PREFACE

This Report for the year ended 31 March 2010 has been prepared for submission to the Governor under Article 151(2) of the Constitution.

The audit of revenue receipts of the State Government is conducted under Section 16 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. This Report presents the results of audit of receipts comprising sales tax/value added tax (VAT)/entry tax, motor vehicles tax, land revenue, stamp duty and registration fee, excise duty and fees, forest receipt, mining receipt and other departmental receipts of the State.

The cases mentioned in this Report are among those which came to notice in the course of test audit of records during 2009-10 as well as those noticed in earlier years but could not be included in the previous years' Reports.

OVERVIEW

I General

This Report contains 42 paragraphs including a review highlighting non-levy or short levy of tax, interest, penalty, revenue foregone, etc., involving ₹ 304.94 crore[1]. Some of the major findings are mentioned below:

(Paragraph 1.5.2)

The Government's total revenue receipts for the year 2009-10 amounted[2] to ₹ 26,430.21 crore against ₹ 24,610.01 crore in the previous year. Of this, 46.14 *per cent* was raised by the State through tax revenue (₹ 8,982.34 crore) and non-tax revenue (₹ 3,212.20 crore). The balance 53.86 *per cent* was received from the Government of India in the form of State's share of divisible Union taxes (₹ 8,518.65 crore) and grants-in-aid (₹ 5,717.02 crore).

(Paragraph 1.1.1)

As on 30 June 2010, 3,251 inspection reports issued up to 31 December 2009 containing 9,285 audit observations involving ₹ 4,685.50 crore were outstanding for want of comments/final action by the concerned departments.

(Paragraph 1.2.1)

Test check of the records of sales tax/value added tax (VAT)/entry tax, motor vehicles tax, land revenue, state excise, forest receipts, mining receipts and other departmental offices conducted during the year 2009-10 revealed underassessment/short levy/loss of revenue, etc., amounting to ₹ 1,164.78 crore in 2,47,648 cases. During the year 2009-10, the concerned departments accepted underassessment and other deficiencies of ₹ 306.08 crore involved in 84,399 cases which were pointed out in 2009-10 and earlier years. The departments also recovered ₹ 23.04 crore during the year in 32,136 cases.

(Paragraph 1.5.1)

II Sales Tax, Value Added Tax and Entry Tax

Penalty of ₹ 47.45 lakh being twice the tax assessed was not levied although tax of ₹ 23.72 lakh was assessed in respect of five dealers in audit assessments.

(Paragraph 2.3.2.1)

Penalty of ₹ 1.24 crore being 10 times of the input tax credit (ITC) was not levied at the assessment stage, although ITC of ₹ 12.40 lakh claimed and availed by two dealers were found inadmissible.

(Paragraph 2.3.2.2)

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1 It does not include the paragraphs on blocking and loss of revenue.

2 Chapter-I figures in the overview have been rounded off to the nearest crore

Claim for levy of tax at concessional rates were accepted although 13 dealers had either not furnished valid declarations or furnished invalid, defective, duplicate, photocopied and manipulated declarations in respect of their sales turnover of ₹ 18.92 crore, which resulted in non/short levy of tax of ₹ 1.28 crore.

(Paragraph 2.4.1.1)

Penalty of ₹ 21.66 crore equal to twice the tax of ₹ 10.83 crore assessed in audit assessment or turnover escaping assessment was not levied against four dealers.

(Paragraph 2.4.3)

Suppression of taxable purchase turnover of ₹ 2.30 crore by a dealer resulted in short levy of entry tax of ₹ 27.61 lakh and penalty up to ₹ 41.41 lakh.

(Paragraph 2.5.1)

Penalty of ₹ 16.40 crore leviable against 18 dealers on different counts was not levied at the assessment stage.

(Paragraph 2.5.3)

The departmental authorities of 19 commercial tax circles failed to levy profession tax of ₹ 3.14 crore and penalty of ₹ 13.73 crore for non-enrolment under the Professional Tax Act against 23,075 assessees.

(Paragraph 2.6)

III Motor Vehicles Tax

Motor vehicles tax and additional tax of ₹ 68.82 crore including penalty was either not realised or short realised in respect of 31,077 different categories of vehicles.

(Paragraph 3.3.1)

Differential tax of ₹ 16.20 lakh including penalty of ₹ 10.80 lakh was not realised from the owners of 170 stage carriages who used them as contract carriages.

(Paragraph 3.3.3)

Process/countersignature fee in respect of 1.35 lakh cases amounting to ₹ 1.44 crore was non/short realised from the vehicle owners.

(Paragraph 3.4.1)

IV Land Revenue, Stamp Duty and Registration Fee

A review on "**Alienation, lease and encroachment of Government land**" revealed the following:

- There was blocking of revenue in the shape of premium, ground rent, cess and interest of ₹ 347.25 crore due to non-finalisation of 17 alienation cases in which Government land measuring 928.616 acres was unauthorisedly occupied.

(Paragraph 4.2.6.3.1 and 4.2.6.3.2)

- There was blocking of revenue of ₹ 90.31 crore due to non-regularisation of advance possession of Government land measuring 340.760 acres in 16 cases which were allowed by the Government during 1965 to 2004-05 for public utility purposes.

(Paragraph 4.2.6.3.3)

- There was non-realisation of ground rent, cess and interest of ₹ 2.67 crore from seven lessees who were leased out 384.78 acres of Government land.

(Paragraph 4.2.6.4)

- There was short levy of premium, ground rent, cess and interest of ₹ 2.30 crore due to assessment of premium on buildable area of 73.629 acres against the assessable area of 92.781 acres of Government land.

(Paragraph 4.2.6.5)

- There was non/short levy of capitalised value of ₹ 25.07 crore including interest in respect of 1,439.598 acres of Government land alienated to five Central Government organisations in eight cases.

(Paragraph 4.2.6.6)

- There was non/short levy of incidental charges of ₹ 13.56 crore while sanctioning 4,096.175 acres of land to projects covering 500 acres and above to nine industries for industrial and commercial purposes.

(Paragraph 4.2.6.7)

- There was non-levy of interest of ₹ 3.74 crore for belated payment of Government dues.

(Paragraph 4.2.6.8*)*

- Revenue of ₹ 7.33 crore was blocked in 42 encroachment cases pending for regularisation due to inaction of departmental authorities.

(Paragraph 4.2.8.1)

- There was blocking of revenue of ₹ 1.09 crore in case of lease of 13.94 acres of land to an industrial unit who violated the conditions of the sanction of lease.

(Paragraph 4.2.8.2*)*

V State Excise Duty

Excise duty of ₹ 27.11 lakh was not levied against seven licensees who shortlifted the minimum guaranteed quantity of liquor.

(Paragraph 5.3.1)

Penalty of ₹ 20 lakh was not levied against a licensee who failed to supply the quantity of country spirit demanded.

(Paragraph 5.3.4)

The department sustained loss of revenue of ₹ 20.05 crore due to non-settlement of 23 liquor shops.

(Paragraph 5.3.9)

VI Forest Receipt

Interest of ₹ 4.96 crore for delayed payment of royalty was not levied against the Orissa Forest Development Corporation (OFDC).

(Paragraph 6.3.1)

Short demand of ₹ 5.93 lakh was detected due to delivery of lots of standing trees to OFDC at lower rates than the uniform rate fixed by the Government.

(Paragraph 6.3.3)

VII Mining Receipt

Levy of royalty on processed iron ore instead of unprocessed iron ore resulted in short levy of royalty of ₹ 3.01 crore.

(Paragraph 7.3.1)

VIII Other Departmental Receipts

Electricity duty of ₹15.48 crore including interest on the auxiliary consumption of electricity by M/s. National Aluminium Company (NALCO) Ltd. was not levied at the prescribed rates.

(Paragraph 8.3.1)

Escapement of electricity duty of ₹ 31.68 lakh on the deemed self consumption of 15.838 MU of electricity by the Orissa Hydro Power Corporation Ltd. (OHPCL) was detected due to acceptance of the erroneous exhibition of the transformation loss over and above the norm fixed by the Chief Electrical Inspector of the State for the years 2007-08 and 2008-09.

(Paragraph 8.3.3)

The revised demand for ₹ 29.97 crore towards differential cost of the deployment of police personnel in 80 borrowing agencies was not raised for the period January 2006 to March 2009.

(Paragraph 8.4.1)

Short realilsation of ₹ 2.22 crore towards lease value and royalty of 45 reservoirs for the period 2004-05 to 2008-09 as per the State Reservoir Fishery (SRF) Policy was detected.

(Paragraph 8.5.1)

CHAPTER-I: GENERAL

1.1 Trend of revenue

1.1.1 The tax and non-tax revenue raised by the Government of Orissa during the year 2009-10, State's share of net proceeds of divisible Union taxes and duties assigned to the States and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned below:

(Rupees in crore)

		2005-06	2006-07	2007-08	2008-09	2009-10
1.	**Revenue raised by the State Government**					
	• Tax revenue	5,002.28	6,065.07	6,856.09	7,995.20	8,982.34
	• Non-tax revenue	1,531.90	2,588.12	2,653.58	3,176.15	3,212.20
	Total	**6,534.18**	**8,653.19**	**9,509.67**	**11,171.35**	**12,194.54**
2.	**Receipts from the Government of India**					
	• State's share of net proceeds of divisible Union taxes and duties	4,876.75	6,220.42	7,846.50	8,279.96	8,518.65[1]
	• Grants-in-aid	2,673.78	3,159.02	4,611.02	5,158.70	5,717.02
	Total	**7,550.53**	**9,379.44**	**12,457.52**	**13,438.66**	**14,235.67**
3.	Total revenue receipts of the State Government (1+2)	14,084.71	18,032.63	21,967.19	24,610.01	26,430.21
4.	**Percentage of 1 to 3**	**46.39**	**47.99**	**43.29**	**45.39**	**46.14**

The above table indicates that during the year 2009-10, the revenue raised by the State Government (₹ 12,194.54 crore) was 46.14 *per cent* of the total revenue receipts against 45.39 *per cent* in the preceding year. The balance 53.86 *per cent* of receipts during 2009-10 was from the Government of India.

[1] For details, please see Statement No. 11- Detailed accounts of revenue by minor heads in the Finance Accounts of the Government of Orissa for the year 2009-10. Figures under the minor head 901-Share of net proceeds assigned to the States under the major heads 0020 – Corporation tax; 0021 - Taxes on income other than corporation tax; 0028 - Other taxes on income and expenditure; 0032 - Taxes on wealth; 0037 - Customs; 0038 - Union excise duties; 0044 - Service tax and 0045 - Other taxes and duties on commodities and services booked in the Finance Accounts under A-Tax revenue have been excluded from the revenue raised by the State and exhibited as State's share of divisible Union taxes.

1.1.2 The following table presents the details of tax revenue raised during the period from 2005-06 to 2009-10:

(Rupees in crore)

Sl. No.	Heads of revenue	2005-06	2006-07	2007-08	2008-09	2009-10	Percentage of increase (+)/ decrease (-) in 2009-10 over 2008-09
1.	Sales tax/VAT	2,524.18	3,042.34	3,567.16	4,268.72	4,914.99	(+) 15.14
	Central sales tax	487.55	722.48	551.27	534.61	493.77	(-) 7.64
2.	Taxes and duties on electricity	353.13	282.58	327.46	365.03	459.96	(+) 26.01
3.	Land revenue	69.62	226.38	276.16	348.79	292.18[2]	(-) 16.23
4.	Taxes on vehicles	405.86	426.54	459.42	524.43	611.23	(+) 16.55
5.	Taxes on goods and passengers	463.34	574.00	626.90	638.32	815.25	(+) 27.72
6.	State excise	389.33	430.07	524.93	660.07	849.05	(+) 28.63
7.	Stamp duty and registration fee	236.06	260.49	404.76	495.66	359.96[2]	(-) 27.38
8.	Other taxes and duties on commodities and services	6.75	26.59	31.59	47.39	50.40	(+) 6.35
9.	Other taxes on income and expenditure-tax on professions, trades, callings and employments	66.46	73.60	86.44	112.18	135.55	(+) 20.83
Total		**5,002.28**	**6,065.07**	**6,856.09**	**7,995.20**	**8,982.34**	

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

Sales tax/VAT: The increase (15.14 *per cent*) was stated to be due to increase in the number of dealers and also increase in business activities of industry sector.

Taxes and duties on electricity: The increase (26.01 *per cent*) was due to increase in power consumption by the distributing companies and captive power plant units, increase in collection of inspection fees from new industrial units and further collection from arrear dues locked up in court cases.

Taxes on vehicles: The increase (16.55 *per cent*) was mainly due to increase in registration of vehicles, collection of arrear dues and enforcement activities.

State excise: The increase (28.63 *per cent*) was stated to be due to opening of new outlets and effective enforcement activities.

The other departments did not inform (December 2010) the reasons for variation despite being requested (April 2010).

[2] The figure as furnished by the department is at variance with the Finance Accounts.

1.1.3 The following table presents the details of the non-tax revenue raised during the period 2005-06 to 2009-10:

(Rupees in crore)

Sl. No.	Heads of revenue	2005-06	2006-07	2007-08	2008-09	2009-10	Percentage of increase (+)/ decrease (-) in 2009-10 over 2008-09
1	Non-ferrous mining and metallurgical industries	805.03	936.60	1,126.06	1,380.60	2,020.76	(+) 46.37
2	Interest receipts	298.02	398.42	570.39	654.67	379.23	(-) 42.07
3	Forestry and wild life	59.13	130.63	82.66	139.29	109.03[3]	(-) 21.72
4	Irrigation & inland water transport	44.05	54.41	48.90	52.95	70.13	(+) 32.45
5	Other administrative services	6.97	14.44	17.31	9.38	56.48	(+) 502.13
6	Public works	18.23	24.96	31.61	38.31	41.99	(+) 9.61
7	Police receipts	23.05	23.39	29.17	22.25	36.69	(+) 64.90
8	Education	42.99	41.94	41.95	10.65	14.88	(+) 39.72
9	Medical and public health	9.26	13.07	14.28	32.18	12.96	(-) 59.73
10	Miscellaneous general services	7.62	777.36	396.95	388.85	11.60	(-) 97.02
11	Power	2.91	1.23	1.05	0.63	2.66	(+) 322.22
12	Co-operation	2.13	2.39	2.29	2.01	1.99	(-) 1.00
13	Other non-tax receipts	212.51	169.28	290.96	444.38	453.80	(+) 2.12
Total		**1,531.90**	**2,588.12**	**2,653.58**	**3,176.15**	**3,212.20**	

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

Non-ferrous mining and metallurgical industries: The increase (46.37 *per cent*) was due to revision of the rate of non-coal minerals.

Irrigation and Inland water transport: The increase (32.45 *per cent*) was mainly due to collection of arrear dues from NALCO, IMFA, Vedanta Aluminium, Aditya Aluminium, Essar Steel and dues from new industrial units.

[3] The figure as furnished by the department is at variance with the Finance Accounts.

The other departments did not inform (December 2010) the reasons for variation, despite being requested in April 2010.

1.2 Response of the departments/Government towards audit

Audit observations on incorrect assessments, non/short levy of taxes, duties, fees etc. not settled on the spot are communicated to the heads of the offices/departments through inspection reports (IRs). The departments are required to take corrective measures and furnish compliance within one month. On the basis of the compliance, paragraphs are settled by the Accountant General (AG). The pending paragraphs are discussed in the departmental audit committee meetings (triangular committee meetings) to expedite settlement of the same. Important paragraphs of the IRs and performance review reports are included in the C&AG's Audit Report which is presented in the State Legislature and discussed in the Public Accounts Committee (PAC). Before such inclusion, the paragraphs are forwarded to the Government seeking their views which is required to be furnished within six weeks. After the Audit Report is placed in the legislature, the departments are required to furnish compliance notes within three months. The PAC on receipt of compliance notes discusses the paragraphs and makes recommendations on certain issues. Action taken notes on the recommendations of the PAC are required to be furnished by the departments within six months. The issues raised in the Audit Report are finally to be settled after the PAC discusses the action taken notes submitted by the departments.

The response of the departments/Government to audit on different stages of action are discussed in the succeeding paragraphs 1.2.1 to 1.2.6.

1.2.1 Failure of senior officials to enforce accountability and protect the interest of the State Government

The AG conducts periodical inspection of the Government departments to test check the transactions and verify the maintenance of the important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the IRs incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of the offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the AG within one month from the date of issue of the IRs. Serious financial irregularities are reported to the heads of the departments and the Government.

A review of inspection reports issued upto December 2009 disclosed that 9,285 paragraphs involving ₹ 4,685.50 crore relating to 3,251 IRs remained outstanding at the end of June 2010 as mentioned below along with the corresponding figures for the preceding two years.

	June 2008	June 2009	June 2010
Number of outstanding IRs	3,316	3,168	3,251
Number of outstanding audit observations	9,429	8,917	9,285
Amount involved (Rupees in crore)	**3,144.73**	**3,901.84**	**4,685.50**

The department-wise details of the IRs and audit observations outstanding as on June 2010 and the amounts involved are mentioned in the following table:

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved (Rupees in crore)	First reply not received (Number of IRs)
1.	Finance	Orissa Sales Tax/VAT/CST	549[4]	1,573	634.13	
		Entry tax	156	316[5]	105.66	62
		Profession Tax	--	10[6]	16.87	
2.	Excise	State excise	226	473	135.96	23
3.	Forest and Environment	Forest receipts	507	1,115	270.57	76
4.	Revenue & Disaster Management	Land revenue	715	1,529	980.87	133
		Stamp duty and registration fee	503	809	705.42	116
5.	Steel and Mines	Mining receipts	104	218	464.38	07
6.	Transport	Taxes on vehicles	277	2,718	471.42	18
		Taxes on goods and passengers	70	237	1.09	--
7.	Energy	Electricity duty	90	199	877.74	3
8.	Co-operation	Departmental receipts	30	54	11.29	11
9.	Food Supplies & Consumer Welfare	-do-	20	30	3.20	2
10.	Works	-do-	4	4	6.90	3
Total :			**3,251**	**9,285**	**4,685.50**	**454**

Even the first replies required to be received from the heads of offices within one month from the date of issue of the IRs were not received for 454 IRs issued upto December 2009. This large pendency of the IRs due to non-receipt of the replies is indicative of the fact that the heads of offices/departments failed to initiate action to rectify the defects, omissions and irregularities pointed out by the AG in the IRs.

It is recommended that the Government may take suitable steps to install an effective procedure for prompt and appropriate response to audit observations as well as take action against officials/officers who fail to send replies to the IRs/paragraphs as per the prescribed time schedules and also fail to take action to prevent loss and to recover outstanding demand in a time bound manner.

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[4] Includes 32 composite IRs issued during 2009-10 covering OST/CST/VAT/Entry Tax/Profession Tax

[5] 240 paragraphs involving ₹ 17.60 crore included in the composite IRs

[6] Included in the composite IRs issued during 2009-10.

1.2.2 Departmental audit committee meetings

The Government set up audit committees (during various periods) to monitor and expedite the progress of the settlement of IRs and paragraphs in the IRs. The details of the audit committee meetings held during the year 2009-10 and the paragraphs settled are mentioned in the following table:

Name of the department	Head of revenue	Number of meetings held	Number of IRs settled	Number of paragraphs settled	Amount (Rupees in crore)
Finance	Sales tax, VAT, Entry Tax and Profession tax	15	57	288	24.12
Transport	Taxes on vehicles	26	--	20	0.17
Revenue and Disaster Management	Land revenue	30	74	259	11.06
Excise	State Excise	1	8	50	5.52
Forest and Environment	Forest receipts	3	--	20	0.67
Steel and Mines	Mining receipts	1	11	25	10.14
Food Supply and Consumer Welfare	Departmental receipts	1	14	17	0.83
Total		**77**	**164**	**679**	**52.51**

No audit committee meeting was held during 2009-10 by the Revenue and Disaster Management department in respect of stamp duty and registration fees, Energy and Co-operation departments. **As the pendency of IRs/paragraphs is accumulating, the Government may instruct the departments to conduct more audit committee meetings to expedite clearance.**

1.2.3 Non-production of records to Audit for scrutiny

The programme of local audit of major tax/non-tax receipts 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 2009-10, 4,784 tax assessment records under Sales Tax/VAT/Entry Tax/Entertainment tax relating to 43 commercial tax offices[7] were not made

[7] Angul, Balasore, Bhubaneswar, Bolangir, Cuttack-I, Cuttack-II, Ganjam, Jajpur, Sambalpur, Sundargarh Ranges and Angul, Balasore, Bargarh, Bolangir, Bhubaneswar-I, Bhubaneswar-II, Bhubaneswar-III, Bhubaneswar-IV, Cuttack-I (Central), Cuttack-I(City), Cuttack-I(East), Cuttack-I(West), Cuttack-II, Dhenkanal, Ganjam-I, Jagatsinghpur, Jajpur, Jatni, Jharsuguda, Kalahandi, Kantabanji, Kendrapara, Keonjhar, Malkangiri, Mayurbhanj, Nabarangpur, Nuapara, Phulbani, Puri, Rourkela-I, Rourkela-II, Sambalpur-I and Sonepur circles.

available to audit. Of these, 796 cases relate to 2009-10 and the remaining 3,988 cases relate to earlier years. Of the cases not produced to audit for check 2,658 assessments pertained to 10 special circles/ranges[8] where assessments of major dealers are dealt with.

1.2.4 Response of the departments to the draft audit paragraphs

The Government of Orissa, Finance Department, in their circular memorandum instructed (May 1967) various departments of the Government to submit compliance to draft audit paragraphs (DPs) proposed by the AG for inclusion in the Audit Report of the Comptroller and Auditor General of India (CAG), within six weeks from the date of receipt of such DPs. The above instructions were reiterated (December 1993) while accepting the recommendation of the High Power Committee on response of the State Governments to the Audit Reports of the CAG. The DPs are forwarded by the AG to the Principal Secretary/Secretary of the Administrative Department concerned through demi-official letters seeking confirmation of the factual position and comments thereon within the stipulated period of six weeks.

Sixty three DPs including two reviews (clubbed in 42 paragraphs) being considered for inclusion in this Report were demi-officially forwarded to the Secretaries/Principal Secretaries of the concerned departments between January and September 2010 with a request for verification of the factual position and also for comments thereon. Demi-official reminders were also issued after the expiry of six weeks time in each case. The position of response to the draft paragraphs is mentioned in the following table.

Sl. No.	Name of the department/Nature of receipts	No. of draft paragraphs forwarded including review	No. of draft paragraphs in respect of which replies were received	No. of draft paragraphs in which replies were not received
1.	Finance (Orissa Sales tax, VAT/CST, Entry tax & PT)	13	12	1
2.	Transport (Motor vehicles tax)	10	--	10
3.	Revenue (Land revenue, stamp duty and registration fees)	17	4	13
4.	Excise (Excise duty and fees)	6	1	5
5.	Forest and Environment (Forest receipts)	4	-	4
6.	Steel & Mines (Mining receipts)	5	5	-

[8] Balasore, Bhubaneswar-I, Bhubaneswar-II, Bhubaneswar-III, Cuttack-II, Ganjam, Jajpur, Mayurbhanj and Rourkela-I circles and Jajpur Range.

Sl. No.	Name of the department/Nature of receipts	No. of draft paragraphs forwarded including review	No. of draft paragraphs in respect of which replies were received	No. of draft paragraphs in which replies were not received
7.	Fisheries & Animal Resources Development (Fishery receipts)	1	1	-
8.	Energy (Electricity Duty)	6	6	-
9.	Home (Police Receipts)	1	1	-
Total		**63**	**30**	**33**

1.2.5 Follow up on Audit Reports - summarised position

According to the instructions issued by the Finance Department in December 1993, the departments are required to furnish explanatory memoranda to the Orissa Legislative Assembly in respect of the paragraphs included in the Audit Reports within three months of the Report being laid on the table of the House.

A review of outstanding explanatory memoranda on paragraphs included in the reports of the CAG (Revenue Receipts) as of December 2010 disclosed that the departments had not submitted explanatory memoranda on 40 paragraphs for the years from 1999-2000 to 2008-09 as mentioned in the following table:

Year	No. of paragraphs in the audit report	No. of paragraphs discussed in PAC	No. of paragraphs pending for discussion	No. of paragraphs for which compliance notes have not been received
1991-92	63	62	1	--
1992-93	54	53	1	--
1993-94	44	43	1	--
1994-95	47	44	3	--
1997-98	38	3	35	--
1998-99	40	1	39	--
1999-00	34	--	34	3
2000-01	45	5	40	--
2001-02	45	7	38	--
2002-03	57	10	47	--
2003-04	63	9	54	--
2004-05	62	12	50	--
2005-06	53	33	20	1
2006-07	48	9	39	2
2007-08	44	--	44	10
2008-09	47	--	47	24
Total	**784**	**291**	**493**	**40**

Thus, non-compliance to the audit paragraphs stood at 17.70 *per cent* of the total paragraphs (226**)** presented to the Assembly during the related years.

With a view to ensuring accountability of the executive in respect of all the issues dealt with in the Audit Reports, the Public Accounts Committee (PAC), as early as in May 1966, issued instructions to the departments of the State Government to submit action taken notes (ATN) on the recommendations made by the PAC for further consideration within six months of the presentation of the PAC Report to the Legislature. It was noticed from the

PAC reports submitted during the 10th, 11th, 12th and 13th Assembly that 56 Reports containing 501 paragraphs/recommendations were presented by the PAC before the Legislature between February 1991 and December 2008 after examination of the Audit Report (Revenue Receipts) of 14 departments for the years 1985-86 to 2005-06. However, ATNs have not been received in respect of 36 recommendations of the PAC from seven departments[9] as of December 2010.

This indicates that the executive failed to take prompt action on the important issues highlighted in the Audit Reports that involve unrealised revenue.

1.2.6 Compliance with the earlier Audit Reports

In the Audit Reports 2004-05 to 2008-09, audit observations relating to under assessments, non/short levy of taxes, loss of revenue, failure to raise demands, etc., involving ₹ 2,277.46 crore were included. Of these, as of September 2010, the departments concerned had accepted under assessments and other deficiencies involving ₹ 900.44 crore and had recovered ₹ 354.55 crore. Audit Report wise details of amount accepted and revenue recovered are as under:

(Rupees in crore)

Sl. No.	Year	Money value of audit report	Amount accepted by the department	Amount recovered
1.	2004-05	560.81	221.43	45.56
2.	2005-06	136.70	47.37	21.61
3.	2006-07	516.32	431.34	276.43
4.	2007-08	484.80	133.90	6.54
5.	2008-09	578.83	66.40	4.41
Total		**2,277.46**	**900.44**	**354.55**

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

The succeeding paragraphs 1.3.1 to 1.3.2.2 discuss the performance of the **Steel & Mines department** in dealing with the cases detected in the course of local audit conducted during the last five years and also the cases included in the Audit Reports for the years 1999-2000 to 2008-09.

1.3.1 Position of Inspection Reports

The summarised position of inspection reports issued during the last five years, paragraphs included in these reports and their status as on March 2010 are tabulated below:

(Rupees in crore)

Year	Opening balance			Addition during the year			Clearance during the year			Closing balance		
	IRs	Para graphs	Money value	IRs	Para graphs	Money value	IRs	Para graphs	Money value	IRs	Para graphs	Money value
1	2	3	4	5	6	7	8	9	10	11	12	13
2005-06	113	238	24.12	16	43	59.71	22	101	3.58	107	180	80.25
2006-07	107	180	80.25	14	37	148.16	--	12	103.62	121	205	124.79

[9] Agriculture, Excise, Forest and Environment, Law, Revenue and Disaster Management, Steel and Mines and Water Resources Departments.

(Rupees in crore)

Year	Opening balance			Addition during the year			Clearance during the year			Closing balance		
	IRs	Para graphs	Money value	IRs	Para graphs	Money value	IRs	Para graphs	Money value	IRs	Para graphs	Money value
2007-08	121	205	124.79	12	44	35.43	32	89	9.05	101	160	151.17
2008-09	101	160	151.17	14	45	15.26	15	42	13.51	100	163	152.92
2009-10	100	163	152.92	19	79	216.25	16	41	30.19	103	201	338.98

In order to expedite settlement of the pending IRs/paragraphs, 26 departmental audit committee meetings were held during the above period wherein 49 IRs and 149 paragraphs were settled. As a result, the pendency as on March 2010 has decreased in comparison to that of March 2005. No audit committee meeting was, however, held during 2007-08.

Besides the above, during regular inspection of the offices pending IRs/paragraphs are reviewed on the spot after obtaining compliance. Settlement of the IRs/paragraphs are also made on receipt of compliance from the department and on *suo motu* review of the pending cases.

1.3.2 Assurances given by the department/Government on the issues highlighted in the Audit Reports

1.3.2.1 Recovery of accepted cases

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

(Rupees in crore)

Year of AR	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	Amount recovered during the year	Cumulative position of recovery of accepted cases
1999-00	3	2.00	3	2.00	0.16	1.54
2000-01	5	13.64	3	10.57	0.04	0.49
2001-02	5	2.74	3	2.23	--	0.23
2002-03	3	2.15	2	1.26	-	1.16
2003-04	1(R)[10] consisting of 9 sub-paragraphs	313.42	3 sub-paragraphs	4.25	-	0.89
2004-05	6	29.49	4	26.05	0.03	25.68
2005-06	2	3.13	1	1.99	0.16	1.95
2006-07	4	9.26	3	9.18	-	1.97
2007-08	1(R) consisting of 12 sub-paragraphs)	206.20	5 sub paragraphs	8.38	0.08	2.41
2008-09	4	6.39	2	0.23	--	0.23
Total	**53**	**588.42**	**29**	**66.14**	**0.47**	**36.55**

During the above period the recoveries out of the accepted cases as reported to audit comes to 55.26 *per cent*. **As arrear demands of mining dues are recoverable as arrears of land revenue under the Orissa Public Demand**

[10] System/performance review.

