

TWELFTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2006-2008)**

FIFTEENTH REPORT

(Presented on 18th October, 2006)



SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2006

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FIFTEENTH REPORT

On

**Action taken by Government on the Recommendations contained
in the Ninety Sixth Report of the Committee
on Public Accounts (1998-2000)**

1008/2006.

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COMMITTEE ON PUBLIC ACCOUNTS (2006-2008)

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Legislature Secretariat :

- Dr. M. C. Valson, Secretary
Shri K. Ravikumar, Deputy Secretary
Smt. M. T. Eleykutty, 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 Fifteenth Report on Action Taken by Government on the Recommendations contained in the Ninety Sixth Report of the Committee on Public Accounts (1998-2000).

The Committee considered and finalised this report at the meeting held on 11th October, 2006.

Thiruvananthapuram,
18th October, 2006.

ARYADAN MUHAMMED,
Chairman,
Committee on Public Accounts.

REPORT

This Report deals with the action taken by Government on the recommendations contained in the 96th Report of the Committee on Public Accounts (1998-2000).

The 96th Report of the Committee on Public Accounts (1998-2000) was presented to the House on December 18, 2000, and it contained 18 recommendations relating to Taxes Department. Government were addressed to furnish the Statements of Action Taken on the recommendations contained in the Report on January 19, 2001 and the final replies were received from Government on September 3, 2003.

The Committee examined the Statements at its meeting held on April 6, 2004.

The Committee is not satisfied with the statement of action taken by Government on recommendation Nos. 3, 7, 9, 13, 17 and 18 (Para Nos. 13, 29, 36,51, 70 and 72) and decided to pursue it further. Such recommendations, replies and further recommendations are included in the Chapter I of this Report.

The Committee decided not to pursue further action on the remaining recommendations, in the light of the replies furnished by Government. These recommendations and their replies are incorporated in Chapter II of this Report.

CHAPTER I

Recommendations in respect of which the action taken by Government is not satisfactory and which requires reiteration

TAXES DEPARTMENT

Recommendation*(Sl. No. 3 Para No. 13)*

1.1 The practice of the witness to assure to furnish certain details to the Committee, but keeping silent over such assurances is not at all encouraging.

Action Taken

1.2 Such lapses will be guarded against in future. Now disciplinary action is initiated in all cases where negligence, carelessness and dereliction of duty are established.

Further Recommendation

1.3 The Committee should be informed of the details of the disciplinary action taken against the delinquent officers within one month.

Recommendation*(Sl. No. 7 Para No. 29)*

1.4 The Committee may also be informed whether the additional amount levied against M/s. Udaya Paints, Pazhayannur, Vadakkancherry has been collected. If not, the reason thereof.

Action Taken

M/s. Udaya Paints, Vadakkancherry Assessment for 1993-94.

1.5 Based on the audit the assessment for 93-94 was revised by creating an additional demand of Rs. 67,047.

1.6 The assessee filed appeal before the Appellate Assistant Commissioner, Thrissur. The Appellate Assistant Commissioner, Thrissur vide Order No. STA 596/97 dated 21-11-1997 modified the assessment. Accordingly the assessment was modified on 7-10-1999. As per the modified order the assessee had the following dues:—

Tax	Rs. 46,347
S.C.	Rs.10,468
P.I.	Rs. 9,733
Total	Rs. 66,548

1.7 Not satisfied with the Appellate Assistant Commissioner's order, the assessee filed appeal before the Tribunal. The Tribunal stayed the collection of the balance on condition to pay 50% of the dues. Accordingly the assessee paid Rs. 33,275 vide Ch.No. 490/ 13-1-1999 and the appeal is still pending disposal. The Tribunal has been addressed to dispose of the appeal urgently.

1.8 The above original irregular assessment was made by Sri T. Thankachan, Sales Tax Officer. The disciplinary action initiated against him was finalised by awarding a punishment of barring two increments without cumulative effect vide order of Commissioner of Commercial Taxes in E6-32446/97/TX. dated 6-4-1999.

