

Chapter 4: Statistical Analysis of Population and Audit Sample

This chapter discusses the profile of the total population of charitable Trusts/Institutions, registration/approval granted to Trusts/Institutions and the profile of the audit sample.

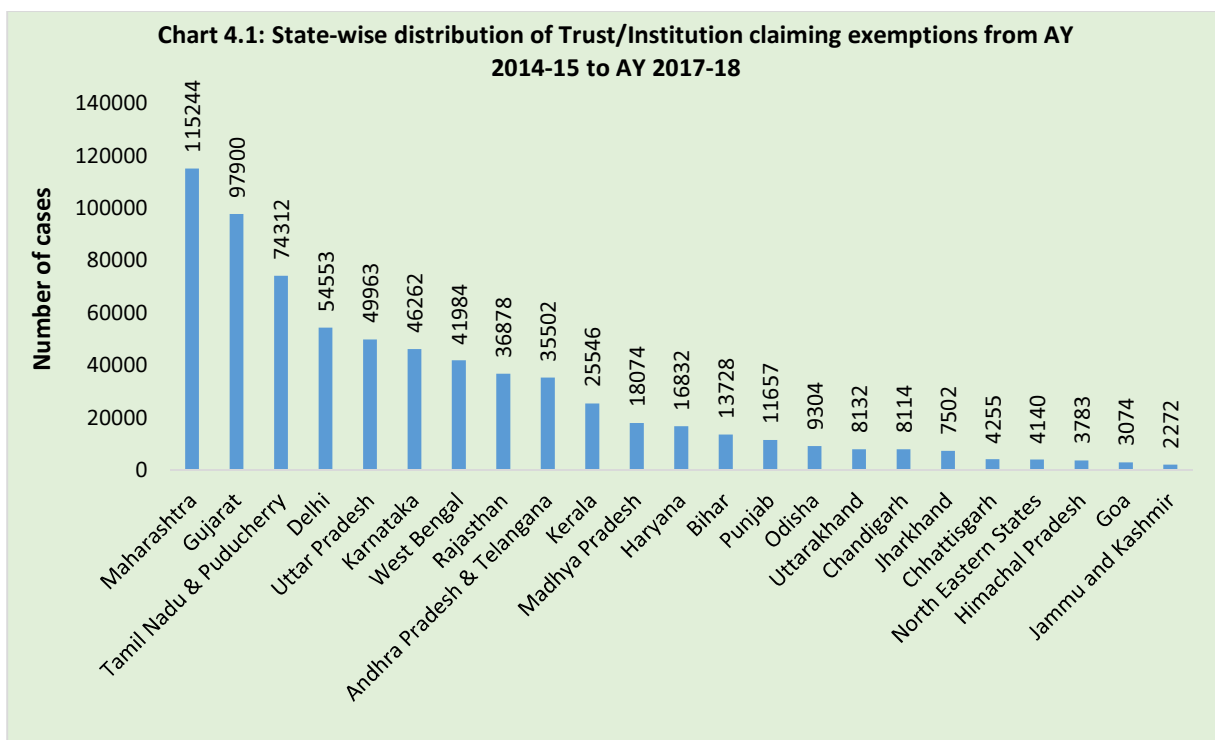
4.1 Profile of total population of charitable Trusts/Institutions

The Performance Audit covers assessments of the charitable or religious Trusts/Institutions relating to assessment year (AY) 2014-15 to AY 2017-18, processed, assessed and rectified during FY 2014-15 to FY 2018-19.

The Pr. DGIT(Systems) provided assessee-wise data in respect of the Charitable Trusts and Institutions, containing 6,89,011 cases pertaining to Income Tax Returns (ITRs) processed/assessed/rectified for AY 2014-15 to AY 2017-18 during FY 2014-15 to FY 2018-19. Out of 6,89,011 cases received from the Pr. DGIT(Systems) falling under 319 Pr. CsIT/CsIT, 6,29,905 were summary assessment cases, 25,214 cases were of scrutiny cases and the remaining 33,892 cases were relating to rectification/re-assessment/appellate orders. The data provided by Pr. DGIT (Systems) was analysed and the results are summarized in the succeeding paragraphs.

4.1.1 State-wise distribution of Trusts/Institutions claiming exemption

With a view to ascertaining state-wise distribution of Trusts/Institutions which claimed exemption from AY 2014-15 to AY 2017-18, Audit analysed the data of 6,89,011 cases provided by the Pr. DGIT(System) and the result is shown in *Appendix 4.1*. Audit analysis revealed that there was an increasing trend in number of Trusts/Institutions claiming exemptions from AYs 2014-15 to 2016-17; however, the number of Trusts/Institutions claiming exemptions decreased slightly for AY 2017-18. Further, Maharashtra had the highest number of Trusts/Institutions claiming exemptions from AY 2014-15 to AY 2017-18 at 16.7 per cent of total cases followed by Gujarat at 14.2 per cent and Tamil Nadu at 10.8 per cent. The State-wise distribution of Trusts/Institutions which claimed exemption from AY 2014-15 to AY 2017-18 is depicted in Chart 4.1 below:



4.1.2 Number of Income Tax Returns filed by the Charitable Trusts/ Institutions from AY 2014-15 to AY 2017-18

With a view to ascertain number of Income Tax Returns (ITRs) filed by the Trusts/Institutions for the AY 2014-15 to AY 2017-18, audit analysed the data of 6,89,011 cases provided by the Pr. DGIT(Systems) and the result thereof is depicted in Table 4.1 below:

Population (Total returns)	Number of Trusts/ Institutions during the period	Number of returns filed by the Trusts/ Institutions between AY 2014-15 to AY 2017-18			
		One (in per cent)	Two (in per cent)	Three (in per cent)	Four (in per cent)
6,89,011	2,43,772	40,740 (16.7)	52,234 (21.4)	59,393 (24.4)	91,405 (37.5)

It was seen from the above Table 4.1 that there were only 37.5 per cent Trusts/Institutions where ITRs were received by the Department for all four AYs i.e. AYs 2014-15 to 2017-18 during the period of Audit.

4.1.3 Type of Assessments in total population and Audit sample²¹

From the data received from the Pr. DGIT(Systems), a total of 7,026 cases falling under 51 Pr. CsIT/CsIT comprising of 3,271 scrutiny cases, 3,255 cases of rectification/re-assessment/appellate orders etc. and 500 summary cases were selected as the Audit sample for this Performance Audit. Of these, 6,260 cases

²¹ Audit sample has been discussed in details in Chapter 2 of this PA Report.

were produced by the ITD whereas records related to 766 cases were not produced to audit. The type of assessments in the total population and Audit sample are given in Table 4.2 below:

Type of Assessment (Scrutiny/Summary /Others)	Data furnished by Pr. DGIT (System)		Audit Sample		Produced to Audit	
	No. of Cases	Percentage	No. of Cases	Percentage	No. of Cases	Percentage
Scrutiny	25,214	3.7	3,271	46.6	3,081	49.2
Summary	6,29,905	91.4	500	7.1	495	7.9
Others ²²	33,892	4.9	3,255	46.3	2,684	42.9
Total	6,89,011	100.0	7,026	100.0	6,260	100.0

Thus, out of 6,89,011 cases pertaining to ITRs for AY 2014-15 to AY 2017-18, 3.7 per cent cases were scrutiny cases and 96.3 per cent cases were other than scrutiny cases which were processed/rectified/ revised etc. during FY 2014-15 to FY 2018-19. Out of 6,260 audited cases, we covered 49.2 per cent of scrutiny assessment and 50.8 per cent of other than scrutiny assessment cases.

