

CHAPTER-I : GENERAL

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by the Government of Rajasthan during the year 2017-18, 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 corresponding figures for the preceding four years are mentioned in the Table 1.1.1.

Table 1.1.1

(₹ in crore)

| Sl. no. | Particulars | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|----------|--|------------------|------------------|--------------------|--------------------|--------------------|
| 1 | Revenue raised by the State Government | | | | | |
| | • Tax revenue ¹ | 33,477.70 | 38,672.87 | 42,712.92 | 44,371.66 | 50,605.41 |
| | • Non-tax revenue ² | 13,575.25 | 13,229.50 | 10,927.87 | 11,615.57 | 15,733.72 |
| | Total | 47,052.95 | 51,902.37 | 53,640.79 | 55,987.23 | 66,339.13 |
| 2 | Receipts from the Government of India | | | | | |
| | • Share of net proceeds of divisible Union taxes and duties ³ | 18,673.07 | 19,817.04 | 27,915.93 | 33,555.86 | 37,028.01 |
| | • Grants-in-aid ⁴ | 8,744.35 | 19,607.50 | 18,728.40 | 19,482.91 | 23,940.04 |
| | Total | 27,417.42 | 39,424.54 | 46,644.33 | 53,038.77 | 60,968.05 |
| 3 | Total revenue receipts of the State Government (1 and 2) | 74,470.37 | 91,326.91 | 1,00,285.12 | 1,09,026.00 | 1,27,307.18 |
| 4 | Percentage of 1 to 3 | 63 | 57 | 53 | 51 | 52 |

The above table indicates that there was continuous increase in collection of revenue during the last five years. The revenue raised by the State Government (₹ 66,339.13 crore) was 52 *per cent* of the total revenue receipts (₹ 1,27,307.18 crore) during the year 2017-18. The balance 48 *per cent* of receipts during 2017-18 was from the Government of India by way of share of net proceeds of divisible Union taxes and duties and grants-in-aid.

¹ For details, please see table No. 1.1.2 of this chapter.

² For details, please see table No. 1.1.3 of this chapter.

³ For details, please see Statement No. 14 - Detailed accounts of revenue by minor heads in the Finance Accounts of the Government of Rajasthan for the year 2017-18. Figures under the head 0005 - Central Goods and Service Tax, 0008 - Integrated Goods and Service Tax, 0020 - Corporation Tax, 0021 - Taxes on income other than corporation Tax, 0022 - Taxes on agriculture income, 0032 - Taxes on wealth, 0037 - Customs, 0038 - Union excise duties and 0044 - Service Tax and 0045 - Other Taxes and Duties on Commodities and Services - share of net proceeds assigned to State booked in the Finance Accounts.

⁴ For details, please see Statement No. 14 of Finance Accounts of the Government of Rajasthan for the year 2017-18 major Head - 1601.

1.1.2 The details of the revised budget estimates (RE), and the actual receipts in respect of the tax revenue raised during the period 2013-14 to 2017-18 are given in the table 1.1.2.

Table 1.1.2

(₹ in crore)

