

## CHAPTER-3

### GENERAL

#### 3.1 Trend of revenue receipts

**3.1.1** A snapshot of tax and non-tax revenue raised by the Government of Haryana, State's share of net proceeds of divisible Union taxes and duties assigned to States and Grants-in-aid received from Government of India (GoI) during the year 2022-23 and the corresponding figures for the preceding four years are depicted in *Table 3.1*.

**Table 3.1: Trend of revenue receipts**

(₹ in crore)

Sr. No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23 <sup>1</sup>
<b>1.</b>	<b>Revenue raised by the State Government</b>					
	Tax revenue	42,581.34	42,824.95	41,913.80	53,377.16	62,960.80
	Non-tax revenue	7,975.64	7,399.74	6,961.49	7,394.13	8,742.63
	<b>Total</b>	<b>50,556.98</b>	<b>50,224.69</b>	<b>48,875.29</b>	<b>60,771.29</b>	<b>71,703.43</b>
<b>2.</b>	<b>Receipts from Government of India</b>					
	Share of net proceeds of divisible Union taxes and duties	8,254.60	7,111.53	6,437.59	9,722.16	10,378.00 <sup>2</sup>
	Grants-in-aid	7,073.54	10,521.91	12,248.13	7,598.24	7,113.26 <sup>3</sup>
	<b>Total</b>	<b>15,328.14</b>	<b>17,633.44</b>	<b>18,685.72</b>	<b>17,320.40</b>	<b>17,491.26</b>
<b>3.</b>	<b>Total revenue receipts of the State Government (1 and 2)</b>	<b>65,885.12</b>	<b>67,858.13</b>	<b>67,561.01</b>	<b>78,091.69</b>	<b>89,194.69</b>
<b>4.</b>	<b>Percentage of 1 to 3</b>	<b>76.74</b>	<b>74.01</b>	<b>72.34</b>	<b>77.82</b>	<b>80.39</b>

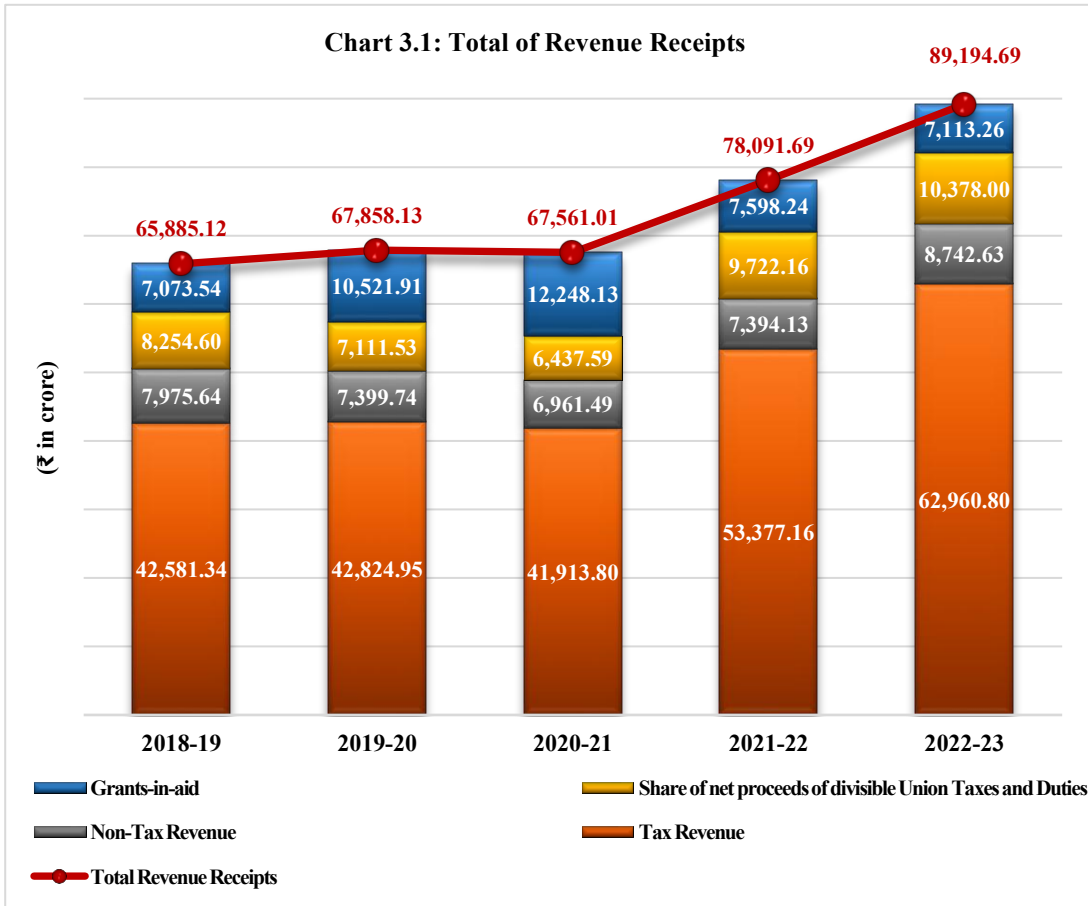
Source: Finance Accounts of the respective years.

