

CHAPTER - V

OTHER TAX RECEIPTS

EXECUTIVE SUMMARY

What we have highlighted in this Chapter	<p>In this Chapter we present few illustrative cases of ₹ 138.74 crore selected from observations noticed during our test-check of records relating to non/short levy, non/short realisation etc., where we found that the provisions of the Acts/Rules /Government notifications were not observed.</p> <p>It is a matter of concern that similar omissions had been pointed out by us repeatedly in the Audit Reports in the past years, but the departments did not take corrective action till we pointed out in audit.</p>
Increase in tax collection	<p>Though there was increasing trend in the collection of tax revenue over the previous years, the contribution of receipts from land revenue in the total tax receipts of the State ranged from 1.33 <i>per cent</i> to 1.65 <i>per cent</i> during 2007-08 to 2011-12. Further, the receipts from Stamps and Registration Fees increased from ₹ 654.15 crore in 2007-08 to ₹ 1,480.07 crore in 2011-12, however, there was shortfall in collection when compared with the budget estimates during the period 2010-11 and 2011-12.</p>
Very low recovery by the Department in respect of observations pointed out by us in earlier years	<p>During the period from 2008-09 to 2010-11, we had pointed out non/short levy, non/short realisation, loss of revenue etc., with revenue implication of ₹ 180.19 crore in 589 cases in respect of Land Revenue. Of these, the Department/Government had accepted audit observations in 426 cases involving ₹ 102.87 crore and had since recovered ₹ 13.80 lakh. This negligible recovery of ₹ 13.80 lakh (0.13 <i>per cent</i>) against accepted cases involving ₹ 102.87 crore indicates lack of promptness on the part of the Government/Department in recovering the Government dues.</p> <p>During the period from 2008-09 to 2010-11, we have pointed out through our inspection reports, non/short levy, non/short realisation, blocking of Government revenue etc., with revenue implication of ₹ 43.32 crore in 211 cases in respect of Stamps and Registration Fees. The Department/Government had accepted audit observations in 195 cases involving ₹ 37.81 crore which also include the cases pointed out by us during earlier years and had since recovered ₹ 1.64 lakh. This negligible recovery of ₹ 1.64 lakh (0.04 <i>per cent</i>) against the accepted cases involving ₹ 37.81 crore indicates lack of promptness on the part of the Government/Department in realising the Government dues.</p>
Results of audit conducted of the units for the year 2011-12	<p>In the course of audit of the records of 29 units relating to Land Revenue for the year 2011-12, we found non/short realisation, loss of revenue and other irregularities involving ₹ 144.14 crore in 140 cases, whereas in case of 33 audited entities relating to Stamps and Registration Fees, we found non/short realisation, loss of revenue and other irregularities involving ₹ 8.85 crore in 120 cases.</p>
Our conclusion	<p>The concerned departments need to improve the internal control system so that weaknesses in the system are addressed and omissions detected by us are avoided in future.</p> <p>It also needs to take appropriate steps to recover the amount involved, at least in the accepted cases.</p>

CHAPTER-V: OTHER TAX RECEIPTS

A: LAND REVENUE

5.1.1 Tax administration

The levy and collection of Land Revenue is governed under the Acts and Rules¹ and administered by the Revenue and Land Reforms Department in the State. At the apex level the Principal Secretary-cum-Commissioner is the administrative head and assisted by Divisional Commissioners, Collectors, Additional Collectors, Deputy Collectors and Circle Officers in the field. The circle offices are the primary units which are responsible for levy and collection of land revenue.

5.1.2 Trend of receipts

The variation between budget estimates and actual receipts from Land Revenue during the period 2007-08 to 2011-12 along with the total tax receipts during the same period is mentioned below:

(₹ in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)/shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts (col.-3) vis-à-vis total tax receipts (col.-6)
1	2	3	4	5	6	7
2007-08	74.67	82.10	(+) 7.43	(+) 9.95	5,085.53	1.61
2008-09	74.72	101.74	(+) 27.02	(+) 36.16	6,172.74	1.65
2009-10	76.22	123.96	(+) 47.74	(+) 62.63	8,089.67	1.53
2010-11	112.17	139.02	(+) 26.85	(+) 23.94	9,869.85	1.41
2011-12	125.20	167.49	(+) 42.29	(+) 33.78	12,612.10	1.33

