



CHAPTER - I
GENERAL

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1.1 Trend of Revenue Receipts

1.1.1 The tax and non-tax revenue raised by the Government of Assam (GoA) during the year 2017-18, the State's share of net proceeds of divisible Union taxes and duties assigned to State, Grants-in-aid received from the Government of India (GoI) during the year and the corresponding figures for the preceding four years are given in **Table 1.1.1**.

Table 1.1.1
Trend of Revenue Receipts

(₹ in crore)						
Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1.	Revenue raised by the State Government					
	• Tax revenue	8,994.92	9,449.81	10,106.49	12,079.56	13,215.52
	• Non-tax revenue	2,705.03	2,412.89	2,741.56	4,353.13	4,071.97
	Total	11,699.95	11,862.70	12,848.05	16,432.69	17,287.49
	Percentage of increase over previous year	9.10	1.39	8.31	27.90	5.20
2.	Receipts from Government of India					
	• Share of net proceeds of divisible Union taxes and duties	11,574.52	12,283.71	16,784.88	20,188.64	22,301.54 ¹
	• Grants-in-aid	8,938.32	14,035.08	12,824.75	12,598.48	14,541.91
	Total	20,512.84	26,318.79	29,609.63	32,787.12	36,843.45
3.	Total receipts of the State Government (1 and 2)	32,212.79	38,181.49	42,457.68	49,219.81	54,130.94
4.	Percentage of 1 to 3	36	31	30	33	32

Source: Finance Accounts.

From the above table it appears that during the year 2017-18, the revenue raised by the State Government (₹ 17,287.49 crore) was 32 per cent of the total revenue receipts as against 33 per cent during the previous year. The balance 68 per cent of the receipts during 2017-18 was from the GoI.

Revenue Receipts grew by ₹ 4911.13 crore (10 per cent) over the previous year. The increase was contributed by Tax Revenue by ₹ 1135.96 crore (23 per cent), State's share of net proceeds of divisible Union Taxes and Duties by ₹ 2112.90 crore

¹ Note: For details, please see Statement No.14: Detailed accounts of revenue by minor heads in the Finance Accounts (Volume-2) of Government of Assam for the year 2017-18. Figures under the "share of net proceeds assigned to States" under the major heads 0005-Central Goods and Services Tax, 0008- Integrated Goods and Services Tax, 0020-Corporation Tax, 0021- Taxes on Income other than Corporation Tax, 0032-Taxes on Wealth, 0037-Customs, 0038-Union Excise Duties, 0044-Service Tax and 0045-Other Taxes and Duties on Commodities and Services booked in the Finance Accounts under 'A- Tax Revenue' have been excluded from revenue raised by the State Government and included in 'State's share of divisible Union taxes' in the above table

(43 per cent) and Grants-in-Aid from GoI by ₹ 1943.43 crore (40 per cent). The increase was, however, marginally offset by decrease in Non-Tax Revenue by ₹ 281.16 crore (6 per cent).

