

CHAPTER I GENERAL

1.1 Trend of Revenue Receipts

The revenue receipts of the State for the year 2017-18 comprised of:

- Tax and non-tax revenue raised by Government of Odisha;
- State's share of net proceeds of divisible Union taxes;
- Duties assigned to the State; and
- Grants-in-Aid received from Government of India.

The details of revenue receipts for 2017-18 along with the corresponding figures for the preceding four years have been depicted in **Table 1.1**.

Table 1.1
Trend of Revenue Receipts

(₹ in crore)						
Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1	Revenue raised by State Government					
	Tax revenue	16,891.59	19,828.29	22,526.96	22,852.39	27,913.80
	Non-tax revenue	8,378.60	8,070.87	8,711.24	8,043.10	8,367.99
	Total	25,270.19	27,899.16	31,238.20	30,895.49	36,281.79
2	Receipts from Government of India					
	State's net proceeds of divisible Union taxes and duties ¹	15,247.24	16,181.22	23,573.78	28,321.50	31,272.06
	Grants-in-Aid	8,429.42	12,917.50	14,129.46	15,082.40	17,619.94
	Total	23,676.66	29,098.72	37,703.24	43,403.90	48,892.00
3	Total revenue receipts of the State Government (1 and 2)	48,946.85	56,997.88	68,941.44	74,299.39	85,173.79
4	Percentage of 1 to 3	51.63	48.95	45.31	41.58	42.60

Source: Finance Accounts for the year 2017-18 of Government of Odisha

The State's performance in mobilisation of resources is assessed in terms of tax revenue and non-tax revenue, not including the State's share in central taxes and Grants-in-Aid which is based on the recommendations of the Finance Commission.

As can be seen from above, the percentage of revenue raised by State Government to the total revenue of the State increased from 41.58 *per cent* in 2016-17 to 42.60 *per cent* in 2017-18. The remaining 57.40 *per cent* was from Government of India.

¹ Statement No 14-Detailed accounts of revenue by minor heads in the Finance Accounts of the Government of Odisha for the year 2017-18. Figures under the minor head 901-Share of net proceeds assigned to the States under the major heads 0005-Central Goods and Services Tax, 0008-Integrated Goods and Services Tax, 0020-Corporation Tax; 0021-Taxes on Income other than Corporation Tax; 0028-Other Taxes on Income and Expenditure; 0032-Taxes on Wealth; 0037-Customs; 0038-Union Excise Duties; 0044-Service Tax and 0045-Other Taxes and Duties on Commodities and Services booked in the Finance Accounts under A-Tax Revenue have been excluded from the revenue raised by the State and exhibited as State's share of divisible Union taxes

1.1.1 Tax Revenue

The details of tax revenue raised during the period 2013-14 to 2017-18 are given in **Table 1.2**.

Table 1.2
Details of Tax Revenue raised

Sl. No.	Head of Revenue	2013-14	2014-15	2015-16	2016-17	2017-18		Percentage of increase (+) or decrease (-) in 2017-18 over 2016-17
						BE	Actual	
1	State Goods and Services Tax (SGST)	--	--	--	--	5,950.00	6,609.27	--
2	Odisha Value Added Tax (OVAT) including Odisha Sales Tax (OST) and Central Sales Tax (CST)	10,728.55	11,816.73	13,096.99	13,402.35	15,840.00	11,521.65	(-) 14.03
3	Taxes and Duties on Electricity	670.11	1,722.60	1,212.21	1,637.14	2,000.00	1,969.74	(+) 20.32
4	Land Revenue	431.26	645.64	588.81	460.00	500.00	542.27	(+) 17.88
5	Taxes on Vehicles	859.67	910.31	1,043.73	1,216.08	1,400.00	1,534.95	(+) 26.22
6	Taxes on Goods and Passengers (Entry Tax)	1,613.46	1,710.87	1,662.99	1,760.51	1,166.00	1,260.49	(-) 28.40
7	State Excise	1,780.13	2,035.24	2,546.94	2,786.02	3,300.00	3,220.99	(+) 15.61
8	Stamp Duty and Registration Fee	605.48	800.23	2,157.07	1,363.72	1,000.00	1,036.68	(-)23.98
9	Other Taxes and Duties on Commodities and Services	53.23	17.70	42.65	46.40	33.99	29.95	(-) 35.45
10	Other Taxes on Income and Expenditure Professions, Trades, Callings and Employments	149.70	168.97	175.57	180.17	194.99	187.81	(+) 4.24
	Total	16,891.59	19,828.29	22,526.96	22,852.39	31,384.98	27,913.80	

