

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 Punjab, during the year 2013-14, the State's share of net proceeds of divisible Union taxes and duties assigned to States and Grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned in **Table 1.1.1**:

**Table 1.1.1
Trend of revenue receipts**

(₹ in crore)						
Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Revenue raised by the State Government					
	Tax revenue	12,039.48	16,828.18	18,841.01	22,587.56	24,079.19
	Non-tax revenue	5,652.70	5,330.17	1,398.45	2,629.21	3,191.50
	Total	17,692.18	22,158.35	20,239.46	25,216.77	27,270.69
2.	Receipts from the Government of India					
	Share of net proceeds of divisible Union taxes and duties	2,144.10	3,050.87	3,554.31	4,058.81	4,431.47
	Grants-in-aid	2,320.30	2,399.25	2,440.64	2,775.57	3,401.38
	Total	4,464.40	5,450.12	5,994.95	6,834.38	7,832.85
3.	Total revenue receipts of the State Government (1 and 2)	22,156.58	27,608.47	26,234.41	32,051.15	35,103.54
4.	Percentage of 1 to 3	80	80	77	79	78

The above table indicates that during the year 2013-14, the revenue raised by the State Government (₹ 27,270.69 crore) was 78 per cent of the total revenue receipts. The balance 22 per cent of the receipts during 2013-14 was from the Government of India as share of net proceeds of divisible Union taxes and duties and Grants-in-aid.

1.1.2 The details of the tax revenue raised during the period from 2009-10 to 2013-14 are mentioned 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 Increase (+) or decrease (-) of	
		BE ¹	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	Actual in 2013-14 over 2012-13	Actual over BE for 2013-14
1.	VAT/ Sales tax/Central sales tax	8,320.00	7,577.49	9,600.00	10,016.91	11,800.00	11,171.67	14,213.00	13,217.93	17,760.00	14,846.70	(+) 12.32	(-) 16.40
2.	State excise	2,000.83	2,100.92	2,520.00	2,373.07	3,250.00	2,754.60	3,800.00	3,331.96	4,180.00	3,764.72	(+) 12.99	(-) 9.93
3.	Stamp duty and registration fees	2,200.00	1,550.94	2,395.00	2,318.46	2,900.00	3,079.13	3,375.00	2,920.49	3,450.00	2,499.50	(-) 14.41	(-) 27.55
4.	Taxes and duties on Electricity	900.03	230.13	980.00	1,422.90	1,400.00	928.28	1,540.00	2,035.30	1,694.00	1,710.46	(-) 15.96	(+) 0.97
5.	Others ²	641.53	580.00	813.00	696.84	1,057.70	907.33	914.00	1,081.88	1,440.00	1,257.81	(+) 16.26	(-) 12.65
Total		14,062.39	12,039.48	16,308.00	16,828.18	20,407.70	18,841.01	23,842.00	22,587.56	28,524.00	24,079.19	(+) 6.60	(-) 15.58

The respective Departments reported the following reasons for variations:

VAT/Sales Tax: The increase of 12.32 *per cent* was attributed to the result oriented measures adopted by the Department and increase in number of dealers and growth of industry.

State Excise: The increase of 12.99 *per cent* was attributed to increase of quota of liquor, licence fee, application fee and the numbers of dealers.

Stamp Duty and Registration Fees: The decrease of 14.41 *per cent* was attributed to global recession leading to lower sale/purchase of properties.

Others (i) The increase of 15.18 *per cent* in Transport Department (others category) was attributed to revised rates of MVT, online collection of taxes and better fiscal management by the Department.

(ii) The increase of 14.35 *per cent* in Land Revenue Department (others category) was due to excess collection of mutation fee on account of transfer deed and division of ancestral property.

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

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

¹ Budget Estimates (BE) are as per Annual Financial Statements of the Government of Punjab.

² Revenue Receipts of the three Departments i.e. Taxes on Vehicles (₹ 1,145.70 crore, which is 15.18 *per cent* higher than previous year), Other taxes and commodities on services (₹ 69.65 crore, which is 39.22 *per cent* higher than previous year) and Land Revenue (₹ 42.46 crore, which is 14.35 *per cent* higher than previous year) are less than five *per cent* of Total Tax Revenue Receipts, hence Revenue Receipts of these Departments have been merged in "Others".

