

## CHAPTER-VI

### REVENUE RECEIPTS

#### 6.1 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Goa during the year 2003-04, the State's share of divisible Union taxes and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are given below:

(In crore of rupees)

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
I. Revenue raised by the State Government					
(a) Tax Revenue	458.48	514.80	569.34	602.20	710.25
(b) Non-Tax Revenue	633.38	796.14	1136.08	1039.17	724.73
<b>Total</b>	<b>1,091.86</b>	<b>1,310.94</b>	<b>1,705.42</b>	<b>1,641.37</b>	<b>1,434.98</b>
II. Receipts from the Government of India					
(a) State's share of divisible Union taxes	95.92	105.34	107.82	114.62	135.59
(b) Grants-in-aid	40.12	66.95	59.29	77.02	52.55
<b>Total</b>	<b>136.04</b>	<b>172.29</b>	<b>167.11</b>	<b>191.64</b>	<b>188.14</b>
III. Total receipts of the State	1,227.90	1,483.23	1,872.53	1,833.01	1,623.12
IV. Percentage of I to III	88	88	91	90	89

The details of tax revenue raised during the year 2003-04 along with the figures for the preceding four years are given below:

(In crore of rupees)

Sr. No.	Head of Revenue	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	Percentage of increase (+) or decrease (-) in 2003-04 over 2002-03
1.	(a) Sales Tax	319.99	346.73	365.37	398.93	463.52	(+) 16
	(b) Central Sales Tax	28.19	41.09	36.10	40.26	38.84	(-) 4
2.	State Excise	36.06	38.98	46.13	46.79	53.44	(+) 14
3.	Stamps and Registration Fees	18.13	21.91	26.38	26.56	28.96	(+) 9
4.	Taxes on Vehicles	28.32	29.92	32.83	36.78	50.76	(+) 38
5.	Taxes on Goods and Passengers	3.95	13.07	36.19	30.47	41.14	(+) 35
6.	Other Taxes and Duties on Commodities and Services	18.61	20.10	18.80	19.70	28.30	(+) 44
7.	Land Revenue	5.23	3.00	7.54	2.71	5.29	(+) 95
	<b>TOTAL</b>	<b>458.48</b>	<b>514.80</b>	<b>569.34</b>	<b>602.20</b>	<b>710.25</b>	<b>(+) 18</b>

Reasons for increase in receipts under the following heads are given below:

**Land Revenue:** The increase was mainly due to more receipts on account of survey and settlement operation.

**Other Taxes and Duties on Commodities and Services:** The increase was mainly due to more collection under luxury tax.

**Taxes on Vehicles:** The increase was mainly due to enforcement of State Motor Vehicle Taxation Act.

**Taxes on Goods and Passengers:** The increase was mainly due to more receipts under “Tax on entry of Goods into Local Areas” Act.

**State Excise:** The increase was mainly due to more receipts under “Malt Liquor” and “Foreign Liquor and Spirits”.

**Sales Tax:** The increase was mainly due to levy of surcharge on sales tax.

(b) The details of the major non-tax revenue raised during the year 2003-04 alongwith the figures for the preceding four years are given below:

(In crore of rupees)

Sr. No.	Head of Revenue	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	Percentage of increase (+) or decrease (-) in 2003-04 over 2002-03
1.	Interest Receipts	5.38	3.09	2.62	2.33	2.23	(-) 4
2.	Dairy development	Nil	Nil	0.40	0.49	0.26	(-) 47
3.	Other Non-Tax Receipts	56.42	55.16	63.80	87.65	90.88	(+) 4
4.	Forestry and Wild Life	0.93	1.11	1.18	0.73	1.81	(+) 1
5.	Non-ferrous Mining and Metallurgical Industries	12.59	15.97	13.14	15.78	19.39	(+) 23
6.	Miscellaneous General Services	257.49	380.58	612.43	366.15	-	(-)100
7.	Power	291.23	330.66	418.40	548.35	592.15	(+) 8
8.	Major and Medium Irrigation	0.50	0.22	13.69	4.26	2.94	(-) 31
9.	Medical and Public Health	3.74	4.77	4.67	6.94	7.30	(+) 5
10.	Co-operation	0.31	0.18	0.36	0.20	0.25	(+) 25
11.	Public Works	1.25	1.13	1.21	0.95	1.41	(+) 48
12.	Police	0.23	0.38	0.42	0.66	0.61	(-) 8
13.	Other Administrative Services	3.31	2.89	3.76	4.68	5.50	(+) 18
	<b>Total</b>	<b>633.38</b>	<b>796.14</b>	<b>1,136.08</b>	<b>1,039.17</b>	<b>724.73</b>	<b>(-) 30</b>

