

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

on

REVENUE SECTOR

for the year ended March 2016

**Government of Kerala
Report No. 1 of the year 2017**

TABLE OF CONTENTS

Particulars	Paragraph	Page
Preface		(v)
Overview		(vii)
CHAPTER – I : GENERAL		
Trend of revenue receipts	1.1	1
Analysis of arrears of revenue	1.2	6
Arrears in assessments	1.3	9
Evasion of tax detected by the Departments	1.4	10
Pendency of Refund cases	1.5	11
Analysis of stay granted	1.6	11
Response of the Government/Departments to audit	1.7	12
Status of the mechanism for dealing with the issues raised in audit	1.8	17
Action taken on the recommendations accepted by the Departments/Government	1.9	18
Audit planning	1.10	19
Results of audit	1.11	19
Coverage of this Report	1.12	19
CHAPTER – II : TAXES/VAT ON SALES, TRADE ETC.		
Tax administration	2.1	21
Internal audit	2.2	22
Results of audit	2.3	22
Assessment, levy and collection of VAT on gold, diamond and platinum	2.4	24
Levy, assessment and collection of VAT on sub-contracts under works contract assessment	2.5	33
Short levy of tax in assessments of metal crushing units	2.6	41
Short payment of tax due to application of incorrect rate of tax	2.7.1	46
Short payment of tax due to escape of turnover from assessment	2.7.2	47
Short payment of tax due to inadmissible compounding	2.7.3	49
Short payment of tax due to incorrect exemption allowed	2.7.4	50
Short payment of tax due to escape of turnover from assessment	2.8	53
Short payment of tax due to availing of excess input tax credit	2.9	60

Particulars	Paragraph	Page
Short payment of tax due to application of incorrect rate of tax	2.10	61
Short payment of tax due to suppression of turnover from assessment	2.11	62
Short payment of tax due to excess credit availed on sales return	2.12	63
Short assessment of tax due to irregular reversal of OPT	2.13	64
Demo vehicles not subjected to tax	2.14	64
Short payment of tax due to escape of turnover from assessment	2.15	66
Non-levy of luxury tax from house boats	2.16	67
Short levy of luxury tax due to escape of turnover from assessment	2.17	68
CHAPTER – III : TAXES ON VEHICLES		
Tax administration	3.1	69
Internal audit	3.2	69
Results of audit	3.3	69
Short levy of onetime tax due to incorrect adoption of purchase value	3.4	71
Non-imposition of fine in cases of overloaded vehicles	3.5	72
Short collection of tax on contract carriages with pushback seats	3.6	73
Non-remittance of tax for the operated period of stage carriages	3.7	74
Incorrect levy of one time tax on percentage basis on reclassified vehicles	3.8	75
CHAPTER – IV : LAND REVENUE AND BUILDING TAX		
Tax administration	4.1	77
Internal audit	4.2	77
Results of audit	4.3	77
Performance Audit on Disaster Management in the State	4.4	79
Land governance in State	4.5	101
Non-assessment of building tax	4.6	117
Non-assessment of extended area of commercial buildings to tax	4.7	120
Non-levy/short realisation of luxury tax	4.8	121

Particulars	Paragraph	Page
CHAPTER – V : OTHER TAX RECEIPTS		
Tax administration	5.1	123
Internal audit	5.2	123
Results of audit	5.3	123
Issue of licences and enforcement of licence conditions by the Excise Department	5.4	125
Tax administration	5.5	140
Internal audit	5.6	140
Results of audit	5.7	140
Short collection of Stamp duty and Registration fee	5.8	141
Appendix		145

Preface

This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor under Article 151 of the Constitution of India for being laid before the State Legislature.

The Report contains significant results of the Performance Audit and Compliance Audit of the Departments of Government of Kerala under Revenue Sector, including Commercial Taxes Department, Revenue and Disaster Management Department, Motor Vehicle Department, Department of Power and State Excise Department.

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

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

Overview

Overview

The Report contains 27 paragraphs including Performance Audit/Compliance Audit relating to non/short levy of tax, interest etc., involving revenue impact of ₹ 3,458.41 crore and expenditure impact of ₹ 153.63 crore. Some of the major findings are mentioned below:

I. General

Total revenue receipts of the State Government for the year 2015-16 amounted to ₹ 69,032.66 crore against ₹ 57,950.47 crore for the previous year. 69 per cent of this was raised by the State through tax revenue (₹ 38,995.15 crore) and non-tax revenue (₹ 8,425.49 crore). The balance 31 per cent was receipt from the Government of India as State's share of divisible Union taxes (₹12,690.67 crore) and grants-in-aid (₹ 8,921.35 crore).

(Paragraph 1.1.1)

As on 30 June 2016, 2,672 Inspection Reports (IRs) in respect of various Departments containing 24,662 observations involving money value of ₹ 7,253.02 crore were outstanding.

(Paragraph 1.7)

II. Taxes/VAT on sales, trade etc.

In 68 assessment circles in respect of 184 compounded dealers, purchase turnover of old gold escaped assessment resulting in short levy of tax, interest and penalty of ₹ 2,475.55 crore.

(Paragraph 2.4.3.1)

In respect of 81 dealers in 31 assessment circles out of 119 assessment circles in 15 tax districts the compounded tax for 2013-14 paid /agreed to be paid by the assessee was adjusted which resulted in short collection of ₹ 61.48 crore.

(Paragraph 2.4.3.2)

In four assessment circles, six dealers had imported gold, diamond and platinum amounting to ₹ 4,191.16 crore against which ₹ 496.69 crore only was conceded. The suppression of import purchase worked out to ₹ 3,694.46 crore and the resultant short levy of tax, interest and penalty worked out to ₹ 126.70 crore.

(Paragraph 2.4.3.4)

Four dealers claimed special rebate in respect of old gold purchased from unregistered dealers and converted and sold it as bullion. Excess availing of special rebate resulted in short payment of ₹ 132.89 crore.

(Paragraph 2.4.3.5 - bullet 2)

In 24 offices, 35 dealers who opted to pay compounded tax for the year 2013-14 and 2014-15 did not pay reverse tax on the closing stock for the years 2012-13 and 2013-14 respectively. This resulted in short levy of tax including interest and penalty of ₹ 80.89 crore.

(Paragraph 2.4.3.5 - bullet 3)

In four assessment circles, 71 sub contractors in 16 assessment circles failed to return the contract receipts fully which resulted in escape of turnover and consequent short levy of tax, interest and penalty of ₹ 26.37 crore.

(Paragraph 2.5.3.1)

In CTO (WC) Ernakulam, three dealers opted to pay tax at the compounded rates on their contract receipts for the fabrication/supply and installation of UPVC/aluminium doors and windows which resulted in incorrect compounding and application of incorrect rate of tax. This resulted in short levy of tax, interest and penalty amounting to ₹ 4.04 crore.

(Paragraph 2.5.3.3)

In four assessment circles, incorrect grant of exemption of sub contract turnover resulted in short levy of tax, interest and penalty of ₹ 58.16 crore.

(Paragraph 2.5.3.4)

In 48 assessment circles, 131 assesseees who opted to pay tax under the compounding scheme had under-reported the size and/or the number of crushing machines. Non utilisation of information from other Department/local bodies before compounding/finalising the assessment resulted in short levy of tax, interest and penalty of ₹ 68.78 crore.

(Paragraph 2.6.1)

M/s Brahmos Aero Space, Thiruvananthapuram, an assessee company involved in the manufacture and supply of various components and articles of Brahmos Missiles showed only a small portion of the income by way of processing charges in the service tax returns for the years 2009-10 to 2013-14. The remaining turnover was liable to be treated as works contract involving transfer in the form of goods. Escape of turnover from assessment resulted in short payment of tax, cess and interest of ₹ 15.70 crore.

(Paragraph 2.7.2.1)

In 10 CTOs, dealers failed to account for purchase turnover and corresponding sales turnover which resulted in consequent short levy of tax, interest and penalty of ₹ 8.92 crore.

(Paragraph 2.8.1- bullet 1)

M/s Malabar Regional Co-operative Milk Producers Union Ltd., Kozhikode Dairy, Kozhikode misclassified sales as stock transfer during 2011-12 to

2013-14. This resulted in escape of turnover from assessment and consequent short payment of tax and interest of ₹ 3.13 crore.

(Paragraph 2.8.1 - bullet 2)

M/s 3F Industries Limited Kochi, a dealer in edible oil, margarine etc. while filing annual return for 2013-14 misclassified the sales turnover of margarine as that of edible oil and self assessed to tax at one *per cent*. The assessing authority failed to detect the escape of turnover of ₹ 4.60 crore from assessment resulting in short levy of tax and interest of ₹ 69.55 lakh.

(Paragraph 2.8.6)

III. Taxes on Vehicles

Incorrect adoption of purchase value resulted in short levy of one time tax of ₹ 4.96 crore in 4,724 cases.

(Paragraph 3.4)

IV. Land Revenue and Building Tax

A Performance Audit on Disaster Management in the State revealed the following.

- Disaster Management Plan at State/District levels and by Local Authority were not prepared even after 10 years of enactment of the Disaster Management Act, 2005 (DM Act).

(Paragraph 4.4.6.1, Bullet 1)

- Government/ Kerala State Disaster Management Authority (KSDMA) had not met legal obligations in submission of annual reports on disaster management activities which deprived the Legislature of getting a true and full account of Disaster Management (DM) activities in the State.

(Paragraph 4.4.6.1, Bullet 2)

- Out of the 24 Village Offices test checked in Alappuzha, Kottayam, Palakkad and Thiruvananthapuram districts, VDMCs, required to be set up to reduce the risks associated with disasters and dependency on external agencies, were not set up in the test checked village offices.

(Paragraph 4.4.6.1, Bullet 4)

- NGO Co-ordination Committees were not constituted at State/District levels.

(Paragraph 4.4.6.1, Bullet 6)

- In the test checked districts, Early warning systems were either not functioning or not installed.

(Paragraph 4.4.6.2, Bullet 2)

- State Disaster Response Force was not constituted as category wise staff strength had not been sanctioned by Government.

(Paragraph 4.4.6.2, Bullet 7)

- Provisions of National Disaster Management Authority guidelines were not included in the municipal and *panchayat buildings* Rules dealing with the construction of buildings in the State.

(Paragraph 4.4.6.2, Bullet 8)

- Preparation of budget estimated for State Disaster Response Fund was not based on estimates of District Collectors. Other *miscellaneous* relief expenditure was irregularly accounted as SDRF disbursements.

(Paragraph 4.4.6.2, Bullet 10)

- The State and District Authorities did not constitute District Disaster Response Fund and State Disaster Mitigation Fund.

(Paragraph 4.4.6.2, Bullet 12)

- In the selected districts, State Disaster Response Fund expenditure of ₹ 83.44 crore was utilized for calamities which did not conform to the definitions of disasters.

(Paragraph 4.4.6.3)

In 24 *taluk* offices, out of 148 Government plots/sites involving 1,030.78 ha joint physical inspection revealed encroachment of 72.61 ha of Government land valuing ₹ 65.45 crore in 30 cases.

(Paragraph 4.5.3.1 Bullet 1)

Even after direction of Honøble High Court in six cases involving 8.57 ha the land remained under the possession of the encroachers with unauthorised constructions.

(Paragraph 4.5.3.1 bullet 3)

An extent of 0.81 ha of agricultural land in Mannamkandam village under RDO Devikulam owned by Mar Baselious College was illegally converted, which was not reported by Agricultural officers or detected by the Village Officer.

(Paragraph 4.5.5.1)

In 21 *Taluk* Offices, failure of the Village Officers to send the list of completed buildings to *Tahsildars* resulted in non identification of buildings completed for assessment and consequent non-levy of tax of ₹ 2.98 crore.

(Paragraph 4.6.1 – Bullet 1)

In 24 *Taluk* Offices, the *Tahsildars* failed to levy and assess tax on the buildings, the completion of which were reported by Village Officers. Inaction on the part of the *Tahsildars* to assess 1,884 buildings resulted in non-levy of building tax of ₹ 4.92 crore.

(Paragraph 4.6.2 – bullet 1)

V. Other Tax Receipts

A– STATE EXICSE

Excise Department issued licences without collecting proper stamp duty which resulted in loss of revenue of ₹ 4.24 crore.

(Paragraph 5.4.4.1)

Chapter I

General

CHAPTER-I GENERAL

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by Government of Kerala during the year 2015-16, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grant-in-aid received from Government of India during the year and the corresponding figures for the preceding four years are mentioned in Table- 1.1.

Table – 1.1
Trend of revenue receipts

(₹ in crore)

Sl. No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
1.	Revenue raised by the State Government					
	• Tax revenue	25,718.60	30,076.61	31,995.02	35,232.50	38,995.15
	• Non-tax revenue ¹	2,592.18 (2,228.97)	4,198.51 (3,272.25)	5,575.03 (4,059.49)	7,283.69 (5,097.95)	8,425.49 (5,902.45)
	Total	28,310.78 (27,947.57)	34,275.12 (33,348.86)	37,570.05 (36,054.51)	42,516.19 (40,330.45)	47,420.64 (44,897.60)
2.	Receipts from Government of India					
	• Share of net proceeds of divisible Union taxes and duties	5,990.36	6,840.65	7,468.68	7,926.29	12,690.67
	• Grants-in-aid	3,709.22	3,021.53	4,138.20	7,507.99	8,921.35
	Total	9,699.58	9,862.18	11,606.88	15,434.28	21,612.02
3.	Total revenue receipts of the State Government (1 and 2)	38,010.36 (37,647.15)	44,137.30 (43,211.04)	49,176.93 (47,661.39)	57,950.47 (55,764.73)	69,032.66 (66,509.62)
4.	Percentage of 1 to 3	74	78	76	73	69

Source : Finance Accounts prepared by PAG(A&E), Kerala.

The above table indicates that during the year 2015-16, the revenue raised by the State Government (₹ 47,420.64 crore) was 69 *per cent* of the total revenue receipts. The balance 31 *per cent* of the receipts during 2015-16 was from the Government of India.

¹ The receipt from State lotteries for the year 2015-16 was ₹ 6,271.41 crore which was 74.43 *per cent* of non tax revenue. The difference between the figures shown in column and bracket represent expenditure on prize winning tickets of lotteries conducted by the Government.

1.1.2 The details of the tax revenue raised during the period 2011-12 to 2015-16 are given in **Table - 1.2**.

Table – 1.2
Details of Tax Revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2011-12		2012-13		2013-14		2014-15		2015-16		Percentage of increase (+) or decrease (-) in 2015-16 over 2014-15	
		BE	Actual	BE	Actual								
1.	0040 - Tax on sales, trade etc.	19,427.90	18,938.83	23,450.52	22,511.09	28,456.62	24,885.25	31,913.47	27,908.33	34,712.28	30,736.78	8.77	10.13
2.	0030-Stamps and Registration fees	3,252.17	2,986.55	3,775.71	2,938.38	4,207.01	2,593.29	3,733.67	2,659.02	4,311.33	2,877.73	15.47	8.23
3.	0041 - Taxes on vehicles	1,410.73	1,587.13	1,694.49	1,924.62	2,570.65	2,161.09	2,799.82	2,364.95	3,087.35	2,814.30	10.27	19.00
4.	0039 - State Excise	2,059.05	1,883.18	2,550.65	2,313.95	2,801.75	1,941.72	3,208.36	1,777.42	2,600.66	1,964.16	(-)18.94	10.51
5.	0029 - Land Revenue	162.84	60.75	127.72	121.58	135.49	88.78	169.57	139.03	138.46	182.28	(-)18.35	31.11
6.	0043 - Taxes and Duties on Electricity	29.31	21.28	250.00	24.71	284.15	42.25	309.14	48.71	189.06	57.66	(-)38.84	18.37
7.	0022 - Taxes on Agricultural Income	14.49	42.86	15.98	18.92	23.99	21.55	26.35	8.60	28.33	2.01	7.51	(-)76.63
8.	Others ²	285.06	198.02	257.14	223.36	291.44	261.09	307.11	326.44	360.56	360.23	17.40	10.35
	Total	26,641.55	25,718.60	32,122.21	30,076.61	38,771.10	31,995.02	42,467.49	35,232.50	45,428.03	38,995.15	6.97	10.68

Source : Budget Estimates and Finance Accounts of the respective years.

The respective Departments reported the following reasons for variation.

Commercial Taxes: The Department stated that the budget estimates are prepared considering the last year's collection by adding reasonable growth percentage to it. During the year, the decrease in actual receipts when compared to budget estimates was due to the fall in collection from oil companies and certain commodities like motor vehicles, rubber, iron & steel, bar hotels, chicken and timber. The collection from motor vehicles decreased due to the recessionary trend in motor vehicles, which showed a growth rate of seven *per cent* increase during 2015-16 as against 23 *per cent* growth rate of previous years. The growth rate of petroleum products was only nine *per cent* as against 20 *per cent* growth rate in previous years. Also, rice, wheat, atta, maida, suji were exempted from tax.

² Taxes on immovable property other than agricultural land, Luxury tax and Entertainment tax.

Apart from the above, Audit found that the following reasons also attributed to the decrease in receipts when compared to estimates.

- (i) Failure of CTD to comply with the provisions of statute for taxation of gold, diamond and platinum.
- (ii) Laxity of enforcement and assessing officers in complying with the Act/Rules to identify, detect and to take remedial action against evasion of tax.
- (iii) Failure of the assessing officers to ensure that the turnover relating to exemption availed by the principal contractors were subjected to tax at the hands of the subcontractors.

In the case of agricultural income tax, the steep fall in price of rubber has affected collection severely and rubber was exempted from tax also.

Taxes on vehicles: There was a decrease in the actual receipts over the budget estimates for 2015-16. The Department stated that this was due to decrease in number of vehicles registered. Also, Audit found that the Department did not have an efficient system to levy road taxes on motor vehicles and enforcement of the conditions laid down in the permits and other related provisions of the Act/Rules by the Department was weak which resulted in short realisation of motor vehicles tax and permit fees. The reason for increase in receipts for 2015-16 over 2014-15 was not furnished by the Department.

Land Revenue: The increase in revenue receipts from the budget estimates was due to the upward revision of basic tax. Plantation tax was abolished on the individuals holding plantations which resulted in decrease of revenue receipts when compared to budget estimates. The increase in receipts for the year 2015-16 over 2014-15 was due to enhancement of luxury tax, basic land tax and building tax.

Power: The Department stated (October 2016) that the increase in receipts for 2015-16 was due to increase in arrear collection. The decrease of actual receipts over budget estimates was related to electricity duty. The Department stated that the Kerala State Electricity Board Limited has neither adjusted nor remitted electricity duty, which was the reason for huge variation between budget estimates and receipts for the year.

Registration: The Department attributed the reason for the variation between the budget estimate and actual receipts for 2015-16 to short fall in number of documents registered during the year. There was increase in revenue receipts in 2015-16 when compared to that in 2014-15, which was due to enhancement in the fair value of land by fifty *per cent*.

Excise: There was decrease in the actual receipts when compared to the budget estimates for 2015-16. The Department explained the reason for this as the reduction in gallonage fee on beer to be paid by the Kerala State Beverages

Corporation Limited (KSBCL), reduction of annual rental of wholesale shops (FL-9) of liquor from ₹ 25 lakh to rupees one lakh, closure of outlets run by KSBCL and Consumerfed, reduction of annual rental of FL-1 shops from ₹ 63 lakh to rupees three lakh and reduction in sale of Indian Made Foreign Liquor.

Apart from the above, Audit found that failure of the Department to realise fine for unauthorised reconstitutions from companies and partnership firms and to realize fine from KSBCL for violating permit conditions in cases of shortage in consignment of liquor resulted in decrease of revenue as compared to the budget estimates for the year.

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

Table – 1.3
Details of Non-Tax Revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2011-12		2012-13		2013-14		2014-15		2015-16		Percentage of increase (+) or decrease (-) in 2015-16 over 2014-15	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual
1.	0075- Miscellaneous General Services 103 & State Lotteries	462.05	919.53	1,381.20	1,747.51	2,307.00	2,280.15	2,875.00	3,259.14	4105.60 ³	3,748.37 ⁴	42.80	15.01
2.	0406 & Forestry and Wild Life	330.12	220.52	321.26	237.33	328.83	329.95	376.17	300.40	468.73	283.04	24.61	(-)5.78
3.	0202 & Education, Sports, Art and Culture	183.61	164.96	222.07	182.78	259.18	308.13	253.15	246.41	369.71	243.63	46.04	(-)1.13
4.	Others ⁵	1,306.25	923.96	1,092.08	1,104.63	1,333.56	1,141.26	1,473.15	1,292.00	1,725.98	1,627.41	17.16	25.96
	Total	2,282.03	2,228.97	3,016.61	3,272.25	4,228.57	4,059.49	4,977.47	5,097.95	6,670.02	5,902.45	34.00	15.78

Source: Budget estimates and Finance Accounts of the respective years.

³ The District Lottery Officers are authorised to incur expenditure towards prize winning tickets (small denominations upto and including ₹ 100) by appropriating the receipts collected in the respective offices. The other expenditures are met from the budget allocation of the State. From gross receipts (budget estimates) of ₹ 6,366.70 crore, expenditure on prize winning tickets of lotteries (budget estimates) of ₹ 2,261.10 crore has been deducted.

⁴ From gross receipts of ₹ 6,271.41 crore, expenditure of ₹ 2,523.04 crore on prize winning tickets has been deducted, but other expenditure like commission to agents (₹ 2,036.45 crore), establishment expenses (₹ 277.63 crore) etc. have not been deducted.

⁵ Receipts from Interest receipts, Medical and Public Health, Crop Husbandry, Animal Husbandry, Public Works, Other Administrative Services, Police, Co-operation, Major Irrigation Projects, Judiciary, Jail, Stationery, etc.

State Lotteries: The Department stated that there was increase in revenue receipts for the year 2015-16 when compared to that of 2014-15 due to increase in the sale of lottery tickets. Both the revenue and expenditure on the prize winning tickets also increased during the year. As a section of agents kept away from selling of lottery tickets, there was decrease of actual receipts when compared to budget estimates for the year.

Stationery: During the year 2015-16, there was decrease in stationery receipts over 2014-15 and decrease in the actual receipts over budget estimates for 2015-16. The Department stated that the reason for decrease in revenue was due to failure of the Government undertakings in payment of stationery charges.

Forestry & Wild Life: The Department stated that the budget estimates were prepared based on the timber extraction work proposed. Due to delay in preparation of working plan, labour problems etc., extraction work could not be taken up in all the final felling areas and hence the estimated revenue could not be realised. It was also stated that notification and timber e-auction could not take place as desired due to model code of conduct in force during the Local Self Government elections. In some areas the trees could not be felled due to increase in unsold stock in nearby depots which resulted in decrease in revenue.

Agriculture: There was increase in actual receipt for 2015-16 over that of 2014-15. The Director of Agriculture stated that this was due to increase in sale proceeds of seeds, seedlings and farm products. The increase in actual receipts over budget estimates for 2015-16 was because of importance given to the distribution of quality planting materials, introduction of new components such as dwarf coconut seedling production, hi-tech agriculture through farms etc.

Animal Husbandry: There was decrease in actual receipts over the budget estimate for 2015-16. This was due to heat stress and natural disasters badly affecting the farm animals and causing slight decrease in the farm production. The increase in receipts for 2015-16 over 2014-15 was due to increase in the sale of farm products and periodical revision in price of some farm products like milk, hen, egg, chicks etc.

Public Works: The increase in revenue of Public Works Department under Buildings for 2015-16 over 2014-15 was due to enhancement of rate in centage charges. The variation between budget estimates and actual receipts for 2015-16 was due to shortfall in other receipts and works and non occupancy of buildings.

Various divisions under PWD (Roads & Bridges) had transferred huge pending unclaimed deposits to revenue and hence there was increase in revenue receipts. As 11 tolls across Kerala have been stopped, there was a slight decrease in toll collection.

Health Services: The increase in revenue receipts during 2015-16 over 2014-15 was due to variation in fee structure and amount received as auction sale of unserviceable articles.

The details were not furnished by Printing Department (October 2016).

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2016 on some principal heads of revenue amounted to ₹ 2,323.02 crore of which ₹ 742.03 crore was outstanding for more than five years, as detailed in the **Table - 1.4**.

Table – 1.4
Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2016	Amount outstanding for more than 5 years as on 31 March 2016	Remarks of Departments
1.	0041-Taxes on vehicles	1,536.74	313.62	The Department stated (October 2016) that out of the total arrears of ₹ 1,536.74 crore, the dues from the Kerala State Road Transport Corporation is ₹ 1,264.33 crore and the balance of ₹ 272.41 crore is from individuals, private firms and private companies. It was also stated (October 2016) that a demand of ₹ 136.29 crore is covered by Revenue Recovery Certificate, ₹ 0.10 crore is under stay by High Court and other judicial authorities, recovery is held up on ₹ 0.27 crore due to rectification/ review of applications and ₹ 1,400.08 crore is under other States. The Department stated (October 2016) that revenue recovery action has been initiated for recovery of arrear amount.
2	0406-Forestry and Wild Life	315.73	176.03	The Principal Chief Conservator of Forests stated (September 2016) that the nature of demand in the Forest Department includes value of timber, teak stumps, lease rent, penal interest, re-auction loss, centage charges etc. An amount of ₹ 0.68 crore pending for more than five years is due from Government of India, ₹ 0.23 crore from other State Governments, ₹ 57.35 crore from public sector undertakings of Government of India, ₹ 243.60 crore from public sector undertakings of Government of Kerala and other States and ₹ 13.87 crore from individuals, private companies etc. The Department attributed (September 2016) the reason for delay in collecting the revenue to pending revenue recovery steps against the defaulters, court cases, stay orders etc. The Department stated (September 2016) that necessary action has been initiated to realise the arrears of lease rent and

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2016	Amount outstanding for more than 5 years as on 31 March 2016	Remarks of Departments
				other dues from departments and Public sector undertakings through discussions at Government level.
3	0039-Excise	199.05	198.67	The Excise Commissioner stated (October 2016) that the <i>abkari</i> arrears in the Department are pending from 1952 onwards. The <i>abkari</i> arrears of ₹199.05 crore are due from individuals, private firms, private companies etc. Of this, an amount of ₹ 178.61 crore is pending realisation from 307 defaulters from whom rupees one lakh or more is due. The Department attributed (September 2016) the reasons for delay in collection of revenue to pending revenue recovery action and stay by court. The reason furnished by the Commissioner is not acceptable since only ₹ 52.39 crore (26.32 per cent) out of a total ₹199.05 crore were covered under judicial intervention.
4	0055-Police	178.09	40.54	The Police Department stated (October 2016) that the nature of demand in the Police Department is cost of police guard. The Department stated (October 2016) that an amount of ₹ 122.06 crore is pending from Government of India, ₹ 12.96 crore from public sector undertakings of Government of India, ₹ 41.98 crore from public sector undertakings of Government of Kerala and ₹ 1.09 crore from individuals, private firms and private companies. The major defaulters were Southern Railway, KSEB and Ministry of Home Affairs.
5	0070-60-110- Fees for Government audit	38.00	Not furnished	The Director, Kerala State Audit Department stated (August 2016) that the arrears of revenue pending collection towards audit charge are ₹ 15.16 crore from universities, ₹ 3.10 crore from Devaswom Boards, ₹ 0.94 crore from temples and ₹ 18.80 crore from miscellaneous institutions and development authorities. The Kerala State Audit Department attributed (August 2016) the reasons for pendency to the lack of initiative from auditee institutions in remitting the audit charge. The Director stated (August 2016) that demand notices are being sent to auditee institutions and proposals have been submitted to the Government for realising audit charge from the grants given to the auditee institutions.
6	0030-Stamps and Registration	29.52	Not furnished	The Registration Department stated (October 2016) that revenue pending collection in the Department is from 1986 onwards. Out of ₹ 29.52 crore, ₹ 3.81 crore is covered by revenue recovery certificates and ₹ 5.55 crore are under

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2016	Amount outstanding for more than 5 years as on 31 March 2016	Remarks of Departments
				stay by courts and Government. The Department had not furnished the details of stages of action for the remaining amount of ₹ 20.16 crore.
7	0058-Printing and Stationery	19.08	10.22	The Controller of Stationery stated (October 2016) that the amounts due to the Stationery Department are ₹ 16.84 lakh from Government of India, ₹ 18.75 crore from public sector undertakings of Government of Kerala, ₹ 14.30 lakh from public sector undertakings of Government of India and ₹ 2.04 lakh from local bodies. Out of ₹19.08 crore, ₹ 10.17 crore is likely to be written off. The Department stated (October 2016) that non-payment by the Departments/offices concerned is the reason for revenue pending collection.
8	0230-101-Receipts under labour laws	5.01	2.71	The Labour Commissioner stated (October 2016) that the nature of demand in the Labour Department was revenue receipts under labour laws. The amount of arrears of ₹ 5.01 crore is pending collection from individuals, private firms and private companies. The reasons for delay in collection of revenue were non-submission of application for renewal of registration and negligence from the employers in renewing the registration certificates in due time. The Labour Commissioner stated (October 2016) that inspection and follow up action is being taken to realise the arrears.
9	0230-103-Labour and Employment	0.82	0.02	The Director of Factories and Boilers stated (June 2016) that the nature of demand of the Department of Factories and Boilers was fee for renewal of licence of factories. An amount of ₹ 1.11 lakh and ₹ 80.69 lakh are due from public sector undertakings of Government of Kerala and individuals, private firms and private companies respectively. The Director stated (June 2016) that the delay in collection was due to the fact that most of the factories, which have arrears, are not working.
10	0853-Non-Ferrous Mining and Metallurgical Industries	0.98	0.22	The Director of Mining & Geology stated (June 2016) that the main source of revenue is from the grant of mineral concessions and realisation of royalty of minerals. The arrears of revenue pending collection are ₹ 0.30 crore from Co-operative Society, ₹ 0.29 crore from public sector undertakings of Government of Kerala and ₹ 0.39 crore from individuals, private firms, private companies etc. The Department stated (June 2016) that the reason for delay in collection of revenue was due to dispute regarding the claims, court stays, appeals and

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2016	Amount outstanding for more than 5 years as on 31 March 2016	Remarks of Departments
				Government stays and that action was being taken to redress the dispute and to vacate the stays.
	Total	2,323.02	742.03	

Ineffective implementation of the system for the realisation of arrears of revenue such as prompt reporting of arrears to Revenue Department and pursuance by the departments concerned for realising the arrears were the main reason for this huge pendency. The arrears of ₹ 742.03 crore pending for more than five years in eight departments included those of Excise Department from 1952 onwards. The cases referred to Government for write off (₹ 15.48 crore) were also not being pursued by the departments/offices concerned.

The Commissioner (Land Revenue) stated (June 2016) that details would be collected from district offices and furnished soon. This has not been received despite reminders issued between August and September 2016. The Chief Town Planner furnished a nil statement. The details called for in May 2016 have not been furnished by Commercial Taxes and Ports Departments (October 2016).

1.3 Arrears in assessments

The particulars regarding the arrears in assessment such as cases pending at the beginning of the year, cases becoming due for assessment, cases disposed off during the year and number of cases pending for finalisation at the end of the year 2015-16 were called for (May 2016) from the Revenue and Disaster Management (R&DM) Department and the Commercial Taxes Department. The details furnished by the R&DM Department were as given in **Table -1.5**.

Table – 1.5
Arrears in assessments

Head of revenue	Opening balance	New cases due for assessment during 2015-16	Total assessments due	Cases disposed off during 2015-16	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	2	3	4	5	6	7
Revenue and Disaster Management Department						
Building Tax	16,434	1,44,056	1,60,490	1,48,689	11,801	92.65
Plantation tax	2,818	736	3,554	740	2,815	20.82

During the year, the R&DM Department cleared 14,803 out of 16,434 arrear cases of building tax and 166 out of 2,818 cases of plantation tax.

The details of arrears in assessment were not furnished (October 2016) by the Commercial Taxes Department though called for in May 2016 and further in

August and September 2016.

1.4 Evasion of tax detected by the Departments

The details of cases of evasion of tax detected by the Departments were called for by Audit in May 2016 and reminded in August and September 2016. The details as furnished by Transport, Registration and Forest Departments are given in **Table - 1.6**.

Table – 1.6
Details of evasion of tax detected

Sl. No.	Head of revenue	Cases pending as on 31 March 2015	Cases detected during 2015-16	Total	Number of cases in which assessment/ investigation completed and additional demand with penalty etc. raised		Number of cases pending for realisation as on 31 March 2016
					Number of cases	Amount of demand (₹ in crore)	
1.	0041 - Taxes on vehicles	98	7	105	99	1.23	104
2.	0030-Stamp duty and registration fee	10,17,447	5,326	10,22,773	9,48,159	220.20	10,13,732
3.	0029-Land Revenue	779	10	789	87	0.06	702
4.	0406-Forestry and Wild Life	13	-	13	-	-	13

The number of cases of evasion of tax pending as on 31 March 2015, furnished by the Transport Department was 1,425. The Department stated (September 2016) that these cases included cannot be termed as evasion of tax and furnished a revised statement (September 2016) in which the number of cases of tax evasion as on 31 March 2015 was 98. The reason for pendency of these cases was not furnished by the Department.

Out of 10,22,773 cases of evasion of tax detected by the Registration Department, though the Department could complete assessment and raise demand in 9,48,159 cases, amount was realized only in 9,041 cases. The details such as reason for huge pendency, delay in clearance of the cases, realisation of the demand, at what level they were pending etc., though called for were not furnished by Registration Department (October 2016).

The cases of evasion pending as on the beginning of the year for Land Revenue Department was 779 excluding the figure relating to Thrissur district which was not available with the Department. The Department stated that the details of evasion called for by Audit (May 2016) were not recorded in that office. The number of cases of evasion detected and settled during the year as furnished by

the Department included only that of three districts. The total number of cases of evasion pending was not furnished by the Land Revenue Department.

The Forestry and Wild Life Department, did not take any action during the year on the 13 cases which were pending at the beginning of the year.

The Excise, Power, PWD, State Lotteries, Agriculture, Animal Husbandry and Stationery Departments stated (between June and August 2016) that no case of evasion of tax was detected by them.

The details were not furnished (October 2016) by Commercial Taxes, Printing, and Crop Husbandry Departments and the Directorate of Health Services.

1.5 Pendency of refund cases

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

Table – 1.7
Details of pendency of refund cases

(₹ in crore)

Sl. No.	Particulars	Commercial Taxes		State Excise	
		No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year 2015-16	5,363	190.53	6	0.80
2.	Claim received during the year	5,236	103.21	24	4.37
3.	Refunds made during the year	5,150	120.50	16	3.28
4.	Balance outstanding at the end of the year 2015-16	5,449	173.24	14	1.89

In Commercial Taxes Department, number of refund cases outstanding as at the end of March 2016 was 5,449 of which, 5,448 cases pertain to refund of value added tax. The Commissioner of Commercial Taxes stated (October 2016) that there were some gaps in the system of refund process and to process the refund application within the time limit prescribed, instructions⁶ had been issued to the assessing authorities for compliance.

1.6 Analysis of stay granted

An analysis of arrears of revenue which were under various stages of collection revealed that the arrears pending collection as on 31 March 2016 included collections stayed by various authorities at various stages on some principal heads of revenue as detailed in **Table -1.8**.

⁶ Circular 9/2016 dated 25.7.2016 and Circular 14/2016 dated 20.8.2016.

Table – 1.8
Stages of stay granted

(₹ in crore)

Sl. No.	Head of revenue	Total arrear amount	Stage wise details of		Total amount under stay	% of stay to total arrear
			Stay by Court and other judicial authorities	Stay by Government		
1	0041-Taxes on vehicles	1,536.74	0.10	0	0.10	0
2	0406-Forestry and Wild Life	315.73	2.50	73.06	75.56	23.93
3	0039-Excise	199.05	52.39	0	52.39	26.32
4	0030-Stamps and Registration	29.52	5.55	0	5.55	18.80
5	0853-Non-Ferrous Mining and Metallurgical Industries	0.98	0.12	0.40	0.52	53.06
	Total	2,082.02	60.66	73.46	134.12	6.44

An amount of ₹ 134.12 crore is pending under stay, which is 6.44 *per cent* of the total arrear amount. The Departments need to take effective action to vacate the stay and to realise the amounts.

The arrears of revenue pending under stay in respect of Police, Kerala State Audit, Stationery, Town Planning and Labour Departments were nil.

The details were not furnished by Commercial Taxes, Land Revenue, Printing and Ports Departments (October 2016) though called for in May, August and September 2016.

1.7 Response of the Government/Departments to Audit

The Principal Accountant General (E&RSA), Kerala, conducts periodical inspection of the Government Departments to test check the transactions and verifies the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with 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 furnish first reply within four weeks from the date of receipt of the Inspection Report. Even if final reply to certain paras in Inspection Report could not be furnished within the prescribed time limit, an interim reply may be furnished indicating the action taken to rectify the defects pointed out by Audit. Serious financial irregularities are reported to the heads of the Departments and the Government.

Inspection reports issued upto December 2015 disclosed that 24,662 paragraphs involving ₹ 7,253.02 crore relating to 2,672 IRs were outstanding at the end of

June 2016 as mentioned below with the corresponding figures for preceding two years in **Table - 1.9**.

Table – 1.9
Details of pending Inspection Reports

	June 2014	June 2015	June 2016
Number of IRs pending for settlement	3,027	3,193	2,672
Number of outstanding audit observations	23,324	24,691	24,662
Amount of revenue involved (₹ in crore)	6,018.52	9,146.67	7,253.02

1.7.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2016 and the amounts involved are mentioned in the **Table - 1.10**.

Table – 1.10
Department-wise details of IRs

(₹ in crore)					
Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
1.	Commercial Taxes	Taxes on sales, trade, etc.	1,821	20,669	3,880.22
		Taxes on agricultural income	21	52	27.99
2.	Power	Electricity duty	24	82	3,176.25
3.	Revenue	Land Revenue	46	502	46.58
4.	Transport	Taxes on motor vehicles	367	2,229	110.87
5.	Excise	State Excise	12	22	0.20
6.	Stamps and Registration	Stamp duty and registration fees	370	1,075	10.70
7.	Lotteries	Receipts from lotteries	11	31	0.21
Total			2,672	24,662	7,253.02

Audit did not receive even first replies in case of 244 IRs within four weeks from the date of issue of the IRs from seven heads of offices during 2015-16. This large pendency of the IRs due to non-receipt of the replies is indicative of the fact that the heads of offices and the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the PAG in the IRs. The large pendency of IRs due to non receipt of replies shows the failure of effective monitoring of clearing the pending Audit observations by the Audit Monitoring Committees at Secretary level and Apex Committees at Chief Secretary level.

The Government needs to have more effective system for ensuring prompt and appropriate response to audit observation within the time frame prescribed in the

circular⁷ issued by the Finance Department by improved monitoring and putting in further checks and balances and incentives and disincentives into this mechanism.

1.7.2 Departmental Audit Committee Meetings

The Government set up audit committees to monitor and expedite the progress of settlement of local audit reports and paragraphs in the local audit reports. The details of the audit committee meetings held during the year 2015-16 and the paragraphs settled are mentioned in **Table – 1.11**

Table – 1.11
Details of Departmental audit committee meetings

(₹ in lakh)

Head of revenue	Number of meetings held	Number of audit observations pending as on 31 March 2015	Number of paragraphs settled	Amount involved in settled paragraphs
Taxes on vehicles	5	1,996	391	34.28
Tax on sales, trade etc.	3	20,085	266	639.16
State Excise	1	305	23	0.15
Stamp duty and registration fees	2	761	30	10.14
Land Revenue and Building Tax	1	1,940	75	227.06
Electricity duty	1	82	9	0
Total	13	25,169	794	910.79

An amount of ₹ 1.06 crore was recovered after discussion in these meetings. The progress of settlement of paragraphs pertaining to the Commercial Taxes Department, Excise Department and Revenue Department was negligible compared to the huge pendency of the local audit reports and paragraphs despite holding departmental audit committee meetings.

1.7.3 Non-production of records to Audit for scrutiny

The programme of local audit of Tax Revenue/Non-tax Revenue offices is drawn up sufficiently in advance and intimations are issued, usually one month before the commencement of audit, to the departments to enable them to keep the relevant records ready for audit scrutiny.

During the year 2015-16 files relating to KVAT assessments in which the turnover of the assessee was above ₹ 60 lakh and KGST assessments in which the tax effect was above ₹ 2 lakh were called for by Audit for scrutiny in Commercial Taxes Department. However, 6,492 tax assessment files relating to 100 offices were not made available to Audit. Of these 2,725 files pertained to 27 special

⁷ Circular memorandum No. 57374/Ins.2/65/Fin. Dated 15 November 1965.

circles and works contract offices, where assessments of major dealers are dealt with is as given in **Appendix I**.

Circle/division wise analysis showing the names of head of offices for the years 2011-12 to 2015-16 is given in **Appendix II**.

In R&DM Department, two assessment files in *Taluk* Office, Thalappilly involving tax effect of ₹ 2.85 crore were not made available to Audit for scrutiny.

The matter was brought to the notice of the Chief Secretary and the Additional Chief Secretary (Finance) to Government by the Principal Accountant General. The Additional Chief Secretary (Finance) stated that the matter of non production of records by departments may be taken up as an agenda item in AMC meeting conducted quarterly by departments. Directions have been given to all departments that the AMC should monitor and ensure production of necessary records and replies to the audit parties and to take stringent action against the officers for non compliance.

Non-production of large number of transaction records involving substantial revenue hinders Audit in discharging the constitutional responsibility and comes in the way of assuring the State Government about the quality and risk involved in these transactions involving revenue for the State Government. The possibility of fraud or misappropriation or business malfeasance remaining hidden/surpassed and escaping detection during audit also remains high.

1.7.4 Response of the Departments to the draft paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are sent by the Principal Accountant General to the Principal Secretaries/ Secretaries of the respective Departments drawing their attention to audit findings and requesting their response within six weeks.

Forty four draft paragraphs including one performance audit were sent to the Principal Secretaries/Secretaries of the respective Departments by name between June and October 2016. The Principal Secretaries/ Secretaries of the Departments furnished replies to 25 compliance audit paragraphs. Response of Government to the Performance Audit Report on Disaster Management in the State and to the Compliance Audit Reports have not been received (November 2016).

Partial response of Government on CA on Enforcement under KVAT Act was received.

1.7.5 Follow up on the Audit Reports-summarised position

The internal working system of the Public Accounts Committee, notified in December 2002, laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government to the

Legislature Secretariat with copies to Accountant General and Finance (PAC) Department within two months of tabling the Report, for consideration of the Committee. In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately. It is worth mentioning that 179 paragraphs (including performance audit) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Kerala for the year ended 31 March 2011 to 31 March 2015 were placed before the State Legislature Assembly between 06 March 2012 and 24 February 2016. The action taken explanatory notes from the Departments concerned on 108 paragraphs were received late with an average delay of 2 months to 34 months in respect of each of these Audit Reports. Action taken explanatory notes in respect of 27 paragraphs from three departments (Taxes, Revenue and Disaster Management and Power) had not been received in Audit for the Audit Report of the year ended 31 March 2015 so far (October 2016).

It was noticed that six departments did not submit action taken explanatory notes as of October 2016 in respect of 70 paragraphs (62 individual and eight PAs/Review paragraphs) featured in the C&AG's Audit Reports in respect of Audit Reports from the year 2012. For 62 individual transaction audit paragraphs, compliance was not furnished by four Departments. The Departments largely responsible for non-submission of action taken explanatory notes were Taxes, Transport and Revenue and Disaster Management.

The PAC discussed 49 paragraphs pertaining to the Audit Reports for the years from 2011 to 2015. PAC recommendations have not been received on these paras (December 2016). ATNs have not been received in respect of 114 recommendations of the PAC from the Departments concerned as mentioned in the **Table 1.12**.

Table – 1.12

Year	Name of the Department							Total
	Taxes	Transport	Revenue & Disaster Management	Forest & Wildlife	Education	Co-operation	Water Resources	
2008-11	23	2	7	-	1	1	-	34
2011-14	9	10	-	-	-	-	-	19
2014-16	29	11	6	1	1	12	1	61
Total	61	23	13	1	2	13	1	114

The non receipt of ATNs have been brought to the notice of Chief Secretary to the Government in Apex Committee Meeting held on 19 July 2016 and through letters issued to the Chairman, Public Accounts Committee, the Chief Secretary to Government and Secretaries of administrative departments.

1.8 Status of the mechanism for dealing with the issues raised in audit

To analyse the system of addressing the issues highlighted in the Inspection Reports/Audit Reports by the Departments/Government, the action taken on the paragraphs and performance audits included in the Audit Reports of the last 10 years for one Department is evaluated and included in this Audit Report.

The following paragraphs 1.8.1 to 1.8.2 discuss the performance of the Revenue and Disaster Management Department under revenue head 0029-Land Revenue and cases detected in the course of local audit during the last ten years and also the cases included in the Audit Reports for the years 2005-06 to 2014-15.

1.8.1. Position of Inspection Reports

The summarised position of the inspection reports issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2016 are tabulated below in **Table - 1.13**.

Table – 1.13
Position of Inspection Reports

(₹ in crore)

Sl No.	Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance during the year		
		IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value
1	2005-06	205	984	7.61	63	354	1.46	31	327	2.77	237	1011	6.30
2	2006-07	237	1011	6.3	50	309	3.18	29	370	1.84	258	950	7.64
3	2007-08	258	950	7.64	54	359	3.58	27	252	0.42	285	1057	10.81
4	2008-09	285	1057	10.81	49	287	8.47	31	158	0.57	303	1186	18.71
5	2009-10	303	1186	18.71	54	386	17.79	90	393	7.49	267	1179	29.01
6	2010-11	267	1179	29.01	72	425	19.33	25	261	2.88	314	1343	45.46
7	2011-12	314	1343	45.46	55	341	91.57	41	267	409.38	328	1417	136.82
8	2012-13	328	1417	136.82	51	376	46.02	24	178	1.2	355	1615	181.64
9	2013-14	355	1615	181.64	53	369	17.02	33	385	1.16	375	1599	197.50
10	2014-15	375	1599	197.5	44	416	36.54	22	75	19.65	397	1940	214.39

The Government arranges Audit Monitoring Committee and Apex Committee meetings between the Department and office of the Principal Accountant General to settle the old paragraphs. As would be evident from the above table, against 205 outstanding IRs with 984 paragraphs as on start of 2005-06, the number of outstanding IRs increased to 397 with 1,940 paragraphs at the end of 2014-15. This is indicative of the fact that the response to the local audit reports is poor and the steps taken by the Department to clear the outstanding IRs and paragraphs are inadequate.

1.8.2. Recovery in accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Department and the amount recovered are mentioned in **Table - 1.14**.

Table – 1.14

(₹ in crore)

Sl. No.	Year of Audit Report	Number of paragraphs included	Money value of paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	Amount recovered during the year	Cumulative position of recovery of accepted cases as of 31.03.2015
1	2005-06	5	2.80	4	1.53	0.07	0.07
2	2006-07	3	0.20	3	0.20	0.11	0.11
3	2007-08	4	51.31	3	51.23	0.09	0.11
4	2008-09	6	339.98	3	1.70	0.04	0.04
5	2009-10	6	5.23	5	2.90	-	1.19
6	2010-11	6	5.38	4	1.99	-	1.15
7	2011-12	7	1.48	7	1.48	0.50	0.55
8	2012-13	6	1507.70	6	1507.70	0.42	1.03
9	2013-14	2	1.50	2	1.50	0.39	0.84
10	2014-15	4	5.99	4	5.99	1.30	1.30

It is evident from the above table that the progress of recovery in accepted cases was slow throughout the last ten years. The recovery in accepted cases was to be pursued as arrears recoverable from the parties concerned.

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

The draft reports of Performance Audit (PA) conducted by the Principal Accountant General are forwarded to the Department concerned/Government for their information with a request to furnish their replies. These reports are also discussed in an Exit Conference and the views of the Department/Government are included while finalising the Audit Reports.

The details of 12 Performance Audit Reports on the Departments of Commercial Taxes, Registration, Excise, Transport, Power and Revenue and Disaster Management featured in the Reports for the last five years along with recommendations and their status are given in **Appendix III**. The PAs on Commercial Taxes Department covered the areas such as Compounding Schemes, Utilisation of declaration forms in interstate trade, Levy and collection of VAT on evasion prone commodities/areas, Assessment, levy and collection of VAT on

transfer of goods involved in the execution of works/supply contract and Effectiveness of KVATIS in Tax administration and System of assessment under KVAT. In tune with the recommendations of Audit, the Department decided for restoration of audit assessment wing, periodic fixation/refixation of floor rates on evasion prone commodities, enabling of online filing of application of compounding in KVATIS, upgradation of e-governance infrastructure and has constituted Economic Intelligence Wing.

1.10 Audit planning

The unit offices under various departments were categorised into high, medium and low risk units according to their revenue position, past trends of audit observations, complaints, media reports, non-production of records, information regarding malpractice obtained through RTI and misappropriation. The annual audit plan was prepared on the basis of risk analysis which *inter-alia* included critical issues in government revenue, tax administration i.e. budget speech, white paper on finances, reports of the Finance Commission (State and Central), recommendation of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, factors of the tax administration, audit coverage and its impact during the past five years etc.

During the year 2015-16, there were 823 audit units, of which 461 units were planned and audited, which is 56.01 *per cent* of the total audit units.

1.11 Results of audit

Position of local audit conducted during the year

Test check of the records of 461 units⁸ of Sales Tax/Value Added Tax, State Excise, Motor Vehicles and other Departmental offices conducted during the year 2015-16 showed under-assessment/short levy/loss of revenue aggregating to ₹ 4,276.95 crore in 3,408 cases. Deficiencies in the management of finance and inadmissible expenditure from State Disaster Response Fund with expenditure impact of ₹ 153.63 crore was also noticed in one case. During the course of the year, the Departments concerned accepted under-assessment and other deficiencies of ₹ 3283.52 crore involved in 789 cases which were pointed out in audit during 2015-16. The Departments collected ₹ 58.67 crore in 1,358 cases during 2015-16, pertaining to the audit findings of previous years.

1.12 Coverage of this Report

The Report contains 27 paragraphs which came to notice in the course of test audit of records during the year 2015-16 as well as those in earlier years involving revenue impact of ₹ 3,458.41 crore and expenditure impact of ₹ 153.63 crore. Instances relating to the period subsequent to 2015-16 have also been included

⁸ In the case of remaining 12 units, IRs were issued during the year 2016-17.

wherever necessary. The Department/Government have accepted audit observations involving ₹ 3,206.53 crore out of which ₹ 35.49 crore had been recovered. These are discussed in succeeding Chapters II to V.

Chapter II

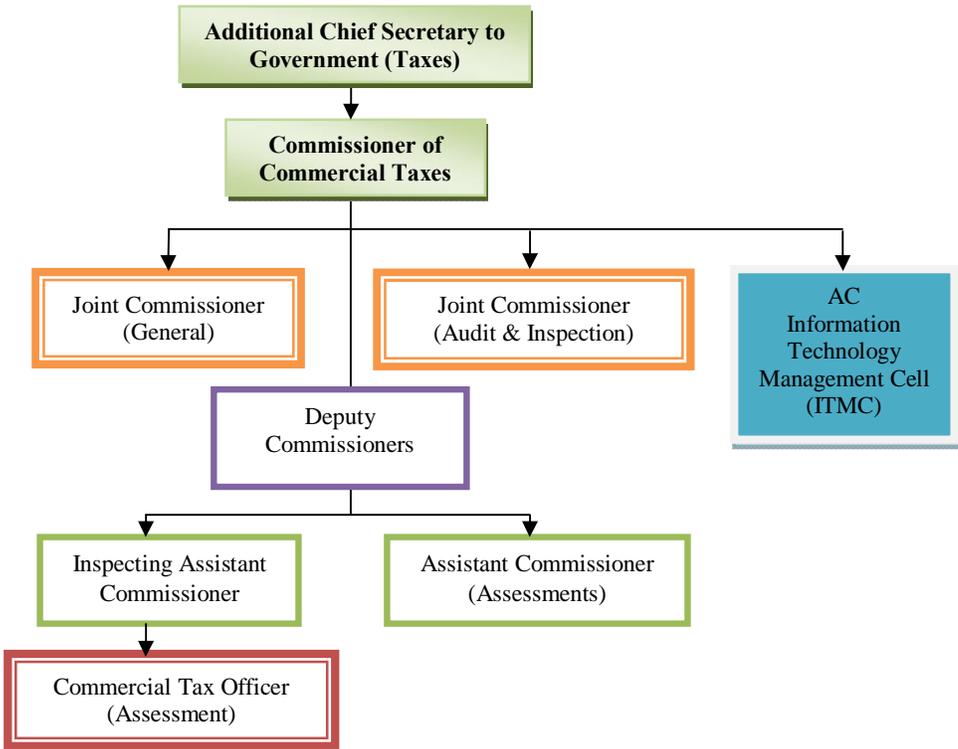
Taxes/VAT on Sales, Trade etc.

CHAPTER-II
TAXES/VAT ON SALES, TRADE ETC.

2.1 Tax administration

Kerala General Sales Tax (KGST)/Kerala Value Added Tax (KVAT) laws and rules made thereunder are administered at the Government level by the Additional Chief Secretary, Taxes. The Commissioner of Commercial Taxes (CCT) is the head of the Commercial Taxes Department (CTD) who is assisted by Joint Commissioners (JCs), Deputy Commissioners (DCs), Assistant Commissioners (ACs) and Commercial Tax Officers. The assessment, levy and collection of tax are done by ACs and Commercial Tax Officers.

Organogram of the Department is given below:



KGST is leviable on sale of Ganja and opium, foreign liquor and certain petroleum products. KVAT is leviable on the intra-State sale of remaining commodities and Central Sales Tax (CST) on inter-State sales.

2.2 Internal audit

The Internal Audit Wing (IAW) in the CTD commenced functioning from 1 June 2009. The wing headed by one DC is assisted by two ACs and five Commercial Tax Officers. During 2015-16, the wing planned audit of 72 units but could audit only 56 units. Potential cases and collection fall cases are compulsorily checked by the wing. Out of an overall outstanding of 5,478 paras, only 306 paras (5.59 per cent) were cleared. This indicated the poor response of the CCT to the observations of the IAW and in enforcing clearance of the paras by addressing the shortcomings/deficiencies pointed out by the wing. The reason for low clearance of observations made by IAW, though called for (May 2016) was not furnished by the CCT (November 2016).

2.3 Results of audit

Test check of the records relating to KVAT/KGST and CST assessments and connected documents in 171 offices of the CTD conducted during 2015-16 showed underassessment of tax and other irregularities involving ₹ 3,899.70 crore in 2,240 cases which fall under the following categories as given in **Table - 2.1**.

Table - 2.1

(₹ in crore)

Sl. No.	Categories	Number of cases	Amount
1	Audit on Assessment, levy and collection of VAT on gold, diamond and platinum	1	2,924.81
2	Audit on Levy, collection and assessment of subcontracts in works contract	1	96.40
3	Short levy of tax in assessments of metal crushing units	1	85.94
4	Short payment of tax due to escape of turnover from assessment	1,163	336.84
5	Short payment of tax due to excess availing of input tax credit/special rebate	213	30.09
6	Short payment of tax due to grant of irregular exemption	206	61.49
7	Short payment of tax due to application of incorrect rate of tax	43	96.94
8	Others	612	267.19
	Total	2,240	3,899.70

During the course of the year, the Department accepted underassessment and other deficiencies involving ₹ 3,040.03 crore in 445 cases which were pointed out by Audit. An amount of ₹ 20.56 crore was realised in 551 cases during the year 2015-16 of which 48 cases involving ₹ 58.70 lakh were pointed out during 2015-16 and the rest in earlier years.

In two draft paragraphs involving ₹ 22.41 lakh, the Department recovered the entire amount. A few Audit observations involving ₹ 3,225.43 crore are mentioned in the following paragraphs.

Value Added Tax

2.4 Assessment, levy and collection of VAT on gold, diamond and platinum

2.4.1. Introduction

The commodities under precious metals *inter alia* include gold bullion, gold coins, gold ornaments, diamonds, diamond studded gold ornaments and platinum. The transactions in the State include purchase, manufacture, sale and mortgage.

Gold bullion and coin, platinum and diamond are taxable at one *per cent* under entry one and four of II Schedule of Kerala Value Added Tax (KVAT) Act, 2003. Ornaments made of gold, platinum and diamond were taxable at the rate of one *per cent* up to 30 June 2006, at the rate of four *per cent* up to 31 March 2012 and at the rate of five *per cent* thereafter. Apart from regular scheme of assessment, a compounding provision was introduced by Finance Act 2006 with effect from 01 July 2006. Thereafter, minor amendments to the compounding scheme were introduced from time to time. In compounding scheme, the dealer agrees to pay tax at the fixed percentage of tax paid during previous year/ years, instead of paying tax at scheduled rates on taxable turnover. A dealer opting for compounding is not entitled to get input tax credit and special rebate.

The tax collection from jewellery including bullion during the years from 2009-10 to 2014-15 is detailed in **Table -2.2**.

