

CHAPTER I

GENERAL

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by Government of Maharashtra during the year 2014-15, the State's share of divisible Union taxes and duties assigned to the State and Grants-in-aid received from Government of India (GoI) during the year and the corresponding figures for the preceding four years are mentioned in **Table 1.1.1**.

Table 1.1.1

(₹ in crore)						
Sr. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1	Revenue raised by the State Government					
	Tax revenue ¹	75,027.09	87,608.46	1,03,448.58	1,08,597.96	1,15,063.32
	Non-tax revenue ²	8,213.10 (8,225.04)	8,150.10 (8,167.70)	9,977.74 (9,984.40)	11,279.81 (11,351.97)	12,447.26 (12,580.89)
	Total	83,240.19 (83,252.13)	95,758.56 (95,776.16)	1,13,426.32 (1,13,432.98)	1,19,877.77 (1,19,949.93)	1,27,510.58 (1,27,644.21)
2	Receipts from the Government of India					
	Share of net proceeds of divisible Union Taxes and duties	11,419.79	13,343.34	15,191.92	16,630.43	17,630.03
	Grants-in-aid	11,195.89	12,166.64	14,322.33	13,241.44	20,140.64
	Total	22,615.68	25,509.98	29,514.25	29,871.87	37,770.67
3	Total revenue receipts of the State Government (1 and 2)	1,05,855.87 (1,05,867.81)	1,21,268.54 (1, 21,286.14)	1,42,940.57 (1,42,947.23)	1,49,749.64 (1,49,821.80)	1,65,281.25 (1,65,414.88)
4	Percentage of 1 to 3	79	79	79	80	77

Source: Finance Accounts

The above table indicates that during the year 2014-15, the revenue raised by the State Government (₹ 1,27,510.58 crore) was 77 per cent of the total revenue receipts against 80 per cent in the preceding year. The balance 23 per cent of the receipts during 2014-15 was from the Government of India.

¹ For details – refer statement no. 14 – Detailed accounts of revenue by minor heads in the Finance Accounts of the Government of Maharashtra for the year 2014-15. Figures under the head 0020-Corporation Tax, 0021- Taxes on income other than corporation tax, 0022- Taxes on agricultural income, 0032-Taxes on wealth, 0037-Customs, 0038-Union Excise Duties, 0044 Service Tax – share of net proceeds assigned to State 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

² Figures in brackets indicate gross receipts, the details of which are available in Statement No. 14 - Detailed accounts of revenue by minor heads in the Finance Accounts of the Government of Maharashtra for the year 2014-15. The figures above those in brackets are lower because of netting of expenditure on prize winning tickets from Lottery receipts.

