

***CHAPTER-I***  
***GENERAL***



## CHAPTER I: GENERAL

### 1.1 Trend of revenue receipts

**1.1.1** The tax and non-tax revenue raised by the Government of Haryana, 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 (GOI) during the year 2018-19 and the corresponding figures for the preceding four years are depicted below:-

**Table 1.1.1: Trend of revenue receipts**

(₹ in crore)

Sr. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19 <sup>1</sup>
<b>1.</b>	<b>Revenue raised by the State Government</b>					
	Tax revenue	27,634.57	30,929.09	34,025.69	41,099.38	42,581.34 <sup>2</sup>
	Non-tax revenue	4,613.12	4,752.48	6,196.09	9,112.85	7,975.64
	<b>Total</b>	<b>32,247.69</b>	<b>35,681.57</b>	<b>40,221.78</b>	<b>50,212.23</b>	<b>50,556.98</b>
<b>2.</b>	<b>Receipts from the Government of India</b>					
	Share of net proceeds of divisible Union taxes and duties	3,548.09	5,496.22	6,597.47	7,297.52	8,254.60 <sup>3</sup>
	Grants-in-aid	5,002.88	6,378.76	5,677.57	5,185.12	7,073.54 <sup>4</sup>
	<b>Total</b>	<b>8,550.97</b>	<b>11,874.98</b>	<b>12,275.04</b>	<b>12,482.64</b>	<b>15,328.14</b>
<b>3.</b>	<b>Total revenue receipts of the State Government (1 and 2)</b>	<b>40,798.66</b>	<b>47,556.55</b>	<b>52,496.82</b>	<b>62,694.87</b>	<b>65,885.12</b>
<b>4.</b>	<b>Percentage of 1 to 3</b>	<b>79</b>	<b>75</b>	<b>77</b>	<b>80</b>	<b>77</b>

<sup>1</sup> Finance Account of the State Government.

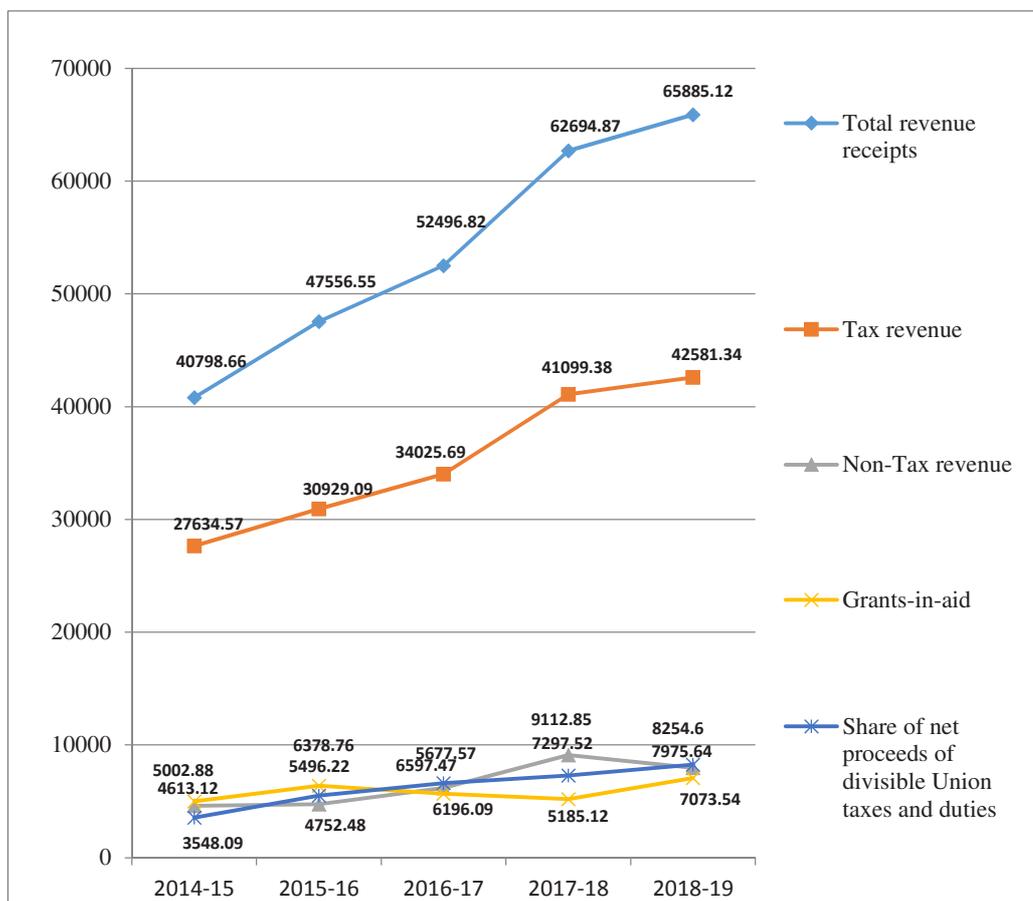
<sup>2</sup> This includes amount of ₹18,612.72 crore received under Major Head 0006-State Goods and Services Tax.

