

9/03/16

भारतीय लेखा एवं लेखापरीक्षा विभाग  
प्रधान महालेखाकार का कार्यालय (लेखापरीक्षा) -1, महाराष्ट्र,  
प्रतिष्ठा भवन, 101, महर्षि कर्वे मार्ग, मुंबई 400 020

संख्या एस.एस.-1/प्रभार ~~शा.सं.~~ फा.सं. 1096/1

दि.

सेवा में,

आयुक्त  
उल्हास नगर महानगर पालिका,  
उल्हासनगर.

विषय 2012-13 से 2015-16 अवधि तक की आपके कार्यालय के लेखाओं का निरीक्षण अहवाल.

महोदय,

उपरोक्त लेखों का निरीक्षण रिपोर्ट इसके साथ भेज रहा/रही हूँ जिसका स्थानीय निरीक्षण लेखापरीक्षा पार्टी द्वारा दिनांक 14/9/16 से 21/9/16 तक किया गया था और आपसे निवेदन करता/ करती हूँ कि इसमें शामिल किए गए सभी पैराग्राफों का पूर्ण रूप से दस्तावेजों सहित उत्तर कार्यालय में शीघ्र भेज दिया जाए और आपके कार्यालय में इस रिपोर्ट के मिलने की तारीख से किसी भी परिस्थिति में एक माह से अधिक विलंब नही हो जैसा कि वित्त विभाग के सरकारी अधिसूचना सं. वी.जी.एल 1161/91/दिनांक 26.05.1991 में निर्धारित किया गया है।

16/03/2016

भवदीय,  
दस्ता/

वरिष्ठ लेखापरीक्षा अधिकारी/ एस.एस.-1

संख्या एस.एस.1 / प्रभार फा.सं. 1096/29 दि. 24/3/2017  
प्रतिलिपि सूचनार्थ एवं आवश्यक कार्रवाई हेतु अग्रेषित

1. सचिव, महाराष्ट्र शासन, नगर विकास विभाग, मंत्रालय, मुंबई - 32.
  2. ~~श्री. निधीश कु. व. संकुलकु, मालमना श्रम विभाग, उल्हासनगर भवना~~  
~~रमारु, नर संकुल, उल्हासनगर - 33~~
  3. ~~श्री. आर्. वि. शा. लेखा व लेखापरीक्षा, काका भवन, 6 वा. माला,~~  
~~शा. वी. डी. कलापुर, नवा मुंबई.~~
- वरिष्ठ लेखापरीक्षा अधिकारी/ एस.एस.-1  
उल्हासनगर -

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**Inspection Report on the accounts of the Assessor and Collector, Property Tax Department, Ulhasnagar Municipal Corporation, Ulhasnagar for the period 1/4/2012 to 31/3/2016.**

A test audit on the accounts of the Assessor and Collector, Property Tax Department, Ulhasnagar Municipal Corporation, Ulhasnagar for the period 1/4/2012 to 31/3/2016 was conducted from 15.09.2016 to 21.09.2016 by the audit team comprising of Shri Sanjay Kumar, AAO, Smt.J.M. Kulkarni, AAO, Smt. Aarti Deodhar, AAO and Shri D. S. Ghadse, Sr.Auditor under the supervision of Shri S.N.Fulzele, Sr. Audit Officer.

**(I) Personnel:**

The following officials held the charge of Assessor and Collector, Property Tax Department, Ulhasnagar Municipal Corporation, Ulhasnagar for the period covered by the audit.

Sr.No.	Name of official	From	To
1.	Smt. Vijaya Kanthe	01.4.2012	20.7.2013
2.	<b>Vacant</b>	21.7.2013	12.11.2014
3.	Shri.Shailesh Donde	13.11.2014	31.3.2016

**(II) Activities of the department:**

- 1) to levy, asses & recover Property Taxes.
- 2) to levy, assess & recover State Education Cess / Emp. Guranteee Cess & tax on larger residential premises on behalf of State Govt.
- 3) to levy, assess & recover water charges & fees.

**(III) Position of recovery:**

The details of demand and recovery of tax during the period covered by audit are as under:

(Rs. in lakh)

2012-13		2013-14		2014-15		2015-16	
Demand	Recovery	Demand	Recovery	Demand	Recovery	Demand	Recovery
2536485156	508320394	3008666875	672894820	3495983871	1033024560	3318521367	616452892

(IV) The total no properties assessed up to date in the Ulhasnagar Municipal Corporation are stated to be 170854.

(V) The audit of local funds is completed upto 2012-13 and 8 paras are outstanding.

**Disclaimer**

The Inspection Report has been prepared on the basis of the information furnished and the records made available by the Assessor and Collector, Property Tax Department, Ulhasnagar Municipal Corporation, Ulhasnagar. The office of the Principal Accountant General (Audit)-I, Maharashtra, Mumbai disclaims any responsibility for any non information and/or misinformation on the part of the Auditee organization.

**Part IB- Paras outstanding from the previous inspection reports****Inspection Report for the years 2002-03 to 2005-06**

Para 7:-Irregularities in writing off of recoverable tax Rs. 10.81 lakh

Final compliance is awaited. Para retained.