Table – 2.2

(₹ in crore)

Year	Compounded			Non compounded			Total		
	No. of dealers	Collection	Percentage of variation in collection compared to previous year	No. of dealers	Collection	Percentage of variation in collection compared to previous year	No. of dealers	Collection	Percentage of variation in collection compared to previous year
2009-10	2007	112.21	-	3039	50.84	-	5046	163.05	-
2010-11	2218	141.71	26.29	2909	83.69	64.61	5127	225.4	38.24
2011-12	2292	180.51	27.38	2928	121.69	45.41	5220	302.2	34.07
2012-13	2491	242.09	34.11	2875	151.45	24.46	5366	393.54	30.23
2013-14	2668	310.76	28.37	2703	160.77	6.15	5371	471.53	19.81
2014-15	2782	310.4	- 0.12	2610	146.36	-8.96	5392	456.76	- 3.13

2.4.2. Audit objectives and scope of Audit

Audit was conducted to ascertain whether :

- *the provisions of KVAT Act/CST Act and the Rules made there-under governing taxation on gold, diamond and platinum are adequate and are being complied with.*
- *all transactions in gold in the State are subjected to VAT assessment.*

As per Kerala Value Added Tax Information System (KVATIS) there are 5,449 gold dealers in the State. The audit was conducted during the period May 2016 to July 2016 and Audit test checked the assessment records for the years 2013-14 and 2014-15 in respect of 527 gold dealers in 119 assessment circles. The sample was selected by stratified random sampling method using IDEA. Audit collected the details of import of gold from Director General of System and Management, Central Excise and Customs, New Delhi, Income Tax Department (ITD) and cross checked the data with KVATIS.

The records and registers pertaining to taxation of gold maintained in Finance Department, Taxes Department, Law Department and Commissionerate of Commercial Taxes were also test checked. An entry conference was conducted (02 May 2016) with Special Secretary (Taxes) wherein the scope and methodology adopted for audit were discussed. An exit conference was conducted on 6 September 2016 to discuss the findings of audit with Additional Chief Secretary (Taxes).

In its meeting dated 12 July 2012 of the Subject Committee VIII (Economic Affairs) of 13 Kerala Legislative Assembly, the Committee observed that there was wide spread evasion of tax from transaction of gold in the State. Physical verification of the sale, purchase and stock of the gold dealers is a tool to establish evasion of tax. While conducting inspection (2013-14 and 2014-15) on jewellery dealers, the enforcement wing of the department collected ₹ 10.24 crore being tax, security deposit and registration fee on a turnover escape of ₹ 97.50 crore in 186 cases. Audit had prepared an action plan to conduct a Joint Physical Inspection (JPI) of the premises of jewellers in the State and issued (September 2016) DO letters to the CCT and Additional Chief Secretary (Finance) for the conduct of JPI. JPI could not be conducted due to delayed response of the Department (November, 2016).

2.4.3. Audit findings

The observations made by Audit are given in the following paragraphs.

2.4.3.1 Non levy of purchase tax

As per Section 8(f)(i) of the KVAT Act, 2003 as amended by Finance Act, 2014, any dealer in bullion or ornaments or wares or articles of gold, silver or platinum group metals including diamond may at his option, instead of paying tax on their sale in the State in respect of such goods in accordance with the provisions of Section 6, may pay tax at appropriate rates according to the turnover of the highest tax payable by him as conceded in the return or accounts, or tax paid by him under this Act, whichever is higher, for any year during any of the three consecutive years preceding that to which such option relates. As per Section 2 of Finance Act, 2014, the above provision had retrospective effect from 01 April 2013.

As per the provision contained in 8(f)(i) of the KVAT Act, 2003 the assessee is liable to pay purchase tax for the purchases effected from unregistered dealers from 2013-14 onwards.

A test check of dealers opting for compounded scheme for the period from 2013-14 and 2014-15 in 119 assessment circles in 15 tax districts revealed that the respective assessing authorities did not levy tax under Section 6(2) of KVAT Act, 2003 in respect of 184 dealers in 68 assessment circles in 15 tax districts. Non levy of purchase tax resulted in short levy of ₹ 2,475.55 crore including interest and penalty as detailed in **Table -2.3**.

Table – 2.3

(₹ in crore)

Tax District	No of assessment circles	No of dealers	Turnover escaped	Total tax, interest and penalty escaped
Thiruvananthapuram	7	14	975.69	155.92
Kollam	5	16	440.80	70.59
Pathanamthitta	3	6	181.50	29.19
Alappuzha	2	7	111.72	17.82
Kottayam	1	8	3,612.45	578.18
Idukki	4	7	302.35	48.41
Ernakulam	6	14	1,851.89	296.43
Thrissur	7	24	2,631.47	421.10
Palakkad	3	4	609.79	97.63
Malappuram	7	24	1,106.83	177.29
Kozhikode	4	8	1,710.09	273.41
Kannur	10	29	1,029.76	165.12
Kasaragod	3	12	641.25	102.52
Wayanad	3	5	173.23	27.73
Mattancherry	3	6	89.18	14.21
Total	68	184	15,468.00	2,475.55

The top defaulters among the 184 cases mentioned above are given in **Table – 2.4**.

Table – 2.4

(₹ in crore)

Sl. No.	Name of office	Year	Name of assessee/ TIN	Turnover under Section 6(2)	Total short collection of tax (5%) including interest (@ 26% for 2013-14 and @ 14% for 2014-15 and penalty (200%))
1	CTO, Special Circle, Thrissur	2013-14 2014-15	Kalyan Jewellers India Private Limited/ 32080204326	846.13	137.92
				786.93	123.55
2	CTO, Special Circle, Kottayam	2013-14 2014-15	Josco Fashion Jewellers/ 32050207484	755.60	123.16
				799.07	125.45
3	CTO, Special Circle II, Ernakulam	2013-14 2014-15	Bhima Jewels/ 32070373424	555.40	90.53
				586.61	92.08
4	CTO, Special Circle, Kottayam	2013-14 2014-15	Josco Jewellers Private Limited/ 32050212502	530.76	86.51
				440.31	69.13

Government accepted (September 2016) the findings of Audit. Further reply has not been received (November 2016).

Department may analyse amendments brought into in the Statute and levy tax as provided in the amended Statute.

2.4.3.2 Irregular reduction of rate of tax with retrospective effect

As per Section 8(f)(i) of KVAT Act as it stood upto 31.3.2014, if a dealer had paid compounded tax for the previous year and his total turnover is rupee one crore and above, the compounded tax payable is 125 *per cent* of the compounded tax paid/payable for the previous year. Section 8(f)(i) of the Act was amended by Finance Act, 2014 with retrospective effect from 01 April 2013. As per the amendment, if a dealer had paid compounded tax continuously for the last three years/five years and his total turnover is ₹ one crore and above, the compounded tax payable is 120 *per cent*/115 *per cent* of the compounded tax paid/payable.

Dealers filed compounding option for 2013-14 under the rate existed for compounded tax on due date (30 April 2013) as stipulated by KVAT Rules, 2005. On presentation of the budget for 2014-15, the Department issued circular (March 2014) to file fresh compounding option to give advantage of retrospective effect proposed in Budget Speech. As the KVAT Rules prescribe the last date of filing option as 30 April of every year, the Circular issued to file fresh option on a subsequent date was irregular.

On a test check of assessment files in 119 assessment circles, it was revealed that in respect of 81 dealers in 31 assessment circles, in 15 tax districts the compounded tax for 2013-14 paid/agreed to be paid was adjusted which resulted in short collection of ₹ 61.48 crore as detailed in **Table – 2.5**.

Table – 2.5

(₹ in crore)

Tax District	No. of assessment circles	No. of dealers	Total amount escaped
Thiruvananthapuram	2	6	4.84
Kollam	2	6	1.22
Pathanamthitta	1	3	0.39
Alappuzha	1	1	0.05
Kottayam	2	5	16.62
Idukki	2	5	1.39
Ernakulam	2	5	7.67
Thrissur	3	14	13.91
Palakkad	2	2	1.63
Malappuram	4	14	3.50
Kozhikode	3	6	4.77
Kannur	2	7	3.61
Kasaragod	1	3	1.61
Wayanad	2	2	0.25
Mattancherry	2	2	0.02
Total	31	81	61.48

The top defaulters among the 81 cases whose turnover for 2012-13 was above one crore are detailed in **Table – 2.6**.

Table – 2.6

(₹ in crore)

Sl No.	Name of Office	Name of assessee/ TIN	Short collection	Interest @ 26%	Penalty @ 200 % of short collection	Total
1	CTO, Special Circle, Thrissur	Kalyan Jewellers India Private Limited 32080204326	3.24	0.84	6.47	10.55
2	CTO, Special Circle, Kottayam	Josco Fashion Jewellers 32050207484	2.05	0.53	4.10	6.68
3	CTO, Special Circle II, Ernakulam	Bhima Jewels 32070373424	1.48	0.38	2.96	4.82
4	CTO, Special Circle, Kottayam	Josco Jewellers Private Limited 32050212502	1.40	0.36	2.79	4.55

Government accepted (September 2016) the omission of non amendment of Rules during exit conference. Further report awaited.

Department may take care not to issue circulars in contravention to the provision contained in the Statute.

2.4.3.3 Non forfeiture of illegal collection

As per Clause (iii) below Explanation 6 of Section 8(f)(i) of the KVAT Act, 2003, as amended by Finance Act, 2014 a dealer who opts for payment of tax under this clause may collect tax at the rate as shown in the table below the clause. As per the table, the tax permitted to be collected on the sale of goods covered under this clause for the year under option is 1.03 to 1.5 *per cent* of the compounded tax paid during previous year.

As per the above provision dealers who are paying tax under the compounding scheme during the previous year/years alone are entitled to collect tax under this clause. On a perusal of column 1 and 2 of the table which represent compounded rate along with compounded status of the dealer and percentage of tax to be collected, it was clear that dealers who are compounding for the first time are not entitled to collect tax unless the first column contains a specific mention about tax paid under Section 6 during previous year.

Audit checked the records of the compounded dealers in 63 assessment circles in 15 tax districts and observed that 99 dealers collected compounded tax during 2013-14 and 2014-15 even though they were not entitled to do so. Illegal collection of tax needs to be forfeited as per Section 72 of KVAT Act. The tax effect due to illegal collection including interest and penalty worked out to ₹ 18.04 crore as detailed in **Table – 2.7**.

Table – 2.7

(₹ in crore)

Tax District	No. of assessment circles	No. of dealers	Total amount escaped
Thiruvananthapuram	3	4	1.27
Kollam	7	9	0.28
Pathanamthitta	1	1	2.82
Alappuzha	4	4	0.46
Kottayam	3	3	0.02
Idukki	2	2	3.10
Ernakulam	3	4	0.96
Thrissur	8	9	0.81
Palakkad	3	4	1.73
Malappuram	7	14	1.40
Kozhikode	5	13	0.31
Kannur	6	15	0.42
Kasaragod	3	5	1.02

Tax District	No. of assessment circles	No. of dealers	Total amount escaped
Wayanad	3	5	2.57
Mattancherry	5	7	0.87
Total	63	99	18.04

The top defaulters were as given in **Table – 2.8**.

Table – 2.8

Sl No.	Name of the Office	Period	Name of assessee/ TIN	Tax collected (₹ in crore)	Interest (₹ in lakh)	Penalty (₹)	Total (₹ in crore)
1	CTO, Special Circle, Thodupuzha	2013-14	Bhima Gold and Gems, Thodupuzha, Private Limited 32061419965	2.46	63.85	5,000	3.09
2	CTO, Pathanamthitta	2013-14	Bhima Gems (Adoor) Private Limited 32030259344	2.24	58.19	5,000	2.82
3	CTO, Vythiri at Kalpetta	2014-15	Riches Jewel Arcade 32140465165	1.71	23.88	5,000	1.95
4	CTO Special Circle, Thiruvananthapuram	2014-15	Bhima Jewellers & Diamonds 32010186328	1.04	14.53	5,000	1.18

Government accepted the audit findings during the exit conference (September 2016).

Department may analyse amendments brought into in the Statute and collect tax as provided in the amended Statute.

2.4.3.4 Lack of co-ordination with other departments in collecting data useful for the completion of assessment

The White paper published by the Empowered Committee on State Level Value Added Tax emphasised the need for cross verification of data between various implementing and taxation authorities so as to check the tax evasion.

Audit found that the Department was not collecting these details from any other Central/State Government agencies and compiling a data bank. Audit found suppression in import purchase reported at Customs and escape of turnover from assessment reported at ITD as detailed below.

- ***Suppression of import purchases than that reported to Customs Department.***

Audit collected the data of import of gold, diamond and platinum into the Country by the dealers from the Director General of Systems and Management, Central Excise and Customs, New Delhi and cross checked the import details furnished by the dealers and found that six dealers in four assessment circles had imported gold, diamond and platinum amounting to ₹ 4,191.16 crore against which ₹ 496.69 crore only was conceded. The suppression of import purchase worked out to ₹ 3,694.46 crore and the resultant short levy of tax, interest and penalty worked out to ₹ 126.70 crore as detailed in **Appendix IV**.

The most benefitted assessee was The Dhanlaxmi Bank Limited from whom short levy of tax was ₹ 118.40 crore including interest and penalty for the years 2011-12 to 2013-14.

- ***Short return of turnover than that reported to ITD***

Audit collected the details of scrutiny assessments completed for the year 2013-14 in Circle 1(1) Kozhikode of Income Tax Department (ITD) in respect of four assessees. From the IT assessment records it was observed that the respective assessees offered additional income to the ITD consequent to a survey conducted by the ITD. The sales turnover pertaining to the income so offered was not reckoned for assessment by the respective assessing authorities. The short payment of tax in this regard worked out to ₹ 28.93 crore including interest and penalty as detailed in **Appendix V**.

The most benefitted assessee was The Appollo Gold Pvt Limited, Malappuram from whom short levy of tax was ₹ 13.57 crore including interest and penalty during the years 2012-13 to 2014-15.

Government accepted (September 2016) the audit findings during exit conference and expressed their difficulty in getting information from other Central Government agencies.

Department may evolve a system to cross verify the details from other taxation departments to strengthen the assessment.

2.4.3.5 Other issues

- **Irregular compounding**

As per Section 8(f)(i) of KVAT Act, any dealer in bullion or ornaments or wares or articles of gold, silver or platinum group metals including diamond may at his option, instead of paying tax on their sale in the State in respect of such goods in accordance with the provisions of Section 6, may pay tax at various tax slabs

according to their turnover during the previous year. As per KVAT Act, turnover includes turnover of sale and purchase from unregistered dealers.

On a test check of 327 gold dealers, who opted to pay tax under Section 8(f) (i) of the Act, Audit observed that while fixing the compounded rate of tax, the purchases effected from unregistered dealers were omitted to be included in the turnover. This omission resulted in a reduction of stage in the compounded tax slab in four cases. Short levy of compounded tax in this regard worked out to ₹ 32.96 lakh as shown in **Appendix VI**.

The most benefitted assessee was Narikalathil Prince Jewellery, Vatakara from whom total short levy of tax for 2012-13 to 2014-15 was ₹ 14.83 lakh including interest and penalty.

Government accepted (September 2016) the findings during exit conference.

- **Excess availing of special rebate**

As per Section 6(2) of the KVAT Act, every person who purchases taxable goods from a person other than registered dealer shall pay tax on the purchase turnover of goods at the rate specified under Section 6(1). As per fourth proviso below Section 12(1), the goods in respect of which tax under Section 6(2) has been paid are used in the manufacture of taxable goods then the special rebate under this section shall not exceed the output tax payable in respect of such goods or goods manufactured out of such goods. The rate of tax of old gold jewellery is five *per cent* and that of bullion is one *per cent*.

On a test check of 200 dealers in the State, it was observed that four dealers claimed excess special rebate in respect of old gold purchased from unregistered dealers and converted and sold it as bullion. Excess availing of special rebate resulted in short payment of tax of ₹ 132.89 crore as shown in **Appendix VII**.

The most benefitted dealer was Manappuram Jewellers, Thrissur from whom short levy of tax for the years 2013-14 and 2014-15 amounted to ₹ 103.66 crore including interest and penalty.

Government accepted during exit conference (September 2016) the audit findings.

- **Non-reversal of IPT/special rebate**

Section 11(7) and 12(4) of the KVAT Act stipulates that if goods in respect of which input tax credit/special rebate has been availed of are subsequently used fully or partly, for purposes in relation to which no input tax credit/special rebate is allowable under the section, the input tax credit/special rebate availed in respect of such goods shall be reversed. Section 11(1) of the Act stipulates that registered dealer liable to pay tax under Section 6(1) is eligible for input tax (IPT) credit. As per Section 12(2), dealers paying tax under Section 8 are not eligible for special rebate.

Audit test checked records of gold dealers and observed that in 24 offices, 35 dealers who opted to pay compounded tax for the years 2013-14 and 2014-15 did not pay reverse tax on the closing stock for the years 2012-13 and 2013-14 respectively. This resulted in short levy of tax, interest and penalty of ₹ 80.89 crore as detailed in **Appendix VIII**.

The most benefitted dealers are as detailed in **Table – 2.9**.

Table – 2.9

(₹ in lakh)

Sl. No.	Name of assessee/ TIN	Name of office	Reverse tax	Interest (2013-14 @ 26%) (2014-15 @ 14%)	Penalty @ 200%	Short levy of tax including interest and penalty
1	Riches Jewel Arcade Limited/ 32140465165/2014-15	CTO Vythiri at Kalpetta	603.14	84.44	1,206.29	1,893.87
2	Bhima Gold and Jewels, Thodupuzha 32061419965/2013-14	CTO, Special Circle, Thodupuzha	336.92	87.60	673.85	1,098.37
3	Bhima Gems (Adoor) Pvt Ltd 32030259344/13-14	CTO, Pathanamthitta	262.24	68.18	524.48	854.91

Government accepted during exit conference (September 2016) the audit findings.

2.4.4 Conclusion

The Department omitted to levy purchase tax on dealers opted for compounding which had a potential tax recovery of ₹ 2,475.55 crore. The Department acted in contravention to the statute in issuing Circular to give retrospective effect in reduction of rate of tax in compounding scheme which lead to loss of revenue to Government. The Department failed to evolve a system to cross verify the details of cases from other taxation departments which had a potential tax recovery of ₹ 155.63 crore.

2.5. Levy, assessment and collection of VAT on sub-contracts under works contract assessment

2.5.1 Introduction

Under the KVAT Act, 2003 a dealer engaged in the execution of works contract shall pay tax under Section 6(1) of the Act. He may, at his option, pay tax at compounded rate¹ on the whole contract amount as provided for under Section 8(a) of the Act on the whole amount of the contract.

¹ At three *per cent* up to 31 March 2014 and thereafter at seven *per cent* in case of works contractors with CST Registration.

As per Explanation I under Section 8(a) of the KVAT Act, 2003 where a portion of the work is sub-contracted to a registered dealer, the turnover of the principal contractor/awarder shall not include the amount paid to the sub-contractors, provided the contractor claiming such deduction in respect of such sub contracted amount furnishes certificate prescribed under the Act. The sub-contractors have to concede the contractual receipts received from the principal contractor/awarder in their annual returns.

2.5.2 Audit objective and scope

Audit was conducted to ascertain whether there is evasion of tax by the principal contractors and/or the sub contractors in respect of sub contracted works and the reasons thereof.

The audit was conducted in the works contract (WC) offices in four² tax districts between May 2016 and August 2016 covering the period 2012-13 to 2014-15. The stratified sampling method was used to select the revenue districts and assessees. The records such as returns, certified accounts, statutory documents as prescribed in KVAT Rules, 2005 etc., filed by the contractors/ sub-contractors were verified. An entry conference was held with Special Secretary, Taxes in May 2016 in which Audit objective, scope and methodology were explained. An exit conference was held with the Additional Chief Secretary, Taxes on 06 September 2016.

2.5.3 Audit findings

2.5.3.1 Turnover escaped assessment

Under Section 21 of the KVAT Act, 2003 where the return submitted by the assessee is in the prescribed manner, the assessment relating to the return period shall be deemed to have been completed on the receipt of such return. Under the Act, where a portion of the work is sub-contracted to a registered dealer, the turnover of the principal contractor/awarder shall not include the amount paid to the sub-contractors, provided the contractor claiming such deduction, in respect of sub contracted amount furnishes certificate in Form No 20-H. When a work is sub-contracted, the principal contractor/awarder has to file awarders statement online in Form No. 10-C. But the awarders statement is not linked with the work of sub-contractors. Hence, if the sub-contractor fails to Return full contract receipts from the awarders or partially disclose the receipts in their annual returns, the assessing authorities of the sub-contractors are unable to detect the turnover escaped assessment.

² Thiruvananthapuram, Mattancherry, Ernakulam and Kannur.

In four assessment circles³, Audit cross checked the sub contract payments made by the 97 awarders/principal contractors and noticed that 71 sub-contractors in the following assessment circles, failed to return the contract receipts fully, which resulted in escape of turnover and consequent short levy of tax, interest and penalty of ₹ 26.37 crore as detailed in **Appendix IX**. The assessment circle wise position is as detailed in **Table – 2.10**.

Table -2.10

(₹ in lakh)

Sl. No.	Name of the Office	Number of cases	Short levy			
			Tax	Interest	Penalty	Total
1.	CTO (WC), Thiruvananthapuram	19	294.59	81.67	589.12	965.38
2.	CTO III Circle, Thiruvananthapuram	02	2.38	0.62	4.75	7.75
3.	CTO (WC), Kollam	01	19.11	4.97	38.22	62.30
4.	CTO (WC), Malappuram	01	1.70	0.38	3.39	5.47
5.	CTO (WC), Thrissur	01	0.63	0.16	1.25	2.04
6.	CTO (WC), Alappuzha	01	3.70	1.33	7.39	12.42
7.	CTO (WC), Ernakulam	29	249.36	68.25	498.70	816.31
8.	CTO (WC), Mattancherry	06	59.58	19.38	119.16	198.12
9.	CTO (WC), Palakkad	03	78.87	16.18	157.74	252.79
10.	CTO (WC), Kozhikode	01	1.95	0.51	3.89	6.35
11.	CTO (WC), Kottayam	02	17.86	4.65	35.72	58.23
12.	CTO (WC), Kannur	01	18.65	4.66	37.31	60.62
13.	CTO II Circle, Perumbavoor	01	25.02	6.51	50.05	81.58
14.	CTO (WC), Kasaragod	01	13.57	3.53	27.14	44.24
15.	CTO II Circle, Mattancherry	01	1.55	0.22	3.10	4.87
16.	CTO (WC), Idukki	01	17.87	4.65	35.75	58.27
	Total	71	806.39	217.67	1,612.68	2,636.74

The highest defaulting sub contractors were as detailed in **Table – 2.11**.

Table – 2.11

(₹ in lakh)

Sl. No	Name of the Office	Name of the assessee/ TIN	Year(s)	Turnover escaped assessment	Short levy of tax, interest and penalty
1	CTO (WC), Thiruvananthapuram	Albert Raj/ 32011385815	2010-11 to 2014-15	820.73	359.79
2	CTO (WC), Palakkad	M/s. Consolidated Construction Corporation/ 32091656804	2012-13 & 2014-15	2,105.37	201.76

³ CTO (WC) Thiruvananthapuram, Mattancherry, Ernakulam and Kannur.

3	CTO (WC), Ernakulam	M/s. Fujitec India Pvt. Ltd./ 32072037737	2014-15	363.14	165.34
4	CTO (WC), Ernakulam	M/s P T Mathai Construction Co. Pvt. Ltd/ 32072025565	2012-13 to 2013-14	1,195.58	118.72

On this being pointed out (August 2016) in the exit conference the Addl. Chief Secretary (Taxes) instructed the Department to examine the instances on a case by case basis and assured that action would be taken in all cases after due verifications.

2.5.3.2 Non-levy of tax on the cost of materials supplied by the awarders

Rule 9(2)(A) of the KVAT Rules, 2005, stipulates that, where, in a works contract, the awarder supplies a portion of the goods involved in the execution of works contract and deducts the value of the material from the payment made to the contractor, the turnover of the goods so supplied shall form part of the total turnover of the awarder as well as the contractor. Out of ten cases checked, in three cases, the awarder had transferred the goods to the sub-contractors to incorporate into the work. But, neither the awarder (M/s Kerala State Construction Corporation Limited) nor the sub-contractors (M/s Greenworth Infrastructures Private Limited and Manuel Joseph) conceded the value of goods so supplied in their annual return. The Returns were being uploaded by the dealers themselves in KVATIS. Audit found that no proper mechanism existed to detect such a lapse. This resulted in short levy of tax, interest and penalty amounting to ₹ 96.53 lakh as detailed in **Table – 2.12**.

Table -2.12

(₹ in lakh)

Sl. No.	Name of the office/circle	Name of the assessee/TIN	Year	Turnover	Short levy			
					Tax	Interest	Penalty	Total
1	CTO(WC), Ernakulam	M/s Kerala State Construction Corporation Ltd./ 32072082322	2012-13	276.22	13.81	5.25	27.62	46.68
2	CTO(WC), Ernakulam	M/s Greenworth Infrastructures Pvt Ltd./ 32072097341	2012-13	276.22	13.81	5.25	27.62	46.68
3	CTO (WC), Kannur	Manuel Joseph/ 32592641212	2012-13	14.77	0.74	0.27	1.48	2.49
			2013-14	4.25	0.21	0.05	0.42	0.68
Total				571.46	28.57	10.82	57.14	96.53

The Additional Chief Secretary (Taxes) stated that the cases pointed out would be examined to see whether there was any short levy of tax on account of supply of materials by awarders to the sub contractors.

2.5.3.3 Incorrect compounding where transfer was in the form of goods

Under the KVAT Act, 2003 in the case of transfer of goods involved in the execution of works contract, where transfer is in the form of goods, the liability for tax shall be at the rate specified for such goods. Works contract involving fabrication, supply and installation of UPVC⁴/aluminium doors and windows would come under the category of transfer of materials in the form of goods, which would attract levy of tax at the schedule rate of such goods transferred. The position has been reiterated⁵ by the Commissioner of Commercial Taxes stating that such cases would not be eligible for compounding.

Audit noticed that in CTO (WC), Ernakulam, three out of fifteen dealers had opted to pay tax at the compounded rates on their contract receipts for the fabrication/supply and installation of UPVC/aluminium doors and windows which resulted in incorrect compounding and application of incorrect rate of tax. This resulted in short levy of tax, interest and penalty amounting to ₹ 4.04 crore as detailed in **Table -2.13**.

Table – 2.13

(₹ in lakh)

Sl. No	Name of the assessee/ TIN	Year	Turnover	Short levy of Tax	Interest	Penalty	Total
1	George Projects Pvt. Ltd./ 32072027016	2012-13	46.12	4.84	1.89	9.69	16.42
		2013-14	158.34	18.21	4.92	36.42	59.55
		2014-15	277.74	30.31	4.55	60.61	95.47
2	M/s Sherin Hi-Fabs/ 32072033755	2012-13	90.53	9.51	3.71	19.01	32.23
3	M/s Sherin Hi-Fabs Contracts (I) Pvt. Ltd./ 32072063859	2012-13	563.65	59.18	23.08	118.37	200.63
Total				122.05	38.15	244.10	404.30

The Additional Chief Secretary (Taxes) assured that the circular issued by the Commissioner of Commercial Taxes would be re-examined.

2.5.3.4 Incorrect grant of exemption of sub contract turnover

Under Section 8(a) of the KVAT Act, 2003 read with Rule 11(4) of the KVAT Rules, 2005 made thereunder, an awarder/principal contractor claiming exemption on sub contract payments shall obtain certificate in Form No 20 H from sub contractor. The said certificate should contain particulars such as gross amount of

⁴ Unplasticised Poly Vinyl Chloride.

⁵ Order No. C3/23011/13/CT dt: 27 November 2013.

contract and a certificate from the assessing authority explicitly stating the liability discharged by the sub contractor during the year.

Audit cross checked the sub contract payments made by the awarders/principal contractors in four assessing circles⁶ and noticed that in eight cases out of ten as listed in **Appendix X**, the claim of exemption was not supported by certificate in Form No 20 H/not in consonance with the amount of liability discharged, as recorded in the certificates by the assessing authority/ certificates not related to the relevant year. In two cases, the assessee claimed excess exemption towards sub contract payments which did not tally with the annual accounts. The Act does not envisage the extent of detailed scrutiny of returns filed by the assesseees. Further, there is no provision in the certificate in Form No. 20 H regarding the extent of liability discharged by the sub contractors during the year which has paved way for irregular exemption being claimed by the awarders. This resulted in short levy of tax, interest and penalty of ₹ 58.16 crore as detailed in **Table – 2.14**.

Table – 2.14

(₹ in lakh)

Name of the Office	Number of cases	Short levy			
		Tax	Interest	Penalty	Total
CTO (WC), Ernakulam	7	1,751.52	479.32	3,503.05	5,733.89
CTO (WC), Kannur	1	7.10	2.62	14.20	23.92
CTO (WC), Mattancherry	1	13.76	3.44	27.51	44.71
CTO (WC), Thiruvananthapuram	1	4.24	1.06	8.48	13.78
Total	10	1,776.62	486.44	3,553.24	5,816.30

The beneficiaries with highest tax liability are detailed in **Table – 2.15**.

Table – 2.15

(₹ in lakh)

Sl. No.	Name of the Office	Name of the assessee/TIN	Year(s)	Turnover incorrectly exempted	Short levy of tax, interest and penalty
1	CTO (WC), Ernakulam	M/s. Kerala State Construction Corporation Ltd./ 32072082322	2012-13 to 2013-14	34,413.64	4,541.35
2	CTO (WC), Ernakulam	M/s. Skyline Builders/ 32072047255	2012-13 to 2014-15	3,262.65	1,003.80
3	CTO (WC), Ernakulam	M/s. Asset Homes Pvt. Ltd./ 32072010445	2014-15	526.17	49.41
4	CTO (WC) Mattancherry	M/s. E.K.K. & Co./ 32151046307	2013-14	343.93	44.71

⁶ CTO (WC), Ernakulam, Kannur, Mattancherry and Thiruvananthapuram.

Sl. No.	Name of the Office	Name of the assessee/TIN	Year(s)	Turnover incorrectly exempted	Short levy of tax, interest and penalty
5	CTO (WC), Ernakulam	M/s. Mabel Engineers Pvt. Ltd. (V)/32072014056	2014-15	92.70	42.20

On this being pointed out (August 2016) the Additional Chief Secretary (Taxes) stated that action would be initiated to examine the cases pointed out. He also stated that proposals for modifications in Form 20 H certificate would be made in current years Finance Bill. Further report awaited.

2.5.3.5 Non-deduction/short deduction of TDS by the awarder/ principal contractor

Under Section 10 of the KVAT Act, 2003 an awarder shall deduct TDS from the sub contract payments to the sub-contractor. The rate of such deduction/non deduction should be mentioned in the liability certificate in Form 1EE issued by the assessing authority of the sub contractor. If no such certificate is furnished by the sub contractor to the principal contractor/awarder, the TDS should be effected at the rate of 8 per cent of the sub contract payments in the case of registered contractor, and at 10 per cent in the case of unregistered contractors. The awarder also had to file return in Form No 10 C, mentioning the details of work sub contracted, to his assessing authority under Rule 32. Further, as per Rule 42(4), the awarder has to issue certificate in Form No 20 F to sub contractor detailing the work awarded, amount paid and TDS effected, if any, and the sub contractor in turn issues certificate in Form 20 G to awarder confirming the work accepted/executed and amount received from the awarder.

In three assessment circles⁷, Audit noticed that awarders had not effected TDS on sub contract payments at stipulated rate. The short levy of tax, interest and penalty in six cases would come to ₹ 6.36 crore as detailed in **Table – 2.16**.

Table -2.16

Name of the assessee/ TIN	Year	Assessing Circle	Short / Non- deduction of tax	Interest	Penalty	(₹ in lakh)
						Total
M/s Asset Homes Private Limited/ 32072010445	2012-13	CTO (WC), Ernakulam	0.89	0.34	1.78	3.01
M/s. HLL Life Care Limited/ 32072097341	2012-13	CTO (WC), Thiruvananthapuram	46.03	17.49	92.06	155.58

⁷ CTO (WC), Ernakulam, Mattancherry and Thiruvananthapuram.

M/s TRDCL 32592641212	2012-13	CTO (WC), Thiruvananthapuram	11.85	4.50	23.70	40.05
M/s. IL&FS Township and Urban Assets 32592641212	2014-15	CTO (WC), Thiruvananthapuram	0.59	0.08	1.18	1.85
M/s Heera Construction Co. Ltd./ 32011329532	2013-14	CTO (WC), Thiruvananthapuram	59.57	15.49	119.14	194.20
EKK&Co/ 32151046307	2014-15	CTO (WC) Mattancherry	77.09	10.02	154.18	241.29
Total			196.02	47.92	392.04	635.98

M/s Heera Construction Company Ltd, an assessee borne on the rolls of the CTO (WC), Thiruvananthapuram had not effected TDS on sub contract payments to 108 unregistered dealers.

The assessing authorities could have detected the omission, had the assessing authorities scrutinised the statement of payments made to sub-contractors.

The Additional Chief Secretary (Taxes) stated that the cases pointed out would be examined to see whether there was non-deduction/short deduction of TDS.

2.5.3.6 Short remittance of tax

Under Section 31 of the KVAT Act, 2003 a dealer is liable to pay tax on the taxable turnover.

In CTO (WC), Mattancherry, Audit noticed that two work contractors short remitted the tax due, interest and penalty amounting to ₹ 50.34 lakh as detailed in **Table – 2.17**.

Table – 2.17

(₹ in lakh)

Name of the assessee/TIN	Year	Assessment Circle	Tax due as per certified accounts	Tax paid as per remittance details	Short remittance			
					Tax	Interest	Penalty	Total
EKK&Co/ 32151046307	2014-15	CTO, (WC) Mattancherry	740.92	727.65	13.27	1.73	26.54	41.54
Nechupadam Constructions Pvt. Ltd./ 32151007405	2014-15	CTO, (WC) Mattancherry	24.45	21.64	2.81	0.37	5.62	8.80
Total					16.08	2.10	32.16	50.34

On this being pointed out (August 2016) the Additional Chief Secretary (Taxes) stated that action would be initiated to examine the cases pointed out.

2.5.4 Conclusion

Audit observed that the assessing officers were not ensuring that the works contract receipts for which exemption was availed by the principal contractor being sub contracted work was assessed at the hands of sub contractors and that the statutory forms prescribed as per provisions of Act/Rules were neither insisted upon by the assessing officers nor used for the intended purpose.

The Department must ensure filing and subsequent scrutiny of valid statutory forms envisaged in the Act/Rules by the awarder and the sub-contractor.

2.6 Short levy of tax in assessments of metal crushing units

A manufacturer of crushed metal can opt for compounding under Section 8(b) of the KVAT Act and compounded tax is to be determined based on the jaw-size of the metal crushing machine used for the manufacture of crushed metal, at rates prescribed by the Government from time to time. In the case of compounding, if option is accepted, tax due would be calculated by the assessing authority at the rates given **Appendix XI**, which should be remitted quarterly by the assessee.

The CTD issued⁸ detailed instructions directing the assessing officers to gather information from local bodies, Kerala State Electricity Board Ltd. (KSEBL), Kerala State Pollution Control Board (KSPCB) and Mining and Geology Department and utilise the same judiciously for finalising the assessments. As per KVAT Rules 2005, the assessing officers shall grant permission for compounding, if he is satisfied that the information in the application containing the details of metal crushers installed by the assessee is in order.

Audit verified the assessment records of metal crushing units for the period from 2009-10 to 2013-14 in 48 assessment circles⁹ spread over in 11 districts¹⁰ to ascertain whether the assessing officers had gathered information from other Departments/Statutory bodies or any other information available in the records submitted by the assessee and utilised the same for granting permission for

⁸ Circular No. 11/2007 dt: 28 February 2007.

⁹ AIT&CTO:- Spl Circle Thiruvananthapuram, CTO-Nedumangad, Neyyattinkara & Attingal; Spl Circle Kollam, CTO-Kottarakkara, Kundara, Chathannur, Anchal; IAC Pathanamthitta, CTO-Pathanamthitta, Thiruvalla, Adoor; IAC Kattappana, I Circle Thodupuzha, II Circle Thodupuzha, Spl Circle Thodupuzha, CTO Adimaly, Nedumkandam; Spl Circle Perumbavoor, CTO I & II Circle Perumbavoor, CTO- Moovattupuzha, Kothamangalam, Spl Circle Kottayam, CTO Aluva, Angamaly; Spl Circle Thrissur, CTO Wadakkancherry, Chalakkudy, CTO Irinjalakkuda, I Circle Thrissur, III Circle Thrissur; Spl Circle Palakkad, CTO-Ottappalam, Pattambi, I Circle Palakkad; Spl Circle Malappuram, CTOs Manjeri, Perinthalmanna, AIT & CTO Manjeri at Kottakkal, CTO Koothuparamba, AIT&CTO Vythiri, CTO Karunagapally, AIT&CTO Ranni, CTO II Circle Kalamaserry, CTO Thirurangadi, CTO/AIT Thrissur.

¹⁰ AIT & CTO:-Thiruvananthapuram, Kollam, Pathanamthitta, Idukki, Ernakulam, Thrissur, Palakkad, Malappuram, Kottayam, Kannur and Waynad.

compounding/finalising assessments as directed in departmental circular which revealed the following:

2.6.1 Under-reporting of number and/or jaw-size of metal crushing machines

In 48 assessment circles, Audit test checked the assessment records of 512 assesseees of which 131 assesseees who opted to pay tax under the compounding scheme had under-reported the size and/or the number of crushing machines. The assessing authorities had not gathered the information from local bodies/KSEBL/KSPCB/Mining and Geology Department for ascertaining the correctness of details furnished by the assesseees before issuing the permission for compounding/ finalising the assessment. This resulted in short levy of the tax, interest and penalty of ₹ 68.78 crore as shown in **Appendix XII**. The Tax district wise position is detailed in **Table -2.18**.

Table -2.18

(₹ in crore)

Tax District	Number of cases	Total short levy
D C Malappuram	12	4.61
D C Pathanamthitta	12	6.18
D C Thrissur	18	9.76
D C Wayanad	1	0.26
D C Ernakulam	1	0.15
D C Kollam	15	8.94
D C Palakkad	7	4.52
D C Mattancherry	44	17.18
D C Idukki	11	9.75
D C Kannur	1	0.29
D C Thiruvananthapuram	7	6.14
D C Kottayam	2	1.00
	131	68.78

Audit conducted a joint physical inspection of 26 out of 131 cases mentioned above along with the Intelligence squads of CTD and found that these 26 assesseees filed incorrect returns relating to the period from 2009-10 to 2013-14.

The benefit enjoyed by the assesseees ranged from ₹ 4.57 lakh (M/s Ricko Rocks and Granites, M/s Stonage Metal Crusher) to ₹ 432.89 lakh (M/s Darshan Granites).

Failure of assessing authorities to verify the correctness of application for compounding filed by the assessee with secondary evidences available with other

Government Departments/Agencies, had paved way for the under reporting of size and/or number of metal crushing machines, resulting to evasion of tax.

On this being pointed out (June 2016) Government stated (October 2016 and December 2016) that assessment have been revised in 24 cases and additional demand of ₹ 6.62 crore had been created, out of which ₹ 45.65 lakh has been collected in six cases. Further reply has not been received.

2.6.2 Non-submission of returns

In four assessment circles test checked, six assessees¹¹ neither opted for compounding nor filed return in Form No. 10 disclosing the turnover. Even though such information was available in the records submitted by the assessee in offices like local body, KSEBL, KSPCB and Mining and Geology Department along with the records submitted for registration, the assessing authority had not taken any action to gather such information as directed in the Departmental Circular and to utilise them in assessment/permission for compounding. This resulted in short levy of tax, interest and penalty of ₹ 14.44 crore as given in **Appendix XIII**.

The benefits enjoyed by the assessees ranged from ₹ 18.90 lakh (M/s Devamatha Rock Products) to ₹ 769.64 lakh (M/s Best Granites).

Non submission of turnover details in the form of annual accounts by the assessees was the main reason for escape of turnover resulting in evasion of tax.

The assessing authorities were not verifying the correctness of turnover of the assessee in compounded cases as well as non compounded cases with reference to their annual accounts.

On this being pointed out (May 2016) the Additional Chief Secretary (Taxes) stated that action would be initiated to examine the cases pointed out.

2.6.3 Non-registration of metal crushing units under KVAT Act

Under Section 15C of the KVAT Act, any person who intends to establish an industrial unit may get himself registered under this section. No metal crushing unit can establish without the permission issued by the local body/KSEBL/KSPCB/Mining and Geology Department. Audit cross-checked the data collected from the KSPCB with the KVATIS and noticed that in four assessment offices, metal crushing units of four assessees were not registered under the KVAT Act. The assessing authority did not take any action under Rule 17A of the KVAT Rules to give compulsory registration to the assessees. As the turnovers of the dealers were not ascertainable, actual loss of revenue could not be

¹¹ Best Granites, Valakkavu Granites (P)Ltd, Thomson Granites, Pawan Quarry & Aggregates Pvt Ltd, Devamatha Rock Products, Parakkal Granites.

worked out. At the compounded rate, non levy of tax worked out to ₹ 2.13 crore including interest and penalty as detailed in **Table -2.19**.

Table – 2.19

(₹ in crore)

Sl. No.	Name of dealer	Name of office	Year	Total non levy of tax including interest and penalty
1	M.S. Industries	CTO, Kottarakkara	2011-12 to 2013-14	0.90
2	Kunnumpurathu Granites	CTO, II Circle, Thodupuzha	2012-13 & 2013-14	0.54
3	S.N. Granite & Metal Industries	CTO, Chathanoor	2009-10 to 2013-14	0.51
4	Libas Crushers, Attoor, Kilimanoor	CTO , Attingal	2009-10 to 2013-14	0.18
Total				2.13

Absence of proper street survey by the assessing authorities/intelligence wing resulted in non registration of metal crushing units and consequent evasion of tax.

There was no effective mechanism in the Department for the street survey and to gather information from other Government Departments/ Agencies, in order to bring the unregistered units under the tax net of CTD.

The above cases were referred to Government in May 2016. In the meeting with Audit, the Additional Secretary (Taxes) stated (May 2016) that departmental action would be initiated against the assessing officers who are not following the departmental instructions given and who are committing the same mistakes. Government in December 2016 stated that in one case assessment has been revised and additional demand of ₹ 57.54 lakh has been created. Further reply has not been received (December 2016).

2.6.4 Short remittance of tax

Under KVAT Act every dealer whose total turnover for a year is not less than ₹ 10 lakh shall be liable to pay tax on his sales at rates prescribed in the schedule to the Act. Further as per the KVAT Act any dealer producing granite metals with the aid of mechanised crushing machines may, at his option, pay compounded tax at the specified rates. Under Rule 24 of KVAT Rule, a dealer is required to submit quarterly/annual return in the case of compounded dealers. The dealer has to submit the monthly/quarterly and annual return, along with the details of payment of tax. Once the dealer has submitted the return the assessing authority shall accept the return within twenty four hours. Return acceptance through KVATIS by assessing authority is a fully computerised process. There was no provision in the software to ensure the consistency in data available under tax due and tax remitted. This resulted in acceptance of return by the System though the entire tax

due was not remitted by the assessee. Audit noticed from the returns accepted by assessing authority that in six cases¹² of six assessment circles, the assessees short remitted ₹ 59.19 lakh including interest as shown in **Appendix XIV**. The tax district wise position is detailed in **Table – 2.20**.

Table -2.20

(₹ in lakh)

Name of the Tax District	No. of dealers	Total short remittance of tax including interest
Deputy Commissioner, Thiruvananthapuram	1	9.03
Deputy Commissioner, Idukki	1	25.34
Deputy Commissioner, Thrissur	3	12.92
Deputy Commissioner, Kottayam	1	11.90
Total	6	59.19

The benefits enjoyed by the assessees ranged from ₹ 3.91 lakh (M/s Rajumon Granites) to ₹ 25.34 lakh (M/s Marthoma Granites).

This was referred to Government in May 2016. In the meeting with Audit (May 2016), the Additional Secretary (Taxes) stated that all the cases would be verified and amount short remitted would be collected. Further reply has not been received (November 2016).

2.7 Value Added Tax assessments on works contract

The levy, assessment and collection of tax on works contract is governed by KVAT Act, 2003 and the KVAT Rules, 2005 made thereunder. The inter-State purchases relating to works contract is governed by Central Sales Tax (CST) Act 1956. Section 2(iv) of the KVAT Act stipulates that works contract (WC) includes any agreement for carrying out for cash or for deferred payment or other valuable consideration the construction, fitting out, improvement, repair, manufacture, processing, fabrication, erection, installation, modification or commissioning of any movable or immovable property. Assessment of works contracts is done under Section 6 of the Act. The works contractor can opt for compounding scheme under Section 8 of the KVAT Act. In the case of works awarded, tax shall be deducted from the payments made to the contractor by the awardee. In the case of compounding, if the option is accepted, tax due will be calculated by the assessee and remitted monthly.

Audit found that returns filed by the works contract assessees were error prone and there were cases of short payment of tax due to application of incorrect rate of tax, escape of turnover from assessment, incorrect compounding etc., which are narrated below.

¹² VSC Hollow Bricks, Marthoma granites, Southern Industries, Rajumon Granites, Prince Metal Products and Neerakkal Granites.

2.7.1 Short payment of tax due to application of incorrect rate of tax

Under Section 8 (a)(ii) of KVAT Act, 2003 works contractors registered under the provisions of CST Act, 1956 or an importer, when opted for payment of compounded tax, are liable to pay tax at three *per cent* of the contract amount after deducting the purchase value of goods excluding freight and gross profit element consigned into the State on stock transfer or purchased from outside the State and for the purchase value of goods so deducted shall pay tax at the rates prescribed in the schedule to the KVAT Act applicable to such goods. Under Section 8 (a)(i) of KVAT Act, 2003 any works contractor not being a dealer registered under the provisions of the CST Act, 1956 and who is not an importer may at his option, pay tax at three *per cent* of the whole contract amount. Further, the compounded tax payable by any works contractor registered under the provisions of CST Act, 1956 or an importer shall be four *per cent* of the whole contract amount in respect of contract awarded by Government of Kerala. Under Section 10(2A)(ii) of the KVAT Act, 2003, awarders should deduct TDS from the amount paid as per works contract at the rate of (a) eight *per cent* in the case of contractors registered under the Act who have not produced liability certificate from the assessing authority and (b) ten *per cent* in the case of contractors not registered under the Act. Under Section 31 (6) of KVAT Act, where any dealer has failed to include any turnover of his business in any return filed or where any turnover of tax has escaped assessment, interest under sub-section (5) shall accrue on the tax due on such turnover or tax with effect from such date on which the tax would have fallen due for payment, had the dealer included the turnover or tax in the return relating to the period to which such turnover relates.

- **CTO, Special Circle I, Ernakulam**

Audit found that M/s Popular Motor World Private Limited, a dealer in motor vehicles and on the rolls of Special Circle I Ernakulam opted to pay tax at compounded rate on their contract receipt. The dealer did not maintain separate account for painting works and hence the value of goods transferred for the execution of painting works was not ascertainable. The dealer produced the details of purchase of paint subjected to tax made during the year 2013-14 and it comes to only about seven *per cent* of the total contract receipt. The provision under the statute and the criteria adopted by the Insurance Companies allowed only 25 *per cent* for labour and hence the cost of materials transferred for the execution of painting work of ₹ 18.84 crore should have been ₹ 14.13 crore against which the goods transferred subjected to tax was ₹ 1.30 crore only. Short levy of tax on goods worth ₹ 12.83 crore worked out to ₹ 1.82 crore, including interest.

The case was pointed out by Audit to the Department in January 2016. In the exit meeting, the CCT assured (August 2016) that the case would be examined. Further development would be awaited in audit.

- **CTO (WC), Kozhikode**

M/s Uralungal Labour Contract Society Limited, Vatakara, a works contractor and also an importer conceded and assessed tax towards works contract receipts of ₹ 80.03 crore during 2013-14. Audit found that the assessee who opted to pay compounded tax had works contract receipts from the works of Government of Kerala and local bodies amounting to ₹ 76.98 crore during 2013-14. However, this turnover was self assessed to tax by the assessee at three *per cent* against the correct rate of four *per cent* along with non-government works. Application of incorrect rate of tax resulted in short payment of tax and interest of ₹ 90.06 lakh.

This case was pointed out by Audit to the Department in October 2015 and referred to Government in May 2016. Government stated (July 2016) that in order to deny the benefit available under Section 8(a)(i), the revenue must be able to show the compliance of both the conditions and not one of them. The reply is not tenable because under Section 8(a) (i) of KVAT Act, 2003 compounded rate of three *per cent* is admissible only in cases where both the conditions are satisfied, ie. (i) assessee should not be a CST dealer and (ii) assessee should not be an importer. In this case, the assessee was an importer. Hence compounding under Section 8(a) (i) is not admissible to the assessee.

- **CTO, (WC<), Wayanad**

M/s Aravali Infrapower Limited, Kalpetta, a works contractor who opted to pay tax at compounded rate assessed tax on the entire works contract receipt of ₹ 5.50 crore and ₹ 5.27 crore from KSEB at the rate of four *per cent* during 2012-13 and 2013-14 as if it was a Government work. Audit found that though as per the provision of the KVAT Act, tax had to be assessed at the scheduled rate of 13.5 *per cent* on the inter-State purchase value of ₹ 4.40 crore and three *per cent* on the balance turnover of ₹ 1.10 crore during 2012-13 and 14.5 *per cent* on the inter-State purchase value of ₹ 3.24 crore, and three *per cent* on the balance turnover of ₹ 2.03 crore during 2013-14, it was not complied with. Application of incorrect rate of tax resulted in short payment of tax and interest of ₹ 88.73 lakh.

The case was pointed out by Audit to the Department in March 2015 and March 2016 and referred to Government in May 2016. Government stated (August 2016) that assessment for 2012-13 had been completed creating additional demand of ₹13.73 lakh. Further developments would be awaited in audit.

2.7.2 Short payment of tax due to escape of turnover from assessment

2.7.2.1 As per Section 6(1)(e) and (f) of KVAT Act 2003 the rate of tax of works contract in the case of transfer of goods involved in the execution of works contract, where transfer is not in the form of goods, but in some other form, shall be 12.5 *per cent*/13.5 *per cent* /14.5 *per cent* and when the transfer is in the form of goods, at the rates prescribed under the respective schedules. As per Rule 10(2) of KVAT Rules 2005, in relation to a works

contract in which transfer of property takes place not in the form of goods but in some other form, the taxable turnover in respect of the transfer of property involved in the execution of works contract shall be arrived at after deducting labour and other charges from the total amount received or receivable by the dealer for the execution of works contract.

- **CTO (WC<), Thiruvananthapuram**

M/s Brahmos Aero Space, Thiruvananthapuram, an assessee company involved in the manufacture and supply of various components and articles of Brahmos Missiles, filed annual return in Form 10 under KVAT Act, declaring sale of metallic products attracting tax at 12.5 *per cent*/13.5 *per cent* /14.5 *per cent*. Though the assessee company received ₹ 15.47 crore, ₹ 14.57 crore, ₹ 14.42 crore, ₹ 15.44 crore and ₹ 26.34 crore as processing charges during the period from 2009-10 to 2013-14, they had not filed any return in Form 10B for the jobworks contracts undertaken. Audit found from the contract agreement between Liquid Propulsion Systems Centre, Indian Space Research Organisation, Thiruvananthapuram and the assessee, that the assessee contributed his own materials to the goods supplied by the customer and engaged in manufacture. As such a substantial portion of the jobwork was one which involved manufacture. However, the assessee had shown only a small portion of the income by way of processing charges in the Service Tax returns. The remaining turnover was liable to be treated as works contract involving transfer in the form of goods. Escape of turnover from assessment resulted in short payment of tax, cess and interest of ₹ 15.70 crore.

The case was pointed out by Audit to the Department in February 2016 and referred to Government in May 2016. Government stated (July 2016) that notice had been issued to the assessee to produce the required documents to complete the assessment. Further reply on action taken had not been received (November 2016).

- **CTO (WC<), Thiruvananthapuram**

M/s KEPCO-KDN Co Ltd., Thiruvananthapuram an assessee engaged in the supply, installation, integration, testing and commissioning of system integration project covering software, hardware, field survey and networking for the Kerala State Electricity Board Limited conceded a non-compounded turnover of ₹ 5.77 crore and ₹ 56.65 crore in the annual returns respectively for the years 2012-13 and 2013-14. They claimed exemption for an amount of ₹ 6.29 crore for 2013-14 under Rule 10 of KVAT Act. They paid an output tax of ₹ 28.85 lakh for 2012-13 and ₹ 2.52 crore for 2013-14 at five *per cent* of the taxable turnover. Audit found from the certified Accounts, that the total contract receipts of the assessee were ₹ 15.55 crore for 2012-13 and ₹ 62.68 crore for 2013-14. Thus the assessee suppressed the turnover in the annual return. Moreover, since the assessee paid tax at rate of five *per cent*, it is clear that the transfer of goods involved in the contract were transfer in the form of goods, wherein no

deduction/exemption under Rule 10 was allowable. The under reporting of turnover and claim of incorrect exemption resulted in short payment of tax and interest of ₹ 1.40 crore.

The case was pointed out by Audit to the Department in February 2016 and referred to Government in May 2016. Government stated (September 2016) that assessment had been completed (July 2016) creating additional demand of ₹ 1.46 crore. Further action taken would be awaited in audit.

2.7.2.2 As per Rule 10(2)(a) of the KVAT Rules, 2005, in relation to works contract in which transfer of property takes place not in the form of goods but in some other form, the taxable turnover in respect of the transfer of property involved in the execution of works contract, shall be arrived at after deducting labour and other charges specified thereunder from the total amount received for the execution of the works contract. However, if the taxable turnover so arrived at falls below the cost of goods transferred in the execution of works contract, an amount equal to the cost of goods transferred in the execution of works contract together with profit, if any, shall be the taxable turnover in respect of such works contract.

- **CTO (WC<), Wayanad**

M/s Wayanad Infrastructure Private Limited, Meppadi a works contractor conceded the taxable turnover as nil in their annual return for 2011-12 to 2013-14. Audit found from the annual return and closing stock inventory of the assessee that they transferred goods of ₹ 5.68 crore, ₹ 16.73 crore and ₹ 5.32 crore to the works during the years 2011-12, 2012-13 and 2013-14 respectively. As such the taxable turnover should not be less than above cost of goods during the above period. Incorrect reckoning of taxable turnover resulted in escape of turnover and consequent short payment of tax, cess and interest of ₹ 5.02 crore.

The case was pointed out by Audit to the Department in March 2016 and referred to Government in May 2016. Government stated (August 2016) that based on the Audit observation, pre-assessment notice under Section 25(1) of the KVAT Act had been issued to the assessee. Further reply had not been received (November 2016).

2.7.3 Short payment of tax due to inadmissible compounding

Under Section 6(1)(e) of KVAT Act, 2003 in the case of transfer of goods involved in execution of works contract, where the transfer is in the form of goods, tax should be paid at the rates specified for such goods, as the case may be, by a works contractor. As per provision under Section 8(a)(ii), a works contractor cannot opt for compounding scheme, when the transfer of material is in the form of goods. Department clarified¹³ that supply and

¹³ Order No.C3-23011/13/CT dated 27.11.2013.

fixing of aluminium doors and windows involved transfer in the form of goods and is not eligible for compounding.

- **CTO, Special Circle II Ernakulam**

M/s Indus Motor Company Private Ltd a dealer in automobiles who undertook the contract work of repairing, denting, painting and other similar works relating to automobiles, paid tax under Section 8(a) of the Act for a works contract turnover of ₹ 30.37 crore during 2013-14. Audit found from the P&L Account of the assessee that the total contract receipt accounted was ₹ 30.37 crore from body repairs and ₹ 53.01 crore from labour charges.

Verification of the service tax returns filed with the Central Board of Excise and Customs (CBEC) showed that the dealer had paid service tax only to the labour charges accounted separately. Hence the receipt accounted under the head 'Workshop Receipts & Body Repairs' was excluding labour and so it was the value of goods incorporated into the works contract. Since the value of goods and cost of labour are distinctively accounted for, the contract is a divisible contract i.e. one for sale of goods and other for labour. As the receipt on which tax at compounded rate was paid is the value of goods transferred into the works contract, the dealer is not eligible to opt for compounding scheme as the goods transferred were in the form of goods. Short payment of tax due to this irregular compounding worked out to ₹ 3.29 crore including interest.

Though the dealer distinctly accounted the labour and material portion in the Profit and Loss Account, the assessing officer did not call for further documents to substantiate the claim.

The case was pointed out by Audit to the Department in January 2016 and referred to Government in August 2016. In the exit meeting (August 2016), Government stated that the case would be examined and instruction had been issued to focus on these types of evasion of tax. Further reply is awaited (November 2016).