| Sl. no. | Heads of revenue | RE Actual | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | Percentage of increase (+) / decrease (-) in 2017-18 over 2016-17 |
|---------|--|---------------|------------------|------------------|------------------|------------------|------------------|---|
| 1 | Taxes on sales, trade, etc. | RE | 20,300.00 | 24,120.00 | 27,635.00 | 27,767.60 | 18,800.00 | |
| | | Actual | 19,834.72 | 22,644.89 | 24,878.67 | 27,151.54 | 18,285.44 | (-) 32.65 |
| | Central sales tax | RE | 1,450.00 | 1,505.00 | 1,615.00 | 1,227.40 | 700.00 | |
| | | Actual | 1,380.79 | 1,525.02 | 1,466.10 | 1,406.88 | 722.80 | (-) 48.62 |
| 2 | State Goods and Service Tax ⁵ . | RE | - | - | - | - | 11,700.00 | |
| | | Actual | - | - | - | - | 12,137.02 | |
| 3 | State excise | RE | 4,625.00 | 5,330.00 | 6,350.00 | 7,600.00 | 7,800.00 | |
| | | Actual | 4,981.59 | 5,585.77 | 6,712.94 | 7,053.68 | 7,275.83 | (+) 3.15 |
| 4 | Stamp duty and registration fee | | | | | | | |
| | Stamps-judicial | RE | 144.00 | 156.66 | 105.00 | 103.34 | 92.58 | |
| | | Actual | 104.59 | 54.27 | 97.45 | 73.94 | 59.78 | (-) 19.15 |
| | Stamps-non-judicial | RE | 2,706.00 | 2,823.35 | 2,785.00 | 2,701.00 | 3,346.15 | |
| | | Actual | 2,577.76 | 2,705.10 | 2,574.88 | 2,502.86 | 3,070.79 | (+) 22.69 |
| | Registration fee | RE | 500.00 | 520.00 | 560.00 | 445.66 | 611.27 | |
| Actual | | 442.98 | 429.52 | 561.67 | 476.45 | 544.21 | (+) 14.22 | |
| 5 | Taxes on motor vehicles | RE | 2,550.00 | 2,800.00 | 3,300.00 | 3,650.00 | 4,300.00 | |
| | | Actual | 2,498.90 | 2,829.86 | 3,199.44 | 3,622.83 | 4,362.97 | (+) 20.43 |
| 6 | Taxes and duties on electricity | RE | 1,406.63 | 1,697.18 | 2,000.00 | 2,172.00 | 3,500.00 | |
| | | Actual | 948.93 | 1,534.51 | 1,921.29 | 738.24 | 3,376.67 | (+) 357.39 |
| 7 | Land revenue | RE | 365.76 | 324.69 | 320.00 | 359.01 | 566.71 | |
| | | Actual | 337.98 | 288.58 | 272.47 | 314.69 | 363.86 | (+) 15.62 |
| 8 | Taxes on goods and passengers | RE | 300.00 | 360.00 | 800.00 | 750.00 | 328.00 | |
| | | Actual | 287.92 | 956.52 | 847.72 | 803.28 | 340.78 | (-) 57.58 |
| 9 | Other taxes and duties on commodities and services | RE | 55.01 | 99.99 | 171.79 | 200.00 | 62.00 | |
| | | Actual | 68.46 | 113.68 | 170.96 | 220.08 | 63.93 | (-) 70.95 |
| 10 | Other taxes ⁶ , etc. | RE | 50.00 | 50.17 | 50.20 | 10.00 | 10.00 | |
| | | Actual | 13.08 | 5.15 | 9.32 | 7.19 | 1.33 | (-) 81.50 |
| | Total | RE | 34,452.40 | 39,787.04 | 45,691.99 | 46,986.01 | 51,816.71 | |
| | | Actual | 33,477.70 | 38,672.87 | 42,712.92 | 44,371.66 | 50,605.41 | (+) 14.05 |
| | Percentage of increase of actual over previous year | 9.75 | 15.52 | 10.45 | 3.88 | 14.05 | | |

There had been a continuous increase in overall revenue collection of the tax during last five years but the collection for each year has been less than revised estimates. The percentage of growth of revenue, however, increased during the year 2017-18 in comparison to the year 2016-17.

⁵ New Head: Addition due to implementation of GST from July 2017 by Government of India.

⁶ Other taxes include taxes on income and expenditure (Taxes on professions, trades, callings and employments) and taxes on immovable property other than agriculture land.

Decrease in Central Sales Tax (48.62 per cent), 'Taxes on goods and passengers' (57.58 per cent) and in 'other taxes and duties on commodities and services' (70.95 per cent) was due to merger of CST, VAT, Entry tax, Entertainment tax and Luxury tax in GST with effect from 1 July, 2017 and decrease in 'other taxes' (81.50 per cent) was due to exemption of tax on land. Increase (357.39 per cent) in taxes and duties on electricity was due to deposit of outstanding amount for the year 2016-17 by electricity distribution companies.

1.1.3 The details of the RE and the actual receipts in respect of the non-tax revenue raised during the period 2013-14 to 2017-18 are given in the table 1.1.3.

