

## CHAPTER I: GENERAL

### 1.1 Trend of revenue receipts

**1.1.1** The tax and non-tax revenue raised by the Government of Haryana, the State's share of net proceeds of divisible Union taxes and duties assigned to States and Grants-in-aid received from the Government of India (GoI) during the year 2019-20 and the corresponding figures for the preceding four years are depicted below:-

**Table 1.1.1: Trend of revenue receipts**

(₹ in crore)						
Sr. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20 <sup>1</sup>
<b>1.</b>	<b>Revenue raised by the State Government</b>					
	Tax revenue	30,929.09	34,025.69	41,099.38	42,581.34	42,824.95
	Non-tax revenue	4,752.48	6,196.09	9,112.85	7,975.64	7,399.74
	<b>Total</b>	<b>35,681.57</b>	<b>40,221.78</b>	<b>50,212.23</b>	<b>50,556.98</b>	<b>50,224.69</b>
<b>2.</b>	<b>Receipts from the Government of India</b>					
	Share of net proceeds of divisible Union taxes and duties	5,496.22	6,597.47	7,297.52	8,254.60	7,111.53 <sup>2</sup>
	Grants-in-aid	6,378.76	5,677.57	5,185.12	7,073.54	10,521.91 <sup>3</sup>
	<b>Total</b>	<b>11,874.98</b>	<b>12,275.04</b>	<b>12,482.64</b>	<b>15,328.14</b>	<b>17,633.44</b>
<b>3.</b>	<b>Total revenue receipts of the State Government (1 and 2)</b>	<b>47,556.55</b>	<b>52,496.82</b>	<b>62,694.87</b>	<b>65,885.12</b>	<b>67,858.13</b>
<b>4.</b>	<b>Percentage of 1 to 3</b>	<b>75</b>	<b>77</b>	<b>80</b>	<b>77</b>	<b>74</b>

(Source: Finance Accounts)

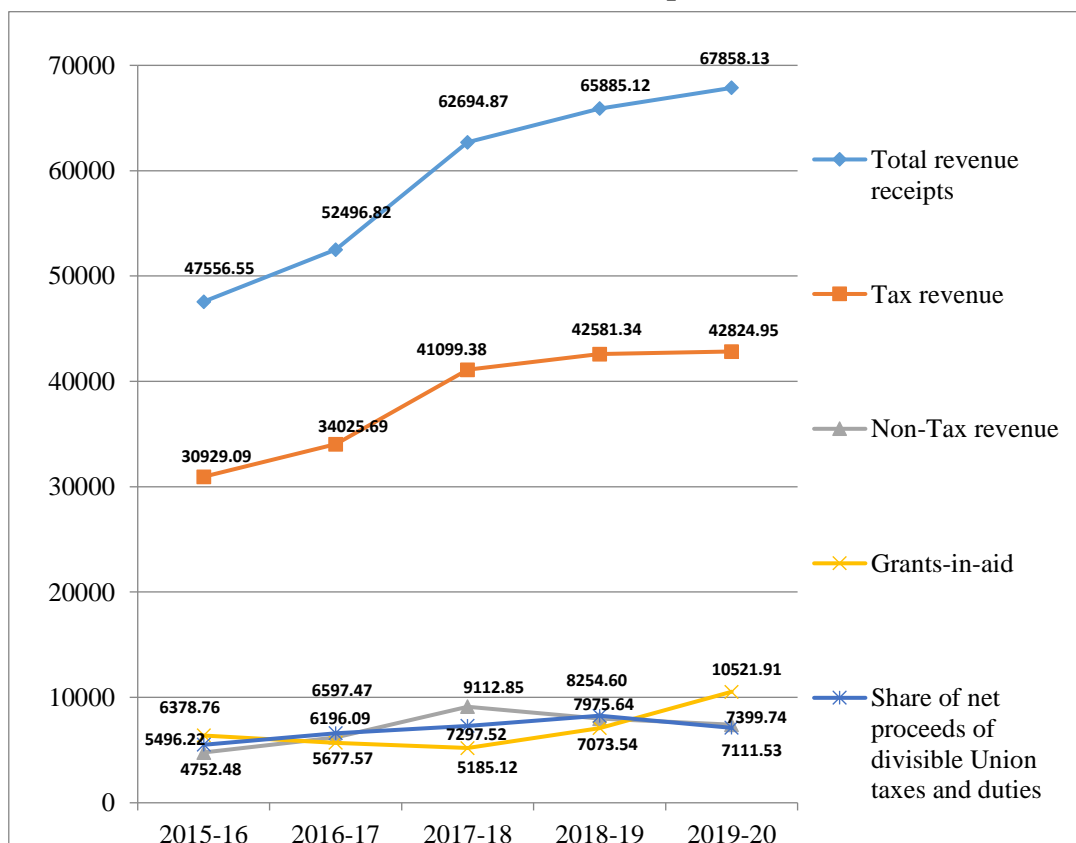
<sup>1</sup> Finance Account of the State Government.

<sup>2</sup> This includes amount of ₹ 2,018.07 crore received from Government of India as share of Central Goods and Services Tax.

