

CHAPTER I

GENERAL

1.1 Trend of Revenue Receipts

1.1.1 The tax and non-tax revenue raised by Government of Odisha during the year 2014-15, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grants-in-aid received from Government of India during the year and the corresponding figures for preceding four years are depicted in **Table-1.1.1**.

Table-1.1.1
Trend of Revenue Receipts

(₹ in crore)

Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1.	Revenue raised by State Government					
	• Tax revenue	11,192.67	13,442.74	15,034.13	16,891.59	19,828.29
	• Non-tax revenue	4,780.37	6,442.96	8,078.04	8,378.60	8,070.87
	Total	15,973.04	19,885.70	23,112.17	25,270.19	27,899.16
2.	Receipts from Government of India					
	• State's net proceeds of divisible Union taxes and duties	10,496.86	12,229.12	13,965.01	15,247.24	16,181.22 ¹
	• Grants-in-aid	6,806.25	8,152.20	6,859.73	8,429.42	12,917.50
	Total	17,303.11	20,381.32	20,824.74	23,676.66	29,098.72
3.	Total revenue receipts of the State Government (1 and 2)	33,276.15	40,267.02	43,936.91	48,946.85	56,997.88
4.	Percentage of 1 to 3	48.00	49.38	52.60	51.63	48.95

Source: Finance Accounts for the year 2014-15 of Government of Odisha

In the year 2014-15, the revenue raised by the State Government (₹ 27,899.16 crore) was 48.95 per cent of total revenue receipts. The balance (₹ 29,098.72 crore) 51.05 per cent of the receipts during 2014-15 was from the Government of India.

¹ For details, please see Statement No 14- Detailed accounts of revenue by minor heads in the Finance Accounts of the Government of Odisha for the year 2014-15. Figures under the minor head 901-Share of net proceeds assigned to the States under the major heads 0020-Corporation Tax; 0021-Taxes on Income other than Corporation Tax; 0028- Other Taxes on Income and Expenditure; 0032- Taxes on Wealth; 0037- Customs; 0038- Union Excise Duties; 0044 – Service Tax and 0045- Other Taxes and Duties on Commodities and Services booked in the Finance Accounts under A-Tax Revenue have been excluded from the revenue raised by the State and exhibited as State's share of divisible Union taxes.

1.1.2 The details of tax revenue raised during the period 2010-11 to 2014-15 are given in **Table-1.1.2**.

Table-1.1.2
Details of Tax Revenue raised

(₹ in crore)

Sl. No.	Head of Revenue	2010-11		2011-12		2012-13		2013-14		2014-15		Percentage of increase (+) or decrease (-) in 2014-15 over 2013-14
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
1.	OVAT including Odisha Sales Tax (OST)	5,909.51	6,221.28	7,556.35	7,463.39	9,016.20	8,929.61	10,195.00	9,882.03	11,505.69	10,892.11	(+)10.22
	Central Sales Tax (CST)	590.49	585.52	725.04	733.45	783.80	755.07	900.00	846.52	929.59	924.62	(+)9.23
2.	Taxes and Duties on Electricity	460.00	458.06	500.00	551.65	580.00	590.48	640.00	670.11	768.00	1,722.60	(+)157.06
3.	Land Revenue	405.32	390.66	465.00	521.47	480.00	420.21	400.00	431.26	440.00	645.64	(+)49.71
4.	Taxes on Vehicles	715.00	727.58	843.00	787.99	850.00	746.19	900.00	859.67	972.00	910.31	(+) 5.89
5.	Taxes on Goods and Passengers	875.00	1,111.37	1,235.00	1,312.36	1,350.00	1,342.54	1,500.00	1,613.46	1,740.00	1,710.87	(+) 6.04
6.	State Excise	1,000.00	1,094.26	1,350.00	1,379.00	1,500.00	1,498.64	1,725.00	1,780.13	2,100.00	2,035.24	(+) 14.33
7.	Stamp Duty and Registration Fee	450.00	415.82	510.00	498.14	550.00	544.88	620.00	605.48	802.32	800.23	(+) 32.16
8.	Other Taxes and Duties on Commodities and Services	58.15	54.84	55.00	68.39	60.28	70.52	65.00	53.23	40.06	17.70	(-)66.75
9.	Other Taxes on Income and Expenditure- Tax on Professions, Trades, Callings and Employments	145.00	133.28	160.00	126.90	140.00	135.99	160.00	149.70	176.00	168.97	(+) 12.87
	Total:	10,608.47	11,192.67	13,399.39	13,442.74	15,310.28	15,034.13	17,105.00	16,891.59	19,473.66	19,828.29	

Source: Finance Accounts for the year 2014-15 of Government of Odisha

The respective Departments reported the following reasons for variation:

Odisha VAT (OVAT) including OST / CST: Increase (OVAT 10.22 per cent and CST 9.23 per cent) was due to increase in business activities of industry sector and vigorous collection drive by the Department.

