

CHAPTER I

INTRODUCTION

1.1 About this Report

This Chapter presents an overview of the revenue receipts of the Government of Chhattisgarh (GoCG) during the year 2022-23, analyses the trend of receipts over the five-year period 2018-19 to 2022-23, and details the arrears of tax revenue pending collection as of 31 March 2023. Response of the State Government to audit findings made by audit through Inspection Reports and Audit Reports is also discussed.

Significant observations relating to Audit of State Tax (GST) department are discussed in Chapter II and III.

1.2 Trends of revenue receipts

A summary of the revenue realised (tax and non-tax revenue), the State's share of net proceeds of divisible Union taxes and duties assigned, Grants-in-aid received from the Government of India (GoI) during the year 2022-23 and the corresponding figures for the preceding four years of Government of Chhattisgarh is given in *Table 1.1*.

Table 1.1: Trend of revenue receipts

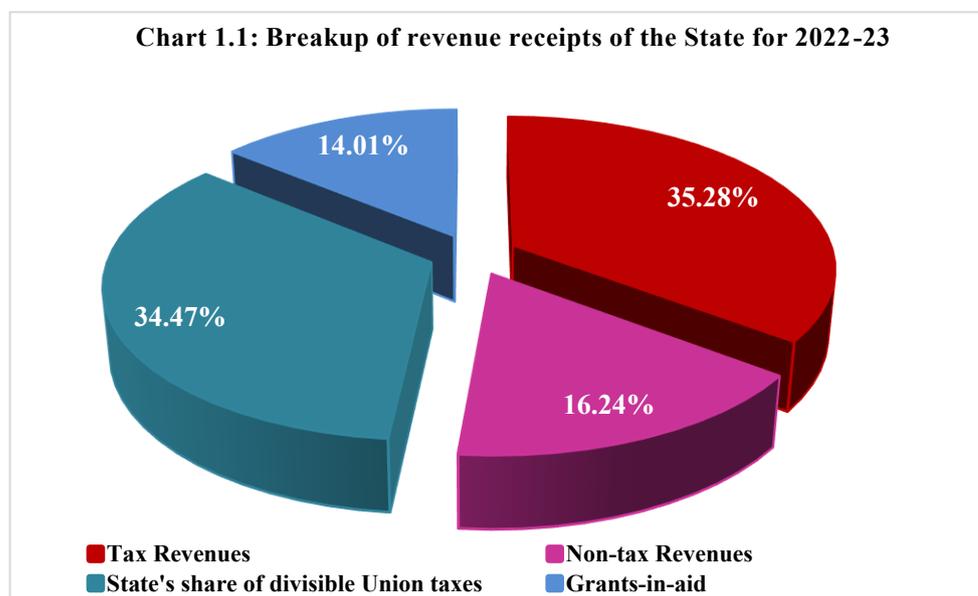
(₹ in crore)

Sl. No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
1.	Revenue raised by the State Government					
	Own Tax revenues	21,427.26	22,117.85	22,889.20	27,083.73	33,122.30
	Percentage of growth compared to previous year	7.70	3.22	3.49	18.33	22.30
	Non-tax revenue	7,703.02	7,933.77	7,136.95	13,851.21	15,248.24
	Percentage of growth compared to previous year	21.49	3.00	-10.04	94.08	10.09
	Total	29,130.28	30,051.62	30,026.15	40,934.93	48,370.54
2.	Receipt from Government of India					
	State's Share in Union taxes and duties	23,458.69	20,205.84	20,337.54	28,570.79	32,358.26
	Grants-in-aid	12,505.96	13,611.24	12,812.49	10,146.30	13,148.32
	Total	35,964.65	33,817.08	33,150.03	38,717.09	45,506.59
3.	Total revenue receipts of the State Government (1 + 2)	65,094.93	63,868.70	63,176.18	79,652.03	93,877.13
4.	Percentage of 1 to 3	45	47	48	51	52

(Source: Finance Accounts of the Government of Chhattisgarh for the respective year)

