

Table of Contents

	Paragraph	Page
Preface		v
Overview		vii-x
PART A – RECEIPTS		
Chapter-I: General		
Trend of revenue receipts	1.1	1
Analysis of arrears of revenue	1.2	3
Arrears in assessments	1.3	4
Evasion of tax detected by the Department	1.4	4
Pendency of Refund cases	1.5	5
Response of the Government/ Departments towards Audit	1.6	5
Analysis of the mechanism for dealing with the issues raised by Audit	1.7	9
Audit Planning	1.8	11
Results of Audit	1.9	12
Coverage of this Report	1.10	12
Chapter-II: Commercial Tax		
Tax administration	2.1	13
Results of Audit	2.2	13
Incorrect/ excess allowance of Input Tax Rebate	2.3	13
Non/Short levy of Value Added Tax	2.4	15
Short levy of tax due to incorrect grant of exemption	2.5	16
Incorrect application of rate of tax	2.6	16
Long Draft Paragraph on “Levy and collection of entry tax”	2.7	17
Chapter-III: State Excise		
Results of Audit	3.1	23
Performance Audit on “Levy and collection of Excise Receipts”	3.2	24

Chapter-IV: Land Revenue		
Tax administration	4.1	41
Internal Audit	4.2	41
Results of Audit	4.3	41
Non recovery of cost of proceedings	4.4	42
Short levy of premium and ground rent	4.5	42
Short levy of stamp duty due to acceptance of unduly stamped instruments	4.6	43
Chapter-V: Taxes on Vehicles		
Tax administration	5.1	45
Internal Audit	5.2	45
Results of Audit	5.3	45
Non/ short levy of fee on issuing trade certificate	5.4	46
Non-realisation of tax from owners of goods and passenger vehicles	5.5	46
Short levy of vehicle tax	5.6	47
Short realisation of trade tax	5.7	48
Chapter-VI: Other Non-Tax Receipts		
Section A : Forestry and Wild Life		
Tax administration	6.1	49
Internal Audit	6.2	49
Results of Audit	6.3	49
Non recovery of inspection charges on the forest produce supplied to other Departments/ Organisations	6.4	50
Shortage of stock of forest produce in <i>nistar</i> depots	6.5	50
Non recovery of transit fee on transportation of forest produce	6.6	51
Shortage of forest produce in consumer depot	6.7	52
Short realisation of revenue in sale of forest produce from <i>nistar</i> depot	6.8	53
Section B: Non-ferrous Mining and Metallurgical Industries		
Tax administration	6.9	54
Internal Audit	6.10	54

Results of Audit	6.11	54
Non realisation of dead rent and interest thereon	6.12	55
PART B – EXPENDITURE		
Chapter-VII: Forestry and Wild Life		
Introduction	7.1	57
Results of Audit	7.2	57
Performance Audit on “ Production and Treatment of Bamboo in Chhattisgarh ”	7.3	58
Avoidable expenditure on plantation in areas already treated/ under treatment	7.4	81
Irregular expenditure on the nationalised trade of timber	7.5	83
Unfruitful expenditure on soil conservation work	7.6	84
Excess expenditure on security and upkeep of roadside plantation under MNREGA	7.7	85
Excess expenditure on solar powered fencing due to acceptance of higher rates	7.8	86
<i>Appendices</i>		89
<i>Glossary</i>		137

PREFACE

This Report for the year ended March 2014 has been prepared for submission to the Governor of Chhattisgarh under Article 151 of the Constitution of India.

The Report contains significant results of the performance audit and compliance audit of the Departments of the Government of Chhattisgarh under the Revenue Sector including Commercial Tax Department, State Excise Department, Land Revenue Department, Transport Department, Mineral Resources Department and Forest Department. However, Departments relating to Economic, General and Social Services sectors are excluded and covered in the Report on General, Social and Economic (Non-PSUs) Sector.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2013-14 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

OVERVIEW

This Report contains 19 paragraphs including one Performance Audit and one Long Draft Paragraph involving ₹ 288.99 crore relating to underassessment, non/short levy of revenue etc. under ‘**Part-A**’ out of which ₹ 257.76 crore was irrecoverable being avoidable notional loss to the Government and six paragraphs including one Performance Audit involving ₹ 123.42 crore relating to incorrect application of rates, non-raising of demands, irregular/ avoidable expenditure etc. under ‘**Part-B**’. Some of the major findings are mentioned below:

I. General

Total receipts of the Government of Chhattisgarh for the year 2013-14 were ₹ 32,050.26 crore. The revenue raised by the State Government amounted to ₹ 19,443.88 crore comprising tax revenue of ₹ 14,342.71 crore and non-tax revenue of ₹ 5,101.17 crore. The receipts from Government of India were ₹ 12,606.38 crore (States’ share of divisible Union taxes: ₹ 7,880.22 crore and Grants-in-aid: ₹ 4,726.16 crore). Thus, the State Government’s own contribution was 61 *per cent* of the total revenue.

(Paragraph 1.1)

At the end of June 2014, 10,419 audit observations involving ₹ 6,090.69 crore relating to 2,645 Inspection Reports issued upto June 2014 remained outstanding.

(Paragraph 1.6.1)

Test check of the records of 122 units of Commercial Tax, State Excise, Stamp Duty and Registration, Land Revenue, Mineral Resources, Transport, Forest and other Departmental offices conducted during the year 2013-14 showed under assessment/ short levy/ loss of revenue aggregating ₹ 1,459.36 crore in 1,26,405 cases. During the course of the year, the Departments concerned accepted underassessment and other deficiencies of ₹ 92.46 crore involved in 1,20,517 cases which were pointed out in audit during 2013-14. Out of this, the Departments recovered ₹ 5.98 lakh during 2013-14.

(Paragraph 1.9)

II. Commercial Tax

The Assessing Officers allowed incorrect/excess allowance of Input Tax Rebate of ₹ 27.26 lakh.

(Paragraph 2.3)

Application of incorrect rate of tax by the Assessing Officers led to non/short levy of Value Added Tax (VAT) of ₹ 1.64 crore.

(Paragraph 2.4)

Inaction on the part of Assessing Officer (AO) for not scrutinising the Chartered Accountant’s audit report resulted in short levy of tax of ₹ 13.63 lakh.

(Paragraph 2.5)

Failure on the part of AOs to levy entry tax as per the rate mentioned in the notification resulted in short realisation of entry tax of ₹ 67.05 lakh.

(Paragraph 2.7.10)

III. State Excise

A Performance Audit on “**Levy and Collection of Excise Receipts**” indicated the following deficiencies:

Absence of mechanism to cross verify the transactions between distilleries/bottling units and Chhattisgarh State Beverages Corporation Limited (CSBCL) as well as transactions between CSBCL and retail licensees resulted in short realisation of duty aggregating ₹ 2.96 crore.

(Paragraph 3.2.9)

The Department did not frame any rules to recover the licence fee of ₹ 178.41 crore from the licensees which was collected by them from the consumers during sale of liquor in excess of Minimum Guaranteed Quota.

(Paragraph 3.2.10)

Non-registration of bond executed on export of Indian Made Foreign Liquor (IMFL) led to non-realisation of stamp duty and registration fee amounting to ₹ 40.32 lakh.

(Paragraph 3.2.13)

Incorrect fixation of average duty of foreign liquor by the Excise Commissioner led to short realisation of duty and licence fee aggregating ₹ 79.35 crore.

(Paragraph 3.2.14)

Short realisation of process fee of ₹ 71.16 lakh due to non-clearance of bank drafts.

(Paragraph 3.2.15)

Non-recovery of duty of ₹ 98.58 lakh on unacknowledged/delayed receipt of verification reports of exported IMFL.

(Paragraph 3.2.16)

Non-realisation of duty of ₹ 63.79 lakh due to non-disposal of IMFL in miniature bottles.

(Paragraph 3.2.18)

IV. Land Revenue

Inaction on the part of the Collector to include cost of proceedings in RRCs resulted in short recovery of ₹ 11.23 lakh.

(Paragraph 4.4)

Inaction on the part of Collector to determine the market value in accordance with guidelines resulted in short levy of premium of ₹ 8.10 crore and land rent of ₹ 63.71 lakh.

(Paragraph 4.5)

V. Taxes on Vehicles

There was non/short levy of trade fee of ₹ 76.75 lakh in four Transport Offices.

(Paragraph 5.4)

Due to non-issue of notice of demand for recovery of the tax from the defaulting vehicle owners, there was non-realisation of tax amounting to ₹ 2.34 crore in seven transport offices.

(Paragraph 5.5)

There was non/short levy of trade tax of ₹ 1.52 crore in four Transport Offices.

(Paragraph 5.7)

VI. Other Non-Tax Receipts

Failure of the Divisional Forest Officers (DFOs) in imposition of inspection charges resulted in non-levy of ₹ 13 lakh.

(Paragraph 6.4)

Transit fee amounting to ₹ 7.63 crore was not realised on transportation of forest produce extracted and transported from forest area.

(Paragraph 6.6)

Shortages in the materials in consumer depots and inaction of the Department to address these shortages resulted in loss amounting to ₹ 8.78 lakh.

(Paragraph 6.7)

Subsidised rates prescribed by the Government for sale of forest produce were not adhered to by the DFO, which resulted in short realisation of sale price of forest produce amounting to ₹ 36.09 lakh.

(Paragraph 6.8)

Inaction on the part of DMOs to monitor the lease cases resulted in non-realisation of dead rent and interest of ₹ 12 lakh.

(Paragraph 6.12)

VII. Forestry and Wild life (Expenditure)

A Performance Audit on “**Treatment and Production of Bamboo in Chhattisgarh**” indicated the following deficiencies:

Non-evaluation of treatment of degraded bamboo forest resulted in irregular expenditure of ₹ 26.47 crore.

(Paragraph 7.3.10.1)

Execution of treatment of degraded bamboo forests in ineligible areas resulted in irregular/ avoidable expenditure of ₹ 9.73 crore.

(Paragraph 7.3.10.3)

Non observance of job rates fixed by the Conservators of Forests while treating the degraded bamboo forests resulted in excess expenditure of ₹ 2.52 crore.

(Paragraph 7.3.10.5)

Non observance of norms and job rates fixed by the Department for treatment of degraded bamboo forests resulted in excess expenditure of ₹ 73.96 lakh.

(Paragraph 7.3.10.6)

Treatment of degraded bamboo forest in naxal affected areas where bamboo could not be felled, resulted in doubtful/ unfruitful expenditure of ₹ 2.11 crore.

(Paragraph 7.3.10.8)

Department incurred expenditure of ₹ 28.26 crore on bamboo plantation. However, it failed to evaluate the success/ failure of the plantation.

(Paragraph 7.3.11.1)

Non-exploitation of due bamboo coupes having 1.91 lakh hectare bamboo area resulted in loss of revenue amounting to ₹ 39.10 crore. Besides, the Department did not plan for exploitation of bamboo area in naxal affected area and unprofitable coupes were not treated further.

(Paragraph 7.3.12.1)

There were huge variations between estimates and actual production of bamboo which resulted in non-realisation of revenue to the tune of ₹ 4.71 crore.

(Paragraph 7.3.12.2 (A))

Expenditure of ₹ 1.09 crore, incurred on plantation at ineligible sites was avoidable and in violation of provisions of Working Plans and departmental instructions.

(Paragraph 7.4)

Non-observance of departmental norms in preparation of plantation projects as well as strict economy and financial control in spending public funds resulted in excess expenditure of ₹ 3.20 crore.

(Paragraph 7.7)

CHAPTER-I: GENERAL

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by the Government of Chhattisgarh during the year 2013-14, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grant-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned in **Table–1.1.1**.

Table – 1.1.1
Trend of revenue receipts

(₹ in crore)

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Revenue raised by the State Government					
	• Tax Revenue	7,123.25	9,005.14	10,712.25	13,034.21	14,342.71
	• Non-tax Revenue	3,043.00	3,835.32	4,058.48	4,615.95	5,101.17
	Total	10,166.25	12,840.46	14,770.73	17,650.16	19,443.88
2.	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties	4,380.66	5,425.19	6,320.44	7,217.60	7,880.22 ¹
	• Grants-in-aid	3,606.74	4,453.89	4,776.21	4,710.33	4,726.16
	Total	7,987.40	9,879.08	11,096.65	11,927.93	12,606.38
3.	Total revenue receipts of the State Government (1 and 2)	18,153.65	22,719.54	25,867.38	29,578.09	32,050.26
4.	Percentage of 1 to 3	56	57	57	60	61

(Source: Finance Accounts of the Government of Chhattisgarh)

The above table indicates that during the year 2013-14, the revenue raised by the State Government (₹ 19,443.88 crore) was 61 *per cent* of the total revenue receipts. The balance 39 *per cent* of the receipts during 2013-14 was from the Government of India.

1.1.2 The details of the tax revenue raised during the period 2009-10 to 2013-14 are given in **Table 1.1.2**.

¹ For details, refer "tax revenue" of Statement 11, detailed account of revenue by minor heads of the Finance Account of the Government of Chhattisgarh 2013-14. The amount under the minor head 901- share of net proceeds assigned to the State booked under the major heads 0020- Corporation tax, 0021- Taxes on income other than Corporation Tax, 0032- Taxes on wealth, 0037- Customs, 0038- Union excise duty and 0044- Service tax under 'A-tax revenue' have been excluded from the revenue raised by the State and included in the State's share of divisible Union taxes in this statement.

Table 1.1.2
Details of Tax Revenue raised

(₹ in crore)

Sl. No.	Head of Revenue		2009-10	2010-11	2011-12	2012-13	2013-14	Percentage of increase (+) or decrease (-) in 2013-14 over 2012-13
1.	Taxes on sales, trade etc.	BE	3,447.12	4,524.13	6,000.00	7,310.20	8,436.00	15.40
		Actual	3,712.16	4,840.79	6,006.25	6,928.65	7,929.51	14.45
2.	State excise	BE	1,158.00	1,390.00	1,550.00	2,200.00	2,675.00	21.59
		Actual	1,187.72	1,506.44	1,596.98	2,485.68	2,549.15	2.55
3.	Taxes and duties on electricity	BE	528.25	554.31	600.00	780.00	1,000.00	28.21
		Actual	416.91	502.53	637.97	860.75	1,020.44	18.55
4.	Stamps Duty & Registration Fee	BE	515.00	650.35	875.00	950.00	1,150.00	21.05
		Actual	583.13	785.85	845.82	952.47	990.24	3.97
5.	Taxes on Goods and Passengers	BE	560.00	6.16	700.00	950.00	1,192.00	25.47
		Actual	696.10	675.14	825.67	954.31	945.44	(-)0.93
6.	Taxes on vehicles	BE	351.47	410.00	475.00	605.71	731.38	20.74
		Actual	351.88	427.52	502.18	591.75	651.07	10.02
7.	Land Revenue	BE	120.36	170.00	250.00	346.00	415.00	19.94
		Actual	159.68	247.37	270.56	234.11	226.06	(-) 3.44
8.	Other tax receipts	BE	11.54	13.90	12.14	19.27	25.62	32.95
		Actual	15.67	19.50	26.82	26.49	30.80	16.31
Total		BE	6,691.74	7,718.85	10,462.14	13,161.18	15,625.00	18.72
		Actual	7,123.25	9,005.14	10,712.25	13,034.21	14,342.71	10.03

(Source: Finance Accounts of the Government of Chhattisgarh)

The respective Departments reported the following reasons for variation:

Taxes and duties on electricity: The increase (18.55 *per cent*) was due to increase in rates and receipt of electricity duty/cess of previous years.

Taxes on vehicles: The increase (10.02 *per cent*) was due to increase in number of registration of new vehicles.

Taxes on sales, trade etc.: The Commercial Tax Department, despite being requested (April 2014 and June 2014), did not furnish the reasons for variations in receipts from that of the previous year.

1.1.3 The details of the non-tax revenue raised during the period 2009-10 to 2013-14 are indicated in **Table 1.1.3:**

Table 1.1.3
Details of Non-tax revenue raised

(₹ in crore)

Sl. No.	Head of Revenue		2009-10	2010-11	2011-12	2012-13	2013-14	Percentage of increase (+) or decrease (-) in 2013-14 over 2012-13
1.	Non-Ferrous Mining and Metallurgical Industries	BE	1,685.40	2,150.00	2,700.00	3,105.00	3,510.00	13.04
		Actual	1,660.87	2,470.44	2,744.82	3,138.18	3,236.01	3.12
2.	Other non-tax receipts	BE	887.89	832.62	852.07	624.54	1,048.86	67.94
		Actual	710.21	666.76	418.96	513.45	729.70	42.12
3.	Forestry and wild life	BE	365.00	400.00	400.00	405.00	450.00	11.11
		Actual	345.85	305.17	341.64	363.96	405.91	11.53
4.	Interest receipts	BE	262.19	232.63	302.40	321.94	399.14	23.98
		Actual	220.70	170.95	216.57	243.13	380.64	56.67
5.	Major and medium irrigation	BE	129.00	285.40	282.71	391.46	426.11	8.85
		Actual	105.37	222.00	336.49	357.23	348.64	(-)2.40
Total		BE	3,329.48	3,900.65	4,537.18	4,847.94	5,834.11	20.34
		Actual	3,043.00	3,835.32	4,058.48	4,615.95	5,101.17	10.51

(Source: Finance Accounts of the Government of Chhattisgarh)

Forestry and wild life: The increase (11.53 per cent) was due to increase in sale of forest produce.

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2014 on some principal heads of revenue amounted to ₹ 809.01 crore of which ₹ 452.45 crore was outstanding for more than five years, as detailed in the **Table 1.2**:

Table 1.2
Arrears of revenue

(₹ in crore)

Sl. No.	Head of Revenue	Total amount outstanding as on 31 March 2014	Amount outstanding for more than five years as on 31 March 2014	Reply of Department
1.	Taxes on Sales, Trade etc.	607.03	419.54	Recovery is being done by the concerned field offices.
2.	Taxes and Duties on Electricity	131.38	2.67	The Revenue Recovery Certificate of ₹ 63.15 crore was issued in 15 cases and for remaining amount demand notices have since been issued.
3.	State Excise	30.45	21.87	These cases are under judicial process before High Court, Revenue Board and the Commissioner.
4.	Taxes on Vehicles	20.55	4.09	Demand notices have since been issued to concerned vehicle owners regarding the recovery.
5.	Stamps and Registration Fees	15.37	1.50	District Registrars (DR) would issue demand notices and take necessary recovery.
6.	Forestry and Wild Life	3.15	1.70	The reasons not mentioned by the Department.
7.	Non-Ferrous Mining and Metallurgical Industries	1.08	1.08	Instructions have been issued to the Mining Officers to conduct special drive for recovery.
Total		809.01	452.45	

(Source: Figures furnished by the concerned Departments)

It would be seen from the table that recovery of ₹ 452.45 crore was pending for more than five years and it was 56 *per cent* of the total outstanding amount and sincere efforts are required to be made to recover them. Arrears of ₹ 809.01 crore were pending with the departmental authorities.

1.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed off during the year and number of cases pending for finalisation at the end of the year as furnished by the Commercial Tax Department in respect of VAT, Professional tax, Entry tax, Luxury tax and tax on works contracts is as below in **Table 1.3**.

Table 1.3
Arrears in assessments

Head of revenue	Opening balance	New cases due for assessment during 2013-14	Total assessments due	Cases disposed off during 2013-14	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	2	3	4	5	6	7
Value Added Tax	53,305	57,853	1,11,158	49,778	61,380	44.78
Professional Tax	5,866	10,915	16,781	5,741	11,040	34.21
Entry Tax	24,234	24,812	49,046	31,112	17,934	63.43
Luxury Tax	366	474	840	464	376	55.24
Tax on works contract	3,190	2,711	5,901	4,010	1,891	67.95
Total	86,961	96,765	1,83,726	91,105	92,621	49.59

(Source: Figures furnished by the Department)

The above table indicates that at the end of the year 2013-14, only 50 *per cent* of the total assessment cases had been disposed off by the Department.

The Government may initiate timely action for expeditious disposal of the pending cases to maximise revenue.

1.4 Evasion of tax detected by the Department

The details of cases of evasion of tax detected by the Commercial Tax Department, cases finalised and the demands for additional tax raised as reported by the Department are given in **Table 1.4**.

Table 1.4
Evasion of tax

(₹ in crore)

Sl. No.	Head of Revenue	Cases pending as on 31 March 2013	Cases detected during 2013-14	Total	Number of cases in which assessment/ investigation completed and additional demand with penalty etc. raised		Number of cases pending for finalisation as on 31 March 2014
					No. of cases	Amount of Demand	
1.	Taxes on Sales, Trade etc.	171	89	260	221	92.90	39
Total		171	89	260	221	92.90	39

(Source: Figures furnished by the Department)

It would be seen from Table 1.4 that the number of cases pending at the end of the year has been reduced than number of cases pending at the beginning of the year.

It may be seen from Table 1.4 that the Department finalised 221 cases, which is 85 *per cent* of total cases which were due for finalisation during the year 2013-14.

1.5 Pendency of refund cases

The number of refund cases pending at the beginning of the year 2013-14, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2013-14 as reported by the Department is given in **Table 1.5**.

Table 1.5
Details of pendency of refund cases

Sl. No.	Particulars	(₹ in crore)	
		Sales Tax/ VAT No. of cases	Amount
1.	Claims outstanding at the beginning of the year	217	13.44
2.	Claims received during the year	2,939	188.73
3.	Refunds made during the year	2,300	175.33
4.	Balance outstanding at the end of year	856	26.84

(Source: Figures furnished by the Department)

It can be seen from the above table that refunds were allowed in 73 *per cent* cases only.

Chhattisgarh VAT Act provides for payment of interest, at the rate of one *per cent* per month, if the excess amount is not refunded to the dealer within 60 days from the date of passing of the order for refund and till the refund is made. Hence, delay in disposal of refund claims has interest liability.

1.6 Response of the Government/ Departments towards Audit

The Accountant General (Audit), Chhattisgarh conducts periodical inspection of the Government Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the inspection reports (IRs) incorporating observations 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 comply promptly 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 IRs. Serious financial irregularities are reported to the Heads of the Department and the Government.

Inspection reports issued upto June 2014 revealed that 10,419 paragraphs involving ₹ 6,090.69 crore relating to 2,645 IRs remained outstanding at the end of June 2014 as mentioned below in **Table 1.6** alongwith the corresponding figures for the preceding two years.

Table 1.6
Details of pending Inspection Reports

	June 2012	June 2013	June 2014
Number of IRs pending for settlement	2,185	2,549	2,645
Number of outstanding audit observations	8,428	9,943	10,419
Amount of revenue involved (₹ in crore)	4,495.26	5,930.53	6,090.69

1.6.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2014 and the amounts involved are mentioned in the **Table 1.6.1**.

Table 1.6.1
Department-wise details of IRs (₹ in crore)

Sl. No.	Name of the Department	Nature of Receipt		No. of outstanding IRs	No. of outstanding audit observations	Money value involved
1.	Commercial Tax	Taxes on Sales, Trade etc.		416	2,614	375.67
2.	Commercial Tax (Excise)	State Excise		123	332	328.54
		Entertainment tax		65	85	1.97
3.	Revenue	Land Revenue		553	1,684	457.08
4.	Transport	Taxes on motor vehicles		137	1,009	130.66
5.	Commercial Tax (Registration)	Stamp and registration fees		223	611	85.30
6.	Mineral Resources	Non-ferrous mining and metallurgical industries		134	452	819.21
7.	Forest	Forestry and wild life	Receipts	321	960	1,005.42
			Expenditure	371	1,558	591.11
8.	Energy	Taxes and duties on Electricity		13	62	1,644.41
9.	Revenue Board		Expenditure	1	10	0.13
10	Other Tax Departments	Other Receipts	Revenue	288	1,042	651.19
Total				2,645	10,419	6,090.69

Audit did not receive even the first replies from the heads of offices within one month from the date of issue of the IR, for 85 IRs (69.67 *per cent*) issued during 2013-14. This large pendency of the IRs due to non-receipt of the replies is indicative of the non-serious attitude of the Heads of Department (HoDs) towards audit observations.

HoDs may take serious note of the audit observations and comply with the request of replying within the stipulated period.

1.6.2 Departmental audit committee meetings

The Government sets up audit committees to monitor and expedite the progress of the settlement of the IRs and paragraphs in the IRs. The details of

the audit committee meetings held during the year 2013-14 and the paragraphs settled are mentioned in **Table 1.6.2**.

Table 1.6.2
Details of Departmental audit committee meetings (₹ in crore)

Sl. No.	Head of revenue	Number of meetings held	Number of paras settled	Amount
1.	Non-Ferrous and Metallurgical Industries	01	0	0
2.	Taxes on Sales, Trade etc.	02	43	2.24
Total		03	43	2.24

It may be seen from the above table that during 2013-14 the Mineral resources and Commercial Tax Departments convened only one and two ACMs respectively in which only 43 paragraphs involving money value of ₹ 2.24 crore were settled. The progress of settlement of paragraphs pertaining to the Mineral resources and Commercial Tax Departments was negligible as compared to the huge pendency of the IRs and paragraphs; despite holding Departmental ACMs. Other departments did not take any initiative to hold ACMs.

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

1.6.3 Non-production of records to audit for scrutiny

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

During the year 2013-14 as many as 67 assessment files, returns, refunds, registers and other relevant records were not made available to audit. Break up of these cases are given in **Table 1.6.3**.

Table 1.6.3
Details of non-production of records

Name of the Office/Department	Year in which it was to be audited	Number of cases not audited	Tax amount
Commercial Tax (Registration)	2013-14	39	NA
Commercial Tax Department	2013-14	25	NA
Land Revenue	2013-14	03	NA
Total		67	

Non-production of records seriously hamper audit in discharging the Constitutional responsibility and deprives the State of additional revenue that may accrue due to audit.

1.6.4 Response of the Departments to the draft audit paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the AG to the Principal Secretaries/ Secretaries of the concerned Departments, drawing their

attention to audit findings and requesting them to send their response within six weeks. The fact of non-receipt of the replies from the Departments/ Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Forty seven draft paragraphs clubbed into 25 paragraphs including two Performance Audits and one Long Draft Paragraph (LDP) were sent to the Principal Secretaries/ Secretaries of the respective Departments between May 2014 and August 2014. **The Principal Secretaries/ Secretaries of the Departments did not send replies to 20 draft paragraphs and the same have been included in this Report without the response of the Departments.**

1.6.5 Follow up on the Audit Reports-summarised position

According to the instructions issued by the Finance Department, all Departments are required to furnish explanatory memoranda (Departmental Notes) to the Chhattisgarh *Vidhan Sabha* Secretariat, in respect of paragraphs included in the Audit Reports, within three months of their being laid on the table of the House. 131 paragraphs (including performance audit) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Chhattisgarh for the years ended 31 March 2008, 2009, 2010, 2011 and 2012 were placed before the State Legislative Assembly between February 2009 and March 2013. The action taken explanatory notes from the concerned Departments on these paragraphs were received late with average delay of four months in respect of each of these Audit Reports, respectively. Action taken explanatory notes in respect of 13 paragraphs from five Departments (Land Revenue, Mineral Resources, State Excise, Forest and Finance) had not been received for the Audit Report year ended 31 March 2004 to 2012 so far (31 March 2014).

The PAC discussed 87 selected paragraphs pertaining to the Audit Reports for the years from 1999-00 to 2009-10 and its recommendations on 66 paragraphs were incorporated in their 2003-04 to 2012-13 Report. However, ATNs have not been received in respect of 14 recommendations of the PAC from the departments concerned as mentioned below in the **Table 1.6.5**.

Table 1.6.5
Details of non-receipt of ATNs in respect of recommendations

Year	Name of the Department							Total
	Excise	Forest	Registration	Transport	Commercial Tax	Mineral Resources	Electricity	
1999-00	1	--	--	--	--	--	--	1
2000-01	--	--	1	--	--	--	--	1
2002-03	--	--	--	--	3	--	--	3
2004-05	--	1	--	--	--	1	--	2
2005-06	--	--	--	--	--	1	--	1
2006-07	--	--	--	--	1	--	--	1
2007-08	1	--	--	2	--	--	1	4
2008-09	--	--	--	1	--	--	--	1
Total	2	1	1	3	4	2	1	14

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

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

The succeeding paragraphs 1.7.1 to 1.7.2 discuss the performance of the Energy Department under revenue head taxes and duties on electricity and cases detected in the course of local audit during the last 10 years and also the cases included in the Audit Reports for the years 2003-04 to 2012-13.

1.7.1 Position of Inspection Reports

The summarised position of the inspection reports issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2014 are tabulated below in **Table-1.7.1**.

Table 1.7.1
Position of Inspection Reports (₹ in crore)

Sl. No.	Year	Opening Balance			Addition during the year			Clearance during the quarter			Closing balance during the year		
		IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
1.	2004-05	1	2	4.56	0	0	0.00	0	1	0.20	1	1	4.36
2.	2005-06	1	1	4.36	1	3	0.79	0	2	0.02	2	2	5.13
3.	2006-07	2	2	5.13	0	0	0.00	0	0	0.00	2	2	5.13
4.	2007-08	2	2	5.13	2	8	60.99	0	1	0.01	4	9	66.11
5.	2008-09	4	9	66.11	2	8	49.42	0	1	0.00	6	16	115.53
6.	2009-10	6	16	115.53	0	0	0.00	0	0	0.00	6	16	115.53
7.	2010-11	6	16	115.53	3	13	579.32	0	0	0.00	9	29	694.85
8.	2011-12	9	29	694.85	0	0	0.00	0	0	0.00	9	29	694.85
9.	2012-13	9	29	694.85	4	33	949.56	0	0	0.00	13	62	1,644.41
10.	2013-14	13	62	1,644.41	0	0	0.00	0	0	0.00	13	62	1,644.41

The Government arranges Audit Committee Meetings between the Department and AG's office to settle the old paragraphs. As it would be evident from the above table, against one outstanding IRs with two paragraphs as on start of 2004-05, the number of outstanding IRs increased to 13 with 62 paragraphs at the end of 2013-14. No ACM was conducted for Energy Department so far.

1.7.2 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Energy Department and the amount recovered are mentioned in **Table 1.7.2**:

Table 1.7.2

(₹ in crore)

Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	Amount recovered during the year	Cumulative position of recovery of accepted cases as of 31.03.2014
2003-04	--	--	--	--	--	--
2004-05	--	--	--	--	--	--
2005-06	2	1.30	1	0.47	--	0.36
2006-07	--	--	--	--	--	--
2007-08	3	57.76	1	28.03	--	0.39
2008-09	3	23.79	2	21.51	--	17.50
2009-10	--	--	--	--	--	--
2010-11	1	1.13	1	1.13	--	0.99
2011-12	1	1,186.17	1	1,090.76	14.02	101.32
2012-13	--	--	--	--	--	--
Total	10	1,270.15		1,141.90	14.02	120.56

It is evident from the above table that the progress of recovery even in accepted cases was very slow throughout the last 10 years. The recovery of accepted cases was to be pursued as arrears recoverable from the concerned parties. Further, the arrear cases including accepted audit observations were not available with the office of the Chief Electrical Inspector, Energy Department. In absence of a suitable mechanism, the Department could not monitor the recovery of accepted cases.

The Department may take immediate action to pursue and monitor prompt recovery of the dues involved in accepted cases.

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

The drafts of Performance Audits (PAs) conducted by the AG are forwarded to the concerned Department/Government for their information with a request to furnish their replies. These PAs are also discussed in exit conference and the Department's/Government's views are included while finalising the Audit Reports.

The following PA on the Energy Department featured in Audit Reports in the last five years. The details of recommendations and their status are given in **Table 1.7.3:**

Table 1.7.3

Year of report	Name of the Performance Audit	Number of recommendations	Details of recommendation	Status
2011-12	Levy and collection of electricity duty	5	1) The Government may consider prescribing a mechanism to ensure that the monthly returns are submitted regularly and in time in the prescribed format and introducing a periodic return from CEI to the Government containing the information regarding duty payable, paid and balance to be deposited.	The instruction had since been issued in April 2013 to all Divisional Officers to submit the returns regularly.
			2) Make necessary amendment in Chhattisgarh Electricity Duty Act/ <i>Upkar Adhiniyam</i> to avoid levy of cess at two different points and resultant additional burden on the consumers.	Department did not accept the recommendation.
			3) Ensure withdrawal of the existing Industrial Policy prior to introduction of a new policy.	Department did not accept the recommendation.
			4) Ensure necessary co-ordination with the Industries Department while allowing exemption from payment of electricity duty.	Department did not accept the recommendation.
			5) Establish an Internal Audit Wing in the Department	A request letter had been sent in May 2013 for the formation of an Internal Audit Wing to the Government.

1.8 Audit Planning

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

During the year 2013-14, there were 456 auditable units, of which 120 units were planned and 122 units had been audited, which is 26.75 *per cent* of the total auditable units. Compliance Audit and Performance Audits were conducted simultaneously during the year 2013-14, and due to this nine planned units could not be audited, however 11 units were audited out of plan which were selected for the Performance Audit (*Appendix-1.1*).

Besides the compliance audit mentioned above, two Performance Audits and one Long Draft Paragraph (LDP) was also taken up to examine the efficacy of the tax administration of these receipts.

1.9 Results of audit

Position of local audit conducted during the year

Test check of the records of 122 units² of Commercial Taxes, State Excise, Stamp Duty and Registration, Land Revenue, Receipts from Mines and Minerals, Taxes on vehicles, Forest and other Departmental offices conducted during the year 2013-14 showed under-assessment/ short levy/ loss of revenue aggregating ₹ 1,459.36 crore in 1,26,405 cases. During the course of the year, the Departments concerned accepted under assessment and other deficiencies of ₹ 92.46 crore involved in 1,20,517 cases which were pointed out in audit during 2013-14. The Departments collected ₹ 5.98 lakh in five cases during 2013-14, pertaining to the audit findings of previous year.

1.10 Coverage of this Report

This Report contains 19 paragraphs including one Performance Audit (**Levy and collection of excise receipts**) and one Long Draft Paragraph (**Levy and collection of entry tax**) involving ₹ 288.99 crore relating to underassessment, non/short levy of revenue etc. under '**Part-A**' out of which ₹ 257.76 crore was irrecoverable being avoidable notional loss to the Government and six paragraphs including one Performance Audit(**Production and Treatment of bamboo in Chhattisgarh**) involving ₹ 123.42 crore relating to incorrect application of rates, non-raising of demands, irregular/avoidable expenditure, etc. in the Forest Department under '**Part-B**'. The Departments/ Government have accepted audit observations involving ₹ 90.19 crore out of which ₹ 1.19 crore had been recovered. The replies in the remaining cases have not been received (December 2014). These are discussed in succeeding Chapters II to VII.

2

(₹ in crore)

Sl. No.	Head of Revenue		No. of units audited	No. of cases	Amount	Accepted		Recovery	
						Cases	Amount	Cases	Amount
1.	Taxes on Sale, Trade etc.		24	240	20.21	01	0.002	01	0.0085
2.	State Excise		05	2011	280.03	100	7.24	0	0
3.	Land Revenue		28	11999	616.27	9166	29.44	0	0
4.	Taxes on Vehicles		09	110930	6.13	110930	6.13	0	0
5.	Non-ferrous Mining and Metallurgical Industries		07	639	25.46	144	4.71	04	0.0513
6.	Forestry and Wildlife	Rev. (16)	22	56	217.51	10	0.16	0	0
		Exp. (16+6)		209	284.95	39	41.15	0	0
7.	Stamp Duty & Registration fee		27	321	8.80	127	3.63	0	0
Total			122	126405	1459.36	120517	92.462	5	0.0598

CHAPTER II: COMMERCIAL TAX

2.1 Tax administration

Commercial Tax/ Value Added Tax laws and rules framed thereunder are administered at the Government level by the Secretary. The Commissioner is the head of the Commercial Tax Department is assisted by four Additional Commissioners of Commercial Tax (Addl. CCTs), 12 Deputy Commissioners (DCs), 26 Assistant Commissioners (ACs), 72 Commercial Tax Officers (CTOs), 121 Assistant Commercial Tax Officers (ACTOs) and 174 Commercial Tax Inspectors (CTIs). Against the above sanctioned posts, seven DCs, 16 ACs, 52 CTOs, 67 ACTOs and 93 CTIs are presently working in the Department.