4.1.4 Assessment Year wise exemption claimed

Audit analysed the data provided by the Pr. DGIT(Systems) to get assessment year wise break-up of exemption claimed under Sections 10 and 11 of the Act which is summarized in Table 4.3 given below:

AY	Exemption claimed under Section 10		Exemption claimed under Section 11		Total exemptions for the year	
	No. of Cases	Exemption (₹ in crore)	No. of Cases	Exemption (₹ in crore)	Total Cases	Total Exemption (₹ in crore)
2014-15	11,621	49,383	1,35,862	2,16,918	1,47,483	2,66,301
2015-16	15,178	1,38,709	1,49,693	2,58,130	1,64,871	3,96,839
2016-17	20,786	1,56,902	1,68,766	2,53,494	1,89,552	4,10,396
2017-18	22,193	2,01,069	1,64,912	4,88,823	1,87,105	6,89,892
Total	69,778	5,46,063	6,19,233	12,17,365	6,89,011	17,63,428

It can be seen from the above Table 4.3 that there is an increasing trend of exemption claimed from AY 2014-15 to 2017-18. In comparison to the previous AY, during AY 2017-18, number of cases where exemption under Section 11 were claimed had decreased by 2.3 per cent whereas exemptions had increased by 92.8 per cent. Further, the amount of exemption claimed under Section 10 has increased steadily. One possible reason for such increase was that institutions which were substantially financed by the Government and claiming exemption under Sections 10(23C)(iiiab) and 10(23C)(iiiac) of the Act had to be mandatorily

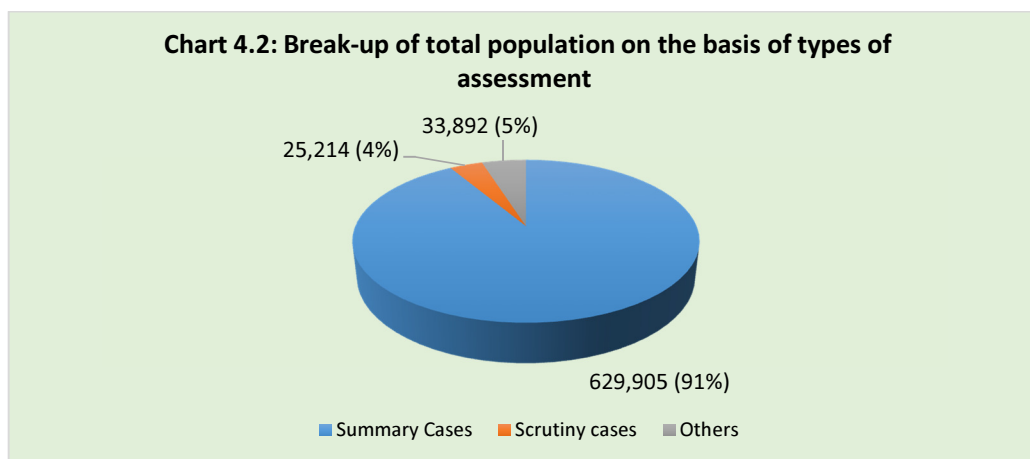
²² Others include rectification cases, Revision cases, order giving effects to appellate orders etc.

file return of income from AY 2016-17 onwards for claim of exemption as discussed in Para 1.2.2.2(a).

4.1.5 Number of Summary and Scrutiny cases

On the basis of types of assessment under different provisions of the Act, Audit analysed the total population to identify the nature of assessment in respect of Trusts/Institutions. Analysis depicted in **Appendix 4.2** shows that ITRs in respect of Trusts/Institutions were processed summarily under Section 143(1) for the period AYs 2014-15 to 2017-18 ranged from 87.2 *per cent* to 96.0 *per cent*. The number of scrutiny assessments increased from 0.7 *per cent* to 9.1 *per cent* during AY 2014-15 to AY 2016-17. It is further seen that the average *per cent* of selection of cases of Trusts/Institutions for scrutiny, which claimed exemptions during AY 2014-15 to 2016-17, was 3.7 *per cent*.

Assessment-wise break-up of total population of Trusts/Institutions claiming exemptions from AY 2014-15 to AY 2017-18 is shown in the Chart 4.2 below:



It can be seen from the chart 4.2 above that during the period, 91 *per cent* cases were processed summarily and only 4 *per cent* cases were selected for scrutiny assessment and the other 5 *per cent* cases were of rectification, revision and cases of order giving effect to appellate orders.

4.1.6 Returned and Assessed Income

With a view to analyse the income disclosed by the assessee and income assessed by the Department, Audit analysed the total population based on the returned and assessed income of the Trusts/Institutions. Details of the analysis are shown in **Appendix 4.3**. Audit analysis revealed that out of total 6.89 lakh cases processed/assessed/ rectified during the FY 2014-15 to FY 2018-19, the returned income was ₹ zero in 5,11,951 cases (74.3 *per cent* of total cases) whereas the assessed income was ₹ zero in 4,33,620 cases (62.9 *per cent* of total cases). Number of cases selected for scrutiny for all the four AYs i.e., AY 2014-15 to AY 2017-18, was the highest (22,376 cases) for cases with returned income of

₹ zero followed by cases with returned income more than ₹ zero and upto ₹ 50 lakh (2,717 cases) followed by case with returned income of more than ₹ one crore (201 cases).

4.1.7 Exemptions claimed but registration status under Section 12AA not available

The Charitable Trusts/Institutions are required to obtain registration under Section 12AA for claiming exemptions under Section 11.

From the data provided by the Pr. DGIT (Systems), pertaining to Income Tax Returns (ITRs) processed/assessed/rectified for AY 2014-15 to AY 2017-18 during the FY 2014-15 to FY 2018-19, Audit found that in 21,381 cases exemption were claimed under Section 11; however, registration under Section 12AA was not available. State-wise details are summarised in Table 4.4 given below:

Table 4.4: Trusts not registered under Section 12AA but claimed exemptions		
State	Number of cases	Exemption under Section 11 (₹ in crore)
Andhra Pradesh and Telangana	1,177	1,045.3
Bihar	955	256.4
Chandigarh	299	1,651.8
Chhattisgarh	125	113.9
Delhi	1,345	4,245.1
Goa	64	12.6
Gujarat	3,325	1,119.8
Haryana	583	298.3
Himachal Pradesh	137	64.7
Jammu and Kashmir	54	37.4
Jharkhand	307	108.3
Karnataka	1,094	1,082.7
Kerala	362	511.1
Madhya Pradesh	773	1,595.1
Maharashtra	3,745	2,500.8
North Eastern States	82	8.4
Odisha	276	352.0
Punjab	335	252.6
Rajasthan	1,307	605.1
Tamil Nadu and Puducherry	1,940	807.2
Uttar Pradesh	2,117	1,812.7
Uttarakhand	298	71.1
West Bengal	681	228.3
Total	21,381	18,780.7

It is seen from Table 4.4 above that incorrect allowance of exemption was the highest in Delhi charge followed by Maharashtra charge.

4.1.8 Foreign contribution received but registration status not available

The Charitable Trusts/Institutions are required to obtain registration under Foreign Contribution (Regulation) Act, 2010, for receiving foreign contribution.

From the data provided by the Pr. DGIT(Systems) pertaining to Income Tax Returns (ITRs) processed/assessed/rectified for AY 2014-15 to AY 2017-18 during the FY 2014-15 to FY 2018-19, Audit found that in 347 cases, where foreign contributions were received, registration under FCRA was not available. State-wise details are summarized in Table 4.5, given below:

Table 4.5: State-wise cases where foreign contribution received but not registered under FCRA			
State	Number of cases	Amount of foreign contribution received (₹ in crore)	Exemptions claimed (₹ in crore)
Andhra Pradesh and Telangana	63	33.8	62.5
Delhi	1	0.1	0.9
Goa	5	0.3	1.7
Gujarat	1	0.1	0.2
Himachal Pradesh	3	2.3	5.5
Karnataka	104	73.8	165.0
Kerala	53	31.3	107.5
Maharashtra	48	22.8	122.6
Odisha	1	0.3	0.5
Tamil Nadu and Puducherry	61	19.8	64.3
Uttar Pradesh	3	0.6	3.0
West Bengal	4	2.4	2.2
Total	347	187.4	535.8

It is seen from Table 4.5 above that Karnataka had the highest receipt of foreign contribution without registration under FCRA Act 2010 followed by Andhra Pradesh and Telangana.

4.1.9 Invalid date of registration/approval

Charitable Trusts/Institutions are required to obtain registration under Section 12AA for claiming exemptions under Section 11 and approval under Section 80G for receiving donation.

