

CHAPTER III
Revenue Sector

CHAPTER III: REVENUE SECTOR

Section 1: General

3.1.1 Trend of Revenue Receipts

Tax and non-tax revenue raised by Government of Assam (GoA) during the year 2018-19, State's share of net proceeds of divisible Union taxes and duties assigned to State, Grants-in-Aid received from Government of India (GoI) during the year and the corresponding figures for the preceding four years are given in *Table 3.1.1*.

Table 3.1.1: Trend of revenue receipts

(₹ in crore)

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
	Revenue raised by the State Government					
1	Tax Revenue	9,449.81	10,106.49	12,079.56	13,215.52	15,924.85
	Non-tax Revenue	2,412.89	2,741.56	4,353.13	4,071.97	8,221.29
	Total	11,862.70	12,848.05	16,432.69	17,287.49	24,146.14
	Percentage of increase over previous year	1.39	8.31	27.90	5.20	39.67
	Receipts from Government of India					
2	Share of net proceeds of divisible Union taxes and duties	12,283.71	16,784.88	20,188.64	22,301.54	25,215.85
	Grants-in-Aid	14,035.08	12,824.75	12,598.48	14,541.91	14,117.17
	Total	26,318.79	29,609.63	32,787.12	36,843.45	39,333.02
3	Total Revenue Receipts of the State Government (1 and 2)	38,181.49	42,457.68	49,219.81	54,130.94	63,479.16
4	Percentage of 1 to 3	31	30	33	32	38

Source: Finance Accounts of Government of Assam

The above table indicates that during the year 2018-19, revenue raised by the State Government (₹ 24,146.14 crore) was 38 per cent of the total revenue receipts as against 32 per cent during the previous year. The remaining 62 per cent of the receipts during 2018-19, was from the share of net proceeds of divisible Union taxes, duties and Grants-in-Aid from the GoI.

Overall Revenue Receipts of the State grew by ₹ 9,348.22 crore (17.27 per cent) over the previous year. The increase was mainly due to increase in Tax revenue of ₹ 2,709.33 crore (28.98 per cent), Non-Tax Revenue of ₹ 4,149.32 crore (44.39 per cent) and receipts from GoI of ₹ 2,489.57 crore (26.63 per cent). During 2018-19, the share of net proceeds of divisible Union taxes and duties increased by ₹ 2,914.31 crore (13.07 per cent) over the last year, which was marginally offset by decrease in Grants-in-Aid by ₹ 424.74 crore (2.92 per cent).

3.1.1.1 Tax Revenue

Details of Budget Estimates (BEs) and Tax Revenue raised during the period 2014-15 to 2018-19 are given in *Table 3.1.2*.

Table 3.1.2: Details of Tax revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2014-15		2015-16		2016-17		2017-18		2018-19		Percentage of increase (+)/ decrease (-) with respect to	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE (2018-19)	Actual (2017-18)
1	State Goods and Services Tax	--	--	--	--	--	--	11,223.28	4,077.67	4717.66	8393.04	78	106
2	Taxes on Sales, Trade etc.	8,367.50	7,351.25	9,810.55	7,493.72	11,582.67	8,751.64	1,713.30	6,373.00	4041.31	4698.74	16	-26
3	State Excise	763.72	664.99	878.77	807.96	1,299.55	963.81	1,393.72	1,095.16	1300.00	1399.84	08	28
4	Stamps and Registration Fees	554.33	188.51	362.19	224.83	478.80	226.78	351.23	239.17	274.41	240.72	-12	01
5	Taxes and Duties on Electricity	56.44	44.00	58.38	48.64	79.75	49.44	76.00	60.19	61.90	72.75	-18	21
6	Taxes on Vehicles	441.31	364.53	505.59	442.73	577.81	521.59	691.78	646.96	737.35	765.01	04	18
7	Taxes on Goods and Passengers	504.27	396.94	596.00	583.12	729.18	1,069.81	212.56	262.64	10.65	-3.62 ¹¹⁹	-134	-101
8	Other Taxes on Income and Expenditure	235.05	191.28	268.36	182.93	303.20	184.27	285.83	193.38	215.84	186.35	-14	-04
9	Other Taxes and Duties on Commodities and Services	110.39	54.92	68.54	61.09	107.04	78.97	140.09	34.44	0.00	0.95	-	-97
10	Land Revenue	201.64	142.32	224.14	229.46	395.59	210.02	358.54	219.39	254.12	163.22	-36	-26
11	Taxes on Agricultural Income	110.77	51.07	119.88	32.01	80.71	23.23	50.02	13.52	26.99	7.85	-71	-42
Total		11,345.42	9,449.81	12,892.40	10,106.49	15,634.30	12,079.56	16,496.35	13,215.52	11640.23	15924.85	37	21