1.1.2 Details of tax revenue raised during the period 2013-14 to 2017-18 are given in **Table 1.1.2**.

Table 1.1.2
Details of Tax Revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2013-14		2014-15		2015-16		2016-17		2017-18		Percentage of increase(+)/ decrease (-) in 2017-18 over 2016-17
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
1.	State Goods and Services Tax	--	--	--	--	--	--	--	--	11,223.28	4,077.67	--
2.	Taxes on Sales, Trade etc.	6,835.05	6,848.01	8,367.50	7,351.25	9,810.55	7,493.72	11,582.67	8,751.64	1,713.30	6,373.00	-27.18
3.	State Excise	609.05	610.26	763.72	664.99	878.77	807.96	1,299.55	963.81	1,393.72	1,095.16	13.63
4.	Stamps and Registration Fees	211.94	251.51	554.33	188.51	362.19	224.83	478.80	226.78	351.23	239.17	5.46
5.	Taxes and Duties on Electricity	49.24	40.54	56.44	44.00	58.38	48.64	79.75	49.44	76.00	60.19	21.74
6.	Taxes on Vehicles	365.38	351.11	441.31	364.53	505.59	442.73	577.81	521.59	691.78	646.96	24.04
7.	Taxes on Goods and Passengers	482.11	413.89	504.27	396.94	596.00	583.12	729.18	1,069.81	212.56	262.64	-75.45
8.	Other taxes on Income and Expenditure	181.08	186.36	235.05	191.28	268.36	182.93	303.20	184.27	285.83	193.38	4.94
9.	Other Taxes and Duties on Commodities and Services	36.09	47.60	110.39	54.92	68.54	61.09	107.04	78.97	140.09	34.44	-56.39
10.	Land Revenue	140.34	155.65	201.64	142.32	224.14	229.46	395.59	210.02	358.54	219.39	4.46
11.	Taxes on Agricultural Income	73.50	89.99	110.77	51.07	119.88	32.01	80.71	23.23	50.02	13.52	-41.80
Total		8,983.78	8,994.92	11,345.42	9,449.81	12,892.40	10,106.49	15,634.30	12,079.56	16,496.35	13,215.52	9.40

Source: Annual Financial Statement and Finance Accounts.

The increase of ₹ 1136 crore (nine per cent) in Tax Revenue in 2017-18 as compared to previous year, was mainly on account of contribution of State Goods and Services Tax (SGST) by ₹ 4077.67 crore and increase in State Excise by ₹ 131.35 crore, which was, however, offset by decrease in Tax on Sales, Trades etc., by ₹ 2378.64 crore and Taxes on Goods and Passengers by ₹ 807.17 crore.

The reasons for major variations in respect of tax revenue during 2017-18 over those of 2016-17 as reported by the concerned department(s) were as follows:

Excise Department: The increase of revenue was due to increase in issuance of permits, sale of liquor, strengthening of enforcement activities which helped plugging the revenue leakage considerably.

Finance (Taxation) Department:

- **Taxes on Sales, Trade etc.:** The decrease of revenue was mainly due to introduction of Goods and Services Tax (GST) *w.e.f.* 1 July 2017 in which all items were subsumed except Value Added Tax (VAT) on petroleum product and alcohol for human consumption.
- **Taxes on Duties on Electricity:** The increase of revenue was due to enhancement of energy rate *w.e.f.* 27 October 2017.
- **Taxes on Goods and Passengers:** The decrease of revenue was mainly due to the fact that the Entry Tax had subsumed into GST *w.e.f.* 1 July 2017 and ₹ 450 crore (approximately) which was collected in 2016-17 under the Assam Taxation (Liquidation of Arrears Dues) (Amendment) Act, 2016.
- **Taxes on Agricultural Income:** The decrease of revenue collection was mainly due to increase of exemption limit from ₹ 1 lakh to ₹ 2.50 lakh for medium and small tax payers.

The other Departments had not intimated (December 2018) the reasons for the increase/decrease of their revenue in 2017-18 over 2016-17 despite requests.

1.1.3 Details of non-tax revenue raised during the period 2013-14 to 2017-18 are given in **Table 1.1.3**.

Table 1.1.3
Details of Non-Tax Revenue raised

Sl. No.	Head of revenue	2013-14		2014-15		2015-16		2016-17		2017-18		Percentage of increase(+) / decrease (-) in 2017-18 over 2016-17
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
1.	Petroleum	2,285.09	1,791.31	3,200.02	1,421.15	3,200.06	1,672.03	3,583.63	3,101.96	5,590.71	2,533.20	-18.34
2.	Interest Receipts	544.09	418.61	628.63	313.99	515.76	298.80	424.93	475.40	398.32	305.39	-35.76
3.	Dairy Development	0.28	0.48	9.61	0.43	0.59	0.07	0.58	0.39	0.10	0.18	-53.85
4.	Forestry and Wild Life	195.17	100.92	136.22	115.99	124.34	117.30	995.74	215.85	561.30	250.74	16.16
5.	Non-ferrous Mining and Metallurgical industries	1.08	0.48	1.35	0.96	0.60	3.31	2.56	5.81	5.08	6.13	5.51
6.	Miscellaneous General Services	30.15	60.02	0.01	268.50	73.94	4.81	360.67	-6.15	6.36	24.91	505.04
7.	Medium Irrigation	0.27	0.43	0.47	0.62	0.53	0.84	0.83	0.47	1.11	0.88	87.23
8.	Medical and Public Health	13.31	11.29	14.95	11.38	13.91	15.47	15.29	12.33	20.46	22.68	83.94
9.	Co-operation	0.56	0.63	0.71	0.47	0.78	0.64	0.64	0.57	0.85	0.56	-1.75
10.	Public Works	3.63	2.01	4.09	1.14	2.47	3.84	1.54	3.37	5.05	3.67	8.90
11.	Police	34.42	59.40	44.63	43.54	73.19	52.62	58.49	52.88	69.59	51.10	-3.37
12.	Other Administrative	57.51	62.48	69.92	69.25	76.98	329.16	93.02	210.46	435.32	75.74	-64.01

