

CHAPTER-I: GENERAL

EXECUTIVE SUMMARY

What we have highlighted in this Chapter In this Chapter, we present the trend of Revenue Receipts of the State Government, variations between budget estimates and actuals, response of the Government Departments towards Audit, position of the Departmental Audit Committee meetings, mechanism in the Government/Departments to deal with issues raised by Audit, position of outstanding paragraphs in Inspection Reports (IRs), action taken by the Government on the recommendations highlighted in the various Audits of Transport Department included in previous Audit Reports and Impact of audit.

Trend of revenue receipts of the State Government The revenue receipts of the Government of Chhattisgarh comprises of tax and non-tax revenue raised by the State Government, the State's share of net proceeds of divisible Union taxes and duties assigned to State and Grants-in-aid received from the Government of India.

During the year 2012-13, the revenue raised by the State Government was ₹ 17,650.16 crore which was 60 *per cent* of the total revenue receipts. The balance 40 *per cent* of receipts amounting to ₹ 11,927.93 crore during 2012-13 was from the Government of India.

Non-compliance of observations included in the Inspection Reports (IRs) Inspection Reports, issued up to December 2012, disclosed that 9943 paragraphs relating to 2,549 IRs involving ₹ 5,930.53 crore remained outstanding at the end of June 2013 for want of compliance.

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 (30 June 2013) for 83 IRs issued up to March 2013. This pendency of the IRs due to non-receipt of the replies is indicative of the fact that the Heads of Offices and Heads of

Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the Accountant General in the IRs.

Very low recovery of the amount pointed out by Audit in earlier Audit Reports

In respect of Audit Reports pertaining to the years 2007-08 to 2011-12, the Government/Departments accepted audit observations involving ₹ 2,048.57 crore, of which only ₹ 300.20 crore (14.65 per cent) had been recovered till March 2013.

Departmental Audit Committee Meetings (ACM)

We noticed that during 2012-13, three Departments had convened eight¹ Audit Committee Meetings (ACMs) wherein 252 paragraphs involving money value of ₹ 30.34 crore were settled, while other Departments did not take any initiative to hold ACMs.

It is recommended that Government may ensure convening of periodical ACMs by all the Departments for effective and expeditious settlement of outstanding paragraphs.

Amendments at the instance of audit

The Department/Government made changes in the Rules through notifications/circulars at the instance of Audit. Revised mining plan was not being taken into consideration by the Mineral Resources Department for calculation of Stamp Duty and Registration Fees. After audit highlighted the issue, the Department made necessary amendments in the rule.

Our conclusion

Audit observations involving financial effect of ₹ 1,334.05 crore were issued during the period 2012-13. The Departments/Government accepted observations involving ₹ 181.55 crore. It is recommended that the Government may make efforts to recover the amount of accepted cases at the earliest.

The amount outstanding as arrears of revenue for more than five years was more than 47 per cent of the total outstanding amount. The State Government may make

¹ Stamps and Registration - one, Commercial Tax - two and Mineral Resources - five meetings

efforts to ensure the recovery of the outstanding amount at the earliest.

The Government may take suitable steps to introduce an effective procedure for prompt and appropriate response to audit observations as well as taking action against the officials for their inaction to send the replies to the IRs/paragraphs as per the prescribed time schedule and also for non-initiation of action to recover outstanding revenue in a time bound manner.

The Department needs to take appropriate steps to recover the amount involved, at least in accepted cases. It also needs to improve the internal control system so that weaknesses in the system are addressed and omissions detected by us are avoided in future.

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by the Government of Chhattisgarh during the year 2012-13, the State's share of net proceeds of divisible Union taxes and duties assigned to 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:

(₹ in crore)

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Revenue raised by the State Government					
	• Tax revenue	6,593.72	7,123.25	9,005.14	10,712.25	13,034.21
	• Non-tax revenue	2,202.21	3,043.00	3,835.32	4,058.48	4,615.95
	Total	8,795.93	10,166.25	12,840.46	14,770.73	17,650.16
2.	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties	4,257.91	4,380.66	5,425.19	6,320.44	7,217.60 ²
	• Grants-in-aid	2,608.92	3,606.74	4,453.89	4,776.21	4,710.33
	Total	6,866.83	7,987.40	9,879.08	11,096.65	11,927.93
3.	Total revenue receipts of the Government (1 and 2)	15,662.76	18,153.65	22,719.54	25,867.38	29,578.09
4.	Percentage of 1 to 3	56	56	57	57	60

(Source: Finance Accounts of the Government of Chhattisgarh)

The above table indicates that during the year 2012-13, the revenue raised by the State Government (₹ 17,650.16 crore) was 60 per cent of the total receipts. The balance 40 per cent of receipts during 2012-13 was from Government of India.