Further Recommendation

1.9 The Committee should be apprised of the present position of the case before the Appellate Tribunal.

Recommendation

(Sl. No. 9 Para No. 36)

1.10 The Committee find that many Cashew Companies particularly in Kollam District do not pay tax and many of them have filed appeals which are pending for final decision. The Committee also find that most of the Cashew Companies though registered are defunct. In Kollam District alone there are so many cases of similar nature involving more than Rs. 200 crores. The Committee recommend to examine whether it is feasible to introduce a provision to prosecute the directors of the company for the failure to pay tax.

Action Taken

1.11 Based on the recommendation as per the Finance Act 99 a provision is made in the Act so as to make the Director, Manager, Secretary or other officials of company jointly and severally liable for payment of tax collected by the company. Further as per Section 260 Director of a private company is also made jointly and severally liable for the tax due from the company whether company is existing or wound up. So by virtue of this provision action can be taken against the Company Directors.

Further Recommendation

1.12 The Committee should be informed within a month of the present position of the appeals filed by the cashew companies and also the steps that had been taken to collect the outstanding tax dues from defaulters.

Recommendation

(Sl. No.13 Para No. 51)

1.13 It is a regular feature that the increase in rate of tax is often unnoticed by the assessing officer. But it is interesting to note that a deduction in the rate of tax is taken note of by them sufficiently in advance. The Committee suspect whether it is a deliberate act of the assessing officers. However, the Committee are of the view that the present system of rechecking is not at all effective and will not serve the purpose. However, the Committee would like to be informed of the present position of the case of Saraf Electrical Company, Bharat Industries and Premier Enterprises (P) Ltd.

Action Taken

I. M/s. Saraf Electric Co.(P) Ltd., Thrissur; for the year 1993-94.

1.14 The balance tax and surcharge amounting to Rs. 2,31,212 for the year 1993-94 was collected vide Ch.No. 3200 dated 10-3-1999. Balance interest of Rs. 97,109 for the year 1993-94 and 1994-95 respectively are stayed by the Hon'ble High Court in O. P. No. 32651/99 dated 29-1-2001. The disciplinary action initiated against Sri E. P. Govindan, Assistant Commissioner who completed the original irregular assessment was finalised by considering the circumstances of the case and that the delinquent officers had retired from service. Further, short levy pointed out has been made good. A lenient view was taken and the delinquent officer was let off with a warning as per order of Commissioner of Commercial Taxes in E6-36059/97 dated 15-9-2001.

2. Bharat Industries :

1.15 The collection of additional demand raised is stayed by Hon'ble High Court in O.P. No. 5383/99.

1.16 The disciplinary action initiated against Smt. V. J. Leela, Sales Tax Officer was finalised by awarding punishment of 'Censure' as per order No. 36056/97/TX. Dated 20-3-1999.

3. Premier Enterprises (P) Ltd.

1.17 The amount is still pending collection under Revenue Recovery.

1.18 The disciplinary action initiated against Smt. P. Leela Bai, Assistant Commissioner was finalised by awarding a punishment of barring 3 increments without cumulative effect as per order No. A5-23127/98/TX. dated 7-11-1998.

Further Recommendation

1.19 The Committee should be informed within a month of the present position of the case pending before the High Court.

Recommendation

(Sl. No. 17 Para No. 70)

1.20 With regard to the assessment in respect of M/s. Murugan Wines, the Committee recommend that the details of revenue recovery shall be intimated to the Committee.

Action Taken

1.21 The interest short demand amounting Rs. 1,36,261 was advised for revenue recovery as per RRC dated 17-7-1996. The amount is pending realisation.

