



Overview

PART I : REVENUE SECTOR

Part I of the Report covers Audit Observations under Revenue Sector including State Goods and Services Tax, Motor Vehicles Tax, Excise duty and Stamp duty and Registration fees. It contains 21 paragraphs including two Subject Specific Compliance Audits involving revenue impact of ₹1,671.25 crore. Some of the major findings are mentioned below:

I. General

Total revenue receipts of the State Government for the year 2022-23 amounted to ₹1,32,724.66 crore against ₹1,16,640.24 crore for the previous year 2021-22. The State's own revenue was ₹87,086.12 crore (66 *per cent* of total receipts); the share of receipts from Government of India was ₹45,638.54 crore (34 *per cent* of total receipts).

(Paragraph 1.1.1)

Arrears of revenue on some principal heads of revenue amounted to ₹28,398.10 crore, which is 21.40 *per cent* of the total revenue of the State.

(Paragraph 1.2)

At the end of June 2023, 14,953 paragraphs involving ₹5,062.52 crore relating to 2,524 Inspection Reports issued up to December 2022 were outstanding.

(Paragraph 1.7)

II. Goods and Services Tax & Taxes/ VAT on Sales, Trade, etc.

Subject Specific Compliance Audit on 'Department's oversight on GST payments and Return filing'

Monitoring mechanism was deficient in all the selected 10 circles regarding issuing notice to defaulters and recovery of demand from non-filers.

(Paragraph 2.4.6.1)

During the test check of 364 cases, it was observed that in 44 cases slow pace in scrutiny of returns resulted in loss of revenue amounting to ₹103.67 crore.

(Paragraph 2.4.6.2)

Deviations from the provisions of the Act in 271 cases out of 374 inconsistencies /mismatches in data, for which department provided responses, and these Compliance deviations resulted in short levy of tax, amounting to ₹683.50 crore in 229 cases and turnover mismatch in 42 cases.

(Paragraph 2.4.7.3)

Irregular claiming of Input Tax Credit was observed in 13 cases that amounted to ₹139.47 crore.

(Paragraph 2.4.8.3 (i))

Due to the incorrect application of Rule, there was non-reversal/ short reversal of Input Tax Credit in 22 cases that amounted to ₹136.98 crore.

(Paragraph 2.4.8.3 (ii))

Excess availing of Input Tax Credit through Input Service Distribution was observed in 15 cases that amounted to ₹188.89 crore.

(Paragraph 2.4.8.3 (iii))

Availing Input Tax Credit in excess of Input Tax Credit available was observed in 51 cases that amounted to ₹291.75 crore.

(Paragraph 2.4.8.3 (iv))

Audit observed 55 instances of compliance discrepancies in the discharge of tax liability involving tax effect of ₹33.42 crore in 37 instances and turnover escape of ₹482.09 crore in 16 instances.

(Paragraph 2.4.8.4)

Compliance Audit Paragraphs

The omission to levy tax on turnover at the scheduled rate for sales to Special Economic Zone resulted in short levy of tax and interest amounted to ₹0.58 crore.

(Paragraph 2.5)

Ineligible grant of input tax credit resulted in short levy of tax and interest amounting to ₹0.92 crore.

(Paragraph 2.7)

III. Taxes on Vehicles

Non realisation of Penalty and Additional fee on expiry of/ belated renewal of Certificate of Fitness of Transport vehicles amounting to ₹8.82 crore.

(Paragraph 3.4)

Non-collection of service charge for temporary/ special permits issued amounting to ₹4.24 crore.

(Paragraph 3.5)

IV. State Excise

Subject Specific Compliance Audit on ‘Enforcement Activities of the State Excise department’

Audit observed procedural lapses/ delays in completion of investigation of Abkari/ Narcotic Drugs and Psychotropic Substances (NDPS) offences. Non invoking of all relevant sections on detection of NDPS offences was noticed in 1,596 cases.

(Paragraph 4.4.6.2)

Non collection of Additional Permit fee for transport of toddy from one district to another amounted to ₹8.31 crore.

(Paragraph 4.4.6.4 - Bullet 1)

Short levy of licence fee due to transfer of Foreign Liquor license in the guise of reconstitution of Director Board of the licensee amounted to ₹0.64 crore.

(Paragraph 4.4.6.4 - Bullet 4)

The non-levy of fee and fine for unauthorised reconstitution of Director Board amounted to ₹0.24 crore.

(Paragraph 4.4.6.4 - Bullet 5 (i))

Compliance Audit Paragraph

Loss of revenue due to non-collection of additional annual rental from toddy shops amounting to ₹0.43 crore.

(Paragraph 4.5)

V. Stamp duty and Registration fees

Short collection/ loss of revenue due to misclassification of land amounting to ₹0.33 crore.

(Paragraph 5.4)

PART II : ECONOMIC SERVICES

Part II of the Report relates to matters arising from audit of selected programmes and activities and compliance audit of four Government Departments, viz., Public Works, Forest and Wildlife, Environment and Climate Change, Science and Technology and Autonomous Bodies under them. Major findings are mentioned below:

I. General

The total capital budget provision was ₹3,551.65 crore. An expenditure of ₹2,919.08 crore (82.18 *per cent*) was incurred by the Departments. The total revenue budget provision was ₹4,640.15 crore and an expenditure of ₹3,664.71 crore (78.98 *per cent*) was incurred by the Departments.

(Paragraph 1.1)

At the end of June 2023, 3,011 paragraphs relating to 558 Inspection Reports issued were outstanding.

(Paragraph 1.5.1)

II. Compliance Audit Paragraphs

Transport Department

Short/ Non-transfer of amount to Road Safety Fund

Non-transfer/ short transfer of one-time Cess from vehicle owners and compounded fee to Road Safety Fund impacted the effective implementation of Road Safety Projects. The short transfer for the period 2018-19 to 2022-23 amounted to ₹27,930.88 lakh.

(Paragraph 2.1)

Forest and Wildlife Department

Lapses in Management of Teak Plantations by Kerala Forest and Wildlife Department

Non-adherence to prescribed working plans and deficiencies in plantation and maintenance activities led to lapses in teak plantation management. These lapses included failure of Teak plantations due to lack of platform formations, absence of periodical maintenance, weed removal, plantation violating the prescribed spacing of trees, delayed mechanical/ silviculture thinning, non-conduct of selected felling, non-extraction of matured teak plantation and lack of timely action to prevent borer attack.

(Paragraph 2.2)

Public Works Department

Short recovery of cost of departmental rubble - ₹56.98 lakh

Failure to apply cost index while recovering the cost of departmentally issued rubble resulted in undue gains to the contractor amounting to ₹56.98 lakh.

(Paragraph 2.3)

Non-realisation of arbitral award even after four years from the date of award

Kerala State Transport Project failed to initiate action to realise arbitral award amounting to ₹32.27 crore (including interest of ₹12.40 crore) even after four years from the date of award.

(Paragraph 2.4)

