

***CHAPTER-I***  
***GENERAL***



## CHAPTER I: GENERAL

### 1.1 Trend of revenue receipts

**1.1.1** The tax and non-tax revenue raised by the Government of Haryana, the State's share of net proceeds of divisible Union taxes and duties assigned to States and Grants-in-aid received from the Government of India (GoI) during the year 2020-21 and the corresponding figures for the preceding four years are depicted below:-

**Table 1.1.1: Trend of revenue receipts**

(₹ in crore)

| Sr. No.   | Particulars                                                     | 2016-17          | 2017-18          | 2018-19          | 2019-20          | 2020-21 <sup>1</sup>   |
|-----------|-----------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------------|
| <b>1.</b> | <b>Revenue raised by the State Government</b>                   |                  |                  |                  |                  |                        |
|           | Tax revenue                                                     | 34,025.69        | 41,099.38        | 42,581.34        | 42,824.95        | 41,913.80              |
|           | Non-tax revenue                                                 | 6,196.09         | 9,112.85         | 7,975.64         | 7,399.74         | 6,961.49               |
|           | <b>Total</b>                                                    | <b>40,221.78</b> | <b>50,212.23</b> | <b>50,556.98</b> | <b>50,224.69</b> | <b>48,875.29</b>       |
| <b>2.</b> | <b>Receipts from the Government of India</b>                    |                  |                  |                  |                  |                        |
|           | Share of net proceeds of divisible Union taxes and duties       | 6,597.47         | 7,297.52         | 8,254.60         | 7,111.53         | 6,437.59 <sup>2</sup>  |
|           | Grants-in-aid                                                   | 5,677.57         | 5,185.12         | 7,073.54         | 10,521.91        | 12,248.13 <sup>3</sup> |
|           | <b>Total</b>                                                    | <b>12,275.04</b> | <b>12,482.64</b> | <b>15,328.14</b> | <b>17,633.44</b> | <b>18,685.72</b>       |
| <b>3.</b> | <b>Total revenue receipts of the State Government (1 and 2)</b> | <b>52,496.82</b> | <b>62,694.87</b> | <b>65,885.12</b> | <b>67,858.13</b> | <b>67,561.01</b>       |
| <b>4.</b> | <b>Percentage of 1 to 3</b>                                     | <b>76.62</b>     | <b>80.09</b>     | <b>76.74</b>     | <b>74.01</b>     | <b>72.34</b>           |

(Source: Finance Accounts)

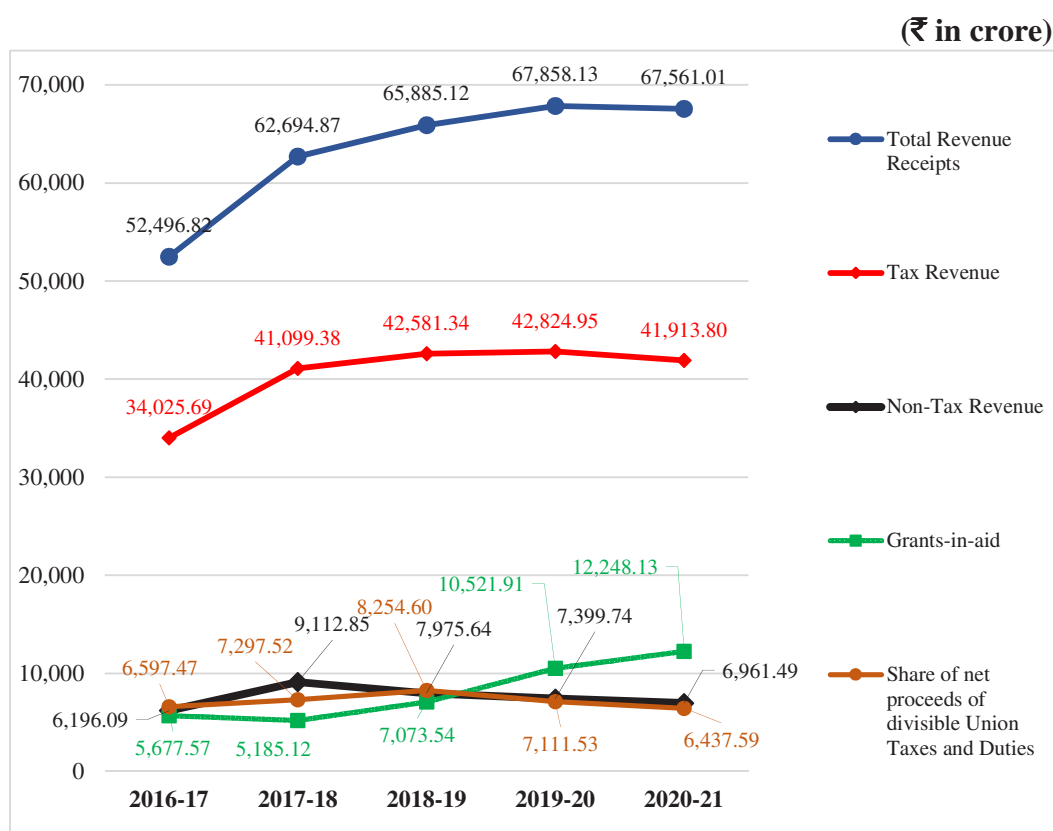
<sup>1</sup> Finance Accounts of the State Government.

<sup>2</sup> This includes amount of ₹ 1,907.46 crore received from Government of India as share of Central Goods and Services Tax.

<sup>3</sup> This includes amount of ₹ 5,065.81 crore received from Government of India as compensation for loss of revenue arising out of implementation of Goods and Services Tax.

The trend in revenue receipts during 2016-17 to 2020-21 is depicted in the **Chart 1.1**.

