

CHAPTER-I
GENERAL

CHAPTER I: GENERAL

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by the Government of Haryana 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 (GOI) 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)						
Sr. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Revenue raised by the State Government					
	• Tax revenue	13,219.50	16,790.37	20,399.46	23,559.00	25,566.60
	• Non-tax revenue	2,741.40	3,420.94	4,721.65	4,673.15	4,975.06
	Total	15,960.90	20,211.31	25,121.11	28,232.15	30,541.66
2.	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties ¹	1,774.47	2,301.75	2,681.55	3,062.13	3,343.24
	• Grants-in-aid	3,257.29	3,050.62	2,754.93	2,339.25	4,127.18
	Total	5,031.76	5,352.37	5,436.48	5,401.38	7,470.42
3.	Total revenue receipts of the State Government (1 and 2)	20,992.66	25,563.68	30,557.59	33,633.53	38,012.08
4.	Percentage of 1 to 3	76	79	82	84	80

The above table indicates that during the year 2013-14, the revenue raised by the State Government (₹ 30,541.66 crore) was 80 *per cent* of the total revenue receipts. The balance 20 *per cent* of the receipts during the year 2013-14 was from the Government of India.

1.1.2 The details of 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 Haryana for the year 2013-14. Figures under the head 0021 - Taxes on income other than corporation tax - share of net proceeds assigned to States booked in the Finance Accounts under A - Tax revenue have been excluded from 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)													
Sr. No.	Head of revenue	2009-10		2010-11		2011-12		2012-13		2013-14		Percentage of increase(+) or decrease(-) in 2013-14	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	Actual over BE 2013-14	Actual 2013-14 over 2012-13
1.	Taxes on sales trade etc/value added tax (VAT)	10,740.00	9,032.37	11,500.00	11,082.01	14,100.00	13,383.69	16,450.00	15,376.58	19,288.61	16,774.33	(-) 13.04	(+) 9.09
2.	State Excise	1,700.00	2,059.02	2,100.00	2,365.81	2,400.00	2,831.89	3,000.00	3,236.48	4,000.00	3,697.35	(-) 7.57	(+) 14.24
3.	Stamps and registration fees	1,225.00	1,293.56	1,900.00	2,319.28	2,350.00	2,793.00	3,000.00	3,326.25	3,850.00	3,202.48	(-) 16.82	(-) 3.72
4.	Taxes on goods and passengers	425.00	391.45	425.00	387.14	425.00	429.32	450.00	470.76	520.00	497.45	(-) 4.34	(+) 5.67
5.	Taxes on vehicles	375.00	277.07	350.00	457.36	515.00	740.15	750.00	887.29	850.00	1,094.86	(+) 28.81	(+) 23.39
6.	Taxes and duties on electricity	130.00	119.58	140.00	130.27	155.00	166.43	160.00	191.96	201.40	219.20	(+) 8.84	(+) 14.19
7.	Land revenue	13.50	9.43	13.79	10.02	16.09	10.95	15.28	12.98	19.33	12.42	(-)35.75	(-) 4.31
8.	Other taxes and duties on commodities and services	38.00	37.02	40.50	38.48	45.80	44.03	48.00	56.70	55.00	68.51	(+) 24.56	(+) 20.83
	Total	14,646.50	13,219.50	16,469.29	16,790.37	20,006.89	20,399.46	23,873.28	23,559.00	28,784.34	25,566.60	(-) 11.18	8.52

The above table shows that there is a nominal decrease in actual figures over budget estimates (BEs) (11.18 *per cent*) during the year 2013-14. However, the respective Departments reported the following reasons for variation:

- **Stamps and registration fees:** The decrease in actual receipts to budget estimates (16.82 *per cent*) was due to less registration of documents of immovable/movable property.