Source: Annual Financial Statement and Finance Accounts of GoA.

The increase of ₹ 2,709.33 crore (20.50 per cent) in Tax revenue in 2018-19 as compared to previous year, was mainly due to increase in State Goods and Services Tax (SGST) by ₹ 4,315.37 crore, Excise Duty by ₹ 304.68 crore and Taxes on Vehicles by ₹ 118.05 crore, which was offset by decrease in Tax on Sales, Trades etc. by ₹ 1,674.26 crore and Taxes on Goods and Passengers by ₹ 266.26 crore.

The reasons for major variations in respect of tax revenue during 2018-19 over those of 2017-18 as reported by the departments concerned are as follows:

Excise Department: The increase of revenue was mainly due to increase in collection of excise revenue through online system and increase in liquor consumption.

State Goods and Services Tax: SGST collection increased due to increase in collection of taxes under Input Tax Credit cross utilisation of SGST and IGST, apportionment of IGST-Transfer-in of Tax Component to SGST and Advance apportionment from IGST.

Taxes on Sales, Trade etc.: The decrease in revenue was due to merger of VAT and CST Acts under the GST Act for all items except for petroleum and alcohol for human consumption.

¹¹⁹ Minus figure is due to refunds of earlier years.

Taxes on vehicles: Taxes on vehicles increased due to increase in collection of receipts under Indian Motor Vehicles Act, State Motor Vehicles Taxation Acts and other miscellaneous receipts.

Other Departments had not intimated (December 2020) the reasons for the increase/decrease of revenue in 2018-19 over 2017-18 despite requests.

(A) Implementation of Goods and Services Tax

Goods and Services Tax (GST) was implemented with effect from 1 July 2017 on supply of goods or services or both. GST is concurrently administered by the Union (CGST) and the States (SGST) on supply within the State while Integrated Goods and Services Tax (IGST) is levied on inter-state supply of goods or services or both.

The Central Goods and Services Tax Act, 2017, the Assam State Goods and Services Tax Act, 2017 and the Integrated Goods and Service Tax Act, 2017 and allied Rules of all the three Acts are applicable in the State of Assam.

Goods and Services Tax Network (GSTN), a Non-Government Company set up by Government of India provides both front-end and back-end services to Assam being a Model-II State. Front-end services provided to taxpayers for registration, return filing, payment of tax and back-end services include approval of registration, taxpayer detail viewer, refund processing, MIS reports *etc.*

Implementation of GST necessitated smooth transitional provisions which enables migration of all existing businesses to the new regime. The transitional provisions have been specifically incorporated in all the three GST Acts/Rules.

Registrations under GST

As per the GST Act, every taxpayer with turnover of above ₹ 20 lakh (enhanced to ₹ 40 lakh with effect from 1 April 2019 in respect of dealer dealing with sale of goods only) has to be registered under GST. During transition period, the Department had to deal with migration of existing dealers as well as approval of new registrations. The due date for migration of existing dealers was February 2019.