**Chart 1.1 (Trend of revenue receipts)**



(Source: Finance Accounts)

During the year 2020-21, the revenue raised by the State Government (₹ 48,875.29 crore) was 72.34 per cent of the total revenue receipts. The balance 27.66 per cent of the receipts during the year 2020-21 was from the GoI as State's share of net proceeds of divisible Union taxes and duties and of grants-in-aid.

The percentage of revenue receipts of the State Government from its own resources to total revenue receipts showed an increasing trend from 2016-17 (76.62 per cent) to 2017-18 (80.09 per cent). Thereafter, for the year 2018-19 to 2020-21, it decreased from 76.74 to 72.34 per cent.

1.1.2 The details of tax revenue raised during the period 2016-17 to 2020-21 are given in the Table below:-

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

(₹ in crore)

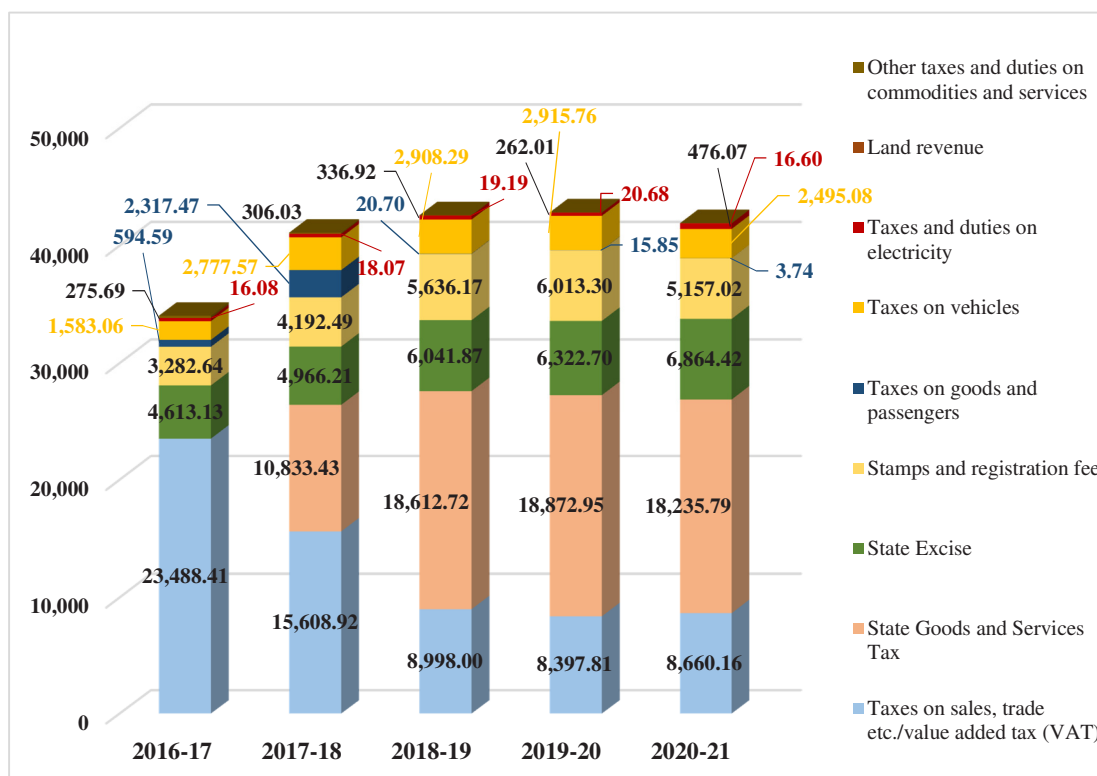
| Sr. No | Head of revenue                                       | 2016-17                               | 2017-18                               | 2018-19                               | 2019-20                               | 2020-21                              | Percentage of increase (+) or decrease (-) of Actuals of 2020-21 over actuals of 2019-20 |
|--------|-------------------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|------------------------------------------------------------------------------------------|
|        |                                                       | Actual (percentage to total receipts) | Actual (percentage to total receipts) | Actual (percentage to total receipts) | Actual (percentage to total receipts) | Actual (percentage to total receipt) |                                                                                          |
| 1.     | Taxes on sales, trade etc./value added tax (VAT)      | 23,488.41<br>(69.03)                  | 15,608.92<br>(37.98)                  | 8,998.00<br>(21.31)                   | 8,397.81<br>(19.61)                   | 8,660.16<br>(20.66)                  | 3.12                                                                                     |
|        | State Goods and Services Tax (SGST)                   |                                       | 10,833.43<br>(26.36)                  | 18,612.72<br>(43.71)                  | 18,872.95<br>(44.07)                  | 18,235.79<br>(43.50)                 | (-) 3.38                                                                                 |
| 2.     | State Excise                                          | 4,613.13<br>(13.56)                   | 4,966.21<br>(12.08)                   | 6,041.87<br>(14.19)                   | 6,322.70<br>(14.76)                   | 6,864.42<br>(16.38)                  | 8.57                                                                                     |
| 3.     | Stamps and registration fee                           | 3,282.64<br>(9.65)                    | 4,192.49<br>(10.20)                   | 5,636.17<br>(13.23)                   | 6,013.30<br>(14.04)                   | 5,157.02<br>(12.30)                  | (-) 14.24                                                                                |
| 4.     | Taxes on goods and passengers                         | 594.59<br>(1.75)                      | 2,317.47<br>(5.64)                    | 20.70<br>(0.05)                       | 15.85<br>(0.04)                       | 3.74<br>(0.01)                       | (-) 76.40                                                                                |
| 5.     | Taxes on vehicles                                     | 1,583.06<br>(4.65)                    | 2,777.57<br>(6.76)                    | 2,908.29<br>(6.83)                    | 2,915.76<br>(6.81)                    | 2,495.08<br>(5.95)                   | (-) 14.43                                                                                |
| 6.     | Taxes and duties on electricity                       | 275.69<br>(0.81)                      | 306.03<br>(0.74)                      | 336.92<br>(0.79)                      | 262.01<br>(0.61)                      | 476.07<br>(1.14)                     | 81.70                                                                                    |
| 7.     | Land revenue                                          | 16.08<br>(0.05)                       | 18.07<br>(0.04)                       | 19.19<br>(0.05)                       | 20.68<br>(0.05)                       | 16.60<br>(0.04)                      | (-) 19.73                                                                                |
| 8.     | Other taxes and duties on commodities and services    | 172.09<br>(0.51)                      | 79.19<br>(0.19)                       | 7.48<br>(0.02)                        | 3.89<br>(0.01)                        | 4.92<br>(0.01)                       | 26.48                                                                                    |
|        | <b>Total</b>                                          | <b>34,025.69</b>                      | <b>41,099.38</b>                      | <b>42,581.34</b>                      | <b>42,824.95</b>                      | <b>41,913.80</b>                     | <b>(-) 2.13</b>                                                                          |
|        | % increase over previous year                         | <b>10.01</b>                          | <b>20.79</b>                          | <b>3.61</b>                           | <b>0.57</b>                           | <b>(-) 2.13</b>                      |                                                                                          |
|        | Overall average growth and growth rate for five years |                                       |                                       |                                       |                                       |                                      | <b>40,489.03<br/>(6.57)</b>                                                              |

