

CHAPTER-1: General

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by the Government of Punjab, 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 last five years ending 2012-13 are mentioned in table 1.1:

Table 1.1
Trend of Revenue Receipts

(₹ in crore)						
Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Revenue raised by State Government					
	• Tax revenue	11,150.19	12,039.48	16,828.18	18,841.01	22,587.56
	• Non-tax revenue	5,783.91	5,652.70	5,330.17	1,398.45	2,629.21
	Total	16,934.10	17,692.18	22,158.35	20,239.46	25,216.77
2.	Receipts from Government of India					
	• Share of net proceeds of divisible Union taxes and duties	2,084.01	2,144.10	3,050.87	3,554.31	4,058.81
	• Grants-in-aid	1,694.68	2,320.30	2,399.25	2,440.64	2,775.57
	Total	3,778.69	4,464.40	5,450.12	5,994.95	6,834.38
3.	Total receipts of the State Government (1 and 2)	20,712.79	22,156.58	27,608.47	26,234.41¹	32,051.15
4.	Percentage of 1 to 3	82	80	80	77	79

During the year 2012-13, the revenue raised by the State Government (₹ 25,216.77 crore) was 79 per cent of the total revenue receipts (₹ 32,051.15 crore). The increase in tax revenue in 2012-13 was 19.88 per cent over the previous year, whereas increase in non-tax revenue was by 88 per cent. The balance 21 per cent of the receipts was received from the Government of India.

¹ For details please see statement number 11-Detailed accounts of revenue by minor heads in the Finance Accounts of the Government of Punjab for the year 2012-13. Figures under the head 0021- Taxes on income other than corporation tax-share of net proceeds assigned to States booked in the Finance Accounts under A – Tax revenue have been excluded from revenue raised by the State and included in the State's share of divisible Union taxes in this statement.

1.1.2 The details of tax revenue raised during the period from 2008-09 to 2012-13 are mentioned in table 1.2:

Table 1.2
Details of Tax Revenue raised

(₹ 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	VAT ² / Sales Tax	6,166.46	7,264.31	9,642.42	10,754.70	12,712.67	(+) 18.20
	Central Sales Tax	269.17	313.18	374.49	416.97	505.26	(+) 21.17
2	State Excise	1,809.95	2,100.92	2,373.07	2,754.60	3,331.96	(+) 20.96
3	Stamp Duty and Registration Fee	1,730.29	1,550.94	2,318.46	3,079.13	2,920.49	(-) 5.15
4	Taxes and Duties on Electricity	631.33	230.13	1,422.90	928.28	2,035.30	(+) 119.25
5	Taxes on Vehicles	524.09	554.74	653.91	850.06	994.72	(+) 17.01
6	Other Taxes and Duties on Commodities and Services	3.46	9.95	23.69	32.62	50.03	(+) 53.37
7	Land Revenue	15.44	15.31	19.24	24.65	37.13	(+) 50.62
Total		11,150.19	12,039.48	16,828.18	18,841.01	22,587.56	(+) 19.88

The following were the reasons for variations in 2012-13 over the year 2011-12 as reported by the concerned Departments:

VAT/Sales Tax: The increase of 18.20 *per cent* was attributed to increase in rate of VAT, prices of commodities and the number of dealers.

State Excise: The increase of 20.96 *per cent* was attributed to increase of quota of liquor, licence fee, application fee and the number of applicants.

Stamp Duty and Registration Fee: The decrease of 5.15 *per cent* was attributed to global recession leading to lower sale/purchase of properties.

Taxes and Duties on Electricity: The increase of 119.25 *per cent* was due to adjustment of recoverable electricity duty from PSPCL in lieu of subsidy provided by Punjab Government.

² Value Added Tax (VAT) with effect from 1 April 2005.

Taxes on Vehicles: The increase of 17.01 *per cent* was attributed to revised rates of MVT, online collection of taxes and better fiscal management by the department.

The other Departments did not intimate the reasons for variation.

