

CHAPTER-I

GENERAL

EXECUTIVE SUMMARY

Marginal growth rate in revenue receipts of the State	Total tax and non-tax revenue of the State during 2012-13 was ₹ 11,759.30 crore which represented a marginal growth rate of 17.69 <i>per cent</i> over the earlier year. Out of this ₹ 8,223.67 crore was from tax revenue and ₹ 3,535.63 crore from non-tax revenue. The State received ₹ 4,822.20 crore as Grants-in-aid and ₹ 8,188.05 crore as share of net proceeds of divisible Union Taxes.
Poor response of the Department/Government towards audit	We have not received even the first replies to 221 Inspection Reports issued by us from 2003-04 to December 2012.
Non-production of records to audit	Fifteen offices of four Departments (Commercial Taxes, Revenue and Land Reforms, Transport and Mines and Geology) did not furnish 260 assessment records during 2012-13.
Limited impact of Departmental audit committee meetings	Ten Departmental audit committee meetings were held during 2012-13 and 301 outstanding paragraphs having financial implication of ₹ 66.78 crore were settled.
Impact of earlier Audit Reports	Out of the total observations of ₹ 3,787.98 crore pointed out in Audit Reports of 2007-08 to 2011-12, the Government/Departments accepted audit observations having money value of ₹ 1,246.91 crore and recovered ₹ 509.29 crore as of 31 March 2013.
Impact of Audit conducted by us in 2012-13	We test checked 130 ¹ units of various Departments during 2012-13 and noticed non/short levy of taxes, duties, royalties etc. revenue aggregating ₹ 1,532.94 crore in 25,784 cases. During the course of the year, the concerned Departments accepted under-assessment and other deficiencies of ₹ 568.52 crore involved in 21,067 cases. The Departments effected recovery of ₹ 7.02 crore in 1,024 cases in 2012-13.

¹ Excluding one test checked unit of Jharkhand State Mineral Development Corporation.

CHAPTER – I: GENERAL

1.1 Trend of receipts

1.1.1 The tax and non-tax revenue raised by the Government of Jharkhand during 2012-13, the State's share of net proceeds of divisible Union taxes, duties assigned to States and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned below:

		(₹ in crore)				
Sl. No.		2008-09	2009-10	2010-11	2011-12	2012-13
	Revenue raised by the State Government					
I.	• Tax revenue	3,753.21	4,500.12	5,716.63	6,953.89	8,223.67
	• Non-tax revenue	1,951.74	2,254.15	2,802.89	3,038.22	3,535.63
	Total	5,704.95	6,754.27	8,519.52	9,992.11	11,759.30
	Receipts from the Government of India					
II.	• State's share of divisible Union taxes	5,392.11	5,547.57	6,154.35	7,169.93	8,188.05 ¹
	• Grants-in-aid	2,115.78	2,816.63	4,107.25	5,257.41	4,822.20
	Total	7,507.89	8,364.20	10,261.60	12,427.34	13,010.25
III.	Total receipts of the State Government (I & II)	13,212.84	15,118.47	18,781.12	22,419.45	24,769.55
IV.	Percentage of I to III	43	45	45	45	47

The above table indicates that during the year 2012-13, the revenue raised by the State Government (₹ 11,759.30 crore) was 47 *per cent* of the total revenue receipts. The balance 53 *per cent* of receipts during 2012-13 was from the Government of India.

