



# Report of the Comptroller and Auditor General of India

## Revenue Sector

For the year ended 31 March 2016



**GOVERNMENT OF MEGHALAYA**  
*Report No. 2 of 2017*

**REPORT OF THE  
COMPTROLLER AND AUDITOR GENERAL OF  
INDIA  
(REVENUE SECTOR)**

**FOR THE YEAR ENDED 31 MARCH 2016**

**GOVERNMENT OF MEGHALAYA  
(REPORT NO. 2 OF 2017)**

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## PREFACE

*This Report of the Comptroller and Auditor General of India for the year ended 31 March 2016 has been prepared for submission to the Governor of Meghalaya under Article 151 of the Constitution of India.*

*This Report contains significant findings of audit of Receipts and Expenditure of major Revenue earning departments under Revenue Sector conducted under the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.*

*The instances mentioned in this Report are those which came to notice in the course of test audit during the year 2015-16 as well as those which came to notice in earlier years, but could not be included in the previous Audit Reports. Instances relating to the period subsequent to 2015-16 have also been included, wherever necessary.*

*The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.*

# **OVERVIEW**

## OVERVIEW

This Report contains a Performance Audit on “*Functioning of the Transport Department*” and 28 paragraphs relating to under-assessments/ non-realisation /short realisation of penalties, taxes, duties and financial irregularities involving ₹ 659.71 crore. The major findings are mentioned below:

### ***Chapter-I: General***

➤ During the year 2015-16, the revenues raised by the State Government (₹ 1285.42 crore) was 18.25 *per cent* of the total revenue receipts (₹ 7043.13 crore). The balance 81.75 *per cent* of receipts during 2015-16 comprised of State's share of divisible taxes and duties amounting to ₹ 3276.46 crore and grants-in-aid from Government of India amounting to ₹ 2481.25 crore.

*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 2015-16 revealed under assessments/short/non-levy/loss of revenue amounting to ₹ 635.57 crore in 249 cases. During the year, the departments accepted under assessments/short/non-levy/loss of revenue of ₹ 451.57 crore in 147 cases pointed out in 2015-16, and recovered ₹ 1.83 crore.

*Paragraph 1.9.1*

### ***Chapter-II: Taxes on Sale, Trade, etc.***

➤ Failure of the Superintendent of Taxes to complete assessment resulted in evasion of tax amounting to ₹ 0.13 crore on purchase of goods using fake ‘C’ forms; on which interest of ₹ 0.27 crore and penalty not exceeding ₹ 0.26 crore were also leviable.

*Paragraph 2.4*

➤ Failure to carry out timely assessment allowed two dealers to escape the liability to pay tax amounting to ₹ 0.14 crore; on which interest of ₹ 0.19 crore and penalty not exceeding ₹ 0.28 crore were also leviable.

*Paragraph 2.5*

➤ A dealer fraudulently claimed Input Tax Credit of ₹ 0.90 crore; on which interest amounting to ₹ 1.03 crore and penalty not exceeding ₹ 1.80 crore were also leviable.

*Paragraph 2.6*

➤ A manufacturing unit irregularly claimed tax remission beyond the eligibility period resulting in short payment of tax amounting to ₹ 0.12 crore; on which interest of ₹ 0.11 crore and penalty not exceeding ₹ 0.24 crore were also leviable.

*Paragraph 2.7*

➤ Failure of the Superintendent of Taxes to carry out scrutiny/assessment resulted in short payment of tax amounting to ₹ 0.56 crore by a dealer; on which interest of ₹ 0.28 crore and penalty not exceeding ₹ 1.12 crore were also leviable.

*Paragraph 2.8*

➤ Failure of the Superintendents of Taxes to carry out scrutiny/assessment resulted in short payment of tax amounting to ₹ 10.29 crore by two cement manufacturing units; on which interest of ₹ 3.87 crore and penalty not exceeding ₹ 20.58 crore were also leviable.

*Paragraph 2.9*

➤ A coal dealer concealed turnover of ₹ 36.69 crore and evaded tax of ₹ 1.47 crore; on which penalty not exceeding ₹ 2.94 crore and interest of ₹ 1.10 crore were also leviable.

*Paragraph 2.10*

➤ Failure of the Superintendent of Taxes to assess the returns properly resulted in concealment of purchase of ₹ 6.94 crore by three dealers and consequent evasion of tax amounting to ₹ 1.02 crore; on which penalty not exceeding ₹ 1.53 crore and interest of ₹ 0.1 crore were also leviable.

*Paragraph 2.11*

➤ Irregular grant of concessional rate on sale of coal worth ₹ 19.25 crore resulted in short payment of tax amounting to ₹ 0.39 crore on which penalty not exceeding ₹ 0.78 crore and interest of ₹ 0.19 crore were also leviable.

*Paragraph 2.12*

➤ Failure of the Superintendent of Taxes to take timely action against a dealer resulted in irregular claim of tax remission of ₹ 0.18 crore; on which penalty not exceeding ₹ 0.36 crore and interest of ₹ 0.26 crore were also leviable.

*Paragraph 2.13*

➤ Irregular adjustment of *challans* in respect of tax deducted at source resulted in short payment of tax amounting to ₹ 0.10 crore; on which penalty not exceeding ₹ 0.20 crore and interest of ₹ 0.03 crore were also leviable.

*Paragraph 2.14*

### **Chapter-III: State Excise**

➤ Four Bonded Warehouses were irregularly allowed excess transit breakage claim on 2073 cases of liquor resulting in short payment of excise duty of ₹ 0.11 crore.

*Paragraph 3.4*

➤ Two bottling plants concealed 0.66 lakh Bulk Litres of Extra Neutral Alcohol and evaded excise duty payment of ₹ 0.98 crore.

*Paragraph 3.5*

➤ Destruction of 1384 cases of seized stock of IMFL/beer without auctioning the same resulted in loss of revenue amounting to ₹ 0.12 crore.

*Paragraph 3.6*

➤ The Excise Department failed to realise licence fee amounting to ₹ 0.11 crore from 143 outstills under four local chiefs.

*Paragraph 3.7*

➤ Licence fee amounting to ₹ 1.01 crore could not be realised from 66 bottling plants/bonded warehouses/retail licencees.

*Paragraph 3.8*

➤ Security deposits of 21 bonded warehouses/distilleries/companies had lapsed, but were not renewed, resulting in non-realisation of security deposit amounting to ₹ 0.60 crore.

*Paragraph 3.9*

#### **Chapter-IV: Motor Vehicle Receipts**

➤ A Performance Audit on “Functioning of the Transport Department” revealed the following irregularities:

Weighbridge lessees were allowed undue benefit to the tune of ₹ 0.99 crore due to failure of the Government to incorporate pro-rata provisions in the contractual agreements.

*Paragraph 4.4.9.1*

The Transport Department failed to set up Auto Emissions Testing Stations in the State due to which atleast 2.12 lakh vehicles were plying in the State without necessary pollution under control certificates causing a major threat to the environment.

*Paragraph 4.4.9.2*

The Transport Department irregularly registered ‘commercial vehicles’ as ‘private vehicles’ resulting in short realisation of road tax amounting to ₹ 1.17 crore.

*Paragraph 4.4.10*

Essential information pertaining to vehicle registration were not captured in *Vahan* software. Database of stolen vehicles was not linked with Police Department. Vehicles from outside the jurisdiction including those from other States were irregularly registered.

*Paragraph 4.4.22*

Injudicious positioning of the transport checkpoint at Rongmil resulted in non-detection of excess load of 30.98 lakh MT and consequent non-realisation of penalty amounting to ₹ 368.72 crore.

*Paragraph 4.4.23.3*

Weak internal controls in the Transport Department resulted in under reporting of excess load at three checkpoints and short realisation of fine amounting to ₹ 92.31 crore.

*Paragraphs 4.4.27.2 & 4.4.27.3*

### **Chapter-V: Forest & Environment**

➤ There was short realisation of revenue amounting to ₹ 12.99 crore by the user departments.

*Paragraph 5.4*

➤ Due to lack of co-ordination between Government Departments, four cement companies concealed utilisation of 4.22 lakh MT of limestone resulting in evasion of royalty of ₹ 2.98 crore.

*Paragraph 5.5*

➤ There was loss of revenue amounting to ₹ 0.33 crore due to short realisation of royalty on minor minerals.

*Paragraph 5.6*

➤ There was under-reporting of 1.85 lakh MT of limestone by the Umkiang Forest Checkgate resulting in short realisation of revenue of ₹ 1.29 crore.

*Paragraph 5.7*

➤ Failure of the DFO to contain illegal activities in the reserve forests resulted in illegal felling and removal of 408.31 cu. m. of timber amounting to ₹ 0.22 crore.

*Paragraph 5.8*

➤ Seven cement manufacturing companies failed to deposit forest royalty amounting to ₹ 12.73 crore on account of consumption of 26.06 lakh MT of limestone.

*Paragraph 5.9*

### **Chapter-VI: Mining Receipts**

➤ The Department failed to realise royalty amounting to ₹ 16.47 crore on 2.44 lakh MT of declared/assessed coal.

*Paragraph 6.4*

➤ Under reporting of 8.62 lakh MT of limestone exported to Bangladesh resulted in short realisation of cess of ₹ 1.72 crore.

*Paragraph 6.5*

➤ There was evasion of cess on 4.59 lakh MT of limestone utilised by a cement company amounting to ₹ 0.92 crore.

*Paragraph 6.6*

➤ Interest amounting to ₹ 0.65 crore was not realised from five lessees for dues not paid or paid belatedly.

*Paragraph 6.7*

### **Chapter-VII: State Lottery**

➤ The Government of Meghalaya incurred unfruitful expenditure of ₹ 5.69 crore towards pay and allowance of idle staff.

*Paragraph 7.4*

# **CHAPTER-I**

## **GENERAL**



## CHAPTER-I: GENERAL

### 1.1 Trend of revenue receipts

**1.1.1** The tax and non-tax revenues raised by the Government of Meghalaya during the year 2015-16, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and grants-in-aid received from Government of India (GoI) during the year and the corresponding figures for the preceding four years are shown below:

**Table 1.1**

(₹ in crore)

Sl. No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16 <sup>1</sup>
1.	<b>Revenues raised by the State Government</b>					
	• Tax revenue	697.54	847.72	949.29	939.21	1056.82
	• Non-tax revenue	368.24	484.94	598.15	343.29	228.60
	<b>Total</b>	<b>1,065.78</b>	<b>1,332.66</b>	<b>1,547.44</b>	<b>1,282.50</b>	<b>1,285.42</b>
2.	<b>Receipts from the Government of India</b>					
	• Share of net proceeds of divisible Union taxes and duties	1,044.19	1,192.45	1,301.96	1,381.69	3,276.46
	• Grants-in-aid	2,544.50	3,011.22	3,417.29	3,764.08	2,481.25
	<b>Total</b>	<b>3,588.69</b>	<b>4,203.67</b>	<b>4,719.25</b>	<b>5,145.77</b>	<b>5,757.71</b>
3.	<b>Total revenue receipts of the State Government (1 and 2)</b>	<b>4,654.47</b>	<b>5,532.33</b>	<b>6,266.69</b>	<b>6,428.27</b>	<b>7,043.13</b>
4.	<b>Percentage of 1 to 3</b>	<b>22.90</b>	<b>24.10</b>	<b>24.69</b>	<b>19.95</b>	<b>18.25</b>

(Source: Finance Accounts)

The above table indicates that during the year 2015-16, the revenues raised by the State Government (₹ 1285.42 crore) was 18.25 per cent of the total revenue receipts as against 19.95 per cent in the preceding year. The balance 81.75 per cent of receipts during 2015-16 was from the Government of India.

**1.1.2** The following table presents the details of Budget Estimates (BE) and actual tax revenues raised during the period 2011-12 to 2015-16:

<sup>1</sup> For details, please see Statement No. 14 - Detailed accounts of revenue by minor heads in the Finance Accounts of the Government of Meghalaya for the year 2015-16. Figures under the head 0020 - Corporation tax; 0021 - Taxes on income other than corporation tax; 0032 - Taxes on wealth; 0037 - Customs; 0038 - Union excise duties; 0044 - Service tax and 0045 - Other taxes and duties on commodities and services - 901 Share of net proceeds assigned to the States booked in the Finance Accounts under A-tax revenue have been excluded from the revenue raised by the State Government and included in the State's share of divisible Union taxes.

Table 1.2 (Details of Tax revenue)

(₹ in crore)

Sl. No.	Head of revenue	2011-12		2012-13		2013-14		2014-15		2015-16		Percentage of increase (+) or decrease (-) in 2015-16 over 2014-15	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual
1.	Taxes on sales, trade etc.	418.20	512.50	517.17	631.12	622.83	723.65	914.90	726.20	766.36	811.79	(-) 16.24	(+) 11.79
2.	State Excise	124.42	131.50	143.08	153.01	161.69	162.66	205.16	151.14	194.15	170.04	(-) 5.37	(+) 12.50
3.	Motor Vehicles Tax	18.59	31.12	31.62	35.82	38.87	36.71	50.00	39.38	29.45	42.01	(-) 41.10	(+) 6.68
4.	Stamp duty	12.29	9.08	12.44	10.31	14.06	9.77	16.66	9.90	12.59	12.74	(-) 24.43	(+) 28.69
5.	Land revenue	3.23	2.40	3.59	6.27	4.02	3.47	4.22	0.08	4.77	3.18	(+) 13.03	(+) 3875.00
6.	Taxes and duties on electricity	1.36	0.87	1.37	0.93	1.37	1.89	1.72	0.81	1.98	3.32	(+) 15.12	(+) 309.88
7.	Others	7.75	10.07	8.56	10.26	9.67	11.14	13.65	11.71	9.07	13.74	(-) 33.55	(+) 17.34
	<b>TOTAL</b>	<b>585.84</b>	<b>697.54</b>	<b>717.83</b>	<b>847.72</b>	<b>852.51</b>	<b>949.29</b>	<b>1206.31</b>	<b>939.22</b>	<b>1018.37</b>	<b>1056.82</b>	<b>(-) 15.58</b>	<b>(+) 12.52</b>

(Source: Finance Accounts)

The following reasons for variations between BE and actuals were reported by the major tax departments:

**Taxes on sales, trade etc.:** The increase was due to increase in taxes on sale of motor spirits and lubricants and Trade Tax.

**State Excise:** The increase was due to increase in receipts under foreign liquor and spirits.

**Motor Vehicles Tax:** The increase was due to increase in other receipts including receipts under the Motor Vehicles Act.

**Stamp duty:** The increase was due to increase in sales of stamps.

**Land Revenue:** The increase was due to increase in receipts under revenue collection from permanently settled areas and other receipts.

**Taxes and duties on electricity:** The increase was due to increase in taxes on consumption and sale of electricity.

**1.1.3** The details of the BE and actual non-tax revenue raised during the period 2011-12 to 2015-16 are indicated in **Table 1.3:**

Table 1.3 (Non-Tax Revenue)

(₹ in crore)

Sl. No.	Head of revenue	2011-12		2012-13		2013-14		2014-15		2015-16		Percentage of increase (+) or decrease (-) in 2015-16 over 2014-15	
		BE	Actual	BE	Actual								
1.	Mining receipts	276.42	262.58	343.62	357.97	375.80	455.75	516.00	195.10	112.21	60.75	(-) 78.25	(-) 68.86
2.	Interest receipts	23.64	27.13	26.01	25.38	27.45	33.57	31.61	37.73	34.77	39.33	(+) 10.00	(+) 4.24
3.	Forestry and wildlife	25.05	26.03	27.56	30.87	35.51	60.12	40.83	71.99	68.44	72.08	(+) 67.62	(+) 0.13
4.	Public works	8.20	17.02	9.02	43.43	9.41	12.22	10.35	6.28	12.57	8.40	(+) 21.45	(+) 33.76
5.	Miscellaneous general services	11.66	9.79	12.44	0.37	14.93	1.05	16.53	0.02	18.75	0.12	(+) 13.43	(+) 500.00
6.	Other administrative services	5.88	4.84	6.31	3.36	4.97	7.85	8.11	6.13	8.86	3.49	(+) 9.25	(-) 43.07
7.	Police	6.61	3.22	6.88	2.89	7.64	5.92	8.41	3.85	9.69	16.28	(+) 15.22	(+) 322.86
8.	Medical and public health	1.36	1.35	1.50	1.43	1.62	1.99	1.98	2.72	2.12	1.55	(+) 7.07	(-) 43.01
9.	Co-operation	0.94	0.20	1.01	0.05	1.08	0.06	1.11	0.05	1.45	0.04	(+) 30.63	(-) 20.00
10.	Other receipts	31.58	16.08	35.55	19.19	38.18	19.62	44.53	19.42	43.31	26.60	(-) 2.74	(+) 36.97
	<b>TOTAL</b>	<b>391.34</b>	<b>368.24</b>	<b>469.90</b>	<b>484.94</b>	<b>516.59</b>	<b>598.15</b>	<b>679.46</b>	<b>343.29</b>	<b>312.17</b>	<b>228.60</b>	<b>(-) 54.06</b>	<b>(-) 33.41</b>

(Source: Finance Accounts)

The following reasons for variations between BE and actuals were reported by the major non-tax departments:

**Mining receipts:** The decrease was due to decrease in receipts from royalty on coal under the Mineral Concession fees, rents and royalties.

**Interest receipts:** The increase was due to increase in interest realised on investment of cash balances.

**Public works:** The increase was due to increase in hire charges of machinery and equipment and other receipts.

### 1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2016 under some principal heads of revenue amounted to ₹ 105.29 crore, of which, ₹ 50.13 crore was outstanding for more than five years as detailed in Table 1.4.

Table 1.4

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2016	Amount outstanding for more than 5 years as on 31 March 2016	Department's reply
1	0040-Taxes on Sale, Trade etc.	104.91	49.80	The Department stated that accumulation of arrears was due to reassessment and appeals.

2	0039- State Excise	0.31	0.31	The Department stated that accumulation of arrears were due to non-payment of the 50 per cent share by village chiefs.
3	0029- Land Revenue	0.07	0.02	--
	<b>Total</b>	<b>105.29</b>	<b>50.13</b>	

(Source: Information furnished by the Departments)

It would be seen from the above table that recovery of ₹ 105.29 crore was pending against three of the principal heads of revenue which was 8.19 per cent of the State's own revenue collection for 2015-16. Revenue amounting to ₹ 50.13 crore (47.61 per cent of the total revenue arrears) was pending for recovery for more than five years which indicates that the chances of recovery is remote and also points to systemic weakness in the revenue recovery mechanism of the State Government.

### 1.3 Arrears of assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year as furnished by the Sales Tax Department is shown below in **Table 1.5**.

**Table 1.5 (Arrears in assessments)**

Head of revenue	Opening balance	New cases due for assessment during 2015-16	Total assessments due	Cases disposed of during 2015-16	Balance at the end of the year	Percentage of disposal (Col. 5 to 4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>0040- Taxes on sales, trade, etc.</b>	48705	40262	88967	44279	44688	49.77

(Source: Information furnished by the Department)

It may be seen from the above that although a good number of cases were disposed during 2015-16, the percentage of disposal compared to the cases due for assessments was only 49.77 per cent which has resulted in increase of arrears of assessments. Pendency in assessments may result in non/short realisation of Government revenues and further accumulation in arrear revenue.

### 1.4 Evasion of tax detected by departments

The details of cases of evasion of tax detected by Sales Tax Department, cases finalised and demands for additional tax raised as reported by the Department during 2015-16 are given in **Table 1.6**.

Table 1.6 (Evasion of tax)

Sl. No.	Head of revenue	Cases pending as on 31 March 2015	Cases detected during 2015-16	Total	Number of cases in which assessment/investigation completed and additional demand with penalty <i>etc.</i> raised		Number of cases pending for finalisation as on 31 March 2016
					Cases	Demand raised	
1	0040	586	835	1421	815	1.57	606

(₹ in crore)

(Source: Information furnished by the Department)

The other departments did not inform the position of tax evasion cases despite being requested (May 2016 and September 2016).

### 1.5 Pendency of Refund Cases

The number of refund cases pending at the beginning of the year 2015-16, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2015-16 as reported by the Department is given in **Table 1.7**.

Table 1.7 (Details of pendency of refund cases)

Sl. No.	Particulars	Sales Tax/VAT		State Excise	
		No. of cases	Amount (in ₹)	No. of cases	Amount
1	Claims outstanding at the beginning of the year	02	10,72,000	Information not available	
2	Claims received during the year	05	3,32,28,558		
3	Refunds made during the year	--	--		
4	Balance outstanding at the end of the year	07	3,43,00,558		

(Source: Information furnished by the departments)

The Meghalaya Value Added Tax Act provides for the payment of interest in case of refund at the rate of 8 *per cent* per annum if the amount is not refunded to the dealer within 90 days from the date of any order authorising such refund. As such, the Department may expedite the process of refund in such cases which are outstanding to avoid payment of interest on delayed refund.

### 1.6 Response of the Government/departments towards audit

The succeeding paragraphs 1.6.1 to 1.6.7 discuss the response of the Departments/Governments to audit.

#### 1.6.1 Position of outstanding Inspection Reports

The Accountant General (AG) (Audit), Meghalaya conducts periodical inspection of the Government Departments to test check the transactions and verify the maintenance of 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 such inspection not settled on the spot. The IRs are issued to the heads of offices with copies forwarded to the next higher authorities for taking prompt corrective action. The heads of the offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the AG (Audit) within one month from the date of issue of the IRs. Serious financial irregularities are separately reported to the heads of the departments and the Government.

Review of IRs issued upto March 2016 disclosed that 1058 paragraphs involving money value of ₹ 1124.57 crore relating to 264 IRs remained outstanding at the end of June 2016 as mentioned in **Table 1.8**.

**Table 1.8 (Position of outstanding IRs)**

Year/Details	June 2013	June 2014	June 2015	June 2016
Number of outstanding IRs	174	214	254	264
Number of outstanding audit observations	676	749	999	1058
Amount involved (₹ in crore)	1235.76	1568.32	1889.89	1124.57

Department-wise details of IRs, audit observations pending settlement as on 30 June 2016 and the amounts involved are mentioned in **Table 1.9**.

**Table 1.9 (Outstanding IRs and paragraphs)**

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved (₹ in crore)
1.	Excise, Registration, Taxation & Stamps	(a) Taxes on sales, trade, etc.	91	378	247.78
		(b) State Excise	46	175	47.43
		(c) Stamps & Registration	15	27	2.00
		(d) State Lotteries	01	01	15.87
2.	Transport	Taxes on motor vehicles	66	247	51.37
3.	Mines and Minerals	Mining receipts	16	64	634.50
4.	Environment and Forests	Forestry and wild life	29	166	125.62
<b>Total</b>			<b>264</b>	<b>1058</b>	<b>1124.57</b>

In respect of 12 IRs out of 37 IRs issued during 2015-16, even the first reply required to be received from the heads of offices within one month from the date of issue of the IRs was not received upto September 2016. Pendency of IRs due to non-receipt of the replies

may be because the Heads of offices and Heads of the departments had not initiated any action to rectify the defects, omissions and irregularities pointed out by audit in the IRs.

### 1.6.2 Departmental Audit Committee Meetings (ACMs)

The Government has set up audit committees to monitor and expedite the progress of settlement of IRs and paragraphs contained in the IRs. Details of ACMs held during 2015-16 and paragraphs settled are mentioned in **Table 1.10**.

**Table 1.10 (Position of ACMs)**

(₹ in crore)

Name of the Department	Number of ACMs held	Number of paragraphs discussed	Number of paragraphs settled	Amount
Forests & Environment Department	01	27	09	4.91
Mining & Geology	01	43	24	26.15
Stamps & Registration	01	14	12	0.16
<b>Total</b>	<b>03</b>	<b>84</b>	<b>45</b>	<b>31.22</b>

During the year, three ACMs were held in which 84 paras were discussed and 45 paras (54 per cent) were dropped on the basis of the replies provided by the concerned departments.

### 1.6.3 Summarised position of Inspection Reports

The summarised position of IRs issued during the year 2015-16 including those of previous four years and their status as on 01 April 2016 are mentioned in **Table 1.11**.

**Table 1.11 (Position of IRs)**

(₹ in crore)

Year	Opening balance			Addition			Clearance			Closing balance		
	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
2011-12	154	656	1,487.85	34	222	844.51	24	143	508.58	164	735	1,823.78
2012-13	164	735	1,823.78	52	272	471.13	39	314	1055.12	177	693	1,239.79
2013-14	177	693	1239.79	50	265	644.90	13	183	198.13	214	775	1686.56
2014-15	214	775	1686.56	52	331	625.26	01	126	1274.67	265	980	1037.15
2015-16	265	980	1037.15	37	249	635.57	30	160	542.45	272	1069	1130.27

It would be seen from the above table that number of outstanding IRs and audit observations has shown an increase in 2015-16 over 2014-15 which indicates that the departments have made little progress in settlement of the audit observations. This indicates that the departments need to take suitable action to settle the audit observations by holding ACMs so that the number of IRs and audit observations may decrease.

### 1.6.4 Non-production of records to audit for scrutiny

The programme of local audit of tax revenue/non-tax revenue offices is drawn up sufficiently and intimations are issued, usually one month before the commencement of

audit, to the departments to enable them to keep the relevant records ready for audit scrutiny.

During the year 2015-16, no case relating to non-cooperation with the audit teams or non-production of records to the audit teams were reported.

#### **1.6.5 Response of the departments to the draft audit paragraphs**

The draft paragraphs are forwarded to the Secretaries of the concerned departments through demi-official letters drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the departments is invariably indicated at the end of each such paragraph included in the Audit Report.

Twenty-eight audit paragraphs and a Performance Audit (PA), proposed to be included in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2016, Government of Meghalaya, were forwarded to the Secretaries of the concerned departments between June 2016 and August 2016. However, reply was furnished only in respect of the PA upto December 2016. The remaining 28 paragraphs have been included without the response of the Government.

