

CHAPTER-I : GENERAL

1.1 Trend of revenue

1.1.1 The tax and non-tax revenue raised by the Government of Odisha during the year 2010-11, State's share of net proceeds of divisible Union taxes and duties assigned to the States and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned below:

(Rupees in crore)						
		2006-07	2007-08	2008-09	2009-10	2010-11
1.	Revenue raised by the State Government					
	• Tax revenue	6,065.07	6,856.09	7,995.20	8,982.34	11,192.67
	• Non-tax revenue	2,588.12	2,653.58	3,176.15	3,212.20	4,780.37
	Total	8,653.19	9,509.67	11,171.35	12,194.54	15,973.04
2.	Receipts from the Government of India					
	• State's share of net proceeds of divisible Union taxes and duties	6,220.42	7,846.50	8,279.96	8,518.65	10,496.86 ¹
	• Grants-in-aid	3,159.02	4,611.02	5,158.70	5,717.02	6,806.25
	Total	9,379.44	12,457.52	13,438.66	14,235.67	17,303.11
3.	Total revenue receipts of the State Government (1+2)	18,032.63	21,967.19	24,610.01	26,430.21	33,276.15
4.	Percentage of 1 to 3	47.99	43.29	45.39	46.14	48.00

The above table indicates that during the year 2010-11, the revenue raised by the State Government (₹ 15,973.04 crore) was 48 *per cent* of the total revenue receipts against 46.14 *per cent* in the preceding year. The balance 52 *per cent* of receipts during 2010-11 was from the Government of India.

¹ For details, please see Statement No. 11- Detailed accounts of revenue by minor heads in the Finance Accounts of the Government of Odisha for the year 2010-11. Figures under the minor head 901-Share of net proceeds assigned to the States under the major heads 0020 – Corporation tax; 0021 - Taxes on income other than corporation tax; 0028 - Other taxes on income and expenditure; 0032 - Taxes on wealth; 0037 - Customs; 0038 - Union excise duties; 0044 - Service tax and 0045 - Other taxes and duties on commodities and services booked in the Finance Accounts under A-Tax revenue have been excluded from the revenue raised by the State and exhibited as State's share of divisible Union taxes.

1.1.2 The following table presents the details of tax revenue raised during the period from 2006-07 to 2010-11:

(Rupees in crore)							
Sl. No.	Heads of revenue	2006-07	2007-08	2008-09	2009-10	2010-11	Percentage of increase (+)/ decrease (-) in 2010-11 over 2009-10
1.	Value Added Tax	3,042.34	3,567.16	4,268.72	4,914.99	6,221.28	(+) 26.58
	Central sales tax	722.48	551.27	534.61	493.77	585.52	(+) 18.58
2.	Taxes and duties on electricity	282.58	327.46	365.03	459.96	458.06	(-) 0.41
3.	Land revenue	226.38	276.16	348.79	292.18	390.66 ²	(+) 33.71
4.	Taxes on vehicles	426.54	459.42	524.43	611.23	727.58 ²	(+) 19.04
5.	Taxes on goods and passengers	574.00	626.90	638.32	815.25	1,111.37	(+) 36.32
6.	State excise	430.07	524.93	660.07	849.05	1,094.26 ²	(+) 28.88
7.	Stamp duty and registration fee	260.49	404.76	495.66	359.96	415.82 ²	(+) 15.52
8.	Other taxes and duties on commodities and services	26.59	31.59	47.39	50.40	54.84	(+) 8.81
9.	Other taxes on income and expenditure-tax on professions, trades, callings and employments	73.60	86.44	112.18	135.55	133.28	(-) 1.67
Total		6,065.07	6,856.09	7,995.20	8,982.34	11,192.67	

The following reasons for variations were reported by the concerned departments:

Land revenue: The increase (33.71 per cent) was due to conversion of land under Section 8(A) of Orissa Land Reform (OLR) Act, 1960, alienation of Government land to different agencies and collection of premium thereof, collection of royalty etc. by effective steps taken by the Department.

