

## 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 2016-17, the State's share of net proceeds of divisible Union taxes and duties assigned to State and grants-in-aid received from the Government of India (GOI) during the year and the corresponding figures for the preceding four years are depicted in **Table 1.1.1**.

**Table 1.1.1: Trend of Revenue Receipts**

(₹ in crore)						
Sr. No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
1.	<b>Revenue raised by the State Government</b>					
	• Tax revenue	23,559.00	25,566.60	27,634.57	30,929.09	34,025.69
	• Non-tax revenue	4,673.15	4,975.06	4,613.12	4,752.48	6,196.09
	<b>Total</b>	<b>28,232.15</b>	<b>30,541.66</b>	<b>32,247.69</b>	<b>35,681.57</b>	<b>40,221.78</b>
2.	<b>Receipts from the Government of India</b>					
	• Share of net proceeds of divisible Union taxes and duties <sup>1</sup>	3,062.13	3,343.24	3,548.09	5,496.22	6,597.47
	• Grants-in-aid	2,339.25	4,127.18	5,002.88	6,378.76	5,677.57
	<b>Total</b>	<b>5,401.38</b>	<b>7,470.42</b>	<b>8,550.97</b>	<b>11,874.98</b>	<b>12,275.04</b>
3.	<b>Total revenue receipts of the State Government (1 and 2)</b>	<b>33,633.53</b>	<b>38,012.08</b>	<b>40,798.66</b>	<b>47,556.55</b>	<b>52,496.82</b>
4.	<b>Percentage of 1 to 3</b>	<b>84</b>	<b>80</b>	<b>79</b>	<b>75</b>	<b>77</b>

<sup>1</sup> For details please see Statement No. 14 - Detailed accounts of revenue by minor heads in the Finance Accounts of the Government of Haryana for the year 2016-17. 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 Section 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.

*Report for the year 2016-17 (Revenue Sector)*

During the year 2016-17, the revenue raised by the State Government (₹ 40,221.78 crore) was 77 per cent of the total revenue receipts. The balance 23 per cent of the receipts during the year 2016-17 was from the GOI as State's share of net proceeds of divisible Union taxes and grants-in-aid.

The percentage of revenue receipts of the State Government from its own resources to total revenue receipts shows a decreasing trend from 2012-13 (84 per cent) to 2015-16 (75 per cent). Thereafter, for the year 2016-17 it increased to 77 per cent.

**1.1.2** The details of tax revenue raised during the period 2012-13 to 2016-17 are given in **Table 1.1.2**.

**Table 1.1.2: Details of Tax Revenue raised**

(₹ in crore)

Sr. No.	Head of revenue	2012-13		2013-14		2014-15		2015-16		2016-17		Percentage of increase (+) or decrease (-) of Actuals of 2016-17 over actuals of 2015-16
		Budget Estimate (BE)	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
1.	Taxes on sales, trade etc./value added tax (VAT)	16,450.00	15,376.58	19,288.61	16,774.33	19,930.00	18,993.25	22,821.40	21,060.23	28,750.00	23,488.41	11.53
2.	State Excise	3,000.00	3,236.48	4,000.00	3,697.35	4,350.00	3,470.45	4,567.50	4,371.08	5,251.58	4,613.13	5.54
3.	Stamps and registration fees	3,000.00	3,326.25	3,850.00	3,202.48	3,950.00	3,108.70	3,600.00	3,191.21	3,700.00	3,282.64	2.87
4.	Taxes on goods and passengers	450.00	470.76	520.00	497.45	650.00	527.07	600.00	554.25	660.00	594.59	7.28
5.	Taxes on vehicles	750.00	887.29	850.00	1,094.86	1,175.00	1,191.50	1,316.00	1,400.38	1,447.60	1,583.06	13.05
6.	Taxes and duties on electricity	160.00	191.96	201.40	219.20	232.25	239.74	240.00	256.66	269.88	275.69	7.41
7.	Land revenue	15.28	12.98	19.33	12.42	13.50	15.28	16.50	14.97	18.15	16.08	7.41
8.	Other taxes and duties on commodities and services	48.00	56.70	55.00	68.51	74.00	88.58	88.00	80.31	102.30	172.09	114.28
	<b>Total</b>	<b>23,873.28</b>	<b>23,559.00</b>	<b>28,784.34</b>	<b>25,566.60</b>	<b>30,374.75</b>	<b>27,634.57</b>	<b>33,249.40</b>	<b>30,929.09</b>	<b>40,199.51</b>	<b>34,025.69</b>	<b>10.01</b>