1.1.2 The details of the tax revenue raised during the period 2010-11 to 2014-15 are given in **Table 1.1.2**.

Table 1.1.2

								(₹ in crore)
Sr. No.	Head of revenue		2010-11	2011-12	2012-13	2013-14	2014-15	Percentage of increase (+)/ decrease (-) in 2014-15 over 2013-14
1	Taxes on sales, trade etc.	BE ³	32,915.05	42,074.24	48,773.70	57,973.50	64,442.69	
		Actual	38,934.47	46,796.91	55,855.27	57,760.74	61,797.71	(+) 6.98
	Central Sales Tax	BE	3,071.13	3,925.76	4,587.98	4,449.00	4,646.91	
		Actual	3,548.25	3,799.45	4,224.45	4,769.30	5,668.58	(+) 18.86
2	State Excise	BE	5,800.00	8,500.00	9,450.00	10,535.00	11,500.00	
		Actual	5,961.85	8,605.47	9,297.11	10,101.12	11,397.08	(+) 12.83
3	Stamp Duty and Registration fees	BE	10,478.86	15,677.14	15,730.00	17,403.08	19,426.00	
		Actual	13,515.99	14,407.49	17,548.25	18,675.98	19,959.29	(+) 6.87
4	Taxes and Duties on Electricity	BE	3,800.00	4,400.00	4,809.93	5,830.00	6,501.00	
		Actual	4,730.26	4,831.09	5,895.68	6,083.90	4,350.45	(-) 28.49
5	Taxes on Vehicles	BE	2,860.00	4,000.00	4,200.00	4,750.00	5,250.00	
		Actual	3,532.90	4,137.42	5,027.42	5,095.92	5,404.97	(+) 6.06
6	Taxes on Goods and Passengers	BE	738.57	812.43	893.67	998.00	1,097.80	
		Actual	599.88	574.25	690.74	1,240.68	586.56	(-) 52.72
7	Other taxes on Income and Expenditure- Taxes on Professions, Trades, Callings and Employments	BE	1,608.14	1,700.00	1,870.00	1,944.00	2,138.40	
		Actual	1,686.20	1,829.94	1,961.10	2,165.48	2,174.12	(+) 0.43
8	Other Taxes and Duties on Commodities and Services	BE	918.81	1,099.36	1,378.67	1,642.38	1,770.34	
		Actual	1,422.31	1,662.63	1,874.34	1,614.82	2,452.01	(+) 51.84
9	Land Revenue	BE	1,647.74	1,497.13	1,600.86	1,760.39	1,867.29	
		Actual	1,094.98	963.81	1,074.02	1,088.85	1,272.38	(+) 16.86
10	Others ⁴	BE	0.00	0.00	0.00	0.00	0.00	
		Actual	0.00	0.00	0.20	1.17	0.17	(-) 85.47
Total		BE	63,838.30	83,686.06	93,294.81	1,07,285.35	1,18,640.43	
		Actual	75,027.09	87,608.46	1,03,448.58	1,08,597.96	1,15,063.32	(+) 5.95

Source: Finance Accounts

It would be seen from the above that -

- there has been a continuous increase in the revenue during the last five years.

³ BE – Budget Estimates

⁴ Includes receipts misclassified under Union Excise Duties and Service Tax.

- The reasons for sharp decrease of 52.72 per cent in receipts under the head “Taxes on Goods and Passengers”, and of 28.49 per cent in receipts under the head “Taxes and Duties on electricity” during 2014-15 over 2013-14 though called for have not been received. However as per Finance Accounts, the decrease was mainly on account of decrease in the collection of tax under the head “Tax on entry of goods into Local Area” (53 per cent) and “Taxes on consumption and sale of Electricity” (28.74 per cent).

1.1.3 The details of the non-tax revenue raised during the period 2010-11 to 2014-15 are indicated in **Table 1.1.3**

Table 1.1.3

								(₹ in crore)
Sr. No.	Head of revenue		2010-11	2011-12	2012-13	2013-14	2014-15	Percentage of increase (+)/ decrease(-) in 2014-15 over 2013-14
1	Interest Receipts	BE	971.95	1,156.31	1,325.79	1,338.80	2,973.70	
		Actual	1,421.70	1,358.94	2,464.41	3,933.81	3,351.46	(-) 14.80
2	Non-ferrous mining and Metallurgical Industries	BE	2,150.81	2,280.50	2,405.71	2,632.82	2,767.00	
		Actual	1,841.19	2,045.47	2,037.76	2,141.17	2,335.85	(+) 9.09
3	Miscellaneous General Services ⁵	BE	1,710.65	317.43	396.14	393.19	413.97	
		Actual	622.28	556.29	311.52	155.69	316.25	(+) 103.13
4	Power	BE	763.05	763.26	780.10	780.00	850.00	
		Actual	485.42	725.01	451.41	617.50	523.77	(-) 15.18
5	Major and Medium Irrigation	BE	952.87	1,041.15	909.21	1,117.97	798.53	
		Actual	729.54	583.05	531.89	496.91	657.93	(+) 32.40
6	Other Administrative Services	BE	139.44	146.41	547.45	608.92	322.26	
		Actual	626.94	171.19	242.52	250.48	440.33	(+) 75.79
7	Others ⁶	BE	3,527.02	4,023.72	4,494.79	5,121.96	5,383.56	
		Actual	2,483.03	2,710.15	3,938.23	3,684.25	4,821.67	(+) 30.87
Total		BE	10,215.79	9,730.83	10,886.17	11,993.66	13,509.02	
		Actual	8,213.10	8,150.10	9,977.74	11,279.81	12,447.26	(+) 10.35

Source: Finance Accounts

It would be seen from the above table that

- there has been a continuous increase in the revenue during the last five years
- The actual receipts from 2010-11 to 2014-15 have always been less than the budget estimates of the respective years.

