

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 during the year 2017-18 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	2013-14	2014-15	2015-16	2016-17	2017-18 ¹
1.	Revenue raised by the State Government					
	Tax revenue	25,566.60	27,634.57	30,929.09	34,025.69	41,099.38 ²
	Non-tax revenue	4,975.06	4,613.12	4,752.48	6,196.09	9,112.85
	Total	30,541.66	32,247.69	35,681.57	40,221.78	50212.23
2.	Receipts from the Government of India					
	Share of net proceeds of divisible Union taxes and duties	3,343.24	3,548.09	5,496.22	6,597.47	7,297.52 ³
	Grants-in-aid	4,127.18	5,002.88	6,378.76	5,677.57	5,185.12 ⁴
	Total	7,470.42	8,550.97	11,874.98	12,275.04	12,482.64
3.	Total revenue receipts of the State Government (1 and 2)	38,012.08	40,798.66	47,556.55	52,496.82	62,694.87
4.	Percentage of 1 to 3	80	79	75	77	80

¹ Finance Account of the State Government.

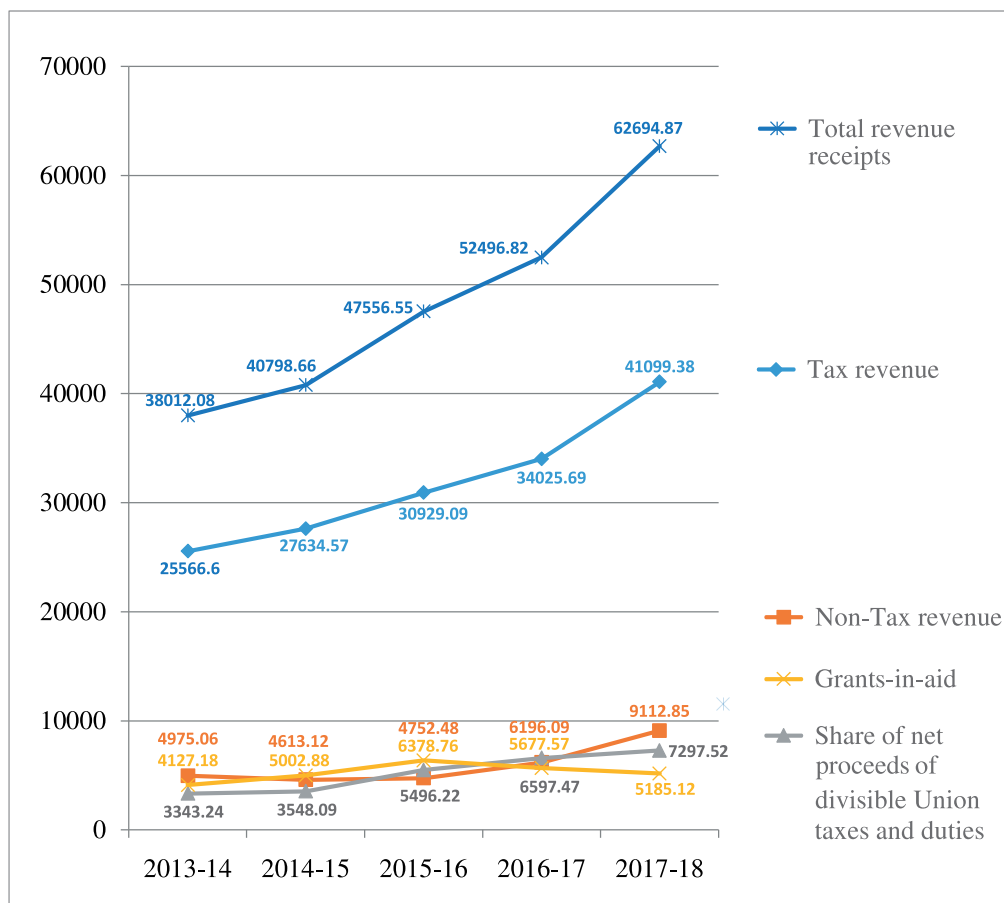
² This includes amount of ₹ 10,833.43 crore received under Major Head 0006-State Goods and Services Tax

³ This includes amount of ₹ 104.36 crore received from Government of India as share of Central Goods and Services Tax and ₹ 737.08 crore as share of Integrated Goods and Services Tax.