Taxes on Vehicles: Increase (5.89 per cent) was due to increase in registration of vehicles, stringent enforcement activities and arrear collection.

State Excise: Increase (14.33 per cent) was due to enhancement in the fee structure and excise duty against last year's fee and duty structure.

Taxes and Duties on Electricity: Increase (157.06 per cent) was due to more receipt of duty on captive power.

The other Departments despite being requested (April, July and October 2015), did not furnish the reasons for variations in receipts from that of the previous year (2013-14).

1.1.3 The details of non-tax revenue raised during the period 2010-11 to 2014-15 are indicated in **Table-1.1.3**.

Table-1.1.3
Details of Non-tax Revenue raised

(₹ in crore)

Sl. No.	Head of Revenue	2010-11		2011-12		2012-13		2013-14		2014-15		Percentage of increase (+) or decrease (-) in 2014-15 over 2013-14
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
1.	Non-ferrous Mining and Metallurgical Industries	2,556.48	3,329.25	3,804.63	4,571.57	5,000.00	5,695.70	5,515.00	5,518.80	5,660.07	5,310.09	(-) 3.78
2.	Interest Receipts	100.00	260.84	340.00	576.38	200.00	588.25	300.00	1241.18	408.98	330.67	(-) 73.36
3.	Forestry and Wildlife	90.00	157.68	91.87	192.39	117.46	188.92	30.22	95.11	31.73	61.51	(-) 35.33
4.	Irrigation & Inland Water Transport	100.80	143.09	178.30	333.11	295.28	396.76	380.30	451.70	435.77	629.60	(+) 39.38
5.	Other Administrative Services	24.79	11.06	11.00	16.07	10.24	12.76	13.30	24.44	23.86	29.75	(+) 21.73
6.	Public Works	47.24	48.79	40.25	47.16	40.04	49.77	47.00	69.72	63.03	88.59	(+) 27.07
7.	Police Receipts	47.45	38.45	39.19	36.18	33.97	52.62	37.15	44.70	52.38	50.00	(+) 11.86
8.	Education	11.22	25.98	15.37	21.18	10.17	89.10	16.63	75.86	27.69	18.87	(-) 75.13
9.	Medical and Public Health	35.70	19.55	18.00	37.12	9.90	10.55	28.84	28.71	30.81	33.15	(+) 15.46
10.	Miscellaneous General Services	32.00	412.29	7.95	86.86	7.11	225.60	11.00	126.50	29.54	118.84	(-) 6.06
11.	Power	1.67	2.07	2.13	3.37	2.17	2.14	2.30	4.70	41.95	2.18	(-) 53.62
12.	Co-operation	3.57	2.18	2.05	1.92	2.20	2.97	2.30	3.34	2.47	2.56	(-) 23.35
13.	Other Non-tax Receipts	314.56	329.14	258.48	519.65	308.24	762.90	441.10	693.84	796.87	1,395.06	(+) 101.06
	Total:	3,365.48	4,780.37	4,809.22	6,442.96	6,036.78	8,078.04	6,825.14	8,378.60	7,605.15	8,070.87	

Source: Finance Accounts for the year 2014-15 of Government of Odisha

The respective Departments reported the following reasons for variation:

Non-ferrous Mining and Metallurgical Industries: Decrease (3.78 per cent) was due to non-working of mines on the ground of non-availability of statutory clearance.

Interest Receipts: Decrease (73.36 per cent) was due to decline in receipt of interest from 91 days and other treasury bills and also from GRIDCO (WB Loan).

The other Departments despite being requested (April, July and October 2015), did not furnish the reasons for variation in receipts from that of the previous year (2013-14).

1.2 Analysis of Arrears of Revenue

The arrears of revenue, as on 31 March 2015, on some principal heads of revenue amounted to ₹9,468.37 crore of which ₹1,770.28 crore was outstanding for more than five years as detailed in **Table-1.2**.

