

CHAPTER-1: GENERAL

1.1 Introduction

This Chapter presents an overview of the trend of receipts of the Government of Chhattisgarh (GoCG), analysis of arrears of taxes¹ pending collection, response of the Government/departments towards Audit and departmental mechanisms to deal with this.

1.2 Trend of revenue receipts

1.2.1 The tax and non-tax revenues raised by the GoCG, 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 (GoI) during the period 2012-17 are mentioned in **Table 1.1**:

Table 1.1: Trend of revenue receipts

Sl. No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
<i>(₹ in crore)</i>						
1.	Revenues raised by the State Government					
	• Tax revenues	13,034.21	14,342.71	15,707.26	17,074.86	18,945.21
	• Non-tax revenues	4,615.95	5,101.17	4,929.91	5,214.79	5,669.25
	Total	17,650.16	19,443.88	20,637.17	22,289.65	24,614.46
2.	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties	7,217.60	7,880.22	8,363.03	15,716.47	18,809.16 ²
	• Grants-in-aid	4,710.33	4,726.16	8,987.81	8,061.59	10,261.63
	Total	11,927.93	12,606.38	17,350.84	23,778.06	29,070.79
3.	Total revenue receipts of the State Government (1 and 2)	29,578.09	32,050.26	37,988.01	46,067.71	53,685.25
4.	Percentage of 1 to 3	60	61	54	48	46

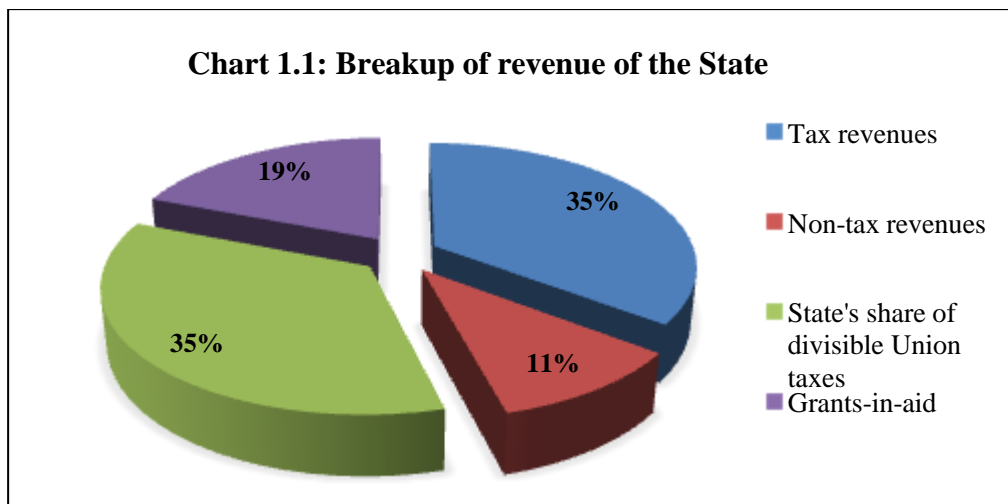
(Source: Finance Accounts of the Government of Chhattisgarh)

¹ Commercial Tax, Commercial Tax (Excise), Transport, Revenue and Disaster Management (RDM) and Mineral Resources departments.

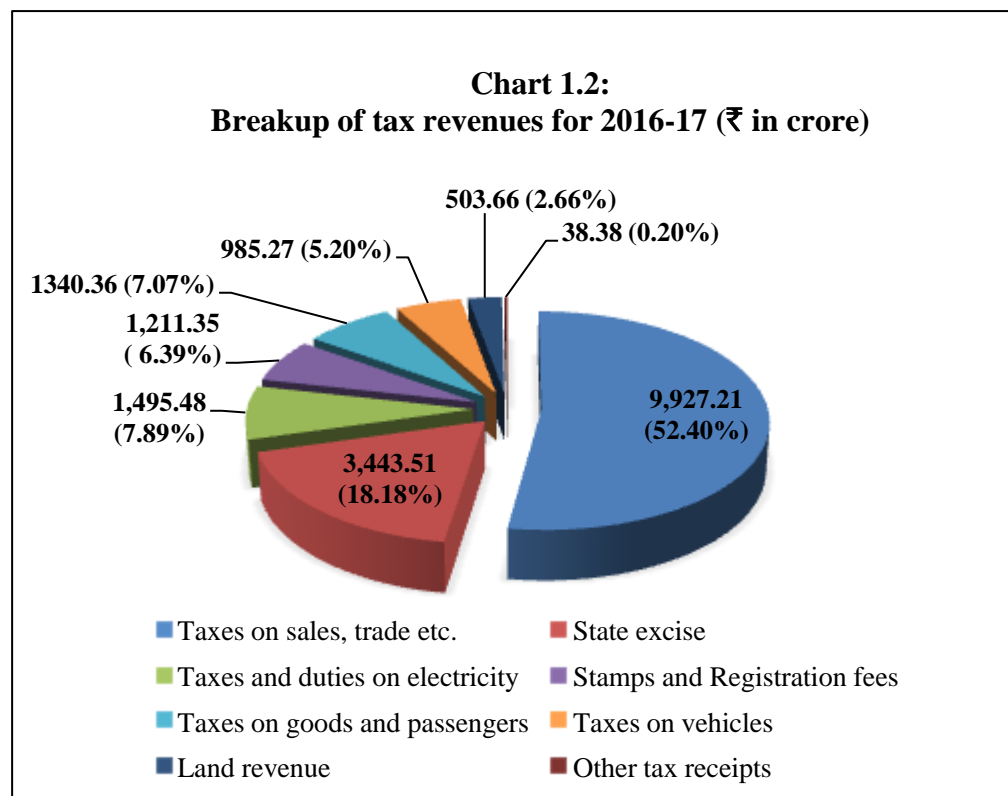
² For details please refer to the column on "tax revenue" of Statement 14, detailed accounts of revenue by minor heads of the Finance Accounts of the Government of Chhattisgarh for the year 2016-17. Amounts under the minor head 901- share of net proceeds assigned to the State booked under the major heads 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 duty, 0044- Service tax and 0045- Other taxes and duties on commodities and services under 'A-tax revenue' have been excluded from the revenues raised by the State and included in the State's share of divisible Union taxes in this statement.

