

# **CHAPTER-I**

## **GENERAL**

## CHAPTER – I: GENERAL

### 1.1 Trend of receipts

**1.1.1** The tax and non-tax revenue raised by the Government of Jharkhand, 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 2015-16 and the corresponding figures for the preceding four years are presented in **Table–1.1**.

**Table–1.1**  
**Trend of revenue receipts**

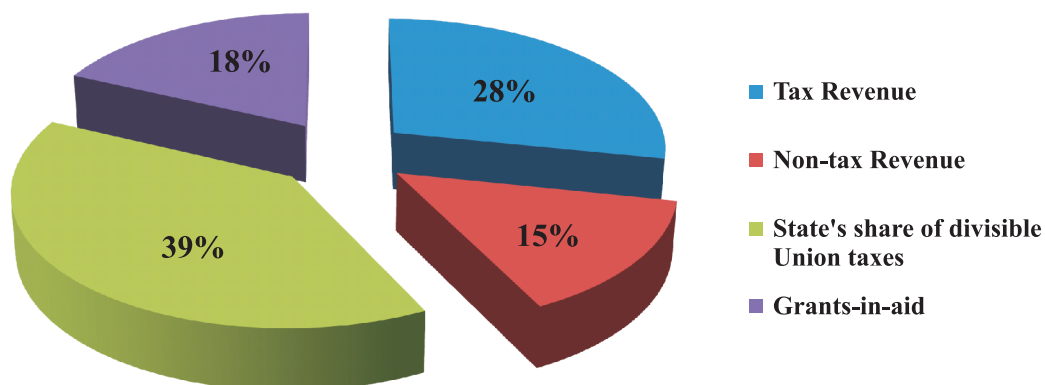
		(₹ in crore)				
		2011-12	2012-13	2013-14	2014-15	2015-16
<b>1</b>	<b>Revenue raised by the State Government</b>					
	• Tax revenue	6,953.89	8,223.67	9,379.79	10,349.81	11,478.95
	• Non-tax revenue	3,038.22	3,535.63	3,752.71	4,335.06	5,853.01
	<b>Total</b>	<b>9,992.11</b>	<b>11,759.30</b>	<b>13,132.50</b>	<b>14,684.87</b>	<b>17,331.96</b>
<b>2</b>	<b>Receipts from the Government of India</b>					
	• State's share of divisible Union taxes	7,169.93	8,188.05	8,939.32	9,487.01	15,968.75 <sup>1</sup>
	• Grants-in-aid	5,257.41	4,822.20	4,064.97	7,392.68	7,337.64
	<b>Total</b>	<b>12,427.34</b>	<b>13,010.25</b>	<b>13,004.29</b>	<b>16,879.69</b>	<b>23,306.39</b>
<b>3</b>	<b>Total receipts of the State Government (1 &amp; 2)</b>	<b>22,419.45</b>	<b>24,769.55</b>	<b>26,136.79</b>	<b>31,564.56</b>	<b>40,638.35</b>
<b>4</b>	<b>Percentage of 1 to 3</b>	<b>45</b>	<b>47</b>	<b>50</b>	<b>47</b>	<b>43</b>

Source: Finance Accounts of the Government of Jharkhand.

The above table indicates that during the year 2015-16, the revenue raised by the State Government (₹ 17,331.96 crore) was 43 *per cent* of the total revenue receipts. The balance 57 *per cent* of receipts during 2015-16 was from the Government of India. The appreciable increase in total receipts in 2015-16 over 2014-15 of 28.75 *per cent* was largely on account of a 68.32 *per cent* increase in State's share of divisible union taxes followed by a 35 *per cent* increase in non-tax revenue. Tax revenues that constitute about two-third of the revenue raised by the State Government increased by only 10.91 *per cent* over the same period.

<sup>1</sup> For details, please see Statement No. 11 - Detailed accounts of revenue by minor heads in the Finance Accounts of the Government for the year 2015-16. Figures under the major heads 0020 - Corporation tax, 0021 - Taxes on income other than corporation tax, 0028 - Other taxes on income and expenditure (except Minor Head - 107- Taxes on Professions, Trades, Callings and Employments), 0032 - Taxes on wealth, 0044 - Service tax, 0037 - Customs, 0038 - Union excise duties and 0045 - Other taxes and duties on commodities and services- Minor Head - 901 - 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.