<sup>3</sup> This includes amount of ₹2,037.54 crore received from Government of India as share of Central Goods and Services Tax and ₹162.60 crore as share of Integrated Goods and Services Tax.

<sup>4</sup> This includes amount of ₹2,820.00 crore received from Government of India as a compensation of loss due to implementation of Goods and Services Tax.

The year-wise trend in revenue receipts during 2014-15 to 2018-19 is depicted in the **Chart 1.1**.

**Chart 1.1**



During the year 2018-19, the revenue raised by the State Government (₹50,556.98 crore) was 77 per cent of the total revenue receipts. The balance 23 per cent of the receipts during the year 2018-19 was from the GOI as State's share of net proceeds of divisible Union taxes and grants-in-aid.

The percentage of revenue receipts of the State Government from its own resources to total revenue receipts shows a decreasing trend from 2014-15 (79 per cent) to 2016-17 (77 per cent). For the year 2017-18 it increased to 80 per cent and thereafter for the year 2018-19 it decreased to 77 per cent.

1.1.2 The details of tax revenue raised during the period 2014-15 to 2018-19 are given in the Table below:-

**Table 1.1.2: Details of Tax Revenue raised**

(₹ in crore)

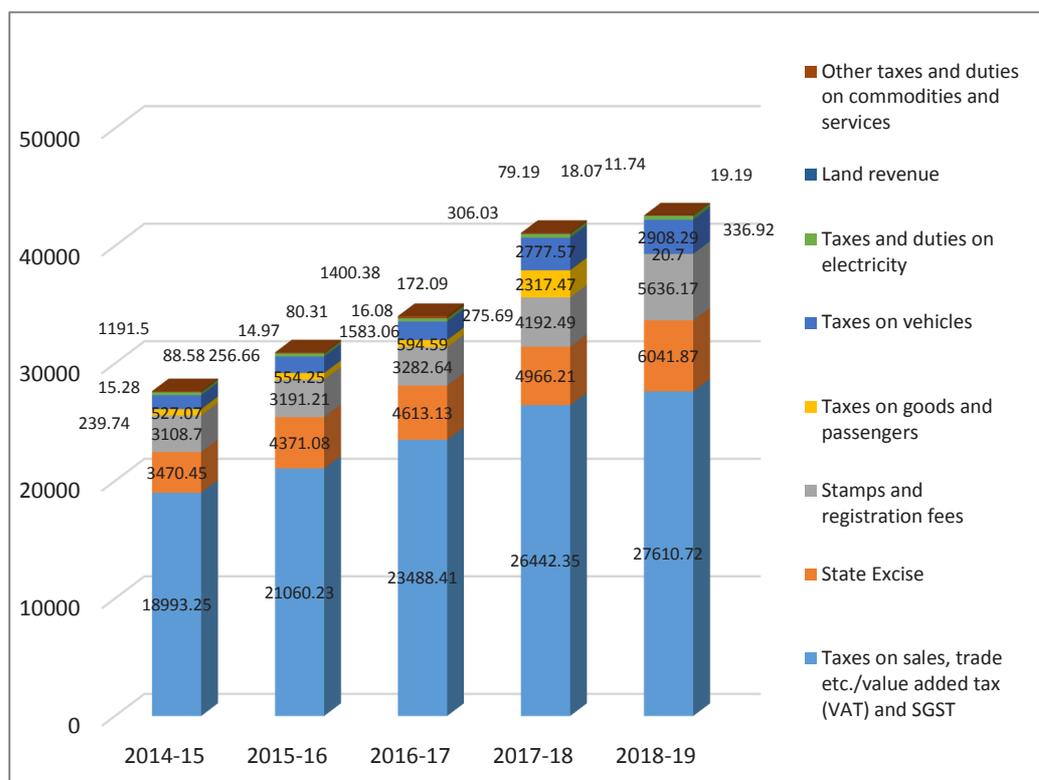
Sr No	Head of revenue	2014-15 Actual (percentage to total receipts)	2015-16 Actual (percentage to total receipts)	2016-17 Actual (percentage to total receipts)	2017-18 Actual (percentage to total receipts)	2018-19 Actual (percentage to total receipts)	Percentage of increase (+) or decrease (-) of Actuals of 2018-19 over actuals of 2017-18
1.	Taxes on sales, trade etc./value added tax (VAT)	18,993.25 (68.73)	21,060.23 (68.09)	23,488.41 (69.03)	15,608.92 (37.98)	8,998.00 (21.13)	(-) 42.35
	State Goods and Service Tax (SGST)	-	-	-	10,833.43 (26.36)	18,612.72 <sup>5</sup> (43.71)	-
2.	State Excise	3,470.45 (12.56)	4,371.08 (14.13)	4,613.13 (13.56)	4,966.21 (12.08)	6,041.87 (14.19)	21.66
3.	Stamps and registration fees	3,108.70 (11.25)	3,191.21 (10.32)	3,282.64 (9.65)	4,192.49 (10.20)	5,636.17 (13.23)	34.43
4.	Taxes on goods and passengers	527.07 (1.91)	554.25 (1.79)	594.59 (1.75)	2,317.47 <sup>6</sup> (5.64)	20.70 (0.05)	(-) 99.11
5.	Taxes on vehicles	1,191.50 (4.31)	1,400.38 (4.53)	1,583.06 (4.65)	2,777.57 (6.76)	2,908.29 (6.83)	4.71
6.	Taxes and duties on electricity	239.74 (0.87)	256.66 (0.83)	275.69 (0.81)	306.03 (0.74)	336.92 (0.79)	10.09
7.	Land revenue	15.28 (0.06)	14.97 (0.05)	16.08 (0.05)	18.07 (0.04)	19.19 (0.05)	6.20
8.	Other taxes and duties on commodities and services	88.58 (0.32)	80.31 (0.26)	172.09 (0.51)	79.19 (0.19)	7.48 (0.02)	(-) 89.87
	<b>Total</b>	<b>27,634.57</b>	<b>30,929.09</b>	<b>34,025.69</b>	<b>41,099.38</b>	<b>42,581.34</b>	<b>3.61</b>
	<b>% increase over previous year</b>	<b>8.08</b>	<b>11.92</b>	<b>10.01</b>	<b>20.79</b>	<b>3.61</b>	
	<i>Overall average growth and growth rate for five years</i>						<b>35,254.01/ 10.88</b>