² For details, refer "tax revenue" of statement 11, detailed account of revenue by minor heads of the Finance Account of the Government of Chhattisgarh 2012-13. The amount under the minor head 901- share of net proceeds assigned to the state booked under the major heads 0020- Corporation tax, 0021- Taxes on income other than Corporation Tax, 0032- Taxes on wealth, 0037- Customs, 0038- Union excise duty and 0044- Service tax under 'A-tax revenue' have been excluded from the revenue raised by the State and included in the State's share of divisible Union taxes in this statement.

1.1.2 The following table presents the details of the tax revenue raised during the period 2008-09 to 2012-13:

(₹ in crore)

Sl. No.	Head of revenue	2008-09	2009-10	2010-11	2011-12	2012-13	Percentage of increase (+)/ decrease (-) in 2012-13 over 2011-12
1.	• Commercial tax	2,946.78	3,031.16	4,094.96	4,886.25	6,072.77	24.28
	• Central sales tax	664.16	681.00	745.83	1,120.00	855.88	(-) 23.58
2.	State Excise	964.10	1,187.72	1,506.44	1,596.98	2,485.68	55.65
3.	Stamps and Registration Fees	495.59	583.13	785.85	845.82	952.47	12.61
4.	Taxes and Duties on Electricity	415.10	416.91	502.53	637.97	860.75	34.92
5.	Taxes on vehicles	313.78	351.88	427.52	502.18	591.75	17.84
6.	Taxes on Goods and Passengers	420.71	696.10	675.14	825.67	954.31	15.58
7.	Other Taxes on Income and Expenditure, Taxes on Professions, Trades, Callings and Employments including Hotel Receipts Tax	7.68	8.81	8.82	11.07	6.84	(-) 38.21
8.	Other Taxes and Duties on Commodities and Services	6.33	6.86	10.68	15.75	19.65	24.76
9.	Land Revenue	359.49	159.68	247.37	270.56	234.11	(-) 13.47
Total		6,593.72	7,123.25	9,005.14	10,712.25	13,034.21	21.68

(Source: Finance Accounts of the Government of Chhattisgarh)

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

Commercial Tax: The increase (24.28 per cent) was due to proper monitoring and improved facilities given to traders.

Stamps and registration fees: The increase (12.61 per cent) was due to receipt of ₹ 28 crore from a lease deed in Sarguja district and there was also increase in market value as per the guidelines.

Taxes and duties on electricity: The increase (34.92 per cent) was due to receipt of electricity duty/cess of previous years.

Taxes on Vehicles: The increase (17.84 per cent) was due to increase in registration of new vehicles.

Land Revenue: The decrease (13.47 per cent) was due to non collection of land revenue in *Naxal* affected areas and some areas which were declared drought hit.

The other Departments did not furnish the reasons for variations despite request.

1.1.3 The following table presents the details of the non-tax revenue raised by the State Government during the period 2008-09 to 2012-13:

(₹ in crore)

Sl. No.	Head of revenue	2008-09	2009-10	2010-11	2011-12	2012-13	Percentage of increase(+) / decrease (-) in 2012-13 over 2011-12
1.	Non-ferrous Mining and Metallurgical Industries	1,243.24	1,660.87	2,470.44	2,744.82	3,138.18	14.33
2.	Forestry and Wild Life	322.29	345.85	305.17	341.64	363.96	6.53
3.	Interest Receipts	237.40	220.70	170.95	216.57	243.13	12.26
4.	Major and Medium Irrigation	126.04	105.37	222.00	336.49	357.23	6.16
5.	Other Non-Tax Receipts	135.17	537.82	602.01	325.05	370.44	13.96
6.	Medical and Public Health	1.67	35.67	10.26	21.11	17.09	(-) 19.04
7.	Other Administrative Services	11.49	13.03	15.97	16.36	20.34	24.33
8.	Police	8.22	6.69	18.22	19.41	19.39	(-) 0.10
9.	Public Works	13.59	14.61	15.74	15.81	28.02	77.23
10.	Miscellaneous General Services	95.58	96.97	(-) 0.84	0.74	47.63	6336.49
11.	Co-operation	7.52	5.42	5.40	20.48	10.54	(-) 48.54
Total		2,202.21	3,043.00	3,835.32	4,058.48	4,615.95	13.74

(Source: Finance Accounts of the Government of Chhattisgarh)

The following reasons were reported by the concerned Departments:

Non-ferrous Mining and Metallurgical Industries: The increase (14.33 per cent) was due to increase in royalty of coal from 10 May 2012.

