

OVERVIEW

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This Report contains a Performance Audit on “**Acquisition and Alienation of land in Jharkhand**” and eight paragraphs relating to taxes on sales, trade etc., state excise, taxes on vehicles, land revenue and stamps and registration fees. The total financial implication of the Report is ₹ 886.47 crore which constitutes 4.39 *per cent* of tax and non-tax revenue of the year 2017-18. Out of the above, the concerned departments accepted audit observations involving ₹ 331.47 crore (37.39 *per cent* of observations). Some of the major findings are summarised below:

I. General

The total receipts of the Government of Jharkhand for the year 2017-18 were ₹ 52,756.03 crore. The revenue raised by the State Government was ₹ 20,200.11 crore (38.29 *per cent* of the total receipts). The share of receipts from the Government of India amounting to ₹ 32,555.92 crore (61.71 *per cent* of the total receipts) comprised of State’s share of divisible Union taxes of ₹ 21,143.63 crore (40.08 *per cent* of the total receipts) and grants-in-aid of ₹ 11,412.29 crore (21.63 *per cent* of the total receipts). Tax revenue raised by the State Government decreased by 7.11 *per cent* in 2017-18 over 2016-17, whereas non-tax revenue increased by 46.63 *per cent* over the same period.

(Paragraph 1.2)

Arrears of revenue as on 31 March 2018 in respect of taxes on sales, trade etc., taxes on vehicles and state excise amounted to ₹ 6,355.57 crore, of which ₹1,824.43 crore was outstanding for more than five years.

(Paragraph 1.3)

II. Taxes on sales, trade etc.

The Assessing Authorities levied tax on disallowed claims of exemptions, concessions, or incorrect adjustment of Input Tax Credit of ₹ 95.01 crore in case of six dealers. However, interest of ₹ 10.45 crore was not levied.

(Paragraph 2.3)

The Assessing Authority enhanced the turnover of two dealers on account of concealment of purchases and levied additional tax of ₹ 2.25 crore but did not levy interest of ₹ 3.93 crore as per the provisions of the Act.

(Paragraph 2.4)

III. Taxes on vehicles

Non-raising of demands and weak internal controls led to non-realisation of tax and penalty of ₹ 15.48 crore from 5,068 defaulting vehicles.

(Paragraph 3.3)

Absence of mechanism for periodical review of authorisation for national permits resulted in non-renewal of authorisation and consequential non-realisation of consolidated/authorisation fees amounting to ₹ 2.38 crore including late fine.

(Paragraph 3.4)

IV. Other tax receipts

Land Revenue

The Performance Audit on “**Acquisition and Alienation of land in Jharkhand**” contain the following observations:

- The contradiction between the Jharkhand Treasury Code and the Jharkhand Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (JRFCTLARR) Rules, 2015 as well as the contradictory instructions of the Department resulted in parking of funds received from the requiring bodies in banks instead of depositing these in “8443- Civil Deposit”. An amount of ₹ 1,494.39 crore received for land acquisition were lying in the bank accounts as on 31 March 2018 in the sampled districts.

(Paragraph 4.2.7.1)

- Even after issuance of Government orders that funds relating to land acquisition should be kept in each district in one bank account, and in special circumstances, in maximum two bank accounts, 104 bank accounts, against permissible number of 18, were in operation as on 31 March 2018 in nine test-checked offices. Further, on 287 occasions, funds aggregating to ₹ 1,255.80 crore was shifted from one bank to another without reasons and sanction from the higher authorities on record. Besides, in the sampled offices, differences of ₹ 121.71 crore between the balances as per cash book and bank accounts as on 31 March 2018 were not reconciled.

(Paragraphs 4.2.7.2 & 4.2.7.3)

- Absence of provisions for depositing accrued interest besides improper maintenance of records for accounting of interest accrued resulted in non-accountal/remission of interest amounting to ₹ 42.77 crore.

(Paragraph 4.2.7.5)

- Declaration for land acquisition were published despite short receipt of fund amounting to ₹ 84.01 crore in three land acquisition cases and also handed over the possession of land to requiring bodies in two cases.

(Paragraph 4.2.8.3)

- Excess preparation of award, establishment and contingency charges of ₹ 368.94 crore due to incorrect guidelines, misclassification of land and incorrect application of market value of land for computation of compensation in 54 land acquisition cases.

(Paragraph 4.2.8.4)

- Irregular deduction of income tax from the amount of award, non-computation of addition compensation for land acquisition under emergency provisions and non-revision of award as per departmental instruction resulted in short calculation/payment of award amounting to ₹ 101.36 crore.

(Paragraph 4.2.8.5)

- Application of incorrect rate of land by treating as agricultural land instead of commercial led to short realisation of *salami*, rent and cess amounting to ₹ 181.98 crore in four projects.

Audit recommends that the Department may consider issue of *Rajyadesh* specifying the rate of land depending upon intended use by the requiring body for fixation of *salami* of land.

(Paragraph 4.2.9.3)

- There was non/short realisation of Government revenue amounting to ₹ 83.46 crore in 114 cases and delayed realisation of ₹ 64.10 crore in 69 cases of alienation of land.

Audit recommends that the Department may consider framing provisions for imposition of penalty for delayed payment of *salami*, rent and cess.

(Paragraph 4.2.9.4)

Stamp duty and registration fees

Failure to ensure that leases are registered on the basis of verification of the average annual royalty as per the approved mining plan resulted in incorrect valuation of documents and consequential short levy of stamp duty and registration fees of ₹ 12.43 crore in 10 district sub-registrar offices.

(Paragraph 4.6)

Due to lack of validation controls and ambiguity in the notification the Department failed to detect duplicate beneficiaries resulting in short levy of stamp duty and registration fee amounting to ₹ 1.01 crore.

Audit recommends that the Department may consider allotting unique identification for these deeds. Further, unique fields may be prescribed and the application software modified to block the registration process in case of duplicate attempt for exemption.

(Paragraph 4.7)

State excise

The Department did not take action to ensure lifting of minimum guaranteed quota which resulted in short lifting of liquor by 132 vendors during 2015-16 and 2016-17 in five excise districts and non-levy of penalty equivalent to loss of excise duty of ₹ 2.86 crore.

(Paragraph 4.10)