The lack of response of the departments to the draft audit paragraphs is a matter of concern and the Government may address this issue at the earliest.

#### **1.6.6 Follow up on Audit Reports**

The internal working system of the Public Accounts Committee (PAC), notified in December 2012, laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling of the Report, for consideration of the Committee. In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed. Two hundred and ninety three paragraphs (including Performance Audits) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Meghalaya for the years ended 31 March 2009, 2010, 2011, 2012, 2013, 2014 and 2015 were placed before the State Legislature between May 2010 and March 2016. The *suo motu* explanatory notes from the concerned Departments are awaited in respect of 185 paragraphs (December 2016).

The PAC discussed 35 selected paragraphs<sup>2</sup> between April 2011 and March 2016 and their recommendations on 14 paragraphs were incorporated in two PAC Reports (37<sup>th</sup> and 39<sup>th</sup> Reports) for the years 2008-09 and 2009-10. However, Action Taken Notes (ATNs)

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<sup>2</sup> Pertaining to the Audit Reports for the years 2008-09, 2009-10, 2013-14 and 2014-15.

have not been received (December 2016) in respect of 14 recommendations made by the PAC from the Departments concerned as mentioned in **Table 1.12**.

**Table 1.12 (outstanding ATNs)**

Year	Name of the Department	Number of ATNs awaited
2008-09	Sales Tax	11
2009-10	Sales Tax	02
2009-10	Stamps and Registration	01
<b>Total</b>		<b>14</b>

### **1.6.7 Compliance with earlier Audit Reports**

During the period from 2011-12 to 2015-16, the departments accepted audit observation involving revenue implication of ₹ 1079.62 crore (out of the total money value of ₹ 2651.36 crore) of which only ₹ 6.24 crore had been recovered till December 2016 as mentioned in **Table 1.13**.

**Table 1.13 (Compliance with earlier Audit Reports)**

(₹ in crore)

Year of Audit Report	Total money value	Accepted money value	Amount recovered during the year
2011-12	444.93	178.06	0.27
2012-13	888.40	681.81	--
2013-14	186.44	46.21	--
2014-15	457.45	167.72	--
2015-16	674.14	5.82	5.97
<b>Total</b>	<b>2651.36</b>	<b>1079.62</b>	<b>6.24</b>

The amount recovered was thus only 0.58 per cent of the accepted amount while the Government/departments have accepted 40.72 per cent of the cases included in the Audit Reports. Thus the percentage of recovery against the accepted cases has been very low.

*The Government/Departments may take steps to ensure recovery of the outstanding amount in the case accepted by the Department.*

### **1.7 Analysis of the mechanism for dealing with the issues raised by audit**

In order to analyse the effectiveness of system for addressing the issues highlighted in the IRs/Audit Reports by the departments/Governments, the action taken on the paragraphs and performance audits included in the Audit Reports of the last five years by the **Transport Department** has been evaluated and results included in this Audit Report.

#### **1.7.1 Position of Inspection Reports**

The summarised position of IRs issued during the last five years, paragraphs included in these reports and their status as on September 2016 are shown below:

**Table 1.14 (Position of Inspection Reports)**

(₹ in crore)

Year	Opening balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value
2011-12	35	114	1.10	07	37	337.45	02	07	336.91	40	144	1.64
2012-13	40	144	1.64	06	39	31.16	01	06	4.93	45	177	27.87
2013-14	45	177	27.87	06	39	141.36	--	11	3.29	51	205	165.94
2014-15	51	205	165.94	08	34	139.60	--	16	72.62	59	223	232.92
2015-16	59	223	232.92	07	42	49.87	--	19	231.42	66	247	51.37

### 1.7.2 Recovery of accepted cases

The position of paragraphs pertaining to the Transport Department included in the Audit Reports of the last five years, those accepted by the Department and the amount recovered during 2015-16 are mentioned below:

**Table 1.15 (Status of recovery of accepted cases)**

(₹ in crore)

Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	Amount recovered during the year (2015-16)
2010-11	06	1.95	--	--	--
2011-12	04	120.19	--	--	--
2012-13	05	90.14	--	--	--
2013-14	05	46.59	02	2.28	--
2014-15	05	45.55	--	--	--
<b>Total</b>	<b>25</b>	<b>304.42</b>	<b>02</b>	<b>2.28</b>	<b>--</b>

During the last five years, the Department accepted two out of the 25 audit paragraphs. However, against the accepted cases involving an amount of ₹ 2.28 crore, the department failed to make any recovery which is a matter of concern.

### 1.8 Audit Planning

The unit offices under various departments are categorised into high, medium and low risk units according to their revenue position, past trends of audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter alia* include critical issues in Government revenues and tax administration *i.e.* budget speech, white paper on State Finances, reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, features of the tax administration, audit coverage and its impact during past five years *etc.*

During the year 2015-16, out of 125 auditable units, 50 units were audited. Besides this, a PA on “Functioning of the Transport Department” was also conducted.

**1.9 Results of audit****1.9.1 Position of local audits conducted during the year 2015-16**

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 2015-16 revealed under assessments/short/non-levy/loss of revenue amounting to ₹ 635.57 crore in 249 cases. During the year, the departments accepted under assessments/short/non-levy/loss of revenue of ₹ 451.57 crore in 147 cases pointed out in 2015-16 and recovered ₹ 1.83 crore<sup>3</sup>.

**1.10 This Report**

This Report contains 28 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) and one PA on “Functioning of Transport Department” involving ₹ 659.71 crore.

The Departments have accepted audit observations involving ₹ 5.82 crore but no recovery was intimated. The replies in the remaining cases have not been received (December 2016).

<sup>3</sup> The recovery pertains to only those cases pointed out the year 2015-16. The actual recovery during the year 2015-16 was higher.

**CHAPTER-II**  
**TAXES ON SALE, TRADE etc.**



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

### 2.1 Tax Administration

Taxation Department is the most important revenue-earning Department of the State. The Additional Chief Secretary to the Government of Meghalaya, Excise, Registration, Taxation and Stamps (ERTS) Department is in overall charge of the Taxation Department at the Government level. The Commissioner of Taxes (COT) is the administrative head of the Department. He is assisted by a Deputy Commissioner of Taxes (DCT) and three Assistant Commissioners of Taxes (ACTs). One ACT functions as the Appellate Authority. At the district level, 17 Superintendents of Taxes (SsT) have been entrusted with the work of registration, scrutiny of returns, collection of taxes, levy of interest and penalty, issue of road permits/declaration forms, enforcement and supervision of check gates *etc.* The collection of tax is governed by the provisions of the Central Sales Tax (CST) Act, 1956; the CST Rules, 1957; the Meghalaya Value Added Tax (MVAT) Act, 2003; the MVAT Rules, 2005; the Meghalaya (Sales of Petroleum and Petroleum Products including Motor Spirit and Lubricants Taxation) (MSL) Act, *etc.* With the introduction of Value Added Tax (VAT) on 01 May 2005, the Meghalaya Sales Tax (MST) Act and the Meghalaya Finance (Sales Tax) (MFST) Act were repealed.

### 2.2 Internal audit

The Taxation Department has no separate Internal Audit Wing (IAW). Despite this being pointed out earlier by audit, no action has been taken by the Department to create an IAW.

**Recommendation:** *The Department may look into the possibility of creating an Internal Audit Wing to effectively monitor its functioning.*

### 2.3 Results of Audit

Test check of the records of 17 units relating to VAT during 2015-16 revealed under-assessment of tax and other irregularities involving ₹ 147.66 crore in 97 cases which fall under the following categories:

Table 2.1

Sl. No.	Category	Number of cases	(₹ in crore)
			Amount
1.	Non/Short realisation of tax	16	58.68
2.	Evasion of tax	04	2.64
3.	Loss of revenue	03	13.78
4.	Other irregularities	74	72.56
<b>Total</b>		<b>97</b>	<b>147.66</b>

During the course of the year, the Department accepted under assessments and other deficiencies of ₹ 90.45 crore in 66 cases. An amount of ₹ 1.06 crore was realised in three cases during the year 2015-16.

A few cases having financial impact of ₹ 21.33 crore, in terms of under assessment/short levy/non-levy of tax and other provisions of the Acts are discussed in the paragraphs 2.4 to 2.14.

#### 2.4 Evasion of tax by using fake 'C' forms

**Failure of the Superintendent of Taxes (ST) to complete assessment in time resulted in evasion of tax amounting to ₹ 0.13 crore on purchase of goods using fake 'C' forms; on which interest of ₹ 0.27 crore and penalty not exceeding ₹ 0.26 crore were also leviable.**

[ST, Circle-I, Shillong; February 2016]

Under Section 8(4) read with Rule 12(1) of the CST Act, 1956 and the rules made thereunder, a registered dealer can pay tax at the concessional rate of 2 per cent for purchase of goods from another registered dealer in the course of inter-State trade by furnishing a declaration in Form 'C'. Further, under Section 45 of the MVAT Act, if the returns furnished by a dealer are incorrect, then the ST can assess him to the best of his judgement. If a dealer fails to pay the full amount of tax due per quarter, then simple interest at the rate of 2 per cent per month from the end of the month following the quarter is leviable under Section 40 of the MVAT Act. In addition, for non-payment of tax, penalty not exceeding twice the amount of tax involved is also leviable under Section 90 read with Section 96 of the Act *ibid*.

A dealer<sup>1</sup> engaged in re-sale of rice, mustard oil, ghee *etc.* disclosed turnover of ₹ 7.43 crore in his returns for the period between April 2006 and March 2007 and paid tax<sup>2</sup> amounting to ₹ 0.30 crore. The ST accepted the returns as correct and completed the scrutiny of returns in June 2011. However, based on the information received (December 2013 and April 2015) from the Commercial Tax Department of Madhya Pradesh, audit observed (November 2015) that between April 2006 and March 2007, the dealer purchased mustard oil amounting to ₹ 3.17 crore in course of inter-State trade from a dealer in Madhya Pradesh using six 'C' forms. Cross-verification of the particulars relating to issue of 'C' forms to the dealer revealed that the dealer had not

<sup>1</sup> M/s Rajasthan Foodgrains.

<sup>2</sup> At the rate of 4 per cent.

been issued any of these six forms. The dealer, thus, utilised fake 'C' forms for fraudulent purchase of goods valued at ₹ 3.17 crore and evaded tax of ₹ 0.13 crore.

Despite the information being available with the ST, no action was taken by the ST to assess the dealer, thereby resulting in evasion of tax of ₹ 0.13 crore on which penalty not exceeding ₹ 0.26 crore and interest of ₹ 0.27 crore<sup>3</sup> were also leviable.

The case was reported to the Taxation Department, Government of Meghalaya between April 2016 and May 2016; their reply had not been received (December 2016).

## **2.5 Loss of revenue due to not completing of assessments**

**Failure to carry out timely assessment allowed two dealers to escape the liability to pay tax amounting to ₹ 0.14 crore; on which interest of ₹ 0.19 crore and penalty not exceeding ₹ 0.28 crore were also leviable.**

[SsT, Circles-I & II, Shillong; February 2016]

Under Section 35 of the MVAT Act, 2003 and the Rules made thereunder, every dealer shall submit a quarterly return duly accompanied by the treasury receipt showing the amount of tax payable by him as per the return. Further, under Section 45 of the MVAT Act if a dealer fails to furnish returns/closes his business, then, the ST can assess him to the best of his judgement. If a dealer fails to pay the full amount of tax due per quarter, then simple interest at the rate of 2 *per cent* per month from the end of the month following the quarter is leviable under Section 40 of the MVAT Act. In addition, for not paying the tax, penalty not exceeding twice the amount of tax involved is also leviable under Section 90 read with Section 96 of the Act *ibid*.

**2.5.1** A dealer<sup>4</sup> submitted his returns only upto March 2008 and thereafter stopped submitting returns and pay any tax thereon. Despite this, no action was taken by the ST to assess the dealer on best judgement basis. The ST, however, continued to issue/re-validate Road Permits<sup>5</sup> of the dealer upto March 2011. The dealer stopped all trade related activities<sup>6</sup> after March 2011 indicating closure of business and the case records were left unattended. It was, however, observed (November 2015) from the records that the dealer purchased 'ghee/mustard oil' amounting to ₹ 1.10 crore in course of inter-State trade between April 2008 and May 2008 having a tax effect of ₹ 0.04 crore.

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<sup>3</sup> Calculated upto October 2015.

<sup>4</sup> **M/s Hanuman Store.**

<sup>5</sup> A Road Permit is issued in Form 40 which enables a registered dealer to bring goods, purchased in course of inter-State trade, into the State.

<sup>6</sup> Applying for Road Permits/'C' forms *etc.*

**2.5.2** A dealer<sup>7</sup> submitted returns only upto March 2010 and thereafter stopped submitting returns. Despite this, no action was taken by the ST to assess the dealer on best judgement basis. The ST, however, continued to issue/re-validate Road Permits<sup>8</sup> of the dealer upto December 2010. The dealer stopped all trade related activities<sup>9</sup> after December 2010 indicating closure of business and the case records were left unattended. It was, however, observed (December 2015) from the records that the dealer purchased goods amounting to ₹ 1.12 crore in course of inter-State trade between April 2009 and December 2010 against which, the dealer disclosed sales of only ₹ 0.31 crore upto March 2010. The dealer thus concealed a minimum turnover of ₹ 0.81 crore<sup>10</sup> and evaded tax of ₹ 0.10 crore.

Despite not furnishing of returns, no action was taken by the SsT to assess the dealers on best judgement basis. Thus, the dealers evaded payment of tax of ₹ 0.14 crore on which penalty not exceeding ₹ 0.28 crore and interest amounting to ₹ 0.19 crore<sup>11</sup> were also leviable, resulting in loss of revenue of ₹ 0.33 crore to the State exchequer.

The cases were reported to the Taxation Department, Government of Meghalaya between April 2016 and May 2016; their reply had not been received (December 2016).

## **2.6 Loss of revenue due to acceptance of incorrect claim of Input Tax Credit**

**A dealer fraudulently claimed Input Tax Credit of ₹ 0.90 crore; on which interest amounting to ₹ 1.03 crore and penalty not exceeding ₹ 1.80 crore were also leviable.**

[ST, Circle-II, Shillong; February 2016]

Under the provisions of Section 11 of the MVAT Act, Input Tax Credit (ITC) is allowed to a registered dealer for intra-State purchase of goods, intended for re-sale, from another registered dealer. ITC is the tax paid by the second dealer while purchasing goods from another dealer in the course of intra-State trade and is allowed as a set-off against the tax payable by the second dealer while making subsequent sale. Further, under Section 11 read with Section 16 of the MVAT Act, for availing ITC a dealer must maintain all evidence in support of such a claim and the burden of proving the eligibility for claiming ITC shall be on the dealer. If a dealer falsely claims ITC, then penalty not exceeding twice the amount of tax involved is leviable under Section 90 read with Section 96 of the Act *ibid*.

A dealer<sup>12</sup> dealing in electronic goods submitted returns for the period between April 2007 and March 2015 disclosing intra-State purchase of goods valued at ₹ 20 crore

<sup>7</sup> **M/s Mansuk Electronics.**

<sup>8</sup> A Road Permit is issued in Form 40 which enables a registered dealer to bring goods, purchased in course of inter-State trade, into the State.

<sup>9</sup> Applying for Road Permits/'C' forms *etc.*

<sup>10</sup> Without taking any profit element into account.

<sup>11</sup> Calculated upto October 2015.

<sup>12</sup> **M/s E.N. Enterprise.**

and claimed ITC of ₹ 0.90 crore on such purchases and accordingly paid the output tax after adjusting the ITC as set-off. However, examination of the dealer's records revealed that the dealer did not provide any documentary evidence in support of his claim of ITC. As such, the ITC claim was irregular and was liable to be rejected. However, the same was not detected by the ST as he failed to assess the dealer and the case records were left unexamined thereby allowing the dealer to avail undue benefit of ITC amounting to ₹ 0.90 crore on which penalty not exceeding ₹ 1.80 crore and interest amounting to ₹ 1.03 crore<sup>13</sup> were leviable. The dealer stopped submitting returns after March 2015 and there were no trade related activities in his records<sup>14</sup> indicating closure of business.

Despite the dealer having stopped furnishing of returns, no action was taken by the ST to assess the dealer on best judgement basis or even to ascertain the status of the dealer's business. Failure of the ST to carry out timely assessment thus enabled the dealer to irregularly avail ITC benefit resulting in a loss of revenue to the State exchequer amounting to ₹ 1.93 crore.

The case was reported to the Taxation Department, Government of Meghalaya between April 2016 and May 2016; their reply had not been received (December 2016).

## **2.7 Short payment of tax due to irregular claim of remission**

**A manufacturing unit irregularly claimed tax remission beyond the eligibility period resulting in short payment of tax amounting to ₹ 0.12 crore; on which interest of ₹ 0.11 crore and penalty not exceeding ₹ 0.24 crore were also leviable.**

### **[ST, Circle-VIII, Shillong; March 2016]**

Under the Meghalaya Industries (Tax remission) Scheme, 2006 eligible manufacturing units<sup>15</sup> are entitled to retain as remission, 99 *per cent* of the tax collected in course of intra-State trade and deposit only one *per cent* of the tax collected into the Government account. Section 3(3) of the Scheme Guidelines stipulate that an eligible unit will be entitled to the benefits under this scheme for a period upto seven years from the date of commencement of production. Further, under Section 45 of the MVAT Act if a dealer furnishes incorrect returns, then the ST can assess him to the best of his judgement. If a dealer fails to pay the full amount of tax due per quarter, then simple interest at the rate of 2 *per cent* per month from the end of the month following the quarter is leviable under Section 40 of the MVAT Act. In addition, for non-payment of tax, penalty not exceeding twice the amount of tax involved is also leviable under Section 90 read with Section 96 of the Act *ibid*.

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<sup>13</sup> Calculated upto October 2015.

<sup>14</sup> The dealer stopped applying for road permits/'C' forms *etc*.

<sup>15</sup> Units which have been approved by the Single Window Agency (constituted under the chairmanship of the Chief Minister).

A manufacturing unit<sup>16</sup> started commercial production from 15 April 2003. The benefits granted under the Remission Scheme were to be allowed for a period of seven years, *i.e.*, upto 14 April 2010. The unit, however, continued to claim remission under the Scheme even after expiry of the seven year period. Between May 2010 and December 2013, the unit sold goods valued at ₹ 2.79 crore on which tax amounting to ₹ 12.46 lakh was payable. The unit, however, paid only ₹ 0.12 lakh (being one *per cent* of the tax collected) and retained ₹ 12.34 lakh with itself. The manufacturing unit stopped furnishing returns after December 2013 and also stopped making any payment of tax therefrom.

Despite submission of incorrect returns/non-submission of returns, no action was taken by the ST to assess the dealer on best judgement basis. Thus, inaction on the part of the ST resulted in short payment of tax amounting to ₹ 0.12 crore and undue benefit to the dealer to that extent. For short payment of tax, penalty not exceeding ₹ 0.24 crore and interest amounting to ₹ 0.11 crore<sup>17</sup> were also leviable.

The case was reported to the Taxation Department, Government of Meghalaya between April 2016 and May 2016; their reply had not been received (December 2016).

## 2.8 Short payment of tax

**Failure of the ST to carry out scrutiny/assessment resulted in short payment of tax amounting to ₹ 0.56 crore by a dealer; on which interest of ₹ 0.28 crore and penalty not exceeding ₹ 1.12 crore were also leviable.**

[ST, Jowai; November 2015]

Under Section 35 of the MVAT Act, a registered dealer has to submit a quarterly return along with full payment of tax due as per the return. Section 39(1) of the MVAT Act stipulates that each and every quarterly return furnished by a dealer is subject to scrutiny by the ST to *inter alia* verify full payment of tax by the dealer during the quarter. Further, under Section 45 of the MVAT Act if a dealer furnishes incomplete returns, then, the ST can assess him to the best of his judgement. If a dealer fails to pay the full amount of tax due per quarter, then simple interest at the rate of 2 *per cent* per month from the end of the month following the quarter is leviable under Section 40 of the MVAT Act. In addition, for non-payment of tax, penalty not exceeding twice the amount of tax involved is also leviable under Section 90 read with Section 96 of the Act *ibid*.

A dealer<sup>18</sup> submitted his returns for the period from July 2012 to December 2014 wherein he declared turnover of ₹ 4.60 crore. Against the tax liability of ₹ 0.92 crore<sup>19</sup>

<sup>16</sup> M/s Regetta Foods Pvt. Ltd.

<sup>17</sup> Calculated upto January 2016.

<sup>18</sup> M/s VFR Bonded Warehouse.

<sup>19</sup> 20 *per cent* of ₹ 4.60 crore = ₹ 0.92 crore.

the dealer, however, paid only ₹ 0.36 crore resulting in short payment of tax of ₹ 0.56 crore.

Despite submission of returns without full payment of tax in eight quarters<sup>20</sup> and non-payment of tax in two quarters<sup>21</sup>, the ST could not detect the same as he failed to scrutinise the returns of the dealer or assess him on best judgement basis. Thus, inaction of the ST resulted in short payment of tax amounting to ₹ 0.56 crore on which penalty not exceeding ₹ 1.12 crore and interest of ₹ 0.28 crore<sup>22</sup> were also leviable.

The case was reported to the Taxation Department, Government of Meghalaya in February 2016; their reply had not been received (December 2016).

## 2.9 Short payment of tax

**Failure of the SsT to carry out scrutiny/assessment resulted in short payment of tax amounting to ₹ 10.29 crore by two cement manufacturing units; on which interest of ₹ 3.87 crore and penalty not exceeding ₹ 20.58 crore were also leviable.**

### [SsT, Jowai & Circle-VII, Shillong; November 2015 & February 2016]

Under the provisions of the Meghalaya Industries (Tax Remission) Scheme 2006, eligible cement manufacturing units with installed capacity exceeding 600 tonnes per day (TPD) shall pay CST @ 2 per cent of their sale<sup>23</sup>. Further, under Section 90 of the MVAT Act, if a dealer evades, in any way, the liability to pay tax, he shall be liable to pay in addition to tax, a penalty not exceeding ₹ 5000 or double the amount of tax payable on the sale of turnover whichever is greater. Besides, for non-payment of tax within 21 days from the expiry of the quarter, penalty at 2 per cent per month is also leviable under Section 40 of the MVAT Act.

For the period between January 2013 and December 2015 two cement manufacturing units<sup>24</sup> (with installed capacity exceeding 600 TPD) sold cement amounting to ₹ 607.46 crore in course of inter-State trade, on which, tax amounting to ₹ 10.39 crore was payable; against which, the units paid only ₹ 0.10 crore thereby resulting in short payment of tax amounting to ₹ 10.29 crore on which penalty not exceeding ₹ 20.58 crore and interest amounting to ₹ 3.87 crore<sup>25</sup> were also leviable.

Despite submission of returns by the dealers without payment of tax, no action was initiated by the SsT to scrutinise the returns or assess the units on best judgement

<sup>20</sup> **Quarters Ended:** September 2012, December 2012, September 2013, December 2013, March 2014, June 2014, September 2014 and December 2014.

<sup>21</sup> **Quarters Ended:** March 2013, June 2013.

<sup>22</sup> Calculated upto October 2015.

<sup>23</sup> If sold to registered dealers. Else such sale is taxable at 13.5/14.5 per cent.

<sup>24</sup> **M/s Meghalaya Cements Ltd (ST, Jowai) and M/s Amrit Cements Ltd. (ST, Circle-VII, Shillong)**

<sup>25</sup> Calculated upto January 2016.

basis. Failure of the SsT to complete the scrutiny/assessment of returns thus resulted in short payment of tax to that extent.

The cases was reported to the Taxation Department, Government of Meghalaya between February 2016 and April 2016; their replies had not been received (December 2016).

### **2.10 Turnover escaped assessment**

**A coal dealer concealed turnover of ₹ 36.69 crore and evaded tax of ₹ 1.47 crore; on which penalty not exceeding ₹ 2.94 crore and interest of ₹ 1.10 crore were also leviable.**

**[ST, Williamnagar; March 2016]**

Under Section 90 read with Section 96 of the MVAT Act, if any dealer furnishes false returns of turnover, he shall be liable to pay, in addition to the tax, a penalty equal to double the amount of tax payable on the sale turnover. The provision of the Act, applies *mutatis mutandis* in cases of assessments and reassessments under the CST Act. Further, sale of coal in course of inter State trade is taxable at a concessional rate of two *per cent* if supported by declaration in Form 'C', otherwise such sale is taxable at the rate of four *per cent*.

Between July 2012 and March 2013 a coal dealer<sup>26</sup> submitted returns wherein he disclosed inter-State sales amounting to ₹ 57.29 crore to registered dealers and submitted 29 declarations in form 'C' in support of the sale and was accordingly assessed by the ST between August 2013 and March 2014. Examination of the declaration forms, however, revealed that the actual sale value was ₹ 93.98 crore. Thus, against actual sale of ₹ 93.98 crore, the dealer disclosed sale of only ₹ 57.29 crore, resulting in concealment of turnover of ₹ 36.69 crore.

Despite the declaration forms being available in the case records of the dealer, the ST failed to check the same while finalising assessments resulting in concealment of turnover to that extent and consequent evasion of tax amounting to ₹ 1.47 crore<sup>27</sup>; on which penalty not exceeding ₹ 2.94 crore and interest of ₹ 1.10 crore<sup>28</sup> were also leviable.

The case was reported to the Taxation Department, Government of Meghalaya in April 2016; their reply had not been received (December 2016).

<sup>26</sup> M/s BCMS Traders Pvt. Ltd.

<sup>27</sup> 4 *per cent* of ₹ 36.69 crore = ₹ 1.47 crore

<sup>28</sup> Calculated upto January 2016.

