

CHAPTER-I: GENERAL

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by the Government of Chhattisgarh during the year 2014-15, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grant-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned in **Table-1.1.1** herein below:

Table 1.1.1

Trend of revenue receipts

(₹ in crore)

Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1.	Revenue raised by the State Government					
	• Tax Revenue	9,005.14	10,712.25	13,034.21	14,342.71	15,707.26
	• Non-tax Revenue	3,835.32	4,058.48	4,615.95	5,101.17	4,929.91
	Total	12,840.46	14,770.73	17,650.16	19,443.88	20,637.17
2.	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties	5,425.19	6,320.44	7,217.60	7,880.22	8,363.03 ¹
	• Grants-in-aid	4,453.89	4,776.21	4,710.33	4,726.16	8,987.81
	Total	9,879.08	11,096.65	11,927.93	12,606.38	17,350.84
3.	Total revenue receipts of the State Government (1 and 2)	22,719.54	25,867.38	29,578.09	32,050.26	37,988.01
4.	Percentage of 1 to 3	57	57	60	61	54

(Source: Finance Accounts of the Government of Chhattisgarh)

The above table indicates that during the year 2014-15, the revenue raised by the State Government (₹ 20,637.24 crore) was 54 per cent of the total revenue receipts. The balance 46 per cent of the receipts during 2014-15 was from the Government of India.

¹ For details, refer "tax revenue" of Statement 11, detailed accounts of revenue by minor heads of the Finance Accounts of the Government of Chhattisgarh 2014-15. The amount under the minor head 901- share of net proceeds assigned to the State booked under the major heads 0020- Corporation tax, 0021- Taxes on income other than Corporation Tax, 0028 – Other Taxes on Income and Expenditure, 0032- Taxes on wealth, 0037- Customs, 0038- Union excise duty and 0044- Service tax under 'A-tax revenue' have been excluded from the revenue raised by the State and included in the State's share of divisible Union taxes in this statement.

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** herein below:

Table 1.1.2
Details of Tax Revenue raised

(₹ in crore)

Sl. No.	Head of Revenue		2010-11	2011-12	2012-13	2013-14	2014-15	Percentage of increase or decrease (-) in actual receipts in 2014-15 over 2013-14	Percentage of variation between actual receipts and budget estimates in 2014-15
1.	Taxes on sales, trade etc.	BE	4,524.13	6,000.00	7,310.20	8,436.00	9,800.00	6.29	(-) 13.99
		Actual	4,840.79	6,006.25	6,928.65	7,929.51	8,428.61		
2.	State Excise	BE	1,390.00	1,550.00	2,200.00	2,675.00	3,150.00	13.47	(-) 8.18
		Actual	1,506.44	1,596.98	2,485.68	2,549.15	2,892.45		
3.	Taxes and duties on electricity	BE	554.31	600.00	780.00	1,000.00	1,100.00	28.66	19.36
		Actual	502.53	637.97	860.75	1,020.44	1,312.93		
4.	Stamps Duty and Registration Fee	BE	650.35	875.00	950.00	1,150.00	1,250.00	3.34	(-) 18.13
		Actual	785.85	845.82	952.47	990.24	1,023.33		
5.	Taxes on goods and passengers	BE	6.16	700.00	950.00	1,192.00	1,335.00	3.85	(-) 26.45
		Actual	675.14	825.67	954.31	945.44	981.88		
6.	Taxes on vehicles	BE	410.00	475.00	605.71	731.38	800.00	8.05	(-) 12.07
		Actual	427.52	502.18	591.75	651.07	703.48		
7.	Land Revenue	BE	170.00	250.00	346.00	415.00	460.00	46.67	(-) 27.92
		Actual	247.37	270.56	234.11	226.06	331.56		
8.	Other tax receipts	BE	13.90	12.14	19.27	25.62	31.26	7.44	5.85
		Actual	19.50	26.82	26.49	30.80	33.09		
Total		BE	7,718.85	10,462.14	13,161.18	15,625.00	17,926.26	9.51	(-) 12.38
		Actual	9,005.14	10,712.25	13,034.21	14,342.71	15,707.33		

(Source: Finance Accounts of the Government of Chhattisgarh)

It may be seen from the above table that the tax revenue of the State increased in 2014-15 by 9.51 per cent over the receipts in 2013-14. However, as against the Budget estimates (BEs), there was shortfall of actual receipts of 12.38 per cent in 2014-15. The respective Departments reported the following reasons for variation:

(a) Reasons for variation of receipts of 2014-15 over the receipts of 2013-14:

State Excise: The increase (13.47 per cent) was due to increase in annual revenue of shops by 24.34 per cent and addition of process fee received in 2014-15 for auction of shops for 2015-16.

