

Chapter-I General

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by the Government of Madhya Pradesh during the year 2013-14, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grant-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.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1	2	3	4	5	6	7
1.	Revenue raised by the State Government					
	• Tax revenue	17,272.77	21,419.33	26,973.44	30,581.70	32,342.12
	• Non-tax revenue	6,382.04	5,719.77	7,482.73	7,000.22	7,704.93
	Total	23,654.81	27,139.10	34,456.17	37,581.92	40,047.05
2.	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties	11,076.99	15,638.52	18,219.14	20,805.16	22,715.14 ¹
	• Grants-in-aid	6,662.87	9,076.56	9,928.77	12,040.20	11,776.82
	Total	17,739.86	24,715.08	28,147.91	32,845.36	34,491.96
3.	Total revenue receipts of the State Government (1 and 2)	41,394.67	51,854.18	62,604.08	70,427.28	74,539.01
4.	Percentage of 1 to 3	57	52	55	53	54

(Source: Finance Accounts of the Government of Madhya Pradesh)

The above table indicates that during the year 2013-14, the revenue raised by the State Government (₹ 40,047.05 crore) was 54 per cent of the total revenue receipts. The balance 46 per cent of the receipts during 2013-14 was from the Government of India.

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

¹ For details, please see Statement No.11-“Detailed accounts of revenue by minor heads” in the Finance Accounts of the Government of Madhya Pradesh for the year 2013-14. Figures under the head “Share of net proceeds assigned to States” 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.

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	8012.11	9320.00	11830.00	14000.00	16500.00	(+) 17.85
		Actual	7723.82	10256.76	12516.73	14856.30	15549.89	(+) 4.67
2.	State excise	BE	2760.00	3400.00	4050.00	4800.00	5750.00	(+) 19.79
		Actual	2951.94	3603.42	4316.49	5078.06	5807.39	(+) 14.36
3.	Stamps duty	BE	1560.00	1900.00	2000.00	3200.00	4000.00	(+) 25.00
		Actual	1783.15	2514.27	3284.46	3944.24	3389.99	(-) 14.05
4.	Taxes on goods and passengers	BE	1460.00	1500.00	1815.00	2150.00	2640.00	(+) 22.79
		Actual	1332.88	1746.20	2047.46	2395.03	2578.74	(+) 7.67
5.	Taxes and duties on electricity	BE	1000.00	1090.00	1370.00	1370.00	1600.00	(+) 16.79
		Actual	2146.49	1476.32	1773.32	1477.71	1972.20	(+) 33.46
6.	Motor Vehicles Tax	BE	900.00	1050.00	1285.00	1400.00	1650.00	(+) 17.86
		Actual	919.01	1198.38	1357.12	1531.25	1598.93	(+) 4.42
7.	Land revenue	BE	161.81	182.46	500.31	550.00	572.00	(+) 4.0
		Actual	180.03	360.81	279.06	443.59	366.23	(-) 17.44
8.	Others	BE	221.08	227.54	267.69	842.00	670.00	(-) 20.42
		Actual	235.45	263.17	1398.85	855.52	1078.75	(+) 26.09
Total		BE	16075.00	18670.00	23118.00	28312.00	33382.00	(+)17.91
		Actual	17272.77	21419.33	26973.44	30581.70	32342.12	(+) 5.76

(Source: Finance Accounts and Budget Estimates of the Government of MP)

The respective Departments reported the following reasons for variation:

State Excise: The increase in the receipt was mainly due to the disposal of pending cases.

Stamp and Registration Fees: The decrease in revenue receipts was mainly due to the shortfall in the Registration of documents as a result of the orders regarding non registration of illegal colonies issued by the Hon'ble High court against Public Interest Litigation (PIL) and worldwide recession.

Taxes and duties on electricity: Increase of 33.46 per cent in receipt of revenue was due to the recovery of old dues.

Others: Increase of 26.09 per cent in revenue under the head "Others" was due to recovery under Rural Infrastructure and Road Development tax.

The other Departments despite being requested did not furnish the reasons for variations in receipts from that of the previous year.

