

Chapter -I

General

CHAPTER – I

GENERAL

1.1 Trend of Revenue Receipts

The revenue receipts of the State for the year 2019-20 comprised:

- Tax and non-tax revenue raised by Government of Odisha;
- State's share of net proceeds of divisible Union taxes;
- Duties assigned to the State and
- Grants-in-Aid received from Government of India.

The details of revenue receipts for 2019-20 along with the corresponding figures for the preceding four years have been depicted in **Table 1.1**.

Table 1.1: Trend of Revenue Receipts

(₹ in crore)						
Sl. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
1	Revenue raised by State Government					
	Tax revenue	22,526.96	22,852.39	27,913.80	30,318.33	32,334.47
	Non-tax revenue	8,711.24	8,043.10	8,367.99	14,256.40	14,778.89
	Total	31,238.20	30,895.49	36,281.79	44,574.73	47,113.36
2	Receipts from Government of India					
	State's net proceeds of divisible Union taxes and duties	23,573.78	28,321.50	31,272.06	35,353.73	30,453.27
	Grants-in-Aid	14,129.46	15,082.40	17,619.94	19,597.53	24,152.10
	Total	37,703.24	43,403.90	48,892.00	54,951.26	54,605.37
3	Total revenue receipts of the State Government (1 and 2)	68,941.44	74,299.39	85,173.79	99,525.99	1,01,718.73
4	Percentage of 1 to 3	45.31	41.58	42.60	44.79	46.31

(Source: Finance Accounts for the year 2019-20 of Government of Odisha)

The State's performance in mobilisation of resources is assessed in terms of tax revenue and non-tax revenue, not including the State's share in Central taxes and Grants-in-Aid which is based on the recommendations of the Finance Commission.

As can be seen from above, the percentage of revenue raised by State Government to the total revenue of the State increased from 44.79 per cent in 2018-19 to 46.31 per cent in 2019-20.

1.1.1 Tax Revenue

The details of tax revenue raised during the period 2015-16 to 2019-20 are given in **Table 1.2**.

Table 1.2: Details of Tax Revenue raised

(₹ in crore)

Sl. No.	Head of Revenue	2015-16	2016-17	2017-18	2018-19	2019-20		Percentage of increase (+) or decrease (-) in 2019-20 over 2018-19
						BE	Actual	
1	State Goods and Services Tax (SGST)	--	--	6,609.27	11,942.59	13,700.00	13,203.52	
2	Odisha Value Added Tax (OVAT) including Odisha Sales Tax (OST) and Central Sales Tax (CST)	13,096.99	13,402.35	11,521.65	7,310.24	8,000.00	7,454.81	7.30
3	Taxes and Duties on Electricity	1,212.21	1,637.14	1,969.74	3,257.66	2900.00	2,819.67	(-) 13.44
4	Land Revenue	588.81	460.00	542.27	511.07	437.00	720.69	41.01
5	Taxes on Vehicles	1,043.73	1,216.08	1,534.95	1,745.58	1829.00	1,836.32	5.20
6	Taxes on Goods and Passengers (Entry Tax)	1,662.99	1,760.51	1,260.49	182.32	73.00	133.44	(-) 26.81
7	State Excise	2,546.94	2,786.02	3,220.99	3,925.12	4600	4,495.42	14.53
8	Stamp Duty and Registration Fee	2,157.07	1,363.72	1,036.68	1,237.46	1800.00	1,434.97	15.96
9	Other Taxes and Duties on Commodities and Services	42.65	46.40	29.95	2.48	0.99	19.25	676.21
10	Other Taxes on Income and Expenditure Professions, Trades, Callings and Employments	175.57	180.17	187.81	203.81	210.00	216.38	6.17
	Total	22,526.96	22,852.39	27,913.80	30,318.33	33,549.99	32,334.47	6.65

(Source: Finance Accounts for the year 2019-20 of Government of Odisha and Annual Financial Statement 2020-21)