2.2 Results of Audit

In 2013-14, we test checked the assessment records of 24 out of 52 units relating to Value Added Tax (VAT), Central Sales Tax (CST) and Entry Tax (ET) and other records and found underassessment of tax and other irregularities involving ₹ 20.21 crore in 240 cases, which fall under the following categories as given in **Table 2.1**:

Table 2.1

(₹ in crore)

Sl. No.	Category	No. of cases	Amount
1	Non/ short levy of tax	99	3.01
2	Incorrect grant of exemption/deduction	17	1.93
3	Application of incorrect rate of tax	34	1.32
4	Incorrect determination of taxable turnover	12	0.87
5	Other irregularities	77	11.92
6	Long Draft Paragraph (LDP) on “Levy and collection of entry Tax”	1	1.16
Total		240	20.21

During the course of the year, the Department accepted one case involving ₹ 28,000 relating to incorrect determination of taxable turnover and realized ₹ 85,000 (including interest and penalty).

After issue of Draft Paragraphs, the Department recovered full amount of ₹ 4.56 lakh in three cases.

A few illustrative cases involving ₹ 3.24 crore including findings of LDP on “Levy and collection of entry tax” are discussed in the following paragraphs.

2.3 Incorrect/ excess allowance of Input Tax Rebate

According to Section 13 (1) of CGVAT Act, when a registered dealer purchases any goods specified in Part I, II and IV of Schedule II other than those specified in Schedule III (Capital expenditure on land and civil construction for use in manufacture or trade, including office building and other related constructions, furniture and fixtures including air conditioners

and refrigerators, petrol and diesel and motor cars, two wheelers, parts and accessories thereof, capital goods used in manufacture, providing service or trading activities not liable to tax under the Act etc.) within the State of Chhattisgarh from such dealer after payment to him of input tax, for use or consumption of such goods for/ in the manufacture in State of any goods mentioned in Schedule II for sale within the State or in the course of inter-State trade or commerce or in the course of export out of territory of India or for use as capital goods in the course of business within the State of Chhattisgarh, a rebate of input tax shall be claimed by or be allowed to him, input tax rebate of such amount of tax, in such manner and within such period as may be prescribed.

We found during test check of 263 assessment cases out of 741 cases of two ACCTs between November 2012 and October 2013 that in two cases the Assessing Officers (AOs) concerned had allowed (April 2011 and August 2011) excess/ incorrect Input Tax Rebate (ITR) of ₹ 27.26 lakh on purchases made by the dealers as detailed below:

Table 2.2

(₹ in lakh)

Sl. No.	Name of Unit	Assessment year (Month & Year of assessment)	ITR Allowable	ITR Allowed	Excess ITR Allowed	Nature of Observation
1	AC-II, Division-I, Bilaspur	2007-08 (April 2011)	0	19.15	19.15	The dealer purchased computers for providing services. Hiring services are not taxable under the Act, allowance of ITR is not correct. However the Assessing Officer allowed ITR on purchase of capital goods.
2	AC, Commercial Tax, Raipur	2007-08 (August 2011)	0	8.11	8.11	The dealer had transferred stock of Ferro alloys of ₹ 12.14 crore outside the State manufactured out of tax-paid raw material which was 27.63 per cent of total sales (₹ 43.95 crore). As the dealer had stock transferred finished goods made out of tax-paid goods, the corresponding ITR should have been reduced.

After we pointed this out (May 2014), the Government stated (October 2014) that the cases would be re-opened under Section 22 (1).

Similar issue was pointed out in Para No. 2.11 of Audit Report (Revenue Receipts) for the year ended 31 March 2013, for which the Government had stated that demand notice of ₹ 1.02 crore had been issued in three cases. The nature of lapses/ irregularities are still persisting which shows ineffectiveness of the Internal Control System of the Department to prevent recurring leakage of revenue.

2.4 Non/ Short levy of Value Added Tax

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

We found during test check of 3,945 assessment cases out of 16,593 cases of 13¹ AOs between February 2012 and November 2012 that while finalising the assessment between May 2010 and August 2012 the AOs concerned applied lower rate of VAT due to incorrect classification of goods in 26 cases. The difference between the rate of tax leviable and levied ranged between four to 12.5 *per cent*. This resulted in non/ short realisation of tax of ₹ 1.64 crore (*Appendix 2.1*).

After we pointed this out (May 2014), the Government stated (October 2014) that in six cases demand notices of ₹ 47.14 lakh have since been issued and the remaining 20 cases would be re-opened under Section 22 (1) of the Act.

Similar issue was pointed out in Para No. 2.12 of Audit Report (Revenue Receipts) for the year ended 31 March 2013, for which the Government stated that demand notice of ₹ 40.56 lakh were issued in four cases and out of which ₹ 14.07 lakh had been recovered in two cases. The nature of lapses/ irregularities are still persisting which shows ineffectiveness of the Internal Control System of the Department to prevent recurring leakage of revenue.

¹ AC, Korba; AC-V, Division II, Raipur; AC (T.L. Dhruv), Raipur; AC, Division I, Raipur; AC (K.K. Arya), Raipur; AC IV, Raipur; CTO II Bilaspur; CTO I, Korba; CTO I, Raigarh and CTO II, IV, V and IX, Raipur

Central Sales Tax Act

2.5 Short levy of tax due to incorrect grant of exemption

According to Section 8 of the Central Sales Tax (CST) Act, 1956 read with Taxation Laws (Amendment) Act, 2007 effective from April 2007; the inter-State sales made by registered dealers against 'C' form will be taxable at the rate of three *per cent*. Further, the Government reduced the rate by one *per cent* while such goods were manufactured and sold by small scale industries, whose investment in plant and machinery does not exceed rupees one crore.

We found (April 2012) during test check of 104 assessment cases out of 213 cases of Assistant Commissioner-I, Division-I, Bilaspur that a dealer engaged in manufacture and sale of chemicals had sold goods of ₹ 13.90 crore against 'C' forms during the period 2007-08. While finalising the assessment (March 2011), the AO levied tax at the rate of two *per cent* amounting ₹ 27.25 lakh treating as small scale industry. Further scrutiny of Chartered Accountant's audit report we noticed that the dealer had Plant and Machinery of more than rupees one crore at the time of assessment. Thus, the dealer was not eligible for concessional rate and tax of ₹ 40.88 lakh at the rate of three *per cent* was leviable. Thus, failure on the part of AO for not scrutinising the audit report resulted in short levy of tax of ₹ 13.63 lakh.

After we pointed this out (May 2014), the Government replied (October 2014) that the case would be re-opened under Section 22 (1).

2.6 Incorrect application of rate of tax

According to Section 8 of CST Act, 1956 every dealer, who in the course of inter-state trade or commerce sells goods other than declared goods without 'C' form shall be liable to pay tax at the rate applicable to the sale of such goods inside the State. According to entry 1 of part IV of Schedule II of the CGVAT Act, all other goods not included in Schedule I and in Part I, Part II and Part III of this Schedule are taxable at the rate of 12.5 *per cent*. Furniture being a residuary good is taxable at 12.5 *per cent*.

We found (May 2013) during test check of 178 assessment cases out of 3,068 cases of CTO, Circle-I, Raigarh that a dealer engaged in manufacture and sale of fabricated furniture, had sold the furniture of ₹ 36.82 lakh outside the State without 'C' form during the year 2007-08. However, the AO while assessing the case (August 2011) levied tax of ₹ 1.47 lakh at the rate of four *per cent*. Since the furniture being residuary item, tax was leviable at the rate of 12.5 *per cent* on the same amounting to ₹ 4.60 lakh. Thus, inaction on the part of AO to verify the entries of Schedule and levy tax accordingly resulted in short levy of tax of ₹ 3.13 lakh.

After we pointed this out (May 2014), the Government replied (October 2014) that demand notice of ₹ 5.34 lakh had been issued. Report on recovery is awaited (December 2014).

2.7 Levy and collection of entry tax

2.7.1 Introduction

The Commercial Tax Department is responsible for levy and collection of entry tax as per the rates mentioned in the Schedule I, II and III of the Chhattisgarh Entry Tax (CGET) Act, 1976. The contribution of the entry tax to the total tax revenue of the State during the last five years ranged between 5.64 and 8.50 *per cent*. The Chhattisgarh *Sthaniya Kshetra Me Mal Ke Pravesh Par Kar Adhiniyam*, 1976 as adopted and termed as CGET Act, provides for levy of tax on entry of goods in the course of business in the local areas in the State of Chhattisgarh. As per Section 3 of CGET Act, entry tax is leviable on the entry of goods in the course of business of a dealer into each local area for consumption, use or sale therein and on the entry in course of business of a dealer of goods specified in Schedule into each local area for consumption or use of such goods, but not for sale therein. Further, Section 4-A of the CGET Act provides for levy of entry tax at enhanced rate as notified by the State Government for use or consumption in the manufacture of other goods. Under the Industrial Policies promulgated from time to time by the Government, dealers are granted exemption from payment of entry tax on certain terms and conditions. The Government also grants exemption from payment of entry tax vide notifications subject to fulfilling certain conditions.

2.7.2 Scope of Audit and methodology

We conducted test check of assessment cases of 10² DCs/ ACs/ CTOs out of 52 Assessing Officers (AOs) on simple random sampling basis with a view to evaluate the efficiency and effectiveness of the Department in enforcing the system and procedure prescribed for levy and collection of entry tax. The Audit was conducted between April 2014 and June 2014. During the course of Audit 1,936 out of 2,643 assessment cases were scrutinised. The draft report was forwarded to the Government in August 2014. The exit conference was held in September 2014 wherein the audit findings were discussed. The Government was represented by the Additional Chief Secretary, Commercial Tax Department, whereas the Commissioner represented the Department. The replies received during the exit conference and at other points of time have appropriately been included in the relevant paragraphs.

2.7.3 Audit objectives

The audit was conducted to ascertain:

- whether the Department had adequate system in place to ensure levy and collection of Entry Tax in accordance with the prescribed provisions of Act/Rules/procedures etc;
- whether exemptions/concessions were allowed as per the Rules/provisions of the Act; and
- whether adequate and effective internal control mechanism exists in the Department to ensure proper assessment by the AOs.

² DC (Hqr), Raipur; AC III, Durg; AC, Raigarh; AC (Hqr) Div.I, Raipur; AC I, Div.II Raipur; CTO II Durg; CTO II, Korba and CTO V, VII, VIII, Raipur,

2.7.4 Audit Criteria

The provisions of the following Act, Rules and circulars of Commercial Tax Department were used as audit criteria:

- Chhattisgarh Entry Tax Act, 1976; and
- Various notifications/orders issued by the Government/ Department.

2.7.5 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation of the Commercial Tax Department for providing requisite information and records to Audit.

2.7.6 Trend of revenue receipts from entry tax

Actual receipts from entry tax during the years 2009-10 to 2013-14 along with the total tax receipts of the State during the period are shown below:

Table 2.3

(₹ 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
2009-10	560.00	605.65	45.65	8.15	7,123.25	8.50
2010-11	616.00	508.31	(-)107.69	(-)17.48	9,005.14	5.64
2011-12	700.00	823.75	123.75	17.68	10,712.25	7.69
2012-13	950.00	952.25	2.25	0.23	13,034.21	7.30
2013-14	1192.00	945.44	(-)246.54	(-)20.68	14,342.72	6.59

(Source: Finance Accounts of Government of Chhattisgarh)

It may be seen from the above table that the percentage of variation of the actual receipts to the Budget Estimate (BE) was more than 17 *per cent* during the year 2010-11, 2011-12 and 2013-14. The actual receipt with respect to BE fell short between 17.48 *per cent* and 20.68 *per cent* during the year 2010-11 and 2013-14 respectively while it increased by 17.68 *per cent* in 2011-12 which indicates unrealistic estimates while budgeting.

During exit conference the Government stated (September 2014) that the large variation between BE and actual was mainly due to grant of exemption from payment of entry tax and fluctuations of prices of commodities. Further, the variation is also due to the matter regarding payment of entry tax by M/s. Bhilai Steel Plant, pending with the Hon'ble Supreme Court.

2.7.7 Arrears of entry tax

We requested (April 2014) the Department (Commissioner) to provide year wise details of arrears of entry tax. During the Exit Conference, the Government also assured (September 2014) that the information would be provided within 10 days. However, the required information is still awaited (December 2014).

The above facts indicate that monitoring mechanism to ensure the realisation of the arrears of entry tax was lacking in the Department.

2.7.8 Lack of coordination with Industries Department

As per Notification No. 41 of September 2005, new industrial units are exempted in whole from payment of entry tax subject to certain conditions mentioned in the notification. Further, Annexure-III (b)(iii) of the notification stipulates that to avail exemption there shall be no substantial reduction in production. Substantial reduction in production shall be deemed to have occurred if the production of the same product has fallen below the level of the average production of the preceding five years or 60 *per cent* of the installed capacity, whichever is less.

Under the Industrial policies promulgated from time to time by the Government, industrial units are granted exemption from payment of entry tax on fulfillment of certain terms and conditions. Such incentives are payable upto a specified period. The Industries Department issues the exemption certificate and the Commercial Tax Department allows the exemption from payment of entry tax.

We found during scrutiny of 192 assessment cases out of 239 cases of Assistant Commissioner III, Durg that a dealer engaged in the manufacture and sale of Cast Iron (CI) ingot, mould, base plate etc. was exempted (June 2007) from the payment of entry tax for the period April 2005 to April 2010 being a new industry. The installed capacity of this industrial unit was 9,000 MT. Further scrutiny of balance sheet of the industry revealed that the production of the industry ranged between 24.11 *per cent* and 33.16 *per cent* with respect to the installed capacity as below:

Table 2.4

Year	Installed capacity (in MT)	60 <i>per cent</i> of installed capacity (in MT)	Actual production (in MT)	Percentage of production
2005-06	9,000	5,400	2,329.03	25.88
2006-07	9,000	5,400	2,169.93	24.11
2007-08	9,000	5,400	2,984.21	33.16

It may be seen from the above table that the production of the industry was much below the prescribed percentage since the commencement of commercial production. Thus, as per the condition iii (b) of the Annexure III the company was not eligible for exemption from payment of entry tax. However, instead of referring the matter to the Industries Department for reconsideration of exemption, the AO allowed (August 2011) the exemption from payment of entry tax. Thus, lack of co-ordination with Industries Department not only led to irregular exemption of entry tax of ₹ 8.92 lakh but also resulted in extension of undue benefit to the industry.

During the exit conference, the Government stated (September 2014) that action would be taken after verification.

2.7.9 Absence of clear provision

As per Section 4-A of CGET Act, 1976 read with Notification No. 84 of September 2003, high speed diesel oil, kerosene and solvent, if not borne VAT, the entry tax at the rate of 25 *per cent* is leviable.

We found during test check of 487 assessment cases out of 519 cases of AC, Raigarh that in two cases of a dealer engaged in the manufacture of explosives assessed in April 2011 and November 2013, had purchased Organic Composite Solvent (OCS) of ₹ 36 lakh during the year 2007-08 and 2009-10 from outside the State. As per the notification entry tax of ₹ 9 lakh at the rate of 25 *per cent* was leviable. However it is not clearly mentioned in the notification as to which type of solvent is taxable at the above rate. Due to lack of clarity regarding solvent in the notification the AO levied the tax amounting to ₹ 36,000 at the rate of one *per cent* treating it as a chemical and the Government could not realise the entry tax of ₹ 8.64 lakh.

During the exit conference, the Government stated (September 2014) that the notification would be looked into and necessary steps would be taken to resolve the issue.

The Government may ensure to issue a clear notification in the interest of revenue.

2.7.10 Application of incorrect rate of entry tax

As per Section 4-A of CGET Act, 1976 read with Notification No. 20 of April 2003 entry tax at the rate of five *per cent* shall be leviable on 'steel pipe' for consumption or use in the manufacture of other goods.

During scrutiny of 768 assessment cases out of 768 cases of AC Korba, assessed between September 2008 and April 2011, we found that two dealers engaged in purchase and maintenance of machinery parts and coal beneficiation assessed in May 2013, had purchased steel pipe of ₹ 25.10 crore and ₹ 1.20 crore respectively during the period 2005-06 to 2007-08 from outside the State and used it in the manufacture of other goods. As per notification No. 20 of April 2003, entry tax amounting to ₹ 1.31 crore was leviable. However, the AO levied entry tax of ₹ 62.75 lakh at the rate of 2.5 *percent* on the purchase of ₹ 25.10 crore and ₹ 1.20 lakh at the rate of one *percent* on the purchase of ₹ 1.20 crore. Thus, failure on the part of AOs to levy the entry tax as per the rate mentioned in the notification resulted in short realisation of entry tax of ₹ 67.05 lakh.

During the exit conference, the Government stated (September 2014) that demand notice has since been issued for recovery of ₹ 67.53 lakh.

2.7.11 Short/ non levy of entry tax

2.7.11.1 As per Notification No. 17 of March 2006, iron and steel as specified in categories (iv) and (v), hoops and strips falling in category (vi) of clause (IV) of Section 14 of the CST Act are exempted from payment of entry tax when these goods are manufactured in a steel re-rolling mill situated in the State.

We found during test check of 192 assessment cases out of 239 cases of Assistant Commissioner III, Durg that a dealer engaged in purchase and sale of iron and steel had purchased waste and scrap, cutting, plate mill end shearing (PMES) and mill ends of ₹ 2.49 crore from outside the local area. As these items are mentioned in category (i) and (xvi) of clause (IV) of Section 14 of CST Act, entry tax amounting to ₹ 3.74 lakh was leviable at the rate of 1.5 *per cent*. However, the AO allowed (April 2011) the exemption from payment of entry tax treating it as re-rolling products. Thus, incorrect action on the part of AO to levy tax in accordance with the provisions of the notification resulted in the non levy of entry tax of ₹ 3.74 lakh.

During the exit conference, the Government stated (September 2014) that the cases would be re-opened as per the Act and necessary action would be taken.

2.7.11.2 As per Section 3 of CGET Act, 1976 there shall be levied an entry tax on the entry in the course of business of a dealer specified in Schedule II, into each local area for consumption, use or sale therein. Further, those goods not covered in Schedule I and II are covered in Schedule III is taxable at the rate of one *per cent*. As per entry no. 27(b), 29, 35 and 54 of Schedule II, entry tax at the rate of one *per cent* is leviable on bricks, sand, air conditioner and machinery. Packing material and doors & windows are covered under Schedule III.

During test check of 150 assessment cases out of 270 cases assessed of DC, Raipur we found that a dealer had purchased and used goods of ₹ 9.64 crore mentioned in Schedule II and III of the CGET Act. As per the Act, entry tax at the rate of one *per cent* amounting to ₹ 9.64 lakh was leviable. However the AO (January 2012) levied the tax of ₹ 5.20 lakh without any basis which resulted in short realisation of entry tax of ₹ 4.44 lakh (*Appendix 2.2*).

During the exit conference, the Government stated (September 2014) that the case is being reopened under Section 22(1) of the Act.

2.7.11.3 As per Section 3 of CGET Act, 1976 there shall be levied an entry tax on the entry in the course of business of a dealer as rates specified in Schedule II, into each local area for consumption, use or sale therein.

We found during test check of 2,074 assessment cases out of 3,117 cases of eight³ AOs while finalising the assessment between December 2009 and November 2013 that in 20 cases, the AOs concerned applied lower rate due to incorrect classification of goods valuing ₹ 16.20 crore. The difference between the rate of tax leviable and levied ranged between 0.5 to 7.5 *per cent*. This resulted in non/short realisation of tax of ₹ 19.99 lakh (*Appendix 2.3*).

During the exit conference the Government stated (September 2014) that two cases have been re-opened under Section 22(1); action is being taken in 17 cases. In the remaining case it was stated that pass-pass is a mouth freshener and cannot be termed as *pan masala* because it does not contain betel nuts and *katha*. The reply is not acceptable as, on the packet it is written “the fun mouth freshener with *katha*” which asserts that the *katha* is one of its contents.

³ DC, (Hqr.), Division I, Raipur; AC II, Durg; AC, Korba; AC, Raigarh; AC I, Division II, Raipur; CTO, Ambikapur; CTO II, Durg and CTO V, Raipur

2.7.11.4 As per Section 3 of CGET Act, 1976 a dealer is liable to pay entry tax on the entry in the course of business of a dealer of goods specified in Schedule III into each local area for consumption or use of such goods but not for sale therein at the rate of one *per cent*.

We found during test check of 408 assessment cases out of 572 cases of four⁴ AOs while finalising the assessment between August 2011 and October 2013 that in 10 cases the AOs concerned applied lower rate due to incorrect classification of goods valuing ₹ 12.78 crore. The difference between the rate of tax leviable and levied ranged between 0.5 to one *per cent*. This resulted in non/short realisation of tax of ₹ 11.78 lakh (*Appendix 2.4*).

During the exit conference, the Government stated (September 2014) that seven cases would be re-opened under Section 22(1) and in three cases information is being collected.

2.7.12 Internal control mechanism

The Internal Audit Wing (IAW) of a Department is a vital arm of the internal control mechanism and is generally defined as the control of all controls to enable an organisation to assure itself that the prescribed systems are functioning reasonably well. We however noticed that IAW was not in existence leaving the Department vulnerable to risk of leakage of revenue. During the exit conference, the Government stated (September 2014) that Internal Audit Wing would be established in due course to strengthen the internal control mechanism.

The Government may establish an Internal Audit Wing in the Department to strengthen the internal control mechanism.

2.7.13 Conclusion

The Audit revealed a number of compliance and system deficiencies leading to leakage in revenue as per the entries specified in the Act/ Schedule and absence of clarity in notifications as discussed in preceding paragraphs and requires top attention at the Government/ Department level. We observed that:

- Lack of coordination between Industries Department and Commercial Tax Department led to irregular exemption from payment of entry tax.
- Lack of clarification regarding type of solvent in notification led to short levy of entry tax; and
- Department failed to monitor the assessments made by AOs as per the entries specified in Act/Schedule due to absence of IAW and internal control mechanism.

⁴ DC (Hqr.), Division II Raipur; AC, Raigarh; AC I, Division I, Raipur and AC (Hqr.), Division II, Raipur

CHAPTER-III: STATE EXCISE

3.1 Results of Audit

In 2013-14, test check of the records of 15 out of 27 units revealed non/short levy of excise duty/ penalty and other irregularities involving ₹ 280.03 crore in 2,011 cases, which is detailed in Table 3.1:

Table-3.1

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
1.	Performance Audit on “Levy and collection of Excise Receipts”	1	263.58
2.	Non/short levy of excise duty	43	12.20
3.	Non levy of penalty for failure to maintain minimum stock of spirit in warehouses	3	3.15
4.	Other irregularities	1,964	1.10
Total		2,011	280.03

During the course of the year, the Department accepted non/short levy of excise duty and other deficiencies of ₹ 7.24 crore in 100 cases.

A performance audit on “Levy and collection of Excise Receipts” having money value of ₹ 263.58 crore is discussed in the following paragraphs.

3.2 LEVY AND COLLECTION OF EXCISE RECEIPTS

Highlights

- Absence of mechanism to cross verify the transactions between distilleries/bottling units and Chhattisgarh State Beverages Corporation Limited (CSBCL) as well as transactions between CSBCL and retail licensees resulted in short realisation of duty aggregating ₹ 2.96 crore.

(Paragraph 3.2.9)

- The Department did not frame any rules to recover the licence fee of ₹ 178.41 crore from the licensees which was collected by them from the consumers during sale of liquor in excess of Minimum Guaranteed Quota.

(Paragraph 3.2.10)

- Non-adherence of provisions of Country Spirit Rules regarding chemical analysis before it is issued for human consumption led to supply of substandard country spirit.

(Paragraph 3.2.11.2)

- Non-registration of bond executed on export of IMFL led to non-realisation of stamp duty and registration fee amounting to ₹ 40.32 lakh.

(Paragraph 3.2.13)

- Incorrect fixation of average duty of foreign liquor by the Excise Commissioner led to short realisation of duty and licence fee aggregating ₹ 79.35 crore.

(Paragraph 3.2.14)

- Short realisation of process fee of ₹ 71.16 lakh due to non-clearance of bank drafts.

(Paragraph 3.2.15)

- Non-recovery of duty of ₹ 98.58 lakh on unacknowledged/delayed receipt of verification reports of exported IMFL.

(Paragraph 3.2.16)

- Non-realisation of duty of ₹ 63.79 lakh due to non-disposal of IMFL in miniature bottles.

(Paragraph 3.2.18)

3.2.1 Introduction

Receipts from State Excise comprises of receipts from duty, fee or confiscation imposed or ordered under the provisions of the Chhattisgarh Excise Act, 1915 and rules and notifications issued there under. It also includes revenue from manufacture, possession and sale of liquor, *bhaang* and poppy heads. The Department has the ownership of the liquor shops and gives annual licences to private contractors through lottery to sell country spirit, foreign liquor, *bhaang* and poppy from their shops. Licences for manufacture of liquor are granted and renewed every year by the Excise Commissioner on payment of the prescribed fee subject to prior approval of the State Government.

3.2.2 Organisational setup

Secretary cum Excise Commissioner (EC) is the administrative head of the Department. He is responsible for formulation and implementation of the excise policy. Two Additional Excise Commissioners and one Assistant Excise Commissioner (AEC) assist him at the headquarters. The Department has three divisions each headed by a Dy. Commissioner (DC) who supervises district offices, distilleries and bottling plants in the division. The Collector is the head of excise administration in each of the 27 districts and is assisted by AEC/District Excise Officer (DEO) at district headquarters/distilleries.

Chhattisgarh has three distilleries, nine bottling plants and five bottling plants with franchise for foreign liquor. Distilleries and warehouses are owned by private parties under administrative control of the Government. There are 26 warehouses in the State. The distilleries/bottling plants/warehouses are controlled and supervised by DEO/Assistant DEO/ Excise Inspector.

Role of Chhattisgarh State Beverages Corporation Limited

The Government decided (November 2001) for wholesale supply of Indian made foreign liquor (IMFL) through Chhattisgarh State Beverages Corporation Limited (CSBCL). The CSBCL is the sole authority to purchase IMFL from producers/suppliers and store it in its godowns. A retail vendor, after paying requisite duty for the quantity of IMFL required, obtains a transport permit from the concerned DEO/AEC and on the basis of permit, the CSBCL issues IMFL to the retail vendors.

3.2.3 Audit objectives

The Performance audit was conducted with a view to ascertain:

- whether adequate and sufficient procedure exists in the Department for assessment and collection of excise duty and licence fees and its credit to Government Account;
- whether the provisions of the Excise Policy were effectively implemented and were adequate to stop leakage of revenue; and
- whether an internal control mechanism exists in the Department and is adequate and effective.

3.2.4 Audit criteria

The following Acts and Rules were used as audit criteria:

- Chhattisgarh Excise Act, 1915;
- Chhattisgarh Excise Settlement of Licences for Retail Sale of Country/Foreign Liquor Rules, 2002;
- Chhattisgarh Distillery Rules, 1995;
- Chhattisgarh Foreign Liquor Rules, 1996;
- Chhattisgarh Country Spirit Rules, 1995; and
- Instructions issued by the Excise department from time to time.

3.2.5 Scope and methodology of Audit

“Levy and collection of excise receipts” was reviewed earlier, which featured as paragraph 3.2 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2008, Government of Chhattisgarh highlighting non-establishment of departmental laboratory in the State, excess wastage in transportation of bottled country spirit etc.

For the present Performance Audit on “**Levy and collection of excise receipts**” we conducted test check of the records for the period 2009-10 to 2013-14. The office of the EC, 11¹ out of 27 DEOs/AECs, six² out of 14 bottling units and two³ out of three distilleries were selected on the basis of simple random sampling without replacement with a view to evaluate the efficiency and effectiveness of the Department in enforcing the system and procedure prescribed for levy and collection of excise receipts. Audit was conducted between March 2014 and June 2014. Audit revealed number of system/compliance deficiencies which are discussed in the succeeding paragraphs. An entry conference with the Commissioner-cum Secretary of Excise, State Excise Department was held on 2 May 2014 wherein the scope of audit, methodology and audit objectives were discussed. The draft report was forwarded to the Government and the Department on 24 July 2014. The exit conference was held on 22 August 2014 wherein the audit findings, conclusions and recommendations were discussed. The Government was represented by the Commissioner-cum-Secretary of State Excise. The replies received during the exit conference and at other points of time have appropriately been included in the relevant paragraphs.

3.2.6 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation of the State Excise Department in providing necessary information and records to audit.

¹ Ambikapur, Bilaspur, Bastar, Janjgir-Champa, Kawardha, Korba, Mahasamund, Mungeli, Raigarh, Raipur and Rajnandgaon

² M/s Aegis Beverages Pvt. Ltd., M/s Crown Distilleries Ltd, M/s Golden Prince Wines India Pvt. Ltd, M/s Legend Distilleries Pvt. Ltd, M/s Raipur Bottling Company and M/s Sarveshvari Bottling and Beverage Pvt. Ltd.

³ M/s Bhatia Wine Merchants Pvt. Ltd. and M/s Welcome Distilleries Pvt. Ltd

3.2.7 Trend of receipts of State Excise

Actual receipts from State Excise during the years 2009-10 to 2013-14 along with the total tax receipts of the Government of Chhattisgarh during the period are mentioned below:

Table-3.2

(₹ 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 receipts
2009-10	1,158.00	1,187.72	29.72	2.57	7,123.25	16.67
2010-11	1,390.00	1,506.44	116.44	8.38	9,005.14	16.73
2011-12	1,550.00	1,596.98	46.98	3.03	10,712.25	14.91
2012-13	2,200.00	2,485.68	285.68	12.99	13,034.21	19.07
2013-14	2,675.00	2,549.15	(-) 125.85	(-) 4.70	14,342.71	17.77

(Source: Finance Accounts of Government of Chhattisgarh)

It may be seen from the above table that the percentage of actual receipts over total receipts during 2009-10 to 2012-13 has gradually increased from 16.67 to 19.07 *per cent*. However, the same decreased to 17.77 *per cent* during 2013-14. The Department intimated that revenue decreased due to receipt of less number of applications for allotment of liquor shops than that of previous year.

3.2.8 Arrears of excise revenue

The following table depicts the position of arrears of revenue during the period 2009-10 to 2013-14:

Table-3.3

(₹ in crore)

Year	Opening balance of arrears	Addition during the year	Recovery made during the year	Closing balance of arrears
2009-10	23.26	2.42	0.08	25.60
2010-11	25.60	0.37	0.67	25.30
2011-12	25.30	0.04	0.46	24.88
2012-13	24.88	6.57	0.41	31.04
2013-14	31.04	0.00	0.59	30.45

(Source: Figures furnished by the Department)

The above table indicates that sincere efforts were not made to recover old dues. The recovery ranged between ₹ 8 lakh to ₹ 67 lakh against arrears of ₹ 23 crore to ₹ 31 crore during the five years. The Government may issue necessary instructions for realisation of the arrears in a time bound manner.

Settlement of shops

The Government of Chhattisgarh enacted “Chhattisgarh Excise Settlement of Licences for Retail Sale of Country/ Foreign Liquor Rules 2002” with effect from 15th March 2002. When a new licence is proposed to be granted in an area or locality, the licensing authority (Collector) invites applications for this purpose after giving wide publicity through daily newspapers having circulation in that area. In case, more than one application is received for shops/groups, the concerned Collector selects the application through software developed by National Informatics Center (NIC) for grant of licence. The Government settled the shops/groups for IMFL/country spirit for the period 2009-10 to 2013-14 as detailed below:

Table-3.4

Year	Number of sanctioned shops	Number of settled shops	Number of unsettled shops	Percentage of unsettled shops
2009-10	1074	1074	Nil	Nil
2010-11	1054	1054	Nil	Nil
2011-12	815	815	Nil	Nil
2012-13	731	727	4	0.01
2013-14	719	719	Nil	Nil

It may be seen from the above table that the Department achieved its target of settlement of shops during the audit period.

Audit observations**System deficiencies**

Chhattisgarh Government has appointed CSBCL as the sole agent for procurement and storage of IMFL in Chhattisgarh. Other retailers lift the required quantity of IMFL after paying the duty and obtaining permit from the concerned DEO/AEC.

As per excise policy issued from time to time, Minimum Guaranteed Quota (MGQ) is determined on the basis of demand and actual consumption of liquor for the first six months of the previous year for any shop.

The annual excise policy issued by the EC provides that revenue from sale of liquor through country/foreign liquor shops situated in the State upto 2011-12 was divided into two parts i.e. 60 *per cent* licence fee and 40 *per cent* duty. Further, it was amended to 65 and 35 *per cent* respectively from 2012-13 onwards.

Various system deficiencies noticed during Audit are discussed in subsequent paragraphs.

3.2.9 Deficiencies noticed during cross verification of data

As per Rule 8(i) and (j) of the Chhattisgarh Foreign Liquor Rules 1996, licensee of FL 9/FL 9A (a licence granted for bottling of foreign liquor who manufacture and bottle foreign liquor by blending) may sell or transfer foreign liquor to FL-10

(a licence granted for storage and distribution of foreign liquor).CSBCL is the FL-10 licensee in Chhattisgarh. Further, the EC fixed the average duty of IMFL at ₹ 71.50 per Proof Litre (PL) for the period 2011-12 and 2012-13 and ₹ 90 per PL for the year 2013-14.

We collected information regarding dispatch and receipt of foreign liquor from FL-9/9A and FL-10 licensees. During the cross verification, we noticed cases of short and excess receipt of foreign liquor in FL-10 as discussed in succeeding paragraphs:

3.2.9.1 Absence of mechanism to verify dispatch/receipt of foreign liquor from distillery/bottling unit to CSBCL

As per the information provided by the FL 9/9A licensees, 1.62 crore PL of foreign liquor was dispatched to CSBCL during 2011-12 to 2013-14. But, CSBCL intimated that only 1.58 crore PL of foreign liquor had been received. This shows shortfall of 3.86 lakh PL of foreign liquor received at CSBCL. Neither AECs/DEOs verified the transactions nor EC instructed to cross check the dispatch and receipt of foreign liquor. Thus, in absence of a mechanism to monitor the transactions, the Department could not detect the irregularities resulting in short realisation of duty amounting to ₹ 2.81 crore (*Appendix 3.1*).

During the exit conference, the Government stated (August 2014) that the dispatch from distilleries/bottling units would be reconciled from the records of CSBCL and would be intimated to Audit. Further, a mechanism would be devised to monitor the transactions periodically.

3.2.9.2 Short realisation of duty due to non-verification of transactions between CSBCL and retail licensees

As per Rule 14 of Chhattisgarh Excise Settlement of Licences for Retail Sale of Country/ Foreign Liquor Rules 2002, a licensee of retail foreign liquor shop shall obtain foreign liquor from CSBCL after making payment of duty in the concerned district treasury. Further, the concerned DEO/AEC issue a permit to the licensee on production of *challan*. The CSBCL supplies the quantity of liquor to licensee as mentioned in the permit. There was no system in the Department to cross verify the quantity mentioned in the permit and the actual quantity of liquor lifted from CSBCL.