The category wise registrations under GST have been given in **Table 3.1.3** (as on March 2019):

Table 3.1.3: Registered taxpayers under GST

Types of Taxpayers	Number of dealers	Percentage of total
Normal Taxpayers	1,57,200	76.49
Corporation Taxpayers	45,759	22.26
Tax Deductors at source	2,357	1.15
Tax Collectors at source	91	0.04
Input Service Distributors	74	0.04
Casual Taxpayers	41	0.02
Total Registrants	2,05,522	100

The total registrations under GST in Assam were 2.06 lakh as of March 2019, of which, normal taxpayers accounted for 76.49 per cent, corporation taxpayers 22.26 per cent and others¹²⁰ (including TDS, TCS, ISD and casual) 1.25 per cent.

Division of Dealers between Central and State Government

As per the recommendation¹²¹ of GST Council, administrative control of over 90 per cent of the dealers with turnover less than ₹ 1.50 crore shall vest with the State tax administration and 10 per cent with the Central tax administration. In respect of dealers with turnover of ₹1.50 crore and above, the administrative control shall be divided in the ratio of 50 per cent each for the Central and State tax administration. The division of tax payers as notified in Assam up to March 2019 are shown in **Table 3.1.4**.

Table 3.1.4: Division of dealers between Centre and State Government

Jurisdiction	Number of dealers		Total
	Turnover above ₹ 1.5 crore	Turnover below ₹ 1.5 crore	
Centre	5,126	7,812	12,938
State	5,119	70,208	75,327
Total	10,245	78,020	88,265

Filing of Returns under GST

As per Assam Goods and Services Tax Rules¹²², 2017 (AGST Rules, 2017), regular taxpayers were required to file monthly returns¹²³ in GSTR-1, GSTR-2 and GSTR-3, whereas composition taxpayers were required to file quarterly returns in GSTR-4. However, the provisions of the rules could not be implemented due to issues relating to information technology infrastructure. Accordingly, filing of GSTR-2 and GSTR-3 were postponed and regular taxpayers are required to file GSTR-1 and GSTR-3B and composition dealers were to file GSTR-4 quarterly.

The trends of filing of GSTR-1 and GSTR-3B for the period from April 2018 to March 2019 in Assam have been depicted in **Table 3.1.5**.

Table 3.1.5: Filing pattern of GSTR-1 and GSTR-3B

Month	GSTR-1	GSTR-3B
April 2018	41,079	1,03,803
May 2018	41,801	1,06,715
June 2018	1,00,038	1,09,109
July 2018	43,290	1,11,420
August 2018	43,808	1,13,314
September 2018	1,05,134	1,14,631
October 2018	44,533	1,15,825
November 2018	44,647	1,15,159
December 2018	1,06,832	1,16,306
January 2019	45,139	1,16,777
February 2019	45,208	1,17,846
March 2019	1,07,583	1,18,493

¹²⁰ As on March 2019, there was no registrations under Non-Resident Taxable Person (NRTP) and Online Information Database Access and Retrieval services (OIDAR).

¹²¹ Circular dated 20 September 2017.

¹²² Rule 59, 60 and 61

¹²³ GSTR-1: containing outward supply, GSTR 2: Auto populated from GSTR-1 showing inward supply of the dealer and GSTR-3: Summarised details of outward and inward supplies of a dealer during the month along with amount of GST liability.

Refund under GST

As per Section 54 of AGST Act, 2017, refund of any tax and interest paid may be claimed within two years from the date of such payment. The proper officer may sanction the refund within 60 days from the date of the receipt of the application. Section 49 of the Act *ibid* provides refund of any balance in the electronic cash ledger.

On analysis of the data furnished by the Commissioner of State GST, audit noticed that out of 2,358 cases involving refund claim of ₹ 50.72 crore, 827 cases (35 per cent) of ₹ 35.76 crore were refunded/processed (as on August 2019). The remaining 1,531 cases (65 per cent) involving refund claim of ₹ 14.96 crore were not processed till August 2019. Further, audit also noticed that in none of the above cases, the refund was given within the stipulated time, *i.e.* 60 days from the date of the receipt of the application as per Section 54 (7) of AGST Act, 2017.

