

CHAPTER I

GENERAL

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by the Government of West Bengal during the year 2016-17, 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 during the year and the corresponding figures for the preceding four years are detailed in **Table – 1.1**.

Table – 1.1
Trend of revenue receipts

(₹ in crore)

Sl. No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
1.	Revenue raised by the State Government					
	(a) Tax revenue	32,808.49	35,830.56	39,411.98	42,492.08	45,466.46
	(b) Non-tax revenue	1,918.15	2,022.72	1,626.66	1,861.79	2,949.86
	Total	34,726.64	37,853.28	41,038.64	44,353.87	48,416.32
2.	Receipts from the Government of India					
	(a) Share of net proceeds of divisible Union taxes and duties	21,226.27	23,175.02	24,594.93	37,163.93	44,625.16
	(b) Grants-in-aid	12,342.84	11,853.49	20,880.64	28,214.41	24,790.97
	Total	33,569.11	35,028.51	45,475.57	65,378.34	69,416.13
3.	Total revenue receipts of the State Government (1 and 2)	68,295.75	72,881.79	86,514.21	1,09,732.21	1,17,832.45¹
4.	Percentage of 1 to 3	51	52	47	40	41

During the year 2016-17, the total revenue raised by the State Government (₹ 48,416.32 crore) was 41 *per cent* of the total revenue receipts. The remaining 59 *per cent* came from the Government of India.

1.1.2 The details of the tax revenue and non-tax revenue raised during the period 2012-13 to 2016-17 are given in **Appendix-I** and **Appendix-II** respectively.

¹ For details, please see Statement No. 14 – Detailed statement of revenue by minor heads in the Finance Accounts of Government of West Bengal for the year 2016-17. Figures under the heads 0020 – Corporation tax, 0021 - Taxes on income other than Corporation tax, 0032 - Taxes on wealth, 0037 – Customs duty, 0038 - Union Excise duties and 0044 - Service tax mentioned in the Statement under caption “A - Tax revenue” have been excluded from the revenue raised by the State and included in the State's share of divisible Union taxes.

Reasons for variation in respect of principal heads of tax revenue and non-tax revenue were not furnished by the Departments concerned (February 2018).

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2017 in respect of some principal heads of revenue amounted to ₹ 182.23 crore, of which ₹ 123.33 crore was outstanding for more than five years, as detailed in the **Table – 1.2**.

Table - 1.2
Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2017	Amount outstanding for more than five years as on 31 March 2017	Replies of the Department
1.	Taxes administered by Directorate of Agricultural Income Tax	133.53	87.66	Reasons for accrual of revenue were not furnished.
2.	State Excise	48.45	35.67	The Directorate attributed accrual of revenue to recoveries stayed by the Hon'ble High Court and other judicial authorities, cases pending at appeal stage before the Government and other appellate authorities, recoveries held up due to rectification/review of demands and demand raised against the defaulters not complied with.
3.	Taxes and Duties on Electricity	0.25	Nil	No specific reply was furnished.
Total		182.23	123.33	

Other principal revenue generating Departments/Directorates, viz., Directorate of Commercial Taxes, Directorate of Registration and Stamp Revenue, Land and Land Reforms Department and Transport Department did not furnish the figures of arrears of revenue (February 2018).

1.3 Arrears in assessments

The details of (i) cases pending at the beginning of the year, (ii) cases becoming due for assessment, (iii) cases disposed of during the year and (iv) cases pending for finalisation at the end of the year, as furnished by the Directorate of Commercial Taxes, the Directorate of Electricity Duty and the Directorate of Agricultural Income Tax are given in **Table 1.3**.

Table – 1.3
Arrears in assessments

Head of revenue	Opening balance	New cases due for assessment during 2016-17	Total assessments due	Cases disposed of during 2016-17	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Taxes on sales, trade etc.	Not furnished	23,497	Not furnished	VAT-16,792 CST-6,582	Not furnished	—
Taxes and duties on electricity	Nil	104	Nil	104	Nil	100
Taxes administered by Directorate of Agricultural Income Tax	41,342	11,995	53,337	9,638	43,699	18.07

The Directorate of Agricultural Income Tax attributed the accrual of arrears in assessment to acute shortage of officers and staff.

