

29/06/06

24-6-06

GOVERNMENT OF KERALA

Abstract

Taxes Department – Registration – B.S.N.L Broad Band Internet Connection to the Telephone No.2474481 in the Office of the Inspector General of Registration – Action ratified - Orders issued.

TAXES (E) DEPARTMENT

G.O (Rt)No.375/2006/TD.

Dated, Thiruvananthapuram, 21.06.2006.

Read:- Letter No.IT1-11029/2006 dated 17.06.2006 from the Inspector General of Registration, Thiruvananthapuram.

ORDER

In the circumstances reported by the Inspector General of Registration in his letter read above, Government are pleased to ratify the action taken by the Inspector General of Registration in getting B.S.N.L Broad Band Internet Connection to the Telephone No.2474481 in the Office of the Inspector General of Registration.

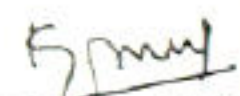
By order of the Governor,

M.E. MOHAMMEDALI,
Under Secretary to Government.

To

The Inspector General of Registration, Thiruvananthapuram
The Principal Accountant General (A&E/Audit) Kerala,
Thiruvananthapuram.
S.F/O.C.

Forwarded/By order


Section Officer.

13 / 3

A.R. 31-3-05
P. 5.2.5

**Draft Paragraph
(Stamps and Registration)**

Irregular sale of insurance stamps

Stamp duty on policy of insurance being an item covered under entry 91 of the Union List of the Constitution of India, the rates specified in the Indian Stamp Act, 1989 is applicable to whole of India. However, under Indian Stamp (Kerala) Rules 1960 and the Indian Stamp Manufacture and Sale (Kerala) Rules 1960 provisions of Kerala Stamp Rules 1960 and Kerala Manufacture and Sale of Stamp Rules 1960 shall apply on documents specified in Entry 91 of Union List and executed in Kerala.

a) Under the Kerala Stamp Rules 1960 stamps purchased in Kerala State alone shall be used for the instruments executed within the State.

Life Insurance Corporation (LIC) Divisions, Thiruvananthapuram and Kozhikode used on their insurance policies stamps purchased from a firm in Tamil Nadu (M/s Shara Enterprises, Chennai) which was not licensed for vending stamps even in the State of Tamil Nadu. Purchase of stamps from outside the State for execution of policies of insurance in Kerala during 2001-2002 resulted in a loss of Rs 31.90 lakh to Government of Kerala.

b) Under Kerala Manufacture and Sale of Stamp Rules, 1960, sale of stamp is required to be made either by the Treasuries as ex-officio stamp vendors or by licensed stamp vendors.

LIC Division, Thiruvananthapuram purchased during 2001-2002 insurance policy stamps from a firm in the State (M/s Sneha Services, Kurichi, Kottayam) which was not licensed to sell stamps. License produced by the firm was that of a vendor authorised to draw stamps from Sub Treasury, Chengannur. However, no insurance policy stamps were sold from that Treasury to any vendor

during 2001-2002. The value of stamps purchased from that firm amounted to Rs 35.42 lakh.

c) Five licensed stamp vendors sold insurance stamps to LIC Divisions in excess of their purchases from their designated stamp depot/Treasury as below.

Name of Vendor and designated stamp depot/Treasury	Period	Name of LIC Division	Excess sale in Lakh of Rupees	Remarks
K.V.John, (Additional Sub Treasury, Kozhikode)	2001 to 2003	Kozhikode	86.61	The vendor purchased stamps valued Rs 22.05 lakh and sold stamps worth 108.66 lakh to the LIC Division.
M.U.Abdul Azeez and M.A.Kunju Beevi (District Stamp Depot, Ernakulam)	1999 to 2002	Ernakulam	29.85	The vendor who purchased stamps valued Rs 17.97 lakh sold stamps valued Rupees 47.82 lakh.
M.C.Suresh, (Sub Treasury, Ettumanoor.)	1999 to 2000	Kottayam	15.27	Vendor sold stamps worth Rs 21.75 lakh against purchase of 6.48 lakh.
T.C.John, (District Treasury, Kottayam) -do-	February and March 2002	Thiruvananthapuram	7.43	The vendor sold stamps valued Rupees 7.43 lakhs though he had not made any purchase during this period. Stamps sold in March 2002 were of denomination Rs 5 and stamp of that denomination were not available in the Treasury then.
	April 2002 to January 2003	Thiruvananthapuram	18.55	The vendor sold stamps amounting to Rs 29.07lakh against purchase of Rs 10.52 lakh.
P.Sudharsanan, (Principal Sub Treasury, Thiruvananthapuram)	2001 and 2002	Thiruvananthapuram	5.45	The vendor sold stamps for Rs 30,000 on January 2001 though he hadn't made any purchase during that month. During January and April 2002 he sold stamps worth Rupees 7.75 lakh against purchase of Rs 2.60 lakh
	Total		163.16	

Till April 2001 LIC Divisional Office, Thiruvananthapuram was purchasing Insurance Policy Stamps from Central Stamp Depot, Thiruvananthapuram.

The above cases suggest that the Internal Control Mechanism in the Land Revenue Department (which has the authority for issuing licenses) was not

adequate and it failed to detect loss of revenue/irregular sale of stamps amounting to Rs 2.30 crore. There was also no reasonable assurance against the possibility of circulation of fake insurance policy stamps.

· This was pointed out in audit to the department between August and September 2004; their reply has not been received (September 2004)

Sd/-

PRINCIPAL ACCOUNTANT GENERAL (AUDIT)



AUDIT OFFICER/REPORT (RR)

Keys to para:

1. Supplementary Report on All India Review of Stamp Duty forwarded vide letter No. SRA(HQ) I/Review/Stamp Duty/2004-05/IV/657 to 660 dated 25 October 2004 addressed to Sri. Marapandiyan, Secretary to Government, Taxes Department, Government of Kerala, Thiruvananthapuram and copies endorsed to Sri. Ram Singh, Principal Secretary to Government, Registration Department, Sri. Sayan Chatterjee, Commissioner, Land Revenue and Sri. P.C.John, Inspector General of Registration.