During test check of the MGQ registers of six⁴ out of 11 selected units we found that 15 out of 322 licensees of retail foreign liquor shops lifted 16.29 lakh PL of IMFL and 6.99 lakh Bulk Litre (BL) of malt between 2011-12 and 2013-14 after payment of duty. Further, we cross verified the information with the CSBCL and found that the licensees had actually lifted 16.43 lakh PL of IMFL and 7.20 lakh BL of malt from CSBCL between 2011-12 and 2013-14. Thus, the licensees had lifted excess of 0.14 lakh PL of IMFL and 0.21 lakh BL of malt without paying the duty. There was no system in place to cross verify the departmental figures

⁴ AECs Bilaspur, Janjgir-Champa, Korba, Raigarh and DEOs Bastar and Surguja

regarding quantity of foreign liquor issued with the records of CSBCL. The DEOs/AECs also failed to verify/monitor the transactions. This resulted in short realisation of duty of ₹ 15.42 lakh (*Appendix 3.2*).

During the exit conference, the Government stated (August 2014) that the DEOs/AECs has since been instructed for verification of permits issued by them.

We recommend that the Government may devise a mechanism to cross verify the transactions between distilleries/bottling units and CSBCL as well as transactions between CSBCL and retail licensees. IT based systems may be used for speedy reconciliation and to maintain accuracy.

3.2.10 Undue benefit to retailers by not recovering licence fee collected from consumers where sale is in excess of MGQ

As per Rule 2(5) of the Chhattisgarh Excise Settlement of Licences for Retail Sale of Country/Foreign Liquor Rules, 2002, 'Licence fee' means a sum fixed in consideration of the grant of the licence for exclusive privilege for selling of country/foreign liquor in a retail shop as fixed by the EC in consultation with the Government from time to time for the whole year or part thereof. Further, Rule 15 and 17 of the CG Excise policy, 2002 (as amended from time to time) provides the Secretary cum Commissioner to fix the brand-wise sale price and minimum lifting of MGQ fixed for a month respectively.

Rule 16 stipulates that a licensee may lift excess quantity of country/foreign liquor than the MGQ fixed for his shop for a year after paying the duty. No rules have been framed to collect the licence fee where the licensee lifts quantity in excess of the MGQ fixed for the country/foreign liquor. Furthermore, as per the information provided by the Commissioner, sale price includes landing price, margin of CSBCL, duty, licence fee etc.

During test check of the records relating to fixation of MGQ and lifting of country/foreign liquor in the 11 selected districts we found that as per records of CSBCL and DEOs/AECs, 1,121 out of 1,177 shops had lifted foreign liquor spirit, foreign liquor malt and country liquor 52.29 lakh PL, 31.62 lakh BL and 102.21 lakh PL respectively in excess of MGQ fixed during 2011-12 to 2013-14. Though the licensees had deposited the duty on excess liquor lifted, they did not deposit the licence fee collected from the consumers on sale of liquor. It was clear that the Department did not frame any rules for licensees to deposit the licence fee collected from the consumers where sale was in excess of MGQ. Thus, the Government was deprived of revenue of ₹ 178.41 crore (*Appendix 3.3*).

During the exit conference, the Government stated (August 2014) that the policies of the other States would be analysed and excise policy of the State would be amended, if necessary.

We recommend that the Government may introduce requisite provision to collect the licence fee from the licensee where sale is in excess of MGQ. The Government may also ensure to recover the licence fee already collected from the consumers by the licensees during the audit period.

3.2.11 Non-existence of Departmental Laboratory

3.2.11.1 Non-testing of fermentable sugar in case of grain in Government laboratory

Rule 5(4) of Chhattisgarh Distillery Rules, 1995 stipulates that as per the report furnished by the departmental laboratory or the Government approved laboratory, as the case may be, the Distillery Officer shall calculate the minimum quantity of alcohol which would have been produced by the distiller on the basis of minimum prescribed. In case recovery is below the prescribed minimum, the Distillery Officer shall call for the explanation from the distiller and forward the same along with his comments to the DC of the respective division. If necessary, the DC will make necessary enquiries and furnish the report to the EC for orders.

During test check of the fermentation and distillation registers of two distilleries (M/s Bhatia Wine Merchants Pvt. Ltd., Mungeli and M/s Welcome Distilleries Pvt. Ltd, Bilaspur), we found that these distillers had produced alcohol from grain i.e. rice. Both the distillers manufactured 1,194.02 lakh PL of alcohol in 2,371 setups between 2009-10 and 2013-14. The percentage of fermentable sugar found in the setups ranged between 57.60 to 64.92 and 41.85 to 63.63 in M/s Bhatia Wine Merchants Pvt. Ltd. and M/s Welcome Distilleries Pvt. Ltd, respectively as mentioned below:

Table-3.5

Name of the distillery	Year	Grain used (in Quintals)	No. of Setups	Percentage of fermentable sugar	Yield (PL)
M/s Bhatia Wine Merchants Pvt. Ltd., Mungeli	2009-10	1,93,995	265	57.60 to 62.60	1,13,28,276.30
	2010-11	3,44,805	430	61.46 to 62.44	2,02,53,197.00
	2011-12	3,53,295	429	61.70 to 64.62	2,13,82,042.70
	2012-13	3,41,400	418	62.48 to 64.86	2,07,49,769.80
	2013-14	3,94,633	530	63.09 to 64.92	2,41,11,820.00
		16,28,128	2,072		9,78,25,105.80
M/s Welcome Distilleries Pvt. Ltd, Bilaspur	2009-10	91,090	100	49.28 to 60.45	50,40,855.80
	2010-11	53,140	43	57.25 to 60.76	31,44,840.90
	2011-12	93,220	65	41.85 to 61.49	54,67,700.70
	2012-13	70,330	46	57.51 to 63.63	40,78,395.10
	2013-14	71,729	45	53.39 to 61.00	38,45,607.70
		3,79,509	299		2,15,77,400.20
Grand total:		20,07,637	2,371		11,94,02,506

It may be seen from the above table that during 2009-10 to 2013-14 the percentage of fermentable sugar gradually increased and was more in M/s Bhatia Wine Merchants Pvt. Ltd., Mungeli as compared to M/s Welcome Distilleries Pvt. Ltd, Bilaspur. Though both the distilleries used grains as raw material for manufacturing of alcohol, there was huge variation (53.39 and 63.09 in 2013-14) in percentage of fermentable sugar. In the absence of departmental laboratory, the Department has to accept the information furnished by the distillers.

During the exit conference, the Government stated (August 2014) that the process to establish Government laboratory is under progress.

3.2.11.2 Non-adherence to provisions of Country Spirit Rules led to supply of substandard country spirit

Rule 4 (1) of Chhattisgarh Country Spirit Rules, 1995 stipulates that the manufactured country spirit shall be of good quality and of such specification as may be determined by the EC. Further, it shall be subject to Chemical Analysis and if found substandard or unfit for human consumption, it shall be redistilled or rejected and destroyed as the case may be, under the orders of the Commissioner or an officer authorised by him. Further, Rule 4(3) of CG Distillery Rules, 1995 provides the chemical examiner to analyse every batch of spirit manufactured in the distillery before it is issued. The samples shall be drawn under the supervision of DEO posted in the distillery.

Out of 26 warehouses, we test checked 15 warehouses and found from permit issue registers of one warehouse at Bilaspur that 9,047.25 PL of country spirit was lifted in the month of July 2011, by the licensees after payment of duty of ₹ 4.89 lakh. However, the licensees returned the country spirit to the Warehouse officer citing substandard quality as complained by the consumers. The samples of the substandard spirit were tested (March 2013) by the Forensic Science Laboratory (FSL), Raipur and it was found to be unfit for human consumption. There was no provision in the Act to submit chemical analysis report in case of dispatch of country liquor from distillery to warehouse. Thus, the Department relied completely on the chemical analysis reports generated by the distiller's own laboratory which resulted in production and supply of substandard liquor in the market. Such cases were not found in other test-checked warehouses.

During the exit conference, the Government stated (August 2014) that the details had been called for from the DEO posted in the distillery. Accordingly, on the basis of information action would be taken against the distiller. Further, it also intimated that the process to establish Government laboratory is under progress.

We recommend that the Government should endeavour to establish departmental laboratory to avoid the risk factors.

3.2.12 Production of alcohol in excess of installed capacity

The Chhattisgarh Environment Conservation Board, Raipur vide its letters in 2010, 2012 and 2013 sanctioned the production capacity of IMFL upto 53.75 lakh, 45 lakh and 45 lakh litre per year for the period 2011-12, 2012-13 and 2013-14 respectively for M/s Raipur Bottling Company, Raipur.

We test checked six out of 14 bottling units and found from fermentation and distillation register and proforma-6⁵ of annual returns of M/s Raipur Bottling Company, Raipur that the company had produced 66.63 lakh litre, 71.20 lakh litre and 80.08 lakh litre during 2011-12, 2012-13 and 2013-14 respectively against the sanctioned limit of 53.75 lakh, 45 lakh and 45 lakh litre per year. It was clear that the company had produced excess amount of IMFL than sanctioned in three years. However, both the Department and the Environment board failed to

⁵ A proforma prescribed by the excise commissioner wherein details of production of alcohol is mentioned.

calculate the actual IMFL produced by the bottling company. Further, we noticed that the production of alcohol was within the limit of installed capacity in remaining five bottling units.

During the exit conference, the Government stated (August 2014) that a letter has been issued to the Environment Board to find out the penal provision for breach of conditions. The Secretary also intimated that action would be taken against the officials posted at the distillery.

3.2.13 Non-registration of bond executed on export of IMFL

Rule 12(4) of Chhattisgarh Foreign Liquor Rules, 1996 provides that the exporter of foreign liquor shall deposit the prescribed duty leviable on the full quantity of foreign liquor to be exported, or furnish a bank guarantee for an equal amount or 'execute a bond' (prior execution including registration) with adequate solvent sureties for the amount. Further, Section 33 and 35 of the Indian Stamp (IS) Act, 1899 read with Schedule I-A (15) provides that it would be obligatory on every public officer (Government departments were declared as public offices for the purpose of IS Act vide notification no. 196-six-SR-80 dated 20 March 1980) to impound cases which are unduly stamped and initiate action under Section 38 of the Act. Bond is a chargeable instrument on which stamp duty is leviable at four *per cent* on such amount or value.

During test check of bond file of FL-23 of M/s Bhatia Wine Merchant Pvt. Ltd., Mungeli we found that the licensee executed bond of ₹ 10 crore for export of foreign liquor for the period 2013-14. As per IS Act, the bond should have been registered and stamp duty of ₹ 40 lakh and registration fee of ₹ 0.32 lakh should have been levied. However, the DEO failed to register the bond, resulting in non-realisation of revenue of ₹ 40.32 lakh.

During the exit conference, the Government stated (August 2014) that instructions would be issued to the distillers for registration of document as the Government will also be benefited from such stamp duty.

3.2.14 Incorrect fixation of average duty of foreign liquor

As per Rule 14 (c) of "Chhattisgarh Excise Settlement of Licences for Retail Sale of Country/Foreign Liquor Rules 2002", duty rates and MGQ of foreign liquor shall be fixed by the Commissioner from time to time. Accordingly, the Commissioner fixed the average duty of foreign liquor at ₹ 71.50 per PL for the period 2009-10 to 2012-13 and ₹ 90 per PL for the year 2013-14 as detailed below:

Table-3.6

Period 2009-10 to 2012-13			
Ex-factory price of liquor (per case)	Duty rate (per PL)	Proposed lifting of liquor (in per cent)	Duty (in ₹)
Upto ₹ 600	₹ 70	95	66.50
From ₹ 600 to ₹ 900	₹ 90	2.5	2.25
₹ 901 and above	₹ 110	2.5	2.75
Total		100	71.50
Period 2013-14			
Upto ₹ 700	₹ 85	81	68.85
From ₹ 701 to ₹ 1000	₹ 100	9	9.00
From ₹ 1001 to ₹ 1500	₹ 115	7	8.05
From ₹ 1501 to ₹ 2000	₹ 130	2	2.60
From ₹ 2001 and above	₹ 150	1	1.50
Total		100	90.00

We approached CSBCL to collect the information regarding price range-wise lifting of foreign liquor for the period from 2009-10 to 2013-14. The CSBCL provided information only for the period 2011-12 to 2013-14 but failed to provide the information for 2009-10 and 2010-11 due to technical problem in the software.

During test check of the MGQ lifting register of all the selected 11 AECs/DEOs, we collected the information regarding price range-wise lifting of foreign liquor for the period 2009-10 and 2010-11 from AECs of Korba and Rajnandgaon. The remaining AECs/DEOs expressed their inability to provide the information. Accordingly, we noticed in these two offices that the average duty aggregated to ₹ 80.78 and ₹ 76.24 in Korba and Rajnandgaon respectively. Similarly, in 2010-11 the same aggregated to ₹ 86.97 and ₹ 76.88 respectively. Further, in all 11 selected districts the average duty aggregated to ₹ 82.9 in 2011-12 on the sale of ₹ 2.96 crore PL of liquor through 329 liquor shops. Though the average duty earned was ₹ 82.9 in 2011-12, the EC had fixed the average duty at ₹ 71.50 for the year 2012-13. Thus, the EC incorrectly fixed average duty without considering the previous year's average duty resulting in short realisation of duty of ₹ 27.77 crore and license fee of ₹ 51.58 crore (**Appendix 3.4**).

We also observed that the Department revised the average duty to ₹ 90 and ₹ 100 in 2013-14 and 2014-15 respectively. However, the Department did not consider the same in previous years.

During the exit conference, the Government stated (August 2014) that correct steps had been taken for fixation of average duty on IMFL from 2013-14. However, no comment was made on observation for the year 2011-12 made by Audit.

We recommend that the Government should devise a mechanism to evaluate the correct average duty on the basis of previous year's average duty.

Compliance deficiencies

3.2.15 Short realisation of process fee

As per Rule 6 of “Chhattisgarh Excise Settlement of Licences for Sale of Country/ Foreign Liquor Rules 2002”, process fee at the rate of ₹ 4,000 per application for licence of groups of liquor shops is payable. The amount of process fee will neither be adjustable in licence fee nor will be refundable in case of the licence is not granted.

During test check of the process fee file of AEC, Janjgir Champa we found that 52,206; 68,384; 83,414 and 1,04,577 applications were received in respect of allotment of licence of groups of liquor shops for the years 2010-11, 2011-12, 2012-13 and 2013-14 respectively. Accordingly, the Department received bank drafts valuing ₹ 20.88 crore, ₹ 27.35 crore, ₹ 33.37 crore and ₹ 41.83 crore and these were sent to the bank for clearance. At the end of March 2014, bank draft for process fee of ₹ 19.60 lakh, ₹ 49.60 lakh, ₹ 0.20 lakh and ₹ 1.76 lakh were not cleared by the banks for the year 2010-11, 2011-12, 2012-13 and 2013-14 respectively. This resulted in short realisation of process fee of ₹ 71.16 lakh.

During the exit conference, the Government stated (August 2014) that action would be taken to verify the transactions and steps would be taken to deposit the amount in the Government account. The Secretary also assured that action would be taken against the erring officials.

We recommend that the Government may endeavour to take appropriate action regarding reconciliation of bank drafts to ensure deposit of revenue in Government account.

3.2.16 Non-recovery of duty on unacknowledged/delayed receipt of verification reports of exported IMFL

Rule 12 of Chhattisgarh Foreign Liquor Rules, 1996 stipulates that the export of foreign liquor within India is permissible on payment of duty or on furnishing a bank guarantee or on executing a bond with adequate solvent sureties for the amount of duty involved. Further, Rule 13 stipulates that the licensee should obtain a verification report from the importing unit and furnish it to the authority who issued the permit within 21 days of the expiry of the permit. If the licensee fails to do so, duty leviable on liquor exported shall be recovered from him.

During test check of the verification of consignment register of M/s Bhatia Wine Merchant Pvt. Ltd., Mungeli we found that the licensee exported 3.25 lakh PL of foreign liquor on 50 out of 129 permits between January and February 2014. Out of these 50 permits, verification reports for 16 permits carrying 1,09,537.65 PL foreign liquor were not received from the destination units till the date of audit (April 2014) and verification reports in remaining 34 permits were received after the prescribed time limit of 21 days. However, the DEO failed to take action to recover the duty. This resulted in non-recovery of excise duty of ₹ 98.58 lakh (1,09,537.65 PL * ₹ 90 = ₹ 98,58,389) in 16 cases where permits have not been received.

During the exit conference the Secretary accepted the audit observation and intimated that instructions have been issued to the concerned DEOs/AECs to follow the provisions of the Rules.

3.2.17 Allowance of inadmissible wastage in export of IMFL

Rule 16 of Chhattisgarh Foreign liquor Rules, 1996 provides that the maximum wastage allowance for all exports of bottled foreign liquor shall be 0.25 *per cent* irrespective of the distance. If wastages/ losses during the export of bottled foreign liquor exceed the permissible limit, duty on such excess wastage shall be recovered from the licensee.

During the test check of the verification of consignment register of M/s Bhatia Wine Merchant Pvt. Ltd., Mungeli we found in 470 out of 1,071 cases that the distiller exported 30.26 lakh PL foreign liquor and claimed the wastage due to transit loss of 20,717 PL against the admissible wastage of 7,565 PL between August 2011 and December 2013. However, the DEO without considering the limit of 0.25 *per cent*, incorrectly allowed the excess wastage of 13,152 PL. This resulted in non-levy of duty of ₹ 11.63 lakh (**Appendix 3.5**).

During the exit conference, the Government stated (August 2014) that cases would be examined and action would be taken accordingly.

3.2.18 Non-realisation of duty due to non-disposal of IMFL in miniature bottles

As per instructions of EC (February 2012), consumption of IMFL in 90 ML miniature bottles was prohibited for sale. Further, it was also instructed (October 2013) to FL 9 and 9A bottling units from time to time that liquor in unsold bottles of 90 ML is to be rebottled in 180 ML, 375 ML and 750 ML after due approval from the FSL, Raipur for human consumption.

During test check of the spirit stock register of four⁶ out of six bottling units we found that 70,879.5 PL of liquor in 90 ML miniature bottles were lying unsold since 2011-12. Despite Commissioner's instructions in February 2012, the DEOs did not initiate any action to rebottle the liquor in 180 ML, 375 ML and 750 ML after due approval from the FSL for human consumption. Thus, inaction by the DEOs led to non-realisation of duty of ₹ 63.79 lakh.

During the exit conference, the Government stated (August 2014) that refilling of liquor stored in 90 ML bottles would be undertaken. It would be tested in the laboratory to ensure that the quality is intact.

3.2.19 Revenue locks in bottling units not provided

Rule 5(4) of Chhattisgarh Foreign Liquor Rules 1996 stipulates that store vats shall be kept in a room or building provided with only one door. Such room or building shall be designated as the 'Spirit Room' or a 'warehouse' and shall be kept under revenue lock (which are printed tickets intended to paste on the general locks of a room). Further, Rule 7(1) provides that all operations relating to

⁶ M/s Aegis Beverages Pvt. Ltd, M/s Golden Prince Wines India Pvt.Ltd., M/s Raipur Bottling Company and M/s Sarveshvari Bottling and Beverage Pvt. Ltd

the filling of bottles with foreign liquor shall be conducted under the supervision of the officer-in-charge of excise department. Bottled foreign liquor shall be stored in a separate room or rooms called the 'store for bottled liquor' which shall be secured with a revenue lock. In the bottling room, bottling vats may be kept or erected and foreign liquor manufactured may be stored therein. All the spirit vats must be secured with revenue locks.

We found during the visit of three⁷ out of six bottling plants in Raipur that these companies have been using general locks instead of revenue locks for bottling hall, store for bottled liquor-room, spirit room, liquor collection room etc. There is every possibility of leakage of revenue and unauthorised access by persons other than the departmental staff.

During the exit conference, the Government stated (August 2014) that revenue locks would be issued to the concerned units.

3.2.20 Non-providing of information of holograms issued

As per condition 2 of F.L 10 and Country Spirit 2D licence, a manufacturer of foreign/country liquor has to affix hologram on every bottle cap manufactured in bottling unit.

During the course of audit, we collected information from distilleries and bottling plants regarding number of holograms used for the period 2009-10 to 2013-14. We called for (November 2013) the information regarding issue of holograms to distilleries and bottling plants to the EC. However, the EC did not furnish the information regarding issue of holograms. Thus, cross verification of the same could not be done.

During the exit conference, the Government stated (August 2014) that software developed by NIC has been launched for tracking the holograms.

3.2.21 Internal Control Mechanism

Internal Control Mechanism (ICM) is an in-built mechanism by which an organisation can evaluate its own activities and performances to take corrective measures. For this purpose, the Department has to adopt a system of internal audit, updating of rules, regulations, manuals, periodical review meetings, inspection of subordinate offices and furnishing of periodical reports and returns to their higher authorities.

An Internal Audit Wing (IAW) existed in the Department since 2005-06. Officers from Finance Department are posted in the wing on transfer on deputation basis and clerical staff are posted from within the Department. The wing did not plan any unit for conducting audit between 2009-10 and 2013-14.

3.2.21.1 Manpower deployment in Internal Audit

The different posts sanctioned and men in position since 2009-10 to 2013-14 who were entrusted with the audit of all the units of the Department are as follows:

⁷ M/s Crown Distilleries Ltd, M/s Raipur Bottling Company and M/s Sarveshvari Bottling and Beverage Pvt. Ltd

Table-3.7

Year	Sanctioned post				Total	Men-in-position				Total
	Joint Director (Finance)	Asst. Accounts Officer	Asst. Grade -2	Asst. Grade -3		Joint Director (Finance)	Asst. Accounts Officer	Asst. Grade -2	Asst. Grade -3	
2009-10	1	2	1	1	5	1	1	Nil	1	3
2010-11	1	2	1	2	6	1	1	Nil	1	3
2011-12	1	2	1	2	6	1	1	Nil	1	3
2012-13	1	2	1	2	6	1	1	Nil	2	4
2013-14	1	2	1	2	6	1	1	Nil	2	4

It may be seen from the above table that there was a shortfall in Asst. Accounts Officer and Asst. Grade-2 during the five years.

During the exit conference, the Government stated (August 2014) that internal audit would be made effective shortly.

The Government may take initiatives to conduct internal audit of distilleries, bottling units and subordinate offices at regular interval to safeguard the revenue in interest of Government.

3.2.21.2 Flying Squads at Divisional Level

The offices of the flying squads were established from 1 July 1999. There are three flying squads at division level in Bastar, Bilaspur and Raipur. The DC is the officer-in-charge of the flying squad and one AEC and other executive and clerical staff is posted to assist him. They are required to inspect the work of the DEOs/AECs, the field staff posted in the districts, the distilleries and warehouses and important excise centres in their respective charge. Information pertaining to DC flying squads, Bastar, Bilaspur and Raipur showing the status of targets and inspection is as mentioned below:

Table-3.8

Name of the Division	Year	Target fixed for inspection	Inspection against the target	Number of registered crimes
Bastar	09-10 to 13-14	614	390	573
Bilaspur	09-10 to 13-14	720	1,520	1,472
Raipur	09-10 to 13-14	289	164	2,696

It may be seen from the above table that the targets for inspection could not be achieved in Bastar and Raipur divisions and shortfall was 36.5 *per cent* and 43.26 *per cent* respectively. Whereas, Bilaspur division achieved the target of inspection. The DC, Bastar intimated that the target could not be achieved due to non-posting of Sub-Inspectors and regular strikes called by naxals. Further, the DC, Raipur intimated that the target could not be achieved due to non-posting of DEO and AEC.

During the exit conference, the Government stated (August 2014) that the targets have been fixed as per the departmental manual.

We recommend that the Government should strengthen the flying squads and ensure the inspections as per the targets.

3.2.21.3 Maintenance of vital records

The Department has to maintain the registers/records as mentioned below:

- (i) At Distillery- Registers relating to receipt and consumption of raw materials (D-5), distillation register (D-9), issue of spirit/ENA etc.
- (ii) At Bottling Plant- Consignment register (D-19), Vat register (D-10), Spirit Account (D-11), Bottling Register (D-12), Issue of sealed bottled liquor (D-17) etc.
- (iii) At Warehouse- Consignment register (D-19), Spirit Account (D-11), Bottling Register (D-12), Issue of sealed bottled liquor (D-17), Monthly Spirit Stock Account (D-23).etc.
- (iv) At DEO/AEC office- Licence registers (G-1), Demand and collection register (G-2), Challans for payment of duty and licence fee, etc.

During the audit we noticed in all the test check units that the records are being maintained and transactions were recorded up-to-date.

3.2.22 Conclusion

The Audit revealed a number of compliance and system deficiencies leading to leakage of revenue as discussed in preceding paragraphs and requires top attention at the Government/Department level. We observed that:

- Non-existence of mechanism to cross verify the receipt of foreign liquor from distilleries/ bottling units to CSBCL as well as dispatch of foreign liquor from CSBCL to retail vendors resulted in short receipt/ excess dispatch of foreign liquor without realising the duty.
- Department had no mechanism for reconciliation of bank drafts received on account of process fee for grant of licence of liquor shops resulting in non-deposition of the same in Government account.
- The Department did not set up a sample testing laboratory even after Audit mentioned this in paragraph 3.2 of Audit Report for the year ended March 2008 leading to high risk of spurious liquor being consumed.
- Though the Government has set up an IAW but it failed to conduct any internal audit of distilleries, bottling units and subordinate offices to safeguard the revenue in interest of Government.

CHAPTER-IV: LAND REVENUE

4.1 Tax administration

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

4.2 Internal Audit

The Internal Audit Wing (IAW) of a Department is a vital component of its internal control mechanism and is generally defined as control of all controls. It enables the organisation to ensure itself that the prescribed systems are functioning reasonably well. We, however noticed that IAW not in existence leaving the Department vulnerable to risk of leakage of revenue.

4.3 Results of Audit

In 2013-14, we test checked the records of 28 out of 165 units of the Land Revenue Department and found non-recovery of ground rent and premium, non-levy/realisation of cess, non/short levy of process fee, delay in collection of Revenue Recovery Certificates and other irregularities etc. amounting to ₹ 616.27 crore in 11,999 cases, which fall under the following categories in the **Table 4.1** below:

Table 4.1

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
1.	Blockage of ground rent and premium	93	575.45
2.	Non levy/realisation of cess	6	0.65
3.	Non/short levy of process fee	26	0.04
4.	Delay in collection of Revenue Recovery Certificates	1,925	25.07
5.	Other irregularities	9,949	15.06
Total		11,999	616.27

During the course of the year, the Department accepted non-recovery of ground rent and premium, non/short levy of process fee, non-levy/realisation of cess/ delay in collection of Revenue Recovery Certificates etc. of ₹ 29.44 crore in 9,166 cases but no recovery was made.

A few illustrative cases involving ₹ 8.99 crore are discussed in the following paragraphs:

4.4 Non recovery of cost of proceedings

Rule 4 (a) of the *Chhattisgarh Lokdhan (Shodhya Rashiyon ki Vasuli) Niyam*, 1988, provides for levy of cost of proceedings, at the rate of three *per cent* of the principal amount recovered.

We scrutinised (between May 2012 and March 2013) the Revenue Recovery Certificate (RRC) Registers in the office of the Collector, Ambikapur for the period October 2010 to March 2013 and found that the Collector recovered ₹ 3.74 crore through RRC during the period October 2010 to March 2013. On this recovered amount, cost of proceedings at the rate of three *per cent* amounting to ₹ 11.23 lakh was leviable. However, the Department neither included the amount of cost of proceeding in RRCs nor recovered any amount. Thus, non-inclusion of cost of proceedings in RRCs resulted in non recovery of ₹ 11.23 lakh.

We reported the matter to the Government/Department (April 2014) for their comments; their reply is awaited (December 2014).

Similar issue was raised in Paragraph 6.2, Paragraph 5.8.8 and Paragraph 4.7 of Audit Reports (Revenue Receipts) for the year 2007-08, 2010-11 and 2012-13 respectively. The Department recovered ₹ 3.55 lakh out of objected amount of ₹ 6.35 lakh in respect of Paragraph 6.2 of Audit Report (Revenue Receipts) for the year 2007-08. No reply has been received so far for Paragraph 5.8.8 of Audit Report (Revenue Receipts) for the year 2010-11.

4.5 Short Levy of premium and ground rent

As per para 26 of the Revenue Book Circular, valuation of the Government land allotted shall be determined on the basis of Chhattisgarh Market Value Guidelines or the revised minimum rate, whichever is higher. Further, clause 10 of the Form III of Chhattisgarh Market Value Guidelines provides the valuation of land upto the depth of 20 meters from the main road, the valuation of land shall be determined adjacent to the main road. But if any purchaser purchases the land more than the depth of 46 meters adjacent to the main road, then the entire value shall be determined as adjacent to the main road. *Nazul* land means such land which has no importance for agriculture. According to the Chhattisgarh Government (Revenue and Disaster Management) orders dated November 2009, the Collector of the district has been delegated the power for allotment of land to construct warehouse by State Warehousing Corporation. Premium at 75 *per cent* of market value and rent at 50 *per cent* of 7.5 *per cent* of premium was to be collected from the lessee.

During scrutiny of land allotment files in the office of the Collector (*Nazul*), Janjgir-Champa (May 2013), we found that the *nazul* land admeasuring 12.72 hectare (ha) was allotted on lease between October 2012 and April 2013. Further scrutiny of the map enclosed in the file and other records revealed that the land was situated adjacent to the main road. As per the rates approved in the market value guidelines, the market value of this land was ₹ 12.67 crore. Thus, premium at the rate of 75 *per cent* of market value amounting to ₹ 9.50 crore and yearly ground rent at the rate of 50 *per cent* of 7.5 *per cent* of premium amounting ₹ 71.26 lakh was leviable. However, the Collector

determined the market value of these lands as off the road and levied the premium of ₹ 1.40 crore and yearly ground rent of ₹ 7.55 lakh accordingly. Thus, inaction on the part of the Collector to determine the market value in accordance with guidelines resulted in short levy of premium of ₹ 8.10 crore and land rent of ₹ 63.71 lakh.

After we pointed this out (May 2013), the Collector stated (May 2013) that the premium and ground rent was determined as per the report of inspecting officer. However, the action would be intimated after verification.

The matter was reported (June 2014) to the Government/Department for their comments; their reply is awaited (December 2014).

4.6 Short levy of stamp duty due to acceptance of unduly stamped instruments

Section 33 of the Indian Stamp Act provides that it would be obligatory on every public officer to impound cases which are unduly stamped and initiate action under Section 38 of the above Act. Similarly, as per Section 35 of the above Act, instruments not duly stamped inadmissible in evidence. Section 17 (1)(b) of Registration Act stipulates that other non-testamentary instruments which purport or operate to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, of the value of one hundred rupees, and upwards, to or in immovable property are compulsory for registration. Further, the Government instructed all the Revenue Officers in December 2009 that mutation of properties on the basis of unregistered documents is not in order.

During scrutiny of mutation orders in the office of the *Tehsildar*, Lormi, Patan, Kasdol and Masturi we found that in eleven cases, co-owners of the properties had transferred their rights to another co-owner of the properties. Thus, these documents should have been treated as release deed. As per the Registration Act, these should have been registered compulsorily and stamp duty and registration fees amounting to ₹ 13.76 lakh was leviable on the market value of ₹ 2.86 crore of these properties. However, these executants executed each documents on the stamp of ₹ 50 without any basis and did not submit for registration to the Sub-Registrar. The *Tehsildars* instead of referring the cases to District Registrar concerned for recovery of the balance stamp duty, not only accepted the non-duly stamped cases as evidence but also decided the mutation of properties as mentioned in these documents. Thus, non-compliance of the Act and direction of the Government by *Tehsildars* resulted in short realisation of stamp duty and registration fees amounting to ₹ 13.76 lakh (*Appendix 4.1*).

The matter was reported to the Government (June 2014); the Government replied (September 2014) in four cases that demand notice of ₹ 8.61 lakh has been issued. Report on recovery is awaited. For the remaining cases, no reply has been received (December 2014).

CHAPTER V: TAXES ON VEHICLES

5.1 Tax administration

The levy of taxes on vehicles is administered by Principal Secretary cum Transport Commissioner (TC) who is assisted by one Additional TC, one Deputy TC, one Assistant TC and one Deputy Director, Finance (DDF) at Headquarters. Besides, there are four Regional Transport Officers (RTOs), two Additional Regional Transport Officers (ARTOs) and 16 District Transport Officers (DTOs) under the administrative control of TC. In addition, 10 check posts are under the supervisory control of RTOs/ARTOs/DTOs concerned.

5.2 Internal Audit

Internal controls which are intended to provide reasonable assurance of proper enforcement of laws, rules and departmental instructions helps in prevention of frauds and other irregularities. Internal audit enables the organisation to assure itself of the degree of compliance with prescribed systems.

We observed that against one sanctioned post, one official was posted during the year 2013-14 in Internal Audit Wing. During the year 2013-14, 17 units were planned for audit by the Department out of which 11 units were audited.

5.3 Results of Audit

In 2013-14, we test checked the records of nine including Transport Commissioner (Exp.), Raipur out of 20 units relating to Transport Department and found under short realisation of trade tax, non realisation of tax and penalty and other irregularities of ₹ 6.13 crore in 1,10,930 cases which fall under the following categories in the **Table 5.1** below:

Table 5.1

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
1.	Short realisation of trade tax/trade fees	1,09,034	2.79
2.	Non realisation of tax and penalty	1,647	3.23
3.	Other irregularities	249	0.11
Total		1,10,930	6.13

During the year 2013-14, the Department accepted all the cases raised by the audit but no recovery was made.

A few illustrative cases involving ₹ 4.69 crore are discussed in the following paragraphs.

5.4 Non/short levy of fee on issuing trade certificate

As per Rule 34 (1) of Central Motor Vehicles Rules, 1989, an application for the grant or renewal of trade certificate shall be accompanied by the appropriate fee as specified in Rule 81. Trade fee is leviable at the rate of ₹ 50 per motor cycle/moped and ₹ 200 for other vehicle.

We found during test check of registration records in the four¹ transport offices (April 2010 to March 2013) that 78,271 motor cycles/mopeds and 19,364 other vehicles were registered during 2010-11 to 2012-13. As per the rule *ibid*, trade fees aggregating ₹ 77.86 lakh was to be realised from these vehicles. However, RTO Bilaspur, DTO Baikunthpur and Jashpur levied and collected only ₹ 1.11 lakh while, no trade fee was levied and collected by DTO Raigarh. This resulted in non/short levy of trade fee aggregating ₹ 76.75 lakh (*Appendix 5.1*).

After we pointed this out (between April 2013 and October 2013), the Department replied that ₹ 2.58 lakh has since been recovered.

We reported the matter to the Government for their comments (May 2014); their reply is awaited (December 2014).

Similar issue was raised in Paragraph 5.9 of Audit Report (Revenue Sector) for the year ended 31 March 2012 and Paragraph 5.10 of Audit Report (Revenue Sector) for the year ended 31 March 2013 and the Department had recovered ₹ 35.66 lakh in respect of Paragraph 5.10 and recovery process is under in remaining cases, but the similar omissions were further found in the Department. Therefore, there is need for Government to improve internal control system to avoid recurrence of such irregularities.