**2.11 Evasion of tax**

**Failure of the ST to assess the returns properly resulted in concealment of purchase of ₹ 6.94 crore by three dealers and consequent evasion of tax amounting to ₹ 1.02 crore; on which penalty not exceeding ₹ 1.53 crore and interest of ₹ 0.1 crore were also leviable.**

**[ST, Williamnagar; March 2016]**

Under Section 11(4) of the Assam (Sales of Petroleum *etc.*) Taxation Act, 1955 (as adapted by Meghalaya) if the ST is not satisfied with the correctness of returns furnished by a dealer, then the ST can assess the dealer to the best of his judgement. Further under Section 16(1)(c) of the Act if the dealer has concealed particulars of his turnover, then the dealer is liable to pay as penalty, in addition to the tax payable, a sum not exceeding one and half times the tax payable. In addition, interest is leviable under Section 20A of the Act *ibid* as follows:

For the first 60 days from the due date <sup>29</sup>	12 per cent per annum
Beyond 60 days from the due date	24 per cent per annum

**2.11.1** For the period between April 2014 and June 2015, a dealer<sup>30</sup> disclosed combined inter-State purchase of ‘Motor Spirits’ (MS) and ‘High Speed Diesel’ (HSD) of ₹ 1.94 crore from an oil marketing company in Assam and the same was accepted and assessed by the ST on various dates between February 2015 and November 2015. However, from the case records of the dealer, it was observed that during the same period, the dealer imported 84 consignments of MS/HSD during the period valued at ₹ 4.66 crore, against which he disclosed only ₹ 1.94 crore thereby resulting in concealment of purchase of ₹ 2.72 crore.

While completing the assessments, the ST failed to take into account all connected records which thereby enabled the dealer to conceal purchase of MS/HSD worth ₹ 2.72 crore resulting in minimum<sup>31</sup> evasion of tax amounting to ₹ 0.34 crore; on which penalty not exceeding ₹ 0.51 crore and interest of ₹ 0.03 crore<sup>32</sup> were also leviable.

**2.11.2** For the period between January 2015 and September 2015, two dealers<sup>33</sup> disclosed inter-State sale of MS at ₹ 1.52 crore and HSD of ₹ 1.98 crore from an oil marketing company in Assam and the same was accepted and assessed by the ST in November 2015. However, from the case records of the dealers it was observed that during the same period, the dealer purchased MS worth ₹ 3.27 crore and HSD worth ₹ 4.45 crore.

<sup>29</sup> Due date is the end of the month following the quarter.

<sup>30</sup> **M/s Nengkra Service Station.**

<sup>31</sup> Calculated at the minimum rate of 12.5 per cent.

<sup>32</sup> Calculated upto January 2016.

<sup>33</sup> **M/s Koksi Service Station and M/s Energy station, Williamnagar.**

Despite the information being available in the case records of the dealers, the ST, while completing the assessments, failed to take into account all connected records which thereby enabled the dealers to conceal sale of MS worth ₹ 1.75 crore and HSD worth ₹ 2.47 crore thereby resulting in evasion of tax amounting to ₹ 0.68 crore on which, penalty not exceeding ₹ 1.02 crore and interest of ₹ 0.07 crore<sup>34</sup> were also leviable.

The cases were reported to the Taxation Department, Government of Meghalaya in April 2016; their reply had not been received (December 2016).

### **2.12 Irregular grant of concessional rate on turnover not supported by 'C' forms**

**Irregular grant of concessional rate on sale of coal worth ₹ 19.25 crore resulted in short payment of tax amounting to ₹ 0.39 crore on which penalty not exceeding ₹ 0.78 crore and interest of ₹ 0.19 crore were also leviable.**

**[ST, Williamnagar; March 2016]**

Under Section 90 read with Section 96 of the MVAT Act, if any dealer furnishes false returns of turnover, he shall be liable to pay in addition to the tax a penalty equal to double the amount of tax payable on the sale turnover. Further, sale of coal in course of inter State trade is taxable at a concessional rate of two *per cent* if supported by declaration in Form 'C', otherwise such sale is taxable at the rate of four *per cent*.

Between April 2013 and December 2013, a dealer<sup>35</sup> disclosed total sales of ₹ 134.50 crore in course of inter-State trade; out of which, he disclosed ₹ 132.38 crore as sales made to registered dealers and supported by declarations in Form 'C' and was accordingly assessed by the ST between September 2013 and February 2014. Examination of the case records of the dealer, however, revealed that during the same period, the dealer actually submitted 41 declarations in Form 'C' valuing only ₹ 113.13 crore in support of his claim.

The ST, thus, irregularly allowed concessional rate of tax at 2 *per cent* on ₹ 132.38 crore instead of ₹ 113.13 crore resulting in excess amount of ₹ 19.25 crore getting taxed at concessional rate of 2 *per cent* instead of 4 *per cent*. This resulted in short payment of tax of ₹ 0.39 crore on which penalty not exceeding ₹ 0.78 crore and interest of ₹ 0.19 crore<sup>36</sup> were also leviable.

The case was reported to the Taxation Department, Government of Meghalaya in April 2016; their reply had not been received (December 2016).

<sup>34</sup> Calculated upto January 2016.

<sup>35</sup> **M/s A.K. Minerals.**

<sup>36</sup> Calculated upto January 2016.

### 2.13 Irregular claim of exemption

**Failure of the ST to take timely action against a dealer resulted in irregular claim of tax remission of ₹ 0.18 crore; on which penalty not exceeding ₹ 0.36 crore and interest of ₹ 0.26 crore were also leviable.**

[ST, Circle-XIII, Shillong; March 2016]

Under the provisions of the Meghalaya Industries (Tax Remission) Scheme, 2006 eligible manufacturing units<sup>37</sup> are entitled to remission<sup>38</sup> of 99 *per cent* of the tax collected in course of intra-State trade and deposit only 1 *per cent* of the tax collected into the Government account. Section 3(3) of the Scheme Guidelines stipulate that an eligible unit will be entitled to the benefits under this scheme for a period upto seven years from the date of commencement of production. Further, under Section 45 of the MVAT Act, if the returns furnished by a dealer are incorrect or if a dealer stops furnishing returns, then the ST can assess him to the best of judgement.

The dealer<sup>39</sup> was dealing in ‘electronic goods’. Despite not being a ‘manufacturer’ and not fulfilling any of the requisite criteria<sup>40</sup> for claiming tax remission, the dealer claimed remission under the Meghalaya Industrial Policy and the Remission Scheme thereunder. Between July 2005 and March 2014, the dealer declared local sales of ₹ 1.72 crore and CST sales of ₹ 3.71 crore, on which tax amounting to ₹ 7.53 lakh and ₹ 15.15 lakh respectively was leviable, against which, the dealer paid only ₹ 4.76 lakh, claiming remission under the Remission Scheme. This resulted in short payment of tax of ₹ 0.18 crore, on which interest of ₹ 0.26 crore<sup>41</sup> and penalty not exceeding ₹ 0.36 crore were also leviable.

Despite irregular claim of remission by the dealer without any supporting proofs such as Eligibility Certificate from the Industries Department, Single Window Agency approval *etc.*, the same was overlooked by the ST resulting in short payment of tax to that extent.

After March 2014, the dealer stopped furnishing returns and stopped all trade related activities indicating closure of business despite which, the ST failed to take timely action against the dealer which indicates probable loss of revenue to that extent as the chances of recovery appear to be remote.

The case was reported to the Taxation Department, Government of Meghalaya in April 2016; their reply had not been received (December 2016).

<sup>37</sup> Units which have been approved by the Single Window Agency (SWA) {constituted under the chairmanship of the Chief Minister}.

<sup>38</sup> As per the Remission Scheme, the eligible units can retain 99 *per cent* of the tax collected. This is referred to as **remission** as per the Scheme.

<sup>39</sup> **M/s Sumo Digital.**

<sup>40</sup> The dealer did not have SWA approval, Eligibility Certificate issued by the Industries Department and Certificate of Entitlement from the Taxation Department.

<sup>41</sup> Calculated upto January 2016.

**2.14 Irregular adjustment of tax**

**Irregular adjustment of *challans* in respect of tax deducted at source resulted in short payment of tax amounting to ₹ 0.10 crore; on which penalty not exceeding ₹ 0.20 crore and interest of ₹ 0.03 crore were also leviable.**

[SsT Circle-III & IV, Shillong; January 2016]

As per Rule 39 of the MVAT Rules, 2005, in respect of tax deducted at source (TDS), a dealer is to furnish a copy of the certificate of TDS in Form 24 along with the attested copy of the *challan* in Form 4 for adjustment of such deposit against his dues to the ST. Further, under Section 45 of the MVAT Act, 2003, if a dealer furnishes incorrect returns, then the ST can assess him to the best of his judgement. Furthermore, for furnishing such false returns, penalty not exceeding twice the amount of tax and interest is also leviable under Sections 96 and 40 of the Act *ibid*.

For the period between May 2005 and March 2015, two dealers<sup>42</sup> submitted their returns disclosing TDS of ₹ 24.98 crore and adjusted the same against the output tax. It was, however, noticed that the dealers irregularly furnished copies of TDS *challans* amounting to ₹ 0.10 crore for various periods between May 2005 and March 2015 which, in effect, belonged to other dealers. The same was, however, accepted by the SsT at the time of scrutiny between December 2014 and October 2015 and was adjusted against the tax liability.

Thus, irregular acceptance of false returns by the SsT and irregular adjustment of TDS *challans* resulted in short payment of tax amounting to ₹ 0.10 crore. For deliberate furnishing of false returns, penalty not exceeding ₹ 0.20 crore and interest of ₹ 0.03 crore<sup>43</sup> was also leviable.

The cases were reported to the Taxation Department, Government of Meghalaya in April 2016; their replies had not been received (December 2016).

<sup>42</sup> M/s Sun Scientific Store (Circle-III) and M/s Gupta Construction (Circle-IV).

<sup>43</sup> Calculated upto January 2016.



**CHAPTER-III**  
**STATE EXCISE**



## CHAPTER-III: STATE EXCISE

### 3.1 Tax Administration

The Additional Chief Secretary to the Government of Meghalaya, ERTS Department is in overall charge of the State Excise Department at the Government level. The Commissioner of Excise (CE) is the administrative head of the Department. He is assisted by a Joint Commissioner of Excise and Deputy/Assistant Commissioners of Excise (DCEs/ACEs). At the district level, the Superintendents of Excise (SEs) have been entrusted with the work of levy of excise duties and other dues from the licencees such as bonded warehouses, bottling plants, distilleries and retailer shops. The collection of tax is governed by the provisions of the Assam Excise Act, 1910 (as adapted by Meghalaya), the Assam Excise Rules, 1945 (as adapted), the Assam Distillery Rules, 1945 (as adapted) and the Assam Bonded Warehouses Rules, 1965 (as adapted).

### 3.2 Internal audit

The Excise Department has no separate Internal Audit Wing (IAW). Despite the same being pointed out earlier in audit, no action has been taken by the Department to create an IAW to monitor the working of the Department.

**Recommendation:** *The Department may look into the possibility of creating an Internal Audit Wing to effectively monitor its functioning.*

### 3.3 Results of Audit

Test check of the records of six units during 2015-16 revealed non-realisation of duties, fees, etc. involving ₹ 10.13 crore in 35 cases which fall under the following categories:

Table 4.1

Sl. No.	Category	Number of cases	(₹ in crore)
			Amount
1.	Non/Short realisation of duties etc.	20	5.88
2.	Loss of revenue	10	4.24
3.	Other irregularities	05	0.01
<b>Total</b>		<b>35</b>	<b>10.13</b>

During the course of the year, the Department accepted under assessments and other deficiencies of ₹ 4.53 crore in 21 cases. An amount of ₹ 0.60 crore was realised in four cases during the year 2015-16.

A few illustrative cases having financial impact of ₹ 2.93 crore in terms of underassessment/short levy/non-levy of tax and other provisions of the Acts are discussed in the paragraphs 3.4 to 3.9.

### 3.4 Short payment of excise duty due to excess claim of transit breakage

#### Four Bonded Warehouses were irregularly allowed excess transit breakage claim on 2073 cases of liquor resulting in short payment of excise duty of ₹ 0.11 crore.

[SE, Tura; March 2016]

In Meghalaya, excise duty on General Brand of liquor is ₹ 551 per case of Indian made Foreign Liquor (IMFL) upto 07 January 2015 and ₹ 663 per case thereafter. Rule 141 of the Meghalaya Excise (Amendment) Rules, 1997 provides that allowance shall be made for the loss in transit by leakage or evaporation of spirit when transported depending on the duration of the transit from the date of issue from the distillery to the date of arrival at the receiving warehouse as under:

	Duration of the journey	Maximum wastage allowance
(a)	For a journey duration not more than two days	1 per cent
(b)	For a journey duration not less than two days but not exceeding ten days	1 ½ per cent
(c)	For a journey duration not less than ten days but not exceeding twenty days	2 per cent
(d)	For a journey of duration exceeding twenty days	2 ½ per cent

Four bonded warehouses<sup>1</sup> procured 3,81,515 cases of IMFL from distilleries/bottling plants<sup>2</sup> within the State between April 2013 and March 2015 for which the maximum allowable wastage was 3,815 cases being one *per cent*<sup>3</sup> of the total quantity procured. However, the bonded warehouses claimed wastage of 5,888 cases<sup>4</sup>, resulting in excess claim of transit wastage of 2,073 cases of IMFL and undue benefit by way of short payment of excise duty of ₹ 0.11 crore<sup>5</sup>. Despite having full information<sup>6</sup> relating to procurement of IMFL by bonded warehouses, no action was taken by the SE to limit the transit breakage claim under the provisions of the Excise Rules. Inaction of the SE to regulate the transit breakage claim under the provisions of the Meghalaya Excise Rules thus resulted in short payment of excise duty amounting to ₹ 0.11 crore.

<sup>1</sup> (i) Megha Bonded Warehouse, (ii) Gloria Bonded Warehouse, (iii) Tura Bonded Warehouse and (iv) Sweety Bonded Warehouse

<sup>2</sup> Located in Jorabat,, Ri Bhoi District, Meghalaya.

<sup>3</sup> One *per cent* was allowable as the distance between the four bonded warehouses and the two distilleries/bottling plants was less than 250 kms which would not take more than two days of transit.

<sup>4</sup> On the basis of monthly returns submitted to the Excise Department.

<sup>5</sup> 2073 cases X ₹ 551 per case = ₹ 11,42,223 (Taken at the lower rate of ₹ 551 per case for the entire period since month wise breakup was not available).

<sup>6</sup> Whenever IMFL is entered into a bonded warehouse, the SE or his subordinate has to record the same in the excise register maintained at the bonded warehouse.

The case was reported to the Excise Department, Government of Meghalaya in May 2016; their reply had not been received (December 2016).

### 3.5 Evasion of excise duty

#### Two bottling plants concealed 0.66 lakh Bulk Litres of Extra Neutral Alcohol and evaded excise duty payment of ₹ 0.98 crore.

[SE, Nongpoh; October 2015]

Indian Made Foreign Liquor (IMFL) is manufactured from Extra Neutral Alcohol (ENA) by adding water, colour and flavour to the ENA. The standard norm<sup>7</sup> of conversion of ENA per case of liquor is as under:

Size (in millilitres)	Requirement of ENA in Bulk Litres (BL) per case
180 ml	3.85 (BL)
375 ml	4.00 (BL)
750 ml	
1000 ml	5.35 (BL)

In Meghalaya, excise duty on General Brand of liquor is ₹ 551 per case of 12 bottles of 750 ml or equivalent upto 07 January 2015 and thereafter at ₹ 663 per case.

Two bottling plants<sup>8</sup> imported 55.97 lakh BL of ENA from outside the State between April 2014 and March 2015; of which, 48.71 lakh BL of ENA was shown as utilised for production of 0.14 lakh cases of liquor containing 1000 ml bottles, 7.02 lakh cases of liquor containing 750 ml/375 ml bottles and 4.99 lakh cases of liquor containing 180 ml bottles during the aforesaid period. As per standard norms, for production of the aforesaid quantity of liquor, 48.05 lakh BL (**Annexure I**) of ENA should have been actually utilised. The bottling plants, thus, fraudulently overstated the quantity of ENA utilised, resulting in concealment of 0.66 lakh BL of ENA from which 0.16 lakh cases of IMFL liquor<sup>9</sup> could be manufactured.

Despite the monthly figures pertaining to consumption of ENA and production of IMFL therefrom being available with the SE, no steps were taken by the SE to reconcile the difference and ascertain the reasons for overconsumption of ENA by the bottling plants. Failure of the SE to properly monitor the functioning of the bottling plants thereby resulted in evasion of excise duty amounting to ₹ 0.98 crore<sup>10</sup>.

The case was reported to the Excise Department, Government of Meghalaya in November 2015; their reply had not been received (December 2016).

<sup>7</sup> Normally ENA is received with an average purity of 96 per cent and IMFL is produced with strength of 42.8 per cent volume/volume.

One case of IMFL of 750 ml has 12 bottles = 12 x 750 ml = 9000 ml or 9 BL  
Hence 9 BL x 42.8/96 = 4 BL. Therefore, 4 BL of ENA is required.

<sup>8</sup> (i) M/s North East Bottling and (ii) CMJ Bottling Unit.

<sup>9</sup> Loss worked out for 375 ml/750 ml bottles only as they have the same excise duty.

<sup>10</sup> 9313 cases x 551 = ₹ 0.51 crore  
7060 cases x 663 = ₹ 0.47 crore  
Total = ₹ 0.98 crore

### 3.6 Loss of revenue due to destruction of seized stock

**Destruction of 1384 cases of seized stock of IMFL/beer without auctioning the same resulted in loss of revenue amounting to ₹ 0.12 crore.**

[ACE, Shillong; June 2015]

Section 38 read with Section 41 of the Assam Excise Act, 1910 (as adapted by Meghalaya) provides that the Deputy Commissioner/Excise officers can seize all excisable articles which are imported/sold without permits granted under the Act. Further Section 69 of the Act *ibid* provides that if the seized articles are liable to speedy and natural decay, then the Deputy Commissioner can direct the same to be sold.

Audit of the records revealed that between May 2013 and July 2013, the ACE auctioned 174 cases of IMFL and 100 cases of beer which were seized under the Excise Act upto March 2011 and realised ₹ 2.49 lakh as revenue. The lowest price offered during the auctions was ₹ 950 per case of IMFL and ₹ 295 per case of beer.

However, in respect of the 1135 cases of IMFL and 249 cases of Beer seized between April 2011 and March 2014, the Excise Department instead of auctioning the same, destroyed (January 2014) the seized goods as the Excise *Malkhana*<sup>11</sup> was in urgent need of cleaning and sought permission (February 2014) from the Chief Executive Officer, Municipal Board, Shillong to dump the destroyed stock in the dumping yard of the Municipal Board. After a lapse of eight months, the Department again sought permission from the Municipal Board for dumping the destroyed goods as the previous letter elicited no response.

Thus, action of the Department in destroying the seized stock instead of auctioning them resulted in loss of revenue amounting to ₹ 0.12 crore<sup>12</sup> calculated at the lowest bid offered during the previous auctions. Further, the delay in disposing the destroyed stock by eight months defeated the purpose of urgent destruction of stock.

On this being pointed out (July 2015), the CE stated (February 2016) that the seized stock had to be destroyed as the brand labels in all the bottles had been '*completely destroyed*' and hence the same could not be auctioned. The reply is not acceptable as the rationale given by the Excise Department in all its file notings and correspondences at various levels for destruction of the stock was that the Excise *Malkhana* was in urgent need of cleaning and in none of the correspondences was spoilage of the brand labels cited as a reason for destruction of the stock. Moreover, no damage report of the seized stock was available on record.

<sup>11</sup> A Government warehouse where seized goods are stored.

<sup>12</sup> 1135 cases X ₹ 950 per case = ₹ 1078250  
 249 cases X ₹ 295 per case = ₹ 73455  
**Total = ₹ 1151705**

No further reply had been received from the Excise Department, Government of Meghalaya (December 2016).

### **3.7 Licence fees from outstills not realised**

**The Excise Department failed to realise licence fee amounting to ₹ 0.11 crore from 143 outstills under four local chiefs.**

**[ACE, Shillong; June 2015]**

The Excise Department, Government of Meghalaya empowered (July 1975) the local chiefs to issue licences to outstills<sup>13</sup> and realise annual licence fee from them on behalf of the Department. For their services, the local chiefs were allowed to retain 50 per cent of the licence fee realised while the balance amount was to be paid to the Government. In Meghalaya, the annual licence fee of outstills was fixed at ₹ 4000 per annum with effect from 14 June 2012.

It was observed from the records that four local chiefs issued licences to 143 outstills (**Annexure II**) under their jurisdiction between 2012-13 and 2015-16 on which licence fee amounting to ₹ 0.21 crore was payable. The local chiefs, however, failed to deposit the Government's share of licence fee realised from outstills amounting to ₹ 0.11 crore being 50 per cent of the licence fee.

Despite not depositing of licence fees by the local chiefs for periods ranging between two years and four years, no action was taken by the ACE to direct the local chiefs to deposit the licence fee payable. No records were also available with the Department to indicate that these outstills had discontinued their operations. Thus, failure of the ACE to initiate action resulted in revenue amounting to ₹ 0.11 crore not being realised. In respect of another four<sup>14</sup> local chiefs, even records pertaining to the number of outstills were not available with the ACE. Consequently, the Department was unaware of the licence fee to be paid by these local chiefs.

On this being pointed out (July 2015), the CE (February 2016) stated that the matter had been taken up with the Government in June 2012 for revoking the powers of the local chiefs for failing to deposit the Government's share of the licence fee and that no communication had been received from the Government in this regard. The reply was, however, silent regarding the action to be taken for realisation of the licence fee from the local chiefs.

No further reply had been received from the Excise Department, Government of Meghalaya (December 2016).

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<sup>13</sup> An establishment where country liquor is manufactured and sold.

<sup>14</sup> (1) Syiem of Nongspung (2) Sirdar of Mawlong (3) Lyngdoh of Mawphlang (4) Syiem of Myllem

### 3.8 Revenue not realised due to non-renewal of licences

#### Licence fee amounting to ₹ 1.01 crore could not be realised from 66 bottling plants/bonded warehouses/retail licencees.

[CE, Meghalaya, SEs, Tura & Khliehriat; June 2015-March 2016]

Rules 243, 244 and 252 of the Assam Excise Rules, 1945 provide for payment of annual licence fee for bonded warehouses, retail licencees and bottling plants in advance, at the rates prescribed from time to time for renewal of licences. The validity period of licences is from April of a year to March of the next year. The Excise Department, Government of Meghalaya revised (June 2012) the annual fee for renewal of licence of bonded warehouses, bottling plants and retail licencees as under:

Table 1

Sl. No.	Type of licence	Existing fee (₹)	Revised fee (₹)
I	Bonded Warehouse	150000	200000
II	Bottling Plant	410000	540000
III	Retail 'OFF' <sup>15</sup> licence	50000	60000
III	Retail 'ON' licence (Bar Licence)	35000	45000

Further, Section 29 read with Section 35 of the Assam Excise Act, 1910 stipulates that if any fee or duty payable by the licence holder has not been paid, the licence granted may be cancelled and any amount payable to the Government may be recovered from the defaulters by sale of their movable property or as arrears of land revenue.

**3.8.1** Audit of records<sup>16</sup> of the CE, Meghalaya (June 2015) revealed that the licencees of three bottling plants and 13 bonded warehouses (**Annexure III**) failed to renew their licences in advance for the year 2015-16 resulting in licence fee amounting to ₹ 0.56 crore not being realized. Despite not renewing of advance licence fee, no action was taken by the CE to either direct the defaulters to renew their licences or cancel the licences for failure to renew the licences. Thus, inaction of the CE resulted in licence fee not being realised to that extent.

On this being pointed out (July 2015), the CE stated (September 2015) that out of three bottling plants, two bottling plants had deposited the licence fee and the licences had been renewed while in respect of bonded warehouses, ten had deposited the licence fee. In respect of the four remaining bottling plants/bonded warehouses, licence fees had not been deposited (December 2016).

**3.8.2** Audit of records of the SEs, Khliehriat and Tura (November 2015 and March 2016) revealed that 50 retail licencees (**Annexure III**) failed to renew their licences in advance for periods ranging between one year and six years resulting in licence fee amounting to ₹ 0.45 crore not being realised. Despite non-renewal of advance licence

<sup>15</sup> 'OFF' licences are given to wine shops. 'ON' licences are given to bars.

<sup>16</sup> Period from 01.04.2014 to 31.03.2015.

fee by the licencees, no action was taken by the SEs to either direct the defaulters to renew their licences or intimate the CE for cancellation of the licences. Thus, inaction of the SEs resulted in non-realisation of licence fee to that extent.

The cases were reported to the Excise Department, Government of Meghalaya between July 2016 and May 2016; their reply had not been received (December 2016).

### 3.9 Non-renewal of lapsed security deposits

**Security deposits of 21 bonded warehouses/distilleries/companies had lapsed, but were not renewed, resulting in non-realisation of security deposit amounting to ₹ 0.60 crore.**

[CE, Meghalaya; June 2015]

Under Rule 246 of the Meghalaya Excise Rules, a security in the form of 'Call Deposit' or 'Fixed Deposit' valid for 5 years (to be pledged in favour of the CE, Meghalaya) is to be furnished by all companies manufacturing IMFL, wine and beer as a guarantee for due observance of the terms and conditions of the licence and prompt payment of licence fees. The Excise Department, Government of Meghalaya, fixed<sup>17</sup> the security deposit as under:

Table 2

Type of establishment	Rate of Security Deposit	
Bonded Warehouses/Distilleries	₹ 3,00,000	
IMFL retail licences	₹ 50,000	
Companies	IMFL	Beer
Companies selling more than 50,000 cases per year	₹ 7,50,000	₹ 4,00,000
Companies selling less than 50,000 cases per year	₹ 2,50,000	₹ 2,00,000
	Wine	Bottled In Origin <sup>18</sup>
Companies selling above 5,000 cases per year	₹ 2,00,000	₹ 1,00,000
Companies selling below 5,000 cases per year	₹ 1,00,000	₹ 50,000

Audit of records revealed that the call deposits pledged as security by 21 bonded warehouses/distilleries/companies (**Annexure IV**) had expired for periods ranging between 554 days and 1059 days<sup>19</sup> but the same were not renewed. Despite non-renewal of security deposits over such a long period of time, no action was taken by the CE to direct the bonded warehouses/distilleries/ companies to renew the same, resulting in not realising of security deposit amounting to ₹ 0.60 crore. Further, not realising of security deposit was fraught with the risk of loss of revenue in case of default in payment of licence fee or for other violations of the Excise Act in future by any of these bonded warehouses/distilleries/companies.

