

CHAPTER-I: GENERAL

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by the Government of Chhattisgarh (GoCG) during the year 2015-16, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grants-in-aid received from the Government of India (GoI) during the year and the corresponding figures for the preceding four years are mentioned in **Table 1.1**:

Table 1.1
Trend of revenue receipts

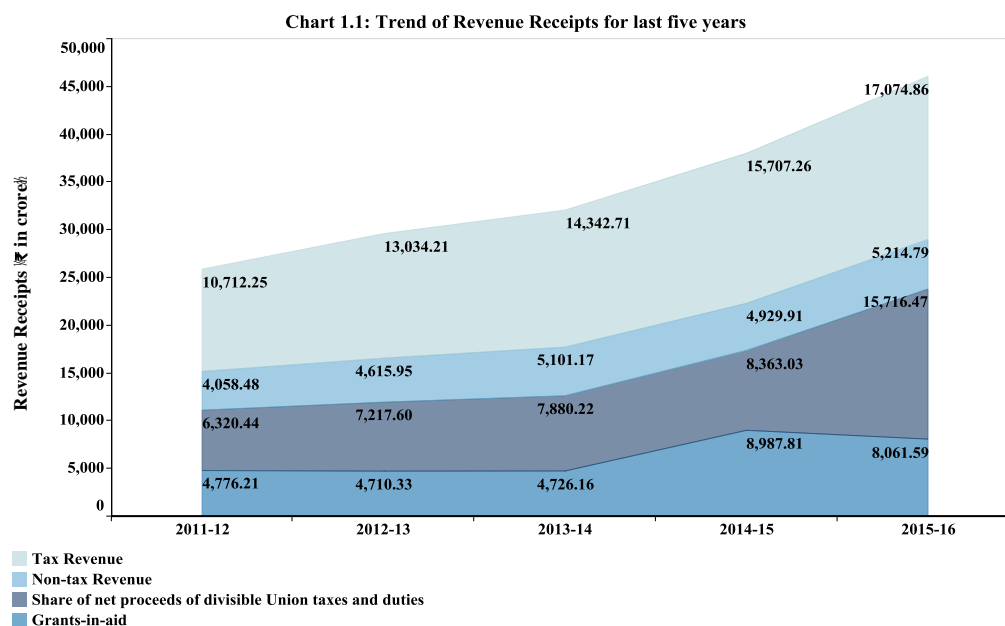
(₹ in crore)

Sl. No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
1.	Revenue raised by the State Government					
	• Tax Revenue	10,712.25	13,034.21	14,342.71	15,707.26	17,074.86
	• Non-tax Revenue	4,058.48	4,615.95	5,101.17	4,929.91	5,214.79
	Total	14,770.73	17,650.16	19,443.88	20,637.17	22,289.65
2.	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties	6,320.44	7,217.60	7,880.22	8,363.03	15,716.47 ¹
	• Grants-in-aid	4,776.21	4,710.33	4,726.16	8,987.81	8,061.59
	Total	11,096.65	11,927.93	12,606.38	17,350.84	23,778.06
3.	Total revenue receipts of the State Government (1 and 2)	25,867.38	29,578.09	32,050.26	37,988.01	46,067.71
4.	Percentage of 1 to 3	57	60	61	54	48

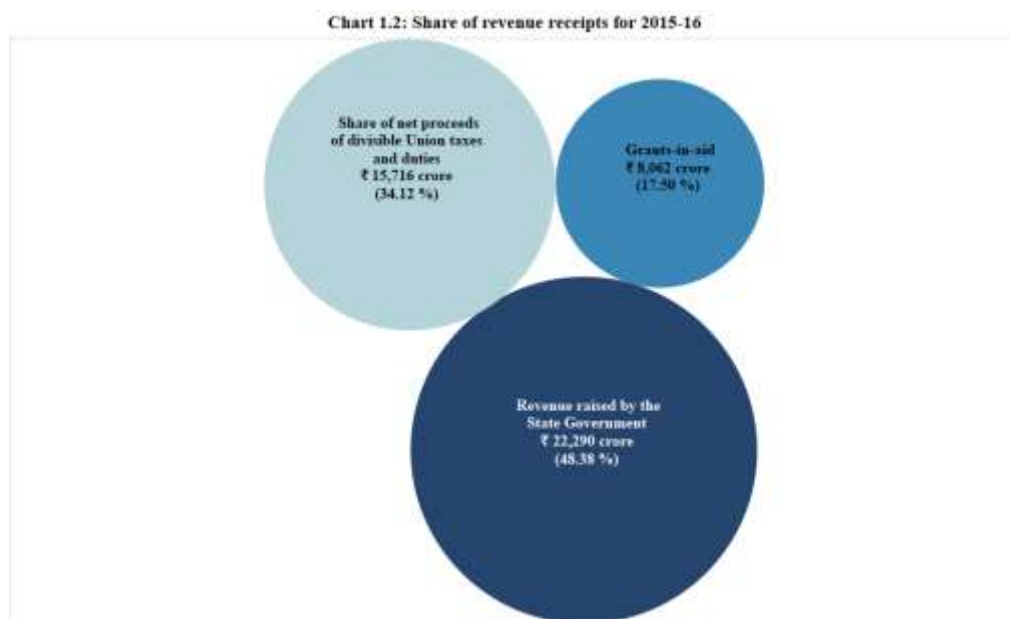
(Source: Finance Accounts of the Government of Chhattisgarh)

The above table indicates that during the year 2015-16, the revenue raised by the State Government (₹ 22,289.65 crore) was 48 per cent of the total revenue receipts. The balance 52 per cent of the receipts during 2015-16 was from the GoI.