### Breakup of Revenue Receipts of the State



1.1.2 The details of tax revenue raised during the period 2011-12 to 2015-16 as given in **Table-1.2**.

**Table-1.2**  
**Details of Tax Revenue raised**

(₹ in crore)

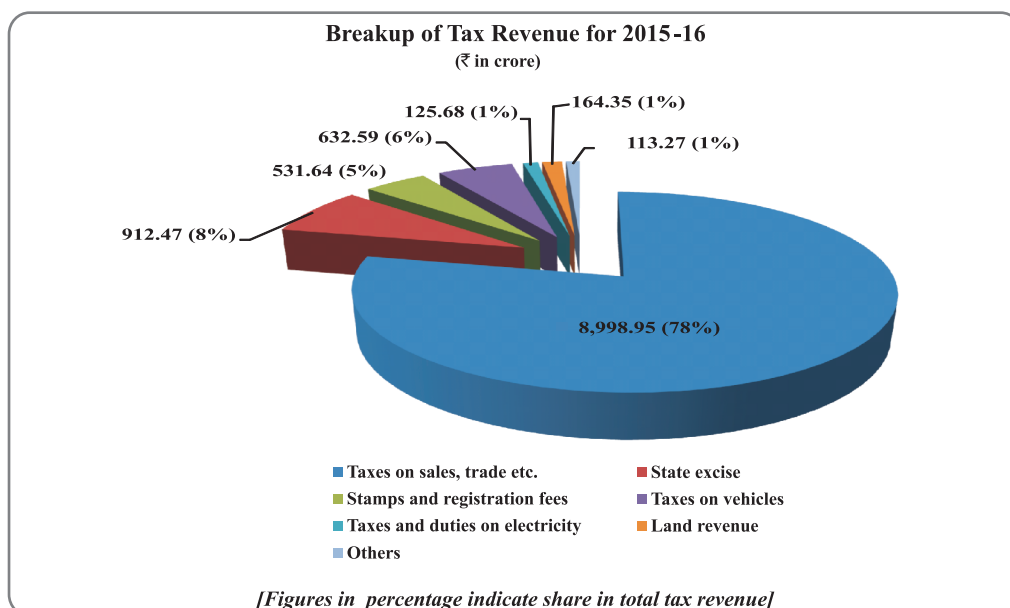
Sl. No.	Head of revenue		2011-12	2012-13	2013-14	2014-15	2015-16	Percentage of increase (+) or decrease (-) in 2015-16 over 2014-15
1	Taxes on Sales, Trade etc.	BE	5,633.25	6,650.00	7,874.50	9,267.95	11,180.02	(+) 20.63
		Actual	5,522.02	6,421.61	7,305.08	8,069.72	8,998.95	(+) 11.52
2	State Excise	BE	445.00	650.00	700.00	1,931.84	1,200.00	(-) 37.88
		Actual	457.08	577.92	627.93	740.16	912.47	(+) 23.28
3	Stamps and Registration Fees	BE	450.00	490.00	568.00	680.48	800.00	(+) 17.56
		Actual	401.17	492.40	502.61	530.67	531.64	(+) 0.18
4	Taxes on Vehicles	BE	356.00	550.00	639.40	836.33	900.76	(+) 7.70
		Actual	391.92	465.36	494.79	660.37	632.59	(-) 4.21
5	Taxes and Duties on Electricity	BE	100.00	142.00	161.00	193.82	200.00	(+) 3.19
		Actual	72.76	110.72	145.79	175.40	125.68	(-) 28.35
6	Land Revenue	BE	83.49	82.00	95.00	300.14	300.00	(-) 0.05
		Actual	52.94	96.38	229.84	83.54	164.35	(+) 96.73
7	Taxes on Goods and Passengers - Tax on Entry of Goods into Local Areas	BE	30.00	20.00	Not fixed	0.15	5.00	(+) 3,233.33
		Actual	40.95	0.51	1.08	0.28	0.17	(-) 39.29
8	Other Taxes and Duties on commodities and services	BE	36.75	28.00	34.50	41.91	35.00	(-) 16.49
		Actual	15.05	15.28	22.76	32.57	30.22	(-) 7.22

**Table-1.2**  
**Details of Tax Revenue raised**

		(₹ in crore)						
Sl. No.	Head of revenue	2011-12	2012-13	2013-14	2014-15	2015-16	Percentage of increase (+) or decrease (-) in 2015-16 over 2014-15	
9	Taxes on Professions, Trades, Callings and Employments	BE	Not implemented	65.00 <sup>2</sup>	80.00	61.38	80.00	(+) 30.34
		Actual	Not implemented	43.49	49.91	57.11	82.88	(+) 45.12
<b>Total</b>		BE	<b>7,134.49</b>	<b>8,677.00</b>	<b>10,152.40</b>	<b>13,314.00</b>	<b>14,700.78</b>	<b>(+) 10.42</b>
		Actual	<b>6,953.89</b>	<b>8,223.67</b>	<b>9,379.79</b>	<b>10,349.81</b>	<b>11,478.95</b>	<b>(+) 10.91</b>

Source: Finance Accounts of the Government of Jharkhand and the revised estimates as per the Statement of Revenue and Receipts of Government of Jharkhand.