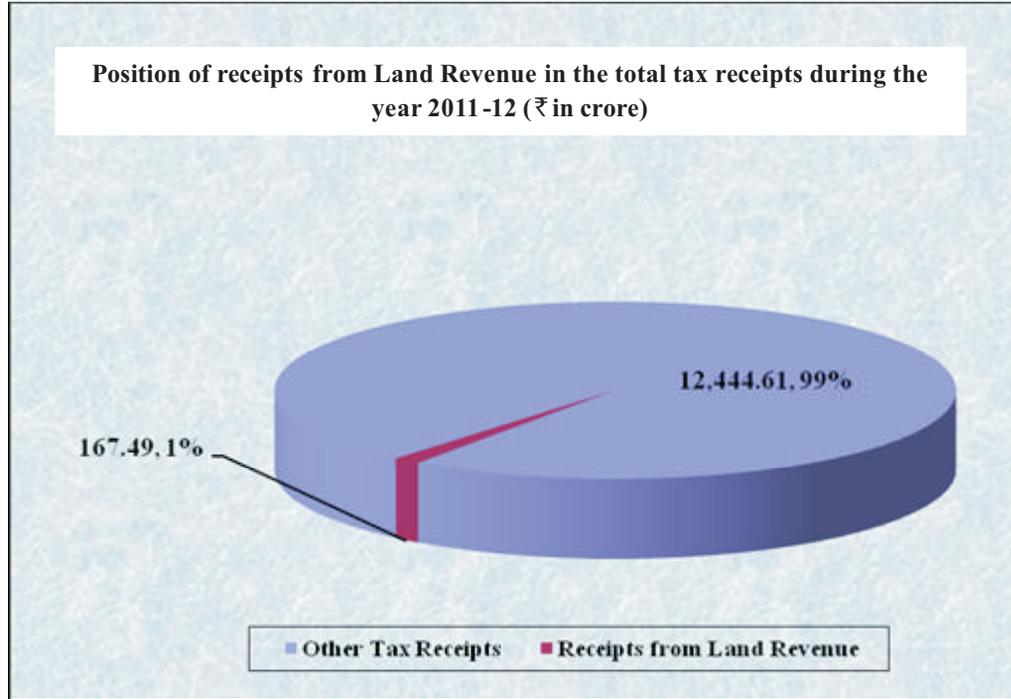
(Source: Revenue and Capital Receipt, (Detail): Finance Accounts, Government of Bihar)

The above table indicates that the contribution of receipts from Land Revenue in the total tax receipts of the State was ranged from 1.33 *per cent* to 1.65 *per cent* during 2007-08 to 2011-12. The collection of land revenue had gradually increased by more than 100 *per cent* from ₹ 82.10 crore in 2007-08 to ₹ 167.49 crore in 2011-12. The budget estimates had also been continuously less than the actual collection in last five financial years.

The Government/Department needs to take appropriate measures to enhance the contribution of receipts from land revenue in the total tax receipts of the State.

The following pie chart depicts the contribution of receipt from Land Revenue to the total tax receipts (₹ 12,612.10 crore) of the State during 2011-12.

¹ The Bihar Tenancy Act, 1908; Bihar Public Land Encroachment Act, 1956; Bihar Government Estate (*Khas Mahal*) Manual, 1953.



5.1.3 Impact of audit

Revenue impact

During the period from 2008-09 to 2010-11, we have pointed out through our inspection reports, non/short levy, non/short realisation, loss of revenue etc., with revenue implication of ₹ 180.19 crore in 589 cases. The Department/Government had accepted audit observations in 426 cases involving ₹ 102.87 crore which also include the cases pointed out by us during earlier years and had since recovered ₹ 13.80 lakh in seven cases. The details are shown in the following table:

Year	No. of units audited	Pointed out		Accepted		Recovered	
		No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in lakh)
2008-09	59	145	83.08	140	57.37	Nil	Nil
2009-10	61	319	47.85	285	45.50	7	13.80
2010-11	46	125	49.26	01	0.0032	Nil	Nil
Total	166	589	180.19	426	102.87	7	13.80

This negligible recovery of ₹ 13.80 lakh (0.13 per cent) against the accepted cases involving ₹ 102.87 crore indicates lack of promptness on the part of the Government/Department in realising the Government dues.

We recommend that the Government may take appropriate steps to recover the amounts involved, at least in the accepted cases.