1.1.3 The details of the major non-tax revenue raised by the State during the period from 2008-09 to 2012-13 are mentioned in table 1.3:

Table 1.3
Details of Major Non-Tax Revenue

							(₹ 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.	Interest Receipts	181.98	164.69	169.37	170.16	170.47	(+) 0.18
2.	Dairy Development	0.09	0.08	0.10	0.27	0.12	(-)55.55
3.	Other Non-Tax Receipts	760.97	486.88	559.19	627.12	680.88	(+) 8.57
4.	Forestry and Wild Life	15.52	26.47	12.52	5.22	5.78	(+) 10.72
5.	Non-ferrous Mining and Metallurgical Industries	37.07	37.99	61.98	35.58	24.02	(-) 32.49
6.	Miscellaneous General Services (including State Lotteries)	4,567.80	4,780.12	4,277.23	323.72	1,420.73	(+) 338.87
7.	Major and Medium Irrigation	11.85	34.62	29.60	25.19	50.98	(+) 102.38
8.	Medical and Public Health	47.63	45.13	71.88	68.43	79.12	(+) 15.62
9.	Co-operation	4.55	3.73	3.50	3.53	3.29	(-) 6.79
10.	Public Works	17.52	22.60	21.30	15.83	12.36	(-) 21.92
11.	Police	58.58	51.88	61.89	51.91	80.76	(+) 55.57
12.	Other Administrative Services	80.35	-1.49	61.61	71.49	100.70	(+) 40.85
Total		5,783.91	5,652.70	5,330.17	1,398.45	2,629.21	(+) 88.00

The following were the reasons for variations in 2012-13 over the year 2011-12 as reported by the concerned Departments:

Forestry and Wild Life: The increase of 10.72 *per cent* was due to sale of forest produce, plants, dead stock and proceed from realization of compensation from forest offenders etc.

Non-ferrous Mining and Metallurgical Industries: The decrease of 32.49 *per cent* was due to ban imposed by the Hon'ble High Court on 241 small mines for want of environmental clearance.

Miscellaneous General Services (State Lotteries): The increase of revenue receipts of lottery department was due to more sale of bumper and monthly lottery schemes.

Co-operation: The decrease of 6.79 *per cent* was due to decrease of work of Industrial Cooperative Societies.

Police: The increase of 55.57 *per cent* was due to recovery of outstanding claims of the previous years.

The other Departments did not intimate the reasons for variations.

1.2 Variation between the budget estimates and actuals

The variation between the budget estimates and actuals of revenue receipts for the year 2012-13 in respect of the main heads of tax and non-tax revenue are mentioned in table 1.4:

Table 1.4
Details of budget estimates and actuals

(₹ in crore)					
Sl. No.	Revenue head	Budget estimates	Actual	Variation excess (+)/ short fall (-)	Percentage of variation
A Tax Revenue					
1.	Sales Tax	14,213.00	13,217.93	(-)995.07	(-)7.00
2.	State Excise	3,800.00	3,331.96	(-)468.04	(-)12.31
3.	Stamp Duty and Registration Fee	3,375.00	2,920.49	(-)454.51	(-)13.46
4.	Taxes on Vehicles	864.00	994.72	(+)130.72	(+)15.12
5.	Taxes and Duties on Electricity	1,540.00	2,035.30	(+)495.30	(+)32.16
6.	Other Taxes and Duties on Commodities and Services	30.00	50.03	(+)20.03	(+)66.76
7.	Land Revenue	20.00	37.13	(+)17.13	(+)85.65
B Non-Tax Revenue					
1.	Interest Receipts	182.17	170.47	(-)11.70	(-)6.42
2.	Road Transport	200.58	222.51	(+)21.93	(+)10.93
3.	Major and Medium Irrigation	350.00	50.98	(-)299.02	(-)85.43
4.	Police	98.00	80.76	(-)17.24	(-)17.59
5.	Public Works	29.00	12.36	(-)16.64	(-)57.37
6.	Crop Husbandry	44.00	19.90	(-)24.10	(-)54.77
7.	Forestry and Wild Life	36.00	5.78	(-)30.22	(-)83.94
8.	Misc. General Services	516.66	1,420.73	(+)904.07	(+)174.98

The following were the reasons for variations in 2012-13 over the year 2011-12 as reported by the concerned Departments:

Sales Tax/VAT: The decrease of 7.00 *per cent* was due to enhancement of targets from time to time in view of growth.