It can be seen from the above table that changes in budget estimates in 2015-16 over that of the previous year ranged between (-) 37.88 to 3,233.33 *per cent* against which the actuals in respect of Land Revenue grew 96.73 *per cent* and Taxes on Goods and Passengers reduced by 39.29 *per cent*, respectively. Further, in respect of Taxes on Goods and Passengers budget estimates increased by 3,233.33 *per cent* without considering trend of actual receipts. The departments concerned did not inform the reasons for high variance in budget estimates despite being requested (August 2016).



The reasons for increase in receipts in 2015-16 over those in 2014-15 in respect of some principal heads of tax revenue were as under:

**Taxes on Sales, Trade etc.:** The increase of 11.52 *per cent* was attributed (August 2016) by the Department to effective tax administration as well as recovery of substantial dues.

**State Excise:** The increase of 23.28 *per cent* was attributed (July 2016) by the Department to increase in rate of duty of India made foreign liquor.

<sup>2</sup> Implemented with effect from 29 June 2012.

**Land Revenue:** The increase of 96.73 per cent was attributed (August 2016) by the Department to deposit of old dues and capitalised value of land from the lessees.

The other Departments concerned did not furnish the reasons for excess/shortfall despite our request (between April and July 2016).

**1.1.3** The details of the non-tax revenue raised during the period 2011-12 to 2015-16 are indicated in **Table-1.3**.

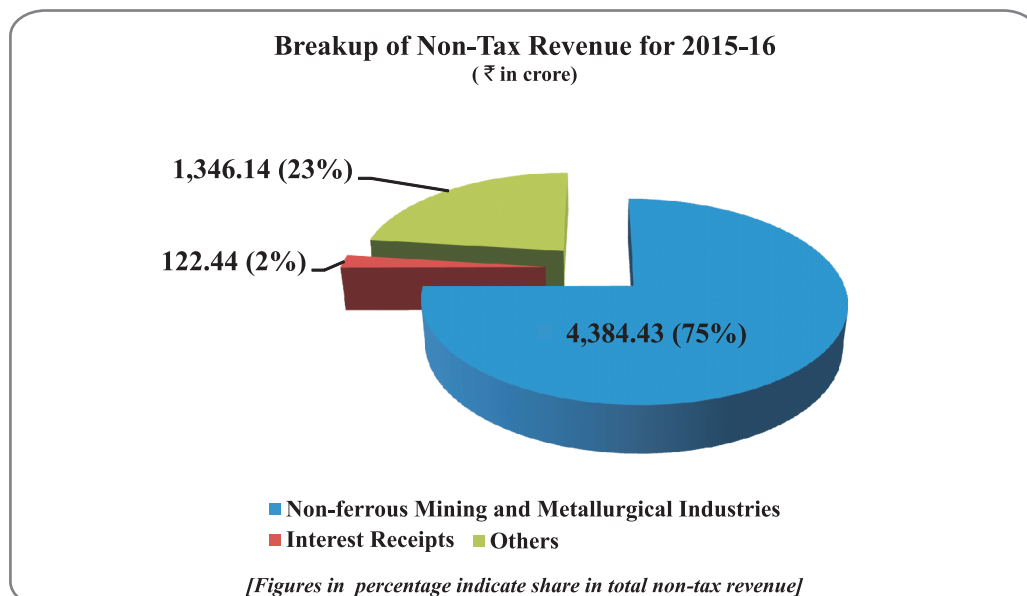
**Table-1.3**  
**Details of Non-Tax Revenue raised**

(₹ in crore)