Recovery (OPDR) Act, 1962 the Government may initiate cases for realisation of the balance amount of the accepted cases.

1.3.2.2 Action taken on the recommendations accepted by the departments/Government

The draft performance reviews conducted by the AG are forwarded to the concerned departments/Government for their information with a request to furnish their replies. These reviews are also discussed in an exit conference and the department's/Government's views are included while finalising the reviews for the Audit Reports.

The following paragraphs discuss the issues highlighted in the reviews on the Steel & Mines Department featured in the last 10 Audit Reports including the recommendations and action taken by the department on the recommendations accepted by it as well as the Government.

Year of Audit Report	Name of the review	No. of recomm-endations	Status
2003-04	Assessment, collection and recovery of mining dues from major minerals	3	Recommendations were brought to the notice of the Government in para 7.2.18 of the Audit Report. However, Government's compliance note is silent on these recommendations.
2007-08	Receipts from major minerals	6	The Government reported in June 2010 that the recommendations were noted for future guidance.

1.4 Audit planning

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

During the year 2009-10, the audit universe comprised of 800 auditable units, of which 321 units were planned and audited during the year 2009-10 which was 40.13 *per cent* of the total auditable units. The details are shown in the table below.

Besides the compliance audit mentioned above, two performance reviews were also conducted to examine the efficacy of the tax administration of these receipts.

Units for Annual Audit Plan – 2009-10

Sl. No.	Principal Heads	Total No. of units	Units planned/audited
1	Sales Tax/Value Added Tax etc.	60	56
2	Motor vehicles tax	34	27
3	Land Revenue	315	62

Sl. No.	Principal Heads	Total No. of units	Units planned/audited
4	Stamp Duty & Registration Fees	174	34
5	State Excise Duty	34	27
6	Forest Receipts	74	51
7	Mining Receipts	24	20
8	Departmental Receipts	85	44
Total		**800**	**321**

1.5 Results of audit

1.5.1 Position of local audit conducted during the year

Test check of the records of 321 units of commercial tax, motor vehicles tax, land revenue, stamp duty and registration fee, state excise, forest receipts, mining receipts and other departmental receipt offices conducted during the year 2009-10 revealed underassessment/short levy/loss of revenue aggregating ₹ 1,164.78 crore in 2,47,648 cases. During the course of the year, the departments concerned accepted under assessments and other deficiencies of ₹ 306.08 crore involved in 84,399 cases of which 21,728 cases involving ₹ 207.93 crore were pointed out in audit during 2009-10 and the rest in the earlier years. The departments collected ₹ 23.04 crore in 32,136 cases during 2009-10.

1.5.2 This Report

This Report contains 42 paragraphs including a review on "Alienation, lease and encroachment of Government land" relating to short/non-levy of tax, duty and interest, penalty etc., involving financial effect of ₹ 304.94 crore[11]. The Departments/Government have accepted audit observations involving ₹ 181.72 crore out of which ₹ 25.40 lakh has been recovered. The replies in the remaining cases have not been received (December 2010). These observations are discussed in the succeeding chapters II to VIII.

[11] It does not include the paragraphs on blocking and loss of revenue.

CHAPTER-II : VALUE ADDED TAX, SALES TAX, ENTRY TAX AND PROFESSION TAX

2.1.1. Tax administration

The assessment and collection of different taxes like sales tax, value added tax, entry tax, entertainment tax, luxury tax and profession tax in the State are regulated under the Orissa Sales Tax (OST) Act,1947 valid up to March 2005, the Central Sales Tax (CST) Act, 1956, the Orissa Value Added Tax (OVAT) Act 2004, the Orissa Entry Tax (OET) Act, 1999, the Orissa Entertainment Tax (ET) Act, 2006, the Orissa Luxury Tax (OLT) Act, 1995 and the Orissa State Tax on Professions, Trades, Callings and Employments (PT) Act, 2000. The Commissioner of Commercial Taxes (CCT) under the administrative control of the Principal Secretary, Finance Department administers the above Acts and Rules made thereunder and is assisted by the Additional CCTs, Joint CCTs, Deputy CCTs, Assistant CCTs and Commercial Tax Officers (CTOs) at headquarters, zone, range and circle levels.

2.1.2 Trend of receipts

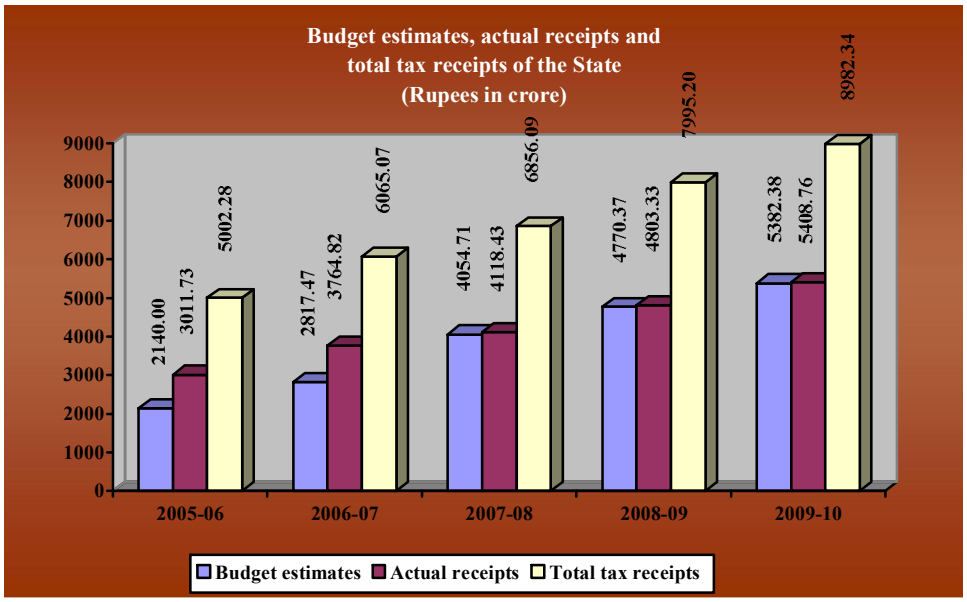
Actual tax receipts from OST/VAT/ CST/OET/PT and ET/OLT during the last five years from 2005-06 to 2009-10 are as under:

A. OST/OVAT/ CST

(Rupees in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2005-06	2,140.00	3,011.73	(+) 871.73	(+) 40.73	5,002.28	60.21
2006-07	2,817.47	3,764.82	(+) 947.35	(+) 33.62	6,065.07	62.07
2007-08	4,054.71	4,118.43	(+) 63.72	(+) 1.57	6,856.09	60.07
2008-09	4,770.37	4,803.33	(+) 32.96	(+) 0.69	7,995.20	60.08
2009-10	5,382.38	5,408.76	(+) 26.38	(+) 0.49	8,982.34	60.22

The trend of receipts showed that it increased from ₹ 3,011.73 crore in 2005-06 to ₹ 5,408.76 crore in 2009-10 (79.59 *per cent*) and its contribution to total tax revenue of the State varied between 60.07 *per cent* and 62.07 *per cent*. The bar graph of budget estimates (BE) and actual receipts vis-à-vis the total tax revenue receipts of the State for the above period are given in the following chart.



B. Entry tax

(Rupees in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2005-06	280.00	463.34	(+) 183.34	(+) 65.48	5,002.28	9.26
2006-07	370.00	574.00	(+) 204.00	(+) 55.13	6,065.07	9.46
2007-08	602.70	626.90	(+) 24.20	(+) 4.02	6,856.09	9.14
2008-09	580.90	638.32	(+) 57.42	(+) 9.88	7,995.20	7.98
2009-10	689.38	815.25	(+) 125.87	(+) 18.26	8,982.34	9.08

The trend of receipts showed that it increased from ₹ 463.34 crore in 2005-06 to ₹ 815.25 crore in 2009-10 (75.95 *per cent*).

C. Profession tax

(Rupees in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2005-06	60.05	66.46	(-) 6.41	(-) 10.67	5,002.28	1.33
2006-07	72.00	73.60	(+) 1.60	(+) 2.22	6,065.07	1.21
2007-08	80.96	86.44	(+) 5.48	(+) 6.77	6,856.09	1.26
2008-09	89.06	112.18	(+) 23.12	(+) 25.96	7,995.20	1.40
2009-10	134.48	135.55	(+) 1.07	(+) 0.80	8,982.34	1.51

The receipts increased from ₹ 66.46 crore in 2005-06 to ₹ 135.55 crore in 2009-10 (103.96 *per cent*).

D. Entertainment tax and Luxury tax

The actual receipts under entertainment tax and luxury tax are insignificant in comparison to the total tax receipts of the State.

2.1.3 Assessee profile under OVAT Act

The information furnished by the CCT on various types of dealers registered under the OVAT Act during the last three years is given below.

Year	No. of LTU dealers	No. of TIN dealers other than Large Tax Payer Unit (LTU)	No. of Small retailers Identification number (SRIN) dealers	Total No. of dealers registered	No. of dealers required to file returns	No. of dealers who furnished returns in time	No. of dealers who have not furnished/ belatedly furnished returns	No. of cases where notices were issued to the defaulted dealers	No. of cases where notices were not issued to the defaulted dealers
2007-08	615	88618	26815	116048	113767	74571	45432	27178	18254
2008-09	615	97187	27104	124906	123457	85669	48995	30241	18754
2009-10	689	103319	27287	131295	130193	91847	51494	31969	19525
Total	1919	289124	81206	372249	367417	252087	145921	89388	56533

Non-issuance of notices to 56,533 defaulters indicated that the provisions of the OVAT Act and Rules were not implemented by the department. The Government stated (October 2010) that the statutory authorities are empowered to take action against non-filers and in deserving cases action have been taken as per law.

2.1.4 Arrears in assessment

The details of the assessment cases i.e. cases due, disposed of during the year and pendency at the end of the year 2009-10 were as under.

2009-10	OST	CST	VAT	Entry Tax	Profession Tax	Entertain-ment Tax
Opening balance	13,374	4,596	1,300	1,664	1,04,587	212
New cases due for assessment during the year	67	2,186	4,061	5,458	9,276	117
Total assessment cases due for the year	13,441	6,782	5,361	7,122	1,13,863	329
Cases disposed of during the year	3,615	3,421	3,012	5,002	29,516	134
Balance cases at the close of the year	9,826	3,361	2,349	2,120	84,347	195
Percentage of finalisation	26.90	50.44	56.18	70.23	25.92	40.73

The above position indicated that the number of assessment cases disposed of under the OST and PT Acts were extremely low. The Government stated (October 2010) that the cases of assessments are disposed of under the provision of different Acts. Due to shortage of adequate number of assessing authorities, disposal of total assessments due for the year could not be completed by the Department

The department may take suitable measures to ensure early finalisation of the pending cases.

2.1.5 Cost of collection

The gross collection of tax revenue receipts under the Commercial Tax (CT) Department, the expenditure incurred on their collection and percentage of such expenditure to the gross collection during the years 2007-08, 2008-09 and 2009-10 along with the relevant all India average percentage of expenditure in collection to gross collection for the year 2008-09 is mentioned below.

(Rupees in crore)

Year	Collection[1]	Expenditure in collection of the revenue	Percentage of expenditure to collection	All India average percentage for the year 2008-09
2007-08	4,863.36	30.11	0.62	0.88
2008-09	5,601.22	44.45	0.79	
2009-10	6,409.96	53.90	0.84	

The above table indicated that cost of collection in CT department was on an increasing trend although they were within the All India average.

2.1.6 Analysis of collection

The break up of total collection at the pre-assessment stage and after regular assessment of OST/CST/OVAT, OET, OLT, ET and PT for the year 2009-10 and the corresponding figures for the preceding two years as furnished by the department is mentioned in the following table:

(Rupees in crore)

Head of revenue	Year	Amount collected at pre-assessment stage	Amount collected after regular assessment (additional demand)	Amount of arrear demand collected	Amount refunded	Net collection as per department	Net collection as per Finance Account	Percentage of column 3 to column 8
1	2	3	4	5	6	7	8	9
OST/ CST/ OVAT	2007-08	4,036.30	31.66	77.69	27.22	4,118.43	4,118.43	98.01
	2008-09	4,790.08	15.19	32.26	34.19	4,803.34	4,803.33	99.72
	2009-10	5,404.63	24.90	31.60	52.37	5,408.76	5,408.76	99.92
OET	2007-08	612.71	19.84	8.61	0.29	640.87	626.90	97.74
	2008-09	629.94	7.52	2.37	0.84	638.99	638.32	98.69
	2009-10	772.72	26.63	2.88	0.50	801.73	815.25	94.78
OLT	2007-08	0.01	--	--	--	0.01	0.01	100
	2008-09	0.03	--	--	--	0.03	0.03	100
	2009-10	0.05	--	--	--	0.05	7.57	0.66
ET	2007-08	2.45	0.01	0.19	--	2.65	2.22	110.36
	2008-09	2.33	-	0.07	--	2.40	18.58	12.54
	2009-10	2.76	0.01	0.05	--	2.82	9.28	29.74
PT	2007-08	76.85	0.11	0.20	--	77.16	86.44	88.91
	2008-09	91.96	0.02	0.08	--	92.06	112.18	81.98
	2009-10	116.43	0.54	0.74	--	117.71	135.55	85.89

Thus, the percentage of collection of tax at the pre-assessment stage during the last three years ranged between 98.01 and 99.92 in sales tax, between 94.78 and 98.69 in entry tax and between 81.98 and 88.91 in profession tax. The

[1] This collection includes all taxes collected under different Acts by the CT department as per the Finance Account which is at variance with the figures furnished by the department.

Government stated in October 2010 that the increasing trend of collection of admitted tax was attributed to the voluntary tax compliance mechanism of the OVAT Act and the efficient tax administration.

2.1.7 Working of internal audit wing

The department stated (September and October 2010) that at present the Internal Audit Wing was defunct due to non-availability of adequate manpower; however, steps were being taken to revive the same.

The department may arrange for early functioning of the Internal Audit Wing with adequate staff.

2.1.8 Impact of audit

2.1.8.1 Revenue impact

The year-wise details of units audited under different Acts during the period 2004-05 to 2008-09 and the impact of audit in terms of objections, their acceptance and recovery of the amounts involved are given below.

(Rupees in crore)

Year	Act	No. of units audited	Objected		Accepted		Recovered	
			No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
2004-05	ST/ VAT	33	266	90.55	53	21.75	15	2.49
	Entry Tax		42	3.60	7	0.53	1	0.01
	Total	**33**	**308**	**94.15**	**60**	**22.28**	**16**	**2.50**
2005-06	ST/ VAT	31	196	58.46	47	16.24	12	5.54
	Entry Tax		54	5.49	13	1.81	3	0.11
	Total	**31**	**250**	**63.95**	**60**	**18.05**	**15**	**5.65**
2006-07	ST/ VAT	31	215	83.64	51	30.10	8	2.60
	Entry Tax		2,050	43.74	11	4.29	3	0.60
	Total	**31**	**2,265**	**127.38**	**62**	**34.39**	**11**	**3.20**
2007-08	ST/VAT	38	155	160.16	9	0.66	1	0.36
	Entry Tax		34	112.13	Nil	Nil	Nil	Nil
	Total	**38**	**189**	**272.29**	**9**	**0.66**	**1**	**0.36**
2008-09	ST/ VAT	44	241	282.77	9	1.32	Nil	Nil
	Entry Tax		99	27.84	Nil	Nil	Nil	Nil
	Total	**44**	**340**	**310.61**	**9**	**1.32**	**Nil**	**Nil**
Grand total		**177**	**3,352**	**868.38**	**200**	**76.70**	**43**	**11.71**

The recovery position as compared to the accepted amount during the last five years was very low being only 15.27 *per cent.* The Department stated that the recovery of tax varied from the amount raised in the assessment order due to the availability of statutory provisions to a dealer for first/second appeals which reduced/enhanced the demands or quashed or set aside the assessment based on the merit of the case. **The Government may ensure prompt recovery of the amounts involved at least in accepted cases.**

2.1.8.2 Amendments in the Acts/Rules/notification order issued by the Government at the instance of audit

As a result of audit observation the prescribed proforma containing utilisation accounts of Form-C etc. was revised by the Government prescribing a new Form-"VI" by way of amendment of CST (Orissa) Rules 1957 on 1 August 2009.

2.1.9 Results of audit

We test checked the records of 56 units relating to ST, VAT, OET and PT in commercial tax offices during the year 2009-10 and found non/short levy of tax/interest/penalty/surcharge, etc. amounting to ₹ 118.83 crore in 23,365 cases which fall under the following categories:

(Rupees in crore)

Sl. No.	Categories	No. of cases	Amount
Sales tax/VAT			
1.	Non/short levy of interest/ penalty/ surcharge	70	42.78
2.	Underassessment of tax due to incorrect grant of exemption	51	9.96
3.	Underassessment of tax due to application of incorrect/concessional rate of tax	57	6.76
4.	Short levy of tax due to incorrect computation of taxable turnover	17	1.54
5.	Incorrect allowance/adjustment of input tax credit	11	0.51
6.	Other irregularities	18	20.90
	Total	**224**	**82.45**
Entry tax			
1.	Non/short levy of interest/penalty	31	17.28
2.	Incorrect computation of taxable turnover	14	1.33
3.	Non-levy and short levy of tax due to application of incorrect/concessional rate of tax	11	0.61
4.	Underassessment of tax due to incorrect grant of exemption/set off	6	0.23
5.	Other irregularities	4	0.06
	Total	**66**	**19.51**
Profession tax			
1.	Non-levy of tax and penalty etc.	23,075	16.87
	Total	**23,075**	**16.87**
	Grand total	**23,365**	**118.83**

During the year, the department accepted underassessment and other deficiencies of ₹ 51.22 crore in 313 cases which were pointed out by us in earlier years. An amount of ₹ 13.47 crore was realised in 98 cases during the year 2009-10.

A few illustrative audit observations involving ₹ 59.26 crore are discussed in the following paragraphs.

2.2 Audit observations

We test checked the assessment records of OVAT/OST, CST, OET and PT in the commercial tax range/circle offices of the State and noticed several cases of non-observance of provisions of the relevant Acts and Rules which led to non/short levy of tax and penalty on different counts as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out by us. We point out such omissions on the part of the assessing authorities (AAs) every year, but not only do the irregularities persist; these remain undetected till an audit is conducted. The Government needs to improve the internal control system including strengthening of internal audit to avoid recurrence of such omissions.

Value Added Tax

2.3 Non-observance/compliance of the provisions of OVAT Act and Rules read with Government notifications

The OVAT Act/Rules provide that:

(i) the audit assessments and turnover escapement assessments are required to be completed by the AAs on the basis of audit visit reports (AVRs) of range audit teams and vigilance squads and tax levied on the correctly assessed taxable turnover of outputs after giving due credit/adjustment of tax paid on inputs (ITC) as admissible on different counts; and

(ii) penalty is to be imposed on different counts at prescribed rates in addition to the tax assessed.

The AAs, while finalising the audit assessments or turnover escapement assessments of the dealers against the tax periods, did not observe some of the above provisions read with the Government notifications issued from time to time, as mentioned in the following paragraphs 2.3.1 to 2.3.2.2 which resulted in non/short levy and realisation of tax aggregating to ₹ 1.75 crore. Besides, penalty was not levied in some cases and the reasons for non-levy thereof were not recorded in the assessment orders.

2.3.1 Short levy of tax due to application of lower rate of tax

Under the OVAT Act, goods not specified in any of the schedules is taxable at the rate of 12.5 *per cent*. Goods like "Mosquito repellants in any form", was not specified in the Schedules during the period from 1 July 2005 to 31 May 2007. While assessing a dealer for any tax period if the AA is satisfied that the escapement of tax was without any reasonable cause, he may levy a penalty of twice the amount of tax additionally assessed.

During test check of the records of Cuttack II circle in January 2010, we noticed that while finalising the assessments of a registered dealer in June 2008 for the period 1 April 2005 to 30 April 2008 based on the AVR, the AA levied tax at the lower rate of four *per cent* on the sales turnover of mosquito repellants of ₹ 49.88 lakh,

pertaining to the tax period from 1 July 2005 to 31 May 2007, instead of the appropriate rate of 12.5 *per cent*. This resulted in short levy of tax of ₹ 4.24 lakh. Moreover, the dealer was liable to be levied with a penalty of ₹ 8.48 lakh for payment of tax at lower rates without any reasonable cause as reflected in his periodical self assessed returns.

After we pointed out the case, the Government stated in August 2010 that a notice for assessment of tax on escaped turnover had been issued to the dealer. A report on further developments is yet to be received (December 2010).

2.3.2.1 Non-levy of penalty on audit assessments

As per the provisions of the OVAT Act, while assessing a dealer for any tax period, penalty of twice the amount of tax assessed in audit assessments shall be levied.

During test check of records of three ranges[2] and one circle[3] between June and October 2009, we noticed that while finalising the assessments of five dealers for different periods between April 2005 and October 2008 the AAs levied additional tax of ₹ 23.72 lakh for purchase and sales suppression, application of lower rate of tax or erroneous claim of deductions including input tax credit, but did not levy penalty of ₹ 47.45 lakh leviable under the Act. The details are given below.

(Rupees in lakh)

Name of Range/ Circle	Number of dealers/ cases	Period of assessment	Additional tax levied	Penalty leviable but not levied
Angul Range	1/1	April 2005 to December 2007	18.14	36.29
Jajpur Circle	2/2	April 2005 to October 2008	2.36	4.72
Balasore Range	1/1	June 2006 to March 2008	1.18	2.36
Bolangir Range	1/1	April 2005 to 30 March 2007	2.04	4.08
Total	**5/5**		**23.72**	**47.45**

An illustrative case is given below.

During test check of records of Angul Range, in August 2009, we noticed that while finalising the assessment of a dealer for the period April 2005 to December 2007, based on the findings of tax audit, the AA levied additional tax of ₹18.14 lakh for non disclosure of some transactions in the returns and application of lower rate of tax on certain goods utilised in execution of works contract, but did not levy penalty of ₹ 36.29 lakh as required under the Act.

After we pointed out the cases, the Government stated, in August 2010, that penalty of ₹ 4.07 lakh had been levied in respect of the dealer of Bolangir range. A report on recovery of the above demand and further development in respect of the remaining four dealers is yet to be received (December 2010).

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2 Angul, Balasore and Bolangir.

3 Jajpur.

2.3.2.2 Non-levy of penalty on incorrect claim of input tax credit on opening stock

The OVAT Act, 2004 provides for levy of penalty of a sum equal to 10 times the amount of ITC claimed/ availed of by any dealer to which he is later on found to be not admissible or to which he is not entitled.

During test check of assessment records of Jajpur Range and Jatni circle, between April and July 2009, relating to the tax periods between 1 April 2005 and 31 August 2008, we noticed that two dealers claimed/availed excess ITC of ₹ 12.40 lakh on the opening stock as on 1 April 2005 after furnishing erroneous details. The AAs, while finalising the assessments, between November 2008 and February 2009, disallowed the said claims. However, penalty of ₹ 1.24 crore against the said dealers was not levied as detailed below, nor were reasons for non-levy recorded in the assessment orders.

(Rupees in lakh)

Name of the Circle/Range Number of dealers	Year of accounts (date of assessment)	ITC claimed and availed on opening stock	ITC disallowed in assessment	Amount of penalty leviable but not levied
Jajpur Range 1	2005-06 (7.11.2008)	11.43	11.43	114.34
Jatni circle 1	April 2005 to August 2008 (26.2.2009)	0.97	0.97	9.69
Two dealers		**12.40**	**12.40**	**124.03**

After we pointed out the cases, the AA, Jajpur range stated, in May 2009, that the matter was being referred to the CCT and the result would be intimated after receipt of clarification from him. The AA, Jatni circle, stated in July 2009 that levy of 10 times tax as penalty under section 107(4) was subject to the discretion of the AA. The facts and circumstances of the case leading to non-levy of penalty would be examined and intimated to the audit. The AA's stand was self-contradictory since as per the discussions made in the assessment order, the dealer had deliberately claimed and availed ITC of ₹ 0.97 lakh without obtaining authority from the STO in form 608, which was against the provision of law. Therefore, availing of ITC was considered to be illegal and hence disallowed. The above observation of the AA in his assessment order left no scope for applying discretion in the matter of levy of penalty. Further no reason was recorded in the assessment order for non-levy of penalty. Reports on further developments in the cases are yet to be received (December 2010).

We reported the matter to the Government in February 2010; their reply is yet to be received (December 2010).

Sales Tax

2.4 Non-observance/compliance of the provisions of the OST/CST Acts/Rules read with Government notifications

The OST/CST Acts and Rules read with Government notifications issued from time to time provide for:

(i) levy of tax/surcharge etc. correctly at the assessment/reassessment stages at the prescribed rates or concessional rates, subject to certain conditions, on the net taxable turnover of goods determined at such stages; and

(ii) levy of penalty on different counts at prescribed rates.

We noticed that while finalising the assessments/reassessments the AAs did not observe some of the above provisions read with Government notifications/orders issued, in some cases, as mentioned in the following paragraphs 2.4.1.1 to 2.4.3 which resulted in non/short levy of tax and penalty of ₹ 23.24 crore.

2.4.1.1 Non/short levy of tax due to acceptance of defective declarations or in absence of valid declaration and other reasons

Under the CST Act, 1956 and rules made thereunder read with Government notification of 31 March 2001, inter-State sales turnover of goods by a registered dealer supported with the original copy of the valid declaration in form 'C' obtained from the prescribed authority duly filled up and signed by the purchasing dealer is exigible to tax at the concessional rate of four *per cent* (up to 31 March 2007) or at the rate applicable to the sale or purchase of such goods inside the State under the Sales Tax Act, whichever is lower. Further, inter-State sale of goods manufactured by small scale industrial (SSI) units supported with valid declarations in form 'C' duly filled up and signed by the purchasing dealer(s) shall be exigible to tax at the concessional rate of one *per cent* till 15 June 2006 and two *per cent* thereafter. Tax on sales turnover of goods not covered by valid declaration in form 'C', in case of declared goods, shall be calculated at twice the rate applicable to sale or purchase of such goods inside the State and in respect of other goods at 10 *per cent* or at the rate applicable to sale of such goods inside the State, whichever is higher upto 31 March 2007.

During test check of CST assessment records of two ranges[4] and five circles[5] between November 2008 and November 2009, we noticed that 13 dealers had either not furnished valid declarations or furnished invalid, defective, duplicate, photocopied and manipulated declarations in respect of their sales turnover of ₹ 18.92 crore for different periods between April 2004 and March 2007. Their claim for levy of tax at concessional rates

[4] Angul and Balasore.

[5] Angul, Bhadrak, Bhubaneswar-III, Cuttack and Rourkela-II.

was accepted by the respective AAs while finalising their assessments. This resulted in short levy of tax of ₹ 1.28 crore as detailed in **Annexure-I.**

After we reported the matter in February 2010, the Government stated in August 2010 that reassessment proceedings were initiated in respect of one dealer of Bhadrak circle and four dealers of Rourkela-II circle whereas additional demands of ₹ 17.50 lakh and ₹ 15.29 lakh were raised against two dealers of Cuttack-II circle and Angul circle in May 2009 and March 2010 respectively. The reply in respect of the remaining eight cases relating to six dealers viz: Angul range (one case), Balasore range (three cases) and Bhubaneswar-III circle (two cases) is yet to be received (December 2010).

2.4.1.2 Non-levy of differential tax for contravention of declaration

Under the OST Act, if a registered dealer purchasing goods mentioned in his certificate of registration for use within the State in the manufacture or processing of goods for sale at concessional rate of tax after furnishing a declaration in form IV utilises such goods for any other purpose, he shall be liable to pay the difference of tax i.e. normal tax payable without declaration less tax paid at concessional rate of tax, for contravention of declaration. Conductors are taxable at the general rate of 12 *per cent* under the OST Act.

During test check of records of Jharsuguda circle in January 2009 we noticed that a registered dealer, engaged in manufacture and sale of different types of conductors purchased All Aluminium Alloy (AAA) conductors valued at ₹ 1.33 crore from another registered dealer during 2004-05 on payment of tax at the concessional rate of four *per cent* furnishing declaration in form IV. The AAA conductors were resold by the dealer for ₹ 1.47 crore during 2004-05 and deduction was claimed towards sales turnover of first point tax paid goods. Thus the dealer contravened the declaration in form IV by not using those AAA conductors for manufacturing or processing of finished goods. The AA while finalising the assessment in February 2008 did not levy the difference of tax at the rate of eight *per cent* on the purchase value of the AAA conductors. This resulted in non-levy of differential tax of ₹ 11.72 lakh including surcharge.

After we pointed out the case, the Government replied, in July 2010, that the AA has reassessed the case raising extra demand of ₹ 11.72 lakh on 22 January 2010. A report on recovery is yet to be received (December 2010).

2.4.2 Short levy of tax due to irregular deduction

Under the CST Act, tax on inter State sale of goods, other than declared goods not covered by declaration in form C, shall be calculated at the rate of 10 *per cent* or at the rate applicable to the sale of such goods inside the State, whichever is higher upto 31 March 2007 and at the rate applicable to the sale of such goods inside the State from April 2007. Gudakhu was not a declared goods under the CST Act and was exigible to tax at the rate of four *per cent* under OVAT Act from July 2005 to May 2007 irrespective of the place of manufacture.

During test check of assessment records of Mayurbhanj circle in July 2009, we noticed that the total sales turnover of gudakhu of a registered dealer, who was a manufacturer of gudakhu, was determined at ₹ 2.96 crore including tax for the period 1 April 2005 to 20 May 2008. But sale of gudakhu worth ₹ 86.35 lakh only, during 1 June 2007 to 20 May 2008 was taxed at the appropriate rates while the sale of gudakhu worth ₹ 1.88 crore during 1 July 2005 to 31 May 2007 was treated as tax free and allowed as deduction from total sales turnover. This resulted in short levy of tax of ₹ 17.96 lakh.