⁴ This includes amount of ₹ 1,199.00 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 2013-14 to 2017-18 is depicted in the **Chart 1.1**.

Chart 1.1



During the year 2017-18, the revenue raised by the State Government (₹ 50,212.23 crore) was 80 per cent of the total revenue receipts. The balance 20 per cent of the receipts during the year 2017-18 was from 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 2013-14 (80 per cent) to 2016-17 (77 per cent). Thereafter, for the year 2017-18 it increased to 80 per cent.

1.1.2 The details of tax revenue raised during the period 2013-14 to 2017-18 are given in the Table below:-

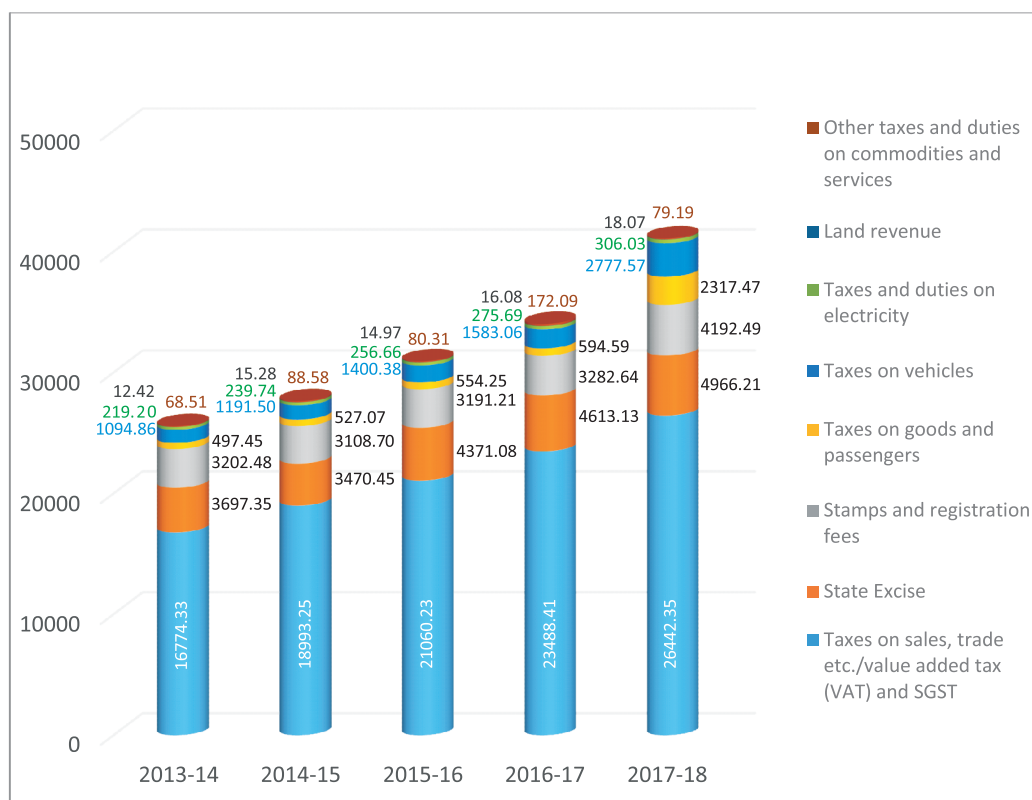
Table 1.1.2: Details of Tax Revenue raised

(₹ in crore)