Tax revenue accounted for was 31.79 per cent (₹32,334.47 crore) of the total revenue (₹1,01,718.73 crore) of the State for the year 2019-20. Increase of ₹2,016.14 crore in revenue raised by State Government (6.65 per cent) in 2019-20 over the previous year (₹30,318.33 crore) was mainly due to increase in SGST including Odisha Value Added Tax (OVAT), Odisha Sales Tax (OST) and Central Sales Tax (CST) (7.30 per cent), land revenue (41.01 per cent), taxes on vehicles (5.20 per cent), State Excise (14.53 per cent), Stamp Duty and Registration Fee (15.96 per cent) and other Taxes and duties on commodities and services (676.21 per cent). In case of other taxes and duties on commodities and services, the wide variation in increase over the year 2018-19 was due to receipt of share of net proceeds assigned to State.

The Finance Department stated that the increase in collection under SGST and VAT, OST, CST and Professional Tax (PT) was due to the efforts of the

department in pursuing non-filers, wrong return filers, ensuring correct payment of tax and disclosure of liability by contractors ensuring TDS collection and deposits by DDOs as well as verification of C forms issued. Similarly, Energy Department stated that the difference in collection of Taxes and Duties on Electricity was due to deposit of differential Electricity duty (ED) amount of ₹314.64 crore for enhancement ED tariff pertaining to the financial year 2017-18 in Government Treasury during the year 2018-19. For such deposit, the actual collection had gone up to ₹3,257.66 crore during 2018-19.

The decrease in collection of Entry Tax was due to implementation of Goods and Services Tax (GST), as Entry Tax was subsumed and the collection on this account was only on account of arrear collection.

Increase in collection under Motor Vehicle (MV) Tax, as stated by the Commerce and Transport Department, was due to increase in new vehicles in regions, strengthening of tax and arrear collection measures.

1.1.2 Non-tax Revenue

The details of non-tax revenue raised during the period 2015-16 to 2019-20 are indicated in **Table 1.3**.

Table 1.3: Details of Non-tax Revenue raised

(₹ in crore)

Sl. No.	Head of Revenue	2015-16	2016-17	2017-18	2018-19	2019-20		Percentage of increase (+) or decrease (-) in 2019-20 over 2018-19
						BE	Actual	
1	Non-ferrous Mining and Metallurgical Industries	5,798.96	4,925.79	6,130.99	10,479.61	10500.00	11,020.02	5.16
2	Interest Receipts	560.42	427.40	600.71	1,462.25	1500	1,637.83	12.01
3	Forestry and Wildlife	152.99	131.58	62.79	31.67	44.50	28.33	(-) 10.55
4	Irrigation and Inland Water Transport	707.11	775.87	689.21	677.44	800.41	710.40	4.87
5	Other Administrative Services	37.86	43.84	14.82	40.83	37.70	30.80	(-) 24.57
6	Public Works	77.48	66.31	68.05	63.35	75.90	46.44	(-) 26.69
7	Police Receipts	59.61	54.37	45.06	67.94	64.00	96.62	42.21
8	Education	66.89	30.79	23.88	25.93	26.00	26.56	2.43
9	Medical and Public Health	52.70	50.83	57.79	49.85	55.00	71.10	42.63
10	Miscellaneous General Services	192.08	383.91	239.87	419.13	262.21	411.49	(-) 1.82
11	Power	2.25	8.05	3.39	3.67	2.89	1.53	(-) 58.31
12	Co-operation	2.50	3.16	6.09	4.03	4.76	4.62	14.64
13	Other Non-tax Receipts	1,000.40	1,141.21	425.34	930.70	1156.71	693.13	(-) 25.53
	Total	8711.24	8043.10	8367.99	14256.40	14,530.08	14,778.87	3.66

(Source: Finance Accounts for the year 2019-20 of Government of Odisha and Annual Financial Statement 2020-21)

The non-tax revenue increased by 3.66 per cent during the year 2019-20 over the previous year.

The increase in mining receipts (5.16 per cent) under the head Non-ferrous Mining and Metallurgical Industries was due to increase in price of iron ore.