Taxes and Duties on Electricity: The increase of 32.16 *per cent* was due to adjustment of recoverable electricity duty from PSPCL in lieu of subsidy provided by Punjab Government.

Road transport: The increase of 10.93 *per cent* was due to reimbursement of free/concessional travelling facility claims pertaining to the previous years.

Police: The decrease of 17.59 *per cent* was due to non-payment of deployment charges by other States/Departments.

Crop Husbandry: The decrease of 54.77 *per cent* was due to less renewal of licenses for sale of fertilizer, plant protection equipment, pesticides and weedicides.

The other Departments did not intimate the reasons for variation.

1.3 Cost of collection of major revenue receipts

The gross collection, expenditure on collection and the percentage of such expenditure to gross collection in respect of the major revenue receipts, during the year 2008-09 to 2012-13 along with the relevant All India average percentage of expenditure on collection are mentioned in table 1.5:

Table 1.5
Cost of Collection of Major Revenue Receipts

(₹ in crore)

Sl. No.	Head of revenue	Year	Collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage for the year 2011-12
1.	Taxes/VAT on Sales, Trade etc.	2008-09	6,435.63	48.53	0.75	0.83
		2009-10	7,577.49	59.83	0.79	
		2010-11	10,016.91	107.25	1.07	
		2011-12	11,171.67	99.73	0.89	
		2012-13	13,217.93	113.75	0.86	
2.	Taxes on Vehicles	2008-09	524.09	9.20	1.76	2.96
		2009-10	554.74	9.19	1.66	
		2010-11	653.91	10.92	1.67	
		2011-12	850.06	15.85	1.86	
		2012-13	994.72	24.52	2.46	
3.	State Excise	2008-09	1,809.95	14.57	0.80	2.98
		2009-10	2,100.92	17.23	0.82	
		2010-11	2,373.07	20.55	0.86	
		2011-12	2,754.60	30.16	1.09	
		2012-13	3,331.96	35.72	1.07	
4.	Stamp Duty and Registration fee	2008-09	1,730.29	23.69	1.37	1.89
		2009-10	1,550.94	12.42	0.80	
		2010-11	2,318.46	25.47	1.10	
		2011-12	3,079.13	27.56	0.90	
		2012-13	2,920.49	25.01	0.85	

It would be seen from above that the cost of collection under all the revenue heads was lower than the All India average except in Taxes/VAT on Sales, trade.

1.4 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2013 in respect of some principal heads of revenue amounted to ₹ 1,935.16 crore of which ₹ 627.32 crore was outstanding for more than five years as detailed in table 1.6:

Table 1.6
Arrears of revenue outstanding for more than 5 years

(₹ in crore)

Sl. No.	Head of revenue	Amount outstanding as on 31 March 2013	Amount outstanding for more than five years as on 31 March 2013	Remarks
1.	Taxes/VAT on Sales, Trade etc.	1,781.57	570.72	Demands of ₹ 7.95 crore were covered by recovery certificate; arrears of ₹ 200.69 crore were stayed by the High Court/Judicial Authority; recovery stayed by Government Deptt. Authorities ₹ 1,260.29 crore; recovery due to rectification/review of application ₹ 4.64 crore; recovery of ₹ 2.08 crore due to insolvency of dealers; demands of ₹ 23.19 crore likely to be written off; demands of ₹ 0.99 crore were being recovered in instalments and balance amount of ₹ 281.74 crore was at different stages of action.
2.	State Excise	14.19	11.43	Demands of ₹ 4.56 crore were covered by recovery certificates; recovery of ₹ 1.27 crore was stayed by the High Court/other judicial and departmental authorities; demands amounting to ₹ 4.45 crore were likely to be written off; ₹ 0.53 crore were being recovered in instalments; recovery of ₹ 0.07 crore was held up due to rectification and the balance of ₹ 3.31 crore was at different stages of action.
3.	Taxes on Vehicles	102.21	43.76	Recovery of ₹ 0.31 crore were stayed by the High Court/Judicial Authority; ₹ 0.13 crore was stayed by the Government department; ₹ 0.08 crore was being recovered in instalments and the balance amount of ₹ 101.69 crore was at different stages of action.
4.	Forestry and Wild Life	37.19	1.41	Demands of ₹ 0.72 crore were covered by recovery certificates; ₹ 0.14 crore was likely to be written off; ₹ 1.95 crore was being recovered in instalments; ₹ 0.49 crore was at different stages of action and ₹ 33.89 crore was to be recovered as royalty from PSFDC Ltd.
	Total	1,935.16	627.32	