(Source: Finance Accounts)

The year-wise trend of various tax revenues is depicted in **Chart 1.2**.

**Chart 1.2: Details of Tax Revenue raised**

(₹ in crore)



(Source: Finance Accounts)

Tax revenue increased by ₹ 7,888.11 (23.18 per cent) crore during the years 2016-17 to 2020-21 with an average rate of growth 5.71 per cent. However, there was a negative growth of 2.13 per cent in 2020-21.

The respective Departments reported the following reasons for the variations:

- **State Excise:** State Excise has increased to ₹ 6,864.42 crore in 2020-21 against ₹ 6,322.70 crore in 2019-20 due to higher receipt on foreign liquor and fines.
- **Stamps and Registration Fee:** Stamps and Registration Fee have decreased to ₹ 5,157.02 crore in 2020-21 against ₹ 6,013.30 crore in 2019-20 due to lower receipt on account of lower sale of Non-Judicial Stamps.
- **Taxes on vehicles:** Taxes on vehicles has decreased to ₹ 2,495.08 crore in 2020-21 against ₹ 2,915.76 crore in 2019-20 which was lower receipts on account of COVID-19.
- **Taxes and duties on Electricity:** Taxes and duties on Electricity have increased to ₹ 476.07 crore in 2020-21 from ₹ 262.01 crore in 2019-20 due to higher receipt on consumption of electricity.
- **Land Revenue:** Land Revenue has decreased to ₹ 16.60 crore in 2020-21 against ₹ 20.68 crore in 2019-20 due to lower recoveries against the following:

Kisan Pass Book, overpayments, copying and Inspection fee of patwaris records, Revenue Talbana and fines and forfeitures of revenue department.

1.1.3 The details of non-tax revenue raised during 2016-17 to 2020-21 are indicated in the Table below:

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

(₹ in crore)

| Sr. No.      | Head of revenue                                 | 2016-17                               | 2017-18                               | 2018-19                               | 2019-20                               | 2020-21                               | Percentage of increase (+) or decrease (-) of Actuals of 2020-21 over actuals of 2019-20 |
|--------------|-------------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------------------------------------------------------------|
|              |                                                 | Actual (percentage to total receipts) | Actual (percentage to total receipts) | Actual (percentage to total receipts) | Actual (percentage to total receipts) | Actual (percentage to total receipts) |                                                                                          |
| 1.           | Interest Receipts                               | 2,309.79<br>(37.28)                   | 2,227.82<br>(24.45)                   | 1,953.84<br>(24.50)                   | 1,974.86<br>(26.69)                   | 1,561.74<br>(22.43)                   | (-) 20.92                                                                                |
| 2.           | Road Transport                                  | 1,265.13<br>(20.42)                   | 1,279.66<br>(14.04)                   | 1,196.64<br>(15.00)                   | 1,114.51<br>(15.06)                   | 585.38<br>(8.41)                      | (-) 47.48                                                                                |
| 3.           | Education, Sports, Art and Culture              | 640.48<br>(10.34)                     | 674.03<br>(7.40)                      | 272.17<br>(3.41)                      | 457.94<br>(6.19)                      | 595.47<br>(8.55)                      | 30.03                                                                                    |
| 4.           | Urban Development                               | 599.00<br>(9.67)                      | 2,861.45<br>(31.40)                   | 2,315.60<br>(29.03)                   | 1,855.51<br>(25.08)                   | 1,953.92<br>(28.06)                   | 5.30                                                                                     |
| 5.           | Non-ferrous mining and metallurgical industries | 496.95<br>(8.02)                      | 712.87<br>(7.82)                      | 583.20<br>(7.31)                      | 702.25<br>(9.49)                      | 1,020.95<br>(14.67)                   | 45.38                                                                                    |
| 6.           | Major and medium irrigation                     | 113.43<br>(1.83)                      | 132.43<br>(1.45)                      | 164.19<br>(2.06)                      | 171.74<br>(2.32)                      | 209.67<br>(3.01)                      | 22.09                                                                                    |
| 7.           | Police                                          | 109.11<br>(1.76)                      | 128.69<br>(1.41)                      | 176.96<br>(2.22)                      | 179.84<br>(2.43)                      | 53.51<br>(0.77)                       | (-) 70.25                                                                                |
| 8.           | Other administrative services                   | 105.66<br>(1.71)                      | 165.37<br>(1.81)                      | 159.93<br>(2.01)                      | 107.89<br>(1.46)                      | 65.62<br>(0.94)                       | (-) 39.18                                                                                |
| 9.           | Forestry and wildlife                           | 55.38<br>(0.89)                       | 33.10<br>(0.36)                       | 28.53<br>(0.36)                       | 23.07<br>(0.31)                       | 19.97<br>(0.29)                       | (-) 13.44                                                                                |
| 10.          | Miscellaneous General Services <sup>4</sup>     | 31.54<br>(0.51)                       | 251.50<br>(2.76)                      | 166.03<br>(2.08)                      | 62.96<br>(0.85)                       | 131.69<br>(1.89)                      | 109.16                                                                                   |
| 11.          | Medical and public health                       | 31.17<br>(0.50)                       | 189.34<br>(2.08)                      | 195.70<br>(2.45)                      | 171.89<br>(2.32)                      | 197.19<br>(2.83)                      | 14.72                                                                                    |
| 12.          | Other non-tax receipts                          | 438.45<br>(7.08)                      | 456.59<br>(5.01)                      | 762.85<br>(9.56)                      | 577.28<br>(7.80)                      | 566.38 <sup>5</sup><br>(8.14)         | (-) 1.88                                                                                 |
| <b>Total</b> |                                                 | <b>6,196.09</b>                       | <b>9,112.85</b>                       | <b>7,975.64</b>                       | <b>7,399.74</b>                       | <b>6,961.49</b>                       | <b>(-) 5.92</b>                                                                          |

