

**CHAPTER-I**  
**GENERAL**

## CHAPTER – I: GENERAL

### 1.1 Trend of receipts

**1.1.1** The tax and non-tax revenue raised by the Government of Jharkhand during 2013-14, 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 in **Table – 1.1.1**.

**Table – 1.1.1**  
**Trend of revenue receipts**

		(₹ in crore)				
Sl. No.		2009-10	2010-11	2011-12	2012-13	2013-14
<b>Revenue raised by the State Government</b>						
1	• Tax revenue	4,500.12	5,716.63	6,953.89	8,223.67	9,379.79
	• Non-tax revenue	2,254.15	2,802.89	3,038.22	3,535.63	3,752.71
<b>Total</b>		<b>6,754.27</b>	<b>8,519.52</b>	<b>9,992.11</b>	<b>11,759.30</b>	<b>13,132.50</b>
<b>Receipts from the Government of India</b>						
2	• State's share of divisible Union taxes	5,547.57	6,154.35	7,169.93	8,188.05	8,939.32 <sup>1</sup>
	• Grants-in-aid	2,816.63	4,107.25	5,257.41	4,822.20	4,064.97
<b>Total</b>		<b>8,364.20</b>	<b>10,261.60</b>	<b>12,427.34</b>	<b>13,010.25</b>	<b>13,004.29</b>
3	<b>Total receipts of the State Government (1 &amp; 2)</b>	<b>15,118.47</b>	<b>18,781.12</b>	<b>22,419.45</b>	<b>24,769.55</b>	<b>26,136.79</b>
4	<b>Percentage of 1 to 3</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>47</b>	<b>50</b>

Source: Finance Accounts of the Government of Jharkhand.

The above table indicates that during the year 2013-14, the revenue raised by the State Government (₹ 13,132.50 crore) was 50 *per cent* of the total revenue receipts. The balance 50 *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 the Government for the year 2013-14. 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 details of tax revenue raised during the period 2009-10 to 2013-14 as given in **Table - 1.1.2**.

**Table – 1.1.2**  
**Details of Tax Revenue raised**

(₹ in crore)

Sl. No.	Head of revenue		2009-10	2010-11	2011-12	2012-13	2013-14	Percentage of increase (+) or decrease (-) in 2013-14 over 2012-13
1	Taxes on Sales, Trade etc.	BE	4,200.00	4,503.00	5,633.25	6,650.00	7,874.50	(+) 18.41
		Actual	3,597.20	4,473.43	5,522.02	6,421.61	7,305.08	(+) 13.76
2	State Excise	BE	500.00	525.00	445.00	650.00	700.00	(+) 7.69
		Actual	322.75	388.34	457.08	577.92	627.93	(+) 8.65
3	Stamps and Registration Fees	BE	274.94	302.50	450.00	490.00	568.00	(+) 15.92
		Actual	238.20	328.35	401.17	492.40	502.61	(+) 2.07
4	Taxes on Vehicles	BE	400.00	440.00	356.00	550.00	639.40	(+) 16.25
		Actual	234.21	312.37	391.92	465.36	494.79	(+) 6.32
5	Taxes and Duties on Electricity	BE	52.49	53.56	100.00	142.00	161.00	(+) 13.38
		Actual	46.87	53.50	72.76	110.72	145.79	(+) 31.67
6	Land Revenue	BE	60.00	66.00	83.49	82.00	95.00	(+) 15.85
		Actual	41.28	130.65	52.94	96.38	229.84	(+) 138.47
7	Taxes on Goods and Passengers - Tax on Entry of Goods into Local Areas	BE	64.06	65.37	30.00	20.00	Not fixed	--
		Actual	12.44	21.08	40.95	0.51	1.08	(+) 111.76
8	Other Taxes and Duties on commodities and services	BE	9.00	12.00	36.75	28.00	34.50	(+) 23.21
		Actual	7.17	8.91	15.05	15.28	22.76	(+) 48.95
9	Taxes on Professions, Trades, Callings and Employments	BE	Enforced by SO 7 dated 29 June 2012			65.00	80.00	(+) 23.08
		Actual				43.49	49.91	(+) 14.76
<b>Total</b>		BE	<b>5,560.49</b>	<b>5,967.43</b>	<b>7,134.49</b>	<b>8,677.00</b>	<b>10,152.40</b>	<b>(+) 17.00</b>
		Actual	<b>4,500.12</b>	<b>5,716.63</b>	<b>6,953.89</b>	<b>8,223.67</b>	<b>9,379.79</b>	<b>(+) 14.06</b>

Source: Finance Accounts of the Government of Jharkhand and the revised estimates as per the Statement of Revenue and Receipts of Government of Jharkhand.