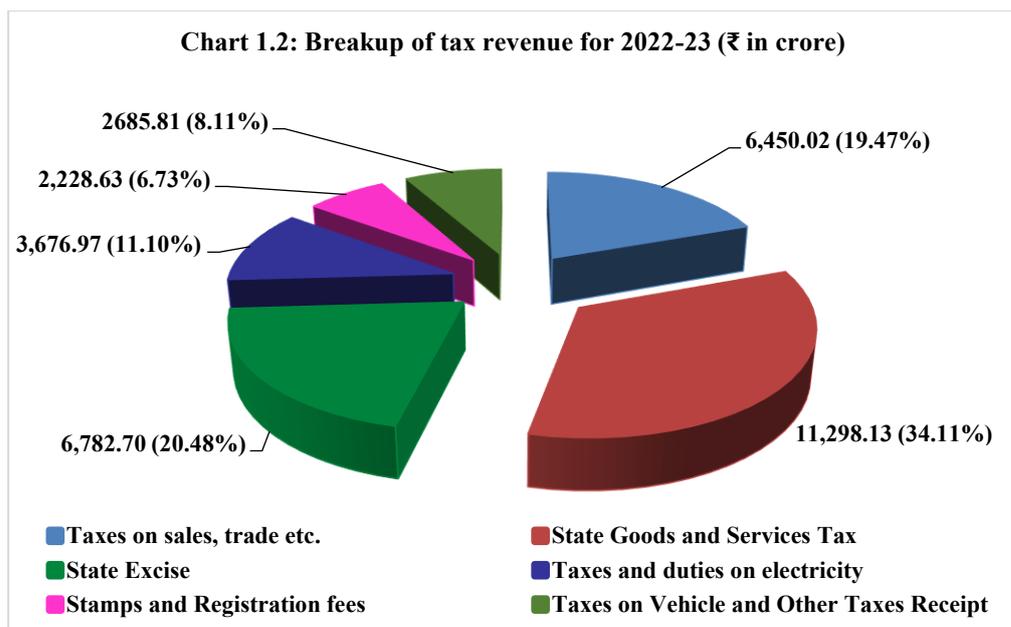
- The own tax revenue of the State showed increasing trend during 2018-23 and increased by 22.30 *per cent* during 2022-23 as compared to previous year.
- The State's non-tax revenue showed an increase during the periods 2018-20 and 2021-23 compared to previous years, exception of 2020-21. However, in 2022-23 there was a significant rise of 10.09 *per cent* over the previous year, primarily due to increase in revenue of Forest and Wildlife Department and Water Resources Department.
- During 2022-23, 52 *per cent* of the revenue receipts came from the State's own resources, comprising both tax and non-tax revenue. Meanwhile, the State's share in Union taxes and duties, along with grants-in-aid from the Government of India, contributed 48 *per cent* to the total revenue.

Pictorial representation of breakup of revenue receipts of the State for the year 2022-23 is given in **Chart 1.1**.



1.2.1 Own Tax Revenue

Pictorial representation of the breakup of tax revenues for the year 2022-23 is given in **Chart 1.2**:



Budget Estimates (BE) and actual receipts of own tax revenue during the period 2018-23 are given in **Table 1.2**.

Table 1.2: Details of own tax revenues

(₹ in crore)

Head of Revenue		2018-19	2019-20	2020-21	2021-22	2022-23	Percentage of variation in 2022-23 over 2021-22 for Actual
Taxes on Sales, trade etc.	BE	3,718.42	3,788.30	4,144.86	4,356.89	4,929.32	(+) 20.76
	Actual	4,087.72	3,931.37	4,236.04	5,341.10	6,450.02	
State Goods and Services Tax ¹	BE	5,006.65	8,201.70	10,700.92	9,337.61	11,064.45	(+) 19.13
	Actual	8,203.41	7,894.82	7,925.01	9,483.48	11,298.13	
State Excise	BE	4,355.00	5,000.00	5,199.72	5,500.00	5,499.99	(+) 32.82
	Actual	4,489.03	4,952.36	4,635.80	5,106.61	6,782.70	
Taxes and duties on electricity	BE	1,850.00	2,090.00	2,200.00	2,450.00	2,850.00	(+) 29.65
	Actual	1,790.27	1,837.00	2,341.41	2,836.05	3,676.97	
Stamps and Registration fees	BE	1,790.00	1,550.00	1,705.00	1,650.00	2,000.00	(+) 14.56
	Actual	1,108.46	1,634.63	1,584.94	1,945.36	2,228.63	
	BE	5.63	0.00	3.00	4.17	4.72	(+) 24.41

