

## CHAPTER-I: GENERAL

### 1.1 Trend of revenue receipts

**1.1.1** The tax and non-tax revenue raised by the Government of Chhattisgarh during the year 2013-14, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grant-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned in **Table–1.1.1**.

**Table – 1.1.1**  
**Trend of revenue receipts**

(₹ in crore)

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
<b>1.</b>	<b>Revenue raised by the State Government</b>					
	• Tax Revenue	7,123.25	9,005.14	10,712.25	13,034.21	14,342.71
	• Non-tax Revenue	3,043.00	3,835.32	4,058.48	4,615.95	5,101.17
	<b>Total</b>	<b>10,166.25</b>	<b>12,840.46</b>	<b>14,770.73</b>	<b>17,650.16</b>	<b>19,443.88</b>
<b>2.</b>	<b>Receipts from the Government of India</b>					
	• Share of net proceeds of divisible Union taxes and duties	4,380.66	5,425.19	6,320.44	7,217.60	7,880.22 <sup>1</sup>
	• Grants-in-aid	3,606.74	4,453.89	4,776.21	4,710.33	4,726.16
	<b>Total</b>	<b>7,987.40</b>	<b>9,879.08</b>	<b>11,096.65</b>	<b>11,927.93</b>	<b>12,606.38</b>
<b>3.</b>	<b>Total revenue receipts of the State Government (1 and 2)</b>	<b>18,153.65</b>	<b>22,719.54</b>	<b>25,867.38</b>	<b>29,578.09</b>	<b>32,050.26</b>
<b>4.</b>	<b>Percentage of 1 to 3</b>	<b>56</b>	<b>57</b>	<b>57</b>	<b>60</b>	<b>61</b>

(Source: Finance Accounts of the Government of Chhattisgarh)

The above table indicates that during the year 2013-14, the revenue raised by the State Government (₹ 19,443.88 crore) was 61 *per cent* of the total revenue receipts. The balance 39 *per cent* of the receipts during 2013-14 was from the Government of India.

**1.1.2** The details of the tax revenue raised during the period 2009-10 to 2013-14 are given in **Table 1.1.2**.

<sup>1</sup> For details, refer "tax revenue" of Statement 11, detailed account of revenue by minor heads of the Finance Account of the Government of Chhattisgarh 2013-14. 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.

**Table 1.1.2**  
**Details of Tax Revenue raised**

(₹ in crore)

Sl. No.	Head of Revenue		2009-10	2010-11	2011-12	2012-13	2013-14	Percentage of increase (+) or decrease (-) in 2013-14 over 2012-13
1.	Taxes on sales, trade etc.	BE	3,447.12	4,524.13	6,000.00	7,310.20	8,436.00	15.40
		Actual	3,712.16	4,840.79	6,006.25	6,928.65	7,929.51	14.45
2.	State excise	BE	1,158.00	1,390.00	1,550.00	2,200.00	2,675.00	21.59
		Actual	1,187.72	1,506.44	1,596.98	2,485.68	2,549.15	2.55
3.	Taxes and duties on electricity	BE	528.25	554.31	600.00	780.00	1,000.00	28.21
		Actual	416.91	502.53	637.97	860.75	1,020.44	18.55
4.	Stamps Duty & Registration Fee	BE	515.00	650.35	875.00	950.00	1,150.00	21.05
		Actual	583.13	785.85	845.82	952.47	990.24	3.97
5.	Taxes on Goods and Passengers	BE	560.00	6.16	700.00	950.00	1,192.00	25.47
		Actual	696.10	675.14	825.67	954.31	945.44	(-)0.93
6.	Taxes on vehicles	BE	351.47	410.00	475.00	605.71	731.38	20.74
		Actual	351.88	427.52	502.18	591.75	651.07	10.02
7.	Land Revenue	BE	120.36	170.00	250.00	346.00	415.00	19.94
		Actual	159.68	247.37	270.56	234.11	226.06	(-) 3.44
8.	Other tax receipts	BE	11.54	13.90	12.14	19.27	25.62	32.95
		Actual	15.67	19.50	26.82	26.49	30.80	16.31
Total		BE	6,691.74	7,718.85	10,462.14	13,161.18	15,625.00	18.72
		Actual	7,123.25	9,005.14	10,712.25	13,034.21	14,342.71	10.03

(Source: Finance Accounts of the Government of Chhattisgarh)

The respective Departments reported the following reasons for variation:

**Taxes and duties on electricity:** The increase (18.55 *per cent*) was due to increase in rates and receipt of electricity duty/cess of previous years.