¹ For details please refer "tax revenue" of Statement 14, detailed accounts of revenue by minor heads of the Finance Accounts of the Government of Chhattisgarh for the year 2015-16. 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.



It may be seen from the above Chart that the revenue receipts of the State for the year 2015-16 increased by eight *per cent* over the previous year, whereas the share of receipts from GoI in 2015-16 increased substantially by 37 *per cent* over 2014-15.



The share of revenue receipts from own sources was 48 *per cent* which was six *per cent* less than the previous year. While analysing the receipts from the GoI it was seen that, 34 *per cent* was from share of net proceeds of divisible Union taxes and duties and 18 *per cent* from Grants-in-aid.

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

Table 1.2
Details of Tax Revenue raised by the Government

(₹ in crore)

Sl. No.	Head of Revenue		2011-12	2012-13	2013-14	2014-15	2015-16	Percentage of increase or decrease (-) in actual receipts in 2015-16 over 2014-15	Percentage of variation between actual receipts and budget estimates in 2015-16
1.	Taxes on sales, trade etc.	BE	6,000.00	7,310.20	8,436.00	9,800.00	10,998.00	(+5.69	(-) 19.00
		Actual	6,006.25	6,928.65	7,929.51	8,428.61	8,908.36		
2.	State Excise	BE	1,550.00	2,200.00	2,675.00	3,150.00	3,528.00	(+15.42	(-) 5.37
		Actual	1,596.98	2,485.68	2,549.15	2,892.45	3,338.40		
3.	Taxes and duties on electricity	BE	600.00	780.00	1,000.00	1,100.00	1,400.00	(+ 4.56	(-)1.94
		Actual	637.97	860.75	1,020.44	1,312.93	1,372.84		
4.	Stamps and Registration Fees	BE	875.00	950.00	1,150.00	1,250.00	1,350.00	(+15.82	(-)12.21
		Actual	845.82	952.47	990.24	1,023.33	1,185.22		
5.	Taxes on goods and passengers	BE	700.00	950.00	1,192.00	1,335.00	1,441.80	(+ 5.95	(-)27.85
		Actual	825.67	954.31	945.44	981.88	1,040.26		
6.	Taxes on vehicles	BE	475.00	605.71	731.38	800.00	864.00	(+17.87	(-)4.03
		Actual	502.18	591.75	651.07	703.48	829.22		
7.	Land Revenue	BE	250.00	346.00	415.00	460.00	496.80	(+ 9.74	(-)26.76
		Actual	270.56	234.11	226.06	331.56	363.84		
8.	Other receipts tax	BE	12.14	19.27	25.62	31.26	7.25	(+ 11.21	(+406.48
		Actual	26.82	26.49	30.80	33.02	36.72		
Total		BE	10,462.14	13,161.18	15,625.00	17,926.26	20,085.85	(+8.71	(-)14.99
		Actual	10,712.25	13,034.21	14,342.71	15,707.26	17,074.86		

(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 2015-16 by 8.71 per cent over the receipts in 2014-15. However, as against the Budget Estimates (BEs), there was shortfall of actual receipts by 14.99 per cent in 2015-16.

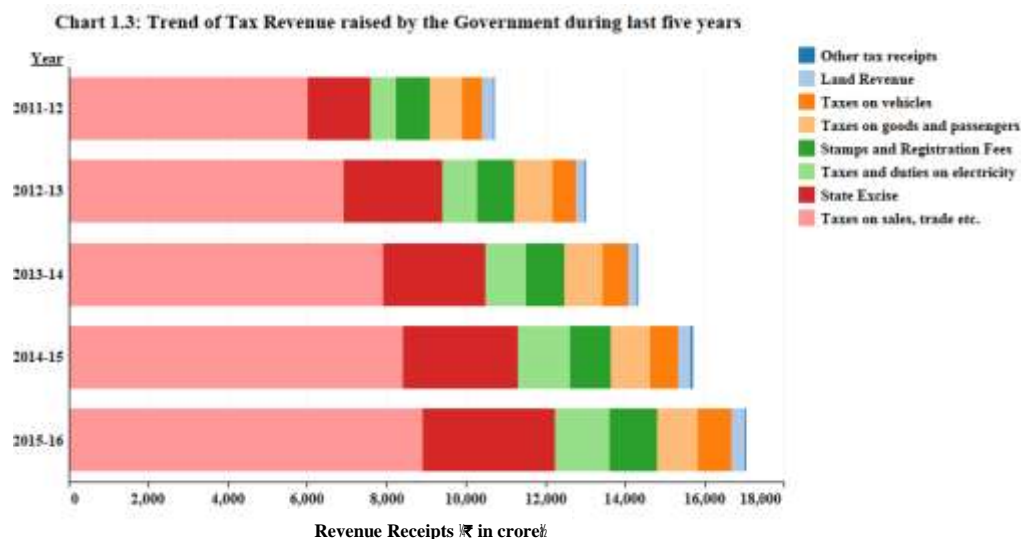


Chart 1.4: Head-wise share of tax revenue during 2015-16



The respective Departments reported the following reasons for variation:

(a) Reasons for variation of receipts of 2015-16 over the receipts of 2014-15:

Taxes on vehicles: The increase (17.87 per cent) was due to increase in rate of Lifetime tax and Quarterly tax.

