



**CHAPTER – I**  
**GENERAL**

## EXECUTIVE SUMMARY

<b>What we have highlighted in this Chapter</b>	In this Chapter, we present the trend of Revenue Receipts of the State Government, variations between budget estimates and actual receipts, response of the Government towards audit, position of the Departmental audit committee meetings, position of compliance made by the Government/Departments to deal with issues raised by Audit, position of outstanding paragraphs in Inspection Reports and impact of audit conducted during the year 2012-13.
<b>Trend of revenue receipts of the State Government</b>	The revenue receipts of the Government of Madhya Pradesh 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 ₹ 37,581.92 crore which was 53 <i>per cent</i> of the total receipts. The balance 47 <i>per cent</i> of receipts amounting to ₹ 32,845.36 crore during 2012-13 were from the Government of India.
<b>Non-compliance of observations included in the Inspection Reports (IRs)</b>	Inspection Reports issued up to December 2012 disclosed that 17,653 paragraphs relating to 4,239 IRs involving ₹ 7,953.5 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 327 IRs issued up to December 2012. 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.
<b>Non-production of records to audit</b>	124 offices of five Departments (Commercial Tax, Registration and Stamps, Revenue, Mines and Geology and State Excise) did not furnish 2,331 tax assessment records during 2012-13.
<b>Departmental Committee (ACMs)</b>	<b>Audit Meetings</b> We noticed that during 2012-13, only Commercial Tax Department had convened two Audit Committee Meetings (ACMs) wherein

	<p>224 paragraphs involving money value of ₹ 11.82 crore were settled, while other Departments did not take any initiative to hold ACMs.</p> <p>It is recommended that the Government may ensure convening of periodical ACMs by all the Departments for effective and expeditious settlement of outstanding paragraphs.</p>
<b>Status of compliance to Audit Reports (2007-08 to 2011-12)</b>	<p>In respect of Audit Reports pertaining to the years 2007-08 to 2011-12, the Government/ Departments accepted audit observations involving money value of ₹ 1,146.13 crore, of which ₹ 253.57 crore had been recovered till March 2013.</p>
<b>Our Conclusion</b>	<p>Audit observations involving financial effect of ₹ 764.89 crore were issued during the period 2012-13. The Departments/Government accepted observations involving ₹ 372.31 crore. The Department recovered ₹ 3.18 crore in 293 cases during 2012-13. It is recommended that the Government may make efforts to recover the amounts involved in the accepted cases at the earliest.</p> <p>The amount outstanding as arrears of revenue for more than five years was 13.90 <i>per cent</i> of the total outstanding amount. The State Government may make efforts to ensure the recovery of the outstanding amount at the earliest.</p> <p>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 failure to send the replies to the IRs/paragraphs as per the prescribed time schedule and also for not taking action to recover loss/outstanding revenue in a time bound manner.</p>

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## CHAPTER - I GENERAL

### 1.1 Trend of revenue receipts

**1.1.1** The tax and non-tax revenue raised by the Government of Madhya Pradesh 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 in the table no. 1.1:

**Table No. 1.1**

(₹ in crore)

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	2.	3.	4.	5.	6.	7.
1.	<b>Revenue raised by the State Government</b>					
	• Tax revenue	13,613.50	17,272.77	21,419.33	26,973.44	30,581.70
	• Non-tax revenue	3,342.86	6,382.04	5,719.77	7,482.73	7,000.22
	<b>Total</b>	<b>16,956.36</b>	<b>23,654.81</b>	<b>27,139.10</b>	<b>34,456.17</b>	<b>37,581.92</b>
2.	<b>Receipts from the Government of India</b>					
	• Share of net proceeds of divisible Union taxes and duties	10,767.14	11,076.99	15,638.52	18,219.14	20,805.16 <sup>1</sup>
	• Grants-in-aid	5,853.71	6,662.87	9,076.56	9,928.77	12,040.20
	<b>Total</b>	<b>16,620.85</b>	<b>17,739.86</b>	<b>24,715.08</b>	<b>28,147.91</b>	<b>32,845.36</b>
3.	<b>Total receipts of the State (1 and 2)</b>	<b>33,577.21</b>	<b>41,394.67</b>	<b>51,854.18</b>	<b>62,604.08</b>	<b>70,427.28</b>
4.	<b>Percentage of 1 to 3</b>	<b>50</b>	<b>57</b>	<b>52</b>	<b>55</b>	<b>53</b>

