

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

**Government of the Union Territory of Puducherry
Report No.2 of 2025**

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PREFACE

This Report for the period ended March 2023 has been prepared for submission to the Lieutenant Governor under Section 49 of the Government of Union Territories Act, 1963.

The Report contains significant results of the Compliance Audit of the Departments of the Government of Union Territory of Puducherry under the General, Social and Economic (including Revenue) Service Sectors including Departments of Adi-Dravidar Welfare and Scheduled Tribes Welfare, Civil Supplies and Consumer Affairs, Commercial Taxes, Local Administration, Planning and Research, Public Works, Revenue and Disaster Management, Social Welfare, Transport and Women and Child Development Departments.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2022-23 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. Instances relating to the period subsequent to 2022-23 are also included, wherever necessary.

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

OVERVIEW

OVERVIEW

This Report contains three Compliance Audits on (i) the Implementation of 74th Constitutional Amendment Act in the Union Territory (UT) of Puducherry, (ii) Direct Benefit Transfer schemes in the UT of Puducherry, (iii) Department's Oversight on GST Payments and Return Filing- Phase II, two long Draft Paragraphs *viz.*, (i) Pre/Post-Matric UT Scholarship Schemes for SCs/ STs and (ii) Schemes under Social Assistance Programmes and four compliance audit paragraphs.

The overall receipts and expenditure of UT of Puducherry for the year 2022-23 was ₹ 11,936 crore¹ and ₹ 11,585 crore² respectively.

We observed systematic deficiencies in critical areas, which had adverse impact on effective functioning of Government Departments. Key audit findings contained in this report are as under:

Compliance Audit on the Implementation of 74th Constitutional Amendment Act in the Union Territory of Puducherry

Audit noticed that 18 functions to be devolved as per the 74th Constitutional Amendment Act (1992) were included in the Puducherry Municipalities Act in 2007 and devolution orders were issued in 2010 only. The Urban Local Bodies (ULBs) had full jurisdiction only in four functions, had minimal/overlapping roles with other agencies in eight functions and no role in six functions. Elections were not conducted for ULBs for the past 12 years, since 2011, which had resulted in non-participation of Municipal Administration through Municipal Councils. Only nine out of 121 recommendations of the three State Finance Commission (SFCs) constituted so far were accepted and none of the SFCs had recommended for the apportionment of financial grants to the ULBs at fixed percentage of its total revenue.

The ULBs are highly dependent on the assigned revenue and grants-in-aid from the Government of UT of Puducherry for meeting their financial requirements. Poor maintenance of slaughterhouses in the ULBs were noticed.

The ULBs lacked adequate manpower as there were huge vacancies across all cadres ranging from 30 to 68 *per cent* affecting efficient delivery of services.

(Paragraph 2.1)

¹ Revenue receipts - ₹ 9,635 crore; Recovery of Loans and Advances - Nil; Public Debt receipts - ₹ 1,271 crore and Public Account receipts - ₹ 1,030 crore.

² Revenue expenditure - ₹ 8,969 crore and Capital expenditure (inclusive of Public Account Disbursements) - ₹ 2,616 crore.

Compliance Audit on Direct Benefit Transfer schemes in the Union Territory of Puducherry

The Compliance Audit covered four schemes viz., Puducherry State Free Rice Scheme (SFRS), National Food Security Act (NFSA) - Public Distribution System, Puducherry Old Age Pension (OAP) and Destitute Pension Scheme and Anganwadi Services – Supplementary Nutrition Programme.

Audit noticed that 2,933 beneficiaries covered under SFRS were Government servants, resulting in undue payment of ₹ 11.77 crore during 2020-23. Similarly, 956 Government servants under NFSA and 69 Government servants under OAP Scheme were extended benefits.

The Department of Women and Child Development (DWCD) failed to fully embrace digital platforms, resulting in manual receipt of pension applications. In the absence of a clearly defined mechanism for recording of annual Life Certificates, Audit was unable to derive assurance that all the pension payments under OAP were made only to those pensioners who were still alive.

Audit noticed that 7,080 beneficiaries had been mapped with two Public Financial Management System (PFMS) IDs for NFSA in violation of PFMS framework. Scrutiny of pension payment response data from April 2020 to March 2023 revealed that 4,050 transactions, despite National Payments Corporation of India (NPCI) indicating successful mapping, had failed. Due to absence of application controls to specify the purpose of payments made and restrict payments for the same purpose to a single occasion such as cash benefits in lieu of rice, corona relief, rain relief, cash transfer for festivals etc., which are not time specific, the system had permitted transfer of cash benefits on multiple occasions for the same purpose to the same ration card, under SFRS. Instances of deposit of cash benefits intended for two different ration cards in a single bank account under NFSA and mapping of bank account numbers with more than one Aadhaar number under OAP portal indicated that irregular payments had been made due to the absence of application controls to enforce the mapping of each bank account number to an Aadhaar number.

Audit noticed that 0.5 *per cent* of SFRS and 19 *per cent* of NFSA transactions to the tune of ₹ 78 crore were neither paid to the beneficiaries nor returned to the Civil Supplies and Consumer Affairs Department and is lying with sponsor banks. Scrutiny revealed that 40,398 beneficiaries out of 1,81,616 beneficiaries under OAP received pension through IFSC bank transfers instead of Aadhar Enabled Payment (AEP).

(Paragraph 2.2)

Pre/Post-Matric Scholarship Schemes for SCs/ STs in the Union Territory of Puducherry

The Adi-Dravidar Welfare and Scheduled Tribes Welfare Department failed to identify potential beneficiaries and include all the beneficiaries who are eligible

for benefits/coverage under the scholarship schemes. The coverage of beneficiaries under Ad-hoc Merit Grant Scheme was very low at 1.29 *per cent*. In respect of four schemes³, which were processed online through NSP portal, imprudent timelines were fixed leading to delay in payment of assistance to the students and in respect of schemes implemented through offline mode, timeline for processing applications at various levels was not fixed. There were delays ranging from one year to three years in obtaining sanctions and disbursement of full fees to the institutions, in respect of Grant of Full Fees Scheme, during the audit period of 2020-23. Timely disbursement of scholarship was not made. In respect of four scholarship schemes processed through NSP portal, out of 26,309 beneficiaries, payments of ₹ 1.02 crore were not made to 4,340 beneficiaries. No evaluation/social audit and follow-up action of the scheme were conducted by the Department.

(Paragraph 2.3)

Schemes under Social Assistance Programmes

Under Rajiv Gandhi Social Security Scheme for Poor families⁴, budget provision made was insufficient to meet the actual requirement of funds, as a result of which, 1,511 applications, 3,234 applications and 2,485 applications were pending at the end of 2020-21, 2021-22 and 2022-23 respectively, even after being sanctioned. Failure of the Revenue and Disaster Management Department to comply with Government of India instructions resulted in Centrally Sponsored Scheme grant to the tune of ₹ 4.80 crore being foregone. Financial assistance of ₹ 1.43 crore was made to ineligible beneficiaries. Aadhaar seeding of bank accounts was not done. The payment under the scheme is made through ECS. During 2022-23, 51 transactions involving assistance payable of ₹ 18 lakh failed. The Department did not conduct Social Audit.

Under the scheme of providing financial assistance to Differently Abled Persons, there was no mechanism like Door-to-door survey for identification of potential beneficiaries by the Social Welfare Department. There were delays ranging from one month to 38 months, in processing of applications in respect of 1,482 beneficiaries, due to limit imposed on sanctioned number of beneficiaries, which led to new beneficiaries remaining in waiting list for want of vacancies. Financial assistance of ₹ 9.46 crore was made to 3,432 ineligible

³ Pre-Matric Scholarship for SC/ST Students (Classes VI to X), Opportunity Cost to the Parents of SC/ST Girl Students, Grant of full fees, Ad-hoc Merit Grant (Special Incentive) to the SC/ST Students. The objectives and eligibility conditions of the schemes are detailed in **Appendix 2.7**.

⁴ The family members of the BPL families with annual family income of not more than ₹ 75,000 and in the age group of 18 to 60 years are paid ₹ 30,000 in case of natural death, ₹ 75,000 in the case of unnatural death or permanent total disability (disability more than 40 *per cent*) and ₹ 37,500 in case of partial total disability (disability less than 40 *per cent*) due to accidents.

beneficiaries. Social Audit was not conducted and no review/reassessment of status of disability level conducted.

(Paragraph 2.4)

Subject Specific Compliance Audit on Department's oversight on GST Payments and Return filing – Phase II

The Subject Specific Compliance Audit (SSCA) on Department's Oversight on GST Payments and Return Filing - Phase II was undertaken in the context of varying trend 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 year 2018-19 to 2020-21. The SSCA entailed assessing the oversight functions at two levels - at the data level through data queries and at the functional level with a deeper detailed audit both of the Divisions and of the GST returns, which involved accessing taxpayer records. The audit sample therefore comprised two divisions in respect of audit of divisions, 183 inconsistencies across 17 parameters selected through data queries in respect of centralised audit and 20 taxpayers selected on risk assessment for detailed audit of GST returns for the year 2018-19 to 2020-21.

The review of two divisions in respect of their compliance verification functions disclosed deficiencies in discharge of functions such as scrutiny of returns, internal audit, usage of Business Intelligence and Fraud Analytics reports and cancellation of taxpayer registrations.

The Department responded to all 183 data inconsistencies identified by Audit. Of these, 75 cases constituting 41 *per cent*, turned out to be clear compliance deficiencies with a revenue implication of ₹ 159.61 crore. The Department accepted and taken action in 68 cases. In seven cases, reply of the Department not acceptable to Audit. A relatively higher rate of deficiencies/inconsistencies was noticed in Input Tax Credit (ITC) mismatch, excess Reverse Charge Mechanism / ITC availed and short payment of tax. In nine *per cent* of the cases (₹ 4.31 crore), the Department had already taken proactive action.

As regards detailed audit of 20 taxpayers' returns, granular records such as financial statements, supplementary financial ledgers, etc., were produced partially for 15 cases. These cases represent a potential risk exposure of ₹ 72.38 crore towards identified mismatches in ITC availment and tax payments. Out of the cases audited either fully or partially, Audit observed compliance deficiencies with a revenue implication of ₹ 7.88 crore relating to non/short reversal of ITC.

(Paragraph 3.7)

Audit Paragraphs

Non-recovery of overdue loan amount from pension of persons with disabilities resulted in avoidable payment of ₹ 5 crore by Social Welfare Department for repayment of loan to National Handicapped Finance and Development Corporation.

(Paragraph 2.5.1)

Failure of the Public Works Department to ensure availability of site before commencement of the work and imprudent decision to recommence the work without completing the transfer of the land resulted in unfruitful expenditure of ₹ 2.01 crore and avoidable payment of interest of ₹ 0.52 crore.

(Paragraph 2.6.1)

Non-commencement of setting up of the Sewage Treatment Plants resulted in avoidable payment of Environmental compensation of ₹ 2.40 crore.

(Paragraph 2.6.2)

Failure to invoke the penal clause contained in the Puducherry Motor Vehicles Taxation Act, 1967 resulted in non-realisation of motor vehicle tax from Goods Carriage vehicles - ₹ 49.81 lakh.

(Paragraph 3.8.1)

CHAPTER I

INTRODUCTION

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INTRODUCTION

1.1 About this Report

This Report of the Comptroller and Auditor General of India (CAG) on Government of the Union Territory of Puducherry relates to matters arising from Compliance Audit of selected programmes and activities of Government Departments.

The primary purpose of the Report is to bring important results of audit to the notice of the Union Territory Legislature. Auditing Standards require that the materiality level for reporting should commensurate with the nature, volume and magnitude of transactions. The audit observations are expected to enable the Executive to take corrective action as also to frame policies and directives that will lead to improved management of the organisations, thus, contributing to better governance.

Compliance Audit refers to examination of the transactions relating to expenditure, receipt, assets and liabilities of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations, various orders and instructions issued by the competent authorities are being complied with.

This Chapter presents the profile of audited entities, authority for audit besides the planning and extent of audit and follow-up on the previous Audit Reports. Chapter II contains audit observations arising out of Compliance Audit of Government Departments. Chapter III contains the audit observations arising out of audit of Revenue Receipts.

1.2 Profile of audited entities

There are 42 Departments in the Union Territory (UT) of Puducherry headed by Development Commissioners/Secretaries, who are assisted by Directors and sub-ordinate officers. There are 13¹ Government Companies and 72 Autonomous Bodies.

The entities in UT of Puducherry are audited by the Principal Accountant General (Audit-II), Tamil Nadu and Puducherry.

Abbreviations used in this Report are listed in the Glossary at Page No. 186.

¹ Includes one non-working PSU (PELECON).

The comparative position of receipts of the UT of Puducherry and expenditure incurred by the UT of Puducherry during the year 2022-23 and in the preceding two years are given in **Tables 1.1** and **1.2**.

Table 1.1: Comparative position of receipts

	(₹ in crore)		
Receipts	2020-21	2021-22	2022-23
Revenue receipts	5,890	7,859	9,635
Tax revenue	1,948	3,236	3,574
Non-tax revenue	1,460	2,184	1,964
Grants-in-aid and contributions	2,482	2,439	4,097
Capital receipts	Nil	Nil	Nil
Recovery of loans and advances	Nil	Nil	Nil
Public Debt receipts	2,529	2,516	1,271
Public Account receipts	906	568	1,030
Total receipts	9,325	10,943	11,936

(Source: Finance Accounts of respective years)

Table 1.2: Comparative position of expenditure

	(₹ in crore)		
Expenditure	2020-21	2021-22	2022-23
Revenue expenditure			
General services	2,432	2,787	2,915
Social services	2,450	2,761	3,379
Economic services	2,378	3,200	2,675
Grants-in-Aid and contributions	Nil	Nil	Nil
Total	7,260	8,748	8,969
Capital expenditure			
Capital expenditure	240	163	317
Loans and Advances disbursed	5	Nil	Nil
Repayment of Public Debt	838	891	1,472
Contingency Fund	Nil	Nil	Nil
Public Account disbursements	950	567	827
Total	2,033	1,621	2,616
Grand Total	9,293	10,369	11,585

(Source: Finance Accounts of respective years)

1.3 Authority for audit

The authority for audit by the Comptroller and Auditor General of India (CAG) is derived from Article 149 of the Constitution of India and the CAG's (Duties, Powers and Conditions of Service) Act, 1971. CAG conducts audit of expenditure and receipts of the Departments in the UT of Puducherry under Sections 13² and 16³ of CAG's Duties, Powers and Conditions of Service Act, 1971 (CAG's (DPC) Act, 1971). CAG is the sole auditor in respect of three Autonomous Bodies, which are audited under Sections 15⁴ and 19(2)⁵ of CAG's (DPC) Act, 1971. In addition, CAG conducts audit of 70 other Autonomous/Local Bodies, under Section 14⁶ of CAG's (DPC) Act, 1971 which are substantially funded by the Government.

The financial statements of the Government Companies (as defined in Section 2 (45) of the Companies Act, 2013) are audited by Statutory Auditors, who are appointed by CAG as per the provisions of Section 139(5) or (7) of the Act. The Statutory Auditors are required to submit a copy of the Audit Report to CAG, which among other things, include financial statements of the Company as per Section 143(5) of the Act. These financial statements are subject to supplementary audit to be conducted by CAG within 60 days from the date of receipt of the Audit Report under the provisions of Section 143(6) of the Companies Act, 2013. The audit observations on the financial performance of Government Companies as revealed from their accounts are included in Chapter V of the Union Territory Finances Audit Report of the Comptroller and Auditor General of India for the year ended March 2023, which is being presented separately.

1.4 Planning and conduct of audit

Audit process starts with the assessment of risks faced by various Departments, Corporations and Government Companies based on expenditure incurred, revenue collected, criticality, complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns of stakeholders. Previous audit observations are also considered in this exercise.

² Audit of (a) all expenditure from the Consolidated Fund of Union Territory having a Legislative Assembly, (b) all transactions relating to the Contingency Fund and Public Accounts and (c) all trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts kept in Government Departments.

³ Audit of all receipts, which are payable into the Consolidated Fund of Union Territory having a Legislative Assembly.

⁴ Audit of accounts of a body or authority to which grant or loan is given from Consolidated Fund of Union Territory for any specific purpose.

⁵ Audit of the accounts of Corporations (not being companies) established by or under law made by Parliament.

⁶ Audit of all receipts and expenditure of a body/authority substantially financed by grants or loans from the Consolidated Fund of Union Territory having a Legislative Assembly.

Based on this risk assessment, the frequency and extent of audit are decided. An annual audit plan is formulated to conduct audit on the basis of such risk assessment.

After completion of audit of each unit, Inspection Reports (IRs) containing audit observations are issued to the Heads of the Department, Corporations and Companies. The Departments, Corporations and Government Companies are requested to furnish replies to the audit observations within one month of receipt of IRs. Whenever replies are received, audit observations are either settled or further action for compliance is advised. Important audit observations arising out of these IRs are processed for inclusion in the Audit Report of CAG of India, which is submitted to the Lieutenant Governor of Union Territory of Puducherry under Article 151 of the Constitution of India and Section 49 of the Union Territories Act, 1963.

1.5 Response to Audit

1.5.1 Inspection Reports

A review of Inspection Reports (IRs) issued up to 31 March 2023 revealed that 3,211 paragraphs relating to 718 IRs remained outstanding at the end of September 2023 (**Appendix 1.1**).

Large pendency of IRs was indicative of the fact that Heads of Offices and Heads of Departments did not initiate appropriate and adequate action to rectify the defects, omissions and irregularities pointed out in the IRs.

1.5.2 Audit Paragraphs

Nine Audit Paragraphs including three Compliance Audits *viz.*, (i) Compliance Audit on the Implementation of 74th Constitutional Amendment Act in the UT of Puducherry, (ii) Compliance Audit on Direct Benefit Transfer schemes in Union Territory of Puducherry, (iii) Subject Specific Compliance Audit on Department's oversight on GST Payments and Return filing - Phase II and two Long Draft Paragraphs *viz.*, (i) Pre/Post-Matric UT Scholarship Schemes for SCs/STs (ii) Schemes under Social Assistance Programmes which were forwarded demi-officially to the secretaries of the Department concerned between December 2023 and August 2024 to send their responses within six weeks. Government replies were received in respect of all paragraphs including Compliance Audits. The replies received, have been suitably incorporated in the Report.

1.5.3 Recommendations

This Report contains specific recommendations on a number of issues involving non-observance of the prescribed internal procedure and systems, compliance with which would help in promoting good governance and better oversight on implementation of departmental programmes and objectives at large. The UT

Government is requested to take cognizance of these recommendations and take appropriate action in a time bound manner.

1.6 Follow-up on the Audit Reports

The Public Accounts Committee (PAC) of the Union Territory Legislature of Puducherry, prescribed a time limit of three months from the date of placement of the Audit Reports in Legislature to the departments for furnishing replies on the audit observations included in the Audit Reports indicating the corrective action taken or proposed to be taken by them and for submission of Action Taken Notes (ATNs) on the recommendations of PAC by the departments. The position of pendency of paragraphs/recommendations, for which replies and ATNs were not received is shown in **Table 1.3**.

Table 1.3: Explanatory notes not received (as of March 2024)

Year of the Audit Report	Date of placement of Audit Report in the UT Legislature	Number of paragraphs in Audit Report			Number of paragraphs for which explanatory notes were not received		
		Civil	Revenue	Commercial	Civil	Revenue	Commercial
2010-11	30.07.2012	11	3	2	Paragraphs discussed by PAC and recommendations yet to be received		
2011-12	29.07.2013	11	4	2			
2012-13	23.09.2014	10	3	1			
2013-14	06.05.2015	9	2	1			
2014-15	08.09.2016	8	6	1			
2015-16	15.06.2017	8	2	1			
2016-17	18.07.2018	7	1	1			
2017-18	30.03.2020	8	3	1	6	3	1
2018-19	02.09.2021	5	2	1	5	2	--
2019-20	29.08.2022	6	--	--	6	--	--
2020-21	23.03.2023	6	1	--	6	1	--
Total		89	27	11	23	6	1
Grand Total		127			30		

From **Table 1.3**, it could be seen that out of 127 paragraphs, explanatory notes to 30 paragraphs were awaited (July 2024).

The status of PAC discussion in respect of Reviews/Paragraphs present in the Audit Reports is shown in **Table 1.4**.

Table 1.4: Reviews/Paragraphs appeared in Audit Reports *vis-a-vis* discussed (as of March 2024)

Period of the Audit Report	Number of paragraphs appeared in Audit Report				Number of paragraphs discussed/yet to be discussed
	Civil	Revenue	Commercial	Total	
2010-11	11	3	2	16	94 paragraphs discussed and recommendations yet to be received
2011-12	11	4	2	17	
2012-13	10	3	1	14	
2013-14	9	2	1	12	
2014-15	8	6	1	15	
2015-16	8	2	1	11	
2016-17	7	1	1	9	
2017-18	8	3	1	12	33 paragraphs yet to be discussed
2018-19	5	2	1	8	
2019-20	6	-	-	6	
2020-21	6	1	-	7	
Total	89	27	11	127	

From **Table 1.4**, it may be seen that 33 paragraphs, present in the Audit Reports for the period from 2017-18 to 2020-21 are yet to be discussed by PAC. The compliance position of various Departments to PAC recommendations is shown in **Table 1.5**.

Table 1.5: Compliance to PAC Reports

Year of the PAC Report	Total number of PAC Reports	Total number of recommendations in PAC Report			Number of recommendations where ATNs not received		
		Civil	Revenue	Commercial	Civil	Revenue	Commercial
Up to 2010-11	15	984	50	101	210	12	30
2011-12	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2012-13	1	119	14	21	48	11	15
2013-14	2	84	18	25	65	10	22
2014-15	2	76	31	36	39	17	18
Action Taken Reports on PAC recommendations not received during 2015-16 to 2022-23							
Total	20	1,263	113	183	362	50	85
Grand Total		1,559			497		

As of March 2024, Action Taken Notes in respect of 497 recommendations made by PAC pertaining to Audit Reports for the period 1988-89 to 2008-09

are still pending. In respect of PAC Reports from the year 2009-10 to 2016-17, the Action Taken Notes on the recommendations of PAC are awaited.

1.7 Scope of this Report

This Report of the CAG relates to matters arising from the Audit of eleven Government Departments. Chapter II includes two Compliance Audits viz., (i) Compliance Audit on the Implementation of 74th Constitutional Amendment Act in the UT of Puducherry, (ii) Compliance Audit on Direct Benefit Transfer schemes in Union Territory of Puducherry and two Long Draft Paragraphs viz., (i) Pre/Post-Matric UT Scholarship Schemes for SCs/STs and (ii) Schemes under Social Assistance Programmes. The above audits covered the period 2018-19 to 2022-23. Chapter III discusses the trend of revenue receipts and response of the Departments/Government towards audit and one Subject Specific Compliance Audit on Department's oversight on GST Payments and Return filing - Phase II. Apart from the above, there are also four Audit paragraphs. These are discussed in Chapters II and III. The audit observations discussed in the paragraphs in the chapters are observed from the test-check of records in the selected offices.

CHAPTER II

COMPLIANCE AUDIT

CHAPTER II

COMPLIANCE AUDIT

This Chapter contains the results of Compliance Audit of various Departments of the Government, their field formations and Autonomous Bodies. Instances of lapses in the management of resources and deficiencies in observance of the norms of regularity, propriety and economy are presented in the succeeding paragraphs.

LOCAL ADMINISTRATION DEPARTMENT

2.1 Compliance Audit on the Implementation of 74th Constitutional Amendment Act in the UT of Puducherry

2.1.1 Introduction

The 74th Constitutional Amendment Act (74th CAA) which was enacted by the Indian Parliament in 1992, aimed to decentralise power and promote local self-governance in the urban areas. The amendment brought about significant changes in the structure and functioning of Urban Local Bodies (ULBs). The Act granted constitutional status to the ULBs, ensuring their autonomy and empowering them to undertake planning, development and administration of their respective areas. It played a pivotal role in promoting grass root democracy and fostering citizen participation in urban governance.

The 74th CAA prescribed institutional changes with the setting up of Wards Committees, District Planning Committees and Metropolitan Planning Committees to co-ordinate planning across jurisdictions, as well as the setting up of State Election Commissions and State Finance Commissions. The Twelfth Schedule of the Constitution which was inserted by the 74th CAA enumerated 18 specific functions (**Appendix 2.1**) to be devolved to the ULBs. The Government of India (GoI) notified the amendment on 1 June 1993.

In the Union Territory (UT) of Puducherry, there are five ULBs viz., Puducherry, Oulgaret, Karaikal, Mahe and Yanam Municipalities with total population of 7,28,761 (2011 census). This was 58 *per cent* of the total UT population of 12.48 lakh (2011 census).

The administration and functions of the Municipalities are governed by the Puducherry Municipalities Act 1973 (PMA), as amended from time to time.

2.1.2 Organisational structure of urban local governance

At the Government level, the Secretary to the Government, Local Administration Department (LAD) oversees all the Municipalities. At the Directorate level, the Director of the Local Administration Department functions as a bridge between the ULBs and the Government. The Director is assisted by four Deputy Directors. When the Municipal Council was active, the ULBs were headed by the respective Chairman who was assisted by the Commissioners, Executive Engineers, Revenue Officers, etc. Consequent to the expiry of tenure of the Municipal Councils in 2011, Officers are appointed who exercise all the powers and perform the functions and duties conferred and imposed upon the Municipal Councils.

2.1.3 Audit Framework

2.1.3.1 Audit Objectives

The Compliance Audit seeks to ascertain,

- Whether the provisions of 74th CAA had been adequately incorporated in the Union Territory legislations and the functions were transferred to the ULBs, along with institutional mechanisms to discharge these functions.
- Whether the ULBs had access to raise and manage adequate financial resources commensurate with their devolved functions.
- Whether ULBs had been provided with adequate functionaries to carry out their functions effectively.

2.1.3.2 Audit Criteria

The Audit Criteria for the Compliance Audit were derived from the following:

- The 74th Constitutional Amendment Act, 1992.
- The Puducherry Municipalities Act, 1973 (as amended) and Rules made thereunder.
- The Puducherry Municipalities Manual, 1980 (Volumes I and II).
- Puducherry Town and Country Planning Act, 1969 and Rules made thereunder.
- State Finance Commission reports and recommendations.
- Food Safety and Standards (Licensing and Regulation of Food Businesses) Regulation, 2011.
- Puducherry Building Bye-laws and Zoning Regulations, 2012.
- Solid Waste Management Rules, 2016.

- Government Order, Bye-laws and instructions/circulars issued from time to time.

2.1.3.3 Audit Scope and Methodology

The Compliance Audit covering the period from April 2018 to March 2023 was conducted from July to October 2023. As the total number of ULBs in the Union Territory of Puducherry (UTP) was only five, all the ULBs were selected for scrutiny. Out of the 18 functions (**Appendix 2.1**) incorporated in Schedule XIV of the PMA, two functions *viz.*, the regulation of slaughterhouses and Urban Poverty Alleviation were taken up for test-check to study the effectiveness in carrying out the devolved functions. An Entry Conference was held on 12 July 2023 with the Secretary to Government (LAD). An Exit Conference was held on 18 December 2023 with the District Collector-cum-Secretary (Local Administration) and Director of LAD. The Government replies (November 2024) have been suitably incorporated in the relevant paragraphs.

2.1.3.4 Acknowledgement

Audit acknowledges the co-operation and assistance extended by the Government of Puducherry (GoP), Directorate of Local Administration, Puducherry Urban Development Agency (PUDA), Regional Planning Authorities, Puducherry Slum Clearance Board (PSCB), Puducherry Smart City Development Limited and all the five ULBs in conducting this Compliance Audit.

2.1.3.5 Audit Constraints

While the process of incorporation of the provisions of 74th CAA in the PMA and devolution of functions mentioned in Schedule XII of the Constitution of India was started by the UTP as early as in 1994, 2007 and 2010, the connected files were not traceable by the Department. Hence there was limitation in providing the primary key evidences to Audit and Audit conclusions have been drawn based on the replies furnished by the Department/ULBs.

2.1.4 Compliance to the provisions of 74th CAA

2.1.4.1 Comparison of the UT level legislations with the provisions of 74th CAA

In tune with the 74th CAA, the GoP amended the PMA in April 1994 and incorporated provisions relating to the ULBs as enunciated under Articles 243Q to 243ZG of the Constitution of India, except the provision relating to the constitution of Wards Committees as per Article 243S. The provisions incorporated in the PMA corresponding to the provisions in the 74th CAA are indicated in **Appendix 2.2**.

Government replied (November 2024) that action is being taken to make necessary amendment in the PMA, to make provision relating to the Constitution of Wards Committees.

2.1.5 Empowerment of ULBs and status of devolution of functions

2.1.5.1 Actual status of devolution of functions

Though the UT Government incorporated the provisions of the 74th CAA into the PMA in April 1994 itself through an amendment act, the PMA was further amended only in March 2007 to include the 18 functions as Schedule XIV of the PMA belatedly after a lapse of 13 years.

The Government order was issued (December 2010) detailing the functions, activities and roles devolved to the ULBs under these 18 functions. Audit noticed that out of the 18 functions, the ULBs had full jurisdiction only in four functions, had minimal/overlapping roles with other agencies in eight functions and no role in six functions as detailed in **Appendix 2.3**.

Government in reply stated (November 2024) that the decision of devolution of functions to the ULBs was taken at the Government level. Further, the issue of non-discharging of devolved functions by the ULBs would be taken up at the appropriate level.

2.1.5.2 Institutional mechanism for the empowerment of the ULBs

The 18 functions entrusted by GoP to the ULBs, as per the amendment made in the PMA would be effective only when appropriate institutions *viz.*, State Election Commission, State Finance Commission, Wards Committees and District Planning Committees are established and adequately empowered. The establishment and functioning of such institutional mechanism as per 74th CAA are discussed in succeeding paragraphs.

(i) Municipal Councils and State Election Commission

Article 243R of the Constitution of India stipulates the criteria for composition of Municipalities *i.e.*, all the seats in a Municipality shall be filled by persons chosen by direct election from the territorial constituencies in the Municipal area (known as 'Wards'). Section 6 of the PMA states that the Municipal authorities entrusted with the carrying out of the provisions of this Act are (a) a Council, (b) a Chairman and (c) a Commissioner.

Article 243ZA of the Constitution of India and Section 15A of the PMA confers upon the State Election Commission (SEC), the power to conduct elections to the ULBs. The PMA envisages that the superintendence, direction and control of the preparation of electoral rolls for, and the conduct of all elections to the Municipal councils shall be vested with the Election Commission. An Election Commissioner has to be appointed under Section 9A of the Puducherry Village and Commune Panchayats Act, 1973. As per Section 10 (2) of PMA, election should be held within six months from the date of expiry of the Municipal council or the date of dissolution of the council. Article 243U(3)(a) of Constitution of India and provisions of the PMA stipulate a fixed tenure of five years for the elected members of ULBs, from the date of first meeting.

In the UT, the Puducherry State Election Commission (SEC) was constituted in 1994 with the State Election Commissioner as the head of Commission. The post of State Election Commissioner, Puducherry which was vacant from May 2015 was filled up only in October 2020.

The last election to the ULBs in UTP was held in June/July 2006 and the tenure of the Municipal Councils ended in July 2011. However, the elections for the subsequent term could not be held for the ULBs for various reasons such as litigation¹, delay in delimitation of wards, non-appointment of the State Election Commissioner and appropriate reservation for OBCs for the wards. Thus, timely conduct of elections which was one of the objectives of the Act has not been achieved during the past 12 years.

The functions and duties of the Council were performed by Officers² appointed by the UT Government under the provisions of Section 109(2)³ of the PMA from 2011 to till date. However, Audit noticed that the appointments as above could be made only on account of dissolution of the Municipal Council by the Government when it was not competent to perform or persistently defaults in performing the duties imposed on it by law or exceeds or abuses its powers.

Government in reply stated (November 2024) that a single member commission, appointed for recommending appropriate reservation for OBCs for conduct of civic elections in the UT, has completed the enumeration and submission of report to the Government by it is under process. The Government further stated that action would be taken to conduct the election in due course of time and the matter regarding Officers would be taken up with the Law Department for amending the PMA suitably.

However, the fact remained that the Government did not conduct election to constitute a Municipal Council till date as per Section 10(2) of the PMA. Further, taking up the matter of appointment of Officer with the Law Department for amending the PMA would only perpetuate the alternative arrangement, which is not desirable. Timely conduct of elections would only be the ideal solution.

(ii) *Wards Committees*

Article 243S of the Constitution of India provides for formation of Wards Committees in a Municipality, consisting of one or more Wards, within the

¹ (i) Writ petition filed (September 2012) to quash notification on reservation and delimitation of wards, etc. (ii) Writ petition filed in 2022 regarding reservation of wards for Backward class and Schedule Tribes is still pending.

² Director of LAD for Puducherry and Oulgaret Municipalities; District Collector, Karaikal for Karaikal Municipality and Regional Administrators for Mahe and Yanam Municipalities.

³ All powers and duties conferred and imposed upon the councillors by or under this Act or any other law, shall be exercised and performed by such officer or authority, as the Government may appoint in that behalf.

territorial area of a Municipality having a population of three lakh. There are 111 Municipal wards⁴ in the UT of Puducherry

Out of the five ULBs, the population of Oulgaret Municipality (2011 census) and Puducherry Municipality (estimated population as of 2023) had exceeded three lakh, however, the Wards Committees were not formed/contemplated since the provision was not made in PMA. Thus, the objective of introduction of the 74th CAA, which was to facilitate active public participation in the local self-governance of the ULBs remained incomplete.

Government in reply stated (November 2024) that the necessary amendment in the PMA will be made to make provision relating to the constitution of ward committees.

(iii) District Planning Committees

As per Article 243ZD of the Constitution, a District Planning Committee (DPC) at the district level was to be constituted to consolidate the plans prepared by the Panchayats and Municipalities in the District and to prepare a draft development plan for district as a whole. Accordingly, the Puducherry District Planning Committee Act, 1994 was amended by the Government to create and devolve powers upon the District Planning Committee. As per Section 3(1) of the Act *ibid*, the Government should constitute a DPC in every district, to consolidate the plans prepared by the Municipal Councils and to prepare a District Development Plan for the district as a whole.

Despite the amendment to the Puducherry District Planning Committee Act, 1994, the DPCs for the Puducherry and Karaikal Districts were not constituted. Audit observed that even when the Municipal Councils were in place during 2006-2011, the DPCs were not constituted. Therefore, the intended purpose of integrated development of the areas by preparation of District Plan, as envisaged in 74th CAA was not achieved.

Government in reply stated (November 2024) that the matter would be examined and action would be taken to constitute the DPCs. However, it is observed that non-constitution of DPC had resulted in non-preparation of comprehensive plans of Districts as a whole and integrated development plan of the State.

(iv) Local Body Ombudsman

The Second Administrative Reforms Committee constituted (October 2007) by the GoI recommended that a Local Body Ombudsman (LBO) should be constituted for a group of districts to look into complaints of corruption and mal-administration against the functionaries of local bodies, both elected members and officials. GoI has accepted the recommendation and directed the State/UT Government to take further action as per the recommendation. Audit

⁴ Puducherry: 33, Oulgaret: 37, Karaikal: 17, Mahe: 10 and Yanam: 14.

noticed that the GoP had not constituted the LBO till date by amending the PMA.

Government attributed (November 2024) non-constitution of LBO to non-conduct of elections to the Local Bodies.

(v) State Finance Commission

Article 243I of the Constitution of India makes it mandatory to constitute a State Finance Commission (SFC) within one year of commencement of the 74th CAA and thereafter on expiry of every five years. Article 243Y of the Constitution of India provides that the SFC has to review the financial position of the local bodies and make recommendations to the Government for devolution of funds. The details of constitution of SFCs in the UTP, recommendations made and its acceptance by the Government are given in the **Table 2.1**.

Table 2.1: Details of the constitution of SFCs

Sl. No.	State Finance Commission	Date of Finance Commission to be constituted	Actual Date of Constitution of Finance Commission	Date of submission of final report	Number of six-monthly reports submitted	Number of recommendations made	Number of recommendations accepted by the Government
1	First	May 1994	12 March 1997	01 March 2000	6	22	9*
2	Second	May 1999	05 January 2004	01 December 2005	9	32	Under consideration of Government
3	Third	May 2004	13 July 2007	01 July 2010	6	67	

* Out of the remaining 13 recommendations, two were accepted and eleven were under consideration
(Source: Details furnished by LAD)

The first, second and third SFCs were constituted with delay of 34, 22 and 37 months respectively and on expiry of the term of third SFC in July 2012, the fourth SFC was not constituted by the Government till date.

Though a total number of 121 recommendations were made by these three SFCs, only nine recommendations⁵ were accepted and partly implemented by the Government till date.

Union Territory of Puducherry is not covered under the ambit of Central Finance Commission. The Third SFC had recommended on provision of Grants-in-Aid from Central Finance Commission, which was also consideration of the UT Government. Further, none of the three SFCs constituted had

⁵ Recommendations on (i) Duty on Transfer of property (ii) Profession Tax (iii) Bus stand fees and other vehicle stand fees (iv) Parking fees in areas other than bus stand (v) Market adikasu and shandy fees (vi) Fees charged for certificates issued by Etat Civil section and Registration Unit of Birth and Death (vii) Licence/permission fee for Trade and Dangerous and Objectionable Establishments (viii) Area Development Planning and (ix) Devolution of functions.

recommended for apportionment of financial grants to the ULBs at any fixed percentage of its total revenue.

As the ULBs mainly rely on Government grants even for meeting establishment expenditure and for funding essential services, as detailed in **Paragraph 2.1.6.3**, the non-constitution of SFCs and non-apportionment of revenue at a fixed percentage from the revenue of GoP to the ULBs would affect the effective discharge of its devolved functions.

Further, the SFCs made recommendations such as entrustment of Urban Planning including Town Planning and regulation of land use to Municipalities and Constitution of Municipal Funds, acceptance and implementation of which would have empowered the Municipalities. However, the above recommendations are still under consideration.

Government in reply stated (November 2024) that action would be taken to constitute the Fourth State Finance Commission early. Further, the reply is silent about the current status of consideration of the recommendations made by the SFCs and implementation of the accepted recommendations.

2.1.5.3 Parastatals and their functions in the jurisdiction of the ULBs

The objective of the 74th CAA was to entrust delivery of major civic functions to the ULBs. GoP formed parastatals⁶ to discharge some of the functions of the ULBs. Functions such as urban/town planning, urban development, urban poverty alleviation and slum development etc., are delivered by the parastatals. The role of parastatals and their impact on the devolved functions in the ULBs are discussed in the succeeding paragraphs.

(i) Regional Planning Authorities

Urban Planning including Town Planning and Regulation of Land-use and Construction of buildings are functions to be devolved to the ULBs as per the 74th CAA. However, the devolution orders issued by Government (December 2010) provided that the Town and Country Planning Department/ Regional Planning Authorities⁷ would prepare master plans, and annual plans and ULBs were only required to assist the Planning Authorities in preparation of plans. Similarly in respect of Regulation of land use and construction of buildings, the ULBs had no role to play and instead they were authorised only to assist/co-ordinate with the Town and Country Planning Authority in the preparation of master/zonal plans consistent with the urban development plans.

Further, the Regional Planning Authorities had also not shared their revenue (50 per cent) with the ULBs in their jurisdiction till now, despite issue of the

⁶ Parastatals are institutions/organisations, which are wholly or partially owned and managed by the Government (formed as autonomous or through a specific legislation).

⁷ Regional Planning Authorities are statutory bodies established under the provision of Town and Country Planning Act, 1969, to regulate the development activities in the notified planning areas.

Government order in this regard in March 1999 based on the recommendation of the First SFC, as detailed in **Paragraph 2.1.6.4 (ii)**.

Government in reply stated (November 2024) that Regional Planning Authorities are functioning as per the Acts/Rules governing them and that action would be taken to collect the ULB's share of revenue from the Regional Planning Authorities. The Reply is not tenable, as the above functions are to be devolved to ULBs as per 74th CAA.

(ii) Puducherry Urban Development Agency

Puducherry Urban Development Agency (PUDA), a parastatal formed in 1998, was registered under the Societies Registration Act, for the implementation of State Urban Poverty Alleviation Programmes/policies and SWM Programmes in the UT. Though SWM is to be carried out by ULBs, the same is implemented through private agencies selected by the PUDA.

Government in reply stated (November 2024) that necessary amendments would be issued to Acts/Rules governing the parastatal in order to empower the ULBs.

The reply is not tenable, as SWM is one of the 18 functions devolved to ULBs as per the 74th CAA, which would overrule Acts/rule governing the parastatal.

(iii) Puducherry Slum Clearance Board

The Pondicherry Slum Clearance Board (PSCB), a parastatal, was established in the year 1986 for executing slum improvement and upgradation activities. ULBs have no role in the slum upgradation programmes except issuing of No Objection Certificates (NOCs) for execution of works in the areas under their jurisdiction, though the responsibility of slum upgradation was to be vested with the ULBs as per the amendment made in the PMA for the devolution of the functions as per the 74th CAA.

Government in reply stated (November 2024) that necessary amendments would be issued to Acts/Rules governing the parastatal in order to empower the ULBs.

The reply is not tenable, as solid waste management is one of the 18 functions devolved to ULBs as per the 74th CAA, which would overrule Acts/rule governing the parastatal.

2.1.6 Financial management and Budget

2.1.6.1 Financial resources of the ULBs

Strengthening of financial resources and sustainable financing are essential requirements for the ULBs to become viable units of local self-government for discharging its functions. The resources of the ULBs consist of their own sources, assigned revenue from the UT Government and grants from GoI and GoP.

The details of revenue sourced by the five ULBs in the UT during 2018-23 are given in the **Table 2.2**.

Table 2.2: Sources of revenue of the ULBs during 2018-23

Receipts	(₹ in crore)					
	Puducherry	Oulgaret	Karaikal	Mahe	Yanam	Total
GoI Grants (Schemes)	2.84	13.78	1.52	0.29	0.60	19.03
GoP Grants (Schemes and Salary)	40.24	26.86	38.37	4.09	16.81	126.37
Own Tax Revenue	76.38	74.34	21.82	5.26	5.26	183.06
Own Non-Tax Revenue	61.71	30.08	19.77	9.91	4.46	125.93
Assigned Revenue	69.13	82.91	16.30	4.38	5.10	177.82
Grand Total	250.30	227.97	97.78	23.93	32.23	632.21

(Source: Details furnished by the Municipalities)

It is noticed from **Table 2.2** that own revenue of the Municipalities (Tax and Non-Tax) of ₹ 308.99 crore constitutes only 49 *per cent* of the total revenue (₹ 632.21 crore).

2.1.6.2 Expenditure of the Urban Local Bodies

The details of expenditure incurred by the ULBs in the UTP for the period 2018-19 to 2022-23 are exhibited in **Table 2.3**.

Table 2.3: Expenditure details of the ULBs

Sl. No.	Type of expenditure	(₹ in crore)					
		Municipalities					
		Puducherry	Oulgaret	Karaikal	Mahe	Yanam	Total
1	Establishment	141.70	120.25	32.13	11.78	14.10	319.96
2	Pension	77.22	30.54	17.00	4.96	5.56	135.28
3	Central Schemes	1.70	13.78	1.38	0.11	0.35	17.32
4	UT Schemes	13.87	18.24	28.46	3.04	NA*	63.61
5	Operation and Maintenance	11.17	29.63	1.35	12.73	0.28	55.16
Grand Total		245.66	212.44	80.32	32.62	20.29	591.33

* Yanam Municipality had not furnished details of expenditure incurred under UT schemes for the Audit period.

(Source: Details furnished by the Municipalities)

From **Table 2.3**, it could be seen that 77 *per cent* of the total expenditure of the ULBs was on establishment and pension. Similarly, 14 *per cent* of the expenditure was booked under various Central and UT Schemes and the remaining nine *per cent* only was spent on Operations and Maintenance (O&M).

Besides, it was observed that there was huge pendency in payment of retirement benefits⁸ amounting to ₹ 45.14 crore⁹ as of March 2023 in all the ULBs except Mahe Municipality. Further, the arrear in the payment of current consumption charges to the Electricity Department was ₹ 31.50 crore¹⁰ and arrears in the payment of water consumption charges to Public Works Department was ₹ 21.08 crore¹¹.

Government in reply stated (November 2024) that ULBs are unable to pay the dues on account of paucity of funds.

2.1.6.3 Resource-Expenditure Gap

The ULBs were able to generate their own resources only to the extent of 60.53 *per cent* of the revenue expenditure (establishment, pension and O&M) during the period 2018-19 to 2022-23. A comparison of own revenue to the revenue expenditure of the ULBs showed large gaps as depicted in the **Chart 2.1**.

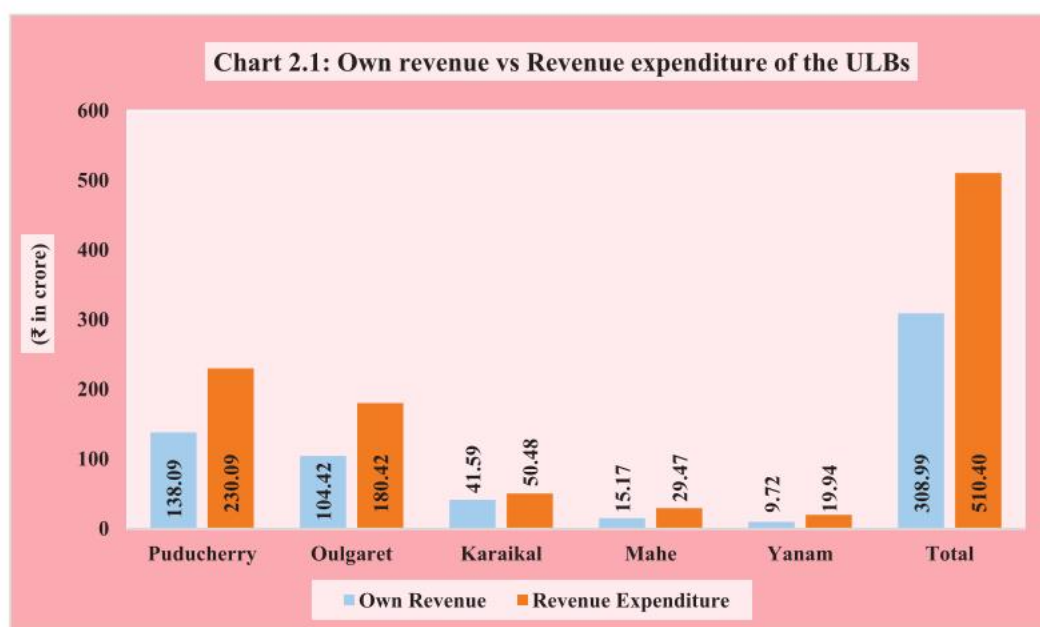


Chart 2.1 indicated that the ULBs were still largely dependent on Assigned revenue from the UT Government and the Central/UT grants under various schemes and were unable to generate their own revenue to be financially independent, which needs to be addressed by ULBs.