Sl. No.	Head of revenue	2013-14		2014-15		2015-16		2016-17		2017-18		Percentage of increase(+) / decrease (-) in 2017-18 over 2016-17 Actual
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
	Services											
13.	Coal and Lignite	50.00	38.76	54.15	51.22	47.75	32.58	55.00	36.05	91.60	47.60	32.04
14.	Roads and Bridges	101.12	50.40	64.83	42.18	62.10	28.69	156.66	41.10	37.94	27.42	-33.28
15.	Others ²	82.82	107.81	68.66	72.07	132.86	181.40	96.94	202.64	240.17	721.77	256.18
Total		3,400.31	2,705.03	4,298.25	2,412.89	4,325.86	2,741.56	5,846.52	4,353.13	7,463.96	4,071.97	-6.46

Source: Annual Financial Statement and Finance Accounts.

The decrease in Non-Tax Revenue in 2017-18 by ₹ 281.16 crore over the previous year was mainly on account of decrease in receipt of royalties on crude oil from GoI by ₹ 568.76 crore and Interest Receipts by ₹ 170.01 crore, which was, however offset by increases of ₹ 519.13 crore under 'Others'.

The reasons for major variations in respect of non-tax revenue during 2017-18 over those of 2016-17 were as explained below:

Mines and Minerals Department: The Department had intimated that the increase in revenue under the head 'Coal and Lignite' was due to increase in production of coal and arrears of royalty receipt while the decrease in revenue under the head 'Petroleum' was due to receipt of arrears of royalty during the previous year and uniform royalty adjustment.

Interest Receipts: The decrease in revenue under 'Interest Receipts' was mainly due to decrease of interest realized on investment of cash balance during the year 2017-18. At the beginning of 2017-18 the investment held in cash balance was ₹ 5181.64 crore, however, during the year the Government utilized ₹ 4244.69 crore which resulted in reduction in earning of interest on cash balance investment.

The other Departments had not intimated (December 2018) the reasons for increase/decrease of their receipts in 2017-18 over 2016-17 despite requests.

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2018 in respect of the Finance (Taxation), Excise, Mines and Minerals and Transport Departments amounted to ₹ 5,217.48 crore of which ₹ 2,092.06 crore was outstanding for more than five years, as detailed in the **Table 1.2**.

² Others include 29 major head of accounts.