3.1.1.2 Non-Tax Revenue

Details of non-tax revenue raised during the period 2014-15 to 2018-19 are given in **Table 3.1.6**.

Table 3.1.6: Details of Non-Tax Revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2014-15		2015-16		2016-17		2017-18		2018-19		Percentage of increase (+)/ decrease (-) with respect to	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE (2018-19)	Actual (2017-18)
1	Petroleum	3,200.02	1,421.15	3,200.06	1,672.03	3,583.63	3,101.96	5,590.71	2,533.20	6411.00	5642.66	-12	123
2	Interest Receipts	628.63	313.99	515.76	298.80	424.93	475.40	398.32	305.39	585.74	588.09	01	93
3	Dairy Development	9.61	0.43	0.59	0.07	0.58	0.39	0.10	0.18	0.48	0.24	-50	33
4	Forestry and Wild Life	136.22	115.99	124.34	117.30	995.74	215.85	561.30	250.74	155.53	364.27	134	45
5	Non-ferrous Mining and Metallurgical industries	1.35	0.96	0.60	3.31	2.56	5.81	5.08	6.13	13.88	6.51	-53	6
6	Miscellaneous General Services	0.01	268.50	73.94	4.81	360.67	-6.15	6.36	24.91	0.05	677.76	1355420	2621
7	Medium Irrigation	0.47	0.62	0.53	0.84	0.83	0.47	1.11	0.88	0.57	1.00	75	14
8	Medical and Public Health	14.95	11.38	13.91	15.47	15.29	12.33	20.46	22.68	15.19	17.22	13	-24
9	Co-operation	0.71	0.47	0.78	0.64	0.64	0.57	0.85	0.56	0.69	1.77	157	216
10	Public Works	4.09	1.14	2.47	3.84	1.54	3.37	5.05	3.67	4.15	2.64	-36	-29
11	Police	44.63	43.54	73.19	52.62	58.49	52.88	69.59	51.10	65.15	68.86	06	35
12	Other Administrative Services	69.92	69.25	76.98	329.16	93.02	210.46	435.32	75.74	259.31	211.90	-18	180

Sl. No.	Head of revenue	2014-15		2015-16		2016-17		2017-18		2018-19		Percentage of increase (+)/ decrease (-) with respect to	
		BE	Actual	BE (2018-19)	Actual (2017-18)								
13	Coal and Lignite	54.15	51.22	47.75	32.58	55.00	36.05	91.60	47.60	35.00	50.36	44	06
14	Roads and Bridges	64.83	42.18	62.10	28.69	156.66	41.10	37.94	27.42	50.64	41.21	-19	50
15	Others ¹²⁴	68.66	72.07	132.86	181.40	96.94	202.64	240.17	721.77	594.27	546.80	-08	-24
	Total	4,298.25	2,412.89	4,325.86	2,741.56	5,846.52	4,353.13	7,463.96	4,071.97	8,191.65	8,221.29	0.36	102

Source: Annual Financial Statement and Finance Accounts.

The increase of ₹ 4,149.32 crore (102 per cent) in Non-Tax revenue in 2018-19 as compared to previous year, was mainly on account of increase in revenue in Petroleum (Mines and Minerals Department) by ₹ 3,109.46 crore, Interest Receipts by ₹ 282.70 crore, revenue in Forestry and Wildlife by ₹ 113.53 crore and revenue in Miscellaneous General Services by ₹ 652.85 crore, which was offset by decrease of ₹ 174.97 crore under 'Others'.

The reasons for major variations in respect of non-tax revenue during 2018-19 over those of 2017-18 as reported by the departments concerned are as follows:

Mines and Minerals Department: The increase in revenue was due to increase in production of natural gas and increase in rate of royalty of natural gas, crude oil and coal.

Forestry and Wild Life: The increase in revenue was mainly due to opening of new *Mahals* (Minor minerals) and plugging of leakages.

Police: The increase in revenue was mainly due to increase of receipts under Police Supplied to Other Parties.

