

CHAPTER-I GENERAL

1.1 Trend of Revenue Receipts

1.1.1 The tax and non-tax revenue raised by the Government of Kerala during the year 2021-22, the State's share of net proceeds of divisible Union taxes and duties assigned to the State, Grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years, are mentioned in **Table - 1.1**.

Table 1.1
Trend of Revenue Receipts

(₹ in crore)

Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1	Revenue raised by the State Government					
	Tax revenue	46,459.61	50,644.10	50,323.14	47,660.84	58,340.52
	Non-tax revenue	11,199.61	11,783.24	12,265.22	7,327.31	10,462.51
	Total	57,659.22	62,427.34	62,588.36	54,988.15	68,803.03
2	Receipts from the Government of India					
	Share of net proceeds of divisible Union taxes and duties	16,833.08	19,038.17	16,401.05	11,560.40	17,820.09
	Grants-in-aid	8,527.84	11,388.96	11,235.26	31,068.28	30,017.12
	Total	25,360.92	30,427.13	27,636.31	42,628.68	47,837.21
3	Total revenue receipts of the State Government (1 and 2)	83,020.14	92,854.47	90,224.67	97,616.83	1,16,640.24
4	Percentage of 1 to 3	69	67	69	56	59

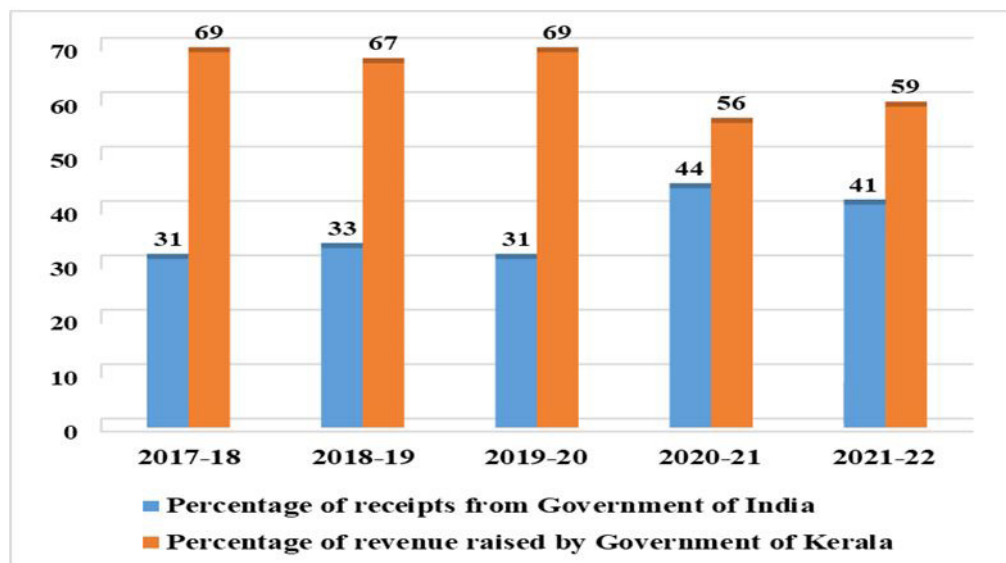
Source: Finance Accounts prepared by PAG (A&E), Kerala.

The above table indicates that during the year 2021-22, the revenue raised by the State Government (₹68,803.03 crore) was 59 *per cent* of the total revenue receipts. The balance 41 *per cent* of the revenue during 2021-22 was share of net proceeds of divisible Union taxes and duties and Grants-in-aid from the Government of India. Even though revenue raised by State Government during the year 2021-22 shows an increase from the previous year 2020-21, the percentage of revenue raised by State Government to total revenue receipts has reduced when compared with that of 2017-18, 2018-19 and 2019-20. The revenue receipts of the State increased by ₹19,023.41 crore during 2021-22, over 2020-21. This was mainly due to increase in own tax revenue by

₹10,679.68 crore followed by State's share of Union Taxes and duties by ₹6,259.69 crore.