On these being pointed out (July 2015), the CE stated (July 2015) that the call deposits pledged by bonded warehouses/distilleries/companies were released by the Department on expiry of their validity after submission of fresh call deposits. The reply is not acceptable as in none of the 21 cases pointed out by audit were fresh call

<sup>17</sup> July 2009 for Bonded warehouses & retail licencees and October 2010 for companies.

<sup>18</sup> IMFL products which are imported from outside the country.

<sup>19</sup> Period of delay reckoned upto 31 March 2016.

deposits called for even after expiry of their validity period resulting in non-realisation of security deposit to that extent.

No further reply had been received from the Excise Department, Government of Meghalaya (December 2016).

**CHAPTER-IV**  
**MOTOR VEHICLE RECEIPTS**



## CHAPTER-IV: MOTOR VEHICLE RECEIPTS

### 4.1 Tax Administration

The Additional Chief Secretary to the Government of Meghalaya, Transport Department is in overall charge of the Transport Department at the Government level. The Commissioner of Transport (CT) is the administrative head of the Department. He is assisted by an Assistant Commissioner of Transport (ACT) and the Secretary, State Transport Authority (STA). At the district level, the District Transport Officers (DTOs) have been entrusted with the registration of vehicles, issuance of permits including collection of duties. The collection of tax is governed by the provisions of the Motor Vehicles Act, 1988 and Rules made thereunder and the Assam Motor Vehicle Taxation Act, 1936.

### 4.2 Internal audit

The Transport Department has no separate Internal Audit Wing (IAW). Despite the same being pointed out in Audit Reports and the PAs from time to time, no action has been taken by the Department to create an IAW to monitor the working of the Department.

**Recommendation:** *The Department may look into the possibility of creating an Internal Audit Wing to effectively monitor the functioning of the Department.*

### 4.3 Results of Audit

Test check of the records of seven units relating to the Transport Department during 2015-16 revealed non-realisation of taxes, fees and fines, etc. involving ₹ 51.37 crore in 44 cases which fall under the following categories:

Table 4.1

Sl. No.	Category	Number of cases	Amount	
			₹ in crore	
1.	Non/Short realisation of revenue	21	13.33	
2.	Loss of revenue	08	33.27	
3.	Other irregularities	15	4.77	
<b>Total</b>		<b>44</b>	<b>51.37</b>	

During the course of the year, the Department accepted under assessments and other deficiencies of ₹ 8.85 crore in 20 cases. No recovery was intimated in any of the cases during the year 2015-16.

A Performance Audit on “*Functioning of Transport Department*” having financial impact of ₹ 579.46 crore is discussed in paragraph 4.4.

#### 4.4 Performance Audit on “Functioning of the Transport Department”

##### Highlights

➤ *Weighbridge lessees were allowed undue benefit to the tune of ₹0.99 crore due to failure of the Government to incorporate pro-rata provisions in the contractual agreements.*

**(Paragraph 4.4.9.1)**

➤ *The Transport Department failed to set up Auto Emissions Testing Stations in the State due to which at least 2.12 lakh vehicles were plying in the State without necessary pollution under control certificates causing a major threat to the environment.*

**(Paragraph 4.4.9.2)**

➤ *The Transport Department irregularly registered ‘commercial vehicles’ as ‘private vehicles’ resulting in short realisation of road tax amounting to ₹1.17 crore.*

**(Paragraph 4.4.10)**

➤ *Essential information pertaining to vehicle registration were not captured in Vahan software. Database of stolen vehicles was not linked with Police Department. Vehicles from outside the jurisdiction including those from other States were irregularly registered.*

**(Paragraph 4.4.22)**

➤ *Injudicious positioning of the transport checkpoint at Rongmil resulted in non-detection of excess load of 30.98 lakh metric tonnes and consequent non-realisation of penalty amounting to ₹368.72 crore.*

**(Paragraph 4.4.23.3)**

➤ *Weak internal controls in the Transport Department resulted in under reporting of excess load at three checkpoints and short realisation of fine amounting to ₹92.31 crore.*

**(Paragraphs 4.4.27.2 & 4.4.27.3)**

##### 4.4.1 Introduction

In Meghalaya, the functioning of the Transport Department including assessment, levy and collection of taxes, fees and fines on motor vehicles is governed by the provisions of the Motor Vehicle Act 1988, the Assam Motor Vehicles Taxation Act, 1936 (as adapted by the Government of Meghalaya) and the rules made thereunder. The Transport Department, Government of Meghalaya is responsible for regulating all transport vehicles in the State including issue of licences and permits in accordance with the provisions of the above Acts and Rules. In addition, the Transport Department also controls, supervises and regulates the working and

functioning of the STA and the Regional Transport Authorities (RTAs) and the DTOs.

#### **4.4.2 Organisational set up**

The Additional Chief Secretary is the head of the Transport Department. At the Directorate level, the CT is the administrative in-charge and is responsible for overseeing the functioning of the various wings of the Department. The CT is assisted by the ACT and the DTO (Enforcement). At the district level, there are 11 DTOs, one in each district, who are responsible for registration of vehicles, issue of driving licences, fitness certificates and collection of receipts under the provisions of the Acts and rules *ibid*.

The ACT as ex-officio Secretary, STA is responsible for issue of National, inter-State and inter-District permits for commercial vehicles and realisation of fees thereon. The DTO, at district level, in the capacity of Secretary, RTA is responsible for issue of intra-District permits for commercial vehicles and realisation of fees thereon and also responsible for enforcement of the Motor Vehicles Act, 1988 and realisation of fines for violation of the provisions of the Act *ibid*.

#### **4.4.3 Audit objectives**

The PA was conducted with a view to ascertain whether:

- the provisions of the Acts/Rules were adequate and effective in ensuring that no lapses occurred in effective management of the Department
- the Department was complying with the provisions of the regulatory Acts/Rules/ executive orders *etc.* and whether there were leakages of revenue as a result of non-compliance with the Acts/Rules
- the objectives of computerisation and application of ‘Vahan’, ‘Sarathi’ and ‘National Permit System’ were achieved
- the Department was equipped with proper infrastructure in terms of systems, networking *etc.*, to ensure adequate and effective internal controls

#### **4.4.4 Audit Scope and Methodology**

The PA was conducted during June 2016 to August 2016 covering the period from 2011-12 to 2015-16. The PA covered eight units<sup>1</sup> and five functional checkpoints<sup>2</sup> out of 11 units and six functional<sup>3</sup> checkpoints.

The methodology adopted during the course of audit entailed discussing the audit objectives with the Department/Government during an ‘Entry Conference’ held on 03 June 2016, scrutiny of records at all selected unit offices and checkpoints, interaction

<sup>1</sup> The CT, DTO (E), Secretary, STA and DTOs, Shillong, Jowai, Nongpoh, Williamnagar and Mawkyrwat. The units were selected on the basis of Probability Proportional to Size Without Replacement method.

<sup>2</sup> Byrnihat, Rongmil, Ratacherra, Chasingre and 7<sup>th</sup> Mile Pasyih.

<sup>3</sup> There are actually seven functional checkpoints in the State but Nengjagittim checkpoint in South Garo Hills was burnt down by miscreants in July 2015. Only Athiabari checkpoint in West Khasi Hills was left out due to security concerns.

with the auditee officials and staff, analysis of data with reference to audit criteria, raising of audit queries, issuing audit memos and seeking clarifications, and discussing the audit findings with the Department.

The draft report was issued to the Department on 16 September 2016 and thereafter an Exit Conference was held on 17 October 2016, wherein the views of the Department to the findings were discussed. The replies, wherever relevant, have been appropriately incorporated.

#### 4.4.5 Audit Criteria

The following Acts/Rules were followed by audit for carrying out the PA:

- Motor Vehicles (MV) Act, 1988;
- Central Motor Vehicles (MV) Rules, 1989;
- Assam Motor Vehicles Taxation (AMVT) Act, 1936 (as adapted);
- Meghalaya Financial Rules (MFR), 1984;
- Motor Vehicles (High Security Registration Plates) Order, 2001;
- Meghalaya Installation, Regulation, Maintenance and Operation of Weighbridge (MIRMOW) Rules 2009;
- Rules/Direction for setting up of Private Auto Emission Testing Stations;
- IT Policy regarding 'Vahan' and 'Sarathi' software;

#### 4.4.6 Acknowledgement

The Indian Audit and Accounts Department acknowledges the co-operation extended by the Transport Department in successful conduct and completion of the PA.

#### 4.4.7 Trend of Revenue

The revenue earned by the Transport Department is derived mainly from registration of vehicles and issue of licences in the form of road tax, fees and fines. In addition, revenue is also derived in the form of annual fees from the weighbridges and concession fees from the affixation of High Security Registration Plates (HSRPs). The year-wise realisation of Motor Vehicle Receipts by the Department *vis-à-vis* the State Total Tax Receipts is shown in the following table:

**Table 4.2 (Trend of Revenue)**

Year	Motor Vehicle Receipts (MVR)	State Total Tax Receipts (TTR)	(₹ in crore)
			Percentage of MVR to TTR
2011-12	31.12	697.54	4.46
2012-13	35.82	847.72	4.23
2013-14	36.71	949.29	3.87
2014-15	39.38	939.21	4.19
2015-16	42.01	1056.82	3.98

(Source: Finance Accounts)

It may be seen that receipts from Motor Vehicles constitute around 4 per cent of the total tax collection of the State Government and form the third highest source of tax revenue for the Government of Meghalaya after Sales Tax and State Excise.

### Budget Analysis

As per Chapter IV of the Budget Manual of Meghalaya, in estimating the fixed revenues, the calculations should be based upon actual demand, including arrears due for past five years and the probabilities of their realisations should be fully explained. In case of fluctuating revenues, the estimate should be based upon a comparison of the last three years' receipts. The Motor Vehicle receipts in Meghalaya is a fluctuating revenue model with no clear trends of collection over previous years.

The year wise budget estimates for revenue collection *vis-à-vis* actual realisation is shown in the following table:

**Table 4.3**

(₹ in crore)

Year	Revenue Estimates		Revenue Actual Realisation	Percentage variance between actuals and CT estimates <sup>4</sup>	Year-on-Year growth in revenue
	Proposed by CT <sup>5</sup>	Approved by Government			
(1)	(2)	(3)	(4)	(5) = [(4)-(2)]*100/(2)	(6)
2011-12	15.60	18.59	31.11	99	--
2012-13	19.37	31.62	35.82	85	15
2013-14	45.67	38.87	36.72	(-) 20	3
2014-15	48.29	50.00	39.38	(-) 18	7
2015-16	42.82	42.30	41.93	(-) 2	6

From the above it may be seen that:

- The Budget Estimates prepared by the Directorate were markedly different from the actual Budget Estimates approved by the Government in four of the five years covered in the PA. However during the year 2015-16 the estimates proposed, approved and realised had a variation of only two *per cent*.
- The Department could not achieve the targets fixed by the Government in any of the last three years with shortfall ranging between two *per cent* and 20 *per cent*. No reasons for the shortfall *vis-à-vis* target in any of the three years could be furnished to audit.

The Department stated (October 2016) that targets were fixed keeping in view the trend in increase in actual collection. The reply is not very convincing as in four of the five years, the trends were not followed to arrive at realistic estimates.

### Audit findings

In course of audit, a number of systemic and compliance issues were observed. The same have been brought out in the ensuing paragraphs.

### Adequacy and effectiveness of the provisions of the Acts and Rules

#### 4.4.8 Provisions of the Carriage Act not enforced

Government of India (GoI) in October 2007 had enacted the Carriage by Road Act, 2007 to provide for the regulation of common carriers, in order to determine their

<sup>4</sup> Expressed as a percentage of revenue estimates proposed by CT.

<sup>5</sup> On the basis of collection of revenue during the last seven months of the preceding year and the first five months of the current year.

liability for loss of, or damage to goods in transit due to their negligence or criminal action. Section 3 provides that no person shall engage in the business of common carriers, unless he is registered or applies for registration<sup>6</sup> within 90 days.

Section 18(1) of the Act further provides that whoever contravenes the provisions of Section 3 of the Act *ibid* shall be punishable for the first offence with fine which may extend to ₹ 5000. As per the notification issued (December 2011) by the Ministry of Road Transport and Highways, the Government of Meghalaya had to compulsorily register the transporters by 30 August 2011 while levying a token fine of ₹ 500 from such transporters.

It was seen that the Transport Department failed to enforce the provisions of the Carriage by Road Act, 2007 in the State and register the transporters as per the provisions of the Act. Although the Department identified 21 transporters and issued notices to the firms (April 2012), yet no further action was taken to register these transporters even after a lapse of more than four years. Cross-verification with the Taxation Department revealed that 72 transporters were registered with the Taxation Department. Transport Department, thus, failed to not only enforce the provisions of the Carriage by Road Act but even identify the actual number of transporters carrying on business in the State.

For non-implementation of the Act *ibid*, an amount of ₹ 0.90 lakh<sup>7</sup> realisable as registration and processing fee could not be realised. In addition, token fine of ₹ 0.38 lakh<sup>8</sup> was leviable but was not levied and subsequently resulted in loss of revenue to that extent.

#### **4.4.9 Ambiguities in the rules**

##### **4.4.9.1 Weighbridges**

Section 138(2) of the Motor Vehicle Act, 1988 provides that the State Government can make rules for installation and use of weighing devices. Accordingly, the Government of Meghalaya enacted the MIRMOW Rules, 2009 under which the private parties were allowed to operate weighbridges on behalf of the Transport Department on payment of lump sum annual lease amount to the Department as agreed upon.

During the period from December 2007 to March 2009, the Government had granted permission for operations of weighbridge to 10 private individuals on payment of annual lease amount ranging between ₹ 0.03 crore and ₹ 0.75 crore per lessee renewable (based on estimated traffic) after a period of three years.

Shortcoming in the MIRMOW rules resulted in loss of revenue to the State as discussed in the succeeding paragraphs.

<sup>6</sup> Upon payment of registration fee of ₹ 1250.

<sup>7</sup> 72 x 1000 + 72 x 250 (application of certificate of registration and processing fee)

<sup>8</sup> 72 x 500

➤ **Undue benefit to the weighbridge lessees due to failure of the Government to incorporate pro-rata provisions**

Private parties were allowed to operate the weighbridges (**Annexure V**) on behalf of the Transport Department on payment of lump sum annual lease amount to the Department as agreed upon. The annual lease amount was calculated on the basis of the weighing fee of ₹ 30 per truck and the annual lease amounts of the weighbridge lessees was calculated accordingly, ranging between ₹ 0.03 crore and ₹ 0.75 crore. The MIRMOW rules provided for revision of the weighing fee at any time by a notification. The contractual agreements, however, did not provide for periodic revision of the lease amounts.

During the course of audit, it was seen the State Government revised the weighing fee from ₹ 30 per truck to ₹ 50 per truck from January 2010 and further revised the fee to ₹ 200 per truck from January 2015. While allowing the weighbridges to issue weighing slips and realise the revised weighing fees, the Department failed to take any action to revise the annual lease amounts of the weighbridges, thereby resulting in undue benefit to the lessees to the tune of ₹ 0.99 crore (**Annexure VI**).

The Department stated (October 2016) that the weighing fee was revised to ₹ 50 in January 2010 as the old rate of ₹ 30 was fixed five years back in March 2005. The rate was further revised to ₹ 200 per truck but the licences of weighbridges had not been renewed post May 2012. The reply failed to address the core issue of not revising the annual lease amounts on *pro-rata* basis consequent to the revision of the weighing fee resulting in grant of undue benefit to the lessees.

**4.4.9.2 Auto Emission Testing Stations**

Section 56 of the MV Act read with Rules 62 and 115 of the MV rules provides for all vehicles to obtain a fitness certificate, which is to be renewed after two years in case of new vehicles, only after conducting certain tests including exhaust emission tests for pollution control.

The Department framed the Private Auto Emission Testing Stations (PAETS) rules in July 2013 for setting up of Auto Emission Testing Stations (AETS). The AETS were to be set up under licences issued by the CT on the basis of applications. The AETS were allowed to issue Pollution Under Control (PUC) certificates (with a validity of six months) on realisation of testing fees between ₹ 15 to ₹ 70 per vehicle which included commission and Government dues.

The lacunae in the PAETS rules have been discussed in the succeeding paragraphs.

➤ **Ambiguities in the rules for setting up of Emission Testing Stations**

The PAETS Rules do not provide for a timeframe by which AETS are to be set up in the State. During the course of audit, it was seen that for the period from February 2011 to May 2016, 17 applications<sup>9</sup> for setting up of AETS were received by the CT;

<sup>9</sup> East Garo Hills: 4; South Garo Hills: 3; West Garo Hills: 2; East Khasi Hills: 4; West Khasi Hills: 2; Jaintia Hills and Ri Bhoi: 1 each.

of which, 11<sup>10</sup> were forwarded to the Government. In respect of the 11 applications forwarded to the Government, one was approved, while three<sup>11</sup> applications were rejected. The status of the remaining seven<sup>12</sup> applications was yet to be conveyed to audit (November 2016).

During the period from April 2011 to March 2016, it was observed that the Meghalaya State Pollution Control Board (MSPCB) operated the only functional AETS in the entire State. During the period from 2011-12 to 2015-16, MSPCB had tested a total of 26,029 vehicles.

As on March 2016 the total number of registered vehicles in the State was 2,63,541 of which, 2,37,809 vehicles were more than 2 years old (and mandatorily required to obtain PUC certificates). However, only 26,029 vehicles (11 *per cent*) got their vehicle emissions tested.

Furthermore, we noticed that the MSPCB had been continuously monitoring air quality data in Shillong, Dawki, Khliehriat, Nongstoin and Tura. From the data it was seen that the annual average of particulate matter (pm<sub>10</sub>)<sup>13</sup> in Shillong had constantly been exceeding the annual average standards; the main reason for which, as pointed out by MSPCB, was vehicular emissions.

Thus, due to non-setting up of the AETS, 2,11,780<sup>14</sup> vehicles were plying in the State without necessary pollution certificates causing a major threat to the environment. Besides, the Government was also deprived of revenue due from pollution testing fees.

The Department stated (October 2016) that two more AETS had been set up; one each at Shillong and Jowai and that steps were being taken to set up AETS in each district. The reply, however, was silent regarding the reasons for delay in setting up of AETS and the time frame by when all the vehicles PUC certificates would be issued.

#### **4.4.10 Irregular registration of commercial vehicles as private vehicles**

In exercise of the powers conferred by Section 41(4) of the MV Act, the GoI has specified “Goods Carrier Trucks” as Transport Vehicles<sup>15</sup> with effect from 05 November 2004. Further under Section 4 of the Assam motor Vehicles Taxation Act, 1936 (as adapted by Meghalaya) the annual road tax for goods carrying vehicles with gross laden weight between 7 metric tonnes (MT) and 12 MT was fixed at ₹ 4500 plus ₹ 150 for every additional MT beyond 7 MT.

<sup>10</sup> East Garo Hills: 3; South Garo Hills: 2; East Khasi Hills: 3; West Khasi Hills, Jaintia Hills and Ri Bhoi: 1 each

<sup>11</sup> For East Khasi Hills

<sup>12</sup> East Garo Hills: 3; South Garo Hills: 2; Jaintia Hills and Ri Bhoi: 1 each.

<sup>13</sup> Particulate matter is the sum of all solid and liquid particles suspended in air, many of which are hazardous and include dust, pollen, soot, smoke, etc.

<sup>14</sup> 237809-26029

<sup>15</sup> Transport Vehicles are those which ply for hire.

It was observed from the vehicle registration records that 5201 trucks were irregularly allowed by the DTOs in four<sup>16</sup> districts to be registered as private carriers between April 2009 and March 2015, instead of being registered as goods carriers and realised road tax of ₹ 1.17 crore instead of ₹ 2.34 crore<sup>17</sup>, resulting in short realisation of road tax amounting to ₹ 1.17 crore.

The Department stated (October 2016) that the DTOs were not aware of the notification dated November 2004 until the same was pointed out by audit in 2015 and that remedial measures have since been taken. However, recovery of road tax from the commercial vehicles which were erroneously registered by the Department as private vehicles had not been intimated by the Department.

**Recommendation No. 1:** *The Government may amend the agreements made with the lessees under the weighbridge rules so that Government revenue can be protected in case of revision in weighing fees. Pollution Testing Stations may be set up at the earliest and vehicles plying without pollution certificates may be penalised.*

#### **Compliance of Acts/Rules/Notifications/Orders**

##### **4.4.11 Irregular exemption of road tax**

As per Section 4 of the AMVT Act (as adapted by Meghalaya), every owner of a registered vehicle is liable to pay road tax in advance either annually or in four equal instalments. The Transport Department fixed (September 2011) the road tax for various categories of passenger vehicles on the basis of seating capacity (**Annexure VII**).

In Meghalaya, all vehicles owned by the State Government are affixed with “ML 01” registration and are fully exempted from payment of road tax. The AMVT Act, however, does not provide any exemption on the road tax to be paid by passenger vehicles operated on commercial basis.

During the course of the PA, it was seen that 203 passenger vehicles, procured by the State Government under the Jawaharlal Nehru Urban Renewal Mission project were registered between September 2011 and May 2015 with the DTO, Shillong and were then transferred to various Self Help Groups run by private organisations to be operated on commercial basis. However, the vehicles were registered with “ML 01” prefix and were exempted from payment of tax. Since the vehicles (being passenger vehicles) were required to pay road tax, the same were irregularly registered without payment of road tax due to lack of clarity in the AMVT Act, thereby resulting in loss of revenue to the tune of ₹ 0.31 crore (**Annexure VIII**).

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<sup>16</sup> DTOs, Shillong, Jowai, Williamnagar and Nongpoh.

<sup>17</sup> 5201 trucks X ₹ 4500 = ₹ 2.34 crore.

The Department stated (October 2016) that all the 203 vehicles were rightly assigned the 'ML 01' prefix and therefore exempted from road tax. The Department's reply was not acceptable as the fact remained that the exemption provision of the AMVT Act was not rightly interpreted and the passenger vehicles running on commercial basis were exempted from road tax.

#### **4.4.12 Licences for weighbridges not renewed**

The State Government in a meeting held in June 2010 under the Chairmanship of the Chief Minister decided to set up an integrated check post at the exit point of National Highway (NH) 62. Consequently all the existing weighbridges on NH-62 were allowed to operate till the term of their current leases and thereafter, no further extension was to be given. Out of the 10 weighbridges, only two<sup>18</sup> weighbridges were located on NH-62.

The leases of all the weighbridges expired on various dates between April 2009 and March 2012 of which, two<sup>19</sup> lessees did not apply for renewal while none of the remaining eight leases were renewed in the light of decision taken in June 2010. However, three<sup>20</sup> out of the eight weighbridges were allowed to continue operation on the basis of a Supreme Court order dated 21 June 2012.

Out of the remaining five weighbridges, only one<sup>21</sup> weighbridge was situated on NH-62. However, the Transport Department rejected the applications for renewal of licences of all five weighbridges citing the Government decision of June 2010. Thus, erroneous application of the decision of June 2010 caused a revenue loss of ₹ 2.31 crore (**Annexure IX**) to the exchequer.

#### **4.4.13 Non-payment of annual lease fee**

The National Green Tribunal (NGT) in its orders dated 09 June 2014 and 07 October 2014 directed the Government of Meghalaya to fix weighing machines at all exit points of the State. The Transport Department accordingly notified nine (**Annexure X**) new weighbridges between November 2014 and June 2015.

As per the terms and conditions of the tender notices it was stipulated that before execution of the contract/lease, the successful tenderer shall have to furnish a Security Deposit of 15 *per cent* of the total bid amount on annual basis. The terms and conditions of the Executed Agreements stipulated that one-twelfth of the lump sum amount was to be deposited by the lessee into the Government Account on monthly basis within the seventh day of the succeeding month. In case of failure in payment of dues within three weeks from the due date, the contract/lease would stand terminated and the second highest bidder would be considered.

Scrutiny of records (July 2016) revealed that even after lapse of more than one year from the date of agreements, seven out of the nine lessees were yet to make full

<sup>18</sup> Dobu Weighbridge and Momin Weighbridge

<sup>19</sup> Shallang and Athiabari weighbridges

<sup>20</sup> Umling, Momin and 7<sup>th</sup> Mile weighbridges.

<sup>21</sup> Dobu weighbridge

payment of the lease amounts. Out of ₹ 8.05 crore realisable, only ₹ 3.74 crore was realised by the Department leaving an outstanding amount of ₹ 4.31 crore (**Annexure X**).

Although the CT issued demand notices to the defaulting leases on various dates between August 2015 and March 2016, the lessees failed to comply with the notices and continued to operate the weighbridges without clearing the monthly fee in contravention of the agreements executed. None of the penal provisions stipulated in either the tender notices or the agreements were enforced by the Department on the lessees.

The Department stated (October 2016) that the six of the weighbridges had been taken over between September 2015 and June 2016 and were since being operated by the Department. Action taken to realise the unpaid dues from the lessees was, however, not intimated to audit.