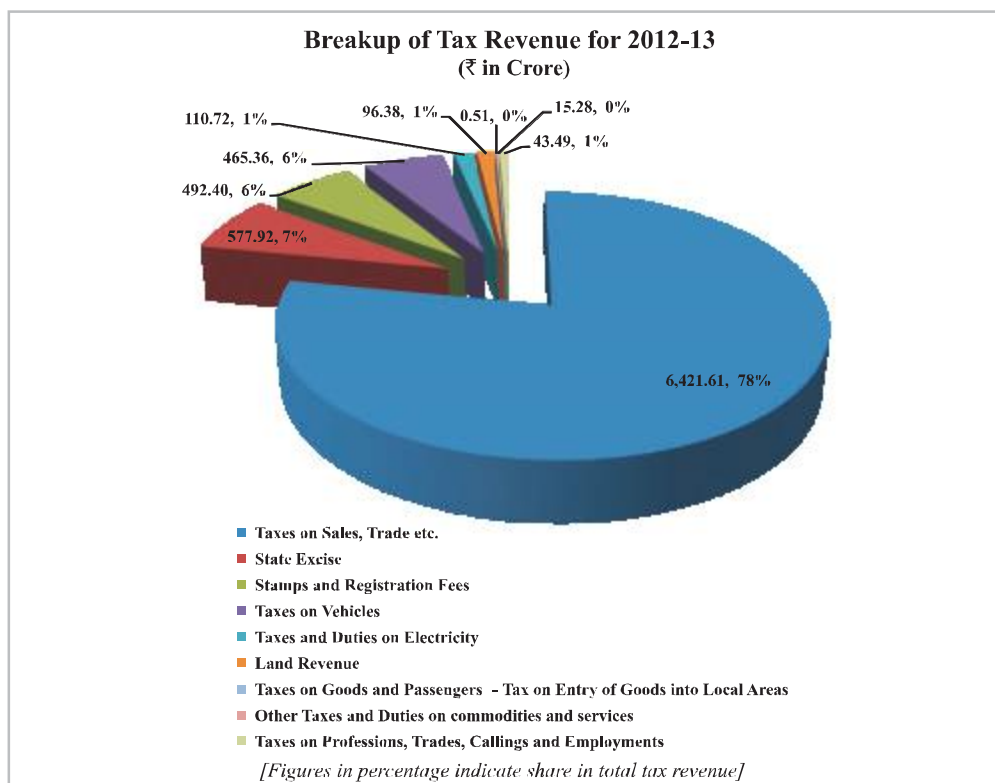
It is also seen that the revenues of the State Government were increasing at Compounded Annual Growth Rate (CAGR) of 15.56 *per cent* during past five years.

¹ For details, please see Statement No. 11 - Detailed accounts of revenue by minor heads in the Finance Accounts of the Government for the year 2012-13. Figures under the major heads 0020 - Corporation tax, 0021 - Taxes on income other than corporation tax, 0028 - Other taxes on income and expenditure (except Minor Head - 107- Taxes on Professions, Trades, Callings and Employments), 0032 - Taxes on wealth, 0044 - Service tax, 0037 - Customs, 0038 - Union excise duties and 0045 - Other taxes and duties on commodities and services- Minor Head - 901 - Share of net proceeds assigned to State booked in the Finance Accounts under "A-Tax revenue" have been excluded from the revenue raised by the State and included in the State's share of divisible Union taxes in this statement.

1.1.2 The following table presents the details of tax revenue raised during the period 2008-09 to 2012-13:

(₹ in crore)							
Sl. No.	Heads of revenue	2008-09	2009-10	2010-11	2011-12	2012-13	Percentage of increase/decrease in 2012-13 over 2011-12
1	Taxes on Sales, Trade etc.	2,996.20	3,597.20	4,473.43	5,522.02	6,421.61	(+) 16.29
2	State Excise	205.46	322.75	388.34	457.08	577.92	(+) 26.44
3	Stamps and Registration Fees	192.16	238.20	328.35	401.17	492.40	(+) 22.74
4	Taxes on Vehicles	201.57	234.21	312.37	391.92	465.36	(+) 18.74
5	Taxes and Duties on Electricity	43.47	46.87	53.50	72.76	110.72	(+) 52.17
6	Land Revenue	53.33	41.28	130.65	52.94	96.38	(+) 82.06
7	Taxes on Goods and Passengers - Tax on Entry of Goods into Local Areas	54.02	12.44	21.08	40.95	0.51	(-) 98.75
8	Other Taxes and Duties on commodities and services	7.00	7.17	8.91	15.05	15.28	(+) 1.53
9	Taxes on Professions, Trades, Callings and Employments ²	-	-	-	-	43.49	-
Total		3,753.21	4,500.12	5,716.63	6,953.89	8,223.67	(+) 18.26

Source: Finance Accounts of the Government of Jharkhand.



The reasons for variation in receipts in 2012-13 from those of 2011-12 in respect of some principal heads of tax revenue were as under:

² Enforced by S.O. 7 dated 29 June 2012.

Taxes on Sales, Trade etc.: The increase of 16.29 *per cent* was attributed (September 2013) by the Department to better and effective tax administration and revision/enhancement in rate of VAT.

State Excise: The increase of 26.44 *per cent* was attributed (June 2013) by the Department to increase in the percentage of settlement of excise retail shops and increase in the rates of different kinds of fees.

Stamps and Registration Fees: The increase of 22.74 *per cent* was attributed (August 2013) to increase in the value of land and property.

Taxes on Vehicles: The increase of 18.74 *per cent* was attributed (June 2013) to increase in number of vehicles registered.