Stamps and Registration Fees: The increase (15.82 per cent) was due to increase in registration of mining leases.

State Excise: The increase (15.42 per cent) was due to increase in the annual revenue of country/Foreign liquor shops by 25 per cent and due to receipt of processing fee for allotment of liquor shops for 2016-17 in 2015-16 itself.

(b) Reasons for variation of actual receipts from BEs during 2015-16:

Taxes on sales, trade etc.: The decrease (19 per cent) was due to less realisation of Value Added Tax (VAT) from the petroleum and iron and steel

industries and due to less inter-state transactions and purchases of raw materials by Public Sector Undertakings.

Land Revenue: The decrease (26.76 per cent) was due to less realisation of revenue due to declaration of 119 *Tehsil* as drought affected.

Stamps and Registration Fees: The shortfall (12.21 per cent) was due to not revising of BE by Finance Department on basis of the receipts in the first quarter of the year.

Energy Department did not report any specific reason for the variation in BE and actual receipts.

We recommend that the Government may prepare realistic BE so that the variation between actual and BE may not vary more than 10 per cent.

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 actual receipts in 2015-16 over 2014-15	Percentage of variation between BEs and actual receipts in 2015-16
1.	Non-Ferrous Mining and Metallurgical industries	BE	2,700.00	3,105.00	3,510.00	4,100.00	7,000.00	(+3.83	(-)47.01
		Actual	2,744.82	3,138.18	3,236.01	3,572.68	3,709.52		
2.	Forestry and Wild life	BE	400.00	405.00	450.00	520.00	500.00	(+17.50	(-)18.05
		Actual	341.64	363.96	405.91	348.72	409.75		
3.	Interest receipt	BE	302.40	321.94	399.14	323.40	260.67	(-)37.04	(-)58.48
		Actual	216.57	243.13	380.64	171.89	108.23		
4.	Major and Medium irrigation	BE	282.71	391.46	426.11	421.50	392.53	(+21.71	(+29.49
		Actual	336.49	357.23	348.64	417.62	508.27		
5.	Other non-tax receipts	BE	852.07	624.54	1,048.86	819.72	509.79	(+14.32	(-)6.04
		Actual	418.96	513.45	729.70	419.00	479.02		
	Total	BE	4,537.18	4,847.94	5,834.11	6,184.62	8,662.99	(+5.78	(-)39.80
		Actual	4,058.48	4,615.95	5,101.17	4,929.91	5,214.79		

(Source: Finance Accounts of the Government of Chhattisgarh)

It may be seen from the above table that the non-tax revenue of the State increased marginally in 2015-16 by 5.78 per cent over the receipts in 2014-15. However, as against the BEs, there was shortfall of 39.80 per cent in actual receipts in 2015-16.