<sup>5</sup> The GST figure for the year 2017-18 is only for nine months and 2018-19 is for 12 months. Hence comparison cannot be done.

<sup>6</sup> PGT transferred to Transport Department with effect from 01.04.2017. This includes ₹ 1,722.88 crore received under "The Haryana One time settlement for recovery of outstanding dues" introduced in June 2017.

The year-wise trend of various tax revenues is depicted in **Chart 1.2**.

**Chart 1.2**



Tax revenue increased by ₹ 14,946.77 crore (54.09 per cent) during the years 2014-15 to 2018-19 with an average rate of growth of 10.88 per cent. However, rate of growth for 2018-19 reduced to 3.61 per cent mainly due to decline in annual growth rate of tax on Sales (VAT + SGST) to 4.4 per cent from 12.58 per cent in 2017-18, as 65 per cent of Tax receipts is collected under this head alone.

The respective Departments reported the following reasons for variations:-

- **State Excise:** During the last five years, State Excise has increased to ₹ 6,041.87 crore in 2018-19 as against ₹ 4,966.21 crore in 2017-18 which was due to more receipts on country spirits.
- **Stamps and Registration Fees:** During the last five years, the stamps and registration fees has increased to ₹5,636.17 crore in 2018-19 as against ₹ 4,192.49 crore in 2017-18 which was due to increase of transactions of immovable property.

- **Taxes and duties on Electricity:** During the last five years, Taxes and duties on Electricity has increased to ₹ 336.92 crore in 2018-19 as against ₹ 306.03 crore in 2017-18 which was due to more realisation of electricity duty from the consumers by the power utility.

**1.1.3** The details of non-tax revenue raised during the period 2014-15 to 2018-19 are indicated in the Table below:-

**Table 1.1.3: Details of Non-Tax Revenue raised**

(₹ in crore)

Sr. No	Head of revenue	2014-15	2015-16	2016-17	2017-18	2018-19	Percentage of increase (+) or decrease (-) of Actuals of 2018-19 over actuals of 2017-18
		Actual (percentage to total receipts)					
1.	Interest Receipts	933.59 (20.24)	1,087.49 (22.88)	2,309.79 (37.28)	2,227.82 (24.45)	1,953.84 (24.50)	(-) 12.30
2.	Road Transport	1,235.31 (26.78)	1,254.55 (26.40)	1,265.13 (20.42)	1,279.66 (14.04)	1,196.64 (15.0)	(-) 6.49
3.	Education, Sports, Art and Culture	564.48 (12.24)	637.41 (13.41)	640.48 (10.34)	674.03 (7.40)	272.17 (3.41)	(-) 59.62
4.	Urban Development	861.11 (18.67)	421.95 (8.88)	599.00 (9.67)	2,861.45 (31.40)	2,315.60 (29.03)	(-) 19.08
5.	Non-ferrous mining and metallurgical industries	43.46 (0.94)	271.61 (5.72)	496.95 (8.02)	712.87 (7.82)	583.20 (7.31)	(-) 18.19
6.	Major and medium irrigation	129.27 (2.80)	110.48 (2.32)	113.43 (1.83)	132.43 (1.45)	164.19 (2.06)	23.98
7.	Police	67.82 (1.47)	151.70 (3.19)	109.11 (1.76)	128.69 (1.41)	176.96 (2.22)	37.51
8.	Other administrative services	95.73 (2.08)	115.64 (2.43)	105.66 (1.71)	165.37 (1.81)	159.93 (2.01)	(-) 3.29

