

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 Kerala during the year 2023-24, the State's share of net proceeds of divisible Union taxes and duties assigned to the State, Grants-in-Aid received from Government of India (GoI) during the year and the corresponding figures for the preceding four years, are mentioned in **Table 1.1**.

Table 1.1: Trend of Revenue Receipts

(₹ in crore)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
1	Revenue raised by the State Government					
	Tax revenue	50,323.14	47,660.84	58,340.52	71,968.16	74,329.01
	Non-tax revenue	12,265.22	7,327.31	10,462.51	15,117.96	16,345.96
	Total	62,588.36	54,988.15	68,803.03	87,086.12	90,674.97
2	Receipts from Government of India					
	Share of net proceeds of divisible Union taxes and duties	16,401.05	11,560.40	17,820.09	18,260.68	21,742.92
	Grants-in-Aid	11,235.26	31,068.28	30,017.12	27,377.86	12,068.26
	Total	27,636.31	42,628.68	47,837.21	45,638.54	33,811.18
3	Total revenue receipts of the State Government (1 and 2)	90,224.67	97,616.83	1,16,640.24	1,32,724.66	1,24,486.15
4	Revenue raised by State Government as a percentage of total revenue receipts	69	56	59	66	73

Source: Finance Accounts prepared by AG (A&E), Kerala.

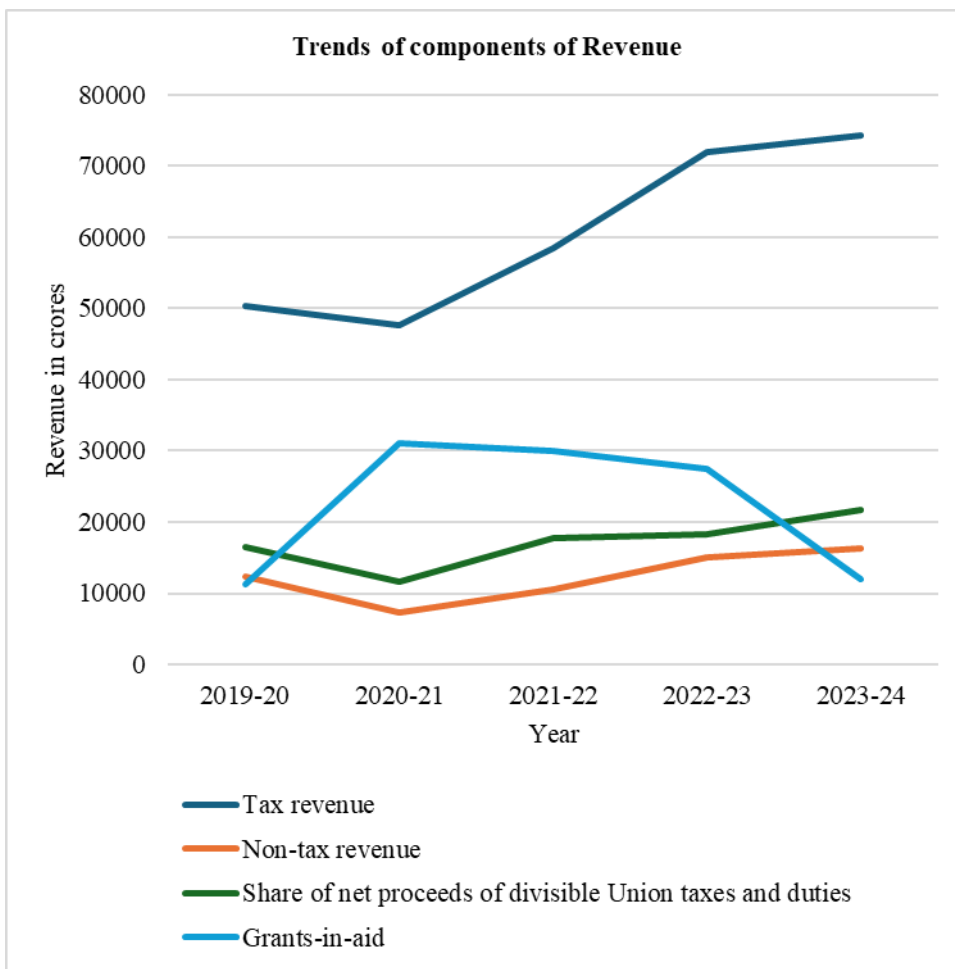
Though the revenue raised by State Government during the year increased, the total revenue receipts of the state decreased by ₹8,238.51 crore as the Grants-in-Aid reduced significantly compared to the previous year.

