

Chapter I

Introduction

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1.1 About this report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from compliance audit of government departments, of the Government of Maharashtra (GoM) falling under clusters pertaining to Revenue Sector under the jurisdiction of Accountant General (Audit-II), Maharashtra, Nagpur *viz.* Stamp & Registration, Finance and Home (Excise) Departments.

Compliance audit refers to examination of the expenditure and revenue of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with.

The primary purpose of this report is to bring the important results of audit to the notice of the State Legislature. Auditing standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the executive to take corrective actions as also to frame policies and directives that will lead to improved operational efficiency and financial management of the organisations thus, contributing to better governance.

This report contains significant results of audit of the Stamp & Registration, Finance and Home (Excise) Departments of GoM relating to deviations in respect of assessment, levy, collection and remission of Government Revenue. These are discussed in Chapter II and Chapter III of this report.

1.2 Organisational structure of the offices of the Principal Accountant General (Audit-I), Maharashtra, Mumbai and the Accountant General (Audit-II), Maharashtra, Nagpur

Under the directions of the C&AG, the offices of the Principal Accountant General (Audit-I), Maharashtra, Mumbai and the Accountant General (Audit-II), Maharashtra, Nagpur conduct the audit of various Government departments & offices, autonomous bodies and public sector undertakings (audited entities) under eight clusters falling under their respective jurisdiction as shown in **Table-1.1**.

Table-1.1: Details of clusters

Sr. No.	Clusters falling under the jurisdiction of Principal Accountant General (Audit-I), Maharashtra, Mumbai	Clusters falling under the jurisdiction of Accountant General (Audit-II), Maharashtra, Nagpur
1	Health and Welfare (1)	Energy and Power (7)
2	Education, Skill Development and Employment (2)	Industry and Commerce (8)
3	Rural Development (3)	Transport (9)
4	Agriculture, Food & Allied Industries (4)	Environment, Science & Technology (10)
5	Water Resources (5)	Public Works (11)
6	Urban Development (6)	Finance (12)
7	Culture and Tourism (14)	IT and Communication (13)
8	General Administration (16)	Law and Order (15)

1.3 Audited entity profile

The departments in the State at the Secretariat level are headed by Additional Chief Secretaries/Principal Secretaries/Secretaries and assisted by Directors/Commissioners and sub-ordinate officers.

A summary of the state government's fiscal transactions during 2022-23 vis-a-vis the previous years is given in **Table-1.2**.

Table-1.2: Summary of Fiscal operations

(₹ in crore)

Receipts	2021-22	2022-23	Disbursements	2021-22	2022-23
Section-A: Revenue Account					
Revenue receipts	333312*	405678*	Revenue expenditure	349686*	407614#
Own Tax Revenue	220927#	277486#	General Services	121745#	130591*
Non-Tax Revenue	19307*	16776#	Social Services	142523#	163329#
Share of Union Taxes/Duties	54318#	60001*	Economic Services	59455*	80820*
Grants-in-aid from GoI	38760*	51414#	Grants-in-aid and Contributions	25963*	32874#
Section-B: Capital Account and others					
Miscellaneous Capital Receipts	0	0	Capital Outlay	29687	46670#
Recoveries of Loans and Advances	1179*	643*	Loans and Advances disbursed	2342	2436#
Public Debt Receipts	90488#+	87573*@	Repayment of Public Debt	26427	35935*@
Appropriation from Contingency Fund	0	200	Appropriation from Contingency Fund	1500	0
Contingency Fund	0	200	Contingency Fund	11500	0
Public Account Receipts	119376#	143467*	Public Account Disbursements	74787	100533#
Opening Cash Balance	45738	54734#	Closing Cash Balance		
a) Sinking Fund	22859	23318#	a) Sinking Fund	54374#	60004#
b) Cash Balance			b) Cash Balance	23318#	21487*
Total	612952*	715453	Total	612952	715453

@ Excluding transaction under Special Drawing facility on 91 days overdraft (Receipt and Disbursement ₹ 98.43 crore)

@Excluding transactions under Special Drawing facility on 91 days (Receipt and Disbursement ₹ 7129.25 crore)

* Higher rounding

Lower rounding

Source: Finance Accounts of respective years

1.4 Authority for audit

The authority for audit by the C&AG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The C&AG conducts audit of expenditure and revenue of the departments, Autonomous Bodies and Public Sector Undertakings of GoM under the provisions of the DPC Act and Regulations on Audit and Accounts, 2020 issued by the C&AG.

1.5 Planning and conduct of audit

The audit process starts with the assessment of risk faced by audited entities based on expenditure incurred and revenue generated, criticality and complexity of activities, the levels of delegated financial powers and

assessment of overall internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. The frequency and extent of audit are decided, based on this risk assessment.