⁵ Includes net lottery receipts after adjustment of prize money paid.

⁶ Dairy Development, Forestry and Wild life, Medical and Public Health, Co-operation, Public Works, Police and other non-tax receipts

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2015 under the following various heads amounted to ₹ 1,19,766.70 crore of which ₹ 29,536.53 crore was outstanding for more than five years, as detailed in **Table 1.2**.

Table 1.2

(₹ in crore)			
Head of revenue	Total amount outstanding as on 31 March 2015	Amount outstanding for more than five years as on 31 March 2015	Action by the Department
Taxes on Sales, Trade, etc.	1,19,030.05	29,242.75	Out of ₹ 1,19,030.05 crore, stay orders were granted by the appellate authority for ₹ 46,832.53 crore, recovery proceedings for ₹ 53,999.14 crore were in progress and the remaining amount of ₹ 18,198.38 crore was in different stages of recovery.
Taxes on vehicles	732.37	290.16	Demand notices have been issued.
State Excise Duty	4.28	3.62	Action of recovery is in progress. In some cases action under Maharashtra Land Revenue Code has been initiated. Some cases are in appeal whereas some are <i>sub-judice</i> .
Total	1,19,766.70	29,536.53	

The Relief and Rehabilitation Department and Energy Department did not intimate arrears pending collection despite being requested (June 2015). As such, arrears of revenue of the entire state under major heads of revenue 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 of during the year and number of cases pending for finalisation at the end of the year as furnished by the Sales Tax Department in respect of sales tax, motor spirit tax, luxury tax and tax on works contracts are shown in the following **Table 1.3**.

Table 1.3

Head of revenue	Opening balance	New cases due for assessment during 2014-15	Cases due for assessment	Cases disposed of during 2014-15	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Sales Tax	31,856	94,245	1,26,101	99,747	26,354	79
Motor Spirit Tax	754	4	758	437	321	58
Purchase Tax on sugarcane	197	103	300	126	174	42
Entry Tax	25	0	25	2	23	8
Lease Tax	864	3	867	508	359	59

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Luxury tax	1,068	829	1,897	1,124	773	59
Tax on works contracts	15,035	952	15,987	10,108	5,879	63
Total	49,799	96,136	1,45,935	1,12,052	33,883	77

Source: Information furnished by the Department.

Thus, it would be seen from the above that

- 33,883 cases remained unassessed as on 31 March 2015. Of these, 26,354 cases pertained to Bombay Sales Tax Act (BST Act). Thus, 78 *per cent* of the BST cases continued to be un-assessed despite the fact that the BST Act has been repealed since nine years.
- The percentage of disposal under other heads of revenue ranged from eight to 63 *per cent*.

The Government may instruct the Department for early finalisation of all these cases in a time bound manner as with the passage of time the chances of recovery of dues involved in the cases would become bleak.

1.4 Evasion of tax detected by the Department

The details of cases of evasion of tax detected under major heads of revenue, cases finalised and demands for additional tax raised as reported by the concerned Departments are given in **Table 1.4**.

Table 1.4

Head of revenue	Number of cases					
	pending as on 31 March 2014	detected during 2014-15	Total	investigation completed	additional demand with penalty etc. raised	pending for finalisation as on 31 March 2015
Taxes on Sales, Trade, etc.	5,870	11,502	17,372	12,734	11,191.40	4,638
Taxes on vehicles	571	91	662	633	0.48	29
State Excise	4	1	5	5	1,333.14	--
Total	6,445	11,594	18,039	13,372	12,525.02	4,667

Source: Information furnished by the Department.

As seen from the above table that investigation in 12,734 cases (73 *per cent* of total cases) was completed and additional demand with penalty etc. of ₹ 12,525.02 crore was raised.