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

<sup>2</sup> This includes amount of ₹ 2,932.91 crore received from Government of India as share of Central Goods and Services Tax.

<sup>3</sup> This includes amount of ₹ 2,575.89 crore received from Government of India as compensation for loss of revenue arising out of implementation of Goods and Services Tax.

The trend of revenue receipts during the period 2018-19 to 2022-23 is depicted in **Chart 3.1**.



Source: Finance Accounts of the respective years.

The revenue receipts of the State increased by 35.38 per cent during the period 2018-19 to 2022-23. State's own tax revenue increased by 47.86 per cent, grants-in-aid from GoI increased by 0.56 per cent and the share of net proceeds of divisible Union taxes and duties increased by 25.72 per cent during the same period. During the year 2022-23, the revenue raised by the State Government (₹ 71,703.43 crore) was 80.39 per cent of the total revenue receipts. The balance 19.61 per cent of the receipts during the year 2022-23 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 increased from 76.74 per cent in 2018-19 to 80.39 per cent in 2022-23.

**3.1.2** The details of tax revenue raised during the period 2018-19 to 2022-23 are given in *Table 3.2*.

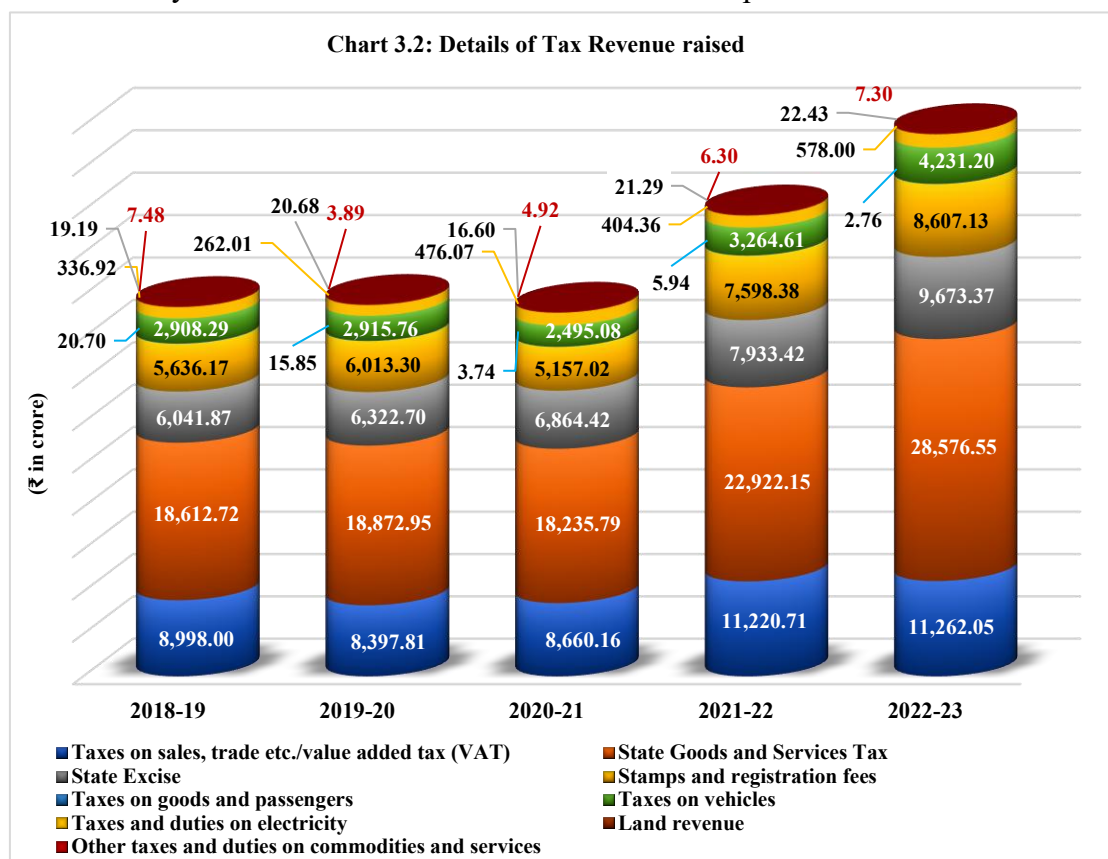
**Table 3.2: Details of Tax Revenue raised**