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	2		3	4	5	6	7	8
1.	Non-ferrous mining and metallurgical industries	BE	1566.00	1650.00	2540.00	2300.00	2220.00	(-) 3.40
		Actual	1590.47	2121.49	2038.31	2443.39	2305.17	(-) 5.66
2.	Interest receipts	BE	176.98	167.09	166.90	202.00	204.15	(+) 1.06
		Actual	1284.03	298.56	1571.41	301.47	317.86	(+) 5.44
3.	Forestry and wild life	BE	850.00	1000.00	1027.32	969.04	1100.00	(+) 13.51
		Actual	802.00	836.61	878.81	910.38	1035.72	(+) 13.77
4.	Public works	BE	19.36	42.31	55.54	63.55	38.49	(-) 39.43
		Actual	27.37	36.77	47.92	33.22	46.82	(+) 40.94
5.	Miscellaneous general services	BE	4.10	20.09	22.07	19.88	16.95	(-) 14.74
		Actual	399.12	143.00	145.44	30.40	33.68	(+) 10.49
6.	Other administrative services	BE	106.38	113.42	117.50	93.49	184.40	(+) 97.24
		Actual	80.94	85.14	106.05	239.15	380.21	(+) 58.98
7.	Police	BE	64.03	65.00	85.00	100.00	107.04	(+) 7.04
		Actual	41.98	62.55	63.19	83.59	71.82	(-) 14.08
8.	Medical and Public Health	BE	43.04	49.54	40.11	21.00	46.65	(+) 122.14
		Actual	21.84	22.77	30.16	44.83	57.76	(+) 28.84
9.	Co-operation	BE	9.96	8.60	9.01	9.59	10.06	(+) 4.90
		Actual	9.08	17.05	11.65	13.02	12.24	(-) 5.99
10.	Major and medium irrigation	BE	73.23	82.31	90.44	96.18	116.86	(+) 21.50
		Actual	56.75	194.89	263.15	137.74	138.48	(+) 0.01
11.	Other Non-tax receipts	BE	1023.09	1123.64	1845.11	3452.27	3538.40	(+) 2.49
		Actual	2068.46	1900.94	2326.64	2763.03	3305.17	(+) 19.62
Total		BE	3937.00	4322.00	5999.00	7327.00	7583.00	(+) 3.49
		Actual	6382.04	5719.77	7482.73	7000.22	7704.93	(+) 10.06

(Source: Finance Accounts and Budget Estimates of the Government of MP)

The respective Departments reported the following reasons for variation:

Forestry and Wild Life: Increase of revenue receipts under this head was due to the price escalation.

Public works: Increase in the actual receipts was due to the increase in the receipts under sub-head "PWD-Building".

Other Administrative Services: Increase in the receipts under this head was due to increase in the receipts under the sub-head "Fine and forfeitures".

Medical and Public Health: The main reason of increase in the actual receipts under this head was due to the increase in receipts from Employee State insurance schemes.

The other Departments despite being requested did not intimate the reasons for variation in receipts from that of the previous year.

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2014 of some principal heads of revenue amounted to ₹ 957.18 crore of which ₹ 479.96 crore was outstanding for more than five years, as detailed in the **Table-1.2**.

Table - 1.2
Arrears of revenue

(₹ in crore)				
Sl. No.	Head of revenue	Total Amount outstanding as on 31 March 2014	Amount outstanding for more than 5 years as on 31 March 2014	Replies of Department
1	2	3	4	5
1.	Taxes on sales, trade etc.	576.47	320.92	--
2.	State Excise	74.61	69.13	An amount of ₹ 5.67 crore was not recovered due to stay by the Hon'ble Court and ₹ 47.32 crore was not recoverable for which action has been initiated to write off the amount as irrecoverable. No reply has been received in remaining arrears of ₹ 21.62 crore.
3.	Stamp and Registration	114.91	62.73	--
4.	Non-ferrous mining and metallurgical industries	14.21	12.07	--
5.	Taxes and duties on Electricity	176.98	15.11	Amounts pending due to non-recovery of dues through RRC ₹ 114.96 crore, pending due to court cases ₹ 40.14 crore and pending with the departmental authorities ₹ 0.23 crore. No reply has been received in remaining arrears of ₹ 21.65 crore.
Total		957.18	479.96	

It would be seen from the table that recovery of ₹ 479.96 crore was pending for more than five years and sincere efforts were not being made to recover them. Arrears of ₹ 432.64 crore² were pending with the departmental authorities. The cases referred for write off (₹ 47.32 crore) were being pursued by the concerned Department.

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 Sales Tax Department in respect of sales tax, motor spirit tax, luxury tax and tax on works contracts was as below in **Table-1.3**.