The reasons for major variations under the following heads are given below:

**Miscellaneous General Services:** The decrease was due to no receipts on account of stoppage of lottery business by the State Government of Goa.

**Major and Medium Irrigation:** Less receipts were under Anjunem Irrigation Projects.

**Non-ferrous Mining and Metallurgical Industries:** The increase was due to increase in mineral concession fees, rent and royalties.

The reasons for variations in other heads though called for from the Department in December 2004 have not been received (February 2005).

## 6.2 Variations between budget estimates and actuals

The variations between the budget estimates and actuals of revenue receipts for the year 2003-2004 in respect of the principal heads of tax and non-tax revenue are given below:

(In crore of rupees)

Sr. No.	Head of Revenue	Budget estimates	Actuals	Variations excess (+) or shortfall (-)	Percentage of variation
<b>Tax Revenue</b>					
1.	Sales Tax	565.00	502.36	(-) 62.64	(-) 11
2.	State Excise	55.00	53.44	(-) 1.56	(-) 3
3.	Land Revenue	6.55	5.29	(-) 1.26	(-) 19
4.	Other taxes and duties on commodities & Services	25.21	28.30	3.09	(+)12
<b>Non-Tax Revenue</b>					
5.	Interest Receipts	6.12	2.23	(-) 3.89	(-) 64
6.	Police	1.83	0.61	(-) 1.22	(-) 67
7.	Public Works	3.21	1.41	(-) 1.80	(-) 56
8.	Misc. General Services	705.61	-	(-) 705.61	(-) 100
9.	Roads & Bridges	14.13	4.08	(-) 10.05	(-) 71

The reasons for variations between budget estimates and actuals are as follows:

**Miscellaneous General Services:** The receipts were “Nil” due to stoppage of lottery business by Government of Goa in August 2002. Though the lottery business was stopped with effect from August 2002, receipts under the same head were estimated at Rs.705.61 crore in 2003-04. The reasons for making provisions during 2003-04 were called for from the Department in December 2004, no reply has been received (February 2005).

The wide variations between estimates and actual receipts reflected a lack of adequate assessment of actual receipts and were not realistic as is evident from the above facts.

The reasons for wide variations in other revenue heads with that of budget estimates though called for from the departments in December 2004, their replies have not been received (February 2005).

## 6.3 Cost of collection

The gross collection in respect of major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2001-2002, 2002-2003 and 2003-2004 along with the relevant all India average percentage for 2003-2004 are as follows:

(In crore of rupees)

Sr. No.	Head of Revenue	Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage for the year 2002-2003
1.	Sales Tax	2001-2002	401.47	3.83	0.95	1.18
		2002-2003	439.19	2.62	0.60	
		2003-2004	502.36	3.09	0.62	
2.	Taxes on vehicles	2001-2002	32.83	0.76	2.31	2.86
		2002-2003	36.78	0.76	2.06	
		2003-2004	50.76	0.79	1.56	
3.	State Excise	2001-2002	46.13	2.04	4.42	2.92
		2002-2003	46.79	2.18	4.65	
		2003-2004	53.44	2.27	4.25	
4.	Stamp duty and Registration fees	2001-2002	26.38	1.27	4.81	3.46
		2002-2003	26.56	1.22	4.59	
		2003-2004	28.96	1.53	5.28	

The reasons for higher percentage of expenditure on collection to gross collection of State Excise as compared to All India average percentage were stated to be due to lower excise duty structure on India made Foreign Liquor, Country Liquor in the State of Goa as compared to rest of India. The higher percentage of expenditure to gross collection of Stamp Duty and Registration Fees was attributed to handling of other compulsory works like registering marriages, drawing notarial wills, births and deaths etc. which are mandatory functions under the law.