(₹ in crore)

Sr. No.	Head of revenue	2018-19	2019-20	2020-21	2021-22	2022-23	Percentage of increase (+) or decrease (-) of Actuals of 2022-23 over actuals of 2021-22
		Actual (percentage to total receipts)					
1.	Taxes on sales, trade, etc./ Value added tax (VAT)	8,998.00 (21.13)	8,397.81 (19.61)	8,660.16 (20.66)	11,220.71 (21.02)	11,262.05 (17.89)	0.37
2.	State Goods and Services Tax (SGST)	18,612.72 (43.71)	18,872.95 (44.07)	18,235.79 (43.50)	22,922.15 (42.94)	28,576.56 (45.39)	24.67
3.	State Excise	6,041.87 (14.19)	6,322.70 (14.76)	6,864.42 (16.38)	7,933.42 (14.86)	9,673.37 (15.36)	21.93
4.	Stamps and registration fees	5,636.17 (13.23)	6,013.30 (14.04)	5,157.02 (12.30)	7,598.38 (14.24)	8,607.13 (13.67)	13.28
5.	Taxes on goods and passengers	20.70 (0.05)	15.85 (0.04)	3.74 (0.01)	5.94 (0.01)	2.76 (0.00)	(-) 53.54
6.	Taxes on vehicles	2,908.29 (6.83)	2,915.76 (6.81)	2,495.08 (5.95)	3,264.61 (6.12)	4,231.20 (6.72)	29.61
7.	Taxes and duties on electricity	336.92 (0.79)	262.01 (0.61)	476.07 (1.14)	404.36 (0.76)	578.00 (0.92)	42.94
8.	Land revenue	19.19 (0.05)	20.68 (0.05)	16.60 (0.04)	21.29 (0.04)	22.43 (0.04)	5.35
9.	Other taxes and duties on commodities and services	7.48 (0.02)	3.89 (0.01)	4.92 (0.02)	6.30 (0.01)	7.30 (0.01)	15.87
	<b>Total</b>	<b>42,581.34</b>	<b>42,824.95</b>	<b>41,913.80</b>	<b>53,377.16</b>	<b>62,960.80</b>	<b>17.95</b>
	<b>Per cent increase/ decrease over previous year</b>	<b>3.61</b>	<b>0.57</b>	<b>(-) 2.13</b>	<b>27.35</b>	<b>17.95</b>	

Source: Finance Accounts of the respective years.

The year-wise trend of various tax revenues is depicted in *Chart 3.2*.



Source: Finance Accounts of the respective years.

Tax revenue increased by ₹ 20,379.46 crore (47.86 per cent) during the years 2018-19 to 2022-23 with an average growth rate of 9.47 per cent for the period.