B: STAMPS AND REGISTRATION FEES

5.2.1 Tax administration

The levy and collection of Stamps and Registration Fees in the State is governed by the provisions of the Indian Stamp Act, 1899; the Registration Act, 1908; the Bihar Stamp Rules, 1991 and the Bihar Stamp (Prevention of Under-valuation of Instruments) Rules, 1995. It is administered by the Registration, Excise and Prohibition (Registration) Department headed by the Inspector General, Registration (IGR). The Department functions under the administrative control of the Secretary of the Registration Department who is the chief revenue controlling authority. The IGR is assisted by a Joint Secretary, two Deputy Inspector Generals (DIGs) and four Assistant Inspector Generals (AIGs) at the Headquarters' level. Further, there are nine Inspectors of Registration Office (IROs) at the divisional level. Thirty eight District Registrars (DRs), 38 District Sub Registrars (DSRs) and Sub Registrars (SRs) at the district/primary units are responsible for levy and collection of Stamps and Registration Fees.

5.2.2 Trend of receipts

The variation between budget estimates and actual receipts from Stamps and Registration Fees during the period 2007-08 to 2011-12 along with the total tax receipts during the same period is mentioned below:

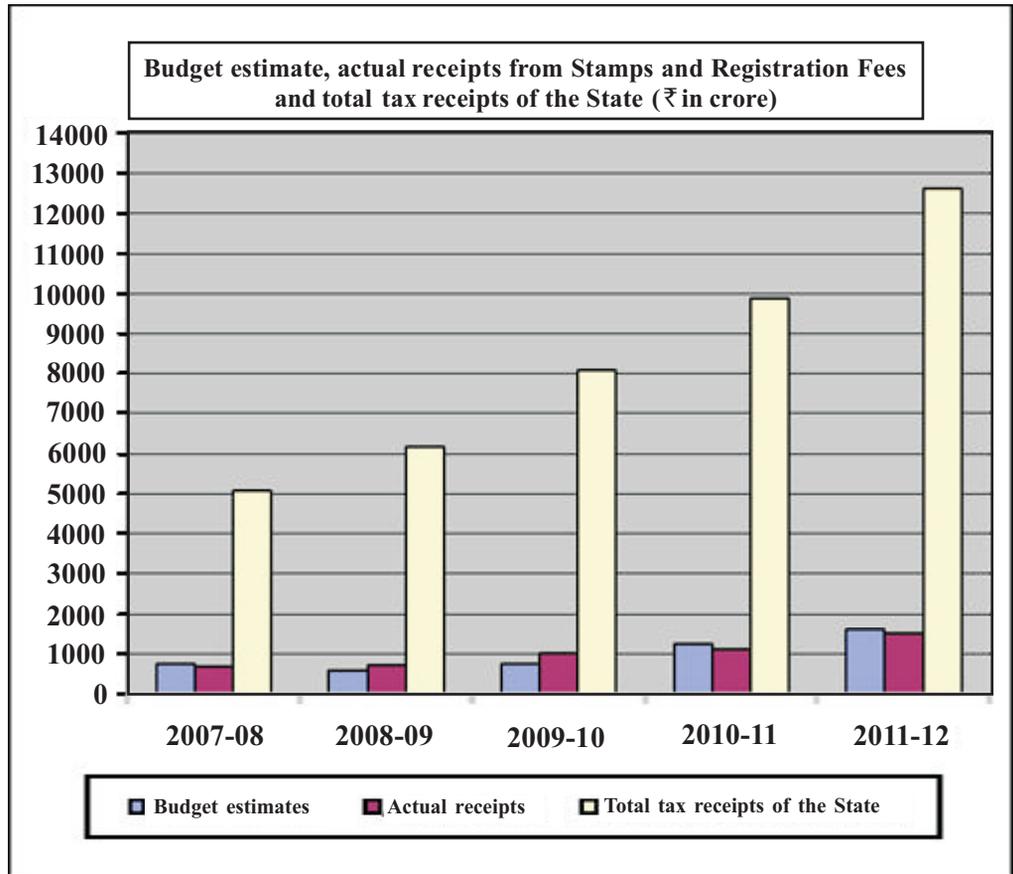
(₹ in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts (col.-3) vis-à-vis total tax receipts (col.-6)
1	2	3	4	5	6	7
2007-08	720.00	654.15	(-) 65.85	(-) 9.15	5,085.53	12.86
2008-09	581.02	716.19	(+) 135.17	(+) 23.26	6,172.74	11.60
2009-10	750.00	997.90	(+)247.90	(+) 33.05	8,089.67	12.34
2010-11	1,215.00	1,098.68	(-)116.32	(-) 9.57	9,869.85	11.13
2011-12	1,600.00	1,480.07	(-)119.93	(-) 7.50	12,612.10	11.74