1.2 Analysis of Arrears of Revenue

The arrears in revenue were ₹13,165.61 crore as on 31 March 2020 from some principal heads of revenue like OVAT, Entry Tax (ET) and Mining receipts. Out of this, ₹1,860.07 crore 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 2020	Amount outstanding for more than five years as on 31 March 2020	Replies of Department	
A-Tax Revenue					
0040- Taxes on Sales, Trade, etc. and 0042-Taxes on Goods and Passengers					
1	OVAT (including OST and CST)	7,900.72	5443.78	Department stated reasons of arrears as under:	
				• Amount covered by show cause notices and penalty	2,314.48
				• Amount stayed by Departmental Authorities/Judicial Authorities	4,939.92
				• Demands covered by tax recovery proceedings	646.32
				• Amount likely to be written off	0
2	Entry Tax (ET)	2,918.31		Department stated reasons of arrears as under:	
				• Amount covered by show cause notices and penalty	1,018.45
				• Recoveries stayed by Departmental Authorities/Judicial Authorities	1,849.21
			• Demands covered by certificate proceedings ¹	50.65	
			• Amount likely to be written off	0.0	
0041-Taxes on Vehicles					
3	Taxes on Vehicles	315.39	62.05	Department stated reasons of arrears as under:	
				• Demands covered by certificate proceedings/ tax recovery proceedings	58.36
				• Recoveries stayed by Departmental Authorities	2.41
				• Recoveries stayed in court of law	1.25
				• Other stages	0.03
0039-State Excise					
4	State Excise	78.70	--	Department stated reasons of arrears as under:	
				• Recoveries stayed by Supreme Court/ High Court	61.39
				• Demands covered by certificate proceedings/ tax recovery proceedings	11.02
				• Other stages	6.29
B-Non-Tax Revenue					
5	Mining Receipts	1,952.50	1,798.02	Department stated reasons of arrears as under:	
				• Certificate cases	6.53
				• Amount likely to be written off	2.34
				• Courts of law	1,859.26
				• Recoverable dues	84.37
	Total	13,165.62	1,860.07		

(Source: Information furnished by concerned Departments)

It can be seen from **Table 1.4** that recovery of ₹1,860.07 crore was pending for more than five years. Further, arrears worth ₹6791.54 crore (51.58 per cent) was pending under appeal cases with the departmental authorities

¹ Proceeding of a Certificate Officer for realisation of public demand

relating to OVAT, ET and Taxes on Vehicles. Similarly, ₹772.88 crore (5.87 per cent) remained pending under tax recovery proceedings on account of OVAT, ET, Taxes on vehicles, Excise duty and Mining receipts.

1.3 Arrears in Assessments

As per the provisions of the Odisha Value Added Tax (VAT) Act, 2005, every dealer shall be deemed to have been assessed to tax based on the return filed by him if no assessment is made within a period of seven years from the date of filing the return. Assessment under the Central Sales Tax (CST) Act are to be completed within four years. The details of assessment cases pending as on 31 March 2020 relating to Commercial Tax (CT) wing of Finance Department are given in **Table 1.5**.

Table 1.5: Arrears in Assessments

Head of Revenue	Opening Balance	New cases due for assessment during 2019-20	Total assessments due	Cases disposed of during 2019-20	(In numbers)	
					Balance at the end of the year	Percentage of disposal (Col. 5 to 4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
GST	0	1,764	1,764	1,128	636	63.95
Odisha Sales Tax	1,394	111	1,505	254	1,251	16.88
CST	292	204	496	244	252	49.19
VAT	444	159	603	522	81	86.57
Entry Tax	306	143	449	410	39	91.31
Profession Tax	34,471	52,063	86,534	41,600	44,934	48.07
Entertainment Tax	98	02	100	12	88	12.00

(Source: Commercial Tax wing of the Finance Department)

No specific information was furnished by the Department regarding number of assessments pending under erstwhile OST Act as on 31 March 2020.

1.4 Evasion of Tax detected by the Department

The details of cases of evasion of tax detected by the CT wing of Finance Department as on 31 March 2020 are given in **Table 1.6**.