Table-1.2
Arrears of Revenue

(₹ in crore)

Sl. No.	Head of Revenue	Total amount outstanding as on 31 March 2015	Amount outstanding for more than five years as on 31 March 2015	Replies of Department
A-Tax Revenue				
0040- Taxes on Sales, Trade etc.				
1.	VAT (including OST and CST)	5,483.35	1,565.55	Department stated reasons of arrears as under: <ul style="list-style-type: none"> • Amount covered by show cause notices and penalty 1,747.60 • Amount stayed by <ul style="list-style-type: none"> ➤ Departmental Authorities 869.25 ➤ Supreme Court/ High Court 2,096.34 • Demands covered by tax recovery proceedings 764.63 • Amount likely to be written off 5.53
0042-Taxes on Goods and Passengers				
2.	Entry Tax	1,892.39	121.53	Department stated reasons of arrears as under: <ul style="list-style-type: none"> • Amount covered by show cause notices 797.68 • Recoveries stayed by <ul style="list-style-type: none"> ➤ Departmental Authorities 348.15 ➤ Supreme Court/ High Court 718.41 • Demands covered by certificate proceedings 28.11 • Amount likely to be written off 0.04
0041-Taxes on Vehicles				
3.	Taxes on Vehicles	153.23	73.27	Department stated reasons of arrears as under: <ul style="list-style-type: none"> • Demands covered by certificate proceedings/ tax recovery proceedings 111.04 • Recoveries stayed by Departmental Authorities 0.06 • Other stages 42.12
0039-State Excise				
4.	State Excise	54.59	--	Department stated reasons of arrears as under: <ul style="list-style-type: none"> • Recoveries stayed by Supreme Court / High Court 37.84 • Demands covered by certificate proceedings/ tax recovery proceedings 13.83 • Other stages 2.92
B-Non-Tax Revenue				
5.	Mining Receipts	1,884.81	9.93	Department stated reasons of arrears as under: <ul style="list-style-type: none"> • Certificate cases 1.56 • Amount under dispute 1,334.58 • Amount likely to be written off 2.46 • Court of law 55.00 • Recoverable dues 491.20
Total:		9,468.37	1,770.28	

Source: Replies of concerned Departments

Arrears of ₹ 1,770.28 crore were pending for recovery for more than five years. Arrears of ₹ 1,217.46 crore were pending with the departmental authorities and sufficient efforts were not made to dispose of the same. Certificate cases / tax recovery proceedings initiated for recovery of ₹ 919.17 crore had not been finalised. Cases referred for write off (₹ 8.03 crore) were also not being pursued.

1.3 Arrears in Assessments

The details of cases pending at the beginning of the year, cases due for assessment, cases disposed of during the year and cases pending finalisation at the end of the year as furnished by the Commercial Tax wing of Finance Department in respect of Odisha Sales Tax, Value Added Tax, Central Sales Tax, Odisha Entry Tax, Professional Tax and Entertainment Tax are given in **Table-1.3**.

Table-1.3
Arrears in Assessments

Head of Revenue	Opening Balance	New cases due for assessment during 2014-15	Total assessments due	Cases disposed of during 2014-15	Balance at the end of the year	Percentage of disposal (Col. 5 to 4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Odisha Sales Tax	4,822	230	5,052	430	4,622	8.51
CST	619	76	695	126	569	18.13
VAT	1,786	3,015	4,801	2,802	1,999	58.36
Entry Tax	748	1,946	2,694	1,791	903	66.48
Professional Tax	35,033	27,661	62,694	32,352	30,342	51.60
Entertainment Tax	96	118	214	115	99	53.74

Source: Commercial Tax wing of the Finance Department

4,622 assessments under the erstwhile Odisha Sales Tax Act were pending assessment as on 31 March 2015 although the Act had been repealed on 1 April 2005.

1.4 Evasion of Tax

The details of cases of evasion of tax detected by the Commercial Tax wing of Finance 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 2014	Cases detected during 2014-15	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 2015
					Number of cases	Amount of demand	
1.	Odisha Sales Tax	26	0	26	0	0	26
2.	Entry Tax	70	26	96	47	110.24	49
3.	Value Added Tax	725	687	1,412	696	37,777.84	716
4.	Central Sales Tax	6	10	16	8	54.13	8
Total:		827	723	1,550	751	37,942.21	799

Source: Commercial Tax wing of the Finance Department

The number of cases pending at the end of the year 2014-15 had reduced slightly (3.39 per cent) as compared to those at the beginning of the year.

