his business. Rule 43(1) of CMV Rules, provides that every holder of a trade certificate shall maintain a register in Form 19 in duplicate which shall be in a bound book, with pages numbered serially. Further sub-rule 3 of Rule 43 states that the register and the duplicate shall be open for inspection by the registering authority.

During test check (between November 2010 and February 2012) of registration records of seven⁹ TOs we found that 336 automobile dealers had obtained trade certificates from the respective TOs. We however noticed that no record was being maintained by the transport authority regarding the number of vehicles in possession of the dealer, due to which

⁹ RTO Ambikapur, Bilaspur, Raipur, ARTO Durg, DTO Dhamtari, Kawardha and Mahasamund

the actual number of vehicles possessed by each dealer could not be ascertained. However, during the period April 2008 to September 2011, 230686 vehicles of different categories (as shown in **Appendix-5.5**) were registered. On the basis of registrations made by these TOs, trade tax amounting to ₹ 4.22 crore was leviable on the dealers. Against this, trade tax of ₹ 5.05 lakh only was levied and collected. Thus, failure of the registering authorities to check the maintenance of the register in Form 19 by the dealer resulted in short realisation of trade tax of ₹ 4.17 crore.

We reported this to the Government/Department (June 2012) for their comments; in reply the Department stated (September 2012) that a notification has since been issued for recovery of trade tax. Further, the Department effected recovery of ₹ 22.63 lakh as trade tax (December 2012).

We recommend that the Department may insist for submission of returns/details of the total vehicles sold by the dealer at the end of the financial year to RTO, to avoid short realisation of trade tax.

CHAPTER VI: OTHER TAX RECEIPTS

EXECUTIVE SUMMARY

What we have highlighted in this Chapter	<p>In this chapter we present our findings on a Performance Audit on 'Levy and collection of Electricity Duty' of ₹ 1,186.17 crore.</p> <p>We also present an illustrative case of ₹ 5.51 crore relating to non-levy of penalty by Excise Department despite non-maintenance of minimum stock of country liquor.</p>
Increase in tax collection	<p>Receipts from Taxes and Duties on Electricity fell short of the budget estimates during the period 2007-08 to 2010-11 whereas the same increased by 6.33 <i>per cent</i> over the budget estimate during 2011-12</p> <p>Receipts from State Excise during the period 2007-08 to 2011-12 exceeded the budget estimates. During the year 2011-12, there was an increase of 3.03 <i>per cent</i> over the budget estimate.</p>
Importance not given to internal audit	<p>Internal Audit Wing was not in existence in Energy Department.</p> <p>In the Excise Department, no unit was planned for audit by the Internal Audit Wing of the Department during 2011-12, though it was working at full strength of one Joint Director and one Assistant Audit Officer.</p>
Observations pointed out by us in earlier years	<p>During the audit of Excise Department for the period 2006-07 to 2010-11, through our inspection reports we had pointed out non-recovery of duty, short realisation of licence fees, non-levy of penalty, non/short levy of entertainment duty with revenue implication of ₹ 121.67 crore in 3,928 cases. The Department/ Government had accepted audit observations involving ₹ 33.69 crore in 2,534 cases.</p>
Results of audit conducted by us	<p>We conducted a Performance Audit on "Levy and collection of Electricity Duty" during the period March to June 2012, which revealed a number of deficiencies relating to non levy/short levy, irregular exemption from payment of electricity duty and irregular refund of electricity duty involving financial effect of ₹ 1,186.17 crore. The Energy Department accepted and issued demand notices involving ₹ 1,090.76 crore and out of this recovered ₹ 12.86 crore.</p> <p>We also conducted test check of the records of six</p>

units of the Excise Department during the year 2011-12 and found non-recovery of duty, non-levy of penalty, short realisation of licence fees, non/short levy of entertainment duty etc. amounting to ₹ 13.92 crore in 587 cases. The Department accepted underassessment, non/short levy of duty, licence fee etc. of ₹ 8.28 crore in 82 cases but no recovery was made.

Our conclusion

During audit of the Energy Department we observed that the monitoring of the returns submitted by producers/ distributors of electrical energy was deficient which led to non-detection of cases of non/short payment of duty. Owing to lack of coordination between the CEI and the Industries Department, exemptions were granted without examination of eligibility criteria. The Department failed to monitor the small scale producers (up to 125 KVA) of electricity due to non-maintenance of records and non-submission of returns. Apart from this, failure of the Department to make necessary changes in the Act for avoiding levy of cess at two different points led to additional burden on the consumers. Exemptions were allowed to ineligible industries due to overlapping period/parallel operation of Industrial Policies/ notification.

The Excise Department needs to operationalise the Internal Audit Wing and conduct internal audit regularly, so that shortcomings of the nature detected by us can be avoided in future. It is also recommended that the Department may consider strengthening the system of monitoring audit observations with special emphasis on recovery of accepted cases.

A: TAXES AND DUTIES ON ELECTRICITY

6.1 Results of audit

We conducted a Performance Audit on “Levy and collection of Electricity Duty” during the period March to June 2012. This revealed a number of deficiencies relating to non levy/short levy, irregular exemption from payment of electricity duty and irregular refund of electricity duty involving financial effect of ₹ 1,186.17 crore as mentioned in the succeeding paragraphs.

(₹ in crore)

Sl. No.	Category	Number of cases/Number of units audited	Amount
1	Levy and collection of electricity duty- (A Performance Audit)	1/4	1,186.17

The Department accepted and issued demand notices involving ₹ 1,090.76 crore and out of this recovered ₹ 12.86 crore during the year 2012-13.

The Department also recovered full amount of ₹ 74.44 crore against two cases.

6.2 Performance Audit on "Levy and collection of Electricity Duty"

HIGHLIGHTS

- Inclusion of erroneous provision in the Electricity Duty Act/Chhattisgarh *Upkar Adhinyam* led to levy of cess at two different points and consequential extra burden of ₹ 252.63 crore on consumers.
(Paragraph 6.2.10)
- Incorrect issue of exemption certificate to industries led to non levy of electricity duty and interest of ₹ 15.77 crore.
(Paragraph 6.2.11)
- Grant of exemption by CEI even after withdrawal of notification led to non levy of electricity duty and interest of ₹ 44.68 crore.
(Paragraph 6.2.12.2)
- Grant of exemption to ineligible turbo generating set led to non levy of electricity duty of ₹ 35.69 crore.
(Paragraph 6.2.14)
- CEI allowed exemption to ineligible industries leading to non levy of electricity duty and interest of ₹ 44.74 crore.
(Paragraph 6.2.15)
- Irregular grant of exemption to standby TG set led to non-realisation of electricity duty and interest of ₹ 16.10 crore.
(Paragraph 6.2.16)
- Grant of exemption to an industry despite sale of power to non-exempted industries led to non-levy of electricity duty and interest of ₹ 20.90 crore.
(Paragraph 6.2.17)
- Non-implementation of the provision of the ED Act led to non-levy of electricity duty and interest of ₹ 47.62 crore from CSPGCL.
(Paragraph 6.2.18)
- Failure of CEI to levy electricity duty even after conversion from non-conventional energy plant to thermal power plant led to non-levy of electricity duty and interest of ₹ 5.40 crore.
(Paragraph 6.2.19)
- Failure of CEI led to non-levy of electricity duty and interest amounting to ₹ 22.36 crore.
(Paragraph 6.2.21)

6.2.1 Introduction

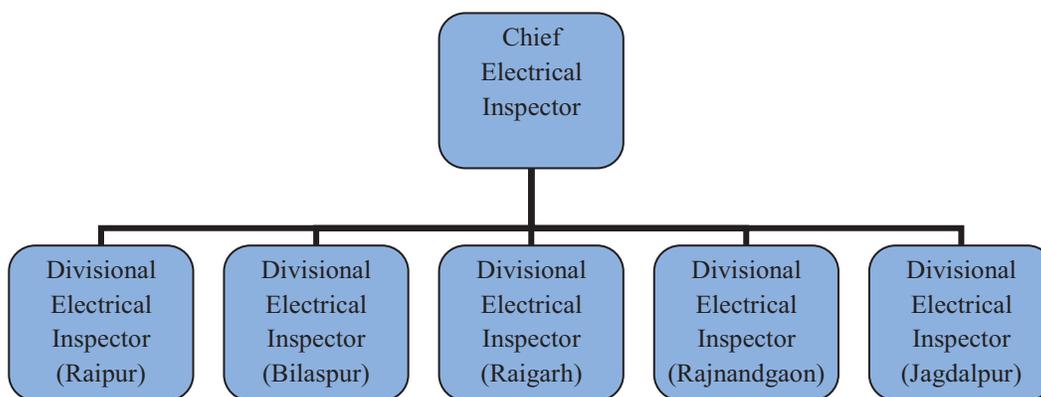
Energy Department is one of the major revenue earning Departments of the State and the contribution of electricity duty and cess to the total tax revenue of the State ranged between 5.58 and 7.03 *per cent* of the total tax receipts during the period 2007-08 to 2011-12.

There are four major components of receipts of the Department viz., Taxes on sale of electricity (ED), Fees under the Chhattisgarh Electricity Duty Act 1949, Fees for the electrical inspection of Cinemas and Other receipts. Every distributor and producer of electrical energy shall pay every month to the State Government, at the prescribed time and in the prescribed manner, electricity duty, calculated at the specified rate, on the units of electrical energy sold or supplied to a consumer or consumed by it for its own purpose during the preceding month. The amount of duty which is due and remaining unpaid shall carry interest. Energy development cess (cess) is also leviable on sale/supply or self consumption of electrical energy under Chhattisgarh *Upkar Adhiniyam 1981*.

Under the Chhattisgarh Electricity Duty Act, 1949 (Act) the distributor of electrical energy i.e. Chhattisgarh State Power Distribution Company Limited (CSPDCL) shall deposit the duty and cess in the Government Account after collecting the same for the energy sold or supplied to the consumers. Captive Power Producers (CPPs) who produce electrical energy from their Turbo Generator (TG) sets for own consumption are also required to pay electricity duty and cess directly into the Government Account for the energy sold/supplied or consumed by themselves.

As per the Act, every distributor and producer of electrical energy shall submit to the Chief Electrical Inspector, a monthly return in form 'G' showing the amount of duty leviable and non-leviable along with the treasury receipt.

6.2.2 Organisational set up



The Secretary of the Energy Department is the Head of the Department at the Government level. The organisation is headed by the Chief Electrical Inspector (CEI). The CEI is assisted by five Divisional Electrical Inspectors (DEI, E/S) at the division level and 10 Assistant Electrical Inspectors at the sub division level. The records of all CPPs and high tension consumers of the Distribution Company are maintained in the office of the CEI. The divisions are required to maintain the records of energy sold/supplied to low tension consumers of CSPDCL and CPPs

which produce electrical energy by their own sets having capacity upto 125 Kilo Volt Ampere (KVA).

6.2.3 Scope of audit

With a view to evaluate the efficiency and effectiveness of the system and procedure relating to levy and collection of electricity duty, cess and interest thereon, a Performance Audit was conducted between March and June 2012. The office of the CEI, Commissioner, Industries Department and three¹ out of five DEIs were selected for the purpose of the Performance Audit.

6.2.4 Audit objectives

The Performance Audit was conducted with a view to:

- assess the efficiency and effectiveness of the system of levy and collection of electricity duty and cess;
- assess whether an adequate internal control mechanism existed to ensure proper realisation of duty and cess; and
- ascertain the adequacy of measure taken against the defaulters for safeguarding revenue.

6.2.5 Audit criteria

The provisions of the following Act, Rules and circulars of Energy Department were used as audit criteria:

- Central Electricity Rules, 2005 (CE Rules);
- Chhattisgarh Electricity Duty Act, 1949 (CGED Act);
- Chhattisgarh Electricity Duty Rules, 1949 (CGED Rules);
- Chhattisgarh *Upkar Adhinyam*, 1981 and
- Various notifications and circulars issued from time to time by the Government and the Department.

6.2.6 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation of the Energy Department for providing necessary information and records to audit. The scope and methodology of audit was discussed with the Secretary, Energy Department in an entry conference held on 18 May 2012. The Performance Audit report was forwarded to the Government and the Department on 11 July 2012. The findings of the Performance Audit were discussed with the Secretary and other officials of the Department on 16 November 2012. The replies received during the exit conference and at other points of time have been appropriately included in the relevant paragraphs.

¹ Bilaspur, Raipur and Rajnandgaon (selected randomly)

6.2.7 Trend of receipts from Taxes and Duties on Electricity

The Budget Estimate (BE) of the Department is prepared taking into account the actual receipts during the last year, average growth rate of receipts during the last five years, comparison of the current year growth rate with the receipts of the corresponding previous year and the changes proposed by the Department, if any, in the rate of tax. The BE proposal is sent to the Finance Department (FD) for approval. The FD approves the BEs in consultation with the Department. We found that during the year 2011-12 the FD had approved the budget estimate of ₹ 600 crore as against the estimate of ₹ 601.50 crore proposed by the Department.

The BEs and actual receipts of the Department during the years 2007-08 to 2011-12 are as mentioned below:

(₹ in crore)

Year	Budget Estimate	Actual Receipts	Variation Excess(+) Shortfall(-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts to total tax receipts [(3) over (6)]
2007-08	481.10	394.86	(-) 86.24	(-) 17.93	5,618.10	7.03
2008-09	476.75	415.10	(-) 61.65	(-) 12.93	6,593.72	6.30
2009-10	528.25	416.91	(-) 111.34	(-) 21.08	7,123.25	5.85
2010-11	554.31	502.53	(-) 51.78	(-) 9.34	9,005.14	5.58
2011-12	600.00	637.97	(+) 37.97	(+) 6.33	10,712.25	5.96

Source: - Finance Accounts of the Government of Chhattisgarh

It may be seen from the above table that the actual receipts fell short of the budget estimates during the period 2007-08 to 2010-11 and the percentage of shortfall ranged between 9.34 and 21.08 per cent. However, the actual receipts increased by 6.33 per cent over the BE during 2011-12. The shortfall in receipts as reported by the Department during the above years was mainly due to short/non-payment of duty and cess made by CSPDCL and CPPs while the increase of receipts during 2011-12 was attributed to additional receipt of compounding fees and arrears from CSPDCL.

6.2.8 Arrears of revenue

The year-wise opening and closing balance of arrears from taxes and duties on electricity during the period 2007-08 to 2011-12 is depicted below:

(₹ in crore)

Year	Opening balance of arrears	Closing balance of arrears
2007-08	10.15	20.39
2008-09	20.39	26.49
2009-10	26.49	67.02
2010-11	67.02	97.93
2011-12	97.93	185.68

Source : Figures furnished by the Department.

It may be seen from the above table that the arrears increased to ₹ 185.68 crore as on 31 March 2012 from ₹ 10.15 crore as on 1 April 2008. Despite huge accumulation of arrears of revenue, the Department had not taken any concrete steps for recovery of these arrears.

Age-wise analysis of arrears of revenue is given in the following table.

Years	Arrears of revenue (₹ in crore)
More than 20 years	0.24
Between 10 and 20 years	Nil
Between 5 and 10 years	9.91
Between 3 and 5 years	16.34
Between 1 and 3 years	159.19
Total	185.68

It may be seen from the above table that only 5.5 per cent (₹ 10.15 crore) of the total arrears as on 31 March 2012 were outstanding for more than five years. Thus the bulk of the arrears pertained to recent periods.

Further, out of the total arrears of ₹ 185.68 crore, arrears aggregating to ₹ 24.96 crore were outstanding as on 31 March 2012 against the top 10 defaulters as detailed below:

Sl. No.	Name of the consumer	Outstanding amount (₹ in crore)
1.	M/s Prakash Industries, Janjgir-Champa	13.84
2.	M/s Monnet Ispat Naharpali, Raigarh	2.60
3.	M/s Real Ispat & Power, Raipur	2.25
4.	M/s Anjani Steel Private Limited	2.14
5.	M/s Mahendra Sponge and Power Private Limited, Siltara	1.58
6.	M/s Vasvani Industries Limited, Sondra Raipur	1.39
7.	M/s Aryan Coal Benefication Private Limited, Korba	0.75
8.	M/s Navdurga Fuel Private Limited	0.33
9.	M/s South Asian Agro Industries, Baloda Bazar	0.07
10.	M/s Vandana Global, Raipur	0.01
Total		24.96

Source: Information furnished by the Department.

During the exit conference, the Government stated that the principal amount of ₹ 72.07 crore outstanding against CSPDCL has been fully recovered in June 2012 and the Government has since waived the interest amounting to ₹ 88.46 crore outstanding against the Company. Out of the total arrears of ₹ 185.68 crore, ₹ 9.25 crore relates to cases pending in the Court and Revenue Recovery Certificates have been issued for recovery of ₹ 17.45 crore. Further the Department stated that recovery is pending due to appeals filed by certain producers of electrical energy in the court. As regards the top 10 defaulters, it was stated that Revenue Recovery Certificates (RRC) have already been issued in five cases and steps are being taken

to issue RRCs in the remaining cases. Necessary action will be taken to recover the remaining arrears.

AUDIT FINDINGS

SYSTEM DEFICIENCIES

6.2.9 Submission and monitoring of monthly returns

As per rule 7(i) of Chhattisgarh Electricity Duty Rules, every distributor/producer of electrical energy on consumption shall submit to the CEI and DEIs a monthly return in form 'G', along with treasury receipt, showing the amount of duty leviable and non-leviable.

6.2.9.1 We observed that the CPPs having capacity upto 125 KVA had not submitted any returns to the DEIs during the period 2007-08 to 2011-12. The DEIs were also not maintaining any records of these producers which would enable them to monitor the submission of 'G' forms and also to determine the amount of duty payable. We further observed that though the CEI was

maintaining the initial records of 'G' forms received from the producers of electrical energy, the summary of returns containing details of outstanding returns and duty was not prepared. The above facts indicate that a monitoring mechanism did not exist in the Department to ensure submission of monthly returns in time.

During the exit conference, the Government replied (November 2012) that instructions have been issued to all the offices to ensure maintenance of records and a system will be put in place to monitor the returns.

Every DEI is required to submit a monthly return to CEI containing the details of total energy consumed by the Low Tension (LT) consumers, dutiable units, non dutiable units, duty/cess payable and duty/cess paid by them during the month.

6.2.9.2 We observed that none of the test checked DEIs submitted the monthly returns to the CEI during the period 2007-08 to 2011-12. Further, no periodical return was also prescribed from the CEI to the Government regarding duty payable, paid and balance to be deposited.

During the exit conference, the Government replied (November 2012) that instructions have since been issued in August 2012 to all DEIs for submitting the returns regularly.

The Government may consider prescribing a mechanism to ensure that the prescribed returns are submitted regularly and in time in the prescribed format and introducing a periodic return from CEI to the Government containing information regarding duty payable, paid and balance to be deposited to enable effective monitoring.

6.2.10 Inclusion of erroneous provision in the Cess Act led to levy of cess at two different points and consequential extra burden on consumers

According to Chhattisgarh *Upkar Adhiniyam*, every distributor of electrical energy will pay energy development cess to the Government for energy sold/supplied to the consumers or consumed by itself at the rates prescribed from time to time. As per Section 2 of the Chhattisgarh Electricity Duty Act, National Thermal Power Corporation (NTPC) and Chhattisgarh State Electricity Board (CSEB) are distributors of electrical energy.

After subsequent amendment (2004) of the *Adhiniyam*, every producer of electrical energy is also required to pay energy development cess on the electrical energy sold or supplied to a consumer or consumed by it or his employees by his captive power unit or diesel or other generator set of more than 125 KVA capacity during the month. Due to this amendment, under section 3(1) of the *Adhiniyam* 1981, a distributor is charged cess at the rate of five paise per unit and a CPP is charged at the rate of 10 paise per unit.

During test check of 'G' forms in the office of CEI, we found that NTPC supplied 13,062.93 million units (MU) of electrical energy to CSPDCL (formerly known as Chhattisgarh State Electricity Board) during 2007-08 to 2011-12 and paid cess of ₹ 110.35 crore to the Government.

As per amendment (2004) made in the *Adhiniyam*, 1981, the CPPs are also liable to pay cess on the electrical energy sold or supplied to a consumer or consumed by it. This amendment was challenged (October 2005) in the Hon'ble High Court by the CPPs due to the differential rate of cess payable by a distributor and that by a CPP. The Court quashed the

amendment. The Department has challenged the decision of the Hon'ble High Court before the Hon'ble Supreme Court in November 2007. Though the Supreme Court has not yet heard the case it advised the Department to raise the demand so that the claim does not become time barred. The various CPPs had also supplied 14,228.492 MU of electrical energy to CSPDCL during the period 2007-08 to 2011-12. Thus, the CPPs were also liable to pay cess amounting to ₹ 142.28 crore. Further, CSPDCL supplied the energy received from both NTPC and CPPs to its consumers and paid cess amounting to ₹ 252.63 crore to the Government after collecting the same from them. Since NTPC had already paid cess on the energy supplied to CSPDCL and the amount of cess was already included in the selling rate of energy, the levy of cess on the same energy by CSPDCL led to extra burden of ₹ 252.63 crore on the consumers.

After we pointed this out (May 2012), the Government replied (November 2012) that cess has been levied in accordance with the provision of the Act.

The fact remains that though the Government had levied the cess in accordance with the provision of the Act, no initiative was taken by the Department to rectify the anomaly in the *Adhiniyam* to avoid levy of cess at two different points and consequential extra burden on the consumers.

6.2.11 Incorrect issue of exemption certificate

Government of Chhattisgarh had declared Industrial Policies for the period 2001-06 and 2004-09. As per these policies and notifications issued thereunder, exemption from electricity duty was to be granted only to new industries. The industries, which had expanded their capacity were not eligible for exemption under the new policy. Further, as per notification issued in 2008, a Company is required to apply to the CEI with an eligibility certificate from the Industries Department to the effect that the exemption sought is for a new industry and not for extension of an existing industry. The CEI will issue the exemption certificate after scrutiny.

6.2.11.1 During scrutiny of 'G' forms in the office of CEI, we found that M/s Inds Power Limited commenced (December 2006) commercial production from its 10 MW TG set which was subsequently taken (October 2009) on lease by M/s Inds Synergy Limited. The lessee had also included the details of energy produced from the above set in its monthly returns in 'G' forms. The lessor applied for exemption under Industrial Policy 2004-09 in December 2009, but the exemption certificate was not issued till December 2012. As the management and running of

the business was being carried on by the lessee from October 2009 in its own name, the application of the lessor should have been rejected and electricity duty should have been levied. During April 2007 to January 2012, the Company produced and consumed 149.038 MU of electrical energy on which electricity duty amounting to ₹ 5.19 crore was leviable. Despite this, the CEI had not initiated any action for recovery of the same. Besides this, interest amounting to ₹ 3.26 crore was also leviable. Thus inaction on the part of CEI resulted in non-levy of electricity duty and interest amounting to ₹ 8.45 crore.

After we pointed this out, the Government replied (November 2012) that demand notice has since been issued for recovery of ₹ 8.36 crore. Report on action taken on the differential amount of ₹ nine lakh and recovery of the accepted amount has not been received (December 2012).

6.2.11.2 During scrutiny of the 'G' forms in the office of CEI, we found that M/s Maa Usha Urja Limited (lessor) had commenced (March 2007) commercial production from its 7.5 Mega Watt (MW) TG set. The Company had applied for exemption under Industrial Policy 2004-09. We observed that the Company was taken on lease in January 2007 by another Company, M/s Jayaswal Neco Industries Limited (lessee), before commencement of commercial production and the fact was also mentioned in the monthly return in 'G' form. As this was tantamount to expansion of capacity, the lessor was not eligible for exemption for payment of electricity duty. However, the Industries Department issued (August 2011) eligibility certificate to the lessor. We further observed the CEI instead of referring the matter back to the Industries Department issued exemption certificate to the lessor in December 2011 from the date of commencement of commercial production. The lessee produced 251.93 MU of electrical energy during the lease period from March 2007 to January 2012 on which duty amounting to ₹ 4.58 crore was leviable. Besides this, interest amounting to ₹ 2.74 crore was also leviable.

The incorrect issue of eligibility and exemption certificate therefore resulted in non-levy of electricity duty of ₹ 7.32 crore including interest.