¹ Goods and Services Tax was implemented with effect from 1 July 2017. Central indirect taxes such as central excise duty, additional excise duty, excise duty levied under the Medicinal and Toiletries Preparation Act, service tax, additional customs duty (CVD), special additional duty of customs (SAD), state indirect taxes such as value added tax, central sales tax, entry tax, entertainment tax and purchase tax have been subsumed in GST.

Taxes on goods and passengers	Actual	54.51	40.51	79.83	47.90	59.59	
Taxes on vehicles	BE	1,500.00	1,600.00	1,600.00	1,600.00	1,700.00	(+)27.99
	Actual	1,204.85	1,274.85	1,148.07	1,372.51	1,756.62	
Land revenue	BE	660.00	700.00	600.00	850.00	950.00	(-)8.57
	Actual	487.57	551.50	937.71	949.94	868.56	
Other tax receipts ²	BE	0.00	0.00	1.5	1.34	1.51	(+) 33.33
	Actual	1.44	0.81	0.39	0.78	1.04	
Total	BE	18,885.70	22,930.00	26,155.00	25,750.01	29,000.00	(+) 22.30
	Actual	21,427.26	22,117.85	22,889.20	27,083.73	33,122.26	

(Source: Finance Accounts of the Government of Chhattisgarh for the respective year and Budget Estimates as per the Budget Book of Government of Chhattisgarh for the respective year).

It can be seen from above table that Receipts under Land Revenue, had not matched the expectations projected by the State Government in its budget during 2018-20 and 2022-23, but exceeded budgetary estimates during 2020-21 and 2021-22. Receipts under State Goods and Services Tax (SGST) had not matched the expectations projected in its budgetary estimates during 2019-21 but exceeded budgetary estimates during 2018-19 and 2021-23 and constituted the single largest source of tax revenue for the State during 2018-23. Taxes on goods and passengers exceeded budgetary estimates during 2018-23 while Taxes on vehicles had not matched the expectations projected during 2018-22 but it exceeded the budgetary projections in 2022-23.

The concerned Departments reported the following reasons for variation in revenue receipts during 2022-23 compared to previous year.

Taxes on sales, trade etc.: Due to increase in consumption of petroleum product the receipts from Taxes on sales, trade etc., increased by 20.76 per cent during 2022-23 as compared to 2021-22.

State Goods and Services tax: The receipts from SGST during 2022-23 increased by 19.13 per cent as compared to 2021-22 mainly due to increase in number of taxpayers and reversal of unutilised input tax credit.

State Excise: The revenue from State Excise increased by 32.82 per cent mainly due to control on illegal liquor and efficient management of liquor shops by Chhattisgarh State Marketing Corporation Limited.

Taxes and duties on electricity: There was an increase of 29.65 per cent in tax revenue in 2022-23 as compared to previous year due to collection of recoveries which are pending from industries and increase in electricity tariff in all categories.

² 'Others' include actual receipts during 2022-23 under the following Revenue Heads: Hotel receipts tax (₹62.60 lakhs/BE- ₹ 134.90 lakh); other taxes on income and expenditure (₹ 41.5 lakhs/ BE-₹ 15.8 lakh); and other taxes and duties on commodities and services (₹ 0.33 lakhs/ BE-₹ 0.50lakh).

Taxes on vehicles: There was an increase of 27.99 *per cent* in this head during 2022-23 mainly due to increase in number of registration of vehicles as compared to previous year.