Taxes and duties on Electricity: The increase (28.66 per cent) was due to the receipt of arrears pertaining to the previous years.

Land Revenue: The increase (46.67 per cent) was due to regular recovery of revenue and arrears by the Collectors.

Reasons for variations in respect of other heads of revenue were not furnished by the departments concerned despite request (between April and September 2015).

(b) Reasons for variation of actual receipts from BEs during 2014-15:

Taxes on Sales, Trade etc.: The shortfall (13.99 *per cent*) was due to reduction in sale of petroleum, iron & steel and coal.

Taxes and duties on Electricity: The increase (19.36 *per cent*) was due to the receipt of arrears pertaining to the previous years.

Stamp Duty and Registration fee: The shortfall (18.13 *per cent*) was due to non-revision of targets by the Finance Department in accordance with the actual receipts of the first quarter of the year 2014-15.

Taxes on vehicles: The shortfall (12.07 *per cent*) was due to reduction in monthly tax by 25 to 30 *per cent* by the Government in September 2013.

Land Revenue: The shortfall (27.92 *per cent*) was due to involvement of staff in local bodies elections.

Reason for variation of receipt from BEs in respect of the Taxes on Goods and Passengers was not furnished by the Department concerned despite request (between April and September 2015).

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** herein below:

Table 1.1.3
Details of Non-tax revenue raised

(₹ in crore)

Sl. No.	Head of Revenue		2010-11	2011-12	2012-13	2013-14	2014-15	Percentage of increase(+) or decrease (-) in actual receipts in 2014-15 over 2013-14	Percentage of variation between BEs and actual receipts in 2014-15
1.	Non-Ferrous Mining and Metallurgical industries	BE	2,150.00	2,700.00	3,105.00	3,510.00	4,100.00	10.40	(-) 12.86
		Actual	2,470.44	2,744.82	3,138.18	3,236.01	3,572.68		
2.	Other non-tax receipts	BE	832.62	852.07	624.54	1,048.86	819.72	(-) 42.58	(-) 48.88
		Actual	666.76	418.96	513.45	729.70	419.00		
3.	Forestry and wildlife	BE	400.00	400.00	405.00	450.00	520.00	(-) 14.09	(-) 32.94
		Actual	305.17	341.64	363.96	405.91	348.72		
4.	Interest receipt	BE	232.63	302.40	321.94	399.14	323.40	(-) 54.84	(-) 46.85
		Actual	170.95	216.57	243.13	380.64	171.89		
5.	Major and Medium irrigation	BE	285.40	282.71	391.46	426.11	421.50	19.79	0.92
		Actual	222.00	336.49	357.23	348.64	417.62		
Total		BE	3,900.65	4,537.18	4,847.94	5,834.11	6,184.62	(-) 3.36	(-) 20.29
		Actual	3,835.32	4,058.48	4,615.95	5,101.17	4,929.91		

(Source: Finance Accounts of the Government of Chhattisgarh)

It may be seen from the above table that the non-tax revenue of the State decreased marginally in 2014-15 by 3.36 *per cent* over the receipts in 2013-14.

However, as against the BEs, there was shortfall of 20.29 *per cent* in actual receipts in 2014-15.

The respective Departments reported the following reasons for variation:

(a) Reasons for variation of receipts of 2014-15 over the receipts of 2013-14:

Non-Ferrous mining and metallurgical industries: The increase (10.40 *per cent*) was due to increase in the rates of royalty of major minerals since September 2014.

Forestry and Wildlife: The decrease (14.09 *per cent*) was due to adjourning the timber auctions in Bilaspur and Surguja circles in the months of December 2014 and January 2015 on account of *Panchayat* and urban local bodies elections.

Major and medium irrigation: The increase (19.79 *per cent*) was due to payment of water taxes by more farmers in previous years and increase in the rates of water tax.

Reasons for variation in respect of 'Interest Receipts' were not furnished by the Department concerned despite request (between April and September 2015).