The State's share of Central taxes increased by 10 *per cent* (from 32 to 42 *per cent*) from 2015-16 onwards following the recommendations of the 14th Finance Commission.

Pictorial representation of breakup of revenue receipts of the State is given in **Chart 1.1:**



1.2.2 Pictorial representation of the breakup of tax revenues for the year 2016-17 is given in **Chart 1.2:**



Budget estimates (BE) proposed by the administrative departments, BE approved by the Finance Department and actual receipts of tax revenues raised during the period 2012-17 are given in **Table 1.2:**

Table 1.2: Details of tax revenues raised by the Government

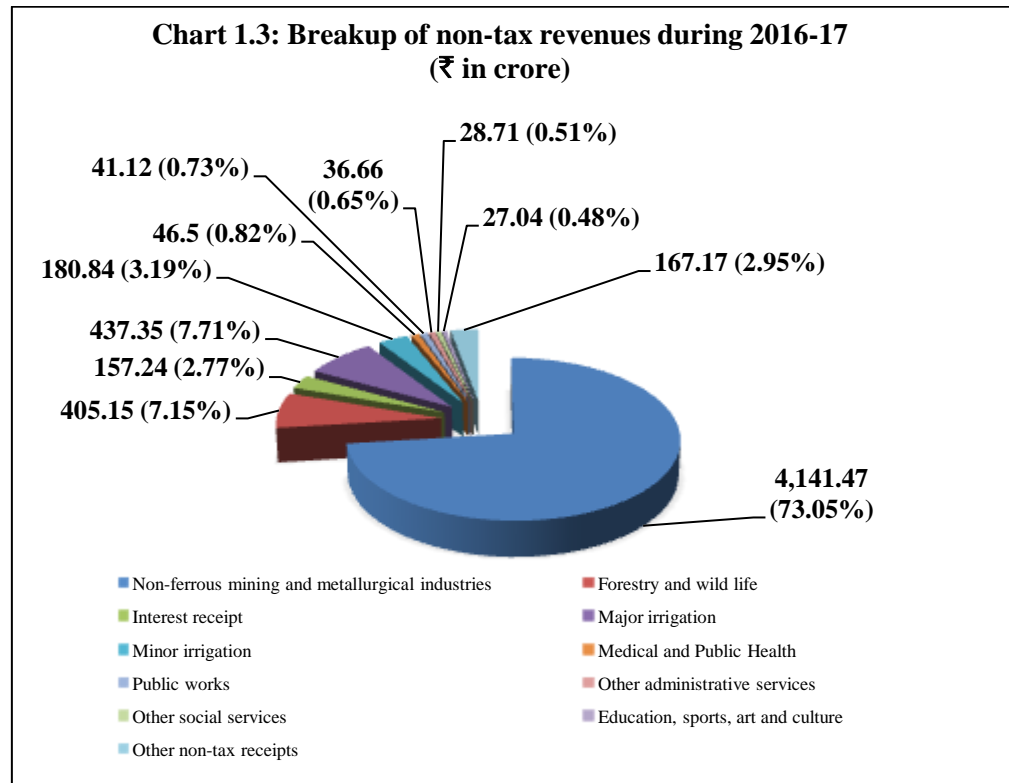
(*₹ in crore*)