Taxes on vehicles: The increase (19.04 per cent) was mainly due to increase in registration of vehicles, increase in enforcement activities, amendment of the Orissa Motor Vehicles Taxation (OMVT) Act, 1975 and arrear collection.

State excise: The increase (28.88 per cent) was due to opening of more legal outlets and effective enforcement activities.

Stamp duty and Registration fees: The increase (15.52 per cent) was due to the sincere efforts of the Inspector General of Registration and field staff.

The other departments did not inform (January 2012) the reasons for variation despite being requested (April 2011).

² The figure as furnished by the department is at variance with the Finance Accounts.

1.1.3 The following table presents the details of the non-tax revenue raised during the period 2006-07 to 2010-11:

(Rupees in crore)							
Sl. No.	Heads of revenue	2006-07	2007-08	2008-09	2009-10	2010-11	Percentage of increase (+)/ decrease (-) in 2010-11 over 2009-10
1	Non-ferrous mining and metallurgical industries	936.60	1,126.06	1,380.60	2,020.76	3,329.25 ³	(+) 64.75
2	Interest receipts	398.42	570.39	654.67	379.23	260.83	(-) 31.22
3	Forestry and wild life	130.63	82.66	139.29	109.03	157.68 ³	(+) 44.62
4	Irrigation and inland water transport	54.41	48.90	52.95	70.13	143.10	(+) 104.05
5	Other administrative services	14.44	17.31	9.38	56.48	11.06	(-) 80.42
6	Public works	24.96	31.61	38.31	41.99	48.79	(+) 16.19
7	Police receipts	23.39	29.17	22.25	36.69	38.45	(+) 4.80
8	Education, Sports, Art and Culture.	41.94	41.95	10.65	14.88	25.98	(+) 74.60
9	Medical and public health	13.07	14.28	32.18	12.96	19.55	(+) 50.85
10	Miscellaneous general services	777.36	396.95	388.85	11.60	412.29	(+) 3454.22
11	Power	1.23	1.05	0.63	2.66	2.07	(-) 22.18
12	Co-operation	2.39	2.29	2.01	1.99	2.18	(+) 9.55
13	Other non-tax receipts	169.28	290.96	444.38	453.80	329.14	(-) 27.47
Total		2,588.12	2,653.58	3,176.15	3,212.20	4,780.37	

The following reasons for variation were reported by the concerned departments:

Non-ferrous mining and metallurgical industries: The increase (64.75 per cent) was mainly due to enhancement of rate of royalty on iron ore, chromite etc. by the Indian Bureau of Mines.

Forestry and wild life: The increase (44.62 per cent) was mainly due to collection of royalty of ₹ 119.17 crore from the Orissa Forest Development Corporation Limited (OFDC).

³ The figure as furnished by the department is at variance with the Finance Accounts.

The other departments did not inform (January 2012) the reasons for variation, despite being requested (April 2011).

1.2 Response of the Departments/Government towards audit

Audit observations on incorrect assessments, non/short levy of taxes, duties, fees etc. not settled on the spot are communicated to the heads of the offices/departments through Inspection Reports (IRs). The departments are required to take corrective measures and furnish compliance within one month. On the basis of the compliance, paragraphs are settled by the Accountant General (AG). The pending paragraphs are discussed in the departmental audit committee meetings (triangular committee meetings) to expedite settlement of the same. Important paragraphs of the IRs and performance audit reports are included in the Report of the Comptroller and Auditor General (CAG) of India which is presented in the State Legislature and discussed in the Public Accounts Committee (PAC). Before such inclusion, the paragraphs are forwarded to the Government seeking their views which is required to be furnished within six weeks. After the Report of the CAG is placed in the legislature, the departments are required to furnish compliance notes within three months. The PAC on receipt of compliance notes discusses the paragraphs and makes recommendations on certain issues. Action taken notes on the recommendations of the PAC are required to be furnished by the departments within six months. The issues raised in the Report of the CAG are finally to be settled after the PAC discusses the action taken notes submitted by the departments.