1.1.2 The percentage-wise details of receipts from Government of India and revenue raised by Government of Kerala with respect to the total revenue receipts of the State Government for the last five years is shown in the **Chart - I** given below:

Chart – I
Percentage wise details of Revenue Receipts

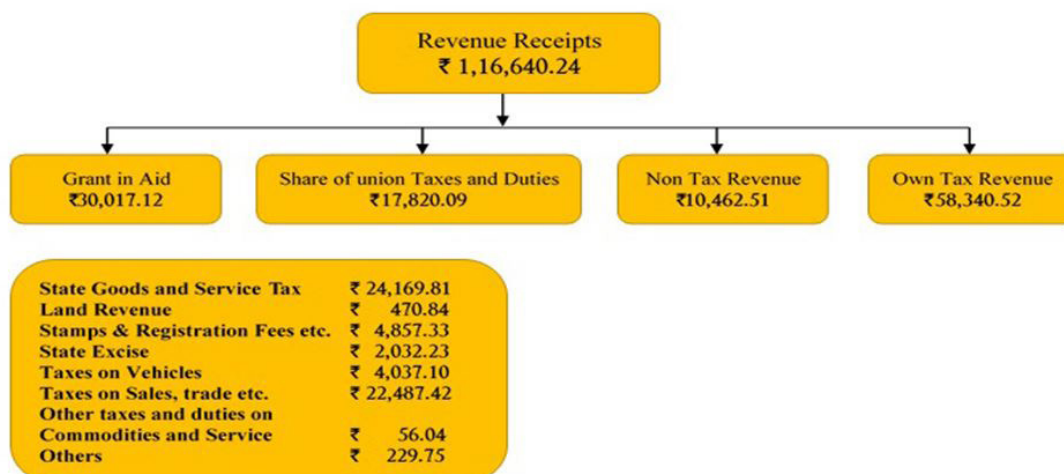


As seen from above, during the year 2021-22 the receipts from the Government of India increased from 31 per cent in 2017-18 to 41 per cent in 2021-22, whereas the revenue collection by the State Government decreased from 69 per cent in 2017-18 to 59 per cent in 2021-22.

1.1.3 Composition of the revenue receipts

The **Chart - II** depicts the composition of the revenue receipts of the State during 2021-22.

Chart – II



1.1.4 Trends and growth of Revenue Receipts

The total revenue receipts of the State during 2021-22 was ₹1,16,640.24 crore. There was an increase of ₹19,023.41 crore (19.49 *per cent*) when compared to ₹97,616.83 crore in 2020-21. When compared to the year 2018-19 (pre-Covid period) the total revenue receipts increased by 25.62 *per cent*. The trends of components of revenue receipts is given in **Table - 1.2** below.

Table 1.2
Trend in Revenue Receipts

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
Revenue Receipts (RR) (₹ in crore)	83,020.14	92,854.47	90,224.67	97,616.83	1,16,640.24
Rate of growth of RR (<i>per cent</i>)	9.80	11.85	(-) 2.83	8.19	19.49
Own Tax Revenue	46,459.61	50,644.10	50,323.14	47,660.84	58,340.52
Non-Tax Revenue	11,199.61	11,783.24	12,265.22	7,327.31	10,462.51
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) (<i>per cent</i>)	11.15	8.27	0.26	(-) 12.14	25.12

Source: Finance Accounts of respective years.

1.1.5 State's own revenue

State's revenue consists of own tax revenue and non-tax revenue.

1.1.5.1 Own tax revenue

Own tax revenue of the State consists of state specific taxes like State GST, Excise etc. The trend of own tax revenue and analysis of its components during the period 2017-2022 is shown in **Table - 1.3**.