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 Increase (+) or decrease (-) of	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	Actual in 2013-14 over 2012-13	Actual over BE for 2013-14
1.	Miscellaneous general services	4,587.13	4,780.12	5,349.20	4,277.23	1,657.10	323.72	516.66	1,420.73	592.80	1,640.32	(+) 15.46	(+) 176.71
2.	Other non-tax receipts	463.39	486.88	562.66	559.19	644.48	627.12	731.90	680.88	1,293.42	886.00	(+) 30.12	(-) 31.50
3.	Interest receipts	137.76	164.69	143.00	169.37	176.62	170.16	182.17	170.47	183.02	174.68	(+) 2.47	(-) 4.56
4.	Others ³	244.34	221.01	593.85	324.38	648.03	277.45	762.93	357.13	666.62	490.50	(+) 7.34	(-) 25.82
Total		5,432.62	5,652.70	6,648.71	5,330.17	3,126.23	1,398.45	2,193.66	2,629.21	2,735.86	3,191.50	(+) 21.39	16.65

The respective Departments reported the following reasons for variations:

Miscellaneous General Services: The increase of revenue receipt of 35.27 per cent in Lottery Department was due to more sale of tickets of bumper and monthly schemes.

Others: (i) The decrease of 50.00 per cent in others category (Dairy Development Department) was due to less registration under compounded cattle feed order.

(ii) The decrease of 31.57 per cent in Police Department (others category) was due to non recovery of outstanding claims of the previous years.

(iii) The increase of 82.47 per cent in Non-ferrous mining and metallurgical industries Department (others category) during the year 2013-14 was due to auctioning of 49 mines and increase in the fees of certificate of approval.

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

³ Non-Tax Revenue Receipts of the nine Departments i.e. Medical and Public Health (₹ 151.97 crore, which is 92.07 per cent higher than previous year), Other Administrative Services (₹102.58 crore, which is 1.87 per cent higher than previous year), Major and Medium Irrigation (₹ 65.94 crore, which is 29.34 per cent higher than previous year), Police (₹ 55.26 crore, which is 31.57 per cent lower than previous year), Public Works (₹ 46.73 crore, which is 278.07 per cent higher than previous year), Non Ferrous Mining and Metallurgical Industries (₹ 43.83 crore which is 82.47 per cent higher than previous year), Forestry and Wildlife (₹ 20.69 crore, which is 257.96 per cent higher than previous year), Co-operation (₹ 3.44 crore, which is 4.56 per cent higher than previous year) and Dairy Development (₹ 0.06 crore, which is 50 per cent lower than previous year) are less than five per cent of Total Non-Tax Revenue Receipts, hence Non-Tax Revenue Receipts of these Departments have been merged in "Others".

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2014 in respect of principal heads of revenue amounted to ₹ 2,241.06 crore of which ₹ 534.93 crore was outstanding for more than five years, as mentioned in **Table 1.2:**

Table 1.2
Arrears of revenue

(₹ in crore)				
Sl. No.	Head of revenue	Amount outstanding as on 31 March 2014	Amount outstanding for more than five years as on 31 March 2014	Reply of the Department
1.	Taxes/VAT on sales, Trade etc.	2,038.95	477.97	Demands of ₹ 37.35 crore were covered by recovery certificate; arrears of ₹ 1,307.01 crore were stayed by the High Court/Judicial Authority; recovery stayed by Government/Department Authorities ₹ 445.42 crore; recovery due to rectification/review of application ₹ 2.03 crore; recovery of ₹ 10.51 crore due to insolvency of dealers; demands of ₹ 24.05 crore likely to be written off; demands of ₹ 41.19 crore were being recovered in instalments and balance amount of ₹ 171.39 crore was pending at different stages of action.
2.	Taxes on Vehicles	104.62	43.76	Recovery of ₹ 7.75 crore was stayed by the Government/Department and ₹ 96.87 crore was at different stages of action.
3.	Forests and Wildlife.	83.47	1.89	Demands of ₹ 0.72 crore were covered by recovery certificates; ₹ 0.12 crore was likely to be written off; ₹ 1.98 crore was being recovered in instalments; ₹ 0.58 crore was at different stages of action and ₹ 80.07 crore was to be recovered as royalty from Punjab State Forest Development Corporation Limited (PSFDC).
4.	State excise	14.02	11.31	Demands of ₹ 0.73 crore were covered by recovery certificates; recovery of ₹ 0.25 crore was stayed by the High Court/Judicial authorities; demands amounting to ₹ 7.75 crore was likely to be written off; ₹ 0.41 crore were being recovered in instalments; recovery of ₹ 0.05 crore was held up due to rectification and the balance of ₹ 4.83 crore was at different stages of action.
	Total	2,241.06	534.93	