<sup>3</sup> This includes amount of ₹ 5,453.43 crore received from Government of India as compensation for loss due to implementation of Goods and Services Tax against the receivable amount of compensation of ₹ 6,779.25 crore during 2019-20.

The trend in revenue receipts during 2015-16 to 2019-20 is depicted in the **Chart 1.1**.

**Chart 1.1**  
**Trend of revenue receipts**



(Source: Finance Accounts)

During the year 2019-20, the revenue raised by the State Government (₹ 50,224.69 crore) was 74 per cent of the total revenue receipts. The balance 26 per cent of the receipts during the year 2019-20 was from the GOI as State's share of net proceeds of divisible Union taxes and Grants-in-aid. There was little buoyancy in the revenue raised by the State Government from 2017-18 to 2019-20 which was largely due to stagnant tax revenues during this period.

The percentage of revenue receipts of the State Government from its own resources to total revenue receipts shows an increasing trend from 2015-16 (75 per cent) to 2017-18 (80 per cent). Thereafter, for the years 2018-19 and 2019-20, it decreased to 77 and 74 per cent respectively.

1.1.2 The details of tax revenue raised during the period 2015-16 to 2019-20 are given in the Table below:-

**Table 1.1.2: Details of Tax Revenue raised**

(₹ in crore)

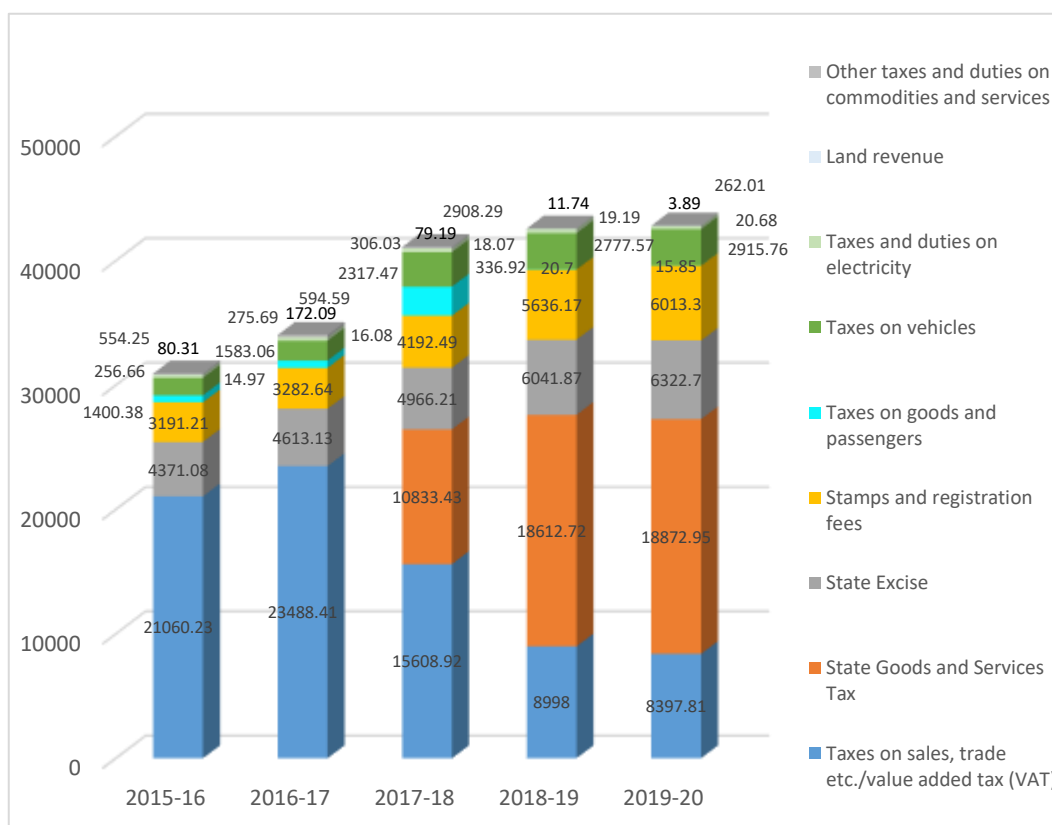
Sr. No	Head of revenue	2015-16	2016-17	2017-18	2018-19	2019-20	
		Actual (percentage to total receipts)	Actual (percentage to total receipts)	Actual (percentage to total receipts)	Actual (percentage to total receipts)	Actual (percentage to total receipts)	Percentage of increase (+) or decrease (-) of Actuals of 2019-20 over actuals of 2018-19
1.	Taxes on sales, trade etc./value added tax (VAT)	21,060.23 (68.09)	23,488.41 (69.03)	15,608.92 (37.98)	8,998.00 (21.31)	8,397.81 (19.61)	(-) 6.67
	State Goods and Services Tax (SGST)			10,833.43 (26.36)	18,612.72 (43.71)	18,872.95 (44.07)	1.40
2.	State Excise	4,371.08 (14.13)	4,613.13 (13.56)	4,966.21 (12.08)	6,041.87 (14.19)	6,322.70 (14.76)	4.65
3.	Stamps and registration fees	3,191.21 (10.32)	3,282.64 (9.65)	4,192.49 (10.20)	5,636.17 (13.23)	6,013.30 (14.04)	6.69
4.	Taxes on goods and passengers (PGT)	554.25 (1.79)	594.59 (1.75)	2,317.47 (5.64)	20.70 (0.05)	15.85 <sup>4</sup> (0.04)	(-) 23.43
5.	Taxes on vehicles	1,400.38 (4.53)	1,583.06 (4.65)	2,777.57 (6.76)	2,908.29 (6.83)	2,915.76 (6.81)	0.26
6.	Taxes and duties on electricity	256.66 (0.83)	275.69 (0.81)	306.03 (0.74)	336.92 (0.79)	262.01 (0.61)	(-) 22.23
7.	Land revenue	14.97 (0.05)	16.08 (0.05)	18.07 (0.04)	19.19 (0.05)	20.68 (0.05)	7.76
8.	Other taxes and duties on commodities and services	80.31 (0.26)	172.09 (0.51)	79.19 (0.19)	7.48 (0.02)	3.89 (0.01)	(-) 47.99
	<b>Total</b>	<b>30,929.09</b>	<b>34,025.69</b>	<b>41,099.38</b>	<b>42,581.34</b>	<b>42,824.95</b>	<b>0.57</b>
	<b>% increase over previous year</b>	<b>11.92</b>	<b>10.01</b>	<b>20.79</b>	<b>3.61</b>	<b>0.57</b>	
	<b>Overall average growth and growth rate for five years</b>						<b>38,292.09</b> <b>9.38</b>