#### **6.4 Analysis of arrears of revenue**

The arrears of revenue as on 31 March 2004 in respect of some principal heads of revenue amounted to Rs.320.92 crore of which Rs.59.99 crore were outstanding for more than three years as detailed in the following table:

(In crore of Rupees)

Head of Revenue	Amount of arrears as on 31 March 2004	Arrears more than three years old	Remarks
<b>FINANCE DEPARTMENT</b>			
Sales Tax	88.46	44.48	Out of total outstanding demand of Rs.88.46 crore demands of Rs.27.64 crore in respect of 2421 cases were referred to Revenue Recovery Court(RRC) by the Department.
Excise	0.25	0.03	Out of total outstanding demand of Rs.0.25 crore, only two cases involving Rs.3000 have been referred to RRC by the Department.
<b>TRANSPORT</b>			
Taxes on vehicles	7.00	4.27	Recovery is proposed to be effected by issuing show cause notices.

<b>MINES</b>			
Royalty/surface rent/dead rent	4.53	0.84	Out of total outstanding demand of Rs.4.53 crore, 273 cases involving an amount of Rs.0.41 crore have been referred to RRC by the Department.
<b>REGISTRAR OF CO-OPERATIVE SOCIETIES</b>			
Audit Fees	0.27	0.03	-
<b>POWER</b>			
Chief Electrical Engineer, Energy charges	194.69	Not furnished	Out of total demand of Rs.194.69 crore, 5,241 cases involving an amount of Rs.69.05 crore were referred to RRC.
<b>P.W.D</b>			
i)Pr. Chief Engineer Rent of Government buildings/shops	0.27	0.06	Out of total demand of Rs.0.27 crore, 22 cases involving an amount of Rs.0.06 crore were referred to RRC.
ii)Water charges, meter rent and sewerage charges	20.50	7.81	Out of total demand of Rs.20.50 crore, 1,630 cases involving an amount of Rs.5.74 crore were referred to RRC.
<b>RIVER NAVIGATION DEPARTMENT</b>			
Ferry Toll collection/services/workshop receipt	0.48	0.30	Out of total outstanding demand of Rs.0.48 crore, only two cases involving Rs.0.02 crore have been referred to RRC. Outstanding dues are mainly towards ferry services.
<b>PRINTING AND STATIONERY</b>			
Supply of stationery, printing charges	0.69	0.02	-
<b>AGRICULTURE DEPARTMENT</b>			
i) Hire charges of Agriculture Machinery, planting material & Loans from kumeri	0.20	0.19	Out of total outstanding demand of Rs.0.20 crore, only five cases involving Rs.10,860 have been referred to RRC.
ii) Subsidy payable to the beneficiaries for repair of various bunds	2.93	1.50	Certificate of evaluation is furnished by the Department to the concerned Mamlatdars from time to time.
<b>REVENUE DEPARTMENT</b>			
<b>Collector, South Goa</b>			
Land Tax	0.43	0.35	-
<b>Collector, North Goa</b>			
Land Tax	0.22	0.11	Notices issued to defaulters or their legal heirs after verification of their rights.
<b>TOTAL</b>	<b>320.92</b>	<b>59.99</b>	

## 6.5 Results of Audit

Test check of records of Sales Tax, Land Revenue, State Excise, Motor Vehicles Tax, Stamps and Registration Fees conducted during the year 2003-04 revealed under-assessment/short levy/loss of revenue amounting to Rs.0.72 crore in 28 cases. The departments accepted under-assessment of Rs.1.66 crore in 74 cases out of which 4 cases were pointed out in 2003-04 and rest in earlier years and recovered Rs.0.49 crore as of August 2004. No replies have been received in respect of the remaining cases.

This chapter contains one review and one paragraph relating to non-levy of taxes, interest and penalties etc., involving Rs.1.05 lakh. The Department/Government stated that action to levy interest and penalty was being taken (June 2004).

## **6.6 Failure of senior officials to enforce accountability and protect interest of Government**

Accountant General, Goa arranges to conduct periodical inspection of the various offices of the Government departments to test check the transactions of tax receipts and verify the maintenance of important accounting and other records as per the prescribed rules and procedures. These inspections are followed by Inspection Reports (IRs) issued to the Heads of Offices with a copy to next higher authorities. The Government of Goa issued instructions to the executive for response within one month to the IRs issued by Accountant General, Goa after ensuring action in compliance of the prescribed Acts, rules and procedures noticed during audit inspection. A half yearly report is sent to the Secretary of the Department in respect of pending IRs to facilitate monitoring of the audit observations by the Government.