² Total amount outstanding for more than five years as on 31.3.2014 (₹ 479.96 crore) minus amount irrecoverable initiated for write off (₹ 47.32 crore)

Table - 1.3
Arrears in assessments

Head of revenue	Year	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 column 6 to 5
1	2.	3	4	5	6	7	8
Sales tax/ VAT	2011-12	1,24,088	2,94,265	4,18,353	3,30,229	88,124	78.94
	2012-13	88,124	2,32,539	3,20,663	2,00,552	1,20,111	62.54
	2013-14	1,20,111	2,78,856	3,98,967	2,30,404	1,68,563	57.75
Profession tax	2011-12	67,248	1,19,154	1,86,402	1,22,991	63,411	65.98
	2012-13	63,411	89,708	1,53,119	1,05,945	47,174	69.19
	2013-14	47,174	96,790	1,43,964	89,473	54,491	62.15
Entry tax	2011-12	89,361	2,27,878	3,17,239	2,55,173	62,066	80.44
	2012-13	62,066	1,93,494	2,55,560	1,64,443	91,117	64.35
	2013-14	91,117	2,28,794	3,19,911	1,87,253	1,32,658	58.53
Luxury tax	2011-12	1,023	308	1,331	911	420	68.44
	2012-13	420	1,337	1,757	871	886	49.57
	2013-14	886	1,517	2,403	1,256	1,147	52.27
Tax on works contracts	2011-12	2,742	5,328	8,070	5,450	2,620	67.53
	2012-13	2,620	7,371	9,991	6,305	3,686	63.11
	2013-14	3,686	7,793	11,479	5,192	6,287	45.23

Thus, there has been an increase in disposal of assessment cases relating to Sales tax/VAT, Entry tax and luxury tax during 2013-14 as compared to the previous year but was lower than the achievement in 2011-12.

1.4 Evasion of tax detected by the Department

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

Table - 1.4
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 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 (₹ in crore)	
1.	Taxes on sales, trade etc.	253	263	516	239	44.19	277
2.	State Excise	00	00	00	00	00	00
3.	Stamp and Registration fees	16394	9876	26270	12694	49.43	13576
	Total	16647	10139	26786	12933	93.62	13853

It would be seen from the above table that the number of cases pending is high at the end of the year in respect of Stamp duty and Registration fees.

The Government may consider to strengthen the internal control mechanism/ internal audit wing to ensure regular internal audit for eliminating the weaknesses and defective practices in the system and resultant leakage/ evasion of leviable Stamp duty and Registration fees.

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 the cases pending at the close of the year 2013-14 as reported by the Department are given in **Table-1.5**.

Table - 1.5

Details of pendency of refund cases

(₹ in crore)									
Sl. No.	Particulars	Sales tax / VAT		Taxes and duties on electricity		Stamp & Registration Fees		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	660	94.68	200	2.81	1749	4.49	14	0.11
2.	Claims received during the year	4422	286.72	46	4.14	654	3.73	20	1.06
3.	Refunds made during the year	4570	316.24	49	2.10	914	3.42	23	0.90
4.	Balance outstanding at the end of year	512	65.16	169	4.16	1482	4.80	11	0.27
5.	Percentage of refund	89.92	82.91	31.30	40.14	38.32	41.60	67.64	76.92

MP VAT Act provides for payment of interest, at the rate of one *per cent* per month, if the excess amount is not refunded to the dealer within 90 days from the date of the order and thereafter at the rate of 1.5 *per cent* per month till the refund is made.

The progress in the disposal of old outstanding refund cases of all the above heads was very slow.

1.6 Response of the Government / Departments towards audit

The Accountant General (Economic & Revenue Sector Audit), MP, conducts periodical inspection of the Government Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with 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 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.

Inspection reports issued upto December 2013 disclosed that 16,280 paragraphs involving ₹ 7,520.60 crore relating to 3,757 IRs remained outstanding at the end of June 2014 as mentioned below along with the corresponding figures for the preceding two years in **Table-1.6**.