After we pointed out the case, the Government replied, in August 2010, that the proceedings initiated against the dealer was disposed of raising demand of ₹ 17.96 lakh on 22 December 2009. Report on recovery is yet to be received (December 2010).

2.4.3 Non-levy of penalty under audit assessment/turnover escaping assessment

The CST (Orissa) Rules, 1957 as amended on 6 July 2006 provide for imposition of penalty equal to twice the amount of tax assessed in audit assessments.

During test check of assessment records of one range and one circle, in May and October 2009, we noticed that while finalising different assessments for the periods between July 2006 and September 2007, though the AAs established purchase and sales suppression and application of lower rate of tax etc. by four assessees in four cases and assessed tax of ₹ 10.83 crore; they did not levy penalty of ₹ 21.66 crore as required under the rules. The reasons for non-levy of penalty were not discussed in the assessment orders. The range/circle wise non-levy of penalty in respect of these four assessees are given below.

(Rupees in crore)

Name of Range/ Circle	Number of dealers/cases	Period of assessment	Tax levied	Penalty leviable but not levied
Angul Range	1/1	July 2006 to September 2007	1.37	2.74
Barbil Circle	3/3	July 2006 to March 2007	9.46	18.92
Total	**4/4**		**10.83**	**21.66**

After we pointed out these cases, the AAs agreed to reopen the cases for examination. A report on further developments is yet to be received (December 2010).

We reported the matter to the Government in February 2010; their reply is yet to be received (December 2010).

Entry Tax

2.5 Non-observance/compliance of the provisions of OET Act/Rules read with Government notification

The OET Act/Rules read with Government notifications issued from time to time provide for:

(i) levy of tax at prescribed rates on entry of scheduled goods into any local area for sale, use or consumption therein; and

(ii) levy of penalty at prescribed rates on different counts over and above the tax levied.

We noticed that while finalising the assessments/reassessments the AAs did not observe some of the above provisions in some cases as mentioned in the following paragraphs 2.5.1 to 2.5.3 which resulted in non/short levy of tax and penalty of ₹ 17.40 crore.

2.5.1 Short levy of tax due to purchase suppression

Under the OET Act, 1999 where for any reason scheduled goods brought by a registered dealer escaped assessment to tax, the AA may assess the dealer to the best of his judgement within the prescribed period and direct him to pay the tax assessed on entry of such goods and penalty not exceeding one and a half times the tax so assessed in case of willful non disclosure of the entry of such goods by the dealer. Two wheelers are exigible to entry tax at the rate of 12 *per cent*.

During test check of the assessment records in Bhubaneswar-I circle in December 2007, we noticed that the AA determined the purchase turnover of a registered dealer of two wheelers at ₹ 7.74 crore for the year 2003-04. On cross verification of the declarations on purchase of goods from outside the State at concessional rate of tax with the way bills submitted by the dealer, we found that he had actually purchased two wheelers valued at ₹ 10.04 crore. Thus, the dealer had suppressed purchase and entry of two wheelers valued at ₹ 2.30 crore. This resulted in under assessment of entry tax of ₹ 27.61 lakh. Besides, the dealer was liable to pay maximum penalty of ₹ 41.41 lakh for willful non-disclosure of purchase and entry of scheduled goods.

After we pointed out the case, the Government replied, in July 2010, that the AA reassessed the case in November 2009 raising extra demand of ₹ 69.02 lakh including penalty of ₹ 41.45 lakh. A report on recovery is yet to be received (December 2010).

2.5.2 Non-levy of entry tax due to escapement of taxable turnover

Under the OET Act, and Rules made thereunder, tax on the purchase value of scheduled goods while entering into a local area for consumption, use or sale therein is leviable at the prescribed rates and it shall be paid by the concerned dealer or any other person who brings or causes to bring such goods whether on his own account or on account of his principal or customer or who takes delivery or is entitled to take delivery of such goods on such entry. Further, penalty equal to twice the amount of tax additionally assessed is leviable in case of escapement of turnover of scheduled goods without any reasonable cause, effective from May 2005. Coal including coke in all its forms is exigible to tax at the rate of one *per cent*.

During test check of records of Cuttack II range, between December 2009 and January 2010, we noticed that a registered dealer engaged in manufacturing 'beehive hard coke' from imported coking coal and coal dust as well as undertaking conversion work on behalf of others took delivery of 24,281.890 MT of imported coking coal (raw material) brought from a dealer of outside State, between the period from 21 September 2005 and 4 April 2006, for conversion in his factory premises. As such, the dealer was liable to pay entry tax on the purchase value of the imported coking coal. But while assessing the dealer for the tax period April 2005 to June 2007 under the OET Act, the AA did not levy tax on entry of such scheduled goods. In absence of the purchase value of goods which entered into the local area, audit estimated the same at ₹ 10.17 crore considering the rate at ₹ 4,190 per MT as adopted by the AA, while assessing the dealer under the OVAT Act for the same tax period. Thus, non-inclusion of entry of scheduled goods worth ₹ 10.17 crore in the Gross Turnover (GTO)/Taxable Turnover (TTO) of the dealer resulted in non-levy of entry tax of ₹ 10.17 lakh. Further, for escapement of turnover and non-payment of such tax at the self-assessment stage without any reasonable cause, the dealer was also liable to pay penalty of ₹ 20.35 lakh calculated at twice the amount of tax due.

After we pointed out the case, the Government stated, in August 2010, that the proceedings for re-examination had been initiated. A report on further development is yet to be received (December 2010).

2.5.3 Non-levy of penalty on different counts

The OET Act, and the Rules made thereunder provide for levy of penalty-

1. equal to twice the amount of tax assessed by the AA in audit assessment based on the audit visit report (AVR).
2. equal to twice the amount of tax additionally assessed by the AA on assessment of escaped turnover if he is satisfied that the escapement was without any reasonable cause.
3. equal to the amount of tax assessed against the dealer by the AA, for failure to get himself registered in respect of the period during which he was liable to pay tax and all subsequent periods, if he is satisfied that the default is without any reasonable cause.
4. not exceeding one and a half times the differential tax between the tax payable and the tax paid for the year if, at the end of the year, it is found that the amount of tax paid in advance by any dealer for any tax period was less by more than 15 *per cent* than the tax finally assessed.

During test check of records of four ranges[6] and six circles[7], between February and December 2009, we noticed that the AAs did not levy penalty of ₹ 16.40 crore at the prescribed rates on different counts while finalising the assessments during February 2007 and March 2009 in respect of 20 cases of 18 registered dealers, for different periods between April 2003 and January 2009. The reasons for non-levy of penalty were not recorded in the assessment orders. The range/circle wise details are at **Annexure-II**. Illustrative cases are given below:

2.5.3.1 Non-levy of penalty on audit assessment

During test check of records of Angul range, in August 2009, we noticed that while finalising the assessment of a registered dealer in December 2008 for the period 1 April 2005 to 31 December 2007 on the basis of AVR, the AA assessed tax liability of ₹ 12.30 lakh due to application of lower rate of tax and non-inclusion of taxable turnover in the returns filed. But the AA did not impose penalty of ₹ 24.60 lakh as required under the Act. The reason for non-levy of penalty was also not recorded in the assessment order.

2.5.3.2 Non-levy of penalty on assessment of escaped turnover

During test check of records of Koraput range, in November 2009, we noticed that while finalising the assessment of a registered dealer for the period February to October 2008**,** the AA determined the taxable turnover at ₹ 1,055.48 crore and assessed the tax payable at ₹ 11.67 crore against ₹6.14 crore of tax declared and paid by the dealer. Though the AA assessed the

[6] Angul, Ganjam, Jajpur and Koraput.

[7] Barbil, Bargarh, Jajpur, Keonjhar, Koraput and Phulbani.

dealer to pay additional tax of ₹ 5.53 crore, penalty of ₹ 11.05 crore was not levied as required under the Act. The reason for non-levy of penalty was also not recorded in the assessment order.

2.5.3.3 Non-levy of penalty on assessment for unregistered period

During test check of records of Koraput circle, in November 2009, we noticed that an unregistered dealer applied for grant of registration under the OET Act on 28 March 2007, eight months after starting his business on 28 July 2006 and without furnishing any returns for the intervening period when he was liable to pay tax. While finalising the assessment for the period from 28 July 2006 to 27 March 2007 along with the subsequent tax periods, in August 2008, the AA assessed the tax liability of the dealer for the pre-registration period at ₹ 15.17 lakh; but did not direct the dealer to pay penalty of ₹ 15.17 lakh which is equal to the amount of tax so assessed. Moreover, the reason for non-levy of penalty was not recorded in the assessment order.

2.5.3.4 Non-levy of penalty for shortfall in advance payment of tax

During test check of records of Barbil circle, in July 2009, we noticed that while assessing a registered dealer for the year 2003-04, the AA assessed ₹ 3.39 lakh against which the dealer had paid ₹ 2.77 lakh only leaving 18.46 *per cent* of the total amount due for the whole year. But penalty of ₹ 93,961 being one and a half times of the unpaid amount was not imposed against the dealer. There was also no mention in the assessment order of the reasons for non-levy of penalty.

After we pointed out these cases, the AAs agreed to re-examine the cases. A report on further developments is yet to be received (December 2010).

The matter was reported to the Government in February 2010, their reply is yet to be received (December 2010).

Profession Tax

With a view to augmenting the collection of revenue the CCT who also functions as the Commissioner of Profession Tax, Orissa instructed the field functionaries in November 2004 to collect information from specified sources to identify the persons liable to pay tax and get them registered with profession tax cells in each circle. These cells were created (December 2004 onwards) to identify potential tax payers and to assist, enroll and register the drawing and disbursing officers and assessees for mobilising collection of the tax.

2.6 Non-levy of profession tax

As per the Orissa State Tax on Professions, Trades, Callings and Employments (PT) Act, 2000, every person liable to pay tax is required to obtain a certificate of enrolment from the AA and failure to apply for such certificate attracts levy of penalty not exceeding rupees five for each day of delay in enrolment. Moreover, periodical tax at prescribed rates is leviable against different classes of assessees enrolled under the Act.

During test check of records, between July and December 2009 in respect of the profession tax officers (PTOs) relating to 19[8] circles, we noticed that 23,075 assessees under 10 classes liable to come under the tax net and pay tax of ₹ 3.14 crore for the period April 2004 to March 2009 had not applied for enrolment under the Act and obtained certificates of enrolment from the PTOs concerned. Hence they were liable to pay penalty of ₹ 13.73 crore besides tax of ₹ 3.14 crore as stated above. Details of non levy of tax and penalty aggregating to ₹ 16.87 crore under the Act are given in the **Annexure-III**. This shows that the administration of the Act in the State suffered due to absence of an effective mechanism for conducting surveys and collecting information in order to bring the eligible persons into the tax net.

After we pointed out these cases, the CCT Orissa stated in May 2010 that out of 597 LIC agents and 44 pathological laboratories, diagnostic, x-ray & scanning centers of Jeypore circle, 110 agents and four pathological laboratories, diagnostic, x-ray & scanning centers had been enrolled and had paid profession tax of ₹ 1.32 lakh. The response from the CCT in respect of the balance cases is yet to be received (December 2010). However, the Government stated, in August 2010, that instructions had been issued to the field offices in May 2009 for restructuring the work in the circle offices. It was directed that for PT work the concerned CTO/ACTO (PT) and PT clerk should be held responsible as profession tax is being monitored in circle offices. Moreover, profession tax had not been exclusively monitored by dedicated officials due to lack of adequate manpower and other workload of the offices.

[8] Angul, Bhadrak, Balasore, Barbil, Bhanjanagar, Dhenkanal, Ganjam-I, Ganjam-II, Gajapati, Jagatsinghpur, Jajpur, Koraput-I, Koraput-II, Keonjhar, Kendrapara, Mayurbhanja, Phulbani, Sambalpur-I and Sambalpur-II.

3.1.1 Tax administration

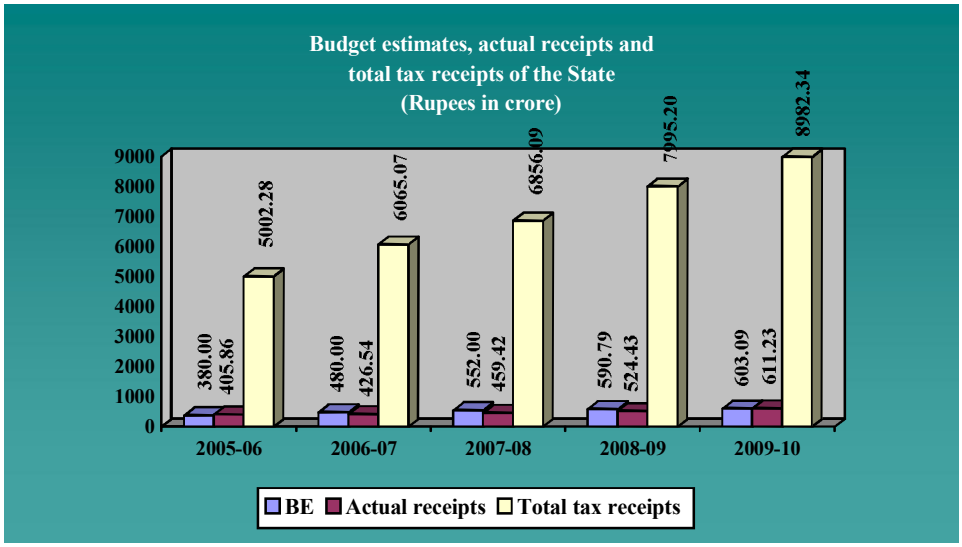
Levy and collection of taxes on motor vehicles is regulated under the Motor Vehicles (MV) Act, 1988 and the Orissa Motor Vehicles Taxation (OMVT) Act, 1975. The Transport Commissioner (TC)-cum-Chairman, State Transport Authority (STA), under the overall control of the Principal Secretary, Commerce and Transport (Transport) Department, administers the above Acts and Rules made thereunder and is assisted by three Additional Commissioners for administration, technical matters and enforcement activities, one Secretary-cum-Additional Commissioner, one Joint Commissioner (Taxation) at headquarters, three Deputy Commissioners functioning at zonal levels and 31 Regional Transport Officers (RTOs) functioning at regional levels. The RTOs are the assessing authorities as well as the tax recovery officers.

3.1.2 Trend of receipts

Actual receipts from taxes on motor vehicles during the years 2005-06 to 2009-10 along with the total tax receipts during the same period is exhibited in the following table and graph.

(Rupees in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2005-06	380.00	405.86	(+) 25.86	(+) 6.80	5,002.28	8.11
2006-07	480.00	426.54	(-) 53.46	(-) 11.13	6,065.07	7.03
2007-08	552.00	459.42	(-) 92.58	(-) 16.77	6,856.09	6.70
2008-09	590.79	524.43	(-) 66.36	(-) 11.23	7,995.20	6.56
2009-10	603.09	611.23	(+) 8.14	(+) 1.35	8,982.34	6.80



No reasons for the increased collection during 2005-06 were given by the department. The reasons for wide fluctuations in budget estimates and actuals during 2006-07 to 2007-08 were attributed to less registration of vehicles as compared to the previous year and a campaign against overloading of vehicles whereas for the year 2008-09 it was attributed to a downward trend in registration of new commercial vehicles as compared to the previous year.

3.1.3 Cost of collection

The gross collection under taxes on motor vehicles, expenditure incurred on their collection and the percentage of such expenditure to gross collection during the years 2007-08, 2008-09 and 2009-10 along with the relevant all India average percentage of expenditure on collection to gross collection for 2008-09 are mentioned in the following table:

(Rupees in crore)

Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage for the year 2008-09
2007-08	459.42	14.71	3.20	
2008-09	524.43	32.59	6.21	2.93
2009-10	611.23	27.78	4.54	

The percentage of the cost of collection was well above the all India average percentage. Thus, there is considerable scope for the Government to improve the efficiency of collection.

3.1.4 Working of internal audit wing

The department informed us that during the period 2007-08 to 2009-10, against 78 units planned for internal audit, the Internal Audit Wing (IAW) completed audit of 14 units only (17.95 *per cent*) leaving a balance of 64 units. During the year 2008-09 none of the units planned was audited. The reason for shortfall was attributed to shortage of manpower.

The department may consider strengthening the IAW to ensure effective implementation of the Acts/Rules for prompt and correct realisation of revenues.

3.1.5 Impact of audit

Revenue impact

During the last five years (2004-05 to 2008-09) we pointed out non/short levy, non/short realisation of tax, fee etc., with revenue implication of ₹ 290.99 crore in 9,38,102 cases. Of these, the Department/Government accepted audit observations in 1,10,197 cases involving ₹ 93.33 crore and recovered ₹ 9.19 crore in 36,081 cases. The details are shown in the following table.

(Rupees in crore)

Year	No. of units audited	Amount objected		Amount accepted		Amount recovered		Percentage of recovery to amount accepted
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	
2004-05	27	2,18,915	40.70	33,691	20.18	1,831	1.62	8.03
2005-06	27	2,02,391	50.89	17,693	22.87	2,028	1.84	8.05
2006-07	27	1,76,591	59.46	14,408	22.11	1,108	0.98	4.43
2007-08	27	1,62,866	64.70	8,457	15.77	195	0.23	1.46
2008-09	27	1,77,339	75.24	35,948	12.40	30,919	4.52	36.45
Total	**135**	**9,38,102**	**290.99**	**1,10,197**	**93.33**	**36,081**	**9.19**	

During the period 2004-05 to 2007-08 the recovery position as compared to acceptance of objections was very low ranging from 1.46 *per cent* to 8.05 *per cent*. However, there was a significant development in 2008-09 where the percentage of recovery was 36.45 *per cent*. The Government may take appropriate steps to improve the recovery position.

3.1.6 Results of audit

During the year 2009-10 we test checked the records of 27 units relating to taxes on motor vehicles and found non/short realisation/levy of tax, fees, penalty etc. involving ₹ 74.92 crore in 1,70,691 cases which fall under the following categories:

(Rupees in crore)

Sl. No	Categories	No. of cases	Amount
1.	Non-levy/realisation of motor vehicles tax/ additional tax and penalty	32,286	71.85
2.	Non/short realisation of compounding fees, permit fees, process fees etc.	1,36,733	1.46
3.	Non/short realisation of composite tax and penalty	819	0.38
4.	Short levy/realisation of motor vehicles tax/ additional tax and penalty	163	0.65
5.	Non/short realisation of trade certificate tax/fees	91	0.03
6.	Non/short levy of penalty on belated payment of tax	181	0.25
7.	Other irregularities	418	0.30
Total		**1,70,691**	**74.92**

During the year, the department accepted non/short realisation/ levy of tax and other deficiencies of ₹ 50.07 crore in 63,776 cases, of which 1,418 cases involving ₹ 3.14 crore were pointed out in audit during the year 2009-10 and the rest in earlier years. An amount of ₹ 5.01 crore was recovered in 31,413 cases during the year 2009-10.

A few illustrative cases involving ₹ 71.42 crore are mentioned in the following paragraphs.

3.2 Audit observations

We scrutinised the records relating to assessment and collection of motor vehicles tax in the office of the TC-cum-STA and the RTOs and found several cases of non-observance of some of the provisions of the Acts/Rules and other cases as mentioned in the succeeding paragraphs in this chapter. The cases are illustrative and are based on a test check carried out by us. Such omissions remain undetected till an audit is conducted by us. The Government may direct the department to improve the internal control system including strengthening of internal audit so that such omissions can be detected, corrected and avoided in future.

3.3 Non-compliance of the provisions of the Acts/Rules

The provisions of the OMVT Act, 1975 and Rules made thereunder require levy and payment of:

(i) motor vehicles tax/additional tax by the vehicle owner at the appropriate rate;

(ii) tax/additional tax in advance and within the grace period so provided;

(iii) tax/additional tax at the highest rate of the slab of the stage carriage if the stage carriage was found plying without permit;

(iv) differential tax when a stage carriage is used as a contract carriage; and

(v) penalty upto double the tax, if the tax is not paid within two months after the expiry of the grace period of 15 days.

Non-compliance of the provisions of the Act/Rules in some cases as mentioned in paragraphs 3.3.1 to 3.3.5 resulted in non/short realisation of ₹ 69.60 crore.

3.3.1 Non/short realisation of motor vehicles tax and additional tax

As per the OMVT Act, 1975, motor vehicles tax and additional tax due on motor vehicles should be paid in advance at the rates prescribed in the Act unless exemption from payment of such taxes are allowed for the period covered by off road declarations. If such tax is not paid within two months after expiry of the grace period of 15 days, penalty is to be charged at double the tax due. The RTOs are required to issue demand notices within 30 days from the expiry of the grace period for payment of tax.

During test check of records of RTOs, between June 2009 and March 2010, we noticed that motor vehicles tax and additional tax from 31,077 vehicles for the period from January 2008 to March 2009 was either not realised or short realised even though the vehicles were not declared off road. This resulted in non/short realisation of motor vehicles tax and additional tax of ₹ 68.82 crore including penalty of ₹ 45.88 crore as detailed in the following table:

(Rupees in crore)

Sl. No.	No. of regions Type of vehicles	No. of vehicles	Non/short realisation of tax/additional tax	Penalty leviable	Total
1.	26[1] Goods carriages	16,720	17.50	34.99	52.49
2.	26[2] Tractor-trailer combinations	9,672	2.61	5.23	7.84
3.	25[3] Contract carriages	4,492	2.61	5.21	7.82
4.	23[4] Stage carriages	193	0.22	0.45	0.67
Total		**31,077**	**22.94**	**45.88**	**68.82**

After we pointed out the cases, the TC stated in May 2010 that demand notices for ₹ 50.11 lakh in 339 cases were issued by the RTOs, Balasore and Bhadrak. Tax Recovery (TR) cases for ₹ 59.12 lakh were instituted in 179 cases by RTO, Jagatsinghpur and recovery of ₹ 10.29 lakh in 88 cases by RTOs, Balasore, Bhadrak, Ganjam, Jagatsinghpur and Sundargarh was made. The reply in respect of the remaining cases is yet to be received (December 2010).

We brought the matter to the notice of the Government in April 2010; their reply is yet to be received (December 2010).

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1 Angul, Balasore, Bargarh, Bhadrak, Bhubaneswar, Bolangir, Chandikhol, Cuttack, Dhenkanal, Gajapati, Ganjam, Jagatsinghpur, Jharsuguda, Kalahandi, Keonjhar, Koraput, Mayurbhanj, Nawarangpur, Nayagarh, Nuapada, Phulbani, Puri, Rayagada, Rourkela, Sambalpur and Sundargarh.

2 All regions at 1 above.

3 All regions at 1 above except Nayagarh.

4 All regions at 1 above except Bhadrak, Gajapati and Nayagarh.

3.3.2 Non/short realisation of tax from stage carriages plying without route permits

As per the OMVT Act, motor vehicles tax and additional tax is leviable in respect of a stage carriage on the basis of the number of passengers (including standees) which the vehicle is permitted to carry and the total distance to be covered in a day as per the permit. When any such vehicle is detected plying without a permit, the tax/ additional tax shall be levied at the highest rate of tax as per the taxation schedule. In case of default, penalty amounting to double the tax due is leviable.

During test check of the records of 19 RTOs[5], between June 2009 and March 2010, we noticed that 86 stage carriages were detected plying without permit by the Enforcement Wing (EW) during the period December 2007 to March 2009. Though the EW issued Vehicle Check Reports (VCRs), failure of the RTOs to finalise the VCRs expeditiously resulted in non/short realisation of motor vehicles tax and additional tax of ₹ 10.47 lakh (non-realisation of ₹ 3.77 lakh in 11 cases and short realisation of ₹ 6.70 lakh in 75 cases). Besides, penalty of ₹ 20.94 lakh was also leviable.

After we pointed out the cases, the TC stated (May 2010) that demand notices were issued for ₹ 2.74 lakh in three cases by RTO, Balasore and for ₹ 53,004 in two cases by RTO, Bhadrak. The reply in respect of the remaining cases is yet to be received (December 2010).

We brought the matter to the notice of the Government in April 2010; their reply is yet to be received (December 2010).

3.3.3 Non-realisation of differential tax from stage carriages used as contract carriages

As per the OMVT Act, when a vehicle for which motor vehicles tax and additional tax for any period has been paid, is proposed to be used in a manner for which higher rates of taxes are payable, the owner of the vehicle is liable to pay differential tax. If such tax is not paid within two months after expiry of the grace period of 15 days, penalty is to be charged at double the tax due. Further, the tax payable for contract carriage is higher than the tax payable for stage carriages, where the seating capacity of the vehicle exceeds 25 and the stage carriage permit is for ordinary service and in some cases for express service.

During test check of the records of 17 RTOs[6], between June 2009 and March 2010, we noticed that 170 stage carriages were permitted to ply temporarily as contract carriages during the period between April 2008 and March 2009 on which higher rate of tax was applicable. Though the differential

[5] Angul, Balasore, Bargarh, Bhadrak, Bolangir, Cuttack, Gajapati, Ganjam, Jharsuguda, Kalahandi, Keonjhar, Koraput, Mayurbhanj, Nuapada, Phulbani, Puri, Rayagada, Rourkela and Sambalpur.

[6] Angul, Balasore, Bargarh, Bhubaneswar, Chandikhol, Cuttack, Dhenkanal, Ganjam, Jharsuguda, Kalahandi, Koraput, Mayurbhanj, Phulbani, Puri, Rayagada, Sambalpur and Sundargarh.

tax was not paid in advance, the RTOs did not take action to issue demand notices for realisation of such taxes. This resulted in non-realisation of differential tax of ₹ 16.20 lakh including penalty of ₹ 10.80 lakh.

After we pointed out the cases, the TC stated in May 2010 that RTO, Balasore recovered ₹ 0.11 lakh in two cases. The reply in respect of the remaining cases is yet to be received (December 2010).

The matter was brought to the notice of the Government in April 2010; their reply is yet to be received (December 2010).

3.3.4 Non/short realisation of motor vehicles tax/additional tax from stage carriages plying on inter-State routes

As per the OMVT Act, 1975 and Rules made thereunder, stage carriages authorised to ply on inter-State routes under reciprocal agreement are liable to pay motor vehicles tax and additional tax on the total distance covered by them on the approved route in the State of Orissa. In case such tax is paid beyond two months after the grace period of 15 days, penalty equal to twice the amount of tax and additional tax due is to be charged.

During test check of the records of the STA and three RTOs[7], between August 2009 and February 2010, we noticed that motor vehicles tax and additional tax of ₹ 3.01 lakh (non-realisation of ₹ 2.71 lakh in seven cases and short realisation of ₹ 30,327 in three cases) was not realised or short realised from 10 stage carriages authorised to ply on inter-State routes under reciprocal agreements during the period between April 2008 and March 2009. Besides, penalty of ₹ 6.02 lakh was also leviable.

After we pointed out the cases, the STA and concerned RTOs stated, between August 2009 and February 2010, that demand notices would be issued for realisation of the dues.

We brought the matter to the notice of the Government in April 2010; their reply is yet to be received (December 2010).

3.3.5 Non/short levy of penalty on belated payment of motor vehicles tax and additional tax

As per the OMVT Act and Rules, penalty ranging from 25 to 200 *per cent* of the tax and additional tax due, depending on the extent of delay in payment, shall be leviable if the dues are not paid within the specified period.

During test check of the records of STA and 23 RTOs[8], between June 2009 and March 2010, we noticed that motor vehicles tax in respect of 176 motor vehicles for the period between April 2004 and March 2009 was paid

[7] Cuttack, Kalahandi and Rourkela.

[8] Angul, Balasore, Bargarh, Bhadrak, Bhubaneswar, Bolangir, Chandikhol, Cuttack, Dhenkanal, Gajapati, Ganjam, Kalahandi, Keonjhar, Koraput, Mayurbhanj, Nabarangpur, Nuapada, Phulbani, Puri, Rayagada, Rourkela, Sambalpur and Sundargarh.

belatedly after delays ranging between two days and 59 months. In 40 cases, penalty of ₹ 5.08 lakh was not levied and in 136 cases penalty of ₹ 16.84 lakh was short levied. This resulted in non/short levy of penalty amounting to ₹ 21.92 lakh.

After we pointed out the cases, the TC stated in May 2010 that an amount of ₹ 6,894 was recovered in one case by RTO, Balasore. The reply in respect of the remaining cases is yet to be received (December 2010).

We brought the matter to the notice of the Government in April 2010; their reply is yet to be received (December 2010).

3.4 Non-compliance of Government notification/decision

Government decisions notified in 2001 and 2003 prescribe for payment of:

(i) countersignature fee/process fee at the prescribed rates; and

(ii) one time composite tax by the vehicles of Andhra Pradesh plying in Orissa.

Non-compliance of the above decisions in some of the cases as mentioned in paragraphs 3.4.1 and 3.4.2, resulted in non/short realisation of fees and tax of ₹ 1.82 crore.

3.4.1 Non/short realisation of process/counter-signature of permit fees

As per the MV Act, read with the Government notification of 24 January 2003, the fee for countersignature of permits was enhanced and process fee of ₹ 100 on every application/objection filed was introduced with effect from 28 January 2003. The department, by an order of March 2003, however, postponed the collection of the fees at the rates prescribed in the notification.

During test check of the permit registers and other connected records in the STA and 24 RTOs[9] including 19 check gates, between June 2009 and March 2010, we noticed that fee for countersignature of permits was realised at the pre-revised rate in respect of 188 goods vehicles during the period April 2008 to March 2009 and process fee for the period from April 2008 to March 2009 was not realised in 1,35,174 cases. This resulted in short realisation of countersignature of permit fee of ₹ 9.10 lakh and non-realisation of process fee of ₹ 1.35 crore.

