

## EXECUTIVE SUMMARY

This Report contains 37 paragraphs and one Performance Audit relating to under-assessments/non-realisation/short realisation of penalties, taxes, duties *etc.* The total money value involved is ₹ 843.35 crore. Some of the major findings are mentioned below:

### CHAPTER I: GENERAL

- During the year 2012-13, the total revenue raised by the State Government (₹ 1332.66 crore) was 24.09 *per cent* of the total revenue receipts (₹ 5532.33 crore). The balance 75.91 *per cent* of receipts during 2012-13 comprised of State's share of divisible taxes and duties amounting to ₹ 1192.45 crore and grants-in-aid amounting to ₹ 3011.22 crore. The revenue raised by the State Government in 2012-13 as compared to 2011-12 was 25.04 *per cent* higher.

(Paragraph 1.1)

- Test check of the records of taxes on sale, trade *etc.*, state excise, motor vehicles tax, forest receipts and other non-tax receipts conducted during the year 2012-13 revealed under assessments/short/non-levy/loss of revenue amounting to ₹ 471.13 crore in 272 cases. During the year, the Departments accepted under assessments/short/non levy/loss of revenue of ₹ 51.80 crore in 53 cases pointed out in 2012-13 and recovered ₹ 0.96 crore.

(Paragraph 1.5)

### CHAPTER II: TAXES ON SALE, TRADE *etc.*

Loss of revenue of ₹ 2.83 crore due to failure to complete assessments in time.

(Paragraph 2.8)

Cess of ₹ 8.28 crore could not be recovered due to failure of the STs to initiate penal provisions.

(Paragraph 2.9)

Under-assessment of tax of ₹ 0.31 crore in respect of 32 dealers due to erroneous deduction of ₹ 15.44 crore from the aggregate sale price.

(Paragraph 2.10)

Due to non-completion of scrutiny by the ST, VAT amounting to ₹ 25.06 crore and penalty and interest of ₹ 38.44 crore and ₹ 28.54 crore respectively remained unrealised.

(Paragraph 2.11)

There was evasion of VAT of ₹ 14.22 crore by unregistered dealers on sale of minerals to five industrial units on which penalty of ₹ 14.22 crore was also leviable.

(Paragraph 2.12)

There was excess tax collection of ₹ 5.87 crore by two industrial units which was liable to be forfeited. Besides, penalty of ₹ 11.74 crore was also leviable.

(Paragraph 2.13)

Excess remission of tax of ₹ 7.30 crore was irregularly allowed to a manufacturing unit.

*(Paragraph 2.14)*

Under-assessment of tax of ₹ 33.73 lakh due to acceptance of invalid declaration forms.

*(Paragraph 2.15)*

A manufacturing unit was exempted from payment of tax of ₹ 46.77 lakh on goods taxable under the Purchase Tax Act.

*(Paragraph 2.16)*

An industrial unit irregularly retained tax of ₹ 9.22 lakh in violation of the provision of the scheme for which interest of ₹ 2.15 lakh was also leviable.

*(Paragraph 2.17)*

Short payment of tax of ₹ 14.59 lakh due to grant of tax incentives to an industrial unit beyond the specified level of turnover.

*(Paragraph 2.18)*

Irregular adjustment of advance tax on coal led to under assessment of tax of ₹ 11.06 lakh.

*(Paragraph 2.19)*

A dealer fraudulently utilised 'C' form and evaded tax of ₹ 49.16 lakh on which penalty of ₹ 98.32 lakh was also leviable.

*(Paragraph 2.20)*

Four dealers concealed turnover of ₹ 37.38 crore and evaded tax of ₹ 1.50 crore on which penalty of ₹ 3 crore was also leviable.

*(Paragraph 2.21)*

A dealer concealed sales of ₹ 6.54 crore thereby evading tax of ₹ 2.62 crore due to failure on the part of the ST to properly link records.

*(Paragraph 2.22)*

Excess tax of ₹ 1.26 crore collected by a manufacturing unit on sale of non-taxable goods had not been forfeited.

*(Paragraph 2.23)*

Incorrect application of rate led to under-assessment of tax of ₹ 2.53 crore.

*(Paragraph 2.24)*

Failure of the ST to detect excess collection of tax of ₹ 24.51 lakh by a dealer resulted in non-levy of penalty of ₹ 49.02 lakh.

*(Paragraph 2.25)*

A dealer concealed turnover of ₹ 1.58 crore and evaded tax of ₹ 19.75 lakh for which penalty of ₹ 39.50 lakh was also leviable.

*(Paragraph 2.26)*

Failure of the Block Development Officers (BDOs) to deduct tax at source enabled eight dealers to conceal turnover of ₹ 3.92 crore and evade tax of ₹ 22.27 lakh for which interest of ₹ 18.01 lakh and penalty of ₹ 44.54 lakh was also leviable.

*(Paragraph 2.27)*

### **CHAPTER III: OTHER TAXES AND DUTIES**

Non-registration of a lease agreement with the District Registrar resulted in non-realisation of stamp duty of ₹ 0.46 crore.

*(Paragraph 3.4)*

Two cement manufacturing companies evaded electricity duty of ₹ 0.45 crore on which penalty not exceeding ₹ 1.80 crore was also leviable.