Forestry and Wild Life: The increase (6.53 per cent) was due to increase in sale price and production of forest produce. Further, other receipts like licence fees, TP fees etc., also increased.

Public works: The increase (77.23 per cent) was due to award of contracts for new works and road tax on new bridges were also being recovered.

Major and Medium Irrigation: The increase (6.16 per cent) was due to increase in rate of tax and cent per cent advance water tax recovered from industries except State Power Generation Company.

The reasons for variation from the other Departments have not been received (November 2013).

1.2 Variations between the budget estimates and actuals

The variations between the budget estimates and actuals of revenue receipts for the year 2012-13 in respect of the principal heads of tax and non-tax revenue are mentioned below:

(₹ in crore)

Sl. No.	Head of revenue	Budget estimates	Actuals	Variations excess (+) or shortfall (-)	Percentage of variation
A. Tax revenue					
1.	Taxes on Sales, Trade etc.	7,310.20	6,928.65	(-) 381.55	(-) 5.22
2.	State Excise	2,200.00	2,485.68	285.68	12.99
3.	Taxes and Duties on Electricity	780.00	860.74	80.74	10.35
4.	Stamps and Registration Fees	950.00	952.47	2.47	0.26
5.	Taxes on Goods and Passengers	950.00	954.31	4.31	0.45
6.	Taxes on Vehicles	605.71	591.75	(-) 13.96	(-) 2.30
7.	Land Revenue	346.00	234.11	(-) 111.89	(-) 32.34
8.	Other Taxes on Income and Expenditure- Taxes on Professions, Trades, Callings and Employments	1.12	2.72	1.60	142.86
9.	Other Taxes and Duties on Commodities and Services	15.50	19.65	4.15	26.77
10.	Hotel Receipts Tax	2.65	4.12	1.47	55.47
B. Non-Tax revenue					
1.	Non-Ferrous Mining and Metallurgical Industries	3,105.00	3,138.18	33.18	1.07
2.	Forestry and Wild Life	405.00	363.96	(-) 41.04	(-) 10.13
3.	Interest Receipts	321.94	243.13	(-) 78.81	(-) 24.48
4.	Major and Medium Irrigation	391.46	357.23	(-) 34.23	(-) 8.74
5.	Medical and Public Health	12.25	17.09	4.84	39.51
6.	Other Administrative Services	18.56	20.34	1.78	9.59
7.	Police	14.00	19.39	5.39	38.50
8.	Public Works Department	12.40	28.02	15.62	125.96
9.	Water Supply and Sanitation	6.50	5.01	(-) 1.49	(-) 22.92
10.	Jail- Other Receipts	3.96	3.37	(-) 0.59	(-) 14.90

(Source: Finance Accounts of the Government of Chhattisgarh)

It can be seen from the above table that there was a variation of (-) 32.34 to 142.86 per cent between the budget estimates and the actuals.

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

Commercial Tax: The decrease (5.22 per cent) was due to less revenue received from paddy, iron ore, sponge iron, wood, railway sleepers and *pan masala* compared to previous year.

Non-ferrous Mining and Metallurgical Industries: The increase (1.07 per cent) was due to increase in royalty of coal from 10 May 2012.

Public works: The increase (109.84 per cent) was due to award of contracts for new works.

The reasons for variation from the other Departments have not been received (November 2013).

We recommend that while preparing budget estimates, the State Government may take realistic inputs as significant variations were noticed between budget estimates and actuals.

