

Chapter-I

General

CHAPTER – I : GENERAL

1.1 Trend of Revenue Receipts

1.1.1 The Tax and Non-Tax Revenue raised by Government of Assam (GoA) during the year 2019-20, 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 1.1.1**.

Table 1.1.1:-Trend of Revenue Receipts

(₹ in crore)						
Sl. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
1.	Revenue raised by the State Government					
	Tax Revenue	10,106.49	12,079.56	13,215.52	15,924.85	16,528.69
	Non-tax Revenue	2,741.56	4,353.13	4,071.97	8,221.29	5,539.34
	Total	12,848.05	16,432.69	17,287.49	24,146.14	22,068.03
	Percentage of increase/ decrease over previous year	8.31	27.90	5.20	39.67	-8.61
2.	Receipts from Government of India					
	Share of net proceeds of divisible Union taxes and duties	16,784.88	20,188.64	22,301.54	25,215.85	21,721.44
	Grants-in-Aid	12,824.75	12,598.48	14,541.91	14,117.17	20,705.61
	Total	29,609.63	32,787.12	36,843.45	39,333.02	42,427.05
3.	Total receipts of the State Government (1 and 2)	42,457.68	49,219.81	54,130.94	63,479.16	64,495.08
4.	Percentage of 1 to 3	30	33	32	38	34

Source: Finance Accounts of Government of Assam.

The above table indicates that during the year 2019-20, the revenue raised by the State Government (₹ 22,068.03 crore) was 34 *per cent* of the Revenue Receipts as against 38 *per cent* during the previous year. The remaining 66 *per cent* of the receipts during 2019-20 was from the GoI.

Revenue Receipts of the State during 2019-20 grew by ₹ 1,015.92 crore (1.60 *per cent*) over the previous year. During the year, Tax Revenue increased by ₹ 603.84 crore (59.44 *per cent*), and Non-Tax Revenue decreased by ₹ 2,681.95 crore (263.99 *per cent*). During 2019-20, Grants-in-Aid from GoI increased by ₹ 6,588.44 crore (46.67 *per cent*) and share of net proceeds of divisible Union taxes and duties decreased by ₹ 3,494.41 (13.86 *per cent*) over the previous year.

1.1.2 Tax Revenue

Details of tax revenue raised during the period 2015-16 to 2019-20 are given in **Table 1.1.2**.

Table 1.1.2:-Details of Tax Revenue raised

Sl. No.	Head of revenue	2015-16	2016-17	2017-18	2018-19	2019-20		Percentage of increase (+)/ decrease (-) with respect to	
		Actuals	Actuals	Actuals	Actuals	Budget Estimates	Actuals	BEs (2019-20)	Actuals (2018-19)
1.	State Goods and Services Tax	--	--	4,077.67	8393.04	9309.68	8755.30	-6	4
2	Taxes on Sales, Trade, etc.	7,493.72	8,751.64	6,373.00	4698.74	4856.25	4480.96	-8	-5
3	State Excise	807.96	963.81	1,095.16	1399.84	1450.00	1650.03	14	18
4	Stamps and Registration Fees	224.83	226.78	239.17	240.72	396.80	292.65	-26	22
5	Taxes and Duties on Electricity	48.64	49.44	60.19	72.75	142.51	194.56	37	167
6	Taxes on Vehicles	442.73	521.59	646.96	765.01	898.31	815.82	-9	7
7	Taxes on Goods and Passengers	583.12	1,069.81	262.64	-3.62	0.95	47.47	4897	1411
8	Other Taxes on Income and Expenditure	182.93	184.27	193.38	186.35	226.63	189.92	-16	2
9	Other Taxes and Duties on Commodities and Services	61.09	78.97	34.44	0.95	0.00	0.95	--	-1
10	Land Revenue	229.46	210.02	219.39	163.22	253.30	94.16	-63	-42
11	Taxes on Agricultural Income	32.01	23.23	13.52	7.85	14.50	6.87	-53	-12
Total		10,106.49	12,079.56	13,215.52	15,924.85	17,548.93	16,528.69	-6	4

Source: Annual Financial Statement and Finance Accounts of Government of Assam.