Further Recommendation

1.22 The Committee should be informed of the final position of the Revenue Recovery Proceedings within a month.

Recommendation

(Sl. No. 18 Para No. 72)

1.23 The Committee find that the assessment has been revised in the above cases only when these omissions were detected during Audit. Since these irregularities are noticed by a test check, the Committee doubt that there is the possibility that many more cases go undetected. Therefore, the Committee recommend that the assessing officers should be well versed with the up-to-date changes in the rate of tax as well as the mode of calculation. Under assessment of tax merely because of ignorance of rules cannot be tolerated. The Committee find that even if the amount due to Government is obtained in re-assessment, the loss to Government by way of interest on the amount of tax due shall be recovered from the Assessing Officers concerned.

Action Taken

1.24 Action is pursued against the concerned assessing officers (File No. A5-9882/01/TX. of the office of the Commissioner of Commercial Taxes). The recommendations of the Committee will be borne in mind while disciplinary actions are finalised in future.

Further Recommendation

1.25 The Committee recommend that the present position of the disciplinary action taken against the assessing officers in File No. A5-9882/01/TX. should be informed within a month.

CHAPTER II

**Recommendations which the Committee does not desire to pursue
in the light of replies furnished by Government**

TAXES DEPARTMENT

Recommendation*(Sl. No.1 Para No. 11)*

2.1 The Committee could find no justification in the revenue loss of Rs. 105 crores due to under assessment non-levy of penalty etc. and observe that there is gradual increase in the number of defective assessments as well as the amount involved in it. The Committee deplore the tendency of the Government to ignore the defective assessments by the Department which are of similar nature but repeated year after year. It is embarrassing to note that in many cases low rate of tax was collected even though there was no change in the rate of tax, that too at a time when the Government was struggling hard to strengthen the exchequer by increasing revenue collection. Therefore, the Committee recommend that stringent action should be taken against the delinquent officers.

Action Taken

2.2 The observations of the Committee are noted. The recommendations of the Committee are followed now. Stringent actions are taken against the delinquent officers responsible for causing revenue loss.

Recommendation*(Sl. No. 2 Para No. 12)*

2.3 The Committee also recommend that the functioning of the internal audit wing should be made more effective and in order to set right the defective assessments in future. The Audit Committee shall meet periodically and the presence of the representative of the Accountant General must be ensured at the meeting. Moreover the training programmes on Taxation studies also should be strengthened to do away with misuse of discretionary powers.

Action Taken

2.4 The recommendations of the Committee are noted. With a view to make the functioning of the Internal Audit Wing more effective, certain changes have been made in the system of internal audit, Circular instructions have been issued to all Deputy Commissioners to chalk out programmes of audit of

assessments during the year itself. As such the Internal Audit Wing has to audit all the assessments completed within a period of two months from the date of order of the assessment.

2.5 By this system of concurrent audit, mistakes committed while finalising the assessments could be detected timely and action ensured.

2.6 Training programmes have also been designed to do away with misuse of discretionary powers.

Recommendation

(Sl. No. 4 Para No. 26)

2.7 The Committee are dissatisfied with the manner in which assessments were made in the Department. They find serious lapse on the part of officers, who have levied tax at incorrect rates in 13 cases resulting in short levy of tax. The Committee opine that instead of initiating stringent action against the officers to curb the recurring nature of under assessment, simple punishments such as warning, adverse entry in their confidential report etc. are not appreciable. The Committee recommend that stringent action should be initiated against the officers who failed to levy additional Sales Tax Act at 25%. The Committee would like to be intimated about the present position of tax collection in the case of M/s. Dome Bell Investment.

Action Taken

2.8 Now stringent action is ensured against the officers to prevent recurrence of under assessments. The recommendations are noted for guidance.

2.9 Stringent action could not be initiated against the officers who failed to levy additional Sales Tax @ 25% owing to the following reasons:—

2.10 Under Central Sales Tax Act, 1956, the rate of tax applicable to inter State sales of goods other than declared goods not covered by 'C' Forms is 10% or the local rate of tax whichever is higher.