2.7.4 Short payment of tax due to incorrect exemption allowed

- **Three CTOs¹⁴**

As per Rule 10 (2)(a) of KVAT Rule 2005, in relation to a works contract in which transfer of property takes place is not in the form of goods but in some other form, the taxable turnover in respect of the transfer of property involved in the execution of works contract shall be arrived at after deducting certain expenses including labour charges. It is also provided that if turnover in relation to a work is not ascertainable from the books of accounts of the dealer, the total turnover in respect of such works contract

¹⁴ Special Circle I Ernakulam, Special Circle II, Kozhikode and Special Circle Thrissur.

shall be computed after deducting labour and other charges as given in the Table below the said Rule.

Automobile dealers, in addition to the sale of vehicles, are also engaged in the service of vehicles. Exemption on account of labour is claimed in respect of service rendered. Audit found from the service tax returns filed with the CBEC that in two assessing offices deductions claimed on account of labour had not been fully subjected to service tax by three dealers and hence the balance turnover was to be treated as value of the material consumed. Short levy of tax on this account worked out to ₹ 1.28 crore as detailed in Table – 2.21.

Table – 2.21

(₹ in crore)								
Sl No	Name of the Office	Name of the Assesee/TIN	Year	Amount claimed as exemption on account of labour	Turnover on which Service tax paid	Balance turnover	Tax due	Total amount due
1	CTO, Special Circle II, Kozhikode	M/s Apco Vehicles (India) Pvt. Ltd. 32110880207	2014-15	4.34	3.03	1.30	0.19	0.21
2			2013-14	4.06	3.04	1.02	0.15	0.18
3	CTO, Special Circle, Thrissur	BDR Cars 32080230358	2013-14	12.79	11.53	1.26	0.08	0.10
4			2014-15	14.17	13.12	1.05	0.07	0.08
5		Archana Motors Pvt. Ltd. 32081457778	2014-15	7.53	3.18	4.35	0.63	0.71
Total								1.28

Audit also found that two dealers had deducted from their contract receipts huge amounts without submitting proper proof for their claim. Since the dealers had not maintained any separate accounts for labour and other charges incurred for the works executed and had not submitted the proof of payment of service tax for the labour portion exempted, the maximum allowable deduction on account of labour is as provided in Rule 10. Short levy of tax on these account, including interest worked out to ₹ 0.81 crore as shown in Table – 2.22.

Table – 2.22

(₹ in crore)								
Sl. No.	Name of the Office	Name of the Assesee/TIN and Year	Total works contract receipt	Amount claimed as exemption on account of labour	Percentage of deduction allowable	Exemption allowable	Excess claim	Total amount due
1	CTO, Special Circle I, Ernakulam	Voltas Ltd. 32070266965/ 2013-14	6.07	4.77	10	0.61	4.16	0.75
2		Godrej & Boyce 32070248212/ 2014-15	2.81	1.20	30	0.84	0.36	0.06
Total								0.81

As the dealers are dealing with works contract which involves both material and labour supply, the taxability of one is governed by State Act and the other by Central Act, it is important to ensure that the entire portion of which no service tax was suffered were subjected to VAT. There is also clear statutory provision to curtail the practice of claiming exorbitant deduction on account of labour from works contract receipt. However the assessing officers did not ensure this.

Even though these issues were reported in CAG's Audit Report (2015) and was communicated to the Government through discussions and letters, the issue still persists.

These cases were pointed out by Audit to the Department between January 2016 and April 2016 and referred to Government in August 2016. In the exit meeting (August 2016) Government assured that the cases would be examined and instructions would issued in this regard. Further development would be awaited in audit.

- **CTO (WC<), Kollam**

Rule 10(2)(b) of KVAT Rules, 2005 stipulates that where the actual turnover, in respect of the works contract in which the transfer of goods takes place not in the form of goods but in some other form, is not ascertainable from the books of accounts, the total turnover in respect of such works contract shall be computed after deducting labour and other charges as given in the table below the Rule from the total amount of contract. Labour and other charges deductible in works contract in respect of "all other contracts" other than those specifically mentioned in the table is 25 per cent of contract receipts.

Sri. Jose Thomas, Pathanapuram, a works contractor who was paying non compounded tax, conceded a contract receipt of ₹ 10.46 crore, ₹ 11.22 crore and ₹ 9.03 crore during the years 2011-12, 2012-13 and 2013-14 respectively. Out of this a turnover of ₹ 4.40 crore was claimed as non taxable turnover during 2012-13. The assessee claimed exemption for the entire turnover for the years 2011-12 and 2013-14 and ₹ 6.32 crore for the year 2012-13 under Rule 10. Audit found from the annual return of the assessee that the nature of the work returned was doubling of railway track, gauge conversion, construction of bridge etc., which involved use of materials. The assessee had not furnished the certified accounts to the assessing authority. As such claim of exemption should have been limited as per table below Rule 10, which is 25 per cent of the contract receipts in respect of all other contracts other than those specifically mentioned in the table. The short payment of tax due to the allowance of incorrect exemption amounted to ₹3.29 crore.

This case was pointed out to the Department between April 2015 and February 2016 and referred to Government in May 2016. Government stated (November 2016) that the assessment for the years 2011-12 and 2012-13 had been revised (May 2015) creating additional demand of ₹ 2.82 crore. The dealer filed (August

2016) stay petitions before DC (Appeals) Kollam which were pending for disposal. The assessment for 2013-14 had been completed (September 2016) creating additional demand of ₹ 1.02 crore. Further action taken would be awaited in audit.

2.8 Short payment of tax due to escape of turnover from assessment

2.8.1 As per Section 20(1) of the Act every registered dealer shall submit to the assessing authority periodical returns containing the transactions effected during that return period and Rule 22(3) of KVAT Rules stipulated that such returns shall accompany statements regarding the purchase invoices received and sale invoices issued. As per Section 25(1) of KVAT Act, 2003 where for any reason the whole or any part of turnover of business of a dealer has escaped assessment to tax in any year the assessing authority may, at any time within five years from the last date of the year to which the return relates, proceed to determine, to the best of its judgement, the turnover which has escaped assessment to tax and assess the tax payable on such turnover. As per Entry 68(4) others, of schedule III of KVAT Act, transfer of good will is taxable at five per cent.

- **Ten CTOs¹⁵**

Audit cross verified the statement of purchase invoices submitted by 14 dealers in 10 assessing offices doing business with major dealers with the statement of sales invoices submitted by those dealers and found that they failed to account for the purchases made during 2013-14 and 2014-15. This resulted in non accounting of purchase turnover and corresponding sales turnover and consequent short levy of payment and interest of ₹ 8.92 crore. (**Appendix XV**).

Though the Department has issued guidelines¹⁶ to cross verify the details of sales and purchases, the assessing officers did not comply with the guidelines. The Deputy Commissioners also did not monitor the compliance of the instructions.

The cases were pointed out by Audit to the Department between January 2016 and April 2016 and referred to Government in August 2016. In the exit meeting (August 2016) Government stated that instructions had already been issued to focus the area of evasion of tax during scrutiny of assessment files.

- **CTO, Special Circle I, Kozhikode**

M/s Malabar Regional Co-operative Milk Producers Union Ltd., Kozhikode Dairy, Kozhikode a dealer in milk, ghee, milk products etc., conceded local stock transfer out for ₹ 52.83 crore, ₹ 48.04 crore and ₹ 54.15 crore respectively during

¹⁵ Special Circle - Kannur, Malappuram, Perumbavoor, Thrissur, Thiruvananthapuram, Special Circle I - Ernakulam, Kozhikode, Special Circle II of Ernakulam, CTO of Thaliparamba, CTO I Circle, Thrissur.

¹⁶ Circular 27/2014.

2011-12 to 2013-14 and claimed exemption on the above turnover. Audit found from the details furnished by the assessee that during the period the dealer had effected stock transfer out of taxable goods for ₹ 9.57 crore, ₹ 7.66 crore and ₹ 10.38 crore to four units. Since the units have separate TIN they are separate dealers and hence the transfer out cannot be treated as local stock-transfer out, but local sale. Misclassification of sales as stock transfer resulted in escape of turnover from assessment and consequent short payment of tax and interest of ₹ 3.13 crore.

This case was pointed out by Audit to the Department between August 2015 and May 2016 and referred to Government in May 2016. Government stated (July 2016) that assessment for the year 2013-14 had been completed (December 2015) creating additional demand of ₹ 127.79 lakh. Hon'ble High Court of Kerala quashed (April 2016) the assessment order directing the assessing authority to analyse the nature of transactions and pass fresh order. Fresh assessment is still pending for disposal. CCT has directed the assessing authority to expedite steps to reassess the case. Further reply has not been received (November 2016).

- **CTO, Special Circle, Mattancherry**

M/s Dabur India, Kochi a dealer in consumables and healthcare products conceded in their annual returns and assessed tax on a sales turnover of ₹ 47.53 crore and ₹ 63.10 crore during 2011-12 and 2013-14. Audit found that the sales turnover of the assessee during the years as per the certified accounts were ₹ 54.30 crore and ₹ 64.55 crore respectively. Since cent *per cent* scrutiny of return is not prescribed and assessment is not completed by the assessing authority, escape of turnover from assessment remained undetected. This resulted in short payment of tax and interest of ₹ 92.69 lakh.

The case was pointed out by Audit to the Department in May 2015 and referred to Government in May 2016. Government stated (September 2016) that the assessment had been revised by creating an additional demand of ₹ 19.01 lakh towards tax and ₹ 3.42 lakh towards interest and the amount had been advised for revenue recovery proceedings. The assessee filed appeal before DC (Appeal) Ernakulam which is pending for disposal. The DC (Appeal) had been instructed to dispose the appeal immediately.

- **CTO, Special Circle, Palakkad**

The assets and liabilities of the ingot division of M/s MPS Steel Casting Private Limited, Palakkad a dealer in iron and steel was taken over (May 2013) by M/s MPS Steel Private Limited, Palakkad, as a whole, for which consideration was paid. Audit found from the fixed assets schedule of MPS Steel Casting Private Limited that during 2013-14, they sold plant and machinery and electrical equipments amounting to ₹ 6.82 crore and ₹ 59.47 lakh respectively. Scrutiny of depreciation schedule of MPS Steels Private Limited revealed that it has acquired the goodwill also for a price of ₹ 6.96 crore alongwith the above plant and

machinery and electrical equipments. However, M/s MPS Steel Casting Private Limited did not disclose the sales turnover of plant and machinery and electrical equipments and goodwill in the annual return for assessment of tax. This resulted in short payment of tax and interest of ₹ 86.23 lakh.

The case was pointed out by Audit to the Department in January 2016 and referred to Government in May 2016. Government stated (August 2016) that assessment had been completed (June 2016) creating additional demand of ₹ 91.64 lakh and demand notice had been issued to the dealer. Further action taken would be awaited in audit.

- **CTO, Special Circle III, Ernakulam**

M/s KP Cars Private Limited, Ernakulam a dealer in automobile spare parts and motor cars conceded ₹ 159.31 crore as sales turnover in the annual return for 2013-14. Audit found from the P&L account of the assessee that local sales turnover of the assessee during the above period was ₹ 162.79 crore. Thus a sales turnover of ₹ 3.48 crore had escaped from assessment. The assessing authority while completing the assessment (February 2015) under Section 25(1) of KVAT Act, 2003 did not detect the defect. This resulted in short payment of tax and interest of ₹ 58.56 lakh.

The case was pointed out to the Department in September 2015 and referred to Government in May 2016. Government stated (November 2016) that assessment under Section 25(1) had been completed (August 2016) creating demand of ₹ 65.12 lakh.

2.8.2 As per proviso below Section 11(3) of KVAT Act, 2003 input tax credit shall not be available in respect of the tax paid on the turnover subsequently allowed as discount. The amount covered under credit notes issued by the supplier that do not affect the input tax credit already availed of shall not be reckoned for the purpose of assessment under this Act. As per Explanation III(ii) below Section 2 (Iii) of the Act, the amount received from companies/manufacturers through credit notes by way of discount/ incentives is only recoupment of additional sale price of the goods sold and hence will form part of the turnover of the dealer who receives such amount.

- **Four CTOs¹⁷**

Audit found that in four CTOs, five assesseees dealing in white goods did not concede in their annual return for assessment of tax receipts under the trade discount though they had accounted it in their Trading, Profit & Loss Account, for the years 2012-13, 2013-14 and 2014-15. Since these represents the amount received from the various supplying companies through credit notes and thus reduce the purchase value of the goods sold and hence were taken into account for

¹⁷ Special Circle I, Ernakulam, Special Circle, Perumbavoor, Thrissur and Thiruvananthapuram.

arriving the gross profit, this receipt will form part of the turnover of the dealer. Failure to assess the turnover resulted in non levy of tax of ₹ 22.72 crore including interest as shown in **Table – 2.23**.

Table -2.23

(₹ in crore)

Sl. No.	Name of the Office	Name of the Assessee/TIN	Year	Trade discount to be assessed	Tax due on discount received at 13.5/14.5 per cent	Total tax including interest due
1	CTO, Special Circle Thrissur	Nandilath G-Mart 32080713895	2012-13	12.22	1.65	2.24
			2013-14	14.76	2.14	2.65
			2014-15	19.72	2.86	3.20
		Nandilath Agencies 32080272052	2012-13	1.23	0.16	0.24
			2013-14	2.19	0.32	0.39
			2014-15	1.77	0.26	0.28
2	CTO, Special Circle I, Ernakulam	Bismi Appliances 32071397242	2012-13	1.64	0.22	0.31
			2013-14	6.67	0.97	1.20
			2014-15	20.41	2.96	3.31
3	CTO, Special Circle, Perumbavoor	Pittappillil Agencies 32151364222	2012-13	6.59	0.93	0.92
			2013-14	6.63	0.87	1.14
4	CTO, Special Circle, Thiruvananthapuram	QRS Retail Ltd. 32010155605	2012-13	14.65	1.68	2.30
			2013-14	15.85	1.88	2.32
			2014-15	16.73	1.95	2.22
Total						22.72

The assessing officers did not comply with the statutory provision regarding the taxability of trade discount received through credit notes. The taxability of trade discount can be ascertained only through scrutinising the debit/credit notes in each case individually. However, there is no system in the Department to scrutinise the cases in which discount is received through credit notes.

The case was pointed out by Audit to the Department between January 2016 and April 2016 and referred to Government in August 2016. In the exit meeting Government stated (August 2016) that cases would be examined individually and also that uploading of details of credit notes and debit notes in KVATIS would be examined.

2.8.3 As per Section 20(1) of KVAT Act, 2003 every registered dealer shall submit to the assessing authority periodical returns containing the transactions effected during the return period and under Rule 22(3) of KVAT Rules, 2005 every such returns shall be accompanied by a statement regarding the sale invoices issued, under Section 40A of the Act and purchase invoices received, during the period. Section 42 provides that every dealer whose total turnover in a year exceeds rupees sixty lakh shall submit copy of the audited statement of accounts in Form 13A. Section 25 of the Act stipulates that if whole or any part of the turnover has escaped assessment to

tax, the assessing authority shall proceed to determine, to the best of its judgement, the turnover which has escaped assessment to tax.

- **CTO, Special Circle I, Ernakulam**

Verification of the statement of sale invoices submitted by two dealers with that of the returns and accounts furnished by them showed that they had short accounted the total sales than the value of goods sold as per invoices raised for the years 2012-13, 2013-14 and 2014-15. The cross verification of sales invoices issued by four dealers in two assessing offices with that of the corresponding purchase invoices submitted by their purchasers showed that they short reported their sales than the accounted purchases from them by their purchasers. Audit also verified the accounted sales with the sales turnover returned and found that one dealer did not report the accounted sale fully and one dealer did not take into account the stock transferred locally in full. Non levy of tax on these escaped turnovers had resulted in short payment of tax and interest of ₹ 3.88 crore as shown in **Table – 2.24**.

Table – 2.24

(₹ in crore)

Sl. No.	Name of the Office	Name TIN of the dealer	Year	Nature of escapement	Sales turnover short reported	Short payment of tax including interest
1	CTO, Special Circle I, Ernakulam	M/s Voltas Ltd. 32070266965	2013-14	Sales reported lower than own sales invoices	0.67	0.12
		L.G. Electronics 32070227095	2013-14	Sales reported lower than own sales invoices	1.36	0.24
		L.G. Electronics 32070227095	2014-15	Sales reported lower than own sales invoices	3.00	0.49
		L.G. Electronics 32070227095	2014-15	Sales reported lower than other's purchase invoices	0.89	0.14
		Asian Paints Ltd 32070289814	2013-14	Accounted sales short reported	8.08	1.45
2	CTO, Special Circle II, Ernakulam	Samsung India 32070370702	2014-15	Sales reported lower than other's purchase invoices	0.44	0.07
		Sony India (P) Ltd. 32070372985	2014-15	Sales reported lower than other's purchase invoices	0.43	0.07
		Whirlpool India 32070387172	2014-15	Sales reported lower than other's purchase invoices	0.07	0.01
3	CTO, Special Circle, Thrissur	Nandilath G-Mart 32080713895	2012-13	Short accounting of stock used for local shifting	2.91	0.53
		Nandilath G-Mart 32080713895	2014-15	Short accounting of stock used for local shifting	4.70	0.76
Total						3.88

Though the Department issued instruction¹⁸ to meticulously examine the above aspect, the assessing authority did not comply with the instruction.

The cases were pointed out by Audit to the Department between January 2016 and April 2016 and referred to Government in August 2016. In the exit meeting (August 2016) Government stated that general instructions had already been issued to streamline the system. The reply is not acceptable since the Department is not ensuring the compliance of the instructions issued and not taking Departmental action against the delinquent officers.

2.8.4 As per Section 46(3) of KVAT Act, 2003 no person shall transport within the State any consignment of goods unless he is in possession of either a tax invoice or delivery note in Form No. 15. Section 46(3) (d) and (e) of the Act stipulates that a dealer shall issue a declaration in Form No.8F when his vessels enter the State limits, and an importer shall furnish a declaration in Form No.8FA when he imported into the State any goods through coastal cargo or through air or through the Railways.

• **Three CTOs¹⁹**

Audit cross verified the details of goods imported into the State through various Check posts, coastal cargo, air and Railways as declared vide 8F and 8FA declarations and also using delivery notes with the accounted import of the major business dealers. It was found that four dealers in three assessing offices short accounted their import than they actually imported into the State during 2013-14 and 2014-15. Short accounting of import resulted in short payment of tax of ₹ 1.14 crore including interest as detailed in **Table – 2.25**.

Table -2.25

(₹ in lakh)

Sl. No.	Name of the Office	Name/ TIN of the dealer	Year	Turnover of import short accounted	Corresponding Sales Turnover	Short payment of tax including interest
1	CTO, Special Circle I, Ernakulam	Bismi Appliances/ 32071397242	2013-14	162.00	186.00	33.50
			2014-15	118.00	135.00	21.97
		Pai International Electronics Limited/ 32070253072	2014-15	170.00	196.00	31.80
2	CTO, Special Circle I, Kozhikode	Kannankandy Sales Corporation/ 32110250332	2014-15	63.00	72.00	11.73

¹⁸ Circular 20/2015.

¹⁹ Special Circle I, Ernakulam, Special Circle I, Kozhikode and Special Circle, Perumbavoor.

Sl. No.	Name of the Office	Name/ TIN of the dealer	Year	Turnover of import short accounted	Corresponding Sales Turnover	Short payment of tax including interest
3	CTO, Special Circle, Perumbavoor	Pittappillil Agencies/ 32151364222	2013-14	71.00	82.00	14.80
Total						113.80

Though the details were available with the assessment records submitted the assessing officers did not utilise these details for creating additional demand.

The cases were pointed out by Audit to the Department between January 2016 and April 2016 and referred to Government in August 2016. In the exit meeting (August 2016) Government stated that the cases would be examined individually. Further reply has not been received (November 2016).

2.8.5 Government issued a notification²⁰ in January 2006 including a list of goods which are taxable at 12.5 per cent. The rate was enhanced to 13.5 per cent w.e.f 01 April 2012 and 14.5 per cent w.e.f 01 April 2013. Margarine is an item taxable at the rate of 14.5 per cent vide entry 64(8) of above notification.

- **CTO, Special Circle I, Ernakulam**

M/s 3F Industries Limited, Kochi, a dealer in edible oil, margarine etc., while filing annual return for 2013-14 misclassified the sales turnover of margarine as that of edible oil and self assessed to tax at one per cent. The assessing authority while completing the assessment, estimated the turnover of margarine as ₹ 32.84 crore. Audit analysed the details available in the Check post module of KVATIS and the opening and closing stock details of the assessee and found that the cost of margarine sold during 2013-14 worked out to ₹ 37.44 crore. Though all the data is available in the Department the assessing authority failed in detecting the escape of turnover of ₹ 4.60 crore from assessment. This resulted in short levy of tax and interest of ₹ 69.55 lakh.

The case was pointed out by Audit to the Department in May 2015 and referred to Government in September 2015. Government stated (January 2016) that assessment under Section 25(A) had been completed (September 2015) creating an additional demand of ₹ 84.99 lakh.

²⁰ SRO 82/2006

2.8.6. Under Entry 67 of list of 12.5 per cent taxable goods notified²¹ under KVAT Act 2003, sale of bodies built on chassis of motor vehicles attracts tax at 12.5 per cent upto 2011-12 and at 13.5 per cent during 2012-13 and at 14.5 per cent during 2013-14.

- **CTO, III Circle, Thrissur**

M/s PSN Motors, Thrissur an assessee doing the business of body building on the chassis of motor vehicles, received income towards labour charges of ₹ 1.02 crore, ₹ 1.02 crore, ₹ 1.08 crore and ₹ 89.66 lakh respectively during the years 2010-11 to 2013-14. The Honøble Supreme Court of India held²² that construction of motor bodies on chassis supplied, is a contract for sale of goods and not a contract for work and labour. Further the Court also held that labour charges received would also form part of the sales turnover and assessable to tax. Audit found that the assessee had not included the above income in the annual return for assessment of tax. This resulted in short payment of tax, cess and interest of ₹63.68 lakh.

This case was pointed out by Audit to the Department between April 2012 and March 2016 and referred to Government in May 2016. Government stated (November 2016) that assessment had been completed (June 2016) creating additional demand of ₹ 74.93 lakh and revenue recovery certificate had been issued to realise the amount. Further reply has not been received (November 2016).

2.9 Short payment of tax due to availing of excess input tax credit

Section 11(m) of KVAT Act, 2003, read with Rule 58(10)(i) of KVAT Rules, 2005, stipulates that no input tax credit shall be allowed for the purchases of goods where tax invoice in Form No.8 is not available with the dealer or there is evidence that the same has not been issued by the selling dealer.

- **CTO, II Circle, Ernakulam**

M/s Sreeragh General Finance Limited, Kochi a dealer in motor vehicles and computer products availed input tax credit of ₹ 1.55 crore during 2013-14 on the purchases of goods for ₹ 10.70 crore. Audit found from the purchase details uploaded by the assessee in KVATIS that the suppliers had not issued any invoices in favour of the assessee but were issued to end customers. Availing of input tax credit without proper invoice was not in order. The incorrect availing of input tax credit had resulted in the short payment of tax and interest of ₹ 1.80 crore.

The case was pointed out by Audit to the Department in September 2015 and referred to Government in May 2016. Government stated (November 2016) that

²¹ SRO 82/2006.

²² MC Kenzies Ltd. Vs The State of Maharashtra 16 STC 518 (SC).

assessment had been completed (July 2016) creating additional demand of ₹ 1.99 crore. Revenue Recovery Certificate had been issued for realising the demand.

2.10 Short payment of tax due to application of incorrect rate of tax

2.10.1. Bakery products including biscuits sold under brand name, registered under the Trade Marks Act, 1999 are liable to be taxed at 13.5 per cent and 14.5 per cent during 2012-13 and 2013-14 respectively, under SI No. 11 of list of goods notified²³ under KVAT Act, 2003.

- **CTO, Kundara**

M/s -Dev Snacksø Kundara a manufacturer of bakery products self assessed tax on the sales turnover of bakery products of ₹ 3.43 crore during 2012-13 at five per cent and ₹ 16.11 lakh at 2.5 per cent being sales to Canteen Stores Department (CSD). During 2013-14 they assessed tax on the sales turnover of ₹ 6.05 crore at five per cent and ₹ 36.12 lakh at 2.5 per cent being sales to CSD. Audit found that the assessee was a registered trade mark holder with brand name -Dev Snacksø for the period upto 8 December 2013. As such the turnover had to be assessed at 13.5 per cent/14.5 per cent upto that date. Application of incorrect rate of tax resulted in short payment of tax and interest of ₹ 83.27 lakh.

When the case was pointed out by Audit to the Department in December 2015, and referred to Government in May 2016, Government stated (November 2016) that assessment for 2012-13 and 2013-14 had been completed (between August and September 2016) demanding tax and interest of ₹ 68.98 lakh.

2.10.2. As per Section 25(1) of KVAT Act, 2003 where for any reason the whole or any part of turnover of business of a dealer has escaped assessment to tax in any year or has been assessed at a rate lower than the rate at which it is assessable, or where any input tax credit or special rebate has been wrongly availed of the assessing authority may, at any time within five years from the last date of the year to which the return relates, proceed to determine, to the best of its judgement, the turnover which has escaped assessment to tax or has been assessed at a rate lower than the rate at which it is assessable or input tax credit or special rebate that has been wrongly availed of and assess the tax payable on such turnover or disallow the input tax credit or special rebate wrongly availed of. Bakery shortening was not included in any of the schedules of KVAT Act, 2003. Hence Bakery shortenings are liable to be taxed at 14.5 per cent vide entry 103 of SRO 82/2006.

²³ SRO No. 82/2006 dt: 21.1.2006.

- **CTO, Special Circle II, Ernakulam**

M/s KOG-KTV Food Products (India) Pvt. Ltd, Ernakulam, a dealer in edible oil and bakery shortening, conceded in their annual return for 2009-10 to 2013-14 turnover of edible oil for ₹ 11.80 crore, ₹ 23.76 crore, ₹ 79.15 crore, ₹ 141.90 crore and ₹ 161.35 crore respectively which were assessed to tax at four *per cent* for the period upto 2011-12 and at one *per cent* thereafter. Audit found from the sales details furnished by the assessee that their turnover for the above period included turnover of bakery shortening for ₹ 4.91 crore, ₹ 7.60 crore, ₹ 9.13 crore, ₹ 10.54 crore, ₹ 10.44 crore taxable at 12.5 *per cent* upto 2011-12, 13.5 *per cent* for 2012-13 and 14.5 *per cent* for 2013-14. Application of incorrect rate of tax on bakery shortening resulted in short payment of tax, cess and interest of ₹ 6.19 crore.

This case was pointed out by Audit to the Department in January 2016 and referred to Government in May 2016. Government stated (November 2016) that assessment for the years 2009-10 to 2013-14 had been revised (June 2016) creating total additional demand of ₹ 5.85 crore and the amount had been advised for revenue recovery.

2.11 Short payment of tax due to suppression of turnover from assessment

As per Section 25(1) of KVAT Act, 2003 where for any reason the whole or any part of turnover of business of a dealer has escaped assessment of tax in any year the assessing authority may, at any time within five years from the last date of the year to which the return relates, proceed to determine, to the best of its judgement, the turnover which has escaped assessment to tax and assess the tax payable on such turnover.

- **CTO, Special Circle I, Ernakulam**

M/s Kerala State Co-operative Consumer Federation Ltd., Kochi, assessed tax on the sales turnover of VAT goods and IMFL for ₹ 582.40 crore, ₹1,026.96 crore and ₹ 1,099.74 crore respectively during 2009-10 to 2011-12. Audit found from the P&L account of the assessee that during the period their sales turnover was ₹ 889.80 crore, ₹ 1,057.34 crore and ₹ 1,194.54 crore respectively. This resulted in suppression of sales turnover of ₹ 307.40 crore, ₹ 30.38 crore and ₹ 94.80 crore for the years 2009-10, 2010-11 and 2011-12 respectively. Consequent short payment of turnover tax on IMFL amounts to ₹ 12.46 crore and short payment of tax, cess and interest on VAT goods amounts to ₹ 9.58 crore.

Such defects in self assessments are left unnoticed by the assessing authority since cent *per cent* scrutiny of returns are not prescribed/done by the assessing authority.

This case was pointed out by Audit to the Department in October 2013 and referred to Government in May 2016. Government stated (November 2016) that

assessment for 2010-11 and 2011-12 had been revised considering other defects also and created additional demand of ₹ 9.75 crore and ₹ 10.73 crore respectively. The assessee remitted ₹1.95 crore for 2010-11 and ₹ 3.16 crore for 2011-12.

- **CTO, Special Circle I, Kozhikode**

M/s KVN Impex (P) Limited, Kozhikode a dealer in chemicals, packing materials etc., conceded purchase turnover of ₹ 322.41 crore and sales turnover of ₹ 163.35 crore in their annual return for 2013-14. Audit found from the analysis of stock, purchase, sales and stock transfer that the assessee suppressed the sales turnover to the tune of ₹ 27.06 crore. This resulted in short payment of tax and interest of ₹1.56 crore.

This case was pointed out by Audit to the Department in August 2015 and referred to Government in May 2016. Government stated (November 2016) that assessment had been completed (January 2016) creating additional demand of ₹ 1.48 crore and the assessee paid ₹ 44.44 lakh.

2.12 Short payment of tax due to excess credit availed on sales return

- **CTO, IV Circle, Ernakulam**

Under Rule 10(1)(b) of the KVAT Rules 2005, all amounts allowed to purchasers in respect of goods returned by them to the dealer shall be deducted from the turnover only if goods are returned within a period of 90 days from the date of delivery of goods by the seller provided that the accounts show the date on which the goods were returned, the date on which the amount for which the refund was made or credit was allowed and the deduction is claimed during the year in which sale was effected. Under Section 41 of KVAT Act read with Rule 59, in such situation dealer effecting sale shall issue to the purchaser a credit note in Form 9 and a credit note claim shall be supported by debit note and vice versa. Under Rule 22(3) filing of statement regarding purchase return and/or sales returns along with monthly return is mandatory.

M/s Toshiba India Private Limited, Ravipuram a dealer in electronic goods availed ₹ 44.54 lakh, ₹ 8.93 lakh and ₹ 39.81 lakh as tax credit of sales return of ₹3.60 crore, ₹ 1.66 crore and ₹ 6.06 crore effected during the years 2011-12 to 2013-14 respectively. Audit found that the assessee had not produced any document to prove the claim. Availing of tax credit without mandatory documents resulted in short payment of tax, cess and interest of ₹ 1.12 crore.

This case was pointed out by Audit to the Department in July 2013 and March 2016 and referred to Government in May 2016. Government stated (November 2016) that assessment had been completed (between June 2014 and July 2016) creating additional demand of ₹ 4.50 crore. The assessee remitted ₹ 90.09 lakh and ₹ 14.74 lakh for the years 2011-12 and 2012-13 as per the stay condition. For

the year 2013-14 revenue recovery certificate had been issued for realising the amount.

2.13 Short assessment of tax due to irregular reversal of OPT

As per Explanation III(ii) below Section 2 (lii) of the KVAT Act, 2003 the dealer is entitled to deduct from his turnover the discount shown separately in the tax invoice. Further, proviso to Rule 59 stipulates that every credit note issued should have a corresponding debit note issued by the purchaser.

- **CTO Special Circle I, Ernakulam**

Audit found that during 2014-15 M/s LG Electronics had reversed his output tax of ₹ 44.92 lakh by issuing credit notes for the discount allowed to six dealers. However, the ITC availed by the six dealers were not reversed and hence had not issued the corresponding debit notes. The reversal of OPT on discount allowed resulted in short levy of tax and interest of ₹ 50 lakh.

Though it was clear from the credit notes submitted that the discounts were allowed subsequently, the assessing officers did not disallow the exemption as provided in the Act. Audit observed that the Department did not carry out a thorough review of all the assesseees who could have resorted to this kind of evasion of tax.

The case was pointed out by Audit to the Department between January 2016 and April 2016 and referred to Government in August 2016. In the exit meeting Government assured (August 2016) to examine the case and stated that instructions had been issued to the assessing officer to furnish action taken report. Further reply has not been received (November 2016).

2.14. Demo vehicles not subjected to tax

As per Section 6 of KVAT Act, 2003 every registered dealer is liable to pay tax on the sales of the goods and under Section 30(1) he may collect tax from the person to whom he sells the goods. As per Rule 12(1) of CST (R&T) Rules 1957, goods purchased inter-State using C Form are to be used only for resale or for use in manufacture. Under Section 2(e) of the Kerala Motor Vehicles Taxation Act, 1976 ‘purchase value means the value of the vehicles as shown in the purchase invoice and includes Value Added Tax, cess, Excise/ Customs duty chargeable on the vehicle, provided the discount or rebate given by the dealer to the registered owner shall not be deducted from the bill amount’.

- Two CTOs²⁴

As part of the business activity, all motor vehicle dealers, especially dealers in passenger cars are using demo vehicles, which are registered under the Regional Transport Offices (RTO) of the State. It was observed that three dealers registered their demo vehicles with the RTO submitting the inter-State purchase invoice for which only CST at reduced rate has been paid during 2013-14 and 2014-15. Goods on which only CST at reduced rate was paid can only be used for resale. However, these vehicles were plying in the State though no VAT has been paid. Hence the transfer of goods from stock to capital should be treated as sale within the State. Short levy of tax and interest in this regard worked out to ₹ 1.74 crore as detailed in **Table – 2.26**.

Table – 2.26

(₹ in crore)

Sl. No.	Name of the office	Name of the assessee/TIN	Year	Total value of Demo cars	Tax due	Total tax due including interest
1.	CTO, Special Circle III, Ernakulam	M/s Kerala Cars Private Limited, Kochi 32070465595	2014-15	0.50	0.07	0.09
2.		M/s Platino Classic Motors	2014-15	1.01	0.15	0.17
3.		India (P) Ltd 32070454749	2013-14	0.39	0.06	0.07
4.	CTO, Special Circle, Thiruvananthapuram	T.V. Sundaram Iyengar & Sons Ltd.	2013-14	2.62	0.38	0.47
5.		32010188782	2014-15	5.78	0.84	0.94
Total						1.74

Since the owner of the vehicle registered with MVD is the end customer in a VAT chain, it is important to ensure that tax was imposed on it. However the assessing officers did not comply with the provisions of the Act.

In the exit meeting (August 2016) Government stated that the dealers are circumventing the Rules and the issue would be taken up seriously.

²⁴ Special Circle III Ernakulam and Special Circle, Thiruvananthapuram

Sales Tax

2.15 Short payment of tax due to escape of turnover from assessment

Section 7 of KGST Act, 1963, as amended from July 2006, stipulates that any bar attached hotel not being a star hotel, heritage hotel or club may, at its option pay tax on the turnover of foreign liquor calculated at one hundred and forty *per cent* of the purchase value of such liquor or at one hundred and fifteen *per cent* of the highest turnover tax payable by it as conceded in the return or accounts or the turnover tax paid for any of the previous consecutive three years, whichever is higher.

- **CTO, Special Circle, Mattancherry**

The turnover tax assessment of M/s Swagath Tourist Home, Angamaly a bar attached two star hotel situated in municipal area, for the year 2009-10 was fixed at ₹ 38.81 lakh as 115 *per cent* of the turnover tax of ₹ 33.75 lakh fixed for 2008-09. The turnover tax for 2010-11, 2011-12 and 2012-13 were fixed at ₹ 44.63 lakh, ₹ 49.90 lakh and ₹ 55.99 lakh respectively based on the turnover tax for 2009-10. Audit found from the trading and profit and loss account of the assessee that the turnover tax payable for 2008-09 was ₹ 35.85 lakh being 10 *per cent* of turnover of IMFL²⁵ amounting to ₹ 3.58 crore. The non adoption of highest turnover tax payable resulted in short fixation of turnover tax for 2009-10 to 2012-13 and consequent short levy of tax, cess and interest of ₹ 16.04 lakh.

This case was pointed out by Audit to the Department in November 2014 and referred to Government in May 2016. Government stated (July 2016) that assessment of the dealer had been completed (March 2016) creating total additional demand of ₹ 15.73 lakh and the tax dues had been advised for revenue recovery proceedings. Further report has not been received (November 2016).

- **CTO, Special Circle, Mattancherry**

M/s Manjooran Bar and Restaurant, Aluva had opted to pay compounded tax for 2011-12 and 2012-13. While finalizing the turnover tax assessments for 2011-12 (January 2014) and 2012-13 (June 2014), the assessing authority fixed the turnover based on 140 *per cent* of the cost of IMFL sold amounting to ₹ 4.46 crore and ₹ 5.65 crore respectively, instead of 140 *per cent* of the purchase value of liquor amounting to ₹ 4.73 crore and ₹ 5.78 crore respectively. This resulted in the short levy of turnover tax, cess and interest of ₹ 4.98 lakh.

This case was pointed out by Audit to the Department in December 2014 and referred to Government in May 2016. Government stated (July 2016) that assessment had been completed (June 2016) creating additional demand of ₹ 4.40 lakh.

²⁵ Indian Made Foreign Liquor.

In the meeting (July 2016) Government accepted the points raised by Audit and assured to initiate Departmental action against delinquent officers and also stated that instructions had been given to assessing officers to identify similar cases and initiate action to avoid recurrence of such cases. Further reply was awaited (November 2016).

Luxury Tax

2.16 Non-levy of luxury tax from house boats

CTO (WC<), Alappuzha

Under Section 4 C of Kerala Tax on Luxuries (KTL) Act, 1976, every proprietor of a house boat rented for accommodation for residence or leisurely cruising shall get his house boat registered and renewed annually by paying prescribed fee to the authority. Any application for registration or renewal shall be made to such authority, in such manner within such period, along with registration fees of ₹ 1,000 or a renewal fee of ₹ 500 as the case may be, per boat *per annum*. Further under Section 4(2)(b) of the Act, luxury tax shall be levied and collected from house boats for charges of accommodation for residence and other amenities and services provided, excluding food and liquor, at the rate of 15 *per cent*. As per Section 5A(1) of the Act, proprietor of a house boat may apply to the assessing authority for permission to compound the tax at prescribed rates.

In CTO (WC<), Alappuzha proprietors of some house boats had failed to get the boats registered under the Act, and also not submitted any return/Accounts. Audit cross verified the registration details in Commercial Taxes Department with the database available with Kerala State Pollution Control Board and found that 289 house boats operating in Alappuzha district had not taken registration under the Act. Short levy of registration/renewal fee and luxury tax at compounded rate and interest from these house boats worked out to ₹ 4.13 crore for the period from 2009-10 to 2013-14.

The case was pointed out by Audit to the Department in January 2016 and referred to Government in May 2016. Government stated (November 2016) that out of the 289 house boats, 103 house boats had been registered and action had been proposed to assess the house boats which had not registered under KTL Act, 1976. Notices had been issued to 49 house boats.

The reply was silent about imposing luxury tax for these house boats.

2.17 Short levy of luxury tax due to escape of turnover from assessment

CTO, (WC<), Kollam

As per Section 4(1) (i) of KTL Act, 1976 luxury tax shall be levied and collected in respect of any luxury provided in a hotel. As per Section 2(ee) of the Act luxury means a commodity or service that ministers comfort or pleasure. As such audio visual charges, laundry charges etc., are exigible to luxury tax.

M/s. Quilon Hotels and Resorts Pvt. Ltd., Beach Road, Kollam had received income from audio visual charges, laundry charges, health club etc., during 2009-10 to 2011-12 in addition to room rent. However, the assessee had not included the above income in their annual return. While finalising the assessment for respective years, the assessing authority also failed to include these receipts in taxable turnover. This resulted in short levy of luxury tax with interest of ₹ 3.93 lakh.

The case was pointed out to the Department in April 2015 and referred to Government in May 2016. Government stated (June 2016) that assessment had been revised (October 2015) creating total additional demand of ₹ 5.90 lakh and the entire amount had been advised for revenue recovery. Further reply has not been received (November 2016).

Chapter III

Taxes on Vehicles

CHAPTER-III TAXES ON VEHICLES

3.1 Tax administration

The receipts from the Transport Department are regulated under the provisions of the Central and the State Motor Vehicle Acts and Rules made thereunder. The Transport Department functions under the administrative control of the Transport Commissioner. The levy and collection of tax in the State are governed by the Motor Vehicles (MV) Act, 1988, Central Motor Vehicles (CMV) Rules, 1989 and the Kerala Motor Vehicles Taxation (KMVT) Act, 1976.

3.2 Internal audit

Finance Officer attached to the office of the Transport Commissioner (TC) conducts annual audit of offices of the Deputy Transport Commissioners and Regional Transport Officers (RTOs). The Senior Superintendents attached to the office of the Deputy TC conduct internal audit of Sub RTOs and Check posts of the Department. The Internal Audit team in the office of the Transport Commissioner is comprised of two Accounts Officers and two Senior Superintendents. The internal audit function of the Deputy TC's offices in four zones is looked after by eight Senior Superintendents and eight clerks (two each in each zone). No special training has been imparted to the personnel of the Internal Audit Wing (IAW). An annual inspection programme schedule is prepared well in advance and the internal audit is being conducted as per the schedule and when an inspection is scheduled a team is constituted by deploying officials from other sections of the office due to shortage of staff in the Inspection Wing. Against the target of 71 units, 50 units were audited during 2015-16. The Department stated that the periodicity of audit of all offices is 'annual' but could not achieve the target due to lack of proper training. The Department has not prepared a separate Internal Audit Manual. During 2015-16 the Department could clear 436 paras which was only 9.83 *per cent* of the outstanding 4,436 paras during the year as against 14.45 *per cent* of clearance in 2014-15. The Department attributed the reason for low clearance of audit observations to delay in getting final rectification reports from the sub offices audited.

3.3 Results of audit

Test check of records of all the 78 offices of Motor Vehicles Department in 2015-16 relating to token tax, registration fee, permit fee, driving license fee, conductor license fee, penalties and composite fee under National Permit Scheme showed non/short levy of tax and other irregularities involving ₹ 137.32 crore in 777 cases which fall under the following categories as given in **Table – 3.1**.

Table – 3.1

(₹ in crore)

Sl. No.	Categories	Number of cases	Amount
1.	Non/short levy of tax	647	124.08
2.	Other lapses	130	13.24
	Total	777	137.32

During the course of the year, the Department accepted non/short levy of tax and other deficiencies amounting to ₹ 84.17 crore in 171 cases which were pointed out by Audit. An amount of ₹ 5.19 crore was realised in 560 cases during the year 2015-16, of which ₹ 4.86 crore in 518 cases were pointed out in earlier years.

A few illustrative audit observations involving ₹ 8.70 crore are mentioned in the following paragraphs.

3.4 Short levy of onetime tax due to incorrect adoption of purchase value

- **59 RTOs/SRTOs¹**

Section 3(1) of the KMVT Act, 1976 stipulates that in respect of new motor vehicles, onetime tax shall be levied at the rate specified in Schedule to the Act at the time of first registration of the vehicle. With effect from 1 April 2012, the rates of onetime tax leviable were six per cent, eight per cent, 10 per cent and 15 per cent of the value of vehicles having purchase value upto ₹ five lakh, more than ₹ five lakh and upto ₹ 10 lakh, more than ₹ 10 lakh and upto ₹15 lakh and more than ₹ 15 lakh respectively. Government enhanced² the rate of one time tax for vehicles having purchase value of ₹ 20 lakh and more from 15 per cent to 20 per cent of the purchase value with effect from 13 November 2014. Section 2(e) of KMVT Act, 1976 defines purchase value of the vehicle as shown in the purchase invoice. Under Finance Act, 2014 Government of Kerala clarified³ that with effect from 1 April 2007 purchase value includes value added tax, cess and customs/excise duty chargeable on vehicles provided that the discount or rebate given by the dealer to the registered owner shall not be deducted from the bill amount for computing the purchase value.

Scrutiny (between December 2014 and January 2016) of data in the purchase invoice of the vehicles newly registered and the details of tax levied in 59 RTOs/SRTOs, revealed that during the period 2013-14 and 2014-15, onetime tax was levied short in the case of 4,724 vehicles newly registered. Audit found that while registering the vehicles, the Regional Transport Officers/Joint Regional Transport officers adopted the purchase value of the vehicles in the purchase invoices but did not include VAT, cess and the rebate received. In the case of vehicles with purchase value of more than ₹ 20 lakh, the registering officers levied one time tax on these vehicles at 15 per cent on the purchase value instead of at the prescribed rate of 20 per cent. The incorrect reckoning of purchase value and application of incorrect rate of tax resulted in consequent short levy of onetime tax of ₹ 4.96 crore in 4,724 cases as given in the **Appendix XVI**.

¹ RTOs: Alappuzha, Attingal, Ernakulam, Kannur, Kasargod, Kollam, Kottayam, Kozhikode, Malappuram, Palakkad, Thiruvananthapuram, Thrissur, Wayanad
SRTOs: Alathur, Aluva, Angamaly, Chalakkudy, Changanacherry, Chengannur, Cherthala, Chittur, Guruvayoor, Irinjalakkuda, Kanhangad, Kanjirappally, Karunagappally, Kayamkulam, Kazhakoottam, Kodungalloor, Koduvally, Kottarakkara, Koyilandy, Kunnathur, Kuttanad, Mallappally, Mannarkkad, Mattancherry, Mavelikkara, Nedumangad, Neyyattinkara, Nilambur, North Paravoor, Ottapalam, Pala, Parassala, Pattambi, Perinthalmanna, Perumbavoor, Ponnani, Punalur, Ranni, Sulthan Bathery, Thalassery, Thaliparamba, Tripunithura, Tirur, Uzhavoor, Vaikom, Wadakkancherry

² Notification No. 23704/Leg D2/2014/Law dated 13 November 2014

³ Circular No. 7/14 of Transport Commissioner.

Maximum short levy of tax on vehicles were noticed in SRTO Thalassery (292 cases; ₹25.58 lakh), RTO Kannur (270 cases; ₹ 23.57 lakh) and RTO Kottayam (264 cases; ₹ 35.36 lakh).

The matter was pointed out to the Regional Transport Officers/Joint Regional Transport Officers between December 2014 and January 2016 and referred to Government (May 2016). The Government stated (July 2016) that ₹ 44.87 lakh has been realised in 454 cases.

While considering similar para in previous Audit Reports, the Committee on Public Accounts (2011-14) in its 34 Report recommended the Department to take stringent action against those officials who failed to initiate revenue recovery action. However, Audit found that no action has been taken by Department/Government in this regard. The reason for not taking revenue recovery action against the defaulters in compliance with PAC recommendation had been called for from Government (August 2016) by Deputy Accountant General with Secretary, Transport Department.

3.5 Non-imposition of fine in cases of overloaded vehicles

- 56 RTOs/SRTOs⁴

Under Section 79 of the MV Act, 1988 while issuing goods carriage permit, the authority shall mention the maximum gross vehicle weight of the vehicles used in the permit. Under Section 113 of the MV Act, 1988, no person shall drive any motor vehicle or trailer, the laden weight of which exceeds the gross vehicle weight specified in the certificate of registration. Under Section 114 of the MV Act, 1988, if on weighment, the vehicle is found to contravene any provisions of the above Section regarding weight, the authorized officers of the motor vehicle department, may by order in writing direct the driver to off load the excess weight at his own risk and not to remove the vehicle from that place until the laden weight has been reduced so that it complies with Section 113. Under Section 194 of MV Act, whoever drives a motor vehicle or causes or allows a motor vehicle to be driven in contravention to the provisions of Section 113 shall be punishable with minimum fine of ₹ 2,000 and an additional amount of ₹ 1,000 per tonne of excess load together with liability to pay charges for off loading the excess load. Under notification⁵ issued (April 2010) by Government of Kerala the offence can be compounded

⁴ RTOs: Attingal, Ernakulam, Kannur, Kasargod, Kollam, Kottayam, Kozhikode, Malappuram, Palakkad, Thiruvananthapuram, Thrissur, Vadakara, Wayanad
SRTOs: Adoor, Alathur, Aluva, Angamaly, Chalakkudy, Changanassery, Cherthala, Chittur, Guruvayoor, Irinjalakkuda, Kanhangad, Karunagappally, Kayamkulam, Kazhakkuttam, Kodungallur, Koduvally, Kothamangalam, Kottarakkara, Koyilandy, Kunnathur, Mannarkkad, Mattancherry, Mavelikkara, Muvattupuzha, Nedumangad, Neyyattinkara, Nilambur, North Paravoor, Ottappalam, Parassala, Perumbavoor, Ponnani, Punalur, Ranni, Taliparamba, Thalassery, Thiruvalla, Thodupuzha, Tripunithura, Tirur, Uzhavoor, Vandiperiyar, Wadakkancherry

⁵ SRO No. 221/2010 with effect from 1 April 2010

at the prescribed rates which is equivalent to the rate of fine mentioned above. PAC (2011-14) in its 34 Report had recommended that the Department should strictly adhere to the law and should levy the fine as specified in the Act. It also recommended to cancel the permit of those vehicles found overloaded. The Committee on Public Accounts (2014-16) in its 89 Report had recommended that Transport Department should chalk out effective measures to ensure that overloaded vehicles are levied with compounding fee at higher rate and excess weight is off loaded.

Audit scrutiny (between December 2014 and December 2015) in 56 RTOs/SRTOs revealed that, as per check reports, vehicles were found carrying weight in excess of the limit prescribed in the certificate of registration. The Motor Vehicle Inspectors/Assistant Motor Vehicle Inspectors who inspected the overloaded vehicles during 2013-15, did not offload the excess weight and allowed them to proceed after recording the offence in check reports, but without levying fine prescribed. This resulted in non-levy of fine of ₹ 1.01 crore in 1,302 cases as shown in the **Appendix XVII**.

Despite being pointed out repeatedly in Audit, the irregularity still persists. Audit found that Department/Government had not taken appropriate action in this regard. The recommendations of PAC had also not been complied with.

Non imposition of fine was noticed maximum in RTO, Thrissur with 143 cases involving ₹ 11.48 lakh.

The audit finding was referred to Government in May 2016. The Government stated (July 2016) that in 294 cases, ₹ 22.10 lakh has been realised.

3.6 Short collection of tax on contract carriages with pushback seats

- *Five RTOs/SRTOs⁶*

Section 3(1) of the Kerala Motor Vehicles Taxation (KMVT) Act, 1976 stipulates that in respect of new motor vehicles, onetime tax shall be levied at the rate specified in Schedule to the Act at the time of first registration of the vehicle. Tax at the rates specified in the Schedule to the Act shall be levied for contract carriages with push back seats with effect from 01 April 2014. Section 52 of the Motor Vehicles Act, 1988 stipulates that no owner of a motor vehicle shall so alter the vehicle that the particulars contained in the certificate of registration are at variance with those originally specified by the manufacturer. The Transport Commissioner directed⁷ that an alteration which involves change in the structure of a vehicle which results in change in its basic features cannot be effected without approval from Government of India. When a vehicle with pushback seats is to be altered with ordinary seats, it may be permitted to fit more seats according to the space available, if

⁶ RTO Ernakulam, SRTOs, Aluva, Angamaly, Mattancherry, North Paravur.

⁷ Circular No. 5/2014 dated 26.6.2014.

the alteration complies with the provisions of the act and rules and there is no revenue loss. While permitting altering in seats, Rules 267, 268, 269 and 270 of the Kerala Motor Vehicles Rules, 1989 shall be complied.

Audit of five Regional/Sub Regional Transport Offices between July 2015 and August 2015 revealed that permits were issued to 148 contract carriages with pushback seat but tax was realised at the rates prescribed for contract carriages with ordinary seats. Audit found that neither any permits for altering the seat type was issued to these contract carriages nor any physical verification of these vehicles to verify the number of pushback seats was conducted by RTOs/JRTOs resulting in application of incorrect rate of tax and consequent short collection of tax of ₹ 10.42 lakh as detailed in the **Appendix XVIII**.

Maximum number of cases were found in RTO, Ernakulam (55 cases; ₹ 4.30 lakh).

When the audit finding was referred to Government in May 2016, the Government stated (July 2016) that in 10 cases ₹ 51,140 has been realised.

3.7 Non remittance of tax for the operated period of stage carriages

- **Four RTOs⁸**

Section 3(1) of the Kerala Motor Vehicles Taxation (KMVT) Act, 1976 stipulates that a tax shall be levied on every motor vehicle used or kept for use in the State at the rate specified for such vehicle in the Schedule to the Act. Section 4 of the Act stipulates that the tax levied shall be paid in advance within such period and in such manner as may be prescribed by the registered owner for a quarter or year at his choice upon a quarterly or annual license to be taken out by him. As per Section 5 (1) of the Kerala Motor Vehicles Taxation Act, 1976 in the case of motor vehicle which is not intended to be used or kept for use during the first month or the first and second months of a quarter, or the whole of a quarter or year, as the case may be, the registered owner or the person having possession of such vehicle shall give previous intimation in writing⁹ to the Regional Transport Officer that such vehicle would not be used for such period and no tax shall be payable in respect of such vehicle for such period. As per Rule 10 (2) of the Kerala Motor Vehicles Taxation Rules, 1975 on receipt of the intimation, the Regional Transport Officer shall certify, after such verification, the non-use of the vehicle for the period for which tax is not payable, by making necessary endorsement in the certificate of registration of the vehicle. Section 12 of the KMVT Act, 1976 read with Section 13 stipulates that if the registered owner has not paid the tax within the prescribed period, he shall pay, in addition to the tax, an additional tax of such amount as specified by

⁸ RTOs : Alappuzha, Ernakulam, Kozhikode and Malappuram

⁹ Form G ó Intimation of non-use of a vehicle

the Government and any amount due shall be recoverable in the same manner as an arrear of public revenue due on land. Further, the arrears of tax shall attract interest at six *per cent per annum* from the date of default.

During Audit (between November 2014 and November 2015) of four Regional Transport Offices, scrutiny of tax collection particulars and Form G filed revealed that though periods of non-use of the stage carriages were mentioned in the Form G filed, tax was not remitted by the registered owners in respect of those periods which were not shown as non-use in the Form G. Non remittance of tax for the operated period in respect of 15 contract carriages worked out to ₹ 6.93 lakh including additional tax and interest.

Maximum number of cases was noticed in RTO, Ernakulam (6 cases; ₹ 3.63 lakh).

Audit also found that Form G filed by the registered owners were pending for want of verification prescribed in the Rules. Hence it cannot be ascertained whether the vehicles were not in use for the period claimed for exemption. Though the vehicles have valid permits, the RTOs had not initiated revenue recovery proceedings against the defaulters to realise the tax.

The audit finding was referred to Government in May 2016. The Government stated (July 2016) that in 21 cases ₹ 5.35 lakh has been realised. Further report has not been received (November 2016).

3.8 Incorrect levy of one time tax on percentage basis on reclassified vehicles

- **63 RTOs/SRTOs¹⁰**

Section 3(1) of the KMVT Act, 1976 as amended vide Finance Act, 2007 stipulates that in the case of vehicles registered on or after 1 April 2007 and reclassified as non-transport vehicles from the category of transport vehicles, one time tax shall be levied depending on the age of vehicle from the month of original registration at the rates prescribed in the Schedule.

¹⁰ **RTOs:** Alappuzha, Ernakulam, Kannur, Kasargod, Kollam, Kottayam, Kozikode, Malappuram, Palakkad, Pathanamthitta, Thiruvananthapuram, Thrissur, Vatakara, Wayanad.

SRTOs: Adoor, Aluva, Chalakkudy, Changanassery, Chengannur, Cherthala, Chittur, Guruvayoor, Irinjalakkuda, Kanhangad, Kanjirappally, Karunagappally, Kayamkulam, Kazhakkuttam, Kodungallur, Koduvally, Kothamangalam, Kottarakkara, Koyilandy, Kunnathur, Mallappally, Mananthavady, Mannarkkad, Mavelikkara, Muvattupuzha, Nedumangad, Neyyattinkara, Nilambur, North Paravur, Ottappalam, Pala, Parassala, Pattambi, Perinthalmanna, Ponnani, Punalur, Ranni, Sulthan Bathery, Thaliparamba, Thalassery, Thiruvalla, Thodupuzha, Trippunithura, Tirur, Tirurangadi, Udumbanchola, Uzhavoor, Vaikom, Wadakkancherry.

During the audit (between November 2014 and December 2015) of 63 RTOs/SRTOs, the Regional Transport Officers/Joint Regional Transport Officers short levied one time tax in 2,339 vehicles reclassified from the category of transport vehicles to the category of non-transport vehicles during the period 2013-14 and 2014-15. The vehicles included 269 three wheelers, 718 four wheelers and 1,352 multi axled vehicles, stage carriage, camper trailers etc. While registering these vehicles the Regional Transport Officers/Joint Regional Transport Officers applied incorrect percentage of one time tax due to mistake in calculation of age of vehicles resulted in incorrect levy of tax of ₹ 2.56 crore in 2,339 cases.

Audit found that maximum cases were from RTO, Malappuram (₹ 19.32 lakh in 206 cases) and SRTO Tirur (₹ 12.43 lakh in 164 cases).

Audit found that tax was calculated by the officers concerned by manually calculating the age of vehicles and thereby applying incorrect rate of tax. There was no provision of automatically generating the age of the vehicles from the SMART MOVE system and calculating percentage of tax accordingly.