#### **4.4.14 Short realisation of road tax**

Section 41(7) of the MV Act lays down that certificate of registration in respect of a personal motor vehicle shall be valid only for a period of 15 years and shall be renewable as per the provisions of the Act *ibid*.

Transport Department levies a one-time tax on all personal vehicles which is valid for 10 years. On expiry of the one-time tax period, additional tax is payable for every five years. The Department revised the rate of one-time tax and additional tax on personal vehicles with effect from 8 September 2011 to ₹ 3000 (for vehicles with original cost below ₹ 3 lakh) and ₹ 4500 (for vehicles with original cost above ₹ 3 lakh).

There exists no mechanism for renewal of licences against their original registration. During audit, it was observed that in 1368 cases<sup>22</sup>, renewal of registration after 10 years was done by levying a flat tax rate of ₹ 3000 per vehicle. However, based on the details of vehicles, it was seen that the original cost of these vehicles exceeded ₹ 3 lakh and as such, ₹ 4500 was to be realised per vehicle, resulting in short realisation of tax amounting to ₹ 0.21 crore<sup>23</sup>.

#### **4.4.15 Arrears of road tax**

The AMVT Act and Rules, 1936 (as adapted by the Government of Meghalaya) and the MV Act, 1988 lays down that every owner of a registered vehicle is liable to pay road tax in advance either annually or quarterly in four equal instalments. In case of failure to pay the arrear road tax within the stipulated time, the following action can be taken:

- Suspension of Certificate of Registration (RC) of Motor Vehicle under Section 53 of the MV Act.

<sup>22</sup> DTOs Shillong: 1000, Jowai: 146, Nongpoh: 152 and Williamnagar: 70

<sup>23</sup> Short realisation for 1368 vehicles at ₹ 1500 (₹ 4500 - ₹ 3000) per vehicle = ₹ 0.21 crore.

- Realisation of fine from defaulters which may extend to ₹ 5000 but shall not be less than ₹ 2000 under Section 192 of the MV Act.
- Seizure and detention until such time as the entire amount of tax is paid.
- Recovery of tax through the Certificate Officer (*Bakijai Officer*) proceedings as arrear of land revenue.

#### 4.4.15.1 *Registration certificates not renewed for private vehicles*

It was seen in audit that the RCs in respect of 42,579 private vehicles had expired between November 1988 and March 2016 in respect of four DTOs<sup>24</sup>, but the same had not been renewed. It was also noticed that none of the vehicles were off-road on the basis of 'H' forms<sup>25</sup>. Despite information being available with the DTOs, no action was taken to issue notices to these vehicle owners for re-registration of the vehicles and levy fine on them. Failure of the DTOs to re-register the vehicles, thus, resulted in minimum road tax amounting to ₹ 8.15 crore (**Annexure XI**) not being realised. In addition, fine amounting to ₹ 8.52 crore<sup>26</sup> was also leviable.

#### 4.4.15.2 *Commercial vehicles plying without renewing registration certificates*

The Transport Department notified (September 2011) the fees payable for re-registration of different types of commercial vehicles.

Examination of records in the five DTOs revealed that during the period upto March 2016, the RCs of 36,817 commercial vehicles had expired but the same had not been renewed. Scrutiny of the H-Form registers<sup>27</sup> indicated that a total 22 vehicles were off road. The remaining 36,795 vehicles were thus plying irregularly without renewal of registration and payment of road tax thereon. Absence of an institutional mechanism for identifying and initiating action against vehicles without proper RCs resulted in loss of revenue amounting to ₹ 74.80 crore (**Annexure XII**) in the form of road tax. In addition, minimum fine amounting to ₹ 7.36 crore<sup>28</sup> was also leviable but has not been levied yet.

#### 4.4.15.3 *Issue of demand notices*

Scrutiny of records in the five DTOs revealed that three<sup>29</sup> out of the five DTOs issued demand notices for payment of the outstanding road tax.

➤ During the period from May 2011 to November 2014, only 4498 demand notices with a tax implication of ₹ 7.65 crore in respect of the period from January 1990 to December 2014 were issued by the DTOs out of the 35108 cases of default during the period. Out of the total demand notices issued,

<sup>24</sup> DTOs Shillong, Jowai, Nongpoh and Williamnagar.

<sup>25</sup> Sections 8 and 9 of the AMVT Act, provide for surrender of certificate of registration and exemption of tax to that extent by submitting a declaration in Form 'H' if the vehicle is off-road for a period exceeding three months.

<sup>26</sup> 42579 vehicles x ₹ 2000 = ₹ 85158000

<sup>27</sup> DTOs Shillong, Williamnagar and Jowai. There were no vehicles off road in the remaining two DTOs i.e., Nongpoh and Mawkyrwat.

<sup>28</sup> 36795 x ₹ 2000 = ₹ 73590000

<sup>29</sup> DTOs Shillong, Nongpoh and Jowai. No demand notices was issued by DTOs Williamnagar and Mawkyrwat.

- 115 cases (2.6 per cent) were responded to and tax amounting to ₹ 0.07 crore was recovered.
- 428 demand notices having revenue implication of ₹ 0.77 crore were returned by the postal authorities as addresses of the defaulters could not be traced. Since the defaulters were not traceable, the recovery of the arrear taxes was remote, thereby resulting in further loss of revenue to the tune of ₹ 0.77 crore.
- For the remaining 3955 cases, the demand notices evoked no response from the defaulters and no further action was taken by the DTOs to realise the Government dues.

Reasons for not issuing demand notices or taking further necessary action under the provisions of the AMVT Act for realisation of Government dues could not be furnished to audit.

#### **4.4.15.4 Non-recovery of arrear tax by Bakijai Officer**

The DTOs are to refer the list of defaulters to *Bakijai*<sup>30</sup> Officer for recovery of dues as arrears of land revenue.

During the course of the PA it was seen that out of the five DTOs, only DTO, Jowai referred (January 2014) a list of 266 defaulting vehicle owners (3.1 per cent) to the *Bakijai* Officer for recovery of the arrear tax amounting to ₹ 0.72 crore. Reasons for not furnishing the list of remaining 8228 cases to *Bakijai* Officer was not furnished to audit.

In respect of the cases referred to *bakijai*, no recovery was affected even after a lapse of more than two years, resulting in loss of revenue to that extent.

#### **4.4.16 Failure to take follow-up action on time-barred bank drafts**

Section 88 of the Motor Vehicle Act, 1988 stipulates that a permit granted in any one State shall not be valid in another State unless the permit is countersigned by the STA of the other State on payment of Composite Fee<sup>31</sup>. The Composite Fee is payable by bank draft and remitted to the STA, Meghalaya when vehicles which have been issued permits by other States are authorised to ply in Meghalaya.

##### **4.4.16.1 Non-receipt of bank drafts sent for revalidation**

Scrutiny of records of STA revealed that 239 bank drafts amounting to ₹ 0.17 crore pertaining to the period from March 2014 to October 2015 had become time-barred. The STA returned these bank drafts on various dates between May 2015 and February 2016 to the concerned STAs of other States. Neither were the bank drafts received back after re-validation, nor did the STA, Meghalaya initiate any follow up action to get back the revalidated bank drafts, thereby resulting in non-realisation of revenue to the said extent.

<sup>30</sup> The *Bakijai* officer is a quasi-judicial authority under the Bengal Public Debt Recovery Act, 1913 for adjudication and realisation of amounts recoverable under the said Act.

<sup>31</sup> Composite Fee is a fee levied on passenger vehicles covered by All India Permits, granted by State Transport Authorities of other States, other than the State of Meghalaya.

#### 4.4.16.2 Bank drafts issued with incorrect drawee bank details

The STA, Meghalaya received 11 bank drafts amounting to ₹ 0.65 lakh (**Annexure XIII**) with incorrect drawee bank address or without dates of issuance from STA, Assam between March 2015 and October 2015. These bank drafts were sent back for revalidation between May 2015 and November 2015. However, none of the bank drafts sent for revalidation was received back by the STA, Meghalaya. No follow up action was taken by STA, Meghalaya to get back the bank drafts, resulting in non-realisation of revenue to that extent.

#### 4.4.17 Non-renewal of permits

Under Section 81(1) and (2) of the MV Act, 1988, the validity of a commercial permit is for five years and may be renewed on an application made not less than 15 days before the date of expiry of the permit. Plying of vehicles without a valid permit attracts the provisions of Section 192 A of the Act, under which a minimum penalty of ₹ 2000 shall be levied.

In respect of the five DTOs and the STA, permits of 5284 commercial vehicles<sup>32</sup> had lapsed between January 2011 and March 2016 but the same had not been renewed (July 2016). For not renewing permits despite expiry of the validity period, penalty of ₹ 1.06 crore as stipulated in Section 192 A was leviable but not levied. Thus, inaction of the DTOs and the STA resulted in penalty of ₹ 1.06 crore<sup>33</sup> not being realised.

#### 4.4.18 Fitness of vehicles

Section 56 read with Rule 62(1)(b) of the MV Act and Rules made thereunder provide that a transport vehicle shall not be deemed to be validly registered unless it carries a certificate of fitness issued by the prescribed authority which shall be valid for the period of one year. The Government of Meghalaya fixed the fee for inspection of fitness of various classes of transport vehicles as under:

Table 4.4

Type of vehicle	Rate of fitness fee (₹)
Three wheelers	200
Light motor/Goods vehicle	300
Medium motor/Goods vehicle	500
Heavy motor/Good vehicle	500

Scrutiny of records of the five DTOs revealed that fitness certificates in respect of 28,191 commercial vehicles had expired between June 1982 and March 2016, but had not been renewed. No action had been taken by the DTOs to get the fitness of the vehicles checked. Due to non-renewal of fitness certificates, the vehicles were plying in violation of the MV Act, besides posing a threat to road safety. In addition, this resulted in non-realisation of inspection fee of ₹ 1.04 crore.

<sup>32</sup> DTOs Shillong: 741, Jowai: 831, Nongpoh: 816, Williamnagar: 631, Mawkyrwat: 72 and STA: 3612

<sup>33</sup> 5284 X ₹ 2000 = ₹ 10568000.

#### 4.4.19 High Security Registration Plates

The Motor Vehicles (New High Security Registration Plates) Order, 2001 stipulates that all the State Governments should take action to complete the process of implementation of the HSRPs on or before 31 October 2006 in case of newly registered vehicles, and thereafter within a period of two years for already registered vehicles. The Transport Department, Government of Meghalaya issued (October 2006) a notification intimating the process of implementation of HSRPs. Scrutiny of records relating to implementation of the order revealed the following deficiencies.

##### 4.4.19.1 Target for affixation of HSRP not achieved

For implementing HSRPs in Meghalaya, the Transport Department entered into an agreement (November 2005) with M/s Shimnit Utsch India Private Limited. As per clause 2.6.1 of the agreement, the vendor was to pay to the Government, a concession fee<sup>34</sup> equal to 5 per cent of the price of each HSRP.

During the course of the PA it was seen that out of the total number of 2,63,541 vehicles registered in the State upto 2015-16, only 1,68,335 (64 per cent) were affixed with HSRPs. Thus, 95,206 registered vehicles were plying in the State with number plates in violation of the GoI order resulting in minimum loss of revenue in the form of concession fee amounting to ₹ 0.32 crore<sup>35</sup>.

##### 4.4.19.2 Overcharging of HSRP

Information was obtained from the Transport Department, Government of Mizoram regarding the process followed while awarding the HSRP contract. Based on the information received from Mizoram, it was seen that an agreement was executed (December 2011) by the Government of Mizoram with M/s Shimnit Utsch for affixation of HSRP.

The difference between the HSRP rates in Meghalaya and Mizoram are as under:

Table 4.5

Sl. No	Vehicle	Rates (₹)		Difference (₹)
		Meghalaya	Mizoram	
1	Two wheeler Scooters/Scooty	692.32	669	23.32
2	Two wheeler/ Motor cycles	682.43	668	14.43
3	Three wheeler	959.35	940	19.35
4	Light/Medium/Heavy Motor Vehicles	1681.29	945	736.29

From the above it may be seen that the same vendor had been charging different rates in the two States with difference ranging between ₹ 14.43 and ₹ 736.29 per plate.

Since the process of affixation of HSRP was implemented in totality from April 2007, it was observed that allowing the vendor to carry on business without proper analysis of rates in other States allowed undue benefit to the vendor by way of overcharging the same from the general public.

<sup>34</sup> A fee payable by a contractor or a vendor to the Government against grant of rights or for right to use property.

<sup>35</sup> 95206 vehicles x ₹ 682.43 = ₹ 64971431 x 5 per cent = ₹ 3248572

During the same period, 1,64,864 vehicles belonging to the above categories were affixed with HSRP in the State. Compared with Mizoram, the vendor was allowed undue benefit to the tune of ₹ 7.17 crore.

The Department stated (October 2016) that the agreement with the vendor was executed six years before Mizoram and hence comparison could not be made. Moreover, the Government was earning ‘concession fee’ from the vendor for HSRP affixation. The reply is not acceptable as the Transport Department did not opt for revision of rates for affixation of HSRP based on prevailing market rates even after 11 years of award of the contract, resulting in overcharging of HSRP fee by the vendor from the consumers and undue benefit to the vendor to that extent.

**Recommendation No. 2:** *The Department may recover the outstanding dues from the defaulting weighbridge lessees; road tax, permit and fitness fee defaulters and ensure that Government’s revenues are protected. Enforcement mechanism may be strengthened to ensure stricter compliance of the MV Act and Rules and to penalise vehicles plying illegally.*

#### **Implementation of computerisation and application of ‘Vahan’, ‘Sarathi’ and ‘National Permit System’**

To achieve faster and better services, transparency and better monitoring of revenue generated from implementation of the MV Act and Rules, Government of India provided the Transport Department with standardised software ‘Vahan’ and ‘Sarathi’, and National Permit System developed by National Informatics Centre (NIC) which are in use throughout the country.

#### **4.4.20 Description of the software**

##### **Vahan**

*Vahan* software is an application for registration of vehicles, collection of taxes, issuing various certificates and permits and recording fitness of vehicles. The software captures detailed information about the registered vehicles and its owner, vehicle description such as date of registration, chassis and engine number, type and class of vehicle, etc.

##### **Sarathi**

*Sarathi* software is an application for issue of Learner’s Licence, Permanent driving licence, conductor’s licence and driving school licence and to collect in each case, the amount of fee as applicable. The software captures detailed information about the licence holder viz., name, permanent and temporary address, licence number, class of vehicles authorised to drive, validity period of the licence, etc.

##### **National Permit System**

In order to implement a new National Permit (NP) composite fee regime, a National Web Portal (NWP) for issue of NP was developed by NIC. The portal enables the applicant to make online transactions through internet payment gateway. The

concerned authority after entering details of the vehicles and verification issues the online permit to the applicant.

Scrutiny of the process of implementation of software and defects noticed in the implementation are discussed in the succeeding paragraphs.

#### **4.4.21 Data Reliability and data integrity**

##### **4.4.21.1 Registration number of vehicles starting with “TN”**

For Meghalaya the Central Government has allotted ‘ML’ for use as Registration number. Analysis of the database of registered vehicles during the period under PA revealed that in four out of the selected five DTOs, the first two letters of 197 vehicles were assigned with the letter ‘TN’ instead of the letter “ML”.

Mention was made in Para 4.7.9.5 of the C&AG report for the year 2010-11 regarding non-generation of the letters “ML” by the system while registering the vehicles in the State. The Department stated (October 2011) that validation was being put in place to ensure that only the letters “ML” were entered during data entry. Despite such assurance, the fact that the codes were being wrongly entered and accepted by the software is a matter of concern and raises doubts about the correctness of the State Register of registered vehicles.

The Department stated (October 2016) that the deficiency had since been rectified at the instance of audit.

##### **4.4.21.2 Vehicles registered with same Registration Number in more than one DTO**

Under Section 49 of the MV Act, if the owner of a motor vehicle ceases to reside or have his place of business changed from the address recorded in the certificate of registration of the vehicle, he has to apply for change of address in the registration certificate to the new Registering authority in whose jurisdiction his new address falls and after effecting the change of address the new registering authority is to intimate the altered address to the original registering authority who then deletes the registered vehicle from his data base.

It was noticed that though the ‘Vahan’ software had a validation check to prevent duplicate entry of registration numbers, the DTOs have a standalone database, which is not linked to any State wide database. As such, the validation checks put in place had not completely addressed the problem of having duplicate registration number across different DTOs of the State. Analysis of the consolidated *Vahan* data of the selected DTOs revealed that 17 vehicles were registered with same registration number under two different DTOs. As a result of the duplicate registration, the combined database of the selected DTOs depicted 34 vehicles sharing 17 registration numbers. Out of these, 16 pairs of vehicles shared the same registration and chassis numbers while two vehicles had different chassis numbers but the same registration number.

Absence of this basic check rendered the process of digitisation of records ineffective as it made it possible for a vehicle owner to shift his vehicle to another region within the State and get the vehicle re-registered since the control systems in place do not provide for any checks to prevent the system from accepting duplicate records.

#### 4.4.21.3 *Registration of vehicles on Sundays and National Holidays*

In two<sup>36</sup> out of the five selected DTOs, five vehicles were registered on Sunday and 66 vehicles were registered on a National Holiday (Gandhi Jayanti). The fact that the vehicles were registered on holidays indicated that the Department did not take any action to verify the dates of registration with respect to the original records.

The possibility that the system was being operated on holidays, raises concern on the security of the IT system which needs to be verified and strengthened.

### 4.4.22 *Data sufficiency*

#### 4.4.22.1 *Essential information not captured in the system*

As per MV Act, tax is levied based on parameters like laden and unladen weight in respect of private motor cars, motor cycles, etc., seating capacity in case of passenger vehicles like stage carriages and contract carriages and laden weight in the case of goods vehicles. Further, calculation of road tax on motor vehicles is based on the percentage of the original cost price of the vehicle.

It was seen that the Transport Department failed to make entries in all the relevant fields of *Vahan* software, rendering the purpose of digitising the vehicle details futile.

Details of incomplete key fields noticed during analysis are shown below:

Table 4.6

Name of the selected DTOs	Engine No left blank	Fitness date left blank	Maker model left blank	Unladen weight left blank	Laden weight left blank	Manufacture year left blank	Sale amount left blank	Laser code left blank
Jowai	25	2	28	10	18	19	7021	11360
Shillong	227	3	401	49	80	98	12991	4392
Nongpoh	25	Nil	210	72	303	23	4794	1171
Williamnagar	49	9	182	7	49	48	5762	6456
Mawkyrwat	--	--	2	--	--	--	128	10

With such key data fields missing in the database, it would be difficult for the DTOs to keep a check on the vehicles and also for the police to trace vehicles in case of theft. Besides, the Department would have no information to rely upon in case of re-registration of vehicles, especially in cases where the sale value had not been entered.

#### 4.4.22.2 *Database relating to stolen vehicles not linked with Police Department*

As per Section 62 of the MV Act, the State Government may, if it thinks necessary, direct the Police Department to furnish returns regarding vehicles which have been stolen and stolen vehicles which have been recovered to the Transport Department.

<sup>36</sup> DTOs Shillong and Jowai

During analysis of database, it was noticed that between 2011-12 and 2015-16, information pertaining to 57 stolen vehicles was captured in the database of the DTOs, Jowai and Shillong. No record of stolen vehicles was captured in the other three selected DTOs. However, information furnished by Police Department of four districts<sup>37</sup> revealed that 428 vehicles were stolen and 103 vehicles (**Annexure XIV**) were recovered during the same period.

Thus, unavailability of an automated information sharing system between Police Department and Transport Department is fraught with the risk of subsequent re-registration of these stolen vehicles within the State.

#### **4.4.22.3 Registration of vehicles from outside the jurisdiction**

Section 40 of the MV Act requires that every owner of a motor vehicle shall cause the vehicle to be registered by a registering authority in whose jurisdiction he has the residence or place of business or where the vehicle is normally kept. For registration of vehicles, *inter alia*, a valid proof of address is mandatory.

Analysis of the *Vahan* data of selected DTOs revealed that 4240 vehicle owners with addresses outside the area of jurisdiction of the concerned DTOs were registered with such DTOs out of which, 1850 vehicles owners (**Annexure XV**) were from outside the State.

This indicated that the DTO failed to verify the addresses of the vehicle owners while registering the vehicles. Registering a motor vehicle without correct address would render it difficult to trace the vehicle in the event of theft or its involvement in any illegal activity especially in the case of vehicles registered from outside the State.

**Recommendation No. 3:** *Vahan software may be updated to make data entry of all fields mandatory at the time of registration. Strict monitoring may be ensured for accurate and proper data entry in the system and the software may be provided with mandatory validation controls. The databases of individual DTOs may be linked to a State wide database.*

#### **Internal controls**

Transport Department is not only a revenue earning Department, but also a strategic Department in the sense that it enforces the provisions of the MV Act and rules which govern the movement of vehicles. Hence it is imperative that the Department is equipped with proper infrastructure along with an efficient internal control mechanism so as to enable it to discharge all its core functions effectively.

During audit, an assessment was made of the infrastructural conditions of the Department including the efficacy of its internal control mechanism and the same has been discussed in the succeeding paragraphs.

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<sup>37</sup> Districts: East Khasi Hills, Shillong; South West Khasi Hills, Mawkyrwat; Ri-Bhoi, Nongpoh; and East Garo Hills, Williamnagar.

## INFRASTRUCTURE

### 4.4.23 Checkpoints

The system of checkpoints is a control mechanism to enforce the provisions of MV Act and rules and to impose penalties on violators. There are seven checkpoints in Meghalaya, of which six are functional and are operated under the control of the DTO, Enforcement Branch. The revenue earned from checkpoints during the last five years was ₹ 24.60 crore which was 13 *per cent* of the total revenue earned by the Department.

During the PA, five checkpoints were covered.

#### 4.4.23.1 *Inconsistency in manpower allotment in checkpoints*

The Transport Department had not fixed norms for assessing the staff requirement and posting of staff in the checkpoints. The manpower position of the Transport checkpoints is as follows:

**Table 4.7**

SI No	Name of the Checkpoint	Number of personnel posted				Total	Revenue earned (₹ in crore)
		Enforcement Inspector(EI)/Asst. EI	Time Keeper	Enforcement Checker	Gate Chowdikar		
1	Ratacherra	2	2	0	2	6	1.98
2	Rongmil	1	3	0	2	6	6.59
3	Chasingre	1	3	2	4	10	0.46
4	Byrnihat	2	6	2	1	11	1.93
5	7 <sup>th</sup> Mile	1	2	0	1	4	13.64
<b>Total</b>		<b>7</b>	<b>16</b>	<b>4</b>	<b>10</b>	<b>37</b>	<b>24.60</b>

From the table above it may be seen that:

- 7<sup>th</sup> Mile checkpoint which generated the maximum revenue was manned by only four enforcement staff whereas Byrnihat and Chasingre checkpoints having generated less revenue were allotted 11 and 10 staff respectively.
- The duration for which the staff was posted at the checkpoints was not available with the CT. In such a situation, the CT was unaware of the work being performed by the checkpoints' staff and unable to assess their performance *vis-à-vis* the targets fixed.

#### 4.4.23.2 *Inadequate security at checkpoints*

In Meghalaya, most of the checkpoints were situated in hostile areas and prone to extremist threats. Out of the five checkpoints that audit visited, it was seen that security personnel were deployed only in Ratacherra checkpoint.

- During the period of PA, the checkpoint at Nengjagittim (South Garo Hills) was burnt down by miscreants (July 2015). All the valuable documents/records pertaining to the checkpoints including financial records such as receipt books, cash books *etc.*, were damaged. The checkpoint remains non-functional till date (January 2017).

- The checkpoint at Rongmil (East Garo Hills) was attacked on 17 April 2014 by armed miscreants and Government revenue was forcibly taken away. Thus, lack of proper security at the checkpoints resulted in loss of Government revenue.

Considering the threats faced by the checkpoint staff, lack of security is a matter of grave concern affecting the efficiency of the checkpoint staff.

#### **4.4.23.3 Injudicious positioning of checkpoint**

The Transport Department issued licence for setting up of a weighbridge at Dainadubi on the National Highway 62. The Department also operated a checkpoint at Rongmil on the same highway at a distance of 26 kilometres before the weighbridge.

During audit, it was seen that the DTO, North Garo Hills district requested (November 2013) the CT to approve the shifting of the checkpoint to a location after the weighbridge, as the checkpoint at Rongmil could not detect overloading. The proposal of the DTO was forwarded to the Government by the CT on March 2014 after a delay of more than four months. Approval of the Government to shift the checkpoint to the location as suggested by the DTO was, however, not on records, but it was apparent that the proposal was not acceded to as was evident from the fact that the checkpoint was still functioning from the same location.

During the period from 2011-12 to 2013-14 the total revenue collected from fines and penalties by the Enforcement staff posted at the checkpoint amounted to ₹ 6.59 crore. The Mining Department, Government of Meghalaya operated a checkgate at Dainadubi at the same location as the weighbridge. Cross checking with the records of mining checkgate revealed that during the same period a total of 3.28 lakh trucks carrying 30.98 lakh MT of overloaded coal (on the basis of weighment slips) passed through the checkgate.

Thus, for failure of the Transport Department to shift the checkpoint to a more strategic location, extent of actual overloading by trucks could not be ascertained by the enforcement staff manning the checkpoint at Rongmil. This resulted in non-detection of 3.28 lakh trucks carrying 30.98 lakh MT of overloaded coal, for which, penalty amounting to ₹ 375.32 crore<sup>38</sup> was leviable. However, the checkpoint during the aforesaid period realised penalty of only ₹ 6.59 crore thereby resulting in loss of revenue of ₹ 368.72 crore<sup>39</sup>.

### **INTERNAL CONTROLS**

Internal controls are safeguards that are put in place by the management of an organisation to provide assurance that its operations are proceeding as planned. Internal controls help in strengthening the public accountability of an organisation and maintaining standards of probity, prudence and ethics.