Table - 1.6

Details of pending Inspection Reports

	June 2012	June 2013	June 2014
Number of IRs pending for settlement	3,465	3,695	3,757
Number of outstanding audit observations	13,506	14,752	16,280
Amount of revenue involved (₹ in crore)	6,834.02	6,783.96	7,520.60

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 IRs

(₹ in crore)					
Sl. No	Name of the Department	Nature of receipts	Numbers of outstanding IRs	Numbers of outstanding audit observations	Money value involved
1.	2.	3.	4.	5.	6.
1.	Finance	Taxes on Sales, Trade etc.	1,185	6,304	1,177.29
2.	Energy	Taxes and duties on electricity	54	180	458.83
3.	Excise	State Excise	250	987	785.78
4.	Revenue	Land Revenue	1,109	3,516	2,680.89
5.	Transport	Taxes on motor vehicles	456	2,592	391.74
6.	Stamp and Registration	Stamp and Registration fees	441	1,377	260.40
7.	Mines and Geology	Non-ferrous mining and metallurgical industries	262	1,324	1,765.67
Total			3,757	16,280	7,520.60

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 259 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 having an effective system for prompt and appropriate response to audit observations.

1.6.2 Departmental audit committee meetings

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

Table - 1.6.2

Details of departmental audit committee meetings

(₹ in crore)				
Sl. No.	Head of Revenue	Number of meetings held	Number of paras settled	Amount
1.	Land Revenue Department	2	195	66.42
2.	Stamp Duty & Registration Fees Department	1	87	10.07
3.	Mining Department	1	145	589.43
4.	Commercial Tax	1	56	1.19
Total		5	483	667.11

It is recommended that the Government may ensure convening of more ACMs by all the Departments for effective and expeditious settlement of outstanding 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 401 assessment files, returns, refunds, registers and other relevant records were not made available to audit. The tax effect could not be computed in all the cases. Break up of these cases are given in **Table-1.6.3**.

Table - 1.6.3

Details of non-production of records

Name of the Office/Department	Year in which it was to be audited	Number of cases not audited	Tax Amount
Taxes/VAT on Sales, trade etc.	2013-14	-	-
Excise	2013-14	27	-
Stamp Duty	2013-14	25	-
Motor Vehicles Tax	2013-14	15	-
Others	2013-14	334	-
Total		401	

1.6.4 Response of the Department 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 Department / Government

is invariably indicated at the end of such paragraphs included in the Audit Report.

Forty draft paragraphs (clubbed into 37 paragraphs) including three Performance Audits (PAs) were sent to the Principal Secretaries / Secretaries of the respective Departments by name between April and May 2014. The Principal Secretaries/Secretaries of the Departments did not send replies to any draft paragraphs including PAs despite issue of reminders and the same have been included in this Report without the response of the Department/Government. However, responses received for PAs during exit conferences held with the Government, have been appropriately included at relevant places in the Report.

1.6.5 Follow up on the Audit Reports summarised position

The internal working system of the Public Accounts Committee, 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. Two hundred ninety one paragraphs (including one PA) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Madhya Pradesh for the years ended 31 March 2009, 2010, 2011, 2012 and 2013 were placed before the State Legislature Assembly between July 2010 and July 2014. Action taken explanatory notes in respect of 120 paragraphs from State Revenue Departments (Commercial Tax, State Excise, Taxes on Vehicles, Land Revenue, Stamp Duty and Registration Fee and Mining) had not been received for the Audit Report year ended 31 March 2013 so far (March 2014).

The PAC discussed 26 selected paragraphs pertaining to the Audit Reports for the years from 2008-09 to 2012-13 and has not made any recommendations.

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 Department / Government, the action taken on the Draft Paragraphs and PAs included in the Audit Reports of the last 10 years for Mining Department is evaluated and included in this Audit Report.

The succeeding paragraphs 1.7.1 to 1.7.2 discuss the performance of the Mining Department under revenue head 0853 and cases detected in the course of local audit during the last ten years and also the cases included in the Audit Reports for the years 2004-05 to 2013-14.

