

# **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 Bihar during the year 2013-14, 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 and the corresponding figures for the preceding four years are mentioned in **Table-1.1**.

**Table- 1.1**  
Trend of revenue receipts

(₹ in crore)						
Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
<b>1.</b>	<b>Revenue raised by the State Government</b>					
	• Tax revenue	8,089.67	9,869.85	12,612.10	16,253.08	19,960.68
	• Non-tax revenue	1,670.42	985.53	889.86	1,135.27	1,544.83
	<b>Total</b>	<b>9,760.09</b>	<b>10,855.38</b>	<b>13,501.96</b>	<b>17,388.35</b>	<b>21,505.51</b>
<b>2.</b>	<b>Receipts from the Government of India</b>					
	• Share of net proceeds of divisible Union taxes and duties	18,202.58	23,978.38	27,935.23	31,900.39	34,829.11 <sup>1</sup>
	• Grants-in-aid	7,564.16	9,698.56	9,882.98	10,277.92	12,584.03
	<b>Total</b>	<b>25,766.74</b>	<b>33,676.94</b>	<b>37,818.21</b>	<b>42,178.31</b>	<b>47,413.14</b>
<b>3.</b>	<b>Total revenue receipts of the State Government (1 and 2)</b>	<b>35,526.83</b>	<b>44,532.32</b>	<b>51,320.17</b>	<b>59,566.66</b>	<b>68,918.65</b>
<b>4.</b>	<b>Percentage of 1 to 3</b>	<b>27</b>	<b>24</b>	<b>26</b>	<b>29</b>	<b>31</b>

(Source: Finance Accounts, Government of Bihar)

The above table indicates that during the year 2013-14, the revenue raised by the State Government (₹ 21,505.51 crore) was 31 per cent of the total revenue receipts. The balance 69 per cent of receipts during 2013-14 was from the Government of India.

<sup>1</sup> For details, please see Statement No. 11 - Detailed accounts of revenue by minor heads in the Finance Accounts of Government for the year 2013-14. Figures under Minor Head – 901 - Share of net proceeds assigned to the State under the Major Heads 0020 - Corporation Tax (₹ 11,713.47 crore), 0021 - Taxes on income other than Corporation Tax (₹ 7,712.96 crore), 0032 - Taxes on Wealth (₹ 32.16 crore), 0037 – Customs (₹ 5,682.75 crore), 0038 - Union Excise Duties (₹ 4,013.57 crore), 0044 - Service Tax (₹ 5,674.21 crore) and 0045 - Other Taxes (- ₹ 1.00 lakh) booked in the Finance Accounts under A - Tax Revenue have been excluded from the revenue raised by the State and included in State's share of divisible union taxes in this statement.

1.1.2 The details of tax revenue raised during the period 2009-10 to 2013-14 are given in Table-1.2.

Table- 1.2

Details of Tax Revenue raised

Sl. No.	Head of revenue	2009-10		2010-11		2011-12		2012-13		2013-14		Percentage of increase (+)/decrease (-) in actual of 2013-14 in comparison to	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE of 2013-14	Actual of 2012-13
1.	Taxes on Sales, Trade etc.	3,948.03	3,839.29	5,627.69	4,557.18	6,508.00	7,476.36	8,071.00	8,670.79	12,324.04	8,453.02	(-) 31.41	(-) 2.51
2.	Taxes on Goods and Passengers	1,270.00	1,613.16	1,623.76	2,006.32	1,940.00	828.30	2,800.00	1,932.12	1,192.75	4,349.00	(+) 264.62	(+) 125.09
3.	State Excise	850.00	1,081.68	1,400.00	1,523.35	1,790.00	1,980.98	2,715.00	2,429.82	3,300.00	3,167.72	(-) 4.01	(+) 30.37
4.	Stamps and Registration Fees	750.00	997.90	1,215.00	1,098.68	1,600.00	1,480.07	1,906.00	2,173.02	3,200.00	2,712.41	(-) 15.24	(+) 24.82
5.	Taxes on Vehicles	335.00	345.13	550.00	455.43	537.00	569.13	644.40	673.39	800.00	837.48	(+) 4.69	(+) 24.37
6.	Land Revenue	76.22	123.96	112.17	139.02	125.20	167.49	185.00	205.45	205.00	201.71	(-) 1.60	(-) 1.82
7.	Taxes and Duties on Electricity	63.06	66.63	90.25	65.22	60.70	54.69	60.70	102.55	66.17	141.31	(+) 113.56	(+) 37.80
8.	Other Taxes and Duties on Commodities and Services	32.50	21.92	24.29	24.65	24.99	25.52	41.99	28.99	34.14	50.43	(+) 47.69	(+) 73.92
9.	Other Taxes on Income and Expenditure- Taxes on Professions, Trades, Callings and Employment	0.81	Nil	1.00	Nil	23.30	29.56	31.00	36.95	32.59	47.60	(+) 46.05	(+) 28.82
	<b>Total</b>	<b>7,325.62</b>	<b>8,089.67</b>	<b>1,0644.16</b>	<b>9,869.85</b>	<b>12,609.19</b>	<b>12,612.10</b>	<b>16,455.09</b>	<b>16,253.08</b>	<b>21,154.69</b>	<b>19,960.68</b>	<b>(-) 5.64</b>	<b>(+) 22.81</b>