Sr. No	Head of revenue	2013-14	2014-15	2015-16	2016-17	2017-18	
		Actual (percentage to total receipts)	Actual (percentage to total receipts)	Actual (percentage to total receipts)	Actual (percentage to total receipts)	Actual (percentage to total receipts)	Percentage of increase (+) or decrease (-) of Actuals of 2017-18 over actuals of 2016-17
1.	Taxes on sales, trade etc./value added tax (VAT) & SGST	16,774.33 (65.61)	18,993.25 (68.73)	21,060.23 (68.09)	23,488.41 (69.03)	26,442.35 (64.34)	-33.55
2.	State Excise	3,697.35 (14.46)	3,470.45 (12.56)	4,371.08 (14.13)	4,613.13 (13.56)	4,966.21 (12.08)	7.65
3.	Stamps and registration fees	3,202.48 (12.53)	3,108.70 (11.25)	3,191.21 (10.32)	3,282.64 (9.65)	4,192.49 (10.20)	27.72
4.	Taxes on goods and passengers ⁵	497.45 (1.95)	527.07 (1.91)	554.25 (1.79)	594.59 (1.75)	2,317.47 (5.64)	289.76
5.	Taxes on vehicles	1,094.86 (4.28)	1,191.50 (4.31)	1,400.38 (4.53)	1,583.06 (4.65)	2,777.57 (6.76)	75.46
6.	Taxes and duties on electricity	219.20 (0.86)	239.74 (0.87)	256.66 (0.83)	275.69 (0.81)	306.03 (0.74)	11.00
7.	Land revenue	12.42 (0.05)	15.28 (0.06)	14.97 (0.05)	16.08 (0.05)	18.07 (0.04)	12.38
8.	Other taxes and duties on commodities and services	68.51 (0.27)	88.58 (0.32)	80.31 (0.26)	172.09 (0.51)	79.19 (0.19)	-53.98
	Total	25,566.60	27,634.57	30,929.09	34,025.69	41,099.38	20.79
	% increase over previous year		8.08	11.92	10.01	20.79	

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

Chart 1.2



The tax revenue increased from ₹ 25,566.60 crore in 2013-14 to ₹ 41,099.38 crore in 2017-18. The growth of tax revenue over the years is eight to 21 per cent.

The respective Departments reported the following reasons for the variations:

- Stamps and Registration Fees:** During the last five years, the stamps and registration fees has increased to ₹ 4,192.49 crore in 2017-18 as against ₹ 3,282.64 crore in 2016-17 which was due to increase of transactions of immovable property.
- Taxes on Motor Vehicles:** The increase in actual receipts of ₹ 2,777.57 crore in 2017-18 against ₹ 1,583.06 crore in 2016-17 was due to merger of Passenger & Goods Tax in Motor Vehicles tax and intensive checking of overloaded vehicles on road.
- Taxes on goods and passengers:** The increase in actual receipts of ₹ 2,317.47 crore in 2017-18 against ₹ 594.59 crore in 2016-17 was due to amount deposited in the scheme namely “The Haryana one-time

settlement scheme for recovery of outstanding dues, introduced on 22 June 2017”.

- **Taxes on sales, trade etc./value added tax:** In 2017-18, VAT receipt was ₹ 15,608.92 crore and SGST receipt was ₹10,833.43 crore.

1.1.3 The details of the non-tax revenue raised during the period 2013-14 to 2017-18 are indicated in the Table below:-

Table 1.1.3: Details of Non-Tax Revenue raised

(₹ in crore)