2.11 Under the Kerala Additional Sales Tax Act, 1978, the tax payable for every financial year, an assessment under the KGST Act, 1963, shall be increased by a prescribed percentage of tax which was 20% upto 31-3-1988 and 25% thereafter upto 31-3-1992.

2.12 The Supreme Court held in the case of Deputy Commissioner of Sales Tax Vs. Aysha Hosiery Factory (P) Ltd. and others reported in 85 STC 106 (1992) that "the rate of tax applicable inside the State would include additional Sales Tax also".

2.13 So while completing the CST assessment during 1992, the rate of tax applicable to interstate sale of goods other than declared goods not covered by 'C' forms were assessed to 10% only instead of adding 25% of tax. This decision was not known to the officer who completed the CST assessments in 1992 which is only an omission on his part, which cannot be taken as deliberate.

2.14 As the assessments completed were revised subsequently and the additional demands created were collected in full in all the cases, the disciplinary action initiated against them were finalised taking into consideration of the fact that there was no loss of revenue involved. They were let off with a warning.

2.15 In the case of Dome Bell investments, Thrippunithura for the year 1992-93 the assessment was an exparte one.

2.16 Aggrieved by the Order, the assessee filed appeal before the Tribunal. The Tribunal vide order No.TA 13,14,15,16 and 17/97 dated 29-7-1997 disposed of the appeal by directing the assessing authority to give one more chance to the assessee to produce their accounts. Accordingly the assessee produced the books of accounts for 1992-93 and the assessment for 1992-93 was completed afresh on 23-2-2000. The entire balance due of Rs. 11,011 including interest amounting to Rs. 870 was collected as per Ch.1059/dated 22-11-2000.

Recommendation

(Sl. No. 5 Para No. 27)

2.17 The Committee would like to be informed whether action was taken against the assessing officer who assessed tax @ Rs. 10% instead of 15% in respect of M/s. Premier Tyres. The Committee opined that in future assessee should not be given an opportunity for total revision of assessment and desired that legal opinion in this regard may be obtained if necessary.

Action Taken

2.18 The assessing officer who assessed tax @ 10% instead of 15% in respect of M/s.Appollo Tyres, Ernakulam for the year 1987-88 (and not M/s. Premier Tyres) was issued with a charge memo.

2.19 The delinquent officer filed his statement of defence stating that he was under the bonafide belief that the rate of tax on tyres involved was at the rate of 10% vide SRO 453/83. Though the said notification was superceded by the notification in SRO 1716/87, none of the books meant for reference showed this change in the 1st schedule except the heading of the said notification, which relates to "certain vehicle". The rate of tax was reduced to 4% from 6% for the item I and from 15% to 4% for item II and III.

2.20 It was also stated as per the notification, “from 1-4-1988 the rate of tax on tyres, tubes and flaps etc. was reduced from 15% to 6%.”.

2.21 He was not free from doubt with regard to the rate of tax to be applied to tyres, tubes, flaps etc. for the period from 26-12-1987 to 31-3-1988 at the time of finalising the assessment for 1987-88.

2.22 Considering the fact that as per SRO 453/83 rate of Tyres, Tubes, Flaps etc. was only 10%. SRO 1716/87 superceded this SRO. As per this SRO rate of Tyres, Tube, Flaps etc. was not reduced. But as per SRO.362/87 with effect from 1-4-1988 rate of Tyre, Tube, Flaps etc. was again reduced from 15% to 6%. It appeared therefore that the mistake committed by the delinquent officer was only an innocent and genuine one.

2.23 Further as the audit objection was subsequently rectified by revising the assessment and the entire amount was collected, a lenient view was taken and he was let off with a warning vide order No.E5-17378/97/ TX. dated 22-12-1997 of the Commissioner of Commercial Taxes, Thiruvananthapuram.

Recommendation

(Sl. No. 6 Para No. 28)

2.24 The Committee recommend that present position and the details of disciplinary action, if any taken against the assessing officer in the assessment mentioned in paragraphs 2.2(4), 2.2(5) and 2.2(10) shall be intimated to the Committee.