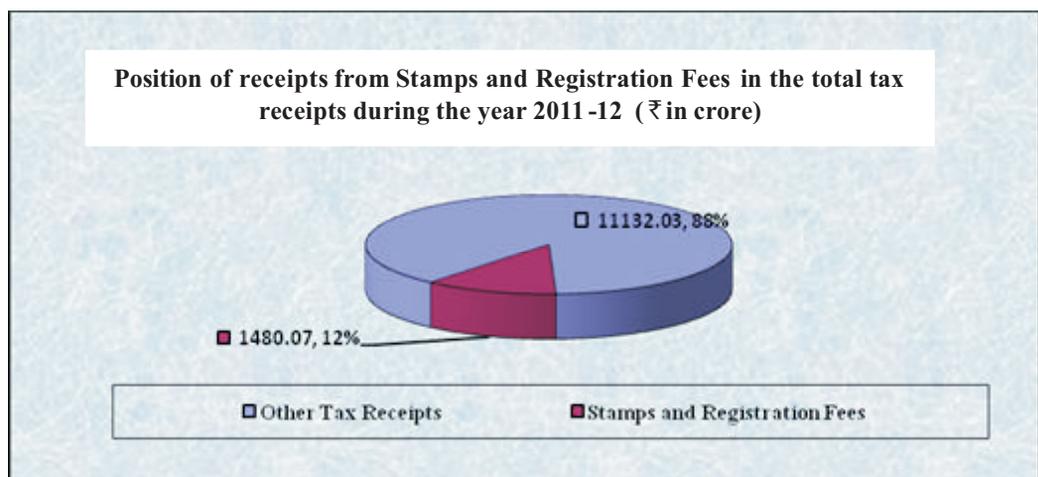
(Source: Revenue and Capital Receipt,(Detail): Finance Accounts, Government of Bihar)

The above table indicates that the receipts from Stamps and Registration Fees increased from ₹ 654.15 crore in 2007-08 to ₹ 1,480.07 crore in 2011-12. However, there was shortfall in collection when compared with the budget estimates during the period 2010-11 and 2011-12. Further, percentage of actual receipts from Stamps and Registration Fees to total tax receipts is showing a downward trend from the year 2009-10, though increased in 2011-12 from the previous year (2010-11).

The trend of actual receipts vis-à-vis the estimated receipts of Stamps and Registration Fees and total tax receipts are given in the following bar diagram:



The following pie chart depicts the contribution of receipt from Stamps and Registration Fees to the total tax receipts (₹ 12,612.10 crore) of the State during 2011-12:



5.2.3 Cost of collection

The gross collection under Stamps and Registration Fees, expenditure incurred on its collection and the percentage of such expenditure to gross collection during the years 2007-08 to 2011-12 along with the all-India average percentage of cost of collection for previous years are mentioned in the following table:

(₹ in crore)

Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All- India average percentage for the previous year
2007-08	654.15	34.03	5.20	2.33
2008-09	716.19	37.68	5.26	2.09
2009-10	997.90	45.90	4.60	2.77
2010-11	1,098.68	46.58	4.24	2.47
2011-12	1,480.07	43.10	2.91	1.60

The above table indicates that during the year 2007-08 to 2011-12, the percentage of expenditure on collection in respect of Stamps and Registration Fees was higher than the all-India average percentage for the previous year.

The Government needs to take appropriate measures to keep the percentage of expenditure on collection below the all-India average percentage in the coming years.

5.2.4 Impact of audit

Revenue impact

During the period from 2008-09 to 2010-11, we have pointed out, through our inspection reports, non/short levy, non/short realisation, loss of revenue etc., with revenue implication of ₹ 43.32 crore in 211 cases. The Department/Government had accepted audit observations in 195 cases involving ₹ 37.81 crore which also include the cases pointed out by us during earlier years and had since recovered ₹ 1.64 lakh. The details are shown in the following table:

Year	No. of units audited	Pointed out		Accepted		Recovered	
		No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in lakh)
2008-09	39	81	33.42	95	31.69	Nil	Nil
2009-10	31	92	6.88	86	5.33	2	1.64
2010-11	30	38	3.02	14	0.79	Nil	Nil
Total	100	211	43.32	195	37.81	2	1.64

This negligible recovery of ₹ 1.64 lakh (0.04 per cent) against the accepted cases involving ₹ 37.81 crore indicates lack of promptness on the part of the Government/Department in realising the Government dues.

We recommend that the Government may take appropriate steps to recover the amounts involved, at least in the accepted cases.