**Taxes on vehicles:** The increase (10.02 *per cent*) was due to increase in number of registration of new vehicles.

**Taxes on sales, trade etc.:** The Commercial Tax Department, despite being requested (April 2014 and June 2014), did not furnish the reasons for variations in receipts from that of the previous year.

**1.1.3** The details of the non-tax revenue raised during the period 2009-10 to 2013-14 are indicated in **Table 1.1.3:**

**Table 1.1.3**  
**Details of Non-tax revenue raised**

(₹ in crore)

Sl. No.	Head of Revenue		2009-10	2010-11	2011-12	2012-13	2013-14	Percentage of increase (+) or decrease (-) in 2013-14 over 2012-13
1.	Non-Ferrous Mining and Metallurgical Industries	BE	1,685.40	2,150.00	2,700.00	3,105.00	3,510.00	13.04
		Actual	1,660.87	2,470.44	2,744.82	3,138.18	3,236.01	3.12
2.	Other non-tax receipts	BE	887.89	832.62	852.07	624.54	1,048.86	67.94
		Actual	710.21	666.76	418.96	513.45	729.70	42.12
3.	Forestry and wild life	BE	365.00	400.00	400.00	405.00	450.00	11.11
		Actual	345.85	305.17	341.64	363.96	405.91	11.53
4.	Interest receipts	BE	262.19	232.63	302.40	321.94	399.14	23.98
		Actual	220.70	170.95	216.57	243.13	380.64	56.67
5.	Major and medium irrigation	BE	129.00	285.40	282.71	391.46	426.11	8.85
		Actual	105.37	222.00	336.49	357.23	348.64	(- )2.40
Total		BE	3,329.48	3,900.65	4,537.18	4,847.94	5,834.11	20.34
		Actual	3,043.00	3,835.32	4,058.48	4,615.95	5,101.17	10.51

(Source: Finance Accounts of the Government of Chhattisgarh)

**Forestry and wild life:** The increase (11.53 per cent) was due to increase in sale of forest produce.

## 1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2014 on some principal heads of revenue amounted to ₹ 809.01 crore of which ₹ 452.45 crore was outstanding for more than five years, as detailed in the **Table 1.2**:

**Table 1.2**  
**Arrears of revenue**

(₹ in crore)

Sl. No.	Head of Revenue	Total amount outstanding as on 31 March 2014	Amount outstanding for more than five years as on 31 March 2014	Reply of Department
1.	Taxes on Sales, Trade etc.	607.03	419.54	Recovery is being done by the concerned field offices.
2.	Taxes and Duties on Electricity	131.38	2.67	The Revenue Recovery Certificate of ₹ 63.15 crore was issued in 15 cases and for remaining amount demand notices have since been issued.
3.	State Excise	30.45	21.87	These cases are under judicial process before High Court, Revenue Board and the Commissioner.
4.	Taxes on Vehicles	20.55	4.09	Demand notices have since been issued to concerned vehicle owners regarding the recovery.
5.	Stamps and Registration Fees	15.37	1.50	District Registrars (DR) would issue demand notices and take necessary recovery.
6.	Forestry and Wild Life	3.15	1.70	The reasons not mentioned by the Department.
7.	Non-Ferrous Mining and Metallurgical Industries	1.08	1.08	Instructions have been issued to the Mining Officers to conduct special drive for recovery.
<b>Total</b>		<b>809.01</b>	<b>452.45</b>	

(Source: Figures furnished by the concerned Departments)

It would be seen from the table that recovery of ₹ 452.45 crore was pending for more than five years and it was 56 *per cent* of the total outstanding amount and sincere efforts are required to be made to recover them. Arrears of ₹ 809.01 crore were pending with the departmental authorities.

### 1.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed off during the year and number of cases pending for finalisation at the end of the year as furnished by the Commercial Tax Department in respect of VAT, Professional tax, Entry tax, Luxury tax and tax on works contracts is as below in **Table 1.3**.