Sl. No.	Head of Revenue		2012-13	2013-14	2014-15	2015-16	2016-17	Percentage of increase (+) or decrease (-) in actual receipts in 2016-17 over 2015-16	Percentage of variation between BEs and actual receipts in 2016-17
1.	Taxes on sales, trade etc.	Proposed BE	7,170.00	8,010.00	9,118.94	9,270.93	10,198.02	(+) 11.44	(-) 16.78
		Approved BE	7,200.00	8,436.00	9,800.00	10,998.00	11,928.37		
		Actual	6,928.65	7,929.51	8,428.61	8,908.36	9,927.21		
2.	State excise	Proposed BE	1,820.00	2,589.00	2,646.91	3,200.00	3,360.00	(+) 3.15	(-) 11.02
		Approved BE	1,650.00	2,575.00	3,150.00	3,528.00	3,870.00		
		Actual	2,485.68	2,549.15	2,892.45	3,338.40	3,443.51		
3.	Taxes and duties on electricity	Proposed BE	699.00	715.00	1,196.00	1,400.00	1,420.00	(+) 8.93	(-) 5.05
		Approved BE	684.00	820.00	1,100.00	1,400.00	1,575.00		
		Actual	860.75	1,020.44	1,312.93	1,372.84	1,495.48		
4.	Stamps and Registration fees	Proposed BE	950.00	1,000.00	1,100.00	1,200.00	1,320.00	(+) 2.20	(-) 18.43
		Approved BE	1,000.00	1,150.00	1,250.00	1,350.00	1,485.00		
		Actual	952.47	990.24	1,023.33	1,185.22	1,211.35		
5.	Taxes on goods and passengers	Proposed BE	950.00	1,102.44	1,087.26	1,080.62	1,188.68	(+) 28.85	(-) 14.29
		Approved BE	805.00	1,192.00	1,335.00	1,441.80	1,563.77		
		Actual	954.31	945.44	981.88	1,040.26	1,340.35		
6.	Taxes on vehicles	Proposed BE	550.00	618.58	699.63	761.83	950.40	(+) 18.82	(+) 3.27
		Approved BE	550.00	731.38	800.00	864.00	954.11		
		Actual	591.75	651.07	703.48	829.22	985.27		
7.	Land revenue	Proposed BE	275.00	292.21	459.45	468.80	496.80	(+) 38.43	(-) 8.43
		Approved BE	275.00	376.00	460.00	496.80	550.00		
		Actual	234.11	226.06	331.56	363.84	503.66		
8.	Other receipts ³	Proposed BE	19.27	24.16	33.73	32.29	35.28	(+) 4.66	(+) 1.53
		Approved BE	11.47	19.91	31.26	7.25	37.85		
		Actual	26.49	30.80	33.02	36.72	38.38		
Total		Proposed BE	12,433.87	14,351.88	16,341.92	17,414.47	18,969.18	(+) 10.95	(-) 13.74
		Approved BE	12,175.47	15,300.29	17,926.26	20,085.85	21,964.10		
		Actual	13,034.21	14,342.71	15,707.26	17,074.86	18,945.21		

(Source: Information furnished by the Finance Department, Finance Accounts of the Government of Chhattisgarh and Budget Estimates as per the Budget Book of Government of Chhattisgarh)

³ 'Others' include actual receipts during 2016-17 under the following Revenue Heads: Hotel receipts tax (₹ 8.71 crore); Other taxes on income and expenditure (₹ 0.60 crore); and Other taxes and duties on commodities and services (₹ 29.12 crore).

1.2.3 Pictorial representation of breakup of the non-tax revenues raised during the year 2016-17 are indicated in **Chart 1.3**:



The details of the non-tax revenues raised during the period 2012-17 are indicated in **Table 1.3**:

Table 1.3: Details of non-tax revenues raised by the Government

(₹ in crore)

Sl. No.	Head of Revenue		2012-13	2013-14	2014-15	2015-16	2016-17	Percentage of increase(+) or decrease (-) in actual receipts in 2016-17 over 2015-16	Percentage of variation between BEs and actual receipts in 2016-17
1	Non-ferrous mining and metallurgical industries	BE	3,000.00	3,510.00	4,100.00	7,000.00	5,500.00	(+)	11.64
		Actual	3,138.18	3,236.01	3,572.68	3,709.52	4,141.47		
2	Forestry and wild life	BE	405.00	450.00	520.00	500.00	550.00	(-)	1.12
		Actual	363.96	405.91	348.72	409.75	405.15		
3	Interest receipt	BE	308.55	364.14	323.40	260.67	249.38	(+)	45.28
		Actual	243.13	380.91	171.89	108.23	157.24		
4	Major irrigation	BE	317.13	340.31	413.55	389.34	586.47	(-)	12.91
		Actual	350.16	339.82	410.95	502.17	437.35		
5	Minor irrigation	BE	1,176.85	853.04	561.50	277.47	288.34	(+)	48.34
		Actual	246.78	407.81	127.23	121.91	180.84		
6	Medical and Public Health	BE	13.89	14.18	14.80	16.22	15.93	(+)	7.76
		Actual	17.09	19.84	20.16	43.15	46.50		
7	Public works	BE	10.45	12.80	18.93	21.77	43.72	(-)	3.77
		Actual	28.02	21.21	39.21	42.73	41.12		