**Inspection Report for the years 2009-10 to 2011-12**

Para 7: Outstanding Property Taxes amounting to Rs 33.33 crore

Compliance to the issue raised regarding discrepancies in opening balance and closing balance for the year 2009-2010 to 2011-2012 may be furnished..

Para 8: Less levy of special conservancy tax and conservancy tax

Para retained for full and final compliance

Para 9: Non levy of penalty under section 267A on unauthorized mobile towers erected on authorized/unauthorized buildings

Para retained for full and final compliance

Para 11: Non levy of 'Property Tax' on Hoarding

Para retained for full and final compliance

Para 12:-Dishonoured cheques

Para retained for full and final compliance

### **Part I-C: Persistent Irregularities**

Nil

### **Part II- Current Audit**

#### **Part II A- Major Observations:**

**Para 1: Loss of revenue to the UMC due to non assessment of property amounting to Rs. 2829271**

In accordance with the provisions contained in section 129 of The Maharashtra Municipal Corporation Act 1949 Assessor and Collector, Property Tax Dept., Ulhasnagar Municipal Corporation (UMC) levies tax on property in their jurisdiction. The property tax in Ulhasnagar area is being levied on the basis of rateable value (RV) of the property which is calculated by using a formula adopted by the Corporation, The formula of the calculation of RV is as: Area in sq.m X Rate of area which is fixed by Corporation X 12-10 per cent.

As per general practice adopted by the corporation the assessment of property and levy of tax is carried out in accordance with the plan passed by the Town planning department and the tax is levied from the date of issue of Occupancy Certificate by the Town planning department. However, in UMC area it was noticed that though a large number of commencement certificates were issued by the Town Planning deptt, the occupancy certificates were not issued to that extent

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) due to various reasons like violation of approved plan, people not approaching for Occupancy certificates after completion of the building. The ward Inspector of Property Tax department often visits their area and when occupancy is seen in any newly constructed building they visits the building and assess the building for the purpose of levy of property tax. They fix their visit date as date of levy of property tax. After measurement of the property, the ward inspector lists the details in a register called "field book". The field book is produced to the software consultancy where operator enters the details of property in data base of the corporation and accordingly fixed the RV and generates the bills.

Scrutiny of field visit and other relevant records revealed that the ward inspector of unit-2 and 5 had visited the occupied properties and listed the details of properties in their field books in the year 2013-14 (exact date is not written in book). These properties were neither reported to Computer section for calculation of RV and subsequently nor any bills were issued till date. This resulted in non levy of property tax and ultimately loss of revenue to the corporation of Rs. 2829288 for the period 01.04.2013 to 31.03.2016-16 as detailed in appended **Annexure**. These cases are illustrative and Assessor and Collector may conduct a review to find out similar cases. The reasons for non assessment of such properties even after 3 years of visit were called for in audit..The reasons for non-assessment of said properties even after field visit of 3 years were also called for in audit.

Clarifications regarding the process of assessment, the kinds of reports submitted by the visiting officer to the higher authority, frequency of submission of field visit books to higher authority were called for in audit

.In reply, the department stated that a detailed enquiry would be carried out in this regard and necessary action would be taken accordingly.

Further action awaited

Part II B: Other Irregularities.

Para 2. Non-utilisation of sewerage benefit tax

As per section 129 (bb) of the Maharashtra Municipal Corporation Act 1949 an additional conservancy or sewerage tax which shall be called "the sewerage benefit tax" shall be levied at such percentage of their ratable value as the corporation may consider necessary for meeting the whole or part of the expenditure incurred or to be incurred on capital works for making and improving the facilities for the collection, removal and disposal of human waste and other wastes.

The words of the act indicate that there is condition and limitation for levying of the sewerage benefit tax.

On Scrutiny of records relating to levy of sewerage benefit tax alongwith capital budget of solid waste management it was observed that the Corporation levied the sewerage benefit of Rs.5.67 crore out of which an amount of Rs.3.20 crore were recovered., However, the capital expenditure on solid waste management incurred was only Rs.78.04 lakhs as detailed below:

Year	Sewerage benefit tax levied	Sewerage tax recovered	Capital expenditure on SWM
2012-13	16997362	79424071	1356000
2013-14	19633224	10770011	6123000
2014-15	20100676	13327038	325000

From the above it could be seen that the tax which was collected for expenditure on specified item did not fulfill the criteria. This resulted in non utilization of funds for the intended purposes.

On this being pointed out in audit the department stated that the matter would be taken up with the accounts department and result would be communicated to audit.

Further progress is awaited.

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**Para 3: Blocking of revenue due to dishonoured cheques Rs. 29104416**

As per the Section 129 to 133 A of the Bombay Provincial Municipal Corporation Act 1949 and the Resolutions passed by the Standing committees from time to time, property tax is to be recovered from the property owners at the rates prescribed therein. The Tax Department, Ulhasnagar Municipal Corporation has recovered the Property Tax from the property owners at prescribed rates by cash and cheques.

On scrutiny of records relating to dishonoured cheques, it was observed that 1023 cheques amounting to Rs.291,04,416 as detailed in enclosed Annexure with H.M. were dishonoured during the period from 2012-13 to 2015-16.