1.5 Response of the Government/Departments towards audit

The Principal Accountant General (Audit)-I, Mumbai (PAG) and the Accountant General (Audit)-II, Nagpur (AG) conduct periodical inspections of

the Government departments to test check transaction of the tax and non-tax receipts and verify the maintenance of important accounting and other records as prescribed in the rules and procedures. These inspections are followed up with the inspection reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of the offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the PAG/AG within one month from the date of issue of the IRs. Serious financial irregularities are also reported to the heads of the Department and the Government by the offices of the PAG/AG. Half yearly reports are sent to the Secretaries of the concerned departments in respect of the pending IRs to facilitate the monitoring of audit observations.

IRs issued up to December 2014 disclosed that 12,611 audit observations involving ₹ 4,767.06 crore relating to 5,430 IRs remained outstanding at the end of June 2015 along with the corresponding figures for the preceding two years are mentioned in **Table 1.5**.

Table 1.5

Particulars	June 2013	June 2014	June 2015
Number of IRs pending for settlement	4,760	4,977	5,430
Number of outstanding audit observations	10,510	11,241	12,611
Amount of revenue involved (₹ in crore)	2,827.78	4,274.03	4,767.06

1.5.1 The department-wise details of the IRs issued up to 31 December 2014 and audit observations outstanding as on 30 June 2015 and the amounts involved are mentioned in **Table 1.5.1**.

Table 1.5.1

(₹ in crore)					
Sr. No.	Name of the Department	Nature of receipts	Number of out-standing IRs	Number of out-standing audit obser-vations	Money value involved
1	2	3	4	5	6
1	Home	State Excise	255	414	353.38
2		Taxes on vehicles	341	1,377	90.50
3		Police Receipts (Non-Tax)	10	11	0.90
4	Revenue and Forest	Land Revenue	1,029	2,048	1,393.84
5		Entertainments Duty	496	964	33.80
6		Stamps and registration fees	1,222	2,914	631.81
7		Forest Receipts (Non-Tax)	127	189	40.86

1	2	3	4	5	6
8	Finance	Taxes on Sales, trade etc.	1,364	3,821	184.13
9		Taxes on profession etc.	157	211	5.03
10	Industry, Energy and Labour	Taxes and duties on Electricity	119	211	1,379.75
11	Urban Development	Education Cess and Employment Guarantee Cess	153	251	461.85
12		Maharashtra Tax on Buildings (with larger Residential Premises)	94	124	5.21
13	Housing	Repair Cess	21	28	186.00
14	Water Resources	User Charges (Non-Tax)	33	37	0.00
15	Public Works	Non-Tax Receipts	9	11	0
Total			5,430	12,611	4,767.06

The first replies in respect of each IR though required to be received from the concerned head(s) of office(s) within one month from the date of issue of the IRs, was not received for 314 IRs issued up to 31 December 2014. The pendency of the IRs due to non-receipt of the replies is indicative of the fact that the Head(s) of Office(s) and the departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the PAG/AG in the IRs.

The Government may consider issuing instructions to the concerned Head(s) of the office(s) for furnishing first replies to the IRs issued by the PAG/AG within the stipulated period of one month and take appropriate steps for settlement of the audit observations raised in these IRs.

1.5.2 Departmental Audit Committee Meetings

The Government had set up Audit Committees during various periods to monitor and expedite the progress of the settlement of IRs and paragraphs in the IRs. The details of the Audit Committee Meetings (ACMs) held during the year 2014-15 and the paragraphs settled are mentioned in **Table 1.5.2**.

Table 1.5.2

(₹ in crore)						
Sr. No.	Department	Nature of receipts	Number of meetings held	Number of paras discussed	Number of paras settled	Amount
1	Relief and Rehabilitation	Stamps and Registration fees	1	268	117	180.56
2	Finance	Taxes on sales, trades, etc.	2	192	80	2.47
3	Revenue and Forests	Entertainments duty	1	154	19	0.69
4	Home	Taxes on vehicles	1	127	24	0.68
Total			5	741	240	183.84

The progress of settlement of paragraphs pertaining to Relief and Rehabilitation Department and Finance Department was on lower side in comparison to the pendency of the IRs and paragraphs.

1.5.3 Response of the Departments to 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 PAG/ AG to the Principal Secretaries/ Secretaries of the concerned departments, 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 concerned departments/Government is indicated at the end of each paragraph included in the Audit Report.