(Source: Finance Accounts)

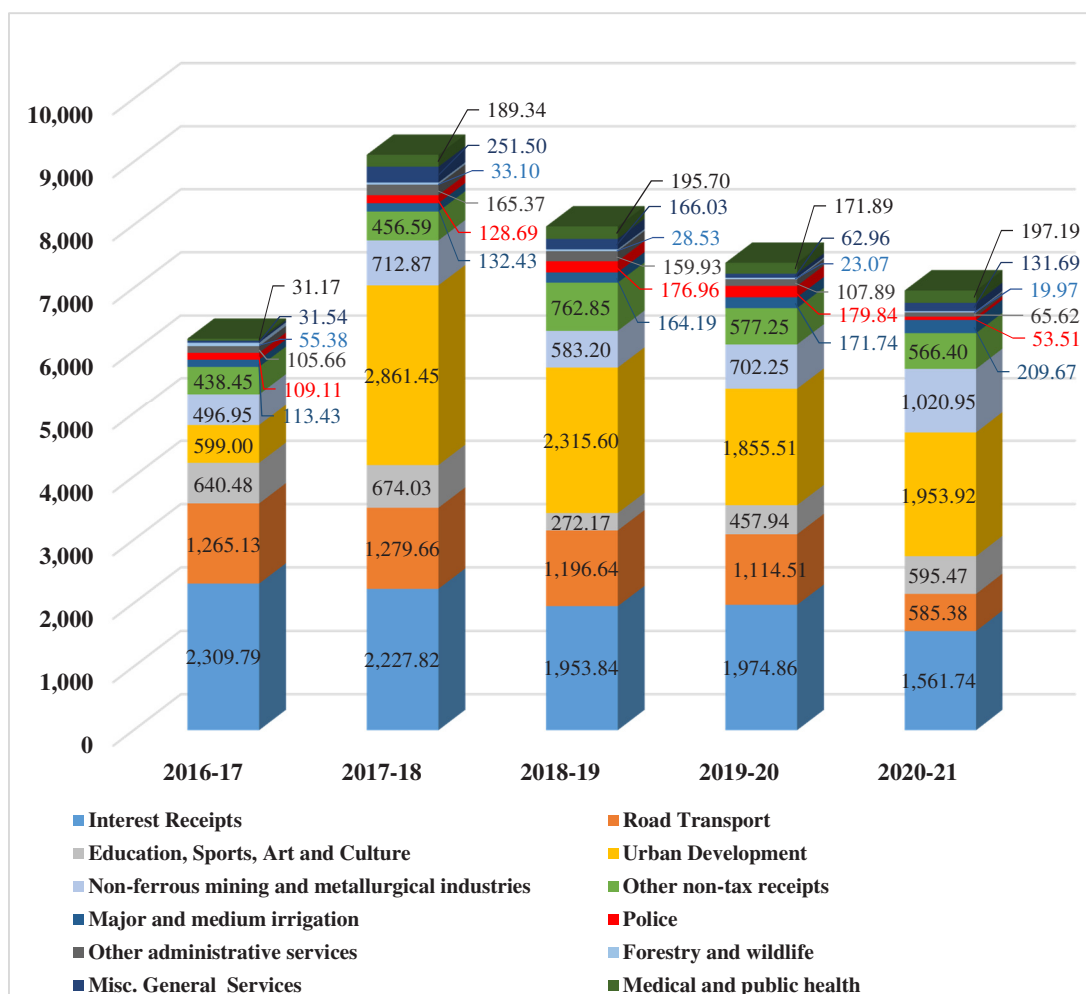
<sup>4</sup> Unclaimed deposits, State Lotteries, Sales of land and property, Guarantee Fee and other receipts.