(Source: Finance Accounts)

<sup>4</sup> PGT transferred to Transport Department with effect from 01 April 2017. The receipt includes PGT collection of previous dues i.e. Toll on Roads (₹ 2.90 crore), Collection of Passengers tax (₹ 9.67 crore), Goods Tax (₹ 3.09 crore), Tax on entry of goods into local areas (₹ 0.02 lakh) and other receipts of ₹ 0.19 crore.

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

**Chart 1.2**  
**Details of Tax Revenue raised**



(Source: Finance Accounts)

Tax revenue increased by ₹ 11,895.86 crore (38.46 per cent) during 2015-16 to 2019-20 with an average rate of growth of 9.38 per cent. However, rate of growth for 2019-20 decreased to 0.57 per cent mainly due to decline in annual growth rate of tax on sales (VAT + SGST) to 3.13 per cent from 12.58 per cent in 2017-18, as 64 per cent of tax receipts were collected under this head alone.

The respective Departments reported the following reasons for the variations:

- **State Excise:** State Excise has increased to ₹ 6,322.70 crore in 2019-20 as against ₹ 6,041.87 crore in 2018-19 which was due to increase in receipts on country spirits.
- **Stamps and Registration Fees:** The stamps and registration fees increased to ₹ 6,013.30 crore in 2019-20 as against ₹ 5,636.17 crore in 2018-19 which was due to more transactions of immovable property and stamps.
- **Taxes and duties on Electricity:** Taxes and duties on Electricity decreased to ₹ 262.01 crore in 2019-20 as against ₹ 336.92 crore in 2018-19 mainly

due to less collection of electricity duty from the consumers of the Power Utility.

- **State Goods and Services Tax:** The State Goods and Services Tax increased to ₹ 18,872.95 crore in 2019-20 as against ₹ 18,612.72 crore in 2018-19 which was due to increased receipts on account of tax (SGST).

**1.1.3** The details of non-tax revenue raised during 2015-16 to 2019-20 are indicated in the Table below:-

**Table 1.1.3: Details of Non-Tax Revenue raised**

(₹ in crore)

Sr. No	Head of revenue	2015-16	2016-17	2017-18	2018-19	2019-20	Percentage of increase (+) or decrease (-) of Actuals of 2019-20 over actuals of 2018-19
		Actual (percentage to total receipts)	Actual (percentage to total receipts)	Actual (percentage to total receipts)	Actual (percentage to total receipts)	Actual (percentage to total receipts)	
1.	Interest Receipts	1,087.49 (22.88)	2,309.79 (37.28)	2,227.82 (24.45)	1,953.84 (24.50)	1,974.86 (26.69)	1.08
2.	Road Transport	1,254.55 (26.40)	1,265.13 (20.42)	1,279.66 (14.04)	1,196.64 (15.0)	1,114.51 (15.06)	(-) 6.86
3.	Education, Sports, Art and Culture	637.41 (13.41)	640.48 (10.34)	674.03 (7.40)	272.17 (3.41)	457.94 (6.19)	68.26
4.	Urban Development	421.95 (8.88)	599.00 (9.67)	2,861.45 (31.40)	2,315.60 (29.03)	1,855.51 (25.08)	(-) 19.87
5.	Non-ferrous mining and metallurgical industries	271.61 (5.72)	496.95 (8.02)	712.87 (7.82)	583.20 (7.31)	702.25 (9.49)	20.41
6.	Major and medium irrigation	110.48 (2.32)	113.43 (1.83)	132.43 (1.45)	164.19 (2.06)	171.74 (2.32)	4.60
7.	Police	151.70 (3.19)	109.11 (1.76)	128.69 (1.41)	176.96 (2.22)	179.84 (2.43)	1.63
8.	Other administrative services	115.64 (2.43)	105.66 (1.71)	165.37 (1.81)	159.93 (2.01)	107.89 (1.46)	(-) 32.54
9.	Forestry and wildlife	51.90 (1.09)	55.38 (0.89)	33.10 (0.36)	28.53 (0.36)	23.07 (0.31)	(-) 19.14
10.	Miscellaneous General Services <sup>5</sup>	41.39 (0.87)	31.54 (0.51)	251.50 (2.76)	166.03 (2.08)	62.96 (0.85)	(-) 62.08
11.	Medical and public health	142.06 (2.99)	31.17 (0.50)	189.34 (2.08)	195.70 (2.45)	171.89 (2.32)	(-) 12.17

