

CHAPTER I

GENERAL

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by Government of Maharashtra during the year 2013-14, the State's share of divisible Union taxes and duties assigned to the State and Grants-in-aid received from Government of India (GoI) during the year and the corresponding figures for the preceding four years are mentioned in **Table 1.1.1**.

Table 1.1.1

(₹ in crore)						
Sr. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Revenue raised by the State Government					
	Tax revenue ¹	59,106.33	75,027.09	87,608.46	1,03,448.58	1,08,597.96
	Non-tax revenue ²	8,263.97 (8,352.61)	8,213.10 (8,225.04)	8,150.10 (8,167.70)	9,977.74 (9,984.40)	11,279.81 (11,351.97)
	Total	67,370.30 (67,458.94)	83,240.19 (83,252.13)	95,758.56 (95,776.16)	1,13,426.32 (1,13,432.98)	1,19,877.77 (1,19,949.93)
2.	Receipts from the Government of India					
	Share of net proceeds of divisible Union Taxes and duties	8,248.12	11,419.79	13,343.34	15,191.92	16,630.43
	Grants-in-aid	11,203.23	11,195.89	12,166.64	14,322.33	13,241.44
	Total	19,451.35	22,615.68	25,509.98	29,514.25	29,871.87
3.	Total revenue receipts of the State Government (1 and 2)	86,821.65 (86,910.29)	1,05,855.87 (1,05,867.81)	1,21,268.54 (1, 21,286.14)	1,42,940.57 (1,42,947.23)	1,49,749.64 (1,49,821.80)
4.	Percentage of 1 to 3	78	79	79	79	80

The above table indicates that during the year 2013-14, the revenue raised by the State Government (₹ 1,19,877.77 crore) was 80 per cent of the total revenue receipts against 79 per cent in the preceding year. The balance 20 per cent of the receipts during 2013-14 was from the Government of India.

¹ For details – refer statement no. 11 – Detailed accounts of revenue by minor heads in the Finance Accounts of the Government of Maharashtra for the year 2013-14. Figures under the head 0020- Corporation Tax, 0021- Taxes on income other than corporation tax, 0022- Taxes on agricultural income, 0032-Taxes on wealth, 0037-Customs, 0038-Union Excise Duties, 0044 Service Tax – 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

² Figures in brackets indicate gross receipts, the details of which are available in Statement No. 11 - Detailed accounts of revenue by minor heads in the Finance Accounts of the Government of Maharashtra for the year 2013-14. The figures above those in brackets are lower because of netting of expenditure on prize winning tickets from Lottery receipts.

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**.

