

## 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 2021-22 and the corresponding figures for the preceding four years are depicted in **Table 1.1**.

**Table 1.1: Trend of revenue receipts**

(₹ in crore)

Sr. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22 <sup>1</sup>
<b>1.</b>	<b>Revenue raised by the State Government</b>					
	Tax revenue	41,099.38	42,581.34	42,824.95	41,913.80	53,377.16
	Non-tax revenue	9,112.85	7,975.64	7,399.74	6,961.49	7,394.13
	<b>Total</b>	<b>50,212.23</b>	<b>50,556.98</b>	<b>50,224.69</b>	<b>48,875.29</b>	<b>60,771.29</b>
<b>2.</b>	<b>Receipts from the Government of India</b>					
	Share of net proceeds of divisible Union taxes and duties	7,297.52	8,254.60	7,111.53	6,437.59	9,722.16 <sup>2</sup>
	Grants-in-aid	5,185.12	7,073.54	10,521.91	12,248.13	7,598.24 <sup>3</sup>
	<b>Total</b>	<b>12,482.64</b>	<b>15,328.14</b>	<b>17,633.44</b>	<b>18,685.72</b>	<b>17,320.40</b>
<b>3.</b>	<b>Total revenue receipts of the State Government (1 and 2)</b>	<b>62,694.87</b>	<b>65,885.12</b>	<b>67,858.13</b>	<b>67,561.01</b>	<b>78,091.69</b>
<b>4.</b>	<b>Percentage of 1 to 3</b>	<b>80.09</b>	<b>76.74</b>	<b>74.01</b>	<b>72.34</b>	<b>77.82</b>

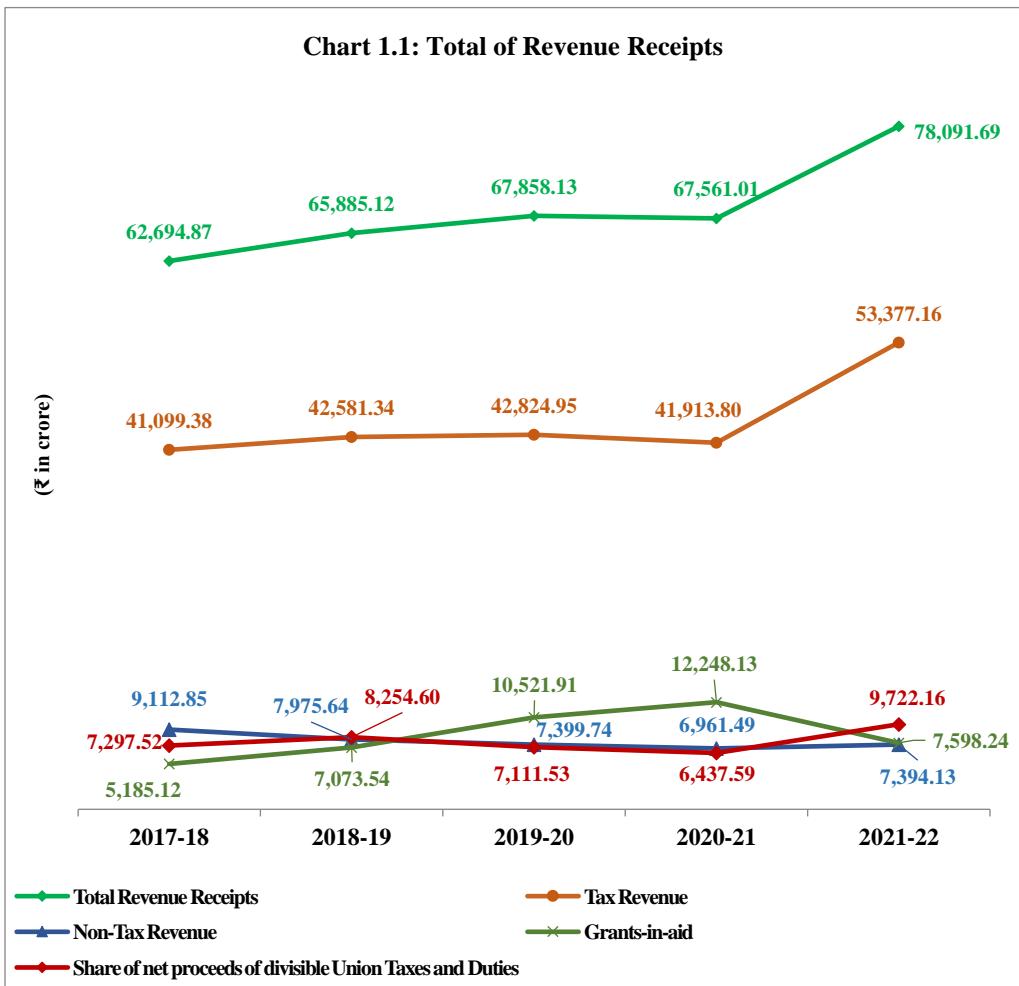
(Source: Finance Accounts)