Interest Receipts: The increase in revenue was mainly due to increase of receipts of interest realised on Investment of Cash Balances and other miscellaneous receipts.

Other Departments had not intimated (December 2020) the reasons for the increase/decrease of revenue in 2018-19 over 2017-18 despite requests.

3.1.2 Analysis of Arrears of Revenue

The arrears of revenue as on 31 March 2019 in respect of Finance (Taxation), Excise and Mines and Minerals Departments amounted to ₹ 5,472.69 crore of which ₹ 2,202.44 crore was outstanding for more than five years, as detailed in *Table 3.1.7*.

¹²⁴ Others include 28 major head of accounts

Table 3.1.7: Arrears of revenue

₹ in crore)

Sl. No.	Heads of Revenue	Name of Department	Amount outstanding as on 31 March 2019		Replies of the Departments
			Total	For more than five years	
1	Taxes on Agricultural Income	Finance (Taxation)	73.58	50.16	Following are the reasons for the pending arrears: i. Non-availability of requisite/ detail information of the defaulters. ii. Action taken report on arrest warrants issued by the Recovery Officers is pending with the Police authority. Un-traceability of dealers at the time of realisation of dues etc. iii. Pending of cases involving arrears of revenue in High Court/ Supreme Court/ Board of Revenue and with Appellate/ Revision Authority. iv. Pending with the Assessing Officers due to non-verification of deposit of TDS in government account.
2	Professional Tax		3.22	0.92	
3	Land Revenue (Assam Taxes on Specified Lands)		2,309.56 ¹²⁵	1,088.53	
4	Taxes on Sales, Trade, etc.		2,954.51	979.03	
5	Taxes on Goods and Passengers		91.93	46.94	
6	Other Taxes and Duties on Commodities and Services		6.00	4.82	
7	Taxes and Duties on Electricity		30.33	28.48	
8	State Excise	Excise	1.58	1.58	Non-payment of renewal licence fee by a company, which is non-functional.
9	Non-ferrous Mining and Metallurgical Industries	Mines and Minerals	1.98	1.98	Non-payment of royalty on limestone by two companies.
10	Taxes on vehicles	Transport			Nil
Total			5,472.69	2,202.44	

3.1.3 Arrears in Assessment

Under Section 39 of the Assam Value Added Tax (AVAT) Act, 2003 (being the mother Act in respect of other taxes), no assessment shall be made after the expiry of five years from the end of the year to which the assessment relates. However, in cases where specific information is available, re-assessment can be made under Section 40 of AVAT Act, 2003 within a period of eight years.

The details of arrears in assessments pending at the beginning of the year, cases becoming due for assessments and cases disposed of during the year, and number of cases pending for assessment at the end of the year as furnished by the Finance (Taxation) Department in respect of various taxation Acts are given in **Table 3.1.8**.

¹²⁵ Appeal filed by the M/s. OIL and M/s. ONGC against the Amendment Act, 2004 of the Assam Taxes on Specified Lands which introduced crude oil and natural gas bearing land within the meaning of the definition of Specified Land is pending before the Hon'ble Supreme Court of India.

Table 3.1.8: Arrears in assessments

Head of revenue	Arrears of assessment due as on 31 March 2018	New cases due for assessments during 2018-19	Total assessment due	Cases disposed of during 2018-19	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Sales Tax (AGST/ AVAT/ CST Acts)	16,413	16,264	32,677	11,967	20,710	36.62
APTC & E Taxation Act	27,203	39,260	66,463	29,119	37,344	43.81
Amusement & Betting Taxation Act	617	37	654	59	595	9.02
Entry Tax Act	3,364	1,861	5,225	2,165	3,060	41.44
Luxury (Hotel & Lodging Houses) Act	480	343	823	407	416	49.45
Electricity Duty Act	2,647	497	3,144	631	2,513	20.07
Taxation (on Specified Lands) Acts	974	964	1,938	868	1,070	44.79
Agricultural Income Tax Act	1,489	762	2,251	644	1,607	28.61
Total	53,187	59,988	113,175	45,860	67,315	40.52

The assessments pending at the end of the year increased over the previous year in respect of Sales Tax, APTC & E Taxation Act and Taxation (on Specified Lands) Acts. Further, the percentage of overall disposal compared to the cases due for assessment was only 40.52 per cent, which resulted in increase of arrears of assessment. Pendency in assessment may result in non/short realisation of Government revenue as there is a possibility of cases becoming time barred under the provision of the Act and further accumulation in arrears of revenue.