<sup>5</sup> Unclaimed deposits, Sales of Land and property, Guarantee fee and other receipts.

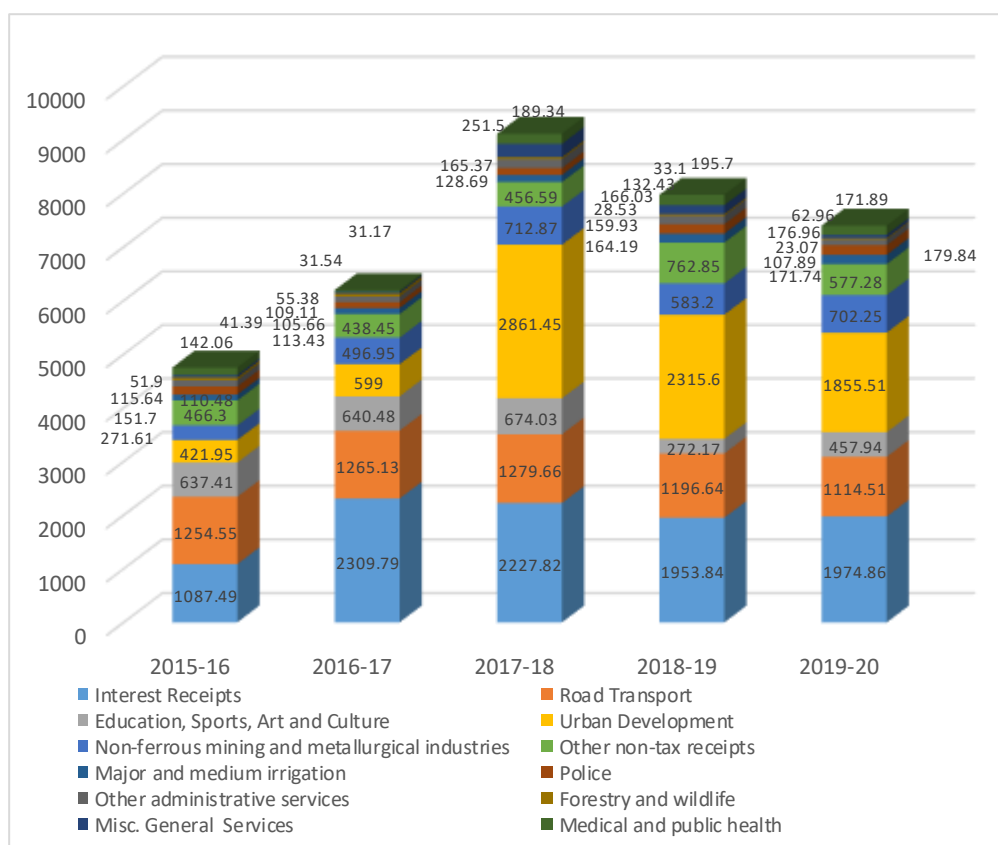
Sr. No	Head of revenue	2015-16	2016-17	2017-18	2018-19	2019-20	Percentage of increase (+) or decrease (-) of Actuals of 2019-20 over actuals of 2018-19
12.	Other non-tax receipts	466.30 (9.81)	438.45 (7.08)	456.59 (5.01)	762.85 (9.56)	577.28 <sup>6</sup> (7.80)	(-) 24.33
<b>Total</b>		<b>4,752.48</b>	<b>6,196.09</b>	<b>9,112.85</b>	<b>7,975.64</b>	<b>7,399.74</b>	<b>(-)7.22</b>

(Source: Finance Accounts)

The year-wise trend of various non-tax revenues is depicted in **Chart 1.3**.

**Chart 1.3**

**Details of Non-Tax Revenue raised**



Source: Finance Accounts

<sup>6</sup> Dividend and Profit- ₹ 87.01 crore, Public services Commission- ₹ 41.51 crore, Public work- ₹ 30.85 crore, Contribution and recoveries towards pension- ₹ 30.77 crore, Water supply and sanitation- ₹ 59.77 crore, Labour and employment- ₹ 59.79 crore, Social Security and Welfare- ₹ 88.20 crore, Animal Husbandry- ₹ 40.57 crore, Other rural development programs- ₹ 20.87 crore, Road and bridge- ₹ 21.65 crore, Other scientific research- ₹ 1.09 crore, Jail - ₹ 1.56 crore, Supplies and disposal- ₹ 0.66 crore, Stationers and printing- ₹ 3.24 crore, Family Welfare - ₹ 0.10 crore, Housing- ₹ 5.39 crore, Information and publication- ₹ 0.14 crore, Other Social Services- ₹ 20.68 crore, Crop-Husbandry- ₹ 12.18 crore, Dairy development - ₹ 0.03 crore, Fisheries- ₹ 2.69 crore, Food Storage and Warehousing- ₹ 0.18 crore, Cooperation- ₹ 9.92 crore, Other Agricultural programme- ₹ 2.71 crore, Land reform- ₹ 0.03 crore, New renewable energy- ₹ 0.39 crore, Village and small industries- ₹ 7.46 crore, Industries- ₹ 0.09 crore, Civil Aviation- ₹ 0.05 crore, Tourism- ₹ 4.84 crore, Other General Economic Services- ₹ 22.86 crore.