The reasons for variation in receipts in 2013-14 from those of 2012-13 in respect of some principal heads of tax revenue were as under:

**Taxes on Sales, Trade etc.:** The increase of 13.76 *per cent* was attributed (July 2014) by the Department to better and effective tax administration as well as recovery of substantial due of ₹ 72.52 crore.

**Taxes and Duties on Electricity:** The increase of 31.67 *per cent* was attributed (July 2014) by the Department to better tax administration.

**Land Revenue:** The increase of 138.47 *per cent* was attributed (June 2014) by the Department to deposit of dues amounting to ₹ 129.00 crore.

**Other Taxes and Duties on Commodities and Services:** The increase of 48.95 *per cent* was attributed (July 2014) to better and effective tax administration and taxation on cricket matches.

The Commercial Taxes Department did not furnish reason for increase of 14.76 *per cent* in respect of Taxes on Professions, Trades, Callings and Employments despite our query (between April and July 2014).

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

**Table – 1.1.3**  
**Details of Non-Tax Revenue raised**

(₹ in crore)

Sl. No.	Head of revenue		2009-10	2010-11	2011-12	2012-13	2013-14	Percentage of increase (+) or decrease (-) in 2013-14 over 2012-13
1	Non-ferrous Mining and Metallurgical Industries	BE	2,052.11	2,086.76	2,759.75	3,209.92	3,500.00	(+) 9.04
		Actual	1,733.15	2,055.90	2,662.79	3,142.47	3,230.22	(+) 2.79
2	Forestry and Wild Life	BE	11.35	11.79	4.17	4.80	5.25	(+) 9.38
		Actual	3.57	4.76	3.71	4.22	5.17	(+) 22.52
3	Interest Receipts	BE	270.48	279.41	100.64	65.00	115.00	(+) 76.92
		Actual	153.20	98.74	44.16	72.23	69.48	(-) 3.81
4	Social Security and Welfare	BE	10.02	11.15	33.00	19.00	20.00	(+) 5.26
		Actual	13.49	23.85	15.42	20.48	5.24	(-) 74.41
5	Others	BE	670.91	740.53	711.10	542.37	703.40	(+) 29.69
		Actual	350.74	619.64	312.14	296.23	442.60	(+) 49.41
<b>Total</b>		<b>BE</b>	<b>3,014.87</b>	<b>3,129.64</b>	<b>3,608.66</b>	<b>3,841.09</b>	<b>4,343.65</b>	<b>(+) 13.08</b>
		<b>Actual</b>	<b>2,254.15</b>	<b>2,802.89</b>	<b>3,038.22</b>	<b>3,535.63</b>	<b>3,752.71</b>	<b>(+) 6.14</b>

Source: Finance Accounts of the Government of Jharkhand and the revised estimates as per the Statement of Revenue and Receipts of Government of Jharkhand.

The Departments did not furnish the reasons for excess/shortfall despite our request (August 2014).

## 1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2014 in respect of some principal heads of revenue amounted to ₹ 3,016.16 crore, of which ₹ 1,368.51 crore was outstanding for more than five years as detailed in the **Table – 1.2**.

**Table – 1.2**  
**Arrears in 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	Remarks
1	Taxes on Sales, Trade etc.	1,704.67	946.25	Out of ₹ 1,704.67 crore, demands of ₹ 158.77 crore were certified for recovery as arrears of land revenue. Recovery of ₹ 768.85 crore and ₹ 170.04 crore was stayed by the Courts and the other appellate authorities respectively. Demand of ₹ 14.65 crore and ₹ 15.85 crore were held up due to rectification/review application and dealer/party becoming insolvent. Specific action taken in respect of the remaining arrears of ₹ 576.51 crore has not been intimated (November 2014).

