

**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

FOR THE YEAR ENDED 31 MARCH 2013

(REVENUE SECTOR)

GOVERNMENT OF CHHATTISGARH

Report No.5 of the year 2013

Table of contents

	Paragraph	Page
Preface		v
Overview		vii-x
PART A – RECEIPTS		
Chapter-I: General		
Executive summary		1
Trend of revenue receipts	1.1	5
Variations between the budget estimates and actuals	1.2	8
Analysis of arrears of revenue in terms of total outstanding and outstanding for more than five years	1.3	9
Evasion of tax	1.4	10
Refunds	1.5	10
Response of the Government Departments towards Audit	1.6	11
Compliance to Audit Observations	1.7	12
Departmental Audit Committee Meetings	1.8	12
Response of the Departments to the draft audit paragraphs	1.9	13
Follow up on the Audit Reports - summarised position	1.10	13
Analysis of the mechanism for dealing with the issues raised by Audit	1.11	14
Impact of Audit	1.12	17
Amendments made at the instance of Audit	1.13	19
Chapter-II: Commercial Tax		
Executive summary		21
Tax administration	2.1	23
Trend of revenue receipts from taxes on sales, trade, etc.	2.2	23
Analysis of arrears of revenue	2.3	24
Collection of VAT per assessee	2.4	24

Arrears in assessment	2.5	24
Cost of collection	2.6	25
Analysis of collection	2.7	25
Internal Audit	2.8	26
Impact of Audit	2.9	26
Audit observations	2.10	28
Incorrect/excess allowance of Input Tax Rebate	2.11	29
Non/Short levy of Value Added Tax	2.12	31
Non levy of penalty for unauthorised use of 'C' Form	2.13	33
Non levy of entry tax on explosive	2.14	34
Non levy of entry tax on Schedule III goods	2.15	34
Non levy of entry tax on Extra Neutral Alcohol	2.16	36
Non-levy of entry tax	2.17	37
Incorrect grant of exemption of entry tax	2.18	38
Non levy of entry tax on mobile handset	2.19	40
Chapter-III: Stamps and Registration Fees		
Executive summary		41
Impact of Audit	3.1	43
“Levy and Collection of Stamp Duty and Registration Fees” – A review	3.2	44
Chapter-IV: Land Revenue		
Executive summary		77
Tax administration	4.1	79
Trend of revenue receipts from Land Revenue	4.2	79
Analysis of arrears of revenue	4.3	80
Internal Audit	4.4	80
Impact of Audit	4.5	80
Audit observations	4.6	83
Short recovery of cost of proceedings	4.7	83
Chapter-V: Taxes on Vehicles		
Executive summary		85
Tax administration	5.1	87

Analysis of budget preparation	5.2	87
Trend of revenue receipts from Taxes on Vehicles	5.3	87
Analysis of arrears of revenue	5.4	88
Internal Audit	5.5	88
Cost of collection	5.6	89
Impact of Audit	5.7	89
Audit observations	5.8	91
Embezzlement of Government Money	5.9	91
Non/Short levy of fee on issuing trade certificate	5.10	92
Non-realisation of tax from owners of goods and passenger vehicles	5.11	93
Chapter-VI: State Excise		
Executive summary		95
Tax administration	6.1	97
Trend of revenue receipts from State Excise	6.2	97
Analysis of arrears of revenue	6.3	98
Cost of collection	6.4	98
Internal Audit	6.5	98
Impact of Audit	6.6	99
Audit observations	6.7	101
Incorrect fixation of reserve price	6.8	101
Incorrect fixation of Minimum Guarantee Quota of country liquor	6.9	102
Incorrect fixation of Minimum Guarantee Quota of foreign liquor	6.10	103
Chapter-VII: Other Non-tax Receipts		
SECTION - A: Non-ferrous Mining and Metallurgical Industries		
Executive summary		105
Tax administration	7.1	107
Trend of revenue receipts from Non-ferrous Mining and Metallurgical Industries	7.2	107
Analysis of arrears of revenue	7.3	108
Internal Audit	7.4	109

Impact of Audit	7.5	109
Audit observations	7.6	111
Short realisation of royalty	7.7	111
Non-realisation of dead rent and interest	7.8	112
SECTION - B: Forestry and Wild Life (Receipts)		
Executive summary		113
Tax administration	7.9	115
Trend of revenue receipts from Forestry and Wild Life	7.10	115
Analysis of arrears of revenue	7.11	116
Internal Audit	7.12	116
Impact of Audit	7.13	117
Audit observations	7.14	119
Non recovery of cost of bamboos and poles	7.15	119
Chapter-VIII: Forestry and Wild Life (Expenditure)		
Executive summary		121
Introduction	8.1	123
Trend of expenditure in the Forest Department	8.2	123
Impact of Audit	8.3	123
Chhattisgarh State Compensatory Afforestation, Management and Planning Authority (Chhattisgarh State CAMPA) – A Review	8.4	126
Audit observations	8.5	160
Unfruitful expenditure on plantation work	8.6	160
Avoidable expenditure on regeneration work	8.7	161
Avoidable expenditure on rehabilitation of degraded forests	8.8	162
Irregular expenditure from Calamity Relief Fund	8.9	164
Appendices		167

PREFACE

This Report for the year ended 31 March 2013 has been prepared for submission to the Governor under Article 151 (2) of the Constitution.

Part A of this Report presents the results of audit of receipts of Commercial Tax, Stamps and Registration Fee, Land Revenue, Taxes on Vehicles, State Excise and Other Non-tax Receipts.

Part B of this Report presents observations arising out of audit of Chhattisgarh State Compensatory Afforestation, Management and Planning Authority (CAMPA) which highlights the audit findings on the receipts into CAMPA, diversion of forest land and expenditure from State CAMPA. We also present illustrative cases of irregular, avoidable and unfruitful expenditure of the Forest Department.

The cases mentioned in this Report include those that came to notice in the course of test audit of records during the year 2012-13 as well as those which had been noticed in earlier years but could not be included in the previous Reports.

OVERVIEW

This Report contains 20 paragraphs including one review involving ₹ 92.85 crore relating to underassessment, non/short levy of revenue etc. under ‘Part-A’ and five paragraphs including one review involving ₹ 149.22 crore relating to incorrect application of rates, non-raising of demands, irregular/avoidable expenditure, etc. in the Forest Department under ‘Part-B’. Some of the major findings are mentioned below:

I. General

The total revenue receipts of the State Government for the year 2012-13 amounted to ₹ 17,650.16 crore as compared to ₹ 14,770.73 crore of the previous year. Out of this, 60 *per cent* was raised through tax revenue (₹ 13,034.21 crore) and non-tax revenue (₹ 4,615.95 crore). The balance 40 *per cent* was received from Government of India as State’s share of divisible Union taxes (₹ 7,217.60 crore) and Grants-in-aid (₹ 4,710.33 crore).

(Paragraph 1.1)

At the end of June 2013, 9,943 audit observations involving ₹ 5,930.53 crore relating to 2,549 Inspection Reports issued up to December 2012 remained outstanding.

(Paragraph 1.6.1)

Test check of the records of 115 units of commercial tax, stamps and registration fees, land revenue, taxes on vehicles, state excise, taxes and duties on electricity and other non-tax receipts/expenditure conducted during the year 2012-13 revealed underassessment, non/short levy of revenue aggregating to ₹ 1,334.05 crore in 6,407 cases. During the course of the year, the concerned Departments accepted underassessment and other deficiencies of ₹ 181.55 crore involved in 4,713 cases. Out of this, the Department recovered ₹ 95.53 crore during the year.

(Paragraph 1.12.3)

II. Commercial Tax

The Assessing Officers allowed incorrect/excess Input Tax Rebate of ₹ 1.34 crore.

(Paragraph 2.11)

Application of incorrect rate of tax by the Assessing Officers led to non/short levy of Value Added Tax (VAT) of ₹ 3.06 crore including penalty.

(Paragraph 2.12)

Inaction on the part of the Assessing Officer to impose penalty on unauthorised use of 'C' form resulted in non-levy of penalty ₹ 1.19 crore.

(Paragraph 2.13)

Grant of irregular exemption on Extra Neutral Alcohol by the Assessing Officer resulted in non-levy of entry tax of ₹ 32.47 lakh.

(Paragraph 2.16)

Inaction on the part of the Assessing Officer to verify the entries of the Schedule and levy tax accordingly resulted in non-levy of entry tax of ₹ 38.89 lakh.

(Paragraph 2.19)

III. Stamps and Registration Fees

There was non realisation of stamp duty and *janpad shulk* of ₹ 67.63 crore due to lack of co-ordination with public offices.

(Paragraph 3.2.12)

Incorrect issue of exemption certificates to industries led to non levy of stamp duty of ₹ 4.65 crore.

(Paragraph 3.2.13)

Inaction on the part of the Sub Registrars to classify the instruments as per recitals led to short levy of stamp duty and registration fees of ₹ 1.17 crore.

(Paragraph 3.2.22)

There was short realisation of stamp duty of ₹ 22.49 lakh due to irregular reduction in stamp duty allowed by the Sub Registrars to woman/women executants.

(Paragraph 3.2.23)

Inaction on the part of the Sub Registrars to determine the market value of diverted land correctly led to short levy of stamp duty and registration fees of ₹ 40.56 lakh.

(Paragraph 3.2.26)

Inaction on the part of the Sub Registrars to determine the market value in accordance with the rates envisaged in Chhattisgarh Market Value Guidelines led to short realisation of stamp duty and registration fees of ₹ 1.02 crore.

(Paragraph 3.2.27)

There was non levy of the *janpad shulk* of ₹ 2.30 crore on amalgamation of companies as well as non realisation of stamp duty of ₹ 1.83 crore paid in other State.

(Paragraph 3.2.31)

IV. Land Revenue

Inaction on the part of the Collector to include cost of proceedings in RRCs resulted in short recovery of ₹ 16.76 lakh.

(Paragraph 4.7)

V. Taxes on Vehicles

Inaction on the part of the RTO, Raipur to adopt a proper mechanism regarding remittance, realisation and reconciliation of demand drafts resulted in embezzlement of Government revenue of ₹ 1.31 lakh.

(Paragraph 5.9)

There was non/short levy of trade fee of ₹ 1.60 crore in six Transport Offices.

(Paragraph 5.10)

Due to non-issue of notice of demand for recovery of the tax from the defaulting vehicle owners, there was non-realisation of tax amounting to ₹ 1.73 crore in seven transport offices.

(Paragraph 5.11)

VI. State Excise

Inaction on the part of the Assistant Commissioner and the Collector to prepare the target without considering the actual consumption of the previous year despite Excise Commissioner's instruction led to incorrect fixation of Minimum Guarantee Quota of country liquor and consequential non realisation of license fee of ₹ 52.89 lakh.

(Paragraph 6.9)

VII. Other Non-Tax Receipts

Application of incorrect rate of royalty by the Deputy Director, Mining Administration resulted in short levy of royalty amounting to ₹ 13.06 lakh.

(Paragraph 7.7)

VIII. Forestry and Wild life (Expenditure)

Despite availability of non-forest land for CA in the State, certificates of non-availability of non-forest land were given and CA was done in degraded forest area.

(Paragraph 8.4.8)

Forest land measuring 835.616 hectares was being used for mining purposes by a Public Sector Undertakings without approval of Government of India for renewal of lease, even after lapse of seven years after in-principle approval.

(Paragraph 8.4.9.1)

Forest land measuring 77.500 hectares was used for development of eco tourism centre by the State Government in violation of Forest Conservation (FC) Act.

(Paragraph 8.4.9.2)

Wrong application of rates, non-adherence to the guidelines/conditions of approval letter and non-raising of demand resulted in non-levy/ short realisation of cost of Compensatory Afforestation, Net Present Value etc. amounting to ₹ 89.56 crore.

(Paragraph 8.4.11 and 8.4.12)

Execution of CA at ineligible sites, dense forests and sites where plantations were already carried out resulted in excess/ unfruitful/ doubtful expenditure of ₹ 2.57 crore.

(Paragraph 8.4.15 to 8.4.17)

Chhattisgarh State CAMPA unauthorisedly spent ₹ 12.31 crore on purchase of vehicles, infrastructure and eco-tourism activities in contravention to the Guidelines and instructions of GoI.

(Paragraph 8.4.18)

Selection of sites despite plantation in previous years, selection of wrong species and payment at higher rates in the scheme of Special Species plantation under CAMPA led to irregular/doubtful/excess expenditure amounting to ₹ 1.07 crore.

(Paragraph 8.4.19)

Execution of works other than the approved ones from Chhattisgarh State CAMPA fund under Jungle Safari resulted in irregular expenditure of ₹ 2.40 crore besides excess expenditure of ₹ 40.20 lakh on collection of moorum at higher rates and non-deduction of voids amounting to ₹ 14.72 lakh.

(Paragraph 8.4.23)

CHAPTER-I: GENERAL

EXECUTIVE SUMMARY

What we have highlighted in this Chapter	<p>In this Chapter, we present the trend of Revenue Receipts of the State Government, variations between budget estimates and actuals, response of the Government Departments towards Audit, position of the Departmental Audit Committee meetings, mechanism in the Government/Departments to deal with issues raised by Audit, position of outstanding paragraphs in Inspection Reports (IRs), action taken by the Government on the recommendations highlighted in the various Audits of Transport Department included in previous Audit Reports and Impact of audit.</p>
Trend of revenue receipts of the State Government	<p>The revenue receipts of the Government of Chhattisgarh comprises of tax and non-tax revenue raised by the State Government, the State's share of net proceeds of divisible Union taxes and duties assigned to State and Grants-in-aid received from the Government of India.</p> <p>During the year 2012-13, the revenue raised by the State Government was ₹ 17,650.16 crore which was 60 <i>per cent</i> of the total revenue receipts. The balance 40 <i>per cent</i> of receipts amounting to ₹ 11,927.93 crore during 2012-13 was from the Government of India.</p>
Non-compliance of observations included in the Inspection Reports (IRs)	<p>Inspection Reports, issued up to December 2012, disclosed that 9943 paragraphs relating to 2,549 IRs involving ₹ 5,930.53 crore remained outstanding at the end of June 2013 for want of compliance.</p> <p>The first replies required to be received from the Heads of Offices within one month from the date of issue of the IRs were not received (30 June 2013) for 83 IRs issued up to March 2013. This pendency of the IRs due to non-receipt of the replies is indicative of the fact that the Heads of Offices and Heads of</p>

	Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the Accountant General in the IRs.
Very low recovery of the amount pointed out by Audit in earlier Audit Reports	In respect of Audit Reports pertaining to the years 2007-08 to 2011-12, the Government/Departments accepted audit observations involving ₹ 2,048.57 crore, of which only ₹ 300.20 crore (14.65 <i>per cent</i>) had been recovered till March 2013.
Departmental Audit Committee Meetings (ACM)	<p>We noticed that during 2012-13, three Departments had convened eight¹ Audit Committee Meetings (ACMs) wherein 252 paragraphs involving money value of ₹ 30.34 crore were settled, while other Departments did not take any initiative to hold ACMs.</p> <p>It is recommended that Government may ensure convening of periodical ACMs by all the Departments for effective and expeditious settlement of outstanding paragraphs.</p>
Amendments at the instance of audit	The Department/Government made changes in the Rules through notifications/circulars at the instance of Audit. Revised mining plan was not being taken into consideration by the Mineral Resources Department for calculation of Stamp Duty and Registration Fees. After audit highlighted the issue, the Department made necessary amendments in the rule.
Our conclusion	<p>Audit observations involving financial effect of ₹ 1,334.05 crore were issued during the period 2012-13. The Departments/Government accepted observations involving ₹ 181.55 crore. It is recommended that the Government may make efforts to recover the amount of accepted cases at the earliest.</p> <p>The amount outstanding as arrears of revenue for more than five years was more than 47 <i>per cent</i> of the total outstanding amount. The State Government may make</p>

¹ Stamps and Registration - one, Commercial Tax - two and Mineral Resources - five meetings

efforts to ensure the recovery of the outstanding amount at the earliest.

The Government may take suitable steps to introduce an effective procedure for prompt and appropriate response to audit observations as well as taking action against the officials for their inaction to send the replies to the IRs/paragraphs as per the prescribed time schedule and also for non-initiation of action to recover outstanding revenue in a time bound manner.

The Department needs to take appropriate steps to recover the amount involved, at least in accepted cases. It also needs to improve the internal control system so that weaknesses in the system are addressed and omissions detected by us are avoided in future.

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by the Government of Chhattisgarh during the year 2012-13, the State's share of net proceeds of divisible Union taxes and duties assigned to States and Grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned below:

(₹ in crore)

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Revenue raised by the State Government					
	• Tax revenue	6,593.72	7,123.25	9,005.14	10,712.25	13,034.21
	• Non-tax revenue	2,202.21	3,043.00	3,835.32	4,058.48	4,615.95
	Total	8,795.93	10,166.25	12,840.46	14,770.73	17,650.16
2.	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties	4,257.91	4,380.66	5,425.19	6,320.44	7,217.60 ²
	• Grants-in-aid	2,608.92	3,606.74	4,453.89	4,776.21	4,710.33
	Total	6,866.83	7,987.40	9,879.08	11,096.65	11,927.93
3.	Total revenue receipts of the Government (1 and 2)	15,662.76	18,153.65	22,719.54	25,867.38	29,578.09
4.	Percentage of 1 to 3	56	56	57	57	60

(Source: Finance Accounts of the Government of Chhattisgarh)

The above table indicates that during the year 2012-13, the revenue raised by the State Government (₹ 17,650.16 crore) was 60 per cent of the total receipts. The balance 40 per cent of receipts during 2012-13 was from Government of India.

²

For details, refer "tax revenue" of statement 11, detailed account of revenue by minor heads of the Finance Account of the Government of Chhattisgarh 2012-13. The amount under the minor head 901- share of net proceeds assigned to the state booked under the major heads 0020- Corporation tax, 0021- Taxes on income other than Corporation Tax, 0032- Taxes on wealth, 0037- Customs, 0038- Union excise duty and 0044- Service tax under 'A-tax revenue' have been excluded from the revenue raised by the State and included in the State's share of divisible Union taxes in this statement.

1.1.2 The following table presents the details of the tax revenue raised during the period 2008-09 to 2012-13:

(₹ in crore)

Sl. No.	Head of revenue	2008-09	2009-10	2010-11	2011-12	2012-13	Percentage of increase (+)/ decrease (-) in 2012-13 over 2011-12
1.	• Commercial tax	2,946.78	3,031.16	4,094.96	4,886.25	6,072.77	24.28
	• Central sales tax	664.16	681.00	745.83	1,120.00	855.88	(-) 23.58
2.	State Excise	964.10	1,187.72	1,506.44	1,596.98	2,485.68	55.65
3.	Stamps and Registration Fees	495.59	583.13	785.85	845.82	952.47	12.61
4.	Taxes and Duties on Electricity	415.10	416.91	502.53	637.97	860.75	34.92
5.	Taxes on vehicles	313.78	351.88	427.52	502.18	591.75	17.84
6.	Taxes on Goods and Passengers	420.71	696.10	675.14	825.67	954.31	15.58
7.	Other Taxes on Income and Expenditure, Taxes on Professions, Trades, Callings and Employments including Hotel Receipts Tax	7.68	8.81	8.82	11.07	6.84	(-) 38.21
8.	Other Taxes and Duties on Commodities and Services	6.33	6.86	10.68	15.75	19.65	24.76
9.	Land Revenue	359.49	159.68	247.37	270.56	234.11	(-) 13.47
	Total	6,593.72	7,123.25	9,005.14	10,712.25	13,034.21	21.68

(Source: Finance Accounts of the Government of Chhattisgarh)

The following reasons for variations were reported by the concerned Departments:

Commercial Tax: The increase (24.28 per cent) was due to proper monitoring and improved facilities given to traders.

Stamps and registration fees: The increase (12.61 per cent) was due to receipt of ₹ 28 crore from a lease deed in Sarguja district and there was also increase in market value as per the guidelines.

Taxes and duties on electricity: The increase (34.92 per cent) was due to receipt of electricity duty/cess of previous years.

Taxes on Vehicles: The increase (17.84 per cent) was due to increase in registration of new vehicles.

Land Revenue: The decrease (13.47 per cent) was due to non collection of land revenue in *Naxal* affected areas and some areas which were declared drought hit.

The other Departments did not furnish the reasons for variations despite request.

1.1.3 The following table presents the details of the non-tax revenue raised by the State Government during the period 2008-09 to 2012-13:

(₹ in crore)

Sl. No.	Head of revenue	2008-09	2009-10	2010-11	2011-12	2012-13	Percentage of increase(+) / decrease (-) in 2012-13 over 2011-12
1.	Non-ferrous Mining and Metallurgical Industries	1,243.24	1,660.87	2,470.44	2,744.82	3,138.18	14.33
2.	Forestry and Wild Life	322.29	345.85	305.17	341.64	363.96	6.53
3.	Interest Receipts	237.40	220.70	170.95	216.57	243.13	12.26
4.	Major and Medium Irrigation	126.04	105.37	222.00	336.49	357.23	6.16
5.	Other Non-Tax Receipts	135.17	537.82	602.01	325.05	370.44	13.96
6.	Medical and Public Health	1.67	35.67	10.26	21.11	17.09	(-) 19.04
7.	Other Administrative Services	11.49	13.03	15.97	16.36	20.34	24.33
8.	Police	8.22	6.69	18.22	19.41	19.39	(-) 0.10
9.	Public Works	13.59	14.61	15.74	15.81	28.02	77.23
10.	Miscellaneous General Services	95.58	96.97	(-) 0.84	0.74	47.63	6336.49
11.	Co-operation	7.52	5.42	5.40	20.48	10.54	(-) 48.54
Total		2,202.21	3,043.00	3,835.32	4,058.48	4,615.95	13.74

(Source: Finance Accounts of the Government of Chhattisgarh)

The following reasons were reported by the concerned Departments:

Non-ferrous Mining and Metallurgical Industries: The increase (14.33 *per cent*) was due to increase in royalty of coal from 10 May 2012.

Forestry and Wild Life: The increase (6.53 *per cent*) was due to increase in sale price and production of forest produce. Further, other receipts like licence fees, TP fees etc., also increased.

Public works: The increase (77.23 *per cent*) was due to award of contracts for new works and road tax on new bridges were also being recovered.

Major and Medium Irrigation: The increase (6.16 *per cent*) was due to increase in rate of tax and cent *per cent* advance water tax recovered from industries except State Power Generation Company.

The reasons for variation from the other Departments have not been received (November 2013).

1.2 Variations between the budget estimates and actuals

The variations between the budget estimates and actuals of revenue receipts for the year 2012-13 in respect of the principal heads of tax and non-tax revenue are mentioned below:

(₹ in crore)

Sl. No.	Head of revenue	Budget estimates	Actuals	Variations excess (+) or shortfall (-)	Percentage of variation
A. Tax revenue					
1.	Taxes on Sales, Trade etc.	7,310.20	6,928.65	(-) 381.55	(-) 5.22
2.	State Excise	2,200.00	2,485.68	285.68	12.99
3.	Taxes and Duties on Electricity	780.00	860.74	80.74	10.35
4.	Stamps and Registration Fees	950.00	952.47	2.47	0.26
5.	Taxes on Goods and Passengers	950.00	954.31	4.31	0.45
6.	Taxes on Vehicles	605.71	591.75	(-) 13.96	(-) 2.30
7.	Land Revenue	346.00	234.11	(-) 111.89	(-) 32.34
8.	Other Taxes on Income and Expenditure- Taxes on Professions, Trades, Callings and Employments	1.12	2.72	1.60	142.86
9.	Other Taxes and Duties on Commodities and Services	15.50	19.65	4.15	26.77
10.	Hotel Receipts Tax	2.65	4.12	1.47	55.47
B. Non-Tax revenue					
1.	Non-Ferrous Mining and Metallurgical Industries	3,105.00	3,138.18	33.18	1.07
2.	Forestry and Wild Life	405.00	363.96	(-) 41.04	(-) 10.13
3.	Interest Receipts	321.94	243.13	(-) 78.81	(-) 24.48
4.	Major and Medium Irrigation	391.46	357.23	(-) 34.23	(-) 8.74
5.	Medical and Public Health	12.25	17.09	4.84	39.51
6.	Other Administrative Services	18.56	20.34	1.78	9.59
7.	Police	14.00	19.39	5.39	38.50
8.	Public Works Department	12.40	28.02	15.62	125.96
9.	Water Supply and Sanitation	6.50	5.01	(-) 1.49	(-) 22.92
10.	Jail- Other Receipts	3.96	3.37	(-) 0.59	(-) 14.90

(Source: Finance Accounts of the Government of Chhattisgarh)

It can be seen from the above table that there was a variation of (-) 32.34 to 142.86 per cent between the budget estimates and the actuals.

The following reasons for variation were reported by the concerned Departments:

Commercial Tax: The decrease (5.22 *per cent*) was due to less revenue received from paddy, iron ore, sponge iron, wood, railway sleepers and *pan masala* compared to previous year.

Non-ferrous Mining and Metallurgical Industries: The increase (1.07 *per cent*) was due to increase in royalty of coal from 10 May 2012.

Public works: The increase (109.84 *per cent*) was due to award of contracts for new works.

The reasons for variation from the other Departments have not been received (November 2013).

We recommend that while preparing budget estimates, the State Government may take realistic inputs as significant variations were noticed between budget estimates and actuals.

1.3 Analysis of arrears of revenue in terms of total outstanding and outstanding for more than five years

The arrears of some principal heads of revenue as on 31 March 2013 as reported by the Departments³ amounted to ₹ 1,256.64 crore of which ₹ 600.09 crore was outstanding for more than five years as mentioned below:

(₹ in crore)

Sl. No.	Head of revenue	Amount outstanding as on 31 March 2013	Amount outstanding for more than 5 years as on 31 March 2013	Remarks
1.	Taxes on Sales, Trade etc.	556.08	551.67	Arrears are due to stay order by court, closure of business and amounts remaining unrecoverable on RRCs issued out of State. Demand notices, warrant, notices for seizure and auction thereof were issued. Bank accounts were forfeited. Schemes like <i>Saral Samadhan Yojana</i> were introduced to recover the arrears of revenue.
2.	Taxes on Vehicles	14.99	0.41	Recovery of ₹ 1.13 crore was adjourned by the court. The arrears were of the period before 1991. As the vehicles were old and condemn, recovery could not be made. Recovery of ₹ 2.47 crore was made between April and July 2013. Instructions have been given to prepare the list of vehicles and to recover arrears of revenue at the earliest.
3.	State Excise	31.04	23.59	Action for recovery of outstanding revenue is being taken under Land Revenue Code.

³ Except the Land Revenue Department

4.	Stamps and Registration Fees	12.36	1.40	District Registrars (DR) would issue demand notices and take action for recovery.
5.	Taxes and Duties on Electricity	631.76	20.38	All out efforts were being made to recover the arrears of revenue.
6.	Non-Ferrous Mining and Metallurgical Industries	1.45	1.36	Instructions have been given to the Mining Officers to conduct special drive and effect recovery. During a Review meeting, Secretary of Mining directed to send a proposal to State Government to write-off outstanding arrears.
7.	Forestry and Wild Life	8.96	1.28	The Department had issued letters to its offices from time to time for early recovery of outstanding arrears.
Total		1,256.64	600.09	

(Source: Figures furnished by the Departments)

The above table indicates that the amount outstanding as arrears of revenue for more than five years was more than 47 *per cent* of the total outstanding amount.

We recommend that the State Government may make efforts to ensure the recovery of outstanding amount at the earliest.

1.4 Evasion of tax

The details of cases of evasion of tax detected by the Commercial Tax Department, cases finalised and the demand for additional tax raised during 2012-13, as reported by the Department, are mentioned in the following table:

Sl. No.	Name of Department	Cases pending as on 31 March 2012	Cases detected during 2012-13	Total	No. of cases in which assessments/ investigations completed and additional demand including penalty etc., raised		No. of cases pending finalisation as on 31 March 2013
					No. of cases	Amount of demand (₹ in crore)	
1.	Commercial Tax	108	64	172	57	125.81	115

(Source: Figures furnished by the Department)

It may be seen from the above that Commercial Tax Department finalised 33.14 *per cent* of total cases outstanding as on 31 March 2013. All the 57 cases disposed of during 2012-13, related to the period prior to 2012-13.

1.5 Refunds

The number of refund cases pending at the beginning of the year 2012-13, claims received during the year, refunds allowed during the year and cases pending at the close of the year 2012-13, as reported by the Commercial Tax Department, are mentioned in the following table:

(₹ in crore)

Name of the Department	Opening balance		Claims received		Refunds allowed		Closing balance	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Commercial Tax	132	2.95	1034	578.26	858	531.91	308	49.30

(Source: Figures furnished by the Department)

It can be seen from the above table that of the total cases of refunds, the refunds were allowed in 74 per cent cases.

1.6 Response of the Government Departments towards Audit

The Accountant General (Audit), Chhattisgarh (AG) conducts periodical inspection of the Government Departments to test check the transactions and verify the maintenance of the 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 the inspection and not settled on the spot, which are issued to the Heads of the offices inspected with copies 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 within one month from the date of issue of the IRs. Serious financial irregularities are reported to the Heads of the Departments and the Government.

1.6.1 Outstanding IRs and audit observations

Inspection Reports issued up to December 2012 revealed that 9,943 paragraphs involving ₹ 5,930.53 crore relating to 2,549 IRs remained outstanding at the end of June 2013 as mentioned in the following table along with the corresponding figures for the preceding two years:

	June 2011	June 2012	June 2013
Number of outstanding IRs	2,094	2,185	2,549
Number of outstanding audit observations	7,874	8,428	9,943
Amount involved (₹ in crore)	3,429.36	4,495.26	5,930.53

The Department-wise details of the IRs and audit observations outstanding as on 30 June 2013 and the amount involved are mentioned in the following table:

Sl. No.	Name of the Department	Particulars	Number of outstanding IRs	Number of outstanding audit observations	Amount involved (₹ in crore)
1.	Finance	Taxes on Sales, Trade etc	391	2,470	362.03
		Entertainment Tax	70	97	2.06
2.	Registration	Stamps and Registration Fees	200	490	28.62
3.	Revenue	Land Revenue	540	1,624	414.02
4.	Transport	Taxes on Motor Vehicles	129	940	124.02
5.	Excise	State Excise	122	346	336.67
6.	Mineral Resources	Non-Ferrous Mining and Metallurgical Industries	133	456	815.28
7.	Forest	Receipts	307	935	1,033.32
		Expenditure	356	1,481	518.91
8.	Energy	Taxes and duties on Electricity	13	62	1,644.41
9.	Other Tax Departments	Other Receipts	288	1,042	651.19
Total			2,549	9,943	5,930.53

1.7 Compliance to Audit Observations

The first replies required to be received from the Heads of offices within one month from the date of issue of the IRs were not received for 83 IRs issued up to March 2013. This pendency of the replies is indicative of the fact that the Heads of offices and Heads of the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the AG in the IRs.

We recommend that the Government may take suitable steps to install an effective procedure for prompt and appropriate response to audit observations.

1.8 Departmental Audit Committee meetings

The Government has set up Audit Committees (during various periods) to monitor and expedite the progress of the settlement of IRs and paragraphs in the IRs. The details of the Audit Committee Meetings (ACMs) held during the year 2012-13 and the paragraphs settled are mentioned below:

Head of revenue	Number of meetings held	Number of paragraphs settled	Amount (₹ in crore)
Stamps and Registration Fees	1	176	1.92
Commercial Tax	2	48	22.50
Non-ferrous Mining and Metallurgical Industries	5	28	5.92
Total	8	252	30.34

It is seen from the above that during 2012-13, the Registration Department, Commercial Tax Department and Mineral Resources Department convened one,

two and five ACMs respectively in which 252 paragraphs (involving money value of ₹ 30.34 crore) were settled; other Departments did not take any initiative to hold ACMs.

It is recommended that Government may ensure convening of periodical ACMs by all the Departments for effective and expeditious settlement of outstanding paragraphs.

1.9 Response of the Departments to the draft audit paragraphs

All Departments are to send their response to the draft paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within six weeks of their receipt. The draft paragraphs are forwarded to the Secretaries of the Department concerned through demi-official letters requesting them to send their response within six weeks. The fact of non-receipt of replies from the Government is invariably indicated at the end of each such paragraph included in the Audit Report.

Sixty four draft paragraphs (clubbed into 27 paragraphs) proposed to be included in the Report of the Comptroller and Auditor General of India (Revenue Sector) for the year ended 31 March 2013 were forwarded to the Secretaries of the respective Departments between April 2012 and March 2013. The Departments have accepted 15 cases pertaining to 10 paragraphs. The Departments either did not furnish the replies or did not agree to audit observations in respect of remaining paragraphs (November 2013).

1.10 Follow up on the Audit Reports- summarised position

According to the instructions issued by the Finance Department, all Departments are required to furnish explanatory memoranda (Departmental Notes) to the Chhattisgarh *Vidhan Sabha* Secretariat, in respect of paragraphs included in the Audit Reports, within three months of their being laid on the table of the House.

As on March 2013, Land Revenue Department and Water Resources Department had not furnished the Departmental notes in respect of two and one paragraphs respectively included in the Audit Report for the year 2004-05 and 2010-11 for vetting and the delay was ranging from 8 to 81 months as mentioned below:

Sl. No.	Name of the Department	Year of report	Date of presentation to the legislature	Last date by which departmental notes were due	Number of paragraphs for which departmental notes were due	Delay in months at the end of March 2013
1	Land Revenue	2004-05	23.03.2006	23.06.2006	1	81
		2010-11	03.04.2012	03.07.2012	1	8
2	Water Resources	2010-11	03.04.2012	03.07.2012	1	8

With a view to ensure accountability of the executive, the Public Accounts Committee (PAC) lays down in each case, the period within which Action Taken Notes (ATN) on its recommendations should be sent. The PAC discussed 82 selected paragraphs pertaining to the Audit Reports for the years 1998-99 to 2009-10 and gave its recommendations on 44 paragraphs. However, ATNs have

not been received in respect of 16 recommendations of the PAC from the Departments concerned as mentioned below:

Year	Name of the Department						Total
	Excise	Energy	Registration	Transport	Commercial Tax	Mineral Resources	
1998-99	-	-	-	-	-	1	1
1999-00	1	1	-	-	-	-	2
2000-01	-	-	1	1	-	-	2
2001-02	1	-	-	-	-	-	1
2002-03	-	-	-	-	3	-	3
2003-04	-	-	-	1	-	1	2
2004-05	-	-	-	1	-	2	3
2005-06	-	-	-	-	-	1	1
2007-08	-	1	-	-	-	-	1
Total	2	2	1	3	3	5	16

1.11 Analysis of the mechanism for dealing with the issues raised by Audit

The succeeding paragraphs 1.11.1 and 1.11.2 discuss the performance of the Transport Department to deal with the cases detected in the course of local audit conducted during the years 2003-04 to 2012-13 and also the cases included in the Audit Reports for the years 2002-03 to 2011-12.

1.11.1 Position of outstanding Inspection Reports

The summarised position of IRs issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2013 are mentioned below:

Year	Opening balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Para-graphs	Money value (₹ in crore)	IRs	Para-graphs	Money value (₹ in crore)	IRs	Para-graphs	Money value (₹ in crore)	IRs	Para-graphs	Money value (₹ in crore)
2003-04	63	547	143.87	6	35	2.60	4	75	103.59	65	507	42.88
2004-05	65	507	42.88	1	6	1.03	0	0	0.00	66	513	43.91
2005-06	66	513	43.91	8	64	6.73	0	0	0.00	74	577	50.64
2006-07	74	577	50.64	3	25	3.68	0	2	1.97	77	600	52.34
2007-08	77	600	52.34	9	49	14.18	0	7	0.31	86	642	66.21
2008-09	86	642	66.21	13	70	11.11	0	3	0.17	99	709	77.15
2009-10	99	709	77.15	5	26	5.58	2	11	1.80	102	724	80.93
2010-11	102	724	80.93	14	104	14.98	1	58	2.15	115	770	93.76
2011-12	115	770	93.76	8	97	21.73	0	1	0.32	123	866	115.17
2012-13	123	866	115.17	7	87	9.55	0	1	0.10	130	952	124.62

It is recommended that the Department/Government may take appropriate and timely action to settle the outstanding paragraphs.

1.11.2 Assurance given by the Department/Government on the issues highlighted in the Audit Reports

1.11.2.1 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Transport Department and the amount recovered are mentioned in the following table:

(₹ in lakh)

Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	Money value of paragraphs accepted	Year-wise cumulative position of recovery of accepted cases
2002-03	2	84.14	7.02	7.02
2003-04	1	101.00	12.43	12.43
2004-05	2	349.68	39.39	39.39
2005-06	1	211.00	211.00	Nil
2006-07	1	127.00	127.00	30.53
2007-08	2	669.00	358.00	104.97
2008-09	2	335.92	37.44	37.44
2009-10	Nil	Nil	Nil	Nil
2010-11	2	20.23	7.73	7.73
2011-12	5	1,789.27	869.81	49.22
Total	18	3,687.24	1,669.82	288.73

It may be seen from the above table that recovery of only ₹ 2.89 crore (17.29 *per cent*) against the accepted amount of ₹ 16.70 crore has been effected by the Department against the Audit Report for the period 2002-03 to 2011-12.

When asked about the existing mechanism in the Department to monitor the recovery in the accepted cases, the Department intimated that demand notices have been issued to the dealers in all the accepted cases. If the amount is not deposited within the permissible time of 30 days, Revenue Recovery Certificates (RRCs) are issued to recover the amount. However, the fact remains that only 17.29 *per cent* of the amount accepted by the Department was recovered during the last 10 years.

As the recovery made by the Department in the accepted cases is very low, we recommend that the Department may take suitable measures to ensure expeditious recovery of revenue in respect of these cases.

1.11.2.2 Action taken on the recommendations accepted by the Departments/Government

The draft reports of Audit conducted by the AG are forwarded to the concerned Departments/Government with the request to furnish their replies. These draft reports are also discussed in an exit conference and the Department's/Government's views are included in the Reports.

The following paragraphs discuss the issues highlighted during review of the **Transport Department** featured in the last 10 Audit Reports including the recommendations and action taken by the Department on the recommendations accepted by it as well as the Government.

Year of Audit Report	Name of audit	Number of recommendations	Details of the recommendations accepted	Status
2009-10	Levy and Collection of taxes on Motor vehicles	8	1) Issue instructions for realisation of arrears in a time bound manner.	For realisation of the arrears in a time bound manner, instructions have been issued from time to time.
			2) Considering the number of cases of fraud, embezzlement, manipulation, etc. observed by audit from test check, take immediate action to avoid occurrence of such cases in future by strengthening the internal control mechanism, Cash Book maintenance and internal audit.	As recommended by Audit, internal audit of all offices will be undertaken. Additional Transport Commissioner, Chhattisgarh had issued instructions to all RTOs, Additional RTOs, DTOs to check the genuineness of <i>challans</i> with the second copy received from treasury/Bank.
			3) Fix the rates for sleeper coach buses and notify them as early as possible to prevent further loss of revenue.	In the PAC meeting, Principal Secretary, Transport stated that ordinance regarding Tax rates of sleeper bus will be issued and bill will be introduced in the next session of the State legislature.
			4) Insist for Form-19 from the dealer to avoid loss of revenue.	Since February 2011, the payment of trade fee and trade tax has been made mandatory in respect of Smart Cards as required under form 19 previously.
			5) Take immediate steps to issue fitness certificates for all vehicles which are due, in interest of public safety.	As per instructions issued by the Department, strictness is being maintained while issuing fitness certificates. Computerisation is being carried out. Principal Secretary gave assurance in PAC meeting that no vehicle would be allowed to ply on road without Fitness certificate.
			6) Strictly follow the provisions of the Act for ensuring that the vehicles are not kept unused for long periods in interest of revenue.	Instructions have been issued to concerned RTOs.
			7) Revise the seating capacity of the old and new passenger vehicles as per rules.	By Notification no. 3651/Tech/Transport/2012 dated 6 July 2012, wheel base categories have been increased to nine from three, to enable the registering authority to determine the appropriate seating capacity for taxation purposes.
			8) Improve the demand notices mechanism for recovery of road taxes from defaulting vehicle owners.	An amount of ₹ 39.79 lakh has been recovered from vehicle owners.
2010-11	IT Audit on VAHAN and SARATHI Software	6	1) Frame the security and backup policies and define the business continuity plan.	Department stated that owing to its importance Smart Card scheme has been implemented. As per this scheme, data has been prepared by NIC for disaster recovery plan. Further, data of <i>Vahan</i> and <i>Sarathi</i> software in State register has been prepared and recovery of the same is being done by NIC.

			2) Identify gaps in the process mapping and incorporate them in the application.	Instructions have been issued to RTOs to correct the entries as per the records.
			3) Strengthen the input and validation control features to ensure that incorrect and incomplete data are not fed into the system.	Instructions have been issued to RTOs to correct the entries as per the records.
			4) Ensure adequate physical and logical access control so that the safety and security of data is not compromised.	Smart Card scheme has been implemented from 28.05.2012. For making Smart Cards, key management system has been implemented which have NIC Certification from the Government of India. This system controls unauthorised access.
			5) Ensure proper supervisory check/control over the system.	Instructions have been issued to RTOs to supervise the system effectively.
			6) Train departmental officials in system management and database operation.	Regular data entry operators have been posted in all field offices and training has been imparted to them to work in this software efficiently.

1.12 Impact of Audit

1.12.1 Status of compliance to Audit Reports (2007-08 to 2011-12):

In the Audit Reports of 2007-08 to 2011-12, cases of underassessment, non/short-levy of taxes, loss of revenue, failure to raise demands etc., were indicated involving ₹ 2,591.57 crore. The Departments accepted observations involving ₹ 2,048.57 crore (Commercial Tax: ₹ 60.96 crore, Stamp duty: ₹ 1.87 crore, State Excise: ₹ 11.63 crore, Transport: ₹ 18.99 crore, Land Revenue: ₹ 2.78 crore, Mining: ₹ 124.68 crore, Forest (Revenue): ₹ 10.73 crore, Forest (Expenditure): ₹ 36 lakh, Electricity: ₹ 1,216.06 crore, and others: ₹ 600.51 crore) of which ₹ 300.20 crore only had been recovered till March, 2013 as mentioned in the following table:

(₹ in crore)

Sl. No.	Year of the Audit Report	Total money value	Amount accepted	Recovery made up to March 2013
1.	2007-08	92.87	52.88	6.66
2.	2008-09	486.08	446.33	127.35
3.	2009-10	99.21	20.84	12.59
4.	2010-11 ⁴	344.50	129.39	76.98
5.	2011-12	1,568.91	1,399.13	76.62
Total		2,591.57	2,048.57	300.20

From the above, it is observed that only 14.65 *per cent* of the amount accepted by the Departments was recovered during the last five years.

We recommend that the Government may take appropriate measures to ensure expeditious recovery of revenue in respect of the accepted cases.

⁴ During 2010-11, two Audit Reports (Report no. 1 and 4) were brought out on the Revenue Sector

1.12.2 Status of compliance to outstanding Inspection Reports (2007-08 to 2011-12):

During the period 2007-08 to 2011-12, we had audited 505 units of Commercial Tax, Registration, Land Revenue, Transport, State Excise, Mineral Resources and Forest Departments. Through our Inspection Reports, we had pointed out 47,620 cases with revenue implication of ₹ 1,140.79 crore. The Departments accepted observations of ₹ 362.55 crore of which an amount of ₹ 41.49 crore had been recovered in 735 cases till March 2013 as shown in the below table:

(₹ in crore)

Year of Inspection Reports	No. of units audited	Amount objected		Amount accepted		Amount Recovered	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
2007-08	91	6,747	132.91	5,665	96.15	67	0.54
2008-09	105	7,466	136.85	4,120	60.32	19	1.01
2009-10	108	7,437	188.79	5,421	56.54	538	14.06
2010-11	105	7,289	185.88	4,335	43.30	83	3.55
2011-12	96	18,681	496.36	5,701	106.24	28	22.33
Total	505	47,620	1,140.79	25,242	362.55	735	41.49

1.12.3 Status of compliance to Inspection Reports (2012-13):

Test check of the records of 115 units⁵ of commercial tax, stamps and registration fees, land revenue, taxes on vehicles, state excise, taxes and duties on electricity and other non-tax receipts/expenditure conducted during the year 2012-13 revealed underassessment, non/short levy of revenue aggregating to ₹ 1,334.05 crore in 6,407 cases. During the course of the year, the concerned Departments accepted underassessment and other deficiencies of ₹ 181.55 crore involved in 4,713 cases. Out of this, the Department recovered ₹ 95.53 crore during the year.

5

(₹ in crore)

Sl. No.	Head of Account	No. of units audited		No. of cases	Amount	Cases accepted	Amount accepted	No. of cases	Amount Recovered
1.	Taxes on Sales, Trade etc.	15		210	14.27	14	1.00	4	0.16
2.	Stamps and Registration Fees	38		193	81.13	73	0.53	Nil	Nil
3.	Land Revenue	20		3,475	15.01	3,216	6.83	Nil	Nil
4.	Taxes on Vehicles	6		1,255	9.14	861	4.93	Nil	Nil
5.	State Excise	9		700	20.02	364	4.55	Nil	Nil
6.	Taxes and duties on Electricity	4		63	949.56	41	72.07	2	72.07
7.	Non-ferrous Mining and Metallurgical Industries	4		204	8.39	133	6.75	2	0.07
8.	Forestry and Wild Life	18	Receipt	142	16.48	4	0.50	Nil	Nil
			Expenditure	155	219.92	1	84.38	1	23.23
9.	Revenue Board (Expr.)	1		10	0.13	6	0.01	Nil	Nil
Total		115		6,407	1334.05	4,713	181.55	9	95.53

1.12.4 This Report

This Report contains 20 paragraphs including one review (**Levy and Collection of Stamp Duty and Registration Fees**) involving ₹ 92.85 crore relating to underassessment, non/short levy of revenue etc. under ‘**Part-A**’ and five paragraphs including one review (**Chhattisgarh State Compensatory Afforestation Management and Planning Authority**) involving ₹ 149.22 crore relating to incorrect application of rates, non-raising of demands, irregular/avoidable expenditure, etc. in the Forest Department under ‘**Part-B**’. The Departments/Government have accepted audit observations involving ₹ 158.94 crore, out of which ₹ 19.64 crore has been recovered. The replies in the remaining cases have not been received. These are discussed in the succeeding chapters II to VIII.

