OVERVIEW

PART-A – REVENUE SECTOR

This part of report contains 18 paragraphs, including one Performance Audit, relating to non / short levy of taxes, interest, penalty, etc. involving ₹ 1,518.80 crore. Some of the major findings are mentioned below:

I General

The total revenue receipts of the State during 2018-19 were ₹ 1,73,741.16 crore, comprising tax revenue of ₹ 1,05,549.90 crore and non-tax revenue of ₹ 14,200.02 crore. ₹ 30,623.03 crore was received from the Government of India as State's share of divisible Union taxes and ₹ 23,368.21 crore as grants-in-aid. The revenue raised by the State Government in 2018-19 was 69 *per cent* of the total revenue receipts as compared to 71 *per cent* in 2017-18. Sales tax and Goods and Services Tax (₹ 81,234.16 crore) formed a major portion (77 *per cent*) of the tax revenue of the State. Interest receipts, dividends and profits (₹ 7,031.19 crore) accounted for 50 *per cent* of the non-tax revenue.

(Paragraph No. 1.1)

Test check of records relating to Goods and Services Tax, Commercial Taxes, Excise Duty, Stamp duty and Registration fee, Electricity Tax and Land Revenue during the year 2018-19 revealed under-assessments, short levy, loss of revenue and other observations amounting to ₹ 1,950.11 crore in 4,328 cases.

(Paragraph No. 1.9)

II Goods and Services Tax / Value Added Tax / Central Sales Tax

Compliance Audit on "Processing of GST Refunds" revealed the following:

- There is no provision to restrict claim of Input Tax Credit / Refund in proportion to remittance received.

(Paragraph No. 2.4.2.2)

- The assessing authorities were not provided with MIS reports. This resulted in incorrect allowance of Input Tax Credit / Refund claims.

(Paragraph No. 2.4.2.5)

- There was incorrect allowance of Input Tax Credit / Refund on turnover relating to subsidy which is not assessable under GST. Lack of provision in the Act to regulate Input Tax Credit / Refund resulted in incorrect availing of ITC of ₹ 371.44 crore and grant of refund of ₹ 298.02 crore.

(Paragraph No. 2.4.3.2)

- Excess refund of ₹ 32.36 crore and ₹ 11 crore identified due to discrepancies relating to determination of adjustable turnover.

(Paragraphs No. 2.4.3.3 and 2.4.3.4)

- Claim of refund both under Rebate of State Levies and through the regular refunds was identified to the tune of ₹ 102.37 crore.

(Paragraph No. 2.4.3.5)

Other Audit Observations

- Analysis of Commercial Taxes Department data revealed instances of leakage of revenue of ₹ 45.96 crore in 135 cases due to failure to adhere to the instructions of Commissioner of Commercial Taxes.

(Paragraph No. 2.5.5)

- Irregularities in claim of input tax credit of ₹ 42.86 crore was noticed in 175 cases.

(Paragraph No. 2.5.6)

- Non / short reversal of input tax credit of ₹ 8.49 crore was noticed in 51 cases involving sale of exempted goods and stock transfer of goods to other States.

(Paragraph No. 2.5.7)

III State Excise

Performance Audit on Receipts under State Excise revealed the following:

- Audit noticed violations of licence conditions. The department did not monitor the violations and continued to issue and renew licences despite non-payment of brand renewal fee, non-production of pollution clearance and tourism certificates, excessive holding of liquor beyond approved possessional limits sanctioned and non-registration of lease documents.

  (Paragraphs No. 3.3.9.1 and 3.3.9.2)

- TASMAC short paid VAT to the tune of ₹ 424.02 crore due to incorrect computation of taxable turnover. The Assessing Authority of the Commercial Tax Department did not exercise his responsibility of checking computation of turnover and tax. Even after being pointed out in audit, there was short computation in the revision order.

  (Paragraph No. 3.3.10.1)

- TASMAC did not pay differential excise duty on stock to the tune of ₹ 13.99 crore. The amount would be higher had the company furnished details of all depots.