The increase of ₹ 603.84 crore (3.79 per cent) in Tax Revenue in 2019-20 as compared to the previous year, was mainly on account of increase in taxes and duties on Electricity by ₹ 121.81 crore, taxes on goods and passengers by ₹ 51.09 crore, State Excise Duty by ₹ 250.19 crore and State Goods and Services Tax (SGST) by ₹ 362.26 crore which was, however, offset by decrease in Tax on Sales, Trade, etc. by ₹ 217.78 crore and land revenue by ₹ 69.06 crore.

The reasons for major variations in respect of Tax Revenue during 2019-20 over that of 2018-19 as reported by the department(s) concerned were as follows:

Excise Department: Revenue increased mainly due to increase in various licence fee, restructure of excise levies, transport/ import fee, etc.

State Goods and Services Tax (SGST): Revenue increased mainly due to increase in collection of Input Tax credit cross utilisation of SGST and IGST and receipt awaiting transfer to other Minor Heads and collection of Tax and Fees under Minor Head: 101 and 104 respectively.

Taxes on Sales, Trade, etc. Revenue decreased mainly due to decrease in collection of Trade tax.

Taxes on Goods and Passengers: Increased mainly due to increase in collection of taxes on Entry of Goods into Local Areas.

Taxes and Duties on Electricity: Increased mainly due to increase in collection of taxes on consumption and sale of electricity.

Stamps and Registration Fees: Increased mainly due to increase in collection of taxes under Sale of Stamps.

1.1.2.1 Implementation of Goods and Services Tax

Goods and Services Tax (GST) was implemented with effect from 01 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 Services 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 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.

1.1.2.2 Registration under GST

As per the GST Act, every taxpayer with turnover of above ₹ 20 lakh (enhanced to 40 lakh with effect from 01 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 as on March 2020 have been given in **Table 1.1.3**.

Table 1.1.3: Registered taxpayers under GST

Types of Taxpayers	Number of dealers	Percentage of total
Normal Taxpayers	1,45,881	79.08
Composition Taxpayers	35,602	19.30
Tax Deductors at source	2,792	1.51
Tax Collectors at source	129	0.07
Input Service Distributors	56	0.03
Others	19 (Casual-18, NRTP-1, OIDAR-0)	0.01
Total Registrations	1,84,479	100

The total registrations under GST in Assam were 1.84 lakh as of March 2020, of which, normal taxpayers accounted for 79.08 *per cent*, composition taxpayers 19.30 *per cent* and others (including TDS, TCS, ISD and casual) 1.62 *per cent*.

1.1.2.3 Division of Dealers between Central and State Government

As per the recommendations¹ of GST Council, administrative control of over 90 *per cent* of the dealer 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 2020 are shown in **Table 1.1.4**.

Table 1.1.4:- Division of dealers between Centre and State Government

Jurisdiction	Number of dealers		Total
	Turnover above ₹ 1.5 crore	Turnover below ₹ 1.5 crore	
Centre	6,456	52,686	59,142
State	13,199	77,986	91,185
Total	19,655	1,30,672	1,50,327

As per Assam Goods and Services Tax Rules², 2017 (AGST Rules, 2017), regular taxpayers were required to file monthly returns³ 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 GST CMP 08 quarterly.

The trends of filing of GSTR-1 and GSTR-3B for the period from April 2019 to March 2020 in Assam have been depicted in **Table 1.1.5**.

Table 1.1.5: Filing pattern of GSTR-1 and GSTR-3B

Month	GSTR-1	GSTR-3B
April 2019	43,664	1,10,286
May 2019	43,804	1,10,718
June 2019	1,01,513	1,11,364
July 2019	44,013	1,12,427
August 2019	44,125	1,13,110
September 2019	1,03,061	1,13,697
October 2019	44,215	1,13,713
November 2019	44,343	1,13,797
December 2019	94,715	1,12,749
January 2020	38,685	1,07,951
February 2020	30,033	85,573
March 2020	1,08,906	1,27,144

1.1.2.4 Compensation under SGST

As per the Goods and Services Tax (Compensation to States) Act, 2017, States will be compensated for the shortfall in revenue arising on account of implementation of the Goods and Services Tax considering an annual growth of 14 *per cent* from the base year 2015-16, for a period of five years. In accordance with Section 6 of the GST

¹ Circular dated 20 September 2017.