Table 1.1.3

(₹ in crore)

| Heads of revenue | RE Actual | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | Percentage of increase (+)/ decrease (-) in 2017-18 over 2016-17 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|--|
| Non-ferrous mining and metallurgical industries | RE | 3,360.00 | 3,566.00 | 4,250.00 | 4,200.00 | 4,900.00 | |
| | Actual | 3,088.66 | 3,635.46 | 3,782.13 | 4,233.74 | 4,521.52 | (+) 6.80 |
| Interest receipts | RE | 2,109.36 | 1,959.83 | 1,860.58 | 2,002.97 | 4,924.14 | |
| | Actual | 2,142.49 | 2,065.39 | 1,982.39 | 1,933.37 | 4,858.90 | (+) 151.32 |
| Miscellaneous general services | RE | 743.37 | 920.88 | 885.72 | 859.39 | 888.31 | |
| | Actual | 846.36 | 963.85 | 700.90 | 660.70 | 762.36 | (+) 15.39 |
| Police | RE | 192.36 | 220.10 | 213.00 | 220.15 | 333.73 | |
| | Actual | 167.27 | 240.03 | 162.02 | 190.78 | 296.56 | (+) 55.45 |
| Other administrative services | RE | 126.66 | 107.19 | 162.44 | 222.35 | 228.41 | |
| | Actual | 147.38 | 133.21 | 161.98 | 210.51 | 207.55 | (-) 1.41 |
| Major and medium irrigation | RE | 97.55 | 90.90 | 112.50 | 129.79 | 90.30 | |
| | Actual | 80.62 | 67.08 | 68.72 | 112.77 | 277.72 | (+) 146.27 |
| Forestry and wild life | RE | 87.39 | 80.20 | 111.65 | 123.95 | 173.82 | |
| | Actual | 77.52 | 89.31 | 133.75 | 113.00 | 182.26 | (+) 61.29 |
| Public works | RE | 67.87 | 74.76 | 79.51 | 95.30 | 107.37 | |
| | Actual | 69.16 | 71.74 | 97.89 | 84.31 | 109.26 | (+) 29.59 |
| Medical and public health | RE | 72.86 | 105.07 | 108.99 | 115.74 | 152.34 | |
| | Actual | 65.61 | 116.43 | 119.21 | 125.39 | 130.67 | (+) 4.21 |
| Co-operation | RE | 17.83 | 16.52 | 14.52 | 41.25 | 47.75 | |
| | Actual | 18.80 | 16.88 | 14.64 | 44.10 | 63.11 | (+) 43.11 |
| Other non-tax receipts ⁷ | RE | 6,631.79 | 6,327.04 | 4,072.75 | 4,458.43 | 4,813.11 | |
| | Actual | 6,871.38 | 5,830.12 | 3,704.24 | 3,906.90 | 4,323.81 | (+) 10.67 |
| Total | RE | 13,507.04 | 13,468.49 | 11,871.66 | 12,469.32 | 16,659.28 | |
| | Actual | 13,575.25 | 13,229.50 | 10,927.87 | 11,615.57 | 15,733.72 | (+) 35.45 |
| Percentage of increase of actual over previous year | | 11.88 | (-) 2.55 | (-) 17.40 | 6.29 | 35.45 | |

⁷ Other non-tax receipts constitute income from petroleum, public service commission, jails, housing, village and small industries, fisheries, dividends and profit, contribution and recoveries towards pension and other retirement benefits, etc.

It would be seen from above that though the collection of non-tax revenue during 2017-18 was less than the REs, there was overall increase in revenue collection by 35.45 per cent as compared to the previous year. This was mainly due to increase (151.32 per cent) in 'interest receipts' on loan given to electricity distribution companies under Uday Yojana, increase (55.45 per cent) in 'police' due to more receipt from recruitments fee, increase (61.29 per cent) in 'forestry and wildlife' due to more receipts in auction of *Tendu Pata*, increase (43.11 per cent) in co-operation due to 1,027 *Gram Sava Samiti* audited by departmental auditors and the audit fee deposited directly in Government account. The reasons for variation wherever found substantial in remaining Departments though called for (May 2018 and August 2018) have not been furnished by the respective departments (February 2019).

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2018 relating to some principal heads of revenue amounted to ₹ 9,305.55 crore, out of which ₹ 2,136.88 crore was outstanding for more than five years as given in the Table 1.2.