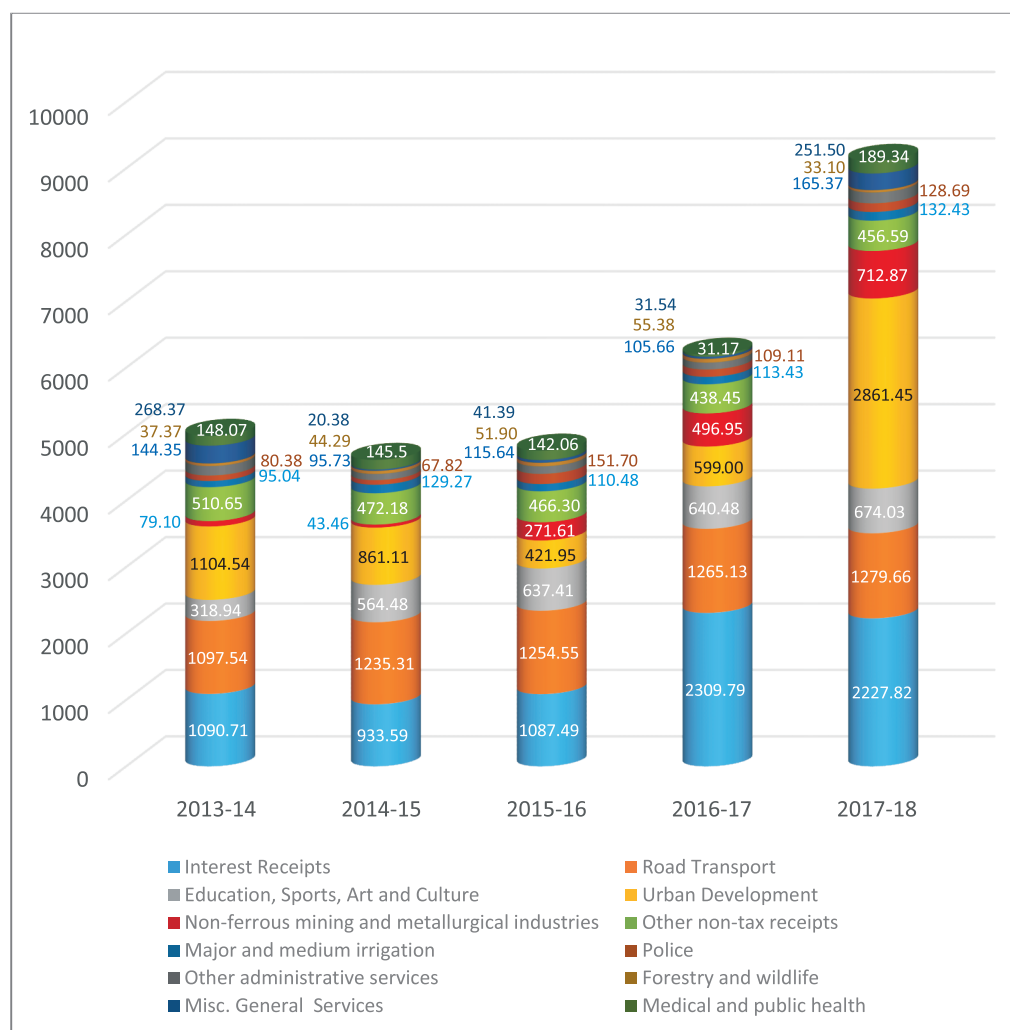
Sr. No.	Head of revenue	2013-14	2014-15	2015-16	2016-17	2017-18	Percentage of increase (+) or decrease (-) of Actuals of 2017-18 over actuals of 2016-17
		Actual (percentage to total receipts)	Actual (percentage to total receipts)	Actual (percentage to total receipts)	Actual (percentage to total receipts)	Actual (percentage to total receipts)	
1.	Interest Receipts	1,090.71 (21.92)	933.59 (20.24)	1,087.49 (22.88)	2,309.79 (37.28)	2,227.82 (24.45)	-3.55
2.	Road Transport	1,097.54 (22.06)	1,235.31 (26.78)	1,254.55 (26.40)	1,265.13 (20.42)	1,279.66 (14.04)	1.15
3.	Education, Sports, Art and Culture	318.94 (6.41)	564.48 (12.24)	637.41 (13.41)	640.48 (10.34)	674.03 (7.40)	5.24
4.	Urban Development	1,104.54 (22.20)	861.11 (18.67)	421.95 (8.88)	599.00 (9.67)	2,861.45 (31.40)	377.70
5.	Non-ferrous mining and metallurgical industries	79.10 (1.59)	43.46 (0.94)	271.61 (5.72)	496.95 (8.02)	712.87 (7.82)	43.45
6.	Other non-tax receipts	510.65 (10.26)	472.18 (10.24)	466.30 (9.81)	438.45 (7.08)	456.59 (5.01)	4.14
7.	Major and medium irrigation	95.04 (1.91)	129.27 (2.80)	110.48 (2.32)	113.43 (1.83)	132.43 (1.45)	16.75
8.	Police	80.38 (1.62)	67.82 (1.47)	151.70 (3.19)	109.11 (1.76)	128.69 (1.41)	17.95
9.	Other administrative services	144.35 (2.90)	95.73 (2.08)	115.64 (2.43)	105.66 (1.71)	165.37 (1.81)	56.51
10.	Forestry and wildlife	37.37 (0.75)	44.29 (0.96)	51.90 (1.09)	55.38 (0.89)	33.10 (0.36)	-40.23

Report for the year 2017-18 (Revenue Sector)

Sr. No.	Head of revenue	2013-14	2014-15	2015-16	2016-17	2017-18	Percentage of increase (+) or decrease (-) of Actuals of 2017-18 over actuals of 2016-17
11.	Misc. General Services ⁶	268.37 (5.39)	20.38 (0.44)	41.39 (0.87)	31.54 (0.51)	251.50 (2.76)	697.40
12.	Medical and public health	148.07 (2.98)	145.50 (3.15)	142.06 (2.99)	31.17 (0.50)	189.34 (2.08)	507.44
Total		4,975.06	4,613.12	4,752.48	6,196.09	9,112.85	47.07

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

Chart 1.3



⁶ Unclaimed deposits, State Lotteries, Sale of land/property, Guarantee fee and other receipts.