**Table 1.3**  
**Arrears in assessments**

Head of revenue	Opening balance	New cases due for assessment during 2013-14	Total assessments due	Cases disposed off during 2013-14	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	2	3	4	5	6	7
Value Added Tax	53,305	57,853	1,11,158	49,778	61,380	44.78
Professional Tax	5,866	10,915	16,781	5,741	11,040	34.21
Entry Tax	24,234	24,812	49,046	31,112	17,934	63.43
Luxury Tax	366	474	840	464	376	55.24
Tax on works contract	3,190	2,711	5,901	4,010	1,891	67.95
<b>Total</b>	<b>86,961</b>	<b>96,765</b>	<b>1,83,726</b>	<b>91,105</b>	<b>92,621</b>	<b>49.59</b>

(Source: Figures furnished by the Department)

The above table indicates that at the end of the year 2013-14, only 50 *per cent* of the total assessment cases had been disposed off by the Department.

**The Government may initiate timely action for expeditious disposal of the pending cases to maximise revenue.**

### 1.4 Evasion of tax detected by the Department

The details of cases of evasion of tax detected by the Commercial Tax Department, cases finalised and the demands for additional tax raised as reported by the Department are given in **Table 1.4**.

**Table 1.4**  
**Evasion of tax** (₹ in crore)

Sl. No.	Head of Revenue	Cases pending as on 31 March 2013	Cases detected during 2013-14	Total	Number of cases in which assessment/ investigation completed and additional demand with penalty etc. raised		Number of cases pending for finalisation as on 31 March 2014
					No. of cases	Amount of Demand	
1.	Taxes on Sales, Trade etc.	171	89	260	221	92.90	39
<b>Total</b>		<b>171</b>	<b>89</b>	<b>260</b>	<b>221</b>	<b>92.90</b>	<b>39</b>

(Source: Figures furnished by the Department)

It would be seen from Table 1.4 that the number of cases pending at the end of the year has been reduced than number of cases pending at the beginning of the year.

It may be seen from Table 1.4 that the Department finalised 221 cases, which is 85 *per cent* of total cases which were due for finalisation during the year 2013-14.

### 1.5 Pendency of refund cases

The number of refund cases pending at the beginning of the year 2013-14, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2013-14 as reported by the Department is given in **Table 1.5**.

**Table 1.5**  
**Details of pendency of refund cases**

Sl. No.	Particulars	(₹ in crore)	
		Sales Tax/ VAT No. of cases	Amount
1.	Claims outstanding at the beginning of the year	217	13.44
2.	Claims received during the year	2,939	188.73
3.	Refunds made during the year	2,300	175.33
4.	Balance outstanding at the end of year	856	26.84

(Source: Figures furnished by the Department)

It can be seen from the above table that refunds were allowed in 73 *per cent* cases only.

Chhattisgarh VAT Act provides for payment of interest, at the rate of one *per cent* per month, if the excess amount is not refunded to the dealer within 60 days from the date of passing of the order for refund and till the refund is made. Hence, delay in disposal of refund claims has interest liability.

### 1.6 Response of the Government/ Departments towards Audit

The Accountant General (Audit), Chhattisgarh conducts periodical inspection of the Government Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the inspection reports (IRs) incorporating observations 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 comply promptly 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 IRs. Serious financial irregularities are reported to the Heads of the Department and the Government.

Inspection reports issued upto June 2014 revealed that 10,419 paragraphs involving ₹ 6,090.69 crore relating to 2,645 IRs remained outstanding at the end of June 2014 as mentioned below in **Table 1.6** alongwith the corresponding figures for the preceding two years.



**Table 1.6**  
**Details of pending Inspection Reports**

	June 2012	June 2013	June 2014
Number of IRs pending for settlement	2,185	2,549	2,645
Number of outstanding audit observations	8,428	9,943	10,419
Amount of revenue involved (₹ in crore)	4,495.26	5,930.53	6,090.69

**1.6.1** The Department-wise details of the IRs and audit observations outstanding as on 30 June 2014 and the amounts involved are mentioned in the **Table 1.6.1**.

**Table 1.6.1**  
**Department-wise details of IRs** (₹ in crore)

Sl. No.	Name of the Department	Nature of Receipt		No. of outstanding IRs	No. of outstanding audit observations	Money value involved
1.	Commercial Tax	Taxes on Sales, Trade etc.		416	2,614	375.67
2.	Commercial Tax (Excise)	State Excise		123	332	328.54
		Entertainment tax		65	85	1.97
3.	Revenue	Land Revenue		553	1,684	457.08
4.	Transport	Taxes on motor vehicles		137	1,009	130.66
5.	Commercial Tax (Registration)	Stamp and registration fees		223	611	85.30
6.	Mineral Resources	Non-ferrous mining and metallurgical industries		134	452	819.21
7.	Forest	Forestry and wild life	Receipts	321	960	1,005.42
			Expenditure	371	1,558	591.11
8.	Energy	Taxes and duties on Electricity		13	62	1,644.41
9.	Revenue Board		Expenditure	1	10	0.13
10	Other Tax Departments	Other Receipts	Revenue	288	1,042	651.19
<b>Total</b>				<b>2,645</b>	<b>10,419</b>	<b>6,090.69</b>