From the data provided by the Pr. DGIT (Systems), Audit observed that in 10 cases, the date of registration under Section 12AA and approval under Section 80G were incorrect dates (future dates). The details are given in Table 4.6 below:

Table 4.6: Invalid date of registration/approval				
CIT	Encrypted PAN	AY	Date of registration under Section 12A /12AA	Date of Approval under Section 80G
CIT (Exemptions), Pune	118614718262	2016	16-04-2088	-
CIT (Exemptions), Mumbai	3847464966	2014	20-03-2044	-
CIT (Exemptions), Mumbai	69658229 736	2016	17-12-2090	-
CIT (Exemptions), Bhopal	6697882038	2016	30-07-2501	-
CIT (Exemptions), Jaipur	1121990705	2016	28-12-2077	-
CIT (Exemptions), Pune	794562645777	2014	17-10-2075	-
CIT (Exemptions), Chennai	549512250	2016	11-08-2021	-
CIT (Exemptions), Kolkata	512123131334	2014	-	28-08-2099
CIT(Exemptions), Ahmedabad	21201448184	2016	-	31-03-2025
CIT (Exemptions), Mumbai	827762293	2017	-	26-03-2099

Above cases indicate that appropriate field validation was not available in the ITR Form-7 in respect of the above fields.

4.2 Profile of registration granted to Trusts/Institutions

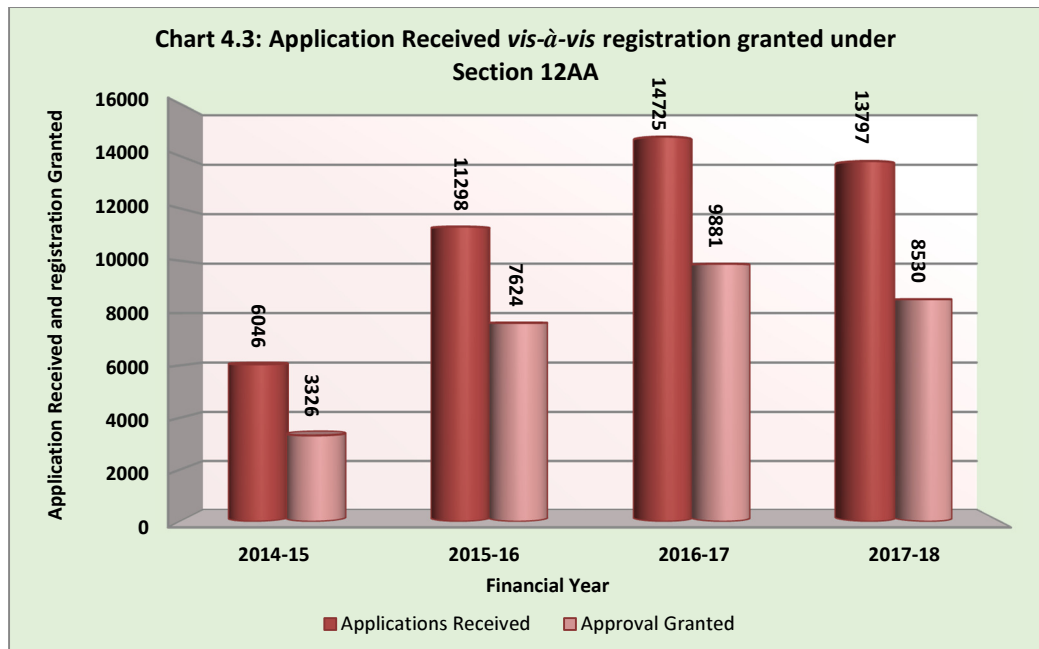
Audit analysed the data received from CsIT (Exemptions) relating to registration granted by the ITD, to the Charitable Trusts/Institutions, post restructuring and creation of designated CIT (Exemptions) in November 2014²³ i.e. registration granted from FY 2014-15 to FY 2017-18.

4.2.1 Grant of registrations/approvals

The data made available by CsIT(E) relating to registration/ approval of the Charitable Trusts/Institutions under Section 12AA during financial years (FYs) 2014-15 to 2017-18 was analysed.

Chart 4.3 below depicts the number of receipt of applications and grant of registration during FY 2014-15 to FY 2017-18.

²³ Prior to creation of designated CIT (Exemptions), registration to the Charitable Trusts/Institutions were given by jurisdictional CsIT.



It was seen from the above chart that there was an increasing trend in receipt of applications, as well as grant of registration/approval. The receipt of applications increased from 6,046 in FY 2014-15 to 13,797 in FY 2017-18 registering an increase of 128.2 *per cent* over the period of four FYs, whereas, the number of registration/approvals granted during the same period increased from 3,326 in FY 2014-15 to 8,530 in FY 2017-18 registering an increase of 156.5 *per cent*, though the number of application and registration/ approval (14,725 and 988 respectively) were slightly higher in FY 2016-17.

4.3 Profile of cases falling within the audit sample

Audit analysed sampled cases in respect of region and type of assessment and audited cases in respect of region, gross total income, returned income, assessed income, exemptions granted, nature of activities, types of entities (Government entity or private entity). These are given in the succeeding paragraphs:

4.3.1 Region and type of assessment-wise breakup of audit sample

Audit analysis of samples of 7,026 cases depicted in *Appendix 4.4* showed that out of 7,026 sampled cases, 3,271 cases (46.6 *per cent*) were of scrutiny assessment whereas 518 cases (7.4 *per cent*) were of summary assessment and remaining 3,237 cases (46.1 *per cent*) were of rectification, revision and cases of order giving effect to appellate orders.

4.3.2 Region-wise exemptions granted in respect of audited cases

With a view to quantifying the state/region wise break-up of total exemptions granted, Audit analysed the data made available by the ITD as well as data collected during field audit. Table 4.7 below depicts the State/region wise break-up of total exemptions granted of ₹ 1.68 lakh crore in respect of 6,064 audited cases relating to 47 Pr. CsIT /CsIT, covered during the PA:

Name of the state	Number of Pr. CIT/CIT	Audited cases		Exemptions granted	
		Number	Percentage of audited cases	Amount (₹ in crore)	Percentage of total exemption
Andhra Pradesh, Telangana and Odisha	4	417	6.9	13,225.4	7.9
Bihar and Jharkhand	1	126	2.1	12,931.7	7.7
Delhi	5	688	11.3	30,695.8	18.3
Gujarat	4	497	8.2	9,001.8	5.4
Karnataka & Goa	6	530	8.7	9,933.1	5.9
Kerala	1	285	4.7	2,826.9	1.7
Madhya Pradesh and Chhattisgarh	1	373	6.2	9,840.8	5.9
Maharashtra	9	1,290	21.3	25,102.3	15.0
Punjab, Haryana, Jammu, Himachal Pradesh	4	506	8.3	8,914.8	5.3
Rajasthan	2	348	5.7	6,150.9	3.7
Tamil Nadu	4	478	7.9	15,486.7	9.2
Uttar Pradesh and Uttarakhand	2	202	3.3	11,067.7	6.6
West Bengal & NER States	4	324	5.3	12,460.0	7.4
Total	47	6,064	100.0	1,67,637.8	100.0

It was seen from the Table 4.7 above that out of 6,064 audited cases, Maharashtra had the highest number of cases (21.3 per cent) followed by Delhi (11.3 per cent) but in terms of quantum of exemptions granted, Delhi was the highest (18.3 per cent) followed by Maharashtra (15.0 per cent).

4.3.3 Assessment Year wise exemptions granted in respect of audited cases

With a view to quantifying the Section wise and assessment year wise break-up of exemption granted in respect of audited cases, Audit analysed the data made available by the ITD as well as data collected in field audit. Table 4.8 below depicts the Section wise break-up of total exemptions granted of ₹ 1.68 lakh crore in respect of 6,064 audited cases:

Table 4.8: Assessment year wise exemptions in respect of 6,064 audited cases									
AY	Type of assessment	Exemption granted under Section 11		Exemption Granted under Section 10(23C)(iiiab) to (via)		Exemptions granted under other sub-Sections ²⁴ of Section 10		Total	
		No. of Cases	Exemption (₹ in Crore)	No. of Cases	Exemption (₹ in Crore)	No. of Cases	Exemption (₹ in Crore)	No. of Cases	Exemption (₹ in Crore)
2014-15	Scrutiny	90	3384.4	13	1,212.9	5	2.2	108	4,599.5
	Summary	66	2,429.5	13	131.8	1	1.6	80	2,562.9
	Others [#]	833	14,192.3	184	5,335.6	51	3,090.7	1,068	22,618.5
	Total	989	20,006.1	210	6,680.3	57	3,094.6	1,256	29,780.9
2015-16	Scrutiny	599	22,484.5	123	4,161.7	32	3,174.6	754	29,820.8
	Summary	82	1,083.2	17	76.1	1	0.0	100	1,159.3
	Others [#]	587	11,929.7	109	1,194.5	18	491.7	714	13,615.9
	Total	1,268	35,497.4	249	5,432.3	51	3,666.3	1,568	44,596.1
2016-17	Scrutiny	1,590	61,606.1	466	16,499.8	63	4,121.9	2,119	82,227.7
	Summary	33	34.6	6	52.5	0	0.0	39	87.1
	Others [#]	524	2,389.2	156	3,075.1	22	1332.7	702	6,797.1
	Total	2,147	64,029.9	628	19,627.4	85	5,454.6	2,860	89,111.9
2017-18	Scrutiny	73	838.5	23	1,737.5	4	0.0	100	2,576.0
	Summary	60	1,197.0	19	43.4	1	1.6	80	1,242.0
	Others [#]	165	313.5	30	10.52	5	6.3	200	330.3
	Total	298	2,349.0	72	1,791.4	10	7.9	380	4,148.3
Total		4,702	1,21,882.4	1,159	33,531.4	203	12,223.4	6,064	1,67,637.2

[#] Others include Rectification cases, Revision cases and cases of Order giving effect to Appellate orders.