The office of the Excise and Taxation Commissioner, Punjab, Patiala had informed that an amount of ₹ 6.33 crore was outstanding as arrear of Revenue relating to Sales Tax/VAT in respect of office of the Assistant Excise and

Taxation Commissioner (AETC), Ropar and no amount was outstanding for more than five years. However, during revalidation of data at the office of the AETC Ropar, it was noticed that the outstanding arrear as on 31 March 2014 at Ropar was ₹ 162.73 crore out of which ₹ 161.51 crore was outstanding for more than five years.

1.3 Arrears in assessment

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 finalization at the end of the year as furnished by the Sales Tax Department in respect of sales tax are mentioned in **Table 1.3:**

Table 1.3
Arrears in Assessment

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)
Sales Tax	39,889	10,440	50,329	9,616	40,713	19.11

Out of total 19 units, there was an arrear in assessment in respect of 13 units of which data of four units⁴ i.e. 21.05 per cent was revalidated and found correct.

1.4 Evasion of tax detected by the Department

The details of cases of evasion of tax detected by the Sales Tax/VAT, State Transport and State Excise Department, cases finalised and the demand for additional tax raised as reported by the Department are mentioned 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	No. of cases in which assessment investigation completed and additional demand with penalty etc. raised		No. of cases pending for finalization as on 31 March 2014
					No. of cases	Amount of demand (₹ in crore)	
1.	Taxes/VAT on sales, Trade etc.	2,767	2,640	5,407	3,972	298.54	1,435
2.	Taxes on Vehicles	21	--	21	--	--	21
3.	State Excise	17	--	17	--	--	17
Total		2,805	2,640	5,445	3,972	298.54	1,473

⁴ AETC Ropar, Fatehgarh Sahib, Moga and Mohali.

It would be seen from the table that the numbers of cases pending at the end of the year have reduced than number of cases pending at the start of the year. No case was finalized in respect of Taxes on vehicles and State Excise during the year 2013-14.

Out of total 24 units of Taxes/VAT on sales, Trade etc., cases were pending in 18 units. Data of four units⁵ i.e. 16.67 *per cent* was revalidated and found correct.

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 are mentioned in **Table 1.5:**

Table 1.5
Details of refund cases

(₹ in crore)					
Sl. No.	Particulars	Sales tax/VAT		State Excise	
		No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	3,611	380.28	133	1.11
2.	Claims received during the year	9,011	1,001.41	2	0.23
3.	Refunds made/rejected during the year	9,286	1,008.53	8	0.78
4.	Balance outstanding at the end of year	3,336	373.16	127	0.56

Punjab 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 60 days from the date of the order and thereafter at the rate of 0.5 *per cent* per month till the refund is made.

Out of total 30 units, refunds were pending in 28 units. Data of eight units⁶ i.e. 26.67 *per cent* was revalidated and found correct.

1.6 Response of the Government/Departments towards audit

The Principal Accountant General (PAG) Punjab 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

⁵ AETC Ropar, Fatehgarh Sahib, Moga and Mohali.

⁶ AETC Ropar, Fatehgarh Sahib, Mohali and Moga (Excise and VAT).

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 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 upto December 2013 disclosed that 12,608 paragraphs involving ₹ 2,918.31 crore relating to 5,328 IRs remained outstanding at the end of June 2014. This, alongwith the corresponding figures for the preceding two years are mentioned in **Table 1.6:**

Table 1.6
Details of pending Inspection Reports

	June 2012	June 2013	June 2014
Number of IRs pending for settlement	5,004	5,126	5,328
Number of outstanding audit observations	7,640	11,755	12,608
Amount of revenue involved (₹ in crore)	7,329.25	7,330.98	2,918.31