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

<sup>2</sup> This includes amount of ₹ 2,763.35 crore received from Government of India as share of Central Goods and Services Tax.

<sup>3</sup> This includes amount of ₹ 2,908.67 crore received from Government of India as compensation for loss of revenue due to implementation of Goods and Services Tax.

The trend in revenue receipts during 2017-18 to 2021-22 is depicted in **Chart 1.1**.



(Source: Finance Accounts of the respective years)

The revenue receipts of the State increased by 24.56 per cent during the period from 2017-18 to 2021-22. The State’s own tax revenue increased by 29.87 per cent, the grants-in-aid from GoI increased by 46.54 per cent and the share of net proceeds of divisible Union taxes and duties increased by 33.23 per cent during the same period. During the year 2021-22, the revenue raised by the State Government (₹ 60,771.29 crore) was 77.82 per cent of the total revenue receipts. The balance 22.18 per cent of the receipts during the year 2021-22 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 decreased from 80.09 per cent in 2017-18 to 77.82 per cent in 2021-22.

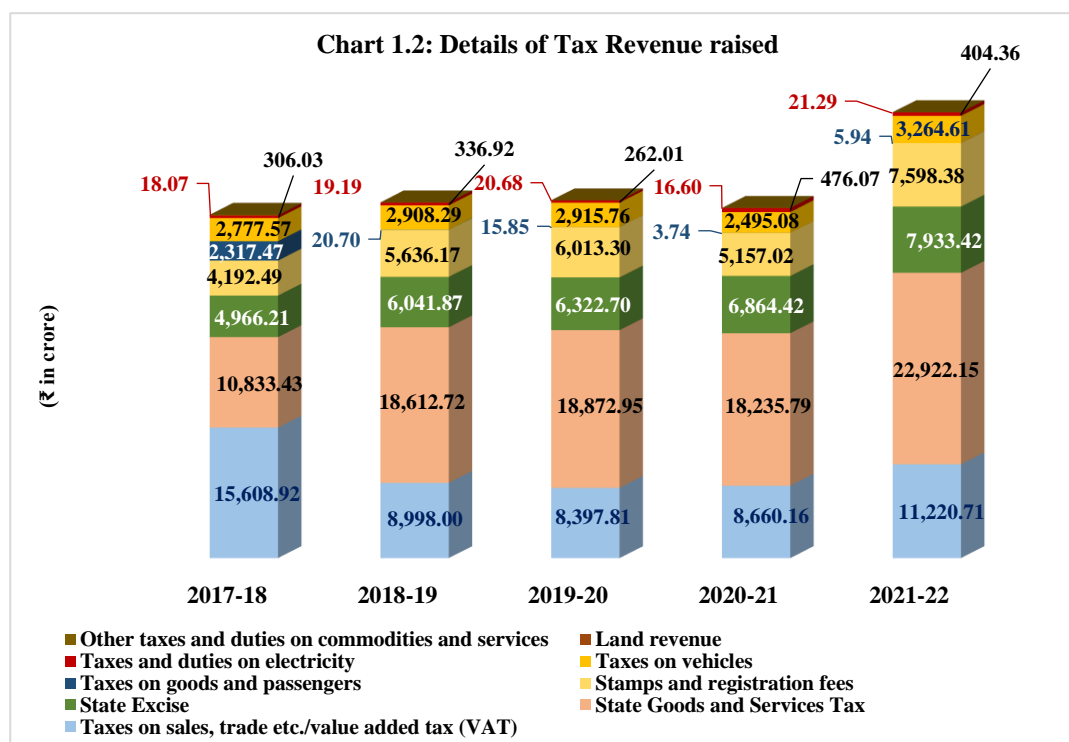
**1.1.2** The details of tax revenue raised during the period 2017-18 to 2021-22 are given in **Table 1.2**.