Government in reply (November 2024) accepting the gap, attributed the same to poor mobilisation of their own tax and non-tax revenue resources.

⁸ Since the years 2010 in Oulgaret, 2015 in Puducherry and Yanam, 2016 in Karaikal.

⁹ Puducherry: ₹ 28.39 crore; Oulgaret: ₹ 9.82 crore; Karaikal: ₹ 5.43 crore and Yanam: ₹ 1.50 crore.

¹⁰ Puducherry: ₹ 12.59 crore; Oulgaret: ₹ 13.59 crore; Karaikal: ₹ 0.25 crore; Mahe: ₹ 0.54 crore and Yanam: ₹ 4.53 crore.

¹¹ Puducherry: ₹ 10.15 crore; Oulgaret: ₹ 4.44 crore; Karaikal: ₹ 3.15 crore; Mahe: ₹ 0.78 crore and Yanam: ₹ 2.56 crore.

In the circumstances, in order to be self-sustainable and for carrying out the functions devolved effectively, it is necessary that revenue due is collected efficiently by the Municipalities. However, Audit observed non-obtaining of Assigned Revenue and stagnancy in Tax and Non-Tax revenue collection during the period 2018-19 to 2022-23, as detailed in **Paragraphs 2.1.6.4 and 2.1.6.5** respectively. Besides, revenue collected was also not utilised for the intended purpose, as detailed in **Paragraph 2.1.6.6**.

2.1.6.4 Assigned Revenue

(i) Non-release of compensation to the ULBs towards abolition of octroi (1992) as on 31 March 2023 was ₹ 92.74 crore, which resulted in financial hardship to the ULBs to perform their functions.

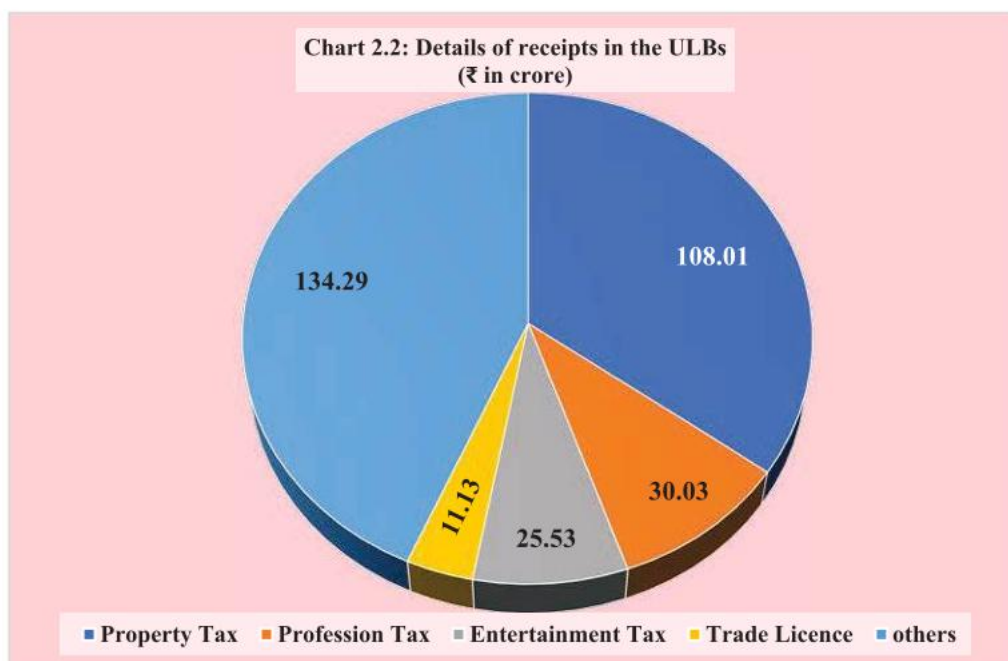
Government in reply stated (November 2024) that the Ministry of Home Affairs, GoI, has been addressed through the Honourable Member of Parliament to Puducherry, for release of the outstanding Octroi compensation.

(ii) Revenue of ₹ 13.28 crore¹² collected (2018-23) was not shared by the Regional Planning Authorities with the ULBs

Government in reply stated (November 2024) that compliance action would be taken at the appropriate level under intimation to Audit.

2.1.6.5 Tax and Non-Tax Revenue

The major sources of Tax and Non-Tax revenue in the UT of Puducherry are depicted in the **Chart 2.2**.

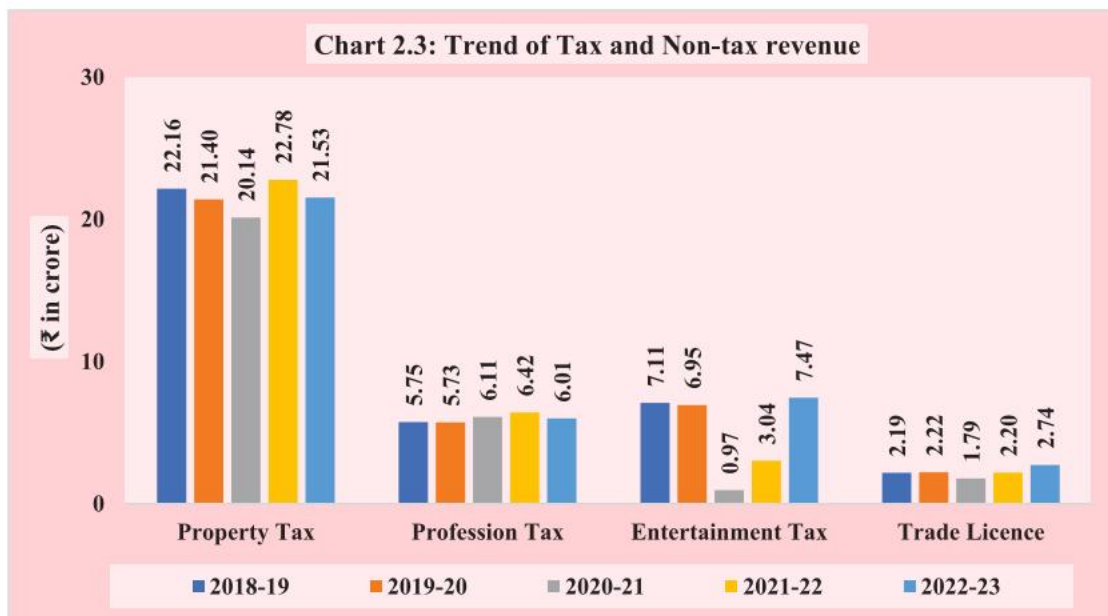


(Source: Details furnished by the respective Municipalities)

¹² Puducherry: ₹ 9.93 crore; Karaikal: ₹ 2.41 crore; Mahe: ₹ 0.56 crore; Yanam: ₹ 0.38 crore.

It is observed that Property Tax accounts for the major proportion of own revenue at 35 *per cent* followed by Profession Tax at 10 *per cent*, Entertainment Tax at eight *per cent* and Trade Licence at four *per cent*.

The trend in collection of the major sources of Tax and Non-Tax revenue, over the five-year period 2018-19 to 2022-23 is depicted in **Chart 2.3**.



(Source: Details furnished by the respective Municipalities)

It is seen from the **Chart 2.3** that the collection of own revenue by the ULBs is almost stagnant over the years, without increase during the period 2018-19 to 2022-23. It is pertinent to mention that last revision in property tax, which is the major source of own revenue, was made in March 2017, which was effective for the quinquennial period commencing from 01 April 2017 to 31 March 2022. Thereafter, no revision has been made.

Further, there were arrears in collection of tax and non-tax revenue as of March 2023, as detailed in **Table 2.4**.

Table 2.4: Arrears in collection of tax and non-tax revenue

(₹ in crore)	
Tax/Non-Tax Revenue	Arrears as of March 2023
Property tax ¹³	28.86
Profession Tax ¹⁴	1.08
Entertainment Tax ¹⁵	1.67
Trade Licence Fees (Mahe Municipality only)	0.02

(Source: Details furnished by the Municipalities)

¹³ Puducherry: ₹ 7.24 crore; Oulgaret: ₹ 15.21 crore; Karaikal: ₹ 4.68 crore; Mahe: ₹ 0.64 crore and Yanam: ₹ 1.09 crore.

¹⁴ Puducherry: ₹ 1.03 crore and Mahe: ₹ 0.05 crore.

¹⁵ Puducherry: ₹ 0.98 crore; Oulgaret: ₹ 0.10 crore; Yanam: ₹ 0.35 crore and Mahe: ₹ 0.24 crore.

2.1.6.6 Non-utilisation of collected revenue

As per the Government Order (April 1998), the purchaser who purchases plot(s) from the promoter in a layout for which in principle layout framework approval had been accorded by the Planning Authority shall remit the development charges to the concerned Local Body. Out of the total amount of ₹ 25.11 crore collected by four Municipalities during 2018-23, only an amount of ₹ 5.22 crore was utilised by two Municipalities¹⁶ towards development works. In two other Municipalities¹⁷, Development charges collected amounting to ₹ 5.14 crore were utilised towards Establishment and O&M expenses, as against Government Orders.

Government in reply stated (November 2024) that action would be taken for utilisation of the funds for development activities.

Thus, it is observed that lapses in obtaining assigned revenue, stagnant nature of collection of tax and non-tax revenue, coupled with non-utilisation of revenue collected for the intended purpose resulted in weakening of the finances of the Municipalities, which would have an impact on the implementation of the devolved functions.

2.1.6.7 Estimation of requirement of funds and preparation of budget

Section 199(1) of PMA read with Rule 3 of the Puducherry Municipalities (Preparation and Presentation of Budget Allotment and Transfer of Funds) Rules, 1974 provides for preparation of annual budgets by the ULBs showing the probable receipts and the expenditure which it proposes to incur during the following year.

Audit noticed that Puducherry and Karaikal Municipalities had not prepared the annual budgets for the years 2021-22 and 2022-23. Even though budgets for the years 2018-19 to 2020-21 were prepared, approval was not obtained from the competent authority *i.e.*, Officer appointed under the provision of PMA, till date in respect of Puducherry and Oulgaret Municipalities. Puducherry Municipality stated (October 2023) that the budgets were not prepared during 2021-23 due to difficulty in arriving at budget estimates and non-availability of skilled staff.

Further, Audit compared the budget estimates and actual expenditure of the ULBs which prepare the budget, for the years 2018-23 and noticed that there was wide variation between the estimated receipts and expenditure against the actuals during the period 2018-19 to 2022-23, which was indicated in **Appendix 2.4**. It ranged between 41 and 146 *per cent* across the five ULBs. The receipts were overestimated in all of the years in the Karaikal and Yanam Municipalities. On the other hand, the expenditure had been overestimated in all the ULBs during 2018-19 to 2022-23.

¹⁶ Oulgaret: ₹ 4.44 crore and Karaikal: ₹ 0.78 crore.

¹⁷ Puducherry: ₹ 4.53 crore and Yanam: ₹ 0.61 crore.

The non-preparation/incorrect estimation of budgets resulted in the Municipalities being unable to estimate their revenue and expenditure properly and plan programmes and schemes thereunder.

Government in reply stated (November 2024) that the Commissioners of all the ULBs have been instructed to prepare budgets in future, after making proper assessment of the estimated receipts and expenditure.

2.1.6.8 Preparation and Audit of Annual Accounts

(i) Non-preparation/non-compilation of annual accounts by the ULBs

Article 243Z of the Constitution of India provides that the Legislature of a State may, by law, make provisions with respect to the maintenance of accounts by the Municipalities and the auditing of such accounts.

Audit noticed that none of the Municipalities, except Oulgaret Municipality prepared the annual accounts during the Audit period.

Government in reply stated (November 2024) that instructions have been issued to the ULBs to finalise the annual accounts without any further delay.

(ii) Non-conduct of Audits by the Examiner of Local Fund Audit

The Pay and Accounts Officer (now the Director of Accounts and Treasuries) was appointed as the auditor of the receipts and expenditure of all of the ULBs, under Section 205 of the PMA. However, it was noticed that the audit of the accounts had been conducted only up to 2017-18 in respect all the ULBs except Oulgaret Municipality for which it had been completed up to 2018-19.

Government in reply stated (November 2024) the Director of Accounts and Treasuries is being requested to audit the funds of the ULBs periodically.

2.1.7 Effectiveness in carrying out the devolved functions

Due to non-availability of the Municipal Councils, the planning and implementation of the development activities in the urban areas are carried out by the executives only. The actual requirements of the people are not considered through the elected representatives of the ULBs.

Audit selected two functions viz., Regulation of Slaughterhouses and Tanneries and Urban Poverty Alleviation, for test-check. The effectiveness in carrying out the selected two functions were analysed and the observations are discussed in the succeeding paragraphs.

2.1.7.1 Regulation of Slaughterhouses

The preparation/enforcement of regulatory framework for slaughterhouses to ensure hygiene, prevention of cruelty to animals and control of pollution vests with the ULBs. As per Section 361(1) of the PMA, the Municipal Council shall provide sufficient number of places within Municipal limits for use as Municipal slaughterhouses. Out of five Municipalities, Municipal

slaughterhouses were available in Puducherry and Karaikal Municipalities only. Even though this function was fully devolved to the ULBs, no slaughterhouses were licensed to operate in the other three ULB limits, which was permissible under Section 362 of the PMA.

Government in reply stated (November 2024) that the Commissioners of Oulgaret, Mahe and Yanam Municipalities have been instructed to find suitable location for Municipal Slaughterhouse in their ULB limits.

(i) Upkeep and maintenance of Slaughterhouses

Food Safety and Standards (Licensing and Regulation of Food Businesses) Regulation, 2011 (FSS) stipulates that Food Business Operators which slaughters animals within the premises shall comply with the requirements specified therein. The deficiencies noticed in the maintenance of the slaughterhouses during the joint inspection of the slaughterhouses in Puducherry and Karaikal Municipal limits are detailed in **Table 2.5**.

Table 2.5: Deficiencies noticed as per FSS regulations

Sl. No.	Requirement as per FSS Regulations, 2011	Name of the Slaughterhouse	
		Puducherry	Karaikal
1	Valid Food Safety Licence	Expired in April 2016	Not available
2	Liquid wastewater treatment	Wastewater let into Municipal drains	Wastewater let into Municipal drains
3	Lairage (resting area) for watering and examination of animals	Not available	Available but insufficient
4	Windows and exhaust fans with wire mesh / insect proof screens	Not available	Not available
5	Epoxy-coated floor areas and walls	Not available	Not available
6	Walls paved with glazed tiles	Not available	Not available
7	Hot/warm water facility	Not available	Not available
8	Availability of veterinary Medical Officer	Available	Not available
9	Stunning equipment	Not available	Not available
10	Annual medical examination of persons handling meat	Not available	Not available



Picture 2.1: Existing building in dilapidated condition at Puducherry



Pictrure 2.2: Walls were not paved with glazed tiles and were not epoxy coated and were unclean at Karaikal

It could be seen from **Table 2.5** and **Pictures 2.1** and **2.2** that both the slaughterhouses are functioning fully violating the FSS Regulations. In respect of Puducherry Municipality, old main building was demolished (2016) and the slaughterhouse was functioning in the existing old annexure building which is also in dilapidated condition. Karaikal Municipality had not executed a lease agreement for maintenance of the Municipal slaughterhouse leased out to an individual from September 2021, which is detrimental to the interests of the ULB.

Government in reply stated (November 2024) the Commissioners of the ULBs would be instructed to comply with the stipulated requirements and submit the action taken report.

2.1.7.2 Under-utilisation of funds by the ULBs under Urban Poverty Alleviation Programmes

In pursuance of Article 243W of the Constitution of India and Section 512A of the PMA, the ULBs were required to be entrusted with such powers and responsibilities with respect to preparation of plans for economic development and social justice to enable them to carry out the duties and responsibilities cast upon them.

Under the Urban Poverty Alleviation Programmes, PUDA is implementing a centrally sponsored scheme Deendayal Antyodaya Yojana-National Urban Livelihood Mission (DAY-NULM) with an aim to reduce poverty and vulnerability of the urban poor households by enabling them to access gainful self-employment and skilled wage employment opportunities. The various components of DAY-NULM for which funds were allocated by GoI are Social Mobilisation and Institutional Development, Employment through Skills and Training Programme, Self-Employment Programme, Support to Urban Street Vendors, Shelter for Homeless, Capacity Building and Training, Information, Education and Communication (IEC) and Administrative and Other Expenses (A&OE).

It was observed that though the implementation of the programme has been entrusted by the GoP to PUDA, the NULM scheme is actually being implemented through the ULBs only, utilising the funds released through

PUDA. Audit observed that none of the ULBs had fully utilised the amount and the unspent balances of ₹ 3.19 crore¹⁸ had been finally refunded to the Single Nodal Agency account maintained which is being controlled and operated by PUDA.

Government in reply stated (November 2024) that action would be taken to achieve full utilisation of funds in the current financial year.

2.1.8 Human Resources and Capacity building

Articles 243W of the Constitution provided for the State laws to endow the ULBs “with such powers and authority as may be necessary to enable them to function as Institutions of self-government”. Adequate and skilled manpower is a prerequisite for efficient and effective discharge of various functions by the ULBs. The position regarding manpower, recruitment and training programmes imparted in the ULBs are discussed in the succeeding paragraphs.

2.1.8.1 Transfer of functionaries to the ULBs

Government issued (December 2010) orders for devolution of functions/ activities/roles to the ULBs. However, there was no reference in this order regarding transfer of funds and functionaries to implement the activities devolved on the ULBs. Therefore, all the ULBs continued to function with the human resources that existed prior to devolution of additional functions as per 74th CAA.

Government stated (November 2024) that addendum to the December 2010 order regarding transfer of functionaries to implement the activities devolved to the ULBs would be proposed to the Government.

2.1.8.2 Limited powers of the ULBs over manpower

Section 14 (2) of PMA provides for appointment of the Commissioner and Personal Assistant to the Commissioner, by the Government. Section 111 of the PMA provides for Government to sanction the posts of Municipal Health Officer and Municipal Engineer and make appointments to the post. Section 113 of the PMA provides the Government, power to constitute any class of officers or servants of Municipal councils into a common service for the Union territory. Section 114 of PMA provides that the council may with the sanction of the Government create such posts of officers and servants other than those specified in sections 111 and 113 as it shall deem necessary for efficient execution of its duties under this Act.

As the recruitment and posting of all the posts in the ULBs are vested with the Government, the intention of the devolution of functions and promotion of local self-governance to the ULBs, as contemplated in the 74th CAA was not achievable.

¹⁸ Puducherry: ₹ 0.78 crore; Oulgaret: ₹ 0.76 crore; Karaikal: ₹ 0.44 crore; Mahe: ₹ 0.95 crore and Yanam: ₹ 0.26 crore.

Government in reply stated (November 2024) that the powers have been conferred with the Government as per the provisions of the PMA.

The reply was not tenable as the 74th CAA empowers the ULBs for independent functioning through decentralisation of power.

(i) Insufficient staff in the ULBs

There were huge vacancies in all the ULBs against the sanctioned posts under various cadres. The Municipality-wise details of availability of staff against the total sanctioned strength as of March 2023 are given in **Table 2.6**.

Table 2.6: Details of availability of staff in ULBs

Name of the ULB	SS	PIP	Vacancy	Percentage of vacancy
Puducherry	899	389	510	57
Oulgaret	568	356	212	37
Karaikal	234	113	121	52
Mahe	72	23	49	68
Yanam	86	60	26	30
Total	1,859	941	918	49

SS - Sanctioned Strength; PIP - Person-in-Position

(Source: Details furnished by the Municipalities)

It is evident from **Table 2.6** that the percentage of vacancy in respect of various posts ranged between 30 and 68 which was drastically affecting the important day-to-day functions of the ULBs such as revenue collection, sanitation, and execution of various developmental and maintenance works. Though 363 persons retired during the period 2018-19 to 2022-23, no fresh appointments were made in any of the ULBs affecting the efficient and effective functioning of the ULBs.

It was noticed that there was no sufficient manpower in different cadres, as detailed in **Appendix 2.5** to perform the functions devolved to them in addition to the functions already entrusted on them as per the PMA. Further, in Puducherry and Oulgaret Municipalities, the sanctioned posts of Health Officers were not filled up and the existing Veterinary Medical officer and Junior Engineer respectively had been given additional charge of these posts.

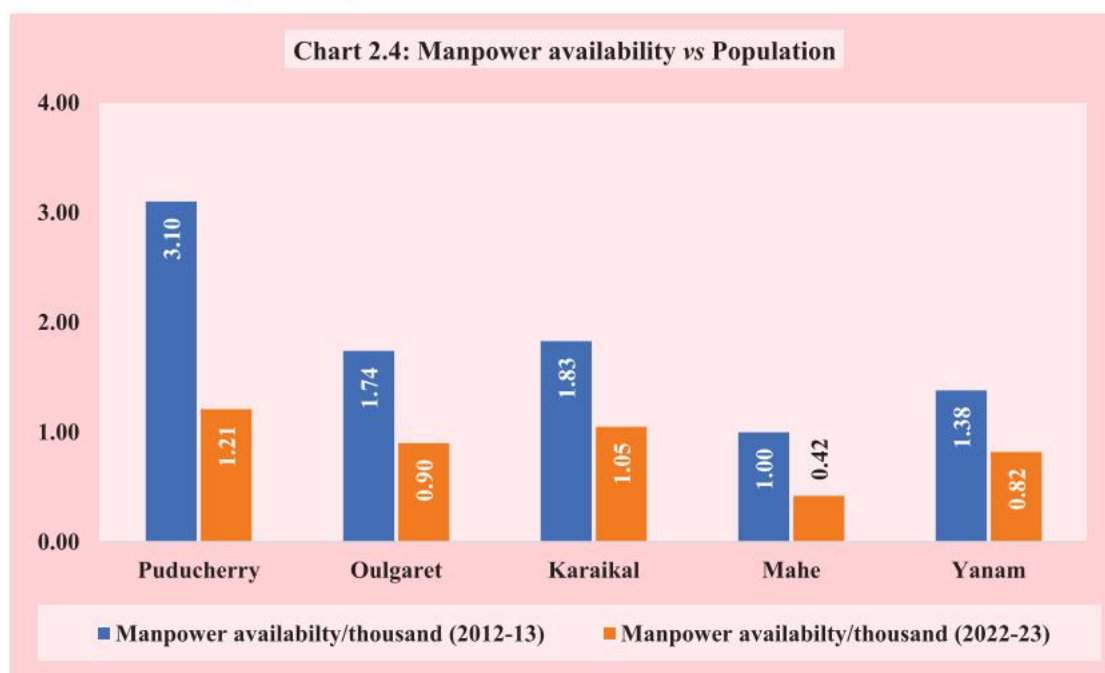
Government in reply stated (November 2024) that necessary action would be taken to fill up the vacancies in the ULBs and that contingent arrangements have been made to the posts of Health Officers, due to large number of vacancies.

The reply is not tenable, as the arrangements are only temporary in nature and a long-term solution is required.

(ii) Improper assessment of staff requirement

Specific criteria/norms for assessment of staff requirement in the ULBs were not prescribed by the Government. As such the requirements had been fixed without seeking the staff proposals from the ULBs. Further, the basis for determining post-wise sanctioned strength for each ULB was not made available to Audit.

In the absence of clear-cut criteria for fixing of manpower requirement, Audit compared the population in the ULBs jurisdiction during the years 2012-13 and 2022-23 against the sanctioned strength and manpower available in the ULBs and the findings are depicted in **Chart 2.4**.



From **Chart 2.4**, it could be seen that manpower availability, compared to population is on the decreasing trend in all the five Municipalities from 2012-13 to 2022-23.

Government, while accepting the above observation stated (November 2024) that manpower assessment would be made in the ULBs.

2.1.9 Conclusion

The ULBs had full jurisdiction only in four functions, had minimal/overlapping roles with other agencies in eight functions and no role in six functions. Elections were not conducted for ULBs for the past 12 years, since 2011, which had resulted in non-participation of Municipal Administration through Municipal Councils. Only nine out of 121 recommendations of the three SFCs constituted so far were accepted and none of the SFCs had recommended for the apportionment of financial grants to the ULBs at fixed percentage of its total revenue. The ULBs were largely dependent on Assigned revenue from the UT Government and the Central/UT grants under various schemes and were unable to generate their own revenue to be financially independent, which needs

to be addressed by ULBs. Further, lapses in obtaining assigned revenue, stagnant nature of collection of tax and non-tax revenue, coupled with non-utilisation of revenue collected for the intended purpose resulted in weakening of the finances of the Municipalities, which would have an impact on the implementation of the devolved functions. None of the ULBs have prepared their annual accounts and Local Fund Audit was not conducted during the Audit period. Huge arrears in making payment of retirement benefits, electricity and water consumption charges by the ULBs was noticed due to paucity of funds. Test-check of implementation of devolved functions in the ULBs revealed poor maintenance of slaughterhouses and that none of the ULBs had fully utilised the funds received under Deendayal Antyodaya Yojana-National Urban Livelihood Mission. The ULBs lacked adequate manpower as there were huge vacancies across all cadres ranging from 30 to 68 per cent affecting efficient delivery of services.

2.1.10 Recommendations

Government should

- *devolve all functions to ULBs instead of the existing minimal or overlapping jurisdiction of roles with other agencies in line with Constitutional Amendment.*
- *constitute the SFCs within the stipulated time frame and implement the recommendations made by the SFCs to the maximum extent possible.*

ULBs should ensure

- *finalisation of accounts in time bound manner to ensure transparency and accountability.*
- *that adequate manpower is filled in consultation with Government for effective discharge of the devolved functions.*

PLANNING AND RESEARCH, CIVIL SUPPLIES AND CONSUMER AFFAIRS AND WOMEN AND CHILD DEVELOPMENT DEPARTMENTS

2.2 Compliance Audit on Direct Benefit Transfer schemes in Union Territory of Puducherry

2.2.1 Introduction

Direct Benefit Transfer (DBT) is a major reform initiative (January 2013) of the GoI to ensure better and timely delivery of benefits to the people using modern Information and Communication Technology for removing leakages and

enhancing financial inclusion. This marks a paradigm shift in the process for delivering benefits like wage payments, food grain subsidies, social security benefits, etc., directly to the targeted beneficiaries, preferably Aadhaar based, by setting up digital platforms that are accessible, scalable and reliable and providing user-friendly interfaces between the Government and the beneficiaries.

2.2.2 Organisational Setup

The DBT framework is a multi-stakeholder architecture that capitalises on the competencies of various departments and institutions to deliver benefits to beneficiaries. As per DBT guidelines, a State DBT Cell was formed in June 2016 to act as a one-stop point for co-ordinating all efforts of multi-stakeholders for bringing and implementing DBT schemes. The State DBT Cell was formed under the Department of Civil Supplies and Consumer Affairs (DCSCA) and later reconstituted (December 2021) under the control of the Department of Planning and Research. The Directors of the respective Departments look after the implementation of DBT schemes at the field level.

2.2.3 Audit objectives

The Compliance Audit was conducted to assess whether:

- the necessary process re-engineering was done for the implementation of DBT to minimise (a) intermediary levels, (b) delay in payments to intended beneficiaries and (c) pilferage and duplication; and
- the required infrastructure, organisation and management of DBT were adequate and effective.

2.2.4 Audit criteria

Audit findings were benchmarked against the criteria derived from the following documents:

- Standard Operating Procedure (SOP) for DBT.
- DBT in the State Protocol Document, 2017.
- Scheme Guidelines.
- Orders and instructions issued by the GoI and GoP.

2.2.5 Scope and Methodology

The Compliance Audit covered a period of three years, from 2020-21 to 2022-23. Four schemes were selected for Audit adopting the following procedure.

- There were 90 on-boarded DBT Schemes¹⁹ in the UT of Puducherry.
- As the Audit Paragraphs²⁰ on “Pre/Post Matric UT Scholarship Schemes for SCs/STs” covered five²¹ Pre/Post Matric Scholarship schemes and “Schemes under Social Assistance Programmes” covered two schemes²² under NSAP and 22 student scholarship schemes and four NSAP schemes were excluded from the selection purview of this Audit.
- The remaining 64 schemes were broadly classified into 32 cash transfer schemes²³, 10 in-kind transfer schemes²⁴, 13 cash and in-kind transfer schemes²⁵ and nine other transfer schemes²⁶ such as salary/incentive schemes.
- Of the above, based on the total number of beneficiaries, four major schemes *i.e.*, three Cash schemes *viz.*, (i) Puducherry State Free Rice Scheme, (ii) National Food Security Act - Public Distribution System and (iii) Puducherry Old Age Pension and Destitute Pension Scheme and one kind scheme *viz.*, Anganwadi Services - Supplementary Nutrition Programme (SNP) were selected for Audit.

An overview of the selected schemes is furnished in **Appendix 2.6**.

An Entry Conference was held on 07 June 2023 with the Secretary, Planning and Research Department and the Heads of the DBT implementing departments wherein Audit objectives, Audit criteria and scope of Audit were discussed. Audit examined the implementation of the selected DBT schemes through data analysis and examination of records of the DBT Cell and implementing departments. An Exit Conference was held on 20 May 2024 with the Secretary (Planning and Research, Civil Supplies and Consumer Affairs and Women and Child Development) in which the Audit findings were discussed. The Government replies (January 2025) have been suitably incorporated in the relevant paragraphs.

¹⁹ As per State DBT portal data.

²⁰ Included in this report as Paragraphs 2.3 and 2.4 in Chapter II.

²¹ (a) Pre-matric Scholarship Scheme, (b) Opportunity Cost to the Parents of SC/ST Girl Students, (c) *Adhoc* Matric Grant (Special Incentive) (d) Dr. Ambedkar Financial Assistance to SC/ST students undergoing Professional Courses and (e) Grant of Full Fees Scheme.

²² (a) Rajiv Gandhi Social Security Scheme and (b) Payment of Financial Assistance to the Differently Abled Persons.

²³ This category includes schemes or components of schemes wherein cash benefits are transferred to individuals.

²⁴ This category includes schemes or components of schemes where in-kind benefits are given to individuals through an intermediary agency.

²⁵ This category includes schemes or components of schemes wherein both cash benefits and in-kind transfers are made to individuals.

²⁶ This category includes transfers made in the form of wages, honoraria, incentives, etc., to community workers and non-government organisations, etc., who are the enablers for successful implementation of Government schemes.

2.2.6 Audit findings

2.2.6.1 Functioning of the State DBT Cell

(a) Non-constitution of requisite architecture of State DBT Cell

In order to avoid duplicating efforts of various departments in delivering benefits, the State DBT Cell was constituted to act as a single point nodal agency for all activities and matters related to DBT operations. To achieve this, the DBT scheme guidelines envisage an architecture for the State DBT Cell to be headed by the Principal Secretary (Planning/IT/Finance) as deemed appropriate by the States. The DBT cell has three components viz., State Advisory Board (SAB), State DBT Co-ordinator and Implementation Support Layer which constitutes the operational part of the Cell.

- The chief role of Advisory Board is to provide the Cell's executive body, holistic, well-rounded advisory and consulting inputs.
- The State DBT Co-ordinator will be primarily involved in co-ordination and liaison with the heads of various departments.
- The Implementation Support layer will be responsible for technical, non-technical and finance and administrative support to the Cell's operations.

It was noticed that although a DBT Cell was formed in 2016, the above requisite architecture is yet to be constituted, resulting in the non-fulfilment of responsibilities by the DBT Cell as discussed in the succeeding paragraphs.

Government replied (January 2025) that the Planning and Research Department had reconstituted the State DBT Cell in September 2024 with the requisite layers viz., (i) Advisory Board, (ii) State DBT Co-ordinator and (iii) Implementation Support Layer.

(b) Non-notification of the DBT schemes for using Aadhaar

As per the DBT guidelines, Aadhaar authentication was necessary for the accurate identification of the beneficiary for the transfer of benefits. For this, the Government can require Aadhaar, as a primary identifier, for the delivery of services, benefits and subsidies to individuals by issuing a notification under Section 7 of the Aadhaar Act²⁷. In addition, the consent of the beneficiary should be obtained before using Aadhaar. Though 90 DBT schemes were listed in the State DBT portal since May 2018, only 49 schemes were notified under Section 7 of the Aadhaar Act. For the remaining 41 schemes, the State DBT Cell did not take any follow up action with the implementing departments for continued usage of Aadhaar without notification and the beneficiary's consent.

²⁷ The Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits, and Services) Act, 2016 and Regulation 12 of the Aadhaar (Enrolment and Update) Regulations, 2016.

The Government replied (January 2025) that out of the 90 schemes, 66 were Central schemes and 24 were State schemes. All the 24 State schemes have been notified under Section 7 of Aadhaar Act.

It was further replied that 142 schemes, including 78 State schemes were on-boarded in the State DBT portal as on 30 September 2024. Out of these State schemes, 12 schemes were yet to be notified as of September 2024.

(c) *Non-integration of State DBT Cell portal with the scheme portals of the departments*

As per the DBT Protocol Document, the State DBT Cell is required to monitor an aggregated view of DBT schemes implemented in the State, such as the total number of beneficiaries, status of Aadhaar authentication, gross amount transferred, etc. However, none of the 90 schemes on-boarded (March 2023) in the State DBT portal²⁸ were electronically integrated with the individual scheme portals of the various departments. Incidentally, the National Informatics Centre, GoI (NIC), which developed these schemes' portals as well as the State DBT portal, did not provide the required Application Programming Interface (API)²⁹ to enable compatibility between the Department's scheme portals and the State DBT portal.

As a result, the aggregate data relating to 54 schemes were only uploaded manually in the State DBT portal. Even out of these 54 schemes, the data relating to 34 schemes was not uploaded regularly. Thus, the information available on the DBT portal was not current.

Further, mismatch of data between the State DBT portal and Department's scheme portals was also noticed. For instance, the total number of beneficiaries covered as per the SNP scheme portal was 38,706 against the total number of 38,472 as shown in the DBT portal.

The Government replied (January 2025) that efforts are being taken by the departments concerned for creating MIS portal with the assistance of NIC for integrating DBT portal with the scheme portal. Also, the API is under testing by NIC, Puducherry. Further, the Planning and Research Department maintains co-ordination with the concerned departments to ensure that the monthly data is updated promptly. However, the Government reply is silent on the mismatch pointed out by Audit.

(d) *Non-assessment/reporting of savings achieved from DBT*

As per the DBT Guidelines, the data relating to savings achieved by curbing pilferage and duplication should be calculated and reported every month to the DBT Mission and the State DBT Cell, and if not, it should be reported to the

²⁸ <https://dbtpuducherry.py.gov.in>.

²⁹ An application programming interface (API) is a set of code that allows two software programmes to communicate.

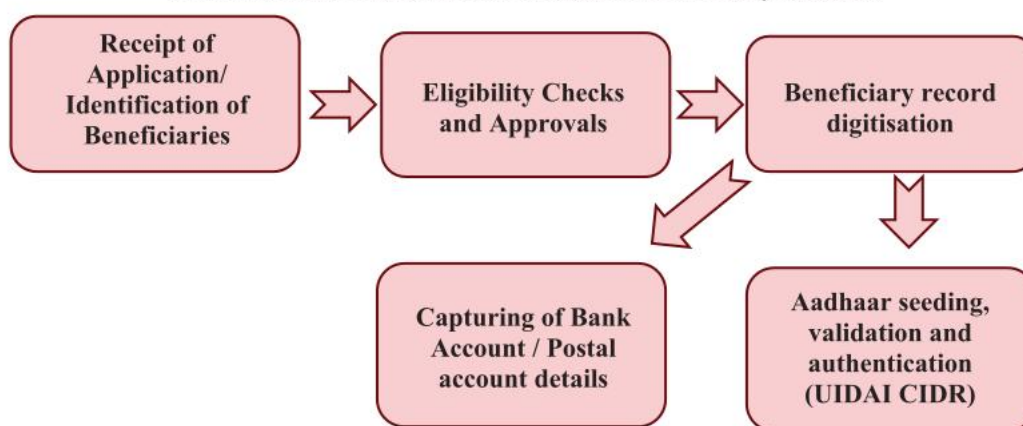
State DBT Cell. Audit observed that, though there were instances³⁰ of deletion of ineligible beneficiaries, the savings achieved through the removal of ineligible beneficiaries were not calculated/reported to the DBT Cell, thereby defeating the objective of DBT.

The Government replied (January 2025) that all departments have been instructed to provide savings data, circulating the guidelines and methodology.

2.2.6.2 Beneficiary enrolment, validation and management

As per the Standard Operating Procedure (SOP) of DBT, the typical steps involved in beneficiary identification and enrolment in the DBT Scheme are given in **Chart 2.5**.

Chart 2.5: DBT framework for creation of Beneficiary database



(Source: DBT-Standard Operating Procedure)

The entire responsibility of identification of DBT beneficiaries rests with the implementing departments. Each scheme is guided by the eligibility criteria set by the respective Department for the inclusion or exclusion of beneficiaries from the scheme. The issues involved in fulfilling the DBT Mission Statement of the GoI in accurate identification and targeting of intended beneficiaries by the GoP are discussed in the following paragraphs.

(a) *Validity of continuance of beneficiary under poorest of poor category*

As per the Targeted Public Distribution System (TPDS) (Control) Order, 2015, the GoP should regularly review the list of eligible households for the purpose of deleting ineligible households or including eligible households for availing benefits under the National Food Security Act, 2013. For this, the GoI

³⁰ The Department of Women and Child Development weeded out 3,432 ineligible beneficiaries, during 2021-22.

formulated guidelines to identify Above Poverty Line (APL)/Below Poverty Line (BPL)/Antyodaya Anna Yojana (AAY) families based on 13 indicators³¹.

In this regard, Audit cross-verified the real estate asset registration data³² in UTP with the Public Financial Management System (PFMS) payment data under State Free Rice Scheme (SFRS). The analysis revealed that a total of 1,342 high-value transactions relating to land sales, each valuing more than one lakh rupees, were executed by BPL and AAY beneficiaries, involving a total amount of ₹ 87.57 crore during 2015-20. Since TPDS focus on the poor and the poorest of the poor, the continuation of these beneficiaries under the BPL/AAY category requires scrutiny and validation.

The Government replied (January 2025) that it has already requested the Registration Department, Puducherry to share the details of the beneficiaries with Aadhaar who holds the land value above ₹ 20 lakh and the same has not yet been furnished. Further, the Government stated that Audit has been requested to share the data of those transaction for taking necessary action for reverification of the status of such AAY/Priority Household (PHH) ration card holders and take suitable action to convert those cards to non-PHH, if deemed fit. Accordingly, the data obtained from Registration Department was shared by Audit with the DCSCA in October 2024 and further action taken by the Department is awaited.

(b) Inclusion of Government servants in the beneficiary database

(i) As per the instruction (December 2020) of the Lt. Governor of UTP, Government servants should not be included as beneficiaries under SFRS. The cross verification of the SFRS beneficiary database with the Government servant database of UTP revealed that 2,933 beneficiaries covered under SFRS were serving under the Government. The failure to weed out the Government servants from the beneficiary database resulted in an undue payment of ₹ 11.77 crore during 2020-23.

(ii) Similarly, under National Food Security Act, 2013 (NFSA) scheme, wherein the benefit is to be transferred to AAY and PHH card holders, analysis revealed that 956 Government servants were extended undue benefit during the Audit period.

(iii) As per the OAP Rules 2011, the applicants should not receive any other financial assistance from Central/State Government. If a pension is claimed through false information, the entire amount paid would be recovered. A cross verification of the OAP scheme database with the Government servants database of UTP revealed that 69 Government servants received OAP

³¹ (1) Holding of land, (2) Type of house, (3) Availability of wearing cloth. (4) Food Security, (5) Sanitation, (6) Consumer Durable, (7) Literacy status, (8) Status of labour, (9) Means of livelihood, (10) Status of children, (11) Type of indebtedness, (12) Reason for migration and (13) Assistance required.

³² Obtained from the Department of Revenue and Disaster Management.

amounting to ₹ 32.21 lakh during 2020-23. Further, six retired Government servants also received OAP despite their ineligibility.

The GoP's Unified Data Hub (UDH)³³, which facilitates cross verification and removal of ineligible beneficiaries from various schemes, did not include database of Government servants and pensioners. This lacuna allowed government servants and pensioners to receive benefits under the OAP scheme.

The Government replied (January 2025) that this Department did not have the database of Government servants ration cards prior to October 2022. Later with the assistance of the Directorate of Accounts and Treasuries (DAT), the Department had obtained the ration card details and flagged in the database as 'Government Servant'. The ration cards of 3,674 Government servants holding AAY/PHH cards were converted to non-PHH cards. The Government, further, replied that necessary steps are being taken in cleansing ration card database based on UDH.

The reply is not tenable, as the deletion of 3,674 cards was carried out during the period 2000 to December 2023, whereas Audit analysed the database obtained in December 2023 and found out the 3,889 ineligible beneficiaries.

The Government did not furnish reply regarding Government servants getting OAP.

(c) Validity of continuance of beneficiary for pension despite purchase/sale of real estate assets and high-cost vehicles

As per OAP Rules, the GoP fixed an income ceiling limit of ₹ 75,000 per annum for availing cash benefits under the old age pension and destitute pension schemes. For this, the beneficiaries should produce an income certificate issued by the Revenue Department. To verify the eligibility for OAP, Audit cross verified the land registration database of Tamil Nadu with the OAP database of UTP. The analysis revealed that during 2018-20, 1,618³⁴ purchase/sale deeds involving ₹ 89.14 crore were executed by the OAP beneficiaries. Similarly, Audit cross verified vehicle registration database of UTP with the OAP beneficiary database. The analysis revealed that 260 OAP beneficiaries purchased vehicles, each costing more than one lakh rupees, during 2009-2019. Thus, the continuation of these beneficiaries for OAP requires validation.

The Government accepted (January 2025) the Audit finding and suggested to the Revenue Department for the expansion of UDH to include crucial areas such as land transactions, vehicle registration and income tax/GST filing and staffs from various societies and corporations.

³³ UDH is a web-based platform, introduced in July 2022 by the Department of Planning and Research, UT of Puducherry, that collects data from all departments, viz., ration card data or beneficiary data, with demographic details like name, age, date of birth, gender, encrypted UID, etc., for removal of duplication and cross-references.

³⁴ ₹ 1 to 5 lakh: 1,170 beneficiaries; ₹ 5 to 10 lakh: 315 beneficiaries and more than ₹ 10 lakh: 133 beneficiaries.

(d) Integrity of the beneficiary database

Integrity of the database is a must to ensure the correctness of enrolment, validation and management of beneficiary details.

(i) Audit analysis of the ration card database maintained by the DCSCA revealed that

- There are 17,369 missing ration card IDs due to gaps in the ration card ID series which ranged from 1 to 3,98,668. Similarly, there are gaps in the unique 12-digit number allotted as a ration card number in the ration card table. Reasons for the gaps in these IDs, which were to be sequentially generated by the system, were not found on record. These gaps represented the risk that the system generated IDs had been deleted from the back end of the database, through manual interventions.

Government in reply stated (January 2025) that the Ration Card ID number got generated for all applications, irrespective of approval or rejection and that now the Ration Card ID is getting generated only at the time of approval.

- Though the ration card status was inactive for the 14 cancelled/surrendered³⁵ ration cards, member status was active for one member in each ration card. The depiction of individual members as active beneficiaries in the system even after cancellation/surrender of the card represented the risk that benefits could continue be irregularly transferred to such members even after the family had actually migrated outside the UT.

Government in reply stated (January 2025) that the Department has shared the cloud database as well as local database to Audit and that on verification with the cloud database, no such member was active though the cards were cancelled.

The reply is not tenable, as the veracity of the reply of the department could not be verified since local data should be synced with the cloud data and difference between the same points to lacuna in maintenance of the database.

- As per the SoP of DBT, after physical verification of the eligibility of the beneficiary, the Aadhaar number and bank account details should be seeded with the beneficiary database. Audit developed a tool to check the validity of Aadhaar numbers using the Verhoeff algorithm³⁶ and found that invalid Aadhaar numbers were seeded in respect of 2,933 beneficiaries in the ration card database. Audit noticed that the portal did not have functionality to enforce uploading of the physical verification report, Aadhaar card, the bank account passbook and the details of the Government employee who had carried out the physical verification. These actions were instead carried out in offline mode and the supporting documents had been stored physically. Due to this

³⁵ Cancellation/ surrender of cards takes place due to migration of family outside the UT.

³⁶ A checksum algorithm that is used to validate the integrity of implemented Aadhaar numbers.

missing functionality, there was no workflow or clear trail in the system to fix responsibility on individuals in case of incorrect/ invalid data entry for Aadhaar numbers or bank account details.

Government accepted (January 2025) that the algorithm was not implemented in the single window application developed and maintained by the third-party vendor during Smart Card Operations. However, the Government further stated that Verhoeff algorithm was imposed and invalid / wrong Aadhar number are not accepted, after NIC Puducherry was entrusted with the PDS Computerisation.