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 **Table 1.6.1:**

Table 1.6.1
Department-wise details of pending IRs

(₹ in crore)					
Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
1.	Finance	Taxes/VAT on sales, Trade etc.	1,871	4,094	751.51
		Entertainment and Luxury Tax	298	464	22.55
2.	Excise	State Excise	255	261	403.21
3.	Revenue	Land Revenue	662	1,316	399.64
4.	Transport	Taxes on motor vehicles	639	2,237	610.68
5.	Stamps and Registration	Stamp Duty and Registration Fee	1,315	3,781	311.58
6.	Director of Lotteries	State Lotteries	19	48	152.03
7.	Forest and Environment	Forestry and wild life	269	407	267.11
Total			5,328	12,608	2,918.31

Audit did not receive even the first replies from the Heads of offices within the stipulated time, for 306 IRs issued during 2013-14. This large pendency of IRs due to non-receipt of 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 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 sets up audit committees to monitor and expedite progress of the settlement of the audit observations contained in the IRs. No audit committee meeting was held during the year 2013-14. The Departments were requested to hold the audit committee meetings for expeditious settlement of the outstanding audit observations.

It is recommended that Government should ensure holding of audit committee meetings.

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 and intimations are issued to the Departments to enable them to keep the relevant records ready for audit scrutiny.

During the year 2013-14 as many as 1,286 assessment/refund files of 16 units⁷ for VAT/Sales Tax were not made available to audit.

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 and one Performance audit were sent to the Principal Secretaries/Secretaries of the respective Departments by name between May to August 2014. The Principal Secretaries/Secretaries of the Departments did not send any reply despite issue of reminders (May to August 2014) and the same were included in the Report without their response. However, the replies from the concerned Departments have been received and incorporated suitably.

1.6.5 Follow up on the Audit Reports – summarized position

The internal working system of the Public Accounts Committee (PAC), notified in December 2002, laid down that after the presentation of the Report of the

⁷ 14 AETCs and two ETOs.

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 (ATENs) 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. 158 paragraphs (including Performance Audits) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Punjab for the years ended 31 March 2009, 2010, 2011 and 2012 were placed before the State Legislature Assembly between 15 March 2010 and 19 March 2013. The ATENs from the concerned Departments on these paragraphs were received late with average delay of 25, 19, eight and seven months in respect of each of these Audit Reports, respectively. ATENs in respect of 55 paragraphs from eight Departments⁸ had not been received for the Audit Reports for the years ended 31 March 2009, 2010, 2011 and 2012 so far (August, 2014).

The PAC discussed 94 selected paragraphs pertaining to the Audit Reports for the years from 2008-09 to 2011-12 and its recommendations on 29 paragraphs⁹ were incorporated in their three Reports (2010-11, 2012-13 and 2013-14). However, no ATEN on the recommendations of the PAC on 29 paragraphs for the years 2008-09 and 2009-10 has been received from the Departments concerned.

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 Report 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 Taxes on Vehicles, Goods and Passengers of the Transport Department, Punjab was evaluated and included in this Audit Report.

The succeeding paragraphs 1.7.1 and 1.7.2 discuss the performance of the State Transport Commissioner under revenue head 0041-Taxes on Vehicles, Goods and Passengers and cases detected in the course of local audit during

⁸ Excise and Taxation, Revenue and Rehabilitation, Electricity, Industries and Commerce, Lotteries, Housing and Urban Development, State Transport, and Agriculture.

⁹ Excise and Taxation Department (14) + Transport Department (15).

the last 10 years upto 2013-14 and also the cases included in the Audit Reports for the years 2003-04 to 2012-13.

1.7.1 Position of Inspection Reports

The summarised position of inspection reports issued during the last 10 years, paragraphs included in these reports and status of the same as on 31 March 2014 is mentioned in **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	535	1,504	455.18	55	260	32.48	8	17	3.72	582	1,747	483.94
2005-06	582	1,747	483.94	38	147	10.11	0	0	0	620	1,894	494.05
2006-07	620	1,894	494.05	50	282	31.04	7	36	30.67	663	2,140	494.42
2007-08	663	2,140	494.42	46	133	72.98	24	167	96.34	685	2,106	471.06
2008-09	685	2,106	471.06	52	143	49.22	23	54	8.49	714	2,195	511.79
2009-10	714	2,195	511.79	58	204	12.95	5	35	0.82	767	2,364	523.92
2010-11	767	2,364	523.92	61	307	22.00	17	172	13.17	811	2,499	532.75
2011-12	811	2,499	532.75	32	219	6.78	251	655	13.38	592	2,063	526.15
2012-13	592	2,063	526.15	30	164	21.45	3	92	2.98	619	2,135	544.62
2013-14	619	2,135	544.62	27	206	78.13	0	36	1.23	646	2,305	621.52

The Government arranges Ad-hoc Committee meetings between the Department and PAG's office to settle the old paragraphs. As would be evident from the above table, against 535 outstanding IRs with 1,504 paragraphs as on start of 2004-05, the number of outstanding IRs increased to 646 with 2,305 paragraphs at the end of 2013-14. This is indicative of the fact that adequate steps were not taken by the Department in this regard resulting in increase of the outstanding IRs and paragraphs.