(b) Reasons for variation of receipts from BEs during 2014-15 :

Non-Ferrous mining and metallurgical industries: The shortfall against the BEs (12.86 *per cent*) was due to decrease in coal production, closure of some mines and deposition of royalty in advance in previous year for coal and iron ore produced this year.

Forestry and Wildlife: The shortfall against the BEs (32.94 *per cent*) was due to fixation of BEs on higher side by the Finance Department which was hard to achieve due to region specific reasons.

Reasons for variation in respect of 'Interest Receipts' and 'Major and Medium Irrigation' were not furnished by the departments concerned despite request (between April and September 2015).

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2015 on some principal heads of revenue amounted to ₹ 1,177 crore of which ₹ 242.59 crore was outstanding for more than five years, as detailed in the **Table 1.2** herein below:

Table 1.2
Arrears of revenue

(₹ in crore)

Sl. No.	Head of Revenue	Total amount outstanding as on 31 March 2015	Amount outstanding for more than five years as on 31 March 2015	Reply of Department
1	Taxes on Sales, Trade etc.	770.73	198.98	Revenue Recovery Certificates have been issued in the cases involving ₹ 446.43 crore. Revenue amounting ₹ 248.87 crore, ₹ 43.32 crore and ₹ 11.14 crore have been stayed by the Government, High Court and judicial forums respectively. Revenue amounting to ₹ 1.38 crore is likely to be written-off due to insolvency of dealers. Further actions were

				being taken for recovery of remaining arrears.
2	Taxes and Duties on Electricity	313.18	12.39	Recovery of ₹ 182.37 crore was pending in courts under Revenue Recovery Certificate proceedings. For remaining amount, efforts were being made for recovery.
3	State Excise	28.42	20.86	Arrears were due to non-availability of movable/ immovable assets of defaulters in the Districts and stay orders of the court on recovery proceedings. Action was being taken to vacate the stay orders from the court. Recovery shall be made after that.
4	Land Revenue	30.06	2.99	Demand notices were being issued by the concerned Collectors for recovery.
5	Taxes on Vehicles	10.27	3.52	No reasons were furnished by the Department for non-recovery of arrears.
6	Stamps and Registration Fees	16.68	1.72	Recovery of arrears was being done in accordance with the demand notices issued by the District Registrars.
7	Forestry and Wild Life	6.75	1.22	Field offices had been issued letters for directing them to initiate the recovery of arrears in a planned manner.
8	Non-Ferrous Mining and Metallurgical Industries	0.91	0.91	Directions had been given to the Mining Officers to recover the arrears by conducting a special drive.
TOTAL		1,177.00	242.59	

(Source: Information furnished by the concerned Departments)

It may be seen from the above table that arrears of ₹ 1,177 crore were pending with the departmental authorities. Out of this, arrears amounting ₹ 242.59 crore were pending for more than five years and it was 20.61 per cent of the total outstanding amount and sincere efforts are required to be made to recover them.

1.3 Arrears in assessments

The details of cases pending at the beginning of the year 2014-15, cases becoming due for assessment, cases disposed off during the year and number of cases pending for finalisation at the end of the year as furnished by the Commercial Tax Department in respect of VAT, Professional tax, Entry tax, Luxury tax and tax on works contracts is mentioned in **Table 1.3** herein below:

Table 1.3
Arrears in assessments

Head of revenue	Opening balance	New cases due for assessment during 2014-15	Total assessments due	Cases disposed off during 2014-15	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	2	3	4	5	6	7
Value Added Tax	46975	32204	79179	27880	51299	35.21
Professional Tax	13605	6371	19976	7390	12586	36.99
Entry Tax	19240	10236	29476	8382	21094	28.44
Luxury Tax	112	126	238	153	85	64.29
Tax on works contract	398	449	847	519	328	61.28
Total	80330	49386	129716	44324	85392	34.17

(Source: Information furnished by the Department)

It may be seen from the above table that at the end of the year 2014-15, only 34 per cent of the total assessment cases had been disposed off by the Department.