Other principal revenue generating Departments/Directorates, viz., Directorate of Registration and Stamp Revenue, Land and Land Reforms Department and Transport Department did not furnish the figures of arrears of revenue (February 2018).

1.4 Evasion of tax detected by the department

As per reply furnished by the Directorate of Commercial Taxes, investigation was completed in 644 cases of evasion involving ₹ 676.15 crore during 2016-17. In respect of taxes administered by Directorate of Agricultural Income Tax, there were 10 cases of evasion involving ₹ 1.77 lakh. Cases of evasion pending as on 31 March 2017 and cases detected during 2016-17 as stated by the Directorate of Electricity Duty and the Directorate of Excise were nil.

Other principal revenue generating Departments/Directorates namely Directorate of Registration and Stamp Revenue, Land and Land Reforms Department and Transport Department did not furnish any information on evasion of tax (February 2018).

1.5 Pendency of Refund Cases

The number of refund cases pending at the beginning of the year 2016-17, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2016-17, as reported by the Departments, are given in **Table 1.4**.

Table – 1.4
Details of pendency of refund cases

(₹ in crore)

Sl. No.	Particulars	Taxes on sales, trade etc.		Taxes and duties on electricity		Taxes administered by Directorate of Agricultural Income Tax	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	Not furnished	Not furnished	54	Not furnished	15	3.87
2.	Claims received during the year	Not furnished	Not furnished	65	Not furnished	3	1.18
3.	Refunds made during the year	984	180.27	3	20.52	1	0.76
4.	Balance outstanding at the end of the year	Not furnished	Not furnished	116	Not furnished	17	4.29

Directorate of Excise furnished a nil report regarding (i) claims outstanding at the beginning of the year, (ii) claims received during the year, (iii) refunds made during the year and (iv) balance outstanding at the end of the year.

Other principal revenue administering Departments/ Directorates viz., (i) Directorate of Registration and Stamp Revenue, (ii) Land and Land Reforms Department and (iii) Transport Department did not furnish details of refund cases (February 2018) though requested (May 2017) and followed by reminders.

1.6 Response of the Government/departments towards audit

1.6.1 Pendency of inspection reports

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

Inspection reports issued upto December 2016 disclosed that 5,239 paragraphs involving ₹ 3,092.90 crore relating to 945 IRs had remained outstanding at the end of June 2017, as mentioned in **Table 1.5**.

Table - 1.5
Details of pending Inspection Reports

Particulars	June 2015	June 2016	June 2017
Number of IRs pending for settlement	918	853	945
Number of outstanding audit observations	4,695	4,460	5,239
Amount of revenue involved (₹ in crore)	2,311.57	2,536.06	3,092.90

The Department-wise details of the IRs and audit observations outstanding as on 30 June 2017 and the corresponding amounts involved are mentioned in the **Table 1.6**.

Table - 1.6
Department-wise details of IRs

(₹ in crore)

Sl. No.	Name of the Department	Nature of receipts	Numbers of outstanding IRs	Number of outstanding audit observations	Money value involved
1.	Finance	Sales Taxes/VAT	253	2,055	1,645.77
		Electricity duty	31	95	396.52
		Amusement Tax	29	84	24.14
		Profession Tax	83	271	11.34
		Stamp duty and registration fees	262	620	144.07
		Non-judicial Stamp duty	21	56	8.47
		Departmental Receipts	Nil	Nil	Nil
2.	Excise	State Excise	26	108	12.05
3.	Land and Land Reforms	Land Revenue	82	1,131	360.96
		Receipts from mines and minerals	90	491	152.83
4.	Transport	Taxes on motor vehicles	68	328	336.75
Total			945	5,239	3,092.90

Audit did not receive even the first replies from the heads of offices within one month from the date of issue of 323 IRs issued during 2016-17. The large pendency of IRs due to non-receipt of the replies is indicative of the fact that the heads of offices and the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the AG in the IRs.