The respective Departments attributed 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 ₹ 11,262.05 crore in 2022-23 against ₹ 11,220.71 crore in 2021-22 due to increased receipts under the State Sales Tax Act (increase in diesel/petrol rates).
- **State Goods and Services Tax:** Receipt of State Goods and Services Tax increased to ₹ 28,576.56 crore in 2022-23 against ₹ 22,922.15 crore in 2021-22 due to higher receipts on account of tax (SGST) and manufacturing as well as service sector and showed good growth in the post covid year.
- **State Excise:** Receipt of State Excise increased to ₹ 9,673.37 crore in 2022-23 against ₹ 7,933.42 crore in 2021-22 due to increase in rates of excise duty and license fee i.e. ₹ 66PL to ₹ 74PL in 2022-23 of ED on CL and ₹ one crore to ₹ four crore in 2022-23 of L-1BF license.
- **Stamps and Registration Fee:** Receipt of Stamps and Registration Fee increased to ₹ 8,607.13 crore in 2022-23 against ₹ 7,598.38 crore in 2021-22 due to more registration of documents (6,81,206 in 2021-22 to 7,40,810 in 2022-2023) of immovable property.
- **Taxes on vehicles:** Receipt of Taxes on vehicles increased to ₹ 4,231.20 crore in 2022-23 against ₹ 3,264.61 crore in 2021-22 due to increase in registration (7,92,659 in 2021-22 to 12,23,170 in 2022-2023) of new vehicles.
- **Taxes and duties on Electricity:** Receipt of Taxes and duties on electricity increased to ₹ 578.00 crore in 2022-23 against ₹ 404.36 crore in 2021-22 due to more realisation in Electricity Duty from the consumers of power utility.

**3.1.3** The details of non-tax revenue raised during 2018-19 to 2022-23 are indicated in **Table 3.3**.

**Table 3.3: Details of Non-Tax Revenue raised**

(₹ in crore)