Table 1.2: Details of Tax Revenue raised

(₹ in crore)

Sr. No.	Head of revenue	2017-18	2018-19	2019-20	2020-21	2021-22	Percentage of increase (+) or decrease (-) of Actuals of 2021-22 over actuals of 2020-21
		Actual (percentage to total receipts)					
1.	Taxes on sales, trade, etc./ Value added tax (VAT)	15,608.92 (37.98)	8,998.00 (21.31)	8,397.81 (19.61)	8,660.16 (20.66)	11,220.71 (21.02)	29.57
	State Goods and Services Tax (SGST)	10,833.43 (26.36)	18,612.72 (43.71)	18,872.95 (44.07)	18,235.79 (43.50)	22,922.15 (42.94)	25.70
2.	State Excise	4,966.21 (12.08)	6,041.87 (14.19)	6,322.70 (14.76)	6,864.42 (16.38)	7,933.42 (14.86)	15.57
3.	Stamps and registration fees	4,192.49 (10.20)	5,636.17 (13.23)	6,013.30 (14.04)	5,157.02 (12.30)	7,598.38 (14.24)	47.34
4.	Taxes on goods and passengers	2,317.47 (5.64)	20.70 (0.05)	15.85 (0.04)	3.74 (0.01)	5.94 (0.01)	58.82
5.	Taxes on vehicles	2,777.57 (6.76)	2,908.29 (6.83)	2,915.76 (6.81)	2,495.08 (5.95)	3,264.61 (6.12)	30.84
6.	Taxes and duties on electricity	306.03 (0.74)	336.92 (0.79)	262.01 (0.61)	476.07 (1.14)	404.36 (0.76)	(-) 15.06
7.	Land revenue	18.07 (0.04)	19.19 (0.05)	20.68 (0.05)	16.60 (0.04)	21.29 (0.04)	28.25
8.	Other taxes and duties on commodities and services	79.19 (0.19)	7.48 (0.02)	3.89 (0.01)	4.92 (0.01)	6.30 (0.01)	28.05
	<b>Total</b>	<b>41,099.38</b>	<b>42,581.34</b>	<b>42,824.95</b>	<b>41,913.80</b>	<b>53,377.16</b>	<b>27.35</b>
	<i>Per cent increase/ decrease over previous year</i>	<b>20.79</b>	<b>3.61</b>	<b>0.57</b>	<b>(-) 2.13</b>	<b>27.35</b>	

(Source: Finance Accounts of the respective years)

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

(Source: Finance Accounts of the respective years)

Tax revenue increased by ₹ 12,277.78 crore (29.87 per cent) during the years 2017-18 to 2021-22. The average receipt of tax revenue for the five years from 2017-18 to 2021-22 was ₹ 44,359.33 crore with an average growth rate of 10.04 per cent for the period. The tax revenue increased by 27.35 per cent in

2021-22 over the previous year.

The respective Departments reported the following reasons for the variations:

- **Taxes on sales, trade, etc./Value Added Tax (VAT):** Taxes on sales trade, etc./Value Added Tax (VAT) increased to ₹ 11,220.71 crore in 2021-22 against ₹ 8,660.16 crore in 2020-21 due to more receipts under the Central Sales Tax Act and State Sales Tax Act.
- **State Goods and Services Tax:** Receipt of State Goods and Services Tax increased to ₹ 22,922.15 crore in 2021-22 against ₹ 18,235.79 crore in 2020-21 due to more receipts on account of SGST.
- **State Excise:** Receipt of State Excise increased to ₹ 7,933.42 crore in 2021-22 against ₹ 6,864.42 crore in 2020-21 due to introduction of the new Excise Policy and increase in the rate of excise duty and license fees.
- **Stamps and Registration Fees:** Receipt of Stamps and Registration Fees increased to ₹ 7,598.38 crore in 2021-22 against ₹ 5,157.02 crore in 2020-21 due to increase in sale/purchase of immovable property in 2021-22 and reduced theft of stamp duty due to use of Web-HALRIS software.
- **Taxes on vehicles:** Receipt of Taxes on vehicles increased to ₹ 3,264.61 crore in 2021-22 against ₹ 2,495.08 crore in 2020-21 due to better enforcement after deployment of police personnel and increase in registration of Motor Vehicles.
- **Taxes and duties on Electricity:** Receipt of Taxes and duties on electricity decreased to ₹ 404.36 crore in 2021-22 against ₹ 476.07 crore in 2020-21 due to less realisation of Electricity Duty from the consumers for power utility.