1.3 Analysis of arrears of revenue in terms of total outstanding and outstanding for more than five years

The arrears of some principal heads of revenue as on 31 March 2013 as reported by the Departments³ amounted to ₹ 1,256.64 crore of which ₹ 600.09 crore was outstanding for more than five years as mentioned below:

(₹ in crore)

Sl. No.	Head of revenue	Amount outstanding as on 31 March 2013	Amount outstanding for more than 5 years as on 31 March 2013	Remarks
1.	Taxes on Sales, Trade etc.	556.08	551.67	Arrears are due to stay order by court, closure of business and amounts remaining unrecoverable on RRCs issued out of State. Demand notices, warrant, notices for seizure and auction thereof were issued. Bank accounts were forfeited. Schemes like <i>Saral Samadhan Yojana</i> were introduced to recover the arrears of revenue.
2.	Taxes on Vehicles	14.99	0.41	Recovery of ₹ 1.13 crore was adjourned by the court. The arrears were of the period before 1991. As the vehicles were old and condemn, recovery could not be made. Recovery of ₹ 2.47 crore was made between April and July 2013. Instructions have been given to prepare the list of vehicles and to recover arrears of revenue at the earliest.
3.	State Excise	31.04	23.59	Action for recovery of outstanding revenue is being taken under Land Revenue Code.

³ Except the Land Revenue Department

4.	Stamps and Registration Fees	12.36	1.40	District Registrars (DR) would issue demand notices and take action for recovery.
5.	Taxes and Duties on Electricity	631.76	20.38	All out efforts were being made to recover the arrears of revenue.
6.	Non-Ferrous Mining and Metallurgical Industries	1.45	1.36	Instructions have been given to the Mining Officers to conduct special drive and effect recovery. During a Review meeting, Secretary of Mining directed to send a proposal to State Government to write-off outstanding arrears.
7.	Forestry and Wild Life	8.96	1.28	The Department had issued letters to its offices from time to time for early recovery of outstanding arrears.
Total		1,256.64	600.09	

(Source: Figures furnished by the Departments)

The above table indicates that the amount outstanding as arrears of revenue for more than five years was more than 47 per cent of the total outstanding amount.

We recommend that the State Government may make efforts to ensure the recovery of outstanding amount at the earliest.

1.4 Evasion of tax

The details of cases of evasion of tax detected by the Commercial Tax Department, cases finalised and the demand for additional tax raised during 2012-13, as reported by the Department, are mentioned in the following table:

Sl. No.	Name of Department	Cases pending as on 31 March 2012	Cases detected during 2012-13	Total	No. of cases in which assessments/ investigations completed and additional demand including penalty etc., raised		No. of cases pending finalisation as on 31 March 2013
					No. of cases	Amount of demand (₹ in crore)	
1.	Commercial Tax	108	64	172	57	125.81	115

(Source: Figures furnished by the Department)

It may be seen from the above that Commercial Tax Department finalised 33.14 per cent of total cases outstanding as on 31 March 2013. All the 57 cases disposed of during 2012-13, related to the period prior to 2012-13.

1.5 Refunds

The number of refund cases pending at the beginning of the year 2012-13, claims received during the year, refunds allowed during the year and cases pending at the close of the year 2012-13, as reported by the Commercial Tax Department, are mentioned in the following table:

(₹ in crore)

Name of the Department	Opening balance		Claims received		Refunds allowed		Closing balance	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Commercial Tax	132	2.95	1034	578.26	858	531.91	308	49.30

(Source: Figures furnished by the Department)

It can be seen from the above table that of the total cases of refunds, the refunds were allowed in 74 per cent cases.

1.6 Response of the Government Departments towards Audit

The Accountant General (Audit), Chhattisgarh (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 Inspection Reports (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/Government 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.

1.6.1 Outstanding IRs and audit observations

Inspection Reports issued up to December 2012 revealed that 9,943 paragraphs involving ₹ 5,930.53 crore relating to 2,549 IRs remained outstanding at the end of June 2013 as mentioned in the following table along with the corresponding figures for the preceding two years:

	June 2011	June 2012	June 2013
Number of outstanding IRs	2,094	2,185	2,549
Number of outstanding audit observations	7,874	8,428	9,943
Amount involved (₹ in crore)	3,429.36	4,495.26	5,930.53

The Department-wise details of the IRs and audit observations outstanding as on 30 June 2013 and the amount involved are mentioned in the following table:

Sl. No.	Name of the Department	Particulars	Number of outstanding IRs	Number of outstanding audit observations	Amount involved (₹ in crore)
1.	Finance	Taxes on Sales, Trade etc	391	2,470	362.03
		Entertainment Tax	70	97	2.06
2.	Registration	Stamps and Registration Fees	200	490	28.62
3.	Revenue	Land Revenue	540	1,624	414.02
4.	Transport	Taxes on Motor Vehicles	129	940	124.02
5.	Excise	State Excise	122	346	336.67
6.	Mineral Resources	Non-Ferrous Mining and Metallurgical Industries	133	456	815.28
7.	Forest	Receipts	307	935	1,033.32
		Expenditure	356	1,481	518.91
8.	Energy	Taxes and duties on Electricity	13	62	1,644.41
9.	Other Tax Departments	Other Receipts	288	1,042	651.19
Total			2,549	9,943	5,930.53

1.7 Compliance to Audit Observations

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 83 IRs issued up to March 2013. This pendency of the replies is indicative of the fact that the Heads of offices and Heads of the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the AG in the IRs.

We recommend that the Government may take suitable steps to install an effective procedure for prompt and appropriate response to audit observations.

1.8 Departmental Audit Committee meetings

The Government has 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 (ACMs) held during the year 2012-13 and the paragraphs settled are mentioned below:

Head of revenue	Number of meetings held	Number of paragraphs settled	Amount (₹ in crore)
Stamps and Registration Fees	1	176	1.92
Commercial Tax	2	48	22.50
Non-ferrous Mining and Metallurgical Industries	5	28	5.92
Total	8	252	30.34

It is seen from the above that during 2012-13, the Registration Department, Commercial Tax Department and Mineral Resources Department convened one,

two and five ACMs respectively in which 252 paragraphs (involving money value of ₹ 30.34 crore) were settled; other Departments did not take any initiative to hold ACMs.

It is recommended that Government may ensure convening of periodical ACMs by all the Departments for effective and expeditious settlement of outstanding paragraphs.

1.9 Response of the Departments to the draft audit paragraphs

All Departments are to send their response to the draft paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within six weeks of their receipt. The draft paragraphs are forwarded to the Secretaries of the Department concerned through demi-official letters requesting them to send their response within six weeks. The fact of non-receipt of replies from the Government is invariably indicated at the end of each such paragraph included in the Audit Report.

Sixty four draft paragraphs (clubbed into 27 paragraphs) proposed to be included in the Report of the Comptroller and Auditor General of India (Revenue Sector) for the year ended 31 March 2013 were forwarded to the Secretaries of the respective Departments between April 2012 and March 2013. The Departments have accepted 15 cases pertaining to 10 paragraphs. The Departments either did not furnish the replies or did not agree to audit observations in respect of remaining paragraphs (November 2013).

1.10 Follow up on the Audit Reports- summarised position

According to the instructions issued by the Finance Department, all Departments are required to furnish explanatory memoranda (Departmental Notes) to the Chhattisgarh *Vidhan Sabha* Secretariat, in respect of paragraphs included in the Audit Reports, within three months of their being laid on the table of the House.

As on March 2013, Land Revenue Department and Water Resources Department had not furnished the Departmental notes in respect of two and one paragraphs respectively included in the Audit Report for the year 2004-05 and 2010-11 for vetting and the delay was ranging from 8 to 81 months as mentioned below:

Sl. No.	Name of the Department	Year of report	Date of presentation to the legislature	Last date by which departmental notes were due	Number of paragraphs for which departmental notes were due	Delay in months at the end of March 2013
1	Land Revenue	2004-05	23.03.2006	23.06.2006	1	81
		2010-11	03.04.2012	03.07.2012	1	8
2	Water Resources	2010-11	03.04.2012	03.07.2012	1	8

With a view to ensure accountability of the executive, the Public Accounts Committee (PAC) lays down in each case, the period within which Action Taken Notes (ATN) on its recommendations should be sent. The PAC discussed 82 selected paragraphs pertaining to the Audit Reports for the years 1998-99 to 2009-10 and gave its recommendations on 44 paragraphs. However, ATNs have

not been received in respect of 16 recommendations of the PAC from the Departments concerned as mentioned below:

Year	Name of the Department						Total
	Excise	Energy	Registration	Transport	Commercial Tax	Mineral Resources	
1998-99	-	-	-	-	-	1	1
1999-00	1	1	-	-	-	-	2
2000-01	-	-	1	1	-	-	2
2001-02	1	-	-	-	-	-	1
2002-03	-	-	-	-	3	-	3
2003-04	-	-	-	1	-	1	2
2004-05	-	-	-	1	-	2	3
2005-06	-	-	-	-	-	1	1
2007-08	-	1	-	-	-	-	1
Total	2	2	1	3	3	5	16

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

The succeeding paragraphs 1.11.1 and 1.11.2 discuss the performance of the Transport Department to deal with the cases detected in the course of local audit conducted during the years 2003-04 to 2012-13 and also the cases included in the Audit Reports for the years 2002-03 to 2011-12.