Table 1.3
Components of States' own tax revenue

SI No.	Revenue Head	2017-18	2018-19	2019-20	2020-21	2021-22	As percentage of total Own Tax revenue during 2021-22
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	State Goods and Services tax	12,007.69	21,014.71	20,446.95	20,028.31	24,169.81	41.43
2	Taxes on Sales, Trade etc.	24,577.82	19,225.75	19,649.64	17,689.17	22,487.42	38.55

Sl No.	Revenue Head	2017-18	2018-19	2019-20	2020-21	2021-22	As percentage of total Own Tax revenue during 2021-22
3	Stamps and Registration Fees	3,452.56	3,693.17	3,615.01	3,489.59	4,857.33	8.33
4	State Excise	2,240.42	2,521.40	2,255.28	2,329.22	2,032.23	3.48
5	Taxes on Vehicles	3,662.85	3,708.61	3,721.14	3,386.28	4,037.10	6.92
6	Land Revenue	162.17	202.78	332.42	493.35	470.84	0.81
7	Other Taxes and Duties on Commodities and Services	99.58	37.57	39.31	48.80	56.04	0.10
8	Others	256.52	240.11	263.39	196.12	229.75	0.39
	Total	46,459.61	50,644.10	50,323.14	47,660.84	58,340.52	100.00

Source: Statement 3 of Finance Accounts of respective years.

- State's own tax revenue increased by ₹10,679.68 crore from ₹47,660.84 crore in 2020-21 to ₹58,340.52 crore in 2021-22 marking a growth of 22.41 *per cent*. If compared with the pre-covid period, i.e. 2018-19, the growth rate was 15 *per cent*. The significant growth for the year 2021-22 was mainly due to fall in the GSDP¹ in the previous year (negative growth) due to COVID 19 pandemic. But as percentage to Revenue Receipts, it was 56 *per cent* during 2017-18, while during 2021-22 it was 50 *per cent*, thus indicating that in real terms, the own tax revenue has not grown much like it grew in pre-covid period.
- The revenue collection under State Excise decreased by ₹489.17 crore (19.40 *per cent*) from ₹2,521.40 crore in 2018-19 (pre-Covid period) to ₹2,032.23 crore in 2021-22.
- The growth rate of revenue collection under Land Revenue declined sharply from 48.41 *per cent* in 2020-21 to (-) 4.56 *per cent* in 2021-22. Out of the total collection of ₹470.84 crore in 2021-22, ₹239.48 crore (51 *per cent*) were the receipts collected under the Kerala Conservation of Paddy and Wetland (Amendment) Act, 2018.
- The GST collection increased from ₹20,028.31 crore in 2020-21 to ₹24,169.81 crore in 2021-22 recording an increase of ₹4,141.50 crore which was due to increase in sales turnover of goods and services. The increase in sales turnover of seven major commodities contributed to ₹9,406.85 crore reflecting the tax effect to ₹1,916.86 crore.

¹ Gross State Domestic Product (GSDP) is a measure in monetary terms, the sum total volume of all finished goods and services produced during a given period of time, usually a year, within the geographical boundaries of the State, accounted without duplication.

- The State received a total compensation of ₹12,594.86 crore on account of loss of revenue arising out of implementation of GST during 2021-22. Out of this, ₹3,855.55 crore was received by the State as grants under revenue receipts. The balance of ₹8,739.31 crore in GST compensation was received as back-to-back loan from Government of India.
- Certification of actual revenue for the years 2017-18 to 2021-22 for the purpose of compensation for the loss of revenue on account of implementation of GST is under progress (April 2023).
- The collection under 0040-Tax on Sales, Trade etc. pertains to the tax of ₹21,986.32 crore on sale of alcohol for human consumption as well as petroleum products except Liquefied Natural Gas.

1.1.5.2 Non tax revenue

The details of non-tax revenue raised during the period 2017-18 to 2021-22 are indicated in **Table - 1.4**.

Table 1.4
Main components of State's non-tax revenue

(₹ in crore)

Sl. No.	Revenue Heads	2017-18	2018-19	2019-20	2020-21	2021-22
1	State Lotteries	9,034.17	9,264.66	9,973.67	4,873.01	7,134.93
2	Dividends and profits	126.48	132.12	100.33	110.19	227.98
3	Forestry and Wildlife	245.42	287.21	255.85	236.61	200.57
4	Interest receipts	144.50	132.38	84.95	246.64	177.05
5	Other non-tax receipts	1,649.04	1,966.87	1,850.42	1,860.86	2,721.98
6	Non Tax revenue	11,199.61	11,783.24	12,265.22	7,327.31	10,462.51
7	Total Revenue Receipts	83,020.14	92,854.47	90,224.67	97,616.83	1,16,640.24
8	Non-tax revenue as a percentage of revenue receipts	13.49	12.69	13.59	7.51	8.97

Source: Statement 14 of Finance Accounts of respective years.