1.5 Pendency of Refund Cases

The number of refund cases pending at the beginning of the year 2014-15, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2014-15 as reported by the Commercial Tax wing of Finance Department are given in **Table-1.5**.

Table-1.5

Details of Pendency of Refund Cases

(₹ in crore)

Sl. No.	Particulars	Sales Tax / VAT		Entry Tax	
		No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	1,392	192.83	141	8.09
2.	Claims received during the year	601	62.65	73	22.16
3.	Refunds made during the year	649	67.68	0	0.00
4.	Balance outstanding at the end of the year	1,344	187.80	214	30.25

Source: Commercial Tax wing of the Finance Department

32.56 per cent of refund cases of Sales Tax / VAT were disposed of during 2014-15, while no refund case relating to Entry Tax was disposed of during the year.

Odisha VAT Act provides for payment of simple interest at the rate of eight per cent per annum if the refund is not made to the dealer within 60 days from the date of receipt of order for refund or within 90 days from the date of receipt of application for refund till the refund is made. If refund cases are not cleared expeditiously, Government may incur liability for payment of interest. During the year 2013-14, Government had paid interest of ₹ 2.50 lakh due to such delay in disposal of refund cases.

1.6 Response of Departments / Government towards Audit

The Principal Accountant General (E&RSA), Odisha (PAG) conducts periodical inspection of the Government Departments to test check the transactions and verify maintenance of important accounts and other records as prescribed in the rules and procedures. Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot are issued to the heads of the offices inspected. Copies are issued 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 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 up to December 2014 disclosed that 6,768 paragraphs of 2,891 IRs involving ₹ 14,540 crore remained outstanding at the end of June 2015 as mentioned below along with the corresponding figures for the preceding two years in **Table-1.6**.

Table-1.6

Department-wise details of IRs

	June 2013	June 2014	June 2015
Number of IRs pending for settlement	2,376	2,939	2,891
Number of outstanding audit observations	7,884	6,656	6,768
Amount of revenue involved (₹ in crore)	5,442.03	11,060.31	14,540.00

Source: Records of the Principal Accountant General (E&RSA)

1.6.1 The Department-wise details of IRs and audit observations outstanding as on 30 June 2015 as well as the amounts involved are mentioned in **Table-1.6.1**.

Table-1.6.1

Department-wise details of IRs (Revenue Receipts)

(₹ 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	OVAT including OST / CST	820	2,010	1,190.36
		Entry Tax	277	550	349.80
		Professional Tax	12	15	16.97
2.	Excise	State Excise	214	590	445.89
3.	Revenue & Disaster Management	Stamp Duty and Registration Fee	519	986	450.03
4.	Steel & Mines	Mining Receipts	229	684	11,775.49
5.	Transport	Taxes on Vehicles and Taxes on Goods and Passengers	302	1,051	247.10
Total			2,373	5,886	14,475.64

Source: Records of the Principal Accountant General (E&RSA)

Department-wise details of IRs (Expenditure)

(₹ in crore)

Sl. No.	Name of the Department	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
1.	Finance	76	130	0
2.	Excise	93	129	0
3.	Revenue & Disaster Management	131	177	0
4.	Steel & Mines	38	90	6.47
5.	Transport	180	356	57.89
Total		518	882	64.36

Source: Records of the Principal Accountant General (E&RSA)

Audit did not receive even the first replies in respect of 55 IRs issued during 2014-15 from the heads of offices within one month from the date of issue of the IRs. Pendency of IRs due to non-receipt of the replies is indicative of failure to initiate action to rectify the defects, omissions and irregularities pointed out by the PAG in the IRs.

1.6.2 Departmental Audit Committee (DAC) Meetings

The Government set up audit committees to monitor and expedite the progress of settlement of IRs and paragraphs contained therein. The details of audit committee meetings held during the year 2014-15 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.	Name of the Department	Number of meetings held	Number of Paras settled	Amount
1.	Finance	7	154	30.22
2.	Transport	1	6	0.49
3.	Excise	3	100	52.72
Total		11	260	83.43

Source: Records of the Principal Accountant General (E&RSA)

The Revenue & Disaster Management Department and Steel & Mines Department did not hold any DAC meeting during 2014-15.