After we pointed this out, the Government replied (November 2012) that demand notice has since been issued for recovery of ₹ 9.68 crore including interest. Report on recovery has not been received.

6.2.12 Exemption from electricity duty granted to captive power plants

As per the notification of November 1992, any person or undertaking producing electricity from a generating set with capacity of more than 125 KVA for self consumption is exempted from payment of electricity duty for five years from the date of commencement of commercial production. The Government withdrew the notification of November 1992 through another notification in December 2008. The Government declared an Industrial policy 2001-06 from November 2001 and another Industrial Policy 2004-09 with effect from November 2004. The Government has not withdrawn any policy till date.

6.2.12.1 Under the Industrial Policies (IP) promulgated from time to time by the Government of Chhattisgarh, industrial units are granted exemption from payment of electricity duty on fulfilment of certain terms and conditions. Such incentives are payable upto a specified period and an unit is eligible for receipt of incentives under a particular IP according to the date of investment of fixed capital. The applications of the CPP owners are recommended by the Industries Department

and on the basis of such recommendations/eligibility certificates, the Energy Department grants the exemption certificate after scrutiny of the application. As per notification 1992, IP 2001 and IP 2004, CPPs whose fixed capital investment commenced within the effective period of the IPs were entitled to exemption of electricity duty payable.

We noticed that the notification of 1992 and the two IPs notified by the Government were running parallel to each other as the period covered by the notification and the IPs was overlapping. Further, there was no mechanism in the Energy Department either to verify from the records of the Industries Department that the eligibility certificate issued by the Industries Department was as per the provisions of the IP or that the incentive granted to an industrial unit was withdrawn on not fulfilling/violating the terms and conditions for their exemption.

During test check of exemption files in the office of CEI, we found that M/s Ultratech Cement Limited (formerly M/s Grasim Cement Limited), Grasim Vihar commenced commercial production (September 2008) from its 25 MW TG sets and applied (October 2008) for exemption in accordance with the notification of 1992. The Company was eligible for exemption for payment of electricity duty under the notification of 1992. As the application of the Company for exemption from payment of electricity duty was received before the withdrawal of the notification of 1992 (December 2008) and both the Industrial Policies were also running parallel to one another simultaneously, the CEI advised (January 2010) the Company to take up the matter with the Industries Department, which the Company did not comply with. However, the CEI subsequently issued (December

2010) the exemption certificate to the Company for five years in accordance with the notification of 1992 which was much after the implementation of Industrial Policy (2004-09) and also after withdrawal of the notification of 1992 in December 2008. Since the different Industrial Policies/ notification were in force at the same time, the Industries Department as well as the Energy Department were not in a position to take a clear stand on applicability of a particular policy/notification.

After we pointed this out, the Government replied (November 2012) that necessary action would be taken in consultation with the Industries Department and the Law Department.

As per the instructions issued by CEI in November 1992, a Company should apply for exemption under the notification of November 1992 within seven days from the date of commencement of commercial production.

6.2.12.2 During scrutiny of records of CEI, we found that four² companies commenced commercial production between March 2006 and December 2008 and applied for exemption from payment of electricity duty for five years under the notification of 1992 between December 2008 and June 2010.

Since the notification of 1992 was already withdrawn (December 2008) prior to the submission of the applications, these companies were not entitled for exemption under the notification of 1992. Despite this the CEI, instead of referring the matter back to the Industries Department, incorrectly granted exemption certificate to the industries between January 2010 and November 2011.

These companies accordingly availed exemption of electricity duty amounting to ₹ 28.31 crore on 813.346 MU of electrical energy produced and consumed upto February 2012. The irregular grant of exemption certificate by the CEI resulted in non levy of electricity duty amounting to ₹ 28.31 crore. Besides this, interest amounting to ₹ 16.37 crore was also leviable.

After we pointed this out, the Government agreed (November 2012) to examine these cases and issue demand notice if required. Demand notice has since been issued for recovery of electricity duty of ₹ 13.48 crore in three cases (November 2012). Report on recovery has not been received (December 2012).

6.2.13 Internal Audit

The Internal Audit Wing (IAW) of a Department is a vital component of its internal control mechanism and is generally defined as the control of all controls to enable an organisation to assure itself that the prescribed systems are functioning reasonably well. We however noticed that IAW was not in existence leaving the Department vulnerable to risk of leakage of revenue. In the absence of an IAW, the Department failed to ensure effective controls for recovery of arrears, raising regular demands and issuing exemptions to industries correctly.

During the exit conference, the Government stated that a proposal would be sent to the Finance Department for early sanction of posts for setting up the IAW.

² M/s Aryan Coal Benefication, M/s Century Cement, M/s Jai Durga Oil Extraction Limited and M/s Ultratech Limited (Hirami Division)

The Government may consider setting up the IAW to monitor the correctness of levy and collection of electricity duty.

COMPLIANCE DEFICIENCIES

6.2.14 Non-levy of duty

In the 'Industrial Policy 2001-06', the Government declared exemption for 10 years from payment of electricity duty to new industries and also declared exemption for 15 years to 'Mega Industries', (industries which have capital investment of more than ₹ 100 crore). The capital investment was to be determined on the basis of investment made from the date of establishment but up to five years from commencement of commercial production.

During scrutiny of exemption files in the office of the CEI we found that M/s Godavari Power and Ispat Limited was granted exemption from payment of electricity duty for 15 years (August 2010) since the commencement of commercial production (February 2002) on its 53 MW set on the basis of recommendation of the Industries Department. A comparison of the 'G' forms

submitted by the Company and the exemption certificate issued to the Company revealed the following facts:

Sl. No.	TG set No.	Capacity as per G form	Capacity as per exemption certificate	Remarks	Reasons for levy/ non-levy of electricity duty
TG 1	3682	10 MW	9 MW	As per 'G' form and application submitted earlier for granting exemption under notification of 1992, the capacity of this set is 10 MW as mentioned in the application submitted in April 2007. The CEI showed lower capacity in the exemption certificate.	The CEI failed to detect the discrepancies and issued exemption certificate for 9 MW.
TG 2	3806	10 MW	--	The commercial production was started in October 2003 but the set was not included in the application for exemption and therefore exemption was not granted to this set. Though the details of energy produced by this set were not shown in the 'G' forms, auxiliary consumption was shown.	As the set was not included in the exemption certificate, electricity duty was leviable for auxiliary consumption. The CEI however failed to levy the same.
TG 4	30034	30 MW	--	As per the application submitted in April 2007 for granting exemption under the notification of 1992, commercial production was started in December 2006 but the same was not included in the application for exemption and therefore exemption was not granted to this set. Though no exemption was granted, electrical energy was produced regularly from the set.	Since no exemption was granted to this set, electricity duty was leviable which the CEI failed to levy. .
TG 5	C 192/102	25 MW	25 MW	The set was set up in March 2007 i.e. after the completion period of five years from the date of commencement of commercial production (February 2002). Thus, as per the Industrial Policy 2001-06, it was not eligible for exemption. Hence the exemption granted was irregular.	Though the set was not eligible for exemption but the CEI included this set in the exemption certificate. Electricity duty was however leviable for consumption of electrical energy produced by this set.
TG 6	3686	--	9 MW	Though the exemption was granted to the set yet the Company had not shown its present status in its G form.	The CEI had also not taken any steps to ascertain the position.

As per 'G' forms the Company had produced and consumed 847.48 MU of electrical energy during April 2007 to January 2012 on which electricity duty amounting to ₹ 22.53 crore and interest amounting to ₹ 13.16 crore was leviable. As the Company was not showing the consumption of electrical energy separately from each set, therefore, the actual duty payable for electrical energy produced and consumed from ineligible and non exempted TG sets cannot be ascertained.

After we pointed this out, the Government stated (November 2012) that demand notice had since been issued for 30 MW TG set and action would be taken in respect of the remaining TG sets after consultation with the Industries Department.

6.2.15 Grant of exemption to ineligible industry

As per notification of November 1992, any person or undertaking producing electricity from a generating set with capacity of more than 125 KVA for self consumption is exempted from payment of electricity duty for five years from the date of commencement of commercial production. The Government had withdrawn the notification of November 1992 through another notification in December 2008 and stated that exemption will have to be continued for those industries which were granted exemption prior to 2008 for the period mentioned in the exemption certificate and such industries will not be eligible for any further exemption under Industrial Policy 2001-06 or any other policy declared by the Government from time to time.

6.2.15.1 M/s Sarda Energy and Minerals Limited had started commercial production of electrical energy from its 24 MW TG set from July 2001. The CEI issued the exemption certificate for payment of electricity duty for five years from 2001 to 2006 under the notification of 1992. The Company had not paid electricity duty for the electrical energy produced and consumed after expiry of the exempted period. The CEI therefore filed (June 2008) a Revenue Recovery Certificate (RRC) for recovery of electricity duty

amounting to ₹ 6.99 crore against the Company.

The Company instead of paying the electricity duty had applied (April 2008) to the Industries Department for exemption from November 2001 for 15 years on the same TG set under Industrial Policy 2001-06. On the basis of the recommendation of the Industries Department, the CEI granted (December 2009) exemption to the Company for 15 years from November 2001 and the RRC issued earlier against the Company was withdrawn.

Since the company had availed exemption under the notification of 1992, it was not eligible for any further exemption under the IPR 2001-06. However, the company availed exemption of electricity duty amounting to ₹ 14.12 crore on 528.114 MU of electricity energy produced and consumed from March 2008 to December 2011.

Thus, instead of referring the matter back to the Industries Department, the CEI incorrectly granted exemption certificate to the Company. This not only led to extension of undue benefit to the Company but also resulted in non levy of

electricity duty amounting to ₹ 21.11 crore including RRC amount of ₹ 6.99 crore. Besides this, interest amounting to ₹ 6.31 crore was also leviable.

6.2.15.2 During scrutiny of the exemption cases and ‘G’ return files in the office of CEI, we found that M/s Sarda Energy and Minerals Limited had commenced (November 2008) commercial production of electrical energy from its 32 MW TG set. The Company had produced and consumed 468.08 MU of electrical energy during November 2008 and December 2011 on which electricity duty amounting to ₹ 12.50 crore was leviable. This set was not eligible for any exemption as commercial production was started during the period when Industrial Policy 2004-09 was in force in which exemption was not admissible on extension/expansion of any Company. The CEI also had not issued exemption certificate for the set. Though the Company had submitted returns regularly and the CEI noticed non payment of electricity duty, however, no demand notice for the same was issued. This resulted in non-levy of electricity duty of ₹ 17.15 crore including interest of ₹ 4.65 crore.

6.2.15.3 M/s Rajaram Maize Products (Power division) established a 1.5 MW TG set and commenced production from April 2003. The CEI issued (June 2010) the exemption certificate for 10 years from April 2003 for payment of electricity duty on the basis of the recommendation of the Industries Department.

During scrutiny of exemption files in the office of CEI, we found that the CEI had earlier granted exemption (June 2003) to the same TG set for five years under the notification of 1992. Thus as per the notification issued in 2008 the Company was not eligible for further exemption. It may be mentioned that after expiry of the earlier exemption the Company had deposited electricity duty amounting to ₹ 16.97 lakh for the period April 2008 to September 2009 and the CEI refunded the amount to the Company after granting the subsequent exemption. As the Company had availed exemption for five years under the notification of 1992, the grant of subsequent exemption (June 2010) for 10 years to the same TG set was irregular and resulted in extension of undue favour to the Company.

After we pointed this out, the Government stated (November 2012) that necessary action would be taken after consultation with the Industries Department.

6.2.16 Irregular exemption on standby set

In the Industrial Policy 2001-06, the Government declared exemption for 10 years from payment of electricity duty to new industries and also declared exemption for 15 years to ‘Mega Industries.’ There is no provision in the Act or industrial policies for allowing exemption to standby sets. Further, Industrial Policy 2004-09 allows exemption to only new industries and not to industries on expansion.

M/s Prakash Industries Limited installed (December 2002) two 6 MW and two 19 MW TG sets and commenced commercial production from June 2003. The Company had also installed (February 2009) another 25 MW TG set and commenced commercial production from April 2009. The Company applied (June 2009) for exemption from payment of electricity duty for all sets (having 75 MW capacity) under the Industrial Policy 2001-

06. Though 25 MW TG set was for expansion of the Company and was not eligible for exemption, the Industries Department included the set as a standby set in the recommendation for exemption of 50 MW TG sets. Further, the Company had produced electrical energy continuously from the exempted sets. However, the CEI instead of referring the matter back to the Industries Department granted exemption for the 50 MW sets and also for the 25 MW TG standby set. Though the Company produced and consumed electrical energy from the regular sets as well as the standby set, it did not pay electricity duty on the energy produced from the standby set. Thus, the irregular grant of exemption to the set resulted in non realisation of electricity duty amounting to ₹ 11.71 crore on 438.04 MU of electrical energy produced and consumed from the standby set from April 2009 to December 2011. Besides this, interest amounting to ₹ 4.39 crore was also leviable.

After we pointed this out, the Government stated (November 2012) that demand notice would be issued for recovery of the outstanding amount. The Department has since issued (November 2012) the demand notice for recovery of ₹ 15.78 crore including interest. Report on action taken on differential amount of ₹ 32 lakh and recovery of accepted amount has not been received (December 2012).

6.2.17 Grant of exemption to industry despite sale of electrical energy to non-exempted industries

The Department vide notification of July 2002 exempted M/s Vandana Vidyut Limited from payment of electricity duty on supply of electrical energy to 19 high tension (HT) consumers (as specified in the notification) of energy produced at Sirigitti Industrial Area, Bilaspur.

During scrutiny of the 'G' forms in the office of the CEI, we found that the Company sold (during March 2008 to October 2011) 182.996 MU of electrical energy to 13³ HT consumers apart from supply of electrical energy to the notified 19⁴ high tension consumers. Since the 13 HT consumers were not covered under the specified consumers; electricity duty was leviable on the

energy supplied to these consumers. However, the CEI did not scrutinise the case and failed to initiate action to levy the duty. This resulted in non-levy of electricity duty of ₹ 16.95 crore. Besides this, interest of ₹ 3.95 crore was also leviable.

After we pointed this out, the Government stated (November 2012) that demand notice had since been issued for recovery for ₹ 33.72 crore including interest. Report on recovery has not been received (December 2012).

³ NMDC, Kirandul; NMDC, Bachel; NMDC DEP No 10 & 11 A Bachel Project; M/s Grasim Cement Ltd.; Simplex Engg & foundry Works Pvt. Ltd.-I; Simplex Engg & foundry Works Pvt. II; NMDC Kirandul Project DEP No 14; NMDC Bachel Project DEP. No 5 ; Simplex Engg.& Foundry works Pvt. Ltd., Unit - III; Bhilai Engg. Corp. Ltd.; BEC Fertilisers ; Uniworth Ltd.; Century Cement Ltd

⁴ M/s Sunil Poly Pack; M/s Bajrang Metalics; M/s Vandana Ispat Ltd.; M/s R. R. Ispat Ltd.; M/s Vandana Industries Ltd.; M/s Vandana Udyog Ltd; M/s Vandana Rolling Mills Ltd.; M/s Raipur Rotocast Ltd.; M/s Kamal Solent Extraction ; M/s Pankaj Oxygen Ltd.; M/s R. K. Structure ; M/s Ganapati Industrial Private Ltd.; M/s Saket Industrial Gases Ltd.; M/s Hanuman Agro; M/s Vandana Global Pvt. Ltd.; M/s Raipur Rotocast Ltd., Urla; M/s Hightech Abrasive Ltd; M/s Surya Wires Pvt. Ltd.; M/s Krishna Iron Strips and Tubes Ltd.

6.2.18 Non-levy of electricity duty

As per Section 2 of Chhattisgarh Electricity Duty Act, a distributor of electrical energy means a person or a local authority who as a principal or agent, carries on the business of running an electrical undertaking under a licence granted under the Indian Electricity Act, 1910 (IX of 1910), and includes National Thermal Power Corporation or other organisation by whatever name called which have been constituted under any Central or State Act for the time being in force for a like purpose.

As per the amended Chhattisgarh Electricity Duty Act, every producer of electrical energy will pay electricity duty at the rate of 2 paisa per unit to the Government for the electrical energy sold/supplied in bulk to other distributors of electrical energy.

The Government unbundled (December 2008) the Chhattisgarh State Electricity Board into five⁵ separate companies under the Companies Act, 1956 and these companies are working separately since 2009.

During scrutiny of the 'G' forms maintained in the office of the CEI we found that CSPGCL produced electrical energy and supplied the same to the CSPDCL. As both the companies were registered and working separately, electricity duty was leviable for the electrical energy supplied by CSPGCL to

CSPDCL in accordance with the Act. However, electricity duty was not paid by the CSPGCL. The CEI also did not initiate any action to recover the same.

Electricity duty amounting to ₹ 32.28 crore was leviable on CSPGCL for 16,142.508 MU of electrical energy supplied to CSPDCL during the period February 2009 to November 2011. Since the Company failed to pay the duty, interest amounting to ₹ 15.34 crore was also leviable. Thus, failure on the part of CEI to raise the demand led to non-levy of electricity duty and interest amounting to ₹ 47.62 crore.

During the exit conference, the Government stated (November 2012) that demand notice for recovery of electricity duty of ₹ 32.28 crore has since been issued. Report on action taken for recovery of interest and recovery of the accepted amount has not been received (December 2012).

⁵ Chhattisgarh State Power Generation Company Limited (CSPGCL), Chhattisgarh State Power Holding Company Limited (CSPHCL), Chhattisgarh State Power Transmission Company Limited (CSPTCL), Chhattisgarh State Power Distribution Company Limited (CSPDCL) and Chhattisgarh State Power Trading Company Limited (CSPTCL)

6.2.19 Non-levy of electricity duty after conversion of non-conventional energy plant to thermal power plant

As per Section 3 of the Chhattisgarh Electricity Duty Act, every distributor/producer of electrical energy shall pay the electricity duty in respect of each month before the expiry of the following month. As per Rule 5 of the Chhattisgarh Electricity Duty Rules, where the duty is not paid within the period specified in Rule 3, the same shall be paid with interest thereon.

During scrutiny of the 'G' forms in the office of CEI, we noticed that M/s R. R. Energy Limited commenced commercial production of electrical energy from January 2007 from non-conventional sources. Subsequently, the Company changed its production from non-conventional sources to thermal power plant since October 2008. Chhattisgarh State

Electricity Regulatory Commission (CSERC) had also directed (October 2008) Chhattisgarh State Renewable Energy Development Authority (CREDA) to withdraw the exemption granted to non-conventional energy producers from payment of electricity duty and recover the dues in accordance with provisions of the Act. The Company produced and consumed 151.73 MU of electrical energy from October 2008 to January 2012. Thus electricity duty amounting to ₹ 4.09 crore was recoverable from the Company. Despite the directions of CSERC, the CEI did not initiate any action for realisation of electricity duty of ₹ 4.09 crore along with interest of ₹ 1.31 crore.

After we pointed this out, the Government stated that the demand notice had since been issued (July 2012) for recovery of ₹ 1.68 crore. Report on action taken on the differential amount of ₹ 3.72 crore and recovery of the accepted amount has not been received (December 2012).

6.2.20 Non-levy of electricity duty on electrical energy sold/supplied to industries situated in the State

As per the notification issued in July 2002, the Government permitted CPPs to supply electrical energy to their sister concerns only. Sale/supply of electrical energy to any third party was not permissible.

As per clause 5 of the Captive Power Policy issued in July 2002 by the Government, where the Captive Power Plant owner intends to supply electricity to its sister concern, eligibility of which (sister concern) shall be decided by State Electricity Board (now CSPDCL), then such permission would be granted.

During scrutiny of the 'G' forms in the office of CEI, we noticed that M/s Lanco Amarkantak Power Private Limited (Company) supplied 7,253.84 MU of electrical energy from May 2009 to December 2011 to various consumers situated in the State such as M/s Jindal Power, Sipat STPS, etc. These units were not the sister concerns of M/s Lanco Amarkantak Power Private Limited as no certificate to these units was found issued by CSPDCL. As such, electricity duty was leviable on M/s Lanco Amarkantak Power Private Limited. However, the Company neither paid electricity

duty amounting to ₹ 196.26 crore nor did the CEI raise any demand to collect the duty. Since the Company did not pay the duty, interest amounting to ₹ 60.98 crore was also leviable. This resulted in non-levy of electricity duty and interest of ₹ 257.24 crore.

After we pointed this out the Government stated (November 2012) that after verification of records, it was observed that, the Company had sold 300.2 MU to Chhattisgarh Power Trading Company (CSPTCL), which is the distributor and demand notice has since been issued for recovery of the same. The remaining energy was sold outside the State by the Company.

The fact remains that the Government issued the demand notice only after it was pointed out by audit. Further, no documents in support of sale of energy outside the State as claimed by the Department were submitted even after the same was specifically requested for in the exit conference.

6.2.21 Non-levy of electricity duty and interest

As per Section 3 of the Chhattisgarh Electricity Duty Act, every distributor/ producer of electrical energy shall pay the electricity duty in respect of each month before the expiry of the following month. As per Rule 5 of the Chhattisgarh Electricity Duty Rules 1949, where the duty is not paid within the period specified in Rule 3, the same shall be paid with interest thereon. Further, Industrial Policy 2004-09 allows exemptions to only new industries and not to industries on expansion.

6.2.21.1 During scrutiny of the 'G' forms in the office of CEI, we noticed that M/s Ultratech Limited, Hirmi had commenced (January 2009) commercial production from its 25 MW TG set. As per 'G' forms the Company had produced and consumed 327.129 MU of electrical energy up to February 2012. Since the Company had availed exemption on three other sets of 6 MW each previously (April 2002), extension of 25 MW TG set was not eligible for any further exemption. Electricity duty amounting to ₹ 12.29 crore and interest amounting to ₹ 4.70 crore was leviable on consumption of electrical

energy. However, the CEI did not raise any demand for realisation of electricity duty. This led to non-levy of electricity duty and interest amounting to ₹ 16.99 crore.

After we pointed this out, the Government stated (November 2012) that the electricity duty amounting to ₹ 12.90 crore has since been recovered (August 2012) and action would be taken to recover the interest. Further report on recovery has not been received (December 2012).

6.2.21.2 M/s Arasmeta Captive Power Private Limited produced electrical energy from its 43 MW TG set from January 2011 and supplied 127.18 MU of electrical energy to its captive user up to December 2011. The commercial production of this TG set was started from January 2011. Since the Company had already been availing 15 years exemption on another 43 MW TG set since November 2006 and it was the expansion of the Company, the same was not eligible for exemption under Industrial Policy. As such, electricity duty amounting to ₹ 4.64 crore and interest amounting to ₹ 72.56 lakh was leviable on electrical energy supplied by it.

Despite this, the CEI did not raise any demand for realisation of electricity duty resulting in non-levy of electricity duty and interest amounting to ₹ 5.37 crore.

After we pointed this out, the Government replied (November 2012) that a demand notice had since been issued for recovery of ₹ 5.74 crore including interest. Report on recovery has not been received (December 2012).

6.2.22 Non-levy of interest despite delay in payment of duty

As per Rule 5 of the Chhattisgarh Electricity Duty Rules 1949, where the duty is not paid within the period specified in Rule 3, the same shall be paid with interest thereon.

During scrutiny of 'G' files in the office of CEI, we noticed that five⁶ distributors/producers of electrical energy paid duty amounting to ₹ 5.20 crore after delay of three to 18 months from the prescribed due date. As per Rule, interest⁷ was leviable on belated payments. However the CEI failed to levy the interest on such distributors/producers of electrical energy.

This resulted in non-levy of interest of ₹ 3.55 crore.

After we pointed this out, the Government stated (November 2012) that the demand notice had since been issued (August 2012) for recovery of ₹ 3.90 crore and ₹ 56.68 lakh had since been recovered in one case. Further report on recovery has not been received (December 2012).

6.2.23 Blocking of revenue due to non-finalisation of exemption case

As per clause 5 of the Captive Power Policy issued in July 2002 by the Government, where the Captive power plant owner intends to supply electricity to its sister concern, eligibility of which (sister concern) shall be decided by State Electricity Board, then such permission would be granted. Further, as per clause 4 of the Policy of 2002, no permission for sale of electricity produced by a CPP to any industry within the state (third party sale) shall be given.