**Table – 1.2**  
**Arrears in 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	Remarks
2	Non-ferrous Mining and Metallurgical Industries	1,024.74	346.35	Out of ₹ 1,024.74 crore as on 31 March 2014, demand for ₹ 499.02 crore was certified for recovery as arrears of land revenue, recovery of ₹ 398.94 crore and ₹ 8.67 crore was stayed by the Courts and other appellate authorities respectively. Demand of ₹ 4.95 crore and ₹ 2.36 crore was held up due to rectification/ review applications and dealer/party becoming insolvent respectively. Specific action taken in respect of the remaining amount of ₹ 110.80 crore has not been intimated (November 2014).
3	Taxes on Vehicles	262.75	67.53	Out of ₹ 262.75 crore, demands of ₹ 254.53 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 ₹ 8.21 crore has not been intimated (November 2014).
4	State Excise	24.00	8.38	Out of the closing balance of arrears of ₹ 24.00 crore as on 31 March 2014, demand for ₹ 20.96 crore was certified for recovery as arrears of land revenue, recovery of ₹ one 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 ₹ 1.77 crore has not been intimated (November 2014).
<b>Total</b>		<b>3,016.16</b>	<b>1,368.51</b>	

The position of arrears of revenue pending collection at the end of 2013-14 in respect of other Departments was not furnished (November 2014) despite active pursuance by us (between April and July 2014).

### 1.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment during the year, cases disposed off during the year and number of cases pending finalisation at the end of the year as furnished by the Commercial Taxes Department in respect of value added tax, entertainment tax, electricity duty and taxes on works contracts was as below in **Table - 1.3**.

**Table - 1.3**  
**Arrears in assessments**

Year	Opening balance	New cases due for assessment	Total assessments due	Cases disposed of	Balance at the end of the year	Percentage of column 6 to 4
1	2	3	4	5	6	7
2009-10	13,235	56,106	69,341	49,422	19,919	28.73
2010-11	19,919	64,145	84,064	66,874	17,190	20.45
2011-12	17,190	63,515	80,705	50,473	30,232	37.46

**Table - 1.3**  
**Arrears in assessments**

Year	Opening balance	New cases due for assessment	Total assessments due	Cases disposed of	Balance at the end of the year	Percentage of column 6 to 4
1	2	3	4	5	6	7
2012-13	31,244	58,087	89,331	53,385	35,946	40.24
2013-14	33,505	63,903	97,408	63,519	33,889	34.79

Source: Commercial Taxes Department, Government of Jharkhand.

From the above table, it would be seen that during the year 2012-13 and 2013-14, the figures furnished by the Department differ from those reported as balance in previous year. The reason for difference in arrears in assessments, though called for (August 2014), has not been received (November 2014). Further, as on 31 March 2014, 33,889 cases were pending for finalisation of assessment. This would result in delay in realisation of revenue/loss of revenue due to cases became barred by limitation.

#### 1.4 Evasion of tax detected by the Department

The details of cases of evasion of tax detected by the Commercial Taxes Department, cases finalised and the demand for additional tax raised as reported by the Department are given in **Table - 1.4**.

**Table - 1.4**  
**Evasion of Tax detected**

Head of revenue	Cases pending as on 31 March 2013	Cases detected during 2013-14	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 2014
				Number of cases	Amount of demand	
Taxes on sales, trade etc.	55	148	203	138	2.92	65

(₹ in crore)

It would be seen from the above table that the number of cases pending at the end of the year was more 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 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 the **Table – 1.5**.

**Table – 1.5**  
**Details of pendency of refund cases**

Sl. No.	Particulars	VAT/Taxes and Duties on Electricity	
		No. of cases	Amount
1.	Claims outstanding at the beginning of the year	632	4,348.66
2.	Claims received during the year	26	910.80
3.	Refunds made during the year	13	89.49
4.	Balance outstanding at the end of the year	645	5,169.97
5.	Interest paid due to belated refunds	NIL	NIL

(₹ in lakh)

Source: Information furnished by the Commercial Taxes Department.

The outstanding claims at the beginning of 2013-14 differ by two cases and ₹ 40.77 lakh. As per closing balance at the end of 2012-13, the number of cases outstanding was shown as 630 of ₹ 4,307.89 lakh. The reason for difference, though called for (August 2014), has not been received (November 2014).

Jharkhand VAT Act provides for payment of interest, at the rate of six *per cent* per annum, if the excess amount is not refunded to the dealer pending beyond ninety days of the application claiming refund in pursuance to such order till the date on which the refund is granted.

The progress in disposal of the refund cases of Sales Tax/VAT was very slow as compared to claims received.

## 1.6 Response of the Departments/Government towards Audit

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. 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 the observations contained in the IRs, rectify the defects and omissions and 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 2013 and found that 8,127 paragraphs involving ₹ 12,704.36 crore relating to 977 IRs remained outstanding at the end of June 2014 as mentioned below alongwith the corresponding figures for the preceding two years in **Table - 1.6**.