The matter was pointed out to the Department between November 2014 and December 2015. The audit findings were referred to Government in May 2016. The Government stated (July 2016) that ₹ 76.43 lakh was collected in 615 cases. Further report had not been received (November 2016).

Audit found that the Government was taking action only in those cases where defects/deficiencies were being pointed by Audit, which is only a sample, though the Committee on Public Accounts (2011-14) in its 34 Report recommended the Department to take stringent action against those officials who failed to initiate revenue recovery action. As such, Government needs to put in place measures to detect all such cases in a timely manner and to make good short levy of tax.

Chapter IV
Land Revenue and Building Tax

CHAPTER-IV LAND REVENUE AND BUILDING TAX

4.1 Tax administration

The Revenue and Disaster Management (R&DM) Department is under the control of the Principal Secretary at the Government level with the Commissioner of Land Revenue as its head. The revenue collected by Department includes basic tax, building tax, lease rent and plantation tax. The Department realises arrears of public revenue under the Kerala Revenue Recovery (KRR) Act, 1968 with interest and cost of process prescribed.

4.2 Internal audit

The Internal Audit Wing (IAW) of the Land Revenue Commissionerate is supervised by the Senior Finance Officer under the control of the Commissioner of Land Revenue. The audit of *Taluk* offices, Revenue Divisional Offices and Revenue Recovery Offices, Offices of Vigilance Deputy Collectors and Central Stamp Depot are conducted in a period of two to three years. The IAW is manned by one senior superintendent, three junior superintendents and six clerks. The Department stated that the selection of offices to be audited were made on the basis of the date of audit last conducted and the files to be checked were randomly selected and no risk analysis was done before selecting an office for audit. The Department also stated that there is no regular training programme for the staff of IAW. During 2015-16, the IAW planned 24 units for internal audit which were covered during the year. During the year, the Department cleared 4,137 paragraphs out of 17,789 paragraphs which was 23.26 *per cent* of the outstanding objections. The Department stated that the poor clearance of audit observations was due to non receipt of rectification reports from the suboffices audited.

4.3 Results of audit

The records of 58 units relating to land revenue and building tax were test checked during 2015-16. Under-assessment of tax and other irregularities involving ₹ 165.60 crore were detected in 223 cases which fall under the following categories as given in **Table – 4.1**.

Table – 4.1

(₹ in crore)

Sl. No.	Categories	Number of cases	Amount
1	Performance Audit on Disaster Management in the State	1	-
2	Audit on Land governance in the State	1	146.76
3	Under assessment and loss under building tax	176	14.36
4	Under assessment and loss under other items	45	4.48
	Total	223	165.60

A Performance Audit on Disaster Management highlighting the deficiencies in the management of finance and inadmissible expenditure from State Disaster Response Fund with expenditure impact of ₹ 153.63 crore was noticed.

During the course of the year, the Department accepted under-assessments and other deficiencies involving ₹ 158.80 crore in 107 cases. An amount of ₹ 7.33 crore was realised in 205 cases during the year, of which 197 cases involving ₹ 4.91 crore pertained to 2015-16.

4.4 Performance Audit on Disaster Management in the State

Highlights

- Disaster Management Plan at State/District levels and by Local Authority were not prepared even after 10 years of enactment of the Disaster Management Act, 2005 (DM Act).

(Paragraph 4.4.6.1, Bullet 1)

- Government/ Kerala State Disaster Management Authority (KSDMA) had not met legal obligations in submission of annual reports on disaster management activities which deprived the Legislature of getting a true and full account of Disaster Management (DM) activities in the State.

(Paragraph 4.4.6.1, Bullet 2)

- Out of the 24 Village Offices test checked in Alappuzha, Kottayam, Palakkad and Thiruvananthapuram districts, Village Disaster Managements Committees (VDMCs), required to be set up to reduce the risks associated with disasters and dependency on external agencies, were not set up in the test checked village offices.

(Paragraph 4.4.6.1, Bullet 4)

- NGO Co-ordination Committees were not constituted at State/District levels.

(Paragraph 4.4.6.1, Bullet 6)

- In the test checked districts, Early warning systems were either not functioning or not installed.

(Paragraph 4.4.6.2, Bullet 2)

- State Disaster Response Force was not constituted as category wise staff strength had not been sanctioned by Government.

(Paragraph 4.4.6.2, Bullet 7)

- Provisions of National Disaster Management Authority guidelines were not included in the municipal and *panchayat buildings* Rules dealing with the construction of buildings in the State.

(Paragraph 4.4.6.2, Bullet 8)

- Preparation of budget estimated for State Disaster Response Fund was not based on estimates of District Collectors. Other *miscellaneous* relief expenditure was irregularly accounted as SDRF disbursements.

(Paragraph 4.4.6.2, Bullet 10)

- The State and District Authorities did not constitute District Disaster Response Fund and State Disaster Mitigation Fund.

(Paragraph 4.4.6.2, Bullet 12)

- In the selected districts, State Disaster Response Fund expenditure of ₹ 83.44 crore was utilised for calamities which did not conform to the definitions of disasters.

(Paragraph 4.4.6.3)

4.4.1. Introduction

Disasters disrupt the progress, destroy the developmental gains of the nation and cause immense hardships to individuals. Thus efficient management of disasters rather than merely responding to disasters has become very important. To achieve this, in December 2005, the Government of India (GoI) took a defining step by enacting the Disaster Management Act, 2005 (DM Act), to spearhead and adopt a holistic and integrated approach to Disaster Management (DM). This was a paradigm shift, from the erstwhile relief-centric response to a proactive prevention, mitigation and preparedness-driven approach for conserving developmental gains and to minimise loss of life, livelihood and property.

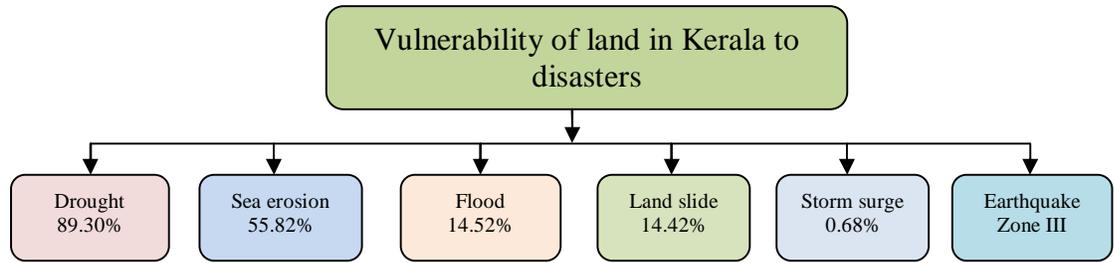
4.4.1.1 State's vulnerability to various disasters

Kerala is geographically bordered on the west by the Arabian Sea and the east by the Western Ghats. The total land area of State is 38,863 sq. km. The State has a coastline of about 580 km with an approximate breadth of 35 to 120 km. The State has a population of 3,34,06,061 (Census 2011) which translates to about 860 people/sq.km. Kerala is a multi-hazard prone State—its geography and population density favours high degree of vulnerability to various hazards.

Vulnerability of the State, as per Drought Map¹ of Kerala and Hand Book² on Disaster Prone Areas of Kerala, to various natural disasters is depicted below.

¹ Drought Map of Kerala, State Emergency Operations Centre, Government of Kerala.

² Hand Book on disaster prone areas of Kerala , Volume-1, 2014, State Emergency Operations Centre and Institute of Land and Disaster Management, Kerala under the United Nations Development Programme (UNDP) Project.



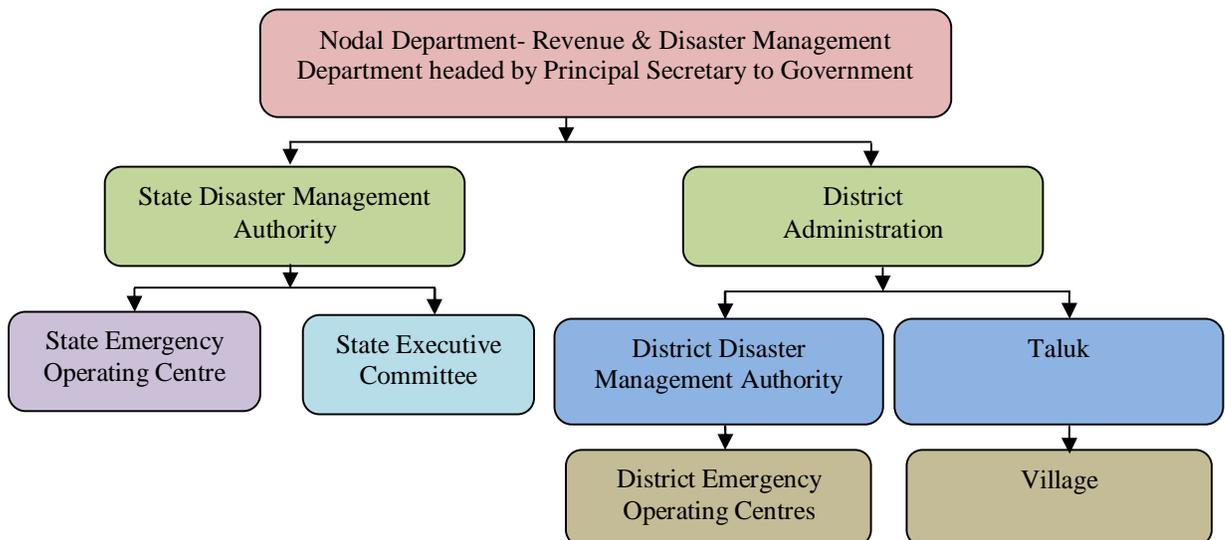
4.4.1.2 Organisational set-up

The scope of Department of Revenue had been enhanced to include prevention, mitigation and preparedness aspects of DM apart from its traditional responsibility of relief and rehabilitation and the Department renamed as Department of Revenue and Disaster Management (R&DM Department). The Department was the nodal department for DM. The Principal Secretary to Government acts as State Relief Commissioner.

As per the National Policy on Disaster Management (NPDM) of 2009 issued by Ministry of Home Affairs (MHA), at the State level, the State Disaster Management Authority (SDMA), headed by the Chief Minister, had to lay down policies and plans for DM in the State. The State Government had to constitute a State Executive Committee (SEC) to assist the KSDMA in the performance of its functions. The SEC was to be headed by the Chief Secretary to the State Government and coordinate and monitor the implementation of the National Policy, the National Plan and the State Plan.

The District Disaster Management Authority (DDMA) is headed by the District Collector. DDMA acts as the planning, coordinating and implementing body for DM at District level. It has to prepare the District Disaster Management Plan (DDMP) for the District and monitor implementation of the National Policy, the State Policy, the National Plan, the State Plan and the District Plan.

Organogram of the Administrative set up of DM in the State is given below:



4.4.2 Audit objectives

The performance audit was conducted to assess whether:

1. legislative, institutional, financial and capacity building frameworks were robust enough to address issues of disaster management.
2. measures for prevention, mitigation, and preparedness to reduce impact of disasters were adequate, efficient and effective.
3. response, relief, rehabilitation and reconstruction activities undertaken were efficient and effective.

4.4.3 Scope and methodology

The Performance Audit covered the period from 2011-12 to 2015-16 and was conducted during April to September 2016. Audit was conducted through test check of records of R&DM Department, Finance Department, District Collectorates, *Taluk* Offices, Village Offices, Local Self Government Institutions (LSGIs), Government schools, Government hospitals and State/District level nodal departments. Kerala State Disaster Management Authority (KSDMA), SEC, State Emergency Operating Centre (SEOC), Institute of Land and Disaster Management (ILDM), DDMAs and District Emergency Operating Centres (DEOCs) were also visited. All the institutions at the State level were covered and 25 *per cent* of the districts (ie four³ out of fourteen) was selected using risk based stratified random sampling method, considering proneness to disasters. The sampling procedure and selection was approved by the Nodal Statistical Officer. One stakeholders meeting was conducted on 14 March 2016 at the State level to assess the risk areas in DM. An entry conference was conducted on 13 April 2016 with R&DM Department, in which audit explained the objectives, scope and criteria for the Performance Audit. On completion of audit an exit conference was conducted on 8 November 2016 with R&DM Department and draft report was discussed in detail.

4.4.4 Audit criteria

Audit criteria is derived from the following sources.

- The Disaster Management Act, 2005 (DM Act, 2005) ;
- National Policy on Disaster Management, 2009 (NPDM, 2009) ;
- State Policy on Disaster Management, 2010 (SPDM, 2010) ;
- The Kerala State Disaster Management Rules, 2007 (KSDM Rules, 2007) ;
- District Disaster Management Plans (DDMP) ;
- Manual for Drought Management, 2009 and

³ Alappuzha, Kottayam, Palakkad and Thiruvananthapuram.

Guidelines issued by National Disaster Management Authority (NDMA) and other instructions issued by the Government of India, NDMA and State Government.

4.4.5 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation and assistance extended by R&DM Department and other administrative departments, Kerala State Disaster Management Authority, District and field level functionaries and LSGIs of selected districts during the course of Performance Audit.

Non-production of records to audit

Despite earnest efforts by the audit team and even after bringing the matter to the notice of Chief Secretary by Principal Accountant General, 252 work files on repair of damages to roads due to flood for which administrative sanction was issued for ₹ 14.79 crore to be met from SDRF was not produced by the Secretary, Thiruvananthapuram Corporation.

4.4.6 Audit findings

A typical DM continuum is comprised of six elements; the pre-disaster phase includes prevention, mitigation and preparedness, while the post-disaster phase includes response, rehabilitation, reconstruction and recovery. A legal and institutional framework binds all these elements together. The above components were evaluated and deficiencies noticed in this respect are discussed in the succeeding paragraphs.

4.4.6.1 Institutional framework and planning

DM Act provides for constitution of DMAs at State and Districts levels and formulation of DM plans at State, District, Department and LSGI levels, including measures to be taken for prevention, mitigation and response to any disaster. Audit detected a few deficiencies in this regard, which are discussed in the succeeding paragraphs.

- **Absence or Delayed preparation of DM plans**

As per Section 23 of the DM Act, State Plan shall be prepared by the SEC, which shall be approved by the SDMA. Section 40 of the Act requires that every department of the State Government should prepare a DM plan at State/District levels, which shall lay down the types of disasters to which different parts of the State are vulnerable. Section 32 of DM Act stipulates that local authorities shall prepare a DM plan and submit a copy of the plan and of any amendments thereto, to the District authority. It was noticed that though SEC⁴ was constituted in 2007,

⁴ The State Executive Committee constituted under Section 20 of the DM Act was to assist the State Authority in the performance of various functions stated in Section 22 of the Act

State Plan and DM plans of departments at State/District levels and by local authorities were not prepared as of June 2016, that is even after 10 years of the enactment of the Act. Even though SEOC had prepared a vulnerability map in the year 2014, reasons for not preparing the State/ Department /local authority plans were not on record.

As State DM plan was not prepared, the preparedness of the State to various disasters and other DM issues could not be evaluated with reference to any parameters in the plan.

Chairpersons of DMAs, who were responsible for supervising the preparation of Department/local authority plans stated (August 2016) that instructions would be issued immediately to prepare plans.

Government stated (November 2016) that the State plan had since been approved by KSDMA on 7 September 2016 and published on 15 September 2016. The departmental plans of Health & Family Welfare Department, Fire and Rescue Services, Homeopathy and Kerala Water Authority have been approved. On delay in its preparation for more than 10 years, it was stated that KSDMA became active from the year 2012 only.

Instructions may be issued by the Government to prepare the DM plan at departmental, village and local levels.

- **Non- compliance of legal obligations**

Government/KSDMA had not met the following legal obligations as of July 2016 which indicated lack of seriousness.

- **Non-submission of Annual Report:** Annual Report on DM activities which was to be presented to State Legislature under Section 70(2) of DM Act was not prepared by KSDMA and submitted to Government which was to place it before the State Legislature. This deprived the Legislature of getting a true and full account of DM activities in the State, like non-preparation of DM plans, lack of preparedness activities, inadequacies in prevention and mitigation measures, spending of SDRF etc.

such as implementation of the National and State Plan, coordination and monitoring of the National Policy, examine the vulnerability of different parts of the State to different forms of disasters and specify measures to be taken for their prevention or mitigation, laying down guidelines for preparation of disaster management plans by the State Departments and the District Authorities and monitoring of the implementation thereof, monitor the integration of measures for prevention of disasters and mitigation by the departments in their development plans and projects, evaluate the disaster preparedness at all governmental or non-governmental levels, coordinate response in the event of any disaster; promote general education, awareness and community training in regard to the forms of disasters, provide necessary technical assistance or give advice to District Authorities and local authorities and to ensure that communication systems are in order and the disaster management drills are carried out periodically etc.

- **Framing of Rules in contravention to Act:** Section 14(2) of DM Act prescribed two ex-officio members, Chief Minister as Chairperson and Chief Secretary as CEO, and a maximum of eight other members for SDMA. Violating this provision, KSDM Rules, 2007 prescribed nine ex-officio members against two.

The nomination of nine ex-officio members instead of two violated the provisions of the Act.

Government stated (November 2016) that the submission of annual report was not intentionally overlooked. The report for the year 2015-16 had already been prepared, laid before SEC and will be submitted to the legislature. Regarding the prescription of contradictory rules to accord ex-officio status to the KSDMA members it was stated that the pleasure of the Chairman was supreme as per the DM Act.

The reply was not tenable since the Act specifically prescribes only two ex-officio members and the State Government cannot frame rules in contravention to the provisions of the Act.

Government may take steps to submit the Annual Report to the legislature and appoint full time members in KSDMA.

- **Shortage/Diversion of manpower**

As per Section 29 of the DM Act, State Government shall provide the District Authority with such officers, consultants and other employees for carrying out the functions of District Authority stipulated under Section 30 of the Act.

Government converted 546 posts related to housing for DM in the state against which 197 posts only were redeployed for DM. In the selected districts of Alappuzha and Thiruvananthapuram posts of Deputy Collector (DM) were created specifically for DM activities, whereas in Kottayam and Palakkad districts Deputy Collector (DM) posts were not created. Deputy Collector (General) was given charge of DM, in addition to their original duties. Audit noticed that Government, as per orders issued in November 2009 and March 2014, gave additional duties of attending to VIP visits and housing scheme to Deputy Collector (DM) of Alappuzha and Thiruvananthapuram districts as well as to the staff of DM cells of all the selected districts.

Government stated (November 2016) that it would comply with the audit observation.

Dedicated staff may be provided for DM activities.

- **Failure to constitute Village Disaster Management Committees**

Paragraph 5.3.1 of NPDM, 2009 and 7.1.2.7 of SPDM 2010, require that village community being the first responders, Village Disaster Management Committees (VDMCs) were to be set up to reduce the risks associated with disasters and dependency on external agencies. Village Disaster Management Plan (VDMP) was also to be prepared.

Audit scrutiny revealed that out of 24⁵ village offices test checked in Alappuzha, Kottayam, Palakkad and Thiruvananthapuram districts, VDMC was not set up in any of them. It was further noticed that VDMPs also were not prepared in those villages, which would have catered to the training needs and other mitigative measures of the community. In reply, Village Officers stated that VDMCs were not constituted as they were not instructed to do so.

Failure to constitute VDMCs resulted in non preparation of VDMPs and engagement of local people in DM activities.

Government stated (November 2016) that, local plans are to be prepared at the local level such as Panchayat, Municipality and Corporation and not at the village level.

The reply is not tenable since the SEC is responsible for the implementation and monitoring of the NPDM, 2009 as per Section 22(2) (a) of the DM Act.

Instructions may be issued by the Government to set up VDMCs.

- **Delay in commencement of Civil Defence Training Institute (CDTI)**

As per paragraph 3.4.4 of NPDM, 2009 mandate of the Civil Defence would be redefined to assign an effective role in the field of disaster management. They will be deployed for community preparedness and public awareness. Under the centrally sponsored scheme for Revamping of Civil Defence, GoK had constructed a building for CDTI in 2013 utilising the grant of ₹ 1.95 crore during 2010-11 and 2011-12. As Government had not taken steps for the creation of posts and purchase of equipments, the Institute was not made functional as of July 2016. Audit further noticed that another MHA grant of ₹ 2.26 crore received by the Government in August 2014 for creation of CD set up in most vulnerable districts in the State was not provided for in the budget estimates upto 2015-16.

⁵ **Alappuzha District:** Mullackal, Aryad South, Ambalapuzha West, Cherthala South, Kadakkarapally, Pattanakkad.

Kottayam District: Kottayam, Veloor, Nattakom, Naduvila, Thalayazham, Vaikom.

Palakkad District: Ambalappara-2, Lekidiperoor-1, Ottappalam-2, Kollangod-2, Muthalamada-1, Ozhalapathy.

Thiruvananthapuram District: Vanchiyoor, Muttathara, Manacaud, Anad, Aruvikkara, Karipoor.

Due to delay in making the Civil Defence Training Institute functional and due to non-creation of CD set up in most vulnerable districts, civil defence personnel could not be trained in DM and deployed for community preparedness and public awareness.

Government stated that (November 2016) a decision was taken to activate CDTI and the matter has been entrusted to KSDMA.

Government may take steps to establish Civil Defence set up.

- **Non-coordination of NGOs in DM activities**

As per paragraph 5.3.3 of NPDM 2009, NGOs would be encouraged to empower the community and generate awareness through their respective institutional mechanisms. MHA, in October 2014, advised State Governments to constitute NGO Co-ordination Committees at State/District levels through SDMA/DDMAs.

Paragraph 1.5 of the Guidelines on NGOs issued by NDMA in September 2010, requires the DDMAs to develop a database of NGOs at all levels working on DM focusing on geographic outreach and thematic capacities of the organisations.

Audit noticed that NGO Co-ordination Committees were not constituted at State/District levels, which may lead to a non-coordinated response at the time of need that may arise out of any disaster. In reply, Member Secretary, KSDMA stated that the matter was reported to Government. In respect of DDMAs, District Collectors intimated that the Committees would be constituted at the earliest.

Government stated (November 2016) that the DM Act, 2005 does not stipulate formation of coordination committee.

The reply is not tenable since the SEC is responsible for the implementation and monitoring of the NPDM, 2009 as per section 22(2) (a) of the DM Act and the State Government is bound to implement the directions issued by the MHA.

Government may take steps to constitute NGO coordination committee.

4.4.6.2 Disaster preparedness and mitigation

Kerala is prone to various types of natural disasters described in paragraph 4.4.1.1 in addition to the various human induced disasters. The dominant climatic phenomena, the South-West (June to September) monsoon and the North-East (October to December) monsoon causes floods while the State faces scarcity of water during summer season. The R&DM Department acts as the nodal department for management of the disasters acting through the District Collectors, *Tahsildars* and Village Officers at the field level.

Natural hazards like floods, earthquakes, cyclones etc., cannot be avoided. However, impact of disasters could be minimised with adequate preparedness and

by taking preventive and mitigative measures. NPDM, 2009 emphasised the necessity for preparedness, prevention and mitigation of disasters. As State DM Plan was not prepared, disaster specific preparedness, preventive and mitigation measures were carried out in an ad-hoc manner.

Audit found the following deficiencies in this respect.

Preparedness

- **Deficiencies in the functioning of Emergency Operating Centres**

The Emergency Operating Centres (EOCs) are nerve centres of disaster preparedness, planning, early warning, emergency management, recovery management and mitigation planning.

The functioning of the SEOC and four DEOCs test checked was deficient as given below. (Details in **Appendix XIX**)

- As per paragraph 6.8 of Kerala State Disaster Management Policy, EOCs should function round the clock. But the SEOC and two DEOCs were not functioning round the clock.
- VHF radio communication systems to be used as Early Warning Systems (EWS) at the time of disaster when normal communications fail, were not functioning in the two DEOCs.
- High Frequency Ham radio set, radio receiver and portable generator were not available.
- Equipments purchased for DEOCs were used in other sections of the Collectorate.
- Training on DM and VHF operation was not imparted to DEOCs staff.
- Toll free number 1077 was not functioning/accessible to all consumers.

EOCs were not equipped to properly respond to a disaster for the above stated reasons.

In the exit meeting the Deputy Secretary stated (November 2016) that all DEOCs were working 24 x 7. The SEOC works 24 x 7 during the monsoon season (June to December) and would be functional 24 x 365 days after the completion of KSDMA Headquarters. A meeting was held with the telecom operator in July 2016 to make accessible the toll free numbers. Subsequently Government replied (November 2016) that SEOC and DEOCs are working 24 x 7, necessary instructions are issued to District Collectors not to allocate equipments meant for disaster management to other sections, instructions are issued by Government to procure items like Radio Receiver and portable generator sets.

The reply regarding functioning of SEOC is not tenable since it was not functioning 24 x 365 days. The EOCs being vital nerve centres of disaster

management activities concerned with monitoring of disaster information dissemination centres must be fully equipped and function 24 x 365 days.

- **Failure of Early Warning Systems**

As per Section 30 of DM Act, DDMA shall be responsible for setting up, maintaining, reviewing and upgrading the mechanism for early warnings and dissemination of proper information to public.

In the CAG's Audit Report of General and Social Sector of Government of Kerala for the year ended 31 March 2013, it was reported that equipment procured for ₹2.34 crore for VHF radio based communication for enforcing effective EWS installed at village offices, *taluk* offices and district collectorates were lying idle due to improper installation and non-execution of repair works within the guarantee period by the supplier. In the remedial measures taken report, Government stated that District Collectors were instructed to make the VHF systems fully functional through Police Telecommunication wing.

Of the 70 VHF systems installed in various locations in Alappuzha, Kottayam and Palakkad districts, 58 systems were not functioning as of August 2016 due to faulty accessories, non-servicing of batteries etc and in Thiruvananthapuram district, 35 sets, repaired in February 2015 were stored in Collectorate without being installed in the identified locations as detailed in **Appendix XX**.

Failure of DDMA's in repairing the essential communication system may make dissemination of proper information impossible to lower levels such as *Taluks*, Villages and thereby to vulnerable communities during a disaster. To this, District Collectors responded (August 2016) that follow up action would be intimated.

Government stated (November 2016) that VHF system was currently working upto *Taluk* level and steps were being taken to shift from analogue system to satellite system.

The reply is not acceptable as the situation had not improved even after furnishing of similar reply by Government to the Audit Report 2013.

SEOC and DEOCs may be made operational 24 x 365 with sufficient communication networks.

- **Hospital preparedness**

Paragraph 4.6 of National Disaster Management Guidelines on Medical Preparedness and Mass Casualty Management issued by NDMA, Government of India require all hospitals to have a *hazard* plan, simple to read and understand, easily adaptable with normal medical practices and flexible to tackle different levels and types of disasters.

In eight⁶ government hospitals selected for audit in Alappuzha, Kottayam, Palakkad and Thiruvananthapuram districts, various significant aspects of preparedness were lacking as shown below.

- DM plan was not prepared by any of the hospitals.
- DM training was not imparted to doctors and paramedics or covered a few only.
- Blood banks were not available or had storage facility only.
- Trauma Care Centres were not available or were combined with casualty.

Government stated (November 2016) that the Health Department had already approved Disaster Management plan. In the case of hospitals, the function was departmental and reply had to be obtained from the Health Department.

Infrastructure and DM plans may be put in place for hospital preparedness.

• School DM project

Suraksha Club^ø was a joint venture of R&DM Department and Education Department for creating awareness in school children for facing various disasters. In October 2010, Government accorded administrative sanction for setting up of Suraksha Clubs^ø in all Government/Aided Schools in the State, for a grant of ₹1.75 crore from 13 Finance Commission for capacity building in disaster response.

In eight⁷ Government schools selected for audit in Alappuzha, Kottayam, Palakkad and Thiruvananthapuram districts, Suraksha Clubs^ø were constituted in all the schools during 2010-11, out of which only one was functioning as of July 2016. By discontinuing the functioning of the clubs, the objective of making school children aware of facing various disasters was not achieved. No school had prepared DM plans also as stipulated in paragraph 9.1.1 of NDMA guidelines on Management of Earthquakes.

Head Masters of schools selected for audit stated that they had not prepared DM plans as they were not instructed to do so by the Government.

Government stated (November 2016) that the project could be sustained only through institutionalising and mainstreaming disaster risk management and continued financial support.

⁶ General Hospital Alappuzha, Taluk Hospitals Cherthala, Vaikom, Ottappalam, District Hospitals Kottayam, Palakkad, Nedumangad and District Model Hospital, Peroorkada.

⁷ Government HS for Girls, Alappuzha, Government TDJB School, Alappuzha, TKMM UPS, Vaikom, Government VHSS, Nattakom, LSN Girls High School, Ottappalam, Government UP School, Chittur, Government UP School Boys, Nedumangad and Government UP School, Chala.

Steps may be taken to create awareness of disaster among school children.

- **Use of schools as relief camps**

As per paragraph 8.2.1 of NPDM 2009, DDMAAs, especially in recurring disaster prone areas, should identify locations for setting up of temporary relief camps. The use of premises of educational institutions for setting up of relief camps needs to be discouraged.

Audit noticed that out of eight schools selected for audit in four districts, two⁸ schools were used as relief camps. Holiday was declared to the schools on the days in which the relief camps functioned.

DDMAAs had failed to identify locations other than educational institutions for relief camps as suggested in the National Policy.

Government stated (November 2016) that schools would not be allowed to operate as relief camps beyond the emergency period, except in special cases, if situation warrants.

Steps may be taken to identify buildings other than school buildings to run relief camps.

- **Low priority for awareness and preparedness**

GoK provided assistance to KSDMA under the head of account ö2053-00-800-90-34-State Disaster Management Authority (Plan)ö, to be utilised for activities included in the annual plan of KSDMA each year. All the activities related to pre-disaster measures such as conduct of mock drills, awareness campaigns, strengthening of emergency response capabilities, updation of DM plan etc. KSDMA disbursed the money to District Collectors, who were responsible for implementing the projects/activities specified.

Audit noticed that District Collectors of Alappuzha, Kottayam, Palakkad and Thiruvananthapuram received ₹ 201.32 lakh from 2011-12 to 2015-16, which was deposited in treasury, against which ₹ 75.61 lakh only was utilised (38 per cent) as detailed in **Appendix XXI**.

Due to non/partial utilisation of plan allotment by District Collectors, conduct of mock drills, awareness generation campaign, updation of DM plan and formation of VDMCs were not implemented even though included in annual plan. District Collectors, who were responsible for utilisation of the amount, stated that money would be utilised immediately for the specified activities.

Government stated (November 2016) that the matter was discussed in SEC meeting (October 2016) and orders in this regard were issued by the Government.

⁸ Government TDJB School, Alappuzha, TKMM UPS, Vaikom.

Steps may be taken to implement the annual plan and to refund the unutilised funds before close of the financial year.

- **Non-constitution of State Disaster Response Force**

As per National Policy, State Government was to constitute one battalion equivalent Force known as State Disaster Response (SDR) Force. State Government, in October 2012, issued orders constituting a 100 member SDR Force. Commandant of Rapid Response and Rescue Force (RRRF) was posted as Commandant of SDR Force. During 2013-14 and 2014-15, ₹ 1.88 crore was allotted for the purchase of equipments and training of SDR Force, from which ₹ 0.09 crore was spent and balance of ₹ 1.79 crore remained in the Treasury Savings Bank (TSB) account of the Commandant.

The following deficiencies were noticed:

- SDR Force was not in existence as of July 2016, as category wise staff strength had not been ordered and postings not made by Government.
- As an amount of ₹ 1.88 crore was sanctioned for training and purchase of equipments for SDR Force, utilisation of ₹ 0.07 crore by the Commandant for training and purchase of equipments for RRRF personnel was irregular.
- An amount of ₹ 0.02 crore paid towards remuneration of Personal Assistant to Additional Chief Secretary, Home and Vigilance Department was irregular as it was not related to the purpose specified.

Dedicated SDR Force was not available to respond to the disasters.

The Deputy Secretary stated (November 2016) that decision was taken to conduct separate recruitment for SDR Force and funds had been allotted for the training of the force by KSDMA. Government stated (November 2016) that the payment made to the personal assistant was not illegal and was made from funds available with SEC.

The reply is not tenable since the expenditure was not incurred for training and purchase of equipment.

Dedicated SDR Force may be made functional by recruiting category wise staff.

- **Failure to adopt techno-legal framework**

As per paragraph 5.2.1 of NDMA guidelines on Management of Earthquakes, all State Governments/SDMAs were to adopt the model techno-legal framework for ensuring compliance of earthquake resistant design and construction practices in all new constructions. Further, the State Governments were to update the urban

regulations by amending them to incorporate multi-hazard safety requirements by 30 June 2007. Audit noticed that the non-inclusion of provisions of NDMA guidelines in the Rules⁹ dealing with the construction of buildings in the State prevented the LSGIs from implementing the earthquake resistant design and construction practices in new constructions in the State.

Government stated (November 2016) that the steps for amendment were under progress.

- **Non-identification of buildings for retrofitting**

As per paragraph 6.4.1 of NPDM, 2009, ensuring safe construction of new buildings and retrofitting of selected lifeline buildings, as given in the Earthquake Guidelines, is a critical step to be taken towards earthquake mitigation.

Paragraph 4.1.1 of NDMA guidelines on Management of Earthquakes issued in April 2007, recommended structural safety audit and retrofitting of select critical lifeline structures and high priority buildings. The initial focus on structural safety audit and retrofitting would be on government and public buildings. The responsibility to identify and prioritise these structures would rest with State Government. Expert Technical Committee on techno-legal regime constituted by the State Government also recommended evaluation of existing lifeline¹⁰ structures for retrofitting.

Audit noticed that State Government had not identified and prioritised critical lifeline structures and high priority buildings for structural safety audit and retrofitting so far, due to which it could not be ensured whether the existing life line buildings have adequate earthquake resistant features.

Government stated (November 2016) that identification and maintenance of lifeline buildings and high priority buildings are to be done by the Public works Department as a routine activity.

The reply is not tenable since as per NDMA guidelines the responsibility to identify and prioritise the structures rests with the Government. Government has not issued any instructions in this regard.

Retrofitting of lifeline buildings in the State may be done at the earliest and necessary amendments be carried out in the regulations to incorporate multi hazard safety measures in new constructions.

⁹ Kerala Municipality Building Rules 1999 (last amended in 2013) and Kerala Panchayat Building Rules 2011 (last amended in 2014).

¹⁰ Buildings frequently used by public such as School, Hospital, Government Offices etc.

• **Financial Management**

Year wise financial data from 2011-12 to 2015-16 of disaster management activities from various sources as detailed in **Table – 4.2**.

Table – 4.2

(₹ in crore)

Expenditure						13 th Finance Commission		Response, rehabilitation, reconstruction and recovery SDRF		Total expenditure
Preparedness, prevention and mitigation										
Year	State Budget – Accounts				Total State Budget	Receipt	Expenditure	Receipt	Expenditure	
	Plan	Non Plan	Non Plan SDMF	Total Non Plan	Plan + Non Plan					
2011-12	0.84	0.23	2.00	2.23	3.07	4.00	2.55	137.63	130.65	136.27
2012-13	5.36	0.29	0.00	0.29	5.65	0.00	1.28	243.93	176.21	183.14
2013-14	3.50	0.44	0.00	0.44	3.94	0.00	3.40	258.02	292.50	299.84
2014-15	4.87	2.06	0.00	2.06	6.93	8.00	5.97	159.33	215.15	228.05
2015-16	1.50	2.57	32.50	35.07	36.57	0.00	0.00	184.75	134.12	170.69
Total	16.07	5.59	34.50	40.09	56.16	12.00	13.20*	983.66	948.63	1,017.99

Source: Finance Accounts and Appropriation Accounts of 2011-12 to 2015-16, Government of Kerala.

* includes expenditure from 2010-11 receipt also.

State Disaster Response Fund (SDRF) was created under section 48(1) (a) of the DM Act and managed by State Government. The objective of SDRF was to provide assistance by way of gratuitous relief. Under guidelines of MHA, 12 disasters¹¹ were eligible for assistance from SDRF. Lightning, coastal erosion and strong wind were declared as state-specific disasters eligible for assistance from SDRF from 1 April 2015. Quantum of SDRF for each State was fixed as per recommendations of Central Finance Commission and was shared by Central and State Governments in the ratio 75:25. Expenditure for various activities under pre-disaster phase was met from the plan and non-plan allotments provided by the State Government and from the SDRF for the post disaster phase. As per SDRF guidelines, the fund was not meant for preparedness and mitigation.

Besides, based on 13 Finance Commission (FC) recommendations, GoI sanctioned a one-time grant of ₹ 20 crore at the rate of ₹ four crore per year to GoK for the period 2010-15 for capacity building in disaster response.

¹¹ Drought, flood, cyclone, earthquake, fire, tsunami, hailstorm, landslide, avalanche, cloud burst, pest attack, frost/cold wave.

Expenditure from budget heads of accounts from 2011-12 to 2015-16 that were accounted as disbursements from SDRF is shown in **Appendix XXII**.

Audit noticed deficiencies in the management of finances and preparation of budget estimates and accounting of SDRF.

- As per paragraph 14 of Kerala Budget Manual, the budget of the State was to be based on departmental estimates submitted by the Heads of Departments and certain other estimating officers, which in turn were based on the estimates prepared by the regional/ district offices. Preparation of budget estimates by R&DM and Finance Departments was defective, as estimates were not obtained from District Collectors and was prepared merely by distributing the amount of SDRF grant receivable among the sub heads under the major head 022450.
- As per paragraph 11 of Kerala State Disaster Response Fund (KSDRF) Rules, 2010, for ensuring proper accounting of SDRF, DM department shall provide a certificate to the effect that the expenditure booked under the various heads were as per norms of MHA, before final transfer was made in accounts. Due to non-furnishing of expenditure certificate of SDRF by R&DM Department, Other Miscellaneous Relief Expenditure (OMRE) of ₹ 23.07 crore and refund of ₹ 1.50 crore under Recovery of Over-Payments (ROP) were accounted as SDRF disbursements, which reduced the fund balance by ₹ 24.57 crore.
- As per Article 40(c) of Kerala Financial Code, drawing of Government money in lump and keeping in bank/treasury account beyond the end of a financial year was against basic financial principles. *Tahsildars* of Cherthala and Chittur *Taluk* Offices drew relief assistance from treasury and deposited in Savings Bank accounts. Unspent balance of ₹ 34.53 lakh was not refunded, which inflated SDRF disbursement figures in Government accounts.
- As per Guidelines on Constitution and Administration of SDRF issued by MHA, State Governments shall constitute SDRF in the Public Account under the Reserve Fund bearing interest under the major head 08121- General and other Reserve Fund and accretions together with income earned on the investment of SDRF should be invested in instruments specified therein. Failure of State Government in investing SDRF in specified securities had resulted in loss of interest of ₹ 32.52 crore to SDRF.
- As per Article 40(c) of Kerala Financial Code, all appropriations lapse at the close of the financial year. ie money drawn from Government account could not be utilised in the next financial year without approval of Legislature. Government irregularly granted extension to

KSDMA to spend grant of ₹ two crore from 13 FC beyond the financial year.

- Guidelines for release and utilisation of grant-in-aid for capacity building for disaster relief under 13 FC, stipulated utilisation of previous instalment for the release of yearly instalments of ₹ four crore. Government lost one instalment of grant of ₹ four crore from 13 FC due to non-utilisation of previous instalments.
- State Government prescribed the KSDRF Rules, 2010 for the management of SDRF for the 13 FC period 2010-15, which ceased to exist on 31 March 2015. Rules for managing SDRF during the 14 FC period 2015-20 were not prescribed by State Government till now due to which the entire transactions carried out from 1 April 2015 was unauthorised.

In the exit conference the Deputy Secretary stated (November 2016) that detailed reply would be furnished by the Finance Department.

Government may take steps for preparation of budget after assessing requirements and efficient management of finance related to disaster management activities.

- **Mitigation**
- **Non-establishment of mitigation funds**

As per section 48 of DM Act, State Government shall, immediately after constituting the State Authority and the District Authorities, establish the following funds.

- (a) State Disaster Response Fund (SDRF)
- (b) District Disaster Response Fund (DDRF)
- (c) State Disaster Mitigation Fund (SDMF)
- (d) District Disaster Mitigation Fund (DDMF)

Audit noticed that State Government had constituted SDMF, but DDMF and DDRF were not constituted. Though SDMF was constituted, Audit found that it was in nomenclature only. SDMF was the description given to the head of account 2245-80-102-960, which meant that it was only an expenditure head lapsing on the last day of the financial year with no character of a fund.

As the mitigation funds were not created in the proper form, the funds were not available for utilisation after the lapse of the financial year for mitigation related works.

In the exit meeting the Deputy Secretary stated (November 2016) that operationalisation of National Disaster Management Fund (NDMF) was

necessary for making the SDMF a permanent fund and action would be taken to make SDMF a permanent fund. No reply was given in respect of DDRF and DDMF.

The reply that operationalisation of NDMF is a pre requisite for making SDMF a permanent fund is not tenable since as per paragraph 1.5 of the 'Guidelines for Administration of the SDMF 2012' issued by the Government of Kerala, annual contributions to the SDMF would be based on the amount allocated in the State Budget and the Government of India contributions to the fund would be remitted to the fund as and when the NDMF is constituted. Further reply was awaited.

Government may take steps to establish mitigation funds as per the prescribed procedure.

4.4.6.3 Post-Disaster Activities

As per DM Act, 'disaster' means a catastrophe, mishap, calamity or grave occurrence in any area, arising from natural or man-made causes, or by accident or negligence which results in substantial loss of life or human suffering or damage to, and destruction of, property, or damage to, or degradation of, environment, and is of such a nature or magnitude as to be beyond the coping capacity of the community of the affected area.

Government of Kerala (GoK) had declared a disaster once. i.e. drought, in January 2013, based on which relief assistance was paid for supply of drinking water, loss of agricultural inputs etc, from SDRF from January to May 2013.

SDRF guidelines stipulated relief assistance to natural disasters notified by MHA such as drought, flood, cyclone, earthquake, fire, tsunami, hailstorm, landslide, avalanche, cloud burst, pest attack and frost/cold wave. Further, as disaster was defined in the Act, for becoming eligible to be paid from SDRF, the mishap/calamity/ accident should conform to the parameters of the definition. Besides, paragraph 17 of the Guidelines on Constitution and Administration of SDRF stipulates that the provisions for mitigation should not be part of SDRF.

In the districts selected for audit, it was noticed that SDRF was utilised for events which did not conform to the definition of disaster. Isolated events without any substantial loss of life or human suffering or damage to property, routine inundation due to rain, scarcity of drinking water etc were treated as disasters and inadmissible relief paid regularly by/through District Collectors. As per paragraph 5 of Manual on Administration of SDRF and NDRF, SEC was authorised to decide on all matters relating to the financing of the relief expenditure from SDRF, in accordance with the items and norms approved by GOI. But it had not authorised payment of relief assistance for such events. Audit found that out of total expenditure of ₹ 96.31 crore incurred from 2011-12 to 2015-16 from SDRF in the four districts selected, ₹ 83.44 crore (86.63 per cent) was inadmissible, details of which are given below.

- Expenditure of ₹ 31.66 crore was incurred by District Collectors of Alappuzha, Kottayam, Palakkad and Thiruvananthapuram districts on new works and works not damaged due to any notified disaster, such as pipeline extension and/or inter connection works, re-laying of pipeline, supply and erection of pump sets, commissioning of tube wells and extension of drinking water supply schemes executed through Kerala Water Authority and Grama *Panchayats*. These works were carried out based on Government instructions every year for drought mitigation/preparedness and allotted funds from SDRF, which was inadmissible.
- Expenditure of ₹ 21.15 crore was incurred on supply of drinking water, by eight Taluk Offices¹² without declaration of drought as required in the Manual for Drought Management, 2009.
- Construction of suspension bridges (in 11 *kadavus*¹³ in Alappuzha, Kottayam and Palakkad Districts) were carried out at a cost of ₹ 8.84 crore in violation of the guidelines.
- Out of 37 LSGIs, in **Appendix XXIII**, selected for audit in Alappuzha, Kottayam, Palakkad and Thiruvananthapuram districts, 29 LSGIs utilised SDRF of ₹ 8.50 crore and carried out 224 road maintenance works. Entire expenditure was inadmissible as the works done were regular road maintenance works and not the type of works of immediate nature permitted under SDRF guidelines, like filling up of breaches and potholes. Further, payment of ₹ 6.04 crore was pending with District Collectors due to insufficient fund in respect of 142 works which were completed by 23 LSGIs.
- Payment of ₹ 7.85 crore was made towards assistance for repairs of partially damaged houses by *Tahsildars* of eight *taluks*¹⁴ in excess of the rates prescribed under the items and norms for assistance from SDRF.
- Cash payment of ₹ 1.75 crore, named as lumpsum grant, was made by *Tahsildars* of six *taluks*¹⁵ from SDRF, to 8747 families accommodated in the relief camps in June 2013, though no provision existed in SDRF norms for cash payment in addition to relief camp facilities.

¹² *Taluk Offices* Ambalapuzha and Cherthala (Alappuzha district), Vaikom and Kottayam (Kottayam district), Ottappalam and Chittur (Palakkad district), Nedumangad and Thiruvananthapuram (Thiruvananthapuram district).

¹³ *Kadavus* are landing places in river for country boats used to transport goods and people across a river.

¹⁴ *Taluk Offices* Ambalapuzha and Cherthala (Alappuzha District), Vaikom and Kottayam (Kottayam District), Ottappalam and Chittur (Palakkad District), Nedumangad and Thiruvananthapuram (Thiruvananthapuram District).

¹⁵ *Taluk Offices* Ambalapuzha and Cherthala (Alappuzha District), Vaikom and Kottayam (Kottayam District), Chittur (Palakkad District) and Thiruvananthapuram (Thiruvananthapuram District).

- Expenditure of ₹ 1.82 crore was incurred on 580 drought preparedness works such as construction of minor check dams using local materials in order to recharge the sub-surface soil, setting up of water kiosks, establishing/maintaining rain water harvesting systems etc by District Collectors of all the selected districts Alappuzha, Kottayam, Palakkad and Thiruvananthapuram. These works which were executed through *Grama Panchayats*, Municipalities, Minor Irrigation Department etc were against the SDRF guidelines that expenditure for disaster preparedness should not be part of SDRF.
- Ex-gratia payment of ₹ 90.40 lakh was made from SDRF to families of 59 deceased persons in seven *taluks*¹⁶ of the selected districts. The expenditure incurred was inadmissible under SDRF since deaths were isolated accidents occurring in different villages and there was no substantial loss of life and property to the community.
- Input subsidy of ₹ 53.87 lakh was paid to small and marginal farmers in all the selected districts of Alappuzha, Kottayam, Palakkad and Thiruvananthapuram districts, as detailed in **Appendix XXIV**, in excess of the rates prescribed in the SDRF norms. The expenditure was inadmissible as assistance above SDRF norms should be met by State Government and not from SDRF.
- District Animal Husbandry Offices in all the selected districts had paid assistance of ₹ 16.40 lakh as shown in **Appendix XXV**, to farmers who lost animals/cattle shed in calamities like lightning, fall of tree, wind and rain etc, which were calamities not eligible to be paid from SDRF.
- Expenditure of ₹ 2.40 lakh was paid to ten persons in *Taluk Office Cherthala* in Alappuzha district for repair of houses damaged by flooding due to sluice valve distraction of *Thekkeputhenkadu padasekharam*¹⁷ during August 2013. As the assistance was not related to damages caused due to a notified natural disaster, the expenditure incurred was inadmissible.
- Paddy farmers were paid both insurance for crop loss of paddy under the State Crop Insurance Scheme and SDRF of ₹ 1.96 lakh assistance by *Krishi Bhavans* under Assistant Director of Agriculture, Alappuzha and Kottayam. As the loss of the farmers was compensated by way of insurance, SDRF assistance could have been avoided.
- Deputy Director of Fisheries, Alappuzha and Thiruvananthapuram provided assistance of ₹ 20.49 lakh from SDRF to 366 fishermen for

¹⁶ *Taluk Offices Cherthala, Vaikom, Kottayam, Chittur, Ottappalam, Nedumangad and Thiruvananthapuram.*

¹⁷ *Paddy field.*

replacement of boats and nets, damaged mostly due to high waves in the sea during the months from 2011-12 to 2015-16. As high wave was not a disaster notified for assistance from SDRF, the expenditure was inadmissible.

- SDRF assistance of ₹ 0.84 lakh paid by *Tahsildar*, Ottappalam for damaged wells to 20 persons whose wells were damaged in natural calamities during 2011-12 was not admissible since the SDRF items and norms for assistance for people affected by notified natural calamities did not provide for assistance for damaged wells.
- *Taluk* Office, Cherthala had incurred expenditure of ₹ 0.75 lakh for assisting persons who were involved in a bus accident at Vagamon on February 2012 and connected relief activities. The expenditure was inadmissible since bus accident was not a notified disaster, eligible for assistance under SDRF.
- *Taluk* office Cherthala in Alappuzha district utilised ₹ 0.61 lakh from SDRF for conducting two relief camps in June 2014 for accommodating persons affected by coastal erosion. As the camps were conducted for the people affected by coastal erosion, which was not a notified disaster during 2014-15, the incurring of expenditure from SDRF by *Tahsildar*, Cherthala was irregular.

Government stated that DM Act, 2005 does not define any specific parameters for declaring an event as a disaster. The term disaster itself is relative and so are the specific words provided in the definition of disaster. Regarding the procedure to be followed for treating an event as disaster as conforming to the definition of disaster in DM Act, the procedures followed in other states will be examined and if appropriate, such procedure will be adopted.

State Disaster Relief fund should be spent as per SDRF guidelines after due authorization by State Executive Committee.

4.4.7 Conclusions

The State Government continued a relief-centric approach in DM activities rather than a pro-active prevention, mitigation and preparedness driven approach as envisaged in the DM Act. Institutional and financial frameworks were not robust enough to address the issues of DM. No guidelines existed in the State for identifying and providing relief assistance based on the parameters of the definition of disaster. SDRF was irregularly spent towards preparedness and mitigation activities and on repair and restoration not related to disasters.

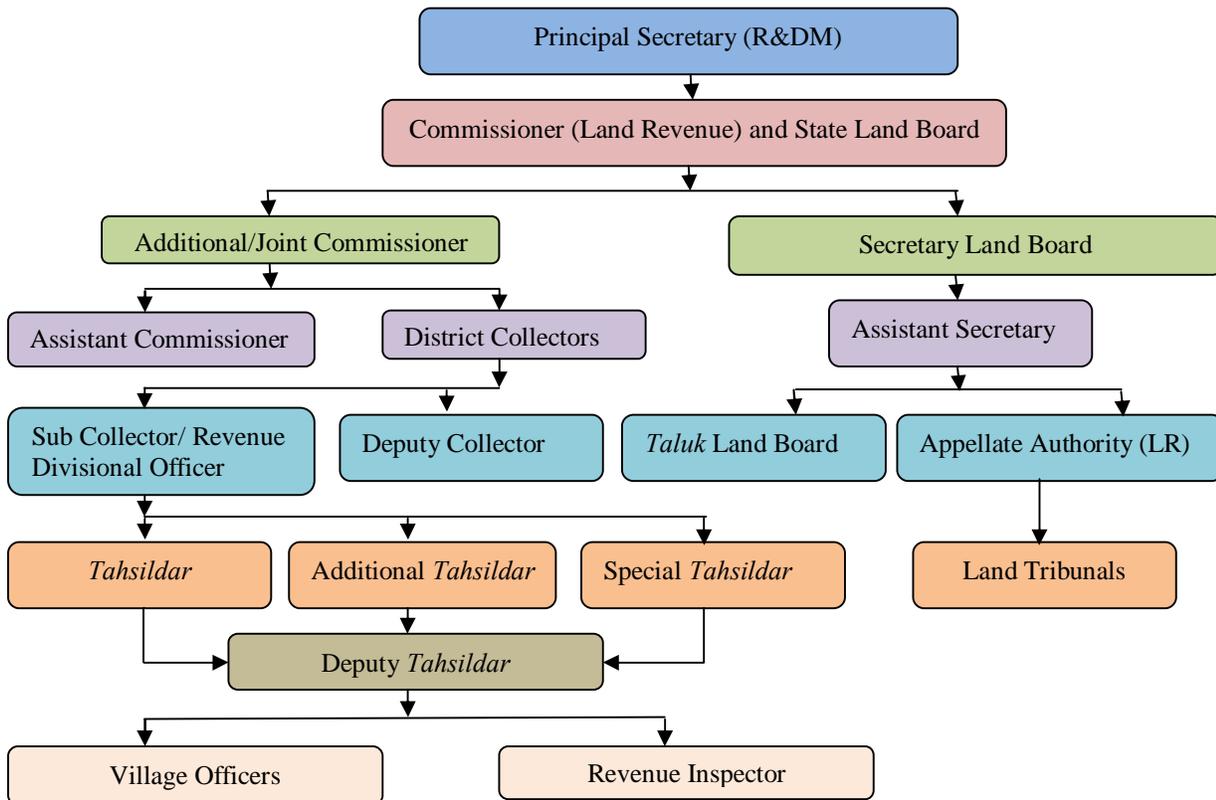
4.5 Land governance in State

4.5.1. Introduction

State Government, being custodian of land in the State is responsible for management of land fulfilling the need of individuals, communities, industry, agriculture etc. In pursuance of this, it passes the right of utilisation of land to the individuals, bodies, authorities, industries etc.

The jurisdiction of the R&DM Department extends to the 14 revenue districts of the State which were subdivided into 21 revenue divisions, 75 *taluks* and 1,635 villages. It is headed by Principal Secretary (R&DM) at the Government/ Department level. At Directorate level it is headed by Commissioner of Land Revenue assisted by Additional Commissioner/ Joint Commissioner and Assistant Commissioners at State level and field officers from district level to village level viz., District Collectors, Revenue Divisional Officers (RDOs), *Tahsildars*, Deputy *Tahsildars* and Village Officers.

The organogram of the Department is given below:



The duties assigned upto Village Assistant is given in **Appendix XXVI**.

4.5.2. Objectives and Scope

The broad objectives of Audit were to assess whether:

- ❖ mechanism for institution, detection, eviction and settlement of encroachment cases was in place, adequate and implemented efficiently and effectively
- ❖ mutation cases were disposed of efficiently and effectively
- ❖ conversion of land was accorded as per Act and Rule

The Audit was conducted between February 2016 and June 2016 covering the period from 2012-13 to 2015-16.

The scope of audit was confined mainly to the Revenue Divisional Offices, *Taluk* Offices and Village Offices. Eight¹⁸ out of 14 districts, 12¹⁹ out of 21 Revenue Divisional Offices and 24²⁰ out of 75 *taluks* were selected by simple random sampling method using IDEA for audit. Some related offices including Village Offices and Special Revenue Office at Munnar, Idukki were also visited during February 2016 to May 2016.

An entry conference was held (08 June 2016) with the Special Secretary to Government, R&DM Department and Commissioner of Land Revenue to discuss the audit plan. An Exit Conference was held on 20 July 2016 with the Additional Secretary to Government, R&DM Department and Commissioner of Land Revenue wherein the audit findings were discussed.

4.5.3. Audit findings

The cases noticed during audit are discussed below:-

4.5.3.1. Encroachment of Government land

The Kerala Land Conservancy Act (KLC Act), 1957 and the Kerala Land Conservancy Rules (KLC Rules), 1958 authorise the *Tahsildars/* Village Officers to prevent the Government land from encroachment by individuals, organisations or communities. Section 7 of KLC Act, 1957 and Rule 8 of KLC Rules, 1958 stipulate that persons unauthorisedly occupying Government land are liable to pay fine as assessed under the Act and as per Section 11(1) be summarily evicted after giving notice to remove the unauthorised construction, crops raised on the land etc.

¹⁸ Ernakulam, Idukki, Kollam, Kottayam, Malappuram, Thiruvananthapuram, Thrissur and Wayanad

¹⁹ Alappuzha, Devikulam, Fort Kochi, Idukki, Kollam, Kottayam, Mananthavady, Pala, Perinthalmanna, Thiruvananthapuram, Thrissur and Tirur.

²⁰ Aluva, Devikulam, Idukki, Thiruvananthapuram, Kanayannur, Kanjirappally, Karunagappally, Kollam, Kondotty, Kothamangalam, Kottayam, Mananthavady, Meenachil, Muvattupuzha, Nilambur, Pathanapuram, Peermade, Perinthalmanna, Thrissur, Thodupuzha, Tirur, Sulthan Bathery, Udumbenchola and Vythiri

- **Undetected encroachments of Government land**

As per the Village Manual Chapter 9 item 134, the Village Assistant should verify the boundary of Government land every three months for detection of encroachments and report to the Village Officer. Out of the cases detected by the Village Assistant, 10 *per cent* is to be checked by the Revenue Inspector and five *per cent* by the *Tahsildar*.

Audit observed that verification as per the village manual was not conducted in any of the Village Offices in selected *Taluk* Offices. None of the Village Assistants of the test checked *Taluks* had submitted such reports during the period of Audit. Neither *Tahsildar* nor the Village Officer monitored submission of such report. Register in respect of complaints of encroachments received from public were not maintained in the village offices, though some complaints were duly verified and submitted to the *Taluk* Office.