There is an increase of 47.07 *per cent* in actual receipts in 2017-18 over actual receipts of 2016-17. Interest receipt (24.44 *per cent*), Urban development (31.40 *per cent*) and Road Transport (14.04 *per cent*) are main contributors to non-tax revenue and as a whole contribute approximate 70 *per cent* to total non-tax revenue.

The concerned departments attributed the following reasons for variations:-

- **Non-ferrous mining and metallurgical industries:** The increase in actual receipts in 2017-18 (43.45 *per cent*) over 2016-17 was due to effective recovery of dues, regular checking of illegal mining and recovery of penalty from persons found indulging in illegal mining.
- **Major and Medium Irrigation:** The increase in actual receipts in 2017-18 (16.75 *per cent*) over 2016-17 was due to recovery of outstanding arrears of previous year and increase in receipts from sale of mineral during de-silting of various major Canals.
- **Miscellaneous General Services:** The increase in actual receipts in 2017-18 (697.40 *per cent*) over 2016-17 was due to more receipt of guarantee fees.
- **Urban development:** There was sharp increase in revenue from ₹ 599.00 crore in 2016-17 to ₹ 2,861.45 crore in 2017-18. As per decision taken by the State Government, the amount of external development charges (EDC) recovered from licencees is being deposited in major receipts head 0217 of the Town and Country Planning (TCP) department w.e.f. 01 April 2017. Earlier EDC recovered by TCP Department from the licencees was transferred to Haryana Shahri Vikas Pradhikaran (HSVP) being Nodal agency of the State Government for execution of External Development Works in the Urban Estates of Haryana.
- The other Departments did not intimate the reasons for variations in receipts despite being requested (November 2018).

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2018 in some principal heads of revenue amounted to ₹ 12,446.12 crore of which ₹ 2,124.00 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 2018	Amount outstanding for more than five years as on 31 March 2018	Replies of Department
1.	Taxes on sales, trade/VAT etc.	11,069.39	1,700.35	Recovery of ₹ 631.32 crore was stayed by the High Court and other judicial authorities and ₹ 289.17 crore was stayed by order of Government. Recovery of ₹ 101.49 crore was withheld due to the dealers becoming insolvent, ₹ 209.00 crore was likely to be written off and ₹ 1,208.34 crore was held on due to rectification/review/appeal. Recovery of arrears of ₹ 2,149.64 crore was pending on account of cases pending in court and ₹ 1,886.16 crore was pending on account of non-recovery by the department due to other reasons. Recovery of ₹ 544.19 crore was pending with official Liquidator/Board of Industrial and Financial Reconstruction (BIFR). Inter State arrears were ₹ 101.50 crore and Inter districts arrears were ₹ 88.75 crore. Recovery of ₹ 1.03 crore was being made in instalments. Balance amount of ₹ 3,858.80 crore was in different stages of action.
2.	State Excise	233.69	95.83	Recovery of ₹ 20.37 crore was stayed by High Court and other judicial authorities and ₹ 0.73 crore was stayed by order of Government ₹ 0.60 crore was likely to be written off. ₹ 17.49 crore was due to inter-State ₹ 48.84 crore inter-districts arrears. Recovery of ₹ 0.06 crore was being made in instalments. ₹ 15.41 crore was pending on account of cases pending in court. ₹ 48.12 crore was pending on account of non recovery by the department due to other reasons. ₹ 3.18 crore was pending with official liquidator/BIFR. Balance of ₹ 78.89 crore was outstanding at different stages of action.
3.	Taxes and duties on electricity	261.46	138.68	₹ 260.46 crore was pending towards consumers of Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL)/Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) and ₹ 1.00 crore was pending against M/S Haryana Concast, Hisar.
4.	Tax on entry of goods into local areas (Local Area Development Tax)	201.46	147.96	Recovery of ₹ 138.76 crore was stayed by High Court and other judicial authorities and an amount of ₹ 62.70 crore was outstanding at different stages of action.
5.	Police	92.50	8.20	Rupees ₹ 7.38 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