The arrears outstanding for more than five years constituted 32.42 per cent of the total arrears.

1.5 Arrears in assessment

The opening balance of assessment, assessment due, assessment disposed off and closing balance of assessment during the last three years from 2010-11 to 2012-13 as furnished by the Sales Tax/VAT Department are mentioned in table 1.7:

Table 1.7
Arrears of Assessment

Year	Opening balance	Cases which became due for assessment	Total	Cases disposed during the year	Cases pending at the end of the year
2010-11	40,059	9,253	49,312	7,740	41,572
2011-12	41,572	10,049	51,621	11,155	40,466
2012-13	41,497*	7,494	48,991	9,102	39,889

* Difference of 1,031 cases in opening balance was due to inclusion of 387 cases of 2007-08 and 644 cases of 2008-09.

It is recommended that Government may consider issuing instructions for early disposal of the cases.

1.6 Evasion of tax

The details of cases of evasion of tax detected by the Departments, cases finalised and the demand for additional tax raised at the end of each year during 2008-09 to 2012-13 as reported by the Departments are detailed in table 1.8:

Table 1.8

Sl. No.	Revenue Head	Year	No. of cases pending at beginning of the year	Cases detected during the year	Total	No. of cases in which assessments / investigations completed and additional demand including penalty etc. raised		No. of cases pending at the end of year
						No. of cases	Amount of demand (₹ in crore)	
1.	Taxes/ VAT on Sales, Trade etc	2008-09	3,307	1,725	5,032	2,706	17.84	2,326
		2009-10	2,326	4,538	6,864	3,068	24.94	3,796
		2010-11	3,796	7,970	11,766	8,376	63.86	3,390
		2011-12	3,390	6,154	9,544	7,203	108.83	2,341
		2012-13	2,341	5,913	8,254	5,487	125.84	2,767
2.	Taxes on Vehicles	2008-09	182	79	261	42	0.86	219
		2009-10	219	13	232	6	48.74	226
		2010-11	226	--	226	160	32.10	66
		2011-12	66	--	66	43	6.31	23
		2012-13	23	--	23	2	0.06	21
3.	State Excise	2008-09	1	--	1	1	0.01	--
		2009-10	--	--	--	--	--	--
		2010-11	--	182	182	159	1.45	23
		2011-12	23	75	98	98	0.10	--
		2012-13	--	105	105	88	0.11	17

1.7 Refunds

The opening balance of refund cases, refund cases received, refunds allowed and the closing balance during the period of five years ending 2012-13 as reported by the Excise & Taxation Department are mentioned in table 1.9 and 1.10:

Table 1.9

(₹ in crore)

Revenue Head	Year	Claims outstanding at the beginning of the year		Claims received during the year		Cases rejected		Refund made during the year		Balance outstanding at the end of the year	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Taxes/ VAT on Sales, Trade etc	2008-09	3,214	124.02	10,621	496.66	46	5.89	8,666	373.80	5,123	240.99
	2009-10	5,123	240.99	7,765	437.23	314	38.33	7,217	375.66	5,357	264.23
	2010-11	5,357	264.23	7,129	549.98	1,102	131.50	8,381	479.43	3,003	203.28
	2011-12	3,003	203.28	9,717	820.06	714	94.82	8,888	668.99	3,118	259.53
	2012-13	3,118	256.78 *	8,894	842.33	1,066	109.76	7,335	609.07	3,611	380.28

* Difference in opening balance of ₹ 2.75 crore was due to incorrect booking (by clerical mistake) in previous year closing balance.