Inspection Reports issued upto 31 December 2003 pertaining to offices under the Finance, Revenue, Transport, Law, disclosed that 275 paras relating to 92 IRs involving Rs.1.67 crore in cases remained outstanding at the end of June 2004. Of these, 31 IRs containing 52 paras had not been settled for more than four years. Yearwise position of outstanding IRs and paras are detailed in *Appendix 6.1*.

The Heads of Offices and Heads of the Departments (Secretaries) did not send convincing reply to a large number of IRs/Paragraphs indicating their failure to initiate action to rectify the defects, omissions and irregularities pointed out in audit. The Secretaries of the Department, who were informed of the position through yearly report also did not ensure prompt and timely action. Such inaction would result in continuation of serious financial irregularities and loss of revenue to the Government despite these having been pointed out in Audit.

It is recommended that Government should look into the matter again and ensure that procedures exists for (a) action against the officials who failed to send replies to IRs/paras within the prescribed time schedule, (b) action to recover loss/under-assessments in a time bound manner and (c) revamping the system for ensuring proper response to the audit observations by the department.

The details of outstanding IRs were reported to Government in August 2004.

## REVENUE DEPARTMENT

### 6.7 Receipts from Stamps and Registration

**6.7.1.** The levy and collection of stamp duty in Goa on various types of instruments is governed by the Indian Stamp Act, 1899 read with the Indian Stamp (Goa, Daman and Diu Amendment) Act, 1968. The duties are paid by executors of instruments by either using impressed stamps or by affixing stamps on them.

Stamps required for the sale in the State of Goa are received by the District Treasury, Panaji on basis of indents made to the Controller of Stamps, Central Stamp Depot, Nashik. The Panaji Treasury then distributes the stamps to the district treasury at Margao. The Sub Treasuries of the North and South Goa procure their requirements from the district treasuries at Panaji and Margao respectively. The sale of stamps to the public is done through district treasuries/sub Treasuries at taluka places and authorised vendors licensed by the Collectors under Goa, Daman and Diu Stamps Supply and Sales Rules 1965 (GDDSSSRs). The licensed vendors obtain stamps from the District Treasuries and Sub Treasuries on payment through challans signed by the respective Head of Taluka Revenue Officers. The records at the treasuries and sub treasuries are maintained as per the provisions in the Central Treasury Rules and that of licensed vendors as per the GDDSSSRs. The Revenue Department, Government of Goa through Collectors of North Goa and South Goa Districts respectively issues licenses to the stamp vendors and regulate their functioning.

### **6.7.2 Unexplained difference between sale and registration of Non Judicial impressed stamp paper (NJIS) –Rs 30.19 crore**

The sale of stamps of judicial and non-judicial paper including impressed and adhesive, is done to the public by the district treasuries, sub treasuries and licensed vendors. All stamp paper transactions however are not legally required to be registered for example agreements relating to transactions other than immovable properties, power of attorney.

Audit scrutiny revealed that the value of non judicial stamp paper used in registration of documents exceeded the sale of such stamp paper as is evident from the following data.

Year wise and district-wise value of the NJIS stamps sold and used in the Sub Registrars of these two districts of the State during 1998-99 to 2002-03 was as under:-

(Rupees in crore)