**Table - 1.6**  
**Details of pending Inspection Reports**

	(₹ in crore)		
	June 2012	June 2013	June 2014
Number of outstanding IRs	963	994	977
Number of outstanding audit observations	6,100	6,945	8,127
Amount involved	9,794.39	10,977.96	12,704.36

**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 - 1.6.1**.

**Table - 1.6.1**  
**Department-wise details of Inspection Reports**

(₹ 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.	211	4,064	4,107.54
		Entry Tax	41	96	24.40
		Electricity Duty	21	54	75.73
		Entertainment Tax etc.	10	10	0.53

**Table - 1.6.1**  
**Department-wise details of Inspection Reports**

Sl. No.	Names of Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	(₹ in crore)
					Money value involved
2	Excise and Prohibition	State Excise	121	633	577.92
3	Revenue and Land Reforms	Land Revenue	84	536	1,778.07
4	Transport	Taxes on Motor Vehicles	199	1,152	496.60
5	Registration	Stamps and Registration Fees	120	396	3,644.35
6	Mines and Geology	Non-ferrous Mining and Metallurgical Industries	170	1,186	1,999.22
<b>Total</b>			<b>977</b>	<b>8,127</b>	<b>12,704.36</b>

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 203 IRs issued from 2003-04 to December 2013. 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.

**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 Government sets up audit committees to monitor and expedite the progress of the settlement of the IRs and paragraphs in the IRs. The details of the audit committee meetings held during the year 2013-14 and the paragraphs settled are mentioned in the **Table - 1.6.2**.

**Table - 1.6.2**  
**Details of departmental audit committee meetings**

Heads of revenue	Number of meetings held	Number of paragraphs settled	(₹ in lakh)
			Amount
Taxes on Sales, Trade etc.	2	69	2,188.28
Stamps and Registration Fees	1	37	62.39
State Excise	2	150	3,613.06
Taxes on Vehicles	2	56	970.03
Land Revenue	3	46	51.90
Non-ferrous Mining and Metallurgical Industries	2	177	7,601.85
<b>Total</b>	<b>12</b>	<b>535</b>	<b>14,487.51</b>

The progress of settlement of paragraphs pertaining to the Transport Department and Commercial Taxes Department was negligible as compared to the huge pendency of the IRs and paragraphs.



### 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 2013-14, 201 records relating to 21 offices of four Departments (Commercial Taxes, Transport, Revenue and Land Reforms and Registration Departments) were not made available to us for audit. The office-wise break-up of such cases is given in the **Table – 1.6.3**.

**Table – 1.6.3**  
**Details of non-production of records**

Name of Office	Number of assessment cases/ records not produced to audit
Dy. Commissioner of Commercial Taxes, Katras	23
Dy. Commissioner of Commercial Taxes, Singbhum	3
District Transport Officer, Dhanbad	5
Dy. Collector Land Reforms (DCLR), Giridih	3
Circle Office, Ghatsila	9
Circle Office, Dhalbhum	8
Circle Office, Musabani	5
Circle Office, Bagodar	11
Circle Office, Dumri	11
Circle Office, Dhanwar	11
Circle Office, Jamua	11
Circle Office, Birni	11
Circle Office, Deori	11
Circle Office, Tisri	11
Circle Office, Ganwan	11
Circle Office, Bengabad	11
Circle Office, Pirtand	11
Circle Office, Gandey	11
Circle Office, Giridih	11
Circle Office, Potka	11
District Sub-Registrar, Sahibganj	2
<b>Total</b>	<b>201</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 Principal Accountant General (PAG) 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.

Thirty five draft paragraphs (clubbed into 28 paragraphs) including two performance audits and one long draft paragraph were sent to the Principal Secretaries/Secretaries of the respective Departments by name between May and July 2014. The Principal Secretaries/Secretaries of the Departments did not send replies to five draft paragraphs despite issue of reminders (between

July and August 2014) and the same have been included in this Report without the response of the Departments.

### 1.6.5 Follow up on Audit Reports – summarised position

The internal working system on 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 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 Audit Reports were being delayed inordinately. 166 paragraphs (including performance audit) included in the Audit Report of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Jharkhand for the years ended 31 March 2008, 2009, 2010, 2011 and 2012 were placed before the State Legislature Assembly between July 2009 and July 2013. The action taken explanatory notes from the concerned Departments on these paragraphs were received late with average delay of three months in respect of each of these audit reports. Action taken explanatory notes in respect of 92 paragraphs from the departments which had not been received are mentioned in the **Table – 1.6.5**.