Thirty five draft paragraphs (clubbed into 24 paragraphs) including four Performance Audits were sent to the Principal Secretaries/Secretaries of the respective departments between March 2015 and August 2015. The Principal Secretaries/ Secretaries of the departments did not send replies to all these draft paragraphs despite issuing reminders (February 2016) and the same have been included in this Report without the response of the departments.

1.5.4 Follow-up on Audit Reports - summarised position

Position of explanatory notes :- According to the instructions issued by the Finance Department, all the Departments are required to furnish explanatory memoranda, duly vetted by Audit, to the Maharashtra Legislative Secretariat, in respect of paragraphs included in the Audit Reports, within three months of their being laid on the table of the House. However, explanatory memoranda in respect of 100 audit paragraphs included in Audit Reports from 1998-99 onwards have not been received till date as shown below in Table 1.5.4(A).

Table 1.5.4(A)

Department	Audit Report					Total
	1998-99 to 2010-11	2011-12	SA GLL ⁷	2012-13	2013-14	
Revenue and Forest	15	21	1	20	14	71
Urban Development	3	1		2	4	10
Finance					8	8
Home	2	1		2	2	7
Industry, Energy and Labour	1			1		2
Water Resources	1					1
Co-operation	1					1
Total	23	23	1	25	28	100

Position of Action Taken Notes (ATNs):- With a view to ensure accountability of the executive in respect of all the issues dealt with in the Audit Reports, the PAC lays down in each case, the period within which ATNs on its recommendations should be sent. However, ATNs for 337 recommendations included in 19 Reports of the Public Accounts Committee

⁷ Standalone Report on “Performance Audit on Government land given on lease”.

have not been received from the concerned Departments as given in **Table 1.5.4 (B)**.

Table 1.5.4(B)

Sr. No.	PAC Report No	ARs discussed	No. of recommendations for which ATNs are awaited
1	27th Report of 1994-95	1986-87, 1987-88	3
2	9th Report of 1996-97	1989-90, 1990-91, 1991-92	9
3	12th Report of 1996-97	1990-91, 1991-92	3
4	13th Report of 1996-97	1989-90, 1990-91	7
5	14th Report of 1996-97	1989-90	5
6	18th Report of 1996-97	1992-93, 1993-94	4
7	21st Report of 1997-98	1992-93, 1993-94	3
8	5th Report of 2000-01	1995-96	2
9	12th Report of 2002-03	1996-97	1
10	5th Report of 2006-07	1997-98	23
11	6th Report of 2007-08	1998-99	37
12	12th Report of 2008-09	2000-01, 2001-02, 2002-03	34
13	5th Report of 2010-11	2003-04	30
14	6th Report of 2010-11	2004-05	34
15	7th Report of 2010-11	2005-06	53
16	15th Report of 2012-13	2006-07	27
17	16th Report of 2012-13	2007-08	39
18	2nd Report of 2015-16	2008-09	14
19	3rd Report of 2015-16	2009-10	9
Total			337

The Department-wise and Audit Report-wise breakup of the 337 awaited ATNs are given in **Table 1.5.4 (C)**.

Table 1.5.4 (C)

Name of the Department	Year of Audit Report					Total
	Up to 2005-06	2006-07	2007-08	2008-09	2009-10	
Revenue and Forests	107	16	12	4		139
Finance	40	8	2	5	6	61
Home	29		13	5	3	50
Water Resources	13		4			17
Industries, Energy and Labour	13					13
Public Works	4		8			12
Co-operation and Textiles	7	3				10
Urban Development	9					9
Public Health	8					8
Medical Education and Drugs	6					6
Water Supply and Sanitation	6					6
Housing	5					5
Rural Development	1					1
Total	248	27	39	14	9	337

1.6 Analysis of the mechanism for dealing with the issues raised by Audit in the Revenue and Forests 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 10 years in respect of one Department is evaluated and included in each Audit Report.

The succeeding paragraphs 1.6.1 to 1.6.2 discuss the performance of the Revenue and Forests Department under revenue head - “Entertainments Duty“ in respect of cases detected in the course of local audit during the years from 2005-06 to 2014-15 as well as those included in the Audit Reports during the last 10 years, i.e. 2004-05 to 2013-14.

1.6.1 Position of Inspection Reports

The summarised position of Inspection Reports issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2015 are shown in **Table 1.6.1**.