*Report for the year 2018-19 (Revenue Sector)*

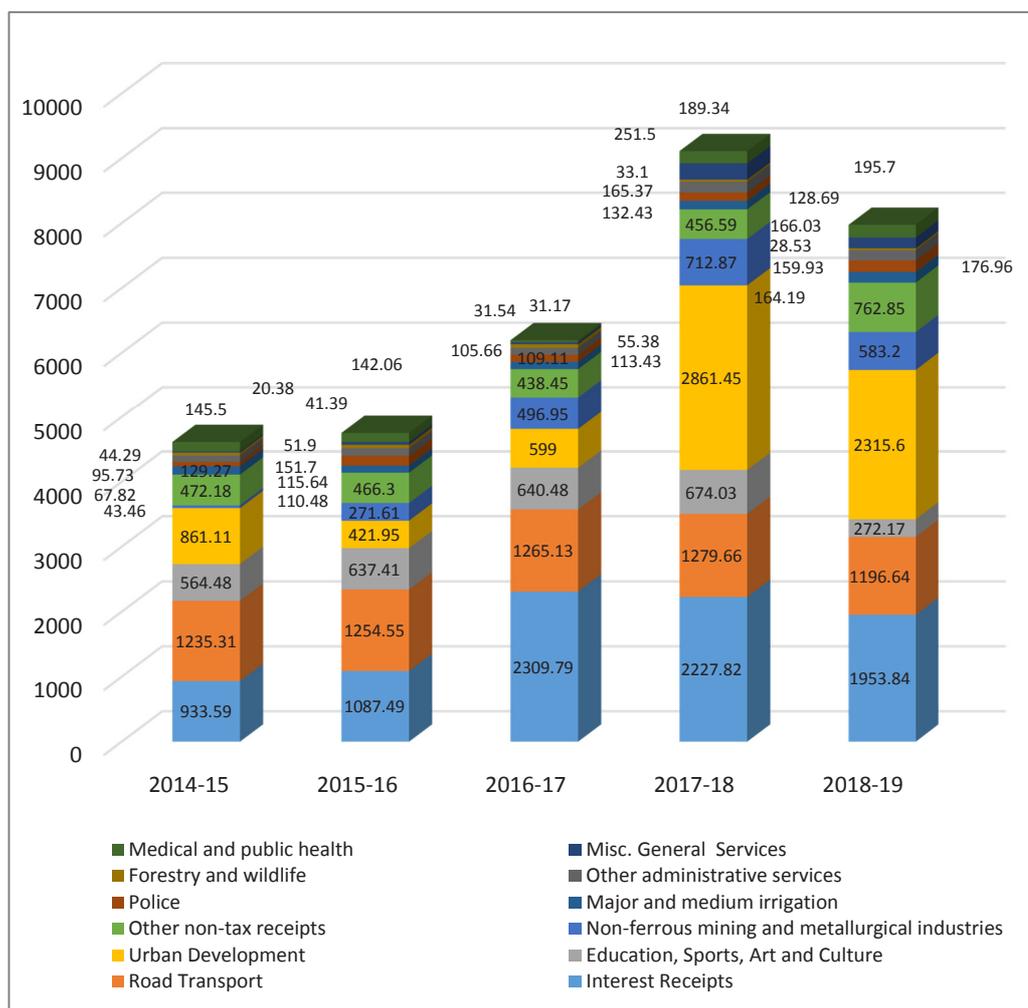
Sr. No	Head of revenue	2014-15	2015-16	2016-17	2017-18	2018-19	Percentage of increase (+) or decrease (-) of Actuals of 2018-19 over actuals of 2017-18
9.	Forestry and wildlife	44.29 (0.96)	51.90 (1.09)	55.38 (0.89)	33.10 (0.36)	28.53 (0.36)	(-) 13.81
10.	Miscellaneous General Services <sup>7</sup>	20.38 (0.44)	41.39 (0.87)	31.54 (0.51)	251.50 (2.76)	166.03 (2.08)	(-) 33.98
11.	Medical and public health	145.50 (3.15)	142.06 (2.99)	31.17 (0.50)	189.34 (2.08)	195.70 (2.45)	3.36
12.	Other non-tax receipts	472.18 (10.24)	466.30 (9.81)	438.45 (7.08)	456.59 (5.01)	762.85 <sup>8</sup> (9.56)	67.07
<b>Total</b>		<b>4,613.12</b>	<b>4,752.48</b>	<b>6,196.09</b>	<b>9,112.85</b>	<b>7,975.64</b>	<b>(-) 12.48</b>

<sup>7</sup> Unclaimed deposits, State Lotteries, Sale of land/property, Guarantee fee and other receipts.