	Year	Value of NJIS sold by the Treasuries/ Sub Treasuries	Value of NJIS used in registration	Excess NJIS registered with reference to Treasury Sales	Percentage of excess NJIS registered
(1)	(2)	(3)	(4)	(5)	(6)
<b>North Goa District</b>	1998-99	7.37	5.06	(+) 2.31	Nil
	1999-00	8.27	6.48	(+) 1.79	Nil
	2000-01	8.26	6.85	(+) 1.41	Nil
	2001-02	10.80	8.69	(+) 2.11	Nil
	2002-03	9.90	9.06	(+) 0.84	Nil
	<b>Total</b>	<b>44.60</b>	<b>36.14</b>	<b>(+) 8.46</b>	<b>Nil</b>
<b>South Goa District</b>	1998-99	4.36	12.92	(-) 8.56	196.33
	1999-00	5.10	12.51	(-) 7.41	145.29
	2000-01	5.78	14.76	(-) 8.98	155.36
	2001-02	6.07	16.02	(-) 9.95	163.92
	2002-03	6.63	10.38	(-) 3.75	56.56
	<b>Total</b>	<b>27.94</b>	<b>66.59</b>	<b>(-) 38.65</b>	<b>138.33</b>
	<b>GRAND TOTAL</b>	<b>72.54</b>	<b>102.73</b>	<b>(-) 30.19</b>	<b>41.62</b>

**Note: The above data is compiled from the figures furnished to audit by the Registration Department and the State Treasuries.**

Analysis revealed that the value of NJIS used in registration of documents exceeded the sales at the State treasuries in Goa by Rs.30.19 crore an excess of 41.62 per cent. Scrutiny also revealed that such stamp paper had not come into the State from neighbouring State treasuries. The above table indicates that the difference between the NJIS paper used in registration and the sales at the treasuries which was prevalent in the South Goa district was as high as 196 per cent in 1998-99 which came down to 57 per cent only in 2002-03.

Thus the difference between the non judicial stamp paper sold and registered was alarmingly high as well as unusual which neither the Finance nor Revenue Departments could explain, whereas the Registration Department have taken the stand that they do not have powers to refuse registration if the documents were properly stamped and are not responsible for implementation of the GDDSSSRs.

The leakage in revenue of stamp duty was due to absence of any rules/mechanism for comparison of sale of stamps by the treasuries with the value of stamp paper used in registration.

### **6.7.3. Non-observance of provisions relating to sale of stamp paper and non inspection of accounts of licensed vendors**

GDDSSSRs provided that all stamps exceeding Rs.1,000 in value required for a single instrument shall be purchased direct from the treasury or sub treasury as the case may be. The monetary limit of Rs.1,000 was increased to Rs. 25,000 with effect from November 1999. Further, no licensed vendor shall sell to the public two or more stamps of lower value for use in place of one of a higher value than



required for the purpose of stamp duty on a single instrument. The rules also provide that the accounts maintained by the licensed vendors were to be inspected and the examination of the stock of stamps was to be done by an officer authorized by the Collector or by the Government.

Test check by audit revealed that in four<sup>♥</sup> Sub Registrars' offices out of 1269 NJIS paper instruments registered in 1998-99 and 2002-03 in 355 instruments valued at Rs. 39.01 lakh the NJIS had been sold by the licensed vendors though the stamp duty payable on the single instrument exceeded Rs. 1,000/Rs.25,000. The instruments accepted by the Sub Registrars for registration were in violation of the provisions in the Act/Rules.

The Law Secretary who is also the administrative head of the Registration Department replied in November 2004 that the GDDSSSRs were directions to the stamp vendors about the method of sale of stamps and the infringement of those rules did not imply that the instruments were not duly stamped and thereby liable to be refused for registration. He further stated that the registration officers have no powers to refuse registration if the documents are duly stamped and breach of any of the stamp supply and sales rules would not be a legally valid ground for refusal of registration by the registering authorities. The fact remains that the vendors sold the stamps contrary to the provisions of the Rule 16 (2) of the GDDSSSRs. The Revenue Department has not responded to the audit comments.

#### 6.7.4. Excess stock of NJIS

The stamps required for the State were indented from the Central Stamp Depot, Nashik, by the treasuries on a quarterly basis to meet the three months estimated consumption considering the opening stock, receipts, sale and closing balances. While placing indents it was to be ensured that the indents were realistic and based on the stock available in the State and anticipated sale.