- The non-tax revenue which ranged between 7.51 *per cent* to 13.59 *per cent* of the own revenue of the State during the last five years increased by ₹3,135.20 crore (42.79 *per cent*) during 2021-22 over the previous year. This increase in non-tax revenue in 2021-22 was mainly due to increase in the receipts under the head State Lotteries (₹2,261.92 crore).
- The collection under Forestry and Wildlife during 2021-22, decreased by ₹36.04 crore (15.23 *per cent*) corresponding to that of the previous year. The reason attributed by the Department (March 2023) for the dent in collection

was that, the sale of timber, which is the major source of revenue to the department, was affected badly due to Covid-19.

1.2 Analysis of Arrears of Revenue

The total arrears of revenue as on 31 March 2022 on certain principal heads of revenue amounted ₹28,258.39 crore as detailed in **Table - 1.5** below:

Table 1.5
Arrears of revenue as on 31 March 2022

(₹ in crore)

Sl. No.	Name of Department/ Heads of Account	Amount
1	State Goods and Services Tax Department	13,410.12
2	Motor Vehicles Department (MH 0041)	2,868.47
3	Taxes and duties on electricity (MH 0043)	3,118.50
4	Registration Department (MH 0030)	590.86
5	Forest Department (MH 0406)	377.07
6	Police Department (MH 0055)	346.64
7	Excise Department (MH 0039)	281.63
8	Mining and Geology Department	163.81
9	Kerala State Audit Department (MH 0070)	85.72
10	Printing	58.32
11	Stationery (MH 0058)	29.95
12	Factories and Boilers (MH 0230)	2.58
13	Labour Department	1.98
14	Kerala Maritime Board (Erstwhile Department of Ports)	1.42
15	Finance Department-Arrears in interest receipts (MH 0049)	5,979.91
16	Finance Department-Arrears in Guarantee commission (MH 0075)	306.22
17	Land Revenue Department (MH 0029)	635.19
	Total arrears	28,258.39

Source: Information collected from Departments.

The total arrears of ₹28,258.39 crore amount to 24.23 *per cent* of the total revenue of the State. This necessitates urgent intervention from the Government to clear the outstanding arrears. The arrear figures are furnished by the departments every year only at the instance of Audit. The absence of prompt reporting of arrears to Revenue Department and tardy pursuance by the departments concerned for realising the arrears are the main reasons for the huge pendency of arrears.

1.3 Analysis of cases in which stay was granted

An analysis of arrears of revenue which are under various stages of collection showed that the arrears pending collection as on 31 March 2022 included collections stayed by various authorities at various stages on some principal heads of revenue, as detailed in **Table - 1.6**.

Table 1.6
Stages of stay granted

(₹ in crore)

Sl. No.	Head of revenue	Total arrear amount	Stage wise details of stay		Total amount under stay	% of stay to total arrear
			By Court and other Judicial Authorities	By Government		
1	0040 - Tax on Sales, Trade, etc.	13,410.12	5,434.40	37.47	5,471.87	40.80
2	0043 - Taxes and Duties on Electricity	3,118.50	8.96	0.00	8.96	0.29
3	0406 - Forestry and Wild Life	377.07	2.30	122.46	124.76	33.09
4	0039 - State Excise	281.63	104.77	0	104.77	37.20
5	0029 - Land Revenue	635.19	440.10	27.38	467.48	73.60
6	0030 - Stamps and Registration Fees	590.86	4.08	0	4.08	0.69
7	0853 - Non-Ferrous Mining and Metallurgical Industries	163.81	16.75	68.64	85.39	52.13
	Total	18,577.18	6,011.36	255.95	6,267.31	33.74

Source: Details obtained from the respective Departments.

An amount of ₹6,267.31 crore is pending under stay orders, which is 33.74 *per cent* of the total arrear amount. The Departments need to take effective action to vacate the stay orders and to realise the amounts.