1.13 Amendments made at the instance of Audit

The Department/Government made changes in the Rules at the instance of Audit in the following case:

Sl. No.	Name of the Department	Observation made by Audit	Notification No.	Changes effected	Para No. of the Report
1.	Mineral Resources	The Chhattisgarh Minor Mineral Rules 1996 do not provide for levy of Stamp Duty and Registration Fees in the event of the revision of mining plan.	F-7-1/2004/12, dated 24 November 2011	As per notification, the Mining Officer should obtain an undertaking from the lessee for the payment of differential Stamp Duty, where anticipated quantity of production in the mining plan has been revised/modified.	3.3.2 of Stand Alone Report 2010-11 (Report No. 4 of 2012)

CHAPTER II: COMMERCIAL TAX

EXECUTIVE SUMMARY

What we have highlighted in this Chapter	In this Chapter we present illustrative cases of ₹ 7.48 crore selected from observations noticed during our test check of records relating to incorrect/excess allowance of Input Tax Rebate (ITR), short/non levy of value added tax, non levy of penalty for unauthorised use of 'C' form, short/non levy of entry tax etc. in the Commercial Tax Department.
Trend of revenue receipts	The contribution of receipts from taxes on sales, trade etc. to the tax revenue of the State during the last five years ranged between 52 to 56 <i>per cent</i> . The receipts during the year 2012-13 decreased by 5.22 <i>per cent</i> as compared to Budget estimates which was attributed by the Department due to decrease in State sales of paddy, iron ore, sponge iron, timber, sleeper and <i>pan masala</i> and Central sales of diesel, cement, iron ore, aluminum, fertiliser, timber, soap etc.
Internal Audit	During the year, no unit was planned for audit by the Department due to non-formation of Internal Audit Wing.
Impact of Audit	We conducted test check of the records of 15 units relating to the Commercial Tax Department during the year 2012-13 and found 210 cases of non/short levy of tax, incorrect grant of exemption/deduction, application of incorrect rate of tax, incorrect determination of taxable turnover and other irregularities amounting to ₹ 14.27 crore. During the year, the Department had accepted 14 observations involving ₹ 1 crore and recovered ₹ 15.74 lakh in four cases.
Our conclusion	<p>The Department needs to set up Internal Audit Wing and conduct internal audit regularly, so that shortcomings of the nature detected by us can be avoided in future.</p> <p>It also needs to initiate immediate action to recover the incorrect/excess allowance of Input Tax Rebate (ITR), short/non levy of value added tax, non levy of penalty for unauthorised use of 'C' form, short/non levy of entry tax etc. pointed out by us, more so in those cases where it has accepted our contention.</p>

2.1 Tax administration

The Commercial Tax Department is responsible for levy and collection of Commercial Tax which includes Sales Tax, Value Added Tax (VAT), Central Sales Tax (CST), Entry Tax (ET), Professional Tax (PT) and Luxury Tax (LT) in the State through assessment of cases of dealers. Commercial Tax Department contributes major part of the revenue for the State. The Department implements the undermentioned Acts and Rules and notifications issued thereunder:

- Chhattisgarh Value Added Tax Act, 2005 (CGVAT Act);
- Central Sales Tax Act, 1956 (CST Act);
- Chhattisgarh Entry Tax Act, 1976 (CGET Act);
- Chhattisgarh Commercial Tax Act, 1994 (CGCT Act);
- Chhattisgarh Professional Tax Act, 1995 and
- Chhattisgarh Luxury Tax Act, 1988.

The Commercial Tax Department (CTD) is under the administrative control of Finance Department and is headed by the Commissioner of Commercial Taxes (CCT). He is assisted by four Additional Commissioners of Commercial Taxes (Addl. CCTs), 12 Deputy Commissioners (DCs), 26 Assistant Commissioners (ACs), 69 Commercial Tax Officers (CTOs), 118 Assistant Commercial Tax Officers (ACTOs) and 168 Commercial Tax Inspectors (CTIs).

2.2 Trend of revenue receipts from taxes on sales, trade etc.

Actual receipts from taxes on sales, trade etc.¹ during the years 2008-09 to 2012-13 along with the total tax receipts during the period are exhibited in the following table:

(₹ in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2008-09	3,470.00	3,610.94	(+) 140.94	4.06	6,593.72	54.76
2009-10	3,447.12	3,712.16	(+) 265.04	7.69	7,123.25	52.11
2010-11	4,524.13	4,840.79	(+) 316.66	7.00	9,005.14	53.76
2011-12	6,000.00	6,006.25	(+) 6.25	0.10	10,712.25	56.07
2012-13	7,310.20	6,928.65	(-) 381.55	(-) 5.22	13,034.21	53.16

(Source: Finance Accounts of Government of Chhattisgarh)

The above table indicates that collection from taxes on sales, trade etc., contributed substantially to the tax revenue of the State. Overall collection of

¹ Major head 0040- Taxes on Sales, Trade etc (101 – Receipts under Central Sales Tax Act, 102- Receipts under State Sales Tax Act, 103- Tax on sale of motor spirits and lubricants, 104- Surcharge on Sales Tax, 105- Tax on sale of Crude oil, 106- Tax on Purchase of Sugarcane, 107 – Receipts of Turnover Tax, 108 – Tax on the Transfer of Rights to use any goods for any purpose Act, 1985, 109 – Tax on Transfer of Property Goods involved in the execution of “Works Contract Act, 1985” 111-Value Added Tax and 800 – Other Receipts)

revenue under taxes on sales, trade etc. was more than the budget estimates (BEs) during period 2008-09 to 2011-12, except in 2012-13 where it registered less collection than BEs. The contribution of receipts from taxes on sales, trade etc. to the tax revenue of the State during the last five years ranged between 52 to 56 per cent. The receipts during the year 2012-13 decreased by 5.22 per cent as compared to Budget estimates which was attributed by the Department to decrease in state sales of paddy, iron ore, sponge iron, timber, sleeper and *pan masala* and central sales of diesel, cement, iron ore, aluminum, fertiliser, timber, soap etc.

2.3 Analysis of arrears of revenue

The arrears of revenue of taxes on sales, trade (including VAT and Central Sales Tax), Entry Tax and Professional Tax as on 31 March 2013 amounted to ₹ 556.08 crore. The following table depicts the position of arrears of revenue during the period 2008-09 to 2012-13:

(₹ in crore)

Year	Opening balance of arrears	Closing balance of arrears
2008-09	183.33	194.39
2009-10	194.39	438.57
2010-11	438.57	450.85
2011-12	450.85	556.09
2012-13	556.09	556.08

(Source: Figures furnished by the Department)

The age-wise position of outstanding arrears has not been furnished by the Department despite request (November 2013).

2.4 Collection of VAT per assessee

Year	Number of Assessee	VAT revenue as per Department (₹ in crore)	VAT revenue as per Finance Accounts (₹ in crore)	Revenue/Assessee (in ₹)
2008-09	63,446	2,968.09	2,943.67	4,67,813.57
2009-10	69,727	3,085.12	3,031.15	4,42,457.01
2010-11	58,299	4,047.58	4,031.50	6,94,279.49
2011-12	64,393	5,269.97	4,884.97	8,18,407.28
2012-13	71,903	6,072.76	6,072.76	8,44,576.72

(Source: Figures furnished by the Department & Finance Accounts of Government of Chhattisgarh)

There has been a consistent increase in revenue earned per assessee since 2010-11.

2.5 Arrears in assessment

The number of cases pending at the beginning of the year 2012-13, assessments becoming due during the year, assessments disposed of during the year and those pending at the end of the year 2012-13 as furnished by the Department are mentioned in the following table:

Name of tax	Opening balance (2012-13)	Addition during the year	Total number of assessment cases due	Cases disposed during the year	Cases pending at the end of the year	Percentage of clearance (column 5 to 4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Value Added tax	53,952	58,168	1,12,120	52,511	59,609	46.83
Professional tax	8,890	6,694	15,584	8,115	7,469	52.07
Entry tax	22,891	31,450	54,341	29,995	24,346	55.20
Luxury tax	65	32	97	64	33	65.98
Tax on works contract	419	253	672	258	414	38.39
Total	86,217	96,597	1,82,814	90,943	91,871	49.75

(Source: Figures furnished by the Department)

The above table indicates that at the end of the year 2012-13, only 50 per cent of the total assessment cases had been disposed of by the Department.

The Government may initiate timely action for expeditious disposal of the pending cases in the interest of revenue.

2.6 Cost of collection

Collection from taxes on sales, trade etc., the expenditure incurred on their collection and the percentage of such expenditure to gross collection during the years 2010-11, 2011-12 and 2012-13 along with the relevant all-India average percentage of expenditure to gross collection of the preceding years are indicated in the following table:

(₹ in crore)

Head of revenue	Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage of expenditure to gross collection of preceding year
Taxes on sales, trade etc.	2010-11	4,840.79	29.99	0.62	0.96
	2011-12	6,006.25	40.63	0.68	0.75
	2012-13	6,928.65	37.42	0.47	0.83

(Source: Finance Accounts of Government of Chhattisgarh)

The cost of collection when compared to the all India averages during the three years was on the lower side.

2.7 Analysis of collection

The break-up of the total collection from taxes on sales, trade etc., entry tax, professional tax and luxury tax at the pre-assessment stage and after regular assessment of taxes during the year 2012-13 and corresponding figures for the preceding four years as furnished by the Commercial Tax Department is mentioned in the following table:

(₹ in crore)

Heads of revenue	Year	Amount collected at the pre-assessment stage	Amount collected after regular assessment	Penalty for delay in payment of taxes and duties	Amount refunded	Net collection as per the Department	Net collection as per Finance Accounts	Percentage of collection (column 3 to 7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Taxes on sales, trade, Entry Tax, Professional Tax and Luxury Tax	2008-09	4,004.34	52.77	8.12	18.35	4,046.88	4,038.41	98.95
	2009-10	4,249.74	190.93	87.35	57.33	4,470.69	4,325.16	95.06
	2010-11	5,121.05	387.55	41.78	60.15	5,490.23	5,355.67	93.28
	2011-12	6,329.89	618.59	18.86	62.18	6,905.16	6,837.80	91.67
	2012-13	6,458.43	525.98	19.20	125.84	6,877.77	7,883.63	93.90

(Source: Figures furnished by the Department & Finance Accounts of Government of Chhattisgarh)

It may be seen from the above table that the percentage of tax collected before assessment ranged between 91.67 and 98.95 per cent.

2.8 Internal Audit

Internal Audit Wing (IAW) of an organisation is a vital component of the internal control mechanism and is generally defined as the control of all controls. It enables the organisation to assure itself that the prescribed systems are functioning reasonably well.

The Department stated (September 2013) that no instruction has been issued by the Commissioner regarding setting up and controlling of IAW after bifurcation of DC office into three DC Offices from 01.11.2009. Prior to that only one post of Assistant Commissioner, Commercial Tax was sanctioned for the IAW.

The Government may consider setting up the IAW to monitor the correctness of levy and collection of taxes.

Similar issue was pointed out in Para No. 2.10 of Audit Report (Revenue Sector) for the year ended 31 March 2012. However, the Department has not established an Internal Audit Wing so far.

2.9 Impact of Audit

2.9.1 Status of compliance to Audit Reports (2007-08 to 2011-12): During the last five years, through our Audit Reports we had pointed out cases of underassessment, non/short levy of tax etc. involving ₹ 86.20 crore. The Department accepted observations of ₹ 60.96 crore of which ₹ 44 lakh had been recovered till March 2013 as shown in the following table:

(₹in crore)

Sl. No.	Year of the Audit Report	Total money value	Amount accepted	Recovery made up to March 2013
1.	2007-08	0.73	0.32	Nil
2.	2008-09	49.46	47.49	0.09
3.	2009-10	3.37	3.37	0.01
4.	2010-11	18.57	3.07	0.23
5.	2011-12	14.07	6.71	0.11
	Total	86.20	60.96	0.44

The above table indicates that only 0.72 *per cent* of the accepted amount was recovered by the Department which is negligible.

We recommend that the Department may take steps to recover the amount involved, at least in the accepted cases, as there is risk of loss of revenue due to action becoming barred by limitation.

2.9.2 Status of compliance to outstanding Inspection Reports (2007-08 to 2011-12): During the years 2007-08 to 2011-12, we had pointed out through our Inspection Reports, non/short levy, non/short realisation, underassessment, loss of revenue, incorrect exemption, incorrect computation etc. with revenue implication of ₹ 101.01 crore in 997 cases. Of these, the Department/Government had accepted audit observations in 112 cases involving ₹ 3.55 crore. The details are shown in the following table:

(₹in crore)

Year of Inspection Report	No. of units audited	Amount objected		Amount accepted		Amount recovered	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
2007-08	04	37	0.03	16	0.07	Nil	Nil
2008-09	20	185	0.62	10	0.48	Nil	Nil
2009-10	32	295	35.93	10	0.30	Nil	Nil
2010-11	28	362	55.08	73	2.59	Nil	Nil
2011-12	11	118	9.35	3	0.11	3	0.11
Total		997	101.01	112	3.55	3	0.11

2.9.3 Status of compliance to Inspection Reports (2012-13): We conducted test check of the records of 15 out of 58 units relating to Commercial Tax Department during the year 2012-13. We found cases of non/short levy of tax, incorrect grant of exemption/deduction, application of incorrect rate of tax, incorrect determination of taxable turnover, other irregularities etc. amounting ₹ 14.27 crore in 210 cases out of revenue of ₹ 2,490.95 crore in 21,392 cases which fall under the following categories:

(₹ in crore)

Sl. No.	Category	No. of cases	Amount	Accepted cases	Amount
1	Non/short levy of tax	103	9.39	6	0.61
2	Incorrect grant of exemption/deduction	32	2.96	Nil	Nil
3	Application of incorrect rate of tax	19	0.51	6	0.25
4	Incorrect determination of taxable turnover	8	0.31	Nil	Nil
5	Other irregularities	48	1.10	2	0.14
Total		210	14.27	14	1.00

During the year, the Department had accepted 14 observations involving ₹ 1 crore. During the year 2012-13, the Department had recovered ₹ 15.74 lakh in four cases pertaining to the current year.

A few illustrative cases amounting to ₹ 7.48 crore including observations detected during earlier years are mentioned in the succeeding paragraphs.

2.10 Audit observations

We scrutinised the assessment records of sales tax/value added tax (VAT), Central sales tax, Entry tax etc. in the Commercial Tax Department and found several cases of non-observance of the provisions of the Acts/Rules, incorrect/excess allowance of input tax rebate, non/short levy of value added tax, non levy of penalty for unauthorised use of 'C' Form, non levy of entry tax, irregular grant of exemption of entry tax and other cases as mentioned in the succeeding paragraphs of this chapter. These cases are illustrative and are based on a test check carried out by us. Such omissions on the part of the Assessing Authorities (AA) are pointed out by us each year, but not only do the irregularities persist; these remain undetected till an audit is conducted. There is need for the Government to establish internal control system so that such omissions can be avoided.

2.11 Incorrect/excess allowance of Input Tax Rebate

According to Section 13 (1) of CGVAT Act, when a registered dealer purchases any goods specified in part I, II and IV of schedule II other than those specified in Schedule III (Capital expenditure on land and civil construction for use in manufacture or trade, including office building and other related constructions, furniture and fixtures including air conditioners and refrigerators, petrol and diesel and motor cars, two wheelers, parts and accessories etc.) within the State of Chhattisgarh from such dealer after payment to him of input tax, for use or consumption of such goods for/in the manufacture in State of any goods mentioned in schedule II for sale within the State or in the course of inter-State trade or commerce or in the course of export out of territory of India or for use as capital goods in the course of business within the State of Chhattisgarh, a rebate of input tax shall be claimed by or be allowed to him, input tax rebate of such amount of tax, in such manner and within such period as may be prescribed.

According to Section 2(e) of the CGVAT Act, capital goods means plants, machinery and equipment directly used in the process of manufacture and/or in the course of business.

We found during test check of the assessment records of two ACCTs out of test checked 15 units between April 2012 and October 2012 that while finalising assessments cases of five dealers between May 2010 and September 2011 for the period 2006-07 to 2008-09, the AOs had allowed excess/incorrect Input Tax Rebate (ITR) of ₹ 1.34 crore on purchases made by the dealers. This resulted in incorrect/ excess grant of ITR of ₹ 1.34 crore as detailed below:

(₹ in lakh)

Sl. No.	Name of Units	Assessment year (Month & Year of assessment)	ITR Allowable	ITR Allowed	Excess ITR Allowed	Nature of Observations
1	ACCT, Raipur	2006-07 (May 2010)	0	10.26	10.26	The AO incorrectly allowed ITR of ₹ 10.26 lakh on sale of ₹ 2.57 crore on the plea that the dealer had sent the goods on the strength of 'F' forms to his branch at Nagpur for job work which was returned and sold within the State. The scrutiny of 'F' forms in audit however revealed that these forms were issued from Mumbai. This resulted in excess allowance of ITR of ₹ 10.26 lakh.
After we pointed this out (June 2013), the Department stated (August 2013) that goods were sent to Nagpur for job work and sold within the Chhattisgarh State after receipt. Hence, ITR given was correct. We do not agree as the 'F' forms enclosed in the case file indicated that the goods were sent to Mumbai instead of Nagpur. Thus, the ITR of ₹ 10.26 lakh by the AO was not in order.						
2	ACCT,	2006-07	0	85.45	85.45	ITR allowed on "Fixed Assets/Capital goods" (MS & ISBM Beam, MS channel,

	Raipur	(June 2010)				MS angel, ISBC channel and other related items for civil construction while PSC sleeper were used for railway sidings) which are not plant & machinery and are not directly involved in the process of manufacturing.
After we pointed this out (June 2013), the Department stated (August 2013) that the case has been reopened under Section 22(1) and demand notice for recovery of ₹ 85.45 lakh has been issued to the dealer. Report on recovery has not been received (November 2013).						
3	Assistant Commissioner-II, Division-I, Bilaspur	2008-09 (September 2011)	0	26.93	26.93	Allowance of the ITR on purchases of capital goods i.e. refrigerators, ice boxes which are not directly involved in the process of manufacturing was not correct as per the provision of the CGVAT Act.
After we pointed this out (May 2012), the AO stated (May 2012) that action would be taken after verification.						
4	ACCT, Raipur	2006-07 (June 2010)	130.32	138.44	8.12	The AO had allowed an input tax rebate of ₹ 1.38 crore on the purchases of ₹ 39.12 crore. However, as per the Chartered Accountant's Audit Report the dealer made purchases of ₹ 36.83 crore only. As such, the assessee was eligible for ITR of ₹ 1.30 crore on the purchases of ₹ 36.83 crore.
After we pointed this out (June 2013), the Department stated (August 2013) that the case has been reopened under Section 22(1) and demand for ₹ 8.12 lakh has been raised. Report on recovery has not been received (November 2013).						
5	ACCT, Raipur	2006-07 (June 2010)	0	3.73	3.73	The dealer had sold tax-free soya De-oiled cake (DOC) of ₹ 3.09 crore within the State and inter-State manufactured out of tax-paid <i>soyabean</i> seeds which was 22.12 per cent of total sales (₹ 13.97 crore). As the dealer had sold tax-free goods made out of tax-paid goods, the corresponding ITR should have been reduced.
After we pointed this out (June 2013), the Department stated (May 2013) that the case was reopened under Section 22 (1) and demand for ₹ 8.65 lakh has been raised. The difference between the objected amount and demand raised was due to the disallowance of ITR on export sale of soya DOC by the dealer.						

We reported this to the Government (June 2013) for comments; their reply is awaited (November 2013).

2.12 Non/Short levy of Value Added Tax

Section 8 of CGVAT Act provides for levy of tax at the rates as prescribed in the Schedules to the Act, depending upon the classification of the goods. However, where the goods are not covered under any specific entry of the Schedule, general rate of tax given in residuary entry is applicable. As per Schedule II part IV entry no. 1, all goods not included in Schedule I, Part I (1 *per cent*), part II (4 *per cent*) and part III (25 *per cent*) of this Schedule are taxable at the rate of 12.5 *per cent*.

Section 22 of CGVAT Act provides that the Commissioner shall, where the omission leading to assessment or re-assessment is attributable to the dealer, impose upon him a penalty of maximum two times the amount of tax assessed but which shall not be less than the amount of tax assessed.

We found during test check of the assessment records of four units² out of test checked 15 units between February 2012 and November 2012 that while finalising assessments between March 2010 to June 2012, the AOs allowed seven dealers to pay tax at lower rates due to incorrect classification of goods valuing ₹ 20.49 crore during the period 2006-07 to 2008-09. In these cases, the AOs had not levied tax at appropriate rate due to misclassification of goods. The difference

between the rate of tax leviable and levied was ranging from four to 25 *per cent*. This resulted in non/short realisation of tax of ₹ 3.06 crore including penalty as given in the table below:

(₹ in lakh)

Sl. No.	Commodity	Assessment year (Month & Year of assessment)	Schedule no./Part no./item no.	Turnover of sales	Rate of tax leviable/levied	Non/short levy of tax/ Minimum penalty	Nature of Observations
1	Electronics goods/Inter Cellular Adhesion Molecule (ICAM) System	2007-08 (August 2011)	II/IV/1	45.40	12.5/4	3.86/3.86	The AO levied tax on electronics goods and ICAM system at the rate of four <i>per cent</i> treating the goods as capital goods.

After we pointed this out in audit (June 2013), the Department stated (August 2013) that these goods were machinery for Engineering industry, Metal and Alloys industries and iron and Steel industries so they were capital goods for which were taxed at four *per cent* as per notification no. 45 dated 28.04.2006. We do not agree as it was confirmed from form 59-A³ and other records submitted by the dealer that he was engaged in trading of electronic goods and ICAM system (an unspecified goods). Further, electronic goods and

² CTO-II, Durg, ACCT (Raipur), ACCT-II (Bilaspur) and CTO-(Jagdalpur).

³ Form 59-A- A document issued by the Department to a registered dealer for importing goods from outside the state, indicating the name of the consignor and consignee, the place of dispatch, the destination and the description, quantity and value of the goods.

ICAM system are not mentioned in the list of capital goods. Therefore, tax at the rate of 12.5 per cent was leviable.							
2	Protein/ Protein powder	2008-09 (June 2012)	II/IV/1	67.17	12.5/4	5.71/ 5.71	The AO levied tax on Protein powder at the rate of four per cent instead of 12.5 per cent.
After we pointed out this in audit (June 2013), the Department stated (August 2013) that the case was reopened under Section 22(1) and during the year, the dealer had purchased medicines of ₹ 58.12 lakh and protein of ₹ 7.68 lakh from M/s. British Biological, Bangalore. Further, it was stated that demand notice of ₹ 1.54 lakh has been raised on sale of protein of ₹ 9.05 lakh at the differential rate of 8.5 per cent. We do not agree as it was clearly mentioned in form 59-A that the dealer had purchased only protein not medicines from the above dealer.							
3	Diesel	2007-08 (August 2011)	II/III/1	58.84	25/4	12.36/ Nil	The AO levied tax at the rate of four per cent treating it as hydrocarbon.
After we pointed this out in Audit (June 2013), the Department stated (August 2013) that the case was opened under section 22(1) and demand notice has been issued for ₹ 11.18 lakh. Report on recovery has not been received (November 2013).							
4	Carbon credit	2007-08 (August 2011)	II/II/5	245.75	4/0	9.83/ Nil	The AO did not levy tax on sale of Carbon Credit of ₹ 2.46 crore. As Carbon Credit is intangible goods, tax at the rate of four per cent was leviable.
After we pointed this out (November 2012), the AO stated (November 2012) that action would be taken after verification.							
5	Railway Cable	2007-08 (August 2011)	II/IV/1	1461.92	12.5/4	124.26/ 124.26	The AO levied tax at the rate of four per cent.
After we pointed this out (May 2012), the AO stated (May 2012) that action would be taken after verification.							
6	Toast	2006-07 (April 2010), 2007-08 (July 2011)	II/IV/1	110.21	12.5/0	13.78/ Nil	The AO did not levy tax treating toast as tax free goods.
After we pointed this out in audit (June 2013), the Department stated (August 2013) that demand notice of ₹ 27.55 lakh has been issued. Report on recovery has not been received (November 2013).							
7	LPG	2006-07 (March 2010)	By Not. No. 34 dated 13.4.2006	59.75	4/0	2.39/ Nil	The AO did not levy tax treating LPG as tax free goods.
After we pointed this out (October 2012), the AO stated (October 2012) that the case would be re-assessed and action would be taken after verification.							
Total				2,049.04		172.19/ 133.83	

We reported this to the Government (June 2013) for comments; their reply is awaited (November 2013).

Central Sales Tax Act

2.13 Non levy of penalty for unauthorised use of 'C' Form

According to Section 10-A of Central Sales Tax Act read with Section 10(b), if a registered dealer purchases such goods which are not mentioned in his Registration Certificate (RC) against 'C' forms, the authority may impose penalty upon the assessee equivalent to one and half times the tax which would have been payable. Further it has also been judicially held by the Hon'ble Madras High Court in the case of State of Tamilnadu Vs Akhtar (1998) 108 STC that purchase against C forms of goods not mentioned in RC is an offence and penalty can be imposed. According to Rule 13 of Central Sales Tax Rules (Registration and Turnover) 1957, a registered dealer may purchase goods against 'C' form intended for use by him as raw materials, processing materials, machinery, plant, equipment, tools etc. in the manufacture or processing of goods for sale or in mining, or in the generation or distribution of electricity or any other form of power.

We found (April 2012) during test check of the assessment records of two units⁴ out of test checked 15 units that two dealers of which one was engaged in breaking and transporting of coal/removal of over burden (OB) and transportation of coal and another dealer engaged in supply of building materials and earthwork, had purchased tippers/dumpers and hydraulic machine model EX-70 respectively against 'C' forms. These goods were not mentioned in RC of the dealer at the time

of purchase. As the dealers were service providers and not dealing in sale and purchase of goods, penalty amounting to ₹ 1.19 crore on the purchases against unauthorised use of 'C' form worth ₹ 8.94 crore was leviable (*as shown in Appendix 2.1*). Despite this, no penalty was imposed by the AOs.

After we pointed this out in audit (June 2013), the Department stated (August 2013) that penalty of ₹ 1.19 crore was imposed under Section 10-A of the CST Act. Report on recovery has not been received (November 2013).

We reported this to the Government (June 2013) for comments; their reply is awaited (November 2013).

Similar issue was pointed out in Para No. 2.12.21 of Audit Report (Revenue Receipts) for the year ended 31 March 2011, for which the Department/Government had stated that out of three cases, demand has been raised in two cases. The nature of lapses/ irregularities are still persisting which shows ineffectiveness of the Internal Control System of the Department to prevent recurring leakage of revenue.

⁴

ACCT-I, Div.-I (Bilaspur) and CTO Circle-IV (Raipur).

ENTRY TAX ACT

2.14 Non levy of entry tax on explosive

As per Section 4-A of Chhattisgarh Entry Tax (CGET) Act read with Notification No. 66 dated 27.07.2006 entry tax at the rate of six *per cent* shall be levied on 'Explosive' when purchased by a registered dealer under the CGVAT Act from another such registered dealer after payment of tax (VAT). Further Section 13 of CGET Act read with Section 22 of CGVAT Act provides that the Commissioner shall, where the omission leading to assessment or re-assessment is attributable to the dealer, impose upon him a penalty of maximum two times the amount of tax assessed but which shall not be less than the amount of tax assessed.

We found (April 2012) during test check of the assessment records of the ACCT, Raipur out of test checked 15 units that a dealer engaged in purchase and sale of sponge iron, generation of power and mining of coal was assessed in June 2010 for the period 2006-07. The assessee brought and consumed explosives of ₹ 1.34 crore for mining purpose. The Director of Industries, Chhattisgarh issued Exemption Certificate dated 09.02.2009, exempting raw materials, incidental goods and packing material used in manufacturing of sponge iron from payment of entry tax for the period 17.03.2006 to

16.03.2011. As the mining of coal was not exempted from payment of entry tax, tax of ₹ 8.04 lakh⁵ at the rate of six *per cent* was leviable. Inaction on the part of the AO to scrutinise the registration certificates and exemption certificate resulted in non-levy of entry tax of ₹ 8.04 lakh. Besides, penalty of ₹ 8.04 lakh was also leviable.

After we pointed this out (June 2013), the Department stated (August 2013) that demand notice of ₹ 8.04 lakh has been raised. Report on levy of penalty and report on recovery has not been received (November 2013).

We reported this to the Government (June 2013) for comments; their reply is awaited (November 2013).

2.15 Non levy of entry tax on Schedule III goods

According to Section 3 of Chhattisgarh Entry Tax Act, a dealer is liable to pay entry tax on the entry in the course of business of a dealer of goods specified in Schedule III into each local area for consumption or use of such goods but not for sale therein. Rate of Entry tax specified in Schedule III is one *per cent*. Bitumen comes under Schedule III goods.

2.15.1 We found during test check (May 2012) of the assessment records of the ACCT, Div-I, Bilaspur out of test checked 15 units for the period 2007-08 and 2008-09 that eight dealers engaged in the business of works

⁵ ₹ 134 lakh X 6/100 = ₹ 8.04 lakh

contract and assessed between October 2010 and September 2011 had made purchases of Bitumen of ₹ 14.24 crore and used for construction of road works. As the purchases were made from outside local area (Raipur), entry tax at the rate of one *per cent* was leviable. However, the AO allowed exemption of entry tax treating it as tax paid goods. Thus, grant of irregular exemption by the AO, resulted in non-levy of entry tax of ₹ 14.24 lakh (as shown in *Appendix 2.2*).

We reported this to the Government/Department for comments (June 2013); their reply is awaited (November 2013).

According to Section 3 of Chhattisgarh Entry Tax Act, an entry tax shall be levied at the rate of one *per cent* on the entry specified in Schedule III into each local area for consumption or use of such goods in the course of business of a dealer but not for sale therein.

The Hon'ble Supreme Court of India (SCI) in the case of M/s. Sr. DME Vs. State of Orissa & others (August 2008) held that entry tax is leviable on the goods entered from one local area to railway local area. Further, the Commissioner, Commercial Tax directed in May 2011 to review all cases of such dealers or contractors working in the railway local areas in the light of above judgement and levy tax accordingly.

2.15.2 We found (May 2012) during test check of the assessment records of the ACCT-II, Div-I, Bilaspur out of test checked 15 units that two dealers engaged in works contract were assessed between April 2010 and July 2011 for the period 2006-07 and 2007-08. Scrutiny of records revealed that raw materials worth ₹ 2.39 crore were purchased and used in the railway local areas. As per the judicial pronouncement *ibid*, entry tax of ₹ 2.39

lakh at the rate of one *per cent* was leviable. However, the AOs allowed exemption on the ground that the railway area does not come under local area. Thus grant of irregular exemption by the AO and non-observance and review of cases as per Commissioner's direction resulted in non-levy of ₹ 2.39 lakh (as shown in *Appendix 2.3*).

We reported this to the Government/Department for comments (June 2013); their reply is awaited (November 2013).

2.16 Non levy of entry tax on Extra Neutral Alcohol

According to Section 3 of the Chhattisgarh Entry Tax Act, an entry tax shall be levied at the rate of one *per cent* on the entry in the course of business of a dealer of goods specified in Schedule III into each local area for consumption or use of such goods, but not for sale therein. As per the Chhattisgarh Entry Tax Act read with Schedule I of Chhattisgarh VAT Act, goods on which duty is or may be levied under the Chhattisgarh Excise Act, 1915 other than medicinal and toilet preparations specified in the Schedule to the Medicinal and Toilet Preparations (Excise duties) Act, 1955 are tax-free from entry tax also. Liquor is excisable commodity but not Extra Neutral Alcohol (ENA).

Further in the case of Commissioner of Income Tax Vs. Vinbros and company (October 2007), the Hon'ble Madras High Court held that blending of Extra Neutral Alcohol (ENA) is a manufacturing process of Indian Made Foreign Liquor (IMFL). So ENA is a raw material for liquor.

We found (between May 2012 and October 2012) during test check of the assessment records of two⁶ units out of test checked 15 units that three dealers engaged in manufacture and sale of Liquor from ENA were assessed between June 2010 and August 2011 for the period 2006-07 and 2007-08. Scrutiny of records revealed that the dealers had purchased ENA worth

₹ 32.47 crore and used for manufacturing of liquor. As ENA is not an excisable commodity, entry tax amounting to ₹ 32.47 lakh at the rate of one *per cent* was leviable. However, the AO allowed exemption treating the same as tax free goods. Thus, grant of irregular exemption by the AO resulted in non-levy of entry tax of ₹ 32.47 lakh (as shown in **Appendix 2.4**).

After we pointed this out in audit (June 2013), the Department intimated (August 2013) that in two cases, demand notice of ₹ 5.02 lakh had been raised and regarding remaining case it was stated that the case was being reviewed and the position would be intimated to audit in due course. Further report has not been received (November 2013).

We reported this to the Government for comments (June 2013); their reply is awaited (November 2013).

⁶ ACCT-II, Div-I Bilaspur and ACCT, Raipur

2.17 Non levy of entry tax

According to Section 3 of Chhattisgarh Entry Tax Act, there shall be levied an entry tax on the entry in the course of business of a dealer specified in Schedule II, into each local area for consumption, use or sale therein. Entry No. 27 (a) of the Schedule II *ibid* provides for tax to be levied on fly ash bricks at the rate of five *per cent*.

2.17.1 We found (July 2012) during test check of the assessment records of 15 offices that two dealers of ACCT, Raipur engaged in civil construction works

for the period April 2007 to March 2008 were assessed in August 2011. In one case, the AO while finalising the assessment did not levy entry tax of ₹ 1.53 lakh at the rate of five *per cent* on purchases of fly ash bricks of ₹ 30.59 lakh. Similarly, in another case, the AO did not levy entry tax of ₹ 2.72 lakh on fly ash bricks of ₹ 54.33 lakh purchased from other than the local area. This resulted in non levy of entry tax of ₹ 4.25 lakh⁷.

After we pointed this out in audit (June 2013), the Department stated (August 2013) in one case that demand of ₹ 3.06 lakh had been raised and in another case it was stated that case would be re-opened under Section 22(1). Further reply and report on recovery have not been received (November 2013).

We reported this to the Government for comments (June 2013); their reply is awaited (November 2013).

According to Chhattisgarh Entry Tax Act read with Notification No. 33 dated 13.04.2000, Iron and Steel as specified in categories (ii) and (xvi) of clause (iv) of Section 14 of the Central Sales Tax (CST) Act, 1956 when entered into local area by a dealer liable to pay tax under Chhattisgarh Value Added Tax Act, for consumption or use as raw material in the manufacture of goods are exempted from payment of Entry Tax. Iron Scrap being specified in category (i) of clause (iv) of Section 14 of CST Act is not exempted from payment of entry tax under the above said notification.

2.17.2 We found (April 2012) during test check of the assessment records of the ACCT, Raipur out of test checked 15 units that one dealer engaged in manufacture and sale of rolling steel and structures were assessed in May 2011 for the period 2007-08. The dealer purchased iron scrap, sleeper and trolley valuing ₹ 3.42 crore⁸ from outside local area and used the same for manufacturing. The AO allowed exemption of entry tax on this purchase treating the goods purchased within the local area as well as an

item covered under notification no. 33 dated 13.04.2000. However, scrutiny of Gate-pass cum *Challan*, purchase list and other receipts revealed that the items were brought from outside local area⁹. Therefore, entry tax of ₹ 3.42 lakh at

⁷ ₹ (54.33+30.59) lakh X 5/100=₹ 4.25 lakh

⁸ Scrap ₹ 2.38 crore, sleeper ₹ 85.86 lakh and trolley ₹ 18.17 lakh.

⁹ Dongargarh, Bhilai, Amaseoni etc.

the rate of one *per cent* on ₹ 3.42 crore was leviable. Thus, irregular grant of exemption by the AO resulted in non-levy of entry tax of ₹ 3.42 lakh.

After we pointed this out in audit (June 2013), the Department stated (August 2013) that the demand for ₹ 3.26 lakh had been raised. Report on recovery has not been received (November 2013).

We reported this to the Government (June 2013) for their comments; their reply is awaited (November 2013).

2.18 Incorrect grant of exemption of entry tax

According to Chhattisgarh Entry Tax Act read with Notification No. 24 dated 2 April 2007 goods manufactured by any industries situated in Chhattisgarh State, except coal and iron ore, when entered into local area by a small enterprise, where the investment in plant and machinery does not exceed ₹ 1 crore, for consumption or use as raw material in the process of manufacture shall be exempted from payment of entry tax for the period 2007-08 otherwise entry tax at the rate of one *per cent* would be levied on such goods used as raw material.

2.18.1 We found (April 2012) during test check of the assessment records of 15 units that in office of the Assistant Commissioner, Commercial Tax (ACCT), Raipur, two dealers engaged in manufacture and sale of M S Ingot, M S CTD bar, round, angle, channel, re-rolled product etc., were assessed in June 2011 for the period 2007-08. The assessee had purchased raw materials valuing ₹ 62 crore from outside local area during 2007-08. The AO incorrectly allowed

exemption of entry tax on purchase of raw materials of ₹ 62 crore. These two dealers were not eligible for exemption under notification no. 24 dated 2 April 2007 as the investment in plant and machinery was above ₹ 1 crore. Accordingly, entry tax amounting to ₹ 62 lakh at the rate of one *per cent* on the purchases of ₹ 62 crore was leviable which was not levied (as shown in *Appendix 2.5*).

After we pointed this out to the Government/Department (June 2013), the Department stated (August 2013) that the demand for ₹ 62 lakh had been raised. Report on recovery has not been received (November 2013).

We reported this to the Government (June 2013) for comments; their reply is awaited (November 2013).

2.18.2 We found (November 2012) during test check of the assessment records of 15 units that in office of the Assistant Commissioner, Commercial Tax (ACCT), Raipur, a dealer engaged in manufacture and sale of iron and steel was assessed in August 2011 for the period 2007-08. The assessee had purchased raw materials worth ₹ 11.22 crore from outside local area during 2007-08. The AO incorrectly allowed exemption of entry tax on purchase of raw materials. The dealer was not eligible for exemption under notification no. 24 dated 2 April 2007 as the investment in plant and machinery was above ₹ 1

crore. Accordingly, entry tax amounting to ₹ 11.22 lakh at the rate of one *per cent* on the purchases made was leviable. Thus, incorrect grant of exemption by the AO resulted in non levy of entry tax of ₹ 11.22 lakh (as shown in *Appendix 2.5*).

After we pointed this out to the Government/Department (June 2013), the Department stated (August 2013) that the dealer had Small Scale Industries (SSI) certificate, so entry tax could not be levied. We do not agree as the condition (under notification no. 24 dated 2 April 2007) that investment in plant and machinery should not exceed ₹ 1 crore was not fulfilled.

We reported this to the Government (June 2013) for comments; their reply is awaited (November 2013).

2.18.3 We found (April 2012) during test check of the assessment records of 15 units that in office of the Assistant Commissioner, Commercial Tax (ACCT), Bilaspur, a dealer engaged in manufacture and sale of chemicals was assessed in March 2011 for the period 2007-08. The assessee had purchased raw materials valuing ₹ 3.05 crore from outside local area during 2007-08. The AO incorrectly allowed exemption of entry tax on purchase of raw material. The dealer was not eligible for exemption under notification no. 24 dated 2 April 2007 as the investment in plant and machinery was above ₹ 1 crore. Accordingly, entry tax amounting to ₹ 3.05 lakh at the rate of one *per cent* was leviable. The incorrect grant of exemption by the AO resulted in non levy of entry tax of ₹ 3.05 lakh (as shown in *Appendix 2.5*).

After we pointed this out in audit (April 2012), the AO stated (April 2012) that action would be taken after verification.

We reported this to the Department/Government (June 2013) for comments; their reply is awaited (November 2013).

2.19 Non levy of entry tax on mobile handset

According to Section 3 (1) (a) of the Chhattisgarh Entry Tax Act, there shall be levied an entry tax on the entry in the course of business of a dealer of goods specified in Schedule II, into each local area for consumption, use or sale therein. Entry no. 53 of the Schedule provides for tax to be levied on “All kinds of electrical and electronic goods except those specified in this Schedule” at the rate of one *per cent*. Mobile handsets which are electronic goods are not specified in the Schedule and hence are liable to be taxed as per entry 53. Further, the Hon’ble Madhya Pradesh High Court also held in the case of M/s. Drive India Dot Com Vs State of MP and others 2011 (19) STJ that mobile handset is covered under wireless reception instruments and apparatus. Alternatively, it can also be covered in entry no. 53 which is relating to electronic and electrical goods.

We found (October 2012) during test check of the assessment records of four¹⁰ units out of test checked 15 units that four dealers engaged in purchase and sale of mobile handsets, sim card etc. were assessed between June 2010 and August 2011 for the period 2006-07 to 2008-09. During the assessment, the AOs did not levy entry tax treating the goods as tax free. Since mobile handsets are electronic goods, entry tax was

leviable as per entry no. 53 of the Act. Therefore, entry tax of ₹ 38.89 lakh at the rate of one *per cent* of ₹ 38.89 crore was leviable (as shown in **Appendix 2.6**). Thus, inaction on the part of AOs to verify the entries of the Schedule and levy tax accordingly resulted in non-levy of entry tax of ₹ 38.89 lakh.

After we pointed this out (June 2013), the Department stated (August 2013) in three cases that the cases were reopened under Section 22 in which demand for ₹ 37.35 lakh has been raised. Report on recovery has not been received (November 2013). In remaining case; no reply has been received (November 2013).

We reported this to the Government (June 2013) for comments; their reply is awaited (November 2013).

In reply to similar issue pointed out in Para No. 2.20 of Audit Report (Revenue Sector) for the year ended 31 March 2012, the Department/ Government had stated that a circular was issued (October 2012) to all the divisions directing them to check and levy entry tax on mobile handsets at the rate of one *per cent* in cases where it has not been levied. The nature of lapses/irregularities are still persisting which shows ineffectiveness of the Internal Control System of the Department to prevent recurring leakage of revenue.

¹⁰ ACCT (Shri S.S. Pandey), Raipur, ACCT (Shri Uday Shankar), Raipur, ACCT (Shri K.K. Arya), Raipur and ACCT (Shri T.L. Dhruv), Raipur

CHAPTER III: STAMPS AND REGISTRATION FEES

EXECUTIVE SUMMARY

What have we highlighted in this chapter	In this chapter we present our findings on Levy and collection of stamp duty and registration fees involving financial effect of ₹ 80.40 crore.
Trend of revenue receipts	Receipts from stamps and registration fees fell short of the Budget Estimates (BEs) by 4.69 and 3.33 <i>per cent</i> respectively for the year 2008-09 and 2011-12. The actual receipts increased by 13.23 <i>per cent</i> and 20.83 <i>per cent</i> over the BEs during the year 2009-10 and 2010-11 respectively. However, the percentage of variation of actual receipt over BE during the year 2012-13 was negligible (0.26 <i>per cent</i>).
Importance not given to Internal Audit	In Commercial Tax (Registration) Department, as against the sanctioned post of two Assistant Audit Officers in Internal Audit Wing, only one Assistant Audit Officer was posted since 2010-11. During the year 2008-09 to 2010-11, the Internal Audit Wing planned 101 units for audit. Though the wing was working at full strength except in the year 2010-11, the Internal Audit Wing conducted the audit of 32 units only during 2008-09 to 2010-11. Further, the Department did not approve any plan for internal audit for the year 2011-12 and also did not initiate action for conducting audit of a single unit despite approved plan of 51 units for the year 2012-13.
Impact of Audit	We conducted Audit on Levy and collection of stamp duty and registration fees during the period April to July 2013, which revealed number of deficiencies relating to non/short realisation, irregular exemption from payment of stamp duty, non realisation of stamp duty due to lack of co-ordination with other Departments, non revision of cases decided by District Registrars, inordinate delay in disposal of cases referred to District Registrars, non adherence of Chhattisgarh market value guidelines, registration of documents with the support of fabricated revenue records and other irregularities.
Our conclusion	We observed that lack of co-ordination among Industries, Energy and Commercial Tax

(Registration) Departments led to registration/acceptance of documents without realisation of proper stamp duty and registration fees. Registration of documents through under valuation of property, lack of clarification in the criteria of main road, issue of exemption certificates in contravention of the provision of the Industrial Policy etc. also led to non/short levy of stamp duty and registration fees. Revisions of the cases decided by the District Registrars as provided in the Indian Stamp Act were not followed. There was inordinate delay in disposal of pending cases and inadequate follow up for early finalisation of Revenue Recovery Certificate cases. The internal control mechanism was not adequate due to lack of regular internal audit, inadequate inspection and spot verification by District Registrars and Sub Registrars respectively.

3.1 Impact of Audit

Status of compliance to Inspection Reports (2012-13):

We conducted test check of records of 38 units relating to the Commercial Tax (Registration) Department during the year 2012-13 and found non/short levy of stamp duty and registration fees, inordinate delay in disposal of cases referred to District Registrars and other irregularities amounting to ₹ 81.13 crore in 193 cases which fall under the following categories:

(₹ in crore)

Sl. no.	Category	No. of cases	Amount
1	“Levy and collection of stamp duty and registration fees”- A review	1	80.40
2	Non/short levy of stamp duty and registration fees due to undervaluation of properties, misclassification of instruments.	170	0.62
3	Inordinate delay in disposal of cases	7	0.07
4	Other irregularities	15	0.04
	Total	193	81.13

During the year, the Department accepted underassessment of ₹ 52.65 lakh in 73 cases, which were pointed out in 2012-13.

The deficiencies noticed in Audit of **Levy and collection of stamp duty and registration fees** involving financial effect of ₹ 80.40 crore are mentioned in the succeeding paragraphs.

3.2 Levy and Collection of Stamp Duty and Registration Fees

Highlights:

- There was non realisation of stamp duty and *janpad shulk* of ₹ 67.63 crore due to lack of co-ordination with public offices.

(Paragraph 3.2.12)

- Incorrect issue of exemption certificates to industries led to non levy of stamp duty of ₹ 4.65 crore.

(Paragraph 3.2.13)

- Inaction on the part of the Sub Registrars to classify the instruments as per recitals led to short levy of stamp duty and registration fees of ₹ 1.17 crore.

(Paragraph 3.2.22)

- There was short realisation of stamp duty of ₹ 22.49 lakh due to irregular reduction in stamp duty allowed by the Sub Registrars to woman/women executants.

(Paragraph 3.2.23)

- Inaction on the part of the Sub Registrars to determine the market value of diverted land correctly led to short levy of stamp duty and registration fees of ₹ 40.56 lakh.

(Paragraph 3.2.26)

- Inaction on the part of the Sub Registrars to determine the market value in accordance with the rates envisaged in Chhattisgarh Market Value Guidelines led to short realisation of stamp duty and registration fees of ₹ 1.02 crore.

(Paragraph 3.2.27)

- There was non levy of the *janpad shulk* of ₹ 2.30 crore on amalgamation of companies as well as non realisation of stamp duty of ₹ 1.83 crore paid in other State.