Source: Finance Accounts for the year 2017-18 of Government of Odisha and Annual Financial Statement 2018-19

Goods and Services Tax (GST) was implemented from 01 July 2017. Further details on implementation of GST are at para 2.7.

Tax revenue accounted for was 32.77 per cent (₹ 27,913.80 crore) of the total revenue (₹ 85,173.79 crore) of the State for the year 2017-18.

There has been increase of 22.15 per cent of tax revenue during the year 2017-18 over the previous year. The revenue under the heads-State Excise, Land revenue and Taxes on Vehicles had increased.

The reduction in tax revenue under OVAT and ET was due to implementation of GST.

Reasons for decrease of revenue in Stamp Duty and Registration Fee was not furnished by the department.

1.1.2 Non-tax Revenue

The details of non-tax revenue raised during the period 2013-14 to 2017-18 are indicated in **Table 1.3**.

Table 1.3
Details of Non-tax Revenue raised

(₹ in crore)

Sl. No.	Head of Revenue	2013-14	2014-15	2015-16	2016-17	2017-18		Percentage of increase (+) or decrease (-) in 2017-18 over 2016-17
						BE	Actual	
1	Non-ferrous Mining and Metallurgical Industries	5,518.80	5,310.09	5,798.96	4,925.79	6,630.00	6,130.99	(+) 24.47
2	Interest Receipts	1,241.18	330.67	560.42	427.40	421.20	600.71	(+) 40.54
3	Forestry and Wildlife	95.11	61.51	152.99	131.58	46.80	62.79	(-) 52.28
4	Irrigation & Inland Water Transport	451.70	629.60	707.11	775.87	740.40	689.21	(-) 11.17
5	Other Administrative Services	24.44	29.75	37.86	43.84	39.50	14.82	(-) 66.20
6	Public Works	69.72	88.59	77.48	66.31	70.90	68.05	(+) 2.62
7	Police Receipts	44.70	50.00	59.61	54.37	59.00	45.06	(-) 17.12
8	Education	75.86	18.87	66.89	30.79	50.00	23.88	(-) 22.44
9	Medical and Public Health	28.71	33.15	52.70	50.83	51.99	57.79	(+) 13.69
10	Miscellaneous General Services	126.50	118.84	192.08	383.91	207.27	239.87	(-) 37.52
11	Power	4.70	2.18	2.25	8.05	2.57	3.39	(-) 57.89
12	Co-operation	3.34	2.56	2.50	3.16	3.62	6.09	(+) 92.72
13	Other Non-tax Receipts	693.84	1,395.06	1,000.40	1,141.21	567.91	425.34	(-) 62.85
	Total	8,378.60	8,070.87	8,711.24	8,043.10	8,891.16	8,367.99	

Source: Finance Accounts for the year 2017-18 of Government of Odisha and Annual Financial Statement 2018-19

The non-tax revenue increased by 4.04 *per cent* during the year 2017-18 over the previous year. The increase was mainly due to rise in mining receipts (24.47 *per cent*). This was due to increase in collection of royalty on Iron and Chromite ore as compared to 2016-17.

