

FOURTEENTH FINANCIAL YEAR ASSEMBLY

COMMITTEE  
ON  
PUBLIC ACCOUNTS  
(2019-2021)

SEVENTH REPORT  
(Presented on 26th July, 2019)



SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM  
2019

**FOURTEENTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC ACCOUNTS  
(2019-2021)**

**FORTY SEVENTH REPORT**

**On**

**Action Taken by Government on the Recommendations  
contained in the 2nd Report of the Committee on  
Public Accounts (2011-2014)**

## CONTENTS

	<i>Page</i>
<b>Composition of the Committee</b>	v
<b>Introduction</b>	vii
<b>Report</b>	1
<b>Appendix : Summary of main Conclusions/Recommendations</b>	21
<b>Annexure</b>	22

## COMMITTEE ON PUBLIC ACCOUNTS (2019-2021)

### *Chairman :*

**Shri V. D. Satheesan.**

### *Members :*

**Smt. P. Aisha Potty**

**Shri P. K. Basheer**

**Shri James Mathew**

**Shri Mathew T. Thomas**

**Shri K. Kunhiraman**

**Shri A. Pradeepkumar**

**Shri Mullakkara Retnakaran**

**Shri Roshy Augustine.**

### *Legislature Secretariat :*

**Shri C. Jos, Secretary-in-charge**

**Smt. Manju Varghese, Joint Secretary**

**Shri R. Venugopal, Deputy Secretary**

**Smt. Chitra K. I., Under Secretary.**

## INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report, on their behalf present the Forty Seventh Report on Action Taken by Government on the Recommendations contained in the 2<sup>nd</sup> Report of the Committee on Public Accounts (2011-2014).

The Committee considered and finalised this Report at the meeting held on 24th June, 2019.

Thiruvananthapuram,  
24th June, 2019.

V. D. SATHEESAN,  
*Chairman,*  
*Committee on Public Accounts.*

## **REPORT**

This Report deals with the Action Taken by Government on the recommendations contained in the Second Report of the committee on Public Accounts (2011-2014).

The 2nd Report of the Committee on Public Accounts (2011-2014) was presented to the House on 20th March 2012. The Report contained 9 recommendations relating to Taxes, Finance, Transport and Power Departments. Government was addressed on 21st March 2012 to furnish the Statement of Action Taken on the recommendations contained in the report and the final reply was received on 4-4-2017.

The Committee examined the statement of Action Taken at its meeting held on 27-8-2013, 26-11-2014, 17-6-2015 & 3-1-2018. The Committee made some comments/recommendations in the light of the replies furnished by Government. These comments/recommendations are incorporated in chapter I of this report. The Committee approved the statements of Action Taken on the remaining recommendations. Those recommendations and Government replies are included in Chapter II of this Report.

### **CHAPTER-I**

#### **FINANCE DEPARTMENT**

##### **Recommendation**

*(Sl. No. 5 Para No. 27)*

1.1 The Committee scornfully notes that the Department failed to produce the up-to-date details of action taken in realizing the composite tax of vehicles, copy of notices and communications sent, reasons for delay details of arrears, present position etc. as agreed during witness examination. Viewing the situation as very serious, the Committee urges the Finance Inspection Wing to conduct an enquiry into the all matter and wants the Department to fix responsibility against those who failed to initiate timely action in collection of tax.

##### **Action Taken**

1.2 As per the recommendation contained in Para 27 of the 2nd report of Public Accounts Committee (2011-2014), Finance Inspection Wing has conducted inspections in the office of the Commissioner of Transport, Thiruvananthapuram and Motor Vehicle Check Posts at Amaravila, Poovar, Aryankavu and Muthanga.

**REPORT ON INSPECTION CONDUCTED BY FINANCE INSPECTION  
(NT-D) DEPARTMENT IN THE OFFICE OF THE COMMISSIONER,  
TRANSPORTS, THIRUVANANTHAPURAM, RTO CHECK POSTS,  
AMARAVILA, POOVAR, ARYANKAVU AND MUTHANGA**

1.3 The Finance Inspection (NT-D) Wing conducted an inspection in the office of the Commissioner of Transport during the month of June, August and October 2012 and in the Motor Vehicles Check posts Amaravila, Poovar, Aryankavu and Muthanga during the month of October 2012. The inspection was conducted on the recommendation of the PAC regarding non-implementation of Accountant General's direction on collection of balance in respect of revised Composite Tax on double axled/multi axled vehicles of other States. The short levy of tax was quantified at Rs. 70,43,000. The PAC has recommended to conduct an enquiry into the whole matter and fix responsibility against those who failed to initiate timely action in collection of tax. The inspection team has verified the records and files in connection with the above subject and the findings thereon are briefed below:

1.4 As per the Office Order No. 7/2009 dated 9-2-2009 of the Commissioner of Transport H<sub>2</sub> Section of the Transport Commissioner's Office is dealing with the matter of collection of composite tax of vehicles from other states. On verification of the files and records, it is found that as per U.O. Note No.D3/3927/STA/08 dated 4-4-2008 of the Secretary, State Transport Authority, Kerala issued to the Senior Superintendent, H Section is directed to furnish urgent remarks regarding the Paras related to the Local Audit Report (LAR) 2006-2007 which deals with the short collection of composite tax. It is also found that as per U.O. Note No. D3/3927/STA/2008 dated 22-12-2010, a reply regarding the LAR 2006-07 has been furnished by the D<sub>3</sub> Section to the F Section. In addition to that as per Office Order No.07/2009 dated 9-2-2009, the following Local Audit Reports of Transport Commissionerate is assigned to D<sub>3</sub> Section. From the above details the inspection team ascertained the fact that the issues related to the collection of Composite tax is assigned to H Section of the office of the Commissioner of Transport. D Section handles matters relating to LAR. The most noteworthy aspect is that the responsible sections of the office of the Commissioner of Transport trying to evade the responsibility and there is utter confusion and lack of co-ordination in the timely action and follow up action in the issue.

1.5 The Transport Commissioner's Office, in order to collect the due amount of Composite tax from various States sends a request to the Secretaries of Transport of various States. But they have not bothered to prepare and forward any separate State wise list prepared by them and to send the list of vehicles of the concerned States only, to the Secretary of that State- such an act should have enhanced the collection and would have helped for prompt action by the authorities concerned of other States. Instead they have forwarded the scribbled list of vehicles forwarded by the Accountant General's Audit team during the audit. Neither the Supervisory officers given any directions to rectify this lack of preparation of separate state wise list nor the Controlling Officer who endorsed the letter noted the same. However, they have prepared a list for transmission to other state on 3-10-2012 ie, the last day of inspection conducted in the office of the Commissioner of Transport by the Finance Inspection Team.

1.6 Apart from this, communications have been sent to Motor Vehicles Inspectors of all check posts vide letter No. H2/D3/3927/STA/2008 dated 22-5-2008 directing to collect the enhanced amount of Composite tax which is due, of Goods vehicles of other States covered by National Permits plying in Kerala, and a reminder was forwarded on 11-8-2010 indicating that not even a single case of collection of balance tax has been reported from the check posts. During the inspection also the Office of the Commissioner of Transport intimated that no information has been received regarding any vehicle, from which Composite tax due, has been crossed the Motor Vehicle check post in Kerala. In order to verify the veracity of the same, the inspection team conducted inspections at the Motor Vehicle check posts at Amaravila, Poovar, Aryankavu and Muthanga on 8-10-2012, 11-10-2012 and 20-10-2012 respectively. The Motor Vehicle Inspector of the check post, Amaravila reported that no vehicles from which Composite tax is due is passed through the check post. The Inspection team found that about more than 1.8 lakh goods vehicles on different categories passed through the check post from 28-5-2008 to 8-10-2012 as entered in the computer. Since the verification of all the vehicles from which Composite tax is due for the whole period is a hefty task, the inspection team made a random verification of the vehicles passed through the check post registered in the nearby RT office of Tamilnadu namely Nagercoil for the period from 1-1-2011 to 31-8-2011 from which it is found that 4 vehicles passed through the Motor vehicle check post, Amaravila.



The Registration number of the vehicles and the frequency of journey is as follows:

Registration No.	Frequency	Date on which passed	Name of the M.V.I holding charge of the check post.
TN-74-U-2405	4 times	13-5-2011, 20-6-2011, 23-6-2011, 27-6-2011	Sri P. Daniel Stephen
TN-74-U-1732	1 times	14-5-2011	
TN-74-U-1521	2 times	25-5-2011, 27-5-2011	
TN-74-U-2536	21 times	19-5-2011	
		23-5-2011, 2-6-2011, 6-6-2011	
		20-6-2011, 23-6-2011, 29-6-2011, 30-6-2011, 1-7-2011, 4-7-2011, 8-7-2011, 10-7-2011, 12-7-2011, 13-7-2011, 14-7-2011, 15-7-2011, 18-7-2011, 19-7-2011, 22-7-2011, 25-7-2011, 26-7-2011	Sri V. K. Dinesh

1.7 On verification of the records and registers at Motor Vehicles Check post, Muthanga for the period from 6-11-2008 to 21-11-2008, it is found that a vehicle having composite tax due Reg.No.KA-21-7720 passed through the check post on 7-11-2008 at 2.45 p.m.

1.8 The Motor Vehicle Inspector, Motor Vehicles check post, Aryankavu has reported that as per the movement register from the computer system, the following vehicles have passed the check post and entered in the state of Kerala.

- (1). KA 01 AA 2739, (2) KA 01 AD 6393, (3) KA 01 B 1222, (4) KA 01 C 1897, (5) KA 01 D 1139, (6) KA 01 D 3665, (7) KA 01 D 4698, (8) KA 01 C 3693, (9) TN 01 6967.

1.9 But no fruitful action has been taken by the authorities concerned to collect the balance composite tax due from the above mentioned vehicles.