**Table - 1.6.5**

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 2008	10.07.2009	42	27	15
2	31 March 2009	13.08.2010	41	14	27
3	31 March 2010	29.08.2011	26	10	16
4	31 March 2011	06.09.2012	32	23	09
5	31 March 2012	27.07.2013	25	00	25
<b>Total</b>			<b>166</b>	<b>74</b>	<b>92</b>

The PAC discussed 52 selected paragraphs pertaining to the Audit Reports for the year 2007-08 to 2012-13 and gave its recommendations on one paragraph and one sub-paragraph pertaining to Forest and Mines & Geology Departments incorporated in two Reports (2008-09 and 2009-10). However, ATNs have not been received from these Departments in respect of these recommendations of the PAC.

### 1.7 Analysis of mechanism for dealing with the issue 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 audit included in the Audit Reports of the last 10 years for one Department is evaluated and included in this Audit Report.

The succeeding paragraphs 1.7.1 and 1.7.2 discuss the performance of the **Revenue and Land Reforms Department** under revenue head **Land Revenue** and cases detected in the course of local audit conducted during the last ten years and also the cases included in the Audit Reports for the year 2004-05 to 2013-14.

### 1.7.1 Position of Inspection Reports

The summarised position of inspection reports issued during 2004-05 to 2013-14 in respect of the **Revenue and Land Reforms Department**, paragraphs included in these reports and their status as on 31 March 2014 are tabulated in below **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 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	1,469	4,694	418.26	46	154	74.69	40	160	40.33	1,475	4,688	452.62
2005-06	1,475	4,688	452.62	63	241	107.52	56	203	48.15	1,482	4,726	511.99
2006-07	1,482	4,726	511.99	9	44	68.39	261	1,152	15.63	1,230	3,618	564.45
2007-08	1,230	3,618	564.45	12	85	9.49	128	593	57.06	1,114	3,110	516.88
2008-09	1,114	3,110	516.88	13	75	1,153.23	231	1,009	6.26	896	2,176	1,663.85
2009-10	896	2,176	1,663.85	6	28	1.95	296	881	50.27	606	1,323	1,615.53
2010-11	606	1,323	1,615.53	0	0	0	85	198	7.25	521	1,125	1,608.28
2011-12	521	1,125	1,608.28	10	41	12.68	364	523	245.13	167	643	1,375.83
2012-13	167	643	1,375.83	5	41	250.32	51	162	1.77	121	522	1,624.38
2013-14	121	522	1,624.38	5	101	709.04	9	130	580.22	117	493	1,753.20

During the period 2004-05 to 2013-14, we issued 169 IRs containing 810 paragraphs with financial implication of ₹ 2,387.31 crore. At the same time 1,521 IRs involving 5,011 paragraphs with monetary value of ₹ 1,052.07 crore were settled by conducting audit committee meetings with the Department and through regular interactions with them. At present, 117 IRs containing 493 paragraphs with monetary value of ₹ 1,753 crore are pending for settlement, of which 95 IRs containing 344 paragraphs having money value of ₹ 783.49 crore are more than five years old (between 2004-05 and 2008-09).

### 1.7.2 Recovery of accepted cases

The position of paragraphs relating to **Revenue and Land Reforms Department** included in the Audit Reports of last ten years, those accepted by the Department and the amount recovered are mentioned in **Table - 1.7.2**.

**Table - 1.7.2**  
**Recovery of accepted cases**

(₹ in crore)

Year of Audit Report	Number of paragraph included	Money value of the paragraphs	Number of paragraph accepted	Money value of accepted paragraphs	Amount recovered
2003-04	1	0.43	1	0.43	Nil
2004-05	2	339.75	1	327.10	Nil
2005-06	3	0.84	1	0.31	Nil
2006-07	2	14.46	0	0	Nil
2007-08	2	200.13	1	0.29	Nil
2008-09	2	222.81	1	3.67	Nil
2009-10	1	0.52	1	0.11	Nil
2010-11	0	0	0	0	Nil
2011-12	2	14.99	1	4.71	Nil
2012-13	2	4.45	1	3.94	Nil

It is evident from the above table that the progress of recovery even in accepted cases was nil during the last ten years. The recovery of accepted cases should be pursued as arrears are recoverable from the concerned parties. No mechanism for pursuance of the accepted cases had been put up in place by the Department/Government. Further, the arrear cases including accepted audit observation were not available with the office of the Principal Secretary, Revenue and Land Reforms Department. The increase of 138.47 *per cent* in total receipt collection under this head was attributed (June 2014) by the Department to deposit of dues amounting to ₹ 129 crore. However, the Department reported arrear as on 31 March 2013 as ₹ 19.98 crore only.