{Source: Finance Accounts, Government of Bihar and Revenue and Capital Receipts (Detail)}

It can be seen from the table 1.2 that there was a variation of (-) 31.41 to (+) 264.62 *per cent* between the budget estimates and the actual during 2013-14. Further there was a variation of (-) 2.51 *per cent* to (+) 125.09 *per cent* between actuals of 2012-13 and 2013-14 under various heads of taxes.

The following reasons for variation were reported by the concerned Departments.

**Stamps and Registration fees:** The increase (24.82 *per cent*) over the actual of 2012-13 was due to increase in value of registered documents.

The other departments did not inform (August 2014) the reasons for variation, despite being requested (between April and July 2014).

**We recommend that while preparing budget estimates, the State Government may take realistic inputs as significant variations were noticed between budget estimates and actual.**

**1.1.3** The details of non-tax revenue raised during the period 2009-10 to 2013-14 are indicated in **Table 1.3**.

**Table- 1.3**  
**Details of Non-tax Revenue raised**

Sl. No.	Head of Revenue	2009-10		2010-11		2011-12		2012-13		2013-14		Percentage of increase (+)/decrease (-) in actual of 2013-14 in comparison to 2012-13		
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE of 2013-14	Actual of 2012-13	
1.	Non-ferrous Mining and Metallurgical Industries	180.00	319.93	294.00	405.59	280.00	443.10	470.00	511.08	641.00	569.14		(-) 11.21	(+) 11.36
2.	Interest Receipts	53.62	353.27	216.37	237.96	370.82	573.70	263.74	167.12	338.48	269.48		(-) 20.39	(+) 61.25
3.	Roads and Bridges	19.03	30.02	27.98	39.60	33.00	60.35	44.67	32.56	64.03	40.72		(-) 36.40	(+) 25.06
4.	Medical and Public Health	13.39	14.08	17.60	15.33	14.94	23.91	13.41	41.02	25.40	29.93		(+) 17.83	(-) 27.04
5.	Police	42.27	11.89	56.52	11.85	12.62	9.26	67.83	25.01	70.59	27.27		(-) 61.37	(+) 9.04
6.	Forestry and Wild Life	10.00	6.78	6.55	7.64	8.00	11.04	7.05	16.60	13.20	19.58		(+) 48.33	(+) 17.95
7.	Medium Irrigation	3.50	14.80	4.00	15.45	4.00	17.59	4.00	13.99	4.00	18.22		(+) 355.50	(+) 30.24
8.	Fisheries	7.66	7.87	7.32	7.28	15.89	10.16	9.14	11.79	10.78	10.72		(-) 0.56	(-) 9.08
9.	Other Administrative Services	100.39	9.42	39.37	19.98	59.64	11.49	46.56	10.01	65.01	10.18		(-) 84.34	(+) 1.70
10.	Miscellaneous General Services	387.20	770.28	385.27	0.34	0.34	(-)383.78	1.20	22.03	0.86	0.28		(-) 67.44	(-) 98.73
11.	Other non-tax receipts		132.08		224.51		113.04		284.06		549.31			(+) 93.39
	<b>Total</b>		<b>1,670.42</b>		<b>985.53</b>		<b>889.86</b>		<b>1,135.27</b>		<b>1,544.83</b>			<b>(+) 36.08</b>

{Source: Finance Accounts, Government of Bihar and Revenue and Capital Receipts (Detail)}

It can be seen from the above table that there was a variation of (-) 84.34 to (+) 355.50 *per cent* between the budget estimates and the actual during 2013-14. Further, there was a variation of (-) 98.73 *per cent* to (+) 93.39 *per cent* between actuals of 2012-13 and 2013-14 under various heads of taxes.

