

CHAPTER-I GENERAL

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by the Government of Gujarat during the year 2013-14, the State's share of net proceeds of divisible Union Taxes and duties assigned to the State and Grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are as mentioned in **Table 1.1.1** below:

Table 1.1.1
Trend of revenue receipts

(₹ in crore)

Sl. No.	Particular	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Revenue raised by the State Government					
	• Tax revenue	26,740.23	36,338.63	44,252.29	53,896.69	56,372.37
	• Non-tax revenue	5,451.71	4,915.02	5,276.52	6,016.99	7,018.31
	Total	32,191.94	41,253.65	49,528.81	59,913.68	63,390.68
2.	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties	5,890.92	6,679.44	7,780.31	8,869.05	9,701.93 ¹
	• Grants-in-aid	3,589.50	4,430.55	5,649.87	6,445.80	6,883.13
	Total	9,480.42	11,109.99	13,430.18	15,314.85	16,585.06
3.	Total revenue receipts of the State Government (1 and 2)	41,672.36	52,363.64	62,958.99	75,228.53	79,975.74²
4.	Percentage of 1 to 3	77	79	79	80	79

The above table indicates that during the year 2013-14, the revenue raised by the State Government (₹ 63,390.68 crore) was 79 per cent of the total revenue receipts against 80 per cent in the preceding year. The balance 21 per cent of the receipts during 2013-14 was from the Government of India.

¹ Figures under the 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, 0045 - Other taxes and duties on commodities and services", - share of net proceeds assigned to State booked in the Finance Accounts under 'A - Tax Revenue', have been excluded from revenue raised by the State and included in State's share of divisible Union taxes, in this statement.

² For details, please see **Statement No. 11**- Detailed Statement of revenue and capital receipts by minor heads of the Finance Accounts of the Government of Gujarat for the year 2013-14.

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** below:

Table 1.1.2
Details of tax revenue raised

(₹ in crore)

Sl. No.	Heads of revenue		2009-10	2010-11	2011-12	2012-13	2013-14	Percentage of increase (+) or decrease (-) in 2013-14 over 2012-13
1.	Sales tax/VAT ³	BE	15,300.00	17,500.00	22,625.00	32,650.00	39,964.00	(+) 22.40
		Actual	15,651.20	20,226.78	27,259.38	34,086.69	35,685.20	(+) 4.69
	Central sales tax	BE	2,915.00	3,500.00	3,375.00	4,850.00	5,336.00	(+) 10.02
		Actual	2,548.59	4,666.68	3,942.93	5,377.98	5,290.86	(-) 1.62
2.	Taxes and duties on electricity	BE	2,430.00	2,753.50	3,200.00	3,700.00	4,500.00	(+) 21.62
		Actual	2,643.65	3,262.64	3,654.56	4,406.60	4,692.77	(+) 6.49
3.	Stamp duty and registration fees	BE	1,745.75	2,750.00	5,000.00	5,000.00	5,000.00	0
		Actual	2,556.72	3,666.24	4,670.27	4,426.93	4,749.35	(+) 7.28
4.	Land revenue	BE	688.50	1,107.50	1,800.00	1,890.00	2,041.20	(+) 8
		Actual	1,161.20	1,788.78	1,477.18	2,207.85	1,727.41	(-) 21.76
5.	Taxes on vehicles	BE	1,450.00	1,675.00	1,900.00	2,090.00	2,200.00	(+) 5.26
		Actual	1,542.64	2,003.68	2,251.03	2,276.26	2,282.81	(+) 0.29
6.	Taxes on goods and passengers	BE	261.70	275.00	280.00	100.15	108.16	(+) 8
		Actual	6.91	6.38	208.34	210.58	833.56	(+) 295.84
7.	State excise	BE	50.00	58.00	66.58	72.50	86.40	(+) 19.17
		Actual	65.94	62.97	72.11	84.91	109.82	(+) 29.34
8.	Other taxes on income and expenditure	BE	175.22	195.00	249.96	262.46	290.00	(+) 10.49
		Actual	196.87	228.22	222.18	207.80	222.22	(+) 6.94
9.	Other taxes	BE	398.37	446.90	549.36	616.10	682.05	(+) 10.70
		Actual	366.51	426.26	494.31	611.09	778.37	(+) 27.37
Total		BE	25,414.54	30,260.90	39,045.90	51,231.21	60,207.81	(+) 17.52
		Actual	26,740.23	36,338.63	44,252.29	53,896.69	56,372.37	(+) 4.59

- It would be seen from the above table that the total of actual receipts in each year was more than the total of budget estimates of the respective years except during the year 2013-14.
- Though the overall expected increase in revenue as per budget estimates during 2013-14 over 2012-13 was 17.52 per cent, the actual increase in revenue was only 4.59 per cent.