1.6.2 Departmental audit committee meetings

The Government sets up audit committees to monitor and expedite the progress of the settlement of IRs and paragraphs in the IRs. The details of the audit committee meetings held during the year 2016-17 and the paragraphs settled are mentioned in **Table 1.7**.

Table - 1.7

Details of Departmental audit committee meetings

					(₹ in crore)
Sl. No.	Name of the Department	Nature of receipts	Number of meetings held	Number of paras settled	Amount
1.	Land and Land Reforms	Land Revenue	2	9	0.13
2.	Finance	Stamp Duty and Registration Fees	1	230	51.37
3.	Excise	State Excise	1	52	3.05
Total			4	291	54.55

The progress of settlement of paragraphs pertaining to the Land and Land Reforms Department, was insignificant as compared to the huge pendency of the IRs and paragraphs in the IRs, despite holding Departmental audit committee meetings.

1.6.3 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 to the Principal Secretaries/Secretaries of the concerned Department, drawing their attention to audit findings and requesting them to send their responses within six weeks. The fact of receipt/non-receipt of the replies from the Department/Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Twenty-nine draft paragraphs (DPs) besides one Performance Audit (PA) and two detailed compliance audits were sent to the Principal Secretaries/Secretaries of the respective Departments by name between March and September 2017. Replies are awaited for 26 DPs, as such, those have been included in this Report without their response. However, responses of the heads of the audited units, wherever available, have been taken into account.

1.6.4 Follow up on the Audit Reports-summarised position

As per the Constitutional provisions vide Article 151(2), the Reports of the Comptroller and Auditor General (CAG) of India relating to the accounts of a State shall be submitted to the Governor of the State, who shall cause them to be laid before the legislature of the State. Further, under the Comptroller and Auditor General (Duties, Powers and Conditions of Service) Act 1971, the State Government is obliged to place the Audit Reports before the Legislature of the State, as soon as may be after it is received.

The Reports of the CAG of India, in respect of accounts of the State were not being laid before the legislature in a timely manner. Audit noticed that the Reports for the years 2011-12 and 2012-13, which were submitted to the Governor in March 2013 and April 2014 respectively were laid before legislature in July 2014. Similarly, the Reports for the years 2013-14 and 2014-15, which were submitted to the Governor in April 2015 and March 2016 respectively were also tabled together in July 2016.

The pattern indicates that laying of Reports of CAG before the Legislature has been made a biennial exercise by the State Government. Such violation of Constitutional provisions deprived the legislature of the opportunity to have control over the Executive in respect of finances and its utilisation in the State.

The internal working system of the Public Accounts Committee (PAC), notified in December 2002, laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling the Report, for consideration of the Committee. In spite of these provisions, explanatory notes on audit paragraphs of the Reports were being delayed inordinately. 158 paragraphs (including Performance Audits) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of West Bengal for the years ended 31 March 2011, 2012, 2013, 2014 and 2015 were placed before the State Legislative Assembly between 24 September 2012 and 4 July 2016. The action taken explanatory note in respect of only one sub-paragraph of Performance Audit was received on time. The action taken explanatory notes from the concerned Departments on 14 sub-paragraphs/paragraphs were received late with average delay of 16 months in respect of Audit Reports for the years ended 31 March 2011, 2012, 2013, 2014 and 2015. Action taken explanatory notes in respect of remaining paragraphs from five departments (Finance, Commerce & Industries, Transport, Home and Land & Land Reforms) had not been received for the Audit Reports for the years ended 31 March 2011, 2012, 2013, 2014 and 2015 so far (February 2018).

The Public Accounts Committee discussed during 2016-17 (September 2016 and January 2017) eight selected paragraph of the Audit Report for the year 2006-07, 2009-10 and 2010-11.

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 IRs/Audit Reports by the Departments/Government, 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 and 1.7.2 discuss the performance of the Land and Land Reforms 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 years 2007-08 to 2016-17.

1.7.1 Position of Inspection Reports

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 2017 are tabulated in **Table 1.8**.