<sup>5</sup> Dividend and Profit- ₹ 163.14 crore, Public services Commission- ₹ 16.29 crore, Public work- ₹ 27.47 crore, Contribution and recoveries towards pension- ₹ 38.10 crore, Water supply and sanitation- ₹ 69.68 crore, Labour and employment- ₹ 41.84 crore, Social Security and Welfare- ₹ 78.66 crore, Animal Husbandry- ₹ 4.03 crore, Other rural development programs- ₹ 8.47 crore, Road and bridge- ₹ 27.87 crore, Other scientific research- ₹ 0.02 crore, Jail - ₹ 1.16 crore, Supplies and disposal- ₹ 1.26 crore, Stationers and printing- ₹ 2.01 crore, Family Welfare - ₹ 0.05 crore, Housing- ₹ 6.28 crore, Information and publication- ₹ 0.17 crore, Other Social Services- ₹ 4.97 crore, Crop-Husbandry- ₹ 25.78 crore, Dairy development - ₹ 0.04 crore, Fisheries- ₹ 2.86 crore, Food Storage and Warehousing- ₹ 0.16 crore, Cooperation- ₹ 9.67 crore, Other Agricultural programme- ₹ 1.41 crore, Land reform- ₹ 0.01 crore, New renewable energy- ₹ 0.06 crore, Village and small industries- ₹ 1.34 crore, Industries- ₹ 0.08 crore, Civil Aviation- ₹ 8.79 crore, Tourism- ₹ 1.75 crore, Other General Economic Services- ₹ 22.95 crore, Minor irrigation ₹ 0.01 crore.

The year-wise trend of various non-tax revenues is depicted in **Chart 1.3**.

**Chart 1.3: Details of Non-Tax Revenue raised**

(₹ in crore)



(Source: Finance Accounts)

There was a decrease of 5.92 per cent in actual receipts during 2020-21 over actual receipts of 2019-20. Interest receipts (22.43 per cent), Urban Development (28.06 per cent) and Non-ferrous mining and metallurgical industries (14.67 per cent) are main contributors to non-tax revenue and as a whole contribute 65.16 per cent to total non-tax revenue. However, non-tax revenue decreased from 2019-20 to 2020-21 due to decrease in receipts of interest receipts and Road Transport.

The concerned departments attributed the following reasons for variations:-

- **Interest Receipts:** Interest receipts decreased to ₹ 1,561.74 crore during 2020-21 compared to ₹ 1,974.86 crore in 2019-20 which was due to less receipt from Public Sector and Departmental Undertakings.
- **Road Transport:** The decrease in actual receipts in 2020-21 (47.48 per cent) over 2019-20 was due to less receipt on Haryana Roadways due to



decrease in number of buses and curtailed operation of buses due to COVID-19.

- **Education, Sports, Art and Culture:** The increase in actual receipts in 2020-21 (30.03 *per cent*) over 2019-20 was due to more receipts from Secondary Education.
- **Non-Ferrous Mining and Metallurgical Industries:** The increase in actual receipts in 2020-21 (45.38 *per cent*) over 2019-20 was due to more receipts from Mineral concession fees, rents, royalties and effective recovery of dues and regular checking of illegal mining and recovery of penalty from persons found indulging in illegal mining.
- **Major and Medium Irrigation:** The increase in actual receipts in 2020-21 (22.09 *per cent*) over 2019-20 was due to recovery of outstanding arrears of previous year and efforts of the department for mobilization of resources.
- **Police:** The decrease in actual receipts in 2020-21 (70.25 *per cent*) over 2019-20 was due to impact of COVID-19 pandemic on collection of revenue receipts under all sub heads<sup>6</sup>.
- **Forestry and Wildlife:** The decrease in actual receipts in 2020-21 (13.44 *per cent*) over 2019-20 was primarily due to reduction in the activity of the production wing of the Department.

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

## 1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2021 in some principal heads of revenue was ₹ 35,166.11 crore, of which ₹ 5,848.55 crore was outstanding for more than five years as depicted in Table 1.2:

<sup>6</sup> Police supplied to other Governments, Police supplied to other parties, Fee, Fines and Forfeitures, receipts under Arms Act, Receipts of State Headquarters Police and Other Receipts Recovery of payment.

Table 1.2: Arrears of Revenue

(₹ in crore)