1.11.1 Position of outstanding Inspection Reports

The summarised position of IRs issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2013 are mentioned below:

Year	Opening balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Para-graphs	Money value (₹ in crore)	IRs	Para-graphs	Money value (₹ in crore)	IRs	Para-graphs	Money value (₹ in crore)	IRs	Para-graphs	Money value (₹ in crore)
2003-04	63	547	143.87	6	35	2.60	4	75	103.59	65	507	42.88
2004-05	65	507	42.88	1	6	1.03	0	0	0.00	66	513	43.91
2005-06	66	513	43.91	8	64	6.73	0	0	0.00	74	577	50.64
2006-07	74	577	50.64	3	25	3.68	0	2	1.97	77	600	52.34
2007-08	77	600	52.34	9	49	14.18	0	7	0.31	86	642	66.21
2008-09	86	642	66.21	13	70	11.11	0	3	0.17	99	709	77.15
2009-10	99	709	77.15	5	26	5.58	2	11	1.80	102	724	80.93
2010-11	102	724	80.93	14	104	14.98	1	58	2.15	115	770	93.76
2011-12	115	770	93.76	8	97	21.73	0	1	0.32	123	866	115.17
2012-13	123	866	115.17	7	87	9.55	0	1	0.10	130	952	124.62

It is recommended that the Department/Government may take appropriate and timely action to settle the outstanding paragraphs.

1.11.2 Assurance given by the Department/Government on the issues highlighted in the Audit Reports

1.11.2.1 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Transport Department and the amount recovered are mentioned in the following table:

(₹ in lakh)

Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	Money value of paragraphs accepted	Year-wise cumulative position of recovery of accepted cases
2002-03	2	84.14	7.02	7.02
2003-04	1	101.00	12.43	12.43
2004-05	2	349.68	39.39	39.39
2005-06	1	211.00	211.00	Nil
2006-07	1	127.00	127.00	30.53
2007-08	2	669.00	358.00	104.97
2008-09	2	335.92	37.44	37.44
2009-10	Nil	Nil	Nil	Nil
2010-11	2	20.23	7.73	7.73
2011-12	5	1,789.27	869.81	49.22
Total	18	3,687.24	1,669.82	288.73

It may be seen from the above table that recovery of only ₹ 2.89 crore (17.29 per cent) against the accepted amount of ₹ 16.70 crore has been effected by the Department against the Audit Report for the period 2002-03 to 2011-12.

When asked about the existing mechanism in the Department to monitor the recovery in the accepted cases, the Department intimated that demand notices have been issued to the dealers in all the accepted cases. If the amount is not deposited within the permissible time of 30 days, Revenue Recovery Certificates (RRCs) are issued to recover the amount. However, the fact remains that only 17.29 per cent of the amount accepted by the Department was recovered during the last 10 years.

As the recovery made by the Department in the accepted cases is very low, we recommend that the Department may take suitable measures to ensure expeditious recovery of revenue in respect of these cases.

1.11.2.2 Action taken on the recommendations accepted by the Departments/Government

The draft reports of Audit conducted by the AG are forwarded to the concerned Departments/Government with the request to furnish their replies. These draft reports are also discussed in an exit conference and the Department's/Government's views are included in the Reports.

The following paragraphs discuss the issues highlighted during review of the **Transport Department** featured in the last 10 Audit Reports including the recommendations and action taken by the Department on the recommendations accepted by it as well as the Government.