Audit did not receive even the first replies from the heads of offices within one month from the date of issue of the IR, for 85 IRs (69.67 per cent) issued during 2013-14. This large pendency of the IRs due to non-receipt of the replies is indicative of the non-serious attitude of the Heads of Department (HoDs) towards audit observations.

**HoDs may take serious note of the audit observations and comply with the request of replying within the stipulated period.**

#### **1.6.2 Departmental audit committee meetings**

The Government sets up audit committees to monitor and expedite the progress of the settlement of the IRs and paragraphs in the IRs. The details of

the audit committee meetings held during the year 2013-14 and the paragraphs settled are mentioned in **Table 1.6.2**.

**Table 1.6.2**  
**Details of Departmental audit committee meetings** (₹ in crore)

Sl. No.	Head of revenue	Number of meetings held	Number of paras settled	Amount
1.	Non-Ferrous and Metallurgical Industries	01	0	0
2.	Taxes on Sales, Trade etc.	02	43	2.24
<b>Total</b>		<b>03</b>	<b>43</b>	<b>2.24</b>

It may be seen from the above table that during 2013-14 the Mineral resources and Commercial Tax Departments convened only one and two ACMs respectively in which only 43 paragraphs involving money value of ₹ 2.24 crore were settled. The progress of settlement of paragraphs pertaining to the Mineral resources and Commercial Tax Departments was negligible as compared to the huge pendency of the IRs and paragraphs; despite holding Departmental ACMs. Other departments did not take any initiative to hold ACMs.

**It is recommended that Government may ensure convening of ACMs every quarter by all the departments for effective and expeditious settlement of outstanding paragraphs.**

### **1.6.3 Non-production of records to audit for scrutiny**

The programme of local audit of Tax Revenue/Non-tax Revenue offices is drawn up sufficiently in advance and intimations are issued to the departments to enable them to keep the relevant records ready for audit scrutiny.

During the year 2013-14 as many as 67 assessment files, returns, refunds, registers and other relevant records were not made available to audit. Break up of these cases are given in **Table 1.6.3**.

**Table 1.6.3**  
**Details of non-production of records**

Name of the Office/Department	Year in which it was to be audited	Number of cases not audited	Tax amount
Commercial Tax (Registration)	2013-14	39	NA
Commercial Tax Department	2013-14	25	NA
Land Revenue	2013-14	03	NA
<b>Total</b>		<b>67</b>	

Non-production of records seriously hamper audit in discharging the Constitutional responsibility and deprives the State of additional revenue that may accrue due to audit.

### **1.6.4 Response of the Departments to the draft audit paragraphs**

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the AG to the Principal Secretaries/ Secretaries of the concerned Departments, drawing their

attention to audit findings and requesting them to send their response within six weeks. The fact of non-receipt of the replies from the Departments/ Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Forty seven draft paragraphs clubbed into 25 paragraphs including two Performance Audits and one Long Draft Paragraph (LDP) were sent to the Principal Secretaries/ Secretaries of the respective Departments between May 2014 and August 2014. **The Principal Secretaries/ Secretaries of the Departments did not send replies to 20 draft paragraphs and the same have been included in this Report without the response of the Departments.**

### **1.6.5 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. 131 paragraphs (including performance audit) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Chhattisgarh for the years ended 31 March 2008, 2009, 2010, 2011 and 2012 were placed before the State Legislative Assembly between February 2009 and March 2013. The action taken explanatory notes from the concerned Departments on these paragraphs were received late with average delay of four months in respect of each of these Audit Reports, respectively. Action taken explanatory notes in respect of 13 paragraphs from five Departments (Land Revenue, Mineral Resources, State Excise, Forest and Finance) had not been received for the Audit Report year ended 31 March 2004 to 2012 so far (31 March 2014).

The PAC discussed 87 selected paragraphs pertaining to the Audit Reports for the years from 1999-00 to 2009-10 and its recommendations on 66 paragraphs were incorporated in their 2003-04 to 2012-13 Report. However, ATNs have not been received in respect of 14 recommendations of the PAC from the departments concerned as mentioned below in the **Table 1.6.5**.