  (Paragraph No. 3.3.10.2)

- There was short collection of duty of ₹ 1.03 crore due to incorrect proof strength adopted by various manufactories

  (Paragraph No. 3.3.10.5)

- TASMAC outlets were charging higher price than MRP and were also not issuing cash receipt. Department did not check the violations. There was also lack of transparency in placement of orders by TASMAC

  (Paragraphs No. 3.3.11.1 and 3.3.11.3)

IV Stamp Duty and Registration Fee

- In 11 registering offices, misclassification of instruments by the registering authorities resulted in short collection of stamp duty and registration fee of ₹ 1.04 crore.

  (Paragraphs No. 4.4.1, 4.4.2 and 4.4.5)

- Incorrect allocation and Incorrect remission of transfer duty surcharge of ₹ 97 lakh was noticed in 10 Registering Offices.

  (Paragraphs No. 4.4.3 and 4.4.4)

PART-B – ECONOMIC SECTOR

V General

This Report covers the functioning of 10 Departments of Economic Sector. Of the 10 Departments with a total expenditure of ₹ 32,285.07 crore covered here, a major portion of the expenditure was incurred by Highways and Minor Ports (28.34 *per cent*), followed by Agriculture (28.22 *per cent*), Public Works (16.57 *per cent)* and Industries (11.75 *per cent*) Departments during 2018-19.

(Paragraph No. 5.1)

VI Compliance Audit

Compliance Audit on the functioning of Tamil Nadu Agriculture University revealed the following:

- The shortcomings in maintenance of financial statements and release of excess grants of ₹ 178.18 crore during 2016-17 to 2018-19 continued despite being recommended by PAC indicating inadequate compliance and absence of corrective measures for more than 10 years. The available funds were also not utilised by the Tamil Nadu Agriculture University to achieve its objectives.
- There was shortfall of 06 to 12 *per cent* during 2016-17 to 2018-19 in admission of students in the constituent colleges, shortage of laboratory equipment, vacancies in faculty and inadequate student-faculty ratio which hindered imparting of quality education to students.
- Machinery purchased for research were lying unused for want of adequate power supply. Delay in completion of research projects, including publication of papers led to non-achievement of envisaged objectives. The patents were not filed properly and no system was in place to ensure collection of royalty.
- Non-publication of results of research projects deprived the farming community of the research benefits.
- There were gaps in implementation of extension activities including training and machinery procured for extension activities remained unutilised leading to non-achievement of the envisaged objectives.

(Paragraph No. 6.1)

Audit of transactions of various Departments of Government and field offices revealed non-availing of Government of India grants, blocking of funds, additional expenditure and loss of Government revenue as summarised below:

- Delay in release of grants and furnishing of Utilisation Certificates by Government of Tamil Nadu for the sanctioned projects resulted in non-release of Government of India grants of ₹ 16.26 crore. Thus, the intended objectives of development of food processing sector and promotion initiatives for skill development were only partially achieved.

  (Paragraph No. 6.2)

- Delay in submission of Completion Report for the completed Railway bridge works resulted in non-settlement of dues amounting to ₹ 120.63 crore.

  (Paragraph No. 6.3)

- Delay in procurement and installation of the required equipment led to non-fulfilment of the desired objective of preserving the quality of raw milk despite incurring an expenditure of ₹ 26.88 crore, besides non-receipt of GOI grant of ₹ 11.52 crore due to non-utilisation of funds.

  (Paragraph No. 6.4)

- Delay in recovery of additional expenditure of ₹ 1.83 crore for completion of balance building works from defaulting contractors due to ineffective pursuance and non-recovery of ₹ 0.17 crore due to non-renewal of bank guarantees.

  (Paragraph No. 6.5)

- Inadequate enforcement of Regulations by Public Works Department resulted in indiscriminate drawal of ground water by water based industries in Over-Exploited and Critical areas, besides non-realisation of service charges of ₹ 71.22 lakh annually.

  (Paragraph No. 6.6)