<sup>8</sup> Dividend and Profit- ₹ 56.60 crore , Public services Commission- ₹ 32.75 crore, Public work- ₹ 38.67 crore, Contribution and recoveries towards pension- ₹ 33.85 crore, Water supply and sanitation- ₹ 190.98 crore, Labour and employment- ₹ 37.02 crore, Social Security and Welfare- ₹ 59.79 crore, Other rural development programs- ₹ 130.63 crore, Road and bridge- ₹ 58.17 crore, Other scientific research- ₹ 31.25 crore; Jail- ₹ 2.44 crore , Supplies and disposal- ₹ 1.20 crore, Stationers and printing- ₹ 2.76 crore, Family Welfare - ₹ 0.12 crore, Housing- ₹ 4.22 crore, Information and publication- ₹ 0.57 crore, Other Social Services- ₹ 0.47 crore, Crop-Husbandry- ₹ 11.16 crore, Animal Husbandry- ₹ 24.78 crore, Dairy development- ₹ 0.03 crore, Fisheries- ₹ 2.06 crore, Food Storage and Warehousing- ₹ 0.41 crore, Cooperation- ₹ 9.71 crore, Other Agricultural programme- ₹ 1.72 crore, Land reform- ₹ 0.05 crore, New renewable energy- ₹ 0.18 crore, Village and small industries- ₹ 0.86 crore, Industries- ₹ 0.11 crore, Civil Aviation- ₹ 1.74 crore, Tourism- ₹ 06.18 crore, Other General Economic Services- ₹ 22.37 crore.

The year-wise trend of various non-tax revenues is depicted in **Chart 1.3**.

**Chart 1.3**



There is a decrease of 12.48 *per cent* in actual receipts in 2018-19 over actual receipts of 2017-18. Interest receipts (24.50 *per cent*), Urban development (29.03 *per cent*) and Road Transport (15.0 *per cent*) are main contributors to non-tax revenue and as a whole contribute approximate 68.53 *per cent* to total non-tax revenue.

The concerned departments attributed the following reasons for variations:-

- **Non-ferrous mining and metallurgical industries:** The decrease in actual receipts in 2018-19 (18.19 *per cent*) over 2017-18 was due to premature termination of mining contract/lease for non-payment of contract money/dead rent, surrender of contract, after apprehending that they may not be economically viable, filing civil

writ petition before the Hon'ble Punjab and Haryana High Court seeking reduction in annual bid amount obtaining favourable order and non commencement of mining operation due to non grant of environmental clearance by the Competent Authority.

- **Major and Medium Irrigation:** The increase in actual receipts in 2018-19 (23.98 *per cent*) over 2017-18 was due to recovery of outstanding arrears of previous year and increase of rates of raw water under Resource Mobilization Policy of the Department.
- **Education, Sports Art and Culture:** The decrease in actual receipts in 2018-19 (59.62 *per cent*) over 2017-18 was due to less receipts from Elementary Education.
- **Urban development:** The decrease in actual receipts in 2018-19 (19.08 *per cent*) over 2017-18 due to less receipts of license application and new affordable Group Housing Policy where license fee stands waived off.
- **Interest receipt:** The decrease in actual receipts in 2018-19 (12.30 *per cent*) over 2017-18 was due to less receipts of interest from Public Sector and other Undertakings.
- **Forestry and Wildlife:** The decrease in actual receipts in 2018-19 (13.81 *per cent*) over 2017-18 was due to short list of marking received as per departmental programme and merger of production wing into Haryana Forest Development Corporation.
- **Police:** The increase in actual receipts in 2018-19 (37.51 *per cent*) over 2017-18 was due to more revenue received from traffic challans, more recoveries from other Government, as well as more revenue receipts from other receipts in the financial year.
- The other Departments did not intimate the reasons for variations in receipts despite being requested.

## **1.2 Analysis of arrears of revenue**

The arrears of revenue as on 31 March 2019 in some principal heads of revenue amounted to ₹ 19,156.02 crore of which ₹ 3,223.75 crore

was outstanding for more than five years as depicted below:-

**Table 1.2: Arrears of Revenue**

(₹ in crore)

Sr. No.	Heads of revenue	Amount outstanding as on 31 March 2019	Amount outstanding for more than five years as on 31 March 2019	Replies of Department
1	Taxes on sales, trade/VAT etc.	17,595.10	2,758.65	Recovery of ₹ 1,690.43 crore (9.60 per cent) was stayed by the High Court and other judicial authorities and ₹ 323.70 crore was stayed by order of the Government. Recovery of ₹ 02.61 crore was held on due to the dealers becoming insolvent, ₹ 114.42 crore was likely to be written off and ₹ 3,063.78 crore was held on due to rectification/review/appeal. Recovery of arrears of ₹ 905.62 crore was pending on account of cases pending in court and ₹ 805.97 crore was pending on account of non-recovery by the department due to other reasons. Recovery of ₹ 1,194.86 crore was pending with official Liquidator/Board of Industrial and Financial Reconstruction (BIFR). Inter State arrears were ₹ 485.09 crore and Inter districts arrears were ₹ 131.82 crore. Recovery of ₹ 0.97 crore was being made in instalments. Balance amount of ₹ 8,875.83 crore was at other stages of action.
2	State Excise	272.78	136.93	Recovery of ₹ 18.69 crore (6.85 per cent) was stayed by High Court and other judicial authorities and ₹ 0.56 crore was stayed by order of the Government, ₹ 01.05 crore was likely to be written off. ₹ 82.19 crore was due to inter-State and inter-districts arrears. Recovery of ₹ 0.03 crore was being made in instalments. Balance amount of ₹ 170.26 crore was outstanding at different stages of action.
3	Taxes and duties on electricity	257.24	120.38	₹ 256.24 crore was pending towards consumers of Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL)/Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) and ₹ one crore was pending against M/S Haryana Concast, Hisar.