| Sr. No. | Heads of revenue                                                                      | Amount outstanding as on 31 March 2021 | Amount outstanding for more than five years as on 31 March 2021 | Replies of Department                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------|---------------------------------------------------------------------------------------|----------------------------------------|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.      | Taxes on sales, trade/VAT etc.                                                        | 32,716.78                              | 4,907.54                                                        | Recovery of ₹ 1,924.36 crore was stayed by the Honourable High Court and other judicial authorities and ₹ 1,227.36 crore was stayed by order of Government. Recovery of ₹ 96.90 crore was held on due to the dealers becoming insolvent, ₹ 130.44 crore was likely to be written off and ₹ 3,488.18 crore was held up due to rectification/review/ application. Recovery of arrears of ₹ 2,928.87 crore was pending on account of cases pending in court and ₹ 3,094.25 crore was pending on account of non-recovery by the department due to other reasons. Recovery of ₹ 1,655.15 crore was pending with official Liquidator/Board of Industrial and Financial Reconstruction (BIFR). Inter State arrears were ₹ 1,802.87 crore and Inter districts arrears were ₹ 84.99 crore. Recovery of ₹ 0.16 crore was being made in instalments. Balance amount of ₹ 16,283.25 crore was at other stages of action. |
| 2.      | State Excise                                                                          | 436.39                                 | 190.42                                                          | Recovery of ₹ 9.49 crore was stayed by Honourable High Court and other judicial authorities and ₹ 1.43 crore was stayed by order of Government. Rupees 0.89 crore was likely to be written off. Rupees 111.08 crore was due to inter-State and inter-districts arrears. Recovery of ₹ 22.27 crore was being made in instalments. Balance of ₹ 291.23 crore was outstanding at different stages of action.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 3.      | Taxes and duties on electricity                                                       | 364.60                                 | 184.75                                                          | ₹ 363.60 crore was pending towards consumers of Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL)/Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) and ₹ 1.00 crore was pending against M/S Haryana Concast, Hisar.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 4.      | Tax on entry of goods into local areas (Local Area Development Tax)                   | 206.44                                 | 197.17                                                          | Recovery of ₹ 152.86 crore was stayed by Honourable High Court and other judicial authorities, ₹ 0.11 crore was pending on account of cases in court and ₹ 53.47 crore was outstanding at other stages of action.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 5.      | Police                                                                                | 128.86                                 | 40.91                                                           | Amount of ₹ 7.37 crore was due from Indian Oil Corporation Limited (IOCL) up to 31 March 2007. The matter of recovery from IOCL in Haryana State was pending at the level of State Government. Rupees 0.29 crore was recoverable from Bhakra Beas Management Board, Faridabad and ₹ 121.20 crore was recoverable from other States for election duties and Law and Order duty in other States.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 6.      | Other taxes and duties on commodities and services – Receipts from Entertainment duty | 11.77                                  | 11.77                                                           | Recovery of ₹ 3.18 crore was stayed by the Honourable High Court and other judicial authorities. Balance amount of ₹ 8.59 crore was outstanding at other stages of action.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 7.      | Non-ferrous mining and metallurgical industries                                       | 1,301.27                               | 315.99                                                          | Rupees 564.75 crore was outstanding on account of demand covered by recovery certificate, ₹ 0.55 crore was stayed by Honourable High Court and Judicial authorities. ₹ 0.39 crore was likely to be written off and ₹ 12.88 crore was pending on account of cases pending in court. Rupees 486.80 crore was pending on account of non-recovery by the department due to other reasons. Interstate arrears were ₹ 14.03 crore and inter district arrears were ₹ 221.85 crore. Recovery of ₹ 0.02 crore was being made in instalments.                                                                                                                                                                                                                                                                                                                                                                          |
|         | <b>Total</b>                                                                          | <b>35,166.11</b>                       | <b>5,848.55</b>                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

(Source: Departmental figures)

### 1.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment during the year, cases disposed of during the year and number of cases pending for finalisation at the end of the year as furnished by the Excise and Taxation Department in respect of Sales Tax/VAT is depicted below:-

**Table 1.3: Arrears in Assessments**

| Head of revenue                 | Year    | Opening balance | New cases due for assessment during the year | Total assessments due | Cases disposed of during the year | Balance at the end of the year | Percentage of disposal (col. 6 to 5) |
|---------------------------------|---------|-----------------|----------------------------------------------|-----------------------|-----------------------------------|--------------------------------|--------------------------------------|
| 1                               | 2       | 3               | 4                                            | 5                     | 6                                 | 7                              | 8                                    |
| Taxes on sales, trade etc./ VAT | 2019-20 | 2,96,685        | 31,594                                       | 3,28,279              | 2,92,709                          | 35,570                         | 89                                   |
|                                 | 2020-21 | 35,570          | 3,606                                        | 39,176                | 34,140                            | 5,036                          | 87                                   |

(Source: Departmental figures)

The number of cases pending at the end of the year 2020-21 has decreased. It is further observed that percentage of disposal of cases was at 87 per cent.

### 1.4 Evasion of tax detected by the Department

Under Section 29 to 31 of the HVAT Act, 2003, Department inspects business premises to detect tax evasion. Further, the Department conducts survey in business premises to identify the new taxpayers in the ambit. Besides this, road side checking is also a tool to detect the tax evasion during goods in transit.

The details of cases of evasion of tax detected by the Excise and Taxation Department, cases finalised and the demands for additional tax raised as reported by the Department are given in the Table below:-

**Table 1.4: Evasion of Tax**

| Sr. No.      | Head of revenue                 | Cases pending as on 31 March 2020 | Cases detected during 2020-21 | 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 2021 |
|--------------|---------------------------------|-----------------------------------|-------------------------------|--------------|------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------------------------------------------|
|              |                                 |                                   |                               |              | Number of cases                                                                                            | Amount of demand (₹ in crore) |                                                              |
| 1.           | Taxes on sales, trade etc./ VAT | 1                                 | 114                           | 115          | 115                                                                                                        | 0.84                          | 0                                                            |
| 2.           | State excise                    | 290                               | 1,662                         | 1,952        | 1,820                                                                                                      | 20.87                         | 132                                                          |
| <b>Total</b> |                                 | <b>291</b>                        | <b>1,776</b>                  | <b>2,067</b> | <b>1,935</b>                                                                                               | <b>21.71</b>                  | <b>132</b>                                                   |

(Source: Departmental figures)

The number of cases pending at the end of the year has decreased in respect of State Excise as compared to the number of cases pending at the beginning of 2020-21 and in respect of Taxes on sales, trade, etc, there was no pending case.