Year of Audit Report	Name of audit	Number of recommendations	Details of the recommendations accepted	Status
2009-10	Levy and Collection of taxes on Motor vehicles	8	1) Issue instructions for realisation of arrears in a time bound manner.	For realisation of the arrears in a time bound manner, instructions have been issued from time to time.
			2) Considering the number of cases of fraud, embezzlement, manipulation, etc. observed by audit from test check, take immediate action to avoid occurrence of such cases in future by strengthening the internal control mechanism, Cash Book maintenance and internal audit.	As recommended by Audit, internal audit of all offices will be undertaken. Additional Transport Commissioner, Chhattisgarh had issued instructions to all RTOs, Additional RTOs, DTOs to check the genuineness of <i>challans</i> with the second copy received from treasury/Bank.
			3) Fix the rates for sleeper coach buses and notify them as early as possible to prevent further loss of revenue.	In the PAC meeting, Principal Secretary, Transport stated that ordinance regarding Tax rates of sleeper bus will be issued and bill will be introduced in the next session of the State legislature.
			4) Insist for Form-19 from the dealer to avoid loss of revenue.	Since February 2011, the payment of trade fee and trade tax has been made mandatory in respect of Smart Cards as required under form 19 previously.
			5) Take immediate steps to issue fitness certificates for all vehicles which are due, in interest of public safety.	As per instructions issued by the Department, strictness is being maintained while issuing fitness certificates. Computerisation is being carried out. Principal Secretary gave assurance in PAC meeting that no vehicle would be allowed to ply on road without Fitness certificate.
			6) Strictly follow the provisions of the Act for ensuring that the vehicles are not kept unused for long periods in interest of revenue.	Instructions have been issued to concerned RTOs.
			7) Revise the seating capacity of the old and new passenger vehicles as per rules.	By Notification no. 3651/Tech/Transport/2012 dated 6 July 2012, wheel base categories have been increased to nine from three, to enable the registering authority to determine the appropriate seating capacity for taxation purposes.
			8) Improve the demand notices mechanism for recovery of road taxes from defaulting vehicle owners.	An amount of ₹ 39.79 lakh has been recovered from vehicle owners.
2010-11	IT Audit on VAHAN and SARATHI Software	6	1) Frame the security and backup policies and define the business continuity plan.	Department stated that owing to its importance Smart Card scheme has been implemented. As per this scheme, data has been prepared by NIC for disaster recovery plan. Further, data of <i>Vahan</i> and <i>Sarathi</i> software in State register has been prepared and recovery of the same is being done by NIC.

			2) Identify gaps in the process mapping and incorporate them in the application.	Instructions have been issued to RTOs to correct the entries as per the records.
			3) Strengthen the input and validation control features to ensure that incorrect and incomplete data are not fed into the system.	Instructions have been issued to RTOs to correct the entries as per the records.
			4) Ensure adequate physical and logical access control so that the safety and security of data is not compromised.	Smart Card scheme has been implemented from 28.05.2012. For making Smart Cards, key management system has been implemented which have NIC Certification from the Government of India. This system controls unauthorised access.
			5) Ensure proper supervisory check/control over the system.	Instructions have been issued to RTOs to supervise the system effectively.
			6) Train departmental officials in system management and database operation.	Regular data entry operators have been posted in all field offices and training has been imparted to them to work in this software efficiently.

1.12 Impact of Audit

1.12.1 Status of compliance to Audit Reports (2007-08 to 2011-12):

In the Audit Reports of 2007-08 to 2011-12, cases of underassessment, non/short-levy of taxes, loss of revenue, failure to raise demands etc., were indicated involving ₹ 2,591.57 crore. The Departments accepted observations involving ₹ 2,048.57 crore (Commercial Tax: ₹ 60.96 crore, Stamp duty: ₹ 1.87 crore, State Excise: ₹ 11.63 crore, Transport: ₹ 18.99 crore, Land Revenue: ₹ 2.78 crore, Mining: ₹ 124.68 crore, Forest (Revenue): ₹ 10.73 crore, Forest (Expenditure): ₹ 36 lakh, Electricity: ₹ 1,216.06 crore, and others: ₹ 600.51 crore) of which ₹ 300.20 crore only had been recovered till March, 2013 as mentioned in the following table:

(₹ in crore)

Sl. No.	Year of the Audit Report	Total money value	Amount accepted	Recovery made up to March 2013
1.	2007-08	92.87	52.88	6.66
2.	2008-09	486.08	446.33	127.35
3.	2009-10	99.21	20.84	12.59
4.	2010-11 ⁴	344.50	129.39	76.98
5.	2011-12	1,568.91	1,399.13	76.62
Total		2,591.57	2,048.57	300.20

From the above, it is observed that only 14.65 per cent of the amount accepted by the Departments was recovered during the last five years.

We recommend that the Government may take appropriate measures to ensure expeditious recovery of revenue in respect of the accepted cases.