After we pointed out the cases, the STA and all the RTOs stated, between June 2009 and March 2010, that the collection of the fees was postponed by the Government order of March 2003. The fact, however, remains that the rates published in the gazette had already come into force and charging of old rates by an executive order was irregular since executive orders cannot overrule the

[9] Angul, Balasore, Bargarh, Bhadrak, Bhubaneswar, Bolangir, Chandikhol, Cuttack, Dhenkanal, Gajapati, Ganjam, Jagatsinghpur, Jharsuguda, Keonjhar, Koraput, Mayurbhanj, Nabarangpur, Nayagarh, Nuapada, Phulbani, Puri, Rourkela, Sambalpur and Sundargarh.

statutory provisions. Despite repeated observations in earlier Audit Reports, the Government neither implemented the provisions of the notification of January 2003 for realisation of the fees nor rescinded the same.

We brought the matter to the notice of the Government in April 2010; their reply is yet to be received (December 2010).

3.4.2 Non-realisation of composite tax for goods vehicles under reciprocal agreement

As per the Government of Orissa decision of February 2001, goods vehicles belonging to Andhra Pradesh (AP) and authorised to ply in Orissa under the reciprocal agreement are required to pay annually a composite tax of ₹ 3,000 per vehicle. The tax is payable in advance on or before the 15th April every year to the STA, Orissa through the STA, AP or directly at the check gates in Orissa. In case of delay in payment, penalty of ₹ 100 for each calendar month or part thereof is also leviable in addition to the composite tax.

During test check of the records of the STA we noticed in August 2009 that composite tax amounting to ₹ 24.57 lakh in respect of 819 goods vehicles of AP authorised to ply in Orissa on the strength of valid permits under the reciprocal agreement during 2008-09, was not realised. Besides, penalty of ₹ 13.10 lakh calculated upto July 2009 was also leviable.

After we pointed out the case, the STA stated in August 2009 that STA, AP would be moved for realisation of the dues.

We brought the matter to the notice of the Government in January 2010; their reply is yet to be received (December 2010).

4.1.1 Tax administration

The levy and collection of land revenue (LR) is regulated under the Orissa Government Land Settlement (OGLS) Act, 1962, the Orissa Prevention of Land Encroachment (OPLE) Act, 1972, the Orissa Land Reforms (OLR) Act, 1960 and Rules made thereunder. The Board of Revenue (BOR) administers the above Acts and Rules under the overall control of the Principal Secretary to Government in the Revenue and Disaster Management (R&DM) Department.

The levy and collection of stamp duty (SD) and registration fee (RF) are regulated under the Indian Stamp (IS) Act, 1899, the Registration Act, 1908 and Rules made thereunder. The Inspector General of Registration (IGR) under the overall control of the Principal Secretary to the Government in R&DM department administers the above Act and Rules and is assisted by a Joint Inspector General (JIG), three Deputy Inspector Generals (DIGs) and 30 District Sub Registrars (DSRs) at the district level and Sub Registrars (SRs) at the unit level.

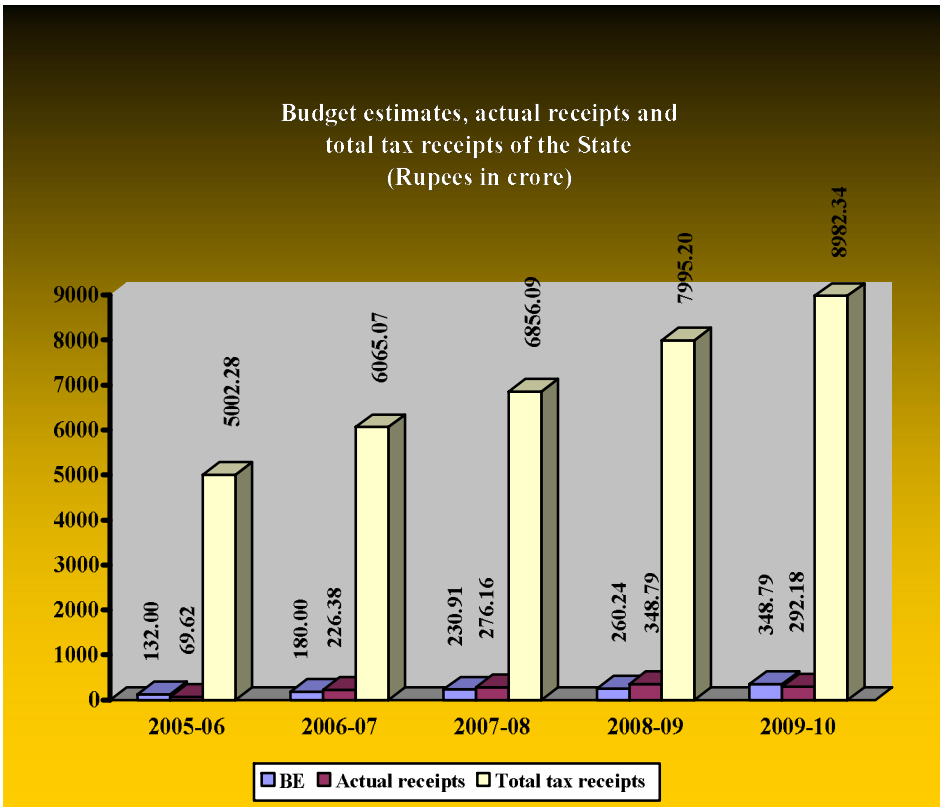
4.1.2 Trend of receipts

Actual receipts from LR and SD and RF during the years 2005-06 to 2009-10 along with the total tax receipts during the same period are exhibited in the following tables and bar graphs showing the contribution of LR and SD & RF to the total tax receipts for the year 2009-10.

A. Land Revenue

(Rupees in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2005-06	132.00	69.62	(-) 62.38	(-) 47.26	5,002.28	1.39
2006-07	180.00	226.38	(+) 46.38	(+) 25.77	6,065.07	3.73
2007-08	230.91	276.16	(+) 45.25	(+) 19.60	6,856.09	4.03
2008-09	260.24	348.79	(+) 88.55	(+) 34.03	7,995.20	4.36
2009-10	348.79	292.18	(-) 56.61	(-) 16.23	8,982.34	3.25

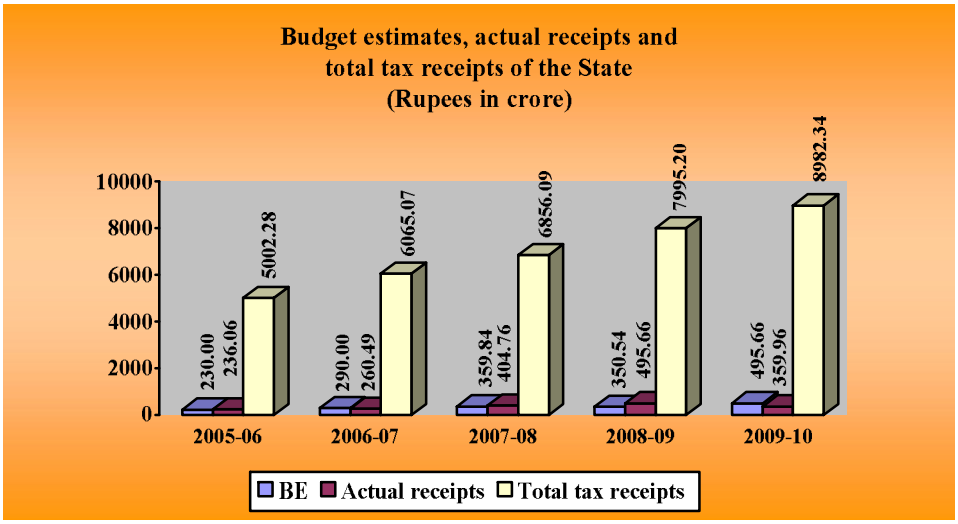


The reasons for wide fluctuations in budget estimates and actuals during 2006-07 to 2008-09 were attributed to conversion of land, alienation of Government land to different agencies and collection of premium thereof and collection of more royalty whereas no reasons for decrease in collections of revenue during 2005-06 and 2009-10 were given by the department.

B. Stamp duty and registration fee

(Rupees in crore)

Year	Budget estimate	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2005-06	230.00	236.06	(+) 6.06	(+) 2.63	5,002.28	4.72
2006-07	290.00	260.49	(-) 29.51	(-) 10.17	6,065.07	4.29
2007-08	359.84	404.76	(+) 44.92	(+) 12.48	6,856.09	5.90
2008-09	350.54	495.66	(+) 145.12	(+) 41.40	7,995.20	6.20
2009-10	495.66	359.96	(-) 135.70	**(-)** 27.38	8,982.34	4.01



The shortfall of revenue during 2006-07 was attributed to the high target fixed by the Government whereas no reasons for wide fluctuations in collection of revenues for the years 2007-08 to 2009-10 were furnished by the department.

The Government may make realistic revenue budgets for arresting the wide variations.

4.1.3 Cost of collection

The gross collection under SD and RF, expenditure incurred on their collection and the percentage of such expenditure to gross collection during the years 2007-08, 2008-09 and 2009-10 along with the relevant all India average percentage of expenditure on collection to gross collection for 2008-09 are mentioned below.

(Rupees in crore)

Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage for the year 2008-09
2007-08	404.76	11.81	2.92	2.09
2008-09	495.66	15.23	3.07	
2009-10	359.96	15.91	4.42	

The percentage of the cost of collection exceeded the all India average percentage. **The Government may take appropriate steps to reduce the cost so as not to exceed the all India average cost.**

4.1.4 Impact of audit

Revenue impact

A Land Revenue

During the last five years (2004-05 to 2008-09) we pointed out non/short levy, blocking, non/short realisation of land revenue and fees etc. with revenue implication of ₹ 921.40 crore in 34,109 cases. Of these, the department/ Government had accepted audit observations in 19,026 cases involving ₹ 42.67 crore and had since recovered ₹ 7.65 crore in 4,019 cases. The details are shown in the following table.

(Rupees in crore)

Year	No. of units audited	Amount objected		Amount accepted		Amount recovered	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
2004-05	95	5,475	75.54	2,100	5.03	1,850	4.39
2005-06	86	2,783	179.67	1,621	1.49	1,377	1.24
2006-07	92	6,193	146.53	598	1.73	540	1.60
2007-08	82	1,664	397.15	218	0.30	218	0.30
2008-09	74	17,994	122.51	14,489	34.12	34	0.12
Total	**429**	**34,109**	**921.40**	**19,026**	**42.67**	**4,019**	**7.65**

The recovery position as compared to the acceptance of objections was very low. **The Government may take appropriate steps to improve the recovery position**.

B. Stamp Duty and Registration Fee

During the last five years (2004-05 to 2008-09) we pointed out non/short levy, non/short realisation of SD and RF etc., with revenue implication of ₹ 835.45 crore in 2,19,236 cases. Of these, the department/ Government had accepted audit observations in 19,867 cases involving ₹ 15.24 crore and had since recovered ₹ 6.00 crore in 4,444 cases. The details are shown in the following table.

(Rupees in crore)

Year	No. of units audited	Amount objected		Amount accepted		Amount recovered	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
2004-05	96	41,752	47.79	6,476	3.73	1,339	0.35
2005-06	103	40,950	77.53	964	0.90	776	0.39
2006-07	94	42,077	355.24	1,487	1.66	1,195	1.61
2007-08	89	37,310	42.93	3,301	4.92	632	2.71
2008-09	109	57,147	311.96	7,639	4.03	502	0.94
Total	**491**	**2,19,236**	**835.45**	**19,867**	**15.24**	**4,444**	**6.00**

4.1.5 Results of audit

During the year 2009-10 we test checked the records of 96 units relating to land revenue, stamp duty and registration fees and detected non-collection, non/short assessment, blocking of revenue, etc., involving ₹ 400.51 crore in 46,001 cases which fall under the following categories:

(Rupees in crore)

Sl. No.	Categories	No of cases	Amount
LAND REVENUE			
1.	**"Alienation, lease and encroachment of the Government land" (A review)**	1	47.35[1]
2.	Short realisation/non-collection of premium etc. from land occupied by local bodies etc.	151	107.73
3.	Non-realisation of revenue due to delay in finalisation of Orissa Estate Abolition (OEA) Act (Bebandabasta) cases etc.	9,901	3.44
4.	Blocking of Government revenue due to non-finalisation of Orissa Land Reform (OLR) cases	707	3.12
5.	Irregular/non-lease of sairat sources	278	1.89
6.	Other irregularities	5,855	4.10
	Total	**16,893**	**167.63**
STAMP DUTY AND REGISTRATION FEES			
1.	Blocking of Government revenue due to non-disposal of 47A cases	27,421	226.30
2.	Blocking of Government revenue due to pending impounding cases	1,471	0.30
3.	Short realisation of stamp duty and registration fees due to under valuation of documents	169	6.16
4.	Miscellaneous cases	47	0.12
	Total	**29,108**	**232.88**
	Grand total	**46,001**	**400.51**

During the year, the department accepted underassessment and other deficiencies of ₹ 35.72 crore in 15,845 cases in respect of land revenue and ₹ 1.29 crore in 136 cases in respect of stamp duty and registration fees pointed out in 2009-10. An amount of ₹ 2.11 crore in 255 cases in respect of land revenue and an amount of ₹ 23.33 lakh in 184 cases in respect of stamp duty and registration fees were recovered during the year 2009-10.

A review on **"Alienation, lease and encroachment of Government land"** involving ₹ 47.35 crore[2] and a few illustrative audit observations involving ₹ 31.67 lakh are discussed in the following paragraphs.

1 It does not include the paras on blocking of revenue.

2 It does not include the paras on blocking of revenue.

4.2 Alienation, lease and encroachment of Government land

Highlights

There was blocking of revenue in the shape of premium, ground rent, cess and interest of ₹ 347.25 crore due to non-finalisation of 17 alienation cases in which Government land measuring 928.616 acres was unauthorisedly occupied.

(Paragraph 4.2.6.3.1 and 4.2.6.3.2)

There was blocking of revenue of ₹ 90.31 crore due to non-regularisation of advance possession of Government land measuring 340.760 acres in 16 cases which were allowed by the Government during 1965 to 2004-05 for public utility purposes.

(Paragraph 4.2.6.3.3)

There was non-realisation of ground rent, cess and interest of ₹ 2.67 crore from seven lessees who were leased out 384.78 acres of Government land.

(Paragraph 4.2.6.4)

There was short levy of premium, ground rent, cess and interest of ₹ 2.30 crore due to assessment of premium on buildable area of 73.629 acres against the assessable area of 92.781 acres of Government land.

(Paragraph 4.2.6.5)

There was non/short levy of capitalised value of ₹ 25.07 crore including interest in respect of 1,439.598 acres of Government land alienated to five Central Government organisations in eight cases.

(Paragraph 4.2.6.6)

There was non/short levy of incidental charges of ₹ 13.56 crore while sanctioning 4,096.175 acres of land to projects covering 500 acres and above to nine industries for industrial and commercial purposes.

(Paragraph 4.2.6.7)

There was non-levy of interest of ₹ 3.74 crore for belated payment of Government dues.

(Paragraph 4.2.6.8)

Revenue of ₹ 7.33 crore was blocked in 42 encroachment cases pending for regularisation due to inaction of departmental authorities.

(Paragraph 4.2.8.1)

There was blocking of revenue of ₹ 1.09 crore in case of lease of 13.94 acres of land to an industrial unit who violated the conditions of the sanction of lease.

(Paragraph 4.2.8.2)

4.2.1 Introduction

The R&DM department is the custodian of Government land at the apex level. The BOR through their field functionaries supervise, administer and control various activities pertaining to alienation[3], lease[4] and encroachment[5] of Government land. With rising socio-economic activities, the demand for Government land is increasing. The OGLS Act, 1962 and OGLS Rules, 1983 empower the department to alienate/lease out Government land to the Central Government, Public Sector Undertakings (PSUs), other departments of the State Government, companies, firms, educational and charitable institutions, individuals etc. for different purposes, subject to fulfilment of prescribed conditions. The OPLE Act, 1972 and rules made thereunder in 1985 authorised the department to prevent the Government land from encroachment by unauthorised persons or organisations.

4.2.2 Organisational set up

R & DM Department frames the relevant Acts/Rules and issues executive instructions on alienation, lease and encroachment of Government land. The BOR implements the same with the assistance of three Revenue Divisional Commissioners (RDCs)[6], 30 District Collectors (DCs)[7] and 172 Tahasildars[8]. The Tahasildars are entrusted with the processing of cases relating to alienation, lease and eviction of Government lands for sanction by the competent authorities and levy of prescribed Government dues thereon for eventual collection and remittance to the Consolidated Fund of the State.

4.2.3 Audit objectives

The review was conducted with a view to ascertaining whether:-

- the Government land was alienated or leased out in accordance with the provisions of the Acts and Rules and was utilised for the purpose for which the lease/alienation was sanctioned;
- effective steps were taken for levy and collection of Government dues like assessment and penalty in respect of eviction, or premium, ground rent and cess etc. in case of regularisation of Government land; and
- an internal audit system was in place and was effective.

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3 Transfer or diversion of land from its original possessor to any other person.

4 A contract for letting or renting of land for a specific term.

5 Seizure on the rights of Government land.

6 Revenue Divisional Commissioners Central, Northern, Southern.

7 Angul, Balasore, Bargarh, Bhadrak, Bolangir, Boudh, Cuttack, Deogarh, Dhenkanal, Gajapati, Ganjam, Jagatsinghpur, Jajpur, Jharsuguda, Kalahandi, Kandhamal, Kendrapara, Keonjhar, Khurda, Koraput, Malkangiri, Mayurbhanj, Nawarangpur, Nayagarh, Nuapada, Puri, Rayagada, Sambalpur, Sonepur, Sundergarh.

8 The number increased to 316 with effect from 06.08.2008.

4.2.4 Scope of audit

The review was conducted in three spells i.e. between 14 October to 21 December 2009, 18 January to 19 April 2010 and 5 May to 5 June 2010 covering the period from 2004-05 to 2008-09. For this, out of the total 30 districts of the State, 12[9] were selected for review through stratified random sampling method along with 52 tahasils[10] thereunder selected on best judgement basis. Besides, deficiencies of similar nature noticed in regular audit of other tahasils[11] during the year 2009-10 and earlier years were also included.

4.2.5 Acknowledgement

An Entry Conference was held on 6 October 2009 with the Special Secretary to Government, R&DM Department wherein the scope of audit, methodology and audit objectives were explained to the department. Indian Audit and Accounts Department acknowledges the co-operation of the department in providing necessary information to audit. The draft review report was forwarded to the Government on 29 July 2010. Although the Commissioner-cum-Secretary to Government, R&DM Department was requested on 25 August 2010 followed by telephonic reminders for holding the exit conference, response was not received (December 2010).

4.2.6 Audit findings

The review revealed a number of deficiencies which are discussed in the following paragraphs.

4.2.6.1 Absence of database of Government land

As land is a valuable asset of the Government having rapidly increasing market value, it is important for the department to have a complete and updated database of the actual Government land available, the extent thereof alienated or leased out or encroached upon, and pendency of lease/ alienation/ encroachment cases at different levels of the revenue administration.

We noticed that no such database was available either at the Government level or at the level of the BOR. This indicates that the department did not maintain the basic information and tools required to efficiently manage Government land in the matter of lease, alienation and encroachment.

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9 Angul, Balasore, Bhadrak, Cuttack, Dhenkanal, Deogarh, Ganjam, Keonjhar, Koraput, Nuapada, Sambalpur and Sundergarh.

10 Anandpur, Angul, Aska, Athagarh, Balasore, Banarpal, Banki, Bamra, Barbil, Basta, Bhadrak, Bhanjanagar, Bisra, Biramitrapur, Berhampur, Chandabali, Chatrapur, Chhendipada, Cuttack, , Deogarh, Dhamnagar, Dhenkanal, Gandia, Ghatagaon, Hindol, Hinjlicut, Jujomura, Kaniha, Kanishi, Khariar, Keonjhar, Koraput, Kotpad, Kuchinda, Maneswar, Nilagiri, Nuapada, Parjang, Panposh, Pottangi, Rajgangpur, Remuna, Rengali, Rourkela, Salipur, Sambalpur, Similiguda, Simulia, Soro, Sundargarh, Talcher and Tangi.

11 Bhubaneswar, Boudh, Brahmagiri, Jeypore, Jharsuguda, Kakatpur, Nimapara, Patnagarh and Satyabadi.

4.2.6.2 Pendency of alienation and lease cases

The OGLS Act, 1962 and Rules made thereunder do not provide for any time limit for finalisation of alienation and lease cases preferred by the Government and private parties for different purposes.

All applications for settlement of Government land by way of alienation and lease are required to be filed before the Tahasildars of the area concerned. These are then entered in a prescribed register in Form II, containing details like serial number, date of application, purpose of lease, name and address of the applicant, name and location of the village, khata no., plot no., area of the plot with its boundaries and progressive course of action taken until final disposal of the case. The Tahasildar then arranges for verification of the existing record of rights of the land, status etc. with reference to the relevant maps through the Revenue Inspector (RI) in-charge of the village or town and solicits objections of the public, if any, through proclamation by beat of drum in the area or by affixing notices at conspicuous places in the respective village or urban area. Taking into account the objections, if any, the Tahasildar recommends the case to the Sub-Collector who after scrutiny submits it with his comments to the Collector of the concerned district. Thereafter the Collector sanctions the case if it is within his powers; otherwise he in turn submits it to the RDC with his comments. The RDC sanctions the case if he is competent to do so, otherwise he in turn submits it to the BOR with his comments. The BOR sanctions the case if it is within their powers; otherwise they submit the case to the Government with their comments. The Government is the final authority for sanction of cases referred to them by the BOR. The concerned Tahasildar carries out the orders of the higher authorities in alienating or leasing out the land to the lessee concerned by observing all formalities and collecting the Government revenue due at the prescribed rates.

During test check of records of 52 tahasils, we noticed that in 43 tahasils[12], 3,544 alienation and lease cases were pending for finalisation. The registers in Form-II, though maintained, did not contain all the necessary details. Hence the year-wise analysis of pendency, the reasons for pendency and the present status of the cases could not be ascertained in audit. In the remaining nine tahasils[13], even the number of pending cases was not available due to non-maintenance of any register. Moreover, no control system existed in the department for monitoring such cases. The Department needs to ensure that an effective control mechanism is in place as substantial revenue could accrue to the State in the shape of premium, ground rent, cess and interest etc. after finalisation of pending cases.

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[12] Anandpur, Aska, Athagarh, Balasore, Banarpal, Banki, Bamra, Barbil, Basta, Bhadrak, Bisra, Biramitrapur, Berhampur, Chatrapur, Chhendipada, Cuttack, , Deogarh, Dhamnagar, Dhenkanal, Gandia, Hindol, Hinjlicut, Jujomura, Kanishi, Khariar, Koraput, Kotpad, Maneswar, Nilagiri, Nuapada, Parjang, Panposh, Pottangi, Rajgangpur, Remuna, Rourkela, Salipur, Sambalpur, Similiguda, Soro, Sundargarh, Talcher and Tangi.

[13] Angul, Bhanjanagar, Chandbali, Ghatagaon, Kaniha, Keonjhar, Kuchinda, Rengali and Simulia.

4.2.6.3 Blocking of revenue due to non-finalisation of occupation of Government land through lease

4.2.6.3.1 Non-finalisation of lease and alienation cases by the competent authority

As per the provisions of the OGLS Rules, 1983 read with the Government's orders of October 1961, March 1963, February 1966, March 1978 and January 2005, Government land can be leased out to Government Departments, local bodies, public sector undertakings, commercial organisations etc. on payment of premium fixed on the basis of market value *plus* annual ground rent at the rate of one *per cent* of the premium and cess at the rate of 50 *per cent* of ground rent upto 1993-94 and 75 *per cent* thereafter. In addition to the above, interest at the rate of six *per cent* per annum upto 27 November 1992 and 12 *per cent* per annum thereafter is also chargeable for default in payment of the Government dues from the date of occupation of the land till the date of payment of the Government dues.

During test check of records of 11 tahasils we noticed that in 12 cases Government land measuring 850.711 acres unauthorisedly occupied during the period 1980-81 to 2005-06 was found fit for alienation/ lease by the Tahasildars concerned. The cases were accordingly recommended to the competent higher authorities for sanction, but the same were pending at various levels. The premium, ground rent, cess and interest calculated up to 31 March 2009 stood at ₹ 206.77 crore. Thus, Government revenue was blocked due to inaction of the departmental authorities even though the land remained under unauthorised occupation. The details are at **Annexure-IV** of this report.

An illustrative case is given below:

During test check of the records of Tahasildar, Koraput we noticed in April 2010 that a public sector company occupied Government land measuring 568.500 acres between 1981-82 and 1986-87 and applied for lease of such land between 27 May 1981 and 24 February 1984 to the Tahasildar, Koraput in the prescribed form. The cases were recommended by the Tahasildar on 30 October 2006 (two cases) and 3 August 2007 (three cases) to the Sub-Collector, Koraput; but are yet to be finalised. This resulted in blocking of Government revenue of ₹ 14.30 crore.

4.2.6.3.2 Non-recommendation of lease cases by the Tahasildars for finalisation by the competent authority

We noticed that in two tahasils, 77.905 acres of the Government land in five cases was unauthorisedly occupied during the period from 1965-66 to 2008-09. The occupiers of the land applied for alienation between 1988 and 2009. However, neither did the concerned Tahasildars recommend the cases for alienation nor was action taken to get the land vacated. The premium, ground rent, cess and interest calculated upto 31 March 2009, worked out to ₹ 140.48 crore which was blocked. The details are at **Annexure-V** of this report.

After we pointed out the cases detailed at Annexure-IV and V, all the Tahasildars except Tahasildar, Cuttack stated, between July 2009 and April 2010, that steps would be taken to finalise the lease and alienation cases. The Tahasildar, Cuttack Sadar stated that action would be taken after clearance from higher authority. Further reply is awaited (December 2010).

The Government, however, stated (August 2010) in respect of the observation made against the case at Sl. 11 of the Annexure-IV that the concerned revenue authority had been instructed to expedite the sanction of lease and realise the Government dues. At the same time the department was examining the justification on rate of premium and other dues calculated by Audit as per the benchmark valuation (BMV) and charging interest on the same rate for previous years and the decision taken by the Government in this regard would be intimated to Audit.

The Government's reply in respect of the other 16 cases as detailed at **Annexure-IV & V** is yet to be received (December 2010).

4.2.6.3.3 Non-regularisation of advance possession of land

As the process of alienation or lease of the Government land is a time consuming process, advance possession of land is sometimes given to the indenting departments of the Government and other organisations to start the projects expeditiously in the field under specific orders of the Government. Such lands are subsequently regularised under the OGLS Acts/Rules and the Government instructions from time to time by observing the procedures as mentioned in para 4.2.6.2 *supra*.

During test check of the records of 13 tahasils, we noticed that in 16 cases advance possession of Government land measuring 340.760 acres was allowed by the Government between 1965 to 2004-05 for public utility purposes. But the cases were pending at the level of the concerned Tahasildars for regularisation under the Acts/Rules by observing the formal procedures for sanction of such lands by the competent authority. This led to blocking of Government revenue of ₹ 90.31 crore. The details are at **Annexure-VI** of this report. An illustrative case is given below:

During test check of records of the Tahasildar, Rourkela we noticed that M/s. Biju Patnaik University of Technology (BPUT), Rourkela was allowed advance possession of Government land measuring 134.070 acres as per the Government orders dated 1 June 2004 read with the proceedings of the Land Acquisition Committee meeting held on 4 October 2005. Although the case was put up by Tahasildar, Rourkela for lease of the above land in favour of BPUT on 20 January 2006 to the Additional District Magistrate (ADM), Rourkela, the land was not regularised upto the date of audit (February 2010), which resulted in blocking of Government revenue of ₹ 75.54 crore.

The Government stated (August 2010) in respect of the observation made against the District Fishery Officer, Puri under the Tahasildar, Nimapara at Sl. 14 of Annexure-VI that the concerned Deputy Director of Fisheries and Animal Resources Development Department had been moved to pay the interest component immediately. Response had not yet been received from the latter and steps were being taken to institute certificate case under the Orissa Public Demand Recovery Act if the dues were not paid within short time given. As regards observation made against BSNL at Sl. 15 of Annexure-VI, the Government stated in September 2010 that the DGM (Rural), Office of the G.M.T.D., Bhubaneswar had been requested in March 2010 to deposit the dues with interest and the alienation case records had been submitted by the Tahasildar, Satyabadi to the Sub-Collector, Puri in April 2010 for follow up action and submission to Collector, Puri for sanction. Further in respect of observation made at Sl. 12 of Annexure-VI the Government stated in September 2010 that the Tahasildar, Astaranga had issued demand notice to the Executive Engineer, Electrical Division, CESU, Nimapara for immediate deposit of ₹ 8.33 lakh towards Government dues and the final compliance would be submitted after realisation of the same. The Government's reply in respect of the remaining 13 cases of Annexure-VI is awaited (December 2010).

The Government may consider issuing appropriate instructions to the revenue authorities including the Tahasildars concerned for early finalisation of the cases in the interest of revenue of the State.

4.2.6.4 Non-realisation of ground rent, cess and interest

Annual ground rent and cess payable by the lessee is watched through a Demand, Collection and Balance register maintained at tahasil as well as Revenue Inspector (RI) levels. The RI should realise the above dues from the lessee by 31 March every year.

During test check of lease/alienation case records of seven tahasil offices, we noticed that Government land measuring Ac. 384.78 was leased out to seven lessees. However, the concerned RI failed to realise ground rent, cess and interest amounting to ₹ 2.67 crore calculated upto 31 March 2009 from the above lessees. The details are at **Annexure-VII** of this report.

After we pointed out these cases, all the Tahasildars agreed, between December 2009 and March 2010, to realise the above dues. Further reply is awaited (December 2010).