Sl. No.	Head of revenue		2011-12	2012-13	2013-14	2014-15	2015-16	Percentage of increase (+) or decrease (-) in 2015-16 over 2014-15
1	Non-ferrous Mining and Metallurgical Industries	BE	2,759.75	3,209.92	3,500.00	4,699.47	5,500.00	(+) 17.40
		Actual	2,662.79	3,142.47	3,230.22	3,472.99	4,384.43	(+) 26.24
2	Forestry and Wild Life	BE	4.17	4.80	5.25	4.18	10.39	(+) 148.56
		Actual	3.71	4.22	5.17	3.66	4.13	(+) 12.84
3	Interest Receipts	BE	100.64	65.00	115.00	243.36	90.00	(-) 63.02
		Actual	44.16	72.23	69.48	143.04	122.44	(-) 14.40
4	Social Security and Welfare	BE	33.00	19.00	20.00	3.62	10.00	(+) 176.24
		Actual	15.42	20.48	5.24	4.16	3.73	(-) 10.34
5	Others	BE	711.10	542.37	703.40	742.39	693.64	(-) 6.57
		Actual	312.14	296.23	442.60	711.21	1,338.28	(+) 88.17
<b>Total</b>		BE	<b>3,608.66</b>	<b>3,841.09</b>	<b>4,343.65</b>	<b>5,693.02</b>	<b>6,304.13</b>	<b>(+) 10.73</b>
		Actual	<b>3,038.22</b>	<b>3,535.63</b>	<b>3,752.71</b>	<b>4,335.06</b>	<b>5,853.01</b>	<b>(+) 35.02</b>

Source: Finance Accounts of the Government of Jharkhand and the revised estimates as per the Statement of Revenue and Receipts of Government of Jharkhand.

The share of non-tax revenue in total receipts remained 14 per cent in both 2014-15 and 2015-16. In comparison to 16 per cent growth during 2014-15 the non-tax revenue increased significantly by 35.02 per cent in 2015-16 over the previous year mainly due to increased collection under the head, non-ferrous mining and metallurgical industries (by ₹ 911 crore).



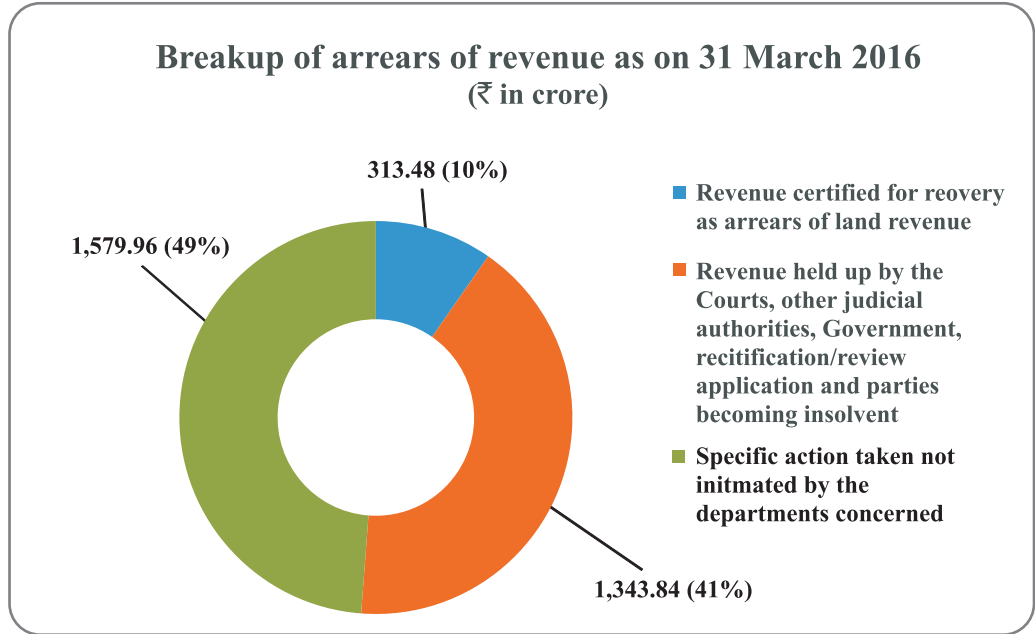
The Departments did not furnish the reasons for excess/shortfall despite our request (between April and July 2016).

## 1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2016 in respect of some principal heads of revenue amounted to ₹ 3,237.28 crore, of which ₹ 2,608.99 crore was outstanding for more than five years as detailed in the **Table-1.4**.