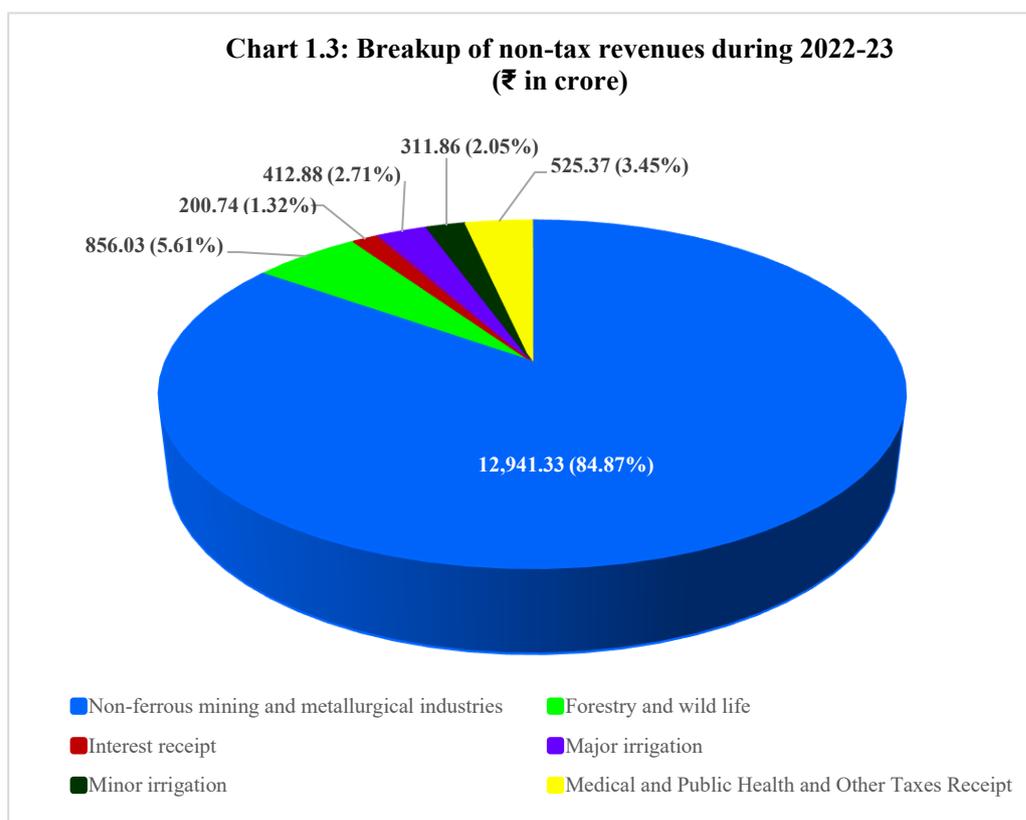
Taxes on goods and passengers: There was an increase of 24 *per cent* in taxes on goods and passengers in 2022-23. The reasons for increase in revenue was due to receipt of pending dues.

Stamps and Registration fees: There was an increase of 14.56 *per cent* in tax revenue in 2022-23 due to increase in number of documents registered as compared to previous year 2021-22.

Land Revenue: There was a decrease of 8.57 *per cent* in 2022-23 compared to previous year 2021-22 mainly due to less receipt on account of survey and settlement operation.

1.2.2 Non-tax Revenue

The break-up of non-tax revenue for the year 2022-23 is shown in **Chart 1.3:**



The details of the non-tax revenue raised during the period 2018-23 are indicated in **Table 1.3**.

Table 1.3: Details of non-tax revenues raised by the Government

(₹ in crore)