**Table 1.6.5**  
**Details of non-receipt of ATNs in respect of recommendations**

Year	Name of the Department							Total
	Excise	Forest	Registration	Transport	Commercial Tax	Mineral Resources	Electricity	
1999-00	1	--	--	--	--	--	--	1
2000-01	--	--	1	--	--	--	--	1
2002-03	--	--	--	--	3	--	--	3
2004-05	--	1	--	--	--	1	--	2
2005-06	--	--	--	--	--	1	--	1
2006-07	--	--	--	--	1	--	--	1
2007-08	1	--	--	2	--	--	1	4
2008-09	--	--	--	1	--	--	--	1
<b>Total</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>14</b>



## 1.7 Analysis of the mechanism for dealing with the issues raised by Audit

To analyse the system of addressing the issues highlighted in the Inspection Reports / Audit Reports by the Departments / Government, the action taken on the paragraphs and performance audits included in the Audit Reports of the last 10 years for one Department is evaluated and included in this Audit Report.

The succeeding paragraphs 1.7.1 to 1.7.2 discuss the performance of the Energy Department under revenue head taxes and duties on electricity and cases detected in the course of local audit during the last 10 years and also the cases included in the Audit Reports for the years 2003-04 to 2012-13.

### 1.7.1 Position of Inspection Reports

The summarised position of the inspection reports issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2014 are tabulated below in **Table-1.7.1**.

**Table 1.7.1**  
**Position of Inspection Reports** (₹ in crore)

Sl. No.	Year	Opening Balance			Addition during the year			Clearance during the quarter			Closing balance during the year		
		IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
1.	2004-05	1	2	4.56	0	0	0.00	0	1	0.20	1	1	4.36
2.	2005-06	1	1	4.36	1	3	0.79	0	2	0.02	2	2	5.13
3.	2006-07	2	2	5.13	0	0	0.00	0	0	0.00	2	2	5.13
4.	2007-08	2	2	5.13	2	8	60.99	0	1	0.01	4	9	66.11
5.	2008-09	4	9	66.11	2	8	49.42	0	1	0.00	6	16	115.53
6.	2009-10	6	16	115.53	0	0	0.00	0	0	0.00	6	16	115.53
7.	2010-11	6	16	115.53	3	13	579.32	0	0	0.00	9	29	694.85
8.	2011-12	9	29	694.85	0	0	0.00	0	0	0.00	9	29	694.85
9.	2012-13	9	29	694.85	4	33	949.56	0	0	0.00	13	62	1,644.41
10.	2013-14	13	62	1,644.41	0	0	0.00	0	0	0.00	13	62	1,644.41

The Government arranges Audit Committee Meetings between the Department and AG's office to settle the old paragraphs. As it would be evident from the above table, against one outstanding IRs with two paragraphs as on start of 2004-05, the number of outstanding IRs increased to 13 with 62 paragraphs at the end of 2013-14. No ACM was conducted for Energy Department so far.

### 1.7.2 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Energy Department and the amount recovered are mentioned in **Table 1.7.2**:

**Table 1.7.2**

(₹ in crore)

Year of Audit Report	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 as of 31.03.2014
2003-04	--	--	--	--	--	--
2004-05	--	--	--	--	--	--
2005-06	2	1.30	1	0.47	--	0.36
2006-07	--	--	--	--	--	--
2007-08	3	57.76	1	28.03	--	0.39
2008-09	3	23.79	2	21.51	--	17.50
2009-10	--	--	--	--	--	--
2010-11	1	1.13	1	1.13	--	0.99
2011-12	1	1,186.17	1	1,090.76	14.02	101.32
2012-13	--	--	--	--	--	--
<b>Total</b>	<b>10</b>	<b>1,270.15</b>		<b>1,141.90</b>	<b>14.02</b>	<b>120.56</b>

It is evident from the above table that the progress of recovery even in accepted cases was very slow throughout the last 10 years. The recovery of accepted cases was to be pursued as arrears recoverable from the concerned parties. Further, the arrear cases including accepted audit observations were not available with the office of the Chief Electrical Inspector, Energy Department. In absence of a suitable mechanism, the Department could not monitor the recovery of accepted cases.