5.3 Results of audit

During the year 2011-12, audit of records of the Land Revenue and Stamps and Registration Fees revealed non/short realisation, loss of revenue and other irregularities involving ₹ 152.99 crore in 260 cases which fall under the following categories:

(₹ in crore)			
Sl. No.	Categories	No. of cases	Amount
A: Land Revenue			
1.	Non-execution of fresh lease due to violation of terms and conditions or change in purpose of lease	2	130.93
2.	Loss due to non-settlement of <i>sairats/G.M Khas</i> land	27	3.21
3.	Non-eviction/settlement of encroached public land	2	4.53
4.	Non-realisation of revenue due to non-renewal of lease	1	0.43
5.	Short realisation of reservation fee	1	1.15
6.	Blockage of Government revenue due to non-disposal of certificate cases	2	0.28
7.	Other cases	105	3.61
Total		140	144.14
B: Stamps and Registration Fees			
1.	Blocking of Government revenue due to non-disposal of referred cases	26	4.41
2.	Blocking of Government revenue due to non-disposal of impounded cases	9	0.22
3.	Non-realisation of Government revenue from finalised referred cases	11	1.49
4.	Other cases	74	2.73
Total		120	8.85
Grand total		260	152.99

(A) During the year 2011-12, the Revenue and Land Reforms Department accepted underassessment and other deficiencies *etc.* involving ₹ 5.81 crore in 45 cases, out of which 10 cases involving ₹ 0.05 crore were pointed out during the course of the year and the rest during the earlier years. The Department reported recovery of ₹ 5,000 in one case pointed out in the year 2010-11.

(B) During the year 2011-12, the Registration, Excise and Prohibition (Registration) Department accepted underassessment and other deficiencies *etc.* involving ₹ 13.90 crore in 67 cases, out of which 23 cases involving ₹ 1.15 crore were pointed out during the course of the year and the rest during the earlier years.

A few illustrative cases involving tax effect of ₹ 138.74 crore are mentioned in the following paragraphs.

5.4 Non-compliance of the provisions of the Acts/Rules

Our scrutiny of the records of the offices of the Additional/Deputy collectors, Land Revenue and District Sub Registrar/Sub Registrar revealed several cases of non-compliance of the provisions of the Act/Rules and departmental orders as mentioned in the following paragraphs. These cases are illustrative and are based on test-checks carried out by us. Such omissions on the part of the departmental officers are pointed out by us each year, but not only do the irregularities persist; these remain undetected till an audit is conducted. There is need for the Government to improve the internal control system and internal audit.

A: LAND REVENUE

5.5 Non- eviction/settlement of encroached public land

Under Section 3 and 6 of the Bihar Public Land Encroachment Act 1956, if a person has encroached upon any public land, he may be evicted or the land may be settled with such person, on payment of rent and damage for the use of such land as per rules laid down in Bihar Government Estate (*Khas Mahal*) Manual, 1953. Further, in accordance with new *Khas Mahal* Policy 2011, such lessees are required to take fresh lease and the lease period shall be of 30 years. The lessees shall also be liable to pay the *salami* equivalent to current market value of land in addition to annual rent of 2 and 5 *per cent* of *salami* for residential and commercial use of the land respectively. In case of discontinuance/non-payment of annual rent of lease, the lessee shall be liable to pay double of the previous annual rent along with interest thereon at the rate of 10 *per cent* per annum for the period of default.

- We observed in June 2012 from the physical verification report and relevant files of unauthorised occupation/ encroachment of public/*Khas Mahal* land in the office of the Additional Collector (AC), Patna that the AC, Patna had issued letters for cancellation of leases against six lessees during the period from 1997-98 to 2005-06 for breach of conditions as mentioned in the respective leases such as change in the purposes like agricultural to residential, residential to commercial or transferred the right through selling to the present occupiers as per physical verification report of the Collector, Patna (2006-08) under intimation to the Commissioner, Patna/Revenue and Land Reforms

Department, Bihar. The Department also issued (2000-01 to 2009-10) letters of cancellation of leases to all the lessees giving direction to the AC, Patna to take action against the defaulter lessees in accordance with the provisions of Acts/Rules. Despite the clear instructions of the Government, neither the lessees in default could be evicted from the *Khas Mahal* land nor the lands were resettled with the lessees till the date of audit (June 2012). Thus, the failure of the Department to evict the encroachers and resettle the land resulted

in non-realisation of *salami*² and rent to the tune of ₹ 2.47 crore. Besides, penal rent and interest is also leviable.