The Grants-in-Aid from GoI decreased by ₹15,309.60 crore (55.92 per cent) over the previous year, the reason for which was attributable to reduction in the Finance Commission Grants by ₹8,136.62 crore. Decrease in Finance Commission Grants during 2023-24 was mainly under Post Devolution Revenue Grant (₹8,425 crore). Grants under 'Other transfers/ Grants to States/ Union Territories with Legislature' also decreased by ₹6,504.06 crore mainly

due to decrease under compensation for loss of revenue arising out of implementation of GST by ₹6,508.09 crore.

1.1.2 The trend of receipts from GoI (share of net proceeds of divisible Union taxes and duties and Grants-in-Aid) and revenue raised by Government of Kerala (Tax and non-Tax Revenue) for the last five years is shown in **Chart I** given below:

Chart I: Trends of Components of Revenue for five years



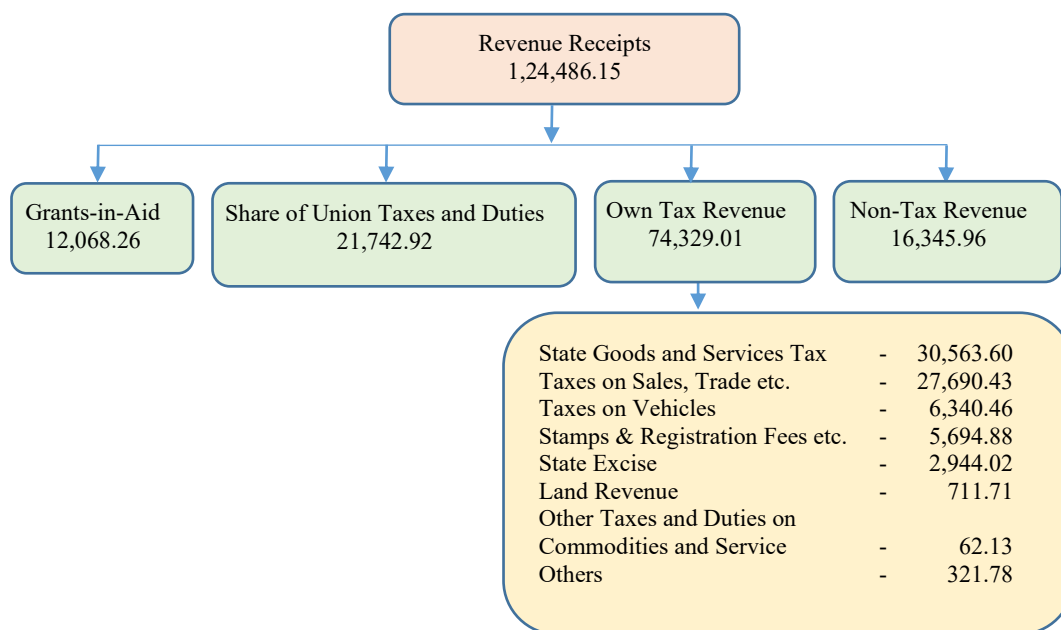
Source: Prepared by Accountant General (Audit II).

Upon analysing the Compound Annual Growth Rate (CAGR) of various components of Revenue Receipts, the Tax revenue component showed the best (10.24 per cent) growth while Grants-in-Aid exhibited the least growth (1.80 per cent) over the five years since 2019-20.