Table 1.1.2

Sr. No.	Head of revenue		(₹ in crore)					Percentage of increase (+)/ decrease (-) in 2013-14 over 2012-13
			2009-10	2010-11	2011-12	2012-13	2013-14	
1.	Taxes on sales, trade etc.	BE ³	25,806.00	32,915.05	42,074.24	48,773.70	57,973.50	
		Actual	30,170.70	38,934.47	46,796.91	55,855.27	57,760.74	(+) 3.41
	Central Sales Tax	BE	1,200.00	3,071.13	3,925.76	4,587.98	4,449.00	
		Actual	2,505.32	3,548.25	3,799.45	4,224.45	4,769.30	(+) 12.90
2.	State Excise	BE	4,800.00	5,800.00	8,500.00	9,450.00	10,535.00	
		Actual	5,056.63	5,961.85	8,605.47	9,297.11	10,101.12	(+) 8.65
3.	Stamp Duty and Registration fees	BE	9,600.00	10,478.86	15,677.14	15,730.00	17,403.08	
		Actual	10,773.65	13,515.99	14,407.49	17,548.25	18,675.98	(+) 6.43
4.	Taxes and Duties on Electricity	BE	3,000.00	3,800.00	4,400.00	4,809.93	5,830.00	
		Actual	3,289.32	4,730.26	4,831.09	5,895.68	6,083.90	(+) 3.19
5.	Taxes on Vehicles	BE	2,600.00	2,860.00	4,000.00	4,200.00	4,750.00	
		Actual	2,682.30	3,532.90	4,137.42	5,027.42	5,095.92	(+) 1.36
6.	Taxes on Goods and Passengers	BE	665.29	738.57	812.43	893.67	998.00	
		Actual	976.60	599.88	574.25	690.74	1,240.68	(+) 79.62
7.	Other taxes on Income and Expenditure- Taxes on Professions, Trades, Callings and Employments	BE	1,599.80	1,608.14	1,700.00	1,870.00	1,944.00	
		Actual	1,612.35	1,686.20	1,829.94	1,961.10	2,165.48	(+) 10.42
8.	Other Taxes and Duties on Commodities and Services	BE	944.19	918.81	1,099.36	1,378.67	1,642.38	
		Actual	1,325.39	1,422.31	1,662.63	1,874.34	1,614.82	(-) 13.84
9.	Land Revenue	BE	770.00	1,647.74	1,497.13	1,600.86	1,760.39	
		Actual	714.04	1,094.98	963.81	1,074.02	1,088.85	(+) 1.38
10	Others ⁴	BE	2,064.51	2,558.67	3,116.74	3,992.15	5,012.47	
		Actual	0.03	0.00	0.00	0.20	1.17	(+) 754.29
Total		BE	53,049.79	66,396.97	88,632.74	97,286.96	1,12,297.82	
		Actual	59,106.33	75,027.09	87,608.46	1,03,448.58	1,08,597.96	(+) 4.98

Source: Finance Accounts

It would be seen from the above that -

- actual receipts in each year was more than the BE of the respective years except during 2011-12 and 2013-14.

³ BE – Budget Estimates

⁴ Includes Union Excise Duties and Service Tax.

- there has been a constant increase in the revenue during the last five years. However, the increase was the greatest (26.94 per cent) in 2010-11 over 2009-10 and the least (4.98 per cent) in 2013-14 over 2012-13.
- There has been a sharp increase of 79.62 per cent in receipts under the head “Taxes on Goods and Passengers” the reasons for which though called for have not been received. However as per Finance Accounts, the increase was mainly on account of increase in the collection of tax under the head “Tax on entry of goods into Local Area” (80 per cent).

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

								(₹ in crore)
Sr. No.	Head of revenue		2009-10	2010-11	2011-12	2012-13	2013-14	Percentage of increase (+)/ decrease(-) in 2013-14 over 2012-13
1	Interest Receipts	BE	1,113.72	971.95	1,156.31	1,325.79	1,338.80	
		Actual	1,342.00	1,421.70	1,358.94	2,464.41	3,933.81	(+) 59.62
2	Non-ferrous mining and Metallurgical Industries	BE	1,372.00	2,150.81	2,280.50	2,405.71	2,632.82	
		Actual	1,466.73	1,841.19	2,045.47	2,037.76	2,141.17	(+) 5.07
3	Miscellaneous General Services ⁵	BE	7,318.59	1,710.65	317.43	396.14	393.19	
		Actual	979.89	622.28	556.29	311.52	155.69	(-) 50.02
4	Power	BE	773.00	763.05	763.26	780.10	780.00	
		Actual	456.61	485.42	725.01	451.41	617.50	(+) 36.79
5	Major and Medium Irrigation	BE	787.24	952.87	1,041.15	909.21	1,117.97	
		Actual	812.58	729.54	583.05	531.89	496.91	(-) 6.58
6	Other Administrative Services	BE	127.93	139.44	146.41	547.45	608.92	
		Actual	154.03	626.94	171.19	242.52	250.48	(+) 3.28
7	Others ⁶	BE	2,401.64	3,527.02	4,023.72	4,494.79	5,121.96	
		Actual	3,052.13	2,483.03	2,710.15	3,938.23	3,684.25	(-) 6.45
Total		BE	13,894.12	10,215.79	9,730.83	10,886.17	11,993.66	
		Actual	8,263.97	8,213.10	8,150.10	9,977.74	11,279.81	(+) 13.05

Source: Finance Accounts

It would be seen from the above table that

- the actual receipts from 2009-10 to 2013-14 have always been less than the budget estimates of the respective years.