It is stated that the tax revenue increased from ₹ 23,559 crore in 2012-13 to ₹ 34,025.69 crore in 2016-17. The growth of tax revenue over the years shows almost a secular trend of eight to 10 per cent.

The respective Departments reported the following reasons for the variations:

- **Taxes on sales, trade etc./value added tax:** During the last five years, the VAT has increased (52.75 per cent) to ₹ 23,488.41 crore in 2016-17 as against ₹ 15,376.58 crore in 2012-13 and was due to higher receipts on account of VAT/CST.
- **State Excise:** During the last five years, the increase in revenue receipts to ₹ 4,613.13 crore in 2016-17 as against ₹ 3,236.48 crore in 2012-13 was due to more receipts on country spirits and other receipts.
- **Taxes on Vehicles:** During the last five years, the increase in actual receipts to ₹ 1,583.06 crore in 2016-17 as against ₹ 887.29 crore in 2012-13 was due to more receipts under Motor Vehicles Act.

**1.1.3** The details of the non-tax revenue raised during the period 2012-13 to 2016-17 are indicated in **Table 1.1.3**.

**Table 1.1.3: Details of Non-Tax Revenue raised**

(₹ in crore)

Sr. No	Head of revenue	2012-13		2013-14		2014-15		2015-16		2016-17		Percentage of increase (+) or decrease (-) of Actuals of 2016-17 over actuals of 2015-16
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
1.	Interest Receipts	1,080.04	1,058.21 <sup>2</sup>	1,090.12	1,090.71	1,142.51	933.59	1,281.41	1,087.49	2,375.50	2,309.79	112.40
2.	Road Transport	1,150.00	999.87	1,315.00	1,097.54	1,310.00	1,235.31	1,450.00	1,254.55	1,865.00	1,265.13	0.84
3.	Education, Sports, Art and Culture	386.41	385.43	438.14	318.94	527.83	564.48	596.77	637.41	1,109.73	640.48	0.48
4.	Urban Development	1,150.00	990.70	1,200.00	1,104.54	1,220.00	861.11	1,300.00	421.95	750.00	599.00	41.96

<sup>2</sup> Includes ₹ 454.33 crore in book adjustment of interest on irrigation project capital interest.

*Report for the year 2016-17 (Revenue Sector)*

Sr. No	Head of revenue	2012-13		2013-14		2014-15		2015-16		2016-17		Percentage of increase (+) or decrease (-) of Actuals of 2016-17 over actuals of 2015-16
5.	Non-ferrous mining and metallurgical industries	225.00	75.49	150.00	79.10	500.00	43.46	1,000.00	271.61	1,040.00	496.95	82.96
6.	Other non-tax receipts	223.39	403.07	246.17	510.65	432.70	472.18	461.25	466.30	464.83	438.45	(-) 5.97
7.	Major and medium irrigation	194.56	139.12	213.68	95.04	156.50	129.27	156.75	110.48	164.12	113.43	2.67
8.	Police	83.22	63.73	158.20	80.38	160.02	67.82	160.00	151.70	154.23	109.11	(-) 28.07
9.	Other administrative services	156.00	125.86	136.80	144.35	167.39	95.73	194.55	115.64	116.51	105.66	(-) 8.64
10.	Forestry and wildlife	45.00	41.36	45.00	37.37	40.00	44.29	40.00	51.90	41.00	55.38	6.70
11.	Misc. General Services <sup>3</sup>	1.30	312.30	5.89	268.37	30.00	20.38	21.23	41.39	31.71	31.54	(-) 23.80
12.	Medical and public health	109.63	78.01	163.48	148.07	179.61	145.50	223.43	142.06	195.81	31.17	(-) 78.06
<b>Total</b>		<b>4,804.55</b>	<b>4,673.15</b>	<b>5,162.48</b>	<b>4,975.06</b>	<b>5,866.56</b>	<b>4,613.12</b>	<b>6,885.39</b>	<b>4,752.48</b>	<b>8,308.44</b>	<b>6,196.09</b>	<b>30.38</b>