6.2.23.1 On scrutiny of the 'G' forms in the office of CEI, we noticed that a CPP, (M/s Jindal Steel and Power) supplied/sold electrical energy to new industries situated in "Industrial Park" Punjipathara, Raigarh since 2003. These industries were not the sister concern of the Company as no certificate to these industries was issued by the erstwhile CSEB. Therefore the Department issued demand notice in May 2005 for payment of electricity duty on energy supplied to "Industrial

Park". The Company appealed (May 2008) to the Government to withdraw this demand notice which was not acceded to. The Company then filed a writ petition

⁶ BALCO, CSPGCL, M/s Jayaswal Neco Industries Limited, NTPC Sipat and M/s Prakash Industries Limited

⁷ The prescribed rates of interest are (i) On payment made within three months at the rate of 12 per cent (ii) On payment made after three months but within six months at the rate of 15 per cent (iii) On payment made after six months but within 12 months at the rate of 20 per cent (iv) On payment made after 12 months at the rate of 24 per cent per annum

in the Hon'ble High Court in September 2008 against the decision of the Government. The Hon'ble High Court quashed the order of the Government (September 2010) and the matter was remanded back to the Secretary to the Government, Energy Department for considering afresh the appeal of the Company. But even after lapse of two years, neither has the Government heard the case nor taken any decision for recovery of electricity duty on energy supplied to "Industrial Park".

During 2007-08 to 2010-11, the Company had supplied 2,017.39 MU of electrical energy to these industries situated at "Industrial Park". Thus inaction on the part of the Government resulted in blocking of electricity duty and interest amounting to ₹ 71.65 crore.

After we pointed this out, the Government stated (November 2012) that the matter would be reviewed as per the direction of the Hon'ble High Court and if required, demand notice would be issued. Further report has not been received (December 2012).

As per Industrial Policy 2004-09, a producer of electrical energy who commenced commercial production after declaration of the Policy, may opt for exemption under the Industrial Policy 2001-06 subject to the following conditions:

1. The unit should have valid possession of land;
2. The unit should have started the construction of shed building as per project report; and
3. Issued purchase order for plant and machinery.

6.2.23.2 During scrutiny of the exemption files in the Industries Department, we noticed that Bharat Aluminum Company Limited (BALCO), Korba had commenced (June 2005) commercial production of electrical energy through its four 135 MW TG sets and applied (September 2008) for exemption from payment of electricity duty for 15 years under the

Industrial Policy 2001-06. Further scrutiny of records revealed that the Company was not fulfilling the condition for exemption as it did not have valid possession of land at the time of submission of the application. Therefore, the District Trade and Industries Centre, Korba forwarded (September 2008) the application to the Industries Department without any recommendation and the application was not finalised till the date of audit (June 2012).

The Company produced and consumed 24,406.381 MU of electrical energy from the date of commencement of commercial production. Since no exemption certificate was issued to BALCO, it was liable to pay electricity duty. However the CEI did not initiate any action for levy of electricity duty amounting ₹ 559.72 crore though the company was filing the prescribed returns regularly. This resulted in non-levy of electricity duty of ₹ 559.72 crore. Besides this, interest amounting to ₹ 405.33 crore was also recoverable.

After we pointed this out, the Government stated that a demand notice had been issued (September 2012) for recovery of ₹ 875.26 crore. Report on action taken on the differential amount of ₹ 89.79 crore and recovery of the accepted amount has not been received (December 2012).

6.2.24 Conclusion

We observed that the monitoring of the returns submitted by producers/distributors of electrical energy was deficient which led to non-detection, non-levy and short levy of duty. The exemptions were granted without examination of the eligibility criteria, leading to grant of exemption to ineligible units and consequent loss of revenue due to non-realisation of electricity duty. The Department failed to monitor the energy produced by small-scale producers up to 125 KVA due to non-maintenance of records and non-submission of returns to the DEI. Failure of the Department to make necessary changes in the Chhattisgarh Electricity Duty Act/*Upkar Adhinyam* for avoiding levy of cess twice at different points led to excess burden on the consumers. Exemptions were allowed to ineligible industries due to various Industrial Policies/notification running in tandem.

6.2.25 Recommendations

The Government may consider implementing the following recommendations:

- The Government may consider prescribing a mechanism to ensure that the monthly returns are submitted regularly and in time in the prescribed format and introducing a periodic return from CEI to the Government containing the information regarding duty payable, paid and balance to be deposited,
- make necessary amendment in Chhattisgarh Electricity Duty Act/*Upkar Adhinyam* to avoid levy of cess at two different points and resultant additional burden on the consumers,
- ensure withdrawal of the existing Industrial Policy prior to introduction of a new policy;
- ensure necessary co-ordination with the Industries Department while allowing exemption from payment of electricity duty; and
- establish an Internal Audit Wing in the Department.

B: STATE EXCISE

6.3 Tax administration

The Excise Department is one of the major revenue earning Departments of the State. Receipts from State Excise comprise receipts from duty, fee or confiscation imposed or ordered under the provisions of the Chhattisgarh Excise Act, 1915 and rules and notifications issued thereunder. It also includes revenue from manufacture, possession and sale of liquor, *bhaang* and poppy heads. The Department maintains liquor shops and gives annual licences to private contractors to sell country spirit, foreign liquor, *bhaang* and poppy from their shops. Licences for manufacture of liquor are granted and renewed every year by the Excise Commissioner on payment of prescribed fee subject to prior approval of the State Government. The Department follows the under mentioned Acts and Rules:

- Chhattisgarh Excise Act, 1915;
- Chhattisgarh Distillery Rules, 1995;
- Chhattisgarh Foreign Liquor Rules, 1996; and
- Chhattisgarh Country Spirit Rules, 1995.

Under the provisions of the Chhattisgarh Entertainment Duty and Advertisement Tax Act, 1936 the Excise Department also collects revenue in the form of Entertainment Duty.

The Excise Department is headed by the Secretary cum Excise Commissioner at Government level. He is assisted by Additional Excise Commissioners, Deputy Commissioners, Assistant Commissioners, District Excise Officers and Assistant District Excise Officers. The Collector of the district is in-charge of the excise administration.

6.4 Trend of receipts from State Excise

Actual receipts from State Excise during the years 2007-08 to 2011-12 along with the total tax receipts during the period is exhibited in the following table:

(₹ in crore)

Year	Budget estimate	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the state	Percentage of the actual receipts vis-à-vis total receipts
2007-08	840.00	843.10	(+) 3.10	0.37	5,618.08	15.00
2008-09	950.00	964.10	(+) 14.10	1.48	6,593.72	14.62
2009-10	1158.00	1,187.72	(+) 29.72	2.57	7,123.25	16.67
2010-11	1390.00	1,506.44	(+) 116.44	8.38	9,005.14	16.73
2011-12	1550.00	1,596.98	(+) 46.98	3.03	10,712.25	14.91

(Source: Finance Accounts of Government of Chhattisgarh)

We found that during the year 2011-12, the Finance Department (FD) had approved the budget estimate of ₹ 1,550 crore as against the estimate of ₹ 1,216.40

crore proposed by the Department. The FD was quite accurate in estimating the BE as actual receipts was ₹ 1596.98 crore.

6.5 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2012 amounted to ₹ 24.88 crore of which ₹ 22.79 crore were outstanding for more than five years. The following table depicts the position of arrears of revenue during the period 2007-08 to 2011-12:

(₹ in crore)

Year	Opening balance of arrears	Closing balance of arrears
2007-08	22.79	22.82
2008-09	22.82	23.26
2009-10	23.26	25.60
2010-11	25.60	25.30
2011-12	25.30	24.88

(Source: Figures furnished by the Department)

We recommend that the Government may consider taking appropriate measures under the Act to recover the arrears expeditiously.

6.6 Cost of collection

The gross collection in respect of State Excise receipts, expenditure incurred on their collection and the percentage of such expenditure to gross collection during the years 2009-10, 2010-11 and 2011-12 along with the relevant all India average percentage of expenditure on collection to gross collection of the preceding years are indicated in the following table:

(₹ in crore)

Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage of expenditure to gross collection of preceding year
2009-10	1,187.72	35.35	2.98	3.66
2010-11	1,506.44	40.68	2.70	3.64
2011-12	1,596.98	52.06	3.26	3.05

(Source: Finance Accounts of Government of Chhattisgarh)

Though the percentage of expenditure on collection was below the all-India average in 2009-10 and 2010-11, it had exceeded the same in 2011-12.

We recommend that the Government may take appropriate steps to reduce the cost of collection.

6.7 Impact of audit

6.7.1 Position of Inspection Reports (IRs): During the period 2006-07 to 2010-11, through our IRs we had pointed out non-recovery of duty, short realisation of licence fees, non-levy of penalty, non/short levy of entertainment duty, etc. with

revenue implication of ₹ 121.67 crore in 3,928 cases. Of these, the Department/ Government had accepted audit observations in 2,534 cases involving ₹ 33.69 crore. The details are shown in the following table:

(₹ in crore)

Year of IR	No. of units audited	Amount objected		Amount accepted	
		Cases	Amount	Cases	Amount
2006-07	3	194	3.81	145	0.76
2007-08	12	1,143	18.74	912	0.54
2008-09	10	223	17.79	56	2.85
2009-10	16	1,036	16.71	337	7.52
2010-11	9	1,332	64.62	1,084	22.02
Total		3,928	121.67	2,534	33.69

6.7.2 Position of Audit Reports (ARs) : During the period 2007-08 to 2010-11, through our ARs we had pointed out cases of non-recovery of duty, short realisation of licence fees and non/short levy of entertainment duty involving ₹ 19.10 crore. The Department has accepted observations of ₹ 11.62 crore of which ₹ two lakh was recovered till March 2012 as shown in the table below:

(₹ in crore)

Sl. No	Year of the AR	Total money value	Amount accepted	Recovery made upto March 2012
1.	2007-08	14.95	8.68	-
2.	2008-09	1.20	0.07	0.02
3.	2009-10	0.48	0.48	-
4.	2010-11	2.47	2.39	-
Total		19.10	11.62	0.02

It may be seen from the above table that recovery (0.17 per cent) made by the Department against the accepted cases is almost negligible.

We recommend that the Department should take immediate steps to recover the revenue involved, at least in the cases accepted by them.

6.8 Internal Audit

Internal Audit Wing (IAW) of an organisation is a vital component of the internal control mechanism and is generally defined as the control of all controls. It enables the organisation to assure itself that the prescribed systems are functioning reasonably well.

We observed that during the year 2011-12 no unit was audited by the Department, though the IAW in the Department was working at full strength of one Joint Director and one Assistant Audit Officer. After this was pointed out, the Department stated (August 2012) that the sanctioned posts were those of officers but there was no sanctioned strength for field staff. Thus, internal audit was neither planned nor conducted.

We recommend that the Department may take necessary action for sanctioning and posting the required field staff, so that the internal audit can be carried out regularly.

6.9 Results of audit

We conducted test check of the records of six units of the Excise Department during the year 2011-12 and found non-recovery of duty, non-levy of penalty, short realisation of licence fees, non/short-levy of entertainment duty etc. amounting to ₹ 13.92 crore in 587 cases. The observations broadly fall under the following categories:

(₹ in crore)			
Sl. No.	Category	No. of cases	Amount
1.	Non/short levy of excise duty	102	2.83
2.	Non-levy of penalty for failure to maintain minimum stock of spirit in warehouses	26	10.45
3.	Non-levy/recovery of duty on excess wastage	2	0.06
4.	Arrears of entertainment and non-levy of penalty	283	0.09
5.	Other irregularities	174	0.49
Total		587	13.92

During the course of the year, the Department accepted underassessment, non/short levy of duty, licence fee etc. of ₹ 8.28 crore in 82 cases.

An illustrative case involving ₹ 5.51 crore is mentioned in the following paragraph.

6.10 Audit observations

We scrutinised the assessment records of excise duty, fee and other charges in the District Excise Offices (DEOs) and found cases of non-levy of penalty as mentioned in the succeeding paragraph in this chapter. These cases are illustrative and are based on test checks carried out by us. Such omissions on the part of the Assistant Commissioners/District Excise Officers are pointed out by us each year, but not only do the irregularities persist, these remain undetected till audit is conducted. There is need for the Department to improve the internal control system including strengthening internal audit so as to prevent recurrence of such irregularities.

6.11 Non-levy of penalty despite non-maintenance of minimum stock of country liquor

According to Rule 4(4)(A) of the Chhattisgarh Country Spirit Rules, a licensee shall maintain at each storage warehouse, a minimum stock of bottled country liquor equivalent to the average issue of five days of the preceding month. In the event of failure to maintain the minimum stock of spirit in the warehouse, the Collector may impose a penalty not exceeding ₹ two per proof litre (PL) on the licensee, for the quantity found short of the prescribed minimum stock. This penalty shall be payable by the licensee irrespective of whether any loss has actually been caused to the Government or not.

We found during test check of the D-12 register⁸ of two⁹ Excise Offices (between June and November 2011) that on 1,520 occasions, two licensees maintained stock of bottled country liquor of 1.19 crore PL as against the prescribed minimum quantity of 3.95 crore PL during the period April 2009 to March 2011. The Excise officers had neither issued any show cause notices in these cases nor processed the cases for levy of penalty against the licensees for failure to maintain the minimum stock. Thus, there was shortage of 2.76 crore PL of spirit for

which maximum penalty of ₹ 5.51 crore was to be levied on the licensees as shown in *Appendix-6.1*.

After we pointed this out (May 2012), the Government stated (June 2012) that in respect of Bilaspur district the licensee had deposited penalty amounting to ₹ 79,736 as against maximum penalty of ₹ 1.38 crore pointed out by audit. In respect of Durg district, the case was under consideration of the Collector.

⁸

D-12 is a stock register which is maintained at the warehouse.

⁹

AC Bilaspur and Durg

CHAPTER-VII: OTHER NON-TAX RECEIPTS

EXECUTIVE SUMMARY

What we have highlighted in this Chapter

In this Chapter, we present illustrative cases of loss due to shrinkage in forest produce, short receipt of timber in depot, delay in transportation of forest produce etc. amounting to ₹ 72.04 lakh detected during our audit of forest receipts.

We also present the results of audit of Interest Receipts involving an amount of ₹ 253.58 crore detected during our test check of records of seven Departments.

Results of audit conducted by us in 2011-12

We conducted test check of the records of 12 units relating to Forest Department during the year 2011-12 and found cases of non/short realisation of revenue due to non-exploitation of bamboo/timber, low yield of timber/bamboo, shortage of forest produce, loss of revenue etc., amounting to ₹ 23.38 crore in 335 cases. During the year 2011-12, the Department accepted the loss of revenue of ₹ 18 lakh in 14 cases and recovered ₹ 12,640 in one case.

For the audit of interest receipts we conducted test check of the records of Finance Department (FD) and seven loan sanctioning Departments (LSDs) viz., Agriculture, Commerce & Industries, Co-operation, Food and Civil Supplies, Public Health & Engineering, Transport and Urban Administration and Development during the year 2011-12 to ascertain whether the loans sanctioned to the various loanees and recovered in time and adequate mechanism have been put in place to monitor the sanction and repayment of these loans. We found non/short realisation of interest, non-levy of penal interest and other irregularities amounting to ₹ 253.58 crore. We are concerned that though these omissions were apparent from the records which were made available to us, the loan sanctioning Departments did not raise demands for recovery of the loans. The Government accepted observations amounting to ₹ 217.51 crore and an amount of ₹ 92.47 lakh was recovered (December 2012).

Our conclusion

The Departments need to improve their internal control systems including strengthening internal audit to avoid recurrence of such omissions.

They also need to initiate immediate action to recover the non-realisation of interest and principal pointed out by us, more so in those cases where they have accepted our contention.

A : FOREST RECEIPTS

7.1 Tax administration

The Forest Department generates revenue mainly through sale of timber, bamboo and sale of minor forest produce which are the major sources of revenue for the Government. The forest produce is disposed through auction, invitation of tenders etc. The protection, conservation, development and regeneration, exploitation of timber and sustained growth of the forests are the major classes of items of expenditure in the Department.

The Forest Department functions under the Principal Secretary (Forests). The Principal Chief Conservator of Forests (PCCF), Chhattisgarh at Raipur is responsible for overall administration of the Department. PCCF is assisted by Additional PCCFs (APCCF) and CCFs at Headquarters.

The forest area in the State is supervised by six Conservators of Forests (CF) stationed at Raipur, Bilaspur, Surguja, Jagdalpur, Kanker and Durg. The forest area of the State is divided into 32 divisions. The administration of forest divisions, sale of forest produce, realisation of revenue as well as expenditure on protection, conservation, exploitation of timber and sustained growth of the forest is the responsibility of Divisional Forest Officer (DFO). The DFO is assisted by Sub Divisional Forest Officers (SDO). Besides protection of forest, the Range Officers (RO) are responsible for carrying out the work of plantation, marking and felling of trees, transportation of timber and fuel wood from coupes¹ to depots, etc. The Working Plan (WP) Circle (Bilaspur) and divisions are responsible for timely preparation of the WPs. The Department follows the under mentioned Acts, Rules and orders:

- The Indian Forest Act (IF) Act, 1927 and rules made thereunder;
- The Forest Conservation (FC) Act, 1980 and rules made thereunder;
- Chhattisgarh *Van upaj (Vyapar Viniyaman) Adhiniyam*, 1960 and rules made thereunder;
- Forest Financial Rules;
- National Working Plan Code (NWPC) 2004;
- Forest Manual; and
- Instructions/Orders issued by the Government/Department from time to time regarding assessment and collection of revenue.

7.2 Trend of receipts from Forestry and Wild life

Actual receipts from Forestry and Wild life during the years 2007-08 to 2011-12 along with the non-tax revenue of the State was as shown in the following table:

¹ The Working Plan divides the forest area into various Working Circles (WC), WC into compartments and compartments into coupes.

(₹ in crore)

Year	Budget Estimates (BEs)	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total non-tax receipts of the State	Percentage of actual receipts vis-à-vis total non-tax receipts
2007-08	250.00	258.07	8.07	3.23	2,020.45	12.77
2008-09	280.00	322.29	42.29	15.10	2,202.21	14.63
2009-10	365.00	345.85	(-) 19.15	(-) 5.25	3,043.00	11.36
2010-11	400.00	305.17	(-) 94.83	(-) 23.71	3,835.32	7.95
2011-12	400.00	341.64	(-) 58.36	(-) 14.59	4,058.48	8.42

(Source: Finance Accounts of the Government of Chhattisgarh)

The above table indicates that while the actual receipts were more than the budget estimates in 2007-08 and 2008-09, the same was less than the budget estimates during 2009-10 to 2011-12 and the percentage of shortfall was between five and 24. The reasons for shortfall were not furnished by the Department despite our request (November 2012). Similarly, the share of Forest receipts in non-tax receipts of the State, which was 12.77 per cent in 2007-08, increased to 14.63 per cent in 2008-09 and thereafter started declining from 2009-10 onwards.

7.3 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2012 amounted to ₹ 1.62 crore of which ₹ 24 lakh were outstanding for more than five years. The table below depicts the position of arrears of revenue during the period 2007-08 to 2011-12:

(₹ in crore)

Year	Opening balance of arrears	Closing balance of arrears
2007-08	0.24	0.30
2008-09	0.30	0.45
2009-10	0.45	2.39
2010-11	2.39	2.45
2011-12	2.45	1.62

(Source: Information furnished by the Department)

7.4 Internal audit

Internal Audit is a vital component of the internal control mechanism and enables an organisation to assure itself that the prescribed systems are functioning reasonably well.

The Internal Audit Wing (IAW) of the Department audited six units in 2011-12. Of the six units audited in 2011-12, inspection reports of only two units were issued till November 2012.

7.5 Impact of audit

7.5.1 Position of Inspection Reports (IR):

During the period 2006-07 to 2010-11, through our IRs we had pointed out non/short realisation of revenue due to non-exploitation of bamboo/timber, low yield of timber/bamboo, shortage of forest produce, loss of revenue etc. with revenue implication of ₹ 245.03 crore in 1702 cases. Of these, the Department/Government had accepted audit observations in 1386 cases involving ₹ 136.19 crore. The details are shown in the following table:

(₹ in crore)

Year of IR	No. of units audited	Amount objected		Amount accepted	
		Cases	Amount	Cases	Amount
2006-07	7	58	104.48	58	104.48
2007-08	1	5	5.17	5	5.17
2008-09	11	285	19.60	256	9.79
2009-10	11	1,002	95.29	998	15.58
2010-11	9	352	20.49	69	1.17
Total		1,702	245.03	1386	136.19

7.5.2 Position of Audit Reports:

During the years 2006-07, 2009-10 and 2010-11, we had pointed out through our Audit Reports cases of non/short realisation of revenue, shortages of forest produce etc. involving ₹ 104.52 crore as mentioned below:

(₹ in crore)

Year of Audit Report	Total Money Value	Amount Accepted
2006-07	2.43	-
2009-10	87.19	9.02
2010-11	14.90	1.64
Total	104.52	10.66

7.6 Results of audit

We conducted test check of the records of 12 units relating to Forest Department during the year 2011-12 and found cases of non/short realisation of revenue due to non-exploitation of bamboo/timber, low yield of timber/bamboo, shortage of forest produce, loss of revenue etc., amounting to ₹ 23.38 crore in 335 cases which can be categorised as under:

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
1	Short realisation due to sale below the upset price	97	0.53
2	Non-realisation due to deterioration/shortage of forest produce	23	0.35
3	Loss of revenue due to low yield of timber	39	1.75
4	Other irregularities	176	20.75
	Total	335	23.38

During the year 2011-12, the Department accepted the loss of revenue of ₹ 18 lakh in 14 cases and recovered ₹ 12,640 in one case.

A few illustrative cases of shrinkage in forest produce, short receipt of timber in depot, delay in transportation and loss due to shortage of forest produce amounting to ₹ 72.04 lakh are mentioned in the succeeding paragraphs.

7.7 Audit observations

We scrutinised the records of various Divisional Forest Offices (DFOs) and found several cases of non-observance of the provisions of the Acts/Rules/Government notifications/ instructions leading to loss of revenue due to excess allowance of shrinkage on fuelwood, short receipt of forest produce, non-transportation of forest produce etc. as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out by us. Such omissions on the part of the DFOs are pointed out by us each year, but not only do the irregularities persist, these remain undetected till audit is conducted. There is need for the Government to improve the internal control system so that such omissions can be avoided.

7.8 Wrong allowance of shrinkage on fuel wood kept for sale in nistar² depots

According to the Government order dated 11.06.1990, shrinkage of 15 per cent for medium density of fuelwood will be allowed in the first year on the quantity of fuel wood kept for sale in depots. Also, shrinkage shall be allowed on the fuel wood which will be prepared and kept in that particular year in the depot for sale. The unsold fuel wood shall be sent to sale depot for auction. As per Rule 22 (1) of Chhattisgarh Financial Code, any loss should be immediately reported to the Head of the Department and after enquiry, action for recovery should be initiated.

During test check of nistar records of DFO, Raigarh (February 2011), we found that in six nistar depots, 11,483.20 quintal fuel wood was received on 10 occasions between 2008 and 2010. Accordingly, shrinkage of 1,722.48 quintals (15 per cent) was allowable.

² Nistar means supply of bamboo, poles and fuel stacks at subsidised rates to needy villagers residing within five kilometers of the forests.

However, the physical verification reports of these depots revealed that shrinkage of 2,938.53 quintals was allowed by the division. Thus, excess shrinkage of 1,216.05 quintals was wrongly allowed by the division which resulted in loss of revenue amounting to ₹ 2.84 lakh to the Government (as shown in *Appendix-7.1*). No action was taken by the Department regarding investigating into the matter and fixing responsibility against the officials concerned.

After this was pointed out in audit (June 2012), the Government stated (August 2012) that process of recovery of the amount from the concerned officials is in progress. Further report has not been received (December 2012).

7.9 Non-transportation of forest produce from coupes

As per para 114 (A) of the Forest manual, the useful life i.e. quality of cut timber is five years and hence the value of cut timber depreciates by 20 *per cent* annually. Keeping this in view, the Forest Department engages transport contractors for transportation of cut timber from the coupes to the depots on the condition that the whole quantity shall be transported up to the month of May i.e. before the rainy season so that the produce can be saved from depreciation due to rains and made available for sale at the earliest. The terms and conditions for transport provide for recovery of the cost of transportation from the contractor in case of breach of conditions. Besides this, the contractor shall also be liable to make good the loss or damage to the cut timber during the course of transportation.