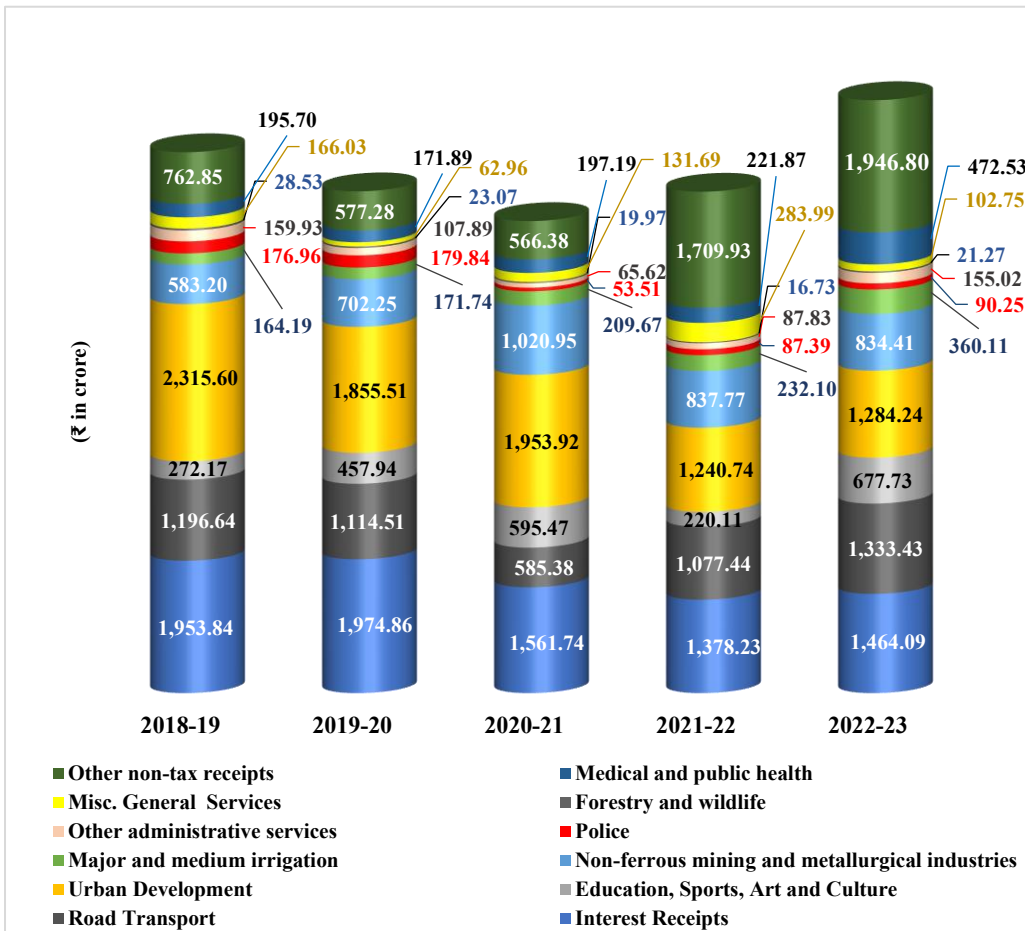
Sr. No.	Head of revenue	2018-19	2019-20	2020-21	2021-22	2022-23	Percentage of increase (+) or decrease (-) of Actuals of 2022-23 over actuals of 2021-22
1.	Interest Receipts	1,953.84 (24.50)	1,974.86 (26.69)	1,561.74 (22.43)	1,378.23 (18.64)	1,464.09 (16.75)	6.23
2.	Road Transport	1,196.64 (15.00)	1,114.51 (15.06)	585.38 (8.41)	1,077.44 (14.57)	1,333.43 (15.25)	23.76
3.	Education, Sports, Art and Culture	272.17 (3.41)	457.94 (6.19)	595.47 (8.55)	220.11 (2.98)	677.73 (7.75)	207.91
4.	Urban Development	2,315.60 (29.03)	1,855.51 (25.08)	1,953.92 (28.06)	1,240.74 (16.78)	1,284.24 (14.69)	3.51
5.	Non-ferrous mining and metallurgical industries	583.20 (7.31)	702.25 (9.49)	1,020.95 (14.67)	837.77 (11.33)	834.41 (9.54)	(-) 0.40
6.	Major and medium irrigation	164.19 (2.06)	171.74 (2.32)	209.67 (3.01)	232.10 (3.14)	360.11 (4.12)	55.15
7.	Police	176.96 (2.22)	179.84 (2.43)	53.51 (0.77)	87.39 (1.18)	90.25 (1.03)	3.27
8.	Other administrative services	159.93 (2.01)	107.89 (1.46)	65.62 (0.94)	87.83 (1.19)	155.02 (1.77)	76.50
9.	Forestry and wildlife	28.53 (0.36)	23.07 (0.31)	19.97 (0.29)	16.73 (0.23)	21.27 (0.24)	27.14
10.	Miscellaneous General Services <sup>4</sup>	166.03 (2.08)	62.96 (0.85)	131.69 (1.89)	283.99 (3.84)	102.75 (1.18)	(-) 63.82
11.	Medical and public health	195.70 (2.45)	171.89 (2.32)	197.19 (2.83)	221.87 (3.00)	472.53 (5.40)	112.98
12.	Other non-tax receipts	762.85 (9.56)	577.28 (7.80)	566.38 (8.14)	1,709.93 (23.13)	1,946.80 <sup>5</sup> (22.27)	13.85
<b>Total</b>		<b>7,975.64</b>	<b>7,399.74</b>	<b>6,961.49</b>	<b>7,394.13</b>	<b>8,742.63</b>	<b>18.24</b>

**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- ₹ 192.00 crore, Public Services Commission- ₹ 18.80 crore, Jail- ₹ 2.46 crore, Supplies and Disposal- ₹ 2.42 crore, Stationers and Printing- ₹ 0.50 crore, Public Work- ₹ 33.06 crore, Contribution and Recoveries towards Pension- ₹ 42.75 crore, Family Welfare- ₹ 0.07 crore, Water Supply and sanitation- ₹ 66.92 crore, Housing- ₹ 11.51 crore, Information and publication- ₹ 0.27 crore, Labour and Employment- ₹ 42.99 crore, Social Security and Welfare- ₹ 63.06 crore, Other Social Services - ₹ 0.39 crore, Crop Husbandry- ₹ 0.92 crore, Animal Husbandry- ₹ 3.46 crore, Dairy Development- ₹ 0.01 crore, Fisheries- ₹ 4.56 crore, Food Storage and Warehousing- ₹ 1.11 crore, Cooperation- ₹ 10.12 crore, Other Agriculture Programs- ₹ 2.41 crore, Land Reform- ₹ 0.01 crore, Other Rural Development Programs - ₹ 1,345.34 crore, Minor Irrigation- ₹ 0.02 crore, New Renewable Energy - ₹ 0.01 crore, Villages and Small Industries- ₹ 2.33 crore, Industries- ₹ 9.08 crore, Civil Aviation- ₹ 16.48 crore, Road and Bridge- ₹ 43.38 crore, Tourism- ₹ 0.98 crore and Other General Economic Services- ₹ 28.88 crore.

