



SUPREME AUDIT INSTITUTION OF INDIA

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

Report of the Comptroller and Auditor General of India for the period ended March 2023



**Government of Himachal Pradesh
Report No. 1 of 2026
(Composite Audit Report)**

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Comptroller and Auditor General of India
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Preface

This Report of the Comptroller and Auditor General of India for the period ended March 2023 has been prepared for submission to the Governor of the State of Himachal Pradesh under Article 151 of the Constitution of India.

The Report contains significant results of Information Technology Audit, Performance and Compliance Audit of Receipts and Expenditure of the Government of Himachal Pradesh and review of Financial Performance of State Public Sector Enterprises (SPSEs), conducted in terms of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Services) Act, 1971.

Period covered in the Information Technology Audit is 2018-23, in Performance Audit is 2018-22 and in Subject Specific Compliance Audit is 2018-21 and in review of Financial Performance of SPSEs is 2022-23.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

Overview

This Report covers matters arising out of the Information Technology Audit on e-Procurement in Himachal Pradesh, Performance Audit (PA) on E-Way Bill System, Subject Specific Compliance Audit (SSCA) on Department's Oversight on GST Payments and Returns Filing for the Years 2018-19 to 2020-21 and review of Financial Performance of State Public Sector Enterprises (SPSEs). The Report has been organised into five chapters as under:

Chapter I - General

This is an introductory chapter, which contains trends of revenue receipts, analysis of arrears of revenue, arrears in assessments, evasion of tax, refund cases, response of Government towards Audit, planning and conduct of Audit and follow-up on Audit Reports.

Information Technology Audit

Chapter II – E-Procurement in Himachal Pradesh

The Information Technology Audit of the e-Procurement system in Himachal Pradesh was conducted to evaluate the effectiveness, transparency, and accountability of the digital tendering processes implemented across Government Departments. Initiated in 2011 as a pilot under the National e-Governance Plan (NeGP), the e-Procurement system aimed to streamline procurement through internet-based technologies and ensure fair competition. Although a State Government notification (June 2018) mandated all Departments and Government Bodies to use the e-Procurement portal for tenders above ₹ five lakh, the audit revealed critical gaps in implementation and system usage.

The audit covered the period from April 2018 to March 2023 and analysed the data in respect of 77,152 tenders across 83 procuring entities. Using a combination of data analytics, application control reviews, and scrutiny of manual and online records, the Audit identified significant deficiencies. Stratified random sampling was employed to select three districts, nine Departments, 51 units, and 783 tenders for detailed examination.

Key findings:

Incomplete implementation: Audit had highlighted the non-implementation of various modules of the e-Procurement system in Audit Report – Social, General and Economic Sectors (Non-PSUs) for the year ended 31 March 2017. At that time, only one module – e-Tendering was functioning. However, even after seven years, the e-Procurement system was limited to partial implementation of three more modules (vendor management, e-Auction and e-Payment), while three modules, such as indent management, catalogue management, and contract management were not implemented (September 2024).

The absence of a formal Service Level Agreement (SLA) with National Informatics Centre (NIC) and irregular meetings of the Core Committee impeded monitoring and effective roll-out.

Sub-optimal utilisation: The system's full potential remains untapped, as 16 out of 100 procuring entities, such as Dr. Rajendra Prasad Government Medical College Tanda, Directorate of Youth Services and Sports, Himachal Pradesh Vidhan Sabha, Himachal Pradesh Institute of Public Administration, *etc.* did not use the e-Procurement portal since inception and 15 others published fewer than ten contracts as of March 2023. Further, several key entries were manually entered by department users rather than being automatically captured by the e-Procurement system, leading to inconsistencies between the system's data and the actual transactions.

Systemic deficiencies: The platform lacked critical functionalities required under the Himachal Pradesh Financial Rules (HPFR) and department-specific timelines, such as mapping of prescribed timelines for bids submission, enforcement of the minimum number of bids, and the capturing of rate contract details. This led to poor lifecycle tracking of tenders, procedural delays, and non-compliance with bid processing timelines. **Data integrity and control issues:** Inadequate input controls allowed erroneous entries, such as incomplete bidder details, decryption failures, and inconsistent tender stage updates, compromising audit trails and data reliability. Further, legal sanctity of Digital Signature Certificate (DSCs) and legitimacy of bids was not ensured due to improper mapping of the DSC with the user ID and name.

Lack of automated red flags: Crucially, the system did not incorporate real-time alerts for anomalies, procedural violations, or suspicious patterns. This allowed serious lapses to go undetected.

The objectives of training and support through the Project Management Unit were only partially met. The training was limited to the initial phase in December 2011, where 81 bidders and 220 department officials were trained. No records were available for training activities during 2018–2023.

Indicators of collusion and bid rigging: Audit analytics flagged potential indicators of anti-competitive practices, including:

- Multiple bids from identical or Departmental IP addresses within short intervals.
- Marginal bid variation suggesting rotational cartel behaviour.
- Award of tenders at inflated rates and to non-L1 bidders.
- Instances of tender splitting to avoid threshold-based scrutiny.

These red flags were neither detected nor acted upon by the system, underscoring the need for integrated fraud detection tools.

Conclusion

The e-Procurement system in Himachal Pradesh has not yet achieved its intended objectives of transparency, efficiency, and fairness in public procurement. Technical shortcomings, inadequate governance mechanisms, and absence of automated

compliance checks continue to compromise the integrity of the procurement process. Urgent reforms including formalisation of operational frameworks, integration of rule-based validations, and adoption of real-time analytics and alert systems are essential for ensuring robust and accountable e-Procurement in the State.

The Government may:

- 1. Revitalise the Core Committee with regular meetings, defined roles, and clear follow-up protocols to oversee system implementation, policy decisions, and issue resolution.*
- 2. Enhance the system to fully support compliance with HPFR and Department-specific procurement timelines, including auto-tracking and alerts for delays.*
- 3. Strengthen input controls to prevent incorrect or incomplete data entries and ensure data consistency and integrity across modules.*
- 4. Incorporate real-time updates of tender stages and automated summary reports to reduce manual intervention and improve transparency through enhanced automation.*
- 5. Conduct regular training sessions for both procuring entity officials and bidders, with a focus on system usage, bid submission, and security protocols. Establish a responsive helpdesk to provide technical and procedural support to users.*
- 6. Implement robust input and validation controls to ensure completeness of user data while registration and proper mapping of Digital Signature Certificates (DSCs) with user IDs, thereby upholding the legal sanctity of DSCs and the legitimacy of bids.*
- 7. Develop algorithms to flag potential collusion and suspicious bidding patterns such as use of identical IPs, bid timing overlaps, price collusion, repetitive award patterns, or unusual bidding behaviour.*
- 8. Reduce the threshold limit for e-Tendering across all Departments to promote wider adoption of e-Procurement and prevent tender splitting.*

Performance Audit

Chapter III - E-Way Bill System

The Himachal Pradesh State Taxes & Excise Department has 16 units in the State to examine the taxpayer's compliance, scrutiny process and subsequent preventive action taken on E-Way Bill (EWB) raised by the consignor/consignee/transporter. A sample of 127 EWBs of 52 taxpayers in nine units for assessing the effectiveness of EWB mechanism in protecting revenue interest of the Government and 200 cases for enforcement/preventive activities of the Department for the period from April 2018 to March 2022 were selected for audit.

During the Performance Audit of EWB System under GST for the State of Himachal Pradesh, Audit observed certain deficiencies in the EWB system.

It was observed that the EWB system could not distinguish between inter-state and intra-state movement of goods by composition taxpayers and permitted generation of EWBs in both cases. There were instances where EWBs were generated but taxpayers filed nil GSTR-1 for the respective return periods and did not discharge their tax liability. It was further noticed that EWBs were generated by non-filer taxpayers whose registrations were cancelled without settling the tax liability.

Audit observed that EWB portal permitted generation of multiple EWB on same invoice. In many cases, it was observed that although the taxpayer had filed GST returns regularly but there was short-payment or non-payment of tax liabilities, resulting in loss of ₹4.43 crore to the Government exchequer.

A test-check of 120 EWBs of 45 taxpayers indicated that nine taxpayers across four units had availed Input Tax Credit (ITC) of ₹335.26 crore against the inward supplies, whereas the ITC actually available to them as per GSTR-2A was only ₹314.92 crore. This resulted in excess availment of ITC amounting to ₹20.34 crore and consequent loss of revenue to the Government exchequer.

During the evaluation of the enforcement/ preventive activities viz., operational preparedness, effectiveness of anti-evasion measures and intra-department and inter-department coordination, it was observed that the Department had not established a dedicated formation for EWB verification which may have improved the efficiency of preventive functions.

It was further observed that the absence of patrol vehicles for EWB verification in the Department may have impacted operational efficiency and resulted in limited mobility and making on-site verifications challenging. In case of some units, the Department did not have specific targets for conducting verification of EWBs.

Preventive units were not using the analytical reports designed by NIC for planning the vehicle's interception. These Reports were not shared with the jurisdictional officers for using them in scrutiny of returns.

The Government may:

- 1. Incorporate validation control in EWB system to alert the taxpayer as well as the Departmental officer when a taxpayer under Composition Levy Scheme generates EWB for inter-state supply.***
- 2. Issue suitable instructions to the Proper Officers for considering EWBs generated by the taxpayer before cancellation of registration retrospectively and taking action for recovery of tax, wherever applicable.***
- 3. Incorporate validation control in the EWB system to alert taxpayer and Departmental officer on generation of multiple EWBs with same invoice/similar invoice.***

4. *Ensure that the analytical reports generated by National Informatics Centre (NIC) on risky EWB transactions may be utilised by Departmental officers for identifying probable cases of tax evasion.*

Subject Specific Compliance Audit

Chapter IV - Department's Oversight on GST Payments and Returns Filing for the Year 2018-19 to 2020-21

The Subject Specific Compliance Audit (SSCA) on Departmental Oversight on Goods and Service Tax (GST) Payments and Return Filing was undertaken, in the context of varying trends of return filing and continued data inconsistencies, with an objective of assessing the adequacy of the system in monitoring return filing and tax payments, extent of compliance and other Departmental oversight functions.

This SSCA was predominantly based on data analysis, which highlighted risk areas, red flags and in some cases, rule-based deviations and logical inconsistencies in GST returns filed for the period between April 2018 and March 2021. The SSCA entailed assessing the oversight functions of State jurisdictional formation at two levels – at the data level through global data queries and at the functional level with a deeper detailed audit of the Circles and of the GST returns. The audit sample selected 348 taxpayers for limited audit and 50 taxpayers for detailed audit of GST returns for the period 2018-21.

The Department issued Standard Operating Procedure (SOP) in May 2023 for scrutiny of returns. The Department was only pursuing GST returns related inconsistencies identified by Economic Intelligence Unit (EIU). A review of the 10 Circles for the period from April 2020 to March 2021 disclosed that documentation of essential oversight functions of Circles such as monitoring of return filing, taxpayer compliance was poor and not amenable to evaluation. As such, the functions of the Circles were neither fully digitised nor carried out in an organised manner.

Audit noticed significant delays and deficiencies in the recovery of dues assessed under GST. In 256 cases across ten Circles, demand orders in Form DRC-07 for recovery of ₹49.56 crore were issued during 2020-21. However, despite the lapse of more than three years, the required follow-up action for recovery was not effectively pursued by the department. This is evident from the fact that only a sum of ₹2.09 crore had been recovered in 75 cases.

Analysis of MIS data on taxpayers who accepted TDS credit but filed nil GSTR-3B returns, showed that during 2020-21, 323 taxpayers across 10 Circles accepted TDS of ₹2.43 crore through 569 returns, though they reported nil taxable turnover in GSTR-3B. This indicates a probable suppression of ₹121.33 crore of taxable turnover, involving an estimated GST liability of ₹21.84 crore (at 18 *per cent*).

The Department responded to 420 out of 627 deviations of high value data inconsistencies identified by Audit. Of these, 272 cases constituting 64.76 *per cent*, turned out to be compliance deficiencies with mismatches (including turnover)

amounting to ₹590.86 crore. A relatively higher rate of deficiencies was noticed in short/non-payment of interest, Input Tax Credit (ITC) mismatch, excess Reverse Charge Mechanism (RCM) ITC availed and incorrect turnover declarations. Out of the 420 cases, the Department has recovered ₹3.72 crore in 16 cases and raised a demand of ₹69.57 crore in 50 cases. Additionally, notices amounting to ₹318.79 crore have been issued in 66 cases, and correspondence was ongoing with taxpayers in 140 cases involving ₹198.78 crore. The Department has not responded to 207 cases of deviations, which has an identified risk exposure of ₹569.67 crore.

Detailed audit of GST returns also suggested significant non-compliance. At the outset, essential records such as financial statements and invoices were not produced in 29 cases out of a sample of 50 taxpayers and in another 21 cases, partial records were produced, which constituted a significant scope limitation. Out of the 50 cases that were audited either fully or partially due to non/ partial production of records, Audit observed 19 compliance deficiencies with a revenue implication of ₹690.28 crore. The main causative factors were availing of ineligible and irregular ITC, exclusion of supplies for taxation and incorrect discharge of tax under RCM.

The Department may:

- 1. Establish a monitoring mechanism for prompt follow up of notices issued for non-filing and late-filing of GST returns and maintaining proper records of compliance.***
- 2. Develop and implement a mechanism for tracking cases where DRC-07 has been issued. Mandate periodic reporting from field officers on recovery progress and enforce timely initiation of recovery proceedings under Section 79 in cases of non-compliance.***
- 3. Monitor and enforce filing of Form ITC-03 by taxpayers opting for the Composition Scheme. Circles must be sensitised to identify such cases and ensuring reversal of ITC within 180 days as mandated.***
- 4. Urgently pursue the 207 deviations identified through data analysis where replies were not furnished. Department may also initiate remedial measures for all other mismatches and compliance deficiencies pointed out in this report.***

Chapter V - Financial Performance of State Public Sector Enterprises (SPSEs)

As on 31 March 2023, there were 30 SPSEs (two Statutory Corporations, 24 Government Companies (including three inactive Government Companies) and four Government Controlled Other Companies) in the State. The contribution of SPSEs to the GSDP of Himachal Pradesh shows a declining trend from 2020-21 to 2022-23 and reduced marginally from 5.47 per cent in 2021-22 to 5.45 per cent in 2022-23. Thirteen SPSEs reported profit as per their latest financial statements in 2022-23 against 10 SPSEs in 2021-22. The profit decreased from ₹21.47 crore in 2021-22 to ₹20.21 crore in 2022-23. The top three SPSEs which contributed maximum profit included Himachal Pradesh

State Industrial Development Corporation Limited, Himachal Pradesh General Industries Corporation Limited and Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited. Out of 13 SPSEs which earned profit during 2022-23, only one SPSE (Himachal Pradesh General Industries Corporation Limited) declared dividend of ₹ 0.36 crore. Four SPSEs were not required to declare dividend and eight SPSEs which earned aggregate profit of ₹14.88 crore had not declared/paid dividend.

The losses incurred by the SPSEs increased to ₹604.94 crore in 2022-23 (eight SPSEs) as per their latest finalised accounts from ₹498.55 crore in 2021-22 (12 SPSEs) due to loss-incurring power sector SPSEs (Himachal Pradesh Power Corporation Limited, Himachal Pradesh Power Transmission Corporation Limited and Himachal Pradesh State Electricity Board Limited) and Himachal Road Transport Corporation. As of 31 March 2023, 14 SPSEs had accumulated losses amounting to ₹4,985.18 crore. Of these, the net worth of nine SPSEs had been fully eroded, resulting in negative net worth.

As of 30 September 2023, accounts for the year 2022-23 were due from 27 Government Companies. However, none of the Government Companies submitted their accounts for the year 2022-23 for audit by CAG by 30 September 2023. Seventy three accounts of 27 Government Companies were in arrears. As on 30 September 2023, two accounts of two Statutory Corporations were pending.

The certified accounts of the selected SPSEs along with the report of the Statutory Auditors are reviewed by C&AG by carrying out a supplementary audit. As a result of the Supplementary Audit conducted in 19 SPSEs during October 2022 and 30 September 2023, a number of quantitative as well as qualitative changes were made by the SPSEs in their financial statements which led to an improvement in the quality of their financial statements. The net financial impact as a result of the Supplementary Audit was to the tune of ₹150.76 crore on the profitability and ₹294.74 crore on the assets/liabilities.

Out of 30 SPSEs, 12 SPSEs are registered as public. Of these, eight SPSEs were required to appoint Independent Directors. Only three SPSEs appointed required number of Independent Directors, while the remaining five did not appoint Independent Directors. Only three SPSEs (out of 25) had conducted the required minimum number of Board of Director's meetings during 2020-23. Out of 24 SPSEs which were required to conduct Annual General Meeting (AGM), three SPSEs did not conduct any AGM during 2020-23. Out of 12 Public SPSEs, seven SPSEs were required to constitute an Audit Committee, however, only three SPSEs constituted Audit Committee. Of these three SPSEs, the criteria of two-third Independent Directors in the Audit Committee was not met by Himachal Pradesh State Industrial Development Corporation Limited and Himachal Pradesh State Electricity Board Limited.

Out of 12 Public SPSEs, seven SPSEs were required to constitute a Nomination and Remuneration Committee as per the criteria specified in Act/Rules. However, only one SPSE (Himachal Pradesh State Electricity Board Limited) constituted this committee.

Out of the 25 SPSEs, only four SPSEs established a whistle blower mechanism as required by the Companies Act, 2013.

All the five SPSEs, which were required to constitute Corporate Social Responsibility (CSR) committee, had constituted CSR Committees and framed CSR policies. However, Himachal Pradesh Power Corporation Limited did not specify the monitoring mechanism in its CSR policy. All the three SPSEs (other than power sector) had not disclosed their CSR Policy, CSR Committee composition and approved CSR projects on their official website, as required by the Companies Act, 2013. Further, these State PSEs did not prepare any annual CSR plan and budget for CSR activities.

Chapter-I

General

Chapter I - General

1.1 Introduction

This Audit Report of the Comptroller and Auditor General of India (CAG) relates to matters arising from Audit of two departments and also includes review of Financial Performance of State Public Sector Enterprises (SPSEs). A brief introduction of these two departments is detailed in the following paragraphs:

Finance Department

The Finance Department deals with all matters related to finance in the State which includes State Budget, Institutional Finance, Pay Revision, Regulations, Expenditure and Pension. The Finance Department acts as a guide to various departments in financial matters and is responsible for financial allocations to departments and their monitoring and review.

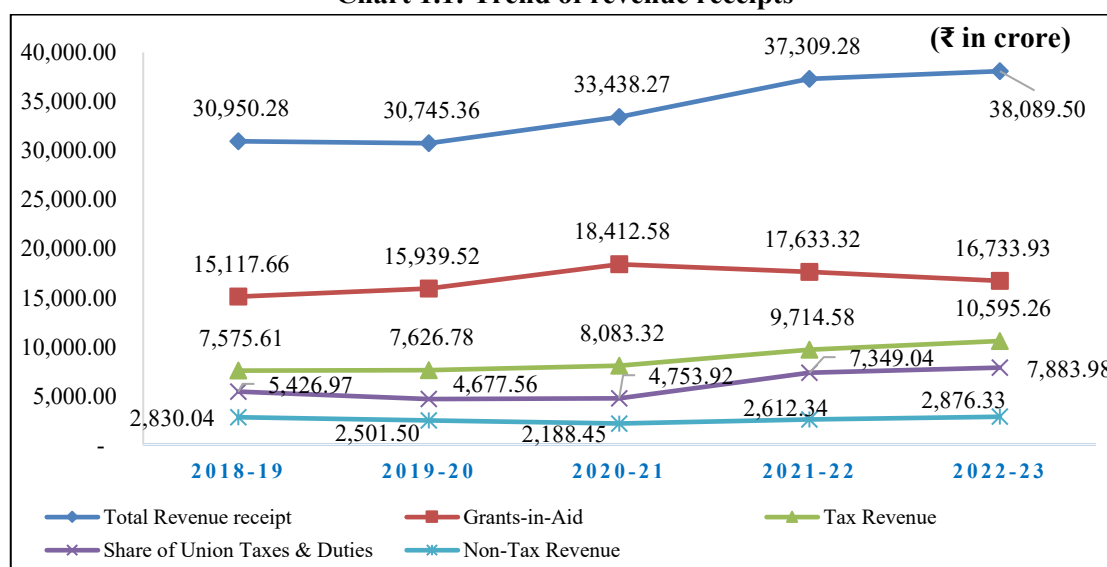
State Taxes and Excise Department

The State Taxes and Excise Department is the major revenue collecting agency in the State. The revenue is collected in the shape of various levies such as Taxes, Excise Duties and fees etc. under the various Taxation and Excise Acts enforced by this department. State Goods and Service Tax, (Major Head/MH 0006) and State Excise Duty (MH 0039) are major revenue generating heads.

1.2 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Himachal Pradesh during the year 2022-23, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grants-in-Aid received from the Government of India during the year and the corresponding figures for the preceding four years are depicted in Chart 1.1.

Chart 1.1: Trend of revenue receipts



Source: Finance Accounts and CAG reports of the previous years on Government of Himachal Pradesh.

During the year 2022-23, the revenue raised by the State Government (₹ 13,471.59 crore) was 35 per cent of the total revenue receipts. The balance 65 per cent of the receipts was from the Government of India as share of net proceeds of divisible union taxes and Grants-in-Aid.

1.2.1 Tax Revenue

Details of the tax revenue raised during the period 2018-23 are depicted in **Table 1.1**.

Table 1.1: Details of Tax Revenue Receipts

(₹ in crore)

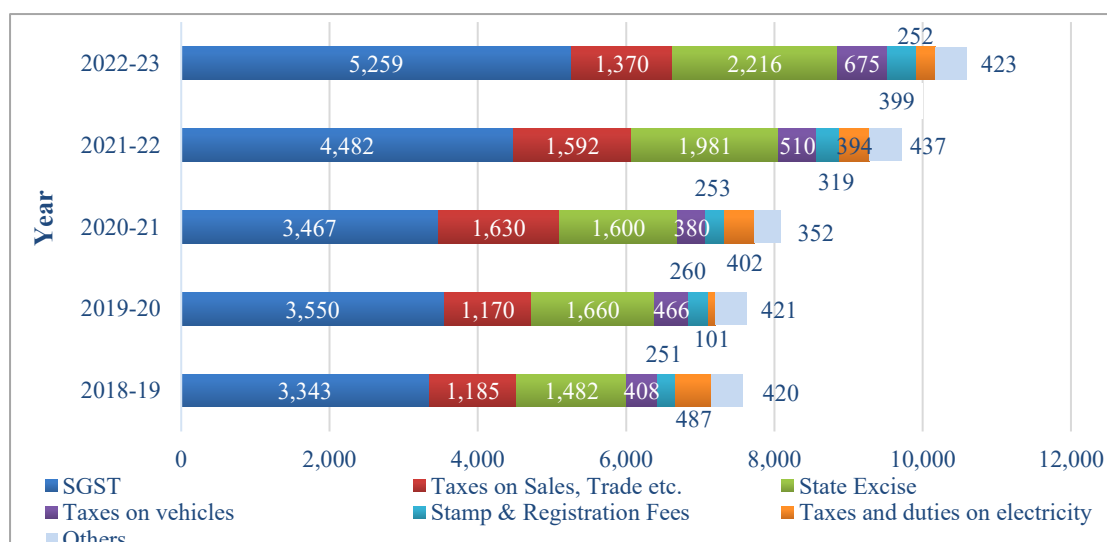
Sl. No.	Major Head of Revenue Receipts	Tax Revenue Receipts (Percentage to total Tax Revenue Receipts)					Percent increase (+)/ decrease (-) in 2022-23 over 2021-22
		2018-19	2019-20	2020-21	2021-22	2022-23	
1.	Taxes on Sales, Trade etc.	1,185.43 (15.64)	1,169.53 (15.33)	1,630.11 (18.97)	1,592.24 (16.38)	1,370.30 (12.93)	-13.94
2.	State Goods and Services Tax	3,342.68 (44.12)	3,550.34 (46.55)	3,466.58 (40.35)	4,482.15 (46.10)	5,259.21 (49.64)	17.34
3.	State Excise	1,481.63 (19.55)	1,660.02 (21.77)	1,599.74 (18.62)	1,980.63 (20.37)	2,216.34 (20.92)	11.90
4.	Taxes on vehicles	408.01 (5.39)	465.52 (6.10)	380.20 (4.43)	510.03 (5.25)	675.17 (6.37)	32.38
5.	Stamp & Registration Fees	250.55 (3.31)	259.58 (3.40)	253.36 (2.95)	318.60 (3.28)	398.75 (3.76)	25.16
6.	Taxes and Duties on electricity	487.08 (6.43)	100.86 (1.32)	401.76 (4.68)	393.51 (4.05)	252.25 (2.38)	-35.90
7.	Others	420.23 (5.55)	420.93 (5.52)	351.57 (4.34)	437.42 (4.50)	423.24 ¹ (3.99)	-3.24
Total		7,575.61	7,626.78	8,083.32	9,714.58	10,595.26	9.07
Per cent increase over previous year		6.58	0.68	5.99	20.18	9.07	--

Source: Finance Accounts and CAG reports of the previous years on Government of Himachal Pradesh.

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

Chart 1.2: Details of Tax Revenue Receipts

(₹ in crore)



Source: Finance Accounts and CAG reports of the previous years on Government of Himachal Pradesh.

¹ Other Receipts - Land Revenue: ₹ 8.22 crore, Taxes on Goods and Passengers: ₹ 68.49 crore and Other Taxes and Duties on commodities and Services: ₹346.53 crore (excluding share of net proceeds of divisible Union taxes and duties).

The tax revenue increased by ₹ 3,019.65 crore (40 *per cent*) during the years 2018-19 to 2022-23, with an average rate of growth of 8.98 *per cent*. The rate of growth for 2022-23 was 9.07 *per cent* due to rise in SGST (17.34 *per cent*), State Excise Duty (11.90 *per cent*), Taxes on vehicles (32.38 *per cent*) and Stamp and Registration Fees by 25.16 *per cent*. There was decrease in taxes on sales, trade etc. by 13.94 *per cent* and in Taxes and duties on electricity by 35.90 *per cent*.

The respective Departments reported the following reasons for variations during the year:

- **SGST:** increased due to higher increase in consumption than anticipated and increased taxpayer compliances and strengthened enforcement.
- **Taxes on Sales, Trade etc.:** reduced due to reduced tax rates on petrol and diesel.
- **State Excise:** increased due to issuing instructions to district in-charges regarding excise collection from time to time and effective implementation of excise policy.
- **Taxes on vehicles:** increased due to increased receipts in token tax against the target ₹ 97.05 crore, increased vehicle registrations, more issuance of permits, better enforcement services etc.
- **Stamp Duty and Registration Fee:** increased due to high registration in deeds and there was also increase due to revision in circle rates which are revised from 1st April every year.

1.2.2 Non-Tax Revenue

Details of the non-tax revenue raised during the period 2018-19 to 2022-23 are depicted in **Table 1.2**.

Table 1.2: Non-Tax Revenue receipts

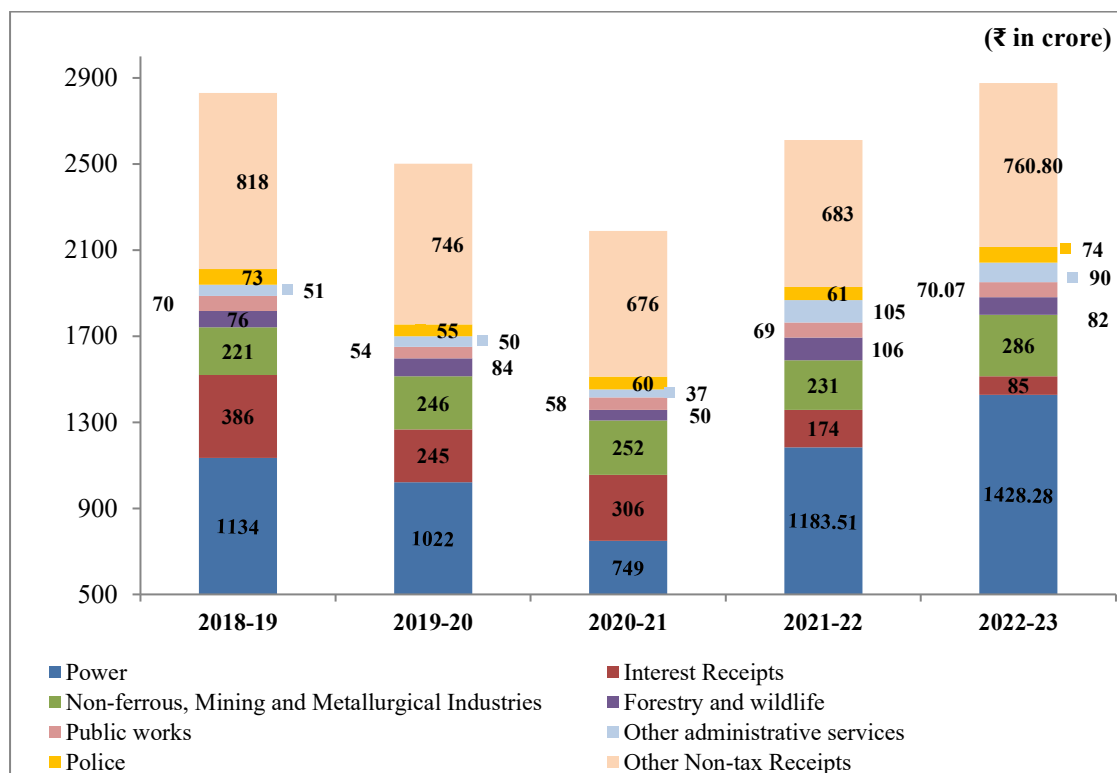
Sl. No.	Major Head of Revenue Receipts	Non-tax Revenue Receipts (Percentage to total Non-tax Revenue Receipts)					Percentage increase (+)/ decrease (-) in 2022-23 over 2021-22
		2018-19	2019-20	2020-21	2021-22	2022-23	
1.	Power	1,134.34 (40.08)	1,021.68 (40.84)	749.12 (34.23)	1,183.51 (45.30)	1,428.28 (49.66)	20.68
2.	Interest receipts	385.88 (13.64)	245.36 (9.81)	306.43 (14.00)	173.95 (6.66)	85.30 (2.97)	-50.96
3.	Non-ferrous, Mining and Metallurgical Industries	221.05 (7.81)	246.30 (9.85)	252.16 (11.52)	230.81 (8.84)	286.34 (9.96)	24.06
4.	Forestry and Wildlife	76.32 (2.70)	83.61 (3.34)	49.56 (2.26)	106.28 (4.07)	81.79 (2.84)	-23.04
5.	Public works	69.92 (2.47)	53.51 (2.14)	58.28 (2.66)	69.00 (2.64)	70.07 (2.44)	1.55
6.	Other administrative services	51.34 (1.81)	49.65 (1.98)	37.05 (1.69)	104.90 (4.02)	90.05 (3.13)	-14.16
7.	Police	72.89 (2.58)	55.28 (2.21)	59.77 (2.73)	61.16 (2.34)	73.71 (2.56)	20.52
8.	Other Non-tax revenue ²	818.30 (28.91)	746.11 (29.83)	676.08 (30.89)	682.75 (26.13)	760.80 (26.45)	11.44
Total		2,830.04	2,501.50	2,188.45	2,612.36	2,876.34	10.10

Source: Finance Accounts and CAG reports of the previous years on Government of Himachal Pradesh.

² The details are as shown in **Appendix 1.1**.

The year-wise trend of non-tax revenue during 2018-19 to 2022-23 is also depicted in Chart 1.3.

Chart 1.3: Details of Non-tax Revenue Receipts



Source: Finance Accounts and CAG reports of the previous years on Government of Himachal Pradesh.

The overall non-tax revenue receipts increased from ₹2,612.36 crore in 2021-22 to ₹ 2,876.34 crore in 2022-23 (10.10 per cent). Power (49.66 per cent), Non-ferrous, Mining and Metallurgical Industries (9.96 per cent) and Interest receipts (2.97 per cent) were the main contributors to non-tax revenue and contributed 62.58 per cent to total non-tax revenue.

The respective Departments reported the following reasons for variations during the year:

- **Power:** The power demand of the country increased drastically, instability in the international market and shortage of import & export coal resulting in an increase in per unit sale rate in the open market as compared to the previous year.
- **Forestry and Wildlife:** The main reason for the decrease in the year 2022-23 as compared to 2021-22 is less royalty/money received by the State Forest Corporation in lieu of wood and other produce taken by the consumers/buyers and lower income from export permit fees.
- **Non-ferrous, Mining and Metallurgical Industries:** The main reason for variation in actual receipt of 2021-22 & 2022-23 is due to increase in operationalised mining Lease/stone crushers which are permitted by department during the year after completion of necessary codal formalities and receipt of

Petroleum Exploration Licence Fee from M/s Vedanta Ltd. Gurugram and also the fees received for transfer of mining leases and security amount for using the Mechanical excavator i.e., JCB etc.

1.3 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2023 realisable under following Major Receipt Heads amounted to ₹ 5,128.89 crore, of which ₹ 2,994.10 crore was outstanding for more than five years as depicted in **Table 1.3**.

Table 1.3: Arrears of revenue

(₹ in crore)

Sl. No.	Major Head of revenue receipts	Amount outstanding as on 31 March 2023	Amount outstanding for more than five years	Replies of the Departments
1.	Taxes/VAT on Sales and Trade (MH 0040)	4,206.64	2,742.74	Most of the arrear has been declared under the Land Revenue Act (LRA) or written off. Certain amounts remain pending due to appeal cases, while others are associated with different Government Departments where recovery is yet to be effected. Instructions have been issued to all concerned officers and efforts are being made to recover the outstanding arrear amount under all heads.
2.	State Excise (MH 0039)	285.52	187.74	
3.	Other Taxes and Duties on Commodities and Services (MH 0045)	95.64	56.25	
4.	Taxes on Goods and Passengers (MH 0042)	13.71	6.59	
5.	GST (MH 0006)	425.46	-	
6.	Taxes and duties on electricity (MH 0043)	75.07	-	The adjustment of Electricity Duty (ED) payable is being made with amount receivable from Himachal Pradesh Government from time to time and the amount outstanding as on 31-03-2023 for ₹ 75.07 crore has been adjusted/paid during August 2023 with Roll Back Subsidy.
7.	Police (MH 0055)	22.88	Nil	Reimbursement on account of Police Supplied to Other Departments (PSOD) is made by the respective borrowing units keeping in view their Budget/funds in hands. However, this Department issues reminders/requests to all borrowing units to reimburse PSOD charges as early as possible.
8.	Printing and Stationery (MH 0058)	3.97	0.78	The Department is continuously issuing letters to the concerned offices for recovery of pending printing charges. It is also informed here that documents for printing are being received from the concerned offices, which have to be printed in view of the timeliness of the documents, hence the pending amount increases.
Total		5,128.89	2,994.10	

Source: Departmental figures

1.4 Arrears in assessments

Out of various departments of tax receipt e.g., Revenue, Transport and State Taxes and Excise, only State Taxes and Excise Department has provision of filing of returns and their subsequent assessments by authorities, hence an analysis of arrears of assessments under various heads of Excise & Taxation Department was carried out. 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 Department in respect of Sales Tax, Motor Spirit Tax, Luxury Tax and Tax on Works Contracts are depicted in **Table 1.4**.

Table 1.4: Arrears in assessment

Major Head of revenue receipts	Opening balance as on 1 April 2022	New cases due for assessment during 2022-23	Total assessments due	Cases disposed of during 2022-23	Balance at the end of the year March 2023	Percentage of disposal (col. 5 by 4)
1	2	3	4	5	6	7 = (5/4)
Taxes/VAT on Sales and Trade	48,979	7,560	56,539	32,888	23,651	58
Central Sales Tax (CST)	41,880	5,653	47,533	26,656	20,877	56
Luxury Tax	2,077	12	2,089	852	1,237	41
Motor Spirit Tax	94	36	130	80	50	62
Taxes on Vehicle	3,099	2,875	5,974	3,814	2,160	64
Total	96,129	16,136	1,12,265	64,290	47,975	57

Source: Departmental figures.

It is evident from **Table 1.4** that the Department has given emphasis upon disposal of assessments related to taxes subsumed in GST (Taxes/VAT on Sales and Trade, CST and Luxury Tax).

However, 23651 cases of VAT, and 20877 cases of CST are still pending for assessment.

1.5 Evasion of tax

The details of cases of evasion of tax detected by the State Taxes and Excise Department, cases finalised and demands for additional tax raised by the Department are depicted in **Table 1.5**.

Table 1.5: Evasion of Tax

Sl. No.	Major Head of revenue receipts	Opening balance as on 1 April 2022	Cases detected during 2022-23	Total	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 (₹ in crore)	
1.	Taxes/VAT on Sales and Trade	64	326	390	338	12.58	52
2.	GST	298	4,835	5,133	4,677	244.32	456
3.	State Excise	98	1,130	1,228	1,145	1.87	83

Sl. No.	Major Head of revenue receipts	Opening balance as on 1 April 2022	Cases detected during 2022-23	Total	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 (₹ in crore)	
4.	Passengers and Goods Tax	13	2,302	2,315	2,302	3.79	13
5.	Other Taxes and Duties on Commodities and Services	38	1,133	1,171	1,134	5.21	37
Total		511	9,726	10,237	9,596	267.77	641

Source: Departmental figures.

In State Taxes and Excise Department, the total number of cases pending for finalisation had increased from 511 at the beginning of the financial year to 641 at the end of the financial year 2022-23.

1.6 Refund cases

The details 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 depicted in **Table 1.6**.

Table 1.6: Pendency of refund cases

(Amount in ₹ crore)

Sl. No.	Particulars	Sales Tax/VAT		GST		State Excise	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	63	19.20	212	15.69	16	0.23
2.	Claims received during the year	126	13.61	1,319	127.24	42	2.38
3.	Refunds made during the year	135	24.77	1,036	98.00	47	2.44
4.	Refunds rejected during the year	02	0.04	256	27.33	01	0.003
5.	Balance outstanding at the end of year	52	8.00	239	17.60	10	0.16

Source: Departmental figures.

The number of cases outstanding at the end of the financial year 2022-23 had reduced for Sales Tax/VAT and State Excise but increased for GST as compared to cases outstanding at the beginning of the financial year.

1.7 Response of Government/Departments towards Audit

The Principal Accountant General (Audit), Himachal Pradesh (PAG), conducts periodic inspection of the 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)

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 are required to comply with the observations contained in the IRs within four weeks from the date of receipt of the IRs. Serious financial irregularities are reported to the Heads of the Departments/State Government.

A total of 5,415 audit observations involving ₹ 1,980.53 crore relating to 1,779 Inspection Reports issued up to March 2023, remained outstanding at the end of June 2023 in State Excise and Taxes and Revenue Department.

Draft audit paragraphs proposed for inclusion in the Audit Report of the Comptroller and Auditor General of India are forwarded by the PAG to the Administrative Secretaries of the Departments concerned drawing their attention to the audit findings and requesting them to send their response within six weeks. The issue of not receiving replies from the Departments/State Government is invariably indicated at the end of such paragraphs included in the Audit Report.

The purpose of audit is to check whether prescribed rules, laws and procedures are being adhered to, and to highlight cases of non-compliance, systemic weaknesses, and failures. The large number of pending IRs and audit observations pending settlement indicate inadequate response to audit observations. The lack of action on these audit observations weakens accountability and raises the risk of loss of revenue. Increasing pendency of audit paragraphs merits urgent attention of the Government for addressing the issues consistently raised by Audit.

1.7.1 Departmental Audit Committee meetings

The Government had set up Audit Committees under the Chairmanship of the Secretary of the concerned Department to monitor and expedite the settlement of audit observations included in the IRs. The details of audit committee meetings held during the year 2022-23 and the observations settled are depicted in **Table 1.7**.

Table 1.7: Details of Departmental Audit Committee meetings

Sl. No.	Department	Number of meetings held	Number of observations outstanding	Number of observations settled	Amount (₹ in crore)
1	Excise and Taxation	2	2,628	188	0.93
2	Revenue	2	2,787	239	0.64
Total		4	5,415	427	1.57

In 2022-23, out of 5,415 outstanding audit observations, 427 observations (7.89 per cent) involving an amount of ₹1.57 crore were settled in four Audit Committee meetings held for above mentioned Departments.

The Government may ensure holding meetings of the Audit Committee at regular intervals for all the Departments.

1.7.2 Follow-up on Audit Reports - Summarised position

The Public Accounts Committee (PAC) notified that after the presentation of the Audit Report of the Comptroller and Auditor General of India (CAG) in the Legislative Assembly, the Departments shall initiate action on the Audit Paragraphs and Action Taken Notes thereon should be submitted by the Government within three months of the tabling of the Report, for the consideration of the Committee. However, despite these provisions, the action taken notes on audit paragraphs of the Reports were inordinately delayed. A total of 102 paragraphs³ (including Performance Audit and Thematic Audit) included in the Audit Reports on Revenue Sector of the Comptroller and Auditor General of India of the Government of Himachal Pradesh for the years ended 31 March 2017, 2018, 2019, 2020 and 2021 were placed before the State Legislative Assembly between 05 April 2018 and 05 April 2023. Action taken notes on these paragraphs were, however, received very late from the Departments as depicted in Table 1.8.

Table 1.8: Delay in Receipt of ATNs

Sl. No.	Report of CAG on Revenue Sector for the year ended	Date of laying of Audit Report in legislature	Period in which ATNs received	Delay in Receipt of ATN
1.	2017	05 April 2018	2018 to 2019	0 to 14 Months
2.	2018	14 December 2019	2020 to 2021	6 to 13 Months
3.	2019	13 August 2021	2022 to 2023	6 to 18 Months
4.	2020	15 December 2021	2022 to 2024	3 to 28 Months
5.	2021	05 April 2023	2024	13 to 15 Months

The PAC had not discussed any paragraph pertaining to the Audit Reports on Revenue Sector during the year 2022-23.

1.8 Internal Audit

Internal Audit Cells (IAC) in the Departments under the charge of the Assistant Controller (F&A), were required to conduct test-check of the cases of assessment as per the approved action plan and in accordance with the criteria decided by the Steering Committee to ensure adherence to the provisions of the Acts and Rules as well as Departmental instructions issued from time to time.

Table 1.9: Internal Audit

Name of the Department	Total auditable units	No. of units planned for audit	No. of units audited	Shortfall
Excise and Taxation	13	9	3	6
Revenue	186	25	9	16

Source: Departmental figures

The State Taxes and Excise Department attributed the shortfall in internal audit to shortage of staff. The Revenue Department attributed the shortfall in internal audit due to workload.

³ State Excise Duty -27, VAT-36, Stamp Registration-15, Motor Vehicle Tax/Passenger & Goods Tax -14, Forest-10

1.9 Audit planning

There are total of 301 auditable units in the State Taxes and Excise and Revenue Departments of Himachal Pradesh, of which 147 units⁴ were audited during 2022-23. The units were selected on the basis of risk analysis.

1.10 Results of audit

Audit of 147 units of Sales Tax/Value Added Tax, State Excise Duty, Passenger & Goods Tax, Other Taxes & Duties (OTD) and Stamp Duty & Registration Fees was conducted during the year 2022-23 through test-check of records. The total revenue loss on account of the deficiencies highlighted by Audit through IRs during 2022-23 amounted to ₹ 644.40 crore in 691 cases.

During the year 2022-23, the Departments concerned accepted and recovered an amount of ₹ 62.20 crore in 115 paras pertaining to audit findings of previous years.

1.11 Acknowledgement

The office of the Principal Accountant General (Audit), Himachal Pradesh acknowledges the cooperation extended by all State Government Departments, SPSEs and other auditable entities. We are especially grateful to the Departments of State Taxes and Excise, Finance and Revenue for their cooperation during the conduct of Audits. We hope that our audit findings will be helpful in highlighting areas of improvement and suggesting corrective action on the audit findings contained in this Audit Report.

⁴ These units comprise subordinate offices of two departments – State Taxes and Excise and Revenue Department.

Chapter-II

Information Technology Audit of e-Procurement in Himachal Pradesh

Chapter II - Information Technology Audit of e-Procurement in Himachal Pradesh

Department of Finance

2.1 Introduction

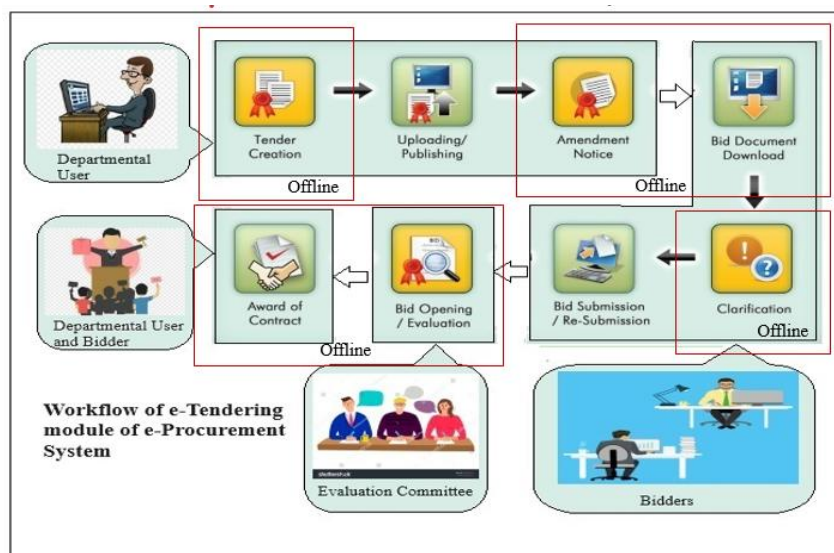
e-Procurement is a collaborative procurement of goods and services as well as selection of bidders for award of work through use of Internet-based technologies. It ensures equal access, fairness, and accountability in procurement process besides promoting competition and shortening the procurement cycle.

The Government of India (GoI) under Mission Mode Project of National e-Governance Plan (NeGP) identified (June 2009) Himachal Pradesh as a pilot State for implementation of the e-Procurement. The Government eProcurement System of National Informatics Centre, i.e., GePNIC (henceforth referred as e-Procurement system) was implemented (June 2011) in three departments viz., Public Works Department (PWD), Irrigation & Public Health Department (IPH) and Industries Department/ Controller of Stores on pilot basis. Threshold limit for procurement through system was initially fixed (October 2011) at ₹ 40 lakh for PWD and Industries Department, and ₹ 25 lakh for IPH which was subsequently reduced (January 2012) to ₹ 10 lakh (for works) and ₹ 50,000 (for goods and services) for PWD and IPH and ₹ 20.00 lakh per year for Industries Department.

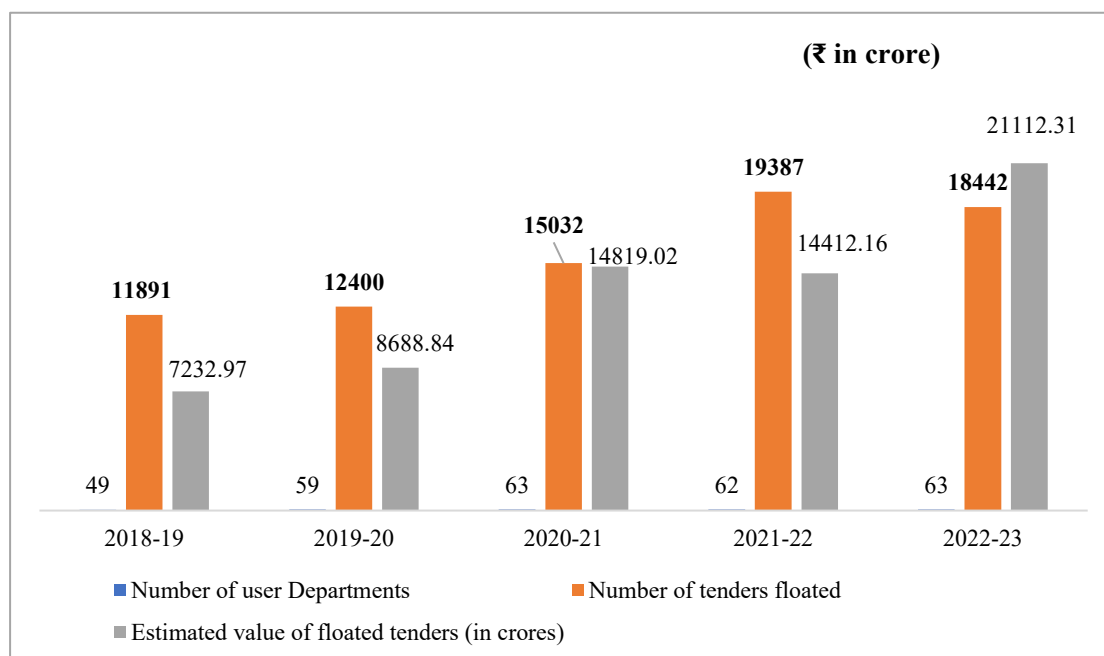
In June 2018 the State Government notified that all the departments and corporations/ societies/ autonomous/ statutory bodies of the Government of Himachal Pradesh shall adopt e-Procurement system for procurement of goods, services and works with estimated value of ₹ five lakh and above. It was also decided that the award of contract details shall necessarily be entered in the e-Procurement portal after finalisation of tenders.

Workflow of the e-Procurement system (e-Tendering module) and usage trend

The workflow of the e-Tendering module of the e-Procurement system is depicted in **Chart 2.1**.

Chart 2.1: Workflow of the e-Procurement system

During 2018-23, 83 departments/ organisations (procuring entities) under the State Government were publishing tenders in the e-Procurement portal. Year-wise trend of tenders published, value and procuring entities involved during 2018-23 is depicted in Chart 2.2.

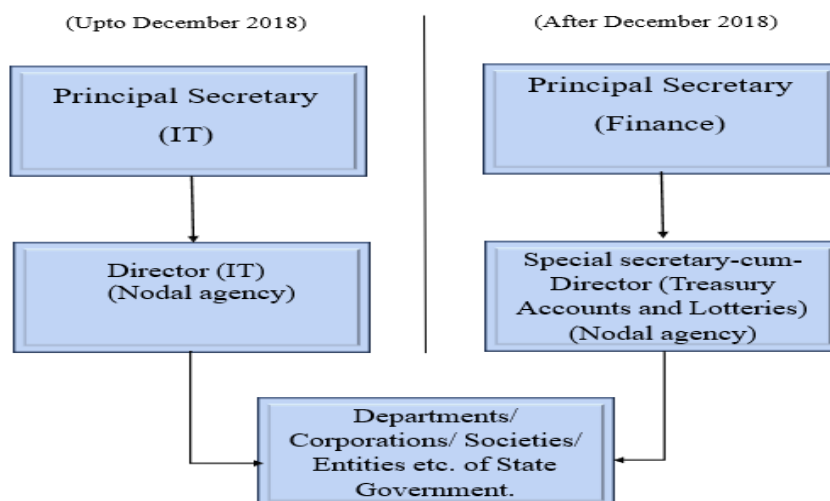
Chart 2.2: Trend regarding use of e-Procurement system during 2018-23

2.1.1 Organisational setup

The State Government designated (August 2010) the Department of Digital Technologies & Governance (DDT&G, erstwhile Department of Information Technologies) as the nodal agency for implementation of e-Procurement system in Himachal Pradesh. In December 2018, Department of Treasuries, Accounts & Lotteries (DTAL) was designated as nodal agency.

A Core Committee under the Chairmanship of the Principal Secretary (IT) and other members¹ was constituted (September 2011) for implementation of e-Procurement and taking policy decisions.²

Organisational set up for implementation of e-Procurement



“Information Technology (IT) Audit on e-Procurement Project” had been previously conducted and included as Paragraph No. 2.4 in CAG’s Audit Report on Social, General and Economic Sectors (Non-PSUs) for the year ended 31 March 2017 (Report No. 6 of 2017 to the Government of Himachal Pradesh). The Report was placed in Himachal Pradesh Legislative Assembly in April 2018. As of March 2024, this Audit Report has not been discussed in the Public Accounts Committee (PAC) of the State Legislature.

2.1.2 Audit objectives

The objectives of the Audit were to assess whether:

- Various modules of e-Procurement system were implemented and business rules were mapped into the system;
- Integrity, accuracy, reliability and security of data/ information were being maintained through adequate IT controls; and
- Intended objectives viz., transparency and increase in efficiency have been achieved.

2.1.3 Audit Criteria

- Himachal Pradesh Financial Rules, 2009 and instructions/departmental manuals issued by the State Government for e-Procurement;

¹ Principal Secretary (Finance) or his representative, Principal Secretary (PWD) or his representative, Principal Secretary (IPH) or his representative, Controller of Stores, Director, Department of IT as Member Secretary, Joint Director/Deputy Director, Department of IT, and any other Technical Expert(s) to be co-opted by the committee.

² Revision of tendering rules, issue of executive instructions, vetting of standard bidding documents, drafting and signing of Memorandum of Understanding (MoU) with banks for e-Payment, etc.

- Information Technology Act, 2000 and subsequent amendment, National e-Governance plan, Request for Proposal (RFP) etc.;
- Guidelines issued by Central Vigilance Commission (CVC)/ Competition Commission of India (CCI);
- e-Procurement guidelines for Standardisation Testing and Quality Certification (STQC) issued by the Ministry of Communication and Information Technology, GoI; and
- Guidelines/ instructions issued from time to time for implementation of e-Procurement.

2.1.4 Audit scope, methodology and sampling

The Information Technology audit of e-Procurement in Himachal Pradesh covering the period 2018-23 was conducted from December 2023 to September 2024 with the focus on functioning of all the e-Procurement modules based on data dump supplied by the State Government. The Audit methodology included:

- Analysis of e-Procurement database using SQL queries and MS Excel;
- Analysis of application controls in the e-Procurement portal; and
- Analysis of documents uploaded in the e-Procurement portal, as well as manual documents related to tender processing in the selected units.

The audit objectives, criteria, scope and methodology were discussed with the Principal Secretary (Finance) in an Entry Conference held on 16 October 2023. An Exit Conference to discuss the Audit findings with the Special Secretary-cum-Director, DTAL was held on 03 June 2025.

The data for the period 2018-23 involving 77,152 tenders among 83 procuring entities in Himachal Pradesh was analysed with reference to the Audit objectives for checking adequacy of validation controls, mapping of business rules and tender processing. Sampling of units and tenders was done for detailed scrutiny and to corroborate results of the data analysis.

On the basis of irregularities noticed in data analysis, selection of districts, departments, units and e-Tenders for detailed scrutiny was done, using IDEA³ software. Three districts (Hamirpur, Mandi and Shimla; 25 *per cent* out of 12 districts) and nine⁴ departments (11 *per cent* out of 83 departments/ procuring entities using e-Procurement system during 2018-23) were selected using stratified random sampling. Further, 51 units⁵ and 783 tenders (eight *per cent* out of 10,135 tenders involving irregularities in selected units) were selected using random sampling (**Appendix 2.1**).

³ Interactive Data Extraction and Analysis software used for data analysis, sampling, etc.

⁴ Departments with hierarchy: HPPWD, HPJSV, HPSEBL, DMER, and Police; and Departments lacking hierarchy: Industries, HPSCSC, Food Civil Supplies & Consumer Affairs, and Digital Technologies & Governance.

⁵ 47 out of 175 units in nine selected departments and four additional units to cover all the irregularities.

Irregularities and issues noticed in implementation of e-Procurement system in Himachal Pradesh are discussed in succeeding paragraphs.

Audit findings

2.2 Deficiencies in system development

2.2.1 Implementation of modules

In the Request for Proposal (RFP) by the Department of Information Technology in June 2009, various modules⁶ were envisaged. Further, the State Government while reviewing (October 2011) the progress of e-Procurement decided that the system should have modules such as Vendor Management, Indent Management, e-Payment, Contract Management, e-Auction and Catalogue Management. As per para 6 of implementation guidelines, a State Level Core Committee was to meet once every month during initial six months of implementation for smooth rollout of e-Procurement. All policy related decisions⁷ were to be taken by the core committee.

Audit also highlighted the issue regarding non-implementation of various modules, in Audit Report – Social, General and Economic Sectors (Non-PSUs) for the year ended 31 March 2017 (Paragraph No. 2.4). At that time, only one module – e-Tendering was functioning.

The status of implementation of these modules is detailed below:

2.2.1.1 Non-implemented modules

- i) **Indent Management:** Indent Management module facilitates the Government department users in creation and submission of indent requests for procurement of goods and works, supports estimation of costs for works, goods, and aggregation of demand for goods.

Audit noticed that, this module had not been implemented, and all the above processes are handled manually and thereafter the tenders are uploaded on the system. Due to non-provision of the module, documentation of indents within e-Procurement system could not be achieved.

- ii) **Catalogue Management:** In the catalogue management module, an online database with rate contract information is posted online which shall be searchable and organised in a structured manner.

Audit noticed that there was no provision in the software to capture such details in searchable and structured manner. Due to non-deployment of the module, processing of purchase orders upon the selected rate contracts were processed outside the system.

⁶ Vendor management, Indent management, e-Tendering, Contract management, e-Payment, Catalogue management, e-Auction, etc.

⁷ Like revision of tendering rules, issue of executive instructions, finalising the Standard Bidding Document across line departments, vetting, drafting, and signing of MoU with banks, etc.

- iii) Contract Management:** The processes between issuance of work order/ purchase order and completion of work/ deliverable are handled electronically in contract management module.

Audit noticed that the contract management module had not been implemented due to which the progress of work, monitoring of performance of the contractors and payment of bills to the contractor through e-Procurement system was not ensured.

2.2.1.2 Partially implemented modules

- i) Vendor Management:** Vendor Management module enables registration of vendors with the system and facilitates them to participate in procurement process.

Audit noticed that although registration of bidders was being done on the system to enable them to participate in tendering process, the credentials such as manufacturing capacity, past performance, and financial background, etc. were not being captured in the system as master data for future reference.

- ii) e-Auction:** The e-Auction module facilitates online conducting of ‘reverse auctions’ and ‘forward auctions’⁸.

Audit noticed that although e-Auction facility was there in the system, however, its usage was low as only 17 tenders between January 2023 to March 2023 were published by one Department *i.e.*, Himachal Pradesh State Electricity Board Limited (HPSEBL) and out of these only two tenders reached the award of contract stage.

- iii) e-Payment:** The e-Payment functionality facilitates online transfer of funds, both inflows and outflows happening during public procurement covering transactions such as sale of tender documents, online transfer of earnest money deposit (EMD), and making payments to suppliers/ contractors for purchase of goods and completion of works.

Audit noticed that e-Payment module had been implemented for inflow payment of tender fee and EMD by the bidders only and not for outflow payments to bidders.

In this regard, Audit observed that the Core Committee (constituted in September 2011) for implementation of e-Procurement, met (17 October 2011) only once, to review the progress of rollout under the Chairmanship of Chief Secretary. In the absence of adequate meetings, the Core Committee did not discharge its duties in taking policy related decisions as envisaged, resulting in non-implementation of all the modules and deficiencies in e-Procurement system.

In the Exit Conference, the Government stated that post tender payments are processed through IFMS, which are not integrated with the e-Procurement system. The Core Committee to address implementation of modules would be made functional. National

⁸ In a *forward auction*, sellers offer goods or services and buyers bid, typically raising the price. In a *reverse auction*, buyers post requirements and sellers compete to offer the lowest price.

Informatics Centre (NIC) confirmed readiness to implement relevant modules after directions from State Government for customisation as per and State-specific requirements. Further, it was stated that manual bid evaluation and award of contract is due to negotiation practices, which contravene CVC guidelines. The State Government may customise the system as per State specific requirements and for implementation of intended modules.

Thus, even after lapse of seven years since the previous CAG's Audit Report was laid in Legislature on e-Procurement, the progress was limited to partial implementation of three more modules.

The electronic component in the e-Procurement system in use in Government of Himachal Pradesh was thus rather limited and full benefits of digitisation are yet to be realised.

2.2.2 Shortcomings in project implementation not taken up with NIC

The Nodal Department was responsible for addressing implementation shortcomings by coordinating with NIC. It was, however, noticed that no Service Level Agreement⁹ (SLA) was executed for service delivery monitoring. Audit noticed the following shortcomings in implementation of e-Procurement system:

Sl. No.	Observation	Details of shortcoming	Audit Findings
A.	Standardisation, Testing and Quality Certification (STQC)	GIGW-2018 ¹⁰ mandates STQC certification for Government websites, valid for three years with periodic surveillance.	STQC certificate for version 1.09.08 expired in December 2023, which was renewed in January 2025 after over a year from expiry.
B.	Non-compliance with Website Security Guidelines	As per NIC-CERT (November 2017), websites must be audited every six months or after major source code changes by a CERT-IN empanelled vendor.	Since launch of e-Procurement in June 2011, no security audit certificate has been obtained from a CERT-IN empanelled agency.

Thus, the Department did not take up the issue regarding lack of documentation and certification essential for security of data with the NIC.

In reply, the State NIC stated (June 2025) that STQC certificate has been obtained (January 2025). No response was given regarding non-compliance with Website Security Guidelines.

2.2.3 Mapping of business rules

Analysis of data to check required input/ validation controls to ensure mapping of State Government/ Department specific business rules and their red flagging in the system revealed the following deficiencies.

⁹ A service level agreement (SLA) is a contract between a service provider and the end user that defines the level of service expected from the service provider.

¹⁰ GIGW-2018 refers to the "Guidelines for Indian Government Websites" issued by the Ministry of Electronics and Information Technology (MeitY) to ensure accessibility, usability, and security. NIC-CERT is the cybersecurity division of NIC, responsible for monitoring threats and incidents on NIC-managed government systems. CERT-IN is India's national cybersecurity agency under MeitY, which authorises private firms—called CERT-IN empanelled vendors—to conduct security audits of government websites and applications.

2.2.3.1 Prescribed timelines not flagged

Rule 102 of Himachal Pradesh Financial Rules, 2009 (HPFR) stipulates that minimum time to be allowed for submission of bids shall be three weeks from the date of publication of the tender notice or availability of the tender documents for sale, whichever is later, for procurements having estimated value of ₹ 10 lakh and above.

Analysis of data for the period 2018-23 revealed that in 35,255 tenders (92 *per cent*) out of 38,375 tenders, having estimated value of ₹ 10 lakh and above, gap between bid opening and bid closing date ranged between five and 20 days only, in contravention of the rule *ibid*. In the remaining 38,777 tenders (out of 77,152), with estimated value below ₹ 10 lakh, the gap between bid opening and bid closing date was less than 21 days in 36,992 tenders (95 *per cent*).

Audit observed that the system lacked any built-in control mechanism, such as automatic red-flag alerts, warnings, or disclaimers, to notify procuring officers when tender timelines were set below the permissible limit reflecting inadequate system design in terms of compliance assurance.

This raises concerns whether bidders, particularly new or remote participants, were given adequate time to prepare and submit competitive bids, potentially affecting competition and equal opportunity in public procurement.

2.2.3.2 Department-specific timelines not flagged

Rule 110 of the HPFR, 2009 provides for departments to specify appropriate timelines for each stage of procurement to avoid delays. Accordingly, Himachal Pradesh Public Works Department (HPPWD) and Himachal Pradesh Jal Shakti Vibhag (HPJSV) notified (July 2018 and October 2018) 51 days tendering cycle from publication to award of work. Similarly, Himachal Pradesh State Electricity Board Limited (HPSEBL) notified (September 2020) 45 days tendering cycle. However, no uniform or State-wide tender cycle timelines were framed by the State Government or other departments.

Details regarding tenders published and awarded by these three departments and other departments during 2018-23 are given in **Table 2.1**.

Table 2.1: Number of tenders published and awarded during 2018-23

Department	Tenders published	Tenders reaching award stage (<i>per cent</i>)	Tenders awarded after specified timelines (<i>per cent</i>)
HPPWD	32,908	11,867 (36)	9,379 (79)
HP JSV	10,624	3,535 (33)	3,017 (85)
HPSEBL	2,122	1,236 (58)	532 (43)
Other departments	31,498	5,368 (17)	No timelines fixed
Total	77,152	22,006 (28)	

The above analysis clearly indicates that department-specific procurement timelines (51 days by HPPWD and JSV, and 45 days by HPSEBL) were not mapped into the e-Procurement system. As a result, the system did not trigger alerts or enforce compliance when these time frames were breached, allowing delays in the award of contracts to go unchecked.

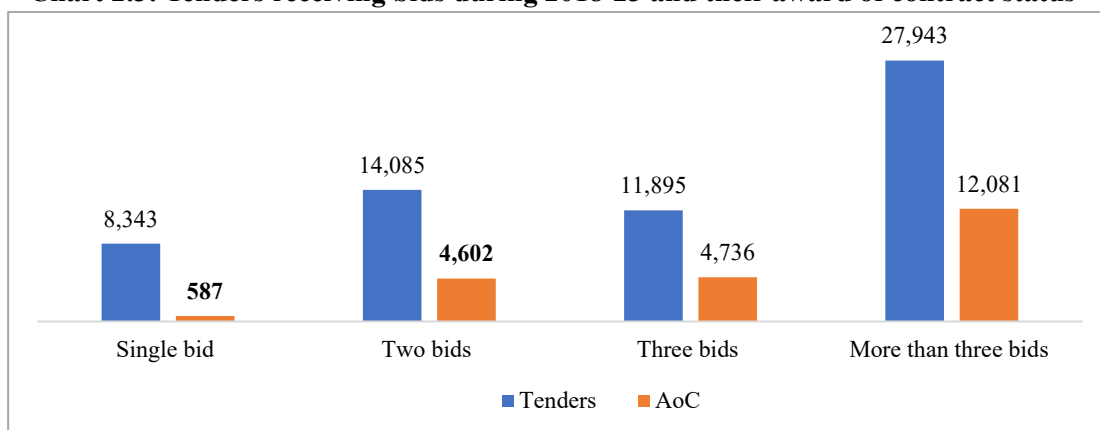
In the Exit Conference the Government stated that flagging of breach of timelines would be considered in consultation with NIC.

2.2.3.3 Business rules regarding number of minimum bids not mapped

As per the procurement guidelines (October 2013) issued by the Controller of Stores, Himachal Pradesh, a minimum of three bids must be received under the advertised tender system. If fewer bids are received, the tender should normally be rejected, and re-tendering initiated. In urgent cases, the matter may be referred to the authority next above the indenting officer, who may recommend proceeding with the purchase.

Data analysis of 77,152 tenders published during 2018-23 revealed that bids ranging between one and 99 were received against 62,266 tenders (81 *per cent*). No bids were received against 14,886 tenders (19 *per cent*). Of these 62,266 tenders, 22,006 reached award of contract stage as depicted in **Chart 2.3**.

Chart 2.3: Tenders receiving bids during 2018-23 and their award of contract status



From the above, it can be seen that 5,189 tenders receiving less than prescribed three bids had reached the Award of Contract (AoC) stage. The e-Procurement system does not have any automated checks or red flagging for tenders receiving fewer than three bids. No prompts or mandatory fields are present to capture justifications or approvals from higher authorities.

Further, the significant number of less than three bid tenders reaching the AoC stage suggests bypassing of rules and raises concerns about process transparency and fairness. Thus, the system lacks capabilities such as auto-detection of non-compliant bid counts, and logging of exceptions which are critical for governance, audit trail, and transparency.

The absence of automated red-flagging in the e-Procurement system has allowed tenders to be awarded in violation of instructions leading to failure in enforcing the minimum bids. Strengthening the system with compliance checks, red flags, and alerts is essential for transparency, competition, and accountability in procurement.

The above was validated in the physical scrutiny of records in respect of 162 selected tenders receiving less than three bids and reaching AoC stage. It revealed that in 87 tenders, approval from higher authority was not found on record and in the remaining 75 tenders, approval was accorded outside the system.

2.2.3.4 Lack of provision in the system to capture rate contract details

As per Rules 94, 95, and 99 of the HPFR 2009, the Controller of Stores shall conclude rate contracts with registered suppliers for commonly used, standard goods needed on a recurring basis. The prices and terms of purchase must not exceed or deviate from those specified in the rate contract.

Audit noticed that the e-Procurement software lacked provisions to capture essential rate contract details such as item name, item description, rates, and contractor details. These fields were not searchable or organised in a structured format. After rate contracts were finalised, the details were communicated to procuring entities offline, and purchase orders were placed manually. The system did not support automated order placement against selected rate contracts.

In the Exit Conference the Government stated that the observed shortcomings pertain to the post-tendering stage and would be addressed through the implementation of the Contract Management module, which is yet to be integrated.

2.2.4 Inadequate controls in the system

In order to ensure data integrity, suitable controls must be there in the system. Audit analysed the data for sufficiency of required controls to check errors.

2.2.4.1 Strengthening input controls to safeguard e-Procurement integrity

- (i) **Tender fee with zero value:** As per notification (October 2013) of the Directorate of Industries, Store Purchase Organisation, Himachal Pradesh, suppliers are required to pay a fixed tender fee, which is non-refundable.

Data analysis revealed that the tender fee column had zero values in 408 out of 77,152 tenders published during 2018-23, even though no discounts were allowed in the tender fee discount column. The procuring entities had declared zero value in the tender fee column at the time of tender creation. This is indicative of the fact that the system was lacking control to ensure valid non-zero tender fee value where discount on tender fee was not allowed.

- (ii) **EMD value entered as 'zero':** Rule 106 of HPFR, 2009 stipulates that earnest money deposit (EMD) shall be obtained (between two *per cent* to five *per cent* of the estimated value) from the tenderer(s), to be furnished along with the tender in the shape of account payee bank draft or duly pledged fixed deposit receipt.

Data analysis revealed that in 314 out of 77,152 tenders published during 2018-23, EMD value was showing as zero, in spite of the fact that exemption of EMD was not allowed in these tenders. This is indicative of the fact that the system lacked control to ensure that only valid 'non-zero' values are allowed for EMD, if EMD discount is not given.

- (iii) **Absence of input controls in mandatory fields:** Scrutiny of the registered users' data revealed that there were 43,929 registered users¹¹. Of these, 27,765 users were

¹¹ Corporate users: 40,131; Government users: 3,396; and Tenderers: 402.

registered during 2018-23. Discrepancies noticed in mandatory fields of the data are tabulated in **Table 2.2**.

Table 2.2: Discrepancies in mandatory fields

Nature of discrepancy in the mandatory field	Number of cases where discrepancy was noticed since inception	Number of cases where discrepancy was noticed in registrations made during the Audit period (2018-23)
Invalid mobile numbers ¹²	230 invalid mobile numbers used by 349 users (e.g. 51 users had 1234567899 and 48 users had 9999999999)	67 invalid mobile numbers used by 69 users (e.g. Two users had mobile number 31682717492)
Different users with same mobile numbers ¹³	6,802 mobile number mapped with 17,700 users where each mobile number linked to 2-51 users (e.g. 45 users had mobile number '98572424XX')	3,545 mobile number mapped with 8,642 users where each mobile number linked to 2-34 users (e.g. 28 users had mobile number '70186731XX')
Different users with the same alternate e-mail ID ¹⁴	2,825 alternate e-mail IDs mapped with 9,021 users where each e-mail ID linked to 2-161 users (e.g. 161 users had 'b78akexx@gmail.com' as their alternate email ID)	1,438 alternate e-mail IDs mapped with 4,743 users where each e-mail ID linked to 2-93 users (e.g. 93 users had 'selfsmartnerxx@gmail.com' as their alternate email ID)
Users without Permanent Account Number (PAN)	39 users	30 users
Different users with the same PAN ¹⁵	7,207 PAN mapped with 19,195 users¹⁶ where each PAN linked to 2-162 users (e.g. 'TEMPZ9999Z', which was given as an example in the online enrolment form of corporate/ bidder/ Government users - 169 users; and 'AESTG24XXA' - 125 users)	3,777 PAN mapped with 9,267 users where each PAN linked to 2-6 users (e.g. 'TEMPZ9999Z', which was given as an example in the online enrolment form of corporate/ bidder - 63 users; and 'AESTG24XXA' - 28 users)

Source: Data analysis of the registered users' data from the data dump.

Further analysis revealed that 29 PANs were used by both Government users and bidders. For example, Permanent Account Number "TEMPZ9999Z" was used by 162 corporate users and seven bidders.

In the Exit Conference, the Government while admitting the facts stated that although checks are in place, these cases would be scrutinised and necessary action would be taken.

The e-Procurement platform currently permits zero tender-fee and EMD entries and accepts invalid or duplicate mobile numbers, e-mail IDs, and PANs. These gaps undermine financial safeguards and user authentication, risking revenue loss and

¹² 1234567899 (51 users); 9999999999 (48 users); 0 (6 users); 9816008XX (3 users); etc.

¹³ Since inception: 98572424XX (45 users); 70186731XX (33 users); 86288771XX (22 users); etc.

¹⁴ Since inception: selfsmartnerxx@gmail.com (93 users); b78akexx@gmail.com (161 users); shaktikumar2xx@gmail.com (106 users); taxkarsxx@gmail.com (97 users); etc.

¹⁵ Since inception: TEMPZ9999Z (given as an example in online enrolment form) (162 users); AESTG24XXA (120 users); ACNPT62XXL (09 users); etc.

¹⁶ Government users: 151 and corporate users: 19,044.

fraudulent registrations. By enforcing input controls—such as mandatory non-zero fees where no discounts apply, format checks on contact details, and uniqueness constraints on PANs and e-mails—the system will block erroneous submissions at source. Strengthening these validations will protect fiscal integrity, maintain accurate audit trails, and uphold the transparency and reliability of the procurement process.

2.2.4.2 Ensuring processing controls to enforce timely and secure bid decryption

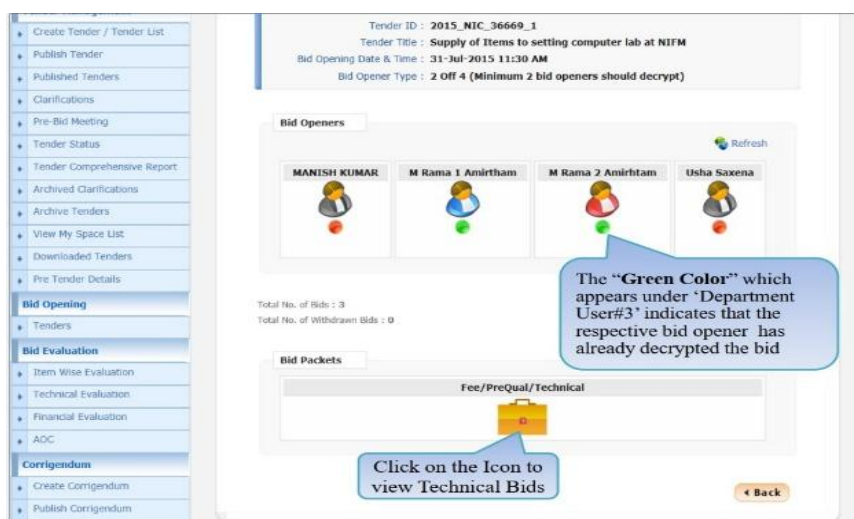
Processing controls ensure complete and accurate processing of input and generated data. This objective is achieved by providing controls for adequately validated input and generated data.

In the e-Procurement system, department user should have a valid e-mail ID as login ID with valid password and Digital Signature Certificate (DSC) for opening the technical and financial bids. Bid decryption process in the system is detailed in Screenshot 2.1.

Screenshot 2.1: Decryption process of bids in the e-Procurement portal

1. The tender to be opened should be selected by entering the Tender ID.

2. Click on 'Decrypt' button to display the Packet Name and Bid IDs as a list and then click on 'Proceed' button.



3. Then message "Decryption completed successfully" is displayed along with decryption status in the list.

4. Then click on the icon to view technical bids.

5. Then individual technical bids are listed that can be opened after clicking on lock icon in front of each individual bid.

6. Thereafter EMD fee, tender fee, etc. documents pertaining to each bid can be downloaded.

The screenshot displays the 'Tender Management' sidebar on the left with options like 'Create Tender / Tender List', 'Publish Tender', 'Published Tenders', 'Classifications', 'Pre-Bid Meeting', 'Tender Status', 'Tender Comprehensive Report', 'Archived Clarifications', 'Archive Tenders', 'View My Space List', 'Downloaded Tenders', 'Pre Tender Details', 'Bid Opening', 'Tenders', 'Bid Evaluation', 'Item Wise Evaluation', 'Technical Evaluation', 'Financial Evaluation', 'AOC', 'Corrigendum', 'Create Corrigendum', and 'Publish Corrigendum'.

The main content area shows 'Tender Reference Number : 2015/NIFM/51159/E3ES', 'Tender ID : 2015_NIC_36669_1', 'Tender Title : Supply of Items to setting computer lab at NIFM', 'Packet : Fee/PreQual/Technical (2015_NIC_36669_pack1)', 'Bid Id : 25242', and 'Tenderer : abc'.

Under 'Fee Payment Details', it lists 'Payment Mode : Offline', 'Fee Paid (Inclusive of Taxes) (INR) : 500', 'Actual EMD Amount (INR) : 30,000', 'EMD Exemption Availed: Yes' (with a download icon for 'EMD_Exemption.pdf'), 'EMD Discount Percentage (%) : 5', 'EMD Discount (INR) : 1,500', 'EMD Amount (INR) : 28,500', and 'Payment Transaction Status : Offline Payment' (with a 'View Paid Information' link).

The 'Verify Documents' section shows 'Label : 2015_NIC_36669_pack1_98934', 'Description : Scan copy of proof of Tender Fee and EMD', 'View Document : EMD_FEE_COPY.pdf' (with a download icon), and 'Verification : ☒ Admit ☐ Reject'. It includes a text area for 'Provide comments on the verification (maximum 250 characters)' and 'Comments *'. A callout box points to the download icon with the text 'Click to download the Tender fee and EMD document'. 'Cancel' and 'Submit' buttons are at the bottom.

Data analysis revealed that in 1,114 tenders, the bid decryption date differed for the same Packet ID of a tender i.e., bids of the same tender were decrypted on different dates. Two illustrative cases are given in Table 2.3.

Table 2.3: Illustrative cases of same Packet ID of tender with different decryption dates

Bid ID	Packet ID	Decryption Date	Decrypted by (ID)	Work Item ID (Tender)	Work item ref no.
Sample case number 1: (Predefined date of opening of tender – 01.06.2022)					
284536	120640	01/06/2022	25113	92109	2022_HPIPH_61015_1 (In this instance, the packet was decrypted with two days difference).
284671	120640	03/06/2022	25113	92109	
284691	120640	03/06/2022	25113	92109	
284692	120640	03/06/2022	25113	92109	
284697	120640	03/06/2022	25113	92109	
Sample case number 2: (Predefined date of opening of tender – 07.05.2018)					
83645	41220	09/05/2018	549	29485	2018_PWD_20854_2 (In this instance, the packet was decrypted with one day difference).
83598	41220	08/05/2018	549	29485	
83621	41220	09/05/2018	549	29485	
83603	41220	09/05/2018	549	29485	

Source: Data analysis of the e-Procurement data.

The system lets bids for the same tender be opened on different days instead of all at once on the set date. Opening bids for the same tender on different dates instead of the scheduled date violates standard procurement procedures and poses a significant risk of unfair advantage or manipulation, particularly if financial bids are accessed prematurely. By locking decryption until the official opening time and recording every attempt, the platform can ensure a fair, transparent process.

2.2.4.3 Ensuring gap-free row ID sequencing to safeguard data integrity

All tables in the e-Procurement database contain a system-generated column titled 'ID', which serves as the primary field. Each record is automatically assigned a unique sequential number by the system, ensuring no duplication of IDs.

An analysis of these system-generated IDs, however, revealed gaps in numeric sequencing across multiple tables, as detailed in Table-2.4. This indicates that certain system-generated serial numbers are missing, which should not occur in an automated sequence.

Table 2.4: Detail regarding missing gaps in various tables in e-Procurement data

Sl. No.	Table description	Number of gaps	Total Serial Numbers missing in these gaps
1.	Description of department users roles	1	1
2.	Detail of system generated SMSs	5	17
3.	Detail of procuring entities under a department	26	92
4.	Details regarding organisations/ departments	21	91
5.	Details of tenderers	45	51
6.	Details of bidders	360	714
7.	Details of department users and bidders	4	9
8.	Detail of department user	2	34
Total		464	1,009

The missing gaps in system-generated Row IDs suggest possible record loss or tampering, seriously undermining the integrity and reliability of the e-Procurement database. Without a timestamped audit trail to explain these omissions, data trustworthiness cannot be established. Enforcing continuous, gap-free sequencing and maintaining detailed, timestamped logs for every ID assignment will restore transparency and ensure the system's data remains accurate and verifiable. Audit asked for the details regarding audit trail of missing sequences. However, the same were not provided.

2.2.4.4 Automating tender status updates to safeguard transparency

Tender processing in the e-Procurement system involved human interference in various stages viz., tender evaluation, negotiation and award of contract, etc. instead of system based evaluation by capturing data inputs given by the authorised users.

Audit observed that various crucial entries in the system were being done manually by the department users, instead of automatic capturing in the e-Procurement system. Screenshot depicting that crucial entries were being done manually is depicted in Screenshot 2.2.

Screenshot 2.2: Entry of crucial data by the department users

The screenshots show the 'Government eTender Publishing System' interface. The left screenshot displays the 'Award of Contract' section with a 'Bids List' table. A callout bubble points to the 'Rank' column, stating 'Enter the rank of the bidder'. The right screenshot shows the same page with a callout bubble pointing to a checkbox, stating 'Enable this check box to select the bidder to award the contract', and another callout bubble pointing to the 'Next' button, stating 'Click this button to proceed'.

In this regard audit noticed that:

(i) Analysis of data for the period 2018-23 revealed that in 11,056 tenders¹⁷, though the bids were decrypted, the tender status was stored and displayed as 'To_be_Opened'. Scrutiny of physical files in respect of eight tenders (out of 783 selected tenders) in which the status as per data was 'To_be_Opened' after decryption of bids, revealed that all these eight tenders had been cancelled after opening of the bids. This indicated that there was difference in status as per data provided and actual status at field level due to absence of provision for update of status by the system on triggering of a particular event.

(ii) Analysis revealed that 21,962 financial bids submitted by the bidders against 6,375 out of 62,266 tenders had been opened. However, bid ranks against these bids were not entered in the database and showed "Null" value. This was due to absence of control in the system to rank automatically after bids are accepted financially.

Out of the aforementioned 6,375 cases, scrutiny of physical files of 51 sampled tenders revealed that 25 tenders had reached the award of contract stage and 26 tenders were cancelled. This indicated that there were variations in actual status and status as per data provided due to non-capturing of related events automatically.

(iii) Audit noticed that crucial entries such as L1, L2,...; technically qualified/ not qualified; financially qualified/ not qualified; date of award of work; etc. were entered manually by the department users in the system. In the absence of any standardised codes for these in the form of drop-down options, etc., there were instances of large number of entries for same event in the database such as L1, L-1, 1, Ist, L.1, L1 and Lowest, etc. for the lowest bidder.

(iv) In 812 instances where bids were marked as "Rejected_Finance", the bid ranks were recorded in the "bid_rank" column using terms such as L1, L-1, 1, Ist, L.1 and Lowest, etc., indicating that these bids were recognised as the lowest financial bids. Thus, due to manual intervention in update of these crucial entries, there were instances of wrong data entries. Audit findings after scrutiny of physical files of 20 sampled tenders where the irregularity was noticed are discussed in **Paragraph 2.3.3.2**.

Relying on manual updates and free-text entries had led to mismatches between what the system shows and what actually happened. Automating status changes and standardising bid rankings will keep tender records accurate, transparent, and easy to audit.

In the Exit Conference, the Government stated (June 2025) that system generates ranking of bidders automatically, but errors occur during manual entries after finalisation of selected bidder. Standardised formats such as 'L followed by numeric' can be introduced along with a mechanism of flagging such discrepancies in the system.

The system did not generate any automatic bid ranking as per the data made available to audit.

¹⁷ One packet (single cover): 7,003 tenders; Two packets (two covers): 3,967 tenders; and three or four packets: 86 tenders.

2.3 System utilisation

Audit analysed the level and effectiveness of e-Procurement portal utilisation by the procuring entities through data analysis and scrutiny of records. The findings in this regard are in the succeeding paragraphs.

2.3.1 Partial adoption of e-Procurement system by State procuring agencies

Data analysis revealed that, as of March 2023, there were 100 procuring entities/ organisations which were registered in the e-Procurement system. However, 84 procuring entities utilised the system and published 1.05 lakh tenders with total value of ₹ 80,984 crore since inception (June 2011). During the Audit period (2018-23), 83 entities published 0.77 lakh tenders through the system, amounting to a total value of ₹ 66,265.30 crore.

Audit noticed that despite instructions of the State Government in June 2018 *ibid*, only 83 out of the 100 registered procuring entities published tenders through e-Procurement. Details are given below (**Appendix 2.2**).

- 16 out of 100 procuring entities/ organisations such as Dr. Rajendra Prasad Government Medical College Tanda, Directorate of Youth Services and Sports, Himachal Pradesh Vidhan Sabha, Himachal Pradesh Institute of Public Administration (HIPA), etc. did not use the e-Procurement portal since inception as of March 2023.
- 15 of the 83 procuring entities/ organisations, which published tenders during 2018-23, such as Himachal Pradesh Technical University Hamirpur, Himachal Pradesh Public Service Commission, Directorate of Higher Education, Directorate of Health Safety and Regulation, etc., had utilised the portal for a period of less than one year and published tenders ranging between one and nine only.

Despite the State Government's clear directive in June 2018, several procuring entities had either never used or only minimally engaged with the e-Procurement portal, compromising its goals of transparency and efficiency. With 16 entities yet to publish a single tender and 15 others publishing fewer than ten contracts, the system's full potential remains untapped. Prompt corrective measures, renewed mandates, targeted support, and regular compliance monitoring are essential to ensure all entities adopt e-Procurement and uphold competitive, transparent procurement across the State.

In the Exit Conference, the Government stated (June 2025) that matter regarding non-utilisation of system by some entities would be looked into.