Table 1.2

| (₹ in crore) | | | | | |
|--------------|--------------------------------|---|--|-----------------|---|
| Sl. no. | Heads of revenue | Total amount outstanding as on 1 April 2017 | Total amount outstanding as on 31 March 2018 and percentage of increase in comparison to previous year | | Amount outstanding for more than five years as on 31 March 2018 |
| 1 | Commercial Taxes* ⁸ | 13,924.46 | 8,131.29 | (-) 41.60 | 1,472.36 |
| 2 | Transport* | 74.20 | 61.29 | (-) 17.40 | 33.88 |
| 3 | Land Revenue* | 632.88 | 515.69 | (-) 18.52 | 275.47 |
| 4 | Registration and Stamps | 305.23 | 247.40 | (-) 18.95 | 80.58 |
| 5 | State Excise | 200.57 | 193.86 | (-) 3.35 | 191.66 |
| 6 | Mines, Geology and Petroleum* | 192.50 | 156.02 | (-)18.95 | 82.93 |
| Total | | 15,329.84 | 9,305.55 | (-)39.30 | 2,136.88 |

Source: Furnished by the concerned Departments.

The stages at which arrears were pending for collection though called for (May 2018 and August 2018) have not been received except Registration and Stamps Department and Mines, Geology and Petroleum Department who stated that amount of ₹ 174.58 crore and ₹ 63.43 crore respectively could not be recovered as it was covered by various stay orders issued by appellate authorities and courts.

⁸ *The figures shown as outstanding balance(s) on 1 April 2017 were at variance with the balances on 31 March 2017 (Commercial Tax ₹ 4,748.56 crore, Transport ₹ 55.34 crore, Land Revenue ₹ 593.57 crore, Mines, Geology and Petroleum ₹ 143.09 crore. This was stated to be due to the reconciliation(s) of the figures done by the Commercial Taxes, Transport and Mines, Geology and Petroleum Departments. The Commercial Taxes Department stated that the difference in two set of figures was due to addition of the demands raised during 2016-17, which were not included earlier. Reasons for the variation were not received from the land revenue Department.

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 'Commercial Taxes', 'Registration and Stamps' and 'Mines, Geology and Petroleum' Departments for the year 2017-18 are given in the Table 1.3.

Table 1.3

| Name of the Department | Opening balance | New cases due for assessment during 2017-18 | Total assessments due | Cases disposed of during 2017-18 | Balance at the end of the year | Percentage of disposal (col. 5 to 4) |
|--------------------------------------|-----------------|---|-----------------------|----------------------------------|--------------------------------|--------------------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| Commercial Taxes | 3 | 4,66,000 | 4,66,003 | 4,65,993 | 10 | 99.99 |
| Registration and Stamps ⁹ | 4,332 | 7,819 | 12,151 | 8,163 | 3,988 | 67.18 |
| Mines, Geology and Petroleum | 12,211 | 322 | 12,533 | 7,890 | 4,643 | 62.95 |

Source: Furnished by the concerned Departments.

It can be seen that Commercial Taxes Department has performed exceedingly well to clear all the cases including those under deemed assessment scheme. The disposal of cases was much lower in Registration and Stamps Department and Mines, Geology and Petroleum Department in comparison to Commercial Taxes Department. These Departments may take necessary action for speedy disposal of the cases.

1.4 Evasion of tax detected by the Department

As per the information furnished by the Commercial Taxes Department 1,765 cases of tax evasion were noticed, out of which in 1,586 cases assessment/investigation was completed and additional demand with penalty *etc.* amounting to ₹ 4,951.46 crore was raised. The Department recovered ₹ 2,670.35 crore and settled 89.86 *per cent* cases of the total cases during the year 2017-18.

1.5 Pendency of refund cases

The number of refund cases pending at the beginning of the year 2017-18, claims received during the year, refunds allowed during the year and the cases pending

⁹ Adjudication Cases.

at the close of the year 2017-18 as reported by the Departments is given in the Table 1.5.