1.1.3 Composition of the Revenue Receipts

Chart II below depicts the composition of the revenue receipts of the State during 2023-24.

(₹ in crore)

Chart II: Composition of Revenue Receipts

Source: Prepared by Accountant General (Audit II).

1.1.4 State's own revenue**1.1.4.1 Own tax revenue**

Own tax revenue of the State consists of state specific taxes like State GST, Excise etc. The trend of own tax revenue and analysis of its components during the period from 2019-20 to 2023-24 is shown in **Table 1.2**.

Table 1.2: Components of the States' own tax revenue

Sl. No.	Revenue Head	2019-20	2020-21	2021-22	2022-23	2023-24	As percentage of total Own Tax Revenue during 2023-24
		(₹ in crore)	(₹ in crore)	(₹ in crore)	(₹ in crore)	(₹ in crore)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	State Goods and Services tax	20,446.95	20,028.31	24,169.81	29,513.28	30,563.60	41.12
2	Taxes on Sales, Trade etc.	19,649.64	17,689.17	22,487.42	26,875.78	27,690.43	37.26
3	Stamps and Registration Fees	3,615.01	3,489.59	4,857.33	6,216.71	5,694.88	7.66
4	State Excise	2,255.28	2,329.22	2,032.23	2,875.95	2,944.02	3.96
5	Taxes on Vehicles	3,721.14	3,386.28	4,037.10	5,386.81	6,340.46	8.53
6	Land Revenue	332.42	493.35	470.84	718.90	711.71	0.96

Sl. No.	Revenue Head	2019-20 (₹ in crore)	2020-21 (₹ in crore)	2021-22 (₹ in crore)	2022-23 (₹ in crore)	2023-24 (₹ in crore)	As percentage of total Own Tax revenue during 2023-24
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
7	Other Taxes and Duties on Commodities and Services	39.31	48.80	56.04	67.89	62.13	0.08
8	Others	263.39	196.12	229.75	312.84	321.78	0.43
9	Total Own Tax Revenue	50,323.14	47,660.84	58,340.52	71,968.16	74,329.01	100.00
10	Total Revenue Receipts	90,224.67	97,616.83	1,16,640.24	1,32,724.66	1,24,486.15	
11	Own Tax Revenue as a percentage of Total Revenue Receipts	55.78	48.82	50.02	54.22	59.71	

Source: Statement 3 of Finance Accounts of respective years.

As a percentage to Total Revenue Receipts, the State's own tax revenue was 59.71 *per cent* during 2023-24. State Goods and Services Tax (SGST) was the single largest source of State's own tax revenue (41 *per cent*) followed by Taxes on Sales, Trade etc. (37 *per cent*) during the period 2023-24. Taxes on Vehicles is emerging as the next significant contributor, nearly doubling from ₹3,721 crore to ₹6,340 crore in five years. The revenue from State Excise increased moderately in the five years i.e. 31 *per cent* growth.

1.1.4.2 Non-Tax Revenue

The details of Non-Tax Revenue raised during the period from 2019-20 to 2023-24 are indicated in **Table 1.3**.

Table 1.3: Main components of the State's non-tax revenue

Sl. No.	Revenue Heads	2019-20 (₹ in crore)	2020-21 (₹ in crore)	2021-22 (₹ in crore)	2022-23 (₹ in crore)	2023-24 (₹ in crore)	As percentage of total non tax revenue during 2023-24
1	State Lotteries*	9,973.67	4,873.01	7,134.93	11,892.87	12,530.91	76.66
2	Dividends and profits	100.33	110.19	227.98	48.93	242.68	1.48
3	Forest and Wildlife	255.85	236.61	200.57	290.61	262.43	1.61
4	Police	92.15	158.10	257.61	233.66	223.33	1.37
5	Interest receipts	84.95	246.64	177.05	171.95	175.35	1.07