Table - 1.8
Position of Inspection Reports

(₹ in crore)

Sl. No.	Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance during the year		
		IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
1.	2007-08	174	1,245	350.96	7	43	3.79	1	5	0.82	180	1,283	353.93
2.	2008-09	180	1,283	353.93	8	72	13.53	3	22	1.97	185	1,333	365.49
3.	2009-10	185	1,333	365.49	10	207	21.45	89	822	204.30	106	718	182.64
4.	2010-11	106	718	182.64	5	54	17.63	42	273	42.09	69	499	158.18
5.	2011-12	69	499	158.18	10	165	37.90	Nil	34	4.53	79	630	191.55
6.	2012-13	79	630	191.55	9	163	49.81	2	77	19.91	86	716	221.45
7.	2013-14	86	716	221.45	11	298	49.47	1	45	5.34	96	969	265.58
8.	2014-15	96	969	265.58	10	269	156.44	1	154	29.72	105	1,084	392.30
9.	2015-16	105	1,084	392.30	11	375	123.29	40	355	131.39	76	1,104	384.20
10.	2016-17	76	1,104	384.20	9	377	288.66	Nil	198	121.19	85	1,283	551.67

The Government arranges Audit Committee meetings between the Department and AG's office to settle outstanding paragraphs. As would be evident from the above table, against 174 outstanding IRs with 1,245 paragraphs at beginning of 2007-08, the number of outstanding IRs were 85 with 1,283 paragraphs at the end of 2016-17. This indicates that adequate steps were not taken by the Department towards settlement of outstanding IRs and paragraphs.

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 Department and the amount recovered are mentioned in Table 1.9.

Table - 1.9
Recovery in accepted cases

(₹ in crore)

Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	Amount of recovery of accepted cases as of 31.03.2017
2006-07	6	962.50 ²	6*	273.93	Nil
2007-08	5	0.70	4	0.40	Nil
2008-09	5	37.34	5*	37.03	14.22
2009-10	4	1.73	4*	1.10	0.18
2010-11	5	1.27	4*	1.25	0.21
2011-12	1	89.24	1*	82.47	0.50
2012-13	3	6.39	3*	5.83	0.77
2013-14	3	14.27	3*	10.62	Nil
2014-15	5	3.02	5*	1.87	0.25
2015-16	5	79.05	5*	79.05	0.27

*Partly accepted by the Department.

² High money value was due to inclusion of a Performance audit in the Audit Report.

It is evident from the above table that the recovery even in accepted cases was meagre during these years. The recovery of accepted cases was to be pursued as arrears recoverable from the concerned parties. No mechanism for pursuance of the accepted cases had been put in place by the Department/Government.

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

The draft performance reviews conducted by the PAG/AG are forwarded to the concerned Department/Government for their information with a request to furnish replies to audit observations included in the draft report. These reviews are also discussed in an Exit Conference and the Department's/Government's views are included while finalising the reviews for the Audit Reports.

The status of action taken on recommendations featured in the last five years as per Reports furnished by the Departments till November 2017 is given in **Table 1.10**.

Table - 1.10
Action taken on recommendations

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
2011-12	e-Services in the Directorate of Commercial Taxes	5	Put in place proper controls in the system for capturing correct, complete, valid and reliable data in the system and to update it promptly to provide the latest information,	As per reply furnished by the Directorate of Commercial Taxes, these recommendations had been given effect.
			Incorporate business rules specifically in the system wherever required to avoid irregular transactions through the system,	
			Integrate modules wherever required to make the IT application more efficient and effective,	
			Introduce the system of user authentication for generation of e-TD (Transit Declarations) for ensuring data reliability,	
			Put in place effective business continuity and disaster recovery plan for providing smooth service.	Disaster recovery plan was under process.