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

Under Sections 3 and 5 of the Chhattisgarh *Motoryan Karadhan* (CGMK) *Adhiniyam*, 1991 tax shall be levied on the owner of every goods and passenger vehicles used or kept for use in the State at the rate prescribed in the first schedule of the *Adhiniyam*. In case of passenger bus, monthly tax is leviable and for maxi cabs and goods vehicle/truck quarterly tax is levied. Further, in case of non-payment of the tax due, the owner shall, in addition to the payment of tax due, be liable to pay penalty at the rate of one twelfth of unpaid amount of tax for the default of each month or part thereof but not exceeding the unpaid amount of tax as laid down under Section 13(1) of the *Adhiniyam*. Where any owner fails to pay tax, penalty or both, the taxation authority is required to issue a demand notice and take action to recover the amount as arrears of land revenue. Under Section 11 of the said *Adhiniyam* if a vehicle owner wants his vehicle off-road for a particular period, he should submit the declaration in *Praroop* ₹ before starting the period.

We scrutinised the Demand and Collection Registers of seven² Transport offices between April 2013 and December 2013 having 71,764 total registered

¹ RTO Bilaspur, DTO Baikunthpur, Jashpur and Raigarh

² RTO Ambikapur, Bilaspur and Raipur; DTO Baikunthpur, Dantewada, Jashpur and Raigarh.

vehicles and found that out of 9,722 test checked vehicles the owners of 780 vehicles did not pay road tax of ₹ 2.34 crore (*Appendix 5.2*) during the period April 2010 to March 2013. No off road declaration was submitted by these vehicle owners. Despite this, the RTOs and DTOs did not initiate any action to issue demand notice for recovery of the tax from the defaulting vehicle owners. This resulted in non-realisation of tax amounting to ₹ 2.34 crore. Besides, penalty was also leviable on the unpaid amount of tax.

After we pointed this out, the Department replied that ₹ 61.71 lakh has since been recovered and process of recovery is in progress in the remaining cases. Report on recovery is awaited (December 2014).

We reported the matter to the Government for their comments (May 2014); their reply is awaited (December 2014).

Though the similar issue was raised in Paragraph 5.10.1 of Audit Report (Revenue Sector) for the year ended 31 March 2012 and Paragraph 5.11 of Audit Report (Revenue Sector) for the year ended 31 March 2013 and the Department had recovered an amount of ₹ 60.58 lakh and recovery process is under progress in other cases, but the similar omissions were further found. Therefore there is need for Government to improve internal control system to avoid recurrence of such irregularities.

5.6 Short levy of vehicle tax

According to Section 3 of the CGMK Act, tax shall be levied on the owner of every passenger vehicle used or kept for use in the State at the rate prescribed in the Sl No.4 of first Schedule of the Act. In case of non-payment of the tax, the owner shall in addition to the payment of tax, be liable to pay penalty at the rate of one twelfth of the unpaid amount of tax for the default of each month or part thereof but not exceeding the unpaid amount of tax as laid down under Section 13 (1) of the Act. Where any owner fails to pay tax, penalty or both, the taxation authority is required to issue demand notice and take action to recover the amount like arrears of land revenue.

During scrutiny of the taxation records of RTO Bilaspur and DTO Raigarh between April 2013 and August 2013 we found that 1,361 vehicles were registered. Audit conducted test check for 64 vehicles and found that tax for 12 vehicles amounting to ₹ 28.05 lakh was levied on lumpsum basis without taking into account the actual distance covered by the vehicles between the period April 2010 and March 2013. The actual tax payable by the owners of these vehicles on the basis of the actual distance covered was ₹ 34.26 lakh. This resulted in short levy of vehicle tax of ₹ 6.21 lakh (*Appendix 5.3*). Besides, penalty was also leviable on the unpaid amount of tax.

After we pointed this out, the Department replied (April 2014) that in one case ₹ 4800 has since been recovered. Replies in remaining cases are awaited (December 2014).

The matter was reported to the Government for their comments (May 2014); their reply is awaited (December 2014).

5.7 Short realisation of trade tax

According to Section 4 of the CGMK Act, read with Rule 33 of CMV Rules 1989, a dealer to whom a trade certificate has been issued under the Motor vehicle's Act, 1988, will pay trade tax in respect of vehicles in his possession during the course of business. Further, Schedule III of CGMK Act specifies the rate of trade tax for first seven vehicles and for every lot of additional seven vehicles in possession of the dealer during the course of his business. Rule 43(1) of CMV Rules 1989, provides that every holder of a trade certificate shall maintain a register in Form 19 in duplicate which shall be in a bound book, with pages numbered serially. Further, sub-rule 3 of Rule 43 stipulates that the register and the duplicate shall be kept open for inspection by the registering authority.

During test check between April 2013 and October 2013 of trade tax register of four³ Transport Offices, we found that automobile dealers had obtained trade certificates from the respective transport officers. Further, we noticed that no record was being maintained by the transport authority regarding the number of vehicles in possession with the dealer, due to which the actual number of vehicles possessed by each dealer could not be ascertained. Neither did the dealers submit the returns nor was any action taken by the Department to obtain the returns and realise the amount due. However, during the audit period (April 2010 to March 2013) 90,549 vehicles of different categories were registered (*Appendix-5.4*). On the basis of registrations made by these transport offices, trade tax aggregating ₹ 1.57 crore was leviable from the dealers. Against this, trade tax of ₹ 4.97 lakh only was levied and collected. This resulted in short realisation of trade tax of ₹ 1.52 crore.

After we pointed out (between April 2013 and October 2013), the Department stated that an amount of ₹ 5.36 lakh has since been recovered.

We reported this to the Government/Department (October 2013 to December 2013) for their comments; their replies are awaited (December 2014).

³ RTO Bilaspur and DTO Baikunthpur, Jashpur and Raigarh

CHAPTER VI : OTHER NON-TAX RECEIPTS

Section A: Forestry and Wild Life

6.1 Tax administration

The Principal Chief Conservator of Forests (PCCF) heads the Forest Department under the administrative control of the Principal Secretary (Forests) who is assisted by eight Additional PCCFs (APCCFs) and 16 Chief Conservators of Forests (CCFs) at Headquarters.

6.2 Internal Audit

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

We observed that against five sanctioned posts, only three personnel were posted during the year 2013-14 in IAW. During the year 2013-14, 15 units were planned for audit by the Department of which 15 units were audited and inspection reports were also issued for the same. However, financial irregularities of ₹ 23.94 lakh were noticed during internal audit. Department informed that suitable action will be taken after receipt of the replies from the field offices.

6.3 Results of Audit

In 2013-14, we test checked the records of 16 units relating to forest receipts and found short realisation of revenue due to sale of forest produce below upset price, non/short realisation of revenue due to deterioration/ shortage of forest produce, low yield of timber etc. involving ₹ 217.51 crore in 56 cases, which fall under the following categories in the **Table 6.1** below:

Table 6.1

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
1	Short realisation of revenue due to sale of forest produce below the upset price	11	0.79
2	Non-realisation of revenue due to deterioration/shortage of forest produce	12	11.47
3	Loss of revenue due to low yield of timber	6	1.44
4	Other irregularities	27	203.81
Total		56	217.51

During the course of the year, the Department accepted the observations of ₹ 16.13 lakh in 10 cases.

A few illustrative cases involving ₹ 8.28 crore are discussed in the following paragraphs.

6.4 Non recovery of inspection charges on the forest produce supplied to other Departments/ Organisations

As per Rule 50 of Forest Financial Rules, Forest Department shall recover the inspection charges at the rate of 10 *per cent* of the cost of supply made to the other departments or Non-Government Organisations (NGOs). Also, payments received from other Departments should be considered and accounted for as departmental revenue. As per the instructions issued by the Government (July 2002), Public Works Department (PWD) is responsible for security of Very Important Persons (VIPs).

During scrutiny of records of five¹ Divisional Forest Offices (DFOs) (between April 2013 and August 2013), we found that the DFOs supplied 1.84 lakh bamboos and 1.02 lakh poles to PWD, other Government departments and NGOs for VIP programmes and other purposes between 2009 and 2012. As per the market rates of the corresponding years, the value of these produce was ₹ 1.30 crore. Inspection charges at the rate of 10 *per cent* of the cost of forest produces supplied amounting to ₹ 13 lakh was leviable. Though these produces were returned by the concerned agencies, no process for recovery of inspection charges was initiated by the DFOs in any case. Thus, failure of the DFOs in imposition of inspection charges resulted in non-levy of ₹ 13 lakh (*Appendix 6.1*).

After we pointed this out (April to August 2013), the DFOs replied that matter would be taken up with the respective organisations for recovery of inspection charges. However, no further progress has been reported in these cases.

The matter was reported to the Government/ Department (January 2014); their reply is awaited (December 2014).

6.5 Shortage of stock of forest produce in *nistar* depots

6.5.1 As per the Government order (June 1990), shrinkage of 15 *per cent* will be allowed annually on the quantity of fuel wood kept for sale in depots. Also, the shrinkage shall be allowed only on the fuel wood which will be prepared and kept in that particular year in the depot for sale. However, no such shortage was allowed in bamboos and poles. Further, as per Rule 22 (1) of Chhattisgarh Finance Code, any loss shall be reported upon to the Government and the Accountant General.

During scrutiny of records of three² forest divisions (April to December 2012), we found that as per physical verification reports of five³ *nistar* depots of DFOs, Bastar and Jashpur divisions, 3,049 bamboos and 70 poles were found short between 2008 and 2011. Further, physical verification reports of 13⁴ *nistar* depots of three divisions revealed that shortage of 264.65 fuel stacks and 928.189 quintal fuel wood was allowed in excess to the allowance for shrinkage permitted by the Government. The value of these produce was ₹ 3.71 lakh at the rates of corresponding years. Thus, shortages of forest

¹ Dhamtari, Korba, Mahasamund, Rajnandgaon and Surguja (South)

² Bastar, Jashpur and Koriya

³ Bamni, Nagarnar and Neganar (Bastar); Kansabel and Patthalgaon (Jashpur)

⁴ Adwal, Asna, Bakawand, Bamni, Borpadar and Nagarnar (Bastar Division); Kansabel, Kunkuri, Pandaripani and Patthalgaon (Jashpur Division) and Chhindand, Chirmiri and Patna (Koriya Division)

produce in *nistar* depots and allowance of shrinkage in excess to the permissible limits resulted in short realisation of revenue amounting to ₹ 3.71 lakh (*Appendix 6.2*). The matter was also not reported to the Government and the Accountant General by the DFOs.

After we pointed this out (October 2013); the Government replied (September 2014) that Bastar division had since recovered amount of ₹ 1.40 lakh. Regarding Koriya division, it was stated that there was no shortage after allowing reduction in weight as per the Government instructions (July 2006).

Reply is not acceptable as the quantity of shortages due to shrinkage have been clearly mentioned in the physical verification reports of Asna and Borpadar *nistar* depots. Also, shrinkage is allowed at the rate of 15 *per cent* on the new stacks only. Further reply of Jashpur division is awaited (December 2014).

6.5.2 During scrutiny of the records of DFO Surguja (South) (January 2012), we found in two⁵ *nistar* depots that 1,585 bamboos and 1,080 poles were found short during physical verification in June 2010 and June 2011. Further scrutiny revealed that in three⁶ *nistar* depots, shortage of 1,739.1 quintal fuel wood was allowed in excess to the allowance for shrinkage permitted by the Government. The value of produce was ₹ 3.73 lakh at the rates of corresponding years. Thus, shortages of forest produce in *nistar* depots and allowance of shrinkage in excess to the permissible limits resulted in short realisation of revenue amounting to ₹ 3.73 lakh (*Appendix 6.3*). However, the DFO did not report the matter to the Government and Accountant General.

After we pointed this out (November 2013), the Government replied (June 2014) that demand notice ₹ 3.65 lakh had been issued and ₹ 0.54 lakh had since been recovered.

6.6 Non recovery of transit fee on transportation of forest produce

Section 2 (4) (B) of Indian Forest (IF) Act, 1927, classifies all the produce from mines situated in forest area as forest produce. Thus, the mineral produce from such diverted land shall be forest produce. As per Rule 3 of Chhattisgarh Transit (Forest Produce) Rules, 2001 as amended in 2002, no forest produce will be transported from the forest land without valid transit pass issued by the Forest Department. Transit fee shall be collected at the rate of ₹ 7 per ton of mineral for issuing transit passes. Further, the status of land transferred for the non-forestry purposes under the Forest Conservation Act 1980 shall remain unchanged i.e. they will remain as forest land. Hence, the mineral produced from the land transferred for mining purposes shall be forest produce.

During scrutiny of the records of diversion of forest land in DFOs Korba and Surguja (South), we found that six⁷ mines were located in the forest area for

⁵ Gandhi Nagar and Latori

⁶ Gandhi Nagar, Kamleshwarpur and Karanji

⁷ Korba (Rajgamar Open Cast, Manikpur underground coal mines); Surguja (South) (Mainpat Bauxite mines and Gayatri and Raihar; Amera and Mahan open cast coal mines)

extraction of coal and bauxite. As per the information furnished by the Mineral Resources Department, 94.33 lakh ton coal (2010-11 to 2012-13) and 14.60 lakh ton bauxite (2008-09 to 2012-13) were extracted and transported from these mines from the forest areas. Since these minerals were extracted from the forest land, they were forest produce; the transit passes should be issued for their transportation and transit fee of ₹ 7.63 crore was recoverable. However, neither the transit passes were issued for transportation of minerals from forest areas nor transit fee was recovered from the concerned agencies.

Similar issue was raised in Paragraph 7.4.12 and 8.9 of Audit Report (Revenue Sector), Government of Chhattisgarh for the year ended 31 March 2010 and 2011 respectively. On the basis of recommendations made by the Public Accounts Committee (PAC) (October 2012), the Department had issued (March 2013) demand notices for para No. 7.4.12 to recover transit fee in all circles of the State since 2002-03. However, during scrutiny of the demand notices issued by the Department, we noticed that these mines were not even included in the list of mines for which demand notices have been issued. As a result, transit fee amounting to ₹ 7.63 crore was not realised (*Appendix 6.4*).

After we pointed this out (January 2012 to July 2013), in case of extraction of coal, the DFO Surguja (South) replied (July 2013) that demand notices have been issued for recovery of transit fee (June 2013) and in case of extraction of bauxite, the DFO replied that recovery shall be affected after taking guidance from the higher authorities. DFO Korba replied that the CF, Bilaspur had instructed (March 2013) that transit fee shall be collected on the minerals extracted from reserved/ protected forests as detailed in the WP. Since, the coal had been extracted from protected as well as revenue forest; the transit fee shall be recovered after ascertaining the quantity of mineral extracted from protected forest.

Reply of DFO, Korba is not acceptable. Hon'ble Supreme Court had clarified (December 1996), that irrespective of its ownership, any type of forest registered in the Government records shall come under the definition of forests under the Indian Forest Act. Also, Chhattisgarh Transit (Forest Produce) Rules do not differentiate revenue forests or reserved/ protected forests for the purpose of collection of transit fee. Even after being recommended by PAC, non-raising of demand in respects of these mines while doing so for others also underlines the lack of internal control mechanism in the Department for preventing the leakage of revenue. No further progress was intimated (December 2014).

The matter was reported to the Government/ Department (November 2013); their reply is awaited (December 2014).

6.7 Shortage of forest produce in consumer depot

As per the order of PCCF (July 2002), physical verification of each *nistar*/ consumer depot shall be done by 30 June each year. The shortages, if any come to notice shall be enquired upon and responsibility for such shortage shall be fixed. Further, as per Rule 22 (1) of Chhattisgarh Finance Code, the loss cases, if any, shall be reported upon to the Government and the Accountant General.

During scrutiny of the physical verification report dated 30 June, 2010 of Pithora consumer depot (DFO, Mahasamund) we noticed that 13,951 bamboos, 139 poles, 775 fencing poles and 453 fuel stacks were found in stock. Further, 8,333 out of 13,951 bamboos were transported on 14 December 2010 to sale depot for auction. Thus, remaining material should have existed in the consumer depot. However, physical verification report dated 30 June 2011 showed that neither any material was available in the depot nor any sale made from the depot during the year. It was also observed that the Department did not take into account the shortage appearing in two continuous physical verification reports of the same depot. Thus, inaction of the Department to address the shortage resulted in short recovery of revenue amounting to ₹ 8.78 lakh (*Appendix 6.5*).

After we pointed this out (May 2013), the DFO replied (May 2013) that matter is being examined and would be intimated after examination. Further reply is awaited (December 2014).

The matter was reported to the Government/ Department (November 2013); their reply is awaited (December 2014).

6.8 Short realisation of revenue in sale of forest produce from *nistar* depot

As per the order of PCCF (July 2011), physical verification of each *nistar*/ consumer depot shall be done at the end of each month. A *nistar patrika* is issued by each division in every calendar year declaring the subsidised sale prices of the forest produce to be sold from *nistar*/ consumer depots.

During scrutiny of the records of DFO, Dhamtari (August 2013), we found that the division sold 7,368 fuel stacks, 1,27,163 bamboos and 4,351 poles and realised ₹ 56.91 lakh as sale price between October 2011 and January 2013. As per the rates prescribed in *nistar patrika* for the corresponding periods, sale price of these produce was amounting to ₹ 93 lakh. Thus, the subsidised rates prescribed by the Government for sale of forest produce were not adhered to and they were sold at the rates less than the subsidised rates. This resulted in short realisation of sale price of forest produce amounting to ₹ 36.09 lakh (*Appendix 6.6*).

After we pointed this out (August 2013), the DFO replied that matter shall be intimated after examination.

The matter was reported to the Government/ Department (November 2013); their reply is awaited (December 2014).

Section B: Non-ferrous Mining and Metallurgical Industries

6.9 Tax administration

At the Government level, the Secretary, Mineral Resources Department is responsible for administration and implementation of the related Acts and Rules in the Mineral Resources Department. The Commissioner-cum-Director Geology and Mining (DGM) is the head of the Mineral Resources Department who is assisted by one Additional Director Mining Administration (Addl. DMA), 26 District Mining Officers (DMO), 19 Assistant Mining Officers (AMO) and 65 Mining Inspectors (MI). Against the above sanctioned posts, one Addl. DMA, 15 DMOs, 11 AMOs and 25 MIs are presently working in the Department.

6.10 Internal Audit

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

We observed that against sanctioned posts one Joint Director and four Auditors, only one Auditor was posted during the year 2013-14 in IAW. During the year 2013-14, 19 units were planned for audit by the Department of which 17 units were audited and inspection reports were also issued for the same. However, none of the financial irregularities were noticed during internal audit, only suggestive notes have been issued.

6.11 Results of Audit

In the year 2013-14, we test checked records of seven out of 16 units relating to Mineral Resources Department and found underassessment of royalty and interest, short levy/ realisation of stamp duty and registration fees, non/short levy of dead rent and interest and other irregularities etc. from mining lease holders amounting to ₹ 25.46 crore in 639 cases, which fall under the following categories in the **Table 6.2** below:

Table 6.2

(₹ in crore)

Sl. No.	Categories	Number of cases	Amount
1.	Underassessment of royalty and interest	116	5.93
2.	Short levy/ realisation of stamp duty and registration fees	2	0.004
3.	Non/short levy of dead rent and interest	37	0.11
4.	Other irregularities	484	19.42
Total		639	25.46

During the course of the year, the Department accepted underassessment and other deficiencies of ₹ 4.71 crore in 144 cases and recovered ₹ 5.13 lakh in four cases.

After issue of Draft paragraph, Department recovered ₹ 4.75 lakh during the year 2014-15 in 30 cases.

An illustrative case involving ₹ 12 lakh is discussed in the following paragraph.

6.12 Non realisation of dead rent and interest thereon

According to the Rule 30(1) (a) of the Chhattisgarh Minor Mineral Rules, 1996, lessee shall pay, for every year except for the first year of the lease, yearly dead rent at the rates specified in Schedule IV in advance for the whole year, on or before the 20th day of the first month of the year. Rule 30(1) (d) provides, if the lessee fails to pay the dead rent due in time, he shall be liable to pay interest at the rate of 24 *per cent* per annum for the period of default.

We found during test check of 304 cases out of 533 cases relating to the *Khatoni* and lease case files in the offices of DMO Dantewada, Rajnandgaon and Deputy Director Mining (DDM), Raipur (between November 2013 and January 2014) that in 19 cases, the lessee did not pay dead rent amounting to ₹ 7.27 lakh for the year 2007 to 2014. Despite this, the DMO did not issue any demand notice for recovery of dead rent of ₹ 7.27 lakh and interest of ₹ 4.73 lakh thereon. Inaction on the part of DMO to monitor the lease cases resulted in non-realisation of dead rent and interest of ₹ 12 lakh (*Appendix 6.7*).

After we pointed this out (June 2014), the Department stated (September 2014) that an amount of ₹ 1.05 lakh has been recovered in four cases and demand notices had been issued to seven lessees in case of DDM, Raipur. Further, the DMO Rajnandgaon had recovered an amount of ₹ 33,080 and demand notices of ₹ 1.77 lakh had been issued in the remaining two lessees to recover the amount and action is being taken to recover from lessee by DMO, Dantewada.

The matter was reported to the Government (May 2014); their reply is awaited (December 2014).

CHAPTER -VII: FORESTRY AND WILD LIFE (EXPENDITURE)

7.1 Introduction

The Principal Chief Conservator of Forests (PCCF) heads the Forest Department under the administrative control of the Principal Secretary (Forest) who is assisted by eight Additional PCCsF (APCCsF) and 16 Chief Conservators of Forest (CCsF) at Headquarters.

7.2 Results of Audit

We have conducted Audit of Production and treatment of bamboo in Chhattisgarh involving financial effect of ₹ 117.38 crore. Also, we conducted test check of the records of 22 units out of 60 units relating to Forest Department during the year 2013-14. We found irregularities in non-evaluation of treatment of degraded bamboo forest, execution of treatment of degraded bamboo forests in ineligible areas, non observance of job rates fixed by the CsF while treating the degraded bamboo forests and avoidable expenditure etc. involving ₹ 284.95 crore in 209 cases which fall under the following categories in the **Table 7.1** below:

Table 7.1

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
1	Performance Audit on “Production and Treatment of Bamboo in Chhattisgarh”	1	117.38
2	Irregular expenditure	99	88.33
3	Avoidable expenditure	13	12.22
4	Unfruitful expenditure	13	5.52
5	Excess expenditure	50	36.87
6	Other irregularities	33	24.63
Total		209	284.95

During the course of the year, the Department accepted 39 cases of irregular/unfruitful/ excess expenditure and other irregularities involving financial effect of ₹ 41.15 crore.

An amount of ₹ 36.69 lakh was recovered in one case after forwarding Performance Audit to the Government.

The Performance Audit on **“Production and treatment of bamboo in Chhattisgarh”** involving financial effect of ₹ 117.38 crore and a few illustrative cases involving ₹ 5.67 crore are discussed in the following paragraphs.

7.3 PRODUCTION AND TREATMENT OF BAMBOO IN CHHATTISGARH

Highlights:

Non-evaluation of treatment of degraded bamboo forest resulted in irregular expenditure of ₹ 26.47 crore.

(Paragraph 7.3.10.1)

Execution of treatment of degraded bamboo forests in ineligible areas resulted in irregular/ avoidable expenditure of ₹ 9.73 crore.

(Paragraph 7.3.10.3)

Non observance of job rates fixed by the Conservators of Forests while treating the degraded bamboo forests resulted in excess expenditure of ₹ 2.52 crore.

(Paragraph 7.3.10.5)

Treatment of the area already treated resulted in avoidable expenditure amounting to ₹ 54.86 lakh.

(Paragraph 7.3.10.7)

Treatment of degraded bamboo forest in naxal affected areas where bamboo could not be felled, resulted in doubtful/ unfruitful expenditure of ₹ 2.11 crore.

(Paragraph 7.3.10.8)

Department incurred expenditure of ₹ 28.26 crore on bamboo plantation. However, it failed to evaluate the success/ failure of the plantation.

(Paragraph 7.3.11.1)

Unsuitable sites were selected for bamboo plantation resulted in irregular expenditure of ₹ 22.51 lakh.

(Paragraph 7.3.11.2)

Non-exploitation of due bamboo coupes having 1.91 lakh hectare bamboo area resulted in loss of revenue amounting to ₹ 39.10 crore. Besides, the Department had no planning for exploitation of bamboo area in naxal affected area and unprofitable coupes were not treated further.

(Paragraph 7.3.12.1)

There were huge variations between estimates and actual production of bamboo which resulted in non-realisation of revenue to the tune of ₹ 4.71 crore.

(Paragraph 7.3.12.2)

Non-compliance of the conditions envisaged in the tender document for sale of industrial bamboo resulted in loss of revenue amounting to ₹ 19.23 lakh.

(Paragraph 7.3.13)

7.3.1 Introduction

Bamboo is a fast growing, wide spread, renewable, versatile and low cost non-wood forest produce. Due to its multiple utility and accessibility to common man, it is also called Green Gold. As per the information furnished by the Department, total forest area in the State was 59,772 sq. km. of which bamboo bearing area is 11,368 sq. km.



(A bamboo coupe in Bhanupratappur (East) division)

As per the Working Plan (WP) prescriptions, the bamboo areas are treated in a cycle of four years. The treatment includes Rehabilitation of Degraded Bamboo Forest (RDBF¹) work, harvesting of Bamboo etc. Harvesting of bamboo and treatment of degraded bamboo areas in every four years is not only important from the production point of view, but also for the further growth of bamboo because, if developed bamboo is not harvested at the right time, the bamboos in clumps shall entangle and decay soon. Keeping this in view, the WPs also prescribe that bamboo areas must be treated periodically.

7.3.2 Organisational Set up

The organisational set up of the Forest Department is as follows:

Principal Secretary (Forest)

Principal Chief Conservator of Forest (PCCF)

Additional PCCFs (8) CCFs (16)

CFs (6) at Raipur, Bilaspur, Kanker, Bastar, Durg and Surguja

Divisional Forest Officers (37)

¹ Rehabilitation of degraded Bamboo Forests Circle includes the compartments having 50 to 100 degraded bamboo clumps per hectare. The area is to be treated with bamboo plantation in blank areas and cleaning and mounding of the available bamboo clumps.

7.3.3 Audit objectives

The Performance Audit was conducted to ascertain whether:

- treatment of degraded bamboo forest was done in accordance with the provisions envisaged in WP, departmental norms and the results of treatment have been attained;
- bamboo plantations were done in accordance with the provisions given in WP, departmental norms and instructions;
- the production and transportation of exploited bamboo was done in accordance with the rules, provisions and departmental instructions; and
- the disposal of bamboo through auction, supply to *nistaris/ bansods* etc. have been done in accordance with the rules, provisions and departmental instructions.

7.3.4 Audit criteria

The provisions of the following Acts, Rules etc. were used as the criteria of Performance Audit:

- Indian Forest Act, 1927 and rules made thereunder;
- Working Plans of the Divisions as approved by the Government of India;
- Chhattisgarh Financial Code; and
- Instructions, guidelines, norms etc. issued by the Department and the Government from time to time.

7.3.5 Audit scope and methodology

Out of the 37 territorial divisions in the State responsible for execution of the forest activities, 15² territorial divisions were selected on the basis of Simple Random Sampling (SRS). Along with the test check of records at the execution units, records pertaining to planning and allocation of funds at the Head of the Department level were also seen for the period between 2008-09 and 2013-14. The scope and methodology of audit was discussed with the Principal Secretary, Forest Department in an entry conference held on 5 May 2014. The draft report was forwarded to the Government and the Department on 14 August 2014. The exit conference was held on 16 September 2014 wherein audit findings, conclusions and recommendations were discussed. The Government was represented by the Principal Secretary, Forest Department whereas the PCCF and APCCsF represented the Department. The responses received during the exit conference and at other points of time have appropriately been incorporated in the relevant paragraphs.

7.3.6 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation of the Forest Department for providing requisite information and records to audit.

² Bastar, Bhanupratappur (East), Bijapur, Dantewada, Dhamtari, Gariyaband, Katghora, Khairagarh, Koriya, Narayanpur, Raigarh, Raipur, Sukma, Surajpur and Surguja

7.3.7 Expenditure on degraded bamboo forests

The Government has made a specific budget head namely “6724 – Rehabilitation of degraded bamboo forests” for the development and growth of degraded bamboo forests in the State. During the period from 2008-09 to 2013-14, the Department had incurred expenditure of ₹ 219.60 crore on treatment of degraded bamboo forests as detailed in the following **Table 7.2**:

Table 7.2*(₹ in crore)*

Year	Total Plan Budget for the State	Total Plan Expenditure	Sanction for treatment of degraded bamboo forests	Expenditure incurred	Percentage of expenditure on RDBF as against the total plan
2008-09	230.21	202.03	21.44	21.33	10.56%
2009-10	231.70	215.16	25.77	25.78	11.98%
2010-11	237.34	212.7	28.83	28.81	13.54%
2011-12	281.94	265.49	42.52	42.08	15.85%
2012-13	334.97	307.39	48.91	48.68	15.84%
2013-14	440.28	431.96	53.66	52.92	12.25%
Total	1,756.44	1,634.73	221.13	219.60	

[Source: Form 7 of the APCCF (Development/ Planning)]

It may be seen from the above table that between 2008-09 and 2013-14, plan expenditure of the Department was ₹ 1,634.73 crore of which, the expenditure of ₹ 219.60 crore was incurred on the treatment of bamboo forests. The share of outlay on treatment of bamboo forests showed an increasing trend and the incurred expenditure ranged between 10.56 to 15.85 *per cent* of the total plan expenditure.

7.3.8 Production of bamboo and expenditure on production

The annual production of bamboo in the State during the period from 2008-09 to 2013-14 was as detailed in **Table 7.3** below:

Table 7.3*(Quantity in Notional Tons³)*

Year	Industrial Bamboo ⁴		Commercial Bamboo		Total	
	Target	Production	Target	Production	Target	Production
2008-09	37933	35505	27866	23563	65799	59068
2009-10	38006	22334	36212	15902	74218	38236
2010-11	21606	18720	25151	12626	46757	31346
2011-12	20573	22117	15587	15899	36160	38016
2012-13	19575	19426	17445	14776	37020	34202
2013-14	11009	17074	16072	11009	27081	28083

(Source: Information provided by the Department)

³ Weight of Bamboo is measured in Notional Tons. One Notional Ton is equivalent to 2,400 running meters of Bamboo.

⁴ The cut bamboo is classified in two groups viz Industrial and Commercial Bamboo. Thin and small pieces of bamboo of length of one and two meters having least commercial value are classified as industrial bamboo and are kept in the bundles of 20 pieces. Longer bamboos are classified as commercial bamboos and kept in Depots according to their length of 3.30, 4.60, 5.50, 6.50 and 7.30 meters.

The above table clearly indicates that except in the year 2011-12 and 2013-14, the Department failed to achieve the targets of production. It may also be seen from the table that from 2008-09 to 2013-14, the yield of bamboo had shown decreasing trend from 59,068 NT in 2008-09 to 28,083 NT in 2013-14 i.e. production was decreased by more than 52 per cent.

During the period from 2008-09 to 2013-14, the Department had incurred the expenditure of ₹ 73.89 crore for the production of bamboo as detailed in **Table 7.4** below:

Table 7.4

(₹ in crore)

Year	Budget Estimates (BEs)	Allotment	Expenditure
2008-09	15.20	14.51	11.25
2009-10	16.22	12.36	10.31
2010-11	15.20	10.72	8.67
2011-12	13.85	13.85	12.12
2012-13	13.85	12.69	11.48
2013-14	22.15	21.61	20.06
Total	96.47	85.74	73.89

(Source: Information provided by the Department)

7.3.9 Trend of revenue receipts from State trade of bamboo

During the period from 2008-09 to 2013-14, revenue income from State trade of bamboo is as detailed in the following **Table 7.5**:

Table 7.5

(₹ in crore)

Year	Revenue realisation	
	Target	Actual Receipt
2008-09	9.37	8.14
2009-10	10.65	10.72
2010-11	12.66	9.85
2011-12	12.65	11.71
2012-13	12.81	14.55
2013-14	14.24	15.08
Total	72.38	70.05

(Source: Information provided by the Department)

It may be seen from the above table that the Department could not achieve the target of revenue realisation in 2008-09, 2010-11 and 2011-12. We observed that in 2009-10 and 2012-13, though production was lower than the targets, the revenue realisation was higher than the revenue targets. Similarly, in 2011-12, though the production was higher than the targets, the revenue targets could not be achieved by the Department. This clearly shows that there is no relation of target fixation with the bamboo production.

It may be seen from the above details that the Department had incurred average annual expenditure of ₹ 12.32 crore in last six years while the average annual revenue receipts from bamboo was only ₹ 11.68 crore.

AUDIT FINDINGS

During the course of Performance Audit, we noticed several deficiencies in treatment of degraded bamboo forests, bamboo plantation, production of bamboo and sale of bamboo as discussed in the succeeding paragraphs.

7.3.10 Treatment of degraded bamboo forests

7.3.10.1 Non-evaluation of Rehabilitation of Degraded Bamboo forests work

As per the provisions of WPs, objective of RDBF (Overlapping) Circle is to rehabilitate the degraded bamboo forests through cleaning of bamboo clumps and mounding of soil in clumps so that productivity of bamboo forests could be increased to ensure supply of bamboo to the needy villagers and industries. PCCF had also instructed (July 2011) all the field officers that after four years of treatment of degraded bamboo forest area, a Gazetted officer shall evaluate it and if found feasible for production, bamboo felling shall be done. Otherwise, reasons for failure shall be recorded and the required silvicultural⁵ operations shall be taken up.

During test check of the budget files, progress reports, project reports and payment vouchers of 14 divisions⁶, we noticed that 30,984.818 hectare and 39,416.803 hectare of degraded bamboo forest area was treated through cleaning of bamboo clumps and mounding of soil in clumps incurring expenditure of ₹ 9.81 crore and ₹ 16.60 crore in the years 2008-09 and 2009-10 respectively. As per the provisions, these areas should have been evaluated and accordingly reported upon by Gazetted officer whether felling should be done or further silvicultural activities should to be taken up. However, we observed that no evaluation of the above mentioned treatment was made by



(A pictorial comparison of treated and untreated degraded bamboo forest)

the Department after four years i.e. 2012-13 and 2013-14. Further, no plan was found to be made by the divisions regarding felling of bamboo in the above treated area. Hence, the treated area could not become productive even after the lapse of more than four years. Due to laxity of Department in evaluating the results of treatment, the success or failure of the treatment could not be assessed. Further, these areas were also not converted into bamboo exploitable areas and due to non-evaluation, reasons for failure of treatment as well as further silvicultural operations could not be ascertained. Thus, non-evaluation

⁵ Silviculture implies to the various forestry treatments to be carried out including plantation, cleaning, rehabilitation works etc.

⁶ Bastar, Bhanupratappur (East), Bijapur, Dantewada, Dhamtari, Gariyaband, Katghora, Khairagarh, Koriya, Narayanpur, Raigarh, Sukma, Surajpur and Surguja

of rehabilitation of degraded bamboo forest works resulted in unfruitful expenditure of ₹ 26.47 crore (*Appendix 7.1*).

During the exit conference, the Government, partially agreeing with the audit observation, informed that inspection had not been done in some of the treated areas. As pointed out by the Audit, the areas have been inspected and out of the total 70,401 hectare treated area, 12,689 hectare area was found feasible for felling. Of this, felling of bamboo has been done in 926 hectare area and in remaining areas, felling shall be done in current year. The reply itself clarifies the failure of the Department in monitoring and evaluation of the treatment work as a result of which merely 18 *per cent* of the treated area could have been turned productive. Also, only 15 *per cent* of the area that became productive due to treatment done in 2008-09 could have been exploited.

The Government may consider evolving an effective system of monitoring and evaluation of treatment of degraded bamboo forests so that the productivity of the treated area could have been assessed and accordingly further treatment or production of bamboo may be taken up in those areas.