Table 1.2
Arrears of revenue

					(₹ in crore)
Sl. No.	Heads of Revenue	Name of Department	Total Amount outstanding as on 31 March 2018	Amount outstanding for more than five years as on 31 March 2018	Replies of the Departments
1.	Taxes on Agricultural Income	Finance (Taxation) Department	52.58	49.26	<p>The total arrear outstanding of ₹ 5,208.67 crore as on 31 March 2018 was attributable to the following factors:</p> <ul style="list-style-type: none"> Some amount of dues become arrears when the amount is not paid by the dealers on due date. The assessing officer issues notices to the defaulters for payment of arrears. For the amount which cannot be realised by the assessing officers in spite of all efforts, arrear certificates are issued by the assessing officers to the <i>bakijai</i> officers for realisation of the amount and these amounts remain as arrear with Superintendent of Taxes (Recovery) till recovery of arrear amount. Pending of cases, involving arrear of revenue, in High Court/Supreme Court/Board of Revenue and with appellate /revision authority. Untraceability of dealers.
2.	Professional Tax		1.90	1.11	
3.	Land Revenue (Assam Taxes on Specified Lands)		2,080.73	1,072.46	
4.	Taxes on Sales, Trade, etc.		2,936.37	890.35	
5.	Taxes on Goods and Passengers		94.55	35.79	
6.	Other Taxes and Duties on Commodities and Services		6.72	4.25	
7.	Taxes and Duties on Electricity		35.82	30.07	
8.	State Excise	Excise Department	1.58	1.58	Though Excise levies are prepaid, due to non-payment of renewal licence fee by M/s. Nixil Pharmaceuticals, Balipara, Tezpur, the total arrear outstanding as on 31 March 2018 was ₹ 1.58 crore. The licensee was non-functional.
9.	Non-ferrous Mining and Metallurgical Industries	Mines and Minerals Department	1.98	1.98	Non-payments of royalty on limestone by M/s. NECEM Cements Ltd. and M/s. Vinay Cements Ltd.
10.	Taxes on Vehicles	Transport Department	5.25	5.21	Shortage of Enforcement Personnel/staff and inadequate infrastructure in respect of Enforcement drives.
Total			5,217.48	2,092.06	

The replies of the departments capture the reasons for outstanding arrears of revenue. The fact remains that recovery of ₹ 2,092.06 crore was pending for more than five years. Clearance of arrears of such magnitude requires focused efforts by all departments concerned and a push for coordination with other departments such as banks, police department and quasi-judicial/ judicial bodies involved in the process of recovery. Total arrears of ₹ 5,217.48 crore were pending with the departmental authorities as on 31 March 2018. As can be seen from table 1.1.1, this amounts to 30 per cent of the total revenue raised by the GoA in 2017-18.

1.3 Arrears in Assessments

The details of arrears in assessments pending at the beginning of the year, cases becoming due for assessments during the year, cases disposed of during the year and number of cases pending for assessment at the end of the year as furnished by the Finance (Taxation) Department in respect of various taxation Acts are given in **Table 1.3**.

Table 1.3
Arrears in assessments

Head of revenue	Arrears of assessment due as on 31 March 2017	New cases due for assessments during 2017-18	Total assessment 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)
Sales Tax (AGST/AVAT/CST Acts)	15,267	13,719	28,986	12,573	16,413	43.38
APTC & E Taxation Act ³	27,592	21,909	49,501	22,298	27,203	45.05
Amusement & Betting Taxation Act	537	429	966	349	617	36.13
Entry Tax Act	3,119	1,614	4,733	1,369	3,364	28.93
Luxury (Hotel & Lodging Houses) Act	430	319	749	269	480	35.91
Electricity Duty Act	2,488	333	2,821	174	2,647	6.17
Taxation (on Specified Lands) Act	621	540	1,161	187	974	16.11
Agricultural Income Tax Act	1,388	750	2,088	599	1,489	28.69
Total	51,442	39,613	91,005	37,818	53,187	41.56

The assessments pending at the end of the year increased over the previous year in respect of all the cases except Assam Professions, Trades, Callings and Employments Taxation Act, 1947. The percentage of disposal of cases due for assessment in respect of Assam Electricity Duty Act, 1964 was particularly poor (6.17 per cent). Further, the percentage of overall disposal compared to the cases due for assessment was only 41.56 per cent which resulted in increase of arrears of assessment. Pendency in assessment may result in non/short realisation of Government revenues and further accumulation in arrears of revenue.

Recommendation No. 1: The Department should take proactive steps to dispose of arrears of assessment in a time bound manner.

1.4 Evasion of tax detected by the Department

The details of cases of tax evasion detected by the Finance (Taxation) Department, cases finalised and the demands for additional tax raised as reported by the department is given in **Table 1.4**.