⁴ During 2010-11, two Audit Reports (Report no. 1 and 4) were brought out on the Revenue Sector

1.12.2 Status of compliance to outstanding Inspection Reports (2007-08 to 2011-12):

During the period 2007-08 to 2011-12, we had audited 505 units of Commercial Tax, Registration, Land Revenue, Transport, State Excise, Mineral Resources and Forest Departments. Through our Inspection Reports, we had pointed out 47,620 cases with revenue implication of ₹ 1,140.79 crore. The Departments accepted observations of ₹ 362.55 crore of which an amount of ₹ 41.49 crore had been recovered in 735 cases till March 2013 as shown in the below table:

(₹ in crore)

Year of Inspection Reports	No. of units audited	Amount objected		Amount accepted		Amount Recovered	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
2007-08	91	6,747	132.91	5,665	96.15	67	0.54
2008-09	105	7,466	136.85	4,120	60.32	19	1.01
2009-10	108	7,437	188.79	5,421	56.54	538	14.06
2010-11	105	7,289	185.88	4,335	43.30	83	3.55
2011-12	96	18,681	496.36	5,701	106.24	28	22.33
Total	505	47,620	1,140.79	25,242	362.55	735	41.49

1.12.3 Status of compliance to Inspection Reports (2012-13):

Test check of the records of 115 units⁵ of commercial tax, stamps and registration fees, land revenue, taxes on vehicles, state excise, taxes and duties on electricity and other non-tax receipts/expenditure conducted during the year 2012-13 revealed underassessment, non/short levy of revenue aggregating to ₹ 1,334.05 crore in 6,407 cases. During the course of the year, the concerned Departments accepted underassessment and other deficiencies of ₹ 181.55 crore involved in 4,713 cases. Out of this, the Department recovered ₹ 95.53 crore during the year.

5

(₹ in crore)

Sl. No.	Head of Account	No. of units audited	No. of cases	Amount	Cases accepted	Amount accepted	No. of cases	Amount Recovered	
1.	Taxes on Sales, Trade etc.	15	210	14.27	14	1.00	4	0.16	
2.	Stamps and Registration Fees	38	193	81.13	73	0.53	Nil	Nil	
3.	Land Revenue	20	3,475	15.01	3,216	6.83	Nil	Nil	
4.	Taxes on Vehicles	6	1,255	9.14	861	4.93	Nil	Nil	
5.	State Excise	9	700	20.02	364	4.55	Nil	Nil	
6.	Taxes and duties on Electricity	4	63	949.56	41	72.07	2	72.07	
7.	Non-ferrous Mining and Metallurgical Industries	4	204	8.39	133	6.75	2	0.07	
8.	Forestry and Wild Life	18	Receipt	142	16.48	4	0.50	Nil	Nil
			Expenditure	155	219.92	1	84.38	1	23.23
9.	Revenue Board (Expr.)	1	10	0.13	6	0.01	Nil	Nil	
Total		115	6,407	1334.05	4,713	181.55	9	95.53	

1.12.4 This Report

This Report contains 20 paragraphs including one review (**Levy and Collection of Stamp Duty and Registration Fees**) involving ₹ 92.85 crore relating to underassessment, non/short levy of revenue etc. under ‘**Part-A**’ and five paragraphs including one review (**Chhattisgarh State Compensatory Afforestation Management and Planning Authority**) involving ₹ 149.22 crore relating to incorrect application of rates, non-raising of demands, irregular/avoidable expenditure, etc. in the Forest Department under ‘**Part-B**’. The Departments/Government have accepted audit observations involving ₹ 158.94 crore, out of which ₹ 19.64 crore has been recovered. The replies in the remaining cases have not been received. These are discussed in the succeeding chapters II to VIII.

1.13 Amendments made at the instance of Audit

The Department/Government made changes in the Rules at the instance of Audit in the following case:

Sl. No.	Name of the Department	Observation made by Audit	Notification No.	Changes effected	Para No. of the Report
1.	Mineral Resources	The Chhattisgarh Minor Mineral Rules 1996 do not provide for levy of Stamp Duty and Registration Fees in the event of the revision of mining plan.	F-7-1/2004/12, dated 24 November 2011	As per notification, the Mining Officer should obtain an undertaking from the lessee for the payment of differential Stamp Duty, where anticipated quantity of production in the mining plan has been revised/modified.	3.3.2 of Stand Alone Report 2010-11 (Report No. 4 of 2012)