*(Paragraph 3.5)*

### **CHAPTER IV: STATE EXCISE**

Three bottling plants concealed 117151 BL of ENA and evaded excise duty payment of ₹ 1.51 crore.

*(Paragraph 4.6)*

Violation of a Government order led to short-realisation of import pass fee of ₹ 24.01 lakh.

*(Paragraph 4.7)*

There was short-realisation of licence fees amounting to ₹ 12.70 lakh from 4 bottling plants and 12 bonded warehouses

*(Paragraph 4.8)*

Twelve distilleries failed to register the brand names of 46 brands leading to non-realisation of revenue of ₹ 64.70 lakh.

*(Paragraph 4.9)*

Ten companies failed to pay security deposit amounting to ₹ 14.50 lakh.

*(Paragraph 4.10)*

Seventeen licences were irregularly cancelled by the ERTS Department without realisation of the arrear licence fees resulting in loss of revenue amounting to ₹ 78.44 lakh.

*(Paragraph 4.11)*

### **CHAPTER V: TRANSPORT**

Non-renewal of leases of five weighbridges resulted in loss of revenue of ₹ 1.17 crore.

*(Paragraph 5.6)*

Loss of revenue of ₹ 5.39 crore due to non-recovery of arrears of road tax from 5442 vehicles owners.

*(Paragraph 5.7)*

Loss of revenue of ₹ 35.64 lakh and resultant non-levy of penalty of ₹ 18.13 crore due to non-coverage of vehicles for emission testing.

*(Paragraph 5.8)*

Fine amounting to ₹ 31.28 lakh was not levied against 1564 vehicles owners who had not renewed their permits after expiry of validity period.

*(Paragraph 5.9)*

Three TD check posts failed to detect overloading of 218752 MT of coal leading to non-realisation of fine of ₹ 21.88 crore.

*(Paragraph 5.10)*

## CHAPTER VI: FOREST RECEIPTS

Short/non-realisation of export fee of ₹ 0.27 crore on transport of 17,367 MT of forest produce.

*(Paragraph 6.5)*

Irregular import of 3497.47 MT of charcoal and evasion of royalty of ₹ 0.21 crore.

*(Paragraph 6.6)*

A cement company concealed purchase of 10.10 lakh MT of limestone and evaded payment of royalty of ₹ 6.19 crore.

*(Paragraph 6.7)*

Short-realisation of Net Present Value amounting to ₹ 0.43 crore on diversion of 118.97 hectares of forest land

*(Paragraph 6.8)*

## CHAPTER VII: MINING RECEIPTS

A Performance Audit on “Controls and System for mining in Meghalaya” revealed the following irregularities:

- The Department failed to cancel the mining leases and levy penalty on 10 lease holders for carrying out mining activities without obtaining clearance from MoEF in gross violation of the FC Act as well as the MCDR.

*(Paragraph 7.5.9)*

- Failure in setting up of a mechanism to determine the limestone extracted from non-forest areas resulted in non-collection of royalty amounting to ₹ 3.23 crore on 5.89 lakh MT of limestone.

*(Paragraph 7.5.11)*

- The DMR failed to take action against 138 coal exporters who had exported coal to Bangladesh without payment of royalty through Baghmara, Gasuapara and Dalu resulting in non-realisation of revenue amounting to ₹ 3.13 crore.

*(Paragraph 7.5.12.1 & 7.5.12.2)*

- There was short-realisation of revenue of ₹ 81.40 crore by five check gates between 2008-09 and 2012-13 due to failure of the DMR to periodically assess the performance of the check gates or scrutinise the returns submitted by them.

*(Paragraph 7.5.14.1)*

- Due to absence of check gates at Shella Bazar and Bholaganj, 103.57 lakh MT of limestone was exported to Bangladesh between 2008-09 and 2012-13 without payment of cess amounting to ₹ 17.29 crore.

*(Paragraph 7.5.14.2)*

- Failure of the DMR to promptly act upon the complaints made by the check gate officials of Dawki and Borsora and provide adequate security to them resulted in illegal export of coal without payment of royalty amounting to ₹ 130.74 crore.  
(Paragraph 7.5.14.2)
- Three DMR check gates under-reported movement of 8.78 lakh MT of coal to Bangladesh and failed to realise royalty amounting to ₹ 30.77 crore on which penalty amounting to ₹ 7.69 crore was also realisable.  
(Paragraph 7.5.15)
- Five lease holders produced 25.36 lakh MT of limestone (having a royalty value of ₹ 15.98 crore) between June 2010 and December 2012 against which, they deposited royalty amounting to only ₹ 0.99 crore thereby resulting in short-realisation of Government revenue amounting to ₹ 14.99 crore.  
(Paragraph 7.5.19.1)
- Between 2008-09 and 2012-13 an amount of ₹ 12.20 crore was shown as expended by the DMR on research, survey and mapping *etc.*, but no reports of the surveys or investigations or mappings carried out could be furnished to justify the expenditure.  
(Paragraph 7.5.21)
- Despite an investigation by the Meghalaya State Pollution Control Board (MSPCB) in November 2011 revealing that the entire stretch of seven sampling locations of Lukha river was severely polluted due to Acid Mine Drainage (AMD), no efforts have been made by the Government either to implement the recommendations of MSPCB or take effective steps to control AMD.  
(Paragraph 7.5.23.1)