### **Observations and Recommendations**

1. As per the office order on work distribution, the H2 Section is dealing with the matters on collection of Composite Tax of vehicle from other States. Vide U.O (N) No. D3/3927/STA/08 dated 4-4-2008, the Secretary; State Transport Authority was seen issued directions to the Senior Superintendent, H Section to furnish urgent remarks regarding the paras of Accountant General's LAR deals with the short collection of Composite Tax. Instead of initiating quick and time bound action to sort the list of vehicles in respect of each State and forward the same to the respective State Transport Departments for instigating collection of short levied tax, the H Section had forwarded the bundle of list received from Accountant General, incorporated with the details of vehicles belongs to various States, to the Transport Secretaries of all States. Later they have also forwarded the same bundle of details of vehicle to all check posts. But not even a single rupee was collected towards the short levied tax from any of the check posts till the date of inspection. It has been proved that lack of earnest efforts from the H Section of Transport Commissionerate may be the main reason behind the failure in implementing the recommendations of Accountant General in collecting the short levied tax. The Senior Superintendent, UDCs and LDCs in the H Section of Transport Commissionerate from 15-3-2008 onwards are responsible for the lapse in initiating timely action in collecting the short levied Composite Tax in respect of Double Axled/Multi Axled vehicles.

2. Even though the list of vehicles were forwarded to all check posts on 22-5-2008 itself, for collecting the short levied tax, not a single rupee was collected as due amount till date of inspection. The MVIS worked in the check posts had a lukewarm approach towards this issue. Though they have claimed that no vehicles included in the Accountant General's list was entered in Kerala through the check posts, the inspection team has detected several instances of vehicle from which short levied tax due and included in the Accountant General's list have entered in Kerala through various border check posts. Hence the MVIS worked in all border check posts from 1-6-2008 are also responsible for the failure in collecting the short levied Composite Tax pointed out by the Accountant General.

3. The office of the Commissioner of Transport have not bothered to prepare separate state wise list of vehicles from which Composite tax is due and hence impeded the proper and timely collection of the same from other states.

4. The authorities of the Commissioner of Transport have intimated that no vehicles, from which Composite tax is due, passed through the check post. But on random verification itself, the inspection team found that vehicles have passed through check posts many times. Hence, the report of the Commissioner in this regard is a fake one.

5. If the Office of the Commissioner of Transport prepared any soft copy of the list of vehicles and forwarded the same to the Motor vehicle Inspectors of the check post it would have been helpful for them to identify the vehicles easily.

6. The Inspection team found that there is lack of co-ordination between sections of the office of the Commissioner of Transport and found as trying to evade the responsibility of collecting the tax to the State exchequer.

7. If a software had been prepared with the help of NIC or else incorporating the data of vehicles in the list prepared by the Accountant General and forwarded to the border check posts, further crossing of vehicles, from which Composite Tax due, to Kerala border could have been detected easily and a major portion of the dues could also be collected. However, immediate action should be initiated to prepare such a software through a Government agency and forward it to all check posts to facilitate the detection of vehicles involved in short remittance of Composite Tax and to effect collection thereon.

#### **Further Recommendation**

1.10 The committee comments that the recommendations submitted by the Finance Inspection Wing must be implemented by the Transport Department properly and the progress of the implementation should be reported to the committee.

### **TRANSPORT DEPARTMENT**

#### **Recommendation**

*(Sl. No. 3, Para No. 25)*

1.11 The committee is disappointed to note that Department exhibited a very lethargic attitude with respect to collection of tax from two/multi axled inter-state vehicles plying in Kerala. The Departments 'pass the back' attitude and ineffective methodologies in realizing composite tax as per the Kerala Motor Vehicles Taxation Act resulted in a loss of around Rs. 70.43 lakh to the exchequer.

### **Action Taken**

1.12 In the Local Audit Report for the year 2006-07, the Accountant General of Kerala had pointed out short collection of composite tax amounting to Rs. 70.43 lakhs. This short collection was due to the non levy of composite tax on National Permit Goods Vehicles of other State plying in Kerala under National Permit Scheme. Government of Kerala had revised the composite tax of goods vehicles plying under National Permit Scheme from Rs. 3000 to 5000 vide G.O. (P) No. 37/06/Tran dated 17-7-2006, published as SRO No. 560/2006 in Gazette Extraordinary No.1237 date 27-7-2006 (copy enclosed). Based on the above G.O. received in the Commissionerate on 11-8-2006 communication was sent to Transport Authorities of all States on 29-8-2006 vide ref. No. B1/11/618/TC/2000 requesting to collect the tax at revised rate. But the States like Tamil Nadu, Karnataka, Andrapradesh, Pondicherry, Goa, Nagaland failed to collect the composite tax at revised rate as pointed out in the Government Order. This delay in giving effect to the notification has resulted in short levy of composite tax to the tune of Rs. 70.43 lakhs.

### **Recommendation**

*(Sl. No. 4, Para No. 26)*

1.13 The committee strongly feels that those vehicles which did not pay the full amount of tax should be barred from service inside the State. Meanwhile the Committee finds a contradiction in the reply given by the Department for the audit paragraphs and the one at the witness examination about the authority to whom the tax collection is vested with. In the former instance it was the respective State which was responsible while the State Motor Vehicle Inspector was having the onus in the latter. Totally disappointed at the wavered approach of the department, the Committee demands that a clear cut plan should be formulated for realizing the tax amount.