The following reasons for variation were reported by the concerned Department.

**Mines and Geology Department:** The increase (11.36 *per cent*) over the actual of 2012-13 was due to increased bidding amount of sand *ghats* and decrease 11.21 *per cent* in comparison to BE in 2013-14 was due to non-settlement of several sand *ghats*.

**We recommend that while preparing budget estimates, the State Government may take realistic inputs as significant variations were noticed between budget estimates and actual.**

## 1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2014 in respect of the principal heads of revenue amounted to ₹ 2,593.05 crore of which ₹ 536.77 crore was outstanding for more than five years as detailed in the **Table-1.4**.

**Table- 1.4**  
**Arrears of revenue**

(₹ in crore)

Sl. No.	Heads of revenue	Amount outstanding as on 31 March 2014	Amount outstanding for more than five years as on 31 March 2014	Replies of Department
1.	Taxes on Sales, Trade <i>etc.</i>	1,505.92	385.27	Out of ₹ 1,505.92 crore, demands for ₹ 330.39 crore were certified for recovery as arrears of land revenue. Recovery of ₹ 325.35 crore and ₹ 12.55 lakh were stayed by the courts and the Government respectively and recovery of ₹ 3.38 crore was held up due to rectification/review. An amount of ₹ 846.67 crore was pending at other stages.
2.	Taxes on Goods and Passengers	572.00	4.39	Out of ₹ 572.00 crore, demands for ₹ 17 lakh were certified for recovery as arrears of land revenue. Recovery of ₹ 485.13 crore was stayed by the courts. An amount of ₹ 86.70 crore was pending at other stages.

3.	Taxes and Duties on Electricity	97.94	2.36	Out of ₹ 97.94 crore, demands for ₹ 1.49 crore were certified for recovery as arrears of land revenue. Recovery of ₹ 69.08 lakh and ₹ 8.22 lakh were stayed by the courts and the Government respectively. An amount of ₹ 95.67 crore was pending at other stages.
4.	State Excise	46.17	14.45	Out of ₹ 46.17 crore, demands for ₹ 21.25 crore were certified for recovery as arrears of land revenue. Recovery of ₹ 1.35 crore and ₹ 5.08 lakh were stayed by the courts and the Government respectively and recovery of ₹ 13.77 lakh was held up due to dealer/party becoming insolvent. An amount of ₹ 39.52 lakh was likely to be written off and ₹ 22.99 crore was pending at other stages.
5.	Other Taxes and Duties on Commodities and Services	10.05	9.46	Out of ₹ 10.05 crore, demands for ₹ 8.88 crore were certified for recovery as arrears of land revenue. Recovery of ₹ 4.52 lakh was stayed by the courts. An amount of ₹ 1.13 crore was pending at other stages.
6.	Land Revenue	148.01	Nil	Stages at which the arrears were pending for collection have not been intimated, despite being requested (between April and July 2014).
7.	Mines and Geology	212.96	120.84	Out of ₹ 212.96 crore, demands for ₹ 185.02 crore were certified for recovery as arrears of land revenue. An amount of ₹ 27.94 crore was pending at other stages
<b>Total</b>		<b>2,593.05</b>	<b>536.77</b>	

(Source: Information furnished by the Departments)

It would be seen from the table that recovery of ₹ 536.77 crore was pending for more than five years and no sincere efforts were being made to recover them. Arrears of ₹ 1,081.10 crore were pending with the departmental authorities. The cases referred for write off (₹ 39.52 lakh) were also not being pursued with the quarters concerned.

### 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 Tax Department in respect of Taxes on Sales, Trade etc., Taxes on Goods and

Passenger, Other Taxes and Duties on Commodities and Services and Taxes and Duties on Electricity was as given in **Table 1.5**.

**Table 1.5**  
**Arrears in assessments**

Head of revenue	Opening balance	New cases due for assessment during 2013-14	Total assessments due	Cases disposed of during 2013-14	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	2	3	4	5	6	7
Taxes on Sales, Trade etc.	7,618	52,579	60,197	21,226	38,971	35.26
Taxes on Goods and Passenger	327	1,589	1,916	682	1,234	35.59
Other Taxes and Duties on Commodities and Services	1,867	879	2,746	899	1,847	32.74
Taxes and Duties on Electricity	283	49	332	24	308	7.23

(Source: Information furnished by the Departments)

#### 1.4 Evasion of tax

The details of cases of evasion of tax detected by the Commercial Taxes Department and Registration and Excise and Prohibition (Excise) Department, cases finalised and the demands for additional tax raised as reported by the Departments are given in **Table 1.6**.

