

# **Chapter -I**

## **General**



# CHAPTER – I

## GENERAL

### 1.1 Trend of Revenue Receipts

The revenue receipts of the State for the year 2018-19 comprised:

- 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 2018-19 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	2014-15	2015-16	2016-17	2017-18	2018-19
1	<b>Revenue raised by State Government</b>					
	Tax revenue	19,828.29	22,526.96	22,852.39	27,913.80	30,318.33
	Non-tax revenue	8,070.87	8,711.24	8,043.10	8,367.99	14,256.40
	<b>Total</b>	<b>27,899.16</b>	<b>31,238.20</b>	<b>30,895.49</b>	<b>36,281.79</b>	<b>44,574.73</b>
2	<b>Receipts from Government of India</b>					
	State's net proceeds of divisible Union taxes and duties <sup>3</sup>	16,181.22	23,573.78	28,321.50	31,272.06	35,353.73
	Grants-in-Aid	12,917.50	14,129.46	15,082.40	17,619.94	19,597.53
	<b>Total</b>	<b>29,098.72</b>	<b>37,703.24</b>	<b>43,403.90</b>	<b>48,892.00</b>	<b>54,951.26</b>
3	<b>Total revenue receipts of the State Government (1 and 2)</b>	<b>56,997.88</b>	<b>68,941.44</b>	<b>74,299.39</b>	<b>85,173.79</b>	<b>99,525.99</b>
4	<b>Percentage of 1 to 3</b>	<b>48.95</b>	<b>45.31</b>	<b>41.58</b>	<b>42.60</b>	<b>44.79</b>

(Source: Finance Accounts for the year 2018-19 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 42.60 *per cent* in 2017-18 to 44.79 *per cent* in 2018-19.

<sup>3</sup> Statement No 14-Detailed accounts of revenue by minor heads in the Finance Accounts of the Government of Odisha for the years 2018-19. Figures under the minor head 901-Share of net proceeds assigned to the States under the major heads 0005-Central Goods and Services Tax (CGST),0008-Integrated Goods and Services Tax (IGST), 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 2014-15 to 2018-19 are given in Table 1.2.

**Table 1.2: Details of Tax Revenue raised**

(₹ in crore)

Sl. No.	Head of Revenue	2014-15	2015-16	2016-17	2017-18	2018-19		Percentage of increase (+) or decrease (-) in 2018-19 over 2017-18
						BE	Actual	
1	State Goods and Services Tax (SGST)	--	--	--	6,609.27	12,000.00	11,942.59	6.19
2	Odisha Value Added Tax (OVAT) including Odisha Sales Tax (OST) and Central Sales Tax (CST)	11,816.73	13,096.99	13,402.35	11,521.65	6,880.00	7,310.24	
3	Taxes and Duties on Electricity	1,722.60	1,212.21	1,637.14	1,969.74	2,700.00	3,257.66	65.39
4	Land Revenue	645.64	588.81	460.00	542.27	536.00	511.07	(-)5.75
5	Taxes on Vehicles	910.31	1,043.73	1,216.08	1,534.95	1,800.00	1,745.58	13.72
6	Taxes on Goods and Passengers (Entry Tax)	1,710.87	1,662.99	1,760.51	1,260.49	130.00	182.32	(-)85.54
7	State Excise	2,035.24	2,546.94	2,786.02	3,220.99	3,899.98	3,925.12	21.86
8	Stamp Duty and Registration Fee	800.23	2,157.07	1,363.72	1,036.68	1,100.00	1,237.46	19.37
9	Other Taxes and Duties on Commodities and Services	17.70	42.65	46.40	29.95	72.77	2.48	(-)91.72
10	Other Taxes on Income and Expenditure Professions, Trades, Callings and Employments	168.97	175.57	180.17	187.81	199.99	203.81	8.52
	<b>Total</b>	<b>19,828.29</b>	<b>22,526.96</b>	<b>22,852.39</b>	<b>27,913.80</b>	<b>29,318.74</b>	<b>30,318.33</b>	<b>8.61</b>

(Source: Finance Accounts for the year 2018-19 of Government of Odisha and Annual Financial Statement 2019-20)

Tax revenue accounted for was 30.46 per cent (₹30,318.33 crore) of the total revenue (₹99,525.99 crore) of the State for the year 2018-19. Increase of ₹2,404.53 crore in revenue raised by State Government (8.61 per cent) in 2018-19 over the previous year (₹27,913.80) was mainly due to increase in SGST including Odisha Value Added Tax (OVAT), Odisha Sales Tax (OST) and Central Sales Tax (CST) (6.19 per cent), Taxes on Vehicles (13.72 per cent), Taxes and duties on Electricity (65.39 per cent) and State Excise receipts (21.86 per cent).