During test check of records of transportation of timber from coupes to depots of three divisions³ (June 2009 to January 2011), we found that during 2005-06 to 2009-10, forest produce valuing ₹ 2.98 crore was lying in 51 coupes⁴ after 30 June of the respective year and had not been transported from the coupes to the depots even one to two years after harvesting. On further scrutiny, we found that the reasons

for non-transportation were non-execution of contracts by the Department⁵, non-compliance of conditions of the agreement by the contractors and the Department's inability to enforce the conditions of agreement over the contractors. This not only resulted in delayed availability of produce for auction but also led to deterioration in the quality thereby reducing the value of the produce. Further, produce relating to 2009-10 had still not been transported (January 2011). Thus, non-transportation of the forest produce within the prescribed time limit resulted in loss of ₹ 59.83 lakh due to depreciation (as shown in *Appendix-7.2*).

After this was pointed out in audit (June 2012), the Government stated (October 2012) that the reasons for non-transportation of forest produce within the prescribed time limit were Naxal activities in Koriya and Udanti Divisions,

³ Bilaspur, Koriya and Udanti

⁴ Bilaspur – 5 coupes; Koriya – 8 coupes and Udanti – 38 coupes

⁵ Koriya Division for the year 2006-07

untimely rains in Bilaspur and Koriya Divisions and delay in approval of WP of Bilaspur Division. It was further stated that while it was true that the quality of timber depreciates due to non-transportation within the prescribed time, but transportation in time was not possible due to natural causes and unprecedented reasons.

We do not agree with the Department's reply because before transportation of timber from the coupes to the depots, the work of marking the trees was carried out and all marked trees were felled in 46 coupes⁶ of Koriya and Udanti division. Had Naxal problems been there these works could not have been carried out. According to Indian Meteorological Department data there was no rain in the months of April and May during the years 2007 to 2010 in Koriya division and there was very light rain⁷ in the months of April and May in the year 2007 in Bilaspur division. Further, as mentioned in the WPs and the haulage contracts, transportation of timber from the coupe should have been completed by the end of May, well before the start of the rainy season so that the transportation could have been done from the deep forest and hilly areas and the timber could have reached the depots as early as possible before the rains.

7.10 Shortage of forest produce in depots

As per the provisions of the Forest Financial Rules and departmental instructions issued from time to time, physical verification of each *Nistar/* Consumer depot should be done annually and the position of forest produce at the end of the month of June should be reported to DFO and CF. Further, as per Rule 22 (1) of Chhattisgarh Financial Code, any loss should be immediately reported to the Head of the Department and after enquiry, action for recovery should be initiated.

During test check of physical verification reports of DFO, Kanker (September 2011), we found that as per the Physical Verification Report as on 30 June 2008, 780 bamboo and 504 fuel stacks were found short in eight *Nistar/* Consumer depots. This resulted in loss of revenue amounting to ₹ 3.94 lakh (as shown in *Appendix-7.3*). Further, there was no evidence of reporting the loss to the Head of the Department.

After this was pointed out in audit (June 2012), the Government replied (September 2012) that recovery from the concerned officials is in progress.

⁶ Koriya Division – 8 coupes and Udanti division – 38 coupes

⁷ Very light rain – Rainfall amount realized in a day is between 0.1 to 2.4mm

7.11 Loss of timber

As per the instructions in the Working Plan, after felling, timber logs shall be measured at the middle point after removing the bark. After transportation, timber shall be measured in the depots again. Decrease of 2 to 3 cm in the girth of the log shall be allowed considering the shrinkage due to drying of timber. As per the ready reckoner used by the Department for the calculation of volume of logs, at the conversion point of log into pole, maximum change in volume (for maximum length of 8 meters for logs) is as follows:

Reduction in volume due to change in girth from 42 to 40 cm (for Teak)	0.008 cmt
Reduction in volume due to change in girth from 52 to 50 cm (for Others)	0.010 cmt

During cross check of the timber production statements and transportation records of DFO, East Sarguja (March 2011) with depot records, we found that there was huge difference in the quantities sent to the depot from four coupes during 2007-08 and one coupe during 2008-09. It was observed in the Reconciliation statement of timber sent from coupes to depots that 3,446 logs had been converted into 2,521 poles and

905 Railway Tram Lines. As per the above norms regarding allowed shrinkage and maximum change in volume due to shrinkage, the maximum allowable reduction in volume was 29.984 cmt⁸. However, the actual reduction in volume was 85.995 cmt. Hence, there was loss in timber logs by 56.011 cmt in excess of the allowed shrinkage which included 43.547 cmt teak and 12.464 cmt of other species. This resulted in loss of ₹ 5.43 lakh to the Government (as shown in *Appendix-7.4*).

After this was pointed out in audit (June 2012), the Government stated (August 2012) that due to uneven terrain in the division and less educated labourers, the measurement in the coupes was prone to mistakes. Hence, the measurement in the depots is considered final. There is no shortage in the number of items sent from the coupe and shortage in the quantity of timber is due to re-measurement in the depot only.

We do not agree as the shortages in the volume of logs were much more than the maximum shortage that could be allowed during transportation. Further, according to CCF (Production)'s circular dated October 1997 a maximum of two to three cm. decrease in girth between the measurement taken in the coupe and that taken in the depot is allowed. If the difference is beyond the permissible limit it would be presumed that the Coupe in-charge or the responsible official has not taken due care at the time of measurement in the coupe. The excess expenditure incurred on felling and collection shall be recovered from the Coupe in-charge or the responsible official. Further the

⁸

cmt – Cubic meter

norms regarding shrinkage were fixed by the Department after taking into consideration all factors, including terrain.

B: FINANCE DEPARTMENT

7.12 Interest Receipts

7.12.1 Introduction

Interest receipts constitute a significant part of the non-tax revenue of the State Government. These receipts include in addition to the interest on cash balance investments, interest charged by the Government on loans disbursed by it through its Departments to the public sector undertakings, non-Government organisations, corporations, autonomous bodies, local bodies, co-operative societies and other organisations and individuals including Government employees, carrying different rates of interest fixed by the sanctioning authorities keeping in view the purpose of loan /advance. Interest receipts of ₹ 63.41 crore constituted 1.6 *per cent* of the non-tax revenue of the State Government in 2011-12.

Intending loanee organisations submit proposals for sanction of loans to the loan sanctioning departments (LSDs). LSDs process the proposals and sanction the loans subject to specific terms and conditions for repayment of loans with the concurrence of Finance Department (FD). The Drawing and Disbursing Officers (DDOs)/Controlling Officers (COs)/Directorates/LSDs sanctioning loans and advances are responsible for keeping the detailed accounts of such loans and advances as well as watching their recovery.

The provision for sanction of loans, determination of interest, recovery of the principal as well as the interest and the control mechanism for watching timely repayment of loans have been prescribed under the Chhattisgarh Financial Code (CGFC), Volume-I (Chapter-13). Besides, the Government has issued circulars related to interest receipts from time to time.

We conducted an audit on the interest receipts from loans and advances in order to ascertain (a) whether terms and conditions for repayment of loans and rate of interest recoverable were spelt out clearly in the sanction orders, (b) examine the extent of compliance of rules/codal provisions/terms and conditions of the loans, (c) evaluate the position of raising demand and collection of dues and (d) assess the effectiveness of the internal control mechanism including maintenance of essential records. The audit revealed a number of deficiencies including procedural deficiencies like inadequate monitoring of loans both by the LSDs and FD, inaction against defaulters, inadequate control systems including improper maintenance of basic records, etc. These deficiencies have been discussed in the succeeding paragraphs.

For the purpose of the audit we reviewed the loans disbursed by seven⁹ Departments during the period 2007-08 to 2011-12. These loans constituted 99.83 per cent of the total loans disbursed by the Government during 2007-08 to 2011-12.

7.12.2 Results of audit

We conducted test check of the records of seven Departments relating to Agriculture, Commerce and Industries, Co-operation, Food and Civil Supplies, Public Health and Engineering, Transport and Urban Administration and Development Departments during the year 2011-12. We found cases of non/short realisation of interest and other irregularities amounting to ₹ 253.58 crore which fall under the following categories:

(₹ in crore)

Sl. No.	Category	No. of cases	Amount
1	Non-raising of demand for payment of interest	76	249.29
2	Short recovery of interest	6	4.29
Total		82	253.58

The Food and Civil Supplies Department recovered an amount of ₹ 92.47 lakh in two cases in 2012-13.

A few illustrative cases involving financial effect of ₹ 253.58 crore are mentioned in the following paragraphs.

7.12.3 Outstanding loans

The position of outstanding loans to various Departments of the State Government and Government employees and repayment thereof during the last five years was as under:

(₹ in crore)

Year	Opening Balance	Loans sanctioned during the year	Total	Repayment of loans	Percentage of repayment [(5) over (2)]	Closing Balance
2007-08	1,604.61	500.28	2,104.89	437.52	27.27	1,667.37
2008-09	1,667.37	490.75	2,158.12	533.41	31.99	1,624.71
2009-10	1,625.53*	896.79	2,522.32	992.43	61.05	1,529.89
2010-11	1,529.89	566.55	2,096.44	561.16	36.68	1,535.28
2011-12	1,535.64*	1,268.73	2,804.37	1,282.52	83.52	1,521.85

Source: Finance Accounts of the Government of Chhattisgarh

* Increased by ₹ 82.07 lakh and ₹ 35.94 lakh in 2009-10 and 2011-12 respectively due to receipt of proforma adjustment from Accountant General, Madhya Pradesh

⁹ Agriculture, Commerce and Industries, Co-operation, Food and Civil Supplies, Public Health and Engineering, Transport and Urban Administration and Development Departments

It can be seen from the above table that repayment of the loans ranged between 27 to 84 per cent.

7.12.4 Budget estimates and trend of Interest Receipts from loans and advances

The budget estimates and interest receipts from loans and advances during the period 2007-08 to 2011-12 are mentioned in the table below:

(₹ in crore)

Year	Budget Estimates (BEs)	Actual Receipts (ARs)	Variation excess(+) or shortfall (-) [(4)=(2)-(3)]	Percentage of variation [(4) over (2)]
2007-08	93.90	70.27	(-) 23.63	(-) 25.17
2008-09	88.02	121.89	(+) 33.87	38.48
2009-10	112.19	71.63	(-) 40.56	(-) 36.15
2010-11	82.63	81.22	(-) 1.41	(-) 1.71
2011-12	102.40	63.41	(-) 38.99	(-) 38.08

Source: Budget estimates (Revenue Receipts) and Finance Accounts

It may be seen from the above table that there were huge variations between the BEs and actual receipts in respect of loans and advances. The actual receipts were less than the BEs except in 2008-09 and the percentage of shortfall ranged between 1.71 and 38.08. The actual receipts however exceeded the BEs in 2008-09 by more than 38 per cent.

Further, the total non-tax receipts and receipts from interest on loans and advances of the State are mentioned in the table below:

(₹ in crore)

Year	Non-tax receipts of the Government	Actual receipts from interest on Loans and advances
2007-08	2,020.45	70.27
2008-09	2,202.21	121.89
2009-10	3,043.00	71.63
2010-11	3,835.32	81.22
2011-12	4,058.48	63.41
Total:	15,159.46	408.42

Source: Finance Accounts of the Government of Chhattisgarh

Interest receipts from loans and advances constituted 2.69 per cent of the total non-tax receipts of the Government during the period 2007-08 to 2011-12.

Audit Findings

7.12.5 Non-maintenance of records

After the creation of State of Chhattisgarh in November 2000, the Chhattisgarh Government adopted the Acts/Rules, format and process for sanction orders of loans as was done in the combined State of Madhya Pradesh.

The Finance Department had issued instructions to the administrative departments in December 2003 for maintaining records in the prescribed format so that the recovery of installments of principal, interest and penal interest could be monitored.

Loans and advances Register should contain details of amount of loan sanctioned, date of sanction, period, rate of interest, number of installments of the principal, loans repaid, interest remitted, conditions (if any) to ensure timely recovery of loan, interest and penal interest etc.

Further, as per note 2 under Rule 229 of Chapter-13 of Chhattisgarh Financial Code (Volume-I), Loan Sanctioning Departments are required to submit a return in Form MPFC-10A regarding status of the loans taken by them to the Accountant General (A&E) by 31 July each year with a copy to the Finance Department.

During scrutiny of the records of the test checked seven LSDs, we noticed that while the Cooperation and Urban Administration and Development Departments maintained the loans and advances registers in the prescribed formats and updated them regularly, the remaining five¹⁰ Departments had not maintained / updated the loan registers. No system was put in place by the Finance Department to ensure the maintenance of basic records and submission of returns by these Departments. In the absence of details such as sanction order, amount of loan sanctioned, rate of interest / penal rate of interest, period of repayment, moratorium period,

amount due, recovery etc. in the loans and advances registers, the demand and collection of installments of repayments towards principal and interest could not be monitored by the above LSDs. Besides, all seven test-checked LSDs had not submitted the prescribed annual returns to the Accountant General (A&E) indicating the position of outstanding principal and interest in the prescribed form MPFC-10A during the period 2007-08 to 2011-12.

The Government informed (September 2012) that instructions have since been issued (September 2012) to all the LSDs regarding maintenance of the records.

¹⁰ Agriculture, Commerce and Industries, Food and Civil Supplies, Public Health and Engineering and Transport

The Government may consider taking appropriate measures to ensure maintenance of records and submission of returns by the LSDs so that the repayment of loans and interest thereon could be monitored effectively.

7.12.6 Internal Audit Wing

Internal audit is one of the most vital tools of the internal control mechanism. However, we noticed between March and June 2012 that no internal audit wing (IAW) existed either in the Finance Department or in any of the LSDs test checked. In the absence of an IAW, LSDs were not able to detect the deficiencies in maintenance of loan registers and monitor the timely issue of demand notices for repayment of outstanding principal and interest and submission of reports and returns in time to the FD.

The Government informed (September 2012) that a separate loan cell will be constituted to monitor the sanctions and repayment of the loans. Else, the work of monitoring of loans and advances will be assigned to the Director of Institutional Finances.

7.12.7 Absence of provisions in the terms and conditions of loans

According to Rule 220 of the Chhattisgarh Financial Code, Volume-I (Chapter-13), the sanctions for payment of loans issued by the Government should contain the terms and conditions for repayment of loan such as number of installments, amount of installment, period of loan, rate of interest, penal interest chargeable in case of non-recovery of loan, date of commencement of the first installment, period of moratorium etc.

During scrutiny of the sanction orders of loans, we noticed cases of absence of terms and conditions or incorrect provision thereof in the sanction orders issued by the test checked Departments as discussed in the succeeding paragraphs:

Food and Civil Supplies Department

7.12.7.1 Failure to prescribe the terms and conditions for payment of interest on loans led to non-recovery of penal interest

During scrutiny of the sanction orders of loans sanctioned by the Food and Civil Supplies Department, we noticed (June 2012) that a loan of ₹ 500 crore was disbursed during 2009-10 to the Civil Supplies Corporation (CSC) with the approval of FD. As per the sanction order, the loan was to be repaid on or before 31 March 2010 with interest at the rate of eight *per cent* per annum. However, the CSC deposited the loan amount within the financial year (i.e. 27 March 2010) and paid (March 2011) interest aggregating to ₹ 12.76 crore after 353 days. Since no time frame was prescribed in the sanction order for repayment of interest, the Department could not raise any demand for payment of interest. Had this been included along with the repayment of principal, penal interest amounting to ₹ 37 lakh at the rate of three *per cent* could have been recovered.

The Government informed (September 2012) that a sample/model format of sanction orders will be prescribed and issued to all LSDs.

Public Health and Engineering Department

7.12.7.2 Discrepancies in terms and conditions of sanction of loan

During scrutiny of the sanction orders of loans issued during 2007-08 to 2011-12 by the Public Health and Engineering (PHE) Department with the approval of the FD, we noticed (May 2012) that in 11 sanction orders there was ambiguity in the terms and conditions prescribed. The Department did not indicate the moratorium period for repayment of loans clearly in each case which would provide undue benefit to the loanees. Further, the period of repayment of the loan and period of moratorium were the same. In addition, though the sanction order mentioned the number of installments, it did not indicate the amount to be paid in each installment. Thus, due to absence of specific and unambiguous terms and conditions in the sanction orders, the Department could not recover the loan till the date of audit (May 2012).

The Public Health and Engineering (PHE) Department did not adopt a standard format for sanction of loans and this had resulted in issue of sanction orders with differing terms and conditions. We further observed that the remaining six LSDs had also issued sanction orders in different formats.

After we pointed this out, the Department replied (May 2012) that the format for sanction orders of loans was adopted as was being followed in the combined State of Madhya Pradesh.

The Government informed (September 2012) that a sample/model format for sanction orders will be prescribed and issued to all LSDs.

7.12.8 Non-raising of demand for payment of interest

According to Rule 226(2) of Chapter-13 of the Chhattisgarh Financial Code (Volume-I), the LSD should take timely action for recovery of loan and interest by issue of demand notice. In case the loanee fails to discharge the liability in time, penal interest is applicable *suo moto* as specified in the sanction order.

As per the terms and conditions mentioned in the sanction order, the repayment of the loan is required to be made in equal annual installments after one year along with interest accrued thereon at the rate of nine to 14.5 *per cent*. Further, in case of failure to make repayment of loan and payment of interest by the due dates, penal interest at

the rate of three *per cent* per annum on overdue installment is recoverable.

During scrutiny of sanction orders of loans we noticed that five Departments¹¹ had sanctioned loans amounting to ₹ 275.59 crore during the period 2003 to 2010. The loanees were required to re-pay the loans after one to four years, but

¹¹ Commerce and Industries, Co-operation, Public Health and Engineering, Transport and Urban Administration and Development

not a single installment of loan was repaid by them till the date of audit (March –June 2012). The Department failed to raise the demand and realise the principal amount of ₹ 151.35 crore, interest of ₹ 91.80 crore and penal interest of ₹ 6.14 crore (as shown in **Appendix-7.5**).

The Government intimated (October 2012) that a letter had been issued on 27 September 2012 to recover the dues from the loanees pertaining to Commerce and Industries, Public Health & Engineering and Urban Administration & Development Departments. Further, in respect of a loatee related to Transport Department, the Government intimated that steps would be taken to adjust the outstanding dues against the fixed assets of the loatee.

The Government also intimated regarding a loatee pertaining to Co-operation Department that repayment of the sanctioned loans had been rescheduled till 2011-12. The reply is not correct because the Government rescheduled in one case of ₹ 5 crore only. Thus, principal, interest and penal interest were recoverable from the loatee organisation. Further, in the case of the other loatee, the Government intimated that the loan was sanctioned in 2007-08 and the terms and conditions were finalised in 2010-11. As per the terms and conditions, principal and interest due in the year 2011-12 were paid in time. The reply is not correct because as per the terms and conditions (October 2010), repayment was to be made after one year from the date of sanction of loan i.e., January 2009.

7.12.9 Short recovery of interest

Repayment of the amount of loan is required to be made as per the terms and conditions mentioned in the sanction order. Further, in case of failure to make repayment of loan and payment of interest by the due dates, penal interest at the rate of three *per cent* per annum on overdue installment is recoverable.

During scrutiny of sanction orders of loans we noticed that two Departments¹² had sanctioned loans amounting to ₹ 1112.74 crore between 2002-03 and 2010-11. The loanees were required to pay interest from the actual date of payment of loan and not from the date of credit of loan in the bank/treasury. The Department failed to raise demand for

payment of interest of ₹ 4.17 crore accrued thereon. For non-payment of interest, penal interest of ₹ 12 lakh upto March 2012 though leviable was not levied by the Departments (as shown in **Appendix-7.6**).

The Food and Civil Supplies Department replied (August 2012) that recovery of ₹ 92.47 lakh had since been made in two cases.

¹² Co-operation and Food and Civil Supplies

CHAPTER-VIII: FOREST EXPENDITURE

8.1 Tax administration

The Forest Department incurs expenditure mainly on the protection, conservation, development and regeneration of forests, exploitation of timber and other forest produce and sustained growth of the forests.

The Forest Department functions under the Principal Secretary (Forests). The Principal Chief Conservator of Forests (PCCF), Chhattisgarh at Raipur is responsible for overall administration of the Department. PCCF is assisted by Additional PCCFs (APCCF) and CCFs at Headquarters.

The forest area in the State is supervised by six Conservators of Forests (CF) stationed at Raipur, Bilaspur, Surguja, Jagdalpur, Kanker and Durg. The forest area of the State is divided into 32 divisions. The administration of forest divisions, sale of forest produce, realisation of revenue as well as expenditure on protection, conservation, exploitation of timber and sustained growth of the forest is the responsibility of Divisional Forest Officer (DFO). The DFO is assisted by Sub Divisional Forest Officers (SDO). Besides protection of forest, the Range Officers (RO) are responsible for carrying out the work of plantation, marking and felling of trees, transportation of timber and fuel wood from coupes¹ to depots, etc. The Working Plan (WP) Circle (Bilaspur) and divisions are responsible for timely preparation of the WPs. The Department follows the under mentioned Acts, Rules and orders:

The Indian Forest Act (IF) Act, 1927 and rules made thereunder;

The Forest Conservation (FC) Act, 1980 and rules made thereunder;

Chhattisgarh *Van upaj (Vyapar Viniyaman) Adhiniyam*, 1960 and rules made thereunder;

Forest Financial Rules;

National Working Plan Code (NWPC) 2004;

Forest Manual; and

Instructions/Orders issued by the Government/Department from time to time regarding assessment and collection of revenue.

8.2 Trend of expenditure in the Forest Department

The expenditure in the Forest Department during the years 2007-08 to 2011-12 was as shown in the following table:

¹ The Working Plan divides the forest area into various Working Circles (WC), WC into compartments and compartments into coupes.

(₹ in crore)

Year	Budget Estimates (BEs)	Allotment	Actual Expenditure	Actual expenditure as percentage of allotment
2007-08	556.88	501.30	467.54	93.27
2008-09	649.20	614.62	566.43	92.16
2009-10	716.37	659.53	647.14	98.12
2010-11	852.02	665.86	676.31	101.57
2011-12	1065.13	772.03	763.98	98.96

(Source: Information furnished by the Department)

The above table indicates that in 2010-11 and 2011-12, the actual expenditure was 21 and 28 *per cent* less than the BEs respectively. The actual expenditure was less than the budget allotted during the period except in 2010-11 where the expenditure exceeded the allotment due to increase in non-plan expenditure of the Department.

8.3 Impact of audit

During the period 2007-08 to 2010-11, we had pointed out through our Inspection Reports irregular, wasteful, doubtful expenditure etc. with financial implication of ₹ 219.52 crore in 310 cases. The details are shown in the following table:

(₹ in crore)

Year of IR	No. of units audited	Cases	Amount objected
2007-08	1	10	1.11
2008-09	12	82	63.82
2009-10	7	39	12.93
2010-11	19	179	141.66
Total	39	310	219.52

8.4 Results of audit

We conducted test check of the records of 15 units relating to Forest Department during the year 2011-12 and found 143 cases of irregular, wasteful, doubtful expenditure etc. with financial effect of ₹ 59.33 crore as detailed below:

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
1	Irregular expenditure	35	14.37
2	Avoidable expenditure	22	4.65
3	Unfruitful expenditure	17	11.16
4	Excess expenditure	18	4.95
5	Other irregularities	51	24.20
	Total	143	59.33

A few illustrative cases of irregular, wasteful, unfruitful, doubtful expenditure, short recovery of cost of Compensatory Afforestation etc. amounting to ₹ 14.48 crore are mentioned in the succeeding paragraphs.

8.5 Audit observations

We scrutinised the records of various Divisional Forest Offices (DFOs) and found several cases of non-observance of the provisions of the Acts/Rules/Government notifications/ instructions leading to short realisation of cost of Compensatory Afforestation, irregular, wasteful, doubtful expenditure in plantations, construction of roads, execution of other forestry activities etc. as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out by us. Such omissions on the part of the DFOs are pointed out by us each year, but not only do the irregularities persist, these remain undetected till audit is conducted. There is need for the Government to improve the internal control system so that such omissions can be avoided.