**1.1.3** The details of non-tax revenue raised during 2017-18 to 2021-22 are indicated in **Table 1.3**.

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

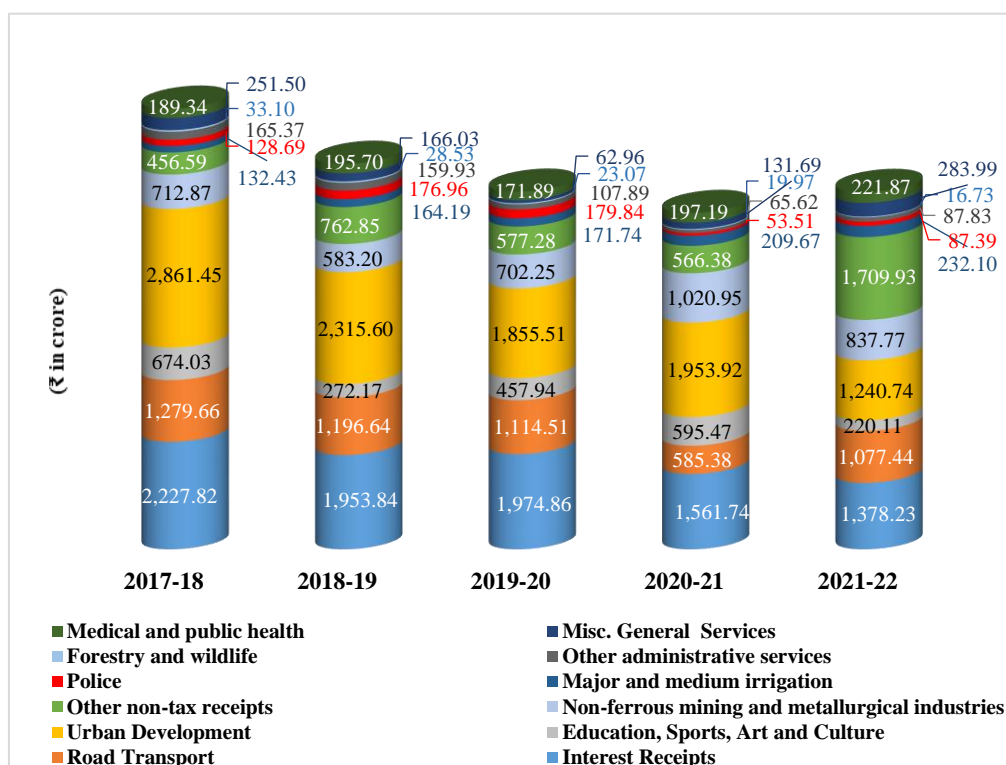
(₹ in crore)

Sr. No.	Head of revenue	2017-18	2018-19	2019-20	2020-21	2021-22	Percentage of increase (+) or decrease (-) of Actuals of 2021-22 over actuals of 2020-21
		Actual (percentage to total receipts)					
1.	Interest Receipts	2,227.82 (24.45)	1,953.84 (24.50)	1,974.86 (26.69)	1,561.74 (22.43)	1,378.23 (18.64)	(-) 11.75
2.	Road Transport	1,279.66 (14.04)	1,196.64 (15.00)	1,114.51 (15.06)	585.38 (8.41)	1,077.44 (14.57)	84.06
3.	Education, Sports, Art and Culture	674.03 (7.40)	272.17 (3.41)	457.94 (6.19)	595.47 (8.55)	220.11 (2.98)	(-) 63.04
4.	Urban Development	2,861.45 (31.40)	2,315.60 (29.03)	1,855.51 (25.08)	1,953.92 (28.06)	1,240.74 (16.78)	(-) 36.50
5.	Non-ferrous mining and metallurgical industries	712.87 (7.82)	583.20 (7.31)	702.25 (9.49)	1,020.95 (14.67)	837.77 (11.33)	(-) 17.94