7.3.10.2 Non-treatment of bamboo clumps in written off coupes

PCCF had instructed (January 2005) that as per the silvicultural viewpoint, every bamboo clump must be treated in due year. If treatment work will not be taken, the bamboo clumps would be entangled and decay after some time. Further, CF, Jagdalpur instructed (July 2005) that the degraded bamboo clumps in written off bamboo coupes should be treated as per the provision of WP.

During the test check of budget files, coupe control registers and WP of Bijapur and Bastar divisions, we noticed that bamboo forest was to be felled in 16,239 hectare of 74 compartments (year 2006-07 to 2010-11) and 5185.826 hectare of 20 compartments (year 2008-09 to 2010-11) of Bijapur and Bastar divisions respectively as per their respective WPs. According to the Bamboo exploitation and transportation statement, no felling work was carried out by the divisions in due 94 compartments because of unprofitability. Divisions submitted proposal for write-off to CF, Jagdalpur. CF, Jagdalpur had written-off the 94 compartments for felling. However, these divisions knew that these compartments did not have exploitable bamboo due to degradation in bamboo clumps. Thus, divisions should have taken up treatment work of degraded bamboo clumps in order to ensure the restoration of exploitable bamboo. Despite the instructions of PCCF and CF, Jagdalpur, the divisions had not carried out treatment work in 21,424.826 hectare of 94 compartments. Consequently, clumps would have been entangled and reached to decayed position. In addition, Department was deprived of bamboo production.

During the exit conference, the Government informed that these areas were not exploited being unprofitable/ unproductive and were written off accordingly. As per the availability of budget, 5,185 hectare area in Bijapur division was treated. Reply is not acceptable as the divisions did not submit proposals for treatment of written off coupes. It indicates the failure of Department in planning the treatment of due bamboo area which has become unprofitable/ unproductive.

The Government may consider ensuring the treatment of unprofitable/unproductive bamboo coupes in due time.

7.3.10.3 Treatment of bamboo forests in ineligible areas

(A) As per the provisions envisaged by the territorial CFs of Surguja and Bastar in the job rates for forestry works, cleaning and mounding of bamboo clumps should not be done in the areas having slope more than 20°.

During test check of the budget files of the five⁷ test checked divisions, we noticed that during the period between 2009-10 and 2013-14, CFs of Bastar and Surguja allotted ₹ 13.13 crore for treatment of bamboo forest in 28,837.187 hectare area of 121 compartments. Further scrutiny of Compartment Histories (CHs) and project reports revealed that 126 compartments admeasuring 32,981.882 hectare in which 20,687.314 hectare area was of slope above 30°⁸ and rest 12,294.598 hectare was under 30° slope. Divisions carried out the treatment of bamboo forest in 28,837.187 hectare and incurred the expenditure of ₹ 13.14 crore as detailed in **Table 7.6** below:

Table 7.6

Name of Division	Period of work	Area of treatment (Ha.)	Expenditure incurred (₹ in lakh)	Area above 30° slope (Ha.)	Expenditure incurred in area above 30° slope (₹ in lakh)
Bijapur	2011-12 to 2013-14	2,350.144	105.26	1,483.624	65.60
Dantewada	2009-10 to 2011-12	7,047.940	223.52	4,537.441	142.91
Koriya	2009-10 to 2012-13	5,530.692	268.18	3,287.374	160.29
Bastar	2011-12 to 2013-14	1,646.841	86.98	910.880	48.12
Sukma	2009-10 to 2011-12	12,261.570	629.91	6,323.270	313.66
Total		28,837.187	1,313.85	16,542.589	730.58

It is evident from the above table that out of 28,837.187 hectare in which bamboo treatment work was done incurring expenditure of ₹ 13.14 crore, 16,542.589 hectare was above 30°. However, the divisions carried out the work in that 16,542.589 hectare area and incurred expenditure of ₹ 7.31 crore. Thus, the divisions executed work in ineligible areas incurring expenditure of ₹ 7.31 crore which was irregular.

During the exit conference, the Government informed that the treatment of degraded bamboo forests was done as per the prescriptions envisaged in the WPs of the respective divisions as approved by GoI. Restrictions cannot be imposed on any work merely on the basis of any mention in the job rates fixed by the CFs. Reply is not acceptable as the restrictions imposed by the territorial CFs on the basis of local conditions of the forest should have been adhered along with prescriptions of working plan while executing the RDBF work.

⁷ Bijapur, Dantewada, Jagdalpur, Sukma and Koriya

⁸ Though the provision restricts treatment work above 20°, but the slope of the areas were mentioned as up to 10°; 10° to 30°; 30° to 40° and above 40° in the Compartment Histories. As such, the calculations had been made taking 30° as basis.

(B) As per the provisions envisaged in the WPs, Bamboo Rehabilitation Working Circle has been formed including areas having 50 to 100 degraded bamboo clumps per hectare in order to obtain good bamboos and the demand of local villagers could be met after treatment of the degraded bamboo forest.

During scrutiny of the budget files of bamboo treatment work in five⁹ test checked divisions of the period from 2008-09 to 2012-13, it came to the notice of Audit that CF, Bastar, Bilaspur and Raipur sanctioned an amount of ₹ 2.88 crore for treatment of 5,552.972 hectare of 43 compartments and the divisions incurred expenditure of ₹ 2.88 crore. However, as per the CHs and WP of these divisions, we observed that of the treated area, 4,751.012 hectare was devoid of bamboo clumps. Execution of bamboo treatment work in such area was in contradiction to provisions of WP. Thus, the incurred expenditure of ₹ 2.42 crore on the above work was avoidable (*Appendix 7.2*).

During the exit conference, the Government informed that the areas in which the abovementioned treatment was done were inspected by the Gazetted Officers. It was found that the treated areas have enough bamboo clumps (ranging from 47 clumps per hectare to 400 clumps per hectare) and was not devoid of bamboo. Reply is not acceptable as the WPs of the respective Divisions as approved by the GoI have classified the degraded bamboo areas which require the treatment and accordingly the treatment series had been made in the WPs and this area had not been classified as RDBF area. Non-classification of the areas mentioned above as degraded bamboo forests in the WPs approved by the GoI proves that these areas were not treatable with rehabilitation of degraded bamboo forests.

The Government may consider implementing the prescriptions of WPs approved by the GoI and departmental instructions to ensure the management of degraded bamboo forest area for sustainable development of bamboo.

7.3.10.4 Bamboo treatment done in contravention of departmental instructions

As per the instructions issued by the Department (1999 and October 2012), cleaning and mounding of congested bamboo clumps should be done in the months from November to February only. In the cases where projects were sanctioned lately, the work may be carried out in the month of March.

Test check of the records pertaining to bamboo treatment work for year 2011-12 and 2012-13 in two¹⁰ test checked divisions we noticed that CF, Bastar allotted ₹ 4.72 crore (October 2011, November 2011 and May 2012) for treatment of degraded bamboo forest in 11,489.387 hectare in 69 compartments. During scrutiny of project reports and vouchers of bamboo treatment work, we observed that 6,50,891 clumps in 6,237.124 hectare area of 33 compartments were treated incurring expenditure of ₹ 2.19 crore in the months of March, May and June as detailed in **Table 7.7**:

⁹ Bastar, Bijapur, Dhamtari, Gariyaband and Katghora

¹⁰ Bastar and Bijapur

Table 7.7

Division	Year	No. of comp.	Treated area (Ha.)	Clumps cleaned in the month other than prescribed in instructions issued by the Department	Expenditure incurred (₹ in lakh)
Bastar	2011-12	01	222.226	3,675	4.47
Bijapur	2011-12	03	639.036	57,614	24.22
	2012-13	29	5375.862	5,89,602	190.00
Total		33	6237.124	6,50,891	218.69

Thus, the expenditure of ₹ 2.19 crore on treatment of 6,50,891 clumps in the months other than prescribed in the instructions issued by the Department was irregular.

During the exit conference, the Government informed that in accordance with departmental circular (October 2012), treatment of degraded bamboo has been done in the period between October and March. We do not agree with the reply as in payment vouchers of the work, it had been mentioned that the work was executed in the months from March to June.

The Government may consider strengthening the internal control mechanism to ensure the execution of treatment work in due time period and in an effective manner.

7.3.10.5 Cleaning of bamboo clumps at higher rates

Conservator of Forest (CF) prescribes the job rates for different forestry work. Based upon these job rates and prevailing labour rate, payment has been made for different forestry works. During test check of the records, we noticed several cases of non-observance of job rates fixed by the CFs while cleaning and mounding of bamboo clumps as discussed in the following paragraphs.

(A) CF, Kanker Circle, Kanker had prescribed (March 2007) job rates of 0.20 man days and 0.12 man days for cleaning of each bamboo clump, mounding of soil with making uphill trenches near the clumps towards slope, cutting, bundling and recording of bamboo for diameter of clump above two meter and up to 2 meter respectively. Further, CF revised (September 2012) the job rates of 0.36 man days and 0.27 man days for cleaning of each bamboo clump, mounding of soil with hoeing/ weeding in the clumps (instead of uphill trenches), cutting, bundling and recording of bamboo for diameter of clumps above two meter and up to two meter respectively.

During test check of the budget files of Narayanpur and Bhanupratappur (East) divisions, we noticed that CF, Kanker allotted ₹ 1.64 crore for cleaning of bamboo clumps in 3,243.38 hectare area in 2012-13 and 2013-14. During further scrutiny of project report, payment vouchers, form 7¹¹ and cash book, we noticed that 2,57,800 bamboo clumps were cleaned at the rate of 0.27 and 0.36 mandays per clump and expenditure of ₹ 1.23 crore was incurred. However, as per the project reports of the bamboo cleaning work and payment vouchers, degraded bamboo clumps were treated by making of uphill trenches

¹¹ Form 7 is the expenditure Statement of the Division maintained monthly.

instead of hoeing/ weeding work in the clumps. Thus, the rate of 0.12 and 0.20 mandays per clump should have been applied while executing



(A cleaned and mounded bamboo clump)



(An untreated degraded bamboo clump)

the work. Hence, non-observance of the job rates fixed by the CF for cleaning of bamboo clumps by making uphill trenches resulted in excess expenditure of ₹ 62.68 lakh (*Appendix 7.3*).

During the exit conference, the Government informed that the job rates fixed by the CF, Kanker in August 2007 were revised in September 2012 on the basis of work study. None of these job rates had mention for making uphill trenches. The revision of rates included the change in the rates only and not the work to be done. Reply is not acceptable as the work study itself mentions that the earlier method was of making uphill trenches and the order of revision of job rates clarifies that the work should have been done through hoeing instead of making uphill trenches for which the revised rates shall be applicable. The correct job rates fixed by the CF for the work actually done were not applied to while executing the treatment of degraded bamboo clumps.

(B) CF, Bastar (2002) had prescribed the job rates of 0.18 mandays and 0.25 mandays per clump for cleaning and mounding of clumps having diameter up to 2.5 meter and above 2.5 meter respectively.

During test check of the budget files and project reports of four¹² divisions, we noticed that between 2009-10 and 2012-13, these divisions carried out the work of cleaning of 39,29,284 bamboo clumps in 40,372.837 hectare area and incurred expenditure of ₹ 12.13 crore. During further scrutiny of payment vouchers, form-7 and cash book, we noticed that bamboo clumps were cleaned at the rate of 0.20 and 0.27 mandays per clump instead of 0.18 and 0.25 mandays per clump as fixed by the CF for clumps having diameter upto 2.5 m and above 2.5 m respectively. Thus, the DFOs did not adhere to the job rates fixed by the CF and executed the works on higher rates which resulted in excess expenditure of ₹ 1.26 crore (*Appendix 7.4*).

During the exit conference, the Government informed that rates fixed by the CF, Bastar for cleaning of clumps do not include the rates for mounding and 0.02 mandays was provided separately for the same. Accordingly, the work was executed and expenditure was incurred. Reply is not acceptable as work of mounding in the clumps is already included in the work of cleaning of bamboo clumps for which rates of 0.18 and 0.25 mandays per clump were

¹² Bastar, Bijapur, Dantewada, and Sukma

fixed. Also, it was seen at Sukma division that CF, Bastar sanctioned the project report of same work at the rates of 0.18 and 0.25 mandays in the year 2011-12.

(C) CF, Raipur (2011-12) had prescribed the job rates of 0.1 mandays and 0.2 mandays per clump for cleaning and mounding of clumps having diameter up to 1.5 meter and above 1.5 meter respectively.

During test check of the budget files and project reports of Gariyaband division, we noticed that the division carried out the work of cleaning of 4,32,333 bamboo clumps in 4,141.960 hectare area incurring expenditure of ₹ 1.58 crore in 2011-12 and 2012-13. During further scrutiny of payment vouchers, form-7 and cash book, we noticed that bamboo clumps were cleaned at the rate of 0.18 and 0.28 mandays per clump instead of 0.1 and 0.2 mandays per clump as fixed by the CF for clumps having diameter upto 1.5 m and above 1.5 m respectively. Thus, the DFO did not adhere to the job rates fixed by the CF and executed the works on higher rates which resulted in excess expenditure of ₹ 62.63 lakh.

During the exit conference, the Government replied that the work was executed in accordance with the job rates fixed by the CF, Raipur (March 2004). Reply is not acceptable as the work was carried out by the division at the rates of 0.18, 0.28 and 0.37 mandays per clump for clumps having diameter up to 1.5 meter, 1.5 to 2.0 meters and above two meters respectively which have been amended by the CF himself in 2011-12 who then fixed the rates of 0.1 and 0.2 mandays per clump having diameter up to 1.5 meter and above 1.5 meter.

7.3.10.6 Non-observance of the norms fixed by the Department during treatment of degraded bamboo clumps

PCCF had fixed (September 2013) the mandays for cleaning and mounding work of bamboo clumps. It includes 0.25 mandays and 0.15 mandays for cleaning of each bamboo clumps, mounding with making uphill trenches near the clumps towards slope, cutting, bundling and recording of bamboo for clump having diameter above 1.5 meter and up to 1.5 meter respectively.

During the test check of budget files, project reports and payment vouchers of five¹³ test checked Divisions, we noticed that these divisions carried out the treatment of degraded bamboo forest in 8,761.287 hectare in which 5,35,613 clumps having diameter up to 1.5 meter and 1,80,674 clumps having diameter above 1.5 meter were cleaned and mounded at the job rate of CFs instead of those fixed by the PCCF. Since PCCF had decided the rates for the work, the job rates fixed by the CF for the same should have not been applied. Thus, non-adherence of the mandays fixed by the Department resulted in excess expenditure of ₹ 73.96 lakh on cleaning and mounding of bamboo clumps (*Appendix 7.5*).

During the exit conference, the Government replied that the revised rates were sanctioned in January 2014 and issued to the field offices in February 2014. Before issuance of the new rates, the work had been completed at the earlier

¹³ Bhanupratappur (East), Katghora, Koriya, Narayanpur and Raigarh

rates. Reply is factually incorrect as the revised rates had been issued by the Department in September 2013 which were applicable since October 2013.

7.3.10.7 Avoidable expenditure on treatment of the already treated area

PCCF had instructed (July 2011) that those compartments which were included in both circle of Rehabilitation of Degraded Forest (RDF)¹⁴ and RDBF, shall be considered only RDF circle. If in earlier year, treatment of degraded bamboo forest work has been taken in those compartments which were include in RDBF circle then there is no need of taking the treatment of RDF work in the same compartment again.

- During test check of the budget files, progress reports, plantation report and Working Plan of two¹⁵ test checked divisions, we noticed that out of 1,261.743 hectare area in five compartments, clumps were cleaned and mounded in 1,244.315 hectare area between 2010-11 and 2012-13. Such treatment should not be done for next four years. However, we observed that in the year 2012-13, in the same compartments, 876.192 hectare area was again treated within two years of start of previous treatment. It clearly indicates that 856.664 hectare area in these compartments was again taken up for treatment by the Divisions and expenditure of ₹ 45.11lakh was incurred.
- During test check of the budget files, progress reports, plantation report and Working Plan of two¹⁶ test checked divisions, we noticed that out of total 597.882 hectare area in two compartments, bamboo plantation was done in 403.67 hectare area in 2008-09 and 2009-10. However, we observed that in the year 2009-10 and 2010-11, in the same compartments, bamboo cleaning and mounding work was done in 482.245 hectare area. It clearly indicates that at least 288.033 hectare area in these compartments was again taken up for treatment by the Divisions and expenditure of ₹ 9.75 lakh was incurred.

Since, the earlier treatments were still going on, there was no need for further treatment until previous work was completed and evaluated. Thus the expenditure of ₹ 54.86 lakh incurred on the already treated area of these compartments was avoidable (*Appendix 7.6*).

During exit conference, the Government informed that RDF and RDBF are different working circles. RDBF work can be done with RDF work but RDF work cannot be completed with RDBF work. Also, Bamboo plantation work is done in blank spaces of the compartment and during plantation, RDBF work is not carried out. These areas were due in RDBF circle in later years. As such the treatment had been carried out as per the provisions of WP. Replies are not acceptable as per the instruction of PCCF; treated area is not to be taken for further treatment. If earlier work was failure then treatment work can be taken

¹⁴ Rehabilitation of degraded Forests (RDF) Circle includes the compartments having rare, blank and degraded forests. The area is to be treated with plantation in blank areas and dressing, adoption, protection and preservation of the available root stock in rare forests.

¹⁵ Bijapurand Khairagarh

¹⁶ Dantewada and Gariyaband

after approval of competent authority and reasons of failure should have been recorded but it was not found in records.

7.3.10.8 Treatment of bamboo forests in naxal affected areas

During the course of Performance audit, we observed that the areas where bamboo could not be harvested due to naxal problem were treated in the same or subsequent years without any problem as detailed below:

- In three¹⁷ test checked divisions, 2,232.490 hectare area in 10 compartments either could not be exploited or the exploited material could not be transported between 2008-09 and 2012-13 due to naxal extremism. However, RDBF work was carried out in the same area during the period between 2008-09 and 2013-14 and expenditure of ₹ 84.27 lakh was incurred.
- In two¹⁸ test checked divisions, 6,283.61 hectare area in 25 compartments could not be exploited between 2008-09 and 2012-13 due to naxal extremism. However, soil and water conservation work was carried out in the same area during the period between 2009-10 and 2011-12 and expenditure of ₹ 1.27 crore was incurred.

The expenditure of ₹ 2.11 crore incurred on the above stated works appears doubtful as the villagers refused to enter the forest area for exploitation due to naxal terror. Further, any treatment in the area shall be unfruitful as the Department shall not be able to exploit the results of the treatment due to naxalite problem. Thus, the expenditure of ₹ 2.11 crore incurred on the RDBF and soil and water conservation work was doubtful/ unfruitful.

During the exit conference, the Government replied that if the naxal problems subside in the area, these coupes can be exploited. The silvicultural activities have been taken up in these areas as the provisions of WP. Reply is not acceptable as it does not clarify how the works were executed in areas where villagers had refused to go for exploitation of bamboo due to naxal terror.

7.3.11 Bamboo Plantation

7.3.11.1 Failure of Department in evaluating the success of bamboo plantations

As per the provisions envisaged in WPs of the Divisions, the length and collar girth of plants shall be measured annually for five years since plantation and recorded in plantation journals for evaluation. If there is any doubt in the success of plantation, the possible reasons shall be recorded in plantation journals. The PCCF had also instructed (March 2013) that Division shall count the plants in April and October months of each year up to four years of plantation. Further, evaluation of plantation shall be done by a team consisting of a CF, DFO, SDO and RO of other circles.

Test check of the plantation reports in 13¹⁹ test checked divisions revealed that during the period between 2008-09 and 2013-14, 45,08,477 bamboo plants

¹⁷ Bijapur, Narayanpur and Sukma

¹⁸ Dantewada and Sukma

¹⁹ Bastar, Bhanupratappur (East), Bijapur, Dantewada, Dhamtari, Gariyaband, Katghora, Khairagarh, Koriya, Raigarh, Raipur, Surajpur and Surguja

were planted in 10,375.096 hectare area of 184 compartments and expenditure of ₹ 28.26 crore was incurred (**Appendix 7.7**). Further scrutiny of plantation journal of bamboo plantation revealed that DFOs did not evaluate the bamboo plantation as per the provisions of WP because no entries regarding height and collar girth of plants was found in plantation journal. Further, we noticed that the field officers did not comply the Departmental instructions regarding counting of plants. Also, the department failed to monitor the evaluation of plantation work. Thus, audit could not check the success of plantation and inclusion of these plantations as regular felling series in future.

During the exit conference, the Government partially accepted the observation and replied that plantation journals in the test checked divisions may not have been produced or incomplete journals were produced. All the plantations mentioned herein have been inspected and their progresses have been recorded in the respective journals along with the comments of higher officials. Reply is not acceptable as only 10 journals had been produced to the audit during Exit conference. Also, the produced journals were deficient of requisite information. Further, the plantation journals do not have column for recording the collar girth as required under the provisions.

The Government may consider issuing the proper format of plantation journal and ensure the maintenance of the same as per the provisions envisaged in WPs for effective monitoring of progress of plantation.

7.3.11.2 Selection of unsuitable sites for bamboo plantation

As per the provisions envisaged in WPs of the Divisions, plantation in which above 40 *per cent* plants are alive is considered as successful plantation.

During test check of the budget files, plantation journal and WP of DFO, Koriya, we noticed that CF, Surguja allotted ₹ 22.77 lakh for bamboo plantation in 150 hectare of three compartments between 2008-09 and 2010-11. The Division carried out the plantation in these three sites and incurred expenditure of ₹ 22.51 lakh as detailed in the following **Table 7.8**:

Table 7.8

(₹ in lakh)

Comp. No.	Area of plantation (in Ha.)	Year of plantation	No. of plants planted	Allotment	Expdr. Incurred
197	50.00	2008-09	20,000	7.09	6.92
198	50.00	2009-10	20,000	7.77	7.72
199	50.00	2010-11	20,000	7.91	7.87
Total	150.00		60,000	22.77	22.51

During scrutiny of CHs and WP, we observed that the above compartments belong to Selection-cum-Improvement (SCI) Working Circle having density above 0.5. During joint physical verification of these sites, we observed that



(Plantation area in Compartment no. 197)



(Plantation area in Compartment no. 198)

these compartments had abundant root stock and good regeneration. In the abovementioned plantations, only 10 to 15 *per cent* plants were alive and the height of the survived plants ranged between three and four feet. Due to the selection of unsuitable site for plantation, only 10 to 15 *per cent* plants could have survived. Also, the survived plants were underdeveloped. As such the plantations were unsuccessful, the expenditure of ₹ 22.51 lakh incurred on the above plantations was unfruitful.

During the exit conference, the Government replied that DFO had inspected the plantations and as per their reports, survival of plants is more than 46 *per cent* and height of plants is approximately two meters. Reply is not acceptable as during the joint physical verification of sites, the survival in the plantation in all three sites was found 10 to 15 *per cent* and the joint physical verification report was made and attested by the departmental officials.

7.3.11.3 Wrong selection of site for bamboo plantation under National Bamboo Mission

National Bamboo Mission (NBM) was started in order to propagate the production of bamboo in the state by plantation and rehabilitation of degraded bamboo. Bamboo plantation was taken up in 7,874 hectare of forest land by incurring expenditure of ₹ 11.32 crore between 2009-10 and 2013-14 under NBM. As per the provisions envisaged in WPs of the Divisions, plantation in which above 40 *per cent* plants are alive is considered as successful plantation.

During test check of the budget files, plantation journal, WP of the fifteen divisions of NBM, we noticed in three²⁰ divisions that ₹ 30.145 lakh was allotted for 200 hectare in three compartments for bamboo plantation between 2007-08 and 2011-12. The Divisions carried out the plantation in these three sites and incurred expenditure of ₹ 29.05 lakh. Further physical verification of these sites revealed the following irregularities as detailed in **Table 7.9** below:

²⁰ Bhanupratappur (East), Korea and Surajpur

Table 7.9

Division	Com p.No.	Area of plantation (in Ha.)	Year of plantation	No. of Plants planted	Allotment (₹ in lakh)	Expend-iture (₹ in lakh)
Bhanupratappur (East)	1039	50	2011-12	20,000	7.80	7.80
Physical verification of the site revealed that out of the total 20,000 plants planted by the division in 2011-12, only four to five <i>per cent</i> of the plants are alive.						
Surajpur	217	50	2008-09	20,000	6.42	5.97
During scrutiny of CH of the compartment and WP, we observed that the density of the site was above 0.5 and have adequate root stock. Physical verification of the compartment we observed that eight to 10 <i>per cent</i> of plant was alive.						
Koriya	328	100	2007-08	40,000	15.93	15.28
Physical verification of the site it was seen that only two to three <i>per cent</i> of the plants were alive and the site was predominant with moorum and hard rock.						
Total		200		80,000	30.15	29.05



(Bamboo plantation site in compartment no. 217 of Surajpur Division)

During physical verification, we observed that the above mentioned sites being predominated by dense forest, *moorum* and hard rock, were not suitable for plantation. The survival of two to 10 *per cent* plants proves the failure of plantations and thus the expenditure of ₹ 29.05 lakh on the above plantations was unfruitful.

During the exit conference, the Government replied that two out of the above three plantations relating to Bhanupratappur (East) and Koriya Divisions are successful as survival of plants is more than 40 *per cent*. Action shall be taken up in one case relating to Surajpur Division where survival of plants is 22 *per cent*. Reply is not acceptable as during the joint physical verification of sites, the survival in the plantation in all three sites was found two to 10 *per cent* and the joint physical verification report was made and attested by the departmental officials.

7.3.12 Production of bamboo

7.3.12.1 Non-exploitation of bamboo forests

As per the instructions issued by the PCCF (January 2005), bamboo areas should be treated as per the provisions envisaged in the WP as if these were not treated as prescribed, the clumps shall entangle and decay soon. CCF (Production) had also instructed (June 2008) that bamboo production coupes shall not be written off on the basis of unprofitability or any other

circumstances. In cases of unprofitability, the bamboo coupes shall be treated with silvicultural operations as envisaged in the WP.

During test check of the WP and production reports of seven²¹ DFOs, we noticed that between 2008-09 and 2013-14, 333 coupes having 1.91 lakh hectare area due for felling were not felled. As a result of this, 1,61,507.622 NT bamboo valuing ₹ 39.10 crore could not be harvested by the Department as detailed in **Table 7.10** below:

Table 7.10

Name of the Division	Period	Coupes due but not felled		Estimated quantity of production (NT)	Estimated value of un-harvested bamboo (₹ in crore)
		Nos.	Area (Ha.)		
Dantewada	2008-09 to 2011-12	36	22,507.600	6,672.00	4.41
Khairagarh	2008-09 to 2012-13	35	9,943.413	10,738.89	3.68
Raipur	2011-12 to 2012-13	03	445.523	516.810	0.27
Narayanpur	2008-09 to 2012-13	21	13,817.14	12,753.220	10.15
Bijapur	2008-09 to 2013-14	163	98,475.520	1,10,489.534	17.94
Bastar	2008-09 to 2013-14	50	34,824.176	20,337.348	2.65
Raigarh	2008-09 to 2013-14	25	11,097.002	Estimates and valuation could not be done due to no reference in WP in this regard.	
Total		333	1,91,110.374	1,61,507.622	39.10

It may be seen from the above table that 1.91 lakh hectare bamboo area in 333 bamboo coupes were not exploited for the period ranging between one to five years after becoming due. As a result of this, the bamboo clumps shall entangle and decay with the passage of time.

DFO, Bastar, Bijapur, Dantewada and Narayanpur informed that 258 bamboo coupes could not be exploited due to naxal problems in the area. However, we observed that despite repeated failures in fetching the bamboo from naxal affected areas, no such plan was found to be made by the Government/ Department for fetching the bamboo from naxal affected areas. Also, silvicultural operations as per the prescriptions of WP were not found to be carried out by the Department in 50 coupes in Bastar, Khairagarh and Raipur divisions which were not felled due to non-profitability. Such inaction on the part of the Department in respect of exploitation of due bamboo coupes not only resulted in loss of revenue to the tune of ₹ 39.10 crore, but also in depletion of valuable bamboo forests in 1.91 lakh hectares of forest area.

During the exit conference, the Government replied that due to naxal problems in above divisions except Raigarh and Raipur, bamboo felling could not have been done. In Raigarh and Raipur divisions, felling was not done due to financial non-viability. Replies are not acceptable as non-exploitation of bamboo would result in entangled clumps which shall decay in near future leading to permanent loss of the bamboo forests. Further, on the basis of financial non-viability, no bamboo coupes can be written off. In such cases, adequate silvicultural treatments should be carried out for increasing the productivity. However, it was not found to be done.

²¹ Bastar, Bijapur, Dantewada, Khairagarh, Narayanpur, Raigarh and Raipur

The Government/ Department should make a long term plan for exploitation of bamboo in naxal affected areas and carry out adequate silvicultural activities in financially non-viable bamboo coupes.

7.3.12.2 Variations between estimated and actual production of bamboo

As per the provisions envisaged in the WP, sample plots of 0.1 hectare shall be made in the production area and number of bamboo clumps shall be counted in each plot on the basis of which, estimated production of bamboo shall be calculated. As such, estimation shall be made for the production of bamboo in the whole coupe. During test check of the records in selected divisions, we noticed that there were huge variations between the estimates and actual production. The variations and its effect are discussed in the following paragraphs.

(A) During test check of the WP and production reports of four²² DFOs, we noticed that between 2008-09 and 2013-14, yield of 41,543.339 NT bamboo was estimated from the exploitation of 39,103.901 hectare area in 83 coupes. However, against the estimated yield, only 24,996.802 NT bamboo have been produced. The coupe-wise actual production was short than the estimated yield by 20 to 93 *per cent* as detailed in **Table 7.11** below:

Table 7.11

Name of the Division	Period	No. of coupes/ Area (Ha.)	Estimated production (NT)	Actual production (NT)	Shortage (NT)	Extent of shortage (<i>per cent</i>)
Khairagarh	2008-09 to 2012-13	32/ 8,792.941	22,364.63	14,262.405	8,451.222	20 to 83
Bastar	2008-09 to 2012-13	12/ 10,009.742	2,254.712	883.263	1371.449	30 to 93
Bijapur	2008-09 to 2013-14	21/ 10,926.268	11,075	7,058.295	4,016.705	22 to 67
Bhanupratappur (East)	2009-10 to 2012-13	18/ 9,374.950	5500	2792.839	2707.161	22 to 60
Total		83/ 39,103.901	41543.339	24996.802	16,546.537	

Clearly, the production in the said coupes was much less than the estimates. Though the production was reported less than the estimates by the Division to the extent of 93 *per cent*, no monitoring or enquiry was done by the Department regarding such huge variations. Had the Department monitored/enquired such huge variations in the production, non-realisation of revenue to the tune of ₹ 4.71 crore could have been avoided.

During the exit conference, the Government replied that due to naxal problems in the Divisions, the production and transportation of bamboo was adversely affected which resulted in short production. Reply itself indicates that the Department had no planning for the exploitation of bamboo coupes in naxal affected areas and the valuable bamboo forests have been left for depletion with the passage of time.

(B) During scrutiny of records of production and sale of industrial bamboo in Khairagarh and Raigarh Divisions, we noticed that in 2011-12, production

²² Bastar, Bhanupratappur (East), Bijapur and Khairagarh

of 3,093.41 NT industrial bamboo was estimated and same was proposed for sale through tender. However, the actual production was 4,802.574 NT and the actual production was more than the estimates by 32 to 107 *per cent*. As per the conditions envisaged in the tender document, the purchaser was bound to purchase the estimated quantity and 25 *per cent* more. Consequently, due to such huge variation between estimates and actual production, only 4,113.834 NT industrial bamboo could have been sold at the tender rates. Wrong estimation of production of industrial bamboo resulted in non-lifting of 688.740 NT in 2011-12. Further, of the industrial bamboo remained unsold in 2011-12, 669.149 NT industrial bamboo was sold at lower rates in 2012-13 resulting in short realisation of revenue amounting to ₹ 25.22 lakh (*Appendix 7.8*). Had the variations between estimates and actual production up to 25 *per cent*, the short realisation of revenue could have been avoided.

During the exit conference, the Government replied that due to naxalite problems in Khairagarh, the transportation, bundling and stacking of cut bamboo could not be completed in time. Thus, the bamboo could not be sold to purchasers and was disposed in the subsequent years. In Raigarh, the production of industrial bamboo increased abnormally as the damage caused by the wild elephants compelled the Department to classify the damaged commercial bamboos as industrial bamboos. Replies are not acceptable. Reason for excessive variation in Khairagarh was not ascertained. In Raigarh, the excess production was done in all the coupes. Also, there was only 13 *per cent* shortages in production of commercial bamboo while the industrial bamboo production increased by more than 100 *per cent*.

The Government may consider evolving a system to check the excessive variation between estimated and actual production by establishing a benchmark in this regard to safeguard the revenue interest of the Government.

7.3.12.3 Shortages in industrial bamboo during transportation from coupes to depots in excess to the prescribed limits

As per the provisions of WPs, the industrial bamboos shall be transported from coupes to depots in the bundles of one and two meter lengths. The Department had allowed (October 1975) shortage of two *per cent* in the transported quantity on account of breakages during transit and unloading at depot. It also instructed to prepare half bundles of 0.75 to 1.25 meters from the broken bamboos. The shortage above two *per cent* shall be considered as loss and action shall be taken thereupon.

During test check of the coupe completion reports of industrial bamboos in three²³ divisions, we noticed that during the period 2010-11 to 2012-13, from 67 bamboo coupes, 2,740.116 NT bamboo was transported to the depots against which only 2,610.466 NT bamboo was received in the Depots. The breakage during the transportation was 129.64 NT against the permissible limit of 54.804 NT at the rate of two *per cent* as detailed in **Table 7.12** below:

²³ Bastar, Bhanupratappur (East) and Khairagarh

Table 7.12

Name of Division	Period	No. of coupes	Quantity transported (NT)	Quantity received (NT)	Shortage (NT)	Shortage allowed (NT)	Excess shortage (NT)	Loss due to shortage (₹ in lakh)
Khairagarh	2010-11 to 2012-13	63	2620.40	2510.20	110.19	52.409	57.781	3.83
Bastar	2011-12	1	72.966	57.316	15.65	1.46	14.19	0.37
Bhanupratappur (East)	2012-13	3	46.75	42.95	3.80	0.935	2.865	0.23
Total		67	2740.116	2610.466	129.64	54.804	74.836	4.43

Thus, there was loss of 74.836 NT industrial bamboo during the transportation. We also observed that no action was taken for this excess loss of bamboo during the transportation. This resulted in loss of revenue amounting to ₹ 4.43 lakh.

During the exit conference, the Government replied that in case of Khairagarh, there is no difference in the coupe-wise total material sent and received in the depots in 2011-12 and 2012-13 while in 2010-11, shortage is within the prescribed limits. In Bastar and Bhanupratappur (East) divisions, process of recovery has been initiated. Reply of the Government in case of Khairagarh is not acceptable as the challan-wise entries shows shortages. These shortages of bamboo in challans cannot be made good by the excesses in other challans relating to some other days or months.

The Government should take effective measures to avoid the transit wastages during transportation from coupes to depots beyond the prescribed limits.

Sale of bamboo

7.3.13 Non-compliance of the conditions of tender by the industrial bamboo purchasers

As per the conditions of the tender²⁴ for purchase of industrial bamboo, purchaser shall be bound to purchase the mentioned quantity and additional 25 *per cent* thereof on the agreed rates. In case of default of the conditions, CF may terminate the agreement and forfeit the Security Deposit. Further, if the purchaser refuses to purchase the quantity of bamboo agreed for and up to 25 *per cent* thereof, and in its subsequent tenders, if that quantity is sold at lower price, the difference shall be recovered from the defaulting purchaser.