3.1.4 Evasion of tax detected by the Department

The details of cases of tax evasion detected by the Finance (Taxation) Department, cases finalised and the demands for additional tax raised as reported by the Department is given in *Table 3.1.9*.

Table 3.1.9: Evasion of Tax

Head of revenue	Cases pending as on 31 March 2018	Cases detected during 2018-19	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 2019
				Number of cases	Amount of demand (₹ in crore)	
Sales Tax/ VAT	278	--	278	278	0.90	NIL
GST	--	886	886	886	5.29	
Total	278	886	1,164	1,164	6.19	

As of 31 March 2019, the Department detected and disposed 1,164 cases of tax evasion and raised a demand of ₹ 6.19 crore. However, other departments did not furnish the information on evasion of taxes, though called for (December 2020).

3.1.5 Pendency of refund cases

The number of refund cases pending at the beginning of 2018-19, claims received and refunds allowed during the year, and cases pending at the close of 2018-19, as reported by the Finance (Taxation) Department is given in **Table 3.1.10**.

Table 3.1.10: Details of pendency of refund cases

Sl. No.	Particulars	Sales Tax/VAT		GST (SGST + IGST)	
		No. of cases	Amount	No. of cases	Amount
1	Claims outstanding at the beginning of the year	60	77.80	0	0.00
2	Claims received during the year	160	116.66	320	20.34
3	Refunds allowed during the year	167	132.95	320	20.34
4	Balance outstanding at the end of the year	53	61.51	0	0.00

(₹ in crore)

In Finance (Taxation) Department, 53 cases of refund involving ₹ 61.51 crore pertaining to Sales Tax/ VAT were pending at the end of March 2019. The Department did not state any reason for pendency of outstanding cases. The Department may consider early settlement of refund cases for the benefit of claimants.

3.1.6 Response of Government/Departments towards audit

The Principal Accountant General (Audit), Assam (PAG) conducts periodical inspection of the Government offices to test check their transactions and verify the maintenance of important accounts and other records as prescribed under the extant rules and procedures. These inspections are followed up with the Inspection Reports (IRs), incorporating irregularities detected during the inspection, which are issued to the heads of the offices inspected with copies to the higher authorities for taking corrective action. The heads of the offices are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial replies to the PAG (Audit) within one month from the date of issue of the IRs.

With respect to IRs issued up to December 2018, the position was that 4,364 paragraphs pertaining to 969 IRs involving ₹ 2,193.29 crore remained outstanding at the end of June 2019 as shown in **Table 3.1.11**, along with the corresponding figures for the preceding two years.

Table 3.1.11: Details of pending IRs

Particulars	June 2017	June 2018	June 2019
Number of IRs pending for settlement	1,005	1,061	969
Number of outstanding audit paragraphs	4,018	5,511	4,364
Amount of revenue involved (₹ in crore)	7,524.37	2,312.82	2,193.29

3.1.6.1 Department wise pendency of IRs

The department-wise details of the IRs and paragraphs outstanding as on 30 June 2019 and the amounts involved are given in **Table 3.1.12**.