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

1.4 Evasion of tax detected by the Department

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

Table 1.4
Evasion of tax

(₹ in lakh)

Sl. No.	Head of Revenue	Cases pending as on 31 March 2014	Cases detected during 2014-15	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 2015
					No. of cases	Amount of Demand	
1.	Taxes on Sales, Trade etc.	166	29	195	59	10851.31	136
Total		166	29	195	59	10851.31	136

(Source: Information furnished by the Department)

1.5 Pendency of refund cases

The number of refund cases pending at the beginning of the year 2014-15, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2014-15 as reported by the Commercial Tax Department is given in **Table 1.5** herein below:

Table 1.5
Details of pendency of refund cases

(₹ in crore)

Sl. No.	Particulars	Sales Tax/ VAT	
		No. of cases	Amount
1.	Claims outstanding at the beginning of the year	17688	209.08
2.	Claims received during the year	3853	189.95
3.	Refunds made during the year	3266	162.32
4.	Balance outstanding at the end of the year	18275	236.71

(Source: Information furnished by the Department)

It may be seen from the above table that the refunds were allowed in only 15.16 per cent of the total refund cases.

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

1.6 Response of the Government/ Departments towards Audit

The Accountant General (AG) (Audit), Chhattisgarh conducts periodical inspection of the Government Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the inspection reports (IRs) incorporating the observations detected during the inspection and not settled on the spot, which are issued to the Heads of the Offices inspected with the copies to the next higher authorities for taking prompt corrective action. The Heads of the Offices/ Government are required to comply promptly with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the AG within one month from the date of issue of IRs. Serious financial irregularities are reported to the Heads of the Department and the Government.

Analysis of inspection reports issued upto December 2014 revealed that 11,073 paragraphs involving ₹ 7,132.64 crore relating to 2,811 IRs remained outstanding at the end of June 2015 as mentioned below in **Table 1.6** alongwith the corresponding figures for the preceding two years.

Table 1.6
Details of pending Inspection Reports

	June 2013	June 2014	June 2015
Number of IRs pending for settlement	2,549	2,645	2,811
Number of outstanding audit observations	9,943	10,419	11,073
Amount of revenue involved (₹ in crore)	5,930.53	6,090.69	7,132.64

1.6.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2015 and the amounts involved are mentioned in the following **Table 1.6.1**:

Table 1.6.1
Department-wise details of IRs

(₹ in crore)

Sl. No.	Name of Department	Nature of receipt	Type of IRs	No. of outstanding IRs	No. of outstanding audit observations	Money value involved
1.	Commercial Tax	Taxes on Sales, Trade etc.	Rev.	428	2,680	377.91
			Exp.	10	26	5.42
2.	Commercial Tax (Excise)	State Excise	Rev.	133	370	371.32
		Entertainment tax	Rev.	72	116	3.95
		Excise and Ent. Tax	Exp.	13	24	0.40
3.	Commercial Tax (Registration)	Stamp Duty and Registration fee	Rev.	228	632	85.77
			Exp.	4	10	1.81
4.	Revenue	Land Revenue	Rev.	574	1,774	1,051.46
			Exp.	26	61	8.17
5.	Transport	Taxes on motor vehicles	Rev.	142	1,044	136.20
			Exp.	13	34	0.12
6.	Mineral resources	Non-ferrous mining and metallurgical industries	Rev.	140	485	835.84
			Exp.	07	07	0
7.	Forest	Forestry and Wildlife	Rev.	333	1,012	1,239.28
			Exp.	386	1,684	719.26
8.	Energy	Taxes on Electricity and duty	Rev.	13	62	1,644.41

9.	Other Tax Department	Other receipts	Rev.	288	1,042	651.19
			Exp.	01	10	0.13
Total				2,811	11073	7,132.64

Of the 147 IRs issued during 2014-15, Audit did not receive even the first replies from the heads of offices for 112 IRs (76 per cent). This large pendency of the IRs due to non-receipt of the replies is indicative of the non-serious attitude of the Heads of Department towards audit observations.

1.6.2 Departmental Audit Committee Meetings

The Government sets up audit committees to monitor and expedite the progress of the settlement of the IRs and paragraphs in the IRs. However, none of the Departments had framed audit committee during the year 2014-15 as per the provisions for settlement of IRs and Paragraphs.

1.6.3 Non-production of records to audit for scrutiny

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

During the year 2014-15 assessment files and records which were not made available to audit are given in **Table 1.6.3** herein below:

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
Commercial Tax	2014-15	AC I, Division II Raipur did not furnish one assessment file.
Land Revenue	2014-15	In the office of Collector, Mahasamund, records related to nazul wing were not produced.