1.7.1 Position of Inspection Reports

The summarised position of the inspection reports issued during the last nine years, 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)													
Sl. No.	Year	Opening Balance			Addition during the year			Clearance during the quarter			Closing balance during the year		
		IRs	Para graphs	Money value	IRs	Para graphs	Money value	IRs	Para graphs	Money value	IRs	Para graphs	Money value
1.	2005-06	284	806	575.33	26	136	226.81	55	199	40.30	255	743	761.84
2.	2006-07	255	743	761.84	19	74	33.33	4	47	11.90	270	770	783.27
3.	2007-08	270	770	783.27	21	85	90.06	6	58	70.16	285	797	803.17
4.	2008-09	285	797	803.17	32	179	368.14	5	39	161.19	312	937	1010.12
5.	2009-10	312	937	1010.12	41	268	1824.35	61	211	181.12	292	994	2653.35
6.	2010-11	292	994	2653.35	37	208	282.36	130	313	193.73	199	889	2741.98
7.	2011-12	199	889	2741.98	33	234	174.66	30	148	1302.50	202	975	1614.139
8.	2012-13	202	975	1614.139	35	254	147.18	04	09	0.063	233	1220	1761.256
9.	2013-14	233	1220	1761.256	37	280	638.55	06	155	589.95	264	1345	1809.856

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 284 outstanding IRs with 806 paragraphs as on start of 2005-06, the number of outstanding IRs declined to 264 with 1345 paragraphs at the end of 2013-14. The marginal settlement of outstanding IRs and paragraphs is indicative of the fact that adequate steps were not taken by the Department to reduce the number of outstanding IRs and paragraphs.

1.7.2 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Department and the amount recovered are mentioned in Table-1.7.2.

Table - 1.7.2

(₹ in crore)						
Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted including money value	Money value of accepted paragraphs	Amount recovered during the year	Cumulative position of recovery of accepted cases as of 31.03.2014
2003-04	07	19.76	3	2.46	--	4.11
2004-05	04	2.95	2	2.23	0.13	1.00
2005-06	06	2.16	1	0.13	--	0.20
2006-07	08	5.20	8	5.26	0.29	3.33
2007-08	1 (PA)	395.76	1	0.11	--	63.24
2008-09	08	102.93	1	1.53	1.01	2.28
2009-10	11	447.89	3	138.24	0.32	2.31
2010-11	11	115.46	8	83.67	0.07	0.81
2011-12	12	80.34	3	23.92	--	--
2012-13	1 (PA)	46.43	1	9.44	--	--

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

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

1.8 Action taken on the recommendations accepted by the Department/Government

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

The following PAs on the Department of Land Revenue, Power, Forest receipts, Transport, Mining, Stamp & Registration and State Excise Department featured in the last five years' Reports. The number of recommendations is given in **Table-1.8**

Table - 1.8

Year of Report	Name of the PA	No. of recommendations
2008-09	1. Transition from sales tax to Value Added Tax	08
	2. Forest Receipts in Madhya Pradesh	08
	3. Assessment & Collection of water rates	06
2009-10	1. Land Revenue Receipts in Madhya Pradesh	07
	2. Levy & collection of electricity duty, fees and cess	04
2010-11	1. Working of commercial tax check posts in MP	07
	2. Utilisation of declaration forms in inter-state trade and commerce	03
	3. Computerisation in the Motor Vehicles Department	03
2011-12	1. Recovery of Revenue arrears in Commercial Tax Department	04
	2. Collection of Excise receipts on liquor	04
2012-13	1. Mining Receipts in Madhya Pradesh	07

No information on implementation of accepted recommendations have been received so far (December 2014).

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 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 993 auditable units, of which 380 units were planned and 376 units had been audited, which is 99 *per cent* of the total auditable units. Due to assembly elections, four³ planned units could not be audited.

Besides, the compliance audit mentioned above, three PAs were also taken up to examine the efficacy of the tax administration of these receipts.

1.10 Results of audit

Position of local audit conducted during the year

Test check of the records of 376 units of State Excise, Land Revenue, Commercial Tax, Transport, Mining Receipt, Stamp Duty & Registration Fees and other Departmental offices (PSUs) conducted during the year 2013-14 showed under assessment / short levy / loss of revenue aggregating ₹ 1,267.93 crore in 5,64,313 cases. During the course of the year, the concerned Departments accepted underassessment and other deficiencies of ₹ 526.24 crore involved in 1,39,791 cases which were pointed out in audit during 2013-14. The Department collected ₹ 10.03 crore in 1,042 cases during 2013-14, pertaining to the audit findings of current year.

1.11 Coverage of this Report

This Report contains 37 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 three Performance audits, involving financial effect of ₹ **368.07** crore.

The Departments / Government have accepted audit observations involving ₹ 54.64 crore out of which ₹ 5.94 lakh was recovered. The replies in the remaining cases have not been received. These are discussed in succeeding Chapters II to VII.

³ Three units of Land Revenue and one unit of State Excise