8.6 Irregular expenditure from Calamity Relief Fund on ineligible items

Government of India (GoI), Ministry of Finance had directed (June 2005) that Calamity Relief Fund (CRF) shall be used only for meeting expenditure for providing immediate relief to the victims of cyclone, drought, earthquake, fire, flood, tsunami, hailstorm, landslide, avalanche, cloud burst and pest attack. The expenditure on restoration of damaged infrastructure and capital assets should be met from the normal budgetary heads, except when it is to be incurred as part of providing immediate relief. Also, the provision for disaster preparedness and mitigation needs to be built into the State plans and not as a part of calamity relief. Further, Ministry of Home Affairs, GoI, vide its letter dated 27 June 2007, again directed the State Governments to ensure that the expenditure from CRF is incurred as per the approved items and norms only.

Four ² Divisional Forest Officers (DFO) submitted proposals ³ for 627 works amounting to ₹ 20.74 crore to the respective Collectors. During test check of the proposals, cash book, payment vouchers and project reports of these DFOs, we noticed between August 2011 and February 2012 that the proposals submitted by the DFOs included works which were neither in the approved list of CRF (277 works) nor were they of immediate nature (48 works). However, the Collectors sanctioned the amount against the above proposals. Accordingly, the DFOs executed the works (as shown in *Appendix-8.1*) and incurred expenditure of ₹ 10.76 crore ⁴ on 325 works.

The above works were of the nature of regular works of the Department for which budget is sanctioned annually by the State Government. Also, these works had neither appeared in the approved list of items nor were they of immediate nature which were to be carried out from CRF nor were they meant for providing immediate relief to the victims of natural calamities. Hence, expenditure of ₹ 10.76 crore incurred from CRF in violation of the instructions of GoI was irregular.

After this was pointed out in audit (August 2011, October 2011 and January 2012), DFO, Raipur and East Bhanupratappur replied that the works were carried out after obtaining administrative approval and sanction from the Government. DFO, West Bhanupratappur replied that the works were taken up for water collection in summer season, supply of drinking water to animals and for preventing the widening of *nalas*. In case of Dhamtari, the Government replied in response to the Factual Statement that works were

² Dhamtari, East Bhanupratappur, Raipur and West Bhanupratappur

³ East Bhanupratappur and West Bhanupratappur in 2008-09; Dhamtari and Raipur in 2010-11.

⁴ Not in approved list- ₹ 920.33 lakh and Not covered in immediate nature of work- ₹ 156.31 lakh

carried out as per the norms of the GoI and the State Government and after approval from the Collector.

The fact remains that all these works are regular works of the Department and were not meant to provide immediate relief to the victims of any calamity. Further, only those damaged works come under immediate relief, which are required to be restored within a period of 30 to 60 days after occurrence of the natural calamity but in these cases the Department executed the works after a gap of one year.

The matter was reported to the Government (June 2012), we have not received their replies (December 2012).

8.7 Short realisation of cost of Compensatory Afforestation

Under Section 2 of the Forest Conservation Act, 1980, permission for the diversion of forest area for non-forestry purposes is given by Government of India (GoI). Government of Chhattisgarh, Forest Department instructed (March 2002) that the cost of Compensatory Afforestation (CA) shall be recovered from the user agencies at the rate of ₹ 29,725 per hectare for non-irrigated plantation in the year 2001-02. The rates shall be increased by 10 *per cent* annually on account of inflation in wages and the project cost shall include 25 *per cent* for Contingent expenditure, Entry point activities and Research and Development (R & D).

During test check of case files of diversion of forest lands for non-forestry purposes in Koriya and Manendragarh Divisions (February 2011), we found that between 2005-06 and 2008-09, forest land admeasuring 420.975 hectares was diverted in four cases for non-forestry purposes with the condition that the user agency shall bear the cost of Compensatory Afforestation (CA) over the double degraded⁵ forest land. In lieu of diversion of the forest land, cost of CA over 843.658 hectares of degraded forest land amounting to ₹ 4.70 crore was recoverable from the user agencies. The rate of CA for the year 2001-02 was

₹ 29,725 per hectare. However, while raising the demands, the Department calculated the cost of CA adopting ₹ 29,725 as the rate for the year 2002-03 without increasing it by 10 *per cent* over the rates of 2001-02. This resulted in short realisation of cost of CA amounting to ₹ 85.98 lakh (as shown in *Appendix-8.2*).

After this was pointed out in audit (March 2012), the Government stated (July 2012) that the rates were fixed for 2002-03 and further years as per the above instructions by adding 25 *per cent* in the rates fixed for 2001-02. The inflation rate of 10 *per cent* was added above the rates so fixed. The reply is factually incorrect as the instructions issued in March 2002 fixed the rate of ₹ 29,725 per hectare for non-irrigated plantation for the year 2001-02 while the

⁵ Compensatory Afforestation over degraded forest land of twice the area of land being diverted.

calculations were made by the Department by taking this rate for the year 2002-03. The faulty calculation by the Department led to short realisation of the cost of CA.

The matter was reported to the Department and the Government (June 2012). The Government did not furnish specific reply to the observation raised in audit. Further reply has not been received (December 2012).

8.8 Doubtful expenditure in vouchers

Forest Department in Chhattisgarh executes departmental work by engaging labourers on job rates and the payment is made on vouchers supported by labour sheets indicating the particulars of labourers such as name, father's name, village, work done, period of work, amount paid and signature/ thumb impression.

8.8.1 During test check of the vouchers and cash copies of different ranges of Kanker Division (September 2011), we found the following:

Sl. No.	Vr. No.	Place of work	Work	Date of work	No. of labourers	Amount paid
1	KK/76	Comp 85	Pit digging	12.02.11 to 23.02.11	38	46, 873
	KK/99	Comp 85	Dressing of stumps	04.02.11 to 13.02.11	42	50,000
The Labour sheets attached with the vouchers contained the names of the same 18 labourers being engaged in the same period at both the works which is not possible.						
2	NP/153	OA kh. No. 590	Pit digging	11.03.11 to 14.03.11	30	31,390
	NP/160	OA kh. No. 590	Pit filling with soil	11.03.11 to 14.03.11	40	38,500
The Labour sheets attached with the vouchers contained the names of the same eight labourers being engaged in the same period at both the works which is not possible.						
3	KK/213	Comp. 11	Boulder collection	13.03.11 to 21.03.11	28	28,615
	KK/221	Comp. 11	Construction of check dam	06.03.11 to 14.03.11	28	37,372
The Labour sheets attached with the vouchers contained the names of the same 26 labourers being engaged in the same period at both the works which is not possible.						
4	KK/214	Comp. 11	Construction of check dam	06.03.11 to 13.03.11	30	36,456
	KK/223	Comp. 11	Fixing of barbed wires	06.03.11 to 12.03.11	30	31,500
The Labour sheets attached with the vouchers contained 29 same labourers being engaged in the same period at both the works which is not possible (as shown in <i>Appendix 8.3</i>)						
Total						3,00,706

This resulted in doubtful payment of ₹ 3.01 lakh in the above four cases as the same labourers cannot be engaged in different works at different places at the same time.

After this was pointed out in audit (September 2011), the DFO stated that works had been executed at job rates and the same names appeared in the

labour sheets by mistake. He further stated that the works have been verified by the SDO. We do not agree with the DFO's reply as engagement of the same labourers simultaneously in different works at different places is not possible.

The matter was reported to the Department and the Government (April and June 2012). We have not received their replies (December 2012).

8.8.2 During the test check of the vouchers and cash copies of different ranges of Koriya Division (February 2011), we found that particulars like name and date of work, quantity of work executed etc. were not properly indicated in the labour sheets. Further scrutiny of vouchers and cash copies revealed the following:

Sl. No.	Vr. No.	Place of work	Work	Date of work	No. of labourers	Amount paid
Division: Koriya						
1	KH/39	Comp. 664	Construction of check dam	06.02.10 to 20.02.10	34	48,002
	Mar, 10					
	KH/40	Comp. 664	Construction of check dam	04.02.10 to 20.02.10	26	45,826
	Mar, 10					
The Labour sheets attached with the vouchers contained the names of the same 16 labourers being engaged in the same period at both the works which is not possible.						
2	KH/74	Comp. 657	Grass and Lantana clearing	03.09.09 to 11.09.09	30	23,390
	Feb, 10					
	KH/76	Comp. 651	Grass and Lantana clearing	02.09.09 to 16.09.09	30	42,961
	Feb, 10					
The Labour sheets attached with the vouchers contained the names of the same 21 labourers being engaged in the same period at both the works which is not possible.						
3	CH/84	Comp. 533	Construction of Contour trenches	21.12.09 to 28.12.09	35	14,278
	Mar, 10					
	CH/85	Comp. 533	Construction of Contour trenches	25.12.09 to 31.12.09	38	18,373
	Mar, 10					
The Labour sheets attached with the vouchers contained the names of the same 12 labourers being engaged in the same period at both the works which is not possible.						
Total						1,92,830

This resulted in doubtful payment of ₹ 1.93 lakh in the above three cases as the same labourers cannot work at different places at the same time.

After this was pointed out in audit (April 2012), the Government stated (June 2012) in reply to the Factual statement that on the basis of the audit objection, an enquiry was made by the Department. As per the preliminary enquiry report (May 2012), payment of ₹ 1.14 lakh was found doubtful and disciplinary action has been initiated against the responsible officials.

The matter was reported to the Government (June 2012). We have not received their replies to the draft paragraph (December 2012).

8.9 Doubtful expenditure on plantation

Working Plan (WP) of a division provides the compartment-wise details of forest land including the status of vegetation, type and density of forest as well as availability of area for plantation. On its basis, the coupes are decided for plantation and other forestry works.

During scrutiny of WP (2005-06 to 2014-15), Compartment Histories, cash book and payment vouchers of Manendragarh and Koriya divisions (February 2011), we found cases where plantations were carried out in the compartments despite non-availability of land as discussed in the succeeding paragraphs.

8.9.1 The Conservator of Forests (CF), Ambikapur sanctioned (January 2009) the work of plantation on 2000 hectares in Rehabilitation of Degraded Forest (RDF) area to the Divisional Forest Officer (DFO), Manendragarh. The DFO allotted (January 2009) the amount for plantation over 2000 hectares in 16 compartments of RDF area spread in three ranges. Of these compartments, there was a compartment (P-1296) where 80,000 plants were planted on 200 hectares and expenditure of ₹ 25.80 lakh was incurred on this in three years (2009-10 to 2011-12).

During test check of plantation records including plantation project report of Manendragarh Division (February 2011), we found that the project of plantation in the above mentioned compartment was not approved by the DFO. Further, it was also seen from the project report that on the basis of survey of the compartment, the project was prepared for plantation on 60 hectares while the work was reported to have been taken up on 200 hectares area by the division. As per the approved WP, details of the compartment are as follows:

(Area in ha)

Compartment No.	Total area	Unworkable Area				Workable area
		Existing plantation (before commencement of WP)	Encroachment	River, nala	Total	
1	2	3	4	5	6(3+4+5)	7(2-6)
P/1296	230.60	40.00	5.658	7.425	53.08	177.52

It is evident from the above table that 177.52 ha was available for plantation. Further scrutiny revealed that plantation work had been done in 2006-07 and 2007-08 on 50 and 36 hectares respectively in the same compartment. Hence, maximum area available for plantation was only 91.52⁶ hectares in 2009-10. However, as per records of the Department, plantation was carried out in 200 hectares which is not possible. Evidently, plantation in area admeasuring 108.48⁷ hectares was in excess of availability of land and expenditure of ₹ 13.99 lakh⁸ thereon is doubtful.

After this was pointed out in audit (June 2012), the Government replied (October 2012) that an enquiry was made by the Conservator of Forest in the case and it was found that treatment was carried out in 91.52 hectares area

⁶ $177.52 - (50 + 36) = 91.52$

⁷ $200 - 91.52 = 108.48$

⁸ $(25,79,907 \div 200) = ₹ 12,899 \times 108.48 = ₹ 13,99,283$

only and 80,000 plants had been planted. Disciplinary action has been initiated against the officials responsible for showing work in 108 hectares excess area in the compartment and expenditure incurred thereon.

The reply confirms that treatment was carried out in 91.52 hectares area as against the sanctioned area of 200 hectares. As such, the expenditure of ₹ 11.81 lakh⁹ was to be incurred on plantation, against which total sanctioned amount of ₹ 25.80 lakh was shown as spent in the treatment. This resulted in doubtful expenditure of ₹ 13.99 lakh on the work.

8.9.2 The Conservator of Forests (CF), Ambikapur sanctioned (August 2008 and May 2009) ₹ 32.70 lakh (₹ 19.54 lakh for first year work and ₹ 13.16 lakh for second year work) to Koriya Division for Bamboo plantation in 280 hectares area. The Divisional Forest Officer (DFO), Koriya allotted (September 2008) the amount for Bamboo plantation over 280 hectares in five¹⁰ compartments of Rehabilitation of Degraded Bamboo Forest (RDBF) area spread in three ranges.

During test check of plantation records of Koriya Division (February 2011), we found that in four¹¹ compartments, plantations were carried out on 200 hectares. As per the approved WP of Koriya Division (for the period 2005-06 to 2014-15), total area of those four compartments was 1249.43 hectare of which 1170.580 hectare was covered by forest, 26.670 hectare was covered by river/*nala* etc. and only 35.52 hectare was rare forest/blank area¹² where plantation was possible. As against this, plantation was reported to have been taken up in 200 hectares as per the plantation register. Hence, 164.48 hectares¹³ of forest area was planted with 65,792 bamboo plants without availability of land in those compartments. Thus, expenditure of ₹ 18.48 lakh incurred on such plantation was doubtful (as shown in *Appendix-8.4*).

After this was pointed out in audit (June 2012), the Government replied (October 2012) that after being objected by the audit, the DFO inspected the sites again and according to his report, sufficient open forest was available in those coupes for bamboo plantation. Also, bamboo is an understory¹⁴ plant which can be planted with other trees.

We do not agree as only 35.52 hectares degraded forest/blank area was available in these compartments as per the approved WP. Further, the plantation was taken up (2008-09) just after three years of inception of WP (2005-06). However, nothing was found recorded regarding increase of open forest/blank area from 35.52 hectares to 200 hectares in those compartments in just three years.

⁹ ₹ 12,899 x 91.52 = ₹ 11,80,516

¹⁰ P-300, P-295, P-74, P-197 and P-56,64

¹¹ P-300, P-295, P-74, P-197

¹² Blank area in the forest is the area having null vegetation.

¹³ 200 ha. – 35.52 ha. = 164.48 ha.

¹⁴ Understory plants are those plants which can be planted under top canopy

8.10 Wasteful expenditure on bamboo plantation

The Conservator of Forests (CF), Ambikapur sanctioned (December 2008) an amount of ₹ 1.40 crore to Manendragarh Division for Bamboo plantation in 2005 hectares area of RDBF circle under the Rehabilitation of Degraded Forests Scheme (6724). During test check of the plantation records of the Division (February 2011), we found that DFO, Manendragarh allotted (January 2009) the amount for Bamboo plantation over 2005 hectares in 14 compartments of RDBF area. Among these 14 compartments, there was one compartment namely P/1043 in which bamboo plantation work was carried out in 100 hectares and expenditure of ₹ 13.05 lakh was incurred.

From scrutiny of the WP and Compartment Histories, we observed that as per the approved WP of the division, compartment no. P/1043 of RDBF area had an area of 224.24 hectares. Plantation records of the division revealed that plantations were carried out in 300 hectares between 2004-05 and 2010-11 as detailed below:

Comp. No.	Total Area (ha)	Year	Plantation work				Excess area taken in plantation (ha)
			Area (ha)	No. of Plants	Amount received	Amount spent	
P 1043	224.24	2004-05 to 07-08	200	80000	1267500	1221943	
		2008-09 to 10-11	100	40000	1318500	1305234	
	224.24	Total	300	120000	2586000	2527177	75.76

Similarly, in 2009-10, under the same scheme, the CF sanctioned an amount of ₹ 76.81 lakh for rehabilitation of bamboo forest (without plantation) work in 2793 hectares of RDBF circle. The DFO carried out the plantation work from this in 972.27 hectares of eight compartments. Of these compartments, there was one compartment namely P/1006 in which bamboo plantation work was carried out in 120 hectares and expenditure of ₹ 16.13 lakh was incurred.

On scrutiny of the records (February 2011), we observed that as per the approved WP of the division, compartment no. P/1006 of RDBF area had an area of 234.92 hectares. Plantation records of the division however revealed that plantations were carried out in 320 hectares between 2003-04 and 2010-11 as detailed below:

Comp. No.	Total Area (ha)	Year	Plantation work				Excess area taken in plantation (ha)
			Area (ha)	No. of Plants	Amount received	Amount spent	
P 1006	234.92	2003-04 to 06-07	200	80000	1900000	1899996	
		2009-10 to 10-11	120	48000	1692000	1612756	
	234.92	Total	320	128000	3592000	3512752	85.08

The above details show that plantations were carried out in compartments P/1043 and P/1006 on 75.76 hectares and 85.08 hectares area respectively which was more than that available in the compartments, which is not

possible. Hence, the expenditure of ₹ 21.32 lakh¹⁵ incurred on plantation on excess areas in 2008-09 and 2009-10 appears to be doubtful.

After this was pointed out in the audit (June 2012), the Government stated (October 2012) that a committee of SDOs was deputed for verifying the facts through inspection of plantation sites. The committee reported that plants pertaining to earlier plantations were not found at both the sites. However, the later plantations were found there. Also, action has been proposed against the concerned officials for selecting these sites in plantation projects again without writing off the expenditure incurred/loss occurred on the earlier plantations. Further report of recovery of ₹ 21.32 lakh has not been received (December 2012).

8.11 Irregular and doubtful expenditure on two WBM roads

As per Rule 4 of Chhattisgarh Store Purchase Rules, 2002, commodities whose rates are not specified by the Chhattisgarh State Industrial Development Corporation (CSIDC) shall be purchased through quotations/tenders. If the value of annual purchase of such commodity is more than ₹ 50,000, the purchase shall be made through open tender only. After sanction of tender from the Purchase Committee, the purchase order shall be issued to the supplier for that commodity. As per the order of Chhattisgarh Government (December 2002), royalty is payable on the minor minerals used in the departmental works. No payment shall be made to the contractor before obtaining royalty clearance certificate from the Collector.

The Collector (Budget section), Raipur accorded administrative approval (June 2010) of ₹ 6.98 crore for repairing of 251 damaged infrastructure to Divisional Forest Office (DFO), Raipur. Out of this sanctioned amount, ₹ 55.67 lakh and ₹ 17.58 lakh were sanctioned for repairing of Water Bound Macadam (WBM) roads viz “Bar to Ghirghol 19km” and “Turturia to Thakurdia 6 km” respectively.

During scrutiny of allotments, projects, Cash Book, vouchers etc. (January 2012) at DFO, Raipur (Territorial), the following irregularities were found:

1. The material had been procured without following the Store Purchase Rules.
2. Neither was royalty deducted nor was any royalty clearance certificate found in the vouchers.
3. Scrutiny of vouchers also revealed that two vehicles¹⁶ were used for excavating and four vehicles¹⁷ were used for transportation of materials for the above roads. The details are as follows:

¹⁵ P/ 1043 >> (₹ 13,05,234/ 100 ha) = ₹ 13,052 X 75.76 = ₹ 9,88,845
P/ 1006 >> (₹ 16,12,756/ 120 ha) = ₹ 13,439 X 85.08 = ₹ 11,43,344
Total = ₹ 21,32,189

¹⁶ CG/04/DN/3989 and CG/04/DN/1327

¹⁷ CG/04/DM/1478, CG/04/DR/5084, CG/04/DM/1254 and CG/06/1135

Name of Road	Material	Qty. (cum)	As per Vouchers	Expenditure incurred (₹ in lakh)
			Reg. No. of vehicle	
Turturia to Thakurdia 6 km	Soil	4500.00	CG/04/DN/3989 (JCB), CG/04/DM/1478 (Tractor)	17.44
	Moorum	3599.86	CG/04/DN/3989 (JCB), CG/04/DN/1327 (JCB), CG/04/DM/1478 (Tractor)	
Bar to Ghirghol 19 km	Soil	7500.00	CG/04/DN/1327(JCB), CG/04/DR/5084(Tractor), CG/04/DM/1254(Tractor) and CG/06/1135(Tractor)	54.58
	Moorum	5632.00	CG/04/DN/1327(JCB),CG/04/DR/5084(Tractor), CG/04/DM/1254(Tractor) and CG/06/1135(Tractor)	
Total				72.02

After cross-verification of the details of these vehicles with the Transport Department, it was found that three vehicles (CG/04/DN/1327, CG/04/DN/3989 and CG/04/DR/5084) were two-wheelers (Motorcycle and Scooter). It is clear that these vehicles could not have been used for excavating and transportation work. Hence, the expenditure of ₹ 72.02 lakh on construction of roads appears to be doubtful.

After this was pointed out in audit (January 2012), the DFO replied (January 2012) that no purchase order had been issued and payment of soil, moorum and metal were made as per the Current Schedule of Rates. Due to clerical mistake, registration numbers CG/04/DN/1327 and CG/04/DR/5084 were mentioned in the voucher and Vehicle no. CG/04/DN/3989 is not of a motor cycle, but of a JCB machine.

We do not agree because as per the vouchers, payment was being done directly by the office to the suppliers for collection of *moorum* and soil, whereby it seems that the payee was providing material in violation to the Chhattisgarh Store Purchase Rules. Before payment for material to the supplier, royalty should have been deducted from the bill which was not found to have been done. Clerical mistake may occur in one or two vouchers but more than two mistakes of the same nature is not possible. Further, it was replied that CG/04/DN/3989 is a JCB machine but as per the information of RTO, Raipur this registration number is also of a motorcycle.

The matter was reported to the Department and the Government (June 2012). We have not received their replies (December 2012).

8.12 Doubtful expenditure on construction of WBM road between Pathiyapali and Jhalpani

As per Rule 6 of Forest Financial Rules, no work should be taken up without getting approval of the competent authority. Further, Rule 11 of Chhattisgarh Financial Code states that the responsibility of the Controlling officer is not only limited to check that the expenditure is incurred within the allotment but also to see that the expenditure is incurred for the purpose for which funds have been provided.

Principal Chief Conservator of Forest (PCCF) had sanctioned ₹ 78.10 lakh for construction of 10 kms. of WBM road on forest road in December 2010. DFO Raipur allotted ₹ 31.24 lakh for construction of four kms. of WBM road

between “Nawagaon to Achanakpur” under Sonakhan area against the above allotment.

Scrutiny of allotment order, cash copies and payment vouchers of the above work (January 2012) revealed that the DFO, instead of executing the work on “Nawagaon to Achanakpur road”, executed the work (December 2011) on “Pathiyapali-Jhalpani road” and incurred expenditure amounting to ₹ 31.32 lakh. Thus, the above work was executed against the codal provision.

Besides this, the following irregularities were also noticed:

- (i) It was found from voucher nos. 179, 261, 293, 110, 269, 403, 389, 228, 7, 70, 21, 86, 122, 412, 177, 305 and 187 that 1371.60 cum *moorum* was transported after collecting the same by a tractor bearing registration no. CG-04-ZD-3655. However, information obtained from RTO, Raipur revealed that the said registration number was that of an omni bus. Similarly, it was also found from voucher nos 355, 356 and 357 that 180.35 cum *moorum* was transported after collecting the same by a tractor bearing registration no. CG-04-G-2119. Information obtained from RTO, Raipur revealed that the said registration number was that of a heavy goods vehicle and not that of a tractor.
- (ii) It was also observed that for construction of 4 kms. of road although 9,165 cum. *moorum* was purchased, only 3,095 cum. was used. Information regarding utilisation of the balance 6,070 cum *moorum* was not made available to audit. Similarly, 4,067 cum of metal was purchased for the above work but no metal had been used as per the vouchers. Hence, the purchase/transportation of materials appears to be doubtful.
- (iii) Apart from the above, the DFO purchased materials of ₹ 27.90 lakh directly from the suppliers in disregard of the Chhattisgarh Store Purchase Rules, 2002. Further, no royalty was also deducted in the payment vouchers for the minor minerals supplied.