2.3.2 Updation of tender processing stages

e-Procurement workflow envisages a sequential step-by-step progress through various stages of a tender, culminating in Award of Contract (AoC) to the successful bidder. Thus, reaching the AoC stage in the tender process is an indicator of complete and effective use of e-Procurement portal. The e-Procurement portal provides for uploading of summary reports at each stage of the tender process, as detailed in **Table 2.5**:

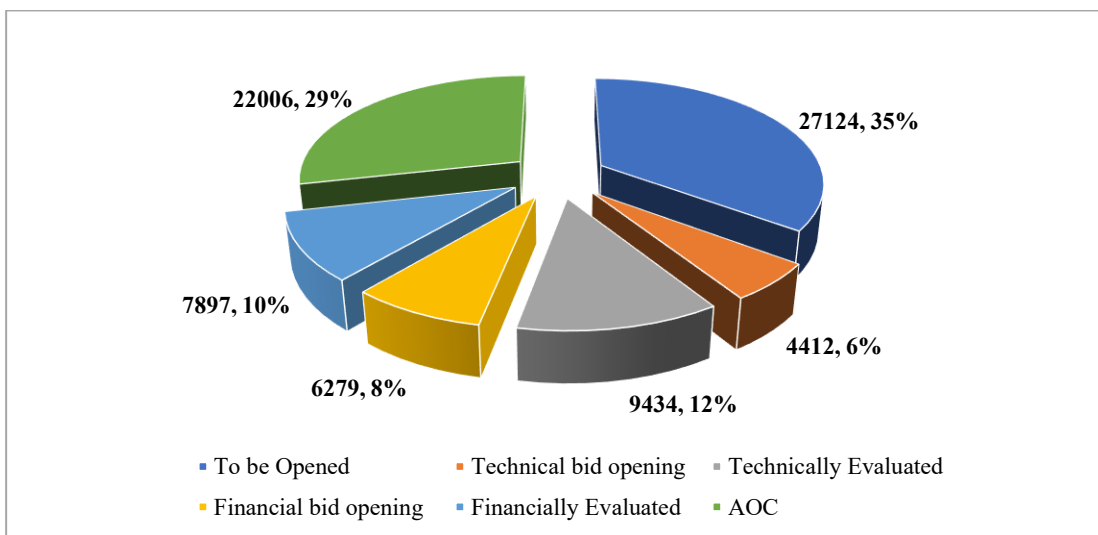
Table 2.5: Detail of summary reports to be uploaded

Stage	Activity to be carried out	Summary to be uploaded
Bid opening	Bids opened online, number of bids and payment details checked	Bid opening summary
Technical evaluation	Bids checked against the technical criteria specified in the tender document	Technical evaluation summary
Financial bid opening	Opening of bids of technically qualified bidders	Financial bid opening summary
Financial Evaluation	The Bill of Quantity (BoQ) of each bidder opened and the L1 bidder identified from the system generated BoQ comparative statement	Financial evaluation summary
Award of Contract	After identification of L1 bidder, contract value and the date of contract are entered in the system	AoC summary

All the above processes are to be followed so that detail of each stage of the tender are available in the e-Procurement system at any point of time, for transparency in the tendering process. The Director, Digital Technologies and Governance had requested (March 2018) all the procuring entities of the State to update status of all the tenders in the portal.

Data analysis revealed that 21 out of 83 procuring entities published tenders through e-Procurement system but did not update details of award of contract on the portal during 2018-23 (**Appendix 2.3**).

The percentage of tenders out of 77,152 published during 2018-23 lying at various stages of processing as per data analysis is depicted in **Chart 2.4**.

Chart 2.4: Tenders lying at various stages of processing published during 2018-23

From the above, it can be seen that only 22,006 (29 *per cent*) tenders published during 2018-23 had completed the tender cycle on e-Procurement system and remaining 55,146 tenders were lying at various stages.

Scrutiny of physical files of 783 selected tenders revealed that there were variations in stage of these tenders as per data and as per physical record as given in **Table 2.6**.

Table 2.6: Stage of selected tenders as per data and field verification

Tender Stage	As per data (as of March 2023)	As per field verification	Variation
To be opened	44	40	04 tenders reached AoC stage
Technical bid opening	16	11	05 tenders reached AoC stage
Technically evaluated	23	12	11 tenders reached AoC stage
Financial bid opening	86	30	56 tenders reached AoC stage
Financially evaluated	20	9	11 tenders reached AoC stage
Award of contract	594	681	87 tenders at various stages as per data dump, reached AoC stage.
Total	783	783	

From the above table, it can be seen that in 87 out of 783 selected tenders which had reached the AoC stage as per physical scrutiny, the respective procuring entities had not updated the actual stage/ status on the e-Procurement portal. This indicated that after opening of tenders in the portal by the authorised users, subsequent stages of procurement process were done manually without ensuring their actual update regarding outcome of respective stage. This is evident of the fact that update of tender status was not real time resulting in data integrity issues defeating the envisaged objectives of transparency and access/ viewing of actual status by public.

When this was pointed out, selected user procuring entities attributed not updating in the e-Procurement portal to lack of awareness and training. This reasoning is not satisfactory as the e-Procurement system was in use for more than a decade.

Data analysis regarding time taken for uploading of summary reports revealed that:

A. Time taken for uploading technical evaluation and financial evaluation summaries from the opening bids are given in **Table 2.7**.

Table 2.7: Time taken to process and upload tender summary reports

Status	Total number of tenders ¹⁸	Summary uploaded within 30 minutes from time of opening of bids	Summary uploaded between 30 min and one hour from time of opening of bids	Summary uploaded within one hour and 24 hours of opening of bids	Summary uploaded within one day and 30 days of opening of bids	Summary uploaded after more than 30 days of opening of bids
Technically evaluated tenders	45,603	61	261	4,801	35,555	4,925
Financially evaluated tenders	29,901	02	29	1,061	12,415	16,394

Source: Database of e-Procurement portal.

As the e-procurement system had no inbuilt feature for automatic evaluation of technical bids, the same were evaluated manually after downloading the bids. Further, after opening of financial bids, the respective evaluation committees checked the system generated BoQs summary manually and negotiated with the successful bidder,

¹⁸ Technical evaluation summary of 13 tenders and financial evaluation summary of two tenders were not uploaded.

if required. Negotiation with the bidder was done manually outside the e-Procurement system.

Technical evaluation, checking of BoQ summary and negotiation with successful bidder would have required reasonable time after opening of technical and financial bids. In 322 and 31 tenders, technical and financial summary reports respectively, were uploaded within one hour from opening of bids, which seems unrealistic. On the other hand, uploading of respective technical and financial summary reports in 4,925 and 16,394 tenders after more than one month is indicative of undue delay in uploading the tender details.

B. In the e-Procurement system, the next stage in the tendering process should have been enabled/ accessed only after completion of the previous stage *i.e.*, after uploading of summary report of the previous stage. Data analysis showed that technical evaluation summary of 13 tenders and financial evaluation summary of two tenders were not uploaded despite these tenders having entered the subsequent stages (**Appendix 2.4**).

This is indicative of the fact that uploading of summary reports was not mandatory and tenders could enter the subsequent stage without completion of previous stage by resorting to manual interference outside the system.

Out of the selected 783 tenders, 681 tenders reached the AoC stage as per field verification. Of these, technical evaluation summary and financial evaluation summary were uploaded in respect of 673 and 606 tenders, respectively. It was noticed that:

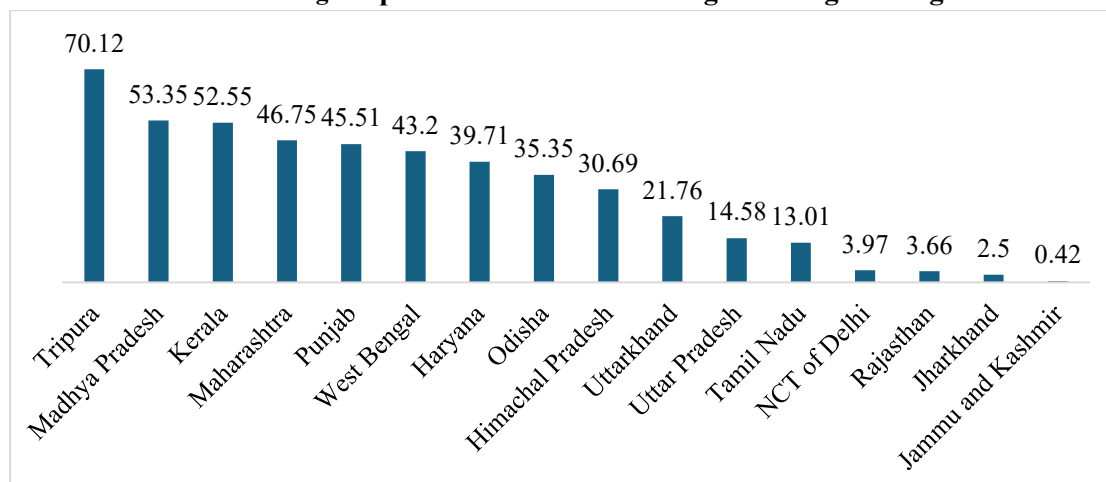
- Technical summary reports of 16 out of 673 tenders were uploaded after date of actual award of contract.
- Financial summary reports of 384 out of 606 tenders were uploaded after date of actual award of contract.

Uploading of financial and technical summary reports, after actual award of contract meant that actual sequence of events in tendering process was not adhered to. This was due to absence of application control in the system to ensure the sequence of uploading of the summary reports, affecting transparency and objectivity in the tendering process and dependence on manual records.

No response in this regard was furnished (April/ May 2025).

C. A comparison of tenders published and complete updation of their status viz., uploading of award of contract (AoC) in the e-Procurement portal by various States¹⁹ during 2019-23 as per data on e-Procurement dashboard is depicted in **Chart 2.5**.

¹⁹ States that had published more than 10,000 tenders in at least one year during 2019-23.

Chart 2.5: Percentage of published tenders reaching AoC stage during 2019-23

Source: Central Public Procurement Portal, Government of India.

Thus, out of the 16 States which published more than 10,000 tenders in at least one year during 2019-23, Himachal Pradesh had updated AoC status of 31 *per cent* published tenders only and stood at ninth position.

D. As per the project proposal (Para 6.1), a Project Management Unit (PMU) was to be established under NIC to facilitate training, manpower support, bidder assistance, and handholding. Additionally, Para 3.4 required the creation of a demonstration site for hands-on training.

Audit scrutiny revealed that ₹ 198.70 lakh was released (October and November 2010) to NIC Himachal Pradesh, including ₹ 63.50 lakh earmarked for training/awareness. Although NIC informed the Department in January 2011 about the availability of a demonstration site (<http://164.100.72.138/nicgep/app>), the site was found non-functional as of December 2024.

Training was limited to initial phase in December 2011, where 81 bidders and 220 department officials were trained. No records were available for training activities during 2018–2023. Furthermore, NIC had not submitted Utilisation Certificates (UCs) for the funds earmarked for training.

Despite registration of 100 procuring entities on the e-Procurement system, training remained confined to only three pilot departments, indicating inadequate oversight by the Core Committee.

In the Exit Conference, the Government replied (June 2025) that instructions were issued from time to time for updating the tender stages in the system. The system recorded the date of uploading of the award of contract instead of the actual date of award. It was further stated that cases with very little time in uploading the summary reports would be scrutinised and for delay in uploading of summary reports directions would be issued.

The State Government may issue directions for real time updation of tender stages and timely uploading the summary reports. Further, system generated alerts/ red flags for delays may be introduced.

2.3.3 Tender Processing

In the e-Procurement system, the bidders by using their Digital Signature Certificate (DSCs), submit the bid online and upload the documents, and the department users having bid opening roles, open/ decrypt the bids with their DSCs and other credentials. Once the comparative statement is generated, the successful bidder is called for negotiation or sample checking. The last stage is award of contract where the department user uploads the award of contract mentioning the contract/ award value, finalised with the selected bidder. Deficiencies noticed in tender processing are detailed in the succeeding paragraphs.

2.3.3.1 Award of tender after bid validity expiry

Every tender specifies a bid validity period within which the contract must be awarded. Audit observed that during 2018–23, 71 *per cent* of tenders (55,146 out of 77,152) had no record of award details on the e-Procurement portal. Of the remaining 22,006 tenders, 9,050 were awarded after expiry²⁰ of the bid validity period.

Delay in award of 9,050 tenders (41 *per cent*) after bid expiry period indicated that even after adoption of e-Procurement system there were delays in award of most of the tenders. The e-Procurement system lacked the provision to promptly flag instances of inordinate delays at various stages of tendering process. System did not ensure processing of tenders with prescribed timelines, besides, critical activities like technical evaluation, financial evaluation, negotiation and award of contract were done manually outside the system.

In the Exit Conference, the Government stated (June 2025) that the date on which the award of contract is uploaded is captured in the system, instead of actual date of award. Suitable directions for timely uploading of award of contracts would be issued.

2.3.3.2 Not awarding tender to L1 after opening of financial bids

Rule 136 of HPFR, 2009 regarding transparency, competition, fairness and elimination of arbitrariness in the procurement process states that negotiation with bidders after bid opening must be severely discouraged. However, in exceptional circumstances where price negotiation is necessary due to some unavoidable circumstances, the same may be resorted to only with the lowest evaluated responsive bidder. Further, Central Vigilance Commission instructed (March 2007) that generally there would be no negotiation with bidders. In special circumstances, if it is to be done, it should be done with the lowest bidder only.

Analysis of data in respect of 62,266 tenders, where bids were received during 2018-23 revealed that in 812 cases, tenders were not awarded to the L1 bidder after opening of the financial bids and system generated BoQ statements. Audit verified physical files of 20 sampled tenders (**Appendix 2.5**) and it was noticed that:

²⁰ After bid validity expiry date:– Up to three months: 4,939; four to six months: 1,929; seven to 12 months: 1,523; 13 to 24 months: 595; 25 to 36 months: 50; and more than 36 months: 14.

- Four out of 20 tenders were cancelled after the opening of bids due to administrative reasons.
- In six out of 20 tenders, there were data entry related issues due to manual interference in the tendering process. Details regarding two such cases are given in **Table 2.8**.

Table 2.8: Details regarding data entry errors in selection of L1 bidder

Work item reference no.	System-generated BoQ statement (Quoted amount & bid rank)	Manually entered financial evaluation statement (Quoted amount & bid rank)	Awarded to
2021_PWD_54560_3	1. ABC ₹ 10,36,396.19 (L1) 2. XYZ ₹ 10,38,275.15 (L2)	1. XYZ ₹ 10,38,275.15 (L1) 2. ABC ₹ 10,36,396.19 (L2)	ABC
2017_PWD_18145_1	1. ABC ₹ 13006852.64 (L1) 2. XYZ ₹ 13348460.17 (L2)	1. ABC 13006852 (L1) 2. XYZ Blank (L1)	ABC

However, award of contract was made to the genuine L1 bidders in above tenders.

- In two out of 20 tenders, the award of contract was made in favour of L2 bidders.

Award of contract to L2 instead of L1 bidder

Tender for a work named testing and commissioning of water treatment plant 0.492 MLD²¹ with an estimated cost of ₹ 30.58 lakh was published (January 2019) vide work item no. 2019_HPIPH_25796_1. All the four bidders were found eligible technically and as per system generated comparative BoQ, L1 had quoted rates at 214 *per cent* above the estimated cost. After refusal (September 2019) of L1 to negotiate, the Department instead of retendering, negotiated with L2 and awarded (September 2019) the work to L2 for ₹ 83.38 lakh (173 *per cent* above estimated cost) after more than seven months from the date of opening of financial bids. Negotiation with L2 was irregular and in violation of HPFR and CVC guidelines. Further, in the absence of carrying negotiation through system, all these activities were done outside system.

- Bidders quoted same rates in three tenders.
- Of the four rate contract²² tenders, in two tenders, the L1 bidder had not quoted prices for all items. The system had generated consolidated BoQ summary which did not reflect item-wise L1 bidders. Details are given in **Table 2.9**.

Table 2.9: Detail regarding selection of L1 bidder in rate contract tender

Work item reference number	No. of items put to rate contract	L1 bidder as per consolidated BoQ statement	No. of items for which L1 took part	No. of items in which L1 was actually lowest bidder	Remarks
2020_HPIPH_36800_1	58	ABC	13	0	Rate contract not awarded to ABC

²¹ Million liters per day

²² Rate contracts are done with the registered suppliers, for goods and items of standard type, which are identified as common user items and are needed on a recurring basis by various State Government Procurement Entities.

Work item reference number	No. of items put to rate contract	L1 bidder as per consolidated BoQ statement	No. of items for which L1 took part	No. of items in which L1 was actually lowest bidder	Remarks
2022_HPInd_59609_2	407	XYZ	17	1	Rate contract not awarded for the item in which XYZ was lowest.

Thus, the system lacked functionality to generate item-wise list of lowest bidders, instead consolidated quoted rates for all items (to which bidder had quoted) were added and used to generate comparative statement.

Thus, in the absence of any functionality for automatic capturing of bid rank, lack of provision for negotiation with L1 through the system itself, non-provision of item-wise comparative BoQ summary report, and human interference in award of contract had led to instances of subjective selection of successful bidders. This had defeated the very purpose of improving transparency in decision making in public procurement and reducing the scope of subjectivity.

In the Exit Conference, the Government stated (June 2025) that such instances would be investigated and required functionalities would be incorporated in the system.

2.3.3.3 Manual intervention in Award of Contract

The tender committee for the purpose of evaluation of financial bids uses the system generated comparative BoQ statement for deciding L1 bidder. After acceptance of the AoC, award details are entered in the e-Procurement system by the procuring entity manually. Screenshot of the portal confirming that these details are entered manually in the system is depicted in **Screenshot 2.3**.

Screenshot 2.3: Regarding manual entry of award of contract details

The screenshot displays the 'Award of Contract' entry form in the e-Procurement system. The form includes the following fields and instructions:

- Contract Value:** Set to INR 2000000. Instruction: "Enter the contract value and select the contract type".
- Award of Contract:** A text area for the description of the award.
- AOC details document:** A file upload section with a "Choose File" button. Instruction: "Upload the AOC document".
- Contract Date:** Set to 14 Jan 2015. Instruction: "Enter the contract date and completion".
- Work Completion Period (in days):** Set to 540.
- Bids List:** A table showing the list of bids, with columns for S.No, Bid No, Bid Type, Document, Rank, Status, and AOC. Instruction: "Click this button to award the contract".

At the bottom right, there are "Cancel" and "Save" buttons.

Analysis of data in respect of 62,266 tenders in which bids were received during 2018-23 revealed that in 284 tenders, the awarded values entered by the procuring entities in the portal were above the quoted price value of L1 bidder. Scrutiny of physical files of 11 sampled tenders revealed the following:

- In four tenders, value of the contract awarded was above the price quoted by the L1 bidder. Details are given in **Table 2.10**.

Table 2.10: Detail of selected tenders where award value was more than quoted value

Work item ref No.	L1 bid amount (₹)	AoC amount (₹)	Difference (per cent)	Remarks
2022_HPSEB_60713_1	11,29,431	13,18,799	1,89,368 (17)	Additional amount for component already included was added (not admissible).
2021_PWD_50257_19	4,20,498	4,67,622	47,124 (11)	Award letter was issued inadvertently. Corrigendum issued after being pointed out by Audit.
2018_HPIPH_21436_1	12,89,115	16,83,316	3,94,201 (31)	Reasons not supplied
2021_HPIPH_50474_1	3,65,408	4,09,767	44,359 (12)	Reasons not supplied

Thus, absence of functionality in the system to generate award letter to the selected bidder had led to award of contract above the quoted prices.

- In four tenders, though actual award of contract was below the quoted rates of L1, AoC amount were wrongly entered in the system, which may be attributed to human intervention and lack of automatic capturing of these values. Further, in one tender a wrong award letter was uploaded in the system. Details are given in **Table 2.11**.

Table 2.11: Details regarding wrong data entry of awarded value in the portal

Work item ref. no.	L1 bid amount (₹ in lakh)	AoC value as per portal (₹ in lakh)	Actual AoC value (₹ in lakh)	Remarks
2019_PWD_27321_8	9.90	20.32	9.49	Wrong award letter uploaded and data entry of the same was made in the system.
2020_PWD_37261_1	10.65	87.66	10.28	Wrong data entry.
2021_HPIPH_52115_1	6.56	6.75	5.27	Wrong data entry.
2022_HPIPH_59149_1	18.02	163.37	16.37	Wrong data entry.

This indicated that human interference in entering detail of awarded amount had led to unreliable data due to absence of auto capturing of awarded value in the system.

- In one tender (2023_PWD_67992_1) containing construction component (for which *per cent* quote was to be submitted) and maintenance component (which was frozen/ fixed), due to lack of functionality to freeze one out of two components in the system, the *per cent* quote of bidders was applied to both the components. L1 quoted 23 *per cent* below the estimated amount (₹ 444.92 lakh) and the factor was applied to whole of the amount, including maintenance component (₹ 33.81 lakh).

In another tender (2021_HPSEB_43909_1), all the bidders while submitting their bids had not included the GST amount in their quotes. The procuring entity, while awarding the contract to L1, prepared the financial evaluation summary manually, including GST amount.

Thus, absence of standardised BoQ for different nature of tenders had led to reliability issues in the system. Functionality in the system and customisation of BoQs to deal with such cases through the system should be there.

- In one tender (2018_UDDHP_20234_1), after opening of financial bids, L1 refused to carry out the work at quoted rates (₹ 1.84 lakh), for which his EMD was forfeited. Instead of retendering, the procuring entity negotiated with L2 in violation of CVC guidelines and awarded (₹ 2.91 lakh) the contract to L2. Further, instead of entering the name of selected contractor (L2) in the system, the name of L1 was entered, raising concerns with data reliability.

Above instances may be attributed to wrong data entry of awarded amount, issues in system generated BoQ summary, award of contract at higher prices than quoted amount, etc. being done manually outside the system.

Thus, due to manual intervention in entering details of award of contract and data entry errors, besides, lack of functionalities in the system to deal with various cases as detailed above, selection of successful bidder involved increased human intervention. This was not in conformity with the aim of increasing the efficiency and transparency in procurement process.

2.3.4 Other deficiencies

2.3.4.1 Discrepancies in use of Digital Signature Certificate

Rule 9.1.5 of guidelines for usage of Digital Signatures²³ in e-Governance, 2010 states that the digital signature verification process is same for certificates issued to all categories of users. Each user in the e-Procurement system has to register with an e-mail ID as his/ her user ID along with a valid DSC to perform activities in tendering process.

Data analysis revealed that 36,234 DSCs were mapped against 12,778 user IDs ranging between two and 15 DSCs per user ID. Of these, 8,566 users participated in 57,118 tenders involving 1,87,928 bids during 2018-23. The following issues were noticed:

- The name of the user was not validated at the time of renewal of DSC and different names were captured against the same user ID in 6,706 cases. For instance, eight distinct alias names were mapped with user ID “3176” and five distinct alias names were mapped with user ID “6268”.

²³ Digital Signature Certificates (DSC) are the digital equivalent (that is electronic format) of physical or paper certificates. A digital certificate can be presented electronically to prove your identity, to access information or services on the internet or to sign certain documents digitally. Like physical documents are signed manually, electronic documents are required to be signed digitally using a DSC. Transactions that are done using internet if signed using a DSC becomes legally valid. A licensed Certifying Authority (CA) issues the DSC. CA means a person who has been granted a license to issue a DSC under Section 24 of the Indian IT-Act, 2000.

- In 71 cases, multiple DSCs (ranging between three and eight) were issued to single user within a financial year. In one case, 12 DSCs were mapped against the same user ID “7277” and six out of these 12 DSCs were mapped within six months (from 23 July 2019 to 24 January 2020). In another case, nine DSCs were mapped against the same user ID “15529” and five out of these nine DSCs were mapped within nine days (from 25 May 2021 to 02 June 2021).
- In 15 cases, one DSC was mapped with two different user IDs. Of these, in one case, one DSC “1552929” was mapped with two user IDs (1794 and 24673) as well as with two different alias names.

The above deficiencies indicated lack of validation control in the system which resulted in improper mapping of DSC with the user ID and name due to which legal sanctity of DSC and legitimacy of bids was not ensured.

In the Exit Conference, the Government stated (June 2025) that multiple IDs are permissible for operational flexibility, however, possibility of flagging such cases would be explored.

2.3.4.2 Unavailability of information on blocked users

Analysis of data for users’ blocked history revealed that users were blocked or unblocked due to various reasons²⁴. During 2018-23, the dataset contained 87 records pertaining to 81 user IDs that had been blocked at some point. It was however, noticed that, several mandatory fields — such as blocked period, authorised person doing blocking/ unblocking, reasons, etc. were either left blank or contained ‘NULL’ value as given in **Table 2.12**.

Table 2.12: Records with ‘NULL’ value in the fields of blocked users’ table during 2018-23

Out of 87 records (2018-23)	No. of user IDs	Blocked by	Blocked reason	Unblocked by	Unblocked date	Unblocked reason
	81	86	04	82	82	84

Source: Data analysis of e-Procurement data dump.

Blocked and unblocked details must be captured by the system for audit trail, in the absence of which data will be incomplete and unreliable. Involvement of blocked users in tendering process indicated absence of related controls and thus, lack of transparency and user accountability in the System.

2.3.4.3 Non-provision for public to view tender documents after document download/ sale end date

The e-Procurement system has provision for the general public to view the tender status of each published tender. Tender summary reports containing details and documents uploaded at each stage would be available for viewing and downloading by general public.

Audit, however, noticed that these details and documents are not available for public viewing and downloading after ‘Document download/ sale end date’. In the absence of

²⁴ Wrong username, User retired, transferred, Login id no longer in use, on request, etc.

which, public interested in tracking the works or comparing the outcome with the tender specifications are unable to do so, defeating the objective of transparency.

2.4 Potential Collusive Bidding

Tender process is intended to enable procurement on the most favourable terms and conditions. This intention is defeated if, bidders collude or act in agreement by forming cartels²⁵. Such collusive bidding or bid rigging²⁶ counteracts the purpose of tendering and is inherently anti-competitive.

Data analysis for the period 2018-23 revealed various patterns of potential collusive bidding viz., bid rotation, bid submission and award from same IP address, submission of bids for a tender from same IP address, etc. Audit findings in this regard are discussed in succeeding paragraphs.

2.4.1 Bidding from same IP address

Internet Protocol (IP) address is a series of numbers that identifies any device on a network. Computers use IP addresses to communicate with each other, both over the internet, as well as on other networks. Placing more than one bid for a tender from the same IP address shows that the same computer was used to place the bids and is an indicator of potential collusion among bidders. Further, there is likelihood of collusion between bidders and department users, if bids are placed and subsequently awarded from same IP address or from premises of the procuring entity, compromising data secrecy and confidentiality.

The issue of bidding from same IP address was raised in the CAG's Audit Report laid in the Legislature in April 2018 as well. In the Exit Conference (June 2025), the Government accepted the issue and stated that such cases would be reviewed, and necessary instructions would be issued. Further, the possibility of flagging such cases by the system itself would be explored.

2.4.1.1 Procurement integrity at risk: Bids submitted from procuring entity IP addresses

Analysis of data for the period 2018-23, revealed that in case of 281 tenders (out of 22,006 awarded tenders) bidding and subsequent award of contract (AoC) was done from the same IP address. Of these, in 41 tenders all the bids (between two and four) were submitted from IP address of the procuring entity, as the same IP address was later used for award of the contracts. Some illustrations are given below:

²⁵ 'Cartel' includes an association of producers, sellers, distributors, traders or service providers who, by agreement amongst themselves, limit, control or attempt to control the production, distribution, sale or price of or trade in goods or provision of services (explanation to Section 3(3) of the Competition Act, 2002).

²⁶ 'Bid rigging' is defined as any agreement, between enterprises or persons engaged in identical or similar production or trading of goods or provision of services, which has the effect of eliminating or reducing competition for bids or adversely affecting or manipulating the process for bidding (as defined in Section 2(c) of the Competition Act, 2002).

- In the office of Director, Urban Development, Himachal Pradesh, an IP address (103:210:32:152) was used for award of 12 tenders during 2018-23 to the L1 bidder, who had uploaded his/ her bids from the same IP address.
- In the selected units, bidding by the L1 bidder and subsequent award of contract from the same IP address was noticed in 60 tenders. Of these, in 17 tenders (receiving two bids), both bids were uploaded from the IP address from which award of contracts was subsequently done as detailed in **Appendix 2.6**.

It was further noticed that bidders had submitted bids from the IP address of the procuring entity within very short time gap on same day, with little margin between their quoted prices. In most of the above cases, same set of bidders had participated in tenders receiving bids from same IP address and on same date. Apart from this, procuring entity's IP address was used by the bidders beyond office hours.

The fact that in 41 tenders all bids and the award of contract originated from the procuring entity's own IP address often mere minutes apart and outside normal office hours strongly suggests potential collusion or insider facilitation. This practice fundamentally undermines the fairness, transparency, and competitive integrity of the procurement process.

2.4.1.2 Bidding by different bidders from same IP address

Submission of bids for a tender from the same IP address by different bidders within a short span of time is indicative of potential collusion amongst bidders.

Analysis of data for the period 2018-23 revealed that in 30,731 tenders (49 *per cent* of tenders against which bids were received), multiple bids²⁷ were received from same IP address. Of these, in 5,177 tenders all bids ranging between two and seven were received from same IP address. It was further noticed that:

- Multiple bids were submitted from same IP address in 3,174 tenders, 184 tenders and four tenders within short timespan of one hour, five minutes and one minute respectively; one of the bidders, who had submitted bid from the same IP address, becoming L1.
- Multiple bids were submitted from same IP address by the bidders within short timespan also on the last day of bid submission:
 - In 1292 tenders, the timespan was one hour (435 in last hour of the bid submission end time as well).
 - In 91 tenders, the timespan was five minutes (six in last five minutes as well).
 - In four tenders, the timespan was one minute (three in last minute as well).

²⁷ Tenders received bids between two and 38.

Potential collusive behaviour – analysis of tenders receiving two bids

Audit analysed the data of tenders receiving two bids during 2018-23. It was noticed that out of the 14,085 tenders (receiving two bids), in 1,461 tenders, both the bids were submitted from same IP address. This raises a significant red flag regarding the independence and competitiveness of the bidding process. Further, a total of 771 unique bidder pairs were observed to have participated together in tenders. Out of these, 10 specific bidder pairs participated together in 10 or more tenders. Collectively, these top 10 pairs participated in 206 tenders (14 *per cent* of these tenders), suggesting a pattern of repeated and coordinated bidding behaviour. Such frequent collaborations indicated potential cartelisation or lack of genuine competition. Further analysis of these 10 pair of bidders revealed that:

- Among four pairs, tenders were consistently awarded to one member of the pair. For instance, in the pair with user IDs 1598–13144, all 32 tenders were awarded to user ID 13144. Similarly, in pair with user IDs 576–1380, all 23 tenders were awarded to user ID 1380. Such patterns suggest potential coordination or an unfair advantage, especially when the same bidder is always awarded the tender despite joint participation.
- In 76 tenders, L1 bidder was always first bidder. This suggests a pattern where the winning bidder consistently submits bids first, which could indicate pre-planned submissions or access advantage.
- In 12 tenders, L1 bidder was always second bidder to participate. This could point to a manipulated bidding order to make the process appear competitive.
- In 14 tenders, both bidders had same mobile number, which was a clear signal of shared identity or coordination.

Some illustrations pertaining to selected units are as below:

(A) In HPPWD division Jawali, against 14 tenders (published between September 2018 and October 2021), two bids were received from same set of two bidders on same day from same IP address. Of these 13 tenders were awarded to one bidder only. Bid submission details are depicted in **Table 2.13**.

Table 2.13: Bid submission details in respect of 14 tenders (HPPWD Jawali)

Work item ref. No.	Bid submission time		Estimated cost (in ₹)	Quoted rates (in ₹)		Remarks
	L1	L2		L1	L2	
Submission of bids for six tenders from same IP address 117.206.196.187 on 12.02.2019						
2019_PWD_26511_1	11.04 am	10.15 am	8,76,623	7,97,791	9,37,514	Bids for all tenders were submitted within one hour and 21 minutes, and quoted rates of L2 were much higher than L1.
2019_PWD_26510_1	11.08 am	10.19 am	8,76,623	7,97,791	9,37,514	
2019_PWD_26515_1	11.11 am	10.24 am	8,76,623	7,97,791	9,38,475	
2019_PWD_26517_1	11.26 am	10.38 am	9,41,692	9,13,437	9,62,304	
2019_PWD_26536_1	11.30 am	10.41 am	9,73,257	8,97,435	9,94,560	
2019_PWD_26542_1	11.36 am	10.45 am	8,15,431	7,51,905	8,33,280	
Submission of bids for four tenders from same IP address 117.206.192.174 on 26.02.2019						
2019_PWD_27207_1	05.06 pm	04.58 pm	9,26,740	9,44,224	12,02,139	Bids for all tenders were submitted
2019_PWD_27211_1	05.11 pm	05.00 pm	10,18,394	10,37,611	13,21,032	

Work item ref. No.	Bid submission time		Estimated cost (in ₹)	Quoted rates (in ₹)		Remarks
	L1	L2		L1	L2	
2019_PWD_27216_1	05.07 pm	05.01 pm	16,26,036	16,56,715	21,09,245	within 13 minutes and quoted rates of L2 were much higher than L1.
2019_PWD_27218_1	05.09 pm	05.03 pm	8,82,609	8,99,263	11,44,895	
Submission of bids for four tenders ²⁸ from respective same IP address on same day						
2018_PWD_23807_1	06.41 pm	06.49 pm	5,66,240	7,31,580	7,81,207	Bids for each tender were submitted within time ranging between five and 83 minutes.
2020_PWD_42229_1	12.41 pm	02.04 pm	10,11,490	9,48,100	11,98,170	
2021_PWD_44205_1	12.54 pm	12.49 pm	10,61,469	11,41,636	12,04,091	
2021_PWD_52868_1	02.22 pm	02.17 pm	8,79,300	7,95,021	9,29,526	

From the above table, it can be seen that bids were submitted from same IP address by the same set of two bidders only within very short time gap and difference between their quoted price was high. Further, it can be seen that where bids were submitted on 12.02.2019 and 26.02.2019, all bids were submitted first by L2 and then immediately after by L1.

(B) In HPPWD division No. II, Mandi, against four tenders (published in August and October 2018), two bids were received in each tender from same set of two bidders. Tender submission details are as in **Table 2.14**.

Table 2.14: Detail regarding bidding from same IP address (HPPWD Mandi-II)

Work item ref. No.	Estimated cost (in ₹)	Bid placement timings		Quoted prices (in ₹)		Awarded amount (in ₹)	Per cent above estimated cost
		L1	L2	L1	L2		
All bids submitted from IP address 59.89.11.149 on 13.08.2018							
2018_PWD _22666_1	1625656	09.42 pm	08.47 pm	2185442	2798735	2172953	34
		55 minutes time gap					
2018_PWD _22663_1	1249222	09.47 pm	09.05 pm	2662950	2746900	2167685	74
		42 minutes time gap					
2018_PWD _22672_1	1613783	09.56 pm	09.15 pm	3529786	3801042	2844388	76
		41 minutes time gap					
Bids submitted from IP address 45.118.128.168 on 09.10.2018							
2018_PWD _23800_1	4671253	07.24 pm	07.21 pm	8498904	8740722	7857078	68
		03 minutes time gap					

From the above table, it can be seen that there was narrow bid submission time gap between L1 and L2. Further, quoted prices of both the bidders were very high, resulting in award of contracts above estimated cost between 34 and 76 per cent.

(C) In HPPWD division No. II, Mandi, against six tenders (published between December 2020 and March 2022), two bids were received in each from same set of bidders. Details are in **Table 2.15**.

²⁸ **2018_PWD_23807_1**: From IP 45.122.152.183 on 09.10.2018; **2020_PWD_42229_1**: From IP 117.206.194.159 on 23.11.2020; **2021_PWD_44205_1**: From IP 117.206.197.154 on 17.02.2021; and **2021_PWD_52868_1**: From IP 117.206.192.117 on 13.10.2021.

Table 2.15: Details of quoted rates of two bidders from same IP address (HPPWD Mandi-II)

Work item ref. No.	IP address from which both bids were received	Estimated cost (in ₹)	Quoted amount (in ₹)		Variation in quoted amount in ₹ (per cent)
			L1	L2	
2020_PWD_42753_1	117.214.210.149	29,91,738	39,64,680	45,05,400	5,40,720 (14)
2021_PWD_53700_3	117.215.244.165	14,87,839	15,61,259	15,62,022	763 (0.05)
2021_PWD_54746_1	117.215.243.176	14,37,346	15,08,786	15,09,073	287 (0.02)
2021_PWD_54746_2	117.215.243.176	14,91,948	15,66,100	15,66,399	299 (0.02)
2022_PWD_57796_2	117.212.100.156	6,93,952	7,28,025	7,28,649	624 (0.09)
2022_PWD_57870_2	117.212.100.156	48,94,533	51,34,854	51,38,280	3,426 (0.07)

Audit noticed that in each tender, both the bids were uploaded by bidders on same day from same IP address within time gap ranging between 10 minutes and less than one hour. Further, it can be seen that the difference between quoted rates in five tenders was less than 0.1 *per cent*. All the tenders were awarded to one contractor only at 31 *per cent* (one case) and five *per cent* (five cases) higher rates than the corresponding estimated costs.

(D) In HPPWD division, Jubbal, against three tenders (published in July 2021 and June 2022), two bids were received in each tender from same set of two bidders and from same IP address. Bids details are as in **Table 2.16**.

Table 2.16: Analysis of quoted prices and time gap in bid submission from same IP address (HPPWD Jubbal)

Work item ref. No.	Estimated cost (in ₹)	Bid placement timings		Quoted prices (in ₹)		variation in quoted prices (<i>per cent</i>)
		L1	L2	L1	L2	
Bids submitted from IP address 117.247.214.32 on 27 & 28.06.2022						
2022_PWD _62039_9	849058	05.38 pm	06.01 pm	887070	890208	3138 (0.35)
		23 minutes time gap				
2022_PWD _62039_10	999444	12.39 pm on 28.06.22	06.51 pm on 27.06.22	1047259	1049005	1746 (0.17)
Bids submitted from IP address 117.247.212.104 on 29.07.2021						
2021_PWD _50257_20	474192	07.14 pm	07.18 pm	532950	558545	25595 (4.80)
		04 minutes time gap				

From the above, it can be seen that bid submission time gap was less than 30 minutes in two tenders and variation in quoted prices of L1 and L2 was less than 0.5 *per cent* in two tenders and less than five *per cent* in one tender.

The e-Procurement data from 2018–23 revealed a clear pattern of bid collusion: nearly half of all tenders received multiple bids from the same IP address within minutes, with winning bids frequently appeared to be pre-determined. Such practices undermined competitive pricing and transparency, leading to award rates consistently above estimates. Further, the system lacked controls to identify and flag suspected collusion, and evaluation of bids was not done with due diligence.

The possibility of bid rigging is high when competing bidders have a family relationship, as one bidder would be able to influence the other bidder. Bidding for same tenders by the bidders having family relationships viz. husband and wife was noticed in 20 tenders published between October 2019 and July 2020 in HPPWD Electrical division, Mandi. Data analysis and scrutiny of records further revealed that:

- Two bids were received in all the 20 tenders from the same IP address.
- Three usernames were used to submit the bids – one by husband and two by wife.
- Bids in 18 out of the 20 tenders, were submitted on same day each. Of which,
 - ✓ All bids for three, three and two tenders were submitted on the same day i.e., 29.06.2022; 04.08.2022; and 25.09.2020.
 - ✓ Bids in seven tenders were submitted within 30 minutes each by both the bidders.
- Against the total tender value of ₹ 338.74 lakh, these 20 tenders were awarded for ₹ 339.67 lakh between the two bidders. Details regarding the number of tenders awarded to each bidder are given below:

Username/ loginid	Tenderer ID	Relation of participating bidder	No. of tenders awarded
xxarmaelectrical0001@gmail.com	8322	Husband	7
xxarmaelectrical.electronic001@gmail.com	19092	Wife	6
xxagatielectrical.electronic001@gmail.com	29227	Wife	7

The above findings indicate collusive bidding between people having family relationships. Absence of inbuilt red flags in the system to highlight collusion coupled with lack of due diligence by the technical evaluation committees had led to potential collusion.

In the Exit Conference, the Government stated (June 2025) that IP-based tracking is unreliable due to shared infrastructure (e.g., cyber cafes), but the possibility of MAC address tracking can be explored. The possibility of flagging such cases by the system itself would be explored and instructions after review of such cases would be issued.

2.4.2 Splitting up of work leading to circumvention of e-Tendering

As per instructions (April 2012) of the Engineer-in-Chief, HPPWD, no efforts should be made to split up the big projects into smaller jobs either to avoid e-Tendering or to avoid wide publication and approval of higher authorities. Audit noticed that:

(A) In HPPWD division Sundernagar, splitting of works²⁹ into smaller jobs with estimated cost less than ₹ five lakh, to avoid e-Tendering was noticed. Details are given in **Table 2.17**.

²⁹ 1. Providing and fixing perforated tiles, modular ceiling for auditorium at attic floor in block-E of Jawahar Lal Nehru Engineering College Sundernagar; 2. Construction of wire crate approach wall on the ground building at various stretches in Government Degree College, Nihari; 3. Providing and laying cement concrete pavement at various RDs on link road from Pungh to Tamroh (kms 0/0 to 1/0); 4. Providing and laying WBM Grading-I at various RDs of Jachh Pressi Pangna Road (kms 16/555 to 20/0); and 5. Providing and laying interlocking pavers on shoulders at various RDs of NH 205 CMM road.

Table 2.17: Splitting up of works to avoid e-Tendering (HPPWD Sundernagar)

(Amount in ₹)

Sl. No.	Estimated cost of work	No. of jobs	Cumulative awarded value of jobs	per cent above estimated cost	No. of bids in each job	No. of selected contractors	Remarks
1.	25,84,399	6	31,03,498	20	03	01	Same set of three or four bidders participated in split up jobs of same work.
2.	9,98,714	2	21,44,262	115	03	01	
3.	14,87,787	3	24,3,3018	64	03	01	
4.	9,75,294	2	24,94,884	156	03	01	
5.	28,14,320	6	64,41,696	129	03 in 04 jobs 04 in 02 jobs	02	
Total	88.61 lakh	19	166.17 lakh	88	--	--	

It can be seen from the above that circumvention of e-Tendering had led to lack of competition resulting in award of works at much higher prices. Participation of same set of bidders and final award of respective jobs to one bidder only indicated potential collusion amongst bidders. Thus, either estimation of works was faulty or kept below ₹ five lakh for each job deliberately, to avoid e-Tendering.

(B) Analysis of information received from 11 divisions of HPPWD and 19 divisions of HPJSV in respect of 1916 tenders with estimated cost between ₹ four lakh and ₹ five lakh (processed outside system) revealed that 1812 tenders were awarded. Of these, 551 (30 *per cent*) tenders³⁰ were awarded above ₹ five lakh, while 10 tenders were awarded above ₹ 10 lakh.

The deliberate fragmentation of high-value contracts into sub-threshold jobs had systematically undermined e-tendering, stifled competition and transparency, and driven up costs by nearly 88 *per cent* in the Sundernagar case alone. To restore value for money and deter collusion, it is imperative to enforce single-package electronic tendering for all works above ₹ five lakh, integrate automated checks to flag cumulative contract values, and institute regular audits of estimate-to-award patterns. These measures will reinforce competitive integrity and curb financial inefficiencies across HPPWD and HPJSV divisions.

2.5 Conclusion

The e-Procurement system launched by the State Government in June 2011 remains partially implemented, hampering the intended transparency, efficiency, and accountability in public procurement. The project was operationalised without a formal Service Level Agreement (SLA) with NIC, and inadequate convening of the Core Committee meetings hampered oversight and timely course correction during rollout.

Despite the 2018 mandate requiring all procurements above ₹ five lakh to be conducted through the e-Procurement portal, system utilisation remains sub-optimal. One of the central deficiencies observed was the system's failure to incorporate automated red-flagging mechanisms to detect and escalate anomalies or suspicious

³⁰ HPPWD: 287 out of 724 and HPJSV: 264 out of 1,088.

activity. This absence of early warning indicators had allowed systemic and procedural lapses to persist undetected.

The platform lacked critical functionalities aligned with Himachal Pradesh Financial Rules (HPFR) and department-specific timelines, resulting in delays and inefficient tender lifecycle management besides lack of red flags to alert such delays. Weak input controls had led to data integrity issues, incorrect bid information, decryption failures, and incomplete audit trails.

The objectives of training and support through the PMU were only partially met. The training was limited to the initial phase, and no records existed for later years. Absence of input controls in mandatory fields led to incomplete user data, as seen in the registration of users during 2018–23 and lack of validation controls led to improper DSC-user mapping, compromising the legal sanctity of DSCs and the legitimacy of bids.

Technical deficiencies such as flawed bid evaluation, lack of support for rate contracts, and omission of features like GST inclusion further undermined compliance. Involvement of manual interventions in tendering process, including inconsistent updating of tender stages and award of contract, had led to procedural deviations, such as awarding tenders to non-L1 bidders.

Critically, the system did not flag or alert authorities to potentially collusive or anti-competitive behaviour. Audit analytics uncovered strong indicators of bid rigging, including bids submitted from procuring entities' IP addresses or from identical IPs within short time span; minimal bid variation and rotational patterns suggestive of coordinated submissions; award of contracts at inflated rates; and tender splitting to evade e-Tendering. These red flags were neither automatically detected nor investigated, reflecting the system's failure to provide real-time compliance alerts.

2.6 Recommendations

Based on the audit findings, to address the systemic, procedural, and technical shortcomings of the e-Procurement system, the State Government should:

- R-1. Revitalise the Core Committee with regular meetings, defined roles, and clear follow-up protocols to oversee system implementation, policy decisions, and issue resolution.***
- R-2. Enhance the system to fully support compliance with HPFR and department-specific procurement timelines, including auto-tracking and alerts for delays.***
- R-3. Strengthen input controls to prevent incorrect or incomplete data entries and ensure data consistency and integrity across modules.***
- R-4. Incorporate real-time updates of tender stages and automated summary reports to reduce manual intervention and improve transparency through enhanced automation.***

- R-5. Conduct regular, training sessions for both procuring entity officials and bidders, with a focus on system usage, bid submission, and security protocols. Establish a responsive helpdesk to provide technical and procedural support to users.***
- R-6. Robust input and validation controls should be implemented to ensure completeness of user data while registration and proper mapping of Digital Signature Certificates (DSCs) with user IDs, thereby upholding the legal sanctity of DSCs and the legitimacy of bids.***
- R-7. Develop algorithms to flag potential collusion and suspicious bidding patterns such as use of identical IPs, bid timing overlaps, price collusion, repetitive award patterns, or unusual bidding behaviour.***
- R-8. The threshold limit for e-Tendering may be reduced across all departments to promote wider adoption of e-Procurement and prevent tender splitting.***

Chapter-III
Performance Audit on E-Way Bill
System

Chapter III - Performance Audit on E-Way Bill System

Department of State Taxes and Excise

3.1 Introduction to Electronic Way Bill (EWB)

Goods and Services Tax (GST) has been introduced with effect from 1st July 2017, subsuming a wide range of indirect taxes based on the paradigm of ‘One Nation One Tax’. One of the intended objectives of GST regime was to improve efficiency in movement of goods and services by reducing process-related time delays.

Way Bill was a feature present even in pre-GST regime, wherein movement of goods was administered through manually governed (revenue) check posts. Goods entering a particular State was levied an ‘Entry Tax’ which has since been subsumed under GST. E-Way Bill (EWB) is conceived as a shift from Government-monitored tax administration model to a self-reporting model by the taxpayer.

The Government’s key objective behind introduction of EWB is to safeguard revenue. EWB is a document required for movement of goods and is designed to capture details of goods before being moved. Automation and standardisation of the entire process was intended to check tax evasion and shore up GST collections. EWB is also designed to dissolve the non-trade barriers, so that transit time is reduced and supply chain efficiency is improved.

EWB was introduced with effect from 01 April 2018 for all inter-state movement of goods having value exceeding ₹50,000. For the intra-state movements, EWB was made mandatory in phases, with the threshold limit as may be prescribed by the concerned State Governments. The threshold limit (for inter-state/intra-state movement) for the consignment value is ₹50,000 for Himachal Pradesh.

Rule 138 of Himachal Pradesh Goods and Services Tax Rules (HPGST Rules), 2017 (amended from time to time) provides for the EWB mechanism. The information of the consignment is to be furnished prior to movement of goods and it is to be issued irrespective of whether the movement is in relation to supply or for reasons other than supply.

3.2 Organisational Structure¹ of the Department

The Principal Secretary (State Taxes and Excise) to the Government of Himachal Pradesh is the administrative head of the department. The State Taxes & Excise (ST&E) department has two wings² i.e., Excise wing and Goods and Services Tax wing. This

¹ Before restructuring (January 2024) of the Department, Commissioner (State Taxes and Excise) was head of the Department and worked as Controller of taxpayers across the State. There were two Additional Commissioner (ST&E) Gr-I, two Additional Commissioner (ST&E) Gr-II, Joint Commissioner, ST&E (D), three Zones and 13 Deputy Commissionerate (ST&E) and three Flying squads thereunder (total 16 units). All the field functionaries were also entrusted with the Preventive/ Enforcement Functions.

² Vide Notification No. EXN-B(1)-1/2021 dated 19th January 2024, the restructuring of the Department has been done.

department is headed by a Commissioner (State Taxes and Excise). The GST wing has a three-tier structure comprising Headquarter, Zones and Circles. There are three Additional Commissioner (ST&E) Gr-I/II; seven Joint Commissioners, ST&E; three GST Zones; 10 Deputy Commissioner State Taxes & Excise (DCST&E); and 60 Assistant Commissioner State Taxes & Excise (ACST&E) Circles.

EWBs (effected for supplies) are typically accounted under the Return GSTR-1 and GSTR-4/GST-CMP-08 by the normal and composition taxpayers respectively and are required to be verified by the Assistant Commissioners under each GST Taxpayer Service Commissionerate at the time of scrutiny of returns. The Deputy Commissionerates are Preventive units/ Enforcement units which perform wider anti-evasion duties, including verification of EWBs, headed by the Proper Officers³ i.e., Assistant Commissioner of State Taxes & Excise.

3.3 Information Systems used for EWBs

The EWB Common portal is managed by National Informatics Centre (NIC). In February 2020, EWB portal has been integrated with the VAHAN system of the Ministry of Road Transport & Highways (MoRTH), so that vehicle registration number can be validated at the time of generating EWB. On the EWB Common Portal, one-time registration of the taxpayer is required for the purpose of generation, extension, cancellation and rejection of EWBs.

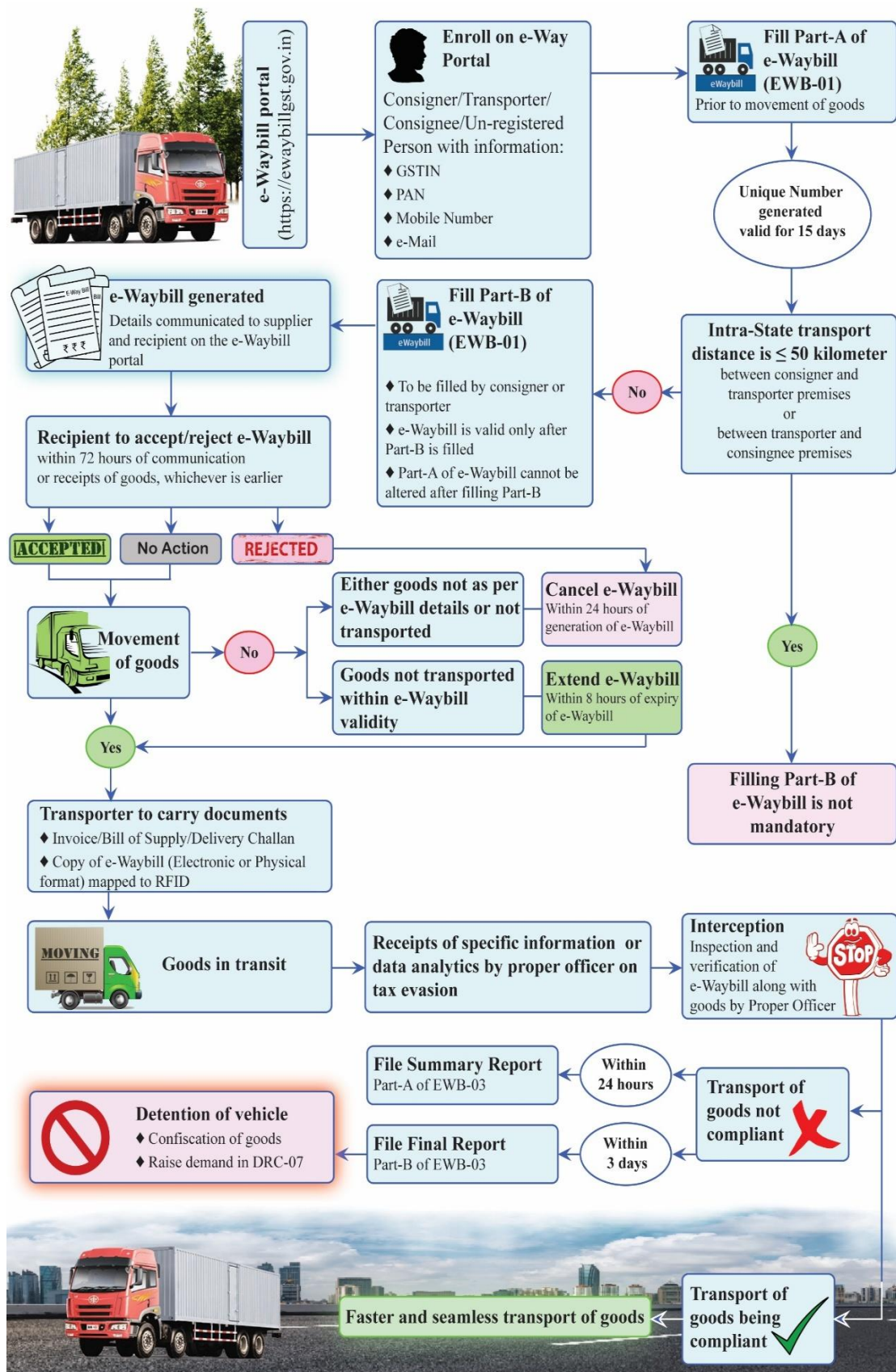
The Proper Officers can access the EWB Portal through two means: - (i) Logging into EWB Common Portal through a web browser using the login credentials provided, or (ii) Logging into the GST EWB System mobile application. The functions performed by the Proper Officer are verification and approval of EWBs, rejection and cancellation of EWBs, extension of validity of EWBs, verification of goods in-transit, initiation of penalty and legal actions, monitoring and reporting, unblocking of EWBs, viewing and accessing Management Information System (MIS) reports etc.

3.4 Processes involved in the EWB System

The EWB system includes various processes such as the enrolment of the required persons in the portal, generation of EWB, extension, cancellation and rejection of the EWBs generated etc. The entire process flow of EWB system under GST is depicted in **Figure 3.1**.

³ As per section 2 (91) of the HPGST Act 2017 the Proper Officer in relation to any function to be performed under this Act, means the Commissioner or the officer of the State tax who is assigned that function by the Commissioner.

Figure 3.1 - E-waybill Mechanism – Process Flow Chart



3.4.1 Enrolment in the Portal

GST registered persons, transporters (GST Registered or Unregistered) and citizens/unregistered persons are required to enrol themselves in the EWB portal by providing necessary details such as State, GSTIN, legal name, PAN, mobile number etc. to generate EWB. The transporters, who may not be registered under the GST but cause movement of goods for their clients, need to enrol on the EWB portal and get a 15-digit Unique Transporter ID.

3.4.2 Generation of EWBs

As per Rule 138 of the HPGST Rules, EWB can be generated electronically by furnishing details in Part A (once submitted cannot be edited) of the Form GST EWB-01 by any of the following persons:

- the Consignor
- the Transporter
 - in the case of authorisation by the Consignor or
 - if the Consignor is an unregistered person
- the Consignee

Details of the consignments *viz.*, GSTIN of supplier, place of dispatch, GSTIN of recipient, place of delivery, document number, document date, value of goods, Harmonised System of Nomenclature (HSN) code and reason for transportation are available in Part-A of the EWB-01 and in Part-B, vehicle number for consignment by road and Transport document number are provided. Furnishing details of vehicle number is not mandatory for intra-state/ Union Territory transactions with a distance upto 50 km when the goods are moved from premises of consignor to that of transporter or from the premises of transporter to that of consignee. Consolidated EWBs can be generated in Form GST EWB-02 in the case of multiple EWBs generated for the multiple consignments but transported in the single vehicle.

3.4.3 Bill to - Ship to Transactions

Bill to-Ship to supplies, wherein the buyer and the consignee are different persons and EWB can be generated either by the buyer or the supplier in these transactions. Buyer orders the supplier to supply the goods to the consignee on behalf of the buyer involving two supplies and two invoices in the transaction. Central Board of Indirect Taxes & Customs (CBIC) has clarified vide press release dated 23 April 2018 that either the buyer (consignor) or the seller (supplier) can generate EWB in a Bill to-Ship to transaction. Depending on the person (buyer/ supplier) generating the EWB, the fields in Part-A of EWB-01 have to be furnished, *viz.*,

- EWB is generated by the supplier – Bill From (details of supplier), Dispatch From (details of principal/additional place of business of supplier), Bill To (details of buyer/ consignor), Ship To (address of recipient/ consignee) and Invoice details (raised by supplier to buyer) are to be furnished.

- EWB is generated by the buyer – Bill From (details of buyer/ consignor), Dispatch From (Principal/ additional place of business of supplier), Bill to (details of recipient/ consignee), Ship to (address of recipient/ consignee), and Invoice Details (raised by buyer to recipient) are to be furnished.

3.4.4 Validity of EWB

Validity of the EWB depends upon the distance, the type of shipment and the goods to be transported. Validity is calculated from the date on which the EWB has been generated (relevant date) and the period of validity shall be counted from the date and time of EWB generation and shall extend for the number of days as prescribed based on the distance to be travelled.

3.4.5 Extension of EWB

The validity of the EWB can be extended by the Commissioner, on the recommendations of the GST Council⁴, by notification for certain categories of specified goods. Validity can also be extended under circumstances wherein the goods cannot be transported within the validity period within eight hours from the time of its expiry.

3.4.6 Cancellation of EWB

Where an EWB has been generated under the rule *ibid*, but goods are either not transported or are not transported as per the details furnished in the EWB, the same may be cancelled electronically on the common portal, within 24 hours of generation of the EWB. However, an EWB cannot be cancelled if it has been verified in-transit in accordance with the provisions of Rule 138B of the HPGST Rules, 2017.

3.4.7 Acceptance/ Rejection of EWB

The details of the EWB generated will be communicated electronically to the supplier and the recipient, and the consignee is required to communicate his acceptance or rejection of the goods being transported. If the consignee does not communicate his acceptance or rejection within seventy-two hours of the details being communicated to him or the time of delivery of goods, whichever is earlier, the EWB shall be deemed to be accepted.

3.4.8 Blocking/Unblocking of EWB

Blocking of EWB generation was implemented from 01 December 2019. Thus, taxpayers (either as Consignor, Consignee or Transporter) are disabled from generating EWB in the case of non-filing of monthly/quarterly returns for a consecutive period of two or more tax periods.

Suspended taxpayer cannot generate EWB as a consignor/transporter. However, as a consignee/transporter, they can receive a generated EWB. Unblocking of EWB

⁴ Section 2(36) of HPGST Act 2017 “Council” means the Goods and Services Tax Council established under article 279A of the Indian Constitution.

generation facility can be done either by the consignor or jurisdictional officer in the event of filing returns for the default periods.

Audit Objectives, Criteria, Scope & Sampling Methodology

The Performance Audit covers critical examination of the overall performance of EWB system in the GST regime with reference to the EWBs issued during the audit period as referred at **Paragraph 3.7**. The Audit objectives, criteria, scope, sampling methodology determined for conducting the Performance Audit on EWB under GST are discussed in the following paragraphs. The taxpayers' compliance, scrutiny process and subsequent preventive actions taken by the department on EWBs raised by the consignor/consignee/transporter have been examined.

3.5 Audit Objectives

This Performance Audit (PA) was conducted with the following Audit Objectives:

1. Whether EWB mechanism is effective in protecting revenue interest of the Government.
2. Whether the Preventive/ Enforcement activities of the Department in enforcing EWB provisions are efficient and effective.

3.6 Audit Criteria

The PA on EWB system under GST has been evaluated against the following audit criteria:

- » Sections 10, 17, 25, 29, 37, 39, 44, 68, 73, 74, 129, 130 etc. of Himachal Pradesh Goods and Services Tax Act, 2017 (HPGST Act).
- » Rules 59, 60, 61, 62, 80, 138, etc. of HPGST Rules, 2017.
- » Notifications / Circulars / Instructions authorised by GST Council and issued by Central Board of Indirect Taxes and Customs (CBIC).
- » Advisories/Standard Operating Procedures issued by National Informatics Centre (NIC) and CBIC.

3.7 Audit Scope

EWB transactions of the persons registered in the EWB portal pertaining to the period between 1 April 2018 and 31 March 2022 were covered in the PA. Audit examined the overall performance of EWB system in the GST regime with reference to the Audit objectives. EWB data (generated) for the audit period has been extracted from Goods and Services Tax Network (GSTN) and has been analysed. Movement of conveyances by roadways alone has been considered for this audit and railway/airway/seaway EWBs have been excluded from the scope of this Audit.

The scope of audit also involved evaluation of the preventive functions of the Department with reference to EWBs, viz., interception of vehicles, verification of documents, inspection of goods and action taken thereof.

3.8 Audit Sampling Methodology

A problem-centric approach has been attempted for this PA as EWB generation under GST is a necessary condition to precede any movement of goods, subject to the threshold limit. Samples for Audit Objective-1 evolved based on the Key Problem Areas (KPAs)/Risk Dimensions identified. The KPAs that constrain revenue realisation for the Government are provided in **Appendix 3.1**.

For Audit Objective-1, a total of 127 EWB cases (120 cases as per Risk Dimensions identified and seven cases of cross PAN) pertaining to 52 taxpayers were selected for audit.

Audit Objective-2 evaluated the problems associated with enforcement/ preventive activities viz., Operational Preparedness, Effectiveness of Anti-Evasion measures and Intra-department and Inter-department coordination. For Audit Objective-2, eight⁵ units out of 16 units⁶ (50 per cent of the units) were randomly selected using IDEA software. For sub-samples, the Audit called for the actual number of cases booked i.e., GST-EWB-03 (Part B) from the selected eight units. From the data received, 200 cases (25 booked cases from each selected unit) were randomly selected.

Further, observations detected during the data analysis on the data extracted from GSTN (called Totality Observations) were issued at the Commissionerate level.

An Entry Conference for this PA was held on 2 March 2023 with the Commissioner, State Taxes and Excise, Himachal Pradesh in which the audit objectives, sample selection, audit scope and audit methodology for the PA were discussed. The Exit Conference was held on 29 November 2024 with Special Secretary, State Taxes & Excise to the Government of Himachal Pradesh. The replies received have been suitably incorporated in the report.

Trends & Insights of EWB data

The EWBs statistics data give details about EWBs such as i) Total number of EWBs generated by total unique GSTIN for inward and outward supplies; ii) Total number of EWBs extended; iii) Total number of EWBs cancelled; and iv) Total number of EWBs rejected.

3.9 Trend Analysis of EWBs

The trend on number of EWBs generated during the audit period in the State is depicted in **Table 3.1** and the number of EWBs extended, cancelled and rejected is depicted in **Table 3.2** as given in the succeeding paragraphs.

⁵ Jt. Commissioner, ST&E, (South Enforcement Zone Parwanoo, Central Enforcement Zone Una), DCST&Es (BBN Baddi, Bilaspur, Hamirpur, Kangra at Dharamshala, Shimla and Solan).

⁶ Before restructuring (January 2024) of the Department, Commissioner (State Taxes and Excise) was head of the Department and worked as controller of taxpayers across the State. There were two Additional Commissioner (ST&E) Gr-I, two Additional Commissioner (ST&E) Gr-II, Joint Commissioner, ST&E (D), three Zones and 13 Deputy Commissionerate (ST&E) and three Flying squads thereunder (total 16 units). All the field functionaries were also entrusted with the Preventive/ Enforcement functions.

3.9.1 Trend of generated e-Way Bills

The data on generated e-Waybills during the years 2018-19 to 2021-22 is as below: -

Table 3.1: Details of e-Waybills generated for outward and inward supplies

Year	Outward supplies		Inward supplies	
	Number of Unique GSTINs	No. of e-Waybills	Number of Unique GSTINs	No. of e-Waybills
2018-19	12,705	29,80,287	1,915	16,376
2019-20	13,788	33,02,728	1,911	21,580
2020-21	13,121	31,12,226	1,594	18,845
2021-22	13,709	35,23,544	1,881	20,134

Source: GSTN data.

There is an overall increasing trend for outward supplies in the total number of EWBs generated over the years except during 2020-21. In respect of inward supplies, while there was an overall increase in number of EWBs generated from 2018-19 to 2021-22; the number of EWBs generated was highest in 2019-20 but dipped considerably in 2020-21.

3.9.2 Trend of extended, cancelled and rejected EWBs

The data on extended, cancelled and rejected EWBs during the audit is as below: -

Table 3.2: Details of extended, cancelled and rejected EWBs

Year	Extension of e-Way Bills		Cancelled e-Way Bills		Rejected e-Way Bills	
	No. of Unique GSTINs	No. of EWBs	No. of Unique GSTINs	No. of EWBs	No. of Unique GSTINs	No. of EWBs
2018-19	1385	22,751	4807	54,751	401	747
2019-20	2168	1,04,488	5296	59,295	337	571
2020-21	2622	1,15,946	5138	53,198	226	434
2021-22	3389	1,76,813	5542	52,109	157	206

Source: GSTN data.

As seen from the above, the number of EWBs being extended has constantly been increasing over the years from 2018-19 to 2021-22. The trend of cancellation of EWBs has shown less fluctuations. It was the highest in 2019-20 and decreased gradually in the subsequent years. The rejection of EWBs has shown a decreasing trend with numbers remaining between 747 and 206 over the years.

EWB Mechanism in protecting revenue interest of the Government

In this chapter, observations relating to the Audit Objective-1 covering taxpayer's compliance, scrutiny process and subsequent preventive action taken by the department on EWB raised by the consignor/consignee/transporter has been examined and major findings have been detailed in the succeeding paragraphs.

3.10 Scope limitation due to documents not produced

Section 16 of the CAG's DPC Act 1971 lays down the Audit Mandate of the CAG regarding Audit of receipts. Further, Section 18(2) of the CAG's DPC Act 1971 imposes a statutory duty on Offices/Departments to comply with the requests for complete information as far as possible and with all reasonable expedition.

Audit requisitioned information and records related to EWBs and GST returns for the period from 2018-19 to 2021-22. Further, additional records of sampled taxpayers like GSTR-1 invoice details, annual accounts/financial statements, proof of movement of conveyance etc. to check whether outward EWBs generated declared/discharged tax liability in respective GSTR-1/GSTR-3B, for cross verification of disproportionate inward/outward supplies and to verify the actual movement of the goods and conveyance, were also sought. Despite requisitions and follow up, the units did not produce additional records in any of the 126 cases pertaining to 51 taxpayers. Consequently, in these cases, audit was restricted to the information available on the GST portal, EWB portal or the documents supplied by the Department.

In the Exit Conference (November 2024), the Department stated that additional records/information not available on the GSTN portal cannot be called for from the taxpayers in the absence of any specific provisions in the HPGST Act.

3.11 Substantive Audit Findings

Audit selected sample cases by using the Risk Model for conducting substantive audit⁷. The systemic and compliance issues noticed during the audit are discussed under each Key Risk Area to provide the impacts of the risks identified.

3.11.1 Ineligible taxpayers continuing under the Composition Levy Scheme (CLS)

In terms of Section 10 (1) of the HPGST Act, a registered person whose aggregate turnover in the preceding financial year did not exceed the threshold limit⁸ may opt to pay tax under Composition Levy Scheme⁹. Section 10(2)(c) provides that he shall not be eligible to opt for the scheme, if engaged in making any inter-state outward supplies of goods and in terms of Section 10(3), this scheme shall lapse on the day his aggregate turnover during a financial year exceeds the limit specified.

As per Section 61 of the HPGST Act, various returns filed by the taxpayers have to be scrutinised by the Proper Officer to verify the correctness of the returns, and suitable action has to be taken on any discrepancies or inconsistencies reflected in the returns.

During the audit, four EWBs pertaining to three taxpayers (**Appendix 3.2**), falling under three units¹⁰ were test-checked. It was observed that two taxpayers were continuing under the Composition Scheme despite having undertaken inter-state outward supply of goods. While in one case, the taxpayer had generated two inter-state EWBs on the same invoice and paid taxes at the rate of one *per cent* under Composition Levy Scheme and later converted to Normal taxpayer (as illustrated below). These

⁷ Detailed verification of transactions covered by EWBs and their respective returns by the taxpayer selected for audit.

⁸ Threshold limit per year for becoming eligible for composition scheme was ₹50 lakh for the period between 01 April 2018 to 31 March 2019 and ₹1.5 crore thereafter.

⁹ A voluntary scheme available for small businesses with annual turnovers up to ₹1.5 crore who can opt for fixed tax rates instead of regular GST rates.

¹⁰ DCST&E Sirmaur at Nahan, Solan and Nurpur.

taxpayers were required to be brought out of the scheme as they are liable to pay tax at normal rate with effect from the date of effecting inter-state supply at first instance.

On this being pointed out (May-July 2023), the Department stated (September 2023) that the cases have been examined and intimation of tax ascertained under section 73(5) and notices under section 61 of the HPGST Act, 2017 have been issued.

An illustrative case is given below:

A taxpayer having GSTIN: 02XXXXXXXXXX1Z7 registered and stayed under Composition Scheme till 19 April 2019 and has been active as a normal taxpayer since 20 April 2019. During the period 2018-19, the taxpayer had generated multiple inter-state EWBs on the same invoice and charged tax at the rate of 18 *per cent* (nine *per cent* CGST and nine *per cent* SGST). Scrutiny of records on GST portal revealed that while filing GSTR-9A, the taxpayer had paid taxes at the rate of one *per cent* under Composition Levy Scheme.

On this being pointed out (May 2023), the Department replied (May 2023) that notice under Section 70 has been issued to the taxpayer to provide the records in this regard.

Recommendation 1: Department should incorporate validation control in EWB system to alert the taxpayer as well as the departmental officer when a CLS taxpayer generates EWB for inter-state supply.

3.11.2 Generation of EWBs by the taxpayers who had filed Nil Returns

As per Section 61 of the HPGST Act, various returns filed by the taxpayers have to be scrutinised by the Proper Officer to verify the correctness of the returns, and suitable action has to be taken on any discrepancies or inconsistencies reflected in the returns.

Audit test-checked 120 EWBs pertaining to 45 taxpayers and observed in the case of five taxpayers pertaining to four units¹¹ (**Appendix 3.3**) that taxpayers had generated 74 EWBs of assessable value of ₹103.94 lakh. Even though the EWBs were generated, the taxpayers filed nil GSTR-1 for the respective return periods and had not discharged the tax liability on the same.

On this being pointed out (May-July 2023), the Department replied in one case that the taxpayer had voluntarily made due payment after being pointed out by Audit. While in other cases, either they had created demand vide DRC-07 or notices in the form of DRC-01A have been issued to the taxpayers.

An illustrative case is given below:

Audit Scrutiny of the GSTIN (02XXXXXXXXXX1Z8) for the financial year 2019-20 revealed that the taxpayer had taken GST Registration on 10 November 2019 and generated EWBs during December 2019. Further, scrutiny of GST returns showed that the taxpayer was active till 02 January 2020 and had generated EWB but filed Nil

¹¹ DCST&E Kangra at Dharmshala, Sirmaur at Nahan, Solan and Una.

GSTR-1 and GSTR-3B Returns. The taxpayer had also not filed Annual Return GSTR-9 and Final Return GSTR 10.

Since the taxpayer had filed nil GSTR-1 and GSTR-3B returns (for November 2019 and December 2019), it resulted in loss of revenue to the State exchequer to the tune of ₹ 10.37 lakh (**Appendix 3.4**).

On being pointed out by Audit, DCSTE, Solan while confirming the facts and figures replied (May 2023) that there was no record of any Show cause notice (SCN) issued to the taxpayer in this connection, available on GST portal. No penalty for non-filer and nil filer of GSTR-9 and GSTR-10 had been imposed. It was also stated by the DCSTE, Solan that verification of EWBs might have skipped from the mind of the Proper Officer. Keeping in view the excessive workload on Proper Officers (ACST&Es), it is not possible to make 360-degree scrutiny of the taxpayers before cancelling the GSTIN. Since both the returns were supposed to be filed after the cancellation of GSTIN, it is impossible for Proper Officer to scrutinise returns of each taxpayer in his jurisdiction. Further, the department replied (April 2024) that demand for ₹31.07 lakh vide DRC 07 has been created.

While the constraints are appreciated, nonetheless, the Proper Officer should have taken a proactive approach to protect the Government revenue. Further, EWB portal should be integrated with GST portal so that details of outward EWBs generated should reflect automatically in GSTR-1 of the taxpayer.

3.11.3 Generation of EWBs by Non-Filers of GST Returns

In terms of Section 29(2) of the HPGST Act, the Proper Officer may cancel the registration of the taxpayer when a composition taxpayer has not furnished returns for three consecutive tax periods; or any other registered person has not furnished returns for a continuous period of six months.

According to Section 62 of the Act *ibid*, where a registered person fails to furnish the returns even after the service of a notice, the Proper Officer may proceed to assess the tax liability of the said person to the best of his judgement, taking into account all the relevant material which is available or which he has gathered and has issued an assessment order. In cases, where a taxable person whose registration has been cancelled but who was liable to pay tax, the Proper Officer may proceed to assess the tax liability of such taxable person to the best of his judgement as per provisions of Section 63 of the Act.

As per Section 30(1) of the said Act, any registered person whose registration is cancelled, may apply for revocation of cancellation of the registration in the prescribed manner within thirty days from the date of service of the cancellation order.

Rule 138E of HPGST Rules imposes restriction on persons including consignors, consignees, transporter or an e-commerce operator or a courier agency to generate EWBs in respect of a registered person who has not filed relevant GST Returns for

prescribed consecutive periods¹². The blocking functionality has been enabled on the EWB Common Portal with effect from 01 December 2019.

From the data analysis, Audit observed that 12 taxpayers (**Appendix 3.5**) generated 3,844 EWBs during the period 2018-19 to 2021-22 having assessable value of ₹183.21 crore but did not file GSTR 3B returns in the corresponding months, hence no tax liability was discharged. Due to non-filing of returns, the Department cancelled the registration of these taxpayers under Section 29 of the HPGST Act. Further, it was observed that two taxpayers (**Appendix 3.6**) had taken new registrations¹³ on the same PAN instead of revocation of cancellation. However, no action was initiated to assess the tax liability as specified under Sections 62 and 63 of the HPGST Act.

On this being pointed out (May-July 2023), the Department in case of nine taxpayers pertaining to six units¹⁴ (**Appendix 3.7**) replied (May-November 2023) that after scrutiny, notices in the form of DRC-01A and under section 61 of the act have been issued to the taxpayers.

An illustrative case is given below:

Audit scrutiny of GSTR-1, GSTR-3B, GSTR-2A and Comparison Sheet available on GST portal in respect of a taxpayer (GSTIN: 02XXXXXXXXXX2ZG) under the jurisdiction of the DCST&E, BBN Baddi, revealed that the taxpayer was a non-filer due to which the Department had cancelled (05 March 2021) the registration of the taxpayer. Scrutiny further revealed that the taxpayer had not filed GSTR-1 (for the months of January 2019 and March 2019), GSTR 3B (except April 2018) and had not discharged tax liability on outward supplies for the financial year 2018-19, to the tune of ₹16.65 crore (excluding interest/penalty, if any) (**Appendix 3.8**). The taxpayer, instead of applying for revocation of cancellation, had taken a new registration with effect from 01 June 2022 on the same PAN.

Audit noted that Department had already initiated action vide DRC-01 against generation of EWB and outward supplies made but the taxpayer had not made payment of due tax under Section 76 of the Act *ibid*. However, the reply of the Department regarding the observation and current status was awaited (March 2025).

3.11.4 Generation of EWBs by cancelled taxpayers

As per Section 63 of the HPGST Act, where a taxable person whose registration has been cancelled; but who was liable to pay tax, the Proper Officer may proceed to assess the tax liability of such taxable person to the best of his judgement. A cancelled taxpayer cannot generate EWBs, as the taxpayer may pass Input Tax Credit (ITC) without filing of returns, resulting in non-payment of tax.

¹² Form GST-CMP-08 for two consecutive quarters in respect of persons paying tax under Section 10 of the HPGST Act *ibid* and GSTR-3B for normal taxpayers for two consecutive tax periods as applicable.

¹³ (i) 02XXXXXXXXXX2ZG (Old GSTIN), 02XXXXXXXXXXZF (New GSTIN)

(ii) 02XXXXXXXXXX1ZA (Old GSTIN), 02XXXXXXXXXX2Z9 (New GSTIN)

¹⁴ DCST&E Mandi, Nurpur, Shimla, Solan, Sirmaur at Nahan and Una.

During the audit, three taxpayers falling under three units¹⁵ were test-checked and it was noticed that the taxpayers had generated 15 EWBs for effecting outward supplies of ₹4.88 crore (**Appendix 3.9**) after the effective date of cancellation of their GST registration. Audit further observed that none of the cancelled taxpayers had filed GSTR-10 returns after cancellation of registrations and the Department had not initiated action to assess taxpayer's pending tax liabilities.

On this being pointed out (May-July 2023), the Department in case of the taxpayer (GSTIN: 02XXXXXXXXXX1Z5) replied (May 2023) that the taxpayer had filed application (on 22 January 2018) for cancellation of registration and action was initiated for cancellation on 18 December 2019. The registered taxpayer was active at the time of EWB generation and his registration was cancelled thereafter on 18 December 2019 i.e., the registration was cancelled retrospectively (effective from 22 February 2019). The reply of the Department is not acceptable as the Department should have taken action as per Section 62 of the Act to assess and recover the tax due especially as the registration was cancelled retrospectively.

An illustrative case is given below:

Audit scrutiny of records available on the GSTN portal in respect GSTIN: 02XXXXXXXXXX1ZB under the jurisdiction of the DCST&E Una, indicated that the Department had suo-moto cancelled its registration on 16 February 2021. Scrutiny further revealed that the taxpayer had generated 11 EWBs having an assessable value of ₹4.84 crore beyond the effective date of cancellation of GST Registration.

On being pointed out by the Audit (July 2025), the department replied (September 2023) that the JCSTE Una has created an additional demand (DRC01-A) of ₹146.50 lakh on the basis of wrongful claim of ITC purely on paper transactions without actual movement of goods against. The department had rejected the inadmissible ITC to the tune of ₹68.17 lakh for the period April 2021 to March 2022.

While the department has now taken action against the taxpayer, the reply of the Department does not address the fact that the proper officer should have assessed the taxpayer's GST liability while cancelling the registration.

Recommendation 2: Department should consider issuing suitable instructions to the proper officers for considering EWBs generated by the taxpayer before cancellation of registration retrospectively and taking action for recovery of tax wherever applicable.

3.11.5 Generation of multiple EWBs on the strength of same/similar Invoices

As per Rule 46 (b) of HPGST Rules, a tax invoice shall be issued by the registered person containing consecutive unique serial number, not exceeding sixteen characters, for a financial year.

¹⁵ DCST&E BBN Baddi, Solan and Una.

As per Para 5-1 of the User Manual issued by the NIC, the taxpayer while generating the EWB is required to enter the Document Number relating to the consignment. The Document Number entered in should be unique. Invoice Number is the Document Number in respect of consignments relating to supplies. Hence, only one EWB is required to be generated based on each invoice.

Audit test-checked 13 taxpayers who had generated multiple EWBs with the support of single invoice. Audit scrutinised corresponding returns and observed that 11 taxpayers pertaining to five units¹⁶ used same invoice to generate multiple EWBs for movement of goods. Though this resulted in multiple consignments, Audit could not confirm, due to non-production of GSTR-1 invoice details, whether the taxpayers had reported any consignments or not, in their returns, which could have led to non/short discharge of tax liability to the extent of ₹29.71 lakh. Details on revenue impact (inclusive of all duplicate consignments) are shown in **Appendix 3.10**.

On this being pointed out by Audit (May-July 2023), the Department, in case of nine taxpayers, replied (May-September 2023) that the scrutiny has been done and notice/summons under section 61/70/74(5) of the HPGST Act, 2017 have been issued. Further, in case of two taxpayers, response of the department was awaited (March 2025).

An illustrative case is given below:

Scrutiny in case of GSTIN: 02XXXXXXXXXX1ZI revealed that the taxpayer had generated a total of 14 EWBs having an assessable value of ₹12.85 lakh using only six distinct¹⁷ invoice numbers during the financial year 2018-19 as detailed in **Appendix 3.11**. This indicated lack of validation controls in the EWB Common Portal to restrict generation of multiple EWBs using same or similar Invoices.

On this being pointed out by Audit (July 2023), the Department replied (September 2023) that notice (ASMT 10) to the taxpayer has been issued under Section 61 of the HPGST Act, 2017.

Recommendation 3: Department should incorporate validation control in the EWB system to alert taxpayer and departmental officer on generation of multiple EWBs with same invoice/similar invoice.

3.11.6 Non/short discharge of tax liability by taxpayers

As per Section 37 of the HPGST Act, every registered person other than composition taxpayers shall furnish the details of outward supplies of goods or services or both effected during a tax period in GSTR-1 and to discharge tax liability thereon in GSTR-3B. In respect of taxpayers who have opted for composition scheme, they shall pay tax in GSTR-4/GST-CMP-08.

¹⁶ DCST&E BBN Baddi, Nurpur, Sirmaur at Nahan, Solan and Una.

¹⁷ Doc No. & Dt. 1. 331 - 31/08/2018 (three EWBs); 2. 268 - 27/07/2018 (two EWBs); 3. 459 - 13/11/2018 (two EWBs); 4. 434 - 24/10/2018 (two EWBs); 5. 385 - 01/10/2018 (two EWBs); and 6. 354 - 10/09/2018 (three EWBs).

During scrutiny of returns of the sampled 45 taxpayers, it was observed that eight taxpayers pertaining to four units¹⁸ under the Commissionerate of State Taxes and Excise, Shimla, Himachal Pradesh had a tax liability of ₹89.97 crore required to be paid but taxpayers had filed GSTR-1 and GSTR-3B for the same period and had discharged tax liability of ₹85.54 crore on outward supplies, which resulted in loss of ₹4.43 crore (excluding interest/ penalty, if any) (**Appendix 3.12**) to the Government exchequer.

Further, seven cases falling in four units¹⁹ were selected for cross PAN analysis and audit scrutiny of GSTR-1, GSTR-3B, GSTR-2A and Comparison Sheet available on GST portal in respect of taxpayer GSTIN: 02XXXXXXXXXX3ZV, it was observed that the taxpayer had generated EWB No. 30XXXXXXXX800 dated 20 October 2020 of ₹30.78 lakh to GSTIN:04XXXXXXXXXX1ZT on which GST liability of ₹5.54 lakh was required to be discharged. Audit scrutiny of GSTR-1 and GSTR-3B for the month of October 2020 revealed that the above-mentioned EWB was not declared in the returns, which resulted in loss of GST Revenue of ₹5.54 lakh to the Government exchequer.

On this being pointed out (May-July 2023), the Department in one case stated (October 2023) that a Show Cause Notice in form ASMT-10 for the payment of tax liability along with interest/penalty had been issued to the registered taxpayer. Further, in respect of three units²⁰, it was replied (May-November 2023) that after scrutiny, notices under Sections 61 and 65 have been issued to the taxpayers. Reply from one unit (DCST&E, BBN Baddi) for the remaining three cases was awaited (March 2025).

An illustrative case is given below:

Audit scrutiny of GSTR-1, GSTR-3B, GSTR-2A and Comparison Sheet available on GST portal in respect of taxpayer GSTIN: 02XXXXXXXXXX2ZX under the jurisdiction of the DCST&E Shimla, revealed that the taxpayer was active from 01 July 2017. The Department cancelled its registration on 30 September 2019 on receipt of application from the taxpayer. Scrutiny on EWB portal further revealed that the taxpayer had generated various EWBs for outward supplies from April 2018 to September 2019, on which tax liability of ₹59.17 lakh was required to be paid but taxpayer had filed GSTR-1 and GSTR-3B for the same period and had discharged tax liability of ₹39.15 lakh only. This resulted in revenue loss of ₹20.02 lakh (excluding interest/penalty, if any) to the Government exchequer.

On this being pointed out (July 2023), the Department replied (October 2023) that the notice in ASMT-10 had been issued to the taxpayer in July 2023. Further, department replied (March 2024) that the case has been finalised up to the financial year 2019-20. However, the reply of the Department is silent about the reasons for not assessing the tax liability correctly at the time of cancellation of registration.

¹⁸ DCST&E BBN Baddi, Shimla, Solan and Una.

¹⁹ DCST&E BBN Baddi, Kullu, Shimla and Solan.

²⁰ DCST&E Shimla, Solan and Una.

3.11.7 Excess Availing of Input Tax Credit (ITC)

As per Section 16 of the HPGST Act, every registered person shall be entitled to take credit of input tax (ITC) charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person. Further, in terms of Sub-section 2(c) of the said Section, the claim of ITC is subject to the condition, *inter alia*, that the tax charged in respect of such supply has been actually paid to the Government.

Audit test-checked 120 EWBs of 45 taxpayers to ensure the correctness of availment of ITC. During scrutiny of returns, it was observed that nine taxpayers pertaining to four units²¹ had availed ITC of ₹335.26 crore against the inward supplies. However, Audit noticed from the GSTR-2A of the taxpayers that the ITC available for them was only ₹314.92 crore. Hence, the availment of ITC amounting to ₹20.34 crore by these taxpayers was not in order which resulted in loss of revenue to Government exchequer to the extent ITC availed in excess (**Appendix 3.13**).

On this being pointed out (May-July 2023), the Department in respect of three units²² replied (May-November 2023) that notices under Sections 61 and 65 of the Act have been issued to the taxpayers. Reply from one unit (DCST&E BBN Baddi) was awaited (March 2025).