During test check of the records relating to the sale of industrial bamboo in Bastar, Khairagarh and Raipur divisions, we noticed that the conditions envisaged in the tender document were neither complied by the purchasers nor enforced by the Department as detailed in the **Table 7.13** below:

²⁴ Industrial bamboo is sold for the industrial purposes through advance tenders by the PCCF office while commercial bamboo is sold through direct sale from *nistar* depots to the villagers and auction from the Depots. The price of bamboo is fixed on the basis of average sale price obtained in last five years.

Table 7.13

Name of Division	Year	Lot No.	Quantity proposed in lots (NT)	Additional Quantity (NT) (25%)	Total (NT)	Quantity produced (NT)	Quantity lifted by the purchaser (NT)
Khairagarh	2009-10	D-5	1,000	250	1,250	1,119.994	1,000
		D-6	1,100	275	1,375	1,182.333	1,100
Total			2,100	525	2,625	2,302.327	2,100
The additional quantity of 202.327 NT (2302.327-2100) valuing ₹ 6.73 lakh was not lifted by the purchasers. Of this remaining quantity, 167.040 NT bamboo was sold in 2011-12 at the rate of ₹ 1,751 per NT while 35.287 NT bamboo was neither sold nor found available in depot. As a result of this, only ₹ 3.01 lakh was realised. Thus, non-compliance of conditions of sale by the purchasers resulted in loss of revenue amounting to ₹ 3.72 lakh.							
Bastar	2008-09	J-1	1,134	283.5	1,417.5	1,249.751	994.314
	2010-11	J-2 to J-7	2,244.820	561.205	2,806.025	1,216.877	1069
	2011-12	J-2	40.168	10.042	50.21	71.835	24.674
		J-3	200	50	250	151.466	57.316
		J-4	116	29	145	64.835	40.033
	2012-13	J-3	35	8.75	43.75	25.832	0.000
Total			3,769.988	942.497	4,712.485	2,780.596	2,185.337
The remaining quantity of 595.259 NT valuing ₹ 13.05 lakh was not lifted by the purchasers. Also, it was neither sold in the subsequent tenders nor available in the depots. This resulted in loss of revenue amounting ₹ 13.05 lakh.							
Raipur	2011-12	R-1	826.706	206.677	1,033.383	959.718	826.706
Department could not enforce the conditions on the purchaser which resulted in non-lifting of 133.012 NT. Though, the Department could manage to sale 75.523 NT of the remaining quantity in 2012-13, but the remaining 57.489 NT bamboo is still lying unsold in the depot and being unsold for more than two years, there is no chance for its sale. This resulted in non-recovery of ₹ 2.46 lakh.							
Grand Total			6,699.694	1,674.174	8,370.868	6042.641	5,112.043

It may be seen from the above table that the tenders were made for 6,699.694 NT industrial bamboo and as per the conditions of the tender documents, purchasers were bound to lift 8,370.868 NT bamboo. However, the production in respect of the abovementioned lots was 6,042.641 NT. Though, the purchasers were bound to lift the same but they lifted only 5,112.043 NT industrial bamboo. This resulted in loss of revenue amounting to ₹ 19.23 lakh on account of re-tender of remaining quantity as well as degradation in quality of bamboo unsold till date.

During the exit conference, the Government replied that due to naxalite problems in Khairagarh, the transportation, bundling and stacking of cut bamboo could not be completed in time. Thus, the bamboo could not be sold to purchasers and was disposed in the subsequent years. In Bastar, 470.449 NT and 131.267 NT industrial bamboo was supplied to *bansods* and *nistaris* as per their demand realising revenue of ₹ 8.01 lakh. In Raipur, the bamboo could not be supplied to the purchaser due to delay in transportation. The remaining quantity of bamboo is still lying in depot and efforts for their sale are being made. Replies are not acceptable. In Khairagarh and Raipur, the transportation of bamboo of these lots was completed in June 2010 and June 2012 respectively i.e. before expiry of the period of agreement (December 2010 and December 2012). In case of Bastar, the sale of industrial bamboo to *bansods* and *nistaris* was in contravention to the provisions as these bamboos had already been sold through advance tender. Sale of industrial bamboo at

₹ 5.04 lakh less than their actual value to *Bansods* and *nistaris* for whom industrial bamboo is not useful shows that the Department neither took care of revenue interest of the Government nor addressed the needs of *Bansods* and *nistaris*.

The Government may consider evolving an effective system to ensure the compliance of the conditions of sale by the Department and the purchasers so that optimum revenue collection during the sale of industrial bamboo may be assured.

7.3.14 Conclusion

The department failed to run the bamboo operation as a commercially viable venture (spending ₹ 219.60 crore to generate revenue of ₹ 70.05 crore only). In our opinion the scheme needs drastic review in order to make it viable. We observed that:

- Treatment of degraded bamboo forests was not evaluated by the departmental Gazetted officers after four years of the treatment as a result of which the success or failure of treatment could not be assessed. Further, the treatment of degraded bamboo forest was carried out in the ineligible as well as already treated areas. Also, none of the treated compartments turned productive.
- Job rates fixed by the PCCF and territorial CFs for carrying out the treatment of degraded bamboo clumps were not observed by the field offices resulting in excess expenditure.
- Bamboo plantation sites were unsuitably selected which resulted in failure of plantations. Department failed to evaluate the progress of bamboo plantations as envisaged in WPs as a result of which, the success or failure of plantation could not be assessed.
- The Department could not enforce the conditions envisaged in the tender document for sale of industrial bamboo, which resulted in loss of revenue on account of re-tender of remaining quantity as well as degradation in quality of bamboo unsold till date.

Other Audit Observations

7.4 Avoidable expenditure on plantation in areas already treated/ under treatment

As per the WP, plantation work shall not be taken up in the areas having enough root stock, rocky areas and at least five hectare area is available for plantation at one site. The PCCF has also instructed (December 2010) that plantation shall be taken up in areas having density 0.2 and below. Plantation shall not be taken up in the areas having enough coppice regeneration.

7.4.1 Raigarh Division carried out the plantation in 1,170.76 hectare in 31 compartments between 2010-11 and 2011-12. Out of this, there were three compartments namely P/805, 1261 and 1352 where plantation was done in 42.18, 41.904 and 50.149 hectare incurring expenditure of ₹ 6.25 lakh, ₹ 6.21 lakh and ₹ 7.30 lakh respectively. Further scrutiny revealed (October 2012) that the total area of these three compartments is 422.292 hectare. Out of total area of three compartments, Division had already carried out plantation in 409.55 hectare between 2003-04 and 2005-06 as detailed in **Table 7.14** below.

Table 7.14

Comp. No.	Total area of the compartment (Ha)	Working Period	Area treated (Ha)
P/805	83.456	2004-05 and 2005-06	49.55+41.00=90.55
P/1261	65.347	2004-05	65
P/1352	273.489	2003-04 and 2004-05	29+225=254
Total	422.292		409.55

As there were no space left for further plantation and no specific mention was made regarding failure of earlier plantation in project report, the expenditure of ₹ 19.76 lakh incurred on plantation in three compartments in the year 2010-11 and 2011-12 was irregular.

After we pointed this out (October 2012), DFO, Raigarh replied that in compartment 805, plantation was carried out in only 12.5 hectare of the area in 2004-05 and no plantation was carried out in the subsequent year. In compartment 1261, plantation was carried out in 13.66 hectare in the year 2004-05 and in compartment 1352 plantation was carried out in 29 and 70.54 hectare of the forest land in 2003-04 and 2004-05 respectively. Thus, the plantation was carried out in year 2010-11 and 2011-12 in the remaining area of the three compartments. The reply of DFO, Raigarh is not correct as the plantation report of the division shows that plantation was already carried out in 409.55 hectare in 2003-04, 2004-05 and 2005-06 and there were no area left in these three compartments for subsequent plantation.

7.4.2 During test check of the budget files, form-7 and WP of the DFO, Rajnandgaon we noticed (April 2013) that CF, Durg accorded (October 2011 and May 2012) sanction of ₹ 60.60 lakh to the DFO, Rajnandgaon for site

preparation and plantation in 354 hectare area. DFO carried out the work in five²⁵ compartments and incurred expenditure of ₹ 60.60 lakh between 2011-12 and 2012-13. Further scrutiny of records, we noticed following irregularities in the plantation work in two compartments:-

- (a) As per the approved WP of Rajnandgaon Division, total area of compartment no. 950 was 161.77 hectare and there was no rare/ blank area. According to the compartment history, the density of compartment was 0.5 and 135 hectare teak plantation was done in the compartment in earlier years which was successful. However, the Division carried out plantation of 60,308 plants in 150.77 hectares area of the compartment, without availability of any further space and incurred expenditure of ₹ 25.75 lakh between 2011-12 and 2012-13.
- (b) As per the WP of Rajnandgaon Division, total area of compartment no. 695 was 285.90 hectares of which, 275.13 hectare area had already been treated (with plantation of 2,13, 885 plants in 175 hectare area and without plantation treatment in 100.13 hectare area) between 2005 and 2012. However, the Division carried out plantation of 48,364 plants in 120.91 hectares area of the compartment, without availability of any further space and incurred expenditure of ₹ 20.68 lakh between 2011-12 and 2012-13.

After we pointed this out (April 2013), the DFO, Rajnandgaon replied that both the above compartments are kept in the rehabilitation working circles and works were taken up in form of gap plantation as per the conditions of forests. The work had been taken up as they were required as per the provisions of WP. The reply of DFO, Rajnandgaon, is not acceptable as the instructions of PCCF and prescriptions of WP state that the plantation shall be done in the blank/ rare forests areas having density 0.2 or less. The root stock area was available in the compartment no. 950 with the density of 0.5 and hence as per the provisions, it should not have been treated with plantation. In compartment no. 695, 275.13 hectare out of total 285.92 hectare area of the compartment had already been treated between 2005 and 2012 which includes treatment with plantation in 175 hectare and treatment without plantation in 100.13 hectare area.

7.4.3 During scrutiny of the budget files, form-7 and WP of the DFO, Dhamtari, we noticed (August 2013) that as per the approved WP of the Division, total area of the compartment no. 50 was 363.704 hectares with density having 0.5 to 0.6. Further scrutiny of plantation reports and progress reports, we noticed that 85,826 plants planted in 214.066 hectare of the compartment in the period of 2007-08 to 2010-11 and 149.638 hectare area was treated without plantation work in the period of 2008-09 to 2012-13 incurring the expenditure of ₹ 23.61 lakh and 9.69 lakh respectively. It is clear from the above fact that the whole area of the compartment was treated by the plantation and without plantation work. Thus, there was no scope for further treatment. But, further scrutiny of plantation report and progress report of 2011-12, revealed that the Department planted 84,000 plants in 120 hectare in the above mentioned compartment in 2011 and incurred the expenditure of

²⁵ 535, 536, 607, 695 and 950

₹ 42.88 lakh (*Appendix 7.9*). Since the treatments, commenced from 2007-08 and 2008-09 in the whole area of the compartment, were also continued up to 2012-13; there was no requirement of further treatment. Also, no mention was made in project reports of new work regarding earlier work. Thus, the division took up the work in area already under treatment and incurred the expenditure of ₹ 42.88 lakh which was irregular.

After we pointed this out (August 2013), DFO, Dhamtari replied (August 2013) that 149.638 hectare area where without plantation work was done earlier, had deteriorated and the density of area reduced due to heavy biotic pressure. Hence, plantation work was taken up in 120 hectare with the sanction of the competent authority to restore the forest density of the area. Reply of the DFO, Dhamtari is not acceptable as without plantation work was continued during the period between 2008-09 and 2012-13. Had the area been deteriorated in 2011-12 requiring treatment through plantation, the expenditure of earlier work thereupon should have not been continued. Also, before taking up plantation work in 120 hectare, no record had been made available by the Department regarding failure of earlier treatment.

It is evident from the above details that the provisions of WPs as well as instructions issued by the PCCF were not adhered to while selecting the sites for plantations. Thus, expenditure of ₹ 1.09²⁶ crore, incurred on plantation at ineligible sites was avoidable.

The matter was reported to the Government/ Department (January 2014); their reply is awaited (December 2014).

7.5 Irregular expenditure on the nationalised trade of timber

The CCF had fixed (October 2010) the norms for the expenditure on the State trade of timber at 14.5 mandays per cubic meter of timber produced during the year. This does not include the expenditure on the transportation of timber during the trade.

During the test check (September 2012) of records of timber felling report in the office of CF, Kanker we found (September 2012) that neither any tree was marked before felling nor any tree was felled in Narayanpur and Bhanupratappur (West) divisions between 2009-10 and 2010-11. Further scrutiny of sanction files for above work revealed that the CF sanctioned an amount of ₹ 60.64²⁷ lakh on account of State trade of timber for two divisions in the aforementioned years. Against the sanction, the divisions incurred expenditure of ₹ 57.78²⁸ lakh on State trade of timber (*Appendix 7.10*). Since, no marking or estimation was done by the two divisions for felling work, no sanctions were to be given for the state trade of timber by the CF, Kanker. As per the felling report (as on 30 June), no tree was marked and felled, however the divisions incurred expenditure of ₹ 57.78 lakh on state trade of timber. Thus, expenditure of ₹ 57.78 lakh appears irregular/ doubtful.

²⁶ Raigarh-Comp. No. P/805-₹ 6.25 lakh, P/1261-₹ 6.21 lakh and P/1352-₹ 7.30 lakh
Rajnandgaon-Comp. No. 950-₹ 25.75 lakh, 695-₹ 20.68 lakh,
Dhamtari-Comp. No. 50 - ₹ 42.88 lakh

²⁷ Narayanpur ₹ 13.42 and Bhanupratappur (west) ₹ 47.22

²⁸ Narayanpur ₹ 12.49 and Bhanupratappur (west) ₹ 45.29

After we pointed this out (September 2012), the CF replied that information would be furnished on receipt of reply from the divisions.

The matter was reported to the Government/Department (January 2014); their reply is awaited (December 2014).

7.6 Unfruitful expenditure on soil conservation work

As per the paragraph 11.7.1.3 of Working Plan (WP) of Koriya division, no trenches will be constructed in the above 25 *per cent* slope of area because those trenches would be unfruitful.

During scrutiny of the sanction files, WP, Project Reports, Plantation Reports and Financial Progress Reports in the office of the DFO, Koriya, we noticed (June 2012) that CF, Sarguja Circle, Ambikapur sanctioned ₹ 186.37 lakh for soil conservation work in 5,037.08 hectare to DFO Koriya (October 2011). Out of this, DFO, Koriya undertook soil conservation work in 1457.69 hectare area in five²⁹ compartments and incurred expenditure of ₹ 53.93 lakh. Further, it was seen that as per the approved WP of division, 665.50 hectare was in 10 to 30 *per cent* slope area in these five compartments. As per the above provision, no soil conservation work was to be taken in the remaining 792.19 hectare area of these five compartments which belonged to the above 30 *percent* slope area. However, work was taken up by the division in that area and incurred the expenditure of ₹ 29.19 lakh which was unfruitful and in contravention of provision of the WP.

After we pointed this out (June 2012), the DFO Koriya replied that no trenches were constructed in the above 30 *per cent* slope area, only 45,200 trenches were constructed in 665.50 hectare in 10 to 30 *per cent* slope. We do not agree with the reply as division incurred an expenditure of ₹ 53.93 lakh for soil conservation work in the total area of 1,457.69 hectare instead of 665.50 hectare which can be confirmed from the expenditure report of division. If the trenches had been constructed in 665.50 hectares only, then the expenditure would have been shown accordingly in the expenditure report of the department, but this was not the case.

The matter was reported to the Government/Department (January 2014); their reply is awaited (December 2014).

²⁹ 274, 338, 134, 119 and 218

7.7 Excess expenditure on security and upkeep of roadside plantation under MNREGA

As per Rule 10 of Chhattisgarh Finance Code, Volume I, every Head of the Department is responsible for observing strict economy and enforcing financial control. The PCCF, Chhattisgarh had fixed the norms (September 2011) for roadside plantation as detailed in the following **Table 7.15**:

Table 7.15

Year	Work	Rates per 1000 plants per km (₹)
First/Second Year	Site preparation/Plantation	6,42,750
Third Year	Security and Upkeep	86,000
Fourth Year	Security and Upkeep	66,000
Fifth Year	Security and Upkeep	28,750

During scrutiny of budget files, form 7 and progress reports of Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) work in the office of the Divisional Forest Officer (DFO) Dhamtari, we noticed (August 2013) that on the basis of proposals submitted by the DFO Dhamtari, *Zila Panchayat*, Dhamtari accorded sanction of ₹ 10.05 crore for security and upkeep in third year of 143.5 km roadside plantations (at the rate of ₹ 6.79 lakh to ₹ 7.03 lakh per km for 2000 plants per km) for the 2010-11 and 2011-12. As per the norms, maximum expenditure of ₹ 2.47 crore was to be incurred on security and upkeep of plantations in third year. However, the Division had incurred expenditure of ₹ 5.67 crore on this work. Thus, non-observance of departmental norms in preparation of plantation projects as well as strict economy and financial control in spending public funds resulted in excess expenditure of ₹ 3.20 crore.

After we pointed this out (August 2013), the DFO replied that the survival and growth of roadside plantations under MNREGA is better than the plantation under departmental heads as it had provision of cement poles, more weeding, better fertilisers, pesticides and a labour involved in protection per km. of plantation. These provisions were not available in funds allotted under departmental norms. The reply is not acceptable as the departmental norms also had provisions for cement poles, weeding, fertilizers, pesticides and protection of plantation. Further, the roadside plantations carried out the departmental heads were successful. Thus, plantation work should have been done in accordance with the departmental norms.

The matter was reported to the Government/Department (January 2014); their reply is awaited (December 2014).

7.8 Excess expenditure on solar powered fencing due to acceptance of higher rates

As per Rule 9 of Chhattisgarh Financial Code, Volume I, every Government servant, while making expenditure from public funds, should observe same diligence as he applies while spending his personal money. Solar Powered Fence (SPF) is a barbed wire fence with electricity flowing in the wires to give enough shock to the elephant to avoid their movement towards the fenced area. The electricity flowing in the wires comes from the batteries that are charged through solar panels.

During scrutiny of the budget files of DFOs Surguja (South) and Surguja (North), we noticed that in order to save the villages nearby the forests from the attack of wild elephants, the Department decided to erect SPF in elephant affected areas and called the tender for the same in February 2011. The tender was awarded to M/s Crown Solar Power Fencing Limited, Hyderabad on the basis of lowest rate of ₹ 1.37 lakh per km as per negotiations (March 2011). It erected 23.27 km and 63.50 km SPF in Surguja (South) and Surguja (North) Divisions respectively at the said rates and completed the work in October 2011. The payments were made after works being found satisfactory in physical verification by the SDO.

During further scrutiny of the budget files and form-7 of the DFO, Surguja (South) and Surguja (North) (May 2013), we noticed that PCCF (Wildlife), Chhattisgarh, Raipur accorded sanction (September 2012) of ₹ 3.43 crore for erection of 250 km. SPF in five³⁰ divisions which included ₹ 1.65 crore for 120³¹ km SPF in Surguja (South) and Surguja (North) divisions at the rate of ₹ 1.37 lakh per km. Further, we observed that DFO, Surguja (South) had asked (October 2012) the interested parties for their proposals for erecting the SPF. M/s Crown Solar Power Fencing Limited had offered to erect the SPF at the same rates of 2011-12 i.e. ₹ 1.37 lakh per km. (October 2012). In the meantime, as per the instructions of CF (Wildlife), Surguja Circle, Ambikapur, DFO, Surguja (East) called tenders for erection of SPF on behalf of all the divisions in the circle (November 2012). Though the offer for erection of SPF at the rates of ₹ 1.37 lakh per km. had been received before floating the tender and DFO, Surguja (South) itself member of the tender committee but DFO, Surguja (South) did not intimate the same to the CF (Wildlife). Consequently, rates for the same work were finalised (December 2012) at the rate of ₹ 1.80 lakh by the CF (Wildlife). This resulted in excess expenditure of ₹ 51.08 lakh on erection of SPF Surguja (North) and Surguja (South) divisions.

After we pointed this out (June 2014), the Government stated that M/s Crown Solar Power Fencing Limited, Hyderabad was ready to work in 2012-13 at the rate of 2011-12 but Department called the tender (November 2012) for getting lower rate from that of the previous year. Three firms participated in tender but M/s G.K.Energy's rate of ₹ 1.80 lakh was lowest. Therefore, work order had been issued for erection of SPF in different areas to the three firms which were participated in tender at the approved rate of ₹ 1.80 lakh. The reply is not acceptable as Department got much higher rate in tender from the last year.

³⁰ Dharamjaigarh, Jashpur, Surguja (East), Surguja (North) and Surguja (South)

³¹ ₹ 82.26 lakh for erection of 60 km SPF in each of the two division

As such, Department should have cancelled the tender and negotiated with the M/s Crown Solar Power Fencing Limited. Also, no reasons were found in records for approving the higher rates despite availability of lower rates from the firm which had already done the same work in the Division in previous year. Thus, the Department would have avoided the excess expenditure on erection of solar powered fencing.

Raipur
The

(BIJAY KUMAR MOHANTY)
Accountant General (Audit)
Chhattisgarh

Countersigned

New Delhi
The

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

Appendix- 1.1
(Referred to in paragraph 1.8)
List of planned units

Sl. No.	Name of the Department	Name of the Unit	Cat.
1	Commercial Tax	ACCT-I, DIV-I,Raipur	A
2		ACCT-III, DIV-I,Raipur	A
3		CTO Circle-I,Raipur	A
4		ACCT-IV, DIV-I,Raipur	A
5		ACCT-V, DIV-II,Raipur	A
6		ACCT-VI, DIV-II,Raipur	A
7		CTO Circle-IX,Raipur	A
8		ACCT-VII, DIV-II,Raipur	A
9		ACCT-II, Durg	
10		ACCT(I),Div-I,Bilaspur	A
11		CTO Circle-I,Bilaspur	A
12		CTO Circle-II,Bilaspur	A
13		CTO Korba	A
14		ACCT Korba	A
15		ACCT Raigarh	A
16		CTO Circle-I,Raigarh	A
17		ACCT Rajnandgaon	A
18		CTO Ambikapur	A
19		ACCT Jagdalpur	A
20		CTO Janjgir Champa	A
21	Forest	DFO, Rajnandgaon	A
22		DFO, Khairagarh	A
23		DFO, North Sarguja, Ambikapur	A
24		DFO, South Sarguja, Ambikapur	A
25		DFO, Manendergarh	A
26		DFO Dharamjaigarh	A
27		DFO, Katghora	A
28		DFO, Bilaspur	A
29		DFO, Dhamtari	A

30		DFO, Mahasamund	A
31		DFO, Dantewara	A
32		DFO, Korba	A
33		DFO, Sukma	A
34		Director, Kangerghati Nation Sanctuary, Jagdalpur	B
35		CEO, Aushadhiya Padap Board, Chhattisgarh, Raipur	B
36		DFO Social Forestry Raipur	B
37		CF, Raipur	T
38		DFO Working Plan sarguja	T
39	Commercial Tax (Excise)	AC Raipur	A
40		AC Durg	A
41		AC Bilaspur	A
42		AC Janjgir	A
43		AC Raigarh	A
44		DEO, Dhamtari	A
45		DEO, Jashpur	A
46	Mineral Resource	MO Janjgir	A
47		MO Raigarh	A
48		MO Raipur	A
49		MO Rajnandgaon	A
50		MO Dantewada	A
51		DMO Durg	A
52		DMO Baikunthpur/Koria	B
53		DMO Dhamtari	B
54		DMO Kawardha	B
55	Commercial Tax (Registration)	Sub Registrar, Raipur	A
56		Sub Registrar, Durg	A
57		Sub Registrar, Bilaspur	A
58		SR Baloda Bazaar	B
59		SR Mahasamund	B
60		SR Kawardha	B
61		SR Patan	B

62		SR Ambikapur	B
63		SR Mungeli	B
64		SR Arang	B
65		SR Rajnandgaon	B
66		SR Korba	B
67		SR Champa	B
68		SR Jangjir	B
69		SR Raigarh	B
70		SR Dhamtari	B
71		SR Simga	T
72		SR Gunderdehi	T
73		District Registrar Durg	T
74		SR Bhatapara	T
75		SR Bilha	T
76		District Registrar Raigarh	T
77		District Registrar Raipur	T
78		SR Abhanpur	T
79		Inspector General of Registrar cum Stamp Superintendent, Raipur	T
80		RTO Ambikapur	A
81		RTO, Raipur	A
82		RTO, Bilaspur	A
83		DTO, Raigarh	A
84	Transport	ARTO Rajnandgaon	A
85		Transport Comissioner Chhattisgarh, Raipur	B
86		DTO, Jashpur	B
87		DTO Baikunthpur	B
88		DTO, Dantewada	B
89		Collector Raipur	B
90		Collector Janjgir	B
91	Land Revenue	Collector Durg	B
92		Collector Korba	B
93		Collector Sarguja	B
94		Collector Dantewada	B

95		Tahsildar Bilaspur	B
96		Tahsildar Janjgir	B
97		TahsildarSarangarh	B
98		Tahsildar Raigarh	B
99		Tahsildar Baloda Bazar	B
100		Tahsildar Ambikapur	B
101		Tahsildar Rajnandgaon	B
102		Tahsildar Raipur	B
103		Tahsildar Masturi	T
104		Tahsildar Pendra Road	T
105		Tahsildar Lormi	T
106		Tahsildar Shakti	T
107		Tahsildar Malkharoda	T
108		Tahsildar Pali	T
109		Tahsildar Kasdol	T
110		Tahsildar Kunkuri	T
111		Tahsildar Rajim	T
112		Tahsildar Mohla	T
113		Tahsildar Arang	T
114		Tahsildar Abhanpur	T
115		Tahsildar Tilda	T
116		Tahsildar Pallari	T
117		Tahsildar Patan	T
118		Tahsildar Baghbahara	T
119		Tahsildar Ramanujganj	T
120		Tahsildar Akaltara	T
List of Units audited outside the Plan			
Sl. No.	Name of the Department	Name of the Unit	Cat
1	Commercial Tax	CTO, Circle-3, Raipur	A
2		CTO, Circle-2, Raipur	A
3		CTO, Circle-5, Raipur	A
4		CTO-II, Jagdalpur	A
5	Forest	DFO, Jashpur	A

6		DFO (Research & Ext), Bilaspur	B
7		DFO, Raipur	A
8		DFO, Narayanpur	A
9	Commercial Tax (Registration)	SR, Kanker	B
10		SR, Jagdalpur	B
11	Commercial Tax (Excise)	Excise Commissioner (Exp), Raipur	T
List of units which were not audited as per Plan			
Sl. No.	Name of the Department	Name of the Unit	Cat
1	Commercial Tax (Excise)	AC, Raipur	A
2		AC, Bilaspur	
3		DEO, Jashpur	
4	Mineral Resource	MO, Raigarh	B
5		DMO, Korla	
6	Land Revenue	Collector, Raipur	B
7		Tahsildar, Janjgir	
8		Tahsildar, Abhanpur	T
9		Tahsildar, Bagbahara	

Appendix-2.1
(Referred to in paragraph 2.4)

(₹ in lakh)

Sl. No.	Name of Unit	Commodity	Assessment year (Month & Year of assessment)	Schedule no./ Part no./ item no.	Turnover of Net Sales	Rate of tax leviable/ levied	Non/ short levy of tax	Nature of Observations
1	CTO-5, Raipur	Toast	2008-09 (Dec. 2011)	II/IV/1	19.44	12.5/0	2.43	The AO did not levy tax treating toast as tax free goods.
After we pointed this out in audit (March 2012), the Government stated (October 2014) that demand notice of ₹ 3.71 lakh has been issued. Report on recovery is awaited (December 2014).								
2	CTO-4, Raipur	Sprinkler System	2006-07 (May 2010)	II/IV/1	9.24	12.5/4	0.79	The AO levied tax at the rate of four <i>per cent</i> .
After we pointed this out (May 2014), the Government stated (October 2014) that demand notice of ₹ 0.70 lakh has been issued. Report on recovery is awaited. (December 2014)								
3	CTO-1, Raigarh	Waste paper	2007-08 (Mar 2011),	II/IV/1	27.65	12.5/4	2.35	The AO levied tax on waste paper at the rate of four <i>per cent</i> instead of 12.5 <i>per cent</i> .
	CTO-2, Raipur		2008-09 (Aug 2012)	II/IV/1	137.21	12.5/4	11.66	
After we pointed this out (May 2014), the Government stated (October 2014) that action was being taken under Section 22 (1). In another case the Government replied that demand notice of ₹ 2.46 lakh has been issued. Report on recovery is awaited (December 2014).								
4	CTO-9, Raipur	Electrical Panel	2008-09 (Jun 2012)	II/IV/1	213.03	12.5/4	18.11	The AO levied tax on control panel at the rate of four <i>per cent</i> treating the goods as capital goods.
After we pointed this out (May 2014), the Government stated (October 2014) that demand notice of ₹ 18.83 lakh has been issued. Report on recovery is awaited (December 2014).								
5	CTO-2 Raipur	Direct To Home (DTH)	2007-08 (Aug 2011), 2007-08 (Jun 2011), 2006-07 (Jun 2011)	II/IV/1	210.37	12.5/4	17.88	The AO levied tax at the rate of four <i>per cent</i> treating it as IT product.
	CTO-I, Korba		2007-08 (Jun 2011)		7.29	12.5/4	0.62	The AO levied tax at the rate of four <i>per cent</i> .
	CTO-2 Raipur		2008-09 (Apr 2012)		127.64	12.5/4	10.85	The AO levied tax at the rate of four <i>per cent</i> treating it as wireless system.
After we pointed this out (May 2014), the Government stated (October 2014) that the cases would be re- opened under Section 22 (1) for re-assessment.								
6	AC, Korba	PSC Sleeper, Railway clip	2007-08 (Dec 2010 and Apr 2011)	II/IV/1	237.85	12.5/4	20.22	The AO levied tax at the rate of four <i>per cent</i> .
After we pointed this out (May 2014), the Government stated (October 2014) that the case had been re-opened under Section 22(1) and demand notice of ₹ 19.11 lakh had been issued. Report on recovery is awaited (December 2014).								

7	ACCT-V, Div.-II, Raipur	Carbon credit	2008-09 (Aug 2012)	II/IV/5	141.71	4/0	5.67	The AO did not levy tax on sale of Carbon Credit. As Carbon Credit is intangible goods, tax at the rate of four <i>per cent</i> was leviable.
After we pointed this out (October 2013), the Government stated (October 2014) that the case would be re- opened under Section 22 (1) re-assessment.								
8	CTO-2, Raipur	Computer Speaker	2008-09 (May 2012)	II/IV/1	13.20	12.5/4	1.12	The AO levied tax at the rate of four <i>per cent</i> .
After we pointed this out (May 2014), the Government stated (October 2014) that the case would be re-opened under Section 22(1) and demand notice of ₹ 2.33 lakh had been issued. Report on recovery is awaited (December 2014).								
9	AC (T.L.Dhruw), Raipur	Shrikhand	2007-08 (May 2011) 2008-09 (Mar 2012)	II/IV/1	22.65	12.5/4	1.93	The AO levied tax at the rate of four <i>per cent</i> .
After we pointed this out (May 2014), the Government stated (October 2014) that the cases would be re- opened under Section 22 (1) re-assessment.								
10	AC (T.L.Dhruw), Raipur	Torch	2007-08 (Aug 2011)	II/IV/1	13.28	12.5/4	1.13	The AO levied tax at the rate of four <i>per cent</i> .
After we pointed this out (May 2014), the Government stated (October 2014) that the case would be re- opened under Section 22 (1) for re-assessment.								
11	ACCT, Raipur, Div-I	Copper Tube of Air- conditioner	2008-09 (Jan 2012)	II/IV/1	17.68	12.5/4	1.50	The AO levied tax at the rate of four <i>per cent</i> treating as all kind of pipe although it is the part of air conditioner.
After we pointed this out (May 2014), the Government stated (October 2014) that the case would be re- opened under Section 22 (1) for re-assessment.								
12	AC, Raipur (K.K.Arya)	Spring Leaf	2007-08 (Jul 2011)	II/IV/1	211.13	12.5/4	17.95	The AO levied tax at the rate of four <i>per cent</i> .
After we pointed this out (May 2014), the Government stated (October 2014) that the case would be re- opened under Section 22 (1) for re-assessment.								
13	CTO-5, Raipur	Battery Operated Vehicles	2007-08 (Aug 2011)	II/IV/1	29.11	12.5/4	2.47	The AO levied tax at the rate of four <i>per cent</i> .
After we pointed this out (May 2014), the Government stated (October 2014) that the case would be re- opened under Section 22 (1) for re-assessment.								
14	CTO-2, Bilaspur	Cement Pipe	2006-07 (Jun 2010) 2007-08 (Aug 2010, Dec 2010), 2008-09 (Dec 2011)	II/IV/1	49.52	12.5/4	4.21	The AO levied tax at the rate of four <i>per cent</i> .
After we pointed this out (May 2014), the Government stated (October 2014) that the cases would be re-opened under Section 22 (1) for re-assessment.								
15	CTO-2, Bilaspur	Conveyer Roller and pulley	2007-08 (Aug 2011)	II/IV/1	106.67	12.5/4	9.07	The AO levied tax at the rate of four <i>per cent</i> .

After we pointed this out (May 2014), the Government stated (October 2014) that the case would be re- opened under Section 22 (1) for re-assessment.								
16	ACCT-IV, Raipur	Sprinkler pipe	2009-10 (Apr 2012)	II/II/86	761.81	4/0	30.47	The AOs did not levy tax treating sprinkler pipe as tax free goods.
	CTO-5, Raipur		2008-09 (May 2012)	II/II/86	102.34	4/0	3.94	
After we pointed this out (May 2014), the Government stated (October 2014) that the cases would be re- opened under Section 22 (1) for re-assessment.								
Total					2,458.82		164.37	

Appendix 2.2
(Referred to in paragraph 2.7.11.2)

(₹ in lakh)

Sl. No.	Commodity	Schedule no./Part no./item no.	Purchase amount	Rate of tax leviable/ levied	Tax to be levied	Tax levied	Tax not levied
1	Machinery	II/54	479.62	1/NA	4.80	5.20	4.44
2	Air Conditioner	II/35	73.78	1/NA	0.74		
3	Sand	II/29	71.88	1/NA	0.72		
4	Bricks	II/27(b)	19.75	1/NA	0.20		
5	Packing Material	III/1	216.57	1/NA	2.16		
6	Other items	III/1	96.65	1/NA	0.97		
7	Doors & Windows	III/1	5.30	1/NA	0.05		
Total			963.55		9.64	5.20	4.44

Appendix 2.3
(Referred to in paragraph 2.7.11.3)

(₹ in lakh)

Sl. No.	Name of Unit	Commodity	Assessment year (Month & Year of assessment)	Schedule no./Part no./item no.	Purchase value	Rate of tax leviable/levied	Non levy of tax	Nature of Observation
1	ACCT, Raigarh	Fly ash bricks	2006-07, 2007-08 and 2009-10 (Dec 2009, February 2011 and January 2012)	II/27(a)	71.64	5/0	3.58	The AO did not levy entry tax treating it as tax free goods.
2	ACCT II, Durg (Shri P.S.Vind-yaraj)	Cable	2007-08 (Jan 2011)	II/53	43.87	1/0	0.44	The AO did not levy entry tax treating it as Schedule III goods.
During the exit conference, the Government stated (September 2014) that the cases (Sl. 1 & 2) were reopened under Section 22(1) and demand notices have been issued.								
3	CTO, Ambika-pur	DI pipes	2007-08 (Aug 2011)	II/3	10.33	1.5/0	0.16	The AO did not levy entry tax treating it as tax paid and tax free goods.
4	CTO, Ambika-pur	Glass	2006-07 to 2008-09 (between May 2010 and May 2012)	II/42	98.54	0.5/0	0.49	The AO did not issue assessment order for entry tax case treating it as tax paid/ tax free goods.
5	CTO-2, Durg	Iron & Steel scrap	2008-09 (Jul 2012)	By notification No. 33 dated 13.04.2000	218.29	1.5/0	3.27	The AO did not levy entry tax treating it as goods purchased from local area
6	ACCT-I, Div.2, Raipur (T R Dhurwe)	Torch	2008-09 (Jun 2013)	II/53	230.52	1/0	2.31	The AO did not levy entry tax treating it as schedule III goods
7	CTO-2, Durg	Machinery	2008-09 (May 2012)	54	102.95	1/0	1.03	The AO did not levy entry tax treating it as tax paid goods.
8	CTO-2, Durg	Car accessories /Sun control film	2008-09 (Jul 2012)	37	114.11	1/0	1.14	The AO did not levy entry tax treating it as Schedule III goods.