4.2.6.5 Short levy of premium

During test check of records of Tahasildar, Rourkela in February 2010, we noticed that Rourkela Development Authority (RDA) occupied Government land measuring Ac.142.740 prior to 1998 and the lease deed was executed on 21 February 2005 against payment of premium of ₹ 1.32 crore. The premium was assessed on the buildable area of Ac. 73.629 which was 51.58 *per cent* of the total area on which the lease deed was executed. But as per the expert official committee's decision of 29 October 2003, the buildable area on which

premium was to be fixed, should not be less than 65 *per cent* of the leasable land which comes to Ac. 92.781. Thus, there was short levy of premium, ground rent, cess and interest calculated upto 31 March 2009 on Ac. 19.152 of land which worked out to ₹ 2.30 crore. The details are given below:

(Rupees in lakh)

Name of the lessee	Premium leviable	Premium levied	Short levy of premium	Ground rent	Cess	Interest on premium	Total
Rourkela Development Authority, Rourkela	170.23	137.55	32.69	8.04	5.46	184.16	230.35

After we pointed out the case, the Tahasildar, Rourkela stated, in February 2010, that the demand notice would be issued to the lessee. Further reply is awaited (December 2010).

4.2.6.6 Non/short levy of capitalised value

As per the Government instructions of 4 September 1964 and 22 January 2005 in case of alienation/lease of the Government land to the Central Government, in addition to levy of the premium as per the OGLS Act/Rules and the Government instructions issued from time to time, a capitalised value of land revenue representing 25 times the annual ground rent and cess is also leviable for one time settlement.

During test check of records of seven tahasil offices, we noticed that Government land measuring Ac. 1,439.598 involving eight cases was alienated to five Central Government organisations. While calculating the dues payable to the Government, the Tahasildars did not levy the capitalised value in three cases and in the other five cases, the Tahasildars levied the capitalised value on the basis of ground rent only instead of levying it on both the ground rent and cess. Thus, there was non/short levy of capitalised value of ₹ 25.07 crore including interest calculated up to 31 March 2009. The details are at **Annexure-VIII** of this report.

After we pointed out these cases, all the Tahasildars except Tahasildar, Barbil stated that the demands would be raised. The Tahasildar, Barbil stated, in December 2009, that action would be taken after examination of the case records. Further reply is awaited (December 2010).

The Government may instruct the Tahasildars to correctly calculate the revenue realisable in alienation of Government land and fix responsibility on the erring officials for such lapses.

4.2.6.7 Non/short levy of fees for incidental charges

As per the OGLS Act 1962 and Rules framed thereunder when the total area of the land covering 500 acres and above is alienated/leased out to any party for specific purposes, (other than homestead and agriculture purpose) incidental charges at the rate of 10 *per cent* of the market value is also leviable in addition to the premium, ground rent, cess and interest.

During test check of alienation/lease records of eight tahasil offices, we noticed that Government land measuring 4,096.175 acres relating to projects covering 500 acres and above were sanctioned to nine industries/ Central Government organisations for industrial and commercial purposes. However, the Tahasildars, while raising the demand of ₹ 140.39 crore towards premium, did not levy/short levied the incidental charges of ₹ 13.56 crore as detailed at **Annexure-IX** of this report.

After we pointed out these cases, all the Tahasildars agreed, between December 2009 and March 2010 to demand and realise the incidental charges. Further reply is awaited (December 2010).

A mechanism may be evolved for levy of incidental charges on the basis of the total land alienated to the above type of organisations for specific projects covering areas of different tahasils.

4.2.6.8 Non-levy/realisation of interest on belated payment of Government dues

(a) During test check of records of two tahasils, we noticed that in two cases of belated payment of Government dues for occupation of Government land, the Tahasildars did not levy interest amounting to ₹ 34.15 lakh as detailed below:-

(Rupees in lakh)

Name of the tahasil Name of the lessee	Area in occupation (in Acre)	Date of occupation	Date of realisation of Government dues	Period for which interest was leviable	Interest to be levied and realised
Talcher G.M., Heavy Water Project, Talcher	14.440	28.02.2001	31.12.2006	March 2001 to December 2006 (70 Months)	22.74
Sambalpur Secretary, Sambalpur Development Authority	0.971	25.05.2005 to 06.09.2005	31.03.2008	2005-06 to 2007-08	11.41
Total	**15.411**				**34.15**

After we pointed out these cases, the Tahasildars agreed, between February and March 2010, to realise the interest. Further reply is awaited (December 2010).

(**b**) During test check of records of Rourkela tahasil, we noticed that the Tahasildar raised a demand of ₹ 1.85 crore against the Secretary, Rourkela Development Authority (RDA) towards interest on belated payment of Government dues. The lessee appealed to the Government for waiver of interest. In one case (involving interest of ₹ 69.29 lakh) the Government refused (April 2007) to exempt interest and in the second case, the decision of the Government is still awaited on waiver of ₹ 1.16 crore. But, the Tahasildar did not take any steps for realisation of Government dues of ₹ 0.69 crore as per the existing provision of law. On the other hand, due to inaction on the part of the Government, revenue of ₹ 1.16 crore was not realised.

After we pointed out the above cases, the Tahasildar agreed, in February 2010, to raise fresh demands. Further reply is awaited (December 2010).

(c) During test check of records of Tahasil office, Rourkela, we noticed that a provisional demand of ₹ 1.89 crore (annual ground rent of ₹ 1.08 crore and cess of ₹ 0.81 crore) was assessed by the ADM, Rourkela against the Rourkela Steel Plant (RSP) to be paid with effect from 1 June 2001 for the next 20 years. Accordingly the Tahasildar raised demand of ₹ 11.02 crore towards ground rent and cess upto 2006-07, against which the RSP provisionally paid ₹ 5.22 crore only, between June 2001 and 2005-06, leaving a balance of ₹ 5.80 crore. The balance amount was paid on 31 January 2007 for which it was liable to pay interest of ₹ 1.55 crore for belated payment of the Government dues.

After we pointed this out, the Tahasildar, Rourkela agreed in February 2010 to realise the demand. Further reply is awaited (December 2010).

4.2.7 Non-resumption of leases

As per the Government's lease principle of October 1961 and the conditions laid down in the sanction order of lease, Government land shall be utilised for a specific purpose and it shall not be used for any other purpose. The lessor i.e. the Government shall have the right to resume the land free from all encumbrances and without payment of any compensation for any improvement/structures made or constructed thereon by the lessee, if the land is not utilised for the purpose for which it was sanctioned.

During test check of records of two tahasils[14] we noticed that in two cases Government land of Ac.37.95 was sanctioned in December 2001 and March 2006 respectively at a concessional value of ₹ 0.14 crore only against the market value of ₹ 2.96 crore, for establishing a medical college (Ac.37.00) for which no time frame was stipulated in the sanction order and for setting up an industry (Ac.0.95) within a period of three years as per the sanction order. In the first case the lessee had not utilised the land for setting up the medical college while in the second case though the land was leased out in August 2006, it was not utilised for the sanctioned purpose within the stipulated time. No action was taken by the Tahasildars (March 2010) for resumption of the land.

[14] Berhampur and Sundargarh.

After we pointed out these cases, the Tahasildar, Sundergarh agreed in March 2010, to resume the land as per OGLS Rules and the Tahasildar, Berhampur assured to take the matter to the higher authorities for taking further action. Further reply is awaited (December 2010).

The Government may issue instructions to the revenue authorities to resume the Government land in those cases where the land leased out was not used for the specific purpose for which the lease was sanctioned.

4.2.8 Encroachment of Government land

The OPLE Act 1972 and rules made thereunder do not provide any time frame for eviction or settlement of Government land encroached unauthorisedly by Government/ private parties.

From the information made available by 28 tahasil offices, we noticed that 44,066 encroachment cases were pending for disposal as on 31 March 2009, the year-wise break-up of which could not be ascertained due to irregular maintenance of records. No information on this issue could be furnished by 10 tahasils whereas information from the remaining 14 tahasils were awaited (December 2010). This indicated lack of a proper mechanism for monitoring encroachment cases.

4.2.8.1 Inaction on encroachment cases

As per the Orissa Prevention of Land Encroachment (OPLE) Act, 1972 and rules made thereunder in 1985 read with clarification of Government dated 2 February 1966, any body, authority or private person encroaching upon the Government land should either be evicted on levy and realisation of assessment and penalty at prescribed rates or settled, for good and sufficient reasons as considered by the Government (if not objected to), on levy and realisation of premium fixed as per the market value determined on the date of the recommendation of the Tahasildar or on the date of occupation (whichever is higher), ground rent, cess and interest at prescribed rates. The Government decided on 28 November 2008 for settlement of Government land encroached by the electricity distribution companies in deserving cases after following certain procedures.

During test check of records of 13 tahasil offices, we noticed that the Government land measuring Ac. 106.438 was in the unauthorised occupation of 42 encroachers including some organised industrial houses. The period of occupation ranged from one to 28 years. The Tahasildars did not act as per provisions of the OPLE Act and Rules thereunder to either evict the encroachers or settle the land on levy and realisation of the Government revenue at prescribed rates following due procedures. No reasons which prevented the Tahasildars from taking appropriate action under the law were recorded in the relevant case registers. However, non-regularisation of the encroachment cases by

eviction or settlement involved blocking of premium of ₹ 7.33 crore calculated at the latest market value of such land made available to audit. The details are at **Annexure-X** of this report.

After we pointed out these cases, all the Tahasildars agreed (between October 2009 and April 2010) to take steps for regularisation of the encroachments and realisation of the Government dues as per rules.

The Government may issue instructions to the Tahasildars concerned for eviction of the Government land from encroachment after collection of assessment and penalty or to settle the land in deserving cases.

4.2.8.2 Non-eviction of encroachers of Government land

We noticed in December 2009 that in Barbil tahasil gochar[15] kissam[16] of Government land measuring 13.94 acres was encroached by an industrial unit, since 2002-03 on which a house was erected by the encroacher along with a boundary wall around the area. An encroachment case was booked against the unit in 2003 and an amount of ₹ 0.29 lakh was realised by the Tahasildar towards arrear rent and penalty on 31 March 2003, but the unit was not evicted. The encroacher applied for lease of the said land on 12 March 2004 which was sanctioned by the Government on 27 December 2006, fixing premium, ground rent and cess for the period 2002-03 to 2005-06 amounting to ₹ 1.09 crore including interest along with the condition that the lessee should provide equal amount of land in a compact patch in exchange for the purpose of "gochar". But the lessee neither deposited the Government dues nor provided equal amount of land as stipulated in the order of lease of the land.

After we pointed this case, the Tahasildar stated in December 2009 that the unit had been requested from time to time to comply with the terms and conditions of the lease sanction order and to provide equal extent of suitable land. The company had responded to the show cause notice stating that the lands suitable for gochar purpose was not available in a single patch in that village and hence they were in the process of acquiring private lands of tribals under the Land Acquisition Act through the Orissa Industrial Infrastructure Development Corporation Ltd. (IDCO). The fact, however, remains that the unit unauthorisedly occupied the gochar kissam of Government land and remained in possession of the same without making any payment as fixed by the Government in December 2006 and the department failed to get the orders of the Government implemented in this case.

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[15] Gochar –Land earmarked for grazing of cattle.

[16] Kissam –Type of land.

4.2.9 Internal Audit

Internal audit, as an independent entity, is required to examine and evaluate the level of compliance to the departmental rules and procedures, to provide an independent assurance to the head of the department/ office on the adequacy of the risk areas of finance, administration and internal control framework for the department.

During test check of records and information received from the BOR we noticed that an Internal Audit Wing (IAW) was functioning under the BOR with 19 audit parties sanctioned, each party consisting of two auditors and one peon, for audit of the tahasils exclusively, but 17 parties were functioning during the period covered in the review. The annual audit plans were drawn up every year which formed the basis of the audit of various units.

The following deficiencies were noticed in the functioning of the IAW:

- No guidelines had been prescribed by the BOR/Government to conduct internal audit.
- No control register had been maintained to record the results of internal audit, for watching the compliance of the objections raised therein. We were therefore unable to comment on the efficacy of the internal audit.
- Internal audit is pending since 2005-06 for all the tahasil units

The Government may take appropriate steps to strengthen the IAW to ensure effective implementation of the Acts/Rules for realization of the revenue due to the department.

4.2.10 Conclusion

The review indicated a number of deficiencies like blocking of revenue due to non-finalisation of lease/alienation, advance possession and encroachment cases and non/short levy of premium, ground rent, cess and interest, capitalised value and fees for incidental charges. Besides, the functioning of the IAW was inadequate.

4.2.11 Recommendations

The Government may consider taking the following steps to improve the effectiveness of the State's enforcement machinery for better management of Government land and augmentation of land revenue:

- specific time frames may be fixed for disposal of lease/alienation, advance possession and encroachment cases by the competent authorities at different levels of administration;
- a system to monitor progress and finalisation of lease alienation and other cases may be put in place; for more transparency; it may be put on the Government website; and
- the internal audit wing of the BOR may be strengthened to clear the backlog of audit of the accounts of the tahasils from 2005-06 onwards.

A watch register may be prescribed and maintained at all levels to record the results of internal audits conducted annually and to initiate prompt follow up action on important audit observations.

4.3 Other audit observations

We scrutinised the records relating to assessment and collection of LR, SD and RF which revealed short realisation of conversion fees and non/short levy of SD and RF as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out by us. Such omissions are pointed out repeatedly; but not only do the irregularities persist, these remain undetected till an audit is conducted by us. There is need for the Government to improve the internal control system including strengthening of internal audit so that these omissions can be avoided, detected and corrected.

Land Revenue

4.3.1 Short realisation of conversion fee

As per the OLR Act, 1960 as amended on 7 July 2006 read with Government notification dated 28 January 2006, in every case where the authorised officer allows conversion of any agricultural land for non-agricultural purpose, the raiyat is required to pay conversion fees of such land, calculated at the rates specified in the Act, and the kissam of the land may be converted accordingly.

During test check of the land revenue case records of four tahasils[17], between February 2008 and December 2009, we noticed that the Tahasildars allowed conversion of agricultural land measuring 9.304 acres in 56 cases for non-agricultural purposes, but the conversion fees were not realised at the applicable rates. This resulted in short realisation of Government revenue of ₹ 8.14 lakh.

After we pointed out the cases, all the Tahasildars except Tahasildar, Jeypore stated, between February 2008 and December 2009 that steps would be taken to realise the dues**.**

We reported the matter to the Government in May 2010. The Government accepted in August 2010, the audit objection in respect of the case relating to Tahasildar, Jeypore. The replies in respect of other 55 cases were yet to be received (December 2010)

[17] Balasore, Boudh, Jeypore and Sukinda.

Stamp Duty and Registration Fee

4.4 Non-observance of the provisions of the Acts/Rules and Government instructions

The Indian Stamp (IS) Act, 1899, the Orissa Stamp (Amendment) Rules, 2003, the Registration Act, 1908 and the Orissa Town Planning and Improvement Trust (OTP & IT) Act, 1956 as amended in May 2005 prescribe:

(i) levy of additional stamp duty (ASD) at enhanced rates on the deeds of transfer of immovable property situated in an urban area after 25 May 2005;

(ii) levy of SD and RF at the prescribed rates on sale of movable and immovable property; and

(iii) registration of lease deeds/sale agreements at prescribed rates.

Non-observance of some of the above provisions by the assessing authorities as mentioned in paragraphs 4.4.1 and 4.4.2 resulted in loss and short levy of stamp duty and registration fees of ₹ 23.53 lakh.

4.4.1 Loss of additional stamp duty due to delayed circulation of Government notification

As per the provision of the Orissa Town Planning and Improvement Trust (OTP & IT) Act, 1956 read with the amendment made by the Government on 25 May 2005, at the time of registration of any deed of transfer of immovable property situated in the urban areas where the above Act is applicable, additional stamp duty (ASD) at the rate of three *per cent* instead of the earlier rate of two *per cent* on the value of the property transferred shall be charged over and above the normal stamp duty (SD) and registration fee (RF) leviable under the relevant Acts/Rules of the Government.

During test check of the records of two District Sub-Registrars[18] (DSRs), in December 2007 and January 2009, we noticed that 736 sale deeds of immovable property situated in urban areas covered under the OTP and IT Act, were registered between May 2005 and December 2006. But ASD at the enhanced rate was not realised due to delayed circulation of the Government notification dated 25 May 2005 on 30 December 2006 by the IGR, Orissa. This resulted in loss of revenue of ₹ 18.65 lakh.

We reported the matter to the Government in May 2010; their reply is yet to be received (December 2010).

[18] Dhenkanal and Jharsuguda.

4.4.2 Short levy of stamp duty and registration fee

As per the Indian Stamp Act, 1899, read with Orissa amendment 1 of 2003, SD on movable property at four *per centum* of the amount or value of consideration as set forth in the instrument and five *per centum* (from August 2008) on value of immovable property are to be levied. Besides, RF is also leviable at two *per centum* of the consideration money under the Registration Act, 1908.

During test check of the records of DSR, Koraput, in September 2009, we noticed that the property of M/s. Utkal Oil Ltd., Jeypore was liquidated in August 2008 by the Hon'ble High Court, Orissa and sold to the Managing Director, Mittal Infra Projects Private Ltd. (renamed as Shivshakti Oils Private Ltd.) on 15 September 2008 for a consideration of ₹ 1.76 crore (immovable property of ₹ 1.34 crore and movable property of ₹ 41.57 lakh) fixed by the official liquidator. But while registering the conveyance deed, the consideration money in respect of immovable property was erroneously taken as ₹ 1 crore instead of ₹ 1.34 crore and movable property of ₹ 41.57 lakh was ignored. Accordingly SD of ₹ 5.01 lakh and RF of ₹ 2.01 lakh was levied against leviable SD of ₹ 8.38 lakh and RF of ₹ 3.52 lakh. This resulted in short levy of Government revenue amounting to ₹ 4.88 lakh (SD of ₹ 3.37 lakh and RF of ₹ 1.51 lakh).

After we pointed out the case, the DSR, Koraput stated, in September 2009, that the deficit amount would be realised after verification of the document.

We reported the matter to the Government in May 2010; their reply is yet to be received (December 2010).

CHAPTER-V: STATE EXCISE DUTY

5.1.1 Tax administration

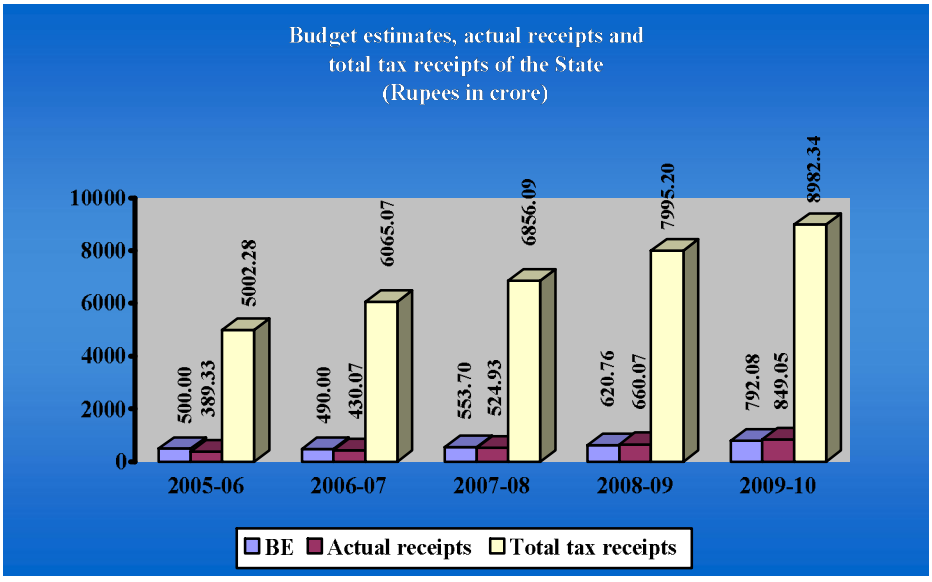
Levy and collection of excise duty, fee, penalty etc. is governed by the Bihar and Orissa Excise (B&OE) Act, 1915, the Board's Excise (BE) Rules, 1965, Orissa Excise Exclusive Privilege (OEEP) Rules, 1970, the Orissa Excise (Exclusive Privilege) Foreign Liquor (OEEPFL) Rules 1989, the Board of Revenues (BOR)'s Excise (Fixation of Fees on Mahua Flower (BEFFMF) Rules, 1976 and the Annual Excise Policies (AEPs) framed by the Government in Excise Department. The Excise Commissioner (EC) being the head of the department administers the various provisions of the above Acts/Rules under the control of BOR as well as the overall control of the Principal Secretary of the department. He is assisted by three Excise Deputy Commissioners (EDCs) at three divisions, 30 Superintendents of Excise (SEs) at 30 District Excise Offices (DEOs) and the field level staff thereunder.

5.1.2 Trend of receipts

Actual receipts from State excise during the years 2005-06 to 2009-10 along with the budget estimates and total tax receipts during the same period is exhibited in the following table and graph.

(Rupees in crore)

Year	Budget estimates	Actual receipts	Variation Excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2005-06	500.00	389.33	(-) 110.67	(-) 22.13	5,002.28	7.78
2006-07	490.00	430.07	(-) 59.93	(-) 12.23	6,065.07	7.09
2007-08	553.70	524.93	(-) 28.77	(-) 5.20	6,856.09	7.66
2008-09	620.76	660.07	(+) 39.31	(+) 6.33	7,995.20	8.26
2009-10	792.08	849.05	(+) 56.97	(+) 7.19	8,982.34	9.45



5.1.3 Cost of collection

The gross collection of state excise revenue, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2007-08, 2008-09 and 2009-10 along with the relevant all India average percentage of expenditure on collection to gross collection for 2008-09 are mentioned below:

(Rupees in crore)

Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage for the year 2008-09
2007-08	524.93	17.54	3.34	3.66
2008-09	660.07	24.76	3.75	
2009-10	849.05	30.74	3.62	

5.1.4 Impact of audit

Revenue impact

During the last five years (2004-05 to 2008-09) audit pointed out non/short levy, non/short realisation of excise duty and fee etc., with revenue implication of ₹ 87.37 crore in 3,996 cases. Of these, the department had accepted audit observations in 1,760 cases involving ₹ 12.05 crore and since recovered ₹ 6.81 crore in 1,051 cases. The details are shown in the following table:

(Rupees in crore)

Year	No. of units audited	Amount objected		Amount accepted		Amount recovered	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
2004-05	34	427	29.44	365	3.13	371	1.78
2005-06	33	1,603	9.84	712	4.29	443	3.50
2006-07	32	1,025	25.14	243	0.42	100	0.14
2007-08	31	531	9.66	232	3.42	118	1.31
2008-09	31	410	13.29	208	0.79	19	0.08
Total	**161**	**3,996**	**87.37**	**1,760**	**12.05**	**1,051**	**6.81**

The recovery position as compared to acceptance of objections was low. **The Government may take appropriate steps to improve the recovery position, at least on accepted cases.**

5.1.5 Working of internal audit wing

As per the information furnished by the department, during the last three years i.e. 2007-08 to 2009-10 the Internal Audit Wing (IAW) functioning under the control of BOR with two audit parties did not cover the audit of the accounts for the said years as they were busy in clearing the backlog of audit upto 2003-04. The reasons for not conducting audit was attributed to shortage of manpower.

The Department may take steps to strengthen the IAW and clear the backlog of internal audit.

5.1.6 Results of audit

During the year 2009-10 we test checked the records of 27 units relating to state excise receipts and found non/short realisation, non-levy, loss of revenue, etc., involving ₹ 46.29 crore in 1,936 cases which fall under the following categories:

(Rupees in crore)

Sl. No	Categories	No. of cases	Amount
1.	Loss of revenue due to non-settlement/ delay in settlement/non-renewal of excise shops	71	28.15
2.	Non/short realisation of excise duty/ transport fee etc.	349	1.96
3.	Non-levy of differential duty on IMFL/liquor	187	1.62
4.	Non/short realisation/non-levy of initial fees (application fees, user charges and label registration fees on transfer of license)	394	8.59
5.	Other irregularities	935	5.97
Total		**1,936**	**46.29**

During the year, the department accepted non-levy/short realisation of duty of ₹ 17.52 crore in 799 cases pointed out in 2009-10. An amount of ₹ 1.52 crore was recovered in 140 cases.

After issue of draft paragraphs, the department recovered ₹ 12.33 lakh (March 2010) in two cases pertaining to two observations pointed out by us during 2009-10.

A few illustrative audit observations involving ₹ 1.14 crore[1] are discussed in the following paragraphs.

5.2 Audit observations

We scrutinised the assessment records of excise duty, fee and charges in the DEOs and found several cases of non-observance of the provisions of the Acts/Rules/Annual Excise Policy (AEP) leading to loss/non/short levy and realisation of excise duty, fee, charges, fine and non-destruction of excise goods etc., and other cases as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out by us. Such omissions on the part of the SEs are pointed out by us each year, but not only do the irregularities persist; these remain undetected till an audit is conducted. There is need for the department to improve the internal control system including strengthening of internal audit so as to avoid recurrence of such irregularities.

[1] It does not includes the para on loss of revenue.

5.3 Non-observance of the provisions of the Acts/Rules/AEPs and instructions of Government

The B & OE Act, 1915 and Rules made thereunder by the Government as well as the BOR read with the AEPs and notifications of Government provide for:

(i) levy and collection of excise duty and fees at the prescribed rates;

(ii) levy and realisation of establishment charges, extra hour operation fee or overtime remuneration fee for excise staff deployed regularly/ occasionally at the warehouses and the distilleries, breweries etc. at the prescribed rates;

(iii) destruction of excise goods stocked but not found fit for human consumption and imposition of fine against the licensee concerned;

(iv) levy and realisation of transport fee from the licensees of outstill shops at the prescribed rates; and

(v) annual settlement of liquor shops as per the excise laws read with the AEPs.

The SEs while finalising the assessments did not observe the above provisions in some cases as mentioned in paragraphs 5.3.1 to 5.3.9 which resulted in non/short levy and non-realisation of excise duty/fees/charges and fine etc. of ₹ 1.14 crore[2].

5.3.1 Non-levy of duty on short lifting of minimum guaranteed quantity of liquor

As per the OEEPFL Rules, 1989, the licencee shall lift the minimum guaranteed quantity (MGQ) of liquor in respect of every foreign liquor 'On'/'Off' shop as per the terms and conditions of the licence issued by the Collector, failing which the licencee is liable to make good the loss at the end of the year according to the prescribed rates of the AEP with 10 *per cent* fine on the deficit excise duty.

During test check of records in March 2010 of the DEO, Mayurbhanj (Baripada), we noticed that licensees of seven off shops[3] lifted 5,052.78 LPL of IMFL and 11,235.12 BL of beer during the year 2008-09 against the MGQ of 19,055.448 LPL of IMFL and 39,241.06 BL of beer as fixed by the Collector. Thus, there was short lifting of 14,002.668 LPL of IMFL and 28,005.94 BL of beer which resulted in non-levy of excise duty of ₹ 27.11 lakh.

After we pointed out the cases, the Government stated in August 2010 that the short lifting of MGQ was being verified and the compliance would be submitted soon after receiving reports from the DEO.

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2 It does not include the para on loss of revenue.

3 Joshipur IMFL off shop, Sukruli IMFL off shop, Bisoi IMFL off shop, Bisoi IMFL off shop (demjanoa), Jharadihi IMFL off shop, Karanjia IMFL off shop and Station Bazar IMFL off shop.

5.3.2 Non/short realisation of establishment cost and overtime remuneration fee

As per the BE Rules, 1965, the licencee of a distillery/brewery is to pay to the Government account, the monthly pay and allowance payable for any excise staff posted for supervision of its warehouse/storeroom etc. as may be determined from time to time by the EC.

During test check of records between November 2009 and February 2010 in respect of four[4] DEOs, we noticed that establishment cost of ₹ 12.52 lakh for the period between January 2004 and March 2009 was not demanded and realised from M/s. Aska Co-operative Sugar Industries Ltd. (ACSIL), a distillery of Ganjam district. Further, an amount of ₹ 8.82 lakh relating to the period from January 2006 to March 2009 was short realised towards overtime remuneration fee of excise staff against seven distilleries/breweries[5] for the above period.

After we pointed out the cases, the Government stated, in August 2010, that the SE, Ganjam had been asked to submit detailed compliance for non-levy of ₹ 12.52 lakh against ACSIL. It was also stated that the balance amount of ₹ 8.82 lakh would be realised. A report on further development has not been received (December 2010).

5.3.3 Non-levy of fee for extra hour operation of distillery

As per the Government notification of October 2006, for operation of a distillery beyond the scheduled time of eight hours per day, fee at the rate of ₹ 1,000 for every extra hour is to be realised from the Personal Ledger account of the unit.

During test check of the records of ACSIL under DEO, Ganjam in December 2009, we noticed that although the unit operated 1,475 hours beyond the scheduled hours during the period from August 2008 to March 2009, the extra hour fee of ₹ 14.75 lakh was not realised from the said unit.

After we pointed this out, the Government stated in August 2010 that it would take some more time for submission of the final compliance. Their reply is yet to be received (December 2010).

5.3.4 Non-levy of penalty for short supply of country spirit

As per the AEPs for the years 2007-08 and 2008-09, the authorised supplier of country spirit (CS) shall be penalised to the extent of ₹ 10 lakh per annum, if he fails to make timely delivery of CS demanded.

During test check of records in December 2009 of ACSIL under DEO, Ganjam who acted as the wholesale authorised supplier of CS of the State, we noticed that the industry failed to supply CS as per

[4] Bolangir, Ganjam, Khurda and Rayagada.

[5] Denzong brewery, Jeypore Sugar Company Ltd., Shakti distillery Ltd., Oriental Bottling, United brewery, United Spirit Ltd. and Utkal distillery.

the demand of the market for which penalty of ₹ 20 lakh for the years 2007-08 and 2008-09 was leviable, but was not levied.

After we pointed this out, the Government stated in August 2010 that an amount of ₹ 10 lakh had been realised in March 2010 for the year 2008-09 and it would take some more time to submit the final compliance in respect of non-levy of penalty for the year 2007-08. Further reply is yet to be received (December 2010).