Table 3.1.12: Department-wise details of outstanding IRs

(₹ in crore)

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding		Money value involved
			IRs	Audit paragraphs	
1	Finance (Taxation)	Taxes on sales, trade etc.	193	1,482	575.18
		Agricultural Income Tax	04	25	15.86
		Other Taxes	91	312	382.23
2	Excise	State Excise	97	611	693.53
3	Transport	Taxes on Motor Vehicles	159	746	110.44
4	Revenue and Disaster Management (Registration)	Stamps and Registration fees	139	317	10.18
5	Mines and Minerals	Non-ferrous mining and metallurgical industries	11	41	190.19
6	Environment and Forests	Forestry and Wild Life	275	830	215.68
Total			969	4,364	2,193.29

Audit did not receive the first replies from heads of offices within one month from the date of issue of IRs in respect of any of the 100 IRs issued during 2018-19. Replies in respect of 74 IRs were still pending as on September 2019. The large pendency of IRs/ paragraphs was due to non-receipt of replies, which indicates that heads of offices did not initiate action to rectify the defects, omissions and irregularities pointed out by the PAG (Audit) in the IRs.

3.1.6.2 Departmental Audit Committee Meetings

The Government set up audit committees to monitor and expedite the progress of the settlement of the IRs and paragraphs. The details of the Audit Committee Meetings held during 2018-19 and the paragraphs settled as a consequence thereof is given in **Table 3.1.13**.

Table 3.1.13: Details of Departmental Audit Committee Meetings

(₹ in crore)

Sl. No.	Head of revenue	Number of meetings held	Number of paras settled	Amount
1	Environment and Forest Department	8	530	31.79
2	Finance (Taxation) Department	6	956	481.69
3	Excise Department	3	187	15.10
Total		17	1,673	528.58

During the year, 17 Audit Committee Meetings were held in which 2,716 paras were discussed and 1,673 paras (61.60 per cent) were settled on the basis of replies furnished by the Environment and Forest, Finance (Taxation) and Excise Departments.

3.1.6.3 Response of the Departments to draft audit paragraphs

The PAG (Audit) forwards draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India to the Principal Secretaries/Secretaries of the departments concerned, 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 Government/Department is invariably indicated at the end of such paragraphs included in the Audit Report of the Comptroller and Auditor General of India (C&AG).

The draft audit paragraphs proposed to be included in the Report of the Comptroller and Auditor General of India (Revenue Sector) for the year ended 31 March 2019, Government of Assam, were forwarded to the Secretaries of the departments concerned between July 2019 and April 2020. The replies furnished by the Department/Directorates have been appropriately incorporated in the respective paragraphs.

3.1.6.4 Follow up on the Audit Reports

The notifications of Public Accounts Committee (PAC) in August 2001, September 2014 and October 2018 laid down that after presentation of the Report of the C&AG in the Legislative Assembly, the administrative departments were required to submit *suo-moto* Action Taken Notes (ATN) on paragraphs, within three months of presentation of the Audit Reports to the legislature, to the PAC with a copy to the PAG (Audit) without waiting for the PAC's discussion. However, *suo-moto* replies/explanatory notes on audit paragraphs of the Reports were being delayed inordinately. In the Reports of the C&AG on the Revenue Sector of Government of Assam for the year ended 31 March 2014 to 31 March 2018 placed before the State Legislative Assembly between 31 March 2015 and 26 July 2019, 131 compliance audit paragraphs and seven Performance Audits/ Theme Audits were included. The PAG (Audit) did not receive any *suo-moto* explanatory notes on audit paragraphs.

As of March 2019, PAC discussed 442 out of 979¹²⁶ paragraphs, reviews and performance audit (including stand-alone Audit Reports) pertaining to the years 1988-89 to 2016-17. Consequently, as of March 2019, the PAC is yet to discuss 537 audit paragraphs.

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

To analyse the system of addressing the issues highlighted in the IRs/Audit Reports by the departments/ Government, action taken on the paragraphs and PAs included in the Audit Reports of the last five years for one department is evaluated in detail and included in this Audit Report. The following paragraphs discuss the performance of **Transport Department** in respect of the cases detected in the course of local audit during the last five years and also, the cases included in the Audit Reports for the years 2014-15 to 2018-19.

3.1.7.1 Position of Inspection Reports

The position of IRs issued during the last five years, paragraphs included in these IRs and their status as on 31 March 2019 in respect of Transport Department are tabulated in **Table 3.1.14**.