An Illustrative case is given below:

Audit scrutiny of GSTR-1, GSTR-3B, GSTR-2A and Comparison Sheet available on GST portal in respect of GSTIN: 02XXXXXXXXXX1ZP for the period from 2018-19 to 2021-22 under the jurisdiction of the DCST&E Solan revealed that the taxpayer had availed ITC of ₹1.67 crore in his GSTR-3B instead of the ITC available ₹1.62 crore during the period from 2019-20 to 2020-21 in his GSTR-2A. This resulted into excess availment of ITC of ₹5.55 lakh.

On this being pointed out (May-July 2023), the Department replied (June 2023) that after scrutiny, notice (ASMT 10) under Section 61 of the HPGST Act 2017 has been issued to the taxpayer.

3.11.8 Mismatch in GSTR 2A and Inward EWB

As per Section 37 of the HPGST Act, every registered person, other than an Input Service Distributor, a non-resident taxable person and a person paying tax under the provisions of Section 10 or Section 51 or Section 52, shall furnish the details of outward supplies of goods or services or both effected during a tax period in GSTR-1. The details provided by the suppliers in GSTR-1 will be auto-populated to the recipients of the goods in GSTR-2A to enable them to take ITC.

²¹ DCST&E BBN Baddi, Nurpur, Solan and Una.

²² DCST&E Nurpur, Solan and Una.

Returns of seven cases falling in four units²³ were test-checked for cross PAN analysis. Audit scrutiny of REG-01, GSTR-1, GSTR-3B, GSTR-2A and Comparison Sheet available on GST portal in respect of taxpayer GSTIN: 02XXXXXXXXXXXX1ZL under the jurisdiction of DCST&E BBN Baddi revealed that the taxpayer (consignee) had done transactions with other GSTIN (consignor) issued on the same PAN (03XXXXXXXXXXXX1ZJ) in other State (Punjab). The reconciliation difference was noticed as the taxpayer received goods through an EWB no. 381XXXXXX391 (from GSTIN 03XXXXXXXXXXXX1ZJ) on 31 May 2018 with document no. - 1X7-31 May 2018. The total invoice value of the EWB was ₹2,17,12,000 (including IGST: ₹33,12,000), whereas in the GSTR 2A of the consignee for the month of May 2018, the invoice value was ₹21,71,200 (including IGST ₹3,31,200).

The under-reporting of outward supplies by the consignor in his GSTR-1 also effected the inward supplies of the consignee in GSTR 2A. This may have led to tax evasion both by the consignor and the consignee. The Department should have informed the respective inter-state jurisdictional tax authorities about the reconciliation difference to protect the Government revenue.

The discrepancy was reported (June 2023) to the Department and the reply was awaited (March 2025). During the Exit Conference (November 2024), the Department stated the generation of EWBs from the GST portal is not conclusive evidence that the transaction/sale of goods has actually taken place. However, the reply of the Department is not explaining the reason for the difference between the amount reported/reflected in EWB and the GSTR1 and GSTR 2A of the consignor and the consignee respectively.

3.12 Observations detected in analysis of data of EWBs (Totality Observations)

Risk based samples were selected for the Performance Audit from the database relating to EWBs of 52 taxpayers (including two composition taxpayers) falling in nine units²⁴ under the jurisdiction of Commissionerate of State Taxes and Excise, Shimla, Himachal Pradesh. Audit analysed data on EWBs generated during the period from April 2018 to March 2022 on the basis of Key Problem Areas (KPAs) and observed that discrepancies in tax compliance by the taxpayers could be ascertained directly from certain KPAs. The data extracted under these KPAs were forwarded to the Department as Totality Observations for considering further course of remedial action and summary report on action taken was called for, which was awaited (March 2025). The details of Totality Observations shared with the Department and response received thereon are summarised in the **Table 3.3**.

²³ DCST&E BBN Baddi, Kullu, Shimla and Solan.

²⁴ DCST&E BBN Baddi, Kangra at Dharamshala, Kullu, Mandi, Nurpur, Shimla, Sirmaur at Nahan, Solan and Una.

Table 3.3: Details of observations shared with the department

Sl. No.	Nature of Totality Observation	No. of taxpayers	Assessable Value involved (₹ in crore)
1	Generation of Inter-state EWBs by Composition taxpayers	53	0.64
2	Generation of EWBs by Nil-filers of GST Returns	1,764	519.24
3	Generation of EWBs by Non-filers of GST Returns	379	220.67
4	Generation of EWBs by Cancelled taxpayers	30	7.60
5	Generation of duplicate EWBs using same Invoice	1,426	195.53

Details of Totality Observations were forwarded to the Department (August 2023), but the responses are awaited (March 2025).

In the Exit Conference (November 2024), the Department stated that these observations pertained to the initial period of implementation of E-Way Bill (EWB) system where there were technical glitches in the System. It was further assured that these glitches have now been resolved and currently the system does not allow generation of EWB in the cases pointed out by Audit.

Preventive function of the Department

The preventive function in the GST department holds paramount importance in maintaining the integrity of the tax system. In essence, the preventive function is a cornerstone in establishing a fair, transparent, and effective GST framework, benefiting both the government and taxpayers alike. The Performance Audit on EWB system under GST for years 2018-19 to 2021-22 was conducted on overall performance of EWB system in the GST regime with reference to the EWBs issued during the Audit period i.e., 2018-2022. In this chapter, the preventive function in the GST department in respect of EWB system (Audit Objective 2) has been examined by Audit.

3.13 Preventive measures to enforce EWB provisions

Audit studied EWB related functions of the units of the State with specific focus on (i) Operational preparedness, (ii) Effectiveness of anti-evasion measures and (iii) Intra-departmental coordination in monitoring EWB related transactions. For this purpose, Audit selected eight units²⁵ as sample falling under Commissionerate of State Taxes and Excise, Himachal Pradesh Shimla. During verification, Audit noticed certain deficiencies and shortcomings in the activities undertaken by the units, which are detailed in the following paragraphs.

²⁵ Jt. Commissioner, ST&E (SEZ Parwanoo, CEZ Una), DCST&Es (BBN Baddi, Bilaspur, Hamirpur, Kangra at Dharamshala, Shimla and Solan).

3.14 Operational Preparedness of the Department

3.14.1 Dedicated Setup/unit

A dedicated unit for EWB related enforcement activities like verification of EWBs during interception of vehicles and follow up action, wherever required, utilising EWB Analytical Reports in planning the EWB verification, etc. will improve the efficiency of preventive functions.

However, Audit noticed that out of eight units, six units²⁶ had not formed any dedicated setup for EWB related enforcement activities. These units had only formed Inspection teams, whenever required, with the existing staff. Two units (DCST&E, BBN Baddi and Shimla) did not provide information.

It is crucial for the Department to prioritise and invest in dedicated resources for EWB verification to ensure the smooth functioning of the GST system and maintain the integrity of the tax framework.

3.14.2 Adequacy of manpower

Out of eight units taken up for audit, two units (JCST&E CEZ Una and DCST&E Hamirpur) provided the details of manpower in existence. It was observed from the details provided by the JCST&E CEZ, Una that there was overall no vacancy in the Unit. Further DCST&E, Hamirpur provided only men-in-position of ACST&E, State Taxes and Excise Officer (STEO) and Assistant State Taxes and Excise Officer (ASTEEO) and not the sanctioned strength. Six units²⁷ had not provided information.

Due to non-availability of dedicated setup in the unit for EWB verification, the percentage of vacancy could not be determined. Non-availability of dedicated set-up will have a direct impact on EWB related preventive functions as can be seen from the reply of one unit²⁸. The unit had stressed that Proper Officers are on excessive workload and verification of EWBs might skip from the mind of the Proper Officer. It is also not possible to make 360 degree scrutiny of each taxpayer in his jurisdiction.

Hence, it is essential for the Department to ensure that an adequate number of trained personnel are deployed for EWB verification.

3.14.3 Lack of sufficient patrol vehicles

Audit noticed that out of eight units, two units (JCST&E SEZ Parwanoo and DCST&E Bilaspur) had neither requested for patrolling vehicle nor allocated the vehicles exclusively for EWB verifications. In these units, the verifications were generally conducted using the vehicles hired for other office purposes.

²⁶ JCST&E CEZ Una, JCST&E SEZ Parwanoo, DCST&E Bilaspur, Hamirpur, Kangra at Dharmshala and Solan.

²⁷ JCST&E SEZ Parwanoo, DCST&E BBN Baddi, Bilaspur, Kangra at Dharmshala, Shimla, and Solan.

²⁸ DCST&E Solan

It was further noticed that only four units²⁹ have made specific requisitions for patrol vehicles ranging from one to nine for the purpose of EWB verifications against which they had received the requisitioned vehicles.

The absence of patrol vehicles for EWB verification in the Department may have impacted operational efficiency as the units could not achieve set targets of EWB verification as explained in **Paragraph 3.14.4**. Not having patrol vehicles resulted in limited mobility and making on-site verifications, challenging. Hence the Department should have a balanced and well-maintained fleet tailored for EWB verification, which can contribute to the efficient enforcement of EWB regulations and overall GST compliance.

On this being pointed out (September 2023), the Government stated in the Exit Conference (November 2024) that manpower/patrol vehicles will be provided for dedicated setups in the Department.

3.14.4 Targets and achievements

The Commissioner of State Taxes and Excise, Himachal Pradesh in his letter dated 6 October 2018 communicated the State's decision to improve enforcement activities in order to bridge the GST revenue gap by improving EWB implementation in the State. To achieve this, it was decided to hire additional vehicles at field level to improve GST enforcement. As such, it was envisaged to ensure generation of three times revenue of cost of hiring of checking vehicles. Further, in August 2021, to put focused efforts in GST collection for revival of economy after Covid-19 pandemic, the Department decided to focus on EWB verification and fixed targets for each revenue district in respect of EWB verification.

Audit called for details of targets fixed by the Commissionerate of State Taxes and Excise Himachal Pradesh, Shimla for verification of EWBs through vehicle interceptions and achievements against them from eight units. Replies received from seven units³⁰ revealed that these units did not have specific targets for conducting verification of EWBs during the 2018-19 to 2021-22 as detailed in **Table 3.4**.

Table 3.4: Details of Targets and Achievements not specified for EWBs verification

Name of Commissionerate	Period
DCST&E, Shimla	From 2018-19 to 2019-20 (Upto August 2019)
DCST&E, Bilaspur	From 2018-19 to 2020-21 (Upto September 2020)
DCST&E, Hamirpur	From 2018-19 to 2019-20
JCST&E, CEZ, Una	From 2018-19 to 2021-22
JCST&E, SEZ, Parwanoo	From 2018-19 to 2020-21 (Upto September 2020)
DCST&E, Solan	From 2018-19 to 2019-20
DCST&E, Kangra at Dharmshala	From 2018-19 to 2020-21 (Upto August 2021)

Further, in respect of two units (DCST&E Shimla and Hamirpur), it was noticed that there was shortfall in achieving the targets fixed for EWB verification only in the period

²⁹ JCST&E CEZ Una, DCST&E Hamirpur, Kangra at Dharmshala and Solan.

³⁰ JCST&E CEZ Una, JCST&E SEZ Parwanoo, DCST&E Bilaspur, Hamirpur, Kangra at Dharmshala, Shimla and Solan.

as shown in the following **Table 3.5**. One unit (DCST&E BBN Baddi) did not provide reply.

Table 3.5: Details of Targets and Achievements for EWBs verification

Name of Commissionerate	Period	Targets fixed (in numbers)	Achievements (in numbers)	Shortfall (in numbers)
DCST&E Shimla	2019-20 (September 2019 to March 2020)	14,000	5,633	8,367
DCST&E Hamirpur	2020-21	24,000	10,146	13,854
	2021-22	28,000	20,147	7,853

Not fixing and achieving of targets had defeated the very intention of revenue generation and GST enforcement activities. Reply of the Department in this regard is still awaited (March 2025).

3.14.5 Usage of MIS Reports/ Usage of Analytical Reports of other Agencies

NIC generates Analytical Reports on EWB transactions and shares the same with the GST Departments under Centre and State units. Audit studied the extent to which these Reports were utilised by the Units for planning the verifications of EWBs. The results are summarised below:

- (i) It was noticed that in six units³¹, the access to comprehensive analytical roles of EWB were with the Joint Commissioners/ Deputy Commissioners and few analytical reports were viewable to Assistant Commissioners of units. Two Units (DCST&E BBN Baddi and Shimla) had not provided information in this regard.
- (ii) Five units³² stated that they were using the Analytical Reports for planning the vehicles interception. However, none of these five units have provided the supporting documents for audit scrutiny. Hence, Audit could not ascertain the effectiveness of usage of these Reports. Regarding other rationales behind planning the vehicle interception program, none of the eight units provided details of methodology adopted for selection. Three units³³ had not provided information on usage of the Analytical reports.
- (iii) In eight units, it was noticed that the Analytical Reports were not shared with the jurisdictional officers for using them in scrutiny of Returns.
- (iv) It was observed that none of the eight units forwarded any requirement for new MIS reports to NIC.
- (v) None of the eight units were receiving any analytical reports from Directorate General of Analytics & Risk Management (DGARM) or any other agencies based on EWB. The details on frequency and action taken on the reports, though called for, were still awaited from these units.

³¹ JCST&E CEZ Una, JCST&E SEZ Parwanoo, DCST&Es Bilaspur, Hamirpur, Kangra at Dharmshala and Solan.

³² JCST&E CEZ Una, JCST&E SEZ Parwanoo, DCST&Es Bilaspur, Hamirpur and Solan.

³³ DCST&Es BBN Baddi, Kangra at Dharamshala and Shimla.

Using Analytical Reports or Management Information System (MIS) reports effectively for the EWBs by Department could avoid repercussions on both operational efficiency and compliance. These reports serve as a vital tool for the Department to monitor and regulate the movement of goods, ensuring adherence to tax regulations and facilitating effective enforcement. Without the insights provided by analytical reports, the Department may not detect patterns of tax evasion, identify potential fraud, or efficiently allocate resources for enforcement activities. It could also impede the department's ability to analyse trends, assess taxpayer compliance, and make informed policy decisions. Additionally, without real-time visibility into EWB data, the Department may face challenges in responding promptly to issues such as tax leakages. In the long run, using analytical and MIS tools would strengthen the Department's effectiveness in enforcing tax laws, compromising revenue collection, and eroding the overall integrity of the tax system.

Recommendation 4: The analytical reports generated by National Informatics Centre (NIC) on risky e-Way Bill transactions may be utilised by Departmental officers for identifying probable cases of tax evasion.

3.15 Effectiveness of Anti-Evasion Measures

3.15.1 Deficiencies in interception of vehicles

The CBIC has provided guidelines vide three circulars³⁴ on the procedure for interception of conveyances for inspection of goods in movement and detention, release and confiscation of such goods and conveyances which were further circulated by the Himachal Pradesh Tax Department. Audit has attempted to ascertain the extent of adherence by the units to the procedures prescribed by the Himachal Pradesh Tax Department. For this, 25 cases in each of the eight units (total 200 cases) were selected for scrutiny and the deficiencies noticed in 69 booked cases (**Appendix 3.14**) are summarised in **Table 3.6**.

Table 3.6: Details of deficiencies noticed in interception of vehicles

Details of deficiencies noticed	Unit/Formation	Total No. of Booked cases	No. of Booked cases selected as Sample and verified	No. of Booked cases in which deficiency noticed
Either Statement of person in charge of conveyance has not been recorded in GST-MOV-1 when interception of conveyance has been done or EWB related documents were not available	DCST&E Shimla	811	25	13
	DCST&E Hamirpur	331	25	11
	DCST&E Kangra at Dharmshala	505	25	3
	JCST&E CEZ Una	56	25	3
	DCST&E BBN Baddi	567	25	2
Order for physical inspection of conveyance was not issued in GST -MOV-2	DCST&E Shimla	811	25	22
	DCST&E Hamirpur	331	25	11
	DCST&E Kangra at Dharmshala	505	25	14
	JCST&E CEZ Una	56	25	3
	DCST&E BBN Baddi	567	25	3

³⁴ Circular No. 41/15/2018-GST, dated 13.4.2018; Circular No. 49/23/2018-GST, dated 21.6.2018; and Circular No. 64/38/2018-GST, dated 14.9.2018.

Details of deficiencies noticed	Unit/Formation	Total No. of Booked cases	No. of Booked cases selected as Sample and verified	No. of Booked cases in which deficiency noticed
Either the Inspection Report in GST-MOV-4 has not been served to the person in charge of the conveyance or valuation sheet/weight slip not available with the GST-MOV-04	DCST&E Shimla	811	25	22
	DCST&E Hamirpur	331	25	15
	DCST&E Kangra at Dharmshala	505	25	16
	JCST&E CEZ Una	56	25	5
Order of Release in GST-MOV-05 not issued	DCST&E Shimla	811	25	19
	DCST&E Hamirpur	331	25	15
	DCST&E Kangra at Dharmshala	505	25	1
	JCST&E CEZ Una	56	25	2
	DCST&E BBN Baddi	567	25	1
Order of detention of goods and vehicle in GST-MOV-06 not issued	DCST&E Shimla	811	25	21
	DCST&E Hamirpur	331	25	11
	DCST&E Kangra at Dharmshala	505	25	4
	JCST&E CEZ Una	56	25	2
	DCST&E BBN Baddi	567	25	2
Show Cause Notice in GST-MOV-07 giving proper opportunity of being heard not issued	DCST&E Shimla	811	25	21
	DCST&E Hamirpur	331	25	13
	DCST&E Kangra at Dharmshala	505	25	12
	JCST&E CEZ Una	56	25	3
	DCST&E BBN Baddi	567	25	5
Final order in GST-MOV-09 not issued	DCST&E Shimla	811	25	1
	DCST&E BBN Baddi	567	25	4
Order of summary in DRC-07 not issued	DCST&E Shimla	811	25	4
	DCST&E Hamirpur	331	25	7
	JCST&E CEZ Una	56	25	1
	DCST&E BBN Baddi	567	25	2
As per Notification no. 39/2021, penalty of 200 <i>per cent</i> of tax payable was not imposed	DCST&E Hamirpur	331	25	1
	JCST&E CEZ Una	56	25	2
	DCST&E BBN Baddi	567	25	1
	DCST&E Bilaspur	580	25	1
The penalty of 200 <i>per cent</i> of tax payable was imposed even before implementation of Notification no. 39/2021	DCST&E Shimla	811	25	1

On this being pointed out during audit (August-October 2023), the Department replied that the cases were disposed-off on the spot. During the early phase of GST-EWB verification, although the Proper Officers may not have followed the prescribed procedures as per the State circulars but sufficient opportunity of being heard was given to the person in charge of the conveyance/ consignor/ consignee and tax, penalty and fines have been imposed and recovered in the non-compliant cases.

Audit acknowledges the constraints during the early phase of E-Way Bill implementation. The Department should have adhered in spirit to the notifications, circulars and procedures prescribed for EWB verification, detention, confiscation and release of goods and vehicle in movement.

3.15.2 Not raising demand for tax and penalty collected during EWB verification

According to Section 129 (1) of the HPGST Act, where any person transports any goods in contravention of the provisions of this Act or the rules made thereunder, all such goods and conveyance used as a means of transport for carrying the said goods and

documents relating to such goods and conveyance shall be liable to detention or seizure and after detention or seizure, shall be released, (a) on payment of the applicable tax and penalty equal to one hundred *per cent* of the tax payable on such goods³⁵ and, in case of exempted goods, on payment of an amount equal to two *per cent* of the value of goods or twenty-five thousand rupees, whichever is less, where the owner of the goods comes forward for payment of such tax and penalty.

According to the Guidelines issued by the State tax department³⁶, the order in Form GST MOV-09 shall be uploaded on the common portal. The demand accruing from the proceedings shall be added in the Electronic Liability Register and, upon payment of the demand, such register shall be credited by either debiting the electronic cash ledger or the electronic credit ledger of the concerned person in accordance with the provisions of Section 49 of the CGST Act.

Audit noticed in nine booked cases of four units³⁷ that neither was the tax liability in Electronic Liability register created by the Department by issuing DRC-07 nor was the tax liability adjusted by the taxpayer voluntarily in his Electronic Liability register by DRC-03. The payment in Electronic Cash ledger was also not debited to set-off the liability under electronic liability register. This resulted into loss of Government revenue to the extent of ₹3.06 lakh.

On this being pointed out by Audit (August-October 2023), the Department stated that it has taken preventive action in five cases recovering ₹1.68 lakh (**Appendix 3.15**) and liability has been set-off. Department further stated that the cases were detected in the very beginning of implementation of EWB system and due to technical issues in the network, the liabilities were not created in the electronic liability register of the taxpayers. The necessary procedure to create the demand in Electronic Liability register of the taxpayers is being initiated and notice is being issued to recover the due tax and penalties.

Audit acknowledges the action taken by the Department in creating the demand in electronic liability register as merely depositing money into cash ledger does not set-off liability. The amount available in the electronic cash ledger may be used for making any other payments towards tax, interest, penalty, fees or any other amount payable under the provisions of the Act or the rules made thereunder, thus creating a demand in electronic liability register of the taxpayer is necessary.

3.16 Intra-departmental Coordination in monitoring EWB related transactions

As per section 129 of the HPGST Act, deals with the detention and seizure of goods where such goods are transported in contravention of the provisions of this Act or the rules made thereunder, all such goods and conveyance used as a means of transport for carrying the said goods and documents relating to such goods and conveyance shall be

³⁵ With effect from 01/01/2022, the amount payable was modified as penalty equal to two hundred *per cent* of the tax payable.

³⁶ Para 2(h) of Circular No. 41/15/2018-GST dated 13/04/2018 circulated by the State tax department.

³⁷ JCST&E SEZ Parwanoo, DCST&E BBN Baddi, Kangra at Dharamshala and Solan.

liable to detention or seizure and such goods shall be released on payment of prescribed tax and penalty. Further, as per Section 17(5) of the Act “ITC shall not be available on any tax paid under the provisions of Section 129”.

However, it was noticed that in four booked cases pertaining to DCST&E BBN Baddi having tax implication of ₹48,692 (**Appendix 3.16**), no information has been passed to concerned jurisdictional/non-jurisdictional authorities to block credits of the same.

On this being pointed out (August-October 2023), the Department replied (November 2023) that in one case no correspondence was made with the concerned jurisdictional authorities. Further, response of the Department for the remaining three cases was awaited (March 2025).

Absence of any mechanism to send an alert message to the recipients and the Proper Officer concerned may result into availment of ITC on any taxes paid under Section 129.

3.17 Levy of Penalty under HP GST Act, 2017

Chapter XIX of HPGST Act 2017 provides Sections from 122-138 for various offences and penalties. Further, as per Rule 138(1) of HPGST Rules, 2017, every registered person who causes movement of goods of consignment value exceeding the prescribed limit, in relation to (i) supply; or (ii) for reasons other than supply; or (iii) due to inward supply from an unregistered person, shall, before commencement of such movement, furnish information relating to the said goods as specified in Part A of Form GST EWB-01, electronically, on the common portal along with such other information as may be required on the common portal and a unique number will be generated on the said portal.

Audit scrutinised the records to ascertain the extent of adherence to the HPGST Act/Rules 2017 by the field units. For this, 200 booked cases pertaining to eight units were selected for scrutiny and the deviations noticed are discussed below:

- (a) According to Section 122(1) of HPGST Act 2017, where a taxable person who-
- (i) supplies any goods or services or both without issue of any invoice or issues an incorrect or false invoice with regard to any such supply; he shall be liable to pay a penalty of ten thousand rupees or an amount equivalent to the tax evaded or the tax not deducted under section 51 or short deducted or deducted but not paid to the Government or tax not collected under Section 52 or short collected or collected but not paid to the Government or input tax credit availed of or passed on or distributed irregularly, or the refund claimed fraudulently, whichever is higher.

Audit noticed that in two booked cases pertaining to two units (DCST&E Shimla and JCST&E SEZ Parwanoo), the Proper Officer had imposed penalty of ₹15,000 instead of ₹25,530 while finalising the intercepted cases. This resulted in loss of ₹10,530 to the Government exchequer (**Appendix 3.17**).

On this being pointed out (August-October 2023), the Department replied (September-November 2023) that the Proper Officer had imposed the penalty under

Section 122 of the HPGST Act, 2017 equivalent to the tax evaded on the invoice produced by the person in charge of the goods.

However, the penalty levied was lower of the two amounts, while the section requires levying of penalty at the higher of the prescribed penalty of ₹10,000 or the amount of tax leviable.

- (b) Further according to Section 125 of the HPGST Act, 2017, wherein any person who contravenes any of the provisions of this Act or any rules made thereunder for which no penalty is separately provided for in this Act, shall be liable to a general penalty which may extend to twenty five thousand rupees.

Audit noticed that in seven booked cases pertaining to two units (DCST&E BBN Baddi and JCST&E SEZ Parwanoo) (**Appendix 3.18**), the Proper Officer had finalised cases related to expired EWB under Section 125 of the Act whereas the cases should have been finalised under section 129(a) of the Act. This resulted in short realisation of government revenue amounting to ₹3.37 lakh (Tax of ₹2.04 lakh and penalty of ₹1.33 lakh).

On this being pointed out (August-October 2023), the Department replied (September-November 2023) that the Proper Officer at his best conscience under merits of each case had decided and imposed general penalty under Section 125 of the HPGST Act, 2017.

- (c) Audit further noticed that in five booked cases pertaining to three units (**Appendix 3.19**), the Proper Officer had finalised cases of non-availability of documents, invoice or EWB with the person in-charge of the vehicle under Section 129 of the Act without ascertaining the proper assessment of tax. The Proper Officer should have invoked 130(2) of the Act for imposing tax, penalty and fine for offenses. The Proper Officer had not invoked the appropriate Section of the Act, which resulted in short realisation of Government revenue amounting to ₹1.59 lakh (Fine ₹1.54 lakh and Penalty ₹5,000).

It was also noticed that the detained vehicles were released without imposing fine. Not invoking appropriate section of the Act might have led to potential loss of Government revenue.

On this being pointed out (August-October 2023), the Department did not accept the audit observations and replied (September-November 2023) that under Section 25 of the HPGST Act 2017, read with Section 20 of the IGST Act 2017, the taxpayers have 30 days' time to get registered under the GST Act from the date they become liable to be registered. However, since taxpayers were not registered taxpayers, they could not issue any invoice as contained in Section 31 of the Act. The Department further stated that the Section 130(2) could not be invoked in these cases as the amount of tax involved is too meagre or akin to five thousand rupees, for which even the spirit of the Act has specifically mandated in Section 126, which provides that a breach shall be considered as a minor breach if the amount of the tax involved is less than five thousand rupees. The Proper Officer at his best

conscience under merits of each case had decided and imposed general penalty under Section 125 of the HPGST Act, 2017.

Audit acknowledges the Department's reply that the Proper Officer at his best conscience under merits of each case had decided and imposed penalties and harsh penalties u/s 129 & 130 of HPGST Act are not justified on mere expiration of the time limit of EWB and the same cannot be applied unless the intent to prove tax evasion is established. The Audit, however, is of the view that the Department may consider laying down a more objective criteria for imposing penalties so that the Proper Officer may determine the Sections to impose penalties in a more objective manner.

3.18 Conclusion

The Himachal Pradesh State Taxes & Excise Department has sixteen units in the State to examine the taxpayer's compliance, scrutiny process and subsequent preventive action taken on EWB raised by the consignor/consignee/transporter. A sample of 127 EWBs of 52 taxpayers in nine units³⁸ for assessing the effectiveness of EWB mechanism in protecting revenue interest of the Government and 200 cases for enforcement/preventive activities of the Department for the period from April 2018 to March 2022 were selected for audit.

During the Performance Audit of EWB System under GST for the State of Himachal Pradesh, Audit observed certain deficiencies in the EWB system.

It was observed that the EWB system could not distinguish between inter-state and intra-state movement of goods by composition taxpayers and permitted generation of EWBs in both cases. There were instances where EWBs were generated but taxpayers filed nil GSTR-1 for the respective return periods and did not discharge his tax liability. It was further noticed that EWBs were generated by non-filer taxpayers whose registrations were cancelled without settling the tax liability.

Audit observed that EWB portal permitted generation of multiple EWB on same invoice. In many cases, it was observed that although the taxpayer had filed GST returns regularly but had made short/non-payment of tax liabilities.

During the evaluation of the enforcement/preventive activities viz., operational preparedness, effectiveness of anti-evasion measures and intra-department and inter-department coordination, it was observed that the Department had not established a dedicated formation for EWB verification which may have improved the efficiency of preventive functions.

It was further observed that the absence of patrol vehicles for EWB verification in the Department may have impacted operational efficiency and resulted in limited mobility and making on-site verifications challenging. In case of some units, the Department did not have specific targets for conducting verification of EWBs.

³⁸ DCST&E (BBN Baddi, Kangra at Dharmshala, Kullu, Mandi, RD Nurpur, Shimla, Sirmaur at Nahan, Solan and Una).

Preventive units were not using the analytical reports designed by NIC for planning the vehicle's interception. These Reports were not shared with the jurisdictional officers for using them in scrutiny of returns.

3.19 Recommendations

The Government should

- R-9. Incorporate validation control in EWB system to alert the taxpayer as well as the departmental officer when a taxpayer under Composition Levy Scheme generates EWB for inter-state supply.*
- R-10. Consider issuing suitable instructions to the proper officers for considering EWBs generated by the taxpayer before cancellation of registration retrospectively and taking action for recovery of tax wherever applicable.*
- R-11. Incorporate validation control in the EWB system to alert taxpayer and departmental officer on generation of multiple EWBs with same invoice/similar invoice.*
- R-12. Ensure that the analytical reports generated by National Informatics Centre (NIC) on risky EWB transactions may be utilised by Departmental officers for identifying probable cases of tax evasion.*

Chapter-IV
Department's Oversight on GST
Payments and Returns Filing for the
Year 2018-19 to 2020-21

Chapter IV - Department's Oversight on GST Payments and Returns Filing for the Year 2018-19 to 2020-21

4.1 Introduction

Introduction of Goods and Service Tax (GST) has replaced multiple taxes levied and collected by the Centre and States. GST, which came into effect from 01 July 2017, is a destination-based consumption tax on the supply of goods or services or both, levied on every value addition. The Centre and States simultaneously levy GST on a common tax base. Central GST (CGST) and State GST (SGST) /Union Territory GST (UTGST) are levied on intra-state supplies, and Integrated GST (IGST) is levied on inter-state supplies.

Section 59 of the Himachal Pradesh GST (HPGST) Act, 2017 stipulates GST as a self-assessment based tax, whereby the responsibility for calculating tax liability, discharging the computed tax liability and filing returns is vested on the taxpayer. The GST returns must be filed online regularly on the common GST portal, failing which penalties will be payable. Even if the business has had no tax liability during a particular tax period, it must file a nil return mandatorily. Further, Section 61 of the Act, read with Rule 99 of HPGST Rules, stipulate that the Proper Officer may scrutinise the return and related particulars furnished by taxpayers, communicate discrepancies to the taxpayers and seek an explanation.

This Subject Specific Compliance Audit (SSCA) was taken up considering the significance of the control mechanism envisaged for tax compliance and the oversight mechanism of the Excise and Taxation Department of the Government of Himachal Pradesh in this new tax regime.

4.2 Audit Objectives

This audit was oriented towards providing assurance on the adequacy and effectiveness of systems and procedures adopted by the Department with respect to tax compliance under GST regime. Audit of 'Department's oversight on GST Payments and Returns filing' was taken up with the following audit objectives to seek an assurance on whether:

- i. the rules and procedures were designed to secure an effective check on tax compliance and were being duly observed by taxpayers; and
- ii. the scrutiny procedures, internal audit and other compliance functions of the Circles were adequate and effective.

4.3 Audit Methodology and Scope

This SSCA was predominantly conducted based on data analysis, which highlighted risk areas and red flags pertaining to the period April 2018 to March 2021 and audit of the functions of selected Circles covering the period from April 2020 to March 2021.

Through data analysis, a set of 16 deviations¹ were identified across the domains of Input Tax Credit (ITC), Discharge of tax liability, Registration and Return filing. Such deviations were followed up through a centralised audit (**limited audit**²), whereby these deviations were communicated to the relevant State departmental field formations³ and action taken by the jurisdictional formations on the identified deviations was ascertained without involving field visits.

The limited audit was supplemented by a **detailed audit** involving field visits for verification of records available with the jurisdictional field formations. Returns and related attachments and information were accessed through the back-end system of the State Taxes and Excise Department application as much as feasible, to examine data/documents relating to taxpayers (viz., registration, tax payment, returns and other departmental functions).

The detailed audit also involved accessing relevant granular records from the taxpayers such as invoices through the respective field formations. This apart, compliance functions of the departmental formation such as scrutiny of returns, were also reviewed in selected Circles.

The audit of the functions of selected Circles covered the period April 2020 to March 2021. The SSCA covered only the State administered taxpayers. The field audit was conducted from November 2023 to February 2024.

The Entry Conference of this SSCA was held on 6 July 2023 with the Commissioner, State Taxes and Excise (ST&E), Himachal Pradesh in which the audit objectives, sample selection, audit scope and methodology were discussed. The Exit Conference was held on 7th May 2025 with the Special Secretary (State Taxes and Excise), Himachal Pradesh in which the audit findings were discussed. The detailed replies furnished by the Department in June 2025 have been suitably incorporated in the relevant paragraphs.

4.4 Audit Sample

A data-driven approach was adopted for planning, also to determine the nature and extent of substantive audit. The sample for this SSCA comprised a set of deviations identified through data analysis for limited audit that did not involve field visits; a sample of taxpayers for detailed audit that involved field visits and scrutiny of

¹ 1. ITC Mismatch (R3B & R2A); 2. ITC Availed without supplier remitting tax; 3. ITC Availed on 3B filed after limitation period; 4. Excess ISD credit; 5. Short payment of tax on RCM; 6. Unreconciled ITC w.r.t. Financial Statements (Table 12F); 7. Ineligible ITC (Table 14T); 8. Undischarged tax liability (R1 & R9); 9. Suppression of taxable value (E-Way Bill); 10. Short-payment of tax (Table 9R); 11. Suppression of taxable value identified through Tax Deduction at Source (TDS) / Tax collection at Source (TCS) declaration; 12. Suppression of taxable value identified through mismatch in unbilled revenue; 13. Unreconciled taxable turnover in Table 7G of GSTR-9C; 14. Ineligible composition levy due to incorrect turnover; 15. Cases where GSTR 3B not filed but GSTR 1 or GSTR 2A available; 16. Non-payment of interest.

² Limited Audit did not involve seeking taxpayer's granular records such as financial statements, related ledger accounts, invoices, agreements etc.

³ Field formations are the units of State Government for performing various GST related tasks.

taxpayer's records at departmental premises; and a sample of Circles for evaluating the compliance functions of the Circles.

There are three distinct parts of this SSCA:

(i) Part I- Audit of Circles

Ten Circles⁴ with jurisdiction over more than one selected sample of cases for Detailed Audit were considered as the sample of Circles for evaluation of their oversight functions.

(ii) Part II –Limited Audit

The sample for Limited Audit was selected by identification of high-value or high-risk deviations from rules and inconsistencies between returns through data analysis for evaluation of the adequacy and effectiveness of the scrutiny procedure of the Department. Accordingly, 627 deviations pertaining to 348 taxpayers were selected for Limited Audit under this SSCA.

(iii) Part III-Detailed audit

It was conducted by accessing taxpayers' records through Circles for evaluation of the extent of tax compliance by taxpayers. The sample of taxpayers for Detailed Audit was selected on the basis of risk parameters such as Excess Input Tax Credit (ITC), Tax Liability mismatch, Disproportionate Exempted Turnover to total turnover and Irregular ITC reversal. The 50 taxpayers selected for Detailed Audit comprised of Large⁵, Medium⁶ and Small⁷ strata taxpayers as well as taxpayers selected randomly.

4.5 Audit criteria

The source of audit criteria comprised the provisions contained in the HPGST Act, IGST Act, and Rules made there under. The significant provisions are given in Table 4.1.

Table 4.1: Sources of audit criteria

Sl. No.	Subject	Act and Rules
1	Levy and collection	Section 9 of HPGST Act
2	Reverse Charge Mechanism (RCM)	Section 9(3) of HPGST Act and Section 5 (3) of IGST Act
3	Availing and utilising ITC	Sections 16 to 21 under Chapter V of HPGST Act; Rules 36 to 45 under Chapter V of HPGST Rules
4	Registrations	Sections 22 to 25 of HPGST Act; Rules 8 to 26 of HPGST Rules
5	Supplies	Sections 7 and 8 HPGST Act; Schedule I, II and III of the HPGST Act
6	Place of supply	Sections 10-13 of IGST Act

⁴ 1. Baddi-I; 2. Barotiwala; 3. Cart Road; 4. Dharampur; 5. Mandi-I; 6. Nahan-I; 7. Nalagarh-II; 8. Parwanoo-II; 9. Sanjauli; 10. Solan-I.

⁵ First category strata comprising large taxpayers – top two *per cent* of taxpayers based on turnover.

⁶ Second category strata comprising medium taxpayers – next eight *per cent* of taxpayers based on turnover.

⁷ Third category strata comprising the bottom most layer – next 90 *per cent* of taxpayers based on turnover.

Sl. No.	Subject	Act and Rules
7	Time of Supply	Sections 12 to 14 of HPGST Act
8	Valuation of supplies	Section 15 of HPGST Act; Rules 27-34 of HPGST Rules
9	Payment of Tax	Sections 49 to 53 under Chapter X of HPGST Act; Rules 85 to 88A under Chapter IX of HPGST Rules
10	Filing of GST Returns	Sections 37 to 47 under Chapter IX of HPGST Act; Rules 59 to 68 and 80 to 81 under Chapter VIII of HPGST Rules. Part B of HPGST Rules prescribes format of returns
11	Zero-rated supplies	Section 16 of IGST Act
12	Assessment and Audit functions	Sections 61, 62, 65 and 66 under Chapter XII & XIII of HPGST Act; Rules 99 to 102 under Chapter XI of HPGST Rules

In addition, the notifications and circulars issued by CBIC/ State Taxes and Excise Department relating to filing of returns, notifying the effective dates of filing of various returns, extending due dates for filing returns, rates of tax on goods and services, payment of tax, availing and utilising ITC, scrutiny of returns and oversight of tax compliance and Standard Operating Procedures (SoP) containing instructions to departmental officers on various aspects related to filing returns, scrutiny of returns and cancellation of registrations also formed part of the audit criteria.

4.6 Audit findings

The audit findings are categorised into the following three categories:

- a. Audit of Circles
- b. Limited Audit
- c. Detailed Audit

4.6.1 Audit of Circles

A return is a statement of specified particulars relating to the business activity undertaken by taxpayers during a prescribed period. Every taxpayer is legally obligated to furnish a complete and correct return duly declaring the tax liability for a given period and taxes paid within the stipulated time. In a self-assessment regime, the significance of monitoring return filing by taxpayers acquires greater significance as the returns are the first mode of information about taxpayers and their respective business activities.

4.6.1.1 Lack of action on late-filers and non-filers

Section 46 of the HPGST Act 2017, read with Rule 68 of HPGST Rules 2017, stipulates issue of a notice in Form GSTR-3A requiring filing of return within fifteen days if the taxpayer had failed to file the return within the due date. In case the taxpayer fails to file the return even after such notice, the Proper Officers may proceed to assess the tax liability of the said person to the best of their judgment, taking into account all the relevant material which is available or gathered and issue an assessment order in Form ASMT-13.

Filing of returns is related to payment of tax as the due date for both the actions are the same, which implies risk of non-payment of tax/penalty in the case of non-filers.

Action initiated on non-filers but not completed (GSTR-3A issued): During Circle audit, it was observed that GSTR-3A notices were generated by system in 1,998 cases across 10 Circles during financial year 2020-21⁸ (November 2020 to March 2021). However, due to non-maintenance of records in Circles, we could not ascertain the actions initiated against those who had not complied even after receiving such notices (**Appendix-4.1**).

On this being pointed out (December 2023 to March 2024), the Department forwarded (June 2025) the replies of five Circles⁹ wherein it was stated that action has been initiated in 109 cases¹⁰, a demand of ₹0.71 lakh has been created in one case¹¹, registrations have been cancelled *suo moto* in 249 cases¹², returns have been filed in four cases¹³, action is yet to be initiated in 105 cases¹⁴ and 66 cases have become time barred.

The Cart Road Circle stated that entire working under HPGST Act 2017 is online, hence, entire record is available online and regular notices are being issued on monthly basis to both non-filers and late filers. However, Audit found no records on the follow up action against non filers and late filers of returns after GSTR 3A was issued in the MIS reports.

Recommendation 1:

Reinforce Follow-Up on Non-Filers and Late-Filers: Establish a monitoring mechanism for prompt follow up of notices issued for non-filing and late-filing of GST returns and maintaining proper records of compliance.

4.6.1.2 Not initiating scrutiny of returns

As per Section 61 of the HPGST Act, various returns filed by taxpayers have to be scrutinised by the Proper Officer to verify the correctness of the returns, and suitable action has to be taken on any discrepancies or inconsistencies reflected in the returns. The Proper Officer¹⁵ designated for this purpose is the Circle Officer¹⁶. Further, Rule 99 of the HPGST Rules, 2017 mandates that in case of discrepancies, if any, notice shall be communicated to the taxpayer to seek his explanation.

Department issued detailed guidelines/SOP on scrutiny of returns with a view to ensure uniformity and to standardise the procedure for the scrutiny proceeding as per Section 61 of the Act on 8 May 2023 for financial year 2017-18 and 2018-19. Audit of

⁸ As per MIS report available on GSTN Portal, GSTR 3A notices were issued from November 2020 onwards.

⁹ Baddi-I; Barotiwala; Cart Road; Mandi-I; Nalagarh-II.

¹⁰ Barotiwala

¹¹ Barotiwala

¹² Mandi-I

¹³ Mandi-I

¹⁴ Baddi-1: 100 cases and Barotiwala: five cases.

¹⁵ **Proper Officer:** Commissioner or any other central tax officer authorised by the Commissioner to perform specific functions.

¹⁶ **Circle Officer** means the officer primarily responsible for discharging official duties in the Circle notified by State Government also acts as Proper Officer.

functioning of 10 Circles for the period 2020-21 revealed that Department did not conduct any scrutiny under Section 61 during the period 2020-21 as per MIS report available on GSTN Portal.

During Exit conference (May 2025), the Special Secretary (State Taxes & Excise) stated that scrutiny of taxpayers could not be carried out due to COVID-19 pandemic. The reply is, however, silent on the fact that MIS reports show no records for scrutiny cases from 2017 onwards.

4.6.1.3 Delay in initiating audit by tax authorities

As per the Section 65 of the HPGST Act, 2017, the Commissioner or any officer authorised by him, by way of a general or a specific order, may undertake audit of any registered person for such period, at such frequency and in such manner as may be prescribed. Section 2 (13) of the HPGST Act, 2017, defines “Audit” as the examination of records, returns and other documents maintained or furnished by the registered person under this Act or the rules made thereunder or under any other law for the time being in force to verify the correctness of turnover declared, taxes paid, refund claimed and input tax credit availed, and to assess his compliance with the provisions of this Act or the rules made there under.

Audit observed (November 2023-January 2024) across 10 Circles that the Department had not conducted any audit under Section 65 of HPGST Act in the State during 2020-21.

During Exit Conference (May 2025), the Special Secretary (ST&E) stated that scrutiny of taxpayers could not be carried out due to COVID-19 pandemic. The reply is, however, silent on the fact that MIS reports show no records for audit cases from 2017 onwards.

Recommendation 2:

Institutionalise timely scrutiny and Operationalise Internal Audit Function: Institute a mechanism for timely scrutiny of returns under Section 61 and implement internal audit of registered taxpayers under Section 65 of the Act as a regular, risk-based function. Develop and implement annual audit plans, maintain audit trails, and monitor follow-up actions on audit findings to ensure accountability.

4.6.1.4 Inadequate efforts to recover dues

Section 78 stipulates that any amount payable by a taxable person in pursuance of an order passed under this Act, shall be paid by such person within a period of three months from the date of service of such order, failing which recovery proceedings shall be initiated. The time period can be less than three months in some special circumstances, if it is expedient in the interest of the Government revenue.

Audit observed that in 256 cases across 10 Circles, recovery of ₹49.56 crore was pending (January 2024) from the taxpayers after issuing DRC-07 in 2020-21. There was nothing on record to show that the Department has made efforts to recover the Government revenue as envisaged in Section 79 of HPGST Act.

On this being pointed out (December 2023 to March 2024), the Department forwarded (June 2025) the replies of five Circles¹⁷ wherein it was stated that in 75 cases, a recovery of ₹2.09 crore have been made; in three cases a recovery of ₹0.96 crore has been waived off; and in two cases registrations have been cancelled and recovery process is underway.

However, recovery of ₹45.22 crore in 181 cases¹⁸ is still pending (**Appendix-4.2**).

Recommendation 3:

Strengthen Recovery Proceedings: Develop a mechanism for tracking cases where DRC-07 has been issued. Mandate periodic reporting from field officers on recovery progress and enforce timely initiation of recovery proceedings under Section 79 in cases of non-compliance.

4.6.1.5 Cancellation of registrations

Section 29 of the HPGST Act 2017 read with Rule 20 of the HPGST Rules allows for cancellation of registration by the taxpayer in certain situations like closure of business, turnover falling below threshold for registration, transfer of business/merger/amalgamation, change of PAN, non-commencement of business within the stipulated time period and death of the proprietor. The taxpayer applying for cancellation of registration should apply in REG-16 on the GST common portal within a period of 30 days of the “occurrence of the event warranting the cancellation”.

Section 29(2) of the HPGST Act allows for *suo moto* cancellation of the registration of taxpayer by tax officer on the grounds of contravention of the Acts or Rules by the taxpayer, composition taxpayers not filing return for three consecutive tax periods, normal taxpayers not filing return for continuous period of six months, registered persons not commencing business within six months from date of registration and registration obtained by means of fraud, willful misstatement or suppression of facts.

Section 45 of the HPGST Act requires every registered person other than (a) ISD or a non-resident taxable person or (b) Composition taxable person (Section 10) or (c) persons paying tax under Section 52 - Tax collection at source (TCS) or persons paying tax under Section 51 - Tax deducted at source (TDS), whose registration has been cancelled, to file a final return in GSTR-10, within three months of the effective date of cancellation or the date of order of cancellation, whichever is later. The purpose of the final return is to ensure that the taxpayer discharges the outstanding liability. In case of non-filing of GSTR -10, the same procedure as adopted for non-filing of any return must be followed by the tax officer.

Audit observed various deficiencies in cancellation of registrations, which are brought out below:

¹⁷ Baddi-I; Barotiwala; Cart Road; Mandi-I; Nalagarh-II.

¹⁸ Of the ₹49.56 crore in 256 cases, ₹4.34 crore relating to 75 cases was deducted following the Department's scrutiny and recovery of ₹2.09 crore. The pending 181 cases (₹45.22 crore) include three waiver cases and two cancelled-registration cases, as supporting documents were not furnished.

4.6.1.5 (a) Cancellation of registrations with effect from dates preceding date of application

Rule 22(3) of the HPGST Rules provides that where a person who has submitted an application for cancellation (REG-16) of his registration is no longer liable to be registered or his registration liable to be cancelled, the Proper Officer shall cancel the registration with effect from a date to be determined by him and notify the taxable person, directing him to pay arrears of any tax, interest or penalty including the amount liable to be paid under Sub-section (5) of Section 29. In any case, the effective date should not be a date earlier than the date of application for the same.

Audit observed (November 2023-January 2024) across 10 Circles that in 403 out of 656 cases of cancellation at taxpayer's request during 2020-21, the date of cancellation preceded the date of application (**Appendix-4.3**). This is violation of Rule 22(3) indicating system validation failure and is fraught with the risk of irregular utilisation of ITC, evasion of tax, interest and penalty.

On this being pointed out (December 2023 to March 2024), the Department forwarded (June 2025) the replies of four Circles wherein Cart Road Circle stated that all formalities had been done effectively; Nalagarh-II Circle stated that the monitoring mechanism would be made effective for future task and two¹⁹ Circles stated that the cancellation was done at the request of taxpayers.

4.6.1.5 (b) Delays in cancellation

The cancellation order in REG-19 has to be issued within 30 days from the date of application (taxpayers request) or the date of reply to REG-17 in case of *suo moto* cancellation.

Out of 1,438 cases of cancellation (656 cases on taxpayers request and 782 cases of *suo moto* cancellation), Audit noticed that in 684 cases (319 cases on taxpayers request and 365 cases of *suo moto* cancellation) falling under 10 Circles, the cancellations were delayed beyond the stipulated period of 30 days with delay ranging from 1 day to 953 days (delay in cancellation ranged from 1 to 30 days in 183 cases and from 31 to 953 days in 501 cases). The details of such cases are brought out in **Appendix-4.4**.

On this being pointed out (December 2023 to March 2024), the Department forwarded (June 2025) the replies of four Circles²⁰ wherein it was *inter alia* stated that the cancellations were delayed due to time granted to taxpayers to fulfil statutory obligations or time required to verify the outstanding GST dues/liabilities pending against the taxpayers.

The reply of the Department is not satisfactory as in majority of the cases the delay in cancellation was more than 31 days and in some cases it was more than two years.

¹⁹ Baddi-I and Barotiwala

²⁰ Baddi-I; Barotiwala; Cart Road; Nalagarh-II.

4.6.1.5 (c) Inadequate follow up on non-filing of GSTR 10

As per Section 45 of the HPGST Act, GSTR-10 – the final return, has to be filed within three months of the effective date of cancellation or the date of order of cancellation, whichever is later.

As per the HPGST Rules, 2017 and as prescribed in Circular No. 129/48/2019-GST dated 24 December 2019, GSTR-3A has to be issued to the taxpayer, where GSTR-10 has not been filed. If the taxpayer still fails to file the final return within 15 days of the receipt of notice, then an assessment order in Form ASMT-13 under Section 62 of the HPGST Act, read with Rule 100 of the HPGST Rules, shall have to be issued to determine the liability of the taxpayer under Sub-section (5) of Section 29 (i.e., debit ITC equivalent to inputs, and inputs contained in semi-finished and finished goods held in stock or capital goods or the output tax payable on such goods, whichever is higher). If the taxpayer files the final return within 30 days from the issue of order ASMT-13, then the said order shall be deemed to have been withdrawn. However, the liability for payment of interest and late fee shall continue. If the said return remains unfurnished within the statutory period of 30 days from the issue of order ASMT-13, then the Proper Officer may initiate proceedings under Section 78 and recovery under Section 79 of the HPGST Act.

Audit observed that GSTR-10 was not filed in 613 cases out of 1,438 cases of cancellations during 2020-21 across 10 Circles. Further the action initiated against those who did not comply even after receiving such notices in the above-mentioned cases was not found on record (**Appendix-4.5**).

On this being pointed out (December 2023 to March 2024), the Department forwarded (June 2025) the replies of five Circles²¹ wherein Mandi-I Circle stated that in 10 cases GSTR 10 has been filed and Nalagarh-II Circle stated that in some cases ASMT-13 could not be issued as the taxpayers had not filed any GSTR-1,3B or 9, hence, tax liability could not be assessed.

Recommendation 4:

Rectify Delays in Registration Cancellation and Enforce Final Return Filing: Install system-based validation checks to prevent cancellation dates from preceding application dates. Track pendency of cancellation applications and final return (GSTR-10) filing, and initiate enforcement action in cases of default.

4.6.1.6 Not filing of GST Form ITC-03 by taxpayers who opted for Composition Scheme

As per Section 10 of the HPGST Act, read with Rule 3 and Rule 44 of HPGST Rules, any taxpayer opting for composition scheme has to file GST Form ITC-03 within 180 days, for reversal of credit lying in ledger preceding the day on which registration under composition scheme was obtained.

²¹ Baddi-I; Barotiwala; Cart Road; Mandi-I; Nalagarh-II.

During scrutiny of MIS report available on GST Portal of all 10 Circles, it was observed that in 34 cases, under five Circles²², taxpayers opted for composition scheme during the period 2020-21, but did not file GST Form ITC-03. The total ITC of ₹2.35 lakh was available in their ledgers and was not reversed (**Appendix-4.6**).

On this being pointed out (December 2023), the Department forwarded (June 2025) the reply of Cart Road Circle which stated that in case of one taxpayer, no ITC was available with the taxpayers when he opted the composition scheme. The reply is not acceptable as it can be seen in the electronic credit ledger (ECL) that an ITC of ₹10,808/- was available. It is pertinent to mention that not just the reversal of unutilised ITC available in the electronic credit ledger, the non-filing of ITC-03 is also fraught with the probable risk of non-reversal of utilised ITC on the unsold stock lying with taxpayers.

Recommendation 5:

Mandate ITC Reversals in Composition Scheme Transitions: Monitor and enforce filing of Form ITC-03 by taxpayers opting for the Composition Scheme. Circles must be sensitised to identify such cases and ensuring reversal of ITC within 180 days as mandated.

4.6.1.7 Not verifying of DRC-03 resulting in misclassification of tax paid

Form DRC-03 is a digital intimation of payment made by taxpayer voluntarily or made against show cause notice/statement as per Section 73(7) and Section 74(7), the tax officer is expected to verify the payment received from taxpayer and if the amount paid falls short of the amount actually payable, he shall proceed to issue the notice in respect of such amount which falls short of the amount actually payable and DRC 03 is displayed on the dashboard of jurisdictional Circle officer who in turn verifies himself or re-assign to the Proper Officer depending upon monetary limit, since the verification of DRC-03 falls in the ambit of adjudication. The acknowledgement is issued in form DRC-04, and the conclusion of proceedings is intimated through DRC-05.

As per information available on GST portal, Audit observed that DRC-03 was submitted by the taxpayers in 945 cases across 10 Circles during 2020-21. Out of these, 778 cases were shown pending for verification at the end of the Proper Officer level and an amount of ₹17.32 crore was remitted by taxpayers in these cases. Audit noticed that in 153 out of 778 cases, an amount of ₹ three crore was unequally deposited between CGST and SGST Heads. In 37 out of 153 cases, an amount of ₹ 1.63 crore was deposited in excess in CGST Head instead of depositing 50 percent i.e., ₹ 0.82 crore in SGST Head resulting into loss of revenue to the State (**Appendix-4.7**). This can lead to inaccuracies in financial statements, potentially impacting the State/Center performance and revenue recognition.

²² 1: Cart Road; 2: Mandi-I; 3: Nahan-I; 4: Sanjauli; 5: Solan-I

On this being pointed out (December 2023 to March 2025), the Department forwarded (June 2025) the replies of five Circles²³ wherein three Circles²⁴ stated that DRC-03 has been verified, acknowledged and no discrepancy or miscalculation was noticed and two Circles²⁵ stated that the task bar was unabled.

The reply is not satisfactory as though the whole payment of tax was made but due to misclassification the State government was deprived of GST due to crediting the same to CGST head. The remaining five Circles did not furnish the replies.

4.6.1.8 Not issuing of adjudication orders for Show Cause Notices issued under Section 73

As per section 73(10) of HPGST Act, the Proper Officer shall issue the order under Sub-section (9) within three years from the due date for furnishing of annual return for the financial year to which the tax was not paid or short paid or input tax credit was wrongly availed or utilised relates to or within three years from the date of erroneous refund.

During scrutiny of MIS reports available on GST portal, it was observed that during 2020-21, Show Cause Notices (SCNs) under Section 73 pertaining to Assessment Year 2017-18 were issued in 34 cases across five Circles²⁶.

As per Section 73(9) of HPGST Act, the Proper Officer should have after considering the representation, if any, made by person chargeable with tax, determine the amount of tax, interest and a penalty equivalent to ten per cent of tax or ₹10,000, whichever is higher, due from such person and issue an order. The time limit to issue the order for returns pertaining to Assessment Year 2017-18 was December 2023. However, it was observed (November 2023) that orders were not issued in the said cases. This is fraught with the risk of forgoing revenue amounting to ₹0.96 crore as no order can be issued against these taxpayers after the prescribed time limit (**Appendix-4.8**).

The reply of the Department was awaited (June 2025).

Recommendation 6:

Issue Time-Bound SCN Disposal Protocol: Develop and enforce a protocol for timely issuance of orders against SCNs under Section 73 to avoid loss of revenue due to expiry of limitation periods and integrate this protocol within the Department's MIS system.

4.6.1.9 Interest on delayed payment of tax not paid

Section 50 of SGST Act provides that every person who is liable to pay tax in accordance with the provisions of this Act but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax

²³ Baddi-I; Barotiwala; Cart Road; Mandi-I; Nalagarh-II.

²⁴ Barotiwala, Cart road and Nalagarh-II.

²⁵ Baddi-I and Mandi-I

²⁶ 1. Baddi-I: one case: ₹0.0023 crore; 2. Dharampur: 20 cases: ₹0.86 crore; 3. Mandi-I: one case: ₹0.0019 crore; 4. Sanjauli: five cases: ₹0.0379 crore; 5. Solan-I: seven cases: ₹0.06 crore.

remains unpaid, pay, on his own, interest at such rate not exceeding 18 *per cent* as may be notified. The date of credit to the account of Government in the authorised bank shall be deemed to be the date of deposit in the ECL.

As per MIS report available on GST Portal, it was observed that a taxpayer of Cart Road Circle had not paid interest on cash component for delayed filing of GSTR 3B amounting to ₹0.96 lakh during 2020-21.

On this being pointed out (December 2023), the Department stated (June 2025) that demand has been raised to deposit the interest.

4.6.1.10 Suppression of taxable value identified through TDS declaration

As per Section 61 of the HPGST Act, various returns filed by taxpayers have to be scrutinised by the Proper Officer to verify the correctness of the returns, and suitable action has to be taken on any discrepancies or inconsistencies reflected in the returns.

Audit obtained the data of taxpayers from MIS report on GSTN Portal, who accepted TDS credit and filed nil GSTR 3B returns, and cross verified the TDS deducted month wise with GSTR 3B. It was noticed that during 2020-21, TDS of ₹2.43 crore was accepted by 323 taxpayers vide 569 returns across 10 Circles, whereas in the monthly returns GSTR 3B, these taxpayers have shown nil taxable turnover. This indicates a probable suppression of the taxable turnover of ₹121.33 crore (TDS*100/2) involving GST liability to the tune of ₹21.84 crore worked out by applying tax rate of 18 *per cent* (Appendix-4.9).

On this being pointed out (December 2023 to March 2024), the Department stated (June 2025) that additional demand in three cases for ₹2.52 crore has been created by Cart Road Circle and notices have been issued in eight cases by two Circles²⁷. Remaining replies were awaited (June 2025).

4.7 Limited Audit

Audit analysed GST returns data pertaining to 2018-19 to 2020-21 as made available by GSTN. Rule-based deviations and logical inconsistencies between GST returns filed by taxpayers were identified on a set of 16 parameters for the purpose of Limited Audit.

Out of the 13 prescribed GST returns²⁸, the following basic returns that apply to normal taxpayers were considered for the purpose of identifying deviations, inconsistencies and mismatches between GST returns/data:

²⁷ Mandi-I and Nalagarh-II

²⁸ GSTR-1; GSTR-3B; GSTR-4 (taxpayers under the Composition scheme); GSTR-5 (non-resident taxable person); GSTR-5A (Non-resident OIDAR service providers); GSTR-6 (Input service distributor); GSTR-7 (taxpayers deducting TDS); GSTR-8 (E-commerce operator); GSTR-9 (Annual Return); GSTR-10 (Final return); GSTR-11 (person having UIN and claiming a refund); CMP-08; and ITC-04 (Statement to be filed by a principal/job-worker about details of goods sent to/received from a job-worker).

- GSTR-1: monthly return furnished by all normal and casual registered taxpayers making outward supplies of goods and services or both and contains details of outward supplies of goods and services.
- GSTR-3B: monthly summary return of outward supplies and input tax credit claimed, along with payment of tax by the taxpayer to be filed by all taxpayers except those specified under Section 39(1) of the Act. This is the return that populates the credit and debits in the ECL and debits in Electronic Cash Ledger.
- GSTR-6: monthly return for Input Service Distributors providing the details of their distributed input tax credit and inward supplies.
- GSTR-8: monthly return to be filed by the e-commerce operators who are required to deduct TCS (Tax collected at source) under GST, introduced in October 2018.
- GSTR-9: annual return to be filed by all registered persons other than an Input Service Distributor (ISD), Tax Deductor at Source/Tax Collector at Source, Casual Taxable Person and Non-Resident taxpayer. This document contains the details of all supplies made and received under various tax heads (CGST, HPGST and IGST) during the entire year along with turnover and audit details for the same.
- GSTR-9C: annual audit form for all taxpayers having a turnover above rupees five crore in a particular financial year. It is basically a reconciliation statement between the annual returns filed in GSTR-9 and the taxpayer's audited annual financial statements.
- GSTR-2A: a system-generated statement of inward supplies for a recipient. It contains the details of all Business to Business (B2B) transactions of suppliers declared in their Form GSTR-1 / 5, ISD details from GSTR 6, details from GSTR-7 and GSTR- 8 respectively by the counterparty and import of goods from overseas on bill of entry, as received from ICEGATE Portal of Indian Customs.

The pan-State analysis on the 16 identified parameters undertaken are summarised in **Tables 4.2 (a) and (b)**.

Table 4.2: Parameters used for sample selection

Sl.No.	Algorithm used	Risk Pursued
Table 4.2(a): Details of Data Analysis undertaken (ITC mismatch)		
1	ITC available as per GSTR2A with all its amendments and the ITC availed in GSTR 3B in Table 4A (5) including 4(D) blocked credits and subsequent years from Table 8C of GSTR 9.	ITC Mismatch between GSTR2A & GSTR3B
2	Relevant data from GSTR 9 particularly pertaining to table 8A of GSTR 9 was compared with the ITC data reflected in GSTR 2As.	ITC Availed without supplier remitting tax
3	ITC availed through GSTR 3Bs pertaining to period 2018-19 and 2019-20 filed after October 2019 and October 2020 respectively.	ITC Availed on 3B filed after limitation period
4	Comparison of GSTR 9 Table 6G (net of Table 7B) with the sum of Table 5A, Table 8A, and Table 9A (considering adjustments) of GSTR 6 for respective GSTINs.	Excess ISD credit
5	Comparison of tax paid under RCM, datasets in GSTR 3B with annual return GSTR 9.	Short payment of tax on RCM

Sl.No.	Algorithm used	Risk Pursued
Table 4.2(a): Details of Data Analysis undertaken (ITC mismatch)		
6	Positive entries in 12F of GSTR 9C.	Unreconciled ITC w.r.t. Financial Statements (Table 12F)
7	Positive entries in 14T of GSTR 9C.	Ineligible ITC (Table 14T)
8	Comparison of tax payable between GSTR 1 and GSTR 3B/GSTR9.	Undischarged tax liability (R1 & R9)
9	Comparison of tax liability declared in GSTR 3B with disclosures made in E-way bill.	Suppression of taxable value (E-Way Bill)
10	Negative entries in Table 9R (Excluding Interest, Penalty, Late fee) of GSTR 9C.	Short-payment of tax (Table 9R)
11	The composition taxpayers whose turnover on all India under all GSTINs of the same PAN have crossed the turnover limit of 1 crore in 2018-19 and 1.5 crore in 2019-20.	Ineligible under composition levy scheme i.e., taxpayers continue to operate under composition levy scheme despite crossing threshold for the same.
12	Taxpayers who have filed GSTR 1 or where GSTR 2A is available but have not filed the corresponding GSTR 3B.	GSTR-3B not filed but GSTR 1/2A available
13	Tax paid details in GSTR 3B and the date of filing of the GSTR 3B.	Non-payment of interest
Table 4.2(b): Details of Data Analysis undertaken (Turnover mismatch)		
14	Comparison of taxable value declared in GSTR 3B (Other than zero-rated, Nil rated and Exempted) with Table 9 of GSTR 2A.	Short-payment of tax (TDS/TCS)
15	Table 5B figures of GSTR 9C for the years 2018-19 to 2020-21 was compared with Table 5H of the previous GSTR 9C returns.	Suppression of taxable value (Unbilled revenue)
16	Negative entries in Table 7G of GSTR 9C.	Unreconciled taxable turnover (Table 7G)

The data analysis pertaining to Himachal Pradesh on the 16 identified parameters and extent of deviations/inconsistencies observed are summarised in **Appendix-4.10**.

4.7.1 Non-submission of reply by the department

Audit selected a sample of 627 deviations pertaining to 348 taxpayers from the top deviations/inconsistencies across 16 parameters for the years 2018-19 to 2020-21. The audit queries were issued to the respective Circles in July 2023 without further scrutiny of taxpayer's records. The audit check in these cases was limited to verifying the Department's action on the identified deviations/mismatches.

Responses were yet to be received in respect of 207 deviations (33.01 percent), as of June 2025, in 13 parameters communicated to the Department (March 2024).

Considering that the overall rate of conversion of inconsistencies into compliance deviations is significant as brought out in the next paragraph, the Department is required to expedite verification of these cases on priority. Details of the cases where replies have not been received are listed in **Appendix-4.11 & 4.12**.

4.7.2 Results of limited audit

Based on responses received from the Department to the Audit Queries, the extent to which each of the 16 parameters translated into compliance deviations is summarised below.

4.7.3 Summary of Limited Audit

ITC and tax payment mismatch (Appendix-4.13)

Out of the total deviations/mismatch in 578 cases, the Department furnished replies in 389 cases (67.30 *per cent*) involving an amount of ₹751.80 crore. Out of these 389 cases, recovery has been affected in 15 cases amounting to ₹3.69 crore (Appendix-4.13). In 47 and 62 cases, DRC-07 and SCNs have been issued amounting to ₹66.42 crore and ₹297.24 crore respectively (Appendix-4.15 and 4.16). In 137 cases, the matter is under correspondence with taxpayer amounting to ₹187.48 crore (Appendix-4.17). In 41 cases, the Department replies were furnished without documentary evidence amounting to ₹58.14 crore (Appendix-4.18).

Data entry errors by taxpayers comprised eight cases amounting to ₹24.16 crore (Appendix-4.19), action had already been taken by the Department in 34 cases amounting to ₹37.84 crore (Appendix-4.20) and in 45 cases amounting to ₹64.93 crore explanations for mismatches were found valid (Appendix-4.21).

Turnover cases (Appendix-4.22)

Similarly, Audit also noticed mismatches in turnover reported by taxpayers in 49 cases out of which Department furnished replies in 31 cases amounting to ₹6,350.31 crore. Out of these, the Department affected recovery of ₹0.03 crore in one case (Appendix-4.14) and DRC-07 had been issued in three cases for ₹3.15 crore (Appendix-4.15). SCN has been issued in four cases for ₹21.55 crore (Appendix-4.16). In three cases, matter was under correspondence with taxpayer for ₹11.30 crore (Appendix-4.17) and in 13 cases, the Department's replies were furnished without documentary evidence amounting to ₹5,473.40 crore (Appendix-4.18).

Action had already been taken in one case for ₹3.38 crore (Appendix-4.20) and six cases had valid explanation for mismatch (₹829.39 crore) (Appendix-4.21).

Relatively higher rates of deviations were noticed in risk parameters such as non-payment of interest, cases where there was a mismatch between ITC available in GSTR-2A and ITC availed through GSTR-3B, suppression of taxable value (E-Way Bill), undisclosed taxable turnover (Table 7G) *etc.*

Illustrative cases of each Dimension are discussed below:

(i) Dimension – ITC Mismatch (R3B & R2A)

GSTR 2A is a purchase related dynamic tax return that is automatically generated for each business by the GST portal, whereas GSTR 3B is a monthly return in which summary of outward supplies along with ITC declared and payment of tax are self-declared by the taxpayer.

To analyse the veracity of ITC utilisation, relevant data were extracted from GSTR 3B and GSTR 2A for the years 2018-19 to 2020-21, and the ITC paid as per suppliers' details was matched with the ITC credit availed by the taxpayer. The methodology

adopted was to compare the ITC available as per GSTR 2A with all its amendments and the ITC availed in GSTR 3B in Table 4A (5)²⁹ considering the reversals in Table 4B (2)³⁰ but including the ITC availed in the respective subsequent years from Table 8C of GSTR 9.

Audit observed that in case of taxpayer³¹ under Nurgur circle, the ITC available as per GSTR 2A was ₹0.013 crore and the ITC availed in table 4A (5) of GSTR 3B was ₹18.83 crore. This resulted in mismatch of ITC availed amounting to ₹18.82 crore.

On this being pointed out (July 2023), the Department replied (June 2025) that demand order in DRC-07 for ₹18.82 crore has been issued in May 2024.

(ii) Dimension - ITC Availed without supplier remitting tax

While GSTR 2A of the recipient is generated based on the disclosures made by the suppliers in their GSTR 1, the Table 8A of the GSTR 9 is auto-populated (non-editable) from Tables 3, 4, 5 and 6 of the GSTR 2A (Tables 3 and 5 of the old GSTR 2A format) and considers GSTR 2A as available on 31 October of the following financial year.

In order to analyse the extent of compliance of ITC availment under Section 16(4) of the HPGST Act, Audit identified cases where the ITC would have been passed on by the taxpayer without actually remitting the tax. For this purpose, the relevant data from GSTR 9 particularly pertaining to table 8A of GSTR 9 was compared with the ITC data reflected in GSTR 2As.

Audit observed that in case of a taxpayer³² under Baddi-III circle, the ITC as per GSTR 2A was ₹67.11 crore whereas ITC reflected in table 8A of GSTR 9 for availment was ₹64.70 crore. This indicates that the taxpayer availed ITC of ₹2.41 crore on which supplier had not remitted the tax.

On this being pointed out (July 2023), the Department replied (June 2025) that demand order has been issued to the taxpayer.

(iii) Dimension - ITC Availed on 3B filed after limitation period

GST Act provides for availing of ITC only till the due date of furnishing GSTR 3B for the month of September following the end of the financial year to which such ITC pertains or furnishing of relevant Annual Return, whichever is earlier. Accordingly, if any GSTR 3B is furnished after such time, ITC availed therein becomes inadmissible.

In order to review the extent of excess/irregular ITC availed on this account, the ITC availed through Table 4 of GSTR 3Bs pertaining to 2018-19, 2019-20 and 2020-21 filed by the taxpayer beyond the due dates of September GSTR 3B return of the following year, were identified at data level.

²⁹ All other eligible ITC.

³⁰ Other ITC reversed.

³¹ GSTIN-02XXXXXXXXXX1ZZ

³² GSTIN-02XXXXXXXXXX1ZK

Audit observed that in case of a taxpayer³³ under Kullu/Banjar circle, GSTR 3B returns for May 2018 to March 2019 were filed in March 2020. Thus, the taxpayer filed GSTR 3B returns after limitation period on which ITC of ₹2.69 crore availed by taxpayer was required to be reversed.

On this being pointed out (July 2023), the Department replied (June 2025) that demand order has been issued to the taxpayer.

(iv) Dimension - Excess ISD credit

In order to analyse whether the ITC reversals made by the ISD in their GSTR 6 have been rightly reversed by the respective recipients of the credit, with the centralised data available in the GSTN, the adjustments made by the ISD in their GSTR 6 are compared with the ITC reversals of the recipients declared in their annual return.

The GSTR 9 Table 6G of the respective recipients after taking into account maximum reversals through Table 7B and 7H of GSTR 9 was compared with sum of Table 5A, 8A and 9A of GSTR 6s of the ISD for the respective GSTINs after including all adjustments made by the ISDs. In cases where GSTR 9 is not filed, corresponding figures of GSTR 3B have been taken into account.

Audit observed that in case of a taxpayer³⁴ under Baddi-IV Circle, ITC availed through ISD as per GSTR 9 was ₹1.81 crore in 2018-19 and 2019-20 whereas the ISD distributed ITC of only ₹0.15 crore through GSTR 6 and reversal of ₹1.12 crore was made by recipient in Table 7B/7H of GSTR 9. This resulted in availment of excess ISD credit of ₹0.54 crore.

On this being pointed out (July 2023), the Department replied (June 2025) that ASMT-10 has been issued to taxpayer.

(v) Dimension - Short payment of tax on RCM

Under Reverse Charge Mechanism (RCM) the liability to pay tax is fixed on the recipient of supply of goods or services instead of the supplier or provider in respect of certain categories of goods or services or both under Section 9(3) or Section 9(4) of the HPGST Act, 2017 and under Sub-section (3) or Sub-section (4) of Section 5 of the IGST Act, 2017.

To analyse the veracity of ITC availed on tax paid under RCM for the year 2017-18, the datasets pertaining to GSTR 3B and annual return GSTR 9 were compared to check whether the ITC availed on RCM was restricted to the extent of tax paid. The methodology adopted was to compare the RCM payments in GSTR 3B Table 3.1(d)³⁵ with ITC availed in GSTR 9 Table 6C³⁶, 6D³⁷ and 6F³⁸. In cases where GSTR 9 was not available, the check was restricted within GSTR 3B where the tax discharged part

³³ GSTIN-02XXXXXXXXXX1ZJ

³⁴ GSTIN-02XXXXXXXXXX1ZK

³⁵ Inward supplies (liable to reverse charge).

³⁶ Inward supplies received from unregistered persons liable to reverse charge.

³⁷ Inward supplies received from registered persons liable to reverse charge.

³⁸ Import of services.

in R3B Table 3.1(d) was compared with the ITC availing part of R3B 4A (2)³⁹ and 4A (3)⁴⁰.

Audit observed that in case of a taxpayer⁴¹ under jurisdiction of Nalagarh-I circle that as per table 6C, 6D and 6F of GSTR 9 the taxpayer had an inward supply from an unregistered supplier on which it was liable to pay tax under RCM amounting to ₹96.85 lakh (₹51.70 lakh and ₹45.15 lakh for 2018-19 and 2019-20 respectively) whereas tax paid under RCM in table 4G of GSTR 9 for both years was nil. This resulted in short payment of tax amounting to ₹ 96.85 lakh.

On this being pointed out (July 2023), the Department replied (June 2025) that GSTR3B and GSTR9 has been scrutinised and it was found that the taxpayer had claimed nil ITC under RCM and thus has not paid short tax under RCM. The reply is not acceptable as inward supply from unregistered person involving tax amount of ₹96.85 lakh is being reflected in GSTR9 and as per GSTR 3B the tax paid under RCM is nil.

(vi) Dimension - Unreconciled ITC w.r.t. Financial Statements (Table 12F)

Table 12 of GSTR 9C reconciles ITC declared in annual return (GSTR9) with ITC availed as per audited Annual financial statement or books of accounts. Column 12F of this table deals with unreconciled ITC.

The certified reconciliation statements submitted by the taxpayer as required under the Rule 80(3) of HPGST Rules in form GSTR 9C for the years 2018-19 to 2020-21 were analysed at data level to review the extent of identified mismatch in ITC declared in the Annual Return with the Financial Statements.

Unreconciled ITC of ₹39.78 lakh declared in Table 12F of GSTR 9C in case of a taxpayer⁴² under Jawali Circle, was noticed.

On this being pointed out (July 2023), the Department replied (June 2025) that DRC-07 has been issued to the taxpayer.

(vii) Dimension - Ineligible ITC (Table 14T)

Table 14 of GSTR 9C reconciles ITC declared in annual return (GSTR9) with ITC availed on expenses as per audited Annual financial statement or books of accounts. Column 14T of this table deals with unreconciled ITC.

The certified reconciliation statements submitted by the taxpayer as required under Rule 80(3) of HPGST Rules in form GSTR 9C for the years 2018-19 to 2020-21 were analysed at data level to review the extent of identified mismatch in ITC declared in the Annual Return with the expenses reported in the Financial Statements.

³⁹ Import of services.

⁴⁰ Inward supplies (liable to reverse charge).

⁴¹ GSTIN- 02XXXXXXXXXX2ZV

⁴² GSTIN- 02XXXXXXXXXX1Z4

Unreconciled ITC of ₹44.87 lakh declared in Table 14T of GSTR 9C in 2019-20 in case of a taxpayer⁴³ under Ner Chowk circle was noticed.

On this being pointed out (July 2023), the Department replied (June 2025) that after scrutiny a recovery of ₹10.77 lakh has been made on account of interest and liability vide DRC-03 in April 2024.

(viii) Dimension - Undischarged tax liability (R1 & R9)

In order to analyse the undischarged tax liability, relevant data were extracted from GSTR 1, and GSTR 9 for the years 2018-19 to 2020-21, and the tax payable in these returns was compared with the tax paid declared in GSTR 9. Where GSTR 9 was not available, a comparison of tax payable between GSTR 1 and GSTR 3B was resorted to. The amendments and advance adjustments declared in GSTR 1 and 9 were also considered for this purpose.

For the algorithm, tables 4 to 11 of GSTR 1 and tables 4G, 4N, 10, and 11 of GSTR 9 were considered. The greater of tax liability between GSTR 1 and GSTR 9 was compared with the tax paid declared in tables 9 and 14 of GSTR 9 to identify the short payment of tax. In the case of GSTR 3B, tables 6.1 minus table 3.1(d) were taken into account.

Audit observed that in case of a taxpayer⁴⁴ under jurisdiction of Baddi-II circle, the greater of tax liability between GSTR 1 and GSTR 9 was ₹3.02 crore in 2019-20 and 2020-21 whereas tax paid as per GSTR 3B was ₹1.88 crore resulting in undischarged tax liability of ₹1.14 crore.

On this being pointed out (July 2023), the Department replied (June 2025) that demand has been created in March 2024 for ₹1.14 crore.

(ix) Dimension - Suppression of taxable value (E-Way Bill)

In order to analyse the extent of short-payment of tax, relevant data related to tax liability declared in GSTR 3B for the years 2018-19 to 2020-21 were compared with disclosures made in E-way bill.

For the algorithm, the cases where tax payable under outward taxable supplies other than nil rated and exempted in GSTR 3B was less than the tax liability declared in the e-way bills were chosen.

Audit observed that in case of a taxpayer⁴⁵ under jurisdiction of Nalagarh-II circle, tax payable under outward taxable supplies other than nil rated and exempted in GSTR 3B for years 2018-19 to 2020-21 was ₹1,099.70 crore whereas tax liability declared in various e-way bills generated in the said years was ₹1,284.63 crore resulting in non-payment of tax on outward supply of ₹184.93 crore.

⁴³ GSTIN- 02XXXXXXXXXX1Z9

⁴⁴ GSTIN- 02XXXXXXXXXX1ZK

⁴⁵ GSTIN- 02XXXXXXXXXX1Z5

On this being pointed out (July 2023), the Department replied (June 2025) that SCN has been issued to the taxpayer.

(x) Dimension - Short-payment of tax (Table 9R)

The certified reconciliation statements submitted by the taxpayer as required under Rule 80(3) of HPGST Rules in form GSTR 9C for the years 2018-19 to 2020-21 were analysed at data level to review the extent of identified mismatch in tax paid between the Annual Return and the books of account. Table 9 of the form 9C attempts to reconcile the tax paid by segregating the turnover rate-wise and comparing it with the tax discharged as per annual return GSTR 9. In order to rule out the possibility of incorrect disclosure of the tax paid amount in GSTR 9C, the amount was also compared with actual tax payment details in GSTR 9.

Audit observed that in case of taxpayer⁴⁶ under jurisdiction of Nahan-I circle, tax payable as per table 9P of GSTR 9C in year 2018-19 was ₹11.04 crore whereas tax paid as per table 9Q of GSTR 9C as well as table 9 of GSTR 9 was ₹1.22 crore. Thus, tax of ₹9.82 crore was unreconciled.

On this being pointed out (July 2023), the Department replied (November 2023) that the case was being scrutinised.

(xi) Dimension - Suppression of taxable value identified through Tax Deduction at Source (TDS) / Tax collection at Source (TCS) declaration

TDS and TCS details are declared in GSTR 7 and GSTR 8 respectively and communicated to the registered person in Table 9 of GSTR-2A. The cases where the taxable value declared on account of outward taxable supplies (other than zero rated, nil rated and exempted) in GSTR 3B was less than the net amount liable for TCS and TDS credit as per Table 9 of GSTR-2A were identified. Though the deviation amount indicated may only be a fraction of non-disclosure, exact comparison is not possible as the taxpayer may have other supplies which do not necessitate TDS recovery. Hence, Department was requested to examine all the transactions and not to limit checks to the deviation amount.

Audit observed that in case of taxpayer⁴⁷ under jurisdiction of Baddi-II circle, the taxpayer declared ₹29.65 crore as value of taxable supplies other than zero rated, nil rated and exempted supplies in GSTR 3B for the years 2019-20 and 2020-21. The net value of TDS credit as per table 9 of GSTR 2A was ₹0.87 crore which tantamount to taxable supplies of ₹43.54 crore worked out on the criteria that two percent tax has been deducted at source. This indicates a probable suppression of taxable value of ₹13.89 crore on account of TDS declaration.

On this being pointed out (July 2023), the Department replied (June 2025) that ASMT-10 has been issued to the taxpayer.

⁴⁶ GSTIN- 02XXXXXXXXXX1ZQ

⁴⁷ GSTIN- 02XXXXXXXXXX1ZJ

(xii) Dimension - Suppression of taxable value identified through mismatch in unbilled revenue

In order to review the extent of identified mismatch in taxable turnover reported in the Annual Return vis-à-vis the Financial Statements, the relevant data points pertaining to Table 5 of the GSTR 9C reconciliation statement pertaining to disclosures of unbilled revenue submitted by the taxpayers as required under Rule 80(3) of CGST/SGST Rules for the years 2018-19 to 2020-21 were analysed at data level.

Table 5B figures of GSTR 9C for the years 2018-19 to 2020-21 which captures the unbilled revenue at the beginning of the financial year was compared with Table 5H of the previous GSTR 9C returns which captures the unbilled revenue of the end of the year to review the extent of identified mismatch in turnover declared in the Annual Return with the Financial Statements. Ideally, the unbilled revenue at the beginning of the year in GSTR 9C Table 5B should tally with the unbilled revenue of the previous GSTR 9C shown in Table 5H. Any mismatch could be an indication of suppression of taxable turnover.

Audit observed that in case of taxpayer⁴⁸ under jurisdiction of Baddi-II circle, the unbilled revenue at the end of 2017-18 was ₹31.89 crore whereas the unbilled revenue at the beginning of 2018-19 was ₹25.07 crore resulting in mismatch of ₹6.82 crore.

On this being pointed out (July 2023), the Department replied (June 2025) that ASMT-10 has been issued to the taxpayer.

(xiii) Dimension - Unreconciled taxable turnover in Table 7G of GSTR-9C

Table 7 of GSTR 9C is the reconciliation of taxable turnover. Column 7G of this table captures the unreconciled taxable turnover between the annual return GSTR 9 and that declared in the financial statement for the year after the requisite adjustments.

The certified reconciliation statements submitted by the taxpayer as required under the Rule 80(3) of HPGST Rules in Form GSTR 9C for the years 2018-19 to 2020-21 were analysed at data level to review the extent of identified mismatch in taxable turnover reported in the Annual Return vis-à-vis the Financial Statements.

Audit observed that in case of taxpayer⁴⁹ under jurisdiction of Nahan-I circle, unreconciled taxable turnover in table 7G of GSTR 9C was ₹2,295.90 crore.

On this being pointed out (July 2023), the Department replied (June 2025) that the justification provided by taxpayer stating that this is the turnover of its other GSTIN on the same PAN is justified. The reply is not accepted by audit as the department has not verified the reasons of un-reconciled turnover provided by taxpayer in GSTR 9C of this GSTIN and no documentary evidence was provided.

⁴⁸ GSTIN- 02XXXXXXXXXX1ZS

⁴⁹ GSTIN- 02XXXXXXXXXX1ZB

(xiv) Dimension - Ineligible composition levy due to incorrect turnover

Audit identified composition taxpayers whose turnover on pan India basis (Central and State jurisdiction) under all GSTINs of the same PAN crossed the turnover limit of ₹ one crore in 2018-19 and ₹1.5 crore in 2019-20 and 2020-21 but still continued to avail the benefit of composition levy.

Audit observed that in case of taxpayer⁵⁰ under jurisdiction of Bangana circle, the turnover of taxpayer in 2020-21 was ₹2.61 crore i.e., above the threshold limit of ₹1.5 crore for availing Composition Levy Scheme. The taxpayer had, however, continued under the Composition Levy Scheme from 01 February 2018 to 31 March 2021.

On this being pointed out (July 2023), the Department replied (June 2025) that demand order has been issued to the taxpayer.

(xv) Dimension - Cases where GSTR 3B not filed but GSTR 1 or GSTR 2A available

Audit identified those taxpayers who had not filed GSTR 3B but filed GSTR 1 or whose GSTR 2A was available. GSTR 3B return is the only instrument through which the liability is offset and ITC is availed. The very availability of GSTR 1 and 2A and non-filing of R3B indicates that the taxpayers had undertaken/carried on the business during the period but have not discharged their tax liability. This is fraught with the risk of irregular passing on of ITC.

The datasets pertaining to relevant fields in the GSTR 1, 2A and 3B were analysed for the years 2018-19 to 2020-21, and those cases where GSTR3B is null have been extracted.

Audit observed that in the case of taxpayer⁵¹ under Baddi-III, the taxpayer did not file GSTR 3B returns for the months from May to December in 2018-19 and the tax liability as per GSTR 1 for the said months was ₹17.63 crore. Thus, tax liability of ₹17.63 crore had not been discharged by the taxpayer.

On this being pointed out (July 2023), the Department replied (June 2025) that the case is under correspondence with taxpayer.

(xvi) Dimension – Non-payment of interest

Section 50 of the Act stipulates that every person liable to pay tax in accordance with the provisions of this Act or the rules made there under but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay interest at the rate notified.

The extent of short payment of interest on account of delayed remittance of tax during 2018-19 to 2020-21 was identified using the tax paid details in GSTR 3B and the date of filing of the GSTR 3B. Only the net tax liability (cash component) has been considered to work out the interest payable.

⁵⁰ GSTIN- 02XXXXXXXXXX1ZT

⁵¹ GSTIN- 02XXXXXXXXXX2ZG

Audit observed that in case of taxpayer⁵² under Nalagarh-I circle, the returns GSTR 3B pertaining to the period 2018-19 to 2020-21 were filed belatedly with delay ranging from 45 to 240 days on which interest of ₹2.28 crore was not paid by the taxpayer.