Sl. No.	Head of Revenue		2012-13	2013-14	2014-15	2015-16	2016-17	Percentage of increase(+) or decrease (-) in actual receipts in 2016-17 over 2015-16	Percentage of variation between BEs and actual receipts in 2016-17
8	Other administrative services	BE	18.69	19.29	16.06	30.40	23.69	(-) 44.05	(+) 54.75
		Actual	20.34	38.20	36.45	65.52	36.66		
9	Other social services	BE	1.75	1.00	10.00	6.26	4.30	(-) 1.51	(+) 567.67
		Actual	12.09	64.34	41.74	29.15	28.71		
10	Education, sports, art and culture	BE	3.63	4.01	4.65	5.65	7.60	(+) 106.89	(+) 255.79
		Actual	9.30	6.78	30.78	13.07	27.04		
11	Other non-tax receipts ⁴	BE	89.62	503.23	201.73	155.21	150.71	(-) 1.43	(+) 10.92
		Actual	186.90	180.34	130.10	169.59	167.17		
Total		BE	5,345.56	6,072.00	6,184.62	8,662.99	7,420.14	(+) 8.71	(-) 23.60
		Actual	4,615.95	5,101.17	4,929.91	5,214.79	5,669.25		

(Source: Finance Accounts of the Government of Chhattisgarh and Budget Estimates as per the Budget Book of Government of Chhattisgarh)

As per the Rule 192 of Chhattisgarh Finance Code Volume-I, the Finance Department (FD) is responsible for preparing and presenting the statement of estimated receipts and expenditure on the basis of details provided by the administrative Department which is responsible for the correctness of details.

In respect of revenue projections for 2016-17 of seven major administrative departments⁵, Audit noticed that except in the case of the Transport Department, the BEs approved by FD were significantly higher than those proposed by the administrative departments under Taxes on sales, trade etc., State excise, Taxes and duties on electricity, Stamps and Registration Fees, Taxes on goods and passengers, Land Revenue and Non-ferrous mining and metallurgical industries. Consequently, except in the case of the Transport Department, achievement was less than BE by five to 25 per cent in remaining six departments.

The rationale behind such increase could not be ascertained, as despite several formal requisitions at all levels including upto Principal Secretary, Finance, the Finance Department refused to allow Audit access to the records

⁴ Other non-tax receipts include actual receipts during 2016-17 under the following heads: Other fiscal services (₹ 0.01 crore); Dividends and profits (₹ 0.55 crore); Public service commission (₹ 2.28 crore); Police (₹ 15.29 crore); Jails (₹ 7.72 crore); Stationery and printing (₹ 4.48 crore); Contributions and recoveries towards pension and other retirement benefits (₹ 7.44 crore); Miscellaneous general services (₹ 21.84 crore); Family welfare (₹ 0.05 crore); Water supply and sanitation (₹ 5.70 crore); Housing (₹ 3.70 crore); Urban development (₹ 6.74 crore); Information and publicity (₹ 0.06 crore); Labour and employment (₹ 19.35 crore); Social security and welfare (₹ 7.71 crore); Crop husbandry (₹ 14.40 crore); Animal husbandry (₹ 6.25 crore); Fisheries (₹ 4.09 crore); Food storage and warehousing (₹ 0.49 crore); Cooperation (₹ 4.05 crore); Other agricultural programmes (₹ 2.46 crore); Other rural development programmes (₹ 11.22 crore); Medium irrigation (₹ 6.28 crore); Village and small industries (₹ 1.79 crore); Industries (₹ 1.95 crore); Civil aviation (₹ 0.71 crore); Roads and bridges (₹ 1.83 crore) and Other general economic services (₹ 8.73 crore).

⁵ Commercial Tax, Commercial Tax (Excise), Commercial Tax (Registration), Energy, Transport, Revenue and Disaster Management, and Mineral Resources departments.

(Appendix-I). Consequently, Audit could not exercise its mandate enshrined in Article 151 of the Constitution, Section 18(1)(b) of the CAG's DPC Act, 1971 and Regulation 181 of the Regulations on Audit and Accounts, 2007.

Recommendation:

The Government should provide Audit with access to records to enable Audit to fulfil its mandate under the Constitution and the laws.

1.3 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2017 in respect of seven⁶ departments amounted to ₹ 2,698.93 crore of which ₹ 975.84 crore (36.16 per cent) was outstanding for more than five years as detailed in **Table 1.4:**

Table 1.4: Arrears of revenue

(₹ in crore)