- A test check of 3,38,548 ration cards having active status in April 2020 (at the beginning of Audit period 2020-23) revealed that 25,807 ration cards had no data regarding card creation date, card type, etc. While some of these ration cards could have been created prior to the introduction of the portal in offline mode and hence this data would not be available, the fact remained that data validation had not been carried out to mandatorily record the data in these fields in cases where the data was available but had not been migrated into the portal.

The Government replied (January 2025) that due to migration of cards with initialising ration card ID by auto incremental number, the missing (gaps in numbers) of some ration card IDs had happened and that no more ration cards are found to be missing during the migration.

(ii) Audit analysis of the OAP database maintained by the Department of Women and Child Welfare revealed that:

- 148 beneficiaries did not have a recorded Aadhaar number, which was mandatory for benefit transfer. Since each of these beneficiaries had PFMS IDs which in turn had been generated on the basis of Aadhaar card, the Aadhaar number should have been recorded. In the absence of the Aadhaar number, Audit was unable to derive assurance that these were not duplicate beneficiaries, with multiple PFMS IDs linked to the same Aadhaar number.

The Government replied (January 2025) that as of May 2024, only 13 beneficiaries' Aadhaar was not captured, since they are bedridden and due to their geriatric conditions, have reported being unable to capture biometrics (fingerprint and iris), which is essential for generating Aadhaar.

(e) Restriction of total number of beneficiaries

In the OAP scheme, sanctioned beneficiaries for pensions were increased from 1,54,847 in April 2020 to 1,81,616 in January 2023. The monthly sanction for pension payments aligns with this sanctioned strength. However, scrutiny revealed that the enrolled beneficiaries were fewer than sanctioned. Similarly, payment orders to the Nodal bank were for fewer beneficiaries. As of

March 2023, enrolment and actual benefits were below sanctioned levels, as detailed in **Table 2.7**, indicating failure to reach eligible beneficiaries and resulting in an unutilised sanctioned amount.

Table 2.7: Details of Sanctioned Strength and benefited

Region	Sanctioned Strength	Enrolled	Enrolled (Per cent)	Benefited	Benefited (Per cent)
Puducherry	1,40,961	1,34,241	95.23	1,26,624	89.83
Karaikal	30,359	30,298	99.80	25,902	85.32
Mahe	5,237	5,217	99.62	5,174	98.80
Yanam	5,059	4,883	96.52	4,883	96.52
Total	1,81,616	1,74,101	95.86	1,67,019	91.96

The Government replied (January 2025) that the department obtains expenditure sanction for the sanctioned strength of 1,81,616 every month. Though the sanction was obtained for complete strength of pensioners, the payments made to the exact number of live beneficiaries after excluding deceased individuals and any duplicate benefits in UDH.

(f) Non-implementation of End-to-End digitisation

According to the DBT protocol, digitisation is crucial for efficient benefit delivery, minimising pilferage and accurate targeting of beneficiaries. Despite initiatives like the e-District project³⁷ in UTP, the Department of Women and Child Development (DWCD) had failed to fully embrace digital platforms. This resulted in the manual receipt of pension applications. It was noticed in Audit that out of the total 35,164 applications received, only 32,504 were processed during 2020-23. In March 2023, the Department had 2,660 unprocessed pension applications received during 2018 to 2023. This would result in impaired transparency and fairness in the selection of beneficiaries.

After the receipt of applications manually, the Department performed further processing through an application developed by NIC. It was noticed that the application did not have functionality for

- Recording details of manually prepared and received pension applications, with details of name of applicant, date and time of receipt of application and a sequential application number for tracking the same.
- Providing the application number, date and time of receipt to the contact details (Mobile or Email ID) of the applicant as acknowledgement.
- Providing updates of status of processing (approved/rejected) of the application to the applicant, so that applicants could file grievances with higher authorities, if needed.

³⁷ The e-District project automated the workflows and processes of various Government departments through Common Service Centres.

- Generating MIS Reports on the status of pendency of applications under process, for monitoring by higher authorities.

The Government replied (January 2025) that it took the initiative to digitise the applications submitted by eligible applicants. However, subsequent to the digitisation of applications, it has been discovered that the functionalities provided in e-District for processing old-age pension do not align with the descriptions. Therefore, the Department with an objective of end-to-end digitisation developed an additional functionality in the 'WCD SERVICES' to receive application in online from the public as a part of C2G model.

However, it was noticed that 6,157 and 5,385 offline applications only were received during 2023-24 and 2024-25 respectively and no online applications were received. This indicated that end-to-end digitisation has still not been implemented under the scheme.

(g) *Non-capturing mandatory field in the beneficiary database*

According to the SoP, creating a comprehensive beneficiary database is crucial for effective implementation of the scheme under DBT.

- Aadhaar number and date of birth are mandatory for accurate delivery of benefits, especially in the OAP scheme, where pension amounts vary by age. Audit noticed that the data fields for Aadhaar number (5,023) and date of birth (4,913) were blank, out of 40,398 test checked beneficiaries in Karaikal, Mahe and Yanam. In the absence of basic application controls to mandate the recording of these data fields, there was no assurance within the system that these beneficiaries were actually eligible to receive the Old Age Pension.

The Government replied (January 2025) that the outlying regions are being instructed to on-board the newly developed WCD Services web application for which separate Login are created for the outlying regions as being done in Puducherry region for capturing mandatory fields in the database.

- In respect of SNP, individuals availing of supplementary nutrition at Anganwadi centres were required to undergo Aadhaar authentication by March 2018. However, as of March 2023, out of 38,706 SNP beneficiaries, Aadhaar authentication had been completed only for 16,012 beneficiaries (41 *per cent*). As a result, Audit was unable to derive assurance that necessary duplication checks on the basis of Aadhaar had been completed and duplication avoided.

No reply was received from the Government in this regard.

(h) Failure to conduct annual verification of beneficiaries

According to para 3.1.2 of the NSAP Guidelines, annual verification of beneficiaries is essential, typically carried out by special teams comprising non-governmental organisations. Despite instructions from the DWCD in May 2019 to obtain life certificates from pensioners, the Department conducted verifications only in November 2021, after prompting by the Lt. Governor (December 2020). This verification revealed 3,431 ineligible or deceased beneficiaries, indicating unfruitful monthly expenditure of ₹ 0.68 crore.

The portal did not have functionality for e-Life Certificate (generated by beneficiary or the government employee going door to door using mobile phones) on the basis of physical verification and instead the Department was reliant on the physical, offline verification reports received from the field staff, for Life Certificates.

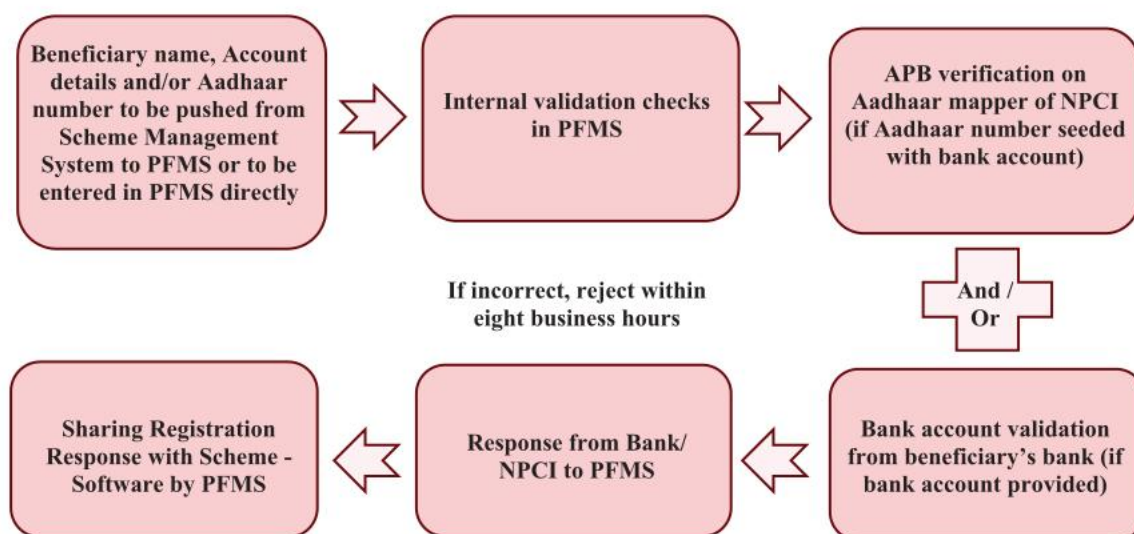
The Government replied (January 2025) that physical verification of the beneficiaries is conducted under the supervision of the respective Child Development Project Officers (CDPO) to ascertain the genuineness. Based on the report furnished by the CDPOs, the Department takes action as deemed fit and that every month the updated list of beneficiaries is uploaded on the website and that it proposes to conduct annual verification of the beneficiaries.

The reply is not tenable, as in the absence of a clearly defined mechanism for recording of annual Life Certificates, Audit was unable to derive assurance that all the pension payments were being made only to those pensioners who were still alive.

2.2.6.3 Generation of payment instructions

After ensuring the identity and eligibility of beneficiary, the typical steps involved in registering in PFMS after successful validation of Bank Account or Aadhaar number on National Payments Corporation of India (NPCI) Aadhaar mapper is as shown **Chart 2.6**.

Chart 2.6: Steps involved in registering in PFMS



(a) Non-creation of PFMS ID for payment

As per the SOP of DBT, after registration of beneficiaries under the NFSA and SFRS, a unique identification number should be generated in the PFMS for transferring cash benefits under the scheme. However, no specific PFMS ID had been created in respect of 705 ration cards during 2020-23. Out of this, in respect of 345 ration cards created prior to April 2020 under SFRS, non-payment of cash to the beneficiaries to the tune of ₹ 1.33 crore (₹ 38,660 per ration card) was noticed.

The Government accepted (January 2025) the issue and stated that PFMS ID could not be obtained or the beneficiary records are getting rejected, due to reasons viz., Aadhaar Number not Mapped to Account Number, non-seeding of Aadhaar number with bank account, Inactive Aadhaar, KYC Documents Pending, Participant not mapped to the product etc. It was further stated that in future, the Department will ensure/get PFMS ID in respect of all ration card beneficiaries.

(b) Creation of more than one PFMS ID for payment

As per the PFMS framework, each beneficiary was to receive a unique PFMS ID for every scheme they are enrolled in, ensuring distinct identification. Audit noticed that 7,080 beneficiaries had been mapped with two PFMS IDs for NFSA - one PFMS ID generated based on Aadhaar number and another PFMS ID generated based on bank account number. The correction required had not been carried out. Since bank account numbers are also seeded with Aadhaar number, a rectification exercise would have resulted in identification and weeding out of multiple PFMS IDs for the same beneficiary. In the absence of this crucial control, there was a material risk that benefits under NFSA could be transferred to the same beneficiary through two PFMS IDs.

The Government accepted (January 2025) the issue and stated that steps are being taken to obtain Aadhaar based PFMS ID for those beneficiaries having bank based PFMS ID.

(c) Transaction failure despite Aadhaar mapping through NPCI

The beneficiaries must link their Aadhaar number with their bank account to enable cash transfers through Aadhaar Payment Bridge (APB). This mapping process is managed by the NPCI, which provides confirmation of successful mapping to the concerned department. Scrutiny of pension payment response data from April 2020 to March 2023 revealed that 4,050 transactions, despite NPCI indicating successful mapping, had failed. The issue needs to be taken up with NPCI to avoid such failed transactions.

The Government replied (January 2025) that continuous efforts are being taken to reduce the rejection/failure cases of DBT payment.

(d) Multiple/incorrect payments to the same beneficiary

(i) During April 2020 to March 2023, the GoP extended cash benefits under SFRS such as regular cash transfers in lieu of rice, corona relief, rain relief, cash transfer for festivals such as Diwali and Pongal, etc. Audit analysed the payment transfer files and noticed that due to the absence of application controls to specify the purpose of payment and restrict the same to one occasion, in case of 3,923 ration cards, the system had permitted transfer of cash benefits on two occasions for the same purpose to the same ration card as given in **Table 2.8**, resulting in an irregular payment of ₹ 0.36 crore.

Table 2.8: Double payment of monthly benefits

Region	Double payments	
	Number of ration cards	Amount (₹)
Puducherry	3,255	29,66,810
Karaikal	496	4,41,030
Mahe	95	69,800
Yanam	77	82,830
Total	3,923	35,60,470

Similarly, in respect of 46 ration cards, cash benefits on more than two occasion amounting to ₹ 1.59 lakh were made as given in **Table 2.9**.

Table 2.9: Multiple payment of monthly benefits

Multiple payments			
Region	Number of ration cards	Number of times cash transferred	Amount (₹)
Puducherry	29	3	45,000
	14	6	99,000
	2	9	12,600
Karaikal	1	6	2,700
			1,59,300

The Government replied (January 2025) that though payment was initiated to three individuals holding different ration cards (as given in each of the two illustrations furnished by the Government), as these ration cards were linked to single PFMS ID, the payment was made to the actual PFMS ID linked to the ration card before bifurcation. Due to this, the PFMS response file was received in respect of the linked ration card PFMS ID only. However, from January 2023, this issue was resolved and it is functioning smoothly. Reply is not tenable as it is reiterated that multiple payments reflected in respect of one PFMS ID.

(ii) Audit observed that persons who were eligible to receive pension amounts of ₹ 2,000, ₹ 2,500, ₹ 3,000 and ₹ 3,500 per month were instead paid

at invalid pension amounts³⁸ of ₹ 4,000, ₹ 5,000, ₹ 6,000 and ₹ 7,000 per month respectively resulting in an excess payment of ₹ 1.53 crore in 7,089 cases in the month of August 2020. This irregularity had arisen due to the fact that business rules have not been correctly mapped to restrict the pension amounts only to the eligible pension amount for each beneficiary.

Audit observed that though the software of the Department generated the payment file, it had no provision for pushing the payment directly to the nodal bank. Thus, the Department downloaded the payment file from the software in text format and mailed the same to the bank to initiate the payment to the beneficiary. The manual intervention at the stage of preparing payment instructions is against the DBT framework and creates avoidable risks arising from erroneous or fraudulent changes to the bank account details of beneficiaries that can be made in the text file if it is in human-readable format.

The Government replied (January 2025) that an amount of ₹ 500 is being provided every month to 326 old age and destitute pensioners suffering from TB/Cancer additionally under the Scheme of Grant of Financial Assistance to Old age pensioner for Medical Treatment. The Government further replied that the amount of ₹ 5,000, ₹ 6,000 and ₹ 7,000 per month was not identified in Puducherry region.

The reply is not tenable as the data analysis revealed excess payments during the month of August 2020.

(e) Extension of benefits to ineligible beneficiaries

As per the NFSA scheme guidelines, cash equivalent to rice/wheat should be transferred only to the beneficiaries holding BPL and AAY ration cards. However, cash benefits were made to 2,979 beneficiaries of APL ration cards during 2020-23, resulting in an ineligible payment of ₹ 1.92 crore. This irregularity had arisen due to the fact that business rules have not been correctly mapped to prevent the transfer of such benefits to APL beneficiaries.

The Government accepted (January 2025) that there was no mechanism, prior to introduction of UDH, to identify the economic condition of the card holder and stated that after implementation of UDH, continuous efforts are being taken by the Department to reduce the gaps and make the DBT more effective and efficient in disbursement of cash in lieu of free rice to the eligible beneficiaries.

(f) Non-payment of pension to eligible beneficiaries

Test-check of payment response data for August 2020 revealed that the pension payment was not made for 15,543 beneficiaries. These beneficiaries received pensions for July 2020 and September 2020. This omission deprived the beneficiaries of their pension during August 2020, totalling ₹ 2.99 crore. Audit noticed that the system did not have functionality to generate MIS/Exception

³⁸ ₹ 4,000: 5,961 cases; ₹ 5,000: 12 cases; ₹ 6,000: 1,111 cases and ₹ 7,000: 5 cases.

Report (on login to the system/by SMS or email) for escalation to higher authorities, in case pension payments to eligible pensioners is not made on time.

The Government replied (January 2025) that the Pension payments were processed and paid for all such pensioners during the months of July 2020, August 2020 and September 2020 through Aadhaar Payment mode. Reply is not tenable as the data analysis revealed non-payment of pension during the said period.

(g) Payment to two beneficiaries through a single bank account number

Due to the absence of application controls to enforce the mapping of each bank account number with a single Aadhaar number and to conduct elimination of duplication of the Aadhaar numbers, the Old Age Pension portal had recorded bank account numbers mapped to more than one Aadhaar number. Audit noticed that out of the cash transfer transactions in March 2023, there were 42 bank account numbers which had been mapped with two distinct Aadhaar numbers.

In respect of NFSA, in 6,590 cases, cash benefits intended for two different ration cards were deposited in a single bank account. This indicates that two ration cards had been mapped with the same bank account number, resulting in the transfer of cash benefits to someone other than the intended beneficiary. An illustrative case is given **Table 2.10**.

Table 2.10: Illustrative cases where two ration cards linked to one bank account

Ration Card Number	Bank Account Number	Name of Bank
415428	92953171	Puduvai Bharathiar Grama Bank
222582	92953171	Puduvai Bharathiar Grama Bank

These instances indicated that irregular payments had been made due to the absence of application controls to enforce the mapping of each bank account number to an Aadhaar number and then conducting an exercise for check of duplication of the Aadhaar numbers in the database.

Government in reply stated (January 2025) that most of the payments was Aadhaar based and only a few beneficiaries have been paid through bank based due to non-availability Aadhaar based PFMS ID. It was further stated that it is also trying to get Aadhaar based PFMS ID for the beneficiaries having bank based PFMS ID through squad/bulk SMS tool. The reply is not tenable, as specific number of Aadhaar based payments made was not provided to Audit.

(h) Non-payment of enhanced pension as per age criteria

As per the OAP Rules 2011, financial assistance varies based on age: ₹ 2,000 for 18-59, ₹ 2,500 for 60-79 and ₹ 3,500 for 80 and above. However, the Department fixed May 1st of each year for pension enhancement, regardless of

the actual eligibility date. For example, a pensioner turning 80 in June 2023 would receive an enhanced pension in May 2024 *i.e.*, 11-month delay.

Analysis revealed that 6,516 beneficiaries had not received the enhanced pension that were eligible to receive, for periods ranging from one to nine years. For instance, a beneficiary with Pension ID 18803, aged 89, had received pension amount of only ₹ 2,500 instead of the pension amount of ₹ 3,500 which he had been eligible to receive since attaining the age of 80. This was because the Old Age Pension portal did not have application controls to enforce the business rule of enhancement of pension based on age of the pensioner and the responsibility of ensuring compliance had remained on the individual users instead of having shifted to the system.

The Government, in reply, accepting the above stated (January 2025) that due to the accumulation of vacancies in the respective age group, the Department did not seek any additional amount from the Government and maintaining the same monthly expenditure so far thereby reducing the burden to the State exchequer.

(i) Belated release of monthly benefits

The National Food Security Act, 2013 envisages the disbursement of cash equivalents of rice to the poorest of the poor, *i.e.*, AAY and PHH ration card holders. Similarly, the State Free Rice Scheme envisages the disbursement of cash equivalents of rice to all types of ration card holders. **Table 2.11** indicates the belated release of scheme benefits.

Table 2.11: Belated release of monthly benefits

Scheme	Year	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
SFRS	2020-21	NR	R						NR			R	NR
	2021-22	NR				R				NR	R	NR	R
	2022-23	R						NR	R		NR		R
NFSA	2020-21	NR		R	NR	R		NR	R		NR	R	NR
	2021-22	R	NR						R	NR			R
	2022-23	R	NR					R	NR	R	NR	R	NR
Released				Not Released									

Audit noticed that the monthly cash benefits were not transferred regularly, even to the most vulnerable beneficiaries (AAY/PHH card holders). The cash transfers should have been promptly done during the nation-wide COVID-19 lockdown phases as it would otherwise defeat the basic objectives of NFSA and SFRS.

As it can be seen from **Table 2.11**, regular cash transfers were made only in 13 months and 22 months for NFSA and SFRS respectively, out of 36 months during the period 2020-23. Instead, arrears payments had been made in the

subsequent months, with significant delays. Audit noticed that the scheme portals did not have functionality to generate MIS/Exception Reports (on login to the system/by SMS or email) for escalation to higher authorities, in case the cash payments to eligible beneficiaries were not made on time.

The Government accepted (January 2025) that some irregular payments were made to the beneficiaries, due to certain issues³⁹ with PFMS and allocation of funds. In respect of SFRS, there is a lengthy procedure in getting sanction from the Government, the Department has proposed to release the State DBT amount to the beneficiaries on bi-monthly basis. Therefore, it is assured that, nowadays the Department is delivering the DBT benefits in time without unnecessary delay.

The reply is not tenable, as the issues listed in the reply like allocation of funds, procedural delay could be sorted out by the Government, in view of the fact that the benefits are intended for vulnerable section of the society.

2.2.6.4 Processing of payment file and payment to beneficiary

(a) Status of payments initiated through DBT mode

As per the SOP of DBT, the implementing Department is required to develop a beneficiary database, and beneficiary registration should be done on PFMS by validating either Aadhaar number or bank account. On successful validation, a unique PFMS ID would be allotted (a onetime process) to the beneficiary, after which payment instructions would be generated on PFMS and pushed to the sponsor bank for making the payment to the beneficiary.

The status of direct benefit payment transactions initiated relating to NFSA, SFRS and OAP for the period 2020-21 to 2022-23 is given in **Table 2.12**.

Table 2.12: Status of payments initiated through DBT mode

Sl. No.	Particulars	SFRS	NFSA	OAP
1	Total number of payment transactions initiated	49,24,940	57,77,074	39,42,673
2	Gross amount of the payment transactions initiated (₹ in crore)	677.38	393.18	933.33
3	Total number of successful transactions	48,42,806	46,31,660	38,67,666
4	Gross amount for the successful transactions (₹ in crore)	665.69	318.67	857.53
5	Total number of failed transactions {percentage-(5)/ (1)}	56,729 (1.15 per cent)	26,534 (0.45 per cent)	75,007 (1.90 per cent)
6	Gross amount for the failed transactions (₹ in crore)	6.61	1.59	75.81
7	Total number of pending transactions or response not received from the banks {percentage: (7)/ (1)}	25,405 (0.52 per cent)	11,18,880 (19.36 per cent)	NA
8	Gross amount of the pending transactions (₹ in crore)	5.08	72.92	NA

³⁹ Generation of payment file through PFMS, delayed response from the PFMS and stringent allocation of funds in the Budget by the Government.

Analysis of PFMS payment response files revealed that

- The reasons for transaction failures include non-mapping of the Aadhaar number with the bank account number of beneficiaries, inactive Aadhaar, and closure of bank accounts.
- The unclaimed amounts pertaining to the failed transactions were remitted back to the Government account and adjusted against the next proposal for demand for funds.
- After revalidation, the beneficiary gets a cash transfer from the month of revalidation.
- The Department had no mechanism to transfer the eligible arrears to the pensioners whose cash transfer transactions failed.
- As seen from **Table 2.12**, 0.5 per cent of SFRS and 19 per cent of NFSA transactions to the tune of ₹ 78 crore were neither paid to the beneficiaries nor returned to the Civil Supplies and Consumer Affairs Department.
- The Department has not analysed the reasons for not receiving payment responses and reconciled the transactions from the banks.
- Scrutiny of the OAP payment response files received from banks revealed that 10 beneficiaries did not receive pensions during the entire period of 2020-23 due to transaction failures, and the same was not rectified by the Department.
- Scrutiny of the OAP payment response files received from the bank revealed that the bank payments were failed due to invalid Aadhaar number for 641 OAP beneficiaries. As the invalid Aadhaar numbers were not rectified in subsequent months, a total of 4,048 transactions to the tune of ₹ 1.86 crore had failed, thereby depriving benefits to that extent.

The Government, while accepting the above in respect of SFRS and NFSA, replied (January 2025) that the response file in respect of payments made by the banks were received after two to three months and due to this Department could not address the beneficiary regarding the reason for failure of their DBT.

In respect of OAP Scheme, the Government, while accepting that 10 pensioners did not receive pension during the entire period 2020-23, attributed (January 2025) it to the fact the beneficiaries did not approach the Department for their dues and also were not traceable. With reference to failure of bank payments due to invalid Aadhaar number, the Government stated that the identification of invalid Aadhaar numbers has already been undertaken by the Department in the Puducherry Region, in collaboration with NIC Puducherry and that same procedure will be followed in outlying regions too.

(b) Non-payment through Aadhaar Enabled Payment System

As per the DBT Protocol Document, cash transfers to DBT beneficiaries were planned via the Aadhaar Enabled Payment System⁴⁰ (AEPS) to enhance efficiency and to reduce leaks compared to traditional Indian Financial System Code (IFSC) bank transfers. The Ministry of Rural Development set a deadline for Aadhaar-based transfers by June 2017. In November 2021, the Principal Secretary (Finance) of the GoP directed extensive Aadhaar and biometric seeding of OAP beneficiaries by February 2022 due to high expenditure. In March 2023, the DWCD reported that AEPS payments were made to 1,81,616 beneficiaries, except for 375 bedridden cases paid in cash. However, scrutiny revealed that 40,398 beneficiaries relating to Karaikal, Mahe and Yanam Regions still relied on IFSC bank transfers instead of AEPS, contradicting the Department's claim. This practice undermined accurate beneficiary identification and targeting, deviating from the DBT framework.

The Government replied (January 2025) that though the beneficiaries mentioned have bank accounts with IFSC in the Database, payments are made via Aadhaar Payment Bridge mode only.

Reply is not tenable as AEPS was yet to be implemented in Karaikal, Mahe and Yanam regions where transfers are made through IFSC only.

(c) Disparity in beneficiary names between bank account and ration card

The similarity function assesses alphanumeric text similarity through trigram matching, where trigrams are three consecutive characters from a string. It counts shared trigrams between two strings to determine their similarity, providing a name matching score from 0 to 1. A score of 0 signifies complete dissimilarity, while 1 indicates identity. An analysis of the entire PFMS response file in respect of NFSA for the period 2020-21 to 2022-23 was carried out to compare the beneficiary names in the ration card data with name of the bank account holder receiving benefits using the similarity function. Below are the similarity function results for the names:

- In 326 instances, beneficiary names in bank account records differed from those in ration card data, which served as the basis for benefit transfers. Additionally, these names were not present in the ration card's member list. An example of such a case is provided below.

PFMS ID	BPYPO01058259
Name of the beneficiary as per bank response	E Dakshinamurthy
Names available in the Ration Card	(i) Mounika, (ii) Gayathiri, (iii) Aravalli, (iv) Sakthivel

⁴⁰ Transfer of cash through an Aadhaar linked bank account supported by the National Payments Corporation of India.

- Out of 1,464 cases, the beneficiary names to whom payments were initiated were hypothetical and did not match the names of members listed on the ration card. An illustrative case is provided below.

PFMS ID	BPYPO01159802
Name of the beneficiary as per bank response	M23042018 / O Munusamy
Names available in the Ration card	(i) Rani, (ii) Maheswaran, (iii) Dhanasekaran

The above irregularities had arisen due to be absence of workflows in the system for Departmental users to certify that they had verified the underlying documents and had uploaded copies of the same into the system.

The Government accepted (January 2025) that the payment was made to the ineligible beneficiary, due to wrong seeding of Aadhaar at the bank level in their portal and thereafter the issue was resolved by them. It was further stated that these kinds of issues will be get resolved on introduction of Aadhaar e-KYC validation which is under process with the Government.

(d) Authorisation of payment to single PFMS ID

According to the DBT protocol, each beneficiary should have a unique PFMS ID for transferring cash benefits to their bank accounts. However, analysis of SFRS payment response data identified that multiple beneficiaries were using the same PFMS ID. This highlights the risk of transferring cash benefits to an unintended beneficiary under the same PFMS ID as shown in **Table 2.13**.

Table 2.13: Details of payment made for same PFMS ID

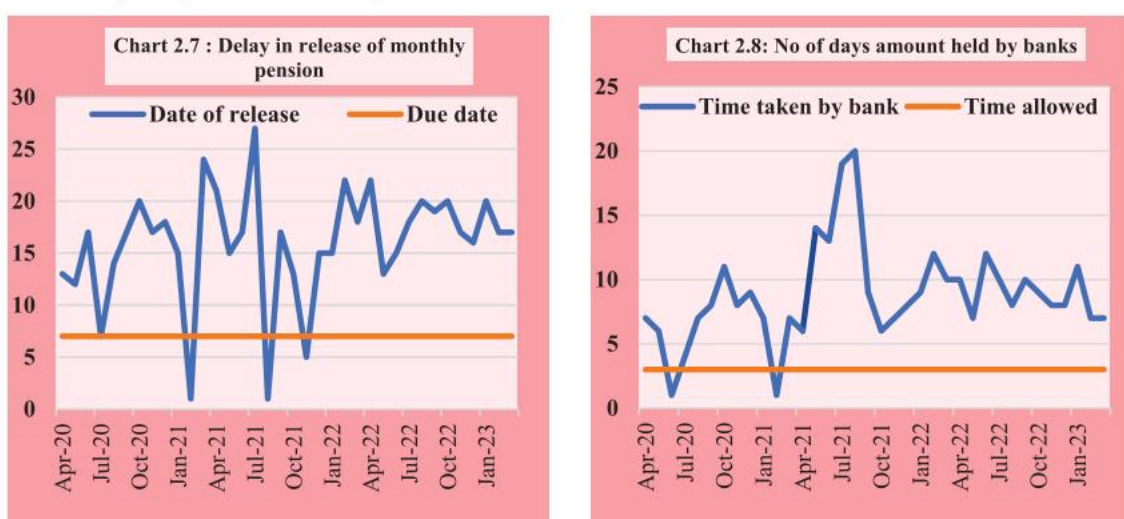
Sl. No.	Beneficiary Name	Scheme Name	PFMS ID	Month	Amount (₹)
1	P K Mukundan	State DBT Deepavali ₹ 430 for All Cards	BPYPO01876806	October 2022	430
2	Shyamali N	State DBT Deepavali ₹ 430 for All Cards	BPYPO01876806	October 2022	430
3	Doma Rambabu	Rain Relief ₹ 5,000 for BPL & ₹ 4,500 for APL	BPYPO02171280	August 2022	5,000
4	Doma Rambabu	Rain Relief ₹ 5,000 for BPL & ₹ 4,500 for APL	BPYPO02171280	August 2022	4,500
5	Venkata Lakshmi	Rain Relief ₹ 5,000 for BPL & ₹ 4,500 for APL	BPYPO02171280	August 2022	4,500
6	Rani	State DBT Deepavali ₹ 430 for All Cards	BPYPO02373357	October 2022	430
7	Sofiya S	State DBT Deepavali ₹ 430 for All Cards	BPYPO02373357	October 2022	430
8	Nagapooshani W/o.Pachaiappan	State DBT Deepavali ₹ 430 for All Cards	BPYPO02809010	October 2022	430
9	Manibalan Patchaiyappan	State DBT Deepavali ₹ 430 for All Cards	BPYPO02809010	October 2022	430

This irregularity had arisen due to absence of controls to enforce mapping of each PFMS ID with a valid Aadhaar number and to enforce removal of duplicate PFMS IDs on the basis of Aadhaar numbers.

The Government accepted (January 2025) the Audit finding and stated that the issue of mapping and matching the beneficiary against the payment file issue has since been resolved with the introduction of State PFMS ID.

(e) *Delay in release of monthly pension*

As per Rule 9.2 of the OAP Rules, 2011, pensions should be disbursed to beneficiaries' individual accounts by the 7th of each month. An audit of monthly pension releases in Mahe over 36 months (2020-23) revealed timely disbursements in only four months. For the rest, payments to Nodal Banks were delayed by five to 20 days. The details are indicated in **Charts 2.7** and **2.8**.



Analysis revealed major delays were due to banks, which contravened the SOP of DBT allowing a 3-day window for payment initiation. Further scrutiny showed that pension amounts were held by nodal banks for one to 17 days, breaching SOP. However, the Department failed to address this issue and act against banks for unauthorised holding of funds for longer durations.

The Government replied (January 2025) that there was delay in release of pension each month in Mahe region. The issue has been rectified and the payments are being made promptly every month.

2.2.7 Conclusion

Government servants were also extended benefits under SFRS, NFSA and OAP Schemes. There was no clearly defined mechanism for recording of annual Life Certificates and evidence of verification of existing beneficiaries, under OAP Scheme. Audit noticed that 7,080 beneficiaries had been mapped with two PFMS IDs for NFSA in violation of PFMS framework. Scrutiny of pension payment response data from April 2020 to March 2023 revealed that 4,050 transactions, despite NPCI indicating successful mapping, had failed. Due to absence of application controls to specify the purpose of payment and restrict

the same to one occasion, the system had permitted transfer of cash benefits on multiple occasions for the same purpose to the same ration card, under SFRS. Instances of deposit of cash benefits intended for two different ration cards in a single bank account under NFSA and mapping of bank account numbers with more than one Aadhaar number under Old Age Pension portal indicated that irregular payments had been made due to the absence of application controls to enforce the mapping of each bank account number to an Aadhaar number. Audit noticed that 0.5 per cent of SFRS and 19 per cent of NFSA transactions to the tune of ₹ 78 crore were neither paid to the beneficiaries nor returned to the CSCA department. Scrutiny revealed that 40,398 beneficiaries out of 1,81,616 beneficiaries under OAP received pension through IFSC bank transfers instead of AEPS.

2.2.8 Recommendations

Government should ensure -

- *integration of the State DBT portal with the scheme portals of the departments in order to have a true and fair picture of implementation of the schemes.*
- *notification of all the DBT schemes as required under the Aadhaar Act for usage of Aadhaar as primary identifier.*
- *rectification of failed transactions under the scheme at the earliest with payment of arrears.*

ADI-DRAVIDAR WELFARE AND SCHEDULED TRIBES WELFARE DEPARTMENT

2.3 Pre/Post-Matric UT Scholarship Schemes for SCs/STs

2.3.1 Introduction

The Government of Union Territory (UT) of Puducherry is implementing various Pre-Matric and Post-Matric scholarship schemes for students belonging to the Scheduled Castes (SCs) and Scheduled Tribes (STs).

The Audit covered implementation of five scholarship schemes during the period 2020-21 to 2022-23 viz., Pre-Matric Scholarship for SC/ST Students (Classes VI to X), Opportunity Cost to the Parents of SC/ST Girl Students, Grant of full fees, *Adhoc* Merit Grant (Special Incentive) to the SC/ST Students and Dr. B.R. Ambedkar Financial Assistance to SC/ST students under-going professional courses sponsored by Centralised Admission Committee (CENTAC) (up to 2020-21). A beneficiary survey was also conducted to ascertain the response of the students and parents on the implementation of the

scholarship schemes. The objectives and eligibility conditions of the schemes are furnished in **Appendix 2.7**.

An Entry Conference was held on 12 July 2023 with the Secretary, Adi-Dravidar Welfare and Scheduled Tribes Welfare (ADW&STW) Department, in which the Audit methodology, scope, objectives and criteria were explained. The Exit Conference was held on 26 February 2024 with the Secretary to Government (ADW&STW), in which the Audit findings were discussed. Replies to the Audit Findings communicated to the Government were received in February 2025 and have been incorporated in the Report.

The efficient utilisation of financial resources in respect of the schemes involved allocation/receipt of funds and timely disbursement of scholarship/financial assistance to the beneficiaries. The details of Budget provision and actual expenditure during 2020-21 to 2022-23 are indicated in **Table 2.14**.

Table 2.14: Budget Provision and Actual Expenditure

(₹ in crore)				
Year	Budget Estimate	Revised Estimate	Actual Expenditure	Savings
2020-21	36.90	43.67	18.80	24.87
2021-22	38.59	39.02	33.88	5.14
2022-23	32.80	34.26	34.18	0.08

(Source: Details furnished by the Department)

The huge savings during 2020-21 was mainly due to implementation of Grant of Full Fees (GFF) Scheme from January 2021 for which benefits could not be disbursed before March 2021 except drawal of advance to CENTAC for ₹ 1.96 crore.

2.3.2 Non-identification of potential beneficiaries

In accordance with the orders of the Government (January 2021), the Secretary should approve the list of eligible beneficiaries at the beginning of the financial year for providing benefits under the scheme. The Department called for applications for the above schemes through Newspaper advertisements every year. The applications received are evaluated for granting the scheme benefits.

Audit noticed that the ADW&STW Department neither possessed the database of beneficiaries nor collected the data available in School Education Department, Puducherry or other educational institutions. Hence, the potential beneficiaries data in respect of SC and ST students who studied from Classes I to XII was collected by Audit from the School Education Department, Puducherry and was compared with the actual coverage of beneficiaries under three schemes⁴¹ during 2018-19 to 2022-23 and are depicted in **Appendix 2.8**. The following variations in the coverage were noticed, as against number of potential beneficiaries.

⁴¹ Pre-matric Scholarship scheme, Opportunity Cost Scheme and GFF Scheme.

- In respect of Pre-matric Scholarship Scheme, the coverage of beneficiaries ranged from 30 to 64 *per cent* during 2018-19 to 2022-23.
- In respect of Opportunity Cost scheme, the coverage of beneficiaries ranged from 26 to 65 *per cent* during 2018-19 to 2022-23.
- In respect of Grant of Full Fees (GFF) scheme, the coverage of beneficiaries ranged from 22 to 33 *per cent*.
- In Mahe, as per the data of School Education Department, though 212 SC students and nine ST students studied during 2020-21 and 192 SC students and eight ST students studied during 2021-22⁴², no schemes were implemented there.
- Audit observed that only 86 beneficiaries (1.29 *per cent*) had availed the benefit under the *Adhoc* Merit Grant scheme during the Audit period 2020-23, though there were 6,660 number of SC/ST students who obtained 65 *per cent* and above in their Class X examination, in the UT of Puducherry. Further, no beneficiary from Karaikal and Yanam regions have availed the benefit under the scheme.
- Besides, during the beneficiary survey, out of 1,148 respondents, 703 respondents stated that they had not applied for any of the scholarship schemes. Out of 703 respondents, 231 respondents stated that they satisfied the eligibility conditions regarding nativity, which indicates that prospective beneficiaries were outside the coverage of scholarship schemes.

The Department was thus, providing scholarships to those who responded to the newspaper advertisement. There needs to be a more effective system which captures details of eligible student in the institution itself. Besides, IEC activities are also to be carried out to create awareness about the scholarship schemes among the public.

Government accepted (January 2025) that there is no system to identify all potential beneficiaries, to ensure 100 *per cent* coverage. Further, the Government stated that it conducts direct or virtual meetings with nodal officers to maximise beneficiary participation and will advertise/ inform all educational institutions in Mahe region to increase awareness.

In respect of *Adhoc* Merit Grant scheme, Government, replied (January 2025) that the data of SC/ST students who scored 65 *per cent* and above would be obtained from the School Education Department and will actively seek applications to ensure proper disbursement of grants.

⁴² Data not available for the period 2022-23.

2.3.3 Imprudent/non-fixation of timeline

Out of five schemes covered, four scholarship schemes⁴³ for SCs are implemented through National Scholarship Portal (NSP) of the Ministry of Social Justice and Empowerment, GoI, whereas scholarship schemes for STs and Grant of Full Fee Scheme are implemented through offline mode. The scheme guidelines contemplated that the payment in respect of grant of full fee should be made at the beginning of academic year and in respect of opportunity cost, it should be made every quarter.

The timelines fixed in respect of four schemes for SCs implemented through NSP Portal are given in **Table 2.15**.

Table 2.15: Timelines for Schemes

Particulars	2020-21	2021-22	2022-23
Portal opening date	16.08.2020	20.08.2021	01.08.2022
Last date for student login	31.01.2021	30.11.2021	31.01.2023
Last date for Institution verification	28.02.2021	15.12.2021	15.02.2023
Last date for Department verification	15.03.2021	15.01.2022	15.03.2023

(Source: Details furnished by the Department)

In respect of GFF scheme for SCs/STs and all the educational schemes for STs viz., Pre-matric Scholarship, Opportunity Cost scheme and *Adhoc* merit grant, the timeline for processing applications at various levels was not fixed.

As seen from **Table 2.15**, though the portal was activated during the month of August, the last date for Department's scrutiny was in the month of March during 2020-21 and 2022-23 and in January during 2021-22. Due to such prolonged fixation of timeline, the Department could be able to finalise the eligible beneficiaries only at the end of the financial year. During 2021-22, though the Department's verification was done in January as per the timeline, the sanctions for payment were obtained only in the month of March. Further, after obtaining sanctions, the payments were made only at the end of the academic year *i.e.*, in April/May.

Government stated (January 2025) that a dedicated State portal is being developed, on operational of which, scholarships will be disbursed on time, aligning with scheme guidelines and students' academic schedules. The Government further stated that steps are being taken to fix timelines for GFF and other ST scholarship schemes.

⁴³ Pre-Matric Scholarship, Opportunity Cost, *Adhoc* merit and Dr. B.R. Ambedkar Financial Assistance Scheme (only during 2020-21).

2.3.4 Delay/Non-disbursement of fees under Scholarship schemes

2.3.4.1 Grant of Full Fees Scheme

The orders of the Government (January 2021) relating to GFF scheme stipulated that payment under GFF Scheme should be made by the Department at the beginning of the academic year through DBT.

Though the timeline is fixed for payment of full fees, timeline for stage-wise processing of applications was not fixed. In this regard, it was observed that there were delays ranging from one to three years in obtaining sanctions and disbursement of full fees to the institutions during the Audit period of 2020-23. The details are depicted in **Table 2.16**.

Table 2.16 Delay in disbursement

Year	No delay	One year delay	Two years delay	Three years delay	Total
2020-21	Nil	6,420	353	30	6,803
2021-22	4,867	2,624	213	Nil	7,704
2022-23	4,791	3,364	Nil	Nil	8,155
Total	9,658	12,408	566	30	22,662

Further, in respect of 508 students, an amount of ₹ 3.67 crore is yet to be disbursed for the period 2020-21 to 2022-23. Due to such delays, the fees were first borne by the beneficiaries which defeated the objective of payment of fees at the beginning of the academic year.

Government accepted (January 2025) that the applications were received belatedly, due to lack of awareness about the scheme. Further, Government attributed delay in disbursement to lack of funds and stated that the Department will work with Finance Department to secure additional funds for the GFF scheme to ensure timely disbursement of benefits.

2.3.4.2 Pre-matric Scholarship and Opportunity Cost Schemes

Due to imprudent fixation of timeline as discussed in **Paragraph 2.3.3**, disbursement of scholarship was delayed in respect of 2,929 students of Pre-matric Scholarship scheme and 2,345 students of Opportunity Cost Scheme during 2021-22.

The scheme benefits to 88 ST beneficiaries⁴⁴ for the years 2020-21 and 2021-22, amounting to ₹ 1.94 lakh were sanctioned belatedly during March 2023. Though sufficient funds were available in the budget, non-obtaining of sanctions within the respective years for disbursement of scheme benefits to the STs was not justified.

⁴⁴ Pre-matric Scholarship: 55 students and Opportunity cost: 33 students.

Government replied (January 2025) that a dedicated State portal is being developed, on operational of which, scholarships would be disbursed on time, aligning with scheme guidelines and students' academic schedules.

2.3.5 Deduction of other scheme benefits under GFF without Government Orders

The Department has been implementing GFF Scheme with the objective to grant full fees to the eligible SC/ST students. However, while making payment to the GFF scheme beneficiaries, the benefits availed under Retention Scholarship Scheme, Opportunity Cost Scheme and Pre-matric Scholarship Scheme amounting to ₹ 1.18 crore were deducted during 2020-21 to 2022-23, without any specific directions of the Government.

Government replied (January 2025) that the practice of deduction of other scheme benefits from the GFF scheme will be discontinued in future and a circular would be issued in this regard.

Audit has pointed out the deduction of other scheme benefits from the payments made towards GFF Scheme, without any specific directions from the Government. Hence, the Government needs to clearly state the same in its guidelines.

2.3.6 Failure to make payment to eligible beneficiaries

The Department finalised the list of all the eligible beneficiaries after verification of the applications received from all the institutions for obtaining expenditure sanctions from the Government. Based on the sanctions, funds are obtained from the Government and credited to Bank account maintained for subsequent initiation of payment through PFMS in NSP portal.

In this regard, it was noticed that the Department had finalised 26,309 beneficiaries in respect of all the four schemes implemented through NSP portal during 2020-23 and an amount of ₹ 8.80 crore was obtained for disbursement. Out of 26,309 beneficiaries, the Department had taken action for payment to 21,969 beneficiaries leaving a balance of 4,340 beneficiaries (₹ 1.02 crore). The year-wise details of the number of beneficiaries and amount involved are detailed in **Appendix 2.9**.

Government, accepting the observation, replied (January 2025) that the list of beneficiaries for whom payment failed would be obtained from the GoI (NSP Portal) to process the failed transactions, in respect of the 4,340 beneficiaries mentioned in Audit, amounting to ₹ 1.02 crore.

2.3.7 Monitoring

(i) The scheme guidelines of GoI contemplates that there shall be thorough evaluation of the outcomes of the scheme at regular intervals to ascertain the effectiveness of the scheme implementation and for tracking the progress of the

students. However, the rules framed for the implementation of scholarship schemes in UT are silent about these controls to ascertain the effectiveness of scheme implementation and hence, no evaluation/social audit and follow-up action were conducted by the Department. No mechanism existed for periodic review of progress of the scheme at the Government and Regional level.

Government replied (February 2025) that social audits, annual physical verifications, evaluation and follow up actions will be conducted in future.

(ii) The UT scheme guidelines are silent about the setting up of a grievance redressal mechanism. Audit noticed that complaint registers were not maintained in any of the regions and separate Grievance Redressal Officers (GROs) were not appointed at regional offices or at institute level.