1.2 Analysis of Arrears of Revenue

The arrears of revenue was ₹ 12,412.64 crore as on 31 March 2018 from some principal heads of revenue like OVAT, Entry Tax (ET) and Mining receipts. Out of this, ₹ 4,575.34 crore was outstanding for more than five years as detailed in **Table 1.4**.

Table 1.4
Arrears of Revenue

(₹ in crore)

Sl. No.	Head of Revenue	Total amount outstanding as on 31 March 2018	Amount outstanding for more than five years as on 31 March 2018	Replies of Department
A-Tax Revenue				
0040- Taxes on Sales, Trade, etc.				
1	OVAT (including OST and CST)	7,277.06	2,420.83	Department stated reasons of arrears as under: <ul style="list-style-type: none"> • Amount covered by show cause notices and penalty • Amount stayed by <ul style="list-style-type: none"> ➤ Departmental Authorities ➤ Supreme Court/ High Court • Demands covered by tax recovery proceedings • Amount likely to be written off
				1,642.43
				1,820.09
				3,192.57
				615.30
				6.67
0042-Taxes on Goods and Passengers				
2	Entry Tax (ET)	2,656.21	611.27	Department stated reasons of arrears as under: <ul style="list-style-type: none"> • Amount covered by show cause notices and penalty • Recoveries stayed by <ul style="list-style-type: none"> ➤ Departmental Authorities ➤ Supreme Court/ High Court • Demands covered by certificate proceedings² • Amount likely to be written off
				705.70
				874.18
				1,033.43
				42.83
				0.07
0041-Taxes on Vehicles				
3	Taxes on Vehicles	284.48	158.39	Department stated reasons of arrears as under: <ul style="list-style-type: none"> • Demands covered by certificate proceedings/ tax recovery proceedings • Recoveries stayed by Departmental Authorities • Recoveries stayed in court of law • Other stages
				137.29
				2.22
				6.03
				138.94
0039-State Excise				
4	State Excise	62.01	--	Department stated reasons of arrears as under: <ul style="list-style-type: none"> • Recoveries stayed by Supreme Court/ High Court • Demands covered by certificate proceedings/ tax recovery proceedings • Other stages
				49.47
				9.15
				3.39
B-Non-Tax Revenue				
5	Mining Receipts	2,132.87	1,384.85	Department stated reasons of arrears as under: <ul style="list-style-type: none"> • Certificate cases • Amount likely to be written off • Courts of law • Recoverable dues
				1.55
				2.37
				1,857.56
				271.39
	Total:	12,412.63	4,575.34	

Source: Concerned Departments

Arrears of ₹ 2,696.49 crore (21.73 per cent) was pending under appeal cases with the departmental authorities relating to OVAT, ET and Taxes on Vehicles. Similarly, ₹ 806.12 crore (6.49 per cent) remained pending under tax recovery proceedings on account of OVAT, ET Taxes on vehicles, Excise duty and Mining receipts. Further, 36.86 per cent of the total outstanding amount was due for more than five years.

Recommendation

The departments needs to review the status of recovery of arrears of revenue periodically and expedite action ensuring the closure of pending arrear cases and effect recoveries, where applicable.

² Proceeding of a Certificate Officer for realisation of public demand

1.3 Arrears in Assessments

As per the provisions of the Odisha Value Added Tax (VAT) Act, 2005, every dealer shall be deemed to have been assessed to tax based on the return filed by him if no assessment is made within a period of seven years from the date of filing the return. Assessment under the Central Sales Tax (CST) Act are to be completed within four years. The details of assessment cases pending as on 31 March 2018 relating to Commercial Tax (CT) wing of Finance Department are given in **Table 1.5**.