Sl. No.	Head of Revenue	Total amount outstanding as on 31 March 2017	Amount outstanding for more than five years as on 31 March 2017	Reply of Department
1.	Taxes on sales, trade etc.	1,887.09	831.28	Cases pending in Courts (₹ 651.02 crore); business closure of firms (₹ 487.62 crore); sick industries (₹ 7.55 crore); written off (₹ 2.20 crore); Revenue Recovery Certificate (RRC) issued (₹ 198.56 crore); action being taken under Land Revenue Code (₹ 540.14 crore).
2.	State excise	49.91	19.91	Non-availability of information of movable/immovable properties of licensees and Court stay orders.
3.	Taxes and duties on electricity	708.53	108.35	RRCs issued (₹ 169.05 crore); pending in Courts (₹ 93.32 crore); demand notices issued (₹ 446.21 crore).
4.	Taxes on vehicles	26.65	9.80	Transport Officers regularly serve notices to vehicle owners to pay tax; lists of outstanding tax payers have been given to officials of Check-posts/Flying Squads for speedy recovery of arrears.
5.	Stamps and Registration fees	17.23	2.35	Demand notice for recovering outstanding arrears are being issued by District Registrars (DRs). However, despite request, the Department did not provide details of stages at which arrears were pending.
6.	Non-ferrous mining and metallurgical industries	0.85	0.85	Write off in 44 cases as the lessees/ guarantors were not available (₹ 10.14 lakh); unavailability of files in 30 cases (₹ 0.31 crore); in 94 cases RRCs issued and recovery in progress (₹ 0.44 crore).
7.	Forestry and wild life	8.67	3.30	Of the outstanding amount, ₹ 2.81 crore pertaining to 2016-17 would be recovered in current year. Remaining amount was outstanding due to non-payment of prescribed instalment by the purchasers and also due to non-existence of movable/immovable properties in their name.
Total		2,698.93	975.84	

(Source: Information furnished by the departments concerned)

⁶ Commercial Tax, Commercial Tax (Excise), Commercial Tax (Registration), Energy, Forest, Mineral Resources and Transport.

Audit observed that except for the Commercial Tax Department, the remaining three major revenue departments viz., Commercial Tax (Excise), Transport, Revenue and Disaster Management (RDM) did not maintain database of outstanding arrears and therefore, could not provide details of stages at which arrears were pending. The figures of arrears of revenue (available only for 18 of the total 27 districts) provided by the RDM were unreliable, as the opening balances (arrears) did not match with closing balances of the previous year. The Mineral Resources Department considered only those cases as arrears where Revenue Recovery Certificates were issued and as such the Department had no data on actual arrears of revenue, and further, no revenue recovery certificates had been issued for more than five years. The departmental figures were therefore unrealistic.

Further, the Commercial Tax and Mineral Resources departments monitored arrears of revenue through quarterly/monthly returns submitted by field units. The remaining three departments do not have any mechanism to monitor arrears of revenue.

Recommendation:

The departments should create a database of outstanding arrears for periodic review and liquidation of arrears.

1.4 Response of the Government/departments to Audit

1.4.1 Position of outstanding Inspection Reports

On completion of audit of Government departments and offices, Audit issues Inspection Reports (IRs) to the concerned heads of offices with copies to their superior officers for corrective action and their monitoring. Serious financial irregularities are reported to the heads of the Department and the Government.

Analysis of IRs issued upto 31 March 2017 revealed that 10,267 paragraphs involving potential revenue of as much as ₹ 6,868.16 crore relating to 2,532 IRs remained outstanding at the end of June 2017. Department-wise details of IRs and audit observations are mentioned in **Table 1.5:**

Table 1.5: Department-wise status of IRs

(₹ in crore)

Sl. No.	Name of Department	Nature of receipt	Type of IRs	No. of outstanding IRs	No. of outstanding audit observations	Money value involved
1.	Commercial Tax	Taxes on sales, trade etc.	Rev.	472	3,042	550.66
			Exp.	30	56	5.42
2.	Commercial Tax (Excise)	State excise	Rev.	146	378	416.37
		Entertainment tax	Rev.	82	128	3.98
		Excise and Entertainment Tax	Exp.	29	56	21.47
3.	Commercial Tax (Registration)	Stamp duty and Registration fee	Rev.	250	751	100.01
			Exp.	4	10	1.81

Sl. No.	Name of Department	Nature of receipt	Type of IRs	No. of outstanding IRs	No. of outstanding audit observations	Money value involved
4.	Revenue and Disaster Management	Land revenue	Rev.	589	1,849	1,059.46
			Exp.	40	102	13.77
5.	Transport	Taxes on motor vehicles	Rev.	173	1,343	196.18
			Exp.	41	92	0.21
6.	Mineral Resources	Non-ferrous mining and metallurgical industries	Rev.	157	588	954.65
			Exp.	25	47	261.18
7.	Forest	Forestry and wildlife	Rev.	359	1,071	1,249.75
			Exp.	411	1,904	813.70
8.	Energy	Taxes and duties on electricity	Rev.	16	75	1,685.91
			Exp.	3	10	5,330.98
9.	Other Tax departments	Other receipts	Rev.	288	1,042	651.19
			Exp.	1	10	0.13
Rev.				2,532	10,267	6,868.16
Exp.				764	2,287	6,448.67
Total				3,296	12,554	13,316.83

Rev.- Revenue; Exp.-Expenditure

Out of 471 IRs issued during 2014-17, Audit did not receive even the first reply for 320⁷ IRs (67.94 per cent) from the heads of offices. Failure of Heads of Department to address IRs with due seriousness is fraught with the risk that serious instances of poor governance, corruption, fraud and misappropriation will not be redressed.

Recommendation:

The Government should introduce a mechanism to ensure that departmental officers respond to IRs promptly, take corrective action and work closely with Audit to bring about early settlement of IRs.