Audit randomly selected (from the Government land bank records maintained by the Commissioner of Land Revenue) 148 Government plots/ sites involving 1,030.78 ha in various survey numbers in 24 *Taluk* Offices for joint physical inspection (JPI) which were inspected by the representatives of *Tahsildar* concerned in the presence of Audit team. The JPI revealed that in 30 (20 *per cent*) cases, encroachments of 72.61 ha of Government land (valuing ₹ 65.45 crore as per fair value and when considered in market value, the value would be much higher) remained undetected as detailed in **Appendix XXVII**. Illustrative cases are discussed below:-

- Out of an extent of 11.89 ha of revenue land in Block No 85, Re-survey No. 5 in Vadakevila village, Kollam *taluk*, 10.62 ha was assigned²¹ to Secretary, Sree Narayana Trust (SN Trust), Kollam. Audit found that the SN Trust unauthorisedly occupied the balance area of 1.27 ha of land with fair value of ₹ 13.30 crore²² and erected a statue in that plot.



²¹ Vide GO (MS) 55/2006 Rev dated 23.02.2006.

²² 1.2662 ha x (Fair value ₹ 10,50,000/Are).

- The revenue land in survey Nos. 1395/1, 1395/2 in Ernakulam village, Kanayannur taluk with an extent of 0.01 ha with fair value of ₹ 57.01 lakh²³ was under the possession of Kerala Municipal Council Staff Union and one Shri. Paily, which was utilised as union office and residence respectively.



The analysis of the utilisation of land occupied unauthorisedly detected during JPI is as detailed in **Table – 4.3**.

Table – 4.3

(₹ in lakh)

Purposes for which utilised	No. of cases	Area (ha)	Value of land as per fair value
Commercial	6	5.18	3,131.33
Cultivation	4	3.64	210.10
Educational Institutions	2	2.16	371.97
Religious	6	0.08	7.52
Residential	5	57.42	1,113.96
Others	7	4.13	1,709.78
Total	30	72.61	6,544.66

(Source: Results of JPI, records of *Tahsildar* and Registration Department)

The *taluk* wise analysis of land occupied unauthorisedly which was detected during JPI is as detailed in **Table – 4.4**.

Table – 4.4

(₹ in lakh)

Name of <i>Taluk</i> Office	District	No. of cases	Area (ha)	Value of land as per fair value
Devikulam	Idukki	1	2.96	31.10
Thodupuzha		1	Not available	0.00
Peermedu		4	1.62	37.94
Udumbenchola		4	1.86	176.81
Perinthalmanna	Malappuram	1	0.05	2.93
Tirur		3	4.13	99.68
Kondotty		1	0.61	49.73
Kothamangalam	Ernakulam	9	58.80	1,690.87

²³ 0.0127 ha x (Fair value ₹ 44,88,750 per Are).

Name of Taluk Office	District	No. of cases	Area (ha)	Value of land as per fair value
Kanayannur		3	1.02	3,085.71
Aluva		1	0.05	37.50
Mananthavady	Wayanad	1	0.24	2.88
Kollam	Kollam	1	1.27	1,329.51
Total		30	72.61	6,544.66

Audit observed that non-verification of Government land resulted in non-detection of encroachment. On this being pointed out the Additional *Tahsildars* stated that report would be sought from the Village Officers concerned and action would be taken. In the exit meeting (October 2016) Special Secretary stated that one of the main reasons for lapses is non-availability of proper records of Government land. A new project would be implemented to start the resurvey of land in 2017 with modern technology.

- **Non-eviction of unauthorised occupants**

As per Section 11 (1) of the KLC Act, 1957 any person unauthorisedly occupying Government land may be summarily evicted by the Collector and any crop or other product raised on the land shall be liable to be forfeited and any building or structure erected or anything deposited thereon shall also, if not removed by him after such written notice as the Collector may deem reasonable, be liable to be forfeited.

A scrutiny of Land Conservancy Files/Registers of 22 *Taluk* Offices revealed that 1,950 land conservancy cases were booked upto March 2016 for encroachment of Government land, out of which 1,419 cases were cleared by eviction. The balance 531 cases pending for final settlement/eviction included 518 cases which were more than one year old.

Age wise analysis of encroachment cases pending as on 31 March 2016 is detailed in **Table – 4.5**.

Table – 4.5

(₹ in lakh)

Periodicity of pendency	No. of cases	Area (ha)	Value of land as per fair value
Age-wise pendency			
Less than one year	13	0.99	602.70
One year to less than two years	82	11.19	951.08
Two years to less than five years	277	59.36	3,236.62
Five years to less than 10 years	116	80.06	3,044.65
10 years to 30 years	43	4.90	264.91
Total	531	156.50	8,099.96

Audit observed that

- The commercial category included buildings/resorts constructed in two cases²⁴ involving 28.94 ha with a value of ₹ 676.75 lakh.
- One Shri. Thulaseedharan Nair encroached an extent of 0.51 ha in Thavinjal village, Mananthavady *taluk* and land conservancy case was booked in 2003. Even after 13 years no eviction was made.
- An extent of 1.22 ha of surplus land demarcated by Government for the purpose of public crematorium in Edavaka village, Mananthavady *taluk* was encroached by Shyma Sajeevan & others and land conservancy case was booked in 2003. Even after 13 years no eviction was made.

During exit meeting (October 2016) Commissioner of Land Revenue stated that notices had since been issued to all the individual cases and that in the case of category -others- action would be taken immediately.

- **Non-eviction even after the directions of High Court**

In the following cases the orders of the Honøble High Court were violated/not enforced by the Revenue Department and the land continued to be under the possession of the encroachers with un-authorized construction on it.

Sl. No.	Taluk, Village, Survey No & Extent	Particulars
1	Thodupuzha <i>Taluk</i> , Vannapuram Village, Sy. No.1478/1A & 0.50 Ha	Encroached by Sri. Kuriakose and Smt. Mary Kuriakose and leased out to two mobile companies viz. Vodafone Essar Cellular Ltd and Aircel Dishnet Wireless Limited for erecting mobile towers. The Honourable High Court of Kerala directed the RDO, Idukki vide judgment (January 2015) to pass fresh orders in accordance with law after hearing all the parties within three months but RDO took seven months for ordering (August 2015) the eviction.
2	Peermade <i>Taluk</i> , Kumily Village, Sy.No.24/1A	Encroached by individuals and other departments in an extent of 2.35 ha. The Honøble High Court in its various judgements (February 2015 & December 2015) directed the revenue authorities to take necessary steps under the KLC Act, 1957 to evict the encroachers, but no evictions were effected.
3	Devikulam <i>Taluk</i> , KDH village	Encroached by Sri. Benny in KDH village, Nallathanni Puzha, Munnar, extent of which was not ascertainable. The High Court in November 2014 ordered that encroachment should be evicted within six weeks.

²⁴ Choice Paradise in Vagamon village, Peermade *taluk* and Toll Trees Resort in Pallivalal village, Devikulam *taluk*.

Sl. No.	Taluk, Village, Survey No & Extent	Particulars
4	Devikulam Taluk, KDH village, Sy No.62/9	Encroached by Sri. Binu Pappachan in KDH village, Ikka Nagar, Munnar, extent of which was not ascertainable. The High Court in May 2015 ordered that encroachment should be evicted within four months.
5	Devikulam Taluk, KDH village, Sy No.20/1	Encroached by Sri. Issac, extent of which was not ascertainable. The High Court in December 2014 ordered for eviction. The District Collector, Idukki directed (May 2015) <i>Tahsildar</i> to take further action. But no action was taken.
6	Sulthan Bathery Taluk, Krishnagiri Village, Sy No.449/1, 5.72 Ha	Encroached by Sri. P.M. Suresh & K.V. Hasib Ahmmed. The High Court in August 2007 ordered to consider the case. No action was taken by District Collector & <i>Tahsildar</i> even after 9 years.

Audit observed that failure in carrying out High Court direction resulted in continuous encroachment of Government land for years. The District Collectors and *Tahsildars*/Additional *Tahsildar* concerned failed to monitor the evictions and were responsible for non eviction of encroachment. During exit conference the Commissioner of Land Revenue stated that time bound action would be taken on cases pointed out in Audit.

4.5.3.2. Non-eviction of encroachment on river/kayal poramboke

The State Government, by a notification issued on 29 June 1993, took control of nine²⁵ rivers from the *Panchayats* under Sub-section 82(1) of the Kerala Panchayat Act, 1960 which included Periyar River also. As such the *poramboke*²⁶ of the banks of Periyar river is under the control of the Revenue Department.

Government of Kerala, by an order²⁷ in May 2010 formed Munnar Special Revenue Office at Munnar under a Special *Tahsildar* in order to deal with land related issues as well as protection of Munnar river bank in Munnar area of Idukki District. The duty and responsibility of the office included protection of rivers, canals, trees, mountains etc., under Part III (ii) (6) of the GO cited.

²⁵ Bharathapuzha, Periyar, Chaliyar, Pamba, Kallada, Vamanapuram, Chandragiri, Karamana and Meenachil

²⁶ All unassessed land which are the property of Government which includes land such as held by right of escheat, purchase, resumption, acquisition etc.

²⁷ Vide GO No. 201/2010/RD dated 31 May 2010

Audit noticed the following encroachments in river/kayal²⁸ *poramboke* from the records maintained at the selected *taluk* offices.

- Land conservancy cases were registered on encroachment of Periyar river *poramboke* in 25 cases with an extent of 0.40 ha under survey No. 67/7 in Periyar village of Peermade *taluk* and 10 cases with an extent of 0.47 ha under survey Nos. 378, 402 in Chengamanad and Vadakkumbhagam villages of Aluva *taluk*.
- Erattupetta *Grama Panchayath* encroached and constructed a double storied building on 0.07 ha of Meenachil river *poramboke* in survey No. 95 in Meenachil village of Erattupetta *taluk*.
- Public Interest Protection Association made a complaint (June 2014) to the Honøble President of India, stating that illegal constructions of commercial buildings on the encroached land in Munnar are still continuing by various persons which was stayed (SLP 9655/2007) by the Honøble Supreme Court on 11 May 2011.
- An extent of 15.15 ha of *kayal poramboke* (Kadinamkulam *kayal*) in Kadinamkulam village, Thiruvananthapuram *taluk* was encroached by 46 persons as detailed in **Appendix XXVIII**.
- Sri. K.P. Raghavan encroached 0.56 ha of *kayal poramboke* in Survey No.1091/347 in Arattupuzha village, Karthikappally *taluk*.

The land in all the above cases are still under the custody of the encroachers. During exit conference the Commissioner stated that a project has been started for protecting Bharathapuzha riverside at Kuttippuram by planting trees. Similar steps would be taken to protect the river/*kayal poramboke*. Regarding encroachment on Kadinamkulam *kayal* and other cases Commissioner/Additional Secretary assured that a special team would be constituted to verify the encroachment and effective action would be taken to evict them.

4.5.3.3. Non-detection/eviction of encroachments even after receiving complaints in Revenue Special Office, Munnar

The Executive Engineer, Kerala State Electricity Board Limited (KSEBL) requested the revenue authorities (June 2014 and May 2015) to take urgent action for eviction on the encroachers who had constructed hotels, resorts etc. The list of encroachers was also attached with the request, as detailed in **Appendix XXIX**.

Audit observed that no action was taken on the request received. This showed laxity on the part of the revenue authorities in protecting Government land. The Special *Tahsildar* who was responsible for eviction stated that necessary action would be taken with the help of higher authorities. During exit conference (July

²⁸ Kayal means backwaters

2016) the Additional Secretary to Government assured that the case would be examined and stringent action would be taken without further delay.

4.5.3.4. Irregular possession of revenue land by other Departments

As per Government order²⁹ the transfer of Government land from one department to other shall be ordered by Government/ the Board of Revenue (now Commissioner of Land Revenue)/ District Collector depending upon the area. As per Circular³⁰ issued by the Commissioner of Land Revenue, for every transfer of Government land, approval from the Revenue Department is compulsory. It was also stated in the circular that the District Collectors should not effect transfers without approval from the Government through Revenue Department.



Based on scrutiny of land records such as basic tax register, *poramboke* register and the data of the Kerala State Land Bank, 148 plots were selected for JPI, out of these 30 cases were found undetected by revenue authorities. Out of this, seven cases related to irregular possession of other departments. These were not officially transferred to above Departments viz. District Tourism Promotion Council (DTPC)/ Education Department/KSEBL/Local Bodies and no action was taken by the Revenue Department to regain the land as detailed in **Appendix XXX**. Illustrative cases are given below:

- An extent of 2.91 ha of Bharathapuzha *poramboke* in survey No.1 in Kuttipuram village, Tirur *taluk* was under irregular possession of DTPC from 2009 where buildings, approach road, playground, shops etc. were constructed. The *Tahsildar* stated that *Taluk* Office was not aware of the activities done in Government land and the matter would be taken up with the District Collector. The reply of the *Tahsildar* is not acceptable as he being the custodian of Government land, it is his duty to protect the land from unauthorised occupation.
- An extent of two ha of revenue land under Re-Survey No.209/2 in Kuttambuzha village, Kothamangalam *taluk*, was under irregular possession of Forest Department which was leased out³¹ by that Department to KSEBL on 04 February 1980 to establish the colony for Pooyamkutty Hydro Electric Project. No action was taken by the Revenue Department to regain the land. The Additional *Tahsildar* stated that even after issuing notice, the land was not vacated and a decision to that effect is

²⁹ G O (P)498/61/Rev dated 17-5-1961 of Revenue (E) Department (Rule 1).

³⁰ No.LRK 2/18287/12 dated 8/5/2013.

³¹ Vide order No.GO (MS)36/80/AD dated 4 February 1980.

to be taken at Government level. Being the empowered person, *Tahsildar* should have been taken necessary steps.

During exit conference the Commissioner of Land Revenue/Additional Secretary to Government stated (July 2016) that report would be sought for and action taken against responsible officers.

4.5.3.5. Repeated encroachments

As per Section 10(1) & (2) and Section 11 of the Kannan Devan Hills (Resumption of Lands) Act, 1971, illegal encroachments after 21 January 1971 in the protected Government land under Section 3(1) of the Act shall be summarily evicted.

In the following cases, the encroachers repeatedly encroached the same land even after eviction by revenue authorities as detailed in **Table – 4.6**.

Table – 4.6

Sl. No.	Name/ Village/Survey No. & Extent	No. of times of encroachments
1	Sri. Manimaran/KDH/ Survey No.20/1 : 0.04 ha	Five times
2	Sri. Thillu Natarajan/KDH/ Survey No.20/1: Extent not available	Five times
3	Sri. Gunasingh/KDH/ Survey No.912 : 0.04 ha	Many times
4	Sri. Pushparaj/KDH/Survey No.20/1:0.04 ha	Many times
5	Smt. Umasalima/KDH/ Survey No. 61/16. Extent not available	Twice
6	Sri. Sivan, H/o Smt. Sreedevi, Dy. <i>Tahsildar</i> (Retd.)/KDH/ Survey No.20/1:Extent not available	Twice

Audit observed that even after eviction the encroachment happened again. The Department failed to take adequate measures for the permanent eviction of encroachers. During exit conference, the Additional Secretary to Government stated (July 2016) that a special team would be constituted to investigate the cases pointed out and other similar cases.

4.5.3.6. Eviction not effectively implemented

Audit observed that in the following cases encroachment could not be evicted effectively as detailed in **Table – 4.7**.

Table – 4.7

Sl. No.	Description	Remarks
1	<p>Government land in Survey No.1208 of Vagamon village, Peermade <i>taluk</i> was in possession by Saj Flight Services Private Limited owned by Smt. Mini Sajan Varghese who also ran a resort named Vagamon Hide Out in that land.</p>  <p>Government land under the possession of private Resort Date : 10.03.2016</p>	<p>The revenue officials intimated Audit that the resort was evicted in 2011. The action taken on eviction of encroachment and other details were not available in the file.</p> <p>During JPI on 02 March 2016, it was revealed that the resort was not under the possession of revenue authorities as the gate was locked from inside. Further verification of electricity bill also proved the consumption of electricity during the period.</p>
2	<p>An extent of 1.62 ha (4 Acre) of Government land in Survey No.730 of Vagamon village, Peermade <i>taluk</i> was encroached by Shri. Abraham, which was adjacent to his own land. The Department placed a board showing the land as Government land (in Malayalam) after demarcation of the area.</p>	<p>During JPI, it was noticed that Shri. Abraham was still using the land for cultivation and a motor pump was installed. Further he had applied (February 2013) for <i>pattayam</i> for the same piece of land.</p>

During exit conference (July 2016) the Commissioner stated that necessary action would be taken at the earliest to evict the encroachers and to conduct verification frequently.

4.5.3.7. Irregular possession of escheated land

As per Section 3 of The Kerala Escheats and Forfeitures Act 1964 (Act 4 of 1964) where a person dies intestate and without leaving legal heirs, all his property shall be escheat and shall belong to the Government. The property taken possession of shall be managed by the Government under the provisions of the KLC Act, 1957.

Illustrative cases showing escheated properties which were not taken possession of by revenue authorities are as detailed below.

- An extent of 0.20 ha of land in Re-Survey No.277/5 in Karinkunnam village, Thodupuzha taluk was owned by Sri. Michael, who died on 13 April 1985 without leaving legal heirs which was liable to be escheated. This land was encroached by Sri. Symon and a building was constructed by him.

Laxity in the part of Village Officers during the period 1985 to 2012 (27 years) resulted in non-possession of the land which was to be escheated.

- As per Section 2 (1) (ii) and Section 2 (2) of the Kerala Private Forests (Vesting and Assignment) Act 1971, any forest not owned by the

Government can be notified as vested forest. As per the said Act there was no provision to notify the Government land as vested forest.

As per the Escheat Order³² of the District Collector, Kozhikode an extent of 343.53 ha of land in Thariode village, South Wayanad *taluk* named as Bhagyalakshmi estate owned by Shri. V.N. Sundaram was escheated and taken possession of by the Village Officer on 26 July 1976. Forest Department notified (08 July 1977) an extent of 176.29 ha of the escheated land as vested forest and took possession.

Audit observed that the absence of periodical verification of Government land by the Village Officer resulted in these lapses. No action was taken by Revenue Department to regain the revenue land to an extent of 176.29 ha.

- An extent of 301.87 ha of land in survey no.519/3 and 519/4 in Kalpetta village, Wayand district known as "Wood Lands Estate" escheated to Government under the Kerala Escheats and Forfeitures Act, 1964 as per Government order³³ dated 18 June 1971. Out of the total extent, 44.07 ha was under the possession of 322 encroachers.

Audit observed that no land conservancy cases were booked under the KLC Act/Rules for encroachment.

During exit conference (July 2016) the Commissioner of Land Revenue stated that action had since been taken to take possession of the escheat land under Revenue Department.

4.5.4 Mutation of land

As per Rule 3 of Transfer of Registry (TR) Rules, 1966, *Tahsildar*/Village Officer is responsible for the receipt and disposal of application for mutation³⁴. Rule 7(2) (iv) of TR Rules, 1966 provides that when the case regarding transfer of registry involves sub division of the property an entry to that effect shall be made in the column provided for the purpose in Form A and a plotted sketch in triplicate showing the position and area of the sub division together with sub division statements in triplicate shall be forwarded to *Tahsildar* concerned.

When a property is sold or transferred from one person to another, there needs to be a change in the title ownership as well. This process of transferring the ownership in the records of the land revenue department under the new owner's name is called mutation/*Pokkuvaravu*. After the registration of the transfer deed with the sub-registrar, an application needs to be given to the respective village office. The village officer should effect the mutation in the cases involving no sub

³² No.28-677/69 (19 July 1976).

³³ Vide GO (MS) No.162/71/RD dated 18 June 1971.

³⁴ Mutation/*Pokkuvaravu* is transfer of registry of the property from one person to another .

Division of the property/Survey number and *Tahsildar* is the authorised officer to sanction Transfer of Registry in cases involving sub divisions.

4.5.4.1 Non- mutation/*pokkuvaravu* of land as per Rule

The mutation process was not done as per Act and Rules at the test checked *Taluk* offices. The process is now being carried out by assigning a provisional revenue number. When the permanent sanction is allowed the sub division numbers will be given but, no permanent sanction was allowed so far in test checked *taluks*. Only after subdivision of land and completion of re-survey the mutation can be effected as per TR Rules, 1966.

In the exit meeting Government agreed that mutation proceedings were not done in Malabar³⁵ area and for those areas where re-survey was not conducted. It was explained that a new system of *õe-pokkuvaravuö* is being introduced, so that the issue can be tackled.

4.5.4.2 Non-realisation of Government dues consequent to cancellation of un-authorised mutation of Government land.

The Government ordered to regularise and realise the difference in market value of the alienated land of 0.34 ha in survey No.1478/1A Kodikulam village, Thodupuzha *taluk* for which sanction was accorded for construction of a school by exchanging it with another landed property of 0.38 ha in same survey number by Shri P.N. Kumaran. District Collector, Idukki ordered to realise (04 January 2016) an amount of ₹ 31.86 lakh. The amount due to Government is still to be realised. The Revenue Department has not taken any revenue recovery steps to realise the dues.

On this being pointed out in Audit, the *Tahsildar* stated that time limit was not fixed in the order by District Collector and the amount would be collected before finalisation of mutation proceeding. The Additional *Tahsildar* is responsible for collection of the amount. During exit conference (July 2016) the Commissioner of Land Revenue stated that necessary action would be taken to collect the amount.

4.5.5 Illegal conversion of agricultural land/wet land

As per Section 23 of the Kerala Conservation of Paddy Land and Wet Land (KCPL&WL) Act, 2008, any person who, in violation of the provisions of the Act converts or reclaims any paddy land or wet land shall on conviction, be punishable with imprisonment for a term which may extend to two years but shall not be less than six months and with fine which may extend to rupees one lakh but shall not be less than rupees fifty thousand.

³⁵ Comprising six districts of north Kerala which was a district in erstwhile Madras province.

For monitoring the activities under the Act, there shall be a Local Level Monitoring Committee (LLMC) (Section 5), district level monitoring committee (Section 9) and State level monitoring committee (Section 8). As per Section 7 of the Act, the Agricultural Officers shall be reporting officers and it shall be their responsibility to report to the Revenue Divisional Officer regarding any act in violation of the provisions of this Act.

4.5.5.1 Non-detection of illegal conversion of agricultural land/wet land

Joint physical inspection of the following three agriculture plots under the selected RDOs conducted during the audit has shown that these plots were illegally converted and the conversions were not reported by the Agricultural Officer or detected by the Village officer:-

- An extent of 0.81 ha in survey No.940/2, 4 in Mannamkandam village/ Adimali *panchayat* under RDO, Devikulam owned by Mar Baselios College.
- An extent of 0.14 ha in survey No.996/3 in Mannamkandam village/ Adimali *panchayat* under RDO, Devikulam owned by Smt. Sindhu Rajan.
- An extent of 0.12 ha in Block No 22, Re-Survey No. 244/8, 9, 10 of Thrikkovilvattom village in Kollam *taluk* owned by Mohammed Naufal S/o Abdul Salam.

Audit observed that absence of periodical verification resulted in non-reporting of the offence in a large area which is still usable for agriculture. The RDO stated that action for re-instating of the land would be taken immediately. As per the KCPL&WL Act, the Agricultural Officer is responsible for the lapse. During exit conference (July 2016) the Commissioner of Land Revenue agreed that the Department is also responsible for protection of agricultural land.

4.5.5.2 Failure to reinstate the converted land

Audit noticed that registers to watch the complaints of illegal conversion and action taken were not maintained in 12 out of 21 Revenue Divisional Offices due to which details of total illegal cases booked, disposed and pending could not be ascertained. Further, the converted land was not re-instated even after the order/direction by RDO/ District Collector in the cases mentioned in **Appendix XXXI**.

During exit conference (July 2016) the Commissioner stated that the main reason for failure to reinstate the converted land is the non-availability of sufficient funds.

4.5.5.3. Continued illegal conversion and construction of buildings in Kumaramangalam village, RDO Idukki

The RDO ordered³⁶ (May 2011) Sri. K.M. Moosa to reinstate 0.17 ha agricultural land in Re-survey No. 330/4 of Perumbillichira in Kumaramangalam village which was converted by him. The conversion was done for construction of buildings for Al-Ashar Engineering College owned by Nurul Islam Trust. Against the



order of the RDO, Sri. Moosa filed a revision petition on 11 January 2013 before Secretary to Government, Agricultural Department. It was noticed that *Tahsildar* had reported to the RDO, Idukki that even after issuing Stop Memo the construction activities are still continuing.

Audit found that the RDO did not collect evidence of the commission of the offence and send report to the court of competent jurisdiction as provided in Section 12 of the KCPL&WL Act, 2008.

The RDO stated that necessary action would be taken immediately.

4.5.5.4 Non compliance of provisions while sanctioning conversion

Section 10 (1) of the KCPL &WL Act, 2008 stipulates that the Government may grant exemption from the provisions of this Act, if such conversion or reclamation is essential for any public purpose. But, as per Sub-section (2) of Section 10, no exemption under sub-section (1) shall be granted by the Government, unless the Local Level Monitoring Committee (LLMC) has recommended the conversion or reclamation and the Government are satisfied on the basis of the report submitted by the State Level Committee, that no alternate land is available and such conversion or reclamation shall not adversely affect the cultivation of paddy in the adjoining paddy land and also the ecological conditions in that area. As per Section 2(xiv) of the Act, "Public purpose" means purposes for the schemes undertaken or financed by the Centre-State Governments, Government-Quasi-Government Institutions, Local Self Government Institutions, Statutory Bodies and other schemes, as may be specified by the Government, from time to time.

Audit noticed that the provisions of Act were not complied with while according sanction for conversion in the following cases as detailed in **Table – 4.8**.

³⁶ Vide his Proceedings No. B3-1897/10/K.Dis dated 06 May 2011.

Table – 4.8

Sl. No.	Irregularities noticed	Reply
1	Sanction was accorded by the Principal Secretary, Revenue on 06 May 2015 to acquire the private agricultural land for establishing Harippad Medical College, Alappuzha. The sanction was accorded by the Additional Chief Secretary, Chief Secretary and Chief Minister, without fulfilling the provisions contained in Section 10 (2) of KCPL &WL Act, 2008.	On this being pointed out (September 2016) in Audit, Government stated (October 2016) that details/replies would be furnished without delay.
2	The Government accorded ³⁷ sanction for conversion of paddy land at the suburban of Kottayam town for Kottayam Corridor project. The sanction was accorded by the Additional Chief Secretary, Chief Secretary and Chief Minister, without fulfilling the provisions contained in Section 10 (2) of KCPL & WL Act, 2008; by the Principal Secretary (22 September 2015), Revenue Minister (23 September 2015) and Chief Minister (27 September 2015). The note was submitted before the Cabinet as Item No 7555 and it was approved by the Chief Minister on 07 October 2015.	In the exit meeting (July 2016) Government stated that the case would be examined. Further reply was awaited. (November 2016).
3	The Government accorded ³⁸ sanction for conversion of paddy land in Nattakom Village of Kottayam <i>taluk</i> for Kodimatha Mobility Hub project. The details of the provisions contained in Section 10 (2) of the KCPL &WL Act, 2008 was explained in the office note which was signed by the Principal Secretary (8 January 2016), Chief Secretary (12 January 2016) and Revenue Minister (13 January 2016). The proposal was put up as item No.8104 before the Cabinet and approved by the Chief Minister on 20 January 2016 without fulfilling the provisions of the Act.	Government stated (November 2016) that the cabinet decision on the case was placed before the cabinet sub-committee. Further course of action on the case would be taken based on the decision of the cabinet sub-committee.
4	The Government accorded ³⁹ sanction for conversion of land for the project at Methran Kayal paddy fields to the Kumarakam Echo Tourism Village Project of Rekindo Developers Private Limited. giving exemption from the provisions of the Act. The sanction for conversion of land for the project Medi City at Kadamakkudy <i>panchayat</i> was issued without obtaining the approval by the Agricultural Production Commissioner, being the Chairman of the State Level Monitoring Committee.	Sanctions were cancelled in March 2016.

The cases mentioned above depicts that the Government bypassed all prescribed procedures for the conversion of paddy and wet land.

³⁷ GO (Ord.) No.5925/15/Rev dated 13 November 2015.

³⁸ GO No. 651/16/Revenue dated 29 January 2016.

³⁹ GO MS No.198/2016/Rev dated 01 March 2016.

4.5.6 Conclusion

Though a procedure was prescribed in the Department for the periodical verification of Government land, it was not carried out by the officials for timely detection and eviction of encroachments. The RDOs/Collectors were not monitoring the eviction of encroachments effectively. The system existing in the Department for detection of escheat land and implementation of escheat procedures/taking possession of escheat land was inadequate. Implementation/monitoring of mutation procedure prescribed in the TR Rules, 1966 was not effective. There was no system in the Department for timely detection of illegal conversion of agricultural/wet land and to reinstate the illegally converted agricultural land/wet land.

A few illustrative cases involving ₹ 9.45 crore are given in the following paragraphs.

4.6 Non-assessment of building tax

As per Section 5(1) of the Kerala Building Tax Act (KBT Act), 1975, building tax shall be charged on every building the construction of which is completed on or after 10 February 1992 based on the plinth area of the buildings at the rates prescribed. Section 7(1) of the KBT Act, 1975 stipulates that the owner of every building the construction of which is completed or to which major repair or improvement is made on or after 10 February 1992 shall furnish to the assessing authority a return in the prescribed form along with a copy of the plan approved by the local authority or such other authorities as may be specified by the Government in this behalf. As per Rule 3 of the Kerala Building Tax (Plinth Area) Rules, 1992 every Village Officer shall transmit to the assessing authority, within five days of the expiry of each month, a monthly list of buildings liable to assessment, together with extracts from building application register of the local authority within whose area the buildings included in the list are situated. As per Section 7(3) of the KBT Act, 1975 if the assessing authority is of opinion that any person is liable to furnish a return under sub-section (1), it may serve a notice upon that person requiring him to furnish within such period a return in the prescribed form. If any person fails to make a return in response to any notice issued under sub-section 3 of Section 7, the assessing authority shall assess the amount payable by the person as building tax to the best of its judgement.

4.6.1 Cases which were not reported by Village Officers

- 21 Taluk offices⁴⁰

Audit collected the details of buildings completed from the local authorities which were cross-verified with the building tax assessment registers, booking registers and collection registers of Taluk offices. Audit found that in 21 out of 33 Taluk Offices, 671 buildings⁴¹ completed/assessed by local authority between April 2010 and March 2015 in 57 villages were not reported by Village Officers to the assessing authorities for assessment of building tax. The root cause for non identification of new buildings completed was non-filing of return by the building owners to the Taluk Office and failure of Village officers to forward the monthly list of completed buildings to Tahsildars. Though a penalty clause had been envisaged in the Act, this was not being enforced. This resulted in non-assessment of buildings by the Tahsildars and consequent non-levy of tax of ₹ 2.98 crore as shown in **Appendix XXXII**.

Audit found that Taluk Offices, Ottappalam (192 cases; ₹ 32.67 lakh) and Kochi (83 cases; ₹ 7.15 lakh) have maximum number of cases of non levy of building tax where the village officers had not reported the buildings for assessment.

An analysis of the details revealed that the major cases of non-reporting of buildings by Village officers were in the category -Other Buildingsø which included hospital, auditorium, showroom and service centre etc., as detailed in **Table – 4.9**.

Table – 4.9

Sl. No.	Name of Office	Name of Owner/Building	Plinth area (sq.m)	Building Tax not levied (₹ in lakh)
1	Taluk Office, Ottappalam	Smt. V.R.Sudha, Harisree Square	3,059.41	10.44
2		Musthafa Haji, Royal Auditorium	2,755.07	4.69
3		Nehru Group of Institutions	1,839.26	6.05
4	Taluk Office, Kannur	Rashida Mustapha	4,325.43	7.52
5	Taluk Office, Thalappally	William Varghese, BRD Car World Ltd	2,584.68	2.19
6		William Varghese, BRD Ape Showroom and Service Centre	1,163.84	1.82

⁴⁰ Alathur, Changanassery, Chavakkad, Kannur, Kochi, Kothamangalam, Kunnathunadu, Mavelikkara, Neyyattinkara, Nilambur, North Paravur, Ottappalam, Perinthalmanna, Ponnani, Ranni, Thalappilly, Thalassery, Thiruvananthapuram, Thodupuzha, Vatakara and Vythiri.

⁴¹ Including one building completed during 2004-05.

7	Taluk Office, Ponnani	Moideen Kutty	2,102.75	3.51
8	Taluk Office, Mavelikkara	Raju, Hospital	1,304.79	2.08

The Audit findings were referred to Government in April 2016. The Government stated (October 2016) that ₹ 7.99 lakh has been realised and an amount of ₹ 17.89 lakh could not be collected due to pending appeal /Court cases. It was also stated that directions have been given to all District Collectors concerned to realise the balance tax amount.

4.6.2 Cases which were reported by Village Officers

- **24 Taluk Offices⁴²**

Audit cross-verified the building tax assessment registers of 34 *Taluk* Offices with the booking registers and collection registers of village offices and found that in 24 *Taluk* Offices, 1,884 buildings in 245 villages were reported by Village Officers during 2012-2015 (including a building in 2000) to the *Tahsildars* for assessment. But the *Tahsildars* did not levy and assess tax on these 1,884 buildings, the completion of which were reported by the Village Officers, resulting in non-levy of building tax amounting to ₹ 4.92 crore (**Appendix XXXIII**).

Maximum number of cases of non-assessment by *Tahsildars* was found in *Taluk* Office, Vatakara (547 cases; ₹ 58.85 lakh) and *Taluk* Office, Kunnathunad (278 cases; ₹ 16.64 lakh). In the case⁴³ reported by Village Officer in 2000, though a verification report was furnished by the Special Squad Officer to the *Tahsildar* in 2010, the *Tahsildar* did not assess the building and levy the building tax of ₹ 2.02 crore.

Audit noticed that the inaction on the part of the *Tahsildars* had affected the revenue and Government was taking action only after these defects/deficiencies were being pointed by Audit.

The Audit findings were referred to Department between March 2015 and February 2016 and to Government in April 2016. The Government stated (October 2016) that ₹ 94.64 lakh was realised in 740 cases, ₹ 2.10 crore was pending due to appeal/Court cases and an amount of ₹ 5,400 was exempted from payment. It was also stated that strict directions have been given to all the District Collectors concerned to collect the balance amount.

⁴² Alathur, Changanassery, Chittoor, Kanayannur, Kanjirappally, Kannur, Kochi, Kothamangalam, Koyilandy, Kunnathunad, Mavelikkara, Meenachil, Nilambur, North Paravur, Ottappalam, Perinthalmanna, Ponnani, Ranni, Thalappilly, Thalassery, Thodupuzha, Vatakara, Vaikom, Vythiri.

⁴³ Taluk Office, Kanayannur ó Amrita Institute of Medical Sciences- Plinth area- 89,988.90 sq.m- Building tax leviable ó ₹ 2.02 crore

4.7 Non-assessment of extended area of commercial buildings to tax

- **Eight Taluk Offices⁴⁴**

As per Section 5(4) of the Kerala Building Tax Act 1975, where the plinth area of the building, the construction of which is completed after 10 February 1992 is subsequently increased by new extensions or major repair or improvement, building tax shall be computed on the plinth area of the building including that of the new extension or repair or improvement and credit shall be given to the tax already levied and collected, if any, in respect of the buildings before such extension or repair or improvement. Section 7 (1) further stipulate that the owner of every building the construction of which was completed, or to which major repair or improvement is made on or after 10 February 1992 shall furnish to the authority a return in the prescribed form within the prescribed period along with a copy of the plan approved by the local authority or such authorities as may be specified by the Government in this behalf and verified in the prescribed manner and containing such particulars as may be prescribed. As per Rule 3 of the Kerala Building Tax (Plinth Area) Rules, 1992 every Village Officer shall transmit to the assessing authority, within five days of the expiry of each month, a monthly list of buildings liable to assessment, together with extracts from building application register of the local authority within whose area the buildings included in the list are situated.

Audit test checked 33 Taluk Offices and cross verified the building tax assessment details maintained in those Taluk Offices with the property tax register in the local bodies and found that in eight offices the assessee extended the areas of the buildings by subsequent addition or improvement in 13 cases. The buildings were originally assessed between 2008 and 2014. Audit noticed that neither the assessee filed the returns on extension of buildings, nor the Village Officers reported the extended portions for assessment as prescribed in the Act. The non-assessment of the extended portion of buildings resulted in non-levy of building tax of ₹ 22.95 lakh as given in **Appendix XXXIV**.

The audit findings were referred to the Government in April and June 2016. The Government stated (October 2016) that an amount of ₹ 2.97 lakh has been realised and strict directions have been given to all the District Collectors concerned to realise the balance tax amount.

⁴⁴ Kannur, Kothamangalam, Ponnani, Thalappilly, Thalassery, Thaliparamba, Thodupuzha, Vythiri

4.8 Non-levy/short realisation of luxury tax

(24 Taluk offices⁴⁵)

As per Section 5A of the Kerala Building Tax Act, 1975, a luxury tax is leviable at the rate of ₹ 2,000 *per annum* on all residential buildings completed on or after 1 April 1999, having a plinth area of 278.7 square metres or more. The rate was revised to ₹ 4,000 *per annum* from 1 April 2014. As per the Act, luxury tax is to be paid in advance on or before 31 March every year. As per Section 19 of the Act, in case of default, such amount shall be recoverable under the law relating to the recovery of arrears of public revenue due on land. Further, the arrears of tax shall attract interest at six *per cent per annum* from the date of default. As per Rule 13A of Kerala Building Tax (PA) Rules a register showing the details of residential buildings coming under assessment of luxury tax with particulars of remittance shall be maintained by the *Tahsildars* and Village Officers in Form D.

As per the luxury tax assessment records maintained in 24 Taluk offices, the assessee either did not pay luxury tax or paid the tax partially during the period 1999-2000 to 2015-16 in 3,857 cases. Audit found that the building owners had not paid the luxury tax in advance and the assessing officers were not reviewing the register containing details of residential buildings maintained for watching the remittance of luxury tax to ensure that luxury tax due was paid by the owners of buildings regularly. The absence of such a review led to the failure of *Tahsildars* concerned to take action under Section 19 which resulted in non-realisation of luxury tax and interest amounting to ₹ 1.34 crore as shown in Appendix XXXV.

Audit observed that maximum cases of non levy of luxury tax were in Taluk Office, Kannur (274 cases- ₹ 14.18 lakh) and those of short levy in Taluk Office, Nilambur (431 cases ó ₹ 8.62 lakh).

All buildings which escaped from assessment of luxury tax can be identified and assessment completed by taking details of completed buildings from local bodies concerned and cross verifying the same with the details available in the Taluk offices. Audit found that the *Tahsildars* in the Taluk Offices are not effectively following such a system to make good the non/short collection of tax.

The audit findings were referred to the Department between February 2015 and February 2016 and to the Government in April 2016. Government stated (October

⁴⁵ Alathur, Changanassery, Chavakkad, Chittur, Kannur, Karthikappally, Kothamangalam, Koyilandy, Meenachil, Muvattupuzha, Neyyattinkara, Nilambur, Ottappalam, Perinthalmanna, Ponnani, Ranni, Thalappilly, Thalassery, Thaliparamba, Thiruvananthapuram, Thodupuzha, Vadakara, Vaikom, Vythiri

2016) that short collection was only ₹ 62.40 lakh in 1,619 cases, of which ₹ 35.76 lakh has been realised in 1,363 cases so far and an amount of ₹ 74,000 was exempted from payment in 12 cases and an amount of ₹ 18,000 was pending in six appeal/Court cases. It was also stated that strict directions have been given to all District Collectors concerned to realise the balance amount.

Audit points out the above observations regularly. Still Government has not evolved an effective system to detect such cases and make good the non collection of tax.

Chapter V

Other Tax Receipts

CHAPTER-V OTHER TAX RECEIPTS

A- STATE EXCISE

5.1 Tax administration

The Additional Chief Secretary to the Government (Taxes) is the administrative head of the Excise Department at Government level. The Department is headed by the Excise Commissioner (EC). The Department has been divided into three¹ zones which are headed by the Joint Excise Commissioners (JEC), South, Central and North zone. The divisions at the district level are working under the Deputy Excise Commissioners (DEC). Besides, Excise Circle Inspectors (ECI) and Excise Inspectors (EI) under the control of the DEC of the respective districts are deputed to oversee collection of excise duties, licence fee etc.

5.2 Internal audit

The Internal Audit Wing (IAW) in the State Excise Department is monitored by the EC. The Wing consists of one JEC assisted by one Assistant Excise Commissioner (AEC), three superintendents, three EIs and six preventive officers. The priority for internal audit is given to auditee districts in which more vehicles have been seized, huge collectable arrears are pending and undue delay in collection was noticed in auditee offices.

The wing had to conduct inspections in the 310 sub offices annually. Out of the total 310 units to be audited, the wing planned and audited 118 units during 2015-16 as against 101 units audited during 2014-15. The details of outstanding paras and the clearance made during the year were not furnished by the Department.

5.3 Results of audit

In 2015-16, test check of the records relating to excise duty, license fee receipts etc., of 34 offices under Excise Department showed non/short realisation of excise duty/license fee/interest/ penalty and other irregularities involving ₹ 70.74 crore in 30 cases which fall under the following categories as given in **Table – 5.1**.

¹ South zone (Alappuzha, Kollam, Kottayam, Pathanamthitta and Thiruvananthapuram), Central zone (Ernakulam, Idukki, Palakkad and Thrissur) and North zone (Kannur, Kasargod, Kozhikode, Malappuram and Wayanad).

Table – 5.1

(₹ in crore)

Sl. No.	Categories	Number of cases	Amount
1.	Issue of licenses and enforcement of license conditions by the Excise Department	1	67.67
2.	Non realisation of enhanced fee	6	1.96
3.	Others	23	1.11
	Total	30	70.74

During the course of the year, the Department accepted underassessment and other deficiencies involving ₹ 70.74 crore in 30 cases pointed out by Audit. The Department realised an amount of ₹ 25.52 crore in 18 cases during the year 2015-16.

The results of audit on -Issues of licences and enforcement of licence conditions by the Excise Department involving money value of ₹ 67.67 crore is discussed in the succeeding paragraph.

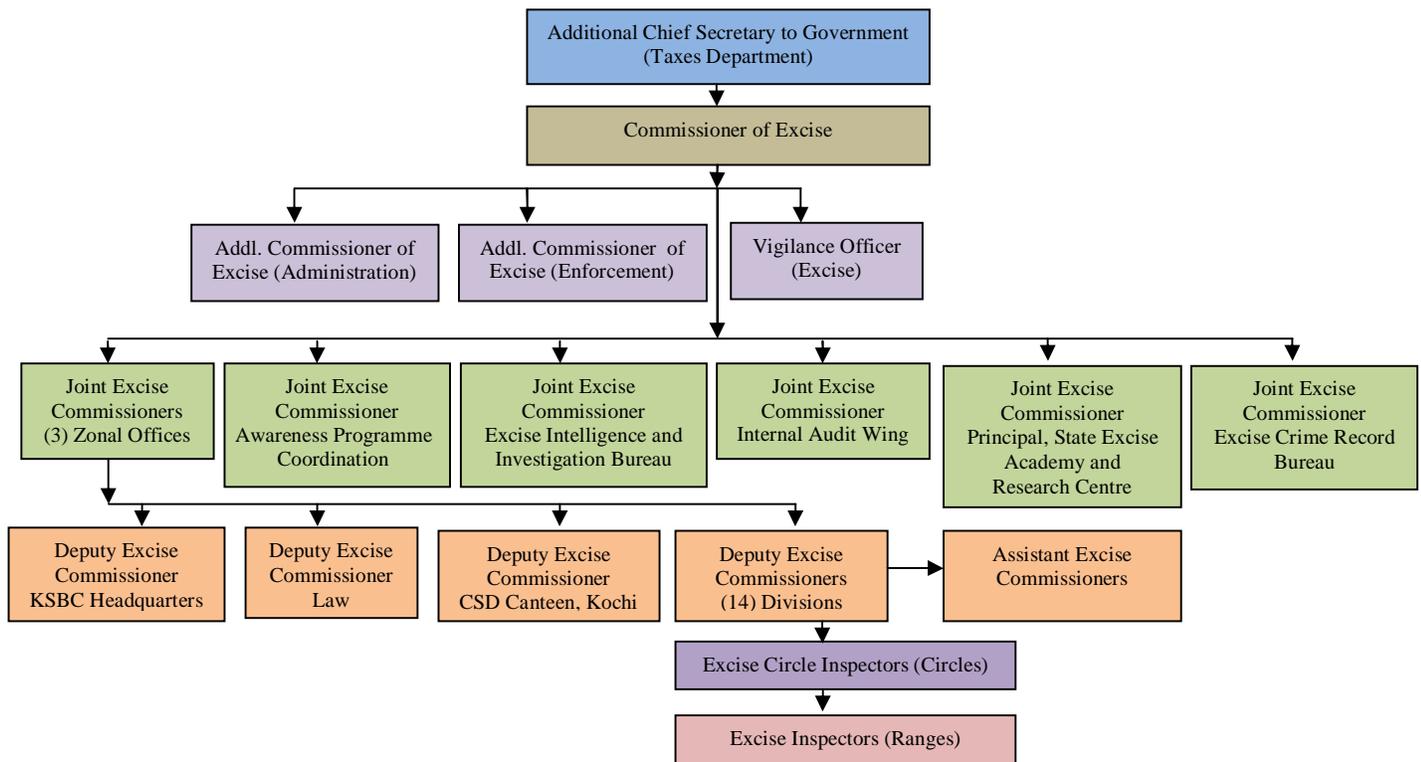
5.4 Issue of licences and enforcement of licence conditions by the Excise Department

5.4.1. Introduction

The State has the exclusive privilege in the manufacture, storage, and sale of liquor and intoxicating drugs as per the Abkari Act and Narcotic Drugs & Psychotropic Substances (NDPS) Act, 1985. Section 18 A of the Abkari Act, provides for the grant of such privilege by issuing licences to any person or persons on payment of rentals. Section 8(c) of the NDPS Act, 1985 provides for the grant of licence for manufacture, possession and sale of any narcotic drug or psychotropic substances. The State Excise Department issues licences to the hotels, restaurants and clubs that serve alcoholic drinks *i.e.* beer, wine, liquor for consumption on the premises to the visitors. The licence to vend toddy is also issued by the Excise Department.

The Kerala State Beverages (Manufacturing and Marketing) Corporation Ltd. (KSBC) is the sole wholesale distributor of Indian Made Foreign Liquor (IMFL) and beer (FL9 Licence). The licence to vend foreign liquor in sealed bottles to the public (FL1 licence) is granted exclusively to the KSBC and Kerala State Cooperative Consumer Federation (CONSUMERFED). Licences for manufacturing units, for selling spirituous preparations etc., were also issued/renewed by the Excise Department.

Organogram of the Department is given below:



5.4.2. Audit Objective and scope

The objectives of Audit were to assess whether

- the licences are issued in a fair and transparent manner and in accordance with the provisions of the Acts & Rules,
- effective enforcement system exists for detection of violation of licence condition.

The audit was conducted between May 2016 and July 2016 covering the period from 2013-14 to 2015-2016. The scope of Audit was confined mainly to the office of the EC and DECs. Audit selected 119 out of 503² FL-3 /FL-11³ licences. Audit also selected four⁴ out of the 18 IMFL bottling units licencees, two⁵ out of three brewery licencees and five⁶ out of 22 FL-9⁷ licencees of KSBC in the selected five⁸ Offices of DEC. An entry meeting was held on 26 May 2016 with the Additional Secretary, Taxes Department to discuss the audit objectives, criteria and the audit plan. An exit conference was held on 7 October 2016 with Additional Secretary (Taxes) and EC.

5.4.3. Audit findings

5.4.3.1. Lack of transparency in issue of bar and beer/wine parlour licences

In terms of Rule 13 of the Foreign Liquor Rules (FL Rules), FL-3 licences (bar licence) and FL-11 licences (beer/wine parlour licence) can be issued by EC with the sanction of the Government subject to the fulfillment of terms and conditions prescribed. Further, Rule 13B (1) of FL Rules, stipulates that persons desirous of obtaining a licence may apply to the EC in writing through the DEC of the district concerned. Applications thus received by the DEC are routed through the JEC of the zone to the EC for issue of licences after getting Government sanction. Seven fresh bar licences and 78 fresh beer/wine parlour licences were issued during the period from 2013-14 to 2015-16. Audit observed defects in issue of licences which are discussed in the succeeding paragraphs.

² 45 FL-3/ FL-11 licences out of 85 issued by the EC, 74 out of 418 FL-11 licences issued by DEC to non-standard bar hotels functioned as on 31 March 2014.

³ FL-3 hotel (restaurant) licences (bar licence) and FL-11 beer/wine parlour licence

⁴ M/s. Amrut Distilleries, Pvt. Ltd, Palakkad, M/s Empee Distilleries Ltd, Palakkad, M/s. Devicolam Distilleries Ltd, Ernakulam and M/s. United Spirits Ltd, Alappuzha.

⁵ United Breweries Ltd at Palakkad and Alappuzha.

⁶ Balaramapuram, Alapuzha, Perumbavoor, Palakkad and Wayanad.

⁷ Foreign Liquor 9 ó Licence for possession and supply of foreign liquor on wholesale.

⁸ Thiruvananthapuram, Alapuzha, Ernakulam, Palakkad and Wayanad.

- **Control Mechanism**

The FL Rules did not prescribe a register for watching the receipt and disposal of applications for grant of bar and beer/wine parlour licences. Audit also noticed that the Department did not have Management Information System (MIS) reports on the status of applications for bar and beer/wine parlour. As such, the total number of applications received and disposed of and reason for pendency in respect of licences for bar and beer/wine parlour in the State could not be ascertained which indicates lack of control over the applications.

For ensuring transparency, control over receipt and disposal of applications for bar and beer/wine parlour licences, it is essential to have a provision of register and MIS reports.

In the exit conference, the Department assured (October 2016) that this would be examined and reply would be furnished. Further reply would be awaited in Audit.

- **Timeliness**

The FL Rules did not prescribe a time line for the disposal of applications received for grant of bar and beer/wine parlour licenses. However, under the Kerala State Right to Service Act, 2012, the EC stipulated⁹ time limit for issue of bar and beer/wine parlour as within 90 working days from the date of receipt of application. Under Rule 14 of FL Rules, if the licences are granted in the course of a financial year, the full annual fee shall be paid.

On a scrutiny of the register of licences maintained at EC, it was noticed that time taken ranged from 54 days to 139 days for issue of bar licences and 11 days to 722 days for issue of beer/wine (B/W) parlour licences as detailed in **Table – 5.2**.

Table – 5.2

Nature of licence	Bar	B/W Parlour	Bar	B/W Parlour	Bar	B/W Parlour	Bar	B/W Parlour	Bar	B/W Parlour	Bar	B/W Parlour
No. of licences	--	4	2	5	2	17	--	10	1	10	--	24
Time taken in days	11-31		32-60		61-90		91-120		121-150		151-722	

In 45 cases i.e. 60 per cent, the licenses were issued after a delay of 90 days.

Out of the above 45 cases, in 15 beer/wine parlour licences the Department did not issue licence in the financial year of the application itself, which deprived the Department of revenue in the form of annual licence fee for that financial year. A few illustrative cases are detailed in **Table – 5.3**.

⁹ Notification No. XA1-22847/2012 dated 5 December 2012

Table – 5.3

Sl. No.	Name of applicant	Date of application	Date of forwarding by DEC	Date of forwarding by JEC	Date of forwarding by EC	Date of sanction by Govt.	Date of issue of licences
1	M/s. Rohini Hills, Kunnikkode, Kollam	16/12/2014	26/12/2014	13/1/2015	13/2/2015	6/4/2015	24/4/2015
2	Spice Grove Hotels & Resorts (Pvt.) Ltd., Anakkara, Idukki	18/6/2013	11/9/2013	26/9/2013	4/10/2013	19/2/2015	26/2/2015
3	Hotel Vakkom Palazzo, Vakkom, Thiruvananthapuram	14/1/2014	28/1/2014	1/2/2014	14/2/2014	4/3/2014	21/5/2014

Source : Relevant files.

The Department (October 2016) assured that this would be examined and reply will be furnished. Further reply would be awaited in Audit.

5.4.3.2 Issue of beer/wine parlour licences without proper hygiene verification

Government decided¹⁰ (April 2014) provisionally not to renew the licences of 418 non-standard hotels which had poor hygiene standards as reported in the Report of CAG of India on Performance of State Excise Department for the year ended 31 March 2011 and in the judgment of Honøble Supreme Court¹¹.

The Government issued¹² directions for physical inspection in assessing the facilities available in the 418 non standard hotels and the facilities were to be measured against the standard specification for classification of hotels issued by the Government of India (for the year 2013). It was also directed to complete the detailed check list in the presence of the hoteliers in a professional and objective manner.

Before completion of this exercise Government issued Abkari policy¹³ 2014-15 by which issue of bar licenses were confined to hotels with five star and above classifications. Subsequently, the Government revised¹⁴ Abkari Policy for 2014-15 and decided to issue beer/wine parlour licences to the hotels where a bar licence granted was in force as on 31 March 2014 subject to the condition that the standards of hygiene were to be certified by the DEC's concerned by amending¹⁵ Rule 13(11) of FL Rules.

¹⁰ G.O (MS) No.56/2014/TD dated 02.04.2014.

¹¹ C.A.No.3196-3198/2014 dated 3 March 2014.

¹² No. 19929/G1/2014/TD dated 18 August 2014 of Secretary, Taxes Department.

¹³ GO(MS) No.139/2014/TD dated 22 August 2014.

¹⁴ GO (MS) No.205/2014/TD dated 20 December 2014.

¹⁵ GO(P) No.211/2014/TD dated 30 December 2014.

In the five selected offices of the DECs, beer/wine parlour licences were issued to 166 hotels included in the list of 418 non-standard hotels during January 2015. Audit test checked 74 licence files and noticed that in all the test checked cases, the DECs did not record or document the method adopted or checks made by them as prescribed in the directions issued in August 2014 for certifying the hygiene. Thus, it cannot be ruled out that hygiene was certified by the DECs without completing the detailed checks prescribed by Government.

The case was pointed out to Department and reported to Government (August 2014). The Department stated (October 2016) that detailed reply would be furnished without delay. Further reply would be awaited in Audit.

5.4.3.3 Issue of licences to liquor vendors along National Highways

Government of India issued instructions¹⁶ to remove liquor shops along the National Highways (NH) and to ensure that no licences are issued to liquor vendors along NH in order to prevent drunken driving and thereby reducing the occurrence of road accidents.

As on 31 March 2016, there were four¹⁷ bar hotels and 182 beer/wine parlours functioning along the NHs. Audit noticed that during 2013-14 to 2015-16, 10 fresh bar and beer/wine parlour licences were issued to the hotels located along the NHs.

Thus, the State Government had not followed the instructions of Government of India for not issuing fresh licences to liquor vendors.

The Department stated (October 2016) that the matter would be looked into. Further reply would be awaited in Audit.

5.4.3.4 Non-identification of individuals/institutions who are required to take licence for spirituous preparations

Any medicinal or toilet preparation containing alcohol, whether self generated or otherwise or any intoxicating drug is a spirituous preparation vide definition 3(k) of the Kerala Spirituous Preparations (Control) Rules, 1969. According to Section 15 of Abkari Act, no liquor or intoxicating drug shall be sold without licence issued by the EC. Rule 11 of the Kerala Spirituous Preparation (Control) Rules 1969 prescribes licence in Form SP VI (for wholesale) and SPVII (for retail sale) for allopathic medicinal preparations, homoeopathic preparations and preparations coming under the indigenous system of medicines and licence fee recoverable as detailed in **Table – 5.4**.

¹⁶ DO letter No. RT-25035/70/12-RS dated 11 March 2013 of the Secretary, Ministry of Road Transport and Highways.

¹⁷ Air Link Castle, Athani, Le Meridian, Ernakulam, Crowne Plaza, Ernakulam and Diana Heights, Aluva.

Table – 5.4

Licence Form	Licence fee
Wholesale licence in Form SP VI	₹ 5,000 for a year or part thereof
Retail licence in Form SP VII for Homoeopathic & Ayurvedic preparations	₹ 1,000 for a year or part thereof
Retail licence in Form SP VII for Allopathic preparations	₹ 300 for a year or part thereof

Audit verified data of persons dealing with wholesale and retail sale of medicines in the selected districts, obtained from the official website of Drugs Controller, with the licence issue register kept in the five selected offices of the DEC's and it was noticed that out of 6,965 persons, dealing with wholesale and retail business of allopathy and homoeopathy medicines, only 49 persons have taken the licence as detailed in **Table – 5.5**.