It can be seen from Table 4.8 that out of 6,064 audited cases, 4,702 Trusts/ Institutions (77.5 per cent) were granted exemptions under Section 11 of the Act whereas 1,159 Trusts/Institutions (19.1 per cent) were granted exemption under Section 10(23C) (iiiab) to (via) of the Act. Further, out of the total exemptions of ₹ 1.68 lakh crore during the period from AY 2014-15 to 2017-18, ₹ 1.22 lakh crore (72.7 per cent) was granted under Section 11 and ₹ 0.34 lakh crore (20.0 per cent) was granted under Section 10(23C) (iiiab) to (via) of the Act. Thus, the majority of the Trusts/Institutions prefer to claim exemption under Section 11.

4.3.4 Gross Total income of the audited cases

Audit analysed the Gross Total Income of the trust/institutions (audited cases) from data made available by the ITD as well as data collected by Audit in the audit checklist during field audit and the result is given in Table 4.9 below:

²⁴ Sub-Sections 22B, 23A, 23B, 23D and 25 of Section 10, relating to News agencies, professional bodies, institutions for development of khadi and village industries, Mutual Funds notified by SEBI, approved pension and gratuity fund, notified board or trusts respectively.

AY	No. of Audited Cases	Gross income vis-à-vis Number of cases					
		Upto ₹ 10 crore	More than ₹ 10 Cr and upto ₹ 50 crore	More than ₹ 50 Cr and upto ₹ 100 crore	More than ₹ 100 Cr and upto ₹ 500 crore	More than ₹ 500 crore	Data not available
2014-15	1,256	773	71	33	12	6	361
2015-16	1,568	948	212	70	53	17	268
2016-17	2,860	1,954	388	127	88	22	281
2017-18	380	228	37	10	9	1	95
Total	6,064	3,903	708	240	162	46	1,005

It can be seen from Table 4.9 above that out of 6,064 total audited cases, the gross income is '₹ 10 Crore or less' in 3,903 cases (64.4 per cent). Further, in 1,005 cases (16.6 per cent) the gross income of the Trusts/Institutions was not available since the cases were pertaining to summary or rectification cases, which were processed summarily or rectified in the ITD System and the record for which were not furnished to Audit.

4.3.5 Returned and Assessed Income of the Trusts/Institutions (audited cases)

Audit analysed the data made available by the ITD as well as data collected by Audit in the audit checklist during field audit, regarding the returned income and the assessed Income of the Trusts/Institutions in respect of audited cases. The result is given in Table 4.10 below:

AY	Total audited cases	Returned Income				Assessed Income			
		₹ Zero or less than ₹ zero	₹ 1 and upto ₹ 50 lakh	More than ₹ 50 lakh and upto ₹ 1 crore	More than ₹ 1 crore	₹ Zero or less than ₹ zero	₹ 1 and upto ₹ 50 lakh	More than ₹ 50 lakh and upto ₹ 1 crore	More than ₹ 1 crore
2014-15	1,256	1,103	139	5	9	1,055	144	13	44
2015-16	1,568	1,441	110	5	12	1,263	151	25	129
2016-17	2,860	2,664	163	11	22	2,220	232	52	356
2017-18	380	313	57	6	4	288	62	7	23
Total	6,064	5,521	469	27	47	4,826	589	97	552

It is seen from Table 4.10 that out of the 6,064 audited cases, the returned income is '₹ zero or less than ₹ zero' in 5,521 cases (91.0 per cent of total cases) whereas the assessed income is '₹ zero or less than ₹ zero' in 4,826 cases (79.6 per cent of total cases).

4.3.6 Categorization of Trusts/Institutions on the basis of their activities and their types, whether Government entity or private entity

4.3.6.1 Categorization of Trusts/Institutions on the basis of activities

Section 2(15) of the Act defines the term 'Charitable Purpose' which includes seven types of activities undertaken by Trusts/Institutions viz. (i) relief of the poor (ii) education (iii) yoga (iv) medical relief (v) preservation of environment (including water-sheds, forests and wildlife) (vi) preservation of monuments/places/ objects of artistic or historic interest and (vii) the advancement of any other object of general public utility. Trusts/Institutions wholly for charitable or religious purposes can avail exemption of income to the extent such income is applied in India under Section 11 of the Act. Further, universities, educational and medical institutions which are wholly or substantially financed by the Government and certain private religious, educational and medical institutions can also avail exemption under various provisions under Section 10(23C)(iiiab) to (via) subject to fulfilment of certain conditions.

Audit collected and analysed data in respect of 5,693 cases of audited sample, where activity related information was available in the assessment records. Audit could not gather activities of the Trusts/Institutions from the available records in the remaining 293 cases of the audited sample. Activity wise break-up of total exemptions granted of ₹ 1.63 lakh crore in respect of 5,693 sample cases, prepared on the basis of data furnished by the ITD as well as the data collected by Audit, is summarised in Table 4.11 below:

Nature of Activity	Number of sample cases engaged in the activity	Percentage of total sample cases	Total amount of exemptions granted to cases engaged in the activity (₹ in crore)	Percentage of total amount of exemptions granted to cases engaged in the activity
Education	2,686	47.2	57,175.5	35.1
Medical Relief	428	7.5	22,478.7	13.8
Relief of the Poor	629	11.0	7,618.7	4.6
Environment	38	0.7	1,425.8	0.9
Religious	312	5.5	4,070.6	2.5
Others	1,600	28.1	70,210.1	43.1
Total	5,693	100.00	1,62,979.4	100.00

From the above Table 4.11, it is noticed that 47.2 per cent cases of 5,693 audited sample were engaged in educational activities against which 35.1 per cent of total exemptions was granted, followed by 28.1 per cent engaged in other²⁵

²⁵ Others' include entities with activities viz. General public utility, Preservation of Environment, Preservation of Monuments, Yoga,; and entities with more than one activity

activities against which 43.1 *per cent* of total exemptions was granted and remaining cases were engaged in medical relief, relief of the poor, environment, religious activities etc.

4.3.6.2 Categorization of Trusts/Institutions on the basis of their types whether Government entity or private entity

Exemptions are granted to Government as well as private entities under various provisions of the Act. We collected and analysed information in respect of 580 high value exemption cases (having gross income of ₹ 50 crore or above) from the audited cases, with a view to quantify activity wise break-up of exemptions granted to Government and private entities. The result is summarised in Table 4.12 below:

Table 4.12 Activity wise break-up of exemption granted to Government and private entity in respect of high value cases (gross income of ₹ 50 crore or above)												
Nature of Activity	Number of cases engaged in the activity			Percentage of Total cases			Total amount of exemption granted to cases engaged in the activity (₹ in crore)			Percentage of total amount of exemption granted engaged in the activity		
	Govt.	Pvt.	Total	Govt.	Pvt.	Total	Govt.	Pvt.	Total	Govt.	Pvt.	Total
Education	67	217	284	11.6	37.4	49.0	19,474.3	25,524.5	44,998.8	14.8	19.4	34.3
Medical Relief	18	44	62	3.1	7.6	10.7	10,751.4	5,873.8	16,625.2	8.2	4.5	12.7
Relief of the Poor	10	28	38	1.7	4.8	6.6	572.3	4,790.5	5,362.8	0.4	3.6	4.1
Environment	7	3	10	1.2	0.5	1.7	916.7	375.8	1,292.6	0.7	0.3	1.0
Religious	1	19	20	0.2	3.3	3.4	66.5	2,695.4	2,761.9	0.1	2.1	2.1
Others	83	83	166	14.3	14.3	28.6	34,926.6	25,307.2	60,233.8	26.6	19.3	45.9
Grand Total	186	394	580	32.1	67.9	100.0	66,707.8	64,567.2	1,31,275.1	50.8	49.2	100.0

It is seen from the above Table 4.12 that 32.1 *per cent* of the high value cases pertained to Government entities, against which 50.8 *per cent* of total exemptions (₹ 1,31,275.1 crore) were granted, whereas 67.9 *per cent* of high value cases pertained to private entities, against which 49.2 *per cent* of total exemptions were granted.