² Rule 59, 60 and 61

³ 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.

(Compensation to States) Act, 2017, the protected revenue of the State for the year 2019-20 was fixed at ₹ 10,109 crore by taking into consideration the revenue collection of 2015-16 (₹ 5,985.50 crore) as base year plus 14 *per cent* annual increase. Since the SGST receipts in 2019-20 fell short of the protected revenue, the State Government received a compensation of ₹ 878.97 crore⁴ during the year, on account of loss of revenue arising out of implementation of GST.

1.1.3 Non-Tax Revenue

Details of non-tax revenue raised during the period 2015-16 to 2019-20 are given in **Table 1.1.6.**

Table 1.1.6:-Details of Non-Tax Revenue raised

Sl. No.	Head of revenue	(₹ in crore)							
		2015-16	2016-17	2017-18	2018-19	2019-20		Percentage of increase(+)/ decrease(-) with respect to	
		Actuals	Actuals	Actuals	Actuals	BEs	Actuals	BEs (2019-20)	Actuals (2018-19)
1	Petroleum	1,672.03	3,101.96	2,533.20	5642.66	5293.72	3805.34	-28	-33
2	Interest Receipts	298.80	475.40	305.39	588.09	376.27	666.86	77	13
3	Dairy Development	0.07	0.39	0.18	0.24	0.23	0.08	-65	-67
4	Forestry and Wild Life	117.30	215.85	250.74	364.27	308.93	416.06	35	14
5	Non-ferrous Mining and Metallurgical industries	3.31	5.81	6.13	6.51	12.72	7.49	-41	15
6	Miscellaneous General Services	4.81	-6.15	24.91	677.76	31.07	-0.18	-101	-100
7	Medium Irrigation	0.84	0.47	0.88	1.00	1.09	0.67	-39	-33
8	Medical and Public Health	15.47	12.33	22.68	17.22	27.95	21.37	-24	24
9	Co-operation	0.64	0.57	0.56	1.77	0.69	2.09	203	18
10	Public Works	3.84	3.37	3.67	2.64	4.52	1.70	-62	-36
11	Police	52.62	52.88	51.10	68.86	62.96	85.42	36	24
12	Other Administrative Services	329.16	210.46	75.74	211.90	95.34	103.17	8	-51
13	Coal and Lignite	32.58	36.05	47.60	50.36	58.74	38.85	-34	-23
14	Roads and Bridges	28.69	41.10	27.42	41.21	33.79	39.59	17	-4
15	Others ⁵	181.40	202.64	721.77	546.80	2223.65	350.83	-84	-36
	Total	2,741.56	4,353.13	4,071.97	8,221.29	8,531.67	5,539.34	-35	-33

Source: Annual Financial Statement and Statement 3 and 14 of Finance Accounts.

The decrease of ₹ 2,681.94 crore (33 *per cent*) in Non-Tax Revenue in 2019-20 as compared to previous year, was mainly on account of decrease in revenue in Petroleum by ₹ 1,837.32 crore, Miscellaneous General Services by ₹ 677.94 crore and decrease in revenue under the head 'Others' by ₹ 195.97 crore.

The reasons for major variations in respect of non-tax revenue during 2019-20 over those of 2018-19 were explained as below:

⁴ Minor head- 114 under the Major Head – 1601 (Grants-in-aid and Contributions) of the Finance Accounts (Vol-II) 2019-20.

⁵ Others include 27 major head of accounts.

Petroleum: The main reason for decrease of revenue as compared to 2018-19 was due to the fact that arrears of royalties on petroleum relating to previous years were received during 2018-19.

Interest Receipts: Increased mainly due to increase of receipts of interest realised on Investment of Cash Balances, Interest from Public Sector and Other Undertakings and other miscellaneous receipts.