Sl. No.	Revenue Heads	2019-20 (₹ in crore)	2020-21 (₹ in crore)	2021-22 (₹ in crore)	2022-23 (₹ in crore)	2023-24 (₹ in crore)	As percentage of total non tax revenue during 2023-24
6	Other non-tax receipts	1,758.27	1,702.76	2,464.37	2,479.94	2,911.26	17.81
7	Total Non-Tax revenue	12,265.22	7,327.31	10,462.51	15,117.96	16,345.96	100
8	Total Revenue Receipts	90,224.67	97,616.83	1,16,640.24	1,32,724.66	1,24,486.15	
9	Non-tax revenue as a percentage of Total Revenue Receipts	13.59	7.51	8.97	11.39	13.13	

Source: Statement 14 of Finance Accounts of respective years.

*Expenditure on State Lotteries is ₹11,401.20 crore for the year 2023-24.

The non-tax revenue which ranged between 7.51 *per cent* and 13.59 *per cent* of the revenue receipts of the State during the last five years increased by ₹1,228 crore (8.12 *per cent*) during 2023-24 over the previous year. Receipt from the State Lotteries is the major source of non-tax revenue and its share in non-tax revenue ranged between 67 *per cent* and 81 *per cent* during the period from 2019-20 to 2023-24. During 2023-24, revenue from the State Lotteries (₹12,530.91 crore) increased by 5.36 *per cent* (₹638.04 crore) over the previous year. Though the revenue from lotteries constituted 76.66 *per cent* of the non-tax revenue, it was largely offset by an expenditure of ₹11,401.20 crore towards prize money and commission.

1.2 Analysis of Arrears of Revenue

The total arrears of revenue as on 31 March 2024 on certain principal heads of revenue amounted to ₹30,308.52 crore, as detailed in **Table 1.4** below:

Table 1.4: Arrears of revenue as on 31 March 2024

Sl. No.	Name of Department/ Heads of Account	Amount	Amount outstanding for more than 5 years
1	State Goods and Services Tax Department (MH 0006, 0040, 0022)	13,559.46	8,243.84
2	Finance Department-Arrears in interest receipts (MH 0049)	7,604.49	N.A.
3	Taxes and duties on electricity (MH 0043)	4,929.51	1,556.98
4	Motor vehicles Department (MH 0041)	916.53	140.34
5	Registration Department (MH 0030)	723.53	N.A.
6	Land Revenue Department (MH 0029)	542.14	118.41
7	Police Department (MH 0055)	494.20	274.94

Sl. No.	Name of Department/ Heads of Account	Amount	Amount outstanding for more than 5 years
8	Forest Department (MH 0406)	420.92	272.41
9	Finance Department-Arrears in Guarantee Commission (MH 0075)	395.94	N.A.
10	Excise Department (MH 0039)	303.50	303.50
11	Mining and Geology Department (MH 0853)	224.00	69.50
12	Kerala State Audit Department (MH 0070)	110.64	21.30
13	Printing (MH 0058)	51.41	40.49
14	Stationery (MH 0058)	30.36	25.53
15	Factories and Boilers (MH 0230)	1.49	0.03
16	Labour Department (MH 0230)	0.40	0
	Total arrears	30,308.52	11,067.27

Source: Information collected from departments.

The total arrears of ₹30,308.52 crore amount to 24.35 *per cent* of the total revenue of the State. The total arrears increased from ₹28,042.56 crore (2019-21) to ₹30,308.52 crore (2023-24). The largest component, State Goods and Services Tax remained mostly stagnant i.e. ₹13,410 crore in 2021-22 to ₹13,559 crore in 2023-24, while during the same period, arrears under Taxes and Duties on Electricity recorded a sharp increase from ₹2,929.11 crore to ₹4,929.51 crore.

Out of the total arrears of ₹30,308.52 crore, more than ₹11,000 crore has been pending for more than five years.

Pending arrears for more than five years show a sharp increase from ₹4,499.55 crore (2019-21) to 8,243.84 crore in 2023-24 in State Goods and Services Tax department. The pending arrears for more than five years in Taxes and duties on electricity also shows a rising trend, nearly doubling from ₹887.42 crore (2019-21) to ₹1,556.98 crore (2023-24).