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

### 1.8 Action taken on the recommendations accepted by the Departments/Government

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

We made 55 recommendations in 10 performance audits on the Finance, Commercial Taxes, Transport, Revenue and Land Reforms, Registration, Mines and Geology, Forest and Irrigation Departments featured in the previous five years Audit Reports. Details are mentioned in **Table - 1.8**.

**Table – 1.8**

Year of Audit Report	Name of Performance Audits	Number of recommendations
2008-09	Transition from Sales Tax to Value Added Taxes and application of IT system	7
	Interest Receipts	3
	Forest Receipts	6
2009-10	Working of Revenue and Land Reform Departments	4
	Receipts from Stamp Duty and Registration Fees including IT	10
2010-11	Utilisation of declaration forms in inter-State trade of commerce	4
	Computerisation in Transport Department	6
	Receipts from Major and Medium Irrigation Projects	4
2011-12	Working of Mines and Geology Department in respect of Mining Receipts	5
2012-13	Levy and collection of Electricity Duty in Jharkhand	6
<b>Total</b>		<b>55</b>

Out of these recommendations, Transport Department intimated (August 2014) that only one (fourth) recommendation of the performance audit of “Computerisation in Transport Department”, which featured in the Audit Report for the year 2010-11 has been implemented in April 2014, after the lapse of three years from being recommended. Information about implementation of other recommendations had not been furnished by the Departments.

**We recommend that the Government may consider taking suitable steps to monitor the action to be taken/action taken on assurances given by them against our recommendations included in the performance audits during exit conferences.**

## **1.9 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* includes 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 2013-14, the audit universe comprised of 505 auditable units, of which 127 units were planned and 125 units were audited. The details are mentioned in **Table - 1.9**.

**Table - 1.9  
Audit Planning**

Sl. No.	Principal Head	Total no. of units	Units planned for audit	Units audited during 2013-14
1	Taxes on Sales, Trade etc.	46	25	25
2	Taxes on Vehicles	27	20	19
3	Stamps and Registration Fees	46	15	15
4	State Excise	23	18	18
5	Land Revenue	307	31	30
6	Non-ferrous Mining and Metallurgical Industries	50	18	18
7	Jharkhand State Mineral Development Corporation	5	00	00
8	Jharkhand State Beverage Corporation Ltd.	1	00	00
<b>Total</b>		<b>505</b>	<b>127</b>	<b>125</b>

Besides the compliance audits mentioned above, two performance audits of “**Assessment, levy and collection of tax on works/supplies contracts**” and “**Levy and collection of excise receipts in Jharkhand**” and a long paragraph on “**Deficiencies in VAHAN software**” pertaining to the Transport Department were also taken up to examine the efficacy of the tax administration of these receipts.

## **1.10 Result of audit**

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

Test check of the records of 125 units of Commercial Taxes, State Excise, Transport, Revenue and Land Reforms, Registration and Mines and Geology Departments conducted during the year 2013-14 showed under assessment/short levy/loss of revenue aggregating ₹ 2,313.83 crore in 20,230 cases. During the course of the year, the Departments concerned accepted under

assessment and other deficiencies of ₹ 542.57 crore in 16,296 cases pointed out by us, of which ₹ 535.45 crore involved in 16,263 cases were pointed out during 2013-14 and the rest in the earlier year. The Departments effected recovery of ₹ 8.53 crore in 378 cases in 2013-14.

### **1.11 Coverage of this Report**

This report contains 28 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 two Performance Audits of **“Assessment, levy and collection of tax on works/supplies contracts”** and **“Levy and collection of excise receipts in Jharkhand”** and a long paragraph on **“Deficiencies in VAHAN software”**, involving financial effect of ₹ 992.05 crore out of which ₹ 830.09 crore is recoverable.

The Department/Government have accepted audit observations involving ₹ 530.66 crore including avoidable notional loss of ₹ 161.96 crore and recovered ₹ 8.49 crore. The replies in the remaining cases have not been received (November 2014). These are discussed in succeeding Chapters II to VI.