The responses of the departments/Government to audit on different stages of action are discussed in the succeeding paragraphs 1.2.1 to 1.2.6.

1.2.1 Inadequate corrective action on audit observations

The AG conducts periodical inspection of the Government departments to test check the transactions and verify the maintenance of the important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the IRs incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of the offices are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the AG within one month from the date of issue of the IRs. Serious financial irregularities are reported to the heads of the departments and the Government.

A review of inspection reports issued up to December 2010 disclosed that 9,712 paragraphs involving ₹ 6,258.05 crore relating to 3,267 IRs remained outstanding at the end of June 2011 as mentioned below along with the corresponding figures for the preceding two years.

	June 2009	June 2010	June 2011
Number of outstanding IRs	3,168	3,251	3,267
Number of outstanding audit observations	8,917	9,285	9,712
Amount involved (Rupees in crore)	3,901.84	4,685.50	6,258.05

The department-wise details of the IRs and audit observations outstanding as on June 2011 and the amounts involved are mentioned in the following table:

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved (Rupees in crore)	First reply not received (Number of IRs)
1.	Finance	Orissa Sales Tax/VAT/CST	712 ⁴	1,548	707.19	48
		Entry tax		355	121.32	
		Profession Tax		10	16.87	
2.	Excise	State excise	235	492	156.12	25
3.	Forest and Environment	Forest receipts	503	1,063	379.01	124
4.	Revenue and Disaster Management	Land revenue	767	1,695	1,138.67	199
		Stamp duty and registration fee	461	726	642.30	119
5.	Steel and Mines	Mining receipts	106	240	1,384.35	17
6.	Transport	Taxes on vehicles	314	3,018	571.12	23
		Taxes on goods and passengers	7	237	0.01	
7.	Energy	Electricity duty	111	244	1,111.86	27
8.	Co-operation	Departmental receipts	30	55	14.24	13
9.	Food Supplies and Consumer Welfare	-do-	17	21	3.19	1
10.	Works	-do-	3	3	2.73	1
11.	G.A.(Rent)	-do-	1	5	9.07	1
Total :			3,267	9,712	6,258.05	598

Even the first replies required to be received from the heads of offices within one month from the date of issue of the IRs were not received for 598 IRs issued up to December 2010. This large pendency of the IRs due to non-receipt of the replies is indicative of the fact that adequate action by the heads of offices / Departments to rectify the defects, omissions and irregularities pointed out by the AG in the IRs has not been taken.

We recommend that the Government may take suitable steps to put in place an effective procedure for prompt and appropriate response to audit observations and send replies to the IRs/paragraphs as per the prescribed time schedules so that appropriate action is taken to prevent loss of revenue and to recover the outstanding demands in a time bound manner.

1.2.2 Departmental audit committee meetings

The Government set up audit committees (during various periods) to monitor and expedite the progress of the settlement of IRs and paragraphs in the IRs. The details of the audit committee meetings held during the year 2010-11 and the paragraphs settled are mentioned in the following table.

⁴ Includes 56 and 45 composite IRs issued during 2009-10 and 2010-11 respectively covering OST/CST/VAT/Entry Tax/Profession Tax.