Table 1.5
Arrears in Assessments (in numbers)

Head of Revenue	Opening Balance	New cases due for assessment during 2017-18	Total assessments due	Cases disposed of during 2017-18	Balance at the end of the year	Percentage of disposal (Col. 5 to 4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
OVAT, CST & OST	5,202	2,285	7,487	4,370	3,117	58.37
Entry Tax	653	790	1,443	1,369	74	94.87
Professional Tax	33,506	37,505	71,011	33,652	37,359	47.38
Entertainment Tax	129	90	219	88	131	40.18

Source: Commercial Tax wing of the Finance Department

1.4 Evasion of Tax detected by the Department

The details of cases of evasion of tax detected by the CT wing of Finance Department as on 31 March 2018 are given in **Table 1.6**.

Table 1.6
Evasion of Tax

Sl. No.	Head of Revenue	Cases pending as on 31 March 2017	Cases detected during 2017-18	Total	Number of cases in which assessment/ investigation completed and additional demand with penalty, etc., raised		Number of cases pending for finalisation as on 31 March 2018
					Number of cases	Amount of demand	
1	OVAT	254	491	745	524	258.31	221
2	OST	26	0	26	0	0	26
3	ET	54	170	224	176	9.69	48
4	CST	16	35	51	32	38.04	19
Total		350	696	1,046	732	306.04	314

Source: Commercial Tax wing of the Finance Department

No action was taken in respect of 26 cases relating to the repealed OST Act which were pending for assessment for more than five years.

1.5 Pendency of Refund Cases

The details of refund cases as on 31 March 2018 are given in **Table 1.7**.

Table 1.7
Details of Pendency of Refund Cases

Sl. No.	Particulars	OVAT/ OST/ ET	
		No. of cases	Amount
1	Claims outstanding at the beginning of the year	865	118.69
2	Claims received during the year	1,222	312.50
	Total (1+2)	2,087	431.19
3	Refunds made during the year	1,061	133.98
	(a) Refunds granted		
	(b) Refunds rejected/ adjusted	439	131.75
	Total (a+b)	1,500	265.73
4	Balance outstanding at the end of the year	587	165.46

Source: Commercial Tax wing of the Finance Department

71.87 per cent of refund cases relating to OVAT/ OST/ ET were disposed as above during 2017-18.

Odisha VAT Act provided for payment of simple interest at the rate of eight per cent per annum if the refund was not made to the dealer within 60 days from the date of receipt of order for refund or within 90 days from the date of receipt of application for refund till the refund was made. Government bears liability risk towards payment of interest if refund cases are not cleared expeditiously. During the year 2017-18, Government had paid interest of ₹ 44.68 lakh³ due to such delay in disposal of refund cases.

Recommendation

The department needs to ensure timely disposal of refund cases.

1.6 Response to Audit

Timely response to audit findings is one of the essential attributes of good governance as it provides assurance that the Government takes its supervisory role seriously.

1.6.1 Follow-up action on earlier Audit Reports

Serious irregularities observed in Audit are included in the Reports of the Comptroller and Auditor General that are presented to State legislature. The internal working system of the Public Accounts Committee laid down that the departments shall submit the explanatory notes on audit paragraphs within three months of tabling the Report. In spite of these provisions, the explanatory notes on audit paragraphs of the Reports are delayed inordinately.

Reports of the CAG of India on Revenue Receipts/ Revenue Sector of the Government of Odisha for the years ended 31 March 2008 to 31 March 2017 containing 402 paragraphs were placed before the State Legislative Assembly between February 2009 and March 2018. The action taken explanatory notes of all the paragraphs of the Audit Report up to the year ended March 2017 were received (September 2019) from the departments concerned.

³ Interest paid ₹ 44.68 lakh under OST Act as per orders of Hon'ble High Court due to delay in payment

1.6.2 Response to Inspection Reports

Periodical inspections of the Government Departments were conducted by the Principal Accountant General (E&RSA), Odisha (PAG). The purpose of such inspection was to seek an assurance about compliance to various rules/ regulations and procedures through test check of the transactions. Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot were issued to the heads of the offices inspected. Copies were issued to the next higher authorities for taking prompt corrective action. The heads of offices/ Government were required to promptly comply with the observations contained in the IRs, rectify the defects and omissions. The compliance was to be reported through initial reply within one month from the date of issue of the IRs. Serious financial irregularities were reported to the heads of the Department and the Government.