(Paragraph 3.2.31)

3.2.1 Introduction

Commercial Tax (Registration) Department is one of the major revenue earning Department of the State. The contribution of the stamp duty and registration fees to the total tax revenue of the State during the last five years ranged between 7.31 and 8.73 *per cent*. The receipts from stamp duty and registration fees are the major sources of revenue for the Government. Stamp duty is leviable on the execution of documents and registration fees is payable at the prescribed rates at the time of registration of the documents. Further *Janpad shulk* at the rate of one *per cent* of the market value, *Nigam shulk* at the rate of one *per cent* of market value (if the properties were situated in *Nagar Nigam* area) and cess at the rate of five *per cent* of the leviable stamp duty is also leviable in the form of stamp duty. Under the Industrial Policies (IP) promulgated from time to time by the Government, industrial units are granted exemption from payment of stamp duty on fulfilment of certain terms and conditions. The Government also granted concession from payment of stamp duty on transfer of properties in favour of women.

3.2.2 Organisational set up

The Commercial Tax (Registration) Department is headed by the Secretary at Government level and the Inspector General of Registration cum Superintendent of Stamps (IGR) is head of the Department, who is assisted by two Deputy IsGR, 10 District Registrar cum Collector of Stamps (DR) and 88 Sub Registrars (SR).

3.2.3 Scope of Audit

We had conducted Audit of Levy and collection of Stamp duty and Registration fees in 2006-07 which featured as para 4.2 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2007, highlighting non/short levy of stamp duty, misclassification of instruments, inordinate delay in disposal of cases, etc.

For the present **Audit of Levy and collection of stamp duty and registration fees** we conducted test check of the records for the period 2008-09 to 2012-13. The office of IGR, three DRs¹ and 21 SRs² were selected on simple random sampling basis with a view to evaluate the efficiency and effectiveness of Department in enforcing the system and procedure prescribed for levy and collection of stamp duty and registration fees. These 21 units of SRs account for 74.10 *per cent* of the total stamp duty and registration fees of the State during 2008-09 to 2011-12. Further the information/documents involving stamp duty and registration fees were collected from the offices of Industries Department, Chhattisgarh State Industrial Development Corporation (CSIDC) and Chief Electrical Inspector (CEI) and were cross verified with the records of the Commercial Tax (Registration) Department. The Audit was conducted between April and July 2013. The Audit revealed number of

¹ Durg, Raigarh and Raipur

² Abhanpur, Ambikapur, Arang, Balodabazar, Bhatapara, Bilaspur, Bilha, Champa, Dhamtari, Durg, Jagdalpur, Janjgir, Kanker, Kawardha, Korba, Mungeli, Mahasamund, Patan, Rajnandgaon, Raigarh and Raipur

system/compliance deficiencies which are discussed in the succeeding paragraphs.

3.2.4 Audit objectives

The Audit was conducted to ascertain:

- Whether the Department had adequate system in place to ensure levy and collection of Stamp duty and Registration fees in accordance with the prescribed provisions of Acts/Rules/procedures etc;
- Whether exemptions/concessions were allowed as per the Rules/provisions of Acts; and
- Whether the Department had adequate internal control mechanism in place to ensure timely realisation of Stamp duty, Registration fees etc.

3.2.5 Audit criteria

The provisions of the following Acts, Rules and circulars of Commercial Tax (Registration) Department were used as audit criteria:

- The Indian Stamp Act (IS Act), 1899;
- The Registration Act (IR Act), 1908;
- Indian Stamp Rules, 1975;
- Chhattisgarh Market Value Guidelines (Guidelines) and
- Various notifications/orders issued by the Government/Department.

3.2.6 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation of the Commercial Tax (Registration), Industries and Energy Departments for providing requisite information and records to audit. The scope and methodology of audit was discussed with the Secretary, Commercial Tax (Registration) Department in an entry conference held on 5 June, 2013. The draft report was forwarded to the Government and the Department on 10 July 2013. The exit conference was held in August 2013 wherein the audit findings, conclusions and recommendations were discussed. The Government was represented by the Secretary, Commercial Tax (Registration) Department, whereas the Dy. IsGR represented the Department. The replies received during the exit conference and at other points of time have appropriately been included in the relevant paragraphs.

3.2.7 Trend of receipts from Stamp duty and Registration fees

Actual receipts from Stamp duty and Registration fees during the years 2008-09 to 2012-13 along with the total tax receipts of the State during the period are mentioned in the following table:

(₹ in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2008-09	520.00	495.59	(-) 24.41	(-) 4.69	6,593.72	7.52
2009-10	515.00	583.13	68.13	13.23	7,123.25	8.19
2010-11	650.35	785.85	135.50	20.83	9,005.14	8.73
2011-12	875.00	845.82	(-) 29.18	(-) 3.33	10,712.25	7.90
2012-13	950.00	952.47	2.47	0.26	13,034.21	7.31

(Source: Finance Accounts of Government of Chhattisgarh)

It may be seen from the above table that the actual receipts fell short by 4.69 and 3.33 *per cent* of the Budget Estimate (BE) during the year 2008-09 and 2011-12 respectively. The actual receipts increased to 13.23 and 20.83 *per cent* over the BE during the year 2009-10 and 2010-11 respectively. However, the percentage of variation of actual receipts over BEs during the year 2012-13 was negligible (0.26 *per cent*).

During the exit conference, the Government stated (August 2013) that increase in the revenue during the year 2009-10 and 2010-11 over BEs was due to increase in the number of registered documents and market value as well as registration of some high value documents of some industries.

3.2.8 Preparation of Budget Estimates

As per para 18 of Budget Manual, the Budget Estimates (BEs) of receipts should be based on the existing rates of taxes, duties, fees etc. and no increase or reduction in such rates which have not been sanctioned by Government should be proposed in the BEs. In the preparation of the budget, the aim is to achieve as close an approximation to the probable actual, as possible. This demands exercise of utmost foresight in estimating revenue. It is, therefore, necessary that all the items of revenue that can be foreseen should be allowed for. If the test of accuracy is to be satisfied, not merely should all items that could have been foreseen be provided for, but also only so much and no more, should be provided for as is necessary. Further para 58 of Budget Manual stipulates that the revised estimates are generally prepared by adding to the actual of the first five months of the current year, those of the last seven months of the previous year, or by assuming that the revised estimate for current year will bear the same proportion to the actual of the first five months as the actual in the previous year borne to those of the first five months of that year.

Finance Department (FD) had issued instructions to the Secretaries of various Departments that Budget Estimates (BEs) for ensuing year should be prepared taking into account of actual receipts of previous year and revised BEs of the current year. Actual Receipts (ARs) of last 12 months are to be considered for revision of BEs.

The comparison between BEs proposed by the Department and BEs approved by the Finance Department with the actual receipts during the year is mentioned below:

(₹ in crore)

Year	BEs proposed by the Department	BEs approved by the FD	BEs revised by the FD	Actual receipts (ARs)	Percentage of variation (column 2 to 5)
(1)	(2)	(3)	(4)	(5)	(6)
2008-09	478.75	549.23	520.00	495.59	3.52
2009-10	569.16	600.01	515.00	583.13	2.45
2010-11	561.13	561.13	650.35	785.85	40.05
2011-12	660.23	750.00	875.00	845.82	28.11
2012-13	950.00	1,000.00	950.00	952.47	0.26

(Source: Figures furnished by the Department)

It may be seen from the above table that the percentage of variation of the actual receipts to the BEs proposed by the Department was less than five *per cent* during the year 2008-09, 2009-10 and 2012-13 respectively, but the same was higher than 40 and 28 *per cent* during the year 2010-11 and 2011-12 respectively which indicated improper preparation of BEs. The above variation could have been reduced, had the Department prepared the BEs taking into account actual receipts of previous year and the guideline issued by the Finance Department.

During the exit conference, the Government stated (August 2013) that the actual receipts during the year 2010-11 and 2011-12 increased due to registration of some unanticipated documents pertaining to sale of mega industries. Further, the Government stated that a mechanism has since been introduced to monitor the trend of receipts on quarterly basis.

We recommend that the Government should ensure preparation of BEs in accordance with the provisions of Budget Manual and guidelines issued by the Finance Department.

3.2.9 Arrears of revenue

The arrears of revenue with respect to Stamp duty and registration fees as on 31 March, 2013 amounted to ₹ 12.36 crore, of which ₹ 1.40 crore was outstanding for more than five years. The following table depicts the position of arrears of revenue during the period 2008-09 to 2012-13:

(₹ in crore)

Year	Opening balance of arrears	Addition during the year	Recovery made during the year	Closing balance of arrears
2008-09	3.06	1.02	0.39	3.69
2009-10	3.69	2.00	0.99	4.70
2010-11	4.70	3.46	2.72	5.44
2011-12	5.44	3.08	3.49	5.03
2012-13	5.03	11.92	4.59	12.36

(Source: Figures furnished by the Department)

It may be seen from the above table that the arrears increased to ₹ 12.36 crore at the end of March 2013 from ₹ 3.06 crore as on April 2008. Out of the above arrears, amount of ₹ 2.12 crore are still pending for decision in the court of law.

During the exit conference, the Government stated (August 2013) that the sudden jump in the arrears during the year 2012-13 was due to finalisation of 561 documents pending with the DRs, which remain unrealised. Further the Government assured that the target will be fixed for each DR to recover the dues in time and effective steps will be taken to minimise the arrears.

We recommend that the Department may take immediate steps for realisation of arrears of revenue, which are showing an increasing trend.

3.2.10 Lack of follow up of Revenue Recovery Certificates

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

During scrutiny of the *Dayara panji*³ maintained in three selected DRs, we noticed that in 661 cases, Revenue Recovery Certificates (RRCs) involving revenue of ₹ 8.40 crore were pending for recovery since 1989-90. But no follow up action was initiated by the DRs for recovery after issuing RRCs. Further the office of IGR also did not maintain any consolidated

records of these cases and no action for attachment of property and its disposal was initiated. In absence of monitoring mechanism, the Department could not recover the revenue amounting to ₹ 8.40 crore.

During the exit conference, the Government stated (August 2013) that no coercive action like court attachment, auction of property, etc. was taken previously to realise the revenue pending in RRCs. However, necessary action will be taken to realise the same and would be monitored at IGR level.

3.2.11 Internal Control Mechanism

3.2.11.1 Internal Audit

The Internal Audit (IA) of a Department is a vital arm of the internal control mechanism and is generally defined as the control of all controls to enable an organisation to assure itself that the prescribed systems are functioning reasonably well.

We observed that as against the sanctioned post of two Assistant Audit Officers, only one Assistant Audit Officer was posted since 2010-11 in the Internal Audit Wing (IAW). During the year 2008-09 to 2010-11, the IAW planned 101 units for internal audit against which it could conduct audit of 32 units only. Further, the Department had not approved any plan for audit for the year 2011-12. Though 51 units were planned for audit during the year

³

A register, in which cases relating to Revenue Recovery Certificates are recorded.

2012-13, none of the unit was audited. The year wise details of unit inspected by IAW are detailed below:

(₹ in crore)

Year	No. of units planned	Number of units inspected	No. of paras	Total no. of objected cases	Amount objected	No. of cases disposed of	Amount recovered	No. of pending cases
2008-09	40	16	49	142	0.86	4	0.004	138
2009-10	25	5	10	23	0.20	4	Nil	19
2010-11	36	11	21	61	0.13	12	0.04	49
2011-12	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2012-13	51	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(Source: Information furnished by the Department)

During the exit conference, the Government stated (August 2013) that provision has been made in the budget for sanction of additional manpower for IAW.

Para 469 of *Karyapalik Anudesh* of Registration Department provides that a District Registrar must inspect Sub Registrar's offices of his jurisdiction twice every year. Besides, he should also pay surprise visit to these offices. Further as per para 467 of Registration Manual, the Inspector General of Registration and Deputy Inspector General of Registration are also required to inspect the offices of District Registrar.

3.2.11.2 Inspections

We noticed that during the year 2008-09 to 2012-13, as against inspection target of 815 offices, only 232 offices were inspected by the DRs. Further, as against the target of 10 and 40 units, only four and 23 units were inspected by IGR and DIGR respectively. The year wise details are mentioned below:

Year	IGR		Dy. IsGR		DRs	
	Target	Inspected	Target	Inspected	Target	Inspected
2008-09	02	01	08	03	161	58
2009-10	02	01	08	02	175	51
2010-11	02	01	08	08	162	57
2011-12	02	01	08	07	144	27
2012-13	02	Nil	08	03	173	39
Total	10	04	40	23	815	232

(Source: Information furnished by the Department)

From the above fact, it is clear that the number of inspections conducted by IGR, DIGR and DRs ranged between zero and 50 per cent, 25 and 100 per cent and 18 and 36 per cent during the period 2008-09 and 2012-13 respectively. Thus, the number of inspections needs to be increased to cover the targets.

During the exit conference, the Government stated (August 2013) that instructions would be issued to the DRs to inspect the offices as per the norms.

3.2.11.3 Spot verification

As per Para 408 of Registration manual and the instructions issued by the Department in February 2004, the concerned Sub Registrar should verify the spot before registration as detailed below:

- The market value of the property more than or equal to ₹ 3 lakh in *Nagar Nigam* area (Bilaspur, Durg and Raipur).
- The market value of the property more than or equal to ₹ 2 lakh in *Nagar Nigam/ Nagar palika* area (except above)
- The market value of the property more than or equal to ₹ 1 lakh in other urban area.

Further, in case of sale of house, the spot verification is mandatory.

During scrutiny of the records of spot verification maintained in the office of 21 selected SRs we noticed that the norms were not followed by the SRs. Further, it was also noticed that the SRs had not properly maintained the details of spot verification. The details of total number of registered documents, spot verification actually done etc. by the SRs are mentioned below:

Year	Total no. of houses registered	Total no. of spot verification done	Percentage of verification	Total no. of registered document more than ₹ 1 lakh	Total no. of spot verification done	Percentage of verification	Remarks/ No. of SRs who did not furnished the details
2008-09	6,902	132	1.91	8,301	418	5.04	14
2009-10	12,374	271	2.19	7,587	451	5.94	12
2010-11	13,967	505	3.62	11,089	700	6.31	12
2011-12	14,133	1,145	8.10	13,659	520	3.80	12
2012-13	14,673	1,308	8.91	14,388	681	4.73	11

(Source: Compiled from information furnished by the Department)

It may be seen that percentage of the spot verification of number of houses registered by the SRs ranged between 1.91 and 8.91 and that of total number of registered documents of more than ₹ 1 lakh ranged between 3.80 *per cent* and 6.31 *per cent*.

During the exit conference, the Government stated (August 2013) that either the old provision would be removed or the limit of the market value for spot verification would be enhanced.

The Government may consider prescribing suitable monitoring mechanism to ensure compliance of codal provisions/instructions on conducting of prescribed inspections/spot verification by designated officers.

3.2.12 Lack of co-ordination with the other Departments

Section 33 of the Indian Stamp Act provides that it would be obligatory on every public officer to impound cases which are unduly stamped and initiate action under Section 38 of the above Act. As per para 469 of *Karyapalik Anudesh*, the District Registrar is required to inspect the records of public offices twice in a year besides surprise inspections to see whether stamp duty was being paid correctly and the documents which require registration are submitted in Sub Registrar offices. As per Article 23 of Schedule 1-A of Indian Stamp Act, where an instrument relates to the amalgamation or reconstruction of companies under the order of High Court under Section 394 of the Companies Act 1956, the duty chargeable shall not exceed an amount equal to seven *per cent* of the market value of the property transferred which is located in the State of Chhattisgarh or an amount equal to 0.7 *per cent* of the aggregate of the market value of the shares issued or allotted in exchange or otherwise and the amount of consideration paid for such transfer, whichever is higher. The Government vide notification (July 2006) has fixed the maximum limit of such stamp duty upto ₹ 10 crore. Further, *janpad shulk* at the rate of one *per cent* is also leviable as conveyance.

It was noticed that Department has not fixed any target for the inspection of public offices by the DRs. During scrutiny of the exemption files of Energy Department and Industries Department, we observed that seven companies situated in the State were amalgamated/entered into lease agreement for management and running of business with other companies.

3.2.12.1 During scrutiny of the exemption files of Energy Department and Industries Department in March, 2012 and June 2013 we observed that six companies situated in the State were amalgamated with other companies as mentioned in the following table:

(₹ in crore)

Name of the High Court / month of order	Name of the Company (M/s)	Amalgamated/ transferred with the company (M/s)	Value of fixed assets (including liabilities)	Stamp Duty @ 7 per cent of fixed assets	Stamp Duty leviable (Max.)	Name of the office in which irregularity detected
Madhya Pradesh/ February 2010	Grasim Industries	Samrudhhi Cement Limited	462.06	32.34	10.00	Chief Electrical Inspector
Gujrat/ July 2010	Samruddhi Cement Limited	Ultratech Limited	462.06	32.34	10.00	Chief Electrical Inspector
Maharashtra/ November 2009	Corporate Ispat Alloys	Jayaswal Neco Industries Limited	408.51	28.60	10.00	Chief Electrical Inspector
Maharashtra/ November 2009	Abhijit Infrastructure Limited	Jayaswal Neco Industries Limited	145.70	10.20	10.00	Chief Electrical Inspector
Maharashtra/ February 2007	Chhattisgarh Electricity Co. Limited	Raipur Alloys and Steel Limited	249.48	17.46	10.00	Industries Department
Maharashtra/ February 2007	Raipur Gases (P) Limited					
Total			1,727.81	120.94	50.00	

As per the IS Act, stamp duty of ₹ 50 crore and *janpad shulk* of ₹ 17.28 crore was leviable in these six cases. However, further scrutiny in the office of the CEI, Industries Department and concerned DRs in June 2013 revealed that after being pointed out in Audit, the DRs had decided two cases in September 2012 levying stamp duty of ₹ 20 crore whereas notices have been issued in remaining four cases. It may therefore be seen that neither the companies paid the stamp duty nor the CEI and Industries Department, who have been declared as public offices⁴ for the purpose of IS Act, ensured payment of the stamp duty. The DRs also did not carry out the requisite inspection of public offices. Thus, due to lack of co-ordination with other Departments and in absence of monitoring mechanism for inspections of public offices, substantial amount of revenue of ₹ 67.28 crore remained undetected.

As per Section 17 of the Registration Act, 1908, the instrument having lease period of more than 12 months are to be registered compulsorily. Stamp duty is charged on such instruments at the rates prescribed in Schedule 1-A of the Indian Stamp Act. Registration fees is also leviable at three fourth of the leviable stamp duty.

3.2.12.2 Scrutiny of exemption files in the office of the CEI revealed that M/s Ind Power Limited (lessor) entered into a lease agreement from October 2009 with M/s Ind Synergy Limited (lessee) for management and running of the business including land and structure with movables attached to the unit, all licenses, permits, benefits

⁴ Government Departments, Housing Board, Local Bodies, Corporation and Banks were declared as public office for the purpose of IS Act vide notification No. 196-six-SR-80 dated 20 March 1980.

etc. in relation to the industry at an annual lease rent of ₹ 5 crore till the merger of lessor and lessee is approved by Hon'ble High Court of Chhattisgarh or for three years, whichever is earlier. Further, the lessor had also agreed to transfer all rights relating to the management and running of business with effect from October 2009, including handing over the possession of the industry subject to deposit of security equivalent to lease rent for two years. As the period of lease was more than 12 months, therefore it should have been registered compulsorily and stamp duty of ₹ 20 lakh at the rate of four *per cent* of the annual rent and registration fees of ₹ 15 lakh at three fourth of the leviable stamp duty should have been recovered from the lessee. But the lessee executed the agreement by paying duty of only ₹ 50 without any basis. However, while accepting the lease agreement, the CEI neither insisted for payment of balance stamp duty and registration fees nor initiated any action for realising the same. The DR also did not conduct inspection of the public offices. This resulted in short levy of stamp duty and registration fees of ₹ 35 lakh.

During the exit conference, the Government stated (August 2013) that a mechanism would be developed to monitor the documents which would be presented in public offices. Further, the Government stated that instructions have been issued to the CEI and Industries Department for producing such documents before the DRs to realise the revenue. The instructions will be issued to the DRs also for inspection of the public offices periodically and a quarterly meeting will be conducted to monitor the inspections of public offices made by the DRs.

We recommend that the Government may consider taking appropriate measures to ensure periodical inspection of public offices and necessary coordination with other Departments for realising the stamp duty.

3.2.13 Irregular exemptions under Industrial Policies

As per the Industrial Policy (IP) 2009-14, Medium, Large industrial units, Mega projects, Ultra Mega projects who have possessed Industrial entrepreneur Memorandum License before the appointed date of 1 November 2009 or have entered Memorandum of Understanding (MoU) with the State Government and validity thereof has not yet elapsed and has been granted exemption certificate under IP 2004-09 but not commenced the commercial production till 31 October 2009, shall be eligible for opting to avail subsidy/exemption/concession of stamp duty on commencement of commercial production till 31 October 2010.

Under the Industrial policies promulgated from time to time by the Government, industrial units are granted exemption from payment of stamp duty on fulfilment of certain terms and conditions. Such incentives are payable upto a specified period and unit is eligible for receipt of incentives under a particular policy according to the date of investment of fixed capital. The Industries

Department issues the exemption certificates and the Commercial Tax (Registration) Department allows the exemption from payment of stamp duty on production of such certificate.

Scrutiny of exemption files in Industries Department revealed that the Industries Department had issued the exemption certificates from payment of stamp duty for land measuring 2,339.548 hectare to nine companies between December 2007 and July 2010 on execution of sale/lease deed of the land. All these certificates were issued under the IP 2004-09. As per the terms and conditions mentioned in these certificates, these companies were required to purchase the land within six months from the date of issue of certificates. The IP 2009-14 was in force at the time of extended validity of these certificates, in which medium, large industrial unit and mega projects⁵ were eligible for exemption under IP 2004-09 on commencement of commercial production upto 31 October 2010.

3.2.13.1 While cross verifying with the instruments registered in the Registration Department, we observed that these companies had purchased the land and the concerned SRs allowed the exemptions from payment of stamp duty as mentioned below:

Sl. no.	Name of company	Exemption certificate issued (month)	Exemption allowed for total area (hec.)	Validity of exemption certificate extended (in month)	Total land purchased (in hec.)				
					2007-08	2008-09	2009-10	2010-11	2011-12
1	M/s Athena Chhattisgarh Power Private Limited	February 2009	477.350	Nil	Nil	3.678	8.320	Nil	Nil
2	M/s Shri Bajrang Power and Ispat Limited	April 2010 and July 2010	182.763	April 2011	Nil	Nil	Nil	6.304	Nil
3	M/s D.B. Power Private Limited	February 2009 and August 2009	306.588	February 2010 and February 2011	Nil	5.508	14.960	1.923	27.060
4	M/s Emami Cement Limited	February 2008	201.265	April 2011	39.070	20.346	Nil	18.119	Nil
5	M/s Fortune Metalics Limited	January 2009	9.328	Nil	Nil	Nil	Nil	0.975	Nil
6	M/s Vandana Ispat	April 2008 and March 2010	234.356	Nil	Nil	0.846	17.742	9.402	0.405
7	M/s Vandana Vidyut Limited	December 2007, February 2008 and January 2010	326.819	January 2011	Nil	3.558	Nil	Nil	Nil
8	M/s Visa Power Limited	June 2008, July 2008 and March 2010	400.779	March 2011	Nil	0.997	16.240	Nil	Nil
	Total		2,139.248		39.070	34.933	57.262	36.723	27.465

⁵

Medium industrial unit means Industrial enterprises whose capital investment in plant & machineries not exceeded ₹ 10 crore, Large Industrial units means Industrial enterprises whose capital investment in plant & machineries exceeded ₹ 10 crore but not exceeding ₹ 100 crore, Mega projects means an industrial enterprise that had proposed fixed capital investment of more than ₹ 100 crore but not exceeding ₹ 1000 crore and Ultra mega projects means an industrial enterprise that had proposed fixed capital investment of more than ₹ 1000 crore.

Since these companies failed to purchase the entire land within the stipulated time and could not commence commercial production within the period prescribed under IP 2009-14 i.e. 31 October 2010, these were not eligible for exemption from the stamp duty.

As per the Indian Stamp Act, stamp duty of ₹ 1.96 crore was leviable in these cases as detailed below:

(₹ in lakh)

Year	Total land purchased by the industries	Total market value of the properties	Rate of duty (per cent)	Leviable stamp duty
2007-08	39.070	201.75	8.875	17.91
2008-09	34.933	236.83	8.875	21.02
2009-10	57.262	496.03	7.825	38.81
2010-11	36.723	874.71	7.3	63.85
2011-12	27.465	802.18	6.775	54.35
Total	195.453	2,611.50		195.94

3.2.13.2 Similarly, the following industries had also executed the lease agreements and the concerned SRs allowed the exemption from payment of stamp duty as mentioned below:

(₹ in lakh)

Sl. No.	Name of industry	Exemption certificate issued (month)	Document no./ date	Total area in hectare	Value of the lease hold land	Leviable stamp duty @ 6.5 per cent
1	M/s D.B. Power Private Limited	December 2009	1071/ 19.02.2010	29.22	206.50	13.42
2	M/s GMR Energy Limited	December 2009	1459/ 16.12.2009	171.08	3,934.35	255.73
Total				200.30	4,140.85	269.15

The concerned SRs granted exemption from payment of stamp duty without scrutinising the validity of the exemption certificate issued by the Industries Department. Thus issue of exemption certificates by the Industries Department beyond 31 October 2010 and inaction on part of the SRs to scrutinise the same not only led to non-realisation of stamp duty of ₹ 2.69 crore but also resulted in extension of undue benefit to the companies.

During the exit conference, the Government accepted the audit observations and informed that as the matter related to the Industries Department, the same would be referred to them for taking appropriate action. However, a monitoring mechanism would be developed to monitor the exemption cases. Also the guidelines related to implementation of industrial policies would be issued to the SRs.

We recommend that the Government may ensure proper coordination between Industries Department and Commercial Tax (Registration)

Department regarding the fulfilment of norms of Industrial Policies before allowing exemption of stamp duty.

3.2.14 Non-monitoring of purchase of land and commencement of commercial production

As per the condition of exemption certificate issued by the Industries Department, the industries should commence the commercial production within five years from the date of issue of the exemption certificate. Further the company is required to submit a copy of registered instrument to the Industries Department and failure to comply with the conditions mentioned in the certificate, the company is liable to pay exempted amount of stamp duty with interest at the rate of 12.50 *per cent* per annum.

During scrutiny of exemption files of the Industries Department and exemption registers of the selected SRs, we noticed that the Department had no information regarding the status of commencement of commercial production of the companies to whom the exemption were issued. Further the copy of the requisite instruments which were required to be submitted by the company to the Department was not submitted. In absence of such records, the Industry Department could not ascertain

the utilisation of exemption certificate within the stipulated time. Neither the Industries Department nor the Registration Department initiated any action to collect such information/instruments.

The above facts indicate that monitoring mechanism was lacking in the Department to ensure that the benefit of exemption was allowed to such industries which had fulfilled the objectives of the policies.

During the exit conference, the Government stated (August 2013) that the records of exemption would be verified and a mechanism would be introduced to monitor the commencement of the commercial production.

We recommend that the Government should devise a mechanism ensuring submission of information/instruments for adherence of conditions of exemption of stamp duty.

3.2.15 Non-revision of the cases decided by DR

As per Section 47A (4), of Indian Stamp Act, any person aggrieved by an order of the District Registrar under sub Section 2 and 3 of Section 47A of the Act, may appeal against such order in the prescribed manner to the Commissioner of the Division or officer so appointed by the State Government. Further, Para 216 of the *karyapalik anudesh* stipulate that the District Registrar shall forward a copy of the decision to the District Collector. The Collector shall take up the revision and if required, order the Sub Registrar for appeal within 30 days.

During scrutiny of the order passed between March 2012 and March 2013 in referred cases by the DRs under Section 47A of IS Act revealed that the market value of properties was reduced between 8.06 and 75.96 per cent than the market value proposed by the SRs as detailed below:

(₹ in lakh)

S. No.	Name of DR	No. of cases	Period of execution between	Value proposed by SR	Stamp duty/ RF* leviable	Value decided by DR	Stamp duty/ RF levied	Difference in stamp duty/ RF
1	Ambikapur	8	December 2010 and June 2012	262.96	21.20	127.92	9.97	11.23
2	Durg	13	March 2012	2,498.07	203.67	1,449.24	117.54	86.13
3	Mungeli	1	May 2012	33.66	2.71	8.09	0.65	2.06
4	Rajnandgaon	12	July 2012 and March 2013	416.15	33.54	277.58	22.22	11.32
5	Raipur	7	March 2012 and April 2012	422.24	36.22	316.68	27.17	9.05
	Total	41		3,633.08^a	297.34	2,179.51	177.55	119.79

*Registration Fees

It may be seen from the above table that DRs decided the market value of the properties which was lower than the market value proposed by SRs and the reduction was to the extent of 8.06 to 75.96 per cent. Scrutiny of the cases revealed that in 16 orders issued between March 2012 and September 2012, the reduction was allowed to a particular person in more than one instruments in the same area. The orders of DRs except DR Raipur were found endorsed to the Collectors. However we did not come across any case where the appeal was filed before the Chief Controlling Revenue Authority (CCRA). Further it was also revealed that none of the decision was challenged by these five SRs

6

(Amount in ₹)

Year	Market value	Rate of duty (Male/Female)	Leviable duty	Levied
2010-11	38,66,908	8.3% (M)	3,20,955	2,33,387
2011-12	25,75,66,200	7.775% (M)	2,00,25,772	1,20,90,877
2011-12	5,03,00,700	5.675% (F)	28,54,565	18,16,320
2012-13	1,13,12,400	6.2% (F)	7,01,369	3,11,605
2012-13	4,02,61,849	7.25% (M)	29,18,986	15,57,689
	36,33,08,057		2,68,21,648	1,60,09,878

with the permission of the Collector. Though all the orders passed by the DRs were endorsed to the Department also, but the Department had also not initiated any action for filing an appeal before the CCRA.

During the exit conference, the Government stated (August 2013) that the cases will be re-examined and necessary action will be taken if the orders of DRs are not found in order. It was further stated that if the reduction allowed by the DRs is more than 10 *per cent* of the market value then such cases will be reviewed periodically. It was also stated that mechanism will be put in place to monitor the decisions of the DRs.

We recommend that the Government may take necessary steps to review the orders finalised by DR in the interest of revenue.

3.2.16 Absence of clear provisions and criteria of main roads in guideline

As per clause 9 of the Form III of Chhattisgarh Market Value Guidelines, value of the land located near the National Highway, State Highway and District Road (WBM road) should be increased by 30, 20 and 10 *per cent* respectively. This clause is not applicable when the market rate for the land adjacent to the above mentioned road has been declared separately in the guidelines *ibid*.

3.2.16.1 During the test check of instruments registered in five⁷ SRs, we found that in nine instruments, the properties were situated on WBM⁸ road as per supporting evidence *viz patwari* report as mentioned below:

Sl. No.	Name of SR	Document No./ Date	Seller	Purchaser	Description of property	Area
1	Arang	1146/ 05.10.2012	Misal	Sujit Kumar	Vill-Bhatiya, Phn- 39	0.81 hec
2	Arang	1150/ 08.10.2012	Budhara, Lekhapal	Sujit Kumar	Vill-Bhatiya, Phn- 39	4.31 hec
3	Durg	577/ 24.04.2012	Rishidev	P. Lakhmi	Vill- Dargaon, phn 3,Dhamdha	2.27 hec
4	Durg	578/ 24.04.2012	Rishidev	P.N.K. Mohan	Vill- Dargaon, Phn -3,Dhamdha	2.03 hec
5	Kanker	1496/ 18.03.2013	Kulwant	Narayan	Vill-Madra Darha	0.80 hec
6	Mungeli	2940/ 20.03.2013	Ganesh Ram	Sughari Bai	Vill- Khamhariya Phn 40	1.966 hec.
7	Raigarh	3931/ 05.11.2012	Kishan Agrawal	Himalaya Infratech	Vill-Natwarpur, Phn 17/34	7.718 hec
8	Raigarh	3932/ 05.11.2012	Ramesh Agrawal	Himalaya Infratech	Vill -Natwarpur, Phn 17/34	8.013 hec
9	Raigarh	3933/ 05.11.2012	Vishnu Agrawal	Himalaya Infratech	Vill -Natwarpur, Phn 17/34	8.094 hec.

⁷ Arang, Durg, Kanker, Mungeli and Raigarh

⁸ Water Bound Mecadum

Further scrutiny of Chhattisgarh Market Value Guidelines (guidelines)⁹ revealed that the Central Valuation Board did not approve the market rate for the properties adjacent to the National Highway, State Highway and District road (WBM road) separately and approves the separate rates for main road instead of the above mentioned road in each case. However, the criteria of the main roads were not defined in the guidelines. Thus, due to absence of criteria of the main road in the guidelines, SR valued the land by treating it as off the road and increased the rate by 10 per cent. Since the market rate for adjacent to the main road were decided separately in the above mentioned guidelines for these areas, the valuation should have been determined as per the rate prescribed for the land adjacent to the main road. Accordingly, market value of these properties would be ₹ 5.78 crore¹⁰ on which stamp duty and registration fees of ₹ 39.96 lakh was leviable. However, the SRs determined the market value of these properties at ₹ 3.61 crore by increasing 10 per cent in the market value treating the same as off the road and levied stamp duty and registration fees of ₹ 24.67 lakh. Thus, in absence of criteria of the main road in the guideline, the Government could not realise the stamp duty and registration fees of ₹ 15.29 lakh.

During the exit conference, the Government stated (August 2013) that the criteria of the main roads will be defined.

As per clause 10 of Form III of Chhattisgarh Market Value Guidelines, the valuation of land upto the depth of 46 meters from the main road shall be valued adjacent to the main road. But if any purchaser purchases the land more than the depth of 46 meters adjacent to the main road, then the entire value shall be determined as adjacent to the main road.

3.2.16.2 The market value guideline stipulates that valuation of land upto the depth of 46 meters from the main road shall be valued as adjacent to the main road, but it is silent when the same property is registered in two consecutive documents on the same day with the intention to avail the benefit

of clause 10 of the guideline i.e. one part (adjacent to main road) at higher rate and other part as off the road at lower rate.

Scrutiny of four instruments registered in the office of SRs, Durg, Janjgir and Raipur revealed that the value of the property was decided as off the road as mentioned in the following table:

⁹ Chhattisgarh Market Value Guideline: The rates and clauses in the Form I, II and III approved by the Central Valuation Board for determination of market value of the properties are mentioned in the guideline.

¹⁰ Calculation has been made as adjacent to main road

Sl. No.	Name of SR	Document No./ Date	Seller	Purchaser	Description of property	Area	Document No./Date adjacent to the previous land
1	Durg	11171/01.03.2012	Seema	Pratik	Vill- Anda, kh. no.1363/6	0.18 hec.	11185/01.03.2012 kh. no. 1363/5
2	Durg	15685/12.03.2013	Basant	Pemendar	Vill- Utai kh. no. 84/3, 91	0.79 hec.	15684/12.03.2013 kh. no. 90,133
3	Janjgir	3836/21.03.2013	Krishna bai	Sweta Singh	Vill- Arasmeta ,kh. no. 426/1,2	0.619 hec	3838/21.03.2013 kh. no. 426/1
4	Raipur	8049/29.03.2013	Purushottam Patel	Silkwood Furniture Private Limited	Ward 27, Mowa, kh. no. 89/2, 90/2	425.83 sq. m.	8048/20.03.2012 kh. no. 89/2, 90/2

As per the guideline, the value of the properties was ₹ 1.65 crore¹¹ on which stamp duty of ₹ 12.13 lakh and registration fees of ₹ 1.32 lakh was leviable. However, in absence of provision for determination of market value of property when the same property is registered in two consecutive documents on the same day, SR determined the market value at ₹ 80.02 lakh treating as off the road and levied stamp duty of ₹ 5.73 lakh and registration fees of ₹ 63,734.

During the exit conference, the Government stated (August 2013) that the cases would be reviewed and appropriate action would be taken.

We recommend that the Government may consider incorporating clear provision and criteria of main roads, registration of documents where one purchaser purchased the land from one seller and executed the documents in two separate parts in the guideline regarding determination of market value of the property to safeguard the revenue.

3.2.17 Absence of provision in the guideline when the properties were sold by more than one vendor in a single document

As per clause 1 of Form I of Chhattisgarh Market Value Guideline, the market value of the agricultural land in urban areas shall be calculated on slab basis if the area is equal to or less than 0.243 hectares. Further, if total area of land exceeds 0.243 hectare in one instrument having more than one *khasara*, then the valuation should be determined on the basis of hectare rates.

During scrutiny of the instruments registered by SR Raipur, we found that through an instrument registered in April 2012; land was purchased from two vendors. The individual property of each vendor was below 0.243 hectare. Since each vendor had a separate *khasara* and *Rin pustika* for his piece of land, each property should

¹¹ Calculation has been made as adjacent to main road

have been valued separately. However, the executants clubbed the properties of both the vendors by which the area in each document exceeded the limit of 0.243 hectare and valuation was done on hectare rate.

As per the guidelines, the market value of these properties mentioned in this instrument was ₹ 85.29 lakh on which stamp duty of ₹ 6.18 lakh and registration fees of ₹ 68,381 was leviable at slab rates. However, in absence of clear cut provisions in the guideline regarding determination of market value of the land in such case when one purchaser executed a single document for the land purchased from more than one seller having separate *Rin pustika* and *khasara*, the SR determined the market value of these properties as ₹ 16.75 lakh and levied stamp duty of ₹ 1.22 lakh and registration fees of ₹ 13,545. Thus, due to absence of clear provision regarding valuation of property executed in single documents for such property purchased from more than one seller, the Government could not realise the stamp duty and registration fees of ₹ 5.51 lakh.

During the exit conference, the Government stated (August 2013) that action would be taken after verification of these documents. Further reply has not been received (November 2013).

We recommend that the Government may consider issuing clarification regarding determination of market value when land is sold by more than one vendor in a single document.

Similar para featured in Audit Report (Revenue Sector) for the year ended 31 March 2012 under Para No. 3.14. The Department in their Explanatory/Departmental notes had intimated that the cases pointed out by Audit are pending with DR for decision.

3.2.18 Supply and distribution of stamps

The IGR cum Superintendent of Stamps is the chief controlling officer of stamps in the State. As per the provisions of Revised Rules for Supply and Distribution of Stamps, 1981, IGR is required to indent for the stamps.

The indent shall show in separate columns for all denominations of stamps irrespective of whether a supply is required or not:-

- Opening stock at the time of last indents, supplies received since then, total sales (during the preceding quarter including issues to Branch Depots) and other issues and closing balance on the 1st of month in which the indent is due for submission;
- The quantity due against previous indent pending for compliance;
- The quantity required for the next quarter and
- The quantity passed by scrutinising officer.

The Indent is sent to the Central Stamp Store, Nasik and Hyderabad. The District Treasury Officer, Raipur who has been declared as the Nodal Officer for this purpose receives the stamps and distributes the stamps to the vendors and other treasuries situated in the State.

The position of indent issued, stamp received and distributed are as mentioned in the following table:

(₹ in crore)

Year	Opening balance	Indent by IGR	Stamps Received during the year	Distributed to the treasuries	Closing stock	Receipt from sale of stamps (excluding receipt from franking machine)
2008-09	92.37	787.31	459.34	407.83	143.88	385.14
2009-10	143.88	670.26	767.74	555.32	356.30	453.71
2010-11	356.30	202.46	621.73	535.98	442.05	606.29
2011-12	442.05	527.08	311.56	584.03	169.58	703.69
2012-13	169.58	1,259.75	1,192.34	957.06	404.86	766.52

(Source: Information furnished by Department and Nodal Officer)

It may be seen from the above table that the total receipts from sale of stamps during the year 2008-09 to 2012-13 increased between nine and 33 *per cent*. Further the closing stocks of the stamps with the Nodal Officer also continuously increased. However, the IGR without considering the closing stock and pending of indent with the Central Stamp Store issued fresh indent for the stamps. As a result, at the end of March 2013 stamps valuing ₹ 404.86 crore were lying with the Nodal Officer. This indicates that utilisation of stamps was not being monitored properly and indents were issued without assessing the requirement.

In order to avoid blockage of funds, the Government may consider introducing a mechanism for periodical monitoring of utilisation of stamps.

3.2.19 Sale of stamps

As per Rule 25 of Chhattisgarh Stamp Rule 1942, there shall be two classes of vendors, Ex-officio Vendor and Licensed Vendor. The Treasury Officer and SR shall be deemed to be ex-officio vendors and the Collector may grant a licence for vend of stamps to any person or class of persons as deemed fit by the Collector. The licensed vendor shall obtain stamps on cash payment from ex-officio vendors of any local branch and branch depots situated in the district for which his licence is granted. The licensed vendor shall keep a register of impressed sheet sold to the public and also maintain a register of his daily transaction. The stock, sale and reconciliation of stamps kept with the Nodal Officer shall be verified by the Collector, Commissioner and Director of Treasury and Accounts from time to time. The sale account of stamps kept with the licensed vendor will be verified by the concerned DRs.

The Department has issued the following instructions to avoid the use of forged/fake stamps:

- Name of the State and serial number are to be printed on the stamps;
- The Ex-officio vendor shall issue the stamps with the seal and signature of the competent authority;
- Name of the licensed vendor is to be noted on the stamps and
- The records of licensed vendors are to be verified by the SRs and DRs periodically and at the end of financial year, the licensed vendor also submit its records to the concerned SR.

Further, as per Chhattisgarh Stamp Rule, 1942, licensed vendors shall obtain stamps on cash payment (less discount hereinafter prescribed from ex-officio vendors of any local and branch depots situated in the district for which licence is granted). Every vendor shall endorse on the back of each impressed sheet sold by him to public, the serial number, the date of sale, value of stamps in full words, name and address of the purchaser, purpose for purchasing of stamps with consideration and shall affix his legible signature to the endorsement along with a rubber stamp of his name and place of sale. At the same time, he shall make corresponding entries in sale register. Every vendor shall keep a register of impressed sheet sold to the public in form D in Appendix III. Further, if the purchaser is literate he shall be invited to sign the endorsement on the stamp and entry in the register; and if illiterate the imprint of his left thumb impression shall be taken. Every vendor shall allow any DR or SR or any revenue officer not below the rank of *Naiib* Tahsildar or any official duly authorised in that behalf by the Collector or State Government at any time to inspect his register of sales and to examine his licence and the stock of stamps in his possession.

Scrutiny of the instruments registered in all the selected SRs revealed that the documents were prepared in two copies. After registration of the instruments, the original copy of the instruments which was prepared on the stamps are returned to the executants. The SRs keeps the certified (second) copy of these instruments on which name of licensed vendor, serial numbers of sale register with denomination are noted. We verified the sale registers of 42 licensed vendors in all 21 selected SRs and found that the entries mentioned in the certified copies of instruments as well as the documentation on instruments was as per the instructions issued by the Department.

3.2.20 Inordinate delay in disposal of cases

As per Section 47 A of Indian Stamp Act, if the registering authority, while registering the instruments has reason to believe that the market value of the property which is subject matter of such instruments has not been set forth truly, he shall before registering such instrument refer the same to the Collector of Stamps for determination of the market value of such property. As per Inspector General of Registration's instructions issued in September 2003, the cases referred to the District Registrar for determination of market value under Section 47 of Indian Stamp Act, are to be finalised within a period of 90 days.

During scrutiny of returns submitted (March 2009 and March 2013) by DRs to IGR, we noticed that 13,166 documents were referred between April 2008 and March 2013 by SRs to DRs for determination of market value of the properties mentioned in the documents. However, at the end of March 2013, 1,424 cases were still pending for the

decision. The IGR had not maintained any detailed records about the cases pending with DRs for decision. As per the *Dayara panji* maintained in three selected DRs, these cases were pending since 2001-02. Further we also noticed that though the returns were timely submitted by the DRs to IGR, but

the Department did not initiate any action for prompt settlement of these pending cases. From the above, it is clear that though the monitoring mechanism existed in the Department but proper checks were not applied by higher authority for disposal of pending cases. As a result, the Government could not realise revenue of ₹ 12.63 crore.

During the exit conference, the Government stated (August 2013) that the district-wise cases would be monitored separately. It was further stated that target would be fixed for disposal of the cases within the period of four to six months.

Similar para (Para no. 5.4) featured in the report of the Comptroller and Auditor General of India for the year ended 31 March 2006. The Public Accounts Committee had recommended (November 2009) that necessary action should be taken against concerned DRs. However, we noticed that similar irregularities still persisted.

Compliance Deficiencies

3.2.21 Sale of land on the strength of fabricated record

As per Section 21 of the Registration Act, no non-testamentary document relating to immovable property shall be accepted for registration unless it contains a description of such property sufficient to identify the same. Further, under Section 82 of Registration Act, whoever intentionally makes false statements, delivers false copies or translations of documents, falsely personates another and abets anything, shall be made punishable with imprisonment for a term which may extend to seven years or fine or with both.

During scrutiny of the instruments registered by the SR, Korba, we found that a relinquishment deed was executed (September 2012) between Shri Digvijay Singh and M/s Sarvmangla Construction for the land measuring 2.754 hectare. Accordingly, Shri Digvijay Singh released all his rights to M/s Sarvmangla Construction, being a co-owner of the property. As per this relinquishment deed M/s Sarvmangla Construction had become the legal owner of the above mentioned land.

Subsequently in December 2012, Shri Sukhsai Paikara, who was the Director of M/s Sarvmangla Construction, had transferred the above mentioned land on lease to M/s Sarvmangla Construction (company) for 29 years and the company got the lease deed registered in December 2012. Since the land was already registered in the name of the company, the subsequent lease between Shri Sukhsai Paikara and M/s Sarvmangla Construction was not in order and raised doubt about the transaction. The record (*khasara*) was scrutinised in Audit, where we noticed that Shri Pyara Singh was the legal owner of the land since 1981. It is clear from above that both the relinquishment deed (registered in September 2012) and lease deed (registered in December 2012) had been registered with the support of fabricated revenue records. Thus, transfer of land on fabricated revenue record was punishable offence.

During the exit conference, the Government stated (August 2013) that the case would be reviewed and appropriate action would be taken. Further reply has not been received (November 2013).

3.2.22 Misclassification of instruments

As per Section 3(5) of the Indian Stamp Act, stamp duty is leviable on instruments as per their recital at the rates specified in Schedule I-A or prescribed by the Government through notifications on the market value of the property. The market value of the properties is determined with respect to the rates envisaged in Chhattisgarh Market Value Guideline. Further, according to Article 5 of Schedule I A of Indian Stamp Act, duty at the rate of two *per cent* on the market value of the land is leviable on agreement relating to the construction of a building on a land by a person other than the owner or lessee of such a land and having a stipulation that after construction, such building shall be held jointly or severally by them or that a part of it shall be held jointly or severally by them or the remaining part thereof shall be sold jointly or severally.