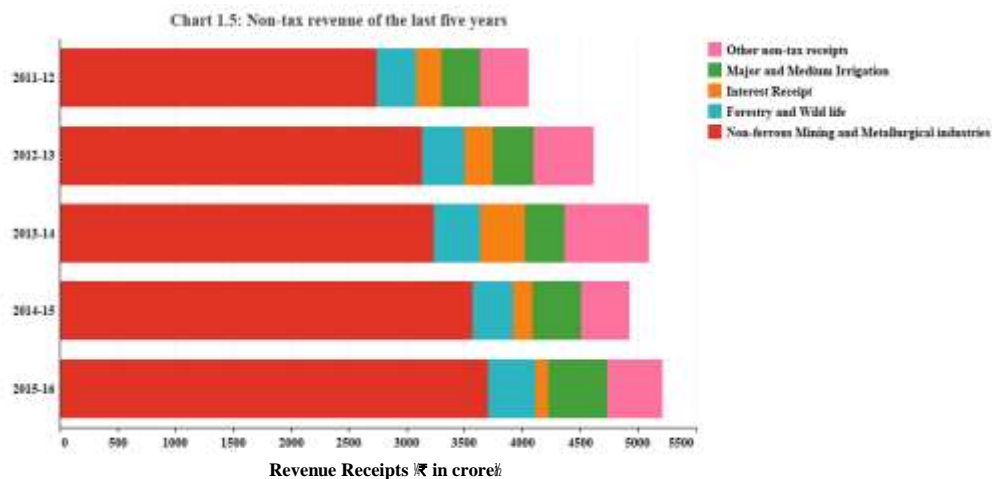
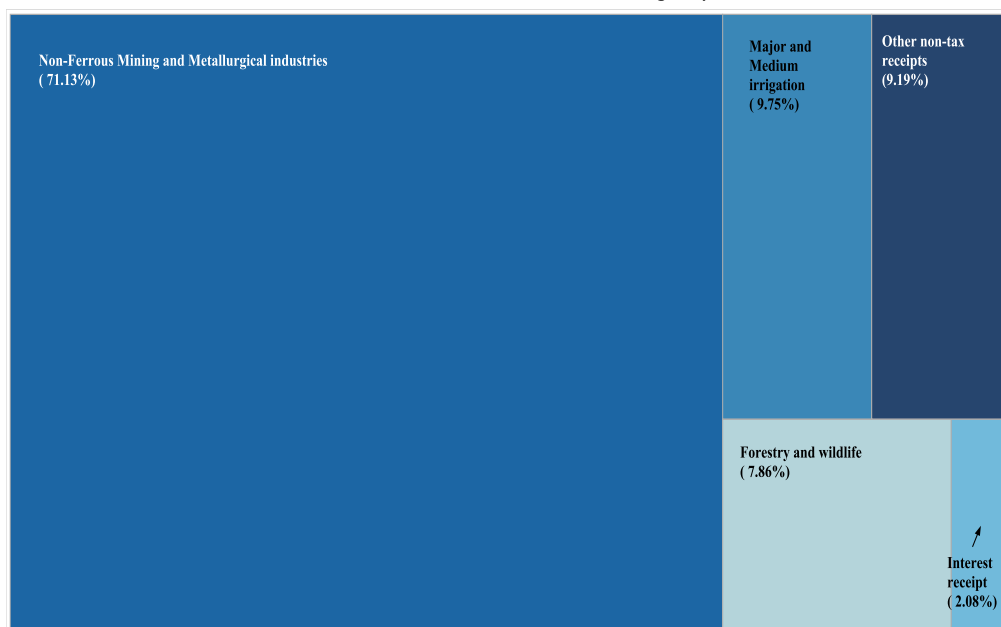


Chart 1.6: Head-wise share of Non-tax revenue during the year 2015-16



The respective Departments reported the following reasons for variation:

(a) Reasons for variation of receipts of 2015-16 over the receipts of 2014-15:

Forestry and Wild Life: The increase (17.50 per cent) was due to increase in production of forest produce and realisation of higher sale value in auction and nistar depots.

Major and Medium irrigation: The increase (21.71 per cent) was due to full realisation of water tax from two companies of Chhattisgarh State Power Generation Company Limited (CSPGCL) and higher growth target fixed for realisation of water tax from industrial establishments.

(b) Reasons for variation of receipts from BEs during 2015-16:

Non-Ferrous Mining and Metallurgical industries: The decrease (47.01 per cent) was due to setting BE in anticipation of the realisation of penalty at the rate of ₹ 295 per Metric Tonne (MT) from the minerals lessee on allotment of

coal block for the year 2015-16 as per judgment of Hon'ble Supreme Court. However it could not be achieved.

Forestry and Wild Life: The shortfall against the BEs (18.05 per cent) was due to not approving of Working Plans of East Bhanupratappur, West Bhanupratappur, Kondagaon (South) and Narayanpur divisions by GoI.

Major and Medium irrigation: The increase (29.49 per cent) was due to full realisation of water tax from two companies of CSPGCL and higher growth target fixed for realisation of water tax from industrial establishments.

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 ₹ 1,663.09 crore of which ₹ 474.65 crore was outstanding for more than five years, as detailed in the **Table 1.4:**

Table 1.4: Arrears of revenue

(₹ in crore)

Sl. No.	Head of Revenue	Total amount outstanding as on 31 March 2016	Amount outstanding for more than five years as on 31 March 2016	Reply of Department
1.	Taxes on sales, trade etc.	1,004.83	334.08	Of the total outstanding amount as on 31 March 2016, ₹ 625.18 crore corresponds to pending recovery due to stay by the courts, Revenue Recovery Certificate (RRC) cases sent to other states not disposed, closure of the firm, inadequate movable/immovable property in write-off cases etc. In rest of the cases, RRC had been issued for recovering outstanding dues.
2.	Taxes and Duties on Electricity	476.30	6.25	Efforts are being taken to recover the outstanding dues.
3.	Taxes on Vehicles	12.47	3.48	Arrears was due to not depositing tax amount in due period by the vehicle owners. Notice has been issued to vehicle owners and instructions have been issued to officials of check posts/Flying Squad for speedy recovery of arrears.
4.	Stamps and Registration Fees	16.47	-	Department did not furnish information regarding arrears outstanding for more than five years. Recovery of arrears was being done in accordance with the demand notices issued by the District Registrars (DRs).
5.	Non-Ferrous Mining and Metallurgical industries	85.91	85.91	Instructions had been issued to field offices for recovering the outstanding arrears through special drive. The proposals for write-off of irrecoverable dues had been sent to the Government.
6.	Land Revenue	37.11	44.93	The arrears was due to not realising the premium from Municipal Corporation/Council, pending recovery in naxal affected and drought affected areas and due to involvement of staff in various other works.
TOTAL		1,633.09	474.65	

(Source: Information furnished by the Departments concerned)

It may be seen from the above table that arrears of ₹ 1,633.09 crore were pending for recovery. Out of this, arrears amounting ₹ 474.65 crore were pending for more than five years and it was 29 per cent of the total outstanding amount and sincere efforts are required to be made to recover them.