(Source: Finance Accounts of the Government of Madhya Pradesh)

The revenue of the state government has increased at compounded annual growth rate (CAGR) of 16.90 per cent over past 5 years.

The above table indicates that during the year 2012-13, the revenue raised by the State Government was 53 per cent of the total receipts (₹ 70,427.28 crore) against 55 per cent in the preceding year. The balance 47 per cent of receipts during 2012-13 was from the Government of India.

<sup>1</sup> For details please see statement No. 11: "Detailed accounts of revenue by minor heads" in the Finance Accounts of the Government of Madhya Pradesh for the year 2012-13. Figures under the head "Share of net proceeds assigned to States" booked in the Finance Accounts 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 table no. 1.2 presents the details of tax revenue raised during the period from 2008-09 to 2012-13:

**Table No. 1.2**

(₹ 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.	2.	3.	4.	5.	6.	7.	8.
1.	Taxes on sales, trade etc.	6,842.99	7,723.82	10,256.76	12,516.73	14,856.30	(+) 18.69
2.	State excise	2,301.95	2,951.94	3,603.42	4,316.49	5,078.06	(+) 17.64
3.	Stamps and Registration fees	1,479.29	1,783.15	2,514.27	3,284.41	3,944.24	(+) 20.09
4.	Taxes on goods and passengers	1,332.57	1,332.88	1,746.20	2,047.46	2,395.03	(+) 16.98
5.	Taxes on vehicles	772.56	919.01	1,198.38	1,357.12	1,531.25	(+) 12.83
6.	Taxes and duties on electricity	343.06	2,146.49	1,476.32	1,773.32	1,477.71	(-) 16.67
7.	Land revenue	338.84	180.03	360.81	279.06	443.59	(+) 58.96
8.	Other taxes on income and expenditure - taxes on professions, trades, callings and employments	172.29	203.92	217.89	248.90	254.52	(+) 2.26
9.	Other taxes and duties on commodities and services	20.28	19.21	29.42	52.29	188.10	(+) 259.72
10.	Hotel receipts	9.67	12.20	15.85	18.33	-	-
11.	Taxes on immovable property other than agricultural land	-	0.12	0.01	1,079.33	412.90	(-) 61.74
<b>Total</b>		<b>13,613.50</b>	<b>17,272.77</b>	<b>21,419.33</b>	<b>26,973.44</b>	<b>30,581.70</b>	

(Source: Finance Accounts of the Government of Madhya Pradesh)

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

**Taxes on sales, trade etc.** - The increase of 18.69 per cent was due to better tax compliance.

**State excise** - The increase of 17.64 per cent was attributed to the increase in execution amount realised through auction of liquor shops.

**Stamps and Registration fees** - The increase of 20.09 per cent was due to registration of more documents and rise in the market value of immovable properties.

**Taxes on vehicles** – The increase of 12.83 per cent was due to speedy adoption of computerisation.

**Taxes and duties on electricity** – The decrease of (-) 16.67 per cent was stated due to realisation of arrears of electricity duty and interest pertaining to the previous years in 2011-12.

The other Departments did not inform the reasons for variation (January 2014), despite being requested (July 2013).