3.2.22.1 During scrutiny of the instruments registered by SRs, Dhamtari, Korba and Raipur we noticed that the SRs registered four instruments as Power of Attorney (PoA) between July 2009 and March 2012. Scrutiny of the recital of the PoA revealed that in one instrument, the executants of PoA authorised the person in whose favour it was executed for sale of the residential plots only for land admeasuring 10,995 sq.m. Further cross

verification with sale deeds registered by the same SR, revealed that the persons in whose favour the PoA was executed sold the land after construction of building upto plinth level. The fact was also clearly mentioned in the sale deeds. As such, the persons in whose favour PoA was executed sold the land after development.

Further, in three instruments, the legal holders of the land admeasuring 79,083 sq. m. had authorised the PoA to develop the land and construction of building and sale thereof.

Thus, the above instruments should have been classified as development agreements instead of PoA and two *per cent* stamp duty should have been levied on the market value of these properties. The market value of these properties was ₹ 14.87 crore on which stamp duty amounting to ₹ 29.74 lakh¹² and registration fees of ₹ 11.90 lakh were leviable. But the concerned SR registered the document as PoA and levied duty of ₹ 400 only. This resulted in short realisation of stamp duty and registration fee of ₹ 41.64 lakh.

3.2.22.2 During scrutiny of the instruments registered by the SR, Korba, we found that a document titled declaration was registered in September 2008 by the SR and levied stamp duty of ₹ 100. Further scrutiny of the recital of the

¹²

₹ 14,87,23,497 (market value) X 2 *per cent* = ₹ 29,74,470 (leviable stamp duty)

declaration revealed that the legal holder of the land had authorised another person/firm to construct and sale of buildings on the land. The above document should have been classified as development agreement and stamp duty at two *per cent* should have been levied on the market value of the land. Moreover the word 'declaration' has not been defined for the purpose of levy of stamp duty under the IS Act, and as such acceptance of the same by SR was not in order. This resulted in short levy of stamp duty and registration fees of ₹ 1.99 lakh worked out on the market value of property at ₹ 71.04 lakh.

3.2.22.3 During scrutiny of the instruments registered in the office of SRs, Jagdalpur, Kawardha and Raipur, we found that in nine instruments, the development agreements were registered between October 2008 and March 2012. Scrutiny of the recitals of these agreements revealed that the properties were transferred to the developer for development with predetermined consideration in the form of fixed money. Thus, the above documents should have been treated as conveyance and stamp duty and registration fees on conveyance should have been levied. The market value of the land was ₹ 8.24 crore on which stamp duty of ₹ 65.03 lakh and registration fees of ₹ 6.60 lakh should have been levied. But the concerned SRs registered the documents as development agreement and levied the stamp duty of ₹ 12.20 lakh and registration fee of ₹ 4.90 lakh. This resulted in short realisation of stamp duty and registration fee of ₹ 54.53 lakh.

3.2.22.4 Scrutiny of the instruments registered by two SRs¹³, we noticed that two instruments registered between July 2012 and November 2012 were classified as agreements for the sale of land admeasuring 0.677 hectare. Further scrutiny of these agreements revealed that the possession of the said property was given to the purchaser for a consideration of ₹ 94.50 lakh. Hence these agreements should have been classified as conveyance. The market value of these properties was ₹ 2.56 crore on which stamp duty of ₹ 15.99 lakh and registration fee of ₹ 2.05 lakh were leviable. However the SRs levied the stamp duty of ₹ 1.05 lakh and registration fees ₹ 93,158. This resulted in short realisation of stamp duty and registration fee of ₹ 16.06 lakh.

3.2.22.5 Scrutiny of the instruments registered in January 2013 by the SR Raipur revealed that the co-owner of the property had transferred his rights of the property with consideration to another co-owner of the property. Thus the instruments should have been treated as release deed. As per the Chhattisgarh Market Value Guidelines, the market value of the property was ₹ 68.34 lakh on which stamp duty and registration fee of ₹ 4.10 lakh was leviable. However, the SR levied the stamp duty and registration fees of ₹ 1.20 lakh treating the document as partition deed. This resulted in short levy of stamp duty and registration fee of ₹ 2.90 lakh.

During the exit conference, the Government stated (August 2013) that necessary action would be taken after verification of the documents. Further reply has not been received (November 2013).

¹³

Korba and Rajnandgaon.

3.2.23 Short levy of stamp duty on gift deed

As per Article 33 of Schedule I-A of Indian Stamp Act, the same stamp duty shall be leviable on gift deed as is levied on conveyance for a market value of the property which is the subject of the gift. Government vide notification issued in March 2008 and February 2012 reduced the rate of stamp duty to two *per cent* and one *per cent* respectively of the prevailing rates under Article 23 of the Act, in cases where the transfer of property was done exclusively in favour of woman. However, in the case of “Jwala Prasad V/s State of UP” (AIR 2005), the Hon’ble High Court of Uttar Pradesh had held that reduction of stamp duty on conveyance shall not be applicable to gift deeds.

During test check of instruments registered by 10 SRs¹⁴, we found that 51 gift deeds with market value of ₹ 12.58 crore were registered between September 2009 and March 2013. The SRs levied the stamp duty of ₹ 73.55 lakh on these gift deeds after allowing reduction as the instruments were executed in favour of the women. However, as per the decision of the Hon’ble High Court, the exemption

allowed by SRs was irregular and stamp duty amounting to ₹ 96.04 lakh was leviable. This resulted in short levy of stamp duty of ₹ 22.49 lakh.

During the exit conference, the Government stated (August 2013) that necessary action would be taken after verification of the document. Further reply has not been received (November 2013).

Similar para featured in Audit Report (Revenue Sector) for the year ended 31 March 2012 (para no. 3.11). The Department in their Explanatory/ Departmental notes had intimated that stamp duty amounting to ₹ 3 lakh was recovered in six cases and remaining eight cases were declared duly stamped by DR.

3.2.24 Short levy of stamp duty on sale of irrigated/irrigated bi-crop land

As per clause 6 of form III of Chhattisgarh Market Value Guideline, the market value of irrigated bi-crop land shall be determined by increasing the rate of irrigated land by 25 *per cent*. Further, an additional 25 *per cent* is to be added for commercial crop (mentioned in the guidelines) to the market value.

During test check of 16 instruments registered by nine SRs¹⁵, we noticed that in 10 instruments¹⁶, the land admeasuring 16.449 hectare was declared irrigated as per the attached revenue records. However, the

¹⁴ Ambikapur, Bhatapara, Dhamtari, Durg, Jagdalpur, Janjgir, Kawardha, Patan, Raigarh and Raipur

¹⁵ Abhanpur, Arang, Bhatapara, Champa, Mahasamund, Mungeli, Patan, Rajnandgoan and Raipur.

¹⁶ SRs Arang – 3 cases, Mungeli – 2 cases and Raipur – 5 cases

SR registered them as non irrigated land. In four instruments (SRs Abhanpur, Bhatapara, Champa and Patan), the attached *patwari* reports and records (*khasara and Rin Pustika*) declared the land admeasuring 5.684 hectare as irrigated bi- crop. However, the SRs registered them as irrigated land only and in two instruments (SRs Mahasamund and Rajnandgaon) involving land admeasuring 5.428 hectare, the SR did not consider the valuation of commercial crop for determination of market value.

As per the Chhattisgarh Market Value Guidelines, the market value of these properties was ₹ 4.23 crore¹⁷ on which the stamp duty of ₹ 28.03 lakh and registration fees of ₹ 3.41 lakh were leviable. However, the SRs determined the market value at ₹ 2.32 crore and levied stamp duty of ₹ 14.27 lakh and registration fees of ₹ 1.88 lakh. Thus, inaction on the part of SRs to determine the value of the properties on the basis of the available records resulted in undervaluation of properties by ₹ 1.91 crore and consequential short levy of stamp duty and registration fees of ₹ 15.29 lakh.

During the exit conference, the Government stated (August 2013) that necessary action would be taken after verification of the documents. Further reply has not been received (November 2013).

Similar para featured in Audit Report (Revenue Sector) for the year ended 31 March 2012 under para no. 3.10. The Department in their Explanatory/Departmental notes had intimated that stamp duty amounting to ₹ 20,000 was recovered in one case and remaining cases were pending with DR for decision.

3.2.25 Non-adherence to Chhattisgarh Market Value Guideline

As per clause 1 of Form I of Chhattisgarh Market Value Guideline, the market value of the agricultural land in urban areas shall be calculated on slab basis if the area is equal to or less than 0.243 hectares. As per clause 5 of Form III of the guideline *ibid*, if the land is less than or equal to 0.243 hectare in municipal area and less than or equal to 0.202 hectare in *nagar panchayat* areas and is adjacent to the land of the buyer and purchased for agricultural purpose, the market value of the land shall be determined at hectare rate basis. A certificate to the effect that the land under consideration in the document is adjacent to the land of the buyer shall be given by *Patwari*.

During scrutiny of seven instruments registered by four SRs¹⁸, we noticed that the land admeasuring 0.876 hectare involved in these documents was situated in municipal area/*nagar panchayat* area. Further, in every instrument the land was less than 0.243/0.202 hectare in municipal/*nagar panchayat* area. The location of the land

was adjacent to the land of the buyers was not mentioned in the certificates

¹⁷ Calculation made on hectare rate

¹⁸ Dhamtari, Durg, Kanker and Raipur

issued by *patwaris*. Accordingly valuation of the property should have been determined on slab basis, but the concerned SRs determined the value of these properties at hectare rates. As per the Chhattisgarh Market Value Guideline mentioned above, the market value of these properties worked out to ₹ 1.56 crore¹⁹ on which stamp duty of ₹ 10.89 lakh and registration fees of ₹ 1.26 lakh were leviable. However, the SRs determined the market value as ₹ 63.88 lakh and levied the stamp duty of ₹ 4.58 lakh and registration fees of ₹ 51,993. This resulted in undervaluation of the properties by ₹ 92.24 lakh and consequential short levy of stamp duty and registration fees of ₹ 7.05 lakh.

During the exit conference, the Government stated (August 2013) that necessary action would be taken after verification of the documents. Further reply has not been received (November 2013).

Similar para featured in Audit Report (Revenue Sector) for the year ended 31 March 2012 under para no. 3.9.3. The Department in their Explanatory/Departmental notes had intimated that the cases are pending with DR for decision.

3.2.26 Undervaluation of diverted land

As per clause 3 of the Form I of Chhattisgarh Market Value Guideline, if the diverted land is situated in the urban areas then the valuation of the land should be determined on slab basis.

3.2.26.1 During scrutiny of the instruments registered by three SRs²⁰, we noticed that in four instruments, diverted land admeasuring 14,491.84 square meters was sold in urban areas. Thus, valuation of the land should have been made on slab basis. However, the SRs applied the

hectare rates for determination of the market value of these lands. As per the guideline, the market value of these properties was ₹ 5.29 crore²¹ on which stamp duty of ₹ 40.52 lakh and registration fees of ₹ 4.23 lakh were leviable. However, the SRs determined the market value at ₹ 79.39 lakh and levied the stamp duty of ₹ 6.07 lakh and registration fees of ₹ 64,347. This resulted in undervaluation of the properties by ₹ 4.49 crore and consequential short levy of stamp duty and registration fees of ₹ 38.04 lakh.

During the exit conference, the Government stated (August 2013) that necessary action would be taken after verification of the documents. Further reply has not been received (November 2013).

As per clause 8 of the Form I of Chhattisgarh Market Value Guideline, the value of the diverted land in rural areas shall be two and half times of the value of the irrigated land located in the vicinity of that area.

3.2.26.2 During scrutiny of the instruments registered by SRs, Kanker and Raipur, we noticed that in four instruments, land admeasuring 1.457 hectare was sold in rural area. Further scrutiny of

¹⁹ Calculation has been made on slab rates

²⁰ Baloda Bazar, Champa and Raipur

²¹ Calculation has been made on slab rates

revenue records attached with the instruments revealed that the land was diverted for other than the agricultural purpose. Thus value of the land should have been two and half times the value of the irrigated agricultural/agricultural land located in the vicinity of that area. However, the SRs did not apply the above clause for determination of market value and determined the market value on the basis of hectare rate applicable for agricultural land.

As per the Chhattisgarh Market Value guidelines, the market value of these properties was ₹ 1.33 crore²² on which stamp duty of ₹ 9.33 lakh and registration fees of ₹ 1.07 lakh were leviable. However, the SRs determined the market value at ₹ 1.01 crore and levied the stamp duty of ₹ 7.07 lakh and registration fees of ₹ 81,340. This resulted in undervaluation of the properties by ₹ 32 lakh and consequential short levy of stamp duty and registration fees of ₹ 2.52 lakh.

During the exit conference, the Government stated (August 2013) that necessary action would be taken after the verification of document. Further reply has not been received (November 2013).

Similar para featured in Audit Report (Revenue Sector) for the year ended 31 March 2012 under para no. 3.9. The Department in their Explanatory/Departmental notes had intimated that the cases are pending with DR for decision.

3.2.27 Undervaluation of properties

As per Section 47 A of Indian Stamp Act, if the registering authority, while registering the instruments has reason to believe that the market value of the property which is subject matter of such instruments has not been set forth truly, he shall before registering such instrument refer the same to the Collector of Stamps for determination of the market value of such property.

During scrutiny of 27 instruments registered between February 2010 and March 2013 by nine SRs²³, we noticed that the market value of the properties was not determined by the concerned SRs as per the rates and clauses envisaged in the guideline. Out of these, in 15 instruments the SRs applied different rates

than the prescribed in the Chhattisgarh Market Value Guidelines and in the remaining 12 instruments the relevant clauses of guideline were not applied for determination of market value. As per the guideline, the market value of these properties was ₹ 18.72 crore on which stamp duty of ₹ 1.41 crore and registration fees of ₹ 15.02 lakh were leviable. However, the SRs determined the market value at ₹ 7.96 crore and levied stamp duty of ₹ 46.95 lakh and registration fees of ₹ 6.46 lakh. Though the market value of the property was not set forth truly in the instruments, the SRs did not refer the instruments to the DRs for determination of the correct market value. This resulted in

²² Calculation has been made on hectare rate

²³ Ambikapur, Dhamtari, Kanker, Kawardha, Korba, Mungeli, Patan, Rajnandgaon and Raipur

undervaluation of the properties by ₹ 10.06 crore and consequential short levy of stamp duty and registration fees of ₹ 1.02 crore.

During the exit conference, the Government stated (August 2013) that necessary action would be taken after verification of the documents. Further reply has not been received (November 2013).

Similar para featured in Audit Report (Revenue Sector) for the year ended 31 March 2012 under para no. 3.12 The Department in their Explanatory/Departmental notes had intimated that stamp duty amounting to ₹ 1.66 lakh was recovered in seven cases and remaining cases were pending with DR for decision.

3.2.28 Short levy of stamp duty and registration fees

As per the special provision introduced in Chhattisgarh Market Value Guideline since 2012-13, if the agricultural land is purchased by any industrial unit, the valuation of land should be determined at the rate of ₹ 6 lakh, ₹ 8 lakh and ₹ 10 lakh per acre for *padat* #, non irrigated and irrigated bi-crop land respectively.

Padat means such agricultural land, which was not currently used for agricultural purpose, i.e. barren land.

Scrutiny of the instruments registered in the office of the SR Kawardha revealed that in one instruments, non irrigated land admeasuring 19.62 acre (7.904 hectare) was purchased by M/s Lanco Amarkantak Power Limited. As per the special provision, the market value of the land worked out to ₹ 1.57 crore on which stamp duty of ₹ 9.81 lakh and registration fees of ₹ 1.26

lakh were leviable. However, instead of applying the above clause, the SR incorrectly determined the market value as ₹ 47.85 lakh on the basis of the village-wise rate prescribed in the Chhattisgarh Market Value Guideline and levied stamp duty of ₹ 2.99 lakh and registration fees of ₹ 38,425. This resulted in short levy of stamp duty and registration fees of ₹ 7.69 lakh.

During the exit conference, the Government stated (August 2013) that necessary action would be taken after verification of the documents. Further reply has not been received (November 2013).

3.2.29 Irregular exemption from payment of stamp duty

As per Section 2(10) of Indian Stamp Act, conveyance includes a conveyance on sale and every instrument by which property whether movable or immovable, is transferred *inter vivos*. The Government may by rule or order, reduce or remit whether prospectively or retrospectively in the whole or any part of territories under its administration, the duties with which any instruments are chargeable. The Government declared the Industrial policies under which the industries are eligible for exemption from payment of stamp duty on fulfilment of certain conditions.

During scrutiny of the instruments registered by three SRs²⁴ revealed that in five cases, the SRs granted exemption from payment of stamp duty on the basis of exemption certificate issued by the Industries Department. Further scrutiny of exemption certificates revealed that in one case, the exemption certificate

was issued in favour of M/s Siddhidatri Ware Housing. However the deed was executed in favour of Smt. Reeta Sharma. In two cases, exemption was granted after expiry of the exemption period, while in the remaining two cases the exemption was granted even though the *khasara* (part of land) number was not mentioned in the exemption certificate. The market value of properties involved in these instruments was ₹ 99.42 lakh on which stamp duty of ₹ 6.73 lakh was leviable. Despite this, the concerned SRs granted exemption from payment of stamp duty. This resulted in non-realisation of stamp duty of ₹ 6.73 lakh.

During the exit conference, the Government stated (August 2013) that necessary action would be taken after verification of the documents. Further reply has not been received (November 2013).

3.2.30 Undervaluation of properties situated on main road

As per clause 6 of Form I of Chhattisgarh Market Value Guideline, in urban areas the valuation of land upto the depth of 20 meters from the main road shall be valued adjacent to the main road. But if any purchaser purchases the land at more than the depth of 20 meters adjacent to the main road, the entire value shall be determined as adjacent to the main road. Further this limit is upto 46 meters for agricultural land.

During test check of the instruments registered by 13 SRs²⁵ we found that in 39 instruments, the supporting evidences viz *patwari* report and map indicated that the properties were located adjacent to the main road. Hence, as per the guideline, these properties should have been valued

at ₹ 14.01 crore as adjacent to the main road on which stamp duty and registration fees of ₹ 98.97 lakh were leviable. However, the SRs determined

²⁴ Champa, Raigarh and Raipur.

²⁵ Abhanpur, Ambikapur, Arang, Bilha, Champa, Dhamtari, Durg, Janjgir, Mungeli, Patan, Rajnandgoan, Raigarh and Raipur

the market value of these properties at ₹ 4.85 crore by treating the land situated off the road and levied stamp duty and registration fees of ₹ 34.66 lakh. This resulted in undervaluation of properties by ₹ 9.16 crore and consequential short levy of stamp duty and registration fee of ₹ 64.31 lakh.

During the exit conference, the Government stated (August 2013) that necessary action would be taken after verification of the documents. Further reply has not been received (November 2013).

Similar para featured in Audit Report 2010-11 and 2011-12 under para no. 3.10 and 3.13 respectively. The Department in their Explanatory/Departmental notes had intimated that stamp duty amounting to ₹ 1.48 lakh was recovered in 11 cases and remaining cases were pending with DR for decision.

3.2.31 Non realisation of *janpad shulk*/ stamp duty

As per note 14 under Section 2(10) of Indian Stamp Act, a transfer of property of company in voluntary liquidation to a new company is held to be chargeable as conveyance. Further an instrument brought into existence for the purpose of amalgamation of two companies is also held to be chargeable as conveyance. *Janpad Shulk* at the rate of *one per cent* of market value of the property is leviable on the conveyance.

Scrutiny of the cases decided by DR, Raipur revealed that in one case, M/s Ambuja Cement Eastern Limited amalgamated with M/s Gujarat Ambuja Cement Limited in November 2006. The DR decided the case in February 2008 and levied the stamp duty of ₹ 10 crore on the amalgamation. Further scrutiny of the order revealed that the total value of the assets on the date of amalgamation was ₹ 229.65

crore on which *janpad shulk* at the rate of *one per cent* was also leviable. However, the DR did not levy *janpad shulk* of ₹ 2.30 crore.

Similarly, M/s Interia Iron & Steel Industries Private Limited, M/s Corporate Ispat Limited and M/s Abhijeet Infrastructure Limited were amalgamated with M/s Jaiswal Neco Industries Limited vide order of Hon'ble High Court of Maharashtra in July 2009. The DR, Raipur decided these cases in September 2012 and levied the stamp duty of ₹ 30 crore and *Janpad shulk* of ₹ 7.42 crore. However, the transferee company paid the stamp duty of ₹ 1.83 crore on amalgamation in Maharashtra State. The DR issued the demand notice after deducting the amount paid in Maharashtra State. Though this amount was revenue of the Government of Chhattisgarh, the DR should have initiated action to recover the dues. Thus, inaction on the part of the DR, resulted in non-realisation of stamp duty of ₹ 1.83 crore. Further though the cases was decided in September 2012, stamp duty of ₹ 28.17 crore and *janpad shulk* of ₹ 7.42 crore were not recovered till the date of audit.

During the exit conference, the Government stated (August 2013) that necessary action would be taken after verification of the documents.

3.2.32 Conclusion

We observed that lack of co-ordination among Industries, Energy and Commercial Tax (Registration) Departments led to registration/acceptance of documents without realisation of proper stamp duty and registration fees. Registration of documents through under valuation of property, lack of clarification in the criteria of main road, issue of exemption certificates in contravention of the provision of the Industrial Policy etc. also led to non/short levy of stamp duty and registration fees. Revision of the cases decided by the DRs as provided in the IS Act were not followed. There was inordinate delay in disposal of pending cases and inadequate follow up for early finalisation of Revenue Recovery Certificate cases. The internal control mechanism was not adequate due to lack of regular internal audit, inadequate inspection and spot verification by DRs and SRs respectively.

3.2.33 Recommendations

The Government may consider implementing the following recommendations:

- Strengthen the internal control mechanism to ensure timely realisation of revenue and also to avoid non/short levy of stamp duty and registration fees,
- Ensuring necessary co-ordination among the Departments while allowing the exemption from payment of stamp duty to avoid loss of revenue, and
- Issue necessary clarification on the criteria of the main road, registration of documents where one purchaser purchased the land from one seller and executed the documents in two separate parts and issue instruction for periodical revision of the cases decided by the DRs.

CHAPTER-IV: LAND REVENUE

EXECUTIVE SUMMARY

What we have highlighted in this Chapter	In this Chapter we present illustrative case of ₹ 16.76 lakh selected from observations noticed during our test check of records relating to short recovery of cost of proceedings.
Trend of revenue receipts	Actual receipts exceeded the budget estimates by 32.67 <i>per cent</i> , 45.51 <i>per cent</i> and 8.22 <i>per cent</i> in the year 2009-10, 2010-11 and 2011-12 respectively. However, the same decreased by 32.34 <i>per cent</i> during the year 2012-13. The decrease was due to non collection of land revenue in <i>Naxal</i> affected areas and due to non-realisation of targeted amounts of <i>Adhosanrachana vikas cess</i> and <i>Paryavaran cess</i> .
Absence of Internal Audit	There is no Internal Audit Wing (IAW) in the Department. In the absence of IAW, the Department failed to ensure effective controls on recoveries of arrears, raise regular demands etc.
Our conclusion	The Department needs to put in place the internal control system including creating an internal audit wing so that weaknesses in the system are addressed and omissions of the nature detected by us are avoided in future.

4.1 Tax administration

The Land Revenue Department collects revenue in the form of taxes on agriculture and commercial crops, land development tax, *Gramin Vikas* tax, environmental and development cess, school building cess, premium and rent, tax on diversion of land, ground rent and penalties etc. The Government dues are recovered from the defaulters by issuing Revenue Recovery Certificates (RRC). *Tahsildars* have a vital role in the recovery of Government dues from the defaulters.

The Department follows the undermentioned Acts, Rules, Circulars and Code:-

- Land Revenue Code, 1959;
- *Chhattisgarh Lok Dhan (Shodhya Rashiyon Ki Vasuli) Niyam*, 1988;
- Revenue Book Circular (RBC), Volume I to VI; and
- *Chhattisgarh Adhosanranchna Vikas Evam Paryavaran Upkar Adhiniyam*, 2005.

The Land Revenue Department is headed by the Principal Secretary at the Government level. He is assisted by the Commissioner, Settlement and Land Record (CSLR) and four Divisional Commissioners (DC). The DCs exercise administrative and fiscal control over the districts included in the divisions. In each district, Collector administers the activities of the Department. It is entrusted upon the Collector of the district to place one or more Assistant Collectors or Joint Collectors or Deputy Collectors in charge of a sub-division of a district.

4.2 Trend of revenue receipts from Land Revenue

Actual receipts from Land Revenue during the years 2008-09 to 2012-13 along with the total tax receipts during the period is exhibited below:

(₹ in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2008-09	100.00	359.49	(+) 259.49	259.49	6,593.72	5.45
2009-10	120.36	159.68	(+) 39.32	32.67	7,123.25	2.24
2010-11	170.00	247.37	(+) 77.37	45.51	9,005.14	2.75
2011-12	250.00	270.56	(+) 20.56	8.22	10,712.25	2.53
2012-13	346.00	234.11	(-) 111.89	(-) 32.34	13,034.21	1.80

(Source: Finance Accounts of Government of Chhattisgarh)

The land revenue receipt to the total tax revenue of the State during the last five years ranged between 1.80 and 5.45 *per cent*. It may be seen from the above table that while there was increase of 259.49 *per cent*, 32.67 *per cent*, 45.51 *per cent* and 8.22 *per cent* during 2008-09 to 2011-12, the same fell short of the budget estimate by 32.34 *per cent* during the year 2012-13 respectively. The above variation in actual receipts indicates inaccurate budgeting. The reasons for increase were mainly due to excess realisation of arrears on account of land

revenue, *Adhosanrachana vikas cess*, *Paryavaran cess* and *Panchayat cess* during the year 2010-11. As regard to the short fall in 2012-13, the Department intimated (July 2013) that the target could not be achieved due to creation of new districts, Naxal activities in Bastar, Dantewada and Sukma districts and due to non-realisation of targeted amounts of *Adhosanrachana vikas cess* and *Paryavaran cess*.

4.3 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2013, as furnished by the Department, was ₹ 31.65 crore. The following table depicts the position of arrears of revenue during the period from 2008-09 to 2012-13:

(₹ in crore)

Year	Opening balance of arrears	Demand raised during the year	Amount collected during the year	Closing balance of arrears
2008-09	9.52	37.75	35.42	11.85
2009-10	11.85	56.06	30.54	37.37
2010-11	37.37	29.52	32.37	34.52
2011-12	34.52	61.48	72.83	23.17 [#]
2012-13	23.17	42.19 [*]	33.71 [*]	31.65

(Source: Office of the Commissioner, Land record, Raipur)

* Information of only 15 districts¹ out of 27 districts

Information of only 14 districts out of 27 districts

The department did not furnish the details of arrears of revenue outstanding for more than five years even after several reminders.

4.4 Internal Audit

The Internal Audit Wing (IAW) of a Department is a vital component of its internal control mechanism and is generally defined as control of all controls. It enables the organisation to ensure itself that the prescribed systems are functioning reasonably well. Due to shortage of staff, no IAW was established in the Department and thus no audit was conducted during 2012-13.

We recommend that the Government should consider establishment of IAW in the Department in order to prevent leakage, short/non-recovery of revenue etc.

4.5 Impact of Audit

4.5.1 Status of compliance to Audit Reports (2007-08 to 2011-12):

¹ Bastar, Bijapur, Bilaspur, Dantewada, Dhamtari, Durg, Gariaband, Jashpur, Kanker, Sukma, Kondagaon, Narayanpur, Mahasamund, Sarguja and Janjgir-Champa

During the period 2007-08 to 2011-12, through our Audit Reports we had pointed out cases of non/short levy of tax, penalty with revenue implication of ₹ 14.91 crore. The Department accepted observations of ₹ 4.96 crore and had since recovered ₹ 2.82 crore as shown below:

(₹ in crore)

Sl. No.	Year of the Audit Report	Total money value	Amount accepted	Recovery made up to March 2013
1	2007-08	0.07	Nil	Nil
2	2008-09	2.23	2.23	2.23
3	2009-10	0.71	0.65	0.57
4	2010-11	10.86	2.08	0.02
5	2011-12	1.04	Nil	Nil
Total		14.91	4.96	2.82

It may be seen from the above table that the Department recovered 56.85 per cent of the accepted amount.

It is recommended that the Government may make efforts to recover the amount involved in the accepted cases at the earliest.

4.5.2 Status of compliance to outstanding Inspection Reports (2007-08 to 2011-12):

During the last five years, through our Inspection Reports we had pointed out non-recovery of processing fee, premium, penalty etc. with revenue implication of ₹ 173.36 crore in 26,378 cases. Of these, the Department/Government had accepted audit observations in 13,506 cases involving ₹ 125.85 crore and amount of ₹ 72.17 lakh was recovered. The details are shown in the table below:

(₹ in lakh)

Year of IR	No. of units audited	Amount objected		Amount accepted		Amount recovered	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
2007-08	24	2,721	2,570.00	2,700	2,516.00	1	0.36
2008-09	24	3,616	6,023.00	2,566	4,147.92	3	65.75
2009-10	20	4,037	2,744.00	3,099	2,710.00	360	5.77
2010-11	19	4,042	1,244.41	2,160	610.13	Nil	Nil
2011-12	38	11,962	4,755.00	2,981	2,601.00	18	0.29
Total		26,378	17,336.41	13,506	12,585.05	382	72.17

The above table indicates that only 0.57 per cent of the accepted amount has been recovered by the Department during last five years which is very low.

4.5.3 Status of compliance to Inspection Reports (2012-13):

We conducted test check of the records of 20 out of 165 units of the Land Revenue Department during the year 2012-13. We found non-recovery of ground

rent and premium, non levy/realisation of cess, non/short levy of process fee, delay in collection of Revenue Recovery Certificate and other irregularities etc. amounting to ₹ 15.01 crore in 3,475 cases. The observations broadly fall under the following categories:

(₹ in crore)			
Sl. No.	Category	No. of cases	Amount
1.	Non-recovery of ground rent and premium	41	6.04
2.	Non levy/realisation of cess	8	0.09
3.	Non/short levy of process fee	750	0.30
4	Delay in collection of Revenue Recovery Certificates	2	0.49
5	Other irregularities	2674	8.09
Total		3,475	15.01

During the course of the year, the Department accepted non-recovery of ground rent and premium, non/short levy of process fee, non levy/realisation of cess, delay in collection of Revenue Recovery Certificate etc of ₹ 6.83 crore in 3,216 cases but no recovery was made.

An illustrative case involving ₹ 16.76 lakh is mentioned in the following paragraph.

4.6 Audit observations

We scrutinised the records relating to assessment and collection of Land Revenue which revealed short recovery of cost of proceedings as mentioned in the succeeding paragraph in this chapter. These cases are illustrative and are based on a test check carried out by us. Such omissions are pointed out repeatedly, but not only do the irregularities persist, these remain undetected till an audit is conducted by us. There is need for the Government to improve the internal control system including setting up an internal audit wing so that these omissions can be avoided, detected and corrected.

4.7 Short recovery of cost of proceedings

Rule 4 (a) of the *Madhya Pradesh Lokdhan (Shodhya Rashion ki Vasuli) Niyam, 1988* (as adopted by Government of Chhattisgarh) provides for levy of cost of proceedings, at the rate of three *per cent* of the principal amount recovered. The cost of proceedings thus recovered is to be deposited in the treasury under the Major Head 0070-Other Administrative Services-Miscellaneous Receipts (Cost of Proceedings).

We scrutinised (between May 2012 and March 2013) the Revenue Recovery Certificate (RRC) Registers of 20 Collector/Tehsil Offices for the period October 2001 to March 2013 and found that the Collector, Kanker raised demand through RRC for recovery of principal amount of ₹ 19.90 crore

in 1,941 cases against which recovery of ₹ 5.65 crore was made during the period April 2008 to March 2012 in 463 cases. On this recovered amount, cost of proceedings amounting to ₹ 16.94 lakh at the rate of three *per cent* was leviable. Against this, only ₹ 17,569 was recovered. Thus, non-inclusion of cost of proceedings in RRCs resulted in short recovery of ₹ 16.76 lakh (as detailed in the *Appendix 4.1*).

We reported this (June 2013) to the Government/Department for their comments; The Government while accepting the audit objection stated (September 2013) that instructions would be issued to recover the outstanding amount of process fee.

Similar issue was raised in Para No. 6.2 and Para No. 5.8.8 of Audit Reports (Revenue Receipts) for the year 2007-08 and 2010-11 respectively. The Department recovered ₹ 3.55 lakh out of objected amount of ₹ 6.35 lakh in respect of Para No. 6.2 of Audit Report (Revenue Receipts) for the year 2007-08. No reply has been received so far for Para No. 5.8.8 of Audit Report (Revenue Receipts) for the year 2010-11.

CHAPTER V: TAXES ON VEHICLES

EXECUTIVE SUMMARY

What we have highlighted in this Chapter	In this Chapter we present illustrative cases involving under/non-recovery of ₹ 3.34 crore from observations noticed during our test check of records in the Transport Department, we found embezzlement of Government revenue, non/short levy of fee on issuing trade certificate and several instances of non-realisation of tax and penalty from owners of goods and passenger vehicles, in the Transport Department.
Trend of revenue receipts	Though the actual receipts declined by 0.55 <i>per cent</i> in 2008-09 and 2.30 <i>per cent</i> in 2012-13, the same increased by 0.12 <i>per cent</i> , 4.27 <i>per cent</i> and 5.72 <i>per cent</i> in 2009-10, 2010-11 and 2011-12 respectively.
Target not achieved by the Internal Audit Wing	During the year 2012-13, 16 units were planned for audit by the Department of which only four units were audited.
Impact of Audit	<p>We conducted test check of the records of six units out of 20 units relating to Transport Department during the year 2012-13 and found cases of short realisation of trade tax, non-realisation of tax and penalty and other irregularities amounting to ₹ 9.14 crore in 1,255 cases.</p> <p>The Department accepted short realisation of trade tax, non-realisation of tax and penalty and other irregularities amounting ₹ 4.93 crore in 861 cases.</p>
Our conclusion	<p>The Department needs to improve the internal control system including strengthening of internal audit so that weaknesses in the system are addressed and omissions of the nature detected by us are avoided in future.</p> <p>It also needs to initiate immediate action to recover non-realisation, short levy of tax, etc. more so in those cases where it has accepted our contention.</p>

5.1 Tax administration

Transport Department is one of the major revenue collecting Department of the State. “Taxes on vehicles” are levied and collected in the State under the provisions of the:

- Motor Vehicles (MV) Act, 1988;
- Central Motor Vehicles (CMV) Rules, 1989;
- *Chhattisgarh Motoryan Karadhan Adhiniyam* (CGMKA) 1991 and rules made thereunder and
- *Chhattisgarh Motoryan Karadhan Niyam*, 1994.

Besides trade tax, licence fees, other fees such as registration fees, fitness fees and permit fees etc. are levied under the provisions of the Act and rules made thereunder. In case of non-payment of tax in time, penalty and interest at the prescribed rates are also leviable. Taxes on Vehicles in respect of non-transport vehicles¹ are realised in lumpsum as lifetime tax, whereas tax and additional tax from transport vehicles are realised quarterly/monthly at the rates specified in the Act.

The levy of taxes on vehicles is administered by Principal Secretary cum Transport Commissioner (TC) who is assisted by one Additional TC, one Deputy TC, one Assistant TC and one Deputy Director, Finance (DDF) at Headquarters. Besides, there are four Regional Transport Officers (RTO), two Additional Regional Transport Officers (ARTO) and 10 District Transport Officers (DTO) under the administrative control of TC. In addition to this, 15 check posts and two sub check posts are under the supervisory control of RTOs/ARTOs/DTOs concerned.

5.2 Analysis of budget preparation

The budget file of the Department was studied and it was noticed that while preparing estimates, procedures prescribed by the Finance Department were followed by the Department. All factors such as actual collection of revenue during the last year, comparison of current year growth rate with the receipts of the corresponding previous year and changes proposed by the Department were taken into account while preparing the Budget Estimate.

5.3 Trend of revenue receipts from Taxes on Vehicles

Actual receipt from Taxes on Vehicles during the years 2008-09 to 2012-13 along with the total tax receipts during the period is exhibited in the following table:

¹ Non-transport vehicle – A vehicle other than public service, goods carriage, an educational institutional bus or private service vehicle

(₹ in crore)

Year	Budget estimates	Actual receipts	Variations shortfall (-)/ surplus (+)	Percentage of variation (Col. 2 to 3)	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2008-09	315.50	313.78	(-) 1.72	(-) 0.55	6,593.72	4.76
2009-10	351.47	351.88	(+) 0.41	(+) 0.12	7,123.25	4.94
2010-11	410.00	427.52	(+) 17.52	(+) 4.27	9,005.14	4.75
2011-12	475.00	502.18	(+) 27.18	(+) 5.72	10,712.25	4.69
2012-13	605.71	591.75	(-)13.96	(-) 2.30	13,034.21	4.54

(Source: Finance Accounts of Government of Chhattisgarh)

As seen from the above table, the revenue collection increased from ₹ 313.78 crore in 2008-09 to ₹ 591.75 crore in 2012-13. The collection from Taxes on Vehicles increased by 17.84 *per cent* in 2012-13 over the previous year. The reason for increase was attributed by the Department to increase in registration of new vehicles. The percentage of variation between BEs and actuals ranged between 0.12 to 5.72 between 2008-09 to 2012-13 which indicated that BEs were framed in a scientific manner.

5.4 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2013 amounted to ₹ 14.99 crore of which ₹ 41 lakh were outstanding for more than five years. The following table depicts the position of arrears of revenue during the period 2008-09 to 2012-13:

(₹ in crore)

Year	Opening balance of arrears	Closing balance of arrears
2008-09	3.92	4.01
2009-10	4.01	8.57
2010-11	8.57	14.65
2011-12	14.65	9.50
2012-13	9.50	14.99

(Source: Figures as furnished by the Transport Department)

5.5 Internal Audit

Internal controls which are intended to provide reasonable assurance of proper enforcement of laws, rules and Departmental instructions helps in prevention of frauds and other irregularities. Internal audit enables the organisation to assure itself of the degree of compliance with prescribed systems. Internal Audit Wing attached to the office of the TC is headed by the Deputy Director (Finance). As against the sanctioned post of four (two Senior Auditors and two Junior Auditors), only two Senior Auditors were working and internal audit was conducted by them in respect of four out of 16 units planned during 2012-13. It clearly indicates that the Internal Audit Wing did not achieve the target.

We recommend that the Department may deploy additional manpower to ensure that internal audit is conducted regularly.

5.6 Cost of collection

The gross collection in respect of Taxes on vehicles, expenditure incurred on their collection and the percentage of such expenditure to gross collection during the years 2010-11, 2011-12 and 2012-13 along with the relevant all India average percentage of expenditure on collection to gross collection of the preceding years are as indicated in the following table:

(₹ in crore)

Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage for expenditure on collection in the preceding year
2010-11	427.52	7.93	1.85	3.07
2011-12	502.18	10.00	1.99	3.71
2012-13	591.75	10.73	1.81	2.96

(Source: Finance Accounts of Government of Chhattisgarh)

It may be seen from the above table that the cost of collection was well below the all India average cost of collection, which is appreciated.

5.7 Impact of Audit

5.7.1 Status of compliance to Audit Reports (2007-08 to 2011-12): During the period 2007-08 to 2011-12, through our Audit Reports we had pointed out cases of non/short levy of tax and penalty with revenue implications of ₹ 34.32 crore. The Department accepted observations of ₹ 19.24 crore and had recovered ₹ 2.62 crore (March 2013)

(₹ in crore)

Year of Audit Report	Total money value	Amount accepted	Recovery made up to March 2013
2007-08	6.69	3.58	1.05
2008-09	3.48	0.37	0.37
2009-10	5.96	5.85	0.63
2010-11	0.30	0.27	0.08
2011-12	17.89	9.17	0.49
Total	34.32	19.24	2.62

The above table indicates that recovery of only 13.62 *per cent* was made by the Department against the accepted cases pointed out in the Audit Reports.

5.7.2 Status of compliance to outstanding Inspection Reports (2007-08 to 2011-12):

During the period 2007-08 to 2011-12, we had pointed out through our Inspection Reports non-realisation of taxes on vehicle and penalty, non-levy of taxes on vehicle and short realisation of trade tax and trade fees etc. amounting to ₹ 58.30 crore in 6,569 cases. Of these, the Department/Government had accepted audit observations in 4,737 cases involving ₹ 32.53 crore. The details are shown in the following table:

(₹ in crore)

Year of Inspection Report	No. of units audited	Amount objected		Amount accepted		Amount Recovered up to March 2013	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
2007-08	7	1,686	14.18	1,051	7.61	Nil	Nil
2008-09	8	1,758	11.89	746	3.89	Nil	Nil
2009-10	11	345	6.85	344	0.89	49	0.04
2010-11	3	357	3.25	314	1.08	Nil	Nil
2011-12	9	2,423	22.13	2,282	19.06	Nil	Nil
Total		6,569	58.30	4,737	32.53	49	0.04

The above table indicates that recovery of only 0.12 *per cent* was made by the Department against the accepted cases pointed out in the Inspection Reports.

5.7.3 Status of compliance to Inspection Reports (2012-13): We conducted test check of the records of six units out of 20 units relating to Transport Department during the year 2012-13 and found cases of short realisation of trade tax, non realisation of tax and penalty and other irregularities amounting to ₹ 9.14 crore in 1,255 cases, as mentioned below:

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
1.	Short realisation of trade tax	356	4.80
2.	Non realisation of tax and penalty	778	2.99
3.	Other irregularities	121	1.35
Total		1,255	9.14

During the year 2012-13, the Department accepted short realisation of trade tax, non-realisation of tax and penalty and other irregularities amounting ₹ 4.93 crore in 861 cases.

In one case relating to short realisation of trade tax in seven Transport Offices, the Department recovered ₹ 59.04 lakh.

A few illustrative cases involving financial effect of ₹ 3.34 crore are mentioned in the following paragraphs.

5.8 Audit observations

We scrutinised the records of various transport offices² and noticed several cases of non-observance of the provisions of the Acts/Rules/Government notifications/instructions resulting in non/short realisation of tax, fees etc. as mentioned in the succeeding paragraphs of this Chapter. These cases are illustrative and are based on a test check carried out by us. Such omissions on the part of the transport authorities are pointed out by us each year, but not only do the irregularities persist, these remain undetected till audit is conducted. There is therefore a need for the Government to improve the internal control system so that recurrence of such irregularities is avoided.

5.9 Embezzlement of Government Money

According to Rule 3 of Chapter 2 of the Madhya Pradesh Financial Code (MPFC) Part I, any Government money received or payment made on behalf of Government by a Government servant should be accounted for without delay and should be compulsorily deposited in the Government Treasury or Bank (as the case may be) without delay. In addition to this, proper account should be presented. Further, Rule 12 of MPFC provides that the concerned officer is personally responsible to prevent irregularity, misuse and misappropriation of Government money.

During scrutiny (September 2012) of Demand Draft register of Regional Transport Office, Raipur for the period April 2011 to March 2012, we found that Demand Draft Section (DDS) had received six demand drafts of Axis Bank aggregating to ₹ 1.31 lakh from 10 vehicle owners towards payment of taxes on vehicles for 22 goods vehicles on 8 April 2011 and posted them in the demand draft register. DDS intimated the Goods Section about receipt of Demand Draft for taxes against these vehicles. Accordingly, remittance of the amount of tax was mentioned

against these vehicles in the Demand and Collection register. However, on cross verification of these drafts with the issuing bank, we found that the said drafts were cancelled by the vehicle owners on 21 July 2012. Cancellation of drafts after a gap of one year three months confirmed that these drafts were not deposited in the bank for clearance by RTO, Raipur and were returned to the vehicle owners. There was no cross checking of Demand Drafts with the Bank records to ensure whether these DDs were deposited and accounted for in the accounts. The Department did not adopt any mechanism to check whether all the demand drafts received were sent to bank for reconciliation. This resulted in embezzlement of Government revenue of ₹ 1.31 lakh.

We reported this to the Government/Department (May 2013) for their comments. During meeting, the Government stated (September 2013) that money involved has since been recovered along with penalty and an enquiry committee has been set up under the supervision of Deputy Director (Finance).

² RTO Ambikapur, Jagdalpur and Raipur; ARTO Durg and Rajnandgaon; and DTO Kawardha

5.10 Non/short levy of fee on issuing trade certificate

As per Rule 34 (1) of CMV Rules, an application for the grant or renewal of trade certificate shall be accompanied by the appropriate fee as specified in Rule 81.

We found during test check of registration records of three³ RTO's, two⁴ ARTO's and one⁵ DTO (for April 2007 to March 2012) that 1,68,288 motor cycles/ moped and 38,700 other vehicles were registered during

2007-08 to 2011-12. As per the rule *ibid*, trade fees aggregating ₹ 1.62 crore was to be realised from these vehicles. Against this, only ₹ 1.11 lakh was levied and collected by two⁶ RTO/ARTOs. While, no trade fee was levied and collected by the other four⁷ transport officers. This resulted in non/short levy of trade fee aggregating ₹ 1.60 crore⁸ (as shown in *Appendix-5.1*).

We reported the matter to the Department/Government (May 2013) for their comments. During meeting, the Government intimated (July 2013 and September 2013) that RTOs/DTOs have been directed to issue demand notice and recovery of ₹ 35.66 lakh has since been made.

Similar issue was raised by Audit in Para No. 5.9 of Audit Report (Revenue Sector) for the year ended 31 March 2012. The Department recovered ₹ 9.37 lakh out of ₹ 4.43 crore pointed out by us in the Para No. 5.9.

Now from 1 February 2012 onwards, the Department has been collecting the trade fee per vehicle. For short/non levy of Trade Fee of previous year, show cause notices have been issued to the dealers.

³ Ambikapur, Jagdalpur and Raipur

⁴ Durg and Rajnandgaon,

⁵ Kanker

⁶ Ambikapur and Durg

⁷ Jagdalpur, Kanker, Raipur and Rajnandgaon

⁸ No. of Motorcycle/Moped X Rate of fee per vehicle (1,68,288 X ₹ 50) = ₹ 84,14,400 and

No. of other vehicles X Rate of fee per vehicle (38,700 X ₹ 200) = ₹ 77,40,000;

Total fee leviable : ₹ 1,61,54,400 and Fee levied : ₹ 1,10,660

Short levy : ₹ 1,60,43,740

5.11 Non-realisation of tax from owners of goods and passenger vehicles

Under Sections 3 and 5 of the CGMK *Adhiniyam*, tax shall be levied on the owner of every goods and passenger vehicles used or kept for use in the State at the rate prescribed in the first schedule of the *Adhiniyam*. In case of passenger bus, monthly tax is leviable, and for maxi cabs and goods vehicle/truck quarterly tax is levied. Further, in case of non-payment of the tax due, the owner shall, in addition to the payment of tax due, be liable to pay penalty at the rate of one twelfth of unpaid amount of tax for the default of each month or part thereof but not exceeding the unpaid amount of tax as laid down under Section 13(1) of the *Adhiniyam*. Where any owner fails to pay tax, penalty or both, the taxation authority is required to issue a demand notice and take action to recover the amount as arrears of land revenue. Under Section 11 of the said *Adhiniyam* if a vehicle owner wants his vehicle off-road for a particular period, he should submit the declaration in *Praroop* त before starting the period.