Sr. No.	Head of revenue	2017-18	2018-19	2019-20	2020-21	2021-22	Percentage of increase (+) or decrease (-) of Actuals of 2021-22 over actuals of 2020-21
		Actual (percentage to total receipts)					
6.	Major and medium irrigation	132.43 (1.45)	164.19 (2.06)	171.74 (2.32)	209.67 (3.01)	232.10 (3.14)	10.70
7.	Police	128.69 (1.41)	176.96 (2.22)	179.84 (2.43)	53.51 (0.77)	87.39 (1.18)	63.32
8.	Other administrative services	165.37 (1.81)	159.93 (2.01)	107.89 (1.46)	65.62 (0.94)	87.83 (1.19)	33.85
9.	Forestry and wildlife	33.10 (0.36)	28.53 (0.36)	23.07 (0.31)	19.97 (0.29)	16.73 (0.23)	(-) 16.22
10.	Miscellaneous General Services <sup>4</sup>	251.50 (2.76)	166.03 (2.08)	62.96 (0.85)	131.69 (1.89)	283.99 (3.84)	115.65
11.	Medical and public health	189.34 (2.08)	195.70 (2.45)	171.89 (2.32)	197.19 (2.83)	221.87 (3.00)	12.52
12.	Other non-tax receipts	456.59 (5.01)	762.85 (9.56)	577.28 (7.80)	566.38 (8.14)	1,709.93 <sup>5</sup> (23.13)	201.90
<b>Total</b>		<b>9,112.85</b>	<b>7,975.64</b>	<b>7,399.74</b>	<b>6,961.49</b>	<b>7,394.13</b>	<b>6.21</b>

(Source: Finance Accounts of the respective years)

Chart 1.3: Details of Non-Tax Revenue raised



(Source: Finance Accounts of the respective years)

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

<sup>5</sup> Dividend and Profit- ₹ 1,007.59 crore, Public Services Commission- ₹ 39.64 crore, Jail- ₹ 3.62 crore, Supplies and Disposal- ₹ 3.19 crore, Stationers and Printing- ₹ 1.27 crore, Public Work- ₹ 71.28 crore, Contribution and Recoveries towards Pension- ₹ 43.33 crore, Water Supply and sanitation- ₹ 58.80 crore, Housing- ₹ 12.66 crore, Information and Publicity- ₹ 0.17 crore, Labour and Employment- ₹ 42.93 crore, Social Security and Welfare- ₹ 67.74 crore, Other Social Services - ₹ 0.83 crore, Crop Husbandry- ₹ 20.61 crore, Animal Husbandry- ₹ 5.41 crore, Dairy Development- ₹ 0.01 crore, Fisheries- ₹ 2.78 crore, Food Storage and Warehousing- ₹ 203.23 crore, Cooperation- ₹ 10.43 crore, Other Agriculture Programs- ₹ 1.24 crore, Land Reform- ₹ 0.04 crore, Other Rural Development Programs - ₹ 12.04 crore, Villages and Small Industries- ₹ 1.52 crore, Industries- ₹ 0.07 crore, Civil Aviation- ₹ 0.43 crore, Road and Bridge- ₹ 73.59 crore, Other Scientific Research- ₹ 0.01 crore, Tourism- ₹ 1.18 crore, Other General Economic Services- ₹ 24.29 crore.

Non-tax revenue constituted 9.47 *per cent* of the revenue receipts during 2021-22 registering increase of ₹ 432.64 crore (6.21 *per cent*) over the previous year mainly due to increase in receipts of Road Transport, Miscellaneous General Services and Other non-tax receipts offset by decrease in receipts under Education, Sports, Art and Culture and Urban Development. Interest receipts (18.64 *per cent*), Urban Development (16.78 *per cent*), Road Transport (14.57 *per cent*), Non-ferrous mining and metallurgical industries (11.33 *per cent*) and other non-tax receipts (23.13 *per cent*) are the main contributors to non-tax revenue and contribute 84.45 *per cent* to total non-tax revenue.

The Departments concerned attributed the following reasons for variations:

- **Road Transport:** The increase in actual receipts in 2021-22 over 2020-21 was due to full operationalisation of buses by Haryana Roadways.
- **Police:** The increase (63.32 *per cent*) in actual receipts in 2021-22 over 2020-21 was due to more receipts for police services post Covid-19.
- **Education, Sports, Art and Culture:** The decrease (63.04 *per cent*) in actual receipts in 2021-22 over 2020-21 was due to less receipts of Central share for Elementary/Secondary Education.
- **Urban Development:** The decrease (36.50 *per cent*) in actual receipts in 2021-22 over 2020-21 was due to less receipts of application and new affordable Group Housing Policy where licence fees were waived off.