Sr. No.	Heads of revenue	Amount outstanding as on 31 March 2019	Amount outstanding for more than five years as on 31 March 2019	Replies of Department
4	Tax on entry of goods into local areas (Local Area Development Tax)	205.62	147.96	Recovery of ₹ 165.44 crore (80.45 per cent) was stayed by the High Court and other judicial authorities and an amount of ₹ 40.18 crore was outstanding at other stages of action.
5	Police	122.55	8.19	Rupees 7.37 crore was due from Indian Oil Corporation Limited (IOCL) up to 31 March 2007. The matter of recovery from IOCL in Haryana State was pending at the level of State Government. ₹ 0.29 crore was recoverable from Bhakra Beas Management Board, Faridabad and ₹ 114.89 crore was recoverable from other States for election duties and Law and Order duty in other States.
6	Other taxes and duties on commodities and services – Receipts from Entertainment duty	11.69	11.69	Recovery of ₹ 3.18 crore (27.20 per cent) was stayed by the High Court and other judicial authorities, ₹ 0.01 crore was likely to be written off and balance amount of ₹ 8.50 crore was outstanding at other stages of action.
7	Non-ferrous mining and metallurgical industries	691.04	39.95	₹ 359.45 crore was outstanding on account of demand covered by recovery certificate, ₹ 0.55 crore stayed by High Court (0.07 per cent) and the Judicial authority. ₹ four lakh was likely to be written off. Balance of ₹ 331 crore was outstanding at different stages of action.
	<b>Total</b>	<b>19,156.02</b>	<b>3,223.75</b>	

### 1.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year as furnished by the Excise and Taxation

Department in respect of Sales Tax is depicted below:-

**Table 1.3: Arrears in Assessments**

Head of revenue	Year	Opening balance	New cases due for assessment during the year	Total assessments due	Cases disposed of during the year	Balance at the end of the year	Percentage of disposal (col. 6 to 5)
1	2	3	4	5	6	7	8
Taxes on sales, trade etc./ VAT	2017-18	2,54,927	2,67,172	5,22,099	2,09,688	3,12,411	40
	2018-19	3,12,411	2,19,396	5,31,807	2,35,122	2,96,685	44

The number of cases pending at the end of the year has increased. It is further observed that percentage of disposal of cases was 44 only.

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

Under Section 29 to 31 of the HVAT Act, 2003, Department inspect business premises to detect tax evasion and inspect suspicious dealer on the basis of information received from third party. Department also conducts survey in business premises to bring the new taxpayer in the ambit of tax limit. Besides this, road side checking is also a tool to detect the tax evasion during the goods in transit by the Excise and Taxation Department.

The details of cases of evasion of tax detected by the Excise and Taxation Department, cases finalised and the demands for additional tax raised as reported by the Department are given in the Table below:-

**Table 1.4: Evasion of Tax**

Sr. No.	Head of revenue	Cases pending as on 31 March 2018	Cases detected during 2018-19	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 2019
					Number of cases	Amount of demand (₹ in crore)	
1	Taxes on sales, trade etc./ VAT	55	1,541	1,596	1,578	12.90	18
2	State excise	396	6,669	7,065	6,647	6.67	418
<b>Total</b>		<b>451</b>	<b>8,210</b>	<b>8,661</b>	<b>8,225</b>	<b>19.57</b>	<b>436</b>

The number of cases pending at the end of the year has decreased in respect of Taxes on sales, trade etc./VAT and increased in the case of State Excise as compared to the number of cases pending at the start of the year.

### 1.5 Refund cases

The number of refund cases pending at the beginning of the year 2018-19, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2018-19 as reported by the Department is given in the Table below:-

**Table 1.5: Details of Refund Cases**

Sr. No.	Particulars	Sale Tax/VAT		State Excise	
		Number of cases	Amount (₹ in crore)	Number of cases	Amount (₹ in crore)
1	Claims outstanding at the beginning of the year	348	89.96	45	1.46
2	Claims received during the year	1,571	440.65	196	20.33
3	Refunds made/adjusted/rejected during the year	1,592	461.46	212	21.15
4	Balance outstanding at the end of year	327	69.15	29	0.64

The number of outstanding cases at the end of year has decreased in Sales Tax/VAT and State Excise as compared to cases outstanding at the beginning of the year.