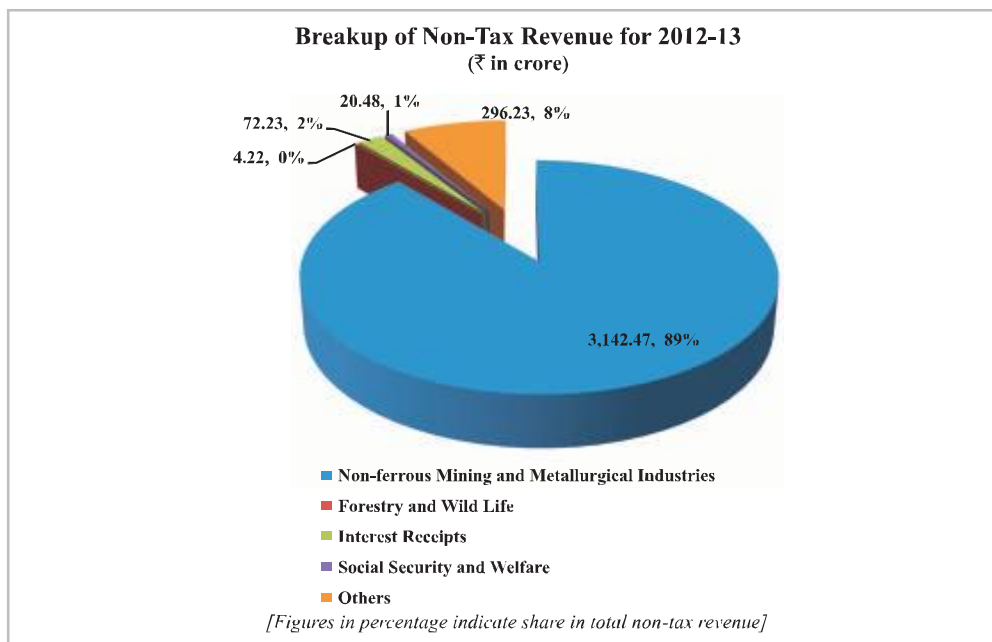
Taxes and Duties on Electricity: The increase of 52.17 *per cent* was attributed (September 2013) to better tax administration.

The other Departments did not furnish the reasons for excess/shortfall despite request (December 2013).

1.1.3 The following table presents the details of non-tax revenue raised during the period 2008-09 to 2012-13:

(₹ in crore)							
Sl. No.	Heads of revenue	2008-09	2009-10	2010-11	2011-12	2012-13	Percentage of increase/decrease in 2012-13 over 2011-12
1	Non-ferrous Mining and Metallurgical Industries	1,477.94	1,733.15	2,055.90	2,662.79	3,142.47	(+) 18.01
2	Forestry and Wild Life	7.20	3.57	4.76	3.71	4.22	(+) 13.75
3	Interest Receipts	109.53	153.20	98.74	44.16	72.23	(+) 63.56
4	Social Security and Welfare	4.25	13.49	23.85	15.42	20.48	(+) 32.81
5	Others	352.82	350.74	619.64	312.14	296.23	(-) 5.10
Total		1,951.74	2,254.15	2,802.89	3,038.22	3,535.63	(+) 16.37

Source: Finance Accounts of the Government of Jharkhand.



The reasons for variation in receipts in 2012-13 from those of 2011-12 in respect of Non-ferrous Mining and Metallurgical Industries was attributed (September 2013) by the Department to increase in rate of royalty on coal.

The other Departments did not furnish the reasons for excess/shortfall despite request (December 2013).

1.2 Variation between budget estimates and actuals

The variation between the revised budget estimates (BEs) and actuals of revenue receipts for 2012-13 under the principal heads of tax and non-tax revenue were as mentioned in the following table:

(₹ in crore)					
Sl. No.	Heads of revenue	Revised estimates	Actual receipts	Variation (+) increase (-) shortfall	Percentage of variation (+) increase (-) decrease
A. Tax revenue					
1.	Taxes on Sales, Trade etc.	6,650.00	6,421.61	(-) 228.39	(-) 3.43
2.	State Excise	650.00	577.92	(-) 72.08	(-) 11.09
3.	Stamps and Registration Fees	490.00	492.40	(+) 2.40	(+) 0.49
4.	Taxes on Vehicles	550.00	465.36	(-) 84.64	(-) 15.39
5.	Taxes and Duties on Electricity	142.00	110.72	(-) 31.28	(-) 22.03
6.	Land Revenue	82.00	96.38	(+) 14.38	(+) 17.54
7.	Other Taxes and Duties on Commodities and Services	28.00	0.51	(-) 27.49	(-) 98.18
8.	Taxes on Goods and Passengers –Tax on Entry of Goods into Local Areas	20.00	15.28	(-) 4.72	(-) 23.60
B. Non-tax revenue					
1.	Non-ferrous Mining and Metallurgical Industries	3,209.92	3,142.47	(-) 67.45	(-) 2.10
2.	Forestry and Wild Life	4.80	4.22	(-) 0.58	(-) 12.08
3.	Interest Receipts	65.00	72.23	(+) 7.23	(+) 11.12
4.	Social Security and Welfare	19.00	20.48	(+) 1.48	(+) 7.79