Table 1.10

(₹ in crore)

Revenue Head	Year	Claims outstanding at the beginning of the year		Claims received during the year		Refund made during the year		Balance outstanding at the end of the year	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
State Excise	2008-09	84	0.19	61	1.96	31	1.76	114	0.39
	2009-10	114	0.39	14	0.48	18	0.44	110	0.43
	2010-11	110	0.43	28	2.08	23	2.09	115	0.42
	2011-12	115	0.42	25	0.09	12	0.04	128	0.47
	2012-13	128	0.47	27	6.13	22	5.49	133	1.11

1.8 Response of the Government/Departments towards audit

- Replies to the audit observations are to be submitted by the Government Departments to the office of the Accountant General (Audit) within one month from the date of issue of Inspection Reports.
- If replies to the audit observations contained in the Inspection Reports are satisfactory, the observations are recommended for settlement after verification of the documents.
- The remaining audit observations are to be settled during the Audit Committee meetings, if the reply of the Department is satisfactory.
- If the audit observations are subjudice, the observations remain pending till decision of the court.

- At the time of next audit, rest of the audit observations are reviewed by the audit party at length and after verification of the records these are recommended for settlement.

1.8.1 Lack of responsiveness to audit

The Accountant General (Audit) Punjab (AG) conducts periodical inspection of the Government Departments to test check the transactions and verify maintenance of the important accounts and other records as prescribed in the rules and procedures. These inspections are followed by inspection reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of 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 to 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.

Inspection reports issued upto December 2012 disclosed that 11,755 paragraphs involving ₹ 7,330.98 crore relating to 5,126 IRs remained outstanding at the end of June 2013 as mentioned in table 1.11:

Table 1.11

	June 2011	June 2012	June 2013
Number of outstanding IRs	6,031	5,004	5,126
Number of outstanding audit observations	11,330	7,640	11,755
Amount involved (₹ in crore)	6,822.66	7,329.25	7,330.98

The Department-wise details of the IRs and audit observations outstanding as on 30 June 2013 and the amounts involved are mentioned in table 1.12:

Table 1.12

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved (₹ in crore)
1.	Department of Finance	Taxes/VAT on Sales, Trade etc.	1,841	3,763	469.09
		Electricity Duty	17	78	5,092.58
		Entertainment Tax etc.	280	443	22.24
2.	Excise and Taxation Commissioner, Excise	State Excise	228	270	381.80
3.	Revenue and Rehabilitation	Land Revenue	653	1,287	390.98
4.	Transport	Taxes on Motor Vehicles	611	2,075	541.85
5.	Stamps and Registration	Stamp Duty and Registration Fee	1,250	3,395	150.60
6.	Director of Lotteries	State Lotteries	17	36	128.89
7.	Forest and Environment	Forest and Wild Life	229	408	152.95
Total			5,126	11,755	7,330.98

Even the first replies required to be received from the heads of offices within one month from the date of issue of IRs were not received for 67 IRs issued upto December 2012. The large pendency of IRs due to non-receipt of replies was indicative of the fact that the Heads of offices and the Heads of Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by audit in the IRs.

It is recommended that the Government may take suitable steps to put in place an effective procedure for prompt and appropriate response to audit observations as well as take action against the officer/officers who did not send replies to the IRs/paragraphs as per the prescribed time schedules and also did not take action to recover the loss/outstanding dues in a time bound manner.

1.8.2 Departmental Audit Committee Meetings

The Government sets up audit committees to monitor and expedite progress of the settlement of audit observations contained in the IRs. No audit committee meeting was held during the year 2012-13. All the Departments were requested to hold the audit committee meetings for expeditious settlement of the outstanding audit observations.

It is recommended that Government should ensure holding of audit committee meetings.