There is an increase of 30.38 *per cent* in actual receipts in 2016-17 over actual receipts of 2015-16. Urban development, road transport and mining sector are main contributors to non-tax revenue and as a whole contribute approximate 38 *per cent* of total non-tax revenue.

- **Urban development:** There is a huge fall in revenue of urban development from ₹ 990.70 crore to ₹ 599.00 crore over last five years.
- **Interest receipts:** The increase in actual receipts of 2016-17 (112.40 *per cent*) was due to more receipts of interest on loans to Power Distribution Companies.
- **Medical and Public Health:** The decrease in actual receipts of 2016-17 (78.06 *per cent*) was due to less receipts under Employees State Insurance Scheme.

<sup>3</sup> Unclaimed deposits, State Lotteries, Sale of land/property, Guarantee fee and other receipts.

- **Non-ferrous mining and metallurgical industries:** The increase in actual receipts of 2016-17 (82.96 per cent) was due to more receipts of mineral concession fees, rents, royalties and other charges under Non-ferrous mining and metallurgical industries.

The other Departments did not intimate the reasons for variations in receipts despite being requested (October 2017).

## 1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2017 in some principal heads of revenue amounted to ₹ 12,189.17 crore of which ₹ 3,071.25 crore was outstanding for more than five years as depicted below.

**Table 1.2: Arrears of Revenue**

(₹ in crore)

Sr. No.	Heads of revenue	Amount outstanding as on 31 March 2017	Amount outstanding for more than five years as on 31 March 2017	Replies of Department
1	Taxes on sales, trade/VAT etc.	9,501.18	2,553.67	Recovery of ₹ 1,045.35 crore was stayed by the High Court and other judicial authorities and ₹ 23.17 crore was stayed due to orders of Governments. Recovery of ₹ 2.24 crore was held up due to the dealers becoming insolvent, ₹ 106.31 crore was proposed to be written off and ₹ 628.60 crore was held up due to rectification, review and appeal. Recovery of arrears of ₹ 417.58 crore was pending on account of cases pending in the court and ₹ 752.10 crore was pending on account of non-recovery by the department due to other reasons. Recovery of ₹ 321.82 crore was outstanding due to cases pending with the official liquidator/Board of Industrial and Financial Reconstruction (BIFR). Inter State arrears were ₹ 115.66 crore and Inter districts arrears were ₹ 75.53 crore. Recovery of ₹ 2.20 crore was being made in instalments. Balance amount of ₹ 6,010.62 crore was at other stages of action.
2	State Excise	204.47	94.81	Recovery of ₹ 18.20 crore was stayed by High Court and other judicial authorities and ₹ 0.49 crore was likely to be written off. Recovery of ₹ 51.24 crore was due to inter-State and inter-districts arrears respectively. Recovery of ₹ 0.05 crore was being made in instalments. Balance of ₹ 134.49 crore was outstanding at different stages of action.
3	Taxes and duties on electricity	212.69	84.14	Rupees 211.69 crore was pending against the consumers of Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL) and Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) and ₹ one crore was pending with official liquidator/BIFR.
4	Taxes on goods and passengers	163.56	64.68	Arrears of ₹ 50.36 crore was pending on account of non-recovery by the department and inter-State arrears was ₹ 5.17 crore. Balance of ₹ 108.03 crore was outstanding at different stages of action.