**Table-1.4**  
**Arrears in revenue**

(₹ in crore)				
Sl. No.	Head of revenue	Amount outstanding as on 31 March 2016	Amount outstanding for more than five years as on 31 March 2016	Remarks
1	Taxes on Sales, Trade etc.	2,936.44	2,429.10	Out of ₹ 2,936.44 crore, demands of ₹ 152.02 crore were certified for recovery as arrears of land revenue. Recovery of ₹ 701.29 crore and ₹ 568.60 crore was stayed by the Courts, other judicial authorities and the Government respectively. Demand of ₹ 49.56 crore and ₹ 16.41 crore were held up due to rectification/ review application and dealer/party becoming insolvent. Specific action taken in respect of the remaining arrears of ₹ 1,448.56 crore has not been intimated (October 2016).
2	Taxes on Vehicles	270.27	169.05	Out of ₹ 270.27 crore, demands of ₹ 145.93 crore were certified for recovery as arrears of land revenue. Specific action taken in respect of the remaining arrears of ₹ 124.34 crore has not been intimated (October 2016).
3	State Excise	30.57	10.84	Out of ₹ 30.57 crore, demands for ₹ 15.53 crore was certified for recovery as arrears of land revenue, recovery of ₹ 7.65 crore and ₹ 6.90 lakh was stayed by the Courts, other judicial authorities and the Government respectively, recovery of ₹ 10.56 lakh was held up due to parties becoming insolvent and a sum of ₹ 16.08 lakh was likely to be written off. Specific action taken in respect of the remaining amount of ₹ 7.06 crore has not been intimated (October 2016).
<b>Total</b>		<b>3,237.28</b>	<b>2,608.99</b>	



Out of the above outstanding of ₹ 3,237.28 crore, ₹ 313.48 crore was certified for recovery as arrears of land revenue and ₹ 1,343.84 crore was held up by the Courts, other appellate authorities, Government, rectification/review application and parties becoming insolvent, whereas specific action taken in respect of the remaining ₹ 1,579.96 crore was not intimated by the departments concerned.

The position of arrears of revenue pending collection at the end of 2015-16 in respect of other Departments was not furnished (October 2016) despite active pursuance by audit (between April and August 2016).

### 1.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment during the year, cases disposed of during the year and number of cases pending finalisation at the end of the year as furnished by the Commercial Taxes Department in respect of value added tax, entertainment tax, electricity duty and taxes on works contracts was as below in **Table-1.5**.

**Table-1.5**  
**Arrears in assessment**

Year	Opening balance	New cases due for assessment	Total assessments due	Cases disposed of	Balance at the end of the year	Percentage of column 6 to 4
1	2	3	4	5	6	7
2010-11	19,919	64,145	84,064	66,874	17,190	20.45
2011-12	17,190	63,515	80,705	50,473	30,232	37.46
2012-13	31,244	58,087	89,331	53,385	35,946	40.24
2013-14	33,505	63,903	97,408	63,519	33,889	34.79
2014-15	37,983	68,303	1,06,286	65,464	40,822	38.41
2015-16	39,652	72,761	1,12,413	64,999	47,414	42.18

Source: Commercial Taxes Department, Government of Jharkhand.

From the above table, it would be seen that during the years 2012-13 to 2015-16, the figures furnished by the Department differ from those reported as

balance in previous year. The reason for difference in arrears in assessments, though called for (August 2016), has not been received (October 2016). Further, as on 31 March 2016, 47,414 cases were pending for finalisation of assessment which represented 42.18 *per cent* of cases due for assessment. This may result in loss of revenue as the cases may become barred by limitation.

#### 1.4 Evasion of tax detected by the Department

The details of cases of evasion of tax detected by the Commercial Taxes Department, cases finalised and the demand for additional tax raised as reported by the Department are given in **Table-1.6**.

**Table-1.6**  
**Evasion of Tax detected**

Head of revenue	Cases pending as on 31 March 2015	Cases detected during 2015-16	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 2016
				Number of cases	Amount of demand (₹ in crore)	
Taxes on sales, trade etc.	18	49	67	64	9.11	3

The figures furnished by the Department for cases pending as on 31 March 2015 differ from those reported as closing balance in the previous year (34 cases as on 31 March 2015). The reason for difference, though called for (August 2016), has not been received (October 2016). The net effect of completion of assessment and investigation was a demand of ₹ 9.11 crore.

#### 1.5 Pendency of Refund Cases

The number of refund cases pending at the beginning of 2015-16, claims received during the year, refunds allowed during the year and cases pending at the close of the year 2015-16 as reported by the Department is given in the **Table-1.7**.

**Table-1.7**  
**Details of pendency of refund cases**

Sl. No.	Particulars	₹ in lakh	
		VAT/Taxes and Duties on Electricity	
		No. of cases	Amount
1.	Claims outstanding at the beginning of the year	581	5,998.14
2.	Claims received during the year	17	911.57
3.	Refunds made during the year	34	518.61
4.	Balance outstanding at the end of the year	564	6,391.10
5.	Interest paid due to belated refunds	NIL	NIL

Source: Information furnished by the Commercial Taxes Department.