### 1.6 Internal Audit

During the year 2018-19, out of 261 units planned for audit, Internal Audit Cell of Revenue and Disaster Management, Excise and Taxation and Transport Departments, audited 173 units (66 per cent) as detailed in the Table below:-

**Table 1.6: Internal Audit**

Receipts	Number of units Planned	Number of units audited
Stamp Duty	143	143
State Excise	22	22
VAT/Sales Tax	Nil	Nil
Motor Vehicle Tax	96	8
<b>Total</b>	<b>261</b>	<b>173</b>

The irregularities discussed in the paragraphs of Chapters II to VI are indicators of inadequate internal control mechanism as the irregularities pointed out in the Audit Report were not detected by the internal audit parties. No internal audit was done by the Excise and Taxation Department (Sales Tax/VAT). Reasons for not conducting internal audit was not provided by the Department.

### **1.7 Response of the Government/Departments towards audit**

The Accountant General (Audit) Haryana conducts periodical inspection of 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 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 offices/Government are required to comply with the observations contained in the IRs, within four weeks from the date of receipt of the IRs. Serious financial irregularities are reported to the heads of the department and the Government.

Inspection reports issued up to December 2018 disclosed that 7,701 paragraphs involving ₹ 8,455.42 crore relating to 2,588 IRs remained outstanding at the end of June 2019 as mentioned in the Table below along with the corresponding figures for the preceding two years.

**Table 1.7: Details of pending Inspection Reports**

	June 2017	June 2018	June 2019
<b>Number of IRs pending for settlement</b>	2,302	2,446	2,588
<b>Number of outstanding audit observations</b>	6,430	6,915	7,701
<b>Amount of revenue involved (₹ in crore)</b>	5,869.33	6,577.52	8,455.42

**1.7.1** The Department-wise details of the IRs and audit observations outstanding as on 30 June 2019 and the amounts involved are mentioned in Table below:-

**Table 1.7.1: Department-wise details of Inspection Reports**

Sr. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved (₹ in crore)
1	<b>Excise and Taxation</b>	Sales tax /VAT	365	3,356	6,264.25
		State Excise	186	339	179.22
		Taxes on goods and passengers	254	465	40.01
		Entertainment duty and show tax	22	24	11.63
2	<b>Revenue</b>	Stamps and registration fees	1,097	2,599	387.75
		Land Revenue	138	175	0.79
3	<b>Transport</b>	Taxes on vehicles	418	579	36.44
4	<b>Power</b>	Taxes and duties on electricity	8	8	0.79
5	<b>Mines and Geology</b>	Non-ferrous mining and metallurgical industries	100	156	1,534.54
<b>Total</b>			<b>2,588</b>	<b>7,701</b>	<b>8,455.42</b>

The increase in the pendency of IRs was indicative of the fact that the heads of offices and the Departments did not initiate adequate action to rectify the defects, omissions and irregularities pointed out by the Audit in the IRs.

The Government may institute a system of effective monitoring of responses of departments to IRs to ensure prompt response to audit observations.

### **1.7.2 Departmental Audit Committee Meetings**

The Government has set 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 2018-19 and the paragraphs settled are mentioned in the Table below:-

**Table 1.7.2: Departmental Audit Committee Meetings**

Sr. No.	Head of revenue	Number of meetings held	Number of paragraphs settled	Amount (₹ in crore)
1	Excise and Taxation Department (Sales Tax)	6	202	360.27
2	Transport Department	1	27	0.57
3	Revenue Department	5	78	0.71
	<b>Total</b>	<b>12</b>	<b>307</b>	<b>361.55</b>

1,087 paras were discussed in Audit Committee Meetings out of which 307 paras worth ₹ 361.55 crore were settled during 2018-19 whereas 857 paras were discussed in Audit Committee Meetings during the year 2017-18 out of which 206 paras worth ₹ 48.88 crore were settled. It shows an increase in percentage of paras settled during the year 2018-19 (28 per cent) as compared to paras settled in 2017-18 (24 per cent).

### 1.7.3 Non production of records to audit for scrutiny

During the year 2018-19, 265 files out of 58,653 assessment files and other relevant records involving tax effect of ₹ 173.42 crore were not made available to audit. District-wise detail of cases are depicted in the Table 1.7.3 below:-

**Table 1.7.3: Details of non-production of records**

Name of the Office/Department Deputy Excise and Taxation Commissioners (Sales Tax) {DETCs (ST)}	Year in which it was to be audited	Number of cases not produced	Tax amount/refunds (₹ in crore)
<b>Assessment cases</b>			
<b>Bhiwani</b>	2018-19	04	2.13
<b>Gurugram (West)</b>	2018-19	20	8.70
<b>Panipat</b>	2018-19	02	-
<b>Narnaul</b>	2018-19	06	3.51
<b>Rewari</b>	2018-19	01	0.92
<b>Sirsa</b>	2018-19	172	92.82
<b>Bahadurgarh</b>	2018-19	32	13.89
<b>Ambala Cantt.</b>	2018-19	26	47.80
<b>Faridabad (East)</b>	2018-19	2	3.65
<b>Total</b>		<b>265</b>	<b>173.42</b>

Consequently, 265 cases with monetary value of amounting to ₹ 173.42 crore covering above DETCs (ST) could not be examined due to non-production of records.