The Finance Department stated that increase in collections under SGST and VAT, OST, CST and Professional Tax (PT) Acts were primarily due to increase in business and revenue augmentation measures taken by the Government.

The decrease in collection of Entry Tax was due to implementation of Goods and Services Tax (GST), as Entry Tax was subsumed and was being collected only on alcohol for human consumption and five petroleum products *viz.*, petrol, high speed diesel, crude oil, natural gas and aviation turbine fuel.

Increase in collection under Motor Vehicle (MV) Tax, as stated by the Commerce and Transport Department, was due to strengthening of tax and arrear collection measures.

The Engineer-in-Chief (Electricity) attributed the reasons for increase in collection of taxes and duties of electricity due to increase in electricity consumption, hike in Electricity Duty and adoption of efficient collection measures.

### 1.1.2 Non-tax Revenue

The details of non-tax revenue raised during the period 2014-15 to 2018-19 are indicated in Table 1.3.

**Table 1.3: Details of Non-tax Revenue raised**

Sl. No.	Head of Revenue	2014-15	2015-16	2016-17	2017-18	2018-19		Percentage of increase (+) or decrease (-) in 2018-19 over 2017-18
						BE	Actual	
1	Non-ferrous Mining and Metallurgical Industries	5,310.09	5,798.96	4,925.79	6,130.99	8,000.00	10,479.61	70.93
2	Interest Receipts	330.67	560.42	427.40	600.71	900.00	1,462.25	143.42
3	Forestry and Wildlife	61.51	152.99	131.58	62.79	50.00	31.67	(-)49.56
4	Irrigation and Inland Water Transport	629.60	707.11	775.87	689.21	521.72	677.44	(-)1.71
5	Other Administrative Services	29.75	37.86	43.84	14.82	37.70	40.83	175.51
6	Public Works	88.59	77.48	66.31	68.05	75.90	63.35	(-)6.91
7	Police Receipts	50.00	59.61	54.37	45.06	60.00	67.94	50.78
8	Education	18.87	66.89	30.79	23.88	40.00	25.93	8.58
9	Medical and Public Health	33.15	52.70	50.83	57.79	34.90	49.85	(-)13.74
10	Miscellaneous General Services	118.84	192.08	383.91	239.87	208.18	419.13	74.73
11	Power	2.18	2.25	8.05	3.39	2.57	3.67	8.26
12	Co-operation	2.56	2.50	3.16	6.09	3.33	4.03	(-)33.83
13	Other Non-tax Receipts	1,395.06	1,000.40	1,141.21	425.34	987.91	930.70	118.81
	<b>Total</b>	<b>8,070.87</b>	<b>8,711.24</b>	<b>8,043.10</b>	<b>8,367.99</b>	<b>10,922.21</b>	<b>14,256.40</b>	<b>70.37</b>

(Source: Finance Accounts for the year 2018-19 of Government of Odisha and Annual Financial Statement 2019-20)

The non-tax revenue increased by 70.37 per cent during the year 2018-19 over the previous year.

The increase in mining receipts (70.93 per cent) under the head Non-ferrous Mining and Metallurgical Industries was due to increase in price of iron ore.

The increase in receipts (₹930.70) (118.81 per cent) under Other Non-tax receipts was due to increase in dividends and profits from Public Undertakings.