⁵ Includes net lottery receipts after adjustment of prize money paid.

⁶ Dairy Development, Forestry and Wild life, Medical and Public Health, Co-operation, Public Works, Police and other non-tax receipts

- The increase in non-tax revenue has almost remained constant during the 2009-10 to 2011-12, however, percentage of increase over the preceding year during 2012-13; was 22.42 per cent, as compared to 13.05 per cent in 2013-14.

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2014 under the head “0040-Taxes on sales, trade, etc.” amounted to ₹ 87,110.74 crore of which ₹ 21,169.88 crore was outstanding for more than five years, as detailed in **Table 1.2**.

Table 1.2

(₹ in crore)			
Head of revenue	Total amount outstanding as on 31 March 2014	Amount outstanding for more than five years as on 31 March 2014	Replies of Department
0040-Taxes on Sales, Trade, etc.	87,110.74	21,169.88	Out of ₹ 87,110.74 crore, stay orders were granted by the appellate authority for ₹ 32,153.75 crore, recovery proceedings for ₹ 39,235.05 crore were not initiated as the time limit was not over and the remaining amount of ₹ 15,721.94 crore was in different stages of recovery.

The other departments like, State Excise, Registration, Transport etc. did not intimate arrears pending collection despite being requested (June 2014). As such, total arrears of revenue of the entire state could not be ascertained.

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 are shown in the following **Table 1.3**.

Table 1.3

Head of revenue	Opening balance	New cases due for assessment during 2013-14	Cases due for assessment	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
Sales Tax	11,429	88,534	99,963	68,107	31,856	68
Motor Spirit Tax	749	22	771	17	754	2
Purchase Tax on sugarcane	229	60	289	92	197	32
Entry Tax	25	0	25	0	25	0
Lease Tax	980	28	1,008	144	864	14
Luxury tax	1,207	230	1,437	369	1,068	26
Tax on works contracts	17,985	971	18,956	3,921	15,035	21
Total	32,604	89,845	1,22,449	72,650	49,799	59

Source: Figures furnished by the Department.

Thus, it would be seen from the above that

- 49,799 cases remained unassessed as on 31 March 2014. Of these, 31,856 cases pertained to Bombay Sales Tax Act (BST Act). Thus, 64 *per cent* of the BST cases continued to be un-assessed despite the fact that the BST Act has been repealed since eight years.
- The percentage of disposal under other heads of revenue was also poor. It ranged from nil to 32 *per cent*.

The Government may instruct the Department for early finalisation of all these cases in a time bound manner as with the passage of time the chances of recovery of dues involved in the cases would become bleak.

1.4 Evasion of tax detected by the Department

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

Table 1.4

(₹ in crore)						
Head of revenue	Number of cases					
	pending as on 31 March 2013	detected during 2013-14	Total	investigation completed	additional demand with penalty etc. raised	pending for finalisation as on 31 March 2014
Taxes on Sales, Trade, etc.	4,818	18,748	23,566	17,696	10,436.94	5,870

As seen from the above table that investigation in 17,696 cases (75 *per cent* of total cases) was completed and additional demand with penalty etc. of ₹ 10,436.94 crore was raised.

1.5 Response of the Government/Departments towards audit

The Principal Accountant General (Audit)-I, Mumbai (PAG) and the Accountant General (Audit)-II, Nagpur (AG) conduct periodical inspections of the Government departments to test check transaction of the tax and non-tax receipts and verify the maintenance of important accounting 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 PAG/AG within one month from the date of issue of the IRs. Serious financial irregularities are also reported to the heads of the Department and the Government by the offices of the PAG/AG. Half yearly reports are sent to the

Secretaries of the concerned departments in respect of the pending IRs to facilitate the monitoring of audit observations.