5.3.5 Non-realisation of differential storage fee on mahua flower

As per the AEPs for the years 2007-08 and 2008-09 the storage permit fee of mahua flower (MF) for traders and out still (OS) licencees are fixed on slab basis according to storage capacity of the MF godown. The permits for storage of MF in the godown are issued as per calendar year whereas the AEP covers the financial year.

During test check of records relating to MF storage agent permit fees, for the calendar year 2008 of two[6] DEOs, in December 2009 and January 2010, we noticed that in respect of 159 OS shops, storage permit fees were realised on the basis of the fee prescribed in the excise policy of 2007-08. Since the storage fee had undergone upward revision with effect from April 2008 as per the AEP for 2008-09, the licencees were required to pay the differential storage fee of ₹ 4.57 lakh. However, the concerned SEs did not raise demands for realisation of the fees.

After we pointed out the cases, the SE, Chhatrapur agreed in December 2009 to realise the amount whereas the EC intimated in June 2010 that ₹ 0.60 lakh had already been realised by SE, Nabarangpur and demand had been made in April 2010 for realisation of the balance amount of ₹ 1.73 lakh. The Government in August 2010 endorsed the views of the EC.

5.3.6 Non-levy of label registration fee

The label registration fee at prescribed slab rates against the quantity (cases) of IMFL/Beer supplied to Orissa State Beverage Corporation (OSBC) during a calendar year should be realised from the licencee during the next financial year as per the AEP for that year.

During test check of records of the EC, in June 2009 and October 2009, we noticed that label registration fee of ₹ 2.90 lakh against supply of 1,81,827 cases (35,790 cases in the year 2006 and 1,46,037 cases in the year 2007) of Maikal 8000 Super Strong Beer to OSBC by Maikal Breweries (P) Ltd., Bolangir under the jurisdiction of DEO, Bolangir was not realised as per the AEPs for 2007-08 and 2008-09.

After we pointed this out, the Government stated in August 2010 that since the matter related to a policy decision it would take some more time for submission of final compliance. Further reply is yet to be received (December 2010).

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[6] Chhatrapur (Ganjam) and Nabarangpur.

5.3.7 Non-destruction of sedimented beer unfit for human consumption and non-imposition of fine

As per the BE Rules, 1965, when any intoxicant is found unfit for human consumption on chemical examination, its issue shall be held up and the stock destroyed. Further, if the deterioration in quality is due to long storage or other factors, the licensee shall be held responsible for this and shall be liable to pay fine equal to five times the prescribed duty payable on the stock so spoiled and destroyed.

During test check of records of DEO, Jagatsinghpur, in August 2009, we noticed that 15,327 BL of beer of M/s. SKOL Breweries Limited, Paradeep was found unfit for human consumption during chemical examination (December 2003) by the Government Drug Testing and Research Laboratory, Bhubaneswar. But the stock was not destroyed and the fine of ₹ 16.06 lakh[7] was not imposed by the SE against the licensee.

After we pointed out the case, the EC stated in August 2010 that against demand of ₹ 16.06 lakh raised in October 2009 the licensee deposited normal excise duty of ₹ 3.01 lakh in March 2010 as per the interim orders passed by the Hon'ble High Court of the State. The licensee was permitted by the EC in June 2010 for destruction of 1,965 cases of old stock sedimented beer stored in his warehouse subject to the result of the writ petition.

5.3.8 Non-realisation of transport fee from the licensees of outstill shops

As per the Board's Excise (Fixation of fees on Mohua Flower) Rules, 1976 read with the AEP 2008-09 issued in March 2008, the rate of fee on transportation of MF within the State is ₹ 15 per quintal.

During test check of records in July 2009 we noticed that MGQ of MF of 17 outstill shops under DEO, Angul was fixed at 50,076 quintals for 2008-09. But the licensees did not deposit the transport fee of ₹ 7.51 lakh calculated at the rate of ₹ 15 per quintal. This lapse was not detected by the SE, Angul.

After we pointed out the case, the SE, Angul agreed to raise demand for realisation of the above mentioned transport fee. Further reply is yet to be received (December 2010).

We reported the matter to the Government/EC, Orissa in February 2010; their reply is yet to be received (December 2010).

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[7] Haywards Lager Beer : 202.800 BL (not exceeding 5% V/V) leviable to duty at the rate of ₹18 per BL and Haywards 2000 Extra Strong Beer : 15124.200 BL (5.1 to 7% V/V) leviable to duty at the rate of ₹ 21 per BL as per Government's Excise Policy for 2008-09 and 2009-10.

5.3.9 Loss of revenue due to non-settlement of liquor shops

As per the Excise laws in force read with the AEPs, all the existing IMFL 'Off' and CS shops are renewed for a year against realisation of the prescribed consideration money. Where the shops are not renewed, the Collector of the district may take immediate steps to settle the same by way of inviting applications from persons interested for the said shops. In case more than one application is received, the shop is to be settled in favour of one by way of drawal of lottery. After this procedure, if any CS/IMFL 'Off' shops remains unsettled, those shops may be run by any Government undertaking, co-operative organisations and Orissa State Beverage Corporation (OSBC) as specified in the AEPs.

During test check of records, between January and March 2010, of five DEOs, we noticed that 23 excise shops[8] remained unsettled during the period 2004-05 to 2008-09 which resulted in loss of excise revenue of ₹ 20.05 crore. The shops remained unsettled due to higher consideration money fixed by the department as compared to the rate fixed for the nearby shops. The department also failed to open and run the shops through OSBC or co-operative organisations.

After we pointed out the cases, the Government agreed (August 2010) that the shops remained unsettled due to higher consideration money. As per the AEP in force the two IMFL off shops in Bargarh district were allotted to OSBC in November 2006 which failed to open the same.

The fact, however, remains that there was loss of revenue due to fixing of unrealistic consideration money for which these shops could not even be opened by the public sector undertaking or any co-operative organisation.

[8] Under the DEOs, Angul-five IMFL off shops, Bargarh-two IMFL off shops, Bolangir-one IMFL off shop, Cuttack-four IMFL off shops and one CS shop and Ganjam-ten IMFL off shops.

CHAPTER-VI : FOREST RECEIPTS

6.1.1 Non-tax revenue administration

Levy and collection of receipts under forestry and wildlife sectors are regulated by the Orissa Forest (OF) Act, 1972, the Orissa Forest Department (OFD) Code, 1979 and the Orissa Forest Contract (OFC) Rules, 1966 read with Government orders and instructions issued from time to time. The above Act, Code and Rules are administered by the Principal Chief Conservators of Forests (PCCF), under the overall control of the Principal Secretary, Forest and Environment department. They are assisted by the circle and divisional level officers like Conservators of Forests (CFs), Divisional Forest Officers (DFOs) and their field level staff under the territorial, wildlife and kendu leaf wings of the department. The forest receipts mainly comprise of royalty from kendu leaves and other forest produce and environmental forestry receipts from zoological parks.

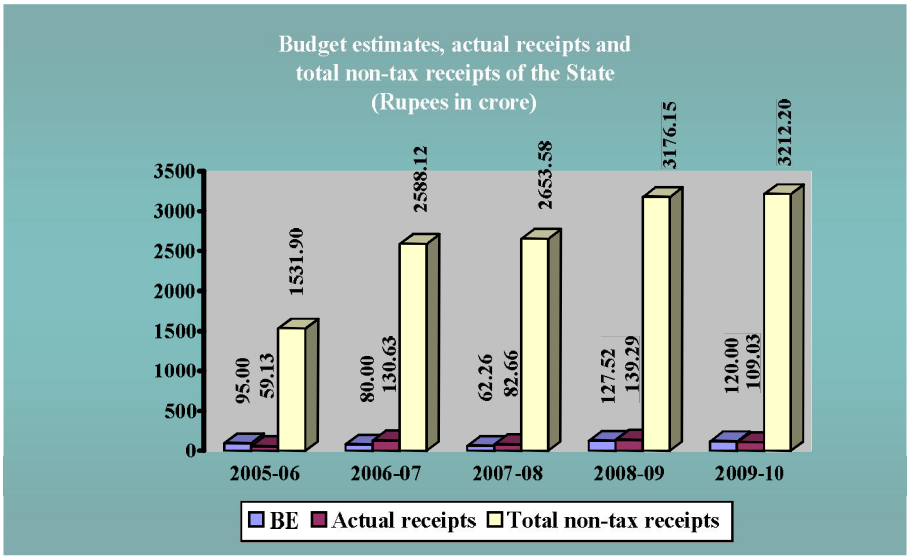
6.1.2 Trend of receipts

Actual receipts from the forestry sector during the years 2005-06 to 2009-10 along with the total non-tax receipts during the same period is exhibited in the following table and graph.

(Rupees in crore)

Year	Budget estimates	Actual receipts	Variation Excess (+)/ shortfall (-)	Percentage of variation	Total non tax receipts of the State	Percentage of actual receipts vis-à-vis total non-tax receipts
2005-06	95.00	59.13	(-) 35.87	(-) 37.76	1,531.90	3.86
2006-07	80.00	130.63	(+) 50.63	(+) 63.29	2,588.12	5.05
2007-08	62.26	82.66	(+) 20.40	(+) 32.77	2,653.58	3.12
2008-09	127.52	139.29	(+) 11.77	(+) 9.23	3,176.15	4.39
2009-10	120.00	109.03	(-) 10.97	(-) 9.14	3,212.20	3.39

The trend of receipts showed that it fluctuated from year to year and its contribution to total non-tax receipts of the State varied between 3.12 *per cent* and 5.05 *per cent*.



The reasons for wide fluctuations in budget estimates and actuals were attributed to non-deposit of royalty by the Orissa Forest Development Corporation (OFDC) Ltd. during the year 2005-06 and excess deposit of royalty towards kendu leaf, timber and other forest produce during 2006-07 and 2007-08 into Government account.

The huge variation between the budget estimates and the actuals indicates that the budget estimates are not realistic. **We recommend that the Government may consider issuing instructions to the department for framing the budget estimates on a realistic basis to ensure that the actuals are close to the budget estimates.**

6.1.3 Impact of audit

Revenue impact

During the last five years i.e. 2004-05 to 2008-09 we pointed out loss, non/short levy, non/short realisation of royalty, interest and other irregularities etc., with revenue implication of ₹ 186.25 crore in 15,317 cases. Of these, the department accepted audit observations in 12,553 cases involving ₹ 44.22 crore and recovered ₹ 2.43 crore in nine cases. The details are shown in the following table:

(Rupees in crore)

Year	No. of units audited	Amount objected		Amount accepted		Amount recovered		Percentage of recovery to amount accepted
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	
2004-05	45	3,356	131.04	2,939	18.15	5	0.46	2.53
2005-06	46	2,806	22.52	2,545	12.94	-	-	-
2006-07	45	3,946	25.93	3,836	11.22	4	1.97	17.56
2007-08	45	1,895	3.07	1,377	1.05	-	-	-
2008-09	45	3,314	3.69	1,856	0.86	-	-	-
Total	**226**	**15,317**	**186.25**	**12,553**	**44.22**	**9**	**2.43**	

The recovery position as compared to acceptance of objections was very low ranging between 2.53 *per cent* and 17.56 *per cent.*

We recommend that the department take appropriate steps to ensure that they could recover at least the amount involved in the accepted cases.

6.1.4 Results of audit

We test checked the records of 51 units relating to forest receipts in 2009-10 and found non/short levy of interest, non-realisation of royalty, non-disposal of timber seized in undetected forest offence cases and other irregularities involving ₹ 6.70 crore in 4,487 cases which fall under the following categories:

(Rupees in crore)

Sl. No	Categories	No. of cases	Amount
1.	Non/short levy of interest on belated payment of royalty	2,070	5.11
2.	Non-realisation of royalty	270	0.52
3.	Non-disposal of timber seized in undetected forest offence cases	1,127	0.79
4.	Other irregularities	1,020	0.28
Total		**4,487**	**6.70**

During the course of the year, the department accepted non/short levy of interest, non-realisation of royalty, non-disposal of timber seized in undetected forest offence cases and other deficiencies of ₹ 5.46 crore in 2,829 cases pointed out in 2009-10.

A few illustrative cases involving ₹ 5.02 crore[1] are mentioned in the following paragraphs.

6.2 Audit observations

We scrutinised the records maintained in various forest divisions as well as in the offices of the PCCFs, CFs and DFOs and found several cases of non-compliance to the provisions of the Act and Rules read with the orders issued by the Government from time to time which resulted in non/short levy and blocking of Government revenue as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out by us. We point out these omissions repeatedly; but not only do the irregularities persist, these remain undetected till an audit is conducted. The Government may consider issuing instructions for strict compliance to the codal provisions read with their orders/instructions and to improve the internal control mechanism so as to avoid recurrence of such omissions.

[1] It does not include the para on loss of revenue.

6.3 Non-compliance to legal provisions and Government orders

The OFC Rules, 1966 and Government orders of February 1977, August 2005, May 2006 and November 2008 prescribe for:-

(i) levy of interest on Orissa Forest Develcpment Corporation Ltd. (OFDC) for belated payment of royalty at prescribed rates;

(ii) timely disposal of seized material; and

(iii) raising of demand of royalty against OFDC at the prescribed rates for delivery of units of working coupes.

Non-compliance of some of the above legal provisions and orders in the cases mentioned in the succeeding paragraphs 6.3.1 to 6.3.3 by the DFOs resulted in non/short levy as well as blocking of Government revenue of ₹ 5.02 crore[2].

6.3.1 Non-levy of interest on belated payment of royalty

As per OFC Rules, 1966, if a contractor fails to pay any instalment of royalty for sale of forest produce by the due date i.e., 31 March each year, he is liable to pay interest at the rate of 6.25 *per cent* per annum on the amount of default for the period of delay in payment. The Government, in February 1977, instructed that OFDC being a contractor, was also liable to pay interest for default in payment of royalty.

During test check of the records of 26 DFOs[3], between April 2009 and February 2010, we noticed that OFDC paid royalty of ₹14.25 crore on 1,900 lots for the period from 1989-90 to 2007-08 belatedly, between June 2008 and March 2009, with delays ranging between three and 228 months. But interest of ₹ 4.96 crore leviable for belated payment was not levied by the DFOs against OFDC.

After we pointed out the cases, five DFOs[4] raised demand for ₹ 97.73 lakh between December 2009 and February 2010. The remaining DFOs agreed, between May 2009 and January 2010 to raise the demand for interest. Further reply is awaited (December 2010).

We brought the matter to the notice of the Government in April 2010; their reply is yet to be received (December 2010).

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2 It does not include the para on loss of revenue.

3 Angul, Athagarh, Athamalik, Bargarh, Baripada, Bhubaneswar (City Division), Bolangir (West), Bonai, Boudh, Chandaka (WL), Dhenkanal, Ghumsur(North), Ghumsur(South), Jeypore, Karanjia, Khariar, Khurda, Keonjhar, Malkangiri, Nayagarh, Nabarangpur, Parlakhemundi, Phulbani, Rayagada, Sambalpur (South) and Sunabeda (WL) .

4 Athagarh, Bargarh, Boudh, Dhenkanal and Sambalpur (South).

6.3.2 Non-disposal of timber and poles

The Government, in August 2005, issued instructions for early disposal of timber and poles seized in undetected (UD) forest offence cases either by public auction or by prompt delivery to the OFDC within two months from the date of seizure in order to avoid loss of revenue due to deterioration in quality and value on account of prolonged storage of the seized materials.

During test check of the UD forest offence cases register of 26 DFOs[5], between May 2009 and February 2010, we noticed that 22,652.55 cft of timber and 496 poles seized in 926 cases during 2007-08 and 2008-09 were lying undisposed till the date of audit due to non-disposal through public auction or non-delivery of such stock to OFDC by the DFO concerned. This resulted in blocking of Government revenue of ₹ 35.60 lakh representing the value of the above stock.

After we pointed out the cases, the DFOs stated between May 2009 and February 2010, that action would be taken to dispose of the forest produce. A report on further development is awaited (December 2010).

We reported the matter to the Government in April 2010; their reply is yet to be received (December 2010).

6.3.3 Short demand of royalty due to application of incorrect rates

The Government prescribed (November 2008) the royalty for working of coupes (standing trees) at the rate of Rs. 1,040 per unit for the years 2007-08 and 2008-09. For the purpose, calculation of units of different classes was to be done as per their instructions dated 8 May 2006.

During test check of records in May 2009, we noticed that in Cuttack division 6,288 standing trees were delivered to OFDC in 12 lots, between April 2007 and March 2009, with an estimated yield of 1,591.24 units attracting royalty of ₹ 16.55 lakh at the rate of ₹ 1,040 per unit. But the DFO raised demand of ₹ 10.62 lakh only by applying the rate of ₹ 530 per unit for the year 2007-08 and ₹ 780 per unit for the year 2008-09 for the lots delivered as approved by the concerned CF following the earlier practice of fixing division-wise rates This resulted in short demand of royalty of ₹ 5.93 lakh.

After we pointed out the cases, the DFO, Cuttack raised additional demand for ₹ 5.93 lakh towards royalty for 12 lots delivered to OFDC in October 2009. The details of realisation of the demand are awaited (December 2010).

We reported the matter to the Government in April 2010; their reply is yet to be received (December 2010).

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[5] Angul, Athamalik, Bargarh, Berhampur, Bolangir (W), Bonai, Boudh, City Division (Bhubaneswar), Cuttack, Deogarh, Dhenkanal, Ghumsur (N), Ghumsur(S), Kalahandi (S), Karanjia, Keonjhar, Khariar, Khurda, Nabarangpur, Nayagarh, Phulbani, Rairakhol, Rayagada, Sambalpur (N), Sambalpur (S) and Sunabeda (W.L).

7.1.1 Non-tax revenue administration

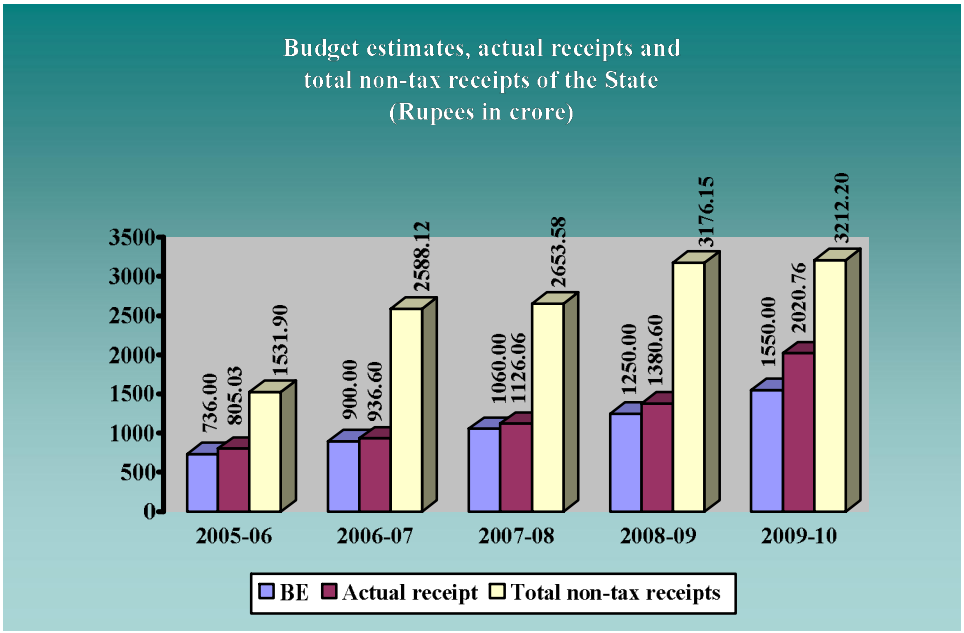
Levy and collection of mining receipts are regulated by the Mines and Minerals (Development and Regulation) Act, 1957 and the Mineral Concession (MC) Rules, 1960 framed thereunder. The above Act/Rules are administered by the Director of Mines (DM), Orissa under the overall control of the Commissioner-cum-Secretary to the Government in the department of Steel and Mines. He is assisted by the Joint Director of Mines at the headquarters and the Deputy Directors of Mines (DDMs) and Mining Officers (MOs) at the zonal and circle levels. The mining receipts mainly comprise of royalty, fees and fines etc. on raising of minerals.

7.1.2 Trend of receipts

Actual receipts from mining during the years 2005-06 to 2009-10 along with the total non-tax receipts during the same period is exhibited in the following table and graph.

(Rupees in crore)

Year	Budget estimates	Actual receipts	Variation Excess (+)	Percentage of variation	Total non-tax receipts of the State	Percentage of actual receipts vis-à-vis total non-tax receipts
2005-06	736.00	805.03	(+) 69.03	(+) 9.38	1,531.90	52.55
2006-07	900.00	936.60	(+) 36.60	(+) 4.07	2,588.12	36.19
2007-08	1,060.00	1,126.06	(+) 66.06	(+) 6.23	2,653.58	42.44
2008-09	1,250.00	1,380.60	(+) 130.60	(+) 10.45	3,176.15	43.47
2009-10	1,550.00	2,020.76	(+) 470.76	(+) 30.37	3,212.20	62.91



The table above shows that the receipts from mining have been steadily increasing over the years and accounted for a major source (nearly 63 *per cent)* of the non-tax revenue in 2009-10.

7.1.3 Impact of audit

Revenue impact

During the last five years i.e. 2004-05 to 2008-09 we pointed out non/short levy, non/short realisation of royalty, dead rent, surface rent, interest etc., with revenue implication of ₹ 658.83 crore in 885 cases. Of these, the department accepted audit observations in 264 cases involving ₹ 78.80 crore and recovered ₹ 33.45 crore in 59 cases. The details are shown in the following table:

(Rupees in crore)

Year	No. of units audited	Amount objected		Amount accepted		Amount recovered		Percentage of recovery to amount accepted
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	
2004-05	15	83	58.54	30	44.96	26	25.73	57.23
2005-06	15	87	116.84	60	3.58	1	1.95	54.47
2006-07	15	423	55.08	53	14.27	14	3.04	21.30
2007-08	15	104	225.85	52	9.05	17	2.50	27.62
2008-09	15	188	202.52	69	6.94	1	0.23	3.32
Total	**75**	**885**	**658.83**	**264**	**78.80**	**59**	**33.45**	**42.45**

The department recovered only 42.45 *per cent* of the amount accepted by it.

We recommend that the department revamp its revenue recovery mechanism to ensure that they could recover at least the amount involved in the accepted cases.

7.1.4 Results of audit

During the year 2009-10 we test checked the records of 20 units relating to mining receipts and found non/short levy of royalty/dead rent/surface rent, non/short recovery of interest and other irregularities involving ₹ 269.95 crore in 356 cases which fall under the following categories:

(Rupees in crore)

Sl. No	Categories	No. of cases	Amount
1.	Non/short levy of royalty/dead rent/surface rent	94	242.50
2.	Non/short recovery of interest	12	0.58
3.	Irregularities of miscellaneous nature	250	26.87
Total		**356**	**269.95**

During the year, the department accepted underassessment and other deficiencies of ₹ 35.81 crore in 335 cases pointed out in 2009-10. An amount of ₹ 57.95 lakh was recovered in 28 cases during the year 2009-10.

After issue of draft paragraph, the department recovered ₹ 29.40 lakh in February (₹ 29.21 lakh) and April (₹ 0.19 lakh) 2010 pertaining to a single observation containing two cases pointed out by us during 2009-10.

Two illustrative cases involving ₹ 19.24 crore are mentioned in the following paragraphs.

7.2 Audit observations

We scrutinised the records maintained in the office of the Deputy Director of Mines (DDMs) and Mining Officers (MOs) and noticed cases of short levy of royalty as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out by us. Such omissions are pointed out repeatedly; but not only do the irregularities persist, these remain undetected till an audit is conducted. The Government may consider issuing instructions for effective internal control mechanisms to prevent recurrence of such omissions.

7.3 Non-observance of the provision of Acts/Rules

The Mines and Minerals (Development and Regulation) (MMDR) Act, 1957 and Mineral Concession (MC) Rules, 1960 provide for recovery of:-

(i) royalty at prescribed rates, against different grades of minerals from the leasehold areas; and

(ii) royalty on unprocessed mineral in case of processing of mineral other than run-of-mine[1] (ROM) mineral;

Non-observance of some of the above provisions as mentioned in paragraphs 7.3.1 and 7.3.2 resulted in short levy of ₹ 19.24 crore.

7.3.1 Short levy of royalty on iron ore

As per the MC Rules, 1960 ROM mineral within the leasehold area is chargeable to royalty on the output after processing of the minerals. However, in case of processing of mineral other than ROM, royalty is chargeable on unprocessed mineral i.e., mineral extracted from the seam.

We test checked the assessment records and monthly returns of Jajang Iron Ore Mines under the DDM, Joda in February 2009 and found that during the year 2007-08, 51.95 lakh MT of unprocessed iron ore fed by the lessee to the processing plant was classified as ROM mineral and royalty of ₹ 11.02 crore realised as per prescribed rates for different grades and this was accepted by the department. We, however, noticed that the output after processing was equal to the input of minerals, i.e., 51.95 lakh MT. Thus, it was obvious that the minerals fed were in lumps and were chargeable to royalty of ₹ 14.03 crore as unprocessed iron ore lumps. The misclassification thus, resulted in short levy of royalty of ₹ 3.01 crore.

[1] The blasted material containing ore with other foreign material brought to the crushing plant.

After we pointed out the case, the Government stated in July 2010 that the manually produced iron ore lumps not containing slimes were processed in dry system in the crusher plant without any processing loss and ROM is fed there. The fact, however, remains that high grade iron ore not containing slime or any foreign material is not covered under the definition of ROM and is therefore chargeable as unprocessed iron ore lumps at higher rate of royalty.

7.3.2 Short levy of royalty due to application of incorrect rate

As per the MMDR Act,1957 read with the Government of India notifications dated 1 August 2007 and 12 December 2007 and the relevant price chart of Coal India Ltd. (CIL), the rate of royalty for 'F' grade ROM coal sized upto 100 mm shall be the combination of a specific fixed rate of ₹ 55 per MT plus a variable *ad valorem* rate at five *per cent* of the basic pit head price of ₹ 495 per MT exclusive of taxes, levies and other charges as reflected in the sale invoice from 13 December 2007 onwards.

We scrutinised the records of DDM, Talcher in August 2009 and found that 590.26 lakh MT of 'F' grade coal was extracted and dispatched from pit heads of seven coal mines[2] of Mahanadi Coal Fields Ltd. (MCL) during the period from December 2007 to March 2009. Royalty on the coal was levied at ₹ 77 per MT i.e. specific rate of ₹ 55 per MT plus *ad valorem* rate of ₹ 22 per MT, which was derived at the rate of five *per cent* of ₹ 440 instead of ₹ 495 inclusive of sizing charges of ₹ 55 per MT as per the price chart of CIL dated 13 December 2007. This led to short levy of royalty of ₹ 16.23 crore due to application of reduced rate of royalty by ₹ 2.75 per MT (five *per cent* of ₹ 55).

After we pointed out the case, the Government stated in July 2010 that the project officers of all collieries of MCL were asked to pay the additional royalty. They had however protested against such demands on the plea that sizing charges was an additional charge levied on the customer against service rendered and it had no bearing on the basic pit head price of coal and hence, was not taken into account in fixing the royalty as per Government notification dated 1 August 2007. The fact, however, remains that in the guidelines for submission of return in the Mineral Concession and Development Rules, 1988, the definition of pit mouth value does not exclude the sizing charges specifically for computation thereof.

[2] Ananta OCP, Balaram OCP, Bharatpur OCP, Bhubaneswari OCP, Hingula OCP, Jagannath OCP and Lingaraj OCP.

CHAPTER-VIII: OTHER DEPARTMENTAL RECEIPTS

8.1 Results of audit

We test checked the records of 44 units relating to departmental receipts in the departments of Co-operation, Energy, General Administration (Rent), Health and Family Welfare, Steel & Mines and Works during 2009-10 and found non-realisation of revenue, non/short levy of revenue and other irregularities of ₹ 247.58 crore in 812 cases which fall under the following categories.

(Rupees in crore)

Sl. No.	Categories	No. of cases	Amount
CO-OPERATION DEPARTMENT			
1.	Non-realisation of revenue	220	0.67
2	Non/short levy of revenue	24	0.39
3	Other irregularities	2	2.59
	Total	**246**	**3.65**
ENERGY DEPARTMENT			
1.	Non-realisation of revenue	440	85.59
2.	Non/short levy of revenue	40	66.62
3.	Other irregularities	34	78.41
	Total	**514**	**230.62**
GENERAL ADMINISTRATION (RENT) DEPARTMENT			
1.	Non-realisation of revenue	4	8.92
2	Other irregularities	37	0.15
	Total	**41**	**9.07**
HEALTH AND FAMILY WELFARE DEPARTMENT			
1.	Other irregularities	1	0.14
	Total	**1**	0.14
STEEL AND MINES DEPARTMENT			
1.	Non/short levy of revenue	6	0.15
2	Other irregularities	1	0.31
	Total	**7**	**0.46**
WORKS DEPARTMENT			
1.	Other irregularities	3	3.64
	Total	**3**	**3.64**
	Grand Total	**812**	**247.58**

During the year 2009-10, the concerned departments accepted non/short levy, loss of revenue, etc., of ₹ 108.99 crore in 366 cases pointed out in 2009-10. Of this the Co-operation Department recovered ₹ 12.52 lakh in 18 cases during the year 2009-10.

After issue of the draft paragraphs the Department of Energy recovered ₹ 21.99 lakh pertaining to a single observation pointed out by us during 2009-10.

A few illustrative audit observations involving ₹ 101.19 crore are discussed in the following paragraphs.