*Report for the year 2016-17 (Revenue Sector)*

Sr. No.	Heads of revenue	Amount outstanding as on 31 March 2017	Amount outstanding for more than five years as on 31 March 2017	Replies of Department
5	Tax on entry of goods into local areas (Local Area Development Tax)	1,863.96	195.43	Recovery of ₹ 1,801.71 crore was stayed by High Court and other judicial authorities and an amount of ₹ 62.25 crore was outstanding at different stages of action.
6	Police	108.43	8.19	Rupees ₹ 7.38 crore was due from Indian Oil Corporation Limited (IOCL) up to 31 March 2007. The matter of recovery from IOCL in Haryana State was pending at the level of State Government. ₹ 29 lakh was recoverable from Bhakra Beas Management Board, Faridabad and ₹ 100.76 crore was recoverable from other States for election duties.
7	Other taxes and duties on commodities and services – Receipts from Entertainment duty	11.00	8.17	Recovery of ₹ 2.76 crore had been stayed by the High Court and other judicial authorities, ₹ 0.02 crore was likely to be written off and balance amount of ₹ 8.22 crore was at different stages of action.
8	Non-ferrous mining and metallurgical industries	123.88	62.16	Rupees 63.65 crore was outstanding on account of demand covered by recovery certificates. ₹ 0.54 crore was stayed by the High Court and other judicial authorities. Rupees 0.02 crore was likely to be written off. Balance of ₹ 59.67 crore was outstanding at different stages of action.
	<b>Total</b>	<b>12,189.17</b>	<b>3,071.25</b>	

### **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 and Passengers and Goods Tax (PGT) was as depicted below.

**Table 1.3: Arrears in Assessments**

Head of revenue	Opening balance	New cases due for assessment during 2016-17	Total assessments due	Cases disposed of during 2016-17	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 etc./ VAT	2,29,719	2,28,741	4,58,460	2,03,533	2,54,927	44
Taxes on goods and passengers	2,319	612	2,931	2,048	883	70

The number of cases pending at the end of the year has increased in respect of Taxes on sales, trade etc./VAT and decreased in respect of Taxes on Goods and Passengers as compared to the number of cases pending at the start of the year. It is further observed that percentage of disposal of cases in respect of Taxes on sales, trade etc./VAT and Taxes on Goods and Passengers was 44 and 70 respectively.

#### **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**

Sr. No.	Head of revenue	Cases pending as on 31 March 2016	Cases detected during 2016-17	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 2017
					Number of cases	Amount of demand (₹ in crore)	
1	Taxes on sales, trade etc./ VAT	100	3,833	3,933	3,799	69.73	134
2	State excise	887	8,623	9,510	8,921	6.72	589
3	Tax on goods and passengers	1,453	9,640	11,093	8,291	12.55	2,802
<b>Total</b>		<b>2,440</b>	<b>22,096</b>	<b>24,536</b>	<b>21,011</b>	<b>89.00</b>	<b>3,525</b>

The number of cases pending at the end of the year has increased in the case of Taxes on Goods and Passengers and Taxes on sales, trade etc./VAT and decreased in the case of State Excise as compared to the number of cases pending at the start of the year.

### 1.5 Refund cases

The number of refund cases pending at the beginning of the year 2016-17, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2016-17 as reported by the Department is given in **Table 1.5**.

**Table 1.5: Details of Refund Cases**

Sr. No.	Particulars	Sale Tax/VAT		State Excise	
		Number of cases	Amount (₹ in crore)	Number of cases	Amount (₹ in crore)
1	Claims outstanding at the beginning of the year	709	250.55	69	7.99
2	Claims received during the year	1,841	516.27	622	41.89
3	Refunds made/adjusted/rejected during the year	1,971	651.52	650	42.72
4	Balance outstanding at the end of year	579	115.30	41	7.16

The number of outstanding cases at the end of year has decreased both in Sales Tax/VAT and State Excise as compared to cases outstanding at the beginning of the year.

### 1.6 Internal Audit

During the year 2016-17, out of 268 units planned for audit, Internal Audit Cell audited 244 units (91 per cent) as detailed in **Table 1.6**.