Government stated (February 2025) that new complaint registers have been opened at the State and District levels. All complaints related to scholarship schemes are recorded and necessary corrective actions are taken to resolve them. Government further stated that GROs will be appointed.

2.3.8 Conclusion

The Department failed to identify potential beneficiaries and include all the eligible beneficiaries for coverage under the scholarship schemes. The coverage of beneficiaries under *Adhoc* Merit Grant scheme was very low at 1.29 *per cent*. In respect of four schemes, which were processed online through NSP portal, imprudent timelines were fixed leading to delay in payment of assistance to the students and in respect of schemes implemented through offline mode, timeline for processing applications at various levels was not fixed. There were delays ranging from one year to three years in obtaining sanctions and disbursement of full fees to the institutions, in respect of Grant of Full Fees Scheme, during the Audit period of 2020-23. Timely disbursement of scholarship was not made. In respect of four scholarship schemes processed through NSP portal, out of 26,309 beneficiaries, payments of ₹ 1.02 crore were not made to 4,340 beneficiaries. No evaluation/social audit and follow-up action of the scheme were conducted by the Department.

2.3.9 Recommendations

- *The database of eligible beneficiaries be created, potential beneficiaries be identified through the School Education Department and from other educational institutions, and that appropriate awareness be raised through IEC activities in order to guarantee full coverage of eligible beneficiaries under the programme.*
- *Prudent timelines should be fixed for processing of applications under all scholarship schemes and implemented to ensure timely disbursement.*

- *Government should make its intentions clear in the scheme guidelines, whether benefits availed under Retention Scholarship Scheme, Opportunity Cost Scheme and Pre-matric Scholarship Scheme are admissible to students getting reimbursement of fees under Grant of Full Fees scheme.*

REVENUE AND DISASTER MANAGEMENT AND SOCIAL WELFARE DEPARTMENTS

2.4 Schemes under Social Assistance Programmes

This audit covered implementation of two Social Assistance Programmes by the UT of Puducherry viz., Rajiv Gandhi Social Security Scheme for Poor families (implemented by Revenue and Disaster Management Department) and Financial Assistance to the Differently Aabled Persons (implemented by Social Welfare Department) during the period 2020-21 to 2022-23. An Entry Conference was held on 12 July 2023 with the Special Secretary-cum-District Collector-cum-District Magistrate, and Special Officer, Revenue and Disaster Management Department in which the Audit methodology, scope, objectives and criteria were explained. The Exit Conference was held on 26 February 2024 with the Director, Social Welfare Department and Special Officer, Revenue and Disaster Management Department in which the Audit findings were discussed.

2.4.1 Rajiv Gandhi Social Security Scheme for Poor families

2.4.1.1 Introduction

Under the Rajiv Gandhi Social Security Scheme for Poor Families which came into force with effect from March 2011, the family members of the BPL families with annual family income of not more than ₹ 75,000 and in the age group of 18 to 60 years are paid ₹ 30,000 in case of natural death, ₹ 75,000 in the case of unnatural death or permanent total disability (disability more than 40 per cent) and ₹ 37,500 in case of partial total disability (disability less than 40 per cent) due to accidents.

The Rajiv Gandhi Social Security Scheme (RGSSS) is monitored by the Secretary to Government, Department of Revenue and Disaster Management (DRDM) who is the administrative head. He is assisted by a Special Officer for processing of claims.

2.4.1.2 Imprudent budget allocation

Financial management of a scheme should ensure that the intended benefits of the schemes reach beneficiaries in time as envisaged. The details of budget provision sought for by the Department, budget provision made and actual

expenditure incurred in respect of Rajiv Gandhi Social Security Scheme (RGSSS) during 2020-21 to 2022-23 are indicated in **Table 2.17**.

Table 2.17: Fund requirement, Budget Provision and Actual Expenditure

(₹ in crore)

Year	Fund Requirement made by the Department	Budget Estimate	Revised Estimate	Actual Expenditure
2020-21	12.58	3.00	3.00	2.63
2021-22	13.22	1.73	1.73	1.72
2022-23	9.46	4.74	6.82	6.75
Total	35.26	9.47	11.55	11.10

(Source: Budget documents of respective years)

It could be seen from **Table 2.17** that the budget provision was insufficient to meet the actual requirement of funds. As a result, 1,511 applications, 3,234 applications and 2,485 applications were pending at the end of 2020-21, 2021-22 and 2022-23 respectively, even after being sanctioned.

Further, it was noticed during the beneficiary survey conducted by Audit that out of 75 beneficiaries surveyed, 11 beneficiaries reported they did not receive payments under the scheme and 63 beneficiaries responded that they received the payment after huge delays⁴⁵.

2.4.1.3 Non-availing of assistance from Government of India

The RGSSS scheme has been dovetailed with the centrally sponsored scheme of National Family Benefit scheme (NFBS) under National Social Assistance Programme (NSAP). The NFBS stipulated that a maximum of 218 beneficiaries will be considered. It was instructed (January 2019) by GoI to upload the details of deceased and claimant in National Social Assistance Programme-Pension Processing System (NSAP-PPS) Portal from April 2018. Further, the UT has to give the claim through DBT under NSAP-PPS Portal with Single Nodal Account linked with PFMS from April 2019 and that cases where State had already paid the claims, details have to be entered in the portal by 31 March 2019 and after that this facility would be withdrawn. Audit noticed that the Department had neither recorded the details of the deceased and claimant in the NSAP-PPS Portal nor claimed any amount. Thus, the failure of the Department to effectively comply with GoI instructions resulted in the CSS grant to the tune of ₹ 4.80 crore being foregone.

Government replied (January 2025) that action is being taken to communicate the fact regarding non-release of funds by GoI to the Hon'ble Lt. Governor for

⁴⁵ 1-2 years: 8 beneficiaries; 2-3 years: 21 beneficiaries and more than 3 years: 34 beneficiaries.

referring the same to GoI. The reply is not acceptable, as the claims are to be made only through the portal.

2.4.1.4 Inclusion of ineligible beneficiaries belonging to APL category

The rules for the Grant of Financial Assistance under the RGSSS for poor families 2012 provide that the Deceased/Disabled person for whom claim is made shall be a member of the BPL family in the age group of 18-60 years, in the UT of Puducherry.

Audit, by deploying UDH⁴⁶ cross referencing, observed that 478 beneficiaries to whom financial assistance have been sanctioned belonged to APL category. This resulted in ineligible payment of ₹ 1.43 crore.

Further, it was noticed during the beneficiary survey conducted by Audit that out of 75 beneficiaries surveyed, six beneficiaries who have been holding non-BPL ration cards were awarded scheme benefits.

Government replied (January 2025) that payment to the beneficiary is based on the income certificate furnished by the applicants.

The reply is not tenable, as the payments are in violation of the criteria that the Deceased/Disabled person for whom claim is made shall be a member of the BPL family, as stated in the Scheme Rules.

2.4.1.5 Non-seeding of Aadhaar with bank accounts of beneficiaries

The RGSSS is one of the schemes on-boarded in the UT Direct Benefit Transfer (DBT) Portal. The process for implementation of DBT involves Aadhaar seeding in beneficiary database and bank accounts.

In respect of RGSSS, the bank account was not seeded to the Aadhaar and the transfer of payments continued through Electronic Clearance Service (ECS) to the bank account of beneficiaries.

Government replied (January 2025) that the payments under the scheme are made through ECS mode in Pudhuvai e-Bill system of DAT through Cash Management Product (CMP) to the beneficiaries bank accounts based on account details provided at the time of applying for claim. The Government further stated that payment to the beneficiaries would be made to the bank account seeded to the Aadhaar of the beneficiary, if sufficient provisions are made by the DAT in the Pudhuvai e-Bill system.

2.4.1.6 Failed transactions

The payment under RGSSS is made through ECS. However, the Department neither maintains database/information on failed transactions nor tracks further payment status with DAT to ascertain whether the failed transactions were

⁴⁶ A web-based platform of Planning & Research Dept of UT of Puducherry that collects data from all departments, viz., ration card data or beneficiary data, with demographic details like name, age, date of birth, gender, encrypted UID, etc., for removal of duplication and cross-references.

reinitiated for payment. Information obtained by Audit from the DAT, Puducherry, through whom payments are made revealed that during 2022-23, 51 transactions involving assistance payable of ₹ 18 lakh failed. The payments failed due to reasons such as (i) wrongly entered account number, (ii) account frozen, (iii) account closed, (iv) mismatching of IFSC/MICR number and (v) Account not in use. This would lead to deprivation of financial assistance to the needy.

Government replied (January 2025) that Return transaction on ECS mode of payment to the beneficiaries are disbursed immediately after obtaining prescribed applications.

Reply is not tenable, as the reply is general in nature and is silent on the payment made to the above cases involving 51 transactions.

2.4.1.7 Monitoring

Audit observed that the Department neither conducted social audit once in six months as required in NSAP guidelines to promote transparency, accountability and people's participation nor constituted an Advisory Committee at State/UT level to advise on matters related to effective implementation of the scheme.

The Government stated (February 2025) that the Rules for grant of financial assistance under RGSSS does not mandate Social Audit or constitution of Advisory Committee. The Government further stated that appropriate measure will be taken to comply with the guidance of NSAP.

2.4.1.8 Conclusion

Budget provision made was insufficient to meet the actual requirement of funds, as a result of which, 1,511 applications, 3,234 applications and 2,485 applications were pending at the end of 2020-21, 2021-22 and 2022-23 respectively, even after being sanctioned. Failure of the Department to comply with GoI instructions resulted in CSS grant to the tune of ₹ 4.80 crore being foregone. Financial assistance of ₹ 1.43 crore was made to ineligible beneficiaries. Aadhaar seeding of bank accounts was not done. The payment under RGSSS is made through ECS. During 2022-23, 51 transactions involving assistance payable of ₹ 18 lakh failed. The Department did not conduct Social Audit.

2.4.1.9 Recommendations

- *Claims under the scheme should be processed through NSAP portal, so that GoI assistance can be obtained.*
- *The suitable income criteria should be prescribed to identify and cover only the eligible BPL families under the age group of 18-60 under the scheme.*

2.4.2 Financial Assistance to Differently Abled Persons

2.4.2.1 Introduction

Under the scheme of Financial Assistance to the Differently Abled Persons (FA-DAP), the eligible differently abled persons with household family annual income not exceeding ₹ 75,000 were paid monthly financial assistance, according to the percentage of disability and age, ranging from ₹ 1,500 to ₹ 2,300 during the period April 2020 to July 2021 and ₹ 2,000 to ₹ 3,800 during August 2021 to March 2023.

The Secretary to Government, Social Welfare Department is the administrative head who is assisted by Deputy Directors who have been vested with the general administration of the Scheme and payment of financial assistance.

2.4.2.2 Insufficient budget allocation

The details of requirement of funds, budget provision and actual expenditure in respect of FA-DAP during 2020-21 to 2022-23 are given in **Table 2.18**.

Table 2.18: Fund requirement, Budget Provision and Actual Expenditure
(₹ in crore)

Year	Sanctioned Beneficiaries	Fund Requirement for sanctioned beneficiaries	Budget Estimate	Revised Estimate	Actual Expenditure
2020-21	20,952	51.39	50.21	49.25	48.97
2021-22	20,952	59.87	55.43	56.50	56.39
2022-23	21,329	65.23	59.80	63.74	62.68
Total		176.49	165.44	169.49	168.04

(Source: Budget documents of respective years)

It could be seen from **Table 2.18** that the budget provision was insufficient to meet the actual requirement of funds. It was only in 2022-23 that the sanctioned beneficiaries were increased from 20,952 to 21,329 to accommodate 605 beneficiaries, who were enrolled with delays ranging from three to 13 months, as detailed in **Paragraph 2.4.2.5**.

Government replied (February 2025) that new applicants are kept waiting till vacancy arises or obtaining a new expenditure sanction to contain the new beneficiaries within the defined numbers and hence imprudence occurred. The Government further stated that the total number of beneficiaries would be enhanced in future, considering the anticipated increase in numbers, so as to avoid pending applications.

2.4.2.3 Inadequacies in planning and coverage of potential beneficiaries

One of the main tasks for attaining the objectives of the social security schemes is identification of potential beneficiaries. In order to facilitate coverage of differently abled beneficiaries, the GoP decided (June 2022) to conduct door to door survey of differently abled persons before November 2022. However, the

same was not conducted resulting in non-institution of mechanism for identification of potential beneficiaries.

Government replied (February 2025) that since there are no specific field workers for conducting survey or inspection, it is difficult to identify potential beneficiaries at the field level.

The reply is not tenable as the Department had to maintain database of Differently Abled Persons and entrust field workers for beneficiary identification. It is pertinent to mention that the Department entered into MoU (2022) with an NGO, specifically for door-to-door survey for beneficiary identification. Further, the Department engaged Anganwadi workers for interface with the beneficiaries. However, the Department did not take measures to institute mechanism leveraging both aforementioned avenues for beneficiary identification.

2.4.2.4 Inclusion of ineligible beneficiaries

Audit found by UDH cross-referencing that 3,373 ineligible beneficiaries belonging to APL category and 59 beneficiaries⁴⁷ who were either dead or availed benefits under other schemes, were extended benefits for an amount of ₹ 9.46 crore. The Department neither weeded out the ineligible beneficiaries in time nor recovered the payment made.

Government replied (February 2025) that the benefit to the differently abled persons is imparted only based on the income certificate produced by the applicant and the medical record issued by the competent authority.

However, the fact remains that APL beneficiaries were also given assistance under the scheme.

2.4.2.5 Delay in processing of applications

The FA-DAP Rules 1992 provide that after having been satisfied with the eligibility, the assistance should be sanctioned and become due for payment on expiry of the month to which it relates and payable from the first of the month in which it is sanctioned. However, specific timeline has not been prescribed for processing of applications and obtaining sanction orders under this scheme.

In the absence of specific timeline in the FA-DAP Rules, Audit adopted the timelines prescribed in the Revised Guidelines for the schemes under NSAP (March 2014), wherein 85 days' timeline has been prescribed for different processes like verification of applications, sanction of pension etc., relating to schemes of NSAP.

Adopting the above criterion, Audit observed that during 2020-23, there were delays ranging from one to 38 months in processing of applications in respect of 1,482 beneficiaries out of 1,599 beneficiaries, as depicted in **Table 2.19**.

⁴⁷ Beneficiaries not alive: 21; Beneficiaries receiving OAP for Fishermen: 22; Beneficiaries receiving OAP and Destitute Pension: 15; Government employee: 1.

Table 2.19: Delay in processing of applications

Pending Batches of Applications		Eligible New Beneficiaries in the Batch	Included in the Month of	Time lapse in months		Delay in months (beyond three months) *	
From	To			From	To	From	To
May 2019	November 2019	227	May 2020	6	12	3	9
November 2019	October 2020	195	February 2021	4	15	1	12
February 2020	September 2020	73	May 2021	8	15	5	12
November 2020	July 2021	182	March 2022	8	16	5	13
September 2021	February 2022	309	March 2022	1	6	0	3
September 2021	February 2022	114	March 2022	1	6	0	3
September 2021	March 2023	29	October 2023	7	25	4	22
June 2020	March 2023	90	October 2023	7	41	4	38
February 2023	March 2023	263	October 2023	7	8	4	5

* 85 days Processing Time as per NSAP Guidelines taken and converted into three months

The delay occurred due to the limit imposed on sanctioned number of beneficiaries, which led to new beneficiaries remaining in waiting list for want of vacancies and non-revision of sanctioned number.

Government replied (February 2025) that applications are attended within maximum period of six months and assistance is disbursed to the beneficiary. However, Audit found that there were delays even up to 38 months in processing the applications.

2.4.2.6 Failed transactions

DBT guidelines contemplates that in case of failed transactions, the Department was required to send the rectified file to reinitiate the transaction for payment. The Department has been effecting payment of financial assistance through Aadhaar based payment mode/ECS. Audit observed that there were 13,642⁴⁸ number of failed transactions during 2020-23 (**Appendix 2.10**). The undisbursed amount has been refunded to the Government account.

The Director of Social Welfare Department replied (January 2025) that 13,036 failed transactions were reprocessed and that 606 transactions only were the net failed transactions as on date.

Government replied (February 2025) that the Aadhaar have been seeded with bank accounts, the inactive Aadhaar numbers were revived at present and the majority disabled beneficiaries are disbursed with pension through Aadhaar linked Bank Accounts. However, the fact remains that 606 cases of failed transactions are yet to be rectified and repayment made.

2.4.2.7 Monitoring

Government issued directions (March 2022) for undertaking social audit of the scheme in order to facilitate better delivery of the scheme benefits. However,

⁴⁸ 2020-21: 90; 2021-22: 3,455; 2022-23: 10,097.

it was noticed that the Department had not conducted any Social Audit. The Department did not review/reassess the status of disability level of beneficiaries and as a result, medical certificates of 116 beneficiaries stand expired. Further, the SAB on Disability did not conduct meetings during the past three years.

Government replied (February 2025) that social audit could not be conducted due to dearth of staff, action will be taken to form a Social Audit Unit and conduct Social Audit. Government further replied that the Department has initiated process to renew the Board with new incumbents and meetings of Advisory Board would be conducted on its reconstitution. Further necessary review units will be formed.

2.4.2.8 Conclusion

There was no mechanism like Door-to-door survey for identification of potential beneficiaries. There were delays ranging from 1 month to 38 months, in processing of applications in respect of 1,482 beneficiaries, due to limit imposed on sanctioned number of beneficiaries, which led to new beneficiaries remaining in waiting list for want of vacancies. Financial assistance of ₹ 9.46 crore was made to 3,432 ineligible beneficiaries. Social Audit was not conducted and no review/reassessment of status of disability level conducted.

2.4.2.9 Recommendations

- *Door-to-door survey should be made to identify potential beneficiaries.*
- *Verification process should be strengthened and action should be taken to weed out ineligible beneficiaries.*
- *Payment under the scheme should be made through Aadhaar linked bank accounts of the beneficiaries, to ensure that payment is made to the right person and to avoid failed transactions.*

2.5 Avoidable expenditure

SOCIAL WELFARE DEPARTMENT

2.5.1 Avoidable payment of Grants-in-Aid to Puducherry Corporation for the Development of Women and Differently Abled Persons – ₹ 5 crore

Non-recovery of overdue loan amount from pension of persons with disabilities (PwDs) resulted in avoidable payment of ₹ 5 crore by Social Welfare Department for repayment of loan to NHFDC.

The Puducherry Corporation for the Development of Women and Differently Abled Persons (PCDW&DAP) was nominated as State Channelising Agency (SCA) by National Handicapped Finance and Development Corporation

(NHFDC) in the year 2000, for extending loans to PwDs for upgradation of their socio-economic status. The loan was sanctioned with condition to repay loan in 20 quarterly instalments, within five years by PCDW&DAP. Further, the beneficiaries are required to repay the loan in 60 monthly instalments to PCDW&DAP.

During the period 2000-01 to 2018-19, NHFDC sanctioned loan of ₹ 30.18 crore to PCDW&DAP. Thereafter, no loan was released by NHFDC to PCDW&DAP.

The books of NHFDC showed an amount of ₹ 10.87 crore⁴⁹ was outstanding from PCDW&DAP as on 15 March 2019. In view of the continuous default of PCDW&DAP in repayment of huge overdue, NHFDC submitted (March 2019) case under Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD) before First Level Committee (FLC) for Settlement of Commercial Disputes between NHFDC and PCDW&DAP for recovery of the overdue amount. Five FLC meetings were held between April 2019 and August 2022. The decisions taken during the meeting are listed in **Appendix 2.11**.

It was noticed that one of the directions issued in the first meeting of the FLC (24 April 2019) was to recover outstanding dues from the pension⁵⁰ of the defaulters through Social Welfare Department, GoP. In the second meeting of the FLC (July 2019), GoI allowed two years' time to PCDW&DAP for repayment of existing dues.

The Secretary (Welfare) cum Chairperson, PCDW&DAP instructed (August 2019) the Director, Social Welfare Department to deduct an amount of ₹ 1,000 every month from the pension of the defaulting PwDs as per the undertaking given by them. Accordingly, an amount of ₹ 70.92 lakh was deducted from the PwDs⁵¹ during the period October 2019 to February 2020. A proposal for waiver of interest and penal interest for the loans granted to PwDs was deferred (January 2020) by the Council of Ministers of the GoP.

The pension deduction was not given effect from March 2020 to November 2020, due to onset of COVID pandemic. An amount of ₹ 11.01 lakh was recovered from pension of 1,101 defaulters for December 2020 and remitted to PCDW&DAP. Thereafter, no recoveries were made from pension payable to the defaulting beneficiaries, due to protest from the various Associations of the Differently Abled Persons against recovery of loan amount from the pension, as it would affect their livelihood.

⁴⁹ Principal: ₹ 10.07 crore; Interest: ₹ 0.08 crore; Penal Interest: ₹ 0.72 crore.

⁵⁰ Government accepted Differently Abled Persons' pension received from the Social Welfare Department as surety for sanction of loan under the scheme, by obtaining suitable undertaking from the beneficiaries.

⁵¹ October 2019: 1,373 PwDs; November 2019: 1,439 PwDs; December 2019: 1,433 PwDs; January 2020: 1,428 PwDs and February 2020: 1,419 PwDs.

The Managing Director, PCDW&DAP communicated (20 May 2021) the total overdue amount receivable from beneficiaries as ₹ 19.59 crore⁵² as of 31 March 2021 and requested the Director of Social Welfare Department to arrange for either repayment of the entire dues or to provide guarantee of the GoP to cover the staggered payments to NHFDC.

The Chairman-cum-Managing Director (CMD), NHFDC observed in the third FLC Meeting (28 May 2021) that overdue are piling up, due to repayments on very slow pace and emphasised that necessary budget provision shall be made to settle the dues of NHFDC.

Based on the request of PCDW&DAP, the Social Welfare Department sanctioned (March 2022) ₹ 5 crore as Grants in Aid to PCDW&DAP, which was remitted to NHFDC in March 2022.

During 2021-22 to 2023-24, an amount of ₹ 43.45 lakh was returned by the beneficiaries to PCDW&DAP towards interest and no principal amount was repaid. The balance payable to NHFDC as of 31 March 2024 was ₹ 8.15 crore (Principal: ₹ 7.81 crore and Interest: ₹ 0.34 crore) as per the records of PCDW&DAP.

The following observations are made in the above regard:

- Non-recovery of loan by PCDW&DAP led to piling up of overdue of the loan recoverable from the beneficiaries.
- Non-compliance of the direction of FLC to deduct the pension amount from January 2021 closed an avenue for recovery of loan amount from the beneficiaries.
- A scrutiny of Recovery statements sent by the PCDW&DAP to the Finance Department/Social Welfare Department, during January 2022 to May 2022 showed that there were only details of recovery made and no demand and balance details, to ascertain the progress of recovery, indicating laxity in monitoring by the Social Welfare Department of loan recovery by PCDW&DAP.
- Non-deduction of ₹ 1.91 crore⁵³ from the pension of the defaulters during the period January 2021 to February 2022 led to payment of GIA of ₹ 5 crore to PCDW&DAP in March 2022. Further, non-deduction of ₹ 3.28 crore⁵⁴ during the period March 2022 to February 2024 would lead to burden on the part of the Government in the ensuing period, in making payments to PCDW&DAP, in settling the dues to NHFDC.

⁵² Out of ₹ 26.54 crore released to 3,671 beneficiaries, Principal outstanding was ₹ 13.56 crore and Interest and Penal interest outstanding were ₹ 6.03 crore.

⁵³ Calculated based on the average recovery made during the period October 2019 to February 2020 and in December 2020 i.e., ₹ 81.93 lakh / 6 months = ₹ 13.66 lakh; For 14 months period = ₹ 13.66 lakh * 14 = ₹ 1.91 crore.

⁵⁴ For 24 months = ₹ 13.66 lakh * 24 = ₹ 3.28 crore.

In reply, the Government stated (February 2025) that the Hon'ble Chief Minister of Puducherry had announced (December 2023) that recovery of loan amount from the monthly financial assistance payable to the PwDs would not be made and that the Government would meet the financial requirement that would accrue from the waiver of loan availed by the PwDs. The Government further stated that the Finance Department has provided funds to the tune of ₹ 4.18 crore in RE 2024-25 for settlement of loan amount to NHFDC and that the balance amount would be settled in 2025-26.

The reply is not tenable, as it reinforces the stand of Audit that failure to recover the loan amount of beneficiaries shifts the burden of repayment to NHFDC on the part of the Government, besides depriving the PwDs opportunity to avail loan from the Government intended to promote self-employment and other ventures for the benefit/economic rehabilitation of them.

Recommendation: *The Department should effect timely recovery of loan to avoid burdening the Government of loan repayment and to make use of the scheme to improve the quality of life of beneficiaries.*

2.6 Wasteful expenditure

PUBLIC WORKS DEPARTMENT

2.6.1 Unfruitful expenditure on construction of Civil Station

Failure of the PWD to ensure availability of site before commencement of the work and imprudent decision to recommence the work without completing the transfer of the land resulted in unfruitful expenditure of ₹ 2.01 crore and avoidable payment of interest of ₹ 0.52 crore.

As per Section 15.1(2) of Central Public Works Department (CPWD) Works Manual 2007, availability of clear site is one of the desirables before approval of Notice Inviting Tender.

The Hon'ble Chief Minister of Puducherry made floor assurance during the Assembly session (2013) to construct a Civil Station in the vacant land available on Southwest corner of Bharathiar Palkalaikoodam⁵⁵ (BPK) campus in Ariyankuppam. The Civil Station was intended to accommodate Offices of Education, Women and Child welfare, Revenue, Electricity and Public Works Departments, in order to provide all facilities under one umbrella. Accordingly, the Chief Engineer (CE), Public Works Department (PWD), Puducherry proposed (November 2014) to the Government, construction of Civil Station at

⁵⁵ BPK is a multi-art institution under the administrative control of the Department of Art and Culture (DAC), Puducherry.

BPK premises in Ariyankuppam, Puducherry for accommodating various Government offices, after consultation with the other offices.

Accordingly, the administrative approval (July 2015) and expenditure sanction (September 2015) for the work were accorded by the Government at a cost of ₹ 7.02 crore with HUDCO loan assistance of ₹ 6.32 crore and balance of ₹ 70 lakh from UT Fund. Technical sanction for the work was accorded during 2015-16 for ₹ 6 crore by the Chief Engineer, PWD based on Puducherry Schedule of Rates (PSR) 2013-14 applicable to the year 2015-16.

The work was awarded (January 2016) to the lowest tenderer for ₹ 4.78 crore and commenced in January 2016. The PWD neither sent proposal for transfer of land nor any specific intimation about the proposed construction to the Department of Art & Culture (DAC), other than marking a copy of the work order to DAC. The work was suspended (March 2016) due to filing of a Public Interest Litigation by the employees of the BPK Society against the construction of Civil Station in BPK. The Hon'ble High Court of Madras directed (March 2016) that all legal formalities for transfer of land should be completed before commencement of construction.

Accordingly, the PWD requested (April 2016/May 2016) the DAC for transfer of the land to the extent of 0.50 acres. The DAC declined the request and stated (December 2016) that as per the norms of AICTE and Puducherry University under which BPK was affiliated, 12 acres of land is required for conducting PG/UG degree courses, whereas only 7.9 acres of land was in possession of BPK and hence 0.50 acre of land could not be spared. Consequent on the meeting (March 2017) by the Chairman of BPK with PWD, NOC for the construction of Civil Station in the BPK premises was issued by the Deputy Secretary to Government, Department of Art and Culture in May 2017, so that availability of land for BPK would not decrease.

Meanwhile, the contractor demanded (October 2016) payment at current rates (PSR 2016-17) and issued (November 2016) an arbitration notice to the PWD. However, the work was foreclosed (September 2017) by the Department. Expenditure incurred till that time on the work was ₹ 5.33 lakh.

An arbitration award was passed (February 2018) for payment of ₹ 18.93 lakh in favour of the contractor. This included an amount of ₹ 17.73 lakh on account of loss of expected profit stating that PWD committed fundamental breach of floating tender without any authority over the land and caused the contractor to wait without any concrete decision for a long time. The appeal preferred by the Department (August 2022) to set-aside the award was dismissed (September 2022), since it was time barred.

Fresh tenders for the work were called for (January 2018) and the work was awarded to the lowest tenderer for ₹ 5.26 crore (December 2018). The work was commenced in February 2019. The member Secretary, BPK requested (May 2019) PWD that the building on construction be handed over to them, for subsequent allotment of portion of building to other departments as per need or the work be stopped.

The work was foreclosed by PWD in May 2020, as the work was executed on the basis of invalid NOC, as opined by DAC. An amount of ₹ 1.96 crore was paid to the contractor till May 2020⁵⁶. The Executive Engineer, PWD informed (June 2020/January 2021) the DAC that the building work will be taken up only after transfer of land and if the transfer of land was not feasible, the same will be completed and handed over to DAC and requested for provision of funds.

The DAC requested (April 2022) PWD to restart the work and handover the new building to BPK. Further, the DAC sought (October 2022) administrative approval for the work from the Government. The clarifications (given by EE, PWD) sought for by the Finance Department were submitted by PWD in June 2023. However, the administrative approval is yet to be accorded by the Government till date.

The EE/PWD, Buildings and Roads (North) Division, Puducherry stated (June 2023) in reply to a query of the Finance Department that the usage of the building will be decided according to the requirements of the Arts and Culture Department, since the building is proposed to be used by the BPK after being handed over to the Arts and Culture Department by the PWD.

Thus, the failure of the PWD to ensure availability of a clear site before commencement of the work and imprudent decision to recommence the work without completing the transfer of the land resulted in partial construction of the building intended to house the Civil Station, rendering unfruitful expenditure of ₹ 2.01 crore⁵⁷ and avoidable payment of ₹ 51.73 lakh towards interest on loan, besides causing liability of ₹ 18.93 lakh towards arbitration.

In reply, the Government stated (June 2024) that the decision of extension of affiliation for PG courses taken by BPK was not known to them. The Government further stated that the building would be constructed after obtaining of administrative and expenditure sanction by the client department, and on completion of the work, it would be handed over to BPK.

The reply is not acceptable as even after ten years, the building is yet to be completed for want of administrative approval and no firm decision has been taken on the usage of the proposed building on completion.

Recommendation: *The PWD should avoid embarking on new projects without availability of clear site to avoid litigation and unfruitful expenditure.*

⁵⁶ At that stage, the building was completed up to grade beam level (i.e., pile foundation, pile caps and grade beam).

⁵⁷ Payment made to the first contractor: ₹ 5.33 lakh; Payment made to the second contractor: ₹ 1.96 crore.

2.6.2 Avoidable payment of Environmental compensation

Non-commencement of setting up of the Sewage Treatment Plants resulted in avoidable payment of Environmental compensation of ₹ 2.40 crore.

The National Green Tribunal (NGT) Principal Bench, New Delhi, in its order with regard to restoration of Polluted rivers, prescribed (September 2018) timelines to all States and Union Territories, as detailed in the **Chart 2.9**, for ensuring compliance.

Chart 2.9: Timelines prescribed by NGT



In this process, the Central Pollution Control Board (CPCB) had identified (September 2018) Chunnambar/Sankraparani River in Puducherry and Arasalar River in Karaikal as polluted stretches, falling under Priority Categories V and IV, based on Bio-Chemical Oxygen Demand (BOD) concentration of six and seven mg/litre respectively.

In response to the Action Plans submitted, the CPCB informed (February 2019) that action be taken as per recommendations of the River Rejuvenation Committee (RRC) constituted by the Puducherry UT Administration and action taken report might be submitted to the Hon'ble National Green Tribunal (NGT).

The NGT directed (December 2019) the States/UTs to commence setting up of Sewage Treatment Plants (STP) before 31 March 2020, failing which they are liable to pay ₹ 5 lakh per month per STP for default. The NGT had also directed the State Governments to set up appropriate monitoring mechanism at State level and that monitoring must be on fortnightly basis and record of progress maintained.

Subsequently, the NGT in June 2020 extended the time limit to 01 July 2020 and their completion and commissioning till 01 July 2021, in view of COVID

⁵⁸ River water is considered to be fit for bathing when it meets the criteria of having Bio-chemical Oxygen Demand (BOD) less than 3.0 mg/L, Dissolved Oxygen more than 5.0 mg/L and Faecal Coliform bacteria to be less than 500 MPN/100 ml.

pandemic. The Puducherry Pollution Control Committee (PPCC) directed (January 2022) PWD to remit ₹ 2.40 crore⁵⁹ as environmental compensation for failure to set up STPs within the stipulated timeline. Thereafter, the Secretary (Environment), with the approval of the Chief Secretary, Puducherry directed (August 2022) the PWD to deposit the amount and the amount was remitted to PPCC in March 2023.

In this regard, Audit observed (February 2023) the following:

In May 2019, the PWD approached Water and Power Consultancy Services⁶⁰ (India) (WAPCOS) for preparation of detailed project report (DPR) for setting up of the two STPs. The WAPCOS expressed (May 2019) its willingness to undertake the consultancy work and quoted ₹ 63.01 lakh as consultancy fees. On request by the PWD for reduction in the rate, the WAPCOS revised (September 2019) the fee to ₹ 59 lakh. On submission of proposal, the Chief Secretary remarked (September 2019) to explore the option of calling tender on design, build, operate and transfer (DBOT) basis due to higher cost of the proposal. As per the directions of the Chief Secretary, four tender calls were made between November 2019 to June 2020. However, tenders could not be assessed/finalised, due to non-response and also the reason that the details of scope in tender were more generic and not specific on various aspects like technology for treating the wastewater and the bidders quoted financial offer for different technologies, which could not be compared. It was decided in December 2020 to utilise the services of WAPCOS for preparation of DPR for setting up the STPs.

Accordingly, the PWD sought (January 2021) expenditure sanction of the Government for entrusting the consultancy services to WAPCOS and the sanction of Hon'ble LG was obtained (February 2021). The work of preparation of DPR for installation of STPs at both the places was entrusted (June 2021) to WAPCOS for ₹ 41.30 lakh, after lapse of two years from obtaining their willingness to undertake the consultancy in May 2019. Final DPR was received in September 2022. The project cost of the DPR prepared by WAPCOS for Villianur (3 MLD) was ₹ 35.73 crore and that of Karaikal (2 MLD) was ₹ 27.27 crore.

However, during the NGT hearing held (November 2022), it was observed that sewage generated was 10.60 MLD as per the population of Karaikal. Hence, NGT directed the Puducherry Government to install a STP to fill the gap.

⁵⁹ ₹ 5 lakh each for the two STPs per month during the period July 2020 to June 2021: ₹ 5 lakh x 2 x 12 = ₹ 1.20 crore and ₹ 10 lakh each for the two STPs from July 2021 to December 2021: ₹ 10 lakh x 2 x 6 months = ₹ 1.20 crore; Total = ₹ 2.40 crore.

⁶⁰ A Public Sector Undertaking under the administrative control of the Ministry of Water Resources, GoI, set up to undertake assignments relating to consultancy, construction and implementation in Water Resources, Power and Infrastructure Development projects. GoI instructed (January 2014) all the Ministries/Organisation to consider award of works to WAPCOS on nomination basis.

Accordingly, the Local Administration Department of the GoP accorded (June 2023) Administrative Approval and Expenditure sanction for the work of 11 MLD STP at Karaikal under AMRUT 2.0 Mission for ₹ 43.30 crore (₹ 22.50 crore under AMRUT 2.0 fund and ₹ 20.80 crore from the UT fund). After due tender process, the work was entrusted to a contractor in July 2023 for ₹ 43.08 crore. The work of STP at Villianur is yet to commence.

The indecision of the Government (appointment of consultant, non-finalisation of the specific technology in tender document) and ineffective monitoring by the State Level Monitoring Committee resulted in non-setting up of STPs at Villianur and Karaikal so far and avoidable payment of Environmental compensation of ₹ 2.40 crore. Besides, the objective of restoration of polluted rivers was not achieved.

The Government replied (February 2025) that 60 *per cent* of the work in respect of setting up of 11 MLD STP in Karaikal has been completed and that the STP would be completed by 30 June 2025. The setting up of 3 MLD STP at Villianur (Puducherry) is at under tender stage and will be completed by January 2026.

Recommendation: Government should implement directions on environmental protection in timely manner, so that pollution is abated benefiting public at large.

CHAPTER III

REVENUE RECEIPTS

CHAPTER III

REVENUE RECEIPTS

3.1 Trend of revenue receipts

3.1.1 The tax and non-tax revenue raised by the Government of the Union Territory of Puducherry and the Grants-in-Aid received from the Government of India (GoI) during the year 2022-23 and the corresponding figures for the preceding four years are mentioned in **Table 3.1**.

Table 3.1: Trend of Revenue receipts

(₹ in crore)						
Sl. No.	Category	2018-19	2019-20	2020-21	2021-22	2022-23
	Revenue raised by the Government					
I	(a) Tax revenue	3,188.75	2,475.48	1,947.83	3,236.29	3,574.28
	(b) Non-tax revenue	1,583.89	1,637.54	1,460.02	2,183.95	1,963.75
	Total (I)	4,772.64	4,113.02	3,407.85	5,420.24	5,538.03
II	Receipts from GoI - Grants-in-Aid	1,627.77	2,668.32	2,482.14	2,438.68	4,097.32
III	Total receipts of the Government (I + II)	6,400.41	6,781.34	5,889.99	7,858.92	9,635.35
IV	Percentage of I to III	75	61	58	69	57

(Source: Finance Accounts of the respective years)

During the year 2022-23, the revenue raised (₹ 5,538.03 crore) by the Union Territory Government was *57 per cent* of the total revenue receipts as against *69 per cent* in the preceding year. The balance (₹ 4,097.31 crore) *43 per cent* of the receipts during 2022-23 was obtained from the GoI as Grants-in-Aid and contributions.

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

Table 3.2: Details of tax revenue raised

(₹ in crore)

Sl. No.	Heads of revenue	2018-19		2019-20		2020-21		2021-22		2022-23		Percentage of increase (+)/decrease (-) in 2022-23 over 2021-22
		Budget	Actuals	Budget	Actuals	Budget	Actuals	Budget	Actuals	Budget	Actuals	
1	Goods and Services Tax	925.00	907.04*	1,723.00	781.54	1,850.00	432.89	2,322.00	1,273.16	1,861.00	1,151.45	(-) 9.56
2	Taxes on Sales, Trade, etc.	1,100.00	632.01	727.00	596.64	700.00	549.21	720.00	655.84	770.00	747.85	14.03
3	State Excise	800.00	850.81	1,100.00	868.11	850.00	798.12	900.00	1,096.00	1,500.51	1,402.62	27.98
4	Stamps and Registration Fees	100.00	91.89	100.00	87.92	110.00	81.95	90.00	110.72	125.00	133.99	21.02
5	Taxes on Vehicles	115.00	114.17	125.00	139.60	160.00	84.23	100.00	99.26	125.00	136.88	37.90
6	Land Revenue	2.62	0.83	2.63	1.67	2.99	1.43	1.99	1.31	1.99	1.49	13.74
7	Others	0.38	0.00	0.37	0.00	0.01	0.00	0.01	0.00	0.01	0.00	--
Total		3,043.00	2,596.75	3,778.00	2,475.48	3,673.00	1,947.83	4,134.00	3,236.29	4,383.51	3,574.28	--

* Excluding the incorrectly booked receipt of GST compensation of ₹ 592 crore during 2018-19
(Source: Finance Accounts of the respective years)

The tax revenue increased from ₹ 3,236.29 crore in 2021-22 to ₹ 3,574.28 crore in 2022-23 by ₹ 337.99 crore over the previous year. The increase in collection was under Taxes on Sales, Trade, etc., (₹ 92.01 crore), State Excise (₹ 306.62 crore), Taxes on Vehicles (₹ 37.62 crore), Stamps and Registration Fees (₹ 23.27 crore), and Land Revenue (₹ 0.18 crore).

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

Table 3.3: Details of Non-tax revenue raised

(₹ in crore)

Sl. No.	Heads of revenue	2018-19		2019-20		2020-21		2021-22		2022-23		Percentage of increase (+)/decrease (-) in 2022-23 over 2021-22
		Budget	Actuals	Budget	Actuals	Budget	Actuals	Budget	Actuals	Budget	Actuals	
1	Power	1,310.00	1,352.96	1,455.00	1,422.45	1,340.00	1,295.04	1,865.00	2,010.00	1,930.00	1,755.93	(-) 12.64
2	Interest Receipts, Dividends and Profits	92.58	95.05	79.07	101.89	113.25	82.83	83.00	102.06	144.62	99.86	(-) 2.16
3	Medical and Public Health	22.63	26.48	27.00	10.96	12.00	17.32	22.00	18.27	26.00	16.52	(-) 9.57
4	Education, Sports, Art and Culture	2.44	6.72	7.00	2.38	3.00	0.75	0.90	0.88	1.25	2.26	156.81
5	Crop Husbandry	1.32	0.93	1.00	0.98	1.20	0.38	0.45	0.59	0.85	1.11	88.13
6	Other receipts	98.03	101.75	67.93	98.88	104.55	63.70	84.65	52.15	71.00	88.07	68.87
Total		1,527.00	1,583.89	1,637.00	1,637.54	1,574.00	1,460.02	2,056.00	2,183.95	2,173.72	1,963.75	--

(Source: Finance Accounts of the respective years)

The non-tax revenue decreased from ₹ 2,183.95 crore in 2021-22 to ₹ 1,963.75 crore in 2022-23 by ₹ 220.20 crore over the previous year. The decrease was mainly on account of decrease of receipts under Power, Interest Receipts, Dividends and Profits, Medical and Public Health.

3.2 Audit Planning

The unit offices under various Departments are categorised into A (high), B (medium) and C (low) units according to their revenue position, past trends of audit observations, nature/volume of transactions, etc. The annual audit plan is prepared based on the risk analysis which, *inter-alia*, includes statistical analysis of the revenue earnings during the past five years, features of the tax administration, audit coverage and its impact during the past five years, etc.

During the year 2022-23, the audit universe comprised 40¹ auditable units; out of which, 10² units were planned and audited during the year 2022-23, *i.e.*, 25 per cent of the total auditable units.

3.3 Response of the Departments/Government towards audit

3.3.1 Inspection Reports

Principal Accountant General (Audit-II), Tamil Nadu and Puducherry arrange periodical inspection of the Government Departments to test check the transactions and verify the maintenance of important accounts and other records as per the prescribed 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 Offices inspected with copies to the next higher authorities, for taking corrective action. The Heads of offices/Government are required to comply with the observations contained in the IRs, rectify the defects and omissions promptly and report compliance to the Office of the Principal Accountant General within one month from the date of issue of the IRs. Serious financial irregularities are also brought to the notice of the Heads of Departments and the Government by the office of the Principal Accountant General.

Inspection Reports issued up to 31 December 2022 disclosed that 938 paragraphs involving ₹ 126.67 crore relating to 243 IRs remained outstanding at the end of June 2023, along with the corresponding figures for the preceding two years, as mentioned in **Table 3.4**.

¹ State Taxes - 9 units, Registration - 11 units, Transport - 7 units and Excise - 13 units.

² Excise - 6, State Taxes - 4.

Table 3.4: Details of pending IRs

Inspection Reports	June 2021	June 2022	June 2023
Number of outstanding IRs	223	247	243
Number of outstanding audit observations	948	893	938
Amount involved (₹ in crore)	273.1	256.33	126.67

Department-wise details of IRs and audit observations outstanding as on 30 June 2023 and the amounts involved are mentioned in **Table 3.5**.

Table 3.5: Department-wise details of IRs

Sl. No.	Tax Heads	Outstanding		(₹ in crore)
		Inspection Reports	Audit Observations	Amount
1	Sales Tax	46	193	91.88
2	Stamp Duty and Registration Fee	93	328	15.65
3	Taxes on Vehicles	62	320	8.95
4	State Excise	42	97	10.19
Total		243	938	126.67

The large pendency of the IRs due to non-receipt of the replies is indicative of the failure by Heads of Offices and Departments to initiate action to rectify defects, omissions and irregularities pointed out by the Principal Accountant General through the IRs.

3.4 Response of the Excise Department to the issues raised by Audit

To analyse the system of addressing the issues highlighted in IRs/Audit Reports by the Departments/Government, the action taken on the paragraphs and Performance Audits included in the Audit Reports of the last 10 years for one Department has been evaluated and included in this Audit Report.

The succeeding paragraph discuss the performance of the Excise Department under revenue head '0030' and cases detected in the course of local audit and also the cases included in the Audit Reports during the last 10 years.

3.4.1 Position of Inspection Reports

The summarised position of IRs issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2023 are tabulated in **Table 3.6**.

Table 3.6: Position of Inspection Reports

(₹ in crore)

Year	Opening balance			Additions			Total			Clearance			Closing balance		
	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value
2013-14	31	71	136.72	7	20	0.51	38	91	137.23	4	14	132	34	77	5.18
2014-15	34	77	5.18	0	0	0.00	34	77	5.18	0	0	0.00	34	77	5.18
2015-16	34	77	5.18	4	13	0.82	38	90	6.00	0	1	0.00	38	89	6.00
2016-17	38	89	6.00	9	24	3.23	47	113	9.23	1	4	0.60	46	109	8.63
2017-18	46	109	8.63	5	10	0.19	51	119	8.82	0	0	0.00	51	119	8.82
2018-19	51	119	8.82	0	0	0.00	51	119	8.82	2	5	0.81	49	114	8.01
2019-20	49	114	8.01	2	12	2.83	51	126	10.84	0	0	0.00	51	126	10.84
2020-21	51	126	10.84	0	0	0.00	51	126	10.84	2	6	0.65	49	120	10.19
2021-22	49	120	10.19	0	0	0.00	49	120	10.19	0	0	0.00	45	102	10.19
2022-23	45	102	10.19	9	27	0.00	54	129	10.19	0	0	0.00	54	129	10.19

As against 31 IRs involving 71 paragraphs which were pending at the beginning of 2013-14, the number at the end of 2022-23 is 54 IRs and increased to 129 paragraphs.