On this being pointed out (July 2023), the Department replied (June 2025) that the demand order has been issued to the taxpayer.

4.7.4 Analysis of causative factors

Considering the Department's response to 420 queries out of the sample of total 627 queries issued, the factors that caused the data deviations/inconsistencies are as follows:

a. Cases accepted by the Department:

Out of the 420 cases involving ₹7103.11 crore summarised in para 4.7.3 (Appendix 4.13 and 4.22) above, the Department has recovered ₹3.72 crore in 16 cases and raised demand for ₹69.57 crore in 50 cases. Further, the Department has issued SCN/DRC-01/ASMT-10 Notice in 66 cases for ₹318.79 crore; and is under correspondence with taxpayers in 140 cases involving ₹198.78 crore. Also, the Department had already taken action before issue of audit query in 35 cases involving ₹41.22 crore.

Illustration of Data Entry Error:

The data entry errors constituted 1.90 *per cent* (eight cases) of the total responses received and the Department's responses in these cases were accepted by Audit.

Audit observed that in case of taxpayer⁵³ under jurisdiction of Nalagarh-I circle, the taxpayer as per tables 6C, 6D and 6F of GSTR 9, had an inward supply from an unregistered supplier on which it was liable to pay tax under RCM amounting to ₹53.05 lakh whereas tax paid under RCM in table 4G of GSTR 9 was ₹0.01 lakh. This resulted in short payment of tax amounting to ₹53.04 lakh.

On this being pointed out (July 2023), the Department replied (June 2025) that the taxpayer has wrongly entered the figure of ITC claimed of ₹53.05 lakh in table 6(D) instead of table 6 (B) of GSTR9 for the year 2020-21 and the taxpayer has not claimed excess ITC under RCM. The explanation provided was accepted in audit.

b. Cases where Department's reply is not acceptable to Audit:

The Department's reply was not acceptable to Audit in 54 cases (41 ITC and Tax payment mismatch cases + 13 Turnover mismatch cases) involving an amount of ₹5531.53 crore (₹58.14 crore + ₹5473.40 crore). The reasons for not accepting the replies of the Department were documentary evidence were not provided, cases already flagged in Economic Intelligence Unit (EIU) reports, no valid explanations were furnished, cases requested to be dropped without verifying the facts of the case and investigation.

⁵² GSTIN- 02XXXXXXXXXX1Z3

⁵³ GSTIN: 02XXXXXXXXXX1Z1

An illustrative case is featured below:

Audit observed that in case of a taxpayer⁵⁴ under jurisdiction of Nalagarh-II circle, the taxpayer availed ITC under RCM of ₹30.26 lakh in table 4(A)(2) and 4(A)(3) of GSTR 3B whereas tax liability under RCM in table 3.1(d) of GSTR 3B was ₹ NIL resulting in short payment of tax amounting to ₹30.26 lakh.

On this being pointed out (July 2023), the Department replied (June 2025) that cases with mismatch value less than one crore are not available in Economic Intelligence Unit (EIU) reports as the mismatches in majority of such cases are due to reporting of value under wrong head in GSTR-9. The reply is not acceptable to Audit as the Department had replied without verifying the objection raised by Audit.

4.8 Detailed Audit

In a self-assessment regime, the onus of compliance with law is on the taxpayer. The role of the Department is to establish and maintain an efficient tax administration mechanism to provide oversight. With a finite level of resources, for an effective tax administration, to ensure compliance with law and collection of revenue, an efficient governance mechanism is essential. An IT driven compliance model enables maintaining a non-discretionary regime of governance on scale and facilitates a targeted approach to enforce compliance.

From an external audit perspective, Audit also focused on a data-driven risk-based approach. Thus, apart from identifying inconsistencies/deviations in GST returns through pan-India data analysis of State jurisdiction taxpayers, a detailed audit of GST returns was also conducted as a part of this review. A risk-based sample of 50 taxpayers was selected for this part of the review. The methodology adopted was to initially conduct a desk review of GST returns and financial statements filed by the taxpayers as part of the GSTR 9C and other records available in the back-end system to identify potential risk areas, inconsistencies/deviations and red flags. Desk review was carried out in CAG field audit offices. Based on desk review results, detailed audit was conducted in selected Circles of the state by requisitioning corresponding granular records of taxpayers such as financial ledgers, invoices etc. to identify causative factors of the identified risks and to evaluate compliance by taxpayers.

As brought out in the previous paragraphs detailed audit involved a desk review of GST returns and other basic records to identify risks and red flags, which were followed up by field audit to identify the extent of non-compliance by taxpayers and action taken by the concerned Circles. Non-compliance by taxpayers at various stages ultimately impacts the veracity of returns filed, utilisation of ITC and discharge of tax payments. The audit findings are therefore categorised under i) Returns, ii) Utilisation of ITC and iii) Discharge of tax liability.

⁵⁴ GSTIN- 02XXXXXXXXXX1ZA

4.8.1 Scope limitation (non-production/partial production of records)

There was scope limitation of audit due to non-production of granular records by the Department. During the desk review of taxpayers' returns available in the back-end system, Audit identified the risks related to excess ITC and tax liability mismatches for detailed examination. On the ITC dimension, the mismatches were identified by comparing GSTR 3B with GSTR 2A and GSTR 9, and the declarations made in Table 12 and 14 of GSTR 9C. On the tax liability dimension, the mismatches were identified by comparing GSTR 3B with GSTR 1 and GSTR 9 and the declarations in Table 5, Table 7, and Table 9 of GSTR 9C. However, the Department did not provide the corresponding granular records such as the supplementary financial ledgers, invoices, agreement copies etc. required for examining the causative factors for mismatches of ITC and tax liability in 29 cases constituting 58 *per cent* of the sample size (**Appendix-4.23**) and in remaining 21 cases (**Appendix-4.24**) the related record viz., supplementary financial ledgers, invoices agreement copies etc. were produced partially. Due to non-production/partial production of records the identified risk could not be examined in detail by the Audit and audit observations were limited to mismatches of ITC and tax liability as discussed in the respective paras.

4.8.2 Returns

The detailed audit of returns filed by the sample of 50 taxpayers disclosed that interest payments were not discharged by taxpayers which are brought out below:

Non-payment of interest by taxpayers

Audit observed in 11 cases of nine Circles, constituting 22 *per cent* of the 50 cases audited, that taxpayers had filed their returns belatedly, but the interest payments amounting to ₹3.14 lakh were not discharged.

On this being pointed out (December 2023 to March 2024), the Department replied (June 2025) that ₹1.69 lakh had been recovered in four cases, demand order has been issued in one case and notices have been issued in two cases. The reply in remaining cases was not furnished (**Appendix-4.25**).

4.8.3 Utilisation of Input Tax Credit

Input Tax Credit (ITC) means the Goods and Services Tax (GST) paid by a taxable person on purchase of goods and/or services that are used in the course or furtherance of business. To avoid cascading effect of taxes, credit of taxes paid on input supplies can be used to set-off for payment of taxes on outward supplies.

Sections 16 and 17 of the HPGST Act prescribe the eligibility and conditions to avail ITC. Credit of CGST cannot be used for payment of SGST and credit of SGST cannot be utilised for payment of CGST. Rules 36 to 45 of the HPGST Rules prescribes the procedures for availing and reversal of ITC.

(a) Non reversal/Short reversal of ITC

Section 17(2) of the HPGST Act read with Rule 42 of the HPGST Rules states that where the goods or services or both are used by the registered person partly for effecting taxable supplies including zero-rated supplies and partly for effecting exempt supplies, the amount of credit shall be restricted to so much of the input tax as is attributable to the said taxable supplies including zero-rated supplies.

Audit observed non-compliance in four cases of four Circles out of 50 cases where taxpayers had not reversed ITC of ₹55.20 lakh, due to incorrect application of Rule 42 of HPGST Rules.

On this being pointed out (December 2023 to March 2024), the Department stated (June 2025) that notice has been issued in one case (**Appendix-4.26**).

An illustrative case is featured below:

In one case⁵⁵, the taxpayer under Nahan-II circle had written off an amount of ₹1.03 crore in the financial statements for the year 2019-20 on account of loss of goods in fire. Though the said stock was claimed to have been burnt, the ITC availed on them was not reversed either in the monthly returns or in the annual returns of the taxpayer. This resulted in non-reversal of ITC amounted to ₹18.58 lakh (worked out at the rate of 18 *per cent* as per rate of maximum purchases of GSTR 2A).

The reply of the Department was awaited (June 2025).

(b) Other observations relating to discharge of tax liabilities where additional records were not provided and only mismatch details through data analysis could be observed are summarised below:

Table 4.3: Mismatches in input tax credit claimed by the taxpayers

Sl. No.	Parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)
1	Excess availment of ITC: ITC availed as per return 3B, table 4A(5) (all other ITC), 4B2 (ITC reversal), table 8C of GSTR9 and ITC available in 2A after excluding reverse charge, net of debit and credit note and mismatches were communicated to the Department. (Appendix-4.27)	40	18	196.36
Department recovered ₹4.84 lakh in one case, issued demand order in two cases for ₹1.04 crore, issued notices in six cases. Explanation was not accepted by Audit in five cases as proper justification and supporting documents were not furnished				
2	Incorrect availment of ITC under Reverse Charge Mechanism (RCM): Tax paid under RCM as per GSTR 3B and availed as per GSTR 9 was compared and mismatches were communicated to the Department. (Appendix-4.28)	12	9	0.14
Department informed that recovery ₹0.47 lakh in two cases was affected and issued notices in two cases. Audit did not accepted explanation in one case as proper justification and supporting documents were not furnished.				

⁵⁵ GSTN -02XXXXXXXXXX2Z8

Sl. No.	Parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)
3	Availment of more ITC than eligible Negative figures in Table 8D of GSTR 9 captures the mismatch between ITC available as shown in GSTR9 table 8A and ITC availed as shown in GSTR9 table 8B after considering subsequent period's adjustment under GSTR9 table 8C. The mismatches were communicated to the Department. (Appendix-4.29)	41	19	237.45
The Department recovered ₹6.46 lakh in two cases, issued demand order in three cases for ₹1.33 crore, issued notices in four cases and two cases are under correspondence with taxpayers. Audit accepted explanation in two cases and explanation was not accepted by Audit in three cases as proper justification and supporting documents were not furnished.				
4	Less reversal in lieu of common inputs for taxable and non-taxable supplies: Reversal was not carried out for exempted/nil rated supply claimed in Table 5D and 5E of GSTR 9. (Appendix-4.30)	16	12	35.42
The Department issued notice in one case. Audit did not accept explanation in one case as proper justification and supporting documents were not furnished. Reply in 15 cases was not furnished.				
5	Non reversal of ITC in lieu of common capital goods utilised for taxable and non-taxable supplies: Reversal was not carried out for exempted/nil rated supply claimed in Table 5D and 5E of GSTR 9. (Appendix-4.31)	9	7	6.16
Notice was issued in one case and reply was not furnished in remaining eight cases.				
6	Non follow up of discrepancies made in GSTR 9C: Discrepancies of positive figures of ₹3.91 crore (GSTR-9C Table 12F) and ₹13.02 crore (GSTR-9C Table 14T) in GSTR 9C and Discrepancies between ITC availed in GSTR 9 as declared in GSTR 9C Table 14S and ITC available in R9 were communicated to the Department. (Appendix-4.32)	12	8	3.91 13.02 51.01
Reply of the department was awaited in all the cases (June 2025).				
7	Excess claim of ITC than available (GSTR 3B vs. GSTR 9): negative figures of ₹25.75 crore in Table 6J of GSTR 9. (Appendix-4.33)	19	13	25.75
Department recovered ₹9.28 lakh in two cases, issued demand order in one case for ₹7.47 lakh, issued notices in two cases and one case is under correspondence with taxpayer.				
8	Availment of ITC on transactions where the suppliers did not discharge tax: ITC as per GSTR 9 Table 8A and ITC availed in GSTR 2A was compared and mismatches were communicated to the Department. (Appendix-4.34)	46	21	121.19
Department recovered ₹5.94 lakh in three cases, issued demand order in one case for ₹4.58 crore, issued notices in nine cases and three cases are under correspondence with taxpayers.				

4.8.4 Discharge of tax liability

The taxable event in case of GST is supply of goods and/or services. Section 9 of the HPGST Act is the charging Section authorising levy and collection of tax called Central/Himachal Pradesh Goods and Services Tax on all intra-State supplies of goods or services or both, except on supply of alcoholic liquor for human consumption, on value determined under Section 15 of the Act *ibid* and at such rates not exceeding 20 *per cent* under each Act, i.e., CGST Act and HPGST Act. Section 5 of the IGST

levies and collection of IGST on interstate supply of goods and services with Central Government with maximum rate of 40 *per cent*.

Under Section 8 of the Goods and Services Tax (Compensation to States) Act, 2017, a cess is levied on all inter-state and intra-state supply of such goods or services or both which are listed in the schedule of the said Act such as tobacco products, aerated drinks, cigarettes, vehicles etc. Section 9(4) of the HPGST Act and Sections 5(3) and 5(4) of the IGST Act provide for reverse charge levy on certain goods or services, wherein the recipient instead of supplier becomes liable to pay tax.

The audit findings in this context are discussed below:

a) Exclusion of supplies

Section 7 of HPGST Act 2017 defines supplies to include all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business. It also includes import of services for a consideration whether or not in the course or furtherance of business. This is an inclusive definition, main elements being (1) supply should be of goods or services, (2) supply has to be made for a consideration, (3) supply has to be made in the course or furtherance of business, (4) supply should be made by a taxable person, (5) supply should be a taxable supply, and (6) supply should be made within the taxable territory. Schedule I specifies certain activities which even made without a consideration shall be treated as supply. Schedule II specifies treatment of certain activities or transactions as either supply of goods or supply of services. Section 8 of HPGST Act 2017 deals with composition and mixed supplies.

(i) Incorrect determination of value of supply

Rule 15 of CGST Act, 2017 provides that the value of supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the supply of such goods or services, where the supplier and recipients are not related and the price is the sole consideration for the supply.

Scrutiny of the financial statements uploaded by two taxpayers under Baddi-I Circle for the years 2018-19 to 2020-21 revealed that the taxpayers had shown sale of fixed assets i.e., plant and machinery of ₹16.74 crore on which GST was liable to be paid at the price determinable under Section 15 *ibid*. The tax liability worked out at the conservative rate of 18 percent amounts to ₹3.01 crore.

The reply of the Department was awaited (June 2025) (**Appendix-4.35**).

(ii) Non/short payment of tax under Reverse Charge Mechanism

As per the provisions of Section 9(3) of HPGST Act, 2017 and Section 5(3) of IGST Act, 2017, the Government may, on the recommendations of the GST Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable

for paying the tax in relation to the supply of such goods or services or both. Further vide notification No. 4/17, 13/17 and 10/17 dated 28-06-2017 notified the goods and services on which reverse charge is to be paid by the recipients of goods and services. Goods Transport Agency (GTA), legal and professional services and director's remuneration fall under the categories of goods and services on which tax is to be paid by recipients under reverse charge mechanism.

Audit observed compliance deficiencies in 14⁵⁶ out of 50 cases across 10 Circles amounting to ₹10.15 crore, due to taxpayers incorrectly discharging tax payments under the Reverse Charge Mechanism leading to short levy of tax.

On this being pointed out (December 2023 to March 2024), the Department stated (June 2025) that notice had been issued in one case and one case is under correspondence with taxpayer (**Appendix-4.36**).

An illustrative case is featured below:

Scrutiny of the financial statements and annual return of taxpayer⁵⁷ under Baddi-IV circle for the period 2018-19 to 2020-21 revealed that the taxpayer has shown freight and legal & professional expenses of ₹53.56 crore on which payment of tax under Reverse Charge Mechanism (RCM) of ₹7.71 crore was required to be paid as per expenses shown in profit and loss account. Audit cross-verified the figures of RCM paid by this taxpayer in GSTR 9 and noticed that taxpayer had paid tax of ₹2.55 crore resulting in short payment of tax under RCM to the tune of ₹5.16 crore.

The reply of the Department was awaited (June 2025).

(iii) Non-levy of Tax under RCM on Director remuneration

As per Notification no. 13/2017 central tax(rate) dated 28th June 2017 services provided by a Director of a company or a body corporate to the said company or body corporate are liable to pay GST under RCM. The rate of tax is applicable @ 18% w.e.f. 1st July 2017. The remuneration paid to Director is not limited to only Director's services as a Director. It also covers the services provided by the Director in any other capacity like consultant, advisor, etc.

Scrutiny of financial statements of two taxpayers of two Circles⁵⁸ for the years 2018-19 to 2020-21 revealed that remuneration of ₹8.43 crore was paid to the Directors on which the tax under RCM at the rate of 18 *per cent* was required to be paid as this remuneration has been shown separately in the profit and loss account and not included under the Head- Salary and Wages. This resulted in non-levy of tax under RCM amounting to ₹1.52 crore.

⁵⁶ Baddi-I: three cases; Baddi-IV: one case; Barotiwal: two cases; Dharampur: one case; Nahan-I: two cases; Nahan-II: one case; Nalagarh-I: one case; Nalagarh-III: one case; Parwanoo-I: one case and Solan-I: one case

⁵⁷ GSTIN-02XXXXXXXXXX2ZN

⁵⁸ Solan-I: one case; Nalagarh-III: one case

On this being pointed out (December 2023 to March 2024), the Department replied (June 2025) that one case is under correspondence with taxpayer. The reply was not furnished in the remaining case (**Appendix-4.37**).

(b) Other observations relating to discharge of tax liabilities where additional records were not provided and only mismatch details through data analysis could be observed:

Table 4.4: Mismatches related to discharge tax liability

Sl. No.	Parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)
1	Undischarged tax liability-Non follow up action: Un-reconciled amount in table 5R, 7G and 9R and Turnover in Table 5Q of GSTR 9C is greater than turnover declared in Table 5N (4N+5M-4G) of GSTR 9. (Appendix-4.38)	16	11	190.76
		4	4	6.52
Department issued notices in five cases and reply was not furnished in remaining cases.				
2	Incorrect discharging of tax liability (GSTR-9 Table 9 vs Table 4): Tax liability as per greatest of GSTR1 and GSTR9 was compared with tax payments in GSTR9 (Table 9+14-4G). (Appendix-4.39)	26	16	28.22
Department recovered ₹29.72 lakh in two cases, issued demand order in one case for ₹ 0.27 lakh, issued notice in one case and two cases are under correspondence with taxpayers. Explanation was not accepted by audit in two cases as proper justification and supporting documents were not furnished.				
3	Short declaration of taxable value (TDS/TCS credit): The taxable value of outward taxable supplies (other than zero rated, nil rated and exempted) in GSTR 3B was compared with net value of TDS credit (₹0.12 crore) reported in table 7 of GSTR 2A and mismatch was communicated to the Department.	1	1	6.02
The reply was not furnished in the case (June 2025).				
4	Short declaration of unbilled revenue: The unbilled revenue declared in table 5H of GSTR9C at the end of the previous years was compared with the unbilled revenue in table 5B of GSTR9C at the beginning of the following years and mismatch was communicated to the Department. (Appendix-4.40)	2	2	9.62
The Department did not furnish reply in any case (June 2025).				
5	Short payment of tax under Reverse Charge Mechanism: The taxable value under RCM in GSTR2A table 4 (sum of all transactions where supplies under RCM is shown as “Y”) was compared with taxable value in GSTR3B table 3.1(d) and mismatches were communicated to the Department. (Appendix-4.41)	8	8	0.12
The Department did not furnish reply (June 2025)				
6	Mismatch between value of credit notes and taxable value: Credit notes of ₹56.02 crore were issued wherein taxable value of credit note of ₹1.48 crore and taxes of ₹16.18 lakh was shown. Thus, there was difference of ₹54.38 crore between the taxable value declared in the credit note and the value determined from taxable value and taxes shown in the said credit notes. (Appendix-4.42)	2	2	5.84
On this being pointed out (December 2023 to March 2024), the Department replied (June 2025) that notice has been issued in one case.				

Sl. No.	Parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)
7	Mismatch between invoice value and taxable value: Against the invoice value of ₹101.55 crore, the taxable value was shown ₹70.84 crore and tax element was shown ₹12.74 crore resulting in mismatch of ₹17.95 crore between invoice value and taxable value. (Appendix-4.43)	1	1	2.73
On this being pointed out (December 2023 to March 2024), the Department replied (June 2025) that notice has been issued.				

Recommendation 7:

Department may urgently pursue the 207 deviations identified through data analysis where replies were not furnished. Department may also initiate remedial measures for all other mismatches and compliance deficiencies pointed out in this report.

4.9 Conclusion

The Subject Specific Compliance Audit (SSCA) on Department Oversight on GST Payments and Return Filing (Phase-II) was undertaken with the objectives of assessing the adequacy of the system in monitoring return filing and tax payments, extent of compliance and Departmental oversight functions.

This SSCA was predominantly based on data analysis, which highlighted risk areas, red flags and in some cases, rule-based deviations and logical inconsistencies in GST returns filed during the periods from 2018-19 to 2020-21. The SSCA entailed assessing the oversight functions of State jurisdictional formations at two levels – at the data level through data queries and at the functional level with a deeper detailed audit of both Circles and of the GST returns, which involved accessing taxpayer records.

The audit sample therefore comprised 348 taxpayer's sample data with high value inconsistencies across 16 parameters selected through data queries for *Centralised Audit* and 50 taxpayer's sample data with high value inconsistencies selected on risk assessment for *Detailed Audit* of GST returns for three years.

A review of the 10 Circles disclosed that Circle's compliance to essential oversight functions, such as monitoring of returns filing, delay in issuing orders against show cause notices, scrutiny of returns, audit, taxpayers' compliance and cancellation of registration was inadequate.

In Centralised Audit, 627 high value data inconsistencies were pursued, with revenue implication of ₹7671.67 crore. Relatively higher rates of deviations were noticed in non-payment of interest, cases where there was a mismatch between ITC available in GSTR-2A and ITC availed through GSTR-3B, suppression of taxable value (E-Way Bill), undisclosed taxable turnover (Table 7G) etc.

Detailed Audit of GST returns also suggested significant non-compliance. Certain essential records such as supplementary financial ledgers, invoices, agreement copies etc. were not produced in 29 cases which resulted in scope limitation. The main deficiencies noticed were mismatch of ITC between GSTR-3B and GSTR-2A and mismatch of tax liability admitted in GSTR-1/GSTR-9 and tax paid shown in GSTR-9.

Considering the compliance deficiencies, pointed out in this report, the Department needs to reinforce the institutional mechanism in the field formations to establish and maintain effective oversight on return filing, taxpayer compliance, tax payments, cancellation of registrations and recovery of dues from defaulters.

4.10 Recommendations:

The Department may

- R-13. Establish a monitoring mechanism for prompt follow up of notices issued for non-filing and late-filing of GST returns and maintaining proper records of compliance.*
- R-14. Institute a mechanism for timely scrutiny of returns under Section 61 and implement internal audit of registered taxpayers under Section 65 of the Act as a regular, risk-based function. Develop annual audit plans, maintain audit trails, and monitor follow-up actions on audit findings to ensure accountability.*
- R-15. Develop a mechanism for tracking cases where DRC-07 has been issued. Mandate periodic reporting from field officers on recovery progress and enforce timely initiation of recovery proceedings under Section 79 in cases of non-compliance.*
- R-16. Install system-based validation checks to prevent cancellation dates from preceding application dates. Track pendency of cancellation applications and final return (GSTR-10) filing, and initiate enforcement action in cases of default.*
- R-17. Monitor and enforce filing of Form ITC-03 by taxpayers opting for the Composition Scheme. Circles must be sensitised to identify such cases and ensuring reversal of ITC within 180 days as mandated.*
- R-18. Develop and enforce a protocol for timely issuance of orders against SCNs under Section 73 to avoid loss of revenue due to expiry of limitation periods and integrate this protocol within the Department's MIS system.*
- R-19. Urgently pursue the 207 deviations identified through data analysis where replies were not furnished. Department may also initiate remedial measures for all other mismatches and compliance deficiencies pointed out in this report.*

Chapter-V
**Financial Performance of State Public
Sector Enterprises (SPSEs)**

Chapter V - Financial Performance of State Public Sector Enterprises (SPSEs)

5.1 Summary of Financial Performance of State Public Sector Enterprises

5.1.1 Introduction

5.1.1.1 Purpose of the Report

This Section of the Report discusses “the financial performance of Government Companies (GCs), Statutory Corporations (SCs) and Government Controlled Other Companies (GCOCs)”.

5.1.1.2 Definition of Government Companies/Corporation

A Government Company is defined in Section 2(45) of the Companies Act, 2013 as a company in which not less than 51 *per cent* of the paid-up share capital is held by Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary of a Government Company.

Besides, any other company¹ owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Government Controlled Other Companies.

5.1.1.3 Mandate of Audit

Audit of Government Companies and Government Controlled Other Companies is conducted by the Comptroller and Auditor General of India (C&AG) under the provisions of Section 143(5) to 143(7) of the Companies Act 2013, read with Section 19 of the CAG's (Duties, Powers and Conditions of Service) Act 1971 and the Regulations made thereunder. Under the Companies Act, 2013, the CAG appoints Chartered Accountants as Statutory Auditors for Companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has the right to conduct a supplementary audit of the Company's financial statements. The statutes governing some Statutory Corporations require their accounts to be audited only by CAG.

5.1.1.4 SPSEs and their contribution to the GSDP of the State

SPSEs consist of State Government Companies, GCOCs and Statutory Corporations. SPSEs are established to carry out activities of commercial nature keeping in view the welfare of people and occupies an important place in the State economy. As on 31 March 2023, there were 30 SPSEs in Himachal Pradesh under the jurisdiction of CAG. These include two² statutory Corporations, 24 Government Companies

¹ Companies (Removal of Difficulties) Seventh Order, 2014 issued by Ministry of Corporate Affairs vide Gazette Notification dated 4 September 2014.

² Himachal Pradesh Financial Corporation and Himachal Road Transport Corporation.

(including three inactive³ government companies) and four⁴ Government Controlled Other Companies. The names of these SPSEs are given in **Appendix 5.1**.

There are three inactive SPSEs (including one under liquidation) in the State. These inactive SPSEs have investment of ₹79.79 crore, which includes Equity/capital investment of ₹19.64 crore (State Government: ₹17.75 crore and others: ₹1.89 crore) and State Government long-term loans of ₹60.15 crore. This is a critical area as the investments in inactive SPSEs do not contribute to the economic growth of the State.

A ratio of turnover of SPSEs to the Gross State Domestic Product (GSDP) shows the extent of activities of these SPSEs in the State economy. The details of turnover of working SPSEs are given in **Appendix 5.2**. Turnover of working SPSEs and its ratio to GSDP for a period of three years ending 31 March 2023 are given in **Table 5.1**.

Table 5.1: Details of turnover of SPSEs vis-a-vis GSDP of Himachal Pradesh
(₹ in crore)

Particulars	2020-21	2021-22	2022-23
Turnover			
Power sector SPSEs	6,758.43	6,732.16	7,335.16
Services sector SPSEs	2,805.45	2,427.27	2,792.67
Other SPSEs	495.51	473.46	529.30
Total	10,059.39	9,632.89	10,657.13
GSDP of Himachal Pradesh	1,55,251	1,76,269	1,95,404
Percentage of Turnover to GSDP of Himachal Pradesh			
Power sector SPSEs	4.35	3.82	3.75
Services sector SPSEs	1.81	1.38	1.43
Other SPSEs	0.32	0.27	0.27
Total	6.48	5.47	5.45

Source: Compilation based on turnover figures of SPSEs as per their latest finalised accounts and GSDP figures supplied by Government of Himachal Pradesh.

The contribution of SPSEs to the GSDP of Himachal Pradesh shows a declining trend from 2020-21 to 2022-23 and reduced marginally from 5.47 per cent in 2021-22 to 5.45 per cent in 2022-23. The contribution of Power sector SPSEs to the GSDP was 3.75 per cent while Services Sector SPSEs contributed 1.43 per cent during the year 2022-23.

Contribution to the GSDP by other Sector SPSEs, though was minimal over the past three years (from 0.32 to 0.27 per cent) but these SPSEs had staff strength of 1,794 employees (permanent/ deputation/ contract basis) including staff in district offices. As on 31 March 2023, State Government investment in these SPSEs was ₹350.83 crore (equity: ₹276.21 crore and long term loans: ₹74.62 crore). In addition, ₹118.74 crore of grants and subsidies were provided to three⁵ of these SPSEs by the Government of Himachal Pradesh (GoHP) during the period 2020-21 to 2022-23.

³ Inactive SPSEs are those which have ceased to carry out their operations.

⁴ Dharamshala Smart City Limited, Himachal Consultancy Organisation Limited, Shimla Jal Prabandhan Nigam Limited and Himachal Pradesh Power Corporation Limited.

⁵ Dharamshala Smart City Limited: ₹ five crore, Himachal Pradesh Road & Other Infrastructure Development Corporation Limited: ₹ 110.00 crore and Shimla Smart City Limited: ₹ 3.74 crore.

5.1.2 Investment in Government Companies and Corporation and Budgetary Support

5.1.2.1 Equity holding in SPSEs

The sector wise Total Equity and Equity Contribution by State Government in 27 working SPSEs as on 31 March 2023 is given below in **Table 5.2**.

Table 5.2: Sector-wise equity holding in SPSEs

(₹ in crore)

Name of Sector	Sectoral Equity	State Government Equity	Percentage of State equity to Total Equity
Power Sector SPSEs	4,073.35	2,346.72	42
Services Sector SPSEs	1,275.20	1,259.00	22
Other SPSEs	292.56	276.21	5
Total Equity	5,641.11	3,881.93	69

Source: Information provided by the SPSEs.

As seen from the above, the thrust of SPSEs' equity was mainly on power sector, which had received as much as 42 *per cent* (₹2,346.72 crore) of the total equity of ₹5,641.11 crore as on 31 March 2023. The State Government share was 69 *per cent* (₹3,881.93 crore) of total equity of ₹5,641.11 crore (details for all SPSEs are in **Appendix 5.3**).

5.1.2.2 Loans given to SPSEs

The sector wise Total loans and Loans given by the State Government in 27 working SPSEs as on 31 March 2023 is given below in **Table 5.3**.

Table 5.3: Sector-wise loans given to SPSEs

(₹ in crore)

Name of Sector	Sectoral Loan	State Government Loan	Percentage of Total Loan
Power Sector SPSEs	12,524.64	7,648.65	60
Services Sector SPSEs	161.29	0.00	0
Other SPSEs	159.53	74.62	1
Total Loans	12,845.46	7,723.27	60

Source: Information provided by the SPSEs.

As seen from the above, the thrust of SPSEs' loan was mainly on power sector which had received as much as 60 *per cent* (₹7,648.65 crore) of total loans of ₹12,845.46 crore as on 31 March 2023. The State Government's share was 60 *per cent* (₹7,723.27 crore) of total loan of ₹12,845.46 crore as depicted in **Table 5.3** (details for all SPSEs are provided in **Appendix 5.3**).

5.1.2.3 Adequacy of Assets

Ratio of total debt/loans to total assets is one of the methods used to determine whether a Company can stay solvent. To be considered solvent, the value of an entity's assets must be greater than the sum of its loans/debts. The coverage of long-term loans by value of total assets in working SPSEs (which had outstanding loans) as per their latest finalised accounts as on 30 September 2023 is given in **Table 5.4**.

Table 5.4: Coverage of long-term loans with total assets as per latest finalised accounts of SPSEs as of 30 September 2023

Sector of SPSEs	No. of SPSEs	Assets	Long-term loans	Ratio of Assets to Long-term loans
		(₹ in crore)		
Power Sector SPSEs	4	24,753.59	9,933.62	2.49:1
Service Sector SPSEs	1	923.84	18.02	51.27:1
Other Sector SPSEs	6	800.16	222.46	3.60:1
Total	11	26,477.59	10,174.10	2.60:1

Source: Compiled based on accounts finalised by SPSEs.

As seen from the above, the value of assets in respect of working SPSEs was greater than the sum of their loans/debts as per their latest finalised accounts.

5.1.2.4 Market Capitalisation of equity investment in SPSEs

Market Capitalisation represents market value of shares of companies which are listed. The Himachal Pradesh State Electricity Board Limited is the only listed Government Company on the Stock Exchange. Its debts are listed on the Bombay Stock Exchange (BSE).

5.1.2.5 Information on Subsidy and Grant by Central Government/State Government

The Government of Himachal Pradesh (GoHP) and Government of India (GOI) provide financial support to SPSEs in various forms through annual budget from time to time. The summarised details of budgetary outgo towards grants/ subsidies in respect of SPSEs during the last three years ending 31 March 2023 are given in **Table 5.5** (details for all SPSEs are provided in **Appendix 5.4**).

Table 5.5: Details of Subsidy/Grant by Central Government/State Government to SPSEs
(₹ in crore)

Particulars	2020-21				2021-22				2022-23			
	No. of SPSEs		Amount		No. of SPSEs		Amount		No. of SPSEs		Amount	
	GOI	GoHP	GOI	GoHP	GOI	GoHP	GOI	GoHP	GOI	GoHP	GOI	GoHP
Grants/ Subsidies provided	4	9	79.01	983.68	5	10	90.29	885.32	3	9	436.17	1,147.14
Total Outgo	4	9	79.01	983.68	5	10	90.29	885.32	3	9	436.17	1,147.14

Source: Compiled based on information received from SPSEs.

During the year 2022-23, a major portion of grants/subsidies was provided by the State Government to Himachal Road Transport Corporation (₹537.50 crore⁶), Himachal Pradesh Kaushal Vikas Nigam⁷ (₹166.83 crore), Himachal Pradesh Road & Other Infrastructure Development Corporation Limited (₹110.00 crore) and Himachal Pradesh State Civil Supplies Corporation Limited (₹273.13 crore⁸).

5.1.2.6 Disinvestment, Restructuring and Privatisation

During the year 2022-23, there was no case of disinvestment/ restructuring and privatisation of working as well as inactive SPSEs.

⁶ Grant for reimbursement of cost of free/concessional travel allowed to various categories of population in the Himachal Pradesh.

⁷ For Skill Development.

⁸ For NFSA, BPL Scheme and for State subsidised items (i.e., pulses, edible oil and salt).

5.1.3 Returns from Government Companies and Corporations

5.1.3.1 Profit earned by SPSEs

Out of 27 working SPSEs, the number of SPSEs that earned profit was 13 (details of SPSEs are provided in **Appendix 5.7**) in 2022-23 as compared to 10 SPSEs in 2021-22. The profit earned however, decreased to ₹20.21 crore in 2022-23 from ₹21.47 crore in 2021-22. The top three SPSEs which contributed maximum profit are summarised in **Table 5.6**.

Table 5.6: Top three SPSEs which contributed maximum profit

Name of SPSEs	Net Profit (₹ in crore)	Percentage of profit to total profit of the three SPSEs
Himachal Pradesh State Industrial Development Corporation Limited	7.68	38.00
Himachal Pradesh General Industries Corporation Limited	3.44	17.02
Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	2.89	14.30
Total	14.01	69.32

Source: Latest Financial Statements of SPSEs.

The above-mentioned three SPSEs alone had contributed (₹14.01 crore) as much as 69.32 per cent of the total profit (₹20.21 crore) earned by 13 SPSEs.

Net profit ratio⁹ of SPSEs is depicted in **Table 5.7**.

Table 5.7: Net Profit ratio of SPSEs

Sector	Net Profit (₹ in crore)	Turnover (₹ in crore)	Net Profit ratio (in per cent)
Power sector SPSEs	(-) 461.52	7,335.16	-
Services sector SPSEs	(-) 132.30	2,792.67	-
Other SPSEs	18.53	1,073.27	1.73
Total	-575.29	11,201.10	

Source: Latest Financial Statements of SPSEs.

5.1.3.2 Dividend Paid by SPSEs

The Thirteenth Finance Commission had recommended (December 2009) that a minimum dividend of five per cent on government equity should be paid by all enterprises. The State Government adopted the recommendations and directed (July 2011) all its SPSEs (except those in welfare utility sector) to pay a minimum return of five per cent on the fund invested by the State Government, subject to a ceiling of 50 per cent profit after tax. The dividend paid by SPSEs is shown in **Table 5.8**.

Table 5.8: Dividend Paid by SPSEs

Year	Particulars	SPSEs which declared dividend		Paid up Capital	Net Profit	Dividend declared
		Number	Name			
2020-21	Power Sector SPSEs	-		-	-	-
	Service Sector SPSEs	1	Himachal Pradesh State Civil Supplies Corporation Limited	3.51	1.18	0.35
	Other SPSEs	2	Himachal Pradesh State Industrial Development Corporation	30.82	9.69	1.54

⁹ Net Profit/Turnover*100

Year	Particulars	SPSEs which declared dividend		Paid up Capital	Net Profit	Dividend declared
		Number	Name			
			Himachal Pradesh General Industries Corporation Limited	7.16	5.06	0.36
	Total	3		41.49	15.93	2.25
2021-22	Power Sector SPSEs	-		-	-	-
	Service Sector SPSEs	1	Himachal Pradesh State Civil Supplies Corporation Limited	3.51	1.18	0.35
	Other SPSEs	1	Himachal Pradesh General Industries Corporation Limited	7.16	3.36	0.36
	Total	2		10.67	4.54	0.71
2022-23	Power Sector SPSEs	-		-	-	-
	Service Sector SPSEs	-		-	-	-
	Other SPSEs	1	Himachal Pradesh General Industries Corporation Limited	7.16	3.44	0.36
	Total	1		7.16	3.44	0.36

Source: Latest Financial Statements of SPSEs.

During 2022-23, out of 13 SPSEs which earned profit as per their latest finalised accounts, only one SPSE (Himachal Pradesh General Industries Corporation Limited) declared dividend, four SPSEs¹⁰ were not required to declare dividend and eight SPSEs¹¹ which earned aggregate profit of ₹14.88 crore had not declared/paid dividend.

5.1.4 Debt servicing and legal compliances

5.1.4.1 Information on debt repayment and secretarial compliances for new debts secured and unsecured

No repayment of debt was made during the period 2020-23 by the seven SPSEs having outstanding debts of ₹1,979.73 crore as on 30 September 2023. Another seven SPSEs have made debt repayments of ₹838.32 crore during 2020-23 out of their outstanding debt of ₹8,194.37 crore as detailed in **Appendix 5.5**.

As per Section 77 (1) of the Companies Act 2013, it shall be the duty of every company creating a charge within or outside India, on its property or assets or any of its undertakings, whether tangible or otherwise, and situated in or outside India, to register the particulars of the charge signed by the company and the charge-holder together with the instruments, if any, creating such charge in such form, on payment of such fees and in such manner as may be prescribed, with the Registrar within thirty days of its creation. Section 2 (16) of the Act defines charge as an interest or *lien* created on the property or assets of a company or any of its undertakings or both as security and includes a mortgage.

¹⁰ (i) Himachal Backward Classes Finance and Development Corporation, (ii) Himachal Pradesh Mahila Vikas Nigam (iii) Himachal Pradesh Kaushal Vikas Nigam and (iv) Himachal Consultancy Organisation Limited.

¹¹ (i) Himachal Pradesh State Civil Supply Corporation Limited, (ii) Himachal Pradesh State Industrial Development Corporation Limited, (iii) Himachal Pradesh State Forest Development Corporation Limited, (iv) Himachal Pradesh Handicrafts and Handlooms Corporation Limited (v) Himachal Pradesh State Electronics Corporation Limited, (vi) Himachal Pradesh Agro Industries Corporation Limited, (vii) Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited and (viii) Himachal Pradesh Road & Other Infrastructure Development Corporation Limited.

Out of 14 SPSEs having total outstanding debt of ₹10,174.10 crore at the end of March 2023 as per their latest finalised accounts, eight SPSEs¹² got the charge of their debts registered with the Registrar of Companies and four SPSEs¹³ did not register their charges with the Registrar of Companies as required under the provisions of the Companies Act. Registration of charge was not applicable to Himachal Road Transport Corporation and Himachal Pradesh Financial Corporation as both being statutory corporations.

5.1.4.2 Interest Coverage Ratio

Interest Coverage Ratio is used to determine the ability of a Company to pay interest on outstanding debt and is calculated by dividing a company's Earnings before Interest and Taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser will be the ability of the company to pay interest on debt. An interest coverage ratio of below one indicates that the Company was not generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio in SPSEs which had interest burden are given below in **Table 5.9**.

Table 5.9: Interest coverage ratio of SPSEs

Year	Particulars	Interest (₹ in crore)	Earnings before interest and tax (EBIT) (₹ in crore)	Number of SPSEs having liability of loans from Government and other financial institutions	Number of companies having interest coverage ratio more than one	Number of companies having interest coverage ratio less than one
2020-21	Power sector SPSEs	617.06	270.45	3	0	3
	Services sector SPSEs	16.44	-118.88	4	3	1
	Other SPSEs	13.14	13.08	7	3	4
	Total	646.64	164.65	14	6	8
2021-22	Power sector SPSEs	717.54	271.92	3	0	3
	Services sector SPSEs	9.70	-29.62	4	2	2
	Other SPSEs	12.58	28.98	7	3	4
	Total	739.82	271.28	14	5	9
2022-23	Power sector SPSEs	792.22	330.70	3	0	3
	Services sector SPSEs	6.33	-124.89	4	2	2
	Other SPSEs	12.31	26.76	7	5	2
	Total	810.86	232.57	14	7	7

Source: Latest financial statement of SPSEs.

5.1.4.3 Servicing of interest charges and repayment of principle

Out of 14 SPSEs having outstanding debts, seven SPSEs have made repayment of principal amount to the tune of ₹1,110.38 crore during the period 2020-23. Further, 11 SPSEs made payment of interest charges amounting to ₹2,582.82 crore during the

¹² Himachal Pradesh Horticulture Produce Marketing and Processing Corporation Limited, Himachal Pradesh General Industries Corporation Limited, Beas Valley Power Corporation Limited, Himachal Pradesh Forest Development Corporation Limited, Himachal Pradesh State Electronics Development Corporation Limited, Himachal Pradesh State Electricity Board limited, Himachal Pradesh Power Transmission Corporation limited, Himachal Pradesh Power Corporation Limited.

¹³ Himachal Pradesh Agro Industries Corporation Limited, Himachal Backward Classes Finance & Development Corporation, Himachal Pradesh Minorities Finance & Development Corporation and Ropeways and Rapid Transport System Development Corporation HP Limited.

period 2020-23 as detailed in the **Appendix 5.6**. The overall debt service ratio¹⁴ of these SPSEs was 0.33 and the ratio ranged between 27.62 (Himachal Pradesh General Industries Corporation) and -8.71 (Himachal Pradesh Agro Industries Corporation Limited) for the accounts finalised during the period 2020-23.

5.1.4.4 Age-wise analysis of interest outstanding/principal due but not repaid

Interest liability of ₹3,268.81 crore had accrued on the long-term loans provided by the State Government in respect of three power sector SPSEs (except Beas Valley Power Corporation Limited) as per latest finalised accounts as on 30 September 2023. The SPSEs (Other than Power Sector) were not analysed due to insignificant amount of loans provided by the State Government to these SPSEs. The age-wise analysis of interest accrued on State Government loans in Power Sector SPSEs is given in **Table 5.10**.

Table 5.10: Outstanding interest on State Government loans

(₹ in crore)

Sr. No.	Name of SPSEs	Outstanding interest on State Government Loans	Interest on State Government loans outstanding for less than one year	Interest on State Government loans outstanding for more than one year
1	HPSEBL	430.56	227.78	202.78
2	HPPCL	2,203.26	242.96	1,960.30
3	HPPTCL	634.99	22.79	612.20
	Total	3,268.81	493.53	2,775.28

Source: Information as per latest finalised accounts of Power Sector SPSEs and provided by the SPSEs.

From the above, it can be seen that interest accrued amounting to ₹3,268.81 crore was pending for payment as on 31 March 2023, out of which interest of ₹2,775.28 crore was outstanding for more than one year.

5.1.5 Operating efficiency of Government Companies

5.1.5.1 Profit earned (analysis of profit reported from operating activities/other income)

Out of 13 SPSEs which earned profit as per their latest finalised accounts, only one SPSE viz., Himachal Backward Classes Finance & Development Corporation earned profit exclusively from operating activities and one SPSE viz., Himachal Pradesh Mahila Vikas Nigam earned profit exclusively from other income¹⁵. In the remaining 11 SPSEs, the share of profit out of operating activities ranged between 66.67 *per cent* and 0.03 *per cent* as detailed in **Appendix 5.7**.

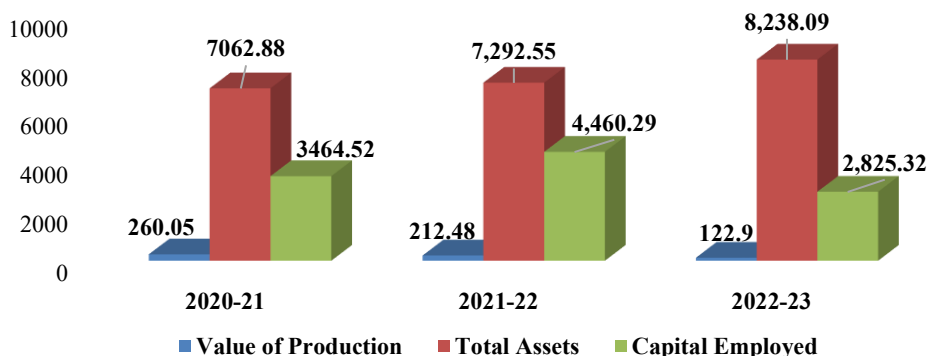
5.1.5.2 Value of production

The summary indicating value of production, total assets and capital employed of those SPSEs who have worked out value of production, over a period of three years is depicted in the **Chart 5.1**. Value of total assets increased over the years, value of production decreased from 2020-21 to 2022-23. Though Capital Employed showed mixed trend, it was lowest during 2022-23.

¹⁴ The debt service ratio has been calculated by dividing the Net profit before Interest and Tax by the sum of repayment of Principal and payment of interest charges.

¹⁵ Interest income, rental income & other miscellaneous income.

Chart 5.1: Value of Production, Assets and Capital Employed



The details of various SPSE wise value of production, total assets and capital employed during 2020-21 to 2022-23 are given in **Table 5.11**.

Table 5.11: SPSEs wise value of production, total assets and capital employed during 2020-21 to 2022-23 as per their finalised accounts as of 30 September of each year

Name of SPSEs/year of account finalised	Value of Production in Crores	Total Assets	Capital Employed
2020-21			
Himachal Pradesh Agro Industries Corporation Limited (2019-20)	2.22	38.80	16.38
Himachal Pradesh Handicrafts & Handloom Corporation Limited (2018-19)	0.57	22.95	-4.72
Himachal Pradesh General Industries Corporation Limited (2019-20)	55.85	62.04	47.58
Himachal Pradesh Power Corporation Limited (2018-19)	188.33	6,786.49	3,391.52
Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited (2019-20)	13.08	152.60	13.76
Total	260.05	7,062.88	3,464.52
2021-22			
Himachal Pradesh Agro Industries Corporation Limited (2019-20)	2.22	38.80	16.38
Himachal Pradesh Handicrafts & Handloom Corporation Limited (2019-20)	0.38	24.98	-4.18
Himachal Pradesh General Industries Corporation Limited (2020-21)	54.32	67.37	50.59
Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited (2020-21)	9.79	154.06	12.11
Himachal Pradesh Power Corporation Limited (2019-20)	145.77	7,007.34	4,385.39
Total	212.48	7,292.55	4,460.29
2022-23			
Himachal Pradesh Agro Industries Corporation Limited (2021-22)	1.27	42.27	18.59
Himachal Pradesh Power Corporation Limited (2020-21)	121.63	8,195.82	2,806.73
Total	122.9	8,238.09	2,825.32

5.1.5.3 Return on Capital employed

Return on Capital Employed (RoCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed. RoCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed¹⁶. The detail of RoCE during the period from 2020-21 to 2022-23 is given in **Table 5.12**.

¹⁶ Capital employed = Paid up share capital + Free reserves and surplus + Long term loans – Accumulated losses - Deferred revenue expenditure.

Table 5.12: Return on Capital Employed

Year	Particulars	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (Per cent)
2020-21	Power Sector SPSEs	270.45	11,791.00	2.29
	Service sector SPSEs	-104.61	-543.76	0
	Other SPSEs	13.03	203.26	6.40
	Total	178.87	11,450.50	1.56
2021-22	Power Sector SPSEs	271.92	12941.45	2.10
	Service sector SPSEs	-15.35	-561.40	0
	Other SPSEs	28.93	218.15	13.26
	Total	285.50	12,598.20	2.27
2022-23	Power Sector SPSEs	330.70	11,057.96	2.99
	Service sector SPSEs	-110.62	-574.42	0
	Other SPSEs	26.71	224.80	11.88
	Total	246.79	10,708.34	2.30

Source: Latest financial statement of SPSEs.

It was observed that RoCE was positive during 2020-21 to 2022-23 for all the three categories of SPSEs. However, RoCE increased in 2022-23 as compared to 2021-22 due to decrease in capital employed.

5.1.5.4 Rate of real return on Government investment (RoRR)

In order to bring the historical cost of investments to its present value at the end of each year up to 31 March 2023, the past investments / year-wise funds infused by the GoHP in the SPSEs have been compounded at the year-wise average rate of interest on Government borrowings which is considered as the minimum cost of funds to the Government, for the concerned year. Therefore, present value of the State Government investment was computed where funds had been infused by the State Government in the shape of equity, interest free loans and grants/subsidies for operational and administrative expenses (O&AE), if any, less disinvestments since inception of these Companies till 31 March 2023.

The present value of the State Government investment in SPSEs was computed on the basis of the following assumptions:

- Interest free loans have been considered as investment infusion by the State Government. Further, in those cases where interest free loans given to the SPSEs were later converted into equity, the amount of loan converted into equity has been deducted from the amount of interest free loans and added to the equity of that year.
- The average rate of interest on Government borrowings for the concerned financial year¹⁷ was adopted as compounded rate for arriving at the Present Value since these represent the cost incurred by the Government towards investment of funds for the year and therefore is considered as the minimum expected rate of return on investments made by the Government.
- Disinvestment has been deducted while calculating total investment at the end of the year.

¹⁷ Calculation for the average rate for interest paid = Interest Payment / [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100.

SPSE-wise position of State Government investment in 26 SPSEs (other than GCOCs) in the form of equity and interest free loan (IFL) on historical cost basis from the period 1999-2000 to 2022-23 have been given in **Appendix 5.8**. The consolidated position of present value of the State Government investment and total earnings relating to 26 SPSEs for the same period is indicated below in **Table 5.13**.

Table 5.13: Year-wise details of investment by the State Government and present value (PV) of Government funds from 1999-2000 to 2022-23

(₹ in crore)

Year	Present value of total investment at the beginning of the year	Equity infused by the State Government during the year	Net Interest free loans given by the State Government during the year (IFL)	Interest free loans converted into equity during the year	Grants/subsidies given by State Government for operational and administrative expenditure (O&AE)	Disinvestment by the State Government during the year at face value	Total investment during the year	Total investment at the end of the year	Weighted Average rate of interest on Government borrowings (in per cent)	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings for the year	Return on Investment
A	B	C	D	E	F	G	H	I	J	K	L	M	N
							H=C+D+E+F-G	I=B+H		K=I*(1+J/100)	L=K-I		N=M/K*100
Up-to 1999-2000	0.00	300.04	0.49	0.00	0.00	0.00	300.53	300.53	8.83	327.07	26.54	0.00	-
2000-01	327.07	32.48	1.51	0	0	0	33.99	361.06	10.15	397.70	36.65	-49.50	-
2001-02	397.70	13.01	0	0	0	0	13.01	410.71	11.06	456.14	45.42	-36.70	-
2002-03	456.14	12.43	0	0	0	0	12.43	468.57	10.37	517.16	48.59	-29.19	-
2003-04	517.16	28.6	0	0	0	0	28.6	545.76	10.98	605.68	59.92	-31.10	-
2004-05	605.68	16.06	0	0	0	0	16.06	621.74	10.6	687.65	65.90	-43.44	-
2005-06	687.65	13.59	0.15	0	0	0	13.74	701.39	9.2	765.92	64.53	-30.72	-
2006-07	765.92	14.3	0	0	0	0	14.3	780.22	9.4	853.56	73.34	-62.08	-
2007-08	853.56	118.42	2.25	0	0	0	120.67	974.23	9.09	1062.78	88.56	-46.66	-
2008-09	1062.78	306.29	-0.1	0	0	0	306.19	1368.97	9.19	1494.78	125.81	-33.88	-
2009-10	1494.78	405.28	0	0	0	0	405.28	1900.06	8.59	2063.28	163.22	-55.92	-
2010-11	2063.28	566.89	0	0	0	0	566.89	2630.17	7.78	2834.80	204.63	-190.77	-
2011-12	2834.80	124.99	9.5	0	0	645.85	-511.36	2323.44	7.8	2504.66	181.23	-224.68	-
2012-13	2504.66	303.72	5	0	0	0	308.72	2813.38	8.08	3040.70	227.32	-404.40	-
2013-14	3040.70	287.24	2.54	0	0	0	289.78	3330.48	7.71	3587.27	256.78	-625.17	-
2014-15	3587.27	339.21	14.54	0	0	550	-196.25	3391.02	7.91	3659.24	268.23	-455.69	-
2015-16	3659.24	217.3	3.55	0	0	0	220.85	3880.09	8.37	4204.86	324.76	-332.71	-
2016-17	4204.86	250.82	6.52	0	0	0	257.34	4462.20	8.13	4824.98	362.78	-105.47	-
2017-18	4824.98	233.67	8	0	0	0	241.67	5066.65	8.41	5492.75	426.10	-123.81	-
2018-19	5492.75	313.9	10	0	0	0	323.9	5816.65	8.32	6300.60	483.95	-183.99	-
2019-20	6300.60	335.91	0	0	114.89	0	450.8	6751.40	7.98	7290.16	538.76	-270.79	-
2020-21	7290.16	263.25	0.9	0	236.84	0	500.99	7791.15	7.59	8382.49	591.35	-480.93	-
2021-22	8382.49	272.12	0	0	153.33	0	425.45	8807.94	7.33	9453.57	645.62	-467.18	-
2022-23	9453.57	305.35	-2.83	0	110.12	0	412.64	9866.21	6.74	10531.19	664.98	-575.29	-
Total	5,074.87	62.02	0.00	0.00	615.18	1,195.85	4,556.22						-

Source: Statistical information received from SPSEs.

The balance of the investment by the State Government in the SPSEs at the end of the year 2022-23 increased to ₹9,866.21 crore from ₹300.53 crore at the end of 1999-2000. The State Government made further investment in the shape of equity (₹5,074.87 crore) and grants/subsidies for O&AE (₹615.18 crore) during the period between 2000-01 and 2022-23. The present value of funds infused by the State Government up to 31 March 2023 amounted to ₹10,531.19 crore. During the years 2000-01 to 2022-23, total earnings remained below the minimum expected return to recover the cost of funds infused in these SPSEs.

5.1.5.5 Return on investment in SPSEs

Thirteen out of 27 SPSEs earned a profit of ₹20.21 crore and eight SPSEs incurred a loss of ₹604.94 crore as per their latest finalised accounts as of 30 September 2023. The return on Investment for year 2022-23 is 14.65 (*per cent*). One SPSE¹⁸ has not prepared its first account and five SPSEs had no profit no loss.

The two Government Companies which contributed maximum profit as per their latest finalised accounts as of 30 September 2023 are summarised in **Table 5.14**.

Table 5.14: Top two Government Companies which contributed maximum profit as per their latest finalised accounts as of 30 September 2023

Sr. No.	Name of profit earning SPSEs	Net profit earned (₹ in crore)	Percentage to total profit making SPSEs' as per latest finalised accounts
1	Himachal Pradesh State Industrial Development Corporation Limited	7.68	38
2	Himachal Pradesh General Industries Corporation Limited	3.44	17.02
Total		11.12	55.02

Source: Compiled based on Annual Financial Statement of the SPSEs till 30 September 2023.

5.1.5.6 Return on Equity for SPSEs

Return on Equity¹⁹ (RoE) is a measure of financial performance to assess how effectively a company's assets are being used to create profit. RoE is calculated by dividing net income (*i.e.*, net profit after taxes) by shareholders' fund. It is expressed as a percentage and can be calculated for any company if net income and shareholders' fund are both positive numbers.

The RoE of the profit earning 13 working SPSEs stood at 14.65 *per cent*²⁰ in 2022-23. The details of Shareholders' Fund and RoE relating to working SPSEs are given below in **Table 5.15**.

Table 5.15: Return on Equity relating to SPSEs

Year	Particulars	Net income (₹ in crore)	Shareholders' Fund (₹ in crore)	RoE (Per cent)
2020-21	Power Sector SPSEs	(-)346.61	1,466.71	During this period RoE could not be calculated as the net income of all the SPSEs taken together was negative
	Service sector SPSEs	(-)137.24	(-)629.97	
	Other SPSEs	(-)6.52	(-)17.16	
	Total	(-)490.37	819.58	
2021-22	Power Sector SPSEs	(-)445.62	1,486.20	
	Service sector SPSEs	(-)40.42	(-)611.43	
	Other SPSEs	9.01	0.02	
	Total	(-)477.03	874.79	
2022-23	Power Sector SPSEs	(-)461.52	1124.34	
	Service sector SPSEs	(-)132.30	(-)602.92	
	Other SPSEs	9.09	7.22	125.90
	Total	(-)584.73	528.64	

Source: Latest financial statement of SPSEs

¹⁸ Mandi International Airport Limited.

¹⁹ Return on equity = (Net profit after tax/shareholder's equity)X100 where shareholder's equity = paid up capital + free reserves – accumulated losses – deferred revenue expenditure.

²⁰ RoE is calculated by dividing Net profit/loss after interest & tax (₹20.21 crore) by net worth (₹137.957 crore).

5.1.6 SPSEs incurring losses

5.1.6.1 Losses incurred

There were eight working SPSEs that incurred losses as per their latest finalised accounts. The losses incurred by these SPSEs increased to ₹604.94 crore in 2022-23 as per their latest finalised accounts from ₹518.60 crore in 2020-21 due to loss incurring power sector SPSEs (Himachal Pradesh Power Corporation Limited, Himachal Pradesh Power Transmission Corporation Limited and Himachal Pradesh State Electricity Board Limited) and Himachal Road Transport Corporation during 2022-23 as given below in **Table 5.16**.

Table 5.16: Number of SPSEs that incurred losses during 2020-21 to 2022-23

(₹ in crore)					
Year	Particulars	No. of loss making SPSEs	Net loss for the year	Accumulated loss	Net worth
2020-21	Power Sector SPSEs	3	346.61	2,036.28	1,166.71
	Service sector SPSEs	1	146.43	1,533.70	(-)674.83
	Other SPSEs	6	25.56	383.72	(-)224.36
	Total	10	518.60	3,953.70	267.52
2021-22	Power Sector SPSEs	3	445.62	2,296.57	1,186.20
	Service sector SPSEs	3	42.69	1,598.47	(-)662.52
	Other SPSEs	6	10.24	356.73	(-)169.56
	Total	12	498.55	4,251.77	354.12
2022-23	Power Sector SPSEs	3	461.52	2,757.59	824.34
	Service sector SPSEs	3	135.97	1,734.42	(-)658.00
	Other SPSEs	2	7.45	186.69	(-)75.78
	Total	8	604.94	4,678.70	90.56

Source: Latest financial statement of SPSEs.

In 2022-23, out of total loss of ₹604.94 crore incurred by eight SPSEs, loss of ₹461.52 crore (76.3 per cent) was attributed solely to three power sector SPSEs (Himachal Pradesh Power Corporation Limited, Himachal Pradesh Power Transmission Corporation Limited and Himachal Pradesh State Electricity Board Limited).

5.1.6.2 Erosion of capital in SPSEs

As on 31 March 2023, there were 14 SPSEs with accumulated losses of ₹4,985.18 crore as depicted in **Appendix 5.9**. The net worth of nine SPSEs out of these 14 SPSEs had been completely eroded by accumulated losses and their net worth was negative as shown in **Table 5.17**. The net worth of these nine SPSEs has remained negative for a period ranging from 12 to 40 years. The net worth of these nine SPSEs was (-) ₹ 1,932.38 crore against equity investment of ₹2,299.68 crore as on 31 March 2023. Out of nine SPSEs whose capital has eroded, three had earned profit of ₹4.88 crore during 2022-23. Out of nine, three SPSEs had outstanding Government loans of ₹3,132.34 crore as on 31 March 2023.

Table 5.17: Details of SPSEs whose net worth has eroded as per their latest finalised accounts**(₹ in crore)**

Sl. No.	Name of the Company	Latest year of Account	Total Paid-up Capital	Net Profit/Loss after interest, tax & dividend	Accumulated Losses (-)	Net Worth	Period since when Net worth has remained negative	State Government equity as on 31 March 2023	State Government loans as on 31 March 2023
1.	Himachal Pradesh State Electricity Board Limited	2021-22	832.23	-103.69	-1,809.61	-977.38	2010-11	882.23	3,012.10
2.	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	2021-22	38.77	2.89	-83.87	-45.1	1983-84	31.2	60.09
3.	Himachal Pradesh State Forest Development Corporation Limited	2018-19	11.71	0.98	-113.04	-101.33	2002-03	11.71	0
4.	Himachal Pradesh Financial Corporation	2021-22	99.57	-7.16	-180.97	-81.40	1996-97	106.59	0
5.	Himachal Pradesh State Handicrafts and Handloom Corporation Limited	2020-21	9.25	1.01	-12.42	-3.17	1989-90	9.22	0
6.	Himachal Pradesh Tourism Development Corporation Limited	2017-18	12.3	-2.76	-27.27	-14.97	Not Applicable	14.3	0
7.	Himachal Road Transport Corporation	2021-22	1063.12	-133.18	-1,707.12	-644.00	1999-2000	1227.68	0
8.	Agro Industrial Packaging India Limited	2013-14	17.72	-0.04	-78.23	-60.51	Inactive	16.75	60.15
9.	Himachal Worsted Mills Limited	2000-01	0.92	-0.01	-5.44	-4.52	Under liquidation	0	0
Grand Total			2,085.59	-241.96	-4,017.97	-1,932.38		2,299.68	3,132.34

* Figures in the Column 9th and 10th are unaudited figures.

5.2 Oversight role of C&AG

5.2.1 Audit of State Public Sector Enterprises (SPSEs)

Comptroller & Auditor General of India (C&AG) appoints the Statutory Auditors of a Government Company (GC) and Government Controlled Other Company (GCOC) under Section 139 (5) and (7) of the Companies Act, 2013. C&AG has the right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the Statutory Auditor. Further, the Statutes governing some Statutory Corporations (SCs) require that their accounts be audited by the C&AG and a report be submitted to the Legislature.

5.2.2 Appointment of Statutory Auditors of State Public Sector Enterprises by C&AG

Section 139 (5) of the Companies Act, 2013 provides that the Statutory Auditors in case of a Government Company or Government Controlled Other Company are to be appointed by the C&AG within a period of 180 days from the commencement of the financial year.

The Statutory Auditors of such Companies of Himachal Pradesh for the year 2022-23 were appointed by the C&AG between September 2022 and April 2024 as per the details given in **Appendix 5.10**.

5.2.3 Submission of accounts by SPSEs

5.2.3.1 Need for timely submission

According to Section 394 (1) (a) & (b) of the Companies Act, 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after such preparation, laid before the legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report made by the C&AG. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the necessary legislative control over the utilisation of public funds invested in the companies from the Consolidated Fund of State.

Section 96(1) of the Companies Act, 2013 requires every Company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 (2) of the Companies Act, 2013 stipulates that the audited Financial Statement for the financial year has to be placed in the said AGM for consideration.

Section 129 (7) of the Companies Act, 2013 also provides for levy of penalty like fine and imprisonment on the persons including Directors of the Company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

Despite the above provisions, annual accounts of several SPSEs were pending for audit as on 30 September 2023, as detailed in the following paragraphs.

5.2.3.2 Timeliness in preparation of accounts by Government Companies and Government Controlled Other Companies

As of 31 March 2023, there were 23 Government Companies and four²¹ Government Controlled Other Companies in the state of Himachal Pradesh under the purview of C&AG's audit. The accounts for the year 2022-23 were due from all the 27 SPSEs. None of these SPSEs submitted their accounts for the year 2022-23 for audit by the C&AG as on 30 September 2023. Seventy three accounts of 27 SPSEs were in arrears for various reasons. Details of arrears in submission of accounts of SPSEs are given in **Table 5.18**.

Table 5.18: Details of number of Companies, accounts finalised and accounts in arrears as of 30 September 2023

Particulars	No. of Accounts (Government Companies)	No. of Accounts (Government Controlled other Companies)	Total
Total number of Companies under the purview of C&AG's audit as on 31 March 2023	23*	04	27
Number of accounts in arrears as on 01.10.2022	67(22) ²²	06(04)	73(26)
Number of accounts of companies which become due for the financial year 2022-23 on 30 th September 2023	23(23)	04(04)	27(27)

²¹ Himachal Consultancy Organisation Limited, Shimla Jal Prabandhan Nigam Limited, Himachal Pradesh Power Corporation Limited., Dharamshala Smart City Limited.

²² Figures in the parenthesis represent Companies, while figures outside the parenthesis represent number of accounts.

Particulars	No. of Accounts (Government Companies)	No. of Accounts (Government Controlled other Companies)	Total
Total number of accounts due for audit (\$)	90(23)	10(04)	100(27)
Number of companies which presented the accounts for C&AG's audit from 01 October 2022 to 30 September 2023	14	03	17
Number of accounts finalised during 01 October 2022 to 30 September 2023 ²³ (a)	23**	03	26
Account audited but pending for issue as on 30 September 2023 (b)	01#	0	01
Total Accounts {(a)+(b)}	24	03	27
Number of accounts in arrears as on 30 September 2023 (\$)-{(a)+(b)}	66	07	73
Age wise analysis of arrears of accounts as on 30 September 2023			
One year	9(9)	2(2)	11(11)
Two and Three years	18(7)	5(2)	23(9)
More than three years	39(7)	0	39(7)
Total	66(23)	7(4)	73(27)

* One new Company i.e., Mandi International Airport Limited is included.

** One company i.e. HP General Industries Corporation Limited has been given NRC for the year 2021-22.

One account of HP Mahlia Vikas Nigam for the year 2017-18 was received on 22-08-2023 and issued on 6-11-2023.

Source: Compiled on the basis of annual accounts received in the office of the PAG (Audit) Himachal Pradesh.

The names of these companies whose accounts are in arrears are indicated in **Appendix 5.11**.

Oversight by the Statutory Auditors appointed by the C&AG and Supplementary Audit by the C&AG could not be conducted in the absence of accounts, leading to a lack of assurance on proper accounting of the investments and expenditure incurred as well as the achievement of purpose for which the amount was invested. Besides, their contribution to the State exchequer as well as their activities were also not reported to the Legislature. The matter of arrears of accounts has been taken up with the respective Administrative Departments/Companies. However, there were still seven Companies whose accounts were in arrears for more than three years.

5.2.3.3 Timeliness in preparation of accounts by Statutory Corporation

Audit of Statutory Corporations is governed by their respective Legislatures. Accordingly, Audit of two²⁴ Statutory Corporations in Himachal Pradesh is required to be conducted by the C&AG. Out of these, for one²⁵ Statutory Corporation, C&AG is the sole Auditor. None of these Statutory Corporations presented the accounts for the year 2022-23 for audit before 30 September 2023. Thus, on 30 September 2023, two accounts of two Statutory Corporations were pending.

²³ Including the accounts received before 1st October 2022.

²⁴ Himachal Pradesh Financial Corporation and Himachal Road Transport Corporation.

²⁵ Himachal Road Transport Corporation.

5.2.4 C&AG's oversight- Audit of Accounts and Supplementary audit

5.2.4.1 Financial reporting framework

Companies are required to prepare the Financial Statements in the format laid down in Schedule III of the Companies Act 2013²⁶ and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards renamed as National Financial Reporting Authority. The Statutory Corporations are required to prepare their accounts as per the format prescribed under the rules framed in consultation with the C&AG and any other specific provisions relating to accounts provided in the Act governing such Corporations.

5.2.4.2 Audit of accounts of SPSEs by Statutory Auditors

The Statutory Auditors appointed by the C&AG under Section 139 of the Companies Act 2013 conduct audit of accounts of the Government Companies and submit their report thereon in accordance with Section 143 of the Companies Act, 2013.

The C&AG plays an oversight role by monitoring the performance of the Statutory Auditors in conducting the audit of State Public Sector Enterprises with the overall objective that the Statutory Auditors discharge the functions assigned to them properly and effectively. This function is discharged by exercising the power:

- to issue directions to the Statutory Auditors under Section 143 (5) of the Companies Act, 2013; and
- to supplement or comment upon the Statutory Auditor's report under Section 143 (6) of the Companies Act, 2013.

5.2.4.3 Supplementary Audit of accounts of SPSEs

The prime responsibility for the preparation of financial statements in accordance with the financial reporting framework prescribed under the Companies Act, 2013 or other relevant Act is of the management of an entity.

The Statutory Auditors appointed by the C&AG under section 139 of the Companies Act, 2013 are responsible for expressing an opinion on the financial statements under Section 143 of the Companies Act, 2013 based on independent audit in accordance with the Auditing and Assurance Standards (AAS) of Institute of Chartered Accountants of India and sub directions given by the C&AG. The Statutory Auditors are required to submit the Audit Report to the C&AG under Section 143 of the Companies Act, 2013.

The certified accounts of the selected Government Companies along with the report of the Statutory Auditors are reviewed by C&AG by carrying out a supplementary audit. Based on such review, significant audit observations, if any, are reported under Section 143 (6) of the Companies Act, 2013 to be placed before the Annual General Meeting.

²⁶ As amended up to March 2021.

5.2.5 Result of C&AG's Oversight Role

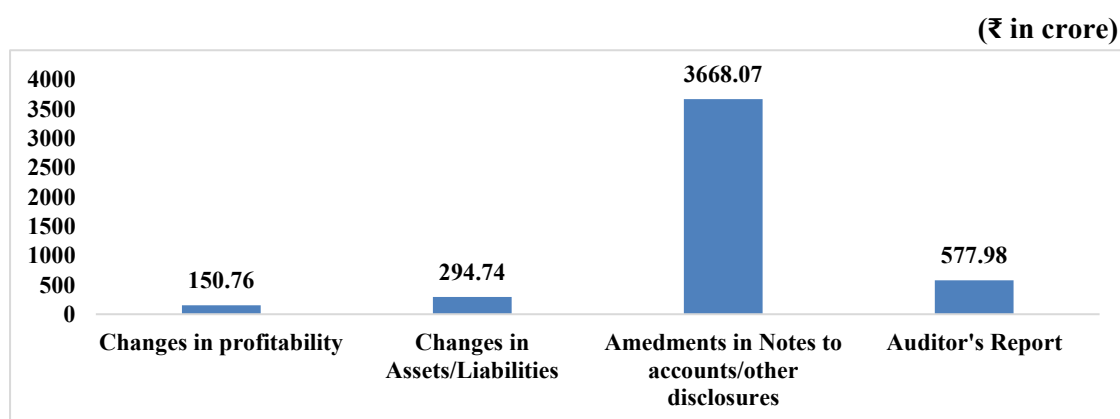
5.2.5.1 Audit of Accounts of Government Companies and Government Controlled Other Companies under Section 143 of the Companies Act, 2013

Twenty four Financial Statements for the year 2021-22 and previous years (from 2015-16 to 2020-21) were received from 17 companies between 01 October 2022 and 30 September 2023. Twenty six Financial Statements²⁷ of 19 companies were reviewed in audit by the C&AG and a Non-Review Certificate was issued to one account of one SPSE (Himachal Pradesh General Industries Corporation Limited for the year 2021-22) as detailed in **Appendix 5.12**. The results of the review are detailed below:

(i) Result of Supplementary Audit

As a result of the Supplementary Audit conducted in 19 SPSEs, a number of quantitative as well as qualitative changes were made by the SPSEs in their financial statements which led to an improvement in the quality of their financial statements. The net financial impact as a result of the Supplementary Audit was to the tune of ₹150.76 crore²⁸ on profitability and ₹294.74 crore²⁹ on assets/liabilities as depicted in **Chart 5.2**.

Chart 5.2: Value addition made by C&AG's Supplementary Audit on the financial statements finalised from 1 October 2022 to 30 September 2023



5.2.5.2 Amendment of Financial Statements

During 2022-23, there was no case of Government Companies or Government Controlled Other Companies amending their financial statements as a result of the comments of C&AG.

5.2.5.3 Number of cases and substantive Revision of Auditors' Report

During 2022-23, there was no case of revision of statutory auditors' report as a result of supplementary audit of the Financial Statements conducted by the C&AG.

²⁷ Including three Financial Statements received before 1st October 2022.

²⁸ Overstatement: {Profit (₹ 4.33 crore) and Loss (₹ 5.24 crore)} and understatement: {Loss (₹ 138.14 crore) and Profit (₹ 3.05 crore)}.

²⁹ Overstatement: {Assets (₹ 9.26 crore) and Liabilities (₹ 57.40 crore)} and understatement: {Assets (₹ 22.62 crore) and Liabilities (₹ 205.46 crore)}.

5.2.5.4 Significant comments of the C&AG issued as supplement to the Statutory Auditors' reports on Government Companies/ Government Controlled Other Companies

Subsequent to the audit of the financial statements (for the year 2021-22 and previous years from 2015-16 to 2020-21) by Statutory Auditors, the C&AG conducted supplementary audit of 26 Financial Statements of 19 SPSEs between 1 October 2022 to 30 September 2023. Some of the significant comments issued on financial statements of Government Companies and Government Controlled Other Companies have been given in **Table 5.19**.

Table 5.19: Significant comment issued on Financial Statements

Sr. No.	Name of the SPSE (Year of Accounts)	Comments
Comments on Profitability		
1	HP Mahila Vikas Nigam (2016-17)	The depreciation in respect of carried forward opening balance of Furniture & Fixture and Computer System has been wrongly worked out on the gross block value of these assets instead of net block value of these assets as per written down value method. This has resulted in overstatement of Fixed Assets-Tangible Assets and overstatement of surplus for the year by ₹0.89 lakh.
2	HP Road and Other Infrastructure Development Corporation Limited (2021-22)	Short Term Provisions do not include ₹14.40 lakh demanded by Himachal Pradesh State Electricity Board Limited and Jal Shakti Vibhag, on account of shifting of electricity lines and water pipes from the Ragunathpura-Bharan road, being upgraded by the company. Non-provisioning of above liability has resulted in understatement of Liabilities- 'Short Term Provisions and Capital work in progress- 'upgradation of roads by ₹14.40 lakh and overstatement of profit by the same amount.
3	HP Agro Industries Corporation Limited (2021-22)	i) The short term provision head includes a provision of ₹97.16 lakh (March 2013) in respect of interest and damages levied by EPFO for delayed deposit of CPF of employees for the period from March 2007 to July 2012. The EPFO revised (May 2015) damages and interest amount to ₹77.06 lakh. However, the provision in this regard has not been revised. This has resulted in overstatement of above head and understatement of profit by ₹20.10 lakh. ii) Deferred tax assets were shown as ₹16.15 lakh., however, taking into consideration the timing difference in respect of depreciation on assets, provision for gratuity and provision for leave encashment which are capable of reversal in one or subsequent periods, the deferred tax assets as on 31st March 2022 works out to be ₹30.41 lakh. Thus, incorrect recognition of deferred tax amount resulted in understatement of deferred tax assets and understatement of profit by ₹14.26 lakh.
4	HP Tourism Development Corporation Limited (2017-18)	i) The other expenses do not include ₹10.50 lakh being the service tax paid (March 2015) against the total demand of ₹21 lakh (₹10.50 lakh principal + ₹10.50 lakh as penalty) which was booked as advances under the Assets head. The demand was settled (January 2020) with service tax of ₹10.50 lakh under Sabka Viswas (Legacy Dispute Resolution) Scheme, 2019. As the service tax liability was finalised before the approval of these financial statements (March 2021), the same should have been charged to expenditure as per Accounting Standard 4, which has not been done. This has resulted in an understatement of other expenses and overstatement of Advances by ₹10.50 lakh. Loss for the year was also been understated by ₹10.50 lakh.

Sr. No.	Name of the SPSE (Year of Accounts)	Comments
5	HP State Electronics Development Corporation Limited (2021-22)	The Employee Benefits expenses are understated by ₹161.28 lakh, the estimated expenditure of pay revision arrear for the period January 2016 to March 2022. There is consequent understatement of 'Current liabilities' and 'Non-current liabilities' by ₹35.30 lakh and ₹125.98 lakh (₹161.28 lakh- ₹35.30 lakh) respectively. Further, the Profit of the company are also overstated by ₹161.28 lakh.
6	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited (2021-22)	i) Company has not made provisions of ₹48.99 lakh for gratuity payable in respect of 13 employees of the Company, who are on deputation with other departments. The non-provisioning has resulted in understatement of 'Short Term Provisions-Gratuity Payable' and overstatement of 'Profit' by ₹48.99 lakh. ii) The company incorrectly debited the pension grant for payment of pension from the Revenue Grant (Pension Grant) received from Government of Himachal Pradesh instead of routing through Profit and loss account. This resulted in understatement of "Other Income" and "Employees benefit Expenses- Pension expenses" by ₹45.40 lakh. iii) Salaries and wages understated by ₹1.53 crore due to netting off of salary and wages received from the State Government in respect of regular/outsourced staff. The Company had credited the 'Salary and Wages' head by expenses received from the State Government instead of routing through Profit and Loss Account. There is a consequent understatement of 'Other Income-MIS' by ₹1.53 crore. vi) Depreciation is understated by ₹2.03 crore due to netting off of depreciation expenses by crediting the 'Depreciation' head by depreciation on Capital Assets created out from Grant received from Government of India. Instead of routing out it through Profit and Loss Account, the company had debited the 'Capital Grant-Government of India' head and credited the 'Fixed Assets – Tangible Assets' head. This resulted in understatement of 'Depreciation and Amortisation Expenses' and 'Other Income' by ₹2.03 crore.
7	HP State Handicrafts & Handloom Corporation Limited (2020-21)	Long Term Provision for Employees Benefits overstated by ₹66.82 lakh (Provision for Gratuity: ₹44.08 lakh and Provision for Leave Encashment: ₹22.74 lakh) due to booking the same twice i.e., under this head and also under the head Other Current Liabilities - Expenses Payable (Note 8). There is consequent overstatement of the liabilities and understatement of Profit for the year by ₹66.82 lakh.
8	Himachal Backward Classes Finance and Development Corporation (2017-18)	The Revenue from operation is overstated by ₹85.61 lakh due to booking of interest earned/accrued on Fixed Deposit Receipts/Saving Account/Auto Sweep Account instead of 'Other Income' head. This resulted in overstatement of above head and understatement of 'Other Income-Interest Earned' by ₹85.61 lakh.
9	Himachal Backward Classes Finance and Development Corporation (2018-19)	The revenue from operation is overstated by ₹71.16 lakh due to inclusion of interest earned/accrued on Fixed Deposit Receipts/Saving Account/Auto Sweep Account. Instead, it should have been depicted under 'Other Income' head. This resulted in overstatement of 'Revenue from Operations' and understatement of 'Other Income-Interest Earned' by ₹71.16 lakh.
10	Himachal Pradesh State Electricity Board Limited (2021-22)	i) Current Liabilities does not include ₹90.75 crore being provision for arrear of 6 th pay commission revision for the period 1 January 2022 to 31 March 2022 which was paid in April 2022. This has resulted into understatement of Employee benefit expenses and 'Loss for the year' as well as 'Current Liabilities Provisions by ₹90.75 crore. This was also pointed out during 2020-21 but no corrective action has been initiated by the Company

Sr. No.	Name of the SPSE (Year of Accounts)	Comments
		ii) Current Liabilities does not include ₹2.09 crore being first instalment (25 <i>per cent</i>), payable towards Local Area Development Fund (LADF) at 1.5 <i>per cent</i> of the total project cost relating to four HEPs viz Devi Kothi-II, Sai Kothi-1, Sai Kothi-II and Hail. Non-provision for LADF has resulted in understatement of "Current Liabilities-Short Term Provisions" as well as "Capital Work-in-Progress" by ₹2.09 crore. This was also pointed out during 2020-21 but no corrective action has been initiated by the Company. iii) Current Liabilities includes ₹24.59 crore being provisions for expenses Outsource Staff Salary, Telephone Bills, Printing stationery, Entertainment, Books and Periodicals etc. which are definite and not the estimated amounts as such the same should have been booked under "Other Current Liabilities" as per provisions of Para 10 of IND AS-37. This has resulted in overstatement of "Current Liabilities Provisions" and understatement of "Other Current Liabilities" by ₹24.39 crore. This was also pointed out during 2020-21 but no corrective action has been initiated by the Company. iv) As per State Hydro Policy, 2006, 1.5 <i>per cent</i> of the final cost of project above 5 MW shall be contributed to a Local Area Development Fund (LADF). Total expenditure of UHL Stage-III Hydro Electric Project of Beas Valley Power Corporation Limited was ₹2276.50 crore (as on 31 March 2022) and accordingly proportional contribution towards LADF should have been at ₹34.15 crore. However, BVPCL had expended ₹16.69 crore and kept a provision of ₹15.93 crore towards LADF as on 31 March 2022. Thus, "Current Liabilities" and "Capital Work in Progress are understated by ₹1.53 crore. This was also pointed out during 2020-21 but no corrective action has been initiated by the Company.

Sr. No.	Name of the SPSE (Year of Accounts)	Comments
Comments on Financial Position		
1	Shimla Jal Prabandhan Nigam Limited (2021-22)	i) Liabilities pertaining to the year 2021-2022 (as detailed in annexure) amounting to ₹205.01 lakh have been incorrectly classified under the head provisions instead of Other Current Liabilities. This has resulted in overstatement of Short Term Provision and understatement of Other Current Liabilities by ₹205.01 lakh. ii) The company incurred expenditure of ₹27.39 lakh on software development out of the grant during 2018-21. But the expenditure was charged to Profit and Loss Account during 2018-21 instead of capitalising the expenses. This resulted in understatement of Fixed Assets- Intangible Assets' and 'Reserve and Surplus - Capital Reserve' by ₹9.10 lakh after adjustment of Depreciation of ₹18.29 lakh as on 31-03-2022. iii) Fixed Deposits includes interest accrued but not due against the Bank Fixed deposits amounting to ₹110.01 lakh. However, Interest accrued but not due has been included in the FDR amount instead of depicted it distinctly under 'other current assets'. This has resulted in overstatement of fixed deposits and understatement of other current assets by ₹110.01 lakh. iv) The cash & cash equivalents include earmarked balances amounting to ₹1,284.91 lakh held with Banks received from other department/Company of State Government for deposit works. It should have been depicted separately under 'Cash and Cash Equivalents' as other commitments as stipulated in general instruction 6 Q(iii)-Schedule III of Companies Act 2013.

Sr. No.	Name of the SPSE (Year of Accounts)	Comments
2	HP Mahila Vikas Nigam (2016-17)	i) The Company has Purchased (June 2017) Computer System valuing ₹0.52 lakh. However, the advance given to HP Electronic Development Corporation Ltd for purchase of Computer System has been capitalised and accounted for as tangible assets during the year. This has resulted in overstatement of Fixed Assets-Tangible Assets and understatement of Current Assets-Loan and advances by ₹0.52 lakh. ii) The above does not include interest accrued on the UBI saving bank account for the period from October 2016 to March 2017 amounting to Rs.0.58 lakh. This has resulted in understatement of Interest income which consequently resulted in understatement of surplus as well as current assets by Rs. 0.58 lakh.
3	Ropeways and Rapid Transport System Development Corporation HP Limited (2020-21)	i) Deposit work head includes ₹1,411.17 lakh being advance amount received for deposits work for construction activities. The Corporation has executed the work amounting to ₹117.18 lakh against these deposits as on 31 March 2021 which however have not been adjusted against the deposits amount. This has resulted into overstatement of above head as well as "Current Assets- Inventories" head by ₹117.18 lakh. ii) Deposit work head also includes ₹157.82 lakh being advance for deposits work for construction activities from Animal Husbandry and DRDA department. The Corporation has however executed work amounting to ₹184.16 lakh against this advance amount till 31 March 2021. Thus, ₹157.82 lakh should have been adjusted against the advance amount and balance amount of 26.34 lakh should be shown as Trade Receivable. Non adjustment of value of work done against the deposit had resulted into overstatement of above head by ₹157.82 lakh and "Current Assets-Inventories" by ₹184.16 lakh and understatement of "Trade Receivable" ₹by 26.34 lakh
4	Himachal Pradesh Agro Industries Corporation Limited (2021-22)	The capital reserves head includes ₹63.90 lakh and ₹161.62 lakh as Unutilised Grants and Accumulated Interest on it respectively, which should have been booked as liability until it was utilised or returned back to the Government. This has resulted in overstatement of capital reserve and understatement of Current Liabilities by ₹225.52 lakh.
5	HP State Electronics Development Corporation Limited (2021-22)	The Amount Recoverable includes ₹20.25 lakh of rent recoverable from a party for the period November 2017 to March 2021 whereas the matter is subjudice before the Rent Controller, Solan. As the ultimate collection of rent is not reasonably certain treating it as good for recovery is not in order. This has resulted in overstatement of current assets as well as "Reserve and Surplus" by ₹20.25 lakh each.
6	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited (2021-22)	i) Unutilised Grants and Interest earned thereon is a liability for the Company until it is utilised or returned back to the Govt. However, Company had booked Unutilised Grants and Interest thereon amounting to ₹247.63 lakh in Capital Reserve instead of Current Liabilities. This has resulted in overstatement of "Capital Reserve" and understatement of "Current Liabilities" by ₹247.63 lakh. ii) Payables includes interest free unsecured loan of ₹14.54 crore obtained (July 2015) from the Government of Himachal Pradesh. This is required to be depicted under the head borrowings. This has resulted in overstatement of "Other Long-Term Liabilities-Trade Payables-others" and understatement of Current Liabilities- Short Term borrowings from Himachal Pradesh Government by ₹14.54 crore. iii) Payables is overstated by ₹14.94 lakh due to non-transferring of employer's share of contribution returned by retired employees to Pension Grant, also resulting in a consequent understatement of 'Reserve and Surplus – Pension/VRS Grant Received from Government of Himachal Pradesh' by ₹14.94 lakh.