³ Assam Professions, Trades, Calling and Employment Taxation Act, 1974

Table 1.4

Evasion of tax

Head of revenue	Cases pending as on 31 March 2017	Cases detected during 2017-18	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 2018
				Number of cases	Amount of demand (₹ in crore)	
Sales Tax/ VAT	364	930	1,294	1,016	5.39	278
Total	364	930	1,298	1,016	5.39	278

The department detected 930 cases of tax evasion in 2017-18 and raised additional demand of ₹ 5.39 crore during the year. However, the cases pending at the end of the year stood at 278 against 364 cases in the previous year. The department needs to make efforts to clear the pending cases. However, other departments did not furnish the information on evasion of taxes though called for (August 2018).

1.5 Pendency of refund cases

The number of refund cases pending at the beginning of 2017-18, claims received during the year, refunds allowed during the year and the cases pending at the close of 2017-18, as reported by the Finance (Taxation) Department is given in **Table 1.5**.

Table 1.5
Details of pendency of refund cases

Sl. No.	Particulars	Sales Tax/VAT	
		No. of cases	Amount
1.	Claims outstanding at the beginning of the year ⁴	60	70.29
2.	Claims received during the year	113	46.64
3.	Refunds allowed during the year	113	39.13
4.	Balance outstanding at the end of the year	60	77.80

It can be seen from the above table that there were 60 cases involving ₹ 77.80 crore which were outstanding at the end of the year. The Assam Value Added Tax Act provides for the payment of interest at the rate of nine *per cent* per annum in case of refund, if the amount is not refunded to the dealer within 90 days from the date of any order, authorising such refund.

Recommendation No.2: The Department, needs to put in place a mechanism to monitor the pendency of refund cases to ensure that there is no delay in refund of dues, so that payment of interest is avoided.

1.6 Response of Government/departments towards audit

The Accountant General (Audit), Assam (AG) conducts periodical inspection of the Government offices to test check their transactions and verify the maintenance of

⁴ The CT, Assam stated (November 2018) that the claims of outstanding amount at the beginning of 2017-18 does not tally with the balance outstanding amount at the end of 2016-17. This is because the ACT, Bongaigaon unit had shown ₹ 119.55 crore by mistake instead of ₹ 54.66 crore. This has been corrected this year.

important accounts and other records as prescribed under the extant rules and procedures. These inspections are followed up with the 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 higher authorities for taking prompt corrective action. The heads of the offices are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial replies to the AG within one month from the date of issue of the IRs.

With respect to IRs issued upto December 2017, the position was that 5,511 paragraphs pertaining to 1,061 IRs involving ₹ 2,312.82 crore remained outstanding at the end of June 2018 as shown in **Table 1.6**, alongwith the corresponding figures for the preceding two years.

Table 1.6
Details of pending IRs

	June 2016	June 2017	June 2018
Number of IRs pending for settlement	918	1,005	1,061
Number of outstanding audit paragraphs	3,521	4,018	5,511
Amount of revenue involved (₹ in crore)	7,169.23	7,524.37	2,312.82 ⁵

1.6.1 The department-wise details of the IRs and paragraphs outstanding as on 30 June 2018 and the amounts involved are given in **Table 1.6.1**.

Table 1.6.1
Department-wise details of outstanding IRs

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	₹ in crore)	
				Number of outstanding audit paragraphs	Money value involved
1.	Finance (Taxation)	Taxes on sales, trade etc.	241	2,672	842.62
		Agricultural Income Tax	15	43	7.97
		Other Taxes	96	327	384.65
2.	Excise	State Excise	120	656	678.02
3.	Transport	Taxes on Motor Vehicles	141	576	90.32
4.	Revenue and Disaster Management (Registration)	Stamps and Registration fees	125	266	10.21
5.	Mines and Minerals	Non-ferrous mining and metallurgical industries	10	12	106.12
6.	Environment and Forests	Forestry and Wild Life	313	959	192.91
Total			1,061	5,511	2,312.82

Audit did not receive even the first replies from the heads of offices within one month from the date of issue of the IRs in respect of 69 IRs issued during 2017-18.