Inspection Reports issued up to December 2017 disclosed that 7,775 paragraphs of 3,261 IRs involving ₹ 24,236.15 crore remained outstanding at the end of June 2018. The details are mentioned below along with the corresponding figures for the preceding two years in **Table 1.8**.

Table 1.8
Department-wise details of IRs

	June 2016	June 2017	June 2018
Number of IRs pending for settlement	2,818	3,032	3,261
Number of outstanding audit observations	6,768	7,549	7,775
Amount of revenue involved (₹ in crore)	21,505.09	22,976.92	24,236.15

Source: Records of the Principal Accountant General (E&RSA)

1.6.3 Department-wise details of IRs

The Department-wise details of IRs and audit observations outstanding as on 30 June 2018 including the amounts of revenue receipts are mentioned in **Table 1.8(a)** and **1.8(b)**.

Table 1.8(a)
Department-wise details of IRs (Revenue Receipts)

Sl. No.	Name of the Department	Nature of Receipts	Number of outstanding IRs	Number of outstanding audit observations	Money Value involved
1	Finance (CT)	OVAT including OST/ CST	880	2,222	2,936.06
		Entry Tax	347	649	455.24
		Professional Tax	17	22	17.06
		Entertainment Tax	4	4	4.71
2	Excise	State Excise	228	741	878.95
3	Revenue & Disaster Management	Stamp Duty and Registration Fee	576	1,233	465.87
4	Steel & Mines	Mining Receipts	167	505	19,122.38
5	Commerce & Transport	Taxes on Vehicles, Goods and Passengers	326	1,149	288.53
Total			2,545	6,525	24,168.80

Source: Records of the Principal Accountant General (E&RSA)

Table 1.8(b)
Department-wise details of IRs (Expenditure)

(₹ in crore)				
Sl. No.	Name of the Department	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
1	Finance (CT)	126	197	0
2	Excise	99	150	2.10
3	Revenue & Disaster Management (Registration)	224	333	1.19
4	Steel & Mines	41	102	9.99
5	Commerce & Transport (Transport)	226	468	54.07
Total		716	1,250	67.35

Source: Records of the Principal Accountant General (E&RSA)

Audit did not receive even the first replies in respect of 200 IRs issued during 2017-18 from the heads of offices within one month from the date of issue of the IRs as of August 2018. Pendency of IRs due to non-receipt of the replies was indicative of lack of action for rectification of defects, omissions and irregularities pointed out in the IRs.

Recommendation

The Government may consider having an effective system for prompt and appropriate response to audit observations.

1.6.4 Departmental Audit Committee (DAC) Meeting

The Government had set up audit committees to monitor and expedite the progress of settlement of IRs and paragraphs contained therein. The details of audit committee meetings held during the year 2017-18 and the paragraphs settled are mentioned in **Table 1.9**.

Table 1.9
Details of Departmental Audit Committee Meetings

(₹ in crore)				
Sl. No.	Name of the Department	Number of meetings held	Number of Paras settled	Amount
1	Finance (CT)	1	24	20.21
2	Commerce & Transport(Transport)	11	133	5.69
3	Excise	4	100	48.36
4	Revenue & Disaster Management (Registration)	7	156	0.32
5	Steel & Mines	0	0	0
Total		23	413	74.58

Source: Records of the Principal Accountant General (E&RSA)

During the year 2017-18, no DAC meeting was held by the Steel & Mines Department and only one meeting was held by the Finance Department (CT) which needs improvement.

1.6.5 Constraints in Audit

The programme of local audit of Tax Revenue/ Non-Tax Revenue offices was drawn up in advance. The intimations were issued usually one month before the commencement of audit to the departments to enable them to keep the relevant records ready for audit scrutiny.