- **Taxes on vehicles:** The increase in actual receipts to budget estimates (28.81 *per cent*) was due to increase of Road Tax with effect from 01 April 2013 and mobilisation of additional resources by making good efforts to realise tax/fine.
- **Land Revenue:** The decrease in actual receipts to budget estimates (35.75 *per cent*) was due to less recovery of mutation fee, copying fee and revenue talabana².

The respective Departments reported the following reasons for variation in revenue receipts during the year 2013-14 over 2012-13:

- **State Excise:** The increase in revenue receipts (14.24 *per cent*) was due to increase in the rates of Excise duty of Country Liquor (CL), Indian Made Foreign Liquor (IMFL) and Beer as well as increase in the license fee of CL, IMFL. The variation is also due to better formulation and implementation of Excise Policy for the year 2013-14.
- **Taxes on vehicles:** The increase in revenue receipts (23.39 *per cent*) was due to more receipt under Indian Motor Vehicle Act and other receipts.
- **Taxes and duties on electricity:** The increase in revenue receipts (14.19 *per cent*) was due to higher receipt under Electricity Rules.

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)

Sr. No.	Head of revenue	2009-10		2010-11		2011-12		2012-13		2013-14		Percentage of increase(+) or decrease (-) in 2013-14	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	Actual over BE 2013-14	Actual 2013-14 over 2012-13
1.	Urban development	1,200.00	133.70	700.00	974.54	1,300.00	1,039.35	1,150.00	990.70	1,200.00	1,104.54	(-) 7.96	(+) 11.49
2.	Road transport	750.00	699.57	900.00	761.72	1,100.00	852.96	1,150.00	999.87	1,315.00	1,097.54	(-)16.54	(+) 9.77
3.	Interest receipts	578.35	667.88	864.70	689.34	816.49	864.96	1,080.04	1,058.21 ³	1,090.12	1,090.71	(+) 0.05	(+) 3.07

² Charges for serving summons.

³ Includes ₹454.33 crore in book adjustment of interest on irrigation project capital interest.

Report for the year 2013-14 (Revenue Sector)

Sr. No.	Head of revenue	2009-10		2010-11		2011-12		2012-13		2013-14		Percentage of increase(+) or decrease (-) in 2013-14	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	Actual over BE 2013-14	Actual 2013-14 over 2012-13
4.	Education, sports, art and culture	146.11	285.10	154.40	270.37	299.47	295.72	386.41	385.43	438.14	318.94	(-) 27.21	(-) 17.25
5.	Miscellaneous general services	98.23	95.93	1.78	(-) 9.75 ⁴	1.04	128.49	1.30	312.30	5.89	268.37	(+) 4,456.37	(-) 14.07
6.	Medical and public health.	73.45	30.23	84.99	47.06	102.99	54.79	109.63	78.01	163.48	148.07	(-) 9.43	(+) 89.81
7.	Non-ferrous mining and metallurgical industries	250.00	247.49	200.00	82.59	75.00	75.53	225.00	75.49	150.00	79.10	(-) 47.27	(+) 4.78
8.	Other administrative services	106.86	96.81	147.47	115.63	170.76	99.95	156.00	125.86	136.80	144.35	(+) 5.52	(+) 14.69
	Major and medium irrigation	128.00	218.56	188.44	202.26	142.44	583.16	194.56	139.12	213.68	95.04	(-) 55.52	(-) 31.68
	Police	45.00	35.11	61.99	61.53	71.42	62.64	83.22	63.73	158.20	80.38	(-) 49.19	(+) 26.13
	Forestry and wildlife	38.00	56.13	40.00	44.32	61.00	39.12	45.00	41.36	45.00	37.37	(-) 16.96	(-) 9.65
	Other non-tax receipts.	186.01	174.89	204.74	181.33	220.73	624.98	223.39	403.07	246.17	510.65	(+) 107.44	(+) 26.69
Total		3,600.01	2,741.40	3,548.51	3,420.94	4,361.34	4,721.65	4,804.55	4,673.15	5,162.48	4,975.06	(-) 3.63	(+) 6.46