1.4 Arrears in Assessments

The particulars regarding the arrears in assessments, such as cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year 2021-22 were furnished by the Departments (March 2023) as shown in **Appendix I**.

During the year, the Revenue and Disaster Management (R&DM) Department cleared 1,38,804 out of 1,76,480 arrear cases of building tax and 102 out of 1,329 cases of plantation tax. In the SGST Department, the clearance of arrears in assessments was 12,924 out of 36,520 cases. The percentage of disposal ranged from 15.87 *per cent* with respect to taxes on agricultural income to 71.79 *per cent* with respect to tax on works contract. As compared

to the previous year i.e., 2020-21, clearance has improved in the case of building tax, plantation tax, GST and tax on works contracts. The departments may strive hard for the timely clearance of assessments identifying these areas as a potential source of revenue.

1.5 Evasion of tax detected by the departments

The cases of evasion of taxes detected by the departments, cases finalised and demands for additional tax raised are important indicators of revenue collection efforts of the State Government. The promptness in disposal of these cases is an important indicator of performance of the departments concerned.

The details of cases of evasion of tax detected by five departments, cases finalised and demands for additional tax raised, as reported by the departments are given in **Table - 1.7** below:

Table 1.7
Details of evasion of tax

Sl. No.	Particulars		0030-Stamps & Registration fees	0041-Taxes on Vehicles	0406-Forestry and Wildlife	0040-SGST	0029-Land Revenue
1	Number of Cases pending as on 31 March 2021		1,47,699	48	3	3,080	22,240
2	Number of Cases detected during 2021-22		9,188	6	0	21,078	2,284
	Total		1,56,887	54	3	24,158	24,524
3	Cases in which assessment/ investigation completed and additional demand with penalty etc. raised	Number of cases	9,493	16	0	11,803	21,939
		Amount of demand (₹ in crore)	14.57	0.50	0	3,272.03	3.18
4	Number of cases pending for finalisation as on 31 March 2022		1,47,394	38	3	12,355	2,585

Source: Information collected from departments.

The details of cases of evasion of tax detected by the departments were called for by Audit from 16 departments out of which seven² departments did not detect any case of evasion of tax. The details from PWD Buildings, Health, Agriculture have been called for (December 2022), their remarks are awaited.

1.6 Pendency of refund cases

The details of refund cases pending at the beginning of the year 2021-22, claims received, refunds allowed during the year 2021-22 and the cases pending at the close of the year 2021-22, as reported by the SGST and Excise Departments, are given in **Table -1.8**.

Table – 1.8
Details of pendency of refund cases

(₹ in crore)

Sl. No.	Particulars	State Goods and Services Tax		State Excise	
		No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year 2021-22	1,003	348.30	22	3.03
2.	Claims received during the year 2021-22	4,154	348.56	417	10.88
3.	Refunds made during the year 2021-22	3,626	437.79	90	3.92
4.	Refunds rejected during the year 2021-22	822	39.91	0	0
5.	Balance outstanding at the end of the year 2021-22	709	219.16	349	9.99

Source: Details obtained from the respective Departments.

In SGST Department, number of refund cases outstanding as at the end of March 2022 was 709 of which, 120 cases pertain to refund of value added tax involving money value of ₹70.92 crore and 566 cases pertain to GST involving money value of ₹137.64 crore. As per Section 56 of the Kerala State Goods and Services Tax Act, 2017, if the tax ordered to be refunded is not refunded within a period of 60 days from the date of receipt of the application, interest at the rate of six *per cent* (nine *per cent* in case of refund made on order passed by an adjudicating authority or Appellate Tribunal or court which has attained finality) will become payable along with refund from the expiry of 60 days till the date of payment of refund. As per Section 89(4) of Kerala Value Added Tax (KVAT) Act, interest at the rate of 10 *per cent* per annum is applicable on refund cases after 90 days from the date of assessment order or receipt of the order in appeal or revision or the date of expiry of the time for preferring appeal or revision. Also, the delay in settling refund cases may

² Excise Department, Stationery Department, PWD Roads, PWD Bridges, Department of Lotteries, Printing Department, Electrical Inspectorate.

deteriorate the chances of claiming GST compensation from Government of India, if eligible.