**Table 1.6: Internal Audit**

Receipts	Number of units Planned	Number of units audited
Stamp Duty	142	142
State Excise	22	21
VAT/Sales Tax	Nil	Nil
Motor Vehicle Tax	82	70
Passengers and Goods Tax	22	11
<b>Total</b>	<b>268</b>	<b>244</b>

The irregularities discussed in the paragraphs of Chapters II to VI are indicators of inadequate internal control mechanism as the irregularities pointed out in the Audit Report were not detected by the internal audit parties. It is observed that internal audit of VAT/Sales tax was not conducted during the year. Reasons for not conducting internal audit was not provided by the Department.

### 1.7 Response of the Government/Departments towards audit

The Principal Accountant General (Audit) Haryana conducts periodical inspection of 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 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 comply with the observations contained in the IRs, 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 2016 disclosed that 6,430 paragraphs involving ₹ 5,869.33 crore relating to 2,302 IRs remained outstanding at the end of June 2017 as mentioned below in **Table 1.7** along with the corresponding figures for the preceding two years.

**Table 1.7: Details of pending Inspection Reports**

	June 2015	June 2016	June 2017
<b>Number of IRs pending for settlement</b>	1,966	2,143	2,302
<b>Number of outstanding audit observations</b>	4,911	5,389	6,430
<b>Amount of revenue involved (₹ in crore)</b>	3,489.99	5,802.87	5,869.33

**1.7.1** The Department-wise details of the IRs and audit observations outstanding as on 30 June 2017 and the amounts involved are mentioned in **Table 1.7.1**.

**Table 1.7.1: Department-wise details of Inspection Reports**

Sr. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved (₹ in crore)
1	<b>Excise and Taxation</b>	Sales tax /VAT	327	2,680	5,208.90
		State Excise	141	242	144.91
		Taxes on goods and passengers	225	400	35.88
		Entertainment duty and show tax	21	23	11.62
2	<b>Revenue</b>	Stamps and registration fees	995	2302	360.77
		Land Revenue	128	164	0.60
3	<b>Transport</b>	Taxes on vehicles	364	490	25.29
4	<b>Power</b>	Taxes and duties on electricity	4	5	5.84
5	<b>Mines and Geology</b>	Non-ferrous mining and metallurgical industries	97	124	75.52
<b>Total</b>			<b>2,302</b>	<b>6,430</b>	<b>5,869.33</b>

The increase in the pendency of IRs was indicative of the fact that the heads of offices and the Departments did not initiate adequate action to rectify the defects, omissions and irregularities pointed out by the Audit in the IRs.

The Government may institute a system of effective monitoring of responses of departments to IRs to ensure prompt response to audit observations.

### **1.7.2 Departmental Audit Committee Meetings**

The Government has set up audit committees to monitor and expedite the progress of the settlement of IRs and paragraphs in the IRs. The details of the audit committee meetings held during the year 2016-17 and the paragraphs settled are mentioned in **Table 1.7.2** below.

**Table 1.7.2: Departmental Audit Committee Meetings**

Sr. No.	Head of revenue	Number of meetings held	Number of paragraphs settled	Amount (₹ in crore)
1	Excise and Taxation Department (Sales Tax)	6	168	568.76
2	Excise and Taxation Department (PGT)	2	3	0.03
3	Revenue Department	3	58	1.27
4	Mines and Geology Department	1	11	0.39
	<b>Total</b>	<b>12</b>	<b>240</b>	<b>570.45</b>

1,295 paras were discussed in ACMs and out of which 240 paras worth ₹ 570.45 crore were settled during 2016-17 whereas 2,203 paras were discussed in ACMs during the year 2015-16 and out of which 674 paras worth ₹ 166.93 crore were settled. It shows a decrease in percentage of paras settled during the year 2016-17 (19 *per cent*) as compared to paras settled in 2015-16 (31 *per cent*).