Table 1.6: Evasion of Tax

Sl. No.	Head of Revenue	Cases pending as on 31 March 2019	Cases detected during 2019-20	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 2020
					Number of cases	Amount of demand	
1	GST	16	252	268	129	487.30	139
2	OST	26	0	26	0	0.00	26
3	ET	02	8	10	6	12.31	4
4	VAT	74	9	83	44	8.20	39
5	CST	3	1	4	1	0.04	3
Total		121	270	391	180	507.85	211

(Source: Commercial Tax wing of the Finance Department)

The Commissioner of Commercial Taxes and GST, Odisha stated (February 2021) that the evasion reports under GST was an ongoing activity and the evasion reports under erstwhile Acts would gradually diminish. Further, it was

stated that all the evasion reports were being monitored by the Commissionerate to ensure its completion within the stipulated time period.

1.5 Pendency of Refund Cases

The details of refund cases as on 31 March 2020 are given in **Table 1.7**.

Table 1.7: Details of pendency of refund Cases

Sl. No.	Particulars	(₹in crore)	
		GST/OVAT/ OST/ ET	
		No. of cases	Amount
1	Claims outstanding at the beginning of the year	364	73.11
2	Claims received during the year	2,758	580.57
	Total (1+2)	3,122	653.68
3	Refunds made during the year		
	(a) Refunds granted	1,835	304.58
	(b) Refunds rejected/ adjusted	1,078	251.32
	Total (a+b)	2,913	555.90
4	Balance outstanding at the end of the year	209	97.78

(Source: Commercial Tax wing of the Finance Department)

It can be seen from **Table 1.7** that during 2019-20, 2,913 out of 3,122 (93.31 per cent) refund cases relating to GST/OVAT/ OST/ ET were disposed.

The Department stated (February 2021) that the refunds under GST was a rolling concept. The refunds under VAT, ET were primarily arising out of set aside orders leading to re-assessment as well as pending audit assessment of the related tax period under the erstwhile Acts. The pending refund cases were being monitored regularly to ensure timely disbursement of the refund within the stipulated time period.

However, the Department did not give specific reasons for pendency and also did not provide any details of interest paid by the Government during 2019-20 incurred due to delays in refund. The Department did not also furnish the number of pending cases (including period of delay).

1.6 Response to Audit

Timely response to audit findings is one of the essential attributes of good governance as it provides assurance that the Government takes its supervisory role seriously.

1.6.1 Follow-up action on earlier Audit Reports

Serious irregularities observed in audit are included in the Reports of the Comptroller and Auditor General (CAG) of India that are presented to State Legislature. The internal working system of the Public Accounts Committee has laid down that the Departments shall submit the explanatory notes on audit paragraphs within three months of tabling the Report.

Reports of the CAG of India on Revenue Receipts/ Revenue Sector of the Government of Odisha for the years ended 31 March 2008 to 31 March 2019 containing 444 paragraphs were placed before the State Legislative Assembly between February 2009 and April 2021. The action taken explanatory notes in

respect of all the paragraphs of the Audit Reports up to the year ended March 2017 were received from departments concerned.

1.6.2 Department-wise details of Inspection Reports

The Department-wise details of Inspection Reports (IRs) and audit observations outstanding as on 30 June 2020 including the money value of revenue receipts involved are mentioned in **Table 1.8(a)** and **1.8(b)**.

Table 1.8 (a): Department-wise details of IRs (Revenue Receipts)

(₹ in crore)

Sl. No.	Name of the Department	Nature of Receipts	Number of outstanding IRs	Number of outstanding audit observations	Money Value involved
1	Finance (CT)	OVAT including OST/ CST	787	1,640	2,183.55
		GST	37	68	84.73
		Entry Tax	294	461	726.98
		Professional Tax	22	24	15.99
		Entertainment Tax	3	3	2.30
2	Excise	State Excise	261	828	813.95
3	Revenue and Disaster Management	Stamp Duty and Registration Fee	632	1,341	731.61
4	Steel and Mines	Mining Receipts	170	455	18,736.53
5	Commerce and Transport	Taxes on Vehicles, Goods and Passengers	366	1,906	101.03
Total			2,572	6,726	23,396.67

{Source: Records of the Pr. Accountant General (Audit-II)}

Audit observations under OVAT including OST/ CST, GST, Entry Tax, Professional Tax and Entertainment Tax receipts relating to under assessment of tax, acceptance of defective statutory forms, evasion of tax due to suppression of sales/ purchase and irregular, incorrect allowance of input tax credit *etc.* were part of the inspection reports.