The figures furnished by the Department for number of cases outstanding at the beginning of the year differ from those reported as balance outstanding at the end of previous year (505 cases involving an amount of ₹ 2,422.36 lakh). The reason for difference, though called for (August 2016), has not been received (October 2016). Jharkhand VAT Act provides for payment of interest, at the rate of six *per cent* per annum, if the excess amount is not refunded to the dealer pending beyond ninety days of the application claiming refund in pursuance to such order till the date on which the refund is granted.



The progress in disposal of the refund cases of Sales Tax/VAT was slow and is vulnerable to payment of interest.

## 1.6 Response of the Departments/Government towards Audit

We conduct periodical inspections of the Government Departments to test check the transactions and verify the maintenance of the 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 promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to us within four weeks from the date of issue of the IRs. Serious financial irregularities are reported to Heads of the Departments and the Government.

We reviewed the IRs issued for the year 2008-09 to 2015-16 and found that 7,192 audit observations involving ₹ 8,075 crore relating to 740 IRs remained outstanding at the end of June 2016 as mentioned below along with the corresponding figures for the preceding two years in **Table-1.8**.

**Table-1.8**  
**Details of pending Inspection Reports**

	(₹ in crore)		
	June 2014	June 2015	June 2016
Number of outstanding IRs	977	1,065	740
Number of outstanding audit observations	8,127	8,677	7,192
Amount involved	12,704.36	13,276.85	8,074.99

**1.6.1** The Department-wise details of the IRs and audit observations outstanding as on 30 June 2016 and the amounts involved are mentioned in the **Table-1.9**.

**Table-1.9**  
**Department-wise details of Inspection Reports**

(₹ in crore)					
Sl. No.	Name of Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
1	Commercial Taxes	Taxes on Sales, Trade etc.	184	3,871	5,397.33
		Entry Tax	5	5	9.50
		Electricity Duty	12	53	58.67
		Entertainment Tax etc.	1	2	0.12
2	Excise and Prohibition	State Excise	119	638	604.09
3	Revenue and Land Reforms	Land Revenue	45	463	26.52
4	Transport	Taxes on Motor Vehicles	137	866	264.80
5	Registration	Stamps and Registration Fees	107	545	31.58
6	Mines and Geology	Non-ferrous Mining and Metallurgical Industries	130	749	1,682.38
<b>Total</b>			<b>740</b>	<b>7,192</b>	<b>8,074.99</b>

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 147 IRs issued from 2008-09. The quantum of revenue that is potentially recoverable as brought out in IRs, of ₹ 8,075 crore can be judged from the figure of total revenue collection of the State of ₹ 17,331.96 crore. However, Pr. Secretaries/ Commissioners assured to take action for recovery of revenue pointed out through IRs during exit conference and other meetings.

**We recommend that the Government may institute systems for assessing the performance of officials against the parameter of response to the IRs/audit observations among other criteria as is the prevalent practice in Maharashtra.**

### 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 audit observations in the IRs. The details of the audit committee meetings held during the year 2015-16 and the audit observations settled are mentioned in the **Table-1.10**.

**Table-1.10**  
**Details of departmental audit committee meetings**

Head of revenue	Number of meetings held	Number of audit observations settled	(₹ in lakh)
			Amount
Taxes on Sales, Trade etc.	2	50	919.02
Stamps and Registration Fees	1	7	0
State Excise	1	35	137.98
Taxes on Vehicles	2	2	11.89
Land Revenue	2	22	356.28
Non-ferrous Mining and Metallurgical Industries	2	2	20.72
<b>Total</b>	<b>10</b>	<b>118</b>	<b>1,445.89</b>

The progress of settlement of audit observations pertaining to the Transport Department and Commercial Taxes Department was negligible as compared to the huge pendency of the IRs and audit observations.

### 1.6.3 Records not produced to Audit for scrutiny

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

During 2015-16, 103 records relating to 17 offices of three Departments (Transport; Revenue, Registration & Land Reforms and Mines and Geology Departments) were not made available to us for audit. The office-wise break-up of such cases is given in the **Table-1.11**.