Forestry and Wild Life: The increase in revenue was mainly due to increase in receipts from Environmental Forestry and Sale of Timber and Other Forest Produce.

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2020 in respect of Finance (Taxation), Excise, Mines and Minerals and Transport Departments amounted to ₹ 5735.63 crore of which ₹ 2560.62 crore was outstanding for more than five years, as detailed in the **Table 1.2**.

Table 1.2:-Arrears of revenue

(₹ in crore)

Sl. No.	Heads of Revenue	Name of Department	Amount outstanding as on 31 March 2020		Replies of the Departments
			Total	For more than five years	
1	Taxes on Agricultural Income	Finance (Taxation) Department	73.50	49.54	Following are the reasons for the pending arrears: i. Some amounts become arrears when the amounts are not paid by the dealers on due date. The assessing officer issues notices to the defaulters for payment of arrears and tries his best to realise the amount. Such arrears are paid by the concerned dealers with interest. Current arrears are also included in the above amount. ii. For the amount which cannot be realised by the assessing officers in spite of all efforts, arrear certificates are issued by the assessing officers to the bakijai officers for realisation of the amount and these amounts remain as arrear with the Superintendent of Taxes (Recovery) till recovery of the said arrear amount. iii. Pending cases involving arrears of revenue in High Court/Supreme Court/ Board of Revenue and with Appellate/ Revision Authority. iv. Untraceability of dealers at the time of realisation of dues etc.
2	Professional Tax		3.53	2.02	
3	Land Revenue (Assam Taxes on Specified Lands)		2308.59	1202.32	
4	Taxes on Sales, Trade, etc.		3130.23	1137.21	
5	Taxes on Goods and Passengers		92.19	45.92	
6	Taxes and Duties on Electricity		33.18	30.76	
7	Other Taxes and Duties on Commodities and Services		5.27	3.71	
8	State Excise	Excise Department	70.76	70.76	Due to non-payment of levies by the Wholesale Warehouses in due time.
9	Non-ferrous Mining and Metallurgical Industries	Mines and Minerals Department	0.08	0.08	Non-payment of royalty on limestone by NECEM Cement Ltd. for 2005-06, 2006-07 and 2011-12 (₹ 8,15,789.00).

Sl. No.	Heads of Revenue	Name of Department	Amount outstanding as on 31 March 2020		Replies of the Departments
			Total	For more than five years	
10	Taxes on vehicles	Transport Department	18.30	18.30	Shortage of Enforcement Personnel/ staff and inadequate infrastructure in respect of enforcement drive and due to ongoing covid-19 pandemic.
Total			5,735.63	2,560.62	

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 during the year, 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 1.3.**

Table 1.3:-Arrears in assessments

Head of revenue	Arrears of assessment due as on 31 March 2019	New cases due for assessments during 2019-20	Total assessment due	Cases disposed of during 2019-20	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)	20,710	6,839	27,549	7,003	20,546	25.42
APTC & E Taxation Act	37,344	30,924	68,268	21,717	46,551	31.81
Amusement & Betting Taxation Act	595	32	627	119	508	18.98
Entry Tax Act	3,060	631	3,691	1,191	2,500	32.27
Luxury (Hotel & Lodging Houses) Act	416	120	536	270	266	50.37
Electricity Duty Act	2,513	476	2,989	220	2,769	7.36
Taxation (on Specified Lands) Acts	1,070	1,293	2,363	2,143	220	90.69
Agricultural Income Tax Act	1,607	762	2,369	394	1,975	16.63
Total	67,315	41,077	1,08,392	33,057	75,335	30.50

The assessments pending at the end of the year increased over the previous year in respect of APTC & E Taxation Act, Electricity Duty Act and Agricultural Income Tax Act. Further, the percentage of overall disposal compared to the cases due for assessment was only 30.50 per cent which resulted in increase of arrears of assessment. Pendency in assessment may result in non/short realisation of Government revenues and further accumulation in arrears of revenue.

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 1.4**.