We recommend that the Government may take necessary action for collection of the arrears of revenue outstanding for more than five years.

1.3 Arrears in assessments

The details of cases pending at the beginning of the year 2015-16, 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 1.5:**

Table 1.5: Arrears in assessments

Head of revenue	Opening balance	New cases due for assessment during 2015-16	Total assessments due	Cases disposed off during 2015-16	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	2	3	4	5	6	7
Value Added Tax	50,018	82,062	1,32,080	90,985	41,095	68.89
Professional Tax	8,617	842	9,459	9,236	223	97.64
Entry Tax	20,768	45,183	65,951	46,556	19,395	70.59
Luxury Tax	78	142	220	129	91	58.64
Tax on works contract	118	740	858	600	258	69.93
Total	79,599	1,28,969	2,08,568	1,47,506	61,062	70.72

(Source: Information furnished by the Department)

It may be seen from the above table that at the end of the year 2015-16, only 70.72 per cent of the total assessment cases had been disposed of 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 1.6:**

Table 1.6: Evasion of tax*(₹ in lakh)*

Sl. No.	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
					No. of cases	Amount of Demand	
1.	Taxes on Sales, Trade etc.	136	36	172	78	40,696.88	94
Total		136	36	172	78	40,696.88	94

(Source: Information furnished by the Department)

It is seen from the above table that nearly 55 per cent of cases are pending for finalisation as on 31 March 2016.

We recommend that the Government may take timely action for speedy disposal of the pending cases to avoid loss of revenue to Government.

1.5 Pendency of refund cases

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

Table 1.7: 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	839	10.07
2.	Claims received during the year	3,856	228.55
3.	Refunds made during the year	3,492	227.31
4.	Balance outstanding at the end of the year	1,203	11.31

(Source: Information furnished by the Department)

It may be seen from the above table that the refunds were allowed in only 74 per cent of the total refund cases.

We recommend that Government may take necessary action for early disposal of the refund claims to avoid interest liability.

1.6 Response of the Government/ Departments towards Audit

The Accountant General(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 four weeks from the date of receipts of IRs. Serious financial irregularities are reported to the Heads of the Department and the Government.

Analysis of IRs issued upto 31 March 2016 revealed that 11,685 paragraphs involving ₹ 12,980.27 crore relating to 2,934 IRs remained outstanding at the end of June 2016 as mentioned below in **Table 1.8** alongwith the corresponding figures for the preceding two years.

Table 1.8
Details of pending Inspection Reports

	June 2014	June 2015	June 2016
Number of IRs pending for settlement	2,645	2,811	2,934
Number of outstanding audit observations	10,419	11,073	11,685
Amount of revenue/expenditure involved (₹ in crore)	6,090.69	7,132.64	12,980.27

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 following **Table 1.9**:

Table 1.9
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.	449	2,827	507.69
			Exp.	23	44	5.42
2.	Commercial Tax (Excise)	State Excise	Rev.	133	364	401.24
		Entertainment tax	Rev.	74	117	3.94
		Excise and Ent. Tax	Exp.	14	28	0.22
3.	Commercial Tax (Registration)	Stamp Duty and Registration fee	Rev.	236	670	89.45
			Exp.	4	10	1.81
4.	Revenue and Disaster Management	Land Revenue	Rev.	580	1,802	1,058.18
			Exp.	31	75	13.21
5.	Transport	Taxes on motor vehicles	Rev.	160	1,221	183.49
			Exp.	30	70	0.13
6.	Mineral Resources	Non-ferrous mining and metallurgical industries	Rev.	149	542	860.52
			Exp.	15	25	225.67
7.	Forest	Forestry and Wildlife	Rev.	339	1,034	1,260.17
			Exp.	393	1,734	736.78
8.	Energy	Taxes on Electricity and	Rev.	14	66	1,650.06
			Exp.	1	4	5,330.97

		duty				
9.	Other Tax Departments	Other receipts	Rev.	288	1,042	651.19
			Exp.	1	10	0.13
Total				2,934	11,685	12,980.27

Rev.- Revenue; Exp.-Expenditure

Out of 155 IRs issued during 2015-16, audit did not receive even the first replies from the heads of offices for 121 IRs (78 per cent). This large pendency of the IRs due to non-receipt of the replies is indicative of the lack of seriousness of the Heads of Department towards audit observations.

1.6.2 Departmental Audit Committee Meetings (ACMs)

The Government sets up audit committees to monitor and expedite the progress of the settlement of the IRs and paragraphs in the IRs.