1.4.2 Departmental Audit Committee Meetings (ACMs)

The Government sets up audit committees to monitor and expedite the progress of the settlement of the IRs and paragraphs in the IRs.

The number of ACMs held during the year 2016-17 is detailed in **Table 1.6:**

Table 1.6: Details of ACM conducted

Department	No. of meetings organised and date of such meetings	No. of IRs/ paragraph discussed	No. of IRs/paragraphs settled	Percentage of paragraphs settled	Amount (₹ in lakh)
Forest Department	03 (29.08.2016, 30.08.2016 and 31.08.2016)	64/166	02/66	39.78	3,797.10
Commercial Tax (Excise)	01 (28.12.2016)	53/69	25/47	68.12	149.75
Total	4	117/235	27/113	48.09	3,946.85

⁷ Commercial Tax -60; Commercial Tax (Excise)-73; Commercial Tax (Registration)- 13; RDM-34; Transport-50; Mineral Resources-30; Forest-54 and Energy-6

During 2016-17 six ACMs were scheduled but only four could be conducted as the Transport Department did not prepare the latest position and the required records could not be furnished by the Regional Transport Officers. In the case of Forest and Commercial Tax (Excise) departments, reasons for non-settlement of paragraphs were non-production of required documents and recovery being in progress.

The position of settlement was intimated to the Department/Government (between February 2017 and July 2017). No subsequent replies of the Department/Government or evidences in support of recovery were received by Audit in case of non-settled paras.

Recommendation:

The Government should direct all departments to settle pending audit observations through periodic ACMs, and ensure that all relevant records are updated and presented to Audit for disposal of pending paragraphs.

1.4.3 Records not produced to Audit for scrutiny

The programme of local audit of tax revenue/non-tax revenue offices is drawn up sufficiently in advance and intimations are issued to the departments to enable them to keep the relevant records ready for audit scrutiny.

During the period 2012-17, 98⁸ assessment files, returns, refunds, documents, registers and other relevant records were not made available to Audit. The above fact was included in the Inspection Reports and the same were sent to the Secretaries of the departments. The tax effect could not be computed in none of such cases. Non-furnishing of records to Audit raises red flags of presumptive corruption, fraud and misappropriation. Consequently, Audit is unable to vouchsafe to the genuineness of these transactions.

Recommendations:

The Government should introduce measures to ensure that departmental officers invariably produce records to Audit especially after sufficient notice is given, and initiate disciplinary action against officers who fail to produce records to Audit.

1.4.4 Follow up on the Audit Reports-summarised position

According to the instructions issued by the Finance Department, all departments are required to furnish explanatory memoranda (Departmental Notes) to the Chhattisgarh *Vidhan Sabha* 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 Chhattisgarh for the years ended 31 March 2009 to 31 March 2016 containing 204 paragraphs including Performance Audits were placed before the State Legislative Assembly between March 2010 and March 2017.

⁸ Commercial Tax-50 cases; Commercial Tax (Registration)-39 cases and RDM-09 cases

Explanatory Notes in respect of 14 paragraphs⁹ of the Audit Reports (2012-13 to 2015-16) had not been received (March 2018) from State Revenue departments (Commercial Tax, Transport, Land Revenue, Registration and Stamps, Energy, Forest and Mineral Resources).

The Public Accounts Committee (PAC) discussed 113 paragraphs out of 154 selected paragraphs pertaining to the Audit Reports for the years from 2002-03 to 2014-15 and gave its recommendations on 33 paragraphs of Audit Reports 2002-03 to 2010-11. However, Action Taken Notes (ATNs) have not been received till June 2018 in respect of 13¹⁰ recommendations made by the PAC between 2010-11 and 2016-17.

1.5 Analysis of the mechanism for dealing with the issues raised by Audit

To analyse the system of addressing the issues highlighted in Inspection Reports/Audit Reports, the action taken on paragraphs and performance audits included in the Audit Reports of the last 10 years for Mineral Resources Department was evaluated and included in this Audit Report.

The succeeding paragraphs 1.5.1 to 1.5.3 discuss the performance of the Mineral Resources Department and cases detected in the course of local audit during the last 10 years and also the cases included in the Audit Reports for the year 2007-08 to 2016-17.

1.5.1 Position of Inspection Reports of Mineral Resources Department

The summarised position of the inspection reports issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2017 are tabulated below in **Table-1.7**:

Table 1.7: Position of Inspection Reports

(₹ in crore)