This necessitates urgent intervention from the Government to clear the outstanding arrears and take measures to prevent mounting of arrears.

1.3 Analysis of cases in which stay was granted

An analysis of arrears of revenue which are under various stages of collection showed that the arrears pending collection as on 31 March 2024 included collections stayed by various authorities at various stages. Stages of stay granted in seven principal heads of revenue are detailed in **Table 1.5**.

Table 1.5: Stages of stay granted

Sl. No.	Head of revenue	Total arrear amount (₹ in crore)	Stage wise details of stay		Total amount under stay (₹ in crore)	Percentage of stay to total arrear	Total amount under stay for more than five years (₹ in crore)	Percentage amount under stay for more than five years to total amount under stay
			By Court and other Judicial Authorities (₹ in crore)	By Government (₹ in crore)				
1	State Goods and Services Tax Department	13,559.46	5,032.24	73.95	5,106.19	37.66	3,522.38	68.98
2	Forest Department	420.92	2.17	142.29	144.46	34.32	91.98	63.67
3	Excise Department	303.50	91.22	0	91.22	30.06	91.22	100.00
4	Land Revenue Department	542.14	466.67	21.13	487.80	89.98	115.16	23.61
5	Registration Department	723.53	4.06	0	4.06	00.56	0	0
6	Mining and Geology Department	224.00	44.74	44.22	88.96	39.71	31.85	35.80
7	Motor Vehicles Department	916.53	0.73	0	0.73	0.08	0.0081	1.11
Total		16,690.08	5,641.83	281.59	5,923.42	35.49	3,852.60	65.04

Source: Information collected from various Government departments.

An amount of ₹5,923.42 crore is pending under stay orders, which is 35.49 per cent of the total arrear amount in seven departments. Arrears under stay in State Goods and Services Tax department declined from ₹5,577.10 crore in 2019-21 to ₹5,106.19 crore in 2023-24. In contrast, departments like Land Revenue, Forest and Mining recorded a steady increase in stays.

Out of ₹5,923.42 crore that is pending under stay orders, ₹3,852.60 crore (65.04 per cent) has been pending for more than five years. Excise department has the entire amount (100 per cent) under stay, for more than five years. In addition, State Goods and Services Tax department and Forest department show high pendency, i.e. 69 per cent and 64 per cent respectively.

Department in coordination with Advocate General's office may take necessary steps to vacate the stay in a time bound manner so that the stay orders do not remain in force indefinitely.

1.4 Arrears in Assessments

The particulars regarding the arrears in assessments, such as 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 2023-24 were furnished by the departments (March 2025) as shown in **Appendix I**.

During the year, the Revenue and Disaster Management (R&DM) department cleared 1,76,503 out of 2,02,678 cases of building tax and 156 out of 1,059 cases of plantation tax. The percentage of disposal of arrear cases by the R&DM department is 86.71 *per cent* which is higher than the clearance percentage in the previous year i.e., 2022-23. Analysis over the five-year period shows that the department disposed of 7,80,660 out of 8,07,732 cases, reflecting a high clearance rate of 97 *per cent*.

In the SGST department, 25,788 out of 39,182 cases were cleared. The percentage of disposal ranged from 18.18 *per cent* with respect to Taxes on Works Contract to 79.09 *per cent* with respect to Motor Spirit Tax. As compared to the previous year i.e., 2022-23, clearance has improved in the case of GST. The overall percentage of disposal in the SGST department has increased from 43.21 *per cent* in 2022-23 to 65.82 *per cent* in 2023-24. Over the five year period, the department cleared 1,38,485 cases out of 2,14,114 cases, achieving a disposal rate of 65 *per cent*.

As delays in completing assessments may lead to cases becoming time-barred, the Department may institute a system of periodic monitoring to track progress and fix accountability for any lapses.