3.4.2 Recovery of accepted cases

During the last 10 years up to 2022-23, one draft paragraph involving ₹ 28.08 lakh pertaining to Excise Department was included in the Revenue Receipts chapter of the Compliance Report of the Comptroller and Auditor General of India, Government of Union Territory of Puducherry. Further, the Department accepted audit observations involving ₹ 16.59 lakh.

3.5 Results of Audit

During the year up to 2022-23, the Compliance Audit of Excise Department was taken up and observations on non-collection of licence fee, non-collection of interest and other items as detailed in **Table 3.7**.

Table 3.7: Non-collection of licence fee, non-collection of interest and other items

Sl. No.	Classification	No. of cases
1	Non-collection of licence fee	3
2	Non-collection of interest	2
3	Others	23
Total		28

3.6 Coverage of this Chapter

This Chapter contains one Subject Specific Compliance Audit on “Department’s oversight on GST Payments and Return filing - Phase II” and one draft paragraph on Transport Department involving money value of ₹ 49.81 lakh.

COMMERCIAL TAXES DEPARTMENT

3.7 Subject Specific Compliance Audit on Department’s oversight on GST Payments and Return filing - Phase II

3.7.1 Introduction

Introduction of Goods and Services 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 Puducherry Goods and Services Tax Act, 2017 (PGST Act) 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 stipulates 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 Commercial Taxes Department, Puducherry Commissionerate (State Tax), in this tax regime.

3.7.2 Audit objectives

Audit of Department’s oversight on GST Payments and Return filing’ was taken up with the following audit objectives to seek an assurance on:

- Whether the rules and procedures were designed to secure an effective check on tax compliance and were being duly observed by taxpayers; and

- Whether the scrutiny procedures, internal audit and other compliance functions of the department were adequate and effective.

3.7.3 Audit scope

The scope of audit comprised examination of taxpayers' compliance, scrutiny process and subsequent follow-up carried out by the department on returns filed by the registered taxpayers. In addition, the SSCA included review of records of a sample of taxpayers for the years 2018-19 to 2020-21. The scope of this SSCA also included examination of the functions of selected Divisions.

While the review of the scrutiny of returns by the department and verification of taxpayers' records covered the period from April 2018 to March 2021, the audit of the functions of selected Divisions generally covered the period from April 2020 to March 2021. However, in respect of scrutiny of returns conducted by the department based on Standard Operating Procedure (SOP) issued in May 2022, audit covered the scrutiny cases, relating to the tax period 2017-18 and 2018-19, initiated during the year 2022-2023. All scrutiny cases conducted by the department prior to the issue of SOP which related to the period from 2017-18 to 2020-21 were covered in audit. The SSCA covered only the State administered taxpayers. The field audit was conducted from October 2023 to December 2023 and March 2024.

3.7.4 Audit methodology and Sample selection

A data driven approach was adopted for planning, as 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 centralised audit that did not involve field visits; a sample of taxpayers for detailed audit that involved field visits and scrutiny of taxpayer's records at departmental premises; and a sample of Divisions for evaluating the compliance functions of the divisions.

There were three distinct parts of this SSCA as under:

Part I - Audit of Divisions

For the purpose of evaluation of oversight functions, two³ Divisions (excluding Divisions covered in Phase I) with jurisdiction over highest number of selected samples for Detailed Audit were considered as the sample for audit of Divisions.

Part II - Centralised audit

Audit analysed GST returns data pertaining to 2018-19 to 2020-21 as made available at GSTN premises and identified a set of deviations and logical inconsistencies between GST returns filed by taxpayers. A set of 17 parameters were identified such as mismatch of Input Tax Credit (ITC) availed between Annual Returns and Books of accounts, short payment of interest, etc., through data queries. Audit selected a sample of 183 high risk cases for assessing the adequacy and effectiveness of the scrutiny procedure of the Department. The

³ Goods Division I and Service Division.

audit queries were issued to the Commissionerate between July 2023 and October 2023 without further scrutiny of taxpayers' records.

Part III - Detailed audit

Audit selected 20 cases for detailed audit which involved field visits for verification of records available with the five⁴ Divisions. Taxpayers' records like returns and related attachments and information were accessed through Divisions for assessing the extent of tax compliance by taxpayers. Audit utilised the access to Boweb Portal provided to the maximum extent feasible to examine data/documents relating to taxpayers (*viz.* registration, tax payment, returns and other departmental functions). Efforts were made to access the relevant granular records from the taxpayers on a risk-based approach such as invoices, etc., through respective Divisions.

Entry Conference of this SSCA was held on 25 July 2023 with Assistant Commissioner, Commercial Taxes Department, Puducherry and other officers of the Department in which the audit objectives, sample selection, audit scope and methodology were discussed. The Exit Conference was held on 13 May 2024 with the Commissioner, Commercial Taxes Department, Puducherry in which the audit findings were discussed. The written replies to the draft report by the Government have been suitably incorporated in the relevant paragraphs.

3.7.5 Audit criteria

The source of audit criteria comprised the provisions contained in the PGST Act, IGST Act, and Rules made thereunder. In addition, the notifications and circulars issued by the Commercial Taxes Department relating to filing of returns, rates of tax on goods and services, payment of tax, availing and utilising ITC, scrutiny of returns, oversight of tax compliance, etc., also formed part of the audit criteria.

3.7.6 Compliance verification mechanism of the department

Four systemic areas were identified for examination in audit *viz.*, (i) effectiveness of scrutiny of returns and assessment, (ii) effectiveness of internal audit, (iii) effective use of Business Intelligence and Fraud Analytics (BIFA) reports (iv) cancellation of registration. Accordingly, relevant information was called for from the selected two Divisions. The role of Divisions is to ensure compliance by taxpayers in respect of accuracy of the taxable value declared, calculation and payment of tax liabilities, filing of returns, etc. The Divisions have a broad set of functions to be exercised in this regard, which were assessed as part of this SSCA. During such verification, the following shortcomings were noticed.

⁴ Goods Division-I, Good Division-II, Goods Division-III, Karaikal and Service Division.

Results of Division Audit

3.7.6.1 Effectiveness of scrutiny of returns

Scrutiny of returns is an important oversight function of the department to ensure compliance to GST provisions.

As per Section 61 of the PGST Act, 2017, 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. Further, Rule 99 of the PGST Rules, 2017 mandates that the discrepancies, if any, noticed shall be communicated to the taxpayer seeking his explanation. If the explanation offered is found acceptable by the proper officer, the proceeding shall be dropped, the taxpayer shall be informed accordingly, and no further action in the matter shall be taken. If, however, the taxpayer does not furnish a satisfactory explanation within 30 days of being informed (extendable by the proper officer) or does not take any corrective action, the proper officer may initiate appropriate action, including the issue of demand notices under Section 73 or Section 74 of the PGST Act, 2017.

(a) The Department prescribed (May 2022) the SOP for scrutiny of returns for the years 2017-18 and 2018-19 with a view to ensure uniformity in conduct of scrutiny as per Section 61 of the PGST Act, 2017. Based on the SOP, Commissionerate forwarded the list of taxpayers for scrutiny by the Divisions. The scrutiny list for the year 2017-18 was communicated in June 2022. The scrutiny list for the period 2018-19 was not communicated till March 2023. Details of scrutiny cases relating to 2017-18 and the cases initiated by seven Divisions during 2022-23 are given in **Table 3.8**.

Table 3.8: Details of scrutiny cases post-SOP

Period	Tax Period	Cases Communicated	Cases initiated by the Divisions
2022-23	2017-18	870	794

(b) It was seen that Service Division initiated *suo-moto* scrutiny of returns of four taxpayers, before the issue of SOP. Other six Divisions of Puducherry Commissionerate did not undertake any scrutiny of returns from 2017-18 to 2020-21.

The correctness of the scrutiny cases initiated by the department before and after issue of SOP was test checked and the results of the same are discussed in the subsequent paragraphs.

(i) Shortfall in scrutiny

In the two selected Divisions viz., Service Division and Goods Division - I, the number of cases selected for scrutiny are given in **Table 3.9**.

Table 3.9: Taxpayers selected for scrutiny

Division	Selected for scrutiny by Commissioner during 2022-23 after SOP		Cases selected by Division before SOP		
	No of taxpayers	Scrutiny initiated (percentage in bracket)	2018-19	2019-20	Total
Service Division	136	105 (77)	3	1	4
Goods Division - I	180	135 (75)	0	0	0

It may be seen that in 23 *per cent* of the selected taxpayers, scrutiny was not initiated during 2022-23 in Service Division and the percentage of non-initiation of scrutiny by Goods Division-I was 25.

Government stated (February 2025) that on the basis of instruction given by the Commissionerate, almost all the mismatch cases were ascertained and taken up for *suo-moto* scrutiny of returns. The reply of the Government was not relevant to audit observation.

Out of the 240 scrutiny cases initiated, top 10 cases for each Division, were selected for test check. In addition, all the four pre-SOP cases, which were initiated for scrutiny were also test checked. The audit observations relating to the two out of 24 test checked scrutiny cases are discussed in subsequent paragraphs.

(ii) Incorrect scrutiny of returns resulting in non-levy of interest

As per Section 50(1) of the PGST Act, 2017, read with Rule 88B of the PGST Rules ‘every person who is liable to pay tax but fails to pay the tax to the Government within the period prescribed, shall for the period for which the tax remains unpaid, pay, on his own, interest at 18 *per cent*. Further as per the first proviso to Section 50(1) of the PGST Act, 2017, the interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period furnished after the due date shall be payable on that portion of the tax which is paid by debiting the electronic cash ledger. Further as per Section 50(3) of PGST Act, 2017, every person who has wrongly availed and utilised the ITC should pay interest of 24 per cent on amount of ITC wrongly availed or utilised.

In Service Division, during 2022-23, returns of an assessee (34XXXXXXXXXX1ZX) for the year 2017-18, were taken up for scrutiny based on SOP by the department. On scrutiny, the department issued (September 2023) a Show Cause Notice (SCN) highlighting belated tax payment of ₹ 20.53 lakh. Based on the reply of the taxpayer that the tax dues were paid by debiting the electronic credit ledger and not through electronic cash ledger, department dropped the proceedings in March 2024.

During verification by Audit, it was noticed that ₹ 5.40 lakh out of ₹ 20.53 lakh was paid by debiting electronic cash ledger and the balance through credit

ledger. Hence, payments through cash ledger attracted interest. The interest payable worked out to ₹ 2.60 lakh.

Government stated (February 2025) that interest was collected ₹ 1.39 lakh and the balance amount of ₹ 1.21 lakh is to be collected from the taxpayer.

(iii) *Inordinate delay in follow-up action after scrutiny notice*

As per Section 61 of the PGST Act, 2017, read with Rule 99(1) of PGST Rules, 2017, proper officer has to initiate appropriate action, if the taxpayer provides no satisfactory explanation to the notice issued in ASMT-10 within a period of 30 days.

In Service Division, during 2020-21, returns of an assessee (34XXXXXXXXXX1ZO) for the tax period 2019-20, was taken up for *suo-moto*⁵ scrutiny by the department. During the scrutiny of returns, the department issued (November 2020) ASMT-10 highlighting discrepancy in availment of ineligible ITC of ₹ 8.89 lakh due to payment of tax at concessional rate. During verification by Audit, it was noticed that no further follow-up action was taken to determine the tax as per the provisions of Section 61(3) despite a lapse of more than three years.

Government stated (February 2025) that tax would be determined and show cause notice would be issued in this regard.

3.7.6.2 *Effectiveness of Internal Audit*

As per Section 65 of the PGST 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 PGST 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 to verify the correctness of turnover declared, taxes paid, refund claimed and input tax credit (ITC) availed, and to assess his compliance with the provisions of this Act or the rules made thereunder. Further, departmental action against non-compliant taxpayers is a time bound activity under Section 73 of PGST Act, 2017.

Audit ascertained that the Department did not form an Internal Audit Wing to exercise the mandated provisions of the Act and no Internal Audit was conducted during 2020-21. This indicated that due importance was not given to this prime function of ensuring the complete assessment of tax records to verify the correctness of turnover, payment of taxes, ITC availed and utilised and compliance to the provisions of the Act.

Commissioner of Commercial Taxes in the Exit Conference (May 2024) stated that remedial action has been initiated. The Government stated (February 2025) that Internal Audit was not taken up due to shortage of manpower and it would

⁵ Based on parameter ineligible ITC.

be taken up in 2024-25. It is pertinent to mention that, despite assurance of the Department to take up Internal Audit during 2022-23 for the audit observations included in the CAG's Audit Report for the year ended March 2022, no effective action was taken till date (February 2025).

Recommendation 1: *The Department needs to take prompt steps to undertake internal audit so that timely action could be initiated against the defaulters as in the era of self-assessed tax regime, internal audit is one of the main tools for ensuring compliance by the taxpayers.*

3.7.6.3 Effective use of BIFA reports

The system prevailing in the Department with regard to studying, interpreting and analysing the GST data and sharing the results by generating reports on taxpayers on various risk parameters were called for and it was replied that BIFA (Business Intelligence and Fraud Analytics) tool is being used by Puducherry state tax authorities for analytics.

BIFA aims to detect tax evasion, empower the policy decision makers, provides real time actionable insights on detection of tax evasion and revenue assurance. It also reduces the revenue leakages and enhances detailed network analysis, audit assessments of suspicious dealers and their detailed trend analysis by the concerned assessing authorities.

(a) Audit requested (December 2023) for access to BIFA reports in the portal, however, the same was not provided (March 2024) despite reminders.

(b) The statistics on the number of reports received from BIFA for the year 2020-21 were not given stating (December 2023 and March 2024) that full access to all BIFA reports was not made available to all the Heads of Divisions by the GSTN and also stated that BIFA module has been enabled for the Commissioner (ST) during the financial year 2021-22 only. The details of action taken on the BIFA reports were also not furnished. Thus, Audit could not ascertain whether timely and appropriate action was taken on BIFA reports.

Government reply (February 2025) was silent about access to BIFA reports in the portal to Audit.

Recommendation 2: *The Department may provide full access to BIFA reports to Audit and ensure timely action on BIFA reports to avoid leakage of revenue.*

3.7.6.4 Cancellation of registration

Rule 22(3) of the PGST Rules, 2017, provides that where a person who has applied for cancellation of his registration is no longer liable to be registered or his registration is liable to be cancelled, the proper officer shall issue an order in Form GST REG-19, within a period of thirty days from the date of application submitted under Rule 20. Section 29 of the PGST Act, 2017, stipulates conditions for cancellation of registration, including *suo-moto* cancellation of registrations of taxpayers who have not filed returns for six consecutive months

(three consecutive tax periods for composition taxpayers). Section 45 of the PGST Act, 2017, read with Rule 81 of the PGST Rules, 2017, specify that any person whose registration was cancelled should file Final Return in FORM GSTR-10 within three months of the date of cancellation or date of order of cancellation, whichever is later. In any case the effective date should not be a date earlier than the date of application submitted by the taxpayer.

The proper officer for registration and cancellation of registration in Puducherry is Commercial Tax Officer, Registration Cell under the Commissionerate.

In the Service Division, during 2020-21, 263 cancellations were made based on applications from taxpayers and 172 *suo-moto* cancellations were made by the department. Audit selected 20 cancellations which included eight cancellations based on applications and 12 *suo-moto* cancellations for detailed check. Similarly, In Goods Division-I, during 2020-21, 204 cancellations were made based on applications from taxpayers and five *suo-moto* cancellations were made by the department. Audit selected 20 cancellations which included 16 cancellations based on applications and four *suo-moto* cancellations for detailed check. The mechanism of monitoring return filing and initiating action for cancellation in a time bound manner was reviewed and the following observed.

(i) Delay in cancellation

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

In Service Division, during 2020-21, it was noticed that 124⁶ out of 435 cancellations (30 *per cent*) were delayed by more than 30 days. The period of delay ranged between 31 to 381 days as shown in **Table 3.10**.

Table 3.10: Details of period of delay

Sl. No.	Range of days	Number of cases
1	31 to 100	98
2	101 to 200	22
3	201 to 381	4

Government stated (February 2025) that, in 120 cases the involvement of two wings *viz.*, Jurisdictional officer and Registration cell delayed the process and also due to pandemic situation during 2020-21. The department did not reply for delayed cancellation in four cases. Audit is of the view that lack of co-ordination between the officers of the department had resulted in an inordinate delay in cancellation of registration.

⁶ 124 cancellations in respect of voluntary cases.

In Goods Division-I, during 2020-21, it was noticed that 96⁷ out of 209 cancellations (46 *per cent*) were delayed by more than 32 days. The period of delay ranged between 32 to 1,019 days as shown in **Table 3.11**.

Table 3.11: Details of period of delay

Sl. No.	Range of days	Number of cases
1	32 to 100	59
2	101 to 500	32
3	501 to 1,019	5

The department stated (March 2024) that the matter would be taken up and a reply would be given in due course.

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

As per Section 45 of the PGST Act, 2017, final return in form GSTR-10 shall be filed within three months of the effective date of cancellation or the date of order of cancellation, whichever is later.

In the Service Division, during 2020-21, out of 435 cancellations GSTR-10 were filed only in 12 cases and no action was initiated for 423 cancellations for which GSTR-10 was not filed.

In Goods Division-I, during 2020-21, out of 209 cancellations GSTR-10 were filed only in 35 cases and no action was initiated for 174 cancellations for which GSTR-10 was not filed.

Government stated (February 2025) that notices were issued in all cases to the taxpayers and final reply would be submitted in due course.

(iii) Incorrect determination of effective date of cancellation

As per Rule 22 of the PGST Rules, 2017, the cancellation order in Form REG-19 shall be issued based on the application from the taxpayer with effect from a date determined by the proper officer. Circular instructions (October 2018) stipulated that the date of application shall be the effective date of cancellation and in any case the effective date shall not be a date earlier than the date of application for cancellation.

Audit noticed that 263 cancellation orders were issued in Service Division during 2020-21. Of the same, the effective date of cancellation was prior to the date of application of the taxpayer in 211 cases (80 *per cent*) which was in deviation of circular instructions. In Goods Division-I, 151 out of 204 cancellation orders (74 *per cent*) were issued during 2020-21 with effective date of cancellation prior to the date of application.

⁷ All 96 cancellations are voluntary cases.

Government stated (February 2025) that taxpayers requested for cancellation from a retrospective date and hence there is a difference between date of application for cancellation and date from which cancellation was given effect to. Further it is stated that the portal is designed in such a way that it does not permit cancellation from a date prior to the date from which cancellation has been requested by the taxpayer.

The reply is not tenable as approval of cancellation with retrospective effect was in deviation to the circular instructions and action may be taken to address the issues in the portal to avoid cancellations with retrospective dates.

Recommendation 3: *The department may strengthen the monitoring mechanism to ensure that due diligence is followed in procedures for cancellation and recovery. The work of Jurisdictional Tax office and the Registration Cell of the Department may be effectively co-ordinated to avoid delay in cancellation of registration.*

3.7.7 Centralised Audit (Part II)

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 17 parameters, which can be broadly categorised into two domains - ITC and Tax payments.

Out of the 13 prescribed GST returns⁸, the following basic returns that apply to normal taxpayers were considered for the purpose of identifying deviations, inconsistencies and mismatches between GST returns/data:

- 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 ITC claimed, along with payment of tax. This is the return that populates the credit and debits in the Electronic Credit Ledger and debits in Electronic Cash Ledger.
- GSTR-6: monthly return for Input Service Distributors (ISD) providing the details of their distributed ITC and inward supplies.
- GSTR-8: monthly return for e-commerce operators who collect tax at source (TCS).
- GSTR-9: annual return to be filed by all registered persons other than ISD and e-commerce operators.

⁸ 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-9C: annual audit form for all taxpayers having a turnover above ₹ 5 crore in a particular financial year
- GSTR-2A: a system-generated statement of inward supplies for a recipient. It contains the details of all Business to Business (B2B) transactions declared by suppliers, ITC declared by ISD, details of input component of imported goods.

3.7.7.1 Audit findings based on data analysis

The data analysis pertaining to Puducherry Commissionerate on the 17 identified parameters and the extent of deviations/inconsistencies observed are summarised in **Table 3.12**.

Audit selected a sample of 183 deviations from among the top inconsistencies/mismatches for the years 2018-19 to 2020-21. The audit queries were issued to the respective Divisions between July 2023 and October 2023 without scrutiny of taxpayer's records. The audit check in these cases was limited to verifying the Department's action on the identified deviations/mismatches. The department replied in all cases.

Table 3.12: Summary of data analysis and extent of deficiencies/mismatches (centralised audit)

Dimension	Parameter	Algorithm used	Number of deviations	Amount (₹ in crore)
Domain ITC				
D1	ITC mismatch between GSTR-2A and GSTR-3B	ITC available as per GSTR-2A with all its amendments was compared with the ITC availed in GSTR-3B in Table 4A(5) (accrued on domestic supplies) excluding the reversal Table 4B(2)) but including ITC availed in the subsequent years from Table-8C of GSTR-9.	20	53.38
D2	ITC passed on without supplier remitting tax	ITC available from GSTR-2A was compared with Table 8A of GSTR-9 which captures ITC available figures from GSTR-2A, an auto-populated non-editable field but excludes those entries in GSTR-2A where the supplier has not filed GSTR-1 by due date of its filing <i>i.e.</i> , 31 October 2019/October 2020. Table 8A also excludes the ITC for the period during which the recipient taxpayer was under composition scheme. From October 2020, additional columns were introduced in the GSTR-2A providing status of GSTR-3B filed by the supplier and also invoices raised after effective date of cancellation making it easier to identify transactions that are not eligible for availing ITC.	10	17.40
D3	ITC availed in GSTR-3B filed after cut-off period.	ITC availed through Table 4 of GSTR-3Bs pertaining to period 2018-19 to 2020-21 filed after October of the following year.	15	5.98

Dimension	Parameter	Algorithm used	Number of deviations	Amount (₹ in crore)
D4	Incorrect availing of ISD credit	ISD transferred in GSTR-9 Table 6G or GSTR-3B Table 4(A)(4) was compared with sum of Table 5A, Table 8A, and Table 9A of GSTR-6 of the recipients GSTINs.	3	0.25
D5	Short payment of tax under RCM versus ITC availed in GSTR-3B/GSTR-9	RCM payments in GSTR-9 Table 4G (tax payable) was compared with ITC availed in GSTR-9 Table 6C, 6D and 6F (ITC availed). In cases where GSTR-9 was not available, RCM payments in GSTR-3B Table 3.1(d) was compared with GSTR-3B 4(A)(2) and 4A(3). Greater of difference in GSTR-9 and GSTR-3B considered where both were available.	10	13.13
D6	Mismatch of ITC availed between Annual Return and Books of accounts	Positive figure in GSTR-9C Table 12F and examination of reasons provided in Table 13 for mismatch.	5	10.37
D7	Reconciliation between ITC availed in Annual return with expenses in financial statements	Positive figure in GSTR-9C Table 14T and examination of reasons provided in Table 15 for mismatch.	5	9.11
Domain Tax Payment				
D9	Unsettled Liabilities	The greater of the tax liability between GSTR-1 (Tables 4 to 11) considering advances and amendments, and GSTR-9 (Tables 4N, 10 and 11) was compared with tax aid details in GSTR-3B Table 3.1(a) and 3.1(b). In cases where GSTR-9 was not available, GSTR-3B tax paid was compared with GSTR-1 liability.	35	553.94
D10	Suppression in taxable liability based on E-way bill verification	GSTR-3B Table 3.1(a)+(b) was compared with tax liability declared in the e-way bills and cases where GSTR-3B are less than e-way bills are identified.	15	281.35
D11	Mismatch in tax paid between books of accounts and Annual Return	Negative figure in GSTR-9C Table 9R and examination of reasons provided in Table 10 for mismatch.	5	15.80
D12	Under- declaration taxable supplies by comparing TDS returns	Table 3.1(a) of GSTR-3B was compared with Column 6 of Table 9 of GSTR-2A. Cases where GSTR-3B values are less than that of GSTR-2A are identified.	5	10.94
D13	Suppression of taxable value based on unbilled revenue declared in GSTR-9C	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 indicates suppression of taxable turnover.	5	139.46

Dimension	Parameter	Algorithm used	Number of deviations	Amount (₹ in crore)
D14	Mismatch in taxable turnover declared in GSTR-9C Table 7G	Negative figure in GSTR-9C Table 7G and examination of reasons provided in Table 8 for mismatch.	5	1,899.23
D16	Ineligible composition levy	The composition taxpayers whose turnover on all India basis (Central and State jurisdiction) 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 were identified.	5	9.25
D17	Composition taxpayers also availing e-commerce facility	E-commerce GSTR-8 became effective from 1 October 2018 when TCS provisions became effective. GSTINs declared in GSTR-8 who are also filing GSTR-4/CMP-08 under composition scheme.	3	2.26
D20	GSTR-3B was not filed but GSTR-1 available	Taxpayer who have not filed GSTR-3B but have filed GSTR-1 or where GSTR-2A available, indicating taxpayers carrying on the business without discharging tax.	12	2.41
D21	Short payment of interest	Interest calculated at the rate of 18 per cent on cash portion of tax payment on delayed filing of GSTR-3B vis-a-vis interest declared in GSTR-3B	25	2.45
Total			183	3,026.71

3.7.7.2 Summary of deficiencies noticed during Centralised Audit

Based on responses received from the Department to the Audit Observations, the extent to which each of the 17 parameters which translated into compliance deviations are summarised in **Table 3.13**.

Table 3.13: Parameters converted into compliance deviations

Audit Dimension	Cases where response received		Department reply is acceptable to Audit		Total Compliance Deviations		Department. reply not furnished with appropriate documentary evidence	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
ITC mismatch between GSTR-2A and GSTR-3B (D1)	20	53.38	11	30.81	8	19.34	1	3.23
ITC passed on without supplier remitting tax (D2)	10	17.40	3	5.44	6	10.80	1	1.16
ITC availed in GSTR-3B filed after cut-off period (D3)	15	5.98	2	0.67	12	4.84	1	0.47
Incorrect availing of ISD credit (D4)	3	0.25	2	0.18	1	0.07	0	0

Audit Dimension	Cases where response received		Department reply is acceptable to Audit		Total Compliance Deviations		Department. reply not furnished with appropriate documentary evidence	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Short payment of tax under RCM versus ITC availed in GSTR-3B/GSTR-9 (D5)	10	13.13	8	6.52	2	6.61	0	0
Mismatch of ITC availed between annual returns and books of accounts (D6)	5	10.37	4	10.30	1	0.07	0	0
Reconciliation between ITC availed in Annual returns with expenses in financial statements (D7)	5	9.11	2	7.34	3	1.77	0	0
Unsettled liabilities (D9)	35	553.94	28	535.23	4	3.24	3	15.47
Suppression of tax liability based on e-way bill verification (D10)	15	281.35	9	157	4	110.45	2	13.90
Mismatch in tax paid between books of accounts and returns (D11)	5	15.80	2	12.24	0	0	3	3.56
GSTR-3B was not filed but GSTR-1 is available (D20)	12	2.41	6	1.76	6	0.65	0	0
Short payment of interest (D21)	25	2.45	6	0.56	18	1.77	1	0.12
Total	160	965.57	83	768.05	65	159.61	12	37.91
Under-declaration of taxable supplies by comparing TDS returns (D12)	5	10.94	2	2.71	2	6.29	1	1.94
Suppression of taxable value based on unbilled revenue declared in GSTR-9C (D13)	5	139.46	3	127.07	1	8.76	1	3.63
Mismatch in taxable turnover declared in GSTR-9C Table 7G (D14)	5	1,899.23	5	1,899.23	0	0	0	0
Ineligible composition levy (D16)	5	9.25	0	0	4	7.68	1	1.57
Composition taxpayers also availing e-commerce facility (D17)	3	2.26	0	0	3	2.26	0	0
Total	23	2061.14	10	2,029.01	10	24.99	3	7.14
Grand Total	183		93		75		15	

Audit noticed deviations from the provisions of the Act in 75⁹ cases involving a mismatch amount of ₹ 159.61¹⁰ crore constituting 41 *per cent* of the 183 inconsistencies/mismatches in data for which department provided responses. Out of this, the Department has accepted the audit observations or initiated action in 68 cases (in 41 cases recovery made, Demand raised or SCN issued, in 11 cases taxpayer reply/ASMT-11 received after issue of notice by the Department and in 16 cases ASMT 10/notice were issued) with tax effect of ₹ 153.48¹¹ crore. (**Appendix 3.1**). In seven cases, reply of the department is not acceptable to Audit. Relatively higher rates of deviations were noticed in risk parameters such as (1) ITC mismatch, (2) Unsettled liabilities, (3) Non/short payment of interest, etc. In 93 out of 183 cases (51 *per cent*) where the reply of the Department was acceptable to audit, there were data entry errors by taxpayers in ten cases. Department initiated proactive action in 17 cases (**Appendix 3.2**) and had other valid explanations in 66 cases.

Government (February 2025) did not accept deviations pointed out by Audit in 15 cases without furnishing adequate documentary evidence and hence not amenable for verification (**Appendix 3.3**).

3.7.7.3 Centralised Audit – Reasons for deviations/mismatches noticed during data analysis

Considering the Department's response to the audit sample of 183 cases pointed out by Audit, reasons for mismatch/deviations were identified as (a) deviations from GST law and rules (b) Inconsistencies/mismatches not accepted by the department but rebutted by and (c) action taken before issue of audit queries. These reasons along with observations thereon are discussed in the succeeding paragraphs.

(i) Deviations from GST law and rules

Out of the 17 deviations summarised in **Table 3.13**, 12 deviations involving 160 sampled cases related to tax liability and 5 deviations involving 23 cases related to turnover deviations.

In respect of tax liability deviations, out of 160 sampled cases, the Government accepted the audit observations or initiated examination in 60 cases with tax effect of ₹ 153.48 crore. Out of these 60 cases, the Department recovered ₹ 82.55 lakh in seven cases, confirmed Demand in DRC-07 for ₹ 43.52 lakh in three cases, confirmed the issue of demand in DRC-07 or payment of tax in DRC-03 in 25 cases involving compliance deviation of ₹ 1,570.57 lakh, however the actual demand/collection details were awaited; issued SCN in one

⁹ Total cases of taxable turnover deviations accepted by Department. including cases where action was yet to be initiated.

¹⁰ Amount does not include mismatch in respect of Taxable turnover deviations.

¹¹ Amount does not include mismatch in respect of Taxable turnover deviations.

case for ₹ 6.09 lakh and issued notice conveying discrepancies to the taxpayer in Form ASMT-10/Notice in 24 cases for ₹ 136.35 crore.

In respect of turnover deviations, out of 23 sample cases the Department accepted the audit observations or initiated examination in eight cases.

Out of these eight cases, the Government replied (February 2025) that recovery made for ₹ 2.95 lakh in one case; confirmed the demand in DRC-07 for ₹ 15.80 lakh in one case; confirmed the issue of demand in DRC-07 or payment of tax in DRC-03 in two cases involving compliance deviation of ₹ 7,848.84 lakh, however, the actual demand/collection details were awaited; and issued notice conveying discrepancies to the taxpayer in Form ASMT-10/Notice in four cases for ₹ 8.42 crore.

The top case under each dimension of centralised audit is discussed in the subsequent paragraphs.

(a) ITC mismatch between GSTR-2A and GSTR-3B

GSTR-2A is a purchase related dynamic tax form 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, GSTR-9 and GSTR-2A for the period 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.

Audit observed that in case of a taxpayer (34XXXXXXXXXX1ZI) under Goods Division -III, the ITC available as per GSTR-2A was ₹ 20.15 crore and the ITC availed in GSTR-3B was ₹ 23.32 crore. This resulted in mismatch of availed ITC amounting to ₹ 3.17 crore. Government replied (February 2025) that notices have been issued to the taxpayer as per the observations of Audit. Action will be taken and final reply submitted by the Proper officer.

(b) ITC passed on without supplier remitting tax

In order to analyse the extent of compliance of ITC availing under Section 16(4) of the PGST Act, 2017, an attempt has been made to identify likely cases where the ITC would have been passed on by the supplier without the actual remittance of 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.

While GSTR-2A 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.

Audit observed that in case of a taxpayer (34XXXXXXXXXXXX1ZJ) under Goods Division-I, indicated in GSTR-9 that the ITC availed as per GSTR-2A as ₹ 3.65 crore whereas the actual ITC available as per GSTR-2A was ₹ 5.67 crore resulting in mismatch of ITC availed amounting to ₹ 2.01 crore. In response, Government accepted and stated (February 2025) that Order in DRC 07 was issued to the taxpayer. Demand details and collection particulars are awaited.

(c) ITC availed in GSTR-3B filed after cut-off period

As per section 16(4) of PGST Act, 2017, a registered person shall be eligible for claim of ITC, if they were made before the due date for filing the monthly GSTR-3 B return for the month of September of the subsequent financial year or the actual date for filing Annual Return for the financial year, whichever is earlier.

Audit observed that in case of a taxpayer (34XXXXXXXXXXXX1ZZ) under Goods Division-III, the ITC availed under GSTR-3B filed after the due date was ₹ 0.90 crore. Government accepted and stated (February 2025) that Order in DRC 07 was issued to the taxpayer. Demand details and collection particulars are awaited.

(d) Incorrect availing of ISD credit

To analyse whether the ITC availed by the taxpayer is in excess of that transferred by Input Service Distributor (ISD), ITC availed as declared in the Table 6B of GSTR-9 returns of the taxpayer was compared with the ITC transferred by the ISD in their GSTR-6.

Audit observed that in case of a taxpayer (34XXXXXXXXXXXX1ZL) under Service Division, the net ITC availed from ISD in Table 4A(4) (net of Table 4(B)(2)) of GSTR-3B was ₹ 7.18 lakh and the ITC transferred by the ISD in Table 5A, Table 8A, Table 9A of GSTR-6 was nil. This resulted in excess availing of ITC amounting to ₹ 7.18 lakh. Government accepted and stated (February 2025) that Order in DRC 07 was issued to the taxpayer. Demand details and collection particulars awaited.

(e) Short payment of tax under RCM versus ITC availed in GSTR-3B/GSTR-9

Under Reverse Charge Mechanism (RCM), the liability to pay tax is on the recipient 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 PGST Act, 2017, and under sub-section (3) or sub-section (4) of Section 5 of the IGST Act, 2017.

GSTR-9 is an annual return to be filed once for each financial year, by the registered taxpayers who were regular taxpayers, including SEZ units and SEZ

developers. The taxpayers are required to furnish details of purchases, sales, input tax credit or refund claimed or demand created, etc.

To analyse the veracity of ITC availed on tax paid under reverse charge mechanism for the year 2018-19 to 2020-21, 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. In cases where GSTR-9 was not available, the check was restricted within GSTR-3B where the tax discharged part in R3B Table 3.1(d) was compared with the ITC availing part of R3B 4A(2)¹² and 4A(3)¹³.

Audit observed that in case of a taxpayer (34XXXXXXXXXXXX1ZN) under Goods Division-III, the RCM payments by the taxpayer in Table 4G of GSTR-9 was ₹ 0.13 crore and the ITC availed towards RCM in Tables 6C, 6D, 6F of GSTR-9 was ₹ 6.27 crore resulting in mismatch in ITC of ₹ 6.14 crore.

Government replied (February 2025) that notices have been issued to the taxpayer as per the observations of Audit. Action will be taken and final reply submitted by the Proper officer.

(f) Mismatch of ITC availed between Annual Return and Books of accounts

Table 12 of GSTR-9C reconciles ITC declared in annual return (GSTR-9) with ITC availed as per audited Annual financial statement of books of accounts. Column 12F of this table deals with unreconciled ITC between the annual return GSTR-9 and that declared in the Financial Statements for the year after requisite adjustments.

Audit observed that in case of a taxpayer (34XXXXXXXXXXXX1ZQ) under Service Division, unreconciled ITC of ₹ 0.07 crore in GSTR-9C (Table 12 F), ITC availed in GST returns in excess of eligible ITC based on financial statements for 2019-20.

Government accepted and stated (February 2025) that Order in DRC 07 was issued to the taxpayer. Demand details and collection particulars awaited.

(g) Reconciliation between ITC availed in Annual return with expenses in financial statements

In order to review the extent of identified mismatch in ITC reported in the Annual Return vis-à-vis the Financial Statements, the relevant datapoints pertaining to Table 14 of the GSTR-9C reconciliation statement submitted by the taxpayer as required under rule 80(3) of PGST Rules, 2017 for the year 2018-19 to 2020-21 was analysed at data level.

¹² Import of services.

¹³ Inward supplies (liable to reverse charge).

Table 14 (GSTR-9C) deals with expenses incurred by the taxpayer, which can be in the form of inputs, capital goods or services. These goods/ services procured may be taxable or exempted and procured from registered (forward charge) or unregistered persons (reverse charge). Table 14 reconciles the expenses incurred with the ITC availed, and any excess availing on account of ineligibility, blocked credits, and composition scheme is highlighted in Table 14 T.

Audit observed that in case of a taxpayer (34XXXXXXXXXXXX1Z5) under Goods Division-I, unreconciled ITC was ₹ 0.97 crore in GSTR-9C (Table 14 T) for the period from 2018-19 to 2020-21. Government stated (February 2025) that ASMT-10 issued based on Audit Observation and available ITC of ₹ 41,941 blocked. Action under Section 74 initiated. Further report on determination of willful misstatement or fraudulent practices by the taxpayer under Section 74 is awaited.

(h) Unsettled Liabilities

GSTR-1 depicts the monthly details of outward supplies of goods or services. The details are also assessed by the taxpayer and mentioned in annual return GSTR-9 in the relevant columns. Further, taxable value and tax paid thereof are also shown in GSTR-3B.

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

Audit observed that in case of a taxpayer (34XXXXXXXXXXXX1ZP) under Goods Division-III, the tax payable in GSTR-1 was ₹ 104.20 crore and the tax paid as per GSTR-9 was ₹ 102.70 crore. This resulted in mismatch of tax liability amounting to ₹ 1.50 crore. Government replied (February 2025) that notices have been issued to the taxpayer as per the observations of Audit. Action will be taken and final reply submitted by the Proper officer.

(i) Suppression in taxable liability based on E-way bill verification

As per Rule 138 of the PGST Rules, 2017, every registered person who causes movement of goods of consignment value more than ₹ 50,000 is required to furnish e-way bill containing details of goods transported with their value, destination, etc.

Audit observed that in case of a taxpayer (34XXXXXXXXXXXX1Z6) under Goods Division-II, the tax payable as per GSTR-3B was ₹ 0.34 crore and the tax liability as per e-way bill was ₹ 94.77 crore. This resulted in mismatch of

tax liability of ₹ 94.43 crore. Department stated (February 2024) that details of outward and inward e-way bills had been called for from the taxpayer. Government reply is awaited.

(j) Under-declaration taxable supplies by comparing TDS returns

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 taxable value declared on account of outward taxable supplies (other than zero rated, nil rated and exempted) in GSTR-3B should not be less than the net amount liable for TCS and TDS credit as per Table 9 of GSTR-2A.

Audit observed that in case of a taxpayer (34XXXXXXXXXX1Z8) under Goods Division-I, that the outward taxable supplies as per GSTR-3B was ₹ 1.06 crore and value on which TDS/TCS recovered was ₹ 5.64 crore. This resulted in mismatch of taxable value amounting to ₹ 4.58 crore.

Government stated (February 2025) that Department issued ASMT-10 to the taxpayer in November 2023. The details of the further action taken on the notice is awaited.

(k) Suppression of taxable value based on unbilled revenue declared in GSTR-9C

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 taxpayer as required under Rule 80(3) of PGST Rules, 2017.

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.

The unbilled revenue at the end of the previous year shall be carried forward to the next year in GSTR-9C reconciliation statement.

Audit observed that in case of a taxpayer (34XXXXXXXXXX1ZQ) under Service Division, failed to carry forward the unbilled revenue of ₹ 68.39 crore pertaining to 2017-18 in 2018-19. Similarly, unbilled revenue of ₹ 8.76 crore pertaining to 2018-19 in 2019-20. Thus, total unbilled revenue ₹ 77.15 crore was omitted to carry forward for two financial years.

Government accepted and stated (February 2025) that Order in DRC 07 was issued to the taxpayer. Demand details and collection particulars are awaited.

(l) Ineligible composition levy

Taxpayers whose aggregate turnover on pan-India basis under all GSTINs of the same PAN have not crossed the turnover limit of ₹ one crore in 2018-19 and ₹ 1.5 crore in 2019-20, are allowed to avail the benefit of composition levy at concessional rate instead of tariff rate. Further, taxpayers supplying goods through e-commerce operators are not entitled to composition levy.

Audit observed that in case of a taxpayer (34XXXXXXXXXX1Z1) under Goods Division- I had pan-India turnover of ₹ 1.35 crore in 2018-19 and ₹ 1.81 crore in 2019-20 and availed concessional rates under composition levy. Government accepted and stated (February 2025) that the taxpayer accepted the observation and paid ₹ 1.38 lakh for 2018-19 and ₹ 1.57 lakh for 2019-20. Amount of ₹ 2.95 lakh collected.

Similarly, Audit ascertained from the e-commerce operator GSTR-8 returns that an assessee (34XXXXXXXXXX1Z2) under Service Division transacted ₹ 1.90 crore during 2020-21. In addition, the taxpayer availed composition levy for a turnover of ₹ 0.15 crore which was not in order.

Government stated (February 2025) that, the taxpayer had not furnished sufficient reply, hence ASMT-10 was issued. Further report is awaited

(m) GSTR-3B was not filed but GSTR-1 available

GSTR-3B return is the instrument through which the liability can be offset, and ITC is credited in the ledger. The very availability of GSTR-1 and non-filing of GSTR-3B indicates that the taxpayers had undertaken/carried on the business during the period but have not discharged their tax liability.

Audit observed that in case of a taxpayer (34XXXXXXXXXX1ZH) under Goods Division-III filed GSTR-1 but GSTR-3B was not filed involving tax liability of ₹ 0.29 crore. Government stated (February 2025) that final reply would be furnished in due course.

(n) Short payment of interest

Section 50 of the PGST Act, 2017, stipulates that every person liable to pay tax in accordance with the provisions of the PGST Act or the rules made thereunder 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.

Audit observed that in case of a taxpayer (34XXXXXXXXXX3ZX) under Service Division, filed GSTR-3B for the months July 2018 to March 2021

belatedly resulting in non-payment of interest of ₹ 0.25 crore. Department stated (February 2024) that ASMT-10 was issued. Government reply is awaited.

(ii) *Inconsistencies/mismatches not accepted by the Department but rebutted by Audit*

Out of the 75 non-compliance cases, Department did not accept seven cases (**Appendix 3.4**) amounting to ₹ 13.09 crore. Audit, however, did not agree with the contention of the Department in these cases and had issued rebuttals. Two illustrative cases are given below:

(i) Audit observed that in case of a taxpayer (34XXXXXXXXXX1ZS) under Goods Division-I has not submitted GSTR-3B from March 2020 onwards resulted in mismatch of e-way bill amount ₹ 3.45 crore. Department stated (February 2024) that registration of the taxpayer was cancelled on 28-02-2020, since it was found that the taxpayer was not doing business in the said premises. Department further stated (February 2024) that on cancellation of registration, the system did not allow to file GSTR-3B /GSTR-1 whereas, it was stated that e-way bills were generated for the period from March 2020 to July 2020.

The reply of Department is not acceptable since the fact that the system allowed generation of e-way bill after cancellation but not filing of GSTR-3B/GSTR-1 required cross verification by the department. The department did not produce documentary evidence (REG-19) to confirm the date of cancellation. Government did not furnish any reply to the Audit Observation (February 2025).

(ii) Audit observed that in case of a taxpayer (34XXXXXXXXXX1ZS), under Goods Division-III, indicated in GSTR-9 that the ITC availed as per GSTR-2A as ₹ 664.42 crore whereas the actual ITC available as per GSTR-2A was ₹ 666.90 crore resulting in mismatch of ITC availed amounting to ₹ 2.48 crore. Government stated (February 2025) that the law related to availing of tax credit as per Section 16(2) of the GST Act 2017 for the concerned financial year prescribes certain requirements which was met by the taxpayer who availed credit.

The reply of the Government is not acceptable as one of the requirements to be met for availing credit is that the supplier must have paid the tax with reference to the said transaction on which the recipient takes credit. In addition, Section 155 of the Act, envisages that any person who claims ITC shall be vested with the responsibility of proving the burden of such claim. As proof of payment of tax by the supplier was not ascertainable the audit observation is reiterated.

(iii) Action taken before issue of audit queries

The Department already initiated action in 17 cases, constituting nine *per cent* (₹ 4.31 crore) of the 183 responses received. The Divisions which had proactively addressed the deviations/ inconsistencies are indicated in **Table 3.14:**

Table 3.14: Action taken before query - Division-wise

Jurisdiction	Action taken before Audit Query	Type of action taken by the Department	Total Number of Cases
Goods Division - III	9	ASMT-10 issued in six cases. In other three cases, notices were issued; out of these three cases, registration was cancelled in one case	69
Service Division	6	Department issued notice to third party (DRC-13) in three cases; notice to taxpayer in two cases and SCN in one case. Based on these, one cancellation was made and tax amount was collected in one case.	46
Goods Division - I	2	Department recovered tax in one case and in another case, Demand notice was issued.	24
Total	17		139

3.7.8 Detailed Audit (Part III)

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 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, a detailed audit of GST returns was also conducted as a part of this review. A risk-based sample of 20 taxpayers were 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. Based on desk review results, detailed audit was conducted by requisitioning corresponding granular records of taxpayers such as financial ledgers, invoices, etc., to identify reasons for the identified risks and to evaluate compliance by taxpayers.

3.7.8.1 *Scope limitation*

In spite of requisitions and follow-up, the Puducherry Commissionerate partially produced the granular records *viz.*, sales register, purchase register, ITC register, sales invoices, purchase invoices, trial balance and other accounting records of 15 sampled taxpayers. Thus, Audit could not assess eligibility of ITC claimed and extent of unsettled tax liability which constituted a significant scope limitation.