4.3.7 Analysis of top exemptions cases selected in the Audit Sample

4.3.7.1 Analysis of High value exemption cases with gross income above ₹ 50 crore

Audit identified 649 high value cases from the audit sample, where gross income of each case was above ₹ 50 crore, for detailed examination. Of these assessment cases, records of 580 cases were produced to Audit by the AOs. The details regarding types of the Trusts/Institutions (Government or Private), types

of assessment completed and exemptions granted are summarized in Table 4.13 below:

Table 4.13: Details of 580 audited high value cases						
Types of the trust / institution	Scrutiny Assessment		Other than Scrutiny Assessment		Total No. of Cases	Exemption (₹ in Crore)
	No. of Cases	Exemption (₹ in Crore)	No. of Cases	Exemption (₹ in Crore)		
Government	131	47,418.3	55	19,289.5	186	66,707.8
Private	279	49,745.1	115	14,822.0	394	64,567.2
Total	410	97,163.4	170	34,111.5	580	1,31,275.0

Audit noticed that out of 580 high value cases, 186 Trusts/Institutions (32.1 per cent) were Government entities wherein exemption of ₹ 66,707.8 crore was granted and the remaining 394 Trusts/Institutions (67.9 per cent) were private entities wherein exemptions of ₹ 64,567.2 crore was granted. Audit further noticed that in respect of 410 cases (70.7 per cent), scrutiny assessments were completed and the remaining cases were processed summarily.

4.3.7.2 Analysis of Top 200 exemption cases with gross income of ₹ 167.9 crore and above

Audit identified the top 200 cases of Trusts/Institutions from the audit sample, where in gross income of each case was ₹ 167.9 crore or above. Out of these 200 assessment cases, records of 183 cases were produced and 17 cases (**Appendix- 2.1**) were not produced to audit. Audit analyzed the data in respect of these 183 cases from data furnished by the Pr. DGIT (Systems). Audit also analyzed the data in respect of these cases, captured in the audit checklist during field audit from the assessment records. The result is summarized in Table 4.14 below:

Table 4.14: Details of 183 audited cases of 'Top 200' assesseees						
Types of the Trust/ Institution	Scrutiny Assessment		Other ²⁶ than Scrutiny Assessment		Total number of Cases	Exemption (₹ in Crore)
	No. of Cases	Exemption (₹ in Crore)	No. of Cases	Exemption (₹ in Crore)		
Government	65	42,600.4	30	16,413.1	95	59,013.5
Private	69	34,418.3	19	7,828.1	88	42,246.4
Total	134	77,018.7	49	24,241.2	183	1,01,259.9

Audit noticed that out of the top 183 audited cases, 95 Trusts/Institutions (51.9 per cent) were Government entities wherein exemption of ₹ 59,013.5 crore was granted and the remaining 88 Trusts/Institutions (48.1 per cent) were private entities wherein exemption of ₹ 42,246.4 crore was

²⁶ Other included Summary cases and rectification cases

granted. Audit further noticed that in respect of 134 cases (73.2 per cent), scrutiny assessments were completed and the remaining cases were processed summarily.

During this Performance Audit, 54 paras having money value of ₹ 1,225.20 crore were noticed in respect of these 580 high value cases relating to systemic and compliance issues viz. Incorrect computation of income and its application, ineffective monitoring of accumulation and its utilisation, ineffective monitoring of foreign contribution and its utilisation, irregular allowance of exemption on corpus donation etc. which are discussed in the succeeding chapters.

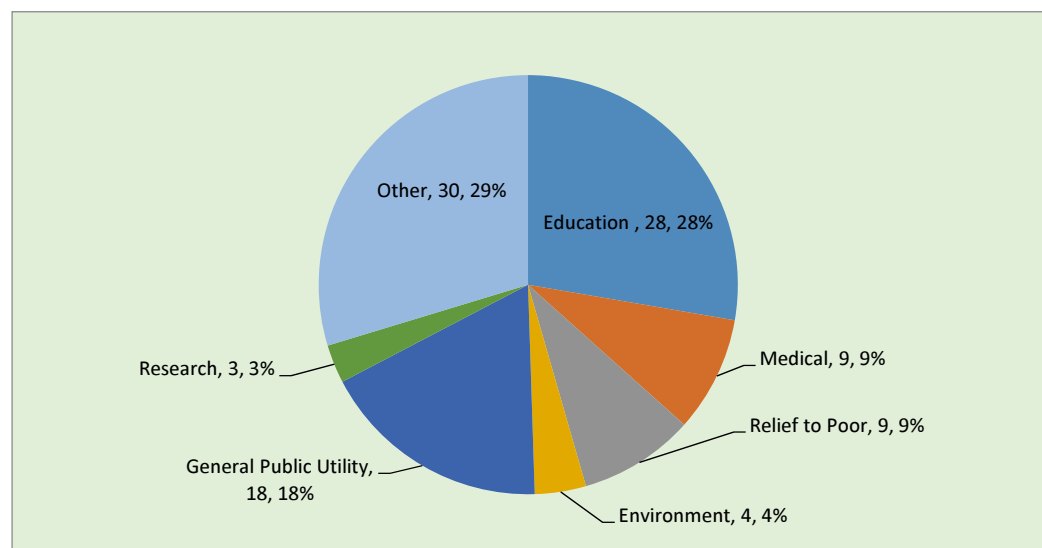
4.3.8 Profiling of top Trusts/Institutions

With a view to profiling top Trusts/Institutions, Audit selected top 200 cases involving 169 Trusts/Institutions from the audit sample where in gross income for each case was ₹ 167.9 crore or above. Audit collected data from assessment records in respect of 167 Trusts/Institutions for FYs 2014-15, 2015-16 and 2016-17 relating to nature of activity, nature of receipt, exemptions granted etc., while records of two assesseees were not furnished to Audit. The details of 167 assesseees are given in the succeeding paragraphs:

4.3.8.1 Type of entity and nature of activity

Audit noticed that out of 167 top assesseees, 101 were Government entities and the remaining 66 assesseees were private entities. The activity wise break-up of 101 Government entities is depicted in the Chart 4.4 below:

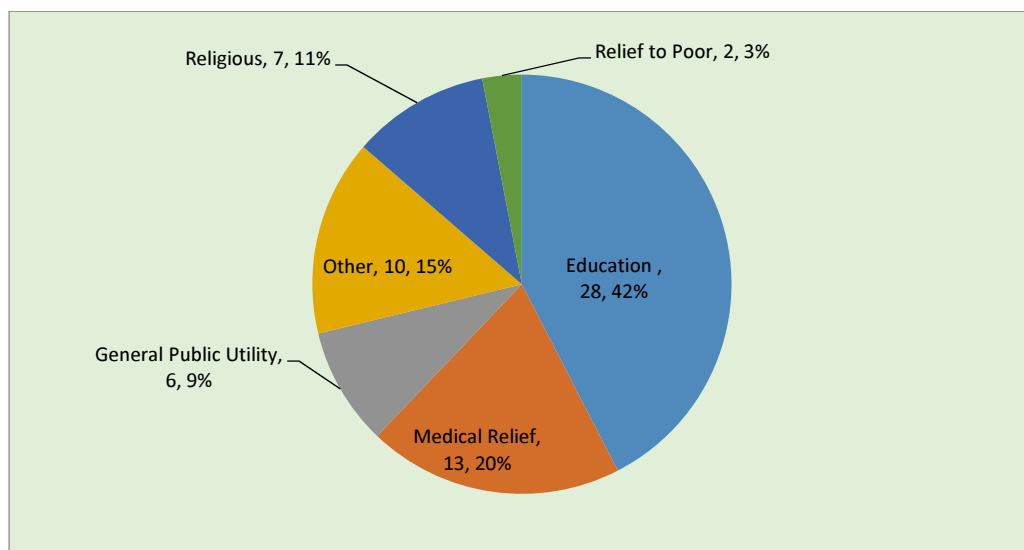
Chart 4.4 Activity-wise details of 101 top Government entities



It can be seen from the above Chart 4.4 that 29 per cent of the top 101 Government entities were engaged in 'other activities' (viz. pension and gratuity fund, welfare board etc.) and 28 per cent entities in educational activities.