Sr. No.	Name of the SPSE (Year of Accounts)	Comments
7	Himachal Backward Classes Finance and Development Corporation (2017-18)	The Long Term Borrowing head is overstated by ₹3.53 crore due to inclusion of current liability on account of repayment of loans to NBCFDC, Delhi due during 2018-19. This should have been depicted under 'Current Liabilities-Short Term Borrowings'. This has resulted in overstatement of above head and understatement of 'Current Liabilities-Short Term Borrowings' by ₹3.53 crore.
8	Himachal Backward Classes Finance and Development Corporation (2018-19)	The Long Term borrowing is overstated by ₹3.75 crore due to inclusion of current liabilities on account of repayment of loans to NBCFDC, Delhi during 2019-20, as such, should have been depicted under 'Current Liabilities-Short Term Borrowings'. This has also resulted in understatement of 'Current Liabilities-Short Term Borrowings' by ₹3.75 crore.
9	Himachal Pradesh State Electricity Board Limited (2021-22)	i) Property Plant & Equipment does not include ₹12.05 crore being the value of self-executed works by various consumers in Electrical Division (ED) Nahan, Paonta Sahib, Rajgarh, Kangra, Nagrota Bagwan, Karsog and Hamirpur, which become property of the company at the time of release of connections to that particular consumer. This has resulted into understatement of Property Plant and equipment as well as "Other Non-Current Liability" (Note No. 2.2.1)-Consumer contribution towards cost of capital by ₹12.05 crore. This was also pointed out during 2020-21 but no corrective action has been initiated by the Company. ii) Survey feasibility expenses of projects includes an amount of ₹1.14 crore being expenditure incurred on Survey and Investigation (S&I) of two abandoned HEPs. The amount has not been written off in the books even after approval of the BODs. This has resulted in overstatement of "Survey Feasibility Expenses of Projects" and understatement of negative figure of "Other Equity" by ₹1.14 crore. This was also pointed out during 2020-21 but no corrective action has been initiated by the Company. iii) Survey feasibility expenses also includes an amount of ₹1.33 crore being expenditure incurred on Survey and Investigation (S&I) of Khauli (HEP-I). Since the project has been constructed by the Company itself, the amount shown as recoverable needs to be capitalised. This has resulted in overstatement of "Survey Feasibility Expenses of Projects" and understatement of "Property Plant and equipment by ₹1.33 crore. This was also pointed out during 2020-21 but no corrective action has been initiated by the Company. iv) Advances other than capital advance (BVPCL) represents ₹9.20 crore shown as interest recoverable on PLA/Advance for the period from 2017-18 to 2021-22, from a contractor for construction of balance work of head race tunnel for UHL HEP Stage-III. The matter is under arbitration, thus, instead of treating it as income the interest should have been shown as contingent asset. This has resulted in overstatement of "Other Non-Current Assets- Other Advance" and understatement of "incidental expenditure during construction" and consequent understatement of "capital work in progress" by ₹9.20 crore.
Comments on Disclosure		
1	HP Agro Industries Corporation Limited (2020-21)	(i) The above does not include ₹13.74 lakh representing demand from Income Tax department for assessment year 2015-16, against which company has filed appeal before commissioner of income tax. (ii) The above includes ₹173.16 lakh being amount payable on account of notice issued by the Income Tax Department for the Assessment Year 2012-13. The due amount has already been paid by the company. Thus, the above was overstated by ₹173.16 lakh. (iii) A reference is invited to Note No. 10, wherein it was stated that in the case of investment (₹0.00 lakh) of the company with M/s

Sr. No.	Name of the SPSE (Year of Accounts)	Comments
		Himalayan Vegefruit Ltd., the interest amount calculated up to 31.03.2021 comes to ₹24,04,25,794/- Whereas, the interest amount up to 31.03.2021 was ₹26,53,69,236/- as confirmed by the Company. Thus, the Note is deficient to that extent. (iv) A reference is invited to Note No. 22(C) wherein it was stated that Income Tax Department had recovered ₹7,99,454/- on 23.1.2019 through bank directly against notice issued for the A.Y 2012-13. However, the Income Tax Department had recovered ₹11,22,000/- on 25.1.2019 through bank. Hence the Note is deficient to that extent.
2	H.P. Mahila Vikas Nigam (2016-17)	The company had Fixed deposits amounting to ₹358.42 lakh as Margin Money Deposit with banks for loan under self-employment scheme and interest accrued there on amounting to ₹46.01 lakh as on 31 st March 2017. However, the disclosure as per the requirement of AS 3 has not been given in the cash flow statement.
3	Himachal Consultancy Organisation Limited (2021-22)	The company was having assignments/work orders of the different departments valuing ₹46.74 crore remaining to be executed as on 31 st March 2022. This being significant, should have been disclosed in the Notes to the Accounts.
4	HP Tourism Development Corporation Limited (2017-18)	Defined benefit plan for the Leave encashment liability of ₹30.60 crore (Long term –Note 5 ₹28.26 crore and short term- Note 9 ₹2.34 crore) as per the actuarial valuation has been recognised in the financial statements. However, information as per the disclosure requirement of Accounting Standard 15 has not been disclosed in the Financial Statements.
5	Shimla Jal Prabandhan Nigam Limited (2021-22)	i) The company has changed its Accounting Policy for accounting of operation & maintenance expenditure from Cash basis to Accrual basis in the current financial year 2021- 22. The change in Accounting Policy resulted in increased Current Liabilities- Trade Payables as well as Expenses-Operation & Maintenance by, ₹342.48 lakh. Neither the change in accounting policy nor the financial impact on financial statement has been disclosed as per requirement of AS 5 in the Financial Statement for the year 2021-22. Further, the Independent Auditor's report that the financial statements comply with the Accounting Standards is incorrect to this extent. ii) Trade Receivables amounting to ₹2,723.85 lakh has been depicted as outstanding for a period of six months to one year. Whereas the company has not depicted age-wise details of the trade receivables. Thus, depictions of all the trade receivables to be outstanding for a period of six months to one year is factually incorrect and misleading.
6	Ropeways and Rapid Transport System Development Corporation HP Limited (2020-21)	The Corporation has not disclosed the Capital Commitment of ₹55.66 crore on account of consultancy work awarded to M/s WAPCOS Limited (₹54. 94 crore) and Tata Consulting Engineering (₹0.72 crore) for setting up of overhead mass rapid transport system in the Himachal Pradesh.
7	Himachal Pradesh State Electricity Board Limited (2021-22)	The Himachal Pradesh State Electricity Regulatory Commission while approving the Annual Revenue Requirement (29 March 2022) for the financial year 2022-23, had not considered the impact of ₹1,013.77 crore towards salary hike on account of 6 th pay commission revision for the period 1 January 2016 to 31 December 2021 and directed the company to take-up the matter with State Government to avoid Tariff shock for the consumers in the State, however, this being a material fact has not been disclosed in Notes to Accounts.
Comments on Independent Auditor's Report		
1	HP Agro Industries Corporation Limited (2020-21)	Reference is invited to point No. 3(a)(i) of Independent Auditor's Report wherein it is stated that the investment of ₹607.00 lakh, made by the company in the shares of Himachal Pradesh Horticulture Produce Marketing & Processing Corporation Limited (HPMC) has

Sr. No.	Name of the SPSE (Year of Accounts)	Comments
		been eroded by 37 <i>per cent</i> (based on the balance sheet for the financial year 2019-20) indicating a loss of 275.41 lakh. However, the loss works out to 224.59 lakh. Thus, Independent Auditor's Report is factually incorrect to this extent.
2.	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited (2021-22)	i) Reference is invited to point no.7, in which the Statutory Auditor states that the Company has not made any provision for gratuity. Whereas, the Company has made provisions of gratuity of ₹430.90 lakh. Therefore, qualification of the statutory auditor is incorrect. ii) Reference is invited to point no.25, where the statutory auditor states that the Company has defaulted in repayment of loans amounting to ₹43.57 crores. However, this does not include loan of ₹11.60 crores which is overdue for repayment till March 2022. Thus, the qualifications made by Statutory Auditor is incorrect.
3	Himachal Pradesh State Electricity Board Limited (2021-22)	i) Statutory Auditor commented that revenue has been understated and loss has been overstated by ₹141.83 crore. However, there is no impact on Losses as amount deposited in bank has already been booked in Debtors. As such the impact is on understatement of Bank Balances and overstatement of Sundry debtors by ₹141.83 crore. ii) It is commented that revenue and Loss for the year were understated by ₹23.72 crore (difference of opening and closing balance of ISU billing). However, the impact should have been the difference between the closing balance of SAP billing and ISU billing which was ₹451.65 crore. As such the impact of comment should have been 451.65 crore instead of 23.72 crore.

Source: Comments finalised and issued by C&AG.

5.2.5.5 Statutory corporations where C&AG is the sole auditor

The significant comments issued by the C&AG on the accounts of Statutory Corporation where C&AG is the sole auditor are detailed below:

Table 5.20: Significant comments issued on Financial Statements

Sr. No.	Name of the Statutory Corporation (Year of Accounts)	Comments
Comments on Profitability		
1	Himachal Road Transport Corporation (2021-22)	i) The Passenger Income is overstated by ₹1.72 crore due to the incorporation of passenger accident insurance received from passengers in addition to fare. The Board of Directors decided (January 2010) to create Passenger Accident Insurance Fund, hence each unit of the corporation was required to maintain a separate account. However, the Corporation has included the insurance charges amounting to ₹1.72 crore collected from the passenger in its passenger income. This has resulted in overstatement of "Passenger Income" and understatement of "Passenger Accident Insurance Income" by ₹1.72 crore. ii) The State Government vide notification no: TPT-F(10)-5/2020 dated 14.05.2020 and notification no. TPT-C(9)-1/2016 dated 19.06.2021 and 29.12.2021 allowed 100 <i>per cent</i> concession on Himachal Pradesh Special Road Tax (HPSRT) payable on stage carriage buses for the year 2020-21. Thus, HPSRT booked during the year 2020-21 was not payable and the liability provided during the year 2020-21 was to be written back during the year 2021-22. Regional Office, Mandi of the HPSRT provided the liability of ₹39.66 lakh during the year 2020-21. During the year 2021-22, instead of reversing the said entry, it created debtors (Current Asset) in the name of HPSRT

Sr. No.	Name of the Statutory Corporation (Year of Accounts)	Comments
		amounting to ₹79.32 lakh and crediting the income head by the same amount. This wrong treatment has resulted into overstatement of Passenger Income by ₹39.66 lakh and an understatement of loss by the same amount. Further, the current assets and current liabilities were also overstated by ₹39.66 lakh.
Comments on Financial Position		
2		The Current Liabilities-Passenger and Goods Tax-HPSRT is understated by ₹4.15 crore due to short provision of Himachal Pradesh Special Road Tax (HPSRT) amounting to ₹3.23 crore and ₹0.92 crore in Regional Offices Chamba and Taradevi respectively. The short/non-provisioning of liabilities has resulted in an understatement of "Current Liabilities-Passenger and Goods Tax-HPSRT and understatement of "Loss" by ₹4.15 crore.
Notes to Accounts		
3		The 'Notes on accounts' do not disclose that the fact that Service Committee in its meeting (23.04.2022) decided to implement and bring at par, pay scales for Corporation's regular employees with those announced by Government of Himachal Pradesh for its own employees. The pay scales and consequent pension of the retirees was also to be revised. The BoDs of the Corporation in their 151 meeting (18.06.2022) also approved the same. The approximate liability on account of revision in pay scale w.e.f. 01.01.2016 is ₹563.10 crore and has not been provided for.

Source: Comments finalised and issued by C&AG.

5.2.6 Non-compliance with provisions of Accounting Standards/Ind AS

In exercise of the powers conferred by Section 469 of the Companies Act, 2013, read with Section 129 (1), 132 and 133 of the Act, the Central Government prescribed Accounting Standards 1 to 7 and 9 to 29. Besides these, the Central Government notified 39 Indian Accounting Standards (Ind AS) through Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

The Statutory Auditors reported that 11 companies did not comply with the mandatory Accounting Standards/Ind AS as detailed in **Appendix 5.13**.

In addition to the comments of the Statutory Auditors, the C&AG also observed the non-compliance with the Accounting Standards/Ind AS during the supplementary audits, details of which are given in **Table 5.21**.

Table 5.21: Non-compliance with the Accounting Standards/Ind AS by SPSEs as commented by C&AG

Accounting Standard/ Ind AS	Name of the SPSEs	Deviation
AS 3:- Cash Flow Statement	Himachal Pradesh State Electronics Development Corporation Limited (2021-22)	Cash Flow statement prepared by the company was not in compliance with the guidance of AS 3
	Himachal Pradesh Mahila Vikas Nigam (2016-17)	The disclosure as per the requirement of AS 3 has not been given in the Cash Flow Statement.

Accounting Standard/ Ind AS	Name of the SPSEs	Deviation
AS 4:- Contingencies and Events Occurring after the Balance Sheet Date	Himachal Pradesh Tourism Development Corporation (2017-18)	The impact of service tax liability which was finalised before the approval of these financial statements (March 2021), has not been charged to expenditure in terms of guidance of Accounting Standard-4.
AS 5:- Net Profit or loss for the Period, Prior Period Items and Changes in Accounting Policies	Shimla Jal Prabandhan Nigam Limited (2021-22)	The company has changed its Accounting Policy for accounting of operation & maintenance expenditure from Cash basis to Accrual basis in the current financial year 2021-22. Neither the change in accounting policy nor the financial impact on financial statement has been disclosed as per the requirement of AS 5 in the Financial Statement for the year 2021-22.
AS 15:- Employee Benefits	Himachal Backward Classes Finance & Development Corporation (2015-16 & 2016-17)	The excess provision in respect of Gratuity has not been written back as income as per the requirement of AS 15.
	Himachal Pradesh Tourism Development Corporation (2016-17)	Disclosure regarding leave encashment liability has not been made as per the requirement of AS 15.
	Himachal Pradesh Tourism Development Corporation (2017-18)	Disclosure regarding leave encashment liability has not been made as per the requirement of AS 15.
Ind AS 7:- Statement of Cash Flows	Himachal Pradesh State Electricity Board Limited (2021-22)	Incorrect adjustment of "Other Financial Liabilities-Deposits, Retention money from Contractors and Others' from proceeds of Long Term Borrowing under the head "Cash Flow from Financing Activities', instead of adjusting it under the head 'Cash Flow from Operating Activities' as per Ind AS 7.
Ind AS 16:- Property, Plant & Equipment	Beas Valley Power Corporation Limited (2021-22)	Carrying cost of Property, plant & equipment has not been depicted as per Ind AS 16.
Ind AS 23:- Borrowing Costs	Himachal Pradesh Power Corporation Limited (2020-21)	Non-compliance of the prerequisite of Ind-AS 23 for de-capitalisation on interest on borrowings.
Ind AS 37:- Provisions, Contingent Liabilities, Contingent Assets	Himachal Pradesh State Electricity Board Limited (2021-22)	The expenses Outsource Staff Salary, Telephone Bills, Printing Stationary, Entertainment, Books and Periodicals etc. which are booked as "Provisions" should have been booked under "Other Current Liabilities" as per Para 10 of Ind AS-37.

5.2.7 Management Letters

One of the objectives of the financial audit is to establish communication on matters arising from the audit of financial statements between the auditors and those charged with the responsibility of the governance of the corporate entity.

The material observations on the Financial Statements of SPSEs/SCs were reported as comments by the C&AG under Section 143 (6)(b) of the Companies Act, 2013. Besides these comments, irregularities or deficiencies observed by the C&AG in the financial reports or in the reporting process were also communicated to the management through

‘Management Letters’ for taking corrective action. These deficiencies generally related to:

- Adjustments arising out of audit that could have a significant effect on the financial statements; and
- Inadequate or non-disclosure of certain information on which the management of the concerned SPSEs gave assurances that corrective action would be taken in the subsequent year.

During the year, Management Letters were issued to 15 SPSEs as per details given in **Appendix 5.14** and one Statutory Corporation (Himachal Road Transport Corporation).

5.3 Corporate Governance

5.3.1 Introduction

Corporate Governance is a system of structuring, operating and controlling an organisation with a view to achieving long term strategic goals to satisfy the stakeholder (shareholders, employees, customers, suppliers, government and community) and complying with the legal and regulatory requirements. Corporate Governance is a way of directing and controlling companies. It is concerned with the morals, ethics, values, parameters, conduct and behaviour of the company and management. It is the system by which companies are directed and controlled by the management in the best interests of the shareholders and other stakeholders ensuring greater transparency and better timely financial reporting. The absence of good governance structures and lack of adherence to the governance principles increases the risk of corruption and misuse of entrusted power by the management in public sector.

5.3.1.1 Provisions as contained in the Companies Act, 2013

The Companies Act, 2013 was enacted on 29 August 2013, replacing the Companies Act, 1956. In addition, the Ministry of Corporate Affairs has also notified (31 March 2014) Companies Rules, 2014 on Management and Administration, Appointment and Qualification of Directors, Meetings of Board and its powers and Accounts. The Companies Act, 2013 together with the Companies Rules provide a robust framework for Corporate Governance. The requirements *inter alia* provide for:

- Qualifications for Independent Directors along with the duties and guidelines for professional conduct {Section 149(6) read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014}.
- Mandatory appointment of at least one Woman Director on the Board. Section 149 (1) of the Companies Act, 2013, read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules 2014, provides that every listed Company and every other Public Company having paid-up share capital of 100 crore or more; or turnover of ₹300 crore or more shall appoint at least one woman director in its Board.

- Mandatory establishment of Audit Committee {Section 177(1)}, Nomination and Remuneration Committee {178(1)} and Stakeholders Relation Committee {Section 178(5)}.
- Holding of a minimum of four meetings of Board of Directors every year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board {Section 173(1)}.

5.3.1.2 SEBI guidelines on Corporate Governance

With the enactment of Companies Act, 2013, Securities and Exchange Board of India (SEBI) amended (April and September 2014), Clause 49 of the Listing Agreement to align it with the Corporate Governance provisions specified in the Companies Act, 2013. SEBI further issued (13 October 2015) a uniform listing agreement format for all types of securities which required the listed entity to comply with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These regulations were amended³⁰ from time to time.

5.3.1.3 Review of Compliance of the Corporate Governance provisions by selected State Public Sector Enterprises

As on 31 March 2023, there were 30 State Public Sector Enterprises (SPSEs) under the audit jurisdiction of the C&AG of India, out of which two SPSEs³¹ are statutory corporations, three SPSEs³² are inactive (including one SPSE³³ which is under liquidation since 2000-01). Out of balance 25 SPSEs, 12 SPSEs are registered as public and balance 13 are listed as private class of companies. List of all SPSEs including their administrative departments and type of company is given in **Appendix 5.15**. The review covers 25 unlisted SPSEs including one debt listed SPSE³⁴ for the year ended 31 March 2023. SPSEs established under an Act other than the Companies Act have been excluded from the review. Further, inactive companies which operate only with skeleton management structure have also been excluded.

5.3.2 Composition of Board of Directors

The board is a governing body of either elected or appointed persons that meets at regular intervals to set policies for corporate management and oversees the activities of an organisation. Section 2 (10) of the Companies Act, 2013 defined that “Board of Directors” or “Board”, in relation to a company, means the collective body of the directors of the company.

5.3.2.1 Independent Directors

The presence of independent representatives on the Board, capable of taking an independent view on the decisions of the management is widely considered as a means

³⁰ 25th May 2016, 8th July 2016, 4th January 2017 and 15th February 2017.

³¹ Himachal Road Transport Corporation and Himachal Pradesh Financial Corporation.

³² Himachal Pradesh Beverages Limited, Agro Industrial Packaging India Limited and Himachal Worsted Mills Limited.

³³ Himachal Worsted Mills Limited.

³⁴ Himachal Pradesh State Electricity Board Limited (only issues bonds through the market).

of protecting the interests of Shareholders and other Stakeholders. In terms of Section 149(4) of the Companies Act, 2013, every listed Public Company is mandatorily required to have at least one-third of the total number of Directors as Independent Directors and unlisted public companies³⁵ must appoint at least two independent directors in the following circumstances:

- (i) If the paid-up share capital is ₹10 crore or more; or
- (ii) if the turnover is ₹100 crore or more; or
- (iii) if the aggregate of all the outstanding loans, debentures and deposits exceeds ₹50 crore.

Out of 12 SPSEs, seven Public SPSEs meeting the criteria relating to appointment of Independent Directors along with one SPSE which needs to appoint Independent Directors as per the Article of Association of the company are as detailed in **Table 5.22**.

Table 5.22: List of SPSEs which were required to appoint independent Directors

Sr. No.	Name of SPSEs	Criterion applicable
1.	Himachal Pradesh Agro Industries Corporation Limited	Paid up capital exceeds ₹10 crore
2.	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	Paid up capital exceeds ₹10 crore
3.	Himachal Backward Classes Finance & Development Corporation	Paid up capital exceeds ₹10 crore
4.	Himachal Pradesh State Industrial Development Corporation Limited (HPSIDC)	Paid up capital exceeds ₹10 crore
5.	Himachal Pradesh State Civil Supplies Corporation Limited	Turn over exceeds ₹100 crore
6.	Himachal Pradesh State Electricity Board Limited (HPSEBL)	Paid up capital exceeds ₹10 crore
7.	Shimla Jal Prabandhan Nigam Limited	Turn over exceeds ₹100 crore
8.	Dharamshala Smart City Limited	Clause in Article of Association

Out of these eight, only three SPSEs had appointed independent directors as listed in **Table 5.23**.

Table 5.23: List of SPSEs having required number of Independent Directors

Sr. No.	Name of SPSEs	No. of Directors in BoDs	Minimum ³⁶ requirement of Independent Directors in BoDs	Actual number of Independent Directors in BoDs
1.	Himachal Pradesh State Industrial Development Corporation Limited (HPSIDC)	15-17	2	1(2020-21) 2(2021-23)
2.	Himachal Pradesh State Electricity Board Limited (HPSEBL)	9-12	2	2(2020-23)
3	Shimla Jal Prabandhan Nigam Limited	7-10	2	2(2020-23)

³⁵ Stipulated as per Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014.

³⁶ As per The Companies (Appointment and Qualification of Directors) Rules 2014, Section 4.

In the remaining five SPSEs, no Independent Director was appointed to the Board during 2020-23.

5.3.2.2 Woman Director in the Board

Section 149 (1) of the Companies Act, 2013, read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules 2014, provides that every listed Company and every other Public Company having paid-up share capital of ₹100 crore or more; or turnover of ₹300 crore or more shall appoint at least one-woman director in its Board.

In terms of these provisions, Woman Directors were to be appointed in two SPSEs³⁷ viz., Himachal Pradesh State Civil Supplies Corporation Limited and Himachal Pradesh State Electricity Board Limited. Both the SPSEs appointed woman directors during 2020-23.

5.3.3 Appointment and functioning of Independent Directors

5.3.3.1 Issuance of formal letter of appointment

As per clause 4 of Schedule IV of the Companies Act, 2013, the appointment of Independent Directors shall be formalised through a letter of appointment which shall set out the terms and conditions of appointment. It was observed that among the Companies mentioned in **Table 5.23**, only one SPSE³⁸ had issued formal appointment letter containing terms and conditions to Independent Directors.

5.3.3.2 Training of Independent Directors

As per Schedule IV (Para III (1) – Duties of Independent Directors) of Companies Act, 2013, Independent Directors should undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company.

However, it was observed that in the SPSEs listed in **Table 5.23**, no such training was conducted for Independent Directors who were on the Board during the last three years ending 31 March 2023.

5.3.3.3 Separate meetings of Independent Directors

As per the Code for Independent Directors prescribed under Schedule IV of the Companies Act, 2013, the Independent Directors of a company were required to hold at least one meeting in a year, without the attendance of non-independent directors and members of management.

The SPSEs where Independent Directors were appointed (listed in **Table 5.23**), only Shimla Jal Prabandhan Nigam Limited held separate meetings of the Independent Directors as per the requirement of the Act.

³⁷ On the basis of turnover exceeding ₹100 crore.

³⁸ Himachal Pradesh State Electricity Board Limited (HPSEBL).

5.3.4 Meetings of Board of Directors and Board committees**5.3.4.1 Meetings of the Board of Directors**

The Board of Directors is the agency for the implementation of governance policies. It is imperative that the Board devotes adequate attention to Corporate Governance and its members should meet regularly. Section 173(1) of Companies Act, 2013 stipulates that the Board shall meet at least four times in a year with Section 173(1) of Companies Act, 2013 a maximum time gap of 120 days between two consecutive meetings.

Audit observed that only three SPSEs³⁹ (out of 25) had conducted the required minimum number of BoDs meetings during 2020-23. Audit observed that where the minimum required four BoDs meetings were conducted, however it is noticed that there was gap of more than 120 days between two consecutive meetings in three instances in each of the three companies during the period 2020-23.

Year-wise details of BoDs meetings held during 2020-23 are detailed in **Table 5.24**.

Table 5.24: Year-wise detail of BoDs meetings held during 2020-23

Sr. No.	Name of Company	Number of BoDs meetings held during the year		
		2020-21	2021-22	2022-23
1	Himachal Pradesh Agro Industries Corporation Limited	4	3	4
2	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	4	4	5
3	Himachal Pradesh State Forest Development Corporation Limited	3	2	1
4	Himachal Backward Classes Finance and Development Corporation (HBCF&DC)	Nil	1	Nil
5	Himachal Pradesh Mahila Vikas Nigam	Nil	1	1
6	Himachal Pradesh Minorities Finance and Development Corporation	2	1	2
7	Himachal Pradesh Road and Other Infrastructure Development Corporation Limited	2	3	4
8	Himachal Pradesh State Industrial Development Corporation Limited	4	4	4
9	Dharamshala Smart City Limited	2	3	2
10	Shimla Smart City Limited (incorporated during January 2018)	2	3	3
11	Himachal Pradesh General Industries Corporation Limited	4	4	4
12	Himachal Pradesh State Civil Supplies Corporation Limited	4	4	3
13	Himachal Pradesh State Electronics Development Corporation Limited	2	2	1
14	Himachal Pradesh State Handicrafts and Handlooms Corporation Limited	1	3	2
15	Himachal Pradesh Tourism Development Corporation	2	0	2
16	Himachal Pradesh Kaushal Vikas Nigam	4	1	2
17	Himachal Consultancy Organisation Limited	3	3	4

³⁹ Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited, Himachal Pradesh State Industrial Development Corporation Limited and Himachal Pradesh General Industries Corporation Limited.

Sr. No.	Name of Company	Number of BoDs meetings held during the year		
		2020-21	2021-22	2022-23
18	Beas Valley Power Corporation Limited	1	6	4
19	Himachal Pradesh Power Corporation Limited	5	3	4
20	Himachal Pradesh Power Transmission Corporation Limited	4	3	2
21	Himachal Pradesh State Electricity Board Limited	3	9	10
22	Ropeways and Rapid Transport System Development Corporation HP Limited (July 2019)	4	3	2
23	Sri Naina Devi Ji & Sri Anandpur Sahib Ji Ropeway Ltd.	3	2	2
24	Shimla Jal Prabandhan Nigam Ltd.	2	2	4
25	Mandi International Airport Ltd.	NA	NA	1

HBCF&DC in its reply (February 2024) stated that the required Board meetings were not conducted due to Covid-19 and some administrative changes. The reply is not satisfactory as Rule 3 of the Companies (Meetings of Board and its Powers) Rules 2014 provides for conduct of Meetings of Board through video conferencing or other audio-visual means. Further, administrative changes cannot be a valid justification for not holding board meetings.

5.3.4.2 Attendance of the Independent Directors in the BoDs Meetings

Schedule IV (III) (3) of the Companies Act, 2013 states that Independent Directors should strive to attend all the General meetings of Board of Directors and of Board Committees of which he/she was a member. However, out of three SPSEs which had Independent Directors on the Board, it was observed that in HPSEBL some of the Independent Directors did not attend Board/Committee meetings as indicated in Table 5.25.

Table 5.25: Independent Directors who did not attend all Board/Committee meetings

Sr. No.	Name of the SPSE	No. of Independent Directors during 2020-23	No. of Independent Directors who did not attend Board meetings	No. of meetings not attended	No. of independent directors who did not attend Board's subcommittee meetings (Audit Committee)	No. of meetings not attended
1	Himachal Pradesh State Electricity Board Limited	2	1 (2022-23)	1	1 (2022-23)	1
			2 (2022-23)	2		

As seen from the table above, in Himachal Pradesh State Electricity Board Limited, out of the two, one independent director did not attend one Board meeting and two meetings were not attended by both independent directors during 2022-23.

5.3.4.3 Conducting of Annual General Meetings

As per Section 96 of the Companies Act, 2013 every Company other than a One Person Company shall in each year hold in addition to any other meetings, a general meeting as its Annual General Meeting and shall specify the meeting as such in the notices

calling it. Not more than fifteen months shall elapse between the date of one Annual General Meeting of a Company and that of the next, provided that in case of the first Annual General Meeting, it shall be held within a period of nine months from the date of closing of the first financial year otherwise in other cases within the period of six months. The details of AGMs held in all SPSEs during 2020-23 are given in **Table 5.26**.

Table 5.26: SPSEs wise status of AGM for the year 2020-23

Sr. No.	Name of Company	Year in which AGM was conducted (Yes/No)		
		2020-21	2021-22	2022-23
1	Himachal Pradesh Agro Industries Corporation Limited	Yes	Yes	Yes
2	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	Yes	Yes	Yes
3	Himachal Pradesh State Forest Development Corporation Limited	Yes	Yes	Yes
4	Himachal Backward Classes Finance and Development Corporation	No	No	No
5	Himachal Pradesh Mahila Vikas Nigam	Yes	Yes	Yes
6	Himachal Pradesh Minorities Finance and Development Corporation	No	Yes	Yes
7	Himachal Pradesh Road and Other Infrastructure Development Corporation Limited	Yes	Yes	Yes
8	Himachal Pradesh State Industrial Development Corporation Limited	Yes	Yes	Yes
9	Dharamshala Smart City Limited (Incorporated during July 2016)	No	No	No
10	Shimla Smart City Limited (Incorporated during January 2018)	Yes	Yes	Yes
11	Himachal Pradesh General Industries Corporation Limited	Yes	Yes	Yes
12	Himachal Pradesh State Civil Supplies Corporation Limited	Yes	Yes	Yes
13	Himachal Pradesh State Electronics Development Corporation Limited	No	Yes	Yes
14	Himachal Pradesh State Handicrafts and Handloom Corporation Limited	Yes	Yes	Yes
15	Himachal Pradesh Tourism Development Corporation	No	No	No
16	Himachal Pradesh Kaushal Vikas Nigam	Yes	Yes	No
17	Himachal Consultancy Organisation Limited	Yes	No	Yes
18	Beas Valley Power Corporation Limited	Yes	Yes	Yes
19	Himachal Pradesh Power Corporation Limited	Yes	Yes	Yes
20	Himachal Pradesh Power Transmission Corporation Limited	Yes	Yes	Yes
21	Himachal Pradesh State Electricity Board Limited	Yes	Yes	Yes
22	Ropeways and Rapid Transport System Development Corporation HP Limited	Yes	Yes	Yes
23	Sri Naina Devi Ji and Sri Anandpur Sahib Ji Ropeway Company Limited	Yes	Yes	Yes
24	Shimla Jal Prabandhan Nigam Limited	Yes	Yes	Yes
25	Mandi International Airport Ltd. (Date of incorporation November 2022)	Not Applicable	Not Applicable	Not Applicable

Out of 24 SPSEs which were required to conduct AGMs, three SPSEs did not conduct any AGM during 2020-23, 17 SPSEs held the required number of AGMs during all the

years and remaining six SPSEs did not comply with the above criteria from time to time.

The HBCF&DC stated (February 2024) that the AGMs were not conducted due to Covid-19 and some administrative changes. The reply is not satisfactory as Ministry of Corporate Affairs, Government of India vide its general circular No. 20/2020 dated 5th May 2020 allowed companies to conduct their AGMs through Video Conference or Other Audio visual means. Further, administrative changes can not be a valid justification for not holding AGM.

5.3.4.4 Attending Annual General Meetings of Company

Schedule IV(III) (5) of the Companies Act, 2013 states that Independent Directors shall strive to attend the General Meetings of the Company. Of the SPSEs which had Independent Directors on the Board during 2020-23, the SPSEs where Independent Directors did not attend the annual general meetings of the Company are detailed in **Table 5.27**.

Table 5.27: Independent Directors who did not attend Annual General Meetings

Sr. No.	Name of SPSEs	No. of Independent Directors in BODs	No. of Independent Directors who did not attend AGM	Period
1	Himachal Pradesh State Industrial Development Corporation Limited	2	2	2020-23
2	Himachal Pradesh State Electricity Board Limited	2	2	2022-23

5.3.5 Audit Committee

Audit Committee is one of the important pillars of the Corporate Governance mechanism in the Company. It is charged with the oversight of financial reporting and disclosures. It boosts the confidence in the integrity of the Company's financial reporting, the internal control process and the risk management systems. It reviews and monitors the auditor's independence and performance and effectiveness of audit process. It examines the financial statement and the auditor's report thereon.

5.3.5.1 Applicability of Audit Committee

Section 177 of the Act read with rule 6 of the Companies (Meetings of the Board and Powers) Rules, 2014 stipulates that the Board of Directors of every listed Company and the following classes of Companies are required to constitute an Audit Committee of the Board:

- All Public Companies with a paid-up capital of ₹10 crore or more; or
- All Public Companies having turnover of ₹100 crore or more; or
- All Public Companies, having in aggregate, outstanding Loans or Borrowings or Debentures or Deposits exceeding ₹50 crore or more.

The paid-up Share Capital or turnover or outstanding loans, or Borrowings or Debentures or Deposits, as the case may be, as existing on the date of last audited Financial Statements shall be taken into account for the purpose of this rule.

Audit observed that out of 12 Public SPSEs, seven SPSEs were required to constitute an Audit Committee, however, only three SPSEs given in **Table 5.28**, constituted Audit Committee.

Table 5.28: SPSEs where Audit Committee was Constituted

Sr. No.	Name of Companies where Audit Committee was Constituted
1	Himachal Pradesh State Industrial Development Corporation Limited (HPSIDCL)
2	Himachal Pradesh State Electricity Board Limited (HPSEBL)
3	Shimla Jal Prabandhan Nigam Limited

In the remaining four SPSEs given in **Table 5.29**, no audit committee was constituted in compliance of above stated rules.

Table 5.29: SPSEs where Audit Committee was not Constituted

Sr. No.	Name of Companies where Audit Committee was not Constituted
1	Himachal Pradesh Agro Industries Corporation Limited (HPAICL)
2	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited (HPMC)
3	Himachal Backward Classes Finance and Development Corporation (HBCF&DC)
4	Himachal Pradesh State Civil Supplies Corporation Limited

5.3.5.2 Composition of Audit Committee

Section 177 (1) and (2) of the Companies Act, 2013, stipulates that there shall be an Audit Committee with a minimum of three directors as members, of which two-thirds shall be Independent Directors.

Out of the three companies mentioned in **Table 5.28**, the criteria of two-third Independent Directors was not met by Himachal Pradesh State Industrial Development Corporation Limited (HPSIDCL) as well as Himachal Pradesh State Electricity Board Limited (HPSEBL).

5.3.5.3 Meetings of the Committee

All three SPSEs where Audit Committee was constituted had conducted audit committee meetings during 2020-23.

5.3.5.4 Evaluation of Internal Control Systems

Clause 5 of the Section 177 of the Companies Act, 2013 stipulates that the Audit Committee may call for the comments of the auditors about internal control system and may also discuss any related issue with the Internal and Statutory auditors and the management of the Company.

Audit noticed that all three SPSEs which conducted Audit committee meetings (given in **Table 5.28**), evaluated internal financial control systems and risk management systems.

5.3.5.5 Review of Performance of Statutory and Internal Auditors

Clause 5 of Section 177 of the Companies Act, 2013 stipulates that the Audit Committee should review with the management, the performance of Statutory Auditors and Internal Auditors.

Audit noticed that in all three SPSEs which conducted Audit committee meetings (given in **Table 5.28**), appointment of internal auditor, cost auditors, status of Internal Audit & Statutory Audit, and performance evaluation of Statutory Auditors and Internal Auditors were reviewed.

5.3.5.6 Review of Information/Documents by Audit Committee

Section 143 (6) of the Companies Act, 2013, authorises C&AG to carry out supplementary audit of the accounts of Government Companies. Further Section 177 (4) (iii) of the Companies Act, 2013 provides that the Audit Committee shall examine the financial statements and Auditors' Report thereon. Thus, in case of SPSEs, it was the responsibility of the Audit Committee to review the findings of C&AG.

Table 5.30: Status of review of CAG's findings by Audit Committees

Sr. No.	Name of the SPSEs	Whether reviewed by Audit Committee
1	Himachal Pradesh State Electricity Board Limited	Yes
2	Himachal Pradesh State Industries Development Corporation Limited	Yes
3	Shimla Jal Prabandhan Nigam Limited	Yes

Audit observed that the Audit Committee had reviewed the findings of C&AG in all SPSEs namely Himachal Pradesh State Electricity Board Limited, Shimla Jal Prabandhan Nigam Limited and Himachal Pradesh State Industries Development Corporation Limited.

5.3.5.7 Other Committees

(i) Nomination and Remuneration Committee

Section 178 (1) of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 provides that the following classes of Companies are required to constitute a Nomination and Remuneration Committee:

- All Public Companies with a paid-up capital of ₹10 crore or more; or
- all Public Companies having turnover of ₹100 crore or more; or
- all Public Companies, having in aggregate, outstanding Loans or Borrowings or Debentures or Deposits exceeding ₹50 crore or more.

Section 178 of the Companies Act, 2013 also provides that the Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees. The Nomination and Remuneration Committee shall, while formulating the policy ensure that— (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully; (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (c) remuneration to directors, key managerial personnel and senior management involves a balance

between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Audit observed that out of 12 Public SPSEs, seven SPSEs were eligible to constitute a Nomination and Remuneration Committee as per the criteria specified in Act/Rules. However, only one ⁴⁰ SPSE had constituted (September 2014 and reconstituted October 2021) this committee. In the remaining Six SPSEs, no Nomination and Remuneration committee was constituted (given in **Table 5.31**).

Table 5.31: SPSEs where Nomination and Remuneration Committee was not Constituted

Sr. No.	Name of SPSEs
1	Himachal Pradesh Agro Industries Corporation Limited
2	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited
3	Himachal Backward Classes Finance and Development Corporation
4	Himachal Pradesh State Industrial Development Corporation Limited
5	Himachal Pradesh State Civil Supplies Corporation Ltd.
6	Shimla Jal Prabandhan Nigam Limited

In the absence of Nomination and Remuneration Committee, policy containing criteria for determining qualifications, positive attributes and independence and relating to the remuneration for the Directors as well as other employees could not be formulated and reasonableness of remuneration, relationship of remuneration to performance benchmarks and a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals could not be ensured.

5.3.6 Appointment of Company Secretary

State Public Sector Enterprises need a Company Secretary to strengthen its governance and ensure compliance of Acts and rules made there under, as applicable to the Company. Section 203(1) of the Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 provides that every Public Company having a Paid-Up Share Capital of ₹10 crore or more shall have a whole-time Company Secretary.

Audit observed that five SPSEs (details given in **Table 5.32**) were eligible to appoint a whole time Company Secretary, however, only one SPSE⁴¹ appointed a whole-time Company Secretary and in the remaining four SPSEs the work was being got done through a part-time Company Secretary.

⁴⁰ Himachal Pradesh State Electricity Board Limited

⁴¹ Himachal Pradesh State Electricity Board Limited

Table 5.32: SPSEs where Company Secretary was appointed on Whole time/Part time Basis

Sr. No.	Name of the company	Latest year accounts finalised	Paid-up capital (₹ in crore)	Whether Company Secretary required (paid-up share capital of ₹10 crore or more)	Company Secretary (Part Time/ Whole Time)
1	Himachal Pradesh Agro Industries Corporation Limited	2021-22	18.85	Yes	Part time
2	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	2021-22	38.77	Yes	Part time
3	Himachal Backward Classes Finance and Development Corporation	2018-19	14.22	Yes	Part time
4	Himachal Pradesh State Industrial Development Corporation Limited	2020-21	30.82	Yes	Part time
5	Himachal Pradesh State Electricity Board Limited	2021-22	832.23	Yes	Whole time

5.3.7 Whistle Blower Policy

The Whistle Blower Policy / Vigil Mechanism aims to establish a mechanism to receive complaints relating to disclosure on any allegation of corruption or willful misuse of power or willful misuse of discretion, to report concerns about unethical behavior, actual or suspected fraud, leakage of unpublished price sensitive information or suspected leakage of unpublished price sensitive information or violation of the Code of Business Conduct and Ethics for Board of Directors and Employees, against any employee/public servant and to inquire or cause an inquiry into such disclosure and to provide adequate safeguards against victimisation of the person making such complaint subject to the disclosure or complaint being made in good faith and in reasonable time.

Section 177 (9) of the Companies Act, 2013 and Rule 7 of the Companies (Meeting of Boards and its Powers) Rules, 2014 stipulate that the Company shall establish a vigil mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. It was, however, observed that out of the 25 SPSEs, only four⁴² SPSEs had established a whistle blower mechanism.

5.3.8 Internal Audit Framework

5.3.8.1 Introduction as well as the importance of internal audit

Internal Audit has been recognised as an aid to the higher management for monitoring the financial performance and effectiveness of various programs, schemes and activities. Internal Audit also provides reasonable assurance that the operations are

⁴² (i) Himachal Pradesh Power Corporation Limited (ii) Himachal Pradesh Power Transmission Corporation Limited (iii) Himachal Pradesh State Electricity Board Limited (iv) Beas valley Power Corporation Ltd.

carried out effectively and efficiently, reliable financial reports and operational data and the applicable laws and regulations are complied with so as to achieve organisational objectives.

5.3.8.2 Legal Framework

As per section 138 of Companies Act, 2013 read with Rule 13 of Companies (Accounts) Rules, 2014, certain classes of Companies are required to appoint Internal Auditors. Rule 13 of Companies (Accounts) Rules 2014 prescribes that the following Companies are required to appoint an internal auditor or firm of internal auditors namely:

- (a) Every listed company.
- (b) Every unlisted public company having:
 - (i) Paid up share capital of ₹50 crore or more during the preceding financial year; or
 - (ii) Turnover (income) of ₹200 crore or more during the preceding financial year; or
 - (iii) Outstanding loans or borrowings from banks or public financial institutions exceeding: ₹100 crore or more at any point of time during the preceding financial year; or
 - (iv) Outstanding Deposits of ₹25 crore or more at any point of time during the preceding financial year.

Audit observed that out of the 12 Public SPSEs, two SPSEs were required to appoint Internal Auditors or firm of Internal Auditors as per Section 138 of Companies Act, 2013. Internal Audit of one SPSE (Himachal Pradesh State Electricity Board Limited) is being conducted by its own staff. In respect of the other SPSE, namely Himachal Pradesh State Civil Supplies Corporation Limited, Internal Audit is conducted through the appointment of Chartered Accountants firm.

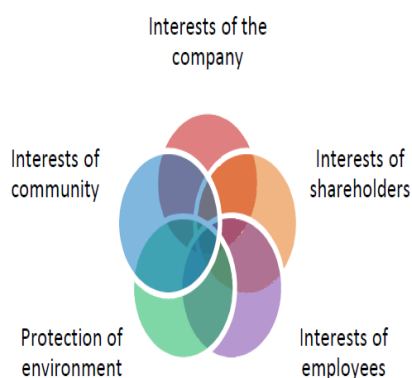
Recommendation: *State Government may impress upon the respective Administrative Departments to ensure compliance to relevant provisions of Companies Act, 2013 and Rules framed thereunder so as to achieve the objectives of Corporate Governance in SPSEs.*

5.4 Corporate Social Responsibility

5.4.1 Introduction

Corporate Social Responsibility (CSR) is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the local community at large. It recognises the interests of its stakeholders and the general community at large by covering sustainability, social impact and ethics. The concept of CSR rests on the ideology of give and take. Companies take resources in the form of raw materials, human resources etc. from the society. By performing the task of CSR activities, the companies are giving something back to the society.

Chart 5.3



CSR was made mandatory with the coming into force of Section 135 and Schedule VII of the Companies Act, 2013 (herein after referred to as the Act) in April 2014. The Act and the Companies (CSR Policy) Rules 2014 mandate and regulate the social spending by the Companies. The inclusion of the CSR mandate under the Act is an attempt to supplement the Government's efforts of equitably delivering the benefits of growth and to engage the Corporate Sector with the State's development agenda.

Legal Framework: Section 135 of the Act deals with the subject of Corporate Social Responsibility (CSR) and lays down the qualifying criteria based on net worth, turnover and net profit during the immediately preceding financial year for companies which are required to undertake CSR activities and *inter alia* specifies the broad modalities of selection, implementation and monitoring of the CSR activities by the Board of Directors of the Company. The activities which may be included by the Companies in their CSR policies are listed in Schedule VII of the Act. The provisions of Section 135 and Schedule VII of the Act are applicable to all Companies including State Public Sector Enterprises (SPSEs). The Act makes it mandatory for any Company to spend annually at least two *per cent* of average net profit (calculated as per section 198 of the Act) of three immediately preceding financial years towards CSR activities. The compliance of the provisions of CSR under the Act i.e., constitution of CSR Committee, formulation of CSR Policy and spending of prescribed amount on CSR activities came into force from April 2014.

In February 2014, Ministry of Corporate Affairs (MCA) issued Companies (CSR Policy) Rules, 2014. The CSR Rules were made applicable to all Companies including State PSEs w.e.f. 1st April 2014. Further, major amendments to CSR Rules were made in January 2021 (modes of implementing CSR activities, reporting of CSR activities, transfer of unspent balance, etc.) and September 2022 (applicable for companies having unspent amount in its Unspent CSR account).

5.4.2 Audit Objectives

The objective of compliance audit of CSR activities of the SPSEs was to ascertain whether the provisions of the Act, Companies (CSR Policy) Rules 2014, Companies (CSR Policy) Amendment Rules, 2021, Companies (CSR Policy) Amendment Rules, 2022 were complied with. In order to assess the efforts of the State PSEs, Audit looked into the following issues:

- Whether the provisions relating to the constitution of the CSR Committee, formulation and compliance with policy, planning stages of execution have been complied with;

- Whether the provisions relating to the prescribed amount to be spent on specified activities have been complied with; and
- Whether the provisions relating to the implementation and reporting have been complied with.

5.4.3 Audit Scope and Coverage

As per section 135 of the act, every company having net worth of ₹500 crore or more; or turnover of ₹1,000 crore or more; or a net profit of ₹ five crore or more during the immediately preceding financial year qualifies for CSR. In Himachal Pradesh, there are a total of 30 SPSEs out of which two are statutory corporations⁴³. Since they are not registered under the Companies Act, provisions of CSR are not applicable. Out of the balance 28 companies, five were eligible to conduct CSR activities as per the criteria mentioned above during 2020-23, as depicted in **Table 5.33** and were reviewed in Audit.

Table 5.33: Eligibility criteria for applicability of CSR for SPSEs

Sr. No.	Criterion	SPSEs Covered under Criterion
1.	Net worth of ₹500 crore or more	Himachal Pradesh Power Corporation Limited
2.	Turnover of ₹1,000 crore or more	Himachal Pradesh State Electricity Board Limited and Himachal Pradesh State Civil Supplies Corporation Limited
3.	Net profit of ₹ five crore or more	Himachal Pradesh State Industrial Development Corporation Limited and Himachal Pradesh General Industries Corporation Limited

5.4.4 Audit Criteria

Audit analysis was carried out against following criteria:

- Provisions contained in Section 135 and Schedule VII of the Act;
- Provisions of Companies (CSR Policy) Rules, 2014; and
- Provisions of Companies (CSR Policy) Amendment Rules, 2021 and Companies (CSR Policy) Amendment Rules, 2022.

5.4.5 Audit Findings

Audit findings relating to the extent of compliance with the provisions of the Act with regard to the constitution of CSR Committee, formulation and compliance with policy, planning and execution of CSR activities and monitoring & reporting thereof by the SPSEs are given in the following paragraphs.

⁴³ Himachal Road Transport Corporation and Himachal Pradesh Financial Corporation

5.4.5.1 Planning

5.4.5.1.1 Constitution of CSR Committee

As per section 135 (1) of the Act, every Company qualifying for undertaking CSR activities shall constitute a CSR committee of the Board consisting of three or more Directors. Role of the Board and CSR Committee as per section 135 (1) and (3) of the Act is depicted in **Chart 5.4**.

Audit noticed that CSR committee was constituted by all five SPSEs that were required to constitute the same. The SPSE-wise detail is as under:-

Chart 5.4

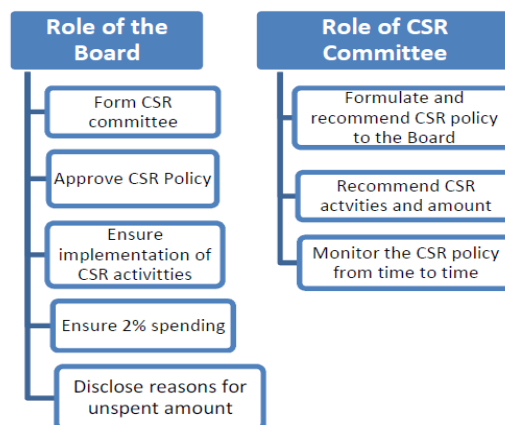


Table 5.34: Statement showing the SPSE-wise date of constitution of CSR committee

Sr. No.	Name of SPSEs	Date of constitution of CSR committee
Power Sector		
1.	Himachal Pradesh Power Corporation Limited	July 2014
2.	Himachal Pradesh State Electricity Board Limited	September 2014, Re-constituted in April 2019 and October 2023
Other than Power Sector		
1.	Himachal Pradesh State Civil Supplies Corporation Limited	June 2014, Re-constituted in January 2021 and December 2023
2.	Himachal Pradesh State Industrial Development Corporation Limited	June 2016
3.	Himachal Pradesh General Industries Corporation Limited	June 2018

5.4.5.1.2 Framing of CSR policy

Section 135 (3) of the Act requires that the CSR Committee shall formulate and recommend a CSR Policy to the Board. CSR policy shall include guiding principle for selection, implementation and monitoring of activities as well as formulation of the annual action plan. Audit observed that all five SPSEs⁴⁴ had framed the CSR Policy based on the recommendations of the CSR Committee and approval of Board during March 2015 to August 2021. Further, four of these SPSEs (except Himachal Pradesh Power Corporation Limited) had made a provision of review of the CSR policy by CSR Committee at least every two years.

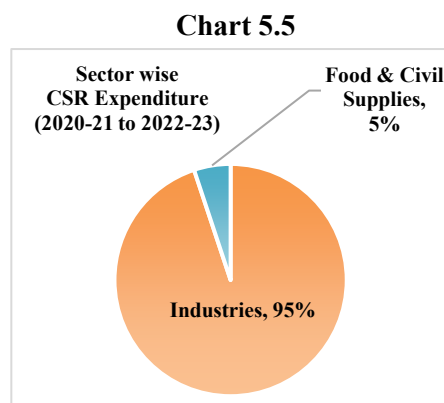
⁴⁴ Himachal Pradesh State Civil Supplies Corporation and Himachal Pradesh Power Corporation Limited- March 2015, Himachal Pradesh State Industrial Development Corporation and Himachal Pradesh General Industries Corporation- September 2018, Himachal Pradesh State Electricity Board Limited- August 2021.

5.4.5.1.3 Range of CSR Spend

Three SPSEs⁴⁵ had spent ₹348.54 lakh on CSR activities during 2020-23. A total of 18 projects⁴⁶ were executed and minimum expenditure on any CSR project was ₹0.05 lakh (Women empowerment) and maximum expenditure on single CSR project was ₹200 lakh (contribution to State Disaster Relief Fund). Of the above SPSEs, Himachal Pradesh State Industrial Development Corporation was the top spender for cumulative period of three years (2020-2023).

5.4.5.1.4 Sector wise CSR Spend

Audit covered five⁴⁷ SPSEs for the period 2020-23 across three sectors namely Food & Civil Supplies, Industries and Power. The expenditure on CSR activities was incurred by Industries and Food and Civil Supplies Sectors by three⁴⁸ SPSEs. The majority expenditure on CSR was by the Industries sector (Two SPSEs: ₹330.77 lakh) and the remaining by Food & Civil Supplies sector (One SPSE: ₹17.77 lakh) as depicted in **Chart 5.5**.



5.4.5.2 Financial Component

5.4.5.2.1 Allocation and Utilisation of Fund

As per Section 135(5) of the Act, it is mandatory for any Company to spend annually at least two *per cent* of average net profit of three immediate preceding financial years (calculated under section 198 of the Act) towards CSR activities and the Board shall ensure the same. Details of two *per cent* of average net profit so calculated, allocation to be made and actual expenditure in respect of three profit making State PSEs for the period from 2020-21 to 2022-23 are given in **Table 5.35**.

Table 5.35: Showing the detail of amount to be spent as per CSR's policy and actually spent by the State PSEs (Other than power sector)

(₹ in lakh)

Year	Average net profit (as per section 198 of Act) for the preceding three years	Two per cent allocation to be made	Amount actually spent
2020-21	2,832.08	56.64	25.49
2021-22	2,382.54	47.65	269.78
2022-23	1,998.51	39.97	53.27
Total		144.26	348.54

⁴⁵ Himachal Pradesh State Civil Supplies Corporation (₹17.77 lakh (five *per cent* of ₹348.54 lakh)), Himachal Pradesh State Industrial Development Corporation (₹282.20 lakh (81 *per cent* of ₹348.54 lakh)) and Himachal Pradesh General Industries Corporation (₹48.57 lakh (14 *per cent* of ₹348.54 lakh)).

⁴⁶ HPSCSC: five projects; HPSIDC: six projects and HPGIC: seven projects.

⁴⁷ Himachal Pradesh State Civil Supplies Corporation Limited (HPSCSC), Himachal Pradesh State Industrial Development Corporation Limited (HPSIDC), Himachal Pradesh General Industries Corporation Limited (HPGIC), Himachal Pradesh State Electricity Board Limited (HPSEBL) and Himachal Pradesh Power Corporation Limited (HPPCL).

⁴⁸ HPSCSC (Food and Civil Supplies Sector), HPSIDC & HPGIC (Industries Sector).

Audit observed that against the prescribed norm of two *per cent* amount of ₹144.26 lakh, the State PSEs incurred expenditure of ₹348.54 lakh. The SPSEs wise details of expenditure for the years 2020-23 is given in **Appendix 5.16**. Audit also noticed various deficiencies in the implementation of CSR policy by each PSE as detailed below:

- Himachal Pradesh General Industries Corporation Limited had spent only ₹5.25 lakh on CSR activities during 2020-21 despite its obligation of ₹17.54 lakh towards CSR activities. However, the company had spent ₹19.82 lakh and ₹23.50 lakh during 2021-22 and 2022-23 respectively for CSR activities which was more than the amount required to be spent in the respective years (₹14.51 lakh in 2021-22 and ₹11.22 lakh in 2022-23) respectively.
- Himachal Pradesh State Industrial Development Corporation Limited had spent only ₹20.24 lakh during 2020-21 despite its obligation of ₹35.40 lakh towards CSR activities. However, the company had spent ₹238.96 lakh during 2021-22 for CSR activities which was more than the amount (₹29.71 lakh) required to be spent in the year. This expenditure of ₹238.96 lakh for the year 2021-22 includes ₹200.00 lakh for contribution to State Disaster Relief Fund but instead approval of Board of Directors was taken for contribution to Chief Minister Relief Fund, which is not covered under CSR funding.
- Himachal Pradesh State Civil Supplies Corporation Limited had not spent any amount during 2020-21 despite its obligation of ₹3.70 lakh towards CSR activities. However, the company had spent ₹11.00 lakh and ₹6.77 lakh during 2021-22 and 2022-23 respectively for CSR activities which was more than the amount required to be spent in the respective years (₹3.43 lakh in 2021-22 and nil in 2022-23).

5.4.5.2.2 State Public Sector Enterprises (Power) with Negative Accumulated Profit

The Net profit (calculated under section 198 of the Act) of Himachal Pradesh State Electricity Board Limited was ₹6.04 crore for FY 2020-21, (-) ₹56.95 crore for FY 2021-22 and (-) ₹92.70 crore for FY 2022-23. However, the accumulated profit for HPSEBL remained negative during 2020-23⁴⁹. Further, the average net profit of Himachal Pradesh Power Corporation Limited remained negative⁵⁰ during 2020-23 as per their latest finalised accounts as of December 2023. Hence, both power sector SPSEs were not required to incur any expenditure towards CSR.

5.4.5.2.3 Accounting of unspent amount

Section 135 (5) of the Companies Act, 2013⁵¹ provided further that if the company fails to spend CSR amount, the Board shall, in its report specify the reasons for not spending

⁴⁹ (-) ₹1705.92 crore for FY 2020-21, (-) ₹1809.61 crore for FY 2021-22 and (-) ₹3246.36 crore for FY 2022-23.

⁵⁰ (-) ₹104.45 crore for FY 2020-21, (-) ₹140.75 crore for FY 2021-22 and (-) ₹141.97 crore for FY 2022-23.

⁵¹ As per amendment w.e.f. 22.01.2021.

the amount and, unless the unspent amount relates to any ongoing project referred to in sub-section (6), transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial years.

In case the unspent amount relates to an ongoing project under the company's CSR policy, the company will transfer the unspent amount to an exclusive account to be opened by the company, known as an 'Unspent Corporate Social Responsibility Account', in any scheduled bank within 30 days from the end of the financial year.

The company must use the funds in the 'Unspent Corporate Social Responsibility Account' towards its obligations under the CSR policy within a period of three financial years from the date of the transfer. Section 135 (7) provides that in case a company fails to comply with the provisions relating to CSR spending, transferring and utilising the unspent amount, the company will be punishable with a penalty of ₹ one crore or twice the amount required to be transferred by the company to the CSR fund specified in Schedule VII of the Act or the Unspent Corporate Social Responsibility Account, whichever is less.

Further, every officer of such company who defaults in compliance will be liable to pay ₹ two lakh or one-tenth of the amount required to be transferred by the company to CSR fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account, whichever is less.

Audit observed that in case of three SPSEs, there was unspent balance during the three year period from 2020-21 to 2022-23 as depicted in **Table 5.36**.

Table 5.36: Details of year-wise unspent balance in SPSEs during 2020-23

Name of the SPSE	Unspent Balance as on 31 st March (₹ in lakh)		
	2021	2022	2023
Himachal Pradesh State Industrial Development Corporation Limited	130.95	(78.30)	(72.55)
Himachal Pradesh General Industries Corporation Limited	26.29	20.98	8.70
Himachal Pradesh State Civil Supplies Corporation Limited	13.2	5.63	(1.14)

Note: Figures in parenthesis indicate excess expenditure.

Audit observed that Himachal Pradesh General Industries Corporation Limited had not taken any steps to transfer these unspent balances to the Fund as specified in Schedule VII or to 'Unspent Corporate Social Responsibility Account' in any scheduled bank. Thus, non-compliance with the CSR Rules can attract penalties as provided in the Act.

Himachal Pradesh General Industries Corporation Limited replied (February 2024) that it will ensure that corporation will spend its yearly CSR budget on or before 31st March of every year. However, if unspent balance is not exhausted due to any reason then in future, the same will be transferred in the 'Unspent Corporate Social Responsibility Account'.

5.4.5.3 Project Implementation

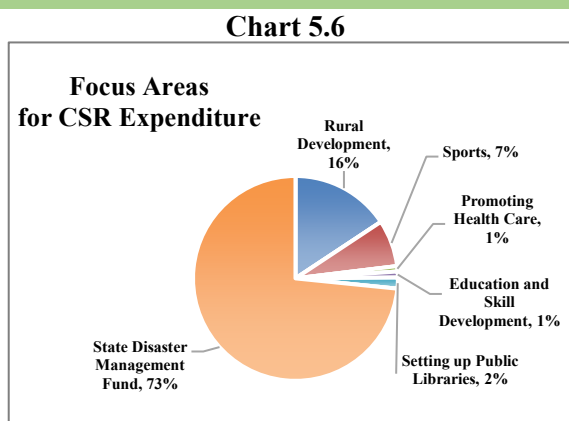
5.4.5.3.1 Selection of CSR projects/activities

Conduct of Base line survey and assessment:

As per CSR policy of the SPSEs, CSR projects need to be identified and planned for the approval of CSR Committee, in particular in thrust areas, with estimated expenditure and phase-wise implementation schedule. Audit observed that none of the three SPSEs (other than Power Sector) had conducted any separate baseline survey and need assessment studies for identifying and planning the CSR project/activity during 2020-23.

5.4.5.3.2 Focus areas

Schedule VII of the Act defines activities which can be covered under CSR, which broadly relates to health, sanitation, education, environment, sports, heritage, art and culture, rural development, etc. Audit observed that out of the total expenditure of ₹348.54 lakh⁵² towards CSR during 2020-23 incurred by Himachal Pradesh



General Industries Corporation, Himachal Pradesh State Industrial Development Corporation and Himachal Pradesh State Civil Supplies Corporation, the maximum amount was received by State Disaster Management Fund: 255.82 lakh⁵³; Rural Development: ₹54.69 lakh⁵⁴; Sports: ₹25.75 lakh⁵⁵; Protection of National Heritage and Setting up Public Libraries: ₹6.00 lakh⁵⁶; Educational and Skill Development: ₹3.32 lakh⁵⁷; and Contribution towards Promoting Healthcare: ₹2.96 lakh⁵⁸ as depicted in the **Chart 5.6**. No amount was spent under the other seven heads by the eligible State PSEs during this period.

⁵² State Disaster Management Fund, Rural Development, Sports, Protection of national heritage and setting up public libraries, Education and Skill Development and promoting healthcare.

⁵³ HPSCSC: ₹ five lakh; HPSIDC: ₹221 lakh and HPGIC: ₹ 29.82 lakh

⁵⁴ HPSCSC: ₹3.50 lakh; HPGIC: ₹13.03 lakh and HPSIDC: ₹38.16 lakh

⁵⁵ HPSCSC: ₹2.75 lakh and HPSIDC: ₹23.00 lakh

⁵⁶ HPSCSC: ₹ six lakh

⁵⁷ HPSCSC: ₹3.27 lakh and HPSIDC: ₹0.05 lakh

⁵⁸ HPGIC: ₹2.96 lakh

5.4.5.4 Findings on CSR activities undertaken by State PSEs

5.4.5.4.1 Non-receipt of utilisation certificates

It was observed that three SPSEs⁵⁹ had provided an advance of ₹51.55 lakh⁶⁰ during October 2020 to September 2022 to external agencies for execution of 10 projects⁶¹ relating to the promotion of sports activities, construction of cemetery, assistance in establishment of town public library, etc., but utilisation certificates for the works executed were not received/obtained from the concerned agencies. In the absence of utilisation certificate, it could not be ensured that the advance provided was utilised for the intended purpose.

5.4.5.4.2 Expenditure without the approval of BoD/CSR Committee

As per the CSR policy of SPSEs, role of the CSR Committee is to recommend the CSR activities and the amount to be spent in the financial year to the Board and the Board has to ensure implementation of these CSR activities.

Himachal Pradesh State Industrial Development Corporation Limited has provided funds for various CSR activities without the approval of BoD/CSR committee which are depicted below:

- (i) ₹14.49 lakh for the construction of a bridge on Banuri Khad (2020-21).
- (ii) ₹200.00 lakh donated to State Disaster Management Authority⁶²
- (iii) ₹ five lakh to the Commandant, 1st Indian Reserve Battalion, Bangarh (Distt. Una) for promotion of Sports activities.

Thus, as mentioned above expenditure/payments of ₹219.49 lakh were not recommended by the CSR Committee and nor approved by Board of Directors.

5.4.5.4.3 Mandatory CSR Registration number for implementation of CSR activities

As per the Companies (CSR Policy) Amendment Rules, 2021, the company can undertake CSR activities either itself or through entities defined under Companies (CSR Policy) Rules, 2014. These companies/entities are required to mandatorily register themselves with the Central Government for undertaking any CSR activity by filing the e-form CSR-1 with the Registrar of Companies and shall possess valid unique CSR Registration Number, with effect from 01-04-2021. Further, a company established under Section 8 of the Act, or a registered public trust, or a registered society

⁵⁹ Himachal Pradesh State Civil Supplies Corporation Limited, Himachal Pradesh State Industrial Development Corporation Limited and Himachal Pradesh General Industries Corporation Limited.

⁶⁰ Himachal Pradesh State Civil Supplies Corporation Limited (₹12.77 lakh: 2021-22: -₹6.00 lakh and 2022-23: ₹6.77 lakh), Himachal Pradesh State Industrial Development Corporation Limited (2022-23: ₹23.00 lakh: August and September 2022) and Himachal Pradesh General Industries Corporation Limited (₹15.78 lakh: 2020-21: ₹5.25 lakh: October 2020, 2021-22: ₹8.03 lakh and 2022-23: ₹2.50 lakh).

⁶¹ Himachal Pradesh State Civil Supplies Corporation Limited: four; Himachal Pradesh State Industrial Development Corporation Limited: two and Himachal Pradesh General Industries Corporation Limited: four

⁶² Payment of ₹ 200.00 lakh was made to the State Disaster Relief Fund without its approval from the Board of Directors (approval was for CM Relief Fund).

is required to have income-tax registration u/s 12A as well as 80G of the Income Tax Act, 1961 to act as implementing agency, except for any entities established by Central or State Government.

Audit observed that the three SPSEs (other than Power Sector) had undertaken 10 CSR projects⁶³ through nine implementing agencies amounting ₹51.55 lakh (**Appendix 5.17**). Further, it was observed that these SPSEs had not ensured that the implementing agencies were complying with the mandatory requirements of CSR Registration, Section 80G and Section 12A registration under the Income tax Act (for NGOs) before releasing funds.

Himachal Pradesh General Industries Corporation Limited replied (February 2024) that it will ensure that executing agencies are complying with these provisions.

5.4.5.5 Monitoring Framework

As per Rule 5(2) of CSR Rules, 2014 the CSR Committee shall institute a transparent monitoring mechanism for implementation of CSR projects/ programs/ activities undertaken by the Company.

Audit observed that out of five SPSEs⁶⁴, one SPSE (Himachal Pradesh Power Corporation Limited) did not specify the monitoring mechanism in the policy.

5.4.5.6 CSR Committee Meetings

In respect of three SPSEs⁶⁵ (Other than Power Sector) as per their policy, minimum two CSR meetings were required to be held every year. In case of Himachal Pradesh State Civil Supplies Corporation Limited only two (June 2021 and May 2022) CSR meetings were held during the period 2020-23, while in Himachal Pradesh State Industries Development Corporation Limited and Himachal Pradesh General Industries Corporation, six meetings were held during the period 2020-23, as stipulated in their policy.

5.4.5.7 Reporting and Disclosure

As per Section 135 (2) & (4) read with section 134 (3) (o) of the Act and Rule 8-10 of the Companies (CSR Policy) Amendment Rules, 2021, a Company is required to include an Annual Report on CSR in their Board Report (including the composition of the CSR Committee, CSR Policy and projects approved) and place it on the official website. The companies have to disclose in the annual report, a brief outline on CSR policy, the composition of CSR Committee, web link of CSR policy, average net profit, the composition of CSR Committee, details of administration overheads, prescribed amount, unspent amount and reasons for unspent amount. Annual reports of Himachal Pradesh State Industrial Development Corporation Limited and Himachal Pradesh State

⁶³ HPGIC: Four projects through three Implementing agencies; HPSIDC: Two projects through two Implementing Agencies and HPSCSC: Four projects through four Implementing agencies.

⁶⁴ Himachal Pradesh State Industrial Development Corporation (HPSIDC), Himachal Pradesh General Industries Corporation (HPGIC), Himachal Pradesh State Civil Supplies Corporation (HPSCSC), Himachal Pradesh State Electricity Board Limited (HPSEBL) and Himachal Pradesh Power Corporation Limited (HPPCL).

⁶⁵ Himachal Pradesh State Industrial Development Corporation (HPSIDC), Himachal Pradesh General Industries Corporation (HPGIC), Himachal Pradesh State Civil Supplies Corporation (HPSCSC).

Civil Supplies Corporation Limited for the period 2020-23 were not available. Similarly, in case of Himachal Pradesh General Industries Corporation Limited, annual reports for the period 2021-23 were not available. Reasons for the same have been called for from the Company.

Further, all these three SPSEs (other than power sector) had also not disclosed their CSR Policy, CSR Committee composition and approved CSR projects on their official website.

Himachal Pradesh General Industries Corporation Limited replied (February 2024) that necessary action will be taken in due course of time.

5.4.6 Conclusion

As on 31 March 2023, there were 30 SPSEs (two Statutory Corporations, 24 Government Companies (including three inactive Government Companies) and four Government Controlled Other Companies) in the State. Thirteen SPSEs reported profit as per their latest financial statements in 2022-23 against 10 SPSEs in 2021-22. The profit decreased from ₹21.47 crore in 2021-22 to ₹20.21 crore in 2022-23. Out of 13 SPSEs which earned profit during 2022-23, only one SPSE (Himachal Pradesh General Industries Corporation Limited) declared dividend of ₹0.36 crore. Four SPSEs were not required to declare dividend and eight SPSEs which earned aggregate profit of ₹14.88 crore had not declared/paid dividend.

The losses incurred by the SPSEs increased to ₹604.94 crore in 2022-23 (eight SPSEs) as per their latest finalised accounts from ₹498.55 crore in 2021-22 (12 SPSEs) due to loss-incurring power sector SPSEs (Himachal Pradesh Power Corporation Limited, Himachal Pradesh Power Transmission Corporation Limited and Himachal Pradesh State Electricity Board Limited) and Himachal Road Transport Corporation. As of 31 March 2023, 14 SPSEs had accumulated losses amounting to ₹4,985.18 crore. Of these, the net worth of nine SPSEs had been fully eroded, resulting in negative net worth.

As of 30 September 2023, accounts for the year 2022-23 were due from 27 Government Companies. 73 accounts of these 27 Government Companies were in arrears. As on 30 September 2023, two accounts of two Statutory Corporations were pending.

The certified accounts of the selected SPSEs along with the report of the Statutory Auditors are reviewed by C&AG by carrying out a supplementary audit. As a result of the Supplementary Audit conducted in 19 SPSEs during October 2022 and 30 September 2023, a number of quantitative as well as qualitative changes were made by the SPSEs in their financial statements which led to an improvement in the quality of their financial statements. The net financial impact as a result of the Supplementary Audit was to the tune of ₹150.76 crore on the profitability and ₹294.74 crore on the assets/liabilities.

Out of 30 SPSEs, 12 SPSEs are registered as public. Of these, eight SPSEs were required to appoint Independent Directors. Only three SPSEs appointed required number of Independent Directors, while the remaining five did not appoint Independent Directors. Only three SPSEs (out of 25) had conducted the required minimum number of Board of Director's meetings during 2020-23. Out of 24 SPSEs which were required to conduct Annual General Meeting (AGM), three SPSEs did not conduct any AGM during 2020-23.

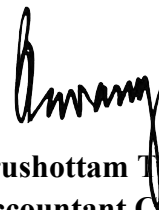
Out of 12 Public SPSEs, seven SPSEs were required to constitute an Audit Committee, however, only three SPSEs constituted Audit Committee. Of these three SPSEs, the criteria of two-third Independent Directors in the Audit Committee was not met by Himachal Pradesh State Industrial Development Corporation Limited and Himachal Pradesh State Electricity Board Limited.

Out of 12 Public SPSEs, seven SPSEs were required to constitute a Nomination and Remuneration Committee as per the criteria specified in Act/Rules. However, only one SPSE (Himachal Pradesh State Electricity Board Limited) constituted this committee. Out of the 25 SPSEs, only four SPSEs established a whistle blower mechanism as required by the Companies Act, 2013.

All the five SPSEs (HPSIDC, HPGIC, HPSCSC, HPSEBL and HPPCL), which were required to constitute CSR committee, had constituted CSR Committees and framed CSR policies. However, Himachal Pradesh Power Corporation Limited did not specify the monitoring mechanism in its CSR policy. All the three SPSEs (other than power sector) had not disclosed their CSR Policy, CSR Committee composition and approved CSR projects on their official website, as required by the Companies Act, 2013. Further, these State PSEs did not prepare any annual CSR plan and budget for CSR activities.

Shimla

Dated: 16 March 2026



(Purushottam Tiwary)
Principal Accountant General (Audit)
Himachal Pradesh

Countersigned

New Delhi

Dated: 23 March 2026



(K. Sanjay Murthy)
Comptroller and Auditor General of India

Appendices

Appendices

Appendix-1.1

(Reference: Paragraph 1.2.2)

Details of Other Non-Tax Revenue Receipts

(₹ in crore)

Sl. No.	Major Receipt Head	Actual Amount 2021-22	Actual Amount 2022-23
1	0050-Dividends and Profit	166.53	180.90
2	0051- Public Service Commission	4.84	9.21
3	0056- Jail	0.15	0.26
4	0057- Supplies and Disposals	0.04	0.02
5	0058- Stationery and Printing	9.80	7.40
6	0071-Contributions & Recoveries towards Pension and other	14.49	31.30
7	0075-Miscellaneous general services	14.06	7.45
8	0202-Education, Sports, Art and culture	257.70	161.78
9	0210- Medical and public health	20.11	26.47
10	0211- Family Welfare	0.008	0.02
11	0215-Water supply and Sanitation	73.07	64.60
12	0216-Housing	3.89	4.03
13	0217-Urban Development	4.73	2.52
14	0220-Information and Publicity	1.06	0.73
15	0230-Labour and Employment	13.94	9.88
16	0235-Social Security and Welfare	17.23	20.03
17	0250- Other Social Services	0.16	0.09
18	0401-Crop Husbandry	8.19	12.35
19	0403-Animal Husbandry	1.81	1.52
20	0405-Fisheries	4.52	3.08
21	0407-Plantations	0.02	0.009
22	0408-Food Storage and Warehousing	0.28	0.18
23	0425-Co-operation	3.12	6.08
24	0435-Other Agricultural Programme	0.54	0.12
25	0515-Other Rural Development Programmes	19.17	7.53
26	0575-Other Special Areas Programme	0.49	0.12
27	0700-Major irrigation	0.02	0.005
28	0701-Medium irrigation	0.05	0.05
29	0702-Minor Irrigation	0.69	1.04
30	0851-Village and Small Industries	1.46	5.61
31	0852-Industries	9.55	16.57
32	1054-Roads and Bridges	21.69	169.73
33	1055-Road Transport	0.14	0.07
34	1425-Other Scientific Research	0.03	0.04
35	1452-Tourism	2.37	2.65
36	1456-Civil Supplies	0.19	0.99
37	1475-Other General Economic Services	6.59	6.37
Grand Total		682.728	760.804

Appendix-2.1*(Reference: Paragraph 2.1.4)***Details regarding selection of departments, field units and e-Tenders**

Name of Department	Name of unit	No. of irregularities	No. of e-Tenders involved	No. of e-Tenders selected (per cent)	No. of irregularities covered in selected e-Tenders (per cent)
Himachal Pradesh Public Works Department (HPPWD)	HPPWD Chopal	1,820	354	23 (6)	285 (16)
	HPPWD-I Shimla	2,601	740	44 (6)	357 (14)
	HPPWD-III Shimla	2,010	473	31 (7)	334 (17)
	HPPWD Jubbal	981	287	21 (7)	141 (14)
	HPPWD Nirmand	16	04	4 (100)	16 (100)
	HPPWD Rampur	1,579	449	29 (6)	284 (18)
	NH HPPWD Theog	425	113	8 (7)	74 (17)
Himachal Pradesh Irrigation and Public Health (HP IPH)	Hydrology C&M Shimla	372	111	8 (7)	51 (14)
	IPH-I Shimla	1,968	349	23 (7)	281 (14)
	IPH Nerwa	694	93	10 (11)	144 (21)
	IPH Rampur	1,367	237	17 (7)	186 (14)
Himachal Pradesh State Electricity Board Limited (HPSEBL)	CE MM Shimla	309	38	10 (26)	118 (38)
	CE OP South Shimla	329	44	11 (25)	95 (29)
	Electrical Theog	113	43	10 (23)	28 (25)
	Maintenance Shimla	129	13	7 (54)	65 (50)
	SE (OP) Shimla	324	68	10 (15)	91 (28)
	SE Contracts Shimla	07	01	1 (100)	7 (100)
Director Medical, Education and Research (DMER)	Medical Superintendent KNSHMC Shimla	166	23	7 (30)	103 (62)
	Principal IGMCM Shimla	279	117	8 (7)	71 (25)
Police	DGP Shimla	48	09	6 (67)	36 (75)
HPPWD	HPPWD Barsar	3,105	680	42 (6)	370 (12)
	HPPWD Hamirpur	4,218	1,148	69 (6)	673 (16)
HP IPH	IPH Barsar	1,528	175	16 (9)	246 (16)
	IPH Hamirpur	928	230	15 (7)	202 (22)
HPSEBL	SE OP Hamirpur	191	56	10 (18)	45 (24)
DMER	Principal, DRKGMC Hamirpur	27	11	6 (55)	21 (78)
HPPWD	HPPWD Electrical Mandi	1,558	430	27 (6)	237 (15)
	HPPWD Mandi-II	2,290	483	32 (7)	350 (15)
	HPPWD Seraj	1,651	474	33 (7)	300 (18)
	HPPWD Sunder Nagar	1,471	315	21 (7)	220 (15)
	SE 1 st Circle Mandi	58	16	7 (44)	31 (53)
HP IPH	IPH Dharampur	1,278	313	20 (6)	250 (20)
	IPH Mandi	1,177	280	21 (8)	163 (14)
	IPH Sunder Nagar	950	192	15 (8)	125 (13)
	IPH Thunag	920	235	16 (7)	177 (19)
HPSEBL	AD SE Electrical Jogindernagar	09	03	3 (100)	9 (100)
	Electrical Jogindernagar	35	14	6 (43)	18 (51)
	Electrical Karsog	369	85	8 (9)	56 (15)

Name of Department	Name of unit	No. of irregularities	No. of e-Tenders involved	No. of e-Tenders selected (per cent)	No. of irregularities covered in selected e-Tenders (per cent)
	Electrical M&T Sunder Nagar	04	04	4 (100)	4 (100)
	Electrical Mandi	40	15	7 (47)	18 (45)
	Electrical Thalout	100	36	8 (22)	40 (40)
	SE OP Mandi	318	73	9 (12)	66 (21)
DMER	Medical Superintendent SLBGMCH Mandi	579	154	15 (10)	108 (19)
Department without Hierarchy	Industries Department	1,880	241	19 (8)	626 (33)
	HPSCSC	960	148	12 (8)	200 (21)
	DIT	103	39	9 (21)	32 (30)
	Food & Consumer Affair	502	202	12 (6)	72 (14)
Additional units for data validation of cases not found in selected units	IPH Jawali	01	01	1 (100)	1 (100)
	PWD Jawali	289	185	11 (6)	25 (9)
	Municipal Corporation Solan	352	233	14 (6)	35 (10)
	Forest Working Division Hamirpur	98	98	7 (7)	7 (7)
Total		42,526	10,135	783 (8)	7,494 (18)

Note: CE: Chief Engineer; SE: Superintending Engineer; KNSHMC: Kamla Nehru State Hospital for Mother & Child; DRKGMC: Dr Radhakrishnan Government Medical College; SLBGMCH: Shri Lal Bahadur Shastri Government Medical College & Hospital

Appendix 2.2*(Reference: Paragraph 2.3.1)***Detail of procuring entities which did not publish any tender as of March 2023**

Sl. No.	Name of Organisation/ Procuring entity
1.	Principal Dr. Rajendra Prasad Government Medical College, Tanda
2.	Himachal Pradesh Forest Department
3.	Himachal Pradesh Vidhan Sabha
4.	Himachal Pradesh Institute of Public Administration (HIPA)
5.	Shimla Jal Prabandhan Nigam Limited
6.	Himachal Pradesh Society for Promotion of IT & e-Governance (SITEG)
7.	Test Organisation
8.	Deputy Commissioner, Hamirpur
9.	Himachal Pradesh General Industries Corporation Limited
10.	Indira Gandhi State Sports Complex, Shimla
11.	Himachal Pradesh Sub-Tropical Horticulture, Irrigation and Value Addition Project (HPSHIVA) – ADB
12.	Directorate of Youth Services and Sports
13.	Deputy Commissioner, Mandi
14.	Deputy Commissioner, Shimla
15.	Deputy Commissioner, Sirmour at Nahan
16.	Directorate of Sainik Welfare, Hamirpur

Detail regarding procuring entities utilising system for less than one year (2018-23)

Sl. No.	Organisation	Number of tenders published	Date of first tender	Date of last tender
1.	Atal Medical and Research University Mandi at Nerchowk	5	05.02.2021	21.06.2021
2.	Deputy Commissioner, Bilaspur	1	15.01.2020	15.01.2020
3.	Directorate of Health Safety and Regulation	1	02.05.2022	02.05.2022
4.	Directorate of Higher Education	2	30.06.2020	08.09.2020
5.	H.P. State Handicrafts and Handloom Corporation Limited	3	27.03.2021	15.03.2022
6.	Himachal Pradesh Horticulture Development Project	9	13.03.2019	19.12.2019
7.	HP Ex-servicemen Corporation Hamirpur	1	09.07.2019	09.07.2019
8.	HP Public Service Commission	1	09.11.2020	09.11.2020
9.	HP State Load Despatch Centre	1	09.02.2023	09.02.2023
10.	HP Technical University, Hamirpur	3	16.12.2020	31.12.2020
11.	Kutlehar Tourism Development Society	6	15.03.2022	02.05.2022
12.	Shimla Smart City Limited	2	13.06.2018	25.09.2018
13.	State Election Commission, Himachal Pradesh	3	08.02.2023	22.03.2023
14.	The Kangra Central Cooperative Bank Limited	1	13.12.2022	13.12.2022
15.	Town and Country Planning	1	16.01.2023	16.01.2023

Appendix 2.3

(Reference: Paragraph 2.3.2)

Detail of procuring entities which did not update details of Award of Contract (AoC) of any tenders published during 2018-23

Sl. No.	Name of Procuring entities/ organisation	Tender published	AoC updated
1.	Directorate of Food, Civil Supplies and Consumer Affairs	199	0
2.	HP-HRTC-Managing Director	91	0
3.	Non-conventional Energy Sources	34	0
4.	Directorate of Tourism and Civil Aviation	22	0
5.	Deputy Commissioner, Chamba	20	0
6.	Directorate of Transport Himachal Pradesh	17	0
7.	Himachal Pradesh Krishi Vishva Vidyalaya	13	0
8.	Department of Prisons and Correctional Services	10	0
9.	Kutlehar Tourism Development Society	6	0
10.	Directorate of Dental Health Services	4	0
11.	Himachal Pradesh Technical University, Hamirpur	3	0
12.	State Election Commission, Himachal Pradesh	3	0
13.	Shimla Smart City Limited	2	0
14.	Deputy Commissioner, Bilaspur	1	0
15.	Directorate of Health Safety and Regulation	1	0
16.	Himachal Pradesh Ex-servicemen Corporation Hamirpur	1	0
17.	Himachal Pradesh Public Service Commission	1	0
18.	Himachal Pradesh State Load Despatch Centre	1	0
19.	The Kangra Central Cooperative Bank Limited	1	0
20.	Town and Country Planning	1	0
21.	NIC (all test-based tenders)	5	0
Total		436	0

Appendix 2.4**(Reference: Paragraph 2.3.2-B)****List of e-tenders where technical evaluation summary report was not uploaded**

Sl. No.	Work id	Tender title	Work item ref. no.
1.	34957	C/o Retaining wall near Sh. Radhey Shyam Gaushala along Bagbania khad in GP Saned (SH: PCC 6 mtr R/wall), C/o road from the house of Data Ram to the house of Ram Swaroop village Nalka RD 0/00 to 0/500 (SH G-I, G-II & 80-mm paver block)	2018_BBND_A_24963_1
2.	60858	A/R and M/O Nahan Dadahu Haripurdhar road km 36/00 to 87/00	2020_PWD_41262_1
3.	75752	C/o Link road Tikkar Johari to Tikkar in km 0/00 to 2/500 (SH: ROFD 0/750 to 1/000 G-II, G-III, BT in km 0/00 to 0/500)	2021_PWD_50661_1
4.	75763	C/o Link road to Village Dhar ka Ghat km 0/00 to 7/00 (SH: C/o 900 mm dia hume pipe Culvert at RD 3/800, 4/200, 4/465 and 4/690 WBM Grade-I km 3/700 to 4/700) (Under SCSP)	2021_PWD_50672_1
5.	75764	C/o Link road main road to Village Charog km 0/00 to 2/500 (SH: 4.00 mtr span RCC Slab culvert at RD 1/900)	2021_PWD_50673_1
6.	75766	C/o Link road Behli in km 0/00 to 2/500 in GP Kundlu (SH: P/L G-III and Tarring in km 0/350 to 0/850)	2021_PWD_50675_1
7.	76387	C/o Link road from Harijan Basti Maroa to Salahar via Harijan Basti Kangi, Dochnu Kattal road km 0/00 to 5/700 (SH: Construction of 3.00 meter span RCC slab culverts at 1/900 and 4/300) (Under SCSP).	2021_PWD_51101_1
8.	76389	C/o 42.00 meter RCC Box cell type bridge 6 spans of 7 meter each on Manpura khad on link road to village Chanalmajra (SH: P/L Gr.-II, WBM, Bituminous concrete, retaining wall, etc. on both side approaches)	2021_PWD_51103_1
9.	76390	C/o Ria Thoda Kashmirpur road km 0/00 to 1/500 (SH: P/L Gr.-II, Gr.-III and Tarring in km 0/00 to 1/00)	2021_PWD_51104_1
10.	76393	C/o & M/T Gurumajra Dhela Kasla Abarni road km 0/00 to 9/500 (SH: Gr-II, Gr-III, and M/T in km 4/00 to 5/00)	2021_PWD_51106_1
11.	76398	C/o Lodhimajra Khariana Kasla road km 0/00 to 7/700 (SH: P/L NP-2 900 mm dia HPC alongwith U/S and D/S toe walls at RD 2/230 and 2/600)	2021_PWD_51112_1
12.	76401	Extension of CHC Lab room in Nalagarh Hospital near by CT scan (SH: Brick work and Aluminium work etc.)	2021_PWD_51116_1
13.	76403	Removal of black spot on Kharuni to Belikhol road km 0/00 to 1/800 (SH: P/F Heavy duty plastic speed bump brakers in between RD 0/000 to 0/400)	2021_PWD_51118_1

List of e-tenders where financial evaluation summary was not uploaded

Sl. No.	Work id	Tender title	Work item ref. no.
1.	57620	C/o Street from Nanaksar Gurudwara and up to Gurudawara Sant Boriwale W. no. 3 MC Una	2020_UDDHP_39039_9
2.	91881	AHC Jaddu Kulzar	2022_PWD_60817_2

Appendix 2.5

(Reference: Paragraph 2.3.3.2)

Detail regarding tenders where lowest bidder was not awarded the work as per data and their actual status

Sl. No.	Name of unit	Work item ref. No.	Bid id of L1 as per data	Bid rank as per BOQ	Bid rank entered manually	Awarded or not (Y/N)	Remarks
1.	DMER, Pr. Dr. RKGMC Hamirpur	2022_GMCH_65766_1	309488	L1	L1	N	L1 rejected financially due to administrative reasons, tender cancelled after opening of financial bid.
2.	Industry Department	2020_HPInd_42877_1	191435	L1	L1	N	Tender cancelled as quoted amount was more than sanctioned budget.
3.	IPH Thunag	2018_HPIPH_25197_1	103623	L1	L1	N	Tender cancelled due to single bid after technical evaluation.
4.	IPH Rampur	2020_HPIPH_37417_1	160484	L1	L1	N	Tender cancelled on 15.07.2020, as contractor refused to carry out the work, and system shows all bids rejected financially.
5.	HPPWD Mandi-II	2021_PWD_54560_3	249424	L2	L 1	N	Data entry error. Work awarded to L1.
6.	HPPWD Barsar	2017_PWD_18145_1	68727	L2	L1	N	Data entry error. Work awarded to L1.
7.	HPPWD Hamirpur	2022_PWD_56325_1	261513	L1	L1	N	Wrong bidder name uploaded in AoC list. Two bids were given bid rank '1', but one is 'Rejected Finance' and other is "Accepted AoC".
8.	HPPWD Shimla-III	2023_PWD_70452_13	334104	L2	L1	N	L2 entered as L1 due data entry error; contract not awarded.
9.	DMER, Medical College Nerchowk	2019_DMEH_P_25806_1	115642	L5	L1	Y	Rate contract, awarded to three lowest bidders as per item wise rates, only one AoC uploaded on the site (Data entry error).
10.	HPPWD Shimla-I	2022_PWD_61892_1	288200	L2	L 1	N	Data entry error - L1 entered as L2; awarded to L1.
11.	IPH Mandi	2019_HPIPH_25796_1	108854	L2	L2	Y	Tender awarded to L2 after negotiation and L1 was rejected.