Table 1.5

(₹ in crore)

| Sl. no. | Particulars | Commercial Taxes | | Registration and Stamps | |
|---------|---|------------------|--------|-------------------------|--------|
| | | Number of cases | Amount | Number of cases | Amount |
| 1 | Claims outstanding at the beginning of the year | 901 | 202.98 | 1,284 | 8.36 |
| 2 | Claims received during the year | 11,669 | 859.93 | 1,010 | 7.50 |
| 3 | (i) Refunds made during the year | 7,517 | 843.89 | 1,113 | 7.27 |
| | (ii) Rejected during year | 4,133 | 7.67 | | |
| 4 | Balance outstanding at the end of year | 920 | 211.35 | 1,181 | 8.59 |

Source: Furnished by the concerned Departments.

The Department may consider speedy settlement of refund cases. This would not only benefit the claimants but would also save the Government from payment of interest on the delayed payment of refunds.

1.6 Response of the Government/Departments to Audit

The Accountant General (Economic and Revenue Sector Audit), Rajasthan, Jaipur 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 by Inspection Reports (IRs) which incorporate irregularities detected during the inspection and not settled on the spot. The IRs are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of the offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions. They have to report compliance through initial reply to the Accountant General 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.

Analysis of Inspection Reports issued upto December 2017 disclosed that 9,075 paragraphs involving ₹ 3,319.89 crore relating to 3,062 IRs remained outstanding at the end of June 2018. The figures as on June 2018 along with the corresponding figures for the preceding two years are given in the Table 1.6.

Table 1.6

| Particulars | June 2016 | June 2017 | June 2018 |
|---|-----------|-----------|-----------|
| Number of IRs pending for settlement | 3,127 | 2,961 | 3,062 |
| Number of outstanding audit paragraphs | 9,129 | 8,691 | 9,075 |
| Amount of revenue involved (₹ in crore) | 3,180.58 | 2,877.01 | 3,319.89 |

It would be seen from the above that the number of outstanding paragraphs and the amount of revenue involved therein have increased as compared to previous year. There is a need to speed up the compliance for timely settlement of audit paragraphs.

1.6.1 The Department-wise details of the IRs and audit paragraphs outstanding as on 30 June 2018 and the amounts involved are mentioned in Table 1.6.1.

Table 1.6.1

| Sl. no. | Name of the Department | Nature of receipts | Number of outstanding IRs | Number of outstanding audit paragraphs | Amount involved (₹ in crore) |
|--------------|------------------------------|--|---------------------------|--|------------------------------|
| 1 | Commercial Taxes | Taxes on sales, trade, etc. | 553 | 2,106 | 459.21 |
| 2 | Transport | Taxes on motor vehicles | 489 | 1,536 | 78.93 |
| 3 | Land Revenue | Land revenue | 77 | 312 | 284.11 |
| 4 | Registration and Stamps | Stamp duty and registration fee | 1,429 | 3,420 | 393.92 |
| 5 | State Excise | State excise | 120 | 262 | 71.30 |
| 6 | Mines, Geology and Petroleum | Non-ferrous mining, metallurgical industries and petroleum | 394 | 1,439 | 2,032.42 |
| Total | | | 3,062 | 9,075 | 3,319.89 |

The pendency is indicative of the fact that the heads of offices and the Departments did not take adequate action to rectify the defects and irregularities pointed out by Audit through the IRs.

1.6.2 Departmental Audit Committee Meetings

The Government constituted Audit Committees¹⁰ to monitor and expedite the progress of the settlement of the paragraphs in the IRs. The details of the Audit Committee/Audit sub-committee meetings held during the year 2017-18 and the paragraphs settled are mentioned in the Table 1.6.2.

Table 1.6.2

| Sl. no. | Name of the Department | Number of Audit Committee meetings held | Number of Audit sub-committee meetings held | Number of paragraphs settled | Amount (₹ in crore) |
|--------------|------------------------------|---|---|------------------------------|---------------------|
| 1 | Commercial Taxes | 4 | - | - | - |
| 2 | Transport | 1 | 2 | - | - |
| 3 | Land Revenue | 3 | 12 | 25 | 0.73 |
| 4 | Registration and Stamps | 4 | 13 | 815 | 36.22 |
| 5 | State Excise | 2 | - | - | - |
| 6 | Mines, Geology and Petroleum | 2 | 2 | 86 | 6.99 |
| Total | | 16 | 29 | 926 | 43.94 |

It would be seen from the above that 926 paragraphs involving ₹ 43.94 crore were settled in Audit sub-committee meetings held in respect of Land Revenue, Registration and Stamps and Mines, Geology and Petroleum Departments. Two Audit sub-committee meetings were held in Transport Department but no paragraph was settled. Commercial Taxes Department and State Excise Department had not held any meeting of Audit sub-committee.