The activity wise break-up of 66 private entities is depicted in Chart 4.5 below:

Chart 4.5 Activity-wise details of 66 private entities



It can be seen from the above Chart 4.5 that 42 per cent of the top 66 private entities were engaged in educational activities followed by 20 per cent in medical relief.

4.3.8.2 Exemptions granted to Government and Private entities

Audit collected data on exemptions granted during FYs 2014-15, 2015-16 and 2016-17 in respect of 167 top entities and the data is summarized in Table 4.15 below:

Financial Year	Government		Private		Total		Data not available with Audit
	No of entities	Exemption (₹ in crore)	No of entities	Exemption (₹ in crore)	No of entities	Exemption (₹ in crore)	
2014-15	75	37,763.39	52	18,657.97	127	56,421.36	40
2015-16	82	46,766.12	55	18,458.02	137	65,224.14	30
2016-17	84	47,662.64	53	21,377.70	137	69,040.35	30

It can be seen from the above Table 4.15 that exemption granted to Government entities had increased from ₹ 37,763.4 crore to ₹ 47,662.6 crore during FY 2014-15 to 2016-17, whereas exemptions granted to private entities had increased from ₹ 18,658.0 crore to ₹ 21,377.7 crore during the same period.

4.3.8.3 Nature of receipt of Government entities

Audit analysed information regarding the nature of receipt of 101 Government entities during FYs 2014-15 to 2016-17, which is summarized in Table 4.16 below:

Financial Year	No of Cases	Grants from Government (₹ in crore)		Receipt from Activity (₹ in crore)		Other Receipts ²⁷		Total Receipt (₹ in crore)	Data not available with Audit
		Amount (₹ in crore)	Percentage of Total Receipt during the year	Amount (₹ in crore)	Percentage of Total Receipt of the year	Amount (₹ in crore)	Percentage of Total Receipt during the year		No of cases
2014-15	83	16,857.4	34.59	10,494.9	21.5	21,379.5	43.9	48,731.8	18
2015-16	93	24,563.7	37.69	11,315.6	17.4	29,291.1	45.0	65,170.4	8
2016-17	93	29,528.4	43.76	11,330.6	16.8	26,626.3	39.4	67,485.3	8

It can be seen from the above Table 4.16 that the grant from Government to these entities had increased from ₹ 16,857.4 crore (34.6 per cent) to ₹ 29,528.4 crore (43.8 per cent) during FY 2014-15 to FY 2016-17 whereas the receipt from activity had increased marginally from ₹ 10,494.9 crore (21.5 per cent) to ₹ 11,330.6 crore (16.8 per cent) during the same period.

4.3.8.4 Nature of receipt of Private entities

Audit analysed information in respect of 66 private entities in respect of nature of receipt during FYs 2014-15 to 2016-17 which is summarized in Table 4.17 below:

Financial Year	No of Cases	Grant from Govt. (₹ in crore)		Receipt from Activity (₹ in crore)		Other Receipt ²⁸		Total for the year (₹ in crore)	Data not available with Audit
		Amount (₹ in crore)	Percentage of Total Receipt during the year	Amount (₹ in crore)	Percentage of total Receipt of the year	Amount (₹ in crore)	Percentage of total Receipt during the year		No of cases
2014-15	63	66.2	0.3	9,880.4	42.4	13,365.3	57.3	23,312.0	3
2015-16	63	54.0	0.2	10,767.7	42.8	14,354.6	57.0	25,176.3	3
2016-17	62	243.9	1.0	13,041.2	52.7	11,455.2	46.3	24,740.2	4

²⁷ Other Receipts include other grant, foreign contribution, Donation (domestic), income from investment and miscellaneous income

²⁸ Other Receipt includes other grant, foreign contribution, Donation (domestic), income from investment and miscellaneous income

It is seen in the above Table 4.17 that Government grant to private entities was 0.3 per cent, 0.2 per cent and 1.0 per cent of total receipt for FY 2014-15, 2015-16 and 2016-17 respectively. However, the receipt from activity was 42.4 per cent, 42.8 per cent and 52.7 per cent and other receipts was 57.3 per cent, 57.0 per cent and 46.3 per cent of total receipts for the FY 2014-15, 2015-16 and 2016-17 respectively.

4.3.8.5 Receipt of foreign contribution

Audit analysed the collected data in connection with the receipt of Foreign Contribution in respect of Government and Private Entities, the result of which is given in Table 4.18 below:

Financial Year	Government Entity		Private Entity		Total		Foreign contribution Not received	Data not available with Audit
	No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)	No. of cases	No. of cases
2014-15	2	174.1	13	565.0	15	739.0	141	11
2015-16	1	179.6	12	488.9	13	668.5	154	0
2016-17	1	2.0	14	371.7	15	373.7	152	0

It can be seen from the above Table 4.18 that out of the total 43 assessment cases, where Foreign Contribution (FCs) was received from the FY 2014-15 to 2016-17, only four assessment cases with FCs of ₹ 355.7 crore were relating to Government entities whereas 39 assessment cases with FCs of ₹ 1425.6 crore were relating to Private entities.

4.3.8.6 Receipt of corpus donation

Audit analysed the collected data in connection with the receipt of Corpus Donation in respect of Govt. and Private Entities and result of which is given in Table 4.19 below:

Financial Year	Government Entity		Private Entity		Total for the Year		Corpus Donation Not received
	No. of entities	Corpus donation (₹ in crore)	No. of entities	Corpus donation (₹ in crore)	No. of entities	Corpus donation (₹ in crore)	No. of entities
2014-15	8	563.1	21	1,011.6	29	1,574.7	138
2015-16	9	579.4	22	1,004.0	31	1,583.3	136
2016-17	12	8918.6	20	1,244.4	32	10,163.0	135

It can be seen from the above Table 4.19 that out of the above 92 assessment cases where corpus donation was received from FY 2014-15 to 2016-17, 29 assessment cases with corpus donation of ₹ 10,061.1 crore were relating to Government entities whereas 63 assessment cases with corpus donation of ₹ 3,259.9 crore were relating to Private Entities.

4.3.9 Profiling of top Trusts/Institutions not selected for scrutiny

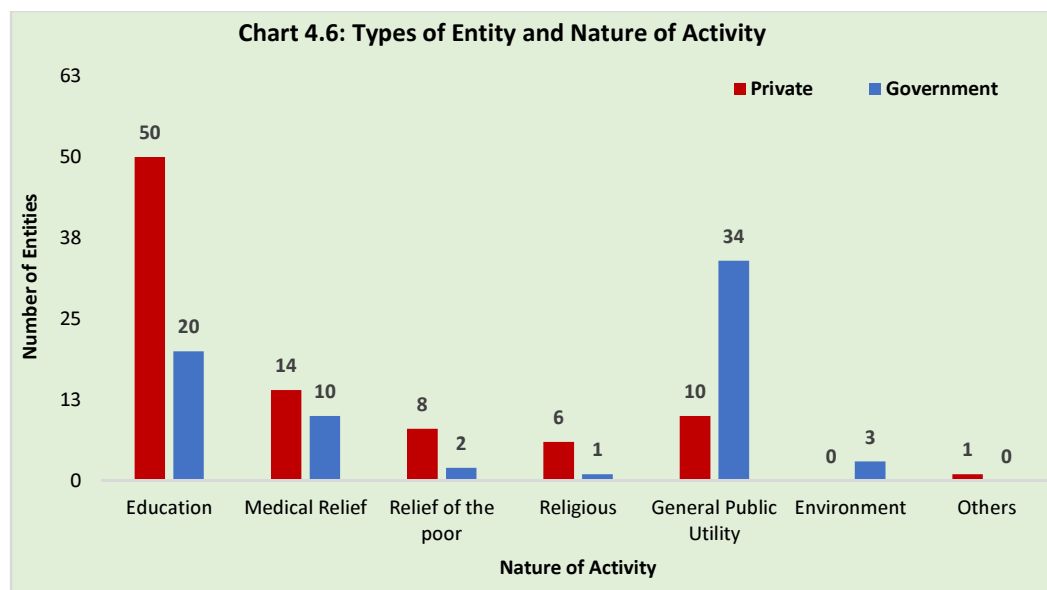
Audit collected data from assessment records in respect of 196 non-scrutiny assessment cases involving 159 Trusts/Institutions relating to nature of activity, exemptions details, types of trusts etc., while records in respect of four cases were not furnished to Audit. The analysis of data received from Pr. DGIT (Systems) and data collected from assessment record, in respect of 196 cases is given in succeeding paragraphs:

4.3.9.1 Types of entity and Nature of activity

Audit noticed that out of the 159 top assesseees, 70 were government entities and the remaining 89 assesseees were private entities. The activity wise break-up of Government and private entities are shown in Table 4.20 below:

Nature of Activity	No. of Government entities	No. of Private entities	Total no. of entities
Education	20	50	70
Medical Relief	10	14	24
Relief of the poor	2	8	10
Religious	1	6	7
General Public Utility	34	10	44
Environment	3	0	3
Political Party	0	1	1
Total	70	89	159

Chart 4.6 below depicts activity wise break-up of Government and Private entities.