There was a decrease of 7.22 *per cent* in actual receipts during 2019-20 over actual receipts of 2018-19. Interest receipts (26.69 *per cent*), Urban Development (25.08 *per cent*) and Road Transport (15.06 *per cent*) are main contributors to non-tax revenue and as a whole contribute 66.83 *per cent* to total non-tax revenue. However, non-tax revenue has decreased from 2018-19 to 2019-20 which was mainly due to decrease in receipts of Urban Development and Road Transport.

The concerned departments attributed the following reasons for variations:-

- **Interest Receipts:** Interest receipts decreased to ₹ 1,953.84 crore during 2018-19 as compared to ₹ 2,287.82 crore in 2017-18. This was due to decrease in receipt of interest from public sector and other undertakings. This was mainly due to conversion of ₹ 5,190 crore of DISCOM loans into equity during 2018-19 and 2019-20 respectively.
- **Education, Sports, Art and Culture:** The increase in actual receipts in 2019-20 (68.26 *per cent*) over 2018-19 was due to increase in receipts from Elementary/Secondary Education.
- **Non-Ferrous Mining and Metallurgical Industries:** The increase in actual receipts in 2019-20 (20.41 *per cent*) over 2018-19 was due to increase in receipts from Mineral concession fees, rents and royalties.
- **Police:** The increase in actual receipts in 2019-20 (1.63 *per cent*) over 2018-19 was due to unforeseen nature like supply of police forces to Bank Authorities, BBMB and other parties.
- **Forestry and Wildlife:** The decrease in actual receipts in 2019-20 (19.14 *per cent*) over 2018-19 was due to adjustment of revenue earned on account of cutting of trees by production wing into Haryana Forest Development Corporation.
- **Miscellaneous General Services:** The decrease in actual receipts in 2019-20 (62.08 *per cent*) over 2018-19 was due to decrease in receipts on account of Guarantee Fee and Unclaimed Deposits.

The other Departments did not intimate the reasons for variations in receipts despite being requested.

## 1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2020 in some principal heads of revenue was ₹ 32,684.28 crore, of which ₹ 5,571.94 crore was outstanding for more than five years as depicted in Table 1.2.

Table 1.2: Arrears of Revenue

(₹ in crore)

Sr. No.	Heads of revenue	Amount outstanding as on 31 March 2020	Amount outstanding for more than five years as on 31 March 2020	Replies of the Department
1	Taxes on sales, trade/VAT etc.	30,717.17	4,934.61	The amount outstanding as on March 2020 has increased to ₹ 30,717.17 crore as compared to outstanding amount of ₹ 17,595.10 crore as on March 2019. The amount outstanding for more than five years was also increased to ₹ 4,934.61 crore from ₹ 2,758.65 crore in March 2019. Recovery of ₹ 1,345.21 crore (4.38 per cent) was stayed by the Honourable High Court and other judicial authorities and ₹ 1,126.74 crore was stayed by order of the Government. Recovery of ₹ 18.11 crore was held due to the dealers becoming insolvent, ₹ 138.36 crore was likely to be written off and ₹ 4,260.95 crore was held due to rectification/review/application. Recovery of arrears of ₹ 2,888.50 crore was pending on account of cases pending in court and ₹ 3,940.62 crore was pending on account of non-recovery by the Department due to other reasons. Recovery of ₹ 1,426.04 crore was pending with official Liquidator/Board of Industrial and Financial Reconstruction (BIFR). Inter State arrears were ₹ 3,278.28 crore and Inter districts arrears were ₹ 90.02 crore. Recovery of ₹ 178.03 crore was being made in instalments. Balance amount of ₹ 12,026.31 crore was at other stages of recovery.
2	State Excise	310.48	196.28	Recovery of ₹ 14.37 crore (4.63 per cent) was stayed by the High Court and other judicial authorities and ₹ 0.47 crore was stayed by the order of the Government, ₹ 0.93 crore was due to dealers becoming insolvent, ₹ 3.99 crore was likely to be written off. Rupees 83.80 crore was inter-State and inter-districts arrears. Recovery of ₹ 0.01 crore was being made in instalments. Rupees 1.33 crore was pending with official liquidator/BIFR. Balance amount of ₹ 205.58 crore was outstanding at different stages of recovery.
3	Taxes and duties on electricity	325.20	179.30	Amount of ₹ 324.20 crore was pending towards consumers of Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL)/Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) and ₹ one crore was pending with official liquidator/Board of Financial Reconstruction against M/S Haryana Concast, Hisar.
4	Tax on entry of goods into local areas (Local Area Development Tax)	206.32	147.96	Recovery of ₹ 197.10 crore (95.53 per cent) was stayed by the High Court and other judicial authorities, and balance amount of ₹ 9.22 crore was outstanding at other stages of recovery.
5	Police	127.98	40.91	Amount of ₹ 7.37 crore was due from Indian Oil Corporation Limited (IOCL) up to 31 March 2007. The matter of recovery from IOCL in Haryana State was pending at the level of State Government. Rupees 0.29 crore was recoverable from the Bhakra Beas Management Board, Faridabad and