Sr. No.	Heads of revenue	Amount outstanding as on 31 March 2018	Amount outstanding for more than five years as on 31 March 2018	Replies of Department
				Government. ₹ 0.29 crore was recoverable from Bhakra Beas Management Board, Faridabad and ₹ 84.83 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	11.22	Recovery of ₹ 0.42 crore was stayed by the High Court and other judicial authorities, ₹ 0.02 crore was likely to be written off and balance amount of ₹ 11.25 crore was outstanding at different stages of action.
7.	Non-ferrous mining and metallurgical industries	575.93	21.76	₹ 271.44 crore was outstanding on account of demand covered by recovery certificate, ₹ 0.54 crore stayed by High Court and Judicial authority. ₹ 2.65 lakh was likely to be written off. Balance of ₹ 303.92 crore was outstanding at different stages of action.
	Total	12,446.12	2,124.00	

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 was as 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
	2016-17	2,29,719	2,28,741	4,58,460	2,03,533	2,54,927	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 40 only.

1.4 Evasion of tax detected by the Department

The details of cases of evasion of tax detected by the Excise & 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 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)	
1.	Taxes on sales, trade etc./ VAT	134	1,303	1,437	1,382	88.63	55
2.	State excise	589	8,053	8,642	8,246	6.99	396
Total		723	9,356	10,079	9,628	95.62	451

The number of cases pending at the end of the year has decreased in the case of Taxes on sales, trade etc./VAT and 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 2017-18, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2017-18 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	579	115.30	41	7.16
2.	Claims received during the year	2352	659.83	806	57.20
3.	Refunds made/adjusted/rejected during the year	2583	685.17	802	62.90
4.	Balance outstanding at the end of year	348	89.96	45	1.46

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

1.6 Internal Audit

During the year 2017-18, out of 257 units planned for audit, Internal Audit Cell audited 219 units (85 per cent) as detailed in the Table below:-

Table 1.6: Internal Audit

Receipts	Number of units Planned	Number of units audited
Stamp Duty	142	142
State Excise	21	20
VAT/Sales Tax	Nil	Nil
Motor Vehicle Tax	94	57
Total	257	219

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. It is observed that there is no system of internal audit of VAT/Sales tax in the department.

1.7 Response of the Government/Departments towards audit

The Principal 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 2017 disclosed that 6,915 paragraphs involving ₹ 6,577.52 crore relating to 2,446 IRs remained

outstanding at the end of June 2018 as mentioned below in the Table below along with the corresponding figures for the preceding two years.

Table 1.7: Details of pending Inspection Reports

	June 2016	June 2017	June 2018
Number of IRs pending for settlement	2,143	2,302	2,446
Number of outstanding audit observations	5,389	6,430	6,915
Amount of revenue involved (₹ in crore)	5,802.87	5,869.33	6,577.52

1.7.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2018 and the amounts involved are mentioned in the 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	Excise and Taxation	Sales tax /VAT	334	2,828	5,342.97
		State Excise	173	305	160.11
		Taxes on goods and passengers	247	441	38.70
		Entertainment duty and show tax	22	24	11.63
2	Revenue	Stamps and registration fees	1,057	2,493	370.43
		Land Revenue	135	174	0.81
3	Transport	Taxes on vehicles	380	524	27.70
4	Power	Taxes and duties on electricity	7	8	5.89
5	Mines and Geology	Non-ferrous mining and metallurgical industries	91	118	619.28
Total			2,446	6,915	6,577.52

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 2017-18 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	106	46.62
2	Transport Department	3	62	1.01
3	Revenue Department	2	30	1.14
4	Mines and Geology Department	1	8	0.11
	Total	12	206	48.88

857 paras were discussed in ACMs out of which 206 paras worth ₹ 48.88 crore were settled during 2017-18 whereas 1295 paras were discussed in ACMs during the year 2016-17 out of which 240 paras worth ₹ 570.45 crore were settled. It shows an increase in percentage of paras settled during the year 2017-18 (24 per cent) as compared to paras settled in 2016-17 (19 per cent).