## 1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2022 in some principal heads of revenue amounted to ₹ 35,639.25 crore, of which ₹ 6,378.97 crore was outstanding for more than five years as depicted in **Table 1.4**.

**Table 1.4: Arrears of Revenue**

(₹ in crore)

Sr. No.	Heads of revenue	Amount outstanding as on 31 March 2022	Amount outstanding for more than five years as on 31 March 2022	Replies of Department
1	Taxes on sales, trade/VAT, etc.	33,063.37	5,364.18	Recovery of ₹ 1,046.89 crore was stayed by the Hon'ble High Court and other judicial authorities and ₹ 66.61 crore was stayed by orders of the Government, Recovery of ₹ 84.81 crore was held up due to the dealers becoming insolvent, ₹ 106.03 crore was likely to be written off and ₹ 2,977.50 crore was held up due to rectification/review/application. Recovery of arrears of ₹ 3,370.45 crore was pending on account of cases pending in court, ₹ 4,793.24 crore was pending on account of non-recovery by the Department due to other reasons, recovery of ₹ 1,992.80 crore was pending with the Official Liquidator/Board of Industrial and Financial Reconstruction (BIFR). Inter-

Sr. No.	Heads of revenue	Amount outstanding as on 31 March 2022	Amount outstanding for more than five years as on 31 March 2022	Replies of Department
				State arrears were ₹ 333.18 crore and inter-district arrears were ₹ 85.43 crore. Recovery of ₹ 0.25 crore was being made in instalments. Balance amount of ₹ 1,8206.18 crore was at other stages of action.
2	State Excise	494.11	254.52	Recovery of ₹ 21.78 crore was stayed by Hon'ble High Court and other judicial authorities. ₹ 1.08 crore was likely to be written off. ₹ 118.37 crore was due to inter-State and inter-district arrears. Balance of ₹ 352.88 crore was outstanding at different stages of action.
3	Taxes and duties on electricity	410.85	210.88	Amount of ₹ 409.85 crore was pending towards consumers of Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL)/Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) and ₹ one crore was pending with the Official Liquidator.
4	Tax on entry of goods into local areas (Local Area Development Tax)	208.11	181.26	Recovery of ₹ 182.46 crore was stayed by Hon'ble High Court and other judicial authorities, ₹ 4.88 crore are pending on account of cases pending with Official Liquidator / Board of Industrial and Financial Reconstruction (BIFR) ₹ 0.07 crore was pending on account of cases in court, ₹ 0.44 crore was pending on account of non-recovery by the Department due to other reasons and ₹ 20.26 crore was outstanding at other stages of action.
5	Police	128.86	40.91	Amount of ₹ 7.38 crore was due from Indian Oil Corporation Limited (IOCL). The matter of recovery from IOCL in Haryana State was pending at the level of the State Government. ₹ 0.29 crore was recoverable from Bhakra Beas Management Board, Faridabad and ₹ 121.19 crore was recoverable from other States for election duties and Law & Order duty.
6	Other taxes and duties on commodities and services – Receipts from Entertainment duty	11.12	11.11	Recovery of ₹ 8.52 crore was stayed by Hon'ble High Court and other judicial authorities; ₹ 0.21 crore was pending on account of cases pending in court and the balance amount of ₹ 2.39 crore was outstanding at other stages of action.
7	Non-ferrous mining and metallurgical industries	1,322.83	316.11	₹ 517.04 crore was outstanding on account of demand covered by recovery certificate, ₹ 50.63 crore was stayed by Hon'ble High Court and judicial authorities. ₹ 0.26 crore was likely to be written off and ₹ 384.01 crore was pending on account of non-recovery by the Department due to other reasons. Inter-State arrears were ₹ 13.32 crore and inter-district arrears were ₹ 221.84 crore. Recovery of ₹ 0.02 crore was being made in instalments. Arrears of revenue for the year 2021-22 was ₹ 42.48 crore. Balance amount of ₹ 93.23 crore was outstanding at other stages of action.
	<b>Total</b>	<b>35,639.25</b>	<b>6,378.97</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, 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 were as depicted in **Table 1.5**.