### **Action Taken**

1.14 Soon after the receipt of the Audit Report for the year 2006-2007, the State Transport Authorities of States were addressed to collect and forward the balance tax from vehicle owners through Regional Transport Offices who issued

the National Permit along with the list of vehicles. The first communication was sent on 22-5-2008. Instructions were also given on the same day to all Motor Vehicle Check Posts in Kerala to collect the balance tax from the vehicle owners if any of trucks included in the list that crosses the check post. Since the response from the neighbouring States Transport Authorities were not satisfactory a meeting of the Transport Secretaries and Transport Commissioner was convened at Trivandrum on 6-3-2009 to sort out strategies for collecting the amount. The matter was again brought to the notice of the neighbouring States vide reminders dated 2-7-2009, 9-9-2009, 7-8-2010, 7-1-2011, 1-2-2011, 27-4-2011, 2-2-2012 and 17-4-2012. All State Transport Authorities of the concerned states have been reminded on 6-7-2012 by a D.O. letter from Transport Commissioner together with the statement showing vehicles involved and the amount due from each vehicle. In addition to this the photocopy of the statements, the statement showing vehicle numbers and amount of short collection has been forwarded to the State Transport Authorities concerned on 6-8-2012 with the request to take urgent steps to collect the balance tax by forwarding the list to the Regional Transport Officers concerned.

#### **Recommendation**

*(Sl. No. 5, Para No. 27)*

1.15 The committee scornfully notes that the Department failed to produce the upto date details of action taken in realizing the composite tax of vehicles, copy of notices and communications sent, reasons for the delay, details of arrears, present position etc. as agreed during witness examinations. Viewing the situation as very serious, the Committee urges the Finance Inspection Wing to conduct an enquiry into the whole matter and wants the department to fix responsibility against those who failed to initiate timely action in collection of tax.

#### **Action Taken**

1.16 It may be noted that the balance tax can be collected only through the other State Regional Transport Authorities who issued the National Permit. The only possible effort that can be made from our side is to send reminder communications to the Authorities. The Motor Vehicles Department officials of

our State will get an opportunity to check the records and collect the tax only when vehicles involved in the case crosses the Motor Vehicles Check Posts in Kerala. Another fact is that the outside National Permit Goods Vehicles will visit our State only for one or two trips. In addition to this there are so many entry points to outside vehicles to come to Kerala without touching Motor Vehicle Check Posts. Therefore, the possibility of catching such vehicle is remote.

1.17 In spite of the above adversities, the Motor vehicles Department has collected an amount of Rs. 7,25,320 (Seven lakh twenty five thousand three hundred and twenty only). The Department is still taking all possible efforts for realising the balance tax due from owners.

#### **Further Recommendation on Para No. 25, 26 & 27**

1.18 The Committee points out that as per C & AG report, out of ₹ 70.43 lakh of the pending arrears to be collected in terms of composite tax only 7 lakh could be collected. The Committee criticises the inefficiency of the department for the non-collection of tax. Though the department put forth several reasons for non collection of tax, the committee observed it as a serious example of inefficiency on the part of the department and opined that it would be too late to pursue the matter effectively. The committee also suggested that the department should take up the matter on a Government to Government basis.

### **CHAPTER-II**

#### **TAXES DEPARTMENT**

##### **Recommendation**

*(Sl. No. 1, Para No. 13)*

2.1 The Committee understands that lack of proper planning and inadequate monitoring mechanism resulted in the failure of collection of Agricultural Income Tax arrears during 1998-99 to 2004-05 at the time of abolishing major institutions eventually making loss to public exchequer by ₹ 52.2 crore. When enquired about any records or accounts regarding the details of realisation of the amount, the Department seemed to possess nothing which underlines the indolent attitude and shoddy handling of financial matters by the Taxes Department. Though the Department heads agreed to submit the required details at the earliest, it was not

complied with. Treating this as a further dampener to the situation the Committee directs to take action against all officials who failed to keep up the promise. The Committee also insists that District Collectors should pursue and follow-up the matter once RR notices were sent because after the issuance of RR notices, Govt. does not have a direct role to perform.

### **Action Taken**

2.2 Consequent on implementation of VAT with effect from 1-4-2005 as per G.O.(MS) No.56/05/TD dated 31-3-2005, the AIT files dealt with by the Inspecting Assistant Commissioner (Spl.), Ernakulam were transferred to District Deputy Commissioners. At the time of transferring the files, the arrears on each assesses were not fixed. As the office of the Inspecting Assistant Commissioner (Spl.), Ernakulam had become defunct there was no proper maintenance of the available records maintained in the office of the defunct Inspecting Assistant Commissioner (Spl.), Ernakulam. Later the Inspecting Assistant Commissioners to whom the files were transferred, physically verified the assessment files and arrived at the arrear position and the same is reported at Rs. 3147.01 lakhs. Out of this, all assesses who were in arrears as on 31-3-2005 under Inspecting Assistant Commissioner, Thiruvananthapuram opted Amnesty Scheme and total amount payable (Rs. 73.06 lakhs) was fully collected.