Under Mining Receipts, 455 outstanding audit observations relating to non-assessment of royalty on shortage of minerals, non-realisation of dead rent along with interest, loss of revenue on illegal extraction/ removal of ore, evasion of royalty due to unlawful extraction of minerals *etc.* were part of the inspection reports.

Table 1.8 (b): Department-wise details of IRs (Expenditure)

(₹ in crore)

Sl. No.	Name of the Department	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
1	Finance (CT)	123	188	5.14
2	Excise	40	181	2.61
3	Revenue and Disaster Management (Registration)	59	390	1.61
4	Steel and Mines	7	82	43.34
5	Commerce and Transport (Transport)	98	333	65.84
Total		327	1,174	118.54

{Source: Records of the Pr. Accountant General (Audit-II)}

1.6.3 Response to Inspection Reports

Periodical inspections of the Government departments were conducted by the Pr. Accountant General (Audit-II), Odisha (PAG). The purpose of such inspection was to seek an assurance about compliance to various Rules/ Regulations and procedures through test check of the transactions. Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot were issued to the heads of the offices inspected. Copies of Audit observations in IRs were issued to the next higher authorities for taking prompt corrective action. The Heads of Offices/ Government were required to promptly comply with the observations contained in the IRs, rectify the defects and omissions. The compliance was to be reported through initial reply within one month from the date of issue of the IRs. Serious financial irregularities were reported to the heads of the Department and the Government.

Inspection Reports issued up to December 2019 disclosed that 7,900 paragraphs of 2,899 IRs involving ₹23,515.21 crore remained outstanding at the end of June 2020, details for the past three years are mentioned in **Table 1.9**.

Table 1.9: Details of IRs pending for settlement

	June 2018	June 2019	June 2020
Number of IRs pending for settlement	3,261	3,383	2,899
Number of outstanding audit observations	7,775	8,602	7,900
Amount involved (₹ in crore)	24,236.15	25,042.16	23,515.21

{Source: Records of the Pr. Accountant General (Audit-II)}

Audit did not receive even the first reply in respect of 150 IRs issued during 2019-20 from the heads of offices within one month from the date of issue of the IRs as of June 2020. Pendency of IRs due to non-receipt of first replies indicates lack of concern of the respective Authorities on action required for rectification of defects, omissions and irregularities as pointed out by Audit.

1.6.4 Departmental Audit Committee Meeting

The Government had set up audit committees to monitor and expedite the progress of settlement of IRs and paragraphs contained therein. The details of audit committee meetings held during the year 2019-20 and the paragraphs settled are mentioned in **Table 1.10**.

Table 1.10: Details of Departmental Audit Committee Meetings

Sl. No.	Name of the Department	Number of meetings held	Number of Paras settled	(₹ in crore)
				Amount
1	Finance (CT)	17	513	342.16
2	Commerce and Transport (Transport)	2	31	5.92
3	Excise	1	47	101.59
4	Revenue and Disaster Management (Registration)	13	106	0.35
5	Steel and Mines	7	118	436.51
Total		40	815	886.53

{Source: Records of the Pr. Accountant General (Audit-II)}

1.6.5 Constraints in Audit

The programme of local audit of Tax Revenue/ Non-Tax Revenue offices was drawn up in advance. The intimations were issued usually one month before the commencement of audit to the Departments to enable them to keep the relevant records ready for audit scrutiny.