Source: Finance Accounts of the Government of Jharkhand and the revised estimates as per the Statement of Revenue and Receipts of Government of Jharkhand for the year 2013-14.

The reasons for shortfall in receipts against the BE during 2012-13 in respect of some principal heads of tax revenue were as under:

State Excise: The shortfall of 11.09 *per cent* was attributed by the Department to fixation of target higher than the revenue potential of the State in addition to constraints of poor infrastructure and shortage of personnel.

Taxes on Vehicles: The shortfall of 15.39 *per cent* was attributed by the Department to shortage of staff and non-establishment of inter-State permanent check posts.

The other Departments did not inform (December 2013) the reasons for variation despite request (between April and September 2013).

1.3 Cost of collection

The gross collection in respect of major revenue receipts, expenditure incurred on their collection and the percentage of such expenditure to gross collection

during 2012-13 along with the all-India average percentage of expenditure on collection in 2011-12 were as mentioned in the following table:

(₹ in crore)

Sl. No.	Heads of revenue	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All-India average percentage of 2011-12
1.	Taxes on Sales, Trade etc.	6,421.61	36.50	0.57	0.83
2.	Taxes on Vehicles	465.36	4.51	0.97	2.96
3.	State Excise	577.92	14.92	2.58	2.98
4.	Stamps & Registration Fees	492.40	11.24	2.28	1.89

Source: Finance Accounts of the Government of Jharkhand.

The above table indicates that the percentage of expenditure on collection in Stamps and Registration Fees was higher than all-India average. The Department needs to look into the matter and take steps to reduce the higher cost of collection. However, we appreciate that the cost of Collection on Taxes on Sales, Trade etc., Taxes on Vehicles and State Excise was lower than all-India average.

1.4 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2013 in respect of some principal heads of revenue amounted to ₹ 2,986.09 crore, of which ₹ 1,343.30 crore was outstanding for more than five years as mentioned below:

(₹ in crore)

Sl. No.	Heads of revenue	Amount outstanding as on 31 March 2013	Amount outstanding for more than five years as on 31 March 2013	Remarks
1.	Taxes on Sales, Trade etc.	1,940.85	1,159.59	Out of ₹ 1,940.85 crore, demands of ₹ 160.01 crore were certified for recovery as arrears of land revenue. Recovery of ₹ 641.28 crore and ₹ 1.72 crore was stayed by the Courts and the other appellate authorities respectively. Demand of ₹ 23.15 crore were held up due to dealer/party becoming insolvent and a sum of ₹ 1.78 crore was likely to be written off. Specific action taken in respect of the remaining arrears of ₹ 1,112.91 crore has not been intimated (December 2013).
2.	State Excise	31.37	25.29	Out of the closing balance of arrears of ₹ 31.37 crore as on 31 March 2013, demand for ₹ 13.30 crore was certified for recovery as arrears of land revenue, recovery of ₹ 15.98 crore was stayed by the Courts and other judicial authorities, recovery of ₹ 10.55 lakh was held up due to parties becoming insolvent and a sum of ₹ 16.08 lakh was likely to be written off. Specific action taken in respect of the remaining amount of ₹ 1.82 crore has not been intimated (December 2013).