⁵ The main reason for drastic reduction in amount of revenue was due to settlement/deletion of paragraphs during Audit Committee Meeting in May 2018 in respect of Mines and Minerals Department. Further, some paragraphs under Mines and Minerals Department relating to surface rent were settled due to payment of surface rent at old rates instead of revised rates as per Order of Hon'ble Gauhati High Court and deletion of some IR/paragraphs featured in earlier C&AG's Audit Reports on Revenue Receipts, GoA. Further, number of paragraphs, though increased upto June 2018, have no significant money value involved in those paragraphs.

Further, the large pendency of IRs/paragraphs was due to non-receipt of replies which indicates that the heads of offices did not initiate action to rectify the defects, omissions and irregularities pointed out by the AG in the IRs.

Recommendation No. 3: The departments should take action to clear all outstanding IRs/paragraphs by furnishing replies within the prescribed timeframe.

1.6.2 Departmental Audit Committee Meetings

The Government set up audit committees to monitor and expedite the progress of the settlement of the IRs and paragraphs. The details of the Audit Committee Meetings held during 2017-18 and the paragraphs settled as a consequence thereof is given in **Table 1.6.2**.

Table 1.6.2
Details of Departmental Audit Committee Meetings

Sl. No.	Head of revenue	Number of meetings held	Number of paras settled	(₹ in crore)
				Amount
1.	Environment & Forests	02	146	35.76
Total		02	146	35.76

During the year, two Audit Committee Meetings were held in which 735 paras were discussed and 146 paras (20 per cent) were dropped on the basis of replies furnished by the Environment & Forests Department.

Recommendation No. 4: In view of the increasing trend of outstanding IRs/audit paragraphs (refer para 1.6.1), the Government needs to prescribe holding of Quarterly Audit Committee Meetings for every department to facilitate timely disposal of outstanding IRs/audit paragraphs.

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

Between July and August 2018, 37 draft paragraphs and a Performance Audit (PA) on 'Collection of arrears of revenue in Finance (Taxation) Department' were sent to the Principal Secretaries/Secretaries of the respective Departments. The replies furnished by the Departments/Directorates have been appropriately incorporated in the respective paragraphs. However, eight draft paragraphs have been withdrawn as

assessments were under sub-judice or relevant information/documents and satisfactory replies have been furnished by the Departments/Government. In respect of eight draft paragraphs, an amount of ₹ 0.53 crore had been partially recovered by Finance (Taxation) Department, Excise Department and Transport Department.

1.6.4 Follow up on the Audit Reports

The internal working system of the Public Accounts Committee (PAC), notified in August 2001, September 2014 and October 2018 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 Reports, for consideration of the PAC. In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately. 151 paragraphs included in the Reports of the Comptroller and Auditor General of India on Revenue Sector of the Government of Assam for the years ended 31 March 2013-17 were placed before the State Legislature between August 2014 and September 2018. In none of the cases, action taken explanatory notes of the Departments were received within the stipulated time line.

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, the action taken on the paragraphs and PAs included in the Audit Reports of the last five years for one department is evaluated in detail and included in this Audit Report.

Paragraphs 1.7.1 and 1.7.2 discuss the performance of **Finance (Taxation) Department** in respect of the cases detected in the course of local audit during the last five years and also the cases included in the Audit Reports for years 2013-14 to 2017-18.

1.7.1 Position of Inspection Reports

The summarised position of IRs issued during the last five years, paragraphs included in these IRs and their status as on 31 March 2017 in respect of Finance (Taxation) Department are tabulated in **Table 1.7.1**.

Table 1.7.1

Position of Inspection Reports

(₹ in crore)

Year	Opening Balance			Addition during the year			Clearance during the year			Closing Balance		
	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value
2013-14	151	1008	435.87	30	308	126.49	03	51	13.51	178	1265	548.85
2014-15	178	1265	548.85	29	224	105.59	04	72	32.94	203	1417	621.51
2015-16	203	1417	621.51	20	121	85.36	03	181	133.54	220	1357	573.33
2016-17	220	1357	573.33	23	250	211.5	00	26	14.74	243	1581	770.09
2017-18	243	1581	770.09	19	229	301.15	02	30	43.99	260	1780	1027.25

It is evident from the above table that, against 151 outstanding IRs with 1008 paragraphs at the beginning of 2013-14, the number of outstanding IRs had increased to 260 with 1780 paragraphs at the end of 2017-18.