Commercial Taxes and Transport Departments need to make concerted efforts to settle outstanding paragraphs.

¹⁰ Audit Committees, *inter alia*, comprising of Secretary of concerned Departments and Accountant General/his representative, were formed as per Circular No. 1/2005 dated 18 January 2005 of Government of Rajasthan and decided that one Audit Committee meeting shall be held in each quarter. In addition to this, Audit sub-committees comprising of officers of the Departments and representative of Accountant General, are also formed.

1.6.3 Response of the Departments to the draft audit paragraphs

Factual statements followed by 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 Departments, 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 Department/Government is invariably indicated at the end of such paragraphs included in the Audit Report.

54 draft paragraphs clubbed into 18 paragraphs including one Performance Audit were sent to the Principal Secretaries/Secretaries of the respective Department by name between April and October 2018. The Principal Secretaries/Secretaries of the Departments¹¹ did not send replies (February 2019) to three draft paragraphs and the same have been included in this Report without the response of the Government.

1.6.4 Follow-up on the Audit Reports - summarised position

The Rules and Procedures of the Public Accounts Committee (PAC) of the Rajasthan State Assembly framed in 1997 prescribe 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. The action taken explanatory notes thereon should be submitted by the Government within three months of tabling the Report, for consideration of the PAC. In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed. One hundred and eighty paragraphs (including performance audit) included in the Reports of the Comptroller and Auditor General of India on Revenue Sector of the Government of Rajasthan for the years ended 31 March 2013, 2014, 2015, 2016 and 2017 were placed before the State Legislative Assembly between 18 July 2014 and 6 March 2018. The action taken explanatory notes from the concerned Departments on these paragraphs were received late with an average delay of 40 days in respect of each of these Audit Reports. The PAC discussed 152 selected paragraphs pertaining to the Audit Reports for the years from 2012-13 to 2015-16 and its recommendations on 29 paragraphs were incorporated in their eight Reports¹² (2017-18).

1.7 Analysis of the mechanism for dealing with the issues raised by Audit in Excise Department

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 included in the Inspection Reports/Audit Reports of the last five years for one Department was evaluated.

The succeeding paragraphs 1.7.1 to 1.7.2 discuss the performance of the Excise Department on the cases detected in the course of local audit and also the cases included in the Audit Reports.

¹¹ Department: Transport (1) and Land Revenue (2).

¹² Eight Reports pertaining to: Motor Vehicle Tax (3), Land Revenue (3) and State Excise (2).

1.7.1 Position of inspection reports

The summarised position of the inspection reports pertaining to Excise Department issued during 2013-14 to 2017-18, paragraphs included in these reports and their status shown in the Table 1.7.1.

Table 1.7.1

(₹ in crore)

| Position upto year | Opening balance | | | Addition during the year | | | Clearance during the year | | | Closing balance at the end of the year | | |
|------------------------|-----------------|-------------|-------------|--------------------------|-------------|-------------|---------------------------|-------------|-------------|--|-------------|-------------|
| | IRs | Para-graphs | Money value | IRs | Para-graphs | Money value | IRs | Para-graphs | Money value | IRs | Para-graphs | Money value |
| 2013-14 | 156 | 349 | 325.58 | 17 | 92 | 20.12 | 64 | 227 | 265.33 | 109 | 214 | 80.37 |
| 2014-15 | 109 | 214 | 80.37 | 26 | 133 | 16.98 | 24 | 123 | 47.08 | 111 | 224 | 50.27 |
| 2015-16 | 111 | 224 | 50.27 | 17 | 50 | 15.38 | 23 | 97 | 10.58 | 105 | 177 | 55.07 |
| 2016-17 | 105 | 177 | 55.07 | 27 | 164 | 23.90 | 19 | 92 | 20.56 | 113 | 249 | 58.41 |
| 2017-18 upto June 2018 | 113 | 249 | 58.41 | 19 | 121 | 18.94 | 12 | 108 | 6.05 | 120 | 262 | 71.30 |

The Government arranges Audit sub-committee meetings between the Department and the Audit Office at regular interval to settle the old paragraphs. However, during 2017-18 no Audit sub-committee meeting was held. Effective and concrete steps are, therefore, required to be taken to achieve substantial results.