(₹ in crore)

Sl. No.	Heads of revenue	Amount outstanding as on 31 March 2013	Amount outstanding for more than five years as on 31 March 2013	Remarks
3.	Taxes on Vehicles	250.70	Not furnished	Out of ₹ 250.70 crore, demands of ₹ 48.14 crore were certified for recovery as arrears of land revenue, recovery of ₹ 1.41 lakh was stayed by the Courts. Specific action taken in respect of the remaining arrears of ₹ 202.55 crore has not been intimated (December 2013).
4.	Non-ferrous Mining and Metallurgical Industries	763.17	158.42	Out of ₹ 933.34 crore ³ , demands of ₹ 463.34 crore were certified for recovery as arrears of land revenue. Recovery of ₹ 408.38 crore and ₹ 8.68 crore was stayed by the Courts and the other appellate authorities respectively. Demand of ₹ 28.65 lakh and ₹ 2.67 crore were held up due to rectification/review of application and dealer/party becoming insolvent respectively. Specific action taken in respect of the remaining arrears of ₹ 49.98 crore had not been intimated (December 2013).
Total		2,986.09	1,343.30	

The position of arrears of revenue pending collection at the end of 2012-13 in respect of other Departments was not furnished (December 2013) despite active pursuance by us (between April and September 2013).

1.5 Refunds

The refund cases pending at the beginning of 2012-13, claims received during the year, refunds allowed during the year and cases pending at the close of the year are indicated in the following table:

Sl. No.	Particulars	(₹ in lakh)	
		VAT/Taxes and Duties on Electricity	
		No. of cases	Amount
1.	Claims outstanding at the beginning of the year ⁴	608	2,599.86
2.	Claims received during the year	23	1,708.34
3.	Refunds made during the year	1	0.31
4.	Balance outstanding at the end of the year	630	4,307.89
5.	Interest paid due to belated refunds	NIL	NIL

Source: Information furnished by the Commercial Taxes Department.

Refund cases under VAT, pending beyond ninety days of the application claiming refund, entail payment of simple interest at the rate of six *per cent* per annum. The Government may, therefore, take effective steps to dispose of the cases within the stipulated period.

³ The Department furnished stages of recovery of arrears for an amount of ₹ 933.34 crore although they had reported arrears of ₹ 763.17 crore.

⁴ Differs by 134 cases and ₹ 2.06 crore from the data furnished in the previous year.

1.6 Response of the Departments/Government towards Audit

1.6.1 Compliance to Audit Observations

We conduct periodical inspections of the Government departments to test check the transactions and verify the maintenance of the accounts and other records as prescribed in the rules and procedures. Our 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 next higher authorities for taking prompt corrective action. The heads of the offices/Government are required to report compliance through initial reply to us within one month from the date of issue of the IRs. Serious financial irregularities are reported to the heads of the Departments and the Government.

We reviewed the IRs issued upto December 2012 and found that 6,945 paragraphs having financial implication of ₹ 10,977.96 crore relating to 994 IRs remained outstanding at the end of June 2013. The corresponding figures for the preceding two years are mentioned in the following table:

(₹ in crore)			
	June 2011 ⁵	June 2012	June 2013
Number of outstanding IRs	1,998	963	994
Number of outstanding audit observations	9,320	6,100	6,945
Amount involved	11,500.30	9,794.39	10,977.96

The Department-wise details of the IRs and audit observations outstanding as on 30 June 2013 and the amounts involved are mentioned below:

(₹ in crore)					
Sl. No.	Names of Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
1	Commercial Taxes	Taxes on Sales, Trade etc.	177	3,443	3,126.05
		Entry Tax	48	112	25.79
		Electricity Duty	23	51	54.53
		Entertainment Tax etc.	10	10	0.53
2	Excise and Prohibition	State Excise	106	483	498.86
3	Revenue and Land Reforms	Land Revenue	208	426	1,374.75
4	Transport	Taxes on Motor Vehicles	154	813	391.25
5	Registration	Stamps and Registration Fees	121	367	3,422.06
6	Mines and Geology	Non-ferrous Mining and Metallurgical Industries	147	1,240	2,084.14
Total			994	6,945	10,977.96

Even the first replies, required to be received from the heads of offices within one month from the date of issue of the IRs, were not received for 221 IRs issued from 2003-04 to December 2012. This large pendency of the IRs due to non-receipts of the replies is indicative of the fact that the heads of offices and heads of the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by us in our IRs.

⁵ Including IRs and outstanding observations relating to Forest and Environment Department and Water Resources Department.

We recommend that the Government may take suitable steps to design effective procedures to ensure prompt and appropriate response to audit observations. The Government may also institute systems for taking action against officials/officers who fail to send replies to the IRs/paragraphs as per the prescribed time schedule.

1.6.2 Departmental audit committee meetings

The details of the 10 audit committee meetings held during 2012-13 and the paragraphs settled are mentioned below:

(₹ in crore)			
Heads of revenue	Number of meetings held	Number of paragraphs settled	Amount
Taxes on Sales, Trade etc.	2	57	3.26
Stamps and Registration Fees	1	07	0.37
State Excise	1	31	2.98
Taxes on Vehicles	2	78	34.89
Land Revenue	2	40	0.57
Non-ferrous Mining and Metallurgical Industries	2	88	24.71
Total	10	301	66.78

In view of large number of outstanding audit observation as mentioned in preceding paragraph, it is necessary that audit committees should meet regularly and ensure appropriate action on all audit observations leading to their settlement.