Table – 5.5

District	Allopathy-Retail		Allopathy-Wholesale		Homoeopathy (Wholesale & retail)	
	Total no. of shops	No. of shops for which licence issued	Total no. of shops	No of shops for which licence issued	Total no. of shops	No. of shops for which licence issued
Thiruvananthapuram	1,472	1	563	1	22	1
Alappuzha	944	4	249	6	32	4
Palakkad	904	2	320	4	20	3
Eranakulam	1,403	8	673	4	62	11
Wayanad	234	0	49	0	18	0
Total	4,957	15	1,854	15	154	19

[Total No. of shops- 6,965 Total Licences issued 649]

Source: Website of Controller of Drugs, Kerala as on 1 June 2016.

Audit observed that the licences are issued only to those who approached for licences and no system existed in the Department for identifying the persons engaged in the trade of spirituous preparation by conducting survey or by collecting data available with other licensing agencies such as Drugs Controller functioning under Health Department/ Directorate of Homoeopathy, etc.

Failure to identify such persons resulted in non issue of licences to all persons engaged in trade of spirituous preparations and may lead to misuse of spirituous preparations. Had they been identified and issued licences, an additional revenue

of ₹ 1.08 crore¹⁸ per year would also have been realized in the selected five districts alone. When applied to the whole State, additional potential revenue would be manifolds.

The EC stated (October 2016) that there was practical difficulty in conducting inspections in all the shops due to limited number of Drug Inspectors. The reply is not acceptable as data in respect of unlicensed drug dealers can be collected from Office of the Drugs Controller. Further reply would be awaited in Audit.

5.4.4. Non-observance of provisions of Abkari Act and Rules

The Abkari Act and Rules made thereunder and the notification by the Government provides for levy and collection of Abkari and other revenue from the licencees. But the departmental authorities did not observe the provisions in many cases which resulted in short/non levy and non-realisation of revenue. Illustrative cases are given in following paragraphs.

5.4.4.1 Non-realisation of stamp duty on licences

Under Section 18 A of the Abkari Act, the Government can grant exclusive or other privilege of (i) manufacturing or supplying by wholesale or (ii) selling by retail or (iii) of manufacturing or supplying by wholesale and selling by retail, any liquor or intoxicating drugs within any local area on his or their payment to the Government of an amount as rental in consideration for the grant of such privilege. Stamp duty at the rate of ₹ five for every ₹ 100 or part thereof is chargeable on all the licenses to let including any agreement to let or sublet for rent or fee under Article 35 A of the schedule to the Kerala Stamp Act as inserted by Section 4(5) of the Finance Act, 2015 with effect from 1 April 2015.

Scrutiny of the registers and the information furnished by the selected DECs revealed that licence fee amounting to ₹ 84.72 crore was collected for the year 2015-16 and 2016-17.

However, while issuing these licences, the Department did not collect the stamp duty. The stamp duty leviable worked out to ₹ 4.24 crore. Audit also pointed out the case to the Department of Registration. Reply from the Government had not been received (November 2016).

5.4.4.2 Non-levy of differential excise duty from brewery

Under Section 18 of the Abkari Act, excise duty may be collected in the case of spirit or beer, either on the quantity produced in or passed out of a distillery, brewery, winery or other manufactory or in accordance with such scale of equivalents, calculated on the quantity of materials used or by the degree of

¹⁸ $(4,942 \times ₹ 300) + (1,839 \times ₹ 5,000) + (135 \times ₹ 1,000) = ₹ 1,08,12,600.$

attenuation of the wash or wort or on the value of liquor, as the case may be, as the Government may prescribe. The excise duty or countervailing duty shall be payable by manufacturer or importer of the liquor. In respect of beer, excise duty is being collected from the manufacturer on the quantity of production at the end of each quarter as provided in Rule 19 Part I of Brewery Rules, 1967. Under proviso to Section 18 of the Abkari Act, where there is a difference of duty of excise, countervailing duty or luxury tax between two licence periods, such difference may be collected in respect of all stocks of foreign liquor or intoxicating drugs held by licencees at the close of the former period. The duty of excise on beer is enhanced to ₹ five per Bulk Litre (BL) from ₹ three per BL with effect from 1 April 2015¹⁹.

Audit found from the assessment records of the two breweries²⁰ that the difference of excise duty at the rate of ₹ two per BL was not collected in respect of 31.56 lakh BL of beer held by the licencees as on 31 March 2015, at the close of the former period. This resulted in non-levy of differential excise duty of ₹ 63.12 lakh. Interest at 12 *per cent per annum* under Rule 20 of Brewery Rules, 1967 was also leviable which comes to ₹ 6.94 lakh²¹.

On this being pointed out, it was stated that an amount of ₹ 59.58 lakh being differential excise duty with interest was remitted by M/s. United Breweries, Palakkad on 14 November 2016. Further reply would be awaited in Audit.

5.4.4.3 Non-remittance of collected excise duty by licencees consequent on enhancement of duty

Under Section 18 of the Abkari Act, where any liquor is chargeable with duty of excise or countervailing duty at a rate depending on the value of the liquor, such value shall be the value at which the KSBC purchases such liquor from the supplier. The rate of excise duty on IMFL/Beer was enhanced from 1 April 2015.

Audit noticed that the KSBC/CONSUMERFED revised sales prices incorporating the enhanced excise duty and collected the same from the retailer/consumers on the closing stock as on 31 March 2015. However, the excess excise duty so collected was neither paid by the licencees nor demanded by the DEC's concerned.

The closing stock of IMFL and beer as on 31 March 2015 held by KSBC (sole wholesale licencee - FL-9 and retail licencee - FL-1) were as detailed in **Table – 5.6.**

¹⁹ SRO 186/2015 dated 30.3.2015

²⁰ M/s. United Breweries Limited at Palakkad and Alappuzha.

²¹ At 11 *per cent* from July 2015 to May 2016

Table – 5.6

	IMFL (No. of cases in lakh)	Beer (No. of cases in lakh)
FL-9 Warehouses of KSBC	14.81	7.11
Retail shops of KSBC (FL-1)	5.78	1.57

Out of the 14.81 lakh cases of IMFL held as closing stock in the KSBC Warehouses, audit test checked 8.83 lakh cases of IMFL (from the 60 items where the closing stock was more than 5,000 cases) and found that the differential excise duty on the selected cases would come to ₹ 23.56 crore. In respect of beer, 57.14 lakh BL was the closing stock as on 31 March 2015 and excise duty payable on it at the differential rate would come to ₹ 1.14 crore.

- In the retail shops of KSBC, Audit test checked 3.53 lakh cases of IMFL where closing stock was more than 1,000 cases and found that the differential excise duty payable would come to ₹ 9.82 crore. In respect of beer, closing stock was 12.62 lakh BL and the excise duty at the differential rate of ₹ two per BL would come to ₹ 25.25 lakh.
- Out of the 511 brands of IMFL held as closing stock in the retail shops of CONSUMERFED audit checked 357 brands (by adopting the price list of KSBC) and the differential excise duty on the selected cases would come to ₹ 70.89 lakh. In respect of beer, closing stock was 89,319.39 BL as on 31 March 2015 and excise duty payable at the differential rate would come to ₹ 1.79 lakh.

On this being pointed out, an amount of ₹ 67.45 crore being excise duty was remitted by the KSBC on 22 July 2016. However, interest on the delayed payment has not been remitted at the prescribed rate of 18 *per cent per annum* by the KSBC. CONSUMERFED has not remitted the excise duty at the differential rate.

The Department stated (October 2016) that there is only one rate for a particular litre of any brand and excise duty cannot be collected from FL1, FL3 licencees as per Supreme Court order. The reply is not acceptable since this is not a matter of non-collection but of non-remittance of collected amount. Further report had not been received.

5.4.4.4. Unauthorised reconstitution of companies/firms holding FL licences

As per Section 67(2) read with 67(3) of the Abkari Act, the EC may impose a fine of ₹ three lakh each on any person or persons holding a licence or permit for violation by reconstitution, alteration or modification without the permission of the EC of any deed on the strength of which any licence is granted and the EC

may regularise such irregular reconstitution on payment of fine and on application from the licensee. Under Rule 19(iii) of FL Rules, reconstitution of partnership/directors of a company may be allowed on payment of ₹ one lakh. In the office of the EC, no separate register other than the general inward register for recording the reconstitution of companies/partnership firms was maintained.

Audit collected the data on reconstitution of director board of 49 companies and 56 partnership firms of the five selected districts during 2013-14 to 2015-16 from the Registrar of Companies, Ernakulam/Website of Ministry of Corporate Affairs, Government of India which discloses the master data and signatory/director details of companies and from the Inspector General of Registration (Firms) and found that in 18 companies and four firms, reconstitution/ modification of director board of companies/partnership were done in 39 occasions by addition/deletion of directors/partners as detailed in the **Appendix XXXVI**.

On a cross verification of the personal register (general inward register) at the office of the EC, it was noticed that all the 18 companies and four firms as given in Appendix XXXVI neither applied for permission nor for regularisation of unauthorised reconstitution/modification/ alteration.

Audit noticed that there was no system in the Department to verify the reconstitution/ modification/alteration by periodical verification of the deed on the strength of which the licences were granted, which may result in ineligible person²² joining as directors/partners of companies/firms which hold licences.

The revenue realisable from the 18 companies and four partnership firms due to the unauthorised reconstitution during the period from 2013-14 to 2015-16 would come to ₹ 1.56 crore²³.

Names of firms/companies who defaulted maximum number of times are detailed in **Table – 5.7**.

Table – 5.7

Sl. No.	Name of Company	District in which licensee operates	No. of occasions of default
1	Marari Beach Resorts Private Limited	Alappuzha	3
2	Eih Associated Hotels Limited Unit Trident Cochin	Ernakulam	4
3	Intercontinental Hotels Group (India) Private Limited (Holiday Inn)	Ernakulam	5

The EC stated (October 2016) that the matter would be verified. Reply from Government had not been received (November 2016).

²² Rule 13 B and 13 C of FL Rules.

²³ 39 occasions- Fee ₹ 1 lakh each and Fine ₹ 3 lakh each.

5.4.4.5 Non realisation of differential excise duty on production of IMFL with higher strength

Rule 11(2) of the Kerala Foreign Liquor (Compounding, Blending & Bottling) Rules, 1975 stipulates that in the case of spirits released for consumption within the State, the strength of Gin shall not be lower than 35 degree under proof (UP) and strength of spirits shall not be lower than 25 degree UP. However, the actual spirit content of IMFL may be one degree proof under or over the declared proof strength under Rule 10 A. Rule 11 also prescribes that the liquor shall be issued from the finished product stores only in bottles and on payment of duty and other taxes for consumption within the State. No liquor processed in a batch shall be issued until a sample thereof has been analysed and certificate of its fitness for human consumption issued by the Chemical Examiner. As per Government notification under Section 18(2) of the Abkari Act excise duty is leviable per proof litre.

KSBC is paying the excise duty based on the purchase value on behalf of the manufacturers/supplier at the time of issue of transport permit. The price list published by the KSBC discloses the price of each brand and the excise duty thereon. The excise duty was calculated based on strength of IMFL as 75 degree proof (25 degree UP) and the minimum strength of IMFL to be sold was 42.86 V/V²⁴ (per cent of ethyl alcohol per volume).

Audit selected nine brands of IMFL from the selected four²⁵ manufacturing units and verified the alcohol content as certified by the Chemical Examiner for the year 2015-16 and noticed that out of the 503 batches of IMFL produced, in 167 batches, the alcohol content was more than the minimum strength of 42.86 V/V, but within the allowable variation as detailed in **Table – 5.8**.

Table – 5.8

Name of licensee	Name of brand	Total no. of batches of IMFL produced	No. of batches containing strength more than 42.86 V/V
M/s. Empee Distilleries Limited, Palakkad	Aristocrat XXX Rum	26	10
	Brihans Golden Gate Grape Brandy	53	15
	Empees Nepolian Classic VSOP Brandy	54	23
M/s. Amrut Distilleries Pvt. Limited, Palakkad	Bejoice Premium Brandy	48	21
	Old Port XXX Rum	63	26

²⁴ Volume by volume.

²⁵ M/s. Empee Distilleries Limited, Palakkad, M/s. Amrut Distilleries Pvt. Ltd , Palakkad, M/s. Devicolam Distilleries Limited, Ernakulam and M/s. United Spirits Limited, Alappuzha.

Name of licensee	Name of brand	Total no. of batches of IMFL produced	No. of batches containing strength more than 42.86 V/V
M/s. Devicolam Distilleries Limited, Ernakulam	Chief Executive Matured XXX Rum	49	15
	MGM Orange Kiz Vodka	78	17
M/s. United Spirits Limited, Alapuzha	No.1 Mc Dowells Brandy	60	19
	Mc Dowells VSOP Delux Brandy	72	21
	Total	503	167

The higher strength means higher alcoholic content i.e. more extra neutral alcohol was utilised for the manufacture of IMFL. But the duty was paid by the KSBC considering the strength as 75 degree proof (i.e. 42.86 V/V). Audit worked out the differential duty based on the landed cost fixed by the KSBC in respect of the nine brands, which itself comes to ₹ 13.25 lakh.

Thus the differential duty based on the chemical examiner report was not demanded by the officer in charge of the manufacturing unit.

The EC stated (October 2016) that detailed reply would be furnished, reply from Government had not been received (November 2016).

5.4.4.6 Non- disposal of frozen stock of IMFL kept in the warehouses of KSBC

As per Rule 33 A of the FL Rules, the EC may take steps to dispose the liquor kept in any licenced premises in any manner as he deems fit in the event of any exigency warranting such action.

As on 31 March 2016, the frozen stock of IMFL²⁶ kept in the five selected warehouses of KSBC was 1.07 lakh litres. Audit noticed that the EC did not dispose the frozen stocks by sale or destruction. Hence, the possibility of misuse of frozen stock of IMFL could not be ruled out.

In the exit conference the EC admitted the observation raised by Audit and stated that the stock can only be destroyed and cannot be reused. Reply from Government had not been received (November 2016).

5.4.5. Lack of control over the licencees

Section 14 of the Abkari Act enables the EC with the previous approval of the Government (i) to prescribe the mode of supervision that may be necessary in a distillery, brewery, winery or other manufactory where liquor is manufactured under a licence granted under the Act or warehouse wherein liquor is deposited

²⁶ IMFL frozen by the ECI from the hotels whose bar licences cancelled with effect from 1 April 2015.

and kept without payment of duty under a licence granted under the Act to ensure proper collection of duties, taxes and other dues payable under this Act or the proper utilization of liquor or intoxicating drug. Accordingly, the distilleries/bottling units of IMFL, breweries and warehouses were under the supervision of excise staff and all the transactions including blending were under the supervision of Excise Department.

Audit test checked records of selected four bottling units and two breweries and the following deficiencies were noticed.

5.4.5.1 Production of brandy not conforming to the Indian standard

In the Abkari Policy for 2011-12, Government stated that necessary steps would be taken to make available high quality liquor to the consumers. As per Amendment No. 1 (June 2010) to IS 4450 : 2005 alcoholic drinks brandies - specification (Third Revision), blended grape brandy shall be a mixture of at least two *per cent* pure grape brandy with brandy and brandy shall be made either from neutral spirit conforming to IS 6613 or rectified spirit of grade 1 of IS 323 or a mixture of both.

Audit selected two brands of grape brandy during 2015-16 each from the four selected bottling units and collected the information on the quantity of grape spirit used in the manufacture. In two bottling units²⁷, the percentage of grape spirit used in four brands was less than two percentage ranging from 0.75 *per cent* to 1.51 *per cent* and thereby not conforming to the prescribed Indian standard resulting in lack of quality assurance to the consumers as detailed in **Table – 5.9**.

Table – 5.9

Sl. No.	Name of licensee	Name of brands	ENA (BL)	Grape Spirit (BL)	Total ENA + Grape Spirit (BL)	Per centage of Grape Spirit	Non standard production of brandy (cases in lakh)
1	M/s. Amrut Distilleries Pvt. Ltd, Palakkad	Bejois Blended Grape Brandy	6,04,077	4,617	6,08,694	0.75	1.55
		Bejois Premium Brandy	7,38,628	11,353	7,49,981	1.51	1.83
2	M/s. Devicolam Distilleries Limited, Ernakulam	Count Cristo Vintage Brandy	1,32,689	1,892	1,34,581	1.41	0.29
		Scarletts VS Brandy	12,913	105	13,018	0.81	0.02
Total							3.69

²⁷ M/s. Amrut Distilleries Pvt. Limited, Palakkad, M/s. Devicolam Distilleries Limited, Ernakulam.

Non-prescription of provision in the Kerala Foreign Liquor (Compounding, Blending and Bottling) Rules, 1975 to make available high quality liquor to the consumers as stated in the policy resulted in the production and release of 3.69 lakh cases of non standard brandy to the consumers.

The EC stated (October 2016) that the matter would be examined. Reply from Government had not been received (November 2016).

5.4.5.2 Violation of licence conditions

- **Irregular transfer of Extra Neutral Alcohol**

In terms of Rule 8 and conditions of Form 4 licence issued under the Kerala Bottling Rules, 1975, the licensee shall utilise the spirit only for blending and compounding of IMFL and only bottled liquor shall be removed from the licenced premises. As per condition 20 in Form 4 (Rule 8(1)) licence, contravention of any of the rules and conditions of the licence shall entail imposition of a fine not exceeding ₹ 10,000 or cancellation of the licence or both.

Scrutiny of the Extra Neutral Alcohol (ENA) import register and transport permits in the Office of the EI, M/s Amrut Distilleries Pvt. Ltd, Palakkad for the period 2014-15 to 2015-16, revealed that 7.2 lakh litre of ENA imported from outside the State for the blending and bottling operations were removed from the licenced premises and transferred to another licensee M/s SDF Industries Limited at Thrissur district based on no objection certificates (NOCs) issued by the EC and transport permits issued by the DEC, Thrissur.

Audit observed that the permission granted by the EC for the removal of ENA was not in accordance with the provision of the Rules. The EC, who is responsible for the execution of the provisions of Abkari Act and Rules, issued NOCs instead of rejecting the application of the licensee.

Department stated that there is no revenue loss in this case. The reply is not acceptable since this helped the licensee to overcome the imposition of fine or cancellation of license or both.

- **Bottling of IMFL for distilleries outside the State**

Under the conditions of licences issued under the Bottling Rules, 1975 and the Kerala Distillery and Warehouse Rules (Distillery Rules), 1968 the licensee shall not lease out, sub-rent or otherwise transfer the privileges granted to him without the prior permission of the EC. The Distillery Rules or Bottling Rules did not prescribe any provision for job work or collection of additional licence fee or bottling fee as prescribed in the Bottling Rules of States like Madhyapradesh and Uttar Pradesh.

Out of the four bottling units test checked, three units²⁸ had undertaken the job work of blending and bottling of IMFL brands owned by outside the State distilleries. The units did the job work based on the approval of registration of such brands by EC under Rule 3 of the Foreign Liquor (Registration of Brands) Rules, 1995 by paying a fee at a higher rate of ₹ two lakh whereas in other cases the brand registration fee was rupees fifty thousand only.

During the period from 2013-14 to 2015-16, in the three units, a total of 74.67 lakh cases of 88 out side the State brands of IMFL were blended and bottled. Audit found that the additional revenue mobilized through the brand registration fee at the higher rate was ₹ 1.32 crore²⁹. Had the distilleries outside the State manufactured the IMFL in their own distilleries and imported into Kerala, a revenue of ₹ 25.16 crore would have been realised as import fee³⁰.

The EC stated that there was only brand registration in this case and no separate licenses were issued. The new brand application is submitted by the distillery already existing in the State on behalf of the distillery outside the State. The reply is not acceptable as the job work agreement authorizes the outside distilleries to have storage facilities and adequate number of dedicated spirit storage tanks which amounts to transfer of privilege, a violation of license conditions. Reply from the Government had not been received (November 2016).

5.4.6. Conclusion

Audit found that the systems in the Department to issue beer and wine parlour licences, identification of persons liable to obtain licenses for spirituous preparations and enforcing of the provisions of the Abkari Act and Rules made thereunder did not function transparently and efficiently.

²⁸ M/s. Empee Distilleries Limited, Palakkad, M/s. Devicolam Distilleries Limited, Ernakulam and M/s. United Spirits Limited, Alappuzha.

²⁹ 88 x ₹ 1.50 lakh, ₹ two lakh- ₹ 50,000.

³⁰ Import fee at the rate of ₹ five per proof liter.

B – STAMP DUTY AND REGISTRATION FEES

5.5 Tax administration

Receipts from stamp duty and registration fee are regulated under the Indian Stamp Act, 1899 (IS Act), Indian Registration Act, 1908 (IR Act) and the rules framed there-under as applicable in Kerala and are administered at the Government level by the Additional Chief Secretary to Government, Taxes Department. The Inspector General of Registration (IGR) is the head of the Registration Department who is empowered with the superintendence and administration of registration work. He is assisted by the District Registrars (DR) and Sub Registrars (SR).

5.6 Internal audit

Inspector General of Registration (IGR), Kerala monitors the functioning of the Internal Audit Wing (IAW) of the Registration Department. The District Registrar (DR) (Audit) and team do the audit in the district. The sub-registry offices are audited annually. The total number of staff deputed for the internal audit work in this Department is sixty two. There is no separate manual for internal audit in the Department. The auditee offices are selected after giving special preference to those offices where the Registering Officer is due to retire shortly. During 2015-16, IAW audited 258 units out of 276 units planned for audit and pointed out 2,824 observations. During the year 2015-16, 4,434 audit observations could be cleared out of the 10,557 outstanding observations, which was only 42 per cent of the outstanding observations.

5.7 Results of audit

The records of 91 offices relating to Registration Department were test checked during 2015-16. Non/short levy of stamp duty and registration fee and other irregularities amounting to ₹ 3.59 crore were detected in 139 cases which fall under the following categories as given in **Table-5.10**.

Table – 5.10

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
1	Short collection of Stamp duty and Registration fee	83	1.11
2	Other lapses	56	2.48
	Total	139	3.59

During the course of the year, the Department accepted under-valuation and other deficiencies involving ₹ 51.88 lakh in 26 cases. An amount of ₹ 6.89 lakh was realised in 24 cases during the year of which three cases involving ₹ 0.36 lakh pertained to 2015-16.

Two illustrative cases involving ₹ 37.39 lakh are given in the following paragraphs.

5.8 Short collection of Stamp duty and Registration fee

Government notified³¹ the fair value of land in Kerala by classifying entire land into 15 categories based on usage of land. Government issued instructions³² that when the instruments were brought for registration, if it was found that fair value has been omitted to be fixed in respect of the survey/resurvey/sub division numbers of the properties, the Sub Registrars should report the same to the District Collector for necessary action. Section 45B of Kerala Stamp Act, 1959 stipulates that if the registration officer while registering any instrument transferring any property has reason to believe that the value of the property or the consideration has not been truly set forth in the instrument transferring any property brought before him for registration, he may after registering such instrument, refer the same to the Collector for determination of the value or consideration and the proper duty payable thereon. As per Section 45B (3) of the KSA, 1959, the District Collector may *suo-motu* within two years from the date of registration of any instruments not already referred to him under sub section (1) above, call for and examine the instrument and if he has reason to believe that the value or consideration has not been truly set forth in the instrument he may determine the value and the duty which shall be payable by the person liable to pay the duty. Government in October 1986³³ appointed District Registrars as Collectors for this purpose.

- *Due to incorrect classification of landed properties*

(21 Sub Registry Offices³⁴)

On a scrutiny (between February 2015 and February 2016) of documents registered in Book I³⁵, Audit noticed that in 21 Sub Registry Offices (SROs) out of 83 SROs, the Sub Registrars while registering the documents between 2011-2015 applied incorrect fair value in 39 documents though the nature of land was narrated in the instruments. The value per Are³⁶ adopted for the land was less than the fair value per Are prescribed for the property with similar classification in the same/nearest block number/survey number. The undervaluation of the documents brought for registration amounted to ₹ 3.86 crore and consequent short levy of

³¹ GO (P)/515 dated 06.03.2010.

³² GO (Ord) No. 77/10/TD dated 27.03.2010.

³³ SRO 1514/86.

³⁴ Amaravila, Areacode, Chengannur, Karukachal, Kilikolloor, Kochi, Kothamangalam, Kuthiyathode, Mallappally, Manjeri, Nenmara, Nooranadu, Pathanamthitta, Ponnani, SulthanBathery, Thiruvambadi, Thiruvananthapuram Fort, Vadakara, Wadakkancherry, Villiappally, Wandoor.

³⁵ Register of documents relating to immovable property.

³⁶ Are is a unit of measurement of land 1 Are = 100 square metre, 100 Are = One hectare, 1 Are = 2.471 cent, 247.1 cent = 1 hectare.

stamp duty and registration fee of ₹ 35.35 lakh as shown in the **Appendix XXXVII**.

Audit found that maximum cases of undervaluation were in SRO Areacode (five cases; ₹ 2.16 lakh). Audit found that the Sub Registrars did not report the matter to District Registrar as suspected cases of undervaluation. The Sub Registrars also failed to report³⁷ the non fixation of fairvalue of survey/resurvey /sub division numbers of the properties and to bring to the notice of District Registrars the difference between the types of classification of land made in the fairvalue notification and in the instruments brought for registration.

In SRO, Wadakkanchery, out of the differential stamp duty of ₹ 3.84 lakh an amount of ₹ 60,300 was collected in one case³⁸.

When the matter was referred to Government in April 2016, the Government stated (September 2016) that directions had been given to IG of Registration to issue a common instruction to the registering officers that if there is clear classification in the document about the land conveyed and there is no fair value for that classification, the Sub Registrars should report such cases for undervaluation.

- ***Due to misclassification of land by splitting up of property***

(SROs, Edappal and Mulanthuruthy)

Out of 83 Sub Registry Offices (SROs) test checked, in two Sub Registry Offices, scrutiny of documents (July and December 2015) registered in Book I revealed that two sale deeds³⁹ were registered conveying 13.91 Are and 26.24 Are of land for ₹ 21.85 lakh and ₹ 2.16 lakh respectively. Though the properties had access to State Highway/private road in one of the boundaries, the Sub Registrars registered the documents showing the properties partly with road access and partly without road access. The Sub Registrars did not adopt the fair value/market value while registering the documents. The Sub Registrars did not report the non-fixation of fair value of land in the survey number as prescribed in the Statutes. On joint physical inspection (December 2015) of the plot conducted by Audit, Sub Registrar and the Village Officer, Mulanthuruthy, it was found that 26.24 Are of land is a continuous stretch of single plot with road access in the eastern boundary. The splitting up of single property into two for the purpose of registration resulted in misclassification of the documents and undue advantage to the owners. This resulted in undervaluation of ₹ 25.44 lakh and consequent short levy of ₹ 2.04 lakh as shown in the **Appendix XXXVIII**. The Sub Registrar did not report the cases as suspected cases of undervaluation to the District Registrar.

³⁷ GO (Ord) No. 77/10/TD dt: 27.03.2010.

³⁸ Doc. No. 4065/12 dated 6.09.2012.

³⁹ SRO Edappal Doc. No. 513/13 dated 1.2.2013 and SRO, Mulanthuruthy Doc. No.3033/13 dated 27.11.2013.

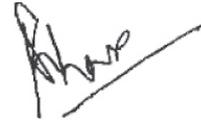
The matter was pointed out to the Department in July 2015 and December 2015 and referred to Government in April 2016. The Government stated (September 2016) that in order to make undervaluation procedures more effective an amendment has been brought to Section 45B(3) of the Kerala Stamp Act, 1959, whereby the period for taking *suo motu* action by the District Registrar has been extended to five years. It was also stated that necessary directions were given to the District Registrar (General) concerned to initiate *suo motu* action in the above documents.



Thiruvananthapuram,
The

(AMAR PATNAIK)
Principal Accountant General
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Countersigned



New Delhi,
The

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

Appendix

Appendix – I

(Ref: Paragraph 1.7.3)

Statement showing details of Special circles and Works Contract Offices where non production of files were noticed.

Sl. No.	Name of office	Year in which it was to be audited	Number of assessment cases not submitted		
			KGST	VAT	Total
1	CTO, Special Circle, Thiruvananthapuram	2015-16	24	109	133
2	CTO, Special Circle, Kollam	2015-16	0	28	28
3	CTO, Special Circle, Kottarakara	2014-15	0	86	86
		2015-16	7	62	69
4	CTO, Special Circle, Kottayam	2015-16	0	20	20
		2014-15	0	13	13
5	CTO, Special Circle, Palakkad	2015-16	0	12	12
6	CTO Special Circle, Malappuram	Up to 2014-15	0	162	162
		2015-16	0	18	18
7	CTO, Special Circle, Mattancherry	2015-16	0	12	12
8	CTO Special Circle I, Ernakulam	2015-16	0	58	58
		Up to 2014-15	145	36	181
9	CTO, Special Circle II, Ernakulam	2015-16	10	0	10
		2014-15	0	47	47
10	CTO, Special Circle III, Ernakulam	2015-16	0	34	34
		Up to 2014-15	41	329	370
11	CTO, Special Circle, Perumbavoor	2015-16	0	58	58
		2011-12	32	0	32
12	CTO, Special Circle, Thrissur	2015-16	0	19	19
13	CTO, Special Circle I, Kozhikode	2015-16	0	13	13
		2012-13	0	26	26
		2011-12	0	3	3
		2010-11	0	3	3
		2009-10	0	2	2
2008-09	0	7	7		
14	CTO, Special Circle II, Kozhikode	2015-16	0	9	9
15	CTO, Special Circle, Kannur	2015-16	0	14	14
16	CTO, Special Circle, Kasargode	2015-16	0	12	12
17	CTO, Special Circle, Thodupuzha	2015-16	0	5	5
18	CTO, Special Circle, Alappuzha	2015-16	48	73	121
19	CTO, (WC<), Kollam	2015-16	0	2	2
20	CTO, (WC<), Pathanamthitta	2015-16	0	37	37
		2014-15	0	18	18
21	CTO (WC<), Palakkad	2012-13	0	2	2
		2013-14	0	21	21
		2014-15	0	13	13
		2015-16	0	8	8
22	CTO (WC<), Malappuram	2015-16	0	18	18
23	CTO, (WC<), Mattancherry	2015-16	4	34	38
		Up to 2014-15	65	135	200
24	CTO, (WC<), Ernakulam	2014-15	0	255	255
		2013-14	0	341	341
		2015-16	0	17	17

Sl. No.	Name of office	Year in which it was to be audited	Number of assessment cases not submitted		
			KGST	VAT	Total
25	CTO, (WC<), Thrissur	2014-15	0	59	59
		2015-16	0	10	10
26	CTO, (WC<), Alappuzha	2015-16	0	8	8
		2014-15	0	20	20
27	CTO, (WC<), Kannur	2015-16	0	81	81
Total			376	2,349	2,725

Appendix – II

(Ref: Paragraph 1.7.3)

Statement showing details of files not produced, circle/division with names of heads of offices

Name of office	No. of files /Name of Head of office											
	2011-12		2012-13		2013-14		2014-15		2015-16			
	KGST	VAT	KGST	VAT	KGST	VAT	KGST	VAT	KGST	VAT	KGST	VAT
CTO, Special Circle Kollam	Ajayaghosh Kumar		Pratibha Jnanasundram	0	37	M. Gopal Krishnan		Belraj Kumar G.		M. Gopalakrishnan (AC)		
				0	167					0	28	
CTO Special Circle, Thiruvananthapuram	Pratibha Jnanasundram		LS. SreeKumari			Pratibha Jnanasundram		Suresh Kumar S. Manacaud		Suresh S Manacaud (AC), Mohammed Shafeer (AC), Sree Bindu (AC)		
	32	108	86	394	0	344	70	179	24	109		
CTO Special Circle, Kannur	K. Sivaraman (AC)		T.K. Ravendran (AC)			T.K. Ravendran (AC)		-		Chippy Jayan (AC-I)		
	0	34	-	33	-	19	-	-	0	14		
CTO Special Circle (Produce), Mattancherry	P.D Unnikrishnan Nair (AC)		P.D Unnikrishnan Nair (AC), K. Sugathan (AC)			K. Sugathan (AC), E.P. Chandra babu (AC)		-		-		
	274	44	271	1	318	61	-	-	0	0		
CTO Special Circle, Thrissur	M.K. Sugathan (AC)		M.K. Sugathan (AC)			MG. Remadevi (AC)				A.V. Suresh (AC)		
	-	-	0	4	3	3	8	3	0	19		
CTO, Special Circle II, Ernakulam	H. Muhammed Basheer (AC), S. Sivankutty (AC)		Sivankutty (AC)			K.P. Zelina (AC)		Sivankutty (AC), K.P. Zelina (AC)		Zelina KP (AC)		
	10	31	10	58	0	76	12	150	10	47		
CTO Special Circle III, Ernakulam	Sathish Kumar R.K. (AC), P.O. Thomas (AC)		Valsalapani (AC)			V.G. Umadevi (AC)		V.G. Umadevi (AC)		BT Vijayamohan (AC)		
	220	28	220	28	0	27	0	370	41	363		

CTO Special Circle, Malappuram	M. Gopala Krishana P. Narayanan Kutty		P. Narayanan Kutty		P. Narayanan Kutty		B. Arun		K. Abdullatheef NP Natarajan	
	158	134	151	121	0	52	158	4	0	180
CTO Special Circle, Palakkad	K.C. Chandran		K.G. Rama Bai		V.S Satayanaranan		R. Rajesh		B.N. Jayakumar, K. Abdullatheef, PA Padmaja, Sabia Bhanu A	
CTO (WC<), Ernakulam	50	57	45	12	0	42	0	15	0	12
	M.P. Sajan (AC) N.R. Raghunathan (CTO)		M.K. Hajra (AC), K.A. Shahul Hameed, BT. Varghese , H. Mohammed Basheer		P.K. Sathesh Kumar (AC)		V.A. Raghunathan (AC), Raji. S. Anil. V. Nair, Anil Kumar A., Bazil L. Kizhekaden , C.J. Johny, C.K. Premji , M.O. Johnson,			
CTO, Vadakara	5	77	5	84	0	394	0	736	0	613
	M. Suresh Babu		TM. Assainar		G. Suchithra		K.K. Krishnan			
CTO V Circle, Kozhikode	279	-	270	-	270	11	21	30	0	0
	Bovas. K CTO		P.P Chandran CTO		G. Lorancee CTO		Livy Jacintha CTO			
	10	-	270	-	-	34-	0	20	0	30
CTO (WC<), Mattancherry	S. Omanakuttan (CTO)		M.P. Sajan (AC), N.R. Raghunathan (CTO)		A.V. Salila (AC) N.R. Raghunathan (CTO)		N. Santhoshkumar, CTO, Johnson Chacko, CTO			
	72	200	65	177	19	174	0	226	69	169

Appendix – III

(Ref: Paragraph 1.9)

Details of Performance Audits featured in the Reports for the last five years and their status

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
31 March 2011	Compounding Schemes in Commercial Taxes Department	3	<p>The Government may consider</p> <ul style="list-style-type: none"> • review of works contract compounding by a senior/supervisory officer • prescribing proper registers of implement IT systems to watch the details of dealers who have opted for payment of tax under the compounding scheme • conducting periodic inspection of metal crusher units to ascertain the number of units in the possession of the assessee from time to time. 	PA was examined by PAC in February 2015. Report of PAC has not been received.
	Utilisation of declaration forms in inter-state trade	2	<p>The Government may consider</p> <ul style="list-style-type: none"> • issuing instructions regarding the checks to be carried out before accepting declarations for allowing concession/exemption • strengthening the internal control mechanism. 	PA was examined by PAC in February 2015. Report of PAC has not been received.
	Levy and collection of stamp duty and registration fee	7	<p>The Government may</p> <ul style="list-style-type: none"> • implement a time bound action plan to settle outstanding undervaluation cases • consider creating awareness amongst public officers regarding their responsibility in respect of under stamped instruments produced before them • consider an Economic Intelligence Unit to obtain data and verify that documents have been registered when due for the right value • consider an amendment to the Kerala Stamp Act to include provision for collection of stamp duty on ad-valorem basis on issue of shares and levy of stamp duty on license agreements as lease. • direct registering officers to insist on production of agreements relating to purchase/sale of flats at the time of registration • making internal audit/inspection of sub offices mandatory and up to date • inspection of public offices to plug leakage of revenue. 	PA was examined by PAC in September 2014. Report of PAC has not been received.
	Computerisation in motor vehicles department	3	<p>The Department may</p> <ul style="list-style-type: none"> • replace the existing system of storing data at independent servers in various locations with a centralised server system • enable e-payment/online submission of application to facilitate online services 	PA was examined by PAC in May 2015. Report of PAC has not been received.

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
	Performance Audit of State Excise Dept.(Standalone)	11	<p>The Government/Department may</p> <ul style="list-style-type: none"> • consider recruiting qualified personnel to administer the IT applications. • prepare a strategic plan covering mission, vision and objectives • ensure that security labels are printed under its direct supervision • take immediate steps to levy and recover the permit fees under Section 11 of the Abkari Act for the period from 2006-07 onwards • consider amending the Rules(like prescribing aerial distance) to ensure that the distance restriction principle of prohibiting functioning of bars near educational institutions, places of worship etc are applied in practice • immediately provide the required infrastructure support to the enforcement wing • prescribe norms for leakage of seized spirit and monitor adherence of such norms • start fresh toddy collection centres under direct supervision of the Excise Dept • take timely action to equip enforcement employees with arms, ammunition and provide other support facilities like boat • prescribe time limits for completion of chemical analysis and submission of test results • consider taking action to prescribe clear parameters for identifying natural or artificial toddy • carry out a work study to clearly assess the manpower needs. 	PA was examined by PAC in November 2014. Report of PAC has not been received.
31 March 2012	Levy and collection of VAT on evasion prone commodities/areas in Commercial Taxes Department	5	<p>The Government/Department may consider</p> <ul style="list-style-type: none"> • restoring audit assessment wing, Commercial Investigation Wing, and strengthening the Internal Audit Wing to ensure compliance of the provision of the Acts and Rules • introducing a system of obtaining information periodically from other Departments/Boards etc. in respect of the persons registered with them and cross verify the same with KVATIS to trace the dealers whose turnover crossed the threshold limit • taking follow up action on goods brought into the state in view of its potential misuse of items covered by Form 16 • notifying the nature of transactions which would come under the scope of intangible and incorporeal good eligible to tax as featured in the schedule attached to the Maharashtra VAT Act 	PA was examined by PAC in October 2015. Report of PAC has not been received.

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
	Conduct of Lotteries in the State	5	<ul style="list-style-type: none"> taking timely action to revise floor rates in respect of evasion prone commodities. <p>The Department may</p> <ul style="list-style-type: none"> ensure that provisions for ascertaining the genuineness of tickets before payment of prizes are observed pursue the cases with the crime branch for ensuring credibility finalise accounts of Lotteries scheme wise for the efficient conduct of lotteries fix a timeframe for e-payment ensure a databank of all the persons involved directly or indirectly by making suitable provisions in the software LIMS. 	Action taken explanatory notes have not been received.
31 March 2013	Performance Audit on Assessment, levy and collection of VAT on transfer of goods involved in the execution of works/supply contract	6	<p>The Government/Department may ensure that</p> <ul style="list-style-type: none"> separate identification numbers/code are assigned to work contractors separate account subhead are provided for accounting receipts under works contracts regular survey and inter-departmental cross verification of data are conducted to identify the works contractors by strengthening the intelligence wing and suitable measures for registration are taken promptly valid documents in support of compounding are produced by the applicant timely internal control mechanism is adequate to plug revenue loss, detecting the defects/deficiencies promptly various declaration forms in support of claims for concession/exemptions are verified properly. 	Action taken explanatory notes have not been received.
	Land Management by the Government of Kerala with special focus on land for Aranmula Airport and Smart City Kochi	13	<p>Audit recommends for</p> <ul style="list-style-type: none"> taking steps for effective implementation of the land management policy so as to generate maximum revenue to Government since the supply/availability of land is very limited identifying and inventorising all government lands on a war footing by surveying and demarcating the land prescribing and maintaining a register in the Taluk/District/Division level for noting the details of the lease such as order number, area under lease, name of the lessee, date of expiry of lease, periodical renewal details and demand, collection and balance of lease rent etc in respect of each lease 	Action taken explanatory notes have not been received.

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
	(Standalone)		<ul style="list-style-type: none"> • developing a mechanism to fix lease rent and renew the lease within the time period stipulated in Act/Rules and fix a mechanism to revise fair value of land at frequent intervals • prescribing a heavy fine and punitive action against those who violate lease conditions and initiate effective action against encroachment and prompt implementation of provisions of KLCA • fixing conditions for assignment of land on registry putting in place a reporting system from village level to Commissioner of Land Revenue level for monthly reporting of lease cases such as total cases, time expired cases, demand, collection and balance of lease rent, resumed cases under resumption procedure etc. • identifying and inventourising all forest lands on a war footing by surveying and demarcating the land • developing a mechanism to monitor and renew the lease/lease rent within the time period stipulated in Act/Rules • putting in place a mechanism to realise lease rent dues promptly • ensuring that agreements are executed in all lease cases. • conducting an in-depth study on the need for a fifth airport in the small state of Kerala and that too at Aranmula which is less than 150 Kms from Thiruvananthapuram and Kochi international airports • conducting an in depth study on the impact of the project on the ecology/environment on the basis of the issues raised in the Reports of the Legislature Committee on Environment, Kerala State Biodiversity Board and the Expert Committee appointed by AAI and take effective action to resolve the impacts • conducting an independent enquiry into the cases of violations of provisions of various Act/Rules including the lapses that has occurred at all levels including that of the secretariat departments which supported the illegal acts of the individual/company 	
	Effectiveness of Kerala Value Added Tax Information System	20	<ul style="list-style-type: none"> • Business Rules regarding registration may be mapped properly to avoid acceptance of multiple registrations by the system unless specifically permitted by Commissioner of Commercial Taxes under Section 20(3). • The system be updated to cover the risk of tax evasion by dealers having multiple registration, working out their aggregate turnover as specified in Section 20(4) of KVAT Act. 	Action taken explanatory notes have not been received.

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
	(KVATIS) in the Tax Administration of Commercial Taxes Department (Standalone)		<ul style="list-style-type: none"> • Department may conduct periodical analysis of dormant registration numbers, other than application for temporary stoppage of business (vide Section 16), and take timely action for issuing notices for renewal or otherwise cancel the registration of dealers who had no business transactions for more than two years, to avoid misuse of Registration Certificate. • System should generate appropriate alerts for renewal of Bank guarantees before its date of expiry and while dealers are effecting transactions. • Necessary modifications may be made to the system to adequately capture the results of manual verification done by Assessing Officers. • The department may provide adequate controls in the software to detect and alert the interstate transactions by cancelled dealers and the dealers who have not renewed their registration. • Entering of valid registration numbers in the field for Consignee TIN/Consignor TIN in the e-declaration format for generating e-token may be made mandatory. • System generated alerts needs to be devised for tracking consignment of goods in bulk quantity to prevent misuse of the facility for transporting consignments for own use without payment of tax. • The system should be enabled to provide information about the non-surrendered transit passes to authorities including the intelligence wing of the department so as to track such vehicle. • Department may ensure that all business Rules are mapped to the system properly, that the system provides all necessary input and that there exists adequate process controls and validation checks to detect shortfalls in payment of tax. • Government may consider strengthening KVATIS for monitoring the scrutiny of returns through it. • The Department may incorporate a provision in the KVATIS to ensure that the closing stock shown in the certified accounts in Form 13-A of a year is correctly taken as the opening stock of the succeeding year. • Proper controls be built into the system so that the system can scrutinise returns collecting details from different databases. • Department/Govt may initiate early action for the upgradation of the present server which would be cost effective in terms of improvement of revenue realisation it would fetch. 	

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
31 March 2014			<ul style="list-style-type: none"> • The Department may operationalise the Audit Assessment Module with suitable modifications for the selection of high risk dealers through KVATIS for detailed audit. • The Department may initiate action to make use of other Modules so that the disposal of appeals, the nature of penalty levied, progress of collecting arrears etc can easily be monitored. • Important/required MIS reports may be made available in the software. • The Department may impart sufficient training to all officers and staff periodically. • The upgradation of the present system/server which is slow, would be cost effective in terms of improvement of revenue realisation, which was one of the primary goals of implementation of KVATIS. • The Department may lay down norms for check of physical records on the basis of reports generated through KVATIS indicating risk areas. 	
31 March 2015	(No Reviews were featured in this Audit Report) System of Assessment under KVAT	8	<ul style="list-style-type: none"> • Department may take measures to bring all dealers into the tax net by utilising the inputs available in KVATIS and with other agencies. • Government may examine the guidelines issued for selection of files for desk review by CBDT/CBEL and similar system of selection with relevant parameters be put in place in the State for VAT cases. • The CCT may issue guidelines to the DCs regarding the aspects to be considered while reviewing the monthly quarterly reports. • Government may consider fixing the time limit for completion of assessments. • Department may prepared a manual detailing all aspects of assessment to ensure uniformity in the system of assessment. Further, it may be ensured that necessary reports are generated automatically from the KVATIS. • A system may be established to collect the data relating to the taxable events from other departments and transfer the results of analysis to the lower/sub-ordinate level for utilising in the assessment process. • Department may ensure that the final assessments are completed by utilising the data captured in KVATIS. • Department may ensure the quality of assessments by adopting the system prevailing in Central Receipts as basis so that the number of cases which are failing in judicial review would be on a lower side. 	Action taken explanatory notes have not been received.

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
	Levy, Collection and Accounting of Electricity Duty, Surcharge and Inspection Fee	5	<ul style="list-style-type: none"> • Government may identify all LV installations/cable TV poles which are now left out and instruct licensees not to issue permit to Cable TV operators without production of safety certificate from the Department and work out a practical process of assessing and realising the revenue from the inspection of Cable TV poles. • In order to prevent non/short levy, Government may consider taking the following measures: instruct CEI to ensure that the licensees are levying electricity duty/license fee from consumers/persons liable to pay it, licensees may be directed to calculate electricity duty on the price of energy indicated in the invoice and evolve a mechanism to collect the electricity duty/license fee payable by the consumers/persons liable for their payment. • Department may expedite revenue recovery proceedings for early realisation of arrears of government revenue. Government may include interest leviable from KSEBL while netting off. • Government may: avoid irregular grant of exemptions to railways and for lighting, amend Rule relating to collection charges which should be in line with the Act and in the interest of the Government and objective of the Act and consider amendment of the Act incorporating the treatment of excess T&D loss. • Government may: take remedial measures to take care of inspection of lifts and escalators under regulations issued by Central Government and to ensure that MV installations and accounts of licensee are inspected as per periodicity prescribed, invoke penal provision on licensees not submitting returns, ensure that receipts involved in netting off with KSEBL were included in Government accounts and ensure that remittances through JSK are reconciled as per Kerala Budget Manual. 	Action taken explanatory notes have not been received.

Appendix - IV

(Paragraph 2.4.3.4 – Bullet 1)

(₹ in crore)

Name of assessee/TIN	Period	Import concede	Import as per data from customs Deptt.	Escaped turnover	Tax @1%	Interest	Penalty	Total
Malabar Gold Ornaments Makers(P) Ltd./ 32110234942	2014-15	Nil	37.44	37.44	0.37	0.05	0.75	1.17
The Dhanlaxmi Bank Ltd/ (32080208466)	2011-12	51.55	1918.69	1867.14	18.67	9.33	37.34	65.34
	2012-13	71.92	1393.31	1321.39	13.21	5.02	26.42	44.65
	2013-14	NIL	258.17	258.17	2.58	0.67	5.16	8.41
South Indian Bank Ltd./ (32080230731)	2011-12	19.94	45.85	25.91	0.26	0.13	0.52	0.91
	2012-13	66.09	109.19	43.10	0.43	0.16	0.86	1.45
The Federal Bank Ltd./ (32070233542)	2011-12	70.75	147.57	76.82	0.77	0.38	1.53	2.68
	2012-13	75.64	98.86	23.22	0.23	0.08	0.46	0.77
	2013-14	8.54	37.09	28.55	0.28	0.07	0.57	0.92
Chemmannur Gold Refinery Pvt Ltd./ (32071804075)	2014-15	38.19	45.76	7.57	0.08	0.01	0.15	0.24
Aiswarya Jewel Crafts/ (32080626854)	2014-15	94.07	99.23	5.16	0.05	0.01	0.10	0.16
Total					36.93	15.91	73.86	126.70

Appendix - V**(Paragraph 2.4.3.4 – Bullet 2)**

(₹ in crore)

Name of assessee with TIN	Period	Income offered	Turnover suppression worked out by applying bench mark of 8% of turnover as income	Tax effect of escaped turnover
Apollo Gold, Perambra (32111368986)	2012-13	0.98	12.20	0.61
Apollo Gold Pvt Ltd (32100558434)	2012-13	1.87	23.38	1.17
Apollo Gold Pattambi Ltd (32091134016)	2012-13	1.17	14.65	2.48
Apollo Gold (32110800309)	2012-13	0.72	9.07	0.45

(Short levy of compounded tax)

(₹ in crore)

Name of assessee with TIN	Year	Compounded tax	Additional tax payable	Total tax payable	Tax escaped	Interest	Penalty	Total
Apollo Gold, Perambra (32111368986)	2012-13	0.19	0.61	0.80	0.61	0.23	1.22	2.06
	2013-14	0.24		1.00	0.76	0.20	1.53	2.49
	2014-15	0.29		1.25	0.95	0.13	1.91	2.99
Apollo Gold Pvt Ltd (32100558434)	2012-13	0.25	1.17	1.42	1.17	0.44	2.34	3.95
	2013-14	0.31		1.78	1.46	0.38	2.92	4.76
	2014-15	0.33		1.88	1.55	0.22	3.09	4.86
Apollo Gold Pattambi Ltd (32091134016)	2012-13	Not compounded	-	-	0.73	0.28	1.47	2.48
Apollo Gold (32110800309)	2012-13	0.01	0.45	0.46	0.45	0.17	0.91	1.53
	2013-14	0.01		0.58	0.57	0.15	1.13	1.85
	2014-15	0.04		0.66	0.62	0.09	1.25	1.96
Total					8.87	2.29	17.77	28.93

Appendix - VI

(Paragraph 2.4.3.5 – Bullet 1)

(₹ in lakh)

Name of office	Name of assessee/TIN	Year	Sales TO	6(2) Purchase	Total TO	Tax Payable/ paid during previous year	Compounded tax payable	Compounded tax paid	Short Levy of tax	Short Levy of interest	Penalty	Total Short Levy
CTO, Vadakara	Narikkalathil Prinze Jewellery 32111206222	2011-12	57.11	54.20	111.30	0	5.81	5.81	0	0	0	0
		2012-13	87.69	106.96	194.65	5.81	7.26	6.39	0.87	0.33	1.75	2.95
		2013-14	97.06	132.44	229.50	7.26	9.08	7.35	1.73	0.45	3.46	5.64
		2014-15	113.02	132.44	245.46	9.08	10.44	8.46	1.99	0.28	3.97	6.24
		2010-11	61.18	48.43	109.61		6.52	6.52	0	0	0	0
CTO, Devikulam	Vins Jewellery 32061224204	2011-12	70.01	59.58	129.59	6.52	8.15	7.49	0.65	0.25	1.30	2.20
		2012-13	82.01	69.96	151.96	8.15	10.18	8.62	1.56	0.41	3.13	5.10
		2013-14	93.43	112.52	205.9	10.18	11.71	9.39	2.32	0.32	4.63	7.27
		2011-12	95.21	48.89	144.10		1.48	1.48	0	0	0	0
CTO-III Circle, Thrissur	Gold Heart 32080743101	2012-13	124.48	98.89	223.37	1.48	1.85	1.72	0.13	0.05	0.26	0.44
		2013-14	91.77	57.65	149.42	1.85	2.32	2.15	0.16	0.04	0.33	0.53
		2014-15	93.69	44.60	138.29	2.32	2.67	2.15	0.52	0.07	1.02	1.61
CTO, Quilandy	Aruna Jewellery 32111166982	2013-14	68.35	57.67	126.02		5.20	5.20	0	0	0	0
		2014-15	61.70	45.33	107.02	5.20	5.98	5.67	0.31	0.05	0.62	0.98
Total							10.24	20.47	2.25	32.96		

Appendix - VII

(Paragraph 2.4.3.5 – Bullet 2)

(₹ in crore)

Name of assessee	Period	Unregd Purchase turnover	Tax due U/Sn. 6(2)	Sales turnover	OPT payable @1% for the sales turnover (Special rebate eligible)	Net 6(2) tax due	6(2) tax paid	Short levy of tax	Interest	Penalty	Total			
Muthoot Fincorp Ltd (32010198265)	2013-14	198.70	9.94	208.64	2.09	7.85	Nil	7.85	2.04	15.70	25.59			
Alapatt Jewellers (32070379904)	2014-15	21.74	1.09	19.50	0.19	0.89	Nil	0.89	0.13	1.78	2.80			
KP Varghese&Sons (32070303674)	2011-12	1.10	0.04	1.10	0.01	0.03	0	0.03	0.02	0.07	0.12			
KP Varghese&Sons (32070303674)	2012-13	3.06	0.15	3.06	0.03	0.12	0	0.12	0.05	0.24	0.41			
KP Varghese&Sons (32070303674)	2014-15	2.49	0.12	2.49	0.02	0.10	0	0.10	0.01	0.20	0.31			
Manappuram Jewellers (32081104372)	2013-14	289.90	14.50	289.90	2.90	11.60	-0.10	11.70	3.04	23.39	38.13			
Manappuram Jewellers (32081104372)	2014-15	522.35	26.12	522.35	5.22	20.89	0.02	20.87	2.92	41.74	65.53			
Total											41.56	8.21	83.12	132.89

Appendix - VIII

(Paragraph 2.4.3.5 – Bullet 3)

Sl No	Name of office	TIN	Year	Business Name	Closing stock value-2012-13/2013-14			Reverse tax	Interest	Penalty	TOTAL
					Total	Bullion & Diamond (1%)	Others (5%)				
1	CTO I Circle, Kollam	32020661992	2013-14	Archana Jewellery	36.05	0.00	36.05	1.80	0.47	3.61	5.88
2	CTO Punalur	32021113634	2013-14	Anu Jewellery	9.08	0.00	9.08	0.45	0.12	0.91	1.48
3	CTO Punalur	32021163415	2013-14	Edimannickal Fashion Jewellery	1470.69	0.00	1470.69	73.53	19.12	147.07	239.72
4	CTO Pathanamthitta	32030259344	2013-14	Bhima Gems(Adoor)Private Limited	5353.31	135.60	5217.71	262.24	68.18	524.48	854.91
5	CTO Special Circle, Alappuzha	32040237025	2013-14	Sky Jewellery	1027.03	0.00	1027.03	51.35	13.35	102.70	167.41
6	CTO Cherthala	32040827212	2013-14	Kairali Fashion Jewellers	5.65	0.00	5.65	0.28	0.07	0.56	0.92
7	CTO Special circle, Thodupuzha	32061419965	2013-14	Bhima Gold and Gems, Thodupuzha, Private Limited	7232.00	616.92	6615.08	336.92	87.60	673.85	1098.37
8	CTO Special Circle II Ernakulam	32070364795	2013-14	Alapatt Fashion Jewellery	2044.04	0.00	2044.04	102.20	26.57	204.40	333.18
9	CTO Kodungallur	32081089285	2013-14	Swarna Jewellery Private Ltd	86.71	0.00	86.71	4.34	1.13	8.67	14.13
10	CTO Vadakkanchery	32081395454	2013-14	Soundarya Jewellers	11.36	0.00	11.36	0.57	0.15	1.14	1.85
11	CTO ,Ottappalam	32091049629	2013-14	Kavitha Gold and Diamonds	898.21	896.59	1.62	9.05	2.35	18.09	29.49
12	AC (Assessment) Special Circle Malappuram	32100210224	2013-14	Blossom Gold Collections Private Limited	1292.70	0.00	1292.70	64.64	16.81	129.27	210.71
13	CTO, Ponnani	32100864063	2013-14	Ponnani Gold (P) Limited	1226.95	0.00	1226.95	61.35	15.95	122.69	199.99
14	AC (Assessment) Special Circle Malappuram	32101081896	2013-14	Eminent Jewel Arcade Private Limited	1914.01	0.00	1914.01	95.70	24.88	191.40	311.98
15	CTO III Circle Kozhikode	32110294217	2013-14	Gitanjali Life Style Ltd	1717.02	0.00	1717.02	85.85	22.32	171.70	279.87
16	CTO II Circle Kozhikode	32110729659	2013-14	Akshaya Jewellers	294.30	0.00	294.30	14.72	3.83	29.43	47.97
17	CTO II Circle Kozhikode	32110754804	2013-14	M.R.Jewellers	2.81	0.00	2.81	0.14	0.04	0.28	0.46
18	CTO Vadagara	32111293151	2013-14	Gold Palace	39.71	0.00	39.71	1.99	0.52	3.97	6.47
19	CTO Taliparamba	32120468256	2013-14	Rajadhani Gold	820.65	0.00	820.65	41.03	10.67	82.06	133.77
20	CTO I Circle Kannur	32120519488	2013-14	Krishna Gold	136.91	0.00	136.91	6.85	1.78	13.69	22.32
21	CTO I Circle Kannur	32120566784	2013-14	Pallithara Jewellers	191.77	0.00	191.77	9.59	2.49	19.18	31.26
22	CTO Kuthuparamba	32121007222	2013-14	Prince Jewellery	56.00	0.00	56.00	2.80	0.73	5.60	9.13
23	CTO Kuthuparamba	32121016233	2013-14	Sky Gold Kuthuparamba	298.95	0.00	298.95	14.95	3.89	29.89	48.73
24	CTO Special Circle,	32130262405	2013-14	Sulthan Gold Classic Private	1469.39	0.00	1469.39	73.47	19.10	146.94	239.51