Head of Revenue		2018-19	2019-20	2020-21	2021-22	2022-23	Percentage of deviation in 2022-23 over 2021-22
Non-ferrous mining and metallurgical industries	BE	6,000.00	6,500.00	6,670.00	6,600.00	13,000.0	(+) 5.17
	Actual	6,110.24	6,195.73	5,538.49	12,305.39	12,941.33	
Forestry and Wildlife	BE	600.00	600.00	700.00	700.00	500.00	(+) 146.77
	Actual	236.73	249.37	277.08	346.90	856.03	
Interest receipt	BE	132.93	126.83	194.49	314.83	262.66	(+) 45.51
	Actual	189.55	232.41	89.77	137.96	200.74	
Major irrigation	BE	738.89	791.67	749.94	688.08	688.08	(-) 1.27
	Actual	521.81	437.04	445.91	418.17	412.88	
Minor irrigation	BE	302.76	324.39	330.42	317.26	317.26	(+) 121.81
	Actual	164.06	287.54	232.72	140.60	311.86	
Medical and Public Health	BE	45.99	44.73	62.10	91.12	99.89	(-) 25.79
	Actual	52.86	88.88	95.75	101.53	75.35	
Public works	BE	43.00	50.00	95.83	54.25	72.59	(-) 31.88
	Actual	73.57	45.98	32.23	22.43	15.28	
Other administrative services	BE	42.82	28.41	47.34	44.12	51.21	(+) 27.96
	Actual	42.10	35.75	35.67	32.91	42.11	
Other social services	BE	30.00	20.50	11.01	12.69	13.79	(+) 239.62
	Actual	8.12	16.73	16.02	7.42	25.20	
Education, sports, art and culture	BE	28.03	21.20	16.09	22.78	27.90	(-) 31.41
	Actual	14.04	14.83	18.63	42.03	28.83	
Other non-tax receipts	BE	205.58	317.27	337.38	404.82	466.62	(+) 14.46
	Actual	289.94	329.51	354.68	295.83 ³	338.60	
Total	BE	8,170.00	8,825.00	9,214.60	9,249.95	15,500.00	(+) 10.12
	Actual	7,703.02	7,933.77	7,136.95	13,851.17	15,248.21	

(Source: Finance Accounts of the Government of Chhattisgarh for the year 2022-23 and Budget Estimates as per the Budget Book of Government of Chhattisgarh for the year 2022-23)

³ Other non-tax receipts include actual receipts during 2022-23 under the following heads: Dividends and profits (₹ 6.20 crore); Public service commission (₹ 1.83 crore); Police (₹ 47.34 crore); Jails (₹ 4.27 crore); Stationery and printing (₹ 3.17 crore); Contributions and recoveries towards pension and other retirement benefits (₹ 22.17 crore); Miscellaneous general services (₹ 83.45 crore); Family welfare (₹ 0.02 crore); Water supply and sanitation (₹ 1.36 crore); Housing (₹ 5.36 crore); Urban development (₹ 31.65 crore); Information and publicity (₹ 0.22 crore); Labour and employment (₹ 34.92 crore); Social security and welfare (₹ 9.30 crore); Crop husbandry (₹ 22.56 crore); Animal husbandry (₹ 6.36 crore); Fisheries (₹ 6.36 crore); Food storage and warehousing (₹ 1.03 crore); Cooperation (₹ 2.23 crore); Other agricultural programmes (₹ 1.70 crore); Other rural development programmes (₹ 5.98 crore); Medium irrigation (₹ 6.25 crore); Village and small industries (₹ 2.70 crore); Industries (₹ 13.13 crore); Civil aviation (₹ 0.00 crore); Roads and bridges (₹ 1.18 crore) and Other general economic services (₹ 17.83 crore).

The concerned departments reported the following reasons for variation between the budget estimates and the actual revenue receipts during 2022-23 as well as the decline in receipts in some cases, over that of the previous year.

Non-ferrous mining and metallurgical industries: There was an increase by 5.17 *per cent* as compared to previous year mainly due to additional amount (150 *per cent*) of royalty payable on iron ore by NMDC as per the Mines and Mineral (Development & Regulation) Act, 2021.

Forestry and Wildlife: There was an increase in receipts by 146.77 *per cent* in 2022-23 over the previous year, mainly due to timely release of forest produce by auction of wood on pre-determined dates and change of transit pass fees for transportation of minerals and forest produces in forest regions from ₹ 15 to ₹ 57 and recovery of pending mineral transit pass fee in accordance with the orders of the Honourable Supreme Court dated 18 November 2022.

Minor irrigation: The receipts under this head increased by 121.81 *per cent* in 2022-23 mainly due to increase in receipt under surface water and groundwater.