1.6.3 Non-production of records to Audit for scrutiny

The programme for local audit of tax/non-tax receipts offices is drawn up sufficiently in advance and intimations are issued, usually one month before we commence the audit, to the Department to enable them to keep the relevant records ready for audit scrutiny.

During 2012-13, 260 assessment records relating to 15 offices of four Departments (Commercial Taxes, Revenue and Land Reforms, Transport and Mines and Geology Departments) were not made available to us for audit. The office-wise break-up of such cases is given below:

Name of Office	Number of assessment cases/ records not produced to audit
Dy. Commissioner of Commercial Taxes (DCCT), Sahebganj Circle	70
DCCT, Jharua Circle	35
DCCT, Ramgarh Circle	26
DCCT, Ranchi South Circle	19
DCCT, Singhbhum Circle, Jamshedpur	7
DCCT, Chirkunda	3
Dy. Collector Land Reforms (DCLR), Ranchi	42
DCLR, Hazaribag	19
DCLR, Bundu	18
DCLR, Ramgarh	10
Additional Collector, Ranchi	1
District Transport Officer, Hazaribag	3
Director of Mines, Jharkhand, Ranchi	3
District Mining Office (DMO), Deoghar	2
DMO, Dhanbad	2
Total	260

1.6.4 Response of the Departments to the draft audit paragraphs

As per the instructions issued (1966) by the Government of Bihar, as applicable to the Government of Jharkhand, audit observations raised during local inspection are to be replied by the concerned authorities after issue of inspection reports. The observations of serious irregularities are converted into draft paragraphs and forwarded to the concerned administrative Departments/Government for their replies/comments within six weeks. In case of non-receipt of the reply or if the reply furnished by the Departments/Government is not satisfactory, the draft paragraphs are included in the Audit Report. The Government, after laying the Audit Report in the legislature, forwards explanatory notes on the relevant paragraphs to the Committee on Public Accounts (PAC) for vetting by the Principal Accountant General (PAG). After discussion, the PAC makes recommendations for compliance by the Government within six months for final settlement of the paragraph.

Forty Draft Paragraphs (clubbed into 27 paragraphs including one review included in this Report) were forwarded (between May and July 2013) to the Secretaries to the Government of the Departments concerned followed by reminders issued between July and August 2013. The reply furnished by the Government in respect of the 35 draft paragraphs⁶ relating to Taxes on Sales, Trade etc., State Excise, Taxes on Vehicles, Stamps and Registration Fees, Taxes and Duties on Electricity and Non-ferrous Mining and Metallurgical Industries have been suitably incorporated in the Report. In the remaining cases the Government has not furnished any reply (December 2013).

1.6.5 Follow up on Audit Reports – summarised position

The Committee on Public Accounts stipulates submission of explanatory notes by the concerned Department on paragraphs and reviews included in the Audit Report indicating action taken or proposed to be taken, within three months from the date of presentation of the Audit Report to the legislature. The summarised position of follow-up on Audit Reports is as under:

Sl. No.	Audit Report ending on	Date of presentation in the legislature	No. of paragraphs	No. of paragraphs where explanatory notes received	No. of paragraphs where explanatory notes not received
1	31 March 2000 ⁷	21.03.2002	36	17	19
2	31 March 2001	17.12.2003	35	11	24
3	31 March 2002	03.08.2004	27	11	16
4	31 March 2003	24.03.2005	42	25	17
5	31 March 2004	19.12.2005	31	22	09
6	31 March 2005	24.08.2006	29	24	05
7	31 March 2006	04.04.2007	27	17	10
8	31 March 2007	26.03.2008	36	16	20
9	31 March 2008	10.07.2009	42	27	15
10	31 March 2009	13.08.2010	41	14	27
11	31 March 2010	29.08.2011	26	10	16
12	31 March 2011	06.09.2012	32	00	32
13	31 March 2012	27.07.2013	25	00	25
Total			429	194	235

⁶ Including partial reply of 16 draft paragraphs from Commercial Taxes Department.

⁷ Audit had no information about any decision taken by the competent authority about discussion by PAC of the pending paragraphs of the Audit Reports relating to the areas/districts falling under the jurisdiction of Jharkhand, for the periods prior to the constitution of the State of Jharkhand.