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
2012-13	Efficiency of the administration of Value Added Tax in West Bengal	5	Establishing a system by issuing departmental instructions to coordinate with other departments/within the department on information available with them, so as to bring eligible unregistered dealers into the tax net and to prevent tax evasion by registered dealers;	STDS (Sales Tax Deducted at Source)/ TCS (Tax Collection at Source) was introduced and integrated with IFMS (Integrated Financial Management System) of the Government of West Bengal.
			Instituting an effective surveillance system so as to curb business of dealers with cancelled registrations;	Validation introduced so that no ITC (Input Tax Credit) could be claimed against cancelled registrations.
			Timely initiation of recovery proceeding, raising demand in modified appeal cases and disposal of the seized materials to avoid delays in realisation of revenue;	New e-Anti Evasion Module had been introduced for the purpose.
			Maintaining a database of the dealers identified as persistent tax evaders by the preventing wings of the department; and	
			Maintenance of Scrutiny register and providing a working manual for streamlining the functioning of the IAW (Internal Audit Wing).	No reply was furnished.
2013-14	Assessment, Levy and Collection of Value Added Tax from works contractors	3	Establishing system of utilising intra-departmental data to bring all eligible works contractors into the tax net;	It was maintained by STDS (Sales Tax Deducted at Source) Cell.
			Developing coordination between the STDS cell and Charge offices for cross verification of data in respect of payments disclosed in TDS certificate by contractees with CTP (Contractual Transfer Price) disclosed by dealers in their returns to prevent evasion of tax;	It was introduced in IMPACT (Information Management for Promotion of Administration in Commercial Taxes).
			Make provisions like prescribing interest/late fee or imposing penalty to check delayed remittance of TDS and delayed furnishing of TDS certificates and scroll by contractees.	It had been given effect.

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
2013-14	Administration of taxes under various Acts by Directorate of Agricultural Income Tax in West Bengal	7	<p>Establishing a system to mandatorily coordinate with different Departments, local bodies and other sources and exchange relevant information so as to bring eligible tax payers into the tax net;</p>	<p>As per Memo No. 391-C dated 28 June 2017, all attempts had been made to enlist a system of co-ordination with different Departments, local bodies etc. Agricultural Income Tax Officers had been directed to co-ordinate systematically with different Departments, local bodies and other sources and to exchange relevant information to bring the maximum number of tax payers into the tax net. Accordingly, a good number of Agricultural Income Tax Offices had requested the District Collector to check from the Cinema Hall owners the Entertainment Tax Clearance Certificates issued by the Agricultural Income Tax Office before renewal of Cinema Hall licenses. The same approach had also been taken in respect of Entertainment programmes as well.</p> <p>The Head Post Offices had been requested to follow the same approach before issuing or renewing the Registration Certificates under the Cable Television Networks (Regulation) Act, 1995.</p> <p>The District Land and Land Reforms authority were being contacted by the Agricultural Income Tax Officers to detect new cases of Tea Gardens, followed by physical inspections.</p>
			<p>Timely initiation of recovery proceedings and evolving a mechanism to monitor compliance of Appellate orders for efficient tax administration;</p>	<p>The Deputy Commissioners of Agricultural Income Tax in charge of different Circles had been directed to monitor timely initiation of recovery proceedings and early compliance of the appellate orders at the level of Assessing Officers.</p>

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
			Making the definition of luxury more inclusive in the tax;	The matter would be examined by the Government and if it was found justified considering all aspects, required amendments would be made in the said Act.
			Widening the scope of taxation under the Bengal Amusement Tax Act 1922, on complimentary tickets of commercialised entertainment/sports events;	Widening the scope of taxation of complementary tickets for the Sports under the Bengal Amusement Tax Act would be examined by the Government. If it was found justified considering all aspects, necessary amendment would be made in the said Act.
			Ensuring timely assessment of taxes under the West Bengal Entertainment-cum-Amusement Tax Act, 1982 and the Bengal Amusement Tax Act, 1922;	The Agricultural Income Tax Officers had been asked to reduce the number of pending assessments under the West Bengal Entertainment-cum-Amusement Tax Act, 1982 and the Bengal Amusement Tax Act, 1922, by taking appropriate steps. The Officers of this Directorate had undertaken the work of timely assessments for both the aforesaid Acts.
			Contemplating provisions in the Bengal Amusement Tax Act, 1922 for levy of interest;	It would be examined by the Government. If it was found justified considering all aspects, necessary amendment would be made in the said Act.
			Establishing an effective internal audit wing and formulating the office procedure manual to ensure that various provisions of the Acts and Rules are efficiently administered for effective tax administration.	There was an internal audit wing of the Directorate. Steps were being taken to streamline the proper functioning of the internal audit wing.
2014-15	System of Assessment under Value Added Tax	5	Use IT tools to bring potential tax assesses into tax net by utilising information in respect of transactions of unregistered dealers available in returns.	As per reply furnished by the Directorate of Commercial Taxes, such course of action had been undertaken.