**Table- 1.6**  
**Evasion of Tax**

Sl. No.	Head of revenue	Cases pending as on 31 March 2013	Cases detected during 2013-14	Total	Number of cases in which assessments/investigation completed and additional demand including penalty etc., raised during the year 2013-14		Number of cases pending of initialization as on 31 March 2014
					Number of cases	Amount of demand	
1.	Commercial Taxes <sup>2</sup>	294	718	1,012	720	5.23	292
2.	State Excise	Nil	25	25	Nil	Nil	25

(Source: Information furnished by the Departments)

<sup>2</sup> Commercial taxes include Taxes on Sales, Trade etc., Taxes on Goods and Passengers; Taxes and Duties on Electricity; Other Taxes on Income and Expenditure-Taxes on Professions, Trades, Callings and Employment and Other Taxes and Duties on Commodities and Services.



It would be seen from the foregoing table that in Commercial Taxes Department the number of cases pending at the end of the year has slightly reduced than number of cases pending at the start of the year.

### 1.5 Pendency of Refund Cases

The number of refund cases pending at the beginning of the year 2013-14, claims received during the year, refunds allowed during the year and cases pending at the close of the year 2013-14 as reported by the Department is given in **Table 1.7**.

**Table- 1.7**

#### Details of pendency of refund cases

(₹ in crore)

Sl. No.	Particulars	Taxes on Sales, Trade etc.		Entry tax		Entertainment tax		State Excise	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	1,708	80.67	100	1.09	6	0.02	433 <sup>3</sup>	15.51
2.	Claims received during the year	477	101.42	12	17.10	Nil	Nil	632	16.38
3.	Refunds made during the year	501	102.07	9	3.38	Nil	Nil	431	11.83
4.	Balance outstanding at the end of the year	1,684	80.02	103	14.81	6	0.02	634	20.06

(Source: Information furnished by the Departments)

Section 70 (1) of the BVAT Acts provide for payment of interest, at the rate of half *per cent* per month, if the excess amount is not refunded to the dealer within 90 days from the date of the order.

The progress to dispose of the refund cases of Tax on sales, trade etc. was very slow as compared to claims received.

### 1.6 Response of the Government /departments towards audit

The Accountant General (AG), Audit, Bihar conducts periodical inspection of the Government departments to test-check the transactions and verify the maintenance of the important accounts and other records as prescribed in the 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 next higher authorities for taking prompt corrective action. The heads of the offices/Government are required to promptly comply with

<sup>3</sup> The opening balance of 433 cases in respect of the State Excise as reported by the Department differs from the closing balance of 438 as reported by the Department during previous year and included in the last year's Audit report.

the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the AG 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 2013 disclosed that 27,764 paragraphs involving ₹ 17,825.55 crore relating to 4,806 IRs remained outstanding at the end of June 2014 as mentioned below along with the corresponding figures for the preceding two years in **Table 1.8**.

**Table- 1.8****Details of pending Inspection Reports**

	June 2012	June 2013	June 2014
<b>Number of IRs pending for settlement</b>	3,858	4,165	4,806
<b>Number of outstanding audit observations</b>	20,979	23,327	27,764
<b>Amount involved (₹ in crore)</b>	8,754.19	10,847.46	17,825.55

**1.6.1** The Department-wise details of the IRs and audit observations outstanding as on 30 June 2014 and the amounts involved are mentioned in the **Table 1.9**.

**Table- 1.9****Department-wise details of IRs**

(₹ in crore)

Sl. No.	Name of the departments	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
1.	Commercial Taxes	Taxes on Sales, Trade etc,	691	8,936	10,089.28
		Entry tax	180	554	247.34
		Electricity duty	24	29	39.68
		Entertainment tax, Luxury tax, etc.	22	41	7.34
2.	Registration, Excise and Prohibition (Excise)	State Excise	507	2,658	1,656.59
3.	Revenue and Land Reforms	Land Revenue	1,799	7,971	2,751.81
4.	Transport	Taxes on Vehicles	609	3,660	1,321.37
5.	Registration, Excise and Prohibition (Registration)	Stamps and Registration Fees	513	1,430	238.29
6.	Mines and Geology	Non-ferrous Mining and Metallurgical Industries	461	2,485	1,473.85
<b>Total</b>			<b>4,806</b>	<b>27,764</b>	<b>17,825.55</b>

Audit did not receive even the first replies from the heads of offices within one month from the date of issue of the IRs, for 1,773 IRs issued during 2013-14.