1.5 Evasion of tax detected by departments

The cases of evasion of taxes detected by department, cases finalised and demands for additional tax raised are important indicators of revenue collection efforts of the State Government. The promptness in disposal of these cases is an important indicator of the performance of the departments concerned.

The details of cases of evasion of tax detected by departments were called for by Audit from 15 heads of departments out of which seven¹ departments did not detect any case of evasion of tax. Cases of evasion of tax detected by five departments, cases finalised and demands for additional tax raised, as reported by departments are given in **Table 1.6** below:

Table 1.6: Details of evasion of tax

Sl. No.	Particulars	0030-Stamps & Registration fees	0041-Taxes on Vehicles	0406-Forest and Wildlife	0040-SGST	0029-Land Revenue
1	Number of cases pending as on 31 March 2023	1,41,850	26*	3	19,105	2,461
2	Number of cases detected during 2023-24	14,882	0	0	18,667	50
Total		1,56,732	26	3	37,772	2,511

¹ Animal Husbandry Department, Stationery Department, Department of Lotteries, Printing Department, Excise Department, Electrical Inspectorate, Public Works Department (Roads).

Sl. No.	Particulars		0030-Stamps & Registration fees	0041-Taxes on Vehicles	0406-Forest and Wildlife	0040-SGST	0029-Land Revenue
3	Cases in which assessment/ investigation completed and additional demand with penalty etc., raised	Number of cases	10,111	0	0	24,832	57
		Amount of demand (₹ in crore)	25.87	0	0	4,161.04	0.30
4	Number of cases pending for finalisation as on 31 March 2024		1,46,621	26	3	12,940	2,454

Source: Information collected from departments.

* The opening balance of the year 2023-24 do not match with the closing balance of the year 2022-23. The department has not provided an explanation for the discrepancy.

The details from Health department and Public Works department (Bridges as well as Buildings) have not been received yet (September 2025).

1.6 Pendency of refund cases

As per Section 56 of the Kerala State Goods and Services Tax Act, 2017, if the tax ordered to be refunded is not refunded within a period of 60 days from the date of receipt of the application, interest at the rate of six *per cent* (nine *per cent* in case of refund made on order passed by an adjudicating authority or Appellate Tribunal or court which has attained finality) will become payable along with refund from the expiry of 60 days till the date of payment of refund. As per Section 89(4) of Kerala Value Added Tax (KVAT) Act, 2003, interest at the rate of 10 *per cent* per annum is applicable on refund cases after 90 days from the date of assessment order or receipt of the order in appeal or revision or the date of expiry of the time for preferring appeal or revision.

The details of refund cases pending at the beginning of the year 2023-24, claims received, refunds allowed during the year 2023-24 and the cases pending at the close of the year 2023-24, as reported by the SGST and Excise departments, are given in **Table 1.7**.

Table 1.7: Details of pendency of refund cases

Sl. No.	Particulars	State Goods and Services Tax		State Excise	
		No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)
1	Claims outstanding at the beginning of the year 2023-24	767	187.62	71	2.85

Sl. No.	Particulars	State Goods and Services Tax		State Excise	
		No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)
2	Claims received during the year 2023-24	3,234	854.69	2,480	32.52
3	Refunds made during the year 2023-24	2,900	528.20	2,519	33.36
4	Refunds rejected during the year 2023-24	337	65.25	-	-
5	Balance outstanding at the end of the year 2023-24	764	448.86	32	2.00

Source: Details obtained from the respective departments.

In SGST department, the number of refund cases outstanding as at the end of March 2024 was 764 of which, 116 cases pertain to refund of Value Added Tax involving money value of ₹144.62 crore and 642 cases pertain to GST involving money value of ₹292.79 crore.

Excise Department's progress in disposing more than 99 *per cent* of claim cases is commendable.

1.7 Response of Government/ Departments to Audit

The Accountant General (AG) (Audit II), Kerala, conducts periodical inspection of Government departments to test check the transactions and verifies the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of the offices/ Government are required to furnish first reply within four weeks from the date of receipt of the IR. Even if final reply to certain paras in IR are not furnished within the prescribed time limit, an interim reply is to be furnished indicating the action taken to rectify the defects pointed out by Audit. Serious financial irregularities are reported to the heads of departments and Government.