### **1.7.3 Non production of records to audit for scrutiny**

During the year 2016-17, 455 files out of 8,178 assessment files and other relevant records involving tax effect of ₹ 1,317.78 crore were not made available to audit. District-wise detail of cases are depicted in **Table 1.7.3** below.

**Table 1.7.3: Details of non-production of records**

Name of the Office/Department	Year in which it was to be audited	Number of cases not produced	Tax amount/refunds (₹ in crore)
<b>Assessment cases</b>			
<b>Deputy Excise and Taxation Commissioner (DETC (Sales tax) Gurugram (East))</b>	2016-17	78	335.32
<b>DETC (ST) Gurugram (West)</b>	2016-17	315	881.97
<b>DETC (ST) Sirsa</b>	2016-17	62	100.49
	<b>Total</b>	<b>455</b>	<b>1,317.78</b>

The above table shows that 455 cases amounting to ₹ 1,317.78 crore relating to DETCs (ST), Gurugram (East and West) and Sirsa could not be examined due to non-production of records.

#### **1.7.4 Follow up on the Audit Reports-summarised position**

According to 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 Notes (ATNs) thereon should be submitted by the Government within three months of tabling of the Report for consideration of the Public Accounts Committee (PAC). However, the ATNs were being delayed. Sixty seven paragraphs<sup>4</sup> (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 years ended 31 March 2013, 2015 and 2016 were placed before the State Legislature Assembly between March 2014 and February 2017. ATNs in respect of 51 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 for the year ended 31 March 2013, 2015 and 31 March 2016 so far (October 2017).

The PAC discussed 44 selected paragraphs<sup>5</sup> of the Audit Reports for the years 2011-12 and 2013-14 and its recommendations on 44 paragraphs were incorporated in their 73<sup>rd</sup> and 74<sup>th</sup> Reports for the year 2015-16. The report for the year 2012-13 is yet to be discussed in PAC. A total of 963 recommendations pertaining to the period 1979-80 to 2011-12 and for the year 2013-14 contained in 22<sup>nd</sup> to 74<sup>th</sup> Reports of PAC as mentioned in

<sup>4</sup> AR 2012-13: 18 paras; AR 2014-15: 24 paras; and AR 2015-16: 25 paras.

<sup>5</sup> AR 2011-12: 20 paras; and AR 2013-14: 24 paras.

**Annexure-II** and **Annexure-III** were still pending for want of final corrective action to be taken by the concerned Departments. However, PAC recommended that department should evolve an effective mechanism to recover the arrears of revenue in a time bound manner by creating a recovery cell.

### **1.8 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 1.8.1 to 1.8.2 discusses the performance of the Excise and Taxation Department relating to State Excise under revenue head 0039 and cases detected in the course of local audit during the last 10 years included in the Audit Reports for the year 2007-08 to 2016-17.

#### **1.8.1 Position of Inspection Reports**

The summarised position of the inspection reports issued to the Excise and Taxation Department (State Excise) during the last 10 years, paragraphs included in these reports and their status as on 31 March 2017 are brought out in **Table 1.8.1** below.

**Table 1.8.1: Position of Inspection Reports in Excise and Taxation Department (State Excise)**

Year	Opening balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Para-graphs	Money value (₹ in crore)	IRs	Para-graphs	Money value (₹ in crore)	IRs	Para-graphs	Money value (₹ in crore)	IRs	Para-graphs	Money value (₹ in crore)
2007-08	106	177	128.06	21	39	15.33	16	28	18.23	111	188	125.16
2008-09	111	188	125.16	34	65	20.92	25	45	74.50	120	208	71.58
2009-10	120	208	71.58	36	55	11.04	40	92	23.70	116	171	58.92
2010-11	116	171	58.92	19	60	29.07	30	53	17.48	105	178	70.51
2011-12	105	178	70.51	14	33	4.89	13	33	20.30	106	178	55.10
2012-13	106	178	55.10	27	80	20.87	34	87	13.28	99	171	62.69
2013-14	99	171	62.69	22	46	10.64	5	16	0.86	116	201	72.47