Name of the Department	Head of revenue	Number of meetings held	Number of IRs settled	Number of paragraphs settled	Amount (Rupees in crore)
Finance	VAT, Sales tax, Entry Tax and Profession tax etc.	6	10	64	9.06
Transport	Taxes on vehicles	15	4	17	0.19
Revenue and Disaster Management	Land revenue	30	29	105	33.07
	Stamp duty and Registration fees	3	52	124	1.35
Excise	State Excise	1	5	28	0.52
Forest and Environment	Forest receipts	6	51	59	117.83
Steel and Mines	Mining receipts	1	10	16	2.91
Food Supply and Consumer Welfare	Departmental receipts	1	3	9	0.01
Total		63	164	422	164.94

No audit committee meeting was held during 2010-11 by the Energy and Co-operation Departments. **As the pendency of IRs/paragraphs is accumulating, the Government may instruct the departments to conduct more audit committee meetings to expedite clearance.**

1.2.3 Non-production of records to Audit for scrutiny

The programme of local audit of major tax/non-tax receipt offices is drawn up sufficiently in advance and intimations are issued, usually one month before the commencement of audit, to the departments, to enable them to keep the relevant records ready for audit scrutiny.

During 2010-11, 2,223 tax assessment records under VAT/Sales Tax/Entry Tax relating to 52 commercial tax offices⁵ were not made available to audit. Of these, 1,203 cases relate to 2010-11 and the remaining 1,020 cases relate to earlier years.

5 Angul, Balasore, Bolangir, Bhubaneswar, Cuttack-I, Cuttack-II, Ganjam, Jajpur, Puri, Sambalpur, Sundargarh Ranges and Angul, Balasore, Barbil, Bargarh, Bhadrak, Bhanjanagar, Bolangir, Bhubaneswar-I, Bhubaneswar-II, Bhubaneswar-III, Bhubaneswar-IV, Cuttack-I (Central), Cuttack-I(City), Cuttack-I(East), Cuttack-I(West), Cuttack-II, Dhenkanal, Gajapati, Ganjam-I, Ganjam-II, Jagatsinghpur, Jajpur, Jatni, Jharsuguda, Kalahandi, Kantabanji, Kendrapara, Keonjhar, Koraput, Nayagarh, Malkangiri, Mayurbhanj, Nabarangpur, Nuapara, Puri, Rayagada, Rourkela-I, Rourkela-II, Sambalpur-I, Sambalpur-II and Sonepur Circles.

1.2.3.1 Arrears in assessment of Sales Tax cases

The registered dealers under the erstwhile Orissa Sales Tax (OST) Act, 1947 were to be assessed within 36 months from the expiry of the year in which their sales transactions were made. On the other hand, the unregistered dealers were to be assessed within five years from the expiry of the year to which their sales transactions related. However, the reassessment of a dealer for escapement of tax was to be completed within five years from the expiry of the year to which the dealer's transaction relates. In the aftermath of repealing the OST Act, 1947 prevalent up to 31 March 2005 the assessment and reassessment of registered as well as unregistered dealers were to be completed by 31 March 2010 at the latest unless the cases are locked up in appeal. However, as per the standing orders of the Commissioner of Commercial Taxes (CCT), Odisha issued in September 1994, the re-assessment of set-aside cases are to be completed within three months from the dates of receipt of appeal orders. From the information obtained from the (CCT), Odisha we learnt that as many as 9826 and 6,696 cases relating to the repealed OST Act, 1947 were not assessed as on 31 March 2010 and 31 March 2011 respectively as given below.

Year	Opening balance of arrears	Additions during the year	Total	Cases finalised during the year	Balance at the end of the year
2006-07	374170	80863	455033	211261	243772
2007-08	243772	17010	260782	238036	22746
2008-09	22746	980	23726	10352	13374
2009-10	13374	67	13441	3615	9826
2010-11	9826	144	9970	3274	6696

No specific action plan was initiated by the Department to liquidate the above arrears in OST assessments.

Further the CCT stated that as completion of assessment under the OST Act was a statutory requirement and on implementation of Orissa Value Added Tax Act, 2004 with effect from 1.4.2005, the provisions of the OST Act, during the transition period were saved by the provisions laid down under Section 106 of the Orissa Value Added Tax Act, 2004. The concerned statutory authorities, as assessing authorities, were required to take appropriate steps for completion of the OST assessment proceedings as per the provisions of the statute. However, completion of the said assessment proceedings was monitored by the then ACCTs in charge of Ranges and also in the review meetings taken by the Additional CCTs and the CCT, Odisha, Cuttack.