As of June 2024, 2,461 IRs containing 15,021 paragraphs involving a money value of ₹4,978.61 crore, issued up to December 2023 is outstanding as mentioned below with the corresponding figures for preceding two years in **Table 1.8**.

Table 1.8: Details of pending Inspection Reports

	June 2022	June 2023	June 2024
Number of IRs pending for settlement	2,625	2,524	2,461
Number of outstanding audit observations	16,701	14,953	15,021
Amount of revenue involved (₹ in crore)	5,084.70	5,062.52	4,978.61

Source: Details compiled by Accountant General (Audit II).

1.7.1 Department-wise details of IRs

Department-wise details of the IRs and audit observations outstanding as on 30 June 2024 and the amounts involved are mentioned in **Table 1.9**.

Table 1.9: Department-wise details of IRs

Sl. No.	Name of department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved (₹ in crore)
1	SGST	Taxes on sales, trade, etc.	1,635	10,828	4,079.05
		Taxes on agricultural income	63	195	74.11
2	Motor Vehicles	Taxes on Vehicles	318	2,267	388.91
3	State Excise	State Excise	103	390	105.87
4	Registration	Stamp duty and Registration fees	315	1,264	323.37
5	Lotteries	Receipts from lotteries	27	77	7.30
Total			2,461	15,021	4,978.61

Source: Details compiled by Accountant General (Audit II).

Audit did not receive first replies for 117 IRs out of 126 IRs issued during 2023-24 within four weeks from the date of issue of the IRs from five heads of offices.

Government needs to put in place an effective system for ensuring prompt and appropriate response to audit observation within the time frame prescribed in the circular² issued by the Finance department.

² Circular memorandum No.57374/Ins.2/65/Fin. dated 15 November 1965.

1.7.2 Departmental Audit Committee Meetings

The Finance Department had directed all the Heads of department and offices to conduct Quarterly Audit Committee Meetings to clear outstanding Reports/ Draft Paragraphs.

The details of the Audit Committee Meetings held during the year 2023-24 and the paragraphs settled are mentioned in **Table 1.10**.

Table 1.10:
Details of Departmental Audit Committee Meetings

Sl. No.	Name of department	Number of meetings held during 2023-24	Number of audit observations pending as on 31 March 2023	Number of paragraphs settled	Amount involved in settled paragraphs (₹ in crore)
1	State Goods and Services Tax Department	1	11,171	133	11.92
Total		1	11,171	133	11.92

Source: Details compiled by Accountant General (Audit II).

No meetings were held in respect of Excise, State Lotteries, Agricultural Income Tax, Stamps and Registration, and Motor Vehicles Department despite having 4,159 pending audit observations. The Government may issue strict instructions to the departments to devise periodic action plans to clear all the outstanding paragraphs in a time-bound manner by conducting regular Audit Committee Meetings.

One of the major reason for non-conduct of these meetings was the delayed response of the Departments towards the requests for conducting the Audit Committee Meetings.

1.7.3 Response of departments to the draft paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are sent by the AG (Audit II) to the Secretaries of the respective departments drawing their attention to audit findings and requesting their response within six weeks.

11 paragraphs including two Subject Specific Compliance Audit Reports were sent to the Secretaries of the respective departments by name between September 2024 and June 2025. The Secretaries of departments have furnished reply to all paragraphs.