The above table shows that there is a nominal decrease in actual figures over budget estimates (3.63 per cent) during the year 2013-14. However, the respective Departments reported the following reasons for variation:

- **Road Transport:** The decrease in actual receipts to budget estimates (16.54 per cent) was due to shortage of bus drivers.
- **Major and medium irrigation:** The decrease in actual receipts to budget estimates (55.52 per cent) was due to non-full realisation of revenue receipts from Public Health Engineering Department for sale of raw water and ban of Mining by Hon'ble Courts.

⁴ Due to more refunds than receipts.

- **Forestry and wildlife:** The decrease in actual receipts to budget estimates (16.96 per cent) was due to availability of less volume of falling trees.

The respective Departments reported the following reasons for variation in revenue receipts during the year 2013-14 over 2012-13:

- **Urban development:** The increase in revenue receipts (11.49 per cent) was due to more receipt on account of other receipts.
- **Medical and Public Health:** The increase in revenue receipts (89.81 per cent) was due to more receipts from Employees State Insurance Scheme.
- **Major and medium irrigation:** The decrease in revenue receipts (31.68 per cent) was due to less receipt on account of other receipts.

The other Departments despite being requested (November 2014) did not intimate the reasons for variations in receipts from that of the previous year 2012-13.

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2014 on some principal heads of revenue amounted to ₹ 6,607.35 crore of which ₹ 5,046.15 crore was outstanding for more than five years, as detailed in the **Table 1.2**.

Table 1.2
Arrears of revenue

(₹ in crore)				
Sr. 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/VAT etc.	5,922.10	4,770.61	Recovery of ₹ 594.14 crore was stayed by the High Court and other judicial authorities, ₹ 22.72 crore were held up due to the dealers becoming insolvent, ₹ 55.82 crore were proposed to be written off, ₹ 436.69 crore were held up due to rectification, review and appeal. Recovery of ₹166.09 crore was outstanding due to cases pending with the official liquidator/Board of Industrial and Financial Reconstruction (BIFR). Recovery of ₹10.74 crore was being made in instalments. Balance amount of ₹ 4,635.90 crore was at different stages of action.
2	State Excise	135.00	83.79	Recovery of ₹ 3.76 crore was stayed by High Court and other judicial authorities, ₹ 0.28 crore was likely to be written off. ₹ 2.13 crore was outstanding due to case pending with official liquidator/BIFR. Recovery of ₹ 5.88 crore was being made in instalments. Recovery of ₹ 29.49 crore was due to Inter State and Inter Districts arrears respectively. ₹ 2.24 crore was held up for review/rectification application. Balance of ₹ 91.22 crore was outstanding at different stages of action.

(₹ in crore)				
Sr. 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
3	Taxes and duties on electricity	149.86	99.98	₹ one crore was recoverable from M/s Haryana Concast Hisar, ₹ 38 lakh from M/s Rama Fibers Bhiwani, ₹ 30 lakh from M/s Dadri Cements, Charkhidadri and ₹ 16 lakh from M/s Competent Alloys Ballabgarh. ₹148.02 crore was pending against the consumers of Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL)/Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL).
4	Taxes on goods and passengers	51.24	14.34	An amount of ₹ 47.16 crore was outstanding at different stages of action and ₹ 4.08 crore on account of demand covered by recovery certificates and ₹ 27,000 was written off.
	Tax on entry of goods into local areas(Local Area Development Tax)	209.96	43.14	Recovery of ₹ 156.87 crore was stayed by the High Court, judicial and other Departmental authorities. Recovery of ₹ 37 lakh was being made in instalments. Balance amount of ₹ 52.72 crore was outstanding at different stages of action
5	Police	106.53	8.11	₹ 7.38 crore was due from Indian Oil Corporation up to 31 March 2007. The matter of recovery from IOC in Haryana State is pending at the level of State Government. ₹ 52 lakh from other states for Law and Order duty and election duty, ₹ 29 lakh is recoverable from Bhakra Beas Management Board (BBMB), Faridabad and ₹ 98.34 crore was recoverable from other States for election duties.
6	Other taxes and duties on commodities and service Receipts under Entertainment duty and show tax	7.91	7.35	Recovery of ₹ 7.62 crore had been stayed by the High Court and other judicial authorities, ₹ one lakh was likely to be written off. Balance amount of ₹ 28 lakh was at different stages of action.
7	Non-ferrous mining and metallurgical industries	24.75	18.83	Demand of ₹ 15.78 crore was covered by recovery certificates. ₹ 0.58 crore was stayed by the High Court and other judicial authorities. ₹ 1.31 crore likely to be written off. ₹ five crore was due as Inter State and Inter district arrears. ₹ 2.08 crore was outstanding at different stages of action.
Total		6,607.35	5,046.15	