After this was pointed out in audit (January 2012), the DFO replied (January 2012) that metals collected and transported were used in WBM road work. Further, due to clerical mistake the vehicle registration number was wrongly mentioned and all payments were made as per actual execution of work.

We do not agree as allotment was made for “Nawagaon to Achanakpur” WBM road. However the work was executed on “Pathiyapali-Jhalpani” road without obtaining prior approval of the higher authority for changing the place of work. Also, purchase rules were not followed as well as no deduction was made from the payment vouchers on account of royalty for the minor minerals (*moorum*, soil, metal etc.) purchased from the suppliers. Utilisation details of *moorum* and metal collected was also not on record.

The matter was reported to the Department and the Government (June 2012). We have not received their replies (December 2012).

8.13 Doubtful expenditure on construction of check dams and forest roads during rainy season

In the Working Plan of the Division, it is clearly stated that soil conservation work should be undertaken in the months of April and May only.

During test check of records of Divisional Forest Officer (DFO), Raipur (January 2012), we found that the Collector sanctioned (June 2010) ₹ 10.98 crore for repairing of infrastructure damaged due to floods which included soil and water conservation, tank deepening, raising forest roads, stop dam repairing etc. with the stipulation that the work should be taken up keeping the rainy season in mind. However, the DFO undertook construction of check dams and raising of forest roads in the months of July, August and September 2010 and expenditure of ₹ 86.55 lakh (₹ 29 lakh on construction of check dams and ₹ 57.55 lakh on raising of forest roads) was incurred. According to the information received from the Indian Meteorology Department, Raipur district witnessed rainfall of 462.4 mm, 225.0 mm and 273.8 mm in the months of July, August and September respectively. It is impossible to execute the above mentioned works in the midst of such rainfall. Hence, expenditure of ₹ 86.55 lakh on the above works appears to be doubtful.

After this was pointed out in audit (January 2012), the DFO replied (January 2012) that the forest areas in Raipur witnessed partial rainfalls in the rainy season of 2010-11. There are no written restrictions on execution of soil works in rainy season. Soil conservation/raising of forest roads were done as per favourability of season and requirement of work. We do not agree as in the sanction given by the Collector, it was reiterated that work should be executed keeping the rainy season in mind. In view of the rainfall in Raipur district during July-September 2010, construction of check dams and raising of forest roads was not possible in the forest areas.

The matter was reported to the Department and the Government (June 2012). We have not received their replies (December 2012).

8.14 Unfruitful expenditure on roadside plantation

As per WP only such sites should be selected for plantation where there is blank area. Also the site preparation for the plantation should be done before three months in advance to plantation (i.e. between October to March).

The Conservator of Forests, Jagdalpur Circle accorded (July 2008) technical sanction for the work of roadside plantation of 14,000 plants on seven km road

from Bijapur to Dhanora chowk to Divisional Forest Officer (DFO), Bijapur under the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) Scheme and allotted an amount of ₹ 37.10 lakh for the purpose. Collector, Bijapur accorded administrative approval for the above work in August 2008.

During the test check of records of DFO, Bijapur (April 2012), we noticed that expenditure of ₹ 37.10 lakh was incurred by the division on the above plantation between September 2008 to April 2009. During joint physical verification conducted by audit and the officials of the Division it was found

that 80 to 90 *per cent* plants had died and fencing done for the protection of plantation was dismantled. It was also observed that the seven km road where plantation was done was already covered by big trees and no plantation was required there. Further scrutiny of vouchers of the work revealed that works of preparation of land, plantation, weeding etc. were not executed as per time schedules prescribed in the WP. Thus, selection of ineligible site and execution of work at the wrong time led to unfruitful expenditure of ₹ 37.10 lakh.

After this was pointed out in audit (June 2012), the Government replied (October 2012) that second installment for watering, hoeing, other upkeep works and protection of plantation was not released which resulted in excess casualty of plants. Also, construction of Government buildings along the road, extension of 32 KV Electric transmission line from “Barsur to Bijapur” and expansion of Bijapur town on this road resulted in destruction of plantation.

The reply is silent regarding selection of the ineligible site as well as non-execution of works as per the prescriptions of the WP. Also, no demand was made by the Department regarding second installment of funds for upkeep and protection of plantation. Further, the reply itself shows the Department’s lack of planning and inability to properly formulate and execute the project which led to destruction of the assets created within a year.

**Raipur
The**

**(PURNA CHANDRA MAJHI)
Accountant General (Audit)
Chhattisgarh**

Countersigned

**New Delhi
The**

**(VINOD RAI)
Comptroller and Auditor General of India**

Appendices

Appendix-2.1
(Referred to in paragraph 2.13)

Sl. No.	Year	No. of 59-A forms	Value of LPG imported on each	Value of imported LPG	Profit ¹	Sale Value (₹)	Tax @ 9.2 per cent	Penalty (₹)
1	2004-05	60	64300	60*64300=3858000	10%	4243800	390429.6	390429.6
2	2004-05	46	74280	46*74280=3416880	10%	3758568	345788.256	345788.256
3	2005-06	28	74286	28*74286=2080008	10%	2288008	210496.736	210496.736
Total						10290376	946714.592	946714.592

¹ Profit= Gross profit (tax paid) + transportation charges + loading/unloading charges

Appendix-2.2
(Referred to in paragraph 2.21)

Year	Purchases (in ₹)
2004-05	38338700 (before production)
2005-06	2484070 (before production)
2005-06	19547787 (difference in Assessment order)
Total purchases : 60370557/-	

Tax to be levied (on pro rata basis)

Two per cent on ₹ 22729515/- (37.65 per cent of total purchase) = ₹ 454590/-

One per cent on ₹ 37641042/- (62.35 per cent of total purchase) = ₹ 376410/-

Entry tax : ₹ 831000

Appendix-2.3
(Referred to in paragraph 2.23.1)

Sl. No.	Name of Bakayadar, Tin	Year	Due amount (in ₹) as on 01.11.2010	Date of demand notice/ RRC/last appeal order	31.10.2010	Delay in days	Penalty leviable (in ₹)	Penalty levied (in ₹)	Difference (in ₹)	Loss of Samadhan Rashi (in ₹)
1	M/s Minwool rock fibre limited, Tin-22103601537	2005-06 (CST)	1236178	31-12-2009	31-10-2010	304	250532	0	250532	150319
2	M/s. Minwool rock fibre limited, Tin-22103601537	2005-06 (ST)	1419977	05-10-2010	31-10-2010	26	24613	0	24613	14768
3	M/s. Jaiswal steel processors pvt. limited, Tin-DRG/II/BHIL/2196	1998-99 (ST)	1011533	30-11-2009	31-10-2010	335	225909	0	225909	135545
4	M/s. Budhia Auto, Tin-22354601421	2005-06 (ST)	15351572	24-12-2009	31-10-2010	311	3182893	0	3182893	1909736
5	M/s. Budhia Auto, Tin-22354601421	2004-05 (ST)	5585274	24-12-2009	31-10-2010	311	1158013	0	1158013	694808
6	M/s. Rock wood product, Tin-13/01/1971/c	2000-01 (CST)	1131365	24-11-2003	31-10-2010	2533	1910498	0	1910498	1146299
7	M/s. Univebs sleepers pvt. limited, Tin-DRG/I/3003	2004-05 (CST)	1570163	17-01-2008	31-10-2010	1018	1065617	0	1065617	639370
8	M/s. ACC Limited (thermal power plant) ,Tin-13/04/1464	2001-02 (ET)	1488386	28-12-2005	31-10-2010	1768	1754311	0	1754311	1052587
9	M/s. ACC Limited (thermal power plant) ,Tin-13/04/1464	1999-2000 (ET)	1221952	03-12-2005	31-10-2010	1793	1460640	0	1460640	876384
10	M/s. ACC Limited (thermal power plant) ,Tin-13/04/1464	2000-01 (ET)	1544134	03-12-2005	31-10-2010	1793	1845755	0	1845755	1107453
11	M/s. Bajrang enterprises, Tin-22913201015	2003-04 (ST)	1588617	01-08-2009	31-10-2010	456	482940	0	482940	289764
12	M/s. Steel Abrasives industries, Tin-22401500935	2005-06 (ST)	620531	10-02-2009	31-10-2010	628	259796	0	259796	155877
13	M/s. Eicher Tractors, Tin-22661600895	2003-04 (ST)	825039	04-10-2008	31-10-2010	757	416370	0	416370	249822
14	M/s. Ashutosh engineering, Tin-2206190082	2005-06 (CST)	917768	28-02-2009	31-10-2010	610	373226	0	373226	223935
15	M/s. Arti Sponge and Power, Tin-228019023910	2005-06 (CST)	518749	27-01-2009	31-10-2010	642	222025	0	222025	133215
16	M/s. Uniworth Limited,tin-22611700493	2004-05 (CST)	837831	23-11-2006	31-10-2010	1438	803201	0	803201	481920
17	M/s. Jyoti structure, Tin-22921900385	2000-01 (CST)	666330	16-12-2005	31-10-2010	1780	790712	0	790712	474427
18	M/s. Hi-tech Abrasives,Tin-22111900491	2004-05 (ET)	643523	27-08-2009	31-10-2010	430	184477	0	184477	110686

19	M/s Mahendra Strip, TIN-22961900169	2004-05 (ST)	496890	24-12-2009	31-10-2010	311	103022	0	103022	61813
20	M/s Regeneration Next, TIN-22421403244	2005-06 (ST)	588569	19-02-2009	31-10-2010	619	242883	0	242883	145730
21	M/s. Reliance infocom limited, Tin-22401302374	2002-03 (ET)	1282940	07-04-2008	31-10-2010	937	801410	0	801410	480846
22	M/s. Agrawal oil extractions Ltd., Tin-22381400647	2002-03 (ST)	2302973	19-10-2010	31-10-2010	12	18424	0	18424	11054
23	M/s. Reliance communication infra limited, Tin-22131302378	2004-05 (ET)	1107052	29-06-2010	31-10-2010	124	91516	0	91516	54910
24	M/s. Quality Foundry Industries, tin-22281301665	2004-05 (CST)	1280469	26-12-2009	31-10-2010	309	263777	0	263777	158266
25	M/s. Ram Kumar Aggrawal, Tin-Ryp/II/1951	2005-06 (ST)	2797192	19-10-2010	31-10-2010	12	22378	0	22378	13427
26	M/s. Kitchen Appliances, Tin-22231100175	2002-03 (ST)	4300783	28-12-2007	31-10-2010	1038	2976142	0	2976142	1785685
27	M/s. Agrawal Round Rolling Mill, Tin-22611803583	2005-06 (ST)	3738443	19-10-2010	31-10-2010	12	29908	0	29908	17945
28	M/s. Navin tractors, Tin-22431201527	2004-05 (ST)	2269633	24-09-2008	31-10-2010	767	1160539	0	1160539	696323
29	M/s. K.N. Products, Tin-22162200824	2005-06 (ST)	1147387	27-12-2008	31-10-2010	673	514794	0	514794	308877
30	M/s. Navin tractors, Tin-22431201527	2003-04 (ST)	1108177	19-11-2008	31-10-2010	711	525276	0	525276	315166
31	M/s. Agrawal Round Rolling Mill, Tin-22611803583	2005-06 (ET)	1079786	13-02-2009	31-10-2010	625	449911	0	449911	269947
32	M/s. Sepco Electric Power Construction Company, Tin-22851304016	2005-06 (ET)	1443844	21-01-2009	31-10-2010	648	623741	0	623741	374244
33	M/s. Sepco Electric Power Construction Company, Tin-22851304016	2005-06 (ST)	5567912	21-01-2009	31-10-2010	648	2405338	0	2405338	1443203
34	M/s. Botalda Tractors, Tin-22474900794	2004-05 (ST)	1009398	08-09-2008	31-10-2010	783	526906	0	526906	316143
35	M/s. Botalda Tractors, Tin-22474900794	2002-03 (ST)	755009	21-08-2006	31-10-2010	1532	771116	0	771116	462670
36	M/s. Botalda Tractors, Tin-22474900794	2005-06 (ST)	1135667	30-06-2008	31-10-2010	853	645816	0	645816	387490
37	M/s. Botalda Tractors, Tin-22474900794	2001-02 (ST)	1923527	30-11-2004	31-10-2010	2161	2771161	0	2771161	1662697
38	M/s. Reliance Telecom Ltd., Tin-22121305439	2004-05 (ET)	1270413	10-06-2010	31-10-2010	143	121113	0	121113	72668
39	M/s. Larson & Tubro Limited, Tin-22961302649	1998-99 (ET)	8350297	07-08-2008	31-10-2010	815	4536995	0	4536995	2722197

40	M/s. Larson & Tubro Limited, Tin-22961302649	1999-2000 (ET)	15925073	17-06-2006	31-10-2010	1597	16954894	0	16954894	10172937
41	M/s. Raghuvir Ferro Alloys Pvt. Ltd., Tin-22861900515	2005-06 (ST)	1014870	07-02-2009	31-10-2010	631	426922	0	426922	256153
42	M/s. Raghuvir Ferro Alloys Pvt. Ltd., Tin-22861900515	2003-04 (CST)	1077673	22-12-2008	31-10-2010	678	487108	0	487108	292265
43	M/s. Raghuvir Ferro Alloys Pvt. Ltd., Tin-22861900515	2005-06 (CST)	1360325	07-02-2009	31-10-2010	631	572243	0	572243	343346
44	M/s. Eicher Tractors, Tin-22661600895	2004-05 (ST)	1557563	29-12-2009	31-10-2010	306	317743	0	317743	190646
45	M/s. Eicher Tractors, Tin-22661600895	2005-06 (ST)	1173695	14-09-2010	31-10-2010	47	36776	0	36776	22065
46	M/s. Jyoti Structures Limited, Tin-22921900385	2001-02 (CST)	4092645	25-04-2008	31-10-2010	919	2507427	0	2507427	1504456
47	M/s. Jyoti Structures Limited, Tin-22921900385	2001-02 (ET)	1458919	28-12-2007	31-10-2010	1038	1009572	0	1009572	605743
48	M/s. Shiv Shakti Motors, Tin-229901600860	2005-06 (ST)	994385	06-10-2010	31-10-2010	25	16573	0	16573	9944
49	M/s. Jyoti Structures Limited, Tin-22921900385	2004-05 (CST)	2608618	28-01-2008	31-10-2010	1007	1751252	0	1751252	1050751
50	M/s. Hi-Tech Abresive limited, Tin-22111900491	2004-05 (CST)	3541424	29-01-2008	31-10-2010	1006	2375115	0	2375115	1425069
51	M/s. Hi-Tech Abrasive limited, Tin-22111900491	2005-06 (CST)	4587674	28-02-2009	31-10-2010	610	1865654	0	1865654	1119392
52	M/s. Rajesh Re-Rollers Limited, Tin-22162200824	1992-93 (ST)	1385438	30-06-2005	31-10-2010	1949	1800146	0	1800146	1080087
53	M/s. Rajesh Strips, Tin-RYP/V/1986	1992-93 (ST)	522332	30-06-1995	31-10-2010	5602	1950736	0	1950736	1170442
54	M/s. Raghuvir Ferro alloys, tin-22861900515	2004-05 (ST)	6194514	28-01-2008	31-10-2010	1007	4158584	0	4158584	2495150
55	M/s. Raghuvir Ferro alloys, tin-22861900515	2004-05 (CST)	2023252	29-12-2009	31-10-2010	306	412743	0	412743	247646
56	M/s. Rajesh Strips, Tin-RYP/V/1986	1991-92 (ST)	628345	30-06-1995	31-10-2010	5602	2346659	0	2346659	1407995
57	M/s. Unique Structure Tower, tin-22021902335	2002-03 (CST)	2162224	20-12-2007	31-10-2010	1046	1507791	0	1507791	904675
58	M/s. Mahendra Strips, Tin-22361500277	2004-05 (CST)	1044793	24-12-2009	31-10-2010	311	216620	0	216620	129972
59	M/s. Monnet Ispat Limited, Tin-22241700357	1999-2000 (ST)	2163456	09-06-2004	31-10-2010	2335	3367780	0	3367780	2020668
60	M/s. Reliance infocom, Tin-22401302374	2004-05 (ET)	862109	21-12-2009	31-10-2010	314	180468	0	180468	108281

61	M/s. Reliance telecom limited, Tin-22121305439	2005-06 (ET)	628878	28-08-2010	31-10-2010	64	26832	0	26832	16099
62	M/s. Reliance infocom, Tin-22401302374	2005-06 (ET)	971520	28-08-2010	31-10-2010	64	41452	0	41452	24871
63	M/s. Agrawal re-round mill, Tin-22381500169	2004-05 (ET)	844546	21-12-2009	31-10-2010	314	176792	0	176792	106075
64	M/s. Rajesh engineering and Casting, Tin-22891401579	2004-05 (CST)	554702	29-12-2009	31-10-2010	306	113159	0	113159	67896
65	M/s. Agrawal oil extraction ltd., Tin-22381400647	2002-03 (CST)	836079	19-10-2010	31-10-2010	12	6689	0	6689	4013
66	M/s. Sepco Electric power Construction, Tin-22851304116	2004-05 (ET)	652598	29-01-2008	31-10-2010	1006	437676	0	437676	262605
67	M/s Chhattisgarh rajya sahkari vipdhan sangh, TIN-22681300087	2002-03 (ST)	555938	28-10-2009	31-10-2010	368	136390	0	136390	81834
68	M/s Chhattisgarh rajya sahkari vipdhan sangh, TIN-22681300087	2001-02 (ST)	566312	29-12-2009	31-10-2010	306	115528	0	115528	69317
69	Centhur Vessels Pvt Ltd, TIN-22791104232	2005-06 (ST)	1689828	26-02-2009	31-10-2010	612	689450	0	689450	413670
70	M/s. Starling Agro Ind Ltd, Tin-RYP/2/1003/7945/S	2004-05 (ST)	919879	26-06-2009	31-10-2010	492	301720	0	301720	181032
71	M/s Naveen Tractors, TIN-22431201527	2002-03 (ST)	878878	30-12-2009	31-10-2010	305	178705	0	178705	107223
72	M/s Naveen Tractors, TIN-22431201527	2001-02 (ST)	514040	29-09-2010	31-10-2010	32	10966	0	10966	6580
73	M/s Gujraat Ceremic, TIN-22661300389	2003-04 (ST)	614199	31-03-2009	31-10-2010	579	237081	0	237081	142248
74	M/s. Vishnu Chemclas Ltd, Tin-22063300083	2002-03 (ET)	505789	12-07-2007	31-10-2010	1207	406992	0	406992	244195
75	M/s Asiatik oxygen , TIN-DRG/11/103	2000-01 (ET)	742444	30-11-2009	31-10-2010	335	165812	0	165812	99487
76	M/s Banshidhar Shyamal TIN-22893600375	2003-04 (ST)	644008	17-12-2009	31-10-2010	318	136530	0	136530	81918
77	M/s Jaiswal Steel, TIN-DRG/II/BHIL/1413	1998-99 (ST)	689518	30-11-2009	31-10-2010	335	153992	0	153992	92395
78	M/s Jaiswal Steel, TIN-DRG/II/BHIL/2196	1998-99 (CST)	769431	30-11-2009	31-10-2010	335	171840	0	171840	103104
79	M/s Kakkad Auto, TIN-22623602609	2002-03 (ST)	783440	08-12-2009	31-10-2010	327	170790	0	170790	102474
80	M/s Kedia Kestal, TIN-DRG/II/DRG/717	2005-06 (ET)	504014	05-02-2010	31-10-2010	268	90051	0	90051	54030
81	M/s Mohan Jute Mil, TIN-22074901693	2004-05 (CST)	665167	06-02-2009	31-10-2010	632	280257	0	280257	168154
82	M/s Ramdayal Kaniraam, TIN-22684901115	1999-00 (ST)	542401	28-12-2006	31-10-2010	1403	507326	0	507326	304395

83	M/s Kisan Agro, TIN-22244700761	2002-03 (ST)	672437	08-05-2006	31-10-2010	1637	733853	0	733853	440312
84	M/s Central Bag Company, TIN- 22954901888	2005-06 (CST)	996834	05-01-2009	31-10-2010	664	441265	0	441265	264759
85	M/s. Weston ferro Alloys limited, Tin- 22954200772	2003-04 (ST)	607878	18-01-2007	31-10-2010	1382	560058	0	560058	336035
86	M/s. Rajesh Khenderiya Jalaram (Unregistered)	2000-01 (ET)	739200	31-07-2007	31-10-2010	1188	585446	0	585446	351268
87	M/s. Vishal Motors, Tin-224984101282	2002-03 (ST)	564566	22-12-2008	31-10-2010	678	255184	0	255184	153110
88	M/s. Vishal Motors, Tin-224984101282	2000-01 (ST)	765942	31-12-2009	31-10-2010	304	155231	0	155231	93139
Total			159935076				87563561		87563561	52538137

Appendix-2.4
(Referred to in paragraph 2.23.2)

Sl. No.	Name of Bakayadar, Tin	Year	Due amount on 01.11.2010 (in ₹)	Total amount paid in appeal (in ₹)	The amount on which Samadhan Rashi to be calculated (in ₹)	Samadhan Rashi leviable (in ₹)	Samadhan Rashi levied by the Samadhankart a adhikari (in ₹)	Loss of Samadhan Rashi(in ₹)
1	M/s. Raghuvir Ferro Alloys Pvt. Ltd., Tin-22861900515	2005-06(ST)	1127870	113000	1014870	608922	563722	45200
2	M/s. Raghuvir Ferro Alloys Pvt. Ltd., Tin-22861900515	2003-04 (CST)	1497673	420000	1077673	646604	478604	168000
3	M/s. Raghuvir Ferro Alloys Pvt. Ltd., Tin-22861900515	2005-06 (CST)	1512325	152000	1360325	816195	755395	60800
4	M/s. Eicher Tractors, Tin-22661600895	2004-05 (ST)	1557563	446180	1111383	666830	488358	178472
5	M/s. Eicher Tractors, Tin-22661600895	2005-06 (ST)	1173695	359750	813945	488367	344467	143900
6	M/s. Hi-Tech Abrasive limited, Tin-22111900491	2005-06 (CST)	4587674	458800	4128874	2477324	2293804	183520
7	M/s. Rajesh Re-rollers limited, tin-Ryp/v/v/1811	1992-93(ST)	1385438	138544	1246894	748136	629719	118417
8	M/s. Raghuvir ferro alloys, Tin-22861900515	2004-05(CST)	2811252	788000	2023252	1213951	898751	315200
9	M/s. Raghuvir ferro alloys, Tin-22861900515	2004-05(ST)	8604514	2410000	6194514	3716708	2752708	964000
10	M/s. Unique Structure and tower, Tin-22021902335	2002-03 (CST)	2162224	1000000	1162224	697334	297334	400000
11	M/s Rajesh Strips Ltd, TIN-RYYP/V/V/1986	1992-93 (ST)	1024813	502481	522332	313399	112407	200992
12	M/s Rajesh Strips Ltd, TIN-RYYP/V/V/1986	1991-92 (ST)	1142606	514261	628345	377007	171303	205704
13	M/s Mahendra Strips pvt Ltd TIN-22961900169	2004-05 (CST)	1044793	209000	835793	501476	417876	83600

14	M/s Monnet Ispat Ltd, TIN 22241700357	1999-00 (ST)	2163456	605776	1557680	934608	692298	242310
15	M/s. Rockwood product,tin-13/01/3641/s	2000-01 (CST)	1131365	316805	814560	488736	362014	126722
16	M/s. Budhia Auto, tin-22354601421	2005-06(ST)	15351572	6300000	9051572	5430943	2910944	2519999
17	M/s. Steel Abrasives ind, Tin-22401500935	2005-06(ST)	620531	330359	290172	174103	41960	132143
18	M/s. Eicher Tractors, Tin-22661600895	2003-04(ST)	825039	243024	582015	349209	243024	106185
19	M/s. Ashutosh engineering, Tin-2206190082	2005-06(CST)	917768	489100	428668	257201	61560	195641
20	M/s. Arti Sponge and Power, Tin-228019023910	2005-06(CST)	518749	51875	466874	280124	259375	20749
21	M/s. Uniworth Limited,Tin-22611700493	2004-05 (CST)	837831	234685	603146	361888	268014	93874
22	M/s. Reliance infocom limited, Tin-22401302374	2002-03(ET)	1282940	358928	924012	554407	410836	143571
23	M/s. Reliance comm. infra limited, Tin-22131302378	2004-05(ET)	1107052	432200	674852	404911	232031	172880
24	M/s Larson & Tubro, Limited TIN- 22961302649	1998-99 (ET)	8350297	2434000	5916297	3549778	2576178	973600
25	M/s Larson & Tubro,limited TIN-22961302649	1999-00 (ET)	15925073	8813483	7111590	4266954	741561	3525393
26	M/s Reliance Telicom, TIN-22121305439	2004-05 (ET)	1270413	355745	914668	548801	406503	142298
27	M/s Botalda Tractors, TIN-22385100324	2001-02 (ST)	1923527	793575	1129952	677971	360541	317430
28	M/s Botalda Tractors, TIN-22385100324	2002-03 (ST)	755009	346485	408524	245114	106520	138594