<sup>38</sup> 327558 trucks x ₹ 2000 + 3098114 x 1000 = ₹ 3753230000

<sup>39</sup> ₹ 3753230000 – ₹ 65930050 = ₹ 3687299950

The fact that Transport contributes the third highest source of tax revenue to the State exchequer calls for effective internal controls over the operations of the Transport Department.

#### **4.4.24 Control mechanism in respect of receipt books**

Receipt books are records on the basis of which, Government receipt in the form of fines, penalties, *etc.*, levied are realised. In Transport Department, annual requirement of receipt books are indented by the CT and DTOs. Receipt books registers are maintained where details of receipt books received against indent, issued and returned are entered.

##### **4.4.24.1 Receipt books remaining untraceable**

As per the extant practice in other departments in Meghalaya, receipt books are issued from the Directorate to the field offices upon indent. Any field office indenting receipt books has to verify the details in the Directorate and give an account of the receipt books previously issued. The field offices also are required to maintain a register of receipt books to account for receipt and utilisation of receipt books received from the respective Directorates.

It was seen that in case of Transport Department, receipt books are directly indented by the field offices from the Government Press without the same being routed through the CT. Absence of this control mechanism to keep a watch on the receipt books has rendered the CT without any knowledge about the status of receipt books in field offices.

Scrutiny of stock register of receipt books in DTO, Williamnagar revealed that the register of receipt books for the period before June 2012 was untraceable and could not be furnished to audit. In the absence of the Register, accounting of receipt books for the period prior to June 2012 could not be verified by audit.

Between the period from June 2012 till date (July 2016) a total of 237 receipt books were received by the DTO, of which 227 receipt books were found to have been issued to enforcement on different dates between June 2012 and May 2016. The remaining 10 receipts books<sup>40</sup> were yet to be issued and were lying in the possession of the DTO. A physical verification of the 10 unused receipt books was carried out by audit. It was observed that nine<sup>41</sup> receipt books were untraceable and could not be shown to audit.

Since the receipt books in stock were untraceable, possibility of misappropriation of Government money through fraudulent use of the receipt books cannot be ruled out.

The Department stated (October 2016) that the nine receipt books had since been traced in the office. The fact however remains that the same could not be produced at the time of audit which indicated that the office did not have a mechanism for safe custody and accounting of receipt books.

<sup>40</sup> Receipt Books 374, 659, 660, 992, 999, 1057, 1087, 1268, 1354 and 1549,

<sup>41</sup> Only Receipt Book No. 660 was found in stock during physical verification.

**4.4.24.2 Receipt books issued yet to be returned**

Scrutiny of receipt books register maintained in CT revealed that five<sup>42</sup> receipt books issued between 2011-12 and 2015-16 were yet to be returned till August 2016. The delay ranged between four months and 53 months. No efforts were however, taken by the CT to ensure timely submission of the receipt books by the officials concerned.

The Department stated (October 2016) that the receipt books had since been returned. The fact however remains that there is no mechanism in the Department for timely receipt and submission of receipt books.

**4.4.24.3 Irregular maintenance of receipt book registers**

Scrutiny of receipt books registers maintained at DTOs, Shillong and Williamnagar revealed the following:

- The register maintained in DTO, Williamnagar did not record details of issue/return of receipt books. In absence of this information, it could not be verified as to whether the receipt books which had been issued to various officials had actually been returned.
- In DTO, Shillong a total of 4907 number of receipt books had been received upto October 2012 and thereafter no receipt books had been received. However, details of issue of the receipt books was not recorded in the register. Consequently, the status of use of the receipt books and the physical verification of the stock in hand could not be carried out by audit.

**4.4.25 Absence of mechanism to monitor encashment of bank drafts received from other States**

It was seen that 34 bank drafts received from STA, Assam amounting to ₹ 2.72 lakh (**Annexure XVI**) on various dates between April 2015 and September 2015 had not been remitted into the Government account till date (July 2016).

Since bank drafts have a validity of three months, delay in encashing the bank drafts for more than 10 months have rendered the bank drafts invalid, resulting in non-realisation of Government revenue to that extent. This happened due to absence of a control mechanism to oversee the receipt of bank drafts and their encashment within the stipulated time period.

The Department stated (October 2016) that a Register of Valuables had since been maintained at the instance of audit.

**4.4.26 Absence of mechanism for supervision and inspection**

Scrutiny revealed that the Department had not devised any mechanism for supervision and inspection of field offices including checkpoints by an independent officer. In course of PA, audit had come across only one report in respect of the inspection conducted (December 2009) by the DTO (Enforcement) in two<sup>43</sup> checkpoints and

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<sup>42</sup> 65096, 70554, 103016, 74188, 74189

<sup>43</sup> Umkiang and Byrnihat

three<sup>44</sup> weighbridges wherein gross anomalies were detected. Despite this, no further inspections were found to have been carried out either by the DTO or any other officer from the Directorate. Even in respect of the Inspection Report, no action was taken by the CT against the officials responsible.

Lack of supervision by the senior management indicated weak controls of the Department over the field offices.

**4.4.27 Weak control mechanisms to monitor the functioning of checkpoints and weighbridges**

In order to enforce the provision of the MV Act, the Transport Department has set up nine check points at different locations in the State under the control of the DTO, Enforcement Branch. Other than Transport Department, Taxation and Mining Departments have also set up checkgates at entry/exit points to State. All these checkpoints rely on the weighing slips issued by weighbridges to levy penalties for overloading.

During course of PA, five checkpoints were inspected by audit.

**4.4.27.1 Deficiencies in maintenance of records in checkpoints**

- Out of five checkpoints, three checkpoints<sup>45</sup> did not maintain any receipt books register. In absence of the receipt books register, details of receipt books received, utilised and returned could not be ascertained.
- Although fines were imposed on instances of overloading in all the checkpoints, details of weighing slips and the quantity of overloading was not indicated in any of the checkpoints. In absence of such records, the accuracy of the fines collected by the checkpoints could not be verified by audit.

**4.4.27.2 Incorrect reporting of excess load**

As per rule 10(f) of the MIRMOW Rules, 2009 each and every weighbridge has to submit a monthly statement of details of vehicles checked to the CT.

It was seen from the monthly reports submitted by the Transport Weighbridge at Umling and 7<sup>th</sup> Mile to the CT that between January 2012 and December 2015, 69640 trucks carrying 4.36 lakh MT of excess load beyond the permissible limit of 9 MT passed through the weighbridges on which fine amounting to ₹ 57.50 crore<sup>46</sup> was leviable. Examination of the records furnished by the CT revealed that during the same period, a total amount of ₹ 1.74 crore<sup>47</sup> was realised by the enforcement staff at Byrnihat and 7<sup>th</sup> Mile checkpoints. Thus, the check points under reported overloading resulting in short realisation of fine amounting to ₹ 55.76 crore.

Despite having information pertaining to the quantity of overloading, no action was taken by the CT against the checkpoint officials and fix responsibility on the

<sup>44</sup> 7<sup>th</sup> Mile, Thangskai and Umling.

<sup>45</sup> 7<sup>th</sup> Mile, Byrnihat and Rongmil.

<sup>46</sup> (69640 vehicles x ₹ 2000) + (435678 MT x ₹ 1000) = ₹ 574958000

<sup>47</sup> Details of vehicles detected and quantity of excess load not available on record.

checkpoint officials for such massive underreporting, resulting in non-realisation of revenue to that extent. In case of the checkpoint at 7<sup>th</sup> Mile, the underreporting was inexplicable, considering the fact that the checkpoint is situated within the premises of the weighbridge itself.

**4.4.27.3**      *Lack of controls resulting in underreporting of excess load by check points to CT*

In case of the weighbridge at Umkiang, monthly statements detailing the number of vehicles and quantity of excess load was not submitted by the weighbridge. No action was taken by the CT against the authority of weighbridge concerned. Consequently, the CT was in no position to determine the actual overloading and accordingly assess the performance of the checkpoint.

During the period from 2011-12 to 2015-16, the Transport checkpoint at Umkiang realised a total revenue of ₹ 1.98 crore as penalty on overloading. Cross check with the records of the DMR checkpoint at Umkiang revealed that during the same period, 3.85 lakh MT of overloaded coal and limestone was detected by the DMR checkpoint. Thus, against due penalty of ₹ 38.53 crore, the Transport checkpoint realised only ₹ 1.98 crore, resulting in under reporting and consequent short realisation of revenue amounting to ₹ 36.55 crore.

**4.4.27.4**      *Submission of incorrect returns by the weighbridges*

The weighbridge at Umling had been submitting monthly statements of vehicles checked, to the CT as per the provisions of the weighbridge rules. Based on the monthly statements, it was seen that from April 2014 to March 2016, no excess load was transported through the weighbridge.

Cross check with the records of the Mining and Taxation checkpoints at the same location revealed that during the same period, at least 81,311 MT of excess load was carried by transporters on which appropriate fees/penalties were realised by both the checkpoints.

The detection of excess load by the checkpoints was on the basis of the weighing slips issued by the Umling weighbridge. The weighbridge, thus, deliberately furnished incorrect statements to the CT. In such an event, the probability of falsification of information and submission of incorrect weighing slips to the trucks by the weighbridge with a view to defraud the Government exchequer cannot be ruled out.

**Recommendation No. 4:** *The Department may take steps to improve the manpower position and security of the check points, and ensure that these are positioned strategically. Internal controls should be strengthened by way of regular monitoring of reports submitted by the weighbridges and those submitted by the checkpoints.*

#### **4.4.28 Conclusion**

- There were ambiguities in the rules, notifications, executive orders issued by the Transport Department resulting in mismanagement of outsourced activities such as weighbridges and Pollution Testing Stations.
- There were several cases of non-compliance with the Acts and rules in place resulting in short/non-realisation of revenues etc.
- The IT system in place suffered from deficiencies resulting in issues with respect to data reliability and data security.
- The Transport Department failed to provide proper infrastructure, particularly in checkpoints by way of manpower, security *etc.*, resulting in ineffective management and consequent loss of revenue to the exchequer. Internal Controls in the Transport Department were inadequate and the management failed to exercise control on the functioning of the field offices.

#### **4.4.29 List of recommendations**

- The Government may amend the agreements made with the lessees under the weighbridge rules so that Government revenue can be protected in case of revision in weighing fees. Pollution Testing Stations may be set up at the earliest and vehicles plying without pollution certificates may be penalised.
- The Department may recover the outstanding dues from the defaulting weighbridge lessees, road tax, permit and fitness fee defaulters and ensure that Government's revenues are protected. Enforcement mechanism may be strengthened to ensure stricter compliance of the MV Act and Rules and to penalise vehicles plying illegally.
- *Vahan* software may be updated to make data entry of all fields mandatory at the time of registration. Strict monitoring may be ensured for accurate and proper data entry in the system and the software may be provided with mandatory validation controls. The databases of individual DTOs may be linked to a State wide database.
- The Department may take steps to improve the manpower position and security of the check points, and ensure that they are positioned strategically. Internal controls may be strengthened by way of regular monitoring of reports submitted by the weighbridges and those submitted by the checkpoints.

**CHAPTER-V**  
**FOREST RECEIPTS**



## CHAPTER-V: FOREST RECEIPTS

### 5.1 Tax Administration

The Principal Secretary to the Government of Meghalaya, Forests & Environment (F&E) Department is in overall charge of the Department at the Government level. The Principal Chief Conservator of Forests (PCCF) is the administrative head of the Department. He is assisted by Chief Conservators of Forests and Conservator of Forests. At the district level, the Divisional Forest Officers (DFOs) are entrusted with management of forests and wildlife through various divisions such as territorial, wildlife, social forestry *etc.* including levy of forest dues, wherever applicable. The collection of forest revenue is governed by the provisions of the Assam Forest Regulation, 1891.

### 5.2 Internal audit

The F&E Department has no separate Internal Audit Wing (IAW). Despite the same being pointed out by audit earlier, no action has been taken by the Department to create an IAW to monitor the working of the Department.

**Recommendation:** *The Department may look into the possibility of creating an Internal Audit Wing to effectively monitor the functioning of the Department.*

### 5.3 Results of Audit

Test check of the records of 17 units relating to the F&E Department during 2015-16 revealed under-assessment of tax and other irregularities involving ₹ 51.85 crore in 48 cases which fall under the following categories:

Table 5.1

(₹ in crore)			
Sl. No.	Category	Number of cases	Amount
1.	Non/Short realisation of revenue	14	14.81
2.	Loss of revenue	07	8.98
3.	Other irregularities	27	28.06
<b>Total</b>		<b>48</b>	<b>51.85</b>

During the course of audit, the Department accepted under assessments and other deficiencies of ₹ 26.26 crore in 27 cases. No recovery was intimated in any of the cases during the year 2015-16.

A few illustrative cases having financial impact of ₹ 30.54 crore in terms of short/non-realisation/evasion/loss of revenue are discussed in the paragraphs 5.4 to 5.8.

#### 5.4 Short realisation of revenue

#### Short realisation of revenue amounting to ₹ 12.99 crore by the user departments.

[DFOs, Territorial Divisions, Shillong, Jowai and Tura; July 2015 to January 2016]

In Meghalaya, all user departments<sup>1</sup> utilising minerals for execution of works contracts are responsible for deduction of royalty from the contractors and depositing the same to the concerned forest divisions. The F&E Department, Government of Meghalaya revised<sup>2</sup> (June 2014) the rates of royalty on sand, stone, earth and squared stone<sup>3</sup> to ₹ 90, ₹ 240, ₹ 100 and ₹ 280 per cubic metre (cu. m.) respectively.

From the records pertaining to payment of royalty by the user departments in three Territorial divisions under the F&E Department, Government of Meghalaya it was observed that 2,30,900.10 cu. m. of sand, 5,58,549.39 cu. m. of stone, 17,269.83 cu. m. of earth, 8,529.77 cu. m. of blindage<sup>4</sup> and 44,704.12 cu. m. of granular matter<sup>5</sup> were extracted and utilised for various works by the contractors of 29 different departments/Divisions (**Annexure XVII**) between July 2013 and July 2015 on which royalty amounting to ₹ 16.70 crore was realisable. However, the departments realised only ₹ 3.71 crore as royalty recovered from the contractors' bills and forwarded the same to the DFOs. Despite the information being available with the divisions, no steps were taken by the DFOs to direct the user departments/divisions to recover the balance royalty of ₹ 12.99 crore from the contractors and deposit the same to the concerned forest divisions thereby resulting in short realisation of royalty to that extent.

On this being pointed out (August 2015), the DFO, Khasi Hills Territorial Division, Shillong stated (December 2015) that the matter had been taken up with the concerned user departments for payment of the balance royalty. However, a report of recovery had not been received (December 2016). In respect of the other two divisions, no replies had been received from the F&E Department, Government of Meghalaya (December 2016).

<sup>1</sup> Works Departments like Public Works Department, Public Health Engineering Department, Soil Conservation Department, *etc.* which undertake works on behalf of the Government.

<sup>2</sup> The rates were revised with effect from 19 June 2014 as follows:

Mineral	From	To
Sand	₹ 30/ cu. m	₹ 90/ cu. m
Stone	₹ 80/ cu. m	₹ 240/ cu. m
Earth	₹ 32/ cu. m	₹ 100/ cu. m
Squared Stone	₹ 95/ cu. m	₹ 280/ cu. m

<sup>3</sup> Roughly dressed stone with rectangular faces.

<sup>4</sup> Sand when used for road construction is called blindage.

<sup>5</sup> Granular matter is crushed stone.

## 5.5 Evasion of royalty on limestone

**Due to lack of co-ordination between Government Departments, four cement companies concealed utilisation of 4.22 lakh MT of limestone resulting in evasion of royalty of ₹ 2.98 crore.**

[DFO, Territorial Division, Jowai; August 2015]

In Meghalaya, the F&E Department realises royalty on limestone from non-mining lease areas while the Mining & Geology (M&G) Department realises royalty from mining lease areas. The M&G Department, Government of Meghalaya fixed the royalty on limestone at ₹ 63 per MT upto 07 October 2014 and ₹ 80 per MT thereafter.

**5.5.1** It was observed from the records of the DFO pertaining to realisation of royalty for the period from April 2014 to March 2015 that three cement manufacturing companies<sup>6</sup> utilised 3.06 lakh MT of limestone from non-mining lease areas during the period and accordingly paid the admitted royalty to the DFO. However, cross-verification with the records of the Divisional Mining Officer (DMO), M&G Department, Jowai revealed that during the same period, the companies actually utilised 4.01 lakh MT of limestone from non-mining lease areas. Thus, due to absence of proper co-ordination/system of periodic exchange of information between Government departments, the cement companies concealed information pertaining to utilisation of 0.95 lakh MT of limestone resulting in evasion of royalty of ₹ 0.61 crore<sup>7</sup>.

**5.5.2** It was observed from the records of the DFO that a cement company<sup>8</sup> did not utilise any limestone from non-mining lease areas between April 2014 and March 2015. However, cross-verification with the records of the DMO, Jowai revealed that during the same period, the company actually utilised 3.27 lakh MT of limestone from non-mining lease areas. Thus, due to absence of proper co-ordination/system of periodic exchange of information between Government departments, the cement company concealed information pertaining to utilisation of 3.27 lakh MT of limestone thereby resulting in evasion of royalty of ₹ 2.37 crore<sup>9</sup>.

The cases was reported to the F&E Department, Government of Meghalaya in September 2015; their replies had not been received (December 2016).

<sup>6</sup> (i) Cement Manufacturing Co. Ltd (CMCL), (ii) Hills Cement Co. Ltd and (iii) Meghalaya Minerals and Mines Ltd.

<sup>7</sup> 88345.33 MT X ₹ 63 (1 April 2014 to 7 October 2014) = ₹ 5565756  
6577.06 MT X ₹ 80 (8 October 2014 to 31 March 2015) = ₹ 526165  
₹ 6091921

<sup>8</sup> Adhunik Cement Ltd.

<sup>9</sup> 141275.73 MT x ₹ 63 (1 April 2014 to 7 October 2014) = ₹ 8900371  
185399.09 MT x ₹ 80 (8 October 2014 to 31 March 2015) = ₹ 14831927  
₹ 23732298

### 5.6 Loss of revenue due to short realisation of royalty

**There was loss of revenue amounting to ₹ 0.33 crore due to short realisation of royalty on minor minerals.**

**[DFO, Territorial Division, Shillong; July 2015]**

The F&E Department, Government of Meghalaya revised (June 2014) the rates of royalty on sand, stone, earth and squared stone to ₹ 90, ₹ 240, ₹ 100 and ₹ 280 per cu. m. respectively.

Examination of the monthly revenue statements furnished by the Range/Beat offices to the DFO revealed that between July 2014 and September 2014, two ranges/beats issued permits for extraction of 423.80 cu. m. of sand, 32067.36 cu. m. of stone and 2350 cu. m. of earth on which royalty amounting to ₹ 0.78 crore was realisable at revised rates; against which, the range/beat officers realised ₹ 0.45 crore due to application of pre-revised rates. This resulted in short realisation of revenue of ₹ 0.33 crore<sup>10</sup>. Despite the information being available with the DFO, no action was taken by the DFO to direct the range/beat officers to realise revenue at revised rates. Inaction of the DFO to take action coupled with failure of the range/beat officers to realise royalty at prescribed rates, thus, resulted in short realisation of royalty and consequent loss of revenue to that extent as the chance of realising the forest royalty is non-existent.

On this being pointed out (August 2015), the DFO stated (December 2015) that the question of short realisation of royalty did not arise as the official notification was received by the Division in September 2014. The reply is not acceptable as delay in receipt of notification by three months is not acceptable and indicates weak internal controls in the Department leading to such communication gap and consequent delay in dissemination of information. Besides, there is no recourse to the revenue foregone.

**In order to ensure that all important Government orders and notifications are disseminated in a timely manner, the F&E department may consider the feasibility of sending mobile and web-based communications to all the concerned Divisions.**

No further reply has been received from the F&E Department, Government of Meghalaya (December 2016).

<sup>10</sup>

Mineral	Quantity (in MT)	Royalty realisable (₹)	Royalty realised (₹)	Short realisation (₹)
Sand	1353.80	121842	Mineral wise details not available	
Stone	31137.36	7472966		
Earth	2350.00	235000		
<b>Total</b>		<b>7829808</b>	<b>4489935</b>	<b>3339873</b>

**5.7 Short realisation of revenue due to under reporting of quantity of limestone exported**

**There was under-reporting of 1.85 lakh MT of limestone by the Umkiang Forest Checkgate resulting in short realisation of revenue of ₹ 1.29 crore.**

**[DFO, Territorial, Jowai; August 2015]**

The F&E Department, Government of Meghalaya has setup checkgates at all major exit points of the State in order to prevent unauthorised transport of forest minerals without payment of royalty. In Meghalaya, the royalty on limestone was ₹ 63 per MT upto 09 October 2014 and ₹ 80 per MT thereafter.

It was seen from the Forest Division's records pertaining to export of minerals outside the State that 0.17 lakh MT of limestone was exported to Assam and Tripura through Umkiang<sup>11</sup> Forest Checkgate between April 2014 and March 2015. Cross-verification with the records of the Divisional Mining Officer, Jowai (under the M&G Department) however, revealed that during the same period, 2.02 lakh MT of limestone was transported through the Umkiang M&G checkgate. The Forest checkgate thus under-reported transport of 1.85 lakh MT of limestone resulting in short realisation of revenue of ₹ 1.29 crore<sup>12</sup>. The under reporting was done due to absence of a system of periodic reconciliation between Government departments engaged in similar activities.

**The F&E department may ensure coordination with the check gates of the M&G Department to arrest the unauthorised transport of limestone and consequent loss of revenue to the State exchequer.**

The case was reported to the F&E Department, Government of Meghalaya in September 2015; their reply had not been received (December 2016).

**5.8 Revenue loss due to illegal felling and removal of timber**

**Failure of the DFO to contain illegal activities in the reserve forests resulted in illegal felling and removal of 408.31 cu. m. of timber amounting to ₹ 0.22 crore.**

**[DFO, Territorial Division, Tura; January 2015 and February 2016]**

Sections 24 and 25 of the Assam Forest Regulations, 1891 (as adapted by Meghalaya) provide that felling and removal of trees from a reserve forest without a valid pass constitutes a forest offence punishable with fine. To prevent such illegal removal of the forest produce, erection of forest check gates at all the vital points is the primary responsibility of the Forest Department. Accordingly, the F&E Department had set up

<sup>11</sup> Located in the National Highway 44 on the Assam-Meghalaya border in Jaintia Hills.

<sup>12</sup> 107014 MT x ₹ 63 = ₹ 6741882  
77270 MT x ₹ 80 = ₹ 6181600  
Total = ₹ 12923482

48 checkgates in the State; of which, 21 forest checkgates<sup>13</sup> are under the control of the DFO, Territorial Division, Tura.

Examination of offence case records in the Division revealed that 408.31 cu. m. of timber of mixed species valued at ₹ 0.22 crore<sup>14</sup> was illegally felled and the entire outturn was removed from the reserve forests under the Division by the miscreants between April 2013 and March 2015. Despite continued recurrence of cases of tree felling in the reserve forests under the Division, no records could be furnished to indicate that effective remedial measures had been taken by the DFO to thwart the same. Thus, inaction on the part of the DFO to effectively tackle the menace of illegal felling of trees resulted in loss of revenue of ₹ 0.22 crore besides damage to the environment.

The case was reported to the F&E Department, Government of Meghalaya between February 2015 and May 2016; their replies had not been received (December 2016).

### 5.9 Non/Short payment of royalty

**Seven cement manufacturing companies failed to deposit forest royalty amounting to ₹ 12.73 crore on account of consumption of 26.06 lakh MT of limestone.**

[DFO, Territorial, Jowai; August 2015]

Rule 2 of the Transit Rules framed under the Assam Forest Regulation, 1891 (as adapted by Meghalaya) stipulates that no forest produce shall be removed unless covered by a permit issued by the DFO in token of full payment of royalty on such forest produce. Further, Section 75 of the Forest Regulation provides that all money payable to the Government in respect of any forest produce may be recovered as arrears of land revenue.

It was observed from the records maintained at the DFO, Jowai pertaining to consumption of limestone that seven<sup>15</sup> cement manufacturing companies procured 26.06 MT of limestone between January 2014 and June 2015 on which royalty amounting to ₹ 18.60 crore was payable. Against this, the cement companies

<sup>13</sup> (1) Gaptoli (2) Kharkutta (3) Mahendraganj (4) Hollaidonga (5) Dainadubi (6) Adokgre (7) Rongjeng (8) Darugre (9) Naringre (10) Singkhama (11) Kherra (12) Williamnagar (13) Samanda (14) Nangbiram (15) Mendima (16) Nengpatchi (17) Pongsudam (18) Bangshi (19) Nameram (20) Gasuapara (21) Mandalgitok.

<sup>14</sup>

Species	Volume (in cu. m.)	Value (₹)
Teak	119.752	940806
Sal	249.710	1174527
Non-Sal	38.846	108338
<b>Total</b>	<b>408.308</b>	<b>2223671</b>

<sup>15</sup> (1) Meghalaya Power Ltd. (2) Cement Manufacturing Co. Ltd. (3) Meghalaya Cement Ltd. (4) Hill Cement Company Ltd. (5) Green Valley Industries Ltd. (6) Amrit Cement Ltd. (7) Meghalaya Minerals and Mines Ltd.

deposited only ₹ 5.87 crore resulting in short payment of royalty amounting to ₹ 12.73 crore (**Annexure XVIII**). Out of the seven companies, four<sup>16</sup> companies failed to make any payment on the quantity of limestone received.

Despite failure of the cement companies to make full payment of the royalty, no action was taken by the DFO to forward the cases for recovery as arrears of land revenue. Thus, lapse on the part of the DFO to ensure full payment of royalty before the limestone was utilised by the cement companies resulted in short realisation of revenue of ₹ 12.73 crore.