**Table 1.5: 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	2020-21	35,570	3,606	39,176	34,140	5,036	87
	2021-22	5,036	4,240	9,276	3,096	6,180	33

(Source: Information provided by State Excise and Taxation Department)

The number of cases pending at the end of the year 2021-22 has increased from the previous year. It is further observed that percentage of disposal of cases was at 33 per cent.

#### 1.4 Evasion of tax detected by the Department

Under Sections 29 to 31 of the HVAT Act, 2003, the Department inspects business premises to detect tax evasion. Further, the Department conducts surveys in business premises to identify new taxpayers. Besides this, roadside checking is also a tool to detect tax evasion during the 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 **Table 1.6**.

**Table 1.6: Evasion of Tax**

Sr. No.	Head of revenue	Cases pending as on 31 March 2021	Cases detected during 2021-22	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 2022
					Number of cases	Amount of demand (₹ in crore)	
1	Taxes on sales, trade etc./VAT	0	3	3	2	0.01	1
2	State Excise	132	61	193	144	9.41	49
<b>Total</b>		<b>132</b>	<b>64</b>	<b>196</b>	<b>146</b>	<b>9.42</b>	<b>50</b>

(Source: Information provided by Excise and Taxation Department)

The number of cases pending at the end of the year has decreased in respect of State Excise and increased in respect of Taxes on Sales trades, etc./VAT as compared to the number of cases pending at the beginning of 2021-22.

#### 1.5 Refund cases

The number of refund cases pending at the beginning of the year 2021-22, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2021-22 are mentioned in **Table 1.7**.



Table 1.7: Details of Refund Cases

Sr. No.	Particulars	Sales 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	480	119.34	39	2.23
2	Claims received during the year	707	173.49	82	6.18
3	Refunds made/ adjusted/rejected during the year	749	152.46	88	6.20
4	Balance outstanding at the end of the year	438	140.37	33	2.21

(Source: Information provided by State Excise and Taxation Department)

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

Complete information regarding the GST refund cases was not available with the Department.

## 1.6 Internal Audit

During the year 2021-22, out of 220 units planned for audit, Internal Audit Cell of Revenue and Disaster Management, Excise and Taxation and Transport Department audited 198 units as detailed in **Table 1.8**.

Table 1.8: Internal Audit

Receipts	Number of units Planned	Number of units audited
Stamp Duty	143	143
State Excise	22	22
VAT/Sales Tax	Nil	Nil
Motor Vehicles Tax	55	33
<b>Total</b>	<b>220</b>	<b>198</b>

The irregularities discussed in Chapters II to IV are indicators of inadequate internal control mechanism. No internal audit was done by the Excise and Taxation Department (Sales Tax/VAT) and reasons for not conducting internal audit was not provided by the Department.

## 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 and 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 heads of the offices concerned 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 a Management Letter.

Inspection reports issued up to June 2022 revealed that 9,950 paragraphs involving ₹ 11,323.13 crore relating to 3,053 IRs remained outstanding at the end of June 2022 as mentioned in **Table 1.9** along with the corresponding figures for the preceding two years.

**Table 1.9: Details of pending Inspection Reports**

	June 2020	December 2021	June 2022
Number of IRs pending for settlement	2,765	2,973	3,053
Number of outstanding audit observations	8,695	9,732	9,950
Amount of revenue involved (₹ in crore)	10,688.15	11,522.78	11,323.13

**1.7.1** The Department-wise details of the IRs and audit observations outstanding as on June 2022 and the amounts involved are mentioned in **Table 1.10**.

**Table 1.10: 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	Excise and Taxation	Sales tax /VAT	423	4,179	8,561.43
		State Excise	239	511	447.07
		Taxes on goods and passengers	254	465	40.01
		Entertainment duty and show tax	49	65	12.47
2	Revenue	Stamps and registration fees	1,310	3,506	502.59
		Land Revenue	168	240	0.92
3	Transport	Taxes on vehicles	492	781	124.80
4	Power	Taxes and duties on electricity	13	22	0.93
5	Mines and Geology	Non-ferrous mining and metallurgical industries	105	181	1,632.91
<b>Total</b>			<b>3,053</b>	<b>9,950</b>	<b>11,323.13</b>

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

The Government may institute a system of effective monitoring of responses of the Departments to IRs to ensure prompt response to audit observations.