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
			To avoid leakage of revenue, the department needs to introduce validation checks in its IT system for example- application of correct rates of tax in returns, payment of tax on sale of taxable goods in VAT returns in Form-14, proper fields in returns to verify claims of sales returns, calculation of interest and carry forward of ITC.	Practical validation was already there in the system.
			Information available at IMPACT should be compulsorily used by AAs for cross-verification of information/data to ensure accurate assessments and due payment of tax.	Such usage of information available at IMPACT was rigorously done.
			Increase number of returns/ assessments audited by IAW, and	No reply.
			Make the DAW (Data Analysis Wing) of the department more effective by sharpening its control over unauthorised ITC claims.	DAW had been efficient and relentless in sharpening its control over unauthorised ITC claims.

Out of 25 recommendations of five performance audits featured in the last five years, the Department had implemented 15 recommendations. In respect of five recommendations, action had been taken for their implementation. Further, the Department stated that three recommendations are yet to be examined by the Government. In two recommendations, the Department did not furnish reply.

Following Departments did not furnish any reply in respect of action taken on the recommendations of reviews/Performance Audits featured in the last five years' Reports sought for in May 2017 followed by reminders as mentioned in **Table 1.11**.

Table - 1.11
Non-submission of reply

Name of the department	Year of Audit Report	Name of the Performance Audit
Finance	2012-13	Evasion of Stamp Duty and Registration Fees
	2015-16	West Bengal State Lotteries
Land and Land Reforms	2011-12	Management of Government land
		Receipts from Major Minerals
	2014-15	Assessment and collection of revenue from Minor Minerals
State Excise	2015-16	Assessment, levy and collection of Excise revenue

1.9 Audit Planning

The unit offices under various Departments are categorised into high, medium and low risk units according to their revenue position, past trends of audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which includes critical issues in government revenues and tax administration i.e., (i) budget speech, (ii) white paper on state finances, (iii) Reports of the Finance Commission (State and Central), (iv) recommendations of the Taxation Reforms Committee, (v) statistical analysis of the revenue earnings during the past five years, (vi) issues related to the tax administration, (vii) the extent of audit coverage and (viii) its impact during past five years etc.

During the year 2016-17, there were 573 auditable units, of which 174 units were planned and audited, which was 30.37 *per cent* of the total auditable units. The details are shown in the **Appendix – III**.

Besides the compliance audits mentioned above, one Performance Audit and two detailed compliance audits were also taken up to examine the efficacy of the tax administration of these receipts.

1.10 Results of audit

1.10.1 Position of local audit conducted during the year

Test check of the records of 174 units of Sales Tax/Value Added Tax, State Excise, Motor Vehicles tax, Land and Land Reforms, Stamp Duty and Registration Fees and other Departmental offices conducted during the year 2016-17 showed under assessment/short levy/loss of revenue aggregating ₹ 1,117.79 crore in 1,770 cases. During the course of the year, the Departments concerned accepted under assessment and other deficiencies of ₹ 352.04 crore involved in 966 cases which were pointed out in audit during 2016-17. The Departments collected ₹ 16.98 crore in 189 cases during 2016-17 pertaining to audit findings.

1.11 Coverage of this Report

This Report contains 29 paragraphs (selected from the audit observations made during the local audit referred to above and during earlier years, which could not be included in earlier reports) besides one Performance Audit on “Land Revenue Receipts in West Bengal”. This report also includes two detailed compliance audits on “Outsourcing in Transport Department” and “Assessment and Collection of Electricity Duty” involving overall financial effect of ₹ 594 crore.

The Departments/Government accepted audit observations involving ₹ 540.59 crore of which ₹ 2.41 crore had been recovered. No replies /specific replies had been furnished in respect of remaining cases (February 2018). These are discussed in succeeding Chapters II to VII.