Sl. No.	Name of unit	Work item ref. No.	Bid id of L1 as per data	Bid rank as per BOQ	Bid rank entered manually	Awarded or not (Y/N)	Remarks
12.	HPSEBL ED Karsog	2023_HPSE B_68842_1	325188	L1	L1	Y	Rate quoted by L1 were more than 25 per cent below the NIT amount which violates the tender terms & conditions leading to rejection of L1 and award to L2.
13.	DMER, MS KNSHMC Shimla	2019_IGMC 1_31941_1	135111	L4	L4	N	Tender for award of space for canteen; highest amount is treated as L1 (L4 is L1 in this case).
14.	IPH Barsar	2019_HPIPH _26289_1	112000	L1	L1	N	Tender rejected due to quote of same rate by two bidders.
15.	HPPWD Jubbal	2021_PWD_ 50257_8	226094	L1	L1	N	Tender rejected due to quote of same rate by bidders.
16.	HPPWD Sunder Nagar	2022_PWD_ 63437_1	295550	L1	L 1	N	Six bidders quoted same rates. Awarded to one after draw of lots.
17.	Industry Department	2021_HPInd _52061_12	237263	L1	L1		Rate quoted by L1 were higher than available on GeM. Rate contract item not awarded.
18.	HPSCSC	2012_HO_10 31_1	2874	L1 in 3 items	L1	N	Rejected on the recommendation of drug inspector.
19.	IPH Shimla-I	2020_HPIPH _36800_1	162169	L1	L 1	N	Bid rank wrongly entered due to data entry error.
20.	Industry Department	2022_HPInd _59609_2	280313	L1	L1	N	Rate contract item cancelled.

Appendix-2.6

(Reference: Paragraph 2.4.1.1)

Detail regarding tenders receiving bids from IP address of procuring entity

Work item ref. No.	IP address used for bidding & AoC	Estimated cost (In ₹)	Bid submission time by 1 st bidder	Bid submission time by 2 nd bidder	Price quoted by 1 st bidder (In ₹)	Price quoted by 2 nd bidder (In ₹)
HPPWD division Barsar						
2022_PWD_65554_1	117.214.219.116	6,42,756	05.10.22 (06:51 pm)	05.10.22 (07:09 pm)	7,07,031	6,74,894
2022_PWD_65558_1		6,44,429	05.10.22 (07:20 pm)	05.10.22 (07:39 pm)	7,41,092	6,57,316
2022_PWD_65563_1		5,42,278	05.10.22 (06:34 pm)	05.10.22 (07:20 pm)	5,69,392	6,23,620
HPPWD division No. III, Shimla						
2023_PWD_69984_2	59.89.6.248	4,28,963	06.03.23 (03:12 pm)	06.03.23 (06:53 pm)	4,28,962	4,48,266
2023_PWD_69984_10		3,95,468	06.03.23 (07:06 pm)	06.03.23 (07:47 pm)	4,14,448	4,11,284
2023_PWD_70151_4		2,94,518	06.03.23 (05:46 pm)	06.03.23 (06:17 pm)	3,07,771	3,09,096
2019_PWD_32014_1	59.98.145.23	7,13,585	11.10.19 (10:01 am)	11.10.19 (10:06 am)	13,74,754	10,56,764
2021_PWD_47423_3	117.247.212.49	5,49,255	10.05.21 (03:06 pm)	10.05.21 (05:15 pm)	7,35,690	7,78,658
2023_PWD_70358_1	117.247.215.57	9,81,341	10.03.23 (08:09 pm)	10.03.23 (08:39 pm)	10,25,501	10,20,594
2023_PWD_70586_8		4,99,114	11.03.23 (06:14 pm)	11.03.23 (06:30 pm)	4,67,320	4,71,589
2023_PWD_70586_10	117.247.213.19	4,49,348	14.03.23 (06:14 pm)	14.03.23 (06:23 pm)	4,67,320	4,71,589
2023_PWD_69006_1	59.89.7.161	9,52,892	21.02.23 (01:00 pm)	22.02.23 (02:23 pm)	9,71,950	9,52,892
HPJSV division Mandi						
2022_HPIPH_62122_1	59.98.145.23	15,98,063	01.07.22 (11:50 am)	01.07.22 (03:45 pm)	15,72,287	15,81,657
HPPWD division Jubbhal						
2021_PWD_48920_1	59.92.134.40	9,97,749	29.06.21 (01:20 pm)	29.06.21 (01:48 pm)	10,55,597	10,88,208
HPPWD division No. II, Mandi						
2021_PWD_54560_3	117.215.248.208	9,88,929	14.12.21 (01:07 pm)	14.12.21 (01:29 pm)	10,38,275	10,36,396
2022_PWD_57796_2	117.212.100.156	6,93,952	16.03.22 (04:05 pm)	16.03.22 (05:09 pm)	7,28,649	7,28,025
2022_PWD_57870_2	117.212.100.156	48,94,533	16.03.22 (04:11 pm)	16.03.22 (05:03 pm)	51,38,280	51,34,854

Appendix-3.1

(Reference: Paragraph 3.8)

Key Problem Areas

1. Composition taxpayers generating EWBs for inter-state supplies
2. Composition taxpayers generating EWBs for outward supplies exceeding threshold limit
3. Taxpayers with only outward supplies supported by EWBs in any given year
4. Taxpayers who effect disproportionate outward supplies compared to inward supply (EWBs supported) in any given year
5. Taxpayers who had generated EWBs using duplicate invoices
6. Generation of EWBs by Nil Filers of Return
7. Generation of EWBs by Returns Defaulters (Non-Filers)
8. Taxpayers who have generated EWBs after effective date of cancellation
9. Taxpayers who have generated EWB whose registration was subsequently cancelled
10. Taxpayers who had generated EWBs and had cancelled subsequently
11. Taxpayers who had generated EWBs and were subsequently rejected by the recipients
12. Taxpayers who had generated disproportionate supplies supported by EWBs on the inward side compared to outward side in any given year
13. Extension of EWBs by taxpayers.
14. EWBs generated using risky vehicles i.e., two-wheelers
15. EWBs generated using theft vehicles.
16. High value of EWBs in first 6 months of registration
17. EWBs using invalid Pin codes
18. EWBs generated using suspended, scrapped, surrendered, and cancelled vehicles
19. EWBs generated by defaulter list of MCA
20. EWBs generated by income tax defaulters
21. EWBs generated by DGARM-identified/other agencies-identified taxpayers.
22. EWBs generated by DGFT-blacklisted exporters

Appendix-3.2

(Reference: Paragraph 3.11.1)

Nature of Discrepancy: Inter-state EWB by Composition Taxpayers

Sl. No.	Commissionerate	AENQ No.	OBS No.	GSTIN	Type of Taxpayer	Total No. of EWBs w.r.t. Audit Observation	EWB Assessment Amount (₹)	Department's response
1	DCSTE Nurpur	320975	1042862	02xxxxxxxxxx1ZA	Composition	1	58,080	The scrutiny of the Registered Taxpayer (RTP) has been done and notice under Section 61 of HPGST Act 2017 in Form GST ASMT-10 has been issued.
2	DCSTE Sirmour	321093	1043662	02xxxxxxxxxx1ZX	Composition	1	98,000	Matter has been examined and intimation of tax ascertained under Section 73(5) has been issued in form DRC-01 dated 21.09.2023.
3	DCSTE Solan	261649	1049001	02xxxxxxxxxx1Z7	Composition /Normal	2	200000	Notice has been issued to the taxpayer to provide the record in this regard.

Note: AENQ No. – Audit Enquiry No., OBS No.- Observation No.

Appendix-3.3

(Reference: Paragraph 3.11.2)

Nature of Discrepancy: Taxpayers filed Nil Returns

Sl. No.	Commissionerate	AENQ No.	OBS No.	GSTIN	Type of Taxpayer	Total No. of EWBs w.r.t. Audit Observation	EWB Assessment Amount (₹)	Department's response
1	DCSTE Solan	280363	1048240	02xxxxxxxxxx1Z8	Normal	8	57,60,700	The department has created demand amounting to ₹ 31,06,819/- vide DRC 07 on dated 14.03.2024.
2	DCSTE Una	317750	1056117	02xxxxxxxxxx1ZB	Normal	2	2,46,400	The JCSTE Una has created an additional demand (DRC01-A) of ₹ 1,46,50,081/- on the basis of wrongful claim of ITC purely on paper transactions without actual movement of goods against. The Department had rejected the inadmissible ITC to the tune of ₹ 68,16,883/-.
3	DCSTE Una	317755	1065081	02xxxxxxxxxx1ZI	Normal	3	7,73,912	The dealer has <i>suo-moto</i> cancelled on 07.08.2021 with the liability amounting to ₹ 23,48,132/- DRC-07 for the year 2018-19, no business activity was operated. The firm was closed. DRC-01A amounting to ₹ 2,75,741/- issued to the RTP for the above audit discrepancy.
4	DCSTE Kangra	326261	1070709	02xxxxxxxxxx1ZZ	Normal	60	34,04,592	Notice in the form of DRC-01A was issued vide reference no. ZD020124008594W to the taxpayer. Taxpayer's reply is being reconciled.
5	DCSTE Sirmour at Nahani	324991	1043902	02xxxxxxxxxx1ZM	Normal	1	2,08,972	The matter has been examined and it was noticed that the Registered Taxpayer (RTP) has made a payment of ₹ 37,615/-(Tax due) vide DRC-03 voluntarily or against the Show Cause Notice.
Total							74	1,03,94,576
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Appendix-3.4

(Reference: Paragraph 3.11.2)

Details of EWBs generated (02XXXXXXXXXXXX1Z8)

Sl. No.	E-way bill number	Taxable Amount (₹)	Tax Amount (₹)	Date	From GSTIN	Registration Active From/ Till	Financial year	Deviations noticed
1	31XXXXXXXXX7446	7,92,695	1,42,685	03.12.2019	02xxxxxxxxxxx1Z8	GST Registration Active From 10.11.2019	2019-20	1. E-Waybill Generated but Taxpayer filed Nil GSTR-1 and GSTR-3B Returns.
2	31XXXXXXXXX7248	7,99,025	1,43,825	03.12.2019				2. Annual Return GSTR-9 not filed by the Taxpayer.
3	321XXXXXXXXX382	7,55,790	1,36,042	03.12.2019				3. Final Return GSTR 10 not filled by the Taxpayer.
4	381XXXXXXXXX633	7,60,275	1,36,850	16.12.2019		GST Registration Active Till 02.01.2020		
5	3911XXXXXXXXX09	7,55,470	1,35,985	03.12.2019				
6	33XXXXXXXXX167	7,45,550	1,34,199	24.12.2019				
7	34XXXXXXXXX144	7,36,095	1,32,497	24.12.2019				
8	36XXXXXXXXX94	4,15,800	74,844	02.12.2019				
Total		57,60,700	10,36,927					

Appendix-3.5

(Reference: Paragraph 3.11.3)

Nature of Discrepancy: Non-filers

Sl. No.	Commissionerate	GSTIN	Type of Taxpayer	Total No. of EWBs w.r.t. Audit Observation	EWB Assessment Amount (₹)	Department's response
1	DCSTE Shimla	02xxxxxxxxxx1ZS	Normal	45	8,54,68,886	The Registered Taxpayer (RTP) got registered on 06.10.2018 but due to being non-active or having no business activity on the principal place of business, the registration was cancelled by the then ACSTE. The case was taken in the enforcement by then assessing authority and summon was issued vide case ID AD021119000295N dated 07.07.2020 to appear in person and/or to produce documents/ supply details on dated 15.07.2020. But neither anyone got present nor furnished requisite documents till date. The Department further submitted that since the taxpayer is not traceable and mobile number also seems to be fake, hence, it is not possible to issue any Show Cause Notice to a non-existent taxpayer.
2	DCSTE Solan	02xxxxxxxxxx1Z5	Normal	5	44,70,450	The RTP having annual aggregate turnover less than ₹ two crore. Hence, no penalty has been imposed for non-filing of GSTR9/9C.
3		02xxxxxxxxxx1ZK	Normal	1	79,762	The scrutiny of the RTP has been done and notice under Section 61 of HPGST Act 2017 on dated 31.5.2023 has been issued.
4	DCSTE Nurpur	02xxxxxxxxxx1ZR	Normal	8	3,28,602	The scrutiny of the RTP has been done and notice under section 61 of HPGST Act 2017 in Form GST ASMT-10 has been issued.
5	DCSTE Una	02xxxxxxxxxx2ZS	Normal	14	12,87,560	The dealer has <i>suo-moto</i> cancelled and notice in DRC 01A to the RTP for the above mentioned Audit discrepancies has been issued.
6	DCSTE Mandi	02xxxxxxxxxx1Z4	Normal	50	1,34,17,521	The matter has been examined and found fit for issuance of Show Cause Notice (SCN) in form DRC-01. Accordingly issued SCN in form DRC-01.
7	DCSTE Baddi	02xxxxxxxxxx1Z0	Normal	4	6,49,69,470	Reply of the Department is still awaited.
8		02xxxxxxxxxx1Z9	Normal	5	5,25,77,580	Reply of the Department is still awaited.
9		02xxxxxxxxxx1ZH	Normal	232	11,80,02,270	Reply of the Department is still awaited.
10		02xxxxxxxxxx2ZG	Normal	3009	1,43,00,93,177	Reply of the Department is still awaited.
11		02xxxxxxxxxx1ZA	Normal	457	5,60,25,841	Reply of the Department is still awaited.
12	DCSTE Sirmour	02xxxxxxxxxx1ZX	Normal	14	54,13,973	The DRC 01 has been issued to the RTP.
Total				3844	1,83,21,35,092	--

Appendix-3.6

(Reference: Paragraph 3.11.3)

Nature of Discrepancy: Non-filers

Sl. No.	Commissionerate	GSTIN	Type of Taxpayer	Total No. of EWBs w.r.t. Audit Observation	EWB Assessment Amount (₹)	Department's response
1	DCSTE Baddi	02xxxxxxxxxx2ZG	Normal	3,009	1,43,00,93,177	Reply of the Department is still awaited.
2		02xxxxxxxxxx1ZA	Normal	457	5,60,25,841	Reply of the Department is still awaited.
Total				3466	1,48,61,19,018	

Old GSTIN	New GSTIN
02XXXXXXXXXX2ZG	02XXXXXXXXXX3ZF
02XXXXXXXXXX1ZA	02XXXXXXXXXX2Z9

Appendix-3.7

(Reference: Paragraph 3.11.3)

Nature of Discrepancy: Non-filers

Sl. No.	Commissionerate	GSTIN	Type of Taxpayer	Total No. of EWBs w.r.t. Audit Observation	EWB Assessment Amount (₹)	Department's response
1	DCSTE Solan	02xxxxxxxxxx1Z5	Normal	5	44,70,450	The Registered Taxpayer (RTP) having annual aggregate turnover less than ₹ two crore. Hence no penalty has been imposed for non-filing of GSTR9/9C.
2		02xxxxxxxxxx1ZK	Normal	1	79,762	The scrutiny of the RTP has been done and notice under Section 61 of HPGST Act 2017 on dated 31.5.2023 has been issued.
3	DCSTE Nurpur	02xxxxxxxxxx1ZR	Normal	8	3,28,602	The scrutiny of the RTP has been done and notice under Section 61 of HPGST Act 2017 in Form GST ASMT-10 has been issued
4	DCSTE Una	02xxxxxxxxxx2ZS	Normal	14	12,87,560	The dealer has <i>suo-moto</i> cancelled and notice in DRC 01A to the RTP for the above mentioned audit discrepancies has been issued.
5	DCSTE Mandi	02xxxxxxxxxx1Z4	Normal	50	1,34,17,521	The matter has been examined and found fit for issuance of Show Cause Notice (SCN) in form DRC-01. Accordingly issued SCN in form DRC-01.
6	DCSTE Baddi	02xxxxxxxxxx1ZA	Normal	457	5,60,25,841	Reply of the Department is still awaited. Action initiated after being pointed out by Audit.
7	DCSTE Sirmour	02xxxxxxxxxx1ZX	Normal	14	54,13,973	The DRC 01 has been issued to the RTP.
8	DCSTE Baddi	02xxxxxxxxxx1Z0	Normal	4	6,49,69,470	Reply of the Department is still awaited. Action for protection of Government revenue has been initiated after being pointed out by the Audit.
9	DCSTE Baddi	02xxxxxxxxxx1Z9	Normal	5	5,25,77,580	Reply of the Department is still awaited. Action for protection of Government revenue has been initiated after being pointed out by the Audit.
Total				558	19,85,70,759	

Appendix-3.8

(Reference: Paragraph 3.11.3)

Details of Short-payment of GST Tax Liability

GSTIN	Financial Year	Month	Tax liability on Outward supplies as per GSTR-1 (₹)	Tax payment on Outward supplies ss per GSTR-3B (₹)	Short Paid Tax Liability (₹)	
02xxxxxxxxxx2ZG	2018-19	May-18	3,11,93,731	0	3,11,93,731	
		Jun-18	3,03,06,515	0	3,03,06,515	
		Jul-18	2,87,53,485	0	2,87,53,485	
		Aug-18	2,12,14,740	0	2,12,14,740	
		Sep-18	2,52,51,398	0	2,52,51,398	
		Oct-18	96,64,522	0	96,64,522	
		Nov-18	1,15,36,586	0	1,15,36,586	
		Dec-18	73,75,397	0	73,75,397	
		Feb-19	11,77,199	0	11,77,199	
Total		16,64,73,574			0	16,64,73,574

Appendix-3.9

(Reference: Paragraph 3.11.4)

Nature of Discrepancy: EWBs Generated by Cancelled Taxpayers

Sl. No.	Commissionerate	GSTIN	Type of Taxpayer	Sample no. of EWBs	EWB Assessment Amount (₹)	Total No. of EWBs w.r.t. Audit Observation	EWB Assessment Amount (₹)	Department's response
1	DCSTE Solan	02xxxxxxxxxx1Z5	Normal	3	3,77,430	3	3,77,430	The registration has been cancelled on 18.12.2019 and E-way bill has been generated before the cancellation of registration.
2	DCSTE Una	02xxxxxxxxxx1ZB	Normal	1	1,23,200	11	4,83,50,100	The JCSTE Una has created an additional demand (DRC01-A) of 1,46,50,081/- on the basis of wrongful claim of ITC purely on paper transactions without actual movement of goods against. The Department had rejected the inadmissible ITC to the tune of ₹ 68,16,883/-.
3	DCSTE Baddi	02xxxxxxxxxx1ZS	Normal	1	1,17,000	1	1,17,000	Reply of the Department is still awaited.
Total					6,17,630	15	4,88,44,530	--

Appendix-3.10

(Reference: Paragraph 3.11.5)

Nature of Discrepancy: Duplicate Invoices used to generate Multiple EWBs

Sl. No.	Commissionerate	GSTIN	Type of Taxpayer	Total No. of EWBs w.r.t. Audit Observation	Assessable Value of EWBs (₹)	Tax Amount Involved (₹)	Department's response
1	DCSTE Solan	02xxxxxxxxxx1Z7	Composition	2	2,00,000	36,000	The scrutiny of the Registered Taxpayer (RTP) has been done and notice/summon under Section 70 of HPGST Act 2017 has been issued.
2	DCSTE Nurpur	02xxxxxxxxxx1ZR	Normal	2	1,27,500	22,950	The scrutiny of the RTP has been done and notice under Section 61 of HPGST Act 2017 in Form GST ASMT-10 has been issued.
3		02xxxxxxxxxx1ZI	Normal	14	12,84,711	91,703	The scrutiny of the RTP has been done and notice under section 61 of HPGST Act 2017 in Form GST ASMT-10 has been issued.
4		02xxxxxxxxxx2ZS	Normal	2	2,10,420	10,521	The dealer has <i>suo-moto</i> cancelled and notice in DRC 01A to the RTP for the above mentioned Audit discrepancies has been issued.
5	DCSTE Una	02xxxxxxxxxx1ZB	Normal	2	2,46,400	44,352	The JCSTE Una has created an additional demand (DRC01-A) of 1,46,50,081/- on the basis of wrongful claim of ITC purely on paper transactions without actual movement of goods against. The Department had rejected the inadmissible ITC to the tune of ₹ 68,16,883/-.
6		02xxxxxxxxxx1ZI	Normal	4	15,31,892	2,75,741	The dealer has <i>suo-moto</i> cancelled on 07.08.2021 with the liability of amounting to ₹ 23,48,132/- DRC-07 for the year 2018-19, no business activity was operated. The firm was closed. DRC-01A amounting to ₹ 2,75,741/- issued to the RTP for the above audit discrepancy.
7		02xxxxxxxxxx2ZJ	Normal	2	20,46,600	3,68,388	The dealer has <i>suo-moto</i> cancelled on dated 03.10.2019 with the liability of amounting to ₹ 4,29,36,957/- for the year 2018-19, no business activity was operated. The firm closes and goes into liquidation.
8		02xxxxxxxxxx1ZA	Normal	6	15,16,524	1,57,347	Reply of the Department is still awaited.
9		02xxxxxxxxxx2ZG	Normal	30	3,69,51,018	14,54,607	Reply of the Department is still awaited.
10	DCSTE Sirmour	02xxxxxxxxxx1ZX	Normal	6	14,54,226	2,10,508	DCSTE Sirmour at Nahan replied that <i>prima facie</i> there is a wilful suppression of tax due as only one of the duplicated E-way bill issued had been reported in GSTR-1 of the corresponding relevant month. Further, the Department stated that the matter has been examined and intimation of tax ascertained under Section 74(5) has been issued in form DRC-01 dated 26.09.2023. Further the GST Registration of the Taxpayer has been <i>suo moto</i> cancelled on 07.06.2022 by the Department.
11		02xxxxxxxxxx1ZT	Normal	16	23,83,726	2,98,894	The DRC 01 has been issued to the RTP.
Total				86	4,79,53,017	29,71,011	--

Appendix-3.11

(Reference: Paragraph 3.11.5)

Detail of Multiple EWB using same Invoice Nos

Sl. No.	From GSTIN & Name	To GSTIN & Name	From PlacePin	To PlacePin	EWB No. & Date	Document No. & Date	Assessable Value (₹)	Tax Value (₹)	HSN Code	HSN Description	Latest Vehicle No.
1	02XXXXXXXXXX1ZI	02xxxxxxxxxxxL1ZS	176403	175015	381043249169 - 31/08/2018 21:00:00	331 - 31/08/2018	1,15,890	7,766	1203	COPRA	HP54B0938
2	02XXXXXXXXXX1ZI	02xxxxxxxxxxx1ZS	176403	175015	311043248909 - 31/08/2018 20:59:00	331 - 31/08/2018	1,15,890	7,766	1203	COPRA	HP54B0938
3	02XXXXXXXXXX1ZI	02xxxxxxxxxxx1ZS	176403	175015	321043247941 - 31/08/2018 20:56:00	331 - 31/08/2018	1,15,890	7,766	1203	COPRA	HP54B0938
4	02XXXXXXXXXX1ZI	02xxxxxxxxxxx1ZK	176403	176315	371033164530 - 27/07/2018 14:57:00	268 - 27/07/2018	66,269	6,620	802	GIRI BADAM	HP730703
5	02XXXXXXXXXX1ZI	02xxxxxxxxxxx8P1ZK	176403	176315	351033163461 - 27/07/2018 14:53:00	268 - 27/07/2018	66,269	6,620	802	GIRI BADAM	HP730703
6	02XXXXXXXXXX1ZI	02xxxxxxxxxxxL1ZS	176403	175015	321063498631 - 13/11/2018 18:40:00	459 - 13/11/2018	1,29,423	8,456	1203	COPRA	HP683639
7	02XXXXXXXXXX1ZI	02xxxxxxxxxxx1ZS	176403	175015	311063497846 - 13/11/2018 18:38:00	459 - 13/11/2018	1,29,423	8,456	1203	COPRA	HP683639
8	02XXXXXXXXXX1ZI	02xxxxxxxxxxx1ZX	176403	176316	391058497082 - 24/10/2018 17:31:00	434 - 24/10/2018	76,135	5,263	1203	COPRA	HP736971
9	02XXXXXXXXXX1ZI	02xxxxxxxxxxx1ZV	176403	176310	351052091127 - 01/10/2018 20:36:00	385 - 01/10/2018	63,492	3,831	1507	REFINED SOYA	HP739417
10	02XXXXXXXXXX1ZI	02xxxxxxxxxxx1ZV	176403	176310	341052090965 - 01/10/2018 20:35:00	385 - 01/10/2018	63,492	3,831	1507	REFINED SOYA	HP739417

Sl. No.	From GSTIN & Name	To GSTIN & Name	From PlacePin	To PlacePin	EWB No. & Date	Document No. & Date	Assessable Value (₹)	Tax Value (₹)	HSN Code	HSN Description	Latest Vehicle No.
11	02XXXXXXXXXX1ZI	02xxxxxxxxxxxZX	176403	176316	301058500523 - 24/10/2018 17:36:00	434 - 24/10/2018	76,135	5,263	1203	COPRA	HP736971
12	02XXXXXXXXXX1ZI	02xxxxxxxxxxxZX	176403	176316	301045861925 - 10/09/2018 20:14:00	354 - 10/09/2018	88,801	6,689	1203	COPRA	HP736971
13	02XXXXXXXXXX1ZI	02xxxxxxxxxxxZX	176403	176316	311045861829 - 10/09/2018 20:13:00	354 - 10/09/2018	88,801	6,689	1203	COPRA	HP736971
14	02XXXXXXXXXX1ZI	02xxxxxxxxxxxZX	176403	176316	341045860896 - 10/09/2018 20:10:00	354 - 10/09/2018	88,801	6,689	1203	COPRA	HP736971
Total							12,84,711	91,703	--	--	--

Appendix-3.12

(Reference: Paragraph 3.11.6)

Nature of Discrepancy: Non/Short payment of Tax liability

Sl. No.	GSTIN	Tax to be paid	Tax paid	Short payment	Key Problem Area (KPA)
1	02XXXXXXXXXX1ZP	33,77,305	28,54,154	5,23,151	Nil filer
2	02XXXXXXXXXX1Z4	50,92,66,065	50,81,40,999	11,25,066	Rejected EWB
3	02XXXXXXXXXX1ZV	88,17,351	0	88,17,351	Disproportionate Inward
4	02XXXXXXXXXX2Z0	10,47,92,155	9,08,35,910	1,39,56,245	Risky taxpayer
5	02XXXXXXXXXX1ZY	1,37,66,056	1,29,44,056	8,22,000	Risky taxpayer
6	02XXXXXXXXXX2ZJ	25,24,90,846	23,54,18,497	1,70,72,349	Duplicate EWB
7	02XXXXXXXXXX3ZT	13,64,662	13,48,602	16,060	Nil filer
8	02XXXXXXXXXX2ZX	59,16,923	39,15,042	20,01,881	Nil filer
Total		89,97,91,362	85,54,57,260	4,43,34,102	

Appendix-3.13

(Reference Paragraph 3.11.7)

Nature of Discrepancy: Excess availing of ITC

Sl. No.	GSTIN	Name of the Taxpayer	ITC availed (₹)	ITC available (₹)	Excess Availed (₹)	Key Problem Area (KPA)
1	02XXXXXXXXXX1ZP	Bayer Crop Science Ltd	1,67,27,902	1,61,72,507	5,55,395	Nil filer
2	02XXXXXXXXXX1ZV	Larsen Toubro Ltd.	41,66,23,701	37,42,35,560	4,23,88,141	Disproportionate Inward
3	02XXXXXXXXXX2Z0	Esteem Industries Inc	9,95,08,062	6,68,38,632	3,26,69,430	Risky taxpayer
4	02XXXXXXXXXX1ZY	Jupiter International Limited	25,64,70,200	24,34,83,794	1,29,86,406	Risky taxpayer
5	02XXXXXXXXXX2ZJ	Crest Steel (Una) Pvt. Ltd.	21,96,12,412	21,36,40,862	59,71,549	Duplicate EWB
6	02XXXXXXXXXX1ZZ	Winsome Textile Industries Limited	36,96,32,954	36,79,44,757	16,88,197	Risky taxpayer
7	02XXXXXXXXXX1Z5	Glaxosmithkline Consumer Healthcare Ltd.	1,87,43,16,416	1,86,64,74,379	78,42,037	Rejected EWB
8	02XXXXXXXXXX1Z9	M/s Devender Kr.	9,87,54,529	-	9,87,54,529	Non-filer
9	02XXXXXXXXXX1ZR	M/s Arnav Shah and Co	9,31,995	4,02,573	5,29,422	Duplicate EWB
Total			3,35,25,78,171	3,14,91,93,065	20,33,85,106	--

Appendix-3.14

(Reference: Paragraph 3.15.1)

Details of deficiencies noticed in interception of vehicles

Sl. No.	Commissionerate	Vehicle No.	Date	Detail of Discrepancy	Response of the Department
1	DCSTE Bilaspur	HP-37D-3670	14.01.2022	As per notification no. 39/2021, penalty of 200% of tax payable was not imposed.	The error occurred due to applicability of notification of the early regime. Department further submitted that the taxpayer was registered under temporary ID to realize the amount of tax and penalty imposed and the registration remains active only for three months from the date of registration and there is no loss of revenue in the matter.
2	DCSTE Shimla	HP25A-1832	15.11.2021	As per notification no. 39/2021, penalty of 200% of tax payable was imposed even before implementation of the Notification ibid.	The case has been disposed off under Section 129 of the Act vide which penalty has been imposed equivalent to 200% of the tax payable on the invoice but the Section 122(xiv) has been quoted inadvertently at the time of disposal of the said case.
3		HP-01K-4556	24.10.2019	GST-MOV-01,02,04,05,06 and 07 are not available in case files.	ACSTE Rampur while accepting the discrepancy of not following the prescribed procedures mentioned that due to non-availability of the said documents the same could not be furnished. Further, the cases were disposed on the spot and cash received under proper acknowledgment of PGT-21. Further, ACSTE Rohru while accepting the discrepancies pointed out by the Audit replied that in most of the cases goods were found on the roof of buses. Although all the prescribed forms may not have been completed, the cases are disposed on the spot while duly serving GST MOV 05, MOV 06 and MOV 07, wherever applicable.
		HP-25A-1832	15.11.2021	GST-MOV-01,02,04,05,06 and 07 are not available in case files.	
		HP-64-8564	04.12.2021	GST-MOV-02,04,05,06 and 07 are not available in case files.	
		HP-12C-9315	22.09.2021	GST-MOV-02,04,05,06 and 07 are not available in case files.	
		PB-11CC-8521	29.07.2021	GST-MOV-02,04,05,06 and 07 are not available in case files.	
		HP-06A-5272	13.11.2018	GST-MOV-02,04 and 07 are not available in case files.	
		HP-25-0272	13.11.2020	GST-MOV-01,02,04,06 and 07 are not available in case files.	
		HP-28C-0945	17.11.2018	GST-MOV-01,02,04,05,06 and 07 are not available in case files.	
		HP-28C-0845	10.04.2019	GST-MOV-01,02,04,05,06 and 07 are not available in case files.	
		HP-62-4730	22.06.2019	GST-MOV-01,02,04,05,06 and 07 are not available in case files.	
		HR-68B-2847	05.02.2020	GST-MOV-01,02,04,05,06 and 07 are not available in case files.	
		PB-10FF-3107	26.10.2020	GST-MOV-01,02,04,05,06 and 07 are not available in case files.	
		HP-10A-3387 dt. 01.11.2020	01.11.2020	GST-MOV-01,02,04,05,06 and 07 are not available in case files.	
		PB-65AS-3814	15.09.2021	GST-MOV-01,02,04,05,06 and 07 are not available in case files.	

Sl. No.	Commissionerate	Vehicle No.	Date	Detail of Discrepancy	Response of the Department
		HP-64A-4004	01.10.2021	GST-MOV-01,02,04,05,06,07 and DRC are not available in case files.	
		HP-68A-6624	18.10.2021	GST-MOV-01,02,04,05,06 and 07 are not available in case files.	
		HP-63D-4050	25.10.2021	GST-MOV-01,02,04,05,06,07 and 09 are not available in case files.	
		HP-63A-1181	30.10.2021	GST-MOV-02,04,05,06 and 07 are not available in case files.	
		HR-01AB-4377	30.10.2021	GST-MOV-02,04,06 and DRC are not available in case files.	
		JK-18B-6864	10.12.2021	GST-MOV-02,04,05,06,07 and DRC are not available in case files.	
		HP-15B-7011	30.01.2022	GST-MOV-02,04,05,06,07 and DRC are not available in case files.	
		HP-10B-7364	11.02.2022	GST-MOV-02,04,05,06 and 07 are not available in case files.	
4	JCSTE CEZ Una	PB10EH 0815	26.10.2018	Difference in Quantity details of goods in GST MOV-04 and GST MOV-09 and no valuation sheet and inventory slip is available in the file.	No reply in this regard has been furnished by the Department.
5		HP67-2858	23.02.2022	As per notification no. 39/2021, penalty of 200% of tax payable was not imposed.	The notification dated 21.12.2021 was ignored mistakenly and amount was deposited as per previous practice.
6		PB07-AS-1524	16.07.2019	No weightment slip available along with GST-MOV-04, hence valuation of goods for raising demand of tax and penalty could not be verified by the Audit.	The value has been worked out on the basis of rate mentioned in the bill and IGST was charged accordingly.
7		PB02 DF-3054	25.02.2019	Various GST-MOV-01,02,04,05,06,07 and DRC are not available in case files.	The records with regards to case was not found with Department.
8		PB12T-6205	28.12.2021	EWB-01 was not available and the detail of E-way bill was not mentioned in the annexure to GST MOV-01.	The vehicle was intercepted without bill and no E-way bill was issued against the consignment and the owner was unregistered scrap collector and there was no provision in law related to scrap.
9		HP93-3255	21.03.2021	Various GST-MOV-01,02,04,05,06 and 07 are not available in case files.	The records with regards to case was not found with Department.
10		HP09C-1200	20.09.2021	GST-MOV-02 was not available and MOV-07 was not signed.	The copy of GST-MOV-02 was misplaced. No case is decided without physical verification. The Registered Taxpayer (RTP) has been given proper opportunity to clarify the discrepancy and he agreed to paid tax and penalty. The MOV-07 was left unsigned mistakenly.
11		HP67-0657	03.01.2022	As per notification no. 39/2021 Penalty of 200% of tax payable was not imposed and valuation sheet/weightment slip not available with MOV-04.	The consignment is weighted properly on the weighing scale but slip could not be retained by chance and no E-way bill was produced and the tax and penalty were deposited as per previous practice.
12	DCSTE Kangra at Dharmshala	HP22T-9156	02.10.2019	GST MOV-2, MOV-04, MOV-06, and MOV-07 were not available in case file.	The information/records i.e., MOV-2, MOV-04, MOV-06 and MOV-7 were provided but valuation sheet not provided.

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Sl. No.	Commissionerate	Vehicle No.	Date	Detail of Discrepancy	Response of the Department
13		PB-11AS-9897	09.12.2020	GST MOV-2, MOV-04, MOV-06, and MOV-07 were not available in case file.	The information/records i.e., MOV-2, MOV-04, MOV-06 and MOV-7 were provided by the Department. Physical verification report submitted was blank and no date of appearance before Proper Officer was mentioned in the GST MOV-07.
14		HP38W-0066	22.08.2019	GST MOV-2, MOV-04 and MOV-07 were not available in case file.	The information/records i.e., MOV-2, MOV-04 and MOV-7 were provided by the Department. Physical verification report submitted was blank and no date of appearance before Proper Officer was mentioned in the GST MOV-07.
15		HP83-7423	30.09.2021	GST MOV-2, MOV-04 and MOV-07 were not available in case file.	The information/records i.e., MOV-2, MOV-04 and MOV-7 were provided by the Department. Physical verification report submitted was blank and no date of appearance before Proper Officer was mentioned in the GST MOV-07.
16		HP 36D-7964	11.11.2021	GST MOV-2, MOV-04 and MOV-07 were not available in case file.	The information/records i.e. MOV-2, MOV-04 and MOV-7 were provided by the Department. Physical verification report submitted was blank and no date of appearance before Proper Officer was mentioned in the GST MOV-07.
17		HP 01D-4013	27.01.2022	GST MOV-2, MOV-04, MOV-06, and MOV-07 were not available in case file.	The information/records i.e. MOV-2, MOV-04, MOV-06 and MOV-7 were provided by the Department. Physical verification report submitted was blank and no date of appearance before Proper Officer was mentioned in the GST MOV-07.
18		HP 72C-5109	22.10.2020	GST MOV-2, MOV-04 and MOV-07 were not available in case file.	The information/records i.e., MOV-2, MOV-04 and MOV-7 were provided by the Department. Physical verification report submitted was blank and tax value was mentioned in the GST MOV-07.
19		HP 62-0825	09.02.2022	GST MOV-2, MOV-04 and MOV-07 were not available in case file.	The information/records i.e., MOV-2, MOV-04 and MOV-7 were provided by the Department. Physical verification report submitted was blank. Further, date of appearance before proper officer and tax value was mentioned in the GST MOV-07.
20		HP 36-7522	14.07.2020	GST MOV-2, MOV-04 and MOV-07 were not available in case file.	The information/records i.e., MOV-2, MOV-04 and MOV-7 were provided by the Department. Physical verification report submitted was blank. Further, date of appearance before proper officer and tax value was mentioned in the GST MOV-07.
21		HP 55A-5002	13.10.2019	GST MOV-01, MOV-02, MOV-04 and MOV-07 were not available in case file.	The information/records i.e., MOV-01, MOV-2, MOV-04 and MOV-7 were provided by the Department. Physical verification report submitted was blank. Further, date of

Sl. No.	Commissionerate	Vehicle No.	Date	Detail of Discrepancy	Response of the Department
					appearance before proper officer and tax value was mentioned in the GST MOV-07.
22		HP 28-3345	13.02.2020	GST MOV-2, MOV-04, MOV-06, and MOV-07 were not available in case file.	The information/records i.e., MOV-01, MOV-2, MOV-04 and MOV-07 were provided by the Department. Physical verification report submitted was blank. Further, date of appearance before proper officer and tax value was mentioned in the GST MOV-07.
23		HR 68W-8955	11.10.2019	GST MOV-01, MOV-02, MOV-04 and MOV-07 were not available in case file.	The information/records i.e., MOV-01, MOV-2, MOV-04 and MOV-7 were provided by the Department. Physical verification report submitted was blank. Further, date of appearance before Proper Officer and tax value was mentioned in the GST MOV-07.
24		HP 36D-3979	29.11.2019	GST MOV-01, MOV-02, MOV-04 and MOV-05 are without signature of Proper Officer and valuation sheet also not available in case file.	The department replied vide letter no. EXN/KAN/GST-EWB Audit/2024-25/3774 dated 23.04.2024 that it was due to clerical mistake as the vehicle was released after payment of tax and penalty and there is no revenue loss.
25		HP 36B-2183	23.10.2020	GST MOV-02, MOV-04 are without signature and Part A & B of EWB-03 not uploaded on common portal.	The department replied vide letter no. EXN/KAN/GST-EWB Audit/2024-25/3718 as the due penalty was realized and there is no loss to the state exchequer.
26		HP 37D-5682	06.08.2021	Valuation sheet was not available in the case file.	The department vide letter no. EXN/KAN/GST-EWB Audit/2024-25/3774 dated 23.04.24 replied about the total value of the goods and tax and penalty imposed but did not provide the valuation sheet.
27		HP-96 1162	06.01.2022	Valuation sheet was not available in the case file.	The Department vide letter no. EXN/KAN/GST-EWB Audit/2024-25/3774 dated 23.04.24 replied about the total value of the goods and tax and penalty imposed but did not provide the valuation sheet.
28	DCSTE Hamirpur	HP67-6148	16.03.2021	GST MOV-01, MOV-02, MOV-04, MOV-05, MOV-06, MOV-07 and DRC-07 were not available in case file.	The directions/procedures as laid down by the said circulars for interception of conveyances and prescribed SOP will be followed in future compliance.
29			01.09.2021	GST MOV-01, MOV-02, MOV-04, MOV-05, MOV-06 and MOV-07 were not available in case file.	The tax and penalty have been deposited by the taxpayer and the directions/procedures as laid down by the said circulars for interception of conveyances and prescribed SOP will be followed in future compliance.
30			16.11.2018	GST MOV-01, MOV-02, MOV-04, MOV-05, MOV-06 and MOV-07 were not available in case file.	The directions/procedures as laid down by the said circulars for interception of conveyances and prescribed SOP will be followed in future compliance.
31			01.02.2022	GST MOV-01, MOV-02, MOV-04, MOV-05, MOV-06, MOV-07 and DRC-07 were not available in case file.	The directions/procedures as laid down by the said circulars for interception of conveyances and prescribed SOP will be followed in future compliance.

Sl. No.	Commissionerate	Vehicle No.	Date	Detail of Discrepancy	Response of the Department
32		HP55B-4187	11.01.2021	GST MOV-01, MOV-02, MOV-04, MOV-05, MOV-06, MOV-07 and DRC-07 were not available in case file.	The directions/procedures as laid down by the said circulars for interception of conveyances and prescribed SOP will be followed in future compliance.
33		HP55B-2967	14.09.2020	GST MOV-01, MOV-02, MOV-04, MOV-05, MOV-06, MOV-07 and DRC-07 were not available in case file.	The directions/procedures as laid down by the said circulars for interception of conveyances and prescribed SOP will be followed in future compliance.
34		HP40C-1190	10.03.2022	GST MOV-01, MOV-02, MOV-04, MOV-05, MOV-06, MOV-07 and DRC-07 were not available in case file.	The directions/procedures as laid down by the said circulars for interception of conveyances and prescribed SOP will be followed in future compliance.
35		HP-55B-5085	17.09.2019	GST MOV-04 not properly prepared, valuation sheet and MOV-05 not available in case file.	The directions/procedures as laid down by the said circulars for interception of conveyances and prescribed SOP will be followed in future compliance.
36		HP-67-6210	11.10.2021	GST MOV-04 not properly prepared, valuation sheet not available and MOV-05 is without signature.	The directions/procedures as laid down by the said circulars for interception of conveyances and prescribed SOP will be followed in future compliance.
37			20.01.2021	GST MOV-01, MOV-02, MOV-04, MOV-05, MOV-06 and MOV-07 were not available in case file.	The directions/procedures as laid down by the said circulars for interception of conveyances and prescribed SOP will be followed in future compliance.
38		DL4C-AF-7683	14.02.2020	GST MOV-01, MOV-02, MOV-04, MOV-05, MOV-06 and MOV-07 were not available in case file.	The tax and penalty have been deposited by the taxpayer and the directions/procedures as laid down by the said circulars for interception of conveyances and prescribed SOP will be followed in future compliance.
39		HP-67-6159	03.08.2021	GST MOV-04 not properly prepared, valuation sheet, MOV-05, MOV-07 and DRC-07 were not available in the file.	The tax and penalty have been deposited by the taxpayer and the directions/procedures as laid down by the said circulars for interception of conveyances and prescribed SOP will be followed in future compliance.
40			21.10.2020	GST MOV-01, MOV-02, MOV-04, MOV-05, MOV-06 and MOV-07 were not available in case file.	The tax and penalty have been deposited by the taxpayer and the directions/procedures as laid down by the said circulars for interception of conveyances and prescribed SOP will be followed in future compliance.
41			03.09.2021	GST MOV-01, MOV-02, MOV-04, MOV-05, MOV-06 and MOV-07 were not available in case file.	The tax and penalty have been deposited by the taxpayer and the directions/procedures as laid down by the said circulars for interception of conveyances and prescribed SOP will be followed in future compliance.
42		HP36D-6161	20.10.2021	GST MOV-04 not properly prepared, valuation sheet, MOV-05, MOV-07 and DRC-07 were not available in the file.	The tax and penalty have been deposited by the taxpayer and the directions/procedures as laid down by the said circulars for interception of conveyances and prescribed SOP will be followed in future compliance.

Sl. No.	Commissionerate	Vehicle No.	Date	Detail of Discrepancy	Response of the Department
43	DCSTE BBN BADDI	HP-12A-6970	30.11.2018	GST MOV-02, MOV-06, MOV-07 and MOV-09 were not available in case file.	The taxpayer had accepted his fault and had deposited the penalty on spot. The goods and vehicle were not detained and there was no need to issue notice u/s 129 of CGST/HPGST Act, 2017 in Form-MOV-07. The Proper Officer has imposed and realized the Penalty and to avoid unnecessary paper work, the tax/penalty has been deposited as per speaking order dated 30-11-2018. It is further submitted that the speaking order may be treated as MOV-09.
44		PB-65AH-1071	12.01.2022	As per notification no. 39/2021, penalty of 200% of tax payable was not imposed.	No reply has been furnished by the Department till date.
45		PB-11AR-9725	25.11.2018	GST MOV-01, MOV-02, MOV-06, MOV-07 and MOV-09 were not available in case file.	No reply has been furnished by the Department till date.
46		DL-04CAL-4728	24.11.2018	GST MOV-01, MOV-02, MOV-06, MOV-07 and MOV-09 were not available in case file.	No reply has been furnished by the Department till date.
47		DL-1LAA-5985	22.05.2018	GST MOV-06, MOV-07, MOV-09 and DRC were not available in case file.	No reply has been furnished by the Department till date.
48		HP-74-3369	25.11.2021	GST MOV-05, MOV-07, MOV-09 and DRC were not available in case file.	No reply has been furnished by the Department till date.
Total number of Booked cases		69			

Appendix-3.15

(Reference: Paragraph 3.15.2)

Not raising demand for tax and penalty collected during EWB verification

(Amount in ₹)

Sl. No.	Commissionerate	Vehicle No.	Date	Detail of Discrepancy	Tax Involved			Penalty	Total Amount	Department response	Remarks
					CGST	SGST	IGST				
1	DCSTE Kangra at Dhamshala	HP 37B-3949	26.10.2021	Non-recovery of penalty imposed and release of vehicle and goods without raising demand for the same.	5,000	5,000	-	10,000	20,000	No reply has been furnished by the Department till date.	
2		HP29B-4069	10.04.2019	Non-recovery of penalty imposed and release of vehicle and goods without raising demand for the same.	-	-	-	12,000	12,000	During inspection of the vehicle, the goods were found without bill/invoice. As per the provision of HPGST Act 2017, penalty of ₹ 12000/- was imposed and same has been recovered vide CIN SBIN19040200017448 dated 16.04.2019. The demand has been set off.	Recovery made after being pointed out by Audit.
3	DCSTE BBN BADDI	DL-1LAA-5985	22.05.2018	Release of vehicles on payment of tax or penalty or both but without raising demand for the same.	-	-	40,387	40,387	80,774	The Department replied that the case is under process. But further scrutiny revealed that the taxpayer had generated DRC-03 on 03.10.2023 and set off the liability of tax and penalty imposed only after the audit called for the payment records of the tax.	Recovery made after being pointed out by Audit.
4		HP-15A-4009	31.03.2021	Release of vehicles on payment of tax or penalty or both but without raising demand for the same.	-	-	14,776	14,776	29,552	The Department replied that the case is under process. But further scrutiny revealed that the taxpayer had generated DRC-03 on 27.09.2023 and set off the liability of Tax and penalty imposed, only after the audit called for the payment records of the tax.	Recovery made after being pointed out by Audit.

Sl. No.	Commissionerate	Vehicle No.	Date	Detail of Discrepancy	Tax Involved			Penalty	Total Amount	Department response	Remarks
					CGST	SGST	IGST				
5		HR-61A-9598	25.02.2019	Non-recovery of Tax and penalty imposed and release of vehicle and goods without raising demand for the same.	-	-	-	10,000	10,000	Due to technical glitches, the order in Form DRC-07 was not uploaded for the penalty of ₹10000/- imposed u/s 122 vide order dated 27.02.2019. It is further submitted that the rectified order has been uploaded vide reference No.ZDO2L123O00166C dated 01.11.2023	Recovery made after being pointed out by Audit.
6	JCSTE SEZ Parwanoo	RJ-14GJ-5450	05.08.2018	Non-recovery of Tax and penalty imposed and release of vehicle and goods without raising demand for the same.	-	-	9,350	9,350	18,700	The case was detected in very beginning of implementation of E-way bill system and due to the technical issues in the network, the tax liability was not created in the electronic liability register of the taxpayer. Department further stated that the necessary procedure to create the demand in Electronic Liability register of the Taxpayer is being initiated and notice is being issued to recover the due tax and penalty of ₹18,700/-.	
7		HP-63-3433	24.05.2018	Non-recovery of Tax and penalty imposed and release of vehicle and goods without raising demand for the same.	-	-	43,470	43,470	86,940	The case was detected in very beginning of implementation of E-way bill system and due to the technical issues in the network the tax liability was not created in the electronic liability register of the taxpayer. Department further stated that the necessary procedure to create the demand in Electronic Liability register of the Taxpayer is being initiated and notice is being issued to recover the due tax and penalty of ₹86,940/-.	

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Sl. No.	Commissionerate	Vehicle No.	Date	Detail of Discrepancy	Tax Involved			Penalty	Total Amount	Department response	Remarks
					CGST	SGST	IGST				
8		HP-12-6492	07.12.2018	Non-recovery of Tax and penalty imposed and release of vehicle and goods without raising demand for the same.	-	-	6,134	6,134	12,268	The case was detected in very beginning of implementation of E-way bill system and due to the technical issues in the network, the tax liability was not created in the electronic liability register of the taxpayer. Department further stated that the necessary procedure to create the demand in Electronic Liability register of the Taxpayer is being initiated and notice is being issued to recover the due tax and penalty of ₹12,268/-.	
9	DCSTE Solan	HP674144	02.03.2021	Non-recovery of Tax and penalty imposed and release of vehicle and goods without raising demand for the same.	9,000	9,000	-	18,000	36,000	As per reply of the Department received via email on dated 30.11.2023, after being pointed out by audit, a new liability was created vide DRC07 dated 19.09.2023. The taxpayer has deposited the same and set off the tax liability.	Recovery made after being pointed out by Audit.
Total									3,06,234	--	1,68,326

Appendix-3.16

(Reference: Paragraph 3.16)

Details of consignors who paid the tax and penalty imposed under Section 129 of the Act

EWB No.	EWB Amount	GSTIN	IGST	CGST	SGST	Penalty	Total	(Amount in ₹)	
								Reply received	
31XXXXXXXXX34	1,72,490	07XXXXXXXXXX1ZD	25,380			25,380	50,760	Yes, information not shared.	
39XXXXXXXXX932	54,799	02XXXXXXXXXX2ZZ		3,351	3,351	6,702	13,404	No	
351XXXXXXXX919	53,313	02XXXXXXXXXX1ZV		4,798	4,798	9,596	19,192	No	
38XXXXXXXXX485	21,868	02XXXXXXXXXX1ZE		3,507	3,507	7,014	14,028	No	
Total			25,380	11,656	11,656	48,692	97,384	--	

Appendix-3.17

(Reference: Paragraph 3.17)

Short Levy of Penalty under Section 122 of the HPGST Act 2017

Sl. No.	GSTIN	Taxable amount (₹)	Tax amount (CGST+SGST, IGST)	Penalty that has beenlevied u/s 122 i.e., higher of the tax evaded or ₹10,000/-	Penalty that was levied	(Amount in ₹)	
						Penalty short levied	
1	02XXXXXXXXXX1ZT	86,279	15,530	15,530	10,000	5,530	
2	03XXXXXXXXXX1ZK	49,985	5,000	10,000	5,000	5,000	
Total		1,36,264	20,530	25,530	15,000	10,530	

Appendix-3.18

(Reference: Paragraph 3.17)

Loss of Revenue (Tax and Penalty) due to not invoking Section 129 of the HPGST Act, 2017

Sl. No.	Vehicle No.	Date	Tax/penalty levied			Tax/penalty to be levied			Tax/penalty short levied			Department response
			CGST	SGST	IGST	Penalty	CGST	SGST	IGST	Penalty	Penalty	
1	HR-37A-7653	20.08.2018				10,000			18,531	18,531	8,531	The Authorized person of the Transporter appeared and submitted that neither there was any intention nor there was any evasion of the tax and the Consignment was fully covered by the consolidated E-way bill number 1111814463 dated 19.08.2018. Further, it is also submitted that during 2018 E-way bill was not mandatory for the transportation of goods within the radius of 50 km from the origin. Thus, no penalty was leviable under the Act.
2	PB-65X-8152	06.05.2019				20,000			17,512	17,512	-	The vehicle actually reached the destination on 05.05.2019 but due to Sunday and holiday at the factory on 05.05.2019, the vehicle was parked within the ambit of Parwanoo. It is further submitted that at the time of detention, the vehicle was only two km away from the destination and it does not create any scope of tax evasion. Therefore, the case was decided with a general penalty of ₹ 20000/- under Section 125 of the CGST/HPGST Act 2017.
3	HP-12G-9339	06.05.2019				25,000	13,584	13,584		27,168	2,168	The E-way bill got expired due to mechanical fault in the vehicle and it took time to get it repaired. Further, the owner of the vehicle produced the proof of repair through invoice/bill from M/s. Guru Motor Workshop Parwanoo dated 25.10.2021. It is further submitted that as the expiry of E-way bill does not create any scope

Sl. No.	Vehicle No.	Date	Tax/penalty levied			Tax/penalty to be levied			Tax/penalty short levied			Department response			
			CGST	SGST	IGST	Penalty	CGST	SGST	IGST	Penalty	CGST		SGST	IGST	Penalty
														for evasion, therefore, after considering the fact and circumstances the case was decided with a general penalty of ₹ 25000/- under Section 125 of the CGST/HPGST Act, 2017.	
4	HP-64-4451	14.07.2021				25,000		1,09,440			1,09,440	84,440		The e-way bill expired due to mistake of driver and there was no intention found to evade tax. However, penalty amounting to ₹25,000/- under Section 125 of the Act has been imposed and recovered.	
5	PB-65F-7851	28.01.2022				40,000						38,048		The vehicle number was not updated after the previous vehicle breakdown. It is further submitted that there was no reason to believe that there was any intention to evade tax. However, penalty amounting to ₹ 40,000/- u/s 125 of the Act has been imposed and recovered by DRC-07 ref. No. ZDO2OL22OO1691 dated 28.01.2022.	
6	PB-08ET-2088	22.10.2021				15,000		12,686			12,686	-		The delay was due to breakdown of vehicle and then expiry of E-way bill. The owner could not extend the time due to non-awareness of E-way bill provisions. However, penalty amounting to ₹ 15,000/- u/s 125 of the Act has been imposed and recovered by DRC-03 ref. No. AD031021002311E dated 22.10.2021.	
7	HP-64A-6125	02.11.2021				25,000			9,450	9,450	9,450	18,900	9,450	9,450	Considering the circumstances, a penalty of ₹ 25000/- for the offense has been imposed on Shri Harish Kumar by creating the Temporary ID 022100001632TMP. It is further submitted that the amount was deposited by Sh. Harish Kumar and available into the Cash Ledger of the temporary ID as mentioned above but

Sl. No.	Vehicle No.	Date	Tax/penalty levied			Tax/penalty to be levied			Tax/penalty short levied			Department response			
			CGST	SGST	IGST	Penalty	CGST	SGST	IGST	Penalty	CGST		SGST	IGST	Penalty
														the demand could not be set off as the same was not created in Form DRC-07. Now on being pointed out by Audit, the liability has been created and has been set off vide PRN 1P0211230000168.	
Total			-	-	-	1,60,000	23,034	23,034	1,58,169	2,82,285	23,034	23,034	1,58,169	1,33,187	3,37,424

Appendix-3.19

(Reference: Paragraph 3.17)

Loss of revenue due to not invoking Section 130 of the HPGST Act

(Amount in ₹)

Sl. No.	Commissionerate	Vehicle No.	Date	Tax/penalty levied				Tax/penalty to be levied				Tax/penalty short levied				Department response	
				CGST	SGST	IGST	Penalty	Fine*	GST	SGST	IGST	Penalty	Fine*	CGST	SGST		IGST
1	JCSTE SEZ Parwanoo	PB-08AQ-7769	21.06.2019				-									8,940	The fine of ₹56,060/- in lieu of confiscation under Section 130(2) of the Act had already been imposed and recovered from the taxpayer and the same should not exceed the market value of goods confiscated, less the tax chargeable thereon.
2	DCSTE Bilaspur	HP-65-3723	29.11.2021			5,000	5,000		5,000						5,000	5,000	Under Section 25 of the CGST/HPGST Act, 2017, read with Section 20 of the IGST Act, a taxpayer must obtain registration within 30 days of becoming liable (29.11.2021 in this case). As he was unregistered, invoices under Section 31 could not be issued. Further, Section 130(2) is not applicable since the tax amount involved is below ₹5,000, which under Section 126 is treated as a minor breach.
3		PB-01B-3395	16.10.2020	45,000	45,000	45,000	90,000		45,000	45,000		90,000				90,000	Under Section 25 of the CGST/HPGST Act, 2017 read with Section 20 of the IGST Act, a taxpayer must obtain registration within 30 days of liability (16.10.2020). Being unregistered, he could not issue invoices under Section 31. The Department also stated that Section 130(2) is not attracted as the tax amount is below ₹5,000, which under Section 126 is treated as a minor breach.

Sl. No.	Commissionerate	Vehicle No.	Date	Tax/penalty levied				Tax/penalty to be levied				Tax/penalty short levied				Department response			
				CGST	SGST	IGST	Penalty	Fine*	GST	SGST	IGST	Penalty	Fine*	CGST	SGST		IGST	Penalty	Fine*
4		DL-2CAS-2862	27.10.2020	10,000	10,000		20,000		10,000	10,000		20,000					20,000	Under Section 25 of the CGST/HPGST Act, 2017, read with Section 20 of the IGST Act, the taxpayer was required to obtain registration within 30 days from 27.10.2020. Being unregistered, invoices under Section 31 could not be issued. The Department stated that Section 130(2) is not applicable as the tax involved is below ₹5,000, which under Section 126 is treated as a minor breach.	
5	DCSTE BBN Baddi	HP-64-3901	20.09.2021			29,700	29,700			29,700	29,700		29,700				29,700	No reply has been furnished by the Department.	
Total				55,000	55,000	34,700	1,44,700	-	55,000	55,000	34,700	149,700	1,53,640	-	-	-	5,000	1,53,640	1,58,640

* Fine includes fine leviable under section 130(2) for release of confiscated vehicles.

Appendix-4.1

(Reference: Paragraph 4.6.1.1)

Issuance of GSTR 3A notices in case of Non-filers / late filers

Sl. No.	District	Circle/Range	Number of GSTR 3 A notices issued in					Total
			Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	
1	Shimla	Cart Road	71	77	71	50	53	322
		Sanjauli	76	79	75	74	74	378
2	BBN Baddi	Barotiwala	27	27	20	19	22	115
		Baddi-I	31	31	37	42	25	166
		Nalagarh-II	25	27	26	29	29	136
3	Solan	Parwanoo-II	36	40	32	30	29	167
		Dharampur	18	17	21	23	26	105
		Solan-I	15	17	12	28	28	100
4	Sirmour	Nahan-I	41	48	43	42	40	214
5	Mandi	Mandi-I	53	58	59	59	66	295
Total			393	421	396	396	392	1,998

Appendix-4.2

(Reference: Paragraph 4.6.1.4)

Demand and Collection Register (DCR)- Pending Recoveries details for FY 2020-21

Sl. No.	District	Circle/Range	No. of Cases	Amount to be recovered (in ₹)
1	Shimla	Cart Road	23	34,01,612
		Sanjauli	32	4,11,41,126
2	BBN Baddi	Barotiwala	39	64,36,234
		Baddi-I	8	85,25,065
		Nalagarh-II	31	18,32,167
3	Solan	Parwanoo-II	20	37,01,205
		Dharampur	11	5,38,486
		Solan-I	4	7,24,373
4	Sirmour	Nahan-I	5	38,46,93,579
5	Mandi	Mandi-I	8	12,10,176
Total			181	45,22,04,023

Appendix-4.3

(Reference: Paragraph 4.6.1.5(a))

Cancellation of registration from the date prior to the date of application

Sl. No.	District	Circle/Range	No. of Cancelled Cases on taxpayers' request	No. of cases where cancellation was done prior to date of application
1	Shimla	Cart Road	118	81
		Sanjauli	127	87
2	BBN Baddi	Barotiwala	26	15
		Baddi-I	29	16
		Nalagarh-II	66	34
		Parwanoo-II	47	36
3	Solan	Dharampur	55	14
		Solan-I	69	51
		Nahan-I	27	14
4	Sirmour			
5	Mandi	Mandi-I	92	55
Total			656	403

Appendix-4.4

(Reference: Paragraph 4.6.1.5(b))

Delay in cancellation of GST Registrations

Sl. No.	District	Circle/Range	Total number of cancellation			Delayed cancelled cases			Delay Range (in days)	Delay (1 to 30 days)	Delay (more than 30 days)
			On Taxpayers' request	Suo-Moto	Total	On Taxpayers' request	Suo-Moto	Total			
1	Shimla	Cart Road	118	179	297	68	146	214	2 - 740	46	168
		Sanjauli	127	72	199	33	35	68	2 - 725	5	63
2	BBN Baddi	Barotiwala	26	37	63	7	7	14	1 - 77	11	3
		Baddi-I	29	65	94	0	16	16	1 - 530	7	9
		Nalagarh-II	66	52	118	53	10	63	1 - 628	4	59
3	Solan	Parwanoo-II	47	39	86	39	28	67	3 - 375	5	62
		Dharampur	55	93	148	27	47	74	2 - 266	24	50
		Solan-I	69	74	143	46	19	65	2 - 388	29	36
4	Sirmour	Nahan-I	27	33	60	5	19	24	12 - 953	3	21
5	Mandi	Mandi-I	92	138	230	41	38	79	2 - 146	49	30
Total			656	782	1438	319	365	684	1-953	183	501

Appendix-4.5

(Reference: Paragraph 4.6.1.5(c))

No Follow-up action on non-filing of GSTR -10

Sl. No.	District	Circle/Range	Total number of cancellations during FY 2020-21	No. of cancelled cases where GSTR-10 (final return) has not been filed
1	Shimla	Cart Road	297	133
		Sanjauli	199	85
2	BBN Baddi	Barotiwala	63	46
		Baddi-I	94	40
		Nalagarh-II	118	62
3	Solani	Parwanoo-II	86	41
		Dharampur	148	52
		Solani-I	143	45
4	Sirmour	Nahan-I	60	18
5	Mandi	Mandi-I	230	91
Total			1,438	613

Appendix-4.6

(Reference: Paragraph 4.6.1.6)

Non-filing of GST Form ITC-03 by taxpayers who opted for Composition Scheme

Sl. No.	District	Circle/Range	No. of Cases	ITC available in taxpayer's ledgers which was not reversed (in ₹)
1	Shimla	Cart Road	1	10,808
		Sanjauli	11	15,254
		Barotiwala	0	-
2	BBN Baddi	Baddi-I	0	-
		Nalagarh-II	0	-
		Parwanoo-II	0	-
3	Solan	Dharampur	0	-
		Solan-I	3	-
4	Sirmour	Nahan-I	2	72,721
5	Mandi	Mandi-I	17	1,36,412
Total			34	2,35,195

Appendix-4.7

(Reference: Paragraph 4.6.1.7)

Non-verification of DRC-03 forms submitted in FY 2020-21 resulting in misclassification of tax paid

SL No.	District	Circle/Range	Total No. of DRC-03 cases submitted in 2020-21	No. of DRC-03 cases pending for verification	Amount involved in DRC-03 cases pending for verification (in ₹)	Cases where money is unequally deposited among CGST & SGST heads vide DRC-03		Cases where money deposited vide DRC-03 in excess in CGST head than SGST head		
						No. of cases	Amount involved (in ₹)	No. of cases	Amount involved (in ₹)	Loss of Revenue to State (in ₹)
1	Shimla	Cart Road	140	138	2,92,50,433	37	6,60,758	6	13,138	6,569
		Sanjauli	109	73	3,86,57,647	13	1,26,24,784	3	1,24,77,372	62,38,686
2	BBN Baddi	Barotiwala	100	97	1,62,53,890	16	30,93,158	5	1,71,796	85,898
		Baddi-I	90	88	2,68,77,230	16	36,74,105	8	33,75,605	16,87,803
		Nalagarh-II	112	55	93,15,374	19	17,36,288	4	2,34,296	1,17,148
3	Solan	Parwanoo-II	111	93	1,06,54,223	12	48,57,456	2	10,947	5,474
		Dharampur	64	32	24,13,580	3	15,849	1	3,171	1,586
4	Sirmour	Solan-I	82	82	1,90,63,124	11	7,80,073	2	2,403	1,202
		Nahan-I	78	68	57,44,171	16	13,46,577	2	24,932	12,466
5	Mandi	Mandi-I	59	52	1,49,77,964	10	12,50,785	4	29,021	14,511
Total			945	778	17,32,07,636	153	3,00,39,833	37	1,63,42,681	81,71,341

Appendix-4.8

(Reference: Paragraph 4.6.1.8)

Non-passing of adjudication orders for Show Cause Notices issued in F.Y. 2020-21 under Sec 73 pertaining to A.Y. 2017-18
(Time barred in December 2023)

Sl. No.	District	Circle/Range	No. of cases	Amount involved (in ₹)
1	Shimla	Cart Road	0	-
		Sanjauli	5	3,79,461
2	BBN Baddi	Barotiwala	0	-
		Baddi-I	1	23,856
		Nalagarh-II	0	-
		Parwanoo-II	0	-
3	Solan	Dharampur	20	86,01,844
		Solan-I	7	6,02,572
4	Sirmour	Nahan-I	0	-
5	Mandi	Mandi-I	1	19,460
Total			34	96,27,193

Appendix-4.9

(Reference: Paragraph 4.6.1.10)

Suppression of taxable value identified through TDS declaration pertaining to F.Y. 2020-21

Sl. No.	District	Circle/Range	No. of taxpayers	No. of nil GSTR 3B returns	TDS Credit available (in ₹)	Total Taxable Turnover (TDS*100/2) (in ₹)	Total Tax amount (@18%) (in ₹)
1	Shimla	Cart Road	77	158	84,05,034.48	42,02,51,724	7,56,45,310.32
		Sanjauli	90	143	61,04,151.12	30,52,07,556	5,49,37,360.08
		Barotiawala	3	5	1,11,451.08	55,72,554	10,03,059.72
2	BBN Baddi	Baddi-I	4	6	5,78,769.30	2,89,38,465	52,08,923.70
		Nalagarh-II	7	14	405135.58	2,02,56,779	36,46,220.22
		Parwanoo-II	9	23	29,13,692.30	14,56,84,615	2,62,23,230.70
3	Solan	Dharampur	21	31	13,58,857.86	6,79,42,893	1,22,29,720.74
		Solan-I	17	24	6,28,824.22	3,14,41,211	56,59,417.98
4	Sirmour	Nahan-I	13	21	2,85,806.72	1,42,90,336	25,72,260.48
5	Mandi	Mandi-I	82	144	34,76,260.10	17,38,13,005	3,12,86,340.90
Total			323	569	2,42,67,982.76	1,21,33,99,138	21,84,11,844.84

Appendix-4.10

(Reference: Paragraph 4.7)

Identified parameters and extent of deviations/inconsistencies

Sl. No.	Parameter	Algorithm used	Number of Taxpayers whose records checked	Amount (₹ in crore)
Domain: ITC Cases				
1	ITC Mismatch (R3B & R2A)	ITC available as per GSTR2A with all its amendments and the ITC availed in GSTR 3B in Table 4A (5) including 4(D) blocked credits and subsequent years from Table 8C of GSTR 9.	45	184.78
2	ITC Availed without supplier remitting tax	Relevant data from GSTR 9 particularly pertaining to table 8A of GSTR 9 was compared with the ITC data reflected in GSTR 2As.	20	65.54
3	ITC Availed on 3B filed after limitation period	ITC availed through GSTR 3Bs pertaining to period 2018-19 and 2019-20 filed after October 2019 and October 2020 respectively.	35	35.28
4	Excess ISD credit	Comparison of GSTR 9 Table 6G (net of Table 7B) with the sum of Table 5A, Table 8A, and Table 9A (considering adjustments) of GSTR 6 for respective GSTINs.	8	2.61
5	Short payment of tax on RCM	Comparison of tax paid under RCM, datasets in GSTR 3B with annual return GSTR 9.	25	38.29
6	Unreconciled ITC w.r.t. Financial Statements (Table 12F)	Positive entries in 12F of GSTR 9C.	10	7.47
7	Ineligible ITC (Table 14T)	Positive entries in 14T of GSTR 9C.	10	44.57
8	Undischarged tax liability (R1 & R9)	Comparison of tax payable between GSTR 1 and GSTR 3B/GSTR9.	35	127.12
9	Suppression of taxable value (E-Way Bill)	Comparison of tax liability declared in GSTR 3B with disclosures made in E-way bill.	35	649.13
10	Short payment of tax (Table 9R)	Negative entries in Table 9R (Excluding Interest, Penalty, Late fee) of GSTR 9C.	10	26.33
11	Ineligible composition levy due to incorrect turnover	The composition taxpayers whose turnover on all India under all GSTINs of the same PAN have crossed the turnover limit of ₹ one crore in 2018-19 and ₹1.5 crore in 2019-20.	5	0
12	GSTR-3B not filed but GSTR 1/2A available	Taxpayers who have filed GSTR 1 or where GSTR 2A is available but have not filed the corresponding GSTR 3B.	30	59.30
13	Non-payment of interest	Tax paid details in GSTR 3B and the date of filing of the GSTR 3B.	45	16.68
	Total		313	1257.10
Domain: Turnover cases				
14	Short payment of tax (TDS/TCS)	Comparison of taxable value declared in GSTR 3B (Other than zero-rated, Nil rated and exempted) with Table 9 of GSTR 2A.	15	102.13
15	Suppression of taxable value (Unbilled revenue)	Table 5B figures of GSTR 9C for the years 2018-19 to 2020-21 was compared with Table 5H of the previous GSTR 9C returns.	10	18.35
16	Unreconciled taxable turnover (Table 7G)	Negative entries in Table 7G of GSTR 9C.	10	6,294.04
	Total		35	6,414.52

Appendix-4.11*(Reference: Paragraph 4.7.1)***Reply not received (ITC and tax payment mismatch cases)****(₹ in crore)**

Audit Dimension (ITC and tax payment mismatch cases)	Sample		Department reply not received	
	Number of deficiencies	Amount of mismatch	Number of deficiencies	Amount
1	2	3	4	5
ITC Mismatch (R3B & R2A)	73	184.782	32	71.538
ITC Availed without supplier remitting tax	54	65.707	20	18.897
ITC availed on GSTR-3B filed after limitation period	41	35.282	14	14.364
Excess ISD credit	14	285.771	4	1.058
Short payment of tax on RCM	37	38.295	9	2.995
Unreconciled ITC w.r.t Financial Statements (Table 12F)	15	7.472	2	0.458
Ineligible ITC (Table 14T)	15	44.578	2	6.511
Undischarged tax liability (R1 & R9)	60	127.122	32	70.766
Suppression of taxable value (E-Way Bill)	82	649.131	43	305.170
Short payment of tax (Table 9R)	15	26.335	0	0.000
Ineligible composition levy due to incorrect turnover	5	NMV	3	NMV
GSTR-3B not filed but GSTR 1/2A available	42	59.308	25	13.464
Non-payment of interest	125	16.685	3	0.236
Total	578	1,540.468	189	505.458

Note: NMV = Non Money Value

Appendix-4.12

(Reference: Paragraph 4.7.1)

Reply not received (Turnover Cases)

(₹ in crore)

Audit Dimension (Turnover Cases)	Sample	
	Number of deficiencies	Amount of mismatch
1	2	3
Short payment of tax (TDS/TCS)	23	102.13
Suppression of taxable value (Unbilled revenue)	10	18.35
Unreconciled taxable turnover (Table 7G)	16	6,294.04
Total	49	6,414.53

Appendix-4.13

(Reference: Paragraph 4.7.3 and 4.7.4 (a))

Summary of deficiencies (ITC and tax payment mismatch cases)

(Amount in ₹ crore)

Audit Dimension	Reply received			Compliance deviations														Department's reply accepted by Audit									
				Accepted by Department including cases where action is yet to be initiated																							
				Recovered		Involved		DRC-07		SCN/ASMT-10/ DRC-01		correspondence with taxpayers/AQ (EIU cases)		Department's reply furnished without documentary evidence		Data entry errors								Action taken before query		Other valid explanations	
				No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.							No.	Amt.	No.	Amt.
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19								
ITC Mismatch (R3B & R2A)	41	113.24	3	2.70	5	30.62	14	34.29	6	21.09	10	13.75	0	0.00	1	6.04	2	2.99									
				4.46																							
ITC Availed without supplier remitting tax	34	46.81	2	0.03	6	4.61	16	21.39	8	10.26	2	8.18	0	0.00	0	0.00	0	0.00									
				2.37																							
ITC availed on GSTR-3B filed after limitation period	27	20.92	0	0.00	7	5.08	0	0.00	0	0.00	4	3.22	0	0.00	15	12.10	1	0.52									
				0.00																							
Excess ISD credit	10	1.55	0	0.00	0	0.00	2	0.54	8	1.02	0	0.00	0	0.00	0	0.00	0	0.00									
				0.00																							
Short payment of tax on RCM	28	35.24	0	0.00	0	0.00	0	0.00	4	4.75	5	3.30	7	10.99	0	0.00	12	16.20									
				0.00																							
Unreconciled ITC w.r.t Financial Statements (Table 12F)	13	7.01	0	0.00	1	0.40	0	0.00	0	0.00	7	4.46	0	0.00	0	0.00	5	2.16									
				0.00																							
Ineligible ITC (Table 14T)	13	38.07	1	0.45	0	0.00	0	0.00	0	0.00	0	0.00	1	13.17	0	0.00	11	24.45									
				0.45																							
Undischarged tax liability (R1 & R9)	28	56.36	6	0.40	6	9.18	6	5.90	2	9.89	3	0.11	0	0.00	1	16.40	4	6.66									
				8.22																							
	39	343.96	0	0.00	1	10.88	21	233.79	9	73.31	6	17.48	0	0.00	0	0.00	2	8.50									

Audit Dimension	Reply received		Compliance deviations														Department's reply accepted by Audit																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
			Accepted by Department including cases where action is yet to be initiated								Department's reply furnished without documentary evidence						Data entry errors				Action taken before query				Other valid explanations																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
			Recovered		Involved		DRC-07		SCN/ASMT-10/ DRC-01																				Under correspondence with taxpayers/ AQ (EIU cases)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
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Appendix-4.14**(Reference: Paragraph 4.7.3)****Details of cases where recovery was made**

Sl. No.	Dimension	GSTIN	Year	Circle	Amount Recovered (in ₹)	Deviation Amount (in ₹)
1	Mismatch (R3B & R2A)	02XXXXXXXXXX1ZM	2018-19	Baddi-I	2,69,45,747	2,69,45,747
2		02XXXXXXXXXX1ZD	2018-19	Kullu/Banjar	84,490	96,78,913
3			2019-20			79,56,779
4	ITC Availd without supplier remitting tax	02XXXXXXXXXX2ZD	2018-19	Kullu Circle	2,58,200	2,36,52,850
5			2019-20			175
6	Ineligible ITC (Table 14T)	02XXXXXXXXXX1Z9	2019-20	Nerchowk	44,87,405	44,87,405
7	Undischarged tax liability (R1 & R9)	02XXXXXXXXXX2ZG	2019-20	Nalagarh Circle-I	6,68,963	4,34,062
8		02XXXXXXXXXX1ZM	2018-19	Bilaspur Circle-I	31,30,072	31,30,072
9		02XXXXXXXXXX2Z8	2019-20	Bilaspur Circle-II	1,86,571	5,34,24,506
10		02XXXXXXXXXX1ZL	2018-19	Barsar Circle	51,828	10,06,482
11			2020-21			2,41,53,419
12		02XXXXXXXXXX2Z8	2018-19	Nerchowk	3,443	3,443
13	Short payment of tax (Table 9R)	02XXXXXXXXXX1Z9	2020-21	Mall Road	17,773	17,773
14	Non-payment of interest	02XXXXXXXXXX1ZH	2020-21	Nalagarh Circle-I	3,35,682	3,35,682
15		02XXXXXXXXXX1ZU	2020-21	Kullu Circle	6,85,946	6,76,311
16	Short payment of tax (TDS/TCS)	02XXXXXXXXXX1ZN	2020-21	Baddi-III	3,02,812	8,13,93,800
Total					3,71,58,932	23,72,97,418

Appendix-4.15
(Reference Paragraph 4.7.3)

Statement showing details of cases where DRC-07 issued to taxpayers

Sl. No.	Dimension	GSTIN	Year	Circle	Deviation Amount (in ₹)
1	ITC Mismatch (R3B & R2A)	02XXXXXXXXXX1Z4	2018-19	Bilaspur Circle-I	4,23,48,008
2		02XXXXXXXXXX1ZG	2019-20	Bharmour Circle	3,38,03,435
3		02XXXXXXXXXX1ZF	2019-20	Bharmour Circle	2,40,53,432
4		02XXXXXXXXXX1ZA	2018-19	Una Circle	1,78,37,903
5		02XXXXXXXXXX1ZZ	2018-19	Nurpur	18,81,75,630
6	ITC Availed without supplier remitting tax	02XXXXXXXXXX1ZK	2018-19	Baddi-III	1,82,62,402
7			2019-20		15,35,448
8			2020-21		43,79,233
9		02XXXXXXXXXX1ZS	2018-19	Una Circle	25,07,381
10			2019-20		1,44,264
11			2020-21		1,92,57,681
12	ITC availed on GSTR-3B filed after limitation period	02XXXXXXXXXX1Z1	2018-19	Baddi-II	47,80,615
13		02XXXXXXXXXX1ZF	2019-20	Baddi-IV	65,03,953
14		02XXXXXXXXXX1Z0	2018-19	Baddi-IV	43,52,751
15		02XXXXXXXXXX1ZY	2018-19	Bilaspur Circle-II	1,22,16,374
16		02XXXXXXXXXX1ZB	2018-19	Dharamshala-II	41,38,611
17		02XXXXXXXXXX1ZG	2018-19	Dharamshala-I	52,99,463
18		02XXXXXXXXXX1ZU	2019-20	Gagret	1,34,89,283
19	Unreconciled ITC w.r.t. Financial Statements (Table 12F)	02XXXXXXXXXX1Z4	2018-19	Jawali Circle	39,78,121
20	Undischarged tax liability (R1 & R9)	02XXXXXXXXXX1ZK	2019-20	Baddi-II	20,32,488
21			2020-21		93,37,800
22		02XXXXXXXXXX1Z6	2018-19	Baddi-IV	2,20,07,087
23			2019-20		10,54,490
24		02XXXXXXXXXX2Z8	2018-19	Bilaspur Circle-II	4,05,09,430
25		02XXXXXXXXXX2ZJ	2018-19	Amb Circle	1,68,92,357
26	Suppression of taxable value (E-Way Bill)	02XXXXXXXXXX2ZQ	2019-20	Bilaspur Circle-I	10,87,55,936
27	Ineligible composition levy due to incorrect turnover	02XXXXXXXXXX1ZT	2020-21	Bangana Circle	-
28	GSTR-3B not filed but GSTR 1/2A available	02XXXXXXXXXX1ZE	2018-19	Baddi-II	15,10,587
29			2019-20		78,265
30		02XXXXXXXXXX1ZU	2019-20	Baddi-II	87,27,283
31			2020-21		75,68,002
32	Non-payment of interest	02XXXXXXXXXX2ZJ	2018-19	Baddi-IV	24,06,530
33			2019-20		23,14,628
34			2020-21		4,46,448
35		02XXXXXXXXXX1Z3	2018-19	Nalagarh Circle-I	1,03,08,049
36			2019-20		77,67,582
37			2020-21		48,10,392

Sl. No.	Dimension	GSTIN	Year	Circle	Deviation Amount (in ₹)
38		02XXXXXXXXXXX1ZJ	2018-19	Nalagarh Circle-I	11,28,683
39			2019-20		9,87,893
40			2020-21		78,931
41		02XXXXXXXXXXX1ZH	2018-19	Nalagarh Circle-I	15,93,391
42			2019-20		2,03,906
43		02XXXXXXXXXXX1ZI	2018-19	Nalagarh Circle-II	14,03,242
44			2019-20		16,96,925
45			2020-21		20,52,815
46		02XXXXXXXXXXX1Z1	2018-19	Bangana Circle	6,38,685
47			2019-20		8,34,639
48	Short-payment of tax (TDS/TCS)	02XXXXXXXXXXX1Z7	2018-19	Dharamshala-I	71,18,836
49			2019-20		1,18,07,178
50			2020-21		1,25,57,897
Total					69,56,94,361

Appendix-4.16

(Reference: Paragraph 4.7.3)

Statement showing details of cases where notices (SCN/ASMT-10/DRC-01) issued to taxpayers

Sl. No.	Dimension	GSTIN	Year	Circle	Deviation Amount (in ₹)
1	ITC Mismatch (R3B & R2A)	02XXXXXXXXXXXX2ZI	2018-19	Baddi-II	48,67,934
2			2020-21		3,66,90,088
3		02XXXXXXXXXXXX1Z5	2018-19	Baddi-II	1,76,27,637
4		02XXXXXXXXXXXX1Z6	2020-21	Baddi-II	1,94,50,510
5		02XXXXXXXXXXXX1ZJ	2018-19	Baddi-II	2,45,21,892
6			2019-20		1,28,76,052
7		02XXXXXXXXXXXX2ZC	2018-19	Baddi-II	13,95,521
8			2019-20		11,85,70,166
9		02XXXXXXXXXXXX2ZT	2018-19	Baddi-II	4,87,694
10			2019-20		4,75,69,333
11			2020-21		26,53,479
12		02XXXXXXXXXXXX1ZK	2018-19	Baddi-IV	49,49,640
13			2019-20		2,49,74,760
14		02XXXXXXXXXXXX1ZJ	2019-20	Karsog Circle	2,62,39,842
15	ITC Availed without supplier remitting tax	02XXXXXXXXXXXX1ZU	2018-19	Baddi-II	1,68,23,303
16			2019-20		21,34,262
17			2020-21		677
18		02XXXXXXXXXXXX1ZR	2018-19	Baddi-II	3,73,78,001
19			2019-20		1,33,15,408
20			2020-21		1,88,42,935
21		02XXXXXXXXXXXX1Z8	2018-19	Baddi-II	66,27,583
22			2019-20		20,13,732
23			2020-21		1,98,90,346
24		02XXXXXXXXXXXX1ZO	2018-19	Baddi-II	1,72,11,467
25			2020-21		1,80,243
26		02XXXXXXXXXXXX1Z4	2018-19	Jawali Circle	6,73,064
27			2019-20		14,67,520
28			2020-21		1,45,79,512
29		02XXXXXXXXXXXX1ZK	2018-19	Kullu Circle	18,56,043
30			2020-21		6,09,49,856
31	Excess ISD credit	02XXXXXXXXXXXX1ZK	2018-19	Baddi-IV	13,37,681
32			2019-20		40,40,829
33	Undischarged tax liability (R1 & R9)	02XXXXXXXXXXXX1ZU	2018-19	Baddi-II	15,23,931
34			2019-20		97,71,483
35			2020-21		75,68,002
36		02XXXXXXXXXXXX1ZT	2018-19	Nadaun Circle	6,20,735
37			2019-20		1,73,801
38		02XXXXXXXXXXXX2Z8	2020-21	Bilaspur Circle-II	3,93,68,852
39	Suppression of taxable value (E-Way Bill)	02XXXXXXXXXXXX1ZR	2018-19	Baddi-II	6,50,07,040
40		02XXXXXXXXXXXX1ZV	2018-19	Baddi-II	2,34,06,632
41			2019-20		2,21,01,404
42		02XXXXXXXXXXXX1ZV	2020-21	Baddi-II	26,68,324
43			2020-21		5,18,38,528
44		02XXXXXXXXXXXX1Z3	2018-19		1,28,88,432