2.3 The arrears in collection held up by Revenue Recovery, stay by appellate authorities and courts are being timely and properly watched at the Commissionerate and by the District Level Officers and sub officers. Regular monthly conferences are being convened by the District Collectors with the officers of the Revenue Department and Commercial Taxes Department. Major cases involving substantial amount involved are specifically discussed and the action plan taken in such conferences.

### **Recommendation**

*(Sl. No. 2, Para No. 14)*

2.4 The Committee feels that the inability of the Department to take any earnest efforts to realise tax and check whether the RR instalments were remitted on time was a matter of serious concern which needed to be straightened. The Finance Department is also equally responsible in matters regarding realisation of revenue and arrear collection.

### **Action Taken**

2.5 The arrears in collection held up by Revenue Recovery, stay by appellate authorities and courts are being timely and properly watched at the Commissionerate and by the District Level Officers and sub officers Regular monthly conferences are being convened by the District Collectors with the officers of the Revenue Department and Commercial Taxes Department. Major cases involving substantial amount involved are specifically discussed and the action taken in such conferences.

### **Recommendation**

(Sl. No. 6, Para No. 33)

2.6 The Committee understands that undervaluation of documents were explicitly evident in Mattannoor, Mavoor and Sub-registry offices between June 2007 and January 2008 as the registration process and documentations were carried out under dubious, distorted and disputed circumstances. The scam exposed that influential culprits along with corrupted officials at the helm of affairs were able to scoop away ₹19.73 lakh by tax evasion usurping the money which would have otherwise gone to Government coffers impoverishing the state. Though the officials came up with details and stories regarding constructions and transference of building in the disputed property repudiating their stand, the committee confutes the same by stating that a building cannot be constructed in a property owned by a different person. The Committee simultaneously remarks that the documentation and agreement had been manipulated to bring about a favourable situation.

### **Action Taken**

2.7 (The Para includes 3 different undervaluation cases noticed in three different Sub Registrar offices)

#### **1. UV in Document No. 374/2006 of SRO Mavoor (₹ 4,29,990)**

2.8 The District Registrar (Audit), Kozhikode has taken *suo-motu* action against the document numbered 374/2006 of SRO Mavoor. But the party neither responded nor remitted the deficit amount. So the District Registrar initiated revenue recovery action.



2.9 Following the action of the District Registrar, the concerned party approached the Hon. District Court and the Court issued direction to the District Registrar to stop the proceeding and reconsider the undervaluation action vide order number CMA. 94/2008 dated 28-2-2009.

2.10 Adhering to the instructions given, from the Hon. Court, the District Registrar has given a chance to the concerned party to present before and to file fresh representation. But the party neither present nor filed his representation before the District Registrar.

2.11 Meanwhile the Government of Kerala introduced one time settlement compounding scheme vide G.O.(P) No. 57/2009/ID dated 27-3-2009 to settle all pending undervaluation cases referred to the District Registrar or called for by him under sections 45A, 45B, 45C of the Kerala Stamp Act, 1959 which includes the cases that were finally disposed off and also referred for revenue recovery proceedings for recovering the deficient stamp duty from 1986 to 31-3-2009. Separate slabs were introduced with respect to the extent of transactions rather than the reported/determined value.

2.12 The aforesaid document also deserved the benefit of the scheme and thus the document had been settled through this scheme. An amount of ₹14,000 has been collected a deficit SD vide receipt No.267 dated 22-12-2019 of Additional Sub Treasury Kozhikode.

2.13 With reference to the remittance report from the District Registrar, the Accountant General (Audit) TVM settled the above audit para vide order number SRA (HQ)V/1/22-590/07-08/2130 dated 23-3-2010.

Hence further follow up action in this regard may be dropped.

## 2. UV in Document No. 3763/2005 of SRO West Hill (₹4,98,480)

2.14 The District Registrar (General), Kozhikode has taken *suo-motu* action against the document numbered 3763/2005 of SRO West Hill and issued notice to the party to present before the District Registrar on 28-1-2009 and also to submit the representation. But the party neither present nor filed his representation before the District Registrar. Again the District Registrar issued registered notice on 23-5-2009 to the party for site verification. To these notice also the party not responded.

2.15 Meanwhile the Government of Kerala introduced one time settlement compounding scheme vide G.O. (P) No.57/2009/TD dated 27-3-2009 to settle all pending undervaluation cases referred to the District Registrar or called for by him under sections 45A, 45B, 45C of the Kerala Stamp Act, 1959 which includes the cases that were finally disposed off and also referred for revenue recovery proceedings for recovering the deficient stamp duty from 1986 to 31-3-2009. Separate slabs were introduced with respect to the extent of transactions rather than the reported/determined value.

2.16 The aforesaid document also deserved the benefit of the scheme and thus the document has been settled through this scheme. An amount of ₹10,000 has been collected as deficit SD.

2.17 With reference to the remittance report from the District Registrar, the Accountant General (Audit) TVM settled the above audit para vide order number SRA(HQ) VII/22-634/07-08/1984 dated 23-2-2010.

Hence further follow up action in this regard may be dropped.