- In the office of the DCLR (East), Muzaffarpur, we observed from physical verification report of DCLR in July 2012 that a piece of *Khas Mahal* land measuring 2.1435 hectare was enrolled in Revisional Survey *Khatiyani* (1962-63) as a place of rest house for the employees of District Board, Muzaffarpur. Out of the aforesaid land, a multi-storeyed Minakshi Hotel was constructed on 43.16 decimal of land unauthorisedly seven years back without obtaining prior permission of the Divisional Commissioner, Muzaffarpur or without making any agreement with the appropriate district authorities for commercial use of that *Khas Mahal* land.

After we pointed this out in audit, the DCLR (East), Muzaffarpur stated (September 2012) that permission for construction of hotel was not given by this office and a notice was being issued to the District Board as well as to the owner of Minakshi Hotel.

Thus, the Department failed to stop the unauthorised construction of hotel on the *Khas Mahal* land which resulted in non-realisation of *salami* and rent of ₹ 2.06³ crore due to non-execution of proper lease.

We observed from register of encroachment and case files in the office of the DCLR, Patna in February 2012 that four persons had constructed *pakka* houses on 41.97 decimals of public land (*Gairmajarua*⁴ *Aam* land) in Lohanipur area of Patna Sadar Anchal during the year 2005-06 to 2007-08. In two cases the DCLR Court had ordered (January 2006) for eviction and in other cases only notices for eviction were issued (January 2008). Neither the public land could be freed from the encroachers nor any action taken was found on record (February 2012).

The matter was reported to the Government/Department in October 2012; their reply has not been received (January 2013).

² *Salami* denotes current market value of the land.

³ Calculated on the basis of the market value of land at the rate of ₹ 4,54,300 per decimal for the period 2011-12 - *Salami* : ₹ 1,96,07,588 + Rent at the rate of 5 per cent of *salami*: ₹ 9,80,380 (Total ₹ 2,05,87,968).

⁴ *Gairmajarua* land means uncultivable land which is under the direct control of the Government.

5.6 Management of *Khas Mahal* land under New Policy, 2011

5.6.1 Non-execution of fresh lease due to violation of terms and conditions or change in purpose of lease

With the enactment of New *Khas Mahal* Policy, 2011 in Bihar, if a lessee of *Khas Mahal* land fails to renew the lease and discontinue the payment of annual rent for the lease under clause 2(a) of the said policy or violates the terms and conditions of the lease or deviates the purpose of the lease under clause 5(a), he shall be presumed as trespasser and the Government shall give him an offer to make a fresh lease within a stipulated period of 90 days on new terms and conditions with an evidence of notice served to him. Further, the period of fresh lease shall be of 30 years and the lessee shall be liable to pay the *salami* equivalent to the current market value of land in addition to annual rent of 2 and 5 *per cent* of *salami* for residential and commercial use of the land respectively. In case of discontinuance/non-payment of annual rent of lease, the lessee shall be liable to pay double of old annual rent along with interest thereon at the rate of 10 *per cent* per annum for the period of default.

We observed from the case records of leases relating to *Khas Mahal* lands in two districts (Patna and Muzaffarpur), in June and July 2012 that 21 lessees whose lease deeds were executed during 1935-36 and onwards had either violated the terms and conditions or changed the purposes of lease, such as agriculture to residential or residential to commercial or had sold the lands without obtaining the proper permission of the competent authority or non-payment of annual rent etc. since long (February 1981). In all these cases the Department did not cancel the leases followed by fresh leases though they had violated the conditions of lease which resulted in non-realisation of *Salami* and rent of ₹ 130.93 crore. Besides, penal rent and interest is also leviable. Thus, failure on the part of the Department to review the concerned records periodically

and to take action for execution of fresh lease indicates that there was lack of internal monitoring control mechanism to guard against violation of the terms and conditions of leases.

After we pointed this out in audit, the AC, Patna stated (June 2012) that after proper verification, action taken would be reported to the audit while AC, Muzaffarpur (July 2012) stated that direction was being issued to DCLR (East), Muzaffarpur for taking proper action. The action taken report is still awaited (January 2013)

5.6.2 Non-realisation of revenue due to non-renewal of *Khas Mahal* leases

In accordance with clause 1(a) of New *Khas Mahal* Policy 2011, if a non-residential and non-commercial lessee has not violated any term and condition of the lease, he shall be liable to pay *salami* equivalent to 5 *per cent* of the current market value of the land and the annual rent be enhanced to 0.5 *per cent* of the current market value of land at the time of renewal at every thirty years.

We observed from application register and files for renewal of leases maintained in the office of the AC, Patna, in June 2012 that three cases of renewal of lease were pending till the date of audit. The applications were pending since two to seven years, which had a revenue effect of ₹ 43.24 lakh. This shows

lack of promptness in finalisation of cases by the AC, Patna.