**Table-1.11**  
**Details of records not produced**

Name of Office	Number of assessment cases/ records not produced to audit
DCLR, Dhanbad	2
Circle office, Dhanbad	5

**Table–1.11**  
**Details of records not produced**

Name of Office	Number of assessment cases/ records not produced to audit
Circle office, Topchanchi	6
Circle office, Tundi	6
Circle office, Tundi East	6
Circle office, Baliapur	6
Circle office, Jharia	6
Circle office, Gomia	7
Circle office, Bermo	7
Circle office, Petarwar	8
Circle office, Chandrapura	9
Circle office, Chas	9
Circle office, Chandankyari	22
District Transport Office, Jamshedpur	1
Transport Commissioner, Ranchi	1
Settlement office, Dhanbad	1
Secretary Mines, Jharkhand, Ranchi	1
<b>Total</b>	<b>103</b>

#### **1.6.4 Response of the Departments to the audit observations**

The audit observations proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Pr. Accountant General (PAG) to the Principal Secretaries/Secretaries of the Department concerned, drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of replies not received from the Departments/Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Forty one draft audit observations (clubbed into 32 paragraphs) and one Performance Audit were sent to the Principal Secretaries/Secretaries of the respective Departments by name, between May and July 2016. We obtained replies from the departments in respect of audit observations during exit conferences and meetings. However, replies to six audit observations pertaining to Mines and Geology Department were not made available, despite issue of reminders (between July and August 2016). These have therefore been included in this Report without the response of the Department.

#### **1.6.5 Follow up on Audit Reports – summarised position**

The internal working system on the Public Accounts Committee (PAC), notified in December 2002, provides that after the presentation of the Audit Report in the Legislative Assembly, the Departments shall submit action taken explanatory notes (ATNs) within three months of tabling of the Audit Report, for consideration of the committee. Out of 144 paragraphs (including performance audit) included in the Audit Reports for the period from 2010-2011 to 2014-2015, explanatory notes were received on 58 paragraphs from the Departments concerned with average delay of three months and explanatory notes in respect of 86 paragraphs have not been received till date as mentioned in the **Table–1.12**.

**Table-1.12**

Sl. No.	Audit Report ending on	Date of presentation in the legislature	No. of paragraphs	No. of paragraphs where explanatory notes received	No. of paragraphs where explanatory notes not received
1	31 March 2011	06.09.2012	32	26	06
2	31 March 2012	27.07.2013	25	4	21
3	31 March 2013	04.03.2014	27	10	17
4	31 March 2014	26.03.2015	28	18	10
5	31 March 2015	15.03.2016	32	0	32
<b>Total</b>			<b>144</b>	<b>58</b>	<b>86</b>

During 2015-16, the PAC discussed 37 selected paragraphs pertaining to the Audit Reports for the year 2010-11 to 2013-14 and gave its recommendations on one paragraph pertaining to Mines and Geology Departments incorporated in the Report (2009-10). However, ATNs have not been received from the Departments in respect of recommendations of the PAC since the creation of the State in November 2000.

### 1.7 Analysis of mechanism for dealing with 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 audit included in the Audit Reports for one Department is evaluated and included in this Audit Report.

The succeeding paragraphs 1.7.1 and 1.7.2, discuss the performance of the **Mines and Geology Department** under revenue head **Mining Receipts** and cases detected in the course of local audit and also the cases included in the Audit Reports for the year 2008-09 to 2015-16.

#### 1.7.1 Position of Inspection Reports

The summarised position of inspection reports issued for the year 2008-09 to 2015-16 in respect of the **Mines and Geology Department** in respect of revenue head Mining Receipts, audit observations included in these reports and their status as on 31 March 2016 are tabulated in below **Table-1.13**.

**Table-1.13**  
**Position of Inspection Reports**

Year	Opening balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IR	Observations	Money value	IR	Observations	Money value	IR	Observations	Money value	IR	Observations	Money value
	(₹ in crore)											
2008-09	0 <sup>3</sup>	0	0.00	14	101	210	0	0	0	14	101	210.00
2009-10	14	101	210.00	11	77	126.64	0	0	0	25	178	336.64
2010-11	25	178	336.64	19	108	49.91	0	0	0	44	286	386.55
2011-12	44	286	386.55	18	149	2298.74	0	9	1.54	62	426	2,683.75
2012-13	62	426	2,683.75	21	176	68.78	0	17	1982.37	83	585	770.16
2013-14	83	585	770.16	18	107	128.79	1	65	14.02	100	627	884.93
2014-15	100	627	884.93	18	100	407.42	4	74	17.06	114	653	1,275.29
2015-16	114	653	1,275.29	17	108	753.17	1	12	346.08	130	749	1,682.38

<sup>3</sup> IRs prior to 2008-09 have been left to the Government to follow up.