Sl No	Name of office	TIN	Year	Business Name	Closing stock value-2012-13/2013-14			Reverse tax	Interest	Penalty	TOTAL
					Total	Bullion & Diamond (1%)	Others (5%)				
	Kasarode			Limited							
25	CTO, Hosdurg	32130605384	2013-14	Ranjees Gold Palace	20.10	0.00	20.10	1.00	0.26	2.01	3.28
26	CTO, Hosdurg	32130646931	2013-14	Minar Gold Private Ltd	1021.54	0.70	1020.84	51.05	13.27	102.10	166.42
27	CTO, Wayanad	32140738449	2013-14	Bhima Jewellers	2299.93	35.86	2264.07	113.56	29.53	227.12	370.21
28	AC (Assmt) Special Circle Thiruvananthapuram	32010186328	2014-15	Bhima Jewellers & Diamonds	4954.74	320.10	4634.64	234.93	32.89	469.87	737.69
29	AC (Assessment) Special Circle II, Ernakulam	32070321538	2014-15	Bhima Silver Palace	505.64	0.98	504.67	25.24	3.53	50.49	79.26
30	AC (Assessment) Special Circle Trissur	32080216702	2014-15	Chiriakandath Jewellery	1027.24	0.00	1027.24	51.36	7.19	102.72	161.28
31	CTO, Taliparamba	32120404345	2014-15	Dubai Gold House	84.92	0.00	84.92	4.25	0.59	8.49	13.33
32	CTO I Circle, Kannur	32120504875	2014-15	Bhavana Jewellery	14.73	0.00	14.73	0.74	0.10	1.47	2.31
33	AC (Assesment) Special Circle, Kannur	32121036077	2014-15	Parampuzhayil Jewellers	697.79	0.00	697.79	34.89	4.88	69.78	109.55
34	CTO, Special Circle Kasarode	32130236272	2014-15	Bindu Jewellery.	1194.03	0.00	1194.03	59.70	8.36	119.40	187.46
35	CTO, Vythiri at Kalpetta	32140465165	2014-15	Riches Jewel Arcade Limited Liability Partnership	12812.36	936.86	11875.50	603.14	84.44	1206.29	1893.87
36	CTO, Special Circle, Alappuzha	32040294344	2012-13	Emerald Gold Souk India	261.15	0.00	261.15	13.06	4.96	26.12	44.14
37	CTO, Sulthambathery	32140790392	2009-10	Gehana Gold Palace	807.15	807.15	0.00	8.07	5.97	16.14	30.19
				Total	53336.63			2516.80	538.10	5033.60	8088.50

Appendix - IX

(Paragraph –2.5.3.1)

Turnover escaped assessment

Sl No	Name of the assessee	TIN	Name of the Assessing Circle	Year	Turnover escaped assessment	Short Levy of tax	Interest	Penalty	Total
1.	Grasshopper	32041505801	CTO(WC), Alappuzha	2012-13	109.86	3.30	1.25	6.59	11.14
				2013-14	7.49	0.22	0.06	0.45	0.73
				2014-15	5.89	0.18	0.02	0.35	0.55
2.	Avance Engineering and Infrastructure Pvt Ltd	32072044544	CTO(WC), Emakulam	2014-15	98.65	2.96	0.38	5.92	9.26
3.	Delco Projects Pvt Ltd	32072070082	CTO(WC), Emakulam	2012-13	499.42	14.98	5.54	29.96	50.48
4.	Cochin Engineering & Consultancy Pvt Ltd	32072068304	CTO(WC), Emakulam	2012-13	134.99	18.22	6.74	36.45	61.41
5.	M/s Cherian Varkey Construction Company Pvt Ltd	32072054874	CTO(WC), Emakulam	2014-15	111.66	3.35	0.40	6.70	10.45
6.	M/s GRTECH Services	32072021054	CTO(WC), Emakulam	2013-14	40.81	1.22	0.31	2.45	3.98
7.	M/s V K Viju	32072054692	CTO(WC), Emakulam	2012-13	38.35	3.71	1.37	7.42	12.50
8.	M/s V K Johnny	32072001772	CTO(WC), Emakulam	2012-13	92.88	9.46	3.50	18.92	31.88
9.	M/s V C Constructions	32072067123	CTO(WC), Emakulam	2012-13	30.00	3.09	1.14	6.17	10.40
10.	M/s Greenworth Infrastructures Pvt Ltd	32072097341	CTO(WC), Emakulam	2012-13	200.54	6.02	2.23	12.03	20.28
				2013-14	241.53	7.25	1.88	14.49	23.62
11.	M/s P T Mathai Construction Co Pvt Ltd	32072025565	CTO(WC), Emakulam	2012-13	95.48	3.30	1.22	6.61	11.13
				2013-14	1100.10	33.00	8.58	66.01	107.59
12.	M/s Creators Constructions	32072023091	CTO(WC), Emakulam	2012-13	137.63	4.13	1.53	8.26	13.92
13.	M/s TAAK Constructions	32072098926	CTO(WC), Emakulam	2012-13	12.80	0.38	0.15	0.77	1.30
				2013-14	31.89	0.96	0.25	1.91	3.12
14.	M/s Yeskay Constructions	32072070104	CTO(WC), Emakulam	2012-13	67.43	2.02	0.77	4.05	6.84
				2013-14	398.87	11.97	3.11	23.93	39.01
15.	M/s Nutech Builders	32072025925	CTO(WC), Emakulam	2012-13	11.07	1.49	0.57	2.99	5.05
16.	M/s V B Electrotech India Pvt Ltd	32072075831	CTO(WC), Emakulam	2013-14	81.19	2.44	0.63	4.87	7.94
17.	M/s Modern Plumbing System	32072008824	CTO(WC), Emakulam	2013-14	153.22	4.60	1.20	9.19	14.99
18.	M/s Align Builders	32072047694	CTO(WC), Emakulam	2013-14	23.93	0.72	0.19	1.44	2.35
				2014-15	20.72	0.62	0.09	1.24	1.95
19.	M/s AAG India Pvt Ltd	32072008522	CTO(WC), Emakulam	2013-14	9.07	0.27	0.07	0.54	0.88
20.	M/s. A & P Infra Realtors Pvt. Ltd	32072010028	CTO(WC), Emakulam	2013-14	72.03	2.16	0.56	4.32	7.04

Sl No	Name of the assessee	TIN	Name of the Assessing Circle	Year	Turnover escaped assessment	Short Levy of tax	Interest	Penalty	Total
21.	M/s. Fujitec India Pvt Ltd	32072037737	CTO(WC), Emakulam	2014-15	363.14	52.66	7.37	105.31	165.34
22.	M/s Seguro Foundations	32072066908	CTO(WC), Emakulam	2013-14	179.89	5.40	1.40	10.79	17.59
23.	M/s. Nirman Engineers	32072087744	CTO(WC), Emakulam	2014-15	132.26	4.36	0.61	8.71	13.68
24.	M/s. Colour Consultants & Contractors	32072047244	CTO(WC), Emakulam	2012-13	20.43	2.76	1.05	5.52	9.33
25.	K.J Sebastian	32072078125	CTO(WC), Emakulam	2013-14	28.97	0.87	0.23	1.74	2.84
26.	M/s AB-Tek Constructions	32072090602	CTO(WC), Emakulam	2013-14	112.54	3.38	0.88	6.75	11.01
27.	M/s Sherin Hi-Fabs	32072033775	CTO(WC), Emakulam	2014-15	20.80	0.60	0.09	1.21	1.90
28.	K V J Builders & Developers Pvt Ltd	32072058472	CTO(WC), Emakulam	2013-14	19.65	0.59	0.15	1.18	1.92
29.	M/s. Cemex Projects Pvt Ltd	32072072905	CTO(WC), Emakulam	2014-15	64.91	3.89	0.55	7.79	12.23
30.	M/s. Impact Equipments	32072096676	CTO(WC), Emakulam	2013-14	75.90	2.28	0.59	4.55	7.42
31.	J Abdul Wahid	32021670385	CTO(WC), Kollam	2012-13	1128.04	33.84	12.86	67.68	114.38
32.	M/s Alpha One- Hi Tech Infra Pvt Ltd	32121241446	CTO, (WC), Kannur	2014-15	13.79	0.41	0.06	0.83	1.30
33.	Chaithanya Homes	32051692631	CTO(WC)Kottayam	2013-14	175.73	19.11	4.97	38.22	62.30
34.	M & T Constructions	32051692822	CTO(WC)Kottayam	2013-14	621.81	18.65	4.66	37.31	60.62
35.	M/s Bridgeway Engineering	32111510332	CTO(WC), Kozhikode	2013-14	67.37	2.02	0.53	4.04	6.59
36.	M/s Automation Asia Associates Pvt Ltd	32451711011	CTO(WC) Malappuram	2013-14	527.94	15.84	4.12	31.68	51.64
37.	K A Johnson, Railway Contractor	32151037735	CTO(WC), Mattancherry	2013-14	64.87	1.95	0.51	3.89	6.35
38.	M/s Celestial Infrastructure Pvt Ltd	32151004514	CTO(WC), Mattancherry	2013-14	40.05	1.20	0.31	2.40	3.91
39.	M/s P K Viswambaran & C	32151018003	CTO(WC), Mattancherry	2014-15	16.54	0.50	0.07	0.99	1.56
40.	M/s Shobha Projects and Trade Pvt Ltd	32151097934	CTO(WC), Mattancherry	2014-15	21.51	3.12	0.41	6.24	9.77
41.	Hope Constructions	32151014638	CTO(WC), Mattancherry	2012-13	57.09	7.21	2.67	14.42	24.30
42.	K T Mathew & Company	32151033292	CTO(WC), Mattancherry	2012-13	204.65	6.14	2.27	12.28	20.69
43.	M/s Athira Industries	32151373683	CTO, II Circle, Perumbavoor	2012-13	190.46	25.71	9.51	51.42	86.64
44.	M/s Cheerans Structural	32565630916	CTO(WC), Palakkad	2013-14	148.95	16.20	4.21	32.40	52.81
45.	Nakshathra Builders	32091693715	CTO(WC), Palakkad	2013-14	40.00	1.20	0.31	2.40	3.91
46.	M/s Consolidated Construction Corporation	32091656804	CTO(WC), Palakkad	2013-14	834.14	25.02	6.51	50.05	81.58
				2012-13	212.28	6.54	2.42	13.08	22.04
				2013-14	50.27	1.63	0.42	3.27	5.32
				2014-15	188.41	7.54	1.06	15.07	23.67
				2012-13	477.16	14.31	5.44	28.63	48.38
				2014-15	1628.21	48.85	6.84	97.69	153.38

Audit Report (Revenue Sector) for the year ended 31 March 2016

Sl No	Name of the assessee	TIN	Name of the Assessing Circle	Year	Turnover escaped assessment	Short Levy of tax	Interest	Penalty	Total
47.	E M Shaji	32489030816	CTO(WC) Thrissur	2013-14	20.91	0.63	0.16	1.25	2.04
48.	M/s BBR (India) Ltd	32011360942	CTO (WC) Thiruvananthapuram	2012-13	20.89	0.63	0.23	1.25	2.11
49.	Anil Kumar G	32011375882	CTO (WC) Thiruvananthapuram	2012-13	35.36	1.06	0.39	2.12	3.57
50.	M/s Cordial Foundation Pvt Ltd	32011359208	CTO (WC) Thiruvananthapuram	2012-13	918.34	27.55	10.19	55.10	92.84
51.	M/s Sumeru Constructions,	32011315413	CTO (WC) Thiruvananthapuram	2013-14	505.23	15.16	3.94	30.31	49.41
52.	M P Sadanandan	32011375397	CTO (WC) Thiruvananthapuram	2014-15	84.68	12.28	1.72	24.56	38.56
53.	M/s Anu Constructions (Sri K Rajan	32011355902	CTO (WC) Thiruvananthapuram	2013-14	26.16	3.79	0.99	7.59	12.37
54.	M/s Cordial Company	32011316245	CTO (WC) Thiruvananthapuram	2014-15	55.84	8.10	1.13	16.19	25.42
55.	M/s Decor Delight	32011355454	CTO (WC) Thiruvananthapuram	2013-14	93.09	13.50	3.51	27.00	44.01
56.	M/s Falcon Interiors	32011369547	CTO (WC) Thiruvananthapuram	2013-14	37.46	1.12	0.29	2.25	3.66
57.	M/s Flytech Industries (Babu P L)	32011359208	CTO (WC) Thiruvananthapuram	2013-14	28.66	4.16	1.08	8.31	13.55
58.	A Shaji	32011318181	CTO (WC) Thiruvananthapuram	2014-15	8.58	1.24	0.17	2.49	3.90
59.	Albert Raj	32011385815	CTO (WC) Thiruvananthapuram	2013-14	14.80	0.59	0.15	1.18	1.92
60.	Gopinathan Nair	32011371909	CTO (WC) Thiruvananthapuram	2014-15	11.14	0.45	0.06	0.89	1.40
61.	G.S Builders & Contractors Pvt Ltd	32011334482	CTO (WC) Thiruvananthapuram	2013-14	3.15	0.46	0.12	0.91	1.49
62.	GKR Associates	32011319057	CTO (WC) Thiruvananthapuram	2012-13	13.02	1.76	0.67	3.52	5.95
				2013-14	25.64	3.72	0.97	7.43	12.12
				2014-15	15.29	2.22	0.31	4.43	6.96
				2010-11	136.93	17.29	8.13	34.58	60.00
				2011-12	125.49	15.84	5.54	31.69	53.07
				2012-13	429.83	58.03	13.35	116.05	187.43
				2013-14	46.01	6.67	1.73	13.34	21.74
				2014-15	82.47	11.96	1.67	23.92	37.55
				2010-11	31.21	3.94	1.85	7.88	13.67
				2011-12	47.40	5.98	2.09	11.97	20.04
				2012-13	86.04	11.62	2.67	23.23	37.52
				2011-12	162.19	4.91	1.72	9.83	16.46
				2012-13	469.51	14.09	3.24	28.17	45.50
				2010-11	257.48	7.80	3.67	15.60	27.07
				2011-12	112.45	3.41	1.19	6.81	11.41

Sl No	Name of the assessee	TIN	Name of the Assessing Circle	Year	Turnover escaped assessment	Short Levy of tax	Interest	Penalty	Total
63.	M/s Marvel Floorings	32011324727	CTO (WC) Thiruvananthapuram	2012-13 2010-11 2011-12 2012-13	16.10 14.24 130.57 402.29	0.48 0.43 3.96 12.07	0.11 0.20 1.38 2.78	0.97 0.86 7.91 24.14	1.56 1.49 13.25 38.99
64.	Cynosure Power Systems	32011360154	CTO (WC) Thiruvananthapuram	2011-12 2012-13	26.78 146.00	0.81 4.38	0.28 1.01	1.62 8.76	2.71 14.15
65.	M/s. Aqua Designs India Pvt Ltd	32011362922	CTO (WC) Thiruvananthapuram	2013-14	359.68	10.79	2.81	21.58	35.18
66.	M/s Basic Engineering System	32011361368	CTO (WC) Thiruvananthapuram	2014-15	58.47	2.34	0.33	4.68	7.35
67.	M/s Zion Glass Land (George & Mini)	32010845782	CTO III Circle, Thiruvananthapuram	2013-14	6.05	0.88	0.23	1.75	2.86
68.	Sri G Santosh Kumar	32010836837	CTO III Circle, Thiruvananthapuram	2013-14	49.93	1.50	0.39	3.00	4.89
69.	T A Abdul Rehman	32220411304	CTO(WC) Kasaragod	2013-14	452.26	13.57	3.53	27.14	44.24
70.	M/s. City Aluminium Fabricator	32150614634	CTO, II Circle, Mattancherry	2014-15	51.60	1.55	0.22	3.10	4.87
71.	Mohammad Aslam	32061508885	CTO(WC) Idukki	2013-14	123.27	17.87	4.65	35.75	58.27
		Total			17297.75	806.39	217.67	1612.68	2636.74

Appendix - X

(Paragraph –2.5.3.4)

Incorrect grant of exemption of sub contract turnover

Sl.No	Name of the assessee	TIN	Name of the Assessing Circle	Year	Turnover incorrectly exempted	Short Levy of tax	Interest	Penalty	Total
1	M/s Skyline Foundations and Structures Ltd	32011369345	CTO, (W C), Thiruvananthapuram	2013-14	21.84	0.66	0.16	1.31	2.13
2	Nirmithi Kendra	32528741212	CTO, (W C), Kannur	2013-14	119.44	3.58	0.90	7.17	11.65
3	EKK&Co	32151046307	CTO(WC), Mattancherry	2012-13	236.62	7.10	2.62	14.20	23.92
4	M/s Asset Homes Pvt Ltd	32072010445	CTO, (WC), Ernakulam	2013-14	343.93	13.76	3.44	27.51	44.71
5	M/s KSCC	32072082322	CTO, (WC), Ernakulam	2014-15	526.17	15.79	2.05	31.57	49.41
					2712.06	108.48	41.23	216.96	366.67
				2012-13	1308.64	52.35	19.89	104.69	176.93
					6114.14	244.57	92.93	489.13	826.63
					1077.82	43.11	16.38	86.23	145.72
					9765.03	390.60	101.56	781.20	1273.36
				2013-14	13076.18	523.05	135.99	1046.09	1705.13
					359.77	14.39	3.74	28.78	46.91
6	M/s Tiknar Homes Pvt Ltd	32072022808	CTO, (WC), Ernakulam	2012-13	250.76	7.52	2.86	15.05	25.43
7	M/s Mabel Engineers Pvt Ltd (V)	32072014056	CTO, (WC), Ernakulam	2014-15	92.70	13.44	1.88	26.88	42.20
8	M/s Tech Steel	32072063174	CTO, (WC), Ernakulam	2014-15	18.86	2.73	0.38	5.47	8.58
					72.41	10.50	1.47	21.00	32.97
9	M/s G R Engineering Private Limited	32072044465	CTO, (WC), Ernakulam	2013-14	59.34	1.78	0.46	3.56	5.80
10	M/s. Skyline Builders	32072047255	CTO(WC), Ernakulam	2012-13	278.30	7.20	2.74	14.41	24.35
				2012-13	135.03	17.48	6.64	34.97	59.09
				2013-14	548.74	61.02	15.87	122.04	198.93
				2014-15	2878.88	237.51	33.25	475.02	745.78
					39964.56	1776.62	486.44	3553.24	5816.30

Appendix – XI

(Ref. Paragraph 2.6)

Compounded rate of metal crushing units

(₹ in lakh)

Year	Secondary			Cone	Primary
	Size I [#]	Size II [#]	Size III [#]		
2009-10	0.40/0.25*	1.50/1.00*	3.00	10.00	50 per cent of aggregate of compounded tax
2010-11	0.40/0.25*	1.40/1.00*	2.80	15.00	
2011-12	0.40/0.25*	1.40/1.00*	2.80	15.00	
2012-13	0.40/0.30*	1.60/1.20*	3.20	18.00	
2013-14	0.40/0.30*	1.60/1.20*	3.20	18.00	

Crushing machines are categorised as size I, II & III with respect to the Jaw size as follows.

Size I : Not exceeding 30.48cm X 22.86 cm; Size II : exceeding 30.48cm X 22.86 cm but less than 40.64cm X 25.40cm; Size III : exceeding 40.64cm X 25.40cm

* Reduced rate is applicable in the case of units having only a single secondary crushing machine

Appendix – XII

(Ref. Paragraph 2.6.1)

Short levy of tax due to under reporting of size and/or number of metal crushers

Sl. No	Name of the assessee	TIN	Name of the assessing office	Year	Tax	Interest	Penalty	Total
1.	Banyas Granite Industries	32101077701	AIT & CTO, Manjeri at Kottakkal	2009-10	2.78	1.75	5.56	10.09
				2010-11	1.82	0.93	3.64	6.39
				2011-12	1.82	0.71	3.64	6.17
				2012-13	1.60	0.43	3.20	5.23
				2013-14	1.60	0.24	3.20	5.04
2.	Vikas Granites	32100463812	CTO, Manjeri	2010-11	1.31	0.67	2.62	4.60
				2011-12	1.82	0.71	3.64	6.17
				2012-13	2.00	0.54	4.00	6.54
				2013-14	2.00	0.30	4.00	6.30
3.	Crescent Granites Industries	32100471707	CTO, Manjeri	2009-10	1.83	1.32	3.66	6.81
				2010-11	1.82	1.09	3.64	6.55
				2011-12	1.82	0.87	3.64	6.33
				2012-13	2.00	0.72	4.00	6.72
				2013-14	2.00	0.48	4.00	6.48
4.	(*) Kohinoor Granite Industries	32100452998	CTO, Manjeri	2009-10	2.02	1.52	4.04	7.58
5.	(*) Feroz Granites Industries	32100432625	CTO, Manjeri	2010-11	2.12	1.34	4.24	7.70
				2011-12	2.12	1.08	4.24	7.44
				2012-13	2.40	0.94	4.80	8.14
				2013-14	2.40	0.65	4.80	7.85
6.	(*) Al-Madeena Metals and cement industries	32100490315	CTO, Manjeri	2009-10	4.55	3.41	9.09	17.04
				2010-11	4.24	2.67	8.48	15.40
				2011-12	4.24	2.16	8.48	14.89
				2012-13	4.80	1.87	9.60	16.27
7.	(*) Crescent Granite Industries	32100471707	CTO, Manjeri	2009-10	2.78	2.08	5.56	10.42
				2010-11	1.82	1.15	3.64	6.60
				2011-12	1.82	0.93	3.64	6.38
				2012-13	2.00	0.78	4.00	6.78

Sl. No	Name of the assessee	TIN	Name of the assessing office	Year	Tax	Interest	Penalty	Total
8.	(*) Chengot Stone Crusher	32100402734	CTO, Manjeri	2013-14	2.00	0.54	4.00	6.54
				2009-10	4.29	3.22	8.59	16.10
				2010-11	3.23	2.04	6.46	11.73
				2011-12	2.12	1.08	4.24	7.44
				2012-13	2.55	0.99	5.10	8.64
				2013-14	2.55	0.69	5.10	8.34
9.	(*) Marva Metals	32100780892	CTO, Perinthalmanna	2009-10	2.78	2.08	5.56	10.42
				2010-11	1.82	1.15	3.64	6.60
				2011-12	1.82	0.93	3.64	6.38
				2012-13	2.40	0.94	4.80	8.14
				2013-14	7.20	1.94	14.40	23.54
10.	(*) Karipur Granite Industries	32100635406	CTO, Tirurangadi	2009-10	4.29	3.22	8.59	16.10
				2012-13	3.60	1.40	7.20	12.20
				2013-14	3.60	0.97	7.20	11.77
11.	(*) Gulfar Granites	32100662845	CTO, Tirurangadi	2009-10	2.27	1.70	4.55	8.52
				2010-11	2.12	1.34	4.24	7.70
				2011-12	2.12	1.08	4.24	7.44
				2012-13	2.40	0.94	4.80	8.14
12.	(*) Ernad Cement & Metals	32100624191	CTO, Tirurangadi	2012-13	8.00	3.12	16.00	27.12
				2013-14	8.00	2.16	16.00	26.16
13.	Kavumkal Granites Pvt Ltd	32030962683	AIT & CTO, Ranni	2010-11	12.73	6.49	25.46	44.68
				2011-12	8.48	3.31	16.96	28.75
				2012-13	9.60	2.59	19.20	31.39
				2013-14	33.00	4.95	66.00	103.95
14.	Prime Metal Industries	32421440303	CTO, Adoor	2009-10	1.26	0.79	2.52	4.57
				2010-11	0.76	0.39	1.52	2.67
				2011-12	0.76	0.30	1.52	2.58
				2012-13	0.90	0.24	1.80	2.94
				2013-14	0.90	0.14	1.80	2.84
15.	Ricko Rocks and Granites	32030396469	CTO, Adoor	2009-10	1.26	0.79	2.52	4.57
16.	Stonage Metal Crusher	32030358805	CTO, Adoor	2009-10	1.26	0.79	2.52	4.57

Audit Report (Revenue Sector) for the year ended 31 March 2016

Sl. No	Name of the assessee	TIN	Name of the assessing office	Year	Tax	Interest	Penalty	Total
17.	Plakkatu Granites Industries	32295390304	CTO, Pathnanthitta	2009-10	6.19	3.90	12.38	22.47
				2010-11	2.12	1.10	4.24	7.46
				2011-12	2.12	0.85	4.24	7.21
				2012-13	2.40	0.67	4.80	7.87
				2013-14	27.00	4.32	54.00	85.32
18.	Edayan Rocks	32030545599	CTO, Pathnanthitta	2009-10	6.82	4.30	13.64	24.76
				2010-11	6.36	3.24	12.72	22.32
				2011-12	6.36	2.48	12.72	21.56
19.	Konni Kochin Granites	32030495684	CTO, Pathnanthitta	2009-10	2.78	1.75	5.56	10.09
				2010-11	1.82	0.93	3.64	6.39
				2011-12	2.12	0.83	4.24	7.19
20.	Wilson Stone Crusher	32030494929	CTO, Pathnanthitta	2009-10	1.26	0.79	2.52	4.57
				2010-11	0.76	0.39	1.52	2.67
				2011-12	0.76	0.30	1.52	2.58
				2012-13	0.90	0.24	1.80	2.94
				2013-14	0.90	0.14	1.80	2.84
21.	Ravindra Rock Crushing Plant	32030513752	CTO, Thiruvalla	2009-10	4.09	2.58	8.18	14.85
				2009-10	3.78	2.42	7.56	13.76
22.	Lakshmi Stone Industries	32030547456	IAC, Pathnanthitta	2011-12	11.36	4.43	22.72	38.51
				2009-10	4.54	2.86	9.08	16.48
23.	Kuzhuvammannil Industries	32030516834	IAC, Pathnanthitta	2012-13	9.60	3.26	19.20	32.06
				2013-14	9.60	2.11	19.20	30.91
				2009-10	2.63	1.66	5.26	9.55
24.	Malleil Industries Pvt Ltd	32030246507	IAC, Pathnanthitta	2011-12	2.42	0.94	4.84	8.20
				2012-13	2.80	0.76	5.60	9.16
				2009-10	6.82	4.30	13.64	24.76
25.	Central Granites	32080764824	AIT& CTO, Thrissur	2010-11	6.36	3.24	12.72	22.32
				2011-12	6.36	2.48	12.72	21.56
				2012-13	7.20	1.94	14.40	23.54
26.	Vilamana Industries	32080866309	CTO, Chalakkudy	2009-10	6.82	4.30	13.64	24.76
				2010-11	6.36	3.24	12.72	22.32

Sl. No	Name of the assessee	TIN	Name of the assessing office	Year	Tax	Interest	Penalty	Total
27.	ACK Sons Rock Processing Unit	32080865185	CTO, Chalakkudy	2013-14	7.20	1.08	14.40	22.68
				2009-10	3.03	1.91	6.06	11.00
				2010-11	3.23	1.65	6.46	11.34
				2011-12	3.23	1.26	6.46	10.95
				2012-13	3.60	0.97	7.20	11.77
28.	Southern Industries	32080846509	CTO, Chalakkudy	2013-14	3.60	0.54	7.20	11.34
				2010-11	1.82	0.93	3.64	6.39
29.	Pathiyaparambil Industries	32080888304	CTO, Chalakkudy	2011-12	1.82	0.71	3.64	6.17
				2012-13	2.40	0.65	4.80	7.85
				2011-12	0.76	0.30	1.52	2.58
30.	PIP Granites	32080835935	CTO, Chalakkudy	2012-13	0.95	0.26	1.90	3.11
				2013-14	0.90	0.14	1.80	2.84
				2009-10	3.03	1.94	6.06	11.03
				2010-11	2.83	1.47	5.66	9.96
				2011-12	2.83	1.13	5.66	9.62
31.	K.J.Vasudevan Nair Granites	32080795435	CTO, III Circle, Trichur	2012-13	3.20	0.90	6.40	10.50
				2013-14	3.20	0.51	6.40	10.11
				2009-10	2.27	1.45	4.54	8.26
				2010-11	3.03	1.58	6.06	10.67
				2011-12	3.03	1.21	6.06	10.30
32.	Marbles & Minerals	32224550809	CTO, Irinjakkuda	2012-13	8.40	2.35	16.80	27.55
				2013-14	3.60	0.58	7.20	11.38
				2009-10	5.50	3.52	11.00	20.02
				2010-11	5.10	2.65	10.20	17.95
				2011-12	5.15	2.06	10.30	17.51
33.	Panthalookaran Granites	32080922594	CTO, Irinjakkuda	2012-13	5.80	1.62	11.60	19.02
				2013-14	1.80	0.29	3.60	5.69
				2009-10	4.55	2.87	9.10	16.52
				2010-11	4.24	2.16	8.48	14.88
				2011-12	4.24	1.65	8.48	14.37
				2012-13	4.80	1.30	9.60	15.70
				2013-14	4.80	0.72	9.60	15.12

Audit Report (Revenue Sector) for the year ended 31 March 2016

Sl. No	Name of the assessee	TIN	Name of the assessing office	Year	Tax	Interest	Penalty	Total
34.	Jayam Sands & Gravel (P) Ltd	32080965456	CTO, Irinjakkuda	2012-13	9.60	2.59	19.20	31.39
				2013-14	9.60	1.44	19.20	30.24
35.	Thomson Granites	32080244523	CTO, Special Circle, Thrissur	2010-11	22.50	11.48	45.00	78.98
36.	(*) Blue Mountain Granites	32080985302	CTO, Special Circle, Thrissur	2010-11	3.64	2.29	7.27	13.20
				2011-12	3.64	1.85	7.27	12.76
				2012-13	4.20	1.64	8.40	14.24
				2013-14	4.20	1.13	8.40	13.73
				2009-10	5.68	4.09	11.36	21.13
37.	Esskay Industries	32081361096	CTO, Special Circle, Thrissur	2012-13	4.80	1.73	9.60	16.13
				2013-14	31.80	7.63	63.60	103.03
				2009-10	6.82	4.36	13.64	24.82
38.	Three Star Granites	32081274235	CTO, Special Circle, Thrissur	2010-11	6.36	3.31	12.72	22.39
				2012-13	2.90	0.81	5.80	9.51
39.	Rajumon Granites	32081374697	CTO, Wadakkancherry	2010-11	1.38	0.80	2.76	4.94
				2011-12	1.57	0.72	3.14	5.43
40.	Shakti Granites	32081377814	CTO, Wadakkancherry	2012-13	1.70	0.58	3.40	5.68
				2013-14	2.48	0.55	4.96	7.99
41.	Thoomkuzhy Granites	32081369962	CTO, Wadakkancherry	2009-10	2.78	1.75	5.56	10.09
				2010-11	2.58	1.32	5.16	9.06
				2011-12	1.82	0.71	3.64	6.17
				2012-13	2.00	0.54	4.00	6.54
				2013-14	1.50	0.23	3.00	4.73
				2012-13	3.20	0.86	6.40	10.46
42.	Jams Granites(P) Ltd	32081325085	CTO, Wadakkancherry	2013-14	3.20	0.48	6.40	10.08
				2011-12	7.58	3.03	15.16	25.77
43.	CBM Enterprises	32140461418	AIT&CTO Vythiri at Kalpetta	2013-14	4.80	0.72	9.60	15.12
44.	Green Rock Crushers & Mines(P) Ltd	32071343253	CTO, II Circle, Kalamassery	2009-10	4.55	2.91	9.10	16.56
				2010-11	4.24	2.20	8.48	14.92
45.	Monarch Cement Works	32021397909	CTO, Chathannur	2011-12	4.24	1.70	8.48	14.42
				2012-13	4.80	1.34	9.60	15.74
				2013-14	4.80	0.77	9.60	15.17
46.	Satyam Granite Industries	32021405594	CTO, Anchal	2010-11	4.09	2.05	8.18	14.32

Sl. No	Name of the assessee	TIN	Name of the assessing office	Year	Tax	Interest	Penalty	Total
47.	Ananthapuri Blue Metals	32021434787	CTO, Anchal	2011-12	4.24	1.61	8.48	14.33
48.	Charuvila Metal Crusher	32021476244	CTO, Anchal	2011-12	3.54	1.35	7.08	11.97
				2011-12	2.32	0.88	4.64	7.84
				2012-13	2.80	0.73	5.60	9.13
				2013-14	2.80	0.39	5.60	8.79
49.	Lal Metal Crusher	32021411185	CTO, Anchal	2011-12	2.02	0.77	4.04	6.83
				2012-13	2.40	0.62	4.80	7.82
				2013-14	2.40	0.34	4.80	7.54
50.	Aaramam Industries	32020914881	CTO, Karunagapally	2010-11	4.24	2.20	8.48	14.92
				2011-12	4.24	1.70	8.48	14.42
				2012-13	5.40	1.51	10.80	17.71
				2013-14	5.40	0.86	10.80	17.06
51.	Sarathy Metal Crusher	32020924634	CTO, Karunagapally	2010-11	2.12	1.10	4.24	7.46
				2011-12	2.12	0.85	4.24	7.21
				2012-13	2.40	0.67	4.80	7.87
52.	New Excel Granites	32021044593	CTO, Kottarakkara	2013-14	2.40	0.34	4.80	7.54
53.	Poovottu Industries	32021026931	CTO, Kottarakkara	2013-14	4.80	0.77	9.60	15.17
54.	Akkavilla Sajeenan Aggregates	32021215784	CTO, Kundra	2013-14	9.00	1.44	18.00	28.44
55.	A S Industries	32021276995	CTO, Kundara	2009-10	3.03	2.18	6.06	11.27
				2012-13	6.40	2.30	12.80	21.50
				2013-14	1.60	0.38	3.20	5.18
56.	Kannan Granite Industries	32021206255	CTO, Kundara	2010-11	4.24	2.12	8.48	14.84
57.	Sha Metal Crusher	32021269108	CTO, Kundara	2009-10	2.27	1.41	4.54	8.22
				2010-11	1.41	0.71	2.82	4.94
				2011-12	1.41	0.54	2.82	4.77
				2012-13	1.60	0.42	3.20	5.22
				2013-14	1.60	0.22	3.20	5.02
58.	Chithara Metal crusher	32021425405	CTO, Special Circle, Kollam	2011-12	22.73	9.09	45.46	77.28
59.	Darshan Granite Pvt Ltd	32449270211	CTO, Special Circle, Kollam	2011-12	22.73	10.46	45.46	78.65
				2012-13	54.00	18.36	108.00	180.36
				2013-14	54.00	11.88	108.00	173.88
60.	(*) Kohinoor Granites Industries	32090562156	CTO I Circle, Palakkad	2009-10	4.55	3.41	9.09	17.04
				2010-11	4.24	2.67	8.48	15.40

Audit Report (Revenue Sector) for the year ended 31 March 2016

Sl. No	Name of the assessee	TIN	Name of the assessing office	Year	Tax	Interest	Penalty	Total
61.	(*) Korien Granite Industries	32090596075	CTO, I Circle, Palakkad	2012-13	2.40	0.94	4.80	8.14
				2013-14	2.40	0.65	4.80	7.85
				2009-10	3.03	2.27	6.06	11.36
				2010-11	2.83	1.78	5.66	10.27
				2011-12	2.58	1.31	5.15	9.04
62.	Mubarak Metal Crusher Unit	32543190910	CTO, Ottapalam	2012-13	2.90	1.13	5.80	9.83
				2013-14	2.90	0.78	5.80	9.48
				2009-10	1.52	0.96	3.04	5.52
				2010-11	1.41	0.72	2.82	4.95
				2011-12	1.41	0.55	2.82	4.78
63.	Valluvanad Granites	32204280910	CTO, Ottapalam	2012-13	1.60	0.43	3.20	5.23
				2013-14	1.60	0.24	3.20	5.04
				2009-10	6.82	4.30	13.64	24.76
				2010-11	6.36	3.24	12.72	22.32
				2011-12	6.36	2.48	12.72	21.56
64.	Amal Granites	32283210910	CTO, Ottapalam	2012-13	7.43	2.01	14.86	24.30
				2013-14	9.60	1.44	19.20	30.24
				2009-10	2.78	1.75	5.56	10.09
				2010-11	2.56	1.31	5.12	8.99
				2011-12	2.58	1.01	5.16	8.75
65.	Mabrook Granites	32273300911	CTO, Pattambi	2012-13	3.70	1.00	7.40	12.10
				2009-10	2.78	1.75	5.56	10.09
66.	(*) MalabarBlue Metals	32091142094	CTO, Pattambi	2010-11	1.82	0.93	3.64	6.39
				2009-10	8.48	6.36	16.97	31.82
				2010-11	7.88	4.96	15.76	28.60
				2011-12	7.88	4.02	15.76	27.65
				2012-13	9.00	3.51	18.00	30.51
67.	Well Worth Granites	32151351598	CTO II Circle, Perumbavoor	2013-14	9.00	2.43	18.00	29.43
				2009-10	4.29	2.75	8.58	15.62
				2010-11	3.23	1.68	6.46	11.37
				2011-12	3.23	1.29	6.46	10.98
				2012-13	3.60	1.01	7.20	11.81

Sl. No	Name of the assessee	TIN	Name of the assessing office	Year	Tax	Interest	Penalty	Total
68.	Abson Aggregates	32150790685	CTO, Aluva	2013-14	3.60	0.58	7.20	11.38
				2009-10	3.94	2.76	7.88	14.58
				2010-11	2.12	1.23	4.24	7.59
				2011-12	2.12	0.98	4.24	7.34
				2012-13	2.40	0.82	4.80	8.02
				2013-14	2.40	0.53	4.80	7.73
69.	Matha Industries	32150835606	CTO, Angamali	2009-10	1.52	1.06	3.04	5.62
				2010-11	1.82	1.06	3.64	6.52
				2011-12	1.82	0.84	3.64	6.30
				2012-13	2.00	0.68	4.00	6.68
				2013-14	2.00	0.44	4.00	6.44
				2009-10	2.27	1.41	4.54	8.22
70.	Parappuram Granites	32151251755	CTO, I Circle, Perumbavoor	2010-11	2.12	1.06	4.24	7.42
				2011-12	2.12	0.81	4.24	7.17
				2012-13	2.40	0.62	4.80	7.82
				2009-10	1.52	0.94	3.04	5.50
				2011-12	1.82	0.69	3.64	6.15
				2012-13	2.00	0.52	4.00	6.52
71.	MAM Industries	32151289184	CTO, I Circle, Perumbavoor	2009-10	2.27	1.45	4.54	8.26
				2010-11	2.12	1.10	4.24	7.46
				2011-12	2.12	0.85	4.24	7.21
				2012-13	2.40	0.67	4.80	7.87
				2009-10	2.27	1.41	4.54	8.22
				2010-11	2.12	1.06	4.24	7.42
72.	Thottathil Granites	32151229435	CTO, I Circle, Perumbavoor	2011-12	2.12	0.81	4.24	7.17
				2012-13	2.40	0.62	4.80	7.82
				2009-10	2.27	1.45	4.54	8.26
				2010-11	2.12	1.10	4.24	7.46
				2011-12	2.12	0.85	4.24	7.21
				2012-13	2.40	0.67	4.80	7.87
73.	Devamatha Rock Products	32151215362	CTO, I Circle, Perumbavoor	2009-10	2.27	1.41	4.54	8.22
				2010-11	2.12	1.06	4.24	7.42
				2011-12	2.12	0.81	4.24	7.17
				2012-13	2.40	0.62	4.80	7.82
				2009-10	2.27	1.45	4.54	8.26
				2010-11	2.12	1.10	4.24	7.46
74.	Periyar Granites Pvt Ltd	32151333082	CTO, II Circle, Perumbavoor	2011-12	2.12	0.85	4.24	7.21
				2012-13	2.40	0.67	4.80	7.87
				2013-14	2.40	0.38	4.80	7.58
				2009-10	2.78	1.75	5.56	10.09
				2010-11	2.57	1.31	5.14	9.02
				2011-12	2.12	0.85	4.24	7.21
75.	Aradhana Industries	32151311684	CTO, II Circle, Perumbavoor	2011-12	2.12	0.85	4.24	7.21
				2012-13	2.40	0.67	4.80	7.87
				2013-14	2.40	0.38	4.80	7.58
				2009-10	2.78	1.75	5.56	10.09
				2010-11	2.57	1.31	5.14	9.02
				2011-12	2.12	0.85	4.24	7.21

Audit Report (Revenue Sector) for the year ended 31 March 2016

Sl. No	Name of the assessee	TIN	Name of the assessing office	Year	Tax	Interest	Penalty	Total
76.	KVM Granites	32151339156	CTO, II Circle, Perumbavoor	2011-12	1.81	0.71	3.62	6.14
				2012-13	2.40	0.65	4.80	7.85
				2011-12	2.12	0.85	4.24	7.21
				2012-13	2.40	0.67	4.80	7.87
77.	Nabilson Granites	32151329954	CTO, II Circle, Perumbavoor	2011-12	6.36	2.48	12.72	21.56
				2012-13	7.20	1.94	14.40	23.54
				2013-14	7.20	1.08	14.40	22.68
				2009-10	6.41	4.10	12.82	23.33
78.	Raja Granites	32151330909	CTO, II Circle, Perumbavoor	2010-11	6.36	3.31	12.72	22.39
				2011-12	4.24	1.70	8.48	14.42
				2012-13	4.80	1.34	9.60	15.74
				2012-13	2.40	0.65	4.80	7.85
79.	Vadakkal Metals	32151382817	CTO, II Circle, Perumbavoor	2013-14	4.80	0.72	9.60	15.12
				2009-10	4.29	2.70	8.58	15.57
				2010-11	3.23	1.65	6.46	11.34
				2011-12	3.23	1.26	6.46	10.95
80.	St Thomas Industries	32151370285	CTO, II Circle, Perumbavoor	2012-13	3.60	0.97	7.20	11.77
				2013-14	3.60	0.54	7.20	11.34
				2012-13	6.00	1.62	12.00	19.62
				2013-14	4.80	0.72	9.60	15.12
81.	Badhusha Metals	32151391817	CTO, II Circle, Perumbavoor	2009-10	2.78	1.78	5.56	10.12
				2010-11	1.82	0.95	3.64	6.41
				2011-12	1.82	0.73	3.64	6.19
				2012-13	2.00	0.56	4.00	6.56
82.	Al-Madeena Granites & Hollow Bricks	32151306701	CTO, II Circle, Perumbavoor	2013-14	3.60	0.58	7.20	11.38
				2009-10	2.27	1.43	4.54	8.24
				2010-11	2.12	1.08	4.24	7.44
				2011-12	2.12	0.83	4.24	7.19
83.	Perumbavoor Aggregates	32151399006	CTO, II Circle, Perumbavoor	2012-13	2.40	0.67	4.80	7.87
				2013-14	2.40	0.36	4.80	7.56
				2009-10	2.77	1.75	5.54	10.06
				2010-11	1.82	0.93	3.64	6.39
84.	Navodaya Granites	32151397904	CTO, II Circle, Perumbavoor	2011-12	1.82	0.71	3.64	6.17

Sl. No	Name of the assessee	TIN	Name of the assessing office	Year	Tax	Interest	Penalty	Total
85.	MG Industries	32151333137	CTO, II Circle, Perumbavoor	2012-13	2.40	0.65	4.80	7.85
				2010-11	1.82	0.93	3.64	6.39
				2011-12	1.82	0.71	3.64	6.17
				2012-13	2.00	0.54	4.00	6.54
				2013-14	2.00	0.30	4.00	6.30
86.	Vijaya Granites	32151300502	CTO, II Circle, Perumbavoor	2009-10	3.03	1.94	6.06	11.03
				2010-11	2.83	1.47	5.66	9.96
				2011-12	2.83	1.13	5.66	9.62
				2012-13	3.20	0.90	6.40	10.50
				2013-14	7.20	1.15	14.40	22.75
87.	Varkisons Engineers	32151375112	CTO, II Circle, Perumbavoor	2011-12	2.12	0.83	4.24	7.19
				2012-13	2.40	0.65	4.80	7.85
88.	B&M Granites	32151361689	CTO, II Circle, Perumbavoor	2013-14	2.40	0.36	4.80	7.56
				2010-11	2.83	1.44	5.66	9.93
				2011-12	2.83	1.10	5.66	9.59
89.	Union Granites	32151384909	CTO, II Circle, Perumbavoor	2012-13	3.20	0.86	6.40	10.46
				2012-13	2.40	0.65	4.80	7.85
90.	Modern Cemeto Bricks	32151360532	CTO, II Circle, Perumbavoor	2013-14	2.40	0.36	4.80	7.56
91.	Parathuvayalil Granites	32151422935	CTO, II Circle, Perumbavoor	2009-10	5.05	3.18	10.10	18.33
92.	(*) St. Mary's Granites	32151309467	CTO, II Circle, Perumbavoor	2009-10	6.82	5.11	13.64	25.57
				2010-11	6.36	4.01	12.73	23.10
				2011-12	4.24	2.16	8.48	14.89
				2012-13	4.80	1.87	9.60	16.27
				2013-14	4.80	1.30	9.60	15.70
93.	(*) Star Granites	32151379983	CTO, II Circle, Perumbavoor	2010-11	2.12	1.34	4.24	7.70
				2011-12	2.12	1.08	4.24	7.44
				2012-13	2.40	0.94	4.80	8.14
				2013-14	2.40	0.65	4.80	7.85

Audit Report (Revenue Sector) for the year ended 31 March 2016

Sl. No	Name of the assessee	TIN	Name of the assessing office	Year	Tax	Interest	Penalty	Total
94.	(*) Shalimar Granites	32151312325	CTO, II Circle, Perumbavoor	2009-10	2.27	1.70	4.55	8.52
				2010-11	2.12	1.34	4.24	7.70
95.	(*) Mundakkal Granites	32151325612	CTO, II Circle, Perumbavoor	2010-11	2.12	1.34	4.24	7.70
				2011-12	2.12	1.08	4.24	7.44
				2012-13	2.40	0.94	4.80	8.14
				2013-14	2.40	0.65	4.80	7.85
96.	Afsiya Granites	32151377226	CTO, II Circle, Perumbavoor	2009-10	0.76	0.49	1.52	2.77
				2010-11	1.11	0.58	2.22	3.91
				2011-12	0.91	0.36	1.82	3.09
				2012-13	1.00	0.28	2.00	3.28
97.	Dhanya Granites	32151333284	CTO, II Circle, Perumbavoor	2009-10	1.52	0.97	3.04	5.53
				2010-11	1.41	0.73	2.82	4.96
				2011-12	1.41	0.56	2.82	4.79
				2012-13	0.00	0.00	0.00	0.00
				2013-14	1.60	0.26	3.20	5.06
98.	(*) New National Granites	32151348595	CTO, II Circle, Perumbavoor	2010-11	2.12	1.34	4.24	7.70
				2011-12	2.12	1.08	4.24	7.44
				2012-13	2.40	0.94	4.80	8.14
				2013-14	2.40	0.65	4.80	7.85
99.	Ansal Granite Products	32151311627	CTO, II Circle, Perumbavoor	2013-14	4.80	0.77	9.60	15.17
100.	Pooveil Aggregates	32151354254	CTO, II Circle, Perumbavoor	2012-13	2.40	0.67	4.80	7.87
				2013-14	2.40	0.38	4.80	7.58
101.	AKP Granites	32151357933	CTO, II Circle, Perumbavoor	2013-14	2.00	0.32	4.00	6.32
102.	Quality Stone Products	32151346503	CTO, II Circle, Perumbavoor	2009-10	2.27	1.45	4.54	8.26
				2010-11	2.12	1.10	4.24	7.46
				2011-12	4.24	1.70	8.48	14.42
				2012-13	4.80	1.34	9.60	15.74
				2013-14	4.80	0.77	9.60	15.17
103.	(*) Punnekottayil Granites	32151562299	CTO, Kothamangalam	2009-10	3.03	2.27	6.06	11.36

Sl. No	Name of the assessee	TIN	Name of the assessing office	Year	Tax	Interest	Penalty	Total
				2010-11	2.12	1.34	4.24	7.70
				2011-12	2.12	1.08	4.24	7.44
				2012-13	2.40	0.94	4.80	8.14
				2013-14	2.40	0.65	4.80	7.85
104.	(*) Periyar Associates	32151568239	CTO, Kothamangalam	2012-13	7.20	2.81	14.40	24.41
				2013-14	7.20	1.94	14.40	23.54
105.	PPM Granites	32151441014	CTO, Moovatupuzha	2009-10	1.52	0.96	3.04	5.52
				2010-11	2.12	1.08	4.24	7.44
				2011-12	2.12	0.83	4.24	7.19
				2012-13	2.40	0.65	4.80	7.85
				2013-14	2.40	0.36	4.80	7.56
106.	United Granites	32151379994	CTO, Special Circle, Perumbavoor	2009-10	6.57	4.20	13.14	23.91
				2010-11	8.99	4.67	17.98	31.64
				2011-12	8.99	3.60	17.98	30.57
107.	Ozone Granites	32151303573	CTO, Special Circle, Perumbavoor	2012-13	10.60	2.86	21.20	34.66
108.	Everone Properties India Pvt Ltd	32151589931	CTO, Special Circle, Perumbavoor	2010-11	8.20	4.26	16.40	28.86
				2013-14	27.00	4.32	54.00	85.32
109.	Parakkal Rock Products	32151382312	CTO, Special Circle, Perumbavoor	2010-11	4.24	2.46	8.48	15.18
				2011-12	4.24	1.95	8.48	14.67
				2012-13	4.80	1.63	9.60	16.03
				2013-14	4.80	1.06	9.60	15.46
110.	Megha Granites	32151338515	CTO, Special Circle, Perumbavoor	2009-10	4.55	2.91	9.10	16.56
				2010-11	4.24	2.20	8.48	14.92
				2011-12	4.24	1.70	8.48	14.42
				2012-13	4.80	1.34	9.60	15.74
				2013-14	4.80	0.77	9.60	15.17
111.	Sabari Granites	32060939984	CTO, Adimali	2010-11	2.12	1.10	4.24	7.46
				2011-12	2.12	0.85	4.24	7.21
				2012-13	2.40	0.67	4.80	7.87
				2013-14	2.40	0.38	4.80	7.58
112.	Thattayath Metal Crusher	32061327974	CTO, I Circle, Thodupuzha	2010-11	2.58	1.34	5.16	9.08
				2011-12	2.58	1.03	5.16	8.77
				2012-13	2.90	0.81	5.80	9.51
				2013-14	2.90	0.46	5.80	9.16

Sl. No	Name of the assessee	TIN	Name of the assessing office	Year	Tax	Interest	Penalty	Total
113.	(*) Venad Granites	32061386608	CTO, I Circle, Thodupuzha	2009-10	4.29	3.22	8.59	16.10
				2010-11	3.99	2.51	7.98	14.48
				2011-12	3.99	2.03	7.98	14.00
				2012-13	4.50	1.76	9.00	15.26
				2013-14	4.50	1.22	9.00	14.72
114.	(*) Kunnumpurathu Granites	32061475967	CTO, II Circle, Thodupuzhha	2012-13	2.90	1.13	5.80	9.83
115.	Hi Range Metal Products	32060802205	CTO, Nedumkandam	2013-14	2.90	0.78	5.80	9.48
				2009-10	2.63	1.68	5.26	9.57
				2010-11	2.42	1.26	4.84	8.52
				2011-12	1.41	0.56	2.82	4.79
				2012-13	1.60	0.45	3.20	5.25
116.	(*) Madaparambil Granites	32061380984	CTO, Special Circle, Thodupuzha	2013-14	2.40	0.38	4.80	7.58
				2013-14	9.00	2.43	18.00	29.43
117.	Thomson Granites	32061493754	CTO, Special Circle, Thodupuzha	2011-12	2.12	0.85	4.24	7.21
				2012-13	2.40	0.67	4.80	7.87
				2013-14	7.20	1.15	14.40	22.75
				2009-10	5.05	3.18	10.10	18.33
				2010-11	7.58	3.87	15.16	26.61
118.	St.Martin Granites	32061372603	CTO, Special Circle, Thodupuzha	2011-12	7.58	2.96	15.16	25.70
				2012-13	9.00	2.43	18.00	29.43
				2013-14	9.00	1.35	18.00	28.35
				2012-13	9.00	3.51	18.00	30.51
				2013-14	9.00	2.43	18.00	29.43
119.	(*) United Granites & Metals	32420500613	CTO, Special Circle, Thodupuzha	2010-11	28.38	17.88	56.76	103.02
120.	(*) Charles Metal Industry	32061449081	CTO, Special Circle, Thodupuzha	2011-12	26.97	13.75	53.93	94.65
				2012-13	31.80	12.40	63.60	107.80
				2013-14	31.80	8.59	63.60	103.99
				2010-11	7.58	4.77	15.15	27.50
				2011-12	7.58	3.86	15.15	26.59
121.	(*) CMJ Granites	32060658543	IAC, Idukki at Kattappana	2012-13	9.00	3.51	18.00	30.51
				2013-14	9.00	2.43	18.00	29.43
				2011-12	9.00	2.43	18.00	29.43
122.	Five Star Stone crusher and Hollow bricks	32121017482	CTO, Koothuparamba	2011-12	8.48	3.90	16.96	29.34

Sl. No	Name of the assessee	TIN	Name of the assessing office	Year	Tax	Interest	Penalty	Total
123.	MKN Bricks & Blue Metals(P) Ltd	32011028111	CTO, Nedumangad	2013-14	27.00	4.32	54.00	85.32
124.	Travancore Blue Metal Industries	32011094428	CTO, Nedumangad	2013-14	54.00	8.10	108.00	170.10
125.	Blue Star Industries	32011026164	CTO, Nedumangad	2009-10	3.33	2.13	6.66	12.12
				2010-11	3.03	1.58	6.06	10.67
126.	A. V. Crusher	32011082785	CTO, Nedumangad	2009-10	2.68	1.72	5.36	9.76
				2010-11	2.53	1.32	5.06	8.91
				2011-12	2.12	0.85	4.24	7.21
				2013-14	2.40	0.38	4.80	7.58
127.	Aramam Rocks	32011001605	CTO, Special Circle, Thiruvananthapuram	2009-10	4.54	2.77	9.08	16.39
				2010-11	3.94	1.93	7.88	13.75
128.	M.S. Building Products	32011183686	CTO, Special Circle, Thiruvananthapuram	2011-12	13.23	6.35	26.46	46.04
				2012-13	15.40	5.54	30.80	51.74
				2013-14	15.40	3.70	30.80	49.90
129.	Kannanthanam & Co	32010910424	CTO, Special Circle, Thiruvananthapuram	2009-10	18.18	11.09	36.36	65.63
				2010-11	16.97	8.32	33.94	59.23
130.	Mount Valley Granite	32050821925	CTO, Special Circle, Kottayam	2011-12	7.50	3.45	15.00	25.95
				2012-13	9.00	3.06	18.00	30.06
				2013-14	9.00	1.98	18.00	28.98
131.	Kuthiraveilil Rubble Industries, Marangoli, Ktym	32051045002	CTO, Special Circle, Kottayam	2010-11	4.24	2.20	8.48	14.92
				Total	2033.16	779.19	4066.3	6878.65

(*) Calculations modified after Joint Physical Verification of Metal Crushing Units.