Sl. No.	Dimension	GSTIN	Year	Circle	Deviation Amount (in ₹)
45		02XXXXXXXXXXX1ZC	2019-20	Nalagarh Circle-I	80,19,984
46			2020-21		1,16,72,704
47			2018-19	Nalagarh Circle-I	4,60,01,504
48		2019-20		12,64,736	
49		2020-21		99,25,184	
50		02XXXXXXXXXXX1ZE	2018-19	Nalagarh Circle-I	3,31,86,816
51			2019-20		2,31,59,936
52			2020-21		8,51,81,440
53		02XXXXXXXXXXX1ZO	2020-21	Nalagarh Circle-II	5,73,20,416
54		02XXXXXXXXXXX1Z5	2018-19	Nalagarh Circle-II	1,79,56,45,950
55			2019-20		1,01,86,496
56			2020-21		4,34,65,216
57		02XXXXXXXXXXX1ZZ	2018-19	Nalagarh Circle-II	98,44,776
58			2019-20		1,51,71,456
59			2020-21		99,77,552
60	GSTR-3B not filed but GSTR 1/2A available	02XXXXXXXXXXX1ZK	2019-20	Baddi-II	20,32,488
61			2020-21		
62	Non-payment of interest	02XXXXXXXXXXX1ZQ	2018-19	Baddi-II	18,84,512
63	Short-payment of tax (TDS/TCS)	02XXXXXXXXXXX1ZJ	2019-20	Baddi-II	10,34,86,091
64			2020-21		
65	Suppression of taxable value (Unbilled revenue)	02XXXXXXXXXXX1ZS	2018-19	Baddi-II	6,82,52,245
66		02XXXXXXXXXXX1Z8	2018-19	Baddi-II	83,30,624
Total					3,18,79,36,098

Appendix-4.17

(Reference: Paragraph 4.7.3)

Statement showing details of cases which are under correspondence with taxpayers/
(Economic Intelligence Unit (EIU) cases)

Sl. No.	Dimension	GSTIN	Year	Circle	Deviation amount (in ₹)	Response (Under correspondence with taxpayer/ EIU case)
1	ITC Mismatch (R3B & R2A)	02XXXXXXXXXX1Z5	2018-19	Baddi-III	1,71,08,751	Under correspondence
2		02XXXXXXXXXX1ZA	2020-21	Mandi-I	5,90,36,562	EIU case
3		02XXXXXXXXXX1Z9	2018-19	Sanjauli	3,14,97,474	EIU case
4			2019-20		4,67,87,920	EIU case
5		02XXXXXXXXXX1ZX	2018-19	Parwanoo Circle-I	1,71,94,110	EIU case
6		02XXXXXXXXXX2ZR	2018-19	Solan Circle-II	3,92,86,842	EIU case
7	ITC Availed without supplier remitting tax	02XXXXXXXXXX1ZE	2018-19	Baddi-IV	78,09,671	EIU case
8			2019-20		21,960	EIU case
9			2020-21		89,88,236	EIU case
10		02XXXXXXXXXX1ZA	2018-19	Mandi-I	11,204	EIU case
11			2019-20		4,59,94,175	EIU case
12		02XXXXXXXXXX1Z9	2018-19	Sanjauli	2,44,03,984	EIU case
13			2019-20		1,32,70,511	EIU case
14			2020-21		20,87,005	EIU case
15	Excess ISD credit	02XXXXXXXXXX1ZS	2018-19	Baddi-II	5,06,289	Under correspondence
16			2019-20		9,18,274	Under correspondence
17			2020-21		9,07,361	Under correspondence
18		02XXXXXXXXXX1ZB	2018-19	Baddi-II	16,86,333	Under correspondence
19			2019-20		3,19,327	Under correspondence
20		02XXXXXXXXXX1ZU	2019-20	Baddi-II	59,622	Under correspondence
21			2020-21		41,06,516	Under correspondence
22		02XXXXXXXXXX1ZD	2020-21	Baddi-III	16,62,866	Under correspondence
23	Short payment of tax on RCM	02XXXXXXXXXX1ZJ	2018-19	Bangana Circle	45,36,888	Under correspondence
24		02XXXXXXXXXX1ZM	2018-19	Baddi-I	15,787	EIU case
25			2020-21		1,18,72,566	EIU case
26		02XXXXXXXXXX1Z9	2019-20	Sanjauli	3,10,86,868	EIU case
27	Undischarged tax liability (R1 & R9)	02XXXXXXXXXX1ZS	2019-20	Baddi-II	15,172	Under correspondence
28		02XXXXXXXXXX1Z9	2019-20	Baddi-II	9,88,45,848	Under correspondence
29	Suppression of taxable value (E-Way Bill)	02XXXXXXXXXX1ZU	2018-19	Baddi-II	5,42,04,476	Under correspondence
30			2019-20		29,09,78,592	Under correspondence
31			2020-21		12,91,51,576	Under correspondence

Sl. No.	Dimension	GSTIN	Year	Circle	Deviation amount (in ₹)	Response (Under correspondence with taxpayer/ EIU case)
32		02XXXXXXXXXX2ZL	2019-20	Baddi-II	1,01,42,880	Under correspondence
33			2020-21		3,48,50,312	Under correspondence
34		02XXXXXXXXXX2ZG	2018-19	Baddi-III	16,54,16,064	Under correspondence
35		02XXXXXXXXXX1ZL	2018-19	Dalhousie	97,62,576	Under correspondence
36			2019-20		1,94,65,316	Under correspondence
37			2020-21		1,91,21,136	Under correspondence
38	Short payment of tax (Table 9R)	02XXXXXXXXXX1Z9	2018-19	Cart Road Circle	96,78,212	Under correspondence
39			2019-20		75,58,251	Under correspondence
40			2020-21		8,46,579	Under correspondence
41		02XXXXXXXXXX1Z9	2018-19	Mall Road	2,73,90,480	Under correspondence
42		02XXXXXXXXXX1ZQ	2018-19	Nahan Circle-I	9,81,96,160	Under correspondence
43		02XXXXXXXXXX1ZZ	2019-20	Paunta Circle-I	23,01,905	Under correspondence
44			2020-21		59,54,063	Under correspondence
45		02XXXXXXXXXX1ZE	2018-19	Ambota	90,08,383	Under correspondence
46		02XXXXXXXXXX1Z1	2018-19	Parwanoo Circle -II	1,37,54,069	Under correspondence
47		02XXXXXXXXXX3ZX	2020-21	Solan Circle-I	1,24,00,000	Under correspondence
48	GSTR-3B not filed but GSTR 1/2A available	02XXXXXXXXXX1Z0	2019-20	Baddi-II	12,21,42,608	Under correspondence
49		02XXXXXXXXXX1Z9	2019-20	Baddi-II	9,88,45,848	Under correspondence
50		02XXXXXXXXXX2ZG	2018-19	Baddi-III	17,63,80,818	Under correspondence
51		02XXXXXXXXXX1ZM	2019-20	Nalagarh-III	11,32,032	Under correspondence
52			2020-21		1,52,268	Under correspondence
53	Non-payment of interest	02XXXXXXXXXX1ZX	2018-19	Nerchowk	9,44,840	Under correspondence
54			2019-20		8,27,389	Under correspondence
55			2020-21		1,75,179	Under correspondence
56		02XXXXXXXXXX1Z1	2018-19	Sarkaghat	4,28,054	Under correspondence
57			2019-20		7,11,527	Under correspondence
58			2020-21		5,89,444	Under correspondence

Sl. No.	Dimension	GSTIN	Year	Circle	Deviation amount (in ₹)	Response (Under correspondence with taxpayer/ EIU case)
59			2018-19		13,50,916	Under correspondence
60		02XXXXXXXXXX2Z6	2019-20	Sunder Nagar Circle-II	14,21,937	Under correspondence
61			2020-21		24,283	Under correspondence
62			2018-19		7,41,908	EIU case
63		02XXXXXXXXXX1ZQ	2019-20	Baddi-I	6,24,201	EIU case
64			2020-21		12,49,203	EIU case
65			2018-19		14,48,654	EIU case
66		02XXXXXXXXXX1Z0	2019-20	Baddi-I	27,300	EIU case
67			2020-21		170	EIU case
68			2018-19		9,57,301	EIU case
69		02XXXXXXXXXX1ZV	2019-20	Baddi-III	11,46,317	EIU case
70			2020-21		7,28,788	EIU case
71			2018-19		13,58,737	EIU case
72		02XXXXXXXXXX1Z4	2019-20	Baddi-IV	6,90,528	EIU case
73			2020-21		33,281	EIU case
74			2018-19		38,68,155	EIU case
75		02XXXXXXXXXX1ZB	2019-20	Bharmour Circle	443	EIU case
76			2020-21		374	EIU case
77			2018-19		3,17,081	EIU case
78		02XXXXXXXXXX1ZV	2019-20	Tissa Circle	4,47,041	EIU case
79			2020-21		8,86,674	EIU case
80			2018-19		41	EIU case
81		02XXXXXXXXXX1ZR	2019-20	Reckong Peo Circle	12,34,799	EIU case
82			2020-21		2,55,652	EIU case
83			2018-19		25,10,657	EIU case
84		02XXXXXXXXXX1ZZ	2019-20	Reckong Peo Circle	4,34,442	EIU case
85			2020-21		1,41,526	EIU case
86			2018-19		15,75,058	EIU case
87		02XXXXXXXXXX1ZS	2019-20	Kullu/ Banjar	7,84,384	EIU case
88			2020-21		1,99,314	EIU case
89			2018-19		12,98,114	EIU case
90		02XXXXXXXXXX1ZD	2019-20	Kullu/ Banjar	5,68,779	EIU case
91			2020-21		1,32,269	EIU case
92			2018-19		13,81,071	EIU case
93		02XXXXXXXXXX2Z5	2019-20	Cart Road Circle	13,22,301	EIU case
94			2020-21		79,851	EIU case
95			2018-19		6,67,104	EIU case
96		02XXXXXXXXXX1ZL	2019-20	Cart Road Circle	6,17,952	EIU case
97			2020-21		2,12,821	EIU case
98			2018-19		20,75,828	EIU case
99		02XXXXXXXXXX1ZW	2019-20	Dhalli Circle	36	EIU case
100			2020-21		22,287	EIU case
101			2018-19		14,92,450	EIU case
102		02XXXXXXXXXX1ZS	2019-20	Kotkhai	11,13,815	EIU case
103			2018-19		75,03,587	EIU case
104		02XXXXXXXXXX1ZZ	2019-20	Mall Road	1,09,12,070	EIU case
105			2020-21		36,14,355	EIU case
106			2018-19		8,62,753	EIU case
107		02XXXXXXXXXX1ZQ	2019-20	Sanjauli	7,19,158	EIU case
108			2020-21		3,26,835	EIU case
109		02XXXXXXXXXX2ZM	2018-19	Sanjauli	12,43,838	EIU case

Sl. No.	Dimension	GSTIN	Year	Circle	Deviation amount (in ₹)	Response (Under correspondence with taxpayer/ EIU case)
110			2019-20		4,16,526	EIU case
111			2020-21		2,60,736	EIU case
112		02XXXXXXXXXX1ZH	2018-19	Sanjauli	18,41,840	EIU case
113			2019-20		1,62,011	EIU case
114			2020-21		30,396	EIU case
115		02XXXXXXXXXX1Z9	2018-19	Sanjauli	32,57,461	EIU case
116			2019-20		4,85,337	EIU case
117		02XXXXXXXXXX1ZQ	2018-19	Sanjauli	2,53,827	EIU case
118			2019-20		7,92,512	EIU case
119			2020-21		5,01,594	EIU case
120		02XXXXXXXXXX1ZQ	2018-19	Sanjauli	5,25,500	EIU case
121			2019-20		4,54,127	EIU case
122			2020-21		5,40,360	EIU case
123		02XXXXXXXXXX1ZL	2018-19	Theog Circle	13,98,830	EIU case
124			2019-20		5,63,625	EIU case
125			2020-21		19,092	EIU case
126		02XXXXXXXXXX1ZN	2018-19	Nahan Circle-I	18,67,883	EIU case
127			2019-20		9,98,454	EIU case
128			2020-21		2,15,308	EIU case
129		02XXXXXXXXXX1ZX	2018-19	Paunta Circle-I	14,99,396	EIU case
130			2019-20		51,518	EIU case
131			2020-21		1,694	EIU case
132		02XXXXXXXXXX1ZH	2018-19	Sataun	21,71,256	EIU case
133			2019-20		8,86,810	EIU case
134			2020-21		4,21,716	EIU case
135		02XXXXXXXXXX1ZI	2018-19	Ambota	9,04,767	EIU case
136			2019-20		7,75,173	EIU case
137			2020-21		3,51,034	EIU case
138	Short payment of tax (TDS/TCS)	02XXXXXXXXXX1ZA	2018-19	Baddi-III	1,12,49,938	Under correspondence
139			2019-20		5,43,82,113	Under correspondence
140			2020-21		4,73,98,686	Under correspondence
Total					1,98,78,55,116	

Appendix-4.18

(Reference: Paragraph 4.7.3)

Statement showing details of cases where Department's reply is furnished without Documentary evidence

Sl. No.	Dimension	GSTIN	Year	Circle	Deviation amount (in ₹)
1	ITC Mismatch (R3B & R2A)	02XXXXXXXXXX2Z0	2020-21	Baddi-I	2,25,58,664
2		02XXXXXXXXXX1Z9	2018-19	Baddi-I	2,03,69,088
3			2019-20		82,37,834
4		02XXXXXXXXXX1ZH	2018-19	Baddi-III	1,71,78,297
5		02XXXXXXXXXX1Z7	2020-21	Industrial Area Kala Amb	2,13,19,570
6		02XXXXXXXXXX1ZH	2018-19	Parwanoo Circle-I	55,00,519
7			2019-20		13,66,756
8			2020-21		1,23,13,831
9		02XXXXXXXXXX1Z2	2018-19	Parwanoo Circle-I	49,79,442
10			2019-20		2,37,13,493
11	ITC Availed without supplier remitting tax	02XXXXXXXXXX1Z2	2019-20	Baddi-I	7,88,32,891
12			2020-21		29,92,280
13	ITC availed on GSTR-3B filed after limitation period	02XXXXXXXXXX1ZT	2018-19	Baddi-I	43,45,931
14		02XXXXXXXXXX2Z0	2018-19	Baddi-I	1,54,57,008
15		02XXXXXXXXXX1ZX	2018-19	Baddi-I	56,54,765
16		02XXXXXXXXXX1Z6	2018-19	Barotiwala	67,10,834
17	Short payment of tax on RCM	02XXXXXXXXXX1ZB	2020-21	Baddi-II	65,75,118
18		02XXXXXXXXXX2ZV	2018-19	Nalagarh Circle-I	51,69,832
19			2019-20		45,15,526
20		02XXXXXXXXXX1ZA	2020-21	Mehatpur Circle	30,26,739
21		02XXXXXXXXXX2ZY	2020-21	Nalagarh-III	1,37,39,111
22	Unreconciled ITC w.r.t. Financial Statements (Table 12F)	02XXXXXXXXXX1ZG	2018-19	Mall Road	89,514
23			2019-20		28,20,405
24		02XXXXXXXXXX1ZV	2018-19	Sanjauli	86,29,007
25		02XXXXXXXXXX2ZM	2020-21	Nahan Circle-I	1,02,69,200
26		02XXXXXXXXXX1Z7	2018-19	Parwanoo Circle -II	37,26,574
27			2019-20		23,50,035
28			2020-21		1,67,10,346
29	Undischarged tax liability (R1 & R9)	02XXXXXXXXXX1Z9	2019-20	Baddi-III	21,354
30			2020-21		7,51,758
31		02XXXXXXXXXX1ZK	2018-19	Karsog Circle	3,53,504
32	Suppression of taxable value (E-Way Bill)	02XXXXXXXXXX1ZY	2018-19	Nalagarh-III	4,68,21,568
33			2019-20		3,59,61,088
34			2020-21		3,29,28,736
35		02XXXXXXXXXX1ZQ	2018-19	Bhoranj and Sujampur Circle	74,40,958
36			2019-20		1,60,12,201
37			2020-21		3,56,64,768
38		02XXXXXXXXXX2ZQ	2019-20	Barotiwala	2,10,45,856

Sl. No.	Dimension	GSTIN	Year	Circle	Deviation amount (in ₹)
39	Short payment of tax (Table 9R)	02XXXXXXXXXXX1ZO	2020-21	Baddi-II	1,57,66,653
40		02XXXXXXXXXXX1Z5	2018-19	Bajnath Circle	1,76,86,360
41			2019-20		2,17,44,938
42	Unreconciled taxable turnover (Table 7G)	02XXXXXXXXXXX1ZM	2018-19	Baddi-I	1,74,66,40,886
43		02XXXXXXXXXXX1Z8	2018-19	Chamba Circle	53,22,59,534
44		02XXXXXXXXXXX1ZQ	2018-19	Hamirpur Circle	1,06,69,46,112
45			2019-20		83,38,42,752
46			2020-21		69,80,63,463
47		02XXXXXXXXXXX1ZH	2020-21	Palampur	42,53,85,149
48		02XXXXXXXXXXX1ZA	2019-20	Mandi-I	2,23,03,12,000
49			2020-21		1,73,73,35,065
50		02XXXXXXXXXXX1ZW	2020-21	Mall Road	21,66,44,94,960
51		02XXXXXXXXXXX1ZE	2018-19	Mall Road	26,69,38,864
52			2019-20		18,99,55,494
53			2020-21		38,27,49,555
54		02XXXXXXXXXXX1ZB	2020-21	Nahan Circle-I	22,95,90,56,000
Total					55,31,53,32,185

Appendix-4.19

(Reference: Paragraph 4.7.3)

Statement showing details of cases where data entry errors were made by the taxpayers

Sl. No.	Dimension	GSTIN	Year	Circle	Deviation Amount (in ₹)
1	Short payment of tax on RCM	02XXXXXXXXXX1Z1	2020-21	Nalagarh Circle-I	53,04,011
2		02XXXXXXXXXX1ZI	2019-20	Nalagarh Circle-II	92,43,166
3		02XXXXXXXXXX1ZW	2019-20	Kangra-I	32,58,131
4		02XXXXXXXXXX1ZL	2019-20	Palampur	18,14,739
5			2020-21		
6		02XXXXXXXXXX1ZK	2019-20	Kullu Circle	90,59,754
7		02XXXXXXXXXX1ZG	2020-21	Mehatpur Circle	8,12,42,208
8	Ineligible ITC (Table 14T)	02XXXXXXXXXX1ZJ	2018-19	Kullu Circle	13,16,70,000
Total					24,15,92,009

Appendix-4.20*(Reference: Paragraph 4.7.3)***Statement showing details of cases where action taken by Department before issue of Audit queries**

Sl. No.	Dimension	GSTIN	Year	Circle	Deviation Amount (in ₹)
1	ITC Mismatch (R3B & R2A)	02XXXXXXXXXX1ZF	2018-19	Baddi-I	6,04,30,260
2	ITC availed on GSTR-3B filed after limitation period	02XXXXXXXXXX1ZP	2018-19	Baddi-III	36,66,734
3		02XXXXXXXXXX1ZP	2019-20	Baddi-III	3,57,126
4		02XXXXXXXXXX1ZN	2018-19	Hamirpur Circle	57,94,279
5		02XXXXXXXXXX2ZU	2018-19	Dharamshala-II	35,82,515
6		02XXXXXXXXXX2ZU	2019-20	Dharamshala-II	4,54,134
7		02XXXXXXXXXX1ZO	2018-19	Kangra-I	1,13,29,609
8		02XXXXXXXXXX1ZO	2019-20	Kangra-I	14,60,316
9		02XXXXXXXXXX1Z1	2018-19	Palampur	1,07,22,386
10		02XXXXXXXXXX1ZJ	2018-19	Kullu/Banjar	2,69,21,933
11		02XXXXXXXXXX1ZD	2018-19	Kullu/Banjar	95,42,359
12		02XXXXXXXXXX1ZP	2018-19	Nerchowk	70,27,604
13		02XXXXXXXXXX2Z6	2018-19	Sunder Nagar Circle-II	47,39,862
14		02XXXXXXXXXX2Z6	2019-20	Sunder Nagar Circle-II	36,96,324
15		02XXXXXXXXXX1ZA	2018-19	Una Circle	2,23,39,446
16		02XXXXXXXXXX1ZN	2018-19	Nurpur	93,72,500
17	Undischarged tax liability (R1 & R9)	02XXXXXXXXXX2ZG	2018-19	Baddi-III	16,39,75,444
18	GSTR-3B not filed but GSTR 1/2A available	02XXXXXXXXXX1ZR	2019-20	Baddi-III	7,20,772
19		02XXXXXXXXXX1ZR	2020-21	Baddi-III	15,46,307
20	Non-payment of interest	02XXXXXXXXXX1ZJ	2018-19	Baddi-II	16,77,110
21		02XXXXXXXXXX1Z5	2018-19	Nalagarh Circle-II	67,39,494
22		02XXXXXXXXXX1Z5	2019-20	Nalagarh Circle-II	29,53,141
23		02XXXXXXXXXX1Z5	2020-21	Nalagarh Circle-II	71,79,936
24		02XXXXXXXXXX1Z0	2018-19	Sunder Nagar Circle-I	22,65,659
25		02XXXXXXXXXX1Z0	2019-20	Sunder Nagar Circle-I	5,09,487
26		02XXXXXXXXXX1Z0	2020-21	Sunder Nagar Circle-I	98,196
27		02XXXXXXXXXX2ZJ	2018-19	Amb Circle	17,85,722
28		02XXXXXXXXXX1ZU	2018-19	Gagret	17,31,112
29		02XXXXXXXXXX1ZU	2019-20	Gagret	16,73,980
30		02XXXXXXXXXX1ZU	2020-21	Gagret	3,84,157
31		02XXXXXXXXXX1ZW	2018-19	Mehatpur Circle	5,81,650
32		02XXXXXXXXXX1ZW	2019-20	Mehatpur Circle	20,68,495
33		02XXXXXXXXXX1ZU	2018-19	Kullu Circle	8,31,408
34		02XXXXXXXXXX1ZU	2019-20	Kullu Circle	2,27,537
35	Short payment of tax (TDS/TCS)	02XXXXXXXXXX1ZT	2018-19	Sarkaghat	3,37,60,641
Total					41,21,47,635

Appendix-4.21

(Reference: Paragraph 4.7.3)

Statement showing details of cases where taxpayer had valid explanation

Sl. No.	Dimension	GSTIN	Year	Circle	Deviation amount (in ₹)
1	ITC Mismatch (R3B & R2A)	02XXXXXXXXXXXX1ZS	2018-19	Nalagarh Circle-I	83,00,958
2			2020-21		2,15,85,778
3	ITC availed on GSTR-3B filed after limitation period	02XXXXXXXXXXXX2ZA	2018-19	Nalagarh Circle-I	52,14,565
4	Short payment of tax on RCM	02XXXXXXXXXXXX1ZX	2018-19	Baddi-IV	7,33,54,952
5		02XXXXXXXXXXXX1ZJ	2018-19	Nalagarh Circle-I	5,69,405
6			2019-20		7,77,813
7			2020-21		3,83,133
8		02XXXXXXXXXXXX1ZK	2018-19	Nalagarh Circle-I	7,00,50,864
9		02XXXXXXXXXXXX1ZQ	2018-19	Industrial Area Kala Amb	5,57,005
10			2019-20		1,43,893
11			2020-21		14,53,714
12		02XXXXXXXXXXXX1ZL	2018-19	Industrial Area Kala Amb	22,31,770
13			2019-20		257
14			2020-21		7,84,683
15		02XXXXXXXXXXXX1ZW	2018-19	Una Circle	1,16,79,361
16	Unreconciled ITC w.r.t Financial Statements (Table 12F)	02XXXXXXXXXXXX2Z5	2018-19	Baddi-III	42,88,040
17			2019-20		66,84,300
18		02XXXXXXXXXXXX1ZR	2018-19	Baddi-III	37,51,265
19		02XXXXXXXXXXXX1ZI	2018-19	Bilaspur Circle-I	37,45,396
20		02XXXXXXXXXXXX1ZQ	2020-21	Amb Circle	31,00,782
21	Ineligible ITC (Table 14T)	02XXXXXXXXXXXX1ZO	2018-19	Baddi-III	38,46,858
22		02XXXXXXXXXXXX1ZV	2018-19	Sanjauli	86,29,007
23		02XXXXXXXXXXXX1ZV	2020-21	Industrial Area Kala Amb	54,41,562
24		02XXXXXXXXXXXX1Z0	2018-19	Nahan Circle-I	66,14,963
25			2019-20		1,931
26		02XXXXXXXXXXXX1Z7	2018-19	Parwanoo Circle -II	37,26,574
27			2019-20		23,50,035
28			2020-21		1,67,10,344
29		02XXXXXXXXXXXX1ZS	2019-20	Solan Circle-II	1,49,18,630
30		02XXXXXXXXXXXX1ZJ	2019-20	Kullu Circle	7,78,00,896
31			2020-21		10,44,77,792
32	Undischarged tax liability (R1 & R9)	02XXXXXXXXXXXX2ZA	2018-19	Nalagarh Circle-I	58,88,305
33			2019-20		41,49,536
34		02XXXXXXXXXXXX1Z7	2018-19	Bilaspur Circle-I	1,66,68,510
35		02XXXXXXXXXXXX1ZY	2020-21	Una Circle	3,98,81,467
36	Suppression of taxable value (E-Way Bill)	02XXXXXXXXXXXX2ZW	2019-20	Industrial Area Mehatpur	2,56,62,080
37			2020-21		5,93,34,848
38	Ineligible composition levy due to incorrect turnover	02XXXXXXXXXXXX1Z0	2020-21	Bangana Circle	-
39	GSTR-3B not filed but	02XXXXXXXXXXXX2ZL	2018-19	Baddi-III	24,00,267
40		02XXXXXXXXXXXX2ZA	2019-20	Nalagarh Circle-I	41,49,536

Sl. No.	Dimension	GSTIN	Year	Circle	Deviation amount (in ₹)
41	GSTR 1/2A available	02XXXXXXXXXXXX1ZH	2019-20	Nalagarh Circle-I	50,49,628
42		02XXXXXXXXXXXX1Z7	2018-19	Bilaspur Circle-I	1,66,68,504
43	Non-payment of interest	02XXXXXXXXXXXX1ZK	2018-19	Baddi-IV	57,44,417
44			2019-20		4,29,017
45			2020-21		94,541
46	Short payment of tax (TDS/TCS)	02XXXXXXXXXXXX1ZW	2020-21	Baddi-III	8,46,71,301
47	Suppression of taxable value (Unbilled revenue)	02XXXXXXXXXXXX1ZS	2018-19	Nalagarh-III	13,00,000
48		02XXXXXXXXXXXX1Z9	2020-21	Ghumarwin Circle	15,18,666
49	Unreconciled taxable turnover (Table 7G)	02XXXXXXXXXXXX1ZQ	2019-20	Baddi-II	7,93,21,73,330
50		02XXXXXXXXXXXX1ZJ	2018-19	Nerchowk	12,62,61,880
51			2019-20		14,79,99,340
Total					8,94,32,21,697

Appendix-4.22

(Reference: Paragraph 4.7.3 and 4.7.4 (a))

Summary of deficiencies (Turn over cases)

(Amount in ₹ crore)

Sl. No.	Audit Dimension	Reply received		Compliance deviations										Department reply accepted by Audit					
				Accepted by Dept. including cases where action is yet to be initiated								Department's reply furnished without documentary evidence	Data entry errors		Action taken before query		Other valid explanations		
				Recovered	DRC-07	SCN/ASMT-10/ DRC-01		Under correspondence with taxpayers/ AQ (EIU cases)											
				Involved															
No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1	Short payment of tax (TDS/TCS)	11	48.33	1	0.03	3	3.15	2	13.89	3	11.30	0	0.00	0	0	1	3.38	1	8.47
				8.14															
2	Suppression of taxable value (Unbilled revenue)	4	7.94	0	0.00	0	0.00	2	7.66	0	0.00	0	0.00	0	0	0	0.00	2	0.28
3	Unreconciled taxable turnover (Table 7G)	16	6294.04	0	0.00	0	0.00	0	0.00	0	0.00	13	5473.40	0	0	0	0.00	3	820.64
Total		31	6350.31	1	0.03	3	3.15	4	21.55	3	11.30	13	5473.40	0	0.00	1	3.38	6	829.39
				8.14															

Appendix-4.23**(Reference: Paragraph 4.8.1)****Non-Production of Records**

Sl. No.	GST No.	Circle	Details of records not produced
1	02XXXXXXXXXX1ZL	Mall Road	Standalone balance sheet, Profit and loss Account, invoices, Notes to Profit & Loss account, invoices and ledgers for selected months and Schedules of B.S. GSTR-6 of distributor.
2	02XXXXXXXXXX2ZQ	Mall Road	Standalone balance sheet, Profit and loss Account, invoices, invoices and ledgers for selected months and Schedules of B.S. GSTR-6 of distributor.
3	02XXXXXXXXXX1ZC	Baddi-III	Standalone balance sheet, Profit and loss Account, Notes to Profit & Loss account, invoices, ledgers for selected months, Schedules of Balance Sheet and details of Sundry creditors job work challans for the years 2018-19 to 2020-21.
4	02XXXXXXXXXX2ZE	Baddi-III	Standalone balance sheet, Profit and loss Account, Notes to Profit & Loss account, invoices, ledgers for selected months, Schedules of Balance Sheet and details of Sundry creditors job work challans for the years 2018-19 to 2020-21.
5	02XXXXXXXXXX1ZT	Barotiwala	Standalone balance sheet, Profit and loss Account, Notes to Profit & Loss account, invoices, ledgers for selected months, Schedules of Balance Sheet and details of Sundry creditors job work challans for the years 2018-19 to 2020-21.
6	02XXXXXXXXXX3Z9	Cart Road	Standalone balance sheet, Profit and loss Account, invoices, Notes to Profit & Loss account, invoices and ledgers for selected months and Schedules of B.S.
7	02XXXXXXXXXX1ZO	Cart Road	Standalone balance sheet, Profit and loss Account, invoices, Notes to Profit & Loss account, invoices and ledgers for selected months and Schedules of B.S.
8	02XXXXXXXXXX1ZP	Cart Road	Standalone balance sheet, Profit and loss Account, invoices, Notes to Profit & Loss account, invoices and ledgers for selected months and Schedules of B.S.
9	02XXXXXXXXXX1ZJ	Baddi-II	Standalone balance sheet, Profit and loss Account, Notes to Profit & Loss account, invoices, ledgers for selected months, Schedules of Balance Sheet and details of Sundry creditors, Credit notes vouchers and Challans of Job work for the particular GSTN of its circle jurisdiction.
10	02XXXXXXXXXX2ZZ	Baddi-II	Standalone balance sheet, Profit and loss Account, Notes to Profit and Loss account, invoices, ledgers for selected months, Schedules of Balance Sheet and details of Sundry creditors, Credit notes vouchers and Challans of Job work for the particular GSTN of its circle jurisdiction.
11	02XXXXXXXXXX1ZZ	Baddi-II	Standalone balance sheet, Profit and loss Account, Notes to Profit and Loss account, invoices, ledgers for selected months, Schedules of Balance Sheet and details of Sundry creditors, Credit notes vouchers and Challans of Job work for the particular GSTN of its circle jurisdiction.
12	02XXXXXXXXXX5ZT	Baddi-II	Standalone balance sheet, Profit and loss Account, Notes to Profit and Loss account, invoices, ledgers for selected months, Schedules of Balance Sheet and details of Sundry creditors, Credit notes vouchers and Challans of Job work for the particular GSTN of its circle jurisdiction.
13	02XXXXXXXXXX1ZZ	Mandi-I	Standalone Balance sheet, Profit and loss Account (2019-20 and 2020-21) Notes to Profit and Loss account, invoices, ledgers for selected months, Schedules of Balance Sheet (2018-19 to 2020-21) and details of Sundry creditors and job work challans, ISD ITC figures as per GSTR 6 of distributor and any ISD ITC reversal for year 2018-19 to 2020-21.

Sl. No.	GST No.	Circle	Details of records not produced
14	02XXXXXXXXXX1ZO	Mandi-I	Standalone Balance sheet, Profit and loss Account (2019-20 and 2020-21) Notes to Profit & Loss Account, invoices, ledgers for selected months, Schedules of Balance Sheet (2018-19 to 2020-21) and details of Sundry creditors and job work challans, ISD ITC figures as per GSTR 6 of distributor and any ISD ITC reversal for year 2018-19 to 2020-21.
15	02XXXXXXXXXX1Z3	Nahan-I	Standalone Balance sheet, Profit and loss Account (2019-20 and 2020-21) Notes to Profit & Loss Account, invoices, ledgers for selected months, Schedules of Balance Sheet (2018-19 to 2020-21) and details of Sundry creditors and job work challans, ISD ITC figures as per GSTR 6 of distributor and any ISD ITC reversal for year 2018-19 to 2020-21.
16	02XXXXXXXXXX1Z	Parwanoo-I	Schedules of Standalone Balance sheet (2018-19 to 2020-21), invoices, ledgers for selected months, Schedules of Balance Sheet (2018-19 to 2020-21) and details of Sundry creditors and job work challans, ISD ITC figures as per GSTR 6 of distributor and any ISD ITC reversal for year 2018-19 to 2020-21.
17	02XXXXXXXXXX1ZM	Parwanoo-II	Standalone Balance sheet with schedules, Profit and Loss Account (2018-19 to 2020-21) Notes to Profit and Loss account, invoices, ledgers for selected months, details of Sundry creditors and job work challans, ISD ITC figures as per GSTR 6 of distributor and any ISD ITC reversal for year 2018-19 to 2020-21.
18	02XXXXXXXXXX1Z3	Parwanoo-II	Standalone Balance sheet with schedules, Profit and loss Account (2018-19 to 2020-21) Notes to Profitand Loss Account, invoices, ledgers for selected months, details of Sundry creditors and job work challans, ISD ITC figures as per GSTR 6 of distributor and any ISD ITC reversal for year 2018-19 to 2020-21.
19	02XXXXXXXXXX3ZV	Sanjauli	Standalone Balance sheet with schedules, Profit and loss Account (2018-19 to 2020-21) Notes to Profit and Loss Account, invoices, ledgers for selected months, details of Sundry creditors and job work challans, ISD ITC figures as per GSTR 6 of distributor and any ISD ITC reversal for year 2018-19 to 2020-21.
20	02XXXXXXXXXX1Z5	Sanjauli	Standalone Balance sheet with schedules, Profit and loss Account (2018-19 to 2020-21) Notes to Profit and Loss Account, invoices, ledgers for selected months, details of Sundry creditors and job work challans, ISD ITC figures as per GSTR 6 of distributor and any ISD ITC reversal for year 2018-19 to 2020-21.
21	02XXXXXXXXXX1ZR	Sanjauli	Standalone Balance sheet with schedules, Profit and loss Account (2018-19 to 2020-21) Notes to Profit and Loss Account, invoices, ledgers for selected months, details of Sundry creditors and job work challans, ISD ITC figures as per GSTR 6 of distributor and any ISD ITC reversal for year 2018-19 to 2020-21.
22	02XXXXXXXXXX1ZZ	Sanjauli	Standalone Balance sheet with schedules, Profit and loss Account (2018-19 to 2020-21) Notes to Profit and Loss Account, invoices, ledgers for selected months, details of Sundry creditors and job work challans, ISD ITC figures as per GSTR 6 of distributor and any ISD ITC reversal for year 2018-19 to 2020-21.
23	02XXXXXXXXXX1ZB	Baddi-I	Standalone balance sheet, Profit and Loss Account, Notes to Profitand Loss Account, invoices, ledgers for selected months, Schedules of Balance Sheet and details of Sundry creditors.

Sl. No.	GST No.	Circle	Details of records not produced
24	02XXXXXXXXXX1ZH	Baddi-I	Standalone balance sheet, Profit and Loss Account, Notes to Profit and Loss Account, invoices, ledgers for selected months, Schedules of Balance Sheet and details of Sundry creditors.
25	02XXXXXXXXXX1ZJ	Baddi-I	Standalone balance sheet, Profit and Loss Account, Notes to Profit and Loss Account, invoices, ledgers for selected months, Schedules of Balance Sheet and details of Sundry creditors.
26	02XXXXXXXXXX2Z3	Solan-I	Standalone Balance sheet, Profit and Loss Account (2018-19 to 2020-21) Notes to Profit and Loss Account, invoices, ledgers for selected months, Schedules of Balance Sheet (2018-19 to 2020-21) and details of Sundry creditors and job work challans, ISD ITC figures as per GSTR 6 of distributor and any ISD ITC reversal for year 2018-19 to 2020-21.
27	02XXXXXXXXXX2Z4	Joginder Nagar	Standalone balance sheet, Profit and Loss Account, invoices, Notes to Profit and Loss Account, invoices and ledgers for selected months and Schedules of B.S.
28	02XXXXXXXXXX2ZJ	Kullu Banjar	Standalone balance sheet, Profit and Loss Account, invoices, Notes to Profit and Loss Account, invoices and ledgers for selected months and Schedules of B.S.
29	02XXXXXXXXXX1ZF	Nerchowk	Standalone balance sheet, Profit and Loss Account, invoices of selected months, Ledgers, Trial balance.

Appendix-4.24

(Reference: Paragraph 4.8.1)

Partial Production of Records

Sl. No.	GST No.	Circle	Details of records not produced
1	02XXXXXXXXXX1Z4	Baddi-III	Balance sheet, Profit and loss Account (2019-20 and 2020-21) Notes to Profit & Loss account, invoices, ledgers for selected months, Schedules of Balance Sheet (2018-19 to 2020-21) and details of Sundry creditors and job work challans.
2	02XXXXXXXXXX1Z9	Baddi-IV	Invoices, ledgers for selected months, details of Sundry creditors and job work challans, ISD ITC figures as per GSTR 6 of distributor and any ISD ITC reversal for year 2018-19 to 2020-21.
3	02XXXXXXXXXX2ZN	Baddi-IV	Invoices, ledgers for selected months, details of Sundry creditors and job work challans, ISD ITC figures as per GSTR 6 of distributor and any ISD ITC reversal for year 2018-19 to 2020-21.
4	02XXXXXXXXXX1Z5	Baddi-IV	Standalone Balance sheet, Profit and loss Account (2019-20 and 2020-21) Notes to Profit & Loss account, invoices, ledgers for selected months, Schedules of Balance Sheet (2018-19 to 2020-21) and details of Sundry creditors and job work challans.
5	02XXXXXXXXXX3ZS	Baddi-IV	Standalone Balance sheet, Profit and loss Account (2019-20 and 2020-21) Notes to Profit & Loss account, invoices, ledgers for selected months, Schedules of Balance Sheet (2018-19 to 2020-21) and details of Sundry creditors and job work challans, ISD ITC figures as per GSTR 6 of distributor and any ISD ITC reversal for year 2018-19 to 2020-21.
6	02XXXXXXXXXX2Z6	Barotiwala	Profit and loss Account, Notes to Profit & Loss account, invoices, ledgers for selected months, Schedules of Balance Sheet and details of Sundry creditors job work challans for the years 2018-19 to 2020-21.
7	02XXXXXXXXXX1ZM	Barotiwala	invoices, ledgers for selected months, Schedules of Balance Sheet and details of Sundry creditors job work challans for the years 2018-19 to 2020-21.
8	02XXXXXXXXXX1ZS	Barotiwala	Notes to Profit & Loss account, invoices, ledgers for selected months, Schedules of Balance Sheet and details of Sundry creditors job work challans for the years 2018-19 to 2020-21.
9	02XXXXXXXXXX1ZF	Nalagarh-I	Invoices & Ledgers for selected months, details of Sundry creditors and job work challans.
10	02XXXXXXXXXX1ZW	Dharampur	Standalone Balance sheet, Profit and loss Account (2019-20 and 2020-21) Notes to Profit & Loss account, invoices, ledgers for selected months, Schedules of Balance Sheet (2018-19 to 2020-21) and details of Sundry creditors and job work challans, ISD ITC figures as per GSTR 6 of distributor and any ISD ITC reversal for year 2018-19 to 2020-21.
11	02XXXXXXXXXX1ZV	Dharampur	Standalone Balance sheet, Profit and loss Account (2019-20 and 2020-21) Notes to Profit & Loss account, invoices, ledgers for selected months, Schedules of Balance Sheet (2018-19 to 2020-21) and details of Sundry creditors and job work challans, ISD ITC figures as per GSTR 6 of distributor and any ISD ITC reversal for year 2018-19 to 2020-21.
12	02XXXXXXXXXX1ZJ	Lower Bazar	Standalone Balance sheet, Profit and loss Account (2019-20 and 2020-21) Notes to Profit & Loss account, invoices, ledgers for selected months, Schedules of Balance Sheet (2018-19 to 2020-21) and details of Sundry creditors and job work challans, ISD ITC figures as per GSTR 6 of distributor and any ISD ITC reversal for year 2018-19 to 2020-21.

Sl. No.	GST No.	Circle	Details of records not produced
13	02XXXXXXXXXX1ZB	Manali	Ledgers for selected months, Invoices for selected months the particular GSTN of its circle jurisdiction.
14	02XXXXXXXXXX2Z0	Nahan-I	Invoices, Ledgers for selected months, details of Sundry creditors and job work challans, ISD ITC figures as per GSTR 6 of distributor and any ISD ITC reversal for year 2018-19 to 2020-21.
15	02XXXXXXXXXX2Z8	Nahan-II	GST returns, Balance sheet and Profit and Loss statement and their notes and schedules for the year 2018-19. Invoices, Ledgers for selected months, details of Sundry creditors and job work challans.
16	02XXXXXXXXXX1ZX	Parwanoo-II	Invoices, ledgers for selected months, details of Sundry creditors and job work challans, ISD ITC figures as per GSTR 6 of distributor and any ISD ITC reversal for year 2018-19 to 2020-21.
17	02XXXXXXXXXX1ZF	Baddi-I	Invoices and ledgers for selected months and Details of Sundry creditors
18	02XXXXXXXXXX1Z7	Baddi-IV	Balance sheet, Profit and loss Account (2019-20 and 2020-21) Notes to Profit & Loss account, invoices, ledgers for selected months, Schedules of Balance Sheet (2018-19 to 2020-21) and details of Sundry creditors and job work challans.
19	02XXXXXXXXXX1Z5	Nalagarh - III	Invoices, ledgers for selected months, and details of Sundry creditors job work challans for the years 2018-19 to 2020-21.
20	02XXXXXXXXXX2Z6	Nalagarh - III	Balance sheet, Profit and loss Account (2019-20 and 2020-21) Notes to Profit & Loss account, invoices, ledgers for selected months, Schedules of Balance Sheet (2018-19 to 2020-21) and details of Sundry creditors and job work challans.
21	02XXXXXXXXXX2Z7	Solan-I	Standalone Balance sheet, Profit and loss Account (2019-20 and 2020-21) Notes to Profit & Loss account, invoices, ledgers for selected months, Schedules of Balance Sheet (2018-19 to 2020-21) and details of Sundry creditors and job work challans, ISD ITC figures as per GSTR 6 of distributor and any ISD ITC reversal for year 2018-19 to 2020-21.

Appendix-4.25

(Reference: Paragraph 4.8.2)

Non/ short payment of Interest

Sl. No.	GSTN	Circle	Return Period	Delay in days	Non/ short payment of Interest	Recovery Amount (₹)
1	02XXXXXXXXXXX1ZB	Baddi-I	Mar-19	13	84,875	84,875
			Jul-19	1	5,145	
2	02XXXXXXXXXXX1ZM	Barotiwala	Nov-19	22	4,430	
			Dec-19	28	26,185	
			Apr-20	1	298	
			Jun-20	11	8,627	
			Jul-20	17	7,132	
			Aug-20	30	-20,533	
			Jan-21	12	-310	
3	02XXXXXXXXXXX1ZQ	Parwanoo Circle-I	Aug-18	40	845	
			Sep-18	10	169	
			Oct-18	46	2,027	
			Nov-18	16	994	
			Apr-19	36	3,599	
			Jun-19	38	7,655	
			Jul-19	9	2,824	
			Aug-19	73	5,185	
			Sep-19	44	21,251	
			Oct-19	13	4,916	
			Nov-19	22	4,471	
			Jan-20	7	2,949	
			Apr-20	63	4,882	
4	02XXXXXXXXXXX1ZF	Nalagarh Circle-I	Dec-20	5	3,431	3,431
5	02XXXXXXXXXXX3ZS	Baddi-IV	Jun-18	6	26,890	
6	02XXXXXXXXXXX1ZW	Dharampur Circle	Jul-18	4	1,163	
7	02XXXXXXXXXXX1Z5	Nalagarh Circle-III	Sep-19	4	13,108	
			Sep-20	2	7,065	
8	02XXXXXXXXXXX1Z4	Baddi-III	Sep-18	5	4,449	34,329
			Apr-19	1	1,805	
			Sep-19	26	20,796	
			Dec-19	1	1,554	
			Aug-20	2	3,875	
9	02XXXXXXXXXXX1ZZ	Baddi-II	Feb-19	6	198	
			Jun-19	10	1,749	
			Jul-19	2	1,006	
			Oct-19	1	217	
10	02XXXXXXXXXXX1Z5	Baddi-IV	Jun-18	1	888	
			Aug-19	7	2,214	
			Sep-19	1	392	
11	02XXXXXXXXXXX1ZS	Barotiwala	Feb-19	10	41,365	46,737
			Apr-19	1	3,817	
Total					3,13,599	1,69,372

Appendix-4.26

(Reference: Paragraph 4.8.3 (a))

Non Reversal of ITC on the basis of Balance Sheet & Profit and Loss Account

(Amount in ₹)

Sl. No.	GSTIN	Circle	Period	Reason	Amount	Non reversal of ITC due to fire @18%	On the basis of maximum purchase tax in GSTR2A
1	02XXXXXXXXXX2Z7	Solan Circle-I	2018-19 to 2020-21	Non reversal of ITC on Gifts	7,55,441	18%	1,35,979
2	02XXXXXXXXXX2Z8	Nahan Circle-II	2019-20	Loss of goods in fire	1,03,21,470	18%	18,57,865
3	02XXXXXXXXXX1ZJ	Baddi-I	2018-19 to 2020-21	Breakage, Amount due to creditors	58,62,546	12%	7,03,506
4	02XXXXXXXXXX2Z4	Joginder Nagar	2018-19 to 2020-21	Discount received	1,00,80,819	28%	28,22,629
Total					2,70,20,276		55,19,979

Appendix-4.27

(Reference: Paragraph 4.8.3 (b))

Excess availing of ITC

(Amount in ₹)

Sl. No.	GSTIN	Circle	Financial Year	R3B ITC availed	R2A ITC available	Mismatch in ITC
1	02XXXXXXXXXX1ZJ	Baddi-II	2018-19	1,35,11,147	1,30,80,538	4,30,609
			2019-20	71,24,305	53,75,955	17,48,350
2	02XXXXXXXXXX2Z6	Barotiwala	2020-21	15,04,70,251	14,50,80,416	53,89,835
3	02XXXXXXXXXX1Z5	Sanjauli	2018-19	4,84,12,904	4,65,74,300	18,38,604
			2019-20	5,49,69,480	3,77,06,608	1,72,62,872
4	02XXXXXXXXXX1ZB	Baddi-I	2018-19	42,77,86,805	42,24,75,584	53,11,221
			2019-20	42,62,14,240	42,28,47,488	33,66,752
			2020-21	35,19,15,623	35,18,20,448	95,175
5	02XXXXXXXXXX1ZM	Barotiwala	2018-19	3,96,30,900	3,92,29,088	4,01,812
			2019-20	5,22,40,360	5,17,11,244	5,29,116
6	02XXXXXXXXXX1ZQ	Parwanoo Circle-I	2018-19	2,25,50,304	1,07,98,863	1,17,51,441
			2020-21	1,52,41,252	1,50,82,872	1,58,380
7	02XXXXXXXXXX1Z7	Baddi-IV	2018-19	8,77,39,198	8,53,15,496	24,23,702
8	02XXXXXXXXXX1ZF	Nalagarh Circle-I	2019-20	12,18,98,462	7,51,05,640	4,67,92,822
9	02XXXXXXXXXX1ZX	Parwanoo Circle -II	2018-19	34,54,98,970	34,14,14,336	40,84,634
			2019-20	13,51,46,248	12,92,09,688	59,36,560
			2020-21	21,80,45,571	21,74,97,520	5,48,051
10	02XXXXXXXXXX1ZB	Manali Circle	2018-19	40,67,52,128	38,48,45,984	2,19,06,144
			2019-20	38,26,36,032	30,89,93,664	7,36,42,368
			2020-21	18,12,61,584	12,53,59,320	5,59,02,264
11	02XXXXXXXXXX1ZM	Baddi-I	2018-19	72,15,21,745	69,29,24,740	2,85,97,005
			2019-20	68,90,94,509	65,19,46,430	3,71,48,079
			2020-21	53,03,94,574	52,73,03,936	30,90,638
12	02XXXXXXXXXX3ZS	Baddi-IV	2018-19	82,12,58,994	81,55,63,970	56,95,024
			2019-20	85,81,85,917	84,63,60,510	1,18,25,407
			2020-21	1,05,38,92,548	1,05,25,36,260	13,56,288
13	02XXXXXXXXXX1ZR	Sanjauli	2018-19	1,69,13,294	1,48,18,887	20,94,407
			2019-20	1,58,43,978	1,38,71,094	19,72,884
			2020-21	1,53,10,761	1,23,24,747	29,86,014
14	02XXXXXXXXXX1Z3	Nahan Circle-I	2019-20	6,82,78,716	6,75,45,120	7,33,596
15	02XXXXXXXXXX1ZW	Dharampur Circle	2020-21	75,18,962	71,93,623	3,25,339
16	02XXXXXXXXXX3Z9	Cart Road Circle	2019-20	95,71,717	89,91,750	5,79,967
17	02XXXXXXXXXX1Z4	Baddi-III	2018-19	3,63,01,912	1,67,44,804	1,95,57,108
			2019-20	2,89,24,156	1,45,84,416	1,43,39,740
18	02XXXXXXXXXX1ZH	Baddi-I	2020-21	36,57,38,273	36,01,63,104	55,75,169
19	02XXXXXXXXXX1ZL	Mall Road	2019-20	99,04,831	76,40,264	22,64,567
			2020-21	1,19,70,984	79,49,192	40,21,792
20	02XXXXXXXXXX2ZZ	Baddi-II	2019-20	2,63,14,080	1,61,41,968	1,01,72,112
21	02XXXXXXXXXX1Z9	Baddi-IV	2020-21	1,99,15,28,736	1,95,82,49,600	3,32,79,136
22	02XXXXXXXXXX1ZZ	Baddi-II	2020-21	5,56,31,184	5,52,36,592	3,94,592
23	02XXXXXXXXXX2Z7	Solan Circle-I	2020-21	4,59,11,236	4,57,95,804	1,15,432
24	02XXXXXXXXXX2ZN	Baddi-IV	2018-19	20,41,87,724	14,83,14,128	5,58,73,596
			2019-20	26,14,92,196	23,22,11,696	2,92,80,500
			2020-21	17,46,40,916	15,87,42,000	1,58,98,916
25	02XXXXXXXXXX2Z3	Solan Circle-I	2019-20	12,21,16,845	10,30,36,552	1,90,80,293

Sl. No.	GSTIN	Circle	Financial Year	R3B ITC availed	R2A ITC available	Mismatch in ITC
26	02XXXXXXXXXX1ZC	Baddi-III	2019-20	10,37,23,198	4,60,27,480	5,76,95,717
			2020-21	2,70,92,090	2,68,61,422	2,30,668
27	02XXXXXXXXXX1ZZ	Sanjauli	2018-19	1,55,19,32,427	1,49,04,87,170	6,14,45,257
			2019-20	1,32,10,89,159	79,89,88,800	52,21,00,359
			2020-21	1,42,31,51,049	1,01,96,53,120	40,34,97,929
28	02XXXXXXXXXX1ZV	Dharampur Circle	2018-19	31,95,37,763	30,97,60,576	97,77,187
			2019-20	11,82,37,662	7,34,14,296	4,48,23,366
			2020-21	3,96,07,821	3,01,02,788	95,05,033
29	02XXXXXXXXXX2ZQ	Mall Road	2018-19	96,12,011	66,71,801	29,40,210
			2019-20	90,36,032	77,23,901	13,12,131
			2020-21	1,09,31,031	86,12,024	23,19,007
30	02XXXXXXXXXX2ZE	Baddi-III	2018-19	71,03,50,056	65,52,46,270	5,51,03,786
			2019-20	93,05,59,438	87,92,57,660	5,13,01,778
			2020-21	1,11,83,76,546	1,05,08,46,340	6,75,30,206
31	02XXXXXXXXXX1Z3	Parwanoo Circle -II	2018-19	80,89,075	74,51,205	6,37,870
			2019-20	54,65,255	39,57,091	15,08,164
			2020-21	78,70,006	73,18,152	5,51,854
32	02XXXXXXXXXX3ZV	Sanjauli	2020-21	38,42,43,947	32,17,37,408	6,25,06,539
33	02XXXXXXXXXX1Z4	Nalagarh-III	2018-19	4,00,54,62,860	3,98,84,18,050	1,70,44,810
			2020-21	3,70,51,10,189	3,69,84,61,440	66,48,749
34	02XXXXXXXXXX5ZT	Baddi-II	2020-21	2,26,12,317	2,15,21,268	10,91,049
35	02XXXXXXXXXX2Z8	Nahan Circle-II	2018-19	22,84,961	18,41,848	4,43,114
36	02XXXXXXXXXX2ZJ	Kullu/Banjar	2018-19	1,58,46,094	1,14,86,235	43,59,859
			2019-20	4,88,92,384	4,43,82,016	45,10,368
			2020-21	2,14,89,977	1,75,55,728	39,34,249
37	02XXXXXXXXXX1ZJ	Baddi-I	2018-19	11,99,37,227	11,83,08,672	16,28,555
			2020-21	9,56,67,458	9,42,56,632	14,10,826
38	02XXXXXXXXXX1Z5	Baddi-IV	2019-20	2,72,53,136	2,70,40,096	2,13,040
39	02XXXXXXXXXX1ZS	Barotiwala	2019-20	28,39,31,341	28,22,84,384	16,46,957
40	02XXXXXXXXXX2Z0	Nahan Circle-I	2019-20	14,48,59,616	14,47,50,096	1,09,520
Total				28,22,37,46,677	26,26,01,40,207	1,96,36,06,469

Appendix-4.28

(Reference: Paragraph 4.8.3 (b))

Incorrect availing of ITC under Reverse Charge Mechanism

Sl. No.	GSTIN	Circle	Financial Year	R9_RCM_ITC	R3B_RCM_ITC	Max ITC_RCM of R9 and R3B	R3B_RCM _tax paid	Unreconciled Amount (RCM)	Recovery Amount
1	02XXXXXXX2Z6	Barotiwala	2019-20	2,03,814	2,03,814	2,03,814	99,738	1,04,076	
2	02XXXXXXX1ZB	Baddi-I	2020-21	89,697	89,697	89,697	84,428	5,269	5,269
3	02XXXXXXX1ZM	Barotiwala	2020-21	11,86,635	11,46,671	11,86,635	11,46,671	39,964	42,152
4	02XXXXXXX1Z7	Nalagarh-II	2019-20	-	57,841	57,841	-	57,841	
5	02XXXXXXX1ZX	Parwanoo Circle -II	2019-20	3,71,030	3,71,030	3,71,030	2,83,123	87,907	
6	02XXXXXXX1ZM	Baddi-I	2020-21	47,65,427	47,65,427	47,65,427	45,26,958	2,38,469	
7	02XXXXXXX3ZS	Baddi-IV	2018-19	78,75,014	78,75,014	78,75,014	77,11,413	1,63,601	
8	02XXXXXXX1ZZ	Baddi-II	2019-20	84,03,014	80,91,693	84,03,014	80,93,713	3,09,301	
9	02XXXXXXX1ZC	Baddi-III	2018-19	22,560	22,561	22,561	13,152	9,409	
10	02XXXXXXX1ZV	Dharampur Circle	2018-19	1,52,708	2,05,989	2,05,989	1,52,708	53,281	
11	02XXXXXXX1ZJ	Baddi-I	2019-20	1,14,787	1,14,787	1,14,787	1,03,818	10,970	
12	02XXXXXXX2Z0	Nahan Circle-I	2020-21	4,39,746	4,39,746	4,39,746	3,09,438	1,30,308	
			2019-20	1,16,648	1,16,648	1,16,648	94,911	21,737	
			2020-21	24,84,646	24,84,647	24,84,647	24,64,615	20,032	
			2018-19	13,67,605	13,67,605	13,67,605	12,40,137	1,27,468	
			2019-20	2,94,506	2,94,506	2,94,506	2,80,746	13,760	
				2,82,68,269	2,80,28,106	2,83,79,392	2,69,82,695	13,96,697	47,421

Appendix-4.29**(Reference: Paragraph 4.8.3 (b))****Availing of more ITC than eligible****(Amount in ₹)**

Sl. No.	GSTIN	Circle	Financial Year	GSTR 9_8D	Recovery Amount
1	02XXXXXXXXXX1ZJ	Baddi-II	2018-19	-4,43,243	
			2019-20	-8,39,714	
2	02XXXXXXXXXX2Z6	Barotiwala	2019-20	-7,35,883	4,84,226
			2020-21	-49,18,125	
3	02XXXXXXXXXX1ZF	Baddi-I	2018-19	-1,58,850	1,62,000
			2020-21	-13,158	
4	02XXXXXXXXXX1ZB	Baddi-I	2018-19	-62,52,659	
5	02XXXXXXXXXX1ZM	Barotiwala	2018-19	-11,44,653	
			2019-20	-2,12,360	
			2020-21	-7,41,198	
6	02XXXXXXXXXX1ZQ	Parwanoo Circle-I	2018-19	-1,23,35,109	
			2019-20	-2,47,396	
			2020-21	-65,423	
7	02XXXXXXXXXX1ZF	Nalagarh Circle-I	2018-19	-54,943	
			2019-20	-4,71,64,376	
8	02XXXXXXXXXX1ZX	Parwanoo Circle -II	2018-19	-30,41,087	
			2019-20	-52,27,131	
			2020-21	-12,45,866	
9	02XXXXXXXXXX1ZB	Manali Circle	2018-19	-5,29,89,304	
			2019-20	-7,71,93,008	
			2020-21	-5,86,00,004	
10	02XXXXXXXXXX1ZM	Baddi-I	2018-19	-2,75,25,256	
			2019-20	-4,06,57,888	
			2020-21	-88,96,642	
11	02XXXXXXXXXX3ZS	Baddi-IV	2018-19	-1,53,51,465	
			2019-20	-2,19,23,654	
			2020-21	-23,09,692	
12	02XXXXXXXXXX1ZR	Sanjauli	2018-19	-29,22,004	
			2019-20	-26,51,329	
			2020-21	-32,28,107	
13	02XXXXXXXXXX1Z3	Nahan Circle-I	2019-20	-2,78,270	
14	02XXXXXXXXXX1ZW	Dharampur Circle	2020-21	-3,24,774	
15	02XXXXXXXXXX1Z5	Nalagarh-III	2018-19	-29,08,74,528	
16	02XXXXXXXXXX3Z9	Cart Road Circle	2018-19	-1,21,592	
			2019-20	-6,40,885	
17	02XXXXXXXXXX1Z4	Baddi-III	2018-19	-32,30,428	
			2019-20	-31,32,127	
18	02XXXXXXXXXX1ZH	Baddi-I	2018-19	-5,35,370	
19	02XXXXXXXXXX1ZL	Mall Road	2019-20	-22,97,642	
			2020-21	-39,31,260	
20	02XXXXXXXXXX1ZZ	Mandi-I	2018-19	-11,18,472	
			2020-21	-24,69,191	
21	02XXXXXXXXXX2ZZ	Baddi-II	2019-20	-1,01,74,777	
			2020-21	-493	
22	02XXXXXXXXXX1Z9	Baddi-IV	2020-21	-4,57,85,652	
23	02XXXXXXXXXX1ZZ	Baddi-II	2019-20	-3,15,562	

Sl. No.	GSTIN	Circle	Financial Year	GSTR 9_8D	Recovery Amount
			2020-21	-3,94,593	
24	02XXXXXXXXXX2Z7	Solan Circle-I	2018-19	-5,21,510	
			2020-21	-78,147	
25	02XXXXXXXXXX2ZN	Baddi-IV	2018-19	-5,59,48,184	
			2019-20	-2,84,81,140	
			2020-21	-1,21,19,123	
26	02XXXXXXXXXX2Z3	Solan Circle-I	2019-20	-1,06,934	
27	02XXXXXXXXXX1ZC	Baddi-III	2019-20	-5,31,59,640	
28	02XXXXXXXXXX1ZZ	Sanjauli	2018-19	-4,90,90,800	
			2019-20	-57,36,35,330	
			2020-21	-38,54,46,048	
29	02XXXXXXXXXX1ZV	Dharampur Circle	2018-19	-2,12,03,844	
			2019-20	-5,39,56,484	
			2020-21	-1,61,25,401	
30	02XXXXXXXXXX2ZQ	Mall Road	2018-19	-36,61,871	
			2019-20	-12,45,259	
			2020-21	-20,43,708	
31	02XXXXXXXXXX2ZE	Baddi-III	2018-19	-5,50,68,776	
			2019-20	-5,31,47,032	
			2020-21	-7,25,51,376	
32	02XXXXXXXXXX1Z3	Parwanoo Circle -II	2018-19	-12,70,451	
			2019-20	-11,83,694	
			2020-21	-5,99,343	
33	02XXXXXXXXXX3ZV	Sanjauli	2019-20	-23,35,220	
			2020-21	-5,93,98,048	
34	02XXXXXXXXXX1Z4	Nalagarh-III	2018-19	-3,72,13,056	
			2020-21	-4,77,774	
35	02XXXXXXXXXX5ZT	Baddi-II	2020-21	-3,70,280	
36	02XXXXXXXXXX2Z8	Nahan Circle-II	2020-21	-4,92,57,068	
37	02XXXXXXXXXX2ZJ	Kullu/Banjar	2018-19	-45,50,934	
			2019-20	-51,35,150	
			2020-21	-50,14,400	
38	02XXXXXXXXXX1ZJ	Baddi-I	2018-19	-15,37,718	
			2020-21	-8,36,873	
39	02XXXXXXXXXX1Z5	Baddi-IV	2018-19	-5,78,448	
			2019-20	-4,29,174	
40	02XXXXXXXXXX1ZS	Barotiwala	2019-20	-27,73,013	
41	02XXXXXXXXXX2Z0	Nahan Circle-I	2019-20	-5,32,218	
Total				-2,37,45,28,155	6,46,226

Appendix-4.30*(Reference: Paragraph 4.8.3 (b))***Less reversal in lieu of common inputs for taxable and non-taxable supplies****(Amount in ₹)**

Sl. No.	GSTN	Circle	Financial Year	Reversal of ITC Made	Reversal of ITC Required	Less Reversal of ITC Made
1	02XXXXXXXXXX1ZJ	Lower Bazar	2018-19	-	40,988	40,988
			2019-20	-	1,46,552	1,46,552
			2020-21	-	15,52,130	15,52,130
2	02XXXXXXXXXX1ZB	Baddi-I	2018-19	-	9,58,96,038	9,58,96,038
			2019-20	-	6,54,39,882	6,54,39,882
			2020-21	-	4,21,65,963	4,21,65,963
3	02XXXXXXXXXX1Z7	Nalagarh-II	2018-19	-	72	72
			2019-20	-	15,910	15,910
			2020-21	-	21,42,728	21,42,728
5	02XXXXXXXXXX1ZW	Dharampur Circle	2018-19	-	2,62,440	2,62,440
			2019-20	-	1,15,857	1,15,857
			2020-21	-	6,82,730	6,82,730
6	02XXXXXXXXXX3Z9	Cart Road Circle	2018-19	38,790.00	5,39,824	5,01,034
			2019-20	-	1,79,244	1,79,244
			2020-21	-	3,98,938	3,98,938
7	02XXXXXXXXXX1ZH	Baddi-I	2018-19	-	1,62,83,323	1,62,83,323
			2020-21	-	43,32,670	43,32,670
8	02XXXXXXXXXX1ZL	Mall Road	2018-19	-	14,81,638	14,81,638
			2019-20	-	73,28,632	73,28,632
			2020-21	-	47,80,653	47,80,653
9	02XXXXXXXXXX1ZZ	Baddi-II	2018-19	-	18,19,968	18,19,968
10	02XXXXXXXXXX2Z7	Solan Circle-I	2018-19	-	9,58,438	9,58,438
			2019-20	-	8,10,899	8,10,899
			2020-21	-	16,22,152	16,22,152
11	02XXXXXXXXXX1ZO	Cart Road Circle	2019-20	-	6,626	6,626
			2020-21	-	18,484	18,484
12	02XXXXXXXXXX2ZQ	Mall Road	2018-19	-	75,86,160	75,86,160
			2019-20	-	56,55,727	56,55,727
			2020-21	-	61,02,510	61,02,510
13	02XXXXXXXXXX1Z3	Parwanoo Circle -II	2019-20	-	4898.73	4898.73
14	02XXXXXXXXXX3ZV	Sanjauli	2018-19	-	63,048	63,048
			2019-20	-	38,123	38,123
			2020-21	-	59,479	59,479
15	02XXXXXXXXXX1ZP	Cart Road Circle	2018-19	-	2,27,51,616	2,27,51,616
			2019-20	-	83,132	83,132
			2020-21	-	6,29,57,199	6,29,57,199
16	02XXXXXXXXXX2Z8	Nahan Circle-II	2019-20	-	6,023	6,023
Total				38,790.00	35,43,30,695	35,42,91,905

Appendix-4.31

(Reference: Paragraph 4.8.3 (b))

Non-reversal of ITC in lieu of common capital goods utilised for taxable and non-taxable supplies

(Amount in ₹)

Sl. No.	GSTN	Circle	Financial Year	Reversal of ITC Made	Reversal of ITC Required	Less Reversal of ITC Made
1	02XXXXXXXXXXX1ZW	Dharampur Circle	2018-19	-	2,61,833	2,61,833
			2019-20	-	1,14,070	1,14,070
			2020-21	-	6,15,880	6,15,880
2	02XXXXXXXXXXX3Z9	Cart Road Circle	2018-19	-	5,20,352	5,20,352
			2019-20	-	1,17,660	1,17,660
			2020-21	-	2,06,720	2,06,720
3	02XXXXXXXXXXX1ZH	Baddi-I	2018-19	-	1,62,83,323	1,62,83,323
			2020-21	-	43,37,728	43,37,728
4	02XXXXXXXXXXX1ZL	Mall Road	2018-19	-	40,00,346	40,00,346
			2019-20	-	46,08,400	46,08,400
			2020-21	-	93,65,374	93,65,374
5	02XXXXXXXXXXX1Z9	Baddi-IV	2018-19	-	7,75,973	7,75,973
			2019-20	-	27,127	27,127
6	02XXXXXXXXXXX2Z7	Solan Circle-I	2018-19	-	9,58,438	9,58,438
			2019-20	-	8,10,899	8,10,899
			2020-21	-	16,22,152	16,22,152
7	02XXXXXXXXXXX1ZO	Cart Road Circle	2019-20	-	4,270	4,270
			2020-21	-	10,964	10,964
8	02XXXXXXXXXXX2ZQ	Mall Road	2018-19	-	68,25,541	68,25,541
			2019-20	-	44,13,997	44,13,997
			2020-21	-	55,71,206	55,71,206
9	02XXXXXXXXXXX3ZV	Sanjauli	2018-19	-	67,539	67,539
			2019-20	-	36,513	36,513
			2020-21	-	57,908	57,908
Total					6,16,14,213	6,16,14,213

Appendix-4.32

(Reference: Paragraph 4.8.3 (b))

Non-follow up discrepancies made in Return GSTR-9C

Sl. No.	GSTIN	Circle	Financial Year	GSTR 9C_12F (Check1: 12F>0)	GSTR 9C_14T (Check2: 14T>0)	ITC availed declared in R9C (12E)	ITC availed in R9 (7J)	Check3: Col 5 – Col 6 <0	ITC availedof R9declared in R9C (14S)	Check4: Col 8 – Col 6 <0
	col 1		col 2	col 3	col 4	col 5	col 6	col 7	col 8	col 9
1	02XXXXXXXXXX2Z6	Barotiwal	2019-20	63,066						
2	02XXXXXXXXXX1ZM	Barotiwal	2020-21	28,662						
3	02XXXXXXXXXX1ZQ	Parwanoo Circle-I	2018-19	1,10,64,271	1,10,25,771	2,25,11,803	2,25,11,804	-1	2,25,11,803	-
4	02XXXXXXXXXX1Z7	Nalagarh-II	2018-19	-	25,03,084	8,42,13,718	8,42,13,711		8,42,13,718	
			2019-20	-	32,57,852	7,53,75,372	7,53,75,378		7,53,75,372	
5	02XXXXXXXXXX3Z9	Cart Road Circle	2018-19	1,83,53,013	-	2,98,29,686	2,98,29,684		-	-2,98,29,684
			2019-20	74,55,711	-	2,15,85,338	2,15,85,337		-	-2,15,85,337
			2020-21	8,59,978	-	2,60,15,698	2,60,15,697		-	-2,60,15,697
6	02XXXXXXXXXX1Z4	Baddi-III	2018-19	35,976	3,64,84,036	3,64,84,036	3,64,84,036		3,64,84,036	
			2019-20	15,536	3,26,44,588	3,26,44,588	3,26,44,590		3,26,44,588	
			2020-21	-	1,35,89,079	1,35,89,079	1,35,89,080		1,35,89,079	
7	02XXXXXXXXXX2Z7	Solan Circle-I	2018-19			2,12,30,882	2,12,30,884	-2	-	-2,12,30,884
			2019-20			2,70,65,649	2,70,65,650	-1	2,70,65,649	-1
			2020-21			7,67,21,360	7,67,21,362	-2	-	-7,67,21,362
8	02XXXXXXXXXX2Z3	Solan Circle-I	2018-19			12,58,09,525	12,58,09,516		-	-12,58,09,516
			2019-20			11,69,48,416	11,69,48,412		-	-11,69,48,412
			2020-21			5,21,08,729	5,21,08,729	-	-	-5,21,08,729
9	02XXXXXXXXXX1Z0	Cart Road Circle	2020-21	9,831	-	2,64,26,946	2,64,26,946		-	-2,64,26,946
10	02XXXXXXXXXX1ZV	Dharampur Circle	2020-21	-	3,05,85,348	3,05,85,348	3,05,85,347	-	3,05,85,348	-
			2018-19	5,36,797	-	41,51,634	41,51,634		-	-41,51,634
			2019-20	5,01,126	-	39,94,887	39,94,887		-	-39,94,887
			2020-21	84,515	-	52,83,033	52,83,033		-	-52,83,033
12	02XXXXXXXXXX1ZP	Cart Road Circle	2019-20	83,454	83,454	83,454	83,454	-	83,454	-
Total				3,90,91,935	13,01,73,212			-6		-51,01,06,121

Appendix-4.33

(Reference: Paragraph 4.8.3 (b))

Excess claim of ITC than available (GSTR 3Bs vs GSTR 9)

(Amount in ₹)

Sl. No.	GSTN	Circle	Period	GSTR9_6J	Recovery Amount
1	02XXXXXXXXXX1ZJ	Baddi-II	2020-21	-36,930	
2	02XXXXXXXXXX1Z5	Sanjauli	2018-19	-4,84,12,904	
			2019-20	-5,49,69,480	
			2020-21	-5,86,10,828	
3	02XXXXXXXXXX1ZB	Baddi-I	2019-20	-70,71,221	9,17,949
			2020-21	-31,96,704	
4	02XXXXXXXXXX1ZM	Barotiwal	2019-20	-1,50,692	
5	02XXXXXXXXXX1Z7	Baddi-IV	2018-19	-23,40,859	
			2019-20	-34,14,932	
6	02XXXXXXXXXX1ZF	Nalagarh Circle-I	2018-19	-9,720	9,719
7	02XXXXXXXXXX1ZR	Sanjauli	2018-19	-9,082	
8	02XXXXXXXXXX1ZW	Dharampur Circle	2019-20	-8,388	
			2020-21	-42,634	
9	02XXXXXXXXXX1Z5	Nalagarh Circle-III	2019-20	-90,273	
			2020-21	-10,46,860	
10	02XXXXXXXXXX3Z9	Cart Road Circle	2018-19	-57,415	
11	02XXXXXXXXXX1ZH	Baddi-I	2020-21	-1,15,07,852	
12	02XXXXXXXXXX1ZL	Mall Road	2018-19	-4,38,709	
13	02XXXXXXXXXX2ZN	Baddi-IV	2019-20	-5,61,288	
			2020-21	-38,79,890	
14	02XXXXXXXXXX2Z3	Solan Circle-I	2018-19	-37,75,813	
			2019-20	-2,13,60,272	
			2020-21	-11,915	
15	02XXXXXXXXXX1ZZ	Sanjauli	2018-19	-76,41,266	
			2019-20	-17,08,519	
16	02XXXXXXXXXX1ZV	Dharampur Circle	2018-19	-2,46,80,544	
17	02XXXXXXXXXX1ZT	Barotiwal	2018-19	-3,76,131	
			2020-21	-3,70,976	
18	02XXXXXXXXXX2Z8	Nahan Circle-II	2020-21	-17,22,782	
19	02XXXXXXXXXX2Z0	Nahan Circle-I	2018-19	-8921.84	
Total				-25,75,13,801	9,27,668

Appendix-4.34

(Reference: Paragraph 4.8.3 (b))

Availing of ITC on transactions where the suppliers did not discharge tax

(Amount in ₹)

Sl. No.	GSTN	Circle	Financial Year	ITC as per GSTR9 table 8A	ITC availed as per R2A	ITC on which tax not discharged by supplier	Recovery Amount
1	02XXXXXXXXXX1ZJ	Lower Bazar	2018-19	6,94,565	6,99,065	4,500	
2	02XXXXXXXXXX1ZJ	Baddi-II	2018-19	1,30,67,904	1,30,80,538	12,634	
			2020-21	1,23,76,363	1,34,83,689	11,07,326	
3	02XXXXXXXXXX2Z6	Barotiwal	2018-19	15,39,62,560	15,56,98,176	17,35,616	2,88,822
			2019-20	15,69,08,496	15,85,64,832	16,56,336	
4	02XXXXXXXXXX1Z5	Sanjauli	2018-19	4,63,73,868	4,65,74,300	2,00,432	
			2019-20	-	3,77,06,608	3,77,06,608	
			2020-21	-	7,08,62,592	7,08,62,592	
5	02XXXXXXXXXX1ZF	Baddi-I	2018-19	4,70,790	6,32,790	1,62,000	
			2019-20	72,40,257	72,44,173	3,916	
			2020-21	2,30,20,280	2,31,35,438	1,15,158	
6	02XXXXXXXXXX1ZB	Baddi-I	2018-19	41,90,24,896	42,24,75,584	34,50,688	
			2019-20	42,18,96,896	42,28,47,488	9,50,592	
			2020-21	35,07,02,208	35,18,20,448	11,18,240	
7	02XXXXXXXXXX1ZM	Barotiwal	2018-19	3,84,92,856	3,92,29,088	7,36,232	
			2019-20	5,13,78,828	5,17,11,244	3,32,416	
			2020-21	7,35,64,904	7,48,21,368	12,56,464	
8	02XXXXXXXXXX1ZQ	Parwanoo Circle-I	2018-19	1,02,15,193	1,07,98,863	5,83,670	
			2019-20	2,52,24,664	2,55,17,596	2,92,932	
9	02XXXXXXXXXX1Z7	Nalagarh-II	2018-19	8,50,21,072	8,53,15,496	2,94,424	
			2019-20	7,00,79,400	7,25,11,088	24,31,688	
			2020-21	8,21,61,096	8,22,89,776	1,28,680	
10	02XXXXXXXXXX1ZF	Nalagarh Circle-I	2018-19	5,91,35,920	5,91,42,392	6,472	64,554
			2019-20	7,50,71,872	7,51,05,640	33,768	
11	02XXXXXXXXXX1ZX	Parwanoo Circle -II	2018-19	33,96,27,968	34,14,14,336	17,86,368	
			2019-20	12,84,60,144	12,92,09,688	7,49,544	
			2020-21	21,57,38,112	21,74,97,520	17,59,408	
12	02XXXXXXXXXX1ZB	Manali Circle	2018-19	35,36,76,352	38,48,45,984	3,11,69,632	
			2019-20	30,54,43,008	30,89,93,664	35,50,656	
			2020-21	12,26,61,576	12,53,59,320	26,97,744	
13	02XXXXXXXXXX1ZM	Baddi-I	2018-19	69,22,64,510	69,29,24,740	6,60,230	
			2019-20	64,78,41,540	65,19,46,430	41,04,890	
			2020-21	51,89,31,168	52,73,03,936	83,72,768	
14	02XXXXXXXXXX3ZS	Baddi-IV	2018-19	80,59,07,520	81,55,63,970	96,56,450	
			2019-20	83,59,50,910	84,63,60,510	1,04,09,600	
			2020-21	1,05,22,03,010	1,05,25,36,260	3,33,250	
15	02XXXXXXXXXX1ZR	Sanjauli	2018-19	1,39,82,210	1,48,18,887	8,36,677	
			2019-20	1,31,91,020	1,38,71,094	6,80,074	
			2020-21	1,20,78,249	1,23,24,747	2,46,498	
16	02XXXXXXXXXX1Z3	Nahan Circle-I	2018-19	41,04,518	41,11,321	6,803	
			2020-21	-	10,74,53,552	10,74,53,552	
17	02XXXXXXXXXX1ZW	Dharampur Circle	2020-21	71,51,555	71,93,623	42,068	
18	02XXXXXXXXXX1Z5	Nalagarh-III	2018-19	-	29,08,31,392	29,08,31,392	
19	02XXXXXXXXXX3Z9	Cart Road Circle	2018-19	2,25,89,616	2,36,83,604	10,93,988	
			2019-20	89,28,748	89,91,750	63,002	
			2020-21	49,40,944	50,53,505	1,12,561	
20	02XXXXXXXXXX1ZH	Baddi-I	2018-19	34,27,67,712	34,78,00,416	50,32,704	
			2019-20	36,74,93,216	36,77,33,376	2,40,160	2,40,160
			2020-21	35,85,01,312	36,01,63,104	16,61,792	
21	02XXXXXXXXXX1ZL	Mall Road	2018-19	63,24,483	64,23,868	99,385	
			2019-20	76,07,189	76,40,264	33,075	
22	02XXXXXXXXXX1ZZ	Mandi-I	2018-19	2,92,30,408	3,29,39,874	37,09,466	
			2019-20	4,03,75,104	4,13,98,460	10,23,356	

Sl. No.	GSTN	Circle	Financial Year	ITC as per GSTR9 table 8A	ITC availed as per R2A	ITC on which tax not discharged by supplier	Recovery Amount
			2020-21	4,29,59,168	4,34,35,568	4,76,400	
23	02XXXXXXXXXX2ZZ	Baddi-II	2019-20	1,61,39,302	1,61,41,968	2,666	
			2020-21	5,45,396	5,47,239	1,843	
24	02XXXXXXXXXX1Z9	Baddi-IV	2018-19	89,55,08,160	90,06,02,750	50,94,590	
			2019-20	1,54,50,98,370	1,56,46,59,200	1,95,60,830	
			2020-21	1,94,57,09,950	1,95,82,49,600	1,25,39,650	
25	02XXXXXXXXXX1ZZ	Baddi-II	2018-19	4,38,24,948	4,40,10,712	1,85,764	
			2019-20	3,39,31,628	3,42,32,456	3,00,828	
26	02XXXXXXXXXX2Z7	Solan Circle-I	2018-19	1,05,28,969	1,13,37,660	8,08,691	
			2019-20	1,38,67,928	1,39,34,205	66,277	
27	02XXXXXXXXXX2ZN	Baddi-IV	2018-19	14,80,28,272	14,83,14,128	2,85,856	
			2019-20	23,19,21,456	23,22,11,696	2,90,240	
			2020-21	15,84,34,896	15,87,42,000	3,07,104	
28	02XXXXXXXXXX2Z3	Solan Circle-I	2018-19	13,63,90,256	14,31,60,496	67,70,240	
			2019-20	10,06,39,104	10,30,36,552	23,97,448	
			2020-21	5,78,63,336	6,02,82,672	24,19,336	
29	02XXXXXXXXXX1ZZ	Sanjauli	2018-19	1,48,74,58,430	1,49,04,87,170	30,28,740	
			2019-20	73,90,67,070	79,89,88,800	5,99,21,730	
30	02XXXXXXXXXX1ZO	Cart Road Circle	2018-19	32,07,767	33,37,795	1,30,028	
			2019-20	1,49,23,964	1,49,75,707	51,743	
			2020-21	1,85,11,404	1,85,24,184	12,780	
31	02XXXXXXXXXX1ZV	Dharampur Circle	2018-19	27,15,15,520	30,97,60,576	3,82,45,056	
			2019-20	6,42,81,168	7,34,14,296	91,33,128	
			2020-21	2,35,07,912	3,01,02,788	65,94,876	
32	02XXXXXXXXXX2ZQ	Mall Road	2018-19	55,23,805	66,71,801	11,47,996	
			2019-20	71,60,532	77,23,901	5,63,370	
			2020-21	86,03,890	86,12,024	8,134	
33	02XXXXXXXXXX2ZE	Baddi-III	2019-20	87,74,12,420	87,92,57,660	18,45,240	
			2020-21	1,04,58,25,220	1,05,08,46,340	50,21,120	
34	02XXXXXXXXXX1Z3	Parwanoo Circle -II	2018-19	68,18,623	74,51,205	6,32,582	
			2020-21	72,70,663	73,18,152	47,489	
35	02XXXXXXXXXX3ZV	Sanjauli	2018-19	35,93,21,280	39,26,91,264	3,33,69,984	
			2019-20	26,41,28,128	27,31,62,944	90,34,816	
36	02XXXXXXXXXX1ZP	Cart Road Circle	2018-19	62,98,18,880	85,12,72,900	22,14,54,020	
			2019-20	67,63,43,360	68,65,59,420	1,02,16,060	
			2020-21	55,96,63,490	56,15,14,500	18,51,010	
37	02XXXXXXXXXX1ZT	Barotiwala	2019-20	13,88,72,400	13,89,15,904	43,504	
			2020-21	47,11,60,032	48,57,39,520	1,45,79,488	
38	02XXXXXXXXXX1Z4	Nalagarh-III	2019-20	3,34,98,08,640	3,36,47,07,070	1,48,98,430	
39	02XXXXXXXXXX5ZT	Baddi-II	2020-21	2,14,92,896	2,15,21,268	28,372	
40	02XXXXXXXXXX1ZO	Mandi-I	2020-21	4,55,12,532	4,67,29,028	12,16,496	
41	02XXXXXXXXXX2Z8	Nahan Circle-II	2018-19	-	18,41,848	18,41,848	
			2019-20	23,91,15,120	23,92,88,032	1,72,912	
			2020-21	61,26,91,460	66,94,70,270	5,67,78,810	
42	02XXXXXXXXXX2ZJ	Kullu/Banjar	2018-19	1,13,32,225	1,14,86,235	1,54,010	
			2019-20	4,37,57,236	4,43,82,016	6,24,780	
			2020-21	1,64,75,578	1,75,55,728	10,80,150	
43	02XXXXXXXXXX1ZJ	Baddi-I	2019-20	12,69,85,232	12,71,02,224	1,16,992	
			2020-21	9,35,89,672	9,42,56,632	6,66,960	
44	02XXXXXXXXXX1Z5	Baddi-IV	2018-19	5,23,64,648	5,31,46,456	7,81,808	
			2019-20	2,67,18,680	2,70,40,096	3,21,416	
			2020-21	-	4,46,62,268	4,46,62,268	
45	02XXXXXXXXXX1ZS	Barotiwala	2018-19	29,11,23,441	29,47,34,464	36,11,023	
			2019-20	28,11,58,336	28,22,84,384	11,26,048	
46	02XXXXXXXXXX2Z0	Nahan Circle-I	2018-19	14,62,40,224	14,68,08,592	5,68,368	
			2019-20	14,43,27,408	14,47,50,096	4,22,688	
			2020-21	13,38,33,488	13,46,12,288	7,78,800	
Total				28,13,23,70,901	29,34,42,64,212	1,21,18,93,310	5,93,536

Appendix-4.35

(Reference: Paragraph 4.8.4 (a)(i))

Value of Supply

(Amount in ₹)

Sl. No.	GSTIN	Circle	Particulars of sale	Value as per Financial Statements	Tax Due
1	02XXXXXXXXXX1ZF	Baddi-I	Plant and machinery @18% (2020-21)	25,35,826	4,56,448
2	02XXXXXXXXXX1ZB	Baddi-I	Plant and machinery @18% (2018-19)	10,80,62,195	1,94,51,195
			Plant and machinery @18% (2019-20)	3,10,01,800	55,80,324
			Plant and machinery @18% (2020-21)	2,58,47,229	46,52,501
Total				16,49,11,224	2,96,84,020
Grand Total				16,74,47,050	3,01,40,468

Appendix-4.36

(Reference: Paragraph 4.8.4 (a)(ii))