Sr. No.	Heads of revenue	Amount outstanding as on 31 March 2020	Amount outstanding for more than five years as on 31 March 2020	Replies of the Department
				₹ 120.32 crore was recoverable from other States for election duties and Law and Order duty in other States.
6	Other taxes and duties on commodities and services – Receipts from Entertainment duty	11.69	11.69	Recovery of ₹ 2.76 crore (23.61 per cent) was stayed by the High Court and other judicial authorities, ₹ 0.01 crore was likely to be written off and balance amount of ₹ 8.92 crore was outstanding at other stages of action.
7	Non-ferrous mining and metallurgical industries	985.44	61.19	Amount of ₹ 635.62 crore was outstanding on account of demand covered by recovery certificate, ₹ 38.43 crore (5.09 per cent) stayed by the High Court and Judicial authorities, ₹ six lakh was likely to be written off and balance amount of ₹ 311.33 crore was outstanding at other stages of action.
	<b>Total</b>	<b>32,684.28</b>	<b>5,571.94</b>	

Source: Departmental figure

### 1.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment during the year, cases disposed of during the year and number of cases pending for finalisation at the end of the year as furnished by the Excise and Taxation Department in respect of Sales Tax are as depicted below:-

**Table 1.3: Arrears in Assessments**

Head of revenue	Year	Opening balance	New cases due for assessment during the year	Total assessments due	Cases disposed of during the year	Balance at the end of the year	Percentage of disposal (col. 6 to 5)
1	2	3	4	5	6	7	8
Taxes on sales, trade etc./ VAT	2018-19	3,12,411	2,19,396	5,31,807	2,35,122	2,96,685	44
	2019-20	2,96,685	31,594	3,28,279	2,92,709	35,570	89

Source: Departmental figure

The number of cases pending at the end of 2019-20 has decreased. It is further observed that the percentage of disposal of cases was 89.

### 1.4 Evasion of tax detected by the Department

Under Section 29 to 31 of the HVAT Act, 2003, Department is required to inspect business premises to detect tax evasion and also inspect suspicious dealer on the basis of information received from third party. Further, the Department conducts survey in business premises to identify the new taxpayer in the ambit of tax limit. Besides this, road side checking is also a tool to detect the tax evasion during the goods in transit by the Excise and Taxation Department.

The details of cases of evasion of tax detected by the Excise and Taxation Department, cases finalised and the demands for additional tax raised as reported by the Department are given in the Table below:-

**Table 1.4: Evasion of Tax**

Sr. No.	Head of revenue	Cases pending as on 31 March 2019	Cases detected during 2019-20	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 2020
					Number of cases	Amount of demand (₹ in crore)	
1	Taxes on sales, trade etc./ VAT	18	4	22	21	2.60	1
2	State excise	418	8,250	8,668	8,378	8.39	290
<b>Total</b>		<b>436</b>	<b>8,254</b>	<b>8,690</b>	<b>8,399</b>	<b>10.99</b>	<b>291</b>

Source: Departmental figure

The number of cases pending at the end of the year has decreased in respect of Taxes on sales, trade etc./VAT and also in respect of State Excise as compared to the number of cases pending at the beginning of 2019-20.

### 1.5 Refund cases

The number of refund cases pending at the beginning of the year 2019-20, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2019-20 were reported by the Department are mentioned in the Table 1.5.

Table 1.5: Details of Refund Cases

Sr. No.	Particulars	Sale Tax/VAT		State Excise	
		Number of cases	Amount (₹ in crore)	Number of cases	Amount (₹ in crore)
1	Claims outstanding at the beginning of the year	327	69.15	29	0.64
2	Claims received during the year	1,454	376.60	271	39.99
3	Refunds made/adjusted/rejected during the year	1,260	258.67	249	38.65
4	Balance outstanding at the end of year	521	187.08	51	1.98

Source: Departmental figure

The number of outstanding cases at the end of the year increased in respect of Sales Tax/VAT and State Excise as compared to cases outstanding at the beginning of the year.