The details of ACMs held during the year 2015-16 are detailed in **Table 1.10**

Table 1.10

Details of ACM conducted

Department	No. of meetings organised	No. of paragraphs settled	Amount (₹ in lakh)
Commercial Tax	1	11	12.35
Mineral Resources	1	21	425.29
Total	2	32	437.64

It may be seen from the above table that two ACMs were conducted in the year 2015-16 and 32 paragraphs involving amount of ₹ 437.64 lakh had been settled.

1.6.3 Records not produced 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 2015-16, 41 assessment files of Commercial Tax Department and five cases of Revenue and Disaster Management were not made available to audit as given in **Table 1.11**.

Table 1.11

Details of records not produced

Name of the Office/Department	Year in which it was to be audited	Number of cases not audited
Commercial Tax	2015-16	41 cases of five ² units
Revenue and Disaster Management	2015-16	5 cases of five ³ units

It may be seen from the above table that 46 records were not produced to audit which hampered the functions of audit in discharging the constitutional

² 24 cases of Commercial Tax Officer (CTO)-III, Raipur; three cases of CTO-II, Bilaspur; one case of CTO-I, Raipur, one case of Assistant Commissioner(AC)-I, Division-II, Raipur and 12 cases of Dy. Commissioner (DC)(HQ), Raipur

³ One each of Tehsildar, Baikunthpur; Tehsildar, Mahasamund; Tehsildar, Pandaria; Collector, Koriya and Collector, Mungeli

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 Departments concerned, 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 four draft paragraphs including one Performance Audit were sent to the Principal Secretaries/ Secretaries of the respective Departments in July 2016. The Exit Conference of Mineral Resources Department and Commercial Tax Department were held on 21 October 2016 and 24 October 2016 respectively. 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. 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 2009, 2010, 2011, 2012, 2013, 2014 and 2015 containing 179 paragraphs including Performance Audit were placed before the State Legislative Assembly between March 2010 and March 2016. Action taken explanatory notes in respect of twenty one paragraphs for the Audit Report for the year ended 31 March 2005 to the Audit Report for the year ended 31 March 2014 had not been received from the departments concerned till 30 June 2016.

The Public Accounts Committee (PAC) discussed 124 out of 157 selected paragraphs pertaining to the Audit Reports for the years from 2000-01 to 2013-14 and its recommendations on 75 paragraphs were incorporated in their Reports of years 2007-08 and 2009-10. However, Action Taken Notes (ATNs) have not been received in respect of 15 recommendations of the PAC from the Departments concerned as mentioned in the **Table 1.12**:

Table 1.12

Details of non-receipt of ATNs in respect of recommendations

Year	Name of Department							Total
	Mining	Excise	Electricity	Transport	Commercial Tax	Registration	Forest	
2000-01	-	-	-	-	-	1	-	1
2004-05	1	-	-	-	-	-	1	2
2005-06	1	-	-	-	3	-	-	4
2006-07	-	-	-	-	1	-	-	1
2007-08	-	1	1	2	2	-	-	6
2008-09	-	-	-	1	-	-	-	1
Total	2	1	1	3	6	1	1	15

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 was evaluated and included in this Audit Report.

The succeeding paragraphs 1.7.1 to 1.7.3 discusses the performance of the **Forest 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 2005-06 to 2014-15.

1.7.1 Position of Inspection Reports of Forest 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 2016 are tabulated below in **Table-1.13**

Table 1.13
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	Rev.	256	883	811.95	11	58	104.48	1	31	28.42	266	910	888.01
		Exp.	291	1030	209.49	2	12	13.30	1	6	3.04	292	1036	219.75
2.	2006-07	Rev.	266	910	888.01	-	00	0.00	-	-	-	266	910	888.01
		Exp.	292	1036	219.75	13	107	40.78	4	49	10.16	301	1094	250.37
3.	2007-08	Rev.	266	910	888.01	-	00	0.00	-	-	-	266	910	888.01
		Exp.	301	1094	250.37	1	08	1.27	1	6	0.03	301	1096	251.61
4.	2008-09	Rev.	266	910	888.01	10	38	164.59	2	34	13.27	274	914	1039.33
		Exp.	301	1096	251.61	11	78	55.89	3	53	15.92	309	1121	291.58
5.	2009-10	Rev.	274	914	1039.33	2	25	17.11	3	34	11.81	273	905	1044.63
		Exp.	309	1121	291.58	7	44	17.86	2	23	2.34	314	1142	307.10
6.	2010-11	Rev.	273	905	1044.63	13	69	206.52	-	4	0.38	286	970	1250.77
		Exp.	314	1142	307.10	16	131	116.66	-	13	4.91	330	1260	418.85
7.	2011-12	Rev.	286	970	1250.77	13	46	16.24	-	6	147.76	299	1010	1119.25
		Exp.	330	1260	418.85	15	155	61.15	-	12	1.53	345	1403	478.47
8.	2012-13	Rev.	299	1010	1119.25	13	37	24.14	5	95	64.00	307	952	1079.39
		Exp.	345	1403	478.47	21	177	95.99	7	74	40.10	359	1506	534.36
9.	2013-14	Rev.	307	952	1079.39	16	48	16.45	2	24	84.26	321	976	1011.58
		Exp.	359	1506	534.36	22	208	163.65	4	80	33.99	377	1634	664.02
10.	2014-15	Rev.	321	976	1011.58	11	46	230.10	-	1	0.01	332	1021	1241.67
		Exp.	377	1634	664.02	13	112	64.75	1	43	14.36	389	1703	714.41

The Government arranges ACMs between the Department and AG's office to settle the old paragraphs. As it would be evident from the above table, against 558 (266 revenue and 292 expenditure) outstanding IRs with 1,946 (910 revenue and 1,036 expenditure) paragraphs as in 2005-06 the number of outstanding IRs increased to 721 (332 revenue and 389 expenditure) with 2,724 (1021 revenue and 1703 expenditure) paragraphs at the end of 2014-15. Forest Department did not conduct any ACM during 2015-16.