The CCT in reply to the reasons for non-finalisation of pending OST assessments stated that those cases related to the assessment proceedings initiated under Section 12(5)/12(8) set aside cases under the OST Act, 1947, which would be completed within the stipulated period as per the statute. The reply of the CCT is not convincing since the cut-off date of assessments/re-assessments was 31 March 2010 and the set aside cases were to be re-assessed within three months from the dates of receipts of the appeal orders. Moreover, the State was being deprived of getting the legitimate tax due in cases where re-assessments would result in demands of tax.

1.2.4 Response of the departments to the draft audit paragraphs

The Government of Odisha, Finance Department, in their memorandum instructed (May 1967) various departments of the Government to submit compliance to draft audit paragraphs (DPs) proposed by the AG for inclusion in the Report of the CAG, within six weeks from the date of receipt of such DPs. The above instructions were reiterated (December 1993) while accepting the recommendation of the High Power Committee on response of the State Governments to the Reports of the CAG. The DPs are forwarded by the AG to the Principal Secretary/Secretary of the Administrative Department concerned through demi-official letters seeking confirmation of the factual position and comments thereon within the stipulated period of six weeks.

Sixty three DPs including three performance audits were demi-officially forwarded to the Secretaries/Principal Secretaries of the concerned departments between January and November 2011 with a request for verification of the factual position and also for comments thereon. Demi-official reminders were also issued after the expiry of six weeks time in cases where comments were not received. The position of response to the DPs as of January 2012 is mentioned in the following table.

Sl. No.	Name of the Department/Nature of receipts	No. of draft paragraphs forwarded including performance audits	No. of draft paragraphs in respect of which replies were received	No. of draft paragraphs in which replies were not received
1.	Finance (VAT/CST, Entry tax)	24	24	-
	(i) Performance audit on "Interest receipts on loans and advances."	1	1	-
	(ii) Performance audit on "Utilisation of declaration forms ('C' and 'F') in inter-State trade and commerce."	1	-	1
2.	Transport (Motor vehicles tax including a review on "Computerisation in the Motor Vehicles Department".	12	-	12
3.	Revenue (Land revenue, stamp duty and registration fee)	9	6	3
4.	Excise (Excise duty and fees)	5	-	5
5.	Forest and Environment (Forest receipts)	2	2	-
6.	Steel and Mines (Mining receipts)	4	1	3
7.	Energy (Electricity Duty)	5	2	3
Total		63	36⁶	27

However, sixty one DPs including three PA Reports clubbed in 48 paragraphs have been included in this Report

6 Includes partial replies in some cases.

1.2.5 Follow up on Reports of the CAG - summarised position

According to the instructions issued by the Finance Department in December 1993, the departments are required to furnish explanatory memoranda to the Odisha Legislative Assembly (OLA) in respect of the paragraphs included in the Report of the CAG within three months of laying of such Report on the table of the OLA.

A review of outstanding explanatory memoranda on paragraphs included in the Reports of the CAG (Revenue Receipts) as of June 2011 disclosed that the departments had not submitted explanatory memoranda on 75 paragraphs for the years from 2005-06 to 2009-10 as mentioned in the following table.

Year	No. of paragraphs in the audit report	No. of paragraphs discussed in PAC	No. of paragraphs pending for discussion	No. of paragraphs for which compliance notes have not been received
1991-92	63	62	1	--
1992-93	54	53	1	--
1993-94	44	43	1	--
1994-95	47	44	3	--
1997-98	38	3	35	--
1998-99	40	1	39	--
1999-00	34	--	34	--
2000-01	45	5	40	--
2001-02	45	7	38	--
2002-03	57	10	47	--
2003-04	63	9	54	--
2004-05	62	12	50	--
2005-06	53	33	20	1
2006-07	48	9	39	2
2007-08	44	--	44	8
2008-09	47	--	47	22
2009-10	42	--	42	42
Total	826	291	535	75

Thus, non-compliance to the audit paragraphs stood at 32.05 *per cent* of the total paragraphs (234) presented to the Assembly during the related years.