### 1.5 Refund cases

The number of refund cases pending at the beginning of the year 2020-21, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2020-21 are mentioned in the Table 1.5:-

**Table 1.5: Details of Refund Cases**

| Sr. No. | Particulars                                     | Sale Tax/VAT    |                     | State Excise    |                     |
|---------|-------------------------------------------------|-----------------|---------------------|-----------------|---------------------|
|         |                                                 | Number of cases | Amount (₹ in crore) | Number of cases | Amount (₹ in crore) |
| 1.      | Claims outstanding at the beginning of the year | 521             | 187.08              | 51              | 1.98                |
| 2.      | Claims received during the year                 | 1,074           | 192.99              | 99              | 10.63               |
| 3.      | Refunds made/adjusted/rejected during the year  | 1,115           | 260.72              | 111             | 10.38               |
| 4.      | Balance outstanding at the end of year          | 480             | 119.35              | 39              | 2.23                |

(Source: Departmental figures)

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

### Refund processed manually for FY 2020-21

| Sr. No. | Particulars                                      | GST (₹ in crore) |      |       |        |
|---------|--------------------------------------------------|------------------|------|-------|--------|
|         |                                                  | Cases            | SGST | CGST  | IGST   |
| 1.      | Balance outstanding at the beginning of the year | 226              | 34.5 | 42.94 | 171.25 |
| 2.      | Claims received during the year                  | 0                | 0    | 0     | 0      |
| 3.      | Refund allowed/rejected manually during the year | 226              | 34.5 | 42.94 | 171.25 |
| 4.      | Balance outstanding at the end of the year       | 0                | 0    | 0     | 0      |

**Table 1.5.1: Details of Refund cases under GST as provided by the Excise and Taxation Department**

| Sr. No. | Particulars                                | GST    |        |        |          |                      |
|---------|--------------------------------------------|--------|--------|--------|----------|----------------------|
|         |                                            | Cases  | SGST   | CGST   | IGST     | Cess<br>(₹ in crore) |
| 1.      | Claims outstanding at the beginning        | 1,404  | 71.95  | 68.11  | 263.60   | 0.91                 |
| 2.      | Claims received during the year            | 12,038 | 795.87 | 721.99 | 2,162.47 | 7.72                 |
| 3.      | Refund sanctioned manually during the year | 7,963  | 534.29 | 495.20 | 1,208.02 | 3.02                 |
| 4.      | Refund rejected manually during the year   | 5,627  | 227.94 | 194.69 | 857.52   | 4.71                 |
| 5.      | Balance outstanding at the end of the year | 148    | 105.59 | 100.21 | 360.53   | 0.90                 |

### 1.6 Internal Audit

During the year 2020-21, out of 164 units planned for audit, Internal Audit Cell of Revenue and Disaster Management and Excise and Taxation (State Excise) Departments audited 163 units as detailed in the Table 1.6 below :-

**Table 1.6: Internal Audit**

| Receipts           | Number of units Planned | Number of units audited |
|--------------------|-------------------------|-------------------------|
| Stamp Duty         | 142                     | 142                     |
| State Excise       | 22                      | 21 <sup>7</sup>         |
| VAT/Sales Tax      | Nil                     | Nil                     |
| Motor Vehicles Tax | Nil                     | Nil                     |
| <b>Total</b>       | <b>164</b>              | <b>163</b>              |

The irregularities discussed in Chapters II to IV are indicators of inadequate internal control mechanism as the irregularities pointed out in the Audit Report were not detected by the internal audit parties. No internal audit was done by the Excise and Taxation Department (Sales Tax/VAT) and Transport Commissioner Haryana. Reasons for not conducting internal audit was not provided by the Excise and Taxation Department (VAT/Sales Tax) and Transport Department.

<sup>7</sup> Due to Covid-19, the internal audit of O/o DETC (Excise) Gurugram (West) was not conducted.

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

The Principal Accountant General (Audit), Haryana conducts periodical inspection of Government departments to test check the transactions, verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with inspection reports (IRs) which are issued to the concerned heads of the offices inspected for taking prompt corrective action. The heads of offices/Government are required to comply with the observations contained in the IRs, within four weeks from the date of receipt of the IRs. Serious irregularities are reported to the heads of the department and the Government in the form of Management Letter.

Inspection reports issued up to December 2021 revealed that 9,732 paragraphs involving ₹ 11,522.78 crore relating to 2,973 IRs remained outstanding at the end of December 2021 as mentioned in the Table 1.7 along with the corresponding figures for the preceding two years.

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

|                                                 | June 2019 | June 2020 | December 2021 |
|-------------------------------------------------|-----------|-----------|---------------|
| <b>Number of IRs pending for settlement</b>     | 2,588     | 2,765     | 2,973         |
| <b>Number of outstanding audit observations</b> | 7,701     | 8,695     | 9,732         |
| <b>Amount of revenue involved (₹ in crore)</b>  | 8,455.42  | 10,688.15 | 11,522.78     |

**1.7.1** The Department-wise details of the IRs and audit observations outstanding as on 31 December 2021 and the amounts involved are mentioned in Table below:-

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

| Sr. No.      | Name of the Department     | Nature of receipts                              | Number of outstanding IRs | Number of outstanding audit observations | Money value involved (₹ in crore) |
|--------------|----------------------------|-------------------------------------------------|---------------------------|------------------------------------------|-----------------------------------|
| 1.           | <b>Excise and Taxation</b> | Sales tax /VAT                                  | 420                       | 4,231                                    | 8,861.49                          |
|              |                            | State Excise                                    | 226                       | 414                                      | 266.73                            |
|              |                            | Taxes on goods and passengers                   | 254                       | 465                                      | 40.01                             |
|              |                            | Entertainment duty and show tax                 | 22                        | 29                                       | 12.47                             |
| 2.           | <b>Revenue</b>             | Stamps and registration fee                     | 1,272                     | 3,336                                    | 454.35                            |
|              |                            | Land Revenue                                    | 169                       | 248                                      | 92.11                             |
| 3.           | <b>Transport</b>           | Taxes on vehicles                               | 493                       | 808                                      | 127.46                            |
| 4.           | <b>Power</b>               | Taxes and duties on electricity                 | 12                        | 20                                       | 0.85                              |
| 5.           | <b>Mines and Geology</b>   | Non-ferrous mining and metallurgical industries | 105                       | 181                                      | 1,667.31                          |
| <b>Total</b> |                            |                                                 | <b>2,973</b>              | <b>9,732</b>                             | <b>11,522.78</b>                  |

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

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

The Government has set up audit committees to monitor and expedite the progress of the settlement of IRs and paragraphs in the IRs. But no Audit Committee Meeting was conducted during 2020-21.