In Excise Department, number of refund cases outstanding at the end of March 2022 was 349, which forms 83.69 *per cent* of the claims received during the year, involving money value of ₹9.99 crore. The progress to dispose of the refund cases was very slow as compared to claims received. The reason for huge pendency of outstanding cases was not explained by the SGST and Excise Department.

1.7 Response of the Government/ Departments to Audit

The Principal Accountant General (PAG) (Audit II), Kerala, conducts periodical inspection of the Government Departments to test check the transactions and verifies the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of the offices/ Government are required to furnish first reply within four weeks from the date of receipt of the Inspection Report. Even if final reply to certain paras in Inspection Report are not furnished within the prescribed time limit, an interim reply is to be furnished indicating the action taken to rectify the defects pointed out by Audit. Serious financial irregularities are reported to the heads of the Departments and the Government.

As on June 2022, 2,625 IRs containing 16,701 paragraphs involving a money value of ₹5,084.70 crore is outstanding as mentioned below with the corresponding figures for preceding two years in **Table - 1.9**.

Table – 1.9
Details of pendency of refund cases

	June 2020	June 2021	June 2022
Number of IRs pending for settlement	2,236	2,275	2,625
Number of outstanding audit observations	14,713	14,654	16,701
Amount of revenue involved (₹ in crore)	4,117.68	4,412.44	5,084.70

Source: Details compiled by PAG (Audit II) and reconciled with respective Departments.

1.7.1 Department-wise details of IRs

The Department-wise details of the IRs and audit observations outstanding as on 30 June 2022 and the amounts involved are mentioned in the **Table - 1.10**.

Table – 1.10
Department-wise details of IRs

(₹ in crore)

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
1.	SGST	Taxes on sales, trade, etc.	1,714	12,647	4,150.79
		Taxes on agricultural income	75	220	80.70
2.	Motor Vehicles	Taxes on vehicles	279	2,195	132.99
3.	State Excise	State Excise	126	391	106.32
4.	Registration	Stamp Duty and Registration Fees	276	727	358.53
5.	Lotteries	Receipts from lotteries	34	78	7.94
6.	Finance, Planning and Economic Affairs		121	443	247.43
Total			2,625	16,701	5,084.70

Source : Details compiled by PAG (Audit II) and reconciled with the respective Departments.

Audit did not receive first replies for 117 IRs during 2021-22 within four weeks from the date of issue of the IRs from six Heads of Offices. This large pendency of the IRs due to non-receipt of the replies was indicative of the fact that the Heads of Offices and the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the PAG (Audit II) in the IRs. The large pendency of IRs due to non-receipt of replies shows the failure of monitoring mechanism for clearing the pending audit observations by the Audit Monitoring Committees at Secretary level and Apex Committees at Chief Secretary level.

The Government needs to put in place an effective system for ensuring prompt and appropriate response to audit observation within the time frame prescribed in the circular³ issued by the Finance Department.

³ Circular memorandum No. 57374/Ins.2/65/Fin. Dated 15 November 1965.

1.7.2 Departmental Audit Committee Meetings

The Government set up Audit Committees to monitor and expedite the progress of settlement of local audit reports and paragraphs in the local audit. The details of the Audit Committee Meetings held during the year 2021-22 and the paragraphs settled are mentioned in **Table - 1.11**.

Table – 1.11
Details of Departmental Audit Committee Meetings

(₹ in crore)

Sl. No.	Particulars	0039 – State Excise	0022 – Taxes on Agricultural Income	Total
1	Number of meetings held during 2021-22	1	1	2
2	Number of paragraphs pending as on 31 March 2021	348	223	571
3	Number of paragraphs settled	28	22	50
4	Amount involved in settled paragraphs	1.73	5.84	7.57
5	Number of paragraphs pending as on 31 March 2022	401	223	624
6	Amount involved in pending paragraphs	43.70	82.49	126.19

Source: Details compiled by PAG (Audit II).