During the year 2019-20, as many as 599 assessment files, returns, refund registers and other relevant records involving tax effect of ₹1,295.47 crore were not made available to audit for scrutiny. Details of these cases are given in **Table 1.11**.

Table 1.11: Details of non-production of records

(₹in crore)

Name of the Department	Type of Tax/ Non-tax revenue	Year in which it was to be audited	Number of cases not audited due to non-production of records to Audit	Tax Amount
Finance (CT)	VAT on sales, trade, etc.	Up to 2018-19	226	706.79
		2019-20	369	588.68
Commerce & Transport	Motor vehicles tax	2018-19	4	0
Total			599	1,295.47

{Source: Records of the Pr. Accountant General (Audit-II)}

There was no case of non-production of records in other Departments.

1.6.6 Response of Departments to Draft Audit Paragraphs

The Draft Audit Paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India were forwarded by the Pr.Accountant General to the Principal Secretaries/ Secretaries of the concerned Departments drawing their attention to audit findings. They were also requested to send their response within six weeks. In some cases, the draft audit paragraphs were included without the replies of the Department/ Government as replies to the paragraphs were not received from the concerned Departments.

Audit forwarded 27 draft paragraphs to the Principal Secretaries/ Secretaries of the respective Departments between April and July 2020. The Principal Secretaries/ Secretaries of the concerned Departments did not send replies to 27 draft paragraphs² and those paras have been included in this Report without their response.

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

The system of addressing the issues highlighted in the IRs/ Audit Reports by the Departments/ Government in respect of Steel and Mines Department was evaluated. The evaluation was on action taken on the paragraphs and Performance Audits included in the Audit Reports in the last 10 years.

² Finance (CT)-10, State Excise-4, Revenue and Disaster Management-6, Commerce and Transport(Transport)-1 and Steel and Mines - 6

1.7.1 Position of Inspection Reports

The summarised position of the IRs issued during the last five years, paragraphs included in these reports and their status as on 31 March 2020 are given in **Table 1.12**.

Table 1.12: Position of Inspection Reports

(₹ in crore)

Sl. No.	Year	Opening balance			Addition during the year			Clearance during the year			Closing balance		
		IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
1	2015-16	222	675	56740.12	47	142	9582.89	39	136	3763.77	230	681	62559.24
2	2016-17	230	681	62559.24	44	134	3811.15	18	57	2005.97	256	758	64364.42
3	2017-18	256	758	64364.42	31	128	18250.41	23	60	50783.31	264	826	31831.52
4	2018-19	264	826	31831.52	15	89	1112.25	13	89	973.89	266	826	31969.88
5	2019-20	266	826	31969.88	9	67	1018.79	21	155	10039.94	254	738	22948.73

{Source: Data maintained in the office of the Pr. Accountant General (Audit-II)}

Audit observations under Steel and Mines Department relates to non-assessment of royalty on shortage of minerals, non-realisation of dead rent along with interest, loss of revenue on illegal extraction/ removal of ore, evasion of royalty due to unlawful extraction of minerals *etc.*

The Government arranged meetings every year between Steel and Mines Department and PAG's office to settle the old paragraphs. During 2019-20, Department held seven Audit Committee Meetings in which 118 paras with money value of ₹436.51 crore were settled. Considering the pendency, more and sustained concerted action needs to be taken to settle the remaining observations by taking remedial actions to address the concerns raised by Audit.

1.7.2 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Steel and Mines Department and the amount recovered have been mentioned in **Table 1.13**.

Table 1.13: Details of recovery of accepted cases

(₹ in crore)

Year of the Audit Report	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	Amount recovered during the year	Cumulative position of recovery of accepted cases as on 31 March 2020
2009-14	24 paras + 1 PA	7501.05	14 paras + 1 PA	989.43	149.07	149.07
2014-15	1 para + 1 PA	691.29	1 para + 1 PA	691.29	0.82	149.89
2015-16	2	150.07	2	150.07	27.68	177.57
2016-17	3 paras + 1 PA	124.46	3 paras + 1 PA	124.46	--	177.57
2017-18	3	114.70	3	114.70	0.40	177.97
2018-19	1	164.03	1	164.03	1.39	179.36

