

PREFACE

This Report of the Comptroller and Auditor General of India for the year ended March 2017 has been prepared for submission to the Governor of Jharkhand under Article 151 of the Constitution of India.

The Report contains significant findings of audit of Receipts and Expenditure of major revenue earning departments under the Revenue Sector conducted under the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2016-17 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; instances relating to the period subsequent to 2016-17 have also been included, wherever necessary.

The Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

The Report contains the following significant findings:

1. Budget estimates prepared by the concerned administrative departments were unilaterally increased in meetings chaired by the Chief Secretary/ Finance Department without assigning reasons, resulting in wide variations between the budget estimates and actual receipts of tax and non-tax revenues.
2. Failure of concerned departments to respond to 851 Inspection Reports issued between 2008-2017 resulted in non-realisation of potential revenues of as much as ₹ 12,985.32 crore.
3. The efficiency of tax-collection from sales, trade etc., (constituting 79 *per cent* of tax revenues) by Jharkhand in 2015-16 and 2016-17 is higher than neighbouring States and the all-India average. Similarly, the efficiency of collection of mining receipts (constituting 77 *per cent* of non-tax revenues) by Jharkhand is higher than neighbouring States.
4. Shortage of manpower in critical cadres in Commercial Taxes (51.37 *per cent*), Mines and Geology (58.52 *per cent*), Transport (66.53 *per cent*), and Excise and Prohibition (74.10 *per cent*) Departments affected the performance of these departments.
5. Failure of departmental officers to cross-verify the returns filed by assesseees/ lessees with other records available with the department itself and records available with Central/ State Government departments resulted in underassessment of revenues amounting to ₹ 475.72 crore (Commercial Taxes Department), ₹ 133.42 crore (Mines and Geology Department) and ₹ 7.73 crore (Registration Department).
6. Non-levy of penalty of ₹ 213.32 crore for extraction in excess of quantity permitted in the environmental clearance certificate/ permission from Pollution Control Board.
7. Non-prescription of a comprehensive checklist for finalisation of assessment by the Commercial Taxes Department, led to concealment of

sale/ purchase by 108 dealers which was not detected by the assessing authorities resulting in underassessment of tax and penalty of ₹ 405.37 crore.

8. VAHAN software in Transport Department suffered from deficient mapping of provisions of Act and Rules leading to levy of tax from date of registration instead of date of possession of vehicles and transport vehicles (ambulances) were registered as non-transport vehicles, and input control deficiencies in registered laden weight field.
9. Mineral resources (constituting 77 per cent of non-tax revenues) of Jharkhand continued to be exploited on *ad hoc* basis without a State Mineral Policy.
10. The Mining Department, without enquiring about the source of procurement of minerals, accepted an amount of ₹ 777. 69 crore, deducted and transferred by Works divisions during 2011-16 from the bills of contractors for non-submission of Forms 'O' and 'P' required to be submitted to ascertain the source of procurement of minerals consumed.

Impact of Audit:

- In response to audit observations highlighted in this Report, the departments have effected recovery of ₹ 8.19 crore (Excise and Prohibition Department) and ₹ 88.06 lakh (Transport Department); Transport Department has rectified input control deficiencies in VAHAN software.
- The Mines and Geology Department has effected recovery of ₹ 448.41 crore against the audit observations that had featured in the previous Audit Report of 2015-16.