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

1.6.4 Response of the Departments to the draft audit paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the AG to the Principal Secretaries/ Secretaries of the concerned Departments, drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of non-receipt of the replies from the Departments/ Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Twenty six draft paragraphs clubbed into 20 paragraphs along with two Performance Audits and one Long Paragraph were sent to the Principal Secretaries/ Secretaries of the respective Departments between May and June 2015. The replies of the Principal Secretaries/ Secretaries of the Departments on the draft paragraphs have been appropriately incorporated and commented upon in this Report.

1.6.5 Follow up on the Audit Reports-summarised position

According to the instructions issued by the Finance Department, all Departments are required to furnish explanatory memoranda (Departmental Notes) to the Chhattisgarh Vidhan Sabha Secretariat, in respect of paragraphs included in the Audit Reports, within three months of their being laid on the table of the House. One hundred eighty two paragraphs (including performance audit) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Chhattisgarh for the years ended 31 March 2008, 2009, 2010, 2011, 2012, 2013 and 2014 were placed before the State Legislative Assembly between February 2009 and March 2015. Action taken explanatory notes in respect of thirty four paragraphs for the Audit Report for the year ended 31 March 2005 to 2014 had not been received from the departments concerned till 30 June 2015.

The PAC discussed 114 selected paragraphs pertaining to the Audit Reports for the years from 1999-00 to 2009-10 and its recommendations on 75 paragraphs were incorporated in their Reports of years 2003-04 to 2013-14. However, ATNs have not been received in respect of 23 recommendations of the PAC from the Departments concerned as mentioned in the Table 1.6.5 herein below:

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

Year	Name of Department							Total
	Mining	Excise	Electricity	Transport	Commercial Tax	Registration	Forest	
1999-00	-	1	-	-	-	-	-	1
2000-01	-	-	-	-	-	1	-	1
2002-03	-	-	-	-	3	-	-	3
2004-05	1	-	-	-	-	-	1	2
2005-06	1	-	-	-	4	-	-	5
2006-07	1	-	-	1	1	-	-	3
2007-08	-	1	1	2	2	-	-	6
2008-09	-	1	-	-	-	-	-	1
2009-10	1	-	-	-	-	-	-	1
Total	4	3	1	3	10	1	1	23

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

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

The succeeding paragraphs 1.7.1 to 1.7.3 discuss the performance of the **Land Revenue Department** and cases detected in the course of local audit during the last 10 years and also the cases included in the Audit Reports for the year 2004-05 to 2013-14.

1.7.1 Position of Inspection Reports of Land Revenue Department

The summarised position of the inspection reports issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2015 are tabulated below in **Table-1.7.1**:

**Table 1.7.1
Position of Inspection Reports**

(₹ in crore)

Sl. No.	Year	Opening Balance			Additions during the year			Clearance during the year			Closing Balance		
		IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
1	2005-06	450	1170	447.63	5	23	10.78	-	-	-	455	1193	458.41
2	2006-07	455	1193	458.41	7	32	20.86	-	-	-	462	1225	479.27
3	2007-08	462	1225	479.27	28	113	25.70	17	68	2.68	473	1270	502.29
4	2008-09	473	1270	502.29	33	128	58.02	22	72	194.86	484	1326	365.45
5	2009-10	484	1326	365.45	20	80	27.44	16	71	4.52	488	1335	388.37
6	2010-11	488	1335	388.37	25	110	13.30	9	35	21.73	504	1410	379.94
7	2011-12	504	1410	379.94	35	212	46.93	8	20	13.38	531	1602	413.49
8	2012-13	531	1602	413.49	19	97	15.00	6	43	5.67	544	1656	422.82
9	2013-14	544	1656	422.82	27	126	592.06	1	21	1.68	570	1761	1013.20
10	2014-15	570	1761	1013.20	6	26	47.61	-	4	22.01	576	1783	1038.80

The Government arranges Audit Committee Meetings between the Department and AG's office to settle the old paragraphs. As it would be evident from the above table, against 455 outstanding IRs with 1,193 paragraphs as on 2005-06, the number of outstanding IRs increased to 576 with 1,783 paragraphs at the end of 2014-15. No ACM was conducted for Land Revenue Department so far.