Chart 3.3: Details of Non-Tax Revenue raised



Source: Finance Accounts of the respective years.

Non-tax revenue constituted 9.80 per cent of the revenue receipts during 2022-23 registering an increase of ₹ 1,348.50 crore (18.24 per cent) over the previous year mainly due to increase in receipts of Road Transport, Major and medium irrigation, other administrative services and Other non-tax receipts. Interest receipts (16.75 per cent), Urban Development (14.69 per cent), Road Transport (15.25 per cent), and other non-tax receipts (22.27 per cent) are the main contributors to non-tax revenue and contribute 68.96 per cent to total non-tax revenue.

The Departments concerned attributed the following reasons for variations:

- **Urban Development:** The increase (3.51 per cent) in actual receipts in 2022-23 over 2021-22 was due to more renewal (138 in 2021-22 to 255 in 2022-23) of licenses and fee & charges in change of land use (CLU) cases.
- **Major and medium Irrigation:** The increase (55.15 per cent) in actual receipts in 2022-23 over 2021-22 was due to increase in rates of raw water.
- **Medical and Public Health:** The increase (112.98 per cent) in actual receipts in 2022-23 over 2021-22 was due to more refund of unspent balance of GIA, interest from NHM, rent received from the contracts etc.

### 3.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2023 in some principal heads of revenue amounted to ₹ 34,173.07 crore, of which ₹ 10,587.82 crore was outstanding for more than five years as depicted in *Table 3.4*.

**Table 3.4: Arrears of Revenue**

(₹ in crore)

Sr. No.	Heads of revenue	Amount outstanding as on 31 March 2023	Amount outstanding for more than five years as on 31 March 2023	Replies of Department
1	Taxes on sales, trade/VAT, etc.	31,075.87	9,421.34	Recovery of ₹ 963.72 crore was stayed by the Hon'ble High Court and other judicial authorities and ₹ 74.27 crore was stayed by orders of the Government, recovery of ₹ 32.77 crore was held up due to the dealers becoming insolvent, ₹ 105.51 crore was likely to be written off and ₹ 2,044.33 crore was held up due to rectification/review/application. Recovery of arrears of ₹ 3,522.77 crore was pending on account of cases pending in court, ₹ 3,907.94 crore was pending on account of non-recovery by the Department due to other reasons, recovery of ₹ 2,543.38 crore was pending with the Official Liquidator/Board of Industrial and Financial Reconstruction (BIFR). Inter-State arrears were ₹ 396.04 crore and inter-district arrears were ₹ 97.05 crore. Recovery of ₹ 0.21 crore was being made in instalments. Balance amount of ₹ 17,387.88 crore was at other stages of action.
2	State Excise	541.72	261.68	Recovery of ₹ 17.98 crore was stayed by Hon'ble High Court and other judicial authorities. Recovery of arrears of ₹ 52.06 crore was pending on account of cases pending in court, ₹ 65.71 crore was pending on account of non-recovery by the Department due to other reasons, ₹ 0.67 was likely to be written off. ₹ 134.13 crore was due to inter-State and inter-district arrears. Balance of ₹ 271.17 crore was outstanding at different stages of action.
3	Taxes and duties on electricity	448.69	187.24	Amount of ₹ 447.69 crore was due to inter-State arrears. and ₹ one crore was pending with the Official Liquidator/ Board of Industrial and Financial Reconstruction (BIFR).
4	Tax on entry of goods into local areas (Local Area Development Tax)	208.11	207.97	Recovery of ₹ 182.65 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, ₹ 0.14 crore was pending on account of non-recovery by the Department due to other reasons and ₹ 20.37 crore was outstanding at other stages of action.
5	Police	131.13	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 ₹ 123.46 crore was recoverable from other States for election duties and Law & Order duties.
6	Other taxes and duties on commodities and services – Receipts from Entertainment duty	11.11	11.11	Recovery of ₹ 8.53 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 ₹ 2.37 crore was outstanding at other stages of action.
7	Non-ferrous mining and metallurgical industries	1,756.44	457.57	₹ 586.45 crore was outstanding on account of demand covered by recovery certificate, ₹ 39.99 crore was stayed by Hon'ble High Court and judicial authorities. ₹ 0.26 crore was likely to be written off and ₹ 304.02 crore was pending on account of non-recovery by the Department due to other reasons. Inter-State arrears were ₹ 521.72 crore and inter-district arrears were ₹ 231.78 crore. Recovery of ₹ 0.02 crore was being made in instalments. Arrears of revenue for the year 2022-23 was ₹ 0.11 crore. Balance amount of ₹ 72.09 crore was outstanding at other stages of action.
	<b>Total</b>	<b>34,173.07</b>	<b>10,587.82</b>	