¹²⁶ Five CA paragraphs on Finance (Taxation) Department of Audit Report 2010-11, were to be re-discussed by PAC (as informed by the PAC on May 2018). Further, only partial discussion had been made by the PAC in respect of Stand Alone Performance Audit Report 'Forest Receipts' related to AR 2011-12

Table 3.1.14: Position of Inspection Reports in respect of Transport Department

(₹ in crore)

Year	Opening Balance			Addition during the year			Clearance during the year			Closing Balance		
	IRs	Paras	Money Value	IRs	Paras	Money Value	IRs	Paras	Money Value	IRs	Paras	Money Value
2014-15	106	333	42.45	14	56	14.85	1	22	2.40	119	367	54.90
2015-16	119	367	54.90	20	120	14.04	1	17	3.54	138	470	65.40
2016-17	138	470	65.40	13	94	7.12	2	15	3.08	149	549	69.44
2017-18	149	549	69.44	19	122	35.86	0	13	5.28	168	658	100.02
2018-19	168	658	100.02	22	122	18.18	0	17	3.42	190	763	114.78

It is evident from the above table that, against 106 outstanding IRs with 333 paragraphs at the beginning of 2014-15, the number of outstanding IRs increased to 190 with 763 paragraphs at the end of 2018-19.

3.1.7.2 Recoveries in respect of accepted audit cases

The position of paragraphs included in the Audit Reports of the last five years, those accepted by **Transport Department** and the amount recovered there against is given in **Table 3.1.15**.

Table 3.1.15: Position of recovery of accepted cases

(₹ 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	Cumulative position of recovery of accepted cases as on 31 March 2018
2013-14	Nil	Nil	Nil	Nil	Nil	0.23
2014-15	1 (TA)	11.07	Department did not furnish reply			
2015-16	1 (PA)	6.51	1	6.49	Nil	
2016-17	4	1.88	4	1.88	0.04	
2017-18	5	18.29	5	18.29	0.19	

It is evident from the above table that the progress of recovery in accepted cases was poor during the last four years.

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

The Performance Audits (PAs) conducted by the PAG are forwarded to the departments concerned with a request to furnish their replies. These Paras are further discussed during exit conference and the Department's views received during the exit conference and at other point of time are included while finalising the PAs for the Audit Reports. Besides, Audit also makes recommendations against some specific issues brought out in the Paras wherever felt appropriate.

During 2015-16, a PA on 'Working of Transport Department' was carried out wherein, 14 recommendations were made to the Transport Department. The Department reported that action was taken in respect of the recommendations featured in the PA (details are given in **Appendix 5**).

3.1.8 Audit Planning

For the purpose of audit, the offices under various departments are categorised as 'high', 'medium' and 'low' risk units according to their quantum of revenue collection, past nature and trends of audit observations and other parameters. The annual audit plan of the AG 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 revenue earnings during the past five years, factors in tax administration and audit coverage and its impact during past five years.

During 2018-19, against a total of 347 auditable units, 112 units were planned and audited. The details are given in *Appendix 6*.

3.1.9 Results of Audit

3.1.9.1 Position of audit conducted during the year

Test check of records of 112 offices of Finance (Taxation), State Excise, Transport, Environment and Forests Departments and other departmental offices conducted during 2018-19, detected under-assessment/short levy/loss of revenue aggregating ₹ 325.71 crore in 745 cases. During the course of the year, the departments concerned accepted under-assessment and other deficiencies in 45 cases involving ₹ 19.66 crore pointed out in audit. The departments had collected ₹ 18.47 crore in 178 cases during 2018-19, pertaining to the audit findings during 2018-19 and previous years.

3.1.9.2 Coverage of this Report

This Report contains 18 paragraphs suitably clubbed under appropriate captions having a total financial effect of ₹ 50.06 crore of which, the departments concerned accepted audit observations involving revenue of ₹ 15.96 crore and recovered revenue of ₹ 2.05 crore.