We scrutinised the Demand and Collection registers of seven⁹ transport offices (TOs) (between January 2012 and December 2012) and found that the owners of 443 out of 4,299 goods vehicles/trucks test checked, 152 out of 733 maxi cabs test checked and 181 out of 1,424 passenger vehicles/buses test checked did not pay road tax of ₹ 1.73 crore (as shown in *Appendix-5.2*) for the period April 2010 to December 2012. No off road

declaration was also submitted by these vehicle owners. Despite this, the TOs did not initiate any action to issue demand notice for recovery of the tax from the defaulting vehicle owners. This resulted in non-realisation of tax amounting to ₹ 1.73 crore. Besides, penalty was also leviable on the unpaid amount of tax.

We reported the matter to the Department/Government (May 2013) for their comments. During meeting, the Government intimated (July 2013) that the recovery of ₹ 59.94 Lakh has since been made.

Though the similar issue was raised by Audit in Para No. 5.10.1 of Audit Report (Revenue Sector) for the year ended 31 March 2012 and the Department had raised demand, but the similar omissions were further found in the Department. Therefore there is need for Government to improve internal control system to avoid recurrence of such irregularities.

⁹ RTO Ambikapur Jagdalpur and Raipur, ARTO Durg and Rajnandgaon, DTO Kawardha and Korba.

CHAPTER-VI: STATE EXCISE

EXECUTIVE SUMMARY

What we have highlighted in this Chapter	In this Chapter we present illustrative cases of ₹ 71.04 lakh selected from observations noticed during our test check of records relating to incorrect fixation of reserve price of poppy straw and incorrect fixation of Minimum Guarantee Quota (MGQ) of country made and foreign made liquor.
Trend of revenue receipts	Actual receipts during the period 2008-09 to 2012-13 exceeded the budget estimates and during the year 2012-13, there was an increase of 12.99 <i>per cent</i> which was due to increase in receipts of process fees.
Internal Audit	<p>During the year 2012-13, we observed that 21 units were planned for audit, but no unit was audited by the Department.</p> <p>We recommend that the Department may take necessary action for posting of required staff, so that the internal audit can be carried out regularly.</p>
Impact Audit	We conducted test check of the records of nine units of the State Excise Department during the year 2012-13 and found non-recovery of duty, non-levy of penalty, short realisation of licence fees, non/short levy of entertainment duty etc. amounting to ₹ 20.02 crore in 700 cases. The Department accepted underassessment, non/short levy of duty, licence fee etc. of ₹ 4.55 crore in 364 cases.
Our Conclusion	The Excise Department needs to operationalise the Internal Audit Wing and conduct internal audit regularly, so that shortcomings of the nature detected by us can be avoided in future. It is also recommended that the Department may consider strengthening the system of monitoring audit observations with special emphasis on recovery of accepted cases.

6.1 Tax administration

The Excise Department is one of the major revenue earning Departments of the State. Receipts from State Excise comprise receipts from duty, fee or confiscation imposed or ordered under the provisions of Chhattisgarh Excise Act, 1915 and rules and notifications issued thereunder. It also includes revenue from manufacture, possession and sale of liquor, *bhaang* and poppy heads. The Department maintains a set of liquor shops and gives annual licences to private contractors to sell country spirit, foreign liquor, *bhaang* and poppy from their shops. Licences for manufacture of liquor are granted and renewed every year by the Excise Commissioner on payment of prescribed fee subject to prior approval of the State Government. The Department follows the under mentioned Acts and Rules:

- Chhattisgarh Excise Act, 1915;
- Chhattisgarh Distillery Rules, 1995;
- Chhattisgarh Foreign Liquor Rules, 1996; and
- Chhattisgarh Country Spirit Rules, 1995.

Under the provisions of the Chhattisgarh Entertainment Duty and Advertisement Tax Act, 1936, the Excise Department also collects revenue in the form of Entertainment Duty.

The Excise Department is headed by the Secretary cum Excise Commissioner at Government level. He is assisted by Additional Excise Commissioners, Deputy Commissioners, Assistant Commissioners, District Excise Officers and Assistant District Excise Officers. The Collector of the district is in-charge of the excise administration.

6.2 Trend of revenue receipts from State Excise

Actual receipts from State Excise during the years 2008-09 to 2012-13 along with the total tax receipts during the period is exhibited below:

(₹ in crore)

Year	Budget estimate	Actual receipts	Variation excess(+)/ shortfall(-)	Percentage of variation	Total tax receipts of the state	Percentage of the actual receipts vis-à-vis total tax
2008-09	950.00	964.10	(+) 14.1	1.48	6,593.72	14.62
2009-10	1,158.00	1,187.72	(+) 29.72	2.57	7,123.25	16.67
2010-11	1,390.00	1,506.44	(+)116.44	8.38	9,005.14	16.73
2011-12	1,550.00	1,596.98	(+)46.98	3.03	10,712.25	14.91
2012-13	2,200.00	2,485.68	(+)285.68	12.99	13,034.21	19.07

(Source: Finance Accounts of Government of Chhattisgarh)

We found that during the year 2012-13, the Finance Department (FD) had approved the budget estimate of ₹ 2,200.00 crore as against this actual receipts was ₹ 2,485.68 crore. The FD needs to be more accurate while preparing budget estimates as there was variation of more than 12 *per cent*. The Department stated that the variation was due to receipt of process fee.

6.3 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2013 amounted to ₹ 31.04 crore. The following table depicts the position of arrears of revenue during the period 2008-09 to 2012-13:

(₹ in crore)

Year	Opening balance of arrears	Demand raised during the year	Amount collected during the year	Closing balance of arrears
2008-09	22.82	0.49	0.05	23.26
2009-10	23.26	2.42	0.08	25.60
2010-11	25.60	0.37	0.67	25.30
2011-12	25.30	0.04	0.46	24.88
2012-13	24.88	6.57	0.41	31.04

(Source: Figures furnished by the Department)

6.4 Cost of collection

The gross collection from State Excise, expenditure incurred on their collection and the percentage of such expenditure to gross collection during the years 2010-11, 2011-12 and 2012-13 along with the relevant all India average percentage of expenditure on collection to gross collection of preceding years are indicated below:

(₹ in crore)

Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage of expenditure to gross collection of preceding year
2010-11	1,506.44	40.68	2.70	3.64
2011-12	1,596.98	52.06	3.26	3.05
2012-13	2,485.68	46.63	1.88	2.98

The percentage of expenditure on collection has come significantly below the all-India average in 2012-13. This is appreciated.

6.5 Internal Audit

Internal Audit Wing (IAW) of an organisation is a vital component of the internal control mechanism and is generally defined as the control of all controls. It enables the organisation to assure itself that the prescribed systems are functioning reasonably well.

We observed that during the year, 21 units were planned for audit but no unit was audited by the Department, though the IAW in the Department was working with strength of one Joint Director against the sanctioned strength of one Joint Director and two Assistant Internal Audit Officers.

We recommend that the Department may take necessary action for posting of required staff, so that the internal audit can be carried out regularly.

6.6 Impact of Audit

6.6.1 Status of compliance to Audit Reports (2007-08 to 2011-12) : During the period 2007-08 to 2011-12, through our Audit Reports we had pointed out the cases of non-recovery of duty, short realisation of licence fees, non/short levy of entertainment duty involving ₹ 24.61 crore. The Department has accepted the observations of ₹ 11.63 crore of which ₹ 1.66 crore was recovered till March 2012 as shown in the table below:

(₹ in crore)

Sl. No.	Year of Audit Report	Total money value	Amount accepted	Recovery made up to 31 March 2013
1	2007-08	14.95	8.68	Nil
2.	2008-09	1.20	0.07	0.03
3.	2009-10	0.48	0.48	0.04
4.	2010-11	2.47	2.39	1.58
5.	2011-12	5.51	0.01	0.01
	Total	24.61	11.63	1.66

It may be seen from the above table that the Department recovered only 14 *per cent* of the accepted amount.

It is recommended that the Government may make efforts to recover the amount involved in the accepted cases at the earliest.

6.6.2 Status of compliance to outstanding Inspection Reports (2007-08 to 2011-12):

During the period 2007-08 to 2011-12, through our Inspection Reports we had pointed out non-recovery of duty, short realisation of licence fees, non-levy of penalty, non/short levy of entertainment duty with revenue implication of ₹ 131.78 crore in 4,321 cases. Of these, the Department/Government had accepted audit observations in 2,471 cases involving ₹ 41.21 crore. The details are shown in the following table:

(₹ in crore)

Year of Inspection Report	No. of units audited	Amount objected		Amount accepted		Amount recovered (as on 31 March 2013)	
		Cases	Amount	Cases	Amount	Cases	Amount
2007-08	12	1,143	18.74	912	0.54	55	0.04
2008-09	10	223	17.79	56	2.85	2	0.02
2009-10	16	1,036	16.71	337	7.52	Nil	Nil
2010-11	9	1,332	64.62	1,084	22.02	6	3.37
2011-12	6	587	13.92	82	8.28	Nil	Nil
Total		4,321	131.78	2,471	41.21	63	3.43

It may be seen from the foregoing table that the Department recovered only eight *per cent* of the accepted amount.

It is recommended that the Government may make efforts to recover the amount involved in the accepted cases at the earliest.

6.6.3 Status of compliance to Inspection Reports (2012-13):

Out of the 16 units of the Excise Department, we conducted test check of nine units during the year 2012-2013 having total revenue (2011-12) of ₹ 1,024.04 crore. We found non/short levy of excise duty, non-levy of penalty for non-maintenance of minimum stock of spirit in warehouses, arrear of entertainment duty and non-levy of penalty and other irregularities amounting to ₹ 20.02 crore in 700 cases. The observations broadly fall under the following categories:

(₹ in crore)			
Sl. No.	Category	No. of cases	Amount
1.	Non/short levy of excise duty	109	10.11
2.	Non-levy of penalty for non-maintenance of minimum stock of spirit in warehouses	66	5.78
3.	Arrear of entertainment duty and non-levy of penalty	126	0.32
4.	Other irregularities	399	3.81
Total		700	20.02

During the course of the year, the Department accepted underassessment, non/short levy of duty, licence fee etc of ₹ 4.55 crore in 364 cases.

A few illustrative cases involving ₹ 71.04 lakh are mentioned in the following paragraphs.

6.7 Audit observations

We scrutinised the assessment records of Excise Duty, fee and charges in the District Excise Offices (DEOs) and found several cases of non-observance of the provisions of the Acts/Rules/Annual Excise Policies (AEP) leading to incorrect fixation of reserve price and minimum guarantee quota of country and foreign Liquor as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on test checks carried out by us. Such omissions on the part of the Assistant Commissioners/District Excise Officers are pointed out by us each year, but not only do the irregularities persist, these remain undetected till an audit is conducted. There is need for the Department to improve the internal control system including strengthening of internal audit so as to avoid recurrence of such irregularities.

6.8 Incorrect fixation of reserve price

As per letter No. 436 dated 21.02.2011 of Excise Commissioner, minimum reserve price on auction of poppy straw shop for the year 2011-12 was to be fixed at licence fee received during the year 2010-11. Licence fee received in 2010-11 by District Excise Office, Jagdalpur was ₹ 8.85 lakh. Further, a representative of Commissioner's office should be present at the time of auction to decide the below the reserve price.

We found (September 2012) during test check of G-1 register¹ of District Excise Officer, Jagdalpur out of nine test checked units that one group of poppy straw shops (5 retail and one wholesale) was auctioned by the

Collector, Jagdalpur at ₹ 5 lakh. On scrutiny of records, it was found that the licence fee received from that particular group of shop was ₹ 8.85 lakh during the year 2010-11. Therefore as per the orders of the Commissioner, the minimum reserve price should have been ₹ 8.85 lakh instead of ₹ 5 lakh. Thus, non-observance of the order of the Commissioner in fixing the minimum reserve price resulted in short realisation of revenue of ₹ 3.85 lakh.

We reported the matter to the Government/Department (June 2013) for their comments and during a meeting (August 2013), the Government replied that proceeding for auction was held on 30.3.2011 by the Collector. The maximum bid amount on 30.3.2011 was ₹ 5 lakh. The Collector accepted the maximum bid of ₹ 5 lakh and requested (March 2011) the Excise Commissioner for post facto approval.

The reply is not convincing as approval from the Commissioner was not there, which is required even for normal fixation of reserve price.

¹ G-1 register of monthly paid licence fee record

6.9 Incorrect fixation of Minimum Guarantee Quota of country liquor

The Excise Commissioner (EC) Chhattisgarh had issued (October 2009) instructions to all the Collectors to consider the actual demand and consumption of country liquor of each shop before sending proposals of Minimum Guarantee Quota (MGQ) for the year 2010-11. Further, it was also stated that Minimum Guarantee Quota (MGQ) of country liquor shops is to be assessed by the Excise Advisory Committee with the consultation of concerned Collector and send it to the Excise Commissioner for approval.

Excise Department generates revenue in the form of licence fee and excise duty. Licence fee is a fixed amount comprising 60 *per cent* of the target fixed which has to be paid compulsorily, irrespective of the actual sale of liquor and the second part is the excise duty on actual sales subject to minimum 40 *per cent* of the target fixed and is, therefore, the variable component of the excise revenue.

We found (October 2012) during test check of records² of the Assistant Commissioner, (AC) Korba out of nine test checked units that Collector had sent (November 2009) proposals of 10.95 lakh Proof Litre (P.L) for approval for the year 2010-11 to the EC. The Assistant Commissioner again sent (February 2010) revised proposals of 10.30 lakh P.L. which was approved by the Commissioner, However, no specific reasons were recorded for reducing the target. Thus MGQ approved for the year 2010-11 was 4.6 *per cent* less than the previous year's MGQ.

However, we observed from the records of the AC

that the yearly fixed MGQ and actual consumption of country liquor for the last four years were as follows:

Year	Yearly fixed MGQ of country liquor (in P.L.)	Yearly variation of MGQ (in <i>per cent</i>)	Actual consumption of country liquor (in P.L.)	Variation (in <i>per cent</i>) Col. (4) to (2)
(1)	(2)	(3)	(4)	(5)
2007-08	10,30,000	-	10,86,104	5.44
2008-09	10,60,900	3.00	10,86,390	2.40
2009-10	10,80,000	1.80	11,33,043	4.91
2010-11	10,30,000	(-) 4.63	11,98,198	16.32

From the above table, it can be noticed that during the year 2007-08 to 2009-10, there was increase in MGQ and actual consumption of country liquor. Despite this, the Commissioner reduced the target for the year 2010-11

² Files of allotment of liquor shops

by 50,000 P.L. as compared to the previous year. However, no reasons were recorded for proposing reduction in MGQ.

Thus, inaction on the part of AC and Collector to prepare the target without considering the actual consumption of the previous year despite EC's instruction and approval of the same by the EC without ascertaining the compliance to its instructions led to incorrect fixation of MGQ of country liquor and consequential non realisation of licence fee of ₹ 52.89 lakh³.

We reported the matter to the Department/Government (June 2013) for their comments and during a meeting (August 2013), the Government replied that MGQ was reduced as revised proposal was sent from District and there was no loss in revenue due to this.

The reply is not convincing as there was no reason in the proposal to reduce the target from the original proposal. Further, in all districts of the State except Korba, the MGQ was increased in 2010-11 as compared to the previous year 2009-10.

6.10 Incorrect fixation of Minimum Guarantee Quota of foreign liquor

The Excise Commissioner, (EC) Chhattisgarh, had issued (October 2009), instructions to all the Collectors to consider the actual demand and consumption of foreign liquor of each shop before sending proposals of Minimum Guarantee Quota (MGQ) for the year 2010-11.

We found (October 2012) during test check of the files of allotment of Foreign Liquor Shops (FLS) of the Assistant Commissioner (AC), Excise, Korba, out of nine test checked units that in case of six⁴ FLS, the

Collector had sent proposals (November 2009) of the target 90000 Bulk Litre for the year 2010-11 to EC, Chhattisgarh, Raipur. Further, the Collector had sent (February-2010) a revised proposals of the target of 82500 BL without mentioning any reasons for reduction in MGQ. However, we observed from the records of the AC that the actual consumption of malt by the above shops up to the end of December 2009 was 1, 30,163.06 BL. Further, it was also noticed that FLS had already consumed more than their yearly fixed MGQ of 2009-10 by the end of December 2009 itself. Despite this, the AC did not take into account the actual consumption while proposing the MGQ for the year 2010-11. Thus, inaction on the part of AC and Collector to prepare the target without considering the actual consumption of the previous year despite EC's

3

Approved MGQ for the year 2010-11 by the EC	Collector proposal for fixation of MGQ for the year 2010-11	Difference in quantity
10,30,000 PL	10,95,300 PL	65,300 PL

Excise duty : 65,300*54 = ₹ 35,26,200/-

Licence Fee : 35,26,200*60/40 = ₹ 52,89,300/-

4

Kothari, Rajgamaar, Hardibazaar, Kathghora, Chotia and Paali

instruction and approval of the same by the EC without ascertaining the compliance to its instructions led to incorrect fixation of MGQ of foreign liquor (Malt) and consequential non realisation of licence fee of ₹ 14.30 lakh (as shown in the **Appendix 6.1**).

We reported the matter to the Department/Government (June 2013) for their comments and during a meeting (August 2013), the Government stated that from the six shops, there was increase of 153.8 *per cent* during 2010-11, in actual consumption compared to the MGQ fixed and in all there was 78.67 *per cent* average increase in consumption.

From the reply itself it is clear that the MGQ fixed was unrealistic as there was increase of 78.67 *per cent* in consumption.

CHAPTER VII: OTHER NON-TAX RECEIPTS

EXECUTIVE SUMMARY

What we have highlighted in this Chapter	In this Chapter we present illustrative cases of ₹ 15.65 lakh from observations noticed during our test check of records in the Mineral Resources Department, we found instances of short realisation of royalty, application of incorrect rate of royalty and non-realisation of dead rent and interest from the lessees.
Trend of revenue receipts	Though the actual receipts declined by 1.46 <i>per cent</i> in 2009-10, the same increased by 4.87 <i>per cent</i> , 14.90 <i>per cent</i> , 1.66 <i>per cent</i> , and 1.07 <i>per cent</i> in 2008-09, 2010-11, 2011-12 and 2012-13 respectively.
Target not achieved by the Internal Audit Wing	During the year 2012-13, 13 units were planned for audit by the Department of which only 10 units were audited.
Impact of Audit	<p>We conducted test check of the records of four units relating to the Mineral Resources Department during the year 2012-13 and found cases of underassessment of royalty and interest, short levy/realisation of stamp duty and registration fees, non/short levy of dead rent and interest and other irregularities amounting to ₹ 8.39 crore in 204 cases.</p> <p>The Department accepted underassessment of ₹ 6.75 crore in 133 cases. The Department had also recovered ₹ 7.48 lakh in two cases.</p>
Our conclusion	<p>The Department needs to improve the internal control system including strengthening of internal audit so that weaknesses in the system are addressed and omissions of the nature detected by us are avoided in future.</p> <p>It also needs to initiate immediate action to recover non-realisation, short levy of royalty, etc. pointed out by us, more so in those cases where it has accepted our contention.</p>

SECTION - A: NON-FERROUS MINING AND METALLURGICAL INDUSTRIES

7.1 Tax administration

Chhattisgarh is one of the largest mineral¹ producing States in the country. The State is endowed with rich deposits of minerals such as iron ore, coal, diamond, limestone, bauxite, gold, dolomite, tin ore, fireclay etc. Royalty and rent are the major sources of revenue from mineral wealth. The exploration, development and exploitation of minerals is programmed by the Directorate of Geology and Mining (DGM), so that existing mineral based industries continue to receive raw materials according to their production capacity. Minerals are extracted by public, private sector, Government Undertakings and other lessees. Administration of Mining activities mainly include processing of applications fee, tax assessment, realisation of revenue, prevention of illegal mining and other activities leading to leakage of revenue.

Mining Receipts are collected under the provisions of the following Acts, Rules and Circulars issued thereunder:

- Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act);
- Mineral Concession Rules, 1960 (MC Rules);
- Mineral Conservation and Development Rules, 1988 (MCD Rules);
- Chhattisgarh Minor Mineral Rules, 1996 (CGMM Rules); and
- Orders, circulars and instructions issued from time to time.

At the Government level, the Secretary, Mineral Resources Department and at the Department level the Commissioner-cum-Director Geology and Mining (DGM) are responsible for administration and implementation of the related Acts and Rules in the Mineral Resources Department. He is assisted by one Deputy Director Mining Administration (DDMA), eight District Mining Officers (DMO) and 16 Assistant Mining Officer (AMO). Apart from DDMA, DMO/AMO, 25 Mining Inspectors (MI) which function under the control of the Collector in the districts, are responsible for assessment and collection of revenue, besides prevention of illegal excavation and dispatch of minerals and other activities leading to leakage of revenue from areas under their control. There is a flying squad which works under the control of DGM.

7.2 Trend of revenue receipts from Non-ferrous Mining and Metallurgical Industries

Actual receipts from Non-ferrous Mining and Metallurgical Industries during the years 2008-09 to 2012-13 along with the total non-tax receipts is exhibited in the following table:

¹ Minerals can be divided into two categories-Major minerals which are further classified as hydrocarbons or energy minerals (such as coal, lignite etc.), atomic minerals, metallic and non-metallic minerals, and minor minerals which include building stone, flagstone, ordinary clay, ordinary sand and any other mineral notified by the Central Government.

(₹ in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total non-tax receipts of the State	Percentage of the actual receipts vis-à-vis total non-tax receipts
2008-09	1185.50	1243.24	(+) 57.74	(+) 4.87	2202.21	56.45
2009-10	1685.40	1660.87	(-) 24.53	(-) 1.46	3043.00	54.58
2010-11	2150.00	2470.44	(+) 320.44	(+) 14.90	3835.32	64.41
2011-12	2700.00	2744.82	(+) 44.82	(+) 1.66	4058.48	67.63
2012-13	3105.00	3138.18	(+) 33.18	(+) 1.07	4615.95	67.99

(Source: Finance Accounts of Government of Chhattisgarh)

The above table indicates that receipt from Non-ferrous Mining and Metallurgical Industries to the total non-tax revenue of the State during the last five years ranged between 54.58 and 67.99 *per cent*. It may be seen from the above table that though there was decrease of 1.46 *per cent* of the actual receipts over the budget estimate during the year 2009-10, the same exceeded by 4.87 *per cent*, 14.90 *per cent* and 1.66 *per cent* in the years 2008-09, 2010-11 and 2011-12 respectively. During 2012-13, the Finance Department had approved the budget estimate of ₹ 3,105 crore as proposed by the Department. The actual receipts of the Department were ₹ 3138.18 crore during the year, which was an increase of 1.07 *per cent* over the budget estimates.

The reason for variation of receipts of royalty from previous year (2011-12) was attributed (May 2013) by the Department to increase in the rate of royalty of coal from May 2012.

7.3 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2013 amounted to ₹ 1.45 crore of which ₹ 1.36 crore were outstanding for more than five years. The following table depicts the position of arrears of revenue during the period 2008-09 to 2012-13:

(₹ in crore)

Year	Opening balance of arrears	Addition during the Year		Recovery made during the year		Closing balance of arrears
		Current year	Previous year	Current year	Previous year	
2008-09	1.76	0.14	Nil	0.21	Nil	1.69
2009-10	1.69	0.64	Nil	0.23	Nil	2.10
2010-11	2.10	0.17	Nil	0.48	Nil	1.79
2011-12	1.79	0.02	Nil	0.17	Nil	1.64
2012-13	1.64	0.00	Nil	0.17	Nil	1.45

(Figures as furnished by the Mineral Resource Department)

Out of arrears of revenue of ₹ 1.45 crore, the Department was able to furnish the breakup of ₹ 1.34 crore as detailed in the following table:

(₹ in lakh)

Sl.No.	Type of arrear	Arrear amount
1	Matter stayed or pending with court or Government	26.89
2	Default by the liquidated companies	1.31
3	Whereabouts of defaulters not known	23.43
4	RRC sent to the defaulter within the State	12.08
5	Recovery in progress	70.45
	Total	134.16

The Department did not furnish the details for the balance of ₹ 11 lakh.

The Government needs to take appropriate measures to recover the arrears expeditiously and prepare a time frame for its early recovery.

7.4 Internal Audit

Internal audit enables the organisation to assure itself of the degree of compliance with prescribed system. We observed that against sanctioned posts of one Joint Director and three Auditors, only one Auditor was posted during the year 2012-13 in IAW. During the year 2012-13, 13 units were planned for audit by the Department of which 10 units were audited and inspection reports were also issued for the same.

Further, the Internal Audit had raised regular observations such as irregular payment to labour, non adjustment of temporary advances, non maintenance of registers, improper maintenance of cash books, arrear of revenue etc. No major observation such as non-levy, short-levy of royalty, etc. was raised.

We recommend that the Department may deploy additional manpower to ensure that internal audit is conducted regularly.

7.5 Impact of Audit

7.5.1 Status of compliance to Audit Reports (2007-08 to 2011-12):

During the period 2007-08 to 2011-12, through our Audit Reports we had pointed out cases of non/short levy and realisation of royalty, dead rent, interest, underassessment of stamp duty and registration fees with revenue implications of ₹ 301.08 crore. The Department accepted observations of ₹ 124.68 crore of which an amount of ₹ 76.90 crore had been recovered till March 2013 as shown in the following table.

(₹ in crore)

Sl. No	Year of the Audit Report	Total money value objected	Amount accepted	Recovery made up to March 2013
1.	2007-08	4.56	4.36	1.08
2.	2008-09	0.47	0.47	0.29
3.	2009-10	1.51	1.51	1.49
4.	2010-11	294.54	118.34	74.04
5.	2011-12	Nil	Nil	Nil
Total		301.08	124.68	76.90

The foregoing table indicates that 62 *per cent* recovery was made by the Department against the accepted cases pointed out in Audit Reports of upto 2011-12.

7.5.2 Status of compliance to outstanding Inspection Reports (2007-08 to 2011-12):

During the period 2007-08 to 2011-12, we had pointed out through our Inspection Reports, non/short levy of royalty, dead rent, non/short realisation of royalty, dead rent, loss of revenue due to non-levy of interest, penalty etc. with revenue implication of ₹ 492.39 crore in 4841 cases. Of these, the Department/Government had accepted audit observations in 1,690 cases involving ₹ 120.90 crore and recovered ₹ 27.75 crore in 125 cases. The details are shown in the following table:

(₹ in crore)

Year of Audit Report	No. of units audited	Amount objected		Amount accepted		Amount Recovered upto March 2013	
		No. of Cases	Amount	No. of Cases	Amount	No. of cases	Amount
2007-08	13	640	68.09	470	56.62	7	0.47
2008-09	12	764	20.09	473	1.45	5	0.18
2009-10	7	396	4.64	335	4.83	46	4.83
2010-11	9	302	23.71	149	6.14	61	0.06
2011-12	12	2739	375.86	263	51.86	6	22.21
Total	53	4841	492.39	1690	120.90	125	27.75

The above table indicates that recovery in accepted cases was 23 *per cent*.

It is recommended that the Government may make efforts to recover the amount involved in the accepted cases at the earliest.

7.5.3 Status of compliance to Inspection Reports (2012-13):

We conducted test check of records of four units² out of 16 units relating to Mineral Resources Department involved total revenue of ₹ 1,033.44 crore during the year 2012-13 and found cases of underassessment of royalty and interest, short levy/realisation of stamp duty and registration fees, non/short levy of dead rent and interest and other irregularities etc. from mining lease holders amounting to ₹ 8.39 crore in 204 cases which fall under the below categories:

(₹ in lakh)

Sl. No.	Categories	No. of cases	Amount
1.	Underassessment of royalty and interest	29	776.05
2.	Short levy/realisation of stamp duty and registration fees	1	0.06
3.	Non/short levy of dead rent and interest	39	16.49
4.	Other irregularities	135	46.00
Total		204	838.60

² Ambikapur, Jashpur, Kanker and Korba

During the year 2012-13, the Department accepted underassessment of ₹ 6.75 crore in 133 cases and recovered ₹ 7.48 lakh in two cases.

A few illustrative cases involving financial effect of ₹ 15.65 lakh are mentioned in the following paragraphs.

7.6 Audit observations

We scrutinised records of royalty assessment cases in Mineral Resources Department and found several cases of short realisation of royalty, non levy of dead rent and interest etc. as mentioned in the succeeding paragraphs in this chapter. These cases are only illustrative and are based on a test check carried out by us. Such omissions on the part of DDMA/DMO are pointed out in audit each year, but not only do the irregularities persist but these also remain undetected till an audit is conducted. There is need for the Government to improve the internal control system including strengthening the internal audit to ensure that such omissions are detected and rectified.

7.7 Short realisation of royalty

According to Rule 9(1) of the Mines and Minerals (Development and Regulation) Act, the holder of a mining lease shall pay royalty in respect of any mineral removed or consumed by him from the leased area at the rate specified in the Schedule. Further, as per notification dated 1 August 2007 of the Ministry of Coal, the rates of royalty shall be a combination of specific and *ad valorem* rates. As per price notification of Coal India Limited dated 26 February 2011, the minimum royalty payable on ROM 'B' grade coal produced in Raniatari mine is ₹ 329.50 per MT and on Steam B grade coal for Banki mine is ₹ 318.5 per MT from April 2011 to December 2011 and ₹ 298.50 Per MT in January 2012. As per order of DGM (April 2006), assessment of royalty is to be done in every six month.

We found during test check of the monthly returns submitted by South Eastern Coalfield Limited (SECL) to the Dy. Director, Mining Administration (DDMA), Korba (October 2012) that lessee³ had dispatched 68274.96 MT steam 'B' grade coal⁴ between April 2011 and January 2012 from Korba Coalfields⁵ and 12400.12 MT ROM 'B' grade coal between February 2011 and May 2011 from Korea Rewa Coalfields⁶. As per the price notification, royalty amounting to ₹ 2.16 crore and ₹ 40.86 lakh was

leviable from the lessee for Korba and Korea Rewa coalfields respectively. As against this, the SECL paid royalty of ₹ 2.11 crore and ₹ 32.77 lakh for these coalfields respectively. This resulted in short levy of royalty amounting to ₹ 13.06 lakh (as shown in the *Appendix 7.1*). Had the DDMA assessed the

³ M/s South Eastern Coalfields Ltd.(SECL)

⁴ Useful heat value exceeding 5600 kilocalories per kilogram but not exceeding 6200 kilocalories per kilogram

⁵ Banki colliery

⁶ Raniatari colliery

royalty paid by the lessee half-yearly, the short payment of royalty could have been avoided.

After we pointed this out (October 2012), the Government stated (September 2013) that in case of Korea-Rewa coalfields, the demand for ₹ 8.09 lakh has been raised. In case of Banki colliery, it was stated that on some occasions, short payment of royalty was noticed and therefore demand notice of ₹ 7.34 lakh has been raised.

7.8 Non-realisation of dead rent and interest

According to Rule 30(1)(a) and (d) of the Chhattisgarh Minor Mineral Rules, the lessee shall pay, for every year except for the first year of the lease, yearly dead rent at the rates specified in Schedule IV in advance for the whole year, on or before the 20th day of the first month of the year. If the lessee fails to pay the dead rent due in time, he shall be liable to pay interest at the rate of 24 *per cent* per annum for the period of default.

We found (October 2012) during test check of the *Khataoni* and lease case file of the District Mining Officer (DMO), Jashpur that six lessees did not pay dead rent aggregating to ₹ 1.56 lakh between the period January 2007 and December 2012. The DMO had neither raised any demand to collect the

rent of ₹ 1.56 lakh nor levied interest of ₹ 1.03 lakh thereon. Failure on the part of DMO to monitor the non working of mines and to recover dead rent resulted in non-realisation of revenue of ₹ 2.59 lakh (as shown in the *Appendix 7.2*).

After we pointed this out (October 2012), the Government stated (September 2013) that ₹ 1.48 lakh has been recovered and the recovery of remaining amount is in process.

EXECUTIVE SUMMARY

What we have highlighted in this Chapter	In this Chapter, we present illustrative case of non recovery of cost of forest produce amounting to ₹ 1.18 lakh detected during our audit of forest receipts.
Impact of Audit	We conducted test check of the records of 11 units relating to Forest Department during the year 2012-13 and found cases of non/short realisation of revenue due to non-exploitation of bamboo/timber, shortage of forest produce, loss of revenue due to low yield of timber etc., amounting to ₹ 16.48 crore in 142 cases. During the year 2012-13, the Department accepted the loss of revenue of ₹ 50.11 lakh in four cases but no amount was recovered.
Our conclusion	The Department needs to improve their internal control systems including strengthening internal audit to avoid recurrence of such omissions.

SECTION - B: FORESTRY AND WILD LIFE (RECEIPTS)

7.9 Tax administration

The Forest Department generates revenue mainly through sale of timber, bamboo and minor forest produce which are the major sources of revenue for the Government. The forest produce is disposed through auction, invitation of tenders etc. .

The Forest Department functions under the Principal Secretary (Forests). The Principal Chief Conservator of Forests (PCCF), Chhattisgarh at Raipur is responsible for overall administration of the Department. The PCCF is assisted by Additional PCCFs (APCCF) and Chief Conservators of Forests (CCF) at Headquarters.

The forest area in the State is supervised by six Conservators of Forests (CF) stationed at Raipur, Bilaspur, Surguja, Jagdalpur, Kanker and Durg. The forest area of the State is divided into 32 divisions. The administration of forest divisions, sale of forest produce, realisation of revenue as well as expenditure on protection, conservation, exploitation of timber and sustained growth of the forest is the responsibility of Divisional Forest Officer (DFO). The DFO is assisted by Sub Divisional Forest Officers (SDO). Besides protection of forest, the Range Officers (RO) are responsible for carrying out the work of plantation, marking and felling of trees, transportation of timber and fuel wood from coupes⁷ to depots, etc. Six Working Plan (WP) circles work under the CCF, Working Plan, Raipur. These circles and 32 divisions are responsible for timely preparation of the WPs. The Department follows the under mentioned Acts, Rules and orders:

- The Indian Forest (IF) Act, 1927 and rules made thereunder;
- The Forest Conservation (FC) Act, 1980 and rules made thereunder;
- Chhattisgarh *Van upaj (Vyapar Viniyaman) Adhiniyam*, 1960 and rules made thereunder;
- Forest Financial Rules;
- National Working Plan Code (NWPC) 2004;
- Forest Manual; and
- Instructions/Orders issued by the Government/Department from time to time regarding assessment and collection of revenue.

7.10 Trend of revenue receipts from Forestry and Wild life

Actual receipts from Forestry and Wild life during the years 2008-09 to 2012-13 along with the non-tax revenue of the State was as shown in the following table:

⁷ The Working Plan divides the forest area into various Working Circles (WC), WC into compartments and compartments into coupes.

(₹ in crore)

Year	Revised Estimates (REs)	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total non-tax receipts of the State	Percentage of actual receipts vis-à-vis total non-tax receipts
2008-09	280.00	322.29	42.29	15.10	2202.21	14.63
2009-10	365.00	345.85	(-) 19.15	(-) 5.25	3043.00	11.36
2010-11	400.00	305.17	(-) 94.83	(-) 23.71	3835.32	7.95
2011-12	400.00	341.64	(-) 58.36	(-) 14.59	4058.48	8.42
2012-13	405.00	363.96	(-) 51.18	(-) 12.64	4588.87	7.93

(Source: Finance Accounts of the Government of Chhattisgarh)

The above table indicates that barring 2008-09, the actual receipts were less than the budget estimates and the percentage of shortfall for these years was between five and 24. The Department attributed region specific circumstances for non-achievement of revenue target for the year 2012-13 (August 2013). Similarly, the share of Forest receipts in non-tax receipts of the State, which was 14.63 per cent in 2008-09 shown gradual decrease in subsequent years, except slight improvement in 2011-12.

7.11 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2013 amounted to ₹ 8.96 crore. The table below depicts the position of arrears of revenue during the period 2008-09 to 2012-13:

(₹ in crore)

Year	Opening balance of arrears	Closing balance of arrears
2008-09	0.30	0.45
2009-10	0.45	2.39
2010-11	2.39	2.45
2011-12	2.45	1.62
2012-13	1.62	8.96

(Source: Information furnished by the Department)

It may be seen from the above table that there was a steep rise in arrears for the year 2012-13. Out of these, ₹ 7.67 crore pertains to the period prior to the formation of state, which was intimated by the Department in current year.

7.12 Internal Audit

Internal Audit is a vital component of the internal control mechanism and enables an organisation to assure itself that the prescribed systems are functioning reasonably well.

The Internal Audit Wing (IAW) of the Department audited 12 units in 2012-13. Of the 12 units audited in 2012-13, inspection reports comprising 26 paras involving amount of ₹ 21.98 lakh were issued to these units.

7.13 Impact of Audit

7.13.1 Status of compliance to Audit Reports (2009-10 to 2011-12):

In the Audit Reports 2009-10 to 2011-12, we had pointed out cases of non/short realisation of revenue, shortages of forest produce etc. involving ₹ 102.81 crore. Of these, the Department/ Government had accepted observations involving ₹ 10.73 crore. The details are shown in the following table:

(₹ in crore)

Year of Audit Report	Total Money Value	Amount Accepted	Amount Recovered	
			No. of paras	Amount
2009-10	87.19	9.02	3	0.05
2010-11	14.90	1.64	1	0.01
2011-12	0.72	0.07	-	-
Total	102.81	10.73	4	0.06

It may be seen from the above table that the amount accepted by the Department ranged from nine to 11 *per cent* of the total money value, out of which the amount recovered was negligible in comparison to the accepted amount. Thus, the Department should have atleast shown promptness in collection of accepted amount, so that the arrears of past years could have been cleared.

7.13.2 Status of compliance to outstanding Inspection Reports (2007-08 to 2011-12):

During the period 2007-08 to 2011-12, through our Inspection Reports, we had pointed out non/short realisation of revenue due to non-exploitation of bamboo/timber, low yield of timber/bamboo, shortage of forest produce, loss of revenue etc. with revenue implication of ₹ 163.93 crore in 1,979 cases. Of these, the Department/Government had accepted audit observations in 1,342 cases involving ₹ 31.89 crore. The details are shown in the following table:

(₹ in crore)

Year of IR	No. of units audited	Amount objected		Amount accepted		Amount Recovered	
		Cases	Amount	Cases	Amount	Cases	Amount
2007-08	01	5	5.17	5	5.17	Nil	Nil
2008-09	11	285	19.60	256	9.79	1	0.13
2009-10	11	1002	95.29	998	15.58	1	9.00
2010-11	9	352	20.49	69	1.17	Nil	Nil
2011-12	12	335	23.38	14	0.18	Nil	Nil
Total		1979	163.93	1342	31.89	2	9.13

It may be seen from the above table that recovery in respect of the accepted cases is 29 *per cent* only. The Department should take appropriate measures to expedite the recovery in accepted cases.

7.13.3 Status of compliance to Inspection Reports (2012-13):

We conducted test check of the records of 11 units relating to Forest Department during the year 2012-13 and found short realisation of revenue due to sale below upset price, non/short realisation of revenue due to deterioration/ shortage of forest produce, low yield of timber etc. amounting to ₹ 16.48 crore in 142 cases which can be categorised as under:

Sl. No.	Category	(₹ in crore)	
		Number of cases	Amount
1	Short realisation due to sale below the upset price	24	0.57
2	Non-realisation due to deterioration/shortage of forest produce	30	0.41
3	Loss of revenue due to low yield of timber	32	1.32
4	Other irregularities	56	14.18
Total		142	16.48

During the year 2012-13, the Department accepted the loss of revenue of ₹ 50.11 lakh in four cases but no amount was recovered.

An illustrative case of non-recovery of cost of bamboos and poles amounting ₹ 1.18 lakh is mentioned in the succeeding paragraph.

7.14 Audit observations

We scrutinised the records of 11 Divisional Forest Offices (DFOs) and found one case of non-observance of the provisions of the Acts/Rules/ Government notifications/ instructions leading to non recovery of cost of bamboos and poles as mentioned in the succeeding paragraph in this chapter.

7.15 Non recovery of cost of bamboos and poles

The Government had ordered (July 2002) that the cost of Bamboo, Poles etc. used in barricades for security purposes of Very Important Persons (VIP) in public functions in each district shall be paid by the State Public Works Department (PWD).

During the test check (December 2012) of physical verification reports at the end of June 2009, 2010 and 2011 of the Divisional Forest Officer (DFO) Bastar, we found that 69,428 bamboo and 15,807 poles valuing ₹ 18.16 lakh were supplied to other Government departments, local bodies, NMDC etc., for different purposes such as public functions of VIPs, fairs, religious functions, flood

relief work etc. from Parpa Nistar⁸ Depot. Out of this, 41,928 bamboos and 10,084 poles were supplied for public programmes of VIPs. The DFO informed that 64,151 bamboos and 15,026 poles have been returned back by the concerned agencies. Thus there was short recovery of 5,277 bamboos and 781 poles valuing ₹1.18 lakh.

After this was pointed, the Government stated (August 2013) that correspondences have been made in this regard and in case the produce is not returned the cost of produce amounting ₹1.18 lakh would be recovered from the concerned agencies.

⁸

Nistar implies supply of bamboos, poles and fuel stacks at subsidised rates to the needy villagers residing within five kilometres of forests.

CHAPTER VIII: FORESTRY AND WILD LIFE (EXPENDITURE)

EXECUTIVE SUMMARY

What we have highlighted in this Chapter	<p>In this Chapter, we present the result of audit of Chhattisgarh State Compensatory Afforestation Management and Planning Authority (CAMP A) - A review which highlights the audit findings on the receipts into CAMP A, Land Management in forest diversion cases and expenditure from the State CAMP A fund involving financial effect of ₹ 140.07 crore.</p> <p>We also present illustrative cases of avoidable, irregular and unfruitful expenditure of ₹ 9.15 crore.</p>
Impact of audit conducted by us in 2012-13	<p>We conducted the Audit during the period September 2012 to June 2013 which revealed a number of deficiencies relating to non realisation/ short realisation of cost of Compensatory Afforestation and Net Present Value, violation of Forest Conservation Act in forest land diversion cases and irregular, doubtful, avoidable, excess and wasteful expenditure from State CAMP A fund.</p> <p>We also conducted test check of the records of 18 units relating to Forest Department during the year 2012-13. We found irregularities in receipts into CAMP A, Land Management in forest diversion cases, expenditure from State CAMP A fund and irregular, avoidable, unfruitful and excess expenditure etc. in 155 cases involving financial effect of ₹ 219.92 crore</p>
Our conclusion	<p>We noticed that despite abundant availability of the revenue land in the State for Compensatory Afforestation (CA), user agencies were granted permissions for diversion of forest land with condition to carry out the CA on degraded forest land. Forest land was being used by the Private Company, Public Sector Undertakings as well as the Department for non-forestry purposes in violation of Forest Conservation Act. Revenue land received from user agencies was not notified as Reserved Forest/ Protected Forest. The cost of CA was recovered from the user agencies at lower rates due to erroneous calculation of rates. Net Present Value (NPV) was not collected as per the guidelines issued by the Hon'ble Supreme Court and Ministry of Environment and Forest (MoEF). State CAMP A did not utilise the funds sanctioned for various activities. Expenditure was</p>

incurred on purchase and maintenance of vehicles, creation of infrastructure and eco tourism activities in contravention of the guidelines and instructions issued by the MoEF. The records of works executed in the forest area were not maintained in accordance with the provisions of Working Plan manual. Due to delay in execution of Memorandum of Understanding (MoU), the monitoring and evaluation of the works could not be ensured.

8.1 Introduction

The Forest Department incurs expenditure mainly on the protection, conservation, development and regeneration of forests, exploitation of timber and other forest produce and sustained growth of the forests.

The Forest Department functions under the Principal Secretary (Forests). The Principal Chief Conservator of Forests (PCCF), Chhattisgarh at Raipur is responsible for overall administration of the Department. PCCF is assisted by Additional PCCFs (APCCF) and Chief Conservator of Forests (CCFs) at Headquarters.

8.2 Trend of expenditure in Forest Department

The expenditure in the Forest Department during the years 2008-09 to 2012-13 was as shown in the following table:

(₹ in crore)

Year	Budget Estimates (BEs)	Allotment	Actual Expenditure	Variation between BEs and actual expenditure (in per cent)	Actual expenditure as percentage of allotment
2008-09	649.20	614.62	566.43	87.25	92.16
2009-10	716.37	659.53	647.14	90.34	98.12
2010-11	852.02	665.86	676.31	79.38	101.57
2011-12	1,065.13	772.03	763.98	71.73	98.96
2012-13	957.60	884.33	864.56	90.28	97.76

(Source: Information furnished by the Department)

The above table indicates that the actual expenditure was less than the BEs during the period 2008-09 to 2012-13 and percentage of expenditure ranged between 71.73 and 90.34. Also the actual expenditure was less than the budget allotted during the period except in 2010-11, where the expenditure exceeded the allotment due to increase in non-plan expenditure of the Department.

8.3 Impact of Audit

8.3.1 Status of compliance to Audit Report:

In the Audit Report 2011-12, we had pointed out cases of non-observance of the provisions of the Acts/Rules/Government notifications/ instructions leading to short realisation of cost of Compensatory Afforestation, irregular, wasteful, doubtful expenditure in plantations, construction of roads, execution of other forestry activities etc. involving ₹ 14.48 crore as mentioned in table below:

(₹ in crore)

Year of Audit Report	Total Money Value	Amount Accepted	Amount Recovered	
			No. of paras	Amount
2011-12	14.48	0.36	-	-
Total	14.48	0.36	-	-

From the above table it may be seen that out of the total money value of ₹ 14.48 crore for the Audit Report 2011-12, the Department accepted ₹ 36 lakh, of which no amount has been recovered till March 2013.