3. UV in Document No. 270/2006 of SRO Thalasserry (LAR of SRO Mattannur) (₹10,29,674 lakh)

2.18 A thorough scrutiny of the document reveals the following facts. An extent of 28 cents of landed property was sold to Katti Veettil Mathew by K.C. Kurian, Director, Iritty Chitts Finance & Investment Pvt. Ltd. for and on behalf of the company. It is recited in the document that vide an agreement dated 2-4-2004, the claimant Shri. Mathew had already built a building in the landed property. A building permit No.BA-402/03-04 had been obtained from the Mattannur Municipality.

2.19 The Accountant General's remarks that in Document No. 270/06, the land along with a building constructed thereon was transacted, but the value of the building was not included. The transferee (Shri Kattiveettil Mathew) within a week sold (parts of the) building to different persons and hence the audit arrived at the presumption that the land transacted a few days back is undervalued to the extent of the cost of the building transferred.

2.20 Supporting the explanation of the Sub Registrar concerned, the District Registrar (General), Kannur reported that it was the purchaser who build the building at his on cost, based on the above mentioned agreement.

It is seen that the permit to building BA-402/03-04 was obtained in the name of Shri. Velloth Hamsa as Power of Attorney of Shri Katti Veettil Mathew.

2.21 The letter dated 28-9-2010 of the Village Officer, Pazhassi indicates that the onetime tax of the building has been assessed in the name of Shri Katti Veettil Mathew by the Revenue Department.

2.22 In the above circumstances, further action in this regard may kindly be dropped.

### **Recommendation**

*(Sl. No. 7, Para No. 34)*

2.23 Even though the officials of Registration Department agreed to furnish the details such as date on which one-time revenue tax was remitted once the building works were over, date on which the fee for panchayath was paid at the time of construction, date of issuance of completion certificate, details of beneficiary with respect to the disputed deal before the committee, it was not obliged with till date. Acrimoniously viewing such irresponsible act of the Department, the Committee feels that charges of malpractice involved in similar cases is too palpable to be overlooked. The Committee wants the erring officials to be brought to book and necessary action be taken against those who did malpractice in the whole deal.

### **Action Taken**

2.24 The details regarding the electricity connection was not able to submit due to the non availability of consumer number of the building. (Information received from Assistant Engineer, KSEB, Mattannur vide letter No. DB/10-11/MTR/353 dated 6-10-2010).

2.25 The building permit BA-402/2003-2004 was obtained by Sri Velloth Hamsa, POA holder of Transferee Sri Kattil Veettil Mathew. The one time tax has also been assessed from Sri Kattilveettil Mathew.

2.26 From the above details, it is clearly revealed that the existing building in the property was build and owned by the transferee Shri Kattiveetil Mathew. Hence there was no need to transfer the building once again; only the ownership of the land was transferred to the transferee. As per the Transfer of Property Act 1888, if the transferor doesn't have any title or has imperfect title to the property, the transferee, on transfer gets no title. The registering authority is also not duty bound to take into account the value of a non transferred building while registering the document.

2.27 Since the Committee recommended taking necessary action in this regard, instruction has already been given to the District Registrar (General), Kannur to take action against the registering officer and those who did, alleged malpractice in the whole deal with respect to the document numbered 270/2006 of SRO Thalasserry, related to the local audit report of SRO Mattannur.

2.28 The District Registrar, Kannur reported that the short levy of ₹10,29,674 has been included in the liability of the concerned Sub Registrar, Sri K. P. Suresh Babu, since he retired from the service on 31-3-2011 as Deputy Inspector General of Registration (North Zone).

2.29 Taking into consideration of the above facts, further action in this regard may be dropped.

#### **Additional Information**

2.30 The Committee directs to report the steps taken to realise the liability from the concerned Sub Registrar. If no action has been initiated so far, the Committee recommends departmental action against the disobeying officers.

#### **Action Taken**

2.31 As per the recommendation of the Public Accounts Committee, short levy in stamp duty to the tune of Rs. 10,29,674 in respect of document No.270/06 of Sub Registry Office, Mattanoor was fixed as the liability of the Sub Registrar concerned, Sri K. P. Suresh Babu, who has retired from service as Deputy Inspector General of Registration. The Death cum Retirement Gratuity of the incumbent was also withheld on account of this liability.

2.32 The Inspector General of Registration as per his letter dated 12-8-2013, forwarded to Government, the appeal application filed by Sri K. P. Suresh Babu, challenging the decision to withhold his gratuity. The Inspector General of Registration has also recommended that the appeal application can be considered favourably. As part of natural justice, the arguments put forward by Sri K. P. Suresh Babu, in his appeal application were examined in details by the Government in consultation with the Law Department. At the end, it was found that the appeal application of Sri K. P. Suresh Babu is no maintainable. As such Government issued orders rejecting his appeal application as per GO (Rt.) No.636/2014/TD dated 11-8-2014.