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 Forest Department and the amount recovered are mentioned in **Table 1.14**:

Table 1.14
Details of accepted cases

(₹ in crore)

Year		No. of paragraphs included	Money value	No. of paragraphs accepted	Money value of accepted paragraphs	Amount recovered
2005-06	Rev.	3	43.74	-	36.22	-
	Exp.	2	0.70	1	0.35	-
2006-07	Rev.	2	2.43	-	-	-
	Exp.	2	0.32	-	-	-
2007-08	Rev.	-	-	-	-	-
	Exp.	-	-	-	-	-
2008-09	Rev.	-	-	-	-	-
	Exp.	-	-	-	-	-
2009-10	Rev.	-	-	-	-	-
	Exp.	-	-	-	-	-
2010-11	Rev.	4	15.00	3	1.70	-
	Exp.	-	-	-	-	-
2011-12	Rev.	4	0.72	1	0.04	-
	Exp.	9	14.48	3	0.58	-
2012-13	Rev.	1	0.01	1	0.01	-
	Exp.	4	9.15	-	-	-
2013-14	Rev.	5	8.28	1	0.06	-
	Exp.	5	5.67	-	-	-
2014-15	Rev.	2	0.17	-	-	-
	Exp.	3	2.19	-	-	-
Total		46	102.86	10	38.96	

It is evident from the above table that there is no recovery even in the accepted cases during 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 Forest 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 Forest Department was featured in Audit Report for the year 2009-10, 2012-13 and 2013-14. The details of recommendations and their status are given in **Table 1.15**:

Table 1.15: Details of Status of recommendations

Year of Report	Number of Recommendations	Details of Recommendations	Status
“Assessment and collection of Forest Receipts”			
2009-10	8	Issue necessary instructions for realisations of the arrears in the time bound manner	Reply awaited (November 2016).
		The Department may consider issuing necessary orders for depositing Sales Tax/VAT under proper head of account	Reply awaited (November 2016).
		Monitor the preparation of Working Plans and implementation of their prescriptions strictly. The work plan may be prepared realistically discounting the produce from troubled/unapproachable areas	Instructions has been issued (January 2015) by the PCCF to all Chief Conservator of Forests (CCFs) and Divisional Forest Officers (DFOs) vide letter no. 66 dated 13.1.05, letter no. 10 and 18 dated 1.1.16.
		Make necessary arrangements to ensure timely preparation and submission of Coupe Control Registers (CCRs), Compartment Histories (CHs) and timber accounts	Instructions have been issued by PCCF to all circles vide letter no. 14/Production.1/12, 14, 16 dated 1.1.16 and letter no. 519 dated 21.3.16.
		Take specific measures in fixing the targets and disposal of forest produce from <i>nistar</i> depots	Instructions have been issued by PCCF to all circles vide letter no. 14/Production3/1489 dated 14.07.11, letter no. 916 dated 24.5.16 and 944 dated 26.5.16.
		Issue necessary instructions to the divisions to ensure compliance to the provisions relating to proper realisation and timely deposit of revenue into the Government accounts	Instructions have been issued by PCCF to all circles vide letter no. Production3/1527 dated 13.9.13, letter no. 968 dated 19.6.14 and 946 dated 27.05.16.
		Strengthen the established Internal Audit Wing (IAW) and prescribe a time frame for taking remedial measures on its observations	Reply awaited (November 2016)
		Issue necessary instructions to the CFs/DFOs/other officials to maintain the detailed records of auctions in order to ensure the transparency in the auction of the forest produce and also to maximise the receipts from sale of forest produce	Instructions have been issued by Government, Forest Department to all circles vide letter no. 299 dated 3.3.05 and PCCF letter 265, 267 and 269 dated 30.4.15.
“Chhattisgarh State Compensatory Afforestation Management Planning Authority (CAMPA)”			
2012-13	7	The execution of Compensatory Afforestation (CA) in revenue land earmarked by the Government for this purpose	Department stated that the Compensatory Afforestation is normally done in non-forest area only, but sometimes the plantation work is done in blank areas also to avoid encroachment.
		The use of forest land for non-forestry purposes only after compliance of all the conditions imposed by GoI and obtaining final approval from the GoI	The Department stated (November 2016) that the Forest Conservation (FC) Act, 1980 as amended 1981 and 1988 along with the revised notification of 1992 is being scrupulously followed.
		Expeditious finalisation of mining renewal cases pending at various levels and effectively control the execution of mining activities in those areas	Reply awaited (November 2016)
		Fixing a time frame for notification of the	The non-forest land received in