Table 1.6.1

Year	Opening balance			Additions 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
2005-06	306	511	4.56	104	233	1.95	90	216	2.58	320	528	3.93
2006-07	320	528	3.93	116	218	1.57	120	253	1.17	316	493	4.33
2007-08	316	493	4.33	138	260	2.31	168	314	1.70	286	439	4.94
2008-09	286	439	4.94	107	226	4.12	124	248	2.61	269	417	6.45
2009-10	269	417	6.45	130	312	5.84	67	161	0.68	332	568	11.61
2010-11	332	568	11.61	125	279	3.68	113	243	2.46	344	604	12.83
2011-12	344	604	12.83	126	343	4.05	121	277	2.82	349	670	14.06
2012-13	349	670	14.06	165	401	7.99	108	274	5.58	406	797	16.47
2013-14	406	797	16.47	139	352	13.32	58	202	3.60	487	947	26.19
2014-15	487	947	26.19	106	318	46.26	41	150	1.14	552	1,115	71.31

The Government had set up Audit Committees (during various periods) to monitor and expedite the progress of IRs and paragraphs in the IRs. The outstanding paras are also pursued through periodic references to the concerned offices and also through field parties which visit these offices for audit in the subsequent years. Regular meetings apart from Audit Committee Meetings are also held with heads of the offices for discussion of those issues wherein the departmental views do not concur with the audit observations.

The Department may continue its efforts in making use of its machinery created for settlement of the outstanding audit observations so that the outstanding IRs, paragraphs and the amounts are considerably reduced.

The number of IRs, paragraphs and the amount pending settlement during the last 10 years has shown an increasing trend, with an amount of ₹ 71.31 crore is pending settlement in 1,115 paragraphs contained in 552 IRs.

1.6.2 Position of recovery of accepted cases in Audit Reports

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Department and the amount recovered are mentioned in **Table 1.6.2.**

Table 1.6.2

(₹ 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 up to 31.03.2015
2004-05	2	74.85	2	74.85	63.45
2005-06	2	131.41	1	33.37	16.65
2006-07	1	41.51	1	41.51	39.18
2007-08	1	81.62	1	81.62	78.50
2008-09	2	37,618.63	2	16,890.73	38.48
2009-10	2	90.13	2	90.13	26.84
2010-11	1	3,135.84	1	2,988.69	0.00
2011-12	6	222.22	6	222.22	45.64
2012-13	6	572.85	6	572.85	147.17
2013-14	4	582.05	4	582.05	15.16
Total	27	42,551.11	26	21,578.02	452.99

The above table indicates that the recovery was only 2.09 per cent of the total accepted cases during the last ten years. The Government may instruct the concerned Department to make more efforts for recovery of the amounts at least in those cases which have been accepted by the Department. These may be considered to be recovered as arrears of land revenue.

1.7 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 audit observations and other parameters. 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, 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 past five years, etc.

Out of 2,594 auditable units, 944 units were planned for audit during 2014-15 and out of which 923 units were audited during the year. In addition to this, four Performance Audits were conducted during the year to ascertain the efficiency and efficacy of the tax administration in realisation of the revenues.

1.8 Results of audit

Position of local audit conducted during the year

Test check of the records of 923 units of Sales Tax/Value Added Tax, State Excise, Taxes on Motor Vehicles, Goods and Passengers, Forest Receipts and

other departments conducted during the year 2014-15 revealed under assessment / short levy/loss of revenue aggregating to ₹ 841.71 crore in 2,914 observations. During the course of the year, the concerned departments accepted under assessment and other deficiencies of ₹ 71.80 crore involved in 741 observations which were pointed out in audit during 2014-15 and earlier years. The departments collected ₹ 72.06 crore in 776 cases during 2014-15, pertaining to audit findings of 2014-15 and of previous years.

Coverage of this Report

This Report contains 24 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 four Performance Audits, involving financial effect of ₹ 348.30 crore.

The departments/Government accepted audit observations involving ₹ 178.16 crore out of which ₹ 21.28 crore had been recovered. The replies in the remaining cases have not been received (February 2016). These are discussed in succeeding Chapters II to VII.