8.2 Audit observations

We conducted test check of assessment records and other related documents of the Energy Department and check of records pertaining to departmental receipts of Home and Fisheries & Animal Resources Development (F&ARD) Departments and found loss, non-levy, non/short realisation of revenue towards electricity duty, police receipts and fishery receipts as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on test checks carried out by us. Such omissions are pointed out by us repeatedly; but not only do the irregularities persist, these remain undetected till an audit is conducted. The Government may consider issuing instructions for effective internal control mechanisms to avoid recurrence of such omissions.

Energy Department

8.3 Non-compliance of provisions of Act/Rules, notifications and decisions

The Orissa Electricity Duty (OED) Act, 1961 and Rules made thereunder read with extant decisions of the Orissa Electricity Regulatory Commission (OERC) along with notifications of the Government provide for:-

(i) Self assessment/payment of electricity duty (ED) due at the prescribed rates on auxilliary/captive consumption of energy within 30 days from the month of consumption, unless specifically exempted by the competent authority;

(ii) restricting the maximum transformation loss in respect of Hydro Electricity Projects (HEPs) at 0.5 per cent of gross generation of energy;

(iii) reducing the transmission and distribution (T&D) losses by the Distribution Companies (DISTCOs) like Central Electricity Supply Utility (CESU), Northern Electricity Supply Company (NESCO), Southern Electricity Supply Company (SOUTHCO) and Western Electricity Supply Company (WESCO) to certain percentages of total energy drawn from Grid Corporation of Orissa Ltd. (GRIDCO) for sale excluding sale to extra high tension (EHT) category of consumers; and

(iv) levy of interest on belated payment of electricity duty.

We noticed non-compliance of some of the above provisions as mentioned in paragraphs 8.3.1 to 8.3.3 which resulted in non-levy/realisation of revenue of ₹ 61.98 crore.

8.3.1 Non-levy of electricity duty on auxiliary consumption of electricity

As per the OED Act, 1961 and Rules made thereunder read with clarification of the Government dated 6 November 1999 and notification dated 1 January 2006, ED at the rate of 20 paise is leviable per unit on the auxiliary consumption of energy and shall be paid to the Government account within the prescribed time. In case of default, interest at the rate of 18 *per cent* per annum is also leviable.

During test check of records of the Superintending Engineer (Project)-cum-Electrical Inspector {SE, (P)-cum-EI, Keonjhar} in July 2009, we noticed that M/s. National Aluminium Company Ltd., Angul which has a captive power plant, utilised 639.5642 MU of electricity for auxiliary consumption[1] during March 2008 to March 2009, on which ED of ₹ 12.79 crore was leviable. Though the unit submitted returns regularly mentioning the amount of electricity utilised for auxiliary consumption, it did not pay ED thereon and the concerned EI also did not raise demand for non-payment of such Government dues. This resulted in non-levy of ED of ₹ 15.48 crore including interest liability of ₹ 2.68 crore for default in payment of ED to the Government account.

After we pointed out the case, the Government stated (October 2010) that demand for payment of ED as per Circular of November 1999 has been issued against the company. The company disputed the matter and filed a case in the Hon'ble High Court of Orissa. The final judmgnet was delivered on 6 May 2010 and the Company has been directed by the Hon'ble High Court of the State on 6 May 2010 for payment of ED on auxiliary consumption. The departmental authority has also asked the company on 15 September 2010 to deposit the ED. A report on relisation of dues is yet to be received (December 2010).

8.3.2 Non-levy of electricity duty

As per the OED Act, 1961 and Rules made thereunder, ED at the rate of 20 paise per unit is payable to the State Government by the Captive Power Plants (CPPs) for their captive consumption, within the prescribed period. In case of default, interest at the rate of 18 *per cent* per annum is also leviable.

During test check of records of the SE (P)-cum-EI (Generation), Circle No. 1, Keonjhar in July 2009, we noticed that two industrial units (IUs) generated electricity from their own CPPs during the period from April 2007 to March 2009, but did not make voluntary payment of ED of ₹ 6.83 crore anticipating

[1] Energy consumed in the process of generation by the power plants.

exemption certificate from the competent authority under the Industrial Policy Resolution (IPR). Withholding the payment of ED was irregular and the department's inaction in raising demand every month despite non-payment of Government dues by the IUs resulted in non-levy of ED of ₹ 8.52 crore including interest liability of ₹ 1.69 crore as on 31 December 2009. The details are as given in the following table:

(Rupees in crore)

Name of the IU	CPP Unit	Period of consumption	Total units of energy consumed captively	ED leviable	Interest leviable
M/s. Arati Steel Ltd.	40 MW capacity	May 2008 to March 2009	13,91,71,461	2.78	0.58
M/s. Shree Metaliks Ltd.	8 MW capacity	April 2007 to February 2009	7,18,52,020	1.44	0.44
	20 MW capacity	August 2007 to February 2009	13,08,34,970	2.61	0.67
Total			**34,18,58,451**	**6.83**	**1.69**

After we pointed out the cases, the Government sated in October 2010 that after deducting the exports (sales to GRIDCO) from the gross power generation, provisional ED demand of ₹ 3.03 crore including interest of ₹ 0.25 crore was raised in March 2010 against M/s Arati Steel Ltd. Similarly ED of ₹ 5.16 crore was levied against M/s Shree Metaliks Ltd. in July 2009. Since the latter industry had disputed the matter action would be taken for realisation of ED and interest after final disposal of the writ petition preferred by it before the Hon'ble High Court of the State. Further reports are yet to be received (December 2010).

8.3.3 Escapement of ED on deemed consumption

As per the OED Act, 1961 and Rules made thereunder read with Government notification dated 1 January 2006, ED is levied and paid on self consumption of energy by any person generating energy at the rate of 20 paise per unit. Further, as per the notification of Government of India of March 1992, circulated by the Chief Electrical Inspector (CEI) in March 2003, the maximum transformation loss in respect of HEP is limited to 0.5 *per cent* of the gross generation of energy.

8.3.3.1 During test check of the records of SE(P) & EI, Keonjhar in July 2009, we noticed that Orissa Hydro Power Corporation Ltd. (OHPCL) generated 1,865.148 MU of energy during 2007-08 and 2008-09. By allowing 9.326 MU towards admissible transformation loss at the rate of 0.5 *per cent* of generation, the company was required to pay ED on the balance 1,855.822 MU of energy. We noticed that the company had disclosed sale of 1,814.894 MU of energy to GRIDCO; auxiliary consumption of 3.221 MU and colony consumption of 21.869 MU on which ED had been paid. Hence, the balance 15.838 MU of energy was exigible to ED at the rate of ₹ 2 lakh per MU by treating the same as deemed self consumption of energy by OHPCL. This resulted in escapement of ED of ₹ 31.68 lakh.

After we pointed out the case, the Government stated (October 2010) that the transformation loss was not consumption of energy of levy of ED as per the verdict of the Hon'ble Supreme Court of India in the case of "State of Mysore Vrs West Coast Papers Mills Ltd. and another" reported in AIR 1975 and the notification of the Government of India and orders of Central Electricity Regulatory Commission (CERC) for adoption of the norm of transformation loss were simply guidelines for ideal performance of the HEPs. As per the report of the High Level Technical Committee (HLTC) set up by the department, the 30 *per cent* old inefficient generators, transformers and auxiliary equipments of Rengali HEP were allowed to continue in pulic interest in order to avoid draining of heavy reasources for replacement of the same even if there was nominal extra transformation loss. The contention of the Government is not tenable because admissible transformation loss was prescribed by the Government of India and the same was upheld by the CERC in October 2000 after thorough examination of the operational norms and the loss levels of HEPs throughout the country and taking into account the technical and administrative problems faced by them. Moreover, the OED Act and Rules do not provide a definition of consumption excluding transformation loss so far. The fact remains that the norms fixed was circulated by the CEI of the State in March 2003 for compliance in the interest of revenue of the State, but the same was not adhered to by the HEP which resulted in escapement of ED.

8.3.3.2 During test check of the records EI, Balasore, Berhampur, Bhubaneswar and Rourkela in July-August 2009 and January-February 2010 and information collected from the four DISTCOs, we noticed short levy of ED of ₹ 37.66 crore in case of DISTCOs as the jurisdictional EIs did not take into cognisance the leviability of ED on the balance units of energy (for which electricity charges were payable by DISTCOs to GRIDCO) after selling to EHT consumers and allowing the admissible percentage of loss on transmission and distribution of energy fixed by OERC. The DISTCO-wise details of purchase and sale of energy and short levy of ED are given in **Annexure-XI**. An illustrative case is given below.

As per the OED Act, 1961 and Rules made thereunder read with notification of Government dated 1 January 2006, ED at the rate of six paise per unit is leviable on the energy consumed by a licensee or board in its own permises. Further, the OERC prescribed the norms for reduction of T&D loss ranging upto 25 to 33 *per cent* of drawal of energy from GRIDCO by the energy distributing companies (DISTCOs) of the State i.e. CESU, WESCO, SOUTHCO and NESCO for the years 2006-07, 2007-08 and 2008-09 excluding the energy sold by them to the EHT category of consumers.

During test check of records of EI, Balasore in July 2009 and collection of information from the corporate office of a DISTCO (NESCO), we noticed that the above company purchased 4,544.978 MU of energy during the year 2008-09 and sold 1,448.636 MU to EHT consumers. Thus the net energy available with the company stood at 3,096.342 MU from which 789.567 MU

was to be allowed towards T&D losses at the rate of 25.5 *per cent* as per the norms fixed by the OERC leaving a balance of 2,306.775 MU of energy on which ED was to be levied and realised at appropriate rates. But the company exhibited ED on sale of 1,525.073 MU of energy only and did not pay ED on balance 781.702 MU of energy which was consumed by them. This led to short levy and short realisation of ED of ₹ 4.69 crore at the rate of ₹ 60,000 per MU from the company which could not be detected by the EI.

After we pointed out the cases, the Government stated, in October 2010, that the loss of ED on account of T&D loss is not correct since such loss cannot be treated as consumption of electricity in view of the judgment of Hon'ble Supreme Court of India (AIR 1975) in case of State of Mysore Vrs. West Coast Paper Mills Ltd. recently referred to by the Hon'ble High Court of Orissa in the judgement dated 6 May 2010 in case of NALCO Ltd. Vrs. State of Orissa in OJC No. 2682. Therefore, the payment of ED by M/s CESU, WESCO, SOUTHCO and NESCO do not arise. Further, it was stated that OERC had recommended admissible T&D loss for efficiency of the system and stressed in their guidelines to minimise losses of different years to improve efficiency of the system. The department also contended that the T&D loss was caused because the load centers were at long distance of generating stations of T&D network. The views of the Government is not acceptable because in the post regulatory regime of energy distribution system after introduction of the Orissa Electricity Reform Act, 1995 no amendment of the OED Act and Rules with specific definition of the word "consumption" of energy excluding T&D losses has been made so far to support the views of the Government. With due honour to the judgement of the Apex Court, we did not comment on the leviability of ED on the loss sustained up to the limit fixed by the OERC after examining the T&D loss levels by various utilities of the country vis-à-vis the utilities of the State and taking into account all technical and administrative problems faced by them. Moreover, OERC directed (not recommended) the DISTCOs to attain the same. As losses on account of under achievement of loss reduction target are to be entirely borne by the licensee in terms of regulation 3(c) of the Orissa Electricity Regulatory Commission (Terms and Condition for Determination of Tariff) Regulation, 2004 the DISTCOs are required to bear the ED liability on the excess exhibition of T&D loss as it is treated as deemed consumption of energy by them. The fact remains that short levy of duty against the DISTCOs has been ignored by the departmental authorities against the interest of revenue of the State.

Home Department

8.4 Non-compliance of the provisions of Acts and Rules

We noticed cases of non-compliance of the provisions of the Police Act, 1861 and Rules made thereunder regarding deployment of police personnel to borrowing departments of Government and other organisations on average cost recovery basis and raising of correct demands on that score in time which *resulted in short demand of ₹ 29.97 crore.*

8.4.1 Short levy of deployment charges of police personnel

As per the Police Act, 1861 and Rules made thereunder, demand for average cost of pay and allowances along with leave salary contribution, pension contribution and other direct entitlements in respect of permanent police personnel deployed in different establishments of the Union/State Government and other organisations are levied annually.

During test check of records of State police headquarters (SPH) and 19 district police headquarters[2] (DPHs) between November and December 2009, we noticed that demands for average cost of deployment of police personnel in 80 borrowing agencies for the period from January 2006 to March 2009 were raised as per the pre-revised pay scales. The demand for differential average cost as per the revised pay scales of the Sixth Pay Commission adopted by the department with effect from 1 January 2006 for the said period was not raised. This resulted in short levy of deployment charges of police personnel of ₹ 29.97 crore. The borrowing agency-wise short levy of demands of police receipts are detailed in the **Annexure-XII**. An illustrative case is given below.

During test check of records of SPH in December 2009, we noticed that demands of ₹ 2.87 crore, as per the pre-revised scales of pay and allowances etc. in respect of 63 police personnel of different cadres deployed in Reserve Bank of India (RBI), Bhubaneswar for the period from January 2008 to March 2009 were raised on average cost basis. The revised demands after the adoption of the revised pay scale effective from January 2006 in respect of the above staff worked out to ₹ 6.38 crore. But the SPH did not raise differential demands for ₹ 3.51 crore against RBI which resulted in short levy of deployment charges.

After we pointed out the cases, the Government stated in August 2010 that all DPHs were directed to submit the differential demand as per the revised cost of police guards. A report on further development is yet to be received (December 2010).

[2] Deputy Commissioner of Police, Bhubaneswar and Cuttack, Superintendent of Police, Railways, Cuttack and Rourkela, Superintendent of Police, Balasore, Bargarh, Gajapati, Ganjam, Berhampur, Jajpur, Kendrapara, Khurda, Koraput, Mayurbhanj (Baripada), Nayagarh, Puri, Rourkela, Sambalpur and Commandant 1st Battalion OSAP, Charbatia.

Fisheries and Animal Resources Development Department

8.5 Irregular implementation of the State Reservoir Fishery Policy/non-compliance to decisions/guidelines of Government for leasing out the departmental fish farms

The State Reservoir Fishery (SRF) Policy, 2003 stipulated for timely leasing out the fishing rights of reservoirs above 40 hectares of Mean Water Spread (MWS) area[3] *to:-*

(i) interested Primary Fishermen Cooperative Societies (PFCS), Self Help Groups (SHGs) etc. against prescribed rates of lease value and royalty; and

(ii) private individuals/entrepreneurs/public undertakings/ registered companies etc. through open auction/sealed tender against receipt of bid values in time for eventual credit to Government account in time and execution of registered agreements with the lessees for such fishing rights in the prescribed format.

Further, the Orissa Treasury Code (OTC), 1943 prohibits departmental expenditure from the departmental receipts of sale proceeds.

We noticed that some of the above provisions had not been complied with which resulted in loss, non/short realisation as well as non-remittance of revenue of ₹ 9.24 crore as mentioned in paragraphs 8.5.1 to 8.5.4.

8.5.1 Short realisation of revenue against leased out reservoirs

As per the SRF Policy, initial settlement of the lease/auction of reservoirs as well as renewal thereof was to be done through execution of approved agreements. In case of unsatisfactory performance and violation of stipulated terms and conditions, the lease/auction should be cancelled at any time with due notice and the possession of lease area should be taken back by the department and damage claim may be made against the lessee.

During test check of records of 11 Assistant Director of Fisheries (ADFs) between October 2009 and January 2010, we noticed short realisation of revenue of ₹ 2.22 crore in respect of 45 reservoirs as the ADFs failed to apply the provisions of the SRF policy. ADF-wise details are given in **Annexure-XIII**.

After we pointed out the cases, the Government stated in July 2010 that the F&ARD Department was expediting the case to realise the lease values from the defaulting agencies. A report on realisation of lease values is yet to be received (December 2010).

[3] The average of maximum and minimum water spread area.

8.5.2 Loss of revenue due to non-leasing of reservoir

As per the SRF Policy, Orissa, 2003, the fishing rights of reservoirs above 40 hectares of MWS area were transferred to the F&ARD Department for leasing out the same to the PFCS formed under the Orissa Co-operative Societies Act, 1962 or SHGs formed under the Orissa Self-Help Co-operative Act, 2001 against receipt of prescribed lease value. In case of major and medium reservoirs, the lease value will be ₹ 200 per hectare per year, of which ₹ 40 per hectare per year will be deposited into the Government account. In case of minor reservoirs the lease value will be ₹ 300 per hectare per year of which ₹ 60 per hectare per year will be deposited into the Government account. Besides, royalty shall be collected along with the lease value at the rate of ₹ 10, ₹ 20 and ₹ 40 per hectare per annum in respect of major, medium and minor reservoirs respectively and deposited into the Government account. Where no PFCS can be formed or the existing PFCS do not show interest in taking the reservoir on lease, the said reservoir will be leased out through open auction/sealed tenders and the entire lease value/royalty would be deposited into the Government account.

During test check of records of nine ADFs between October and December 2009, we noticed loss of revenue of ₹ 6.84 crore[4] due to non-leasing of 10 reservoirs during 2004-05 to 2008-09. The ADF-wise details of loss of revenue are given in **Annexure-XIV**. An illustrative case is given below.

During test check of records of ADF, Bargarh in December 2009 we noticed that the MWS area of Hirakud Major Reservoir (Sector-VI) was determined as 2,963 hectares in July 2004 by a technical committee formed by the department. The department, however, failed to lease out the reservoir to any of the PFCS/SHGs or to private individual/enterpreneurs/public undertakings etc. through open auction or sealed tenders during the fishing years 2004-05 to 2008-09 even though the Government in its orders of June 2004 specifically instructed the field functionaries to do so. Thus, inaction on the part of the ADF led to loss of Government revenue of ₹ 31.11 lakh.

After we pointed out these cases, the Government stated, in July 2010, that although they instructed in June 2004 to lease out the reservoirs to the PFCS or to private individuals etc. through open auction, the members of PFCS, being poor, were unwilling to take the reservoirs on lease as the lease value and royalty were fixed at higher rates. Besides, open auction was invited for some reservoirs as per the policy of the Government, but no offer was received from suitable bidders. Further, they added that refixation of lease value was under consideration of the Government. The fact remains that the Government sustained loss due to unrealistic fixation of lease value and royalty in their fishery policy of 2003 and inaction on the part of the ADFs.

[4] Lease value of ₹ 6.47 crore and royalty of ₹ 36.77 lakh.

8.5.3 Loss/non-realisation of revenue due to non-registration of lease deeds

As per the Indian Stamp Act, 1899 and Registration Act, 1908 read with the Orissa Stamp Amendment Rules, 2003 and Government notification dated 30 January 2001, lease deed of an immovable property is required to be registered against payment of stamp duty (SD) and registration fee (RF) at the prescribed rate of the lease value at the time of lease.

During test check of records of six ADFs in November and December 2009, we noticed loss of SD and RF of ₹ 1.86 lakh as the ADFs failed to register the lease deeds of 27 fish farms within the period of validity of the lease while SD and RF of ₹ 0.29 lakh was not realised in respect of two fish farms though the leases were still valid till the date of audit. The ADF-wise loss/ non-realisation of SD and RF in respect of 29 fish farms are detailed in **Annexure-XV**.

After we pointed out the case, the Government stated in July 2010 that for registration of lease deeds, the Director of Fisheries, Orissa was expediting the cases with the concerned registering authority of the district. A report on further development is yet to be received (December 2010).

8.5.4 Non-remittance of sale proceeds

As per the Orissa Treasury Code (OTC), 1943, amounts collected towards sale proceeds are required to be promptly deposited into Government account within seven days of receipt. Further, appropriation of departmental receipts of sale proceeds for departmental expenditure is strictly prohibited by the Finance Department.

During test check of records of six ADFs in November 2009, we noticed that sale proceeds of ₹ 15.98 lakh were unauthorisedly spent by the concerned ADFs towards departmental expenditure instead of remitting the same into the Government treasury. The ADF-wise non-remittance of sales proceeds of ₹ 15.98 lakh is detailed in **Annexure-XVI**.

After we pointed out the cases, the Government stated in July 2010 that the farms had already received allotment for the year 2010-11 and it was anticipated that in the meantime the remaining sale proceeds of ₹ 15.98 lakh would have been deposited into the treasury. The fact remains that the ADFs were not authorised to do so. Reports on factual position of remittance and action of Government for such unauthorised utilisation of sales proceeds are yet to be received (December 2010).

Bhubaneswar
The

(S. R. DHALL)
Accountant General (CW & RA)
Orissa

Countersigned

New Delhi
The

(VINOD RAI)
Comptroller and Auditor General of India

ANNEXURE-I

(Refer para 2.4.1.1.)

Range-wise and circle-wise details of non/short levy of tax due to acceptance of defective declarations or in absence of valid declaration and other reasons

Rupees in lakh

No Sl	Name of the circle/ name of dealers	Period assessed	Name of the goods sold/rate of tax as per schedule	Turnover on which concessional rate of tax allowed irregularly	Differential rate of tax leviable (In *per cent*)	Non/ short levy of tax	Nature of irregularities
1	Angul Range M/s. Rana Sponge Ltd.	2004-05	Sponge iron/ @ 4%	39.23	4	1.57	The AA accepted 'C' form for ₹ 9.41 crore inclusive of tax instead of actual sale value of ₹ 9.01 crore (excluding tax) resulting in non-levy of tax on ₹ 39.23 lakh in absence of 'C' form.
2	Balasore Range M/s. OEL Extrusion Ltd.	01.04.05 to 30.09.06	Manufactured aluminum extracted products and HDPE sacks / @ 4%	321.83	9	28.96	The AA levied tax at the concessional rate of one *per cent* in absence of valid 'C' forms in support of transactions of ₹ 321.83 lakh made by the dealer during the tax period.
3	Balasore Range M/s. ORIPOL Industries Ltd	01.04.05 to 31.08.06	Manufactured HDPE sacks/ @ 4%	66.70	9	6.00	The AA accepted two 'C' forms covering ₹ 66.70 lakh each in respect of a particular transaction and levied tax at the concessional rate of one *per cent* instead of rejecting one 'C' form and value thereof.
4	Balasore Range M/s. Nicco Corporation Ltd.	01.04.06 to 30.06.06 and 01.07.06 to 31.03.07	Manufactured XLPE cable/ @ 4%	94.45	6	5.67	The AA levied tax at the concessional rate of four *per cent* in respect of one 'C' form covering sale value of ₹ 94.45 lakh relating to transactions of the previous year i.e., 2005-06.
5	Bhadrak Circle M/s. Padmanava Rice and Flour	01.04.05 to 30.06.06 and 01.07.06 to 31.03.07	Rice/ @ 4%	1.12 15.73 7.11	7 7 6	0.08 1.10 0.43	The AA levied tax - 1. at the concessional rate of one *per cent* on sale value of ₹ 1,12,360 (excluding tax) supported by two C forms relating to transactions of the previous year (2004-05); 2. at the concessional rate of one *per cent* on sale value of ₹ 15,72,684 (excluding tax) supported by seven duplicate C forms relating to transactions of April 2005 to June 2006; and 3. at the concessional rate of two *per cent* on sale value of ₹ 7,10,546 (excluding tax) supported by four duplicate C forms relating to transactions of July 2006 to March 2007.

Rupees in lakh

No Sl	Name of the circle/ name of dealers	Period assessed	Name of the goods sold/rate of tax as per schedule	Turnover on which concessional rate of tax allowed irregularly	Differential rate of tax leviable (In *per cent*)	Non/ short levy of tax	Nature of irregularities
6	Bhubaneswar III Circle M/s. Tirupati Conductors Pvt. Ltd.	2005-06	Manufactured conductors / @ 12.5%	20.30	11.5	2.33	The AA levied tax at the concessional rate of one *per cent* without any declaration.
		2006-07	-do-	75.82	10.5	7.96	The AA levied tax at the concessional rate of two *per cent* without any declaration forms.
7	Bhubaneswar III Circle M/s. M.M. Enterprises	2005-06	Paper and scrap material/ @ 4%	59,35	6	3,56	The AA levied tax at the concessional rate of four *per cent* without any declaration forms.
8	Rourkela II Circle M/s. Khaderia Ispat Ltd.	2004-05	Manufactured MS. Ingots/ declared goods/ @ 4%	323.58	4	12.94	The AA allowed concessional rate of tax of four *per cent* without valid declarations.
9	Rourkela II Circle M/s. Hari Machines Ltd.	2004-05	Manufactured machinery/ @ 8%	96.03	6	5.76	The AA levied tax at the concessional rate of four *per cent* without 'C' form.
			-do-	301.78	6	18.11	The AA accepted invalid declaration forms and levied tax at concessional rate of four *per cent* instead of 10 *per cent*.
10	Rourkela II Circle M/s. Krishna Ferro Products Ltd.	2004-05	Manufactured MS castings/ @ 12% (unspecified under list C)	20.99	11	2.54	The AA accepted photocopy of counterfoil of one 'C' form and levied tax at concessional rate of one *per cent*.
11	Rourkela II Circle M/s. Sree Ram Steel Ltd.	2004-05	Manufactured refractory goods/ @ 8%	11.13	6	0.67	The AA accepted one invalid declaration where the amount inserted was ₹ 11.13 lakh after tampering and erasing the previously mentioned figure.
12	Cuttack II Circle M/s. Apex Trading Co.	2003-04	Processing of cooking coal into lam coke/@ 4%	227,18	7	15,90	The AA accepted defective declarations covering taxable turnover of ₹ 227.18 lakh in support of inter-State sale of coke.
				50.21	3	1.51	
13	Angul Circle M/s. Kanheya Enterprises	July 2005 to March 2006	Manufacturing of biri/@ 4%	159.70	8	12.78	The AA exempted the inter-State sales turnover of ₹ 159.70 lakh instead of levying tax at the rate of eight *per cent* in absence of declarations.
	Total			**1,892.24**		**127.87**	

ANNEXURE-II

(Refer para 2.5.3)

1. Range-wise and circle-wise details of non-levy of penalty on audit assessment

(Rupees in lakh)

Circle/ range	No. of Dealer / No. of case	Tax period	Tax assessed by AA in audit assessment	Penalty leviable but not levied
Angul range	1/1	1.4.2005 to 31.12.2007	12.30	24.60
Ganjam range	1/1	1.4.2005 to 30.9.2007	0.71	1.43
Jajpur range	1/2	1.4.2005 to 31.3.2007	17.26	34.52
Koraput range	1/1	1.4.2006 to 30.9.2007	31.56	63.12
Bargarh circle	1/1	1.4.2005 to 30.9.2006	2.02	4.04
Jajpur circle	2/2	1.4.2005 to 31.3.2006	0.70	1.40
Phulbani circle	3/3	1.4.2005 to 31.10.2006	0.27	0.53
10 dealers/11 cases			**64.82**	**129.64**

2. Non-levy of penalty on assessment of escaped turnover

Rupees in lakh

Circle/ range	No. of dealer/ (No. of case)	Tax period	Tax assessed by AA on escaped turnover	Penalty leviable but not levied
Koraput Circle	One / (one)	28.03.07 to 31.03.08	12.94	25.88
	One / (one)	04.12.06 to 31.03.07	0.16	0.32
Koraput Range	One / (two)	01.02.08 to 31.10.08	552.73	1,105.46
		01.11.08 to 31.01.09	156.79	313.58
Three dealers /four cases			**722.62**	**1,445.24**

3. Non-levy of penalty on assessment for unregistered period

Rupees in lakh

Circle	No. of dealer/ No. of case	Tax period	Tax assessed on turnover of unregistered period	Penalty leviable but not levied
Koraput	**1 /1**	**28 July 2006 to 28 March 2007**	**15.17**	**15.17**

4. Non-levy of penalty for arrears in payment of tax beyond 15 *per cent* of tax due within the prescribed time

(Rupees in lakh)

Circle	No. of dealer/ No. of case	Year of accounts assessed	Tax assessed/ payable	Tax paid	Difference of tax payable and paid	Percentage of deficiency	Amount of penalty non/short levied
Keonjhar	1/1	2004-05	68.54	40.89	27.65	40.34	41.47
Barbil	3/3	2003-04 and 2004-05	13.71	7.91	5.81	18.46 to 100	8.71
Four dealers/four cases			**82.25**	**48.80**	**33.46**		**50.18**

ANNEXURE-III

(Refer para 2.6)

Schedule-category-wise details of non-levy of PT and penalty during the period 2004-05 to 2008-09 in 19 commercial tax circles

Sl. No.	Entry No. of the Schedule and category of assessees	Period of tax (between)	No. of persons not enrolled	Rate of tax per annum (Rupees)	Amount of tax leviable (Rupees in lakh)	Penalty (Rupees in lakh)	Total (Rupees in lakh)
1.	**5** Insurance Agents	April 2004 and March 2009	21,728	350[1]	**250.94**	**1,315.24**	**1,566.18**
2.	**6(b)** Contractor of any description engaged in any work	April 2004 and March 2009	472	1,500[1]	**13.78**	**16.78**	**30.56**
3.	**16** Transport contractors/ Agencies including clearing and forwarding agencies	April 2004 and March 2009	181	2,500	**9.22**	**6.73**	**15.95**
4.	**17** Advertising Firms/ Agencies and Travel Agents	April 2004 and March 2009	115	2,500	**7.75**	**5.66**	**13.41**
5.	**11(i)** Nursing Home, Medical Clinics, Pathological Laboratories, Diagnostic, X-ray and Scanning Centres	April 2004 and March 2009	349	2,500	**23.63**	**17.22**	**40.85**
6.	**9** Technical and Professional Consultants including RCC consultants, Architects, Engineers, Tax Consultants, and Cost Accountants	April 2004 and March 2009	53	1,200[1]	**2.31**	**3.52**	**5.83**
7.	**10** Tutorial Institutions, Training Institutions including Computer training	April 2004 and March 2009	74	2,500	**3.85**	**2.81**	**6.66**
8.	**6(a)** Estate Agents, promoters, brokers or commission agents	April 2004 and March 2009	63	1,000	**2.15**	**3.93**	**6.08**
9.	**8(a)** Beauty parlour and Health resorts	April 2004 and March 2009	07	1,000 (Non-AC rate)	**0.07**	**0.13**	**0.20**
10.	**3** Medical practitioners including medical consultants	April 2004 and March 2009	33	1,200[1]	**0.40**	**0.60**	**1.00**
Total			**23,075**		**314.10**	**1,372.62**	**1,686.72**

1 In the absence of annual income/turnover of the persons, average rates of tax rounded off to the nearest tax slab have been adopted.