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		revenue land received from user agencies as forest land	lieu of the diversion of the forest land for non-forestry purposes are being notified as per the provisions contained in amended Forest Conservation (FC) Act, 1980.
		Existence of a suitable mechanism for raising demands for Net Present Value (NPV), CA etc. in accordance with the provisions of Forest Conservation (FC) Act and in consonance with the records available with the Department	Instructions to all forest circles have been issued by PCCF vide letter no.358 dated 11.3.13 and letter no. 540 dated 5.4.13.
		Implementation of the norms, rates etc. as fixed for the forestry works by the Department in the works performed under CAMPA fund	At present the norms fixed by the Principal Chief Conservator of Forest (PCCF) for the departmental work is done under CAMPA. No separate norms are there for CAMPA.
		Maintenance of the records of the works executed under CAMPA as prescribed in the WP manual	Out of the 807 sanctioned work till March 2013, Plantation journal/Nursery journal/Measurement Book (MB) of 321 work have been verified. The records of the remaining work will be verified in due course of time.
“Production and treatment of Bamboo in Chhattisgarh”			
2013-14	9	The Government may consider evolving an effective system of monitoring and evaluation of treatment of degraded bamboo forests so that the productivity of the treated area could have been assessed and accordingly further treatment or production of bamboo may be taken up in those areas.	Reply awaited (November 2016)
		The Government may consider ensuring the treatment of unprofitable/unproductive bamboo coupes in due time.	Reply awaited (November 2016)
		The Government may consider implementing the prescriptions of WPs approved by the GoI and departmental instructions to ensure the management of degraded bamboo forest area for sustainable development of bamboo.	Reply awaited (November 2016)
		The Government may consider strengthening the internal control mechanism to ensure the execution of treatment work in due time period and in an effective manner	Reply awaited (November 2016)
		The Government may consider issuing the proper format for plantation journal and ensure maintenance of the same as per the provisions envisaged in WPs for effective monitoring of progress of plantation.	Reply awaited (November 2016)
		The Government/Department should make a long term plan for exploitation of bamboo in naxal affected areas and carry out adequate silvicultural activities in financially non-viable bamboo coupes	Instructions have been issued by PCCF to all circles vide letter no. 66 dated 13.1.05.
		The Government may consider evolving a system to check excessive variation between estimated and actual production by establishing a benchmark in this regard to safeguard the revenue interest of the	Instructions have been issued by PCCF to all circles vide letter no. 14/Production3/15/443 dated 24.3.15.

		Government.	
		The Government should take effective measures to avoid the transit wastages during transportation from coupes to depots beyond the prescribed limits.	Reply awaited (November 2016)
		The Government may consider evolving an effective system to ensure the compliance of the conditions of sale by the Department and the purchasers so that optimum revenue collection during the sale of industrial bamboo may be assured.	Reply awaited (November 2016)

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 etc. 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 2015-16, there were 463 total units, of which 86 offices, were audited, which is 100 *per cent* of the total units planned. The list of offices audited during the year 2015-16 is given in **Appendix 1.1**.

Besides the compliance audit mentioned above, one Performance Audit and one audit was also taken up to examine the efficacy of the tax administration and implementation of the scheme.

1.9 Results of audit

Position of local audit conducted during the year

We conducted test check of the records of 86 units of Commercial Taxes, State Excise, Stamps and Registration Fees, Land Revenue, Mining Receipts, Taxes on Vehicles, Forestry and Wild Life and Electricity Duty conducted during the year 2015-16 and observed short levy or not levy of taxes, duties and fees, loss of revenue, etc. aggregating to ₹ 329.30 crore in 55,971 cases. The Departments concerned accepted underassessment and other deficiencies of ₹ 72.80 crore in 27,557 cases and recovered ₹ 72.22 lakh in 15 cases which were pointed out in audit during 2015-16.

1.10 Coverage of this Report

This Report contains 24 paragraphs including one Performance Audit on “**Exemptions and subsidies to industries under Industrial Policies**” and audit on “**Implementation of National Afforestation Programme in Chhattisgarh**” involving ₹ 111.10 crore. The Departments/Government have accepted audit observations involving ₹ 37.19 crore out of which ₹ 72.22 lakh had been recovered in 15 cases. The replies in the remaining cases have not been received (November 2016). These are discussed in succeeding Chapters II to VII.

1.11 Amendments at the instance of audit

Following amendments have been made by the Commercial Tax Department at the instance of observation made by the audit during the previous Audit Report:

**Table 1.16:
Amendments at the instance of audit**

Name of the Department	Reference to para and Audit Report	Amendments carried out at the instance of audit
Commercial Tax Department	Para 2.2.16 of Audit Report on Revenue Sector for the year ended 31 March 2015.	Previously the dealer was liable to furnish the details of purchases of ₹ one lakh and above. By the amendment (April 2016), the dealer has to furnish all the details in respect of Input Tax Rebate (ITR).