Table 1.5.1: Details of Refund cases under GST

Sr. No.	Particulars	GST					
		Cases	(₹ in crore)				
			SGST	CGST	IGST	Cess	Total
1	Claims outstanding at the beginning	1,306	830.18	810.70	6,100.04	11.33	7,752.25
2	Claims received during the year	4,688	3,896.35	3,047.67	16,845.71	72.05	23,861.78
3	Refund allowed/rejected manually during the year	5,768	4,692.03	3,815.43	22,774.5	83.38	31,365.34
4	Balance outstanding at the end of the year	226	34.50	42.94	171.25	0.00	248.69

Source: Departmental figure

## 1.6 Internal Audit

During the year 2019-20, out of 165 units planned for audit, Internal Audit Cell of Revenue and Disaster Management and Excise and Taxation (State Excise)

Departments audited all 165 units (*cent per cent*) as detailed in the Table 1.6:-

**Table 1.6: Status of Internal Audit conducted**

Receipts	Number of units Planned	Number of units audited
Stamp Duty	142	142
State Excise	23	23
VAT/Sales Tax	Nil	Nil
Motor Vehicles Tax	Nil	Nil
<b>Total</b>	<b>165</b>	<b>165</b>

*Source: Departmental figure*

The irregularities discussed in the paragraphs of Chapters II to IV are indicators of inadequate internal control mechanism as the irregularities pointed out in the Audit Report were not detected by the internal audit parties. No internal audit was done by the Excise and Taxation Department (Sales Tax/VAT) and Transport Department (Motor Vehicle Tax). The Department stated that the Internal Audit of Sales Tax/VAT has not been conducted by the internal audit team and reasons for not conducting internal audit was not provided by the Department. The internal Audit of Transport Department as stated by the Department has not been conducted due to pandemic effects and shortage of Section Officers in the Department.

### **1.7 Response of the Government/Departments towards audit**

The Principal Accountant General (Audit) Haryana conducts periodical inspection of Government Departments to test check the transactions, verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with inspection reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of offices/Government are required to comply with the observations contained in the IRs, within four weeks from the date of receipt of the IRs. Serious financial irregularities are reported to the heads of the Department and the Government.

Inspection Reports issued up to December 2019 revealed that 8,695 paragraphs involving ₹ 10,688.15 crore relating to 2,765 IRs remained outstanding at the end of June 2020 as mentioned in the **Table 1.7** along with the corresponding figures for the preceding two years.

**Table 1.7: Details of pending Inspection Reports**

	June 2018	June 2019	June 2020
Number of IRs pending for settlement	2,446	2,588	2,765
Number of outstanding audit observations	6,915	7,701	8,695
Amount of revenue involved (₹ in crore)	6,577.52	8,455.42	10,688.15

Source: Internal data

1.7.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2020 and the amounts involved are mentioned in the following Table:-

**Table 1.7.1: Department-wise details of Inspection Reports**

Sr. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved (₹ in crore)
1	<b>Excise and Taxation</b>	Sales tax/VAT	400	3,887	8,231.79
		State Excise	193	370	192.26
		Taxes on goods and passengers	254	465	40.01
		Entertainment duty and show tax	23	27	12.25
2	<b>Revenue</b>	Stamps and registration fees	1,186	2,937	415.55
		Land Revenue	153	188	0.82
3	<b>Transport</b>	Taxes on vehicles	437	639	108.12
4	<b>Power</b>	Taxes and duties on electricity	9	9	0.81
5	<b>Mines and Geology</b>	Non-ferrous mining and metallurgical industries	110	173	1,686.53
<b>Total</b>			<b>2,765</b>	<b>8,695</b>	<b>10,688.14</b>

Source: Data maintained by office

Therefore, the increase in the pendency of IRs indicated that the heads of offices/ Departments did not initiate adequate action to rectify the defects, omissions and irregularities pointed out by the Audit in the IRs.

### 1.7.2 Departmental Audit Committee Meetings

The Government has set up audit committees to monitor and expedite the progress of the settlement of IRs and paragraphs in the IRs. The details of the audit

committee meetings held during the year 2019-20 and the paragraphs settled are mentioned in the Table below:-

**Table 1.7.2: Departmental Audit Committee Meetings**

Sr. No.	Head of revenue	Number of meetings held	Number of paragraphs settled	Amount (₹ in crore)
1	Excise and Taxation Department (Sales Tax)	4	215	31.90
2	Mineral and Geology Department	3	13	0.33
3	State Excise (Excise and Taxation Department)	2	34	7.02
	<b>Total</b>	<b>9</b>	<b>262</b>	<b>39.25</b>

Source: Data maintained by office

In the Audit Committee meetings held during 2019-20, 841 paras were discussed, out of which 262 paras having financial implication of ₹ 39.25 crore were settled whereas 307 paras having financial implication of ₹ 361.55 crore were settled out of 1,087 paras discussed during 2018-19.

**The Government may consider putting in effective monitoring system so as to ensure adequate and prompt response/corrective action to audit observations pointed out in IRs and stepping up pace of holding of Audit Committee Meetings for speedy settlement of Audit observations.**

### 1.7.3 Non production of records to audit for scrutiny

During 2019-20, 72 files out of 53,458 assessment files and other relevant records involving tax effect of ₹ 13 crore were not provided to Audit. District-wise detail of cases are depicted in the Table 1.7.3 below:-

**Table 1.7.3: Details of non-production of records**

Name of the Office/Department	Year in which it was to be audited	Number of cases not produced	Tax amount/refunds (₹ in crore)
Deputy Excise and Taxation Commissioners (Sales Tax)			
<b>Assessment cases</b>			
Gurugram (South)	2019-20	17	2.52
Gurugram (North)	2019-20	34	7.47
Palwal	2019-20	21	3.01
<b>Total</b>		<b>72</b>	<b>13.00</b>

Source: Data compiled by office

Consequently, 72 cases with monetary value of ₹ 13 crore covering above DETCs (ST) could not be examined due to non-production of records.