Table 1.4:-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 <i>etc.</i> raised		Number of cases pending for finalisation as on 31-March 2020
					Number of cases	Amount of demand (₹ in crore)	
1	GST	0	707	707	707	8.14	0
2	State Excise	4	0	4	4	43.94	0
Total		4	707	711	711	52.08	0

1.5 Pendency of refund cases

The number of refund cases pending at the beginning of 2019-20, claims received during the year, refunds allowed during the year and the cases pending at the close of 2019-20, as reported by the Finance (Taxation) Department is given in **Table 1.5**.

Table 1.5:-Details of pendency of refund cases

Sl. No.	Particulars	(₹ in crore)			
		Sales Tax/VAT		GST (SGST + IGST)	
		No. of cases	Amount	No. of cases	Amount
1	Claims outstanding at the beginning of the year	7	54.00	0	0.00
2	Claims received during the year	82	68.73	325	59.18
3	Refunds allowed during the year	79	62.63	300	55.02
4	Balance outstanding at the end of the year	10	60.10	25	4.16

In Finance (Taxation) Department, 10 cases of refund involving ₹ 60.10 crore pertaining to VAT, CST, *etc.* and 25 cases involving ₹ 4.16 crore pertaining to the GST were pending at the end of March 2020.

The Department may consider early settlement of refund cases for the benefit of claimants.

1.6 Response of Government/Departments towards audit

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

With respect to IRs issued up to December 2019, the position was that 5,643 paragraphs pertaining to 1,139 IRs remained outstanding at the end of June 2020 as shown in **Table 1.6**, along with the corresponding figures for the preceding two years.

Table 1.6:-Details of pending IRs

	June 2018	June 2019	June 2020
Number of IRs pending for settlement	1,061	969	1,139
Number of outstanding audit paragraphs	5,511	4,364	5,643
Amount of revenue involved (₹ in crore)	2,312.82	2,193.29	3,332.57

1.6.1 Department wise pendency of IRs

The department-wise details of the IRs and paragraphs outstanding as on 30 June 2020 and the amounts involved are given in **Table 1.6.1**.

Table 1.6.1:-Department-wise details of outstanding IRs

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit paragraphs	Money value involved (₹ in crore)
1	Finance (Taxation)	Taxes on sales, trade, etc.	280	1,859	906.92
		Agricultural Income Tax			
		Other Taxes			
2	Excise	State Excise	116	673	879.79
3	Transport	Taxes on Motor Vehicles	181	833	129.56
4	Revenue & Disaster Management	Stamps and Registration fees	165	438	1,194.22
5	Mines and Minerals	Non-ferrous mining and metallurgical industries	12	44	151.38
6	Environment and Forests	Forestry and Wild Life	385	1,796	70.70
Total			1,139	5,643	3,332.57

Audit did not receive even the first replies from the heads of offices within one month from the date of issue of the IRs in respect of 123 IRs, out of 125 IRs issued during 2019-20. Further, large pendency of IRs/ paragraphs was due to non-receipt of replies which indicates that the heads of auditee units have failed to take cognisance of the reported Audit findings.

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 2019-20 and the paragraphs settled as a consequence thereof is given in **Table 1.6.2**.

Table 1.6.2:-Details of Departmental Audit Committee Meetings

Sl. No.	Head of revenue	Number of meetings held	Number of paras settled	Amount (₹ in crore)
1	Environment and Forest Department	2	70	8.72
2	Finance (Taxation) Department	5	280	143.15
3	Excise Department	2	53	4.94
4	Transport Department	1	17	2.36
5	Revenue and Disaster Management Department	1	2	0.0
Total		11	422	159.17

During the year, 11 Audit Committee Meetings were held in which, 819 paragraphs were discussed and 422 paragraphs (51.53 per cent) were settled on the basis of replies furnished by Departments.

1.6.3 Response of the Departments to the draft audit paragraphs

The PAG (Audit) forwards draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India (C&AG) 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. In case of non-receipt of the replies from the Government/ Department, the same is indicated at the end of such paragraphs included in the Audit Report of the C&AG.