2.33 In this connection, it is submitted that since the appeal application of Sri K. P. Suresh Babu was pending, steps for realising the deficit amount from him were initiated by the Registration Department only after the finalization of the appeal application on 11-8-2014. Following the rejection of the appeal application, Government on 21-8-2014, directed the Inspector General of Registration to take immediate steps to realise the liability from Sri K. P. Suresh Babu. The Inspector General of Registration has reported that the Deputy Inspector General of Registration (North Zone) has been authorised to realise the deficit amount from the incumbent. It is also reported that notices demanding remittance of the deficit amount/initiation of revenue recovery proceedings have also been served to the incumbent. Government have issued instruction to the Inspector General of Registration to complete all the formalities in this regard for realising the deficit amount at the earliest and to realise the entire deficit amount from Sri K.P. Suresh Babu without any more delay.

2.34 It is also submitted that Sri K. P. Suresh Babu has filed a petition before the Kerala Administrative Tribunal challenging the action of fixing liability on him and steps are being taken by the Government to defend the case.

#### **Recommendation**

*(Sl. No.9, Para No. 51)*

2.35 The Committee directs the Department to take urgent necessary action in order to collect the balance amount with interest amounting to Rs.27.15 lakhs

which resulted due to the incorrect computation of agricultural income tax during March 2008. The Committee urges the Local Agricultural Income Tax officers to convene meetings for taking speedy action for the realisation of the amount.

### **Action Taken**

2.36 The recommendation is related to M/s Harrison Malayalam Ltd. For the years 1990-91 and 1993-94.

2.37 The dealer M/s Harrison Malayalam Ltd. has paid an amount of Rs. 1,25,00,000 (Rupees One Crore Twenty Five Lakhs) on 29-3-1999 which is ordered to be adjusted towards total arrear of Rs. 37,40,047 for the year 1990-91 & 1993-94. Interest due as shown below was adjusted from the remaining balance amount of Rs. 87,59,953.

2.38 Interest on balance tax of Rs.27.83 lakhs from 1-1-1996 to 28-2-1999 @ 47.5% for 38 months, as calculated by Accountant General-13.22 lakh.

2.39 Interest on balance tax of 10.53 lakhs from 1-3-1999 to 28-3-1999 comes to Rs. 0.13 lakh. (Since the dealer paid Rs. 1.25 crore on 29-3-1999 interest can be adjusted from the existing balance of tax Rs. 87,59,953).

2.40 Thus after adjusting interest of Rs. 13,35,000 from excess tax of Rs. 87,59,953 an amount of Rs. 74,24,953 still stands as excess towards M/s Harrison Malayalam Ltd. And this will be adjusted to any dues outstanding against the dealer in any other period.

2.41 In the case of AIT arrears, collection, is being properly watched at the Commissionerate level and by the district level officers. Monthly conference are being convened by the District Collectors with the Officers of the Revenue Department and the Commercial Taxes Department. So the arrears under AIT as on 31-3-2016 comes to Rs.26.62 crore as against 52.27 crore as pointed out in the C & AG Report for the year ended 31-3-2009.

## **FINANCE DEPARTMENT**

### **Recommendation**

*(Sl. No.2, Para No. 14)*

2.42 The Committee feels that the inability of the Department to take any earnest efforts to realize tax and check whether the Revenue recovery instalments

were remitted on time was a matter of serious concern which needed to be straightened. The Finance Department is also equally responsible in matters regarding realisation of revenue and arrear collection.

### **Action Taken**

2.43 As per G.O. (Rt.) 827/2011/TD dated 21-11-2011, a Tax Monitoring Cell has been constituted with Minister of (Finance) as Chairman, Secretary (Finance) as Vice Chairman to monitor different types of tax collection in the State. A 'Revenue Monitoring Cell' has been constituted in Finance Department and entrusted with the works of monitoring and augmenting the revenue collection, including Non Tax Resource, realisation of arrears of tax. All major Tax earning departments and department having arrear of revenue collection are being addressed and followed up for the realisation of tax collection including arrear of tax.

2.44 This Revenue Monitoring Cell is taking earnest efforts to augment Non Tax Revenue Resources by revising the rate of various items of Non Tax Resources which were fixed year back. Some of the Departments have already revised the rates of Non Tax Item collected by them. 26 Departments have already revised the rates of various Non Tax Revenue items pertaining to those Departments. In addition, Finance Department has already given concurrence to the proposals for revision rates of 22 Departments and Administrative Departments have been asked issue orders expeditiously.

## **POWER DEPARTMENT**

### **Recommendation**

*(Sl. No.8, Para No. 45)*

2.45 The committee is very much disappointed to see that the Department, instead of collecting electricity duty at 10% of energy charges, collected 10 paise on high tension load of 11 KV or above from consumers leading to a short levy of Rs. 5.99 lakhs during February 2007. The Committee cannot accept the contention of the officials that such an amendment made in the Kerala Electricity Duty Act 1963, was to encourage industrial growth and that non-industrial consumers got unintended benefit out of this move. The Committee instead feels that this is a

travesty of the Rule and spirit behind the Act, which was done deliberate and purposeful since two interpretations of the same amendments were followed in different cases; one with Kannan Devan Tea Limited, and other with Thrissur Corporation. Seriously criticising the laxity on the part of the internal audit wing of the Department regarding arrear collection, the Committee recommends that all amounts as per the Act should be collected as early as possible.

#### **Action Taken**

2.46 The Chief Electrical Inspector has reported that as per Kerala Electricity Duty Act there are only 5 classes of consumers.