The jurisdiction-wise partial production of records is summarised in **Appendix 3.5**. The identified risk relating to mismatch of ITC and undischarged tax liability of ₹ 72.38 crore could not be examined in detail by Audit due to partial production of records. Further, identified risk relating to non/short reversal of ITC with a revenue implication of ₹ 7.88 crore (**Appendix 3.6**) could not be examined in detail by Audit due to partial production of records. During the Exit Conference (May 2024), the Commissioner (ST) stated that whatever records produced by the taxpayers, were produced to Audit and in respect of other taxpayers' records, the taxpayers could not be compelled. This was also reiterated in Government reply (February 2025).

Government stated (February 2025) that GSTR-2A invoice-wise details and other returns were readily available in Boweb Portal and the required login was made available to Audit. The reply of the Government is silent about the partial production of Registers, purchase and sales invoices, etc. Further, the login credentials provided to audit did not have privilege to view the invoice wise details of GSTR-2A in the Boweb Portal. Hence, Audit could not verify the selected invoices of the taxpayers to ensure the correctness of ITC availed by them as the invoices were neither available in the Boweb Portal nor produced to Audit.

3.7.8.2 *Results of detailed audit*

The audit findings are categorised under three categories *viz.*, (a) returns, (b) utilisation of input tax credit and (c) discharge of tax liability.

(I) *Audit findings relating to GST returns*

The detailed audit of returns filed by the 20 taxpayers disclosed that interest payments were not discharged by taxpayers in a significant number of cases, which are brought out below:

(a) *Non-payment/short payment of interest*

Section 50 of the PGST Act, 2017, stipulates that every person liable to pay tax in accordance with the provisions of the PGST Act or the rules made thereunder 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.

Audit observed in six, out of 20 cases the taxpayers had filed their returns belatedly resulting in non-payment/short payment of interest amounting to ₹ 0.41 crore.

Some illustrative cases are given below:

(i) An assessee (34XXXXXXXXXX1ZW) under Service Division filed GSTR-9 returns for the period 2018-19 and 2019-20 in January 2021 and May 2021 respectively exhibited interest liability of ₹ 26.46 lakh. Further, in the GSTR-3B returns for the period 2020-21 the interest amount of ₹ 0.22 lakh was not exhibited in GSTR-9. It resulted in total interest liability of ₹ 26.68 lakh, which was not paid by the taxpayer. Department stated (March 2024) that ASMT-10 was issued for the year 2018-19 and 2019-20. In respect of 2020-21, the department stated that no notice was issued as no liability was exhibited in GSTR-9. The reply of the department is not acceptable for the year 2020-21 since the taxpayer paid tax belatedly.

Government stated (February 2025) that action has been initiated and final reply would be furnished.

(ii) An assessee (34XXXXXXXXXX1Z7) under Goods Division-I filed GSTR-3B returns for the year 2018-19 and 2019-20 attracting interest liability of ₹ 7.92 lakh, which was not paid by the taxpayer.

Government stated (February 2025) that action has been initiated and final reply would be furnished.

(iii) An assessee (34XXXXXXXXXX1Z7) under Goods Division-III, filed GSTR-9 return for the period 2018-19 in September 2020. The taxpayer paid ₹ 3.13 lakh out of the interest payable of ₹ 9.02 lakh and the balance interest liability of ₹ 5.89 lakh was not discharged.

Government stated (February 2025) that action has been initiated and final reply would be furnished.

(II) Audit findings relating to availing of ITC

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.

Section 17(5) of the PGST Act, 2017, provides a list of goods and supplies on which the ITC cannot be availed except when the outward taxable supply is of the same category of services. Rule 36 to 45 of the PGST Rules, 2017, prescribes the procedures for availing and reversal of ITC. Audit findings relating to availing of ITC are given below:

(a) Non-reversal/Short reversal of ITC

Exempt supply, as per Section 2(47) of the PGST Act, 2017, means supply of any goods or services or both which attracts 'nil' rate of tax or which may be wholly exempt from tax under Section 11 or under Section 6 of the Integrated Goods and Services Tax Act, 2017, and includes non-taxable supply.

Section 17(2) of the PGST Act, 2017, read with Rule 42 and 43 of the PGST Rules, 2017 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 five out of 20 cases, where the granular records were partially provided, where taxpayers had either not reversed or short reversed ITC of ₹ 7.88 crore on account of exempted supplies (**Appendix 3.6**). Two illustrative cases are given below:

(i) An assessee (34XXXXXXXXXX1ZY) under Goods Division-III, is first registered as co-operative society and converted as Co-operative Milk Producers Union Limited in 1973. It manufactures, processes and sells toned milk, standardised milk, value added milk products like, Ghee, Curd, Flavoured Milk, Milk Peda, Ice-cream etc.

On verification, Audit observed that the taxpayer filed GSTR-9, for the years 2019-20 to 2020-21, wherein exempt sales were made. It was seen from GSTR-3B and GSTR-9 that the ITC reversal for exempted supplies as required under Rule 42 was not made. This resulted in non-reversal of ITC of ₹ 5.79 crore, which includes interest also. Department stated (March 2024) that an ASMT-10 was issued (January 2024). Government stated (February 2025) that action has been initiated and final reply would be furnished.

(ii) An assessee (34XXXXXXXXXX1ZW) under Karaikal Division is an all-weather deep water port, which handled cargo such as coal, pet coke, raw sugar, fertilizer, cement, etc.

On verification, Audit observed that the taxpayer filed GSTR-9, for the years 2018-19 to 2020-21, wherein exempt sales were made. It was seen from GSTR-3B and GSTR-9 that the ITC reversal for exempted supplies as required under Rule 42 was not made. This resulted in non-reversal of ITC of ₹ 1.80 crore, which includes interest also.

Department stated (December 2023) that the taxpayer filed application before NCLT, Chennai and their application to Resolution Plan was accepted by the Tribunal vide order dated 31-03-23. It was also stated that claims which were not part of resolution plan shall stand extinguished. The reply is not tenable as the returns of the taxpayer were taken up for scrutiny during 2018-19 and the department failed to identify non reversal of ITC during scrutiny. This led to

non-initiation of action to recover Government dues through NCLT and loss of revenue to Government. Government did not furnish any additional reply (February 2025).

(b) Mismatch in claim of ITC as noticed from GST returns

When Audit analysed the GSTR-2A data of selected taxpayers along with GSTR-3B, GSTR-9 and GSTR-9C filed by the taxpayers, there was mismatch of ITC among various Returns and Tables. Audit observed 32 instances of compliance deficiencies in 13 out of 20 detailed audit samples examined. However, Audit could not examine these mismatches in detail since relevant granular records¹⁴ were not produced by the department. The details of mismatches were pointed out by Audit and the replies furnished by the Department are given in **Table 3.15**.

Table 3.15: Details of mismatches were pointed out by Audit and the replies furnished by the Department

Sl. No.	Risk parameter	No. of instances	No. of Divisions	Amount of mismatches (₹ in crore)	Remarks
1	ITC mismatch between GSTR-2A and GSTR-9. The ITC available as per GSTR-2A was ₹ 1,146.85 crore but the ITC availed by the taxpayers as per GSTR-9 ₹ 1,202.06 crore	11	4	55.77	When these cases were pointed out between (October 2023 and December 2023), Government stated (February 2025) that notices have been issued to the taxpayers in 11 cases of the same, out of which seven are pending finalisation, one case had gone on appeal and collection particulars is awaited in one case. Though, Government replied that ITC claim was in order in two cases, no documentary evidence was produced to substantiate the reply.
2	Mismatch in ITC availed as per Table 8D of GSTR-9. Table 8D of GSTR-9 captures the difference in ITC as per GSTR-2A and GSTR-3B	12	4	69.01	Government stated (February 2025) that notices have been issued to the taxpayers in 12 cases of the same, out of which seven are pending finalisation, one case had

¹⁴ Invoice wise details of GSTR-1 and GSTR-2A, Trial Balance/Balance Sheet pertaining to GSTN under reference, Ledger Accounts pertaining to Other Income, Other Expenses, Details of Sundry Creditor Debtor, Sales Register, Purchase Register, ITC register, Breakup details of Tax Paid under RCM, Selected months Purchase Invoices/Sales Invoices etc.

Sl. No.	Risk parameter	No. of instances	No. of Divisions	Amount of mismatches (₹ in crore)	Remarks
	at the time of filing GSTR-9.				gone on appeal and collection particulars is awaited in one case. Though, Government replied that ITC claim was in order in three cases, no documentary evidence was produced to substantiate the reply.
3	Mismatch in ITC availed as per table 6J, which realises the difference of ITC actually availed and altered.	6	3	2.35	Government stated (February 2025) that notices have been issued to the taxpayers in six cases of the same, out of which three are pending finalisation and in one case had gone on appeal. Though, Government replied that ITC claim was in order in two cases, no documentary evidence was produced to substantiate the reply.
4	Unreconciled ITC as per Table 12F of GSTR-9C. Table 12F of GSTR-9C captures the difference between total ITC as computed from the books of account (Table 12D) and ITC as declared in the GSTR-9.	1	1	2.13	Government stated (February 2025) that final action on the notice would be furnished in due course

(III) *Audit findings relating to discharge of tax liability*

The taxable event in case of GST is supply of goods and/or services. Section 9 of the PGST Act, 2017, is the charging section authorising levy and collection of tax called Central/State 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 PGST Act, 2017. Section 5 of the IGST Act, 2017, vests levy and collection of IGST on inter-state supply of goods and services with Central Government.

Section 9(4) of the PGST Act, 2017, and Sections 5(3) and 5(4) of the IGST Act, 2017, provide for reverse charge levy on certain goods or services, wherein the recipient instead of supplier becomes liable to pay tax.

(a) Mismatches relating to undischarged tax liabilities

Audit scrutinised the returns GSTR-1, GSTR-3B and GSTR-9 filed by the taxpayers for the year 2018-19 to 2020-21 and compared with the tax liability furnished in the Returns. Audit could not examine these mismatches in detail since relevant granular records¹⁵ were not produced by the department. Audit scrutiny in these cases was limited to pointing out mismatches to the department and examination of replies received. The details are given in **Table 3.16**.

Table 3.16: Returns furnished vis-à-vis tax liability furnished

Sl. No	Risk Parameters	No. of Cases	No. of Divisions	Amount of mismatches (₹ in crore)	Remarks
1	Maximum of tax payable (excluding RCM) between GSTR-1 and GSTR-9 was ₹ 490.58 crore, while tax paid declared in GSTR-9 (excluding RCM) was ₹ 487.42 crore.	9	4	3.16	Government stated (February 2025) that notices have been issued to the taxpayers in nine cases of the same, out of which five are pending finalisation, and collection particulars is awaited in two cases. Though, Government replied that the taxpayer had discharged their liability in two cases, no documentary evidence was produced to substantiate the reply.
2	Tax liability mismatch between GSTR-1 and GSTR-9/3B and also considering their amendments.	11	4	5.78	Government stated (February 2025) that notices have been issued to the taxpayers in 11 cases of the same, out of which five are pending finalisation, and collection particulars is awaited in two cases. Though, Government replied that the taxpayer had discharged their liability in four cases, no documentary evidence was produced to substantiate the reply.

¹⁵ Invoice wise details of GSTR-1 and GSTR-2A, Trial Balance/Balance Sheet pertaining to GSTN under reference, Ledger Accounts pertaining to Other Income, Other Expenses, Details of Sundry Creditor Debtor, Sales Register, Purchase Register, ITC register, Breakup details of Tax Paid under RCM, Selected months Purchase Invoices/Sales Invoices, etc.

Sl. No	Risk Parameters	No. of Cases	No. of Divisions	Amount of mismatches (₹ in crore)	Remarks
3.	Tax payable under RCM as in GSTR-9 was ₹ 0.98 crore during the years 2018-19 to 2020-21 Whereas, ITC availed on tax paid under RCM in the same return GSTR-9 was ₹ 1.21 crore	4	2	0.23	Government stated (February 2025) that notices have been issued to the taxpayers in four cases of the same, out of which three are pending finalisation, Though, Government replied that the taxpayer had discharged their liability in one case, no documentary evidence was produced to substantiate the reply.
4.	Mismatch in tax paid between Table 9 of GSTR-9 and Table 9R of GSTR-9C.	1	1	1.48	Government stated (February 2025) that reply to ASMT-10 notice was received from the taxpayer and final reply would be submitted.

3.7.9 Conclusion

The Subject Specific Compliance Audit (SSCA) on Department Oversight on GST Payments and Return Filing was undertaken in the context of varying trend 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 year 2018-19 to 2020-21. The SSCA entailed assessing the oversight functions at two levels - at the data level through data queries and at the functional level with a deeper detailed audit both of the Divisions and of the GST returns, which involved accessing taxpayer records. The audit sample therefore comprised two divisions in respect of audit of divisions, 183 inconsistencies across 17 parameters selected through queries in respect of centralised audit and 20 taxpayers selected on risk assessment for detailed audit of GST returns for the year 2018-19 to 2020-21.

The review of two divisions in respect of their compliance verification functions disclosed deficiencies in discharge of functions such as scrutiny of returns, internal audit, usage of BIFA reports and cancellation of taxpayer registrations.

Out of the 183 data inconsistencies identified by Audit the Department responded to all cases. Of these, 75 cases constituting 41 *per cent*, turned out to be clear compliance deficiencies with a revenue implication of ₹ 159.61 crore.

A relatively higher rate of deficiencies/inconsistencies was noticed in ITC mismatch, excess RCM/ ITC availed and short payment of tax. In nine *per cent* of the cases the Department had already taken proactive action.

As regards detailed audit of 20 taxpayers' returns, granular records such as financial statements, supplementary financial ledgers, etc., were produced partially for 15 cases. These cases represent a potential risk exposure of ₹ 72.38 crore towards identified mismatches in ITC availment and tax payments. Out of the cases audited either fully or partially, Audit observed compliance deficiencies with a revenue implication of ₹ 7.88 crore relating to non/short reversal of ITC.

3.8 Unrecovered revenue

TRANSPORT DEPARTMENT

3.8.1 Non-realisation of Motor Vehicle Tax

Failure to invoke the penal clause contained in the Act resulted in non-realisation of motor vehicle tax from Goods Carriage vehicles - ₹ 49.81 lakh

As per Section 3 of Puducherry Motor Vehicles Taxation Act 1967, a motor vehicle tax has to be levied on every motor vehicle (used or kept for use in the Union Territory of Puducherry) at the rates prescribed for different classes of vehicles as per Schedule-I of the Act. Section 6A of the Act stipulates that the tax due shall be paid within such period, not being less than seven days or more than thirty days from the commencement of the quarter, half-year or year, as the case may be prescribed for different classes of vehicles. Further, Section 9 of the Act stipulates that whenever the registered owner or any person who has possession or control of any motor vehicle used or kept for use in Puducherry is in default in making payment of the tax, the licensing officer may direct that, in addition to the amount of arrears, a sum not exceeding the annual tax payable shall be recovered from him by way of penalty.

Further, Section 9A of the Puducherry Motor Vehicles Taxation Act, 1967 (No.5 of 1967) stipulates that where for any reason, the whole or any portion of the tax which would have been payable in respect of any motor vehicle under this Act for any period has not been paid, the licensing officer may, at any time, within a period of five years from the expiry of the period to which the tax relates and after issuing a notice to the registered owner or the person having the possession or control of the motor vehicle and making such inquiry as he may consider necessary, direct such owner or other person to pay the whole or any portion of such tax, which has not been paid.

In this connection, the Government of Puducherry has issued (November 2010) orders to impose penalty along with tax from the defaulters as detailed in **Table 3.17**.

Table 3.17: Penalty to be imposed on defaulters

Particulars	Beyond due date and within two months	Beyond two months and within three months	Beyond three months
In respect of vehicles for which tax is paid on quarterly basis	25 per cent	50 per cent	100 per cent

Audit analysed (May 2024 and June 2024) ‘**Vahan 4**’ data to ascertain the fact of realisation of tax for the vehicles registered in the UT of Puducherry under Puducherry RTO¹⁶ and further scrutiny was made in respect to Goods Carrier category (contributed 38 per cent of total vehicle tax defaulter population) which are paying Motor Vehicle Tax quarterly. It was observed that the owners of 144 out of 169 Goods Carrier vehicles did not pay tax (including penalty) amounting to ₹ 49.81 lakh¹⁷ (**Appendix 3.7**) for different periods between July 2014 and March 2023. Out of this, taxes payable within the limitation period of five years as of 31 March 2024 worked out to ₹ 24.60 lakh and hence recoverable. Taxes which are not recoverable due to applicability of limitation period resulted in loss to Government of ₹ 25.21 lakh.

Audit further observed that out of 144 defaulted vehicles, the permit of 109 vehicles have lapsed on various dates and the recovery of the amount of ₹ 38.30 lakh from these vehicles is uncertain.

Government replied (February 2025) that exemption is available to the vehicles mentioned above for the first and second quarters of 2020-21, as per Government Order dated 9 December 2020, whereas a check of the Government Order showed that the exemption for two quarters was available only to stage carriages, contract carriages including vehicles classified as tourist vehicles and Educational institution vehicles and that only two months exemption is available for Goods carriages, which has been adopted by Audit while working out net tax payable.

Further, Government reply (February 2025) and remarks in respect of each category of vehicles are furnished in the **Table 3.18**.

¹⁶ There are seven RTOs/Units in the UT of Puducherry. As majority (83 per cent) of the vehicles in the UT of Puducherry are registered with the RTO, Puducherry, it was taken for detailed analysis.

¹⁷ Tax: ₹ 24.91 lakh and Penalty: ₹ 24.90 lakh.

Table 3.18: Government reply and Audit remarks

Sl. No.	No. of Vehicles*	Government reply	Audit remarks
1.	82	Tax paid for the vehicles, either up to 31.03.2024 or Fitness certificate or Permit validity period, whichever ceased earlier.	Reply is not tenable, as Section 3 of the Act specifies that vehicles used or kept for use shall pay tax.
2	4	Tax Collected from the vehicles belonging to Puducherry Agro Service and Industries Corporation Limited up to the Fitness Certificate validity, which ceased earlier	Reply is not tenable, as Section 3 of the Act specifies that vehicles used or kept for use shall pay tax.
3.	50	Vehicles have crossed 20 years of age and above. The chances of plying of these vehicles on roads is almost NIL.	As per the Puducherry Motor Vehicle Scrapping Policy 2024 Notification issued by the GoP on 05 January 2024, the vehicles which are 15 years old and above owned by Government/PSUs/ Government agencies/ Autonomous Councils, etc., shall be scrapped at an Registered Vehicle Scrapping Facility (RVSF). Hence, the Government's reply of chances of plying of these vehicles on roads is almost NIL is not tenable as these vehicles are active in the VAHAN portal which confirms the fact that they have not been scrapped. Further, Section 3 of the Act specifies that vehicles used or kept for use, shall pay tax.
4.	21	The vehicles are 15 to 19 years and few of the vehicles are applicable for exemption from payment of tax for two months as per the above said G.O. However, Demand notices are being sent again for these vehicles.	Though demand notices have been issued by the Department, they are only up to the period of currency of fitness certificate, whereas contention of the Audit is that the tax is to be collected till the expiry of permit. Further, the tax exemption for the two months has been taken into account, in the Audit calculations.
5.	12	The vehicles are less than 15 years and few of the vehicles are applicable for exemption from payment of tax for two months as per the G.O. However, Demand notices are being sent again for these vehicles.	

* Number of vehicles have been taken as per Government reply. The actual status of the pending dues from the vehicles are depicted in the **Appendix 3.7**.

Recommendations:

- *The Government may instruct Department to initiate action immediately so as to identify the defaulters through alerts in the portal regularly.*
- *Responsibility may be fixed on the officials who were responsible for the inaction on raising of demand and collection of tax, within the limitation period.*

Chennai,
The

(R. THIRUPPATHI VENKATASAMY)

Principal Accountant General (Audit - II),
Tamil Nadu and Puducherry

Countersigned

New Delhi,
The

(K. SANJAY MURTHY)

Comptroller and Auditor General of India

Appendices

Appendix 1.1

(Reference: Paragraph 1.5.1; Page 4)

Details of IRs issued upto March 2023 and paragraphs pending as of September 2023

Sl. No.	Name of the Department/Directorate/Societies	Inspection Reports	Paragraphs
1	Accounts and Treasuries	11	42
2	Adi-Dravidar Welfare	15	60
3	Agriculture	41	184
4	Animal Husbandry and Animal Welfare	10	41
5	Art & Culture	5	15
6	Backward caste & Minorities Development	2	2
7	Civil Supplies & Consumer Affairs	12	71
8	Collegiate & Technical Education	51	221
9	Co-Operation	14	82
10	Drugs Control	2	9
11	Economics & Statistics	1	2
12	Electricity	20	93
13	Fire Service	1	4
14	Fisheries and Fisherman Welfare	25	99
15	Forest & Wildlife	1	1
16	Heads of State	4	14
17	Health and Family Welfare	46	178
18	Hindu Religious Institutions	3	12
19	Industries & Commerce	23	104
20	Information & Publicity	5	14
21	Information Technology	6	22
22	Jails	4	20
23	Labour & Employment	27	86
24	Law/Judicial	13	23
25	Local Administration	51	320

Sl. No.	Name of the Department/Directorate/Societies	Inspection Reports	Paragraphs
26	Planning & Research	3	17
27	Police	11	49
28	Port	5	27
29	Public Works	69	406
30	Revenue & Disaster Management	35	176
31	Rural Development	16	119
32	Sainik Welfare	1	4
33	School Education	89	296
34	Science, Technology & Environment	8	23
35	Social Welfare	24	83
36	Stationery & Printing	4	8
37	Survey and Land Records	2	9
38	Tourism	10	64
39	Town and Country Planning	21	114
40	Transport	12	43
41	Women & Child Development	15	54
Total		718	3,211

Appendix 2.1

(Reference: Paragraphs 2.1.1 and 2.1.3.3; Pages 9 and 11)

List of Functions to be devolved to ULBs - Twelfth Schedule of the Constitution (Article 243W)

1.	Urban planning including town planning.
2.	Regulation of land-use and construction of buildings.
3.	Planning for economic and social development.
4.	Roads and bridges.
5.	Water supply for domestic, industrial and commercial purposes.
6.	Public health, sanitation, conservancy and solid waste management.
7.	Fire services.
8.	Urban forestry, protection of the environment and promotion of ecological aspects.
9.	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.
10.	Slum improvement and up-gradation.
11.	Urban poverty alleviation.
12.	Provision of urban amenities and facilities such as parks, gardens, playgrounds.
13.	Promotion of cultural, educational and aesthetic aspects.
14.	Burials and burial grounds; cremations, cremation grounds and electric crematoriums.
15.	Cattle pounds; prevention of cruelty to animals.
16.	Vital statistics including registration of births and deaths.
17.	Public amenities including street lighting, parking lots, bus stops and public conveniences.
18.	Regulation of Slaughterhouses and Tanneries

Appendix 2.2

(Reference: Paragraph 2.1.4.1; Page 11)

A comparison of the provisions of 74th CAA against PMA

Provision of Constitution of India	Requirement as per provision of Constitution of India	Corresponding Provision in Puducherry Municipalities Act, 1973
Article 243Q	Constitution of Municipalities: It provides for the constitution of three types of municipalities namely a Municipal Board for transitional areas, a Municipal Council for a smaller urban area and a Municipal Corporation for larger urban area.	Section 3 of PMA
Article 243R	Composition of Municipalities: All the seats in a Municipality shall be filled by direct elections and by persons with special knowledge in municipal administration. The Legislature of a State may, by law, provide for representation to the Municipality, Member of Legislative Assembly and Parliament of the constituencies that lie within the municipal area and members of the Council of State and State Legislative Council who are registered as electors within the city.	Section 7 of PMA
Article 243S	Constitution and composition of Wards Committee: This provides for constitution of Wards Committees in all municipalities with a population of 3 lakh or more	Not Available
Article 243T	Reservation of seats: The seats to be reserved for Scheduled Caste (SC)/ Scheduled Tribe (ST) and Women for direct election.	Section 9 of PMA
Article 243U	Duration of Municipalities: The municipality has a fixed tenure of 5 years from the date of its first meeting and re- election to be held within the six months of end of tenure.	Section 10 of PMA
Article 243V	Disqualification of membership: A person shall be disqualified as a member of a Municipality: If he/she is so disqualified by or under any law for the time being in force for the purposes of elections of the Legislature of the State concerned. If he/she is so disqualified by or under any law made by the Legislature of the State.	Section 22 of PMA
Article 243W	Powers, authority and responsibilities of municipalities: All municipalities would be empowered with such powers as may be necessary to enable them to function as effective institutions of self- government. The State Government shall entrust them with such powers and	Section 67 to 101 of PMA and Schedule XIV of PMA

Provision of Constitution of India	Requirement as per provision of Constitution of India	Corresponding Provision in Puducherry Municipalities Act, 1973
	authority to enable them to carry out the responsibilities in relation to the 12 th Schedule.	
Article 243X	Power to impose taxes by, and funds of the Municipalities: - Municipalities would be empowered to levy and collect the taxes, fees, duties etc. - Grant-in-aid would be given to the Municipalities from the State - Constitution of funds for crediting and withdrawal of moneys by the Municipality	Section 118, 197 and 215 of PMA
Article 243Y read with Article 243I	Finance Commission: State Government shall constitute Finance Commission for - Reviewing the financial position of the Municipalities and taking such steps that help in boosting the financial condition of the Municipal bodies. - Distributing between the State and the Municipalities, the net proceeds of the taxes, fees, tolls and duties that are charged by the State Government. - Allotting the funds to the Municipal Bodies in the State from the Consolidated Fund of the State.	Section 192 A of PMA
Article 243Z	Audit of accounts of Municipalities: This provides for maintenance of accounts by the Municipalities and the auditing of such accounts.	Section 205 of PMA
Article 243ZA read with Article 243K	Elections to the Municipalities: The Superintendence, direction and control of all procedures of election of the Municipalities shall be vested in the State Election Commission (SEC).	Section 15 A of PMA
Article 243 ZD	Committee for District Planning: - Constitution of District Planning Committee at the district level. - Composition of District Planning Committee. - Preparation of draft development plan and submission to the Government.	Not included in PMA. Included as Section 3 and 5 of Puducherry District Planning Committee Act, 1994

Appendix 2.3

(Reference: Paragraph 2.1.5.1; Page 12)

Status of devolution of functions

Sl. No.	Name of the Function	Name of the Nodal Department responsible for implementation	Activities	Actual status of implementation of activities
Functions where ULBs have full jurisdiction				
1	Burials, Burial grounds; cremations, crematoriums, and electric crematoriums.	Municipalities	Construction and maintenance of crematoriums, burial grounds and electric crematoriums.	All the ULBs are wholly responsible for discharging this function.
2	Cattle ponds; prevention of cruelty to animals	Municipalities	Provision and maintenance of cattle pounds and Enforcement to prevent/stop cruelty against animals.	All the ULBs are wholly responsible for discharging this function. However, due to the meagre number of cattle in Mahe the Municipality is not maintaining the cattle pound.
3	Vital statistics including registration of births and deaths	Municipalities	Development of database, issue of documents and use of information technology.	All the ULBs are wholly responsible for discharging this function.
4	Regulation of slaughter-houses and tanneries	Municipalities	Provision and maintenance of slaughterhouses	The ULBs are wholly responsible for discharging this function.
Functions with minimal role or/and with overlapping jurisdiction with UT Government departments/parastatals				
5	Urban planning including town planning.	Town Country and Planning Department	Preparation of detailed town plan and urban plan for implementation and protection and maintenance of common properties.	The ULBs have no role in urban planning and town planning except for the issue of NOCs. The role is performed by the Town and Country Planning Department through the four Regional Planning Authorities.

Sl. No.	Name of the Function	Name of the Nodal Department responsible for implementation	Activities	Actual status of implementation of activities
6	Planning for economic and social development.	1. Planning and Research Department. 2. Economics and Statistics Department. 3. Social Welfare Department 4. Adi-Dravidar Welfare Department. 5. Women and Child Development Department.	Development of database, preparation of plans for economic and social development and creation/maintenance/improvement of common assets.	Programmes are being implemented by the Planning and Research, Economics and Statistics Department, Social Welfare Department, Adi-Dravidar Welfare Department and Women and Child Development Department. Assets created/handed over to the ULBs are maintained by them.
7	Roads and bridges.	1. Public Works Department 2. Municipalities	Formulation of projects, resource mobilisation and construction/improvement and maintenance of roads and bridges	Only internal roads/culverts in the Municipal limits are being constructed / maintained by the ULBs. Other major roads and bridges are being constructed /maintained by the Public Works Department (PWD).
8	Public health, sanitation, conservancy, and solid waste management.	1. Health and Family Welfare Services. 2. Municipalities	Provision of health infrastructure, promotion of health programmes, sewage, drainage, solid waste management and community participation.	Provision of public health is being provided by the Health and Family Welfare Department. PWD is providing Sewage services Solid Waste Management is implemented by the Puducherry Urban Development Agency (PUDA). ULBs are responsible for sanitation only.
9	Urban forestry, protection of the environment and promotion of ecological aspects.	1. Forest and Wildlife Department. 2. Science, Technology and Environment Department.	Promotion of forestry in urban areas, maintenance of assets, promotion of environmental protection awareness.	The Forest Department plays a significant role in the discharge of this function. Protection of the environment and promotion of ecological aspects was solely vested with the FWD. The ULBs are maintaining parks only in their jurisdiction.

Sl. No.	Name of the Function	Name of the Nodal Department responsible for implementation	Activities	Actual status of implementation of activities
10	Public amenities including street lighting, parking lots, bus stops and public conveniences.	Municipalities	Provision of public amenities as per approved lay-out under the Urban Plans through Public-Private Partnership (PPP).	Provision of public amenities, parking slots and public conveniences are made by the ULBs. Streetlights are installed by the Electricity Department on payment of cost and current consumption charges by the ULBs.
11	Urban poverty alleviation.	Puducherry Urban Development Agency	Planning, co-ordination, implementation and review of programmes and training and funding for them.	Urban poverty programmes are being implemented by the ULBs utilising funds received from the PUDA, which is the nodal agency for the Urban poverty alleviation programmes.
12	Provision of urban amenities and facilities such as parks, gardens, playgrounds.	Municipalities	Planning, implementation, and maintenance of urban amenities.	Public toilets and parks are maintained by the ULBs. However, the playgrounds are maintained by the School Education Department and Higher and Technical Education Department.
Functions with no role for the ULBs				
13	Regulation of land-use and construction of buildings	Town and Country Department/ Regional Authorities	Regulation of land use and land development	The ULBs do not play any role. Master Plan and Detailed Town Planning schemes are prepared by the Town and Country Planning and the Parastatals under its control.
14	Water supply for domestic, industrial and commercial purposes	Public Works Department	Execution of water supply schemes, operation, maintenance and vigilance, resource mobilisation and capacity building.	In the UTP, the water supply systems are created and supply of water for all purposes is done by the PWD only, but without any specific mandate. The ULBs do not play any role, except the Oulgaret Municipality which is doing water supply and maintenance work in respect of only

Sl. No.	Name of the Function	Name of the Nodal Department responsible for implementation	Activities	Actual status of implementation of activities
				7 wards out of 33 wards. It was further stated that a proposal is under way to handover this also to the PWD.
15	Fire Services	Fire Services Department	Planning of fire services and relief to those affected.	The ULBs do not play any role. Fire Service activities are done by the Fire Services Department and relief to those affected are released by the Revenue and Disaster Management Department.
16	Safeguarding the interests of weaker sections of the society including the handicapped and mentally retarded.	1. Social Welfare Department 2. Women and Child Development Department. 3. Adi-Dravidar Welfare Department 4. Puducherry Corporation for Development of Women and Handicapped Persons. 5. Puducherry Adi-Dravidar Development Corporation (PADCO). 6. Puducherry Backward Classes and Minorities Development Corporation.	Conduct of surveys, implementation of programmes and schemes, public participation, and monitoring.	The ULBs do not play any role. Social Welfare, Adi-Dravidar Welfare Departments and Parastatals under them are carrying out these functions.
17	Slum improvement and upgradation	Puducherry Slum Clearance Board (PSCB)	Conduct surveys, provision of services and amenities through	The ULBs do not play any role.

Sl. No.	Name of the Function	Name of the Nodal Department responsible for implementation	Activities	Actual status of implementation of activities
			public participation and policy and programme intervention.	Slum Clearance activities are carried out by the PSCB, a Parastatal under TCP Department. However, the PSCB stated that NOCs are obtained from the ULBs for execution of works within their jurisdiction.
18	Promotion of cultural, educational, and aesthetic aspects	1. Department of Art and Culture. 2. Department of School Education.	Planning for universal education programme for children and adult education, promotion of cultural activities, information dissemination and capacity building.	The ULBs do not play any role. The activities are performed by the Art and Culture and School Education Departments.

Appendix 2.4

(Reference: Paragraph 2.1.6.7; Page 22)

Statement showing variations in budget of the ULBs

(₹ in crore)

Name of the ULB	Year	Receipts			Expenditure		
		Estimate	Actuals	Percentage of actuals to budget	Estimate	Actuals	Percentage of actuals to budget
Puducherry	2018-19	28.56	40.92	143	57.24	40.68	71
	2019-20	53.24	41.94	79	59.45	44.65	75
	2020-21	59.7	30.84	52	65.57	42.36	65
Oulgaret	2018-19	32.46	35.07	108	44.7	30.71	69
	2019-20	37.8	37.87	100	51.72	36.32	70
	2020-21	26.59	34.06	128	46.73	34.14	73
	2021-22	37.97	39.11	103	50.26	34.14	68
	2022-23	42.82	47.42	111	67.8	41.28	61
Karaikal	2018-19	12.74	7.51	59	12.91	8.88	69
	2019-20	12.53	7.92	63	12.02	8.82	73
	2020-21	14.39	8.14	57	14.57	8.12	56
Mahe	2018-19	3.17	3.60	114	7.17	5.57	78
	2019-20	4.62	3.52	76	9.18	7.95	87
	2020-21	3.96	2.81	71	7.95	5.36	68
	2021-22	2.55	3.71	146	7.60	4.86	64
	2022-23	3.45	3.56	103	8.54	5.91	69
Yanam	2018-19	6.66	4.01	60	6.24	3.69	59
	2019-20	7.15	3.19	45	6.65	3.41	51
	2020-21	7.38	3.18	43	7.23	3.35	46
	2021-22	9.21	3.78	41	8.86	4.16	47
	2022-23	11.27	7.70	68	14.3	7.72	54

Budget not prepared for the year 2021-22 and 2022-23 in respect of Puducherry and Karaikal Municipalities

Appendix 2.5

(Reference: Paragraph 2.1.8.2 (i); Page 27)

Section wise availability of human resources in all the ULBs

Sl. No.	Name of the Wing/Section	Sanctioned Strength	No. of Regular Employees	Shortage against sanctioned strength	Availability of employees under contract/outourced/daily wages etc.				
					No. of Contract staff	No. of out-sourced Staff	No. of Daily waged employees	No. on Service placement	Total employees
1	Administration/ Establishment	364	69	295	2	4	0	1	7
2	Accounts	14	8	6	0	6	0	1	7
3	Revenue	140	110	30	0	9	0	4	13
4	Sanitation/Public Health	913	532	381	0	3	2	4	9
5	Engineering	377	167	210	0	17	1	2	20
Total		1,808	886	922	2	39	3	12	56

Appendix 2.6

(Reference: Paragraph 2.2.5; Page 31)

Coverage and financial outlay of selected Schemes under DBT

(₹ in crore)

Name of the Scheme	A brief about the Scheme	Platform used for DBT transfer	Total number of beneficiaries (March 2023)	Expenditure during 2020-23
Puducherry State Free Rice Scheme ¹ (Cash Scheme) - Department of Civil Supplies and Consumer Affairs	Cash equivalent to 20 kg of rice to BPL and AAY and 10 kg to APL ration card holders is transferred monthly through PFMS.	Public Financial Management System (PFMS) interface	3,32,660	651.40
National Food Security Act - Public Distribution System (Cash Scheme) - Department of Civil Supplies and Consumer Affairs	Cash equivalent of 35 kg of rice per AAY ² ration card holders and 5 kg of rice per person per PHH ³ ration card holders are provided through PFMS.	PFMS interface	1,82,094	418.42
Puducherry Old Age Pension and Destitute Pension Scheme (Cash Scheme) - Department of Women and Child Development	Monthly pensions are provided to elderly individuals, unmarried/ destitute women, widows and transgender in alignment with the National Social Assistance Programme (NSAP). In addition to the funds provided ⁴ by the GoI, the GoP provides supplementary assistance. The pension amount ranged between ₹ 2,000 and ₹ 3,500.	Aadhar Bridged Payment where Aadhar Number of the beneficiaries were available. For the remaining beneficiaries, transfers were made either through ECS or by cash	1,81,616	1,252.87

¹ State scheme extended to all ration card holders in addition to National Food Security Act, 2013.

² AAY involved identification of one crore poorest of the poor families from among the number of Below Poverty Line families covered under Targeted Public Distribution System within the States and providing them food grains at a highly subsidised rate.

³ PHH is households that meet the eligibility criteria set by the respective State for identifying poor and vulnerable people such as landless labourers, marginal farmers, and wage earners in the informal section of society.

⁴ GoI has not released grants for the year 2022-23 and the scheme components were implemented with the funds of UTP.

Name of the Scheme	A brief about the Scheme	Platform used for DBT transfer	Total number of beneficiaries (March 2023)	Expenditure during 2020-23
Anganwadi Services - Supplementary Nutrition Programme (In-Kind Scheme) - Department of Women and Child Development	Nutritious dietary items ⁵ were provided to young children aged 6 months to 6 years, as well as pregnant and lactating mothers, through Anganwadi centres.	In-kind benefits were delivered to the beneficiaries from the respective Anganwadi centers.	38,706	38.65

⁵ Food items include rice, ragi, Bengal gram, egg, weaning/ready to eat food.

Appendix 2.7

(Reference: Paragraph 2.3.1; Page 53)

Objective and eligibility of the Scholarship Schemes

Name of the Scheme	Details
Pre-Matric Scholarship for SC/ST Students (Classes VI to X)	The objective of the scheme is to provide financial assistance to SC/ST students to complete their education up to secondary level and to avoid dropouts. The eligible SC/ST students who are native of UT of Puducherry by virtue of birth or having a residence for a continuous period of not less than five years in Puducherry are eligible for availing scholarship at the rate of ₹ 1,500 per year (Classes VI to VIII) and ₹ 2,500 per year (Classes IX and X). The income limit has been removed in respect of all the scholarship schemes implemented by UT.
Opportunity Cost to the Parents of SC/ST Girl Students	The objective of the scheme is to eliminate child labour among SC/ST girl children and encourage their parents to send their girl children to educational institutions by paying opportunity cost in lieu of the income shortage suffered by them. The Parents of the eligible students in Classes VI to XII are eligible for financial assistance of ₹ 3,000 per year provided they and their child are native of the UT of Puducherry either by birth or by continuous residence for a period not less than three years.
Grant of full fees	The objective of the scheme is to grant full fees to eligible SC/ST students, studying in Classes I to XII in any private school recognised by the Government including Government Aided Schools and to the eligible students who are studying higher/professional courses selected through Centralised Admission Committee (CENTAC). The students who are pursuing other courses in the recognised institutions in the UT of Puducherry are also eligible for availing the benefits under the scheme. Fees are paid along with room rent (for hostelers) at ₹ 2,000 per month or the actual rent, whichever is less. Maintenance allowance at ₹ 1,000 per month (Classes XI to XII), ₹ 2,000 per month for Arts and Science graduation and ₹ 3,000 per month for the Professional Courses are also paid.
Ad-hoc Merit Grant (Special Incentive) to the SC/ST Students	An Ad-hoc Merit Grant is awarded with a view to enable SC/ST students, who intend to pursue their post-matric studies, to meet the initial expenditure at the time of admission. The SC/ST students who secured 65 <i>per cent</i> and above marks in the Class X examination are granted a lumpsum amount of ₹ 1,000.
Dr. B.R. Ambedkar Financial Assistance to SC/ST students under-going professional courses sponsored by CENTAC (upto 2020-21)	The objective of the scheme is to grant financial assistance to SC/ST students who pursue Professional Courses run by Government Institution/college of the Central/State/UT Government sponsored by the CENTAC. This scheme had been replaced with the new Scheme from 2021-22 onwards viz., Grant of full fees scheme.

Appendix 2.8

(Reference: Paragraphs 2.3.2; Page 53)

Statement showing coverage of beneficiaries *vis-à-vis* potential beneficiaries of scholarship schemes Pre-matric Scholarship Scheme

Academic year	Population of SC & ST students# (Classes VI to X)	Coverage of SC & ST students in State scheme (Classes VI to X)	Coverage of SC & ST students (CSS) (Classes IX to X)	Total coverage State+ CSS	Percentage of coverage
2018-19	19,408	9,351	2,732	12,083	62
2019-20	19,435	9,737	2,647	12,384	64
2020-21	19,808	6,327	1,989	8,316	42
2021-22	18,734	4,204	1,372	5,576	30
2022-23	*18,734	5,298	1,213	6,511	35

Opportunity Cost to the Parents of Girl Students

Academic year	Population of SC & ST students (Classes VI to XII)	Coverage of SC & ST students (Classes VI to XII)	Percentage of coverage
2018-19	12,661	8,175	65
2019-20	12,648	5,824	46
2020-21	12,720	3,489	27
2021-22	12,282	3,177	26
2022-23	*12,282	3,412	28

Grant of full fees to the SC/ST students (Classes I to XII) studied in Private/Government Aided Schools

Academic year	Population of SC/ST students in Private and Government Aided Schools (Classes I to XII)	Coverage of SC/ST students in Private and Government Aided Schools (Classes I to XII)	Percentage of coverage
2020-21	21,953	5,611	26
2021-22	19,221	6,375	33
2022-23	*19,221	4,163	22

Population data downloaded from Unified Digital Information on School Education (UDISE) of GoI website. and Data obtained from ADW&STW Department, Puducherry.

* Population data for the year 2022-23 is not available. Hence, the population of the previous year was adopted.

Appendix 2.9

(Reference: Paragraph 2.3.6; Page 57)

Details of non-disbursement of scholarship benefits

(₹ in lakh)

Sl. No.	Academic year	Number of eligible beneficiaries	Amount received for disbursement	Number of beneficiaries to whom payment made	Amount disbursed	Number of beneficiaries to whom payment was not made	Amount
[1]	[2]	[3]	[4]	[5]	[6]	[7] = [3]-[5]	[8] = [4]-[6]
1	2020-21	10,293	515.88	8,272	469.57	2,021	46.31
2	2021-22	7,325	167.52	5,427	123.96	1,898	43.56
3	2022-23	8,691	196.86	8,270	185.13	421	11.73
Total		26,309	880.26	21,969	778.66	4,340	101.60

Appendix 2.10

(Reference: Paragraph 2.4.2.6; Page 65)

Details of number of failed transactions of FA-DAP

(in numbers)

Month	Failed transactions
May 2020	3
June 2020	8
August 2020	1
September 2020	4
October 2020	7
November 2020	13
December 2020	20
January 2021	09
February 2021	12
March 2021	13
April 2021	16
June 2021	13
August 2021	26
September 2021	15
October 2021	15
November 2021	27
December 2021	29
January 2022	1,690
February 2022	1,436
March 2022	188
April 2022	174
May 2022	183
June 2022	1,874
July 2022	1,764
August 2022	1,627
September 2022	1,619

Month	Failed transactions
October 2022	1,618
November 2022	632
December 2022	234
January 2023	238
February 2023	26
March 2023	108
Total	13,642

Appendix 2.11

(Reference: Paragraph 2.5.1; Page 67)

Decisions taken in FLC Meetings

Meetings conducted by FLC	Date of Meeting	Decisions taken
First Meeting	24 April 2019	➤ The outstanding dues of ₹ 10.87 crore should be repaid immediately. ➤ Strict action should be taken to deduct the outstanding dues from the pension of the defaulters through Social Welfare Department. ➤ To initiate legal actions against loan defaulter. ➤ To submit the action plan to recover the outstanding dues from the defaulters of the NHFDC loan beneficiaries within three months.
Second Meeting	29 July 2019	PCDW&DAP is allowed two years' time for payment of existing dues of ₹ 10.18 crore (as at the end of June 2019), in eight approximately equal quarterly instalments commencing immediately.
Third Meeting	28 May 2021	AMRCD Committee meeting may be convened after around one month, so that the Government of Puducherry/PCDW&DAP may come up with a firm payment plan to facilitate implantation of the AMRCD decision in the Second Meeting.
Fourth Meeting	21 September 2021	➤ Time up to 31 December 2021 is provided to Government of Puducherry for payment of the AMRCD dues. ➤ The interest portion shall be frozen from 24.03.2021, in case the entire AMRCD dues are paid by 31.12.2021. ➤ In case GoP fails to pay the entire AMRCD dues by 31.12.2021, interest shall be levied on entire AMRCD dues i.e., no relief by way of freezing of interest on 24.03.2021 would be provided.
Fifth Meeting	8 August 2022	➤ The freezing of interest with effect from 24 March 2021 on AMRCD dues would continue to be provided on the balance amount of ₹ 3.20 crore against amount referred to AMRCD Committee are cleared by PCDW&DAP/GoP within 45 days from 08 August 2022. ➤ In case of failure on the part of PCDW&DAP/GoP, to pay the balance amount against amount referred to the AMRCD Committee within the period stipulated, the relief by way of freezing of interest with effect from 24 March 2021 would not be allowed.