Appendix – XIII

(Ref. Paragraph 2.6.2)

Turnover escaped assessment

Sl.No	Name of the Assessee	TIN	Name of the Assessing Office	Year	Turnover escaped assessment	Short levy of Tax	Interest	Tax Plus Interest	Penalty	Total
1	Best Granites	32081387545	CTO, Special Circle, Thrissur	2009-10	1679.40	212.02	133.58	345.60	424.04	769.64
2	Valakkavu Granites (P)Ltd	32080581808	CTO, Special Circle, Thrissur	2009-10	66.95	5.67	4.09	9.76	11.34	21.10
3	Thomson Granites	32080244523	CTO, Special Circle, Thrissur	2009-10 to 2013-14	620.98	82.49	36.70	119.19	164.98	284.17
4	Pawan Quarry & Aggregates Pvt Ltd	32151350507	CTO, II Circle, Perumbavoor	2010-11 & 2011-12	714.75	90.24	39.16	129.40	180.48	309.88
5	Devamatha Rock Products	32151215362	CTO, I Circle, Perumbavoor	2013-14	120.33	6.02	0.84	6.86	12.04	18.90
6	Parakkal Granites	32151515872	CTO, Kothamangalam	2012-13	91.36	12.33	3.45	15.78	24.66	40.44
				Total	Total	408.77	217.82	626.59	817.54	1444.13

(₹ in lakh)

Appendix – XIV

(Ref. Paragraph 2.6.4)

Short Remittance of Tax

Sl.No.	Name of assessee with TIN	TIN	Name of the Assessing Circle	Year	Tax due (₹)	Tax remitted	Balance tax payable (incl 1% cess, if any)	Interest	Total
1	VSC Hollow Bricks	32010720535	CTO, Special Circle, Thiruvananthapuram	2009-10	13.50	7.95	5.61	3.42	9.03
2	Marthoma Granites	32061309467	CTO, Special Circle, Thodupuzha	2012-13	36.60	17.00	19.80	5.54	25.34
3	Rajumon Granites	32081374697	CTO, Vadakkancherry	2013-14	5.20	1.83	3.37	0.54	3.91
4	Southern Industries	32080846509	CTO, Chalakudy	2013-14	7.20	3.00	4.20	0.67	4.87
5	Prince Metal Products	32080910512	CTO, Irinjalakuda	2013-14	14.40	10.80	3.60	0.54	4.14
6	Neerakkal Granites	32051064205	CTO, Special Circle, Kottayam	2009-10	15.15	11.36	3.79	2.39	6.18
				2010-11	22.73	18.94	3.79	1.93	5.72
			Grand Total		114.78	70.88	44.16	15.03	59.19

Appendix - XV

(Paragraph 2.8 – Bullet 1)

Details of short payment of tax due to unaccounted purchases								
Sl. No.	Name of the Office	TIN	Name of the dealer	Year	Purchase Turnover unaccounted	Corresponding Sales Turnover	Tax due	Tax and interest
					₹	₹	₹	₹
1	Special Circle Thrissur	32080713895	Nandilath G-Mart	2013-14	5929485	6818908	988742	1226040
2				2014-15	2088540	2401821	348264	390056
3		32080272052	Nandilath Agencies	2013-14	6352340	7305191	1059253	1313474
4				2014-15	2531678	2911430	422157	472816
5	Special Circle Thiruvananthapuram	32010155605	QRS Retail Limited	2013-14	8360453	9614521	1394106	1728691
6				2014-15	10754032	12367136	1793234	2008422
7	Special Circle Malappuram	32100504502	Kannankandy Fridge Centre	2014-15	1977633	2274278	329770	369342
8				2013-14	3581443	4118659	597206	740535
9	Special Circle I Kozhikode	32110250332	Kannankandy Sales Corporation	2013-14	73668656	84718954	12284248	15232468
10				2014-15	19656333	22604783	3277694	3671017
11	Special Circle Kannur	32120213984	Nikshan Electronics	2014-15	5021362	5774566	837312	937789
12				2013-14	12095345	13909647	2016899	2500955
13	Special Circle I Ernakulam	32071397242	Bismi Appliances	2013-14	12128332	13947582	2022399	2507775
14				2014-15	7168515	8243792	1195350	1338792
15		32070209499	Nook Micro Distribution	2013-14	42489470	48862891	7085119	8785548
16				2014-15	5413250	6225237	902660	1010979
17	32070253072	Pai International Electronics Limited	2013-14	66046330	75953280	11013226	13656400	
18	Special Circle II Ernakulam	32071168822	Lan Mark Shops India Pvt Ltd	2013-14	38998406	44848167	6502984	8063700
19				2014-15	2708554	3114837	451651	505849
20		32070353163	Fridge House Retail Private Limited	2014-15	2174169	2500294	362543	406048
21	CTO. Thaliparamba	32120456365	National Electronics	2013-14	2552476	2935347	425625	527775
22				2014-15	1130432	1299996	188500	211120
23	CTO Circle I Thrissur	32080568444	St. George Co	2013-14	98221705	112954961	16378469	20309302
24	Special Circle Perumbavoor	32151364222	Pittappillil Agencies	2014-15	6985515	8033342	1164834	1304614
Total								89219507

Appendix - XVI**(Paragraph 3.4)****Details of short levy of tax due to incorrect reckoning of purchase tax**

Sl. No.	Name of office	No. of cases	Short levy (₹)
2013-14			
1	RTO Kasargod	9	15011
2	SRTO Aluva	2	87154
3	SRTO North Paravur	3	173281
		14	275446
2014-15			
1.	RTOs Alappuzha	11	102740
2.	Attingal	37	415763
3.	Ernakulam	36	609717
4.	Kannur	271	2594020
5.	Kasargod	127	1523911
6.	Kollam	220	2084805
7.	Kottayam	264	3535730
8.	Kozhikode	120	2121092
9.	Malappuram	78	764463
10.	Palakkad	145	1407624
11.	Thiruvananthapuram	181	2115420
12.	Thrissur	91	1310542
13.	Wayanad	25	216001
14.	SRTOs: Alathur	66	509363
15.	Aluva	143	1955026
16.	Angamaly	43	329141
17.	Chalakkudy	118	906182
18.	Changanachery	163	1566079
19.	Chengannur	21	265380
20.	Cherthala	11	106579
21.	Chittur	30	253055
22.	Guruvayur	61	603845
23.	Irinjalakkuda	159	1306366
24.	Kanhangad	148	1567182
25.	Kanjirappally	66	785183
26.	Karunagappally	50	481627
27.	Kayamkulam	71	653836
28.	Kazhakkootam	41	730436
29.	Kodungalloor	64	667642
30.	Koduvally	39	408366
31.	Kottarakkara	29	227596
32.	Koyilandy	55	899280
33.	Kunnathur	29	198976
34.	Kuttanad	13	154362
35.	Mallappally	8	85093
36.	Mannarkkad	54	322238
37.	Mattancherry	90	1139189
38.	Mavelikkara	112	1035972
39.	Nedumangad	34	258403
40.	Neyyattinkara	12	179481
41.	Nilambur	54	496950

Sl. No.	Name of office	No. of cases	Short levy (₹)
42.	North Paravur	61	468248
43.	Ottappalam	69	712542
44.	Pala	104	1073129
45.	Parassala	31	272247
46.	Pattambi	98	771713
47.	Perinthalmanna	46	413517
48.	Perumbavoor	1	13802
49.	Ponnani	48	553587
50.	Punalur	43	533837
51.	Ranni	16	573436
52.	Sulthan Bathery	1	14692
53.	Thalassery	292	2558156
54.	Thaliparamba	179	1736407
55.	Tripunithura	25	198967
56.	Tirur	100	908951
57.	Uzhavoor	50	438664
58.	Vaikom	68	596910
59.	Wadakkancherry	88	600264
	Total	4706	48733014
	2013-14	14 cases	275446
	2014-15	4710 cases	49333725
	Total	4724 cases	49609171

Appendix - XVII

(Ref. Paragraph 3.5)

Details of non levy of fine in the case of overloaded vehicles

SI No.	Name of office	Year	No. of cases	Non levy of fine (₹)
1.	RTOs: Attingal	2013-14	21	150300
		2014-15	7	36000
2.	Ernakulam	2014-15	31	224000
3.	Kannur	2014-15	13	56000
4.	Kasargod	2013-14	14	30000
		2014-15	23	86000
5.	Kollam	2014-15	38	351000
6.	Kottayam	2014-15	11	103000
7.	Kozhikode	2014-15	36	168000
8.	Malappuram	2014-15	37	218000
9.	Palakkad	2014-15	23	136000
10.	Thiruvananthapuram	2014-15	25	195000
11.	Thrissur	2014-15	143	1148000
12.	Vatakara	2014-15	8	24000
13.	Wayanad	2013-14	17	71000
		2014-15	6	26000
14.	SRTOs: Adoor	2014-15	7	46000
15.	Alathur	2014-15	17	143000
16.	Aluva	2013-14	16	137000
		2014-15	45	449000
17.	Angamaly	2014-15	41	427000
18.	Chalakkudy	2014-15	46	417000
19.	Changanassery	2014-15	10	86000
20.	Cherthala	2014-15	13	81000
21.	Chittur	2014-15	7	69000
22.	Guruvayoor	2014-15	22	170000
23.	Irinjalakkuda	2014-15	49	506000
24.	Kanhangad	2014-15	9	29000
25.	Karunagappally	2014-15	23	212000
26.	Kayamkulam	2014-15	8	65000
27.	Kazhakkuttam	2014-15	9	42000
28.	Kodungallur	2014-15	15	173000
29.	Koduvally	2014-15	19	94000
30.	Kothamangalam	2014-15	13	156000
31.	Kottarakkara	2014-15	13	101000
32.	Koyilandy	2014-15	8	32000
33.	Kunnathur	2014-15	5	45000
34.	Mannarkkad	2014-15	10	25000

SI No.	Name of office		No. of cases	Non levy of fine (₹)
35.	Mattancherry	2014-15	18	195000
36.	Mavelikkara	2014-15	11	68000
37.	Muvattupuzha	2014-15	102	1067000
38.	Nedumangad	2013-14	28	139500
		2014-15	8	87000
39.	Neyyattinkara	2014-15	9	62000
40.	Nilambur	2013-14	8	57000
41.	North Paravoor	2013-14	15	93000
		2014-15	23	154000
42.	Ottappalam	2014-15	8	70000
43.	Parassala	2014-15	16	130000
44.	Perumbavoor	2014-15	73	693000
45.	Ponnani	2014-15	3	23000
46.	Punalur	2014-15	11	59000
47.	Ranni	2014-15	8	80000
48.	Taliparamba	2014-15	16	65000
49.	Thalassery	2014-15	9	40000
50.	Thiruvalla	2014-15	8	61000
51.	Thodupuzha	2014-15	6	64000
52.	Tripunithura	2014-15	3	25000
53.	Tirur	2013-14	13	72000
		2014-15	16	124000
54.	Uzhavoor	2014-15	6	54000
55.	Vandiperiyar	2013-14	15	33000
56.	Wadakkancherry	2014-15	11	82000
			1,302	1,01,24,800

Appendix - XVIII

(Ref. Paragraph 3.6)

Statement of details of short collection of tax on contract carriages with pushback seats

Sl. No.	Name of Office	No. of cases	Total short levy (₹)
1	SRTO Aluva	16	145160
2	SRTO Angamaly	14	118560
3	SRTO Mattancherry	22	167200
4	SRTO North Paravur	41	180842
5	RTO Ernakulam	55	430720
	Total	148	1042482

Appendix - XIX

(Ref. Paragraph 4.4.6.2 – bullet I)

	SEOC	Alappuzha	Kottayam	Palakkad	Thiruvananthapuram
Whether EOC set up	Yes	Yes	No	Yes	Yes
Whether functioning 24 hours	No	Yes	No	No	Yes
Whether EOC staff entrusted with other duties	Yes	Yes	No staff posted	Yes	Yes
Status of VHF	Functioning	Functioning. Can communicate with SEOC only	Not functioning	Not functioning	Functioning. Can communicate with SEOC only
Whether minimum number of infrastructure/equipments available	Yes	30/56	Purchased equipments used in other sections	23/56. Fax machine, scanner, computers and internet were used by revenue/DM sections.	15/36.
Whether DM training given to staff	No	No	No	No	No
Whether VHF operation training given	No	No	No	No	No
Toll free number 1077	Yes	Available to BSNL consumers only	Not functioning	No	Available to BSNL consumers only
Whether other staff accommodated in DEOC	Yes	Yes. Two KSDMA project staff and one staff of revenue control	Yes. RTI section consisting of 2 officials and another official for processing public complaints to DC.	No	Yes. Visiting inspection teams
Availability of police, fire and rescue staff	No	Available 24 hours	Present during day time in rainy season	Police available during rainy season. No fire and rescue staff available.	

Appendix - XX

(Ref. Paragraph 4.4.6.2 – bullet II)

District	Locations					No. of locations not functioning	Reason for not working
	Collectorate		Taluk	Village	Total		
Alappuzha	Installed	1	6	26	33	24	Accessories faulty/ batteries unserviceable
						8	Aerial missing, batteries unserviceable
Kottayam	Installed	1	5	10	16	2	No range
						2	Antenna damage, installation complaint
						1	Battery and radio damage
Palakkad	Installed	1	5	15	21	21	Batteries not holding charge
Thiruvananthapuram	Installed	1	4	33	38	35	Repaired sets stored in Collectorate since February 2015

Appendix - XXI

(Ref. Paragraph 4.4.6.2 – bullet VI)

(₹ in lakh)

Year	Purpose	Kottayam		Alappuzha		Palakkad		Thiruvananthapuram	
		Receipt	Expenditure	Receipt	Expenditure	Receipt	Expenditure	Receipt	Expenditure
2011-12	Setting up of DEOC-13 FC	16.00	9.28	0.00	0.00	16.00	12.10	0.00	0.00
	Conduct of mock drill	0.00	0.00	0.25	0.00	0.25	0.25	0.70	0.43
	Total 11-12	16.00	9.28	0.25	0.00	16.25	12.35	0.70	0.43
2012-13	DM painting competition prize	0.02	0.02	0.00	0.00	0.00	0.00	0.00	0.00
	Conducting workshop in capacity building	4.00	3.06	0.00	0.00	0.00	0.00	0.00	0.00
	Conduct of mock drill	0.20	0.20	0.20	0.00	0.20	0.19	0.00	0.00
	Walkathon	0.10	0.10	0.10	0.00	0.10	0.10	0.00	0.00
	Quiz competition	0.15	0.15	0.15	0.11	0.15	0.15	0.00	0.00
	Drought risk reduction campaign under the project 'awareness generation on DM(IEC activities & public campaign)	15.00	0.43	15.00	0.00	15.00	5.96	15.00	0
	Equipping district control rooms to effectively respond to the drought situation under the project 'Strengthening of State Emergency Capabilities & District Emergency Response Capabilities'	5.00	2.37	5.00	3.76	5.00	5.00	5.00	5.00
	Drought mitigation activities under the project 'Natural hazard mitigation and management'	8.00	1.16	8.00	2.03	8.00	8.00	8.00	4.22
	Total 12-13	32.47	7.49	28.45	5.90	28.45	19.40	28.00	9.22
2013-14	Strengthening of District emergency response capabilities	2.00	0.35	2.00	0.75	2.00	0.00	2.00	2.00
	Formation of VDMC	2.00	0.00	2.00	0.00	2.00	0.00	2.00	0.04
	Preparation/Updation of DMplan	2.00	0.00	2.00	0.13	2.00	0.15	2.00	0.32
	Implementation of DMplan	1.00	0.43	1.00	0.51	1.00	0.00	1.00	0.00
	Implementation of annual plan	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.00
	Conduct of consultation meeting/sensitization meeting	0.50	0.00	0.50	0.00	0.50	0.38	0.50	0.42

Year	Purpose	Kottayam		Alappuzha		Palakkad		Thiruvananthapuram	
		Receipt	Expenditure	Receipt	Expenditure	Receipt	Expenditure	Receipt	Expenditure
	Revenue day celebrations 2013-14	0.00	0.00	0.00	0.00	0.00	0.00	3.00	2.98
	Revenue day celebrations 2014-15	0.00	0.00	0.00	0.00	0.00	0.00	0.62	0.62
	Awareness creation 2015-16	0.00	0.00	0.00	0.00	0.00	0.00	1.50	1.50
	Total 13-14	7.50	0.78	7.50	1.40	7.50	0.53	13.12	7.88
2014-15	nil	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2015-16	Advocacy workshops /training at District Panchayats- 13FC	2.00	0.00	2.00	0.00	2.00	0.00	2.00	0.00
	Sensitization of ULBs- 13FC	1.93	0.00	2.04	0.00	2.27	0.00	1.39	0.00
	total 15-16	3.93	0.00	4.04	0.00	4.27	0.00	3.39	0.00
Grand Total		59.40	18.49	40.24	7.30	56.47	32.29	45.21	17.53
		Total receipt: ₹ 201.32 lakh,		Total expenditure: ₹ 75.61 lakh,		Balance: ₹ 125.71 lakh			

Appendix - XXII

(Ref. Paragraph 4.4.6.2- bullet X)

(₹ in crore)

Head of Account	Description	2011-12	2012-13	2013-14	2014-15	2015-16 *	Total
2245-01-101	Gratuitous relief	0.00	0.53	16.00	8.79	7.08	32.40
2245-01-102	Drinking water supply	12.81	35.32	96.57	47.74	23.50	251.94
2245-02-101	Gratuitous relief	17.96	26.91	57.82	30.97	8.99	142.65
2245-02-102	Drinking water supply	0.00	0.00	0.00	0.72	0.00	0.72
2245-02-105	Veterinary care	0.19	0.04	0.41	0.46	0.10	1.20
2245-02-106	Repairs and restoration of damaged roads and bridges	78.81	96.94	88.80	97.99	78.08	440.62
2245-02-107	Repairs and restoration of damaged Government office and buildings	0.02	0.00	0.00	0.10	0.12	0.24
2245-02-110	Assistance for repairs and restoration of damaged water supply drainage and sewerage works	0.10	0.05	0.16	0.14	1.12	1.57
2245-02-111	Exgratia payments to bereaved families	1.68	0.87	2.79	1.85	1.50	8.69
2245-02-112	Evacuation of population	0.00	0.02	0.06	0.04	0.00	0.12
2245-02-113	Assistance for repairs/reconstruction of houses	14.13	12.37	21.73	21.40	11.15	80.78
2245-02-114	Assistance to farmers for purchase of agri inputs	0.00	0.00	0.00	0.00	0.00	0.00
2245-02-115	Assistance to farmers to clear sand/silt salinity from lands	0.00	0.00	0.00	0.00	0.00	0.00
2245-02-118	Assistance to repairs/replacement of damaged boats and equipments for fishing	0.30	0.00	0.04	0.07	0.07	0.48
2245-02-119	Assistance to artisans for repairs/replacement of damaged tools and equipments	0.01	0.00	0.00	0.00	0.00	0.01
2245-02-122	Repairs and restoration of damaged irrigation and flood control works	0.00	0.00	0.00	0.00	0.01	0.14
2245-02-800	Other expenditure	0.04	0.01	0.07	0.01	0.01	0.11
2245-80-800	Other expenditure	4.60	3.15	8.05	4.87	2.40	23.07
	Total	130.65	176.21	292.50	215.15	134.12	948.63

Source: Finance Accounts for 2011-12 to 2015-16

Appendix - XXIII

(Ref. Paragraph 4.4.6.3 – bullet IV)

List of selected Local Self Government Institutions and road work details					
Sl No.	Name of LSGI	Road works done and paid		Road works done and pending with District Collector	
	Alappuzha District	No. of road works done	Amount of SDRF spent (₹)	No. of road works done	Value of work done (₹)
1	Bharanikkavu GP ¹	1	300000	4	1226640
2	Harippad GP	5	2446082	0	0
3	Pallippad GP	8	3900744	8	3950573
4	Cheppad GP	6	2886108	6	3484800
5	Kumarapuram GP	7	3324398	5	2132946
6	Harippad BP ²	1	491570	6	2928694
7	Muthukulam BP	3	1499346	20	9304689
8	Alappuzha Municipality	11	5240089	10	3780180
	Total	42	20088337	59	26808522
	Kottayam District				
1	KaroorGP	15	3098887	0	0
2	PuthuppallyGP	26	6414939	4	985207
3	PallomBP	3	1297526	4	1597862
4	VechoorGP	2	591042	1	500000
5	RamapuramGP	8	2349725	4	1350000
6	UzhavurGP	7	1494709	0	0
7	UzhavurBP	2	749154	9	2332753
8	Lalam BP	0	0	2	895000
9	Vaikom BP	0	0	0	0
10	Kottayam Municipality	39	16344769	11	4509929
	Total	102	32340751	35	12170751
	Palakkad District				
1	pirayiriGP	17	5200000	0	0
2	PalakkadBP	2	1300000	11	3675159
3	ThachanparaGP	5	1979218	1	500000
4	MannarkkadBP	0	0	2	599435
5	NenmaraGP	2	1118320	0	0
6	NenmaraBP	1	400000	0	0
7	KarimpuzhaGP	7	2998503	0	0
8	SreekrishnapuramBP	0	0	3	1000000
9	Ottappalam Municipality	7	2582026	9	4227855
	Total	41	15578067	26	10002449
	Thiruvananthapuram District				

¹ Gram Panchayat.² Block Panchayat

List of selected Local Self Government Institutions and road work details					
Sl No.	Name of LSGI	Road works done and paid		Road works done and pending with District Collector	
		No. of road works done	Amount of SDRF spent (₹)	No. of road works done	Value of work done (₹)
1	Anad GP	2	982821	0	0
2	Aruvikkara GP	0	0	4	1189496
3	Poovachal GP	17	8198560	0	0
4	Kallara GP	0	0	0	0
5	Kalliyoor GP	7	2688475	0	0
6	Nedumangad BP	4	1262156	5	2598655
7	Vellanad BP	0	0	11	5336734
8	Vamanapuram BP	0	0	0	0
9	Nemom BP	8	3600000	0	0
10	Thiruvananthapuram Corporation	1	291084	2	2290716
	Total	39	17023096	22	11415601
	Grand Total of LSGIs	29		23	
	Grand Total	224	85030251	142	60397323

Appendix - XXIV**(Ref. Paragraph 4.4.6.3 – bullet IX)**

Excess Input subsidy				
Crop	Area/No.	Amount paid (₹)	Amount admissible (₹)	Excess paid (₹)
Arecanut	20	1,875	790.21	1,084.79
Arecanut Bearing	433	64,215	3,967.46	60,247.54
Arecanut Non-bearing	224	22,400	1,960.00	20,440.00
Banana Bunched	38,565	28,16,625	1,00,613.20	27,16,011.80
Banana Non-Bunched	30,313	14,02,653	79,059.20	13,23,593.80
Cashew Bearing	7	420	239.96	180.04
Coconut Bearing	133	82,400	7,622.50	74,777.50
Coconut Non-Bearing	134	24,900	9142.66	15,757.34
Coconut Non-bearing	1	100	45.71	54.29
Coconut Seedling	212	21,250	14,536.84	6,713.16
Nutmeg Bearing	14	5,600	1120.00	4,480.00
Nutmeg Non-Bearing	5	2,000	400.00	1,600.00
Paddy	54.265 ha	10,80,706	6,65,566.00	4,15,140.00
Pepper Bearing	360	27,000	3,622.71	23,377.29
Pepper Yielding	8	600	87.20	512.80
Rubber	811	1,37,400	25,904.00	1,11,496.00
Rubber Non-Tapping	1,528	3,05,600	73,232.00	2,32,368.00
Rubber Tapping	1,512	4,53,600	74,512.00	3,79,088.00
Total		64,49,344	10,62,421.65	53,86,922.35

Appendix - XXV

(Ref. Paragraph 4.4.6.3 – bullet X)

District	Item	Calamity	No.	Rate (₹)	Amount paid (₹)
Alappuzha	Cattle shed	Wind and rain	29	1250	36250
Kottayam	Milch/draught animals	Lightning	14	16400	239600
			1	10000	
		Fall of tree	4	16400	65600
		Coir strangled	1	16400	16400
		Fall of cattleshed	1	16400	16400
		Sudden death	1	16400	16400
Palakkad	Milch/draught animals	Snake bite	13	3000 to 16400	191050
		Rabies	20	1650 to 16400	234200
		Diseases	10	3700 to 16400	91500
		strangled	2	16400	32800
		Fall	10	16400 to 30000	171200
		Other	16	400 to 21200	189200
	Cattle shed	Wind and rain	4	1250	74750
		Rain	5	1250	
		Inadmissible during 2011-12	8	5000	
	Compound wall	Inadmissible	1	23500	
	Thiruvananthapuram	Milch/draught animals	Thunder and lightning	11	1650 to 16400
fall			1	16400	16400
Rain			2	850 to 16400	17250
Electrocution			3	16400	49200
Cattle shed		Rain	19	1250 to 2100	25700
		Thunder and lightning	2	1250	2500
		Total	178		1639750

Appendix - XXVI**(Ref. Paragraph 4.5.1)**

Duties of Tahsildar, Additional/Deputy Tahsildar, Revenue Inspector, Village Officer, Special Village Officer and Village Assistant.

Sl No.	Designation	Duties
1	Tahsildar	Administrative control of a Taluk Assessment of Basic Tax, Plantation Tax, Building Tax etc; Works relating to Elections including revision of electoral rolls and issuance of photo identity cards; Works relating to general census; Implementation of calamity and other relief operations and disbursement of relief funds ; Implementation of various social welfare pension schemes ; Management and control of natural resources, regulation of sand mining, granite mining etc ; Report on issuance of Arms License, Explosive license etc; Report on Implementation of various development schemes; Redressal of public grievances; Taluk level Executive Magisterial Functions; Issuance of various certificates for general public purpose .
2	Additional Tahsildar	Maintaining and updating of land records and act as custodian of Govt land; Assignment of Government lands and acquisition of land for public purposes; Transfer of Government lands between Departments; Conservation of Government lands and trees; Eviction of unauthorised occupation in Govt land; Effecting Revenue Recovery; (In addition to these works, the general works in a Taluk office is bifurcated between Tahsildar and Additional Tahsildar).
3	Special Tahsildar	Control of the special offices like revenue special offices and reporting to the District Collector Acquisition of land for special projects He shall act as the reporting authority and implementing authority in case of land related cases in the special offices and report to the District Collector.
4	Deputy Tahsildar Revenue Inspector	He shall assist the Tahsildar and Additional Tahsildar in all their duties.
5	Village Officer	Representing the Govt at village level; Maintenance of village records of various accounts; Serving and publication of notices;

Audit Report (Revenue Sector) for the year ended 31 March 2016

Sl No.	Designation	Duties
6	Special Officer/Revenue Inspector.	<p>Collection of land revenue; Preparation of mahazar of the land and ascertaining market value of the land; Enquiry and report on assignment of land on registry and lease. Effecting transfer of registry and effecting sub-divisions of land. Custody of Government land , prevent unauthorised occupation of Govt land, in case of encroachment to report, seize un-authorisedly removed timber, earth, metal, laterite, sand, lime, shell or such other articles of valuable and take over under custody and report; Preparation of mahazar and sketch of the land to be relinquished; In respect of Land Tax:- collection of basic tax, enquiry and verification of details in the application for assessment with respect to revenue records and report; Collection of arrears of revenue due on land, serving of demand notice, attachment notice, sale notice etc., attachment of movable and immovable property and protection of attached property; Prevent destruction, removal and alteration of any survey mark, report, creation of new sub division; In respect of escheats and forfeitures report to Tahsildar Issue various certificates like: Community Certificate Nativity Certificate, Residence Certificate, Location Certificate, Identification Certificate, Solvency Certificates , Possession Certificates, Relationship Certificates, Family Membership Certificate, Certificates to prove marital relationship.</p>
7	Village Assistant	<p>Assist the village officer in all his duties; Keep the village records in a systematic way; Site verification of lands and buildings ; Perform duties of village officer in his absence.</p> <p>Assist the village officer, special village officer and revenue inspector; Collection of tax and fees; Serving of notices; Site verification .</p>

Appendix - XXVII

(Ref. Paragraph 4.5.3.1 – bullet I)

List of undetected encroachment as per JPI

Sl. No	Name of the Encroacher	Taluk	Village	Survey No.	Block No	Re-Sy No	Fair value per Are (₹)	Encroached Extent in ha	Use of land	Value of the land (₹)
1	Olavampara Subramania Temple	Thodupuzha	Thodupuzha	598/1B			18000	Not available	Religious	0
2	Ayyapa Temple	Peermedu	Peermede	534			7500	Not available	Religious	0
3	Poabs	Peermedu	Peermede	534			9375	Not available	Commercial	0
4	Abrajam	Peermedu	Wagamon	730			15625	1.6187	Cultivation	3793828
5	Bhuvanewary Kshetram	Peermedu	Peruvanthanam	811, 814			20000	0.0000	Religious	0
6	V.X. Albin	Udumbenchola	Chinnakanal	11/1			67500	0.1618	Cultivation	1638225
7	SNDP Gurumandiram	Udumbenchola	Chinnakanal	34/1			62000	0.0809	Religious	752370
8	St. Joseph Church	Udumbenchola	Chinnakanal	34/1			62000	Not available	Religious	0
9	Sharlet Johnson	Udumbenchola	Chinnakanal	20/1			63000	1.6180	Cultivation	15290100
10	K.V. Salih	Perinthalmanna	Perinthalmanna	18/3			44000	0.0445	Commercial	293700
11	DTPC	Tirur	Kuttiapuram	1			15000	2.9130	Commercial	6554250
12	DTPC	Tirur	Thriprangode	319			18750	1.2140	Commercial	3414375
13	DTPC	Tirur	Purathur	68/1			9500	Not available	Commercial	0
14	Various persons	Kondotty	Pallikkal			231/5	54000	0.6140	Others	4973400
15	C.P. Abdul Nazar	Mananthavady	Cherukattur	280/1			7904	0.2430	Cultivation	288101
16	Viswambaran	Kothamangalam	Kuttambuzha			39/3	30000	0.2040	Residential	918000
17	Various persons	Kothamangalam	Kuttambuzha			431	20000	4.8620	Residential	14586000
18	Various persons	Kothamangalam	Kuttambuzha			502/1	12500	49.3878	Residential	92602125
19	Various persons	Kothamangalam	Kuttambuzha			502/1	12500	Not available	Religious	0

Audit Report (Revenue Sector) for the year ended 31 March 2016

Sl. No	Name of the Encroacher	Taluk	Village	Survey No.	Block No	Re-Sy No	Fair value per Are (₹)	Encroached Extent in ha	Use of land	Value of the land (₹)
20	KSEB	Kothamangalam	Kuttambuzha			214/2	40000	0.1839	Others	1103400
21	Education Department	Kothamangalam	Kuttambuzha			214/2	40000	1.1441	Education	6864600
22	KSEB	Kothamangalam	Kuttambuzha			209/2	75000	2.0000	Others	22500000
23	Education Department	Kothamangalam	Iramallur	405/1/81/78			200000	1.0111	Education	30333000
24	P.H. Kunhu Muhammed	Kothamangalam	Iramallur	405/1/81/78			200000	0.0060	Residential	180000
25	DIPC	Kanayannur	Ernakulam	1558 & 1560			1995000	1.0121	Commercial	302870925
26	KMCSU	Kanayannur	Ernakulam	1394/1			2992500	0.0099	Others	4443863
27	Paily	Kanayannur	Ernakulam	1394/2			2992500	0.0028	Others	1256850
28	Various Persons	Devikulam	Mannankandam		5	165/1	7000	2.9620	Residential	3110100
29	Various Persons	Aluva	Aluva (E)		36	107	500000	0.0500	Others	3750000
30	SN Trust	Kollam	Vadakevila		85	5	700000	1.2662	Others	132951000
							Total	72.6098		654468212

Appendix - XXVIII

(Ref. Paragraph 4.5.3.2)

List of encroachers at Kadinamkulam *kayal poramboke*

Sl.No	Name of Encroacher	Re.Sy No.	Area (in ha)
1	Smt. Suhrabeevi, etc	73/57	1.8500
2	Smt.Ramla Beevi	73/1,429/2pt	0.9550
3	Sri.Sainudheen	429/2pt, 73 pt	1.7866
4	Sri.Vasudevan	300/6	0.1420
5	Sri.Haneefa	302/12	0.1000
6	Sri.Sujan	418/10	0.2429
7	Sri.Viswanath	73/69,68	0.1089
8	Sri. Surendran	300/14	0.1710
9	Sri.Majeed	303/7	0.1902
10	Sri.Vijayachandran Nair	201/7, 73/11	0.1180
11	Sri.Ramachandran Nair	201/7, 73/1	0.1180
12	Secretary, Coir Society	253/14,15,16	0.1508
13	Sri.Santhosh Kumar	252/20	0.1900
14	Smt.Sajina	425/11	0.0647
15	Sri.Mustafa Abdul Salam	429/3	0.2914
16	Sri.Sheik Hussan Miya	73/62,73/1 pt,	0.2883
17	Sri.Vydyan Muhammadali	73/64	0.2938
18	Sri. Muhammed Kunhi	429/4	1.5377
19	Sri.Najeeb	429/5	0.1092
20	Sri.Sulphy	73/66	0.2820
21	Sri. Hemchand	73/1, 73/57	0.5051
22	Sri.Jalal	429/2pt,	0.3237
23	Sri.Lalbag	73/57 pt	0.2810
24	Sri. Faiz Abdul Majeed	73/60, 73/1pt	0.2213
25	Sri.Muhammed Shafi	73/58	0.2000
26	Smt.Sabeena	73/61,73/1	0.1700
27	Smt.Meera Sahib	425/8,12	0.1214
28	Sr.Muhammed Rasheed	425/13	0.0647
29	Coir Sanfham, Karimpara	427428/1 pt,428/2	1.4101
30	Smt.Mumthaz	73/1	0.2228
31	Smt.Suhra	73/1	0.2040
32	Sri.Gopinathan. K	258/7	0.1730
33	Smt. Ramlabeevi	428/1,1pt	0.3604
34	Sri.Sirajudheen	73/63, 73/65	0.5683
35	Sri.Jacob	260/12	0.1720
36	Smt.Seetha Gopi	302/4,703/2	0.0120
37	Sri.Farooq	426/3,426/1	0.2950
38	Sri.Muraleedharan	300/20	0.2860

Sl.No	Name of Encroacher	Re.Sy No.	Area (in ha)
39	Sri.Jijo Eldred	302/12	0.1000
40	Smt. Jennet Louis	302/3 73 pt	0.0120
41	Smt.Molly Antony	411 pt	0.0440
42	Sri.Nelson	300/4	0.0202
43	Sri.Nujum	300/15	0.1540
44	Sri.Jose Antony & Antony Basitin	411/pt	0.0440
45	Sri.K.P.Retnakaran	253/18	0.0503
46	Smt.Pathumma	73/67	0.1469
Total			15.1527

Appendix - XXIX

(Ref. Paragraph 4.5.3.3)

List of encroachers as on 29 June 2014

Sl No	Name
1	John S.Edvin
2	Ammini George
3	Ammini George
4	Kishore Bhai Patel
5	Nataraj
6	Muniyamma & her sons
7	Bhavan Raj
8	Ramar
9	Chandran
10	George
11	Balasubramanian
12	Janaki
13	Nagur Ismail
14	Jawahar
15	Padmavathy
16	Joy P.J.
17	Faisha
18	Joseph Joseph
19	Gopalakrishnan
20	Jeevamani
21	Albin Antony
22	Jyothy Anthu
23	Silvy Mony
24	Prema Jayapal
25	Jnana Selvam
26	George Thomas
27	Lukkachan Pulimoottil
28	Rosy John
29	Chandramohan
30	Natarajan. M
31	Subbayya
32	Abdul Barry
33	Veluthai
34	Raja
35	Shanmugaraj
36	Parvathy
37	Muthukutty

Sl No	Name
38	Kumar
39	Mani
40	Joseph Joseph
41	Rathinam
42	Meena Ganapathy
43	V.K. Cottage
44	Chudalai & Sons
45	Rajamani
46	A. Joseph
47	Ayyappan
48	Vedan
49	Dhanyasree Yathrinivas
List of encroachers during 2008-09	
50	Girija sasi
51	Vinu
52	Rosy John
53	Natarajan
54	Muthukutty
55	Hasim
56	Ebanazer

Appendix - XXX

(Ref. Paragraph 4.5.3.4)

Improper occupation of revenue land by other departments

Sl. No.	Category	Village/ <i>taluk</i>	Encroached by	Survey No.	Extent in ha	Nature of encroachment
1	Bharathapuzha <i>Poramboke</i>	Kuttipuram/ Tirur	DTPC	1	2.913	Buildings, Park, Play ground and Shops.
2	Bharathapuzha <i>Poramboke</i>	Thriprangode/ Tirur	DTPC	319	1.214	Building, watch tower, Park, Pathway
3	Arabikkadal (Arabian Sea) <i>Poramboke</i>	Purathur/ Tirur	DTPC	68	--	Building, Park
4	<i>Poramboke</i>	Ernakulam/ Kanayannur	DTPC	1558 & 1560	1.0121	Open air auditorium, Parking ground
5	<i>Poramboke</i>	Kuttambuzha/ Kothamangalam	KSEB	214/2	0.1839	Residential Quarters
6	<i>Poramboke</i>	Kuttambuzha/ Kothamangalam	KSEB	209/2	2.0000	Residential Quarters
7	<i>Poramboke</i>	Sasthamangalam/ Thiruvananthapuram	Trivandrum Corporation & Social Welfare Deptt.	1057, 1058, 1759	2.8256	Stadium, Shops, Auditorium. Saraswathi Mandapam

Appendix - XXXI

(Ref. Paragraph 4.5.5.2)

Sl No	Taluk/Village/ Survey No / Extent in ha	Remarks
1	Kanayannur/ Maradu 138/1 to 145/7, 4.12 ha	A building (Prestige Forum mall/Forum Cochin mall) was also constructed on the land.
2	Ambalappuzha/ Paravur/ 44/11, 0.51 ha	A school building was constructed (Bright Land Discovery School)
3	Vythiri/ Kavummannam/ 399/4, 0.04 ha	Filled with earth and converted for usage of other purpose by Sri. Thottiyil Devassya
4	Mananthavady/ Nallurnadu/ 5/1 & 25/2A1A1A, 0.63 ha	Filled with earth and converted as bare land by Dr. S. Shanavas which was subsequently sold to Sri. Abdul Rasheed and Sri. Mohammed Ayoob
5	Tirur/ Tirur/ 326/1, 0.51 ha	District Collector ordered to remove the filled earth within 30 days under own expense of the converter and also directed the <i>Tahsildar</i> to remove the earth if it was not done by the converter and meet the expense under non-plan head and later claim from the converter as per revenue recovery procedures.
6	Kottayam/ Athirambuzha/ 411/1-1, 1-2,2,3,4, 5-1, 6-1, 5-2, 2,13,411/3, 1.28 ha converted by Sony Sebastian	District Collector directed RDO, Kottayam to re-instate the illegally converted agricultural/paddy land but the same was pending with sub-ordinate offices (RDO/ <i>Tahsildar</i> /Village Office).
7	Kottayam/ Aarpukkara/ 62/4, 2.33 ha converted by Mannan Gubenda Pally	The laxity on the part of officers resulted in non-compliance of the order of the District Collector even after more than four years. The RDO stated that directions were given to the Addl. <i>Tahsildar</i> to take action for re-instatement of the land. The RDO and Addl. <i>Tahsildar</i> are responsible for the lapse.
8	Kottayam/ Vijayapuram 215/3-5, 0.42 ha converted by Tomy Joseph	

Appendix - XXXII

(Ref. Paragraph 4.6.1)

**Statement on cases of non reporting of buildings by Village Officers to Tahsildars
resulting in non levy of building tax**

Sl. No.	Name of Taluk office	Period of audit	No. of villages ³	No. of cases	Period of assessment/ completion	Building tax due (₹)
1.	Alathur	2012-14	3	16	18.8.2012 - 19.3.2014	2,78,280
2.	Changanassery	2013-15	2	8	25.7.13 - 27.3.2015	4,59,060
3.	Chavakkad	2010-12	3	17	1.4.2010-22.2.2012	9,89,700
4.	Kannur	2012-14	2	8	27.4.2012-22.2.2014	9,22,500
5.	Kochi	2013-15	5	83	April 2013 - March 2015	7,15,125
6.	Kothamangalam	2013-15	2	18	November 2013- March 2015	9,28,980
7.	Kunnathunadu	2013-15	2	15	10.6.2013-28.11.2014	2,07,600
8.	Mavelikkara	2013-15	2	16	6.7.2012-22.12.2014	12,37,020
9.	Neyyattinkara	2013-15	1	29	27.5.2013-20.12.2014	14,59,200
10.	Nilambur	2013-15	1	14	2.4.2013-5.1.2015	3,19,650
11.	North Paravur	2013-15	3	52	April 2013- February 2015	61,27,467
12.	Ottappalam	2013-15	4	192	April 2013- March 2015	32,66,562
13.	Perinthalmanna	2013-15	1	13	2013-14	8,08,200
14.	Ponnani	2013-15	2	9	27.4.2013-13.1.2014	4,03,950
15.	Ranni	2013-15	2	26	22.6.2013-2014-15	3,16,200
16.	Thalappally	2012-14	5	13	2004-05, 2011-12 ó 2013-14	16,52,012
17.	Thalassery	2013-15	2	13	17.4.2013-12.2.2015	4,77,840
18.	Thiruvananthapuram	2012-14	11	45	8.4.2012-20.2.2014	77,57,700
19.	Thodupuzha	2012-15	2	19	23.4.2012-27.2.2015	5,71,830
20.	Vatakara	2013-15	1	54	April 2013-January 2014	3,16,800
21.	Vythiri	2013-15	1	11	July2013- March 2015	5,64,000
	Total		57	671		2,97,79,676

In respect of buildings whose date of completion has not been furnished, tax has been calculated at pre-revised rates and for buildings whose date of completion has been furnished, tax was calculated at prescribed rates.

³ Alathur-Alathur, Vadakkancherry I, Vadakkancherry II
Changanassery ó Changanassery, Vazhappally East
Chavakkad ó Guruvaayur, Manathal, Thykkad
Kannur ó Kannur 1, Kannur 2
Kochi- Fort Kochi, Rameswaram, Thoppumpady, Mattancherry, Palluruthy
Kothamangalam- Trikkariyoor, Kothamangalam
Kunnathunadu- Perumbavoor, Chelamattam
Mavelikkara ó Mavelikkara, Thamarakkulam
Neyyattinkara ó Neyyattinkara
Nilambur ó Nilambur
NorthParavur ó Eloor, Kadungallur, North Paravur
Ottappalam ó Ottappalam 1, Ottappalam 2, Cherpulassery, Vaniamkulam
Perinthalmanna ó Perinthalmanna
Ponnani- PonnaniNagaram, Ezhuvathiruthy
Ranni ó Ranni, Angadi
Thalappilly ó Kunnamkulam, Chowanoor, Arthat, Mullookara, Wadakkancherry
Thalassery- Thalassery, Thiruvangad
Thiruvananthapuram ó Pattom, Kowdiar, Peroorkada, Kadakampally, Thycaud, Thirumala, Manacaud, Pettah, Sasthamangalam,
Cheruvakkal, Vanchiyur
Thodupuzha ó Thodupuzha, Karikkode
Vatakara- Chorode
Vythiri - Kalpetta

Appendix - XXXIII

(Ref. Paragraph 4.6.2)

**Statement of details of buildings reported by Village officers, but not assessed by
Tahsildars**

Sl. No.	Name of the Taluk Office	No. of villages	No. of cases	Period of reporting/completion	Building tax leviable (₹)
1	Alathur	3	23	2012-13 to 2013-14	3,76,650
2	Changanassery	13	150	2012-13 to 2014-15	19,03,039
3	Chittoor	12	37	2013-2015	12,31,200
4	Kanayannur	1	1	2000	2,02,16,250
5	Kanjirappally	5	7	2013-15	3,39,900
6	Kannur	10	38	4 August 2012 to 4 February 2014	15,44,550
7	Kochi	5	31	April 2013 to March 2015	6,66,300
8	Kothamangalam	10	73	Upto March 2015	7,48,800
9	Koyilandy	19	129	January 2013-March 2015	12,02,070
10	Kunnathunad	21	278	As on 31 March 2015	16,64,250
11	Mavelikkara	1	2	2014-15	30,840
12	Meenachil	7	24	2013-15	2,21,250
13	Nilambur	5	16	July 2013 to March 2015	4,48,800
14	North Paravur	9	154	10-5-2013 to 23-3-2015	51,78,825
15	Ottappalam	13	39	2013-15	1,63,875
16	Perinthalmanna	8	48	11.3.2013 to 1.1.2015	10,70,700
17	Ponnani	8	23	1-7-2013 to 18-12-2014	5,95,800
18	Ranni	6	23	1-05-2013 to 20-8-2014	11,01,750
19	Thalappally	10	15	10-8-2012 to 25-1-2014	8,33,400
20	Thalassery	24	105	1.4.2013 to 31.3.2015	22,67,370
21	Thodupuzha	6	13	6.9.2013 to 31.3.2015	4,95,450
22	Vatakara	28	547	20.4.2013 to 25.3.2015	58,85,400
23	Vaikom	16	88	2013-2015	5,81,925
24	Vythiri	5	20	12.4.2013 to 10.11.2014	4,10,400
	Total	245	1,884		4,91,78,794

Appendix - XXXIV

(Ref. Paragraph 4.7)

Statement showing details of newly constructed areas to buildings and were not assessed to tax

Sl. No.	Name of Taluk Office	Name of assessee	Total plinth area (sq.m) / Total building tax to be levied (₹)	Area previously assessed (sq.m)/ building tax levied (₹)	Plinth area short assessed (sq.m)	Building tax leviable (₹)
1	Kannur	1. Sri.Muhammedali (Har cars)	<u>2,338.58</u> 3,93,944	<u>1,564.32</u> 2,53,800	774.26	1,40,144
2	Kothamangalam	2. Sri. Arun David, Aby David, Anoop David and Mary	<u>1839.985</u> 6,08,395	<u>1,350.20</u> 2,16,000	489.785	3,92,395
3	Ponnani	3. Sri. Abdul Nazar (Benzy Petroleum)	<u>924.92</u> 2,78,971	<u>637.90</u> 86,400	287.02	1,92,571
4	Thalappally	4. Sri. Kannan & Smt. Meena Kannan	<u>1,110.26</u> 1,72,847	<u>634.12</u> 86,400	476.14	86,447
		5. Sri. Wilson (Aramana Bar & Hotel)	<u>2,326.29</u> 3,91,732	<u>2,020.02</u> 3,36,600	306.27	55,132
5	Thalassery	6.Sri. Ibrahim Kunhu Indus Motors Building	<u>2,004.48</u> 3,33,806	<u>1,392.39</u> 2,23,200	612.09	1,10,606
		7.Sri.P.P. Abdul Azeez and 3 others	<u>3,833.56</u> 6,63,041	<u>949.73</u> 1,42,200	2,883.83	5,20,841
6	Thaliparamba	8.Sri.Kakkottu Naduvalipurayil Mohammed etc. (ABC Sales Corporation)	<u>4016.01</u> 6,95,882	<u>1,970.26</u> 2,25,000	2,045.75	4,70,882
7	Thodupuzha	9. Sri. Bappoonju (Monarch Furniture)	<u>1,232.62</u> 1,94,872	<u>929.02</u> 1,38,600	303.60	56,272
		10.Sri.Joseph Stephen	<u>1,393.86</u> 2,23,895	<u>760.88</u> 1,09,800	632.98	1,14,095
		11. Sri.P.S. Thomas & Abraham	<u>1,586.13</u> 2,58,503	<u>1,210.92</u> 1,90,800	375.21	67703
8	Vythiri	12. Sri.Abdul Gafoor (TP Tiles)	<u>3,383.39</u> 5,82,010	<u>3,207.19</u> 5,49,000	176.20	33,010
		13. Sri.Abdul Jabbar VPK Motors (P) Ltd	<u>1,867.02</u> 3,09,064	<u>1,558.14</u> 2,53,800	308.88	55,264
Total			51,06,962	28,11,600		22,95,362

In respect of items 1,5,6,7,9,10 the date of completion of new construction was not known. Hence tax was calculated for the whole building at pre-revised rates. In respect of item no. 3, the VO reported that the building was completed after 1.4.2014, and in respect of item 2, it was known that construction was completed after 1.4.2014 from the details from local body and hence tax was calculated at revised rates for the whole building and credit was given to tax already paid. In respect of items 4,8,11,12,13 construction was completed before 1.4.2014, hence tax was calculated at pre revised rates. In all cases, the *Tahsildars* may ascertain the facts and figures before finalising the assessment.

Appendix - XXXV

(Ref. Paragraph 4.8)

Details of cases in which luxury tax due was either not levied or levied short

Sl. No.	Name of Taluk office	Non-levy of luxury tax*		Short levy of luxury tax**		Total non/short levy of luxury tax (₹)
		No. of assessees	Amount (₹)	No. of assessees	Amount (₹)	
1	Alathur	49	2,02,000	74	1,48,000	3,50,000
2	Changanassery	246	9,84,000	84	1,68,000	11,52,000
3	Chavakkad	22	1,00,000	0	0	1,00,000
4	Chittur	27	1,16,000	77	1,54,000	2,70,000
5	Kannur	274	14,34,000	299	5,98,000	20,32,000
6	Karthikappally	86	5,24,000	32	64,000	5,88,000
7	Kothamangalam	7	32,000	12	24,000	56,000
8	Koyilandy	16	90,000	122	2,44,000	3,34,000
9	Meenachil	38	2,44,000	16	32,000	2,76,000
10	Muvattupuzha	10	76,000	0	0	76,000
11	Neyyattinkara	45	2,76,000	13	26,000	3,02,000
12	Nilambur	0	0	431	8,62,000	8,62,000
13	Ottappalam	4	16,000	58	1,16,000	1,32,000
14	Perinthalmanna	77	4,80,000	295	5,90,000	10,70,000
15	Ponnani	63	3,60,000	306	6,12,000	9,72,000
16	Ranni	14	56,000	2	4,000	60,000
17	Thalappally	18	1,14,000	37	74,000	1,88,000
18	Thalassery	124	6,32,000	44	88,000	7,20,000
19	Thaliparamba	106	6,70,000	433	8,66,000	15,36,000
20	Thiruvananthapuram	39	5,92,000	0	0	5,92,000
21	Thodupuzha	27	2,34,000	12	24,000	2,58,000
22	Vatakara	33	2,16,000	102	2,04,000	4,20,000
23	Vaikom	13	1,22,000	0	0	1,22,000
24	Vythiri	67	2,84,000	3	6,000	2,90,000
	Total	1,405	78,54,000	2,452	49,04,000	1,27,58,000
	Interest leviable					6,60,190
	Total non/short levy in 3,857 cases					1,34,18,190
	* LT is leviable @ ₹ 2,000 pa upto 2013-14 and @ ₹ 4,000 pa from 2014-15 onwards					
	**@ ₹ 2,000 per annum for 2014-15 and 2015-16					

Appendix - XXXVI

(Ref. Paragraph 5.4.4.4)

Lit of 18 companies showing the name of company/date of issue of licences and number of occasion of reconstitution.

Sl. No.	Companies.	District in which licensee operates	Nature of present license	Date of appointment/cessation as per the ROC data/MCA website/Records of Registrar of Firms.	No. of occasions
1	Kanichai Hotels Pvt Ltd (Hotel Saj Luciya)	Trivandrum	FL-11	09-04-2015	1
2	Hotel Golda Private Limited	Tri vandrum	FL-11	30-09-2013	1
3	Thomas Hotels And Resorts India Private Limited	Tri vandrum	FL-11	09-05-2013	1
4	V M G R Hotels And Resorts Private Limited	Palakkad	FL-11	17-11-2015	2
5	Marari Beach Resorts Private Limited	Alapuzha	FL-11	06-06-2013	3
6	Chithrapuri Hotels India Private Limited	Palakkad	FL-11	26-08-2014	1
7	Sreevalsam Hotels And Resorts Private Limited	Palakkad	FL-11	17-03-2014	1
8	Niraamaya Retreats Kovalam Private Limited	Tri vandrum	FL-11	30-09-2013	2
9	Isola Di Coco Holidaying Private Limited	Tri vandrum	FL-11	01-07-2014	1
10	Malayalam Industries Limited (Mermaid Hotels)	Ernakulam	FL-11	15-02-2016	1
11	Middle East Company Hotels Pvt. Ltd (Raddison Blue)	Ernakulam	FL-3	07-08-2013	1
12	Eih Associated Hotels Limited Unit Trident Cochin	Ernakulam	FL-3	28-04-2015	4
13	Intercontinental Hotels Group (India) Private Limited (Holiday Inn)	Ernakulam	FL-3	08-08-2014	28-05-2015
14	Sree Gokulam Hotel (India) Private Limited	Ernakulam	FL-11	24-06-2014	17-03-2015
15	Brahmagiri Holidays Private Limited	Wayanad	FL-11	21-02-2014	29-02-2016
16	Oriental Hotels Limited-Vivantha By Taj Malabar, Cochin	Ernakulam	FL-3	06-08-2013	31-07-2015
17	Taj Kerala Hotels And Resorts Ltd. Gate Way Hotel (Taj Residency)	Ernakulam	FL-3	27-01-2015	06-08-2015

Sl. No.	District in which licensee operates	Nature of present license	Date of appointment/cessation as per the ROC data/MCA website/Records of Registrar of Firms.	No. of occasions
18	Taj Kerala Hotels And Resorts Ltd. Gate Way Hotel Varkala	FL-11	27-01-2015	2
Partnership Firms				
1	Hotel Pooja Residency, Kalady	FL-11	05-08-2013	2
2	Hotel White City, North Paravoor	FL-11	04-07-2013	1
3	Hotle Sub Bean, Attakulangara	FL-11	17-09-2015	2
4	Hotel Residency Tower, Press Road	FL-11	29-04-2013	1
				39

Appendix - XXXVII

(Ref. Paragraph 5.8 – bullet I)

Statement on undervaluation due to misclassification of properties in the documents registered

Sl. No.	Name of Sub Registry Office	Document No. and date	Extent (Are)	Consideration shown in document (₹)	Value of land @ fair value for the actual classification (₹)	Undervaluation (₹)	Short levy of SD & RF (₹)
1.	Amaravila	1 2267/14/20.11.14	1.89	200000	354375	154375	12350
2.	Areacode	2 5977/12/30.10.12	182.12	1837100	3658000	1820900	163881
		3 62/13/01.01.13	39.98	498000	873100	375100	33759
		4 5675/12/11.10.12	1.42	257100	292600	35500	3195
		5 5667/12/09.10.12	4.05	710000	807500	97500	8775
		6 1156/13/22.02.13	2.53	214200	277000	62800	5652
3.	Chengannur	7 74/13/07.01.13	5.06	23100	242880	219780	19780
		8 1026/12/26.04.12	80.12	700000	1057584	357584	32183
		9 82/13/09.01.13	8.09	570000	841360	271360	24422
4.	Karukachal	10 574/12/08.03.12	123.89	8000000	11676633	3676633	330897
		11 13/2012 2.01.2012	7.35	210000	257985	47985	4319
5.	Kilikollur	12 1706/13/29.07.13	2.99	310000	373750	63750	5738
		13 432/14 20.2.2014	3.34	257000	501000	244000	21960
		14 422/14/19.2.2014	3.03	122000	181800	59800	5382
6.	Kochi	15 1121/12 05.03.2012	2.60	1600000	1950000	350000	38500
7.	Kothamangalam	16 3001/12/10.05.12	7.28	255000	1638000	1383000	110640
8.	Kuthiathode	17 2789/14/01.12.14	12.55	4000000	6024000	2024000	182160
9.	Mallappally	18 1455/12/30.06.12	20.8	114000	416000	302000	27180
		19 1450/12/29.6.2012	6.07	200000	291360	91360	8222
10.	Manjeri	20 8698/12/29.12.12	8.10	203000	615600	412600	37134
11.	Nenmara	21 3652/12/27.10.12	146.89	2495000	3697250	1202250	108203
		22 1198/12/10.02.12	77.51	1014200	1550200	536000	48240
		23 1196/12/9.04.2012	14.8	150000	206360	56360	5636
12.	Nooranad	24 2567/12/9.11.2012	2.43	121500	364500	243000	21870
13.	Pathanamthitta	25 3156/ 12/12.11.12	27.62	1165000	5524000	4359000	435900
14.	Ponnani	26 167/12/07.01.12	11.084	1800000	3491460	1691460	152231
		27 77/12/5.01.2012	20.21	314000	606300	292300	32153
15.	Sulthan Bathery	28 23/14 /1.01.2014	80.94	1000000	1800000	800000	80000
16.	Thiruvambady	29 80/12/ 13.1.2012	161.945	2185600	2672093	486493	43784
17.	Trivandrum Fort	30 179/14/ 16.1.2014	4.45	440000	989235	549235	54924
	Trivandrum Fort	31 2136/12/ 8.06.2012	1.82	200000	404586	204586	20459
18.	Vadakara	32 1932/14/01.10.14	19.02	7500000	9155000	1655000	148950
		33 2325/12/13.12.12	8.90	3500000	4800000	1300000	91000
		34 2359/12/15.12.12	15.117	4320000	13337750	9017750	811598
19.	Wadakkanchery	35 4065/12/06.09.12	283.22	5000000	8496600	3496600	384626
20.	Villiappally	36 751/12 /20.5.2012	8.52	571000	676500	105500	11605
21.	Wandoor	38 2056/12/16.03.12	4.05	120000	233300	113300	7931
		39 250/14 /10.1.2014	52.40	1630000	2096000	466000	32620
		Total				38624861	3535238

Appendix - XXXVIII**(Ref. Paragraph 5.8 – bullet II)****Details of short levy of stamp duty and registration fee**

<u>Document No.</u>	<u>513/13</u>	<u>3033/13</u>
Area in Ares	13.9094	26.24
Value of the property (₹)	34,77,350 (at 2,50,000 per Are)	33, 67,458 (at ₹ 1,28,333 per Are)
Consideration shown in the document (₹)	21,85,000	21,15,500
Undervaluation (₹)	12,92,350	12,51,958
Short levy of stamp duty and registration fee (₹)	1,16,312 (SD at 7% : ₹ 90465 RF at 2%: ₹ 25847)	87,637 (SD at 5% ₹ 62598 RF at 2%: ₹ 25039)
Total short levy (₹)	2,03,949	