1.7.2 Recovery of accepted cases

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

Table 1.7.2

(₹ in crore)

Year	No. of paragraphs included	Money value	No. of paragraphs accepted	Money value of accepted paragraphs	Amount recovered
2004-05	3	1.14	1	0.20	0.21
2005-06	-	-	-	-	-
2006-07	-	-	-	-	-
2007-08	1	0.07	-	-	0.04
2008-09	1	2.23	1	2.23	2.23
2009-10	3	0.71	2	0.65	0.59
2010-11	1	10.86	1	10.86	2.30
2011-12	2	1.04	-	-	-
2012-13	1	0.17	1	0.17	-
2013-14	3	8.98	1	8.61	-
Total	15	25.20	7	22.72	5.37

It is evident from the above table that the progress of recovery even in accepted cases was very slow throughout the last 10 years. The recovery of accepted cases was to be pursued as arrears recoverable from the concerned parties. Further, the arrear cases including accepted audit observations were

not available with the office of the Land Revenue Department. In absence of a suitable mechanism, the Department could not monitor the recovery of accepted cases.

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

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

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

The following PA on the Land Revenue Department was featured in Audit Report for the year 2010-11. The details of recommendations and their status are given in **Table 1.7.3**:

Table 1.7.3

Year of Report	Name of Performance Audit	Number of Recommendations	Details of Recommendations	Status
2010-11	Levy and collection of Land Revenue	8	Strengthen the established Internal Audit Wing (IAW) and prescribe a time frame for taking remedial measures on its observations	Proposal has been forwarded to the Government for strengthening the regular IAW (October 2014).
			Consider issuing necessary orders for depositing land revenue under proper head of account	Instructions have been issued in this regard (October 2013 and November 2014).
			Issue instructions for levy of <i>Panchayat Upkar</i> on premium collected in <i>Gram Panchayat</i> area	Instructions have been issued in this regard (September 2015).
			Consider insertion of time limit in the Act/ Rules for initiation of recovery proceedings, execution of lease deed and fix responsibilities for failure in timely execution of sanctions	Proposal has been forwarded to the Government for issuing necessary instructions in this regard (September 2015).
			Issue necessary instruction for realisation of the arrears in a time bound manner	Instructions have been issued in this regard (September 2015).
			Prescribe a mechanism for correlating the cases of assessment of diversion rent with the records of demand and collection submitted by <i>Tehsildar</i> to the Collector	Instructions have been issued in this regard (September 2015).
			Issue necessary instructions to the Collector and <i>Tehsildar</i> to ensure compliance to the provision relating to proper realisation and timely deposit of revenue into the Government accounts	Instructions have been issued in this regard (June and November 2015).
			Issue instructions for levy of <i>Adhosanrachna</i> , <i>Vikas</i> and <i>Paryavaran</i> cess on all type of land on which the land revenue or rent is to be collected	Instructions have been issued in this regard (July 2015).

1.8 Audit Planning

The unit offices under various Departments are categorised into high, medium and low risk units according to their revenue position, past trends of the audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter-alia* include critical issues in Government revenues and tax administration i.e. budget speech, white paper on State finances, Reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, factors of the tax administration, audit coverage and its impact during past five years etc.

During the year 2014-15, there were 463 offices, of which 85 offices were planned and 84 offices were audited, which is 18.22 *per cent* of the total offices. The list of offices audited during the year 2014-15 is given in *Appendix 1.1*.

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

1.9 Results of audit

Position of local audit conducted during the year

We conducted test check of the records of 84 units of Commercial Taxes, State Excise, Stamp Duty and Registration Fees, Land Revenue, Mining Receipts, Taxes on Vehicles, Forestry and Wildlife and Electricity Duty conducted during the year 2014-15 and observed non/short levy, loss of revenue aggregating ₹ 549.77 crore in 27,711 cases. The Departments concerned accepted under assessment and other deficiencies of ₹ 263.73 crore in 23,602 cases and recovered ₹ 2.64 lakh in five cases which were pointed out in audit during 2014-15.

1.10 Coverage of this Report

This Report contains 20 paragraphs including two Performance Auditson “**System of Assessment under Value Added Tax**” and “**Implementation of e-Challan**” and one Long Paragraph on “**Non/ Short Levy of the tax from owners of goods and passenger vehicles**” involving ₹ 51.65 crore. The Departments/Government have accepted audit observations involving ₹ 29.14 crore out of which ₹ 47.78 lakh had been recovered. The replies in the remaining cases havenot been received (November 2015). These are discussed in succeeding Chapters II to VIII.