## 1.7.2 Departmental Audit Committee Meetings

The Government has set up audit committees to monitor and expedite the progress of settlement of IRs and paragraphs in the IRs. The details of the audit committee meetings held during the year 2021-22 and the paragraphs settled are mentioned in **Table 1.11**.

**Table 1.11: Departmental Audit Committee Meetings**

Sr. No.	Head of revenue	Number of meetings held	Number of paragraphs settled	Amount (₹ in crore)
1	Excise and Taxation Department (Sales Tax)	5	150	11.83

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

During the year 2021-22, 16 files and other relevant records were not provided to audit. District-wise details of cases are depicted in **Table 1.12**.

**Table 1.12: Details of non-production of records**

Name of the Office/Department Deputy Excise and Taxation Commissioners (Sales Tax) {DETCs (ST)}	Year in which it was to be audited	Number of cases not produced
<b>Kurukshetra</b>	2021-22	2
<b>Kaithal</b>	2021-22	14
<b>Total</b>		<b>16</b>

(Source: Data Compiled by office)

### 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 Department concerned drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the Departments/Government is indicated at the end of such paragraphs included in the Audit Report.

In all, 23 draft paragraphs {including one Subject Specific Compliance Audit (SSCA) and one IT Audit} were sent to the Additional Chief Secretaries of the respective Departments between October 2022 and June 2023. No reply has been received in these cases; however, the discussions during the exit conference held with the Government have been appropriately included in the relevant places in the Report.

### 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, 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 2021 containing a total of 17 paragraphs including three Subject Specific Compliance Audits was placed before the State Legislature Assembly on 8 August 2022. However, action taken notes in respect of 17 paragraphs from two Departments (Excise and Taxation: 11 and Revenue: six) as mentioned in *Appendix I* had not been received for the Audit Reports for the year ended 31 March 2021 so far (20 January 2023).

Twenty-seven paragraphs pertaining to the Audit Reports for the years 2019-20 and 2020-21 are yet to be discussed in Public Accounts Committee (20 January 2023). 924 recommendations pertaining to the period 1979-80 to 2016-17 contained in 22<sup>nd</sup> to 84<sup>th</sup> Reports of PAC as mentioned in **Appendix II and Appendix III** were still pending for want of final corrective action to be taken by the Departments concerned.

## **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 discuss the performance of the Transport Department under Taxes on Motor Vehicles and cases detected during the course of local audit for the last 10 years included in the inspection Reports.

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

The summarised position of the inspection reports issued to the Transport Department during the last 10 years, paragraphs included in these reports and their status as on 31 March 2022 are brought out in **Appendix IV**.

The number of outstanding IRs increased from 270 in 2012-13 to 471 in 2021-22 and the number of paragraphs have increased from 360 in 2012-13 to 786 in 2021-22 as on 31 March 2022. In respect of Transport Department, no Audit Committee Meeting (ACM) held during the period. The Government may arrange ACMs in future to settle the long pending 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 V**.

The progress of recovery even in accepted cases was low (5.19 *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 are a total of 393 auditable units in the State of Haryana of which 104 units were planned and audited during 2021-22. The units were selected based on risk analysis.

## **1.10 Results of audit**

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

Test check of the records of 104 (Revenue 102 + 2 expenditure) units pertaining to Sales Tax/Value Added Tax, State Excise duty, Stamp Duty and Registration fees conducted during the year 2021-22 revealed under-assessment/short levy of tax/loss of revenue aggregating to ₹ 1,103.94 crore in 2,552 cases. During the course of the year, the Departments concerned accepted under assessment and other deficiencies of ₹ 643.07 crore involved in 1,077 cases. The Departments recovered ₹ 3.52 crore in 64 cases during the year 2021-22 of which 39 cases amounting to ₹ 3.35 crore pertains to earlier years.

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

This Report contains 16 Draft Paragraphs, one SSCA on Department's Oversight on GST Payments and Return Filing and another SSCA on IT Audit of Integrated Financial Management System involving financial impact of ₹ 724.46 crore.

The Departments/Government have accepted audit observations involving ₹ 629.34 crore out of which ₹ 0.14 crore had been recovered. These are discussed in the succeeding Chapters II to V.