1.8.3 Response of the Departments to the draft audit paragraphs

On the recommendation of the Public Accounts Committee (PAC), the Department of Finance issued directions to all the Departments in October 1967 to send their response to the draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within six weeks. The draft paragraphs are forwarded demi officially to the 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 Government is invariably indicated at the end of each paragraph included in the Audit Report.

Eighteen paragraphs including one performance audit were sent to Secretaries of the respective Departments between June 2013 and October 2013 through demi official letters. The Secretaries of the Department did not send replies to fifteen paragraphs including performance audit and the same have been included in this Report without the response of the Departments.

1.8.4 Follow up on the Audit Reports – summarized position

With a view to ensure accountability of the executive in respect of issues dealt with in the audit reports, the Department of Finance issued instructions in August 1992 to initiate *suo moto* action on all paragraphs/reviews figuring in the Audit Reports irrespective of whether the cases were taken up for examination by the PAC or not. Out of 239 paragraphs/reviews included in Audit Reports relating to the period 2006-07 to 2011-12, which were laid before the State Legislature, action taken notes (ATNs) in respect of 106 paragraphs/reviews were not received as on June 2013 even after the lapse of the prescribed period of three months. Out of the above 239 paras, 32 paras pertain to the period 2006-07 and the rest to subsequent years as mentioned in table 1.13:

Table 1.13

Year of Report	Date of presentation of Audit Report to the Legislature	No. of paragraphs/ reviews included in the Audit Reports	No. of paragraphs/ reviews on which ATN were due from the Departments
2006-07 ³	12 March 2008	32	12
2007-08	04 March 2009	49	20
2008-09	15 March 2010	50	09
2009-10	11 March 2011	31	16
2010-11	28 March 2012	31	09
2010-11	28 March 2012 (SAR)	26	20
2011-12	19 March 2013	20 (19+1)	20(19+1)
Total		239	106

³ Outstanding paragraphs pertaining to Audit Reports for the year 2006-07 and 2007-08 had been transferred (January 2012) by the Public Accounts Committee to the concerned Departments with direction to take further action at their own level.

1.8.5 Compliance with the earlier Audit Reports

During the period from 2007-08 to 2011-12, the Departments/Government accepted audit observations involving ₹ 469.50 crore, of which an amount of ₹ 18.17 crore had been recovered till 31 March 2013 as mentioned in table 1.14:

Table 1.14

Sl. No.	Year of Audit Report	Total money value	(₹ in crore)	
			Accepted money value	Recovery made
1	2007-08	352.33	35.46	2.82
2	2008-09	218.15	42.58	0.33
3	2009-10	94.52	32.51	0.07
4	2010-11	181.61	30.15	7.01
5	2011-12	855.13	328.80	7.94
Total		1,701.74	469.50	18.17

The Government may issue appropriate instructions to the concerned Departments to effect recovery.

1.9 Analysis of the mechanism for dealing with the issues raised by audit

In order to analyse the system of addressing the issues highlighted in the IRs/ Audit Report by the Departments/Government, the action taken on the paragraphs and performance audits included in the Audit Report of the last 10 years in respect of Land Revenue Department was evaluated and included in this Audit Report.

The succeeding paragraphs 1.9.1 and 1.9.2 discuss the performance of the Director, Land Revenue, Punjab to deal with cases detected in the course of local audit conducted during the last 10 years and also the cases included in the Audit Reports for the years 2003-04 to 2012-13.

- There is no Audit Committee set up by the Director, Land Revenue, Punjab and hence no audit committee meeting was held by the Department.
- At the level of Deputy Accountant General, half yearly reminders were issued to the Government/Department furnishing the list of the outstanding paragraphs in Inspection Reports and Audit Reports asking them to expedite necessary steps for early settlement.