No meetings were held in respect of Stamps and Registration, State Lotteries, Motor Vehicles, Finance, Planning and Economic Affairs and State Goods and Services Tax Departments despite having 16,796 pending audit observations. The Government may issue strict instructions to the departments to devise periodic action plans to clear all the outstanding paragraphs in a time bound manner by conducting regular Audit Committee Meetings.

1.7.3 Response of the Departments to the draft paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are sent by the PAG (Audit II) to the Secretaries of the respective Departments drawing their attention to audit findings and requesting their response within six weeks.

36 paragraphs including one Subject Specific Compliance Audit (SSCA) Report were sent to the Secretaries of the respective Departments by name between December 2022 and March 2023. The Secretaries of the Departments have furnished reply to 28 paragraphs and interim reply to eight paragraphs.

1.7.4 Follow up on the Audit Reports - summarised position

As per notification (December 2002) of the Public Accounts Committee (PAC), after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, action taken explanatory notes should be submitted by the Government to the Legislature Secretariat within two months of tabling the Report, for consideration of the Committee. The status of follow up on the Reports of the Comptroller and Auditor General of India on Revenue Sector of the Government of Kerala for the year ended 31 March 2016 to the period 2019-21 (106 paragraphs including performance audit) placed before the State Legislative Assembly between 06 March 2017 to 09 February 2023 is as follows:

- The action taken explanatory notes from the Departments concerned on 25 paragraphs were received late with delay ranging from 10 months to 66 months.
- Five departments did not submit action taken explanatory notes on audit paragraphs (March 2023) in respect of 57 paragraphs (44 individual and 13 PA/ Review paragraphs), which includes 19 paragraphs in the Audit Report for the period 2019-2021.
- The PAC discussed 24 paragraphs and its recommendations were incorporated in the report during the respective tenure of the Committee during the period 2021-2023.

The departments largely responsible for non-submission of action taken explanatory notes were Taxes and Revenue & Disaster Management. The non-receipt of ATNs were brought to the notice of the Chief Secretary to the Government in the Apex Committee meetings held on 15 June 2017, 11 December 2017, 23 June 2018, 18 December 2018, 11 February 2020 and 22 February 2022.

Action Taken Notes on PAC recommendations have not been received in respect of 110 out of 120 recommendations of the PAC from four Departments i.e., Taxes, Excise, Transport and Revenue and Disaster Management as mentioned in the **Table - 1.12** (February 2023).

Table – 1.12
Details of non-receipt of ATN from four Departments

Year	Name of Department				Total
	Taxes	Excise	Transport	Revenue & Disaster Management	
2004-06	-	-	-	1	1
2006-08	-	-	-	2	2

Year	Name of Department				Total
	Taxes	Excise	Transport	Revenue & Disaster Management	
2008-11	3	-	-	-	3
2011-14	-	-	-	-	-
2014-16	2	-	4	-	6
2016-19	38	11	7	2	58
2019-21	16	-	5	8	29
2021-23	3	-	1	7	11
Total	62	11	17	20	110

Source: Records maintained by PAG and reconciled with Departmental figures.

1.8 Status of the mechanism for dealing with the issues raised in audit

To analyse the system of addressing the issues highlighted in the Inspection Reports/ Audit Reports by the Departments/ Government, the action taken on the audit paragraphs and performance audits included in the Audit Reports of the last 10 years of one Department was evaluated and included in this Audit Report.

The following paragraphs 1.8.1 to 1.8.2 discuss the performance of the Stamps and Registration Department under revenue head 0030 – Stamps and Registration Fees and cases detected in the course of local audit and the cases included in the Audit Reports for the years 2011-12 to 2020-21.

1.8.1. Position of Inspection Reports

The summarised position of the inspection reports issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2022 are tabulated below in **Table - 1.13**.