8.3.2 Status of compliance to outstanding Inspection Reports (2008-09 to 2011-12):

During the period 2008-09 to 2011-12, we through our Inspection Reports had pointed out irregular, wasteful, doubtful expenditure etc. with financial implication of ₹ 277.74 crore in 443 cases. The details are shown in the following table:

(₹ in crore)

Year of IR	No. of units audited	Amount objected		Amount accepted		Amount Recovered	
		Cases	Amount	Cases	Amount	Cases	Amount
2008-09	12	82	63.82	-	-	-	-
2009-10	7	39	12.93	-	-	-	-
2010-11	19	179	141.66	-	-	-	-
2011-12	15	143	59.33	-	-	-	-
Total	53	443	277.74	-	-	-	-

8.3.3 Status of compliance to Inspection Reports (2012-13):

We have conducted Audit of Chhattisgarh State Compensatory Afforestation, Management and Planning Authority (Chhattisgarh State CAMPA) involving financial effect of ₹ 140.07 crore. Also, we conducted test check of the records of 18 units relating to Forest Department during the year 2012-13. We found irregularities in receipts into CAMPA, Land Management in forest diversion cases, expenditure from State CAMPA fund and irregular, avoidable, unfruitful and excess expenditure etc. in 155 cases involving financial effect of ₹ 219.92 crore as detailed below:

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
1	Chhattisgarh State Compensatory Afforestation, Management and Planning Authority (Chhattisgarh State CAMPA) – A review	1	140.07
2	Irregular expenditure	73	50.28
3	Avoidable expenditure	3	0.32
4	Unfruitful expenditure	34	14.01
5	Excess expenditure	20	5.97
6	Other irregularities	24	9.27
Total		155	219.92

The Government accepted and issued demand notices involving ₹ 84.38 crore of which ₹ 23.23 crore were recovered in 12 cases which have been duly mentioned in the respective paragraphs.

The result of Audit of Chhattisgarh State Compensatory Afforestation, Management and Planning Authority (Chhattisgarh State CAMPA) involving financial effect of ₹ 140.07 crore and a few illustrative cases of avoidable, irregular, unfruitful expenditure, etc. amounting to ₹ 9.15 crore are mentioned in the succeeding paragraphs.

8.4 Chhattisgarh State Compensatory Afforestation, Management and Planning Authority (Chhattisgarh State CAMPA)-A Review

Highlights:

- Despite availability of non-forest land for CA in the State, certificates of non-availability of non-forest land were given and CA was done in degraded forest area.

(Paragraph 8.4.8)

- Forest land measuring 835.616 hectares was being used for mining purposes by a Public Sector Undertaking without approval of Government of India for renewal of lease, even after lapse of seven years after in-principle approval.

(Paragraph 8.4.9.1)

- Forest land measuring 77.500 hectares was used for development of eco tourism centre by the State Government in violation of Forest Conservation (FC) Act.

(Paragraph 8.4.9.2)

- Wrong application of rates, non-adherence to the guidelines/ conditions of approval letter and non-raising of demand resulted in non-levy/ short realisation of cost of Compensatory Afforestation, Net Present Value etc. amounting to ₹ 89.56 crore.

(Paragraph 8.4.11 and 8.4.12)

- Execution of CA at ineligible sites, dense forests and sites where plantations were already carried out resulted in excess/ unfruitful/ doubtful expenditure of ₹ 2.57 crore.

(Paragraph 8.4.15 to 8.4.17)

- Chhattisgarh State CAMPA unauthorisedly spent ₹ 12.31 crore on purchase of vehicles, infrastructure and eco-tourism activities in contravention to the Guidelines and instructions of GoI.

(Paragraph 8.4.18)

- Selection of sites despite plantation in previous years, selection of wrong species and payment at higher rates in the scheme of Special Species plantation under CAMPA led to irregular/doubtful/excess expenditure amounting to ₹ 1.07 crore.

(Paragraph 8.4.19)

- Execution of works other than the approved ones from Chhattisgarh State CAMPA fund under *Jungle Safari* resulted in irregular expenditure of ₹ 2.40 crore besides excess expenditure of ₹ 40.20 lakh on collection of moorum at higher rates and non-deduction of voids amounting to ₹ 14.72 lakh.

(Paragraph 8.4.23)

8.4.1 Introduction

Forest in Chhattisgarh State constitutes 8.04 *per cent* of the total forest area of the country. The recorded forest area in the State is 55,674 sq kms (44.21 *per cent* of the total geographical area of the State). As per the Champion and Seth¹ classification, the State has 10 forests types which belong to Tropical Moist Deciduous Forests (47.89 *per cent*), Tropical Dry Deciduous Forests (51.65 *per cent*) and others (0.46 *per cent*).



(Source: <http://www.cgforest.nic.in>)

Forest cover – Types of forest (in hectare)

In terms of forest canopy density classes, the State had 4,163 sq km under very dense forest, 34,911 sq km under moderately dense forest and 16,600 sq km under open forest. Compared with the assessment of 2009, the forest cover showed a loss of four sq. km in the 2011 assessment.²

The Government stated (September 2013) that the loss of forest area was due to transfer of lands under Forest Rights Act and diversion of forest land for non-forestry purposes under Forest Conservation Act.

8.4.2 Organisational Set up

Principal Secretary, Forest Department (Department) is in-charge of the administration of the Department. The Principal Chief Conservator of Forests (PCCF) is the head of the Department in the State. He is assisted by four Additional PCCFs (APCCF) and 13 Chief Conservators of Forests (CCF) at the State Headquarter. The forest area in Chhattisgarh State is administered by the Department through 35 Territorial Divisions. These divisions are under the control of six territorial Conservators of Forest (CF) at forest circles located at Raipur, Bilaspur, Kanker, Surguja, Bastar and Durg.

8.4.3 Establishment of Chhattisgarh State CAMPA

The Hon'ble Supreme Court directed (May 2006) Ministry of Environment and Forest (MoEF) for constitution of an Ad-hoc body of Compensatory Afforestation, Management and Planning Authority (Ad-hoc CAMPA) and transferring all the funds received in respect of diversion of forest land for non-forestry purposes into it. Ministry of Environment and Forest issued (July 2009) guidelines for establishing State CAMPAs in the States/UTs. On the basis of these guidelines, Chhattisgarh state CAMPA was established through a Gazette notification dated 24 July 2009 for the management of utilisation of funds received from the Ad-hoc CAMPA, New Delhi. A Steering Committee

¹ Champion and Seth classified (1967) the forest in India which is considered authentic.

² Source of geographical data mentioned in Introduction – India State of Forest Report 2011 published by Forest Survey of India.

under the Chairmanship of the Chief Secretary of the State was also constituted vide notification *ibid* for establishment of procedures, review of utilisation of funds, sanction of Annual Plan of Operations (APOs) etc. The APCCF, CAMPA in Forest Headquarters at Raipur looks after the administration of funds received by the State CAMPA from Ad-hoc CAMPA.

8.4.4 Audit Criteria

The provisions of following Acts, Rules and circulars/guidelines were used as audit criteria:

- Wild Life (Protection) Act, 1972;
- Forest Conservation (FC) Act, 1980 as amended in 1988;
- Forest Conservation Rules, 2003 as amended in 2004;
- Handbook on Forest Conservation Act (Handbook) issued by the Government of India (GoI) in May 2004;
- Chhattisgarh State Finance Code;
- Chhattisgarh State Purchase Rules, 2002;
- Chhattisgarh Working Plan (WP) manual; and
- Various guidelines, instructions and orders issued by the Hon'ble Supreme Court, Ministry of Environment and Forest (MoEF) and the State Government.

8.4.5 Audit Objectives

The Performance Audit was conducted to ascertain whether:

- forest land was diverted for non-forestry purposes in accordance with the provisions of FC Act/ Rules made thereunder and instructions issued by the GoI and State Government;
- money collected from user agencies towards Compensatory Afforestation (CA), Net Present Value (NPV) etc. were in accordance with the rules, provisions and instructions issued by the GoI and the State Government;
- money received from the Ad-hoc CAMPA were administered in accordance with the guidelines issued by the MoEF; and
- expenditure from CAMPA fund was incurred in accordance with the objectives and principles established for this purpose.

8.4.6 Scope and methodology of Audit

The audit was conducted between September 2012 and June 2013 in State CAMPA and Land Management wings under the office of the PCCF, Chhattisgarh and 12 divisions³ out of 35 divisions where allotment was made from State CAMPA. These divisions were selected on the basis of Simple Random Sampling method. During the course of audit, the records pertaining to the year 2006-07 to 2012-13 were scrutinised in the above offices. We had scrutinised the records pertaining to other divisions also in the State CAMPA and Land Management (LM) wings.

³ Dhamtari, Dharamjaigarh, Jashpur, Katghora, Korba, Mahasamund, Rajnandgaon, Sukma and Surguja (North and South) territorial Divisions; Bilaspur and Raipur Research and Extension Divisions.

8.4.7 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation of the Forest Department for providing the necessary information and records to audit. The scope and methodology of audit was discussed with the Principal Secretary, Forest Department in an entry conference held on 12 September 2012. The draft review report was forwarded to the Government and the Department on 23 July 2013. The Exit conference with the Government was held on 2 September 2013 to discuss the audit findings of Chhattisgarh State CAMPA. The Special Secretary and PCCF represented the Government and the Department respectively in the exit conference. The replies submitted by the Government during the exit conference have been appropriately incorporated in the relevant paragraphs.

AUDIT FINDINGS

LAND MANAGEMENT ISSUES

During scrutiny of the records of diversion of forest land for non-forestry purposes, we found several irregularities such as use of forest land in contravention to the provisions of FC Act, lacunae in the procedure for recommending the cases of diversion for approval, declaration of revenue land as forest land etc. as discussed in the succeeding paragraphs.

8.4.8 Forest land used for non-forestry purpose without compliance of provisions of Forest Conservation Act

As per paragraph 3.2 of Handbook, Compensatory Afforestation is to be done over equivalent area of non-forest land provided by the user agency in case the land used is beyond one hectare. The non-forest land for CA may be identified anywhere in the State as near as possible to the site of diversion, so as to minimise adverse impact on the micro-ecology of the area. If non-forest land is not available, CA shall be carried out over double area of degraded forest land. Also, non-availability of non-forest land for CA in the entire State would be accepted by the Central Government only on the Certificate from the Chief Secretary of the State to that effect. However, no such certificate is required in the cases pertaining to Public Sector Undertakings (PSUs) of Government of India (GoI).

In Chhattisgarh, the land diversion cases are processed initially at Division level. The DFOs, after compliance of all the conditions laid down under the FC Act, send the cases to the concerned territorial CF with a copy thereof to CCF, (LM Wing) at the Forest Headquarters for obtaining approval from the GoI.

In the State, forest land admeasuring 12,202.852 hectare

had been diverted in 176 cases since October 2002 to March 2013 for non-forestry purposes such as mining, irrigation, power projects, transmission lines, laying of Optical Fibre Cable, industry etc. against which 20,224.507 hectare area had been identified by the State Forest Department for CA as mentioned in the following table:

(Area in hectare)

Name of Circle	No. of Diversion Cases	Forest Area Diverted	Stipulated Area for CA		
			Forest Land (as a percentage of total CA area)	Non Forest Land	Total
Bilaspur	72	4,169.323	6,071.313 (93.10%)	449.663 (7.90%)	6,520.976
Durg	20	717.256	1,080.360 (93.05%)	80.647 (7.95%)	1,161.007
Bastar	19	627.335	1,136.801 (94.71%)	63.473 (5.29%)	1,200.274
Kanker	25	2,167.701	4,192.716 (98.14%)	79.569 (1.86%)	4,272.285
Raipur	17	671.799	1,221.441 (97.45%)	31.998 (2.55%)	1,253.439
Surguja	23	3,849.438	5,798.128 (99.68%)	18.398 (0.32%)	5,816.526
Total	176	12,202.852	19,500.759 (96.42%)	723.748 (3.58%)	20,224.507

(Source: Information provided by the Department)

It may be seen from above table that the forest land identified for CA in Circles ranged between 93.05 *per cent* and 99.68 *per cent* while the revenue land received for CA ranged from 0.32 *per cent* to 7.95 *per cent*.

In the test checked divisions⁴, forest land admeasuring 5,376.328 hectares were diverted for non-forestry purposes in 45 cases against which 9,484.501 hectare area had been identified for CA (as detailed in *Appendix 8.1*).

During scrutiny of records of diversion cases in the office of the PCCF (LM wing) in June 2013, we observed that since 2006-07, in six test checked divisions⁵, final approval for diversion of 3,793.179 hectare of forest land was given in 14 cases with the condition of carrying out CA on double degraded forest land. In three out of 14 cases, CA was taken up on the basis of the certificates of non-availability of non-forest land. In the remaining 11 cases, CA was taken up on degraded forest land without obtaining any such certificates from the Chief Secretary. However, on scrutiny of the letter issued by the Revenue Department (November 2006), we observed that 5.78 lakh hectare revenue land was earmarked in the State for CA in 2006-07. Thus, taking up CA in forest land despite availability of revenue land (as detailed in *Appendix 8.2*) was not only irregular but also led to reduction in forest area to that extent. Further, the issue of certificate of non availability of non-forest land by the Chief Secretary was also not correct in view of 5.78 lakh hectare of revenue land earmarked for CA.

In the whole State, since 2006-07, final approval for diversion of 5,195.71 hectare of forest land in the State was given in 50 cases with the condition of carrying out CA on double degraded forest land. In 12 out of 50 cases, CA was taken up on the basis of the certificates of non-availability of non-forest land. In the remaining 38 cases, CA was taken up without obtaining any such certificates from the Chief Secretary.

The Government stated (September 2013) that in two cases, certificates of the Chief Secretary were not required as they were related to PSUs of GoI. In rest 48 cases, permission for undertaking CA on double degraded forest lands were given on the basis of certificates of the Chief Secretary. Twenty Six such certificates are available and rests are being traced.

We do not agree as none of the above cases related to PSUs of GoI. Also, permission for taking up CA in double degraded forest area despite availability of 5.78 lakh hectares non-forest land earmarked for CA in 2006-07 was not in order.

⁴ Dhamtari, Dharamjaigarh, Jashpur, Katghora, Korba, Mahasamund, Rajnandgaon, Sukma and Surguja (North and South) territorial Divisions; Bilaspur and Raipur Research and Extension Divisions.

⁵ Dhamtari, Dharamjaigarh, Katghora, Korba, Rajnandgaon and Surguja (South)

8.4.9 Use of forest land for non-forestry purpose without approval of GoI

As per paragraph 4.2 of the Handbook on FC Act, approval for diversion shall be given in two stages. In 1st stage, the proposal shall be agreed to in-principle in which the conditions relating to payment of cost of CA, NPV etc. are stipulated. After receipt of compliance report from the State Government in respect of the stipulated conditions, formal approval under the Act shall be issued by the Government of India (GoI).

8.4.9.1 During scrutiny of the records of diversion of forest lands for non-forestry purposes in the office of the DFO, Korba and Katghora (June 2013), we noticed that the South Eastern Coalfield Limited (user agency) had been allotted three mines⁶ whose lease periods were valid upto March 2003. The user agency applied for in-principle approval

for renewal of mining leases, which was granted by GoI in 2006. As per the condition imposed in the in-principle approvals, the user agency had to deposit cost of CA, NPV and Penal CA amounting to ₹ 93.13 crore. As against this, the user agency had deposited ₹ 69.67 crore till March 2013 and the balance amount of ₹ 23.46 crore had not been deposited by the user agency till date. Moreover, the user agency carried out the mining activities in these areas even after the lapse of seven years without obtaining final approval from GoI. Despite this, the department had not initiated any action against the user agency for carrying out mining activities in forest land without final approval, which was in contravention of FC Act.

The Government informed (September 2013) that cost of CA, NPV etc. are to be deposited in these cases and final approval has not been received from GoI. Thus, mining activities are closed in these mines and shall be allowed after compliance of the conditions and receipt of final approval from GoI.

Reply is factually incorrect as the report of CCF (Land Management) to the MoEF (January 2011) and the information furnished (July 2013) by the Mining Department confirm that the mining activities were in progress in these mines. This clearly indicates inaction on the part of Department in enforcing the provisions of FC Act.

6	Name of Mine	Division	Forest area in mines (hectares)	In-principle approval by GoI
	Rajgamar underground mine	Korba	461.80	March 2006
	Manikpur opencast mine	Korba	181.77	June 2006
	Gevra opencast mine	Katghora	192.046	October 2006
	Total		835.616	

As per Section 2 of FC Act, no forest land can be used by any user agency for non-forestry purposes without having final approval of GoI for diversion of such land for intended purpose. According to the instructions issued by the GoI (May 2008), though diversion of land for public amenities such as Schools, Hospitals, children park etc. up to one hectare shall be exempted from payment of NPV but require permission of diversion from GoI under FC Act.

8.4.9.2 Conservator of Forest, Bastar sanctioned (January 2012) funds amounting to ₹ 82 lakh to DFO, Bastar for construction of 10.5 km long Water Bound Macadam (WBM) road in Wildlife Conservation and Education Centre (Lamni Park) in Compartment No. 1720 to encourage tourism in that area. State CAMPA had also sanctioned

(January 2012) funds amounting to ₹ 1.96 crore to DFO, Bastar for Chain link Fencing/ Boundary Wall under eco tourism head and released ₹ 1.55 crore. Against this, the DFO had incurred expenditure of ₹ 35.38 lakh till March 2013.

Scrutiny of records in the office of the PCCF (LM wing) revealed that the park was being developed in 77.500 hectare of Compartment No. 1720, which, is a part of reserve forest of the Bastar Division. The work of construction of new WBM roads and development of Wildlife Conservation and Education Centre (Lamni Park) including establishment of toy train and *jhulas* for children are non-forestry works, the objective of which is to encourage tourism. Scrutiny of records further revealed that no land was diverted in that compartment for such purposes. Thus, use of forest land by the DFO for non-forestry purpose without obtaining the approval of GoI was not only irregular but was also violation of the FC Act.

The Government stated (September 2013) that the area of Compartment No. 1720 is situated in Jagdalpur city. Due to urbanisation and increasing population pressure, there is always a threat of encroachment in such areas. It was decided by the Governing body and the Steering Committee of State CAMPA to protect such areas by Boundary walls and chain link fencing. No new roads were constructed there and the existing forest roads were converted into WBM roads. The toy train is to be established for the educational purposes only. According to FC Act, temporary constructions made for protection for forests shall not require sanction under FC Act.

We do not agree with the reply as the Department did not follow the instructions issued by MoEF (May 2008) regarding diversion of forest land before executing non-forestry works. Further, the map in the project report of Lamni Park shows the construction of grid of roads for movement in the area. Also, the funds were allotted for providing accommodation to the visitors in Lamni Park.

As per the guidelines issued by GoI (July 2009), State CAMPA is intended as an instrument to accelerate activities for preservation of natural forests, management of wildlife, infrastructure development in the sector and other allied works. The state CAMPA would administer the amount received from the Adhoc CAMPA and utilise the monies collected for undertaking compensatory afforestation, assisted natural regeneration, conservation and protection of forests, infrastructure development, wildlife conservation and protection and other related activities and for matters connected therewith or incidental thereto.

8.4.9.3 Scrutiny of the records in LM wing revealed that proposal was sent (October 2006) to the GoI for relocation of the Latadadar, Nawapara and Rampur, village of Barnawapara Sanctuary in the Compartment No. 507 & 509, 500 & 501 and 795 & 796 respectively. We found that GoI accorded (October 2008) in-principle approval for diversion of 922.30 hectare forest land for the purpose of

relocation of three villages. Further, it was seen that State CAMPA had sanctioned ₹ 10.30 crore to the DFO, Raipur for relocation of 83 families from Nawapara village to Compartment No. 795 and 796. As per the working plan of Mahasamund division, the Compartment No. 795 and 796 were falling into Improvement Working Circle where matured trees were standing. After felling of the 1,47,565 matured trees in the year of 2010-11 by the Mahasamund division, Raipur division incurred expenditure of ₹ 5.12 crore on the relocation work i.e. construction of residential building, agriculture field, approach road and ponds etc. which, was in contravention of core objective of conservation and protection of forests of CAMPA.

The Government stated (September 2013) that in-principal approval of 922.30 hectare for relocation of three villages was accorded (October 2008) by the GoI. Accordingly, the relocation work was carried out in six compartments.

We do not agree as core objective of the CAMPA was preservation of natural forests, management of wildlife and conservation and protection of forests which has been defeated as construction of residential houses for relocated Nawapara villagers had been carried out after uprooting of 1,47,565 matured trees.

8.4.10 Notification of revenue land as forest land

As per the provisions of FC Act, conditions laid down by GoI while granting approval for diversion of forest land and guidelines issued by MoEF (February 2004), non-forest land identified for the purpose are to be transferred to the ownership of the State Forest Department and declared as forest land under the IF Act, so that the plantation raised can be maintained permanently. The transfer must take prior to the commencement of the project.

During scrutiny of the records of diversion cases in the office of the PCCF (LM wing) in June 2013, we found that against the diversion of 5,376.328 hectare forest land in 45 cases pertaining to 10 test checked divisions⁷ where final approval was accorded by the MoEF between 2002-03 and 2012-13, the user agencies⁸ made available 313.713 hectare of revenue land (as

detailed in *Appendix 8.3*). Though the user agencies had transferred revenue land in favour of the Department before final approval of diversion, the Department had not notified these lands as forest land till October 2013.

Against the diversion of 12,202.852 hectares forest land in 176 cases (details in Para No. 8.4.8) of the State where final approval was accorded by the MoEF between 2002-03 and 2012-13, the user agencies made available 723.745 hectare of revenue land (as detailed in *Appendix 8.3*).

The Government stated (September 2013) that 45.449 hectare revenue land has been notified (May 2009 and December 2012) in two cases. Twenty two cases are pending at the Government level and 15 cases are pending at Department level. One case has been cancelled.

The reply confirms inaction by the Department and steps are now being taken for notifying the revenue land as forest land only after it was pointed out in audit.

MANAGEMENT OF RECEIPTS OF CAMPA

During 2002-03 to 2012-13, the Department had recovered an amount of ₹ 1,437.22 crore from the user agencies in lieu of diversion of forest land admeasuring 12,202.852 hectare in 176 cases as detailed in the following table:

(₹ in crore)		
Sl. No.	Item	Amount recovered
1.	Cost of Compensatory Afforestation (CA)	169.91
2.	Net Present Value (NPV)	1,214.41
3.	Others (Additional CA, Penal CA etc.)	52.90
Total		1,437.22

(Source: Information furnished by the Department)

⁷ Dhamtari, Dharamjaigarh, Jashpur, Katghora, Korba, Mahasamund, Rajnandgaon, Sukma and Surguja (North and South) territorial Divisions

⁸ Bharat Aluminium Limited Company, Chattisgarh State Electricity Board, Water Resources Department

8.4.11 Cost of Compensatory Afforestation

As per the paragraph 3.1 of the Handbook, recovery of cost of CA over equivalent non-forest area or double degraded forest area from the user agency is one of the important conditions while approving proposals for diversion of forest land for non-forestry purposes.

During scrutiny of the records of diversion of forest land for non-forestry purposes, we found several irregularities and deficiencies in collection of cost of CA involving wrong application of rates, non-adherence to the guidelines,

non-observance of feasibility etc. as mentioned in the succeeding paragraphs.

8.4.11.1 Short realisation of cost of Compensatory Afforestation due to lower fixation of rates from 2002-03 onwards

Government of Chhattisgarh, Forest Department prescribed (March 2002) the rate of ₹ 29,725 per hectare for non-irrigated plantation and ₹ 1,04,500 for irrigated plantation for the year 2001-02 for collection of cost of CA from the user agencies. For subsequent years, the rates shall be increased by 10 *per cent* annually on account of inflation in wages and the project cost shall include 25 *per cent* for Contingent expenditure, Entry point activities and Research and Development.

During test check of the case files of diversion of forest land in the office of PCCF (LM wing) (June 2013), we found that in eight⁹ out of 12 test checked divisions, forest land admeasuring 3,321.566 hectare was diverted for

non-forestry purposes in 18 cases between 2004-05 and 2012-13. In lieu of this, CA was to be carried out in 6,405.806 hectare for which Department realised ₹ 70.34 crore from the user agencies. Since these cases were finalised during 2004-05 and 2012-13, the rates should have been increased by 10 *per cent* annually towards inflation. The Department, while raising the demands, calculated the cost of CA for the year 2003-04 to 2012-13 taking into the account the increase of 10 *per cent* per annum prescribed by the State Government. However, for determination of the rate for 2002-03, the Department did not include the 10 *per cent* increase and applied the rate of 2001-02. As a result, the basic rates of subsequent years were also fixed at 10 *per cent* lower level. Had the Department fixed the rate of 2002-03 including the inflation and determined the rates for subsequent years accordingly, the total amount of CA recoverable from the user agencies would have been ₹ 77.93 crore against which the Department recovered ₹ 70.34 crore. Thus, incorrect fixation of rate by DFOs and approval of the same by the office of the PCCF (LM wing) without scrutiny led to short realisation of cost of CA amounting to ₹ 7.59 crore as detailed in *Appendix 8.4*.

⁹ Dharamjaigarh, Dhamtari, Katghora, Korba, Mahasamund, Rajnandgaon, Sukma and Surguja (South) territorial Divisions

In 18 out of 32 territorial divisions in the State, forest land admeasuring 5,388.376 hectare was diverted for non-forestry purposes in 53 cases between 2002-03 and 2012-13. In lieu of this, CA was to be carried out in 11,476.90 hectare for which Department realised ₹ 93.35 crore from the user agencies as against the recoverable amount of ₹ 104.20 crore resulting in short realisation of ₹ 10.85 crore (as detailed in *Appendix 8.4*).

A similar observation was made in paragraph 8.7 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2012 (Revenue Sector), Government of Chhattisgarh. However no further progress was reported in the case till March 2013.

The Government stated (September 2013) that the instructions have been issued (August 2013) to the field offices to effect recovery. Further report has not been received (November 2013).

8.4.11.2 Short recovery of cost of safety zone for Mining operations

According to paragraph 4.7 of the Handbook, forest area required for safety zone for mining operations should be indicated separately in the proposal. Such area will have to be fenced at the cost of the project authority. Further, project authority will have to deposit funds with the Forest Department for protection and regeneration of such safety zone area and also will have to bear the cost of afforestation over one and half times of the safety zone area in degraded forest elsewhere.

During test check of the case files of diversion of forest land in Korba Division (June 2013), we found that in one case of diversion of 194.728 hectare forest land for open cast mining in favour of South Eastern Coalfields Limited, the GoI while granting the in-principle and final approval (December

2009 and August 2011 respectively), imposed the condition of creation of safety zone in 7.5 meter strip around the diverted area and cost of afforestation of safety zone area as well as cost of afforestation over one and half times of the safety zone area in degraded forest elsewhere was to be recovered by the Department. Though the cost of afforestation over one and half times of the safety zone area was recovered (April 2010) by the Department but no demand for the cost of afforestation on safety zone area in degraded forest elsewhere was raised by the Department from the user agency. Thus, inaction on the part of the DFO to recover the cost of afforestation of safety zone area resulted in short realisation of ₹ 24.85 lakh.

The Government stated (September 2013) that demand notice has been issued to the user agency in July 2013 for recovery. Further report has not been received (November 2013).

8.4.11.3 Short realisation of cost of CA due to absence of criteria for imposing irrigated/ non-irrigated rates

The objective behind the inclusion of condition of CA over equivalent non-forest area or double degraded forest area is to maintain the ecological balance disturbed due to diversion of forest land for non-forestry use. The State Government prescribed (March 2002) separate rates for irrigated and un-irrigated plantations in 2001-02 for recovery of cost of CA from the user agencies.

During test check of the case files of diversion of forest land in the office of PCCF (LM wing) in June 2013, we found that in five¹⁰ out of 12 test checked divisions, forest land admeasuring 684.125 hectare were diverted

for non-forestry purposes in eight cases between 2008-09 and 2012-13. In lieu of this, CA was to be carried out in 1,345.568 hectare area. The Department raised the demand of ₹ 11 crore as cost of CA for un-irrigated plantation. Had the rates for irrigated plantation been applied for recovery of cost of CA, an amount of ₹ 44.28 crore (as detailed in *Appendix 8.5*) could have been recovered from the user agencies and the success of the plantations under CA could have been ensured better through provision of irrigation, safety and upkeep of the plants. But, the State Government did not prescribe any criteria for application of irrigated or un- irrigated rate for collection towards CA.

In eight out of 32 territorial divisions in the State, forest land admeasuring 1,179.76 hectare was diverted for non-forestry purposes in 14 cases between 2002-03 and 2012-13 and CA was to be carried out in 2,336.57 hectare. Department realised ₹ 17.24 crore as cost of CA at the rates of un-irrigated plantation. Had the cost of CA been recovered at the rates of irrigated plantation, an amount of ₹ 68.98 crore (as detailed in *Appendix 8.5*) could have been recovered and success of plantation could have been better ensured.

The Government stated (September 2013) that the recovery for cost of CA has been made as per the prescribed norms for un-irrigated plantations and there is no specific criteria for selecting the type of plantation to be carried out for CA. It was however stated that instruction has since been issued to the field offices for recovering the cost of CA at the rates for irrigated plantations in new cases of diversion of forest land.

¹⁰

Dharamjaigarh, Katghora, Korba, Mahasamund, and Rajnandgaon Divisions

8.4.12 Net Present Value

As per the report of Expert Committee appointed by the Hon'ble Supreme Court, Net Present Value (NPV) refers to "the discounted sum of rupee values of eco-system goods and services that would flow from a forest over a period of time net of costs incurred." As per the order of Hon'ble Supreme Court (October 2002), the NPV shall be recovered in the cases of diversion of forest lands for non-forestry purposes.

During scrutiny of records of diversion of forest land for non-forestry purposes, we found several irregularities in collection of NPV such as wrong application of rates, non-adherence to the guidelines, non-compliance of orders etc. as discussed in the succeeding paragraphs.

8.4.12.1 Short realisation of Net Present Value due to wrong classification of diverted forest land

In compliance to the order of Hon'ble Supreme Court (March 2008), MoEF issued instructions (February 2009) on collection of NPV from the user agencies at revised rates. In these instructions, the forests in India have been classified in six Eco classes on the basis of classification of forests made by Champion and Seth. As per the India State of Forests Report, 2011, the forests in Chhattisgarh State are of two classes viz. Tropical Moist Deciduous Forest and Tropical Dry Deciduous Forest which fall in Eco class I and III respectively. As per the above instructions, rates of NPV per hectare for these types of forests are as follows:

(₹ in lakh per hectare)

Type of Forest	Eco Class	Very Dense	Dense	Rare
Tropical Moist Deciduous Forest	Eco Class I	10.43	9.39	7.30
Tropical Dry Deciduous Forest	Eco Class III	8.87	8.03	6.26

During test check of the case files of diversion of forest land in the office of PCCF (LM wing) in June 2013, we found that between 2008-09 and 2012-13, 7,963.100 hectare forest land was diverted for non-forestry purposes in 86 cases. Out of this, in six cases pertaining to six test checked divisions¹¹, 3,167.276 hectare forest land was diverted and an amount of ₹ 223.51 crore was recovered as NPV. Further scrutiny of the cases and Working Plans of concerned divisions revealed that forests in five test

checked divisions (four cases) are of Eco Class III and rest two test checked divisions (two cases) are of Eco Class I. As per the above rates, NPV amounting to ₹ 269.47 crore was recoverable from the user agencies. Thus, calculation of NPV without following the classification led to short realisation of NPV amounting to ₹ 45.96 crore (as detailed in *Appendix 8.6*).

¹¹ Katghora, Korba, Mahasamund, Sukma, Surguja (North) and Surguja (South)

In the whole State, NPV amounting to ₹ 48.01 crore was short realised in 11 cases pertaining to 14 divisions due to non-observance of above classification (as detailed in the **Appendix 8.6**).

The Government accepted (September 2013) the audit observation in respect of eight out of 11 cases and issued demand notice of ₹ 40.16 crore against which ₹ 7.71 crore had been recovered in two cases. In one case where short realisation of ₹ 9.59 crore was pointed out by the audit, the Government stated that the demand notice for recovery of NPV amounting ₹ 4.26 crore has been issued as per the instructions of MoEF. As regards remaining three cases, the Department assured to submit the reply after verification.

The above reply confirms that the action for recovery on the basis of eco classes mentioned in the instructions of MoEF has been initiated only after it was pointed out in audit. As regards one case where partial demand has been raised by the Government, the reply is not in conformity with the rates prescribed by the MoEF. Hence, differential amount of NPV ₹ 5.33 crore (₹ 9.59 crore - ₹4.26 crore) is also recoverable.

8.4.12.2 Short realisation of Net Present Value

During the period of revision of rates of NPV by the Expert Committee appointed by the Hon'ble Supreme Court, MoEF, while granting in-principle/ final approval for diversion of forest land (between 2005-06 and 2011-12), had imposed various conditions for the user agency which *inter alia* included furnishing of an undertaking to pay the differential amount in case of upward revision in the rates of NPV which was under consideration of the Expert Committee. In compliance to the order (March 2008) of the Hon'ble Supreme Court (on the basis of recommendations of Expert Committee), MoEF issued instructions (February 2009) for collection of NPV from the user agencies at the revised rates.

During test check of the case files of diversion of forest land in the office of PCCF (LM wing) in June 2013, we found that between 2006-07 and 2012-13, in four cases pertaining to two test checked divisions¹², in-principle/ final approval was given (between 2005-06 and 2011-12) for diversion of 223.508 hectare of forest land and ₹ 17.58 crore was recovered from the user agencies. Further scrutiny of these cases revealed that land diverted in these cases

fall in Eco class III. As per the new classification, NPV amounting to ₹ 18.15 crore was to be recovered from the user agencies against which the Department recovered only ₹ 17.58 crore in these cases. Though the Department had obtained undertaking from the user agencies for payment of differential amount, but no demand notice was issued to the user agencies for recovery of the differential amount of NPV amounting to ₹ 57.07 lakh (as detailed in serial no. 1 to 4 in **Appendix 8.7**).

¹²

Katghora and Rajnandgaon

In the whole state, 17 cases pertaining to six divisions, NPV amounting to ₹ 6.44 crore could not be realised due to non-compliance of the conditions imposed by GoI (as detailed in *Appendix 8.7*).

The Government accepted (September 2013) the audit observation in respect of 14 out of 17 cases and informed that ₹ 2.22 crore has since been recovered in five cases while demand notices have been issued for recovery of ₹ 3.92 crore in the remaining nine cases. In rest three cases, the Government stated that the recovery has been done as per the provisions of the FC Act.

The above reply confirms that the action for recovery has been initiated only after it was pointed out in audit. As regards three cases which had not been accepted by the Government, the reply is not in conformity with the instructions of MoEF issued in February 2009. Hence differential amount of NPV is also recoverable. Further report of recovery has not been received (November 2013).

8.4.12.3 Non realisation of NPV

In compliance to the order (September 2006) of the Hon'ble Supreme Court, MoEF issued instructions (September 2007) for recovery of NPV from the user agencies in cases of diversion of forest land for non-forestry purposes where in-principle approval had been received before 30 October 2002 and final approval was given after 30 October 2002.

During test check of the case files of diversion of forest land in the office of PCCF (LM wing) (June 2013), we found that in five cases pertaining to three test checked divisions¹³, in-principle approval was given by the MoEF between May 1994 and April 2000 i.e. before 30.10.2002 for diversion of 152.602 hectare

of forest land and final approval was received from MoEF between November 2003 and February 2005 i.e. after 30.10.2002. As per the above instructions, NPV amounting to ₹ 12.27 crore was recoverable from the user agencies. However, neither the DFOs recovered the NPV nor initiated any action against the user agencies even after the lapse of more than five years. This resulted in non-realisation of NPV amounting to ₹ 12.27 crore (as detailed in serial no. 1 to 5 in *Appendix 8.8*).

In the whole State, NPV amounting ₹ 24.01 crore was not realised in eight cases pertaining to five divisions (as detailed in *Appendix 8.8*).

The Government informed (September 2013) that ₹ 8.14 crore has been recovered in three cases while demand notices for recovery of ₹ 15.87 crore has been issued in the remaining five cases. Further report on recovery has not been received (November 2013).

¹³

Korba, Mahasamund and Sukma

8.4.13 Remittance of funds received from the user agencies to the Ad-hoc CAMPA

In compliance to the decision of the Hon'ble Supreme Court, MoEF instructed (May 2006) that all the State Governments/UTs shall transfer the amount collected from user agencies in lieu of diversion of forest land with effect from 30 October 2002 to the Ad-hoc CAMPA.

8.4.13.1 Delay in remittance of funds

During scrutiny of the case files in the office of PCCF (LM wing) (June 2013), we found that in a case pertaining to Surguja (North) division, an amount of ₹ 3.24 lakh and

₹ 6.07 lakh was collected in March 2006 and August 2008 respectively which was remitted to Ad-hoc CAMPA January 2010 with delay of more than three years (as detailed in *Appendix 8.9*). These funds were kept in Personal Deposit (PD) account in violation of the above decision of the Hon'ble Supreme Court.

In the whole State, an amount of ₹ 53.85 lakh in four cases pertaining to three divisions¹⁴ was remitted to the Ad-hoc CAMPA with a delay ranging between 14 months to three years (as detailed in *Appendix 8.9*).

The Government stated (September 2013) that warnings have been issued to the respective Divisional Forest Officers for prompt remittances of amount collected from user agencies to Ad-hoc CAMPA.

8.4.13.2 Irregular retention of funds in PD Accounts

Scrutiny of the case files in the office of PCCF (LM wing) in November 2012 revealed that in-principle approval was granted by the GoI in December 2008 to Bharti Airtel Ltd. for diversion of 1.250 hectare of forest land of DFO, North Kondagaon Division for laying Optical Fibre Cable. The user agency deposited ₹ 17.43 lakh in January 2009 in compliance to the conditions of the in-principle approval. However, instead of depositing the amount with Ad-hoc CAMPA, the DFO, North Kondagaon had irregularly retained it in PD Account till March 2013.

The Government informed (September 2013) that the amount has now been remitted (February 2013) to the CAMPA and warning has been issued to the Divisional Forest Officer against irregular retention of funds in PD accounts.

8.4.14 FUND MANAGEMENT

8.4.14.1 Preparation and approval of Annual Plan of Operations

The Executive Committee of State CAMPA prepares the Annual Plan of Operations (APO) comprising of the targets for the activities to be undertaken and after approval, the Steering Committee forwards it to GoI. After scrutiny of APO received from the State CAMPA, GoI releases the funds on the basis of APO. As per the approved APOs, funds are released to the divisions in installments. The financial progress of the works is watched through monthly

¹⁴

Bilaspur, Janjgir-champa and North Surguja

progress reports. Further installments are issued on the basis of progress of work.

The position of approval of APOs and release of funds from GoI during 2009-10 to 2012-13 was as follows:

(₹ in crore)

Year	Approval of APO by Steering Committee		Approval of APO by GoI			Expenditure incurred by State CAMPA
	Date	Amount	Date	Amount	Date of release of fund	
2009-10	17.11.09	123.21	08.12.09	123.21	17.08.09	3.94
2010-11	02.07.10	204.99	01.10.10	134.10	01.10.10	24.13
2011-12	14.07.11	400.75	08.09.11	99.54	08.09.11	118.05
2012-13	02.05.12	150.00	21.08.12	114.38	21.08.12	134.04
Total		878.95		471.23		280.16

(Source: Information furnished by the Department)

It may be seen from the table that during 2009-10 to 2012-13 out of ₹ 471.23 crore released from GoI, State CAMPA could utilise ₹ 280.16 crore (59.45 per cent) only. The funds under State CAMPA are allotted under four heads as detailed in the following table:

(₹ in crore)

Head	Sanction as per APO	Allotment	Expenditure incurred	Percentage of utilisation
Works under CA fund	68.30	68.30	50.11	73
Works under NPV fund	396.59	396.59	228.88	58
Monitoring and Evaluation	4.30	4.30	0.18	4
Establishment	2.04	2.04	0.99	49
Total	471.23	471.23	280.16	

(Source: Information furnished by the Department)

It may be seen from the above table that percentage of utilisation of the funds under different heads ranged between 4 and 73.

The Government informed (September 2013) that proper procedures could not be established in 2009-10 and 2010-11. Thus, funds could not be utilised as required. In subsequent years, efforts have been made to expedite it.

8.4.14.2 Non-utilisation of funds allotted for works under NPV fund

In the APOs, amounts were allotted under various heads for different activities. However, we observed that out of the allotments, huge amounts remained unutilised as detailed below:

- In the APOs of 2009-10 and 2010-11, fund aggregating ₹ 25 crore were allotted for development of Information Technology (IT) in forestry against which expenditure of ₹ 3.30 crore (13.20 per cent) only was incurred up to March 2013. Due to short-utilisation of funds, the objective of development of manpower for computer operation and Geospatial database could not be fulfilled even after four years of approval. Also, development of online monitoring system and computer networking and communication among the field offices could not be achieved to the desired extent.

- Similarly, in the APOs from 2009-10 to 2012-13, funds aggregating ₹ 27.62 crore were allotted for Research and Training against which expenditure of ₹ 7.72 crore (27.96 per cent) only was incurred up to March 2013. Due to short-utilisation of funds, no work was initiated for establishment of the Tissue culture laboratory, Seed testing Centre, Soil testing lab and Central Forest Library even after four years of approval.
- In the APOs from 2009-10 to 2012-13, fund aggregating ₹ 53.50 crore were allotted for development of infrastructure against which expenditure of ₹ 30.99 crore (57.92 per cent) only was incurred up to March 2013. Due to short-utilisation of funds, the infrastructure works such as construction of office buildings, residential quarters for staff etc. could not be ensured.

The Government accepted (September 2013) the audit observation and informed that efforts had been made to utilise the funds and ensure completion of physical targets set under the heads of IT and Research and Training. Under the head of infrastructural development, it was informed that construction of 425 out of 643 buildings had been completed and remaining buildings would be completed in the current financial year i.e. 2013-14.

EXPENDITURE UNDER STATE CAMPA

Chhattisgarh State CAMPA had utilised ₹ 280.16 crore under CA, NPV and development of Infrastructure etc. till March 2013. During the test check of records at State CAMPA office and test checked divisions, we found several irregularities in the utilisation of the CA and NPV funds, which are discussed in the succeeding paragraphs.

I: Expenditure under CA

8.4.15 Excess expenditure due to application of higher rates

PCCF, Chhattisgarh had fixed (October 2010) the norms of expenditure at ₹ 15,100 per hectare for first two years (Survey-demarkation, Preparation of area and Plantation) of Rehabilitation of Degraded Forest (RDF) work plantation of 400 plants per hectare. It was also stipulated that work of CA shall be taken in rare forest/blank area.

During scrutiny of the sanction files, Working Plan, Project Reports, Plantation Reports and Financial Progress Reports of CA plantation in the office of the PCCF (State CAMPA Wing), we observed (November 2012) that project was prepared for Rehabilitation of Degraded Forest (RDF) with plantation which included Cut Back Operations (CBO) work in 100 hectare and plantation of 66,944 plants in the blank/ rare forest

areas 88.22 hectare of Compartment No. 115 by the DFO, Dhamtari. Further, it was seen that State CAMPA sanctioned ₹ 90.51 lakh for first and second year works for CA plantation in 188.22 hectare of Compartment No. 115 as against admissible expenditure of ₹ 28.42 lakh¹⁵ as per prescribed norms of Rehabilitation of Degraded Forest. The division had incurred expenditure of

¹⁵ 188.22 Ha. X ₹ 15,100 = ₹ 28,42,122

₹ 99.20 lakh on CBO and plantation of 66,944 plants till March 2013. Thus, non-pursuance of RDF (with plantation) norms fixed for works resulted in excess expenditure of ₹ 70.78 lakh.

The Government informed (September 2013) that the sanction had been issued on the basis of model of degraded forests. In these areas, plantations of *Aonla* and other species had been done in the blank area at the rate of 400 plants per hectare along with treatment of root stock.

The reply itself confirms that the plantation was taken up in the areas having vegetation which was not completely blank. Had the norms for RDF plantation model been followed, the work could have been completed at ₹ 15,100 per hectare as fixed by the PCCF against the expenditure incurred at the rate of ₹ 52,704 per hectare.

8.4.16 Compensatory Afforestation done in dense forests

As per the provision of Chhattisgarh WP Manual, the dense forests of higher quality, middle and mature age have been kept in Selection cum Improvement (SCI) working circle where activities like assisted natural regeneration and main felling shall be taken up and no plantation is to be taken in rare/blank area. Objective of CA is to fulfill the loss of forest area and density occurred due to diversion of forest land for non-forestry purposes. Keeping this in view, MoEF included in every sanction order the clause to the effect that CA shall be done in equivalent non-forest land or in double area of degraded forests. The APCCF, CAMPA, while approving the APO of 2009-10 (February 2010) also instructed that CA shall only be taken up in degraded forest areas.

During scrutiny of the sanction files, Working Plan, Project Reports, Plantation Reports and Financial Progress Reports of CA works in the office of the PCCF (CAMPA wing), we noticed that sanctions were given for CA in seven compartments of SCI working circle of three divisions¹⁶. Accordingly, the works of plantations under CA was taken up in SCI working circle as detailed in the following table:

(₹ in lakh)

Division	Comp. No.	Year of CA	Details of forest in Compartment (hec.)				Approval by State CAMPA		Amount spent
			Sal + Mixed	Others	Under stock	Total	Area sanctioned (hec.)	Amount sanctioned	
Dharamjaigarh	554	2009-10	153.945	5.727	33.521	193.193	45.00	24.03	24.48
	383		332.630	0.000	0.000	332.630	50.00	24.00	24.50
	124		234.739	0.000	0.000	234.739	50.00	27.48	28.21
East Raipur	553		74.010	0.000	0.000	74.010	50.00	22.14	21.48
East Surguja	3300	2010-11	167.630	141.750	0.000	309.380	50.00	22.70	20.99
	2806	2011-12	325.580	87.310	0.000	412.890	50.00	33.75	31.02
	2700		177.350	52.650	0.000	229.950	25.00	16.88	13.28
Total			1465.884	287.437	33.521	1786.792	320.00	170.98	163.96

(Source: Information furnished by the Department)

¹⁶

Dharamjaigarh, East Raipur and East Surguja

Since the above mentioned forest compartments have been kept in SCI working circle of respective divisions and the area in these compartments were also covered with dense forests, the execution of CA in these compartments in total disregard to the provisions of the WP manual and instructions of the APCCF, CAMPA led to unfruitful expenditure of ₹ 1.64 crore besides non-fulfillment of objectives of CA.

The Government informed (September 2013) that as per the provisions of National Working Plan Code, plantations can be undertaken in all the circles where areas eligible for plantations are available. The original stock in these areas at the time of preparation of WPs was normal which may deplete with the passage of time. All the seven sites were physically verified by two ACFs posted in State CAMPA. As per their reports, the density in the areas planted was below 0.4 i.e. they were rare forests. In the sites of East Surguja, plantations were carried out removing the encroachments while in East Raipur Division, plantations were taken up keeping in view the chances of encroachments. Thus, plantations had been taken up in the rare/ blank forest areas as per the provisions of WPs.

We do not agree as the above sites were included in the SCI working circle in the respective WPs approved¹⁷ by GoI. As per paragraph 1.10.8.2 of Chhattisgarh WP manual, even if any rare/blank area was available in SCI working circle, no plantation work can be carried out. Further, according to the instructions issued by PCCF (December 1999) regarding RDF treatment, if the areas under other circles have been converted into degraded forests, the approval for including them into RDF circle would be taken at first instance as it amounts to deviation of WP. Only after that, work shall be carried out in those areas. No such approval for deviation was found to be obtained. Further, report has not been received (November 2013).