It can be seen from the above that majority of Government entities (48.6 per cent) were engaged in general public utility whereas majority of Private entities (56.2 per cent) were engaged in educational activities.

4.3.9.2 Government and Private entity wise Gross Income, Returned Income and Assessed Income

Audit analysed data of gross income, returned income and assessed income, in respect of these Government and Private Entities and the result is given in Table 4.21 below:

Nature of activity	Nature of Trusts/ Institutions	Number of cases	Gross Income (₹ in crore)	Returned Income (₹ in crore)	Assessed Income (₹ in crore)
Education	Government	26	6,744.9	690.3	2,711.1
	Private	62	14,589.3	694.0	1,259.8
Medical Relief	Government	13	4,636.7	0.0	4.5
	Private	15	3,709.1	0.0	191.8
Relief of the Poor	Government	2	974.0	0.0	0.0
	Private	9	2,030.6	0.0	0.0
Religious	Government	1	181.5	0.0	181.5
	Private	6	4,067.5	0.0	0.0

Nature of activity	Nature of Trusts/ Institutions	Number of cases	Gross Income (₹ in crore)	Returned Income (₹ in crore)	Assessed Income (₹ in crore)
General Public Utility	Government	45	39,343.1	2,488.6	4,593.6
	Private	11	2,985.6	1.1	331.3
Environment	Government	4	1,058.1	0.0	0.0
	Private	0	0.0	0.0	0.0
Political Party	Government	2	1,643.9	0.0	5.9
	Private	0	0.0	0.0	0.0
TOTAL		196	81,964.4	3,874.0	9,279.4

It can be seen from the above Table 4.21 that though the number of cases of private entities (105 cases) were more than number of cases of Government entities (91 cases), gross income in case of the Government entities (₹ 52,938.4 crore) was more than that of private entities (₹ 29,026.0 crore). However, the returned income and assessed income in respect of cases of private entities were more than that of Government entities.

4.3.9.3 Receipt of foreign contribution

Audit analysed the data in connection with receipt of foreign contribution in respect of Government and private entities, and the result is given in Table 4.22 below:

Nature of activity	Nature of Trusts/ Institutions	Cases where entities received Foreign Contribution		Foreign Contribution (₹ in crore)	Cases where entities did not receive Foreign Contribution	Total no. of cases
		Number of cases	(In per cent)			
Education	Government	5	19.2	5.8	21	26
	Private	12	19.4	195.2	50	62
Medical Relief	Government	2	15.4	3.6	11	13
	Private	2	13.3	64.9	13	15
Relief of the poor	Government	0	0.0	0.0	2	2
	Private	5	55.6	809.2	4	9

Table 4.22: Government and Private entity and activity wise Foreign Contribution						
Nature of activity	Nature of Trusts/ Institutions	Cases where entities received Foreign Contribution		Foreign Contribution (₹ in crore)	Cases where entities did not receive Foreign Contribution	Total no. of cases
		Number of cases	(In per cent)			
Religious	Government	0	0.0	0.0	1	1
	Private	3	50.0	833.1	3	6
General Public Utility	Government	0	0.0	0.0	45	45
	Private	1	9.1	47.2	10	11
Environment	Government	0	0.0	0.0	4	4
	Private	0	0.0	0.0	0	0
Political Party	Government	0	0.0	0.0	0	0
	Private	0	0.0	0.0	2	2
Total		30	15.3	1,959.00	166	196

It can be seen from the above Table 4.22 that the Government entities had received foreign contribution of ₹ 9.5 crore whereas Private entities had received foreign contribution of ₹ 1,949.5 crore during the same period.

4.3.9.4 Receipt of corpus donation

Audit analysed the data in connection with the receipt of Corpus Donation in respect of government and private entities and result is given in Table 4.23 below:

Table 4.23: Government and Private entity and activity wise Corpus Donation						
Nature of activity	Nature of Trusts/ Institutions	Entities received Corpus Donation		Corpus Donation (₹ in crore)	No. of cases not receiving Corpus Donation	Total no. of cases
		Number of cases	In percent			
Education	Government	2	7.7	41.9	24	26
	Private	10	16.1	196.7	52	62
Medical Relief	Government	1	7.7	218.0	12	13
	Private	2	13.3	126.7	13	15
Relief of the poor	Government	0	0.0	0.0	2	2
	Private	3	33.3	25.2	6	9

Table 4.23: Government and Private entity and activity wise Corpus Donation						
Nature of activity	Nature of Trusts/ Institutions	Entities received Corpus Donation		Corpus Donation (₹ in crore)	No. of cases not receiving Corpus Donation	Total no. of cases
		Number of cases	In percent			
Religious	Government	0	0.0	0.0	1	1
	Private	0	0.0	0.0	6	6
General Public Utility	Government	4	8.9	2,012.9	41	45
	Private	0	0.0	0.0	11	11
Environment	Government	0	0.0	0.0	4	4
	Private	0	0.0	0.0	0	0
Political Party	Government	0	0.0	0.0	0	0
	Private	0	0.0	0.0	2	2
Total		22	11.2	2,621.5	174	196

It can be seen from the above that the Government entities had received corpus donation of ₹ 2,012 crore (76 per cent of total corpus donation) who were involved in general public utility activity.

4.3.9.5 Exemptions granted to Government and Private Entities

Audit analysed the data in connection with the activity-wise exemptions granted to the government and private entities under different Sections of the Act, and result is given in Table 4.24 below:

Table 4.24: Activity wise exemptions granted to Government and Private entities								
Nature of Activity	Nature of Trusts/ Institutions	Exemptions granted under sub-Sections# of Section 10		Exemptions granted under Section 11		Exemptions granted under both sub-Sections# of Section 10 and under Section 11		Number of cases where data was not available with Audit
		No. of entity	Amount (₹ in crore)	No. of entity	Amount (₹ in crore)	No. of entity	Amount (₹ in crore)	
Education	Government	7	1,547.9	11	2,526.8	1	315.9	2
	Private	11	3,543.2	31	4,880.6	4	998.6	4
Medical Relief	Government	2	904.6	7	2,835.6	-	-	1
	Private	3	619.9	7	1,046.6	-	-	4

Table 4.24: Activity wise exemptions granted to Government and Private entities								
Nature of Activity	Nature of Trusts/ Institutions	Exemptions granted under sub-Sections# of Section 10		Exemptions granted under Section 11		Exemptions granted under both sub-Sections# of Section 10 and under Section 11		Number of cases where data was not available with Audit
		No. of entity	Amount (₹ in crore)	No. of entity	Amount (₹ in crore)	No. of entity	Amount (₹ in crore)	
Relief of the Poor	Government	-	-	-	-	-	-	-
	Private	-	-	8	1,453.1	-	-	1
Religious	Government	1	181.5	-	-	-	-	-
	Private	2	1,633.3	3	2,294.1	-	-	1
General Public Utility	Government	6	8,000.0	19	9,917.0	2	1,517.5	4
	Private	3	481.1	3	350.4	1	157.7	-
Environment	Government	-	-	2	354.9	-	-	1
	Private	-	-	-	-	-	-	-
Political Party	Government	-	-	-	-	-	-	-
	Private	-	-	2	16,38.1	-	-	-
Total		35	16,911.5	93	27,297.2	8	2,989.7	18