The draft audit paragraphs proposed to be included in the Report of the C&AG (Revenue Sector) for the year ended 31 March 2020, Government of Assam, were forwarded to the Secretaries of the Departments concerned between September 2021 and December 2021. The replies furnished by the Department/ Directorates have been appropriately incorporated in the respective paragraphs.

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 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 years ended 31 March 2015 to 31 March 2019 placed before the State Legislative Assembly between April 2015 and December 2021, 118 compliance audit paragraphs and five Performance Audit Reports were included. The PAG (Audit) did not receive any *suo-moto* explanatory notes on audit paragraphs.

As of March 2020, PAC discussed 466 out of 1,003 paragraphs, reviews and performance audits (including stand-alone Audit Reports) pertaining to the years 1988-89 to 2017-18, leaving a balance of 537 audit paragraphs yet to be discussed.

1.7 Analysis of the 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 Excise 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 years 2015-16 to 2019-20.

1.7.1 Position of Inspection Reports

The summarised position of IRs issued during the last five years, paragraphs included in these IRs and their status as on 31 March 2020 in respect of Excise Department are tabulated in **Table 1.7.1**.

Table 1.7.1:-Position of Inspection Reports in respect of Excise 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
2015-16	82	341	279.18	21	117	18.42	7	41	3.12	96	417	294.48
2016-17	96	417	294.48	14	73	14.40	1	32	6.40	109	458	302.48
2017-18	109	458	302.48	13	185	588.90	1	41	0.47	121	602	890.91
2018-19	121	602	890.91	23	134	109.28	38	187	15.22	106	664	758.94
2019-20	106	664	758.94	21	196	188.51	1	62	4.69	126	798	942.77
Total				92	705	919.51	48	363	29.90			

It is evident from the table above that during the last five years 705 paragraphs were added, which was offset by 363 paragraphs being settled during 2015-16 to 2019-20. Thus, 798 paragraphs remained outstanding for settlement at the end of 31 March 2020 due to non-receipt of satisfactory replies/ replies from the Department.

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 **Excise Department** and the amount recovered there against is given in **Table 1.7.2**.

Table 1.7.2:-Position of recovery of accepted cases

(₹ in crore)

Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	Details of paragraphs accepted		Amount recovered	Cumulative position of recovery of accepted cases as on 31 March 2019
			Number	Money value		
2014-15	9	176.56	2	0.71	0.03	2.31
2015-16	8	3.13	3	0.80	0.01	
2016-17	8	4.79	5	1.83	0.06	
2017-18	10	12.31	10	12.31	0.27	
2018-19	5	23.50	3	7.68	1.94	

It is evident from the above table that the progress of recovery even in accepted cases was very slow during the last five years.

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 Paragraphs are further discussed during exit conference and the Department's views received during the exit conference and at other points 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 Paragraphs wherever felt appropriate.

During 2014-15, a PA on “Environmental degradation in the greater Guwahati area with special emphasis on the role of the Pollution Control Board, Assam” was carried out wherein 13 recommendations were made to the Government/ Pollution Control Board, Assam (PCBA). The PCBA reported that action was taken in respect of the recommendations featured in the PA (details are given in **Appendix – I**).

1.8 Audit Planning

For the purposes 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 PAG 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 2019-20, against a total of 360 auditable units, 131 units were planned and 128 units were audited. The details are given in **Appendix – II**.

1.9 Results of Audit

1.9.1 Position of audit conducted during the year

Audit test checked records of 128 offices of Finance (Taxation), State Excise, Transport, Environment and Forests and other departmental offices during 2019-20 and pointed out deficiencies in 919 cases. During the year, the departments concerned accepted under-assessment and other deficiencies amounting to ₹ 0.10 lakh involved in two cases pointed out in audit. The departments had also collected ₹ 0.751 crore in 49 cases during 2019-20.

1.9.2 Coverage of this Report

This Report contains seven paragraphs suitably clubbed into appropriate captions including three subject specific compliance audit paragraphs having a total financial effect of ₹ 106.91 crore of which the departments accepted audit observations involving revenue of ₹ 35.58 crore and recovered revenue of ₹ 0.44 crore.