1.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year as furnished by the Excise and Taxation Department in respect of sales tax, luxury tax, tax on works contracts and Passengers and Goods Tax (PGT) was as below in **Table 1.3**.

Table 1.3
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/VAT	2,95,839	2,51,034	5,46,873	2,95,703	2,51,170	54
Taxes on goods and passengers	2,283	973	3,256	1,207	2,049	37

1.4 Evasion of tax detected by the Department

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

Table 1.4
Evasion of Tax

(₹ in crore)

Sr. 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	
1	Tax on sales trade/VAT etc.	74	1,383	1,457	1,420	869.66	37
2	State excise	664	2,540	3,204	2,509	1.58	695
3	Tax on goods and passengers	1,308	7,436	8,744	7,270	6.51	1,474
Total		2,046	11,359	13,405	11,199	877.75	2,206

It would be seen from the above table that the number of cases pending at the end of the year has increased in comparison to the number of cases pending at

the beginning of the year in case of tax on Goods and passengers and State Excise.

1.5 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 is given in **Table 1.5**.

Table 1.5
Details of refund cases

(₹ in crore)					
Sr. No.	Particulars	Sale tax/VAT		State Excise	
		Number of cases	Amount	Number of cases	Amount
1	Claims outstanding at the beginning of the year	374	95.27	23	0.34
2	Claims received during the year	3,293	632.59	406	8.06
3	Refunds made during the year	3,141	677.77	384	7.81
4	Balance outstanding at the end of year	526	50.09	45	0.59

1.6 Response of the Government/Departments towards audit

The Principal Accountant General (Audit) Haryana 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 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 PAG within four weeks from the date of receipt of the IRs. Serious financial irregularities are reported to the heads of the Department and the Government.

Inspection reports issued up to December 2013 disclosed that 4,579 paragraphs involving ₹ 3,084.83 crore relating to 1,919 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
Detail of pending Inspection Report

(₹ in crore)			
	June 2012	June 2013	June 2014
Number of IRs pending for settlement	2,268	1,890	1,919
Number of outstanding audit observations	4,507	4,464	4,579
Amount of revenue involved (₹ in crore)	1,023.95	1,871.65	3,084.83

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)					
Sr. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
1	Excise and Taxation	Sales /VAT	251	1,691	2,892.32
		State Excise	119	201	71.03
		Taxes on goods and passengers	166	296	19.48
		Entertainment duty and show tax	18	20	10.95
2	Revenue	Stamps and registration fees	805	1,610	62.37
		Land Revenue	127	185	0.50
3	Transport	Taxes on vehicles	315	429	10.62
4	Power	Taxes and duties on electricity	8	8	0.46
5	Mines and Geology	Non-ferrous mining and metallurgical industries	110	139	17.10
Total			1,919	4,579	3,084.83

Audit did not receive even the first replies from the heads of offices within four weeks from the date of receipt of the IRs for 181 IRs issued during 2013-14. This large pendency of the IRs due to non-receipt of the replies was 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 PAG 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 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 **Table 1.6.2**.