**The Department may take immediate action to pursue and monitor prompt recovery of the dues involved in accepted cases.**

### **1.7.3 Action taken on the recommendations accepted by the Departments/Government**

The drafts of Performance Audits (PAs) conducted by the AG are forwarded to the concerned Department/Government for their information with a request to furnish their replies. These PAs are also discussed in exit conference and the Department's/Government's views are included while finalising the Audit Reports.

The following PA on the Energy Department featured in Audit Reports in the last five years. The details of recommendations and their status are given in **Table 1.7.3:**

Table 1.7.3

Year of report	Name of the Performance Audit	Number of recommendations	Details of recommendation	Status
2011-12	Levy and collection of electricity duty	5	1) The Government may consider prescribing a mechanism to ensure that the monthly returns are submitted regularly and in time in the prescribed format and introducing a periodic return from CEI to the Government containing the information regarding duty payable, paid and balance to be deposited.	The instruction had since been issued in April 2013 to all Divisional Officers to submit the returns regularly.
			2) Make necessary amendment in Chhattisgarh Electricity Duty Act/ <i>Upkar Adhiniyam</i> to avoid levy of cess at two different points and resultant additional burden on the consumers.	Department did not accept the recommendation.
			3) Ensure withdrawal of the existing Industrial Policy prior to introduction of a new policy.	Department did not accept the recommendation.
			4) Ensure necessary co-ordination with the Industries Department while allowing exemption from payment of electricity duty.	Department did not accept the recommendation.
			5) Establish an Internal Audit Wing in the Department	A request letter had been sent in May 2013 for the formation of an Internal Audit Wing to the Government.

## 1.8 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 the audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter-alia* include 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, factors of the tax administration, audit coverage and its impact during past five years etc.

During the year 2013-14, there were 456 auditable units, of which 120 units were planned and 122 units had been audited, which is 26.75 *per cent* of the total auditable units. Compliance Audit and Performance Audits were conducted simultaneously during the year 2013-14, and due to this nine planned units could not be audited, however 11 units were audited out of plan which were selected for the Performance Audit (*Appendix-1.1*).

Besides the compliance audit mentioned above, two Performance Audits and one Long Draft Paragraph (LDP) was also taken up to examine the efficacy of the tax administration of these receipts.

## 1.9 Results of audit

### Position of local audit conducted during the year

Test check of the records of 122 units<sup>2</sup> of Commercial Taxes, State Excise, Stamp Duty and Registration, Land Revenue, Receipts from Mines and Minerals, Taxes on vehicles, Forest and other Departmental offices conducted during the year 2013-14 showed under-assessment/ short levy/ loss of revenue aggregating ₹ 1,459.36 crore in 1,26,405 cases. During the course of the year, the Departments concerned accepted under assessment and other deficiencies of ₹ 92.46 crore involved in 1,20,517 cases which were pointed out in audit during 2013-14. The Departments collected ₹ 5.98 lakh in five cases during 2013-14, pertaining to the audit findings of previous year.

### 1.10 Coverage of this Report

This Report contains 19 paragraphs including one Performance Audit (**Levy and collection of excise receipts**) and one Long Draft Paragraph (**Levy and collection of entry tax**) involving ₹ 288.99 crore relating to underassessment, non/short levy of revenue etc. under '**Part-A**' out of which ₹ 257.76 crore was irrecoverable being avoidable notional loss to the Government and six paragraphs including one Performance Audit(**Production and Treatment of bamboo in Chhattisgarh**) involving ₹ 123.42 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 ₹ 90.19 crore out of which ₹ 1.19 crore had been recovered. The replies in the remaining cases have not been received (December 2014). These are discussed in succeeding Chapters II to VII.

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(₹ in crore)

Sl. No.	Head of Revenue		No. of units audited	No. of cases	Amount	Accepted		Recovery	
						Cases	Amount	Cases	Amount
1.	Taxes on Sale, Trade etc.		24	240	20.21	01	0.002	01	0.0085
2.	State Excise		05	2011	280.03	100	7.24	0	0
3.	Land Revenue		28	11999	616.27	9166	29.44	0	0
4.	Taxes on Vehicles		09	110930	6.13	110930	6.13	0	0
5.	Non-ferrous Mining and Metallurgical Industries		07	639	25.46	144	4.71	04	0.0513
6.	Forestry and Wildlife	Rev. (16)	22	56	217.51	10	0.16	0	0
		Exp. (16+6)		209	284.95	39	41.15	0	0
7.	Stamp Duty & Registration fee		27	321	8.80	127	3.63	0	0
Total			122	126405	1459.36	120517	92.462	5	0.0598