Sl. No.	Year		Opening Balance			Additions			Clearances			Closing Balance		
			IRs	Para-graphs	Money Value	IRs	Para-graphs	Money Value	IRs	Para-graphs	Money Value	IRs	Para-graphs	Money Value
1.	2007-08	Rev.	96	341	432.3	12	59	68.09	3	16	9.72	105	384	490.67
2.	2008-09	Rev.	105	384	490.67	12	63	20.08	3	39	34.01	114	408	476.74
3.	2009-10	Rev.	114	408	476.74	7	32	4.64	6	46	11.89	115	394	469.49
4.	2010-11	Rev.	115	394	469.49	9	47	116.14	4	35	4.46	120	406	581.17
5.	2011-12	Rev.	120	406	581.17	11	95	390.49	2	44	136.33	129	457	835.33
6.	2012-13	Rev.	129	457	835.33	5	28	8.81	NIL	7	0.57	134	478	843.57
7.	2013-14	Rev.	134	478	843.57	7	42	25.46	2	35	28.91	139	485	840.12
		Exp.	NIL	NIL	NIL	7	7	NIL	NIL	NIL	NIL	7	7	NIL
8.	2014-15	Rev.	139	485	840.12	4	22	7.87	NIL	3	4.37	143	504	843.62
		Exp.	7	7	NIL	4	7	14.58	NIL	NIL	NIL	11	14	14.58
9.	2015-16	Rev.	143	504	843.62	8	65	43.63	2	9	0.29	149	560	886.96
		Exp.	11	14	14.58	7	17	211.09	1	1	NIL	17	30	225.67

⁹ 2004-05 (01), 2013-14 (01), 2014-15 (04) and 2015-16 (08)

¹⁰ Mineral Resources-01; Commercial Tax (Excise)-01; Energy-01; Transport-01; Commercial Tax-06; Water Resource Department-01 and Forest-02.

Sl. No.	Year		Opening Balance			Additions			Clearances			Closing Balance		
			IRs	Para-graphs	Money Value	IRs	Para-graphs	Money Value	IRs	Para-graphs	Money Value	IRs	Para-graphs	Money Value
10.	2016-17	Rev.	149	560	886.96	8	53	72.36	NIL	25	4.67	157	593	954.65
		Exp.	17	30	225.67	9	18	35.51	1	1	NIL	25	47	261.18

Rev.- Revenue; Exp.- Expenditure

The Government arranges ACMs between the Department and Principal Accountant General's office to settle old paragraphs. The Department did not conduct any ACM during 2016-17.

1.5.2 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Mineral Resources Department and the amount recovered are mentioned in **Table 1.8**:

Table 1.8: Details of accepted cases

(₹ in crore)

Year	No. of paragraphs included	Money value	No. of paragraphs accepted	Money value of accepted paragraphs	Amount recovered
2006-07	05	0.87	05	0.87	0.48
2007-08	02	4.32	01	4.13	1.85
2008-09	04	0.42	04	0.42	0.04
2009-10	03	1.50	03	1.50	1.09
2010-11	01	294.54	NIL	169.64	69.72
2011-12	NIL	NIL	NIL	NIL	NIL
2012-13	02	0.15	02	0.15	0.02
2013-14	01	0.12	01	0.12	0.02
2014-15	02	7.06	01	0.14	NIL
2015-16	04	14.93	02	14.67	NIL
Total	23	323.91	19	191.64	73.22

In respect of accepted cases where the recovery is due, the Government intimated PAC that some of the cases are pending in Court, in some cases recovery was under process, etc.

1.5.3 Action taken on the recommendations accepted by the departments/Government

The drafts of Performance Audits (PAs) conducted by the AG are forwarded to the concerned Department/Government for their information with a request to furnish their replies. These PAs are also discussed in exit conference and the Department's/Government's views are included while finalising the Audit Reports.

Compliance of recommendations of PA on "Assessment, levy and collection of major and minor mineral receipts" featured in the Standalone Audit Report for the year 2010-11 along with replies of the Mineral Resources Department received in September 2017 are mentioned below in **Table 1.9**:

Table 1.9: Details of status of recommendations

Sl. No.	Details of Recommendations	Status
1.	It is recommended that the Government may consider the early finalisation and implementation of the model State Mineral Policy.	The Government has formulated State Mineral Policy, 2012.
2.	Internal Audit may be conducted on a regular basis for detecting weaknesses in the system, leakage of revenue and ensuring compliance of rules and provisions of the Act and Rules.	The Department stated that internal audit of field offices was being conducted by the team headed by Joint Director (Finance). However, Audit noticed that in the test checked districts, IAW had pointed out pending assessment cases of major and minor minerals in their inspection reports between 2012-13 and 2016-17. Though pointed out by IAW, no remedial action was taken to complete the assessments by the DDMA's/DMO's.
3.	The Government may consider prescribing a system to monitor the cases of applications pending at the Government level. Further, the Government may also create an effective coordination mechanism with other departments for timely finalisation of the applications.	The Department stated that as per the Mines and Minerals (Development and Regulation) Act, 1957 (as amended in January 2015), all pending applications have been <i>de facto</i> cancelled and thereafter (January 2015) the allotment of mines are done through e-auction process.
4.	The Government may therefore consider incorporating a clause in the terms and conditions of the mining lease for execution of a revised modified agreement in case of modification in the mining plan.	The Government has issued instruction (November 2011) to take undertaking from the lessees that in cases of revision of mining plan after execution of lease deed, the lessee shall pay the differential SD and RF as per the revised mining plan.
5.	The Government may consider incorporating a clause in the lease deed for payment of the differential amount of stamp duty whenever differences in duty arises due to delayed publication of rates of royalty.	The Government has issued instruction (November 2011) that an undertaking shall be taken from the Iron ore lessees to pay differential amount of SD and RF arising due to delayed publication of average sale price of iron ore for the month of execution of lease deed by the Indian Bureau of Mines (IBM).
6.	The Government may consider prescribing appropriate mechanism to ensure timely cancellation of idle mining leases and resettlement of these leases for augmentation of revenue.	The Department stated that as per direction of Hon'ble Supreme Court, mining leases were declared as lapsed from the date decided by the Government. On lapse of the mining lease the allotment of mines are being done through e-auction under the amended Act and Rules.
7.	The Government may consider putting in place a mechanism to ensure that royalty is charged as per Rules.	The Department stated that clear instructions are there to charge royalty as per Rules. However, Audit has observed that despite this, the mechanism to ensure the same is not in place as cases of short levy of royalty have been persistently noticed.
8.	The Department should issue necessary instructions for regular scrutiny of the monthly statements and linking of the same to other related records to avoid loss of revenue.	The Department stated that on-line system has been devised to reconcile related records with the monthly statement to prevent leakage of revenue.
9.	The Government may consider issuing instructions to all District Mining Officers (DMOs) to ensure levy of cess in accordance with the provisions of the <i>Chhattisgarh (Adhoshanrachna Vikas evam Paryavaran) Upkar Adhiniyam, 2005</i> .	The Department stated that amendment has been proposed for recovering the cess monthly by Revenue and Disaster Management (RDM) Department.
10.	The Government may consider prescribing monthly returns with details of quantity of coal supplied to	The Department stated that after implementation of <i>Khanij</i> on-line system it