Our review of the outstanding 429 paragraphs included in 13 Reports of the Comptroller and Auditor General of India (Revenue Receipts/Sector) for the year ended 31 March 2000 to 31 March 2012 disclosed that the Departments had submitted explanatory notes on 194 paragraphs only.

This indicates that the executive did not take prompt action on the important issues highlighted in the Audit Reports.

1.7 Evaluation of clearances of Audit observations- Registration Department

Status of issues highlighted in the Inspection Reports/Audit Reports of the Departments/Government, the performance of the **Registration Department** to deal with the cases detected in the course of local audit conducted during 2004-05 to 2012-13 and also the cases included in the Audit Reports for the years 2004-05 to 2012-13 was evaluated. The succeeding paragraphs 1.7.1 and 1.7.2 narrate the trend of clearance during the year 2004-05 to 2012-13.

1.7.1 Position of Inspection Reports

The summarised position of inspection reports issued during 2004-05 to 2012-13 in respect of the **Registration Department**, paragraphs included in these reports and their status as on 31 March 2013 are tabulated in the following table:

(₹ in crore)

Year	Opening balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IR	Para-graphs	Money value	IR	Para-graphs	Money value	IR	Para-graphs	Money value	IR	Para-graphs	Money value
2004-05	174	364	22.79	23	76	4.41	1	2	0	196	438	27.20
2005-06	196	438	27.20	27	75	3.52	6	42	0.21	217	471	30.51
2006-07	217	471	30.51	10	31	0.22	0	3	0.02	227	499	30.71
2007-08	227	499	30.71	13	40	2.51	3	14	0.38	237	525	32.84
2008-09	237	525	32.84	12	51	2.73	38	88	0.69	211	488	34.88
2009-10	211	488	34.88	10	28	5.46	131	320	23.76	90	196	16.58
2010-11	90	196	16.58	18	149	3,410.95	18	65	2.60	90	280	3,424.93
2011-12	90	280	3,424.93	12	49	2.02	1	17	0.57	101	312	3,426.38
2012-13	101	312	3,426.38	13	46	2.71	2	21	0.44	112	337	3,428.65

During the period 2004-05 to 2012-13, we issued 138 IRs containing 545 paragraphs with financial implication of ₹ 3,434.53 crore. At the same time 200 IRs involving 572 paragraphs with monetary value of ₹ 28.67 crore were settled by conducting audit committee meetings with the Department and through regular interactions with them. At present, 112 IRs containing 337 paragraphs with monetary value of ₹ 3,428.65 crore are pending for settlement, of which 54 IRs containing 65 paragraphs having money value of ₹ 5.29 crore are more than five years old (between 2004-05 and 2007-08).

1.7.2 Recovery of accepted cases

During the period 2004-05 to 2012-13, we included nine paragraphs including one review of "Receipts from Stamp Duty and Registration Fees including IT aspect" and a paragraph on "Levy and collection of Stamp duty and Registration fees on lease agreements of immovable properties and

Development Agreements” having financial implication of ₹ 11.38 crore in the Audit Reports. The Department has so far accepted five paragraphs involving ₹ 5.17 crore⁸. However, the Department reported recovery of ₹ 2.39 lakh during 2012-13 against accepted cases.

We recommend that the Government should take appropriate steps to recover the Government revenue against accepted cases.

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

A review of "**Receipts from Stamp Duty and Registration Fees including IT aspect**" pertaining to the Registration Department featured in the Audit Report (Revenue Receipts) of the Comptroller and Auditor General of India for the year ended 31 March 2010, wherein some recommendations were made by us.

The Government/Department was requested (August 2013) to intimate the system adopted to monitor the action to be taken/action taken on the recommendations included in the review and assurances given by them in the exit conference held in September 2010. We have not received any reply in this connection from the Department (December 2013).

1.8 Audit planning

The unit offices under various Departments are categorised into high, medium and low risk units according to their revenue position, past trends of audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter-alia* include critical issues in the Government revenues 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 the revenue earnings during the past five years, features of the tax administration, audit coverage and its impact during the past five years etc.