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

During the year 2020-21, 98 files and other relevant records involving tax effect of ₹ 36.96 crore were not provided to audit. District-wise details of cases are depicted in the Table 1.7.3 below:-

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

| Name of the Office/Department<br>Deputy Excise and Taxation Commissioners (Sales Tax) {DETCs (ST)} | Year in which it was to be audited | Number of cases not produced | Tax amount/refunds (₹ in crore) |
|----------------------------------------------------------------------------------------------------|------------------------------------|------------------------------|---------------------------------|
| Assessment cases                                                                                   |                                    |                              |                                 |
| DETC Jagadhri                                                                                      | 2020-21                            | 58                           | 14.61                           |
| DETC Kaithal                                                                                       | 2020-21                            | 40                           | 22.35                           |
| <b>Total</b>                                                                                       |                                    | <b>98</b>                    | <b>36.96</b>                    |

(Source: Data Compiled by office)

Consequently, 98 cases with monetary value of ₹ 36.96 crore as contained in the above table could not be examined due to non-production of records.

### **1.7.4 Response of the Government to the draft audit paragraphs**

Draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Principal Accountant General (Audit) to the Principal Secretary/Additional Chief Secretaries of the concerned Department to draw their attention to the audit findings, requesting them to send their response within six weeks. The fact of non-receipt of the replies from the Departments/Government is mentioned in the paragraphs included in the Audit Report.

In all, 19 draft paragraphs (including three Subject Specific Compliance Audit) were sent to the Additional Chief Secretaries of the respective Departments between November 2021 and January 2022.

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

According to the instructions issued by the Finance Department in October 1995 and reiterated in July 2001, it had been laid down that after the presentation of

the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling of the Report, for consideration of the Public Accounts Committee.

The CAG's Audit Reports on Revenue Sector of the Government of Haryana for the year ended 31 March 2019 containing total 20 paragraphs including one performance audit and for the year ended 31 March 2020 containing 15 paragraphs were placed before the State Legislature Assembly on 16 March 2021 and 17 December 2021 respectively. Action Taken Notes in respect of 58 paragraphs from four departments (Excise and Taxation: 45, Transport: 02, Revenue: 8 and Mines and Geology: 03) as mentioned in **Appendix I** had not been received for the Audit Reports for the year ended 31 March 2017, 2018 and 2019 (December 31, 2021).

74 paragraphs pertaining to the Audit Reports for the year 2016-17, 2017-18 and 2018-19 are yet to be discussed in Public Accounts Committee (December 31, 2021). 1033 recommendations pertaining to the period 1979-80 to 2014-15 contained in 22nd to 78th Reports of PAC as detailed in **Appendix II** were still pending for want of final corrective action which was to be taken by the concerned Departments.

### **1.8 Analysis of the mechanism for dealing with the issues raised by Audit**

To analyse the system of addressing the issues highlighted in the Inspection Reports/Audit Reports by the Departments/Government, the action taken on the paragraphs and performance audits included in the Audit Reports of the last 10 years for one Department is evaluated and included in this Audit Report.

The succeeding paragraphs 1.8.1 to 1.8.2 discusses the performance of the Revenue and Disaster Management Department under revenue head Stamp Duty and Registration Fee including cases detected during the course of local audit for the last 10 years.

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

The summarised position of the inspection reports issued, relating to the Stamp Duty and Registration Fee during the last 10 years, paragraphs included in these reports and their status as on 31 March 2021 are brought out in **Appendix III**.

The number of outstanding IRs increased from 907 in 2011-12 to 1,302 in 2020-21 and the number of paragraphs increased from 2,001 in 2011-12 to 3,399 in 2020-21 as on 31 March 2021. The Government should consider enhancing corrective actions including holding more audit committee meetings so as to discuss the long outstanding paragraphs.



### **1.8.2 Recovery in accepted cases**

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Department and the amount recovered are mentioned in *Appendix IV*.

While the Department accepted objections involving ₹ 532.29 crore during the last 10 years, the amount recovered out of the accepted amount was ₹ 3.73 crore. The progress of recovery even in accepted cases was only (0.70 per cent) during the last 10 years. The department may take appropriate action to pursue and monitor prompt recovery of the dues involved in accepted cases.

### **1.9 Audit planning**

There were a total of 555 auditable units in the State of Haryana, of which 123 units were planned and 121 units audited during 2020-21. The units were selected on the basis of risk analysis. Two units could not be audited due to closure of units.

### **1.10 Results of audit**

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

Out of 294 auditable units, test check of the records of 83 units (Revenue 80 + expenditure 03) pertaining to Sales Tax/Value Added Tax, State Excise duty and Stamp Duty and Registration fee conducted during the year 2020-21 showed under assessment/short levy/loss of revenue aggregating to ₹ 734.50 crore in 1,359 cases. During the course of the year, the departments concerned accepted under assessment and other deficiencies of ₹ 91.86 crore involved in 564 cases. The departments recovered ₹ 2.62 crore (2.85 per cent) in 54 cases during the year 2020-21, out of which ₹ 1.65 crore recovered in seven cases pertain to this year and the rest to earlier years.

### **1.11 Coverage of this Report**

This Report contains 17 Draft Paragraphs (including three Subject Specific Compliance Audit) involving financial impact of ₹ 613.67 crore.

The Departments/Government have accepted audit observations involving ₹ 613.67 crore out of which ₹ 8.46 crore had been recovered. These are discussed in Chapters II to IV.