³ Sales Tax/VAT includes tax on sales of Motor Sprit and Lubricants, Trade Tax and Other Receipts.

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** below:

Table 1.1.3
Details of non-tax revenue raised

(₹ in crore)

Sl. No.	Heads 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	2,099.27	2,425.18	2,020.00	2,357.00	2,084.40	(-) 11.57
		Actual	2,138.98	2,019.31	1,819.64	1,847.16	1,578.34	(-) 14.55
2.	Interest receipts	BE	429.55	594.00	641.52	692.84	748.27	(+) 8
		Actual	419.44	403.88	631.89	1,325.84	1,267.18	(-) 4.42
3.	Major and medium irrigation	BE	498.43	540.00	629.19	726.72	882.34	(+) 21.41
		Actual	504.61	618.14	684.15	714.13	897.51	(+) 25.68
4.	Miscellaneous general services	BE	531.87	670.30	591.48	120.00	80.00	(-) 33.33
		Actual	847.14	62.29	69.65	-334.66 ⁴	90.62	--
5.	Other administrative services	BE	71.38	113.03	125.00	134.99	81.00	(-) 40
		Actual	110.80	41.11	70.27	102.22	100.32	(-) 1.86
6.	Police	BE	94.75	86.14	93.03	140.00	190.00	(+) 35.71
		Actual	101.45	149.08	138.97	163.84	177.81	(+) 8.53
7.	Medical and public health	BE	85.00	140.72	151.98	164.14	122.62	(-) 25.30
		Actual	62.40	118.11	90.76	126.34	111.88	(-) 11.45
8.	Public works	BE	33.60	35.11	55.00	59.40	43.52	(-) 26.73
		Actual	51.06	36.71	38.07	44.36	54.99	(+) 23.96
9.	Forestry and wild life	BE	42.80	45.04	48.64	52.54	59.40	(+) 13.06
		Actual	39.76	45.22	39.93	54.39	60.04	(+) 10.39
10.	Other non-tax receipts	BE	960.43	1,534.22	1,659.60	2,323.93	2,087.96	(-) 10.15
		Actual	1,176.07	1,421.17	1,693.19	1,973.37	2,679.62	(+) 35.79
Total		BE	4,847.08	6,183.74	6,015.44	6,771.56	6,379.51	(-) 5.79
		Actual	5,451.71	4,915.02	5,276.52	6,016.99	7,018.31	(+) 16.64

- It would be seen from the above table that the total of actual non-tax receipts during 2009-10 and 2013-14 was more than the total of budget

⁴ Includes ₹ 47,186.68 lakh on account of recovery of debt waiver (write off) granted by Government of India to Government of Gujarat for 2009-10, which remained to be adjusted in the accounts for 2011-12.

estimates while the total of actual non-tax receipts was less than the total of budget estimates during the years from 2010-11 to 2012-13.

- There was an overall increase of 16.64 *per cent* in non-tax receipts during the year 2013-14 as compared to 2012-13, though the budget estimates framed were comparatively less (by 5.79 *per cent*) than the actual.
- There was substantial variation of receipts in 2013-14 over 2012-13 in respect of the head “Non-ferrous mining and metallurgical operations”. There was also a gradual decrease of revenue realised from 2010-11 onwards.

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2014 on some principal heads of revenue amounted to ₹ 19,790.42 crore of which ₹ 12,833.30 crore was outstanding for more than five years, as detailed in the **Table-1.2** below:

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 5 years as on 31 March 2014
1	VAT/Sales Tax	18,510.17	11,639.11
2	Stamp Duty and Registration Fees	1,140.25	1,130.26
3	Taxes and duties on electricity	140.00	63.93
	Total	19,790.42	12,833.30

It would be seen from the table that arrears aggregating to ₹ 12,833.30 crore were pending for more than five years under the above three heads of revenue. The concerned departments did not furnish the stages at which the arrears of revenue were pending collection or whether the cases were referred for write off, if any, despite being requested by Audit (June 2014).