Sl. No.	Details of Recommendations	Status
	core consumers, non-core consumers and e-buyers with rates.	will be possible to give details of coal supplied to different consumers.
11.	The Government may consider developing a mechanism to collect and analyse the sample and compare grades of iron ore at the Department's level and the grade shown in the mining plan every month.	The Department stated that as per directions of Hon'ble Supreme Court, levy of royalty shall not be finalised on the basis of grade of minerals mentioned in the mining plan.
12.	The Government may consider developing a mechanism to collect and analyse the samples of coal and intimate differences found in the declared grade to the Coal Controller.	The Department stated that clear directions have been given in Colliery Control Order, 2004. However, Audit has noticed grade difference in case of coal and recommends a mechanism to address this issue.
13.	The Government may consider issuing instructions to ensure that mining is carried out strictly in accordance with the approved mining plan and to establish a monitoring mechanism to detect unauthorised mining.	The Department stated that IBM had developed a surveillance system named as Bhaskaracharya Institute for Space Applications and Geo-informatics (BISAG) by which illegal mining of minerals can be tracked.
14.	The Government may consider evolving a monitoring mechanism to watch whether mineral dispatched from the lease area is consumed in the captive plant.	The Department stated that in order to ensure final utilisation of minerals, Trip Close system has been devised in online mining system.
15.	The Government may prescribe a system of cross verification of used Transit Passes (TPs) with the check post records at the time of assessment to prevent reuse of TPs.	The Department stated that the Flying Squad of each district have been equipped with hand held devices, so that TPs issued online could be checked at any place.
16.	The Department may consider prescribing periodic reports/returns to be furnished by the Deputy Directors (Mineral Administration)/DMOs indicating the cases requiring environmental consent and should develop a monitoring mechanism to ensure the operation of mines only after obtaining environmental consent.	The Department stated that arrangements are there in online mining system to restrict issue of TPs in cases where consent under appropriate environmental laws have not been taken by the lessee.

1.6 Results of audit

Position of local audit conducted during the year

Audit test checked records of 85 units pertaining to Commercial tax, State excise, Stamps and Registration fees, Land revenue, Taxes and duties on electricity, Mining receipts, Taxes on vehicles and Forestry and wild life during the year 2016-17. Besides, eight units of Mineral Resources Department were also audited between April 2017 and June 2017. Audit observed short levy or non-levy of taxes, duties and fees, loss of revenue, irregular/avoidable expenditure etc., aggregating to ₹ 2,913.82 crore in 38,881 cases. The departments concerned accepted underassessment and other deficiencies of ₹ 178.95 crore in 13,669 cases and recovered ₹ 4.97 crore in 2,194 cases.

1.7 Coverage of this Report

This Report contains 14 paragraphs including one Audit on "Process of refund under Value Added Tax" amounting to ₹ 292.26 crore. The departments have accepted audit observations amounting to ₹ 48.75 crore and recovered ₹ 4.84 crore. The departments did not furnish specific replies to audit observations involving ₹ 238.30 crore, which included audit observations on non-levy of land revenue on land covered under mining leases (₹ 177.60 crore) and non/short realisation of Infrastructure Development and Environment cess

(₹ 42.30 crore) pertaining to Mineral Resources Department. These are discussed in succeeding Chapters 2 to 5.

Most of the audit observations are of a nature that may reflect similar errors/omissions in other units of the State Government departments, but not covered in the test-check. The departments/Government may therefore like to internally examine all the other units with a view to ensuring that they are functioning as per requirement and rules.