In this connection, action initiated for recovery of the amount of dishonoured cheques and penalty levied were called for in audit

On this being pointed out in audit the department stated that a special drive of recovery from dishonor cheque holders would be initiated.

Further progress is awaited.

**Para 4: Non-implementation of Capital Value based Property Tax System**

In order to improve the financial conditions of ULBs and to ease the dependency on Govt for funds, XIIIth Finance Commission had recommended introduction of Capital Value based Property Tax System w.e.f.1-4-2010. Accordingly, Government of Maharashtra amended the Maharashtra Municipal Corporations Act, 1949 to levy property tax as per Capital Value of property.

On scrutiny of records, it was noticed that the Corporation has not yet started levying Capital Value based property tax in respect of properties under its jurisdiction. Thus non-implementation of Capital Value based system of property tax resulted in non-generation of sufficient revenue required for infrastructure development of city and also providing basic civic amenities to the citizens.

On this being pointed out in audit the department stated that the General Body of the corporation has approved the system of capitalized value in the budget for the year 2016-17 and necessary action is in progress. The reply of the department is not tenable as on date there is no progress in the matter.

Further progress is awaited.

**Para 5: Non recovery of property tax from 3 major defaulters Rs. 14.72 crores**

As per section 140(2) read with Rules 41 to 47 of Taxation Rules of the MMC Act, if the person on whom a notice of demand is served due to nonpayment of tax does not pay the amount within 30 days of the service of such notice, proceedings of warrant by distress and sale of the movable and immovable property may be initiated on such defaulters.

On scrutiny of records, relating to major defaulters of property tax in UMC it was observed that an amount of Rs.14.71 crore was outstanding against the below mentioned non residential properties from the year 1999 onwards.

Property No	Name of owner	Amount
99DI017417700	Amar Dye Chemicals, Sahad	93447665
99DI017417800	Century Rayon	12419613
99DI017418000	IDI Limited	41328905
Total		147196183

In this connection the reasons for pendency of huge amount and action taken to recover the same were called for in audit.

On this being pointed out in audit the department stated that recovery is in progress.

Further progress is awaited.



**Para 6: Non recovery of taxes in respect of mobile towers Rs. 4.88 crore**

The property tax department of Ulhasnagar Municipal corporation issues demand notice on the owners of mobile tower structures and recovers the property taxes from them. The property tax is levied at commercial rates after fixing the rateable value based on the rent paid by the mobile tower owners to the building premises owners. It was seen that as per property tax department records, there were 91 mobile towers of various service providers within Ulhasnagar jurisdiction which were assessed to property tax. (Annexure II).

Scrutiny of the statement of number of mobile towers received from the Property Tax department revealed that at the end of August 2016, demand of Rs.4.94 crore was issued and Rs.5.96 lakh was recovered from various service provider as property tax for installing BTS tower on buildings, etc. An amount of Rs 4.88 crore was still pending as of August 2016 to be recovered as tax from the illegal mobile towers installed in the jurisdiction of the corporation.

On this being pointed out in audit the department stated that necessary action is in progress,

Further progress is awaited.

**Para 7: Outstanding recovery of taxes**

As per clause 127 and 129 of the Bombay Provincial Municipal Corporation Act 1949, property Tax was required to be levied on the property held by any individual or organization within the jurisdiction of the Corporation. Similar Tax was to be levied by the Ulhasnagar Municipal Corporation. Property Tax is the main source of revenue to Corporation and is required to be recovered promptly to avoid accumulation of the same for utilizing the same to undertake developmental works in their jurisdiction.

On scrutiny of records it was noticed that there were outstanding Taxes pending for recovery as on 31.03.2016 as detailed below:

	Outstanding as on 31.03.	Current demand for the year	Total	Recovered	Balance	Percentage recovery
2012-13	1581459904	955025252	2536485156	508320394	2028164762	20
2013-14	1986733766	1021933109	3008666875	672894820	2335772055	22
2014-15	2383449251	1112534620	3495983871	1033024560	2462959311	30
2015-16	2213409367	1105112000	3318521367	616452892	2702068475	18.58

From the above it could be seen that the rate of recovery was nearly 20 per cent which is very less. The reasons for slow recovery and action taken for that were called for in audit.

(B) Further, scrutiny revealed that the details regarding issue of bills and recovery was handled by a software consultancy company namely M/s ABM knowledgeware Ltd. The scrutiny of data maintained by the company revealed that the closing balance of previous year was not tallying with the figures of opening balance of the next year. For instance, the closing balance for the year 2012-13 is 202, 81, 64,762 which should have been opening balance for 2013-14. However, the data shows Rs 198, 67, 33,766 as opening balance for the year 2013-14. Thus, there is a difference of Rs. 414, 30,996. The difference indicates not only non-observance of basic data handling practices but also put questions on the authenticity of figures of recovery and pendency. The same may please be reconciled at the earliest.

On this being pointed out in audit the department stated that the required action would be taken.

Further progress awaited.

**PART III: Test Audit Note**

NIL

  
Sr. Audit Officer/SSI