Appendix 3.1
(Reference: Paragraph 3.7.7.2; Page 94)
Centralised Audit - Department accepted or Action initiated cases

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
1	D1	GD-III	34XXXXXXXXXX1ZI	India Nippon Electricals Ltd	3,16,77,812			3,16,77,812	Notices have been issued to the taxpayer as per the observations of the AG Audit. The replies furnished by the taxpayer are also attached for perusal of Audit. Accordingly, action will be taken and final reply submitted after issuing the ASMT-12 by the Proper officer.	The reply of the taxpayer has not been forwarded to Audit for scrutiny.	ASMT-11/ replies furnished.	Compliance Deviation
2	D1	GD-III	34XXXXXXXXXX1ZZ	Poclain Hydraulics Private Limited	1,61,17,766		1,25,44,149	2,86,61,915	Notices have been issued to the taxpayer as per the observations of the AG Audit. The replies furnished by the taxpayer are also attached for perusal of Audit. Accordingly, action will be taken and final reply submitted after issuing the ASMT-12 by the Proper officer.	The reply of the taxpayer has not been forwarded to Audit for scrutiny.	ASMT-11/ replies furnished.	Compliance Deviation
3	D1	GD-III	34XXXXXXXXXX1ZS	Lucas TVS Limited	2,74,12,679			2,74,12,679	Notices have been issued to the taxpayer as per the observations of the AG Audit. The replies furnished by the taxpayer are also	The reply of the taxpayer has not been forwarded to Audit for scrutiny.	ASMT-11/ replies furnished.	Compliance Deviation

Audit Report for the year ended March 2023

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
4	D1	GD-III	34XXXXXXXXXX1ZP	Kingfa Science & Technology (India) Limited	67,25,745		2,05,61,559	2,72,87,304	attached for perusal of Audit. Accordingly, action will be taken and final reply submitted after issuing the ASMT-12 by the Proper officer. Notices have been issued to the taxpayer as per the observations of the AG Audit. The replies furnished by the taxpayer are also attached for perusal of Audit. Accordingly, action will be taken and final reply submitted after issuing the ASMT-12 by the Proper officer.	The reply of the taxpayer has not been forwarded to Audit for scrutiny.	ASMT-11/ replies furnished.	Compliance Deviation
5	D1	GD-III	34XXXXXXXXXX1ZL	Pregio Pharma Private Limited	2,06,60,130		26,59,258	2,33,19,388	Notices have been issued to the taxpayer as per the observations of the AG Audit. The replies furnished by the taxpayer are also attached for perusal of Audit. Accordingly, action will be taken and final reply submitted after issuing the ASMT-12 by the Proper officer.	The reply of the taxpayer has not been forwarded to Audit for scrutiny.	ASMT-11/ replies furnished.	Compliance Deviation
6	D1	GD-III	34XXXXXXXXXX1ZR	FPL Vehicles Private Limited			2,21,23,638	2,21,23,638	Notices have been issued to the taxpayer as per the observations of the AG Audit. The	The reply of the taxpayer has not been forwarded to Audit for scrutiny.	ASMT-11/ replies furnished.	Compliance Deviation

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
									replies furnished by the taxpayer are also attached for perusal of Audit. Accordingly, action will be taken and final reply submitted after issuing the ASMT-12 by the Proper officer.			
7	D1	GD-III	34XXXXXXXXXX1Z7	Vishal (Sai Distributors)	1,78,65,495			1,78,65,495	Order in DRC 07 was issued vide ref.no. ZD3404240011609 on 26/04/2024. The copy of SCN and DRC 07 are enclosed herewith.	The copy of SCN and DRC 07 were not furnished to Audit. Further collection particulars of the demand in DRC -07 is awaited.	DRC-07 issued	Compliance Deviation
8	D1	GD-III	34XXXXXXXXXX1ZY	Servo Packaging Limited	4,43,886	1,45,87,955		1,50,31,841	Notices have been issued to the taxpayer as per the observations of the AG Audit. The replies furnished by the taxpayer are also attached for perusal of Audit. Accordingly, action will be taken and final reply submitted after issuing the ASMT-10 by the Proper officer.	The reply of the taxpayer has not been forwarded to Audit for scrutiny.	ASMT-11/ replies furnished.	Compliance Deviation
9	D4	Service	34XXXXXXXXXX1ZL	Spicelet Limited		7,11,430	6,712	7,18,142	For the year 2019-20, DRC-07 was issued. For the year 2020-21, SCN was issued. Copies of DRC-07 and SCN are furnished herewith.	The copy of SCN and DRC 07 were not furnished to Audit. Further collection particulars of the demand in DRC-07 is awaited.	DRC-07 issued	Compliance Deviation

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
10	D3	GD-III	34XXXXXXXXXX1ZZ	Karunakaran	22,53,763			22,53,763	Action has been taken and DRC-07 issued. Copy enclosed for perusal of Audit. Recovery action will be taken and the Final reply will be submitted to Audit in due course.	The copy of DRC-07 and collection of particulars of the demand is awaited.	DRC-07 issued	Compliance Deviation
11	D3	GD-III	34XXXXXXXXXX1ZQ	Maresh	30,67,020			30,67,020	Final Order was issued on vide Ref No. ZD340524000165Y and Demand has been raised vide DRC-07. An Amount of ₹ 1,10,266 has been recovered from the Electronic Credit Ledger of the Taxpayer. The reply along with copy of the notices have already been submitted to the Audit Division on 24.05.2024	The copy of DRC-07 and collection of particulars of the demand is awaited.	DRC-07 issued	Compliance Deviation
12	D3	GD-I	34XXXXXXXXXX2Z4	Poorna Praveena	7,36,101	7,11,795		14,47,896	The taxpayer has been issued order in DRC-07 for recovery of input tax credit of ₹ 7,36,101 and ₹ 7,11,795 for the financial year 2018-19 and 2019-20 which is not eligible as per Section 16(4) of the PGST Act, 2017. Copy of DRC-07 is enclosed for reference.	The copy of DRC-07 and collection of particulars of the demand is awaited.	DRC-07 issued	Compliance Deviation

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
13	D3	GD-III	34XXXXXXXXXX1ZZ	The Pondicherry Co-Operative Spinning Mills Ltd	90,31,744			90,31,744	Order in DRC-07 was issued vide ref.no. ZD340424001453Y on 29/04/2024. The copy of SCN and DRC-07 are enclosed herewith.	The copy of DRC-07 and collection particulars of the demand is awaited.	DRC-07 issued	Compliance Deviation
14	D3	GD-III	34XXXXXXXXXX1ZZ	Pondicherry Oxy-Acetylene Private Ltd	1,35,529	85,35,000		86,70,529	For the year 2018-19 order in DRC-07 was issued vide ref.no. ZD340424001147X on 26/04/2024. For the year 2019-20 order in DRC-07 was issued vide ref.no. ZD340824001660R on 27/08/2024.	The copy of DRC-07 and collection particulars of the demand is awaited.	DRC-07 issued	Compliance Deviation
15	D3	GD-III	34XXXXXXXXXX1ZI	Prabakaran	19,61,599			19,61,599	ASMT-10 Issued on 08.08.2023, Final Order was issued on vide Ref No. ZD340424001582V and Demand has been raised vide DRC 07. The reply along with copy of the notices have already been submitted to the Audit Division on 24.05.2024	The copy of DRC-07 and collection particulars of the demand is awaited.	DRC-07 issued	Compliance Deviation
16	D3	Karaikal	34XXXXXXXXXX2ZT	Balamurugan Rajamanickam (Trade Name Janani Communication)	75,73,749	5,06,733		80,80,482	Action has been taken and DRC-07 issued. Copy enclosed for perusal of Audit. Recovery action will be taken and the Final reply will be submitted to Audit in due course.	The copy of DRC-07 and collection particulars of the demand is awaited.	DRC-07 issued	Compliance Deviation

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
17	D3	Karaikal	34XXXXXXXXXX1Z W	Hameed Jahabar Meera Mohideen		53,63,506		53,63,506	Action has been taken and DRC-07 issued. Copy enclosed for perusal of Audit. Recovery action will be taken and the Final reply will be submitted to Audit in due course.	The copy of DRC-07 and collection of particulars of the demand is awaited.	DRC-07 issued	Compliance Deviation
18	D3	GD-III	34XXXXXXXXXX1ZE	Ramachandiran Maragatham	9,99,786	9,15,157		19,14,943	For the year 2018-19 Order in DRC-07 was issued vide ref.no. ZD3404240011732 on 26/04/2024. For the year 2019-20 order in DRC-07 was issued vide ref.no. ZD340824001667D on 24/08/2024	The copy of DRC-07 and collection of particulars of the demand is awaited.	DRC-07 issued	Compliance Deviation
19	D3	Service	34XXXXXXXXXX1ZI	Chinnappa Naidu Venkatesan (Rainbow Power Systems)	28,08,798			28,08,798	Action has been taken and DRC-07 issued. Copy enclosed for perusal of Audit. Recovery action will be taken and the Final reply will be submitted to Audit in due course.	The copy of DRC-07 and collection of particulars of the demand is awaited.	DRC-07 issued	Compliance Deviation
20	D3	Karaikal	34XXXXXXXXXX1ZY	Shanmugam (Trade Name SSR Agencies)	17,96,434			17,96,434	Action has been taken and DRC-07 issued. Copy enclosed for perusal of Audit. Recovery action will be taken and the Final reply will be submitted to Audit in due course.	The copy of DRC-07 and collection of particulars of the demand is awaited.	DRC-07 issued	Compliance Deviation

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
21	D3	GD-I	34XXXXXXXXXX1Z8	Vcare Herbs Concept Private Limited	20,43,146			20,43,146	The taxpayer have been issued order in DRC-07 for recovery of input tax credit of ₹ 20,43,146 which is not eligible as per Section 16(4) of the PGST Act, 2017. However, the taxpayer has filed application for rectification of order as per Circular No.237/31/2024 dt. 15.10.2024. Rectification order is yet to be issued. Copy of DRC-07 is enclosed for reference.	The copy of DRC-07 and collection of the demand is awaited.	DRC-07 issued	Compliance Deviation
22	D12	GD-I	34XXXXXXXXXX1ZY	Dongfang Electronics Private Limited			1,70,77,959	1,70,77,959	Government stated that (February 2025) that department issued ASMT-10 to the taxpayer in November 2023.	Further action taken on the notice is awaited.	ASMT-10 issued	Compliance Deviation
23	D12	GD-I	34XXXXXXXXXX1Z8	Dongfang Electronics Co., Ltd		4,57,75,809		4,57,75,809	Notice has been issued and reply submitted by the taxpayer found to be in order.	Further report in respect of issue of ASMT-12 is awaited.	ASMT-10 issued in Audit	Compliance Deviation
24	D7	GD-I	34XXXXXXXXXX1Z5	Sri Narayan Universal Resources Private Limited	39,69,304	57,86,790		97,56,094	Available ITC of ₹ 41,941 blocked on 08.02.2024. Action under Section 74 is being initiated.	ASMT-10 issued based on Audit Observation. Government stated (February 2025) that, available ITC of ₹ 41,941 blocked. Action under Section 74 initiated.	ASMT-10 issued. Action under Section 74 initiated.	Compliance Deviation

Audit Report for the year ended March 2023

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
25	D7	Service	34XXXXXXXXXX1ZQ	SPI Technologies India Private Limited	2,52,77,678	6,98,503		2,59,76,181	For the year 2018-19, ASMT-10 was issued. The reply of the taxpayer was verified and was dropped. For the year 2019-20 DRC-07 was issued. Copies of ASMT-10, ASMT-11, ASMT-12 & DRC-07 are furnished herewith.	For 2018-19, departmental reply acceptable and may not be perused further. For 2019-20, copy of DRC-07 and collection particulars awaited.	DRC-07 issued	Compliance Deviation
26	D7	GD-III	34XXXXXXXXXX1ZR	Bestcare Formulations Private Limited	14,192	72,48,978		72,63,170	Order in DRC-07 was issued vide ref.no. ZD340424001453Y on 29/04/2024. The copy of SCN and DRC-07 are enclosed herewith.	Copy of DRC-07 collection particulars awaited.	DRC-07 issued	Compliance Deviation
27	D2	Service	34XXXXXXXXXX1ZO	Ministry of Railways	93,98,626		10,15,128	1,04,13,754	For the FY 2018-19, the case is dropped. The ASMT-10, SCN, Reply for SCN, ASMT-12 are furnished herewith. For the FY 2020-21, ASMT-10 is issued and requested time to furnish reply, ASMT-10 is furnished	ASMT-10 issued. Further details awaited.	ASMT-10 issued	Compliance Deviation
28	D2	GD-I	34XXXXXXXXXX1ZJ	Srinithi Enterprises Private Limited	2,01,24,512	3,961		2,01,28,473	The taxpayer has been issued order in DRC-07 for recovery of input tax credit. Copy of DRC-07 is enclosed for reference.	Copy of DRC-07 collection particulars awaited.	DRC-07 issued	Compliance Deviation
29	D5	GD-III	34XXXXXXXXXX1ZS	Lucas TVS Limited	48,48,520			48,48,520	Notices have been issued to the taxpayer as per the observations of the AG Audit.	Further awaited report	ASMT-11/ replies furnished.	Compliance Deviation

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
30	D5	GD-III	34XXXXXXXXXX1ZNI	Easun MR Tapchangers Private Limited			6,12,91,124	6,12,91,124	Accordingly, action will be taken and final reply submitted after issuing the ASMT-12 by the Proper officer. Notices have been issued to the taxpayer as per the observations of the AG Audit. Accordingly, action will be taken and final reply submitted after issuing the ASMT-12 by the Proper officer.	Further report awaited	ASMT-11/ replies furnished.	Compliance Deviation
31	D6	Service	34XXXXXXXXXX1ZQ	SPI Technologies India Private Limited	2,52,77,678	6,98,503		2,59,76,181	For the year 2018-19, ASMT-10 was issued. The reply of the taxpayer was verified and was dropped. For the year 2019-20 DRC-07 was issued. Copies of ASMT-10, ASMT-11, ASMT-12 & DRC-07 are furnished herewith.	Copy of DRC-07 and collection particulars awaited.	DRC-07 issued	Compliance Deviation
32	D10	Karaikal	34XXXXXXXXXX1ZJ	Renganayaki Agency		58,33,568	1,35,08,156	1,93,41,724	ASMT-10 issued. The taxpayer replied in ASMT-11. The reply is under scrutiny.	The reply of the taxpayer has not been forwarded to Audit for scrutiny. Further reply awaited.	ASMT-11/ replies furnished.	Compliance Deviation
33	D10	GD-II	34XXXXXXXXXX1ZH	Solara Active Pharma Sciences Limited		8,21,34,016	2,41,29,984	10,62,64,000	No reply from department	In reply (February 2024) department stated that ASMT-10 were issued. Copy of ASMT-10 was not furnished for	ASMT-10 issued	Compliance Deviation

Audit Report for the year ended March 2023

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
34	D10	GD-II	34XXXXXXXXXX1Z6	Palanisamy Balasubramanian	32,59,12,192	33,97,47,872	27,87,11,456	94,43,71,520	No reply from department	The Department stated (February 2024) that details of outward and inward e-way bills had been called for from the taxpayer. Government reply is awaited (February 2025).	ASMT-10 issued	Compliance Deviation
35	D13	Service	34XXXXXXXXXX1ZQ	SPI Technologies India Private Limited	68,38,97,455	8,76,22,213		77,15,19,668	For the year 2018-19, ASMT-10 was issued. The reply of the taxpayer was verified and was dropped. For the year 2019-20 DRC-07 was issued. Copies of ASMT-10, ASMT-11, ASMT-12 & DRC-07 are furnished herewith. (Ref D.6. (OBS-949208)	For the year 2019-20 Order in DRC-07 to be furnished. Collection particulars awaited. In respect of 2018-19, case may not be perused further.	DRC-07 issued	Compliance Deviation
36	D16	GD -I	34XXXXXXXXXX1Z1	Abdul David Alias Shaik Dawood	1,34,59,282	1,81,36,120		3,15,95,402	The Government accepted and stated (February 2025) that the taxpayer accepted the observation and paid ₹ 1.38 lakh for 2018-19 and ₹ 1.57 lakh for 2019-20. Amount of ₹ 2.95 lakh collected.	The Government accepted and stated (February 2025) that taxpayer accepted the observation and paid ₹ 1.38 lakh for 2018-19 and ₹ 1.57 lakh for 2019-20. Amount of ₹ 2.95 lakh collected.	Recovered	Compliance Deviation

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
37	D16	GD-II	34XXXXXXXXXX1Z4	Alavudeen	1,41,83,350			1,41,83,350	For FY 2018-19, order under section 73 was issued on 30.04.2024 along with demand in DRC-07 in respect of the tax for ₹ 7,45,546, interest for ₹ 7,60,080 and penalty ₹ 74554 (Total demand ₹ 15,80,180). 2. For FY 2019-20, DRC-01A (intimation of tax payable) was issued on 29.02.2024) For FY 2019-20 issued DRC-01 vide SCN dt 31.05.2024 for the demand of ₹ 10,96,274/	Government stated (February 2025) that for 2018-19, Order in DRC-07 was issued for 2019-20, DRC-01A, DRC-01 was issued (Copies to be furnished). Collection particulars awaited.	DRC-07 issued	Compliance Deviation
38	D16	GD-II	34XXXXXXXXXX1Z0	Kannusamy Rajasekaran	1,33,64,958			1,33,64,958	Notice issued to the taxpayer; reply awaited from the taxpayer. Order issued and demand raised through DRC-07.	Copy of DRC-07 and collection particulars awaited.	DRC-07 issued	Compliance Deviation
39	D17	Service	34XXXXXXXXXX1Z2	KBS Kofi Barr			1,90,33,202	1,90,33,202	The taxpayer had not furnished sufficient reply. Hence, ASMT-10 is issued to the taxpayer	Copy of ASMT-10 to be furnished to Audit and further details awaited.	ASMT-10 issued	Compliance Deviation
40	D17	Service	34XXXXXXXXXX1ZP	Hotel New Biryani Paradise			22,83,409	22,83,409	The taxpayer had not furnished sufficient reply. Hence, ASMT-10 is issued to the taxpayer	Copy of ASMT-10 to be furnished to Audit and further details awaited.	ASMT-10 issued	Compliance Deviation

Audit Report for the year ended March 2023

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
41	D20	GD-III	34XXXXXXXXXX1Z3	Harini Polymer	28,79,396	7,020		28,86,416	Under process. Final reply will be submitted to Audit	Final reply awaited.	ASMT-10 issued	Compliance Deviation
42	D20	Service	34XXXXXXXXXX1Z3	Felix (Trade Name A) Urovie Pools	12,11,567			12,11,567	DRC-07 order issued. Copy of the DRC07 is attached herewith.	Copy of DRC-07 and collection particulars awaited.	DRC-07 issued	Compliance Deviation
43	D20	GD-III	34XXXXXXXXXX1Z9	Sivaanida (Trade Name Thirumuruga Polymers)	6,41,577	46,994		6,88,571	Demand raised and an amount of ₹ 19,398 recovered vide Ref. No. IP341224000271 from ITC available. Balance will be recovered and intimated to the Audit.	Demand and recovery details awaited.	DRC Demand raised	Compliance Deviation
44	D20	GD-II	34XXXXXXXXXX1ZK	NS Pet Industries			6,09,469	6,09,469	SCN DRC-01 issued on 28.11.2024.(copy enclosed) further details would be furnished on due course.	Copy of SCN DRC-01 notice was not furnished to Audit.	SCN issued in DRC-01	Compliance Deviation
45	D20	Service	34XXXXXXXXXX1ZY	Shree Adinath Epc Ventures Private Limited		5,85,000		5,85,000	Reply already furnished to Audit.	The department replied (December 2023) that the taxpayer had since filed all the belated GSTR 3Bs and paid ₹ 5,85,000 during September 2023.	Recovered	Compliance Deviation
46	D20	Service	34XXXXXXXXXX1ZM	Muruga Arumugam		1,05,250	4,31,462	5,36,712	Further Proceedings of revenue recovery are to be Initiated.	Further details awaited	ASMT-10 issued. Recovery proceedings initiated.	Compliance Deviation

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
47	D21	GD-III	34XXXXXXXXXXXX1Z6	Swashtik Preforms Private Limited	1,07,082	1,72,563	4,35,092	7,14,737	The taxpayer has paid amount of ₹ 1,07,082 for the year 2018-19 through DRC-03 vide ARN No. AD3406240000300.	Government stated (February 2025) that taxpayer paid the amount through DRC-03 for 2018-19. Copy of DRC-03 and Collection particulars awaited. In respect of 2019-20 and 2020-21, further action after issue of ASMT-10 awaited.	DRC-03 payment	Compliance Deviation
48	D21	GD-III	34XXXXXXXXXXXX1ZP	Kingfa Science & Technology (India) Limited	7,88,586	1,75,105		9,63,691	Under process. Final reply will be submitted to Audit	In reply (February 2024) department furnished the copy of ASMT-10 for both years (December 2023). Government stated (February 2025) that final reply will be submitted in due course.	ASMT-10 issued	Compliance Deviation
49	D21	GD-III	34XXXXXXXXXXXX2ZU	Fine Wood Products Private Limited	1,54,374	3,90,011	5,05,055	10,49,440	The taxpayer has paid amount of ₹ 1,54,374 for the year 2018-19 & ₹ 3,90,011 for the year 2019-20 through DRC-03 vide ARN No. ZD340124001252A & ARN No. ZD340524000721Y.	Government stated (February 2025) that taxpayer paid the amount of ₹ 5.44 lakh through DRC-03 for the year 2018-19 and 2019-20. Collection particulars awaited. In respect of 2020-21, details of further action after issuing ASMT-10 to be communicated. In respect of 2020-21, further details awaited.	ASMT-10 issued	Compliance Deviation

Audit Report for the year ended March 2023

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
50	D21	Karaikal	34XXXXXXXXXX1ZJ	Renganayaki Agency	2,43,868	2,54,477	2,20,739	7,19,084	The taxpayer paid the interest due vide DRC-03 Dt:25.05.2022 ARN:340522000405R . Reply already given. Copy enclosed.	Government stated (February 2025) that taxpayer paid the amount through DRC-03. Collection particulars awaited.	ASMT-10 issued	Compliance Deviation
51	D21	GD-III	34XXXXXXXXXX1ZS	Swashtik Industries	3,32,525	1,79,299	96,563	6,08,387	The taxpayer has paid amount of ₹ 3,32,525 for the year 2018-19 & ₹ 1,79,300 for the year 2019-20 through DRC-03 vide ARN No. AD34062400 0033U & ARN No. AD340624000032W.	Government stated (February 2025) that taxpayer paid ₹ 5.11 lakh through DRC-03. Copy of DRC -03 and Collection particulars awaited.	DRC-03 payment	Compliance Deviation
52	D21	Service	34XXXXXXXXXX1Z2	Thiagarajan Annamalai	8,77,210	2,80,265		11,57,475	Reply furnished to Audit	Government stated (February 2025) that reply was furnished. However, no copy of reply was furnished to Audit.	ASMT-10 issued	Compliance Deviation
53	D21	Service	34XXXXXXXXXX1Z5	U R C Construction Private Limited	4,72,842	987	76,806	5,50,635	The taxpayer paid the interest ₹ 4,71,812, ₹ 72,652 for 2018-19 & 2020-21 respectively through DRC-03 (attached). Hence para may be dropped.	DRC-03 payment and recovery details awaited.	DRC-03 payment	Compliance Deviation
54	D21	Service	34XXXXXXXXXX1Z2	Azaguvel	5,71,757	2,18,810	22,902	8,13,469	DRC-07 for the three years furnished	Demand and recovery details awaited.	DRC-07 issued	Compliance Deviation
55	D21	GD-III	34XXXXXXXXXX1ZO	Rajaganapathy Board Mills Pvt Ltd	4,30,646	2,58,737	1,15,924	8,05,307	For the year 2018-19 order in DRC-07 was issued vide ref.no. ZD340424001149T on	Demand and recovery details awaited.	DRC-07 issued	Compliance Deviation

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
									26/04/2024. For the year 2019-20 order in DRC 07 was issued vide ref.no. ZD340824001659A on 27/08/2024. For the year 2020-21 SCN was issued on 25/11/2024			
56	D21	GD-III	34XXXXXXXXXXXX1Z2	Pondicherry Oxy-Acetylene Private Ltd	7,95,041	3,71,222	20,641	11,86,904	For the year 2018-19 order in DRC-07 was issued vide ref.no. ZD340424001147X on 26/04/2024.	For 2018-19, Demand and recovery details awaited. No reply in respect of 2019-20 and 2020-21	DRC-07 issued	Compliance Deviation
57	D21	GD-III	34XXXXXXXXXXXX1Z1	Balakrishnan Sakuntala	6,53,987	2,69,925	1,02,925	10,26,837	Interest amount of ₹ 30,000 vide ARN No.AD3408230000253 M Dt.10-08-2023, ₹ 1,00,000 vide ARN No. AD340923000038G dt. 04-09-2023, ₹ 4,76,638 vide ARN No.AD3409230000264 H dt.12-09-2023 paid. Balance will be recovered and intimated to the Audit.	Collection particulars awaited.	DRC-03 payment	Compliance Deviation
58	D21	Karaikal	34XXXXXXXXXXXX1Z2	Kannappan Iron And Steel Company Private Limited	33,534	92,241	6,01,771	7,27,546	The taxpayer paid the interest due vide DRC-03 Dt:08.01.2022 ARN:3401220000734 and DRC-03 dt: 08.03.2024 ARN:340324000347L. ASMT-12 issued. Copy enclosed.	Copy of DRC -03 Collection particulars awaited.	DRC-03 payment	Compliance Deviation

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
59	D21	GD-III	34XXXXXXXXXX1ZT	JBA Metal Company	41,083	6,736	15,29,139	15,76,958	Under process. Final reply will be submitted to Audit	ASMT-10 issued for all three years. Government stated (February 2025) that final reply would be submitted in due course.	ASMT-10 issued	Compliance Deviation
60	D21	GD-II	34XXXXXXXXXX1ZB	Schangalaya Motors	93,529	9,69,563	2,02,516	12,65,608	The taxpayer has paid amount for the FY 2018-19 and FY 2019-20 through DRC-03. SCN issued for the FY 2020-21.	Copy of SCN, DRC - 03 and Collection particulars awaited.	DRC-03 payment	Compliance Deviation
61	D21	Service	34XXXXXXXXXX3ZX	Roadmap IT Solutions Private Limited	9,05,968	11,13,328	4,99,747	25,19,043	No additional reply furnished.	Department stated (February 2024) that notice was issued (October 2023). Government did not furnish any reply to the Audit Observation. (February 2025)	ASMT-10 issued	Compliance Deviation
62	D21	GD-III	34XXXXXXXXXX1ZZ	The Pondicherry Co-Operative Spinning Mills Ltd	3,38,899	3,07,431		6,46,330	For the year 2018-19 order in DRC-07 was issued vide ref.no. ZD340424001453Y on 29/04/2024. For the year 2019-20 order in DRC-07 was issued vide ref.no. ZD340824001662N on 27.08.24. The copy of SCN and DRC-07 are enclosed herewith.	Government stated (February 2025) that Order in DRC-07 for 2018-19 and 2019-20 were issued (Copy to be furnished). Collection particulars awaited. In respect of 2020-21. SCN issued. Copy of SCN and its status may be furnished to Audit.	DRC-07 issued	Compliance Deviation
63	D21	GD-II	34XXXXXXXXXX1ZJ	Arularasi	3,03,378	2,64,892	1,33,980	7,02,250	1. FY 2018-19, order under sec 73 was issued on 30.04.2024	Government stated (February 2025) that Order in DRC-07	DRC-07 issued	Compliance Deviation

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
									alongwith demand DRC-07 (Total demand ₹ 4,12,454) 2. FY 2019-20 order under sec 73 was issued on 30.04.2024 alongwith demand DRC-07 (Total demand ₹ 2,85,353) 3. FY 2020-21 order under sec 73 was issued on 30.04.2024 alongwith demand DRC-07 (Total demand ₹ 1,62,817)	was issued (Copy to be furnished). Collection particulars awaited.		
64	D21	Service	34XXXXXXXXXX1ZZ	Prabhascare Health Clinic Private Limited	2,62,264	2,39,856	1,10,099	6,12,219	The taxpayer paid the interest ₹ 261264, ₹ 2,18,178 & 1,06,895 for 2018-19, 19-20 & 2020-21 respectively through DRC-03 (attached). Hence para may be dropped.	Government stated (February 2025) that taxpayer paid ₹ 5.86 lakh through DRC-03. Collection particulars awaited.	DRC-03 payment	Compliance Deviation
65	D9	GD-III	34XXXXXXXXXX1ZP	Kingfa Science & Technology (India) Limited	37,90,912	1,12,13,120		1,50,04,032	Notices have been issued to the taxpayer as per the observations of the AG Audit. The replies furnished by the taxpayer are also attached for perusal of Audit. Accordingly, action will be taken and final reply submitted after issuing the ASMT-12 by the Proper officer.	Government stated (February 2025) that the taxpayer furnished replies to the notices. Final action on the notices would be furnished in due course. The reply of the taxpayer has not been forwarded to Audit for scrutiny.	ASMT-10 issued	Compliance Deviation

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SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
66	D9	GD -I	34XXXXXXXXXXXX1Z0	Thulasingham Sivabalan	6,73,645		61,61,330	68,34,975	The taxpayer has been issued order in DRC 07 for recovery of input tax credit. Copy of DRC-07 is enclosed for reference.	Government stated (February 2025) that Order in DRC 07 was issued (Copy to be furnished). Collection particulars awaited.	DRC-07 issued	Compliance Deviation
67	D9	Service	34XXXXXXXXXXXX1ZB	Priyadharshini		32,22,000	20,92,000	53,14,000	The ASMT10, ASMT11, ASMT12, GST Challan For ₹ 32,22,000 Pertaining To 19-20 And DRC 03 For ₹20,92,000 Pertaining To 2020-21 Are Furnished	GST Challan. ASMT-10,11,12, needs to Collection particulars awaited.	DRC-03 payment	Compliance Deviation
68	D9	GD-III	34XXXXXXXXXXXX1Z4	Steril-Gene Life Sciences Private Limited	51,16,560	1,66,400		52,82,960	Notices have been issued to the taxpayer as per the observations of the AG Audit. The replies furnished by the taxpayer are also attached for perusal of Audit. Accordingly, action will be taken and final reply submitted after issuing the ASMT-12 by the Proper officer.	Government stated (February 2025) that the taxpayer furnished replies to the notices. Final action on the notices would be furnished in due course. The reply of the taxpayer has not been forwarded to Audit for scrutiny.	ASMT-11/ replies furnished.	Compliance Deviation

Appendix 3.2
(Reference: Paragraph 3.7.7.2; Page 94)
Centralised Audit - Reply of the Department accepted Cases where proactive action taken

Sl No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Rejoinder to Government Reply	Category	Status
1	D4	GD-III	34XXXXXXXXXX1ZF	Jyothy Labs Limited	5,19,846			5,19,846	The department stated (February 2024) that ASMT-10 was already issued on 20-06-23 and SCN issued on 08-08-23. Since department already taken action, need not be perused further.	ATBQ	Reply acceptable to Audit
2	D3	GD-III	34XXXXXXXXXX1ZC	Jei Polymer	41,05,125			41,05,125	The department replied (February 2024) that ASMT-10 was issued in respect of these cases on 25-07-23 prior to Audit Observation. Hence, observation need not be perused further.	ATBQ	Reply acceptable to Audit
3	D3	GD-III	34XXXXXXXXXX1ZX	Thamilarasan Hemalatha (Trade Name Nivedha Packaging)	25,71,112			25,71,112	The department replied (February 2024) that ASMT-10 was issued in respect of these cases. It was noticed that ASMT -10 was issued on 28-07-23 prior to Audit Observation. Hence, observation need not be perused further.	ATBQ	Reply acceptable to Audit
4	D20	Service	34XXXXXXXXXX1Z2	Vengatesan	38,56,914	33,55,531		72,12,445	In reply Department stated (February 2024 & December 2023) stated that DRC13 (Notice to a Third Person) issued to the banker of the Taxpayer (February 2020). Thus, the department had initiated action before audit query/observation. Hence the Audit Observation need not be perused.	ATBQ	Reply acceptable to Audit

Audit Report for the year ended March 2023

Sl No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Rejoinder to Government Reply	Category	Status
5	D20	GD-III	34XXXXXXXXXX1ZI	Aura Natural Products	20,98,965	3,37,293		24,36,258	In reply department stated that notices were issued for partial amount to the taxpayer for the year 2018-19 in 22-08-2019 and for full amount in 2019-20 in 23-09-2020. The taxpayer registration was cancelled suo-moto with effect from 31-07-2019. Since, the department had already taken action before audit query/observation, the Audit Observation need not be perused further.	ATBQ	Reply acceptable to Audit
6	D20	GD-III	34XXXXXXXXXX1ZZ	United Die Casting Pvt Ltd		16,84,039		16,84,039	Department replied that notice was issued on 08-06-23. Copy of notice furnished. Since, the department had already taken action before audit query/observation, the Audit Observation need not be perused further.	ATBQ	Reply acceptable to Audit
7	D20	Service	34XXXXXXXXXX1Z3	Lotus Security Service	15,52,848			15,52,848	In reply the department stated RC cancelled suo-moto on 31/09/2019. Third party notice for recovery issued to Banker of the taxpayer on 11-10-22. Copy furnished to Audit. Since, the department had already taken action before audit query/observation, the Audit Observation need not be perused further.	ATBQ	Reply acceptable to Audit
8	D20	Service	34XXXXXXXXXX1Z9	Nagaraj Prabavathy (Trade Name NR Construction)	5,60,705			5,60,705	In reply the department stated that the proper officer had initiated recovery action against the taxpayer by issuing DRC-13 to the banker on 17-02-2020. Since, the department had already taken	ATBQ	Reply acceptable to Audit

Sl No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Rejoinder to Government Reply	Category	Status
									action before audit query/observation, the Audit Observation need not be perused further.		
9	D21	GD-III	34XXXXXXXXXXXXX1Z0	Pondy Die Castings Private Limited	3,31,222	3,52,007	1,62,444	8,45,673	The department stated (February 2024) that ASMT-10 was already issued on September 2022. Since department already taken action, need not be perused further.	ATBQ	Reply acceptable to Audit
10	D21	GD-III	34XXXXXXXXXXXXX1Z0	Shriram Electro Chem Co	58,669	1,59,455	5,51,416	7,69,540	The department stated (February 2024) that ASMT-10 was already issued on September 2022. Since department already taken action, need not be perused further.	ATBQ	Reply acceptable to Audit
11	D21	GD -I	34XXXXXXXXXXXXX1ZN	Vcare Herbs Concept Private Limited	3,56,935	4,61,043	1,18,491	9,36,469	The department had stated that it had already taken action after issue of notice and interest amount collected.	ATBQ	Reply acceptable to Audit
12	D21	Service	34XXXXXXXXXXXXX1ZP	Orion Security Solutions Private Limited	8,84,959	48,098	569	9,33,626	In reply (February 2024) department furnished the notice issued (u/s not available) (September 2022). Since action already taken before audit query/observation, Audit Observation need not be perused further.	ATBQ	Reply acceptable to Audit
13	D21	GD-III	34XXXXXXXXXXXXX2ZE	Premi Engineering	6,22,067	73,081	43,579	7,38,727	The department replied (February 2024) that ASMT-10 was issued in respect of these cases on 27-07-23. The Audit Observation was issued on 04-09-23. Since, action already taken by the department before audit query/observation, this	ATBQ	Reply acceptable to Audit

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Sl No.	Dimen- sion	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Rejoinder to Government Reply	Category	Status
14	D21	GD-III	34XXXXXXXXXX1ZZ	United Die Casting Pvt Ltd	8,35,383	5,52,380		13,87,763	In reply (February 2024) ATBQ department furnished the notice issued (u/s not available) (July 2021). Since action already taken before audit query/observation, Audit Observation need not be perused further.	ATBQ	Reply acceptable to Audit
15	D9	Service	34XXXXXXXXXX1ZZ	Vengatesan	38,56,914	33,55,531		72,12,445	In reply (December 2023) the department stated that SCN issued on 03.02.2020. Since action was taken before Audit Query/Observation, Audit Observation need not be perused further.	ATBQ	Reply acceptable to Audit
16	D9	Service	34XXXXXXXXXXDZD	Auroville Foundation		48,41,823		48,41,823	In reply the department stated that after issue of notice, assessee paid tax of ₹ 39,15,526 on 10/12/20 and 09/02/22. copy of DRC -03 furnished. Balance amount to be collected. As the department had already taken action prior to Audit Observation, Audit Observation is not perused further.	ATBQ	Reply acceptable to Audit
17	D9	GD-I	34XXXXXXXXXX1ZG	Sathya Narayanan	48,14,388			48,14,388	The department had already taken action prior to Audit. Hence Observation may not be perused further.	ATBQ	Reply acceptable to Audit

Appendix 3.3

(Reference: Paragraph 3.7.7.2; Page 94)

Centralised Audit - Replies furnished without adequate documentary evidence

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
1	DI	GD-III	34XXXXXXXXXX1ZB	Tamizarasan	71,46,296	2,51,58,812		3,23,05,108	Final Order issued and demand raised for a value of ₹ 2,44,77,768 for 2018-19 and ₹ 5,13,17,896 for 2019-20. Letters have also been sent to other States to Block/Recover the ITC amount passed by the Taxpayer. ITC amount of ₹ 16,11,482 has been reversed from the Electronic Credit Ledger of the Taxpayer. Bank Account of the Taxpayer has also been frozen. The Taxpayer had filed W.P. in the Hon'ble High court of Madras vide W.P. No. 33544/2024. (Copy of DRC 07 enclosed & Other documents are already furnished to the Audit Division in the earlier reply furnished on 24.05.2024)	The documentary evidence like Annexure to ASMT-10 notice, Final Order, Reversal of Credit, Freezing of Bank Account were not furnished to Audit to ascertain the correct of the reply.	Government reply not furnished with appropriate documentary evidence	Reply without Documents
2	DI0	GD-III	34XXXXXXXXXX1ZX	Caplin Point Laboratories Limited	9,52,70,240		2,96,13,632	12,48,83,872	Notice has been issued and reply submitted by the taxpayer found to be in order.	In reply (February 2024) department furnished the copy of ASMT-10 for both years (December 2023). Government without any documentary	Government reply not furnished with appropriate documentary evidence	Reply without Documents

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
3	D10	GD-III	34XXXXXXXXXX1ZC	Aeon Formulations Private Limited	1,19,06,792	20,54,976	1,53,576	1,41,15,344	Notice has been issued and reply submitted by the taxpayer found to be in order.	In reply (February 2024) department furnished the copy of ASMT-10 for all three years (December 2023). Government without any documentary evidence stated (February 2025) that the reply of the taxpayer was in order. Reply is not tenable as it is neither substantiated by documents nor by facts.	Government reply not furnished with appropriate documentary evidence	Reply without Documents
4	D11	GD-III	34XXXXXXXXXX1ZY	Appasamy Associates Private Limited	2,69,44,938	2,69,44,938		2,69,44,938	Notice has been issued and reply submitted by the taxpayer found to be in order.	In reply (February 2024) department furnished the copy of ASMT-10 (January 2024). Government without any documentary evidence stated (February 2025) that the reply of the taxpayer was in order. Reply is not tenable as it is neither substantiated by	Government reply not furnished with appropriate documentary evidence	Reply without Documents

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
										documents nor by facts.		
5	D11	GD-III	34XXXXXXXXXX1ZX	Golden Cashew Products Private Limited	83,08,251			83,08,251	Notice has been issued and reply submitted by the taxpayer found to be in order.	Government without any documentary evidence stated (February 2025) that the reply of the taxpayer was in order. Reply is not tenable as it is neither substantiated by documents nor by facts.	Government reply not furnished with appropriate documentary evidence	Reply without Documents
6	D11	GD-III	34XXXXXXXXXX1Z4	Steril-Gene Life Sciences Private Limited	51,17,902		2,74,781	53,92,683	Notice has been issued and reply submitted by the taxpayer found to be in order.	In reply (February 2024) the department stated that amount corresponding to discrepancies pointed out by audit was paid by taxpayer. Department explanation for 2018-19 accepted by Audit. However, 2020-21, no documentary evidence furnished. Government without any documentary evidence stated (February 2025) that the reply of the taxpayer was in order. Reply is not tenable as it is neither substantiated by documents nor by facts.	Government reply not furnished with appropriate documentary evidence	Reply without Documents

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
7	D2	Service	34XXXXXXXXXX1ZM	Flipkart Internet Private Limited	7,623		1,15,89,572	1,15,97,195	Screen Shots provided to prove that returns have been filed within time was furnished. Further it was stated that, in respect of the year 2020-21, It was verified and found that the difference value noticed by the Audit, is difference Value of ITC. Due to the amendment of an invoice of June 2020 in July 2020 by the supplier, screen shots of GSTR2A invoice vice details and amendment are furnished herewith	Documentary evidence substantiating the claim of the Department viz., Screen Shots were not furnished to Audit for necessary scrutiny.	Government reply not furnished with appropriate documentary evidence	Reply without Documents
8	D21	GD-III	34XXXXXXXXXX1ZW	Lakshmi Srikanth	5,19,357	4,12,709	3,17,080	12,49,146	Interest amount of ₹ 1,59,083 collected vide ARN No.AD340923 000460L Dt. 19-09-2023, ₹ 70,000 vide ARN No.AD340223000705P Dt. 28-02-2023, ₹ 72,241 vide ARN No.AD340123 000713U Dt. 25-01-2023, ₹ 69,340 vide ARN No.AD3412220001309 Dt. 05-12-2022, ₹ 71,972 vide ARN No.AD3411 220001434 Dt. 07-11-22, ₹ 72,395 vide ARN No.AD340922000176G Dt. 12-09-22, ₹ 1,09,284 vide ARN No.AD3403 220003031 Dt. 14-03-22, ₹ 1,660 vide ARN No.AD340321000661V Dt. 27-03-2021, ₹ 8,652	Government stated (February 2025) that taxpayer paid the interest vide ARN details mentioned in reply. The ARN particulars contained details of payment made before March 2023. As per the Audit Observation the following balance needs to be paid as on September 2023. For 2019-20 ₹ 2.53 lakh and for 2020-21 ₹ 2.08 lakh. However, post September 2023, ARN details were not available for 2019-20	Government reply not furnished with appropriate documentary evidence	Reply without Documents

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
									vide ARN No.AD340221 000294W Dt. 20-02-21, ₹ 476 vide ARN No. AD34082 0000168J Dt. 29-08-2020, ₹ 15,363 vide ARN No.AD34032 0000119W Dt. 05-03-20, ₹ 491 vide ARN No. AD3401200 00287V Dt. 21-01-2020, ₹ 22,180 vide ARN No.AD34012 0000112E Dt. 08-01-20, ₹ 10,884 vide ARN No.AD341219 000135M Dt. 13-12-2019, ₹ 31,919 vide ARN No.AD341119 000232S Dt. 22-11-2019, ₹ 34,298 vide ARN No.AD341019 000144R Dt. 24-10-2019, ₹ 42,501 vide ARN No.AD34101 9000013Y Dt. 04-10-19	and 2020-21. Further details awaited		
9	D3	GD-III	34XXXXXXXXXX2ZE	Premi Engineering	46,52,681			46,52,681	ASMT-10 was issued to the Taxpayer on 27.07.23 vide Reference No. ZD3407 23001648H (2018-19), Differential tax amount of ₹ 15,12,000 for the year 2018-19 has been paid by the Taxpayer through DRC 03 vide ARN No. AD3403220001126, dt 04.03.2022. The dealer is paying in instalments. The reply along with copy of the notices have already been submitted to	Government stated (February 2025) that differential tax of ₹ 15.12 lakh for 2018-19 was paid on 04-03-22. However, department replied (February 2024) that ASMT-10 was issued a few days prior to Audit Observation. The details of additional levy communicated in the ASMT-10 notice was not furnished to Audit to ascertain the	Government reply not furnished with appropriate documentary evidence	Reply without Documents

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SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
10	D9	GD -I	34XXXXXXXXXX1ZL	Sathya Agencies Private Limited		13,67,94,150		13,67,94,150	The amendment made in GSTR 1 return have not been considered by the Audit. GSTR1 liability in BOWEB portal is ₹ 2,63,08,717, whereas the tax paid by the taxpayer as per GSTR 9 and GSTR 3B are ₹ 2,64,05,210.00. Since the taxpayer have paid more amount in GSTR 9 and GSTR 3B than GSTR 1, the audit is requested to drop the para.	Government stated (February 2025), that amendments made in GSTR 1 return have not been considered by the Audit. GSTR 1 amendment details may be furnished to Audit in this regard. Further copy of ASMT-10 may also be furnished	Government reply not furnished with appropriate documentary evidence	Reply without Documents
11	D9	GD-III	34XXXXXXXXXX1ZS	Lucas TVS Limited	1,17,94,176	128	5,12,128	1,23,06,432	As requested by Audit the details have been enclosed for verification. Verified and found in order. Reply furnished.	Government without any documentary evidence stated (February 2025) that the case was verified and found in order. Reply is not tenable as it is neither substantiated by documents nor by facts. No details , which were stated to be furnished, were also furnished to Audit.	Government reply not furnished with appropriate documentary evidence	Reply without Documents
12	D9	GD-III	34XXXXXXXXXX2ZE	Premi Engineering	25,42,334	29,78,932	25,473	55,46,739	ASMT-10 was issued to the taxpayer on 27.07.2023 vide Ref No. ZD340723001648H	Government stated (February 2025) that differential tax of ₹ 15.12 lakh for 2018-	Government reply not furnished with	Reply without Documents

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
									(2018-19), on 05.09.23 vide Ref No. ZD340923 0000680 (2019-20), ZD3409230000703 (2020-21), DRC 01 Issued for the year 2018-19, 2019-20 and 2020-21. Final Order has been issued for the year 2019-20 and demand raised. Differential tax amount of ₹ 15,12,000 for the year 2018-19 has been paid by the Taxpayer through DRC 03 vide ARN No.AD3403220001126, DT.04.03.2022. For the Balance Amounts, Final Order has been issued for the year 2019-20 and demand raised. The dealer is paying in instalments. The reply along with copy of the notices have already been submitted to the Audit Division on 24.05.2024	19 was paid on 04-03-22. However, department replied (February 2024) that ASMT-10 was issued. Copy furnished to Audit without Annexure to ASMT-10. Since, both replies are contradictory, complete details may be furnished to Audit.	appropriate documentary evidence	
13	DI2	Service	34XXXXXXXXXX1ZH	Dredging Corporation Of India Limited	1,94,80,105			1,94,80,105	The ASMT-10, SCN, reply for SCN and order for dropping are furnished	The ASMT-10, SCN, reply for SCN and order for dropping were stated to be furnished, were not furnished to Audit	Government reply not furnished with appropriate documentary evidence	Reply without Documents
14	DI3	Service	34XXXXXXXXXX1Z3	K. S. & Company	3,62,54,332			3,62,54,332	Taxpayer has stated that the amount ₹ 3,62,54,332 pertains amount to be received for the work	In reply (February 2024) department stated that ASMT-10 issued (October 2023)	Government reply not furnished with	Reply without Documents

Audit Report for the year ended March 2023

SI No.	Dimension	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
									done during VAT period. This amount pertains to the disputed claims towards compensation for which we have invoked in the Arbitration clauses. The amount is yet to be received. Considering the above the para may be dropped. Copy of the reply furnished by the taxpayer are furnished herewith.	and copy furnished to Audit. In Government reply (February 2025) it was stated that, the amount ₹ 3,62,54,332 pertains amount to be received for the work done during VAT period by taxpayer. This amount pertains to the disputed claims towards compensation for which taxpayer have invoked in the Arbitration clauses. The amount is yet to be received. Copy of the reply furnished by the taxpayer which were stated to be furnished, were not furnished to Audit.	appropriate documentary evidence	
15	D16	Service	34XXXXXXXXXX1ZW	Arun			1,57,08,948	1,57,08,948	Reply furnished to Audit	The department in its reply (February 2024) had stated that the details were called for from the taxpayer. In Government reply (February 2025), copy of reply, which was stated to be furnished, was not furnished to Audit.	Government reply not furnished with appropriate documentary evidence	Reply without Documents

Appendix 3.4

(Reference: Paragraph 3.7.7.3 (ii); Page 101)

Centralised Audit - Inconsistencies/mismatches not accepted by the Department but rebutted by Audit

SI No.	Dimension/	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
1	D10	GD -I	34XXXXXXXXXX1ZS	Nilesh Arjun Bhoir		1,47,56,400	1,97,67,734	3,45,24,134	Reply furnished, may be requested to drop the para.	In reply the department stated (December 2023) that the taxpayer obtained registration in January 2020 and his registration was cancelled on 28-02-2020, since it was found that the taxpayer was not doing any business in the said premises. However, as per department reply the E-way Bills were generated for the period March 2020 to July 2020. In subsequent reply (February 2024), it was stated that on cancellation of registration, the system does not allow to file GSTR 3B/GSTR1. The reply of the department is not acceptable as It is not possible to generate E-way Bill after cancellation of the registration. Copy of REG-19 may be furnished to Audit to ascertain whether there is any lapse on the part of the department or it being a system lapse. The departmental contention that e-way bills generated	Reply Rebutted	Compliance Deviation

SI No.	Dimension/	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
										by the taxpayers with an intention to fraudulently pass ITC was defeated by timely cancellation of registration resulted in no revenue loss is not acceptable because outward tax liability in respect of goods moved by e-way bill was not paid. Government (February 2025) did not provide any additional information.		
2	D2	GD-III	34XXXXXXXXXX1ZS	Lucas TVS Limited	81,15,872	1,59,97,957	38,64,242	2,79,78,071	It was stated by the AO that "Since the Audit has not accepted the reply, another detailed reply will be furnished". Awaited for reply	Further report awaited	Reply Rebutted	Compliance Deviation
3	D2	GD-III	34XXXXXXXXXX1ZS	MRF Limited	1,04,67,472	57,80,744	85,53,557	2,48,01,773	It was stated by the AO that "Since the Audit has not accepted the reply, another detailed reply will be furnished". Awaited for reply	Further report awaited	Reply Rebutted	Compliance Deviation
4	D2	GD-III	34XXXXXXXXXX1ZF	ARK Golden India Private Limited	1,26,58,888			1,26,58,888	It was stated by the AO that "Since the Audit has not accepted the reply, another detailed reply will be furnished". Final reply will be submitted to Audit	Further report awaited	Reply Rebutted	Compliance Deviation
5	D2	GD-III	34XXXXXXXXXX1ZZ	Poelain Hydraulics Private Limited	1,04,11,676	14,56,018	1,75,960	1,20,43,654	It was stated by the AO that "Since the Audit has not accepted the reply, another detailed reply will be furnished". Final	Further report awaited	Reply Rebutted	Compliance Deviation

SI No.	Dimension/	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
6	D16	Yanam	34XXXXXXXXXX1ZY	Veerabadra Venkayya Batchu (Trade Name Sri Gayathri Auto Spares)		1,76,05,640		1,76,05,640	Notice has been issued and reply submitted by the taxpayer found to be in order.	In Initial reply department furnished the copy of ASMT-10 (December 2023). In Subsequent reply (February 2024), the department stated that based on Audit Observation the taxpayer had paid of ₹ 9.88 lakh, for the year 2019-20 and 2020-21. Copy of DRC-03 challan dated 17-01-24 and 08-02-24 were produced. In Government reply (February 2025) it was stated that notice was issued and reply submitted by the taxpayer found to be in order. However, no key documents were furnished to Audit. Since both the replies are contradictory, reply not acceptable. Para is reiterated.	Reply rebutted	Compliance Deviation
7	D17	Service	34XXXXXXXXXX1ZD	J A Arcot Briyani Hotel			13,07,097	13,07,097	As Per notification No.36/2023- Central Tax dated 04.08.2023 the electronic commerce operator who is required to collect tax at source under section 52 as the class of persons who shall follow the special procedure in respect of	Even though, there is no difference in tax liability, the reply of the department is not acceptable due to following reasons The procedural aspects and filing aspects of returns etc., in respect of Normal taxpayer and	Reply rebutted	Compliance Deviation

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SI No.	Dimension/	Division	GSTN	Name of the Taxpayer	2018-19 (in ₹)	2019-20 (in ₹)	2020-21 (in ₹)	Total (in ₹)	Government Reply (February 2025)	Rejoinder to Government Reply	Category	Status
									supply of goods made through it by the persons paying tax under section 10 of the said Act. However, the restaurant service is taxable at 5 per cent for normal taxpayer and composition taxpayer. since there is no difference of tax liability. Further the GSTR3B turnover is more than the GSTR8 turnover. Hence the para may be dropped.	Composition taxpayer are entirely different.		