Year	Opening balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Para- graphs	Money value (₹ in crore)	IRs	Para- graphs	Money value (₹ in crore)	IRs	Para- graphs	Money value (₹ in crore)	IRs	Para- graphs	Money value (₹ in crore)
2014-15	116	201	72.47	35	93	84.78	24	49	22.58	127	245	134.67
2015-16	127	245	134.67	25	57	22.10	6	21	2.75	146	281	154.02
2016-17	146	281	154.02	22	50	39.06	23	79	31.43	145	252	161.65

The number of outstanding IRs increased from 106 in 2007-08 to 145 in 2016-17 and paragraphs have increased from 177 in 2007-08 to 252 in 2016-17 as on 31 March 2017. The Government should arrange more audit committee meetings to settle the long pending paragraphs.

### 1.8.2 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 1.8.2.

**Table 1.8.2: Recovery of accepted cases**

Year of the audit report	Number of paragraphs included	Money value of the paragraph (₹ in crore)	Number of paragraphs accepted	Money value of accepted paragraphs (₹ in crore)	Amount recovered during the year (₹ in crore)	Cumulative positions of recovery of accepted cases (₹ in crore)
2006-07	02	0.48	02	0.48	0.01	0.16
2007-08	02	1.23	02	1.23	0.03	0.19
2008-09	04	2.35	04	2.35	0.09	0.18
2009-10	02	5.65	02	5.65	0.10	1.93
2010-11	01 (PA)	21.60	01 (PA)	21.60	2.64	2.83
2011-12	03	4.75	03	4.75	0.05	0.19
2012-13	03	12.15	03	12.15	0.44	1.10
2013-14	02	24.87	02	24.87	0.37	0.37
2014-15	02	20.44	02	20.44	5.07	5.07
2015-16	01 (PA)	60.56	01 (PA)	60.56	11.58	11.58
<b>Total</b>	<b>20</b>	<b>71.92</b>	<b>20</b>	<b>71.92</b>	<b>6.16</b>	<b>9.19</b>
	<b>02 (PA)</b>	<b>82.16</b>	<b>02 (PA)</b>	<b>82.16</b>	<b>14.22</b>	<b>14.41</b>
<b>Grand Total</b>	<b>22</b>	<b>154.08</b>	<b>22</b>	<b>154.08</b>	<b>20.38</b>	<b>23.60</b>

The progress of recovery even in accepted cases was low (15.32 per cent) during the last 10 years. The department may take appropriate action to pursue and monitor prompt recovery of the dues involved in accepted cases.

### **1.9 Action taken on the recommendations accepted by the Departments/Government**

The department accepted all the recommendations of Performance Audit for the year 2010-11 and stated that these would be considered in future while framing Excise policy. The performance audit titled 'Receipts from State Excise Duty' featured in the Report for the year 2015-16 is yet to be discussed in PAC.

### **1.10 Audit planning**

There are total 656 auditable units in the State of Haryana of which 320 units were planned and 318 audited during 2016-17. The units were selected on the basis of risk analysis.

### **1.11 Results of audit**

#### **Position of local audits conducted during the year**

Test check of the records of 318 (Revenue 278 + expenditure 40) units of Sales Tax/Value Added Tax, State Excise, Stamp Duty and Registration fees, Motor Vehicles, Goods and Passengers and other Departmental offices conducted during the year 2016-17 revealed under-assessment/short levy/loss of revenue aggregating to ₹ 1,701.08 crore in 37,331 cases. During the course of the year, the departments concerned accepted under-assessment and other deficiencies of ₹ 666.76 crore involved in 2,721 cases. The departments recovered ₹ 1.49 crore in 185 cases during the year 2016-17.

### **1.12 Coverage of this Report**

This Report contains one Performance Audit on “**Exemption and Concessions against declaration forms**” and 25 paragraphs involving financial effect of ₹ 750.20 crore.

The Departments/Government have accepted audit observations involving ₹ 622.77 crore out of which ₹ 0.23 crore had been recovered. These are discussed in succeeding Chapters II to VI.