Public works: There was decrease of 31.88 *per cent* in 2022-23 in receipts under this head. Reason for decrease in receipts sought from the department. Despite repeated pursuance (April 2024, July 2024, August 2024 & October 2024) information has not been received (June 2025).

Education, sports, art and culture: There was decrease in revenue by 31.41 *per cent* during 2022-23 from the previous year under this head mainly due to decrease in receipts of Government Schools.

Other non-tax receipts: There was increase of non-tax receipts by 15.98 *per cent* in 2022-23 mainly due to increase in revenue under Dividend and Profit, Police, Miscellaneous General Services, Labour and Employment, Urban development, social security and welfare, and Housing.

1.3 Authority for audit

The Comptroller and Auditor General of India (CAG) derives his authority for audit from Articles 149 and 151 of the Constitution of India and CAG's (Duties, Powers, and Conditions of Service) Act, 1971 (DPC Act). CAG audits receipts of the Government under Section 16 of the DPC Act.

1.4 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2023 in respect of six departments⁴ amounted to ₹ 8,585.80 crore, of which, ₹ 4,371.29 crore (50.91 *per cent*) was outstanding for more than five years as detailed in **Table 1.4**.

⁴ Mineral Resources; State Excise; Transport; Electricity; Stamp and Registration and State Tax-GST

Table 1.4: Arrears of revenue outstanding as of 31 March 2023

(₹ in crore)

Sl. No.	Head of Revenue	Total amount outstanding	Amount outstanding for more than five years	Reply of Department with respect to status of outstanding cases
1.	Non-ferrous mining and metallurgical industries	0.77	0.77	The department stated (July 2024) that instructions have been issued to Mining officers to recover the arrears by special drive. Further, in review meeting the Secretary, Mineral Resources Department, Chhattisgarh Government has instructed to the districts to send proposal to write off the arrears, which are very old.
2.	State Excise	56.45	55.28	Revenue Recovery Certificates (RRCs) issued in 144 cases; pending in court in 28 cases, stay order by court in 22 cases and in 13 cases pending in 'Others' and in 67 cases details of moveable/immoveable properties of defaulters were not available.
3	Taxes on Vehicles	76.46	58.41	Arrears created due to interest/penalty on account of non-payment of tax within due period in case of technical fault in vehicles and non-operation of vehicles.
4	Taxes and Duties on Electricity	4,545.80	2,129.56	Demand letters are issued to consumers in a timely manner for the recovery of outstanding revenue. In cases where recovery is not done, the matter is registered with the concerned District Collector's Office as Revenue Recovery Certificate. Thus, there are seven cases pending in court; in 19 cases there was stay order and 51 cases are pending in 'Others'.
5	Stamps and Registration fees	69.01	54.44	Revenue Recovery Certificates (RRCs) issued in 1039 cases; pending in court in 109 cases, stay order by court in 15 cases and in two cases details of moveable/immoveable properties of defaulters were not available.
6	Taxes on sales, trade etc.	3,837.39	2,072.83	Revenue Recovery Certificates (RRCs) were issued in 50,198 cases; pending in court amounting to ₹ 324.75 crore, stay order by court amounting to ₹ 1,188.87 crore and cases involving amount of ₹ 418.56 crore for which details of moveable/immoveable properties of defaulters were not available.
Total		8,585.80	4,371.29	

(Source: Information furnished by the concerned departments)

Information on Arrears of revenue outstanding as of 31 March 2023 is awaited from some of the Departments viz. Forest, Public Works, Land Revenue and Water Resources.

In our endeavor to improve the format and quality of report to address the stakeholders requirement, this office had requested (August 2025) suggestions on Audit Reports (Revenue) from eight major revenue departments viz. State Tax, Mining, State Excise, Stamps and Registration, Transport, Forest,

Electricity and Land Records. Further, zone-wise arrears of assessment and district/range/circle wise arrears of revenue were also requested to assess the pendency at various level. Only Mining Department provided district wise details of arrears of revenue and remaining seven departments did not provide the required information. This matter was also brought to the notice of Secretaries/HoDs of Revenue departments.

In the absence of above data, the District/zone/circle wise performance of each department could not be analysed.