During the year 2017-18, as many as 1,401 assessment files, returns, refund registers and other relevant records involving tax effect of ₹ 2,004.18 crore were not made available to audit for scrutiny. Break-up of these cases are given in **Table 1.10**.

Table 1.10
Details of non-production of records

				(₹ in crore)
Name of the Department	Type of Tax/Non-tax revenue	Year in which it was to be audited	Number of cases not audited due to non-production of records to Audit	Tax Amount
Finance (CT)	VAT on sales, trade, etc.	Up to 2016-17	1,096	1,377.27
		2017-18	305	626.91
Total:			1,401	2,004.18

Source: Records of the Principal Accountant General (E&RSA)

There was no case of non-production of records in other departments.

Recommendation

The Government may ensure that departmental officers invariably produce records to Audit and consider initiating disciplinary action against officers who fail to produce records to Audit, including the records mentioned above.

1.6.6 Response of Departments to Draft Audit Paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India (CAG) were forwarded by the Principal Accountant General to the Principal Secretaries/ Secretaries of the concerned Departments drawing their attention to audit findings. They were also requested to send their response within six weeks. Meetings were also held with concerned Department/ Government and their views and written replies furnished subsequently were suitably incorporated. The fact of non-receipt of replies wherever applicable has also been included in the Audit Report.

Audit forwarded 30 draft paragraphs to the Principal Secretaries/ Secretaries of the respective Departments between May and December 2018. The Principal Secretaries/ Secretaries of the Departments did not send replies to six draft paragraphs⁴ despite issue of reminders and those paras have been proposed to be included in this Report without their response.

Recommendation

The Government may ensure that departmental officers respond to IRs promptly, take corrective action and work closely with Audit to bring about early settlement of IRs.

1.7 Analysis of the mechanism for dealing with the issues raised by Audit

The system of addressing the issues highlighted in the IRs/ Audit Reports by the Departments/ Government in respect of Commerce & Transport (Transport) Department was evaluated. The evaluation was on action taken on the paragraphs and PAs included in the Audit Reports of the last 10 years.

⁴ State Excise-5 and MV Taxes-1

1.7.1 Position of Inspection Reports

The summarised position of the IRs issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2018 are given in **Table 1.11**.

Table 1.11

Position of Inspection Reports

(₹ in crore)

Sl. No.	Year	Opening balance			Addition during the year			Clearance during the year			Closing balance		
		IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
1	2008-09	306	2,925	336.43	43	309	71.99	5	232	9.62	344	3,002	398.80
2	2009-10	344	3,002	398.80	26	238	67.83	84	550	3.06	286	2,690	463.57
3	2010-11	286	2,690	463.57	38	350	104.16	Nil	35	0.33	324	3,005	567.40
4	2011-12	324	3,005	567.40	18	135	45.81	Nil	6	0.01	342	3,134	613.20
5	2012-13	342	3,134	613.20	58	350	99.36	Nil	Nil	0.04	400	3,484	712.52
6	2013-14	400	3,484	712.52	18	172	59.47	Nil	3	0.04	418	3,653	771.95
7	2014-15	418	3,653	771.95	25	262	105.7	109	2,851	636.02	334	1,064	241.63
8	2015-16	334	1,064	241.63	24	255	150.37	12	323	108.77	346	996	283.23
9	2016-17	346	996	283.23	25	213	77.28	Nil	148	66.38	371	1,061	294.13
10	2017-18	371	1,061	294.13	30	337	139.57	77	271	155.82	324	1,127	277.88

Source: Data maintained in the Principal Accountant General (E&RSA) office

The Government arranged meetings every year between C&T (Transport wing) and PAG's office to settle the old paragraphs. During 2017-18, Department held 11 Audit Committee Meetings in which 133 paras with money value of ₹ 5.69 crore was settled. Considering the pendency, more concerted action, however, needs to be taken to settle the remaining observations.

1.7.2 Recovery of Accepted Cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Commerce and Transport (Transport) Department and the amount recovered have been mentioned in **Table 1.12**.