With a view to ensuring accountability of the executive in respect of all the issues dealt with in the Reports of the CAG, the PAC, as early as in May 1966, issued instructions to the departments of the State Government to submit Action Taken Notes (ATN) on the recommendations made by the PAC for further consideration within six months of the presentation of the PAC Report to the legislature. It was noticed from the PAC reports submitted during the 10th, 11th, 12th and 13th Assembly that 56 Reports containing 501 paragraphs/recommendations were presented by the PAC before the OLA between February 1991 and December 2008 after examination of the Reports of the CAG on revenue receipts relating to 14 departments for the years

1985-86 to 2005-06. However, ATNs have not been received in respect of 31 recommendations of the PAC from six departments⁷ as of June 2011.

This indicates that the executive has not taken adequate action on the important issues highlighted in the Reports of the CAG that involve unrealised revenue.

1.2.6 Compliance to the earlier Reports of the CAG

In the Reports of the CAG for the years 2005-06 to 2009-10, audit observations relating to under assessments, non/short levy of taxes, loss of revenue, failure to raise demands, etc., involving ₹ 2,021.59 crore were included. Of these, as of June 2011, the departments concerned had accepted under assessments and other deficiencies involving ₹ 886.13 crore and had recovered ₹ 334.68 crore. Year wise details of amount accepted and revenue recovered are as under.

(Rupees in crore)				
Sl. No.	Year	Money value of audit observations included in the report	Amount accepted by the Department	Amount recovered
1.	2005-06	136.70	47.37	21.61
2.	2006-07	516.32	447.22	292.35
3.	2007-08	484.80	142.69	15.33
4.	2008-09	578.83	67.13	5.14
5.	2009-10	304.94	181.72	0.25
Total		2021.59	886.13	334.68

1.3 Analysis of the mechanism for dealing with the issues raised by Audit

The succeeding paragraphs 1.3.1 to 1.3.2 discuss the performance of the Excise Department in dealing with the cases detected in the course of local audit conducted during the last five years and also the cases included in the IRs for the years 2006-07 to 2010-11.

1.3.1 Position of Inspection Reports

The summarised position of IRs issued during the last five years, paragraphs included in these reports and their status as on March 2011 are tabulated below.

(Rupees in crore)												
Year	Opening balance			Addition during the year			Clearance during the year			Closing balance		
	IRs	Para graphs	Money value	IRs	Para graphs	Money value	IRs	Para graphs	Money value	IRs	Para graphs	Money value
2006-07	258	602	128.89	55	138	42.65	39	107	16.48	274	633	155.06
2007-08	274	633	155.06	28	70	13.36	23	91	26.97	279	612	141.45
2008-09	279	612	141.45	18	53	16.95	76	229	53.98	221	436	104.42
2009-10	221	436	104.42	34	95	20.40	17	23	0.10	238	508	124.72
2010-11	238	508	124.72	19	66	14.82	13	77	1.47	244	497	138.07

⁷ Agriculture, Excise, Law, Revenue and Disaster Management, Steel and Mines and Water Resources Departments.

In order to expedite settlement of the pending IRs/paragraphs, six departmental audit committee meetings were held during the above period wherein 59 IRs and 272 paragraphs were settled. As a result, the pendency of IRs and paragraphs as on 31 March 2011 has decreased in comparison to that of 1 April 2006.

Besides the above, during regular inspection of the offices, pending IRs/paragraphs are reviewed on the spot after obtaining compliance. Settlement of the IRs / paragraphs is also made on receipt of compliance from the Department and on *suo motu* review of the pending cases.