The State Government should ensure that information/data is readily available with the HoDs and is made available to audit in timely manner.

1.5 Response of the Government/departments to Audit

1.5.1 Follow up on the Audit Reports-summarised position

According to the instructions issued by the Finance Department, all departments are required to furnish explanatory memoranda (Departmental Notes) to the Chhattisgarh Vidhan Sabha Secretariat, in respect of paragraphs included in the Audit Reports, within three months of their being laid on the table of the House. The Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Chhattisgarh for the years ended 31 March 1999 to 31 March 2021 containing 556 paragraphs including Performance Audits were placed before the State Legislative Assembly between March 1999 and July 2023.

The Public Accounts Committee (PAC) discussed 221 paragraphs out of 227 selected paragraphs pertaining to the Audit Reports for the years from 1998-99 to 2020-21 and gave its recommendations on 141 paragraphs of the Audit Reports. However, Action Taken Notes (ATNs) have not been received as of April 2024 in respect of 75 recommendations made by the PAC between 1998-99 and 2020-21. Sixteen paragraphs were discussed in PAC on revenue report during the year 2022-23.

1.5.2 Position of outstanding Inspection Reports

On completion of audit of Government departments and offices, Audit issues Inspection Reports (IRs) to the concerned Heads of Offices with copies endorsed to their superior officers to enable monitoring and initiation of corrective action. Serious financial irregularities are reported to the Heads of the Departments and the Government.

Analysis of IRs issued up to 31 March 2023, revealed that 10,401 paragraphs relating to 2,377 IRs issued between 1994-95 and 2022-23 remained outstanding at the end of April 2024. Department-wise details of IRs and audit observations are mentioned in **Table 1.5**.

Table 1.5: Department-wise status of IRs

Sl. No.	Name of Department	Nature of receipts	Type of IRs	No. of outstanding IRs 2022-23	No. of outstanding audit observations 2022-23
1.	Stamp Duty & Registration	Stamp duties and Registration fee	Rev.	271	835
			Exp.	13	58
2.	Motor Vehicle and Transport	Taxes on vehicles	Rev.	209	1,530
			Exp.	69	148
3.	Forest	Forestry and Wild life	Rev.	1	3
			Exp.	24	1,671
4.	State Tax	Taxes on sales trade etc.	Rev.	550	3,645
			Exp.	80	117
5.	Mineral Resources	Non-ferrous mining and metallurgical industries	Rev.	200	904
			Exp.	77	322
6.	State Excise	State Excise	Rev.	234	448
			Exp.	41	75
7.	Land Revenue	Land Revenue	Rev.	599	1,894
			Exp.	50	126
8.	Energy	Taxes and Duties on electricity	Rev.	25	100
			Exp.	10	23
9.	Other Tax Departments	Other receipts	Rev.	288	1,042
			Exp.	1	10
Rev.				2,377	10,401
Exp.				365	2,550
Total				2,742	12,951

Rev.- Revenue; Exp.-Expenditure

Out of 92 IRs issued during 2022-23, Audit did not receive even the first reply in respect of 43⁵ IRs (46.74 per cent) from the Heads of Offices.

Lack of action on IRs and audit paragraphs is fraught with the risk of perpetuating serious financial irregularities pointed out in these reports. It may also result in dilution of internal controls in the governance process, inefficient and ineffective delivery of public goods/ services, fraud, corruption and loss to public exchequer.

1.5.3 Departmental Audit Committee Meetings

The Government has to set up Audit Committees to monitor and expedite the progress of the settlement of Inspection Reports (IRs) and paragraphs in IRs. During the year 2022-23, no Audit Committee meetings were held by Departments.

⁵ Forest-20; Mineral Resources-14; Transport-5; State Excise-1; and Stamp and Registration-3

Recommendation:

State Government should ensure prompt and appropriate response to audit observations, as well as take action against those who have not furnished replies to the IRs/paragraphs as per the prescribed time schedule.

1.6 Acknowledgement

The office of the Accountant General (Audit), Chhattisgarh wishes to acknowledge the cooperation and assistance rendered by the officials of the State Government and various other departments during the course of conduct of audit.