**1.1.3** The table no. 1.3 presents the details of major non-tax revenue raised during the period 2008-09 to 2012-13:

**Table No. 1.3**

(₹ 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.	2.	3.	4.	5.	6.	7.	8.
1.	Non-ferrous mining and metallurgical industries	1,361.08	1,590.47	2,121.49	2,038.31	2,443.39	(+) 19.87
2.	Forestry and wildlife	685.60	802.00	836.61	878.81	910.38	(+) 3.59
3.	Miscellaneous general services	380.17	399.12	143.00	145.44	30.40	(-) 79.10
4.	Interest receipts	163.29	1,284.03	298.56	1,571.41	301.47	(-) 80.82
5.	Other administrative services	55.58	80.94	85.14	106.05	239.15	(+) 125.51
6.	Major and medium irrigation	37.08	56.75	194.89	263.15	137.74	(-) 47.66
7.	Police	23.63	41.98	62.55	63.19	83.59	(+) 32.28
8.	Public works	21.74	27.37	36.77	47.92	33.22	(-) 30.68
9.	Medical and public health	20.88	21.84	22.77	30.16	44.83	(+) 48.64
10.	Co-operation	13.25	9.08	17.05	11.65	13.02	(+) 11.76
11.	Other non-tax receipts	580.56	2,068.46	1,900.94	2,326.64	2,763.03	(+) 18.76
<b>Total</b>		<b>3,342.86</b>	<b>6,382.04</b>	<b>5,719.77</b>	<b>7,482.73</b>	<b>7,000.22</b>	

(Source: Finance Accounts of the Government of Madhya Pradesh)

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

**Non-ferrous mining and metallurgical industries** – The increase of 19.87 *per cent* was attributed to the increase in the royalty of coal and recovery of amount outstanding with large companies in the financial year 2011-12.

**Forestry and wildlife** – The increase of 3.59 *per cent* was attributed to increase in sale price.

**Co-operation** – The increase of 11.76 *per cent* was attributed to increase in recovery of interest on loan.

The other Departments did not inform the reasons for variation (January 2014), despite being requested (July 2013).

**1.2 Variations between the budget estimates and actual receipts**

According to para A-15 read with para 6.6.1 of Madhya Pradesh Budget Manual (Manual), the estimates of revenue receipts should include/project the actual demand including arrears due for the past years and probability of their realisation during the year. According to Rule 192 of Madhya Pradesh Financial Code, the Finance Department is required to prepare the estimates of revenue after obtaining necessary information/data from the respective Department/Government.

The variations between the budget estimates and actual receipts for the year 2012-13 in respect of the principal heads of tax and non-tax revenue are mentioned in the table no. 1.4:

**Table No. 1.4**

(₹ in crore)

Sl. No.	Head of revenue	Revised budget estimates	Actual receipts	Variation excess (+) or shortfall (-)	Percentage increase (+)/ decrease (-)
1.	2.	3.	4.	5.	6.
Tax revenue					
1.	Taxes on Sales, Trade etc.	14,500.00	14,856.30	(+) 356.30	(+) 2.46
2.	State Excise	5,000.00	5,078.06	(+) 78.06	(+) 1.56
3.	Stamps and Registration fees	3,450.00	3,944.24	(+) 494.24	(+) 14.33
4.	Taxes and duties on electricity	1,370.00	1,477.71	(+) 107.71	(+) 7.86
5.	Taxes on vehicles	1,500.00	1,531.25	(+) 31.25	(+) 2.08
6.	Land Revenue	550.00	443.59	(-) 106.41	(-) 19.35
7.	Taxes on goods and passengers	2,400.00	2,395.03	(-) 4.97	(-) 0.21
Non-tax revenue					
1.	Non-ferrous mining and metallurgical industries	2,350.00	2,443.39	(+) 93.39	(+) 3.97
2.	Interest receipts	201.78	301.47	(+) 99.69	(+) 49.41
3.	Forestry and wild life	960.32	910.38	(-) 49.94	(-) 5.20

The reasons for variation were intimated only by the Stamps and Registration Department:

**Stamps and Registration fees** - The increase of 14.33 per cent was mainly due to registration of more documents and rise in the market value of immovable properties.