The matter was reported to the Government/Department in October 2012; their reply has not been received (January 2013).

5.7 Management of *Sairats*

5.7.1 Loss of revenue due to non-settlement of *sairat*⁵

Under circular no. 9/sai/7/4-7/2001/668 (a) dated 1 August 2002, advertisement for settlement of *sairat* should be published in local newspaper after fixation of the date of auction. If no bidder appears for auction, then similar procedure for auction should be called for three occasions and the matter should be intimated to higher authority for seeking the guidelines and approval for settlement of *sairat*. The order of settlement should be issued accordingly.

Further, as per circular no. 2/ra/ dated 8 January 1982 of the Revenue Department, Government of Bihar, the Reserve deposit shall be assessed every third year in which 15 *per cent* shall be increased on last year Reserve deposit or settlement amount, whichever is higher.

We observed from files/records of *sairat* maintained in the office of the AC, Patna in June 2012 that one *sairat* located behind Mona cinema for cycle/scooter/other four wheelers stand bearing plot no 1132, *khesra* no. 975, 997 which falls under the jurisdiction of Circle office, Patna Sadar remained unsettled for 15 years (i.e 1996-1997 to 2011-12). The *sairat* was auctioned for ₹ 1.04 lakh in 1995-96, out of which ₹ 72,700 only was realised. Further, it was also observed that this *sairat* was discontinued (from

1996-97) from the *sairat* register without approval of higher authority and at the same time the *sairat* register was never reviewed by the officials to know the reason for discontinuance of this *sairat*. However, a sum of ₹ 74,725 only was realised departmentally during the period between 2009-10 and 2011-12

⁵ *Sairat* means the income derived by leasing out fisheries, hats, Melas, Toddy Mahals and ferry rights etc.

without calling auction and without approval of higher authority. Thus, the Government suffered a loss of ₹ 23.74 lakh due to non-settlement of *sairat* through auction which was calculated on the basis of Reserve deposit applicable as per circular of January 1982.

5.7.2 Short realisation of reservation fee of Gandhi Maidan

As per direction issued by the Department vide letter No. 363(9) dated 11 June 2008, a sum of ₹10,000 is to be charged (whole part) per day and ₹ 5,000 per day (partial part) for organising any religious activities like prayer, *Namaj*, yoga etc. and a sum of ₹ 2 per square feet is to be charged for reservation for non-commercial activities for reservation of Gandhi Maidan, Patna. Further, ₹ 0.05 per square feet is also to be charged for cleaning the ground space.

We observed in office of the AC, Patna from the files relating to reservation of Gandhi Maidan, Patna in June 2012 that the Principal Secretary, Human Resources Development (HRD) Department, Government of Bihar made requisitions to the Collector, Patna for reservation of Gandhi Maidan for organising non-commercial activities (five events) like *Siksha Diwas*, *Bihar Diwas*, *Pustak Mela* etc. during the year 2010-11 and 2011-12. The Collector, Patna issued notices of demand (between February 2011 and May 2012) for payment of

reservation fees at prescribed rates, against which the HRD Department paid reservation charges of ₹ 5.41 lakh (in October 2011) for only one event whereas reservation charges of ₹ 1.15 crore for remaining events were still to be realised (June 2012).

The matter was reported to the Government/Department in October 2012; their reply has not been received (January 2013).

5.7.3 Short realisation of bid amount of *sairat*

As per provisions laid down in Bihar Estate (*Khas Mahal*) Manual, 1953, 50 per cent of bid amount of *sairat* should be realised at the time of settlement and another 50 per cent should be realised prior to two months from the end of the *sairat* period. If the settlee fails to do so, the action should be taken for cancellation of *sairat* and a fresh tender may be initiated through the open bid.

We observed in July 2012 from the records relating to *sairat* for *hat/bazaars* and *ghats* maintained in the office of the AC, Muzaffarpur for the periods 2010-11 and 2011-12 that 41 *sairats* were settled for ₹ 76.29 lakh and a sum of ₹ 50.02 lakh collected during the aforesaid years. Out of which 26 settlees paid partial bid amount of ₹ 26.63 lakh as against ₹ 52.90 lakh. No efforts were taken for realisation of balance amount from settlees before the expiration of *sairats*. This resulted in short realisation of bid

amount of *sairats* of ₹ 26.27 lakh. The consolidated *sairat* register was also not found maintained.

After we pointed this out in Audit, AC, Muzaffarpur accepted (September 2012) the facts and stated that a sum of ₹ 34,200 had been realised and further demands against 12 lessees had been raised in September 2012. We await the recovery in cases where demands were raised and further development in remaining cases (January 2013).