1.3.2 Assurances given by the Department/Government on the issues highlighted in the Reports of the CAG

1.3.2.1 Recovery of accepted cases

The position of paragraphs included in the Reports of the CAG for the last five years, those accepted by the Department and the amount recovered is mentioned in the following table:

(Rupees in crore)						
Year of the Report of the CAG	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	Amount recovered during the year	Cumulative position of recovery of accepted cases
2005-06	3	6.00	2	1.69	1.36	1.46
2006-07	5	0.82	4	0.76	0.09	0.13
2007-08	5	3.85	2	3.14	-	0.27
2008-09	1	0.57	-	-	-	-
2009-10	9	21.19	5	0.69	0.14	0.14
Total	23	32.43	13	6.28	1.59	2.00

During the above period the recoveries out of the accepted cases as reported to audit is 31.85 *per cent*. **As arrear demands of excise dues are recoverable under the Orissa Public Demand Recovery (OPDR) Act, 1962, the Government may initiate cases for realisation of the balance amount of the accepted cases.**

1.4 Audit planning

The unit offices under various departments are categorised into high, medium and low risk units according to their revenue position, past trends of audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter-alia* includes critical issues in government revenues and tax administration i.e. budget speech, White Paper on State finances, reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, features of the tax administration, audit coverage and its impact during the past five years, etc.

During the year 2010-11, the audit universe comprised of 806 auditable units, of which 330 units were planned and audited during the year 2010-11 which was 40.94 *per cent* of the total auditable units. The details are shown in the following table.

Units for Annual Audit Plan – 2010-11

Sl. No.	Principal Heads	Total No. of units	Units planned/audited
1	VAT/CST/OET etc.	60	60
2	Motor Vehicles tax	39	27
3	Land Revenue	316	108
4	Stamp Duty and Registration Fee	174	21
5	State Excise Duty and Fees	34	15
6	Forest Receipts	74	59
7	Mining Receipts	24	15
8	Departmental Receipts	85	25
Total		806	330

Besides the compliance audit mentioned above, two performance audits on “Utilisation of declaration forms (‘C’ and ‘F’) in Inter State Trade and Commerce” and “Interest Receipts on loans and advances” were also conducted.

1.5 Results of audit

1.5.1 Position of local audit conducted during the year

Test check of the records of 330 units⁸ of commercial tax, motor vehicles tax, land revenue, stamp duty and registration fee, state excise, forest receipts, mining receipts and other departmental receipt offices conducted during the year 2010-11 and 2011-12 revealed underassessment/short levy/loss of revenue aggregating ₹ 2,138.56 crore in 1,83,397 cases. During the course of the year and the next year the departments concerned accepted under assessments and other deficiencies of ₹ 1,635.29 crore involved in 33,615 cases of which 10,178 cases involving ₹ 1,605.56 crore were pointed out in audit during 2010-11, 2011-12 and the rest in the earlier years. The departments collected ₹ 31 crore in 2,986 cases during 2010-11.

1.5.2 This Report

This Report contains 45 paragraphs and three performance audits on “Utilisation of declaration forms (‘C’ and ‘F’) in inter-State trade and commerce”, “Computerisation in the Motor Vehicles Department” and “Interest receipts on loans and advances” relating to short/non-levy of tax, duty and interest, penalty etc., involving financial effect of ₹ 1,032.61 crore. The Departments / Government have accepted audit observations involving ₹ 891.03 crore out of which ₹ 0.33 crore has been recovered. The replies in the remaining cases have not been received (January 2012). These observations are discussed in the succeeding chapters II to VIII.

⁸ Besides this one Range (Cuttack-I) and 12 Circles were taken up for performance audit on “Utilisation of declaration forms (‘C’ & ‘F’) in inter State trade and commerce”. Further, the State Transport Authority (STA) and nine Regions of the Transport Department were taken up for a Performance Audit on “Computerisation in the Motor Vehicles Department” and seven more Departments including Finance Department were taken up for a Performance Audit on “Interest Receipts on loans and advances.”