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 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 2014-15, as many as 1,640 assessment files, returns, refund registers and other relevant records involving tax effect of ₹ 833.18 crore were not made available to audit. Break-up of these cases are given in **Table-1.6.3**. There was no case of non-production of records in other departments.

Table-1.6.3

Details of non-production of records

(₹ in crore)

Name of the Department	Type of Tax/ Non-tax revenue	Year in which it was to be audited	Number of cases not audited	Tax Amount
Finance	Taxes / VAT on sales, trade etc.	Upto 2013-14	1,153	683.18
		2014-15	487	150.00
Total:			1,640	833.18

Source: Records of the Principal Accountant General (E&RSA)

1.6.4 Response of 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 PAG to the Principal Secretaries / Secretaries of the concerned Departments drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the Departments / Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Audit forwarded 36 draft paragraphs and one Performance Audit (PA) to the Principal Secretaries / Secretaries of the respective Departments by name between May and October 2015. The Principal Secretaries / Secretaries of the Departments did not send replies to 24 draft paragraphs despite issue of

reminders (October 2015) and the same have been included in this Report without the response of the Departments.

1.6.5 Follow-up on Audit Reports – summarised position

Based on the recommendations of the High Powered Committee on response of the State Governments to the Audit Reports of the Comptroller and Auditor General of India, Finance Department issued (December 1993) instructions to Secretaries of all Departments to submit explanatory notes on paragraphs included in the Audit Reports within three months from the date of placing of Report in Odisha Legislative Assembly, indicating the action taken or proposed to be taken. In spite of these instructions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately. Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Odisha containing 805 paragraphs (including Performance Audit) for the years ended 31 March 1994, 1995 and 1998 to 2014 were placed before the State Legislative Assembly between June 1995 and March 2015. The action taken explanatory notes in respect of 84 paragraphs featured in the Audit Reports for the years ended March 2013 and March 2014 were not received (November 2015) from five Departments².

The Public Accounts Committee (PAC) discussed 184 selected paragraphs pertaining to the Audit Reports for the years from 1985-86 to 2006-07 and its 428 recommendations were incorporated in 28 Reports. However, Action Taken Notes (ATNs) in respect of 10 recommendations of the PAC laid in the Odisha Legislative Assembly between February 1991 and December 2008 had not been received from the Departments concerned although the same were required to be received within three months from the date of laying of the Reports in the legislature. The details are mentioned in **Table-1.6.5**.

Table-1.6.5

Year	Name of the Department			Total
	Commerce and Transport	Excise	Steel & Mines	
1990-91 (10 th Assembly)	-	2	-	2
1995-96 (11 th Assembly)	1	-	-	1
2007-08 (13 th Assembly)	-	1	-	1
2008-09 (13 th Assembly)	-	5	1	6
Total	1	8	1	10

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, action taken on the paragraphs and PAs included in the Audit Reports of the last 10 years in respect of one Department is evaluated and included in this Audit Report.

The succeeding paragraphs 1.7.1 to 1.7.3 discuss the performance of the **Steel & Mines Department** under revenue head **0853-Non-Ferrous Mining and Metallurgical Industries** and the cases detected in local audit during the

² Commerce and Transport (Transport): 13, Excise: 29, Finance: 19, Revenue & Disaster Management: 10 and Steel & Mines: 13.

last 10 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 IRs issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2015 are given in **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 year			Closing Balance		
		IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
1.	2005-06	144	304	24.12	33	57	59.72	39	118	3.58	138	243	80.26
2.	2006-07	138	243	80.26	18	37	148.16	6	30	103.63	150	250	124.79
3.	2007-08	150	250	124.79	28	58	35.48	50	106	9.1	128	202	151.17
4.	2008-09	142	328	597.04	36	121	175.76	36	160	456.84	142	289	315.96
5.	2009-10	142	289	315.96	48	152	285.48	51	123	96.76	139	318	504.68
6.	2010-11	139	318	504.68	42	146	1,273.90	31	99	228.24	150	365	1,550.34
7.	2011-12	150	365	1,550.34	46	155	199.67	28	80	55.02	168	440	1,694.99
8.	2012-13	168	440	1,694.99	26	156	1,827.42	12	90	413.89	182	506	3,108.52
9.	2013-14	182	506	3,108.52	44	182	12,775.43	11	25	111.17	215	663	15,772.78
10.	2014-15	215	663	15,772.78	29	115	48,306.68	22	103	7,339.34	222	675	56,740.12