Action Taken

M/s. Hi-tech Spice, Mattancherry.

2.25 The original assessment for 92-93 completed on 16-11-1995 was an exparte assessment. Aggrieved by the order the assessee filed appeal before the Deputy Commissioner (A) Ernakulam. The Deputy Commissioner (Appeals) Ernakulam vide order No.STA.650/96 dated 11-12-1996 set aside the original order for fresh disposal according to law.

2.26 Accordingly revised assessment for 1992-93 was completed afresh on 4-6-1997 adopting the correct rate of tax @ 5% as pointed out in audit by accepting the books of accounts of the assessee on 4-6-1997. As per the revised assessment there was a balance due of Rs. 1255 and the same was collected vide Ch.30 dated 20-8-1997.

2.27 The above original irregular assessment was completed by Smt. E. S. Ramadevi, Sales Tax Officer, Memo of Charges was issued to her and she filed her statement of defence.

2.28 Based on the explanation offered and taking into consideration that the original assessment was remanded and fresh assessment completed collecting the entire dues, a lenient view was taken and she was let off with a warning vide order of Commissioner of Commercial Taxes No.E5-36055/97/TX. Dated 21-2-1998.

2.2(5)M/s. Kerala – State Bamboo Corporation Assessment for 1992-1993.

2.29 Based on the audit the assessment was revised on 24-9-1996 by creating an additional demand of Rs. 1,12,410 The entire amount was collected as per chalan No. A28/5-10-1996.

2.30 The above original irregular assessment was completed by Smt. Emily Andrew, Assistant Commissioner. Memo of charges was issued to her and explanation obtained.

2.31 Based on the explanation offered and taking into consideration that the assessee in this case is Bamboo Corporation and that the omission was not deliberate, a lenient view was taken and she was let off with a warning vide order of Commissioner of Commercial Taxes No. E5-18200/97/TX. dated 21-1-1998.

Recommendation

(Sl. No. 8 Para No. 35)

2.32 The Committee expressed deep concern over the clear escape of turnover, in respect of M/s. Transworld Cashew Traders, Kollam which has come to the notice of the department during cross verification, as the figures were booked in another assessee's account. Due to the lapse of the assessing officer in assessing the exact turnover, it resulted in short levy of tax of Rs. 1.03 Lakhs including additional Sales Tax and surcharge. Though the department had admitted the mistake, the amount is still pending recovery. Since the assessing officer has retired from service it may be examined whether any legal action can be taken against him.

Action Taken

Transworld Cashew Traders, Kollam Assessment for 1991-92.

2.33 The Additional Demand of Rs. 1.03 lakhs raised in this case was advised for Revenue Recovery vide RRC. No. 237/97-98 dated 4-3-1998 and so far no amount has been collected.

2.34 The Original irregular assessment was made by Smt. K. K. Maheswari Amma, Assistant Commissioner. She retired from service on 31-3-1994 i.e., before the receipt of the audit para on 25-6-1997. Hence no legal action could be initiated against her.

Recommendation

(Sl. No. 10 Para No. 43)

2.35 The Committee would like to know the present position of the non-levy of turnover tax in respect of the assessment relating to M/s. NCC Headquarters Canteen, Kottayam. The Committee recommend that NCC Canteens may be exempted from payment of turnover tax in future, since these canteens are working on no profit no loss basis.