1. Domestic & Commercial (refers to LT only).
2. Public Lighting.
3. Agricultural Purpose.
4. Industrial Consumers.
5. Self generation & self consumption.

In the case of No.4 (Industrial Consumer) there are two classifications.

- (a) Consumers taking supply at points below 11 KV.
- (b) Consumers taking supply at points above 11 KV.

2.47 As per Act the first category is charged at 10% of the current charges whereas the second is charged at 10ps/unit. It may please be noted that the first category does not come under the category of HT. They are treated as MV consumers since the supply is taken to points below 11 KV. Only the second category may be treated as HT consumer. There is no mention of any other type of consumers other than "Industrial" in the Kerala Electricity Duty Act. It may be noted that the Para 5.6 of the report for the year ended 31st March 2008 (Revenue Receipt) (on the basis of which the Committee on Public Accounts made the present recommendations), the Accountant General had opined that 10 paise was allowable only to Industrial Consumers and others should be charged at 10% of the energy charges. Since as per the Kerala Electricity Duty (Amendment) Act, 1989 the Electricity Duty payable by the High Tension Industrial Consumers



is @ 10 paise/unit and by all other High Tension Consumers @ 10% of energy charges and the report of the Comptroller and Auditor General revealed that licensees were collecting Electricity Duty @ 10 paise instead of 10% of the energy charges from the High Tension Consumers, Government issued G.O.(Rt.) No. 208/10/PD dated 31-8-2010, (Annexure) stipulating that electricity duty will be collected @10% of the energy charges consumed from non-industrial consumers with immediate effect and that the arrears for the period from 1989 onwards will be collected from the High Tension Non-Industrial consumers. Based on this only the Chief Electrical Inspector issued necessary direction to all the licensees.

2.48 The Chief Electrical Inspector has further reported that the classification of "HT Commercial" was introduced only in 1989 by KSEB. Even after the introduction of HT commercial, no subsequent amendment for including the duty rate of the new "HT Commercial Consumer" was made in the Duty Act or any orders were not issued. The only mention of HT (i.e., above 11 KV) in the Act refers to 10 ps/unit. In the absence of any other indication of rate of duty, all licensees including KSEB used to charge @10ps/unit from all types of consumers. As and when Government, issued the above order on 31-8-2010, all licensees were directed to remit duty in the revised rate as suggested by the Government in the order and they have been acting accordingly.

2.49 The CEI has also informed that since an order clarifying the above was issued only on 31-8-2010, KSEB or other licensees were not in a position to collect duty as suggested by Accountant General and hence the Department could not collect the arrears as stated in the report of C & AG.

Thiruvananthapuram,  
24th June, 2019.

V. D. SATHEESAN,  
Chairman,  
Committee on Public Accounts.

## APPENDIX- I

**SUMMARY OF MAIN CONCLUSIONS/RECOMMENDATIONS**

Sl. No.	Para No.	Department Concerned	Conclusions/Recommendations
1	1.10	Finance Department	The committee comments that the recommendations submitted by the Finance Inspection Wing must be implemented by the Transport Department properly and the progress of the implementation should be reported to the committee.
2	1.18	Transport Department	The Committee points out that as per C & AG report, out of ₹ 70.43 lakh of the pending arrears to be collected in terms of composite tax only 7 lakh could be collected. The Committee criticises the inefficiency of the department for the non-collection of tax. Though the department put forth several reasons for non collection of tax, the committee observed it as a serious example of inefficiency on the part of the department and opined that it would be too late to pursue the matter effectively. The committee also suggested that the department should take up the matter on a Government to Government basis.



GOVERNMENT OF KERALA  
Abstract

Power Department - Loss on account of short levy of Electricity duty from consumers other than High Tension Industrial Consumers - Collection of Electricity Duty @ 10% - Orders issued. .

POWER (C) DEPARTMENT

G.O. (Rt) No.208/2010/PD

Dated, Thiruvananthapuram, 31.08.10.

Read : -Report of the Comptroller and Audit General for the Year ended 31-03-08.

ORDER

As per the Kerala Electricity (Amendment) Act, 1989, the Electricity duty payable by the High Tension Industrial Consumers is @ 10 paise/unit and by all other High Tension Consumers @ 10% of energy charges. The report of the Comptroller and Auditor General reveals that licensees are collecting Electricity duty @ 10 paise instead of 10% of the energy charges from the High Tension consumers.

In the circumstances Government order that

- (i) Electricity duty will be collected @ 10% from Non-Industrial consumers with immediate effect.
- (ii) The arrears for the period from 1989 onwards will be collected from the High Tension Non-industrial consumers.

By Order of the Governor,  
PAUL ANTONY,  
Principal Secretary to Government.

To

The Chairman, Kerala State Electricity Board, Thiruvananthapuram.  
The Secretary, Kerala State Electricity Board, Thiruvananthapuram.  
The Chief Electrical Inspector, Thiruvananthapuram.  
SF/OC.

Forwarded / By Order,



Section Officer.

Kerala Legislative Secretariat  
2019

KERALA NIVARANAM PRINTING PRESS