During 2013-18, only one Audit Committee Meeting between the Department and AG was held to settle the old paragraphs in 2014-15, as a result of which six paragraphs could be settled. This was out of a total of 360 paragraphs cleared during the same period.

1.7.2 Recovery of amounts in respect of accepted cases

The position of paragraphs included in the Audit Reports of the last five years, those accepted by Finance (Taxation) Department and the amount recovered thereagainst are given in **Table 1.7.2**.

Table 1.7.2

Position of recovery of 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 recovered	Cumulative position of recovery of accepted cases as of 31 March 2017
2012-13	32	35.62	27	31.72	4.28	6.97
2013-14	10 ⁶	395.02	9	5.72	0.61	
2014-15	15 ⁷	218.23	10	11.02	0.32	
2015-16	11 ⁸	285.44	6	7.57	--	
2016-17	11	14.34	7	12.42	1.76	

It is evident from the above table that the progress of recovery even in accepted cases was very slow during the last five years.

Recommendation No. 5: The Department should take immediate action to pursue and monitor recovery of the dues involved at least in the accepted cases.

⁶ PA on 'Efficiency and effectiveness of Scrutiny and Assessment under AVAT and CST Acts'.

⁷ PA on 'Admissibility of Input Tax Credit'

⁸ Compliance Audit on 'Impact of Tax Exemptions to Industrial Units of Assam'

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

The Performance Audits (PAs) conducted by the AG are forwarded to the departments concerned with a request to furnish their replies. These PAs are further discussed during exit conference and the department's views received during the exit conference and at other points of time are included while finalising the PAs for the Audit Reports. Besides, Audit also makes recommendations against some specific issues brought out in the PAs wherever felt appropriate.

During 2013-14, a PA on 'Efficiency and effectiveness of Scrutiny and Assessment under AVAT and CST Acts' was carried out wherein 10 recommendations were made to the Finance (Taxation) Department. The Department reported that action was taken in respect of the recommendations and also against other paragraphs featured in the PA (details are given in **Appendix – I**). It was observed that the Department had taken steps to streamline its system and procedures in the light of audit concerns brought out in the said PA.

1.8 Audit Planning

For the purposes of audit, the offices under various departments are categorised as 'high', 'medium' and 'low' risk units according to their quantum of revenue collection, past nature and trends of audit observations and other parameters. The annual audit plan of the AG is prepared on the basis of risk analysis which *inter-alia* includes critical issues in government revenue and tax administration i.e. budget speech, white paper on state finances, Reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of revenue earnings during the past five years, factors in tax administration and audit coverage and its impact during past five years.

During 2017-18, against a total of 368 auditable units, 100 units were planned and audited. The details are given in **Appendix – II**.

Besides, the above audits, a Performance Audit (featured in paragraph 2.4 of this Report) was also taken up during the year.

1.9 Results of Audit

1.9.1 Position of audit conducted during the year

Test check of records of 100 offices of Finance (Taxation), State Excise, Transport, Environment and Forests and other departmental offices conducted during 2017-18 detected under-assessment/short levy/loss of revenue aggregating ₹ 986.64 crore in 931 cases. During the course of the year, the departments concerned accepted under-assessment and other deficiencies amounting to ₹ 1.13 crore involving 10 cases pointed out in audit during 2017-18. The departments had collected

₹ 1.89 crore in 47 cases during 2017-18, pertaining to the audit findings of previous years also.

1.9.2 Coverage of this Report

This Report contains 29 paragraphs suitably clubbed into appropriate captions and a PA on 'Collection of arrears of revenue in Finance (Taxation) Department' having a total financial effect of ₹ 666.47 crore of which the departments accepted audit observations in 28 cases (including PA) involving revenue of ₹ 666.07 crore and recovered revenue of ₹ 0.53 crore.