#### ***1.7.4 Response of the Government to the draft audit paragraphs***

Draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Accountant General (Audit) to the Principal Secretary/Additional Chief Secretaries of the concerned Department drawing their attention to the 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 indicated at the end of such paragraphs included in the Audit Report.

Twenty two draft paragraphs (clubbed into 20 draft paragraphs) and one Performance Audit were sent to the Additional Chief Secretaries of the respective Departments between February 2019 and March 2020. No reply was received to any of the draft paragraphs and to the Performance Audit. However, replies received during exit conference at the conclusion of the Performance Audit held with the Government have been appropriately included at relevant places in the Report.

#### ***1.7.5 Follow up on the Audit Reports-summarised position***

According to the instructions issued by the Finance Department in October 1995 and reiterated in July 2001, it had been 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 of the Report, for consideration of the Public Accounts Committee (PAC).

In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed. However, action taken notes in respect of 39 paragraphs from four departments (Excise and Taxation: 27, Transport: 02 Revenue: 08 and Mines and Geology: 02) as mentioned in **Annexure I** had not been received for the Audit Reports for the year ended 31 March 2016 and 2017 (June 2019).

The PAC had discussed 24 selected paragraphs pertaining to the Audit Reports for the year 2014-15 and its recommendations on 24 paragraphs were incorporated in their 78<sup>th</sup> Report for the year 2018-19. 1,034 recommendations pertaining to the period 1979-80 to 2014-15 contained in 22<sup>nd</sup> to 78<sup>th</sup> Reports of PAC as mentioned in **Annexure II** were still pending for want of final

corrective action which was to be taken by the concerned Departments/ Government.

## ***1.8 Analysis of the mechanism for dealing with the issues raised by Audit***

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

The succeeding paragraphs 1.8.1 to 1.8.2 discusses the performance of the Excise and Taxation Department under Sales Tax/VAT and cases detected in the course of local audit during the last 10 years included in the inspection Reports for the year 2009-10 to 2018-19.

### ***1.8.1 Position of Inspection Reports***

The summarised position of the inspection reports issued to the Excise and Taxation Department (Sales Tax/VAT) during the last 10 years, paragraphs included in these reports and their status as on 31 March 2019 are brought out in **Annexure III**.

The number of outstanding IRs had increased from 343 in 2009-10 to 351 in 2018-19 and paragraphs had increased from 1,523 in 2009-10 to 3,154 in 2018-19 as on 31 March 2019. The Government should arrange more audit committee meetings to settle the long pending paragraphs.

### ***1.8.2 Recovery in 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 **Annexure IV**.

While the Department had accepted objections valuing ₹ 1,944.38 crore during the last 10 years, the amount recovered out of the accepted amount was minuscule ₹ 3.73 crore. The progress of recovery even in accepted cases was insignificant (0.19 *per cent*) during the last 10 years. The Department may take appropriate action to pursue and monitor prompt recovery of the dues involved in accepted cases.

## **1.9 Audit planning**

There were a total of 526 auditable units in the State of Haryana of which 276 units were planned and 275 units<sup>9</sup> audited during 2018-19. The units were selected on the basis of risk analysis.

## **1.10 Results of audit**

### ***Position of local audits conducted during the year***

Out of 526 auditable units, test check of the records of 275 (Revenue 273 + expenditure 02) units pertaining to Sales Tax/Value Added Tax, State Excise duty, Stamp Duty and Registration fees, Motor Vehicles tax and other Departmental offices conducted during the year 2018-19 showed under assessment/short levy/loss of revenue aggregating to ₹ 2,279.04 crore in 9,836 cases. During the course of the year, the departments concerned accepted under assessment and other deficiencies of ₹ 948.12 crore involved in 5,211 cases. The departments recovered ₹ 13.29 crore (1.40 *per cent*) in 304 cases during the year 2018-19.

## **1.11 Coverage of this Report**

This Report contains one Performance Audit on “**Computerisation initiative for levy of stamp duty, registration fees and land record**” and **19 paragraphs** involving a total financial implication of ₹ 671.23 crore.

The Departments/Government have accepted audit observations involving ₹ 670.32 crore, out of which ₹ 10.65 crore had been recovered. These are discussed in succeeding Chapters II to VI.

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<sup>9</sup> One new unit of Joint Sub Registrar Lakhan Majra (Rohtak) was planned but it was not in operation at the time of audit.