Table 1.12

Details of recovery of accepted cases

(₹ in crore)

Year of the Audit Report	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	Amount recovered during the year	Cumulative position of recovery of accepted cases as on 31 March 2018
2007-08	9	60.37	8	59.20	0.42	8.79
2008-09	8+1(R)	74.06	8	72.51	0.04	9.66
2009-10	7	71.42	6	69.98	10.47	11.38
2010-11	7+1(PA)	72.28	7	70.90	0	14.75
2011-12	12	84.34	11	83.05	0	6.27
2012-13	12	86.42	11	85.34	0.07	4.46
2013-14	14	127.95	13	126.90	0	6.17
2014-15	6	53.85	6	53.85	0.42	2.67
2015-16	3	115.35	3	115.35	2.08	3.86
2016-17	3	56.20	3	56.20	1.63	4.17

Source: Data maintained in the Principal Accountant General (E&RSA) and compliance notes furnished by the Government of Odisha

The progress of recovery even in accepted cases was very slow in each year. The recovery of accepted cases was to be pursued as arrears recoverable from the concerned parties. This

indicated that there was no adequate mechanism for pursuance of the accepted cases by the Department/ Government.

Recommendation

The Government may review the cases and make special efforts to ensure recovery of accepted cases.

1.8 Audit Planning

The unit offices under various Departments have been categorised into high, medium and low risk units according to their revenue position, past trends of the audit observations and other parameters. The annual audit plan was prepared on the basis of risk analysis which included critical issues in Government revenue and tax administration.

During the year 2017-18, out of 521 auditable units⁵, 273 units were planned for audit. 267 units⁶ were audited which constituted 51.25 per cent of the total auditable units.

1.9 Results of Audit

Position of local audit conducted during the year

Audit test checked records of 180 of 362 units under five departments⁷ relating to VAT, Entry Tax, Goods and Services Tax, State Excise Duty, Stamp Duty and Registration Fees, Motor Vehicle Tax and other Non-Tax receipts during the year 2017-18. Underassessment/ short levy/ loss of revenue aggregating ₹ 795.18 crore in 59,387 cases was observed. During the year, Departments concerned accepted underassessment and other deficiencies of ₹ 303.87 crore involved in 42,159 cases which were pointed out in audit during 2017-18. An amount of ₹ 18.51 crore was realised in 87 cases pertaining to audit findings of 2017-18 and ₹ 82.31 crore was realised in 40,891 cases pertaining to audit findings of previous years.

Similarly, Audit test checked expenditure records of 180 units of aforesaid Departments during the year 2017-18. Irregular expenditure/ payment amounting to ₹ 5.77 crore in 200 cases were noticed. The Departments concerned accepted irregularities of ₹ 0.10 crore in 98 cases pointed out in 2017-18. An amount of ₹ 0.05 crore was realised in eight cases pertaining to audit findings of previous years.

1.10 Coverage of this Report

This Report contains 22 paragraphs selected from the audit findings detected during the local audit carried out in 2017-18 and in earlier years, which could not be included in previous reports.

The financial effect of the paragraphs of this report was ₹ 227.50 crore. The Departments/ Government have accepted audit observations involving ₹ 141.08 crore out of which ₹ 1.20 crore had been recovered. The replies to the paragraphs involving ₹ 9.62 crore have not been received (December 2018). These are discussed in succeeding Chapters II to VI.

⁵ Includes 130 units of Forest & Environment Department, five units of C & T (Commerce), 14 units under C & T (Transport) and six units of Odisha Mining Corporation under Steel & Mines department. The Audit paras of these units are featured in Economic Sector Audit Report. Four audit units under Finance Department abolished

⁶ Due to abolition of four audit units and merger of two units, audit of 267 units were taken up

⁷ Finance (CT), Excise, Commerce & Transport (Transport), Revenue and Disaster Management and Steel & Mines Department