Table – 1.13
Position of Inspection Reports

(₹ in crore)

Sl. No.	Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance during the year		
		IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value
1	2012-13	484	1,131	13.40	106	277	3.71	152	597	3.72	438	811	13.39
2	2013-14	438	811	13.39	60	207	0.65	158	344	3.96	340	674	10.08
3	2014-15	340	674	10.08	82	251	0.86	61	164	1.17	361	761	9.77
4	2015-16	361	761	9.77	105	501	3.60	115	315	2.67	351	947	10.70
5	2016-17	351	947	10.70	69	406	1.70	135	515	2.14	285	838	10.26

Sl. No.	Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance during the year		
		IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value
6	2017-18	285	838	10.26	80	350	34.56	98	484	3.88	267	704	40.94
7	2018-19	267	704	40.94	80	208	0.95	63	346	2.02	284	566	39.87
8	2019-20	284	566	39.87	69	244	7.01	35	242	1.51	318	568	45.37
9	2020-21	318	568	45.37	30	163	5.34	14	120	0.61	334	611	50.10
10	2021-22	334	611	50.10	61	570	239.31	69	144	2.32	326	1,037	287.09

The Audit Committee and Apex Committee meetings were held between the Department/ Government and the Office of the Accountant General to settle the old paragraphs. Audit Monitoring Committees were not held by the Department at the Government level during the period 2021-22.

1.8.2 Recovery in accepted cases

The position of paragraphs included in the Audit Reports for the last 10 years, those accepted by the Department and the amount recovered are mentioned in **Table - 1.14**.

Table – 1.14
Details of paragraphs included in the Audit Reports

(₹ in crore)

Sl. No.	Year of Audit Report	Number of paragraphs included	Money value of paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	Amount recovered during the year	Cumulative position of recovery of accepted cases as on 31.03.2022
1	2011-12	2	0.94	-	-	-	-
2	2012-13	1	14.47	1	14.47	0.14	0.14
3	2013-14	2	0.05	2	0.05	0	0.14
4	2014-15	1	0.09	1	0.09	0	0.14
5	2015-16	1	0.37	1	0.37	0.04	0.18
6	2016-17	3	0.39	3	0.39	0.01	0.19
7	2017-18	3	12.42	2	1.36	0.15	0.34
8	2018-19*	-	-	-	-	-	0.34
9	2019-21#	2	1.54	-	-	-	0.34

* No paras pertaining to Stamps & Registration Department were featured in the Audit Report for the year ended March 2019.

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It is evident from the above table that the progress of recovery in accepted cases was negligible throughout the last ten years. The recovery in accepted cases was to be pursued as arrears recoverable from the parties concerned.

1.9 Audit Planning

The Annual Audit Plan was prepared on the basis of risk analysis. The unit offices under various Departments were categorised into high, medium and low risk units according to their revenue position, past trends of audit observations, complaints, media reports, non-production of records, information regarding malpractice obtained through RTI and misappropriation. During the year 2021-22, out of 772 audit units, 113 units were audited, which is 14.64 per cent of the total audit units. Besides the above mentioned units, one Subject Specific Compliance Audit (SSCA) was also taken up during the year.

1.10 Results of Audit

Position of Audit conducted during the year

Test-check of the records of 137 units of State GST, Motor Vehicles, State Excise, Registration and other Departmental offices conducted during the year 2021-22 showed under-assessment/ short-levy/ loss of revenue aggregating to ₹4,332.22 crore in 419 cases. During 2021-22, the Departments concerned accepted under-assessment and other deficiencies of ₹541.74 crore involved in 128 cases, and collected ₹0.52 crore in two cases which were pointed out in Audit. The Departments collected ₹1,577.81 crore in 335 cases during 2021-22, pertaining to the audit findings of previous years.

1.11 Coverage of the Report

The Report contains 33 paragraphs, which came to notice in the course of test audit of records during the year 2021-22, as well as those in earlier years, involving revenue impact of ₹127.17 crore. Instances relating to the period subsequent to 2021-22 were also included, wherever necessary. The Department/ Government accepted the audit observations involving ₹57.42 crore, out of which ₹0.04 crore was recovered. These are discussed in the succeeding Chapters II to VI.

Recommendation: The Government needs to put in place an effective system for ensuring prompt and appropriate response to audit observation within the time frame prescribed in the circular issued by the Finance Department.