8.4.17 Doubtful expenditure on Compensatory Afforestation

APCCF, CAMPA sanctioned (June 2011) ₹ 1.32 crore to the DFO, East Surguja for plantation under CA on 201.78 hectare land at five sites and released (June 2011) ₹ 91.10 lakh. The DFO was instructed to ensure that CA is carried out in rare/ non-forest area.

During the test check of sanction files, Working Plan, Project Reports, Plantation Reports and Financial Progress Reports in State CAMPA wing (June 2012), we found that above CA work was carried out in five¹⁸ compartments and expenditure of ₹ 87.46 lakh was incurred on this work till March 2013. Further scrutiny of plantation records and vouchers revealed that in Compartment No. 2723, plantation of 55,000 plants (at the rate of 1100 plants per hectare) in 50 hectare area was carried out incurring expenditure of ₹ 22.19 lakh. According to the approved WP of the Division for the period 2006-07 to 2015-16, details of area of the compartment is as follows:

¹⁷ Dharamjaigarh – September 2007, East Raipur – June 2006 and East Surguja - 2003
¹⁸ Five Compartments:- Compartment No. 2753 - 1.78 hectare, No. 3295 – 50 hectare, No. 3002 – 50 hectare, No. 2723-50 hectare. and No. 3300 - 50 hectare

Comp. No.	Total area	Under stocked/ Blank area	Plantation done before commencement of WP	(Area in hectare)
				Encroached area
2723	81.00	52.43	24.07	4.50

It may be seen from the above table that out of the total area of 81 hectare in the compartment, plantation was done earlier in 24.07 hectare and 4.5 hectare area was encroached. As such, 52.43 hectare blank/under stock area was available for plantation. However, scrutiny of plantation records and vouchers revealed that the division had planted 32,400 plants in whole 81 hectare area of the compartment (at the rate of 400 plants per hectare) and incurred expenditure of ₹ 9.57 lakh in 2006-07 and 2007-08. Consequently, no area was available in the compartment for further plantation. Despite non-availability of area for plantation in the compartment, the DFO incurred expenditure of ₹ 22.19 lakh in 50 hectare area under CAMPA in 2010-11. This raises doubt on the genuineness of the plantation.

The Government informed (September 2013) that as per the provisions of WP, total area of Compartment No. 2723 is 81 hectare. In this area, RDF work was taken up in 2006-07 and 32400 plants were planted in 25.1 hectare area. In 24.07 hectare area of the compartment, there was *Nilgiri* plantation of 1984 and felling was done. After felling, 51.04 hectare area was available for plantation, of which 50 hectare area was planted under CAMPA in July 2012.

We do not agree as the project report was prepared in 2006-07 for treatment of 81 hectare area with plantation. The plantation report (2007) of the division confirms that the 32400 plants planted in 81 hectare of the Compartment No. 2723 and also expenditure was incurred by the division on 81 hectare. Further, DFO informed (September 2013) that felling of *Nilgiri* plantation was done in 2010-11. However, as the stumps existed after felling which were to be treated for regeneration work in the next year. Thus, plantation was not possible due to availability of stumps in the area where felling was done in preceding year. Also, as per the allotment order of APCCF, CAMPA (June 2011), plantation should be carried out in blank/ rare area.

II: Expenditure under Net Present Value (NPV) Fund

8.4.18 Expenditure from NPV fund in contravention of the guidelines of State CAMPA

The objectives and core principles envisaged in the guidelines issued by MoEF (July 2009) provide for using the funds for appropriate arrangement of conveyance for officials at cutting edge level (forest range level) during inspections and protection duty and providing residential accommodation to the field staff. During the third meeting of National CAMPA Advisory Council (NCAC) (24 June 2010), MoEF, the Chairman emphatically ruled that CAMPA funds cannot be used for creating infrastructure at the headquarters of the Forest Departments in the States. However, these funds could be used for strengthening of infrastructure at cutting edge level at Range Offices and below. The CEO, CAMPA in MoEF, while transferring money to the State CAMPA, Chhattisgarh in September 2011 had also clearly stated that purchase of vehicles shall be permitted only for forest range level and below. Also, expenditure on construction/ renovation/ repairs of any office/

residential building above range level and expenditure on eco tourism activities shall not be permitted. While issuing funds to Chhattisgarh State CAMPA for the APO year 2012-13, the CEO, CAMPA had prohibited (August 2012) the purchase and maintenance of vehicles from CAMPA fund. APCCF, CAMPA had also instructed (October 2011) that expenditure on procurement and maintenance of vehicles of supervisory staff and trucks for production purposes shall be met from the regular budget of the Forest Department.

During test check of the records at State CAMPA, we found that the Department incurred expenditure of ₹ 12.31 crore (September 2010 to March 2013) in contravention of the guidelines, instructions etc. issued by the MoEF, NCAC and State CAMPA as detailed in the following table:

Nature of irregularity	Description	Amount (₹ in crore)
Irregular procurement and maintenance of vehicles	It was observed that 23 vehicles like Ambassador, Tata Manza, Toyota Etios and Tata Safari cars costing ₹ 1.30 crore were purchased between September 2009 and February 2012 and used by the officials posted at Headquarters in contravention to the objectives and core principles of State CAMPA guidelines as well as the decisions of NCAC and MoEF. Thus, expenditure of ₹ 1.30 crore incurred on purchase of these vehicles was in contravention of the guidelines of CAMPA.	1.30
	It was observed (June 2013) that in the year 2012-13, expenditure of ₹ 2.75 crore was incurred on making of bodies, maintenance, running expenses of buses as well as trucks procured for production purposes and on maintenance of cars/ jeeps, vehicles for supervisory staff etc. which was in contravention to the instructions of GoI and Departmental orders. Thus, the above expenditure of ₹ 2.75 crore incurred from CAMPA fund was irregular.	2.75
Irregular expenditure on creation of infrastructure	Sanction of ₹ 5.28 crore was made for construction of buildings above range level against which expenditure of ₹ 4.04 crore was incurred (<i>as detailed in Appendix 8.10</i>). Since, the guidelines and instructions from MoEF prohibit expenditure on infrastructure work above range level, expenditure of ₹ 4.04 crore incurred on creation of infrastructure was irregular.	4.04
Irregular expenditure on Eco-tourism activities	The State CAMPA accorded sanction of ₹ 7.52 crore in 2011-12 and 2012-13 for construction of Interpretation Centre in Barnawapara Wildlife sanctuary, Survey and construction of Boundary wall at <i>Jungle Safari</i> in Naya Raipur and Chain link fencing and Boundary wall at Lamni Park in Jagdalpur and incurred expenditure of ₹ 4.22 crore (<i>as detailed in Appendix 8.10</i>). Since the guidelines and instructions of MoEF prohibit expenditure on eco-tourism activities, the sanction of ₹ 7.52 crore was irregular.	4.22
Total		12.31

The Government informed (September 2013) that in the guidelines issued by MoEF (July 2009), there is no mention of level of officers for whom vehicles are to be purchased and residential and official buildings would not be constructed for officers above Range level. As per the decision taken by the

Governing body under the Chairmanship of Chief Minister, vehicles were purchased for Supervisory officers in 2009-10 and 2010-11 and sanction was given for 18 residential and office buildings for DFOs and three hostels. After receipt of instructions from MoEF in September 2011 imposing restrictions on purchase of vehicles and construction of buildings for officers above range level, no vehicles were purchased and no building was constructed for officers above the range level. The Government also stated that MoEF did not impose any restriction on Eco-tourism activities while sanctioning funds for APOs for the years 2009-10 and 2010-11. The restriction was first imposed in September 2011 by MoEF and thereafter no sanction was made for Eco-tourism in APO of 2011-12.

The fact remains that despite mention in the guidelines (July 2009) and instructions of NCAC (June 2010) for strengthening the infrastructure at range level and not using CAMPA fund for creating infrastructure at State Forest Headquarters, funds were used for purchase of vehicles for officers posted at Headquarters and construction of buildings above range level. Also, expenditure was incurred on the above works even after receipt of instructions from CEO, CAMPA (September 2011) restricting the purchase of vehicles and construction of buildings above range level and eco-tourism activities. Further, the notice inviting tender (July 2013) issued by DFO, Bastar for supply of toy train for Lamni Park, confirms the execution of eco-tourism activities there.

8.4.19 Special Species plantation under State CAMPA

The State CAMPA, Chhattisgarh made provisions for plantation of special species in forests. In its APOs from 2009-10 to 2012-13, State CAMPA had allotted ₹ 13.57 crore for plantation of identified special species on 3,195 hectares. During scrutiny of the records relating to special species plantations, several irregularities were noticed which are discussed in the succeeding paragraphs.

8.4.19.1 Plantation of species other than those prescribed

The APCCF (CAMPA), Chhattisgarh, Raipur had instructed (May 2010) that under the special species plantation, plants of locally important species like *Bija*, *Saja*, *Mahua*, *Harra*, *Baheda*, *Kusum* and *Chirounji* etc. shall be planted.

The APCCF, State CAMPA allotted (April 2011) ₹ 95.89 lakh for special species plantation in 265.30 hectares in Bastar division. The division incurred expenditure of ₹ 69.20 lakh on plantation of 1,06,120 plants in 265.30 hectares area of Compartment No. 1856. Scrutiny of records revealed that

instead of planting approved special species, the division planted medicinal plants, *Satavar* (79,590) and *Giloy* (25,530) in July 2011. Thus, the funds provided for plantation of special species were diverted for plantation of timber and medicinal plants for which the State CAMPA sanctions funds separately. This resulted in irregular expenditure of ₹ 69.20 lakh.

The Government informed (September 2013) that *Giloy* and *Satavar* were planted in Compartment No. 1856 of Bastar Forest as there was no such restriction in 2010-11. Though, instructions have been issued (December 2011) to select timber species for special species plantations.

We do not agree as APCCF, State CAMPA had instructed (May 2010) all Conservator of Forest about type of species to be planted under the Special species plantation. *Giloy* and *Satavar* plants were not included in these instructions.

8.4.19.2 Plantation without availability of land

Paragraph 8.11.3 of WP Manual envisages that plantation shall be taken up in the blank area where density is upto 0.2. The PCCF has also instructed (December 2010) that plantation shall be taken up in the area having density 0.2 or below. Plantation shall not be taken up in the areas having sufficient coppice regeneration.

During scrutiny of records, we noticed that the State CAMPA sanctioned (April 2011) an amount of ₹ 1.21 crore for plantation of special species in 190 hectares of six

compartments in Rajnandgaon Division. Of these, plantation was carried out in 50 hectares area in one compartment (No. 510) and expenditure of ₹ 21.19 lakh was incurred till March 2013. As per the WP and records of plantation in the division, the status of compartment before plantation was as follows:

Comp. No.	Total area of the Compartment. (hectare)	Details of plantations done earlier		
		Year	Area (hectare)	No. of plants
510	336.70	2006	193.00	77,200
		2007	155.00	96,875
		Total	348.00	1,74,075

It may be seen from the above table that against the total area of 336.70 hectares of the compartment, plantation was carried out in 348 hectares and 1,74,075 plants were planted in 2006 and 2007. As such, there was no space available in the compartment for further plantation. However, 20,000 plants of special species were planted in 2011 in 50 hectares area under State CAMPA which was not possible. Thus, expenditure of ₹ 21.19 lakh, incurred on special species plantation was doubtful.

The Government informed (September 2013) that Compartment No. 510 having total area of 348.125 hectares, had been kept in the Rehabilitation of Degraded Forests circle of Rajnandgaon Division where total area is blank/under stock. In 2006 (54.04 hectare) and 2007 (155 hectare), 1,74,075 plants were planted in 209.04 hectare area. After taking above plantation, 139.085 hectares area was available in that compartment. In the year 2011, *Aonla* and *Bel* plantation had been taken up in 50 hectares of the remaining areas.

We do not agree as the plantation was taken up in 193 hectares in 2006 and 155 hectares in 2007. Also, the plantation report mentions plantation of 1,74,045 plants in the whole area of the compartment in the year of 2006 and 2007 and the expenditure was also incurred on treatment of 348 hectare against the 209.04 hectare area of the compartment. Thus, any rare/ blank area was not available in the compartment for further plantation.

8.4.19.3 Excess expenditure on pit digging for special species plantation

As per paragraph 8.11.1 of the WP Manual, plantation shall be done in the areas which are not naturally deficient of vegetation. Also, plantation will not be done in rocky areas.

The schedule of job rates for forestry works in Raipur circle does not have the rates for pit digging of size 60 cm X 60 cm X 60 cm. However, in schedules of other adjoining circles (Bilaspur, Surguja and Durg), job rate for pit digging of size 60 cm X 60 cm X 60 cm in rocky area has been fixed at the rate of 12 mandays per 100 pits.

The APCCF, State CAMPA allotted (January 2013) ₹ 82 lakh for un-irrigated Kullu plantation in 100 hectares area in four compartments of three ranges of Raipur Division. During scrutiny of the sanction files, Working Plan, Project reports, Plantation reports and financial progress reports, we

observed that for Kullu plantation, 19,676 pits were dug in February-March 2013 and expenditure of ₹ 21 lakh was incurred which works out to ₹ 106.83 per pit. However, as per the prevailing labour rates in Raipur District, expenditure on pit digging should have been ₹ 21.48 per pit¹⁹. Thus, digging of pits at higher rates resulted in excess expenditure of ₹ 16.77 lakh.

The Government informed (September 2013) that hill/ rock area plantation model has been prepared under State CAMPA on experimental basis and in first phase, 100 hectares area in Raipur Division was proposed for plantation of *Kullu*, *Bargad* and *Peepal*. Pits were dug in such areas by breaking the rocks. The areas, being rocky and non-availability of rates for digging of pits of size 60 X 60 X 60 cms, work was executed at the rates prescribed in the Schedule of Rates of Rural Engineering Services.

We do not agree as the WP manual restricts the plantation in rocky area. Also, the rates for digging pits of size 60 X 60 X 60 cms have been fixed in Schedule of job rates in other circles²⁰ which could have been used. Further, the rates prescribed in SOR of RES are for digging of foundation in construction of buildings, roads etc. and are not applicable for pit digging for plantation.

8.4.20 Preparation of plants under State CAMPA

Chhattisgarh State CAMPA set the target for preparation of 2 crore plants in the APO 2009-10 (September 2010) and 2.08 crore plants in APO 2010-11 (April 2012). During scrutiny of records in the office of the APCCF (State CAMPA wing) (June 2013), we noticed that from 2010-11 to 2012-13, funds amounting to ₹ 15.60 crore were sanctioned for preparation of 4.08 crore plants and up to March 2013, expenditure of ₹ 12.91 crore was incurred on preparation of 3.30 crore plants.

¹⁹
$$\frac{12 \text{ man days} \times ₹ 178.69 \text{ (Prevailing labour rate in Raipur)}}{100} = ₹ 21.48 \text{ per pit}$$

²⁰ Bastar, Bilaspur, Durg, Kanker and Surguja

Scrutiny of the records relating to preparation of plants in the State CAMPA Headquarters and test checked divisions revealed irregularities relating to preparation of plants without any plan of their usage and expenditure on preparation of plants at the rates higher than those fixed by the Department as discussed in the succeeding paragraphs.

8.4.20.1 Preparation of plants without assessing their utilisation

- It was observed that the Department prepared 1.59 crore plants and incurred expenditure of ₹ 8.36 crore in 2010-11. No mention was made in the sanction orders regarding the plan for the utilisation of these plants. Though, DFO, Research and Extension Division, Raipur (June 2012 and June 2013) and DFO, Research and Extension Division, Jagdalpur (April 2011 and May 2012) had asked for instructions on utilisation of prepared plants but no specific instructions were given by the APCCF, State CAMPA in this regard. Evidently, the State CAMPA had no plan for utilisation of those plants. As a result, 64.37 lakh plants remained unutilised after the rainy season of 2011 and expenditure of ₹ 1.05 crore was incurred on their upkeep till the next rainy season in 2012. Further, after the rainy season of 2012, 44.64 lakh plants still remained in the nurseries. Despite this, the Department sanctioned an amount of ₹ 5.60 crore for preparation of 2.08 crore plants in April 2012 without ascertaining the utilisation of the remaining plants of 2010-11.

Thus, lack of prudent planning by the State CAMPA for the preparation of plants and their timely utilisation resulted in blockage of ₹ 3.35 crore²¹ besides avoidable expenditure of ₹ 1.05 crore as well as non-utilisation of 44.64 lakh plants even after the lapse of more than two years after preparation.

- Similar scrutiny of the sanction files, plant preparation reports and financial progress reports (July 2013) revealed that the Research and Extension Division, Raipur prepared 20 lakh plants and incurred expenditure of ₹ 1.40 crore on preparation of plants. The Division had reported (June 2012) to the CF, Raipur that preparation of plants had been completed and if not utilised, these plants might die. The Division further reported (June 2013) that out of 20 lakh plants, only 12,59,029 plants were distributed and 7,40,971 plants were still remaining in the nurseries of which only 30 per cent (2,22,292 plants) are alive and available for use. This confirms that there was avoidable expenditure on preparation of plants, which did not survive in the absence of proper utilisation. This is substantiated from the facts that 5,18,679 plants died and expenditure of ₹ 36.31 lakh incurred on preparation of these plants had been rendered wasteful.

The Government informed (September 2013) that work of preparation of plants was taken up on the basis of decision taken by the Governing body and the Steering Committee of State CAMPA so that high quality plants can be

²¹

44.64 lakh plants X ₹ 7.50 (rate at which sanction was given) = ₹ 3.35 crore

made available at the time of plantation. Of the prepared plants, 3.30 crore plants have been used in different schemes up to March 2013.

The fact remains that sanction was accorded for preparation of 4.08 crore plants up to March 2013 against which the department had prepared 3.30 crore plants. Of these, only 1.15 crore plants were used till March 2013 and 2.15 crore plants remained in the nurseries. However, no reply was furnished with regards to the expenditure incurred on upkeep of plants remained un-utilised in nurseries as well as wasteful expenditure on the plants died due to lack of planning.

8.4.20.2 Preparation of plants at the higher rates

The PCCF had fixed (December 2009) the norms of ₹ 7.50 per plants for High-tech bamboo plantation. Further, the PCCF had also fixed (October 2010) maximum rate for the preparation of plants for Bamboo and mixed plantations at ₹ 4 per plant.

APCCF, State CAMPA, sanctioned (September 2010) ₹ 4.50 crore for preparation of 60 lakh plants for bamboo and mixed plantations. The Department incurred expenditure of ₹ 4.06

crore in preparation of 54.60 lakh plants. However, as per the norms fixed by the PCCF, maximum expenditure to be incurred on preparation of these 54.60 lakh plants should have been ₹ 2.18 crore. Thus, non-pursuance of Departmental norms fixed for preparation of plants resulted in excess expenditure of ₹ 1.88 crore²².

In five test checked divisions²³, expenditure of ₹ 2.22 crore was incurred on preparation of 30 lakh plants. As per norms fixed by the PCCF, maximum expenditure to be incurred should have been ₹ 1.20 crore. Thus, non-pursuance of Departmental norms fixed for preparation of plants resulted in excess expenditure of ₹ 1.02 crore.

The Government informed (September 2013) that two rates were sanctioned for plant preparation, ₹ 7.50 per plant for high quality plants of two years age and ₹ 4 per plant for plants of one year age. As per the decision taken by the Steering Committee, work of preparation of high quality plants of two years age was taken up at the rate of ₹ 7.5 per plant.

We do not agree as the norms fixed by the PCCF (December 2009) are related to high-tech plantations which are for preparation of one year age plant at rate of ₹ 7.50 per plant. Also, in the sanction order for preparation of plants, no mention was made that the plants were to be prepared for high-tech plantations and of two years age. It was also observed that DFO, South Surguja prepared five lakh bamboo plants at the rate of ₹ 4 per plant.

²²	Expenditure incurred on preparation of 54.60 lakh plants (Bamboo & mixed)	= ₹ 4.06 crore
	Maximum expenditure to be incurred as per norms fixed by PCCF (54.60 lakh X ₹ 4)	= ₹ 2.18 crore
	Excess expenditure incurred on preparation of plants	= ₹ 1.88 crore

²³ Bilaspur (Research and Extension), Katghora, Korba, Raipur (Research and Extension) and Rajnandgaon

8.4.20.3 Non realisation of value of plants supplied to other schemes

Office of the PCCF (State CAMPA Wing) issued (March 2012) instructions to all CF that cost of plants prepared under State CAMPA and used in departmental and other schemes shall be remitted to State CAMPA as revenue receipts.

During scrutiny of the sanction files, plant preparation reports and financial progress reports of DFO, Research and Extension Division, Bilaspur (July 2013), we noticed that the State

CAMPA had sanctioned (September 2010) ₹ 1.13 crore for preparation of 15 lakh plants. The Division incurred expenditure of ₹ 1.12 crore in preparation of 15 lakh plants. Of the above plants, only 2,16,500 plants were used in the plantations under State CAMPA and remaining 12,83,500 distributed to the beneficiaries in two departmental schemes²⁴ in rainy season of 2012. The cost of ₹ 96.26 lakh of these plants was recoverable from above mentioned schemes. However, no action was taken by the Department to remit the amount to CAMPA fund till the date of audit.

The Government informed (September 2013) that value of plants shall be recovered from the respective schemes. Further reply has not been received (November 2013).

8.4.21 Application of higher rates for forest cleaning works

As per Rule 9 of Chhattisgarh Financial Code, Volume I, every Government servant, while making expenditure from public funds, should observe same diligence as he applies while spending his personal money.

During test check of the records of the APCCF, State CAMPA (June 2013), we observed that work of relocation of Nawapara and Latadadar villages from Barnawapara sanctuary was taken up under State CAMPA and sanctioned ₹ 10.30 crore and ₹ 7.57 crore respectively for construction

of houses and levelling of land for agriculture work. The project report of the relocation work was prepared and sanctioned (January 2012) by the DFO, Raipur. The item of PWD SOR “*Jungle cleaning including removal of small plants, shrubs and trees having girth up to 30 cm to the extent of 50 cm outside the area*” under the relocation work was included in the project report of levelling of land for agriculture work. The rate for above item (*jungle cleaning*) was fixed at ₹ 2.15 per square meter in project report by the division (January 2012). On scrutiny of payment vouchers of relocation of Nawapara village we noticed that the *jungle* cleaning work was done in 22,20,000 square meters area under the work of levelling of land and expenditure of ₹ 1.02 crore was incurred from January 2013 to March 2013 at the rate of ₹ 4.60 per square meter instead of at the rate of ₹ 2.15 provided in the project report.

²⁴ Hariyali Prasar Yojna (2,83,500 plants) and Paudha Praday Yojna (10,00,000 plants)

Thus, application of higher rates led to excess expenditure of ₹ 54.39 lakh²⁵ for *jungle* cleaning works.

The Government informed (September 2013) that PCCF ordered (December 2012) that the Schedule of Rate (SOR) of RES was to be used in Departmental construction works. Accordingly, the cleaning work was executed at the rates of SOR of RES since December 2012. Before that, rates in the SOR of PWD as applicable from June 2009 were used. Thus, the incurred expenditure was correct and as per rules.

We do not agree as the rates for the above stated work in the project was ₹ 2.15 per square meter only and hence the work was to be done as per the approved project report. The projects of this work were prepared and sanctioned at the rates of SOR of PWD as the rates in the SOR of RES was not in force at that time. The instructions of PCCF issued in December 2012 were applicable for new works taken after December 2012. Moreover under the relocation of Latadadar village, similar works were being carried out by another Range Officer of same division at the rate of ₹ 2.15 per square meter in the nearby village during the same period. Further reply has not been received (November 2013).

8.4.22 Irregular payment to vehicle owners for using unregistered vehicles in Government works

As per Section 39 of Motor Vehicle Act, 1988, no person shall drive any motor vehicle and no owner of a motor vehicle shall cause or permit the vehicle to be driven in any public place or in any other places unless the vehicle is registered and the vehicle carries a registration mark displayed in the prescribed manner.

APCCF, State CAMPA accorded sanction (June 2013) of ₹ 29.83 crore for relocation of three villages from Barnawapara sanctuary. Against this, expenditure of ₹ 19.54 crore was incurred (January 2012 to March 2013). During scrutiny of vouchers of the

above work, we noticed that the works of levelling and construction of boundaries of the agricultural lands were done through private vehicles/ JCB machines and payment of ₹ 1.89 crore was made to the vehicle owners. These vehicles were not registered with the Transport Department and did not carry registration mark in the prescribed manner. As such, these vehicles were not eligible to ply on the road. However, the payments were made to the vehicle owners mentioning "SOLD" in the payment vouchers instead of registration marks. Thus, engagement of vehicles ineligible to ply on the roads in the Government works led to irregular payment of ₹ 1.89 crore.

The Government accepted (September 2013) the audit observation and informed that clear instructions have been issued to all the DFOs for indicating registration numbers on the payment vouchers at the time of payment. Further report has not been received (November 2013).

²⁵

Area 22, 20,000 sqm. X (₹ 4.60 - ₹ 2.15) = ₹ 54,39,000

8.4.23 *Jungle Safari*

As per Rule 8 of Chhattisgarh Finance Code, expenditure shall be incurred only after having sanction from competent authority and sufficient fund for that purpose.

Further, PCCF, Chhattisgarh has instructed (October 2012) that Departmental projects for construction works shall be prepared on the basis of Schedule of Rates (SOR) of Rural Engineering Services (RES) and accordingly the payments shall be made. As per the SOR of RES (April 2012), rate for "Collection of hard moorum with Stacking" is ₹ 119 per cubic meter. Also, while making payments for moorum collection, voids shall be deducted at the rate of 20 *per cent*.

APCCF, State CAMPA accorded sanction (June 2013) of ₹ 4.96 crore and released ₹ 3.81 crore (till May 2013) to DFO, Raipur for construction of Green Boundary wall. During scrutiny of records of the above work, we noticed the following irregularities:

- The above fund of ₹ 3.81 crore was given for construction of boundary wall. However, expenditure

of ₹ 2.40 crore was incurred (March 2013) on construction of Parking Zone, Administrative Zone, Monument Zone and Inauguration site from the above allotment. These works were neither sanctioned by the Steering Committee nor were included in the APO 2012-13 forwarded to GoI for approval. Thus, the expenditure of ₹ 2.40 crore was irregular.

- During execution of the works of Parking Zone, Administrative Zone, Monument Zone and Inauguration site, 28,071.80 cubic meter moorum collection work was done at the rate of ₹ 262.20 per cubic meter as against the rate of ₹ 119 per cubic meter as per SOR of RES (April 2012). Thus, collection of moorum at higher rates led to excess expenditure of ₹ 40.20 lakh²⁶.
- During scrutiny of the payment vouchers of the above mentioned works, we noticed that while making payment for the collection of 28,071.80 cubic meter moorum, deduction of voids of 5,614.20 cubic meter (at the rate of 20 *per cent*) was not made as per the SOR. This resulted in excess payment of ₹ 14.72 lakh and extension of undue benefits to the supplier.

The Government informed (September 2013) that formal administrative approval for Parking Zone, Administrative and Monument Zone as well as levelling of proposed area and deepening of Khandwa Reservoir have not been issued and is under consideration. In respect of deduction of voids, the Government replied that payments have been made after deducting voids more than 30 *per cent* on the moorum transported.

The reply itself confirms that State CAMPA issued the Administrative approval for construction of wall only but other works were taken up without

²⁶ 28,071.80 cum. X (₹ 262.20 - ₹ 119.00) = ₹ 40,19,882

having sanction from the competent authority. The voids were to be deducted on the moorum collected instead of moorum transported. The Government did not furnish any reply regarding collection of moorum at higher rates.

8.4.24 Inadequacies in maintenance of records

As per para 8.3.4 of Chhattisgarh Working Plan Revision Manual, 2012, details of felling in the forest lands diverted for non-forestry purposes and plantation and other activities carried out in forest areas under CA and NPV funds shall be entered in Compartment History (CH) and kept up to date. Also, separate Plantation/ Nursery Journals shall be maintained for each activity carried out in forest area.

During scrutiny of records of works executed under the CAMPA fund in the test checked Divisions, we noticed that the details of felling of trees in the diverted forest land were not entered in the corresponding

CHs. Further, no entries of plantation and other activities carried out in the forest areas under CAMPA head were also found entered/ updated in the CHs. Plantation Journals/ Nursery journals in respect of works under CAMPA fund were not found maintained/updated for the works already carried out in the forest areas.

The Government informed (September 2013) that the records in the proper formats are being prepared and updated which are being seen by the Indian Institute of Forest Management (IIFM), Bhopal the external monitor. The mention of plantations in forest areas are also being updated in the Compartment Histories. Necessary instructions have been issued for maintenance of records as per the provisions. Due to shortage of manpower, records could not be updated timely.

8.4.25 Monitoring and Evaluation

The Steering Committee in its meeting (May 2012) decided that web based monitoring shall be started immediately through Forest Management Information System (FMIS). Also, internal manual monitoring shall be undertaken as per the established procedures in the Department. Further, external monitoring shall be started from third year of plantations under CA, NPV plantations etc. for independent and unbiased evaluation. To ensure transparency, all information relating to State CAMPA shall be made available on website of Forest department.

In the APOs of 2009-10, 2010-11 and 2012-13, ₹ 4.30 crore was allotted for Monitoring and Evaluation. However, up to March 2013, expenditure of only ₹ 18 lakh (4.19 per cent) was incurred. We observed that internal manual monitoring of the works under State CAMPA as per the departmental procedures was done. Non-utilisation of funds was due to non-execution of Memorandum of Understanding (MOU) with independent agency for monitoring and evaluation of works executed under State CAMPA. The delay in executing the MOU resulted in non-execution of timely monitoring and evaluation of the works executed between 2009-10 and 2012-13.

The Government informed (September 2013) that MOU has been signed (May 2013) with Indian Institute of Forest Management, Bhopal for monitoring and evaluation of works done between 2009-10 and 2011-12.

8.4.26 Conclusion

During the course of Audit, we noticed that despite abundant availability of the revenue land in the State for CA, user agencies were granted permissions for diversion of forest land with condition to execute the CA on degraded forest land.

Forest land was being used by the Private Company, Public Sector Undertaking as well as the Department for non-forestry purposes in violation of Forest Conservation Act.

Revenue land received from user agencies was not notified as Reserved Forest/ Protected Forest.

The cost of CA was recovered from the user agencies at lower rates due to erroneous calculation of rates. NPV was not collected as per the guidelines issued by the Hon'ble Supreme Court and MoEF.

State CAMPA did not utilise the funds sanctioned for various activities. Compensatory Afforestation plantations were carried out beyond prescribed norms.

Expenditure was incurred on purchase and maintenance of vehicles, creation of infrastructure and eco tourism activities in contravention of the guidelines and instructions issued by the MoEF.

Lack of planning by the Department resulted in undue delay in sanction, preparation of plants without ascertaining their utilisation etc.

The norms, rates, procedures etc. as fixed by the Department for the forestry works could not be implemented in the works executed under the State CAMPA which led to irregular/ excess expenditure in activities of relocation of villages, *Jungle Safari*, special species plantation etc.

The records of works executed in the forest area were not maintained in accordance with the provisions of WP manual. Due to delay in execution of MoU, the monitoring and evaluation of the works could not be ensured.

8.4.27 Recommendations

The Government may consider ensuring:

- the execution of CA in revenue land earmarked by the Government for this purpose;
- the use of forest land for non-forestry purposes only after compliance of all the conditions imposed by GoI and obtaining final approval from the GoI;
- expeditious finalisation of mining renewal cases pending at various levels and effectively control the execution of mining activities in those areas;

- fixing a time frame for notification of the revenue land received from user agencies as forest land;
- existence of a suitable mechanism for raising demands for NPV, CA etc. in accordance with the provisions of FC Act and in consonance with the records available with the Department;
- implementation of the norms, rates etc. as fixed for the forestry works by the Department in the works performed under CAMPA fund; and
- maintenance of the records of the works executed under CAMPA as prescribed in the WP manual.

8.5 Audit observations

We scrutinised the records of various Divisional Forest Offices (DFOs) and found several cases of non-observance of the provisions of the Acts/Rules/Government notifications/ instructions leading to unfruitful, avoidable irregular expenditure etc. as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out by us. Such omissions on the part of the DFOs are pointed out by us each year, but not only do the irregularities persist, these remain undetected till an audit is conducted. There is need for the Government to improve the internal control system so that such omissions can be avoided.

8.6 Unfruitful expenditure on plantation work

Hariyali prasar yojana was introduced in the year 2005-06 with the objective to develop wasteland, encourage agro-forestry, improve the economic condition of villagers and develop ecological system. Under the scheme, plants were to be provided to the willing farmers (beneficiary of the scheme) and expenditure on raising the plants and plantation (except pit digging) was to be borne by the Forest Department. Grants were to be given to the beneficiaries at the rate of ₹ one per plant for first two years for the maintenance of the plants. The beneficiary farmers were to be selected through local *Gram Panchayats*/Joint Forest Management Committees and species would be selected as per their consent. Such plantations will be entered in the land records as per the provisions of Land Revenue code.

During test check of the Sanction files, form 7²⁷,

Departmental correspondence files etc. of plantation of two Divisions²⁸, we found (November 2012) that CF, Bastar circle allotted (between 2007-08 and 2010-11) ₹ 88.08 lakh for plantation of 18 lakh plants under *Hariyali prasar yojana*. It was seen that the Division had planted 17.86

plants in the private land of 2,531 beneficiaries. The status of plantation and survival of plants is detailed in the following table:

(₹ in lakh)

Name of Division	No. of plants planted (year of plantation)	No. of farmers	Allotment	Expenditure incurred	Survived plants (reporting year)	Percentage of survival
Bastar	7,95,804 (2008-09)	1,829	28.58	41.45	2,30,065 (2009-10)	29
Research & Extension Centre, Jagdalpur	9,90,671 (2010-11)	702	59.50	59.58	99,920 (2011-12)	10
Total	17,86,475	2,531	88.08	101.03	3,29,985	

²⁷ Statement of monthly expenditure of division.

²⁸ Bastar Division and Research and Extension Centre, Jagdalpur

It may be seen from the above table that the divisions incurred expenditure of ₹ 1.01 crore on plantation of 17.86 lakh plants on the land of 2,531 beneficiaries farmers in the rainy season of 2008 and 2010 respectively. Out of this, only 3.30 lakh plants survived in the next year of plantation. During further scrutiny of records, we did not find anything on record regarding selection of species as per the consent of the beneficiaries as required under the guidelines of the Scheme. No record was produced to audit regarding entering the plantations in the land records as per Land Revenue Code. As a result, the genuineness of the plantation could not be ascertained. Thus, the Department did not implement the Scheme as per the guidelines which resulted in high mortality of the plants ranging between 71 and 90 *per cent* and unfruitful expenditure of ₹ 82.89 lakh²⁹.

After this was pointed out in audit (November 2012), the Government replied (August 2013) in respect of DFO, Research and Extension Centre, Jagdalpur that 9,90,671 plants were planted in agriculture lands of 1,912 beneficiaries. In 2011-12, the calculation of alive plants was done on the basis of sample of 702 beneficiaries and 99,920 plants were found alive. In 2012-13, plants were counted in the land of remaining 1,210 beneficiaries and 3,19,409 plants were found alive. Thus, 4,19,329 plants were alive which was 42 *per cent*. Plants died due to natural reasons and non-maintenance by the beneficiaries. DFO, Bastar replied that plants died due to natural calamities and other reasons. Expenditure on the preparation and plantation of healthy plants is not unfruitful.

Reply is factually incorrect in respect of Research and Extension Centre, Jagdalpur, as only 702 beneficiaries were selected for plantation of 9,90,671 plants. As per the verification report submitted by the DFO to the CF, against 9,90,671 plants, only 99,920 plants were alive in 2011-12. Further, no records were produced to audit regarding selection of willing farmers and species as per their consent. Also, the reports on survival of plants submitted by these Divisions to the higher authorities do not mention the reasons for high mortality of the plants.

8.7 Avoidable expenditure on regeneration work

Working Plan (WP) of East Surguja Division provides that the alive stumps in the main felling coupes of the Improvement Working Circles (IWC) shall be marked, felled and dressed in the course of main felling in that coupe. Further, as per the orders of PCCF (November 2011), Natural Regeneration work (Singling, protection and soil conservation) shall be taken up in main felling coupes of Improvement Working Circle of previous year.

During test check of the Sanction files and Form 7 of the DFO, East Surguja, Ambikapur we found (June 2012) that the CF, Surguja allotted (November 2011) ₹ 32.01 lakh for regeneration of 3201.12 hectares at the rate of ₹ 1000 per

²⁹ Unfruitful expenditure = (₹ 1,01,02,228/17,86,415 plants) X died plants 14,65,81
= ₹ 82,88,970

hectare of IWC³⁰ where trees were marked and felled in the course of main felling in the previous year. The DFO incurred expenditure of ₹ 31.94 lakh for the regeneration work in 3145.03 hectares area in 26 coupes. However, as per the statement of the timber production in the division for 2010-11, we found that in 1594.10 hectare area of eight compartments³¹ out of the 26 coupes, no trees were marked and felled and 35,122 stumps were only dressed. Hence, further regeneration work was not required to be carried out in these coupes in 2011-12 as no tree was felled there and all the stumps had been dressed in the course of main felling in 2010-11. Thus, expenditure of ₹ 15.93 lakh incurred on the regeneration work in those eight coupes in 2011-12 is doubtful (as detailed in *Appendix 8.11*)

After this was pointed out, the Government replied (August 2013) that main felling had been carried out in 2010-11 in those eight compartments. No tree was felled and only the stumps were marked and exploited there. After felling, expenditure was incurred on regeneration work including Cut Back Operations (CBO), singling etc. as per the norms in 2011-12.

We do not agree as the norms fixed by the PCCF require regeneration in the coupes where main felling had occurred in the preceding year. Since, there was no felling of trees and only stumps had been dressed during the course of main felling in 2010-11, no regeneration work was required to be carried out in the following year i.e. 2011-12.

8.8 Avoidable expenditure on rehabilitation of degraded forests

As per paragraph 8.11.3 of WP manual, plantation work will be taken up in the area having density less than 0.2 and plantation in rare areas will be carried out only if they are free from biotic pressure. In the norms prescribed by the Principal Chief Conservator of Forests (PCCF) for treatment of degraded forests without plantation, it was mentioned that the work of RDF (without plantation) was to be taken up only if, at the first instance of inspection, it is found that the area could be covered with forest by means of CBO of the stumps having coppices so that plantation was not required in the subsequent years.

During test check of the Sanction files, Form 7 and plantation reports of the Divisional Forest Officer (DFO), Bastar Division, we found (November and December 2012) that during the period 2008-09 to 2011-12 expenditure of ₹ 30.83 lakh was incurred on the rehabilitation of degraded forest (without plantation) work in 576.91 hectare of Compartment No. 1307

and 1335 as detailed in the following table:

³⁰ **Improvement Working Circle (IWC)** - Consists of forests of mature and middle age requiring protection and conservation. Treatments like thinning of trees, soil and water conservation etc. are undertaken for conservation of them.

³¹ Compartment Number- 2665, 2941, 2691, 3070, 3126, 3160, 3505 and 3445

(₹ in lakh)

Comp. No.	Total area (hectare)	Treated area (hectare)	Period of work	Sanctioned amount	Expenditure incurred
1307	320.73	320.73	2008-09 to 2011-12	17.64	17.64
1335	256.18	256.18	2009-10 to 2011-12	13.20	13.19
Total	576.91	576.91		30.84	30.83

It may be seen from the above table that whole area of two compartments was treated between 2008-09 and 2011-12. Therefore, there was no further scope for any type of treatment work (i.e. with plantation, without plantation) in these compartments.

Further scrutiny of plantation reports of DFO, Bastar Division revealed that after treatment of the total area of above compartments, further plantation works were carried out in 80 hectare in Compartment No. 1307 and 50 hectare in Compartment No. 1335 between 2011-12 and 2012-13 and expenditure of ₹ 31.36 lakh and ₹ 14.09 lakh respectively was incurred.

As treatment under the Rehabilitation of Degraded Forest in the 576.91 hectares was earlier carried out between 2008-09 and 2011-12 keeping in view the abundant availability of root stock, there was neither any scope nor any requirement for further plantation. The Range Officer had also mentioned in the project reports (September 2008 and September 2009) that density in these compartments was 0.4 to 0.5 and the area was under biotic pressure. Thus, further plantation work (2011-12 to 2012-13) carried out in 130 hectare area incurring an expenditure of ₹ 45.45 lakh³² was avoidable.

After this was pointed out, the Government replied (August 2013) in respect of Compartment No. 1307 that enough blank areas were available in the compartment after execution of rehabilitation work and plantation was taken up in 50 hectare and 30 hectare area in 2011-12 and 2012-13 respectively. In respect of Compartment No. 1335, it was stated that RDF (without plantation) work was carried out in 200 hectare area in 2009-10 and 56 hectare area was remained untreated. The plantation was taken up in 50 hectare area in 2010-11.

We do not agree as total area of both compartments had already been treated without plantation work under Rehabilitation of Degraded Forest between 2008-09 and 2011-12 therefore, no area was available in these compartments for any type of treatment work. In addition, plantation work was carried out in these compartments which had density 0.4 to 0.5 on which plantation was not required to be undertaken under the provision of Working Plan Manual.

³²

Comp. No.	Working year	Plantation (in hectare)	Expenditure (₹ in lakh)
1307	2011-12 to 2012-13	80 (50 + 30)	31.36 (21.76 + 9.60)
1335	2011-12 to 2012-13	50	14.09
Total		130	45.45

8.9 Irregular expenditure from Calamity Relief Fund

Calamity Relief Fund (CRF), as directed (June 2005) by Government of India (GoI) shall be used only for meeting the expenditure for providing immediate relief to the victims of cyclone, drought, earthquake, fire, flood, tsunami, hailstorm, land slide, avalanche, cloud burst and pest attack. The expenditure on restoration of damaged infrastructure and capital assets should be met from the normal budgetary heads, except when it is to be incurred as part of providing immediate relief. Also, the provision for disaster preparedness and mitigation needs to be built into the State plans and not as a part of calamity relief. Further, Ministry of Home Affairs, GoI, vide its letter dated 27 June 2007, again directed the State Governments to ensure that the expenditure from CRF is incurred as per the approved items and norms only.

Divisional Forest Officer (DFO), Jagdalpur submitted (November 2009) proposal for works amounting to ₹ 8.75 crore to the Collector, Bastar under CRF scheme. During the test check of the proposals, cash book, payment vouchers and project reports of the DFO, we noticed (November 2012) that the proposal submitted by the DFO included works of Soil and water conservation and forest development and Construction of stop dams on *nallas* which

were neither in the approved list of CRF nor any immediate necessity was exhibited in proposal documents. The nature of above works were of regular works of the Department for which budget is sanctioned annually by the State Government. However, the Collector sanctioned (June 2010) the amount against the above proposals. Accordingly, the DFO executed the works and incurred expenditure of ₹ 7.71 crore on two works from CRF in violation of the instructions of GoI and was thus irregular.

After this was pointed out in audit (November 2012), the DFO replied that proposals were sent to the Collector under Calamity Management Scheme and the same was approved by the State Government.

We do not agree as work on soil and water conservation, forest development and construction of stop dams were not meant to provide immediate relief to the victims of any calamity. Further, only those works which were listed under Calamity Relief Fund by Government of India were to be classified as calamity relief work but in these cases the Department executed works which did not fall under this category.

The matter was reported to the Department and the Government (June 2013). We have not received their replies (September 2013).