1.7.2 Position of paragraphs and recovery of accepted cases included in the Audit Reports

The details of paragraphs relating to Excise Department included in the Audit Reports of the last five years, those accepted by the Department and the amount recovered are mentioned in the Table 1.7.2.

Table 1.7.2

(₹ 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 recovered during the year 2017-18 | Cumulative position of recovery of accepted cases as of 30 June 2018 |
|----------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------------|--|--|
| 2012-13 | 5 | 8.58 | 5 | 8.58 | 1.25 | 1.25 |
| 2013-14 | 7 | 5.90 | 5 | 5.14 | 0.44 | 0.44 |
| 2014-15 | 5 | 48.27 | 5 | 39.33 | 5.53 | 5.92 |
| 2015-16 | 3 | 8.25 | 2 | 6.69 | 1.66 | 1.66 |
| 2016-17 | 6 | 2.86 | 6 | 1.44 | 1.02 | 1.02 |
| Total | 26 | 73.86 | 23 | 61.18 | 9.90 | 10.29 |

The Department recovered an amount of ₹ 10.29 crore only during the period of five years, out of ₹ 61.18 crore accepted by it. The recovery was just 16.82 per cent of the accepted amount of paragraphs.

It is recommended that the Excise Department may closely monitor the recovery.

1.8 Audit Planning

The unit offices working under various departments were categorised into high, moderate and low risk units according to their revenue position, past trends of the audit observations and other parameters. The annual audit plan was prepared on the basis of risk analysis which, *inter-alia*, included critical issues in Government revenues and tax administration *i.e.* performance indicators in annual administrative reports of the departments, budgetary provisions, trend of revenue, average revenue of the units for the last three years, internal audit findings, media reports, recommendations of State Audit Advisory Board, past audit coverage, past audit findings, changes in legislation, *etc.* During the year 2017-18, there were 2,098 total auditable units, out of which audit of 541 units were planned and audited. Besides, compliance audit, a performance audit on 'Levy and collection of stamp duty and registration fee' was also conducted.

1.9 Results of audit

Position of local audit conducted during the year

Test check of the records of 541 units¹³ of 'Commercial Taxes', 'Transport', 'Land Revenue', 'Registration and Stamps', 'State Excise', 'Mines, Geology and Petroleum' Departments and other offices conducted during the year 2017-18 disclosed under assessments, short levy/loss of revenue, *etc.* aggregating ₹ 1,026.66 crore in 25,288 cases. During the year, the concerned Departments accepted under assessments and other deficiencies in 19,182 cases involving Government revenue of ₹ 205.83 crore, of which 7,820 cases involving ₹ 58.71 crore were pointed out in audit during 2017-18 and the rest in the earlier years. The Departments recovered ₹ 30.33 crore in 6,222 cases during 2017-18 up to 31 March 2018.

1.10 Coverage of this Report

This Report contains 18 paragraphs including a Performance Audit on 'Levy and collection of stamp duty and registration fee'. The total financial impact of the paragraphs is ₹ 448.67 crore, out of which the financial impact of the performance audit is ₹ 88.40 crore. These are discussed in Chapters II to VII.

The Departments/Government have accepted (February 2019) audit observations involving ₹ 225.44 crore, the replies in the remaining cases have not been received. Of the accepted audit observations, the Departments had recovered ₹ 60.58 crore up to February 2019 which was in addition to the recoveries (₹ 30.33 crore) made through local audit inspection report during the year 2017-18. Thus, the total recoveries made at the instance of audit during the year aggregated to ₹ 90.91 crore.

¹³ Total 317 IRs were issued which includes audit findings for 224 implementing units also.