The other department like Revenue Department (in respect of Land Revenue), Industries and Mines Department and Ports and Transport Department etc.; did not furnish the details regarding arrears of revenue despite being requested in June/September 2014. As such total arrear of tax and non-tax revenue pending collection could not be ascertained.

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 Value Added Tax/ Sales Tax and Profession Tax was as in the following **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 as on 31 March 2014	Percentage of disposal (col. 5 to 4)
1	2	3	4	5	6	7
Value Added Tax/Sales Tax	1,00,054	1,21,215	2,21,269	69,936	1,51,333	31.61
Profession Tax	33,895	6,613	40,508	4,200	36,308	10.37
Total	1,33,949	1,27,828	2,61,777	74,136	1,87,641	28.32

It could be seen from the above table that percentage of assessments made during 2013-14 was 28.32 per cent as against 58 per cent during the year 2012-13 indicating therein that the department needs to make more efforts to at least dispose off 58 per cent of cases as was done during 2012-13.

1.4 Evasion of tax detected by the Department

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

Table 1.4
Evasion of Tax

(₹ in crore)

Sl. No.	Head of revenue	Cases pending as on 1 April 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
					Number of cases	Amount of demand	
1	Value Added Tax/ Sales Tax	394	1,729	2,123	1,402	311.40	721
2	Stamp Duty	61,041	00	61,041	17,950	3.69	43,091
	Registration Fees	5,964	123	6,087	1,285	21.70	4,802
	Total	67,399	1,852	69,251	20,637	336.79	48,614

It would also be seen from the above table that there has been substantial fall in the pendency of cases during the year. However, overall 70 per cent cases were still pending finalisation in two Departments.

The other department like Revenue Department (in respect of Land Revenue), Industries and Mines Department and Ports and Transport Department etc.; did not furnish the details regarding evasion of tax/revenue despite being requested in June/September 2014.

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** below:

Table 1.5
Details of pendency of Refund Cases

(₹ in crore)

Sl. No.	Particulars	Stamp Duty and Registration Fees		Taxes and duties on electricity	
		No. of cases	Amount	No. of cases	Amount
1	Claims outstanding at the beginning of the year	14	0.89	0	0
2	Claims received during the year	461	4.88	3	0.93
3	Refunds made during the year	440	3.58	3	0.93
4	Balance outstanding at the end of year	35	2.19	0	0

The Revenue Department (in respect of Land Revenue), Commercial Tax Department, Industries and Mines Department and Ports and Transport Department did not furnish the details regarding claims outstanding at the beginning of the year, claims received during the year, balance outstanding at the end of year and refunds made during the year despite being requested in June/September 2014.

1.6 Response of the Government/Departments towards audit

The Accountant General (Economic and Revenue Sector Audit) Gujarat, Ahmedabad (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 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 offices/ Government are required to comply promptly on 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 receipt of the IRs. Serious financial irregularities are reported to the heads of the Departments and the Government.

Inspection Reports issued upto December 2013 disclosed that 12,846 paragraphs involving ₹ 7,510.40 crore relating to 3,518 IRs remained outstanding at the end of June 2014 as mentioned as follows alongwith the corresponding figures for the preceding two years in **Table 1.6**.

Table 1.6
Details of pending Inspection Reports

Particulars	June 2012	June 2013	June 2014
Number of Inspection Reports pending for settlement	4,519	3,653	3,518
Number of outstanding audit observations	14,423	13,275	12,846
Amount of revenue involved (₹ in crore)	8,814.67	5,736.81	7,510.40

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 receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
1	Finance (Commercial Tax)	Taxes/VAT on sales, trade etc.	908	4,294	2,347.56
		Profession Tax	35	38	0.05
2	Revenue	Land revenue	190	587	417.95
		Stamp duty and registration fees	922	3,348	933.14
		Valuation of Property	187	414	50.11
		Expenditure ⁵	499	1,416	15.33
3	Ports & Transport	Taxes on vehicles and Taxes on goods and passengers	424	1,757	1,117.64
4	Energy & Petrochemicals	Electricity duty	65	99	142.72
		Director of Petroleum	5	36	2,028.98
5	Industries & Mines	Mining Receipts	283	857	456.92
Total			3,518	12,846	7,510.40

Audit did not receive even the first replies from the heads of offices within one month from the date of issue of IRs for 90 IRs issued during 2013-14. This large pendency of the IRs due to non-receipt of the replies is indicative of the fact that the heads of offices and heads of the Departments did not take effective action to rectify the defects, omissions and irregularities pointed out by the AG in the IRs.