This large pendency of the IRs due to non-receipt of the replies is indicative of the fact that the heads of offices and the departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the AG in the IRs.

**The Government may consider to have an effective system for prompt and appropriate response to audit observations.**

#### **1.6.2 Departmental audit committee meetings**

The Government set up audit committees to monitor and expedite the progress of the settlement of IRs and paragraphs in the IRs. One audit committee meeting with the Mines and Geology Department was held during the year 2013-14 wherein no paragraphs were settled. Holding of only one meeting during the entire year (2013-14) had deprived the Government of the opportunity of settlement of more number of outstanding audit observations as mentioned in preceding paragraph.

**The Government may take suitable steps to hold departmental audit committee meetings at regular intervals for the settlement of outstanding IRs/paragraphs.**

#### **1.6.3 Non-production of records to audit for scrutiny**

The programme of local audit of Tax revenue/Non-tax revenue offices is drawn up sufficiently in advance and intimations are issued, usually one month before the commencement of audit, to the departments to enable them to keep the relevant records ready for audit scrutiny.

During the year 2013-14 as many as 587 assessment files, returns, refunds, registers and other relevant records were not made available to audit. In none of these cases the revenue involved could be ascertained. Break up of these cases are given in **Table 1.10**.

**Table- 1.10**

#### **Details of non-production of records**

<b>Name of the Department</b>	<b>Year in which it was to be audited</b>	<b>Number of cases not audited</b>
Revenue and Land Reforms	2013-14	500
Commercial Taxes	2013-14	34
Transport	2013-14	11
Registration, Excise and Prohibition (Excise)	2013-14	8
Mines and Geology	2013-14	34
<b>Total</b>		<b>587</b>

#### **1.6.4 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 concerned Department, 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 Departments/ Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Forty four draft paragraphs including one Performance Audit and one Long draft paragraph were sent to the Principal Secretaries/Secretaries of the respective Departments by name between June and August 2014. The Principal Secretaries/Secretaries of the Departments did not send replies to 10 draft paragraphs despite issue of reminders (August 2014) and the same have been included in this Report without the response of the Departments.

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

The internal working system of the Public Accounts Committee (PAC), notified in December 2002, 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 Report, for consideration of the Committee. In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately. One hundred sixty nine paragraphs (including performance audit) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Bihar for the years ended 31 March 2009, 2010, 2011, 2012 and 2013 were placed before the State Legislature Assembly between July 2010 and August 2013. Action taken explanatory notes in respect of 98 paragraphs from departments concerned had not been received for the Audit Report for year ended 31 March 2003-04 to 2012-13 so far (August 2014).

The PAC discussed 169 selected paragraphs pertaining to the Audit Reports for the years from 2008-09 to 2012-13 and its recommendations on three paragraphs were incorporated in recommendation Report of PAC laid before the legislature during 2013-14. However, ATNS have not been received in respect of three recommendations of the PAC from the Registration, Excise and Prohibition Department and Transport Department.

#### **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 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 five years for one Department is evaluated and included in Audit Report.

The succeeding paragraphs 1.7.1 to 1.7.3 discuss the performance of the Registration, Excise and Prohibition (Registration) Department under revenue head '0030-Stamps and Registration Fees' and cases detected in the course of local audit during the last five years and also the cases included in the Audit Reports for the years 2008-09 to 2012-13.

### 1.7.1 Position of Inspection Reports

The summarised position of the inspection reports issued during the last five years, paragraphs included in these reports and their status as on 31 March 2014 are mentioned in **Table-1.11**.