A scrutiny of the records of all the treasuries/sub treasuries revealed that the average closing balance exceeded the sale of NJIS by four times, during the period 1998-99 to 2003-04 as indicated below:

(Rupees in crore)

Year	Opening Balance	Quantity indented from ISP Nashik	Stamps supplied by ISP Nashik	Total (2)+(4)	Sales	Closing Balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1998-99	74.04	3.23	3.43	77.47	11.74	65.73
1999-00	65.73	7.35	6.65	72.38	13.37	59.01
2000-01	59.01	16.28	11.56	70.57	*14.05	56.52
2001-02	56.52	59.79	21.37	77.89	16.87	61.02
2002-03	61.02	10.64	17.12	78.14	**16.56	61.58
2003-04	61.58	Not furnished	13.72	75.30	17.18	58.12
<b>Total</b>	<b>377.90</b>		<b>73.85</b>	<b>451.75</b>	<b>89.77</b>	<b>361.98</b>
<b>Average</b>	<b>62.98</b>		<b>12.31</b>	<b>75.29</b>	<b>14.96</b>	<b>60.33</b>

Note: Above data compiled from Treasury Records.

\* Included Rs.0.01 crore written off

\*\* Included Rs.0.02 crore written off

♥ Panaji, Mapusa, Bicholim and Margao.

Further analysis revealed that balances of unsold stamps comprised of high value denomination stamps of Rs.10,000, Rs.15,000, Rs.20,000 and Rs.25,000. As on 31 March 2004, NJIS to the tune of Rs.58.12 crore were lying in the State Treasuries, of which Rs.32.20 crore consisting of high value denominations (including NJIS worth Rs.0.70 crore received prior to April 1998) were lying at the District Treasury, Panaji. Despite having huge balances of high denomination NJIS paper, the Director of Accounts made further purchase of Rs.31.50 crore during 2001-2002 and 2003-2004.

The Treasury Officer, Panaji stated in July 2004 that when initially stamps of new denomination were printed by the India Security Press, the Department was not having an idea of the demand. The stock was maintained to avoid shortfall at any stage and to meet unforeseen public demand in the State.

The reply is not convincing as the Treasury had not done any correlation between the stock while indenting stamp paper even after the initial years in 1996, resulting in idling of stock. The Director of Accounts had also not exercised any counterchecks on the stock position before placing the purchase orders with the India Security Press, Nashik.

## **FINANCE DEPARTMENT**

### **6.8. Non-assessment of luxury tax**

Non Assessment of luxury tax resulted in non-levy of interest of Rs.1.05 lakh.
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The Goa Tax on Luxuries Act, 1988, provides that, where the returns are filed by a registered assessee for any year on or after the appointed day or on or before the date prescribed for filing the last return of that year no assessment of that year shall be made after the expiry of four years. If for any reason the assessment is not made within four years, then the returns filed shall be deemed to have been accepted as correct and complete for assessing the tax dues for such assessee. In case of default in payment of tax the assessee shall pay simple interest at the rate of 24 *per cent* for the period of default.

Audit scrutiny (October 2003) of the assessment records of the Sales Tax Officer, Panaji revealed that an assessee "M/s Gulf Goan Hotel Company Limited, Panaji" filed its returns for the year 1998-99 showing the total turnover of Rs.1.25 crore by the prescribed time limit and paid luxury tax of Rs.18.37 lakh on the above turnover. He subsequently filed a revised return for that year on 7 March 2000 showing a turnover of receipts of Rs.1.35 crore and tax payable at Rs.19.49 lakh and applied for settlement of arrears of tax, penalty and interest under the provisions of Goa Sales Tax, Luxury Tax and Entertainment Tax (Settlement of Arrears) Act, 2000. The assessee was required to pay the tax due of Rs.1.12 lakh while applying for settlement as required under the provisions of Act. The Luxury Tax Officer (LTO) therefore issued (7 May 2002) a show cause notice to the assessee, but did not take further action to assess him within the prescribed time limit i.e. by 31 March 2003 and the assessment thus became time barred.

The non-assessment of case within the prescribed time limit resulted in loss of revenue of Rs.1.12 lakh towards luxury tax and interest amounting to Rs.1.05 lakh for the period from April 2000 to March 2003 for default in payment of tax.

After this was pointed out in audit in May 2004, the assessee paid the tax of Rs.1.12 lakh in June 2004. However, the Department did not take action to levy interest for default in payment of tax stating that the same was not payable as returns were filed in time.

The Government reply is not tenable as interest was leviable under the provisions of Act since the assessee had defaulted in payment of tax on filing of the settlement petition. This resulted in non-levy of interest of Rs.1.05 lakh.