{Source: Data maintained in the office of the Pr. Accountant General (Audit-II) and compliance notes furnished by the Government of Odisha}

It is seen from the above table that during last 10 years, the total recovery was ₹179.36 crore which was only 8.03 *per cent* of ₹2,233.98 crore accepted money value of paragraphs. The progress of recovery even in the accepted cases was very poor in each year. The recovery of accepted cases was to be

pursued as arrears recoverable from the concerned lessees, mechanism for pursuance of the accepted cases by the Department/ Government was not adequate, which is required to be strengthened to ensure timely action in all such cases.

1.8 Audit Planning

The unit offices under various Departments have been categorised into high, medium and low risk units according to their revenue position, past trends of the audit observations and other parameters. The annual audit plan was prepared on the basis of risk analysis which included critical issues in Government revenue and tax administration.

During the year 2019-20, out of 535 auditable units³, 199 units were planned for audit. However, 191 units were audited which constituted 35.70 per cent of the total auditable units.

1.9 Results of Audit

Position of local audit conducted during the year

Audit test checked records in 131 out of 363 units under five Departments⁴ relating to VAT, Entry Tax, Goods and Services Tax, State Excise Duty, Stamp Duty and Registration Fees, Motor Vehicles Tax, Mining Receipts and other Non-Tax receipts during the year 2019-20. Under-assessment/ short levy/ loss of revenue aggregating to ₹1,592.96 crore in 27,077 cases was observed. Departments concerned accepted under-assessment and other deficiencies worth ₹1,521.79 crore involving 26,475 cases, pointed out in audit during the year. An amount of ₹67 lakh was realised in 81 cases pertaining to audit findings of 2019-20 and ₹518.03 crore was realised in 365 cases pertaining to audit findings of previous years.

Similarly, Audit test checked expenditure records in 131 units of these five Departments during the year 2019-20. Irregular expenditure/ payment amounting to ₹17.47 crore in 401 cases were noticed. The Departments concerned accepted irregularities of ₹19 lakh in 154 cases pointed out in 2019-20. An amount of ₹87 lakh was realised in 16 cases pertaining to audit findings of previous years.

1.10 Coverage of this Report

This Report contains 27 paragraphs selected from the audit findings detected during the local audit carried out in 2019-20 and in earlier years, which could not be included in previous reports.

The financial effect of the paragraphs of this part of the report was ₹579.22 crore. The Government has accepted audit observations involving ₹98.94 crore

³ 535 units includes Finance (CT)-58, State Excise-37, Revenue and Disaster Management-188, Commerce & Transport (Transport)-76, Steel & Mines Department-43 and Forest and Environment Department-133

⁴ Finance (CT), State Excise, Revenue and Disaster Management, Commerce and Transport (Transport) and Steel and Mines Department

out of which ₹60 lakh had been recovered. The replies to the paragraphs involving ₹480.28 crore have not been received (September 2021). These are discussed in succeeding Chapters II to VI.

Recommendations:

- 1. The Departments need to review the status of recovery of arrears in revenue periodically. Arrears worth ₹6,791.54 crore (51.58 per cent) pending under appeal cases with the departmental authorities are under control of the Government and could be expedited.**
- 2. The Department may consider disposal of long pending 26 cases of OST as this matter had been reported upon in Audit Reports since 2014.**
- 3. The Departments may expedite timely disposal of refund cases with special focus on claims outstanding at the beginning of year.**
- 4. The Government may consider advising the departments concerned to make audit committee meeting mechanism effective by increasing frequency of these meetings and expedite discussions for taking necessary remedial action.**
- 5. The Government may take appropriate action to recover the outstanding amount of accepted cases on priority.**
- 6. It is the statutory obligation of the officer-in-charge of the auditable entity to comply with requests by Audit for data, information and documents whether in advance or during the course of audit and within the time specified. Government may ensure that responsible departmental officers invariably produce records to Audit failing which appropriate action must be taken against them.**