## 1.2 Analysis of Arrears of Revenue

The arrears in revenue were ₹13,683.71 crore as on 31 March 2019 from some principal heads of revenue like OVAT, Entry Tax (ET) and Mining receipts. Out of this, ₹5,717.34 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 2019	Amount outstanding for more than five years as on 31 March 2019	Replies of Department
<b>A-Tax Revenue</b>				
<b>0040- Taxes on Sales, Trade, etc.</b>				
1	OVAT (including OST and CST)	8,162.74	2,931.56	Department stated reasons of arrears as under: <ul style="list-style-type: none"> <li>• Amount covered by show cause notices and penalty</li> <li>• Amount stayed by Departmental Authorities/Judicial Authorities</li> <li>• Demands covered by tax recovery proceedings</li> <li>• Amount likely to be written off</li> </ul>
				2,505.77
				5,044.87
				605.43
				6.67
<b>0042-Taxes on Goods and Passengers</b>				
2	Entry Tax (ET)	3,147.57	1,230.11	Department stated reasons of arrears as under: <ul style="list-style-type: none"> <li>• Amount covered by show cause notices and penalty</li> <li>• Recoveries stayed by Departmental Authorities/Judicial Authorities</li> <li>• Demands covered by certificate proceedings<sup>4</sup></li> <li>• Amount likely to be written off</li> </ul>
				1,103.49
				2,000.41
				43.60
				0.07
<b>0041-Taxes on Vehicles</b>				
3	Taxes on Vehicles	290.78	144.95	Department stated reasons of arrears as under: <ul style="list-style-type: none"> <li>• Demands covered by certificate proceedings/ tax recovery proceedings</li> <li>• Recoveries stayed by Departmental Authorities</li> <li>• Recoveries stayed in court of law</li> <li>• Other stages</li> </ul>
				132.18
				2.22
				4.77
				5.77
<b>0039-State Excise</b>				
4	State Excise	66.06	--	Department stated reasons of arrears as under: <ul style="list-style-type: none"> <li>• Recoveries stayed by Supreme Court/ High Court</li> <li>• Demands covered by certificate proceedings/ tax recovery proceedings</li> <li>• Other stages</li> </ul>
				52.19
				9.91
				3.96
<b>B-Non-Tax Revenue</b>				
5	Mining Receipts	2,016.56	1,410.72	Department stated reasons of arrears as under: <ul style="list-style-type: none"> <li>• Certificate cases</li> <li>• Amount likely to be written off</li> <li>• Courts of law</li> <li>• Recoverable dues</li> </ul>
				6.53
				2.38
				1,857.58
				150.07
<b>Total</b>		<b>13,683.71</b>	<b>5,717.34</b>	

(Source: Concerned Departments)

<sup>4</sup> Proceeding of a Certificate Officer for realisation of public demand

It can be seen from **Table 1.4** that recovery of ₹5,717.34 crore was pending for more than five years. Further, arrears worth ₹7,047.50 crore (51.50 per cent) was pending under appeal cases with the departmental authorities relating to OVAT, ET and Taxes on Vehicles. Similarly, ₹797.65 crore (5.83 per cent) remained pending under tax recovery proceedings on account of OVAT, ET Taxes on vehicles, Excise duty and Mining receipts.

### 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 2019 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 2018-19	Total assessments due	Cases disposed of during 2018-19	Balance at the end of the year	Percentage of disposal (Col. 5 to 4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Odisha Sales Tax	2,242	166	2,408	1,014	1,394	42.11
CST	604	335	939	647	292	68.90
VAT	271	904	1,175	731	444	62.21
Entry Tax	74	620	694	388	306	55.91
Profession Tax	37,359	29,585	66,944	32,473	34,471	48.51
Entertainment Tax	131	14	145	47	98	32.41

(Source: Commercial Tax wing of the Finance Department)

No specific information was furnished by the Department regarding number of assessments pending under erstwhile OST Act as on 31 March 2019.

### 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 2019 are given in Table 1.6.

**Table 1.6: Evasion of Tax**

(₹in crore)

Sl. No.	Head of Revenue	Cases pending as on 31 March 2018	Cases detected during 2018-19	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 2019
					Number of cases	Amount of demand	
1	GST	0	18	18	2*	0	16
2	OST	26	0	26	0	0	26
3	ET	48	17	65	63	4.87	2

Sl. No.	Head of Revenue	Cases pending as on 31 March 2018	Cases detected during 2018-19	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 2019
					Number of cases	Amount of demand	
4	VAT	221	77	298	224	53.52	74
5	CST	19	11	30	27	2.73	3
<b>Total</b>		<b>314</b>	<b>123</b>	<b>437</b>	<b>316</b>	<b>61.12</b>	<b>121</b>

(Source: Commercial Tax wing of the Finance Department)

\* Relates to investigation cases under GST Act.