1.6.2 Departmental audit committee meetings

The Government sets up Audit Committees to monitor and expedite the progress of the settlement of IRs and paragraphs in the IRs. During 2013-14 six Audit Committee Meetings were held- three on Commercial Tax Department and three on Revenue Department in which 317 paragraphs

⁵ Money value of the paragraphs included in IRs pertaining to Revenue Department issued by AG (General and Social Sector Audit), Gujarat, Rajkot has not been considered.

involving ₹ 98.41 crore were settled. 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.	Name of the Department	Number of meetings held	Number of paragraphs settled	Amount of settled paragraphs
1.	Finance Department (Commercial Tax Department)	03	230	87.87
2.	Revenue Department (Land Revenue and Stamp duty and Registration Fees)	03	87	10.54
	Total	06	317	98.41

Audit Committee Meetings in respect of Ports and Transport Department, Energy and Petrochemicals Department and Industries and Mines Department were not held. However, it has been noticed there has been a gradual decrease in the number of outstanding audit inspection reports and number of audit observations as mentioned in paragraph 1.6.

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, usually one month before the commencement of audit, to the Departments to enable them to keep the relevant records ready for audit scrutiny.

During the year 2013-14 as many as 1,250 assessment files, return, refunds, registers and other relevant records, which had become due for audit in the year, were not made available to audit. Break-up of these cases is given in **Table 1.6.3** as follows:

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
Sales Tax/VAT	2013-14	1,123
Land Revenue	2013-14	127
	Total	1,250

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 Department, 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.

58 draft paragraphs (clubbed into 51 paragraphs) including two Performance Audits were sent to the Principal Secretaries/Secretaries of the respective Department by name between May and September 2014. The Principal Secretaries/Secretaries of the Department did not send replies to 15 draft paragraphs including Performance Audit despite issue of reminders (October 2014) and the same have been included in this Report without the response of the Department.

1.6.5 Follow up on the Audit Reports - summarised position

The internal working system of the Public Accounts Committee, notified in March, 1966, laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislature Assembly, the Departments shall initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling the Report, for consideration of the Committee. In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately. Two hundred eighty eight paragraphs (including performance audit) included in the Report of the Comptroller and Auditor General of India on the Revenue Receipts and Revenue Sector of the Government of Gujarat for the years ended 31 March 2008, 2009, 2010, 2011, 2012 and 2013 were placed before the State Legislature Assembly between July 2009 and July 2014. The action taken explanatory notes from the concerned Departments on these paragraphs were received late with average delay of 15 months in respect of each of these Audit Reports, respectively. Action taken explanatory notes from five Departments (Commercial Tax Department, Revenue Department, Ports and Transport Department, Energy and Petrochemicals Department and Industries and Mines Department) had not been received in respect of 136 paragraphs from the Audit Report for the year ended 31 March 2008 onwards so far (November 2014).

1.7 Analysis of the mechanism for dealing with the issues raised in Commercial Tax Department

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 ten years in respect of Finance Department (Commercial Tax Department) is evaluated and included in this Audit Report.

The succeeding paragraphs 1.7.1 and 1.7.2 discuss the performance of the Commercial Tax Department under revenue head VAT/Sales Tax and cases detected in the course of local audit conducted during the last ten years (2004-05 to 2013-14) 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 Inspection Reports issued during the last ten years, paragraphs included in these reports and their status as on 31 March 2014 are tabulated in **Table 1.7.1** below:

Table 1.7.1
Position of Inspection Reports

(₹ in crore)

Year	Opening balance			Addition during the year			Clearance during the year			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
2004-05	1204	4405	426.60	148	548	1772.76	61	287	26.08	1291	4666	2173.28
2005-06	1291	4666	2173.28	101	386	234.23	220	1133	25.1	1172	3919	2382.41
2006-07	1172	3919	2382.41	122	606	461.44	28	163	1184.96	1266	4362	1658.89
2007-08	1266	4362	1658.89	145	667	527.49	33	114	1.59	1378	4915	2184.79
2008-09	1378	4915	2184.79	123	661	238.49	58	506	23.29	1443	5070	2399.99
2009-10	1443	5070	2399.99	110	749	230.16	12	106	4.3	1541	5713	2625.85
2010-11	1541	5713	2625.85	97	770	415.78	4	82	9.73	1634	6401	3031.89
2011-12	1634	6401	3031.89	95	937	249.32	67	364	78.49	1662	6974	3202.72
2012-13	1662	6974	3202.72	84	723	151.32	7	375	15.67	1739	7322	3338.37
2013-14	1739	7322	3338.37	123	693	109.10	887	3344	1024.02	975	4671	2423.45