5.8 Non-realisation of license fee

In accordance with Rule 29 of Bihar Government Estate (*Khas Mahal*) Manual, 1953, shops should be allowed in *Kachahari* compound only to the extent required for the sale of articles which are likely to be required by persons attending the courts, such as refreshment, betel, tobacco and material for writing. District officers should invite application for licenses for these shops in the manner they think proper. The license should be limited to one year and should not be transferable.

We observed from records and register of license fee for the shops in *Kachahari* compounds maintained in the office of DCLR (East), Muzaffarpur, in July 2012 that the shops in and around *Kachahari* compound of this district were running without renewal of license and also without paying of license fee since 1979-80 in contravention of terms and conditions as prescribed in Appendix A (8) of Bihar Estate (*Khas Mahal*) manual 1953. No efforts were taken by the Department to realise the outstanding license fee from the defaulter shop owners and to renew

the licenses of the shops. This resulted in non-realisation of license fee of ₹ 52.69 lakh.

After we pointed this out in Audit, AC, Muzaffarpur stated (July 2012) that appropriate direction was being issued to DCLR (East), Muzaffarpur for proper action.

The matter was reported to the Government/Department in October 2012; their reply has not been received (January 2013).

B: STAMPS AND REGISTRATION FEES

5.9 Blocking of Government revenue due to non-disposal of referred cases

Under Section 47(A) of Indian Stamp Act, 1899, (IS Act) where the registering authority has reason to believe that the market value of the property has not been rightly set forth in the instrument, he may refer the same to the Collector for determining its market value. Further, the Commissioner-cum-Secretary and Inspector General of Registration Department, Government of Bihar instructed on 20 May 2006 all Collectors to transfer the cases referred under Section 47(A) to the Inspector of Registration Offices (IRO) concerned for speedy disposal within 90 days.

During scrutiny of the register of referred cases and information made available by the registering authority (District Sub Registrar, Bhojpur) between December 2011 and July 2012, we observed that 27 cases were referred to the IRO, Patna for determination of market value of property under Section 47(A) during the period 2010-11 and 2011-12. Further, we observed that out of these referred cases, 11 cases referred between June 2010 and July 2011 involving ₹ 21.49 lakh were still pending for disposal.

After we pointed this out, the DSR, Bhojpur stated in January 2012 that IRO would be requested for early disposal of pending cases, while IRO, Patna stated in July 2012 that due to shortage of staff and other infrastructural facilities, the referred cases could not be disposed off in time. However, the contention of the Department is not acceptable in view of the norm for disposal of referred cases being within 90 days.

Thus, non-disposal of referred cases resulted in blocking of Government revenue of ₹ 21.49 lakh.

The matter was reported to the Government/Department in October 2012; their reply has not been received (January 2013).

5.10 Non - realisation of Government revenue from finalised referred cases

Section 48 of the IS Act provides that all duties, penalties and other sums required to be paid under the Act may be recovered by the Collector by distress and sale of the movable property of the person from whom the same are due, or by any other process for the time being in force for recovery of arrears of land revenue.

Further, the Secretary-cum-Inspector General of Registration issued instruction to the Collector-cum-District Registrar/ IRO/ DSR in January 2007, if the parties do not pay the stamp duty in finalised referred cases, a notice may be served and after 30 days cases would be instituted under Public Demand Recovery Act, 1914 (PDR Act) after publishing their names in local newspaper for the realisation of stamp duty and registration fees.

During scrutiny of the register of referred cases and information made available by the registering authority (District Sub Registrar, Sasaram) in February 2012, we observed that 22 cases were referred for determination of market value of property under Section 47(A) to the IRO, Patna between 2004-05 and 2011-12. Out of these, nine cases were finalised during July 2010 to December 2010 and a sum of ₹ 36.64 lakh was to be realised as deficit stamp duty including fine imposed by the IRO. No further action was initiated to realise the dues as per aforesaid provision. This omission resulted in non-initiation of Revenue Recovery Certificate Cases under the PDR Act and non-realisation of Government dues of ₹ 46.69 lakh including registration fees.

After this was pointed out, the DSR, Sasaram stated in February 2012 that IRO would be consulted for realisation of dues. However, the contention of the Department is not acceptable in view of the facts that the Revenue Recovery Certificate Cases were to be instituted under PDR Act and dues recovered expeditiously.

The matter was reported to the Government/Department in July 2012, we are yet to receive their reply (January 2013).