29	M/s Botalda Tractors, TIN-22385100324	2004-05 (ST)	1135667	317991	817676	490606	363409	127197
30	M/s Botalda Tractors, TIN-22385100324	2005-06 (ST)	1009398	290300	719098	431459	315339	116120
31	M/s Starling Agro & Ltd, TIN-22361203942	2005-06 (ST)	1724469	172500	1551969	931181	862181	69000
32	M/s Sky Automobile, TIN-22241500694	2005-06 (ST)	2936771	300000	2636771	1582063	1462063	120000
33	M/s Sudan Trading Co, TIN-22863300128	2005-06(CST)	1624009	325000	1299009	779405	649460	129945
34	M/s.Navin tractors, Tin-22431201527	2003-04 (ST)	1108177	350600	757577	454546	314306	140240
35	M/s. Reliance infocom, Tin-22401302374	2004-05(ET)	862109	241411	620698	372419	275854	96565
36	M/s. Reliance telecom limited, Tin-22121305439	2005-06(ET)	971520	272200	699320	419592	310712	108880
37	M/s. Reliance infocom, Tin-22401302374	2005-06(ET)	628878	178650	450228	270137	198677	71460
38	Starling Agro Ind, TIN-22361203942	2004-05 (ST)	919879	299100	620779	372467	252827	119640
39	Centhav Vessels, TIN-22791104232	2005-06 (ST)	1689828	910932	778896	467338	102965	364373
40	M/s Ramdayal Kaniraam, TIN-22684901115	1999-00 (ST)	542401	35000	507401	304441	290441	14000
41	M/s Kisan Agro, TIN-22244700761	2002-03 (ST)	754656	211307	543349	326009	192155	133854
Total			98520824	33523047	64997777	38998666	25468196	13530470

Appendix-2.5

(Referred to paragraph 2.23.3)

Sl. No.	Name of Bakayadars	Period	Date of receiving praroop-2	Date of payment	Delay Period	Due amount(₹)	Samadhan Rashi levied (₹)	Loss (₹)
1	M/s. Navin Tractors, tin-22431201527	2005-06 (ST)	22-01-2011	12-02-2011	6 days	3013489	1808093	1205396
2	M/s. Kakkad Auto, tin-22623602609	2004-05 (ST)	21-02-2011	10-03-11 & 05-04-11	28 days	8050560	4830336	3220224
Total						11064049	6638429	4425620

Appendix-3.1
(Referred to in paragraph 3.12)

Sl.No	Document No.	Property	Seller	Purchaser	Valuation of Property		Calculation of Short levy			Nature of irregularity
					Stamp Duty	Registration Fee	Total			
1	21052/4747 Dt. 31.03.11	Vill. Aheri, PH No. 26, RIC Ahiwara, Dhamdha, Area 2.40 ha.	Neeraj Kumar	L.A. Ghas & Yadvinder Singh	As per Document	768000	601110	6289	16546	There is commercial crop of Soyabean. Hence valuation will be increased by 25 per cent as per the guideline.
					Actual Value	960000	75120	7825		
					Undervaluation	192000	15010	1536		
2	21036/4578 Dt. 30.03.10	Ward 30, Chitwadnis Road, Indira Mkt. Durg. Shop with Ground, 1st and 1ind floor in 9.20 sq.m.	Madhyani Builders	Mahesk Kr. Ganeshani	As per Document	785000	66800	6425	2780	Valuation was to be done as per clause 4 for Form- II.
					Actual Value	815694	69334	6671		
					Undervaluation	30694	2534	246		
3	21046/4681 Dt. 31.03.10	Ward 63, Ispat Nagar, Bhiilai, land 278.81 s.m., building on 123.42 s.m., column system, cement flooring, 22 yrs old	K. Jacob	Satish Narayan Mishra & others	As per Document	1600000	141200	12945	20443	Valuation was to be done as per clause 4 for Form II
					Actual Value	1812398	159944	14644		
					Undervaluation	212398	18744	1699		
4	21038/4600 Dt. 31.03.10	Ward 15, Nagar Panchayat Ahiwara, main road, 1012.08 s.m.	R.P. Gupta & others	Ramesh Chandra agarwal	As per Document	760000	67100	6225	18137	There is commercial crop of Soyabean. Hence valuation will be increased by 25 per cent as per the guideline
					Actual Value	948750	83727	7735		
					Undervaluation	188750	16627	1510		
5	20839/3788 Dt. 16.03.10	Vill. Patan, PH No. 30/38, RIC Patan, 0.72 hectares	Ushabai	Rajkumar Agarwal	As per Document	350000	30900	2945	3645	Property is on WBM road, hence valuation will be increased by 10 per cent as per Clause 10 Form III of guideline.
					Actual Value	388000	34241	3249		
					Undervaluation	38000	3341	304		
6	22772/11838 Dt. 30.03.11	Ward 14, Kurud (No. 7), Bhiilai, 1313.85 s.m.	Bhagwat Soni & others	TCD Traders	As per Document	2937200	244000	23645	39339	The property is diverted, hence valuation shall be done as per clause 3 of Form-I of guideline.
					Actual Value	3371861	279864	27120		
					Undervaluation	434661	35864	3475		
7	20998/9714 Dt. 29.03.10	Kumhari Nagar Palika, Area 0.506 hectares, Agrcultural land	Vikas Parakh	Shantivijay Developers	As per Document	405000	35800	3385	24272	Rate of <i>padat</i> land was not applied resulting in undervaluation.
					Actual Value	657800	58050	5407		
					Undervaluation	252800	22250	2022		

8	20998/9726 Dt. 29.03.10	Kumhari Nagar Palika, Area 0.705 hectares, Agrcultural land	Vikas Parakh	Shantivijay Developers	As per Document		563500	49800	4653	Rate of padat land was not applied resulting in undervaluation
					Actual Value	67291				
					Undervaluation	199000	17491	1592		
9	20998/97127 Dt. 29.03.10	Kumhari Nagar Palika, Area 1.076 hectares, Agrcultural land	Vikas Parakh	Shantivijay Developers	As per Document		861000	76000	7033	Rate of padat land was not applied resulting in undervaluation
					Actual Value	123444				
					Undervaluation	537800	47444	4302		
10	21113/65 Dt. 19.04.10	RIC 1 Durg, Nagar Nigam, PH No. 16/24, 120 ft from the road from Gampara chowk to Nadimod, 0.513 ha	Brijkishore Surjan	Om Parshvanath Developers	As per Document		2979600	247310	23985	The concerned SR derived the less market value of the property.
					Actual Value	451811				
					Undervaluation	2463900	204501	19708		
11	21052/4745 Dt. 31.03.10	Fulgaon, Ward No. 54, on the link road from Fulgaon chowk to Barrier nala, 322.96 sq.m.	Baljit Kaur Bhatia.	Amar Infrastructure Pvt. Ltd	As per Document		450000	39750	3745	The concerned SR derived the less market value of the property
					Actual Value	76668				
					Undervaluation	418762	36918	3350		
12	22487/10005 Dt. 10.03.11	Fulgaon, Ward No. 54, Near Green city, 557.62 sq.m.	Parvinder Singh	Ajay Jaiswal	As per Document		1500100	124600	12149	The concerned SR derived the less market value of the property
					Actual Value	136996				
					Undervaluation	150455	12396	1200		
Total (12 Documents)					As per Document	13959400	1183370	113424		
					Actual Value	19078620	1616491	154369		
					Undervaluation	5119220	433121	40945		474066

Appendix-3.2
(Referred to in paragraph 3.13)

SR Dhamtari

S. No.	Document No.	Property	Seller	Purchaser	Valuation of Property		Calculation of Short levy			Remarks
					As per Document	Actual Value	Stamp Duty	Registration Fee	Total	
1	7779/2563 Dt. 17.03.10	Vill. Rudri, PH No. 18, Diverted land, 0.08 hectare	Shubhangi	Naresh Kumar	As per Document	589000	46100	4857	The property is situated on Dhamtari Rudri main road.	
					Actual Value	1273320	99637	10332		
					Undervaluation	684320	53537	5475		59012
2	7779/2562 Dt. 17.03.10	Vill. Rudri, PH No. 18, Diverted land, 0.06 hectare	Shubhangi	Naveen Harsani	As per Document	486000	38050	4033	The property is situated on Dhamtari Rudri main road.	
					Actual Value	954518	74691	7781		
					Undervaluation	468518	36641	3748		40389
3	7789/2668 Dt. 23.03.10	Jodhapur, Ward 19, 121.28 s.m.	Shivram	Vineet Gajendra	As per Document	503000	44400	4165	The property is situated on Jagdalpur main road.	
					Actual Value	1562814	137918	12647		
					Undervaluation	1059814	93518	8483		102001
4	7788/2662 Dt. 23.03.10	Navagaon, Ward 8, 181.92 s.m.	Shivnaraya n	Surendra Pandey	As per Document	294000	26000	2437	The property is situated on Jagdalpur main road.	
					Actual Value	687840	60702	5648		
					Undervaluation	393840	34702	3211		37913
Total										239315

SR Raipur

S.No.	Document No.	Property	Seller	Purchaser	Valuation of Property		Calculation of Short Levy			Remarks
					As per Document	Actual Value	Stamp Duty	Registration Fee	Total	
1	47070/277 Dt. 20.04.10	Vill. Torla, Abhanpur, PH No.32/24, RIC Nawapara, Area 0.44 hectares	Ghasiya	Devendra Kr. Chandrakar	As per Document	466400	34100	3872		The adjoining properties/ parts of same <i>Khasaras</i> are sold by same sellers and purchased by same purchasers in two consecutive documents on same date, one of which was valued as on the main road while the other was valued as off the road.
					Actual Value	1276000	93148	10353		
					Undervaluation	809600	59048	6481	65529	
2	47944/1793 Dt. 04.08.10	Vill. Pirda, PH No. 111/43, RIC Raipur 1, Area 0.809 hectares	Kamla Devi	Garima advisory Pvt. Ltd.	As per Document	3236000	236250	26033		
					Actual Value	4450000	324850	35745		
					Undervaluation	1214000	88600	9712	98312	
3	49708/8931 Dt. 03.02.11	Vill. Darchura, PH No. 08, RIC Simga Area 1.733 hectares	Shyam Sundar Agarwal	Imperial Vinimay Pvt. Ltd.	As per Document	572000	41760	4721		
					Actual Value	3202584	233789	25766		
					Undervaluation	2630584	192029	21045	213073	
4	50289/6707 Dt. 26.03.11	Vill. Giraud, RIC Dharsivan, 1.251 hectares	Jugalkishore Dodeja & Others	Pramod Agarwal	As per Document	1470000	107350	11905		The parts of same <i>Khasaras</i> were transacted by the same sellers and purchasers in Document No. 522 dated 19.04.11 and 523 dated 19.04.11 respectively in which the land is located on Ring road No. 3.
					Actual Value	4378500	319630	35173		
					Undervaluation	2908500	212280	23268	235548	
5	50289/6708 Dt. 26.03.11	Vill. Giraud, RIC Dharsivan, 0.667 hectares	Jugalkishore Dodeja & Others	Depak Mittal	As per Document	785000	57400	6425		
					Actual Value	2334500	170418	18821		
					Undervaluation	1549500	113018	12396	125414	
6	46982/ 20,21,22 Dt 06.04.10	Vill. Dhusera, PH No. 136, RIC Abhanpur, Area 3.033 hectares (1.011 hectares in each Document)	Mohamlal (20), Kanglu (21), Bhikkham (22)	Ashok Kundu & others	As per Document	5632500	411300	45495		As per <i>patwari</i> report and recitals of the document, the properties are located on the main road.
					Actual Value	6672600	487100	53526		
					Undervaluation	1040100	75800	8031	83831	
7	46947/8, 9 Dt. 06.04.10	Ward 23, Devendra Nagar, Sector 5, Area, 4800 sq. ft. (446.1 sq. m.) semi built	Anand Tolani	Santosh Bhandari	As per Document	6400000	564000	51490		As per the layout attached with document, properties are situated on 60 ft wide road.
					Actual Value	10312000	855910	82641		
					Undervaluation	3912000	291902	31151	323053	
8	49778/6693 Dt. 24.02.11	Vill. Serikhedhi, PH No. 42, RIC Raipur, 0.06 hectares/607 sq.m.	Bhagobai	Sarojini Sahu	As per Document	1566000	81500	12673		As pr the <i>patwari</i> map annexed, the property is located on the main road from Pirda to Serikhedhi.
					Actual Value	2327600	121035	18766		
					Undervaluation	761600	39535	6093	45628	

9	49261/7314 Dt. 07.01.11	Ward 63, Bhaathagaon, Area 0.362 hectares	Bachru Ram	Syed Ali	As per Document		248000	24037	As per map and <i>Patwari</i> report, property is located on the main road.
					Actual Value	32001			
10	47040/224 Dt. 06.04.10	Ward 46, Amlidih, on road from Amlidih to Fundhar	Shiv Narayan & others	Vijay Anand & Others	Undervaluation		82506	7694	90470
					As per Document	96645			
Total					Actual Value		1490322	135245	As per map and <i>Patwari</i> report, property is located on the main road from Fundhar to Amlidih.
					Undervaluation	38600			
Grand Total							464122	1744980	1984295

Appendix-4.1
(Referred to in paragraph 4.8)

Sl. No.	Name of construction work	Constructed area (sq. m.)	Description of the land	Market value as per the guidelines of 2007-08 (in ₹)	Premium @ 50% of market value (in ₹)	Ground Rent @ 7.5% of premium (in ₹)	Ground Rent for the year 2007-08 and 2008-09 (in ₹)
1.	Block A	434.78	Sheet no. 18 D, plot no. 6 Latthipara Rajbhandha talab Kankalinpara	990.78* 3500 per sq m =34,67,730	17,33,865	1,30,040	1,30,040*2=2,60,080
2.	Block D	350.00					
3.	Complex	206.00					
4.	Block B	460.96		922.67* 7500 per sq m =69,20,025	34,60,013	2,59,501	2,59,501*2=5,19,002
5.	Block C	461.71					
Total		1913.45		103,87,755	51,93,878	3,89,541	7,79,082

Appendix – 5.1

(Referred to in paragraph 5.9)

Name of Office	Type of vehicle	No. of registered vehicles	Rate of fee	Fee leviable	Total fee leviable	Fee levied	Short levy
Short levy							
RTO Bilaspur	Motor cycle/Moped	68,334	50	34,16,700	70,61,900	68,600	69,93,300
	Others	18,226	200	36,45,200			
ARTO Durg	Motor cycle/Moped	1,25,721	50	62,86,050	1,10,67,650	72,450	1,09,95,200
	Others	23,908	200	47,81,600			
Total		2,36,189			1,81,29,550	1,41,050	1,79,88,500
Non levy							
RTO Ambikapur	Motor cycle/Moped	42,667	50	21,33,350	35,81,350	0	35,81,350
	others	7,240	200	14,48,000			
ARTO Rajnandgaon	Motor cycle/Moped	25,966	50	12,98,300	23,73,100	0	23,73,100
	Others	5,374	200	10,74,800			
RTO Raipur	Motor cycle/Moped	1,75,185	50	87,59,250	1,92,80,650	0	1,92,80,650
	Others	52,607	200	1,05,21,400			
DTO Mahasamund	Motor cycle/Moped	21,959	50	10,97,950	10,97,950	0	10,97,950
		3,30,998			2,63,33,050	0	2,63,33,050
Grand Total		5,67,187		4,44,62,600	4,44,62,600	1,41,050	4,43,21,550

Appendix – 5.2

(Referred to in paragraph 5.10.1)

Name of Office	Audit period	No. of goods vehicle	Tax to be levied (₹ in lakh)	No. of maxi cab vehicle	Tax to be levied (₹ in lakh)	No. of passenger vehicles	Tax to be levied (₹ in lakh)	Total no. of vehicles	Total Tax to be levied (₹ in lakh)
RTO Ambikapur	4/10-3/11	34	3.25	39	1.33	25	5.55	98	10.13
RTO Bilaspur	4/10-3/11	124	9.86	70	2.92	63	38.90	257	51.68
ARTO Durg	4/10-3/11	72	12.29	82	3.20	36	23.99	190	39.48
DTO Dhamtari	4/10-3/11	0	0	0	0	8	1.43	8	1.43
DTO Janjgir	4/08-3/10	38	14.02	0	0	0	0	38	14.02
DTO Kawardha	4/08-3/10	43	4.47	21	3.31	17	8.84	81	16.62
DTO Koriya	4/08-3/10	53	8.90	21	3.96	7	8.14	81	21.00
RTO Raipur	4/10-3/11	323	170.79	0	0	340	565.00	663	735.79
ARTO Rajnandgaon	4/10-3/11	31	4.01	0	0	19	4.50	50	8.51
DTO Mahasamund	4/10-1/12	0	0	0	0	12	10.43	12	10.43
Total		718	227.59	233	14.72	527	666.78	1,478	909.09

Appendix – 5.3

(Referred to in paragraph 5.10.2)

Sl. No.	Vehicle No.	Permit No.	Seating Capacity	Total Distance	Leviable Tax	Tax levied	Short Levy	Penalty	Non/Short realisation
1	JH-05/AA-4421	2714/STA/TC/10	51	490	1,24,950	0	1,24,950	1,24,950	2,49,900
2	JH-05/AA-4431	2715/STA/TC/10	51	490	1,24,950	0	1,24,950	1,24,950	2,49,900
3	CG-04/E-0705	230/05	25	230	87,000	65,300	21,700	21,700	43,400
4	CG-04/FC-7864	227/RPR/09	20	206	64,800	63,360	1,440	1,440	2,880
5	CG04/E-1845	48/2006	57	440	3,42,000	2,59,440	82,560	82,560	1,65,120
6	CG-04/E-1854	48/2006	57	440	3,42,000	2,59,440	82,560	82,560	1,65,120
7	CG-04/E-1827	47/2006	50	490	3,30,000	2,87,400	42,600	42,600	85,200
8	CG-04/E-1872	47/2006	50	490	3,30,000	2,87,400	42,600	42,600	85,200
Total					17,45,700	12,22,340	5,23,360	5,23,360	10,46,720

Appendix – 5.4
(Referred to in paragraph 5.12)

Sl.No.	Vehicle No.	Place of Purchase	Temporary Registration issued to	Date of Registration	Value of the Vehicle	Leviable Entry Tax
1	CG-19/C-5000	New Delhi	Raipur	11-Oct-10	29,46,000	2,94,600
2	CG-19/C-4898	New Delhi	Durg	20-Jan-11	2,75,000	27,500
3	CG-19/C-1999	Allahabad	Raipur	15-Apr-11	3,75,000	37,500
4	CG-19/C-2928	Hyderabad	Raipur	20-Jan-11	4,00,414	40,041
5	CG-19/C-5077	Moradabad	Raipur	20-Jan-11	2,74,999	27,500
6	CG-19/C-7777	New Delhi	Raipur	20-Jan-11	4,02,937	40,294
7	CG-19/C-1400	Kolkata	Durg	9-Aug-10	3,05,000	30,500
8	CG-19/C-1500	Kolhapur	Raipur	1-Apr-10	4,95,000	49,500
9	CG-19/C-8055	Guahati	Raipur	9-Oct-09	3,35,000	33,500
10	CG-19/C-2225	Noida	Durg	21-Oct-10	3,16,589	31,659
Total					61,25,939	6,12,594

(Amount in ₹)

Appendix – 5.5

(Referred to in paragraph 5.13)

Sl. No.	Name of Transport Office	Category	No of Vehicles	Rate of Tax	Trade Tax Leviable	Trade Tax recovered	Short realisation
1	RTO Ambikapur	Motor Cycle	17,904	1250	31,97,500	61,716	
		Light Motor Vehicle (LMV)	1,589	1500	3,40,500		
		Medium Motor Vehicle (MMV)	680	1750	1,69,750		
		Heavy Motor Vehicle (HMV)	56	2000	16,000		
		Others	771	1250	1,37,500		
		Total		21,000			
2	RTO Bilaspur	Motor cycle	27,180	1250	48,53,750	1,47,300	
		LMV	6,258	1500	13,41,000		
		MMV	555	1750	1,38,250		
		Others	235	1250	42,500		
		Total		34,228			
3	RTO Raipur	Motor Cycle	63,038	1250	1,12,56,250	1,87,400	
		LMV	9,496	1500	20,35,500		
		MMV	1,976	1750	4,93,500		
		Others	6,750	1250	12,05,000		
		Total		81,260			
4	ARTO Durg	Moped	5,436	1000	7,77,000	59,000	
		Motor Cycle	44,390	1250	79,26,250		
		Three Wheeler	343	1250	61,250		
		LMV	6,580	1500	14,10,000		
		MMV	689	1750	1,71,500		

		HMV	799	2000	2,28,000		
		Others	1,890	1250	3,37,500		
		Total	60,127		1,09,11,500		1,08,52,500
5	DTO Dhamtari	Moped	1,180	1000	1,69,000	31,500	
		Motor Cycle	9,749	1250	17,41,250		
		Three wheeler	71	1250	12,500		
		LMV	148	1500	31,500		
		MMV	40	1750	10,500		
		Others	1,596	1250	2,85,000		
		Total	12,784		22,49,750		22,18,250
6	DTO Kawardha	Motor cycle	5,932	1250	10,58,750	18,000	
		LMV	292	1500	63,000		
		Total	6,224		11,21,750		11,03,750
7	DTO Mahasamund	Motor cycle	13,684	1250	24,43,750		
		LMV	1,379	1500	2,95,500		
		Total	15,063		27,39,250		27,39,250
		Grand Total	2,30,686		4,22,49,250	5,04,916	4,17,44,334

Appendix-6.1

(Referred to in paragraph 6.11)

Name of office	No. of occasions	Minimum stock to be maintained (PL)	Minimum stock maintained (PL)	Quantity kept short (PL)	Penalty to be levied (in ₹)
AC, Bilaspur	226	11674247.00	4774508.46	6899738.54	13799477.08
AC, Durg	1294	27837041.00	7169527.00	20667514.00	41335028.00
Total	1520	3,95,11,288.00	1,19,44,035.46	2,75,67,252.54	5,51,34,505.08

Appendix-7.1
(Referred to in paragraph 7.8)

(Quantity in quintal)

DFO, Raigarh							
Depot	Year	Qty. received during the year	Allowable shrinkage	Allowed Shrinkage	Excess shrinkage	Rate per quintal (in ₹)	Loss (in ₹)
Madanpur	2008	1512.00	226.80	378.00	151.20	175	26460
	2010	2651.60	397.74	853.60	455.86	264	120347
Beladula	2008	2025.60	303.84	357.55	53.71	175	9399
	2009	2748.60	412.29	494.65	82.36	247	20343
Tamnar	2008	308.20	46.23	79.85	33.62	175	5884
	2010	924.00	138.60	174.72	36.12	264	9536
Bargarh	2008	224.00	33.60	190.00	156.40	175	27370
	2010	89.60	13.44	97.66	84.22	264	22234
Gharghoda	2010	708.40	106.26	150.00	43.74	264	11547
Chaple	2010	291.20	43.68	162.50	118.82	264	31368
TOTAL		11483.20	1722.48	2938.53	1216.05		284488

Appendix 7.2

(Referred to in paragraph 7.9)