During the year 2012-13, the audit universe comprised of 445 auditable units, of which 131 units were audited during the year. The details are mentioned in the following table:

Sl. No.	Principal Head	Total no. of units	Units audited during 2012-13
1	Taxes on Sales, Trade etc.	46	29
2	Taxes on Vehicles	27	16
3	Stamps and Registration Fees	41	15
4	State Excise	23	18
5	Land Revenue	270	32
6	Non-ferrous Mining and Metallurgical Industries	33	20
7	Jharkhand State Mineral Development Corporation	5	1
Total		445	131

Besides the compliance audits mentioned in the table above, a review of "**Levy and collection of Electricity Duty in Jharkhand**" and a paragraph on

⁸ Includes accepted recoverable cases having financial implication of ₹ 2.46 crore raised in this Report.

“Levy and collection of Stamp duty and Registration fees on lease agreements of immovable properties and Development Agreements” were also taken up to examine the efficacy of the tax administration of these receipts.

1.9 Impact of audit

1.9.1 Status of compliance to Audit Reports (2007-08 to 2011-12)

Out of the total observations of ₹ 3,787.98 crore pointed out in Audit Reports 2007-08 to 2011-12, the Departments/Government accepted audit observations with a total revenue impact of ₹ 1,246.91 crore and recovered ₹ 509.29 crore as of 31 March 2013. The details are shown in the following table:

(₹ in crore)

Year of Audit Report	Total money value	Accepted money value	Recovery made	
			during 2012-13 ⁹	Upto 2012-13
2007-08	842.65	153.76	1.99	191.78
2008-09	1,171.03	88.57	14.64	235.28
2009-10	237.97	48.74	17.42	54.41
2010-11	1,051.61	644.77	1.69	27.05
2011-12	484.72	311.07 ¹⁰	0.77 ¹¹	0.77
Total	3,787.98	1,246.91	36.51	509.29

1.9.2 Status of compliance to outstanding Inspection Reports (2007-08 to 2011-12)

During the period 2007-08 to 2011-12 we test checked 477 units relating to Taxes on Sales, Trade etc., State Excise, Taxes on Vehicles, Land Revenue, Stamps and Registration Fees, Taxes and Duties on Electricity and Non-ferrous Mining and Metallurgical Industries having observations with revenue implication of ₹ 9,302.36 crore in 1,59,155 cases. Of these, the Departments/Government accepted audit observations in 1,23,010 cases involving ₹ 1,833.75 crore and recovered ₹ 9.31 crore upto 2012-13. The details are shown in the following table:

(₹ in crore)

Year	No. of units audited	Amount objected		Amount accepted		Amount recovered upto 2012-13 out of Col. 6
		No. of cases	Amount	No. of cases	Amount	
1	2	3	4	5	6	7
2007-08	84	73,595	1,639.11	69,540	385.74	0.56
2008-09	90	33,254	1,807.08	24,063	585.97	0.23
2009-10	87	4,599	819.44	3,870	62.84	0.37
2010-11	99	16,775	4,066.95	7,058	404.56	6.48
2011-12	117	30,932	969.78	18,479	394.64	1.67
Total	477	1,59,155	9,302.36	1,23,010	1,833.75	9.31

⁹ Figures are based on data/information furnished by the Excise & Prohibition, Transport, Registration and Mines & Geology Departments.

¹⁰ Including notional loss of ₹ 80.63 crore on account of non/delayed settlement of retail excise shops under Excise and Prohibition Department.

¹¹ The Registration Department intimated recovery of ₹ 2.39 lakh during 2012-13. However, year-wise breakup was not furnished.

1.9.3 Status of compliance to Inspection Reports (2012-13)

Our test check of the records of 130 units¹² relating to Taxes on Sales, Trade etc., State Excise, Land Revenue, Taxes on Vehicles, Stamps and Registration Fees, Taxes and Duties on Electricity and Mining Receipts conducted during 2012-13, revealed underassessment, non levy, short levy of revenue, etc. aggregating ₹ 1,532.94 crore in 25,784 cases. During the course of the year, the concerned Departments accepted under-assessment and other deficiencies of ₹ 568.52 crore involved in 21,067 cases of which 20,928 cases involving ₹ 343.47 crore was pointed out during 2012-13 and the rest in earlier years. The Departments effected recovery of ₹ 7.02 crore in 1,024 cases in 2012-13.

1.9.4 This Report

This report (Chapters II to VII) contains 27 paragraphs including one review of “**Levy and Collection of Electricity Duty in Jharkhand**” and a paragraph on “**Levy and collection of Stamp duty and Registration fees on lease agreements of immovable properties and Development Agreements**” relating to short/non-levy of tax, duty and interest and penalty involving financial implications of ₹ 633.61 crore. The Departments/Government have accepted audit observations involving ₹ 513.04 crore.

¹² Excluding one test checked unit of Jharkhand State Mineral Development Corporation.