Table 1.6.2
Details of Departmental audit committee meetings

(₹ in crore)				
Sr. No.	Head of revenue	Number of meetings held	Number of paragraphs settled	Amount
1	Excise and Taxation Department (Sales Tax)	6	331	56.39
2	Excise and Taxation Department (State Excise)	2	38	11.63
3	Transport Department	1	19	0.19
4	Revenue Department	2	26	0.14
	Total	11	414	68.35

1.6.3 Non-production of records to audit for scrutiny

During the year 2013-14 as many as 60 assessment files, returns, refunds registers and other relevant records were not made available to audit involving tax effect of ₹ 18.65 crore. Break up of these cases is given in **Table 1.6.3**.

Table 1.6.3
Details of non-production of records

(₹ in crore)			
Name of the Office/Department	Year in which it was to be audited	Number of cases not audited	Tax amount
DETC(ST) Jagadhari	2013-14	25	3.93
DETC (ST) Gurgaon (East)	2013-14	35	14.72
	Total	60	18.65

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 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 eight draft paragraphs including one IT audit were sent to the Additional Chief Secretaries of the respective Departments between April and July 2014. Departmental replies were received in all cases. Replies in four cases were received from Government. The replies received had been suitably incorporated.

1.6.5 Follow up on the Audit Reports-summarised position

According to the instructions issued by the Finance Department in October 1995 and reiterated in July 2001, it had been laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs and the action taken 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, eighty two paragraphs (including performance audit) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Haryana for the year ended 31 March 2010, 2011, 2012 and 2013 were placed before the State Legislature Assembly between March 2011 and March 2014. The action taken notes (ATNs) from the concerned Departments on these paragraphs were received late with average delay of 36 months in respect of each of these Audit Reports, respectively. Action taken notes in respect of 41 paragraphs from four departments (Excise and Taxation, Transport, Revenue and Mines and Geology) as mentioned in **Annexure I** had not been received for the Audit Reports year ended 31 March 2010 to 31 March 2013 so far (October 2014).

The PAC discussed 28 selected paragraphs pertaining to the Audit Reports for the year 2008-09 and its recommendations on 24 paragraphs were incorporated in their 70th Report for the year 2013-14. 780 recommendations pertaining to the period 1979-80 to 2007-08, contained in 22nd to 70th Reports of PAC as mentioned in **Annexure II** were still pending for want of final corrective action to be taken by the concerned Departments. ATNs have not been received in respect of 780 recommendations of the PAC from 19 Departments as mentioned in **Annexure III**.

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 10 years for one Department is evaluated and included in this Audit Report.

The succeeding paragraphs 1.7.1 to 1.7.2 discuss the performance of the Motor Vehicles (Transport Department) under revenue head 0041 and cases detected in the course of local audit during the last 10 years included in the Audit Reports for the year 2003-04 to 2012-13.

1.7.1 Position of Inspection Reports

The summarised position of the inspection reports issued during the last 10 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

Year	Opening balance			Addition during the year			Clearance during the year			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
2004-05	240	348	620.17	37	68	244.18	42	81	223.87	235	335	640.48
2005-06	235	335	640.48	47	82	252.40	70	97	192.55	212	320	700.33
2006-07	212	320	700.33	48	64	269.62	50	96	105.00	210	288	864.95
2007-08	210	288	864.95	64	77	142.48	10	25	84.19	264	340	923.24
2008-09	264	340	923.24	52	86	248.60	41	26	103.90	275	400	1,067.94
2009-10	275	400	1,067.94	48	98	150.82	58	129	408.04	265	369	810.72
2010-11	265	369	810.72	60	103	242.79	77	139	257.35	248	333	796.16
2011-12	248	333	796.16	36	62	162.08	14	35	152.22	270	360	806.02
2012-13	270	360	806.02	32	77	132.80	12	30	64.95	290	407	873.87
2013-14	290	407	873.87	53	123	319.97	31	76	146.11	312	454	1,047.67

The Government arranges ad-hoc Committee meetings between the Department and PAGs office to settle the old paragraphs. As would be evident from the above table, against 240 outstanding IRs with 348 paragraphs as on start of 2004-05, the number of outstanding IRs increased to 312 with 454 paragraphs at the end of 2013-14.