Undischarged liability under Reverse Charge Mechanism

(Amount in ₹)										
Sl. No.	GSTN	Circle	Year	Nature of goods/ services/expense as per P&L	Taxable value	Rate	Tax due	RCM value as per R9	RCM paid	RCM short paid
1	02XXXXXXXXXX2Z6	Barotiwala	2019-20	Freight and cartage	40,54,274	12%	4,86,513	19,94,008	99,738	4,48,872
			2020-21	Professional Expenses	3,44,982	18%	62,097	16,87,991	84,428	4,70,149
				Freight and cartage	39,93,599	12%	4,79,232			
				Professional Expenses	4,18,586	18%	75,345			
2	02XXXXXXXXXX1ZF	Baddi-I	2020-21	Legal and professional services	1,38,250	18%	24,885	15,06,424	75,320	84,340
				Freight charges Inward	3,83,814	12%	46,058			
				Freight charges outward	7,39,310	12%	88,717			
				Legal and professional services	1,17,56,892	18%	21,16,241			
3	02XXXXXXXXXX1ZB	Baddi-I	2018-19	Freight charges Inward	3,27,92,303	12%	39,35,076		33,67,056	1,13,32,380
				Freight charges outward	7,20,67,659	12%	86,48,119			
				Legal and professional services	52,06,955	18%	9,37,252			
				Freight charges Inward	1,29,22,649	12%	15,50,718			
			2019-20	Freight charges outward	5,13,23,628	12%	61,58,835		31,32,164	55,14,641
				Legal and professional services	16,50,380	18%	2,97,068			
				Freight charges Inward	64,09,679	12%	7,69,161			
				Freight charges outward	3,77,62,275	12%	45,31,473			
2020-21	Freight inward	12,77,222	12%	1,53,267		-	1,76,950			
	Freight outward	1,97,357	12%	23,683						
	Freight	31,49,501	12%	3,77,940						
	Commission expenses	53,60,264	18%	9,64,848						
4	02XXXXXXXXXX1ZQ	Parwanoo Circle-I	2018-19	Freight inward	22,57,375	12%	2,70,885	-	-	13,42,788
			2019-20	Freight inward	69,03,874	12%	8,28,465			
				Freight outward	7,62,751	12%	91,530			
				2020-21	Freight inward	22,57,375	12%			
5	02XXXXXXXXXX1ZF	Nalagarh Circle-I	2019-20	Freight inward	69,03,874	12%	8,28,465	34,51,240	4,78,296	4,57,206
			Freight outward	7,62,751	12%	91,530				

Sl. No.	GSTN	Circle	Year	Nature of goods/ services/expense as per P&L	Taxable value	Rate	Tax due	RCM value as per R9	RCM paid	RCM short paid
				Professional Charges	86,150	18%	15,507			
			2020-21	Freight inward	1,02,91,988	12%	12,35,039			
				Freight outward	12,82,938	12%	1,53,953	61,11,031	5,83,037	8,27,222
				Professional Charges	1,18,150	18%	21,267			
6	02XXXXXXXXXX1Z3	Nahan Circle-I	2019-20	Freight inward	10,89,103	12%	1,30,692	11,69,533	58,479	77,226
				Professional Charges	27,846	18%	5,012			
7	02XXXXXXXXXX1ZW	Dharampur Circle	2018-19	Freight and cartage	1,80,511	12%	21,661	4,79,479	66,491	57,389
				Professional Expenses	5,67,882	18%	1,02,219			
				Legal and professional services @18%	5,45,218	18%	98,139			
			2018-19	Freight charges Inward@ 12%	2,70,30,294	12%	32,43,635	4,39,13,663	22,27,698	35,98,515
				Freight charges outward@ 12%	2,01,65,508	12%	24,19,861			
				Professional consultancy@18%	3,58,766	18%	64,578			
				Legal and professional services @18%	2,67,550	18%	48,159			
8	02XXXXXXXXXX1Z5	Nalagarh Circle-III	2019-20	Freight charges Inward@ 12%	2,20,04,244	12%	26,40,509	3,20,79,234	16,12,131	27,59,566
				Freight charges outward@ 12%	1,36,26,315	12%	16,35,158			
				Professional consultancy@18%	2,65,952	18%	47,871			
				Legal and professional services @18%	1,72,830	18%	31,109			
			2020-21	Freight charges Inward@ 12%	2,07,14,958	12%	24,85,795	3,05,04,843	16,74,341	25,58,774
				Freight charges outward@ 12%	1,17,76,582	12%	14,13,190			
				Professional consultancy@18%	16,83,450	18%	3,03,021			

Sl. No.	GSTN	Circle	Year	Nature of goods/ services/expense as per P&L	Taxable value	Rate	Tax due	RCM value as per R9	RCM paid	RCM short paid
9	02XXXXXXXXXX2Z7	Solan Circle-I	2018-19	Legal and professional services	3,45,906	18%	62,263			
				Freight charges Inward	9,78,973	12%	1,17,477		31,431	6,64,466
				Freight charges outward	43,01,312	12%	5,16,157			
			2019-20	Legal and professional services	2,56,394	18%	46,151			
				Freight charges Inward	12,31,073	12%	1,47,729		36,318	7,32,404
				Freight charges outward	47,90,350	12%	5,74,842			
10	02XXXXXXXXXX2ZN	Baddi-IV	2020-21	Legal and professional services	2,66,316	18%	47,937			
				Freight charges Inward	13,07,491	12%	1,56,899		1,10,671	14,70,968
				Freight charges outward	1,14,73,364	12%	13,76,804			
			2018-19	Freight	2,23,30,000	12%	26,79,600			
				Legal & Professional Charges	5,12,50,000	18%	92,25,000	5,57,06,127	72,28,402	46,76,198
				Freight	5,41,50,000	12%	64,98,000			
11	02XXXXXXXXXX1ZT	Barotiwala	2019-20	Legal & Professional Charges	2,96,10,000	18%	53,29,800	7,15,77,636	1,00,52,027	17,75,773
				Freight	24,52,10,000	12%	2,94,25,200			
				Legal & Professional Charges	13,31,30,000	18%	2,39,63,400	5,52,38,062	82,23,060	4,51,65,540
			2020-21	Professional Expenses	25,000	18%	4,500			
				Freight Outward	2,14,915	12%	25,790	8,550	428	29,862
				Freight inward	73,74,524	12%	8,84,943			
12	02XXXXXXXXXX2Z8	Nahan Circle-II	2019-20	Freight outward	34,71,797	12%	4,16,616	1,09,51,827	5,47,591	7,55,768
				Legal	10,000	18%	1,800			
				Freight inward	2,16,28,253	12%	25,95,390			
			2020-21	Freight outward	1,27,79,822	12%	15,33,579			
				Legal fees	21,485	18%	3,867	3,37,32,152	16,86,606	24,51,630
				Professional fees	30,000	18%	5,400			
13	02XXXXXXXXXX1ZJ	Baddi-I	2018-19	Legal and professional services	16,63,440	18%	2,99,419	3,29,81,202	18,36,551	27,05,361

Composite Audit Report for the period ended March 2023

Sl. No.	GSTN	Circle	Year	Nature of goods/ services/expense as per P&L	Taxable value	Rate	Tax due	RCM value as per R9	RCM paid	RCM short paid
14	02XXXXXXXXXX2Z0	Nahan Circle-I		Freight charges Inward	46,13,447	12%	5,53,614			
				Freight charges outward	3,07,40,662	12%	36,88,879			
			2019-20	Legal and professional services	42,62,946	18%	7,67,330	4,26,27,278	24,64,614	35,58,499
				Freight charges Inward	64,97,872	12%	7,79,745			
			2020-21	Freight charges outward	3,73,00,316	12%	44,76,038			
				Legal and professional services	21,51,286	18%	3,87,231	2,19,11,717	12,40,135	20,57,251
				Freight charges Inward	45,76,853	12%	5,49,222			
				Freight charges outward	1,96,74,433	12%	23,60,932			
			2018-19	Freight	60,41,705	12%	7,25,005	56,14,925	2,80,746	4,78,644
			2019-20	Professional	1,91,029	18%	34,385			
				Freight	49,07,842	12%	5,88,941	44,26,755	2,20,939	3,68,002
			2020-21	Freight	34,37,551	12%	4,12,506	28,43,313	1,42,168	2,70,338
Total							15,02,96,175		4,87,47,500	10,15,48,676

Appendix-4.37

(Reference: Paragraph 4.8.4 (a)(iii))

Non-Payment of RCM on Director's remuneration

(Amount in ₹)

Sl. No.	GSTIN	Circle	Year	Director remuneration	Rate	RCM to be paid
1	02XXXXXXXXXX1Z5	Nalagarh Circle-III	2018-19	55,20,000	18%	9,93,600
			2019-20	81,80,000	18%	14,72,400
			2020-21	69,00,000	18%	12,42,000
			Total	2,06,00,000	-	37,08,000
2	02XXXXXXXXXX2Z7	Solan-1	2018-19	61,80,433	18%	11,12,478
			2019-20	70,52,863	18%	12,69,515
			2020-21	5,04,52,828	18%	90,81,509
			Total	6,36,86,124		1,14,63,502
Grand Total				8,42,86,124	-	1,51,71,502

Appendix-4.38

(Reference: Paragraph 4.8.4 (b))

Non follow-up action (GSTR 9C)

Sl. No.	GSTN	Circle	Year	R9C (5R) (Unreconciled T.O.)	R9C(7G) (Unreconciled Taxable T.O.)	R9C (9R) (Unreconciled Taxes)	R9C(5Q) (T.O.)	R9(5N) (T.O.) (Calculated using formula)	Diff. T.O.- R9C(5Q)- R9(5N) (only positive value)
1	02XXXXXXXXXXXX1ZJ	Lower Bazar	2018-19	-1,10,00,000	-1,10,00,000	-31,80,043	11,62,72,027	11,62,72,028	
			2019-20	-97,58,003	-97,58,003	-21,50,110	23,16,11,709	23,16,11,704	
			2020-21	-1,48,00,563	-1,48,00,563	-26,64,099	10,09,28,820	10,09,28,820	
2	02XXXXXXXXXXXX1ZJ	Baddi-II	2018-19	-3,95,553	-3,95,553	-88,269	9,51,64,090	9,51,64,092	
3	02XXXXXXXXXXXX2Z6	Barotiwala	2020-21	-	-	-25,84,946	1,08,28,63,391	1,07,89,37,029	39,26,362
4	02XXXXXXXXXXXX1ZQ	Parwanoo Circle-I	2018-19	-	-	-25,587	10,10,31,548	10,10,31,544	
5	02XXXXXXXXXXXX1Z7	Nalagarh-II	2018-19	-	-	-14,59,273	58,04,86,839	59,21,36,234	
			2019-20	-58,49,422	-58,49,422	-	64,73,48,213	64,85,50,170	
6	02XXXXXXXXXXXX1ZF	Nalagarh Circle-I	2019-20	-	-	-69,095	63,35,19,572	63,35,19,596	
7	02XXXXXXXXXXXX1ZR	Sanjauli	2018-19	-	-	-2,220	48,93,09,320	48,93,09,314	
			2020-21	-	-	-867	46,69,68,631	46,69,68,640	
8	02XXXXXXXXXXXX1ZH	Baddi-I	2018-19	-41,12,58,037	-41,12,58,037	-	39,43,01,780	39,41,09,392	1,92,388
			2019-20	-	-	-2,29,462	29,07,34,569	28,91,42,056	
9	02XXXXXXXXXXXX1ZL	Mall Road	2019-20	-	-	-10,004	31,84,59,529	31,84,59,523	
			2020-21	-340	-340	-2,87,900	29,87,85,947	29,87,85,957	
10	02XXXXXXXXXXXX1Z9	Baddi-IV	2018-19	-33,51,29,454	-33,51,29,454	-	7,49,08,40,045	7,49,08,40,256	
			2019-20	-2,86,35,678	-2,86,35,678	-	21,24,01,18,574	21,24,01,18,466	
11	02XXXXXXXXXXXX1ZZ	Baddi-II	2018-19	-	-	-37,433	74,25,47,510	74,25,47,501	
12	02XXXXXXXXXXXX2ZN	Baddi-IV	2018-19	-	-	-48,91,177	4,64,16,65,957	4,64,16,66,032	
			2019-20	-4,44,46,080	-	-4,14,132	4,98,46,22,150	4,98,46,22,048	
13	02XXXXXXXXXXXX1ZZ	Sanjauli	2018-19	-	-	-8,24,001	4,92,03,67,729	4,92,24,92,747	
			2019-20	-	-	-1,976	4,98,03,11,973	4,98,04,68,694	

Sl. No.	GSTN	Circle	Year	R9C (5R) (Unreconciled T.O.)	R9C(7G) (Unreconciled Taxable T.O.)	R9C (9R) (Unreconciled Taxes)	R9C(5Q) (T.O.)	R9(5N) (T.O.) (Calculated using formula)	Diff. T.O.- R9C(5Q)- R9(5N) (only positive value)
14	02XXXXXXXXXX1ZO	Cart Road Circle	2018-19	-	-	-3,157	10,56,80,240	10,56,80,240	
15	02XXXXXXXXXX3ZV	Sanjauli	2018-19	-15,08,92,768	-93,339	-2,36,116	3,25,75,82,031	3,25,75,82,030	
			2019-20	-3,03,34,465	-2,84,573	-	2,94,62,79,147	2,94,70,52,924	
			2020-21	-2,87,65,404	-	-	2,73,88,14,110	2,73,82,48,512	5,65,598
16	02XXXXXXXXXX1ZJ	Baddi-I	2018-19	-	-	-2,160	11,33,05,175	11,33,03,018	
17	02XXXXXXXXXX1ZS	Barotiwala	2018-19	-	-	-	3,62,49,53,746	3,56,44,69,926	6,04,83,820
Total				-1,07,12,65,766	-81,72,04,961	-1,91,62,028	67,63,48,74,372	67,58,40,18,492	6,51,68,168

Appendix-4.39

(Reference: Paragraph 4.8.4 (b))

Incorrect discharging of tax liability

Sl. No.	GSTN	Circle	Year	Greatest of R1 and R9 liability	Greatest of GSTR 9/3B payments	Difference	Recovery Amount
1	02XXXXXXXXXX1ZJ	Lower Bazar	2018-19	1,87,74,920	1,85,56,454	2,18,466	
2	02XXXXXXXXXX2Z6	Barotiwal	2020-21	14,25,40,911	13,99,68,737	25,72,174	26,46,260
3	02XXXXXXXXXX1ZF	Baddi-I	2020-21	1,93,83,132	1,93,77,765	5,367	
4	02XXXXXXXXXX1ZB	Baddi-I	2018-19	78,27,40,670	78,03,82,095	23,58,575	
5	02XXXXXXXXXX1ZM	Barotiwal	2019-20	5,63,60,368	5,63,54,930	5,438	
6	02XXXXXXXXXX1ZQ	Parwanoo Circle-I	2018-19	1,17,56,506	1,17,30,917	25,589	
7	02XXXXXXXXXX1Z7	Nalagarh-II	2019-20	7,43,69,264	7,30,23,629	13,45,635	
8	02XXXXXXXXXX1ZF	Nalagarh Circle-I	2018-19	31,96,80,015	5,86,65,470	26,10,14,545	3,25,775
			2019-20	7,80,19,184	7,79,25,463	93,721	
9	02XXXXXXXXXX1ZR	Sanjauli	2019-20	9,43,80,256	9,42,66,570	1,13,686	
			2020-21	8,40,54,345	8,40,53,486	860	
10	02XXXXXXXXXX1ZW	Dharampur Circle	2018-19	1,47,88,471	1,46,13,880	1,74,592	
			2019-20	1,25,41,184	1,25,13,670	27,513	
11	02XXXXXXXXXX1Z5	Nalagarh-III	2018-19	36,94,63,168	36,94,59,170	3,998	
			2020-21	30,86,88,531	30,86,84,851	3,680	
12	02XXXXXXXXXX3Z9	Cart Road Circle	2018-19	11,71,59,444	11,49,51,236	22,08,208	
			2020-21	9,50,84,742	9,48,74,622	2,10,120	
13	02XXXXXXXXXX1Z4	Baddi-III	2018-19	4,98,76,402	4,96,60,374	2,16,028	
14	02XXXXXXXXXX1ZH	Baddi-I	2018-19	39,06,46,208	39,04,31,872	2,14,336	
			2019-20	28,97,67,440	28,81,74,882	15,92,558	
15	02XXXXXXXXXX1ZZ	Mandi-I	2018-19	12,05,50,160	12,02,78,221	2,71,939	
			2019-20	12,15,17,432	12,14,89,826	27,607	
16	02XXXXXXXXXX2Z7	Solan Circle-I	2019-20	3,36,39,136	3,36,35,088	4,048	
17	02XXXXXXXXXX1ZZ	Sanjauli	2018-19	88,49,23,602	88,48,20,480	1,03,122	
18	02XXXXXXXXXX1ZV	Dharampur Circle	2020-21	46,29,482	10,49,338	35,80,144	

Sl. No.	GSTN	Circle	Year	Greatest of R1 and R9 liability	Greatest of GSTR 9/3B payments	Difference	Recovery Amount
19	02XXXXXXXXXX2ZQ	Mall Road	2018-19	52,25,285	47,64,728	4,60,557	
			2019-20	61,08,597	56,75,609	4,32,988	
			2020-21	55,46,117	54,78,961	67,155	
20	02XXXXXXXXXX3ZV	Sanjauli	2020-21	44,07,05,916	44,02,96,560	4,09,356	
21	02XXXXXXXXXX1ZP	Cart Road Circle	2018-19	23,54,360	1,49,986	22,04,375	
22	02XXXXXXXXXX1ZT	Barotiwalla	2019-20	11,56,94,504	11,55,24,026	1,70,478	
			2020-21	59,48,45,440	59,38,62,966	9,82,474	
23	02XXXXXXXXXX1Z4	Nalagarh-III	2018-19	4,82,75,96,800	4,82,75,74,456	22,344	
24	02XXXXXXXXXX2Z4	Jogingder Nagar	2018-19	1,86,76,620	1,76,57,750	10,18,870	
25	02XXXXXXXXXX1Z5	Baddi-IV	2018-19	6,41,27,732	6,41,21,354	6,378	
			2019-20	3,32,01,770	3,31,80,574	21,196	
26	02XXXXXXXXXX1ZS	Barotiwalla	2019-20	43,66,14,281	43,65,70,480	43,801	
Total				11,04,60,32,395	10,76,38,00,475	28,22,31,920	29,72,035

Appendix-4.40

(Reference: Paragraph 4.8.4 (b))

Short declaration of unbilled revenue

(Amount in ₹)								
Sl. No.	GSTIN	Circle	Unbilled Revenue at the end of 2017-18(R9C 5H)	Unbilled Revenue at the beginning of 2018-19(R9C 5B)	Difference 1	Unbilled Revenue at the end of 2019-20 (R9C 5H)	Unbilled Revenue at the beginning of 2020-21(R9C 5B)	Difference 2
1	02XXXXXXXXXX1ZZ	Sanjauli	7,28,44,127	-	7,28,44,127	-	-	-
2	02XXXXXXXXXX2ZQ	Mall Road	-	-	-	-	2,34,18,446	2,34,18,446
	Total		7,28,44,127	-	7,28,44,127	-	2,34,18,446	2,34,18,446
Grand Total			9,62,62,573					

Appendix-4.41

(Reference: Paragraph 4.8.4 (b))

Non/short payment of tax under RCM

Sl. No.	GSTIN	Circle	Period	r3_val_3d_inw	value_inw_rcm_2a	Diff=RCM_Val (GSTR 2A-GSTR 3B)	Short payment of tax under RCM (@12%)
1	02XXXXXXXXXX1Z5	Sanjauli	2018-19	-	3,05,000	3,05,000	36,600
2	02XXXXXXXXXX1ZM	Barotiwala	2019-20	-	15,03,303	15,03,303	1,80,396
3	02XXXXXXXXXX1ZQ	Parwanoo Circle-I	2018-19	-	71,13,708	71,13,708	8,53,645
	02XXXXXXXXXX1ZQ	Parwanoo Circle-I	2020-21	-	4,45,909	4,45,909	53,509
4	02XXXXXXXXXX1Z3	Nahan Circle-I	2018-19	-	19,700	19,700	2,364
5	02XXXXXXXXXX1ZL	Mall Road	2020-21	4,71,345	8,45,097	3,73,752	44,850
6	02XXXXXXXXXX2Z3	Solan Circle-I	2020-21	8,79,217	9,09,531	30,314	3,638
7	02XXXXXXXXXX1ZV	Dharampur Circle	2020-21	18,98,200	20,03,717	1,05,517	12,662
8	02XXXXXXXXXX1ZP	Cart Road Circle	2020-21	39,250	92,408	53,158	6,379
Total					1,32,38,373	99,50,361	11,94,043

Appendix-4.42

(Reference: Paragraph 4.8.4 (b))

Suppression of taxable value resulting in reduction of tax liability

Sl. No.	(Amount in ₹)			
1	GSTIN	02XXXXXXXXXXXXX1Z7		
	Circle	Baddi-IV		
	Period	2020-21		
	Value of credit notes	14,54,208		
	Taxable value shown by dealer	12,98,400		
Difference between taxable value and credit note value (Taxes)		1,55,808		
2	GSTIN	02XXXXXXXXXXXXX1ZJ		
	Circle	Baddi-I		
	Period	2019-20		
	Value of credit notes	55,87,69,856		
	Taxable value shown by dealer	1,34,83,828		
	GST shown adjusted	16,18,059		
	Taxable value as per Credit note should be	49,89,01,657		
Difference between taxable value as per credit note and shown by dealer		48,54,17,829		
GST involved @ 12 per cent		5,82,50,139		
Grand Total of taxes involved		5,84,05,947		

Appendix-4.43

(Reference: Paragraph 4.8.4 (b))

Mismatch in invoice value and total value (Invoices)

(Amount in ₹)

GSTIN	02XXXXXXXXXXXX2ZE		
Circle	Baddi-III		
Tax Period	September 2018	November 2018	Total
No. of invoices	206	133	
Invoice value	63,73,59,249	37,81,85,206	1,01,55,44,455
Taxable value as per invoices	42,79,10,916	28,05,61,380	70,84,72,296
Taxes shown in invoice	7,70,23,965	5,05,01,049	12,75,25,014
Total	50,49,34,881	33,10,62,429	83,59,97,310
Difference in invoice value and total value on which taxes paid plus taxes	13,24,24,368	4,71,22,777	17,95,47,145
GST @ 18%	2,02,00,327	71,88,220	2,73,88,548

Appendix 5.1

(Reference: Paragraph 5.1.1.4)

List of SPSEs in Himachal Pradesh, Type of SPSE and Status of SPSEs

Sr. No.	Name of SPSEs whose accounts are in arrear	Type of SPSEs (Statutory Corporation (SC)/Government Company (GC)/Government Controlled Other Company (GCOC))	Status of SPSEs
1.	Himachal Road Transport Corporation	SC	Active
2.	Himachal Pradesh Financial Corporation	SC	Active
3.	Himachal Pradesh Agro Industries Corporation Limited	GC	Active
4.	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	GC	Active
5.	Himachal Pradesh State Forest Development Corporation Limited	GC	Active
6.	Himachal Backward Classes Finance and Development Corporation	GC	Active
7.	Himachal Pradesh Mahila Vikas Nigam	GC	Active
8.	Himachal Pradesh Minorities Finance and Development Corporation	GC	Active
9.	Himachal Pradesh Road and Other Infrastructure Development Corporation Limited	GC	Active
10.	Himachal Pradesh State Industrial Development Corporation Limited	GC	Active
11.	Himachal Pradesh General Industries Corporation Limited	GC	Active
12.	Shimla Smart City Limited	GC	Active
13.	Himachal Pradesh Power Transmission Corporation Limited	GC	Active
14.	Himachal Pradesh State Civil Supplies Corporation Limited	GC	Active
15.	Himachal Pradesh State Electronics Development Corporation Limited	GC	Active
16.	Himachal Pradesh State Handicrafts and Handloom Corporation Limited	GC	Active
17.	Himachal Pradesh Tourism Development Corporation	GC	Active
18.	Himachal Pradesh Kaushal Vikas Nigam	GC	Active
19.	Sri Naina Devi Ji and Sri Anandpur Sahib Ji Ropeway Limited	GC	Active
20.	Himachal Pradesh State Electricity Board Limited	GC	Active
21.	Beas Valley Power Corporation Limited	GC	Active
22.	Mandi International Airport Limited	GC	Active
23.	Ropeways and Rapid Transport System Development Corporation HP Limited	GC	Active
24.	Himachal Pradesh Beverages Limited	GC	Inactive
25.	Himachal Worsteds Mills Limited	GC	Inactive (under Liquidation)

Sr. No.	Name of SPSEs whose accounts are in arrear	Type of SPSEs (Statutory Corporation (SC)/Government Company (GC)/Government Controlled Other Company (GCOC))	Status of SPSEs
26.	Agro Industrial Packaging India Limited	GC	Inactive
27.	Himachal Consultancy Organisation Limited	GCOC	Active
28.	Dharamshala Smart City Limited	GCOC	Active
29.	Himachal Pradesh Power Corporation Limited	GCOC	Active
30.	Shimla Jal Prabandhan Corporation Limited	GCOC	Active

Appendix-5.2

(Reference: Paragraph 5.1.1.4)

Summarised financial position of SPSEs for the latest year for which accounts were finalised as of 30 September 2023

('₹ in crore)

Sr. No.	Name of the SPSEs	Year of Account	Year in which finalised	Paid-up Capital	Long-term loans outstanding	Total Assets	Turnover	Accumulated Profit (+)/ Loss (-)	Profit (+)/ Loss (-) before interest & Tax	Interest	Income Tax	Net Profit (+)/ Loss (-) after interest & Tax	Net worth	Capital Employed	Manpower
Working Government Companies															
Agriculture and Allied															
1	Himachal Pradesh Agro Industries Corporation Limited	2020-21	2022-23	18.85	13.16	38.70	67.18	(-) 13.81	0.29	0.07	0.00	0.22	5.04	18.20	16
		2021-22	2023-24	18.85	13.22	42.27	84.05	(-) 13.48	0.55	0.07	0.15	0.33	5.37	18.59	
2	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	2021-22	2023-24	38.77	45.55	167.58	112.73	(-) 83.87	5.27	2.38	0.00	2.89	(-) 45.10	0.45	180
3	Himachal Pradesh State Forest Development Corporation Limited	2018-19	2022-23	11.71	5.71	179.61	202.88	(-) 113.04	2.04	1.06	0.00	0.98	(-) 101.33	(-) 95.62	1,227
	Total			69.33	64.48	389.46	399.66	(-) 210.39	7.86	3.51	0.15	4.20	(-) 141.06	(-) 76.58	1,423
Financing															
4	Himachal Backward Classes Finance & Development Corporation	2015-16	2023-24	12.47	18.26	41.28	2.98	9.02	0.95	0.46	0.00	0.49	21.49	39.75	15
		2016-17	2023-24	13.22	19.15	43.83	3.22	10.06	1.53	0.49	0.00	1.04	23.28	42.43	
		2017-18	2023-24	13.22	20.16	45.64	3.47	10.76	1.55	0.85	0.00	0.70	23.98	44.14	
		2018-19	2023-24	14.22	21.63	49.23	3.51	11.06	0.86	0.56	0.00	0.30	25.28	46.91	
5	Himachal Pradesh Mahila Vikas Nigam	2016-17	2022-23	9.94	0.00	12.66	0.78	2.62	0.62	0.00	0.00	0.62	12.56	12.56	7
6	Himachal Pradesh Minorities Finance & Development Corporation	2016-17	2022-23	11.34	23.47	35.30	1.34	(-) 5.72	0.49	0.78	0.00	(-) 0.29	5.62	29.09	18
	Total			35.50	45.10	97.19	5.63	7.96	1.97	1.34	0.00	0.63	43.46	88.56	40
Infrastructure															
7	Himachal Pradesh Road & Other Infrastructure Development Corporation Limited	2021-22	2023-24	25.00	0.00	599.06	0.45	0.30	0.41	0.00	0.11	0.30	25.30	25.30	38
8	Himachal Pradesh State Industrial Development Corporation Limited	2020-21	2023-24	30.82	0.00	341.22	59.74	79.39	11.35	0.00	3.67	7.68	110.21	110.21	132
9	Dharamshala Smart City Limited	2018-19	2022-23	0.00034	0.00	246.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00034	0.00034	24
		2019-20		0.00034	0.00	246.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00034	0.00034	
		2018-19	2022-23	0.007	0.00	66.44	0.00	0.00	0.00	0.00	0.00	0.00	0.007	0.007	19
		2019-20		0.007	0.00	105.00	0.00	0.00	0.00	0.00	0.00	0.00	0.007	0.007	
	Total			55.83	0.00	1,291.56	60.19	79.69	11.76	0.00	3.78	7.98	135.52	135.52	213
Manufacture															
11	Himachal Pradesh General Industries Corporation Limited	2021-22	2023-24	7.16	0.00	70.49	62.37	43.54	5.08	0.21	1.43	3.44	50.70	50.70	104
	Total			7.16	0.00	70.49	62.37	43.54	5.08	0.21	1.43	3.44	50.70	50.70	104
Services															
12	Himachal Pradesh State Civil Supplies Corporation Limited	2019-20	2023-24	3.51	0.00	493.98	1,429.96	36.67	2.19	0.45	0.62	1.12	40.18	40.18	594
13	Himachal Pradesh State Electronics Development Corporation Limited	2021-22	2023-24	3.72	0.00	128.67	53.04	10.68	0.77	0.00	0.20	0.57	14.40	14.40	36
14	Himachal Pradesh State Handicrafts & Handloom Corporation Limited	2020-21	2023-24	9.25	0.00	24.02	24.48	(-) 12.42	1.30	0.03	0.26	1.01	(-) 3.17	(-) 3.17	22

Sr. No.	Name of the SPSEs	Year of Account	Year in which finalised	Paid-up Capital	Long-term loans outstanding	Total Assets	Turnover	Accumulated Profit (+)/ Loss (-)	Profit (+)/ Loss (-) before interest & Tax	Interest	Income Tax	Net Profit (+)/ Loss (-) after interest & Tax	Net worth	Capital Employed	Manpower
15	Himachal Pradesh Tourism Development Corporation	2017-18	2023-24	12.30	0.00	78.25	98.36	(-27.27)	(-2.65)	0.11	0.00	(-2.76)	(-14.97)	(-14.97)	1,760
16	Himachal Pradesh Kaushal Vikas Nigam	2019-20	2022-23	0.007	0.00	128.36	0.00	0.58	0.02	0.00	0.00	0.02	0.587	0.587	48
17	Himachal Consultancy Organisation Limited	2021-22	2022-23	0.18	0.00	12.90	27.44	2.79	0.95	0.00	0.00	0.95	2.97	2.97	18
18	Shimla Jal Prabandhan Nigam Limited	2021-22	2022-23	0.10	0.00	456.38	109.99	0.00	0.00	0.00	0.00	0.00	0.10	0.10	304
19	Ropeways and Rapid Transport System Development Corporation HP Limited	2020-21	2022-23	0.01	0.00	43.49	0.17	0.00	0.00	0.00	0.00	0.00	0.01	0.01	65
20	Sri Naina Devi Ji & Sri Anandpur Sahib Ji Ropeway Limited	2019-20	2022-23	1.00	0.00	1.01	0.00	(-0.03)	(-0.03)	0.00	0.00	(-0.03)	0.97	0.97	3
21	Mandi International Airport Limited	1 st Account not received													
	Sector total			30.077	0.00	1,367.06	1,743.44	11.00	2.55	0.59	1.08	0.88	41.08	41.08	2,850
	Grand Total A			197.90	109.58	3,215.76	2,271.29	(-168.20)	29.22	5.65	6.44	17.13	129.70	239.28	4,630
B	Statutory Corporations														
	Financing														
1	Himachal Pradesh Financial Corporation	2018-19	2023-24	99.57	106.15	305.97	2.55	(-160.16)	14.00	7.60	0.00	6.40	(-60.59)	45.56	14
		2019-20	2023-24	99.57	110.06	311.20	1.52	(-166.84)	0.81	7.49	0.00	(-6.68)	(-67.27)	42.79	
		2020-21	2023-24	99.57	112.88	318.18	1.23	(-173.82)	0.42	7.40	0.00	(-6.98)	(-74.25)	38.63	
		2021-22	2023-24	99.57	112.88	326.17	1.45	(-180.97)	0.09	7.25	0.00	(-7.16)	(-81.40)	31.48	
	Sector total			99.57	112.88	326.17	1.45	(-180.97)	0.09	7.25	0.00	(-7.16)	(-81.40)	31.48	14
	Services														
2	Himachal Road Transport Corporation	2021-22	2022-23	1063.12	18.02	923.84	1,049.20	(-1,707.12)	(-127.44)	5.74	0.00	(-133.18)	(-644.00)	(-625.98)	11,138
	Sector total			1063.12	18.02	923.84	1,049.23	(-1,707.12)	(-127.44)	5.74	0.00	(-133.18)	(-644.00)	(-625.98)	11,138
	Total B			1,162.69	130.90	1,250.01	1,050.65	(-1,888.09)	(-127.35)	12.99	0.00	(-140.34)	(-725.40)	(-594.50)	11,152
	Grand Total A and B			1,360.59	240.48	4,465.77	3,321.94	(-1,956.29)	(-198.13)	18.64	6.44	(-123.21)	(-595.70)	(-355.22)	15,782
C	Inactive Government Companies														
	Agriculture and Allied														
1	Agro Industrial Packaging India Limited	2013-14	2014-15	17.72	60.15	1.33	0.00	(-78.23)	(-0.04)	0.00	0.00	(-0.04)	(-60.51)	(-30.36)	1
	Total			17.72	60.15	1.33	0.00	(-78.23)	(-0.04)	0.00	0.00	(-0.04)	(-60.51)	(-30.36)	1
	Manufacture														
2	Himachal Worsteds Mills Limited	2000-01	2001-02	0.92	0	0	0.00	(-5.44)	(-0.01)	0.00	0.00	(-0.01)	(-4.52)	(-4.52)	-
	Total			0.92	0	0	0.00	(-5.44)	(-0.01)	0.00	0.00	(-0.01)	(-4.52)	(-4.52)	-
	Services														
3	Himachal Pradesh Beverages Limited	2016-17	2018-19	1.00	0	124.35	543.97	9.49	14.27	0.00	4.78	9.49	10.49	10.49	10
	Sector total			1.00	0	124.35	543.97	9.49	14.27	0.00	4.78	9.49	10.49	10.49	10
	Total C			19.64	60.15	125.68	543.97	(-74.18)	14.22	0.00	4.78	9.44	(-54.54)	5.61	11
	Grand Total A, B and C			1,380.23	300.63	4,591.45	3,865.91	(-2,030.47)	(-83.91)	18.64	11.22	(-113.77)	(-650.24)	(-349.61)	15,793
D	Power Sector														
1	Himachal Pradesh State Electricity Board Limited	2021-22	2022-23	832.23	5,147.87	11,006.78	7,114.31	(-1,809.61)	421.98	525.67	0.00	(-103.69)	(-977.38)	4,170.49	18,589
2	Himachal Pradesh Power Transmission Corporation Limited	2021-22	2023-24	561.99	1,830.05	3,274.49	98.77	(-395.91)	(-46.01)	123.78	0.00	(-169.79)	166.08	1,996.13	318
3	Himachal Pradesh Power Corporation Limited	2020-21	2022-23	2,187.71	1,171.09	8,195.82	122.08	(-552.07)	(-45.27)	142.77	0.00	(-188.04)	1,635.64	2,806.73	560
4	Beas Valley Power Corporation Limited	2021-22	2022-23	300.00	1,784.61	2,276.50	0.00	0.00	0.00	0.00	0.00	0.00	300.00	2,084.61	101
	Sector Total			3,881.93	9,933.62	24,753.59	7,335.16	(-2,757.59)	330.70	792.22	0.00	(-461.52)	1,124.34	11,057.96	19,568
	Grand total of All SPSEs			5,262.16	10,234.25	29,345.04	11,201.10	(-4,788.06)	246.79	810.86	11.22	(-575.29)	474.10	10,708.35	35,361

Note: Only finalised accounts of the latest year of each SPSE have been considered in totals.

Appendix-5.3

(Reference: Paragraph 5.1.2.1)

Statement showing the investment of equity and long-term loans made by the State government/Others in SPSEs as on 31 March 2023

Sr. No	Name of the SPSEs	Detail of investment of equity and loan										Investment of GoHP (Equity + Loans) Long term loan CG/SG PSUs	Investment others (Equity + Loans) Others	Total equity plus loans Total equity	Total equity GOHP	Total loans	
		Equity					Long term loan										
		GOHP	Central Govt.	CG/SG PSUs	Others	Total equity	GOHP	Central Govt.	CG/SG PSUs	Others	Total loans						
STATE PUBLIC SECTOR ENTERPRISES (Other than Power Sector)																	
Agriculture and Allied																	
1	Himachal Pradesh Agro Industries Corporation Limited	16.89	1.96	0.00	0.00	18.85	11.56	0.40	0.00	0.00	0.00	11.96	28.45	2.36	30.81	18.85	11.96
2	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	31.20	1.50	6.07	0.00	38.77	60.09	0.00	0.00	0.00	0.00	60.09	91.29	7.57	98.86	38.77	60.09
3	Himachal Pradesh State Forest Development Corporation Limited	11.71	0.00	0.00	0.00	11.71	0.00	0.00	0.00	0.00	0.00	0.00	11.71	0.00	11.71	11.71	0.00
4	Agro Industrial Packaging India Limited	16.75	0.00	0.00	0.97	17.72	60.15	0.00	0.00	0.00	0.00	60.15	76.90	0.97	77.87	17.72	60.15
Total		76.55	3.46	6.07	0.97	87.05	131.80	0.40	0.00	0.00	0.00	132.20	208.35	10.90	219.25	87.05	132.20
Financing																	
5	Himachal Backward Classes Finance & Development Corporation	17.22	0.00	0.00	0.00	17.22	0.00	0.00	0.00	0.00	0.00	0.00	17.22	0.00	17.22	17.22	0.00
6	Himachal Pradesh Mahila Vikas Nigam	14.90	0.10	0.00	0.00	15.00	0.00	0.00	0.00	0.00	0.00	0.00	14.90	0.10	15.00	15.00	0.00
7	Himachal Pradesh	14.84	0.00	0.00	0.00	14.84	0.00	0.00	56.24	0.00	0.00	56.24	14.84	56.24	71.08	14.84	56.24

Sr. No.	Name of the SPSEs	Detail of investment of equity and loan											Investment of GoHP (Equity + Loans) Long term loan CG/SG PSUs	Investment others (Equity + Loans) Others	Total equity plus loans Total equity	Total equity GOHP	Total loans
		Equity					Long term loan										
		GOHP	Central Govt.	CG/SG PSUs	Others	Total equity	GOHP	Central Govt.	CG/SG PSUs	Others	Total loans						
	Minorities Finance & Development Corporation																
8	Himachal Pradesh Financial Corporation	106.59	0.00	0.00	6.59	113.18	0.00	0.00	28.27	0.00	28.27	106.59	34.86	141.45	113.18	28.27	28.27
Total		153.55	0.10	0.00	6.59	160.24	0.00	0.00	84.51	0.00	84.51	153.55	91.20	244.75	160.24	84.51	84.51
Infrastructure																	
9	Himachal Pradesh Road & Other Infrastructure Development Corporation Limited	25.00	0.00	0.00	0.00	25.00	0.00	0.00	0.00	0.00	0.00	25.00	0.00	25.00	25.00	0.00	0.00
10	Himachal Pradesh State Industrial Development Corporation Limited	30.82	0.00	0.00	0.00	30.82	0.00	0.00	0.00	0.00	0.00	30.82	0.00	30.82	30.82	0.00	0.00
11	Dharamshala Smart City Limited	0.00001	0.00	0.00033	0.00	0.00034	0.00	0.00	0.00	0.00	0.00	0.00001	0.00	0.00034	0.00034	0.00	0.00
12	Shimla Smart City Limited	0.0035	0.00	0.00	0.0035	0.007	0.00	0.00	0.00	0.00	0.00	0.0035	0.00	0.007	0.007	0.00	0.00
Total		55.82351	0.00	0.00033	0.0035	55.82734	0.00	0.00	0.00	0.00	0.00	55.82351	0.00	55.82734	55.82734	0.00	0.00
Manufacture																	
13	Himachal Pradesh Genera Industries Corporation Limited	7.04	0.00	0.08	0.04	7.16	2.97	0.00	0.00	0.00	2.97	10.01	0.12	10.13	7.16	2.97	2.97
14	Himachal Worsted Mills Limited	0.00	0.00	0.00	0.92	0.92	0.00	0.00	0.00	0.00	0.00	0.00	0.92	0.92	0.92	0.00	0.00
Total		7.04	0.00	0.08	0.96	8.08	2.97	0.00	0.00	0.00	2.97	10.01	1.04	11.05	8.08	2.97	2.97
Services																	
15	Himachal Pradesh State Civil Supplies	3.52	0.00	0.00	0.00	3.52	0.00	0.00	0.00	0.00	0.00	3.52	0.00	3.52	3.52	0.00	0.00

Composite Audit Report for the period ended March 2023

Sr. No.	Name of the SPSEs	Detail of investment of equity and loan										Investment of GoHP (Equity + Loans) Long term loan CG/SG PSUs	Investment others (Equity + Loans) Others	Total equity plus loans Total equity	Total equity GOHP	Total loans
		Equity					Long term loan									
		GOHP	Central Govt.	CG/SG PSUs	Others	Total equity	GOHP	Central Govt.	CG/SG PSUs	Others	Total loans					
	Corporation Limited															
16	Himachal Pradesh State Handicrafts & Handloom Corporation Limited	9.22	0.03	0.00	0.00	9.25	0.00	0.00	0.00	0.00	0.00	9.22	0.03	9.25	9.25	0.00
17	Himachal Pradesh Tourism Development Corporation	14.30	0.00	0.00	0.00	14.30	0.00	0.00	0.00	7.35	7.35	14.30	7.35	21.65	14.30	7.35
18	Himachal Pradesh Kaushal Vikas Nigam	0.007	0.00	0.00	0.00	0.007	0.00	0.00	0.00	0.00	0.00	0.007	0.00	0.007	0.007	0.00
19	Shimla Jal Prabandhan Nigam Limited	0.05	0.00	0.00	0.05	0.10	0.00	0.00	0.00	0.00	0.00	0.05	0.05	0.10	0.10	0.00
20	Himachal Consultancy Organisation Limited	0.00	0.00	0.03	0.15	0.18	0.00	0.00	0.00	0.00	0.00	0.00	0.18	0.18	0.18	0.00
21	Sri Naina Devi Ji& Sri Anandpur Sahib Ji Ropeway Limited	0.50	0.00	0.00	0.50	1.00	0.00	0.00	0.00	0.00	0.00	0.50	0.50	1.00	1.00	0.00
22	Ropeways and Rapid Transport System Development Corporation HP Limited	0.005	0.00	0.00	0.00	0.005	0.00	0.00	0.00	0.00	0.00	0.005	0.00	0.005	0.005	0.00
23	Himachal Pradesh State Electronics Development Corporation Limited	3.72	0.00	0.00	0.00	3.72	0.00	0.00	0.00	0.00	0.00	3.72	0.00	3.72	3.72	0.00

Sr. No.	Name of the SPSEs	Detail of investment of equity and loan										Investment of GoHP (Equity + Loans) Long term loan CG/SG PSUs	Investment others (Equity + Loans) Others	Total equity plus loans Total equity	Total equity GOHP	Total loans
		Equity					Long term loan									
		GOHP	Central Govt.	CG/SG PSUs	Others	Total equity	GOHP	Central Govt.	CG/SG PSUs	Others	Total loans					
24	Himachal Road Transport Corporation	1227.68	15.44	0.00	0.00	1243.12	0.00	0.00	0.00	154.74	154.74	1227.68	170.18	1397.86	1243.12	154.74
25	Himachal Pradesh Beverages Limited	1.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	1.00	1.00	0.00
26	Mandi International Airport Limited															
Sector total		1,260.002	15.47	0.03	0.00	1,276.20	0.00	0.00	0.00	162.09	162.09	1,260.002	177.44	1,437.492	1,276.202	162.09
Total (Government Companies - Other than Power Sector)		1,552.97	19.03	6.18	0.40	1,587.40	134.77	0.40	84.51	162.09	381.77	1,687.74	281.43	1,969.17	1,587.40	381.77
STATE PUBLIC SECTOR ENTERPRISES (Power Sector)																
1	Himachal Pradesh State Electricity Board Limited	882.23	0.00	0.00	0.00	882.23	3,012.10	17.32	0.00	2,566.59	5,596.01	3,894.33	2,583.91	6,478.24	882.23	5,596.01
2	Beas Valley Power Corporation Limited	0.00	0.00	300.00	0.00	300.00	0.00	0.00	1,949.11	0.00	1,949.11	0.00	2,249.11	2,249.11	300.00	1,949.11
3	Himachal Pradesh Power Corporation Limited	1,003.20	0.00	130.78	1,187.15	2,321.13	2,535.49	0.00	181.48	0.00	2,716.97	3,538.69	1,499.41	5,038.10	2,321.13	2,716.97
4	Himachal Pradesh Power Transmission Corporation Limited	461.29	0.00	0.00	108.70	569.99	2,101.06	0.00	0.00	161.49	2,262.55	2,562.35	270.19	2,832.54	569.99	2,262.55
Sector Total		2,346.72	0.00	430.78	1,295.85	4,073.35	7,648.65	17.32	2,130.59	2,728.08	12,524.64	9,995.37	6,602.62	16,597.99	4,073.35	12,524.64
Grand total of All SPSEs		3,899.68	19.03	436.96	1,305.07	5,660.75	7,783.42	17.72	2,215.10	2,890.17	12,906.41	11,683.11	6,884.05	18,567.17	5,660.75	12,906.11

Appendix-5.4*(Reference: Paragraph 5.1.2.5)***Statement showing details of Subsidy/Grant by Central Government/State Government to SPSEs****(₹ in crore)**

Sr. No.	Name of SPSE	Grants/ Subsidies	
		Central Government	State Government
2020-21			
1.	Himachal Pradesh Road & Other Infrastructure Development Corporation Limited	0	60
2.	Dharamshala Smart City Limited	49	0
3.	Shimla Smart City Limited	0	68
4.	Himachal Pradesh State Handicrafts & Handloom Corporation Limited	0	1.12
5.	Himachal Pradesh Tourism Development Corporation	8.35	84.54
6.	Himachal Pradesh Kaushal Vikas Nigam	0.02	14.16
7.	Shimla Jal Prabandhan Nigam Limited	0	195.24
8.	Ropeways and Rapid Transport System Development Corporation HP Limited	0	18.25
9.	Himachal Road Transport Corporation	0	529.20
10.	Himachal Pradesh State Electricity Board Limited	0	13.17
11.	Himachal Pradesh Power Transmission Corporation Limited	21.64	0
Total		79.01	983.68
2021-22			
1.	Himachal Pradesh Mahila Vikas Nigam	0	0.13
2.	Himachal Pradesh Road & Other Infrastructure Development Corporation Limited	0	101
3.	Dharamshala Smart City Limited	0	21
4.	Shimla Smart City Limited	68	147
5.	Himachal Pradesh State Handicrafts & Handloom Corporation Limited	0.13	1.85
6.	Himachal Pradesh Tourism Development Corporation	0.50	5.64
7.	Himachal Pradesh Kaushal Vikas Nigam	0.02	58.73
8.	Shimla Jal Prabandhan Nigam Limited	0	15.11
9.	Himachal Road Transport Corporation	0	521.69
10.	Himachal Pradesh State Electricity Board Limited	0	13.17
11.	Himachal Pradesh Power Transmission Corporation Limited	21.64	0
Total		90.29	885.32
2022-23			
1.	Himachal Pradesh Road & Other Infrastructure Development Corporation Limited	0	110
2.	Dharamshala Smart City Limited	196	5
3.	Shimla Smart City Limited	139.50	3.74
4.	Himachal Pradesh State Civil Supplies Corporation Limited	100.67	273.13
5.	Himachal Pradesh State Handicrafts & Handloom Corporation Limited	0	2.05
6.	Himachal Pradesh Tourism Development Corporation	0	33.78
7.	Himachal Pradesh Kaushal Vikas Nigam	0	166.83
8.	Shimla Jal Prabandhan Nigam Limited	0	15.11
9.	Himachal Road Transport Corporation	0	537.50
Total		436.17	1147.14

Appendix-5.5

(Reference: Paragraph 5.1.4.1)

Information relating to debt repayment

(₹ in crore)

Sr. No.	Name of the Company	Year of Account	Year in which finalised	Long-Term Loans Outstanding	Debt Repayment during the year (Long Term Outstanding)
1	Himachal Pradesh Agro Industries Corporation Limited	2019-20	2021-22	11.56	0
		2020-21	2022-23	13.16	0
		2021-22	2023-24	13.22	0
Total				13.22	0
2	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	2019-20	2021-22	60.09	0
		2020-21	2022-23	45.55	0
		2021-22	2023-24	45.55	0
Total				45.55	0
3	Himachal Pradesh Minorities Finance & Development Corporation	2014-15	2021-22	17.74	0
		2015-16	2021-22	20.40	0
		2016-17	2022-23	23.47	0
Total				23.47	0
4	Himachal Pradesh General Industries Corporation Limited	2019-20	2021-22	2.97	0
		2020-21	2022-23	2.97	0
		2021-22	2023-24	0	0
Total				0	0
5	Ropeways and Rapid Transport System Development Corporation HP Limited	2019-20	2021-22	0.20	0.20
		2020-21	2022-23	0	0
Total				0	0
6	Beas Valley Power Corporation Limited	2019-20	2021-22	1517.54	0
		2020-21	2021-22	1589.17	0
		2021-22	2022-23	1784.61	0
Total				1784.61	0
7	Himachal Pradesh Financial Corporation	2018-19	2023-24	106.15	0
		2019-20	2023-24	110.06	0
		2020-21	2023-24	112.88	0
		2021-22	2023-24	112.88	0
Total				112.88	0
Grand Total of SPSEs where no debt was repaid				1979.73	0
8	Himachal Pradesh State Forest Development Corporation Limited	2017-18	2021-22	13.13	9.73
		2018-19	2022-23	5.71	8.84
Total				5.71	18.57
9	Himachal Pradesh Backward Classes Finance & Development Corporation	2014-15	2022-23	17.05	2.68
		2015-16	2023-24	18.26	3.03
		2016-17	2023-24	19.15	3.35
		2017-18	2023-24	20.16	3.53
		2018-19	2023-24	21.63	3.75
Total				21.63	16.34
10	Himachal Pradesh State Electronics Development Corporation Limited	2019-20	2020-21	0.30	0.15
		2020-21	2021-22	0.05	0.25
		2021-22	2023-24	0	0.05
Total				0	0.45
11	Himachal Road Transport Corporation	2019-20	2021-22	75.47	68.61
		2020-21	2022-23	39.33	33.49
		2021-22	2022-23	18.02	18.02
Total				18.02	120.12

Sr. No.	Name of the Company	Year of Account	Year in which finalised	Long-Term Loans Outstanding	Debt Repayment during the year (Long Term Outstanding)
12	Himachal Pradesh State Electricity Board Limited	2018-19	2021-22	4807.41	120.82
		2019-20	2021-22	5303.28	105.82
		2020-21	2021-22	5546.52	148.91
		2021-22	2022-23	5147.87	279.93
Total				5147.87	655.48
13	Himachal Pradesh Power Transmission Corporation Limited	2019-20	2021-22	1590.65	8.20
		2020-21	2022-23	1569.07	8.20
		2021-22	2023-24	1830.05	8.20
Total				1830.05	24.6
14	Himachal Pradesh Power Corporation Limited	2018-19	2021-22	1597.95	0
		2019-20	2022-23	2555.05	0.69
		2020-21	2022-23	1171.09	2.07
Total				1171.09	2.76
Grand Total of SPSEs where debt was paid				8194.37	838.32

Appendix-5.6

(Reference: Paragraph 5.1.4.3)

Servicing of interest charges and repayment of principle

Sr. No.	Name of the Company	Year of Account	Year in which finalised	Net Profit Before Interest and Tax (1)	Repayment of Principle (2)	Payment of Interest charges (3)	Debt Service Ratio 1/(2+3)
(₹ in crore)							
1	Himachal Pradesh Agro Industries Corporation Limited	2019-20	2021-22	-2.67	0	0.07	-38.14
		2020-21	2022-23	0.29	0	0.07	4.14
		2021-22	2023-24	0.55	0	0.07	7.86
	Total			-1.83	0	0.21	-8.71
2	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	2019-20	2021-22	4.38	0	1.71	2.56
		2020-21	2022-23	0.81	0	2.47	0.33
		2021-22	2023-24	5.27	0	2.38	2.21
	Total			10.46	0	6.56	1.59
3	Himachal Pradesh Minorities Finance & Development Corporation	2014-15	2021-22	0.55	0	0.52	1.06
		2015-16	2021-22	-0.02	0	0.67	-0.03
		2016-17	2022-23	0.49	0	0.78	0.63
	Total			1.02	0	1.97	0.52
4	Himachal Pradesh General Industries Corporation Limited	2019-20	2021-22	7.34	0	0.21	34.95
		2020-21	2022-23	4.98	0	0.21	23.71
		2021-22	2023-24	5.08	0	0.21	24.19
	Total			17.4	0	0.63	27.62
5	Ropeways and Rapid Transport System Development Corporation HP Limited	2019-20	2021-22	0	0	0	-
		2020-21	2022-23	0	0	0	-
	Total			0	0	0	-
6	Beas Valley Power Corporation Limited	2019-20	2021-22	0	0	0	-
		2020-21	2021-22	0	0	0	-
		2021-22	2022-23	0	0	0	-
	Total			0	0	0	-
7	Himachal Pradesh Financial Corporation	2018-19	2023-24	14.00	0	7.60	1.84
		2019-20	2023-24	0.81	0	7.49	0.11
		2020-21	2023-24	0.42	0	7.40	0.06
		2021-22	2023-24	0.09	0	7.25	0.01
	Total			15.32	0	29.74	0.52

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Sr. No.	Name of the Company	Year of Account	Year in which finalised	Net Profit Before Interest and Tax (1)	Repayment of Principle (2)	Payment of Interest charges (3)	Debt Service Ratio 1/(2+3)
8	Himachal Pradesh State Forest Development Corporation Limited	2017-18 2018-19	2021-22 2022-23	-14.07 2.04	9.73 8.84	1.06 1.06	-1.3011111
	Total			-12.03	18.57	2.12	-0.58
9	Himachal Pradesh Backward Classes Finance & Development Corporation	2014-15 2015-16 2016-17 2017-18 2018-19	2022-23 2023-24 2023-24 2023-24 2023-24	1.55 0.95 1.53 1.55 0.86	2.68 3.03 3.35 3.53 3.75	0.37 0.46 0.49 0.85 0.56	0.51 0.27 0.40 0.35 0.20
	Total			6.44	16.34	2.73	0.34
10	Himachal Pradesh State Electronics Development Corporation Limited	2019-20 2020-21	2020-21 2021-22	2.66 0.32	0.15 0.25	0 0	17.73 1.28
	Total			2.98	0.40	0	7.45
11	Himachal Road Transport Corporation	2019-20 2020-21 2021-22	2021-22 2022-23 2022-23	-131.19 -31.69 -127.44	68.61 33.49 18.02	15.24 8.54 5.74	-1.56 -0.75 -5.36
	Total			-290.32	120.12	29.52	-1.94
12	Himachal Pradesh State Electricity Board Limited	2018-19 2019-20 2020-21 2021-22	2021-22 2021-22 2021-22 2022-23	412.19 461.02 290.90 421.98	120.82 105.82 248.91 452.04	408.63 450.11 476.22 525.67	0.78 0.83 0.40 0.43
	Total			1586.09	927.59	1860.63	0.57
13	Himachal Pradesh Power Transmission Corporation Limited	2019-20 2020-21 2021-22	2021-22 2022-23 2023-24	-44.27 -20.29 -46.01	8.20 8.20 8.20	11.04 111.77 123.78	-2.30 -0.17 -0.35
	Total			-110.57	24.60	246.59	-0.41
14	Himachal Pradesh Power Corporation Limited	2018-19 2019-20 2020-21	2021-22 2022-23 2022-23	23.82 1.31 -45.27	0 0.69 2.07	129.80 129.55 142.77	0.18 0.01 -0.31
	Total			-20.14	2.76	402.12	-0.05
	Grand Total			1204.82	1110.38	2582.82	0.33

Appendix-5.7

(Reference: Paragraph 5.1.3.1 and 5.1.5.1)

Profit earned (analysis of profit reported from operating activities/other income)

Sr. No.	Type of Entity	Name of the SPSEs	Year of Account	Year in which finalised	Revenue from operation	Other income in Crores	Net Profit (+)/ Loss (-) after interest & Tax	(Amount in ₹ crore)	
								(Net Profit/Revenue from Operation)%	(Net Profit/Other Income)%
1	GC	Himachal Pradesh Agro Industries Corporation Limited	2021-22	2023-24	84.05	1.4	0.33	0.39	23.57
2	GC	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	2021-22	2023-24	112.73	0.76	2.89	2.56	380.26
3	GC	Himachal Pradesh State Forest Development Corporation Limited	2018-19	2022-23	202.88	14.22	0.98	0.48	6.89
4	GC	Himachal Backward Classes Finance & Development Corporation	2018-19	2023-24	3.51	0	0.30	8.55	0.00
5	GC	Himachal Pradesh Mahila Vikas Nigam	2016-17	2022-23	0	0.78	0.62	0.00	79.49
6	GC	Himachal Pradesh Road & Other Infrastructure Development Corporation Limited	2021-22	2023-24	0.45	0.37	0.30	66.67	81.08
7	GC	Himachal Pradesh State Industrial Development Corporation Limited	2020-21	2022-23	59.74	12.65	7.68	12.86	60.71
8	GC	Himachal Pradesh General Industries Corporation Limited	2021-22	2023-24	62.37	2.96	3.44	5.52	116.22
9	GC	Himachal Pradesh State Civil Supplies Corporation Limited	2019-20	2023-24	1429.96	11.67	1.12	0.08	9.60
10	GC	Himachal Pradesh State Electronics Development Corporation Limited	2021-22	2023-24	53.04	0.9	0.57	1.07	63.33
11	GC	Himachal Pradesh State Handicrafts & Handloom Corporation Limited	2020-21	2023-24	24.48	1.12	1.01	4.13	90.18
12	GC	Himachal Pradesh Kaushal Vikas Nigam	2019-20	2022-23	62.25	0.02	0.02	0.03	100.00
13	GCOC	Himachal Consultancy Organisation Limited	2021-22	2022-23	27.44	0.12	0.95	3.46	791.67
Total					2122.9	46.97	20.21	0.95	43.03

Appendix-5.8

(Reference: Paragraph 5.1.5.4)

Statement showing the funds infused in SPSEs by the State Government as on 01 April 1999 and from 1999-2000 to 2022-23

(₹ in crore)

[illegible]

SERVICES																										
12	Himachal Pradesh State Civil Supplies Corporation Limited																									
Equity	3.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.52	
IFL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
13	Himachal Pradesh State Electronics Development Corporation Limited																									
Equity	3.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.72	
IFL	0.48	1.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1.93	0.00	0.00	0.00	0.05	
14	Himachal Pradesh State Handicrafts and Handloom Corporation Limited																									
Equity	4.09	0.01	0.01	0.00	0.00	0.00	0.00	4.61	0.00	0.00	0.00	0.00	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.22	
IFL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
15	Himachal Pradesh Tourism Development Corporation																									
Equity	12.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00	0.00	14.30	
IFL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
O&AE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	38.21	16.00	54.21	
16	Himachal Pradesh Kaushal Vikas Nigam																									
Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
IFL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
17	Shimla Jal Prabandhan Nigam Limited																									
Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
IFL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
O&AE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
18	Ropeways and Rapid Transport System Development Corporation HP Limited																									
Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
IFL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
O&AE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.50	26.13	6.89	
19	Sri Naina Devi Hand Sri Anandpur Sahib H Ropeway Development Corporation Limited																									
Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
IFL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
													Grand Total Services													
													31,322													
													0.05													
													598.92													
STATUTORY CORPORATION (FINANCING)																										
20	Himachal Pradesh Financial Corporation																									
Equity	21.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
IFL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
													Grand Total Financing													
													92.98													
													0.00													
STATUTORY CORPORATION (SERVICE)																										
21	Himachal Road Transport Corporation																									
Equity	163.16	11.90	12.00	11.01	26.70	12.30	12.30	12.30	31.49	31.00	42.18	31.92	25.30	44.34	58.00	42.95	41.20	45.00	50.00	59.00	79.39	62.02	140.48	180.00	1225.94	
IFL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
													Grand Total Service													
													1225.94													
													0.00													
INACTIVE AGRICULTURE AND ALLIED SERVICE																										
22	Agro Industrial Packaging India Limited																									
Equity	16.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
IFL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

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23	Himachal Pradesh Beverages Limited																								
	Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
	IFL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
																									Grand Total Agriculture and Allied
																									17.75
																									0.00
Total Equity	300.04	32.48	13.01	12.43	28.60	16.06	13.59	14.30	38.31	53.97	117.17	34.61	26.94	45.76	67.49	44.94	43.26	48.04	51.56	63.90	81.25	66.27	144.12	180.00	1,538.09
Total IFL	0.49	1.51	0.00	0.00	0.00	0.00	0.15	0.00	2.25	-0.10	0.00	0.00	9.50	5.00	2.54	14.54	3.55	6.52	8.00	10.00	0.00	0.90	0.00	-2.83	62.02
O & AE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	114.89	225.84	153.33	110.12	604.18
Grand Total	300.53	33.99	13.01	12.43	28.60	16.06	13.74	14.30	40.56	53.87	117.17	34.61	36.44	50.76	70.03	59.48	46.81	54.56	59.56	73.90	196.14	293.01	297.45	287.29	2,204.29
STATE PUBLIC SECTOR ENTERPRISES (Power Sector)																									
1	Himachal Pradesh Power Corporation Limited																								
Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	80.11	241.32	242.41	75.76	48.05	202.18	180.00	193.31	91.25	133.27	137.12	160.00	165.00	62.21	11.00	67.35	2090.34
IFL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disinvest-ment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-537.15	0.00	0.00	-550.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1087.15
2	Himachal Pradesh Power Transmission Corporation Limited																								
Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.00	45.70	60.00	50.00	5.78	8.00	25.96	32.79	19.51	27.71	40.00	53.75	84.00	67.00	8.00	539.20
IFL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disinvest-ment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-108.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-108.70
3	Himachal Pradesh State Electricity Board Limited																								
Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	396.52	0.00	50.00	31.75	75.00	50.00	50.00	17.28	50.00	35.91	50.77	50.00	50.00	907.23
IFL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
O & AE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.00	0.00	0.00	11.00
Disinvest-ment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	80.11	252.32	288.11	532.28	98.05	257.96	219.75	294.27	174.04	202.78	182.11	250.00	254.66	196.98	128.00	125.35	3,536.77
Total IFL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total O&AE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.00	0.00	0.00	11.00
Total Disinvest-ment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-645.85	0.00	0.00	-550.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1195.85
Grand Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	80.11	252.32	288.11	532.28	-547.80	257.96	219.75	-255.73	174.04	202.78	182.11	250.00	254.66	207.98	128.00	125.35	2,351.92
Total Equity	300.04	32.48	13.01	12.43	28.60	16.06	13.59	14.30	118.42	306.29	405.28	566.89	124.99	303.72	287.24	339.21	217.30	250.82	233.67	313.90	335.91	263.25	272.12	305.35	5,074.87
Total IFL	0.49	1.51	0.00	0.00	0.00	0.00	0.15	0.00	2.25	-0.10	0.00	0.00	9.50	5.00	2.54	14.54	3.55	6.52	8.00	10.00	0.00	0.90	0.00	-2.83	62.02
Total O & AE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	114.89	236.84	153.33	110.12	615.18
Total Disinvest-ment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-645.85	0.00	0.00	-550.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1,195.85
G.G. Total	300.53	33.99	13.01	12.43	28.60	16.06	13.74	14.30	120.67	306.19	405.28	566.89	-511.36	308.72	289.78	-196.25	220.85	257.34	241.67	323.90	450.80	500.99	425.45	412.64	4,556.22

Appendix-5.9

(Reference: Paragraph 5.1.6.2)

Statement showing the accumulated losses in SPSEs

Sr. No.	Sector Type	Name of the SPSEs	Year of Account	Year in which finalised	Net Profit (+) / Loss (-) after interest & Tax	Paid-up Capital	Long-term loans outstanding	Free Reserves	Total Assets	Turnover	Accumulated Profit (+)/ Loss (-)	Capital Employed	Net worth
(₹ in crore)													
Government Companies													
1	Agriculture and Allied	Himachal Pradesh Agro Industries Corporation Limited	2021-22	2023-24	0.33	18.85	13.22	0.00	42.27	84.05	-13.48	18.59	5.37
2	Agriculture and Allied	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	2021-22	2023-24	2.89	38.77	45.55	0.00	167.58	112.73	-83.87	0.45	-45.10
3	Agriculture and Allied	Himachal Pradesh State Forest Development Corporation Limited	2018-19	2022-23	0.98	11.71	5.71	0.00	179.61	202.88	-113.04	-95.62	-101.33
4	Financing	Himachal Pradesh Minorities Finance & Development Corporation	2016-17	2022-23	-0.29	11.34	23.47	0.00	35.3	1.34	-5.72	29.09	5.62
5	Services	Himachal Pradesh State Handicrafts & Handloom Corporation Limited	2020-21	2023-24	1.01	9.25	0	0.00	24.02	24.48	-12.42	-3.17	-3.17
6	Services	Himachal Pradesh Tourism Development Corporation	2017-18	2023-24	-2.76	12.3	0	0.00	78.25	98.36	-27.27	-14.97	-14.97
7	Services	Sri Naina Devi Ji & Sri Anandpur Sahib Ji Ropeway Limited	2019-20	2022-23	-0.03	1	0	0.00	1.01	0	-0.03	0.97	0.97
8	Agriculture and Allied	Agro Industrial Packaging India Limited	2013-14	2014-15	-0.04	17.72	60.15	0.00	1.33	0	-78.23	-0.36	-60.51
9	Manufacture	Himachal Worsteds Mills Limited	2000-01	2001-02	-0.01	0.92	0	0.00	0	0.00	-5.44	-4.52	-4.52
10	Power	Himachal Pradesh State Electricity Board Limited	2021-22	2022-23	-103.69	832.23	5,147.87	0.00	11,006.78	7,114.31	-1,809.61	4,170.49	-977.38
11	Power	Himachal Pradesh Power Transmission Corporation Limited	2021-22	2023-24	-169.79	561.99	1,830.05	0.00	3,274.49	98.77	-395.91	1,996.13	166.08
12	Power	Himachal Pradesh Power Corporation Limited	2020-21	2022-23	-188.04	2,187.71	1,171.09	0.00	8,195.82	122.08	-552.07	2,806.73	1635.64
					Total	-459.44	8297.11	0.00	23006.46	7859.00	-3097.09	8903.81	606.70
Statutory Corporations													
13	Financing	Himachal Pradesh Financial Corporation	2021-22	2023-24	-7.16	99.57	112.88	0.00	326.17	1.45	-180.97	31.48	-81.40
14	Services	Himachal Road Transport Corporation	2021-22	2022-23	-133.18	1063.12	18.02	0.00	923.84	1,049.23	-1,707.12	-625.98	-644.00
					Total	-140.34	130.9	0.00	1250.01	1050.68	-1888.09	-594.5	-725.40
					Grand Total	-599.78	8428.01	0.00	24256.47	8909.68	-4985.18	8309.31	-118.70

Appendix 5.10*(Reference: Paragraph 5.2.2)***Detail showing the period of appointment of Statutory Auditors by the C&AG for the certification of Financial Statements in respect of SPSEs for the year 2022-23**

Sr. No.	Name of State SPSEs	Statutory Auditors appointed by C&AG during
1.	Himachal Pradesh Agro Industries Corporation Limited	September 2022
2.	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	September 2022
3.	Himachal Pradesh State Forest Development Corporation Limited	September 2022
4.	Himachal Backward Classes Finance and Development Corporation	Statutory Auditor appointed up to 2019-22 and Accounts finalised up to 2018-19 (Mar 2023)
5.	Himachal Pradesh Mahila Vikas Nigam	Statutory Auditor appointed up to 2018-19 and Accounts finalised up to 2017-18 (Oct 2018)
6.	Himachal Pradesh Minorities Finance and Development Corporation	Statutory Auditor appointed up to 2019-20 and Accounts finalised up to 2016-17 (Aug 2019)
7.	Himachal Pradesh Road and Other Infrastructure Development Corporation Limited	September 2022
8.	Himachal Pradesh State Industrial Development Corporation Limited	September 2022
9.	Dharamshala Smart City Limited	September 2022
10.	Shimla Smart City Limited	April 2024
11.	Himachal Pradesh General Industries Corporation Limited	September 2022
12.	Himachal Pradesh Power Corporation Limited	September 2022
13.	Himachal Pradesh Power Transmission Corporation Limited	September 2022
14.	Himachal Pradesh State Civil Supplies Corporation Limited	September 2022
15.	Himachal Pradesh State Electronics Development Corporation Limited	September 2022
16.	Himachal Pradesh State Handicrafts and Handloom Corporation Limited	March 2023
17.	Himachal Pradesh Tourism Development Corporation	March 2023
18.	Himachal Pradesh Kaushal Vikas Nigam	September 2022
19.	Himachal Consultancy Organisation Limited	September 2022
20.	Sri Naina Devi Ji and Sri Anandpur Sahib Ji Ropeway Limited	September 2022
21.	Ropeways and Rapid Transport System Development Corporation HP Limited	September 2022
22.	Himachal Pradesh Beverages Limited	Statutory Auditor appointed up to 2019-20 and Accounts finalised up to 2016-17 (Sep 2019)
23.	Agro Industrial Packaging India Limited	Statutory Auditor appointed up to 2019-20 and Accounts finalised up to 2013-14 (Aug 2019)
24.	Himachal Pradesh State Electricity Board Limited	September 2022
25.	Beas Valley Power Corporation Limited	August 2022
26.	Shimla Jal Prabandhan Corporation Limited	September 2022
27.	Mandi International Airport Limited	September 2023

Appendix-5.11

(Reference: Paragraph 5.2.3.2)

List of SPSEs whose accounts are in arrears as of 30 September 2023

Sr. No.	Name of SPSEs whose accounts are in arrear (excluding Statutory Corporations)	Year of Accounts	Accounts in arrear
1.	Himachal Pradesh Agro Industries Corporation Limited	2022-23	1
2.	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	2022-23	1
3.	Himachal Pradesh State Forest Development Corporation Limited	2019-20 to 2022-23	4
4.	Himachal Backward Classes Finance and Development Corporation	2019-20 to 2022-23	4
5.	Himachal Pradesh Mahila Vikas Nigam	2018-19 to 2022-23	5
6.	Himachal Pradesh Minorities Finance and Development Corporation	2017-18 to 2022-23	6
7.	Himachal Pradesh Road and Other Infrastructure Development Corporation Limited	2022-23	1
8.	Himachal Pradesh State Industrial Development Corporation Limited	2021-22 to 2022-23	2
9.	Dharamshala Smart City Limited	2020-21 to 2022-23	3
10.	Shimla Smart City Limited	2020-21 to 2022-23	3
11.	Himachal Pradesh General Industries Corporation Limited	2022-23	1
12.	Himachal Pradesh Power Corporation Limited	2021-22 to 2022-23	2
13.	Himachal Pradesh Power Transmission Corporation Limited	2022-23	1
14.	Himachal Pradesh State Civil Supplies Corporation Limited	2020-21 to 2022-23	3
15.	Himachal Pradesh State Electronics Development Corporation Limited	2022-23	1
16.	Himachal Pradesh State Handicrafts and Handloom Corporation Limited	2021-22 to 2022-23	2
17.	Himachal Pradesh Tourism Development Corporation	2018-19 to 2022-23	5
18.	Himachal Pradesh Kaushal Vikas Nigam	2020-21 to 2022-23	3
19.	Himachal Consultancy Organisation Limited	2022-23	1
20.	Sri Naina Devi Ji and Sri Anandpur Sahib Ji Ropeway Limited	2020-21 to 2022-23	3
21.	Ropeways and Rapid Transport System Development Corporation HP Limited	2021-22 to 2022-23	2
22.	Himachal Pradesh Beverages Limited	2017-18 to 2022-23	6
23.	Agro Industrial Packaging India Limited	2014-15 to 2022-23	9
24.	Himachal Pradesh State Electricity Board Limited	2022-23	1
25.	Beas Valley Power Corporation Limited	2022-23	1
26.	Shimla Jal Prabandhan Corporation Limited	2022-23	1
27.	Mandi International Airport Limited	2022-23	1
Total			73

Appendix 5.12

(Reference: Paragraph 5.2.5.1)

List of SPSEs where Supplementary Audit was conducted from 1st October 2022 to 30th September 2023

Sr. No.	Name of the Company/Corporation	Government Company (GC) or Government Controlled Other Company (GCOC)	Year of account	Number of accounts	Remarks
1.	Himachal Consultancy Organisation Limited	GCOC	2021-22	1	
2.	Shimla Jal Prabandhan Nigam Limited	GCOC	2021-22	1	
3.	Himachal Pradesh Power Corporation Limited	GCOC	2020-21	1	
Total Financial Statements				3	
4.	Himachal Pradesh State Civil Supplies Corporation Limited	GC	2019-20	1	
5..	Himachal Pradesh State Industrial Development Corporation Limited	GC	2019-20 & 2020-21	2	
6.	Himachal Pradesh Horticulture Produce Marketing and Processing Corporation Limited	GC	2021-22	1	
7.	Himachal Pradesh General Industries Corporation Limited	GC	2021-22	1	NRC issued
8.	Himachal Pradesh Road and Other Infrastructure Corporation Limited	GC	2021-22	1	
9.	Himachal Pradesh Agro Industries Corporation Limited	GC	2020-21 & 2021-22	2	
10.	Himachal Pradesh State Electronics Development Corporation Limited	GC	2021-22	1	
11	Himachal Pradesh Power Transmission Corporation Limited	GC	2021-22	1	
12.	Himachal Pradesh State Handicraft & handloom Corporation Limited	GC	2020-21	1	
13.	Ropeways & Rapid Transport System Development HP Limited	GC	2020-21	1	
14.	Himachal Backward Classes Finance and Development Corporation	GC	2015-16, 2016-17, 2017-18 & 2018-19	4	
15.	Himachal Pradesh Tourism Development Corporation Limited	GC	2016-17 & 2017-18	2	
16.	Himachal Pradesh State Electricity Board Limited	GC	2021-22	1	
17.	Himachal Pradesh Mahila Vikas Nigam	GC	2016-17	1	
Total Financial Statements				20	
Accounts received before 1st October 2022 and finalised during 1st October 2022 to 30th September 2023					
1	Himachal Pradesh Kaushal Vikas Nigam Limited	GC	2019-20	1	
2	Shimla Smart City Limited	GC	2019-20	1	
3	Beas Valley Power Corporation Limited	GC	2021-22	1	
Total Financial Statements				3	
Grand Total of Financial Statements				26	
1	Himachal Pradesh Mahila Vikas Nigam	GC	2017-18	1	Comments under finalisation as on 30 th September 2023
Total Financial Statements				1	
Grand Total of Financial Statements				27	

Appendix 5.13

(Reference: Paragraph 5.2.6)

List of SPSEs where statutory auditors reported that companies did not comply with mandatory Accounting Standards/Ind AS

Sr. No.	Name of the Company	Category (Listed/Unlisted)	Government Company (GC) or Government Controlled Other Company (GCOC)	Number of Accounting Standard (AS)/Ind AS
1.	Himachal Pradesh State Civil Supplies Corporation Limited (2019-20)	Unlisted	GC	Disclaimer of opinion on report
2.	Himachal Pradesh State Industrial Development Corporation Limited (2019-20)	Unlisted	GC	AS- 9, 15, 17 (3)
	Himachal Pradesh State Industrial Development Corporation Limited (2020-21)	Unlisted	GC	AS- 9, 15, 17 (3)
3.	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited (2021-22)	Unlisted	GC	AS- 2, 9, 12, 15, 17, 22, 24, 28, 29 (9)
4.	Himachal Pradesh Agro Industries Corporation Limited (2020-21)	Unlisted	GC	AS- 2, 12, 17, 22, 26, 28, 29 (7)
	Himachal Pradesh Agro Industries Corporation Limited (2021-22)	Unlisted	GC	AS- 2, 12, 17, 22, 26, 28, 29 (7)
5.	Himachal Pradesh Mahila Vikas Nigam (2016-17)	Unlisted	GC	AS 29 (1)
	Himachal Pradesh Mahila Vikas Nigam (2017-18)	Unlisted	GC	AS 29 (1)
6.	Himachal Pradesh State Handicraft & handloom Corporation Limited (2020-21)	Unlisted	GC	AS- 2,15, 17, 28 (4)
7.	Himachal Pradesh Tourism Development Corporation Limited (2016-17)	Unlisted	GC	AS-2, 7, 9, 10, 12, 15, 21, 22, 29 (9)
	Himachal Pradesh Tourism Development Corporation Limited (2017-18)	Unlisted	GC	AS-2, 7, 9, 10, 12, 15, 18, 22, 29 (9)
8.	Himachal Pradesh State Electricity Board Limited (2021-22)	Unlisted	GC	IndAS- 1, 8, 10, 12, 14, 19, 20, 36, 37, 40, 107, 109, 113, 116 (14)
9.	Himachal Pradesh Power Corporation Limited (2020-21)	Unlisted	GCOC	IndAS- 1, 8, 10, 12, 19, 20, 32, 37, 107, 109, 113 (11)
10.	Himachal Pradesh Power Transmission Corporation Limited (2021-22)	Unlisted	GC	IndAS- 8, 10, 12, 19, 20, 36, 107, 109, 113 (9)
11.	Beas Valley Power Corporation Limited (2021-22)	Unlisted	GC	IndAS- 8, 23, 37 (3)

Appendix 5.14

(Reference: Paragraph 5.2.7)

List of SPSEs where management letters were issued

Sr. No.	Name of the Company	Years of Accounts
1.	Himachal Pradesh State Civil Supplies Corporation Limited	2019-20
2.	Himachal Pradesh State Industrial Development Corporation Limited	2019-20 & 2020-21
3.	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	2021-22
4.	Himachal Pradesh Agro Industries Corporation Limited	2020-21 & 2021-22
5.	Himachal Consultancy Organisation Limited	2021-22
6.	Himachal Pradesh State Electronics Development Corporation Limited	2021-22
7.	Himachal Pradesh State Handicraft & handloom Corporation Limited	2020-21
8.	Ropeways & Rapid Transport System Development HP Limited	2020-21
9.	Himachal Backward Classes Finance and Development Corporation	2015-16, 2016-17, 2017-18 & 2018-19
10.	Himachal Pradesh Tourism Development Corporation Limited	2016-17 & 2017-18
11.	Himachal Pradesh Power Transmission Corporation Limited	2021-22
12.	Himachal Pradesh Kaushal Vikas Nigam Limited	2019-20
13.	Shimla Smart City Limited	2019-20
14.	Beas Valley Power Corporation Limited	2021-22
15.	Himachal Pradesh Mahila Vikas Nigam	2017-18

Appendix-5.15

(Reference: Paragraph 5.3.1.3)

Statement showing the name of all SPSEs, their administrative department and month/year of incorporation as on 31 March 2023

Sl. No.	Sector & Name of the SPSE	Name of the Administrative Department	Status of SPSE	Nature of Company
1	2	3	4	5
Agriculture and Allied				
1	Himachal Pradesh Agro Industries Corporation Limited	Horticulture	Active	Public
2	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	Horticulture	Active	Public
3	Himachal Pradesh State Forest Development Corporation Limited	Forest	Active	Private
Finance				
4	Himachal Backward Classes Finance and Development Corporation	Social Justice & Empowerment	Active	Public
5	Himachal Pradesh Mahila Vikas Nigam	Social Justice & Empowerment	Active	Public
6	Himachal Pradesh Minorities Finance and Development Corporation	Social Justice & Empowerment	Active	Private
Infrastructure				
7	Himachal Pradesh Road and Other Infrastructure Development Corporation Limited	Public Works	Active	Private
8	Himachal Pradesh State Industrial Development Corporation Limited	Industries	Active	Public
9	Dharamshala Smart City Limited	Urban Development	Active	Public
10	Shimla Smart City Limited	Urban Development	Active	Public
Manufacturing				
11	Himachal Pradesh General Industries Corporation Limited	Industries	Active	Public
Service Sector				
12	Himachal Pradesh State Civil Supplies Corporation Limited	Food & Civil Supplies	Active	Public
13	Himachal Pradesh State Electronics Development Corporation Limited	Information Technology	Active	Private
14	Himachal Pradesh State Handicrafts and Handlooms Corporation Limited	Industries	Active	Private
15	Himachal Pradesh Tourism Development Corporation	Tourism & Civil Aviation	Active	Private
16	Himachal Pradesh Kaushal Vikas Nigam	Technical Education	Active	Private
17	Himachal Consultancy Organisation Limited		Active	Private
18	Shimla Jal Prabandhan Nigam Limited	Urban Development	Active	Public
19	Sri Naina Devi Ji and Sri Anandpur Sahib Ji Ropeway Limited	Tourism & Civil Aviation	Active	Public
20	Mandi International Airport Limited	Tourism & Civil Aviation	Active	Private
21	Ropeways and Rapid Transport System Development Corporation HP Limited	Transport	Active	Private

Sl. No.	Sector & Name of the SPSE	Name of the Administrative Department	Status of SPSE	Nature of Company
1	2	3	4	5
Power Sector				
22	Himachal Pradesh State Electricity Board Limited	MPP and Power	Active	Public
23	Himachal Pradesh Power Corporation Limited	MPP and Power	Active	Private
24	Beas Valley Power Corporation Limited	MPP and Power	Active	Private
25	Himachal Pradesh Power Transmission Corporation Limited	MPP and Power	Active	Private
In-active SPSEs				
26	Agro Industrial Packaging India Limited	Horticulture	In-Active	Public
27	Himachal Pradesh Beverages Limited	Excise and Taxation	In-Active	Private
28	Himachal Worsteds Mills Limited (Under Liquidation since 2000-01)	Industries	In-Active	Public
Statutory Corporations				
29	Himachal Road Transport Corporation	Transport	Active	Statutory Corporations
30	Himachal Pradesh Financial Corporation	Finance	Active	Statutory Corporations

Appendix - 5.16*(Reference: Paragraph 5.4.5.2.1)***Year-wise status of three SPSEs****(₹ in lakh)**

Year	Name of the SPSE	Average Net Profit (as per section 198 of Act) for the preceding three years	Two per cent allocation to be made for the year	Actual spent	Excess (+) / Shortfall (-)
2020-21	Himachal Pradesh State Civil Supplies Corporation Limited	184.96	3.70	-	(-) 3.70
	Himachal Pradesh State Industrial Development Corporation Limited	1,769.92	35.40	20.24	(-) 15.16
	Himachal Pradesh General Industries Corporation Limited	877.20	17.54	5.25	(-) 12.29
Total		2,832.08	56.64	25.49	(-) 31.15
2021-22	Himachal Pradesh State Civil Supplies Corporation Limited	171.66	3.43	11.00	(+)7.57
	Himachal Pradesh State Industrial Development Corporation Limited	1,485.60	29.71	238.96	(+) 209.25
	Himachal Pradesh General Industries Corporation Limited	725.28	14.51	19.82	(+) 5.31
Total		2,382.54	47.65	269.78	(+) 222.13
2022-23	Himachal Pradesh State Civil Supplies Corporation Limited	(-)218.86 (due to negative average profit, amount to be considered 0)	-	6.77	(+) 6.77
	Himachal Pradesh State Industrial Development Corporation Limited	1,437.38	28.75	23.00	(-) 5.75
	Himachal Pradesh General Industries Corporation Limited	561.13	11.22	23.50	(+) 12.28
Total		1,998.51	39.97	53.27	(+) 13.30
Grand Total		7,213.13	144.26	348.54	(+) 204.28

Appendix-5.17*(Reference: Paragraph 5.4.5.4.3)***CSR projects undertaken through other implementing agencies**

Sr. No.	Name of Work	Name of SPSE	Amount	Implementing Agency	Date of Release of funds
1	Assistance in establishment of town public library at Ghumarwin, Distt Bilaspur	Himachal Pradesh State Civil Supplies Corporation Limited	₹ six lakh	Sub Divisional Officer (Civil), Ghumarwin	June 2021
2	Construction of Bal Vatika at SVM School Ghumarwin, Distt Bilaspur	Himachal Pradesh State Civil Supplies Corporation Limited	₹2.77 lakh	Himachal Shiksha Samiti, SVM Sr. Sec. School Ghumarwin	May 2022
3	Installation of solar lights at Shilai and Ronhat	Himachal Pradesh State Civil Supplies Corporation Limited	₹3.50 lakh	Sub Divisional Officer (Civil), Shilai	May 2022
4	Repair of furniture	Himachal Pradesh State Civil Supplies Corporation Limited	₹0.50 lakh	Vivekananda Kendra Kanyakumari Branch Shimla	May 2022
5	Promotion of Sports Activities	Himachal Pradesh State Industrial Development Corporation Limited	₹18 lakh	Distt Sports & Youth Services Department, Una, H.P.	August 2022
6	Promotion of Sports Activities	Himachal Pradesh State Industrial Development Corporation Limited	₹ five lakh	The Commandant, 1 st Indian Reserve Battalion Office Bangarh, Una, H.P.	September 2022
7	Construction of bridge over Banuri Khad in Distt Kangra	Himachal Pradesh General Industries Corporation Limited	₹ five lakh	HPSIDC	October 2022
8	Promotion of Sports Activities	Himachal Pradesh General Industries Corporation Limited	₹0.25 lakh	Khelur Vikas Sewa Sansthan, Bilaspur	October 2020
9	Construction of Cemetery at Changrada, Tehsil Indora, Kangra	Himachal Pradesh General Industries Corporation Limited	₹8.03 lakh	HPSIDC	March 2022
10	Establishment of sports infrastructure	Himachal Pradesh General Industries Corporation Limited	₹2.50 lakh	1 st Reserve Battalion at Bangarh, Una	September 2022
Total			₹51.55 lakh		

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