Action Taken

2.36 The assessment in respect of M/s. NCC Headquarters Canteen, Kottayam for the year 1992-93 was re-opened on 6-8-1996 U/S. 19 of the Act and Additional Demand created in respect of turnover tax. Government vide G.O.(Rt.) 1069/97/TD. Dated 31-3-1997 stayed all collections from CSD Canteen on arrears of turnover tax payable by them on the sale of Indian Made Foreign Liquor till further orders. Government Vide G.O.(P)180/99/TD. dated 31-12-1999 (SRO No. 1091/99) reduced the rate of tax on the sale of turnover of sale of goods by Military Navel Air Force and NCC canteens to half of the rate specified for such goods in the schedule to the Kerala Government Sales Tax Act. Turn over tax payable by the canteens on turnover of Foreign Liquor was reduced from 5% to 1%. As per G.O.(P)3/02/TD. dated 5-1-2002 (SRO No.13/2002) the rate of turnover tax payable by the canteens on the turnover of the Indian Made Foreign Liquor for the period from 1-4-1992 to 31-7-1996 has also been reduced to 1%.

Recommendation

(Sl. No. 11 Para No. 44)

2.37 The Committee notice that the turnover tax omitted by the Assessing Officer in the original assessment in respect of M/s.Kalima Liquor, Manjeri, Selvil Liquors, Ponkunnam and Kerala Wines, Vaikom cannot be regarded as cases of omission but these are cases of sheer negligence. The Committee observe that there is criminal lapse on the part of the assessing officer. The Committee recommend that serious action should be taken against the assessing officer and the matter intimated to the Committee.

Action Taken

1. *M/s. Kalima Liquors, Manjeri.*

2.38 The original assessment for 1992-93 in this case was modified in appeal as per order STA-128/96 dated 4-5-1996 by the Appellate Assistant Commissioner, Kozhikode. In the light of the appellate order, the assessment

was given effect on 28-9-1996 deleting the addition of Rs. 4,00,000 made in the original order. The balance turnover tax of Rs. 92,943 was collected as per chalan No. 2020 dated 8-10-1996.

2.39 The disciplinary action initiated against Shri. P. K. Jawahar, Sales Tax Officer was finalised by awarding a punishment of barring one increment without cumulative effect vide order No.E6-32447/97/TX. dated 20-3-1999.

2. *M/s. Selvil Liquors, Ponkunnam.*

2.40 The Original assessment for 1992-93 was revised on 16-12-1996 raising an additional demand of Rs. 77,186 and the entire amount was collected as per Ch.No.1787 dated 26-3-1997. The disciplinary action initiated against Shri P. V. John, Sales Tax Officer was finalised taking into consideration the fact that the entire amount was collected. A lenient view was taken and he was let off with a warning as per Order No.B4-23201/97/TX. dated 11-11-1997.

3. *M/s. Kerala Wines, Vaikom.*

2.41 The Original assessment for 1991-92 was revised on 5-7-1996 raising an additional demand of Rs. 73,749. The entire amount was collected vide Ch. No.1238 dated 20-11-1996 and Ch. No.1721 dated 30-11-1997. The disciplinary action initiated against Shri.C.M. Fazi, Sales Tax Officer was finalised letting him off with a warning as per order No.E1-23212/97/TX. dated 23-9-1997, as the amount was collected in full.

Recommendation

(Sl. No. 12 Para No. 46)

2.42 The Committee recommend that institutions of Central & State Government which are run on no profit no loss basis should be exempted from turnover tax since they are losing their capital on this account.

Action Taken

2.43 The recommendation is noted.

Recommendation

(Sl. No. 14 Para No. 53)

2.44 The Committee want to know whether the details of the remittance made by the assessee were traced out in the assessment relating to M/s. Palagapandy Group of Estates. The Committee would also like to be informed of the present position of the other two cases Keltron Electro Ceramics Ltd. and Kilburn Electricals Ltd.

Action Taken

1. *M/s. Palagapandy Group of Estate*

2.45 The Assessment for the year 1991-92 was revised on 6-7-1996. The assessee filed appeal before the Appellate Assistant Commissioner, Palakkad. The Appellate Assistant Commissioner vide Order No.STA.471 and 472 dated 31-10-1997 modified the assessment order deleting the Sales turnover of Coffee amounting to Rs. 3,01,203.40.

2.46 The assessment for 1991-92 was revised in the light of the appellate order on 15-12-1997 and balance due with penal interest was adjusted from the excess payment made during 1992-1993.