1.7.2 Recovery in accepted cases

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

Table 1.7.2
Recovery of accepted cases

(₹ in crore)

Year of the audit report	Number of paragraphs included	Money value of the paragraph	Number of paragraphs accepted	Money value of accepted paragraphs	Amount recovered during the year	Cumulative positions of recovery of accepted cases
2003-04	03	3.79	02	1.84	Nil	0.06
2004-05	01	20.97	01	20.97	Nil	1.33
2005-06	03	18.69	03	18.69	0.01	0.10
2006-07	03	1.20	02	0.55	0.19	0.19
2007-08	05	3.15	05	3.15	Nil	0.35
2008-09	02	0.63	02	0.63	0.08	0.38
2009-10	02	0.81	02	0.81	0.07	0.28
2010-11	01	0.35	01	0.35	0.06	0.26
2011-12	01	0.34	01	0.34	0.18	0.29
2012-13	01	1.33	01	1.33	0.22	0.22
Total	22	51.26	20	48.66	0.81	3.46

It is evident from the above table that the progress of recovery even in accepted cases was very slow (seven *per cent*) during the last 10 years.

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 Departments/Government

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

The IT Audit titled 'Computerisation in Motor Vehicles Department' and Performance Audit 'Receipts from Taxes on Motor Vehicles' of Transport Department, Haryana featured in the Report for the years 2010-11 and

2012-13 respectively along with 11 recommendations were yet to taken up for discussion in the PAC.

1.9 Internal Audit

The Finance Department has an overall administrative control over the posting/deployment of SAS passed personnel in various departments. The Department concerned are responsible for formulation and execution of action plan for internal audit to ensure adherence to the provisions of the Act and Rules as well as Departmental instructions issued from time to time.

During the year 2013-14, out of 300 units planned for audit, Internal Audit Cell audited 205 units (68 *per cent*) as detailed in **Table 1.9**.

Table 1.9
Internal Audit

Receipts	Number of units Planned	Number of units audited
Stamp Duty	119	119
State Excise	58	13
VAT/Sales Tax	21	Nil
Motor Vehicle Tax	79	66
Passengers and Goods Tax	23	7
Total	300	205

The irregularities discussed in the paragraphs of Chapters II to VI are indicators of ineffective internal control mechanism as none of the irregularities pointed out by us were detected by the internal audit parties.

1.10 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 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 501 auditable units, of which 255 units were planned and 250 units audited.

1.11 Results of audit

Position of local audits conducted during the year

Test check of the records of 250 units of sales tax/Value Added Tax, Stamp duty and Registration fee, State Excise, Motor Vehicles, Goods and Passengers and other Departmental offices conducted during the year 2013-14 showed under assessment/short levy/loss of revenue aggregating to ₹ 1,625.53 crore in 5,383 cases. During the course of the year, the Departments concerned accepted underassessment and other deficiencies of ₹ 20.89 crore involved in 771 cases which were pointed out in audit during 2013-14. The Departments collected ₹ 2.09 crore in 310 cases during the 2013-14.

1.12 Coverage of this Report

This Report contains 24 paragraphs including one IT audit on ‘**Haryana Registration Information System**’ (HARIS) involving financial effect of ₹ 527.46 crore.

The Departments/Government have accepted audit observations involving ₹ 323.74 crore out of which ₹ 0.91 crore had been recovered in five paragraphs. These are discussed in succeeding Chapter II to VI.