1.9.1 Position of Inspection Reports

The summarised position of inspection reports issued during the last 10 years, paragraphs included in these reports and status of the same as on 30 June 2013 are given in the table 1.15:

Table 1.15

(₹ in crore)

Year	Opening balance			Addition during the year			Clearance during the year			Closing during the year		
	IRs	Parag raphs	Money value	IRs	Parag raphs	Money value	IRs	Parag raphs	Money value	IRs	Parag raphs	Money value
2003-04	515	865	11.22	51	114	0.13	43	97	0.02	523	882	11.33
2004-05	523	882	11.33	25	71	0.75	4	31	0.004	544	922	12.08
2005-06	544	922	12.08	63	215	0.40	27	121	0.03	580	1,016	12.45
2006-07	580	1,016	12.45	34	94	0.17	5	23	0.31	609	1,087	12.31
2007-08	609	1,087	12.31	37	104	40.87	43	104	1.14	603	1,087	52.03
2008-09	603	1,087	52.03	109	234	17.02	17	48	1.44	695	1,273	67.61
2009-10	695	1,273	67.61	28	77	297.47	3	13	0.02	720	1,337	365.06
2010-11	720	1,337	365.06	75	172	14.18	4	19	18.75	791	1,490	360.48
2011-12	791	1,490	360.48	36	121	68.19	37	94	17.64	790	1,517	411.03
2012-13	790	1,517	411.03	27	61	28.19	164	291	48.24	653	1,287	390.98

Audit observed that the number of IRs/paras had increased from 609/1,087 involving ₹ 12.31 crore in 2007-08 to 653/1,287 involving ₹ 390.98 crore in 2012-13. There has been a significant clearance of outstanding IRs (164) involving 291 paragraphs of value of ₹ 48.24 crore in 2012-13.

1.9.2 Assurances given by the Department/Government on the issues highlighted in the Audit Reports

1.9.2.1 Recovery of accepted cases

The position of paragraphs included in the audit report, those accepted by the Department and the amount recovered since 2004-05 are mentioned in table 1.16:

Table 1.16

(₹ 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
2004-05	2	6.44	-	-	-	PAC decided not to pursue these paras further.
2005-06	-	-	-	-	-	-
2006-07	1	0.23	-	-	-	PAC decided not to pursue these paras further.
2007-08	3	9.22	-	-	-	-do-
2008-09	6	2.66	-	-	-	No reply furnished by the department.
2009-10	2	0.31	-	-	-	-do-
2010-11	1	0.06	-	-	-	-do-
2011-12	-	-	-	-	-	-
Total	15	18.92	-	-	-	-

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

The draft performance audits conducted by the Accountant General are forwarded to the concerned Departments/Government for their information with a request to furnish their replies. These performance audits are also discussed in exit conference and the Departments/Government's views are incorporated while finalising the performance audit for the Audit Reports of Comptroller and Auditor General of India.

During last ten years, performance audit on “**Land Revenue**” was conducted with four recommendations. No reply was furnished by the department (October 2013).

1.10 Audit planning

The unit offices under various Departments are categorized into high, medium and low risk units according to revenue earning, past trends of audit observations and other parameters of the concerned Department. The annual audit plan is prepared on the basis of risk analysis which *inter-alia* includes critical issues in Government revenues and tax administration i.e. budget speech, white paper on State finances, reports of the Finance Commission (State and Central), recommendations of the taxation reforms committee; statistical analysis of the revenue earnings during the past five years, features of the tax administration, audit coverage and its impact during the past five years etc.

During the year 2012-13, there were 498 auditable units, of which 268 units (53.81 *per cent*) were planned and audited.

1.11 Results of audit

1.11.1 Position of local audit conducted during the year

Test check of the records of 268 units of Sales Tax, State Excise, Motor Vehicles Tax, Stamp Duty and Registration Fees, Other tax and non tax receipts showed under assessment/short levy/loss of revenue amounting to ₹ 1,241.20 crore in 9,401 cases. During the year, Departments accepted under assessment and other deficiencies of ₹ 954.69 crore involved in 6,799 cases. The Departments collected ₹ 6.14 crore in 332 cases pertaining to earlier years.

1.11.2 About this Report

This Report contains one performance audit on “**Levy and Collection of Electricity Duty**” and 14 paragraphs having financial effect of ₹ 91.05 crore. The Departments/Government have accepted audit observations involving ₹ 2.26 crore out of which ₹ 34.05 lakh had been recovered/adjusted during 2012-13. These are discussed in the succeeding chapters 2, 3, 4 and 5.