

OVERVIEW

I General

This Report contains 22 paragraphs including one detailed Compliance Audit on Regulation of Mohua Flower Utilisation and Production of Out Still Liquor. Some of the major findings are mentioned below:

The State's performance in mobilisation of resources is assessed in terms of tax revenue and non-tax revenue, not including the State's share in central taxes and Grants-in-Aid which is based on the recommendations of the Finance Commission.

The percentage of tax and non-tax revenue raised by State Government to the total revenue of the State increased from 41.58 *per cent* in 2016-17 to 42.60 *per cent* in 2017-18.

(Paragraph 1.1)

During the year 2017-18, as many as 1,401 assessment files, returns, refund registers and other relevant records involving tax effect of ₹ 2,004.18 crore relating to Commercial Tax wing of Finance Department were not made available to audit for scrutiny.

The Government may ensure that departmental officers invariably produce records to Audit and consider initiating disciplinary action against officers who fail to produce records to Audit, including the records mentioned above.

(Paragraph 1.6.5)

Test check of records of tax and non-tax receipts revealed under assessment/ short levy/ loss of revenue and other observations amounting to ₹ 795.18 crore in 59,387 cases in the year 2017-18.

(Paragraph 1.9)

II Value Added Tax, Entry Tax, Goods and Services Tax, etc.

Misclassification of goods resulted in short levy of tax and penalty worth ₹ 64.07 lakh.

(Paragraph 2.5.1 A & 2.5.1 B)

Improper scrutiny of return by Assessing Authorities for delayed payment of tax led to non-levy of interest and penalty of ₹ 73.73 lakh.

(Paragraph 2.5.2)

No action was initiated for levy of penalty of ₹ 5.01 crore against the dealers who had not submitted the Certified Annual Audited Accounts (CAAA).

(Paragraph 2.5.3)

The tax amount under the CST Act and OVAT Act were not correlated to work out the tax and resulted in short levy of tax and penalty of ₹ 28.38 lakh.

(Paragraph 2.5.4)

Minor minerals were not assessed for Entry Tax which resulted in non-levy of tax and penalty of ₹ 56.52 lakh.

(Paragraph 2.6.1)

The Department did not analyse case-wise reasons in respect of 41,159 dealers who did not migrate to GST. Audit could not derive an assurance that all dealers due for registration under GST were actually registered.

Audit recommends that the Department may analyse case-wise details in respect of 41,159 dealers who did not migrate to GST to ensure that no eligible tax payers are left out of GST.

(Paragraph 2.7.8.3)

In eight Circles, 339 taxpayers filed transitional Input Tax Credit claims amounting to ₹ 42.24 crore. Out of this, 251 cases involving ₹ 39.71 crore were verified and 88 cases (26 per cent) remained unverified in all the Circles.

Audit recommends that the Department may take effective steps for early disposal of cases which are yet to be scrutinised.

(Paragraph 2.7.8.5)

III State Excise

Audit of “Regulation of Mohua Flower Utilisation and Production of Out Still Liquor” revealed the following deficiencies:

- Although Serious Irregularity Reports were drawn for violations of various license condition as committed by the licensees, the fine levied was arbitrary, was not commensurate with the violations and failed to prevent repeated violations.
- Guidelines issued by Excise Commissioner, Odisha (2009) and Act and Rule provisions on manufacture and sale of Out Still liquor were not adhered to by the licensees.

Audit recommends that the Department may consider strengthening the enforcement and internal control mechanism. The Department may also consider amending rules for imposition of specific penalty amount for each violation.

(Paragraph 3.4.5.1 & 3.4.5.2)

Maximum Retail Price (MRP) of OS liquor pouches sold was not fixed by the Department. In the absence of MRP, the consumers were impacted and left to the vagaries of the OS Liquor shops. Thus, the Department allowed OS liquor sector to remain unregulated.

Audit recommends that the Department may fix the MRP of OS liquor sold in pouches for regulation of price.

(Paragraph 3.4.5.4)

Purchase of Mohua Flower was made below the minimum sale price notified by Government. The primary producers of MF are the losers while the middlemen (traders) make the benefits. This was due to lack of ensuring compliance with provision by the Department.

Audit recommends that Department may take required steps to ensure payment of minimum sale price to the vendors as notified by the Panchayati Raj & Drinking Water Department.

(Paragraph 3.4.6.1)

Department had not fixed storage licence fees commensurate with the slabs for storage of MF higher than 5,000 quintals. As a result, it lost the opportunity to earn additional excise revenue in storage licence fee of MFs.

Audit recommends that the Department may conduct review of storage licence fee commensurate with storage capacity of the licensees.

(Paragraph 3.4.6.2)

Other Audit observations:

Excise duty of ₹ 8.83 crore was not assessed and demanded from 38 licensees towards short lifting of Minimum Guaranteed Quantity of IMFL and Beer during 2016-17.

(Paragraph 3.6.1 A)

Excise duty and fine of ₹ 1.40 crore was short levied on short lifting of Minimum Guaranteed Quantity of IMFL and Beer.

(Paragraph 3.6.1 B)

Excise duty of ₹ 22.97 lakh was short levied towards short lifting of Country Spirit against the Minimum Guaranteed Quantity fixed.

(Paragraph 3.6.2)

Extra hour operation charges of ₹ 21.54 lakh for carrying out 2,154 extra hour operations beyond the scheduled hours during 2016-17 was not realised from one distillery licensee.

(Paragraph 3.6.3)

IV Stamp Duty and Registration Fee

Stamp Duty and Registration Fee of ₹ 115.69 lakh was short realised on registration of Agreement to Sale, Certificate of Sale and Conveyance deeds.

(Paragraph 4.5.1, 4.5.2 & 4.5.3)

V Motor Vehicle Tax

Motor Vehicle tax and additional tax of ₹ 26.74 crore and penalty of ₹ 53.48 crore not realised from registered owners of 27,413 Goods Carriages and Contract Carriages.

(Paragraph 5.5.1.1)

Motor Vehicle tax of ₹ 4.06 crore and penalty of ₹ 8.12 crore was not realised from registered owners of 13,520 Tractor Trailer Combinations, Private Service Vehicles and Educational Institution Buses.

(Paragraph 5.5.1.2)

The permit database of State Transport Authority was not interlinked with Regional Transport Authorities which resulted in short realisation of tax.

(Paragraph 5.5.2)

Permits were issued to 49 stage carriages as ordinary service in intra state routes although the average distance between the stoppages was more than 25 kilometres. This resulted in short realisation of motor vehicles tax and additional tax worth ₹ 17.37 lakh during 2015-18.

(Paragraph 5.5.3-A)

Delay in making provision of tax structures for Air-Conditioned Stage Carriages resulted in loss of potential revenue of ₹ 99.73 lakh during November 2015 to October 2017 in respect of 190 Air Conditioned Stage Carriages.

(Paragraph 5.5.4)

VI Mining Receipts

Non-inclusion of sizing charges in the Run-of-Mine price of coal during assessing of royalty resulted in short levy of ₹ 112.26 crore.

(Paragraph 6.5.1)

Dead Rent of ₹ 155.95 lakh and Surface Rent of ₹ 16.67 lakh though not paid by the lessees of 65 and 14 mines respectively for different periods between January 2014 to January 2017, was not demanded by Deputy Director of Mines.

(Paragraph 6.5.2)

The salary component amounting to ₹ 51.26 lakh in respect of the Government staff posted in private weighbridges was not realised by the Deputy Director of Mines and deposited in Government account.

(Paragraph 6.5.3)