During the period 2008-09 to 2015-16, 136 IRs containing 926 audit observations were issued with financial implication of ₹ 4,043.45 crore. At the same time six IRs involving 177 audit observations with monetary value of ₹ 2,361.07 crore were settled by conducting audit committee meetings with the Department and through regular interactions with them. At present, 130 IRs containing 749 audit observations with monetary value of ₹ 1,682.38 crore are pending for settlement, of which 40 IRs containing 207 audit observations having money value of ₹ 355.28 crore are more than five years old (between 2008-09 and 2010-11).

### 1.7.2 Recovery of accepted cases

The position of paragraphs accepted by the Department and the amount recovered are mentioned in **Table-1.14**.

**Table-1.14**  
**Recovery of accepted cases**

Year of Audit Report	Number of paragraph included	Money value of the paragraphs	Number of paragraph accepted	(₹ in crore)	
				Money value of accepted paragraphs	Amount recovered
2008-09	3	22.75	1	13.33	0.64
2009-10	3	11.26	3	11.26	0.47
2010-11	6	24.26	1	14.65	5.98
2011-12	1	146.31	1	139.70	0.99
2012-13	4	35.57	3	34.20	9.85
2013-14	4	35.78	3	17.21	9.48
2014-15	7	367.20	1	325.24	325.24

The recovery of accepted cases ranged between 0.71 and 55 *per cent* during 2008-09 to 2013-14. The Department made creditable effort and effected 100 *per cent* recovery of accepted cases pointed out during 2014-15.

The recovery of accepted cases should be pursued as arrears recoverable from the parties concerned. No mechanism for pursuance of the accepted cases had been put up in place by the Department/Government.

**We recommend that the Department may take immediate action to pursue and monitor the recovery of accepted cases. The pending recovery of accepted cases may be allocated personally to the respective officers, for sincere efforts to protect the revenue of the State.**

### 1.8 Audit execution for the financial year 2015-16

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 the 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 2015-16, the audit universe comprised of 548 auditable units,

of which 131 units were planned and 123 units were audited. The details are mentioned in **Table-1.15**.

**Table-1.15**  
**Audit Planning and execution**

Sl. No.	Principal Head	Total no. of units	Units planned for audit	Units audited during 2015-16
1	Taxes on Sales, Trade etc.	44	27	27
2	Taxes on Vehicles	27	19	19
3	Stamps and Registration Fees	56	20	20
4	State Excise	23	16	16
5	Land Revenue	341	30	23
6	Non-ferrous Mining and Metallurgical Industries	51	18	17
7	Jharkhand State Mineral Development Corporation	5	1	1
8	Jharkhand State Beverage Corporation Ltd.	1	0	0
<b>Total</b>		<b>548</b>	<b>131</b>	<b>123<sup>4</sup></b>

Besides the compliance audits mentioned above, a Performance Audit of **“Lease management in Revenue and Land Reforms Department in Jharkhand”** and two Audits on **“Implementation of mechanism of cross-verification of VAT/CST transactions in Commercial Taxes Department”** and **“System of collection of arrears of revenue in Commercial Taxes Department in Jharkhand”** were 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

Test check of the records of 123 units relating to Taxes on Sales, Trade etc., State Excise, Taxes on Vehicles, Land Revenue, Stamps and Registration Fees, Taxes and Duties on Electricity and Mining Receipts conducted during the year 2015-16 revealed under-assessment/short levy/loss of revenue aggregating ₹ 12,737.35 crore in 45,954 cases. During the course of the year, the Departments concerned accepted under-assessment and other deficiencies of ₹ 12,120.88 crore in 40,355 cases pointed out by us, of which ₹ 11,774.37 crore involved in 40,265 cases were pointed out during 2015-16 and the rest in the earlier year. The Departments effected recovery of ₹ 362.23 crore in 804 cases in 2015-16.

## 1.10 Coverage of this Report

This report contains 32 paragraphs selected from audit detections made during local audits referred to above and during earlier years, which could not be included in earlier reports including a Performance Audit of **“Lease management in Revenue and Land Reforms Department in Jharkhand”** and two Audits on **“Implementation of mechanism of cross-verification of VAT/CST transactions in Commercial Taxes Department”** and **“System of collection of arrears of revenue in Commercial Taxes Department in**

<sup>4</sup> Shortfall of eight units (one biennial and seven triennial) was due to Panchayat Election.

**Jharkhand**", involving financial effect of ₹ 11,676.35 crore out of which ₹ 10,282.30 crore is recoverable.

The Department/Government have accepted audit observations involving ₹ 11,672.52 crore including avoidable loss of ₹ 1,394.05 crore and recovered ₹ 13.55 crore. The replies in the remaining cases have not been received (October 2016). These are discussed in succeeding Chapters II to VI.