#### ***1.7.4 Response of the Government to the draft audit paragraphs***

Draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Principal Accountant General (Audit) to the Principal Secretary/Additional Chief Secretaries of the concerned Department to draw their attention to the audit findings, requesting them to send their response within six weeks. The fact of non-receipt of the replies from the Departments/ Government is mentioned in the paragraphs included in the Audit Report.

In all, 17 draft paragraphs were sent to the Additional Chief Secretaries of the respective Departments between August 2020 and February 2021; replies of Excise and Taxation Department, Revenue and Disaster Management Department received during exit conference are incorporated in the concerned DPs.

#### ***1.7.5 Follow up on the Audit Reports-summarised position***

According to the instructions issued by the Finance Department in October 1995 and reiterated in July 2001, it had been laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling of the Report, for consideration of the Public Accounts Committee (PAC).

In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed. However, action taken notes (ATNs) in respect of 42 paragraphs from four departments (Excise and Taxation: 31, Transport: 02, Revenue and Disaster Management: 08 and Mines and Geology: 01) as mentioned in **Annexure I** were not received in respect of the Audit Reports for the year ended 31 March 2016 to 2018 (November 2020).

The PAC had discussed 23 selected paragraphs pertaining to the Audit Report for the year 2015-16 and 54 paragraphs pertaining to the Audit Reports for the years 2016-17 and 2017-18 are yet to be discussed in the Public Accounts Committee (August 2020). Final corrective action was to be taken by the concerned Departments/Government in 1,034 recommendations pertaining to the period 1979-80 to 2014-15 contained in 22<sup>nd</sup> to 78<sup>th</sup> Reports of PAC, as mentioned in **Annexure II**, the same was still pending.

#### ***1.8 Analysis of the mechanism for dealing with the issues raised by Audit***

To analyse the system of addressing the issues highlighted in the Inspection Reports/Audit Reports by the Departments/Government, the action taken on the

paragraphs and performance audits included in the Audit Reports of the last 10 years for one Department is evaluated and included in this Audit Report.

The succeeding paragraphs 1.8.1 to 1.8.2 discusses the performance of the Excise and Taxation Department under State Excise including cases detected during the course of local audit for the last 10 years.

### ***1.8.1 Position of Inspection Reports***

The summarised position of the inspection reports issued to the Excise and Taxation Department (State Excise) during the last 10 years, paragraphs included in these reports and their status as on 31 March 2020 are brought out in **Annexure III**.

The number of outstanding IRs increased from 116 in 2010-11 to 184 in 2019-20 and paragraphs increased from 171 in 2010-11 to 347 in 2019-20 as on 31 March 2020. The Government should increase the audit committee meetings so as to settle the pending paragraphs.

### ***1.8.2 Recovery in accepted cases***

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Department and the amount recovered are mentioned in **Annexure IV**.

While the Department accepted objections valuing ₹ 172.92 crore during the last 10 years, the amount recovered out of the accepted amount was minuscule ₹ 40.87 crore. However, the progress of recovery in accepted cases was only (23.64 *per cent*) during the last 10 years. The Department may take appropriate action to pursue and monitor prompt recovery of the dues involved in accepted cases.

## ***1.9 Audit planning***

There were a total of 274<sup>7</sup> auditable units in the State of Haryana, of which 177 units were planned and 163 units<sup>8</sup> audited during 2019-20. The units were selected on the basis of risk analysis.

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<sup>7</sup> 274 auditable units includes units of Sales Tax/VAT: 45, Stamp Duty and Registration Fees: 143 and State Excise: 86.

<sup>8</sup> 13 units could not be audited due to lock down in March 2020 and one unit of DETC (Excise) Charkhi Dadri could not be audited as it was not in operation at the time of audit.



### **1.10 Results of audit**

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

Out of 274 auditable units, test check of the records of 163 (Revenue 161 + expenditure 02) units pertaining to Sales Tax/Value Added Tax, State Excise duty, Stamp Duty and Registration fees were conducted during 2019-20, which reflect under assessment/short levy/loss of revenue aggregating to ₹ 1,422.55 crore in 2,805 cases. During the year, the concerned Departments accepted under assessment and other deficiencies amounting to ₹ 298.46 crore in 1,029 cases. The Departments recovered ₹ 1.17 crore (0.39 *per cent*) in 55 cases during 2019-20, out of which ₹ 0.78 crore recovered in 24 cases pertain to this year and balance amount for previous years.

### **1.11 Coverage of this Report**

This Report contains 15 paragraphs involving a total financial implication of ₹ 99.36 crore. Exit conference with the Government/Departments were held to discuss the audit findings. During exit conference, the Departments/Government have accepted audit observations involving ₹ 98.73 crore, out of which ₹ 0.90 crore had been recovered. The replies provided by the Authorities have been included in the relevant paragraphs. These are discussed in succeeding Chapters II to IV.