1.7.2 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Department and the amount recovered is 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	Money value of accepted paragraphs	Amount recovered during the year 2013-14	Cumulative position of recovery of accepted cases as of 31/03/2013
2003-04	2	2.36	----	-----	-----	PAC decided not to pursue these paras further.
2004-05	7	22.65	-----	-----	-----	-do-
2005-06	7	4.71	-----	-----	-----	-do-
2006-07	1	133.49	-----	-----	-----	-do-
2007-08	4	7.14	-----	-----	-----	-do-
2008-09	6	6.53	6	6.53	-----	1.85
2009-10	7	2.62	7	2.62	-----	1.02
2010-11	6	0.81	6	0.81	-----	0.65
2011-12	1	3.12	1	3.12	-----	Under discussion
2012-13	3	1.11	-----	-----	-----	No reply furnished by the Department.
Total	44	184.54	20	13.08	-----	3.52

It is evident from the above table that the progress of recovery even in accepted cases was very slow during the last 10 years and no recovery was made during 2013-14. The recovery of accepted cases was to be pursued as arrears recoverable from the concerned parties.

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

The Review titled "Information Technology review on Computerization in the Motor Vehicle Department" on the Department of Transport, Punjab was featured in the Report of 2010-11 with eight recommendations. The Review is currently under discussion in the PAC.

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* 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 the past five years etc.

During the year 2013-14, there were 503 auditable units, of which 326 units (64.81 *per cent*) were planned and 324 units¹⁰ were audited.

Besides, the compliance audit mentioned above, one performance audit on “Levy and collection of Motor Vehicle Tax” was also taken up to examine the efficacy of the tax administration of these receipts.

1.10 Internal Audit

The Finance Department has an Internal Audit Cell under the charge of the Additional Director. This cell was to conduct test check of cases as per approved action plan and in accordance with the criteria decided by the Steering Committee so as 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 2,300 units planned for audit, Internal Audit Cell audited 1,032 units (45 *per cent*) as detailed in **Table 1.8**:

Table 1.8
Internal Audit

Revenue Head	No. of units Planned	No. of units audited
0030 – Stamp Duty	220	63
0039 - Excise	262	53
0040 – VAT/Sales Tax	1,209	868
0041 – Motor Vehicle Tax	442	35
0045 – Entertainment Tax	167	13
Total	2,300	1,032

Department replied that the targets planned for audit could not be achieved for the year 2013-14 due to shortage of staff as well as conducting of special audit of VAT for the years 2004 to 2013.

¹⁰ Two units *viz.* PSFDC and Chief Electrical Inspector were transferred to Economic Sector (PSUs) during 2013-14.

1.11 Results of audit

1.11.1 Position of local audit conducted during the year

Test check of the records of 324 units of Sales Tax/Value Added Tax, State Excise, Motor Vehicles, Goods and Passengers, Forest Receipts and other Departmental offices conducted during the year 2013-14 showed under assessment/short levy/loss of revenue aggregating ₹ 477.04 crore in 61,882 cases. During the course of the year, the Departments concerned accepted under assessment and other deficiencies of ₹ 0.73 crore involved in 168 cases which were pointed out in audit during 2013-14. The Departments collected ₹ 5.09 crore in 1,245 cases during 2013-14, pertaining to the audit findings of previous years.

1.12 Coverage of this Report

This Report contains 21 paragraphs and one performance audit on “**Levy and collection of Motor Vehicle Tax**” involving financial effect of ₹ 221.22 crore.

The Departments have accepted audit observations in 14 cases involving ₹ 70.97 crore out of which ₹ 11.07 crore in eight cases had been recovered/adjusted. The replies in the remaining cases have not been received (November 2014). These are discussed in the succeeding chapters II to VI.