#10(21), 10(23C)(iiiab) to (iiid), 10(23C)(iv), 10(23C)(v), 10(23C)(vi), 10(23C)(via) 10(23D), 10(23FB), 10(25), 10(46)

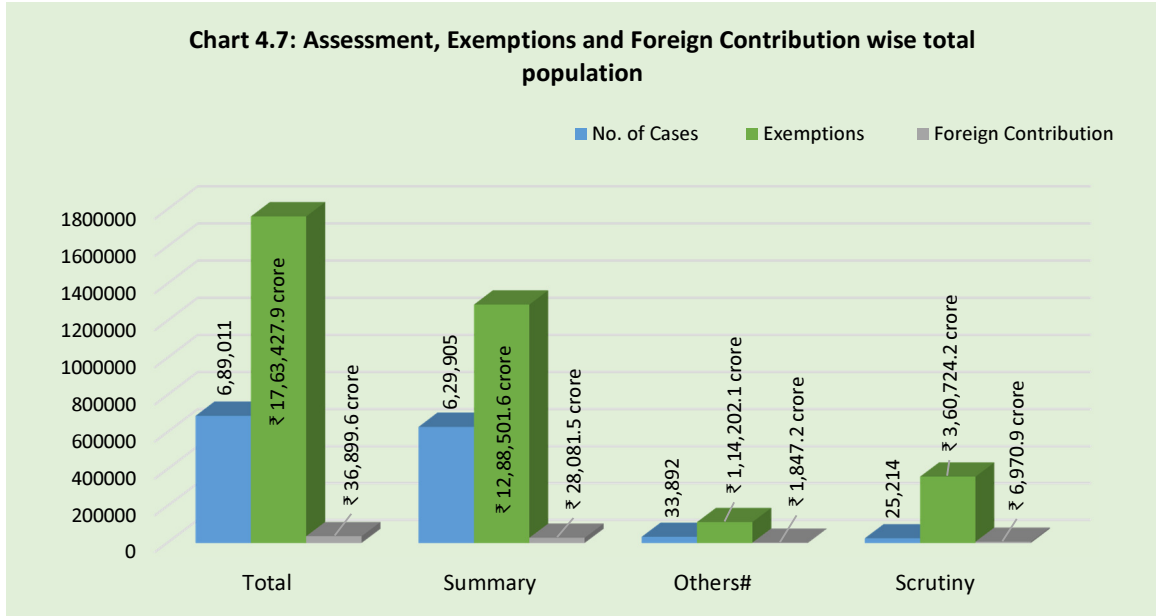
It can be seen from Table 4.24 above that the total exemptions of ₹ 15,634.3 crore was granted in 39 cases relating to Government entities under Section 11 whereas exemptions of ₹ 11,662.9 crore was granted in 54 cases relating to Private entities in respect of top summary cases.

4.3.9.6 Risk Analysis in summarily processed cases

The Pr. DGIT(Systems) provided assessee-wise data of 6,89,011 cases in respect of the Charitable Trusts and Institutions pertaining to Income Tax Returns (ITRs) processed/assessed/rectified for AY 2014-15 to AY 2017-18 during the FY 2014-15 to FY 2018-19. This data was analysed in respect of type of assessment, exemptions claimed and foreign contribution received and noticed that out of 6.89 lakh cases, 6.30 lakh cases (91.4 per cent) were processed in summary manner whereas the ITD had completed scrutiny assessment in respect of 0.25 lakh cases (3.7 per cent) and remaining 0.34 lakh cases (4.9 per cent) were

relating to rectification/ re-assessment/appellate orders as shown in **Appendix 4.5**.

Audit further analysed details of total number of cases and exemptions claimed and foreign contribution. The following Chart 4.7 depicts assessment, exemptions, foreign contribution wise distribution of total population:



Others include rectification cases, revision cases and cases of order giving effect to Appellate orders.

It can be further seen that out of total exemptions of ₹ 17,63,427.9 crore claimed by the Trusts/Institutions during aforesaid period, 73 per cent (₹ 12,88,501.6 crore) of exemptions was processed in summary manner whereas 20 per cent (₹ 3,60,724.2 crore) of exemptions were scrutinized by the Department and out of total foreign contribution of ₹ 36,899.6 crore received by the Trusts/Institutions during the period, 76 per cent (₹ 28,081.5 crore) of foreign contributions was processed in summary manner whereas only 19 per cent (₹ 6,978.4 crore) of foreign contributions were scrutinized by the Department.

Assessment year wise break-up of total cases based on type of assessment, exemptions claimed is given in Table 4.25 below:

Table 4.25: Break-up of total population on the basis of AY, Assessment Type, Claim of Exemptions						
Assessment Type	AY	2014	2015	2016	2017	TOTAL
Summary cases	No. of cases	1,34,450	1,50,534	1,65,214	1,79,707	6,29,905
	Percentage of total cases of the year	91.2	91.3	87.2	96.0	91.4
	Exemptions (₹ in crore)	2,09,377.6	2,35,646.0	1,55,245.7	6,88,232.2	12,88,501.6

Assessment Type	AY	2014	2015	2016	2017	TOTAL
	Percentage of total exemptions for the year	78.6	59.4	37.8	99.8	73.1
Scrutiny cases	No. of cases	1,000	7,071	17,143	^^	25,214
	Percentage of total cases of the year	0.7	4.3	9.0	NA	3.7
	Exemptions (₹ in crore)	7,381.7	1,24,275.6	2,29,066.9	0.0	3,60,724.2
	Percentage of total exemptions for the year	2.8	31.3	55.8	0.0	20.5
Other cases [@]	No. of cases	12,033	7,266	7,195	7,398	33,892
	Percentage of total cases of the year	8.2	4.4	3.8	4.0	4.9
	Exemptions (₹ in crore)	49,541.8	36,917.3	26,083.1	1,660.0	1,14,202.1
	Percentage of total exemptions for the year	18.6	9.3	6.4	0.2	6.5
Total	No. of cases	1,47,483	1,64,871	1,89,552	1,87,105	6,89,011
	Exemptions (₹ in crore)	2,66,300.0	3,96,838.9	4,10,395.6	6,89,892.2	17,63,427.9

^^ Data of scrutiny assessment cases for AY 2017-18 was not available during the period of audit.
[@] Others include rectification cases, revision cases and cases of Order giving effect to Appellate orders.

It can be seen from the above Table 4.25 that the number of cases of the Trusts/Institutions increased from 1.47 lakh to 1.87 lakh during AYs 2014-15 to 2017-18 whereas total amount of exemptions claimed by these Trusts/Institutions during the same period increased from ₹ 2,66,300.0 crore to ₹ 6,89,892.2 crore. Under summary assessment, there was an increase in the number of cases from 1.35 lakh to 1.65 lakh during the AY 2014-15 to 2016-17; however, the amount of exemptions claimed by the Trusts/Institutions decreased in respect of these cases from ₹ 2,09,377.6 crore to ₹ 1,55,245.7 crore during this period. Further, under scrutiny assessment, there was an increase in number of cases from 0.01 lakh to 0.17 lakh and the total amount of exemptions claimed by the Trusts/Institutions in respect of these cases increased from ₹ 7,381.7 crore to ₹ 2,29,066.9 crore during the AY 2014-15 to 2016-17. Data on scrutiny assessment for AY 2017-18 was not available during the audit period.

As a significant number of cases relating to the Trusts/Institutions are processed under summary manner in an automated environment, it is desirable that ITD systems are streamlined and robust enough so as to minimize the possibility of

leakage of revenue and also to facilitate seamless services to the users. However, during examination of top summary cases, Audit came across number of issues relating to ITD systems along with other issues, which are discussed in the succeeding chapters.

4.4 Conclusion

Audit noticed that there was an increasing trend in number of Trusts/Institutions claiming exemptions from AYs 2014-15 to 2016-17, however number of Trusts/Institutions claiming exemptions slightly decreased for AY 2017-18.

Audit further noticed that out of 6,89,011 cases pertaining to ITRs for AY 2014-15 to AY 2017-18, 3.7 *per cent* cases were assessed under scrutiny and 96.3 *per cent* cases were of other than scrutiny which were processed/rectified/ revised etc during FY 2014-15 to FY 2018-19.

Audit noticed number of applications relating to registration/ approval of the Charitable Trusts/Institutions under Section 12AA registered an increase of 128.2 *per cent* during FY 2014-15 to FY 2017-18 whereas the number of registrations/ approvals granted during the same period registered an increase of 156.5 *per cent*.