### 1.3 Analysis of arrears of revenue

The arrear of revenue as on 31 March 2013 in respect of some principle heads of revenue amounted to ₹ 913.47 crore of which ₹ 126.95 crore was outstanding for more than five years as mentioned in the table no. 1.5:

**Table No. 1.5**

(₹ in crore)

Sl No.	Heads of revenue	Amount outstanding as on 31 March 2013	Amount outstanding for more than five years as on 31 March 2013	Amount pending under Court
1.	2.	3.	4.	5.
1.	Taxes on sales, trade etc.	557.75	--	56.93
2.	State Excise	71.08	63.40	5.25
3.	Stamps and registration	85.32	34.25	32.67
4.	Non-ferrous mining and metallurgical industries	14.19	14.19	--
5.	Taxes and Duties on Electricity	185.13	15.11	39.72
<b>Total</b>		<b>913.47</b>	<b>126.95</b>	<b>134.57</b>

The position of arrears of revenue at the end of 2012-13 in respect of other Departments was not furnished by the Government/Department despite being requested (July 2013).

### 1.4 Arrears in assessment

The details of assessments relating to Sales tax/VAT, Profession tax, Entry tax, Luxury tax, Tax on works contracts pending at the beginning of the year, additional cases becoming due for assessment during the year, cases disposed of during the year and pending cases at the end of each year during 2010-11, 2011-12 and 2012-13 as furnished by the Commercial Tax Department are mentioned in the table no. 1.6:

**Table No. 1.6**

Name of tax	Year	Opening balance	New cases due for assessment during the year	Total assessments due	Cases disposed of during the year	Balance at the end of the year	Percentage of column 6 to 5
1	2.	3	4	5	6	7	8
Sales tax/ VAT	2010-11	2,44,922 <sup>2</sup>	2,53,990	4,98,912	3,74,824	1,24,088	75.13
	2011-12	1,24,088	2,94,265	4,18,353	3,30,229	88,124	78.94
	2012-13	88,124	2,32,539	3,20,663	2,00,552	1,20,111	62.54
Profession tax	2010-11	1,06,678	88,196	1,94,874	1,27,626	67,248	65.49
	2011-12	67,248	1,19,154	1,86,402	1,22,991	63,411	65.98
	2012-13	63,411	89,708	1,53,119	1,05,945	47,174	69.19

<sup>2</sup> The figure was not tallying with last year's closing balance where it was shown as 2,47,922. Now the Department had reconciled the figures and reported that the figures of opening balance as 2,44,922.



1	2.	3	4	5	6	7	8
Entry tax	2010-11	1,51,732	2,00,164	3,51,896	2,62,535	89,361	74.61
	2011-12	89,361	2,27,878	3,17,239	2,55,173	62,066	80.44
	2012-13	62,066	1,93,494	2,55,560	1,64,443	91,117	64.35
Luxury tax	2010-11	638	3,619	4,257	3,234	1,023	75.97
	2011-12	1,023	308	1,331	911	420	68.44
	2012-13	420	1,337	1,757	871	886	49.57
Tax on works contracts	2010-11	2,631	6,704	9,335	6,593	2,742	70.63
	2011-12	2,742	5,328	8,070	5,450	2,620	67.53
	2012-13	2,620	7,371	9,991	6,305	3,686	63.11

Thus, there has been decrease in disposal of assessment cases relating to sales tax/VAT, entry tax and luxury tax during 2012-13 as compared to the previous year.