**Table 1.11**  
**Position of Inspection Reports**

(₹ in crore)

Sl. No.	Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance		
		IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
1.	2008-09	336	940	79.75	41	103	64.00	Nil	Nil	Nil	377	1,043	143.75
2.	2009-10	377	1,043	143.75	34	71	2.90	Nil	Nil	Nil	411	1,114	146.65
3.	2010-11	411	1,114	146.65	24	53	22.43	Nil	Nil	Nil	435	1,167	169.09
4.	2011-12	435	1,167	169.09	29	54	52.18	Nil	3	0.005	464	1,218	221.26
5.	2012-13	464	1,218	221.26	45	188	12.90	Nil	4	0.20	505	1,402	233.96

The Government arranges ad-hoc Committee meetings between the Department and AG's office to settle the old paragraphs. As would be evident from the above table, against 336 outstanding IRs with 940 paragraphs as on start of 2008-09, the number of outstanding IRs accumulated to 505 with 1,402 paragraphs at the end of 2012-13. This is indicative of the fact that no adequate steps were taken by the Department in this regard resulting in heavy accumulation of the outstanding IRs and paragraphs.

### 1.7.2 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last five years, those accepted by the Department and the amount recovered are mentioned in **Table 1.12**.

**Table 1.12**

(₹ in crore)

Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	Cumulative position of recovery of accepted cases as of 31.03.2014
2008-09	4 (Including one IT Review)	1.09	4	1.09	0.67
2009-10	1 (Review)	1.48	1 (partial)	0.34	0.11
2010-11	1	0.61	1 (partial)	0.61	0.55
2011-12	2	0.68	2	0.68	0.52
2012-13	3	6.40	3	6.40	0.19

It is evident from the above table that the progress of recovery even in accepted cases was very slow throughout during the last five years. The recovery of accepted cases was to be pursued as arrears recoverable from the concerned parties. No mechanism for pursuance of the accepted cases had been put in place by the Department/Government. Further, the arrear cases including accepted audit observations were not available with the Registration, Excise and Prohibition (Registration) Department. In the absence of a suitable mechanism, the Department could not monitor the recovery of accepted cases.

**The Department may take immediate action to pursue and monitor prompt recovery of the dues involved in accepted cases.**

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

The draft performance audits conducted by the AG are forwarded to the concerned Department/Government for their information with a request to furnish their replies. These performance audits are also discussed in an exit conference and the Department's/Government's views are included while finalising the performance audits for the Audit Reports.

The following performance audit on the Department of Registration, Excise and Prohibition (Registration) are featured in the last five years Reports. The details of recommendations and their status are given in **Table 1.13**.

**Table 1.13**

Year of Audit Report/Name of the Performance Audit	Number of recommendations	Details of recommendations	Status
2009-10 Levy and collection of Stamp duty and Registration fee	6	Strictly follow the budgetary procedures under provision of Rule 54 of the Bihar Budget Procedures in preparation of budget estimates;	Reply has not been received
		Ensure that the internal control mechanism is strengthened and its effectiveness is periodically reviewed;	
		Fix the norms for periodical inspection of all public offices and prescribe reports/returns to be submitted by them and their periodicity of submission;	
		Prescribe a time frame for instituting revenue recovery certificates and follow up action thereof;	
		Prescribe a time limit for sending the referred/impounded cases and its finalisation;	
		Prescribe the rate of incidental expenses for collection of revenue on behalf of a body/authority/SCORE.	

### **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 the audit observations and other parameters. The annual audit plan is prepared on the

basis of risk analysis which inter-alia include critical issues in 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, factors of the tax administration, audit coverage and its impact during past five years etc.

During the year 2013-14, there were 963 auditable units, of which 295 units were planned and 286 units had been audited, which is 29.70 *per cent* of the total auditable units. The details are shown in the **Annexure-I**.

Besides, the compliance audit mentioned above, one performance audit was also taken up to examine the efficacy of the tax administration.

## **1.9 Results of audit**

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

Test-check of the records of 286 units of Commercial Taxes, State Excise, Taxes on vehicles, Stamp duty and registration fees, Land revenue and receipts from Mines and minerals conducted during the year 2013-14 showed underassessment/short levy/loss of revenue aggregating ₹ 2,310.97 crore in 3,357 cases. During the period April 2013 to August 2014, the Departments concerned accepted underassessment and other deficiencies of ₹ 785.06 crore which were pointed out in audit during 2013-14.

### **1.10 Coverage of this Report**

This Report contains 44 paragraphs (selected from the audit detections made during the local audit referred to above and during earlier years, which could not be included in earlier reports) including one Performance audit on 'Levy and collection of Entry Tax', involving financial effect of ₹ 1,403.80 crore.

The Departments/Government have accepted audit observations involving ₹ 841.24 crore out of which ₹ 16.53 crore had been recovered. The replies in the remaining cases have not been received (August 2014). These are discussed in succeeding Chapters II to VI.