9	ACCT, Raigarh	Chocolate/ Confection- ary	2009-10 (Nov 2013)	56	4.29	1/0	0.04	The AO did not levy entry tax treating it as tax paid and tax free goods.
10	ACCT, Raigarh	Chemical	2008-09 (Jun 2013)	55	2.19	1/0	0.02	The AO did not levy entry tax treating it as tax paid and tax free goods.
11	CTO, Ambika- pur	JCB Machine	2007-08 (Aug 2011)	II/54	18.25	1/0	0.18	The AO treated the total purchase during the period as 'Nil' and did not levy entry tax.
12	DC (Hqr), Div.1, Raipur	Auxiliary equipment, truck, JCB	2008-09 (Jun 2012)	II/54	50.84	1/0	0.51	The AO did not levy entry tax treating it as tax paid and tax free goods.
During the exit conference, the Government stated (September 2014) that action is being taken.								
13	ACCT, Korba	Iron and Steel	2006-07 and 2007-08 (December 2009 and November 2010)	As per notifi- cation No. 33 dated 13.04.20 00	603.51	1.5/1	3.02	The dealer purchased iron and steel of from outside the State and consumed it in the manufacture of machineries. The AO levied tax at the rate of one <i>per cent</i> . As the manufactured goods were not covered under the categories of iron and steel, defined under the CST Act, entry tax at the rate of 1.5 <i>per cent</i> was leviable.
During the exit conference, the Government stated (September 2014) that the cases involved have been reopened and additional demand for objected amount has been raised except in Sharda Engineering's 2007-08 case wherein the amount objected was ₹ 1.98 lakh and demand has been raised for ₹ 0.86 lakh. The amount for which additional demand was raised has been deposited by Sharda Engineering.								
14	CTO-V, Raipur	Mouth Freshner (Pass-pass)	2010-11 (Aug 2013)	II/22(a)	50.64	7.5/0	3.80	The AO did not levy entry tax treating it as Schedule III goods.
During the exit conference, the Government stated (September 2014) that pass-pass is a mouth freshener and cannot be termed as <i>pan masala</i> because it does not contain betle nuts and <i>katha</i> . The reply is not acceptable as, on the packet it is written "the fun mouth freshener with <i>katha</i> " which asserts that the <i>katha</i> is one of its contents.								
Total					1619.97		19.99	

Appendix 2.4
(Referred to in paragraph 2.7.11.4)

(₹ in lakh)

Sl. No.	Name of Unit	Commodity	Assessment year (Month & Year of assessment)	Schedule no./Part no./item no.	Purchase Value	Rate of tax leviable/levied	Non levy of tax	Nature of Observation
1	ACCT-I, Div.2, Raipur (T R Dhurwe)	Electrodes & consumables	2008-09 (Jun 2013) 2009-10 (Oct 2013)	III/1	336.97 208.67	1/0	5.46	The AO did not levy entry tax treating it as tax paid goods.
2	ACCT-I, Div.2, Raipur (T R Dhurwe)	Extra Neutral Alcohol (ENA)	2008-09 (Jun 2013)	III/1	268.05	1/0	2.68	The AO did not levy entry tax treating it as tax paid and tax free goods.
3	ACCT-I, Div.2, Raipur (T R Dhurwe)	Bottle/ Container	2008-09 (Jun 2013)	III/1	199.55	1/0.5	1.00	The AO levied entry tax of 0.5 per cent treating it as Schedule II/42 item instead of one <i>per cent</i> on Schedule III goods.
4	DC (Hqr), Div.1, Raipur	Packing Material	2007-08 (Aug 2011)	III/1	135.46	1/0	1.35	The AO did not levy entry tax as this material was sold on the demand.
5	ACCT, Raigarh	PCC Pole/ conductor	2009-10 (Jul 2013)	III/I	37.11	1/0	0.37	The AO did not levy entry tax treating it as tax paid and tax free goods.
6	ACCT, Raigarh	Bitumen	2008-09 (Jun 2013)	III/1	6.20	1/0	0.06	The AO did not levy entry tax treating it as tax paid.
During the exit conference, the Government stated (September 2014) that action would be taken after re-opening the cases (Sl. No. 1 to 6) under Section 22(1).								
7	ACCT (Hqr), Div.1, Raipur, (Shri P R Dewangan)	Bitumen	2008-09 (Jun 2013)	III/1	45.84 27.15	1/0	0.46 0.27	The AO did not levy entry tax treating it as tax paid.
8	ACCT (Hqr), Div.1, Raipur, (Shri P R Dewangan)	Bitumen	2008-09 (Jun 2013)	III/1	12.69	1/0	0.13	The AO did not levy entry tax treating it as tax paid.
During the exit conference, the Government stated (September 2014) that information is being collected in both the cases.								
Total					1277.69		11.78	

Appendix 3.1
(Referred to in paragraph 3.2.9.1)

Year	Name of district	Name of bottling plant	FL dispatched by bottling plant (PL)	FL received by FL-10 licensee (PL)	Difference (PL)	Leviable duty (in ₹)
2011-12	Raipur	M/s Raipur Bottling Company Pvt. Ltd.	46,97,724.60	46,29,232.45	68,492.15	48,97,188.72
	Bilaspur	M/s Aegis Beverages Pvt. Ltd	52,31,112.80	51,71,427.04	59,685.76	42,67,531.84
		M/s Legend Distillery Pvt. Ltd.	1,37,712.96	1,23,255.77	14,457.19	10,33,689.09
2012-13	Bilaspur	M/s Aegis Beverages Pvt. Ltd	34,33,752.00	32,71,846.02	1,61,905.98	1,15,76,277.57
		M/s Legend Distillery Pvt. Ltd.	14,81,511.83	14,31,042.36	50,469.47	36,08,567.10
2013-14	Bilaspur	M/s Welcome Distilleries Pvt. Ltd.	12,42,810.00	12,12,254.64	30,555.36	27,49,982.40
Total			1,62,24,624.19	1,58,39,058.28	3,85,565.91	2,81,33,236.72

Note: Average duty ₹ 71.50 per PL applied for 2011-12 and 2012-13 and ₹ 90 per PL for 2013-14.

Appendix 3.2
(Referred to in paragraph 3.2.9.2)

Sl. No.	Name of the district	Name of Foreign Liquor shop	MGQ (PL)	Lifting of liquor as per district office(PL)	Spirit Lifting of liquor as per Beverages corporation (PL)	Excess lifting (PL)	Duty Payable (₹)	MGQ (BL)	Lifting of liquor as per district office (BL)	Malt Lifting of liquor as per Beverages corporation (BL)	Excess lifting (BL)	Duty payable (₹)
2011-12												
1	Bilaspur	Takhatpur	191000.00	192607.87	193259.02	651.15	46557.22	0.00	0.00	0.00	0.00	0.00
2	Korba	Darri	38000.00	54855.90	54890.22	34.32	2453.88	0.00	0.00	0.00	0.00	0.00
3	Jagdalpur	Naya Busstand	104600.00	308271.54	309169.23	897.69	64184.84	0.00	0.00	0.00	0.00	0.00
		Kondagaon	0.00	0.00	0.00	0.00	0.00	57602.00	214513.00	221495.40	6982.40	139648.00
		Keshkal	0.00	0.00	0.00	0.00	0.00	20838.00	130662.00	136727.50	6065.50	121310.00
4	Sarguja	Deviganj Road	65000.00	87995.03	89298.44	1303.41	93193.82	0.00	0.00	0.00	0.00	0.00
5	Janigir-champa	Pamgarh	0.00	0.00	0.00	0.00	0.00	40000.00	49137.68	51156.60	2018.92	40378.40
		Navagarh	22500.00	32595.41	32641.24	45.83	3276.85	0.00	0.00	0.00	0.00	0.00
		Jailaipur	27000.00	56400.30	56444.25	43.95	3142.43	0.00	0.00	0.00	0.00	0.00
		Chandrapur	67200.00	81931.22	82108.75	177.53	12693.40	0.00	0.00	0.00	0.00	0.00
Total (2011-12)			515300.00	814657.27	817811.15	3153.88	225502.44	118440.00	394312.68	409379.50	15066.82	301336.40
2012-13												
1	Sarguja	Banaras Road	71000.00	172432.86	177434.64	5001.78	357627.27	59000.00	88431.12	91873.92	3442.80	68856.00
Total (2012-13)			71000.00	172432.86	177434.64	5001.78	357627.27	59000.00	88431.12	91873.92	3442.80	68856.00
2013-14												
1	Jagdalpur	New Bus stand	181600.00	323915.00	326895.80	2980.80	268272.00	0.00	0.00	0.00	0.00	0.00
2	Sarguja	Old Bus stand	81000.00	108409.72	110117.84	1708.12	153730.80	67000.00	67540.20	68776.80	1236.60	27205.20
		Banaras Road	107000.00	209182.74	210336.56	1153.82	103843.80	67000.00	109777.36	111105.96	1328.60	29229.20
3	Raigarh	Gharghoda	0	0	0	0	0	35000.00	38638.20	38938.20	300.00	6600.00
Total (2013-14)			369600.00	641507.46	647350.20	5842.74	525846.60	169000.00	215955.76	218820.96	2865.20	63034.40
Grand Total			955900.00	1628597.59	1642595.99	13998.40	1108976.31	346440.00	698699.56	720074.38	21374.82	433226.80

Total duty payable: ₹ 1108976.31 + ₹ 433226.80 = ₹ 15,42,203.11 i.e., ₹ 15.42 lakh

Note: 1. Average duty for spirit ₹ 71.50 per PL applied for the period 2011-12 and 2012-13 and ₹ 90 per PL for 2013-14.
2. Duty applied for malt ₹ 20 per BL for the period 2011-12 and 2012-13 and ₹ 22 per BL for 2013-14.

Appendix 3.3
(Referred to in paragraph 3.2.10)

District	No. of shops		MGQ (PL)			Lifting (PL)			Excess (PL)			Average duty on excess lifting (Amount in lakh)				Excess License fee collected to be deposited into treasury (₹ in lakh)
	FL	CL	Spirit	Malt	CL	Spirit	Malt	CL	Spirit	Malt	CL	Spirit	Malt	CL	Total	
Raipur	31	72	2249000	1202750	5304000	2730325	1297491	6712692	481325	94741	1408692	344.15	18.95	760.69	1123.79	1685.68
Raigarh	18	42	1227712	1085006	1514343	1525701.4	1092138.6	1551859	297989.41	7132.6	37516	213.06	1.43	20.26	234.75	234.75
Mahasa-mund	19	31	918000	68827	1775000	1199844	75395	2035091	281844	6568	260091	201.52	1.31	140.45	343.28	514.92
Janjgir-Champa	20	62	821500	680000	2324000	1114853.4	775666.2	2403152	293353.35	95666.2	79152	209.75	19.13	42.74	271.62	407.43
Bilaspur	9	24	847500	48000	1360000	865871	51371	1411777	18371	3371	51777	13.14	0.67	27.96	41.77	62.65
Surguja	19	4	434000	333550	107000	677740.25	429541.8	135204	243740.25	95991.8	28204	174.27	19.20	15.23	208.70	313.05
Rajnand-gaon	14	26	1357600	627110	1896000	2071618.7	736180.56	2442012	714018.66	109070.56	546012	510.52	21.81	294.85	827.18	1240.78
Bastar	6	3	407480	397968	36150	976594	1421623	37518.9	569114	1023655	1368.9	406.92	204.73	0.74	612.39	918.58
Kawardha	12	22	343887	300401	692668	416743.24	309865.2	766635	72856.24	9464.2	73967	52.09	1.89	39.94	93.93	140.89
Korba	17	26	880000	765000	1070000	1125128.6	846280.92	1087896.2	245128.55	81280.92	17896.18	175.27	16.26	9.66	201.19	301.78
Total	165	312	9486679	5508612	16079161	12704419.59	7035553.28	18583837.10	3217740.46	1526941.28	2504676.08	2300.68	305.39	1352.53	3958.60	5820.52
Raipur	8	29	616000	574000	4200000	631166	583040	5506908	15166	9040	1306908	10.84	1.81	705.73	718.38	1334.04
Raigarh	17	41	1227712	774755	1591020	1595974	985110.6	1870631.5	368262.01	210355.6	279611.5	263.31	42.07	150.99	456.37	847.48
Mahasa-mund	4	30	47018	16509	2025278	47871	17388	2930387	853	879	905109	0.61	0.18	488.76	489.54	909.08
Janjgir-Champa	5	63	54000	110000	3300000	56407.42	116478.6	3931341	2407.42	6478.6	631341	1.72	1.30	340.92	343.94	638.70
Bilaspur	2	44	0	44000	3500000	0	44456	4028840	0	456	528840	0.00	0.09	285.57	285.66	530.48
Surguja	6	1	284000	137650	28000	489246.65	200493.24	45567	205246.65	62843.24	17567	146.75	12.57	9.49	168.81	313.47

Audit Report for the year ended 31 March 2014 on Revenue Sector

Rajnand- gaon	11	17	1644000	590200	2000000	1965709.7	612943.55	2576268	321709.7	22743.55	576268	230.02	4.55	311.18	545.76	1013.47
Bastar	3	2	426000	429420	29400	684821	970261	31678.25	258821	540841	2278.25	185.06	108.17	1.23	294.46	546.80
Kawardha	8	17	70000	67250	952000	82946.4	83368.68	1275759	12946.4	16118.68	323759	9.26	3.22	174.83	187.31	347.84
Korba	11	23	437000	299000	1100000	455567	306181	1306193	18567	7181	206193	13.28	1.44	111.34	126.06	234.09
Mungeli	1	9	55000	0	690000	56355.33	0	939069	1355.33	0	249069	0.97	0.00	134.50	135.47	251.56
Total	76	276	4860730	3042784	19415698	6066064.50	3919720.67	24442641.75	1205334.51	876936.67	5026943.75	861.81	175.39	2714.55	3751.75	6967.00
Raipur	2	27	371000	0	6103000	377252	0	6376353	6252	0	273353	5.63	0.00	185.88	191.51	355.63
Raigarh	17	42	813000	900000	2082000	846073.3	1102644.6	2304670.5	33073.3	202644.6	222670.5	29.77	44.58	151.42	225.76	419.24
Mahasa- mund	9	28	356000	47000	2600000	363266	47217	2860704	7266	217	260704	6.54	0.05	177.28	183.87	341.44
Janjgir- Champa	10	59	44000	410000	3900000	46796.19	471320.52	4509338	2796.19	61320.52	609338	2.52	13.49	414.35	430.36	799.17
Bilaspur	11	42	477000	523000	4213000	491068	560760	4305352.5	14068	37760	92352.5	12.66	8.31	62.80	83.77	155.56
Surguja	6	1	347000	176000	40000	518292.15	244988.04	49397.5	171292.15	68988.04	9397.5	154.16	15.18	6.39	175.73	326.33
Rajnand- gaon	11	17	1808000	266000	2300000	2098132.8	278046.24	2712105	290132.83	12046.24	412105	261.12	2.65	280.23	544.00	1010.21
Bastar	3	1	535000	550000	15000	815490	918954	15372	280490	368954	372	252.44	81.17	0.25	333.86	619.99
Kawardha	8	17	167100	226940	1080000	167295.95	227393.4	1385208	195.95	453.4	305208	0.18	0.10	207.54	207.82	385.92
Korba	2	22	12500	23000	1180000	13266	26280	1465634.3	766	3280	285634.3	0.69	0.72	194.23	195.64	363.31
Mungeli	2	11	0	105000	1050000	0	107792.64	1268190	0	2792.64	218190	0.00	0.61	148.37	148.98	276.66
Total	81	267	4930600	3226940	24563000	5736932.39	3985396.44	27252324.80	806332.42	758456.44	2689324.80	725.70	166.86	1828.74	2721.30	5053.45
Grand Total	322	855	19278009	11778336	60057859	24507416.48	14940670.39	70278803.65	5229407.39	3162334.39	10220944.63	3888.20	647.64	5895.82	10431.65	17840.98

Note: 1. Figures of “Lifting of spirit and malt” has been provided by the CSBCL.

2. Figures of “Lifting of Country liquor” has been provided by the concerned DEOs/AECs

3. Figures for 2009-10 and 2010-11 of spirit and malt has not provided by the CSBCL. Thus, figures for these years were not considered for calculation.

Figures of 1.5 and 1.857 for calculation of licence fee was applied since licence fee was 150 and 185.71 per cent of duty for the years 2011-12 and 2012-13 and 2013-14 respectively. These figures were provided by the Department.

During 2011-12, the ratio of duty and licence fee on total revenue for Raigarh district was 50:50.

Appendix 3.4
(Referred to in paragraph 3.2.14)

Year	No. of liquor shops	Average rate of duty fixed by the Department (in ₹)	MGQ	Duty Range (in ₹)	Sale of liquor	Per cent of sale	Duty (in ₹)	Average duty received after sale of liquor (as determined by Audit) (in ₹)	Amount of duty fixed by the Department at ₹ 71.50	Proposed average duty rate considering the sale in previous year (in ₹)	Leviable duty as per Col. (7) (in ₹)	Recoverable duty (col. 8 - 6) (in ₹)	Recoverable licence fee (in ₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
2011-12	329	71.5	29593502	70	12643890.0	52.9	37.00		2115935393	0	0	0	0
				90	7122498.0	29.8	26.80	82.90					
				110	4154584.0	17.3	19.10						
				Total:	23920972.0								
2012-13	241	71.5	24361112	70	13245503.0	62.5	43.80		1741819508	82.90	2019536185	277716676.8	515759542.6
				90	1376601.0	6.5	5.80	83.68					
				110	6560264.5	31.0	34.10						
				Total:	21182368.5								

Appendix 3.5
(Referred to in paragraph 3.2.17)

Month	No. of permits	Quantity dispatched (PL)	Quantity Received (PL)	Transit loss (PL)	Permissible loss (PL)	Excess loss (PL)	Leviable Duty (in ₹)
Aug-11	2	10,800.00	10,069.31	730.69	27.00	703.69	50,313.69
Oct-11	1	5,906.25	5,837.06	69.19	14.77	54.42	3,891.17
Dec-11	4	23,388.75	23,093.24	295.51	58.47	237.04	16,948.07
Mar-12	1	7,452.00	7,399.49	52.52	18.63	33.89	2,422.78
Jun-12	1	7,128.00	7,093.44	34.56	17.82	16.74	1196.91
Aug-12	2	16,200.00	16,147.69	52.31	40.50	11.81	844.63
Sep-12	1	7,128.00	7,107.80	20.25	17.82	2.43	173.75
Nov-12	1	7,128.00	7,057.80	70.20	17.82	52.38	3745.17
Jan-13	1	6,750.00	6,729.75	20.25	16.88	3.38	241.31
Mar-13	1	8,100.00	8,071.88	28.13	20.25	7.88	563.06
May-13	32	1,75,421.00	1,74,521.50	899.07	438.55	460.52	41,446.89
Jun-13	43	2,45,821.20	2,44,659.60	1,161.62	614.55	547.06	49,235.67
Jul-13	54	3,49,944.30	3,45,821.60	4,159.66	874.86	3,284.79	2,95,631.46
Aug-13	61	3,93,735.60	3,88,904.20	4,850.38	984.34	3,866.04	3,47,943.69
Sep-13	70	4,74,766.20	4,72,534.90	2,231.32	1,186.92	1,044.41	93,996.45
Oct-13	64	4,24,403.60	4,22,453.70	1,949.99	1,061.01	888.98	80,008.29
Nov-13	48	3,08,534.10	3,07,064.30	1,469.88	771.34	698.55	62,869.05
Dec-13	83	5,53,502.70	5,50,881.10	2,621.81	1,383.76	1,238.05	1,11,424.77
Total	470	30,26,109.70	30,05,448.36	20,717.34	7,565.29	13,152.06	11,62,896.81

Note: Rate of average duty was ₹ 71.50 in 2011-12 to 2012-13 and ₹ 90 in 2013-14

Appendix-4.1

(Referred to in paragraph 4.6)

Sl. No.	Village	Patwari halka no.	Rate as per guidelines	Mutated land (ha)	Market Value	Stamp duty @ 4 per cent	Registration fees	Short levy
Tahsildar, Lormi								
1	Semariya	44	7,41,000	1.15	8,52,150	34,086	6,962	41,048
2	Maharpur	24	3,40,500	6.25	21,28,125	85,125	17,170	1,02,295
3	Sardha	24	5,94,400	0.96	5,70,624	22,825	4,710	27,535
4	Gadhidih	23	8,31,800	3.44	28,61,392	1,14,456	23,036	1,37,492
Total					64,12,291	2,56,492	51,878	3,08,370
Tahsildar, Patan								
5	Demar	36	7,37,500	3.59	26,47,625	1,05,905	21,326	1,27,231
6	Borid	33	2,95,000	2.40	7,08,000	28,320	5,809	34,129
Total					33,55,625	1,34,225	27,135	1,61,360
Tahsildar, Kasdol								
7	Kharbo	10	5,66,000	2.986	16,90,076	67,603	13,666	81,269
8	Nawapara	5	4,33,000	9.5	41,13,500	1,64,540	33,053	1,97,593
9	Charchhed	12	4,53,000	24.318	1,10,16,054	4,40,642	88,273	5,28,915
10	Baiganadabari	8	6,50,000	1.69	10,98,500	43,940	8,933	52,873
Total					1,79,18,130	7,16,725	1,43,925	8,60,650
Tahsildar, Masturi								
11	Kokdi	46	2,68,000	3.541	9,48,988	37,960	7,737	45,697
Total					9,48,988	37,960	7,737	45,697
Grand Total					2,86,35,034	11,45,402	2,30,675	13,76,077

*Appendix – 5.1
(Referred to in paragraph 5.4)*

Name of Office	Type of vehicle	No. of registered vehicles	Rate of fee	Fee leviable	Total fee leviable	Fee levied	Short levy
Short levy							
RTO Bilaspur (4/10-3/13)	Motor cycle/Moped	23,943	50	11,97,150	23,67,950	78,450	22,89,500
	Others	5,854	200	11,70,800			
DTO Jashpur (4/10-3/13)	Motor cycle/Moped	14,931	50	7,46,550	14,95,350	15,550	14,79,800
	Others	3,744	200	7,48,800			
DTO Baikunthpur (4/10-3/13)	Motor cycle/Moped	8,307	50	4,15,350	6,70,750	16,760	6,53,990
	Others	1,277	200	2,55,400			
Total		58,056		45,34,050	45,34,050	1,10,760	44,23,290
Non levy							
DTO Raigarh (4/10-3/13)	Motor cycle/Moped	31,090	50	15,54,500	32,52,300	-	32,52,300
	Others	8,489	200	16,97,800			
Total		39,579		32,52,300	32,52,300	=	32,52,300
Grand Total		97,635		77,86,350	77,86,350	1,10,760	76,75,590

Appendix – 5.2
(Referred to in paragraph 5.5)

Name of Office	Audit period	No. of goods vehicles	Tax to be levied (₹ in lakh)	No. of maxi cab vehicle	Tax to be levied (₹ in lakh)	No. of passenger vehicles	Tax to be levied (₹ in lakh)	Total no. of vehicles	Total Tax to be levied (₹ in lakh)
RTO Ambikapur	04/12-3/13	177	12.20	-	-	26	14.05	203	26.25
RTO Bilaspur	4/11-3/13	114	24.40	-	-	34	28.71	148	53.11
DTO Baikunthpur	4/10-3/13	39	9.60	-	-	10	11.74	49	22.34
DTO Dantewada	04/7-03/13	43	9.17	19	4.71	19	32.88	81	46.76
DTO Jashpur	04/10-3/13	65	8.63	-	-	11	12.96	76	21.59
DTO Raigarh	03/10- 03/13	27	4.95	-	-	21	9.91	48	14.86
RTO Raipur	04/12-3/13	80	9.89	-	-	95	39.00	175	48.89
Total		545	78.84	19	4.71	216	149.25	780	233.80

Appendix – 5.3

(Referred to in paragraph 5.6)

Sl. No.	Vehicle No.	Permit No.	Seating Capacity	Distance (KM)	Tax Leviable per month	Tax Levied per month	Period of Short Levy		Total months	Short levy
							From	To		
1	CG-13-A-2376	1524/B/03	51+2	344	20,910	20,200	4/2010	3/2013	36	25,560
2	CG-13-A-2577	1851/B/03	36+2	312	13,680	8,087	4/2010	3/2013	36	2,01,348
3	CG-13-A-4661	2565/B/06	15+2	220	4,200	3,600	4/2010	3/2013	36	21,600
4	CG-13-A-5706	3449/B/09	20+2	192	5,200	4,800	4/2010	3/2013	36	14,400
5	CG-13-A-4792	2102/B/05	16+2	190	4,000	3,750	4/2010	3/2013	36	9,000
6	CG-13-A-7560	3328/B/09	16+1	202	4,320	3,680	4/2010	3/2013	36	23,040
7	CG-13-A-6724	2898/B/07	16+1	110	2,720	2,560	4/2010	3/2013	36	5,760
8	CG-13-A-7458	3362/B/09	32+1	180	7,680	6,400	4/2010	3/2013	36	46,080
9	CG-13-A-8408	2804/B/07	28+1	280	9,520	8,400	4/2010	3/2013	36	40,320
10	CG-13-A-8711	3134/B/07	24+2	180	5,760	5,520	4/2010	3/2013	36	8,640
11	CG-10/G-0372	1629/B/03	30+1	312	11,400	10,600	4/2011	3/2013	24	19,200
12	CG-10/G-0927	02/B/2011	36+1	344	14,350	5,760	4/2011	3/2013	24	2,06,160
Total										6,21,108

Appendix – 5.4
(Referred to in paragraph 5.7)

(Amount in ₹)

Sl. No.	Name of Transport Office	Types of vehicles	No. of dealers	Block of seven vehicles	Rate per seven vehicles	Amount of trade tax	Amount realised	Short levy
1	RTO Bilaspur	Moped	88	159	1,000	1,59,000	1,52,703	53,33,797
		Motor cycle		3,261	1,250	40,76,250		
		Three Wheeler		101	1,250	1,26,250		
		LMV		541	1,500	8,11,500		
		Light Goods Vehicle (LGV)		13	1,750	22,750		
		Heavy Goods Vehicle (HGV)		86	2,000	1,72,000		
		Others		95	1,250	1,18,750		
Total						54,86,500	1,52,703	53,33,797
2	DTO Baikunthpur	Moped	13	1,167	1,250	14,58,750	28,332	17,41,168
		Motor cycle		20	1,000	20,000		
		Three Wheeler		9	1,250	11,250		
		LMV		96	1,500	1,44,000		
		Light Goods Vehicle (LGV)		68	1,750	1,19,000		
		Heavy Goods Vehicle (HGV)		7	2,000	14,000		
		Others		2	1,250	2,500		
Total						17,69,500	28,332	17,41,168
3	DTO Jashpur	Moped	42	85	1,000	85,000	63,105	20,16,895
		Motor cycle		1,273	1,250	15,91,250		
		LMV		51	1,500	76,500		
		Medium Goods Vehicle (LGV)		25	1,750	43,750		
		Heavy Goods Vehicle (HGV)		8	2,000	16,000		
		Others		214	1,250	2,67,500		
Total						20,80,000	63,105	20,16,895
4	DTO Raigarh	Motor cycle/Moped	57	4,441	1,000	44,41,000	2,53,170	61,27,330
		Three wheeler		13	1,250	16,250		
		LMV		751	1,500	11,26,500		
		Medium Goods Vehicle (LGV)		236	1,750	4,13,000		
		Heavy Goods Vehicle (HGV)		155	2,000	3,10,000		
		Others		59	1,250	73,750		
Total						63,80,500	2,53,170	61,27,330
Grand Total						1,57,16,500	4,97,310	1,52,19,190

Appendix 6.1
(Referred to in paragraph 6.4)

(Amount in ₹)

Name of Division	Name of Depot	Period	Item	Quantity	Market Rate	Value	Inspection charges		
Rajnandgaon	Rajnandgaon	2009	Bamboo	29,000	27.50	7,97,500	79,750		
		2010		23,780	30.25	7,19,345	71,935		
		2011		18,550	30.85	5,72,268	57,227		
		2012-13		81,570	31.40	25,61,298	2,56,130		
		Total (Bamboo)			1,52,900		46,50,411	4,65,042	
		2009	Poles	13,250	59.25	7,85,063	78,506		
		2010		11,950	65.70	7,85,115	78,512		
		2011		9,650	67.00	6,46,550	64,655		
		2012-13		41,335	70.00	28,93,450	2,89,345		
		Total (Poles)			76,185		51,10,178	5,11,018	
		Total (Rajnandgaon)						97,60,589	9,76,060
		Korba	Korba	2008-09	Bamboo	1,200	9.70	11,640	1,164
2009-10	1,800			12.00		21,600	2,160		
2010-11	800			11.00		8,800	880		
2011-12	1,450			11.00		15,950	1,595		
2012-13	1,910			13.71		26,186	2,619		
2013-14 (05/13)	1,030			13.71		14,121	1,412		
Total (Bamboo)				8,190		98,297	9,830		
2008-09	Poles			400	102.00	40,800	4,080		
2009-10				650	126.00	81,900	8,190		
2010-11				250	130.00	32,500	3,250		
2011-12				900	140.00	1,26,000	12,600		
2012-13				720	140.00	1,00,800	10,080		
2013-14 (05/13)				795	140.00	1,11,300	11,130		
Total (Poles)				3,715		4,93,300	49,330		
Total (Korba)						5,91,597	59,160		
South Surguja	Gandhi Nagar/ Sakalo			2006-07	Bamboo	550	6.30	3,465	347
		2007-08	1,580	6.30		9,954	995		
		2008-09	7,000	6.30		44,100	4,410		
		2009-10	6,470	7.25		46,908	4,691		
		2010-11	350	7.25		2,538	254		
		2011-12	1,250	7.25		9,063	906		
		Total (Bamboo)			17,200		1,16,028	11,603	
		2006-07	Poles	2,295	87.00	1,99,665	19,967		
		2007-08		1,252	87.00	1,08,924	10,892		
		2008-09		3,568	87.00	3,10,416	31,042		
		2009-10		2,350	110.00	2,58,500	25,850		
		2010-11		700	110.00	77,000	7,700		

		2011-12		1,154	110.00	1,26,940	12,694
		2012-13		265	110.00	29,150	2,915
		Total (Poles)		11,584		11,10,595	1,11,060
		Total				12,26,623	1,22,663
	Ambikapur	2006-07	Poles	1,805	87.00	1,57,035	15,704
		2009-10		974	110.00	1,07,140	10,714
		2010-11		200	110.00	22,000	2,200
		2011-12		1,572	110.00	1,72,920	17,292
		2012-13		2,448	110.00	2,69,280	26,928
		Total (Poles)		6,999		7,28,375	72,838
Total (Ambikapur)				19,54,998	1,95,501		
Mahasamund	Mahasamund	2010-11	Bamboo	1,100	28.00	30,800	3,080
		2011-12		850	29.00	24,650	2,465
		2012-13		1,925	32.00	61,600	6,160
		Total (Bamboo)		3,875		1,17,050	11,705
		2010-11	Poles	475	107.00	50,825	5,083
		2011-12		440	141.00	62,040	6,204
		2012-13		825	180.00	1,48,500	14,850
		Total (Poles)		1,740		2,61,365	26,137
		Total (Mahasamund)				378415	37,842
Dhamtari	Dhamtari	2006-07	Bamboo	194	13.00	2,522	252
		2007-08		245	13.00	3,185	319
		2008-09		217	17.00	3,689	369
		2009-10		194	19.00	3,686	369
		2010-11		197	21.00	4,137	414
		2011-12		243	23.00	5,589	559
		2012-13		568	25.00	14,200	1,420
		Total (Bamboo)		1,858		37,008	3,702
		2006-07	Poles	195	64.70	12,617	1,262
		2007-08		248	64.70	16,046	1,605
		2008-09		210	95.50	20,055	2,006
		2009-10		229	107.00	24,503	2,450
		2010-11		199	141.00	28,059	2,806
		2011-12		191	180.00	34,380	3,438
		2012-13		590	230.00	1,35,700	13,570
		Total (Poles)		1,862		2,71,360	27,137
		Total (Dhamtari)				3,08,368	30,839
SUMMARY							
Divisions	Depots	Period	Items	Quantity	Value	Recoverable Inspection charges	
Five divisions	Six Depots	2006-07 to 2012-13	Bamboos	1,84,023	50,18,794	5,01,882	
			Poles	1,02,085	79,75,173	7,97,520	
GRAND TOTAL (Value and inspection fee)					1,29,93,967	12,99,402	

Appendix 6.2

(Referred to in paragraph 6.5.1)

BAMBOO (nos.)

Name of Division	Year	Name of Depot	Balance as per books	Balance physically found	Shortage	Shortage allowed	Excess shortage	Rate	Value (₹)
Bastar	2008	Nagarnar	1,280	25	1,255	0	1,255	14.88	18,674
		Bamni	1,068	72	996	0	996	14.88	14,820
	2010	Negarnar	2,800	2,230	570	0	570	17.00	9,690
Total (Bastar)			5,148	2,327	2,821	0	2,821		43,184
Jashpur	2011	Parthalgaon	185	157	28	0	28	7.30	204
		Kansabel	600	400	200	0	200	8.30	1,660
Total (Jashpur)			785	557	228	0	228		1,864
Total (Bamboo)			5,933	2,884	3,049	0	3,049		45,048

POLES (nos.)