Raipur
The

(PURNA CHANDRA MAJHI)
Accountant General (Audit)
Chhattisgarh

Countersigned

New Delhi
The

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

Appendix-2.1
(Referred to in paragraph 2.13)

(₹ in lakh)

Sl. No.	Name of the dealer	Goods purchased	Year/Month	Value of purchased goods	Rate of tax in State	Inter-state rate against 'C' form	Differential tax	Penalty under Section 10-A
1	M/s Dhansar Engineering Pvt. Ltd., Tin-22744102869	Tipper / Dumper	2006-07 (April 2010)	526.09	12.5	4	44.72	67.08
		Tipper / Dumper	2007-08 (November 2010)	344.71	12.5	3	32.75	49.12
2	M/s Freedom dealers Pvt. Ltd., Tin-22961404402	Hydraulic Machine EX-70	2006-07 (June 2010)	23.50	12.5	4	2.00	3.00
Total				894.30				119.20

Appendix-2.2
(Referred to in paragraph 2.15.1)

(Amount in ₹)

Sl. No.	Name of the dealer	Tin No.	Assessment Year/ Month	Bitumen purchased from outside local area	Entry tax to be levied
01.	M/s Sunil Kumar Singh	22445001351	2007-08 / August 2011	5,29,20,452	5,29,205
02.	M/s Jai Mata Di Constructions	22205002259	2007-08/ January 2011	2,19,04,540	2,19,045
03.	M/s U.C. Jaiswal	22645002308	2008-09/ September 2011	2,55,74,781	2,55,748
04.	M/s Nityanand Singh	22455001491	2008-09/ September 2011	1,28,61,662	1,28,617
05.	M/s Jawhar Lal Gupta	22325002484	2007-08/ October 2010	1,12,70,681	1,12,706
06.	M/s Ashok Kumar Jaiswal	22484800539	2007-08/ July 2011	81,42,971	81,430
07.	M/s Baba Durganath Cons.	22445001351	2007-08/ August 2011	68,52,535	68,525
08.	M/s Dev Narayan Yadav	22625002707	2008-09/ September 2011	28,72,407	28,724
Total				14,24,00,029	14,24,000

Appendix-2.3
(Referred to in paragraph 2.15.2)

Sl. No.	Name of dealers/Tin	Assessment Year/ month	Amount(₹)	Tax (₹) @ one per cent
1	M/s Saluja Radio stores , Tin-22224200640	2006-07/ April 2010	1,83,06,160	1,83,062
2	M/s Saluja Radio stores , Tin-22224200640	2007-08/ July 2011	37,66,436	37,664
3	M/s Bridge and Roof company, Tin 22984200416	2006-07/ April 2010	18,56,745	18,567
Total			2,39,29,341	2,39,293

Appendix-2.4
(Referred to in paragraph 2.16)

(Amount in ₹)

Sl. No.	Name of dealers/Tin	Assessment Year/ Month	Amount	Tax @ of one per cent
1	M/s Golden Prince Wines Pvt. Limited, Tin-22794200472	2007-08/ February 2011	22,65,38,244	22,65,382
2	M/s Aegis Beverages Pvt. Ltd., Tin-22314202579	2007-08/ August 2011	4,80,13,745	4,80,137
3	M/s Raipur Bottling Company, Tin-22551700817	2007-08/ July 2011	2,04,84,852	2,04,849
		2006-07/ June 2010	2,96,93,000	2,96,930
Total			32,47,29,841	32,47,298

Appendix-2.5
(Referred to in paragraph 2.18)

(₹ in lakh)

Sl. No.	Name of dealers/Tin	Year/ Month	Amount	Tax at the rate of one per cent
1	M/s Ramesh Steel Industries, Unit-2, Tin-22571500792	2007-08/ June 2011	4,071.34	40.71
2	M/s Alankar Steels Pvt. Ltd., Tin-22314202579	2007-08/ September 2008	2,128.95	21.29
	Sub-Total		6,200.29	62.00
3	M/s Akash Ispat Pvt. Ltd., Tin-22651202958	2007-08/ August 2011	1,122.07	11.22
4	M/s Krishna Specialty Chemicals Pvt. Ltd., Tin-22354102356	2007-08/ March 2010	305.32	3.05
Total			7,627.68	76.27

Appendix-2.6
(Referred to in paragraph 2.19)

(₹ in lakh)

Sl. No.	Name of units	Commodity	Assessment Year/ Month	Turnover	Rate of tax leviable (per cent)	Tax levied	Non levy of tax
1	Shri Uday Shankar, AC, Raipur	Mobile handsets	2007-08/ August 2011	597.01	1	Nil	5.97
2	Shri S. S. Pandey, AC, Raipur	Mobile handsets	2008-09/ July 2011	750.98	1	Nil	7.51
3	Shri K. K. Arya, AC, Raipur	Mobile handsets	2007-08/ July 2011	2,295.92	1	Nil	22.96
4	Shri T. L. Dhruv, AC, Raipur	Mobile handsets	2006-07/ June 2010	245.44	1	Nil	2.45
Total				3,889.35			38.89

Appendix-4.1
(Referred to in paragraph 4.7)

(Amount in ₹)

Sl. No.	Name of Tahsildar	Due		Recovered		Proceeding fees @ 3 per cent of the recovered amount	Recovered Proceeding fees	Short recovery of Proceeding fees (Difference)
		No. of cases	Amount	No. of cases	Amount			
1	Charama	282	2,07,96,872	36	8,11,428	24,343	Nil	24,343
2	Bhanupratppur	601	4,67,85,586	211	3,89,10,361	11,67,311	4,500	11,62,811
3	Durgukondal	181	4,29,19,370	37	84,21,561	2,52,647	9,800	2,42,847
4	Antagarh	250	5,45,00,307	178	54,06,420	1,62,193	3,269	1,58,924
5	Narharpur	627	3,40,11,878	01	29,15,088	87,452	Nil	87,452
Total		1,941	19,90,14,013	463	5,64,64,858	16,93,946	17,569	16,76,377

Appendix –5.1
(Referred to in paragraph 5.10)

(Amount in ₹)

Name of Office	Type of vehicle	No. of registered vehicles	Rate of fee per vehicle	Fee leviable	Total fee leviable	Fee levied	Short levy
Short levy							
RTO Ambikapur (04/11-03/12)	Motor cycle/Moped	13,783	50	6,89,150	11,87,150	39,050	11,48,100
	Others	2,490	200	4,98,000			
ARTO Durg (04/11-03/12)	Motor cycle/Moped	61,076	50	30,53,800	58,73,200	71,610	58,01,590
	Others	14,097	200	28,19,400			
Total		91,446		70,60,350	70,60,350	1,10,660	69,49,690
Non levy							
RTO Jagdalpur (04/10-03/12)	Motor cycle/Moped	21,752	50	10,87,600	15,06,600	-	15,06,600
	others	2,095	200	4,19,000			
DTO Kanker (04/07-3/11)	Motor cycle/Moped	9,403	50	4,70,150	9,59,150	-	9,59,150
	Others	2,445	200	4,89,000			
RTO Raipur (04/11-03/12)	Motor cycle/Moped	48,497	50	24,24,850	52,87,050	-	52,87,050
	Others	14,311	200	28,62,200			
ARTO Rajnandgaon (04/11-03/12)	Motor cycle/Moped	13,777	50	6,88,850	13,41,250	-	13,41,250
	Others	3,262	200	6,52,400			
Total		1,15,542		90,94,050	90,94,050	-	90,94,050
Grand Total		2,06,988		1,61,54,400	1,61,54,400	1,10,660	1,60,43,740

Appendix –5.2
(Referred to in paragraph 5.11)

Name of Office	Audit period	No. of goods vehicle	Tax to be levied (₹ in lakh)	No. of maxi cab vehicle	Tax to be levied (₹ in lakh)	No. of passenger vehicles	Tax to be levied (₹ in lakh)	Total no. of vehicles	Total Tax to be levied (₹ in lakh)
RTO Ambikapur	04/11-03/12	48	1.39	32	0.97	23	7.72	103	10.08
ARTO Durg	04/11-03/12	49	10.67	73	2.62	78	43.26	200	56.55
RTO Jagdalpur	04/10-03/12	53	5.19	-	-	20	26.84	73	32.03
DTO Kawardha	04/10-03/12	89	16.39	47	3.09	13	7.89	149	27.37
DTO Korba	04/10-03/11	47	4.93	-	-	18	5.20	65	10.13
RTO Raipur	04/11-03/12	82	15.27	-	-	22	13.71	104	28.98
ARTO Rajnandgaon	04/11-03/12	75	4.85	-	-	07	3.36	82	8.21
Total		443	58.69	152	6.68	181	108.00	776	173.35

Appendix-6.1
(Referred to in paragraph 6.10)

SL. No.	Name of the group	Actual consumption of Malt up to December 2009 (in Bulk litre)	MGQ of malt for the year 2010-11 (in Bulk litre)	Difference of quantity of Malt (in Bulk litre)
1	F.L.S. Kothari	11,497.80	11,000	497.80
2	F.L.S. Rajgamaar	13,037.16	6,900	6,137.16
3	F.L.S. Hardibazaar	25,767.38	15,500	10,267.38
4	F.L.S. Kathghora	58,711.92	30,100	28,611.92
5	F.L.S. Chotia	7,876.80	6,700	1,176.92
6	F.L.S. Paali	13,272	12,300	972.00
Total		1,30,163.06	82,500	47,663.18

Excise duty = ₹ 47,663.18 X 20 = ₹ 9,53,263.60

License Fees = ₹ 9,53,263.60 X 60/40 = ₹ 14,29,895.40

Appendix-7.1

(Referred to in paragraph 7.7)

Name of Collieries in Korba	Dispatched quantity (MT)	Total Royalty payable (₹) (b)	Total Royalty paid (₹) (a)	Short realisation of royalty (₹)
Banki	68,274.96	2,16,00,825	2,11,04,204	4,96,621
Raniatari (Sindurgarh)	12,400.12	40,85,840	32,76,676	8,09,164
Total	80,675.08	2,56,86,665	2,43,80,880	13,05,785

Appendix-7.2

(Referred to in paragraph 7.8)

(Amount in ₹)

Sl No.	Name of lessee	Lease period	Mineral	Area (hec.)	Year for which dead rent payable (delayed in month)	Payable dead rent	Interest @ 24%
1	Shri Vikrmaditya Judev	14.02.05 to 13.02.10	Stone	2.00	2008 (51) 2009 (39) 2010 (27)	15000 15000 2500	15300 11700 1350
						32500 (a)	28350 (g)
2	Shri Vinod Kumar Gupta	08.07.03 to 07.07.13	Stone	2.00	2008 (51) 2010 (27) 2011 (15) 2012 (3)	15000 15000 15000 8750	15300 8100 4500 525
						53750(b)	28425 (h)
3	Shri Amardeo Singh	28-08-06 to 27-06-11	Stone	1.00	2009 (39) 2010 (27) 2011 (15)	7500 7500 3750	5850 4050 1125
						18750 (c)	11025 (i)
4	Shri Tarun Kumar Sharma	26-07-06 to 25-07-11	Stone	1.00	2007(63) 2009 (39) 2011 (15)	5000 7500 4375	6300 5850 1313
						16875 (d)	13463 (j)
5	Shri Ram Avtar Agrawal	21-12-06 to 20-12-11	Stone	1.00	2007 (63) 2010 (27) 2011 (15)	5000 7500 7500	6300 4050 2250
						20000 (e)	12600(k)
6	Shri Rajesh Kumar Agrawal	20-06-07 to 19-06-12	Stone	0.809	2008 (51) 2009 (39) 2012 (3)	5000 5000 3750	5100 3900 225
						13750 (f)	9225 (l)
(a) to (f) Total Dead Rent							1,55,625
(g) to (l) Total Interest							1,03,088
Grand Total							2,58,713

Appendix 8.1
(Referred to in paragraph 8.4.8)

(Area in hectare)

Name of Division	No. of Diversion cases	Forest Area diverted	Stipulated Area for CA		
			Forest Land (as a percentage of total CA area)	Non Forest Land	Total
Dhamtari	4	416.296	777.684 (96.54 %)	27.874 (3.46 %)	805.558
Dharamjaigarh	1	365.056	730.112 (100 %)	0.000 (0 %)	730.112
Jashpur	1	13.698	0.000 (0 %)	13.698 (100 %)	13.698
Katghora	15	1,675.624	1,992.980 (89.30 %)	238.685 (10.70 %)	2,231.665
Korba	9	452.993	885.505 (100 %)	0.000 (0 %)	885.505
Mahsamund	2	82.858	101.071 (96.69 %)	4.124 (3.31 %)	105.195
Surguja (North)	1	4.700	0.000 (0 %)	4.700 (100 %)	4.700
Rajnandgaon	6	333.368	655.000 (99.11 %)	5.907 (0.89 %)	660.907
Surguja (South)	3	1,980.480	3,961.156 (100 %)	0.000 (0 %)	3,961.156
Sukma	3	51.255	67.280 (78.23 %)	18.725 (21.77 %)	86.005
Grand Total	45	5,376.328	9,170.788 (96.69 %)	313.713 (3.31 %)	9,484.501

(Source: Information provided by the Department)

Appendix 8.2
(Referred to in paragraph 8.4.8)

Year	Name of the Project	User Agency	Division	Forest land Diverted (in Hec.)	Whether Certificate regarding non-availability of non-forest land provided by competent authority
2006-07	Rakadh Dam	CSEB, Prakadh canal Project	Korba	53.340	NO
2007-08	Panwai Tank	EE, WR, code No. 90, Dhamtari	Dhamtari	32.990	NO
	Radhonawagaon Tank	EE, Kharkhara-Modhipat Dn., Durg	Rajnandgaon	23.580	NO
2008-09	Iron Ore Mining	Godavari Power & Ispat Ltd.	Rajnandgaon	110.000	NO
	Sukha Nala Tank	EE, WRD, Dongargoan	Rajnandgaon	30.920	NO
2009-10	Rakadh Dam Project, CSEB, Korba (West)-1 & 2	EE (Civil) Dn. 3 CSEB, Korba-West	Katghora	83.494	NO
2010-11	220 KV Transmission line-Korba	EE, Ultra High Pressure, CSEB, Korba	Katghora	136.790	NO
	Suhela, Bhatapara	CSEB	Korba	7.796	NO
	Chhotia Coal Mines-II	Prakash Industries Ltd.	Katghora	726.349	NO
2011-12	Parsa East & Kete Basen	Rajasthan State Electricity Production	South Surguja	1,898.318	NO
2012-13	Open Cast Coal Mining Durgapur-II Taraimar Coal Block	BALCO	Dharamjaigarh	365.056	NO
Total				3,468.633	
2007-08	Rajadera Tank	EE, WRD dn, code No. 90, Dhamtari	Dhamtari	194.076	YES
	Rainkotta pond construction, Tendubhata	EE, WRD, Pendra	Katghora	31.910	YES
2008-09	Bakori Tank	EE, WRD Dn, code No. 90, Dhamtari	Dhamtari	98.560	YES
Total				324.546	

Total for test checked Divisions					
Year	Name of the Project	User Agency	Division	Forest land Diverted (in Ha.)	Whether Certificate regarding non-availability of non-forestland provided by competent authority
2006-07	Balamdehi Diversion scheme	Irrigation department	Raipur	9.550	NO
	Chhotedongar Project	Jayswal Neco	Narayanpur	35.740	NO
	Karra Nala Barrage	EE, WRD, Sahaspur Lohara	Kawardha	85.696	NO
	Narsinghpur Tank	EE, WRD, Mungeli	Kawardha	13.000	NO
	Semraha Tank	EE, WRD, Marwahi	Marwahi	39.072	NO
	Chanadongri Tank	EE, WRD, Marwahi	Marwahi	19.900	NO
	Cherichapar Tank	EE, WRD, Marwahi	Marwahi	4.750	NO
	Chiklipani Project	EE, WRD, Gariaband	East Raipur	2.759	NO
	Kanesar	EE, WRD, Gariaband	East Raipur	25.400	NO
	Mahamaya Tank	WRD	Bilaspur	11.474	NO
2007-08	Saldebhri Tank	WRD	Bilaspur	17.763	NO
	Andul (Jogidongri) Tank	EE, WRD, Marwahi	Marwahi	22.388	NO
	Badhikhar Tank	EE, WRD, Marwahi	Marwahi	4.905	NO
	Udnapur Tank	EE, WRD, Baikunthpur	Korea	41.900	NO
	Ari-Dongri Mining lease	Godavari Power and Steel	Bhanupratappur (East)	106.600	NO
2008-09	Bandhapara lake	EE, WRD, Kanker	Kanker	2.870	NO
	Ambikapur-Ramanujganj road widening	EE, PWD Dn No. 2, Ramanujganj	East Surguja	3.170	NO
	132 Kv Kotmikala-Manendragarh	CSEB, Bilaspur	Manendragarh	50.823	NO
	132 KV Transmission line in RF 729	SSP	Raigarh	1.728	NO
2009-10	Gariaband-Dhawalpur OFC line	Reliance Telecom	East Raipur	3.040	NO

2010-11	Iron Ore Project, Barbaspur	Jayswal Neco	Kanker	14.390	NO
	132 KV Bishrampur-Balrampur Transmission line	EE, CSEB	East Surguja	68.367	NO
	Tata tele Services	TTSL	East Surguja	4.787	NO
	Shyam Minerals	Shyam Minerals, Raipur	Khairagarh	2.000	NO
2011-12	132 KV Transmission line	Chhatisgarh State Tr. Company Ltd.	North Kondagaon	34.182	NO
	Gare-Pelma Sector-3 coal block Goa Ind.	Goa Industrial Development Corporation	Raigarh	197.907	NO
	Gare-Pelma Coal Block in IV/8 sub block	Jayswal Neco	Raigarh	56.890	NO
2012-13					
Total					881.051
2006-07	Gangpur Tank	EE, WRD, Marwahi	Marwahi	33.990	YES
2007-08	Joradongri Tank	EE, WRD, Marwahi	Marwahi	15.300	YES
2008-09	Kewti Tank/Pond	EE, WRD, Baikunthpur	Manendragarh	11.305	YES
	KELO IRRIGATION PROJECT	WRD	Raigarh	361.901	YES
2009-10	Gariaband-Bardula Road	EE, PWD, Raipur	East Raipur	33.009	YES
2010-11	132 KV Transmission Line	Indus Energy	Raigarh	2.713	YES
2011-12	Lake project	EE, WRD, Kanker	Bhanupratappur (East)	13.624	YES
	Kondagon-Jagdulpur 132 KV Tr. Line	EE, CSEB	South Kondagaon	25.286	YES
	2X600 MW Power Plant Korba West Power	Korba (West) Power	Raigarh	24.352	YES
2012-13					
Total					521.480
Total for other divisions					1,402.531
Grand Total					5,195.710

Appendix 8.3 (Referred to in paragraph 8.4.10)

Year	Project	Name of Agency	Division	Area of forest land diverted	Area of Double degraded forest for CA	Area of non-forest land received in lieu thereof	(Area in hectare)	
							Whether notified as RF/PF	
2002-03	C/o Underground pipeline, Bailadila-Visakapatnam	ESSAR Steel Ltd., Visakapatnam	Sukma	12.890		14.000		in process
2003-04	Pasid Tank	EE, WRD, Mahasamund	Mahasamund	61.643	57.071	4.124		in process
2005-06	Est. of Coal handling Plant	BALCO	Katghora	10.351		20.700		in process
	Chotia Coal Mines	Prakash Industries Ltd.	Katghora	188.326		188.326		in process
2007-08	Panwai Tank	EE, WRD Dn, code No. 90, Dhamtari	Dhamtari	32.990	11.000	27.874		in process
2009-10	Electricity Transmission Line	CSEB, Dongargaon	Rajnandgaon	5.907		5.907		in process
	Rakadh Dam Project, CSEB, Korba (West)-1 & 2	EE (Civil) Dn. 3 CSEB, Korba-West	Katghora	83.494	83.494	24.767		in process
	24.75 MW Minor Hydroelectricity Project-Mahan	Venika Hydro Project Ltd.	North Surguja	4.700		4.700		in process
2010-11	24 MW Gullu Hydel Project	Chhattisgarh Gullu Hydro power	Jashpur	13.698		13.698		in process
	Est. of 24 MW Minor Hydel electricity Project- Telawarti	Savitri Power Project, Hyderabad	Sukma	4.725		4.725		in process
	7 MW Minor Hydel Power Project	Director, Shaliwahan Green Energy Ltd., Secunderabad	Katghora	4.890		4.892		in process
Total				423.614	151.565	313.713		
2002-03	Ash disposal plant & captive power plant	Jindal Steel and Power, Raigarh	Raigarh	4.269		4.269		in process
	Quartzite Mining	M/s Orissa Cement Works	Raigarh	9.800		10.000		in process

2003-04	Steel plant and green belt (in Patrapali & Khairpur's <i>chote bade jhar jungle</i>)	Jindal Steel and Power, Raigarh	Raigarh	3.268		3.267	in process
2004-05	Iron Ore Project, Barbaspur	Shri Jeeval Lal Jain	Kanker	14.714		14.714	in process
	MGR-Sipat	NTPC	Bilaspur	59.649		60.000	in process
	JPL open cast mining (Jindal Power Ltd.)	Jindal Power, Tamnar	Raigarh	48.208		48.208	in process
	220 KV Traimal to Punjipathra Transmission Line	Jindal Steel and Power, Raigarh	Raigarh	1.560		1.560	in process
2005-06	Kharsia Branch Canal	EE, Bango Canal Dn.5, Kharsia	Janjgir-Champa	8.530	10.000	4.000	in process
	Kolaibhal & Jamgaon Broadguage Rail Siding Project	SSP	Raigarh	2.023		2.023	in process
2006-07	Corundum Mining	Chhattisgarh Mineral Development Corporation	Bijapur	1.955		3.700	in process
	Samnapur Tank	EE, WRD, Kawardha	Kawardha	36.000		36.000	in process
	Ganjiganja Tank	EE, WRD, Chuikhadan	Khairagarh	14.080		14.080	in process
2007-08	Coal Conveyor Line in Village Budiya	Jindal Steel and Power	Raigarh	1.076		1.076	in process
	400 KV Tamnar Kotra Transmission Line	Jindal Power, Tamnar	Raigarh	5.940		5.940	in process
	220 KV Punjipathra to Tamnar Transmission Line	Jindal Steel and Power, Raigarh	Raigarh	2.334		2.340	in process
2008-09	Education Complex, Narayanpur	Swami Vivekananda Ashram, Narayanpur	Narayanpur	1.000		1.000	in process
	Salka Diversion Project	WRD	Bilaspur	11.994		12.000	in process
	Railway Siding Bhupdeopur	Vimla Infrastructure	Raigarh	0.405		0.425	in process
	Underground pipe line from Rabo to JPL Tamnar	Jindal Power, Tamnar	Raigarh	1.517		1.517	in process

	220 KV Tamnar to Raigarh Transmission Line	CSEB	Raigarh	6.308		6.500	in process
	Katangdih to Bahiyamuda 132 KV Transmission Line	Mahavir Energy	Raigarh	3.321		3.321	in process
	132 KV Transmission Line in RF 729	SSP	Raigarh	1.728		1.728	in process
	Hahaldi Mining Lease	Pushp Steel	Bhanupratap-pur (East)	66.000		63.855	in process
2009-10	Nalwa Sponge Iron	Nalwa Sponge and Iron	Raigarh	0.098		0.196	in process
	Sponge Iron	Prakash Industries Ltd.	Janjgir-Champa	39.250		41.799	in process
	Hydro Electric Project	Chhattisgarh Energy Consortium	Dantewada	19.705		19.705	in process
2011-12	24.75 MW Mandar-I Minor Hydro Power Project	Chhattisgarh Energy Consortium	Jagdalpur	19.718		21.340	in process
2012-13	Railway Line for power plant	Prakash Industries Ltd.	Janjgir-Champa	0.809		0.809	in process
	Pradhan Path Barrage	EE, WRD, Chuikhadan	Khairagarh	24.660		24.660	in process
Total				409.919	10.000	410.032	
Grand Total				833.5325	161.565	723.745	

Appendix 8.4
(Referred to in paragraph 8.4.11.1)

S. No.	Name of Division	Name of Project	Area diverted (hec.)	Area on which CA was to be done (hec.)	Date of first approval	Date of final approval	Type of CA	Cost of CA recovered (₹)	Date of deposit of cost of CA	Applicable rate of cost of CA (₹ per hectare)	Recoverable cost of CA (₹)	Short recovery of cost of CA (₹)
1	Sukma	Kanaigudam Reservoir	33.640	67.280	12-07-99	03-02-05	non-irrigated	30,32,120	10-02-03	49,455	33,27,332	2,95,212
2	Dhamtari	Belora Tank	90.670	181.340	21-05-04	07-03-06	non-irrigated	80,85,951	20-07-05	54,400	98,64,896	17,78,945
3	Dhamtari	Rajadera Tank	194.076	388.152	13-06-05	05-11-07	non-irrigated	2,09,42,353	24-03-07	59,841	2,32,27,404	2,28,5051
4	Dhamtari	Panvai Nala Tank	32.990	38.874	09-01-07	10-12-07	non-irrigated	23,07,133	31-10-07	65,825	25,58,881	2,51,748
5	Kaighora	Gevra open Cast Mining	100.898	201.796	20-07-06	05-05-08	non-irrigated	98,97,892	14-07-07	65,825	1,32,83,222	33,85,330
6	Kaighora	Rainkota Tank	31.910	64.000	20-07-06	31-07-07	non-irrigated	31,39,136	16-11-06	59,841	38,29,824	6,90,688
7	Kaighora	Thermal Power Project 2 X (250-300)	111.841	223.622	09-02-05	09-08-05	non-irrigated	99,71,305	17-05-05	54,400	1,21,65,037	21,93,732
8	Kaighora	Chotiya Coal mine	188.326	188.330	10-11-05	29-03-06	non-irrigated	83,97,456	21-01-06	54,400	1,02,45,152	18,47,696
9	Korba	Rajagamari Mine	2.320	4.640	24-01-02	20-03-03	irrigated	6,06,100	12-12-02	1,43,688	6,66,712	60,612
10	Korba	Ash Dam	53.340	107.000	09-09-05	27-12-06	non-irrigated	58,03,392	30-11-05	54,400	58,20,800	17,408
11	Korba	Suhela Bhatapara	7.796	16.000	02-02-07	26-05-10	non-irrigated	9,33,085	24-02-07	59,841	9,57,456	24,371
12	Mahasamund	Paradeep-Sambalpur-Raipur-Ranchi petroleum line	21.215	44.000	29-02-12	31-08-12	non-irrigated (20 hec.)	19,28,260	22-05-12	1,06,054	21,21,080	1,92,820
13	Dharamjaigarh	Coal mining Durgapur Taraimar coal block	365.056	730.112	21-01-10	14-11-12	non-irrigated	7,03,91,558	19-07-12	1,06,054	7,74,31,298	70,39,740
14	Rajnandgaon	Pradhan path Reservoir	24.660	24.660	03-10-08	09-10-12	non-irrigated	21,61,399	18-01-12	96,413	23,77,545	2,16,146
15	Rajnandgaon	Radhonavagaon Reservoir	23.580	47.160	23-05-08	14-01-09	non-irrigated	31,04,260	23-07-08	72,435	34,16,035	3,11,775
16	Rajnandgaon	Boria Tibbu iron ore mine	110.000	220.000	21-11-08	25-03-09	non-irrigated	1,75,29,380	03-06-10	87,648	1,92,82,560	17,53,180
17	Rajnandgaon	Sukha nala reservoir	30.920	61.840	23-05-08	23-03-09	non-irrigated	40,70,556	18-11-08	72,435	44,79,380	4,08,824
18	South Sarguja	Parsa east and kete basin	1,898.328	3,797.000	06-07-11	15-03-12	irrigated (900 ha.) non-irrigated (2897 hec.)	27,72,06,300 25,39,16,256	28-12-11	3,38,808 96,413	30,49,27,200 27,93,08,461	2,77,20,900 2,53,92,205
		Total	3,321.566	6,405.806				70,34,23,892			77,92,90,275	7,58,66,383
19	Raipur	Balamdehi Diversion	9.550	19.100	13-10-05	26-10-06	non-irrigated	8,51,669	31-08-06	59,841	11,42,963	2,91,294

20	Jagdarpur	Metal mining, Dilmili	0.400	0.800	29-09-05	12-05-06	non-irrigated	35,672	19-12-05	54,000	43,200	7,528
21	Jagdarpur	Metal mining, Irpa	1.400	2.400	29-09-05	22-03-06	non-irrigated	1,24,852	19-12-05	54,400	1,30,560	5,708
22	Jagdarpur	Metal mining, Udliyalpal	0.600	1.200	29-09-05	12-05-06	non-irrigated	53,508	19-12-05	54,400	65,280	11,772
23	Narayanpur	Chhote Dongar mining project	35.740	71.480	11-08-04	18-01-07	non-irrigated	41,68,269	16-12-06	59,841	42,77,435	1,09,166
24	Koriya	Charcha to Ghughra Tr. Line	10.340	20.680	09-04-02	31-01-03	non-irrigated	7,68,391	28-08-02	40,872	8,45,233	76,842
25	Koriya	11 KV Tr. Line, Charcha to Katgodi	1.540	6.160	04-06-02	09-12-02	non-irrigated	2,28,881	10-10-02	40,872	2,51,772	22,891
26	Koriya	Salwa Tank	56.680	113.500	12-07-99	05-03-04	non-irrigated	42,17,234	10-09-02	40,872	46,38,972	4,21,738
27	Raipur East	Pairighumar Tank	69.190	138.380	14-02-05	29-11-05	non-irrigated	61,70,364	17-05-05	54,400	75,27,872	13,57,508
28	Raipur East	Chikhilpani Tank	2.759	5.518	09-08-04	14-06-06	non-irrigated	2,46,048	11-01-05	49,455	2,72,893	26,845
29	Raipur East	Kanesar Tank	25.400	50.800	22-08-05	20-09-06	non-irrigated	22,65,172	14-02-06	54,400	27,63,520	4,98,348
30	Durg	132 KV Kanker Gurur Tr. Line	17.816	36.000	07-03-05	30-06-05	non-irrigated	16,05,240	18-07-05	54,400	19,58,400	3,53,160
31	Marwahi	Semaraha Tank	39.072	78.144	17-05-05	19-04-06	non-irrigated	34,84,244	12-07-05	54,400	42,51,034	7,66,790
32	Marwahi	Chanadongari Tank	19.900	40.000	23-03-06	19-06-06	non-irrigated	20,67,100	25-03-06	54,400	21,76,000	1,08,900
33	Marwahi	Chherichthapar Tank	4.750	9.500	26-07-05	19-06-06	non-irrigated	4,23,605	29-09-05	54,400	5,16,800	93,195
34	Marwahi	Gangpur Tank	33.990	68.000	14-10-05	19-07-06	non-irrigated	30,32,120	08-12-05	54,400	36,99,200	6,67,080
35	Marwahi	Andul Tank	22.388	45.000	22-11-07	31-01-08	non-irrigated	26,70,660	22-12-07	65,825	29,62,125	2,91,465
36	Marwahi	Badikhar Tank	4.905	10.000	20-02-07	13-08-07	non-irrigated	5,39,530	22-03-07	59,841	5,98,410	58,880
37	Marwahi	Joradongari Tank	15.300	31.000	05-01-07	17-10-07	non-irrigated	15,20,519	21-03-07	59,841	18,55,071	3,34,552
38	Raigarh	Kelo Project	361.901	724.000	27-12-07	13-08-08	non-irrigated	4,29,68,000	04-02-08	65,825	4,76,57,300	46,89,300
39	Raigarh	Quartzite Mining	9.800	10.000	13-02-02	08-01-03	non-irrigated	2,91,305	02-05-05	54,400	5,44,000	2,52,695
40	Raigarh	Steel Plant & Green Belt (Patrapali & Khaipur)	3.268	3.267	26-02-03	23-09-03	irrigated	4,26,752	20-12-05	1,91,248	6,24,807	1,98,055
41	Raigarh	Barod open Cast mining	19.001	38.002	12-03-04	02-04-04	non-irrigated	14,12,012	23-03-04	44,959	17,08,532	2,96,520
42	Raigarh	JPL open cast Mining	48.208	48.208	10-12-03	06-09-04	irrigated	69,06,250	29-05-04	1,73,862	83,81,539	14,75,289
43	Raigarh	Barod open Cast mining	123.899	247.798	13-08-06	13-12-06	non-irrigated	1,18,63,081	25-10-06	59,841	1,48,28,480	29,65,399
44	Raigarh	220 KV Taraimal to Purijapathara Tr. Line	1.560	1.560	26-03-03	28-06-04	irrigated	2,03,775	17-02-04	1,58,056	2,46,567	42,792
45	Raigarh	1000 MW Thermal Power Pro. Kurkut river Rabo Dam	177.542	356.000	06-12-04	08-08-05	non-irrigated	1,32,27,625	08-02-05	49,455	1,76,05,980	43,78,355
46	Raigarh	Solar Light at Urdena hill	0.640	1.280	23-11-05	25-03-06	irrigated	2,30,000	18-01-06	1,91,248	2,44,797	14,797
47	Raigarh	400 KV Tannar to Kotra Tr. Line	5.940	5.940	30-05-07	30-08-07	non-irrigated	13,65,782	26-07-07	2,31,410	13,74,575	8,793

48	Raipur East	Bagnai Tank	25.000	50.000	12-05-98	28-11-03	non-irrigated	29,92,100	07-09-07	65,825	32,91,230	2,99,130
49	Kondagaon (South)	Kosarteda Tank	668.090	2,672,360	24-08-98	11-12-02	non-irrigated	9,92,94,208	23-11-02	40,872	10,92,24,698	99,30,490
50	Janjgir Champa	Railway line	0.809	0.809	17-01-11	28-06-12	non-irrigated	64,461	15-04-11	96,413	77,998	13,537
51	Raigarh	IV/8 sub block of Gare Pelma coal block for coal mining	224.220 (56.890 ha for open)	113.780	27-02-09	01-01-13	non-irrigated	99,72,589	16-12-11	1,06,054	1,20,66,824	20,94,235
52	Raigarh	2X600 MW Thermal Power Plant	24.352	48.704	22-07-11	17-04-12	non-irrigated	42,68,808	05-09-11	96,413	46,95,699	4,26,891
53	Raigarh	24 MW Power plant	0.860	1.720	14-02-11	26-04-12	non-irrigated	1,50,755	15-04-11	96,413	1,65,830	15,075
Total			2,066.810	5,071.090				23,01,10,581			26,27,15,616	3,26,05,035
Grand Total			5,388.376	11,476.900				93,35,34,473			1,04,20,05,891	10,84,71,418

Appendix 8.5
(Referred to in paragraph 8.4.11.3)

Sl. No.	Name of Division	Name of Project	Area diverted (hec.)	Area on which CA was to be done (hec.)	Date of first approval	Date of final approval	Type of CA for which cost is recovered	Cost of CA recovered (in ₹)	Date of deposit of cost of CA	Applicable rate for cost of irrigated CA (in ₹)	Recoverable cost of CA (in ₹)	Short recovery of cost of CA (in ₹)
1	Katghora	Gevra open Cast Mining	100.898	201.796	20-07-06	05-05-08	non-irrigated	98,97,892	14-07-07	2,31,410	4,66,97,612	3,67,99,720
2	Korba	Suhela Bhatapara	7.796	16,000	02-02-07	26-05-10	non-irrigated	9,33,085	24-02-07	2,31,410	37,02,560	27,69,475
3	Mahasamund	Paradeep-Sambalpur-Raipur-Ranchi petroleum line	21.215	44,000	29-02-12	31-08-12	non-irrigated (20 ha.)	19,28,260	22-05-12	3,72,689	1,63,98,316	1,44,70,056
4	Dharanjaiagarh	Coal mining Durgapur Taraimar coal block	365.056	730.112	21-01-10	14-11-12	non-irrigated	7,03,91,558	19-07-12	3,72,689	27,21,04,711	20,17,13,153
5	Rajnandgaon	Pradhan path Reservoir	24.660	24,660	03-10-08	09-10-12	non-irrigated	21,61,399	18-01-12	3,38,808	83,55,005	61,93,606
6	Rajnandgaon	Radhona-wagaon Reservoir	23.580	47,160	23-05-08	14-01-09	non-irrigated	31,04,260	23-07-08	2,54,551	1,20,04,625	89,00,365
7	Rajnandgaon	Boria Tibbu iron ore mine	110.000	220,000	21-11-08	25-03-09	non-irrigated	1,75,29,380	03-06-10	3,08,007	6,77,61,540	5,02,32,160
8	Rajnandgaon	Sukha nala reservoir	30.920	61.840	23-05-08	23-03-09	non-irrigated	40,70,556	18-11-08	2,54,551	1,57,41,434	1,16,70,878
		Total	684.125	1345.568				11,00,16,390			44,27,65,803	33,27,49,413
9	Marwahi	Kotmikala to Manendragarh 132 KV line	50.823	101,989	18-12-07	01-09-08	non-irrigated	49,97,882	21-02-08	2,31,410	2,36,01,274	1,86,03,392
10	Raigarh	Kelo Project	361.901	724,000	27-12-07	13-08-08	non-irrigated	4,29,68,000	04-02-08	2,31,410	16,75,40,840	12,45,72,840
11	Janjgir Champa	Railway line	0.809	0.809	17-01-11	28-06-12	non-irrigated	64,461	15-04-11	3,38,808	2,74,095	2,09,634
		IV/8 sub block of Gare Pelma coal block mining	224.220 (56,890 hec. for open cast mining)	113.780	27-02-09	01-01-13	non-irrigated	99,72,589	16-12-11	3,38,808	3,85,49,574	2,85,76,985
12	Raigarh	2X600 MW Thermal Power Plant	24.352	48,704	22-07-11	17-04-12	non-irrigated	42,68,808	05-09-11	3,38,808	1,65,01,305	1,22,32,497
14	Raigarh	24 MW Power plant	0.860	1,720	14-02-11	26-04-12	non-irrigated	1,50,755	15-04-11	3,38,808	5,82,749	4,31,994
		Total	495.635	991,002				6,24,22,495			24,70,49,838	18,46,27,343
		Grand Total	1,179.760	2,336.570				17,24,38,885			68,98,15,641	51,73,76,756

Appendix 8.6

(Referred to in paragraph 8.4.12.1)

S. No.	Name of project	Name of Division	Diverted Area (hec.)	Date of First Approval	NPV collected (in ₹)	Date of Deposit of NPV	Date of final approval	Eco Class	Density Type	NPV to be collected (in ₹)	Short realisation (in ₹)
1	24 MW Hydro power project	Sukma	4.725	20-11-08	29,60,000	07-12-09	18-08-10	I	Dense	44,36,775	14,76,775
2	Chotiya Coal Mine II	Kaighora	726.349	04-01-11	29,64,64,048	11-03-11	07-06-11	III	Rare	36,99,87,938	7,35,23,890
3	400 KV Tr. Line Korba to Birsinghpur	Katghora							Rare		
		Marwahi	157.481	28-07-10	10,00,16,271	28-08-10	14-06-11	III	Dense	10,35,53,620	35,37,349
4	400 KV Seepat Mahan Tr. Line	Katghora	135.139		7,60,83,257			III	Dense	10,85,16,617	3,24,33,360
		North Sarguja	130.939		7,37,18,657			III	Dense	10,51,44,017	3,14,25,360
		South Sarguja	77.640		4,37,11,320			I	Dense	7,29,03,960	2,91,92,640
		Koria	15.460	14-12-10	67,71,480	03-02-12	11-03-13	III	Rare	96,77,960	29,06,480
5	Paradeep-Sambalpur-Raipur-Ranchi Petroleum Pipe line	Korba	9.534		76,55,802			III	Dense	76,55,802	0
		Raipur	1.731		11,37,267			III	Dense	13,89,993	2,52,726
		Mahasamund	9.950		65,37,150			III	Dense	79,89,850	14,52,700
6	Parsa east and kete basin	South Sarguja	1,898.328	06-07-11	1,62,00,75,726	03-10-11	15-03-12	I	Very Dense	1,90,35,15,557	28,34,39,831
Total					2,23,51,30,978					2,69,47,72,089	45,96,41,111
7	24.75 MW Hydro power project	Dantewara	19.705	06-07-09	1,32,35,330	22-10-10	12-05-11	I	Dense	1,85,02,995	52,67,665
8	--do--	Bastar	19.718	06-07-09	1,74,16,909	01-11-10	21-04-11	I	Dense	1,85,15,202	10,98,293
9	132 KV Tr. Line Kondagaon to Jagdalpur	Kondagaon south	20.574	21-06-10	1,71,76,779	25-11-10	12-05-11	I	Dense	1,93,18,986	21,42,207
10	Ari Dongri mine	Bhanupratappur East	106.600	20-06-08	7,18,15,040	07-07-08	04-08-08	I	Rare	7,78,18,000	60,02,960
11	Pradhan Path Reservoir	Khairagarh	24.660	03-10-08	1,38,83,580	29-04-10	09-10-12	III	Dense	1,98,01,980	59,18,400
Total					13,35,27,638					15,39,57,163	2,04,29,525
Grand Total					2,36,86,58,616					2,84,87,29,252	48,00,70,636

Appendix 8.7
(Referred to in paragraph 8.4.12.2)

Sl. No.	Name of Project	User Agency	Division	Area diverted (hec.)	Date of First Approval	NPV deposited (in ₹)	Date of deposit	Date of final approval	Eco Class	Amount of NPV to be deposited (in ₹)	Short recovery of NPV (in ₹)
1	Radhonawagaon Reservoir	WRD,	Rajnandgaon	23.580	23-05-08	1,98,07,200		14-01-09	Eco class III	2,09,15,460	11,08,260
2	Sukha Nala Barrage	Rajnandgaon		30.920	23-05-08	2,41,17,600		23-03-09	Eco class III	2,48,28,760	7,11,160
3	Ash Dyke	CSEB, Korba	Katghora	83.494	18-12-07	6,51,25,320	05-03-08	15-04-09	Eco class III	6,70,45,682	19,20,362
4	Ash Dyke	NTPC, Korba		85.514	24-05-06	6,67,01,000	27-10-06	18-01-10	Eco class III	6,86,67,742	19,66,742
Total				223.508		17,57,51,120				18,14,57,644	57,06,524
5	Semarha Tank	EE, WRD, Marwahi	Marwahi	39.072	17-05-05	3,04,76,160	12-07-05	19-04-06	Eco class III	3,13,74,816	8,98,656
6	Chherichhapar Tank			4.750	26-07-05	37,05,000	29-09-05	19-06-06	Eco class III	38,14,250	1,09,250
7	Chanadongari Tank			19.900	23-03-06	1,55,22,000	25-03-06	19-06-06	Eco class III	1,59,79,700	4,57,700
8	Gangpur Tank			33.990	14-10-05	2,65,20,000	08-12-05	19-07-06	Eco class III	2,72,93,970	7,73,970
9	Badikhar Tank			4.905	20-02-07	38,25,900	22-03-07	13-08-07	Eco class III	39,38,715	1,12,815
10	Joradongari Tank			15.300	05-01-07	1,19,34,000	21-03-07	17-10-07	Eco class III	1,22,85,900	3,51,900
11	Andul Tank			22.388	22-11-07	1,74,62,640	22-12-07	31-01-08	Eco class III	1,79,77,564	5,14,924
12	Kanesar Tank	EE, WRD, Gariyaband	Raipur East	25.400	22-08-05	2,13,36,000	Aug-06	20-09-06	Eco class III	2,25,29,800	11,93,800
13	Baroud Expansion mine	SECL	Raigarh	123.899	23-08-06	9,03,96,420	25-10-06	13-12-06	Eco class III	10,98,98,413	1,95,01,993
14	400 KV Tamnar to Kotra Transmission Line	Jindal Steel & Power Ltd.		5.940	30-05-07	43,10,000	26-07-07	30-08-07	Eco class III	44,12,280	1,02,280
15	220 KV Punjipathra to Tamnar Tr. Line.			2.340	07-02-08	19,65,000	29-06-08	14-03-08	Eco class III	20,75,580	1,10,580
16	Kalwar-Nagur Mine	Bhilai Steel Plant	Bhanupratappur East	17.000	23-08-06	1,56,40,000	17-10-06	07-01-08	Eco class I	1,77,31,000	20,91,000
17	Railway Line	SECR, Bilaspur		259.540	09-09-05	23,82,16,000	03-08-07	07-12-11	Eco class I	27,07,00,220	3,24,84,220
Total				574.424		48,13,09,120				54,00,12,208	5,87,03,088
Grand Total				797.932		65,70,60,240				72,14,69,852	6,44,09,612

Appendix 8.8
(Referred to in paragraph 8.4.12.3)

Sl. No.	Name of Project	User Agency	Name of Division	Date of approval from MoEF		Diverted area (hec.)	Rate of NPV (₹ per hec.)	Amount of NPV (in ₹)
				In-principle	final			
1	Kanaigudam Reservoir	EE, WRD, Dantewada	Sukma	12.07.99	03.02.05	33.640	9,20,000	3,09,48,800
2	Dabena Reservoir	EE, WRD, Kanker	Sukma	11.05.94	30.09.04	12.319	8,40,000	1,03,47,960
3	Bagnai Reservoir	EE, WRD, Mahasamund	Mahasamund	12.05.98	28.11.03	25.000	7,80,000	1,95,00,000
4	Pasid Reservoir	EE, WRD, Mahasamund		02.05.94	17.12.03	61.643	8,03,000	4,94,99,329
5	Ash Dyke (20 ha.)	CSEB, Korba	Korba	05.04.00	27.04.04	20.000	6,20,000	1,24,00,000
		Total				152.602		12,26,96,089
6	Sanwla Reservoir	EE, WRD, Baikunthpur	Koriya	12.07.99	05.03.04	56.680	8,40,000	4,78,11,000
7	Putra Reservoir	EE, WRD, Marwahi	Marwahi	15.01.03	29.07.04	23.074	7,80,000	1,79,97,720
8	Upperkhujji Reservoir			03.08.98	27.08.03	66.146	7,80,000	5,15,93,880
		Total				145.900		11,74,02,600
		Grand Total				298.502		24,00,98,689

Appendix 8.9

(Referred to in paragraph 8.4.13.1)

Name of Project	User Agency	Division	Area of land diverted (hec.)	Date of First Approval	Date of Final Approval	Amount Deposited in PD A/c (₹)	Date of Deposit in PD A/c	Amount Deposited in Ad-hoc CAMPAs (₹)	Date of Deposit in Ad-hoc CAMPAs	Remarks
Ramnagar Tank	EE, WRD, Shyam Barnai	North Surguja	10.52	02-06-08	Awaited	3,24,226	07-03-06	9,31,230	27-01-10	Out of the total CA and NPV received, amount of ₹ 9.31 lakh was remitted to CAMPAs after a delay of more than three years.
						6,07,004	27-08-08			
Total			10.52			9,31,230				
220 KV Transmission line	CSEB	Bilaspur	0.647	13-08-07	Awaited	5,04,660	02-04-09	5,04,660	19-06-10	Though the amount was to be deposited directly in Ad-hoc CAMPAs, but deposited in PD account and the balance amount remitted after 14 months.
Bharat Sagar	EE, WRD	Bilaspur	25	03-08-98	15-10-01	22,15,560	29-04-08	22,15,560	19-06-10	Though the amount was to be deposited directly in Ad-hoc CAMPAs, but was deposited in PD account and the balance amount remitted after 22 months.
Kharsia Branch Canal	EE, Bango, Kharsia	Janjgir-Champa	4.541	16-03-05	31-03-05	67,03,000	21-04-05	17,34,000	18-06-07	Though the amount of CA, NPV and Penal CA amounting to ₹ 91.76 lakh was received on 21.04.2005, balance amount of ₹ 17.34 lakh was remitted with a delay of more than 26 months.
Total			30.188			94,23,220		44,54,220		
Grand Total			40.708			1,03,54,450		53,85,450		

Appendix 8.10
(Referred to in paragraph 8.4.18)

Allotment and expenditure on infrastructural works above range level

Sl. No.	Type of Building	Nos.	Amount proposed	Amount sanctioned	Amount spent
1	DFO office	3	60.00	60.00	54.54
2	DFO Residence	15	303.75	303.75	186.86
3	Hostel	3	164.01	164.01	162.63
Total			527.76	527.76	404.03

(₹ in lakh)

Allotment and expenditure on infrastructural works above range level

Sl. No.	Sanction letter No./ Date	Amount released	Name of Work	Expenditure incurred
1	36/ 09.05.11	149.94	Interpretation Centre	43.66
2	95/ 02.08.11	25.00		
3	120/ 26.08.11	115.00	Survey, Boundary wall – Jungle Safari	320.00
4	93/02.05.13	266.00		
5	11/ 16.01.12	195.66	Chain link fencing, Boundary wall – Lamni park	58.83
Total		751.60		422.49

Appendix 8.11
(Referred to in paragraph 8.7)

Doubtful expenditure on regeneration work

Range	Coupe/ Compt.	Area (hec.)	Trees		Stumps		Amount	
			Marked	Felled	Marked	Felled	Allotted	Spent
Dhaurpur	IWC-VIII Kirkima/ 2665	251.55	0	0	3,200	3,200	2,51,550	2,51,150
Kusumi	IWC-VIII Kothli/ 2941	168.08	0	0	2,025	2,025	1,68,080	1,68,080
	IWC-VIII Dipadih/ 2691	227.93	0	0	3,652	3,652	2,27,930	2,27,867
	IWC-VIII Rehada/ 3070	177.98	0	0	6,885	6,885	1,77,980	1,77,802
	IWC-VIII Belpani/ 3126	185.13	0	0	2,200	2,200	1,85,130	1,85,200
Ramanujganj	IWC-VIII Berdih/ 3160	196.20	0	0	3,427	3,427	1,96,200	1,96,200
	IWC-VIII Kerta/ 3505	122.18	0	0	1,750	1,750	1,22,180	1,22,180
	IWC-VIII Laguna/ 3445	265.05	0	0	11,983	11,983	2,65,050	2,65,047
Total		1,594.10	0	0	35,122	35,122	15,94,100	15,93,526