IRs issued up to December 2013 disclosed that 11,241 audit observations involving ₹ 4,274.03 crore relating to 4,977 IRs remained outstanding at the end of June 2014 along with the corresponding figures for the preceding two years are mentioned in **Table 1.5**.

Table 1.5

Particulars	June 2012	June 2013	June 2014
Number of IRs pending for settlement	4,921	4,760	4,977
Number of outstanding audit observations	10,860	10,510	11,241
Amount of revenue involved (₹ in crore)	2,667.74	2,827.78	4,274.03

1.5.1 The department-wise details of the IRs issued up to 31 December 2013 and audit observations outstanding as on 30 June 2014 and the amounts involved are mentioned in **Table 1.5.1**.

Table 1.5.1

(₹ in crore)					
Sr. No.	Name of the Department	Nature of receipts	Number of out-standing IRs	Number of out-standing audit observations	Money value involved
1	Home	State Excise	216	362	368.15
2		Taxes on vehicles	305	1213	103.75
3	Revenue and Forest	Land Revenue	1,014	2,050	1,213.23
4		Entertainments Duty	428	775	20.05
5		Education Cess and Employment Guarantee Cess	136	224	444.67
6		Stamps and registration fees	1,084	2,449	498.57
7	Finance	Taxes on Sales, trade etc.	1,266	3,384	178.30
8		Taxes on profession etc.	142	189	2.58
9	Industry, Energy and Labour	Electricity duty	104	195	1,377.52
10	Urban Development	Residential Premises Tax	85	116	4.48
11		Repair Cess	17	22	3.99
12	Home, Irrigation, Public Works, Revenue and Forest Department	Other non-tax receipts	180	262	58.74
Total			4,977	11,241	4,274.03

The first replies in respect of each IR though required to be received from the concerned head(s) of office(s) within one month from the date of issue of the IRs, was not received for 542 IRs issued up to 31 December 2013. The pendency of the IRs due to non-receipt of the replies is indicative of the fact that the Head(s) of Office(s) and the departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the PAG/AG in the IRs.

The Government may consider issuing instructions to the concerned Head(s) of the office(s) for furnishing first replies to the IRs issued by the PAG/AG within the stipulated period of one month and take appropriate steps for settlement of the audit observations raised in these IRs.

1.5.2 Departmental Audit Committee Meetings

The Government had set up Audit Committees during various periods to monitor and expedite the progress of the settlement of IRs and paragraphs in the IRs. The details of the Audit Committee Meetings (ACM) held during the year 2013-14 and the paragraphs settled are mentioned in **Table 1.5.2**.

Table 1.5.2

(₹ in crore)					
Sr. No.	Department	Number of meetings held	Number of paras discussed	Number of paras settled	Amount
1	Finance Department (Taxes on Sales, Trade, etc.)	5	894	521	36.23
2	Revenue and Forest Department (Land Revenue)	1	113	31	3.64
3	Relief and Rehabilitation (Stamps and Registration Fees)	1	449	129	11.56
Total		7	1,456	681	51.43

The progress of settlement of paragraphs pertaining to the Revenue and Forest Department and Relief and Rehabilitation Department was on lower side in comparison to the pendency of the IRs and paragraphs.

1.5.3 Response of the Departments to 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 departments, drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the departments/Government is indicated at the end of each paragraph included in the Audit Report.

Forty two draft paragraphs (clubbed into 28 paragraphs) including three Performance Audits were sent to the Principal Secretaries/Secretaries of the respective departments between March 2014 and September 2014. The Principal Secretaries/ Secretaries of the departments did not send replies to 37 draft paragraphs despite issuing reminders (November 2014) and the same have been included in this Report without the response of the departments.

1.5.4 Follow-up on Audit Reports - summarised position

Position of explanatory notes :- According to the instructions issued by the Finance Department, all the Departments were required to furnish explanatory memoranda, vetted by Audit, to the Maharashtra Legislative Secretariat, in respect of paragraphs included in the Audit Reports, within three months of their being laid on the table of the House.

The Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Maharashtra for the years ended 31 March 2009, 2010, 2011, 2012 and 2013 and two standalone Reports containing 187 paragraphs were placed before the State Legislature Assembly between April 2010 and June 2014. Of these, the explanatory notes in respect of 115 paragraphs from seven⁷ departments have not been received at all while those in respect of the remaining 72 paragraphs were received with delays ranging from four to 40 months.

Position of Action Taken Notes (ATNs):- With a view to ensure accountability of the executive in respect of all the issues dealt with in the Audit Reports, the PAC lays down in each case, the period within which action taken notes (ATNs) on its recommendations should be sent.

The PAC discussed 278 selected paragraphs pertaining to the Audit Reports for the years from 1986-87 to 2010-11. It made 145 recommendations in their 18 Reports⁸. However, in respect of 101 recommendations, ATNs, though due, have not been received from the concerned Departments as given in **Table 1.5.4**.

Table 1.5.4

Sr. No.	Name of the Department	Year of Audit Report						Total
		1986-87 to 2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	
1	Home	13	--	1	3	--	4	21
2	Revenue and Forests	17	--	1	2	6	6	32
3	Urban Development	--	--	1	--	--	--	1
4	Finance	11	7	4	2	2	4	30
5	Medical Education and Drugs	--	2	--	--	--	--	2
6	Industries, Energy and Labour	2	--	1	1	--	1	5
7	Relief and Rehabilitation	4	3	--	1	--	--	8
8	Co-operation and Textiles	--	1	--	--	1	--	2
Total		47	13	8	9	9	15	101

⁷ Home, Revenue and Forests, Urban Development, Finance, Water Resources, Industry, Energy and Labour, Relief and Rehabilitation.

⁸ 27th Report of 1994-95, 9th and 12th Reports of 1995-96, 12th, 13th, 14th, 18th and 21st Reports of 1996-97, 21st Report of 1997-98, 5th Report of 2000-01, 12th Report of 2002-03, 5th Report of 2006-07, 6th Report of 2007-08, 5th, 6th and 7th Report of 2010-11, 15th and 16th Reports of 2012-13.

1.6 Analysis of the mechanism for dealing with the issues raised by Audit in the Finance Department

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 in respect of one Department is evaluated and included in each Audit Report.

The succeeding paragraphs 1.6.1 to 1.6.3 discuss the performance of the Sales Tax Department under revenue head- “0040, Tax on Sales, trade, etc. “ in respect of cases detected in the course of local audit during the years 2004-05 to 2013-14 as well as those included in the Audit Reports during the last 10 years, i.e. 2003-04 to 2012-13.

1.6.1 Position of Inspection Reports

The summarised position of Inspection Reports issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2014 are shown in **Table 1.6.1**

Table 1.6.1

Year	Opening balance			Additions 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	2,778	7,423	216.29	580	2,577	11.29	688	3,095	47.93	2,670	6,905	179.65
2005-06	2,670	6,905	179.65	574	2,479	27.45	665	2,257	21.88	2,579	7,127	185.22
2006-07	2,579	7,127	185.22	608	1,989	14.77	1,018	3,911	34.00	2,169	5,205	165.99
2007-08	2,169	5,205	165.99	621	2,431	72.59	679	2,372	18.47	2,111	5,264	220.11
2008-09	2,111	5,264	220.11	335	1,204	477.38	507	2,077	82.83	1,939	4,391	614.66
2009-10	1,939	4,391	614.66	376	1,482	43.19	608	2,020	461.18	1,707	3,853	196.67
2010-11	1,707	3,853	196.63	361	1,552	49.34	406	1,675	19.25	1,662	3,730	226.72
2011-12	1,662	3,730	226.72	398	1,300	29.07	268	1,118	10.65	1,792	3,912	245.14
2012-13	1,792	3,912	245.14	228	952	8.62	239	982	32.97	1,781	3,882	220.79
2013-14	1,781	3,882	220.79	246	1,313	23.33	451	1,601	49.10	1,576	3,594	195.02