Source: Departmental Figures.

### 3.3 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 3.5**.

**Table 3.5: 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	2021-22	5,036	4,240	9,276	3,096	6,180	33
	2022-23	6,180	4,473	10,653	3,576	7,077	34

**Source: Information provided by State Excise and Taxation Department.**

The number of cases pending at the end of the year 2022-23 has increased to 7,077 against the previous year from 6,180. It is further observed that percentage of disposal of cases increased slightly by one *percent* from 2021-22 to 2022-23. The Government may advise the Department to take necessary steps for early disposal of these pending cases to augment Government revenue.

### 3.4 Evasion of tax detected by the Department

Under Sections 29 to 31 of the HVAT Act, 2003, the Department is required to inspect 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 for 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 3.6**.

**Table 3.6: Evasion of Tax**

Sr. No.	Head of revenue	Cases pending as on 31 March 2022	Cases detected during 2022-23	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 2023
					Number of cases	Amount of demand (₹ in crore)	
1	Taxes on sales, trade etc./VAT	1	0	1	0	Nil	1
2	State Excise	49	100	149	112	0.85	37
<b>Total</b>		<b>50</b>	<b>100</b>	<b>150</b>	<b>112</b>	<b>0.85</b>	<b>38</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 as compared to the number of cases pending at the beginning of 2022-23.



### 3.5 Refund cases

The number of refund cases pending at the beginning of the year 2022-23, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2022-23 are mentioned in **Table 3.7**.

**Table 3.7: 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	438	140.37	33	2.21
2	Claims received during the year	393	199.52	122	15.02
3	Refunds made/ adjusted/rejected during the year	614	152.81	118	13.81
4	Balance outstanding at the end of the year	217	187.08	37	3.42

**Source: Information provided by State Excise and Taxation Department.**

Though the number of outstanding cases at the end of the year has decreased in respect of Sales Tax/VAT and increased in respect of State Excise as compared to cases outstanding at the beginning of the year but the amount in both cases have increased.

Since complete information regarding the GST refund cases was not available with the Department, hence, the figure could not be examined in audit.

### 3.6 Internal Audit

During the year 2022-23, out of 245 units planned for audit, Internal Audit Cell of Revenue and Disaster Management, and Excise and Taxation (State Excise) audited 245 units as detailed in **Table 3.8**.

**Table 3.8: Internal Audit**

Receipts	Number of units Planned	Number of units audited
Stamp Duty	223	223
State Excise	22	22
VAT/Sales Tax	Nil	Nil
Motor Vehicles Tax	Nil	Nil
<b>Total</b>	<b>245</b>	<b>245</b>

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. In case of Taxes on Motor Vehicles, internal audit in the State was not done due to pandemic effects and the shortage of Section Officers in Audit Branch. The irregularities discussed in Chapters 4 and 5 are indicators of inadequate internal control mechanism.

### 3.7 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 2023 revealed that 10,384 paragraphs relating to 3,140 IRs remained outstanding at the end of June 2023 as mentioned in **Table 3.9** along with the corresponding figures for the preceding two years.