ANNEXURE-IV

(Refer para 4.2.6.3.1)

Statement showing non-finalisation of lease and alienation cases by concerned Tahasildars

(Rupees in lakh)

Sl. No.	Name of the tahasil Name of the occupant	Date of occupation Year elapsed upto March 2009	Date of application recommendation recommending authority	Area involved in acres	Revenue remained unrealised				Total
					Premium	Ground rent	Cess	Interest	
1.	Aska Balunkeswar Anath Ashram, Dharakote	Prior to 2005 More than 4 years	13.09.2005 26.05.2006 & 20.10.2006 Tahasildar & Sub-Collector	0.622	5.42	0.16	0.12	2.02	7.72
2.	Balasore Arabinda Centre & Integral Education	30.09.2004 5	28.06.2005 12.02.2008 Tahasildar	0.581	58.10	2.90	2.18	36.69	99.87
3.	Banarpal NALCO, Angul	1980-81 to 1987-88 22 to 29	17.09.1981 to 18.09.2008 12.09.2008 to 24.10.2008 Tahasildar	128.19	4,160.09	1,140.05	726.03	12,539.07	18,565.24
4.	Chatrapur Public School, Chatrapur	13.01.2003 6	16.12.2002 25.03.2003 Tahasildar	0.410	16.40	1.15	0.86	14.74	33.15
5.	Cuttack Sadar M/s Konark Construction & Engineers Ltd.	2004 5	19.04.2004 29.03.2006 Tahasildar	0.270	37.00	1.85	1.39	23.36	63.60
6.	Koraput NALCO, Damanjodi	1981-82 27	05.09.2001 02.12.2008 and 23.12.2008 Tahasildar & Sub-Collector	136.540	13.66	3.82	2.42	41.68	61.58
7.	Koraput NALCO, Damanjodi	1981-82 to 1986-87 21 to 27	27.05.1981 to 24.02.1984 30.10.2006 and 03.08.2007 Tahasildar	568.500	317.21	88.75	56.27	967.91	1,430.14
8.	Salepur CESCO Electrical Division, Salepur	2003-04 5	3.12.2003 29.12.2003 Tahasildar	0.658	25.50	1.27	0.96	12.77	40.50
9.	Sundergarh Manarbhaba Ashrama, Bhasma	1992 17	25.07.2007 30.08.2008 and 02.09.2009 Tahasildar and Collector	3.650	18.25	3.10	2.24	41.11	64.70
10.	Talcher Trinath Kustha Sangha, Augarua	12.11.2000 9	12.11.2000 04.07.2001 Tahasildar	0.970	109.12	8.73	6.55	98.08	222.48
11.	Brahmagiri Panchayat College of Educational & Technology, Satapada	1989-90 19	26.05.2007 30.07.2008 Tahasildar	10.00	32.24	2.88	2.16	36.98	74.26
12	Boudh BSNL	1994 15	18.12.2003 05.02.2009 Tahasildar	0.32	4.22	0.63	0.48	8.54	13.87
	Total			**850.711**	**4,797..21**	**1,255.29**	**801.66**	**13,822.95**	**20,677.11**

ANNEXURE-V

*(*Refer para 4.2.6.3.2*)*

Statement showing non-recommendation of lease cases by the Tahasildars for finalisation of competent authority

(Rupees in lakh)

Sl. No	Name of the tahasil Name of the occupant	Date of application Date of occupation Year elapsed upto March 2009	Area involved in acres	Revenue remained unrealised				Total	Remarks
				Premium	Ground rent	Cess	Interest		
1.	Banarpal Orissa State Electricity Board (Central Electricity Supply Utility)	28.09.1988 1965 to 1968 41 to 44	5.250	157.50	64.03	38.32	625.34	885.19	The case is pending for want of enquiry report of the concerned RI.
2.	Banarpal NALCO, Angul	11.02.1987 and 25.08.1987 1982 and 1987-88 21 to 27	70.700	2,958.48	798.52	510.20	8,823.02	13,090.22	-do-
3.	Dhenkanal Matrubhaban Baradia Bandha	08.05.2000 1997 12	1.000	5.00	0.60	0.45	8.02	14.07	-do-
4.	Dhenkanal R. K. Cement Product	Date not mentioned in the application 2009 1	0.585	32.18	0.32	0.24	0.00	32.74	RI report was received on 28 January 2009. Further proceeding has been held up at tahasil level.
5.	Dhenkanal Anand Marg School	01.03.2007 2007 2	0.370	20.35	0.41	0.30	5.01	26.07	RI report was received on 7 July 2007. Further processing has been held up at tahasil level pending change of category of land from II to III(A)
Total			**77.905**	**3,173.51**	**863.88**	**549.51**	**9,461.39**	**14,048.29**	

ANNEXURE-VI

(Refer para 4.2.6.3.3)
Statement showing non-regularisation of advance possession of land

(Rupees in lakh)

Sl. No.	Name of the tahasil	Name of occupant	Date of occupation Advance possession	Area in acres	Premium	Ground rent	Cess	Interest	Total	Revenue realised	Net revenue blocked
1.	Deogarh	E.E., EHT Division, Jharsuguda	01.08.1998	12.450	37.35	2.24	1.68	26.36	67.63	3.03	64.60
Against demand of only ₹ 67.03 lakh of Tahasildar the occupant deposited ₹ 3.03 lakh and did not furnish some document, as required by the Tahasildar in January 2003.											
2.	Nilgiri	E.E. Central Electrical Division, Balasore	06.04.2001	0.400	0.50	0.04	0.03	0.52	1.09	-	1.09
E.E., CED, Balasore undertook to pay the Government dues at the time of execution of lease.											
3.	Pottangi	BSNL Telecom Department	14.09.1983	1.800	0.72	0.19	0.12	2.05	3.08	-	3.08
The lease case record has been sent (September 2009) to Collector for sanction.											
4.	Rourkela	Biju Patnaik University of Technology (BPUT), Orissa	01.06.2004	134.070	4,692.45	58.66	43.99	2,758.57	7,553.67	-	7,553.67
The Tahasildar Rourkela resubmitted case record to ADM, Rourkela for regularization of revised advance possession in January 2006.											
5.	Rourkela	Orissa State Housing Board (OSHB), Bhubaneswar	1983-84	92.300	119.56	31.09	20.03	283.09	453.77	119.56	334.21
Premium already paid between June 1988 and March 2008. Ground rent and cess along with interest on belated payment of premium and interest on ground rent, cess not realised.											
6.	Simulia	E.E. Central Electrical Division, Balasore	14.12.1999	0.500	1.10	0.14	0.10	1.26	2.60	-	2.60
After fixation of premium the case record was sent (October 2007) to the Collector for sanction.											
7.	Bhubaneswar	OSHB	April 2004	5.04	0.00	16.51	12.38	142.39	171.28	-	171.28
Demand is to be raised by Tahasildar in respect of Government dues.											
8.	Jharsuguda	Sri Aurobindo Integral Education School	1979-80	2.45	16.32	4.90	3.10	51.03	75.35	-	75.35
Tahasildar stated to examine the case and take action in January 2009.											
9.	Patnagarh	JNV, Belpada	1998	30.00	0.00	13.20	9.90	13.86	36.96	-	36.96
Tahasildar replied (August 2008) that demand would be raised.											
10.	Brahmagiri	Tourist Officer, Puri	28 July 2004	3.50	14.70	0.42	0.32	9.00	24.44	-	24.44
Tahasildar stated to realise the amount in July 2009.											

(Rupees in lakh)

Sl. No.	Name of the tahasil	Name of occupant	Date of occupation Advance possession	Area in acres	Premium	Ground rent	Cess	Interest	Total	Revenue realised	Net revenue blocked
11.	Jeypore	OMFED	1983-84	2.78	6.12	1.59	1.04	17.40	26.15	-	26.15
Tahasildar agreed to realise the Government revenue (March 2010).											
12.	Kakatpur	CESU	26.06.2000	0.90	3.60	0.33	0.24	4.16	8.33	-	8.33
Tahasildar agreed to realise the dues in June 2008.											
13.	Jeypore	South Co	1965	0.84	1.41	0.62	0.37	6.00	8.40	-	8.40
Tahasildar agreed to raise the demand in August 2009.											
14.	Nimapara	Dist. Fisheries Office, Puri	1992	15.00	0.31	0.45	0.34	28.21	29.31	-	29.31
Tahasildar agreed to raise demand in January 2010.											
15.	Satyabadi	BSNL	April 1993	0.50	6.06	1.40	1.05	13.83	22.34	-	22.34
Tahasildar intimated BSNL to deposit the amount in June 2010.											
16.	Nimapara	ASI	6/1975, 2/2004, 3/2004	38.23	119.80	150.85 (capitalised value of ground rent and cess)	-	398.64	669.29	-	669.29
Tahasildar intimated ASI Authority to deposit the amount in January 2010.											
Total				**340.760**	**5020.00**	**282.63**	**94.69**	**3756.37**	**9153.69**	**122.59**	**9031.10**

ANNEXURE-VII

(Refer para 4.2.6.4)

Statement showing non-realisation of ground rent, cess and interest

(Rupees in lakh)

Sl. No.	Name of the tahasil Name of the occupant	Period of non-levy	Area (in Ac.)	Ground rent and cess leviable	Interest on ground rent and cess leviable	Total
1.	Barbil Jindal Steel & Power Ltd.	2006-07 to 2008-09	10.250	2.69	0.65	3.34
2.	Berhampur OSEB/SOUTHCO	2000-01 to 2008-09	0.930	0.87	0.52	1.39
3.	Cuttack Ravi Sankarvidya Mandir Trust	2007-08 and 2008-09	185.970	213.43	38.42	251.85
4.	Hindol Bhusan Steel Ltd.	2005-06 to 2008-09	140.980	1.87	0.23	2.10
5.	Kanhia NTPC, Kaniha	2008-09	9.250	2.11	0.25	2.36
6.	Keonjhar Principal, Orissa School of Mining,	2006-07 to 2008-09	36.900	5.05	0.60	5.65
7.	Parajang BSNL Ltd., Dhenkanal	2003-04 to 2008-09	0.500	0.33	0.01	0.34
Total			**384.78**	**226.35**	**40.68**	**267.03**

ANNEXURE-VIII

(Refer para 4.2.6.6)
Statement showing non/short levy of capitalised value

(Rupees in lakh)

Sl. No.	Name of the tahasil Name of the occupant	Year of occupation	Area (in Ac.)	Capitalised value		Short levy	Interest due	Total
				leviable	levied			
1.	Anandpur East Coast Railway	1995-96	6.010	6.57	3.76	2.81	7.44	10.25
2.	Barbil East Coast Railway	1993-94	151.608	78.35	44.77	33.58	60.44	94.02
3.	Barbil East Coast Railway	1993-94	123.780	90.39	Not levied	90.39	162.70	253.09
4.	Ghatagaon East Coast Railway	1993-94	833.730	114.13	64.14	49.99	89.98	139.97
5.	Simulia NHAI	2001-02	5.410	5.37	Not levied	5.37	4.51	9.88
6.	Similiguda CRPF	2008-09	301.720	1,980.04	Not levied	1,980.04	-	1,980.04
7.	Soro Sation Engineer, All India Radio	1998-99	3.200	2.80	1.60	1.20	1.44	2.64
8.	Talcher Heavy Water Project, Talcher	2000-01	14.140	18.95	10.83	8.12	8.77	16.89
Total			**1,439.598**	**2,296.60**	**125.10**	**2,171.50**	**335.28**	**2,506.78**

ANNEXURE-IX

(Refer para 4.2.6.7)
Statement showing non/short levy of fees for incidental charges

(Rupees in lakh)

Sl. No.	Name of the tahasil Name of the occupant	Year of occupation	Area involved in acres	Amount of premium levied	Amount of incidental charges		Incidental charges to be levied
					leviable	levied	
1.	Banarpal NALCO, Angul	1980-81 to 1987-88	252.590	10,555.37	1,055.54	-	1,055.54
2.	Barbil East Coast Railway	1993	299.338[2]	391.29	39.13	-	39.13
3.	Berhampur M/s Tata Steel	1996-97	225.136[2]	168.85	16.88	-	16.88
4.	Chatrapur M/s Tata Steels Ltd.	1996-97	536.521	402.39	40.24	-	40.24
5.	Ghatagaon East Coast Railway, Bhubaneswar	1993	833.730	260.87	26.09	-	26.09
6.	Keonjhar East Coast Railway	1993 to 2004	67.170	386.96	38.70	-	38.70
7.	Koraput NALCO, Damanjodi	1981-82 to 1986-87	705.040	330.86	33.08	-	33.08
8.	Rengali M/s Bhusan Steel	2003 to 2008	645.710	851.39	85.14	41.14	44.00
9.	Rengali M/s Aditya Aluminium	2005 to 2009	530.940	691.09	69.11	6.58	62.53
Total			**4,096.175**	**14,039.07**	**1,403.91**	**47.72**	**1,356.19**

[2] The total area required for the projects located in continuous patches relating to adjacent tahasils excluded the limit of 500 acres in such cases; hence incidental charge is leviable in such cases.

ANNEXURE-X

(Refer para 4.2.8.1)
Statement showing non-regularisation of encroachment cases

(Rupees in lakh)

Sl. No.	Name of the tahasil Name of the Encroacher	No. of cases	Area in acre	Year of encroach-ment	Period of occupation as on March 2009 in years	Year of institution of cases	Current market value	Remarks
1.	Aska Secretary Vivekananda Sisu Mandir	1	1.054	2006	3	2006	9.61	Encroachment case instituted, assessment and penalty levied. Eviction notice issued. (December 2006)
2.	Biramitrapur E.E. Rajgangpur, WESCO	1	2.050	1991-92	17	2003	30.75	Encroachment case instituted, assessment and penalty levied and realised. Eviction notice was issued against the encroacher. (November 2003)
3.	Bisra E.E. Rajgangpur, WESCO	1	0.660	1990	19	2005	2.46	Encroachment case instituted, assessment & penalty levied. Eviction notice was issued against the encroacher. (March 2005).
4.	Bhanjanagar Dist. Manager IDC & 8 others	9	4.530	1981 to 1997	12 to 28	1981 to 1997	37.92	Encroachment cases instituted, assessment and penalty levied. (1998-99 to 2003-04).
5.	Dhenkanal E.E. CESCO, Dhenkanal	1	2.170	2003-04	5	2003-04	61.69	Encroachment cases instituted, assessment & penalty levied. Eviction notice was issued. (April 2004).
6.	Hinjilicut E.E. (Elect.) Division, Aska	1	0.244	1991	18	2005	9.34	Encroachment case not booked by Tahasildar but demanded ₹ 1.07 lakh.
7.	Kanhia J.E. (Elect.) Sub-Division and 2 other division	3	2.700	2005	4	2005	12.15	Encroachment case instituted, but assessment and penalty not levied till March 2009.
8.	Panposh NEEPAZ METALICKS (P) Ltd. & five others	6	38.380	2003, 2004, 2005	6 to 4	2003, 2004, 2005	158.59	Encroachment case instituted, assessment & penalty levied. Eviction notices were issued. (December 2003).
9.	Rajgangpur E.E. (Elect.) Division, Rajgangpur	3	5.520	1999	10	1999	27.35	In one case encroachment case instituted in November 2009 in other two cases RI reported regarding encroachment of govt. land (March 2010) but encroachment case not booked.

(Rupees in lakh)

Sl. No.	Name of the tahasil Name of the Encroacher	No. of cases	Area in acre	Year of encroach-ment	Period of occupation as on March 2009 in years	Year of institution of cases	Current market value	Remarks
10.	Remuna GRIDCO, Balasore	1	2.000	1995	14	2007	8.39	RI concerned reported in November 2009 regarding encroachment of Govt. land in 2007 but encroachment case not booked.
11.	Rengali M.D. Shyam Power Ltd., Panda Co. & Others	10	23.330	2007-08	1	2007-08 and 2008-09	152.61	Encroachment case instituted, assessment and penalty levied. (February 2008 and January 2009).
12.	Similiguda E.E. Similiguda (Elect.) OSEB, Jeypore	1	0.300	1991	18	1991	3.00	Encroachment case instituted, assessment and penalty levied. (March 2008)
13.	Talcher Lingaraj Collieries , Talcher	1	19.170	2000	9	2000-01	18.51	Encroachment cases instituted, but assessment and penalty not levied. (January 2000).
14.	Talcher E.E. (Elect.) Division, Talcher and two others	3	1.330	2000 and 2005	9 and 4	2000 and 2005	171.09	Encroachment case booked in 2000 and 2005.
	Total	**42**	**106.438**				**733.46**	

ANNEXURE-XI

(Refer para 8.3.3.2)

Statement showing DISTCO-wise purchase and sale of energy and non-levy of ED in respect of EI (T&D), Balasore, Berhampur, Bhubaneswar and Rourkela

Energy Unit in MU and ED in Rupees

Name of the Company	Period	Total units purchased from GRIDCO	Units sold to EHT consumers	Balance units after sale to EHT consumers	Admissible T&D loss as per the norms fixed by OERC	Balance units for which ED was leviable	Unit for which ED was levied by the company	Units for which ED was short levied by the company	Amount of ED short levied @ ₹ 60,000/MU by treating it as consumption in the premises of the company
CESU	2006-07 to 2008-09	15,499.886	2,163.692	13,336.194	4,091.342	9,244.852	6,877.112	2,367.740	14,20,64,400
WESCO	2006-07 to 2008-09	15,728.000	4,061.754	11,666.246	3,028.191	8,638.055	6,583.491	2,054.564	12,32,73,840
SOUTHCO	2006-07 to 2008-09	5,983.323	631.674	5,351.649	1,662.515	3,689.134	2,616.157	1,072.977	6,43,78,620
NESCO	2008-09	4,544.978	1,448.636	3,096.342	789.567	2,306.775	1,525.073	781.702	4,69,02,120
Total		**41,756.187**	**8,305.756**	**33,450.431**	**9,571.615**	**23,878.816**	**17,601.833**	**6,276.983**	**37,66,18,980**

ANNEXURE-XII

(Refer para 8.4.1)

Statement showing borrowing agency-wise details of short levy of police receipts

(Amount in Rupees)

Sl. No.	Name of the borrowing agency	Amount leviable as per revised pay scales		Amount levied/claimed and demands raised		Amount Short levied	
		0055*	0071**	0055	0071	0055	0071
1.	Reserve Bank of India, Bhubaneswar	5,88,42,016	49,96,650	2,73,51,724	13,21,339	3,14,90,292	36,75,311
2.	State Bank of India (37 branches)	20,51,49,296	1,75,90,137	9,52,93,508	54,64,703	10,98,55,788	1,21,25,434
3.	Commercial Banks (27 branches)	14,72,21,781	1,20,99,399	6,46,67,738	33,48,154	8,25,54,043	87,51,245
4.	Door Darshan (3)/ All India Radio (4)	3,02,26,948	25,78,325	1,40,19,552	8,93,192	1,62,07,396	16,85,133
5.	Energy Police Station (4) and one CBI branch	4,42,95,387	37,51,426	1,92,03,623	15,47,637	2,50,91,764	22,03,789
6.	Others (3)	97,35,626	8,30,898	43,08,862	2,19,490	54,26,764	6,11,408
Total (80)		**49,54,71,054**	**4,18,46,835**	**22,48,45,007**	**1,27,94,515**	**27,06,26,047**	**2,90,52,320**

* Police Receipts.

** Contribution and recovery towards pension and other retirement benefits.

ANNEXURE-XIII

(Refer para 8.5.1)

Statement showing short realisation of revenue against lease of reservoirs during the period from 2004-05 to 2008-09

(Amount in rupees)

Sl. No.	Name of the ADFs	No. of reservoirs/Type of reservoir	Total MWSA area	Rate of lease value/royalty per annum	Amount of lease value and royalty leviable per annum	Amount of lease value and royalty realisable	Amount of lease value and royalty realised	Amount short realised
1.	Jharsuguda	1 (major)	8,422.00	210	17,68,620	88,43,100	4,21,100	84,22,000
		2 (minor)	125.00	340	42,500	2,12,500	42,500	1,70,000
2.	Sambalpur	1(minor)	134.52	340	45,737	2,28,684	67,260	1,61,424
3.	Kalahandi	12(minor)	725.50	340	2,46,670	12,33,350	7,52,665	4,80,685
4.	Bargarh	5(minor)	494.00	340	1,67,960	8,39,800	2,28,800	6,11,000
5.	Koraput	1(medium)	600.00	220	1,32,000	6,60,000	99,000	5,61,000
6.	Nuapara	5(minor)	2,032.00	340	6,90,880	34,54,400	10,84,048	23,70,352
7.	Rayagada	1(minor)	930.00	340	3,16,200	15,81,000	1,86,000	13,95,000
8.	Mayurbhanj	1(medium)	1,000.00	220	2,20,000	11,00,000	1,20,000	9,80,000
		10(minor)	2,637.00	340	8,96,580	44,82,900	2,91,480	41,91,420
9.	Sundergarh	3(minor)	555.50	340	1,88,870	9,44,350	2,49,960	6,94,390
10.	Malkangiri	2(minor)	770.00	340	2,61,800	13,09,000	1,48,800	11,60,200
11.	Nawarangpur	1(minor)	600.00	340	2,04,000	10,20,000	60,000	9,60,000
Total		**45**	**19,025.52**		**51,81,817**	**2,59,09,084**	**37,51,613**	**2,21,57,471**

ANNEXURE-XIV

(Refer para 8.5.2)

Statement showing ADF-wise details of loss of revenue due to non-leasing of reservoirs during the period from 2004-05 to 2008-09

(Amount in Rupees)

Sl No.	Name of the Reservoir	Name of the jurisdictional ADF	Type of Reservoir	MWSA in hectares	Rate of lease value per hectare per year	Royalty leviable per year per hectare	Total amount of lease value and royalty per year	Total amount of lease value leviable	Total amount of royalty leviable	Total outstanding amount of lease value and royalty for five years
1	Hirakud(Sect vi)	Bargarh	Major	2,963	200	10	6,22,230	29,63,000	1,48,150	31,11,150
2	Rengali (Part)	Angul	Major	14,933	200	10	31,35,930	1,49,33,000	7,46,650	1,56,79,650
3	Rengali(Part)	Deogarh	Major	16,250	200	10	34,12,500	1,62,50,000	8,12,500	1,70,62,500
4	Gohira	Deogarh	Minor	686	300	40	2,33,240	10,29,000	1,37,200	11,66,200
5	Upper Kolab	Koraput	Medium	3,500	200	20	7,70,000	35,00,000	3,50,000	38,50,000
6	Indravati (part)	Nawrangpur	Minor	300	300	40	1,02,000	4,50,000	60,000	5,10,000
7	Indravati (part)	Kalahandi	Major	6,957	200	10	14,60,970	69,57,000	3,47,850	73,04,850
8	Balimela	Malkangiri	Major	16,908	200	10	35,50,680	1,69,08,000	8,45,400	1,77,53,400
9	Kansabahal	Sundergarh	Minor	380.5	300	40	1,29,370	5,70,750	76,100	6,46,850
10	Bankabal	Mayurbhanj	Minor	770	300	40	2,61,800	11,55,000	1,54,000	13,09,000
Total								**6,47,15,750**	**36,77,850**	**6,83,93,600**

ANNEXURE-XV

(Refer para 8.5.3)

Statement showing ADF wise loss/non-realisation of revenue due to non-registration of lease agreements for validation within the lease period from 2004-05 to 2008-09

(Amount in rupees)

Sl. No.	Name of the ADF	Name of the reservoir/MSWA in hectare	Name of the lessee	Date of lease agreement/Period of lease	Lease value	Amount of SD and RF chargeable	Reasons for non-registration as stated by the Department
1.	Bargarh	Kumbha/67	Kumbha PFCS	2004-05 to 2008-09	20,100	2,010	The department was in touch with the PFCS and the Sub-Register for registration of the lease agreements
2.	-do-	Kulialijhor/07	Maa Chandi PFCS	2004-05 to 2008-09	21,000	2,100	-do-
3.	-do-	Padmapurnala/60	Rajbodasambar PFCS	2004-05 to 2008-09	18,000	1,800	-do-
4.	-do-	Victoria sagar/47	Jay Durga PFCS	2004-05 to 2008-09	14,100	1,410	-do-
5.	-do-	Jarbandha/250	Chakdhara PFCS	2004-05 to 2008-09	75,000	7,500	-do-
6.	Kalahandi	Asurgarh/51	Asuragarh PFCS	10.11.04 4/04 to 3/09	15,300	1,530	Matter will be moved with the Director of Fisheries (O), Cuttack for verification
7.	-do-	Turla/90	Adyasakti PFCS	10.11.04 4/04 to 3/09	27,000	2,700	-do-
8.	-do-	Bhaludar/48	Dhamidhar SHG Bhaludhar	10.11.04 4/04 to 3/09	14,400	1,440	-do-
9.	-do-	Kanteisir/60	Kesinga PFCS	10.11.04 4/04 to 3/09	18,000	1,800	-do-
10.	-do-	Kertaka/50	Nilakanteswari PFCS	10.11.04 4/04 to 3/09	15,000	1,500	-do-
11.	-do-	Kamuna sagar/50	Maamani Keswari PFCS	10.11.04 4/04 to 3/09	15,000	1,500	-do-
12.	-do-	Bhatrajore/165	Bhatrajore PFCS	10.11.04 4/04 to 3/09	33,534	3,353	-do-

(Amount in rupees)

Sl. No.	Name of the ADF	Name of the reservoir/MSWA in hectare	Name of the lessee	Date of lease agreement/Period of lease	Lease value	Amount of SD and RF chargeable	Reasons for non-registration as stated by the Department
13.	Kalahandi	Churiagarh/65	Churiagarh PFCS	10.11.04 4/04 to 3/09	19,500	1,950	Matter will be moved with the Director of Fisheries (O), Cuttack for verification
14.	-do-	Binayakpur/45	Maa Mate Devi SHG	10.11.04 4/04 to 3/09	13,500	1,350	-do-
15.	-do-	Behara/55	Maa Patarani Behera PFCS	10.11.04 4/04 to 3/09	16,500	1,650	-do-
16.	-do-	Karanjkot/42	Karanjkot PFCS	10.11.04 4/04 to 3/09	12,600	1,260	-do-
17.	-do-	Chahaka/67.5	Budharaja SHG	10.11.04 4/04 to 3/09	20,250	2,025	-do-
18.	Angul	Angul Fish Farm/13.25 AC	Narotham Sahoo	2004-05 to 2008-09	1,61,031	16,103	The records of rights have not yet been transferred to Fisheries department, hence the plot No. and Khata No. are not known
19.	-do-	Derjong Reservoir/ 530	Brajabandhu Sahoo	2004-05 to 2008-09	7,55,000	75,500	-do-
20.	Koraput	Muran/600	Muran PFCS	1.4.2004 to 31.3.2010	1,20,000	9,600	The matter shall be brought to the notice of DF (O), Cuttack for clarification on registration of lease deed.
21.	-do-	Jaganath Sagar/72	Jaganath Sagar PFCS Ltd.	1.4.2004 to 31.3.2009	17,280	1,728	-do-
22.	-do-	Kodigaon/72	Sri Ganesh PFCS Ltd.	1.4.2004 to 31.3.2010	17,280	1,728	-do-
23.	-do-	Lower Kolab/57	NAKTI SGH	1.4.2004 to 31.3.2010	17,100	1,710	-do-
24.	Nawarangpur	Podagada Dam/600	Podagada PFCS	1.4.2004 to 31.3.2010	1,80,000	18,000	Attempt to be made to register the lease agreements

(Amount in rupees)							
Sl. No.	**Name of the ADF**	**Name of the reservoir/MSWA in hectare**	**Name of the lessee**	**Date of lease agreement/Period of lease**	**Lease value**	**Amount of SD and RF chargeable**	**Reasons for non-registration as stated by the Department**
25.	Nawarangpur	Kanheimunda/52	Bahraj PFCS	1.4.2004 to 31.3.2010	15,600	1,560	Attempt to be made to register the lease agreements
26.	-do-	Kusumjhore/72	Kusumjhore PFCS	1.4.2004 to 31.3.2010	21,600	2,160	-do-
27.	-do-	Bhaskel/670	Bhaskel PFCS	1.4.2004 to 31.3.2010	2,01,000	20,100	-do-
28.	Kausalyagang	Kausalyagang/26	FISHFED	18.5.1996 till date	1,50,000	15,000	In spite of repeated reminders no action has been taken at the higher level
29.	-do-	Kausalyagang/23	FISHFED	1.10.2002 till date	1,44,900	14,490	-do-
	Total				**21,69,575**	**2,14,557**	

ANNEXURE-XVI

(Refer para 8.5.4)

Statement showing ADF wise details of non-remittance of sale proceeds into Government account

(Rupees in lakh)

Sl. No.	Name of the fish farm	Name of the ADF office	Amount realised	Amount remitted	Amount not remitted
1	Barkot F.F.	Deogarh	24.54	24.40	0.14
2.	Jeypore F.F.	Jeypore (Koraput)	43.62	42.30	1.32
3.	Pujariguda F.F.	Nawarangpur	25.09	16.39	8.70
4.	Ektali F.F.	Jharsuguda	7.36	6.51	0.85
5.	Bagh Munda F.F.	-do-	5.76	4.68	1.08
6.	Bomlai F.F.	Sambalpur	15.30	13.91	1.39
7.	Kausalyagang F.F.	Kausalyagang	69.92	67.42	2.50
Total			**191.59**	**175.61**	**15.98**