The Government arranges Audit Committee meetings between the Department and office of the Principal Accountant General/Accountant General to settle the old paragraphs. As would be evident from the above table, against 1,204 outstanding IRs with 4,405 paragraphs as on start of 2004-05, the number of outstanding IRs declined to 975 with 4,671 paragraphs at the end of 2013-14.

1.7.2 Recovery of accepted cases

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

Table 1.7.2
Recovery of accepted cases

(₹ in crore)

Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	No. of paragraphs accepted	Money value of accepted paragraphs	Amount recovered during the year 2013-14	Cumulative position of recovery of accepted cases
2003-04	13	258.67	13	10.44	0.00	4.43
2004-05	17	105.38	16	41.43	0.00	2.16
2005-06	14	311.89	13	25.71	0.00	1.60
2006-07	12	27.86	11	11.27	0.00	1.61
2007-08	12	134.90	10	23.72	0.00	1.19
2008-09	17	5,013.96	14	34.85	0.00	2.85
2009-10	15	34.38	14	29.53	0.00	2.53
2010-11	22	76.38	21	59.40	0.00	3.84
2011-12	33	151.90	30	33.99	1.65	2.12
2012-13	24	204.18	24	54.88	2.66	2.66
Total	179	6,319.50	166	325.22	4.31	24.99

It is evident from the above table that the progress of recovery even in accepted cases was very slow throughout during the last ten years. The recovery of accepted cases was to be pursued as arrears recoverable from the concerned parties. No mechanism for pursuance of the accepted cases had been put in place by the Department/Government.

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

1.8 Action taken on the recommendations accepted by the Department/Government

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

We had conducted four Performance Audits of the Finance Department (Commercial Tax Department) in the last five years in which 32 recommendations were proposed. Of these, one recommendation relating to "providing of access to TINXSYS website to the assessing officers", the Department accepted our recommendation and stated that access to website had been provided to all the unit heads, circles and divisions from 1 June 2011. Hence, Assessing Officers have access to TINXSYS⁶ Reports.

1.9 Audit Planning

The unit offices under various Departments are categorised into high, medium and low risk according to their revenue realisation, past trends of 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 (Central and State), 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 past five years etc.

During the year 2013-14, the audit universe comprised 976 auditable entities, of which audit of 224 entities was planned and 208 entities were audited during the year, which is 21 *per cent* of the total auditable entities. Out of the 16 units which were planned but could not be audited during the year 2013-14, nine units would be covered in the audit plan for the year 2014-15.

Besides the compliance audit mentioned above, two performance audits were also taken up to examine the efficacy of the tax administration of these receipts.

⁶ Tax Information Exchange System

1.10 Results of audit

Position of local audit conducted during the year

Test check of the records of 177 units of Commercial Tax Department, Revenue Department, Ports and Transport Department, Energy and Petrochemicals Department and Industries and Mines Department conducted during the year 2013-14 revealed under assessment/short levy/loss of revenue amounting to ₹ 1,028.77 crore in 1319 cases.

During the course of the year, the concerned Departments accepted under assessment and other irregularities of ₹ 36.18 crore involved in 302 cases which were pointed out in audit during 2013-14 and earlier years. The Departments recovered ₹ 7.08 crore in 179 cases at the instance of audit.

1.11 Coverage of this Report

This report contains 51 paragraphs, including two Performance Audits on “Lease of Government Land” and “Return Scrutiny and Self Assessment on VAT”, relating to irregular/excess allowance of ITC, short/non-levy of VAT/CST/occupancy/premium price/NAA/conversion tax/stamp duty/registration fees and other irregularities involving financial effect of ₹ 675.55 crore.

The concerned Departments/Government have accepted audit observations involving ₹ 76.09 crore out of which ₹ 4.19 crore have been recovered. The replies in the remaining cases have not been received (November 2014). These are discussed in succeeding Chapters II to VII.