Jashpur	2011	Patthalgaon	76	6	70	0	70	138.00	9,660
Total (Poles)			76	6	70	0	70		9,660

FUEL STACKS

Name of Division	Year	Name of Depot	Opening Balance	Receipt during the year	Sale	Balance as per books	Balance physically found	Shortage	Shortage allowed	Excess shortage	Rate	Value (₹)
Bastar (in no. of stacks)	2008	Adwal	603	137	670	70	27	43	20.55	22.45	556	12,482
		Nagarnar	0	26	13	13	5.5	7.5	3.9	3.6	556	2,002
		Bamni	0	11	7	4	0	4	1.65	2.35	556	1,307
		Bakawand	792.4	317	969.9	139.5	8	131.5	47.55	83.95	556	46,676

		Asna	129.8	0	113.3	16.5	0	16.5	0	16.5	556	9,174
		Borpadar	249.3	0	153	96.3	0	96.3	0	96.3	556	53,543
	2010	Nagarnar	13.5	200	124	89.5	0	89.5	30	59.5	639	38,021
		Total (Bastar)		1,788	691	2050.2	428.8	40.5	388.3	103.65	284.65	1,63,205
Jashpur (in quintals)	2010	Pandaripani		0		75.79	63.2	12.59	0	12.59	160	2,014
		Patthalgaon		0		160	0	160	0	160	160	25,600
		Kansabel		0		65	15	50	0	50	160	8,000
		Kunkuri		2,710		1,054.85	529.93	524.92	406.5	118.42	160	18,947
	2011	Patthalgaon		0		150.92	129.92	21	0	21	180	3,780
		Kunkuri		2,168		1,049.33	519.99	529.34	325.2	204.14	180	36,745
		Total (Jashpur)		0	4,878	0	2,555.89	1,258.04	1,297.85	731.7	566.15	95,086
Koriya (in quintals)	2011	Patna	110	1,029.8	803.34	336.46	26.85	309.61	154.47	155.14	160	24,822
		Chhindand	3,150	2,168	2358	2960	2450	510	325.2	184.8	160	29,568
		Chirmiri	305.47	254.74	334	226.21	165.9	60.31	38.211	22.099	160	3,536
		Total (Koria)		3,565.47	3,452.54	3,495.34	3,522.67	2,642.75	879.92	517.881	362.039	57,926
		Total (Fuel Stack) (Jashpur+Koria)		3,565.47	8,330.54	3,495.34	6,078.56	3,900.79	2,177.77	1,249.581	928.189	1,53,012

Summary:

Item	Quantity found short in excess of admissible shortage	Value of excess shortage(₹)
Bamboo	3,049	45,049
Poles	70	9,660
Fuel Stacks	284.65 stacks + 928.189 quintals	3,16,217
Grand Total		3,70,926

Appendix 6.3
(Referred to in paragraph 6.5.2)

BAMBOO (Nos.):

Year	Name of Depot	Balance as per books	Balance physically found	Shortage	Shortage allowed	Excess shortage	Rate (₹)	Value (₹)
2010	Gandhi Nagar	7,230	5,645	1,585	0	1,585	6.5	10,303
Total (Bamboo)		7,230	5,645	1,585	0	1,585		10,303

POLES (Nos.):

Year	Name of Depot	Balance as per books	Balance physically found	Shortage	Shortage allowed	Excess shortage	Rate (₹)	Value (₹)
2010	Gandhi Nagar	888	338	550	0	550	73	40,150
2011	Latori	530	0	530	0	530	83	43,990
Total (Poles)		1,418	338	1,080	0	1,080		84,140

FUEL STACKS (Quintals):

Year	Name of Depot	Opening Balance	Receipt during the year	Sale	Balance as per books	Balance physically found	Shortage	Shortage allowed	Shortage allowed	Excess shortage	Rate (₹)	Value (₹)
2010	Gandhi Nagar	3,144.30	883	1,171.45	2,855.85	1,023.36	1,832.49	132.45	1,700.04	160		2,72,006
	Karanji	18.06	0	0	18.06	0	18.06	0	18.06	160		2,890
2011	Kamleshwarpur	120.00	0	0	120.00	102.00	18.00	0	18.00	180		3,240
Total (Fuel Stacks)		3,282.36	883	1,171.45	2,993.91	1,125.36	1,868.55	132.45	1,736.10			2,78,136

SUMMARY:

Item	Quantity found short in excess of admissible shortage	Value of excess shortage (₹)
Bamboo	1,585 nos.	10,303
Poles	1,080 nos.	84,140
Fuel Stacks	1,736.10 quintals	2,78,136
Grand Total		3,72,579

Appendix 6.4

(Referred to in paragraph 6.6)

(Amount in ₹)

Name of Division	Year	Quantity of mineral extracted and transported (Tonne)	Recoverable transit fee (@ ₹ 7 per tonne)
Name of Mineral: Coal			
Korba	2010-11	30,34,254	2,12,39,778
	2011-12	26,70,582	1,86,94,074
	2012-13	27,01,633	1,89,11,431
Total		84,06,469	5,88,45,283
Surguja (South)	April 2011 to November 2011	10,27,019	71,89,133
Total		10,27,019	71,89,133
Total for Coal		94,33,488	6,60,34,416
Name of Mineral: Bauxite			
Surguja (South)	2008-09	5,64,517	
	2009-10	4,89,537	
	2010-11	5,64,607	
	2011-12	6,20,193	
	2012-13	2,36,253	
Total		24,75,107	
Total area of mine – 639.169 hectare			
Forest area – 376.924 hectare			
Quantity of mineral from forest as per ratio of area		14,59,594 ¹	1,02,17,158
Total for Bauxite extracted from forest area		14,59,594	1,02,17,158
Grand Total		1,08,93,082	7,62,51,574

¹ $\frac{24,75,107 \times 376.924}{639.169} = 14,59,594$

Appendix 6.5
(Referred to in paragraph 6.7)

Items	Balance as on 30 June 2010 in Pithora Consumer Depot	Material transported to Sale Depot for auction	Material sold between 30 June 2010 and 30 June 2011	Material to be remained in Pithora Consumer Depot	Opening Balance as on 30 June 2011 in Pithora Consumer Depot	Shortage in the material (Unit)	Rate/ Unit	Value of material found short (₹)
Bamboos	13,951	8,333	Nil	5,618	Nil	5,618	28	1,57,304
Poles	139	Nil	Nil	139	Nil	139	107	14,873
Fencing Poles	775	Nil	Nil	775	Nil	775	45	34,875
Fuel Stacks	453	Nil	Nil	453	Nil	453	1,481	6,70,893
Total value of the material								8,77,945

Appendix 6.6
(Referred to in paragraph 6.8)

Month	Name of Depot	Forest Produce	Quantity sold	Amount realised (₹)	Rate (with FDC @ 3%)	Amount realisable (₹)	Short realisation (₹)
Oct-11	Consumer Depot, Kurud	Bamboo (nos.)	4600	1,21,467	10.30	47,380	
		Fuel Stack (stacks)	243		772.50	1,87,718	
	Total (Oct-11)	Bamboo (nos.)	4,600				
		Fuel Stack (stacks)	243	1,21,467		2,35,098	1,13,631
Jan-12	Consumer Depot, Nagari	Fuel Stack (stacks)	300	90315	999.10	2,99,730	
Feb-12	Total (Jan-12)	Fuel Stack (stacks)	300	90315		2,99,730	2,09,415
	Consumer Depot, Nagari	Fuel Stack (stacks)	284	1100	999.10	2,83,744	2,82,644
	Nistar/ Consumer Depot, Magarlod	Fuel Stack (stacks)	1,279	7,53,787	999.10	12,77,849	5,24,062
	Consumer Depot, Kurud	Bamboo (nos.)	19,080	3,57,925	10.30	1,96,524	
		Fuel Stack (stacks)	682		999.10	6,81,386	
	Total (Feb-12)	Total		3,57,925		8,77,910	5,19,985
		Bamboo (nos.)	19,080				
	Total (Feb-12)	Fuel Stack (stacks)	2,245	11,12,812		24,39,503	13,26,691
		Poles (Nos.)	94	2,64,624	147.29	13,845	
	Bamboo (nos.)	2,653	10.30		27,326		
	Nistar Depot, Nagari	Fuel Stack (stacks)	307	999.10	3,06,724		
	Mar-12	Total	Total		2,64,624		3,47,895
Poles (Nos.)			80	1,65,958	147.29	11,783	
Bamboo (nos.)			2,440		10.30	25,132	
Nistar Depot, Birgudi			Fuel Stack (stacks)	208	999.10	2,07,813	
	Total	Total		1,65,958		2,44,728	78,770

	Consumer Depot, Kurud	Poles (Nos.)	548	3,82,288	147.29	80,715	36,288
		Bamboo (nos.)	19,610		10.30	2,01,983	
		Fuel Stack (stacks)	136		999.10	1,35,878	
		Total		3,82,288		4,18,576	36,288
	Consumer Depot, Shyamtarai	Poles (Nos.)	287	2,37,112	147.29	42,272	
		Bamboo (nos.)	1,740		10.30	17,922	
		Fuel Stack (stacks)	268		999.10	2,67,759	
		Total		2,37,112		3,27,953	90,841
	Total (Mar-12)	Poles (Nos.)	1,009				
		Bamboo (nos.)	26,443				
		Fuel Stack (stacks)	919				
				10,49,982		13,39,152	2,89,170
	Nistar Depot, Soram	Poles (Nos.)	155	1,99,820	147.29	22,830	
		Fuel Stack (stacks)	200		999.10	1,99,820	
		Total		1,99,820		2,22,650	22,830
Apr-12	Nistar Depot, Keregaon	Poles (Nos.)	30	46,755	147.29	4,419	
		Bamboo (nos.)	130		10.30	1,339	
		Fuel Stack (stacks)	157		999.10	1,56,859	
		Total		46,755		1,62,616	1,15,861
	Nistar Depot, Singpur	Poles (Nos.)	109	13,421	147.29	16,055	
		Bamboo (nos.)	1,190		10.30	12,257	
		Total		13,421		28,312	14,891
	Nistar Depot, Sankara	Poles (Nos.)	7	4,78,119	147.29	1,031	
		Bamboo (nos.)	2,930		10.30	30,179	
		Fuel Stack (stacks)	551		999.10	5,50,504	
		Total		4,78,119		5,81,714	1,03,595

May-12	Nistar Depot, Nagari	Poles (Nos.)	65		147.29	9,574	
		Bamboo (nos.)	1,487	3,44,880	10.30	15,316	
		Fuel Stack (stacks)	334		999.10	3,33,699	
		Total		3,44,880		3,58,589	13,709
	Nistar/Consumer Depot, Magarlod	Poles (Nos.)	300		147.29	44,187	
		Bamboo (nos.)	13,262	4,03,314	10.30	1,36,599	
		Fuel Stack (stacks)	444		999.10	4,43,600	
		Total		4,03,314		6,24,386	2,21,072
	Total (Apr-12)	Poles (Nos.)	666				
		Bamboo (nos.)	18,999				
		Fuel Stack (stacks)	1,686	14,86,309		19,78,267	4,91,958
May-12	Nistar Depot, Sankara	Poles (Nos.)	30		147.29	4,419	
		Bamboo (nos.)	80	4,79,052	10.30	824	
		Fuel Stack (stacks)	492		999.10	4,91,557	
		Total		479,052		4,96,800	17,748
	Nistar Depot, Birgudi	Poles (Nos.)	6		147.29	884	
		Bamboo (nos.)	1,857	1,85,698	10.30	19,127	
		Fuel Stack (stacks)	187		999.10	1,86,832	
		Total		1,85,698		2,06,843	21,145
	Nistar/Consumer Depot, Magarlod	Poles (Nos.)	1811		147.29	2,66,742	
		Bamboo (nos.)	18942	3,76,441	10.30	1,95,103	
		Fuel Stack (stacks)	121		999.10	1,20,891	
		Total		3,76,441		5,82,736	2,06,295
	Consumer Depot, Shyamtarai	Poles (Nos.)	242	2,10,904	147.29	35,644	
		Bamboo (nos.)	10,411		10.30	1,07,233	

		Fuel Stack (stacks)	175		999.10	1,74,843			
		Total		2,10,904		3,17,720	1,06,816		
Total (May-12)		Poles (Nos.)	2,089						
		Bamboo (nos.)	31,290						
		Fuel Stack (stacks)	975						
		Poles (Nos.)	274						
Nistar Depot, Mathuradih		Fuel Stack (stacks)	169	1,88,466	147.29	40,357			
		Total		1,88,466		1,68,848			
	Jun-12		Poles (Nos.)	85	147.29	12,520			
			Bamboo (nos.)	24,601	10.30	2,53,390			
		Fuel Stack (stacks)	20	999.10	19,982				
		Total		1,55,923		2,85,892	1,29,969		
Total (Jun-12)		Poles (Nos.)	359						
		Bamboo (nos.)	24,601						
		Fuel Stack (stacks)	189					3,44,389	4,95,097
		Poles (Nos.)	370					147.29	54,497
Oct-12	Nistar/ Consumer Depot, Magarlod		870	31,740	10.30	8,961			
			Fuel Stack (stacks)	14	999.10	13,987			
			Poles (Nos.)	370					
			Bamboo (nos.)	870					
	Fuel Stack (stacks)	14	31,740	77,445					
Total (Oct-12)									45,705

Dec-12	Nistar/Consumer Depot, Magarlod	Poles (Nos.)	10	39,354	147.29	1,473	
		Fuel Stack (stacks)	498		999.10	4,97,552	
	Total			39,354		4,99,025	4,59,671
	Nistar Depot, Shyamtarai	Poles (Nos.)	28	1,07,908	147.29	4,124	
		Fuel Stack (stacks)	176		999.10	1,75,842	
	Total			1,07,908		1,79,966	72,058
	Total (Dec-12)	Poles (Nos.)	38				
		Fuel Stack (stacks)	674	1,47,262		6,78,991	5,31,729

Jan-13	Nistar/Consumer Depot, Magarlod	Bamboo (nos.)	1,280	54,186	11.33	14,502	
		Fuel Stack (stacks)	123		1122.70	1,38,092	
		Bamboo (nos.)	1,280				
Total (Jan-13)		Fuel Stack (stacks)	123	54,186		1,52,594	98,408
Grand Total		Poles (Nos.)	4,531				
		Bamboo (nos.)	1,27,163				
		Fuel Stack (stacks)	7,368	56,90,557		92,99,976	

Appendix 6.7
(Referred to in paragraph 6.12)

(Amount in ₹)

Sl No.	Name of lessee	Lease period	Mineral	Area (Hec.)	Dead rent/ year	Year for which dead rent payable (Delayed in month)	Payable dead rent	Interest @ 24%
1	Shri K C Sharma	22.06.2006 to 21.06.2016	Stone	1.8	7,500 7,500 1,875	2012(27) 2013(15) 2014(3)	13,500 13,500 3,375	7,290 4,050 203
							30,375	11,543
2	Shri Devandra Singh Kushwaha	10.10.2010 to 2020	Stone	2.055	5,000 5,000 1,875	2012(27) 2013(15) 2014(3)	10,275 10,275 3,853	5,549 3,083 231
							24,403	8,863
3	Shri Vimal Lunia	10/2008 to 2018	Stone	1.089	5,000 5,000 7,500 7,500 1,875	2010(51) 2011(39) 2012(27) 2013(15) 2014(3)	5,445 5,445 8,168 8,168 2,042	5,554 4,247 4,410 2,450 123
							29,268	16,784
4	Shrimati Jaya Kasyap	7.09.2009 to 2019	Stone	0.2	5,000 5,000 7,500 1,875	2011(39) 2012(27) 2013(15) 2014(3)	1,000 1,000 1,500 375	780 540 450 23
							3,875	1,793
5	Shri Abdul Vahid Siddiqui	2006 to 2016	Stone	3.38	7,500 7,500 1,875	2012 (27) 2013(15) 2014(3)	25,350 25,350 6,338	13,689 7,605 380
							57,038	21,674
6	M/s. Jalaj Mineral and Metal	2.10.2007 to 01.10.2017	Stone	3.848	5,000 5,000 7,500 7,500 7,500 1,875	2009(63) 2010(51) 2011(39) 2012(27) 2013(15) 2014(3)	19,240 19,240 28,860 28,860 28,860 7,215	24,242 19,625 22,511 15,584 8,658 433
							1,32,275	91,053
7	Shri Shushil Ku. Sharma	10.10.2005 to 09.10.2015	Murram	2.00	2,000 2,000 3,000 3,000 3,000	2007(87) 2008(75) 2009(63) 2010(51) 2011(39)	4,000 4,000 6,000 6,000 6,000	6,960 6,000 7,560 6,120 4,680

					3,000	2012(27)	6,000	3,240
					3,000	2013(15)	6,000	1,800
					750	2014(3)	1,500	90
							39,500	36,450
8	Shri Chetna Manek	16.03.2006 to 15.03.2016	Stone	2.01	7,500	2009(63)	15,075	18,995
					7,500	2010(51)	15,075	15,377
					7,500	2011(39)	15,075	11,759
					7,500	2012(27)	15,075	8,141
					7,500	2013(15)	15,075	4,523
					1,875	2014(3)	3,769	226
							79,144	59,021
9	Shri Kamelesh Badawani	6/2010 to 6/2013	Clay	1.809	3,000	2012(27)	5,427	2,931
					1,500	2013(15)	2,714	814
							8,141	3,745
10	Shri Bhupesh Badwani	29.12.03 to 28.12.13	Clay	2.165	3,000	2010(51)	6,495	6,625
					3,000	2011(39)	6,495	5,066
					3,000	2012(27)	6,495	3,507
					3,000	2013(15)	6,495	1,949
							25,980	17,147
11	Shri Naresh Agrawal	09.03.10 to 08.03.15	Stone	0.85	5,000	2011(39)	4,250	3,315
					5,000	2012(27)	4,250	2,295
					7,500	2013(15)	6,375	1,913
					1,875	2014(3)	1,594	96
							16,469	7,619
12	Shri Harjeet singh	29.08.06 to 28.03.16	Stone	1.688	5,000	2008(75)	8,440	12,660
					5,000	2009(63)	8,440	10,634
					7,500	2010(51)	12,660	12,913
					7,500	2011(39)	12,660	9,875
					7,500	2012(27)	12,660	6,836
					7,500	2013(15)	12,660	3,798
					1,875	2014(3)	3,165	190
							70,685	56,906
13	Shri Seema Alloys Pvt.Ltd.	27.03.08 to 26.03.18	Stone	1.684	5,000	2009(63)	8,420	10,609
					5,000	2010(51)	8,420	8,588
					7,500	2011(39)	12,630	9,851
					7,500	2012(27)	12,630	6,820
					7,500	2013(15)	12,630	3,789
					1,875	2014(3)	3,158	189
							57,888	39,846
14	Shri Chhotelal Sonkar	29.11.04 to 28.11.14	Clay	2.93	3,000	2011(39)	8,790	6,856
					3,000	2012(27)	8,790	4,747
					3,000	2013(15)	8,790	2,637

Audit Report for the year ended 31 March 2014 on Revenue Sector

					750	2014(3)	2,198	1,32
							28,568	14,372
15	Shri Laxman das	04.10.04 to 03.10.14	Clay	1.33	3,000	2008(75)	3,990	5,985
					3,000	2009(63)	3,990	5,027
					3,000	2010(51)	3,990	4,070
					3,000	2011(39)	3,990	3,112
					3,000	2012(27)	3,990	2,155
					3,000	2013(15)	3,990	1,197
					750	2014(3)	9,98	60
							24,938	21,606
16	Shri Naresh Agrawal	09.03.10 to 08.03.15	Stone	1.63	5,000	2011(39)	8,150	6,357
					5,000	2012(27)	8,150	4,401
					7,500	2013(15)	12,225	3,668
					1,875	2014(3)	3,056	183
							31,581	14,609
17	Shri Ranjeet kaur	06.06.05 to 05.06.15	Stone	0.5	5,000	2008(75)	2,500	3,750
					5,000	2009(63)	2,500	3,150
					7,500	2010(51)	3,750	3,825
					7,500	2011(39)	3,750	2,925
					7,500	2012(27)	3,750	2,025
					7,500	2013(15)	3,750	1,125
					1,875	2014(3)	938	56
							20,938	16,856
18	Shri Uttam Duby	14.08.06 to 13.08.16	Stone	0.85	5,000	2009(63)	4,250	5,355
					7,500	2010(51)	6,375	6,503
					7,500	2011(39)	6,375	4,973
					7,500	2012(27)	6,375	3,443
					7,500	2013(15)	6,375	1,913
					1,875	2014(3)	1,594	96
							31,344	22,283
19	Shri Laxmi Narayansingh Thakur	04.09.06 to 03.09.16	Stone	0.405	5,000	2009(63)	2,025	2,552
					7,500	2010(51)	3,038	3,098
					7,500	2011(39)	3,038	2,369
					7,500	2012(27)	3,038	1,640
					7,500	2013(15)	3,038	911
					1,875	2014(3)	759	46
							14,936	10,616
Total Dead Rent							7,27,346	
Interest							4,72,786	
Grand Total							12,00,132	

Appendix 7.1
(Referred to in paragraph 7.3.10.1)

Name of Division	Year of Work		2008-09		Year of Work		2009-10		Total area (Ha.)	Total Expenditure (₹ in lakh)
	Due year for evaluation		2012-13		Due year for evaluation		2013-14			
	Area treated (Ha.)		Expenditure incurred (₹ in lakh)		Area treated (Ha.)		Expenditure incurred (₹ in lakh)			
Bastar	1,970.000		50.19		1,500.000		44.25		3,470.000	94.44
Bhanupratappur (East)	1,398.480		55.20		677.710		29.14		2,076.190	84.34
Bijapur	7,250.000		216.24		4,341.108		193.66		11,591.108	409.90
Dantewada	5,499.550		178.70		6,880.500		237.37		12,380.050	416.07
Dhamtari	610.000		24.10		560.000		29.59		1,170.000	53.69
Gariyaband	2,738.390		118.45		2,365.090		89.28		5,103.480	207.73
Katghora	2,831.290		65.35		5,313.230		243.42		8,144.520	308.77
Khairagarh	1,176.260		29.74		1,665.000		49.08		2,841.260	78.82
Koria	1,175.108		46.24		2,116.735		90.78		3,291.843	137.02
Narayanpur	957.880		37.80		2,926.140		129.79		3,884.020	167.59
Raigarh	3,822.600		110.84		804.570		34.55		4,627.170	145.39
Sukma	0.000		0.00		9,266.720		446.16		9,266.720	446.16
Surajpur	1,000.000		39.50		1,000.000		42.98		2,000.000	82.48
Surguja	555.260		14.16		0.000		0.00		555.260	14.16
Total	30,984.818		986.51		39,416.803		1,660.05		70,401.621	2,646.56

Appendix 7.2
(Referred to in paragraph 7.3.10.3)

Name of Division	Year	No. of compts.	Comp. Area (Ha.)	Area of treatment (Ha.)	Expenditure incurred (₹ in lakh)	Bamboo area (Ha.)	Area having no bamboo (Ha.)	Avoidable expenditure (₹ in lakh)
Bastar	2011-12	4	959.782	809.972	47.78	0	809.972	47.78
Bijapur	2008-09 and 2010-11	6	1,208.350	880.000	33.18	0	880.000	33.18
Dhamtari	2008-09 and 2012-13	12	4,665.860	779.000	39.33	0	779.000	39.33
Gariyaband	2011-12	17	4,863.780	2,234.000	125.54	801.960	1,432.040	80.45
Katghora	2009-10	4	1,547.825	850.000	41.67	0	850.000	41.67
Total		43	13,245.597	5,552.972	287.50	801.960	4,751.012	242.41

Appendix 7.3
(Referred to in paragraph 7.3.10.5 (A))

Name of Division	Period of work	Area treated (Ha.)	No. of clumps treated	Expenditure incurred (₹)	Expenditure to be incurred as per job rates fixed by the CF (₹)	Excess expenditure (₹)
Bhanupratappur (East)	2012-13 and 2013-14	2,788.29	1,81,120	86,87,641	43,56,583	43,31,058
Narayanpur	2012-13	455.00	76,680	35,64,723	16,27,963	19,36,760
Total		3,243.29	2,57,800	1,22,52,364	59,84,546	62,67,818

Appendix 7.4
(Referred to in paragraph 7.3.10.5(B))

Name of Division	Period of work	Area treated (Ha.)	No. of clumps treated	Expenditure incurred (₹)	Expenditure to be incurred as per job rates fixed by the CF (₹)	Excess expenditure (₹)
Sukma	2009-10 and 2010-11	15,327.547	13,30,563	3,92,50,890	3,44,70,376	47,80,514
Bijapur	2011-12 and 2012-13	10,312.435	12,23,995	3,95,67,048	3,48,89,705	46,77,343
Jagdulpur	2011-12 and 2012-13	3,134.365	3,28,967	1,10,76,801	1,00,36,146	10,40,655
Dantewada	2010-11 and 2011-12	11,598.490	10,45,759	3,13,79,533	2,92,49,891	21,29,642
Total		40,372.837	39,29,284	12,12,74,272	10,86,46,118	1,26,28,154

Appendix 7.5
(Referred to in paragraph 7.3.10.6)

Name of Division	Period of Work	Area Treated (Ha.)	Size of diameter of clumps		Total no. of clumps treated	Expenditure incurred	Expenditure to be incurred as per job rates fixed by the PCCF (₹)	Excess Expenditure (₹)
			Up to 1.5m	Above 1.5m				
Bhanupratappur (East)	2013-14	125.000	8,310	4,240	12,550	6,48,457	3,96,718	2,51,739
Raigarh		984.042	58,293	17,484	75,777	33,74,023	26,09,875	7,64,148
Katghora		5826.880	4,13,307	99,645	5,12,952	2,04,80,723	1,58,51,466	46,29,257
Koria		775.365	25,339	20,945	46,284	19,52,354	15,54,381	3,97,973
Narayanpur		1050.000	30,364	38,360	68,724	37,85,355	24,32,871	13,52,484
Total		8,761.287	5,35,613	1,80,674	7,16,287	3,02,40,912	2,28,45,311	73,95,601

Appendix 7.6
(Referred to in paragraph 7.3.10.7)

Comp. no.	Total area of the compt.	Earlier RDBF treatment done		Further RDBF treatment work taken		Excess treated area (Ha.)	Avoidable expenditure (₹ in lakh)		
		Period of work	Treated area (Ha.)	Exp. incurred (₹ in lakh)	Exp. incurred (₹ in lakh)				
Khairagarh									
420	296.215	2010-11 to 2012-13	286.215	9.30	2012-13	93.143	4.35	83.143	3.88
Bijapur									
382	195.000	2010-11 to 2012-13	150.000	8.25	2012-13	126.086	6.71	81.086	4.32
188	218.000	2010-11 to 2012-13	220.100	11.17	2012-13	104.405	6.47	104.405	6.47
863	256.528	2010-11 to 2012-13	336.000	32.33	2012-13	256.508	28.60	588.03	30.44
865	296.000	2010-11 to 2012-13	252.000		2012-13	296.05			
Total	1,286.303		1,244.315	61.05		876.192	46.13	856.664	45.11
Comp. no.	Total area of the compt.	Earlier RDBF treatment done		Further RDBF treatment work taken		Excess treated area (Ha.)	Avoidable expenditure (₹ in lakh)		
		Period of work	Treated area (Ha.)	Exp. incurred (₹ in lakh)	Period of work			Treated area	Exp. incurred (₹ in lakh)
Dantewada									
1288	339.212	2009-10 /with plantation	230	28.52	2010-11/ without plantation	223.815	7.39	114.603	3.78
Gariyaband									
793	258.67	2008-09/ with plantation	173.67	22.76	2009-10/ without plantation	258.43	8.90	173.430	5.97
Total	597.882		403.67	51.28		482.245	16.29	288.033	9.75
Grand Total	1,884.185		1,647.985	112.33		1,358.437	62.42	1,144.697	54.86

Appendix 7.7
(Referred to in paragraph 7.3.11.1)

Division	Year	No. of Sites	Plantation Area (Ha.)	No. of plants planted	Expenditure incurred (₹)
Bastar	2010	2	50.000	20,000	26,05,674
	2011	1	50.000	20,000	24,17,402
Total		3	100.000	40,000	50,23,076
Bhanupratappur (East)	2009	2	68.620	27,448	9,72,734
	2010	6	200.000	80,000	26,81,383
Total		8	268.620	1,07,448	36,54,117
Bijapur	2013	2	100.000	40,000	
Total		2	100.000	40,000	0
Dantewada	2010	3	50.000	20,000	
	2011	1	120.000	48,000	
Total		4	170.000	68,000	0
Dhamtari	2009	2	270.110	1,08,044	37,70,475
	2010	12	775.270	3,10,108	96,35,980
	2011	23	1327.200	5,30,880	2,42,20,605
	2013	4	233.000	93,200	45,06,023
Total		41	2605.580	10,42,232	4,21,33,083
Gariyaband	2010	4	449.020	1,79,608	24,95,324
	2011	15	769.720	5,19,440	1,11,36,504
	2012	4	449.840	3,37,361	2,70,28,570
Total		23	1668.580	10,36,409	4,06,60,398
Katghora	2010	2	100.000	40,000	52,09,707
	2011	7	350.00	1,40,000	1,92,74,173
	2012	3	340.00	1,36,000	65,13,781
	2013	2	20.000	8,000	3,83,981
Total		13	810.000	3,24,000	3,13,81,642
Khairagarh	2010	1	50.000	20,000	6,00,316
	2013	6	295.000	1,18,000	1,08,90,974
Total		7	345.000	1,38,000	1,14,91,290
Koria	2008	5	280.000	1,12,000	39,16,135
	2009	3	150.00	60,000	23,35,007
	2010	2	75.000	30,000	11,78,898
	2012	5	205.000	82,000	40,37,447
	2013	5	190.00	76,000	63,90,948
Total		20	900.000	3,60,000	1,78,58,435
Raigarh	2010	1	20.000	8,000	4,62,910
	2013	4	125.000	50,000	56,73,420
Total		5	145.000	58,000	61,36,330

Raipur	2010	4	220.000	83,120	91,19,321
	2013	4	125.000	50,000	56,73,420
	2012	6	313.820	119858	1,50,00,882
Total		16	893.820	3,46,978	3,92,27,875
Surajpur	2009	2	100.000	40,000	13,94,423
	2011	6	502.326	2,00,930	2,41,41,731
	2012	10	765.000	3,06,000	1,37,60,810
	2013	1	20.000	8,000	2,74,323
Total		19	1,387.326	5,54,930	3,95,71,287
Surguja	2009	4	123.500	49,400	17,49,902
	2011	3	120.000	48,000	63,03,802
	2012	16	737.670	2,95,080	3,75,02,425
Total		23	981.170	3,92,480	4,55,56,129
Grand Total		184	10,375.096	45,08,477	28,26,93,662

Appendix 7.8
(Referred to in paragraph 7.3.12.2)

Division	First tender Year/lot no.	Estimated Quantity (NT)	Sale Price per NT (₹)	Quantity for which purchaser was bound to lift (NT)	Actual Production (NT)	Quantity Lifted (NT)	Quantity Remained unlifted (NT)	Value with FDT (₹)	Excess of actual production over estimates	Year of tender/lot no.	Quantity kept for sale (NT)	Sale Price per NT (₹)	Value with FDT (₹)	Short recovery due to tenderer (₹)
Khairagarh	2011-12/D-7	930	7111	1162.5	1235.124	1162.5	72.624	531922	32.81%	2012-13/D-19	62.215	1510	96763	435159
	2011-12/D-9	700	7114	875	936.287	875	61.287	449076	33.76%	2012-13/D-20	52.104	1510	81037	368038
	2011-12/D-15	596	7100	745	834.631	745	89.631	655472	40.04%	2012-13/D-21	89.631	1515	139865	515607
Total (Khairagarh)		2226		2782.5	3006.042	2782.5	223.542	1636469			203.95		317665	1318804
Raigarh	2011-12/B-2	867.41	5851	1084.2625	1796.352	1331.334	465.198	2803530	106.97%	2012-13/B-3	465.199	3339	1599898	1203632
Grand Total		3093.41		3866.763	4802.574	4113.834	688.740	4439999			669.149		1917563	2522436

Appendix 7.9
(Referred to in paragraph 7.4.3)

Name of Plantation work	Area (Hectare)	No. of Plants	Sanction (₹)	Expenditure (₹)
Bamboo Plantation	50	20,000	8,60,650	8,60,650
High-tech Bamboo Plantation	50	20,000	24,55,000	24,55,000
High Density pulpwood Energy Plantation	20	44,000	9,72,500	9,72,500
Total	120	84,000	42,88,150	42,88,150

Appendix 7.10
(Referred to in paragraph 7.5)

(₹ in lakh)

Year	Wages, Minor constructions, upkeep work and procurement		Transportation of timber		Total	
	Sanction	Expenditure	Sanction	Expenditure	Sanction	Expenditure
Division – Narayanpur						
2009-10	5.22	3.95	5.50	5.22	10.72	9.17
2010-11	1.20	1.25	1.50	2.07	2.70	3.32
Total	6.42	5.20	7.00	7.29	13.42	12.49
Division – Bhanupratappur (West)						
2009-10	11.50	7.65	18.00	16.81	29.50	24.46
2010-11	9.72	7.39	8.00	13.44	17.72	20.83
Total	21.22	15.04	26.00	30.25	47.22	45.29
Grand	27.64	20.24	33.00	37.54	60.64	57.78

GLOSSARY OF ABBREVIATIONS

Abbreviation	Acronym
ACCT	Assistant Commissioner, Commercial Tax
ACM	Audit Committee Meeting
ACTO	Assistant Commercial Tax Officer
Addl. CCT	Additional Commissioner of Commercial Tax
Addl. DMA	Additional Director, Mining Administration
Addl. TC	Additional Transport Commissioner
AEC	Assistant Excise Commissioner
AG	Accountant General
AMO	Assistant Mining Officer
AO	Assessing Officer
APCCF	Additional Principal Chief Conservator of Forests
AR	Audit Report
ARTO	Additional Regional Transport Officer
ATC	Assistant Transport Commissioner
ATN	Action Taken Note
BE	Budget Estimate
BL	Bulk Liter
CCF	Chief Conservator of Forests
CCT	Commissioner of Commercial Tax
CF	Conservator of Forests
CGET Act	Chhattisgarh Entry Tax Act
CGMK Adhiniyam/ Act	Chhattisgarh Motoryan Karadhan Adhiniyam/ Act
CGVAT Act	Chhattisgarh Value Added Tax Act
CI	Cast Iron
CMV Rules	Central Motor Vehicle Rules
CSBCL	Chhattisgarh State Beverages Corporation Limited
CSLR	Commissioner, Settlement and Land Records
CST	Central Sales Tax
CT	Commercial Tax
CTI	Commercial Tax Inspector

CTO	Commercial Tax Officer
DC	Deputy Commissioner
DDM	Deputy Director, Mining
DEO	District Excise Officer
DFO	Divisional Forest Officers
DGM	Director, Geology and Mining
DMO	District Mining Officer
DTC	Deputy Transport Commissioner
DTO	District Transport Officer
EC	Excise Commissioner
ET	Entry Tax
FL	Foreign Liquor
FSL	Forensic Science Laboratory
Ha.	Hectare
HoD	Head of the Department
IAW	Internal Audit Wing
ICM	Internal Control Mechanism
IF Act	Indian Forest Act
IMFL	Indian Made Foreign Liquor
IR	Inspection Report
IS Act	Indian Stamp Act
ITR	Input Tax Rebate
LDP	Long Draft Paragraph
MGQ	Minimum Guaranteed Quota
MI	Mining Inspector
ML	Milli Litre
MNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MT	Metric Ton
NBM	National Bamboo Mission
NGO	Non-Government Organisation
NIC	National Informatics Centre
NT	Notional Ton
OCS	Organic Composite Solvent

PA	Performance Audit
PAC	Public Accounts Committee
PCCF	Principal Chief Conservator of Forests
PL	Proof Liter
PMES	Plate Mill End Shearing
PWD	Public Works Department
RDBF	Rehabilitation of Degraded Bamboo Forests
RDF	Rehabilitation of Degraded Forests
RO	Range Officer
RRC	Revenue Recovery Certificate
RTO	Regional Transport Officer
SPF	Solar Powered Fencing
SRS	Simple Random Sampling
TC	Transport Commissioner
TO	Transport Offices
VAT	Value Added Tax
VIP	Very Important Person
WP	Working Plan