The case was forwarded to the F&E Department, Government of Meghalaya in September 2015; their reply had not been received (December 2016).

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<sup>16</sup> (1) Green Valley Industries Ltd. (2) Amrit Cement Ltd. (3) Meghalaya Minerals and Mines Ltd. (4) Hill Cement Ltd.



**CHAPTER-VI**  
**MINING RECEIPTS**



## CHAPTER-VI: MINING RECEIPTS

### 6.1 Tax Administration

The Principal Secretary to the Government of Meghalaya, M&G Department is in overall charge of the Department at the Government level. The Director of Mineral Resources (DMR) is the administrative head of the Department. At the district level, the Divisional Mining Officers (DMOs) have been entrusted with the collection of royalty and cess on minerals and issuing of permits. The collection of tax is governed by the Mines & Minerals (Development & Regulation) Act, 1957, the Mineral Concession Rules, 1960 and the Meghalaya Minerals Cess Act, 1988.

### 6.2 Internal audit

The M&G Department has no separate Internal Audit Wing (IAW). Despite the same being pointed out by audits earlier, no action has been taken by the Department to create an IAW to monitor the working of the Department.

**Recommendation:** *The Department may look into the possibility of creating an Internal Audit Wing to effectively monitor the functioning of the Department.*

### 6.3 Results of Audit

Test check of the records of three units relating to M&G Department during 2015-16 revealed under-assessment of tax and other irregularities involving ₹ 271.78 crore in 19 cases which fall under the following categories:

Table 6.1

(₹ in crore)			
Sl. No.	Category	Number of cases	Amount
1.	Non/Short realisation of revenue	17	270.86
2.	Loss of revenue	01	0.91
3.	Other irregularities	01	0.01
<b>Total</b>		<b>19</b>	<b>271.78</b>

During the course of the year, the Department accepted under-assessments and other deficiencies amounting to ₹ 159.62 crore in seven cases. No recovery was intimated in any of the cases during the year 2015-16.

A few illustrative cases having financial impact of ₹ 19.76 crore in terms of short/non-realisation of revenue are discussed in the paragraphs 6.4 to 6.7.

**6.4 Outstanding royalty on the assessed coal not realised**

**The Department failed to realise royalty amounting to ₹ 16.47 crore on 2.44 lakh MT of declared/assessed coal.**

**[DMO, Jowai; November 2015]**

Section 9(2) of the Mines and Minerals (Development and Regulation) (MMDR) Act, 1957 lays down that every licensee or permit holder or lessee shall pay the prescribed royalty in respect of mineral removed or consumed by him. In Meghalaya, coal mining was banned by the NGT from April 2014<sup>1</sup>. The NGT, however, constituted a committee to oversee the transportation of the already extracted coal. The committee accordingly framed the guidelines in September 2014 for transportation of the extracted coal. The guidelines *inter alia* provided that royalty was payable on the quantity of extracted coal declared (by the mine owners) or assessed (by the NGT committee), whichever was higher. The M&G Department, Government of Meghalaya in November 2014 directed that payment of royalty on the declared/assessed coal should be made by the mine owners within 45 days from the date of issue of permits by the DMR. In Meghalaya, royalty on coal is ₹ 675 per MT<sup>2</sup>. Failure to pay royalty entails penalty at 25 per cent of the royalty amount<sup>3</sup>.

It was observed during audit of the records of 111 mine owners of East Jaintia Hills and nine mine owners of West Jaintia Hills under the jurisdiction of the DMO, Jowai (November 2015) that 4.16 lakh MT of extracted coal was declared/assessed as on November 2014 on which royalty of ₹ 28.08 crore was payable. However, the mine owners paid royalty amounting to ₹ 11.61 crore on only 1.72 lakh MT on instalment basis between November 2014 and February 2015, thereby resulting in not paying of royalty amounting to ₹ 16.47 crore on the balance 2.44 lakh MT of coal.

Despite the information relating to entire extracted quantity of coal being available in the case records, no action was taken by the DMO to direct the mine owners to deposit the balance amount or take action against the mine owners for non-payment of royalty on the balance quantity of coal. Thus, inaction of the DMO in realising the outstanding royalty from the defaulting mine owners led to non-realisation of royalty amounting to ₹ 16.47 crore (**Annexure XIX**) on which penalty of ₹ 4.12 crore was also leviable.

The case was reported to the M&G Department, Government of Meghalaya in January 2016; their reply had not been received (December 2016).

<sup>1</sup> Based on a petition filed by the Dimasa Students Union, Assam that unregulated coal mining in Meghalaya was polluting the downstream rivers in Assam.

<sup>2</sup> Vide a notification dated 22 June 2012.

<sup>3</sup> Vide the same notification dated 22 June 2012.

### 6.5 Short realisation of cess on limestone

**Under reporting of 8.62 lakh MT of limestone exported to Bangladesh resulted in short realisation of cess of ₹ 1.72 crore.**

[DMO, Jowai; November 2015]

Section 6(2) of the Meghalaya Mineral Cess Act, 1988 provides that no person shall remove or transport or attempt to remove or transport limestone from any mine or quarry in the State unless the tax due under the Act has been paid. In Meghalaya, cess on limestone is leviable at ₹ 20 per MT<sup>4</sup>.

It was observed from the records pertaining to export of minerals to Bangladesh that between April 2014 and March 2015, the Dawki Land Custom Station (LCS), Government of India recorded export of 10.74 lakh MT of limestone. However, cross-verification with the records of DMO, Jowai revealed that during the same period, 2.12 lakh MT of limestone was exported to Bangladesh through the Mining check gate located at Dawki.

Though the DMR check gate and the LCS are situated at the same location, audit observed that there was no system in place in the Mining & Geology Department to cross verify and reconcile the figures/data of the Mining checkgate with the records of the LCS. Absence of a suitable mechanism to monitor the activities of the Mining checkgate therefore resulted in under reporting of export of 8.62 lakh MT of limestone to Bangladesh by the Mining checkgate, resulting in short realisation of cess amounting to ₹ 1.72 crore<sup>5</sup>.

**The Department may examine the reasons leading to aforesaid lapse and also evolve a system of periodic exchange of information with the LCS so as to monitor the activities of the checkgate.**

The case was reported to the M&G Department, Government of Meghalaya in January 2016; their reply had not been received (December 2016).

### 6.6 Evasion of cess on limestone

**There was evasion of cess on 4.59 lakh MT of limestone utilised by a cement company amounting to ₹ 0.92 crore.**

[DMO, Jowai; November 2015]

Section 9 (2) of the MMDR Act, 1957 lays down that every licensee or permit holder or lessee shall pay the prescribed royalty in respect of minerals removed or consumed by him. The Mining & Geology Department collects royalty on limestone only from the mining lease areas and the Forest Department collects royalty on limestone from the non-mining lease areas. However, the Mining & Geology Department collects

<sup>4</sup> With effect from 6 January 2009.

<sup>5</sup> 862352 MT x ₹ 20 = ₹ 17247040

cess on limestone removed or extracted from all regions including non-mining lease areas. In Meghalaya, cess on limestone is leviable at ₹ 20 per MT<sup>6</sup>.

It was observed from the monthly reports submitted to the DMO, Jowai pertaining to receipts and utilisation of limestone by the cement companies that between June 2014 and May 2015, a cement company<sup>7</sup> failed to submit information pertaining to the quantity of limestone utilised and pay any royalty or cess thereon. However cross-check, by audit, with the records of the Divisional Forest Officer, Jaintia Hills, Territorial Division, Jowai revealed that during the same period the cement company utilised 4.59 lakh MT of limestone on which cess<sup>8</sup> amounting to ₹ 0.92 crore was realisable. Thus, due to absence of a proper system of periodic exchange of information between Government departments, the cement company concealed information pertaining to utilisation of 4.59 lakh MT of limestone resulting in evasion of cess of ₹ 0.92 crore<sup>9</sup>.

The case was reported to the M&G Department, Government of Meghalaya in January 2016; their reply had not been received (December 2016).

#### 6.7 Interest not realised

**Interest amounting to ₹ 0.65 crore was not realised from five lessees for dues not paid or paid belatedly.**

#### [DMO, Jowai; November 2015]

Rule 64 A of the Mineral Concession Rules, 1960 provides that if the dues payable by a lessee are not paid within the time specified, simple interest at the rate of 24 per cent per annum may be charged on the amount remaining unpaid from the sixtieth day of the expiry of the date fixed for payment of such dues. For the purpose of calculation of interest, the M&G Department, Government of Meghalaya fixed the due dates as follows:

Half yearly ending	Due Date
30 June	31 July
31 December	31 January

From the records pertaining to payment of royalty by the lessees under DMO, Jowai, it was observed that five lessees<sup>10</sup> utilised 16.58 lakh MT of limestone between July 2014 and December 2014 against which they were liable to pay royalty of ₹ 3.17 crore by January 2015. Out of the five lessees, one lessee<sup>11</sup> paid the royalty amounting to ₹ 0.27 crore belatedly (after the expiry of the sixtieth day from the due date) in July

<sup>6</sup> With effect from 6 January 2009.

<sup>7</sup> M/s Amrit Cement Ltd.

<sup>8</sup> The Forest Department had directed the cement company to pay royalty. Hence the Mining Department was to realise only cess on the limestone utilised.

<sup>9</sup> 459039 MT x ₹ 20 = ₹ 9180780

(i) Adhunik Cement, (ii) Cement Manufacturing Company Ltd., (iii) JUD Cement, (iv) Hills Cement and (v) Meghalaya Minerals and Mines Ltd.

<sup>11</sup> Adhunik Cement (*Belated payment of royalty*)

2015 while the other four lessees failed to pay the royalty amounting to ₹ 3.05 crore on the limestone utilised.

Despite the lessees failing to pay the royalty by the due date, no action was taken by the DMO to levy interest amounting to ₹ 0.65 crore (**Annexure XX**) for non/belated payment of royalty<sup>12</sup>.

The case was reported to the M&G Department, Government of Meghalaya in January 2016; their reply had not been received (December 2016).

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<sup>12</sup> The DMO issued demand notices to the four lessees for non-payment of royalty. Hence the royalty aspect has not been brought out in the para.

**CHAPTER-VII**  
**STATE LOTTERY**



## CHAPTER-VII: STATE LOTTERY

### 7.1 Tax Administration

The Additional Chief Secretary to the Government of Meghalaya, ERTS Department is in overall charge of the State Lottery Department at the Government level. The Director of State Lotteries (DSL) is the administrative head of the Department.

Lottery Schemes in Meghalaya are regulated under the Lotteries (Regulation) Act, 1988 and the Meghalaya State Lottery Rules, 2002.

The Government of Meghalaya in August 2008 suspended all the lottery schemes in the State.

### 7.2 Results of Audit

Test check of the records of two units relating to State Lottery Department during 2015-16 revealed irregularities involving ₹ 40.49 crore in two cases which fall under the following categories:

Table 6.1

			(₹ in crore)
Sl. No.	Category	Number of cases	Amount
1.	Non realisation of revenue	01	34.42
2.	Unfruitful expenditure	01	6.07
<b>Total</b>		<b>02</b>	<b>40.49</b>

During the course of the year, the Department accepted the irregularities amounting to ₹ 40.49 crore in both the cases. No recovery was, however, intimated in any of the cases during the year 2015-16.

A case on unfruitful expenditure having a financial impact of ₹ 5.69 crore is discussed in the paragraph 7.3.

### 7.3 Unfruitful expenditure

**The Government of Meghalaya incurred unfruitful expenditure of ₹ 5.69 crore towards pay and allowance of idle staff.**

**[Director of State Lotteries, Meghalaya; May 2016]**

The Government of Meghalaya through the DSL introduced lottery schemes in the State between September 2001 and October 2004 by executing agreements with six distributors<sup>1</sup> for organising both online and paper lottery. The Government of Meghalaya, however, in August 2008, suspended all lottery schemes in the State.

Audit of records of the DSL, Meghalaya revealed that during the period from September 2008 to March 2016, the DSL had 27 staff in its pay roll who continued to receive their salary despite not organising of lottery schemes and non-realisation of any revenue thereof. The duties performed by the staff during the period when no lottery schemes were operational in the State could not be furnished to audit<sup>2</sup>. Furthermore, audit scrutiny (May 2016) revealed that the DSL incurred an expenditure of ₹ 5.69 crore towards the pay and allowances of the staff for the aforementioned period.

During the same period, the ERTS Department (under which the DSL functions) had a vacancy of 112 officials<sup>3</sup> under its various units. Despite having 27 officials at its disposal, the Department failed to utilise the services of these idle staff alternatively and effectively.

Failure of the Department to effectively manage the manpower thus resulted in unfruitful expenditure of ₹ 5.69 crore towards payment of salary to idle staff.

1

Online Lottery	M/s MS Associates
Paper Lottery	M/s Best & Co
	M/s Allwyn Lottery Agency
	M/s Jalaram lottery Agency
	M/s JC Enterprises
	M/s NV International

<sup>2</sup> No response could be elicited in response to an audit query to explain the duties entrusted to the staff during the period from 2011-12 to 2015-16.

<sup>3</sup> Average vacancy for the period from 2011-12 to 2015-16 has been taken into account.

The case was reported to the ERTS Department, Government of Meghalaya in July 2016; their reply had not been received (December 2016).



(Stephen Hongray)  
Accountant General (Audit)  
Meghalaya

Shillong

The 02<sup>nd</sup> MAR 2017

Countersigned



(Shashi Kant Sharma)  
Comptroller & Auditor General of India

New Delhi

The - 6 MAR 2017

# **ANNEXURES**

**ANNEXURE-I**  
**Evasion of excise duty (Reference: Para 3.5)**

Name of the Bottling Plant	Period	Quantity of IMFL produced in cases			ENA requirement in bulk litres				ENA utilised in BL	ENA concealed	No. of cases (in terms of 750 ML)	Excise Duty Payable (in ₹)
		1000 ML	750/375 ML	180 ML	5.35 BL per case for 1000 ML	4 BL per case for 750/375 ML	3.85 per case for 180 ML	Total requirement				
<b>M/s North East Bottling</b>	Apr 14 to Dec 14	--	3,09,747	2,32,959	--	12,38,988	8,96,892	2,13,5880	21,41,940	6,060	1,515	8,34,765
	Jan 15 to Mar 15	--	1,15,105	76,720	--	4,60,420	2,95,372	7,55,792	7,84,031	28,239	7,060	46,80,780
<b>CMJ Bottling Unit</b>	Apr 14 to Dec 14	13,574	2,77,598	1,89,780	72,621	11,10,392	7,30,653	19,13,666	19,44,859	31,193	7,798	42,96,698
<b>TOTAL</b>		<b>13,574</b>	<b>7,02,450</b>	<b>4,99,459</b>	<b>72,621</b>	<b>28,09,800</b>	<b>19,22,917</b>	<b>48,05,338</b>	<b>48,70,830</b>	<b>65,492</b>	<b>16,373</b>	<b>98,12,243</b>

**Annexure-II**  
**Licence fee from outstills not realised (Reference: Para 3.7)**

Sl. No.	Name of the Chief	Number of outstills	Period	Rate of Outstill licence (in ₹)	Total amount (in ₹)
<b>1</b>	<b>Syiem of Sohra</b>	17	2014-15 & 2015-16	4,000	1,36,000
<b>2</b>	<b>Sirdar of Marbisu</b>	8	2014-15 & 2015-16	4,000	64,000
<b>3</b>	<b>Lyngdoh of Sohiong</b>	35	2012-13 to 2015-16	4,000	5,60,000
<b>4</b>	<b>Syiem of Khyrim</b>	83	2012-13 to 2015-16	4,000	13,28,000
	<b>Total</b>	<b>143</b>			<b>20,88,000</b>

**Annexure-III**  
**Revenue not realised due to non-renewal of licences (Reference: Para 3.8)**

Sl. No.	Name of Bottling Plant & Distillery/ Bonded Warehouse/ retail licences	Year for which licence fee not paid	Total Amount due (in ₹)
<b>Bottling Plants (CE, Meghalaya)</b>			
1	M/s Milestone Beverages Tamulkuchi Byrnihat	2014-15	5,40,000
		2015-16	5,40,000
2	M/s Oaken Gold Bottling Pvt. Ltd. Baridua, Ri-Bhoi District	2014-15	5,40,000
3	M/s Marwet Bottling Industries, Them Marwet, Ri-Bhoi District	2015-16	5,40,000
<b>Bonded Warehouses (CE, Meghalaya)</b>			
4	BM Bonded Warehouse, Shillong	2014-15	2,00,000
		2015-16	2,00,000
5	MM Bonded Warehouse, Williamnagar	2012-13	2,00,000
		2013-14	2,00,000
		2014-15	2,00,000
		2015-16	2,00,000
6	Tura Bonded Warehouse, Tura	2014-15	2,00,000
7	Hill View Bonded Warehouse, Tura	2014-15	2,00,000
8	D.S. Bonded Warehouse, Lad Rymbai	2014-15	2,00,000
9	SS Bonded Warehouse, Lad Rymbai	2015-16	2,00,000
10	Banicia Bonded Warehouse, Lad Rymbai	2015-16	2,00,000
11	Sweety Bonded Warehouse, Senapati, Tura	2014-15	2,00,000
12	DMB Bonded Warehouse, Williamnagar	2015-16	2,00,000
13	Simsang Bonded Warehouse, Williamnagar	2015-16	2,00,000
14	Twinkle Bonded Warehouse, Williamnagar	2015-16	2,00,000
15	Gogaira Bonded Warehouse, Phulbari	2015-16	2,00,000
16	Smti Veeda R.C. Momin, Demseiniong, EKH District	2015-16	2,00,000
<b>Retail Licences</b>			
<b>SE, Khliehriat</b>			
17	Smt Hunmon Langstang	2011-12	50,000
		2012-13	60,000
		2013-14	60,000
		2014-15	60,000
		2015-16	60,000
18	Shri Khroo Shylla	2011-12	50,000
		2012-13	60,000
		2013-14	60,000
		2014-15	60,000
		2015-16	60,000
19	Shri Pailut Chyrmang	2010-11	50,000
		2011-12	50,000
		2012-13	60,000
		2013-14	60,000
		2014-15	60,000
		2015-16	60,000
20	Shri Lambok Chyrmang	2012-13	60,000
		2013-14	60,000
		2014-15	60,000
		2015-16	60,000
21	Smt Himai Bareh (Bar Licence)	2010-11	35,000
		2011-12	35,000
		2012-13	45,000
		2013-14	45,000
		2014-15	45,000
		2015-16	45,000
22	Shri Kampher Suchiang	2015-16	60,000
23	Shri Rikio Shylla	2015-16	60,000

24	Smt Lucy Bamon	2014-15	60,000
		2015-16	60,000
25	Smt Kini Siangshai	2015-16	60,000
26	Shri Indrik Saioo	2015-16	60,000
27	Shri Bhalang Siangshai	2014-15	60,000
		2015-16	60,000
28	Shri Jackey Rymbai	2014-15	60,000
		2015-16	60,000
29	Shri Augustine Susngi	2015-16	60,000
30	Smt F.M. Syiem	2015-16	60,000
31	Smt Iariphai Siangshai	2015-16	60,000
32	Shri N. Sungoh	2015-16	60,000
33	Shri Teimon Chyrmang	2015-16	60,000
34	Shri Shialang Dkhar	2015-16	60,000
35	Smt Nika Siangshai	2014-15	60,000
		2015-16	60,000
36	Shri Basterwell Bareh	2015-16	60,000
37	Smt Helinda Bamon	2015-16	60,000
38	Shri Korius Bamon	2015-16	60,000
39	Shri John Bareh	2015-16	60,000
40	Smt Reportdeibha Siangshai	2014-15	60,000
		2015-16	60,000
41	Shri Michael Pala	2013-14	60,000
		2014-15	60,000
		2015-16	60,000
<b>SE, Tura</b>			
42	Saleni Walsena D Marak	2015-16	60,000
43	Brenziold Ch Marak	2015-16	60,000
44	Kunal Ch. Momin	2015-16	60,000
45	Jitherson A Sangma	2015-16	60,000
46	Sengrang Shira	2015-16	60,000
47	Kamal K Marak	2015-16	60,000
48	Binod Kumar Rabha	2015-16	60,000
49	Prodip Saha	2015-16	60,000
50	Ambika A Sangma	2015-16	60,000
51	Dipu Kumar Das	2015-16	60,000
52	Pulok Rabha	2015-16	60,000
53	Agnitha Marak	2015-16	60,000
54	Ratna Rabha	2015-16	60,000
55	Sojeng Marak	2015-16	60,000
56	Guruphada Modak	2015-16	60,000
57	Jenitha R Marak	2015-16	60,000
58	Chenang K Sangma	2015-16	60,000
59	Anand Deo Pandey	2015-16	60,000
60	Dolly Rabha	2015-16	60,000
61	Medina Ch Mk	2015-16	60,000
62	Botche Sangma	2015-16	60,000
63	Menoti Hajong	2015-16	60,000
64	Mira Koch	2015-16	60,000
65	Rohit Koch	2015-16	60,000
66	Aniditha Hajong	2015-16	60,000
<b>GRAND TOTAL</b>			<b>1,00,90,000</b>

**Annexure-IV**  
**Non-renewal of lapsed security deposits** (Reference: Para 3.9)

Sl. No.	Name of the Company	Date of expiry of security deposit	Amount payable (₹)	Delay upto	Period of Delay (in days)
1	United Spirits Ltd. Christian Basti, G.S. Road, Guwahati	25.08.2014	7,50,000 1,00,000	31.03.2016	584
2	Allied Blenders and Distilleries, Mumbai	25.08.2014	7,50,000	31.03.2016	584
3	Jagajit Industries Ltd.	04.08.2014	2,50,000	31.03.2016	605
4	Mohan Meakins Ltd. Ghaziabad Mohannagar	04.08.2014	2,50,000 4,00,000	31.03.2016	605
5	Diegeo India Pvt. Ltd.	26.08.2014	2,50,000	31.03.2016	583
6	MDH Beverages (P) Ltd. Umiam	07.05.2013	3,00,000	31.03.2016	1,059
7	Beam Global Spirits and Wine	26.08.2014	2,50,000	31.03.2016	583
8	K.D.C B/W (P) Ltd.	24.08.2014	50,000	31.03.2016	585
9	Nashik Vintners (P) Ltd.	24.09.2014	1,00,000	31.03.2016	554
10	Skol Breweries Ltd.	24.08.2014	4,00,000	31.03.2016	585
11	Carlsberg India (P) Ltd.	25.08.2014	2,00,000	31.03.2016	584
12	Yuksom Breweries Ltd.	31.08.2014	2,00,000	31.03.2016	578
13	Mount Shivalik Industries	26.08.2014	2,00,000	31.03.2016	583
14	Devans Modern Breweries Ltd.	14.08.2014	2,00,000	31.03.2016	595
15	Springfields Distilleries	26.08.2014	1,00,000	31.03.2016	583
16	Tonia Liquor (P) Ltd.	24.09.2014	1,00,000	31.03.2016	554
17	United Spirits, Rehabari Guwahati	01.09.2014	4,00,000	31.03.2016	577
18	Sula Vineyards	31.07.2014	1,00,000	31.03.2016	609
19	Sankalp Winery (Vinsura Winery)	02.09.2014	1,00,000	31.03.2016	576
20	Bhutan Brewery Pvt. Ltd.	02.09.2014	2,00,000	31.03.2016	576
21	Purbanchal Bonded Warehouses, Byrnihat	19.04.2014	3,00,000	31.03.2016	712
<b>Total</b>			<b>59,50,000</b>		

## ANNEXURE-V

**Undue benefit to weighbridge lessees due to failure of the Government to incorporate pro-rata provisions**  
(Reference Para 4.4.9.1)

Sl. No.	Name of the Weighbridge (location)	Name of lessee	Licence Period	Amount of Annual Lease Payable ( ₹ )	Date of Renewal
1.	Thangskai (NH 40)	Smti K.Suiam	21.12.2007 to 19.12.2010	30,00,000	20.12.2010
2.	7 <sup>th</sup> Mile (NH 40)	Smti. M. Passah	25.01.2009 to 24.01.2012	75,00,000	25.01.2012
3.	Umling (NH-44)	Shri. L. Myllemngap	15.03.2007 to 14.03.2010	75,00,000	15.03.2010
4.	Mawpun (NH-44E)	Shri A. Paliar	05.12.2008 to 14.12.2011	2,50,000	15.12.2011
5.	Athiabari (State PWD Road)	Smti F. D. Shira	23.08.2007 to 22.08.2010	3,00,000	23.08.2010
6.	Borsora (State PWD Road)	Smti A. Marwein	17.11.2008 to 22.08.2010	10,50,000	17.11.2011
7.	Shallang (State PWD Road)	Shri K. Ch. Sangma	15.12.2008 to 14.12.2011	3,50,000	15.12.2011
8.	Dobu (NH-62)	Shri J. N. Sangma	10.09.2007 to 09.09.2010	8,00,000	10.09.2010
9.	Gasuapara (State PWD Road)	Smti E. G. Momin	12.03.2009 to 11.03.2011	5,00,000	12.03.2011
10.	Momin, Dainadubi (NH-62)	Smti M. Ch. Momin	21.06.2008 to 20.06.2011	27,99,000	21.06.2011

## ANNEXURE – VI

**Undue benefit to weighbridge lessees due to failure of the Government to incorporate pro-rata provisions**  
(Reference Para 4.4.9.1)