2.47 As such no arrears are outstanding from the assessee for the year 1991-92.

2. *M/s. Keltron Electro Ceramics Ltd.*

2.48 The assessment for 1985-86 was revised on 10-7-1996 raising an additional demand of Rs. 58,598. The entire balance due with penal interest of Rs. 2,34,858.77 was collected as under:

<i>Rs.</i>	<i>Ch. No. and date</i>
(1)	(2)
3619.39	224/21-6-1985.
8861.70	644/8-7-1985
9436.50	111/3-8-1985
5735.20	1126/31-8-1985.
7575.30	859/27-9-1985.
15339.15	1180/28-10-1985 (Sub Treasury, Ponnani)
12492.15	928/22-11-1985.
13192.20	1053/20-12-1985.
16961.60	686/15-1-1986.
9379.80	870/24-2-1986.
9682.98	885/20-3-1986.
25039.80	693/20-4-1986.

(1)	(2)
1924.00	Nil 23-1-1996 (Sub Treasury, Tirur)
47618.00	496/15-3-1999.
9599.00	1922/5-4-1999.
9599.00	992/29-5-1999.
9599.00	1086/30-6-1999.
9599.00	1053/31-7-1999.
9599.00	928/31-8-1999.
Total 2,34,858.77	

3. *Kilburn Electrical Ltd.*

2.49 The Hon'ble Supreme Court stayed the recovery of amount on condition that if the appellant furnishes bank guarantee for 50% of the amount in favour of the assessing authority, within eight weeks vide orders in Civil Appeal 6632-6634 of 2000 dated 20-11-2000.

2.50 The RR certificate was issued in the name of the Head Office of the Company at Chennai. The defaulters have not furnished any bank guarantee as ordered by the Hon'ble Supreme Court at this end. The fact was informed to the District Collector, Ernakulam vide Lr. dated 9-4-2001 of the Sales Tax Officer, IVth Circle, Ernakulam and he was requested to take speedy action to recover the disputed amount again on 26-5-2001 a further request for recovery was made by the Sales Tax Officer, IVth Circle, Ernakulam.

Recommendation

(Sl. No. 15 Para No. 57)

2.51 The Committee notice that expert opinion regarding the quality of rubber used in feeding bottle nipple was obtained from the Professor in Polymer Science Department, Cochin University. The Committee opined that the expert opinion should have been sought from the Rubber Board.

Action Taken

2.52 The observations of the Committee are noted and such lapses will be guarded against in future.

Recommendation

(Sl. No. 16 Para No. 58)

2.53 The Committee are dissatisfied with the action of the Deputy Commissioner for his visit to the place of soap manufacture in Madras in connection with the assessment relating to the Medimix soap, when the matter was pointed out by Accountant General. If this was arranged earlier the incorrect assessment could have been avoided.

Action Taken

2.54 The observation of the Committee is noted. Such lapses will be guarded against in future.

ARYADAN MUHAMMED,

Thiruvananthapuram,
October 18, 2006.

*Chairman,
Committee on Public Accounts.*

APPENDIX I

Summary of main Conclusions/Recommendations

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department concerned</i>	<i>Conclusions/Recommendations</i>
1	1.3	Taxes	The Committee should be informed of the details of the disciplinary action taken against the delinquent officers within one month.
2	1.9	„	The Committee should be appraised of the present position of the case before the Appellate Tribunal.
3	1.12	„	The Committee should be informed within a month of the present position of the appeals filed by the cashew companies and also the steps that has been taken to collect the outstanding tax dues from defaulters.
4	1.19	„	The Committee should be informed within a month of the present position of the case pending before the High Court.
5	1.22	„	The Committee should be informed of the final position of the Revenue Recovery Proceedings within a month.
6	1.25	„	The Committee recommended that the present position of the disciplinary action taken against the assessing officers in File No. A5-9882/01/TX should be informed within one month.