1.7.4 Follow up on the Audit Reports - summarised position

As per notification (December 2002) of the Public Accounts Committee (PAC), after the presentation of the Report of the Comptroller and Auditor

General of India in the Legislative Assembly, Action Taken Explanatory Notes on Audit paragraphs should be submitted by the Government to the Legislature Secretariat within two months of tabling the Report, for consideration of the Committee. The status of follow up on the Reports of the Comptroller and Auditor General of India on Revenue Sector of the Government of Kerala for the year ended 31 March 2017 to the period 2021-22 (112 paragraphs including performance audit) placed before the State Legislative Assembly between 12 June 2018 and 14 September 2023 is as follows:

- The Action Taken Explanatory Notes on Audit paragraphs from the Departments concerned on 28 paragraphs were received late with delay ranging from 10 months to 75 months.
- Six departments did not submit Action Taken Explanatory Notes on audit paragraphs (March 2025) in respect of 67 paragraphs (58 individual and nine Performance Audits/ Review paragraphs), which includes 33 paragraphs of the Audit Report for the period 2021-22.
- The PAC discussed 17 paragraphs pertaining to the Audit Reports for the years from 2017 to 2022 and its recommendations on 15 paragraphs were incorporated in the reports during the respective tenure of the Committee during the period 2023-26.

The departments largely responsible for non-submission of Action Taken Explanatory Notes on Audit paragraphs were Taxes and Transport. The non-receipt of ATNs were brought to the notice of the Chief Secretary to the Government in the Apex Committee meetings held on 15 June 2017, 11 December 2017, 23 June 2018, 18 December 2018, 11 February 2020, 22 February 2022 and finally on 25 May 2023.

Action Taken Notes on PAC recommendations have not been received in respect of 155 out of 165 recommendations of the PAC from four Departments i.e., Taxes, Excise, Transport and Revenue and Disaster Management as mentioned in **Table 1.11** (March 2025).

Table 1.11:
Details of non-receipt of ATN from four Departments

Year	Name of Department				Total
	Taxes	Excise	Transport	Revenue & Disaster Management	
2004-06	-	-	-	1	1
2006-08	-	-	-	2	2
2008-11	2	-	-	-	2
2011-14	-	-	-	-	-
2014-16	2	-	1	-	3
2016-19	17	11	7	2	37
2019-21	12	-	5	7	24

Year	Name of Department				Total
	Taxes	Excise	Transport	Revenue & Disaster Management	
2021-23	3	-	2	38	43
2023-26	18	18	-	7	43
Total	54	29	15	57	155

Source: Details compiled by Accountant General (Audit II).

1.8 Audit Planning

The Annual Audit Plan was prepared on the basis of risk analysis. The unit offices under various departments were categorized into high, medium, and low risk units according to their revenue position, past trends of audit observations, complaints, media reports and instances of non-production of records by department. During the year 2023-24, out of 1,166 auditable units, 126 units were audited, which is 10.81 *per cent* of the total audit units. In addition, one Performance Audit³ and two SSCAs⁴ were also taken up during the year.

1.9 Results of Audit

Position of Audit conducted during the year

Test-check of the records of 126 units of State GST, Motor Vehicles, State Excise, Registration and other departmental offices conducted during the year 2023-24 showed under-assessment/ short-levy/ loss of revenue aggregating to ₹849.92 crore in 713 cases. During 2023-24, departments concerned accepted under-assessment and other deficiencies of ₹206.15 crore involved in 557 cases. Departments collected ₹11.13 crore in 219 cases during 2023-24, pertaining to the audit findings of previous years.

1.10 Coverage of the Report

This Report contains 11 paragraphs (including two SSCAs) which came to notice in the course of test audit of records during the year 2023-24, as well as those in earlier years, involving revenue impact of ₹603.53 crore. These are discussed in the succeeding Chapters II to V.

Recommendation 1

Government may ensure strict adherence to the Finance Department circular and direct all departments to conduct quarterly Audit Committee Meetings for clearance of pending audit paragraphs. Timely submission of replies to Inspection Reports, Action Taken Notes on Audit Reports and PAC recommendations may be enforced to strengthen accountability and improve overall functioning.

³ Performance Audit on Assessment, Levy, and Collection of GST on Minerals.

⁴ One SSCA on Manufacture and Sale of Foreign Liquor in Kerala and another SSCA on Functioning of RTOs and STA in Motor Vehicles Department of Kerala.