Name of the weighbridges	Annual fee paid	Proportionate Revised annual fee			Period for which loss worked out (in days)	Proportionate loss
	@ ₹ 30	@ ₹ 50	With effect from	Calculated upto		
(1)	(2)	(3) = (2)*50/30	(4)	(5)	(6)	(7) = (3)*(6)/365
Thangskai	30,00,000	50,00,000	8.1.2010	19.12.2010	346	47,39,726
Mawpun	2,50,000	4,16,667	8.1.2010	14.12.2011	706	8,05,936
Athiabari	3,00,000	5,00,000	23.8.2007	22.8.2010	227	3,10,959
Shallang	3,50,000	5,83,333	15.12.2008	14.12.2011	706	11,28,311
Dobu	8,00,000	13,33,333	10.9.2007	9.9.2010	245	8,94,977
Gasuapara	5,00,000	8,33,333	12.3.2009	11.3.2011	428	9,77,169
Borsora	10,50,000	17,50,000	17.11.2008	22.8.2010	227	10,88,356
<b>Total</b>						<b>99,45,434</b>

## ANNEXURE – VII

**Irregular exemption of road tax** (Reference Para 4.4.11)

Description of vehicles	Rate of annual tax (₹)	Rate of quarterly tax (₹)
Vehicles with passenger carrying capacity of 7 to 12 person	4,275	1,125
Vehicles with passenger carrying capacity of 13 to 30 person	5,250	1,500
Vehicles with passenger carrying capacity of more than 30 person	5,250 + 60 for every additional seat above 30	1,500 + 15 for every additional seat above 30

## ANNEXURE – VIII

**Irregular exemption of road tax** (Reference Para 4.4.11)

Sl No	Seating capacity	Total number of vehicles registered	Amount of road tax (₹)
1	8	112	13,27,500
2	25	17	2,91,750
3	32	54	11,27,070
4	38	20	3,43,800
<b>Total</b>		<b>203</b>	<b>30,90,120</b>

## ANNEXURE – IX

**Licences for weighbridges not renewed** (Reference Para 4.4.12)

Sl No	Name of weighbridge	From	To	Lease Amount (₹)	period not renewed	Total amount (₹)
1	Thangskai	20.12.2010	31.03.2016	30,00,000	5 years 3 months	1,57,50,000
2	Mawpun	15.12.2011	26.01.2015	2,50,000	3 years 1 month	7,70,833
3	Borsora	23.8.2010	27.01.2015	10,50,000	4 years 5 months	46,37,500
4	Gasuapara	12.3.2011	09.02.2015	5,00,000	3 years 11 months	19,58,338
<b>Total</b>						<b>2,31,16,671</b>

## ANNEXURE-X

**Non-payment of annual lease fee** (Reference Para 4.4.13)

Sl. No	Location of the weighbridge	Date of Agreement executed	Name of the Licensee	Amount of licence fee payable per annum (in ₹)	Amount paid by the licensee (in ₹)	Balance amount payable (in ₹)
1	Cherragoan	28.01.2015	Shri G.H. Syiemlieh	61,25,000	9,75,000	51,50,000
2	Borsora	28.01.2015	Smti H. Wankhar	87,50,000	37,50,000	50,00,000
3	Dawki	27.01.2015	Smti C. Pala	61,25,000	18,85,500	42,39,500
4	Gasuapara	09.02.2015	Shri T. M. Sangma	45,00,000	9,00,000	36,00,000
5	Ratacherra	23.01.2015	Shri B.Marbaniang	1,80,00,000	1,05,00,000	75,00,000
6	Mawpun	27.01.2015	Shri A. Paliar	90,00,000	47,00,000	43,00,000
7	Dainadubi	20.04.2010	Smti M. Momin	1,67,94,000	35,07,000	1,32,87,000
8	Bagli	05.06.2015	Shri M.S. Nongbri	40,00,000	40,00,000	--
9	Byndihati	24.03.2015	Smti P. Sympli	72,00,000	72,00,000	--
<b>Total</b>				<b>8,04,94,000</b>	<b>3,74,17,500</b>	<b>4,30,76,500</b>

## ANNEXURE – XI

**Registration certificate not renewed for private vehicles** (Reference Para 4.4.15.1)

Name of the DTO	Total number of vehicles			Amount of road tax (₹)			Total (₹)
	Two Wheelers	Three Wheelers	Four Wheelers	Two Wheelers	Three Wheelers	Four Wheelers	
Nongpoh	1,335	0	2,497	4,00,500	0	74,91,000	78,91,500
Shillong	9,785	5	19,394	29,35,500	3,000	5,81,82,000	6,11,20,500
Jowai	929	8	2,689	2,78,700	4,800	80,67,000	83,50,500
Williamnagar	5,053	0	884	15,15,900	0	26,52,000	41,67,900
<b>Total</b>	<b>17,102</b>	<b>13</b>	<b>25,464</b>	<b>51,30,600</b>	<b>7800</b>	<b>7,63,92,000</b>	<b>8,15,30,400</b>

## ANNEXURE – XII

**Commercial Vehicles plying without renewing registration certificates** (Reference Para 4.4.15.2)

Name of the DTO	Vehicle Class			Total Vehicles	Total tax due (₹)	Total fine leviable (₹)
	Goods	Passengers	Others			
Mawkyrwat	69	81	1	151	5,89,986	3,02,000
Nongpoh	2,152	3,118	56	5,326	3,91,57,342	1,06,52,000
Shillong	9,807	10,841	640	21,288	43,49,99,338	4,25,76,000
Jowai	6,260	2,234	0	8,494	26,44,37,775	1,69,88,000
Williamnagar	991	567	0	1,558	88,55,850	31,16,000
<b>Total</b>	<b>19,279</b>	<b>16,841</b>	<b>697</b>	<b>36,817</b>	<b>74,80,40,291</b>	<b>7,36,34,000</b>

## ANNEXURE – XIII

**Bank Draft issued with Incorrect Drawee Bank Details** (Reference Para 4.4.16.2)

Sl No	Letter No. and date sent by STA, Meghalaya	Issuing Branch	No. of Drafts	Draft No	Date of issue	Amount (₹)
1	STA/909/2013/234 dated 07/05/2015	SBI, Aminggaon, Assam	1	235168	09.03.15	12,000
2	STA/909/2013/330 dated 18/06/2015	Axis Bank Ltd, Beltola, Assam	1	010790	03.06.15	12,000
3	STA/909/2013/354 dated 08/09/2015	SBI, Sixmile GS Road, Assam	2	503975 503978	06.08.15 06.08.15	2,400
4	STA/909/2013/355 dated 08/09/2015	SBI, Jyotikuchi Branch, Assam	1	478518	07.04.15	100
5	STA/909/2013/356 dated 08/09/2015	SBI, Guwahati University, Assam	1	297317	17.07.15	1,200
6	STA/909/2013/357 dated 08/09/2015	SBI, Chenikuthi, Guwahati, Assam	1	989140	16.06.15	12,000
7	STA/909/2013/389 dated 15/09/2015	SBI, IIBM, Assam	1	211890	-	1,200
8	STA/909/2013/390 dated 15/09/2015	Canara Bank, Karimganj, Assam	2	060437 060438	-	24,000
9	STA/909/2013/411 dated 06/11/2015	SBI, Jyotikuchi Branch, Assam	1	478518	14.10.15	100
<b>Total</b>			<b>11</b>	<b>-</b>	<b>-</b>	<b>65,000</b>

## ANNEXURE – XIV

***Database relating to stolen vehicles not linked with Police Department*** (Reference Para 4.4.22.2)

Selected DTOs	Stolen vehicles as per information captured in the <i>Vahan</i> data	Stolen vehicles as per information furnished by the Police Department	
		Total Number of stolen vehicles	Total Number of stolen vehicles recovered
<b>Jowai</b>	2	--	--
<b>Shillong</b>	55	227	89
<b>Nongpoh</b>	0	94	9
<b>Williamnagar</b>	0	87	5
<b>Mawkyrwat</b>	0	20	0
<b>Total</b>	<b>57</b>	<b>428</b>	<b>103</b>

## ANNEXURE – XV

***Registration of vehicles from outside the jurisdiction*** (Reference Para 4.4.22.3)

Selected DTOs	Cases where the vehicle owners were from other districts	Cases where the vehicle owners were from outside the State	Total
<b>Jowai</b>	13	8	21
<b>Shillong</b>	682	25	707
<b>Nongpoh</b>	546	237	783
<b>Williamnagar</b>	1,133	1,580	2,713
<b>Mawkyrwat</b>	16	--	16
<b>Total</b>	<b>2,390</b>	<b>1,850</b>	<b>4,240</b>

**ANNEXURE – XVI**  
**Absence of mechanism to monitor encashment of bank drafts received from other States**  
**(Reference Para 4.4.25)**

Sl No	Letter No and Date under which Bank Draft sent for revalidation	Sent to Manager/Branch Manager	Number of Bank Drafts	Period to which the Draft is dated	Bank Draft No	Amount (₹)
1	STA/909/2013/233 dated 6.4.15	SBI, Tezpur, Assam	1	30.12.14	526733	1,200
2	STA/909/2013/259 dated 11.5.15	SBI, Sonai Road, Silchar, Assam	2	27.10.14 03.11.14	354369 354471	24,000
3	STA/909/2013/274 dated 21.5.15	SBI, Fancy Bazar, Assam	1	30.10.14	189190	1,200
4	STA/909/2013/275 dated 21.5.15	SBI, Garchuk, Assam	4	02.12.14 30.12.14 11.11.14 25.11.14	703246 703462 703063 703188	84,000
5	STA/909/2013/277 dated 19.5.15	SBI, Guwahati Kalipur bhutnath	1	24.11.14	029011	12,000
6	STA/909/2013/277 dated 21.5.15	Bank of Baroda, Silchar, Assam	12	11.10.14 11.10.14 03.11.14 03.11.14 28.10.14 28.10.14 28.10.14 28.10.14 03.11.14 11.10.14 11.10.14 11.10.14	051530 051542 051608 051609 051567 051574 051562 051575 051607 051546 051536 051535	14,400
7	STA/909/2013/281 dated 19.5.15	SBI, Dhirenpara, Assam	1	28.11.14	056978	12,000
8	STA/909/2013/283 dated 19.5.15	SBI, Kahilipara, Assam	1	20.09.14	189557	12,000
9	STA/909/2013/292 dated 20.5.15	SBI, Rehabari, Assam	2	29.12.14 18.11.14	905643 905284	24,000
10	STA/909/2013/294 dated 20.5.15	SBI, Sonai Road, Silchar, Assam	2	04.11.14 22.12.14	354480 354653	24,000
11	STA/909/2013/300 dated 20.5.15	SBI, Jyotikuchi Branch, Assam	1	08.09.14	400918	12,000
12	STA/909/2013/302 dated 19.5.15	SBI, New Silchar, Assam	1	05.12.14	358947	12,700
13	STA/909/2013/360 dated 09.09.15	SBI, Dhirenpara, Assam	2	02.04.15 06.03.15	057271 056804	13,400
14	STA/909/2013/381 dated 09.09.15	Punjab National Bank, AT Road, Guwahati, Assam	1	17.03.15	804780	12,000
15	STA/909/2013/383 dated 09.09.15	United Bank of India, Chowkidinghee, Assam	1	27.10.15	679376	12,000
16	STA/909/2013/422 dated 14.12.15	SBI, East Karimganj, Guwahati	1	01.08.15	064275	1,200
<b>Total</b>			<b>34</b>			<b>2,72,100</b>

**ANNEXURE-XVII**  
**Short realisation of revenue (Reference Para 5.4)**

Sl. No.	Name of Agency/ Department	Period	Quantity (in cu. m.)					Royalty payable (in ₹)					Total Payable	Total Paid (₹)	Short Paid
			Stone	Sand	Earth	Blindage	Granular Matter	Stone	Sand	Earth	Blindage	Granular Matter			
<b>DFO, Khasi Hills Territorial Division, Shillong</b>															
1.	EE, East Khasi Hills (D) Division, MePDCL, Shillong	July 2013 to Dec. 2014	2649.58	1571.4	0	0	0	211966.4	47142	0	0	0	259108.4	69329	189779.4
2.	EE, PWD (Roads) Nongpoh Division	Oct. 2014 to Dec. 2014	57243.77	9552.52	4858.22	1928.13	44704.12	13738504.8	859726.8	485822	192813	10728988.8	26005855.4	1075964	24929891.4
3.	EE (PHE), GSWs Division No. II, Mawphlang	Nov. 2014 to Dec. 2014	837.58	358.04	0	0	0	201019.2	32223.6	0	0	0	233242.8	199020	34222.8
4.	EE (T/C), PWD (Rds), Western Circle cum DPIU, PMGSY, West Khasi Hills District	Oct. 2014 to July 2015	14798.2	13103.47	5401.79	0	0	3551568	1179312.3	540179	0	0	5271059.3	1720818	3550241.3
5.	EE, PWD (Rds) Mairang Division, Mairang	Sept. 2014 to Jany. 2015	6169.02	3520.83	0	0	0	1480564.8	316874.7	0	0	0	1797439.5	594187	1203252.5
6.	Dy. General Manager (East) Shillong Distribution, MePDCL, Shillong	Oct. 2014	49.82	27.02	0	0	0	11956.8	2431.8	0	0	0	14388.6	4796	9592.6
7.	EE (C ) Hydraulic Structure Maintenance Division, MePGCL, Sumer	Nov. 2014 to Mar. 2015	119.81	35.86	0	0	0	28754.4	3227.4	0	0	0	31981.8	10660	21321.8
8.	Chief Finance and Accounts Officer, MUDA	Oct. 2014	10343.28	5230.64	0	0	0	2482387.2	470757.6	0	0	0	2953144.8	984390	1968754.8
9.	EE, T & T Division, MeECL, Shillong	Aug. 2014 to May 2015	4513.91	1005.02	0	0	0	1083338.4	90451.8	0	0	0	1173790.2	391263	782527.2
10.	EE, Material Management, Stores, Shillong	Mar. 2014	224.93	112.46	0	0	0	53983.2	10121.4	0	0	0	64104.6	21368	42736.6
11.	Addl. Chief Engineer ©, New Umtru, HE Project, MePGCL, Dehal, Byrnihat	Jan. 2015 to May 2015	27324.76	13390.3	0	0	0	6557942.4	1205127	0	0	0	7763069.4	2631279	5131790.4
12.	Dy. General Manager (West), MeCL, Shillong	Apri. 2015	809.97	276.41	0	0	0	194392.8	24876.9	0	0	0	219269.7	78478	140791.7
<b>DFO, Jaintia Hills Territorial Division, Jowai</b>															
13.	Executive Engineer, Khliehriat Distribution Division, MePDCL	July-2015	45.386	31.196	0	0	0	10892.64	2807.64	0	0	0	13700.28	4810	8890.28
14.	Divisional Soil and Water Conservation Officer, Jowai	April 2015 to June 2015	114.94	97.54	0	0	0	27585.6	8778.6	0	0	0	36364.2	12121	24243.2
			434.83	142.13	0	0	0	104359.2	12791.7	0	0	0	117150.9	39050	78100.9
			177.56	58.29	0	0	0	42614.4	5246.1	0	0	0	47860.5	15954	31906.5
15.	Chief Executive Officer, Jowai	February 2015 to April 2015	83.56	30.16	0	0	0	20054.4	2714.4	0	0	0	22768.8	7590	15178.8
			145.74	52.66	0	0	0	34977.6	4739.4	0	0	0	39717	13239	26478
16.	Executive Engineer, PWD (Roads) South Jowai Division, Jowai	December-2014	4464.75	987.76	0	0	0	1071540	88898.4	0	0	0	1160438.4	386812	773626.4
17.	Executive Engineer, PWD (Roads)	September 2014 to December 2014	8941.33	2027.22			0	2145919.2	182449.8	0	0	0	2328369	992989	1335380
			37648.61	3031	460.76	4591.8	0	9035666.4	272790	46076	413262	0	9354532.4	4112362	5242170.4

18.	Executive Engineer (TC), PWD (Roads) DPIU, PMGSY, Jaintia Hills Jowai	June 2014 to April 2015	238.57	0	0	0	0	57256.8	0	0	0	0	57256.8	19766	37490.8
			219.5	0	0	20.33	0	52680	0	0	1829.7	0	52680	18170	34510
			128.79	0	0	10.87	0	30909.6	0	0	978.3	0	30909.6	10629	20280.6
			219.45	0	0	21.52	0	52668	0	0	1936.8	0	52668	18201	34467
			94.318	40.422	0	0	0	22636.32	3637.98	0	0	0	26274.3	8758	17516.3
			171.9	0	0	9.06	0	41256	0	0	815.4	0	41256	14024	27232
			186.16	0	0	13.25	0	44678.4	0	0	1192.5	0	44678.4	15289	29389.4
			102.156	0	0	0	0	24517.44	0	0	0	0	24517.44	8173	16344.44
			178.33	10.84	0	0	0	42799.2	975.6	0	0	0	43774.8	14591	29183.8
			1132.86	383.49	0	0	0	271886.4	34514.1	0	0	0	306400.5	102134	204266.5
			442.42	88.16	0	0	0	106180.8	7934.4	0	0	0	114115.2	38039	76076.2
			139.85	67.721	0	0	0	33564	6094.89	0	0	0	39658.89	13219	26439.89
			527.48	154.33	0	0	0	126595.2	13889.7	0	0	0	140484.9	46828	93656.9
			2233	749.5	0	0	0	535920	67455	0	0	0	603375	201125	402250
			2571.76	508.7	0	0	0	617222.4	45783	0	0	0	663005.4	221002	442003.4
			880.35	263.87	0	0	0	211284	23748.3	0	0	0	235032.3	78344	156688.3
1681.87	585.42	0	0	0	403648.8	52687.8	0	0	0	456336.6	152113	304223.6			
130	0	0	5.11	0	31200	0	0	459.9	0	31200	17301	13899			
19.	Executive Engineer, PWD (Roads) NEC Division	December 2014 to March 2015	3833.14	546.26	371.34	0	0	919953.6	49163.4	37134	0	0	1006251	766897	239354
			26370.82	11952.93	2426	0	0	6328996.8	1075763.7	242600	0	0	7647360.5	2545805	5101555.5
			24061.35	8290.62	3658.9	0	0	5774724	746155.8	365890	0	0	6886769.8	2478451	4408318.8
20.	Executive Engineer, PWD (Roads) North Jowai Division	September 2014 to June 2015	61332.54	9427.53	0	0	0	14719809.6	848477.7	0	0	0	15568287.3	2163658	13404629.3
			26667.39	5152.58	92.82	0	0	6400173.6	463732.2	9282	0	0	6873187.8	2290939	4582248.8
21.	Executive Engineer, PWD Building Division, Jowai	March-2015	11972.55	588.933	0	1929.7	0	2873412	53003.97	0	173673	0	2926415.97	1539520	1386895.97
			720.524	179.738	0	0	0	172925.76	16176.42	0	0	0	189102.18	72515	116587.18
			593.117	259.17	0	0	0	142348.08	23325.3	0	0	0	165673.38	87569	78104.38
22.	Executive Engineer (CEW) AH & Vety. Deptt, Jowai, Jaintia Hills District	August-2014	502.378	215.227	0	0	0	120570.72	19370.43	0	0	0	139941.15	54327	85614.15
			874.69	101.89	0	0	0	209925.6	9170.1	0	0	0	219095.7	73032	146063.7
23.	National Buildings Construction Corporation Ltd.	July-2015	21399.77	6336.73	0	0	0	5135944.8	570305.7	0	0	0	5706250.5	2408997	3297253.5
<b>DFO, Garo Hills Territorial Division, Tura</b>															
24.	EE Road Ampati	March-2015	108152	102730	0	0	0	25956480	9245700	0	0	0	35202180	6382496	28819684
25.	NH cum Central Division, Tura	March-2015	1420.02	510.11	0	0	0	340805	45910	0	0	0	386715	137980	248735
26.	NEHU	February-2015	20057	57	0	0	0	4813680	5130	0	0	0	4818810	17749	4801061
		December-2014	207	105	0	0	0	49680	9450	0	0	0	59130	19774	39356
		February-2015	402	119	0	0	0	96480	10710	0	0	0	107190	35769	71421
		December-2014	474	137	0	0	0	113760	12330	0	0	0	126090	42006	84084
		November-2014	447	235	0	0	0	107280	21150	0	0	0	128430	42783	85647
27.	DPIU, Williamnagar	December-2014	543	574	0	0	0	130320	51660	0	0	0	181980	60622	121358
28.	Water Resources, Tura	December-2014	25740	5235	0	0	0	6177600	471150	0	0	0	6648750	576378	6072372
29.	PHE	November-2014	1080	2367	0	0	0	259200	213030	0	0	0	472230	152085	320145
		March-2015	31770	6045	0	0	0	7624800	544050	0	0	0	8168850	598188	7570662
		December-2014	1361	12158	0	0	0	326640	1094220	0	0	0	1420860	161744	1259116
		March-2015	148	82	0	0	0	35520	7380	0	0	0	42900	15216	27684
<b>Total</b>			<b>558549.39</b>	<b>230900.10</b>	<b>17269.83</b>	<b>8529.77</b>	<b>44704.12</b>	<b>133627920.76</b>	<b>20686724.83</b>	<b>1726983</b>	<b>786960.60</b>	<b>10728988.80</b>	<b>166963430.39</b>	<b>37088685</b>	<b>129874745.39</b>

## ANNEXURE-XVIII

Non/Short payment of royalty (Reference Para No. 5.9)

Sl. No.	Name of the company	Period	Quantity (in MT)	Royalty Payable (in ₹)	Royalty Paid (in ₹)	Short Payment (in ₹)
1.	Meghalaya Power Ltd.	September 14 to October 14	16,327.89	10,28,601	0	10,28,601
		November 14 to June 15	98,212.08	78,56,966	26,05,566	52,51,400
2.	Cement Manufacturing Co. Ltd.	April 14 to October 14	69,899.95	44,03,697	33,50,007	10,53,690
		November 14 to March 15	49,667.32	39,73,386	34,37,549	5,35,837
3.	Meghalaya Cement Ltd.	January 14 to October 14	9,87,551.41	6,22,15,739	4,37,82,183	1,84,33,556
		November 14 to April 15	5,15,930.91	4,12,74,473	55,73,280	3,57,01,193
4.	Hill Cement Company Ltd.	May 14 to October 14	45,183.35	28,46,551	0	28,46,551
		November 14 to May 15	1,45,701.13	1,16,56,090	0	1,16,56,090
5.	Green Valley Industries Ltd.	April 14 to October 14	32,362.03	20,38,808	0	20,38,808
		November 14 to May 15	39,435.90	31,54,872	0	31,54,872
6.	Amrit Cement Ltd.	June 14 to October 14	1,19,481.00	75,27,303	0	75,27,303
		November 14 to May 15	3,39,558.29	2,71,64,663	0	2,71,64,663
7.	Meghalaya Minerals and Mines Ltd.	April 14 to October 14	52,914.74	33,33,629	0	33,33,629
		November 14 to May 15	94,165.18	75,33,214	0	75,33,214
<b>TOTAL</b>			<b>26,06,391.18</b>	<b>18,60,07,992</b>	<b>5,87,48,585</b>	<b>12,72,59,407</b>

## ANNEXURE-XIX

Outstanding royalty on the assessed coal not realised (Reference Para No. 6.4)

Name of the district	No. of mine owners	Quantity of coal declared/assessed (in MT)	Royalty payable @ ₹ 675 per MT	Quantity of coal for which royalty paid (in MT)	Royalty paid (in ₹)	Quantity of coal for which royalty unpaid (in MT)	Royalty unpaid (in ₹)
East Jaintia Hills	111	4,04,897	27,33,05,475	1,66,657	11,24,93,475	2,38,240	16,08,12,000
West Jaintia Hills	8	11,020	74,38,500	5,314	35,86,950	5,706	38,51,550
<b>Total</b>	<b>119</b>	<b>4,15,917</b>	<b>28,07,43,975</b>	<b>1,71,971</b>	<b>11,60,80,425</b>	<b>2,43,946</b>	<b>16,46,63,550</b>

**ANNEXURE-XX**  
***Interest not realised*** (Reference: Para No. 6.7)

Name of the Companies	Half Yearly Ending	Quantity of Limestone Deposited (MT)	Amount of Royalty Payable (₹)	Quantity of Limestone for which Royalty deposited (MT)	Amount of Royalty Deposited (₹)	Date of Payment	Due date of Payment	Interest Leviable on	Interest leviable from the 60th day of due date		Period of delay			Total amount of interest leviable (₹)
									From	To	Years	Months	Day	
<b>Adhunik Cement</b>	Dec.14	1,32,508	26,50,160	1,32,508	1,06,00,640	08.07.2015	31.01.2015	26,50,160	1-Apr-2015	31-Mar-2016	1	0	0	6,36,038
<b>Cement Manufacturing Company</b>	Dec.14	155	3,106	0	0	Not paid	31.01.2015	3,106	1-Apr-2015	31-Mar-2016	1	0	0	745
<b>JUD Cement</b>	Dec.14	11,09,154	2,21,83,080	0	0	Not paid	31.01.2015	2,21,83,080	1-Apr-2015	31-Mar-2016	1	0	0	53,23,939
	Dec.14	85,837	17,16,740	0	0	Not paid	31.01.2015	17,16,740	1-Apr-2015	31-Mar-2016	1	0	0	4,12,018
<b>Hills Cement Ltd</b>	Dec.14	6,612	1,32,235	0	0	Not paid	31.01.2015	6,612	1-Apr-2015	31-Mar-2016	1	0	0	1,587
<b>Meghalaya Minerals and Mines Ltd</b>	Dec.14	2,79,179	55,83,575	0	0	Not paid	31.01.2015	2,79,179	1-Apr-2015	31-Mar-2016	1	0	0	67,003
	Dec.14	44,890	8,97,800	0	0	Not paid	31.01.2015	44,890	1-Apr-2015	31-Mar-2016	1	0	0	10,774
<b>Total</b>		<b>16,58,335</b>	<b>3,31,66,696</b>	<b>1,32,508</b>				<b>2,68,83,766</b>						<b>64,52,104</b>

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