After completion of audit of each unit, Inspection Reports (IRs) containing audit findings are issued to the Heads of the offices inspected. The Heads of the offices inspected are requested to furnish replies to the audit findings within one month of receipt of the IRs. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these IRs are processed for inclusion in the audit reports which are submitted to the Governor under Article 151 (2) of the Constitution of India.

1.6 Responsiveness of Government to Audit

1.6.1 Inspection reports outstanding

Periodical inspections in the form of Compliance Audit of Government departments, Autonomous Bodies and Public Sector Undertakings are conducted to test-check their transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with IRs which are issued to the heads of the offices inspected, with copies to the next higher authorities. Half-yearly detailed statements of pending IRs are sent to the secretaries of the departments concerned to facilitate monitoring of action taken on the audit observations included in the IRs.

As of June 2023, 2290 IRs (5621 paragraphs) were outstanding for settlement. Year-wise details of IRs and paragraphs are shown in *Appendix 1.1*.

1.6.2 Departmental Audit committee

The Finance Department, GoM instructed (December 1985) all the administrative departments to constitute Audit Committee, to review outstanding IRs and paragraphs and to take prompt action for their settlement. The Audit Committee is chaired by the Joint Secretary of the administrative department with Joint Director, Accounts and Treasuries as member and Deputy Director of Accounts and Treasuries as the convener. A representative from the audit office not below the rank of Deputy Accountant General assists the Audit Committees. The Audit Committee Meetings (ACMs) are required to be held at least once in every quarter.

Despite the pendency of large number of inspection reports and paragraphs only two ACMs were conducted during 2022-23, wherein 142 paras in respect of 63 IRs were settled.

1.6.3 Response of departments to draft paragraphs and compliance audits

Eight draft paragraphs appearing in this report, including two compliance audit paragraphs, were forwarded demi-officially to the Principal Secretaries/ Secretaries of the departments concerned between April 2024 to June 2025 with a request to send responses within six weeks. Final reply in respect of two audit paragraphs featured in this report is still awaited (July 2025).

1.6.4 Follow-up on audit report

According to instructions issued by the Finance Department, GoM in January 2001, administrative departments were required to furnish Explanatory Memoranda (EMs) duly verified by Audit to the Maharashtra Legislature Secretariat in respect of paragraphs included in the Audit Reports of the C&AG of India, within three months of presenting the audit reports to the state legislature. The administrative departments, however, did not comply with these instructions as following EMs were outstanding from 2015-16 to 2021-22 as indicated in **Table-1.3**.

Table-1.3: Status of outstanding EMs for Audit Reports of year from 2015-16 to 2021-22

Audit Report	Date of tabling of Report	Number of paragraphs and SSCA	Number of EMs received	Balance
2015-16	11 August 2017 (RS)	18	17	01
2016-17	20 July 2018 (RS)	27	25	02
2017-18	4 March 2020 (RS)	14	12	02
2018-19	08 September 2020 (RS)	11	10	01
2019-21	04 August 2023 (Compliance Audit)	10	00	10
2021-22	18 July 2025 (Compliance Audit)	05	00	05
Total		85	64	21

Note: RS-Revenue Sector Report

As seen from the **Table-1.3** out of 85 paragraphs and SSCA included in Audit Reports, 21 EMs were outstanding during the period from 2015-16 to 2021-22.

The Public Accounts Committee (PAC) lay down in each case, the period within which action taken notes (ATNs) on its recommendations should be sent by the departments with a view to ensure accountability of the Executive in respect of all the issues dealt with in the Audit Reports.

During 2015-16 to 2022-23 the PAC discussed 48 paragraphs pertaining to Revenue Sector of Audit Reports 2011-12 to 2015-16 and 99 ATNs were pending as indicated in **Table-1.4**.

Table-1.4: Position of outstanding ATNs on PAC/COPU recommendations

Year	Audit Report	PAC Report Number	Year of PAC	Number of PAC/COPU recommendations	Number of ATNs awaited
2011-12	RS	33	2017-18	14	14
2012-13	RS	37	2017-18	34	09
2013-14	RS	19	2015-16	00	00
2014-15	RS	53	2017-18	46	27
		54	2017-18	37	37
2015-16	RS	56	2017-18	12	12
Total				143	99

1.7 Results of audit: Position of local audit of Revenue Sector conducted during the year

Test check of the records of 217 units of Stamp Duty and GST/State Excise/Entertainment duty conducted during the year 2022-23 revealed short levy/ under assessment/loss of revenue as shown in **Table-1.5**:

Table-1.5: Statement showing result of audit 2022-23

(₹ in crore)

Name of Department	Details of audit			Action taken		
	No. of units audited	No. of objections	Money value involved	No. of Paras accepted	Money value involved	Amount recovered
Stamp Duty	123	480	159.00	73	8.84	6.82
GST/State Excise/E.D. etc.	94	330	204.81	38	10.82	1.87
Total	217	810	363.81	111	19.66	8.69