The Government had set up Audit Committees (during various periods) to monitor and expedite the progress of IRs and paragraphs in the IRs. The outstanding paras are also pursued through periodic references to the concerned offices and also through field parties which visit these offices for audit in the subsequent years. Regular meetings apart from Audit Committee Meetings are also held with heads of the offices for discussion of those issues wherein the departmental views do not concur with the audit observations.

The Department may continue its efforts in making use of its machinery created for settlement of the outstanding audit observations so that the outstanding IRs, paragraphs and the amounts are considerably reduced.

The number of IRs, paragraphs and the amount pending settlement during the last 10 years has slightly shown a decreasing trend, still an amount of ₹ 195.02 crore is pending settlement in 3,594 paragraphs contained in 1,576 IRs.

1.6.2 Position of recovery of accepted cases in Audit Reports

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 1.6.2**.

Table 1.6.2

(₹ in crore)						
Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	Amount recovered during the year 2013-14	Amount recovered up to 31.03.2014
2003-04	16	266.92	12	7.39	0.00	5.54
2004-05	14	175.42	11	19.09	0.00	5.19
2005-06	14	19.60	13	11.31	0.00	2.74
2006-07	10	8.97	9	8.69	0.02	1.05
2007-08	12	41.74	6	9.33	0.00	0.72
2008-09	15	1,814.22	9	22.69	0.01	0.04
2009-10	8	0.65	7	0.65	0.02	0.03
2010-11	12	14.24	10	2.85	0.00	0.16
2011-12	7	14.23	3	6.49	0.07	0.07
2012-13	15	247.23	9	3.05	0.09	0.09
Total	123	2,603.22	89	91.54	0.21	15.63

The above table indicates that the recovery was only 17.07 *per cent* of the total accepted cases during the last ten years. The Government may instruct the concerned Department to make more efforts for recovery of the amounts at least those cases which have been accepted by the Department. These may considered to be recovered as arrears of land revenue.

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

The performance audits (PAs) conducted by the PAG/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.

During the last five years, audit had made 33 recommendations regarding the improvements to be made in the maintenance of records, VAT Software, recovering the arrears of revenue, conducting surveys, providing details of selling dealers in the returns along with treasury challans, strengthening the cross verification and pursuance of interstate transactions, conducting of surveys for registration of dealers, etc.

Of these, the Department has accepted 15 recommendations and has taken remedial measures in improving the VAT software and in the maintenance of records. However, in respect of 18 remaining recommendations, the response of the Department has not been received.

1.7 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, 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 past five years, etc.

Out of 1,809 auditable units, 1,059 units were planned for audit during 2013-14. All these units were audited during the year. In addition to this, three performance audits were conducted during the year to ascertain the efficiency and efficacy of the tax administration in realisation of the revenues.

1.8 Results of audit

Position of local audit conducted during the year

Test check of the records of 1,059 units of Sales Tax/Value Added Tax, State Excise, Motor Vehicles, Goods and Passengers, Forest Receipts and other departments conducted during the year 2013-14 revealed under assessment / short levy/loss of revenue aggregating to ₹ 841.96 crore in 13,686 cases. During the course of the year, the concerned departments accepted under assessment and other deficiencies of ₹ 34.03 crore involved in 2,320 cases which were pointed out in audit during 2013-14 and earlier years. The departments collected ₹ 27.01 crore in 2,307 cases during 2013-14, pertaining to the audit findings of 2013-14 and of previous years.

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 three Performance audits, involving financial effect of ₹ 255 crore.

The departments/Government accepted audit observations involving ₹ 67.64 crore out of which ₹ 66.83 lakh had been recovered. The replies in the remaining cases have not been received (December 2014). These are discussed in succeeding Chapters II to VII.