Appendix 3.5

(Reference: Paragraph 3.7.8.1; Page 103)

Detailed Audit - Identified risk relating to mismatch of ITC and undischarged tax liability due to partial production

Divisions	Amount (₹ in Crore)
Goods Division I	12.19
Goods Division III	49.11
Karaikal	8.32
Service	2.76
Grand Total	72.38

Appendix 3.6

(Reference: Paragraphs 3.7.8.1 and 3.7.8.2 (II) (a); Pages 103 and 105)

Detailed Audit - Non reversal/Short reversal of ITC

Sl. No.	Division	GSTN	Name of the Taxpayer	Deviation during 2018-19 (in ₹)	Deviation during 2019-20 (in ₹)	Deviation during 2020-21 (in ₹)	Total Amount of Deviation (in ₹)	Total Amount of Deviation (₹ in Lakh)	Government Reply (February 2025)	Rejoinder to Government Reply
1	Goods Division III	34XXXXXXXXXXXXX1ZY	The Pondicherry Co-Op Milk Producers Union Limited		3,41,73,892	2,37,65,610	5,79,39,502	579.40	Notices have been issued to the taxpayer as per the observations of the AG Audit. The replies furnished by the taxpayer. Final reply will be submitted after issuing the ASMT-12 by the Proper officer.	The reply of the taxpayer has not been forwarded to Audit for scrutiny
2	Karaikal	34XXXXXXXXXXXXX1ZW	Karaikal Port Private Limited	77,35,207	23,15,433	79,61,525	1,80,12,165	180.12	The taxpayer was duly informed above the Audit Para. The taxpayer has replied that they have filed an application before the NCLT at Chennai under section 30(6) & 60(5) of the Insolvency and Bankruptcy Code 2016 and the Tribunal had accepted the Resolution plan and enclosed a copy of the said order dt.31st March 2023. The taxpayer further stated that, all such claims, which are not a part of resolution plan, shall stand extinguished and no person will be entitled to initiate or continue any proceedings in respect to a claim, which is not part of the resolution plan	Department stated that (December 2023) that on this being pointed out to the taxpayer, it was informed that they have filed application before NCLT, Chennai and their application to Resolution Plan was accepted by the Tribunal vide order dated 31-03-23. It was also stated that claims which were not part of resolution plan shall stand extinguished. It is brought to notice that the taxpayer was selected for Scrutiny of Returns for the year 2018-19. However, no information regarding identification of this issue was available. The outcome of the scrutiny of returns may be furnished. Further, scrutiny of returns list for the year 2019-20 and 2020-21 were yet to be

Sl. No.	Division	GSTN	Name of the Taxpayer	Deviation during 2018-19 (in ₹)	Deviation during 2019-20 (in ₹)	Deviation during 2020-21 (in ₹)	Total Amount of Deviation (in ₹)	Total Amount of Deviation (₹ in Lakh)	Government Reply (February 2025)	Rejoinder to Government Reply
									and requested to drop any further proceeding in respect to the scrutiny of the GST returns in line with Honorable Supreme Court Judgement in the matter of Ghanshyam Mishra & Sons vs Edelweiss Asset Construction Co. Ltd. The copy of the reply of the taxpayer dt.06/12/2023 enclosed for consideration of the Audit. The copy of the reply already given is enclosed herewith.	communicated to the Divisions (December 2023). Further, Internal Audit was also not conducted during the Audit period in any of the taxpayers. It was seen from the Tribunal order para 4.2 that advertisement was made during May 2022 under Section 15 of IBC Act 2016 inviting claims from stake holder. ₹ As per resolution plan m (Para 7.1) claim by Statutory authorities were totally accepted. Hence, non initiation of action prior to due date resulted in Loss of revenue. Government (February 2025) did not furnish any additional reply
3	Service	34XXXXXXXXXXXX1Z8	National Insurance Company Limited			20,42,695	20,42,695	20.43	Reply furnished by the taxpayer in ASMT-11 and informed that they have discharged their liability in DRC 03. Copy of the reply and DRC 03 are furnished. The para may be dropped.	Collection particulars awaited. The reply of the taxpayer and DRC -03 has not been forwarded to Audit for scrutiny.
4	Goods Division III	34XXXXXXXXXXXX1ZN	Manatec electronics pvt. Limited			5,97,799	5,97,799	5.98	Notices have been issued to the taxpayer as per the observations of the AG Audit. The replies furnished by the taxpayer are also attached for perusal of Audit and the Proper Officer has stated that it has been verified and found in order and hence no discrepancy. Accordingly	The reply of the taxpayer has not been forwarded to Audit for scrutiny

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Sl. No.	Division	GSTN	Name of the Taxpayer	Deviation during 2018-19 (in ₹)	Deviation during 2019-20 (in ₹)	Deviation during 2020-21 (in ₹)	Total Amount of Deviation (in ₹)	Total Amount of Deviation (₹ in Lakh)	Government Reply (February 2025)	Rejoinder to Government Reply
									final reply will be submitted after issuing the ASMT-12 by the Proper officer.	
5	Goods Division III	34XXXXXXXXXX1ZZ	Hindustan Unilever Limited		2,46,431		2,46,431	2.46	Notices have been issued to the taxpayer as per the observations of the AG Audit. The replies furnished by the taxpayer are also attached for perusal of Audit and the Proper Officer has stated that it has been verified and found in order and hence no discrepancy. Accordingly final reply will be submitted after issuing the ASMT-12 by the Proper officer.	The reply of the taxpayer has not been forwarded to Audit for scrutiny
						Total	7,88,38,592	788.39		

Appendix 3.7

(Reference: Paragraph 3.8.1; Pages 111 and 112)

(a) Vehicles with Live Permits - Tax due beyond five years

Sl. No.	Regn No	Regn Date	Laden Wt.	Permit Valid From	Permit Valid Upto	Tax Arrear From	Tax upto = March 2024/ permit validity, whichever is less	No. of quarters	Rate per quarter	Tax calculated by Audit	Tax exemption for 2 months	Tax due calculated by Audit	Penalty to be collected	Total tax pending collection
1	PYT0507	04-03-1985	15660	21-07-2018	20-07-2023	01-01-2019	31-03-2023	17	2,400	40,800	1,600	39,200	39,200	78,400

(b) Permits lapsed vehicles - Tax due beyond five years

Sl. No.	Regn No	Regn Date	Laden Wt.	Permit Valid From	Permit Valid Upto	Tax Arrear From	tax upto = March 2024/ permit validity, whichever is less	No. of quarters	Rate per quarter	Tax calculated by Audit	Tax exemption for 2 months	Tax due calculated by Audit	Penalty to be collected	Total tax pending collection
1	PY01BF0947	22-11-2010	25000	23-11-2015	22-11-2020	01-01-2018	22-11-2020	12	4,200	50,400	2,800	47,600	47,600	95,200
2	PY01AZ8749	21-01-2010	9600	03-11-2015	02-11-2020	01-04-2018	02-11-2020	11	1,700	18,700	1,133	17,567	17,567	35,134
3	PY01AZ2026	02-12-2009	7250	02-12-2014	01-12-2019	01-04-2018	01-12-2019	7	1,200	8,400	0	8,400	8,400	16,800
4	PYX1819	03-01-1983	15225	13-02-2018	12-02-2023	01-01-2019	12-02-2023	17	2,400	40,800	1,600	39,200	39,200	78,400
5	PYT1087	11-11-1987	8400	22-10-2017	21-10-2022	01-04-2018	21-10-2022	18	1,200	21,600	800	20,800	20,800	41,600

Sl. No.	Regn No	Regn Date	Laden Wt.	Permit Valid From	Permit Valid Upto	Tax Arrear From	tax upto = March 2024/ permit validity, whichever is less	No. of quarters	Rate per quarter	Tax calculated by Audit	Tax exemption for 2 months	Tax due calculated by Audit	Penalty to be collected	Total tax pending collection
6	PYT1965	28-06-1988	15660	05-07-2014	04-07-2019	01-10-2015	04-07-2019	15	2,400	36,000	0	36,000	36,000	72,000
7	PY011504	03-11-1989	5990	10-01-2015	09-01-2020	01-04-2018	09-01-2020	7	1,200	8,400	0	8,400	8,400	16,800
8	PY015044	20-08-1990	15660	23-01-2016	22-01-2021	01-04-2018	22-01-2021	11	2,400	26,400	1,600	24,800	24,800	49,600
9	PY01A9192	21-12-1992	5990	19-01-2017	18-01-2022	01-04-2018	18-01-2022	15	1,200	18,000	800	17,200	17,200	34,400
10	PY01B5369	04-10-1993	16200	20-06-2016	19-06-2021	01-04-2018	19-06-2021	13	2,600	33,800	1,733	32,067	32,067	64,133
11	PY01C9725	30-11-1994	16200	12-08-2014	11-08-2019	01-04-2017	11-08-2019	10	2,600	26,000	0	26,000	26,000	52,000
12	PY01E6597	17-11-1995	15660	17-11-2015	16-11-2020	01-01-2019	16-11-2020	8	2,400	19,200	1,600	17,600	17,600	35,200
13	PY01E8487	18-12-1995	15660	20-12-2015	19-12-2020	01-01-2018	19-12-2020	12	2,400	28,800	1,600	27,200	27,200	54,400
14	PY01F0336	05-02-1996	6800	19-05-2016	18-05-2021	01-04-2017	18-05-2021	17	1,200	20,400	800	19,600	19,600	39,200
15	PY01F7663	31-05-1996	16200	16-11-2016	15-11-2021	01-10-2017	15-11-2021	17	2,600	44,200	1,733	42,467	42,467	84,933
16	PY01H7299	27-08-1996	7000	02-04-2014	01-04-2019	01-07-2014	01-04-2019	19	1,200	22,800	0	22,800	22,800	45,600
17	PY01H8199	21-10-1996	16200	02-04-2014	01-04-2019	01-10-2018	01-04-2019	2	2,600	5,200	0	5,200	5,200	10,400
18	PY01J4266	26-03-1997	4000	15-06-2015	14-06-2020	01-07-2017	14-06-2020	12	800	9,600	533	9,067	9,067	18,133
19	PY01J6399	28-05-1997	6100	24-09-2014	23-09-2019	01-07-2018	23-09-2019	5	1,200	6,000	0	6,000	6,000	12,000

Sl. No.	Regn No	Regn Date	Laden Wt.	Permit Valid From	Permit Valid Upto	Tax Arrear From	tax upto = March 2024/ permit validity, whichever is less	No. of quarters	Rate per quarter	Tax calculated by Audit	Tax exemption for 2 months	Tax due calculated by Audit	Penalty to be collected	Total tax pending collection
20	PY01J9747	29-08-1997	16210	08-01-2015	07-01-2020	01-10-2018	07-01-2020	5	2,600	13,000	0	13,000	13,000	26,000
21	PY01K6390	17-09-1997	6930	24-09-2014	23-09-2019	01-04-2018	23-09-2019	6	1,200	7,200	0	7,200	7,200	14,400
22	PY01K3759	12-01-1998	9000	10-02-2015	09-02-2020	01-10-2017	09-02-2020	10	1,200	12,000	0	12,000	12,000	24,000
23	PY01K8919	19-06-1998	15660	22-09-2014	21-09-2019	01-10-2018	21-09-2019	4	2,400	9,600	0	9,600	9,600	19,200
24	PY01L3200	07-10-1998	8770	25-11-2014	24-11-2019	01-07-2018	24-11-2019	6	1,200	7,200	0	7,200	7,200	14,400
25	PY01M0619	21-04-1999	16200	04-08-2016	03-08-2021	01-10-2017	03-08-2021	16	2,600	41,600	1,733	39,867	39,867	79,733
26	PY01AR1125	15-07-1999	16200	28-11-2017	27-11-2022	01-10-2018	27-11-2022	17	2,600	44,200	1,733	42,467	42,467	84,933
27	PY01N0686	30-09-1999	16200	03-05-2017	02-05-2022	01-07-2017	02-05-2022	20	2,600	52,000	1,733	50,267	50,267	1,00,533
28	PY01N9093	24-12-1999	16200	08-10-2015	07-10-2020	01-04-2016	07-10-2020	18	2,600	46,800	1,733	45,067	45,067	90,133
29	PY01P2669	25-05-2000	8770	31-05-2015	30-05-2020	01-10-2016	30-05-2020	15	1,200	18,000	800	17,200	17,200	34,400
30	PY01Q5551	19-10-2000	10050	24-10-2015	23-10-2020	01-07-2016	23-10-2020	17	1,700	28,900	1,133	27,767	27,767	55,533
31	PY01Q1730	31-10-2000	5300	01-11-2015	31-10-2020	01-04-2016	31-10-2020	18	800	14,400	533	13,867	13,867	27,733
32	PY01Q6337	19-02-2001	6750	12-05-2015	10-05-2020	01-04-2017	10-05-2020	13	1,200	15,600	800	14,800	14,800	29,600
33	PY01R6288	19-10-2001	10050	26-10-2016	25-10-2021	01-04-2018	25-10-2021	14	1,700	23,800	1,133	22,667	22,667	45,333

Sl. No.	Regn No	Regn Date	Laden Wt.	Permit Valid From	Permit Valid Upto	Tax Arrear From	tax upto = March 2024/ permit validity, whichever is less	No. of quarters	Rate per quarter	Tax calculated by Audit	Tax exemption for 2 months	Tax due calculated by Audit	Penalty to be collected	Total tax pending collection
34	PY02B7173	28-08-2002	8800	18-05-2017	17-05-2022	01-10-2018	17-05-2022	15	1,200	18,000	800	17,200	17,200	34,400
35	PY01U3888	05-03-2003	5300	28-07-2015	27-07-2020	01-10-2015	27-07-2020	19	800	15,200	533	14,667	14,667	29,333
36	PY01U6696	31-03-2003	10500	17-05-2015	16-05-2020	01-04-2018	16-05-2020	9	1,700	15,300	1,133	14,167	14,167	28,333
37	PY01U4275	01-04-2003	25000	15-07-2014	14-07-2019	01-07-2016	14-07-2019	12	4,200	50,400	0	50,400	50,400	1,00,800
38	PY01X7232	11-05-2004	5700	21-10-2014	20-10-2019	01-01-2019	20-10-2019	3	1,200	3,600	0	3,600	3,600	7,200
39	PY01X9749	14-06-2004	10500	26-07-2016	25-07-2021	01-04-2017	25-07-2021	17	1,700	28,900	1,133	27,767	27,767	55,533
40	PY01Z7576	29-10-2004	8720	29-10-2014	28-10-2019	01-04-2016	28-10-2019	14	1,200	16,800	0	16,800	16,800	33,600
41	PY01Z3988	10-11-2004	25000	12-11-2014	11-11-2019	01-01-2017	11-11-2019	12	4,200	50,400	0	50,400	50,400	1,00,800
42	PY01AA2689	11-02-2005	15660	23-09-2015	22-09-2020	01-07-2017	22-09-2020	13	2,400	31,200	1,600	29,600	29,600	59,200
43	PY01AA8766	20-04-2005	10500	27-04-2015	26-04-2020	01-04-2018	26-04-2020	8	1,700	13,600	1,133	12,467	12,467	24,933
44	PY01AA8879	21-04-2005	10600	26-04-2015	25-04-2020	01-01-2019	25-04-2020	5	1,700	8,500	1,133	7,367	7,367	14,733
45	PY01AB0250	11-05-2005	15660	13-05-2015	12-05-2020	01-07-2017	12-05-2020	12	2,400	28,800	1,600	27,200	27,200	54,400
46	PY01AB5677	01-07-2005	25000	01-07-2015	30-06-2020	01-01-2017	30-06-2020	14	4,200	58,800	2,800	56,000	56,000	1,12,000
47	PY01AD1726	29-12-2005	9700	05-01-2016	04-01-2021	01-01-2017	04-01-2021	16	1,700	27,200	1,133	26,067	26,067	52,133

Sl. No.	Regn No	Regn Date	Laden Wt.	Permit Valid From	Permit Valid Upto	Tax Arrear From	tax upto = March 2024/ permit validity, whichever is less	No. of quarters	Rate per quarter	Tax calculated by Audit	Tax exemption for 2 months	Tax due calculated by Audit	Penalty to be collected	Total tax pending collection
48	PY01AD7860	07-02-2006	8720	17-09-2014	16-09-2019	01-10-2018	16-09-2019	4	1,200	4,800	0	4,800	4,800	9,600
49	PY01AE3178	20-04-2006	11950	26-06-2017	25-06-2022	01-10-2017	25-06-2022	19	1,700	32,300	1,133	31,167	31,167	62,333
50	PY01AF2309	11-07-2006	6250	22-07-2016	21-07-2021	01-07-2018	21-07-2021	12	1,200	14,400	800	13,600	13,600	27,200
51	PY01AF2535	14-07-2006	7490	18-07-2016	17-07-2021	01-07-2017	17-07-2021	16	1,200	19,200	800	18,400	18,400	36,800
52	PY01AF4055	24-07-2006	9600	07-10-2015	06-10-2020	01-04-2016	06-10-2020	18	1,700	30,600	1,133	29,467	29,467	58,933
53	PY01AJ2044	26-02-2007	6250	26-03-2015	25-03-2020	01-04-2016	25-03-2020	16	1,200	19,200	0	19,200	19,200	38,400
									Total	12,66,200	44,933	12,21,267	12,21,267	24,42,534

(c) Vehicles with Live Permits - Tax due less than five years

Sl. No.	Regn No.	Regn Date	Laden Wt.	Permit Valid From	Permit Valid Upto	Tax Arrear From	tax upto = March 2024/ permit validity, whichever is less	No. of quarters	Rate per quarter	Tax calculated by Audit	Tax exemption for 2 months	Tax due calculated by Audit	Penalty to be collected	Total tax pending collection
1	PY01CV4424	23-09-2019	8250	10-10-2019	09-10-2024	01-04-2020	31-03-2023	12	1,200	14,400	800	13,600	13,600	27,200
2	PY01BE2548	27-09-2010	25000	07-10-2020	06-10-2025	01-04-2022	31-03-2023	4	4,200	16,800	0	16,800	16,800	33,600
3	PY01AS1863	04-09-2008	8720	29-01-2019	28-01-2024	01-04-2021	31-03-2023	8	1,200	9,600	0	9,600	9,600	19,200
4	PY01AR0330	27-06-2008	16200	18-08-2018	17-08-2023	01-04-2021	31-03-2023	8	2,600	20,800	0	20,800	20,800	41,600
5	PY01AP9558	07-04-2008	6250	11-04-2018	10-04-2023	01-04-2022	31-03-2023	4	1,200	4,800	0	4,800	4,800	9,600
6	PY01AN2219	26-11-2007	11900	07-01-2019	06-01-2024	01-01-2021	31-03-2023	9	1,700	15,300	0	15,300	15,300	30,600
7	PY01BZ1762	24-09-1982	14750	11-09-2018	10-09-2023	01-04-2020	31-03-2023	12	2,200	26,400	1,467	24,933	24,933	49,867
8	PYX8449	24-04-1984	15660	26-04-2019	25-04-2024	01-04-2022	31-03-2023	4	2,400	9,600	0	9,600	9,600	19,200
9	PY01IH4255	30-08-1996	16200	25-04-2018	24-04-2023	01-04-2020	31-03-2023	12	2,600	31,200	1,733	29,467	29,467	58,933
10	PY01IH9198	05-12-1996	16200	29-05-2022	28-05-2027	01-07-2022	31-03-2023	3	2,600	7,800	0	7,800	7,800	15,600
11	PY02A5657	09-07-1997	16200	16-10-2019	15-10-2024	01-04-2020	31-03-2023	12	2,600	31,200	1,733	29,467	29,467	58,933
12	PY01K5769	20-02-1998	16200	05-03-2019	04-03-2024	01-07-2022	31-03-2023	3	2,600	7,800	0	7,800	7,800	15,600
13	PY01K6993	21-05-1998	16200	21-05-2018	20-05-2023	01-10-2019	31-03-2023	14	2,600	36,400	1,733	34,667	34,667	69,333
14	PY01L1719	13-10-1998	15660	13-10-2018	12-10-2023	01-04-2019	31-03-2023	16	2,400	38,400	1,600	36,800	36,800	73,600

Sl. No.	Regn No.	Regn Date	Laden Wt.	Permit Valid From	Permit Valid Upto	Tax Arrear From	tax upto = March 2024/ permit validity, whichever is less	No. of quarters	Rate per quarter	Tax calculated by Audit	Tax exemption for 2 months	Tax due calculated by Audit	Penalty to be collected	Total tax pending collection
15	PY01M9673	08-10-1999	6750	08-10-2019	07-10-2024	01-10-2022	31-03-2023	2	1,200	2,400	0	2,400	2,400	4,800
16	PY01N4273	29-12-1999	6750	17-01-2020	16-01-2025	01-01-2023	31-03-2023	1	1,200	1,200	0	1,200	1,200	2,400
17	PY01N3699	05-01-2000	8770	11-01-2020	10-01-2025	01-01-2023	31-03-2023	1	1,200	1,200	0	1,200	1,200	2,400
18	PY01N9186	23-03-2000	16200	21-04-2020	20-04-2025	01-01-2023	31-03-2023	1	2,600	2,600	0	2,600	2,600	5,200
19	PY01N9901	31-03-2000	8770	29-12-2020	28-12-2025	01-07-2022	31-03-2023	3	1,200	3,600	0	3,600	3,600	7,200
20	PY01N9910	31-03-2000	8770	06-10-2020	05-10-2025	01-07-2022	31-03-2023	3	1,200	3,600	0	3,600	3,600	7,200
21	PY01P0995	24-04-2000	6750	26-04-2020	25-04-2025	01-04-2022	31-03-2023	4	1,200	4,800	0	4,800	4,800	9,600
22	PY01Q0423	28-09-2000	6750	30-07-2018	29-07-2023	01-04-2020	31-03-2023	12	1,200	14,400	800	13,600	13,600	27,200
23	PY01Q5729	06-02-2001	15660	26-06-2018	25-06-2023	01-04-2019	31-03-2023	16	2,400	38,400	1,600	36,800	36,800	73,600
24	PY01Q8654	19-04-2001	6750	01-04-2018	31-03-2023	01-01-2020	31-03-2023	13	1,200	15,600	800	14,800	14,800	29,600
25	PY01U5277	07-05-2003	25000	03-04-2018	02-04-2023	01-04-2021	31-03-2023	8	4,200	33,600	0	33,600	33,600	67,200
26	PY01BZ3811	30-06-2003	7450	19-11-2018	18-11-2023	01-04-2020	31-03-2023	12	1,200	14,400	800	13,600	13,600	27,200
27	PY01V4757	15-07-2003	8800	16-03-2020	15-03-2025	01-04-2022	31-03-2023	4	1,200	4,800	0	4,800	4,800	9,600
28	PY01V6494	14-08-2003	25000	14-08-2018	13-08-2023	01-04-2022	31-03-2023	4	4,200	16,800	0	16,800	16,800	33,600
29	PY01V6495	14-08-2003	25000	14-08-2018	13-08-2023	01-04-2022	31-03-2023	4	4,200	16,800	0	16,800	16,800	33,600

Sl. No.	Regn No.	Regn Date	Laden Wt.	Permit Valid From	Permit Valid Upto	Tax Arrear From	tax upto = March 2024/ permit validity, whichever is less	No. of quarters	Rate per quarter	Tax calculated by Audit	Tax exemption for 2 months	Tax due calculated by Audit	Penalty to be collected	Total tax pending collection
30	PY01V7599	29-08-2003	16200	09-12-2018	08-12-2023	01-10-2020	31-03-2023	10	2,600	26,000	0	26,000	26,000	52,000
31	PY01W0547	01-10-2003	10500	22-10-2019	21-10-2024	01-01-2020	31-03-2023	13	1,700	22,100	1,133	20,967	20,967	41,933
32	PY01W9219	03-02-2004	8720	13-03-2020	12-03-2025	01-04-2020	31-03-2023	12	1,200	14,400	800	13,600	13,600	27,200
33	PY01Y1877	07-07-2004	25000	08-07-2019	07-07-2024	01-04-2022	31-03-2023	4	4,200	16,800	0	16,800	16,800	33,600
34	PY01Y9199	19-07-2004	15660	14-08-2018	13-08-2023	01-04-2020	31-03-2023	12	2,400	28,800	1,600	27,200	27,200	54,400
									Total	5,52,800	16,600	5,36,200	5,36,200	10,72,400

(d) Permits lapsed vehicles - Tax due within five years

Sl. No.	Regn No.	Regn Date	Laden Wt.	Permit Valid From	Permit Valid Upto	Tax Arrear From	tax upto = March 2024/ permit validity, whichever is less	No. of quarters	Rate per quarter	Tax calculated by Audit	Tax exemption for 2 months	Tax due calculated by Audit	Penalty to be collected	Total tax pending collection
1	PY01BQ5545	27-02-2012	8720	05-03-2017	04-03-2022	01-01-2020	04-03-2022	9	1,200	10,800	800	10,000	10,000	20,000
2	PY01BK9137	18-07-2011	9600	26-07-2016	25-07-2021	01-10-2019	25-07-2021	7	1,700	11,900	1,133	10,767	10,767	21,533
3	PY01BF9451	05-01-2011	16200	11-01-2016	10-01-2021	01-04-2020	10-01-2021	3	2,600	7,800	1,733	6,067	6,067	12,133
4	PY01BF0948	22-11-2010	25000	23-11-2015	22-11-2020	01-04-2019	22-11-2020	7	4,200	29,400	2,800	26,600	26,600	53,200
5	PY01BC8395	14-07-2010	8720	31-03-2017	30-03-2022	01-04-2020	30-03-2022	8	1,200	9,600	800	8,800	8,800	17,600
6	PY01BB5551	23-06-2010	12500	30-06-2015	29-06-2020	01-04-2020	29-06-2020	1	2,000	2,000	1,333	667	667	1,333
7	PY01BB4345	12-04-2010	8250	15-09-2016	14-09-2021	01-04-2021	14-09-2021	2	1,200	2,400	0	2,400	2,400	4,800
8	PY01AN6199	03-01-2008	16200	04-01-2018	03-01-2023	01-04-2021	03-01-2023	7	2,600	18,200	0	18,200	18,200	36,400
9	PY016523	08-11-1990	15660	02-11-2016	01-11-2021	01-10-2019	01-11-2021	9	2,400	21,600	1,600	20,000	20,000	40,000
10	PY01D7110	04-05-1995	16200	20-07-2014	19-07-2019	01-04-2019	19-07-2019	1	2,600	2,600	0	2,600	2,600	5,200
11	PY01E0140	27-07-1995	12000	18-08-2015	17-08-2020	01-04-2019	17-08-2020	6	1,700	10,200	1,133	9,067	9,067	18,133
12	PY01E8699	09-01-1996	16200	05-01-2016	04-01-2021	01-07-2019	04-01-2021	6	2,600	15,600	1,733	13,867	13,867	27,733
13	PY01H1589	24-07-1996	9000	04-11-2017	03-11-2022	01-07-2022	03-11-2022	2	1,200	2,400	0	2,400	2,400	4,800
14	PY01J1357	03-02-1997	9000	14-02-2017	13-02-2022	01-04-2021	13-02-2022	4	1,200	4,800	0	4,800	4,800	9,600
15	PY01J6788	19-06-1997	15660	20-06-2017	19-06-2022	01-04-2022	19-06-2022	1	2,400	2,400	0	2,400	2,400	4,800

Sl. No.	Regn No.	Regn Date	Laden Wt.	Permit Valid From	Permit Valid Upto	Tax Arrear From	tax upto = March 2024/ permit validity, whichever is less	No. of quarters	Rate per quarter	Tax calculated by Audit	Tax exemption for 2 months	Tax due calculated by Audit	Penalty to be collected	Total tax pending collection
16	PY01J7286	04-07-1997	15660	08-10-2017	07-10-2022	01-04-2019	07-10-2022	14	2,400	33,600	1,600	32,000	32,000	64,000
17	PY01J7646	16-07-1997	6950	19-12-2016	18-12-2021	01-04-2019	18-12-2021	11	1,200	13,200	800	12,400	12,400	24,800
18	PY01J8901	18-08-1997	6950	22-05-2015	21-05-2020	01-10-2019	21-05-2020	3	1,200	3,600	800	2,800	2,800	5,600
19	PY01K7056	23-04-1998	8800	12-03-2018	11-03-2023	01-10-2019	11-03-2023	14	1,200	16,800	800	16,000	16,000	32,000
20	PY01L7718	08-02-1999	16200	31-05-2015	30-05-2020	01-04-2019	30-05-2020	5	2,600	13,000	1,733	11,267	11,267	22,533
21	PY01L7855	22-02-1999	16200	16-03-2016	15-03-2021	01-10-2019	15-03-2021	6	2,600	15,600	1,733	13,867	13,867	27,733
22	PY01M5452	02-08-1999	6750	03-04-2017	02-04-2022	01-07-2019	02-04-2022	11	1,200	13,200	800	12,400	12,400	24800
23	PY01N5551	05-11-1999	3870	15-11-2014	14-11-2019	01-04-2019	14-11-2019	3	800	2,400	0	2,400	2,400	4,800
24	PY01N3591	20-12-1999	8770	12-05-2016	11-05-2021	01-01-2020	11-05-2021	6	1,200	7,200	800	6,400	6,400	12,800
25	PY01N6944	14-02-2000	8770	01-12-2016	30-11-2021	01-07-2019	30-11-2021	10	1,200	12,000	800	11,200	11,200	22,400
26	PY01N6399	05-04-2000	16200	16-12-2016	15-12-2021	01-04-2020	15-12-2021	7	2,600	18,200	1,733	16,467	16,467	32,933
27	PY01P1949	15-05-2000	8770	11-08-2016	10-08-2021	01-04-2020	10-08-2021	6	1,200	7,200	800	6,400	6,400	12,800
28	PY01P6399	25-07-2000	16200	16-12-2016	15-12-2021	01-04-2020	15-12-2021	7	2,600	18,200	1,733	16,467	16,467	32,933
29	PY01P8182	18-08-2000	6750	23-08-2015	22-08-2020	01-04-2019	22-08-2020	6	1,200	7,200	800	6,400	6,400	12,800
30	PY01Q0275	27-09-2000	6750	11-05-2015	10-05-2020	01-07-2019	10-05-2020	4	1,200	4,800	800	4,000	4,000	8,000
31	PY01Q3331	17-11-2000	8770	04-08-2016	03-08-2021	01-04-2021	03-08-2021	2	1,200	2,400	0	2,400	2,400	4,800

Sl. No.	Regn No.	Regn Date	Laden Wt.	Permit Valid From	Permit Valid Upto	Tax Arrear From	tax upto = March 2024/ permit validity, whichever is less	No. of quarters	Rate per quarter	Tax calculated by Audit	Tax exemption for 2 months	Tax due calculated by Audit	Penalty to be collected	Total tax pending collection
32	PY01Q3843	27-12-2000	25000	06-03-2017	05-03-2022	01-10-2019	05-03-2022	10	4,200	42,000	2,800	39,200	39,200	78,400
33	PY01R0501	08-06-2001	6750	18-08-2015	17-08-2020	01-04-2020	17-08-2020	2	1,200	2,400	800	1,600	1,600	3,200
34	PY01R1719	03-07-2001	25000	04-07-2016	03-07-2021	01-10-2019	03-07-2021	7	4,200	29,400	2,800	26,600	26,600	53,200
35	PY01R7197	12-11-2001	6750	13-11-2016	12-11-2021	01-04-2020	12-11-2021	7	1,200	8,400	800	7,600	7,600	15,200
36	PY01S5551	15-04-2002	10050	17-04-2017	16-04-2022	01-04-2020	16-04-2022	8	1,700	13,600	1,133	12,467	12,467	24,933
37	PY01S6944	30-05-2002	16200	21-07-2014	20-07-2019	01-04-2019	20-07-2019	1	2,600	2,600	0	2,600	2,600	5,200
38	PY01S9244	05-07-2002	10050	09-07-2017	08-07-2022	01-04-2022	08-07-2022	1	1,700	1,700	0	1,700	1,700	3,400
39	PY01T0540	01-08-2002	16200	02-02-2018	01-02-2023	01-04-2021	01-02-2023	8	2,600	20,800	0	20,800	20,800	41,600
40	PY01U5151	27-03-2003	15660	19-05-2016	18-05-2021	01-04-2019	18-05-2021	9	2,400	21,600	1,600	20,000	20,000	40,000
41	PY01V7992	01-09-2003	25000	04-10-2017	03-10-2022	01-04-2020	03-10-2022	10	4,200	42,000	2,800	39,200	39,200	78,400
42	PY01W9005	29-01-2004	10500	08-08-2014	07-08-2019	01-04-2019	07-08-2019	2	1,700	3,400	0	3,400	3,400	6,800
43	PY02C8190	15-09-2004	15660	18-01-2017	17-01-2022	01-10-2019	17-01-2022	9	2,400	21,600	1,600	20,000	20,000	40,000
44	PY035077	02-11-2004	16200	17-08-2016	16-08-2021	01-07-2019	16-08-2021	9	2,600	23,400	1,733	21,667	21,667	43,333
45	PY01Z6278	13-12-2004	15875	05-05-2017	04-05-2022	01-04-2019	04-05-2022	13	2,400	31,200	1,600	29,600	29,600	59,200
46	PY01AA9365	28-04-2005	8800	18-01-2015	17-01-2020	01-04-2019	17-01-2020	3	1,200	3,600	0	3,600	3,600	7,200
47	PY01AB4117	22-06-2005	5700	23-06-2015	22-06-2020	01-04-2019	22-06-2020	5	1,200	6,000	800	5,200	5,200	10,400

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Sl. No.	Regn No.	Regn Date	Laden Wt.	Permit Valid From	Permit Valid Upto	Tax Arrear From	tax upto = March 2024/ permit validity, whichever is less	No. of quarters	Rate per quarter	Tax calculated by Audit	Tax exemption for 2 months	Tax due calculated by Audit	Penalty to be collected	Total tax pending collection
48	PY02D1797	06-10-2005	9600	22-02-2018	21-02-2023	01-04-2021	21-02-2023	8	1,700	13,600	0	13,600	13,600	27,200
49	PY01AD7153	24-02-2006	6250	27-02-2016	26-02-2021	01-10-2019	26-02-2021	6	1,200	7,200	800	6,400	6,400	12,800
50	PY01AE4579	04-05-2006	9600	05-05-2016	04-05-2021	01-04-2019	04-05-2021	9	1,700	15,300	1,133	14,167	14,167	28,333
51	PY01AF4559	28-07-2006	16200	31-07-2016	30-07-2021	01-04-2021	30-07-2021	1	2,600	2,600	0	2,600	2,600	5,200
52	PY01AF5958	08-08-2006	16200	09-08-2016	08-08-2021	01-04-2020	08-08-2021	6	2,600	15,600	1,733	13,867	13,867	27,733
53	PY01AG6586	27-10-2006	9700	16-11-2016	15-11-2021	01-04-2019	15-11-2021	11	1,700	18,700	1,133	17,567	17,567	35,133
54	PY01AG5551	16-11-2006	25000	16-11-2016	15-11-2021	01-04-2020	15-11-2021	7	4,200	29,400	2,800	26,600	26,600	53,200
55	PY01AH2113	18-12-2006	16200	18-12-2016	17-12-2021	01-04-2021	17-12-2021	3	2,600	7,800	0	7,800	7,800	15,600
56	PY01AH5020	12-01-2007	16200	18-01-2017	17-01-2022	01-07-2019	17-01-2022	10	2,600	26,000	1,733	24,267	24,267	48,533
									Total	750,200	56,600	6,93,600	6,93,600	13,87,200

Abstract

Particulars		Tax due calculated by Audit	Penalty to be collected	Total	
(a)	Vehicles with Live Permits - Tax due beyond five years	39,200	39,200	78,400	
(b)	Permits lapsed vehicles - Tax due beyond five years	12,21,267	12,21,267	24,42,534	
Total (Beyond five years)		12,60,467	12,60,467	25,20,934	or ₹ 25.21 lakh
(c)	Vehicles with Live Permits - Tax due less than five years	5,36,200	5,36,200	10,72,400	
(d)	Permits lapsed vehicles - Tax Due within five years	6,93,600	6,93,600	13,87,200	
Total (Within five years)		12,29,800	12,29,800	24,59,600	or ₹ 24.60 lakh
Grand Total		24,90,267	24,90,267	49,80,534	or ₹ 49.81 lakh

Glossary of abbreviations

Abbreviations	Full form
74 th CAA	74 th Constitutional Amendment Act
AAY	Antyodaya Anna Yojana
ADW&STW	Adi-Dravidar Welfare and Scheduled Tribes Welfare
AEPS	Aadhaar Enabled Payment System
API	Application Programming Interface
ATNs	Action Taken Notes
BOD	Bio-chemical Oxygen Demand
BPK	Bharathiar Palkalaikoodam
BPL	Below Poverty Line
CAG	Comptroller and Auditor General of India
CAG's (DPC) Act	CAG's (Duties, Powers and Conditions of Service) Act, 1971
CPCB	Central Pollution Control Board
CPWD	Central Public Works Department
DAC	Department of Art and Culture
DAT	Directorate of Accounts and Treasuries
DAY-NULM	Deendayal Antyodaya Yojana-National Urban Livelihood Mission
DBOT	Design, Build, Operate and Transfer
DBT	Direct Benefit Transfer
DCSCA	Department of Civil Supplies and Consumer Affairs
DPC	District Planning Committee
DPR	Detailed Project Report
DRDM	Department of Revenue and Disaster Management
DWCD	Department of Women and Child Development
FA-DAP	Financial Assistance to Differently Abled Persons
FSS	Food Safety and Standards
GFF	Grant of Full Fees

Abbreviations	Full form
GoI	Government of India
GoP	Government of Puducherry
GROs	Grievance Redressal Officers
GST	Goods and Services Tax
IEC	Information, Education and Communication
IFSC	Indian Financial System Code
IRs	Inspection Reports
LBO	Local Body Ombudsman
NFBS	National Family Benefit scheme
NFSA	National Food Security Act, 2013
NGT	National Green Tribunal
NOC	No Objection Certificate
NPCI	National Payments Corporation of India
NSAP-PPS	National Social Assistance Programme-Pension Processing System
NSP	National Scholarship Portal
O&M	Operations and Maintenance
PAC	Public Accounts Committee
PELECON	Pondicherry Electronics Limited
PFMS	Public Financial Management System
PHH	Priority Households
PMA	Puducherry Municipalities Act
PPCC	Puducherry Pollution Control Committee
PSCB	Puducherry Slum Clearance Board
PUDA	Puducherry Urban Development Agency
PWD	Public Works Department
PwDs	Persons with Disabilities
RGSSS	Rajiv Gandhi Social Security Scheme
SAB	State Advisory Board

Abbreviations	Full form
SCs	Scheduled Castes
SEC	State Election Commission
SFC	State Finance Commission
SFRS	State Free Rice Scheme
SNP	Supplementary Nutrition Programme
SOP	Standard Operating Procedure
STPs	Sewage Treatment Plants
SWM	Solid Waste Management
TPDS	Targeted Public Distribution System
UDH	Unified Data Hub
ULBs	Urban Local Bodies
UTP	Union Territory of Puducherry
WAPCOS	Water and Power Consultancy Services (India)