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. No specific reason was furnished by the Department in this regard.

The Commissioner of Commercial Taxes and GST, Odisha Stated (December 2019) that pendency of tax evasion reports is being monitored by the Commissionerate every month and all the circles were also instructed to dispose of all pending cases as on 31 March 2020.

### 1.5 Pendency of Refund Cases

The details of refund cases as on 31 March 2019 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	587	165.46
2	Claims received during the year	2,787	611.53
	<b>Total (1+2)</b>	<b>3,374</b>	<b>776.99</b>
3	Refunds made during the year		
	(a) Refunds granted	2,161	479.92
	(b) Refunds rejected/ adjusted	849	223.96
	<b>Total (a+b)</b>	<b>3,010</b>	<b>703.88</b>
4	Balance outstanding at the end of the year	364	73.11

(Source: Commercial Tax wing of the Finance Department)

It can be seen from **Table 1.7** that during 2018-19, 3,010 out of 3,374 (89.19 per cent) refund cases relating to OVAT/ OST/ ET were disposed.

The Department did not give specific reasons for pendency and also did not provide any details of interest paid by the Government during 2018-19 incurred due to delays in refund. The Department did not also furnish the number of pending cases (including period of delay).

The Department stated (December 2019) that pendency of refunds is being monitored by the Commissionerate every month and all Circles were also instructed to dispose of all pending cases by 31 March 2020.



## 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 (CAG) of India that are presented to State Legislature. The internal working system of the Public Accounts Committee has laid down that the Departments shall submit the explanatory notes on audit paragraphs within three months of tabling the Report.

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 2018 containing 424 paragraphs were placed before the State Legislative Assembly between February 2009 and March 2019. The action taken explanatory notes in respect of all the paragraphs of the Audit Reports up to the year ended March 2017 were received from departments concerned.

### 1.6.2 Department-wise details of Inspection Reports

The Department-wise details of Inspection Reports (IRs) and audit observations outstanding as on 30 June 2019 including the money value of revenue receipts involved are mentioned in Table 1. 8(a) and 1.8(b).

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

(₹ in crore)

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	919	2,322	2,908.03
		GST	3	5	50.33
		Entry Tax	356	653	805.85
		Professional Tax	17	23	17.43
		Entertainment Tax	4	4	4.71
2	Excise	State Excise	236	765	884.99
3	Revenue and Disaster Management	Stamp Duty and Registration Fee	635	1,410	748.60
4	Steel and Mines	Mining Receipts	171	491	19,444.13
5	Commerce and Transport	Taxes on Vehicles, Goods and Passengers	346	1,779	62.21
<b>Total</b>			<b>2,687</b>	<b>7,452</b>	<b>24,926.28</b>

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

Audit observations under OVAT including OST/ CST, GST, Entry Tax, Professional Tax and Entertainment Tax receipts relates to under assessment of tax, acceptance of defective statutory forms, evasion of tax due to suppression of sales/ purchase and irregular, incorrect allowance of input tax credit *etc.*

Under Mining Receipts, 491 outstanding audit observations relates to Non assessment of royalty on shortage of minerals, non realisation of dead rent

along with interest, loss of revenue on illegal extraction/ removal of ore, evasion of royalty due to unlawful extraction of minerals *etc.*

**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)	130	198	0
2	Excise	95	147	2.32
3	Revenue and Disaster Management (Registration)	280	409	1.83
4	Steel and Mines	13	102	46.45
5	Commerce and Transport (Transport)	178	294	65.28
<b>Total</b>		<b>696</b>	<b>1,150</b>	<b>115.88</b>

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

### 1.6.3 Response to Inspection Reports

Periodical inspections of the Government departments were conducted by the Accountant General (E&RSA), Odisha (AG). 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 of Audit observations in IRs 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 2018 disclosed that 8,602 paragraphs of 3,383 IRs involving ₹25,042.16 crore remained outstanding at the end of June 2019, details for the past three years are mentioned in Table 1.8.