### 1.5 Evasion of tax

The details of evasion as reported by the Departments are mentioned in the table no. 1.7:

**Table No. 1.7**

Sl. No.	Name of the tax/duty	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 pending cases as on 31 March 2013
					No. of cases	Amount of demand (₹ in crore)	
1.	2.	3.	4.	5.	6.	7.	8.
1.	Taxes on sales, trade etc.	253	239	492	220	122.81	267 <sup>3</sup>
2.	State Excise	29	NIL	29	NIL	NIL	29
3.	Stamps and Registration fees	13,685	10,734	24,419	8,025	32.20	16,394

Thus, there was increase in the number of pending cases relating to taxes on sales, trade etc, and stamps and registration fees.

### 1.6 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 end of the year 2012-13 as reported by the Departments are mentioned in the table No. 1.8:

<sup>3</sup> The Department did not furnish any reason for difference in opening and closing balance.

**Table No 1.8**

(₹ in crore)

Sl. No.	Category	Sales Tax/VAT		Taxes and duties on electricity		Stamps and Registration Fees		State Excise	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
1.	Claims outstanding at the beginning of the year	548	8.74	129	2.58	1,676	2.97	22	0.28
2.	Claims received during the year	5,462	438.07	111	3.25	845	4.13	18	0.73
3.	Refunds made during the year	5,350	352.12	39	2.58	779	2.61	26	0.91
4.	Balance outstanding at the end of the year	660	94.69	200	2.81 <sup>4</sup>	1,742	4.49	14	0.11

Thus, there was an increase in the number and amount of refund cases at the end of the year in all the Departments except State Excise Department.

### **1.7 Response of the Departments/Government towards audit**

The succeeding paragraphs 1.7.1 to 1.7.5 discuss the response of the Departments/Government towards audit observations/recommendations.

#### **1.7.1 Compliance to audit observations**

The Accountant General (Economic and Revenue Sector Audit), Madhya Pradesh (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 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.

We reviewed inspection reports issued up to December 2012 and found that 14,752 paragraphs involving ₹ 6,783.96 crore relating to 3,695 IRs remained outstanding at the end of June 2013 as mentioned in the table no. 1.9 along with the corresponding figures for the preceding two years:

<sup>4</sup> Difference between sl. no.1 and 4 of Taxes and duties on electricity due to reconciliation reported by the Department (August 2013).

**Table No. 1.9**

	June 2011	June 2012	June 2013
Number of outstanding IRs	3,690	3,465	3,695
Number of outstanding audit observations	13,285	13,506	14,752
Amount involved (₹ in crore)	9,355.55	6,834.02	6,783.96

The Department-wise details of the IRs and audit observations outstanding as on 30 June 2013 and the amounts involved are mentioned in the table no. 1.10:

**Table No. 1.10**

(₹ in crore)

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
1	2	3	4	5	6
1.	Commercial Tax	Taxes/VAT on sales, trade etc.	1038	5172	1012.21
2.	Energy	Taxes and duties on electricity	48	161	309.95
3.	State excise	Entertainment tax	200	392	19.41
		State excise	224	850	675.91
4.	Revenue	Land revenue	1070	3374	2534.35
5.	Transport	Taxes on vehicles	425	2264	361.18
6.	Registration and Stamps	Stamps and Registration fees	471	1422	211.08
7.	Mines and Geology	Nonferrous mining and metallurgical industries	219	1117	1659.87
<b>Total</b>			<b>3695</b>	<b>14752</b>	<b>6783.96</b>

Year-wise and age-wise breakup of the outstanding Inspection Reports, Paras as on June 2013 are mentioned in the table no. 1.11:

**Table No. 1.11**

Period of Inspection Reports	Number of Inspection Reports	Number of Paras	Outstanding Inspection Reports (Age wise)
1.	2.	3.	4.
Up to 2005-06	1219	3656	7 years
2006-07	289	920	6 years
2007-08	352	1047	5 years
2008-09	387	1599	4 years

1.	2.	3.	4.
2009-10	403	1968	3 years
2010-11	397	1988	2 years
2011-12	339	1782	1 year
2012-13	309	1792	-

Even the first replies required to be received from the heads of offices within one month from the date of issue of the IRs were not received for 327 IRs issued up to December 2012. 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 failed to initiate action to rectify the defects, omissions and irregularities pointed out by the AG in the IRs. Although this was pointed out in the earlier report for the year ended 31 March 2012, no corrective measures were taken in this regard.