**Table 3.9: Details of pending Inspection Reports**

	December 2021	June 2022	June 2023
Number of IRs pending for settlement	2,973	3,053	3,140
Number of outstanding audit observations	9,732	9,950	10,384

**3.7.1** The Department-wise details of the IRs and audit observations outstanding as on June 2023 is mentioned in **Table 3.10**.

**Table 3.10: Department-wise details of Inspection Reports**

Sr. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations
1	Excise and Taxation	Sales tax /VAT	434	4,277
		State Excise	249	497
		Taxes on goods and passengers	254	465
		Entertainment duty and show tax	49	65
2	Revenue	Stamps and registration fees	1,397	3,874
		Land Revenue	174	293
3	Transport	Taxes on vehicles	467	714
4	Power	Taxes and duties on electricity	13	22
5	Mines and Geology	Non-ferrous mining and metallurgical industries	103	177
<b>Total</b>			<b>3,140</b>	<b>10,384</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.

### 3.7.2 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 2022-23 and the paragraphs settled are mentioned in **Table 3.11**.

**Table 3.11: 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) and Transport Department	9	531	46.74

### 3.7.3 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, 16 draft paragraphs were sent to the Additional Chief Secretaries of the respective Departments between April and December 2024. No reply has been received in these cases from the Government. However, replies received from the concerned Departments have been appropriately included in the relevant places in the Report.

### 3.7.4 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 Report of the Comptroller and Auditor General of India on Compliance Audit Report II for the year ended March 2022 containing 18 paragraphs including one Subject Specific Compliance Audit and one Information Technology Audit was placed before the State Legislature Assembly on 10 March 2025 for which ATNs are awaited.

1,004 recommendations pertaining to the Audit Reports from 1979-80 to 2020-21 contained in 22<sup>nd</sup> to 90<sup>th</sup> Reports of PAC as mentioned in *Appendix 3.1* and *Appendix 3.2* were pending for want of final corrective action by the concerned Departments.

## 3.8 Analysis of the mechanism for dealing with the issues raised by audit

To analyse the system of addressing 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 3.8.1 to 3.8.2 discuss the performance of the Excise and Taxation Department (Sales Tax/VAT) and cases detected during the course of local audit for the last 10 years included in the inspection Reports.

### **3.8.1 Position of Inspection Reports**

The summarised position of the inspection reports issued to the Excise and Taxation Department (Sales Tax/VAT) during the last 10 years, paragraphs included in these reports and their status as on 31 March 2023 are brought out in *Appendix 3.3*.

The number of outstanding IRs increased from 307 in 2013-14 to 432 in 2022-23 and the number of paragraphs have increased from 1,672 in 2013-14 to 4,226 in 2022-23 as on 31 March 2023. During this period nine ACMs were held in respect of Excise and Taxation Department (Sales Tax/VAT) and Transport Department and 531 paragraphs were settled amounting to ₹ 46.74 crore.

### **3.8.2 Recovery in accepted cases**

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Excise and Taxation Department (Sales Tax/VAT) and the amount recovered are mentioned in *Appendix 3.4*.

The progress of recovery even in accepted cases was low (7.95 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.

## **3.9 Audit Planning**

There are a total of 393 auditable units in the State of Haryana of which 138 units were planned and audited during 2022-23. The units were selected based on risk analysis.

## **3.10 Results of audit**

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

Test check of the records of 117 (Revenue 115 +2 expenditure) units<sup>6</sup> pertaining to Sales Tax/Value Added Tax, Stamp Duty and Registration fees conducted during the year 2022-23 revealed under-assessment/short levy of tax/loss of revenue aggregating to ₹ 260.24 crore in 2,516 cases. During the course of the year, the Departments concerned accepted under assessment and other deficiencies of ₹ 79.04 crore involved in 1,980 cases. The Departments had recovered ₹ 0.04 crore in 11 cases during the year 2022-23.

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<sup>6</sup> 21 units related to Local audit excluded.

### **3.11 Coverage of this Report**

This Report contains 16 Draft Paragraphs involving financial impact of ₹ 71.53 crore.

The Departments/Government have accepted audit observations involving ₹ 71.53 crore out of which ₹ 1.07 crore had been recovered. These are discussed in the succeeding Chapters 4 and 5.