**Table 1.8: Details of IRs pending for settlement**

	June 2017	June 2018	June 2019
Number of IRs pending for settlement	3,032	3,261	3,383
Number of outstanding audit observations	7,549	7,775	8,602
Amount involved (₹ in crore)	22,976.92	24,236.15	25,042.16

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

Audit did not receive even the first reply in respect of 67 IRs issued during 2018-19 from the heads of offices within one month from the date of issue of the IRs as of June 2019. Pendency of IRs due to non-receipt of first replies indicates lack of concern of the respective Authorities on action required for rectification of defects, omissions and irregularities as pointed out by Audit.

The Government may consider issuing instructions to the Head(s) of Office(s) concerned for furnishing first replies to the IRs issued by the Principal Accountant General (PAG)/ AG within the stipulated period of one month and take appropriate steps for addressing the audit observations raised in these IRs.

#### 1.6.4 Departmental Audit Committee 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 2018-19 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)	0	0	0
2	Commerce and Transport(Transport)	7	67	1.57
3	Excise	4	93	26.91
4	Revenue and Disaster Management (Registration)	5	82	0.15
5	Steel and Mines	7	49	0
<b>Total</b>		<b>23</b>	<b>291</b>	<b>28.63</b>

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

During the year 2018-19, no meeting was held by the Finance Department (CT) which is a serious matter. Government should ensure periodical meetings of Audit committee.

The Government may advise the departments concerned to make this mechanism effective by increasing the frequency of conducting these meetings and for expediting discussions and taking necessary remedial action for addressing the audit observations.

#### 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 2018-19, as many as 1,160 assessment files, returns, refund registers and other relevant records involving tax effect of ₹1,363.96 crore were not made available to audit for scrutiny. Details 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 2017-18	676	740.29
		2018-19	484	623.67
<b>Total</b>			<b>1,160</b>	<b>1,363.96</b>

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

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

### 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 were forwarded by the 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. In some cases, the draft audit paragraphs were included without the replies of the Department/ Government as replies to the paragraphs were not received from the concerned Departments.

Audit forwarded 23 draft paragraphs to the Principal Secretaries/ Secretaries of the respective Departments between August 2019 and April 2020. The Principal Secretaries/ Secretaries of the concerned Departments did not send replies to 14 draft paragraphs<sup>5</sup> despite issue of reminders and those paras have been included in this Report without their response.

### 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 Revenue and Disaster Management (R & DM) Department was evaluated. The evaluation was on action taken on the paragraphs and Performance Audits included in the Audit Reports in the last 10 years.

#### 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 2019 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	2009-10	458	681	32,150.14	57	110	594.39	20	33	16.13	455	758	32,728.40
2	2010-11	495	758	32,728.40	27	60	236.20	8	30	44.85	514	790	32,919.75
3	2011-12	514	790	32,919.75	48	95	339.78	65	138	147.00	497	747	33,112.53
4	2012-13	497	747	33,112.53	65	139	341.75	68	176	19.83	494	710	33,434.45
5	2013-14	494	710	33,434.45	48	142	8,282.01	19	51	87.67	523	801	41,628.79
6	2014-15	523	801	41,629.00	40	154	3,102.60	5	32	3.18	558	923	44,728.42
7	2015-16	558	923	44,728.42	40	103	210.52	46	113	1,057.09	552	913	43,881.85
8	2016-17	552	913	43,881.85	50	179	347.33	28	92	79.74	574	1,000	44,149.44
9	2017-18	574	1,000	44,149.44	34	169	853.23	11	52	152.88	597	1,117	44,849.79
10	2018-19	597	1,117	44,849.79	61	210	426.18	17	132	164.00	641	1,195	45,111.97

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

<sup>5</sup> Finance (CT)-1, State Excise-5, Revenue and Disaster Management-5, Commerce and Transport(Transport)-3

Audit observations under R & DM Department relates to incorrect determination of market value of land and building and non/ short levy of stamp duty and registration fee on lease, Agreement to sale and Power of Attorney.

The Government arranged meetings every year between R & DM Department and AG's office to settle the old paragraphs. During 2018-19, Department held five Audit Committee Meetings in which 82 paras with money value of ₹0.15 crore were settled. Considering the pendency, more and sustained concerted action needs to be taken to settle the remaining observations by taking remedial actions to address the concerns raised by Audit.