1.7.3 Non production of records to audit for scrutiny

During the year 2017-18, 199 files out of 36,208 assessment files and other relevant records involving tax effect of ₹ 375.06 crore were not made available to audit. District-wise detail of cases is depicted in **Table 1.7.3** below:-

Table 1.7.3: Details of non-production of records

Name of the Office/Department	Year in which it was to be audited	Number of cases not produced	Tax amount/refunds (₹ in crore)
Assessment cases			
Deputy Excise and Taxation Commissioner (ST) Gurugram (west)	2017-18	156	248.06
DETC (ST) Rewari	2017-18	02	114.68
DETC (ST) Mewat	2017-18	02	1.78
DETC (ST) Kaithal	2017-18	01	0.71
DETC (ST) Sirsa	2017-18	38	9.83
Total		199	375.06

The above table shows that 199 cases amounting to ₹ 375.06 crore relating to DETCs (ST), Gurugram (West) Rewari, Mewat, Kaithal and Sirsa 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 PAG 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.

Thirty draft paragraphs (clubbed into 27 draft paragraphs) and one Performance Audit were sent to the Additional Chief Secretaries of the respective Departments between February and July 2018 and revised Performance Audit in July 2019. 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 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 65 paragraphs from four departments {Excise and Taxation (41), Transport (4), Revenue (17) and Mines and Geology (3)} as mentioned in **Annexure I** had not been received for the Audit Reports for the year ended 31 March 2015, 2016 and 2017 so far (June 2018).

The PAC discussed 18 selected paragraphs pertaining to the Audit Reports for the year 2012-13 and its recommendations on 18 paragraphs were incorporated in their 75th Report for the year 2017-18. 1,011 recommendations pertaining to the period 1979-80 to 2013-14 contained in 22nd to 75th Reports of PAC as mentioned in **Annexure II** were still pending for want of final corrective action to be taken by the concerned Departments.

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 Transport Department under Taxes on Motor Vehicles and cases detected in the course of local audit during the last 10 years included in the Audit Reports for the year 2008-09 to 2017-18.

1.8.1 Position of Inspection Reports

The summarised position of the inspection reports issued to the Transport Department during the last 10 years, paragraphs included in these reports and their status as on 31 March 2018 are brought out in **Annexure III**.

The number of outstanding IRs increased from 264 in 2008-09 to 360 in 2017-18 and paragraphs have increased from 340 in 2008-09 to 500 in 2017-18 as on 31 March 2018. 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**.

The progress of recovery even in accepted cases was low (12 *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 Action taken on the recommendations on performance audit accepted by the Departments/Government

The Performance Audits conducted by the PAG are forwarded to the concerned Department/Government with a request to furnish replies. These Performance Audits were also discussed in exit conferences and the views of the Departments/Governments are included while finalising the Performance Audit for the Audit Reports.

The Performance Audit titled ‘System of Assessment under VAT’, ‘‘Receipt from State Excise Duty’’ and ‘‘Exemption and Concessions against declaration forms’’ of Excise and Taxation Department, Haryana that featured in the Audit Reports for the years 2014-15 to 2016-17 were yet to be taken up for discussion in the PAC.

1.10 Audit planning

There are a total of 522 auditable units in the State of Haryana of which 312 units were planned and 314 units audited during 2017-18. The units were selected on the basis of risk analysis.

1.11 Results of audit

Position of local audits conducted during the year

Out of 522 auditable units, test check of the records of 314 (Revenue 312 + expenditure 02) units of Sales Tax/Value Added Tax, State Excise, Stamp Duty and Registration fees, Motor Vehicles, Goods and Passengers and other Departmental offices conducted during the year 2017-18 revealed under-assessment/short levy/loss of revenue aggregating to ₹ 3,298.68 crore in 22,744 cases. During the course of the year, the departments concerned accepted under-assessment and other deficiencies of ₹ 1,525.34 crore involved in 5,743 cases. The departments recovered ₹ 29.66 crore in 164 cases during the year 2017-18.

1.12 Coverage of this Report

This Report contains one Performance Audit on ‘‘**Functioning of Mines and Geology Department**’’ and 27 audit paragraphs involving financial effect ₹ 1,711.40 crore.

The Departments/Government have accepted audit observations involving ₹ 1,422.28 crore out of which ₹ 29.29 crore had been recovered. These are discussed in the succeeding Chapters II to VI.