**It is recommended that the Government may take suitable steps to establish an effective procedure for prompt and appropriate response to audit observations as well as taking action against officials/officers who do not send replies to the IRs/paragraphs as per the prescribed time schedules and also fail to take action to recover loss/outstanding demand in a time bound manner.**

### 1.7.2 Departmental audit committee meetings

The Government sets up audit committees to monitor and expedite the progress of the settlement of paragraphs in the Inspection Reports. Details of two audit committee meetings held in respect of Commercial Tax Department during the year 2012-13 are mentioned in the table no. 1.12:

**Table No. 1.12**

(₹ in crore)

Period of IRs	IRs settled	Paras settled	Amount
1.	2.	3.	4.
up to 2005-06	8	18	0.69
2006-07	1	7	0.15
2007-08	1	35	0.33
2008-09	-	64	5.80
2009-10	-	70	3.93
2010-11	-	21	0.73
2011-12	-	9	0.19
<b>Total</b>	<b>10</b>	<b>224</b>	<b>11.82</b>

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

### 1.7.3 Non-production of records to audit for scrutiny

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

During 2012-13, as many as 2331 assessment files, registers and other relevant records relating to 124 offices were not made available to audit. The tax effect could not be computed in all the cases. Department-wise break up of such cases are given in the table no. 1.13:

**Table No. 1.13**

(₹ in crore)

Name of Department/ No. of offices	Nature of receipts	Number of assessment cases not audited	Number of cases in which revenue involved could be ascertained	Revenue involved
1.	2.	3.	4.	5.
Commercial Tax/64	Sales tax/VAT	1951	-	-
Registration and Stamps/10	Stamps and Registration fees	22	-	-
Revenue/32	Land revenue	315	-	-
Mines and Geology / 15	Non-ferrous mining and metallurgical industries	37	-	-
State Excise/ 03	State Excise	6	-	-
<b>Total</b>		<b>2331</b>	<b>-</b>	<b>-</b>

### 1.7.4 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 us to the Principal Secretaries/Secretaries of the Departments concerned, drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the Department is invariably indicated at the end of each paragraph included in the Audit Report.

50 paragraphs (clubbed into 35 paragraphs) included in this Report were sent to the Principal Secretaries/Secretaries of the concerned Departments between April and July 2013. Their replies have not been received (January 2014).

The paragraphs pertaining to these Departments have been included in this Report without the response of the Departments.

### 1.7.5 Follow up on Audit Reports-summarised position

As per the instructions issued (November 1994) by the State Legislative Affairs Department, Action Taken Reports (ATR) on the recommendations of the Public Accounts Committee (PAC) should be submitted within six months from the date of recommendations by the PAC.

Paras related to Audit Report for the year 2007-08 have been discussed and 46 paragraphs are still pending for discussion at PAC level, departmental replies relating to 76 paragraphs are still awaited. The details are given in the table no. 1.14:

**Table No. 1.14**

Year of Audit Report	No. of Paras in which replies are awaited	No. of Paras pending for discussion
1.	2.	3.
2006-07	-	1
2007-08	2	-
2008-09	10	20
2009-10	12	18
2010-11	52	7
<b>Total</b>	<b>76</b>	<b>46</b>

ATRs on the PAC recommendations up to 1992-93 have been received. ATRs from 1993-94 to 2007-08 have been partly received and thereafter ATRs have not been received from the concerned Departments. Status of ATRs submitted and not submitted is mentioned in the table no. 1.15:

**Table No. 1.15**

Year of AR	Paras included in AR	No. of Paras for which recommendations made by PAC	No. of Paras for which ATRs submitted	No. of Paras for which ATRs not submitted
1	2	3	4	5
1993-94	54	39	24	15
1994-95	70	70	37	33
1995-96	83	83	52	31
1996-97	93	93	53	40
1997-98	77	77	21	56
1998-99	69	67	29	38
1999-00	65	65	23	42
2000-01	64	55	13	42
2001-02	49	49	13	36
2002-03	58	58	21	37
2003-04	42	42	23	19
2004-05	38	13	7	6
2005-06	47	8	0	8
2006-07	41	3	1	2
2007-08	55	1	1	0
<b>Total</b>	<b>905</b>	<b>723</b>	<b>318</b>	<b>405</b>

## 1.8 Analysis of the mechanism for dealing with the issues raised by audit in respect of Stamps and Registration Department

In order 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 in respect of one Department is evaluated and included in each Audit Report.

The succeeding paragraphs 1.8.1 to 1.8.2.2 discuss the performance of the Stamp Duty and Registration Department to deal with the cases detected in the course of local audit conducted during the last six years and also the cases included in the Audit Reports for the years 2002-03 to 2011-12.

### 1.8.1 Position of Inspection Reports

The summarised position of inspection reports issued during the period 2008-09 to 2012-13, paragraphs included in these reports and their status as on 31 March 2013 are mentioned in the table no. 1.16:

**Table No. 1.16**

(₹ in crore)

Year	Opening balance			Addition during the year			Clearance during the year			Closing balance during the year			Inspection reports outstanding (Age wise)
	IRs	Para-graphs	Money Value	IRs	Para-graphs	Money Value	IRs	Para-graphs	Money Value	IRs	Para-graphs	Money Value	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
upto 2008-09	769	1864	85.63	80	315	26.03	133	397	15.95	716	1782	95.72	more than 4 years
2009-10	716	1782	95.72	88	290	33.76	223	643	27.83	581	1429	101.65	3 years
2010-11	581	1429	101.65	65	264	62.16	237	477	20.41	409	1216	143.39	2 years
2011-12	409	1216	143.39	53	203	60.13	53	232	28.78	409	1187	174.73	1 year
2012-13	409	1187	174.73	98	344	49.01	69	169	10.88	438	1362	212.86	

### 1.8.2 Assurance given by the Departments/Government on the issues highlighted in the Audit Report

#### 1.8.2.1 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Stamps and Registration Department and the amount recovered as reported by the Department are shown in the table no. 1.17:

**Table No. 1.17**

(₹ in crore)

Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted including money value	Money value of accepted paragraphs	No. of paragraphs against which recovery made	Amount recovered upto 31.03.13	Percentage of recovery to amount accepted 7 to 5
1.	2.	3.	4.	5.	6.	7.	8.
2002-03	06	17.17	05	2.79	05	2.79	100.00
2003-04	04	1.86	02	1.36	02	1.36	100.00
2004-05	05	8.65	02	2.87	02	2.87	100.00
2005-06	03	1.32	03	0.53	03	0.53	100.00
2006-07	06	2.45	04	0.55	04	0.51	92.73
2007-08	01	91.57	01	45.76	01	8.58	18.75
2008-09	11	16.81	08	16.35	08	2.15	13.15
2009-10	09	14.72	07	14.11	07	2.06	14.60
2010-11	13	34.22	07	11.21	04	0.14	1.25
2011-12	10	32.71	10	28.11	01	0.08	0.28

The percentage of recovery as compared to the accepted cases has been extremely low over the last five years.

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

The draft performance audits conducted by the AG are forwarded to the concerned Departments/Government for their information with a request to furnish their replies. These performance audits are also discussed in an exit conference and the Departments/Government views are included while finalising the reviews for the Audit Reports.

Performance audit on “**Assessment and levy of Stamp duty and registration fee**” featured in the Audit Report for 2007-08 contained five recommendations. No specific comments on any of the recommendations have been furnished by the Department.