### 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 R&DM Department and the amount recovered have been mentioned in Table 1.12.

**Table 1.12: Details of recovery of accepted cases**

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	(₹ in crore)
						Cumulative position of recovery of accepted cases as on 31 March 2019
2008-09	2	49.57	0	0	0.01	0.01
2009-10	2	0.24	1	0.05	0	0
2010-11	1	0.46	1	0.46	0	0
2011-12	5	1.71	5	1.71	0.03	0.03
2012-13	5	135.75	3	1.95	0.22	0.22
2013-14	9	1,569.19	7	486.79	0.02	0.02
2014-15	4	344.73	0	0	0	0
2015-16	2	34.8	1	12.48	4.45	4.83
2016-17	2	68.67	0	0	0	0
2017-18	3	1.16	3	11.16	0.02	0.02

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

The progress of recovery even in the accepted cases was very poor in each year. The recovery of accepted cases was to be pursued as arrears recoverable from the concerned parties, mechanism for pursuance of the accepted cases by the Department/ Government was not adequate, which is required to be strengthened to ensure timely action in all such 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 2018-19, out of 530 auditable units<sup>6</sup>, 246 units were planned for audit. All the planned units were audited which constituted 46.42 per cent of the total auditable units.

<sup>6</sup> 530 units includes Finance (CT)-58, State Excise-37, Revenue and Disaster Management-183, Commerce & Transport (Transport)-76, Steel & Mines Department-44 and 132 units of Forest and Environment Department.

## 1.9 Results of Audit

### Position of local audit conducted during the year

Audit test checked records in 170 out of 352 units under five Departments<sup>7</sup> relating to VAT, Entry Tax, Goods and Services Tax, State Excise Duty, Stamp Duty and Registration Fees, Motor Vehicles Tax and other Non-Tax receipts during the year 2018-19. Under-assessment/ short levy/ loss of revenue aggregating to ₹1,066.28 crore in 51,182 cases was observed. Departments concerned accepted under-assessment and other deficiencies worth ₹479.43 crore involving 48,864 cases, pointed out in audit during the year. An amount of ₹21.85 crore was realised in 368 cases pertaining to audit findings of 2018-19 and ₹1.42 crore was realised in 18 cases pertaining to audit findings of previous years.

Similarly, Audit test checked expenditure records in 170 units of these five Departments during the year 2018-19. Irregular expenditure/ payment amounting to ₹74.21 crore in 207 cases were noticed. The Departments concerned accepted irregularities of ₹0.31 crore in 149 cases pointed out in 2018-19. An amount of ₹0.37 crore was realised in four cases pertaining to audit findings of previous years.

### 1.10 Coverage of this Report

This part of the Report contains 21 paragraphs selected from the audit findings detected during the local audit carried out in 2018-19 and in earlier years, which could not be included in previous reports.

The financial effect of the paragraphs of this part of the report was ₹252.95 crore. The Government has accepted audit observations involving ₹224.47 crore out of which ₹0.19 crore had been recovered. The replies to the paragraphs involving ₹29.45 crore have not been received (October 2020). These are discussed in succeeding Chapters II to VI.

### Recommendations:

- 1. The Departments need to review the status of recovery of arrears in revenue periodically. Arrears worth ₹7,047.50 crore (51.50 per cent) pending under appeal cases with the departmental authorities are under control of the government and could be expedited.**
- 2. The Department may expedite timely disposal of refund cases with special focus on the claims outstanding at the beginning of 2018-19.**
- 3. It is the statutory obligation, of the officer-in-charge of the auditable entity, to comply with requests by Audit for data, information and documents, whether in advance or during the course of audit, and within the time specified. Government may ensure that responsible departmental officers invariably produce records to Audit failing which appropriate action must be taken.**

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<sup>7</sup> Finance (CT), State Excise, Revenue and Disaster Management, Commerce and Transport (Transport) and Steel and Mines Department

- 4. The Government should institute an effective system for prompt and appropriate response to audit observations, draft audit paragraphs and take requisite and timely rectificatory action.**
- 5. The Government may review the progress in recovery of accepted cases on priority and take special efforts to ensure recoveries.**