Name of Division	Year	No. of Coupes	Qty. remained untransported till 30 June		Valuation as per non-commercial rates	Depreciation (@ 20 % p.a.)
			Timber (cmt)	Fuel Stacks		
Koriya	2006-07	04	121.268	618	557002	
	2008-09	01	108.899	79	449002	
	2009-10	03	143.565	73	584458	
Total		08	373.732	770	1590463	338992
Udanti	2007-08	26	2855.044	4185	11770447	
	2008-09	01	256.341	404	1403739	
	2009-10	11	307.029	326	1783605	
Total		38	3418.414	4915	14957792	2991558
Bilaspur	2005-06	03	862.691	969	5099897	
	2007-08	02	1146.390	222	8164390	
Total		05	2009.081	1191	13264287	2652857
Grand Total		51	5801.227	6876	29812542	5983407

Appendix 7.3
(Referred to in paragraph 7.10)

Depot	Commodity	Book balance	Physically found quantity	Shortage	Rate (₹)	Revenue loss (in ₹)
Consumer Depot, Kanker	Fuel Stacks	503	160	343	770	264110
Nistar Depot, Jamgaon	Fuel Stacks	11	0	11	770	8470
Nistar Depot, Bundeli	Bamboo	780	0	780	7.29	5686
Consumer Depot, Narharpur	Fuel Stacks	65.7	32	33.7	770	25949
Consumer Depot, Dudhawa	Fuel Stacks	39.03	0	39.03	770	30053
Consumer Depot, Sarona	Fuel Stacks	6	1	5	770	3850
Consumer Depot, Charama	Fuel Stacks	46	26	20	770	15400
Consumer Depot, Lakhanpuri	Fuel Stacks	99	46	53	770	40810
Total		769.73 Stacks + 780 bamboo	265 Stacks	504.73 Stacks + 780 bamboo		3,94,328

Appendix 7.4
(Referred to in paragraph 7.11)

Year	Range	Coupe	Quantity sent from coupes					
			Logs		Poles		RTL	
			Nos	cmt	Nos	cmt	Nos	cmt
2007-08	Dhaurpur	Dhaurpur SCI V	3527	431.325	263	7.504	122	6.134
	Chando	Kusumi SCI V	3116	359.056	159	5.151	0	0
	Dhaurpur	Teak 50 yr thinning RF 2589	5475	267.050	3513	88.982	0	0
	Dhaurpur	Teak 35 yr thinning 38.960 ha.	10908	518.254	6673	164.48	0	0
2008-09	Dhaurpur	Teak 35 yr thinning	3088	141.273	1940	52.079	0	0

Year	Range	Coupe	Quantity received in depots					
			Logs		Poles		RTL	
			Nos	cmt	Nos	cmt	Nos	cmt
2007-08	Dhaurpur	Dhaurpur SCI V	3007	407.072	537	14.529	368	17.191
	Chando	Kusumi SCI V	2428	298.600	188	6.029	659	41.205
	Dhaurpur	Teak 50 yr thinning RF 2589	4720	230.585	4268	103.259	0	0
	Dhaurpur	Teak 35 yr thinning 38.960 ha.	9692	455.491	7869	201.87	0	0
2008-09	Dhaurpur	Teak 35 yr thinning	2821	133.696	2207	45.767	0	0

Year	Range	Coupe	Difference in quantity sent and received					
			Logs		Poles		RTL	
			Nos	cmt	Nos	cmt	Nos	cmt
2007-08	Dhaurpur	Dhaurpur SCI V	-520	-24.253	274	7.025	246	11.057
	Chando	Kusumi SCI V	-688	-60.456	29	0.878	659	41.205
	Dhaurpur	Teak 50 yr thinning RF 2589	-755	-36.465	755	14.277	0	0
	Dhaurpur	Teak 35 yr thinning 38.960 ha.	-1216	-62.763	1196	37.389	0	0
2008-09	Dhaurpur	Teak 35 yr thinning	-267	-7.577	267	-6.312	0	0

Year	Coupe	Shortage in volume due to reduction in logs (cmt)	Shortage as per Ready reckoner (cmt)	Excess shortage (cmt)
2007-08	Dhaurpur SCI V	-6.171	5.200	-0.971
	Kusumi SCI V	-18.373	6.880	-11.493
	Teak 50 yr thinning RF 2589	-22.188	6.040	-16.148
	Teak 35 yr thinning 38.960 ha.	-25.374	9.728	-15.646
2008-09	Teak 35 yr thinning	-13.889	2.136	-11.753
Total		85.995	29.984	56.011
Total (Species-wise)			Others	12.464
			Teak	43.547
Revenue loss			Others	27,271
			Teak	5,16,163
			Total	5,43,434

Appendix-7.5

(Referred to in Paragraph 7.12.8)

(₹ in crore)

Sl.No.	Month of Audit	No. of Loans/ Sanction orders	Period of the Loan	Amount of Loan	Period for repayment	Moratorium, if any	Rate of interest (in %)	Rate of penal interest (%)	Principal to be recovered	Interest to be recovered	Penal interest to be levied	Total amount	Reply of the LSD	Reply of the Government	Remarks by AG
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
(01) Public Health Engineering – (Purpose) – Under Jal Praday Yojna															
01	May 2012	56	2001-02 to 2006-07, 2009-10 and 2010-11	107.93	8 and 25 installments	One year and four years	10.5 and 11.5	3	42.94	47.56	4.29	94.79	UAD would recover the dues on behalf of PHE.	A letter had been issued (27.09.12) to recover the dues.	
(02) Transport – (Purpose) – For rehabilitation of erstwhile State Road Transport Corporation															
02	May 2012	8	2003-04 to 2007-08	70.12	Within three years from the date of drawal of the loan	---	12	---	70.12	29.43	---	99.55	A letter to CIDCL is being issued to recover the loan and interest.	Steps would be taken to adjust the outstanding dues against the fixed assets of CIDCL.	
(03) Co-operation – (Purpose)- For working capital and Financial assistance.															
03	June 2012	2	2008-09	42.30	Eight annual installments	One year	9	3	14.23	12.77	0.58	27.58	The Government extended the due date to recover earlier dues upto 31	Loan has been rescheduled till 2011-12. Hence, there	The Government rescheduled in one case of Rs.5 crore

(05) Commerce and Industry – (Purpose) – For repayment of liabilities and For development of industrial cluster															
												issue.			
06	May 2012	4	2005-06 to 2008-09	22.95	8 annual installments	One year	---	3	14.61	---	0.94	15.55	CSIDC had requested to convert the loan amount into grant-in-aid and the same is pending with the Government for approval.	A letter had been issued (27.09.12) to recover the dues.	
07	May 2012	1	2007-08	2.00	10 annual installments	Two years	---	3	0.60	---	0.02	0.70	The loan amount was with CSIDC.	A letter had been issued (27.09.12) to recover the dues.	
Total		76		275.59					151.35		6.14	249.29			

Appendix-7.6

(Referred to in Paragraph 7.12.9)

(₹ in crore)

Sl.No.	Name of the LSD	Month of Audit	No. of Loans/ Sanction orders	Period of Loan	For what purpose the loan was sanctioned	Amount of Loan	Period for repayment	Moratorium, if any	Rate of interest (in %)	Rate of penal interest (%)	Interest to be recovered	Penal interest to be levied	Total amount	Reply of the Government	Remarks by AG
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1	Co-operation	June 2012	1	2007-08	For working capital	12.25	One installment on or before 30.09.2007.	---	14.5	3	0.38	0.08	0.46	A letter had been issued (27.09.12) to recover the dues.	
2	Co-operation	June 2012	1	2007-08	For extension of sugar factory	6.05	Within 5 years from the date of sanction order	One year	8	3	0.50	0.04	0.54	A letter had been issued (27.09.12) to recover the dues.	
3	Co-operation	June 2012	1	2002-03	For construction of warehousing complexes and investment on share capital	6.94	Eight annual installments	One year	13.25	---	0.92	---	0.92	A letter had been issued (27.09.12) to recover the dues.	
4	Food and Civil Supplies	June 2012	1	2010-11	For purchase of gunny bags and revolving fund	1087.50	Within the financial year	---	8	---	2.37	---	2.37	A letter had been issued (27.09.12) to recover the dues.	As per the latest reply received (August 2012) from the LSD, recovery of ₹ 92.47 lakh has been made.
	Total:					1,112.74					4.17	0.12	4.29		

Appendix 8.1
(Referred to in Paragraph 8.6)

Sl. No.	Name of work	No. of works	Amount Spent (₹ in lakh)
A. Not in Approved list			
<i>DFO, Raipur</i>			
1	Tank deepening	49	129.69
2	Construction of Cattle Proof Wall	17	16.70
3	Soil and Water Conservation	148	393.28
4	Cleaning of Bamboo Clumps	02	3.60
Total		171	543.27
<i>DFO, Dhamtari</i>			
1	Lantana removal	39	68.54
2	Soil and Water conservation	47	126.72
3	Construction of Check dams	12	104.72
Total		98	299.98
<i>DFO, West Bhanupratappur</i>			
1	Construction of Check dams	03	14.87
2	Tank deepening	04	17.60
Total		07	32.47
<i>DFO, East Bhanupratappur</i>			
1	Construction of stairs, Check dams and ornamental plantations	01	44.61
Total		01	44.61
Total (A)		277	920.33
B. Not covered in immediate nature of work			
<i>DFO, Raipur</i>			
1	Stop dam construction and repairing	23	53.00
2	Tank repairing	04	10.00
3	Restructuring and repairing of Nurseries	06	16.17
4	Cattle proof trench repairing	01	1.30
Total		34	80.47
<i>DFO, West Bhanupratappur</i>			
1	Repairing of Check dams (<i>Nala</i>)	10	62.84
2	Tank Repairing	04	13.00
Total		14	75.84
Total (B)		48	156.31
Grand Total (A)+(B)		325	1,076.64

Appendix-8.2

(Referred to in paragraph 8.7)

Rates of Compensatory Afforestation

Year-wise rates of compensatory afforestation (including the inflation at the rate of 10 per cent for hike in wages)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
		29,725	32,698	35,968	39,565	43,522	47,874

10 per cent, 10 per cent and 05 per cent (Total 25 per cent) of project cost shall be placed separately for Contingent Expenditure, Entry Point Activities and R & D respectively.

Statement of short-realisation of cost of Compensatory Afforestation

Name of Project	Name of Division (diverted area)	Date of Diversion	Demand raised and realised for compensatory Afforestation		Realisable amount ¹ (₹)			Less realisation (₹)
			Amount (₹)	Date of Deposit	Amount	25%	Total	
Udnapur Reservoir Project	Koriya (41.90 ha)	20.02.2006	41,10,306	Mar 06	36,47,144	9,11,786	45,58,930	4,48,624
Ragta Reservoir Project	Koriya (3.82 ha)	15.09.2005	3,40,668	Jun 05	3,32,508	83,127	4,15,635	74,967
Bindhyachal Korba 400 KV Transmission line	Koriya (324.432 ha)	19.03.2006	2,89,97,768	Jan 06	2,83,03,227 ²	70,75,807	3,53,79,034	63,81,266
Total			3,34,48,742		3,22,82,879	80,70,720	4,03,53,599	69,04,857
Kotmikala to Manendragarh 132 KV transmission line	Koriya (6.465 ha)	01.09.2008	6,34,204	Mar 08	6,80,907	1,70,227	8,51,134	2,16,930
	Manendragarh (23.984 ha)		23,52,782		25,26,043	6,31,511	31,57,554	8,04,772
	Marwahi (20.374 ha)		20,10,896		21,45,830	5,36,463	26,82,314	6,71,418
Total			49,97,882		53,52,780	13,38,201	66,91,002	16,93,120
Grand Total			3,84,46,624		3,76,35,659	94,08,914	4,70,44,573	85,97,949

¹ The amount is to be recovered from User Agency to the extent of double degraded forest land of the diverted area.

² The amount is to be calculated on 650.32 Ha.

Appendix-8.3

(Referred to in paragraph 8.8.1)

For Eng. Forest Department.....कोकर.....Division.....
 Voucher KK/214 Date 26/3/11
 Head of service र.क.ए. व.क.निकी.कां.स. रोपण. र.ए.॥. २.ब.रो.स.जी. रकबा. 50.00 के.के. अंतर्गत - एम. कोकर - नेक डम नि.क

PARTICULARS	Amounts	
	Rs.	P.
मुगलान किया गया 211 करवराय 310 211		
खुशराम (B) एवं अन्य येकाज सपका में 5 शक्ति मजदूर उमर- जीविका का आवक उच्च तकनीकी कोल रोपण - कोकरजी R.P. ॥ कुल रकबा 305.247 में से - अग्रिम रकबा 150 के से अंतर्गत मुदा एवं तब येरक्षण कार्य के तब एम.कोकर नेक डम की निर्माण कार्य निम्नानुसार किया गया	36456.00	
1. शेष से एम कोकर रकबा निर कर सर कोकर कार्य सपका तक परिवर्तन कर लागू करा		
2. शेष में बाका की बाद के अनुसार एम कोकर - नेक डम की निर्माण कराया गया। यदि शेष में अंतर्गत की रही मुक्ति कराव तब वर्क की पानी को रोका जा लके।		
कार्य अवधि दिनांक 0.3.11 से 14.3.11		
मुगलान निम्नानुसार किया गया		
एम कोकर - नेक / 250 मा - 278.500 @ 1 मा. R. डम निर्माण	Rs. 36455.65	
कुल मुगलान मुदे प्राप्ति किया	36456.00	
कां.स. में बाका करवाका तब R. K. Kankar R. K. Kankar		
मुगलान किया गया 211 करवराय 310 211		
खुशराम (B) एवं अन्य येकाज सपका में 5 शक्ति मजदूर उमर- जीविका का आवक उच्च तकनीकी कोल रोपण - कोकरजी R.P. ॥ कुल रकबा 305.247 में से - अग्रिम रकबा 150 के से अंतर्गत मुदा एवं तब येरक्षण कार्य के तब एम.कोकर नेक डम की निर्माण कार्य निम्नानुसार किया गया		
1. शेष से एम कोकर रकबा निर कर सर कोकर कार्य सपका तक परिवर्तन कर लागू करा		
2. शेष में बाका की बाद के अनुसार एम कोकर - नेक डम की निर्माण कराया गया। यदि शेष में अंतर्गत की रही मुक्ति कराव तब वर्क की पानी को रोका जा लके।		
कार्य अवधि दिनांक 0.3.11 से 14.3.11		
मुगलान निम्नानुसार किया गया		
एम कोकर - नेक / 250 मा - 278.500 @ 1 मा. R. डम निर्माण	Rs. 36455.65	
कुल मुगलान मुदे प्राप्ति किया	36456.00	
कां.स. में बाका करवाका तब R. K. Kankar R. K. Kankar		
मुगलान किया गया 211 करवराय 310 211		
खुशराम (B) एवं अन्य येकाज सपका में 5 शक्ति मजदूर उमर- जीविका का आवक उच्च तकनीकी कोल रोपण - कोकरजी R.P. ॥ कुल रकबा 305.247 में से - अग्रिम रकबा 150 के से अंतर्गत मुदा एवं तब येरक्षण कार्य के तब एम.कोकर नेक डम की निर्माण कार्य निम्नानुसार किया गया		
1. शेष से एम कोकर रकबा निर कर सर कोकर कार्य सपका तक परिवर्तन कर लागू करा		
2. शेष में बाका की बाद के अनुसार एम कोकर - नेक डम की निर्माण कराया गया। यदि शेष में अंतर्गत की रही मुक्ति कराव तब वर्क की पानी को रोका जा लके।		
कार्य अवधि दिनांक 0.3.11 से 14.3.11		
मुगलान निम्नानुसार किया गया		
एम कोकर - नेक / 250 मा - 278.500 @ 1 मा. R. डम निर्माण	Rs. 36455.65	
कुल मुगलान मुदे प्राप्ति किया	36456.00	
कां.स. में बाका करवाका तब R. K. Kankar R. K. Kankar		

Certified that the measurements on which the entries in this bill are based were made by
R. A. Kankar (Name) Alcava Khand Singh (Rank)
 on 26/3/11 Date And recorded on page of Measurement Book No.
 Received the above amount of
 Rs. 36,456/- (B) Thirty Six Thousand four hundred
fifty six only. Counter Signed, [Signature]
 This amount of Rs. 36,456/- has been disbursed by me. [Signature]
 dated the 26/3/11
 Passed for Rs. 36456/- R. O. Kankar
THIRTY SIX THOUSAND FORTY FIVE SIX

Appendix-8.3 (Contd.)

(Referred to in paragraph 8.8.1)

कार्यरत मजदूरों की सूची

क्र.	मजदूर का नाम	ग्राम	राशि	हस्ताक्षर
1	2	3	4	5
1				
2	पद्मराज का पुत्रराज	गौश्वरी	121520	कमलराज
3	नारायण का पुत्रराज	---	121520	प्राण
4	वैष्णव का पुत्रराज	---	121520	विश्वनाथ
5	हरदया का पुत्रराज	---	121520	लक्ष्मी
6	श्यामसुंदर का पुत्रराज	---	121520	रम (म/म/म)
7	पद्मराज का पुत्रराज	---	121520	विश्व
8	नारायण का पुत्रराज	---	121520	नारायण
9	गोविंदराज का पुत्रराज	---	121520	नारायण
10	गोविंदराज का पुत्रराज	---	121520	नारायण
11	वैष्णव का पुत्रराज	---	121520	विश्वनाथ
12	लालसुंदर का पुत्रराज	---	121520	विश्वनाथ
13	नारायण का पुत्रराज	---	121520	विश्वनाथ
14	वैष्णव का पुत्रराज	---	121520	विश्वनाथ
15	नारायण का पुत्रराज	---	121520	विश्वनाथ
16	वैष्णव का पुत्रराज	---	121520	विश्वनाथ
17	नारायण का पुत्रराज	---	121520	विश्वनाथ
18	वैष्णव का पुत्रराज	---	121520	विश्वनाथ
19	नारायण का पुत्रराज	---	121520	विश्वनाथ
20	वैष्णव का पुत्रराज	---	121520	विश्वनाथ
21	नारायण का पुत्रराज	---	121520	विश्वनाथ
22	वैष्णव का पुत्रराज	---	121520	विश्वनाथ
23	नारायण का पुत्रराज	---	121520	विश्वनाथ
24	वैष्णव का पुत्रराज	---	121520	विश्वनाथ
25	नारायण का पुत्रराज	---	121520	विश्वनाथ
26	वैष्णव का पुत्रराज	---	121520	विश्वनाथ
27	नारायण का पुत्रराज	---	121520	विश्वनाथ
28	वैष्णव का पुत्रराज	---	121520	विश्वनाथ
29	नारायण का पुत्रराज	---	121520	विश्वनाथ
30	वैष्णव का पुत्रराज	---	121520	विश्वनाथ
			36456.00	विश्वनाथ

Appendix-8.3 (Contd.)

(Referred to in paragraph 8.8.1)

कार्यरत मजदूरों की सूची

क्र.	मजदूर का नाम	ग्राम	राशि	हस्ताक्षर
1	2	3	4	5
1	श. तिजल	डुमरा	1050.00	दीप शर्मा
2	पारसनाथ यादव	कोरवा	1050.00	अशोक शर्मा
3	अशोक यादव	कोरवा	1050.00	अशोक
4	रंजनाथ यादव	कोरवा	1050.00	अशोक
5	रंजनाथ यादव	कोरवा	1050.00	अशोक
6	रंजनाथ यादव	कोरवा	1050.00	अशोक
7	रंजनाथ यादव	कोरवा	1050.00	अशोक
8	रंजनाथ यादव	कोरवा	1050.00	अशोक
9	रंजनाथ यादव	कोरवा	1050.00	अशोक
10	रंजनाथ यादव	कोरवा	1050.00	अशोक
11	रंजनाथ यादव	कोरवा	1050.00	अशोक
12	रंजनाथ यादव	कोरवा	1050.00	अशोक
13	रंजनाथ यादव	कोरवा	1050.00	अशोक
14	रंजनाथ यादव	कोरवा	1050.00	अशोक
15	रंजनाथ यादव	कोरवा	1050.00	अशोक
16	रंजनाथ यादव	कोरवा	1050.00	अशोक
17	रंजनाथ यादव	कोरवा	1050.00	अशोक
18	रंजनाथ यादव	कोरवा	1050.00	अशोक
19	रंजनाथ यादव	कोरवा	1050.00	अशोक
20	रंजनाथ यादव	कोरवा	1050.00	अशोक
21	रंजनाथ यादव	कोरवा	1050.00	अशोक
22	रंजनाथ यादव	कोरवा	1050.00	अशोक
23	रंजनाथ यादव	कोरवा	1050.00	अशोक
24	रंजनाथ यादव	कोरवा	1050.00	अशोक
25	रंजनाथ यादव	कोरवा	1050.00	अशोक
26	रंजनाथ यादव	कोरवा	1050.00	अशोक
27	रंजनाथ यादव	कोरवा	1050.00	अशोक
28	रंजनाथ यादव	कोरवा	1050.00	अशोक
29	रंजनाथ यादव	कोरवा	1050.00	अशोक
30	रंजनाथ यादव	कोरवा	1050.00	अशोक
31	रंजनाथ यादव	कोरवा	1050.00	अशोक
32	रंजनाथ यादव	कोरवा	1050.00	अशोक
33	रंजनाथ यादव	कोरवा	1050.00	अशोक
34	रंजनाथ यादव	कोरवा	1050.00	अशोक
35	रंजनाथ यादव	कोरवा	1050.00	अशोक
36	रंजनाथ यादव	कोरवा	1050.00	अशोक
37	रंजनाथ यादव	कोरवा	1050.00	अशोक
38	रंजनाथ यादव	कोरवा	1050.00	अशोक
39	रंजनाथ यादव	कोरवा	1050.00	अशोक
40	रंजनाथ यादव	कोरवा	1050.00	अशोक
41	रंजनाथ यादव	कोरवा	1050.00	अशोक
42	रंजनाथ यादव	कोरवा	1050.00	अशोक
43	रंजनाथ यादव	कोरवा	1050.00	अशोक
44	रंजनाथ यादव	कोरवा	1050.00	अशोक
45	रंजनाथ यादव	कोरवा	1050.00	अशोक
46	रंजनाथ यादव	कोरवा	1050.00	अशोक
47	रंजनाथ यादव	कोरवा	1050.00	अशोक
48	रंजनाथ यादव	कोरवा	1050.00	अशोक
49	रंजनाथ यादव	कोरवा	1050.00	अशोक
50	रंजनाथ यादव	कोरवा	1050.00	अशोक

नगद भुगतान किया

अ.प.क.

R.D. Lakshmi

Appendix-8.4
(Referred to in paragraph 8.9.2)

Comp No.	Sal cover (ha)	Mixed Forest (ha)	Degraded Area (ha)	Blank Area (ha)	Plantation (ha)	Encroachment (ha)	River/ Nala (ha)	Not fit for work (ha)	Fit for work (ha)	Total (ha)
74	276.121	0	0	0	0	0	0	16.65	276.12	292.77
197	316.500	0	7.42	4.60	0	0	7.2	19.22	316.50	335.72
295	284.012	0	12.25	0	0	0	15.25	27.50	284.01	311.51
300	293.950	0	11.25	0	0	0	4.22	15.48	293.95	309.43
Total	1170.583	0	30.92	4.60	0	0	26.67	78.85	1170.58	1249.43

Compt. No.	Area taken for bamboo plantation (ha)	Number of Bamboo Planted (ha)	Allotment (for 1 st & 2 nd Year)	Expenditure (for 1 st & 2 nd Year)
74	25	10000	292000	375663
197	50	20000	584000	571450
295	75	30000	876000	693047
300	50	20000	584000	606770
Total	200	80000	2336000	2246930

Selection of coupe was 4 out of 5.

Detailed work-out of 4 coupes:

1. Area available in 4 coupes (degraded +Blank)=35.52 Hectare
 2. Area taken for plantation (Bamboo)-200 ha i.e. excess 164.48 ha taken (200-35.52)
 3. Total expenditure for 1st & 2nd year ₹ 2246930/- for 200 ha
 4. Per ha expenditure ₹ 11,234/- (₹ 2246930 / 200 ha)
 5. Excess expenditure for area not available for plantation 164.48 ha but plantation done @ ₹ 11234 per ha =₹ 18,47,768.
 6. Bamboo plantation 80000 in 200 ha is 400 per ha. excess plantation show 400x164.48 ha=65792 plants
- Thus expenditure of ₹ 18,47,768 over the bamboo plantation is doubtful.**