Source: Records of the Principal Accountant General (E&RSA)

The Government arranges *ad hoc* Committee meetings between the Department and PAG's office to settle the old paragraphs. Against 144 outstanding IRs with 304 paragraphs at the beginning of 2005-06, the number of outstanding IRs increased to 222 with 675 paragraphs at the end of 2014-15. Thus, there was no substantial improvement in clearance of IRs and paragraphs by the Department during the years 2005-06 to 2014-15.

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	Money value of accepted paragraphs	Amount recovered during the year	Cumulative position of recovery of accepted cases as on 31 March 2015
2004-05	6	29.49	4	26.05	--	25.68
2005-06	2	3.13	1	1.99	--	1.95
2006-07	4	9.26	3	9.18	--	9.18
2007-08	1	206.20	5	8.38	--	2.41
2008-09	4	6.39	2	0.23	--	0.23
2009-10	2	19.24	1	3.01	--	3.01
2010-11	3	238.71	2	227.70	--	6.37
2011-12	7	1,511.68	4	64.92	--	0.69
2012-13	6 Paras+ 1 PA	5,646.99	3 Paras +1 PA	648.33	149.07	149.07
2013-14	6	84.43	4	45.47	--	-

Source: Records of the Principal Accountant General (E&RSA)

The progress of recovery even in accepted cases relating to Audit Reports 2007-08, 2010-11, 2011-12 and 2013-14 was very slow. The recovery of accepted cases was to be pursued as arrears recoverable from the concerned parties. No mechanism for pursuance of the accepted cases was put in place by the Department / Government.

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

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

The following PA on the Steel & Mines Department featured in the Audit Report for the year ended March 2013. The details of recommendations and their status are given in **Table 1.7.3**.

Table-1.7.3

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
2012-13	Working of Steel & Mines Department	5	<ul style="list-style-type: none"> • Prescribing time limit for disposal of applications; • Instituting mechanism for timely termination of non-operating mines; • Ensuring regular inspection of mines; • Prescribing time limit for disposal of seized minerals; and • Conducting internal audit regularly. 	Actions taken by the Department on the recommendations have not been intimated to Audit.

1.8 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 revenue 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 2014-15, there were 513 auditable units of which 191 units were planned and audited which is 37.23 *per cent* of the total auditable units.

Besides the above, one Performance Audit was also taken up in the Department of Steel & Mines to assess whether implementation of the Integrated Mines and Minerals Management System (i3MS) was successful and fulfilled the requirements of the Department.

1.9 Results of Audit

Position of local audit conducted during the year

Test check of records of 142 units relating to Value Added Tax, Goods and Passengers Tax, State Excise Duty, Stamp Duty and Registration Fee, Motor Vehicle Tax and other Non-Tax receipts conducted during the year 2014-15 showed underassessment / short levy / loss of revenue aggregating ₹ 11,665.85 crore in 1,78,420 cases. During the year, Departments concerned accepted underassessment and other deficiencies of ₹ 144.95 crore involved in 1,21,514 cases which were pointed out in audit during 2014-15 and realised ₹ 9.85 crore in 509 cases pertaining to audit findings of 2014-15 and previous years.

Similarly, test check of records of 142 units under Commercial Taxes, Excise, Revenue & Disaster Management, Transport and Steel & Mines Departments conducted during the year 2014-15 showed irregular expenditure / payment amounting to ₹ 571.49 crore in 263 cases. During the year, the Departments concerned accepted irregularities of ₹ 9.19 crore involved in 99 cases which were pointed out in audit during 2014-15 and realised ₹ 5.06 lakh in 8 cases pertaining to previous years.

1.10 Coverage of this Report

This Report contains 33 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 one Performance Audit on “**Implementation of the Integrated Mines and Minerals Management System (i3MS)**” involving financial effect of ₹ 357.41 crore.

The Departments / Government have accepted audit observations in 17 paragraphs involving financial effect of ₹ 122.02 crore out of which ₹ 0.92 crore had been recovered. Replies in the remaining cases have not been received (December 2015). These are discussed in the succeeding Chapters II to VI.