## **1.9 Impact of audit**

### **1.9.1 Status of Compliance to Audit Report 2007-08 to 2011-12**

During the period from 2007-08 to 2011-12, the Departments/Government accepted audit observations involving ₹ 1,146.13 crore, of which only ₹ 253.57 crore was recovered till 31 March 2013 as mentioned in the table no. 1.18:



**Table No. 1.18**

(₹ in crore)

Year of the Audit Report	Total money value of the Report	Accepted money value	Recovery as per AR	Cumulative Recovery	Percentage of recovery to amount accepted
1.	2.	3.	4.	5.	6.
2007-08	623.43	367.16	4.89	82.32	22.42
2008-09	1,339.50	134.32	2.88	12.80	9.53
2009-10	1,469.91	418.83	2.67	156.13	37.28
2010-11	291.79	110.29	1.99	1.99	1.80
2011-12	247.82	115.53	0.33	0.33	0.29
<b>Total</b>	<b>3,972.45</b>	<b>1,146.13</b>	<b>12.76</b>	<b>253.57</b>	

The percentage of recovery as compared to the accepted cases has been low over the last five years.

**We recommend that the Government should take appropriate steps to improve the recovery position at least in the accepted cases.**

**1.9.2 Status of Compliance to Inspection Reports (2007-08 to 2011-12)**

During the period 2007-08 to 2011-12, we had audited 2,053 units of Commercial Tax, Registration, Land Revenue, Transport, State Excise, Mineral Resources, Taxes and duties on Electricity and Forest Departments. Through our Inspection Reports, we had pointed out 18,65,709 cases with revenue implication of ₹ 9,540.65 crore. The Department/Government had accepted audit observations of ₹ 4,146.97 crore of which an amount of ₹ 234.28 crore had been recovered in 36,548 cases (as on 31 March 2013). The details are shown in the table no. 1.19:

**Table No. 1.19**

(₹ in crore)

Year of Inspection Report	No. of units audited	Objected		Accepted		Recovered	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	2.	3.	4.	5.	6.	7.	8.
2007-08	508	4,48,574	1,069.85	3,16,179	327.83	456	135.61
2008-09	377	2,96,745	2,342.15	77,791	804.20	1,426	18.95
2009-10	449	28,674	3,366.12	18,071	1,738.52	1,940	4.64
2010-11	398	4,36,829	1,955.06	1,75,021	737.07	31,204	70.50
2011-12	321	6,54,887	807.47	24,385	539.35	1,522	4.58
<b>Total</b>	<b>2,053</b>	<b>18,65,709</b>	<b>9,540.65</b>	<b>6,11,447</b>	<b>4,146.97</b>	<b>36,548</b>	<b>234.28</b>

**1.9.3 Status of Compliance to Inspection Reports (2012-13)**

Test check of the records of 378 units of Commercial tax, State excise, Taxes on Vehicles, Land Revenue, Stamps and Registration Fees and Mining Receipts conducted during the year 2012-13 revealed underassessment/short levy/loss of revenue aggregating ₹ 764.89 crore in 8,98,782 cases. During the

course of the year, the Departments accepted underassessment and other deficiencies of ₹ 372.31 crore involved in 36,183 cases which were pointed out in audit during 2012-13. The Departments collected ₹ 3.18 crore in 293 cases during 2012-13.

#### **1.9.4 This Report**

This Report contains 35 paragraphs (selected from the audit detections made during the local audit referred to above and during earlier years which could not be included in earlier reports) including one review of "Mining receipts in Madhya Pradesh" relating to short/non-levy of tax, duty and interest, penalty etc., involving financial effect of ₹ 343.19 crore. The Departments/ Government have accepted audit observations involving ₹ 181.88 crore out of which ₹ 2.62 crore has been recovered. The replies in the remaining cases have not been received. These are discussed in the succeeding Chapters II to VII.